

Altice USA going public as IPOs back in style

U.S. subsidiary expected to raise at least \$1 billion

By **CLAUDE SOLNIK**

The winds of Wall Street are beginning to blow favorably, with Altice USA, the U.S. subsidiary of a Dutch firm, announcing its plans to go public and statistics showing an increasing IPO market.

Although Long Island has lost a long list of public companies, often through acquisition or privatization, Altice USA, the U.S. subsidiary of global cable and telecom provider Altice N.V., has filed documents indicating it plans to go ahead with an initial public offering.

The Bethpage-based U.S. arm of Amsterdam-based Altice N.V. is expected to raise at least \$1 billion as some of the firm's biggest shareholders seek to sell their stakes, although Altice hasn't released details.

The firm said only that "the number of shares to be offered and the price range for the offering have not yet been determined."

The filing is part of a trend as international and U.S. companies and private equity firms seek to access U.S. markets by going public on U.S. exchanges.

The IPO uptick is generating business for big accounting and legal firms as well as investment banks.

Deloitte, KPMG, Ernst & Young, PricewaterhouseCoopers and Marcum, with large Melville operations, are among those surfing what may be a new IPO wave.

"There is certainly pent up demand," said David Bukzin, partner in charge of Marcum's SEC Practice group. "We have seen more on the higher end of the spectrum."

Although Altice USA is seeking to access U.S. markets, its parent company, Altice N.V., which acquired Cablevision in 2016, already is listed on the Euronext under the ATC and ATCB tickers.

It's the latest firm with foreign ownership to seek to go public in the United States, following Azul, Brazil's third-largest airline founded by Jet-Blue founder David Neeleman.

Azul, according to Renaissance Capital, which backs the IPO market, raised \$573 million in an April 10 IPO and plans to list on the NYSE under the symbol AZUL and Brazil's Bovespa as AZUL4.

Manhattan-based software firm Yext, backed by venture capital firms, is seeking to raise \$95 million, according to Renaissance.

Cadence Bancorp, a Texas-based bank with \$10 billion in assets, is raising \$150 million.

And Tocagen, a biotech battling brain cancer, is looking to raise \$87 million to fund clinical trials.

Brian Hughes, national co-lead partner for KPMG's venture capital practice, said in the first quarter of 2017, the "U.S. IPO market saw some



Photo by Bob Giglione

ADAM SILVERS: Regulations have held back smaller IPOs.

solid tech IPOs late in the quarter, indicating that the market is opening."

The renewed interest in IPOs comes after Sarbanes Oxley regulations imposed regulatory costs on companies, leading many to go private.

"The IPO market in 2016 was the slowest in maybe more than a decade. We're seeing a thawing in 2017," Bukzin said. "Now with the comeback in the markets, there's a lot of hope and backlog with companies lining up, thinking 2017 will be a rebound."

The resurgence follows a soft 2016 in which U.S. IPOs raised \$24 billion, the lowest since 2008 with a 2014 recent peak, fueled by Alibaba's IPO, according to Sutton, Mass.-based Audit Analytics.

"New regulations that came out with Sarbanes Oxley put a lot of legal and accounting burdens on small public companies," said Adam Silvers, a partner at Ruskin Moscou Faltischek in Uniondale. "They made it difficult to raise money."

The pendulum may finally be swinging back to public companies: Renaissance said the IPO market in the first quarter of 2017 snapped back, beginning the year with "a far stronger start" than the prior year.

Twenty-five IPOs in the first quarter of the year raised nearly \$10 billion, which Renaissance attributed to a "diverse set of companies" going public and a year that could easily top 150 IPOs.

Snapchat parent Snap Inc.'s \$3.4 billion IPO ended the quarter on a high note for what Renaissance called "the largest" U.S. tech IPO since Facebook.

Renaissance, which tracks IPOs worth at least \$50 million, said the 25 first quarter IPOs were actually down from 34 a year ago, but nearly doubled in dollar value to \$9.9 billion from \$5.5 billion.

The nearly \$10 billion was the highest since the \$12.7 billion in the second quarter of 2015, continuing an increase since the first quarter of 2007

when Renaissance counted only eight IPOs worth \$700 million.

The dollar value of IPOs has been increasing with 34 IPOs and \$5.5 billion in the second quarter of 2016, another 33 valued at \$5.7 billion in the third quarter and 30 worth \$6.9 billion in the fourth quarter of 2016.

Renaissance said MuleSoft, a software firm, could be a sign of future IPOs and pointed to other signs of a strengthening market with IPOs performing well, on average gaining 10 percent during the quarter.

Renaissance Capital also sees the surge in IPO activity as a sign that private equity firms are seeking exits with 12 IPOs in the quarter led by private equity firms.

Law firms and accounting firms are among the big winners, although Audit Analytics indicates law firms typically charge far more.

Average accounting fees for 2016 IPOs increased 24 percent to \$950,000, while legal fees rose 15 percent to \$1.69 million.

Accounting and legal fees as a percentage of money raised increased from 2008 to 2016 when it was a little more than 1 percent.

Marcum has been adding SEC clients, ending 2016 with 10 net new SEC engagements through its SEC Services Practice group.

While big and medium-sized IPOs may be making a comeback, crowd funding IPOs also are catching on. But small firms are less likely to seek to go public.

"It's due to the inability of companies to raise capital in the public markets and to stay public," Silvers added. "It's just so expensive for them to do."

Uncertainty still hovers around the economy, holding back some firms from going ahead.

"The new administration, and some uncertainty, impacts the viability of the investing community to take risks on IPOs," Bukzin said.