



Press Release

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Contact Nicholas Braude, PwC
Tel: (617) 530-5435
e-mail: nicholas.braude@us.pwc.com

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Global tech IPO market surges 57% in second quarter

Technology IPOs rise in number, but market lacks billion-dollar offerings

20 August 2015 – The global technology IPO market continued to exhibit its strength in the second quarter, with 36 IPOs and total proceeds of US\$6.2 billion, according to PwC’s [Global Technology IPO Review](#).

The number of offerings marked a 57% increase over the 23 IPOs in the first quarter of 2015. Looking at second-quarter performance back to 2010, only the second quarter of 2014 posted more technology IPOs than 2015 with 40. But while we saw a high number of second-quarter offerings, proceeds advanced only 2% from the first quarter due to the lack of billion-dollar offerings. Compared with the second quarter of 2014, US\$6.2 billion in proceeds marked a 49% decline.

“We’re seeing greater availability of late-stage private funding, which means many successful startups feel less pressure to go public,” said Raman Chitkara, PwC Global Technology Industry Leader. “Private funding is now coming from hedge funds, mutual funds, sovereign wealth funds and corporate venture arms—not just venture capital funds.”

Exemplifying this trend, US\$2.8 billion raised from 11 second-quarter US technology IPOs was significantly less than the US\$4.3 billion raised from private funding rounds by 14 “unicorns”—technology companies with billion-dollar valuations. Globally in the second quarter, 21 unicorns raised US\$7.8 billion, compared with the US\$6.2 billion across 36 IPOs.¹

Global participation remained strong with IPOs from 11 countries

The United States led the way in proceeds, with US\$2.8 billion across 11 offerings, including the largest technology IPO of the quarter, which raised US\$841 million. Europe’s five technology IPOs during the quarter included three of the top 10 offerings, which contributed to the region’s second-highest total proceeds of US\$1.3 billion. China had the highest number of offerings (14), but posted just US\$1.0 billion in total proceeds, marking the first time in the past seven quarters no Chinese technology company cracked the top 10. The remaining six IPOs across five other countries raised US\$1.1 billion in total proceeds.

“The United States bounced back strongly with 11 IPOs raising US\$2.8 billion, more than doubling the comparable numbers from the previous quarter, and Europe continues to deliver consistent technology IPO activity,” said Chitkara.

Chinese exchanges had a strong presence in the second quarter, with twelve of the 14 Chinese technology IPOs listed in China and the remaining two listed on NASDAQ.



Internet continues to highlight subsector activity

Internet Software & Services remained the top subsector in the second quarter, with 16 IPOs, or 44% of the total global technology offerings. Continued innovation across mobile commerce, social networks and software-defined value is driving investor interest and activity in this subsector. Compared with the previous quarter, Internet Software & Services had a 100% increase in the number of IPOs. However, the US\$2.3 billion in total proceeds represented a 32% dip from the first three months of the year.

The Software subsector had the second-most IPOs with six companies raising US\$1.8 billion in proceeds. In addition, offerings in the Computers & Peripherals space continued their recent surge, with five companies completing IPOs in the quarter and raising US\$1.1 billion. The Semiconductors subsector had three second-quarter IPOs with proceeds remaining flat at US\$501 million, compared with the first quarter. IT Consulting & Services had two IPOs with US\$103 million of proceeds.

Looking to the second half

Listings on Chinese exchanges will likely decline for the remainder of 2015, as that country's regulators recently announced a six-month suspension of IPOs on the Shenzhen and Shanghai exchanges due to capital market volatility. This could drive an increase in cross-border deals and listings on other countries' exchanges.

We also anticipate seeing an increase in pre-IPO financings from private equity firms, hedge funds and sovereign wealth funds.

"Investor sentiment could be broadly described as cautious, primarily because of volatile market conditions around the globe," noted Chitkara. "This will likely remain the case throughout the rest of this year."

Please visit <http://www.pwc.com/globaltechipo>, where you can download reports and explore global technology IPO trends and subsector distribution and activity.

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¹ Crunchbase.com and Dow Jones VentureSource and *The Wall Street Journal*, "The Billion Dollar Startup Club," published 18 Feb., 2015 and updated regularly.