



IPO Watch EMEA

Q1 2024



Q1 2024 IPO Watch EMEA



Recent European IPO activity and largely positive aftermarket performance suggest we are entering a recovery phase of the IPO market. Diversified pipeline, strong market performance and low volatility continue to support a second half weighted IPO window with quality and valuation driving the investment decision.

Kat Kravtsov
Director, UK Capital Markets

Figure 1: EMEA IPO activity

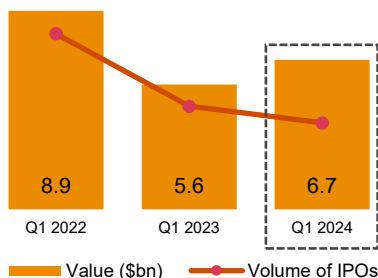


Figure 2: Europe IPO activity (incl. UK)

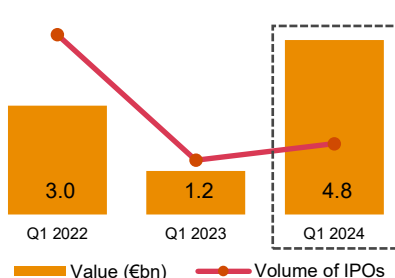
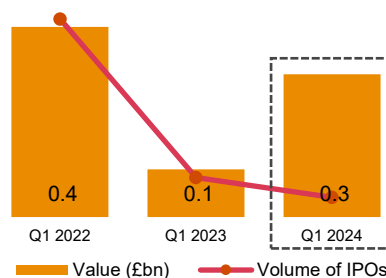


Figure 3: UK IPO activity



A strong start to the year for the European IPO market with 13 IPOs raising €4.8bn

Q1 2024 saw the highest IPO proceeds raised in Europe since Q1 2021. Aftermarket performance of the European IPOs in this quarter has also been mostly positive with 4 out of 5 top IPOs ending Q1 in positive territory. It was also a strong start to the year for the European indices with the Stoxx 600 reaching an all-time high in March. Improving macroeconomic environment, strong equities market together with lower volatility, all point to supportive conditions for a sustained recovery of the IPO market in 2024 and beyond.

Meet the "GRANOLAS", what is the hype all about?

The 11 "GRANOLAS" stocks have gained prominence this quarter due to their strong market performance, rising 10% in Q1 vs the Stoxx 600 that gained 7%, drawing comparison with the "Magnificent 7" in the US. However, this group reflects a much broader segment of the European market, spanning across healthcare, consumer, technology and luxury sectors as compared to the tech-heavy "Magnificent 7". These stocks include GSK, Roche, ASML, Nestle, Novartis, Novo Nordisk, L'Oreal, LVMH, AstraZeneca, SAP and Sanofi, representing about a quarter of the European index market cap.

Successful private equity backed IPOs and backlog of maturing investments point to appetite for new listings

Three of the top 5 IPOs in Q1 2024 were private equity ("PE") backed, including the €2bn IPO of Galderma, the largest IPO on the SIX Swiss Exchange since 2017, the €889m IPO of Douglas, the largest IPO on the Deutsche Börse since 2022 and the €448m IPO of RENK. Notably, the structure of the Douglas IPO comprised of both primary proceeds and an additional equity injection of €300m from the existing PE and other shareholders, demonstrating shareholder commitment. Global PE assets under management ("AuM") are currently at a record value of over \$5tn, highlighting a significant backlog of unrealised value, whilst stabilisation of the IPO market provides a window of opportunity for further PE-backed IPOs.

A pivotal year ahead for the London market with significant changes to the UK listing regime underway

Regulatory changes in the London market, aimed at increasing the attractiveness of listing in London, are due to come into effect this year and add to the earlier Edinburgh and Mansion House reforms. These regulatory changes, the improving macroeconomic outlook and significant IPO pipeline point to potentially a pivotal year for the UK capital markets. In addition to the Air Astana IPO, Q1 2024 saw notable follow-on equity transactions on the London Stock Exchange, including the £1.9bn offering of LSEG shares, comprising a placing and a directed buyback, indicating robust demand for quality stocks.

A shift in the Middle East IPO market and some reasons to be upbeat on South Africa

There has been a noticeable shift in the Middle East capital markets away from oil and gas to other industries, reflecting a maturing market that may have a broader appeal to international investors in the future. Although the JSE index is down 3% in Q1 2024, reflecting concerns over the health of the South African economy, there are reasons to be optimistic about the medium-term outlook as the energy crisis is starting to improve with electricity supply bolstered by incoming renewables capacity and the transportation industry looking healthier. The outcome of the general election may provide further stability.

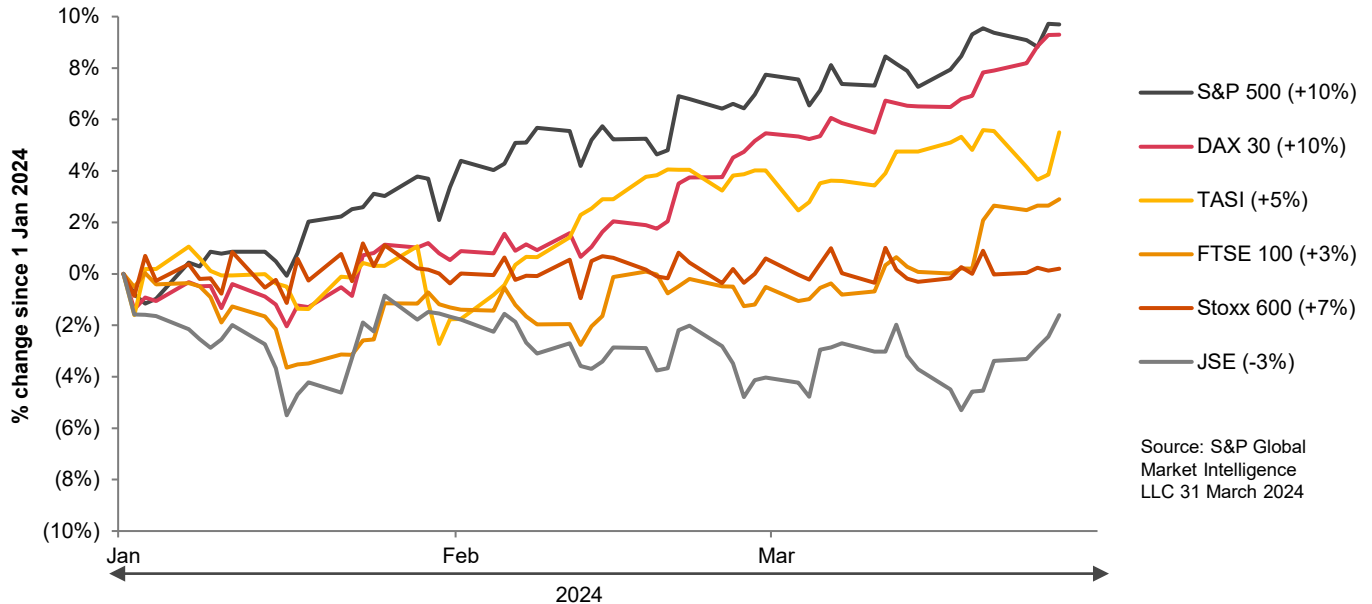
Top 5 EMEA IPOs in Q1 2024

Galderma Consumer Staples €2,037m SIX Swiss Exchange	Douglas Consumer Discretionary €889m Deutsche Börse	Athens International Airport Industrials €742m The Athens Stock Exchange	RENK Group Industrials €448m Deutsche Börse	Parkin Industrials \$429m Dubai Financial Market
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Equity markets and macroeconomic overview

Broadly positive global equity indices performance, supported by improving macroeconomic conditions such as decreasing inflation and potential interest rate cuts, combined with lower volatility and strong pipeline, all resulting in a continued optimism for a sustained recovery of the IPO market in the remainder of 2024 and beyond.

Figure 4: Historical performance of major equity indices in Q1 2024



EMEA equity market performance and macroeconomic environment

The current market conditions are positive for investors as equity indices continue to rise and volatility is low, suggesting a more stable market environment, which supports IPO activity. Most of the major equity indices in the EMEA region have increased by c. 3-10% in the last quarter, while the JSE decreased by 3% over the same period reflecting concerns over the health of the South African economy. The S&P 500 recorded a strong gain of 10% over Q1 2024, reflecting the outperformance of some technology stocks.

The key driver of positive market performance is the expectation that most of the major Western economies are on track to see inflation decrease from the highs seen in 2022 and 2023 to 2%, leading to potential interest rate cuts. GDP growth across EMEA regions is also set to improve in 2024 compared to 2023 with Europe, UK and GCC forecasted to grow at 1.5%, 0.6% and 3.7% respectively according to IMF data and PwC analysis. Africa is also expected to be the second fastest growing region globally, after Asia, in 2024, largely supported by the growing services sector.

Figure 5: Volatility tracked against EMEA IPO values



Source: S&P Global Market Intelligence LLC 31 March 2024



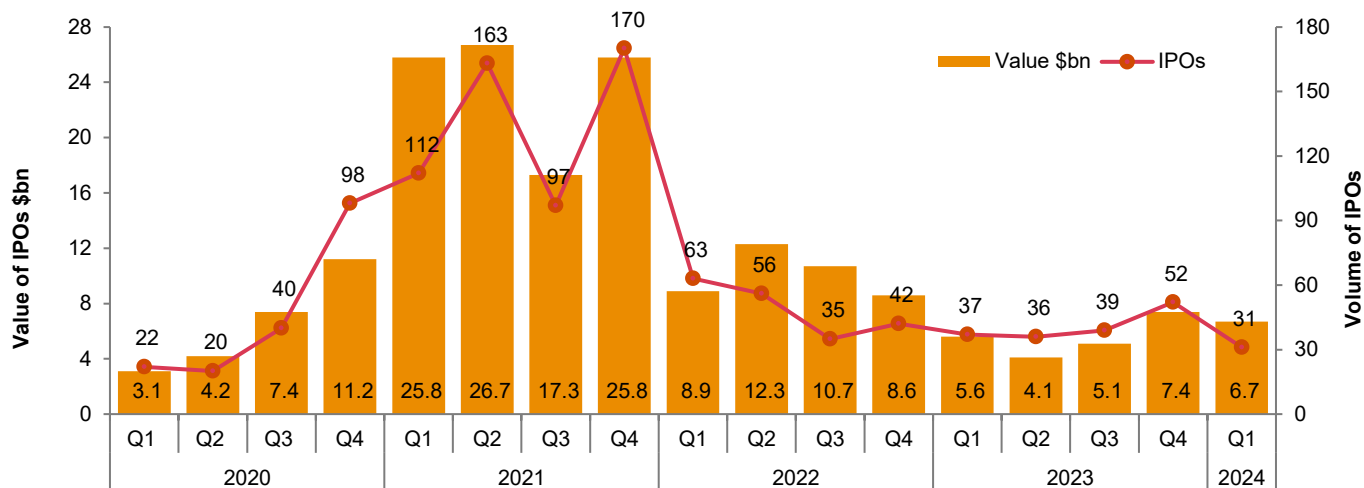
The first quarter of 2024 has seen a resurgence in the European IPO market with almost €5bn worth of IPOs by value compared to just over €1bn during the same period last year, marking the strongest start to a year since the IPO boom in 2021. This has been driven by an uptick in private equity backed IPOs in Q1 2024 with three of the top five IPOs in EMEA being PE backed. As PE groups move to take advantage of improving market conditions to return capital to their funders, the pipeline of PE backed IPOs for 2024 looks healthy.

Vhernie Manickavasagar
Partner, UK Capital Markets

EMEA IPO trends and outlook

There were 31 IPOs in EMEA in Q1 2024, raising \$6.7bn of proceeds, driven by European IPO issuance, which had the strongest quarter since 2021. Middle East IPO market remains active, whilst the pipeline is building across a broad range of sectors. African IPO issuance continues to be muted due to macroeconomic challenges.

Figure 6: EMEA IPO activity (Q1 2020 to Q1 2024)



Source: S&P Global Market Intelligence LLC

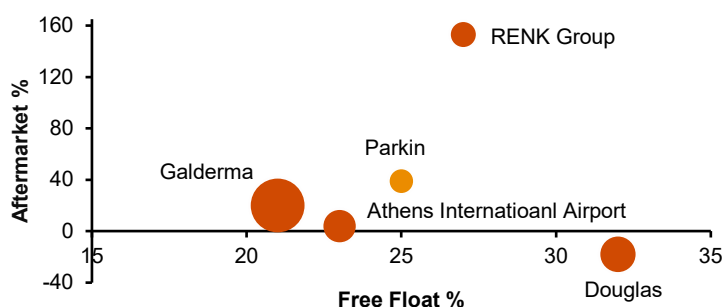
EMEA IPO activity in Q1 2024

EMEA IPO markets have seen a promising start to the year, driven by strong European issuance and several transactions in the Middle East, further supporting the optimism that the markets will continue to recover in the latter half of 2024. Positive aftermarket performance among the largest IPOs in the region, particularly Galderma and RENK, coupled with the more positive macroeconomic outlook, provide a window of opportunity for issuers to access the IPO market.

Whilst Q1 2024 IPO proceeds of \$1.4bn raised in the Middle East are lower compared with the first quarter proceeds raised in Q1 2023 of \$4.1bn, the pipeline for the remainder of 2024 remains strong across the region driven by the continued privatisation drive and growing number of privately owned companies looking to IPO.

The Consumer Staples sector raised the highest proceeds in Q1 2024 at \$2.7bn of the total \$6.7bn EMEA IPO proceeds raised, with the Galderma IPO accounting for \$2.2bn of the sector proceeds.

Figure 7: Top 5 EMEA IPOs aftermarket performance

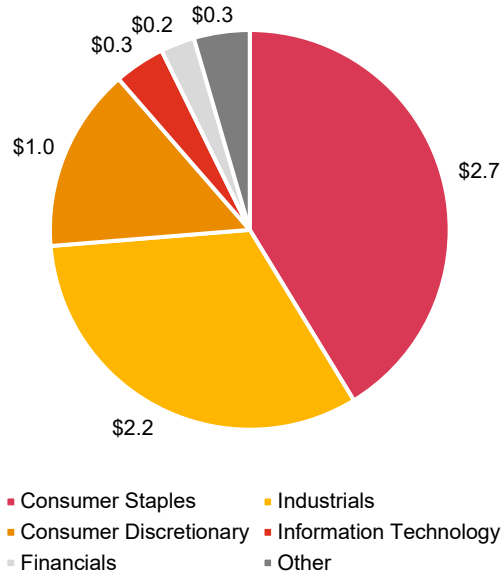


Source: S&P Global Market Intelligence LLC with PwC analysis

RENK Group saw the strongest aftermarket performance out of the top 5 IPOs in EMEA, increasing by over 150% since IPO, followed by the Parkin IPO that was up almost 40% since IPO.

Douglas had the highest free float out of the top 5 IPOs, however it also ended the quarter below its IPO price, after falling 9% on debut.

Figure 8: Q1 2024 EMEA IPO proceeds by sector (\$bn)

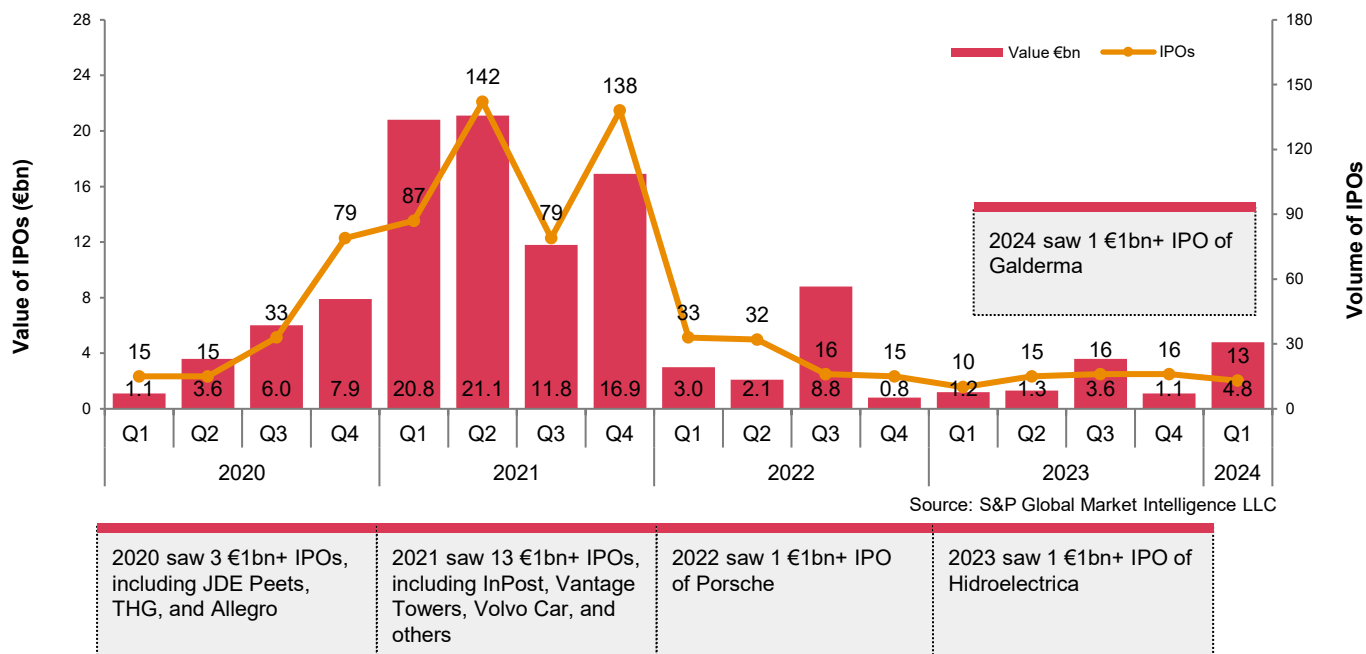


Source: S&P Global Market Intelligence LLC

European IPO trends and private equity insights

2024 has seen a return of significant PE backed IPOs in Europe, including IPOs of Galderma, Douglas and RENK. These transactions were well flagged to the market and received strong investor support at IPO. Backlog of maturing PE portfolios and supportive equity market conditions provide further optimism for the European IPO market.

Figure 9: Europe IPO activity chart since 2020



Q1 2024 European IPO activity

Europe has seen 13 IPOs in Q1 2024, with proceeds totalling €4.8bn, the largest of which included Galderma, Douglas and Athens International Airport. Galderma and Douglas were PE-backed IPOs, with both deals consisting of almost entirely primary issuance to be used to pay down significant debt. Quality, valuation and "must have" status were key considerations for investors, whilst Douglas priced at the bottom of the range and Galderma priced at the top.

Figure 10: Europe PE exit count by type

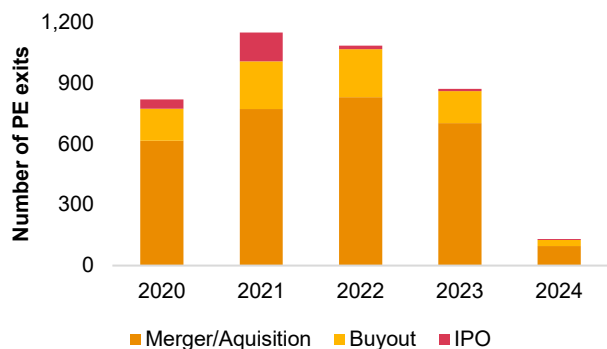
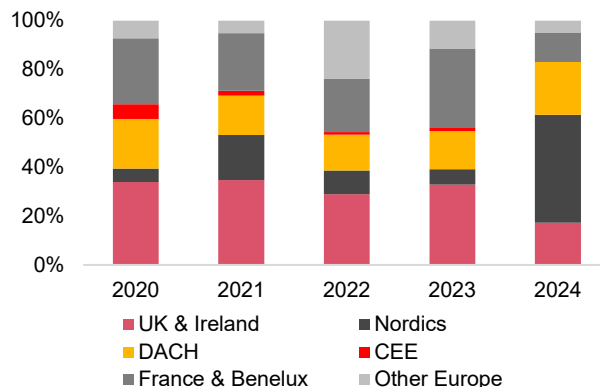


Figure 11: Share of PE exit value by region



Backlog of maturing PE investments and stronger IPO market provide a window of opportunity

Macroeconomic headwinds and rising interest rates have reshaped the PE exit landscape since 2021 with IPOs being a less prominent route over the last two years. The overall PE exit activity also continued to decline since 2021 as PE firms chose to hold on to their investments for longer rather than accept lower valuations, creating a significant backlog of maturing investments. However, against a backdrop of stabilising equity capital markets and global PE AuM currently being at a record value of over \$5tn, we expect to see a more active IPO market for PE-backed assets as pressure builds to realise value. In addition, there also remains a significant PE overhang amongst the PE-backed IPO class of 2021, which will further drive follow-on equity issuance activity in 2024.

From a regional perspective, the UK and Ireland dominated dealmaking in Europe in 2023, accounting for 33% of PE exit deal value, followed by France and Benelux with 32% of deal value. In Q1 2024, Nordic countries are driving the exit activity so far, representing 44% of total deal value largely attributed to the \$12bn Chr. Hansen transaction.

Middle East and Africa IPO trends

Although Middle East IPO values in Q1 2024 are lower than in Q1 2023, government initiatives to stimulate growth and the economic diversification agenda in the region are expected to drive IPO activity in the future.

“GCC countries have made significant progress in generating liquidity and investor interest in domestic markets through the listing of significant state-owned entities in recent years. The privatisations have pathed the way for family owned and privately held companies to pursue an IPO in the region. We expect that the privatisation agenda across the GCC, combined with the ambition of private family businesses to go public, will continue to drive issuances supporting positive momentum in GCC IPO activity in 2024.

Muhammad Hassan
PwC Middle East Capital Markets Leader

Figure 12: Top 3 ME IPOs in Q1 2024



Figure 13: Top 3 ME IPOs in Q1 2023



Source: S&P Global Market Intelligence LLC

Overview of the Middle East IPO market

Middle East IPO values have decreased from \$4.1bn in Q1 2023 to \$1.4bn in Q1 2024, however the IPO market in the region is expected to be active, benefiting from a range of government initiatives and the ongoing privatisation drive. Such initiatives include the Abu Dhabi IPO Fund, which has been put in place to enable companies to make the change from being privately held to being listed on the domestic market.

Countries in the GCC region are actively diversifying their economies, reducing reliance on natural resources. Since the beginning of 2023, IPO issuance came from a range of sectors such as Consumer, Healthcare and Technology.

Notable IPOs from this region in Q1 2024 included, Parkin, provider of paid parking facilities and services in Dubai which raised \$429m on DFM; Modern Mills, a Kingdom of Saudi Arabia (“KSA”) flour milling company which raised \$314m on Tadawul; and Avalon Pharma which raised \$131m on Tadawul.

Most IPOs from this region in Q1 2024 experienced positive post-IPO performance, with one standout performer being Avalon pharma, which gained 79% following its IPO debut in the UAE.

The IPO landscape in the Middle East is poised for continued strength in 2024, with a robust pipeline of IPOs, including private sector companies looking for liquidity and access to capital. The majority of IPO activity in the region is expected to come from KSA and UAE, however, there is also growing momentum in Oman and Qatar.

Recent developments in the African region

Whilst IPO activity in sub-Saharan Africa has been muted due to macroeconomic challenges, there are ongoing initiatives across the region aimed at improving the efficiency of the capital markets and attracting prospective issuers.

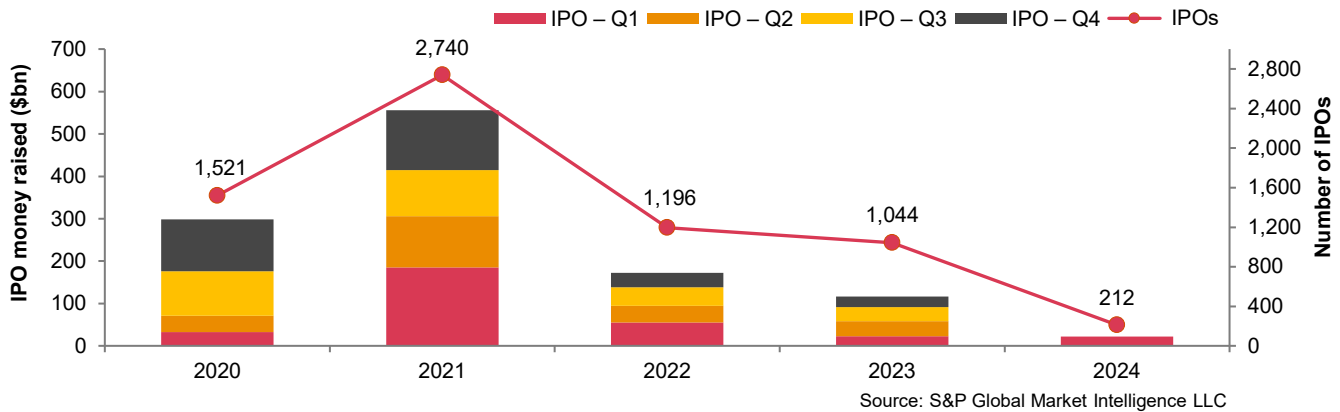
The JSE, the largest securities exchange in Africa, in a bid to encourage inbound investment and attract issuers, has taken steps to simplify and reduce its listing requirements in addition to making its secondary listings more appealing and accessible.

Ethiopia is expected to open a stock exchange later this year and is set to issue licences to foreign investment banks to allow them to operate in the country. In Nigeria, the revised Capital Market Master Plan (2021 -2025) is aiming to drive the vision and growth of the Nigerian capital market, reflecting on the recent advancements in financial technology.

Global perspective

From a global perspective, Q1 2024 has seen the reopening of the US and European IPO markets, offset by the slowdown in China and Hong Kong. There is optimism around Western IPO markets through 2024 and into 2025, fuelled by a growing pipeline, strong market performance, lower volatility, improving inflation outlook and successful IPOs in the first quarter.

Figure 14: Global money raised via IPO (5-year overview)



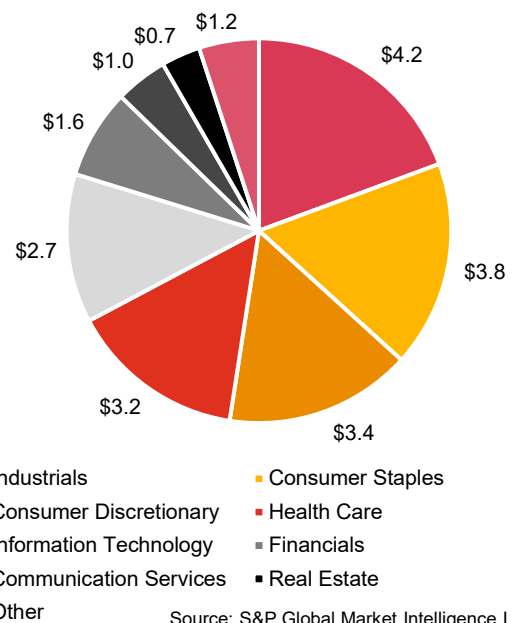
Global Q1 2024 IPO activity overview

Whilst Western IPO markets have reopened in Q1 2024, global IPO volume and values are down compared to the equivalent periods in 2023 and 2022, with a 6% (\$1.3bn) reduction in value and 11% reduction in volume compared to Q1 2023. The decline in the first quarter is mainly driven by the decline in the Asia Pacific region, with IPO proceeds down by 48% to \$7.6bn in Q1 2024 vs \$14.6bn in Q1 2023.

Some key themes to note from a global perspective are:

- Europe has delivered the largest IPO globally in Q1 2024 (Galderma) with the second largest IPO coming from the US (Amer Sports).
- The boom in India's stock market seen in 2023 has continued into Q1 2024, with 38 IPOs totaling \$2.0bn in the first quarter of 2024.
- China's IPO market has continued to slow, following the trend seen in 2023 of falling IPO volumes and values. Geopolitical tensions between the US and China are adversely impacting markets in the region alongside a deterioration in the macroeconomic environment.
- European "GRANOLAS" stocks are increasingly being compared to the US tech-heavy "Magnificent 7", whilst these European stocks represent a much broader set of industry sectors. In Asia, Hong Kong listed tech and AI mega stocks "ATMX" (Alibaba, Tencent, Meituan and Xiaomi) are feeling the impact of foreign investors reducing exposure to China as share prices fall and buybacks are deployed to stem the losses in share price.

Figure 15: Q1 2024 Global IPO proceeds by sector (\$bn)



Considering IPO trends globally, the performance of IPO markets in Europe and the US are driven primarily by the global macroeconomic environment, with Western markets showing positive signs of reopening. By contrast, IPO activity in other regions such as the Middle East and India tends to be determined more so by local factors such as domestic growth.

Top 5 Global IPOs in Q1 2024 (in \$m)

Galderma Consumer Staples \$2,232m SIX Swiss Exchange	Amer Sports Consumer Discretionary \$1,365m New York Stock Exchange	Douglas Consumer Discretionary \$965m Deutsche Börse	Athens International Airport Industrials \$805m The Athens Stock Exchange	Reddit Communication Services \$748m New York Stock Exchange
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About IPO Watch EMEA

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 EMEA

IPO Watch EMEA reports on all new primary market equity IPOs on EMEA principal stock markets and market segments using the Capital IQ list of exchanges mapping, on a quarterly basis. Movements between markets on the same exchange are excluded.

The data in this report is based on data extracted from Capital IQ on 2 April 2024 and based on their offering date between 1 January and 31 March 2024 and excludes greenshoe.

Only transactions with a minimum of \$5 million money raised have been included, the data excludes Closed-End Funds and Business Development companies 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 Capital IQ Primary sectors.

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