

Some Factoids About the 2001 IPO Market

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The median age of firms going public in 2001 was 12 years, the oldest for any year between 1980 and 2001. (For the 22 years, excluding penny stocks, the median is only 7 years.) The median age for each year can be found in figure 3 of “Why has IPO Underpricing Changed Over Time?” joint with Tim Loughran, which is available on my home page.

Note: The number of IPOs varies from table to table because of slight differences in the selection criteria. Some tables screen out IPOs with a midpoint of the original file price range of less than \$8.00, while other tables screen out IPOs with an offer price of below \$5.00. Some tables also screen out Nasdaq-listed Canadian firms, which are not ADRs, but are not covered by the University of Chicago’s CRSP.

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

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 (CommScan), EDGAR, the IPO Monitor, 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, 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%	32.4%	387
1995	32.6%	30.6%	432
1996	31.9%	30.5%	621
1997	32.7%	30.4%	432
1998	30.1%	27.7%	267
1999	22.9%	20.2%	457
2000	21.8%	19.5%	346
2001	26.3%	23.8%	80

Table 3

IPOs with a midpoint of the original file price range of at least \$8.00, excluding ADRs, unit offers, closed-end funds, REITs, partnerships, and stocks not listed on CRSP (mainly foreign firms going public in the U.S. without ADRs).

YEAR	NUMBER OF IPOs	AVERAGE FIRST-DAY RETURN	AGGREGATE AMOUNT LEFT ON THE TABLE
1990	89	9.46%	\$0.30 billion
1991	250	11.37%	\$1.39 billion
1992	338	9.87%	\$1.65 billion
1993	437	11.64%	\$3.12 billion
1994	319	8.56%	\$1.37 billion
1995	366	20.38%	\$4.16 billion
1996	572	15.99%	\$6.45 billion
1997	391	13.80%	\$4.22 billion
1998	267	21.76%	\$4.95 billion
1999	446	70.89%	\$35.20 billion
2000	333	57.29%	\$26.69 billion
2001	79	13.89%	\$2.97 billion

Source: Jay Ritter (U of Florida, 352.846.2837). Note: If smaller IPOs are included (those with a midpoint of the offer price range of less than \$8.00), the number of IPOs increases. If foreign IPOs are included, the amount of money on the table increases.

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.

Table 4
Number of Initial Public Offerings, First-Day Return, and
Revisions from the File Price Range by Cohort Year, 1990-2001

Cohort Year	Number of IPOs	Percentage First-day Return	Percentage of IPOs with OP < LO	Percentage of IPOs in the Middle	Percentage of IPOs with OP > HI
1990	89	9.46	25.8	50.6	23.6
1991	250	11.37	19.6	55.6	24.8
1992	338	9.87	38.5	40.2	21.3
1993	437	11.64	21.5	54.2	24.3
1994	319	8.56	37.0	49.5	13.5
1995	366	20.38	19.7	43.7	36.6
1996	572	15.99	25.2	49.5	25.3
1997	391	13.80	30.7	45.3	24.0
1998	267	21.76	28.1	49.1	22.8
1999	446	70.89	15.0	36.3	48.7
2000	333	57.29	22.8	36.9	40.3
2001	79	13.89	27.8	55.7	16.5
2002	37	10.72	18.9	64.9	16.2
Total	3,885	24.30	25.3	46.5	28.2

Source: Jay Ritter (U of Florida, 352.846.2837, <http://bear.cba.ufl.edu/ritter>)

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.

The 2002 numbers are as of June 17, 2002.

Table 5
NUMBER OF OFFERINGS, AVERAGE FIRST-DAY RETURNS, AND
GROSS PROCEEDS OF INITIAL PUBLIC OFFERINGS IN 1975-2001

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	78	15.2	962
1981	202	6.4	2,386
1982	83	10.6	1,081
1983	523	8.8	12,047
1984	227	2.6	3,012
1985	215	6.2	5,488
1986	464	6.0	16,195
1987	322	5.5	12,160
1988	121	5.6	4,053
1989	113	7.8	5,212
1990	111	10.5	4,453
1991	287	11.7	15,765
1992	396	10.0	22,198
1993	503	12.6	29,232
1994	412	9.7	18,103
1995	464	21.1	28,866
1996	664	16.7	41,916
1997	483	13.7	33,216
1998	318	20.1	34,856
1999	491	69.0	65,471
2000	385	55.5	66,100
2001	81	13.7	34,368
2002 (thru 6-17)	39	10.1	12,229
1975-79	112	5.7	1,124
1980-89	2,348	6.8	62,596
1990-99	4,129	20.9	294,076
2000-02	505	45.3	112,697
TOTAL	7,094	17.7	470,493

¹ The number of offerings excludes IPOs with an offer price of less than \$5.00, ADRs, best efforts offers, unit offers, Regulation A offerings (small issues, raising less than \$1.5 million during the 1980s), real estate investment trusts (REITs), partnerships, and closed-end funds.

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 over-allotment options but include the international tranche, if any. No adjustments for inflation have been made.

Table 6

Fraction of IPOs with Negative Earnings (trailing last twelve months), 1980-2002

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. 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 (also known as CommScan) 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 (2001) list the SIC codes in their appendix 3. 2002 numbers are current though June 17, 2002.

Year	Number of IPOs	Percentage Tech Stocks	Percentage of IPOs with EPS<0	Mean First-day Returns	
				EPS<0	EPS≥0
1980	70	26%	25%	7.1%	16.9%
1981	191	33%	17%	8.4%	5.4%
1982	77	47%	20%	8.1%	11.0%
1983	442	35%	21%	14.8%	9.0%
1984	172	22%	16%	9.2%	2.3%
1985	179	16%	15%	5.2%	6.3%
1986	378	19%	21%	7.6%	5.7%
1987	271	21%	18%	5.1%	6.2%
1988	97	27%	18%	7.0%	4.9%
1989	105	28%	22%	9.2%	7.9%
1990	104	25%	14%	10.4%	10.8%
1991	273	22%	24%	10.0%	12.7%
1992	385	24%	30%	10.8%	10.1%
1993	483	22%	28%	12.9%	12.8%
1994	387	24%	25%	8.2%	10.1%
1995	432	41%	29%	21.7%	21.4%
1996	621	37%	40%	15.4%	17.6%
1997	432	33%	34%	12.2%	14.7%
1998	267	38%	46%	33.3%	13.9%
1999	457	77%	77%	80.3%	44.4%
2000	346	65%	81%	61.5%	42.0%
2001	80	29%	49%	14.4%	13.1%
2002	39	34%	50%	5.7%	14.9%
1980-1989	1,982	26%	19%	9.1%	6.8%
1990-1994	1,632	23%	26%	10.8%	11.4%
1995-1998	1,752	37%	37%	19.2%	17.4%
1999-2000	803	72%	79%	72.0%	43.5%
2001-2002	119	30%	49%	11.5%	13.7%
1980-2002	6,288	34.5%	34%	31.2%	12.5%