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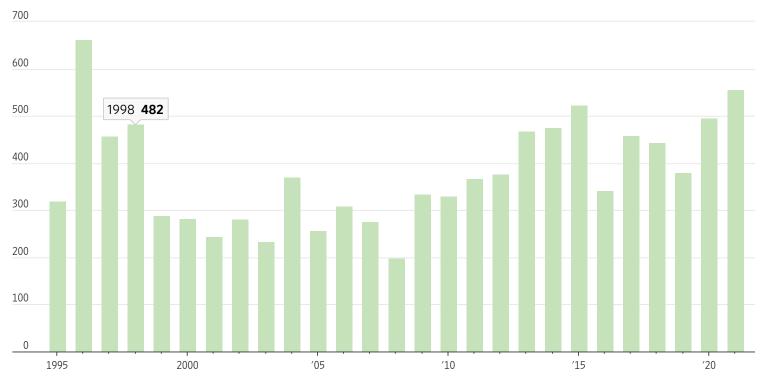
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STOCKS

Companies Strike While the Stock Market Is Hot

Norwegian Cruise Line, Zoom and others have sold billions of dollars of shares this year to raise cash

Follow-on offerings year-to-date



Note: Data are for U.S. companies for each year through Aug. 24. Source: Dealogic

By Gunjan Banerji

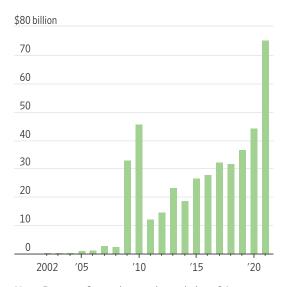
Updated Aug. 25, 2021 6:18 pm ET

U.S. companies are rushing to cash in on soaring stock prices.

It isn't just the white-hot market for initial public offerings. Companies are returning to the public markets to issue shares and raise cash from investors at the same time that existing shareholders are tapping the public market to unload their stockholdings at a record clip.

Companies including <u>Zoom Video Communications</u> Inc. <u>ZM 1.08% ▲</u> and <u>Norwegian Cruise</u> <u>Line Holdings</u> Ltd. <u>NCLH -3.38% ▼ have sold billions of dollars of shares</u> this year.

At-the-market share offerings by U.S. companies



Note: Data are for each year through Aug. 24 Source: Dealogic

The list of companies tapping the public markets this year is sprinkled with meme stocks that have benefited from the momentum in their share prices such as <u>AMC Entertainment Holdings</u> Inc. <u>AMC -0.81% ▼</u> and <u>GameStop Corp.</u> <u>GME -5.04% ▼</u>

There have been 556 follow-on offerings, or stock sales by companies or existing shareholders, among U.S. companies this year, the most since 1996, according to Dealogic data. They have raised a total of \$133 billion.

Behind the boom in share issuance? An ascendant stock market. The S&P 500 has hit 51 fresh highs this year and roughly doubled from its March 2020 pandemic low. Many U.S. companies have posted strong earnings and staged a speedy recovery from the pandemic-induced recession, giving the stock market a boost. Valuations have surged.

"People started to take advantage of the incredible run-up in the market," said Josh Weismer, head of U.S. equity capital markets at Mizuho Americas. "I think we're definitely going to continue to see the follow-on market busy."

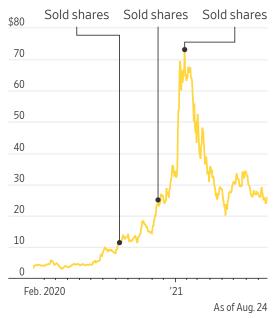


Norwegian Cruise Line is among companies that have returned to the public markets to issue shares and raise cash.

PHOTO: JOE RAEDLE/GETTY IMAGES

With investors eager to take on more risks in everything from cryptocurrencies to junk bonds this year, executives see it as a good time for businesses to raise cash. Many companies have also flocked to the bond market, sending <u>debut sales of junk bonds</u> from such companies as Michaels Stores Inc. and <u>Square</u> Inc. toward a 16-year record.

Plug Power Inc. share price and issuance



Source: FactSet, Dealogic

Some companies are issuing shares to pay for debt and expenses. Others are looking to make acquisitions in a busy year for dealmaking. Bankers said stock issuances have helped ease cash crunches from declining revenue when the Covid-19 pandemic first spread through the U.S.

Many companies have issued so-called at-the-market offerings, which allow them to quickly sell shares over time rather than all at once.

More than \$75 billion of these deals have been issued this year, a jump of about 70% from the \$44 billion that was issued over the same time frame last year and the most on record, according to Dealogic data going back to 1995.

"With the volatility in the market that we've all seen, it's good to have an ATM program in place so that if you feel that your stock price has risen to some level you can issue shares," said Brian Hirshberg, a partner at the law firm Mayer Brown who has worked with many at-the-market offerings this year.

GameStop and AMC have each advanced more than 10-fold year to date, including double-digit-percentage gains Tuesday as the meme stocks came roaring back.

The fuel-cell company <u>Plug Power</u> Inc., <u>PLUG -2.76%</u> ▼ an individual-investor favorite that has never been profitable, has sold stock at least three times since early 2020 as its shares have zipped higher, according to Dealogic. Last August, as its share price hovered around \$11—already more than tripling year to date—the company issued around \$300 million in shares and more than \$800 million in November when its stock doubled from its August 2020 level.

This January, it issued around \$1.8 billion of shares, making it one of the biggest follow-on deals of the year, according to Dealogic. Since the issuance in late January, the stock has tumbled, though it remains well above its levels early last year.

"As the stock goes up, it creates opportunity because investors want to buy into these growth stories," said Michael Goldberg, head of U.S. equity capital markets at RBC Capital Markets, referring to the boom in issuance this year.

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