
IPO Watch Europe 2014



€49.5bn

European IPO proceeds raised in 2014 (excl. greenshoe), almost double the €26.5bn raised in 2013

375 IPOs

Companies listed in 2014 in Europe, up 34% on the 279 IPOs in 2013

€196m

Average European offering value 2014, an increase of 13% on the €173m in 2013



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2014 – the most successful year since 2007

With 375 companies raising almost €50bn in Europe, 2014 saw a bumper crop of companies coming to market.

2014 proceeds of €49.5bn raised were nearly double that raised in 2013 – and such levels of activity have not been seen since 2007, pre financial crisis.

Having said that it was a year of two halves as 68% of proceeds were raised before the summer break.

The second half of the year saw a cooling of the market, especially in London, Europe's most active market, where only 18% of total proceeds for the year were raised in the second half. This increased investor caution and increased volatility at the end of the summer led to the year finishing off more with a whimper than a bang.

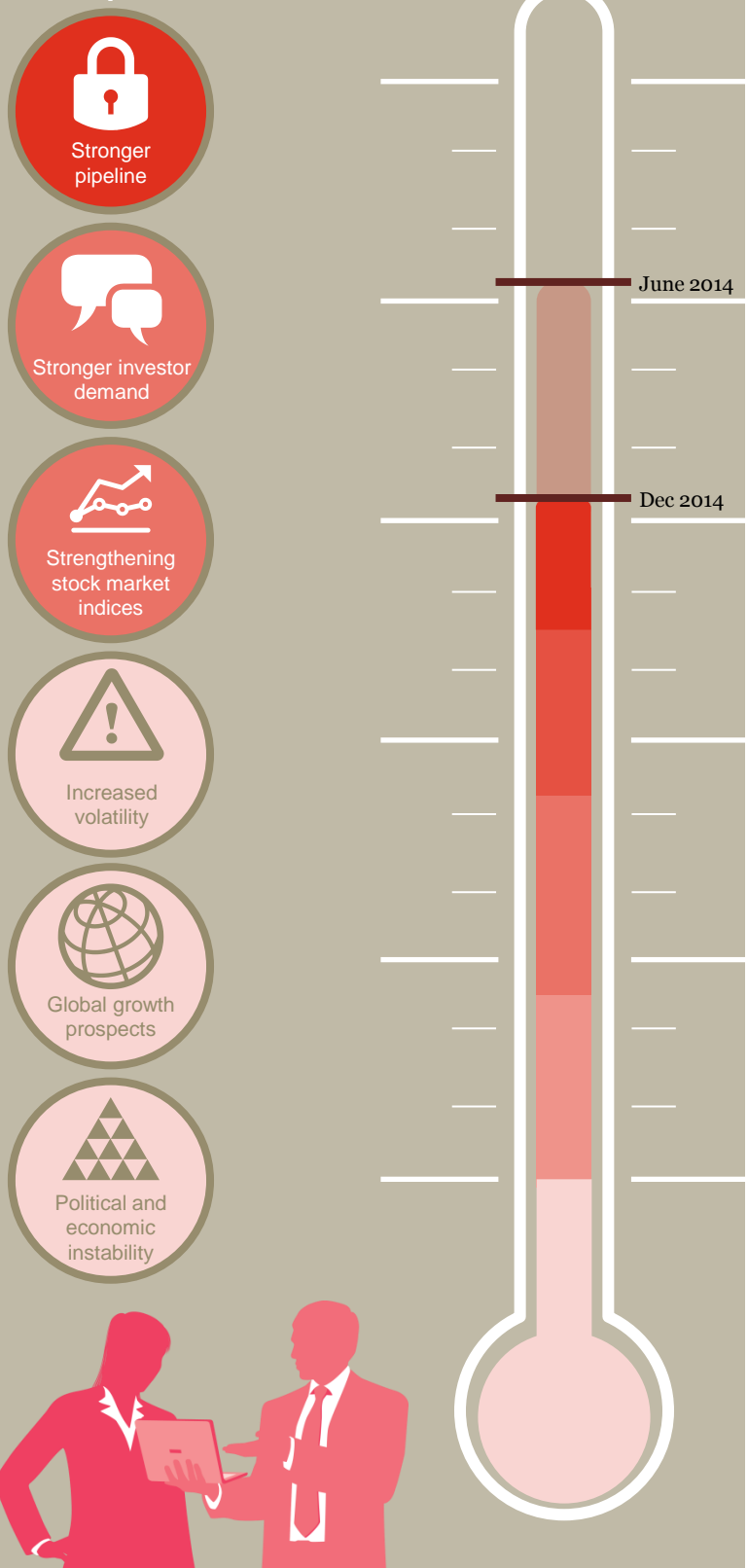
In addition we saw a rise in the number of pulled or postponed IPOs as companies delayed plans to list citing “market conditions”, particularly in the second half of the year.

Overall activity in 2014 has therefore become more geographically balanced with exchanges in continental Europe strongly improving versus prior year, with two of the top 5 IPOs listing on Euronext Amsterdam.

Private equity backed IPOs continued to contribute significantly to activity - with increased activity levels seen in 2013 maintained in 2014. There has been a resurgence in dual track processes being run to provide pricing tension to investors, and this has led to greater M&A activity.

No one sector has dominated the surge in IPO activity in 2014, although the Financial sector has been strongest raising over €18bn with five of the top 10 listings.

Some heat has come out of the IPO market since H1 2014



Economic outlook

CEOs more optimistic about mature markets compared to a year ago, however geopolitical uncertainty remains

After general optimism in 2014, the outlook in the UK for 2015 is more tempered

Our 2015 Global CEO Survey shows that UK CEOs are more confident than their European peers, but the high levels of optimism we saw last year have been tempered by concerns about access to key skills, disruptive trends and geopolitical uncertainty. Despite this increased caution, there is a healthy appetite for M&A as more UK companies look to do deals overseas.

UK recovery

UK economic growth was around 2.6% in 2014, the fastest in the G7, but is projected to slow to around 2.5% in 2015. This economic growth would rank behind the US and Canada, but still ahead of the large European economies.

The projected UK slowdown reflects the drag on exports from the ongoing malaise in the Eurozone and an expected intensification of the fiscal squeeze after the general election on 7 May 2015. Uncertainty over the outcome of the general election could also dampen business investment in the short-term and have a knock on impact on the IPO market.

Inflation is expected to remain well below its 2% target rate in 2015, which should help to produce a return to positive average real wage

growth for the first year since the recession.

The Eurozone

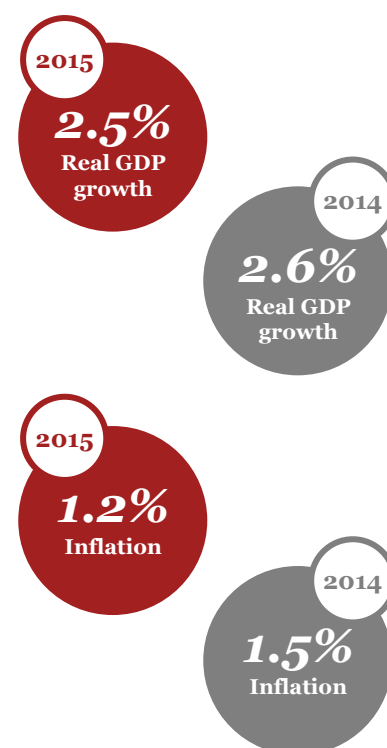
In January 2015, with the goal of boosting the European economy and heading off deflationary concerns, the ECB announced it will pump €1.1 trillion into the Eurozone, comprising monthly purchases of €60bn of bonds until September 2016.

The current priority for the ECB is to ensure Eurozone stability by managing the risk of default in Greece following the change of government in the recent election.

Global geopolitical risks

An escalation of the geopolitical tensions in Russia and Ukraine and in the Middle East could have a negative influence on business confidence, leading businesses to hold back on investment, which would likely exert downward pressure on global growth.

Figure 1: UK projections for 2015



"In the Eurozone as a whole, public spending accounts for nearly 50% of GDP compared with less than 40% in the US and around 43% in the UK. There are some signs of hope. Spain has achieved a turnaround in investment and economic growth and unemployment is now falling – albeit from a very high level. The current Spanish government has pursued a consistent programme of labour market and other economic reforms since it came to power in 2011. These policies now appear to be bearing fruit."

Andrew Sentance

Senior Economic Adviser to PwC



Outlook for 2015

Sensitivity to macro

events: Heading into 2015 we continue to see a strong level of preparatory activity by companies across Europe who are planning an IPO. However the success of an IPO is very much linked to macro events – such as falling oil prices, deflationary concerns impacting European economies, as well as continued geopolitical uncertainty.

Sliding IPO windows: The UK election at the beginning of May will effectively condense the IPO window for the first half of the year – with certain candidates likely to delay plans until post-election when there is more clarity over the political landscape. IPOs in continental Europe should be less affected. However, the effects of the Greek election remain to be seen and it is likely that investors will want higher

degrees of confidence over stability in related markets before investing. This may delay IPO plans for companies across wider Europe.

Dominance of private equity

exits: Private equity backed IPOs hit record levels in 2014, representing 56% of European proceeds*. We think that PE exits will continue this trend in 2015, albeit that an increasing number will be running dual track processes thereby driving M&A as well as IPO activity.

Continuing mid-cap activity: In 2014 mid-cap activity dominated the markets in London where the last jumbo IPO was Royal Mail's €2.3bn privatisation in October 2013. Activity on AIM has picked up significantly in 2014 and this will lead to an increasing proportion of mid-cap floats.

Evolving cross-border

dynamics: In 2014, 20 European companies listed in the US, raising c.€4.4bn. We anticipate the US markets will continue to lure tech and bio tech companies this year. On this side of the pond, London inbounds only accounted for 26% of proceeds, well below the 39% ten year average.

Spin-offs: A number of spin-offs have already been announced in the press, continuing a theme which has arisen over the past couple of years. The pipeline for IPO exits is as strong as ever going into 2015.

“Typically the start of the first quarter is muted but we have seen over €10billion raised in Europe already. I expect that we will witness an increase in cross-border listings in Europe and into the US as well as continued PE backed IPOs. As more companies run with a dual track process, we may see some IPO processes thwarted and instead ending with a sale - although overall we continue to be cautiously optimistic about the 2015 pipeline.”

Mark Hughes

Partner, Head of UK Capital Markets Group

* Threshold of \$50m applied, excluding closed-end funds

European IPO trends

€49.5bn proceeds raised in 2014, representing an 87% increase from 2013

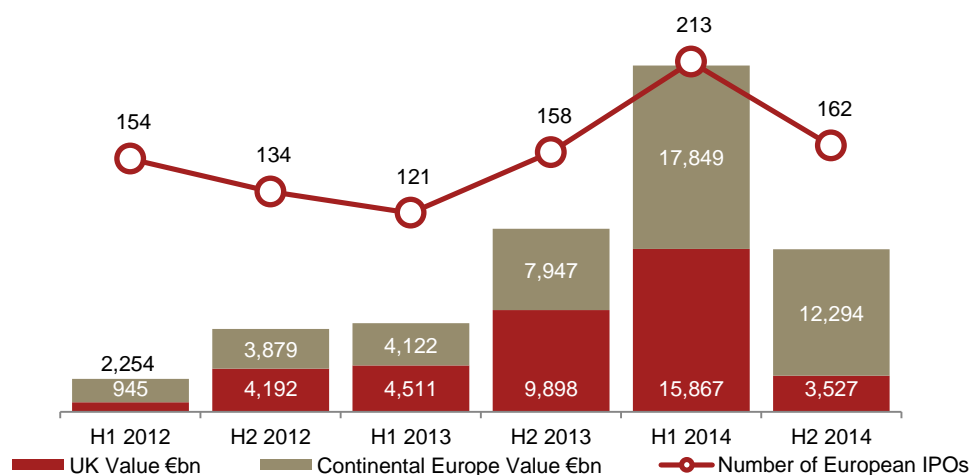
45% of 2014 proceeds raised in Q2 alone

Figure 2: Quarterly European IPO activity by value and volume

	2013	2014	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Total European listings comprise those with:						
Less than \$5m raised	118	109	19	34	29	27
Greater than \$5m raised	161	266	49	111	47	59
Total number of listings	279	375	68	145	76	86
Money raised excl. greenshoe (€m)	26,478	49,537	11,391	22,325	6,615	9,206
Exercised greenshoe (€m)	1,447	2,835	871	1,284	519	161
Total money raised (€m)	27,925	52,372	12,262	23,609	7,134	9,367
Average offering value (€m)*	173	196	250	212	151	158

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

Figure 3: Half year European IPO activity by value and volume



2014 was definitely a year of two halves as the first half of the year raised €33.7bn or 68% of the total proceeds before we saw a significant drop in activity in the second half of the year.

This was largely driven by the London market with a drop of 78% in proceeds in H2, partly due to uncertainty caused by the Scottish Referendum.

In contrast Continental Europe's decline was less significant at 31% and overall Continental Europe raised total proceeds of €30.1bn.

We saw a number of delayed IPOs in 2014. It remains to be seen whether those postponed IPOs will try again in the first half in 2015 as companies bide their time waiting for less volatility in the markets.

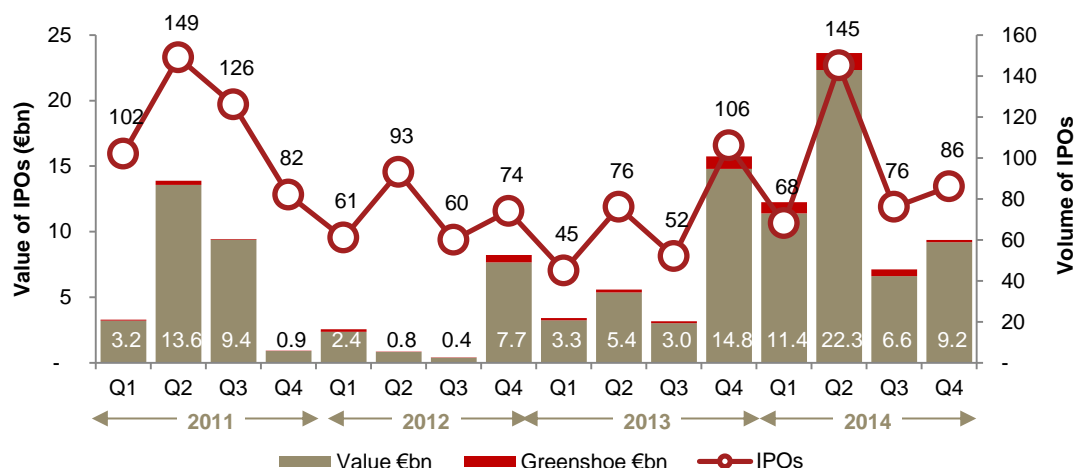
European IPO trends

2014 was the best year since 2007 by value with a bumper Q2 contributing 45% of all proceeds

Figure 4: Yearly European IPO activity **



Figure 5: Quarterly European IPO activity



*Excludes IPOs on Borsa Istanbul and Bucharest

** Excludes greenshoe

European exchange activity by value

London continued to attract the highest activity with 29% of proceeds raised, down from 54% in 2013

Figure 6: European IPO offering value by stock exchange*

Stock exchange offering value (€m)	2013	2014	Q1 2014	Q2 2014	Q3 2014	Q4 2014
London Stock Exchange	14,409	19,394	5,925	9,942	1,899	1,628
Euronext total	2,994	10,495	2,113	4,457	1,747	2,178
Euronext Amsterdam	-	5,479	1,305	462	1,540	2,172
Euronext Paris	1,292	4,250	678	3,399	167	6
Euronext Brussels	910	636	-	596	40	-
Euronext Lisbon	792	130	130	-	-	-
NASDAQ OMX	876	4,524	1,947	1,332	304	941
BME (Spanish Exchange)	2	4,514	900	2,731	871	12
Deutsche Börse	2,409	3,565	-	857	11	2,697
Borsa Italiana	1,273	2,593	72	1,154	1,088	279
Oslo Børs & Oslo Axess	941	1,572	147	239	53	1,133
SIX Swiss Exchange	745	1,155	-	1,073	-	82
Irish Stock Exchange	725	483	265	218	-	-
Bucharest	454	444	-	-	444	-
Warsaw	1,134	313	18	89	161	45
Borsa Istanbul	481	253	4	39	2	208
Wiener Börse	-	194	-	194	-	-
Athens Stock Exchange	-	35	-	-	35	-
Budapest	-	3	-	-	-	3
Luxembourg	35	-	-	-	-	-
Total	26,478	49,537	11,391	22,325	6,615	9,206

Figure 7: Top five stock exchanges in Europe in 2014 (by value)

LSE

137 IPOs raised *

€19.4bn

Average IPO proceeds **

€175m

Largest IPO:

AA

€1,733m

(no greenshoe exercised)

Euronext

41 IPOs raised *

€10.5bn

Average IPO proceeds **

€336m

Largest IPO:

Pershing Square

€2,150m

(€2,165m incl. greenshoe)

**Nasdaq
OMX**

62 IPOs raised *

€4.5bn

Average IPO proceeds **

€153m

Largest IPO:

ISS

€1,098m

(€1,263m incl. greenshoe)

BME

13 IPOs raised *

€4.5bn

Average IPO proceeds **

€400m

Largest IPO:

Merlin Properties

€1,250m

(€1,292m incl. greenshoe)

**Deutsche
Börse**

17 IPOs raised *

€3.6bn

Average IPO proceeds **

€457m

Largest IPO:

Rocket Internet

€1,400m

(€1,404m incl. greenshoe)

* Excludes greenshoe

** Excludes listings raising less than \$5m, includes greenshoe

European exchange activity by volume

Significant increase in the level of activity on most European exchanges, but most notably Euronext (Amsterdam and Paris), OMX and Spain

Figure 8: European IPO volume by exchange

Stock exchange offering volume	2013	2014	Q1 2014	Q2 2014	Q3 2014	Q4 2014
London Stock Exchange	103	137	32	54	23	28
NASDAQ OMX	31	62	7	26	7	22
Euronext total	26	41	6	22	8	5
Euronext Paris	19	32	4	20	6	2
Euronext Amsterdam	1	6	1	1	1	3
Euronext Brussels	3	2	-	1	1	-
Euronext Lisbon	3	1	1	-	-	-
Warsaw	54	35	10	6	10	9
Borsa Italiana	18	26	5	7	10	4
Oslo Børs & Oslo Axess	11	17	2	5	5	5
Deutsche Börse	9	17	1	6	5	5
Borsa Istanbul	11	13	2	6	1	4
BME (Spanish Exchange)	2	13	2	4	5	2
SIX Swiss Exchange	1	6	-	5	-	1
Irish Stock Exchange	3	3	1	2	-	-
Wiener Börse	1	2	-	2	-	-
Bucharest Stock Exchange	2	1	-	-	1	-
Athens Stock Exchange	-	1	-	-	1	-
Budapest	-	1	-	-	-	1
Luxembourg	7	-	-	-	-	-
Total	279	375	68	145	76	86

Most European exchanges saw a year on year increase in terms of money raised with Euronext tripling its proceeds.

London maintained its dominance as the most active European exchange in 2014 with 137 IPOs, representing more than one third of all European IPO activity.

In 2014 many continental European exchanges saw strong growth in the number of IPOs compared to the previous year, notably NASDAQ

OMX (Nordics), BME (Spain) and Deutsche Börse (Germany).

Proceeds across Euronext tripled in 2014 thanks to Amsterdam where Pershing Square, NN Group and Altice all raised more than a billion euros. In Paris proceeds tripled and volumes grew by over 50% year on year. The average deal size in Paris grew by over 90% thanks to five companies raising more than half a billion euros, compared to only one in 2013.

OMX welcomed ISS and Com Hem in 2014, both raising more than half a billion euros.

Proceeds in Italy doubled with Anima and FinecoBank being the largest two IPOs.

Spain featured two of the top ten IPOs with Merlin Properties and Applus raising over a billion euros each. This reflects a recovery in European countries hit hard by the financial crisis.

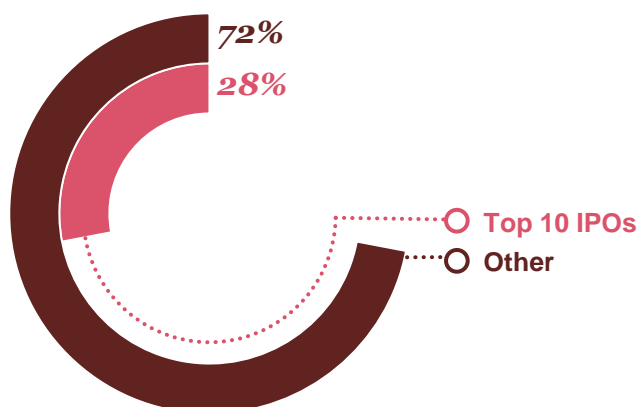
Top ten IPOs in Europe

2014 saw a balanced spread across European exchanges

Figure 9: Top ten European IPOs in 2014

Trading date	Company	€m (excl. greenshoe)	€m (incl. greenshoe)	Sector	Market	Country of origin	PE backed
Q4	Pershing Square	2,150	2,165	Financials	Euronext Amsterdam	United States	No
Q2	AA	1,733	1,733	Consumer Services	London	United Kingdom	Yes
Q3	NN Group	1,540	1,771	Financials	Euronext Amsterdam	Netherlands	No
Q4	Rocket Internet	1,400	1,404	Financials	Deutsche Börse	Germany	No
Q2	B&M European Value Retail	1,336	1,456	Consumer Services	London	United Kingdom	Yes
Q1	Altice	1,305	1,501	Telecommunications	Euronext Amsterdam	France	No
Q2	Merlin Properties	1,250	1,292	Financials	BME	Spain	No
Q2	Applus	1,100	1,210	Industrials	BME	Spain	Yes
Q1	ISS	1,098	1,263	Industrials	OMX	Denmark	Yes
Q1	Kennedy Wilson Europe Real Estate	1,017	1,128	Financials	London	United Kingdom	No
Total		13,929	14,923				

Figure 10: Top ten European IPOs in 2014 (by value*)



The top ten IPOs were spread across a variety of European exchanges, with Euronext Amsterdam hosting two of the top three IPOs of the year.

2014 saw increased proceeds with all top ten raising more than a billion euros excluding greenshoe.

Financial dominated with consumer services and industrials following a close second.

“IPO markets across Europe really exploded this year. The top ten IPOs for 2014 were hosted across a range of exchanges and all raised over €1bn. Whether this return of the mega IPO will remain a trend in 2014 remains to be seen, but GrandVision in Amsterdam and Aena in Madrid have already completed their multi billion euro IPO.”

Vivienne Maclachlan

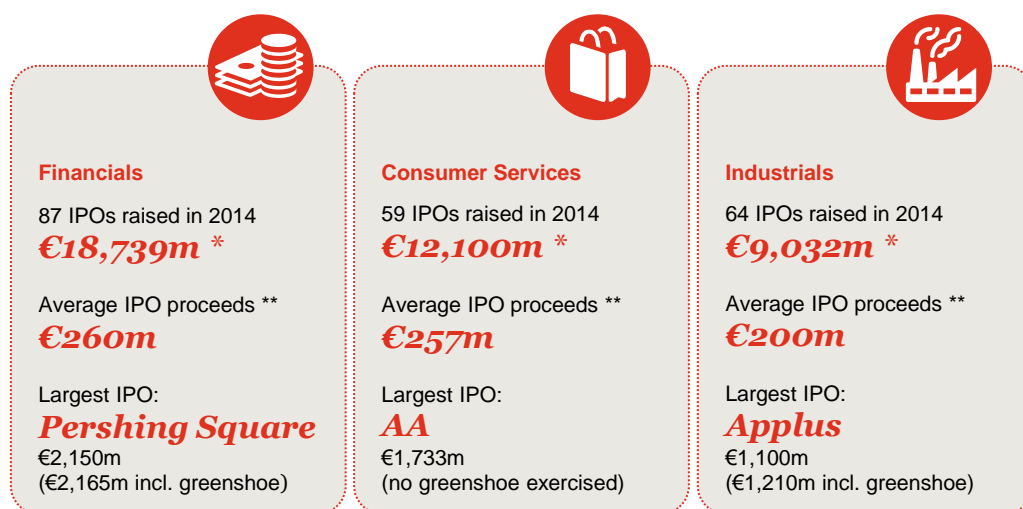
Director, UK Capital Markets Group

* Excludes greenshoe

European IPOs by sector

Financials was by far the largest sector with almost 40% of proceeds raised - an increase of €6.4bn compared to 2013

Figure 11: Top three European sectors (by value)



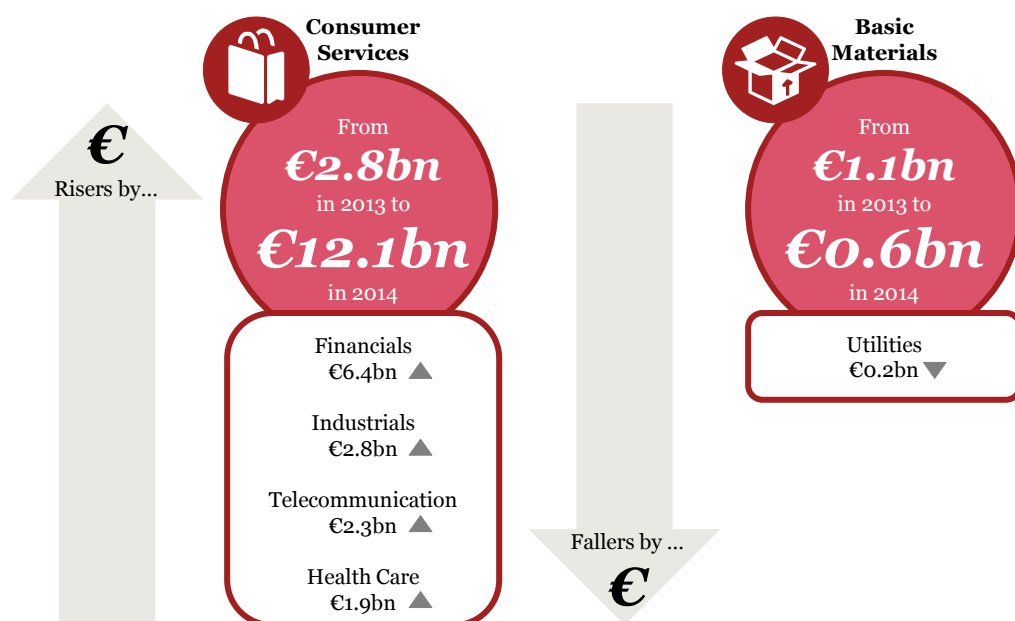
“Financials was the largest sector in 2014 with total proceeds throughout Europe of €18.7bn, an increase of €6.4bn compared to 2013. It’s interesting to see that two of the top three IPOs are financials: Pershing Square and NN Group. In addition, regulatory requirements have been driving demergers in the banking sector, such as NN Group and TSB.”

Damian Guly
Partner, Head of UK Transaction Services

"Consumer related IPO deals were prolific across Europe in 2014 - with an increase of over 300% compared to 2013, it was the sector that saw the largest absolute increase in terms of money raised. Heading into 2015 we expect Consumer Services to remain popular with investors, particularly retail and multichannel related deals."

Lisa Hooker
Partner, Head of UK Retail and Consumer in Transaction Services

Figure 12: Top rising and falling industries in Europe (by value)



* Excludes greenshoe

** Excludes listings raising less than \$5m, includes greenshoe

European Private Equity (PE) backed IPOs

2014 saw a steady stream of PE-backed IPOs coming to market representing over half of all proceeds raised

Figure 13: Volume of European PE backed IPOs as a percentage of all European IPOs *

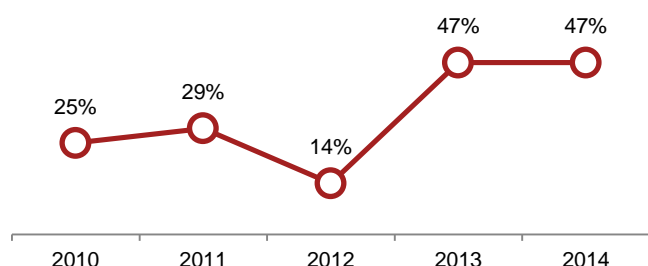
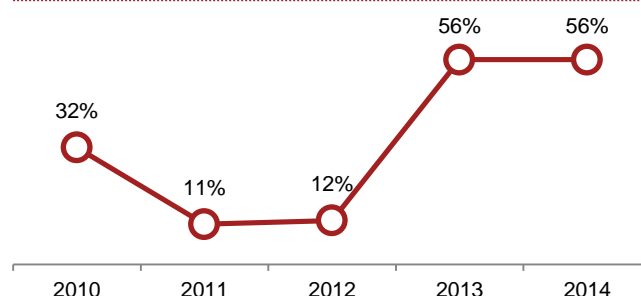


Figure 14: European PE backed IPO proceeds as a percentage of total European IPO proceeds *



“Similar to 2013 PE backed IPOs maintained their prevalence in 2014, representing 56% of European IPO proceeds. I expect this trend to continue into 2015, albeit an increasing number will be running a dual track process as a result of the uptick in the M&A market.”

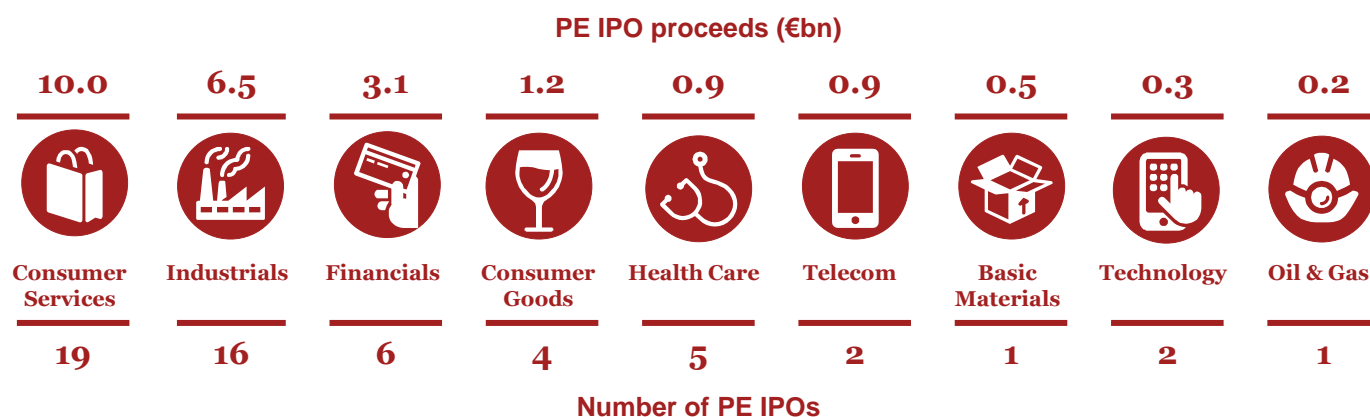
James Fillingham
Partner, Transaction Services

The largest PE backed IPOs of the year were AA and B&M, whose share prices have increased in comparison to their offer price by +41% and +6% respectively by the end of 2014.

The positive aftermarket performance of PE deals has been critical for continued IPO exits by PE sponsors, who seek to capture robust market valuations.

As shown in figure 15 Consumer Services and Industrials have dominated in terms of both proceeds and volume.

Figure 15: European PE backed IPOs by industry (2014, €bn)



* European IPOs raising over \$50m, excluding closed-end funds
Source: Dealogic

Pricing and performance of top five European IPOs

Four of the top five IPOs outperformed their index after pricing at midpoint or higher

Figure 16: IPO price versus published price range of top 5 European IPOs, 2014

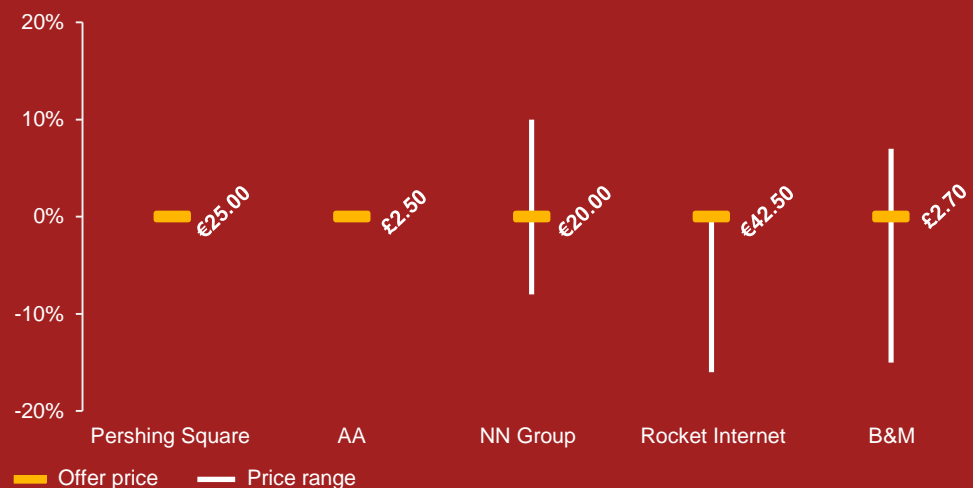
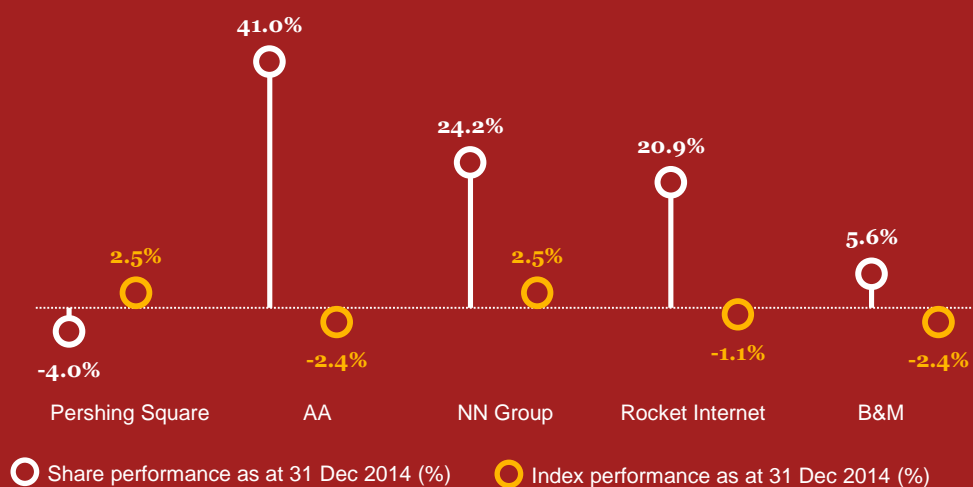


Figure 17: Performance of top 5 European IPOs, 2014



Note: Relative to the main index of the domestic exchange

Market volatility and performance

Increasing volatility at the end of 2014, resulting from geopolitical instability and declining oil prices

Figure 18: Volatility compared to IPO proceeds

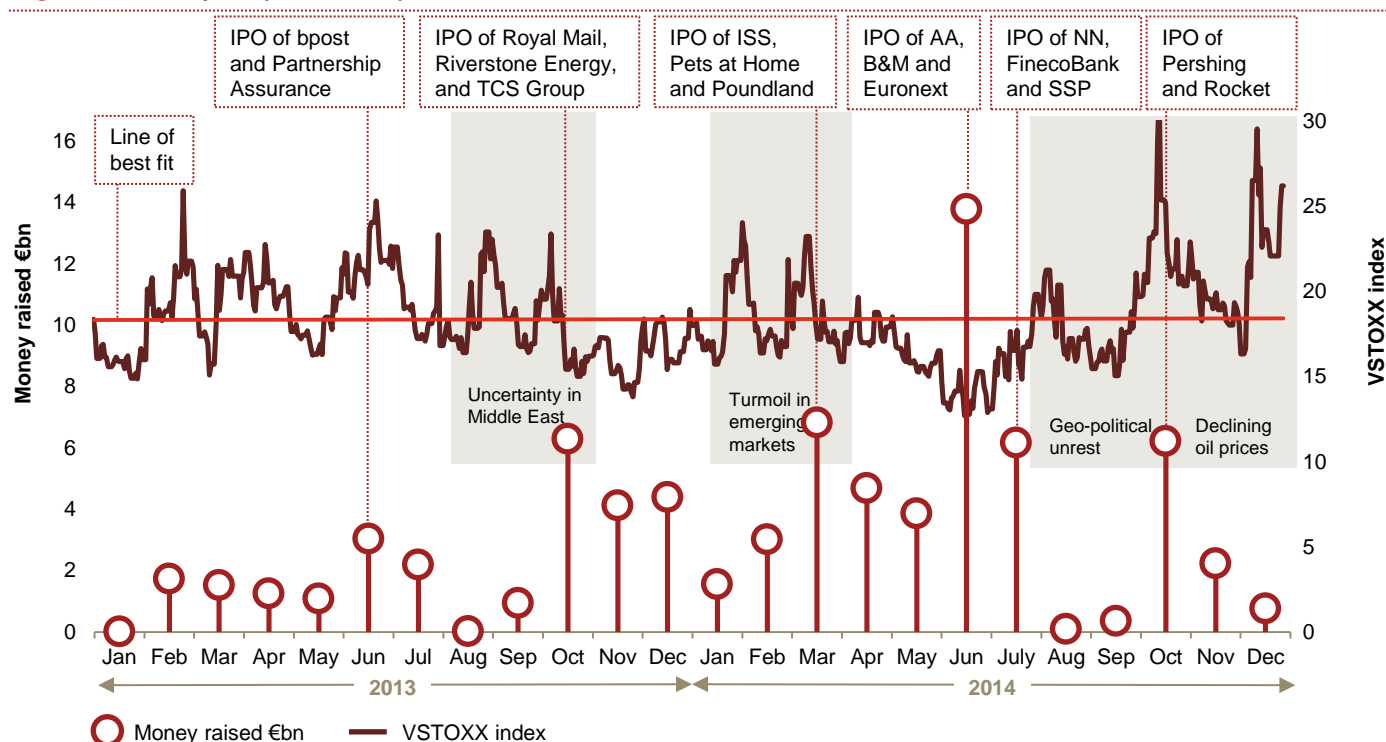
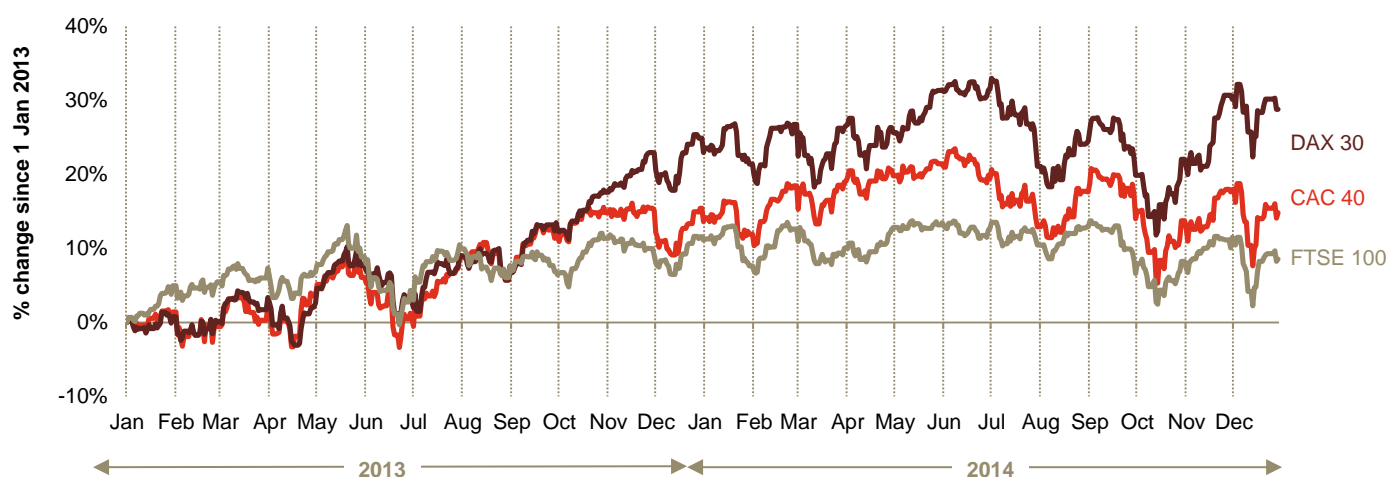


Figure 19: Historical performance of major market indices since January 2013



Source: Thomson Reuters

Further Offers in Europe

Almost two thirds of FO proceeds went back into the company rather than to selling shareholders

Figure 20: European FOs in 2014 (by value)

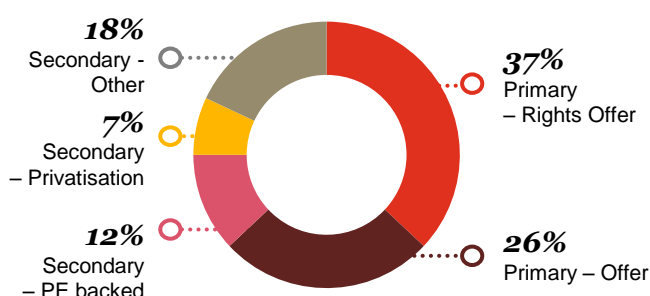
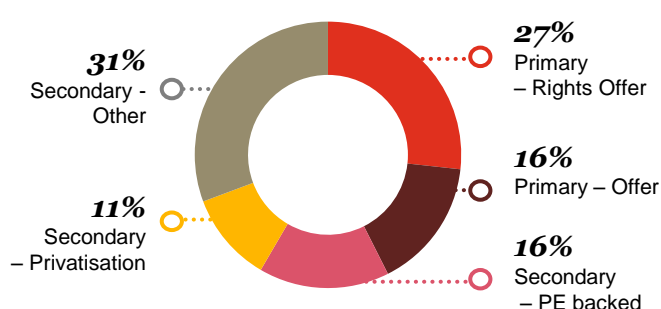


Figure 21: European FOs in 2013 (by value)



Total money raised by FOs in 2014 increased by 19% from €120.1bn in 2013 to €143.2bn in 2014.

63% of FO proceeds was raised via primary offerings, where the companies themselves receive the money instead of shareholders selling down their positions. As in the previous year, 2014 primary proceeds have mainly been driven

by funds being raised by European banks to recapitalise and strengthen their balance sheets due to more stringent capital requirements.

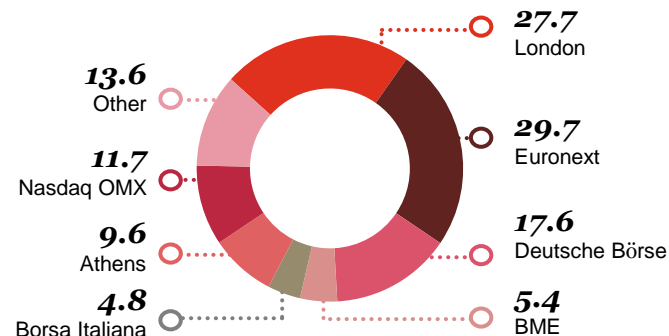
Seven of the top ten FOs were by banks, raising over €27.0bn. This includes Deutsche Bank in Germany, Lloyds Banking Group in the UK, Monte dei Paschi in Italy and Eurobank Ergasias in Greece.

56% of FO proceeds in 2014 were raised in London, Euronext and Deutsche Börse, which replicated activity in 2013. However, in Italy and Spain FO proceeds tripled year on year raising €14.6bn and €16.3bn respectively in 2014. Reflecting a return to health of the general economy and increased IPO numbers.

Figure 22: European FO proceeds per exchange (€bn) in 2014



Figure 23: European FO proceeds per exchange (€bn) in 2013



UK focus – Overview

2014 saw total proceeds increase by €5bn to €19.4bn or £15.8bn, with 89% being raised by UK based companies

Figure 24: London IPO trends (by value)

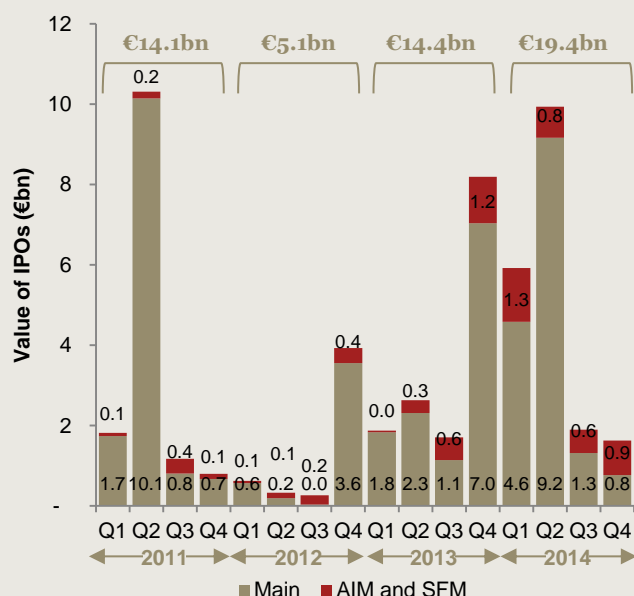
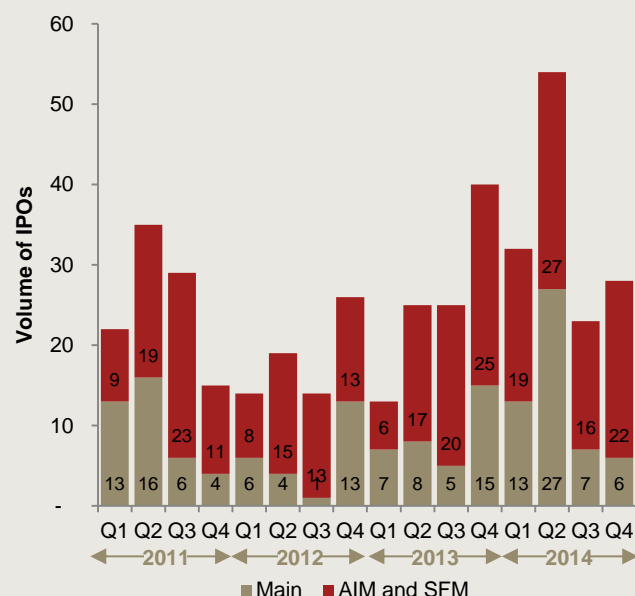


Figure 25: London IPO trends (by volume)



London showed strong growth in the first half of 2014 in both the number of IPOs and the money raised, as well as an active further issue market.

In 2014, 53 IPOs listed on the Main market, raising €15.8bn or £12.9bn, up 28% from 2013.

Notably, proceeds raised on AIM grew by more than 70% from €2.1bn (£1.8bn) to €3.6bn (£2.9bn), compared to 2013. This resulted in 2014 being the fourth strongest year for funds raised on AIM since its launch in 1995.

The volume of IPOs, however, slowed down notably in the second half of the year largely due to volatile market conditions caused by the Scottish Referendum and global macro-economic and political uncertainty. Proceeds in the second half of the year only accounted for 18% of total 2014 proceeds.

IPOs of domestic companies dominated in 2014 with 83% of the number of IPOs and 89% of total proceeds, however London continues to attract international companies seeking access to a global pool of capital.

Figure 26: Top ten UK IPOs in 2014

Issuer	Proceeds (£m) *
AA	1,385
B&M European Value Retail	1,080
Kennedy Wilson Europe Real Estate	840
Lenta	571
Saga	550
SSP Group	482
Pets at Home Group	490
TSB Banking Group	455
AO World	423
Poundland Group	375

* Excludes greenshoe

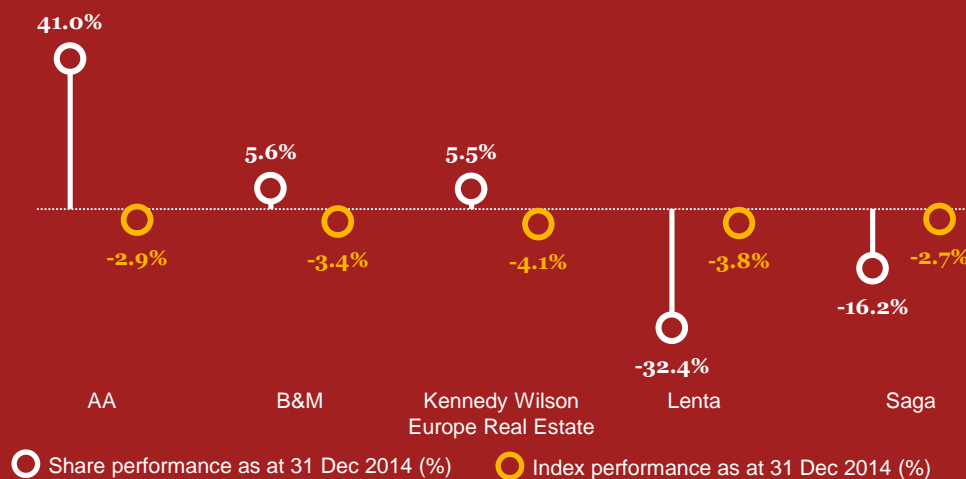
UK focus - Pricing and performance of top five UK IPOs

The top three UK IPOs all outperformed the index, but none of the top five priced at the top of their range

Figure 27: IPO price versus published price range of top 5 UK IPOs, 2014



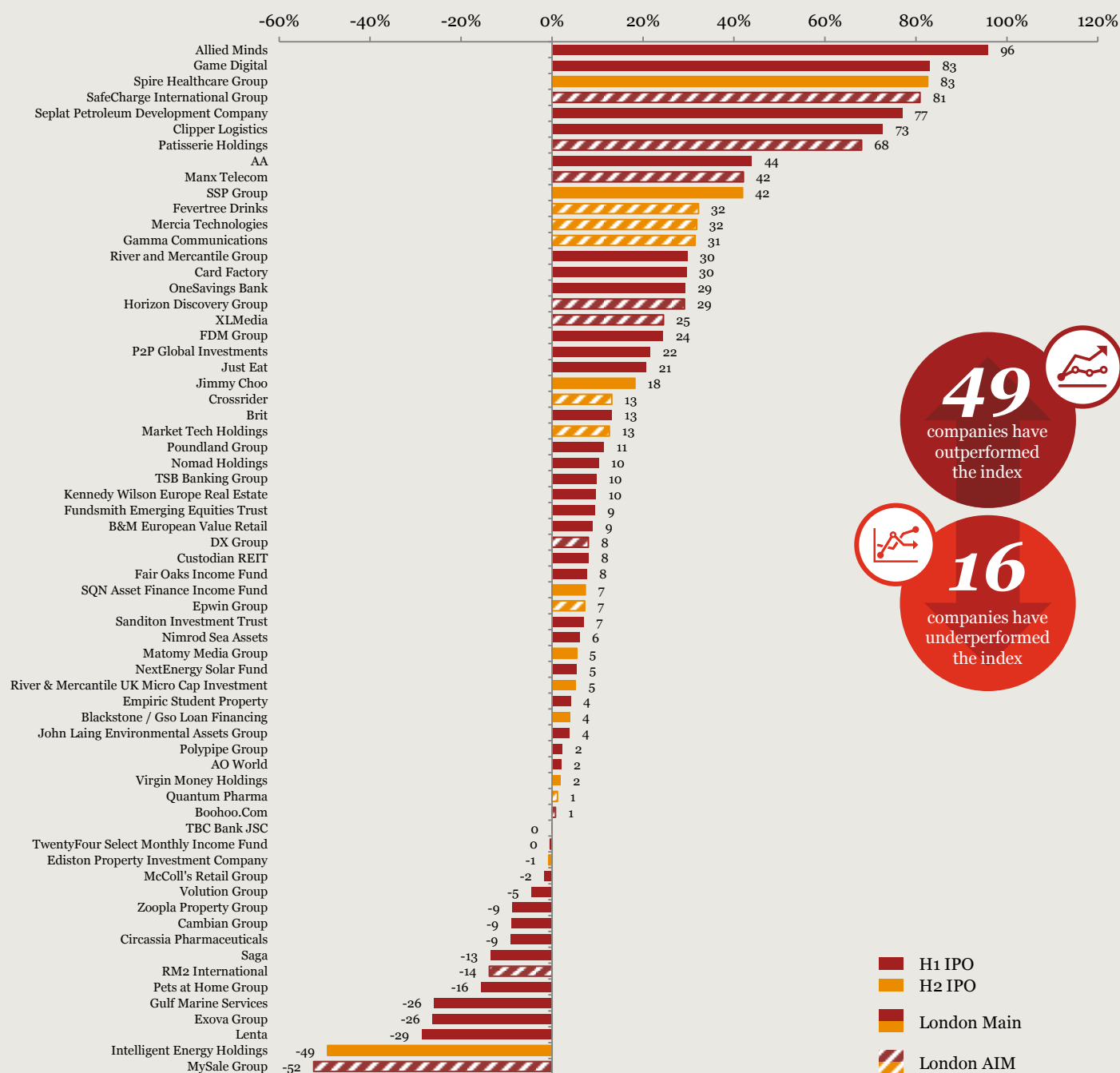
Figure 28: Performance of top 5 UK IPOs, 2014



Note: Relative to the FTSE All Share Index

UK focus - Relative performance of London IPOs in 2014

Figure 29: Share price performance of London IPOs relative to the FTSE all share index



Note: UK IPOs raising over \$50m | Relative performance based on the FTSE All Share Index for Main Market and FSM listed companies and FTSE AIM All Share index for AIM listed companies
Source: Dealogic and Thomson Reuters as of 31 December 2014

UK focus - Private equity trends

PE-backed IPOs in 2014 were the highest on record, raising over €11bn and representing 65% of proceeds raised in London

Figure 30: Volume of UK PE backed IPOs as a percentage of all UK IPOs*

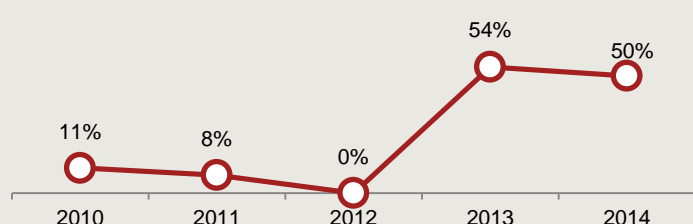


Figure 31: UK PE backed IPO proceeds as a percentage of total UK IPO proceeds*

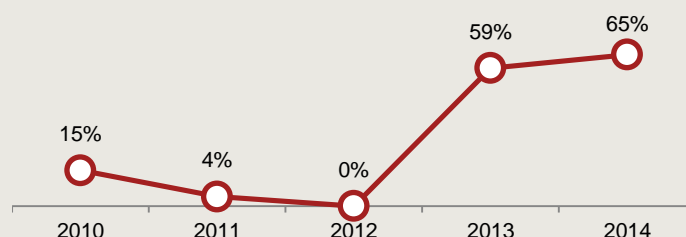


Figure 32: Ten largest UK PE-backed IPOs 2014

Trading date	Issuer	£m excl. greenshoe	£m incl. greenshoe	Sector	Market	Country	PE backed
Q2	AA	1,385	1,385	Consumer Services	Main	UK	Yes
Q2	B&M European Value Retail	1,080	1,177	Consumer Services	Main	UK	Yes
Q1	Lenta	571	584	Consumer Services	Main	Russia	Yes
Q2	Saga	550	550	Consumer Services	Main	UK	Yes
Q1	Pets at Home Group	490	490	Consumer Services	Main	UK	Yes
Q3	SSP Group	482	554	Consumer Services	Main	UK	Yes
Q1	Poundland Group	375	431	Consumer Services	Main	UK	Yes
Q2	Just Eat	360	360	Consumer Services	Main	UK	Yes
Q3	Spire Healthcare	315	345	Health Care	Main	UK	Yes
Q4	Virgin Money Holdings	312	316	Financials	Main	UK	Yes

2014 continued to see a favourable market for PE backed IPOs with 30 companies raising a total of €11.3bn or £9.1bn, representing 65% of total money raised in London in 2014.

2014 PE activity in London was the highest on record and the PE theme is reflected in the top ten UK IPOs, seven of which were PE-backed.

Consumer Services, specifically Retail, has contributed significantly to PE activity. Eight of the top ten PE-backed IPOs were Consumer Services companies, of which only SSP Group is not classified as Retail, but as Travel & Leisure.

This high level of activity is expected to continue into 2015 albeit against a back drop of many companies pursuing dual track processes.

It has been widely publicised that United Biscuits was acquired as it was considering an IPO as was Travelex and Trainline to name but a few.

* UK IPOs raising over \$50m, excluding closed-end funds

UK focus - Industry trends

Consumer Services dominated with almost half of 2014 proceeds, an absolute increase of €9.0bn compared to 2013

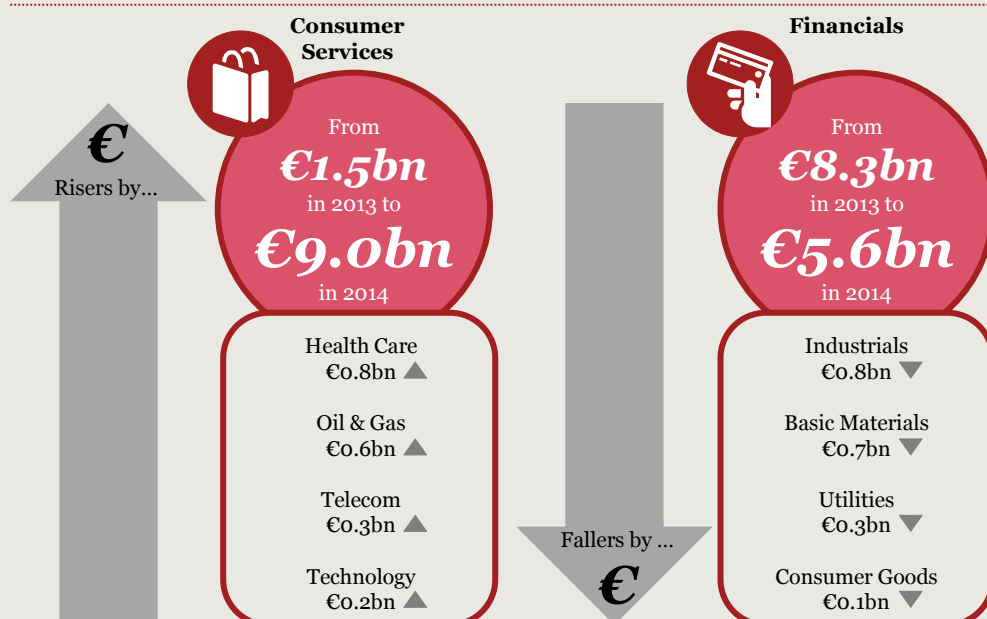
Figure 33: London IPOs by sector (by value)

By offering value (€m) *	2013	2014	% of total 2014	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Consumer Services	1,463	9,047	47%	2,861	5,387	742	57
Financials	8,254	5,600	29%	1,814	2,439	455	892
Industrials	2,431	1,613	8%	528	965	118	2
Health Care	389	1,160	6%	276	235	448	201
Oil & Gas	65	709	4%	237	365	107	-
Consumer Goods	578	508	3%	-	173	3	332
Technology	240	393	2%	-	366	13	14
Telecommunications	4	341	2%	209	2	-	130
Utilities	279	12	0%	-	-	12	-
Basic Materials	706	11	0%	-	10	1	-
Total value (€m)	14,409	19,394	100%	5,925	9,942	1,899	1,628

“We have seen an increased number of companies in the technology sector, particularly e-commerce, join London’s markets this year. We expect this trend to continue as fast growing technology business use the London markets to access further development capital.”

James Anderson
Director, Equity Advisory

Figure 34: Top rising and falling industries in the UK



* Excludes greenshoe

Global perspective

Highest amount raised globally in four years

Global IPO proceeds increased by 48% compared to 2013, the highest amount in four years.

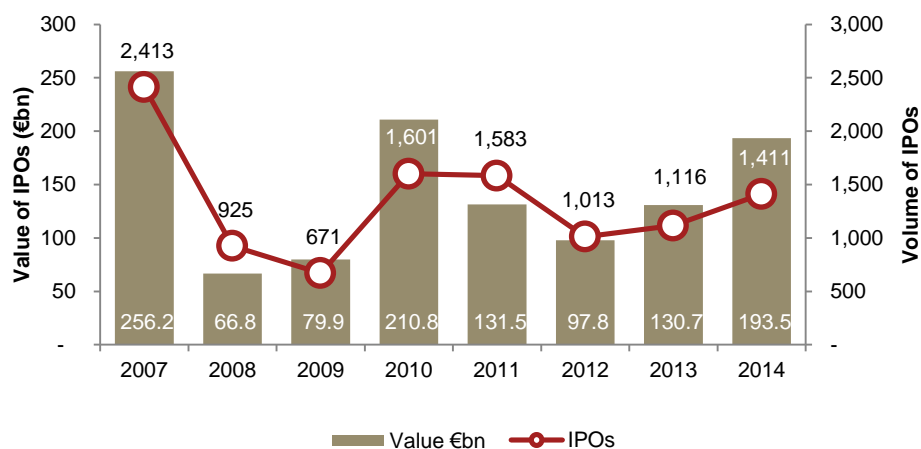
The biggest increase was in EMEA, which saw proceeds double from 2013. Aside from the recovery in Europe, the Middle East performed strongly, with nearly four-fold increase in proceeds to €8.8bn. The Middle East hosted the second largest IPO of 2014, National Commercial Bank, which raised €4.8bn on the Saudi exchange. African activity doubled, albeit from a low base.

In the Americas outside of the US, Canada retained modest levels of IPO activity, impacted by the ongoing crisis in the resource sector. Brazil had the worst year for IPOs in more than a decade.

The Asia Pacific region maintained its share of approximately a third of global IPO proceeds, with five of the top ten IPOs globally taking place in this part of the world:

- China's market reopened following a moratorium on IPOs for more than a year amidst structural capital market reforms. It generated nearly €10bn in IPO proceeds, although very far from the record levels reached in 2010-2011.
- With nearly €13bn raised, Australia made up c.7% of 2014 global IPO proceeds. The ASX was the 4th most active exchange after New York, Hong Kong and

Figure 35: Global IPO activity



London. It hosted the 3rd largest global IPO in 2014, the privatisation of Medibank that raised €4.0bn, as well as a string of IPOs in the private healthcare and other sectors.

- Japan continued to produce significant levels of activity for the third year, on the back of strong sentiment and solid fundamentals of the Japanese economy under Shinzo Abe.
- In the rest of South-East Asia, a number of countries demonstrated a healthy level of IPO activity, most notably Thailand (€2.2bn, although significantly down from €5.1bn in 2013), Singapore (€1.8bn vs €3.5bn in 2013), and South Korea, a new star this year raising €3.1bn.

Figure 36: Global IPO activity by region

Stock exchange region offering value (€m) ⁽¹⁾	2013	2014
EMEA total	29,273	59,189
Europe	26,478	49,537
Middle East	1,850	8,752
Africa	621	1,208
Other EMEA	324	57
Americas total	55,717	70,643
US	42,827	65,612
Canada	3,680	3,706
Latin America	9,210	1,325
Asia Pacific total	45,803	63,619
Hong Kong	16,617	22,581
Australia	7,454	12,742
China	-	9,827
Japan	7,323	8,394
Singapore	3,546	1,850
Other Asia	10,862	8,225
Total global	130,732	193,452

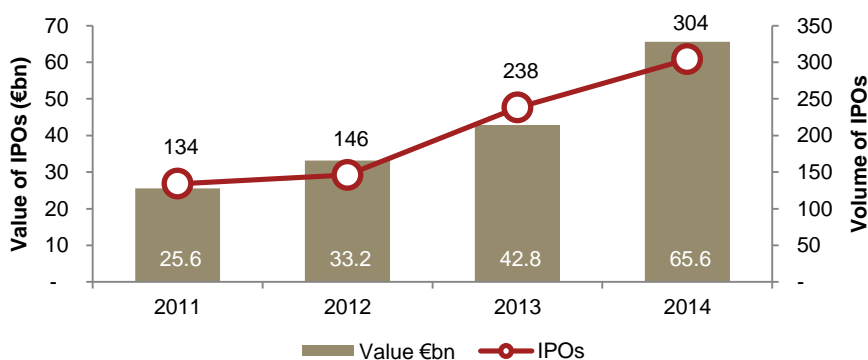
⁽¹⁾ The totals are restated for dual listings between regions

Source: Dealogic, European IPO Watch, US IPO Watch, Hong Kong IPO Watch, Africa IPO Watch

Global perspective – US

Proceeds in the US were up by respectively 53% compared to 2013

Figure 37: US IPO activity



Source: US IPO Watch

“Capital markets activity surged in 2014, as U.S. companies took advantage of the continued low interest rate environment and strong investor appetite for higher return investments in new equity issues and high yield debt. Multiple sectors performed well, with overall year-to-date volume led by IPOs in healthcare and technology, as investors searched for strong growth opportunities. This year we also witnessed the largest IPO in history and several successful spin-off IPOs, a trend to watch in 2015.”

Neil Dhar

Partner, US Capital Markets Group

Equity markets were driven by the very hot IPO market which reached levels not seen since 2000, with 304 companies debuting on the US IPO market raising €65.6bn. The IPO market continued to hit 14-year highs fuelled by a boom in technology sector companies, including Alibaba’s €19.3bn IPO and a record number of biotechnology and biopharmaceuticals companies entering the market.

The improving domestic economy and investors’ search for yield fuelled high IPO activity in 2014. The first quarter of 2014 continued

to build on 2013’s momentum with 71 IPOs and quarter two saw 89 IPOs, the highest quarterly number since 2007. Volume dipped slightly in the third quarter, but with 68 debut companies, it was still higher than 2013. Proceeds for quarter three, however, were €28.7bn, bringing YTD proceeds to €53.1bn and surpassing 2007’s €47.6bn. October saw an increase in market volatility, due to the end of the Federal Reserve’s bond-buying program and geopolitical issues which temporarily dampened momentum in the broader equity markets. The IPO market bounced

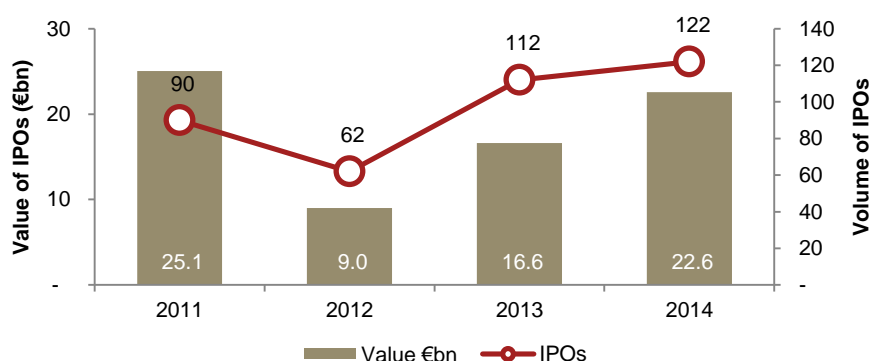
back in November, with IPO activity remaining strong through mid-December, bringing total IPO volume for the fourth quarter to 76 and proceeds to €12.5bn.

The IPO pipeline remains full going into 2015. With record highs set by the S&P 500 and Dow Jones indices, as well as robust corporate earnings supporting improving stock prices, the US equity markets are expected to remain strong.

Global perspective – Hong Kong

Proceeds in Hong Kong were up by 33% compared to 2013

Figure 38: Hong Kong IPO activity



Source: Greater China IPO Watch

“The Hong Kong IPO market claimed second place globally in 2014 on the back of positive momentum in the second half and events including the Shanghai-Hong Kong Stock Connect. We believe this positive sentiment will contribute to another year of active IPOs of Mainland Chinese companies on the back of strong liquidity, relaxation of the H-share listing requirements and investor appetite in a range of sectors including hi-tech, new energy, healthcare and financial services.”

Kennedy Liu

Partner, Hong Kong Capital Markets Group

In 2014, €22.6bn was raised in Hong Kong, representing an increase of 33% on the €16.6bn raised the year before. There were 122 new listings in 2014 versus 112 in 2013.

103 companies listed on the main board, 16% more than the 89 in 2013. Retail, consumer goods and services dominated with 46% of new listings, followed by financial services including real estate at 16%. There were 19 listings on the GEM board, down from 23 in 2013. Retail, consumer goods and services, along with industrial products, were the

main sectors, with 37% and 32% of new listings respectively.

Investors are generally confident that they have successfully identified and factored in all the major challenges to the IPO market in 2014. These include a long-expected hike in interest rates by the US Federal Reserve, uncertainties over the global economy and depressed oil prices. Together with sufficient funds being available in the market, PwC believes Hong Kong's IPO market for 2015 will continue to be active.

In terms of the Shanghai and Shenzhen markets, PwC expects 200 new listings in 2015, an increase of 60% on the 125 in 2014, with total funds raised estimated at €16bn (sharply up on the €10bn last year). Increasing domestic investors' appetite, along with reforms put in place to internationalise the market and increase transparency, are expected to greatly benefit China listings.

Global cross-border IPOs

The cross-border listing of Alibaba, the largest IPO on record, dominated all IPOs in 2014

Figure 39: Cross-border IPOs compared to global IPO activity, 2005-2014

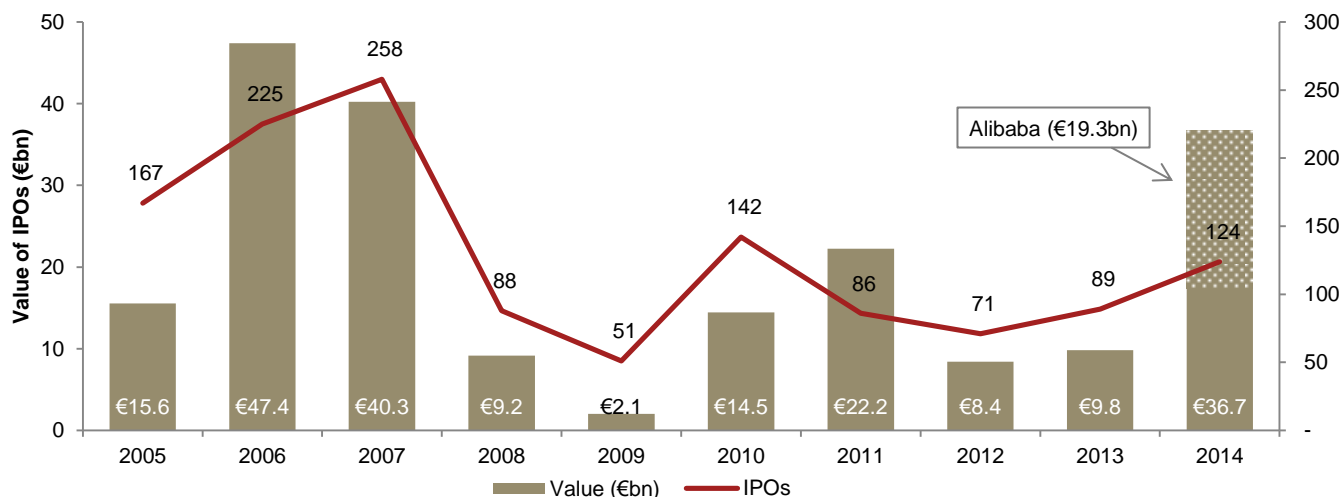
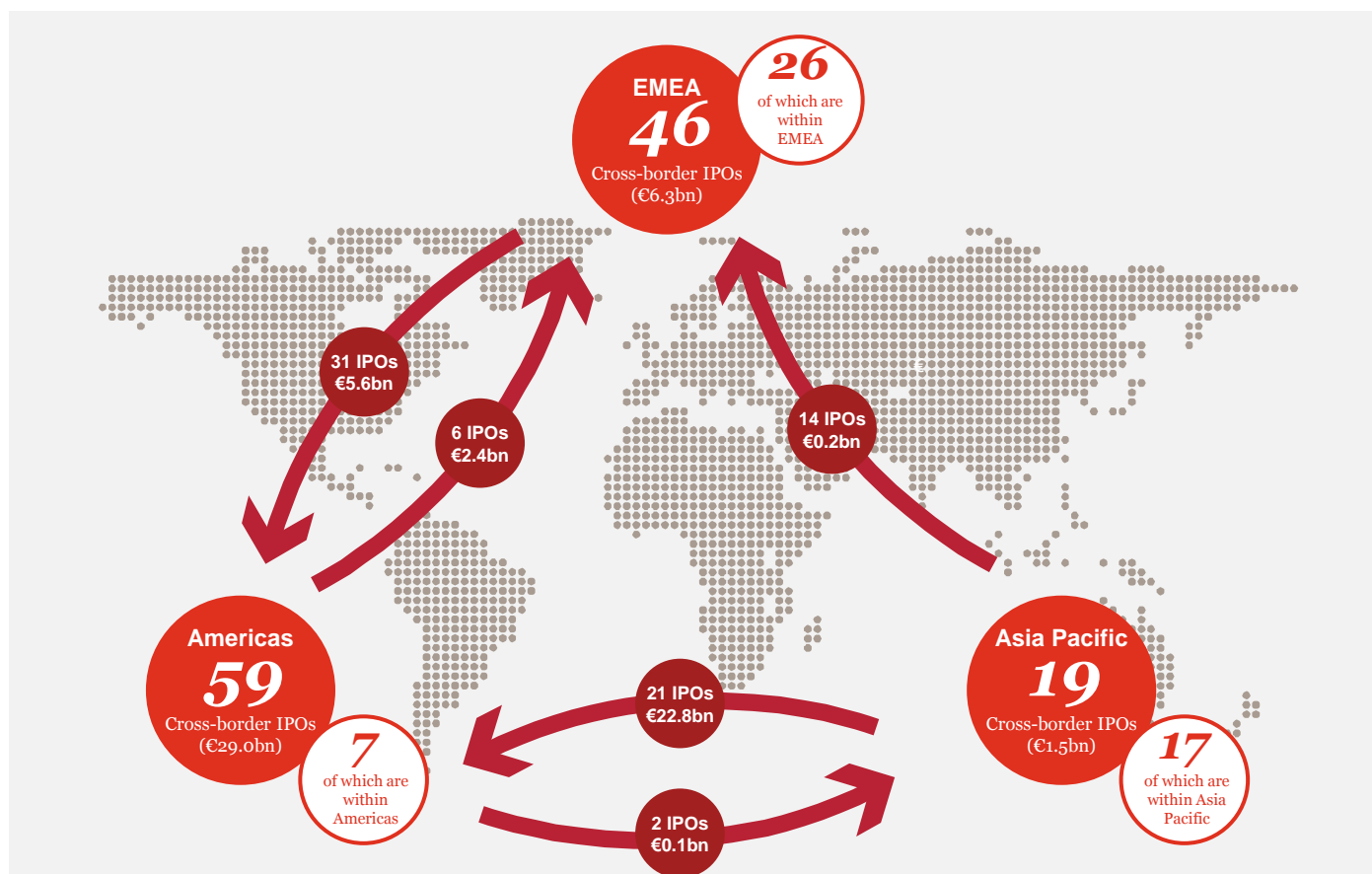


Figure 40: A shift to the West, cross-border IPO activity in 2014



Source: Dealogic

Global cross-border IPOs in 2014

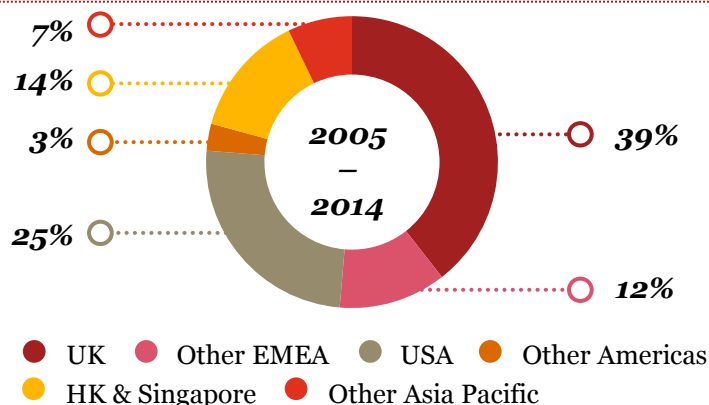
The US attracted almost half of all cross-border IPOs in 2014

Figure 41: Cross-border activity between the top ten (by number) issuing countries and selected exchanges

By number of IPOs	Exchange nationality						Total by issuer nationality 2014	Total by issuer nationality 2013
	New York	London	Other European	Singapore	Hong Kong	Other exchanges		
Australia	1	2	-	1	-	-	4	2
Canada	4	-	-	-	-	1	5	1
China	14	4	3	-	-	1	22	19
Denmark	2	-	2	-	-	-	4	2
Germany	2	1	1	-	-	-	4	1
Hong Kong	3	1	-	-	-	2	6	8
Israel	11	5	-	-	-	-	16	5
Malaysia	1	1	-	1	1	-	4	3
Netherlands	2	1	1	-	-	-	4	1
United Kingdom	6	-	-	-	-	-	6	4
United States	-	3	1	-	-	2	4	8
Total by exchange 2014	58	29	16	5	2	14	124	n/a
Total by exchange 2013	26	25	10	3	5	20	n/a	89

By value (€m)	Exchange nationality						Total 2014	Total 2013
	New York	London	Other European	Singapore	Hong Kong	Other exchanges		
Australia	37	144	-	9	-	-	190	83
Canada	359	-	-	-	-	16	375	61
China	22,305	20	11	-	-	3	22,338	804
Denmark	228	-	10	-	-	-	238	42
Germany	304	35	23	-	-	-	362	72
Hong Kong	348	2	-	-	-	124	474	756
Israel	1,188	221	-	-	-	-	1,409	234
Malaysia	134	4	-	12	213	-	362	50
Netherlands	155	43	42	-	-	-	239	69
United Kingdom	2,780	-	-	-	-	-	2,780	515
United States	-	170	2,165	-	-	152	2,487	1,387
Total by exchange 2014	28,930	2,401	3,843	624	224	681	36,702	n/a
Total by exchange 2013	3,396	3,055	1,357	868	423	722	n/a	9,821

Figure 42: Exchanges attracting cross-border IPOs as a percentage of total number of cross-border IPOs



“The biggest winner in cross-border activity in 2014 was the US where the strength and resilience of the US equity markets, together with its traditional strengths in technology and healthcare were a significant factor in attracting inbound IPOs from China and Europe.

Looking forward into 2015, I can’t see much change in the market dynamics driving cross-border activity, so activity levels and transaction flows will follow a similar pattern to last year.”

Clifford Tompsett
Partner, Head of the Global IPO Centre

Source: Dealogic

Appendix

Appendix 1: European IPOs by market

Stock exchange	2013		2014		Q1 2014		Q2 2014		Q3 2014		Q4 2014	
	IPOs	Value (€m)*	IPOs	Value (€m)*	IPOs	Value (€m)*	IPOs	Value (€m)*	IPOs	Value (€m)*	IPOs	Value (€m)*
TOTAL												
London Stock Exchange	103	14,409	137	19,394	32	5,925	54	9,942	23	1,899	28	1,628
Euronext	26	2,994	41	10,495	6	2,113	22	4,457	8	1,747	5	2,178
BME (Spanish Exchange)	2	2	13	4,514	2	900	4	2,731	5	871	2	12
NASDAQ OMX	31	876	62	4,524	7	1,947	26	1,332	7	304	22	941
Deutsche Börse	9	2,409	17	3,565	1	-	6	857	5	11	5	2,697
Borsa Italiana	18	1,273	26	2,593	5	72	7	1,154	10	1,088	4	279
Oslo Børs & Oslo Axxess	11	941	17	1,572	2	147	5	239	5	53	5	1,133
SIX Swiss Exchange	1	745	6	1,155	-	-	5	1,073	-	-	1	82
Irish Stock Exchange	3	725	3	483	1	265	2	218	-	-	-	-
Bucharest	2	454	1	444	-	-	-	-	1	444	-	-
Warsaw	54	1,134	35	313	10	18	6	89	10	161	9	45
Borsa Istanbul	11	481	13	253	2	4	6	39	1	2	4	208
Wiener Börse	1	-	2	194	-	-	2	194	-	-	-	-
Athens Stock Exchange	-	-	1	35	-	-	-	-	1	35	-	-
Budapest	-	-	1	3	-	-	-	-	-	-	1	3
Luxembourg	7	35	-	-	-	-	-	-	-	-	-	-
Total	279	26,478	375	49,537	68	11,391	145	22,325	76	6,615	86	9,206
EU-REGULATED												
London Main	35	12,330	53	15,833	13	4,581	27	9,165	7	1,318	6	769
Euronext	19	2,905	29	10,434	6	2,113	14	4,410	6	1,739	3	2,172
BME (Spanish Exchange) (Main)	1	-	7	4,457	2	900	3	2,726	2	831	-	-
NASDAQ OMX (Main)	11	855	16	4,107	4	1,945	7	1,042	1	279	4	841
Borsa Italiana (Main)	3	1,080	5	2,390	-	-	2	1,121	2	1,024	1	245
Deutsche Börse (Prime and General Standard)	8	2,409	13	2,164	1	-	4	857	4	10	4	1,297
Oslo Børs	7	910	11	1,501	2	147	2	204	2	17	5	1,133
SIX Swiss Exchange	1	745	6	1,155	-	-	5	1,073	-	-	1	82
Bucharest	2	454	1	444	-	-	-	-	1	444	-	-
Warsaw (Main)	13	1,123	13	306	2	17	3	88	3	157	5	44
Irish Stock Exchange (Main)	2	675	1	200	-	-	1	200	-	-	-	-
Wiener Börse	1	-	2	194	-	-	2	194	-	-	-	-
Athens Stock Exchange	-	-	1	35	-	-	-	-	1	35	-	-
Budapest	-	-	1	3	-	-	-	-	-	-	1	3
Luxembourg	1	-	-	-	-	-	-	-	-	-	-	-
EU-regulated sub-total	104	23,486	159	43,223	30	9,703	70	21,080	29	5,854	30	6,586
EXCHANGE-REGULATED												
London AIM and SFM	68	2,079	84	3,561	19	1,344	27	777	16	581	22	859
Deutsche Börse (Entry Standard)	1	-	4	1,401	-	-	2	-	1	1	1	1,400
NASDAQ OMX (First North)	20	21	46	417	3	2	19	290	6	25	18	100
Irish Stock Exchange (ESM)	1	50	2	283	1	265	1	18	-	-	-	-
Borsa Istanbul	11	481	13	253	2	4	6	39	1	2	4	208
Borsa Italiana (AIM)	15	193	21	203	5	72	5	33	8	64	3	34
Oslo Axxess	4	31	6	71	-	-	3	35	3	36	-	-
Euronext (Alternext)	7	89	12	61	-	-	8	47	2	8	2	6
BME (Spanish Exchange) (MAB)	1	2	6	57	-	-	1	5	3	40	2	12
Warsaw (NewConnect)	41	11	22	7	8	1	3	1	7	4	4	1
Luxembourg (EuroMTF)	6	35	-	-	-	-	-	-	-	-	-	-
Exchange-regulated sub-total	175	2,992	216	6,314	38	1,688	75	1,245	47	761	56	2,620
Europe total	279	26,478	375	49,537	68	11,391	145	22,325	76	6,615	86	9,206

* Excludes greenshoe

Appendix

Appendix 2: European IPOs by sector (by value)

By offering value (€m)*	2013	2014	% of total 2014	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Financials	12,329	18,739	38%	3,100	6,876	3,132	5,631
Consumer Services	2,845	12,100	24%	3,153	6,935	827	1,185
Industrials	6,226	9,032	18%	2,745	4,367	1,326	594
Health Care	476	2,337	5%	435	661	500	741
Telecommunications	8	2,290	5%	1,514	646	0	130
Consumer Goods	1,602	1,739	4%	0	942	18	779
Technology	300	1,121	2%	19	970	93	39
Oil & Gas	771	969	2%	391	385	107	86
Utilities	861	638	1%	25	2	611	0
Basic Materials	1,060	572	1%	9	541	1	21
Total value (€m)*	26,478	49,537	100%	11,391	22,325	6,615	9,206

Appendix 3: European IPOs by sector (by volume)

By number of IPOs	2013	2014	% of total 2014	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Financials	81	87	23%	13	37	14	23
Industrials	44	64	17%	12	26	13	13
Consumer Services	36	59	16%	15	22	11	11
Health Care	23	44	12%	7	18	7	12
Technology	28	37	10%	5	12	13	7
Consumer Goods	23	35	9%	1	13	8	13
Oil & Gas	19	17	5%	7	6	2	2
Basic Materials	17	15	4%	3	7	2	3
Telecommunications	4	9	2%	3	3	1	2
Utilities	4	8	2%	2	1	5	0
Total number	279	375	100%	68	145	76	86

* Excludes greenshoe

Appendix

Appendix 4: Top ten European further offers in 2014

Trading date	Issuer	€m (excl. greenshoe)	€m (incl. greenshoe)	Sector	Market	Country of origin	PE backed
Q2	Deutsche Bank	6,758	6,758	Financials	Deutsche Börse	Germany	No
Q1	Lloyds Banking Group	5,009	5,009	Financials	London	UK	No
Q3	Monte dei Paschi	5,000	5,000	Financials	Borsa Italiana	Italy	No
Q4	Numericable Group	4,733	4,733	Consumer Services	Euronext Paris	France	Yes
Q3	Telefonica Deutschland Holding	3,619	3,619	Telecommunications	Deutsche Börse	Germany	No
Q2	Eurobank Ergasias	2,864	2,864	Financials	Athens	Greece	No
Q1	Raiffeisen Bank International	2,778	2,778	Financials	Wiener Börse	Austria	No
Q4	Endesa	2,724	3,133	Utilities	BME	Spain	No
Q2	National Bank of Greece	2,500	2,500	Financials	Athens	Greece	No
Q3	Banco Comercial Portugues - Millennium BCP	2,242	2,242	Financials	Euronext Lisbon	Portugal	No

Appendix 5: Top ten UK IPOs in 2014

Trading date	Issuer	£m (excl. greenshoe)	£m (incl. greenshoe)	Sector	Market	Country of origin	PE backed
Q2	AA	1,385	1,385	Consumer Services	Main	UK	Yes
Q2	B&M European Value Retail	1,080	1,177	Consumer Services	Main	UK	Yes
Q1	Kennedy Wilson Europe Real Estate	840	931	Financials	Main	UK	No
Q1	Lenta	571	584	Consumer Services	Main	Russia	Yes
Q2	Saga	550	550	Consumer Services	Main	UK	Yes
Q1	Pets at Home Group	490	490	Consumer Services	Main	UK	Yes
Q3	SSP Group	482	554	Consumer Services	Main	UK	Yes
Q2	TSB Banking Group	455	500	Financials	Main	UK	No
Q1	AO World	423	487	Consumer Services	Main	UK	No
Q1	Poundland Group	375	431	Consumer Services	Main	UK	Yes

Appendix 6: Top ten global IPOs in 2014

Trading date	Issuer	€m (excl. greenshoe)	€m (incl. greenshoe)	Sector	Market	Country of origin	PE backed
Q3	Alibaba Group Holding	16,810	19,331	Consumer Services	New York	China	No
Q4	National Commercial Bank	4,791	4,791	Financials	Saudi Arabia	Saudi Arabia	No
Q4	Medibank Private	3,973	3,973	Financials	ASX	Australia	No
Q4	Dalian Wanda Commercial Properties Co	2,985	3,247	Financials	Hong Kong	China	No
Q4	CGN Power Co	2,539	2,919	Utilities	Hong Kong	China	No
Q3	Citizens Financial Group	2,343	2,695	Financials	New York	US	No
Q1	HK Electric Investments	2,297	2,297	Utilities	Hong Kong	Hong Kong	No
Q1	Japan Display	2,223	2,223	Industrials	Tokyo	Japan	No
Q4	Pershing Square Holdings	2,150	2,165	Financials	Euronext Amsterdam	US	No
Q3	Synchrony Financial	2,141	2,201	Financials	New York	US	No



Contacts

About IPO Watch Europe

IPO Watch Europe surveys all new primary market equity IPOs on Europe's principal stock markets (including exchanges in Austria, Belgium, Denmark, France, Germany, Greece, Hungary, 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.

The IPO proceeds are translated into euros, if applicable, by using the exchange rate at the pricing date.

This survey was conducted up to 31 December 2014 and captures IPOs based on their first trading date. All market data is sourced from the stock markets themselves unless otherwise stated and has not been independently verified by PricewaterhouseCoopers LLP.

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