



Донован Джонс

# Мнение об IPO | Mavenir завершает IPO на 300 миллионов долларов

23 октября 2020 г. 11:18 по восточному времени | **MVNR** | ERIC, ERXF, MSFT ...

## Резюме

- Mavenir представила предложенные условия IPO на 300 миллионов долларов.
- Фирма предоставляет программное обеспечение для поставщиков услуг беспроводной связи по всему миру.
- Morgan Stanley является ведущим андеррайтером, и за последние 12 месяцев его IPO проводились на высшем уровне.
- MVNR обеспечивает ускоренный рост выручки, операционной прибыли и почти чистую безубыточность в растущей отрасли.
- Мое мнение о IPO - ПОКУПАТЬ до 22 долларов за акцию.

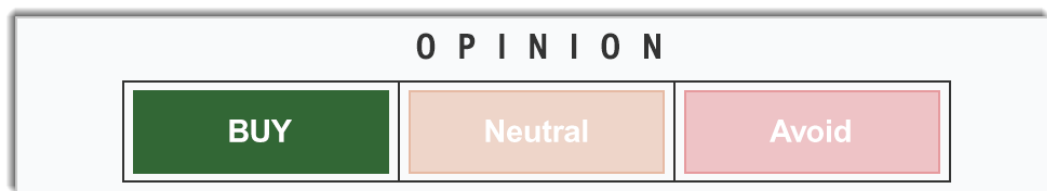
## Быстрый взятие

Mavenir PLC ( [MVNR](#) ) подал привлечь \$ 300 млн в IPO своих обыкновенных акций класса A, в соответствии с S-1 [заявление о регистрации](#) .

Фирма предоставляет программные решения поставщикам услуг беспроводной связи по всему миру.

MVNR обеспечивает ускорение темпов роста выручки, повышение операционной прибыли, близкую к чистой безубыточности и имеет позитивный отраслевой прогноз; при коэффициенте EV / выручка 4,76x стоимость IPO представляется разумной.

Мое мнение о IPO - ПОКУПАТЬ до 22 долларов за акцию.



## Компания и технологии

Компания Mavenir из Ричардсона, штат Техас, была основана для разработки облачных программных инструментов для уровня 1 и других поставщиков беспроводных услуг на глобальных рынках, работающих в сетях 2G - 5G.



Management is headed by president and CEO Mr. Pardeep Kohli, who has been with the firm since 2016 and was previously CEO of Xura and president and CEO of Mavenir Systems through its public offering and ultimate acquisition.

Below is a brief overview video of Mavenir:



Source: Mavenir

The company's primary offerings include software for:

- Voice
- Messaging
- Video
- Connectivity

Mavenir has received at least \$892 million from investors including Mavenir Private Holdings I (Siris Capital).

### **Customer/User Acquisition**

The company sells directly to wireless service providers. It counts as customers more than 250 WSPs serving nearly 4 billion subscribers in 120 countries.

MVNR also has 17 of the 20 largest WSPs in the world as customers and 50% of its customers have been with the firm for 12 or more years.

Selling, G&A expenses as a percentage of total revenue have been uneven but trending lower as revenues have increased, as the figures below indicate:

Selling, G&A	Expenses vs. Revenue
Period	Percentage
Six Mos. Ended July 31, 2020	28.9%
FYE January 31, 2020	36.2%
FYE January 31, 2019	34.1%

Source: Company registration statement

The Selling, G&A efficiency rate, defined as how many dollars of additional new revenue are generated by each dollar of Selling, G&A spend, rose to 0.5x in the most recent reporting period, as shown in the table below:

Selling, G&A	Efficiency Rate
Period	Multiple
Six Mos. Ended July 31, 2020	0.5
FYE January 31, 2020	0.2

Source: Company registration statement

## Market & Competition

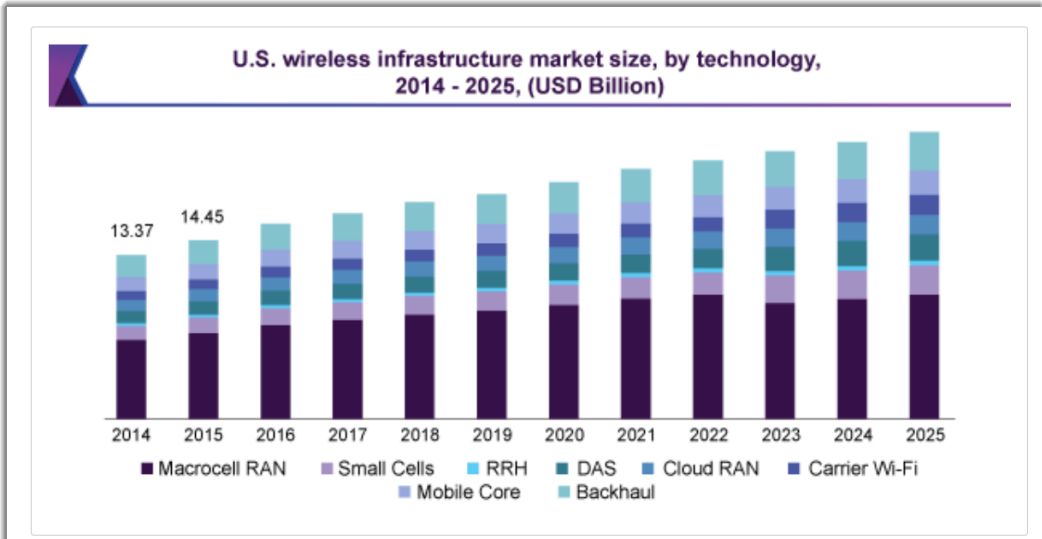
According to a 2018 market [research report](#) by Grand View Research, as a proxy for market size, the global wireless infrastructure market was an estimated \$69 billion in 2016.

The market is expected to grow at a CAGR of 5.7% from 2018 to 2025.

The main drivers for this expected growth are growing demand for advanced technologies, including 4G, LTE and now 5G capabilities.

Also, as an illustration of the expected market growth, the chart below shows the historical and projected growth in U.S. wireless infrastructure market:





Major competitive or other industry participants include:

Mobile Network Equipment Vendors:

- Ericsson ([ERIC](#))
- Nokia ([NOK](#))
- Huawei

Point-Solution Providers:

- Altiostar
- Microsoft ([MSFT](#))
- Oracle ([ORCL](#))

Financial Performance

Mavenir’s recent financial results can be summarized as follows:

- Growing topline revenue at an accelerating rate
- Increased gross profit but decreasing gross margin
- A swing to operating profit
- Reduced cash used in operations

Below are relevant financial results derived from the firm’s registration statement:

Total Revenue		
Period	Total Revenue	% Variance vs. Prior

Six Mos. Ended July 31, 2020	\$ 234,872,000	17.0%
FYE January 31, 2020	\$ 427,444,000	8.7%
FYE January 31, 2019	\$ 393,109,000	
<b>Gross Profit (Loss)</b>		
<b>Period</b>	<b>Gross Profit (Loss)</b>	<b>% Variance vs. Prior</b>
Six Mos. Ended July 31, 2020	\$ 130,631,000	18.6%
FYE January 31, 2020	\$ 242,150,000	4.6%
FYE January 31, 2019	\$ 231,515,000	
<b>Gross Margin</b>		
<b>Period</b>	<b>Gross Margin</b>	
Six Mos. Ended July 31, 2020	55.62%	
FYE January 31, 2020	56.65%	
FYE January 31, 2019	58.89%	
<b>Operating Profit (Loss)</b>		
<b>Period</b>	<b>Operating Profit (Loss)</b>	<b>Operating Margin</b>
Six Mos. Ended July 31, 2020	\$ 17,343,000	7.4%
FYE January 31, 2020	\$ (10,531,000)	-2.5%
FYE January 31, 2019	\$ (22,094,000)	-5.6%
<b>Net Income (Loss)</b>		

Period	Net Income (Loss)	
Six Mos. Ended July 31, 2020	\$ (930,000)	
FYE January 31, 2020	\$ (19,623,000)	
FYE January 31, 2019	\$ (24,307,000)	
<b>Cash Flow From Operations</b>		
Period	Cash Flow From Operations	
Six Mos. Ended July 31, 2020	\$ (8,995,000)	
FYE January 31, 2020	\$ (23,754,000)	
FYE January 31, 2019	\$ (29,130,000)	
<a href="#">(Glossary Of Terms)</a>		

Source: Company registration statement

As of July 31, 2020, Mavenir had \$47 million in cash and \$942.6 million in total liabilities.

Free cash flow during the twelve months ended July 31, 2020, was negative (\$40.2 million).

## IPO Details

Mavenir intends to raise \$300 million in gross proceeds from an IPO of 13.6 million of its Class A ordinary shares, offered at a proposed midpoint price of \$22.00 per share.

Class A ordinary shareholders will be entitled to one vote per share while the Class B shareholder, Siris Capital Group, will have ten votes per share.

Assuming a successful IPO, the company's enterprise value at IPO would approximate \$2.2 billion, excluding the effects of underwriter over-allotment options.

Excluding effects of underwriter options and private placement shares or restricted stock, if any, the float to outstanding shares ratio will be approximately 17.41%.

Management says it will use the net proceeds from the IPO as follows:



We intend to use the net proceeds from this offering to pay \$195.5 million to Mavenir Private Holding I Ltd., an affiliated entity of Siris Capital and our controlling shareholder, to satisfy in full a note incurred by us immediately prior to this offering, to repay certain outstanding indebtedness under our 2018 Term Loans and for general corporate purposes. The \$43.7 million of indebtedness related to the 2018 Term Loans to be repaid with the proceeds of this offering matures on May 8, 2025, and as of October 20, 2020, bears interest at the rate of 7.0%.

Management's presentation of the company roadshow is [available here](#).

Listed bookrunners of the IPO are Morgan Stanley, Goldman Sachs, J.P. Morgan, BofA Securities, Barclays, Guggenheim Securities, Macquarie Capital, and Needham & Company.

## Valuation Metrics

Below is a table of relevant capitalization and valuation figures for the company:

Measure [TTM]	Amount
Market Capitalization at IPO	\$1,723,356,668
Enterprise Value	\$2,198,921,668
Price / Sales	3.73
EV / Revenue	4.76
EV / EBITDA	50.69
Earnings Per Share	-\$0.09
Total Debt To Equity	2.01
Float To Outstanding Shares Ratio	17.41%
Proposed IPO Midpoint Price per Share	\$22.00
Net Free Cash Flow	-\$40,189,000
Free Cash Flow Yield Per Share	-2.33%
Revenue Growth Rate	17.03%
<a href="#">(Glossary Of Terms)</a>	

Source: Company Prospectus

## Commentary

Mavenir is seeking public investment to pay off debt owed to its private equity firm controlling shareholder Siris.

The company's financials show accelerating revenue growth, a swing to operating profit, near breakeven on a net basis and reduced use of cash in operations.

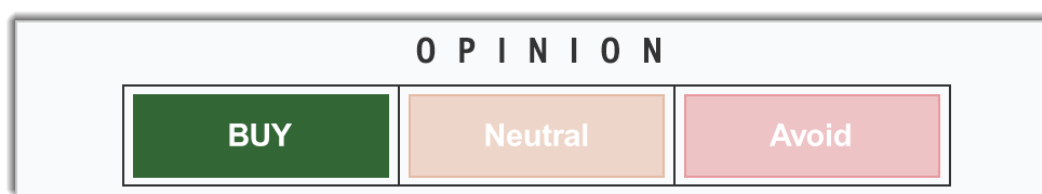
Selling, G&A expenses as a percentage of total revenue has been uneven but reduced in the most recent reporting period; its Selling, G&A efficiency rate has improved.

The market opportunity for providing software to wireless service providers looks to be an expanding market worldwide, as operators seek to upgrade their systems to provide more services to demanding customers.

Morgan Stanley is the lead left underwriter and IPOs led by the firm over the last 12-month period have generated an average return of 42.1% since their IPO. This is a top-tier performance for all major underwriters during the period.

As to valuation, given the firm's accelerating revenue growth rate, swing to operating profit, near net breakeven and industry outlook, at an EV/Revenue of 4.76x, the IPO appears reasonably valued.

Мое мнение о IPO - ПОКУПАТЬ до 22 долларов за акцию.



Ожидаемая дата ценообразования IPO: 28 октября 2020 г.

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