
IPO Watch

Europe Q1 2016



€3.5bn

IPO proceeds raised in Q1 2016 down
79% from the €16.4bn raised in Q1 2015

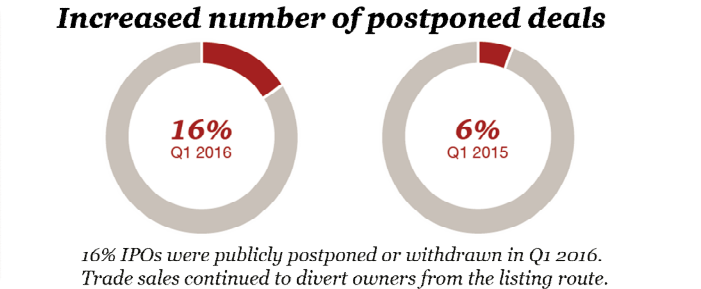
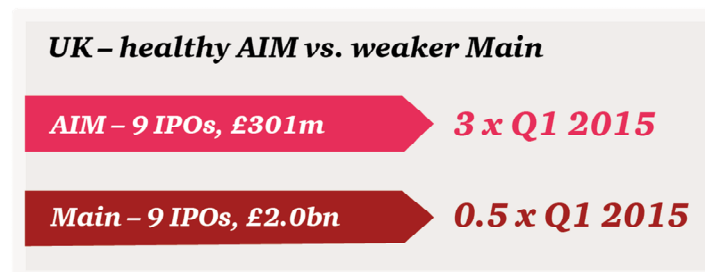
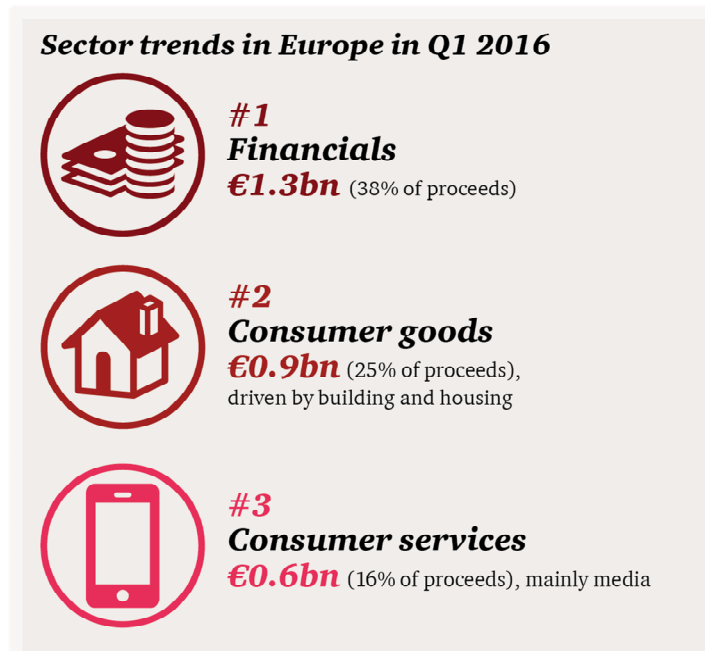
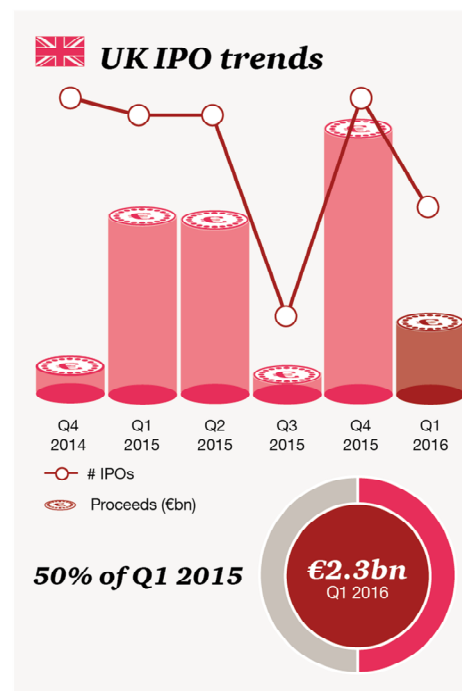
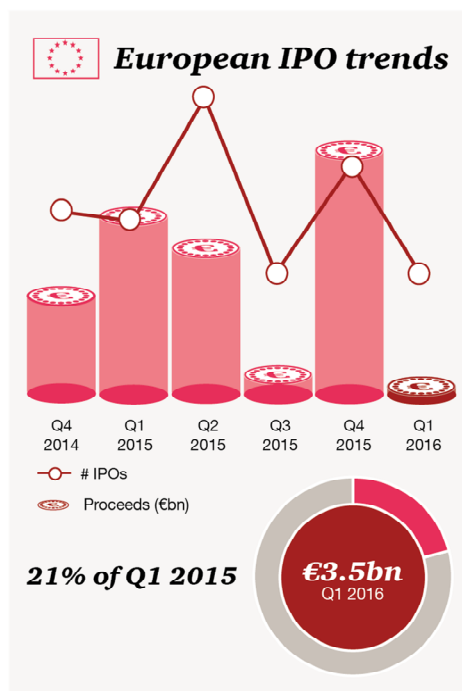
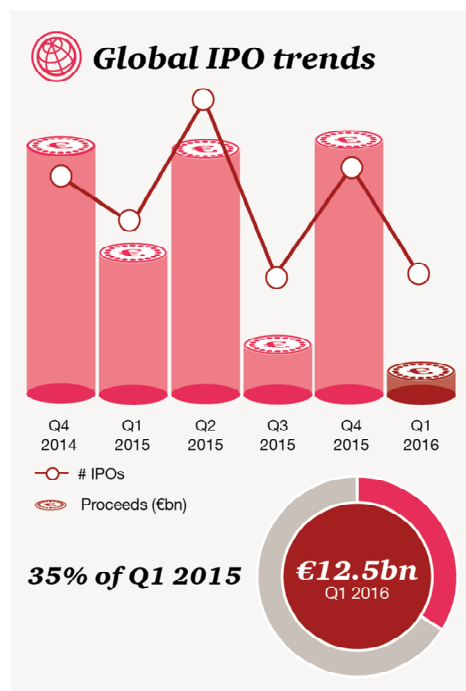
50 IPOs

in Q1 2016 across Europe, down from
82 IPOs in Q1 2015

€135m

average offering value in Q1 2016, a
decrease of 50% compared to €276m in
Q1 2015

Pause button pressed on IPO market but hopes remain for the second half of 2016



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“This quarter has proven to be challenging for IPO activity but that’s not to say we don’t see a diverse pipeline for the end of 2016 and early 2017. We expect that candidates in the financial sector, mainland European privatisations and strategic demergers will contribute their fair share to overall annual proceeds. But with the EU referendum looming, uncertainties still remain, and we do not expect to reach the €10bn mark before the summer break and this reflects a return to the levels seen in the first half of 2013, before the recent boom of the last two years.”

Mark Hughes

Partner, UK Capital Markets Leader at PwC

European IPO trends

London remained the leading exchange in a quarter with incredibly subdued IPO activity across the whole of Europe

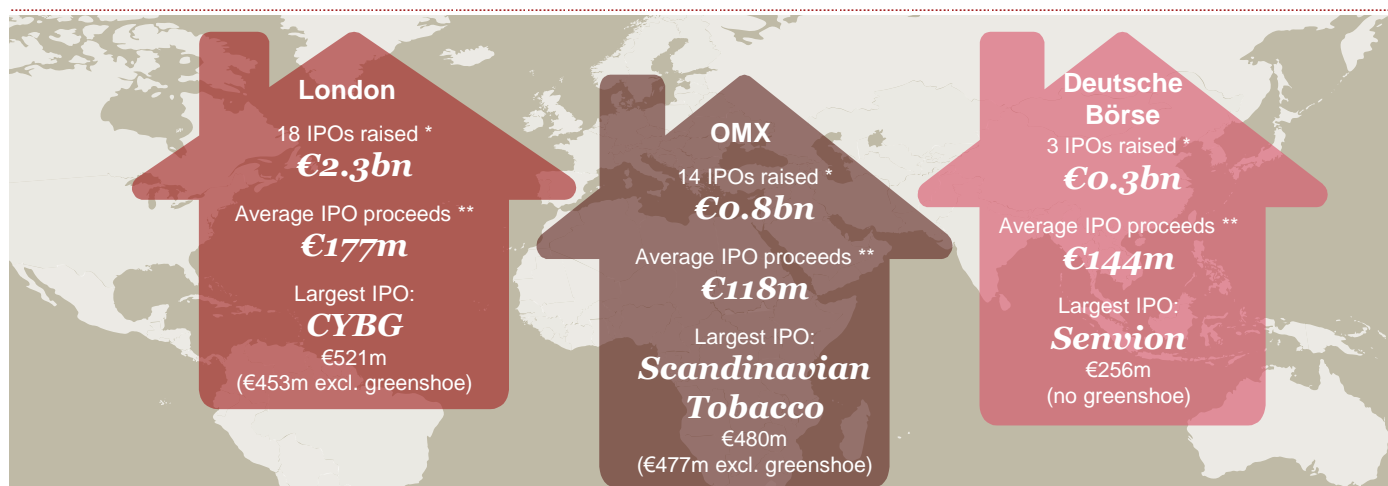
Figure 1: Quarterly European IPO activity by value and volume

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Total European listings comprise those with:					
Less than \$5m raised	17	44	20	34	23
Greater than \$5m raised	65	80	33	71	27
Total number of listings	82	124	53	105	50
Money raised excl. greenshoe (€m)	16,375	14,724	4,620	21,673	3,490
Exercised greenshoe (€m)	1,614	962	264	1,585	174
Total money raised (€m)	17,989	15,686	4,884	23,258	3,664
Average offering value (€m)*	276	196	148	327	135

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

London retained its leading position, but was not spared from the general IPO market maladies and experienced a 50% drop in activity, from already subdued levels last year. The exchange accounted for circa two-thirds of total European proceeds and was the second largest exchange globally in terms of IPO proceeds.

Figure 2: Top 3 stock exchanges in Europe in Q1 2016 (by offering value)



*Excludes greenshoe

**Average proceeds has been calculated on total proceeds including greenshoe, excluding listings raising less than \$5m

European IPO trends

IPO proceeds down by 79% compared to Q1 2015 and 84% compared to Q4 2015, after two consecutive years of buoyant IPO activity

Figure 3: Q1 European IPO activity since 2007*

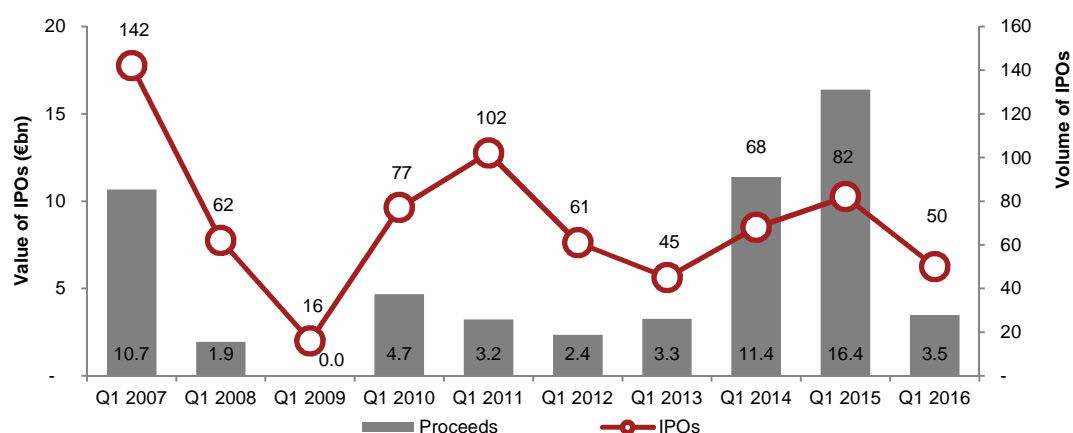
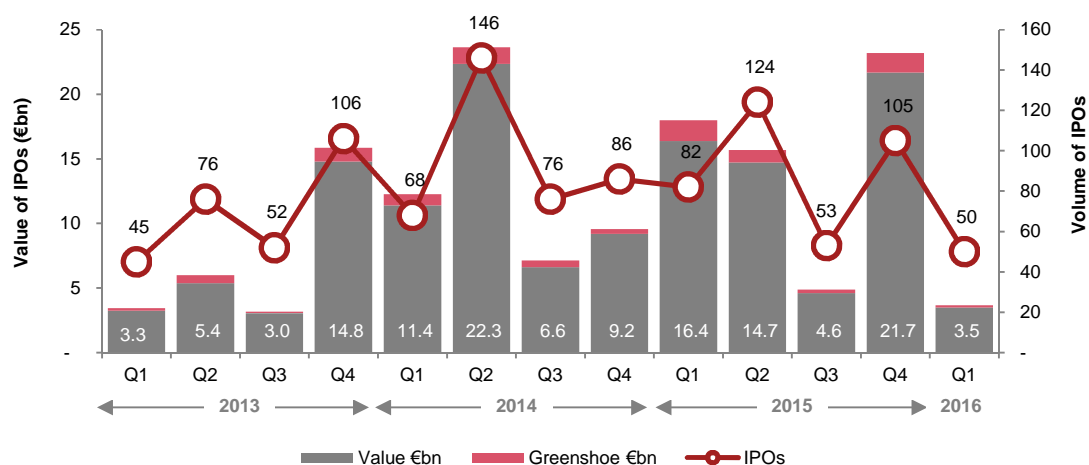


Figure 4: Quarterly European IPO activity since 2013



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

Market volatility

2016 started with tumbling indices, bottoming oil prices and spiking volatility

Figure 5: Volatility compared to IPO proceeds

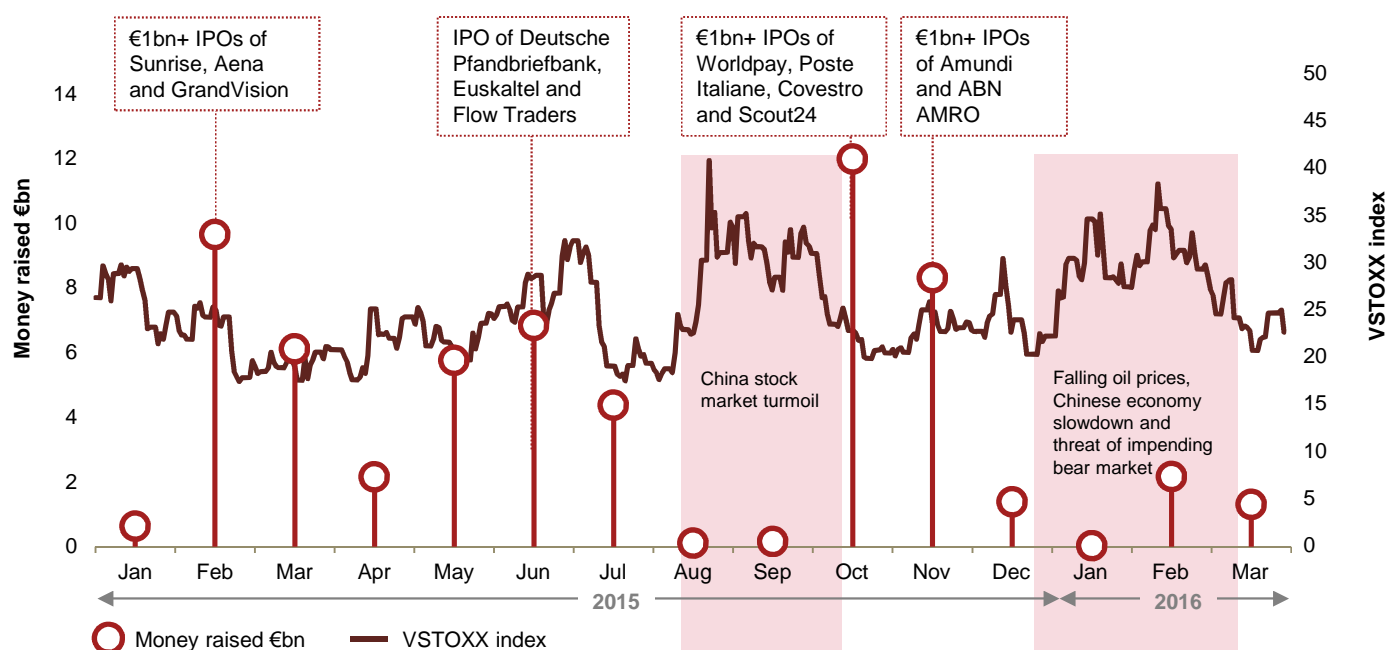
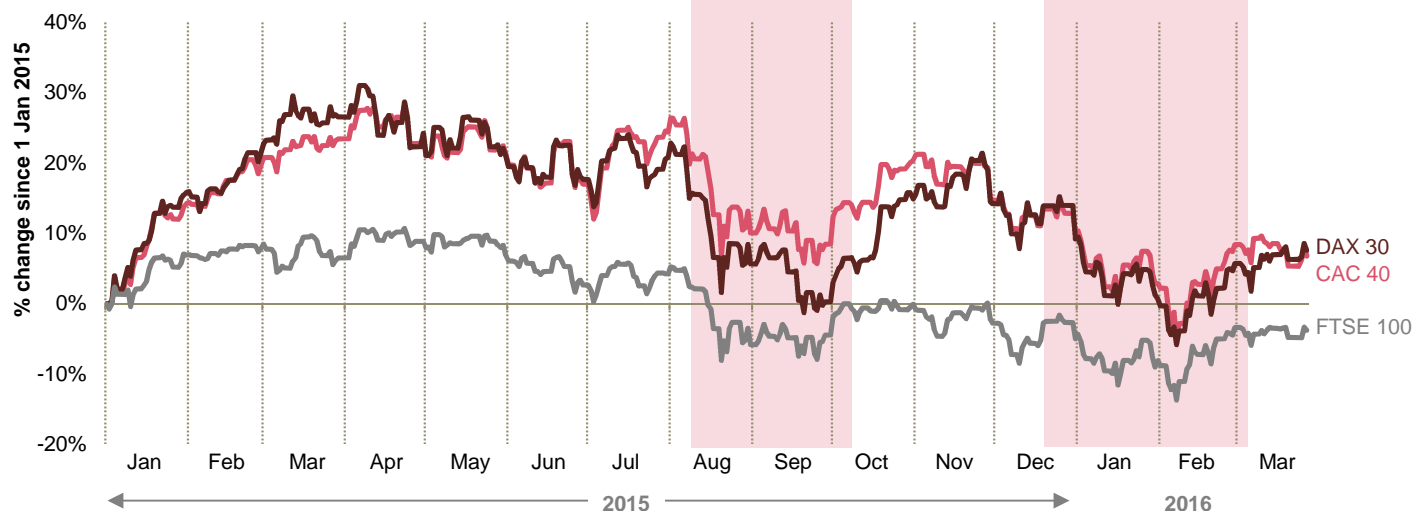


Figure 6: Historical performance of major market indices since January 2015



Source: Thomson Reuters as at 31 Mar 2016

Pricing and performance of top 5 IPOs

The top 5 IPOs have priced towards the lower end or even below their initial price range, reflecting the tough market conditions

Figure 7: Top 5 IPOs in Q1 2016

	CYBG	Metro Bank *	Scandinavian Tobacco	Countryside Properties	Ascential
Exchange	London	London	OMX	London	London
IPO date	8 February	7 March	10 February	17 February	12 February
Money raised (€m) incl. greenshoe	521	518	480	449	390
Price range	£1.75 - £2.35	Fixed price initially £24.00	DKR93.00 - DKR110.00	£2.25 - £2.75	£1.90 - £2.20
Offer price	£1.80	£20.00	DKR100	£2.25	£2.00

“The start to 2016 was a little like a game of musical statues, as the IPO market opened in fits and starts. You needed to have nerves of steel to try and execute an IPO this quarter as market volatility hampered timetables and pricing expectations. Cash rich private equity houses and corporates continued to fuel record levels of M&A activity and we saw a number of IPO candidates chose the trade sale route rather than join the public markets. Even as markets’ anxiety recedes, I would expect the trend of companies progressing down a dual track process to continue as, while more onerous for companies, this increases the chance of a deal completing.”

Viv Maclachlan

Director in the UK Capital Markets Group at PwC

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

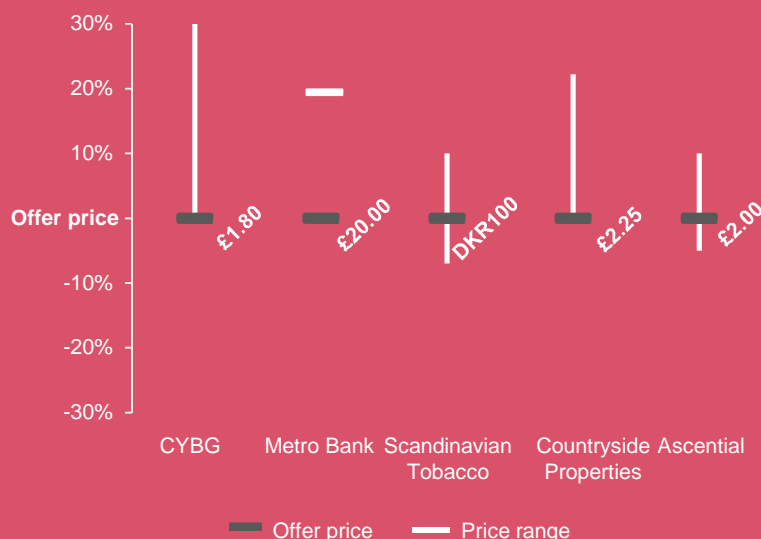
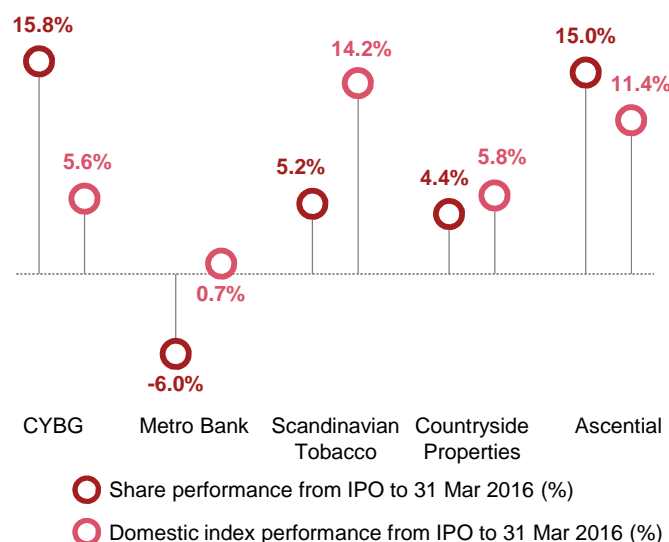


Figure 9: Performance of top 5 IPOs



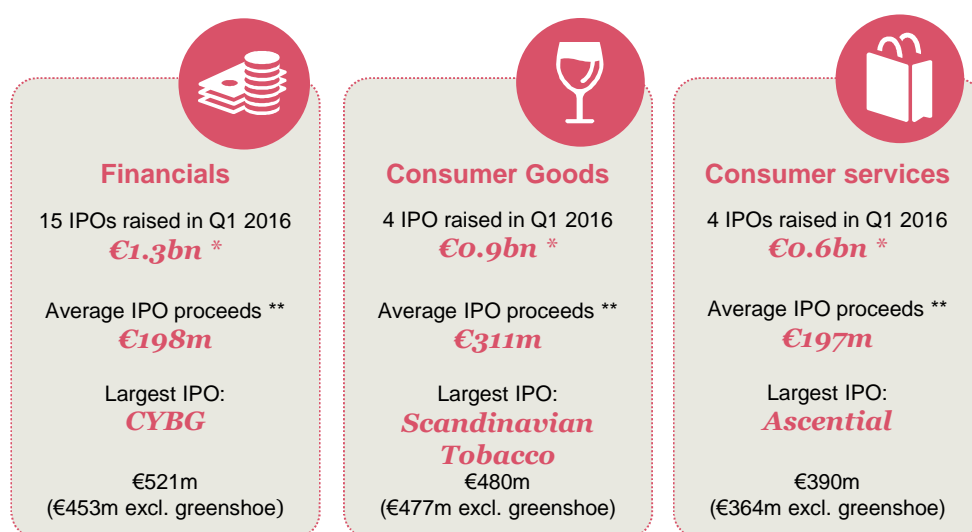
Note: Metro Bank – private placement conditional upon listing

The sector story

Financials continued to dominate in a subdued quarter where all sectors have been relatively depressed

Figure 10: IPO value by sector*

By offering value (€m)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Variance vs Q1 2015
Financials	2,402	4,479	3,216	10,403	1,323	(1,079)
Consumer Goods	1,131	923	38	1,925	872	(259)
Consumer Services	3,138	1,998	170	992	551	(2,587)
Utilities	435	5	4	-	269	(166)
Industrials	5,427	2,967	85	4,683	232	(5,195)
Health Care	1,252	709	247	763	186	(1,066)
Technology	664	888	83	1,334	46	(618)
Basic Materials	21	1	13	1,511	11	(10)
Telecommunications	1,887	2,743	764	47	-	(1,887)
Oil & Gas	18	11	-	15	-	(18)
Total	16,375	14,724	4,620	21,673	3,490	(12,885)



*Excludes greenshoe

** Average proceeds has been calculated on total proceeds including greenshoe, excluding listings raising less than \$5m

London focus - Overview

Main Market IPO proceeds and numbers fell this quarter, but AIM remained the bright spot with activity and proceeds increasing

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

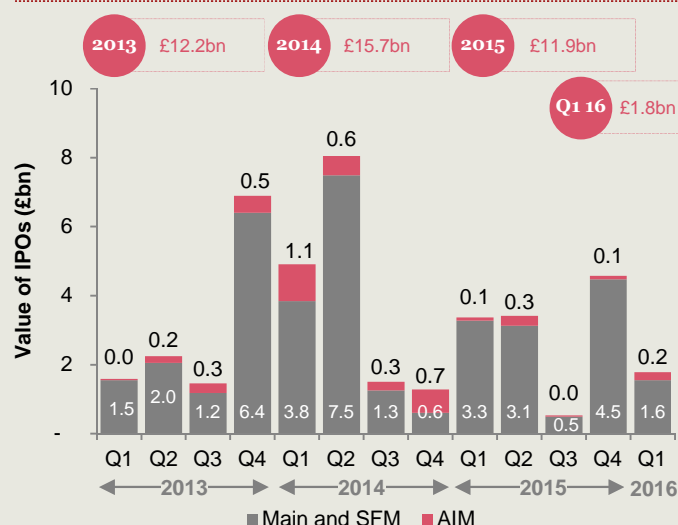


Figure 12: London IPO trends (by volume)

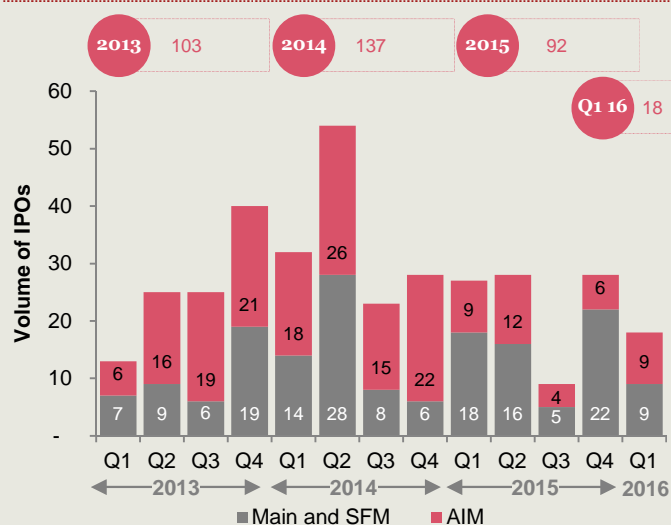


Figure 13: Top 5 UK IPOs in Q1 2016

Issuer	Proceeds (£m)		Sector	Market	PE backed
	Excl. greenshoe	Incl. greenshoe			
Metro Bank plc	400	400	Financials	Main	Yes
CYBG plc	344	396	Financials	Main	No
Countryside Properties plc	304	349	Consumer Goods	Main	Yes
Ascential plc	280	300	Consumer Services	Main	Yes
CMC Markets plc	218	218	Financials	Main	No

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

“Despite challenging market conditions, companies with strong equity stories and good management teams have successfully completed their IPOs. AIM has been a bright spot this quarter, with increased activity seen across a range of sectors, but as with the wider IPO market until there is more macroeconomic certainty and until we know the outcome of the EU referendum, it is difficult to predict when IPO activity levels will pick up again. The pipeline of companies preparing for IPOs towards the end of 2016 and into 2017 looks generally healthy, but as the IPO window begins to close as we get closer to the EU referendum and traditional summer hiatus, we expect that there will be increased volatility where people won't want to price IPOs.”

Lucy Tarleton

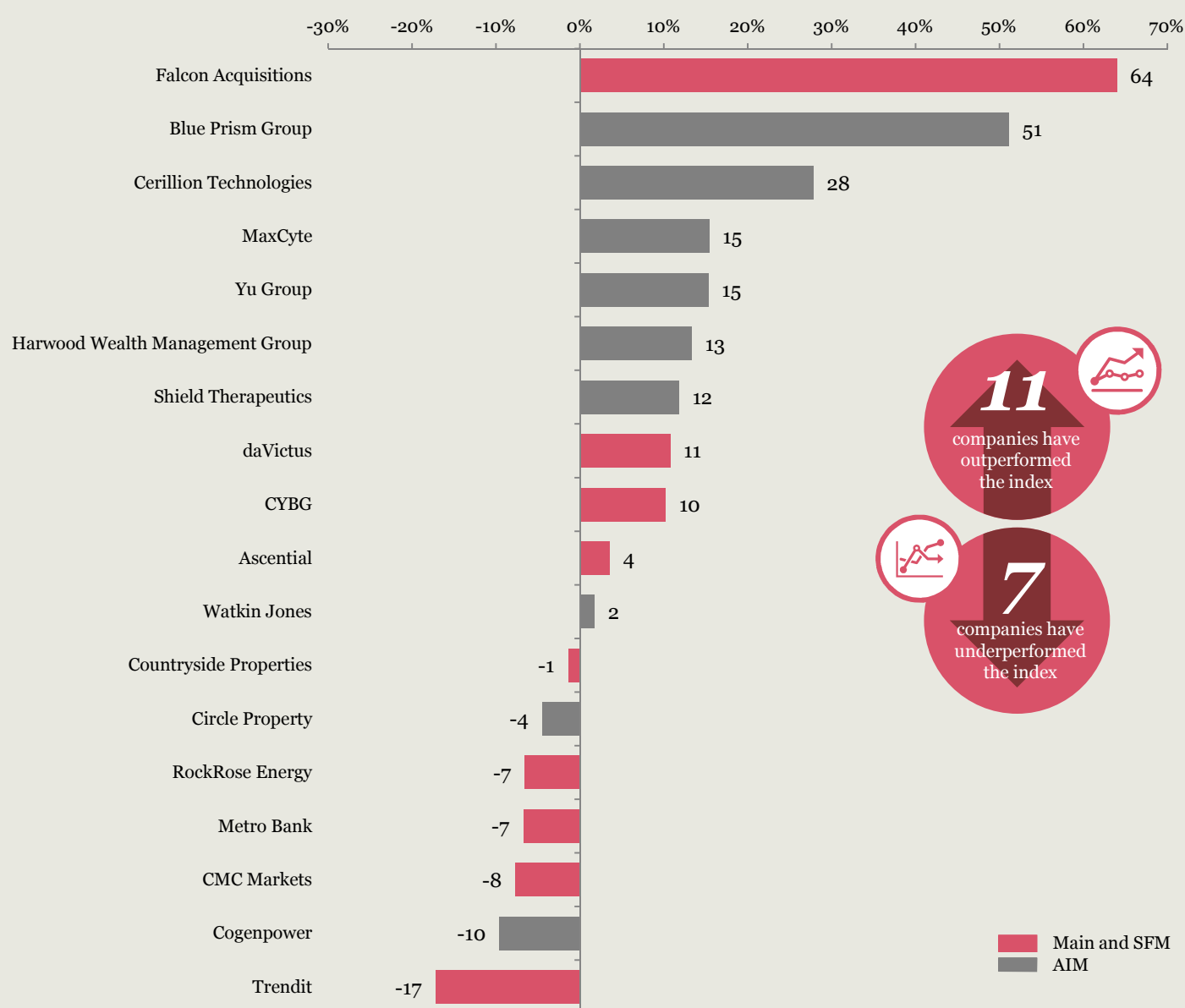
Director in the UK Capital Markets Group at PwC

*Excludes greenshoe
Source: London Stock Exchange

London focus - Relative performance of London IPOs

Recent IPOs have had a mixed performance this quarter

Figure 14: Share price performance of London IPOs relative to the FTSE all share index, from IPO to 31 March 2016 (%)



Note: 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 31 March 2016

London focus - PE trends and the sector story

PE-backed IPOs continued to represent more than 50% of UK IPO activity

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

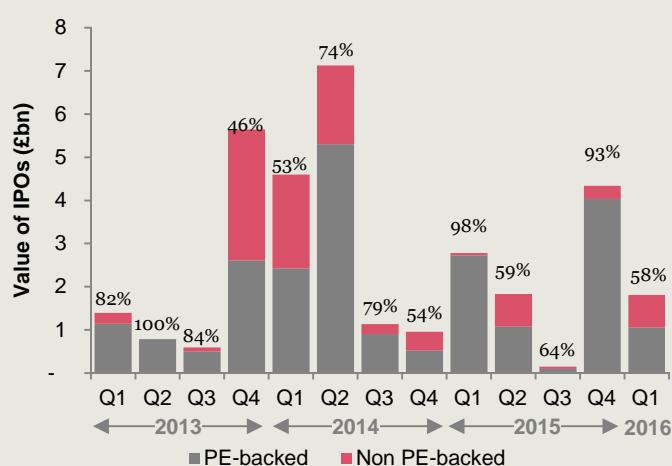


Figure 16: Volume of London PE-backed IPOs vs non PE-backed IPOs in London *

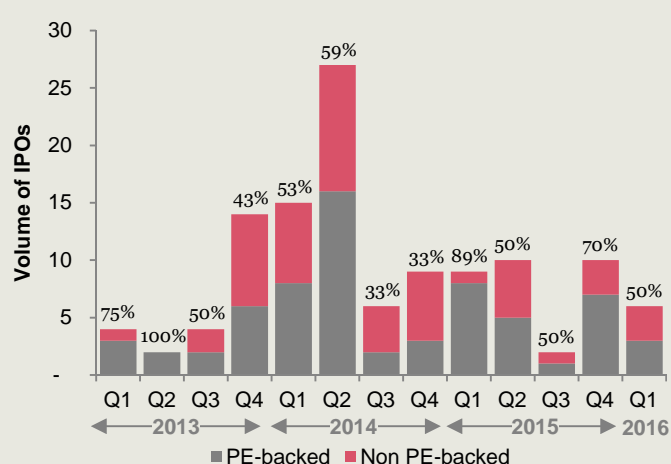


Figure 17: London IPO value by sector *

By offering value (£m)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Variance vs. Q1 2015
Financials	1,068	2,161	386	934	983	(85)
Consumer Goods	9	369	-	336	304	294
Consumer Services	1,986	78	96	258	280	(1,707)
Industrials	276	253	-	2,787	132	(144)
Health Care	15	201	-	108	42	27
Technology	3	352	54	156	35	32
Utilities	-	-	-	-	10	10
Basic Materials	10	-	-	-	-	(10)
Telecommunications	-	-	-	-	-	-
Oil & Gas	-	-	-	-	-	-
Total value (£m)	3,367	3,415	536	4,578	1,787	(1,581)

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

Global perspective

This year has been the slowest start to the year since 2009 with global IPO proceeds at €12.5bn in Q1 2016

Figure 18: Global IPO activity*

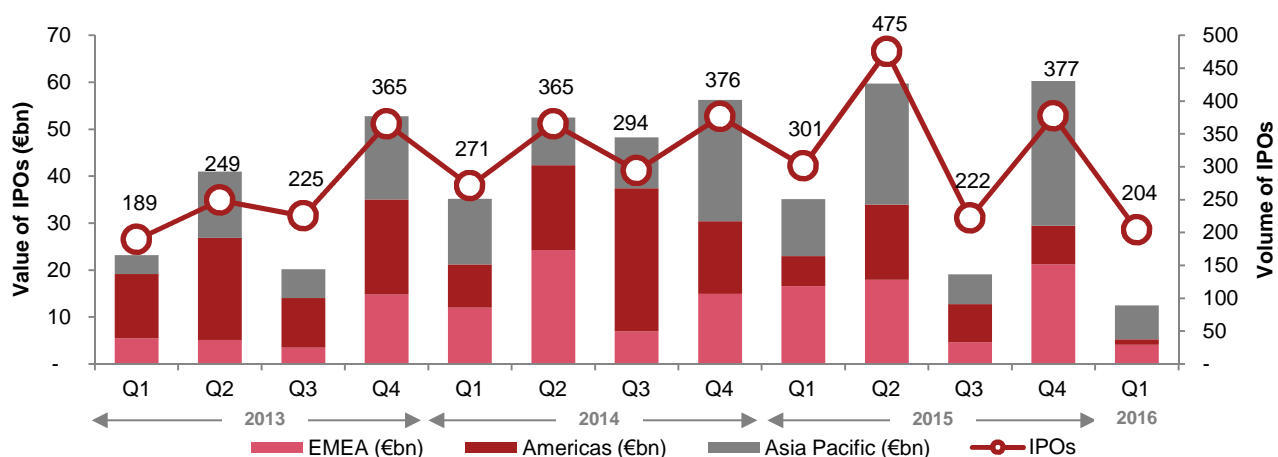


Figure 19: Top 10 global IPOs in Q1 2016

Issuer	€m (incl. greenshoe)	Exchange	Sector	Deal type
China Zheshang Bank Co	1,531	Hong Kong	Financials	-
Bank of Tianjin Co	870	Hong Kong	Financials	-
LaSalle Logiport REIT	835	Tokyo	Financials	-
CYBG	521	London	Financials	Carve-out
Metro Bank	518	London	Financials	PE-backed
Scandinavian Tobacco Group	480	OMX – Copenhagen	Consumer Goods	-
Silver Run Acquisition	461	Nasdaq	Financials	-
Countryside Properties	449	London	Consumer Goods	PE-backed
Middle East Healthcare	431	Saudi Arabia	Health Care	-
Ascential	390	London	Consumer Services	PE-backed

* Excludes greenshoe

Source: Dealogic

Appendix - IPOs by market

Appendix 1: European IPOs by market

Stock exchange	Q1 2015		Q2 2015		Q3 2015		Q4 2015		Q1 2016	
	IPOs	Value (€m)*	IPOs	Value (€m)*	IPOs	Value (€m)*	IPOs	Value (€m)*	IPOs	Value (€m)*
TOTAL										
London Stock Exchange	27	4,648	28	4,697	9	747	28	6,278	18	2,327
NASDAQ OMX	18	1,416	37	2,447	9	91	26	1,951	14	811
Deutsche Börse	3	573	7	728	5	1,539	8	3,955	3	288
Borsa Italiana	6	490	7	993	7	581	7	3,201	2	28
Warsaw	2	8	16	313	6	18	9	101	5	19
Borsa Istanbul	3	16	1	7	1	2	1	17	1	11
Euronext	13	2,637	13	2,267	7	618	13	5,706	1	3
BME (Spanish Exchange)	3	4,310	5	2,593	8	867	8	24	5	3
SIX Swiss Exchange	1	1,882	1	-	1	157	-	-	1	0
Oslo Børs & Oslo Axxess	1	57	5	587	-	-	2	434	-	-
Irish Stock Exchange	1	302	1	92	-	-	-	-	-	-
Zagreb Stock Exchange	2	36	-	-	-	-	-	-	-	-
Sofia	-	-	-	-	-	-	1	6	-	-
Prague	-	-	-	-	-	-	1	-	-	-
Bucharest	2	-	2	-	-	-	1	-	-	-
Wiener Börse	-	-	1	-	-	-	-	-	-	-
Total	82	16,375	124	14,724	53	4,620	105	21,673	50	3,490
EU-REGULATED										
London Main and SFM	18	4,529	16	4,295	5	684	22	6,132	9	2,026
NASDAQ OMX (Main)	6	1,127	11	2,107	1	26	11	1,855	5	592
Deutsche Börse (Prime and General Standard)	2	573	6	728	4	1,539	7	3,946	3	288
Warsaw (Main)	1	7	5	308	1	18	7	101	1	17
SIX Swiss Exchange	1	1,882	1	-	1	157	-	-	1	-
Euronext	9	2,587	9	2,250	4	599	6	5,679	-	-
Borsa Italiana (Main)	2	468	2	924	4	517	2	3,091	-	-
Oslo Børs	1	57	2	529	-	-	2	434	-	-
Sofia	-	-	-	-	-	-	1	6	-	-
BME (Spanish Exchange) (Main)	2	4,310	3	2,588	1	764	1	-	-	-
Prague	-	-	-	-	-	-	1	-	-	-
Irish Stock Exchange (Main)	1	302	1	92	-	-	-	-	-	-
Wiener Börse	-	-	1	-	-	-	-	-	-	-
Zagreb Stock Exchange	2	36	-	-	-	-	-	-	-	-
EU-regulated sub-total	45	15,878	57	13,821	21	4,304	60	21,244	19	2,923
EXCHANGE-REGULATED										
London AIM	9	119	12	402	4	63	6	146	9	301
NASDAQ OMX (First North)	12	289	26	340	8	65	15	96	9	219
Borsa Italiana (AIM)	4	22	5	69	3	64	5	110	2	28
Borsa Istanbul	3	16	1	7	1	2	1	17	1	11
BME (Spanish Exchange) (MAB)	1	-	2	5	7	103	7	24	5	3
Euronext (Alternext)	4	50	4	17	3	19	7	27	1	3
Warsaw (NewConnect)	1	1	11	5	5	-	2	-	4	2
Deutsche Börse (Entry Standard)	1	-	1	-	1	-	1	9	-	-
Bucharest (AeRO)	2	-	2	-	-	-	1	-	-	-
Oslo Axxess	-	-	3	58	-	-	-	-	-	-
Exchange-regulated sub-total	37	497	67	903	32	316	45	429	31	567
Europe total	82	16,375	124	14,724	53	4,620	105	21,673	50	3,490

* Excludes greenshoe

Appendix - Exchange activity by value

Appendix 2: IPO offering value by stock exchange*

Stock exchange offering value (€m)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
London Stock Exchange	4,648	4,697	747	6,278	2,327
NASDAQ OMX	1,416	2,447	91	1,951	811
OMX Copenhagen	168	-	-	-	477
OMX Stockholm	1,040	2,268	61	1,847	317
OMX Helsinki	208	114	30	57	17
OMX Vilnius	-	-	-	-	-
OMX Iceland	-	65	-	47	-
OMX Tallinn	-	-	-	-	-
Deutsche Börse	573	728	1,539	3,955	288
Borsa Italiana	490	993	581	3,201	28
Warsaw	8	313	18	101	19
Borsa Istanbul	16	7	2	17	11
Euronext	2,637	2,267	618	5,706	3
Euronext Paris	909	1,999	64	1,748	3
Euronext Amsterdam	1,696	-	554	3,863	-
Euronext Brussels	32	268	-	95	-
Euronext Lisbon	-	-	-	-	-
BME (Spanish Exchange)	4,310	2,593	867	24	3
SIX Swiss Exchange	1,882	-	157	-	-
Oslo Børs & Oslo Axess	57	587	-	434	-
Sofia	-	-	-	6	-
Irish Stock Exchange	302	92	-	-	-
Zagreb Stock Exchange	36	-	-	-	-
Bucharest Stock Exchange	-	-	-	-	-
Wiener Börse	-	-	-	-	-
Prague Stock Exchange	-	-	-	-	-
Total	16,375	14,724	4,620	21,673	3,490

*Excludes greenshoe

Appendix - Exchange activity by volume

Appendix 3: IPO volume by stock exchange

Stock exchange offering volume	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
London Stock Exchange	27	28	9	28	18
NASDAQ OMX	18	37	9	26	14
OMX Copenhagen	1	-	-	1	1
OMX Stockholm	14	30	7	21	10
OMX Helsinki	3	3	2	3	2
OMX Vilnius	-	1	-	-	1
OMX Iceland	-	2	-	1	-
OMX Tallinn	-	1	-	-	-
Deutsche Börse	3	7	5	8	3
Borsa Italiana	6	7	7	7	2
Warsaw	2	16	6	9	5
Borsa Istanbul	3	1	1	1	1
Euronext	13	13	7	13	1
Euronext Paris	9	10	5	8	1
Euronext Amsterdam	3	-	2	3	-
Euronext Brussels	1	3	-	2	-
Euronext Lisbon	-	-	-	-	-
BME (Spanish Exchange)	3	5	8	8	5
SIX Swiss Exchange	1	1	1	-	1
Oslo Børs & Oslo Axess	1	5	-	2	-
Sofia	-	-	-	1	-
Irish Stock Exchange	1	1	-	-	-
Zagreb Stock Exchange	2	-	-	-	-
Bucharest Stock Exchange	2	2	-	1	-
Wiener Börse	-	1	-	-	-
Prague Stock Exchange	-	-	-	1	-
Total	82	124	53	105	50



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 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 January and 31 March 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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