

Some Factoids About the 2003 IPO Market

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August 18, 2004

Table 1

Number of IPOs doubling (offer to close) in price on the first day of trading:

Quarter	Number
1997, first	0
1997, second	2
1997, third	0
1997, fourth	0
1998, first	0
1998, second	2
1998, third	3
1998, fourth	7
1999, first	19
1999, second	24
1999, third	26
1999, fourth	48
2000, first	48
2000, second	9
2000, third	19
2000, fourth	1
2001, first	0
2001, second	0
2001, third	0
2001, fourth	0
2002, first	0
2002, second	0
2002, third	0
2002, fourth	0
2003, first	0
2003, second	0
2003, third	0
2003, fourth	0

Table 2**The Public Float**

The public float is the offer size as a percentage of the number of post-issue shares outstanding. I've computed numbers from Thomson Financial Securities Data as follows after making hundreds of corrections based upon data from Dealogic, EDGAR, the IPOMonitor, and the University of Chicago's Center for Research in Securities Prices (CRSP). I define the float as the number of shares issued (global offering)/(post-issue shares to be outstanding). Both the numerator and the denominator exclude any overallotment option, and the offering size includes both primary (issued by the firm) and secondary shares (issued by existing stockholders). If there are multiple share classes outstanding, all shares are included in the denominator. Typically the shares differ only in voting rights, with the superior voting right shares convertible into the publicly issued shares. For all years, the numbers do not take into account the dilution from in-the-money stock options. IPOs with an offer price of below \$5.00 are excluded, as are REITs, closed-end funds, unit offers, partnerships, ADRs, banks and S&Ls, and firms not covered by CRSP.

Year	mean	median	N
1992	35.3%	33.3%	385
1993	35.9%	33.4%	483
1994	34.3%	32.3%	387
1995	32.6%	30.6%	432
1996	31.9%	30.6%	621
1997	32.8%	30.4%	432
1998	30.1%	27.7%	267
1999	22.9%	20.2%	457
2000	21.8%	19.5%	346
2001	26.7%	23.8%	76
2002	31.7%	27.6%	66
2003	33.4%	28.0%	62
1992-2003	31.0%	28.7%	4,014

Table 3**Mean First-day Returns and Money Left on the Table, 1990-2003**

The sample is IPOs with an offer price of at least \$5.00, excluding ADRs, unit offers, closed-end funds, REITs, partnerships, banks and S&Ls, and stocks not listed on CRSP (mainly foreign firms going public in the U.S. without ADRs). If foreign IPOs are included, the amount of money on the table increases. Proceeds excludes overallotment options, but includes the global offering size. The amount of money left on the table is defined as the offer price to closing market price on the first-day of trading, multiplied by the number of shares offered (excluding overallotment options) on a global basis.

Year	Number of IPOs	Mean First-day Return		Aggregate Amount Left on the Table	Aggregate Proceeds
		Equal-weighted	Proceeds-weighted		
1990	104	10.8%	8.1%	\$0.33 billion	\$4.08 billion
1991	273	12.1%	11.2%	\$1.38 billion	\$12.28 billion
1992	385	10.2%	8.1%	\$1.71 billion	\$20.97 billion
1993	483	12.8%	11.4%	\$3.20 billion	\$28.16 billion
1994	387	9.8%	8.5%	\$1.39 billion	\$16.24 billion
1995	432	21.5%	17.8%	\$4.34 billion	\$24.46 billion
1996	621	16.7%	16.1%	\$6.53 billion	\$40.65 billion
1997	432	13.9%	14.7%	\$4.27 billion	\$28.97 billion
1998	267	22.3%	15.5%	\$4.98 billion	\$32.20 billion
1999	457	71.7%	56.8%	\$35.63 billion	\$62.69 billion
2000	346	56.1%	44.2%	\$26.77 billion	\$60.54 billion
2001	76	14.4%	8.9%	\$2.97 billion	\$33.97 billion
2002	67	8.9%	5.1%	\$1.13 billion	\$22.11 billion
2003	62	12.1%	10.5%	\$1.01 billion	\$9.58 billion
1990-2003	4,392	23.8%	24.1%	\$95.63 billion	\$396.9 billion

Table 4**Number of Initial Public Offerings, First-Day Return, and Revisions from the File Price Range by Cohort Year, 1990-2003**

Cohort Year	Number of IPOs	Percentage First-day Return	Percentage of IPOs with OP > Hi	Percentage of IPOs in the Middle	Percentage of IPOs with OP < Lo
1990	89	9.5	23.6	50.6	25.8
1991	250	11.4	24.8	55.6	19.6
1992	338	9.9	21.3	40.2	38.5
1993	437	11.6	24.3	54.2	21.5
1994	320	8.5	13.4	49.7	36.9
1995	367	20.3	36.8	43.6	19.6
1996	573	16.0	25.3	49.4	25.3
1997	390	13.8	23.8	45.4	30.8
1998	270	21.6	22.6	49.3	28.1
1999	446	70.9	48.7	36.1	15.2
2000	336	57.2	39.6	37.8	22.6
2001	74	14.6	17.5	56.8	25.7
2002	68	8.6	13.2	54.4	32.4
2003	67	12.6	29.9	52.2	17.9
1990-2003	4,025	23.8	28.1	46.5	25.4

Banks and S&Ls are included in this table. This table excludes IPOs with a midpoint of the original file price range of less than \$8.00, as well as unit offers, ADRs, closed-end funds, REITs, partnerships, and stocks not listed on CRSP (mainly foreign firms going public in the U.S. without ADRs). If a screen of a \$5.00 offer price was used instead of the \$8.00 midpoint screen, the sample size would increase by, for example, 20 IPOs in 1999 and 13 in 2000. The file price range is the original file price range. Lo and Hi are the minimum and maximum of the original file price range.

Table 5
NUMBER OF OFFERINGS, AVERAGE FIRST-DAY RETURNS, AND
GROSS PROCEEDS OF INITIAL PUBLIC OFFERINGS IN 1975-2003

Year	Number of Offerings¹	Average First-day Return, %²	Gross Proceeds, \$ Millions³
1975	12	-1.5	262
1976	26	1.9	214
1977	15	3.6	127
1978	20	11.2	209
1979	39	8.5	312
1980	75	13.9	934
1981	197	6.2	2,366
1982	82	10.6	1,064
1983	522	9.0	11,323
1984	222	2.6	2,841
1985	216	6.2	5,492
1986	485	5.9	16,349
1987	344	5.6	13,069
1988	129	5.4	4,181
1989	120	7.9	5,402
1990	113	10.4	4,480
1991	288	11.7	15,771
1992	397	10.0	22,204
1993	507	12.7	29,257
1994	416	9.7	18,300
1995	465	21.0	28,872
1996	666	16.5	42,479
1997	484	13.9	33,218
1998	319	20.0	35,112
1999	490	69.1	65,460
2000	385	55.4	65,677
2001	81	13.7	34,368
2002	71	8.5	22,220
2003	67	12.3	10,114
1975-79	112	5.7	1,124
1980-89	2,392	6.8	63,021
1990-99	4,145	20.9	295,153
2000-03	604	39.5	132,379
1975-2003	7,253	17.6	491,677

¹ The number of offerings excludes IPOs with an offer price of less than \$5.00, ADRs; best efforts, units, and Regulation A offers (small issues, raising less than \$1.5 million during the 1980s), real estate investment trusts (REITs), partnerships, and closed-end funds. Banks and S&Ls and non-CRSP-listed IPOs are included.

² First-day returns are computed as the percentage return from the offering price to the first closing market price.

³ Gross proceeds data are from Securities Data Co., and exclude overallotment options but include the international tranche, if any. No adjustments for inflation have been made.

Table 6

Median Age and Fraction of IPOs with Negative Earnings, 1980-2003

IPOs with an offer price below \$5.00 per share, unit offers, ADRs, closed-end funds, partnerships, REITs, bank and S&L IPOs, and firms not listed on CRSP within six months of the offer date are excluded. When available, we use the earnings per share for the most recent twelve months (commonly known as LTM for last twelve months) prior to going public. When a merger is involved, we use the pro forma numbers (as if the merger had already occurred). When unavailable, we use the most recent fiscal year EPS numbers. Missing numbers are supplemented by direct inspection of prospectuses on EDGAR, and EPS information from DeaLogic for IPOs after 1991, and Howard and Co.'s *Going Public: The IPO Reporter* from 1980-1985. Tech stocks are defined as internet-related stocks plus other technology stocks, not including biotech. Loughran and Ritter (2002) list the SIC codes in their appendix 3 and sources of founding dates in appendix 1. Age is defined as the year of the IPO minus the year of founding. Age is available for 6,272 firms.

Year	Number of IPOs	Median Age	Percentage Tech Stocks	Percentage of IPOs with EPS<0	Mean First-day Returns	
					EPS<0	EPS≥0
1980	70	6	31%	25%	7.1%	16.9%
1981	191	8	37%	17%	8.4%	5.4%
1982	77	5	52%	20%	8.1%	11.0%
1983	442	7	39%	21%	14.8%	9.0%
1984	172	7	28%	16%	9.2%	2.3%
1985	179	8	19%	15%	5.2%	6.4%
1986	378	8	20%	21%	7.6%	6.0%
1987	271	7	21%	18%	5.0%	6.2%
1988	97	8	27%	18%	7.0%	5.1%
1989	105	7	30%	22%	9.2%	7.8%
1990	104	9	26%	13%	10.4%	10.9%
1991	273	9	24%	24%	10.0%	12.7%
1992	385	10	25%	30%	10.8%	10.0%
1993	483	8	23%	28%	12.9%	12.7%
1994	387	7	27%	24%	8.2%	10.3%
1995	432	7	43%	29%	21.7%	21.4%
1996	621	7	38%	40%	15.4%	17.6%
1997	432	8	34%	34%	12.2%	14.7%
1998	267	7	39%	44%	33.3%	13.6%
1999	457	4	77%	77%	80.3%	43.2%
2000	346	6	67%	81%	59.4%	41.8%
2001	76	12	29%	49%	15.4%	13.5%
2002	67	15	30%	49%	5.5%	12.7%
2003	63	10	24%	45%	10.9%	13.1%
1980-1989	1,982	7	29%	19%	9.1%	6.9%
1990-1994	1,632	8	25%	26%	10.8%	11.4%
1995-1998	1,752	7	38%	36%	19.2%	17.4%
1999-2000	803	5	73%	79%	71.0%	42.7%
2001-2003	206	12	28%	48%	10.6%	13.1%
1980-2003	6,375	7	36%	34%	30.5%	12.6%

Table 7**Mean and Median Gross Spreads and Number of Managing Underwriters, 1980-2003**

IPOs with an offer price below \$5.00 per share, unit offers, ADRs, closed-end funds, REITs, bank and S&L IPOs, and firms not listed on CRSP within six months of the offer date are excluded. Means are equally weighted. For gross spreads, the fraction=7% is the percentage of IPOs with a gross spread equal to exactly 7%. The number of managing underwriters is the sum of both leads and co-managers. Spread data is available for 6,294 out of the 6,314 IPOs.

The decrease in the fraction of IPOs with a 7% spread in 2001-2002 is due to the smaller fraction of deals with proceeds of less than \$150 million. In 2002-2002, a higher fraction of IPOs were mega-deals, where the gross spread is normally below 7%.

Year	Number of IPOs	Gross Spreads			Number of Managing Underwriters	
		Mean	Median	Fraction=7%	Mean	Median
1980	70	8.0%	7.5%	3%	1.4	1.0
1981	191	7.9%	7.5%	4%	1.3	1.0
1982	77	8.0%	7.9%	9%	1.4	1.0
1983	442	7.7%	7.3%	14%	1.5	1.0
1984	172	7.9%	7.5%	16%	1.5	1.0
1985	179	7.7%	7.4%	13%	1.5	1.0
1986	378	7.5%	7.2%	15%	1.5	1.0
1987	271	7.5%	7.1%	23%	1.8	2.0
1988	97	7.3%	7.0%	28%	1.7	2.0
1989	105	7.3%	7.0%	42%	1.6	2.0
1990	104	7.3%	7.0%	44%	1.9	2.0
1991	273	7.1%	7.0%	51%	2.0	2.0
1992	385	7.2%	7.0%	53%	2.0	2.0
1993	483	7.2%	7.0%	59%	2.1	2.0
1994	387	7.3%	7.0%	56%	2.0	2.0
1995	432	7.2%	7.0%	67%	2.3	2.0
1996	621	7.1%	7.0%	70%	2.4	2.0
1997	432	7.1%	7.0%	70%	2.5	2.0
1998	267	7.1%	7.0%	70%	2.9	3.0
1999	457	6.9%	7.0%	82%	3.4	3.0
2000	346	6.9%	7.0%	82%	3.7	3.0
2001	76	6.6%	7.0%	62%	4.4	4.0
2002	67	6.7%	7.0%	69%	4.7	4.0
2003	62	6.8%	7.0%	78%	4.0	4.0
1980-2003	6,374	7.3%	7.0%	50.4%	2.3	2.0

Table I of Ritter and Welch 2002 *Journal of Finance* article, updated on August 18, 2004
Number of IPOs, First-day Returns, and Long Run Performance, 1980 to 2002

The equally weighted (EW) average first-day return is measured from the offer price to the first CRSP-listed closing price. EW average three-year buy-and-hold percentage returns (capital gains plus dividends) are calculated from the first closing market price to the earlier of the three-year anniversary price, the delisting price, or December 31, 2003. Buy-and-hold returns for initial public offerings (IPOs) occurring after Dec. 31, 2002 are not calculated. Market-adjusted returns are calculated as the buy-and-hold return on an IPO minus the compounded daily return on the CRSP value-weighted index of Amex, Nasdaq, and NYSE firms. Style-adjusted buy-and-hold returns are calculated as the difference between the return on an IPO and a style-matched firm. For each IPO, a non-IPO matching firm that has been CRSP-listed for at least five years with the closest market capitalization and book-to-market ratio as the IPO is used. If this is delisted prior to the IPO return's ending date, or if it conducts a follow-on stock offering, a replacement matching firm is spliced in on a point-forward basis. IPOs with an offer price below \$5.00 per share, unit offers, REITs, closed-end funds, banks and S&Ls, ADRs, and IPOs not listed on CRSP within six months of issuing have been excluded. Data is from Thomson Financial Securities Data, with supplements from Dealogic and other sources, and corrections by the authors.

Year	Number of IPOs	Average First-day Return	Average 3-year Buy-and-hold Return		
			IPOs	Market-adjusted	Style-adjusted
1980	70	14.5%	88.2%	35.5%	17.1%
1981	191	5.9%	12.8%	-26.2%	-7.4%
1982	77	11.4%	32.2%	-36.5%	-48.7%
1983	442	10.1%	15.4%	-38.7%	2.5%
1984	172	3.6%	27.7%	-51.3%	3.0%
1985	179	6.3%	7.6%	-39.5%	7.3%
1986	378	6.3%	18.6%	-20.4%	14.3%
1987	271	6.0%	-1.8%	-18.9%	4.5%
1988	97	5.4%	55.7%	8.3%	51.3%
1989	105	8.1%	51.1%	16.8%	32.5%
1990	104	10.8%	12.2%	-34.1%	-32.4%
1991	273	12.1%	31.5%	-1.7%	5.8%
1992	385	10.2%	34.8%	-2.3%	-19.4%
1993	483	12.8%	44.9%	-7.8%	-23.9%
1994	387	9.8%	74.1%	-8.3%	1.0%
1995	432	21.5%	24.8%	-62.3%	-14.1%
1996	621	16.7%	25.6%	-57.0%	8.6%
1997	432	13.8%	67.7%	6.8%	41.0%
1998	267	22.3%	27.1%	9.1%	12.2%
1999	457	71.7%	-45.2%	-30.2%	-52.0%
2000	344	56.2%	-59.6%	-30.2%	-48.5%
2001	80	13.5%	8.9%	9.0%	-20.3%
2002	64	8.9%	34.7%	19.7%	0.1%
1980-1989	1,982	7.4%	20.8%	-24.7%	6.9%
1990-1994	1,632	11.2%	44.7%	-7.2%	-12.7%
1995-1998	1,752	18.1%	36.0%	-32.3%	11.6%
1999-2000	801	65.0%	-51.4%	-30.2%	-50.0%
2001-2002	144	11.5%	20.6%	13.5%	-11.2%
1980-2002	6,304	18.7%	22.4%	-21.7%	-1.6%

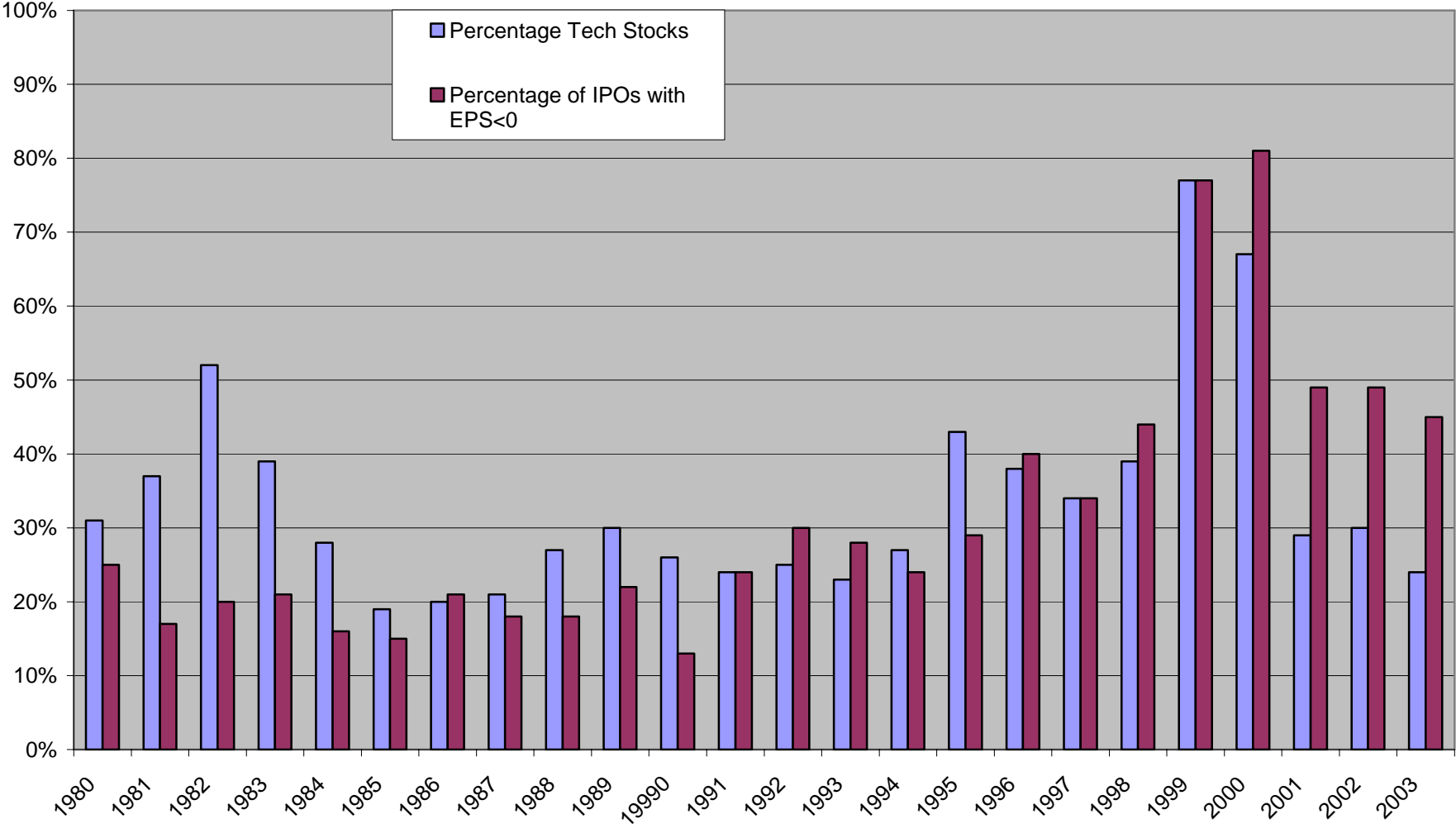
Long-run Returns on IPOs Categorized by the Pre-issue Sales of the Firm

All Last Twelve Months (LTM) sales figures for the firms going public have been converted into dollars of 2003 purchasing power using the Consumer Price Index. IPOs from 1980-2002 are used, with returns calculated through the end of December, 2003. The sample size is 6,221 firms for which sales data is available. IPOs with an offer price below \$5.00 per share, unit offers, ADRs, REITs, closed end funds, partnerships, banks and S&Ls, and IPOs not listed on CRSP within six months of the offer date are excluded. mm is millions of dollars. Buy-and-hold returns are calculated until the earlier of the three-year anniversary or the delisting date. Market-adjusted returns use the CRSP value-weighted index. Style adjustments use firms matched by market cap and book-to-market ratio with at least five years of CRSP listing and no follow-on equity issues in the prior five years.

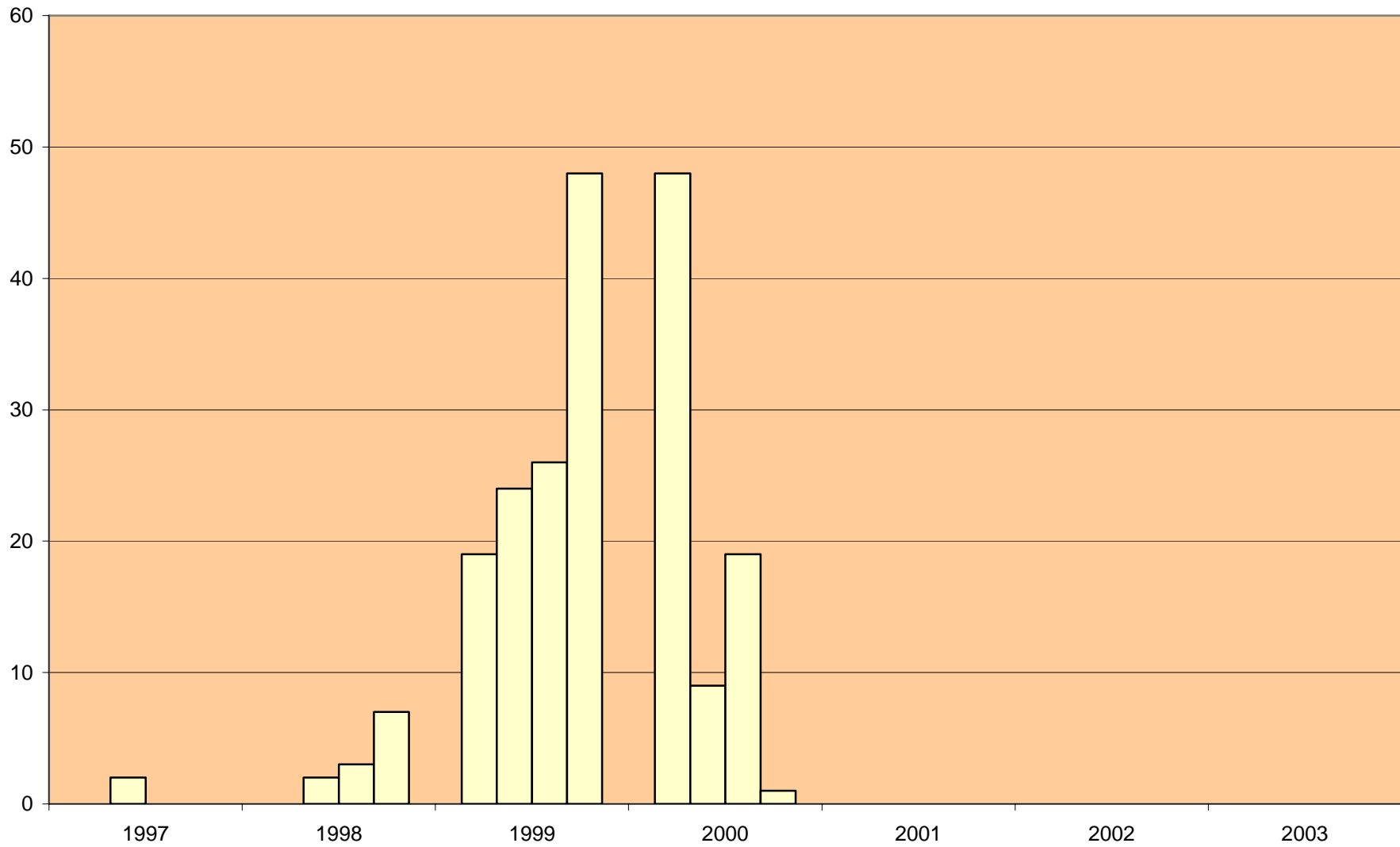
Sales	Number of IPOs	Average First-day Return	Average 3-year Buy-and-hold Return		
			IPOs	Market-adjusted	Style-adjusted
0-9.999 mm	1,359	27.2%	-15.9%	-52.9%	-34.9%
10-19.999 mm	737	25.8%	15.1%	-28.4%	-11.7%
20-49.999 mm	1,394	20.8%	22.9%	-23.8%	-0.7%
50-99.999 mm	993	15.1%	46.1%	-0.7%	12.8%
100-499.999 mm	1,265	10.2%	42.4%	-5.8%	14.0%
500 mm and up	473	9.0%	41.0%	0.4%	10.7%
1980-2002	6,221	18.8%	22.5%	-21.5%	-1.6%

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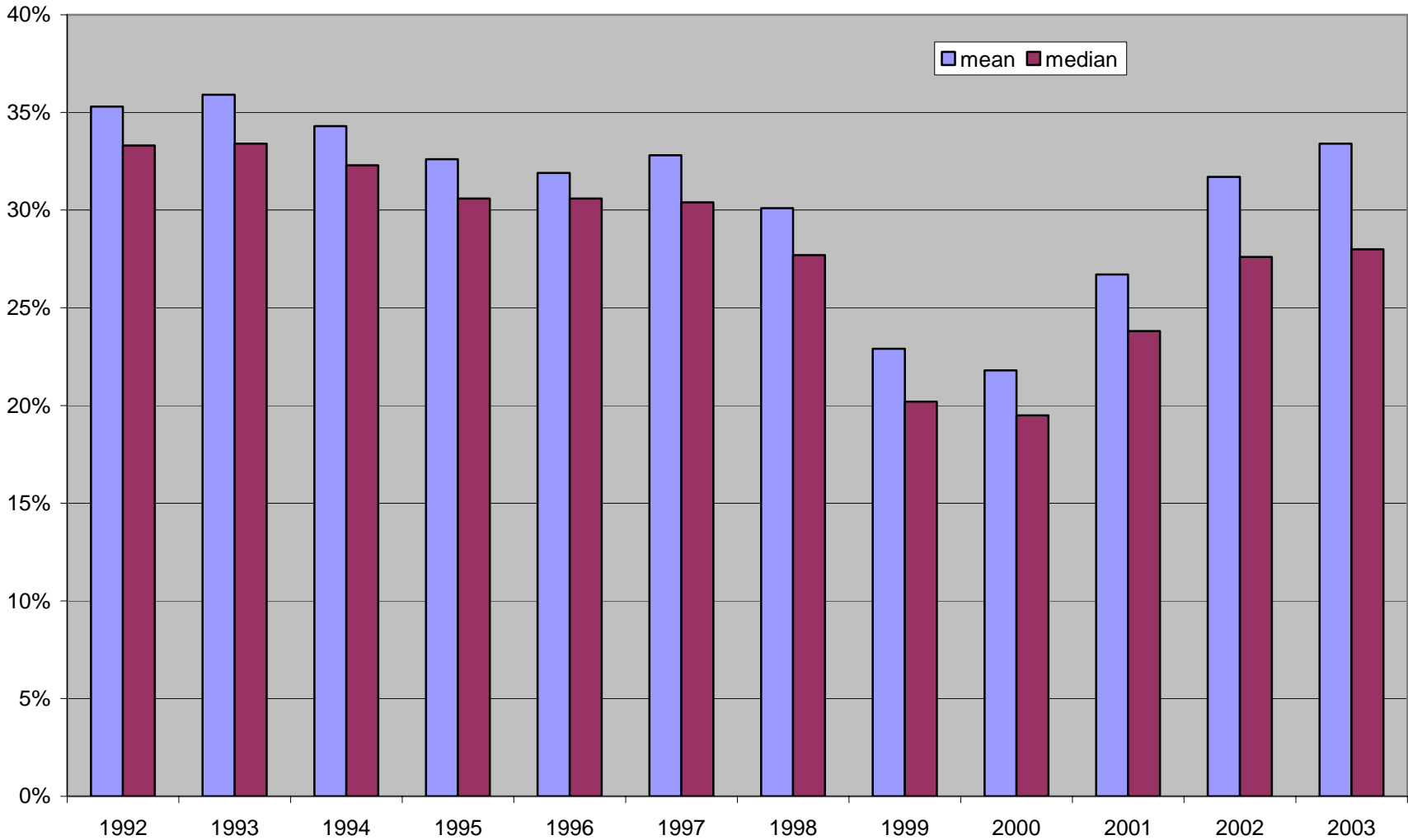
Fraction of IPOs with Negative Earnings and Fraction of Tech Stocks, 1980-2003



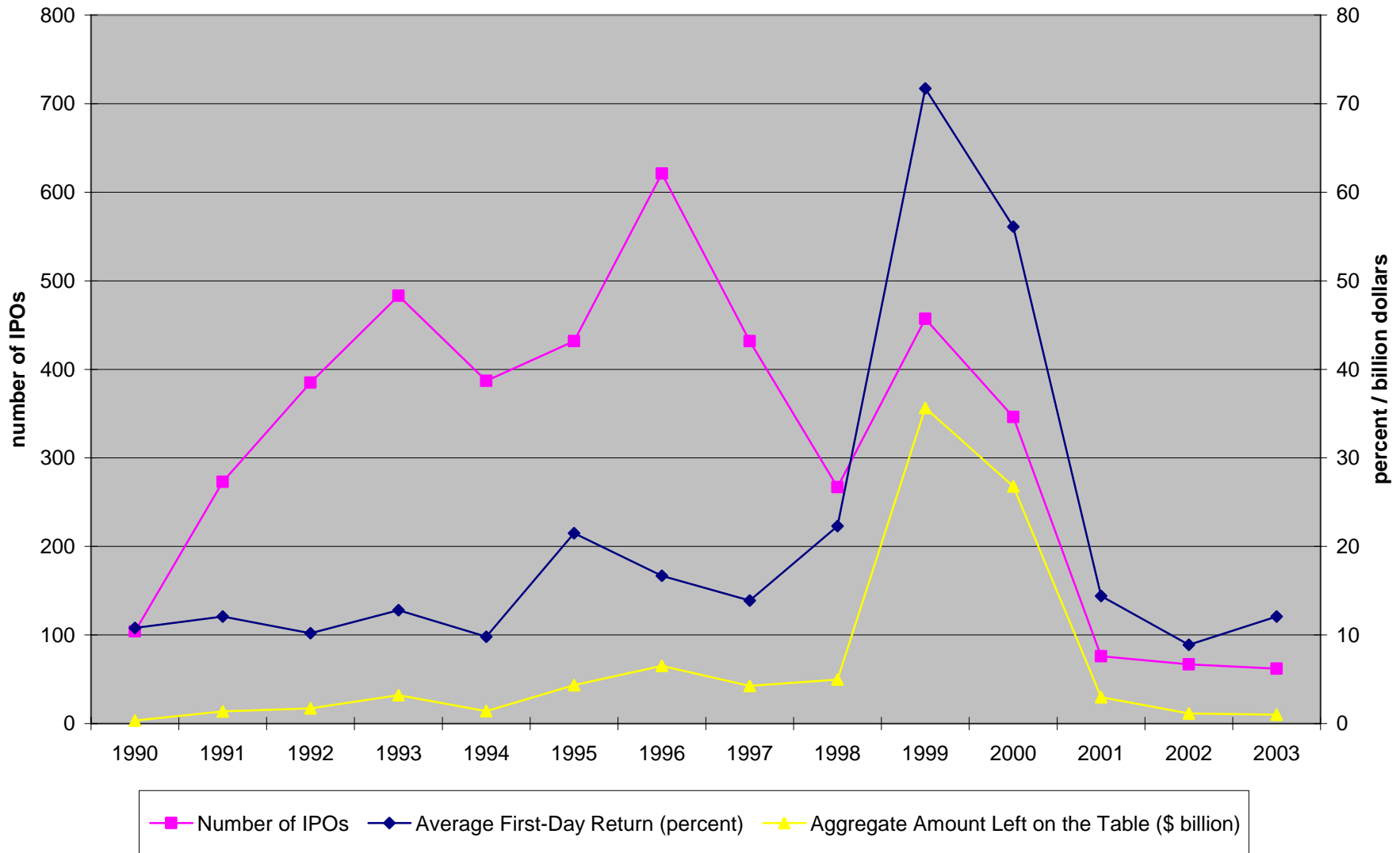
Number of IPOs Doubling in Price on the First Day of Trading by Quarter, 1997-2003



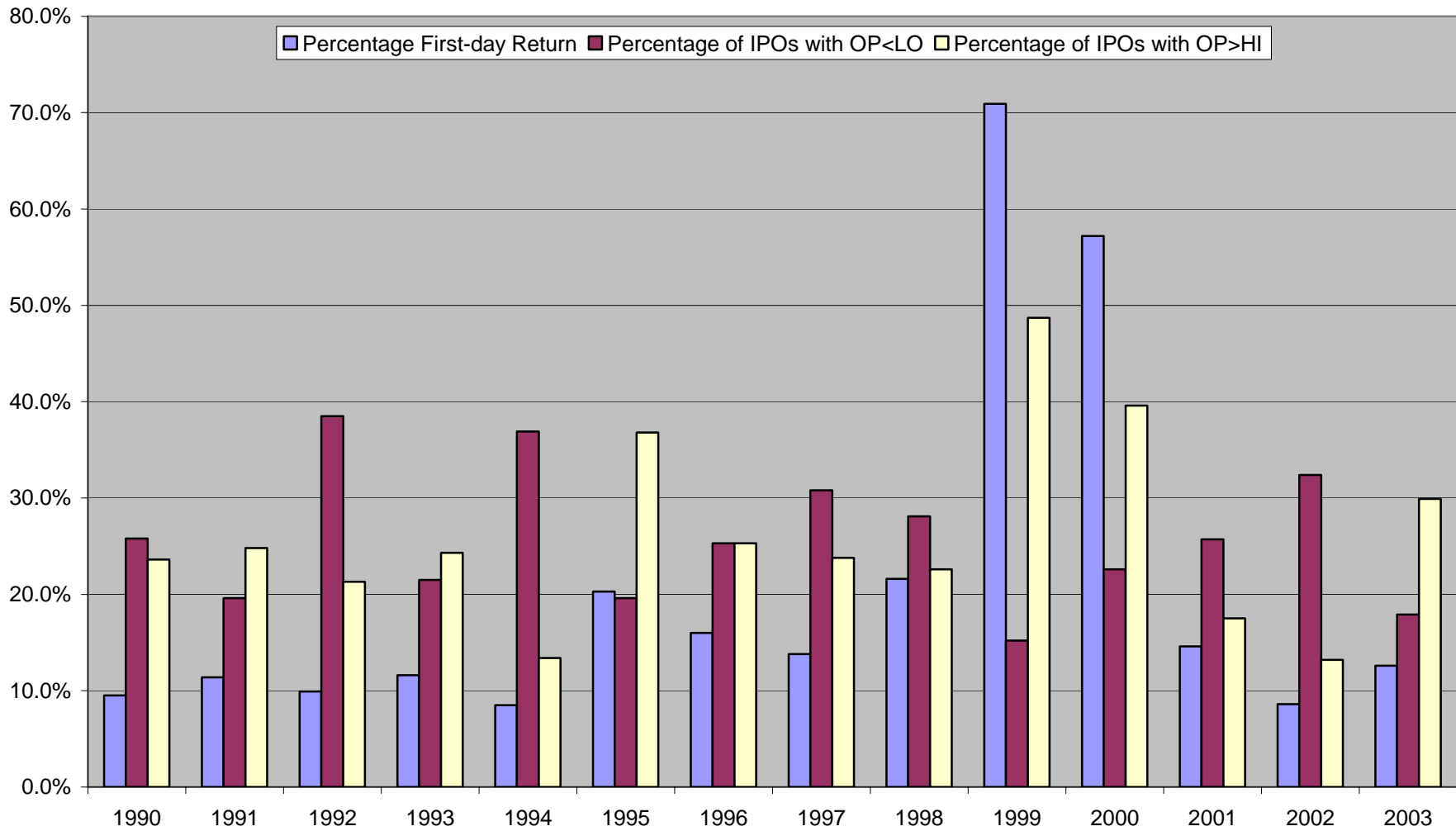
Mean and Median Public Float as a Fraction of Post-Issue Shares Outstanding



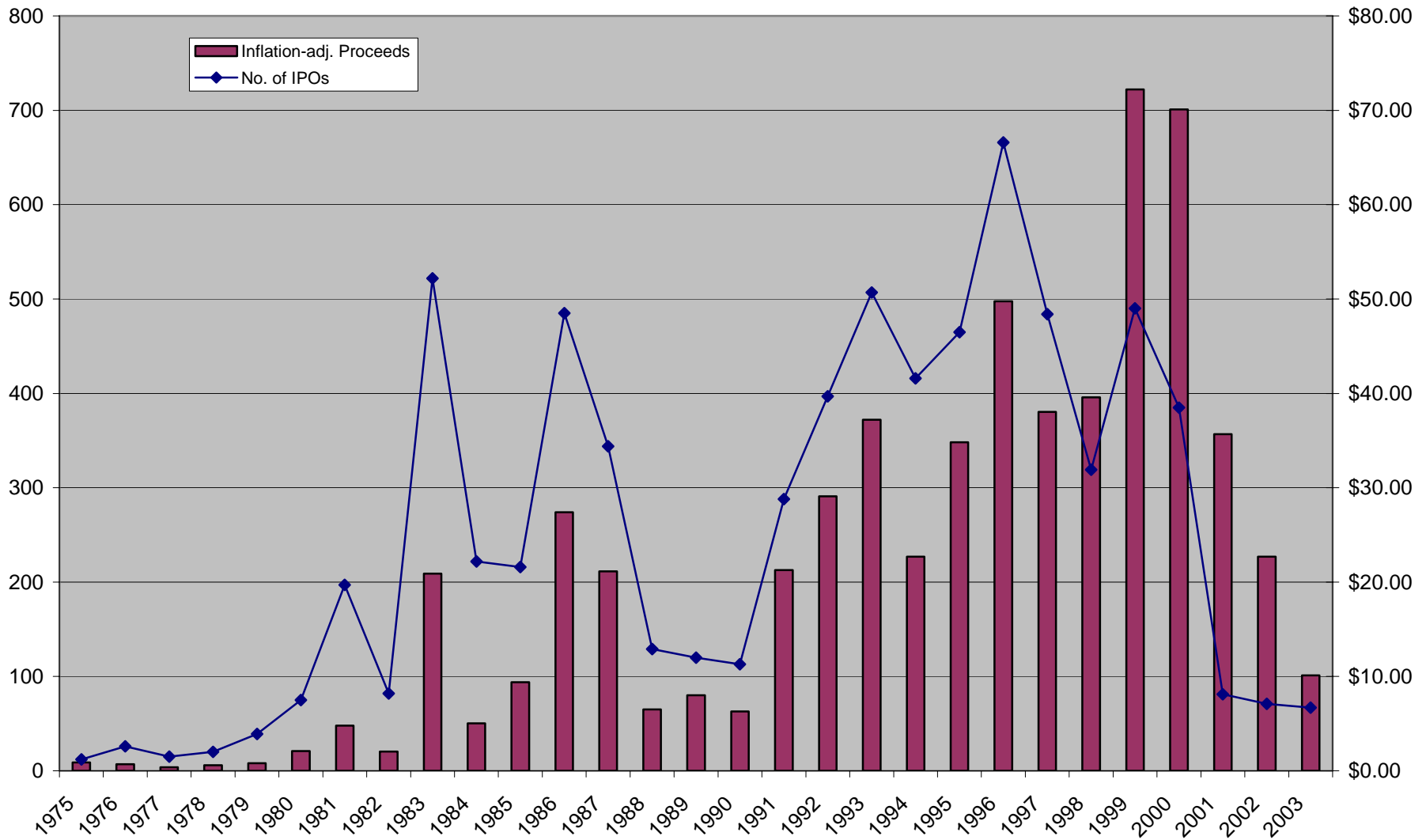
Average First-Day Return and Aggregate Amount Left on the Table, 1990-2003



First-Day Return and Revisions from the File Price Range, 1990-2003



Number of Offerings and Inflation-adjusted Gross Proceeds, \$ Billions, 1975-2003



Number of Offerings and Average First-day Return, 1976-2003

