

BHC Equity Capital Markets Update

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David Maher
Brooks, Houghton & Company
Executive Director
Cell: (917) 689-6767
dmaher@brookshoughton.com

*****Equity markets are now seemingly wide open. BHC welcomes the opportunity to discuss your capital needs.**

Market Observations: Uncertainty Reigns Supreme

- **Economic Data:** The U.S. economy is picking up steam. Payrolls rose 2.5 million in May, after a 20.7 million tumble the prior month. Consensus had expected a drop of 7.5 million. The jobless rate fell to 13.3% versus a projected 19%.
- **Earnings Wrap Up:** First-quarter earnings were dismal. Profit per share at S&P 500 companies was down about 13% in the first three months of the year, the worst slump since 2009. Analysts expect worse to come: a 43% fall in the second quarter and 25% drop in the third, according to FactSet.
- **Market Performance:** Last week, the S&P 500 erased its losses for 2020 on the same day that the recession was officially announced, an astonishing fact considering where we were only weeks ago. The rally was short-lived though as markets tumbled on Thursday over renewed concerns about the pandemic and its economic impact. Stocks rebounded into the weekend after the biggest rout in 12 weeks as investors legged back into companies hit by the selloff. Volatility rose sharply following the wide market moves and remains elevated.
- **Valuation:** According to Pitchbook, the median pre-money valuation for late-stage deals declined to \$73 million, continuing its slide from a peak in Q2 2019. The median pre-money valuation for seed deals declined in Q1 for the first time since 2012.

Fund Flows and Investor Sentiment

- **The equity new issuance market has seen increased activity with an uptick in IPOs pricing and trading up in the after-market** as investors feel increasingly confident that the global economy is recovering — despite expert warnings of ongoing pain.
- **Vroom** shares jumped 117 percent, after the company raised a higher-than expected \$470 million. And shares in **ZoomInfo**, a maker of marketing software, leapt 60 percent in their debut, while **WarnerMusic's** rose nearly 21 percent. (The average first-day “pop” last year was 18 percent, a six-year high.)
- Neither pricing nor trading performance have suffered with the shortened **virtual IPO roadshow**, a change that will likely be more permanent.

Relevant Market Data

