

## IPO Watch Europe Survey Q3 2009 (July – September): Full Analysis

IPO Watch Europe, the PricewaterhouseCoopers survey tracking the volume and value of IPOs around Europe, shows some signs of improvement in the value of IPOs in the third quarter of 2009 against what can only be described as dismal comparative periods, including the second quarter of 2009 and the third quarter of 2008.

Typically lower IPO activity occurs over the summer break which tends to result in the third quarter underperforming the second quarter of the year. This year however, there has been an increase in both the volume and value of IPOs in the third quarter with 44 IPOs raising €1,799m across Europe compared to 28 IPOs raising just €456m in the second quarter of 2009. This increase in activity must be seen in the context of the events of the first half of the year where a combination of economic downturn and huge secondary offerings by listed companies dominated the capital markets. While secondary offerings have continued into the third quarter of 2009, these have been at a far lower rate when compared to the first half of the year.

The comparatively low volume and value of IPOs when compared to periods prior to the economic downturn illustrates the continued impact of the investor's loss of confidence in the capital markets. The volume and value of IPOs in the third quarter of 2009 represents just 24% and 14%, respectively, of the IPO activity seen in the third quarter, of what was the last strong year of IPOs, 2007.

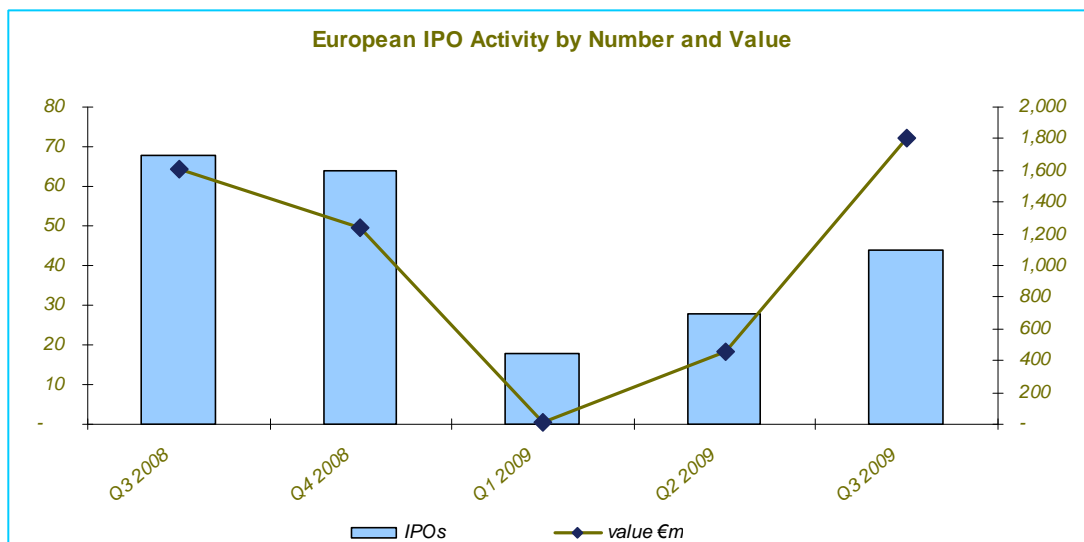
The number of IPOs in the third quarter of 2009 has fallen 35% when compared to the same quarter in the previous year (68 in the third quarter of 2008 compared to 44 in the current quarter), however the value of IPOs has increased by 12% against the same comparative period. This has resulted from significant increases in the average amount of new money raised this quarter when compared to both the third quarter of 2008 and second quarter of 2009 (67% and 162% respectively). Notably, the largest five IPOs during the quarter accounted for 81% of the total money raised during Q3 2009, leaving just €343m raised by the remaining 39.

IPOs across the main European exchanges this quarter have been dominated by listings of international companies, with money raised by non-European companies accounting for 97% of the total. There was a total of 13 IPOs by international companies raising a combined amount of €1,746m. It is interesting to note the IPOs by non-European companies have been dominated by Global Depositary Receipt (GDR)<sup>1</sup> offerings. In total there were eight GDR offerings this quarter raising a total of €1,596m.

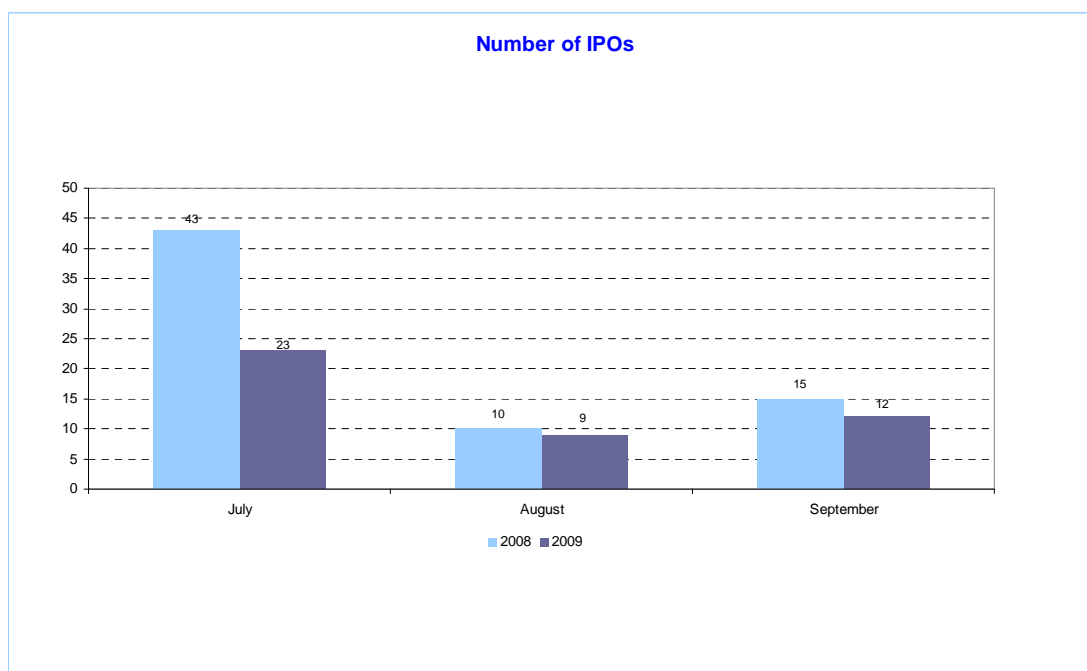
Looking to the future it is difficult to make firm predictions against what remains a fragile economic background, but with investor sentiment appearing to improve and with a pent up supply of private equity portfolio companies considering an IPO exit, we continue to believe that there will be a substantial pick-up in IPO activity in first half of 2010.

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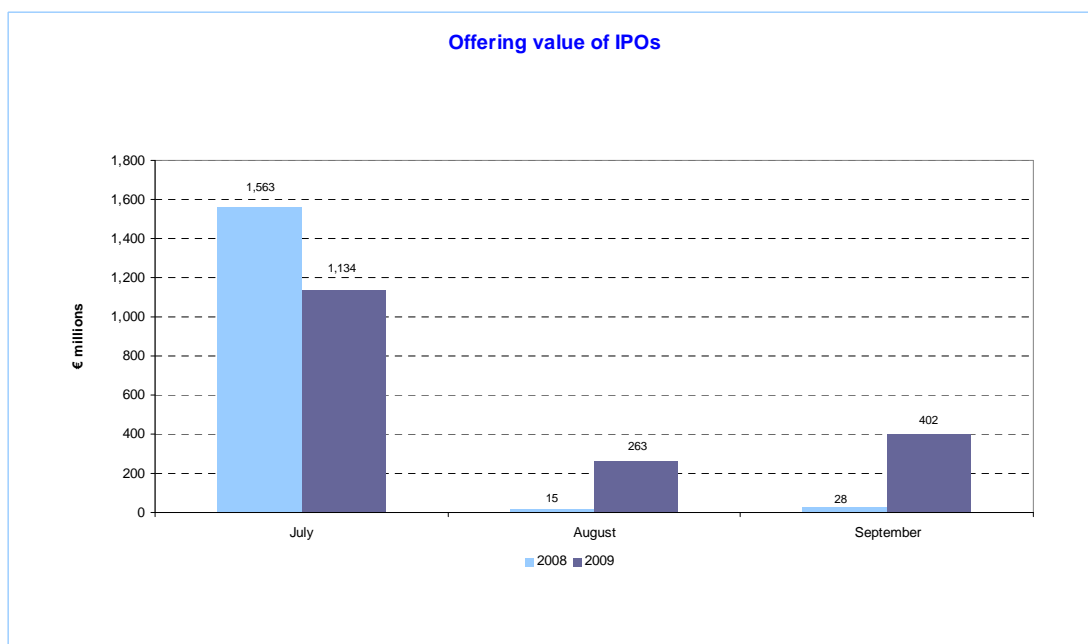
<sup>1</sup> The term GDR offering has been used to refer to both GDR and Global Depositary Share offerings



There were 44 IPOs on the European exchanges in the third quarter of 2009, a fall of 35% compared with the same period in 2008 which saw 68 IPOs. The volume of IPOs increased compared with the second quarter of 2009 which saw only 28 IPOs.



The total offering value of IPOs on the European markets in the third quarter of 2009 was €1,799m, a modest increase compared with the €1,606m raised in the third quarter of 2008. The largest IPO of the quarter, raising €424m, was the GDR offering of Rushydro, a Russian power generation company, which is comparable in terms of offering value to the largest IPO in the same quarter last year, that of Commercial Bank of Qatar which raised €444m.



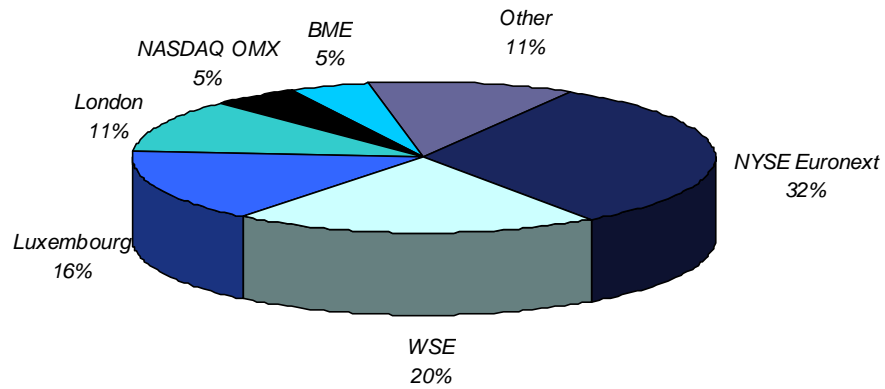
The average offering value for European IPOs raising new money increased by 67% to €55m this quarter compared with €33m in the same period last year. There was also a marked increase compared to the average of €21m achieved in the second quarter of 2009.

|   | Q3 2009   | Q3 2008   | Q2 2009   |
|---|-----------|-----------|-----------|
| Total European listings comprise those with:  |           |           |           |
| - No money raised   | 11        | 20        | 6         |
| - Money raised  | 33        | 48        | 22        |
| <b>Average offering value (€m)</b>  | <b>55</b> | <b>33</b> | <b>21</b> |
| Average offering value has been calculated based on total offering value over the number of listings raising money. |           |           |           |

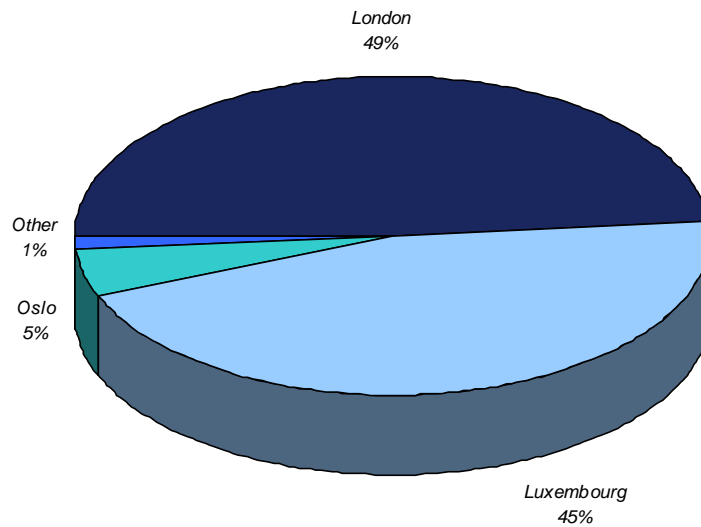
This quarter, London was the largest market in terms of money raised with €873m from five IPOs. NYSE Euronext was the largest market this quarter in terms of volume with 14 IPOs although these raised a combined amount of less than €1m.

The largest IPO this quarter, being Rushydro, was a GDR offering hosted by London's Main market and raised €424m. The second largest IPO this quarter was a GDR offering by Tata Steel, an Indian steel production company which listed on London's PSM market raising €355m. The third largest IPO was a GDR offering by Shin Kong Financial Holding Co., a Taiwan based insurance company, which listed on Luxembourg's EuroMTF market raising €266m. The fourth largest IPO was a GDR offering by the Taiwanese technology company, Epistar Corporation, which listed on the EuroMTF market in Luxembourg raising €210m. The fifth position is held by KGI Securities Co. a Taiwan financial services company, which also listed GDRs onto Luxembourg's EuroMTF market raising €201m. The third quarter of 2009 saw the first listing on the BME (Spanish Exchanges) Mercado Alternativo Bursátil (MAB) market which was established in March 2008 and has been modelled on London's AIM market.

### Total - by number



### Total - by value



### International listings on European markets

The European markets have continued to attract non-European companies. There were 13 IPOs by non-European companies in the quarter raising €1,746m. This represents an increase in both volume and offering value from the second quarter of 2009 when there were eight international IPOs raising just €24m. The activity of non-European companies compared to the same quarter in the previous year is consistent with the overall trend with volume

decreased from 21 international IPOs, however the offering value increased from €915m in the third quarter of 2008.

The money raised by non-European companies represented 97% of the total in the third quarter of 2009, compared to 57% in the third quarter of 2008. Non-European companies chose London, Luxembourg, Oslo and NYSE Euronext as their destination.

The majority of the IPOs by non-European companies in the quarter related to GDR offerings. In total there were eight GDR offerings this quarter raising a total of €1,596m, representing 91% of the total money raised by international companies.

London attracted two GDR offerings, a Russian power generation company which listed on its Main market, and an Indian steel producer which listed on its PSM market. Additionally, London attracted two other international companies, an Indian based wind-farm company which listed on its AIM market, and a Jersey domiciled investment company which listed on its Main market.

Luxembourg hosted six international IPOs during the quarter, two Indian GDR offerings and four GDR offerings from Taiwan.

Oslo Axess attracted one Dubai-based specialised shipping company, which raised €84m.

NYSE Euronext hosted two non-European IPOs on its Marché Libre market, a Hong Kong food and beverage company and an airline company operating flights in Guyana and the Antilles, neither of which raised any funds.

## **Analysis of European Exchanges**

| Stock Exchange                      | IPOs Q3-2009 | Offering Value (€m) Q3-2009 | IPOs Q3-2008 | Offering Value (€m) Q3-2008 | IPOs Q2-2009 | Offering Value (€m) Q2-2009 |
|-------------------------------------|--------------|-----------------------------|--------------|-----------------------------|--------------|-----------------------------|
| <b>TOTAL</b>                        |              |                             |              |                             |              |                             |
| London                              | 5            | 873                         | 19           | 945                         | 3            | 258                         |
| Luxembourg                          | 7            | 817                         | 4            | 40                          | 4            | 22                          |
| Oslo Bors & Oslo Axess              | 1            | 84                          | 2            | 19                          | -            | -                           |
| Athens Stock Exchange               | 1            | 10                          | -            | -                           | -            | -                           |
| WSE                                 | 9            | 8                           | 13           | 14                          | 7            | 126                         |
| BME (Spanish Exchanges)             | 2            | 7                           | 1            | 292                         | -            | -                           |
| NYSE Euronext                       | 14           | -                           | 20           | 260                         | 6            | 1                           |
| NASDAQ OMX                          | 2            | -                           | 3            | 15                          | 2            | 28                          |
| SIX Swiss Exchange                  | 1            | -                           | 2 (2)        | 12 (2)                      | 1            | -                           |
| Borsa Italiana                      | 1            | -                           | 2            | 9                           | 2            | 16                          |
| Deutsche Börse                      | 1            | -                           | 2            | -                           | 3            | 5                           |
| ISE                                 | -            | -                           | 1 (2)        | (2)                         | -            | -                           |
| Wiener Börse                        | -            | -                           | -            | -                           | -            | -                           |
| <b>Europe Total</b>                 | <b>44</b>    | <b>1,799</b>                | <b>68</b>    | <b>1,606</b>                | <b>28</b>    | <b>456</b>                  |
| <b>EU REGULATED</b>                 |              |                             |              |                             |              |                             |
| London (Main)                       | 2            | 479                         | 9            | 837                         | -            | -                           |
| Athens Stock Exchange               | 1            | 10                          | -            | -                           | -            | -                           |
| WSE (Main)                          | 1            | 4                           | 3            | 2                           | 3            | 125                         |
| BME (Spanish Exchanges) (Main)      | 1            | -                           | 1            | 292                         | -            | -                           |
| NASDAQ OMX (Main)                   | 1            | -                           | 2            | 15                          | 1            | 28                          |
| SIX Swiss Exchange                  | 1            | -                           | 2 (2)        | 12 (2)                      | 1            | -                           |
| NYSE Euronext (Euronext)            | -            | -                           | 4            | 250                         | 1            | -                           |
| Borsa Italiana (Main)               | -            | -                           | 2            | 9                           | -            | -                           |
| Oslo Bors                           | -            | -                           | 1            | -                           | -            | -                           |
| ISE                                 | -            | -                           | 1 (2)        | (2)                         | -            | -                           |
| Luxembourg                          | -            | -                           | -            | -                           | -            | -                           |
| Deutsche Börse                      | -            | -                           | -            | -                           | -            | -                           |
| Wiener Börse                        | -            | -                           | -            | -                           | -            | -                           |
| <b>EU regulated sub-total</b>       | <b>7</b>     | <b>493</b>                  | <b>24</b>    | <b>1,417</b>                | <b>6</b>     | <b>153</b>                  |
| <b>EXCHANGE REGULATED</b>           |              |                             |              |                             |              |                             |
| Luxembourg (EuroMTF)                | 7            | 817                         | 4            | 40                          | 4            | 22                          |
| London (PSM)                        | 1            | 355                         | -            | -                           | -            | -                           |
| Oslo Axess                          | 1            | 84                          | 1            | 19                          | -            | -                           |
| London (AIM)                        | 2            | 39                          | 10           | 108                         | 2            | 228                         |
| BME (Spanish Exchanges) (MAB)       | 1 (1)        | 7 (1)                       | -            | -                           | -            | -                           |
| WSE (NewConnect)                    | 8            | 4                           | 10           | 12                          | 4            | 1                           |
| NYSE Euronext (Marche Libre)        | 13           | -                           | 14           | 1                           | 5            | 1                           |
| NYSE Euronext (Alternext)           | 1            | -                           | 2            | 9                           | -            | -                           |
| Deutsche Börse (Entry Standard)     | 1            | -                           | 2            | -                           | 3            | 5                           |
| NASDAQ OMX (First North)            | 1            | -                           | 1            | -                           | 1            | -                           |
| Borsa Italiana (AIM)                | 1            | -                           | -            | -                           | 2 (3)        | 16 (3)                      |
| London (SFM)                        | -            | -                           | -            | -                           | 1            | 30                          |
| ISE (IEX)                           | -            | -                           | -            | -                           | -            | -                           |
| <b>Exchange regulated sub-total</b> | <b>37</b>    | <b>1,306</b>                | <b>44</b>    | <b>189</b>                  | <b>22</b>    | <b>303</b>                  |
| <b>Europe Total</b>                 | <b>44</b>    | <b>1,799</b>                | <b>68</b>    | <b>1,606</b>                | <b>28</b>    | <b>456</b>                  |

(1) The BME Alternative market opened in March 2008 with the first IPO listing during Q3-2009.  
(2) Aryza dual listed on ISE (Main Market) and SIX Swiss Exchange with no money raised.  
(3) Borsa Italiana AIM market opened in December 2008 with the first two IPOs listing during Q2-2009.

Note: IPOs by market are shown gross of dual listings; however these are netted off in the Europe total number and offering values.

In the third quarter London continues to lead in terms of IPO value, raising €873m from five IPOs, two of which were on its Main market, two on its AIM market and one on its PSM market. This compares with €945m raised from 19 IPOs in the same quarter of 2008, falls of 8% and 74% respectively. London's share of the European IPO market by value fell from 59% in the third quarter 2008 to 49% in Q3 2009. London hosted the largest IPO of the quarter, that of Rushydro, a Russian power generation company, which raised €424m.

It is worth noting the significantly reduced IPO activity on London's Main Market this quarter, which saw two IPOs raising €479m, compared to 9 IPOs raising €837m in the same quarter of the previous year. Additionally, activity on London's AIM market continued to be lower than in the previous year with just two IPOs raising €39m, compared to 10 IPOs raising €108m in the third quarter of 2008.

Luxembourg was the second largest exchange this quarter in terms of IPO value, hosting seven IPOs which raised a total of €817m, a large increase in both volume and money raised compared with the same quarter of 2008 which saw four IPOs raising a total of just €40m. Six of the seven IPOs in Luxembourg were GDR offerings by international companies, two from India and four from Taiwan. In addition Luxembourg also hosted one equity offering during the quarter which did not raise any funds. Luxembourg continues to remain a dominate market favourite in terms of international companies issuing GDRs in Europe.

Oslo Axess was the third largest exchange in terms of IPO value this quarter hosting one IPO which raised a total of €84m, compared with two IPOs raising €19m in the third quarter of 2008.

The Athens Stock Exchange was the fourth largest exchange in terms of IPO value this quarter hosting one IPO which raised €10m. This is the first IPO on the Athens Stock Exchange since the fourth quarter of 2007.

The WSE was the fifth largest exchange in terms of IPO value and the second largest in terms of IPO volume with nine IPOs raising €8m. All but one of these IPOs were on the WSE's NewConnect market.

BME (Spanish Exchanges) hosted two IPOs this quarter, one on its Main market which did not raise any money, together with the first listing on its Mercado Alternativo Bursátil (MAB) market which was established in March 2008 and has been modelled on London's AIM market. That IPO raised €7m.

NYSE Euronext was the largest exchange in terms of volume with 14 IPOs in the third quarter of 2009, which together raised less than €1m. This activity is considerably lower compared to the third quarter of 2008 which saw 20 IPOs raising €260m.

NASDAQ OMX hosted two IPOs this quarter, one on the Main Market and one on the First North market, neither of which raised any money.

The SIX Swiss Exchange, Borsa Italiana and Deutsche Börse each hosted one IPO which did not raise any funds.

The Wiener Börse and the ISE had no IPO activity this quarter.

## Sector Breakdown

The most active sectors by number of IPOs this quarter were the Industrial Goods and Services sector with six IPOs and the Technology and Utilities sectors, both of which had five IPOs each. The activity in these sectors represents a decrease from 10 and eight IPOs, in the Industrial Goods and Services and Technology sectors respectively, in the same quarter of 2008. The Utilities sector saw an increase from four IPOs in the third quarter of 2008. When compared to the second quarter of 2009, there was a decrease from the 10 IPOs in the Industrial Goods and Services sector, and an increase from nil and one IPOs, respectively, in the Technology and Utilities sectors.

Those sectors which have shown the largest decreases since the third quarter of 2008 have been Investment Companies, which fell from nine IPOs in the third quarter of 2008 to three in the third quarter of 2009, and Oil and Gas, which fell from six IPOs in the third quarter of 2008 to one in the current quarter. The Pharmaceuticals and Biotech sector has shown the largest increase when compared to the third quarter of 2008.

| Sector                      | Company<br>IPOs Q3-<br>2009 | Company<br>IPOs Q3-<br>2008 | Company<br>IPOs Q2-<br>2009 |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Industrial Goods & Services | 6                           | 10                          | 10                          |
| Technology                  | 5                           | 8                           | -                           |
| Utilities                   | 5                           | 4                           | 1                           |
| Construction & Materials    | 4                           | 1                           | 2                           |
| Pharmaceuticals & Biotech   | 4                           | -                           | 2                           |
| Investment Companies        | 3                           | 9                           | 3                           |
| Media                       | 3                           | 5                           | -                           |
| Financial Services          | 2                           | 5                           | 4                           |
| Real Estate                 | 2                           | 2                           | 2                           |
| Retail                      | 2                           | 2                           | 2                           |
| Food & Beverage             | 2                           | 2                           | -                           |
| Oil & Gas                   | 1                           | 6                           | -                           |
| Personal & Household Goods  | 1                           | 2                           | -                           |
| Travel & Leisure            | 1                           | 2                           | -                           |
| Chemicals                   | 1                           | 1                           | -                           |
| Basic Resources             | 1                           | -                           | -                           |
| Insurance                   | 1                           | -                           | -                           |
| Telecommunications          | -                           | 3                           | -                           |
| Mining                      | -                           | 3                           | 2                           |
| Banks                       | -                           | 2                           | -                           |
| Health Care                 | -                           | 1                           | -                           |
| Automobiles & Parts         | -                           | -                           | -                           |
| <b>Total</b>                | <b>44</b>                   | <b>68</b>                   | <b>28</b>                   |

## The US Exchanges

In the third quarter of 2009 the US exchanges saw an increase in IPO activity with 20 IPOs raising €4,016m, compared with 11 IPOs raising €935m in the third quarter of 2008, an increase of 82% in the volume and an increase in offering value of over four times.

The US attracted five international IPOs, four of which are from China and one from Hong Kong, which together raised €778m.

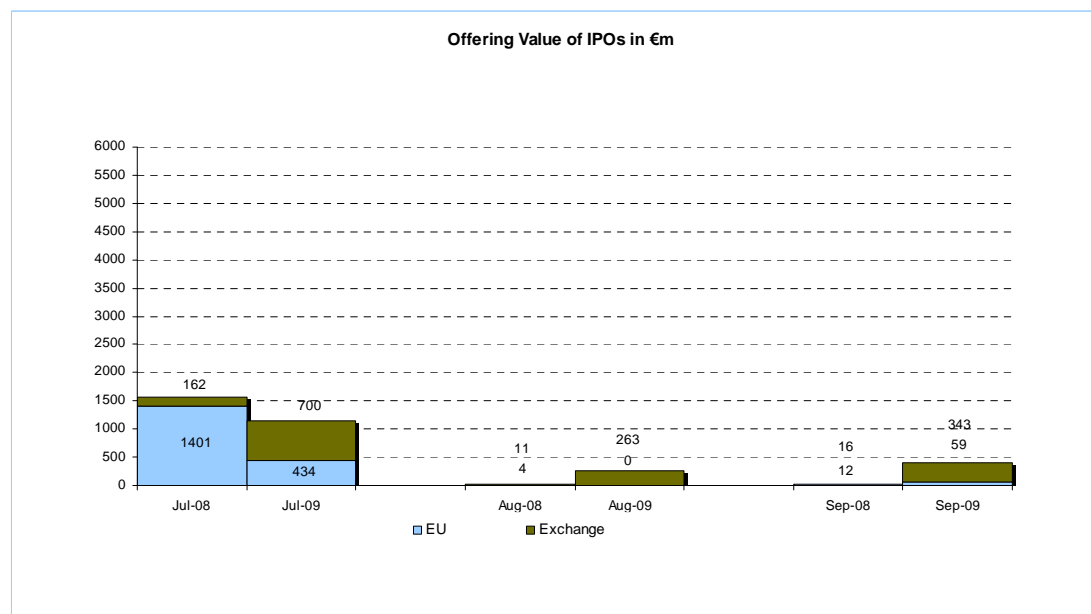
| Stock Exchange  | IPOs Q3-2009 | Offering Value (€m) Q3-2009 | IPOs Q3-2008 | Offering Value (€m) Q3-2008 | IPOs Q2-2009 | Offering Value (€m) Q2-2009 |
|-----------------|--------------|-----------------------------|--------------|-----------------------------|--------------|-----------------------------|
| NYSE            | 8            | 2,151                       | 1            | 125                         | 9            | 958                         |
| NASDAQ          | 12           | 1,865                       | 7            | 707                         | 3            | 198                         |
| NYSE Amex       | -            | -                           | 3            | 103                         | -            | -                           |
| <b>US Total</b> | <b>20</b>    | <b>4,016</b>                | <b>11</b>    | <b>935</b>                  | <b>12</b>    | <b>1,156</b>                |

## Russia

Russia saw no IPO activity this quarter. This compared to six IPOs in the third quarter of 2008, none of which raised any money.

## Additional data tables

### Split between EU-regulated and Exchange-regulated markets



### Five Largest IPOs

| Five largest IPOs of Q3 2009    |           |                            |            |
|---------------------------------|-----------|----------------------------|------------|
|                                 | €m raised | Sector                     | Market     |
| Rushydro                        | 424       | Utilities                  | London     |
| Tata Steel                      | 355       | Construction and Materials | London     |
| Shin Kong Financial Holding Co. | 266       | Insurance                  | Luxembourg |
| Epistar Corporation             | 210       | Technology                 | Luxembourg |
| KGI Securities Co.              | 201       | Financial Services         | Luxembourg |

| Five largest IPOs of Q3 2008           |           |                    |              |
|--|-----------|--------------------|--------------|
|  | €m raised | Sector             | Market       |
| Commercial Bank of Qatar               | 444       | Banks              | London       |
| Global Mena Financial Assets Limited   | 318       | Investment Company | London       |
| Caja de Ahorros del Mediterraneo (CAM) | 292       | Banks              | BME (Madrid) |
| Germany1 Acquisition Ltd               | 250       | Investment Company | Euronext     |
| Rasaca Exploitation Inc                | 67        | Oil & Gas          | London       |

| Five largest IPOs of Q2 2009 |           |                             |                |
|------------------------------|-----------|-----------------------------|----------------|
|                              | €m raised | Sector                      | Market         |
| Max Property Group           | 226       | Real Estate                 | London         |
| Lubelski Wegiel Bogdanka     | 116       | Mining                      | WSE            |
| Altus Resource Capital       | 30        | Investment Company          | London         |
| Corem Property Group         | 28        | Real Estate                 | Nasdaq OMX     |
| International Karton Finance | 8         | Investment Company          | Borsa Italiana |
| Neurosoft                    | 8         | Industrial Goods & Services | Borsa Italiana |