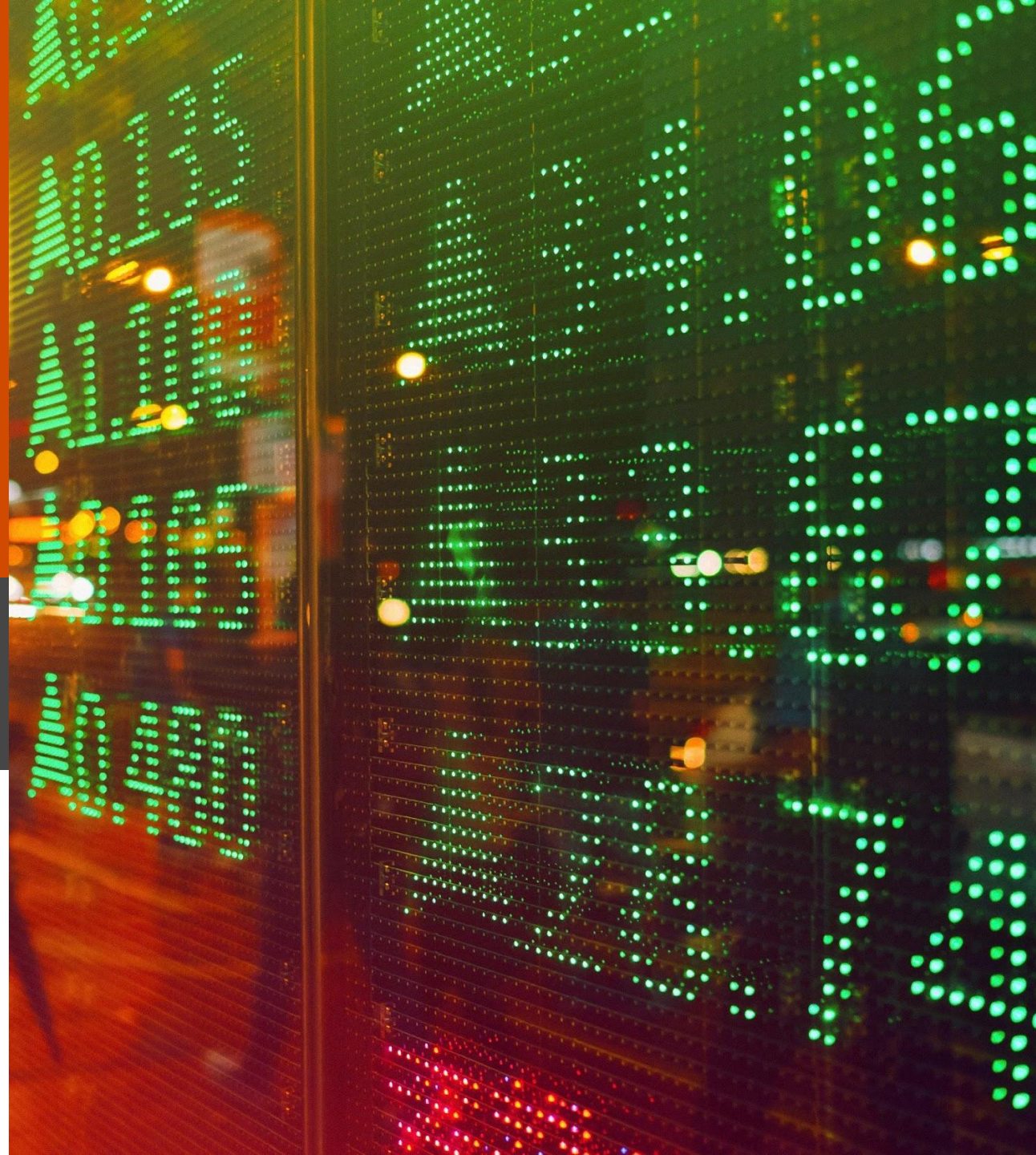


Global IPO Watch Q1 2023



Headlines

The US dropped to third place in terms of IPO proceeds raised this quarter as US and European markets remain quiet

- Three IPOs in the UAE raised \$3.2bn, beating the US to second place behind Mainland China.
- The UK did not make the cut with only two IPOs raising \$0.1bn, 80% lower than the first quarter of 2022 where 10 IPOs raised combined proceeds of \$0.5bn.

Mainland China continues to dominate IPOs in Q1 2023 representing half of total IPO proceeds globally

- Mainland China accounted for 39% of global IPO proceeds in 2022, notably ahead of the US which accounted for just 13% of the total.
- The Asia-Pacific region dominated IPO issuance this quarter with; Indonesia, Japan, Hong Kong SAR and South Korea all securing their place in the the top 10.

Surprisingly, given market sentiment towards the sector, technology IPOs were most prevalent in the first quarter of 2023

- More than 50% of IPOs in this sector were in Mainland China with just one sizable transaction in the US
- IPOs in the energy and utilities sectors were rife, as would be expected given sector dynamics (e.g. energy transition, commodity pricing)

The recent SPAC phenomenon appears to be ending as the levels of new SPAC issuance normalises

- Most of the current SPAC merger activity originates from the massive cohort of SPACs that listed in 2021 as they reach the end of the life.
- SPACs that have completed their mergers have generally struggled to recover their deal valuation.

Elevated interest rates are making leverage transactions less compelling and the dearth of IPOs in the Western hemisphere over the past year are together leading to an increasing backlog of potential IPO candidates

- The key for IPO candidates is to be ready to access the market when markets stabilise and re-open.

The debate around the impact of regulation on the choice and relative attractiveness of markets continues

- However, notwithstanding this and the recent low IPO volumes, the US market, which is by no measure a lesser regulated market, remains the top cross-border market of interest to potential issuers with 20 cross-border US IPOs in Q1, 13 of which originated from Mainland China.

Q1 2023 overview and outlook

Q1 2023 overview

Strong Q1 for equity indices despite volatility in the banking sector and sticky inflation

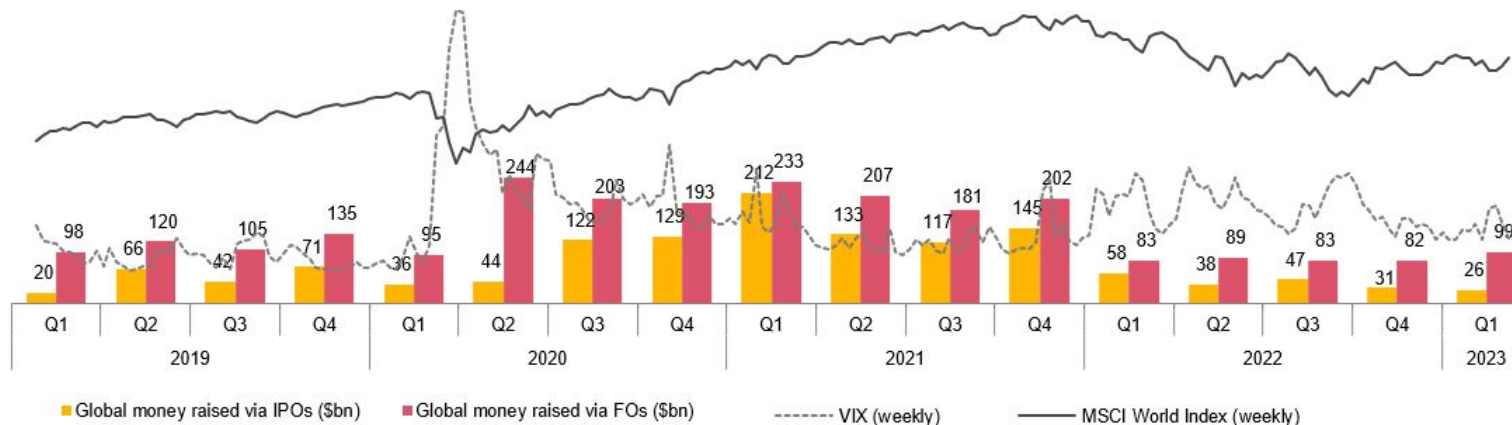
Global equity markets kicked off strongly in 2023, supported by lower energy and oil prices, positive business sentiment indicators and Mainland China reopening. As the quarter progressed, the geopolitical backdrop remained challenging and central banks globally continued to tighten monetary policy as the encouraging inflation data started to reverse with core inflation proving to be stickier than expected. However, despite the short lived equity market sell-off that followed the unexpected turbulence in the US and European banking sectors, indices rallied further on strong retail earnings and managed to close the quarter with sizable gains - the S&P 500 and the Stoxx 600 that both closed up 7%, and the Shanghai index that closed up 6%.

IPO markets in the US and Europe remain largely closed, but Asia and the Middle East continue to outperform

Following a slow 2022 IPO market, Q1 2023 new issuance volume remained underwhelming. Generally a quiet quarter for IPOs, the US and European IPO markets in Q1 were further impacted by the volatility in the banking sector leading to very limited activity. The Middle Eastern IPO market continued to deliver landmark transactions, including a mega privatisation IPO. Asia-Pacific Q1 IPO proceeds accounted for 66% of global IPO proceeds as issuance across the region remained strong, with Mainland China and Indonesia driving IPO volumes this quarter. On the follow-on equity issuance front, Q1 activity remained in line with historical averages, with issuers taking advantage of the more stable spells in equity prices.

Volatility in the treasury and bond markets leading to widening of the credit spreads

Against a volatile market backdrop, the fears of the banking crisis and potential recession in the US ignited some of the biggest swings in the US Treasury market in years. The global bond market also saw a significant widening of the credit spreads indicating weaker economic prospects. Whilst US and European bonds posted positive returns within the first quarter, there was negative impact felt toward the end of the quarter by the turbulence in the banking sector. Central banks' "higher for longer" stance on interest rates is a theme that will drive the bond market in the near future.



Outlook

Key market drivers going forward

As we look further into 2023, market participants will care about how quickly inflation will decline and the likelihood of central banks pausing rate hikes. As Mainland China's economy is likely to continue benefiting from its reopening, the downside risks largely sit within the developed world. Increased risks to financial stability could lead to tightening credit conditions which may negatively impact growth in the developed economies. Together with flashing US recession warning signals, this could weigh on investor sentiment to equities and, in turn, equity issuance.

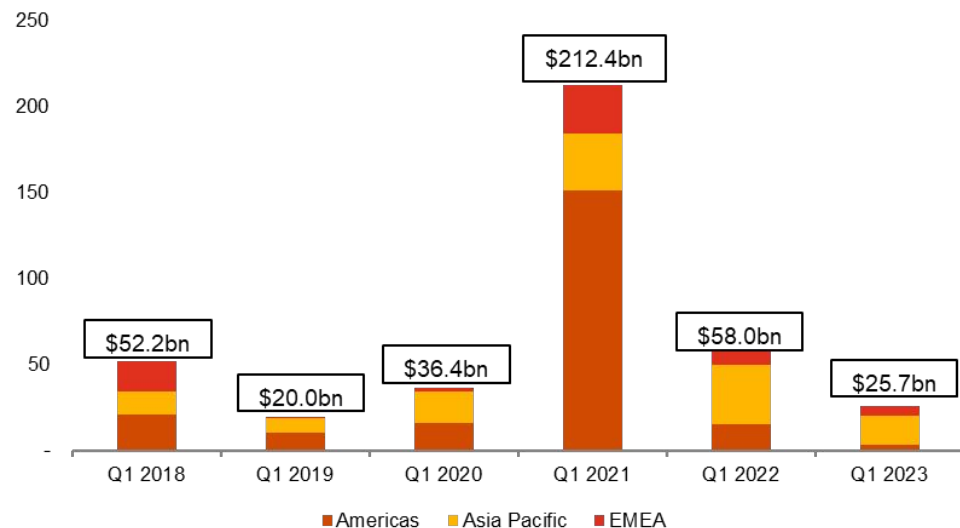
There remains significant investable cash that will be more than enough to spark the IPO market into life when sentiment improves, whilst focus will be on quality

In the long term, equities remain an attractive asset class, but in light of recession concerns, investors will need to find a balance between equities that entail a greater risk, but with potential greater returns, and generally lower-risk assets such as bonds.

Quality and stock fundamentals will be front of mind for IPO investors. Since 2008 the IPO market has mainly been fueled by fast-growth and tech companies, a number of whom were loss making and valued on revenue multiples. Most companies that are planning to list now should show a track record of, or a clear path to, profitability. In addition, companies will need to accept the new realities of a reversion of valuations to more historical levels.

IPOs - Q1 2023 highlights (1 of 2)

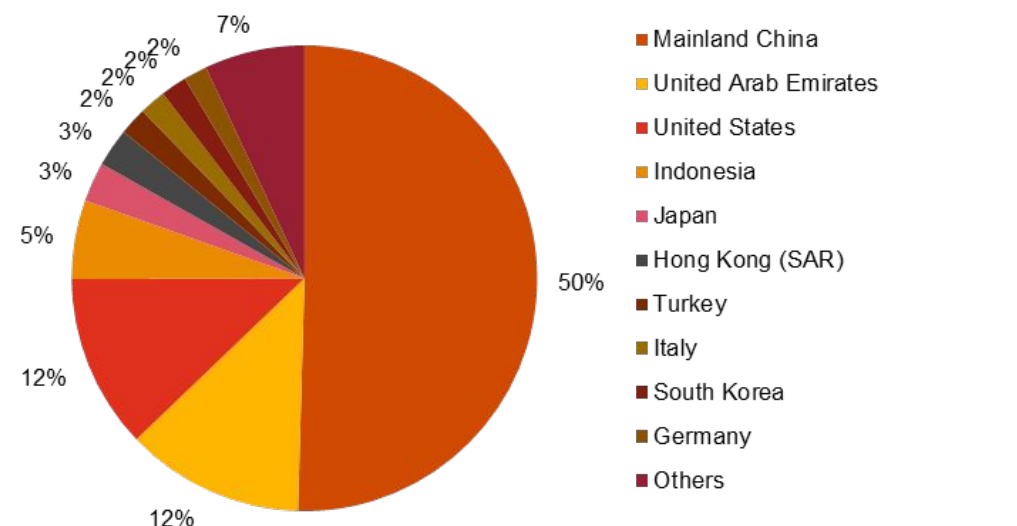
Q1 IPO proceeds by region (\$bn)



Source: Dealogic and Capital IQ with PwC analysis

- Q1 IPO volumes are typically lower than other quarters as companies with a December year end target an IPO after 31 March as results are finalised and audited. Q1 2021 was an exception to the rule, fuelled by the SPAC IPO boom and listings deferred from 2020 as the world adjusted to COVID-19.
- Asia-Pacific** Q1 2023 IPO proceeds accounted for 66% (\$17bn) of global IPO proceeds as issuance across the region remained strong. Whilst there were 158 IPOs across Asia-Pacific in Q1 2023, proceeds raised were 51% lower than Q1 2022 when 175 IPOs raised \$34bn.
- Q1 IPO proceeds in the **Americas** were \$3.1bn from 44 IPOs, representing the lowest first quarter in over 5 years.
- EMEA** Q1 IPO proceeds were \$5.5bn from 32 IPOs, with the UAE accounting for 58% of proceeds in the region.

Top 10 countries (% of Q1 2023 global IPO proceeds)

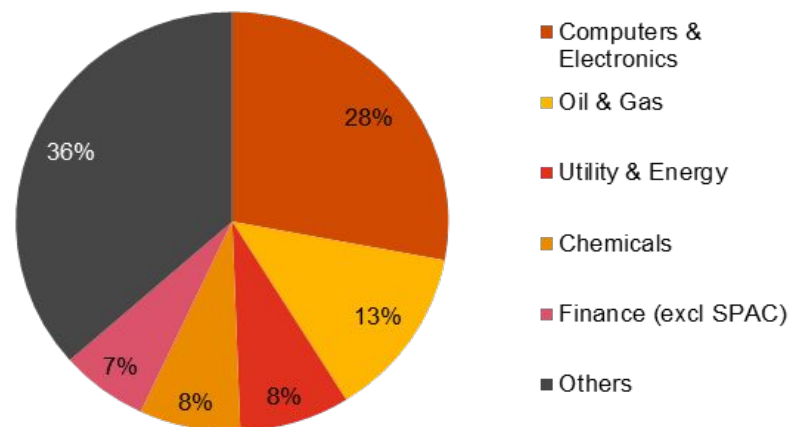


Source: Dealogic and Capital IQ with PwC analysis

- Mainland China** accounted for half (\$13.0bn) of all IPO proceeds globally in Q1 2023 with the **US** accounting for just 12% (\$3.1bn). This indicates further decoupling between the US and Mainland China equity markets.
- The **UAE** ranked higher than the US this quarter in terms of IPO proceeds as economic growth and privatisation programmes continue to support IPO markets across the region. *See page 5 for a spotlight on the UAE and Saudi Arabia IPO activity.*
- Indonesia** makes a rare appearance in the Top 10 this quarter as a number of nickel miners completed IPOs, supported by the growing demand for the commodity used in batteries for electric vehicles. *See page 6 for a spotlight on Indonesia IPO activity.*
- Hong Kong SAR** IPO activity remains muted in Q1 2023 as Chinese companies continue to opt for a listing in either Shanghai, Beijing or Shenzhen.
- The **UK** fails to make the top 10 list once more as the UK IPO market remains closed for yet another quarter.

IPOs - Q1 2023 highlights (2 of 2)

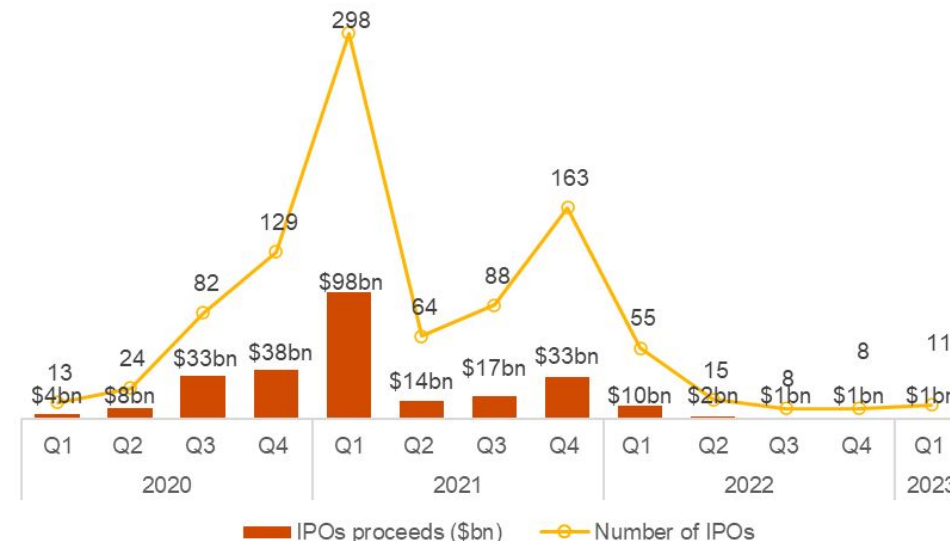
Q1 2023 IPO proceeds by sector



Source: Dealogic and Capital IQ with PwC analysis

- The **Computer and electronics** sector continues to dominate IPO issuance with 57 IPOs raising \$7.1bn of proceeds, 16 of which were in Mainland China raising \$3.9bn.
 - The largest IPO in this sector in Q1 was Nextracker Inc, a renewable energy technology company, raising \$0.7bn on NASDAQ in February 2023.
- IPO activity in the **Oil and Gas** sector remains buoyant due to favourable commodity prices and the privations of businesses in this sector from the Middle East. Five IPOs raised \$3.4bn in Q1, including \$2.5bn raised by an Abu Dhabi energy group ADNOC Gas in March 2023.
- There were two notable IPOs in the **Utility & Energy** sector this quarter:
 - Shaanxi Energy Investment Co Ltd (electricity and thermal power generation and distribution services) raised \$1.0bn in Mainland China; and
 - PT Pertamina Geothermal Energy Tbk (geothermal energy) raised \$0.6bn in Indonesia.

Q1 2023 US SPAC analysis

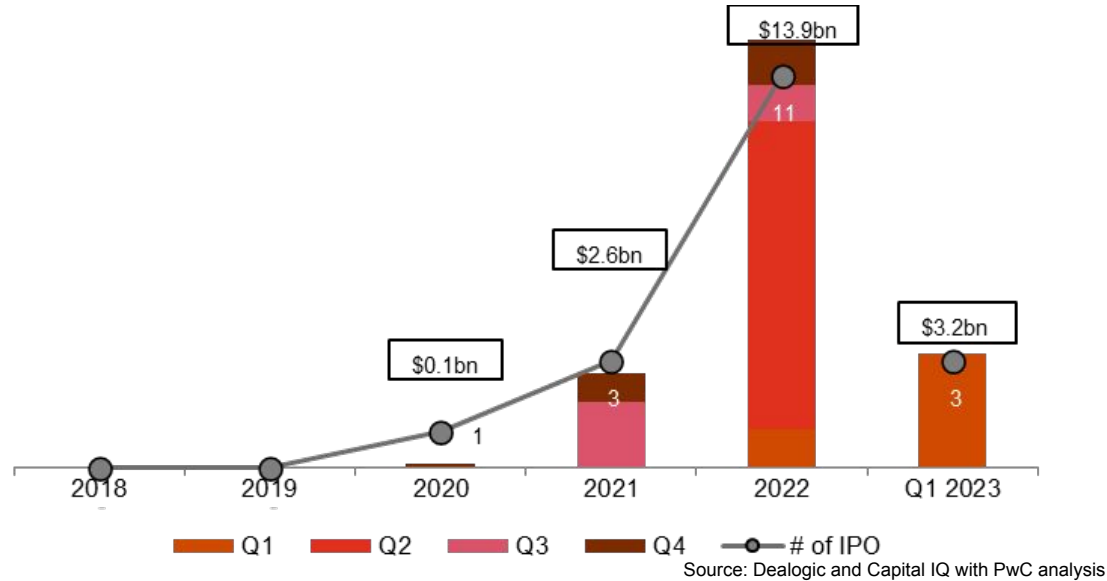


Source: Dealogic and Capital IQ with PwC analysis

- Although new SPAC issuance remains subdued compared to the 2020 and 2021 boom, 11 SPAC IPOs completed in Q1 raising \$0.9bn. This represented 29% of total US IPO proceeds for the quarter.
- Q1 saw 64 SPAC merger announcements and 29 SPAC merger completions. The largest transaction was AMCI Acquisition Corp. II merging with LanzaTech (carbon recycling technology) with a deal value of \$1.8bn.
- Moving forward, we expect new SPAC IPOs to be more akin to pre-pandemic volumes. Most of the current SPAC merger activity originates from the massive cohort of SPACs that listed in 2021 as they reach the end of the life. SPACs that have completed their mergers have generally struggled to recover their deal valuation. The 2021 SPAC merger class, for example, currently shows an average return of negative 66%.

Spotlight on UAE and Saudi Arabia

UAE IPOs - 2018 to Q1 2023



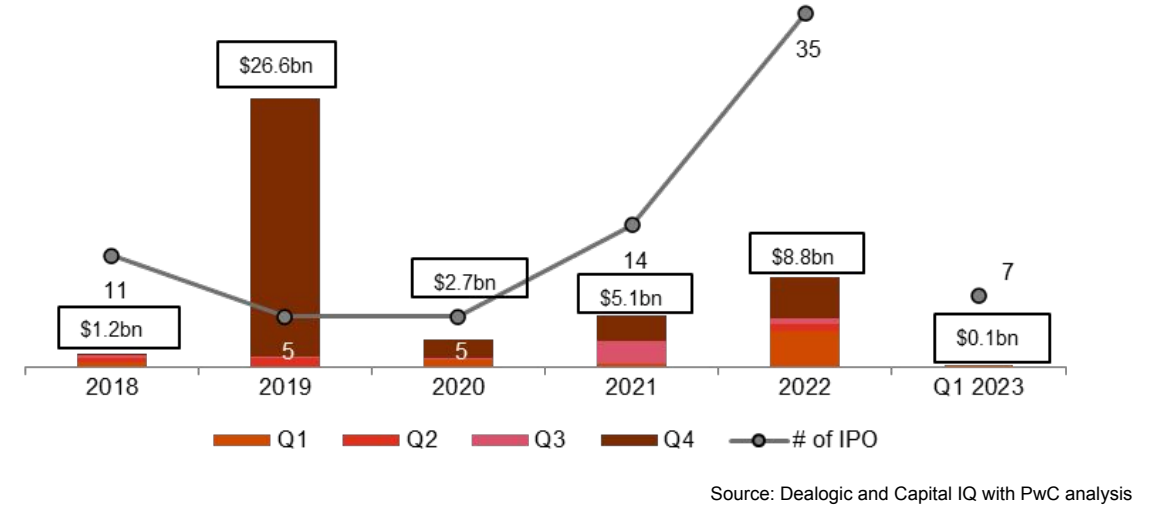
2022 in review

2022 built on the foundation that the region has been steadily establishing over the last few years. Following the growth in activity in the UAE and Saudi Arabia in 2022, these countries respectively ranked 3rd and 6th globally in terms of full year 2022 IPO proceeds.

Much of the activity observed in 2022 was a manifestation of the various regional government initiatives such as Saudi Arabia's Vision 2030 and UAE's Vision. Such initiatives led to a number of privatisations of government assets and IPOs of state-owned entities, which were underpinning by strong demand from investors. This included the \$6.1bn IPO of Dubai Electricity and Water Authority in April 2022 (37x oversubscribed at IPO) and the \$1.3bn IPO of Saudi Aramco Base Oil Company Luberef in December 2022 (30x oversubscribed at IPO).

Increased IPO activity have led to an enhanced regulatory environment and more established market practices. As part of the next wave of IPOs in the region, there has been an increase in the number of IPOs of private companies such as the Americana restaurants group, Jeddah-based Nahdi medical group and Abu Dhabi-based Burjeel hospital group, which raised \$1.8bn, \$1.4bn and \$0.3bn respectively.

Saudi Arabia IPOs - 2018 to Q1 2023



Q1 2023 and outlook for the remainder of 2023

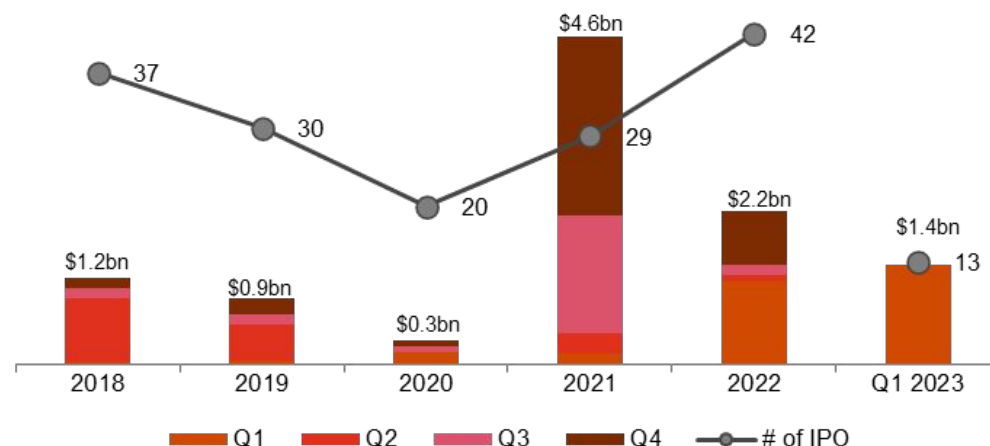
There were three IPOs in the UAE in Q1 raising proceeds of \$3.2bn, \$2.5bn of which were from the 50x oversubscribed IPO of ADNOC Gas.

Seven smaller scale IPOs in Saudi Arabia completed in Q1 with combined proceeds of \$0.1bn.

Whilst there were only three IPOs in the UAE and seven IPOs in Saudi Arabia in Q1, the momentum in IPO activity is expected to continue into the near future with a strong IPO pipeline across both the public and private company sectors as well as increased investors' awareness of the region's potential.

Spotlight on Indonesia

Indonesia IPOs - 2018 to Q1 2023



Source: Dealogic and Capital IQ with PwC analysis

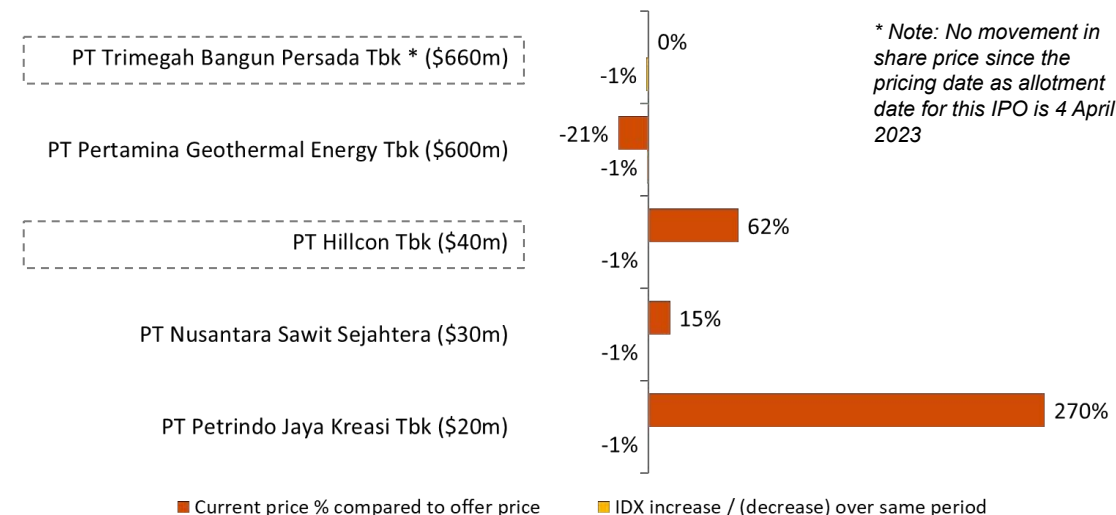
2021 and 2022 in review

In 2021, Indonesia's first listed unicorn start-up PT Bukalapak raised \$1.5bn on the Indonesian Stock Exchange. The listing of this decade old company fueled excitement in a region that is home to 400 million internet users. Two other companies, Mitratel (a telecommunications tower operator) and Avia Avian Tbk (a paint company) raised \$1.3bn and \$0.4bn, respectively in H2 2021.

In 2022, there were a total of 137 IPOs raising \$6.5bn across Southeast Asia. Indonesia accounted for over half of the IPOs by volume (60) raising a total of \$2.2bn. In H1 2022, Indonesia's biggest technology firm GoTo Group, which was formed in 2021 by the merger of ride-hailing-to-payments firm Gojek and e-commerce leader Tokopedia, raised \$1.1bn. 2022 closed with another sizeable IPO from another e-commerce giant, Blibli, raising \$0.5bn.

Overseas investors have shown an interest in Indonesian IPOs with most IPOs including an offer into the US.

Post IPO performance versus IDX Composite index



* Note: No movement in share price since the pricing date as allotment date for this IPO is 4 April 2023

Operating in the Nickel industry

Source: Dealogic and Capital IQ with PwC analysis

Q1 2023 and outlook for the remainder of 2023

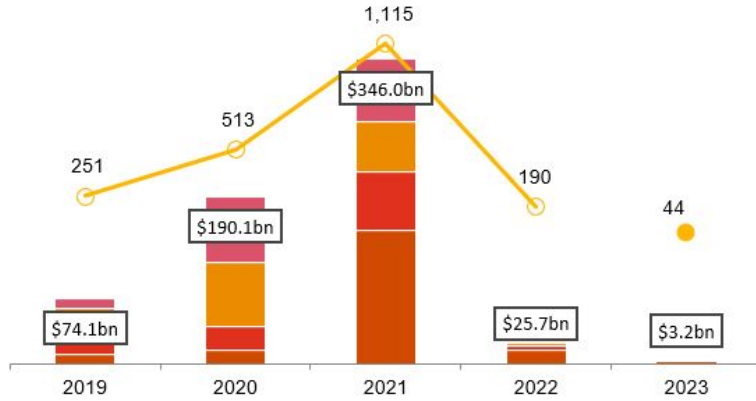
There were 13 IPOs in Q1 raising \$1.4bn of proceeds and the bourse expects full year 2023 IPO volumes to be ahead of 2022. The pipeline includes listings of several state-owned companies as well as those in the nickel and related metals industry to support the government's effort to accelerate the downstream nickel industry and the creation of an electric vehicle battery raw material ecosystem in Indonesia.

It will be interesting to see how the creation of the "New Economy Board" listing segment, which was established to encourage more technology companies to consider an IPO, will pan out given the current suppressed investor appetite for early stage companies in this sector. Whilst H1 2023 actively is likely to remain moderate, there is a strong pipeline on the horizon and an expectation that companies will seize the fund-raising window prior to the presidential election in 2024. To maintain Indonesian stock market performance and underpin IPO activity levels the environment will need to become more supportive, similar to other exchanges, with an easing of the geopolitical backdrop and macroeconomic conditions, together with renewed investor sentiment.

IPO and FO activity per region

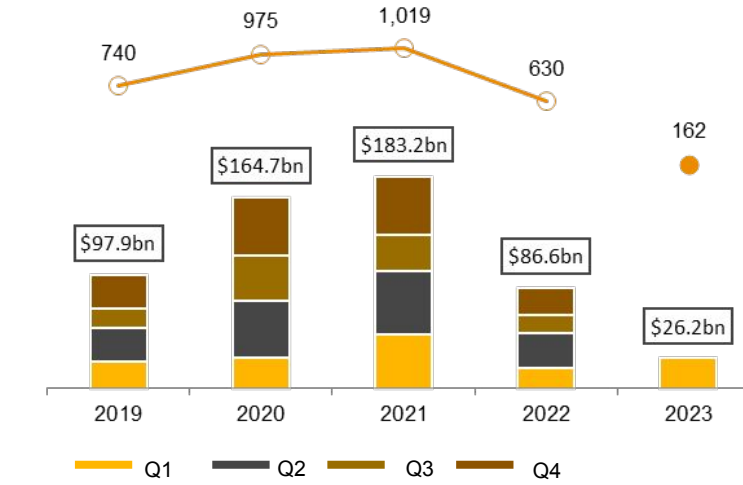
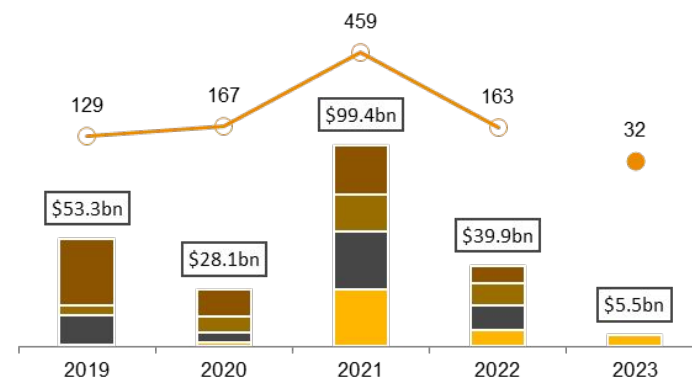
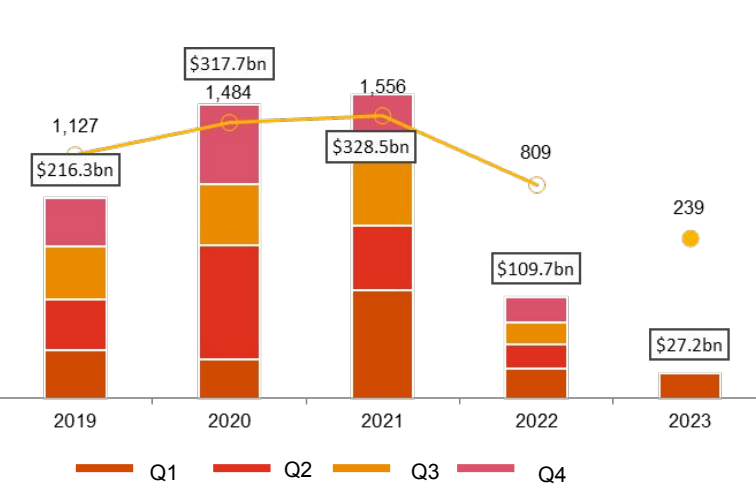
Americas

IPO money raised & # of deals

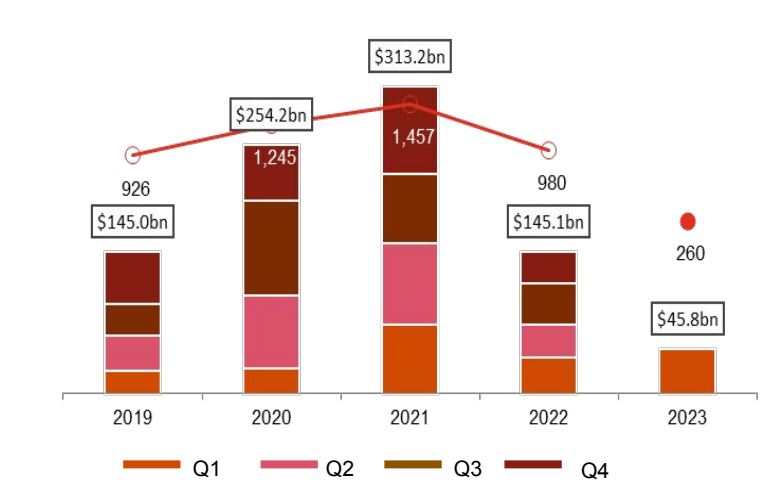
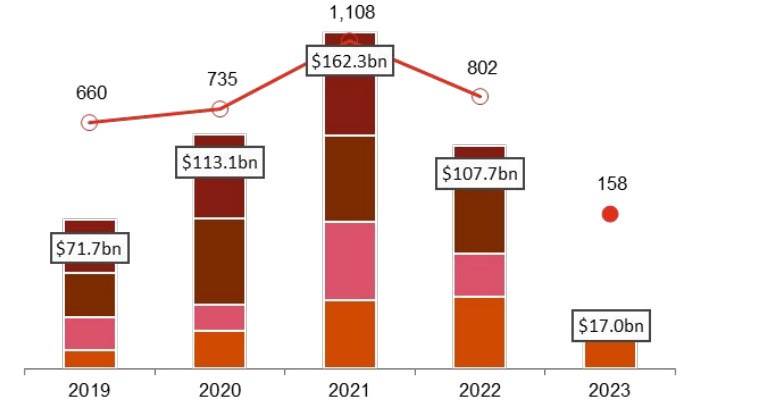


EMEA

FO money raised & # of deals



Asia-Pacific



Source: Dealogic with PwC analysis as of 31 March 2023

Basis of preparation

- The **Global IPO Watch** analyses IPO and FO trends on a quarterly basis, both at a global and regional level.
- This document includes data derived from data provided under Licence by Dealogic. Dealogic retains and reserves all rights in such Licenced data.
- Only transactions with a minimum of \$5 million money raised have been included.
- Transaction proceeds include the overallotment option (if exercised).
- The data excludes PIPOs and transactions on Over-The-Counter exchanges.
- In case IPOs or FOs take place on two or more exchanges, the full amount of money raised is attributed to all exchanges. The same applies to countries and regions. This does not apply to two exchanges within the same country or two countries within the same region.
- Country indicates the company's country of domicile.
- Industry classification is based on Dealogic classifications.
- Index performance is based on pricing data extracted from Capital IQ.



Contacts



Stuart Newman

PwC Global IPO Centre Leader – PwC UK

stuart.newman@pwc.com



Michael Bellin

IPO Services Leader - PwC US

michael.j.bellin@pwc.com



Michael Wisson

Partner, Capital Markets – PwC UK

michael.a.wisson@pwc.com



Shen Jie

A-Share Capital Market Leader, Capital Market

Services - PwC China

jie.shen@cn.pwc.com



Nadja Picard

PwC Europe Capital Markets Leader – PwC Germany

nadja.picard@pwc.com



Edmond Chan

Hong Kong Capital Market Leader, Capital Market

Services - PwC Hong Kong

edmond.chan@hk.pwc.com



Stephan Wyrobisch

Partner, Capital Markets – PwC Germany

stephan.wyrobisch@pwc.com

Appendix

- Leading transactions Q1 2023

Leading transactions Q1 2023 - *Global IPOs*

Note: current price is at 31 March 2023

Top 10 largest IPOs Q1 2023

Pricing date	Issuer name	Issuer Country	Sector	Exchange	Money raised	After market performance		
						1-day	1-month	Current
3-Mar-23	ADNOC Gas PLC	United Arab Emirates	Oil & Gas	Abu Dhabi Securities Exchange	\$2.5bn	19%	n/a	30%
28-Mar-23	Shaanxi Energy Investment Co Ltd	Mainland China	Utility & Energy	Shenzhen Stock Exchange	\$1.0bn	n/a	n/a	n/a
8-Feb-23	Nextracker Inc	United States	Computers & Electronics	NASDAQ-US	\$0.7bn	27%	36%	51%
20-Jan-23	Hunan Yuneng New Energy Battery Material Co Ltd	Mainland China	Chemicals	Shenzhen Stock Exchange-ChiNext	\$0.7bn	125%	98%	79%
24-Mar-23	PT Trimegah Bangun Persada Tbk	Indonesia	Metal & Steel	Indonesia Stock Exchange	\$0.7bn	n/a	n/a	n/a
23-Feb-23	Jiangsu Xukuang Energy Co Ltd	Mainland China	Mining	Shanghai Stock Exchange	\$0.6bn	28%	n/a	11%
13-Feb-23	PT Pertamina Geothermal Energy Tbk	Indonesia	Utility & Energy	Indonesia Stock Exchange	\$0.6bn	0%	-9%	-21%
23-Mar-23	Shenzhen Intellifusion Technologies Co Ltd	Mainland China	Computers & Electronics	Sci-Tech Innovation Board (STAR Market)	\$0.6bn	n/a	n/a	n/a
17-Jan-23	Greenworks (Jiangsu) Co Ltd	Mainland China	Machinery	Shenzhen Stock Exchange-ChiNext	\$0.6bn	24%	5%	-11%
17-Mar-23	Presight AI Holding PLC	United Arab Emirates	Computers & Electronics	Abu Dhabi Securities Exchange	\$0.5bn	n/a	n/a	149%

Leading transactions Q1 2023 - *Global FOs*

Note: current price is at 31 March 2023

Top 10 largest FOs Q1 2023

Pricing date	Issuer name	Issuer country	Sector	Exchange	Deal type	Money raised	After market performance		
							1-day	1-month	Current
13-Mar-23	Japan Post Bank Co Ltd	Japan	Finance	TSE - Prime	FO - Fully Marketed	\$9.0bn	0%	n/a	-4%
28-Mar-23	Link Real Estate Investment Trust	Hong Kong (China)	Real Estate/Property	Hong Kong Exchange-Main Board	FO - Rights Offer	\$2.4bn	13%	n/a	14%
8-Mar-23	London Stock Exchange Group plc	United Kingdom	Finance	London Stock Exchange	FO - Accelerated Bookbuild	\$2.4bn	4%	n/a	10%
1-Mar-23	BNP Paribas SA	France	Finance	Paris	FO - Accelerated Bookbuild	\$2.3bn	-2%	-15%	-15%
7-Jan-23	China Eastern Airlines Corp Ltd	Mainland China	Transportation	Shanghai Stock Exchange	FO - Cash Placing	\$2.2bn	25%	21%	17%
7-Jan-23	Air China Ltd	Mainland China	Transportation	Shanghai Stock Exchange	FO - Cash Placing	\$2.2bn	20%	14%	-22%
17-Feb-23	Heineken NV	Netherlands	Food & Beverage	Amsterdam	FO - Accelerated Bookbuild	\$2.0bn	5%	7%	9%
17-Jan-23	PowerChina	Mainland China	Construction/Building	Shanghai Stock Exchange	FO - Cash Placing	\$2.0bn	7%	7%	11%
28-Feb-23	American Water Works Co Inc	United States	Utility & Energy	New York Stock Exchange-NYSE	FO - Accelerated Bookbuild	\$1.7bn	2%	8%	8%
28-Mar-23	Mercedes-Benz Group AG	Germany	Auto/Truck	Frankfurt Stock Exchange-General	FO - Accelerated Bookbuild	\$1.5bn	2%	n/a	2%

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