IPO Watch Europe Q2 2016

€10.9bn

IPO proceeds raised in Q2 2016
(Q2 2015: €14.7bn, 26% decline)

95 IPOs

in Q2 2016 across Europe
(Q2 2015: 124 IPOs, 23% decline)

€14.4bn

IPO proceeds raised in H1 2016
(H1 2015: €31.1bn, 54% decline)

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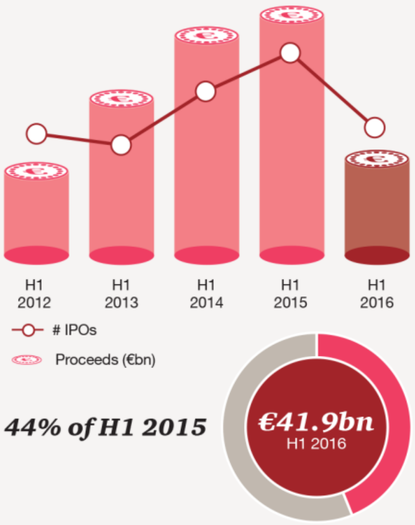
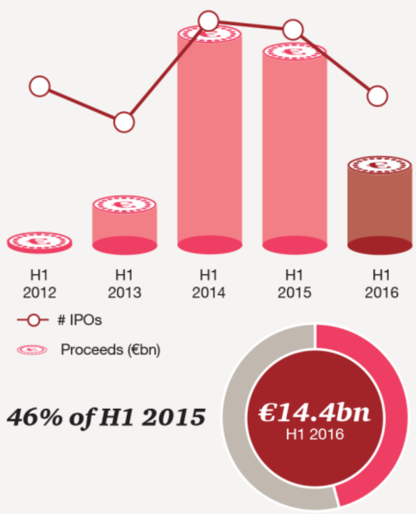
European IPO activity affected by uncertainties surrounding the EU referendum

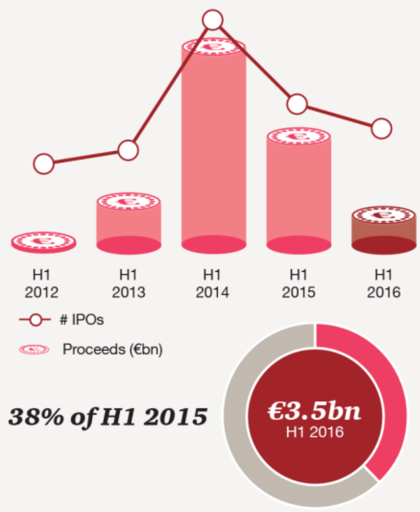
Global IPO activity



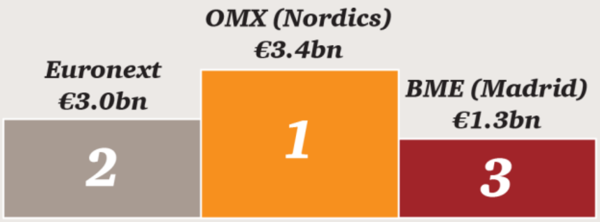
European IPO activity (incl. UK)



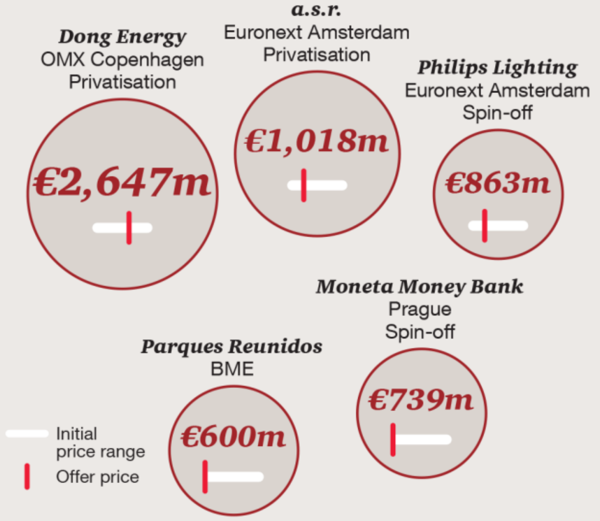
UK IPO activity



Top 3 exchanges - most of Q2 2016 proceeds were raised in continental Europe



The top 5 IPOs resulted from privatisations and spin-offs



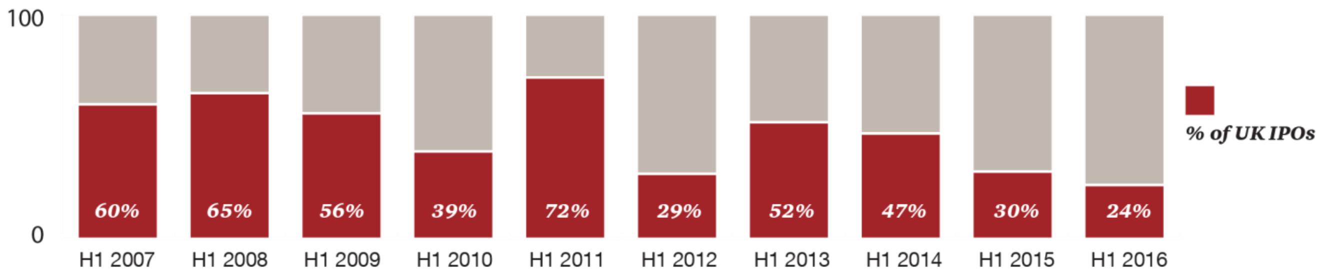
The top 5 raised 50% of European IPO proceeds in Q2 2016

AIM overtook the Main Market both in volume and proceeds this quarter

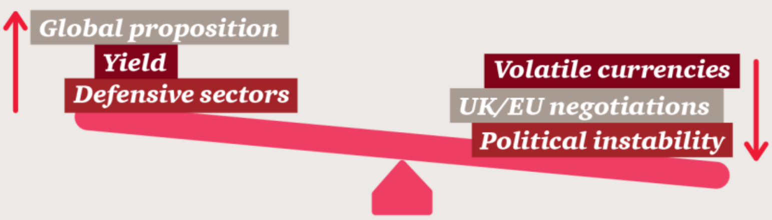
AIM – 14 IPOs, £583m

Main – 7 IPOs, £341m

London's proportion of IPOs in Europe hits new lows



Cautious IPO outlook



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"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."

Mark Hughes
Partner, UK Capital Markets Leader at PwC

European IPO trends

IPO activity in Europe dropped more than 50% in H1 2016 compared to the same period last year, with OMX featuring as the most active exchange both by value and volume

Figure 1: **Quarterly European IPO activity by value and volume**

	H1 2015	Q1 2016	Q2 2016	H1 2016
Total European listings comprise those with:				
Less than €5m raised	66	23	28	51
Greater than €5m raised	140	27	67	94
Total number of listings	**206**	**50**	**95**	**145**
Money raised excl. greenshoe (€m)	31,099	3,490	10,919	14,409
Exercised greenshoe (€m)	2,576	201	771	972
Total money raised (€m)	**33,675**	**3,691**	**11,690**	**15,381**
Average offering value (€m)*	240	136	174	163

** Average offering value has been calculated based on total money raised including greenshoe, excluding listings raising less than €5m*

Figure 2: **Top 3 stock exchanges in Europe in 2016 (by offering value)**

**Excludes greenshoe*
***Average proceeds have been calculated on total proceeds including greenshoe, excluding listings raising less than €5m*

European IPO trends

Activity levels recovered slightly from Q1, but suffered from the pre- and post-EU referendum uncertainty

Figure 3: **H1 European IPO activity since 2007***

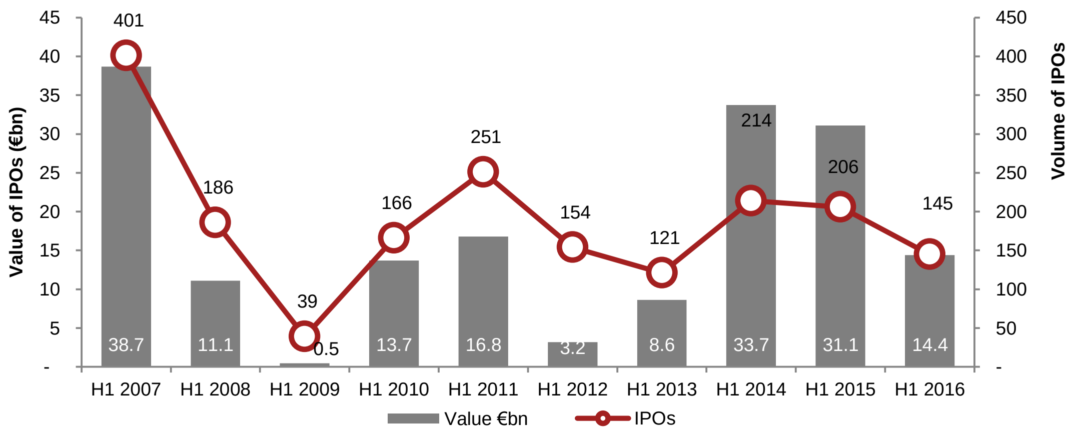
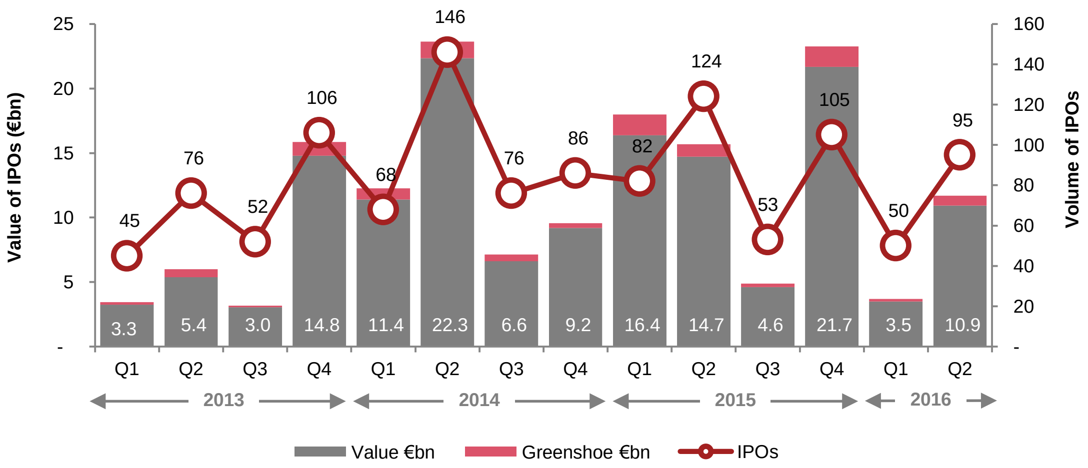


Figure 4: **Quarterly European IPO activity since 2013**



**Excludes greenshoe.*

Note: Excludes IPOs on Borsa Istanbul, Zagreb Stock Exchange and Bucharest Stock Exchange pre 2011

Market volatility

The outcome of the EU referendum in the UK caused volatility to spike and indices to wobble towards the end of the quarter

Figure 5: **Volatility compared to IPO proceeds**

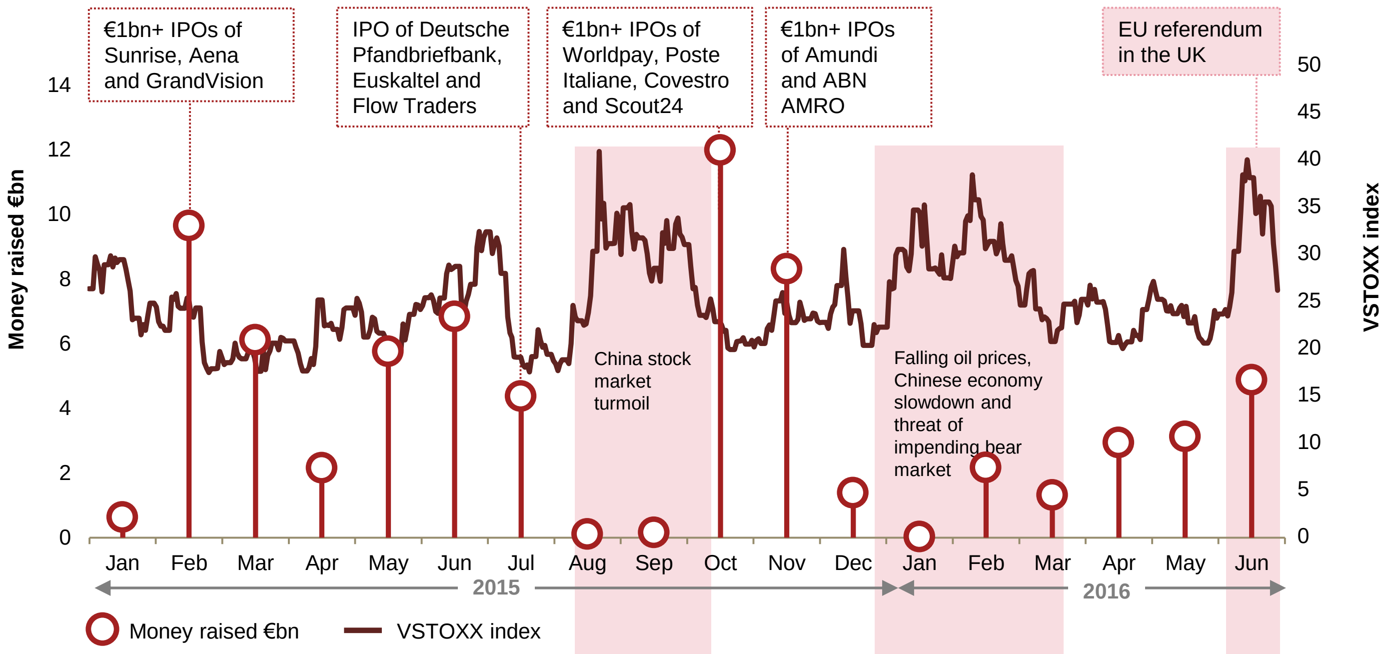
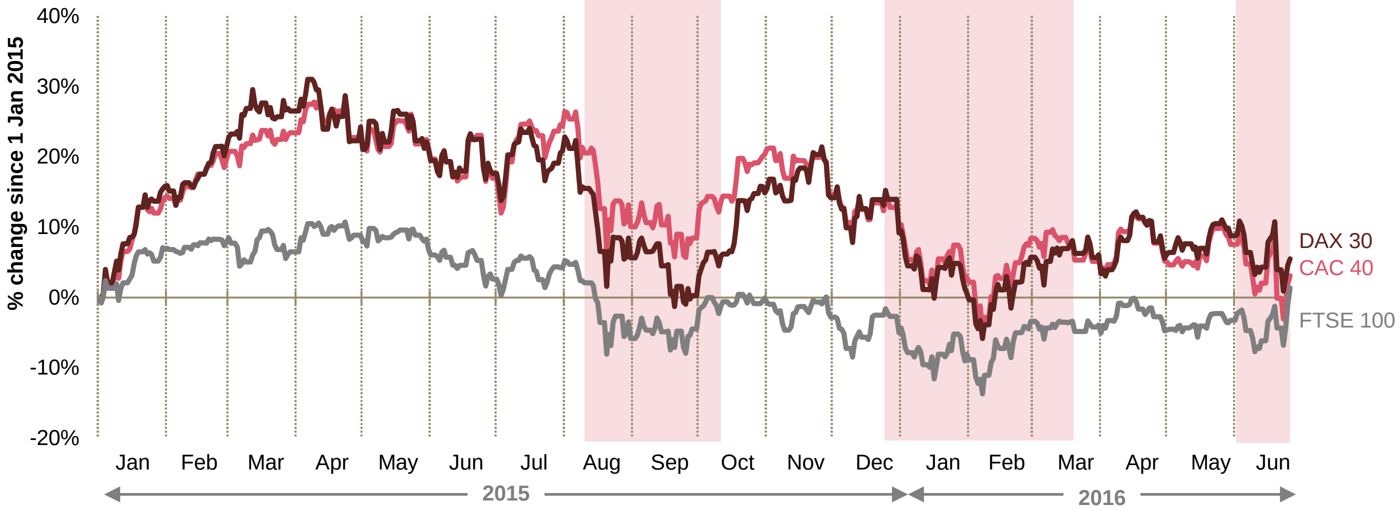


Figure 6: **Historical performance of major market indices since January 2015**



Source: Thomson Reuters as at 30 Jun 2016

Pricing and performance of top 5 IPOs

4 of the top 5 IPOs priced in the lower half of their pricing range, but most were outperforming their domestic index by the end of the quarter

Figure 7: Top 5 IPOs in Q2 2016

	Dong Energy	a.s.r.	Philips Lighting	MONETA Money Bank	Parques Reunidos
Exchange	OMX Copenhagen	Euronext Amsterdam	Euronext Amsterdam	Prague Stock Exchange	BME
IPO date	9 June	10 June	27 May	6 May	29 April
Money raised (€m) incl. greenshoe	2,647	1,018	863	739	600
Price range	DKR200 – DKR255	€18.00 - €22.00	€18.50 - €22.50	CK68.00 – CK85.00	€15.50 - €20.50
Offer price	DKR235	€19.50	€20.00	CK68.00	€15.50

Figure 8: Offer price versus initial price range of top 5 IPOs

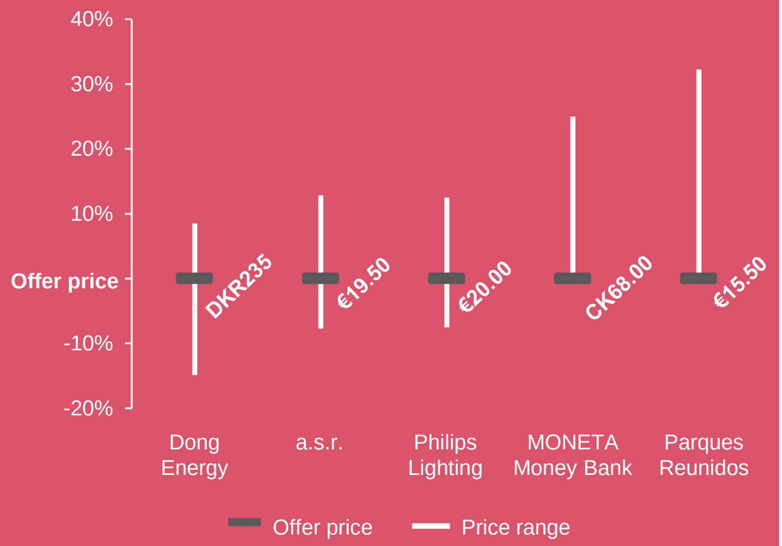
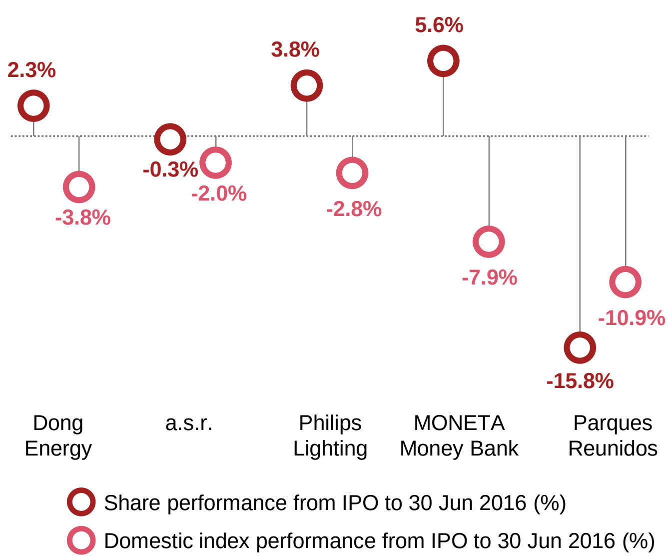


Figure 9: Performance of top 5 IPOs



The sector story

Financials remained the most active sector in H1, while utilities were boosted by the €2bn+ IPO of Dong Energy

Figure 10: IPO value by sector*

By offering value (€m)	H1 2015	Q1 2016	Q2 2016	H1 2016	Variance vs H1 2015
Financials	6,881	1,323	3,399	4,722	(2,159)
Consumer Services	5,136	551	2,218	2,769	(2,367)
Utilities	440	269	2,344	2,613	2,173
Industrials	8,394	233	1,895	2,128	(6,266)
Consumer Goods	2,054	872	678	1,550	(504)
Health Care	1,961	186	154	340	(1,621)
Technology	1,552	45	87	132	(1,420)
Oil & Gas	29	-	112	112	83
Basic Materials	22	11	22	33	11
Telecommunications	4,630	-	10	10	(4,620)
Total	**31,099**	**3,490**	**10,919**	**14,409**	**(16,690)**

"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."

Viv Maclachlan
Director in the UK capital markets group at PwC

Financials

29 IPOs raised in Q2 2016
*€3.4bn**

Average IPO proceeds**
€175m

Largest IPO:
a.s.r.
€1,018m
(no greenshoe)

Utilities

3 IPO raised in Q2 2016
*€2.3bn**

no meaningful average

Largest IPO:
Dong Energy
€2,301m
(€2,647m incl. greenshoe)

Consumer Services

12 IPOs raised in Q2 2016
*€2.2bn**

Average IPO proceeds**
€204m

Largest IPO:
Parques Reunidos
€600m
(no greenshoe)

**Excludes greenshoe*
*** Average proceeds have been calculated based on total proceeds including greenshoe, excluding listings raising less than €5m*

London focus - Overview

Activity in H1 2016 was a third of last year's, depressed by the EU referendum, seeing AIM volume and proceeds overtake the Main Market in Q2

Figure 11: London IPO trends (by offering value)*

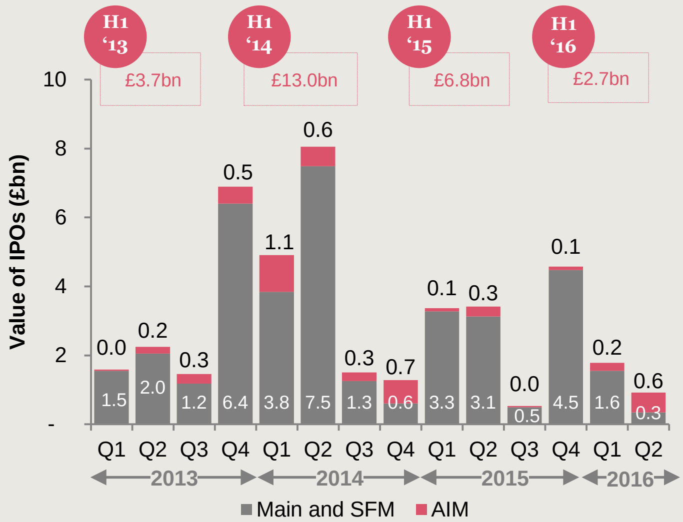


Figure 12: London IPO trends (by volume)

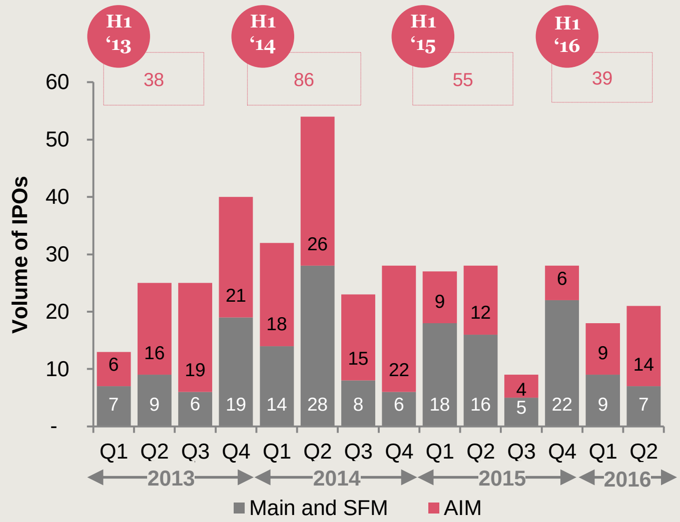


Figure 13: Top 5 UK IPOs in Q2 2016

Issuer	Value (£m) Excl. greenshoe	Value (£m) Incl. greenshoe	Sector	Market	PE backed
Forterra	126	128	Industrials	Main	Yes
Motorpoint Group	100	100	Consumer Services	Main	No
Time Out Group	90	90	Consumer Services	AIM	Yes
Hadrians Wall Secured Investments	80	80	Financials	Main	No
Draper Esprit	79	79	Financials	AIM	Yes

Note: Ranking in pounds is different from ranking in euros due to exchange rate

"Despite London being absent from the top 5 IPOs this quarter, AIM has seen a relatively active period in terms of IPO activity with better quality companies raising larger amounts of capital and performing well post IPO.

It goes without saying that London IPO activity has suffered in H1 2016 under the uncertainty in the run up to the EU referendum together with the prevailing fragility in the economy resulting from China's slow down and the oil price volatility. With the current political instability in the UK, uncertainty around the exit negotiations with the EU and wider economic conditions, it is difficult to predict how quickly IPO activity will pick up after what I expect to be a muted summer."

Lucy Tarleton

Director in the UK capital markets group at PwC

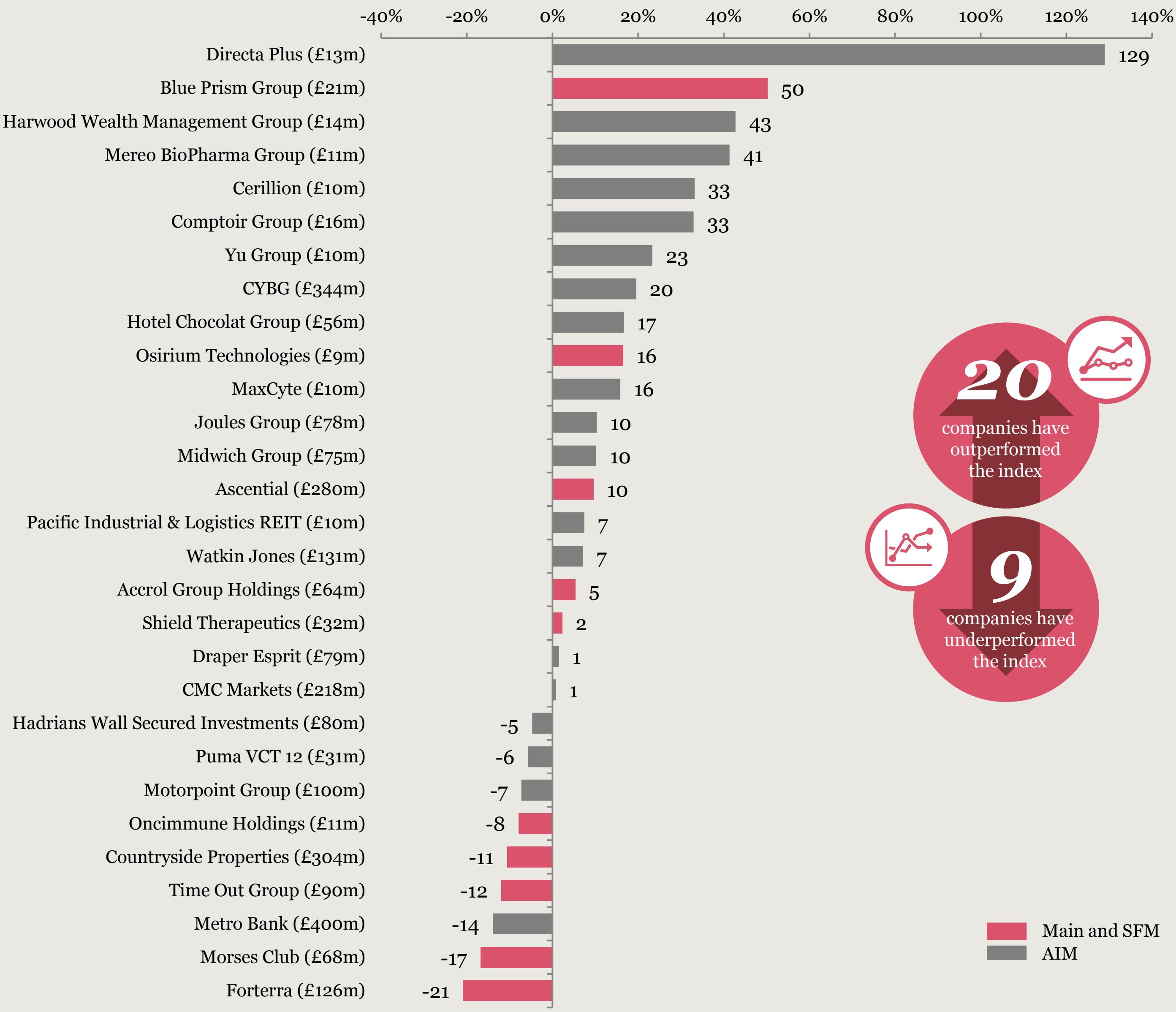
**Excludes greenshoe*

Source: London Stock Exchange

London focus - Relative performance of London IPOs

£1 invested in each of the UK IPOs raising more than £5m would have resulted in a gain of £3.76 (or +13%)

Figure 14: **Share price performance of London IPOs relative to the FTSE all share index, from IPO to 30 June 2016 (%)**



Note: Threshold of £5m | Relative performance based on the FTSE All Share Index for Main Market and SFM listed companies and FTSE AIM All Share index for AIM quoted companies
Source: Dealogic and Thomson Reuters as of 30 June 2016

London focus - PE trends and the sector story

PE still represented over 50% of activity in a subdued market

Financials are still leading the charge in H1 2016 with 46% of total proceeds, despite being down two thirds from last year

Figure 15: **Value of London PE-backed IPOs vs non PE-backed IPOs in London***

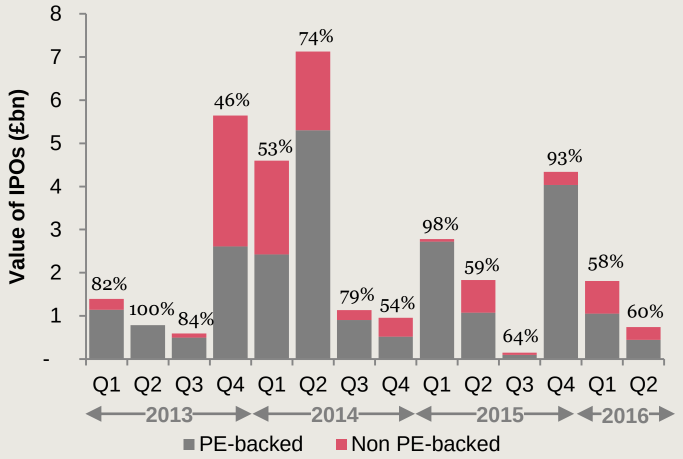


Figure 16: **Volume of London PE-backed IPOs vs non PE-backed IPOs in London***

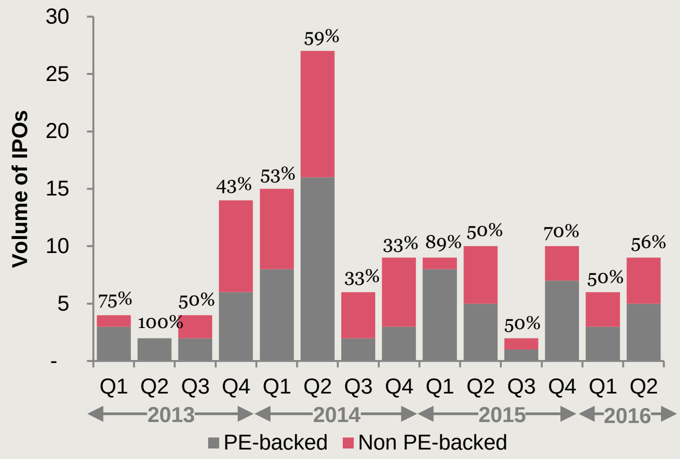


Figure 17: **London IPO value by sector (excl. greenshoe)**

By offering value (£m)	H1 2015	Q1 2016	Q2 2016	H1 2016	Variance vs. H1 2015
Financials	3,225	980	268	1,248	(1,977)
Consumer Goods	377	304	119	423	46
Consumer Services	2,061	280	284	563	(1,498)
Industrials	525	131	201	333	(192)
Health Care	213	42	22	65	(148)
Technology	352	35	9	44	(309)
Utilities	-	10	4	14	14
Basic Materials	10	-	13	13	3
Telecommunications	-	-	-	-	-
Oil & Gas	-	-	-	-	-
Total value (£m)	**6,763**	**1,782**	**920**	**2,702**	**(4,061)**

** UK IPOs raising over €50m, excludes closed-end funds, SPACs, SPVs, Capital Pool companies, Investment Managers, REITs, Royalty Trusts*
Source: Dealogic, Bloomberg

Global perspective

Global markets have seen some recovery in Q2 after a slow start to the year, but are still well below previous years' activity levels

Figure 18: **Global IPO activity***

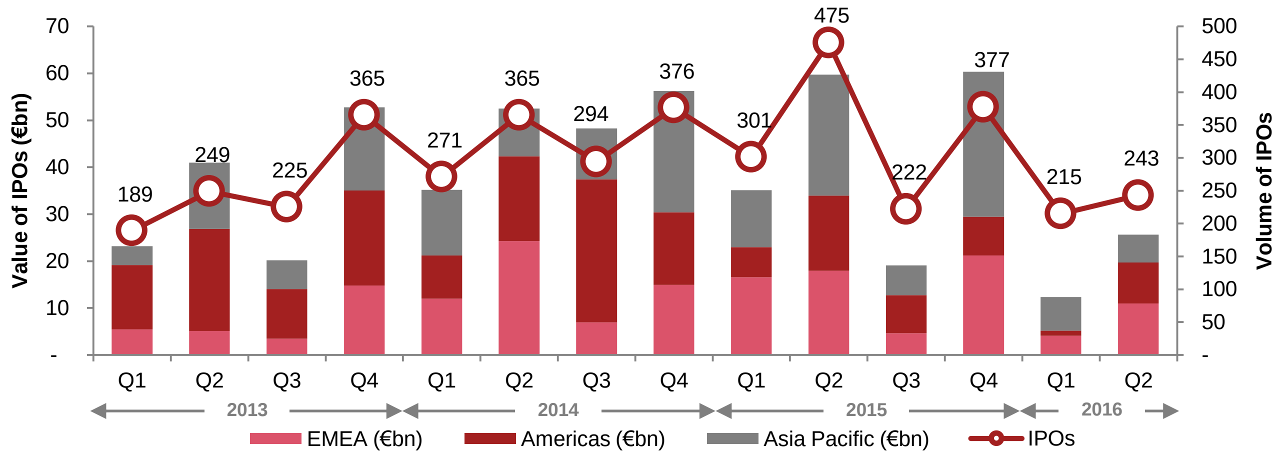


Figure 19: **Top 10 global IPOs in H1 2016**

Issuer	€m (incl. greenshoe)	Exchange	Sector	Deal type
Dong Energy	2,647	Copenhagen	Utilities	Privatisation/ PE
China Zheshang Bank	1,720	Hong Kong	Financials	-
MGM Growth Properties	1,068	New York	Financials	Carve out
US Foods Holding	1,048	New York	Consumer Goods	PE
a.s.r.	1,018	Amsterdam	Financials	Privatisation
BOC Aviation	1,004	Hong Kong	Industrials	Carve out
Bank of Tianjin	878	Hong Kong	Financials	-
Philips Lighting	863	Amsterdam	Industrials	Carve out
LaSalle Logiport	835	Tokyo	Financials	-
MONETA Money Bank	739	Prague	Financials	Carve out

"Global IPO activity picked up in Q2 after a slow start of the year, largely reflecting normal seasonal trends. However, year-to-date proceeds raised were less than half of those raised in the first half of 2015. Given recent global market reactions to the outcome of the EU referendum in the UK, and the upcoming general elections in the US, it is likely that Asia Pacific will be the region to watch for IPO activity in H2, especially with the recently launched jumbo IPO of the Postal Savings Bank of China in Hong Kong."

Clifford Tompsett
Partner, Head of the Global IPO Centre at PwC

* Excludes greenshoe
Source: Dealogic

Appendix - IPOs by market

Appendix 1: European IPOs by market

Stock exchange	H1 2015 IPOs	H1 2015 Value (€m)*	Q1 2016 IPOs	Q1 2016 Value (€m)*	Q2 2016 IPOs	Q2 2016 Value (€m)*	H1 2016 IPOs	H1 2016 Value (€m)*
TOTAL								
London Stock Exchange	55	9,345	18	2,327	21	1,180	39	3,507
NASDAQ OMX	55	3,863	14	811	33	3,436	47	4,247
Euronext	26	4,904	1	3	13	2,986	14	2,989
BME (Spanish Exchange)	8	6,903	5	3	5	1,300	10	1,303
Prague	-	-	-	-	1	656	1	656
SIX Swiss Exchange	2	1,882	1	-	2	633	3	633
Borsa Italiana	13	1,483	2	28	5	437	7	465
Deutsche Börse	10	1,301	3	288	2	17	5	305
Warsaw	18	321	5	19	8	92	13	111
Borsa Istanbul	4	23	1	11	1	92	2	103
Oslo Børs & Oslo Axess	6	644	-	-	4	90	4	90
Irish Stock Exchange	2	394	-	-	-	-	-	-
Zagreb Stock Exchange	2	36	-	-	-	-	-	-
Bucharest	4	-	-	-	-	-	-	-
Wiener Börse	1	-	-	-	-	-	-	-
Total	**206**	**31,099**	**50**	**3,490**	**95**	**10,919**	**145**	**14,409**
EU-REGULATED								
NASDAQ OMX (Main)	17	3,234	5	592	12	3,236	17	3,828
London Main and SFM	34	8,824	9	2,026	7	432	16	2,458
Euronext	18	4,837	-	-	10	2,954	10	2,954
BME (Spanish Exchange) (Main)	5	6,898	-	-	3	1,300	3	1,300
Prague	-	-	-	-	1	656	1	656
SIX Swiss Exchange	2	1,882	1	-	2	633	3	633
Borsa Italiana (Main)	4	1,392	-	-	2	378	2	378
Deutsche Börse (Prime and General Standard)	8	1,301	3	288	1	3	4	291
Warsaw (Main)	6	315	1	17	5	91	6	108
Oslo Børs	3	586	-	-	3	90	3	90
Irish Stock Exchange (Main)	2	394	-	-	-	-	-	-
Zagreb Stock Exchange	2	36	-	-	-	-	-	-
Wiener Börse	1	-	-	-	-	-	-	-
EU-regulated sub-total	**102**	**29,699**	**19**	**2,923**	**46**	**9,773**	**65**	**12,696**
EXCHANGE-REGULATED								
London AIM	21	521	9	301	14	748	23	1,049
NASDAQ OMX (First North)	38	629	9	219	21	200	30	419
Borsa Istanbul	4	23	1	11	1	92	2	103
Borsa Italiana (AIM)	9	91	2	28	3	59	5	87
Euronext (Alternext)	8	67	1	3	3	32	4	35
Deutsche Börse (Entry Standard)	2	-	-	-	1	14	1	14
BME (Spanish Exchange) (MAB)	3	5	5	3	2	-	7	3
Warsaw (NewConnect)	12	6	4	2	3	1	7	3
Oslo Axess	3	58	-	-	1	-	1	-
Bucharest (AeRO)	4	-	-	-	-	-	-	-
Exchange-regulated sub-total	**104**	**1,400**	**31**	**567**	**49**	**1,146**	**80**	**1,713**
Europe total	**206**	**31,099**	**50**	**3,490**	**95**	**10,919**	**145**	**14,409**

** Excludes greenshoe*

Appendix - Exchange activity by value

Appendix 2: IPO offering value by stock exchange*

Stock exchange offering value (€m)	H1 2015	Q1 2016	Q2 2016	H1 2016
NASDAQ OMX	3,863	811	3,436	4,247
OMX Copenhagen	*168*	*477*	*2,301*	*2,778*
OMX Stockholm	*3,308*	*317*	*869*	*1,186*
OMX Helsinki	*322*	*17*	*232*	*249*
OMX Iceland	*65*	*-*	*20*	*20*
OMX Tallinn	*-*	*-*	*14*	*14*
OMX Vilnius	*-*	*-*	*-*	*-*
London Stock Exchange	9,345	2,327	1,180	3,507
Euronext	4,904	3	2,986	2,989
Euronext Paris	*2,908*	*3*	*683*	*686*
Euronext Amsterdam	*1,696*	*-*	*2,280*	*2,280*
Euronext Brussels	*300*	*-*	*23*	*23*
BME (Spanish Exchange)	6,903	3	1,300	1,303
Prague Stock Exchange	-	-	656	656
SIX Swiss Exchange	1,882	-	633	633
Borsa Italiana	1,483	28	437	465
Deutsche Börse	1,301	288	17	305
Warsaw	321	19	92	111
Borsa Istanbul	23	11	92	103
Oslo Børs & Oslo Axess	644	-	90	90
Irish Stock Exchange	394	-	-	-
Zagreb Stock Exchange	36	-	-	-
Bucharest Stock Exchange	-	-	-	-
Wiener Börse	-	-	-	-
Total	**31,099**	**3,490**	**10,919**	**14,409**

**Excludes greenshoe*

Appendix - Exchange activity by volume

Appendix 3: IPO volume by stock exchange

Stock exchange offering volume	H1 2015	Q1 2016	Q2 2016	H1 2016
NASDAQ OMX	55	14	33	47
OMX Copenhagen	*1*	*1*	*2*	*3*
OMX Stockholm	*44*	*10*	*25*	*35*
OMX Helsinki	*6*	*2*	*4*	*6*
OMX Iceland	*2*	*-*	*1*	*1*
OMX Tallinn	*1*	*-*	*1*	*1*
OMX Vilnius	*1*	*1*	*-*	*1*
London Stock Exchange	55	18	21	39
Euronext	26	1	13	14
Euronext Paris	*19*	*1*	*7*	*8*
Euronext Amsterdam	*3*	*-*	*5*	*5*
Euronext Brussels	*4*	*-*	*1*	*1*
BME (Spanish Exchange)	8	5	5	10
Prague Stock Exchange	-	-	1	1
SIX Swiss Exchange	2	1	2	3
Borsa Italiana	13	2	5	7
Deutsche Börse	10	3	2	5
Warsaw	18	5	8	13
Borsa Istanbul	4	1	1	2
Oslo Børs & Oslo Axess	6	-	4	4
Irish Stock Exchange	2	-	-	-
Zagreb Stock Exchange	2	-	-	-
Bucharest Stock Exchange	4	-	-	-
Wiener Börse	1	-	-	-
Total	**206**	**50**	**95**	**145**

Contacts

About IPO Watch Europe

IPO Watch Europe surveys all new primary market equity IPOs on Europe's principal stock markets and market segments (including exchanges in the EU, Iceland Norway, Turkey and Switzerland) 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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