PUBLIC COMPANIES PROSPER IN PANDEMIC

LIST: Large-cap corporations in Valley come out of crisis with increased value.

By **MARK R. MADLER** *Staff Reporter*

Public companies have done quite well in the past year, even though the U.S. economy has been on the defensive.

Starting with **Walt Disney Co.** in Burbank and on down to **Golden State Bancorp** in Glendale, the Business Journal's list of Public Companies ranked by market capitalization as of June 30 reveals that most have increased their market cap from 2020 to 2021.

The two exceptions were **Tix Corp.**, the Studio City discount ticket seller for Las Vegas shows and attractions, and **Unico American Corp.**, the Calabasas firm that does business as **Crusader Insurance Co.**

Unico was No. 37 on the list, as it went from a market cap of $29.5 million in 2020, to $25.1 million this year. At No. 48 on the list, Tix went from a market cap of $3.8 million last year to $2 million this year.

That Tix did not do as well as last year comes as no surprise to **Roger Pondel**, the chief executive of **PondelWilkinson Inc.**, a Woodland Hills investor relations and strategic public relations firm.

While he agreed that the economy has been on the defensive, it's not across the board. Small consumer-facing businesses have been particularly hard hit by the pandemic. That would include restaurants and boutique retailers and others that rely on walk-in customers, Pondel said.

But many of those businesses are privately owned, he noted.

"The public companies that are consumer facing, just as the smaller private companies that are consumer facing, in general I believe have not done that well," Pondel added.

But even that general observation needs an asterisk. For instance, Disney, No. 1 on the list and certainly a consumer facing company, saw its market cap increase by about 60 percent to $319 billion from last year as its at-home streaming service Disney + expanded.

At the same time, Tix has struggled as its closed all of its Las Vegas discount ticket kiosks and laid off much of its staff. Its share price on the over-the-counter market hit a low of 7 cents on June 1, 2020 before slightly rebounding. Tix shares closed at 11 cents on July 14, for an increase of 57 percent since reaching the low.

Quick rebound

While Pondel mentioned publicly owned restaurants and retail chains as not doing well, Valley companies **Cheesecake Factory Inc.** and **Dine Brands Global Inc.** saw their share price drop hard and bounce back in step with the pandemic.

Cheesecake, the Calabasas-based upscale restaurant chain, saw its shares increase by 247 percent from a low point of $15.10 on April 2 last year to when it closed at $52.45 on July 14.

Dine Brands, the Glendale parent of IHOP and Applebee's restaurants, saw its share price increase by about 428 percent from its adjusted low closing price of $16.24 on March 18, 2020, through July 14 when shares closed at $85.77.

"Some have done well but I think for the most part the companies that have done well in the public sector have been health care companies and some of the tech companies as well," Pondel said.

He added that while not an expert in healthcare, from what he has read and heard from talking with investors, pharma, biotech and health insurers are the three segments within the industry doing the best.

"An aging demographic and advances in technology are playing a role in making the healthcare sector attractive for the long-term," he said.

Biotech firm **Amgen Inc.**, No. 2 on the list with a market cap of $140 billion, has increased by about 2 percent from last year.

In a research note from last month, **Robyn Karnauskas**, an analyst with **Truist Securities Inc.** who follows Amgen, concentrated on writing about a collaboration between the Thousand Oaks biotech firm and Swiss drug maker **Novartis AG** on Aimovig, a drug to prevent migraine headaches.

Novartis and Amgen decided to transfer U.S. business operations from Novartis to Amgen including sales, marketing and medical support functions, she said in her note.

"The operational changes should not impact growth, and we believe that (Amgen) historically has been good at commercializing and at growing their portfolio products over time," Karnauskas wrote in the note, adding that her previous forecast was for peak sales of Aimovig of $1 billion.

New-style roadshow

Being involved with investor relations, Pondel said that one change that occurred during the pandemic that will stay is the virtual non-deal roadshow. This is when public company executives visit via **Zoom Video Communications Inc.** or another video platform with investors not to raise money but to provide information and an update about their company, he said.

"We don't have one CEO or CFO who wants to go on the road doing it old-style again," Pondel added in reference to his clientele.

While a virtual meeting does not replicate a real handshake or being able to see body language, the advantage is the inefficiency of travel versus being able to meet by video, he continued. An executive can schedule 10 meetings a day at 45 minutes each on Zoom.

"You can go from Van Nuys to San Francisco to Boston to Toronto to Chicago all in one day, talking to investors and the efficiency of that is extraordinary," he said. "That is going to be a change that will stick, and it is easy to communicate with investors that way."