

Entertainment Group Endeavor Shelves IPO One Day Before Debut



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I cover breaking news.

Topline: Endeavor Group Holding, the parent company of a top Hollywood talent agency and the Miss Universe Pageant cancelled its initial public offering just a day before it was set to launch, the latest in a series of high-profile IPO busts.

- Late on Thursday, Endeavor shelved its \$400 million IPO the day before it was scheduled to list in New York.



Endeavor backer Ari Emanuel pulled the plug on the talent agency's initial public offering at the ... [+] Getty Images for LACMA

- According to filings, the Beverly Hills, California-based company expected to raise up to \$405 million by offering 15 million shares, priced between \$26 to \$27. That was a sharp discount on the \$30 to \$32 range Endeavor had originally hoped.
- Endeavor had tried to save the deal by lowering its indicated price range earlier the same day it ultimately shelved the IPO, but to no avail.

- It is the second time this year Endeavor has called off its initial public offering.
- The entertainment group was valued at \$6.3 billion during its last fund raising round in 2017.

Crucial quote: “This is a blow for Ari. It’s definitely damaged his reputation,” investment banker Lloyd Greif told The Los Angeles Times. “It will be interesting to see what happens next. They are going to have to figure out how to access the capital markets.”

Key background: Endeavor follows WeWork in cancelling a highly-anticipated IPO, and comes a day after cult fitness brand Peloton’s shares fell in their first day of trading, 11% below their pricing of \$29.

Potential investors were reportedly hesitant when it came to placing bets on the company; Endeavor has taken on debt to fund its acquisition of a 50% stake in the UFC, and has found itself in a battle with Hollywood screenwriters and groups like the Writers Guild of America. According to recent filings, the company is saddled with \$4.6 billion of long-term debt, with total liabilities of \$7.2 billion and \$830.9 million in cash assets.

Endeavor would have been the first Hollywood talent agency to go public. The group was formed out of the merger of major talent agencies William Morris and Endeavor and stills represents a string of big names like Serena Williams, Gigi and Bella Hadid.

Tangent: Endeavor co-CEO Ari Emanuel is said to be the inspiration for the Ari Gold character on HBO’s Entourage.