

News release

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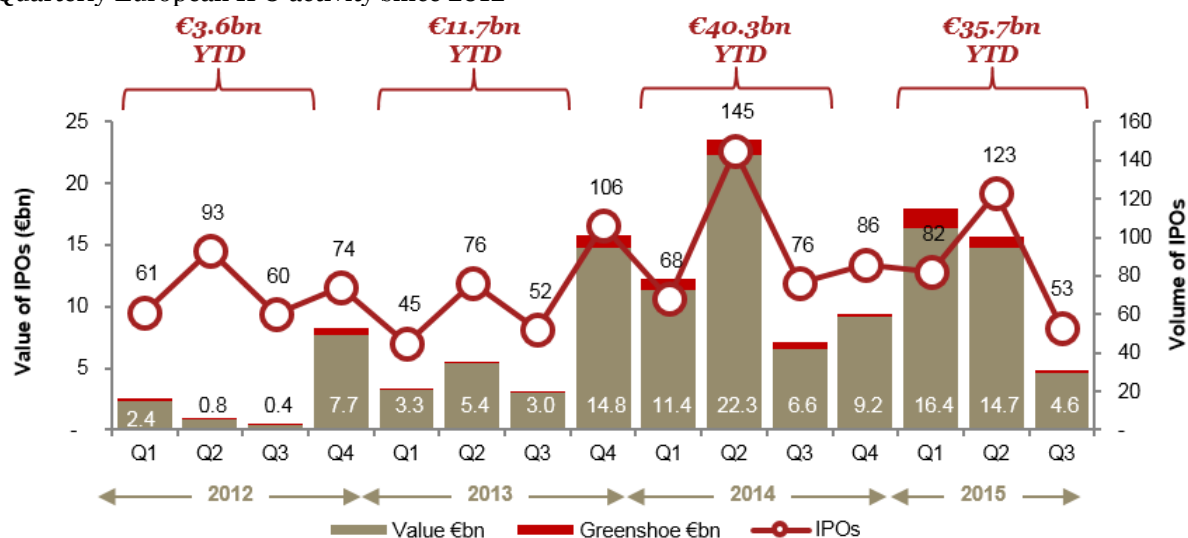
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Europe's IPO pipeline looks promising for the rest of the year

May still match proceeds raised in 2014 despite the slow start back after the summer as we saw increased volatility and falling equity indices hit the equity markets.

- Q3 2015 activity was subdued – with 53 IPOs (down 30% from Q3 2014) raising €4.6bn (down nearly a third on Q3 2014). 94% of the quarters proceeds was raised in July before increased volatility impacted market conditions
- Year-to-date activity remains strong with 258 IPOs raising €35.7bn, only 11% below the blockbuster levels of 2014 which saw €40.3bn being raised YTD Q3 2014
- PwC predicts a promising outlook for the remainder of 2015 with increased activity occurring on continental European exchanges
- We expect the return of the €1bn+ IPOs in Q4 2015 and 2016 with a number of large IPOs in the pipeline including Worldpay, Poste Italiane and ABN Amro
- If the markets stabilise and in light of the burgeoning pipeline, 2015 may match the €50bn proceeds raised in 2014

Quarterly European IPO activity since 2012



53 European IPOs raised €4.6bn in Q3, 30% less than the proceeds raised in the same period last year (when 76 IPOs raised €6.6bn). The majority of the IPOs priced in the first few weeks of the quarter and activity is yet to pick up after the summer lull. The only IPO raising more than €100m after the summer is the €132m (£96m) IPO of On The Beach Group in London.

Frankfurt was the leading exchange this quarter as it hosted the €1.2bn privatisation of Deutsche Pfandbriefbank which accounted for 25% of total Q3 European IPO proceeds alone. Looking forward for the rest of the year, Q4 is expected to be another active quarter. Proceeds of €2.6bn have already been raised on Deutsche Börse with the listing of Bayer's spin-off Covestro, the classified ads company Scout24, and wind and solar park operator CHORUS Clean Energy in the first days of October.

In London, despite a quiet Q3 with 9 IPOs raising a total of €747m (£536m), London YTD proceeds have exceeded €10bn and it remains the largest market year-to-date. However, YTD proceeds are down 43% compared to the same period last year (YTD 2014 - 109 IPOs, €17.8bn). Almost half of the London year-to-date IPO activity (31 IPOs, €5.0bn) is in the financial sector as investment funds and trusts continue to be in favour with the City for fundraisings.

Although publicly announced postponements did not materially change quarter on quarter (10 European IPOs have been postponed in Q3 similar to 11 in Q2 2015), companies have cited adverse market conditions rather than dual tracks processes as was the trend in the first half of 2015. Global equity markets have indeed experienced their worst quarter since 2011 as increased volatility, uncertainty over China and over the US monetary policy further unsettled investors during the summer.

Vivienne Maclachlan, Capital Markets director at PwC, said:

"The last two months have been a slightly hair raising rollercoaster ride - we have watched the fallout from the Chinese stock market turmoil as volatility indices rose to levels not seen since 2011. Equities and debt, especially the high yield market, have been battered and bruised and this market turbulence has been slow to subside. The decision being debated with investment bankers in many boardrooms across Europe is focused on the timing of launching an IPO and the markets' receptiveness to new issuers with the key question being - when is the right time to launch?"

Despite the volatile markets, the pipeline is well stocked with diverse and large and high profile companies. We are seeing several €1+ billion opportunities seeking to IPO across Europe's exchanges, such as the privatisations of Poste Italiane in Milan and ABN Amro Bank in Amsterdam.

Mark Hughes, Capital Markets partner at PwC, said:

"We await the final quarter of 2015 with interest. On one hand there is a promising European IPO pipeline made up of companies from varying sectors seeking to IPO across Europe's exchanges whilst on the other hand the markets remain challenging with investors wary of falling equity indices and continued concern over China's growth prospects. The question for companies is whether they are better keeping their powder dry and waiting for more stable markets. However, based on recent announcements it seems companies and bankers remain confident that the markets will be open in Q4."



Ten largest IPOs of Q3 2015

Company	€m (excl. greenshoe)	€m (incl. greenshoe)	Sector	Market	Country of origin	PE backed
Deutsche Pfandbriefbank	1,086	1,157	Financials	Deutsche Börse	Germany	No
Euskaltel	764	840	Telecommunications	BME	Spain	Yes
Flow Traders	521	599	Financials	Euronext	Netherlands	Yes
ADO Properties	415	415	Financials	Deutsche Börse	Germany	No
UK Mortgages	350	350	Financials	London	United Kingdom	No
Space2	300	300	Financials	Borsa Italiana	Italy	No
Cassiopea	157	169	Health Care	SIX Swiss	Italy	No
Banca Sistema	146	161	Financials	Borsa Italiana	Italy	Yes
On The Beach Group	132	132	Consumer Services	London	United Kingdom	Yes
Menhaden Capital	112	112	Financials	London	United Kingdom	No
Total	3,983	4,235				

Notes to editors:

IPO Watch Europe surveys all new primary market equity IPOs on Europe's principal stock markets and market segments (including exchanges in Austria, Belgium, Croatia, Denmark, France, Germany, Greece, the Netherlands, Ireland, Italy, Luxembourg, Norway, Poland, Portugal, Romania, Spain, Sweden, Switzerland, Turkey and the UK) on a quarterly basis. Movements between markets on the same exchange are excluded.

This survey was conducted between 1 July and 30 September 2015 and captures IPOs based on their first trading date. All market data is sourced from the stock markets themselves and has not been independently verified by PricewaterhouseCoopers LLP.

* PE and spin-off analysis excludes IPOs raising less than \$50m, closed-end funds, SPACs, SPVs, Capital Pool companies, Investment Managers, REITs and Royalty Trusts

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