



SAMPLE

IPO Rewind

A look back on select IPOs of the last 24 months

Sample File

June 3, 2016



Description

Match Group (MTCH) is a provider of online dating products with a portfolio of 45 brands including Match.com, PlentyOfFish (acquired in 2015), OkCupid, and Tinder. It has operations in over 190 countries.

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CEO Profile

Gregory R. Blatt has been serving as the CEO of the company since January 2016. Prior to joining Match Group in 2013, Blatt served as the CEO of IAC for three years, the parent company of MTCH, during which the Company's stock price doubled and operating profit increased by over 180%.

Key Statistics

The U.S. online dating industry is worth \$2.2 bil and is expected to grow by \$100 mil every year until 2019. MTCH currently targets ~511 mil online singles in North America and Western Europe, and the target customer base is expected to reach ~672 mil by 2019. Also, the increasing usage of the Internet and growth in the population of singles, as a percentage of total population is increasing the addressable market for MTCH. MTCH's monthly active users and paid member count have increased from 8 mil and 2.1 mil in 2011 to over 59 mil and 5.1 mil, respectively as of December 2015.

In Q1 2016, revenues grew by 21% YoY led by 24% YoY growth in dating revenues due to strong contribution from Tinder and PlentyOfFish. EBITDA almost doubled to \$64.6 mil while Tinder surpassed the 1 mil PMC (Paid Member Count). The non-dating

segment though remains a drag on the overall performance, due to flat revenue growth and negative EBITDA. During the quarter, average PMC increased by 36% to 5.1 mil led by the solid performance of Tinder and PlentyOfFish. **For 2016, management aims to achieve \$1.10-1.14 bil in revenues from its dating operations, up by 13-15% YoY, while revenues from the non-dating operations are expected to report single-digit growth.**

O'Neil Methodology (OM)

O'Neil ratings and rankings for MTCH have improved after reporting Q1 2016 earnings results. MTCH now has an EPS rank of 69 and a Composite rating of 67, up from 43 and 35, respectively, in early May. The SMR rating of 'A' has improved from a 'B' rating, as sales and ROE have risen since the Q1 report. Consensus EPS expectations call for 68% growth in 2016 and 30% growth in 2017, suggesting that these fundamental rankings will improve going forward.

The stock is now trading on a large one-up with a IPO base, with a pivot point of \$15.00 look for the current change to firm in short volume followed by a big volume break through the pivot to initiate a position.

Competition

With the acquisition of 25 brands since 2009, MTCH has become the market leader with more than twice the market share (25%) of its nearest competitor, privately held- eHarmony (12%). MTCH's sites garner the highest traffic in the online dating industry and its traffic is 10 times greater than eHarmony. With a subscriber base of 0.78 mil, eHarmony fails to represent strong competition for MTCH's 5.1 mil base. **MTCH operates three out of the top five downloaded mobile dating apps globally, along with four of the top five grossing dating apps in North America. Tinder has over one mil PMC and aims to double the count in the near future. Tinder has tripled its reach among iPhone daters in less than two years, leaving its competitors behind.** A fast growing user base coupled with longer user engagement has solidified MTCH's competitive position.

Recent News

[Elie Seidman Joins Match as CEO of OkCupid](#)
[Match Group Announces Pricing of Senior Notes Offering](#)
[Match Releases New Study on LGBTQ Single Population](#)
[Match Reports Strong Q1 Revenue and Adjusted EBITDA](#)

Raj Gupta

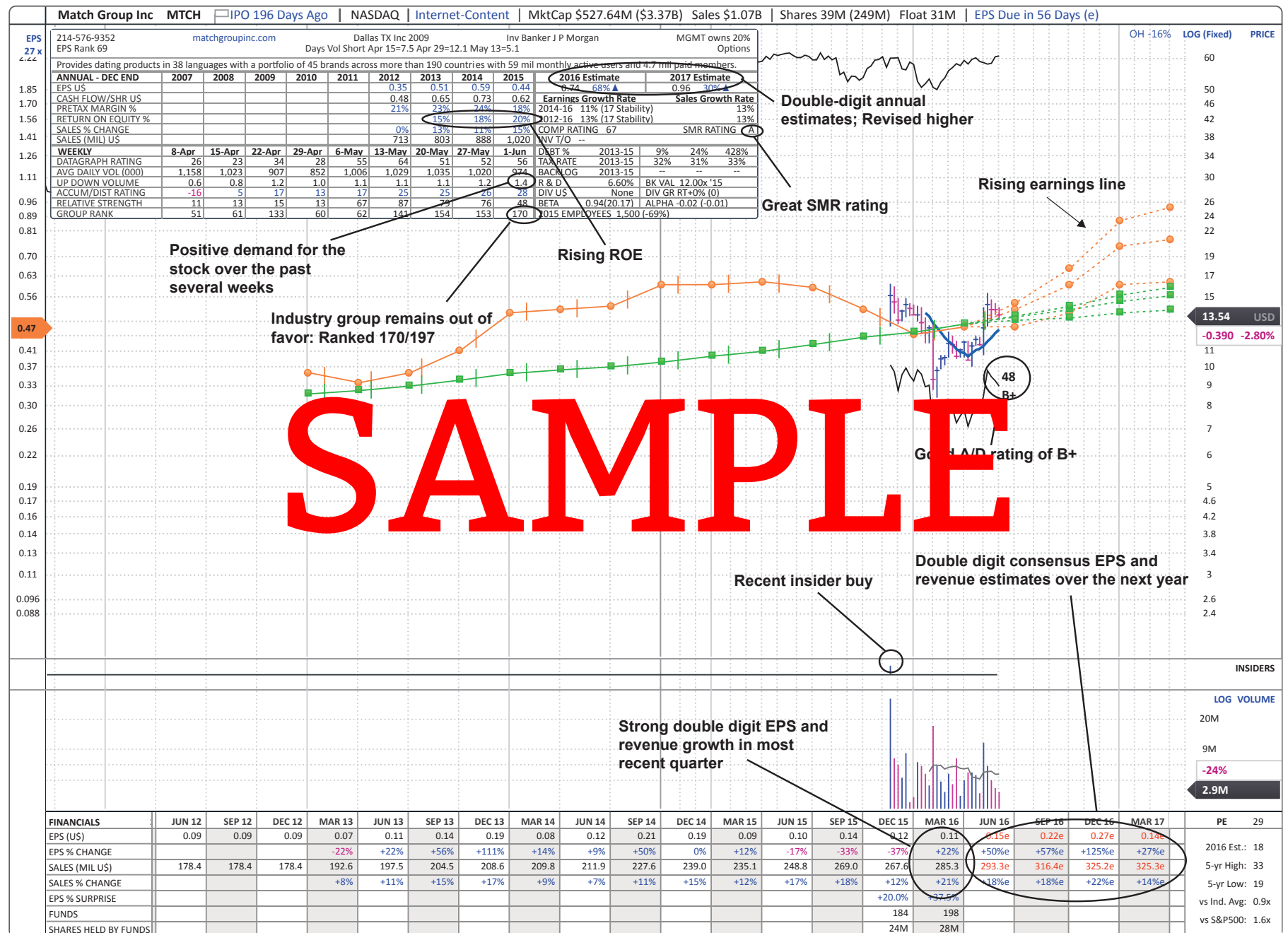
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IPO Information		As of June 3, 2016
Market Cap		\$3.3 bil
Average Daily U.S. \$ Volume		\$13.1 mil
GICS Industry Group		Internet Software & Services
Size of IPO		\$400 mil
Shares		248 mil
Float		31 mil
IPO Date		November 19, 2015
IPO Price		\$12
Performance 1st Day		23%
Performance 1st Month		19%
YTD Performance		-1%
Alpha vs Sector (since IPO Date)		-9%
Lockup Period		180 days
Lockup Expiration		May 17, 2016
Outstanding shares locked-up		n/a
Investment Banker		J P Morgan

O'Neil Proprietary Ratings and Rankings	
EPS Rank	69/99
Relative Strength Rating	48/99
SMR Rating	56/99
Composite Rating	67/99
Acc/Dist Rtg (A=best, E=worst)	B+
Group Rank (1=best, 197=worst)	170/197

Industry Comps			
Symbol	IAC	MTCH	YY
Market Cap (000s)	4,291	3,320	1,516
EPS Rank	53	69	79
SMR Rating	B	A	A
R/S Rating	26	48	10
A/D Rating	B+	B+	D-
Composite Rating	35	67	39
Datagraph Rating	52	56	42
Next Year EPS Est.	33%	30%	n/a
Forward PE Ratio	13	14	n/a
Price/Sales Ratio	1.4	3.1	2.4

Ownership (Management owns 19%)	
T. Rowe Price Associates	6.4 mil
Goldman Sachs Asset Mgmt	3.5 mil
T. Rowe Price Mid-Cap Grth Fund	2.8 mil
JPMorgan Mid Cap Value Fund	2.7 mil
TimeSquare Capital Management	2.3 mil



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A LOOK BACK ON SELECT IPOs OF THE LAST 24 MONTHS

WILLIAM O'NEIL+CO.

July 7, 2016



Description

Lumentum Holdings (LITE) was spun off from JDSU, now known as Viavi Solutions (VIAV), in August 2015. LITE represented the communication and commercial optical products business (CCOP) of JDSU. Its revenue breakdown by geography: APAC 48%, Americas 36.5%, and EMEA 15.5%. Revenue breakdown by business segment: optical communications 85.6% and commercial lasers 14.4%.

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CEO Profile

Alan Lowe is the President and CEO of LITE, and formerly was the President of JDSU's CCOP division from 2008 through its spin-off. Prior, Lowe worked over 15 years in various senior board member positions at Red-Rite Corporation, a hard disk drive components maker that owned an optical photonic subsidiary called Scion Photonic that was eventually sold to JDSU in 2002.

Key Statistics

The optical market has historically grown at a 12-14% CAGR, but generally grows much faster during upgrade cycles. The launch of several Metro 100G upgrades have begun this year and are expected to extend the growth of the industry for the next few years. **According to Infonetics, the 100G market in the U.S is expected to grow at a CAGR of 30% from \$269 million in 2015 to \$769 million in 2019. Several large data center operators (including Facebook, Google, Amazon, and Microsoft) plan to deploy 100G in their data centers in the near future, potentially increasing the demand for LITE's telecom products.**

Lumentum reported Q3 FY2016 results with revenues, margins, and EPS all coming in ahead of Street expectations, while also guiding June quarter revenues above consensus estimates. **Strength in the Company's optical business was once again the**

primary driver to the upbeat results, and was specifically led by robust demand for line-side and client-side 100G products, which grew 140% YoY. Revenues of \$230.4 mil increased 16% YoY, while adjusted EPS grew 191% YoY. The Company's optical communication business grew 17.9% YoY to \$197.2 mil and accounted for 85.6% of total sales.

Revenues for Q4 are expected to be in the range of \$232-242 mil, up 14.9% YoY. LITE expects EPS to be in the range of \$0.32 - 0.38.

O'Neil Methodology (OM)

The fundamental O'Neil ratings and rankings for LITE are strong. **The Company has the best EPS rank of 99 and a Composite rating of 92. LITE has a 3-year earnings growth rate of 99%, with consensus EPS estimates calling for growth of 60% in 2016 and 29% in 2017.** On a quarterly basis, sales growth is now accelerating over the last three quarters. Additionally, sponsorship has risen from 254 funds in September 2015 to 295 funds as of June 2016.

Despite a strong fundamental profile, the technical rating and ranking are mixed. The 52-week rating is an 80, and the R/S line has declined sharply since the stock topped in April. Moreover, the A/D rating has declined to a 'D'. **Because of this, we recommend waiting for relative price improvement, an increase in the A/D rating, and for the stock to retake its 50 day moving average as it builds the right side of this current second stage base. At that point, a new pivot point will present itself.**

Competition

LITE is the leading provider of optical and photonic products, in terms of revenues and market share worldwide. LITE's TrueFlex reconfigurable optical add-drop multiplexer (ROADM) supports end users' plans for future growth by allowing drop-path filtering and improving express-path isolation, thereby reducing its overall costs. **Despite this, the field of competitors in 100G Datacom is significantly broadening to around a dozen competitors. Key competitors include OCLR, FNSR, Huawei's internally sourced modules, Sumitomo Electric, Fujitsu, InnoLight, and Nistica.**

Recent News

[Lumentum Announces Fiscal Third Quarter 2016 Results](#)
[Lumentum Gets Upgrade On Verizon, Facebook, China Demand Telecom Infra Project attracts optical communications companies](#)
[LITE Enhances Portfolio with Extended Range 10G Transceiver](#)

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Spin-Off Information	As of July 6, 2016
Market cap	USD 1.4 bil
Average daily volume	USD 19.1 mil
GICS Industry group	Technology Hardware & Equip.
Size of IPO	n/a
Shares	59 mil
Float	47 mil
Spin-off date	August 4, 2015
Spin-off price	n/a
Performance 1st day	n/a
Performance 1st month	-10%
YTD Performance	6%
Alpha vs sector (since IPO date)	10%
Lockup period	n/a
Investment banker	n/a

O'Neil Proprietary Ratings and Rankings	
EPS Rank	99/99
Relative Strength Rating	80/99
Composite Rating	78/99
Composite Rating	92/99
Acc/Dist Rtg (A=best, E=worst)	D
Group Rank (1=best, 197=worst)	53/197

Industry Comps			
Symbol	FNSR	LITE	OCLR
Market cap (000s)	1,873	1,386	525
EPS Rank	58	99	79
SMR Rating	C	C	E
RS Rating	80	80	96
Acc/Dist Rating	B+	D	C
Composite Rating	79	92	88
Datagraph Rating	77	78	64
Next year EPS est.	16%	29%	160%
Forward PE ratio	12	14	18
Price/Sales ratio	1.5	1.6	1.5

Ownership (Management owns 0%)	
Viavi Solutions	7.2 mil
Cap Research	5.8 mil
BlackRock	3.8 mil
Vanguard Group	3.5 mil
AMCAP Fund	3.0 mil

