

insights

TYPES NOT MAPPED YET October 29, 2023 | TTR not mapped yet | David J. Kaufman

Why are some IPOs successful and some are not?

There are numerous reasons why an initial public offering succeeds or fails. Market conditions are often cited as the largest factor. But the behind-the-scenes preparation of the lawyers and bankers can often make or break that offering. Does the prospectus tell the company's story? How is that story different than all of the other stories out there? Why must an investor hold this particular stock now?

Why is the valuation fair and reasonable given market conditions? Have the investment bankers left enough on the table so the investors can enjoy some run up in their investment? Has the company set up its corporate government structure for transparency and success?

These are some of the keys to a successful IPO.

After the quiet period during the pandemic years when few brands were going public, fashion is developing IPO fever. Birkenstock is not the only brand to suffer a drop on day one of trading. According to David Kaufman, partner and co-chair of the corporate and securities practice at law firm Thompson Coburn, there are a number of reasons for this phenomenon.

"Rising interest rates have made it more expensive for companies to borrow money, impacting their profitability, while also making stocks and IPOs a less attractive investment alternative than bonds with a higher yield," Kaufman said. "Because of numerous shocks to the economic system — relatively high interest rates, high inflation, threats of [a government] shutdown, the war in Ukraine — the markets have had wild swings up and down. Markets hate uncertainty and turmoil, leading to poor performance."

www.glossy.co/...



authorsTest

david

David J. Kaufman