

IPO Watch Europe

H1 2023





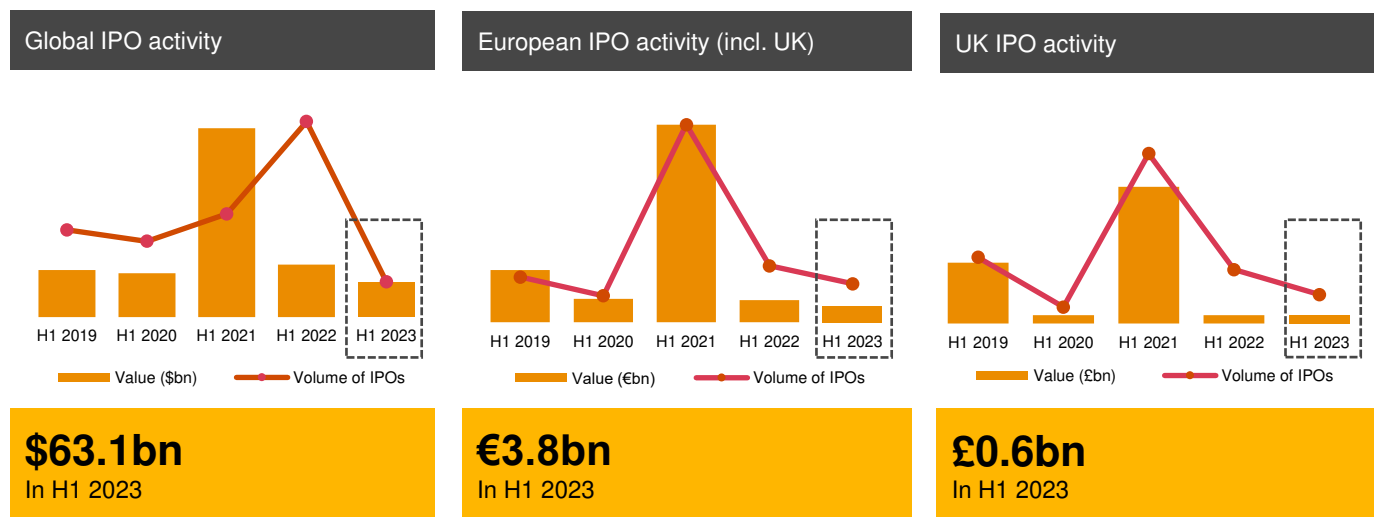
Contents



	Page no.
Top European exchanges in H1 2023	4
Equity market performance and volatility	5
European and UK IPO trends	6
Global money raised via IPOs	7
Appendix: European IPOs over €15m in H1 2023	8

H1 2023 IPO Watch Europe

European IPO market activity remained muted in the second quarter as rising interest rates, stubborn inflation and valuation concerns from investors curbed appetite for IPOs. H1 2023 European IPO proceeds were down, 27% raising only €3.8bn vs €5.2bn raised in H1 last year. The secondary markets have done much better this quarter with a number of jumbo €1bn+ transactions pricing. Market participants are increasingly focused on the effectiveness of capital markets ecosystems, including the ability of public markets to attract more investment from institutional and retail investors and improving the price discovery process. In addition, the regulatory frameworks of the UK and European capital markets also continue to evolve at a pace with the objective of increasing the appeal of public markets for prospective issuers by easing the complexities of listing and ongoing obligations.



Despite the fact that the second quarter has not seen a significant pick up in the IPO activity in Europe, the last couple of weeks of the quarter and early July were very busy for investors with a number of IPOs pricing, including the Frankfurt-listed ThyssenKrupp Nucera, the London-listed CAB Payments, and the Bucharest-listed Hidroelectricita. As noted in previous publications, valuation and appropriate IPO discount remain front of mind for investors. However, as we have seen this quarter, attractive valuation may not be enough to attract investor appetite, as issuers and bankers are looking for ways to innovate in order to get deals done. For example, there were a number of fixed price IPOs, such as the Italian Design Brands IPO that priced on the Milan stock exchange and the CAB Payments IPO in London. Whilst this is an unusual practice for IPOs, which means an issuer is effectively giving up a debate on price, it removes an element of uncertainty. Other features such as a compressed roadshow and reduced overall marketing period to limit market exposure were seen this quarter. Another unusual transaction currently in the market is the ACG de-SPAC that, unlike most de-SPACs, has opted for a process similar to a re-IPO with a full timetable of pre-marketing and roadshow.

Top 5 European IPOs in Q2 2023

Lottomatica Group Leisure €600m Borsa Italiana (part of Euronext Group)	Admiral Acquisition Finance €507m London Stock Exchange	CW Enerji Technology €152m Borsa Istanbul	Bien Seramik Construction €145m Borsa Istanbul	Europower Enerji Technology €115m Borsa Istanbul
---	---	---	--	--



There are definitely signs of life in the European IPO market with a number of significant IPOs pricing in early July. Whilst aftermarket performance and valuation remain front of mind and investors are likely to remain price sensitive, there is still plenty of investable cash and investor support for sectors such as energy transition, clean tech and other technology plays. Unusual features in recent IPOs, such as fixed price, also highlight the fact that a degree of creativity is necessary in the current challenging IPO environment.

Kat Kravtsov
 Director, UK Capital Markets

This document includes data derived from data provided under Licence by Dealogic. Dealogic retains and reserves all rights in such Licenced data.

Top European exchanges in H1 2023

With slow IPO activity in Europe, Borsa Istanbul took first position by IPO value in H1 2023 with 21 IPOs raising €1.2bn. Borsa Italiana took second position with 9 IPOs priced in H1 2023, including the €600m IPO of Lottomatica, an Italian sports betting and online gaming company, which was the largest IPO in Europe in the first half of the year. The London Stock Exchange took third position with only 7 IPOs raising €656m in total. With a very active further offers market in Europe, the London Stock Exchange maintained its first position raising over €11bn of proceeds, including the €3bn sell-down in the LSE stock, the largest secondary follow-on equity offering in Europe this year.

Figure 1: Top five stock exchanges by IPOs in Europe in H1 2023 (by offering value)

01	Borsa Istanbul 21 IPOs raised: €1,223m Largest IPO: Akfen Yenilenebilir Enerji AS (€164m)
02	Borsa Italiana (part of Euronext Group) 9 IPOs raised: €1,152m Largest IPO: Lottomatica Group SpA (€600m)
03	London Stock Exchange 7 IPOs raised: €656m Largest IPO: Admiral Acquisition Ltd (€507m)
04	Deutsche Börse 1 IPO raised: €389m Largest IPO: IONOS Group SE (€389m)
05	Oslo Børs 2 IPOs raised: €264m Largest IPO: Seacrest Petroleo Bermuda Ltd (€220m)

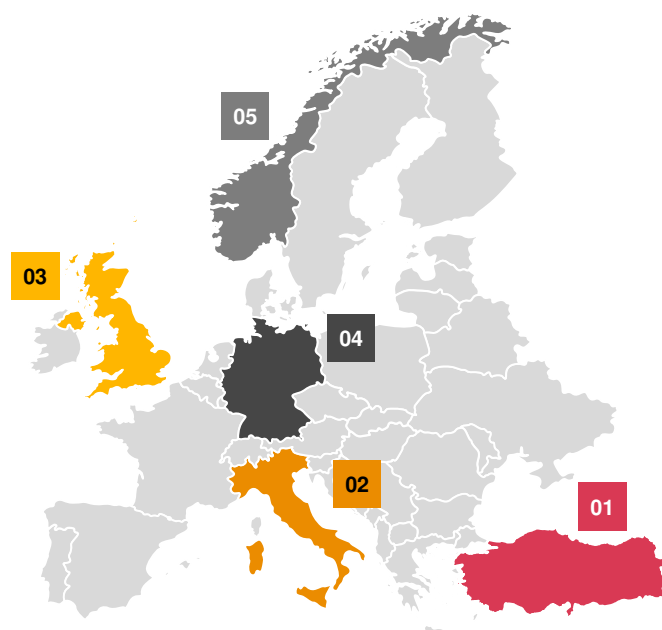
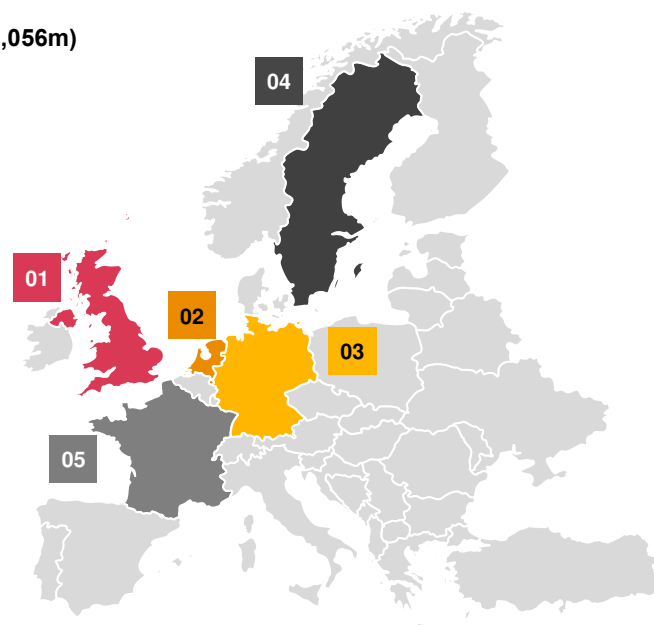


Figure 2: Top five stock exchanges by further offers in Europe in H1 2023 (by offering value)

01	London Stock Exchange 61 further offers raised: €11,685m Largest further offer: London Stock Exchange Group plc (€3,056m)
02	Euronext Amsterdam 7 further offers raised: €7,817m Largest further offer: Heineken NV (€2,670m)
03	Deutsche Börse 19 further offers raised: €5,605m Largest further offer: TUI AG (€1,827m)
04	Nasdaq Nordic Stockholm 65 further offers raised: €5,419m Largest further offer: Beijer Ref AB (€1,249m)
05	Euronext Paris 31 further offers raised: €4,863m Largest further offer: BNP Paribas SA (€2,165m)



Equity market performance and volatility

European blue-chip equity indices continued to enjoy momentum in the second quarter, as encouraging inflation data released in June helped European stocks end the first half of the year with substantial gains. The Stoxx 600 closed H1 2023 up 8%. From a broader European sector perspective, with the exception of Energy, Basic Resources and Real Estate indices, all other major sector indices have delivered positive performance this year, reversing the trend seen in 2022. The natural resources-heavy FTSE 100 has, however, underperformed the European market, weighed down by the softer global energy and commodity prices. Volatility also remained around normalised levels in the second quarter, dropping below 20 and supporting a healthy secondary equity issuance activity with a number of jumbo €1bn+ follow-on offerings pricing last quarter.

Figure 3: Historical performance of major market indices since January 2022



With equity indices trading higher, investors need to have certainty on valuation and aftermarket performance as their current portfolios are performing well. Whilst strong fundamentals remain critical for IPOs in the current environment, other factors such as ESG considerations and corporate governance play an important role in valuation and price discovery.

Richard Spilsbury
Partner, UK Capital Markets

Figure 4: Volatility tracked against European IPO Values

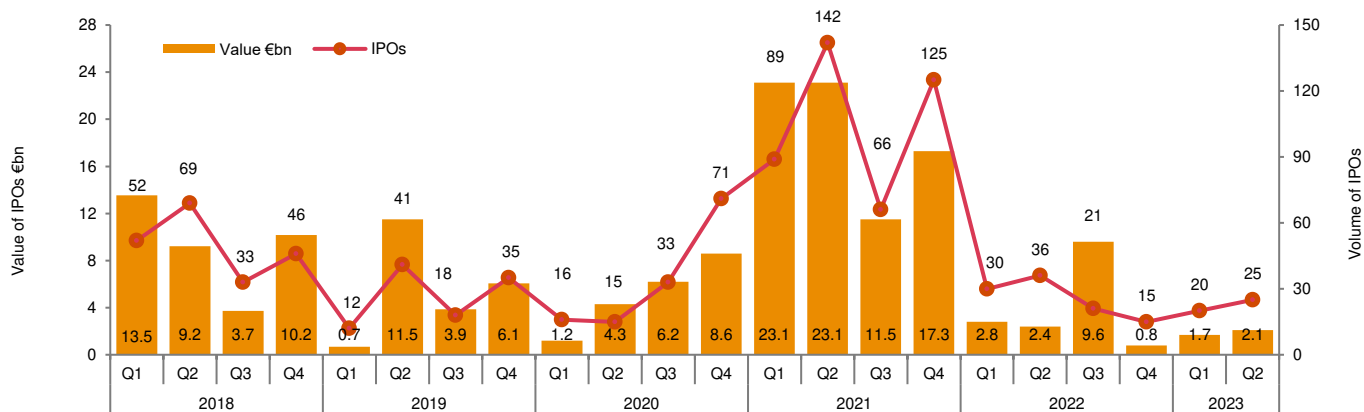


Source: S&P Global Market Intelligence LLC 30 June 2023

European and UK IPO trends

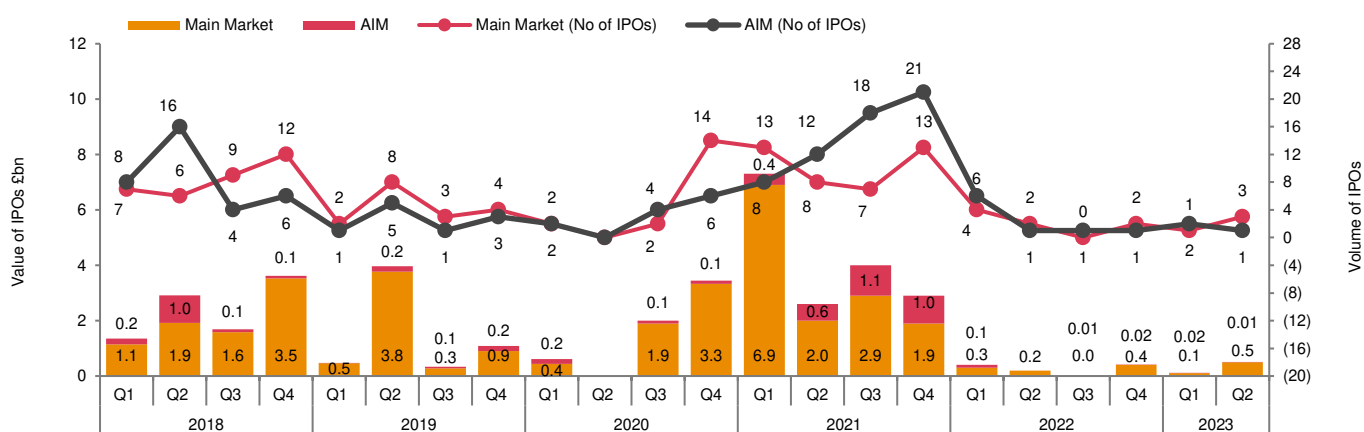
The second quarter brought more of the same subdued sentiment, with the European and UK IPO markets being largely closed. Only a handful of deals priced in Q2 and some have struggled in the aftermarket. It is encouraging to see several transactions launching towards the end of the first half and pricing in early July. The market will undoubtedly focus on their performance post-IPO. However, the IPO pipeline continues to grow and issuers are spending more time preparing for their potential listings, focusing on areas such as embedding ESG strategy, enhancing the risk and controls environment, and improving corporate governance. Whilst overall global macroeconomic uncertainty, geopolitical instability, and valuation gap remain key reasons for the soft IPO market, the sentiment amongst the investment community points to deal activity picking up in 2024.

Figure 5: Quarterly European IPO activity since 2018



Whilst European equities have performed largely in line with US equities this year, macroeconomic factors are weighing on the trading outlook, particularly as the labour market remains tight, lending growth is restricted by the tight monetary policy and a recession risk is growing. Slowing growth in China is another challenge for the European economy as it is an important export market for industrial and luxury goods. In the UK, persistently elevated core inflation has forced the Bank of England to further increase interest rates despite the lack of economic growth, thereby putting further pressure on household finances. All of these factors are driving uncertainty for the direction of travel of the European and UK equity markets and delaying the anticipated revival of the IPO activity further into 2024.

Figure 6: Quarterly UK IPO activity since 2018



The UK investment community is also currently busy digesting the FCA's primary market effectiveness review consultation and its proposed changes together with a long-awaited FRC's consultation on the UK Corporate Governance Code (the Code). The primary market review is supporting efforts to make the UK capital markets more attractive for issuers and the consultation on the Code is designed to ensure companies have a more robust approach to internal controls. The latter means that early IPO preparation, particularly around the controls environment, will be critical as the proposal includes a requirement for a Directors' declaration on the effectiveness of controls and disclosure of material weaknesses or failures in controls. However, key to the UK proposals to make the UK capital markets more attractive will be the increased investment into UK equities by the pension funds industry and others in the institutional investment community.

Global money raised via IPOs

Whilst rising interest rates and stubborn inflation dashed the hopes of an IPO market recovery in the US and Europe, Mainland China dominated IPO activity in Q2 accounting for almost 50% of the global IPO issuance. The Middle East IPO market has continued to be active, supported by the privatisation drive and local investor demand. Global IPO activity in H1 2023 totalled US\$63.1bn from 484 IPOs compared to US\$95.7 from 585 IPOs in H1 2022. The largest IPO globally was a historic US\$4.4bn jumbo spin-off of Johnson & Johnson's consumer health business, Kenvue. The deal priced at US\$22 per share, toward the high end of its price range and gave the company a c. US\$41bn valuation at IPO. Strong aftermarket performance with the stock currently trading c. 20% above its IPO price is helpful for rebuilding investor confidence in the IPO market. As we look towards the remainder of the year, sentiment around IPOs remains fragile, and whilst companies with strong equity stories should be able to access the market, broader deal activity is expected to pick up in 2024.

Figure 7: Global money raised via IPOs (10-year overview)

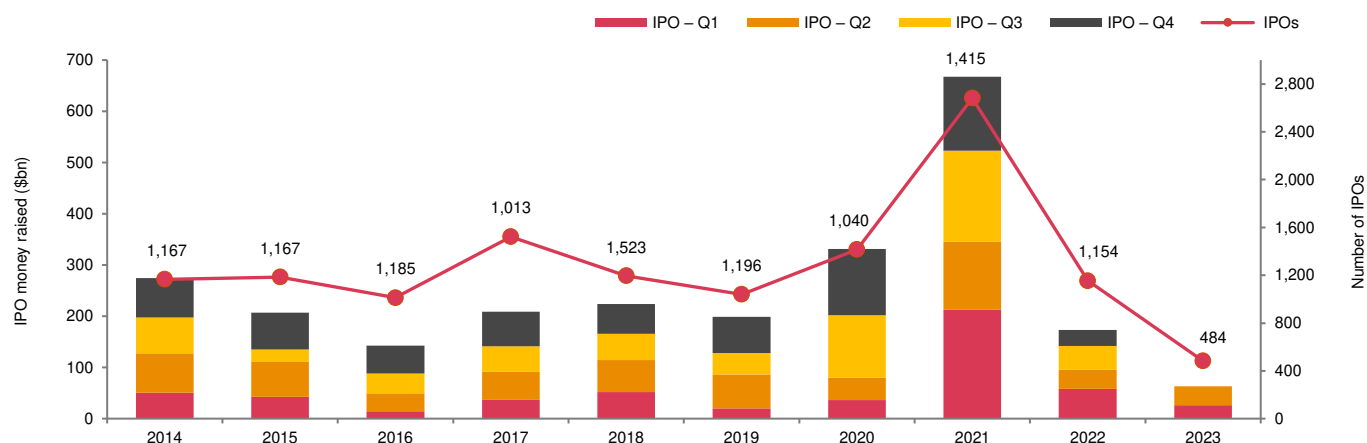


Figure 8: Top ten largest global IPOs in H1 2023

Pricing date	Issuer name	Issuer country	Sector	Exchange	Money raised
3-May-23	Kenvue		Consumer Products	NYSE	\$4.4bn
3-Mar-23	ADNOC Gas		Oil & Gas	Abu Dhabi Securities Exchange	\$2.5bn
19-Apr-23	Nextchip Semiconductor		Computers & Electronics	Sci-Tech Innovation Board (STAR Market)	\$1.9bn
25-Apr-23	SMEC		Computers & Electronics	Sci-Tech Innovation Board (STAR Market)	\$1.8bn
28-Mar-23	Shaanxi Energy Investment		Utility & Energy	Shenzhen Stock Exchange	\$1.0bn
30-May-23	CSI Solar		Computers & Electronics	Sci-Tech Innovation Board (STAR Market)	\$1.0bn
25-May-23	ADNOC Logistics & Services		Transportation	Abu Dhabi Securities Exchange	\$0.8bn
8-Feb-23	Nextracker		Computers & Electronics	Nasdaq	\$0.7bn
19-June-23	PT Amman Mineral Internasional		Mining	Indonesia Stock Exchange	\$0.7bn
21-Apr-23	SJLD Group		Food & Beverage	Hong Kong Exchange-Main Board	\$0.7bn

Appendix: European IPOs over €15m in H1 2023

Appendix 1: European IPOs

IPO date	Issuer	IPO size (€m)	Stock Exchange	Sector
28-Apr-2023	Lottomatica Group SpA	600	Borsa Italiana	Leisure & Recreation
17-May-2023	Admiral Acquisition Ltd	507	London Stock Exchange	Finance
08-Feb-2023	EuroGroup Laminations Spa	409	Borsa Italiana	Computers & Electronics
07-Feb-2023	IONOS Group SE	389	Deutsche Börse	Computers & Electronics
22-Feb-2023	Seacrest Petroleo Bermuda Ltd	220	Oslo Børs	Oil & Gas
13-Mar-2023	Akfen Yenilenebilir Enerji AS	164	Borsa Istanbul	Utility & Energy
02-May-2023	CW Enerji Muhendislik Ticaret ve Sanayi AS	152	Borsa Istanbul	Computers & Electronics
15-May-2023	Bien Seramik	145	Borsa Istanbul	Construction/Building
16-Jan-2023	Astor Enerji AS	129	Borsa Istanbul	Computers & Electronics
17-Apr-2023	Europower Enerji Ve Otomasyon Teknolojileri Sanayi Ticaret AS	115	Borsa Istanbul	Computers & Electronics
15-May-2023	Kayseri Seker Fabrikasi	81	Borsa Istanbul	Food & Beverage
30-Mar-2023	Gubra A/S	73	Nasdaq Nordic Copenhagen	Healthcare
15-May-2023	Italian Design Brands SpA	70	Borsa Italiana	Consumer Products
23-Feb-2023	Dar Global plc	68	London Stock Exchange	Real Estate/Property
10-Apr-2023	Koza Polyester Sanayi Ve Tic AS	52	Borsa Istanbul	Chemicals
21-Mar-2023	Eksun Gida Tarim Sanayi Ve Ticaret AS	48	Borsa Istanbul	Food & Beverage
20-Jun-2023	DOF Group ASA	44	Oslo Børs	Transportation
06-Mar-2023	Goknur Gida Maddeleri Enerji Imalat Ithalat Ihracat Ticaret ve Sanayi AS	43	Borsa Istanbul	Agribusiness
10-Apr-2023	CVK Maden Isletmeleri Sanayi ve Ticaret AS	42	Borsa Istanbul	Mining
08-May-2023	Buyuk Sefler Gida Turizm Tekstil Danismanlik Organizasyon Egitim Sanaye ve Ticaret AS	39	Borsa Istanbul	Dining & Lodging
28-Apr-2023	Ashoka WhiteOak Emerging Markets Trust plc	35	London Stock Exchange	Finance
09-Jun-2023	A1 Capital Yatirim Menkul Degerler AS	35	Borsa Istanbul	Finance
08-Jun-2023	Pasifik Eurasia Lojistik Dis Ticaret AS	34	Borsa Istanbul	Transportation
08-Jun-2023	Katilimevim Tasarruf Finansman AS	32	Borsa Istanbul	Finance
09-Jan-2023	Soke Degirmencilik Sanayi ve Ticaret AS	29	Borsa Istanbul	Food & Beverage
05-Apr-2023	Greening Group	23	BME	Utility & Energy
24-Apr-2023	GrainTurk Tarim AS	21	Borsa Istanbul	Food & Beverage
03-Feb-2023	Gentili Mosconi SpA	20	Borsa Italiana	Textile
06-Mar-2023	Reway Group SpA	18	Borsa Italiana	Construction/Building
05-Apr-2023	Florentaise SA	18	Euronext Paris	Chemicals
01-Feb-2023	Bulbuloglu Vinc Sanayi ve Ticaret AS	17	Borsa Istanbul	Machinery
23-Jan-2023	Mackolik Internet Hizmetleri Ticaret AS	16	Borsa Istanbul	Publishing
30-Mar-2023	Onward Opportunities Ltd	15	London Stock Exchange	Finance
05-Jun-2023	Amicorp FS (UK) plc	15	London Stock Exchange	Insurance

About IPO Watch Europe

Executing a successful IPO is typically the culmination of a complex process, whatever market you list on. From strategy, accounting, reporting, financial systems, governance, adviser selection, marketing process, media and investor relations, to treasury and financial risk management, legal, tax, HR, technology – every piece of the puzzle must be in place and connected before you proceed.

Planning and good preparation are crucial to a successful IPO, regardless of the market or stock exchange. PwC's dedicated team of capital markets professionals is here to help and make the task at hand an easier experience for you. We have deep experience and knowledge of the rules and regulations governing all major capital markets – and a successful history of working on both international and domestic IPOs.

Find out more at www.pwc.co.uk/capitalmarkets

About IPO Watch Europe

IPO Watch Europe surveys all new primary market equity IPOs on Europe's Principal stock markets and market segments (including exchanges in Austria, Belgium, Bulgaria, Croatia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, Romania, Serbia, Spain, Sweden, Switzerland, Turkey and the UK) on a quarterly basis. Movements between markets on the same exchange are excluded.

The data in this report is based on data extracted from Dealogic on 3 July 2023 and based on their pricing date between 1 April and 30 June 2023 and includes greenshoe (if exercised). Only transactions with a minimum of \$5 million money raised have been included, the data excludes PIPOs and transactions on Over-The-Counter exchanges. In case IPOs take place on two or more exchanges, the full amount of money raised is attributed to all exchanges. Industry classification is based on Dealogic General Industry Group (GIG).

This document includes data derived from data provided under Licence by Dealogic. Dealogic retains and reserves all rights in such Licenced data. The data has not been independently verified by PricewaterhouseCoopers LLP.

Basis of preparation for global IPO watch

Global IPO Watch analyses IPO and FO trends on a quarterly basis, both at a global and regional level. Its is based on data extracted from Dealogic, whereby only transactions with a minimum of \$5 million raised have been included. Transaction proceeds include the overallotment option (if exercised). The data excluded 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. If a transaction is executed in two or more regions, the money raised is also attributed to all regions. Industry classification is based on Dealogic classifications.

Contacts



Richard Spilsbury

Partner, UK Capital Markets

M: +44 (0)7703 503562

E: richard.j.spilsbury@pwc.com



Kat Kravtsov

Director, UK Capital Markets

M: +44 (0)7710 036613

E: kat.kravtsov@pwc.com

