US EQUITIES
BOOKRUNNERS: 1/1/2013 TO 19/7/2013

	Managing bank or group	No. of issues	Total US$(m)	Share (%)
1	Goldman Sachs	95	19,025.56	15.5
2	Citigroup	122	15,195.25	12.4
3	JP Morgan	125	13,886.28	11.3
4	BofA Merrill Lynch	132	11,821.34	9.6
5	Morgan Stanley	101	11,150.34	9.1
6	Barclays	94	10,450.55	8.5
7	Credit Suisse	104	8,999.90	7.3
8	Deutsche Bank	82	6,558.12	5.4
9	Wells Fargo & Co	89	6,472.08	5.3
10	UBS	58	3,898.61	3.2
	Total	**472**	**122,566.90**	

Including all domestic and international deals and rights issues

Source: Thomson Reuters (SDC code: C3r)

GLOBAL CONVERTIBLE OFFERINGS
BOOKRUNNERS: 1/1/2013 TO 19/7/2013

	Managing bank or group	No. of issues	Total US$(m)	Share (%)
1	Goldman Sachs & Co	21	3,837.90	19.0
2	JP Morgan	27	3,114.10	15.4
3	BofA Merrill Lynch	23	2,943.45	14.5
4	Morgan Stanley	17	2,411.76	11.9
5	Barclays	17	2,145.31	10.6
6	Citi	17	1,611.58	8.0
7	Deutsche Bank	11	1,145.20	5.7
8	Credit Suisse	12	1,070.75	5.3
9	Wells Fargo & Co	9	755.17	3.7
10	UBS	3	335.00	1.7
	Total	**63**	**20,251.54**	

Includes all US$ denominated bonds structured to be sold in the US, including exchangeables.

Source: Thomson Reuters (SDC code: C9a)

PHILLIPS 66 PARTNERS is off to a strong start as a public company on the above-range pricing last night of its $377.8m IPO. A spin-off of oil-and-gas explorer and refiner Phillips 66, the company is the latest beneficiary of investor demand for total return investments.

Pricing of 16.425m units at $23, above a $19–$21 target on a size of 15m units, was not particularly surprising.

JP Morgan and *Morgan Stanley*, active leads among eight bookrunners, communicated the strength of demand early in the marketing process, allowing them indicate that above-range pricing was likely and that books would close at 4:00 PM EST last Friday, a full day ahead of pricing.

The appeal is a total return proposition. Phillips 66 Partners will yield 3.7% initially at offering, based on 85-cent distribution annually and 1.1x distribution coverage – MPLX, the midstream MLP spin-off of Marathon Petroleum, was the prior record-holder with a 4.8% initial payout achieved on its October 2012 IPO.

Stability is a big reason for the appeal of Phillips 66 Partners. Of the $113.7m in revenue expected in the year ending June 30 2014, the unit notes that 84% has the support of minimum commitments under commercial agreements with its parent.

A bigger component is growth from expected dropdowns. Phillips 66 Partners' initial portfolio consist of three pipeline systems connecting to its parent's three refineries, which have a combined processing capacity of 800,000 barrels of oil per day, about one-third of Phillips 66's capacity in the domestic market.

Not included are one-third interests in both the Sand Hills pipeline, a 720-mile pipeline connecting the Permian Basin and Eagle Ford share to Gulf Coast, and the Southern Hills pipeline, an 800-mile pipeline connecting the midcontinent region to the Gulf Coast. The dropdown portfolio is viewed as smaller than that above MLPX.

One of the principal challenges for the leads is allocations. The parent's existing shareholders had a strong voice in the negotiating for outsized allocations, crowding out dedicated MLP buyers, as well as retail investors from the underwriting banks' systems. NRG YIELD, the carve out of NRG Energy's renewable portfolio, saw such overweighting on its IPO last week.

Harvesting season

Fresh off last week's successful exits from BERRY PLASTICS and REALOGY, Apollo Global Management is looking to remove the nails portfolio holdings SPROUTS FARMERS MARKETS and ATHLON ENERGY. Notably, both are post-crisis investments and the PE investor is looking to extract full value on both.

With initial backing in 2010, Athlon has grown through a series of acquisitions to amass 98,348 net acres in the heart of the Permian Basin. Like other fast-growing operators in the area, such as Diamondback Energy, the company has used vertical-drilling program to de-risk reserves.

After spending a total of $276m last year to drill 133 vertical wells, it is spending another $317m this year on an additional 162 vertical wells, as well as $33m on four horizontal wells. Daily production averaged 11,957 barrels of oil equivalent/day last year and estimated reserved grew to 86m barrels, up 3,600 BOE/d and 43m barrels at the time the properties were acquired.

On top of the 230 gross vertical wells drilled so far, Athlon estimates that it has de-risked another 3,857 vertical wells.

An enterprise value of $1.87bn, or nearly 14x adjusted Ebitda of $130.6m generated over the 12 months through March 31, the asking price may elicit sticker shock – Diamondback trades at 8.3x.

Citigroup, *Goldman Sachs*, *Bank of America Merrill Lynch*, *UBS* and *Wells Fargo* launched marketing of 15.8m shares at $18–$20 yesterday morning for pricing on August 1.

Organic growth

Organic supermarkets trade at significant premiums to conventional grocers because their loyal customers do not mind spending a little more money for healthier food options. SPROUTS FARMERS MARKET, already the second largest organic grocer in the US behind Whole

EDITORIAL ENQUIRIES

US EDITOR
Stephen Lacey
+1 (646) 223 8808
stephen.lacey@thomsonreuters.com

SENIOR REPORTER
Anthony Hughes
+1 (646) 223 8174
anthony.hughes@thomsonreuters.com

REPORTER
Robert Sherwood
+1 (646) 223 8792
robert.sherwood@thomsonreuters.com

SUBSCRIPTION ENQUIRIES

EMEA
+44 20 7369 7317
rm.emeasales@thomsonreuters.com

ASIA-PACIFIC
+852 3762 3336
rm.apsales@thomsonreuters.com

JAPAN
+813 4589 2311
rm.apsales@thomsonreuters.com

US
+646 223 6123
rm.ussales@thomsonreuters.com

CLIENT SUPPORT

+800 8727 8326
(please dial first your int'l prefix number or int'l access code before the above number)
rm.clientsupport@thomsonreuters.com

MARKETING

+44 20 7369 7855
rpp.marketing@thomsonreuters.com

Foods, is looking to cash in on the trend with its $296m IPO.

Underwriters *Goldman Sachs*, *Credit Suisse* and *Bank of America Merrill Lynch* are marketing a primary and secondary offering of 18.5m shares at $14–$16 for pricing August 1. PE sponsor Apollo Global is not selling shares and will see its stake diluted from 51.8% to 45.8%.

Apollo merged SPROUTS with 35 Henry's Farmers Markets stores and eight Sun Harvest Markets in 2011. The roll-up continued with the acquisition last year of Sunflower. As a group, the acquired chains averaged 16 new store openings per year from 2008 to 2012. Sprouts accelerated that growth under its tenure.

Sprouts' current base of 163 stores is nearly half the size of WHOLE FOODS,but 25% greater than THE FRESH MARKET. The company is targeting an enterprise value of $2.7bn on the IPO, slightly more than The Fresh Market's $2.6bn. FAIRWAY GROUP, the most popular IPO in the sector, is an unlikely comparable because of a differentiated, higher-growth business model. Sprouts already has opened 16 of the 19 stores it plans for this year, and is targeting 20 more openings next year. Over the next five years, it plans to expand the footprint by 12% per year.

After generating net sales of $1.99bn last year, nearly five times the $441m of 2008, the company expects revenue in first six months of the year of $1.2bn, including 10.8% same-store sales growth in the June quarter.

Self control

CONTROL4, a Salt Lake City-based provider of automation and control systems for homes, plans to price its $68m IPO on August 1. *Bank of America Merrill Lynch* and *Raymond James* are leading the offering.

Control4 delivers both hardware and software products and is hoping to access a market that is expected to grow to $2.6bn in 2017 from $570m this year.

The company, of which Cisco Systems owns 10.8%, plans to use the proceeds for general corporate purposes, including paying for a recent legal settlement, and possibly to fund acquisitions.

Based on top of the range pricing, Control4 is coming at a relatively cheap trailing EV/sales multiple of 3x, below the high-single multiple that larger premium growth software IPOs have been able to attract. This likely reflects Control4's steady, but relatively mediocre top-line growth. Control4 last year posted a net loss of $3.7m from sales of $109.5m, the latter reflecting growth of 17%.

Even though Control4's top-line rose at a CAGR of nearly 60% from 2009 to 2012, year-on-year revenue growth in the first two quarters of 2013 was less than 20%. In part, this reflects the seasonal nature of Control4's business, with the first quarter being its weakest period and the fourth the strongest.

On a positive note, the company, which began shipping products in 2005, turned profitable on a non-GAAP operating basis in 2012. Its long-term gross margin target is 52%–54% and adjusted operating margin is 14%–17%.

Fleet-footed

Fleet management software-as-a-service provider FLEETMATICS expects to price its second follow-on offering today since last October's successful IPO. The 8m-share offering will primarily enable its major shareholder to cut its stake. It will also see the company join an exclusive club that priced two follow-ons within a year of going public.

In a deal, where *Barclays* and *Bank of America Merrill Lynch* again are leads, FLEETMATICS plans to sell 1m new shares, but the rest of the offering is insider selling mostly by Investcorp, which is seeking to reduce its holdings to 26.2% from 46.3%.

Fleetmatics first filed for the follow-on on June 28, when its shares were trading at $33.23, but the imminent offering has not been too much of a drag on the shares. Fleetmatics closed on Monday at $34.15, having touched a high of $35.87 on Friday.

The offering follows a strong second quarter for the company, which expects to report revenue of $42m–$42.5m, up 37%–39% year on year, and a 38.1% increase in vehicles under subscription.

The timing is notable because, coincidentally, it comes as South African-based rival MIX TELEMATICS yesterday set terms on a US IPO in which the company will sell 6.2m ADSs at a marketing range of $14–$16.

Raymond James and *William Blair* are leading the offering, which includes 1.9m shares that major shareholders GAF Trust and Masalini Capital are selling.