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## **Press Release**

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

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### **Global tech IPOs experience steep decline in third quarter**

*Compared with second quarter, number of technology IPOs falls 69%*

**Thursday, 29 October 2015** – Following eight relatively strong quarters, the global technology IPO market experienced a steep decline in the third quarter of 2015 largely due to extreme volatility in the global capital markets, according to PwC's [Global Technology IPO Review](#).

There were just 11 third-quarter offerings raising a total of US\$4.1 billion. This compares with 36 IPOs and US\$6.2 billion in total proceeds during the second quarter. The third quarter of 2014 saw 18 offerings that raised US\$24.8 billion.

While volatility and uncertainty in the capital markets painted a backdrop for the third quarter's IPO activity, the decline can also be attributed to lackluster IPOs in the US and China, the traditional incubators of technology IPOs. These two countries produced only two IPOs each during the quarter, with the suspension of IPOs on the Shenzhen and Shanghai exchanges contributing to China's low total. Meanwhile, the US technology IPO market was affected by volatile capital markets due to concerns about slowing economic growth in China and uncertainties around the Federal Reserve's move to raise interest rates.

"The soft third-quarter IPO totals do not in themselves indicate a slowdown in the tech sector," said Raman Chitkara, PwC Global Technology Industry Leader. "We continue to see a rise in the number of 'unicorns'—start-ups valued at more than US\$1 billion. Many tech companies, not only the unicorns, are finding favorable private funding opportunities, which delays or reduces their motivation to go public."

#### **Majority of activity concentrated in Asia and Europe**

Asia and Europe contributed nine of the 11 IPOs and 96% of the total third-quarter proceeds. Among Asia's six IPOs that raised US\$2.3 billion, three came from Japan, the most of any country in the third quarter. The country's buoyant IPO market raised a total of US\$759 million.

While China had one billion-dollar-plus IPO listed on the Hong Kong stock exchange during the quarter, the country's IPO proceeds declined by 94% year over year and the number of tech IPOs declined from 10 to two. Sequentially, China had just two IPOs in the third quarter compared with 14 in the second quarter. However, proceeds increased 46%. Interestingly, no Chinese companies listed on US exchanges.



Europe maintained a healthy level of activity, tallying three IPOs and the largest single IPO of the quarter, which raised US\$1.5 billion. Proceeds from Europe's third-quarter IPOs were 28% higher compared with the second quarter.

### **Even with lower volume, investors remain hungry for Internet**

Among the subsectors involved in technology IPOs, Internet Software & Services once again recorded the highest proceeds, with three offerings garnering US\$1.6 billion. These totals compare with 16 Internet Software & Services IPOs in the second quarter that raised US\$2.3 billion.

The Software subsector also retained its second position from the previous quarter. Three software IPOs were listed in the third quarter, representing a 50% decline from six offerings in the second quarter and six in the third quarter of 2014. Likewise, Software did not record any big-ticket IPOs this quarter with the highest offering being US\$103.2 million.

### **Putting the quarter in perspective**

"Prior to the third quarter, we saw the longest stretch of strong technology IPO markets in quite some time," said Chitkara. "After such a robust streak, and given the ongoing market volatility, the pullback we experienced in the third quarter was not surprising."

Indeed, a total of 70 technology companies went public in the first nine months of 2015, surpassing totals in the same period of 2011, 2012 and 2013. The 70 IPOs through the first three quarters also exceeds the total for the full year of 2013. Technology IPOs in the first nine months of 2015 raised a total of US\$16.3 billion, representing a 179% increase from the same period in 2013.

Results in 2014 were heavily skewed by the third-quarter mega IPO of Alibaba (US\$21.8 billion). Accordingly, comparing the first nine months of 2015 to the same period in 2014, the number of IPOs fell by 17% and the proceeds declined by 63% in 2015.

For more information, 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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