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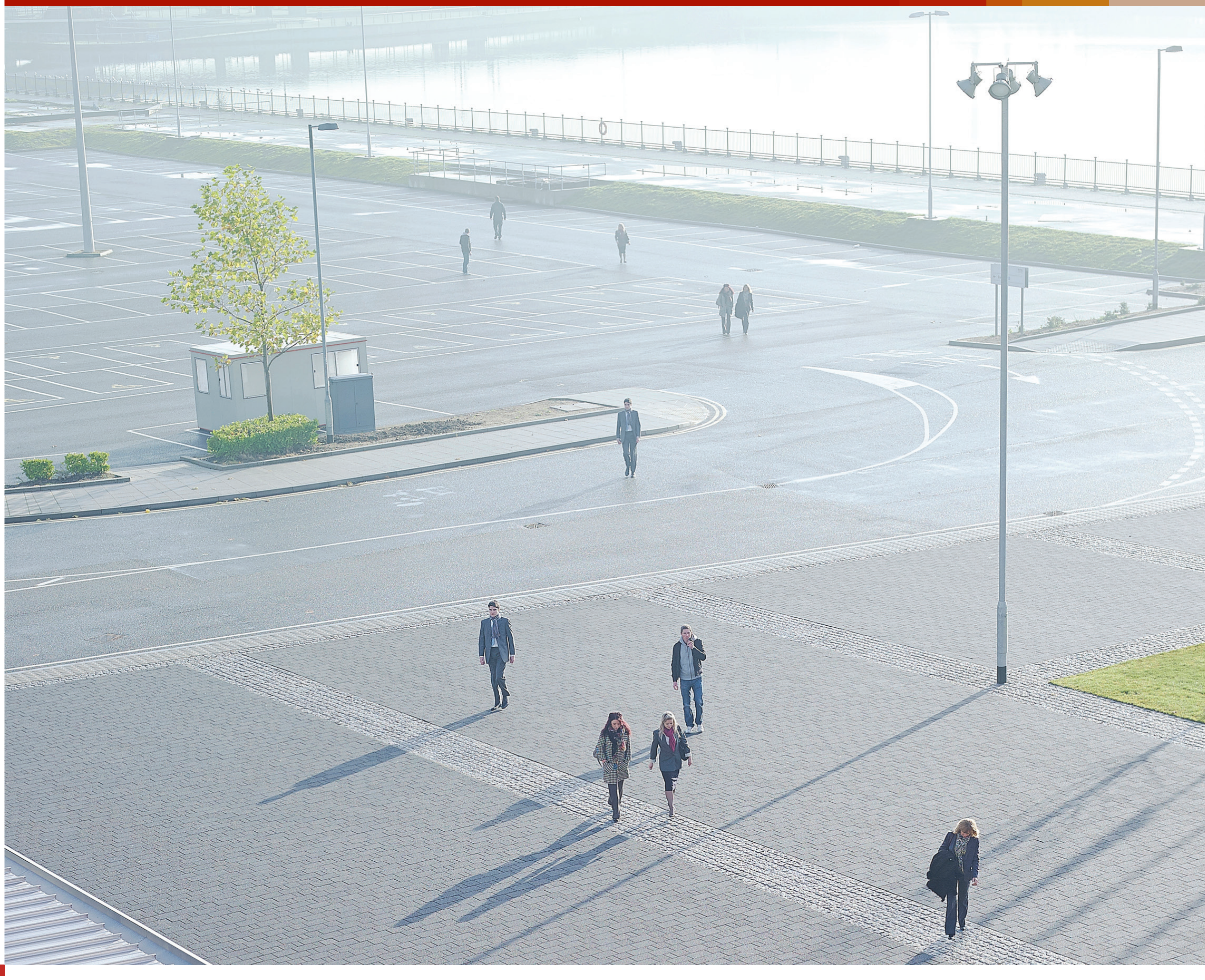
Global Technology IPO Review Q1 2014



Technology Institute

A quarterly look at global trends in the technology IPO market

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pwc

A strong start

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Welcome to the first quarter 2014 issue of PwC's Global Technology IPO Review. Rising equity markets, a stable volatility index (VIX) and investor interest in high-growth companies with disruptive technologies led to a strong start for technology IPOs in the first quarter of 2014. Year over year the number of technology IPOs increased 160% (26 versus 10) and proceeds increased fourfold to US$6.8bn.*

After being closed for five quarters (Q4 2012-Q4 2013), the Chinese IPO market reopened on a strong note with 11 Chinese technology companies completing initial offerings on the Shenzhen (10) and Shanghai (1) stock exchanges.

From a subsector perspective, Internet Software & Services and Software subsectors maintained their domination making up 62% of Q1 deals.

If you would like to discuss these findings and how they may impact your business, please reach out to me or any member of our global technology team listed at the back of this document.

Sincerely,

*Issue size greater than US$40mn

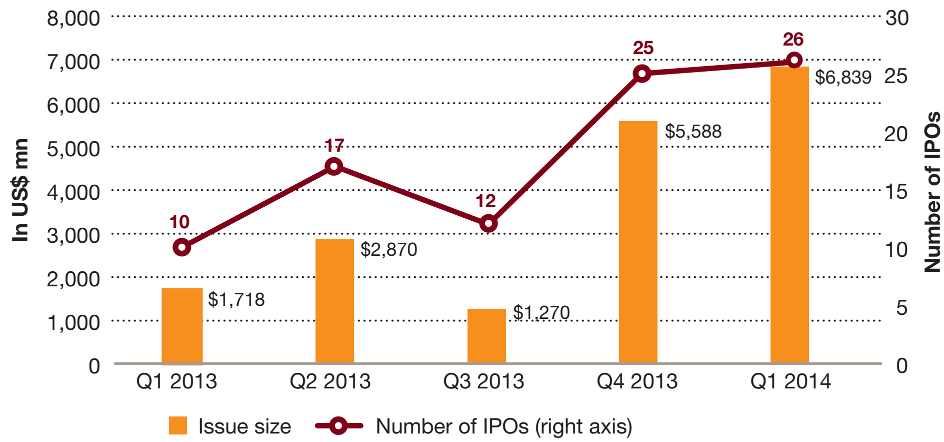
> *"Momentum from Q4 2013 led to a very strong start for technology IPOs in 2014. Investors continue to demonstrate a strong appetite for high-growth companies with disruptive technologies, which should lead to continuation of a positive environment for technology IPOs in 2014."*
>
> – **Raman Chitkara**
> *Global Technology Industry Leader, PwC*

Executive summary

The new year started on a positive note, continuing the momentum we saw in Q4 2013, with 26 technology companies going public and raising US$6.8bn.* Though the market was faced with some jitters owing to tensions in the Ukraine, this was a significantly higher opening compared to Q1 2013, which raised a total of US$1.7bn from just 10 technology IPOs.

With global tech filings outpacing Q1 offerings, the outlook remains positive.

Figure 1: Global technology IPO trends



Source: Dealogic with analysis by PwC.

*Issue size greater than US$40mn

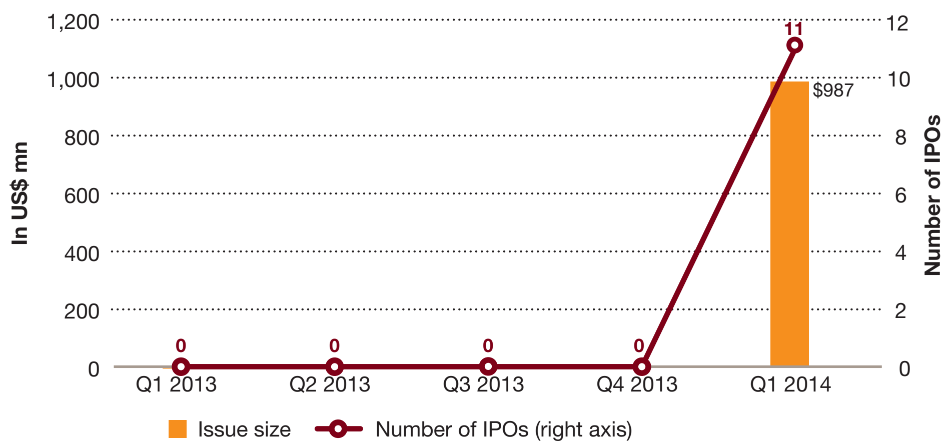
US IPOs maintain strong Q4 pace

US-based companies and US stock exchanges carried forward the strong Q4 2013 performance to Q1 2014. Twelve US technology companies completed their IPOs in Q1 2014 (compared to eight in Q4 2013 and six in Q1 2013). US technology IPO proceeds increased 71% year over year to US$1.6 billion but declined sequentially from Q4 2013 due to the US$1.8 billion Twitter IPO. With lower proceeds and more deals, the Q1 2014 average deal size declined to US$130mn from US$424mn in Q1 2013 and US$152mn in Q4 2013. The NYSE continued its domination of US technology IPOs, seeing nine IPOs versus four for NASDAQ.

Chinese market reopens

The lifting of the IPO freeze at the beginning of the year led to a strong showing by Chinese technology companies with 11 companies going public on the Shenzhen and Shanghai exchanges and representing 42% of all Q1 technology deals. China raised US$987mn, 14% of total proceeds.

Figure 2: Technology IPOs on Shenzhen and Shanghai exchanges



Source: Dealogic with analysis by PwC.

Tokyo posts top two deals

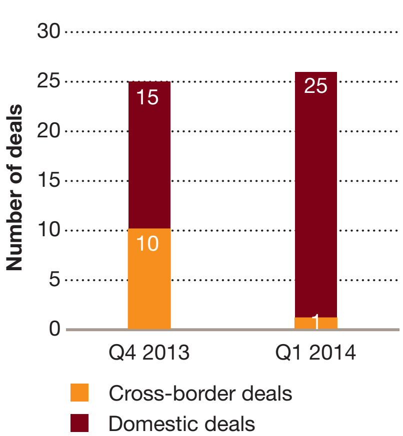
With the two largest technology IPOs of the quarter (and also the second and tenth largest IPOs overall), Japanese companies raised 55% (US$3.8bn) of total proceeds.

European technology IPOs lagged

Across all sectors Europe ranked second in funds raised, but technology was a minor participant with just one IPO at US$500mn listing on the NYSE. It was anticipated that Europe's strong showing in Q4 2013 would carry over into the first quarter and remains to be seen whether Q1 was an aberration.

Figure 3: Cross-border technology IPOs

Q4 2013 versus Q1 2014



Source: Dealogic with analysis by PwC.

Cross-border technology IPOs decline

Unlike Q4 2013 where 40% of the geographically diverse group of companies listed on cross-border exchanges, cross-border IPOs declined from ten in Q1 2013 to one in Q1 2014.

Internet Software & Services again ranks as most active subsector

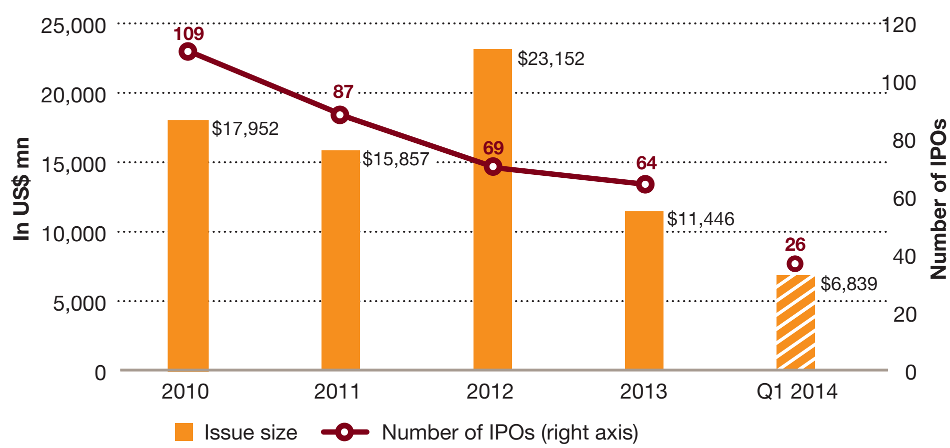
Software and Internet have been the greatest areas of convergence as boundaries blur between technology and other sectors. It's therefore no surprise that Internet Software & Services led with the highest number of deals—11 or 42% of total deals—and raised the second highest proceeds (US$1.8bn). Software posted five deals and 6% of proceeds (US$391mn). On a combined basis these two subsectors totaled 62% of deals and 31% of total proceeds. Computer Storage & Peripherals posted the two largest deals, raising US$3.8bn. With the return of IPOs in China, two Semiconductor companies made up the subsector mix, raising US$246mn, whilst Communications Equipment companies represented 6% of total proceeds (US$427mn).

Global technology IPO trends

After a strong finish in the last quarter of 2013, global technology IPOs above US$40mn kept the momentum alive with total issues of US$6.8bn from 26 IPOs in Q1 2014. Total proceeds grew by 298% in value over Q1 2013 (US$1.7bn) and by 160% in volume (10 deals). Compared to Q4 2013, total proceeds and volume increased by 22% and 4%, respectively. The month of January witnessed 11 IPOs,* raising US$898mn or 13% of the total proceeds, followed by February witnessing flat activity with only two deals raising US$286mn or 4% of total proceeds. The first quarter ended with the highest number of IPOs (13) and the highest proceeds at US$5.6bn (83%) in March. The high value of proceeds in March was fuelled by the Japan Display IPO, which raised US$3.1bn.

From a macroeconomic perspective, rising investor confidence during the months of January and March, as indicated by the downtrend in VIX (Volatility Index), resulted in more IPOs than February, as the Ukraine conflict possibly dampened investor confidence during the month. IPOs from China and Japan were strong contributors during Q1 2014.

Figure 4: Global technology IPO trends



Source: Dealogic with analysis by PwC.

*By trade date

Top 10 technology deals

The top 10 deals raised US$5.5bn which was 81% of total proceeds (US$6.8bn). Comparatively, in Q4 2013 the top 10 deals comprised 74% of total proceeds.

The Internet Software & Services and Computer Storage & Peripherals subsectors together dominated the top 10 technology deals, comprising 88% of total proceeds and 71% of the total number of technology IPOs in Q1 2014. These contribution figures were higher than that of Q4 2013, which were 81% and 60%, respectively.

Out of the 10 companies, only three managed to touch the US$500mn plus mark and all three were non-US companies. The top two companies raising the highest proceeds were from Japan. Japan Display, Inc. and Hitachi Maxell Ltd., both of which are Computer Storage & Peripherals companies, raised US$3.08bn and US$706mn, respectively. The third highest issue was King Digital Entertainment Plc., an Internet Software & Services company from Ireland and the only cross-border listing in Q1, making its debut on the NYSE, and raising US$500mn.

US share of IPOs in the top 10 deals declined from eight listings in Q4 2013 to four in Q1 2014. China also featured in the top 10 IPOs with three listings in Q1 2014, compared to one in Q4 2013.

"We are pleased that Japan is once again represented in the global technology IPO market. These two impressive IPOs are further indication that the Japanese economy is once again in a growth position and we look forward to continued participation in the quarters ahead."

– **Takahiro Nakazawa,**
Partner, Head of FRA-IPO Group, PwC Japan

Table 1: Q1 2014 IPO summary—Top 10 deals

Company	Subsector	Proceeds (in US$ mn)	Primary exchange
Japan Display, Inc.	Computer Storage & Peripherals	3,084	Tokyo
Hitachi Maxell Ltd.	Computer Storage & Peripherals	706	Tokyo
King Digital Entertainment Plc.	Internet Software & Services	500	NYSE
TriNet Group Inc.	Internet Software & Services	240	NYSE
A10 Networks, Inc.	Communications Equipment	188	NYSE
China Wafer Level CSP Co., Ltd.	Semiconductors	180	Shanghai
Castlight Health, Inc.	Internet Software & Services	178	NYSE
Coupons.com, Inc.	Internet Software & Services	168	NYSE
NSFOCUS Information Technology Co., Ltd.	IT Consulting & Services	143	Shenzhen
NetPosa Technologies, Ltd.	Communications Equipment	121	Shenzhen

Source: Dealogic with analysis by PwC.

"The UK Tech sector continues to flourish and in that backdrop it is not surprising that the public markets find themselves with both new entrants and a healthy pipeline. It is particularly pleasing for the UK to have one of its largest ever global listing of a tech company in this quarter."

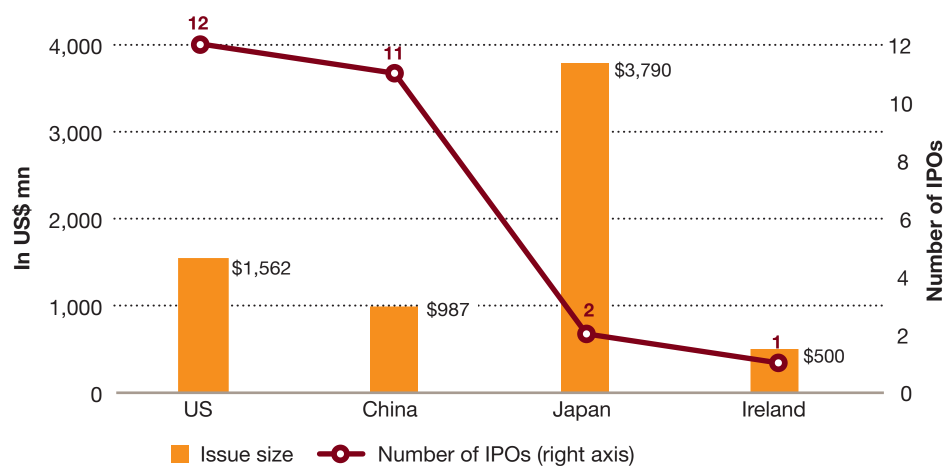
– Jass Sarai
Technology Industry Leader, PwC UK

Geographic IPO trends

The geographic distribution of technology IPOs in Q1 2014 was spread across the four nations of US, China, Japan and Ireland. The US and China recorded the most activity with 46% (12) and 42% (11) of total deals, respectively.

However, proceeds raised were highly skewed towards Japan, which posted two of the largest IPOs globally in the quarter, raising a total of US$3.8bn or 55% of total proceeds. The US posted US$1.6bn or 23% of total proceeds; followed by China which raised US$987mn or 14% in Q1 2014. Ireland stood alone with one big-ticket, cross-border IPO worth US$500mn contributing 7%.

Figure 5: Q1 2014 IPO geographic distribution



Source: Dealogic with analysis by PwC.

United States

In Q1 2014, total deal volume (12) and value (US$1.6bn) of US technology IPOs increased year over year by 100% and 71%, respectively. Due to the US$1.8bn Twitter IPO skewing the IPO proceeds of Q4 2013, deal value declined 54% from Q4 2013 whilst volume rose by 50%. Overall, US technology IPOs contributed 23% and 46% in total deal value and volume in Q1.

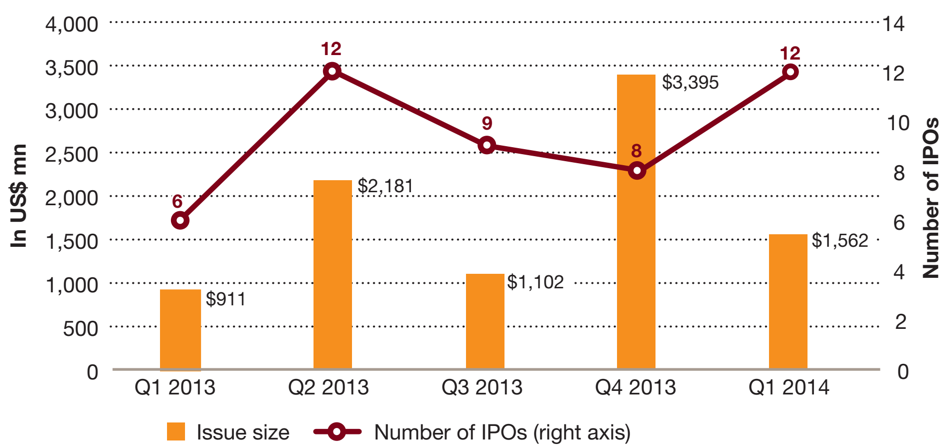
Of the 12 US IPOs, one deal, TriNet Group, Inc., raising US$240mn, was backed by private equity. The TriNet IPO raised the highest proceeds amongst the 12 US-domiciled companies. The remaining 11 US IPOs were Emerging Growth Companies (EGC), indicating that the 2012 JOBS Act is helping start-ups to come forward with IPOs. In Q4 2013, seven out of eight companies were in the EGC category.

Venture-backed IPOs made up the majority of US offerings in both Q4 2013 and Q1 2014 (8 and 10 respectively).[1] With strong capital markets, VCs are choosing to exit in the public markets rather than execute a sale with strategic acquirers given the richer valuations. Barring any significant macroeconomic event, the outlook remains positive, with 24 'known' technology companies in the pipeline (this figure does not include confidential registrations filed under the JOBS Act).[2]

"The US technology IPO market witnessed the strongest first quarter in more than a decade with rising equity markets and investors favouring high-growth start-ups. The top considerations for technology companies to go public are scale, margin and being a market leader. Investors will continue to reward quality companies with solid business models and potentially high growth with large potential upside to the stock. The current IPO pipeline is strong, with more than two dozen known technology companies. Those with strong fundamentals are likely to be rewarded."

– Alan Jones
Deals Partner, PwC US

Figure 6: United States IPO trends



Source: Dealogic with analysis by PwC.

[1] Thomson Reuters and National Venture Capital Association

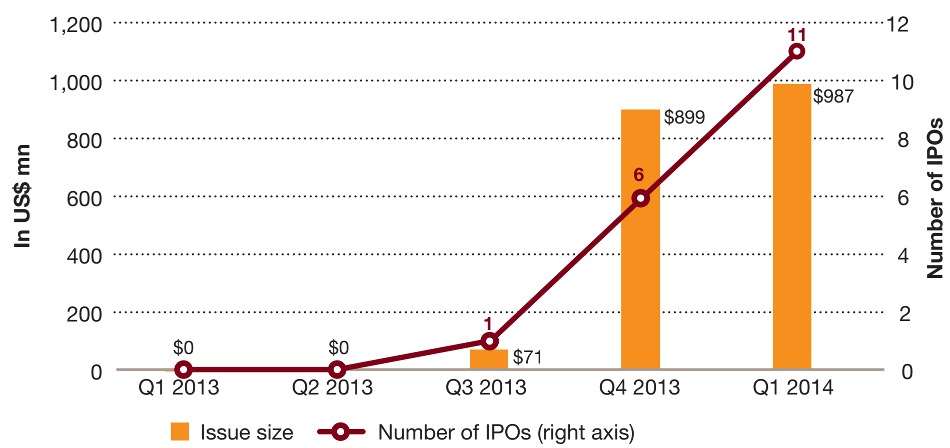
[2] Renaissance Capital IPO Intelligence, 1Q 2014 Quarterly Review

> *"We are pleased to see the reopening of the Chinese capital market and anticipate a strong come-back of technology companies given the strong pipeline. Alhough there were no cases of Chinese companies exiting through capital markets outside China in this quarter, we continue to believe a number of Chinese IPOs will go through the US or Hong Kong and that this has the potential to reach a new high in 2014."*
>
> – **Jianbin Gao**
> *Tehnology Industry Leader, PwC China*

China (including Hong Kong)

Technology IPOs of Chinese companies made a comeback in the last quarter of 2013 with 6 IPOs raising US$899mn and the pace accelerated in Q1 2014 with 11 IPOs raising US$987mn, reflecting the pent up demand from the IPO freeze in China that was lifted by the Chinese Securities Regulatory Commission (CSRC). With Chinese markets open, no Chinese companies chose to list outside mainland China as companies found a favourable environment to raise funds from within the country. However, in Q2 2014 and beyond we anticipate a sizable number of technology IPO exits on the Hong Kong and US exchanges. Deal value increased by 10% and volume grew by 83%, indicating a decrease in average deal size to US$90mn compared to US$150mn in Q4 2013. China contributed around 14% of the total proceeds and 42% of the total volume in Q1 2014. It is estimated that Chinese IPOs could raise roughly US$41bn in 2014, with manufacturing, consumer and technology companies being the most active participants.[3]

Figure 7: Chinese IPO trends



Source: Dealogic with analysis by PwC.

[3] http://www.moneyweb.co.za/moneyweb-international/pwc-predicts-china-ipos-could-raise-413bn

Stock exchange distribution

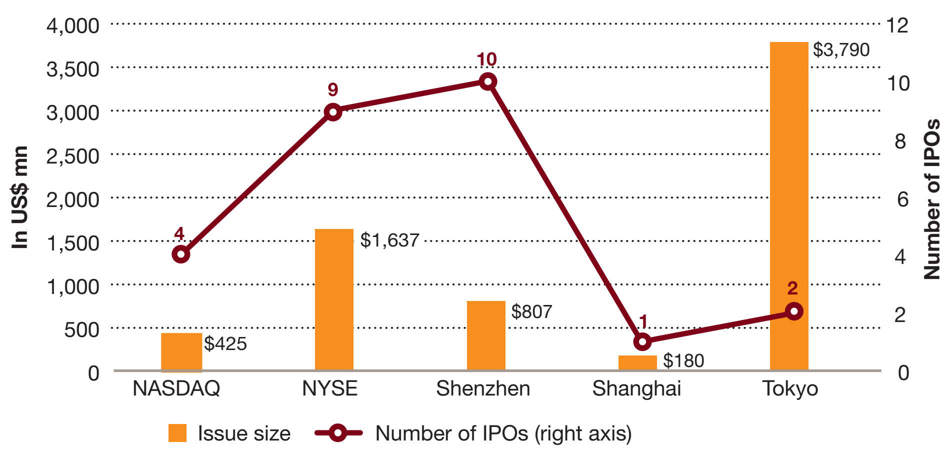
US exchanges posted half of the total deals or 13 of the 26 technology IPOs, raising US$2.1bn or 30% of the total proceeds during the first quarter of 2014. This was on par with the prior quarter when US exchanges posted 14 deals (56%).

Both NASDAQ and the NYSE maintained a similar level of activity to Q4 2013. NASDAQ posted four deals and raised US$425mn in Q1 2014, compared to five deals which raised US$1.3bn in Q4 2013. NYSE listed nine deals with total proceeds of US$1.6bn in Q1 2014, compared to ten deals which raised US$3.1bn in Q4 2013. The NYSE had one cross-border listing, King Digital Entertainment Plc. from Ireland in Q1, which raised US$500mn.

With the CSRC lifting the freeze on Chinese IPOs at the first of the year, Chinese exchanges played strongly in Q1 2014. A total of 11 deals (42%) were listed raising US$987mn or 14% of the total proceeds. The Shenzhen Exchange led the technology listings with ten deals raising US$807mn, whilst the Shanghai Exchange posted one technology deal with proceeds of US$180mn.

The Tokyo Stock Exchange raised the highest proceeds during the quarter, US$3.8bn or 55% of total proceeds. Japan Display, Inc., one of the two technology companies that went public on the Tokyo exchange in Q1, raised the highest public funding of US$3.1bn during the quarter.

Figure 8: Q1 2014 Stock exchange distribution



Source: Dealogic with analysis by PwC.

Table 2: Q1 2014 IPOs by region—North America (NASDAQ, NYSE)*

Issue date (mm/dd/yyyy)	Company	Subsector	Proceeds (in US$ mn)	Primary exchange	Domicile nation
03/26/2014	King Digital Entertainment Plc.	Internet Software & Services	$500	NYSE	Ireland
03/27/2014	TriNet Group Inc	Internet Software & Services	$240	NYSE	United States
03/21/2014	A10 Networks, Inc.	Communications Equipment	$188	NYSE	United States
03/14/2014	Castlight Health, Inc.	Internet Software & Services	$178	NYSE	United States
03/07/2014	Coupons.com, Inc.	Internet Software & Services	$168	NYSE	United States
03/19/2014	Paylocity Holding Corp.	Internet Software & Services	$120	NASDAQ	United States
03/28/2014	2U, Inc.	Internet Software & Services	$119	NASDAQ	United States
02/28/2014	Varonis Systems, Inc.	Software	$106	NASDAQ	United States
03/20/2014	Q2 Holdings, Inc.	Internet Software & Services	$101	NYSE	United States
03/21/2014	Amber Road, Inc.	Internet Software & Services	$96	NYSE	United States
01/24/2014	Care.com, Inc.	Internet Software & Services	$91	NYSE	United States
03/21/2014	Borderfree, Inc.	Internet Software & Services	$80	NASDAQ	United States
03/28/2014	Aerohive Networks, Inc.	Communications Equipment	$75	NYSE	United States

* Deals have been classified based on the exchange where capital was raised.
Source: Dealogic with analysis by PwC.

Table 3: Q1 2014 IPOs by region—Asia (Shenzhen, Shanghai, Tokyo)*

Issue date (mm/dd/yyyy)	Company	Subsector	Proceeds (in US$ mn)	Primary exchange	Domicile nation
03/19/2014	Japan Display, Inc.	Computer Storage & Peripherals	3,084	Tokyo	Japan
03/18/2014	Hitachi Maxell Ltd.	Computer Storage & Peripherals	706	Tokyo	Japan
02/10/2014	China Wafer Level CSP Co., Ltd.	Semiconductors	180	Shanghai	China
01/29/2014	NSFOCUS Information Technology Co., Ltd.	IT Consulting & Services	143	Shenzhen	China
01/29/2014	NetPosa Technologies, Ltd.	Communications Equipment	121	Shenzhen	China
01/27/2014	DigiWin Software Co., Ltd.	Software	103	Shenzhen	China
01/23/2014	Beijing Forever Technology Co., Ltd.	Software	86	Shenzhen	China
01/21/2014	Guangdong Qtone Education Co., Ltd.	Internet Software & Services	82	Shenzhen	China
01/28/2014	Shanghai Amarsoft Information Technology Co., Ltd.	IT Consulting & Services	67	Shenzhen	China
01/23/2014	Yangzhou Yangjie Electronic Technology Co., Ltd.	Semiconductors	66	Shenzhen	China
01/27/2014	Shenzhen Ysstech Info-Tech Co., Ltd.	Software	49	Shenzhen	China
01/28/2014	Beijing Tongtech Co., Ltd.	Software	47	Shenzhen	China
01/27/2014	Sichuan Troy Information Technology Co., Ltd.	Communications Equipment	43	Shenzhen	China

* Deals have been classified based on the exchange where capital was raised.
Source: Dealogic with analysis by PwC.

Subsector distribution

In Q1 2014, the Computer Storage & Peripherals subsector raised the highest proceeds (US$3.8bn) representing 55% of total proceeds through the two largest deals in the quarter. Japan Display, Inc. and Hitachi Maxell Ltd., both from Japan, raised US$3.1bn and US$706mn, respectively. In Q4 2013 the sector recorded four deals raising US$527mn and in Q3 2013 it had one deal worth US$162mn.

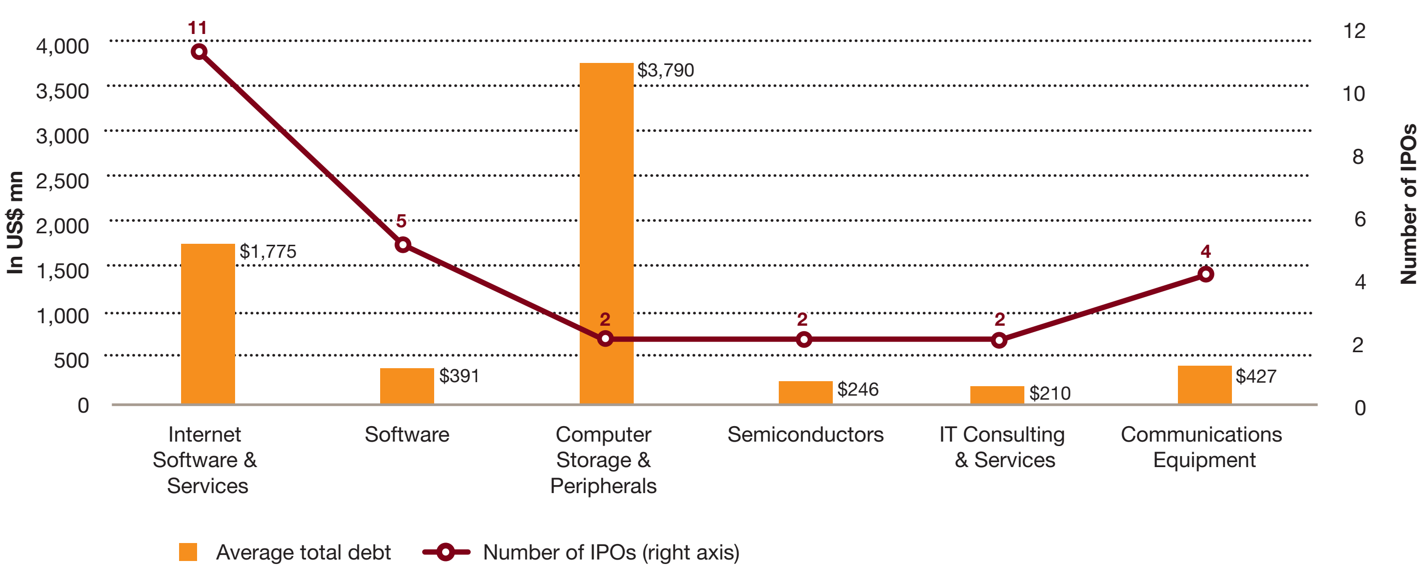
Internet Software & Services contributed 26% (US$1.8bn) to total Q1 proceeds and 42% (11) to the total deals. The sector had the highest number of deals and proceeds raised in the last two quarters of 2013. The average deal size of the 11 IPOs in the sector was US$161mn, with nine IPOs from US-domiciled companies and one each from Ireland and China.

Communications Equipment contributed 6% (US$427mn) to the total proceeds and 15% (4) to the total deals. The average deal size was US$107mn, with the largest deal being A10 Networks, Inc. from the US, raising US$188mn. Out of the four deals in the sector there were two deals each from the US and China.

The Software subsector contributed 6% (US$391mn) to the total proceeds and 19% (5) to the total number of deals. The average deal size for the sector was US$78mn, with the largest deal being Varonis Systems, Inc. from the US, which raised US$106mn. Of the five deals, four were from China whilst one deal was from the US.

The Semiconductor subsector had two deals raising US$246mn, compared to one deal each in Q3 and Q4 2013 raising US$71mn and US$42mn, respectively. IT Consulting & Services witnessed two deals with total proceeds of US$210mn, compared to one deal in Q3 2013 which raised US$42mn. IT Consulting & Services recorded no deals in Q4 2013.

Figure 9: Q1 2014 IPO subsector distribution



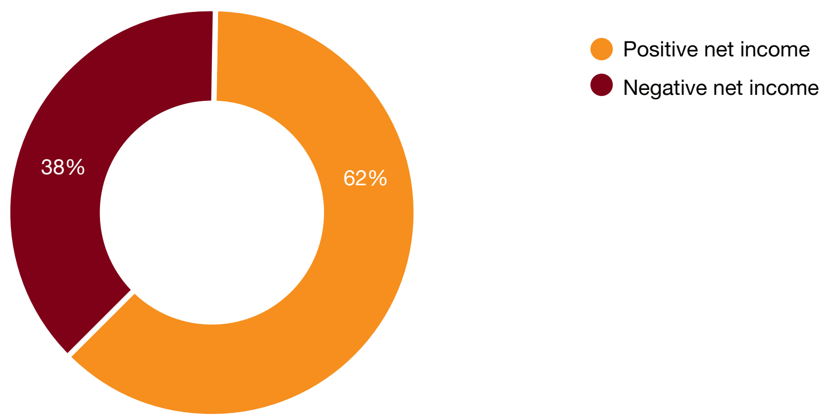
Source: Dealogic with analysis by PwC.

Key financials

The average Last Twelve Months (LTM) net income was US$31.6mn, with 62% of the companies reporting a positive net income. The Internet Software & Services subsector had the highest number of companies (7) with negative net income.

Out of the top three subsectors (Internet Software & Services, Software and Communications Equipment), the Software sector had the least number of companies reporting negative net income (1). Of all the technology IPOs, King Digital Entertainment Plc, from the Internet Software & Services sector, had the highest net income with US$567.6mn.

Figure 10: Net income (NI) status in Q1 2014 technology IPO universe (26)



Source: Dealogic with analysis by PwC.

Revenues

All sectors

Overall, average revenue for all the Q1 2014 technology IPOs was US$473mn, with the highest revenue reported by Japan Display Inc. at US$6,062mn. Compared to last quarter's average revenue of US$565mn it was marginally down by 16.3%.

Average EBITDA was US$66mn and was in line with last quarter's average of US$63mn, with Japan Display Inc. having reported the highest EBITDA of US$796mn.

Average net income across all subsectors was US$32mn, a significant contrast to Q4 2013 at (US$34mn) and Q1 2013 at (US$8mn). The average debt level of US$40mn was down by 89% from the last quarter, when companies had average debt of US$363mn. Enterprise Value (EV)/Revenue and EV/EBITDA multiples were 2.2x and 10.1x, respectively and were much lower than last quarter's multiple of 7.2x and 22.8x, respectively due primarily to the Twitter IPO.

Top three sectors in Q1 2014

Internet Software & Services

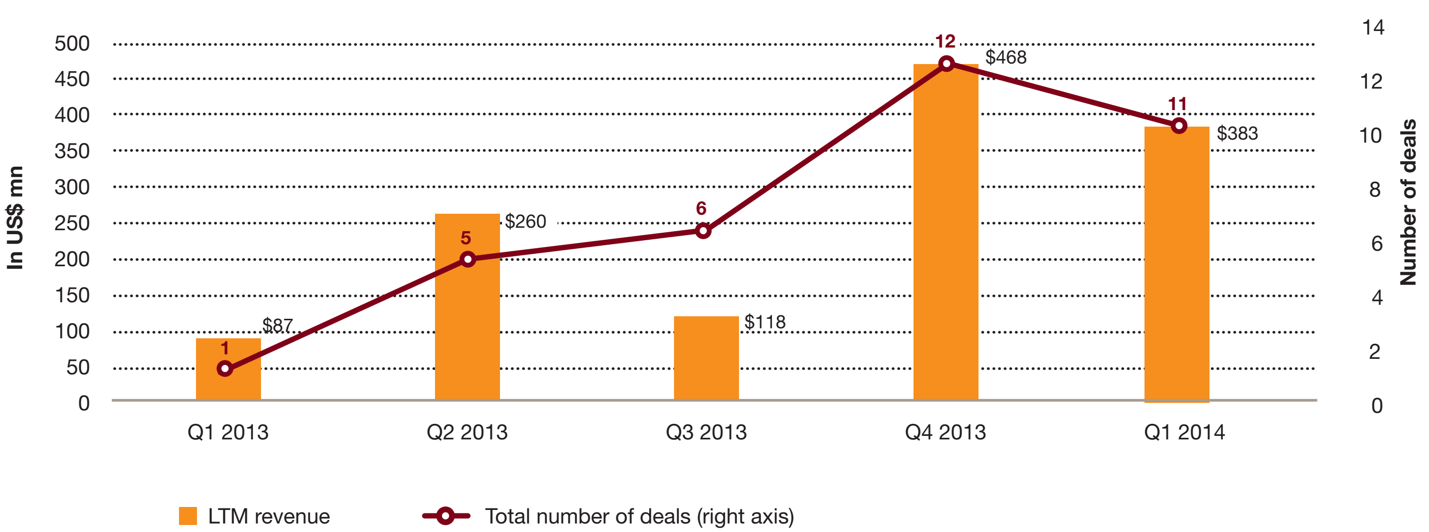
The 11 companies in the Internet Software & Services subsector reported average revenue of US$383mn for Q1 2014. In terms of both average revenue and number of deals, it was marginally lower than last quarter when it posted average revenue of US$468mn and had 12 deals, but compared to Q1 2013, when the subsector posted only one deal and average revenue of US$87mn, it was substantially higher.

The average EBITDA for the subsector was US$66mn, 13% lower than last quarter. Traditionally the fourth quarter is seasonally the best quarter for technology companies. Average net income grew by 198% sequentially.

EV and total debt level also decreased sharply: EV by 74.5% on a QoQ basis due to the Twitter IPO, from US$5,516mn to US$1,406mn in Q1 2014 and debt level by 38.6% from US$127mn to US$78mn, respectively.

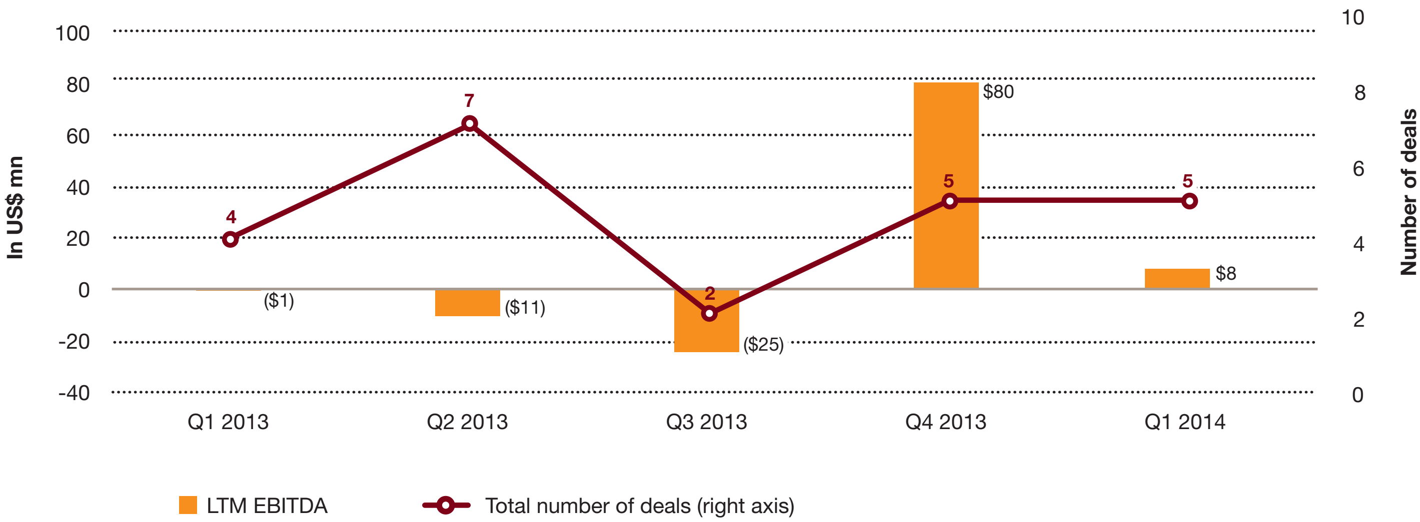
Both the average EV/LTM revenue and EV/LTM EBITDA multiples decreased sequentially as a result of the high Q4 2013 EV resulting from the Twitter IPO.

Figure 11: Internet Software & Services—LTM revenue



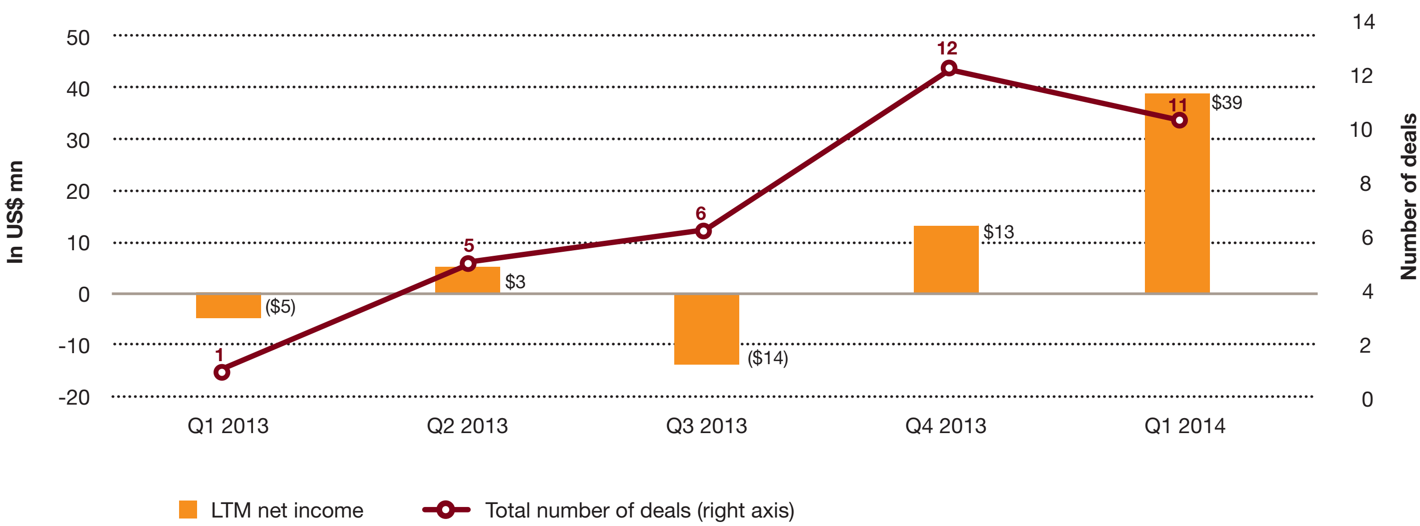
Source: Dealogic with analysis by PwC.

Figure 12: Internet Software & Services—LTM EBITDA



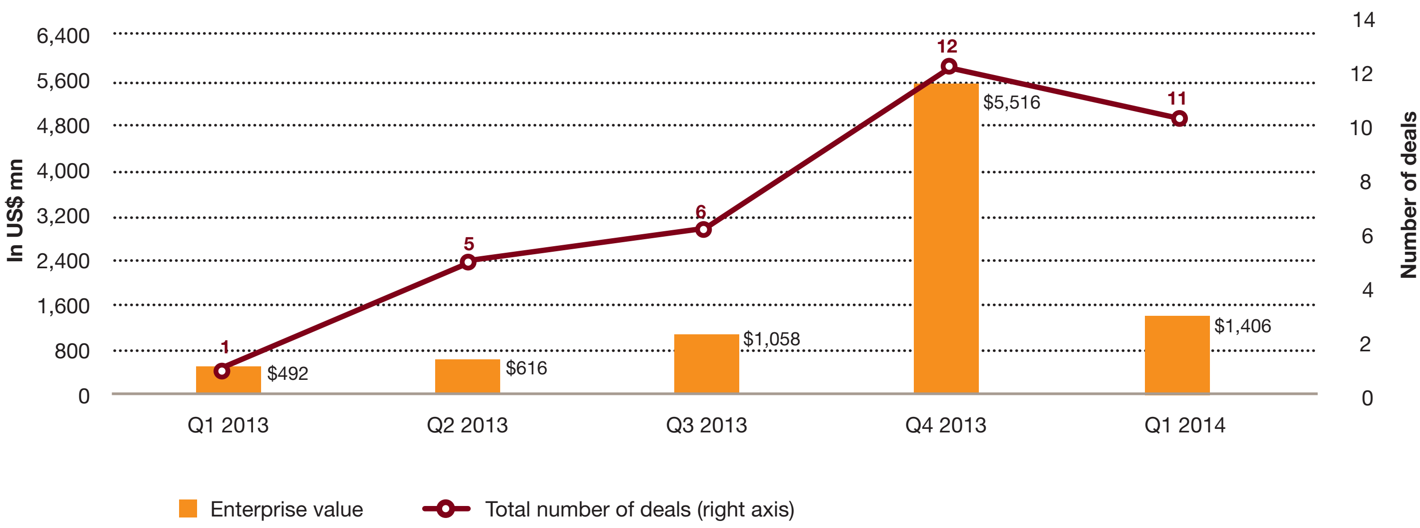
Source: Dealogic with analysis by PwC.

Figure 13: Internet Software & Services—LTM net income



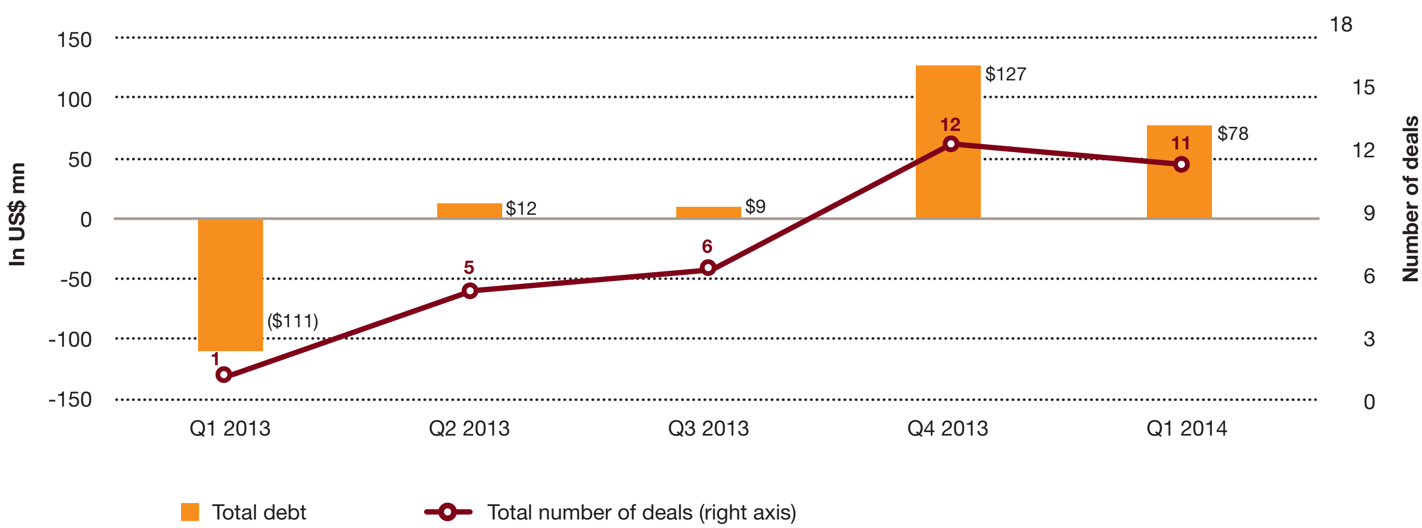
Source: Dealogic with analysis by PwC.

Figure 14: Internet Software & Services—Enterprise value



Source: Dealogic with analysis by PwC.

Figure 15: Internet Software & Services—Total debt

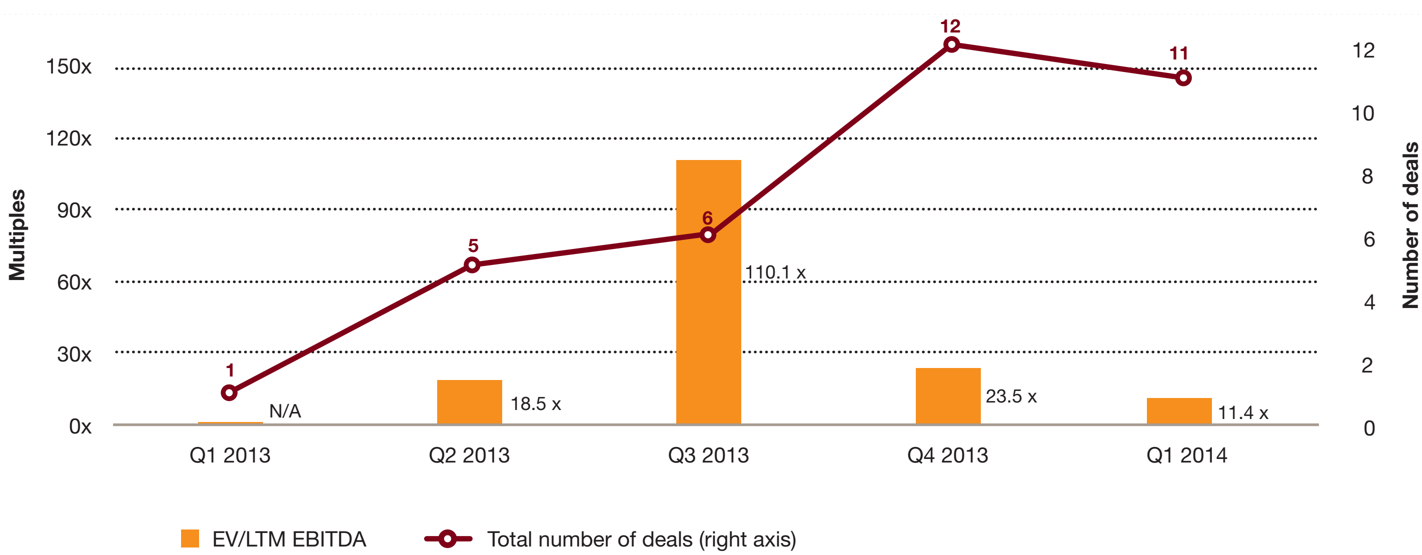


Source: Dealogic with analysis by PwC.

Figure 16: Internet Software & Services—EV/LTM revenue

Source: Dealogic with analysis by PwC.

Figure 17: Internet Software & Services—EV/LTM EBITDA*



*The companies with negative EBITDA were excluded when calculating subsector EV/LTM EBITDA. However, LTM EBITDA in Figure 12 includes all companies in the subsector.

Source: Dealogic with analysis by PwC.

Software subsector

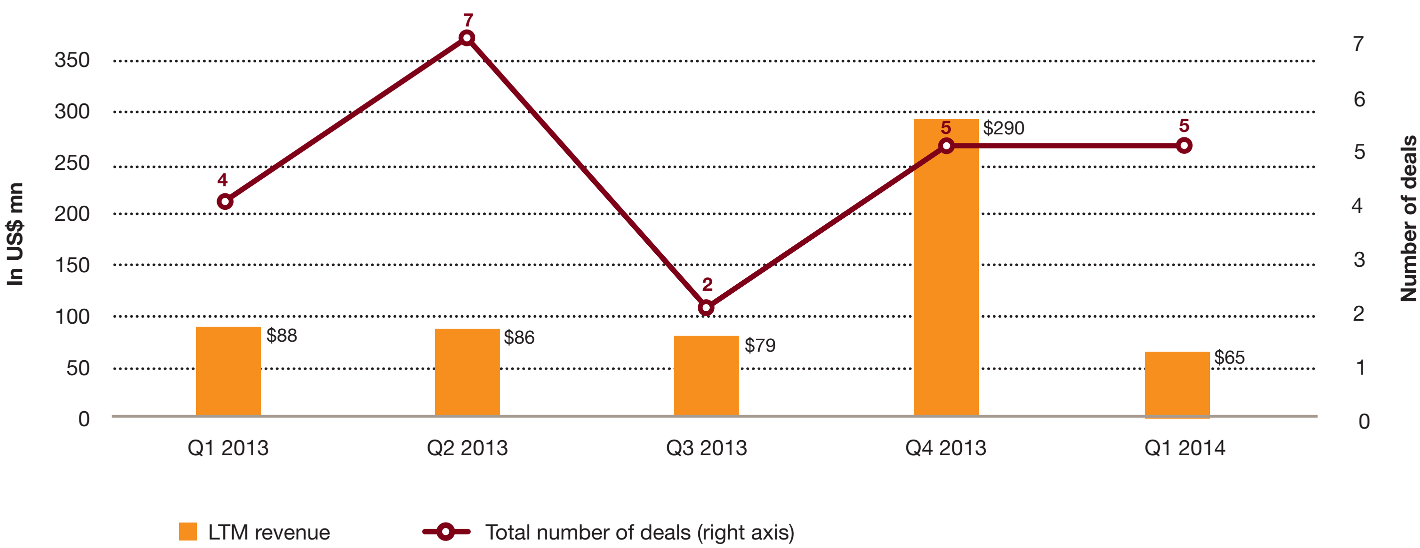
The Software subsector reported average revenue of US$65mn with five deals. This was 78% lower on a sequential basis and 26% lower YoY in terms of average revenue. In terms of number of deals, it was stable to marginally down. As a result of one deal in Q4 2013 with sizable LTM EBITDA, LTM EBITDA dropped by 90% QoQ, but compared to Q1 2013, it was substantially higher.

The average debt levels a came down sharply from Q4 2013, again due to one deal with high leverage.

EV decreased by 85%, and along with it EV/LTM Revenue and EV/LTM EBITDA declined. The lower valuation multiples show that across subsectors, companies were listed at a more reasonable valuation vis-à-vis last quarter.

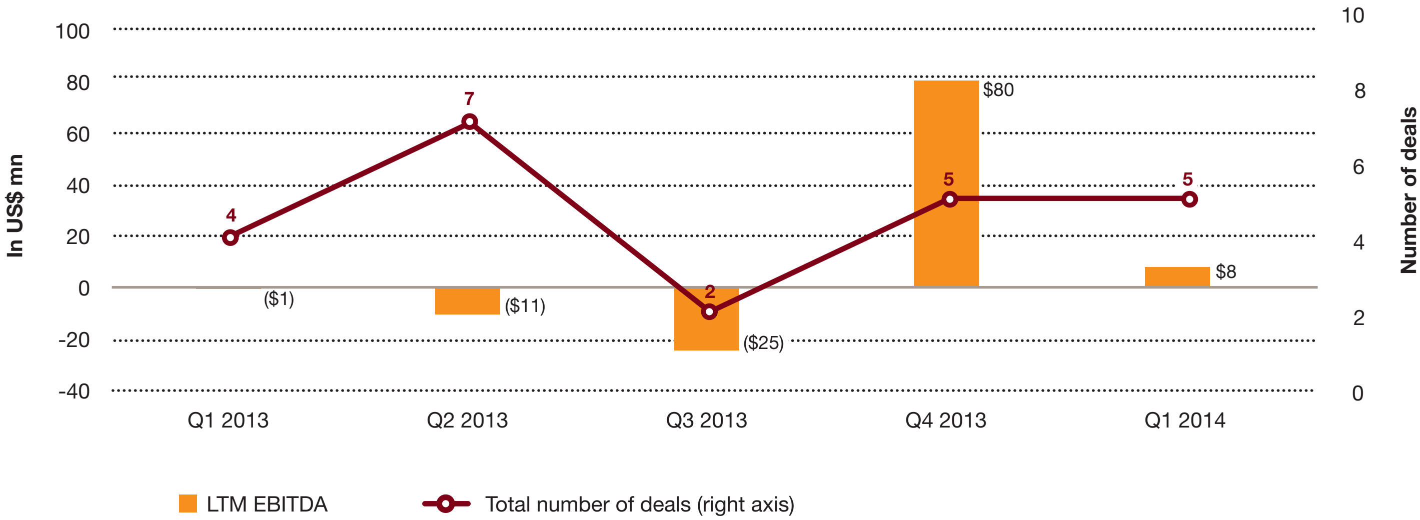
The fourth quarter of 2013 seemed to be one of the best in terms of IPO valuation during the last five quarters.

Figure 18: Software subsector—LTM revenue



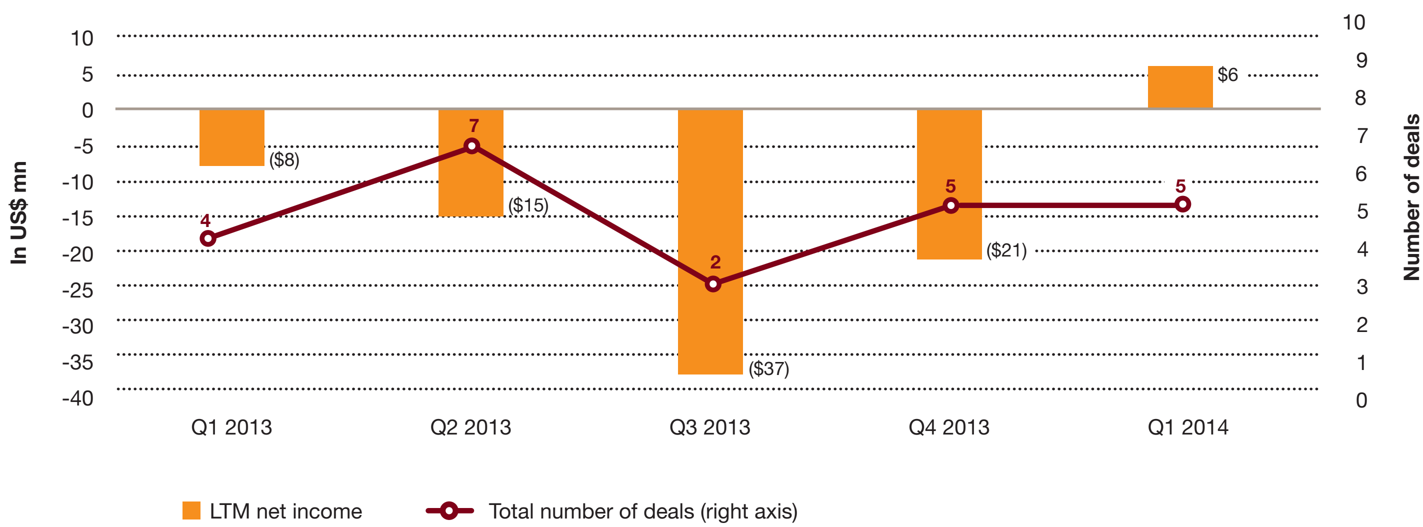
Source: Dealogic with analysis by PwC.

Figure 19: Software subsector—LTM EBITDA



Source: Dealogic with analysis by PwC.

Figure 20: Software subsector—LTM net income

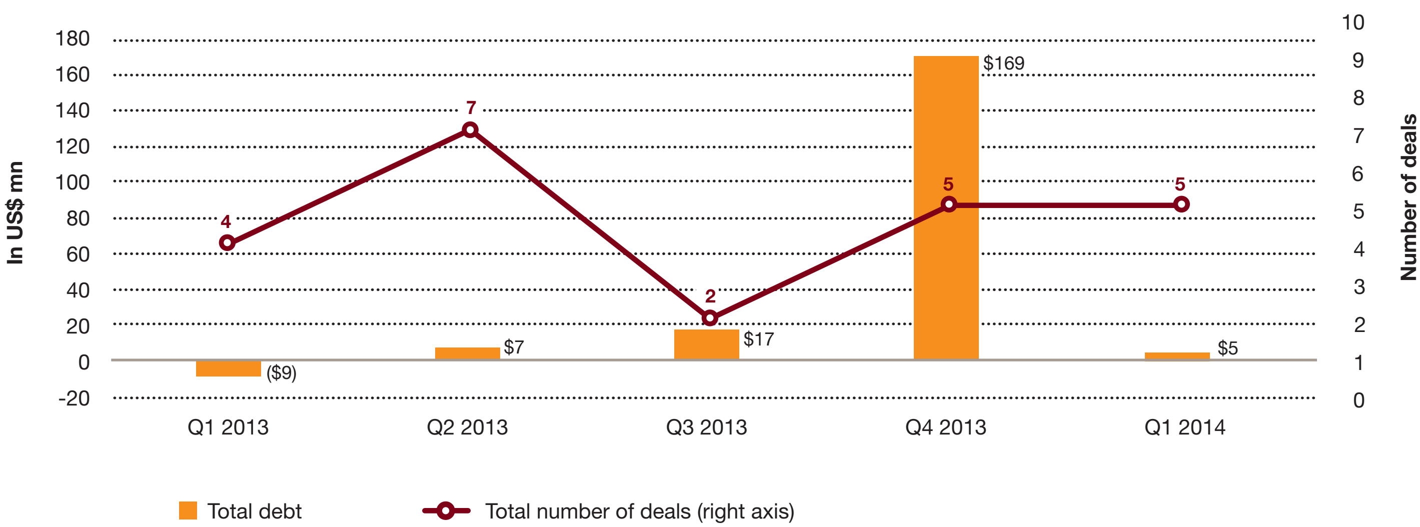


Source: Dealogic with analysis by PwC.

Figure 21: Software subsector—Enterprise value

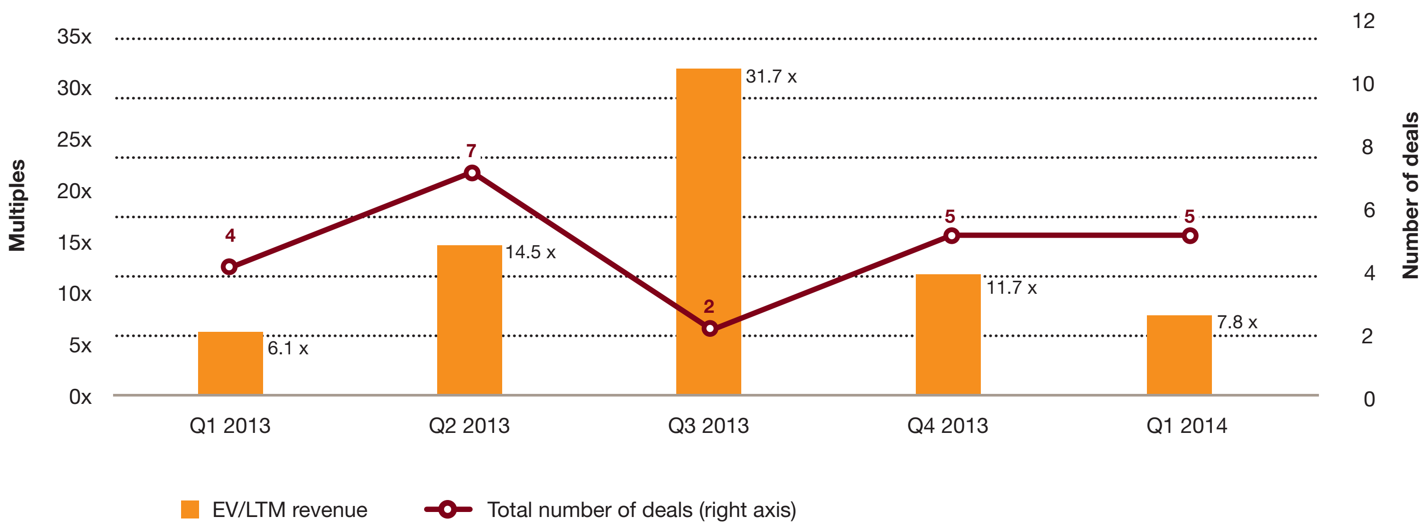
Source: Dealogic with analysis by PwC.

Figure 22: Software subsector—Total debt



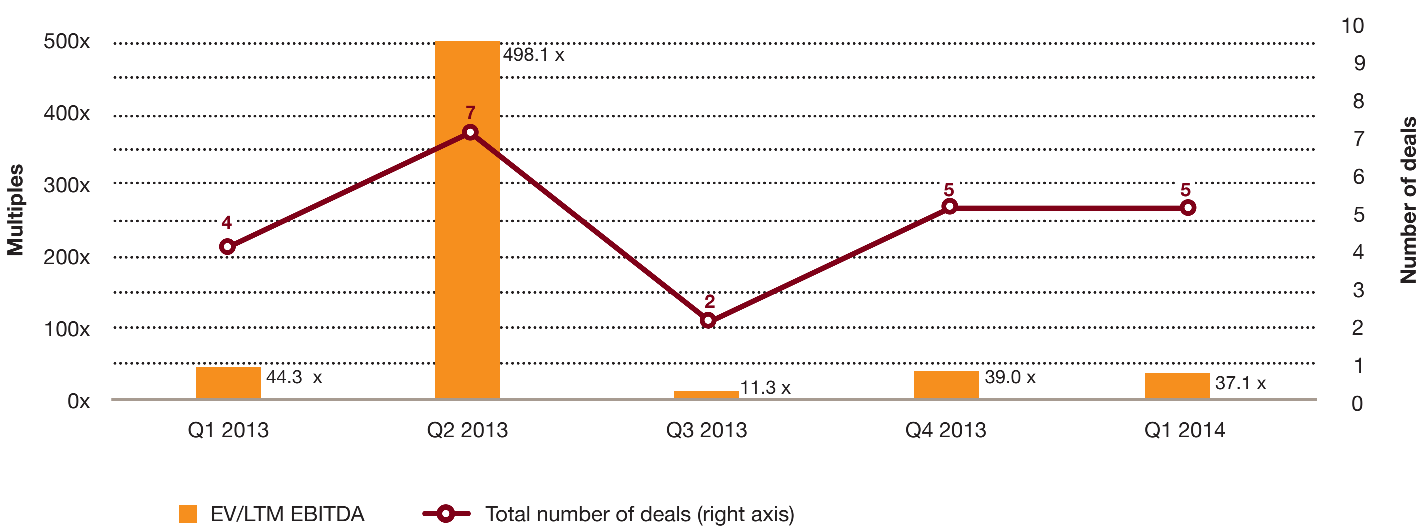
Source: Dealogic with analysis by PwC.

Figure 23: Software subsector—EV/LTM revenue



Source: Dealogic with analysis by PwC.

Figure 24: Software subsector—EV/LTM EBITDA*



*The companies with negative EBITDA were excluded when calculating subsector EV/LTM EBITDA. However, LTM EBITDA in Figure 19 includes all companies in the subsector.

Source: Dealogic with analysis by PwC.

Communications Equipment subsector

The Communications Equipment sector reported average revenue of US$91mn, which is 97% lower QoQ, due to only one large deal in Q4 2013.

In terms of number of deals (4), it was the highest amongst the quarters under review. Both average EBITDA and net income were negative at (US$2mn) and (US$9mn), respectively. Both numbers were sharply down from the last quarter, but as illustrated in Figure 29, there is considerable variation in this metric from quarter to quarter.

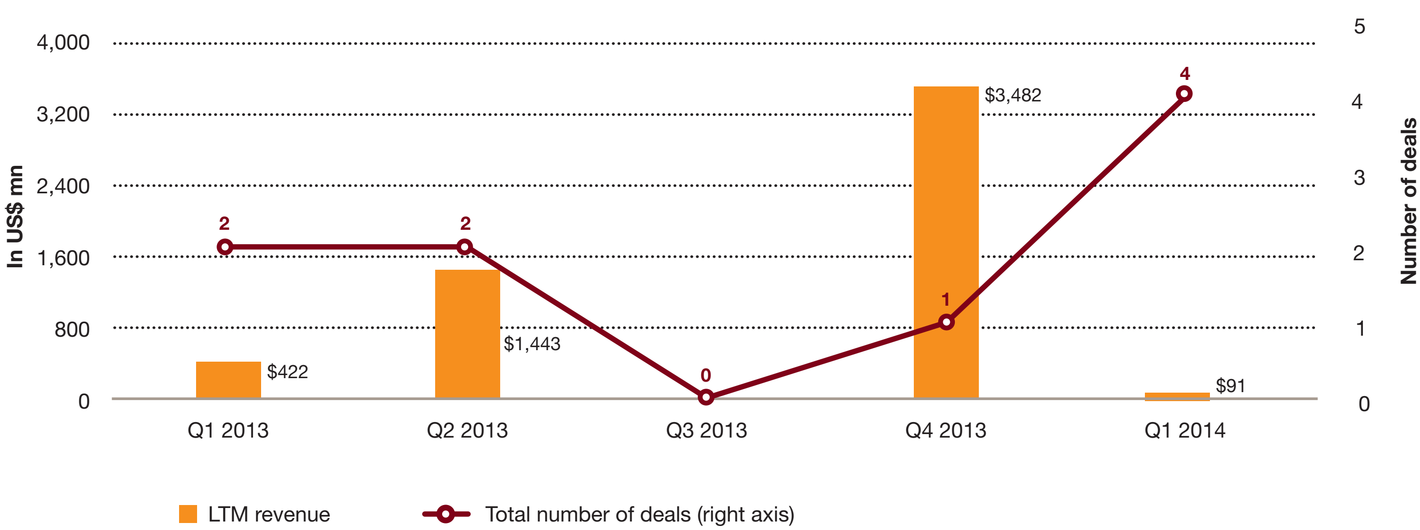
Average enterprise value was US$762mn, 88% lower sequentially and down 23% YoY. Lower EV indicates that IPO valuations in this subsector are off from Q2 and Q3 2013 highs.

Usually early-stage pre-IPO technology companies are very heavily leveraged, but this quarter the average debt levels were US$22mn, which was 99% lower on a QoQ basis.

The EV/LTM Revenue was at 8.4x and EV/LTM EBITDA was 62.2x. The higher EV multiples suggest improved investor sentiment in the Communications Equipment subsector.

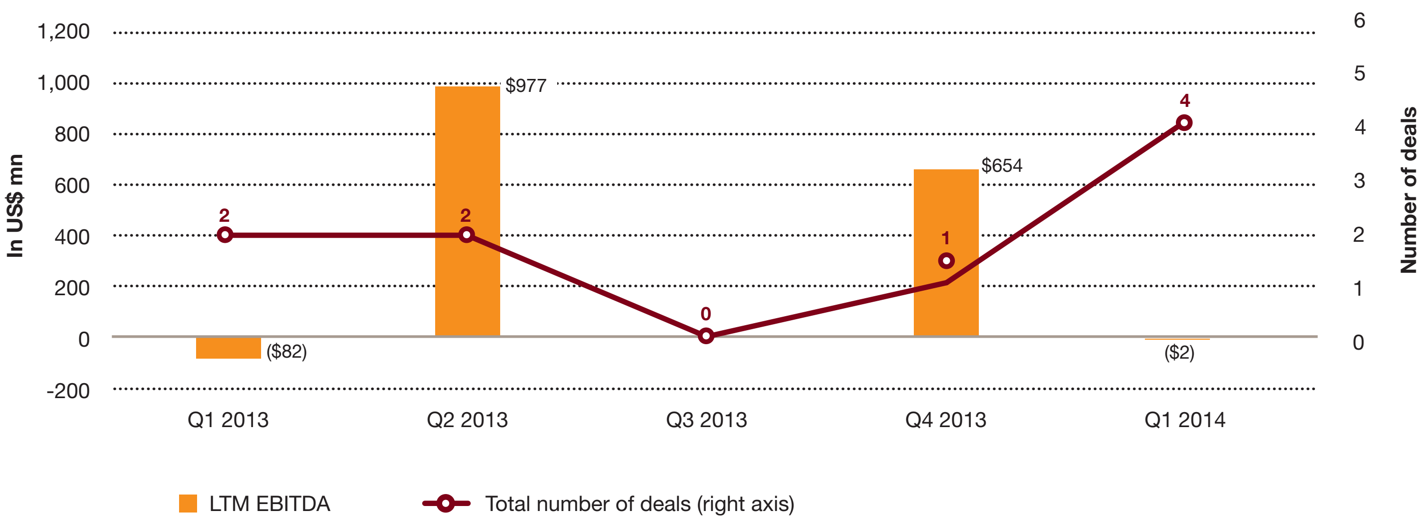
In terms of highest valuation amongst IPOs in this subsector, NetPosa Technologies Ltd. had EV/LTM Revenue and EV/LTM EBITDA multiples of 18.2x and 74x, respectively.

Figure 25: Communications Equipment subsector—LTM revenue



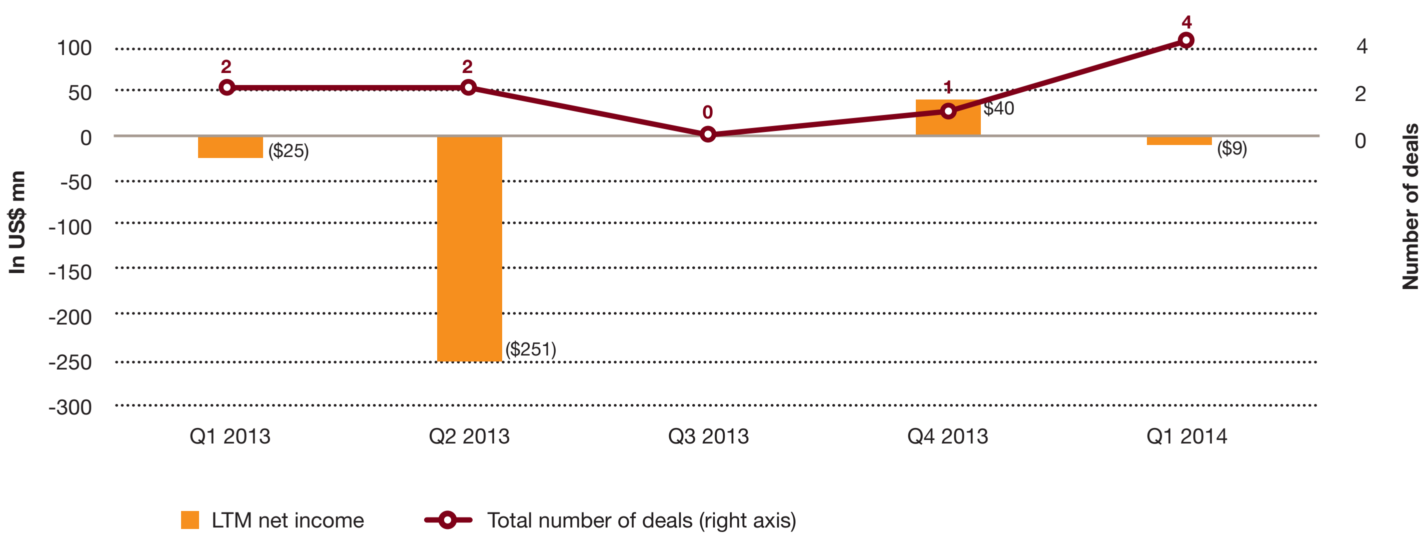
Source: Dealogic with analysis by PwC.

Figure 26: Communications Equipment subsector—LTM EBITDA



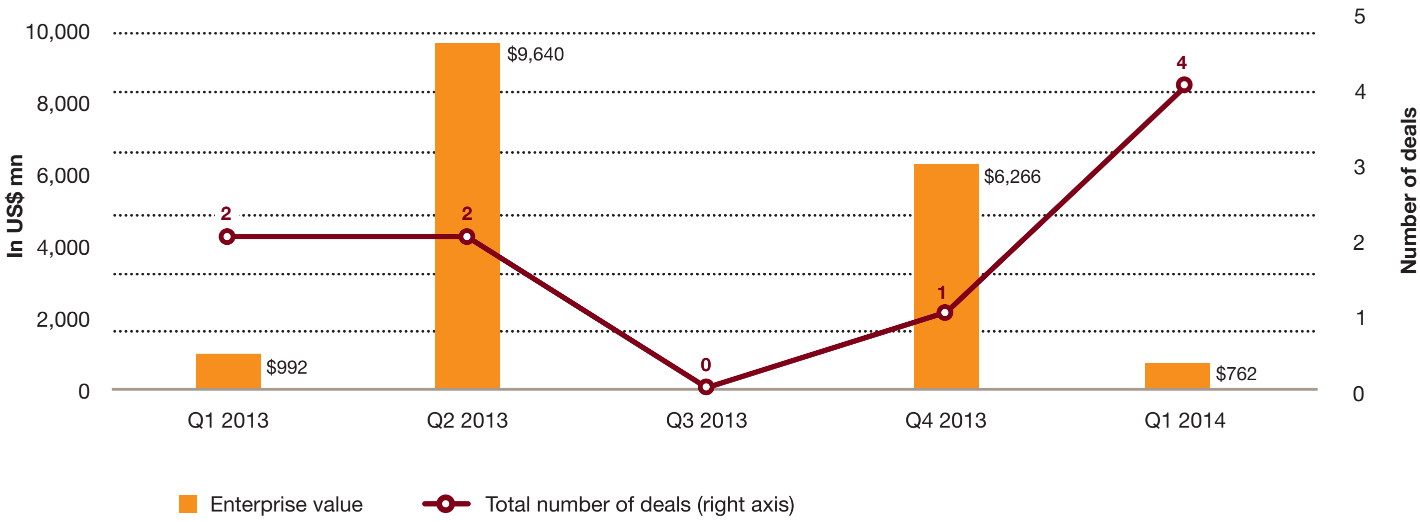
Source: Dealogic with analysis by PwC.

Figure 27: Communications Equipment subsector—LTM net income



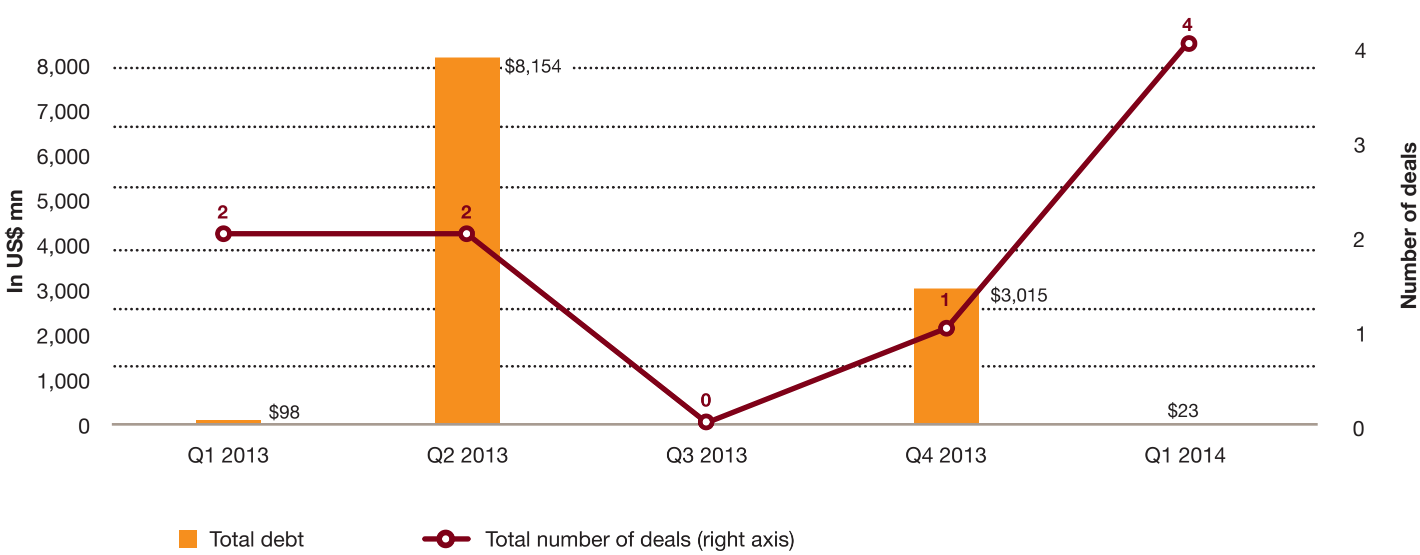
Source: Dealogic with analysis by PwC.

Figure 28: Communications Equipment subsector—Enterprise value



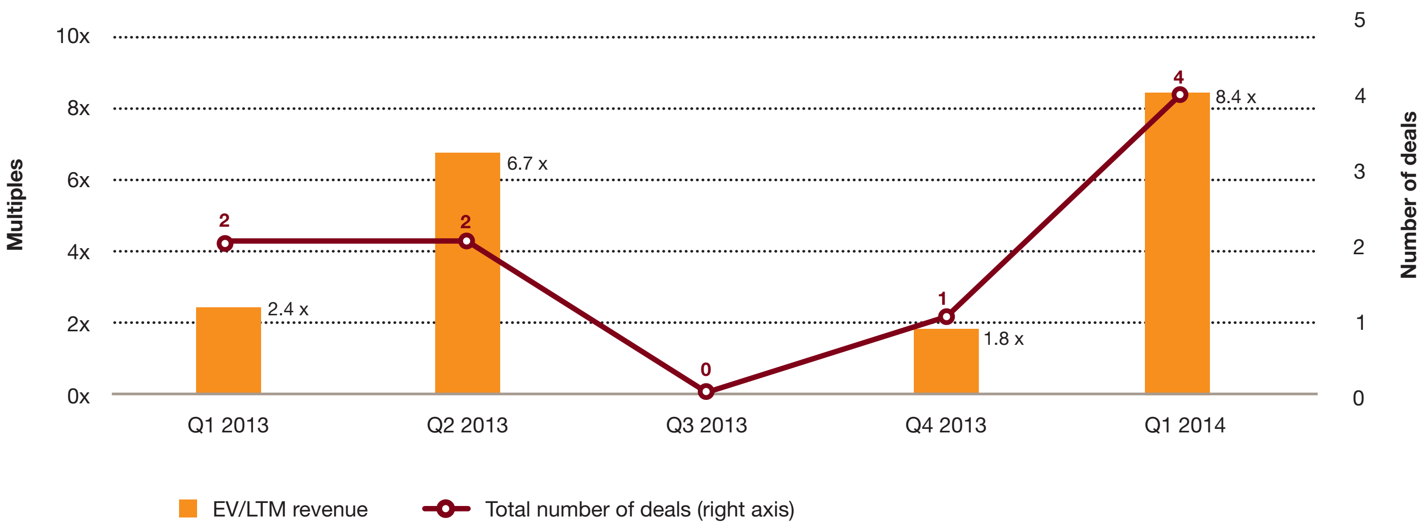
Source: Dealogic with analysis by PwC.

Figure 29: Communications Equipment subsector—Total debt



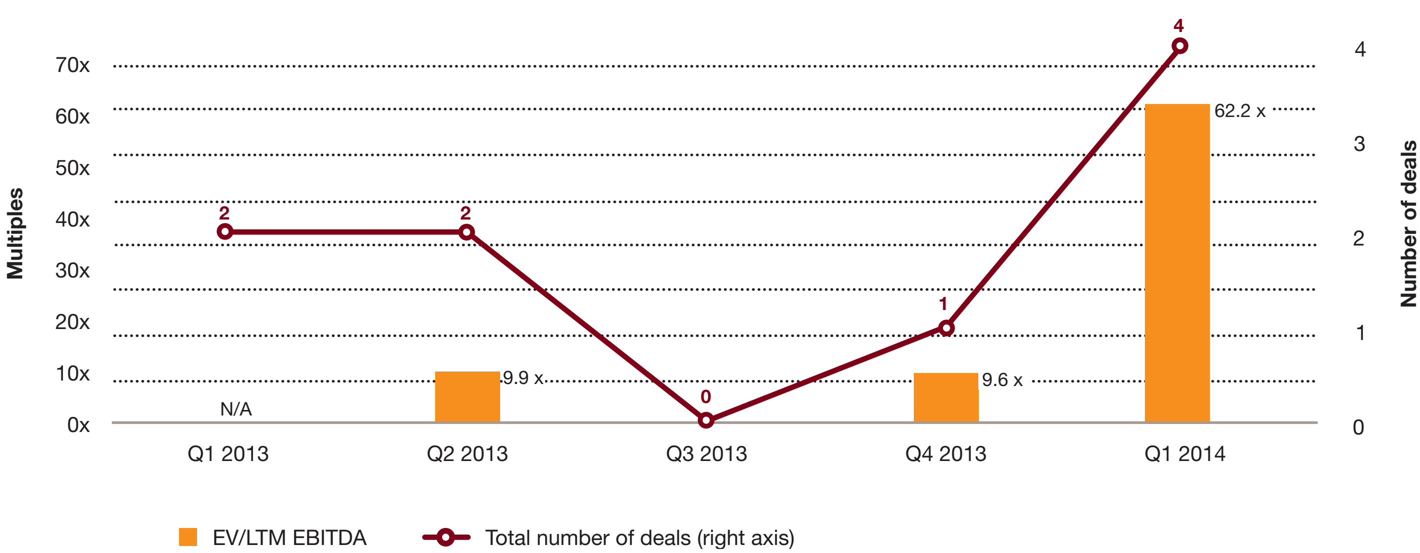
Source: Dealogic with analysis by PwC.

Figure 30: Communications Equipment subsector—EV/LTM revenue



Source: Dealogic with analysis by PwC.

Figure 31: Communications Equipment subsector—EV/LTM EBITDA*



*The companies with negative EBITDA were excluded when calculating subsector EV/LTM EBITDA. However, LTM EBITDA in Figure 26 includes all companies in the subsector.

Source: Dealogic with analysis by PwC.

Methodology

The Global Technology IPO Review for Q1 2014 is based on PwC's analysis of transaction data extracted from Dealogic. The analysis considers IPOs across all countries worldwide during the period 1 January 2014 to 31 March 2014 (Q1). Financial data was also obtained from Dealogic.

The definition of the Technology sector is based on the Dealogic database industry classifications and includes the following subsectors:

- Internet Software & Services
- IT Consulting & Services
- Professional Services (e.g., Application Software, Software Solutions)
- Semiconductors
- Software
- Computer Storage & Peripherals
  - Computer, Computer Peripheral Equipment
  - Computer Storage Device Manufacturing
- Electronic Computer Manufacturing
- Communications Equipment

Only IPOs with issue size greater than US$40mn were included in the analysis.

All monetary amounts are in US dollars unless otherwise indicated.

LTM – Last twelve months

For more information

If you would like to discuss how these findings might impact your business or your future strategy, please reach out to any of our technology industry leaders listed below.

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The Technology Institute is PwC's global research network that studies the business of technology and the technology of business with the purpose of creating thought leadership that offers both fact-based analysis and experience-based perspectives. Technology Institute insights and viewpoints originate from active collaboration between our professionals across the globe and their first-hand experiences working in and with the technology industry. For more information please contact Raman Chitkara, Global Technology Industry Leader at raman.chitkara@us.pwc.com.

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