News release

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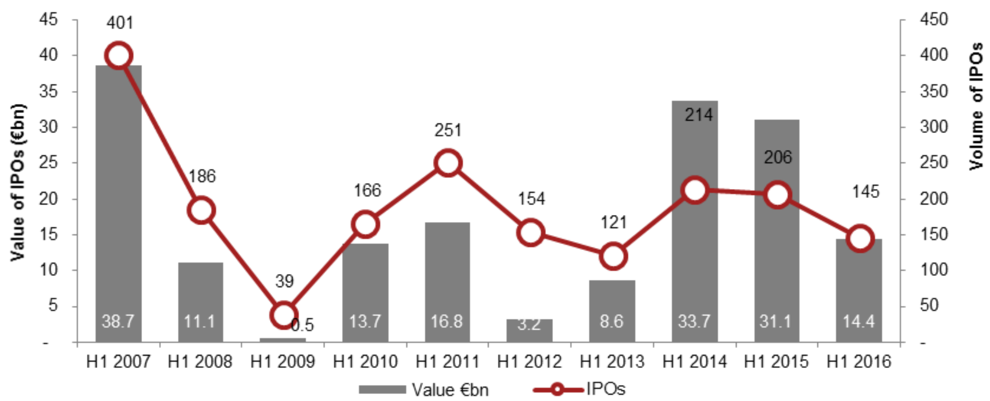
PwC's latest IPO Watch predicts European IPO proceeds to be no more than €25bn by the end of the year

- Q2 European IPO proceeds dropped 26% compared to Q2 last year, affected by global uncertainties including the EU referendum.
- London was especially impacted, down 75% to €1.2bn (£0.9bn) and representing only 11% of European activity.
- The rest of Europe fared better with IPO proceeds only down 6% to €9.7bn.
- Following the outcome of the EU referendum in the UK, PwC expects IPO candidates to return gradually to the market towards the end of the year and early 2017, provided investor confidence improves and market uncertainties subside.

PwC's latest IPO Watch predicts European IPO proceeds are unlikely to exceed €25bn by the end of 2016 (less than half of 2015when €57.4bn was raised) following the UK's vote to leave the EU, however, an uptick in activity towards the end of the year is expected if conditions improve.

Total proceeds for H1 amounted to €14.4bn, representing less than half of the activity observed during the highs of 2014-2015. Activity in Q2 however tripled compared to Q1 2016, despite the EU referendum in the UK impacting volume across the continent. Overall, 95 European IPOs raised €10.9bn this quarter (50 IPOs raising €3.5bn in Q1 2016).

H1 European IPO activity since 2007



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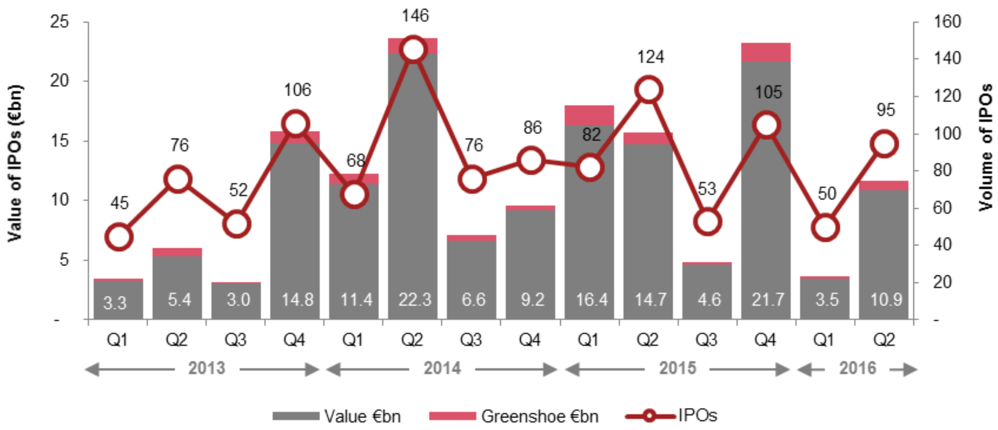
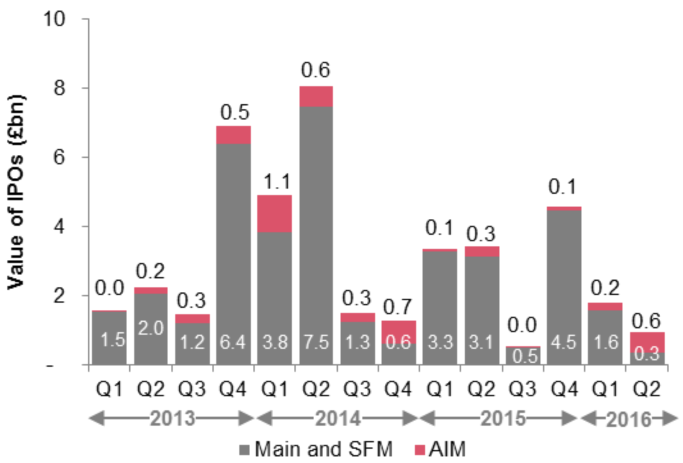
Quarterly European IPO activity since 2013



Activity was predominantly driven by the continental exchanges with over 70% of Q2 2016 proceeds raised on OMX, Euronext and the Spanish exchange. These exchanges benefited from a number of privatisations and spin-offs boosting their volumes, such as Dong Energy (€2.3bn – the largest IPO year-to-date globally) in Copenhagen and a.s.r. (€1bn) and Philips Lighting in Amsterdam (€863m).

London was affected by the uncertainties surrounding the EU referendum, causing its share in the European IPO activity to drop to 11%, its lowest level since 2009. 21 IPOs raised €1.2bn (£0.9bn), 75% less than in Q2 2015 and down 49% compared to already subdued levels in Q1 2016. AIM, however, stood its ground and was actually more active than the Main Market in volume and value. 14 IPOs raised €748m (£583m) on the London junior market this quarter (12 IPOs raising €403m / £291m in Q2 2015), compared to 7 on the Main Market raising €432m (£341m) (16 IPOs raising €4.3bn / £3.1bn in Q2 2015).

Quarterly London IPO activity since 2013



Vivienne Maclachlan, capital markets director at PwC, said:

> "Companies, investors and bankers are all still grappling with what the referendum result means for the UK economy as well as the rest of the EU. Following the initial tumble, the FTSE 100 has recovered to its highest levels since August 2015 whilst the FTSE 250 continues to be hampered by concerns over the UK economy. The financial services sector has been hit hardest along with a broader impact on domestic UK businesses. Over the coming quarters I expect investors to favour IPO candidates with a global exposure and/or offering steady yields."

It was feared that the UK vote to leave the EU would be met with a series of cancelled and postponed IPOs. In practice the level of publicly postponed and cancelled deals was in line with previous quarters (11 IPOs or 13% of all deals compared to an average of 12 per quarter since 2014 or 12% of deals). Volatility was relatively low for most of the quarter and a limited number of companies had planned for their transaction to happen around the time of the referendum. It is not surprising that 10 of the postponed transactions were in continental Europe, as UK candidates avoided listing in the period around the referendum.

Mark Hughes, capital markets leader at PwC, concluded:

> "Following the referendum result, there have been a number of transactions postponed due to concerns over market uncertainties. That said, the majority of companies pursuing IPOs for the second half of the year are maintaining their plans. Improved political stability and greater clarity over the UK's progress on negotiations with the EU will be key to IPO activity picking up again post the traditional quiet summer period. Provided this is the case, the successful completion of the first IPOs coming to market post-summer will set the tone for the remainder of the year. Whilst I do not see activity coming to a standstill, European IPO levels are unlikely to reach the €25bn mark for the year."

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, Czech Republic, 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 April and 30 June 2016 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.

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