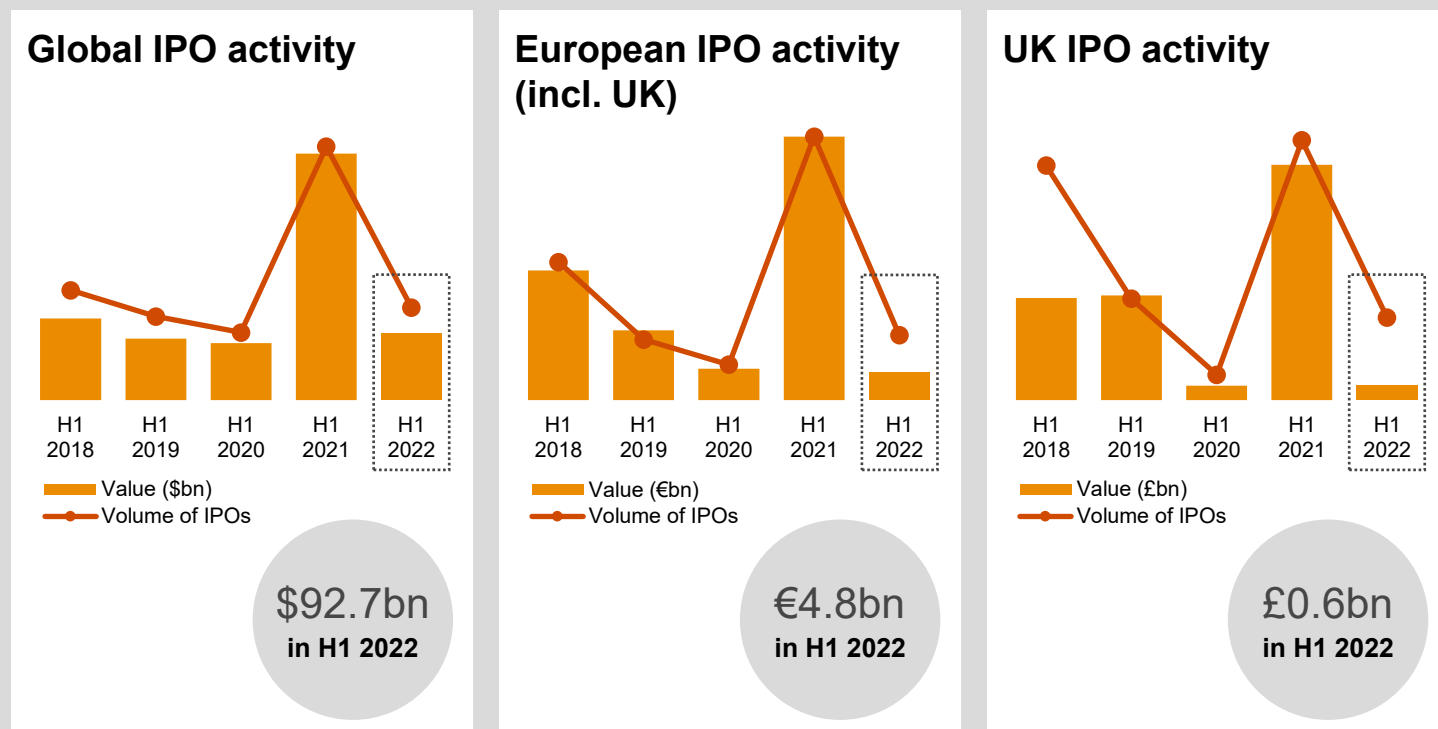




IPO Watch Europe

Q2 2022

After a challenging first quarter, European IPO sentiment continued to deteriorate with turbulent equity capital markets and worsening global macroeconomic backdrop. As a result, the IPO market was largely closed for most issuers in Europe with Q2 and H1 IPO values reaching a ten-year low. Whilst we continue to see companies preparing to go public and there will be some limited attempts to tap the market in H2 2022, it is expected that the broader pipeline will likely be pushed back into next year.



High volatility and turbulent global equity markets meant that only a handful of transactions were able to get over the line with a number of IPOs being postponed or cancelled as investors struggled to justify high valuations and take on more risk. Similarly to Q1, Special Purpose Acquisition Companies ('SPACs') IPOs were present in the second quarter with four IPOs out of the top eight in Europe being SPACs raising €664m across four exchanges in Amsterdam, London, Paris and Frankfurt. These SPACs were focused on sectors such as financial services, biotech, hospitality and leisure.

Closing the quarter on a slightly positive note, the largest IPO in Europe in Q2 2022 was the €474m IPO of Industrie de Nora, an Italian maker of components for green hydrogen production. Extensive pre-marketing and significant support from cornerstone investors helped the company to defy adverse market conditions.

Industrie de Nora Energy Transition €474m Borsa Italiana (part of Euronext Group)	RA Special Acquisition Corp SPAC €219m Euronext Amsterdam	EPIC Suisse Financials €187m SIX Swiss Exchange	Financials Acquisition Corp SPAC €180m London Stock Exchange
engcon Industrials €170m Nasdaq Nordic Stockholm	eureKING SPAC €150m Euronext Paris	Lhyfe Green Energy €118m Euronext Paris	SMG European Recovery SPAC SPAC €115m Deutsche Börse

Top European exchanges in Q2 2022

Borsa Italiana took first position by IPO value, pricing 3 IPOs in the second quarter, including the €474m IPO of Industrie de Nora, which was the largest IPO of Q2 2022. Nasdaq Nordic Stockholm saw 5 IPOs priced in Q2, taking second position, followed by Euronext Paris with 5 IPOs raising €305m. Euronext Paris also took first position in the further offers market with the completion of the €3.2bn rights issue by EDF.

Figure 1: Top five stock exchanges by IPOs in Europe in Q2 2022 (by offering value)

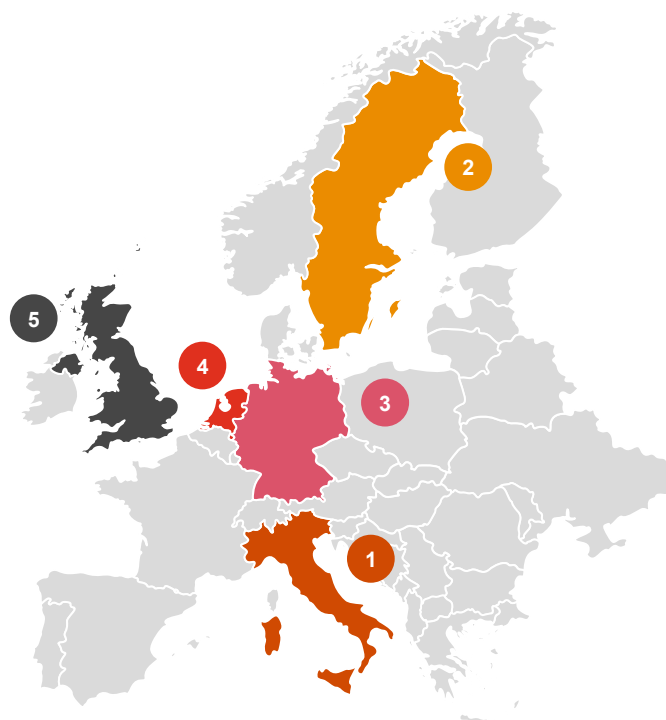
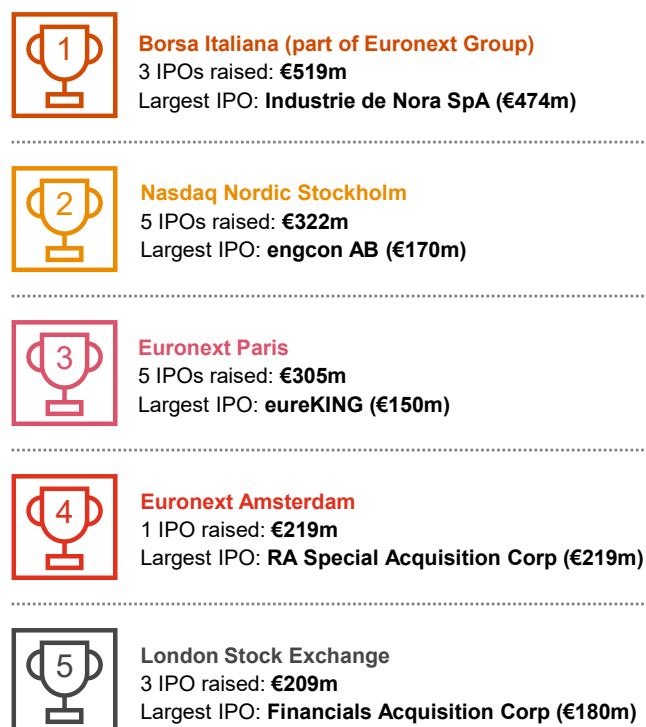
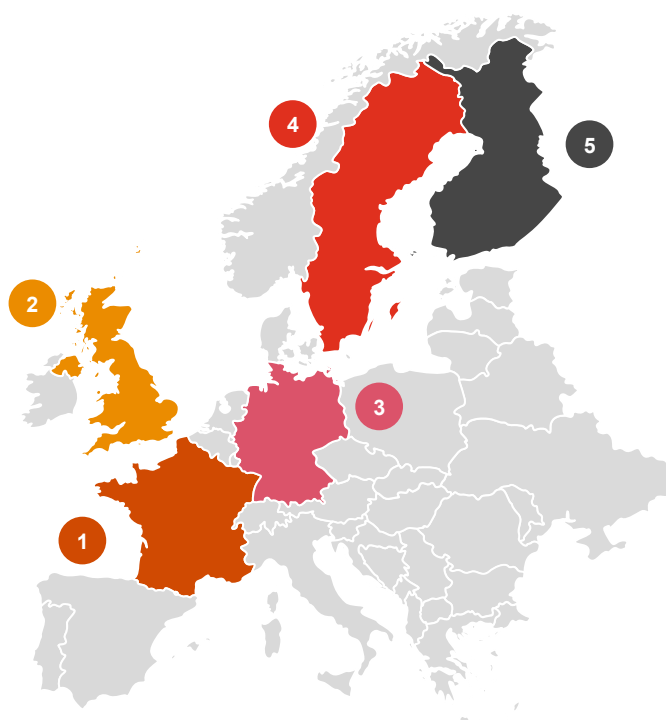
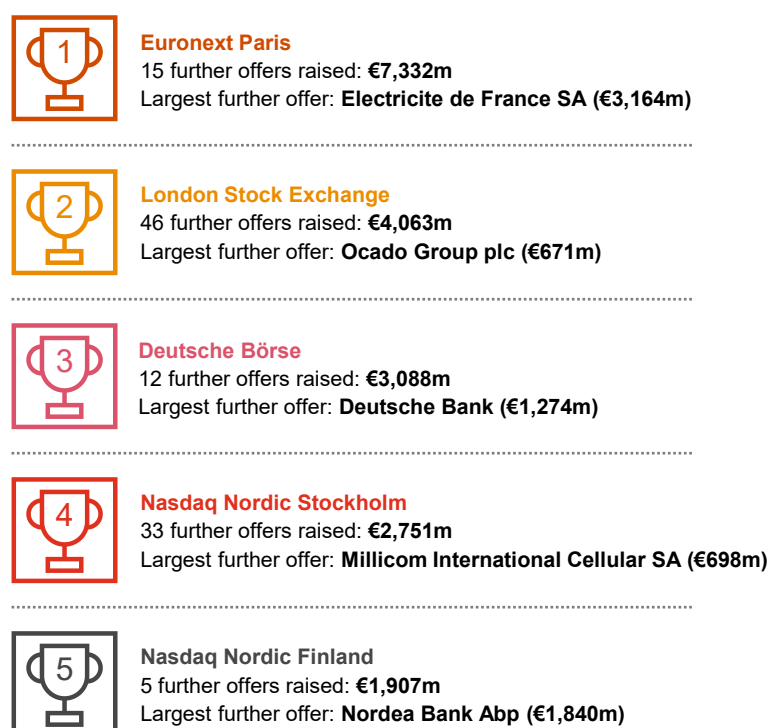


Figure 2: Top five stock exchanges by further offers in Europe Q2 2022 (by offering value)



Equity market performance and volatility

Second quarter has seen another sharp sell off in equities as market conditions deteriorated further with rising interest rates, soaring inflation and slowing growth, exacerbated by the war in Ukraine and lockdowns in China. In light of growing recession expectations, equity markets have taken a hit with major indices nearly erasing their last year's gains in the first half of 2022, with the exception of the energy and commodity heavy FTSE 100. However, many market participants see this equities re-rating as a necessary valuation reset. IPO activity was also impacted by volatile market conditions as VSTOXX index remained at elevated levels throughout the quarter. Volatility will need to drop closer to 20 for the IPO market to reopen.

Figure 3: Historical performance of major market indices since January 2021

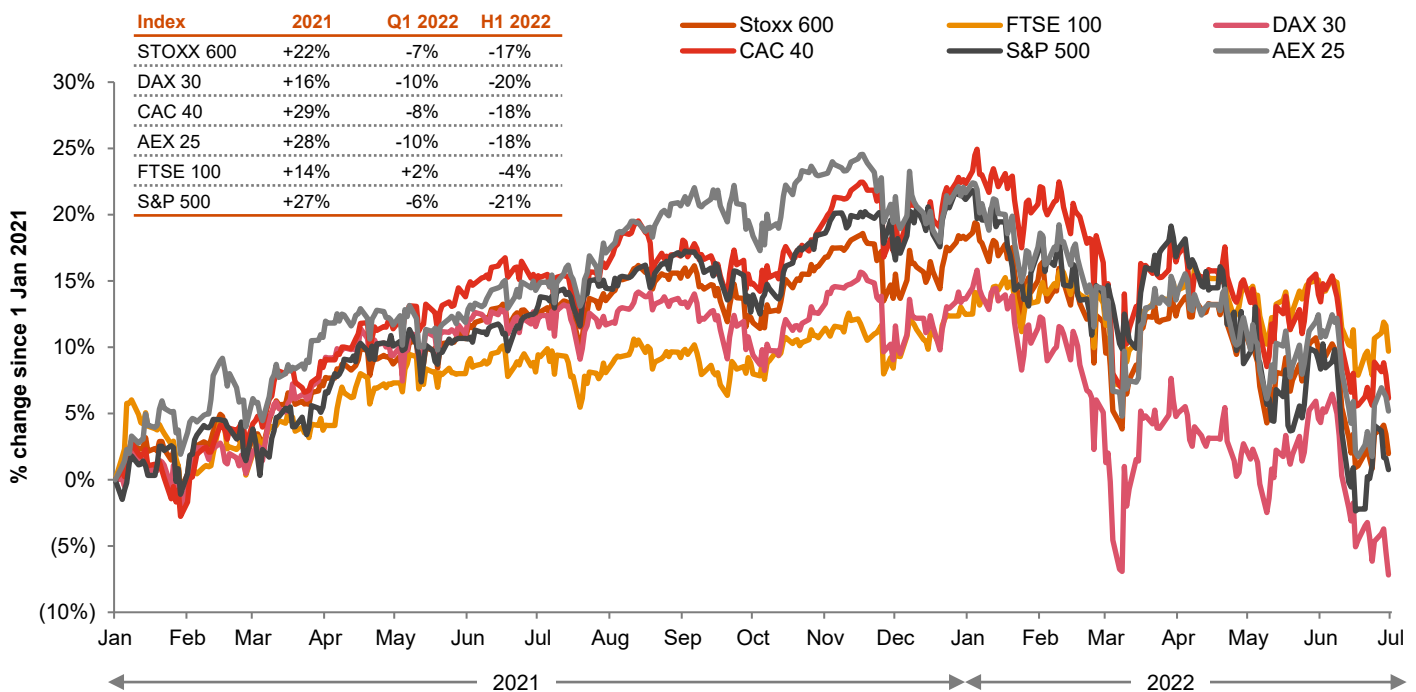
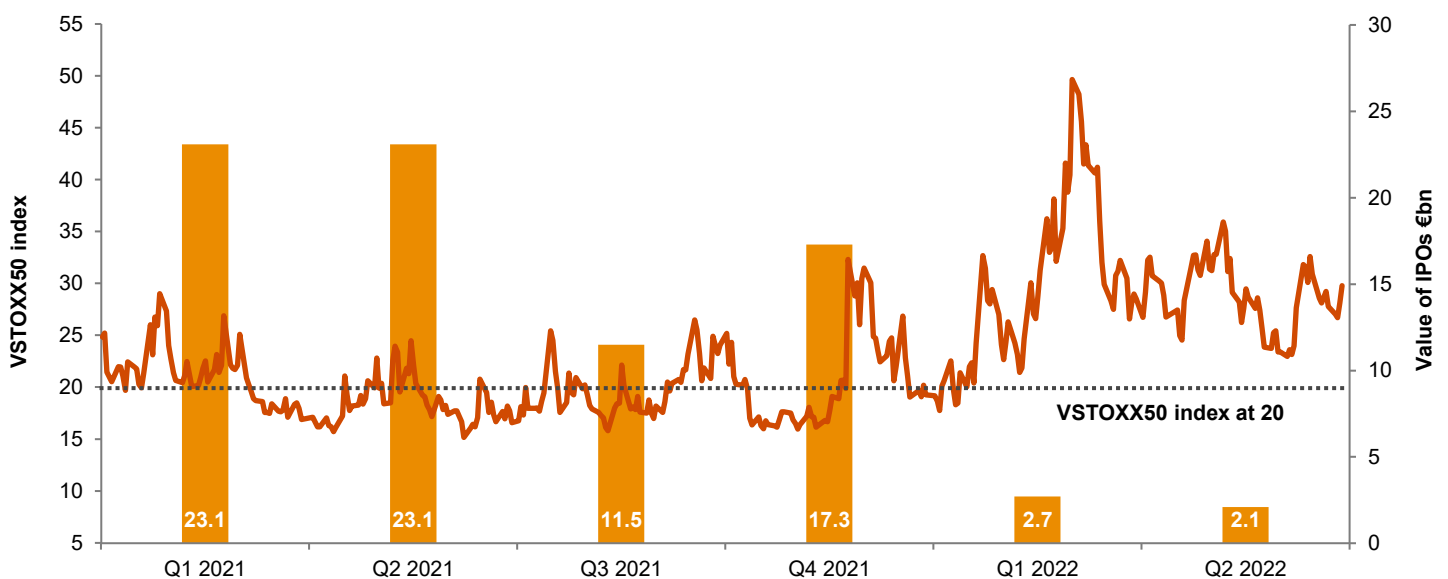


Figure 4: Volatility tracked against European IPO Values

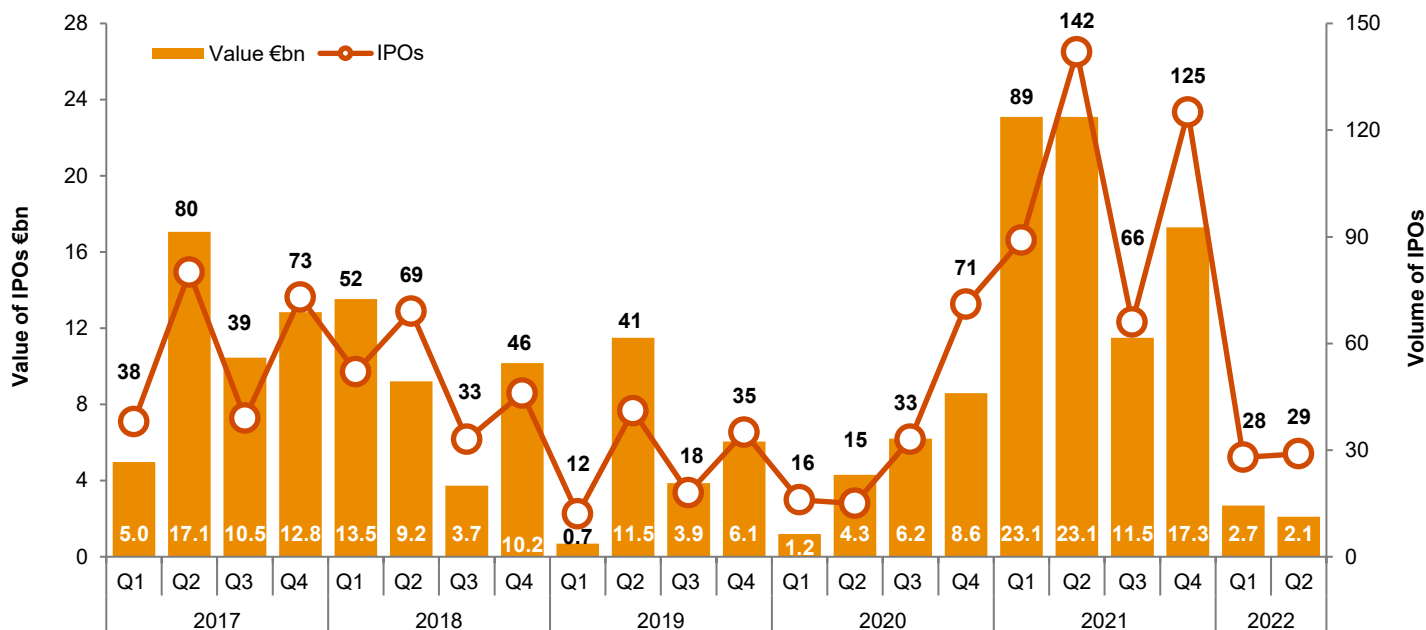


Source: Bloomberg 30 June 2022

European and UK IPO trends

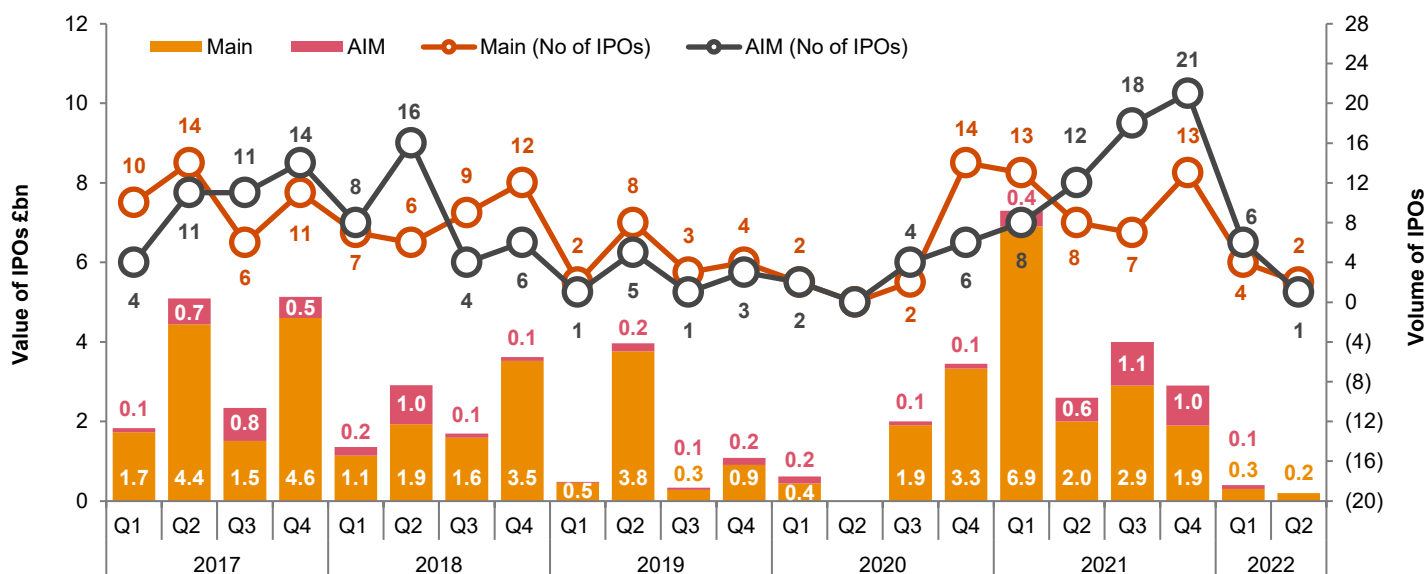
As the macroeconomic outlook deteriorated, the IPO market in Europe and the UK remained largely closed with very limited activity. Whilst we continue to see companies preparing to go public and some issuers may attempt to tap the market in H2 2022, the IPO market will likely remain quiet until uncertainty decreases and the valuation 'gap' between the views of investors and issuers narrows, pushing the broader IPO pipeline back into next year.

Figure 5: Quarterly European IPO activity since 2017



Q2 2022 IPO issuance in Europe totalled €2.1bn from 29 IPOs compared to €23.1bn from 142 IPOs in Q2 2021. With this backdrop of high volatility and challenging IPO market conditions, a longer period of pre-marketing and investor education together with cornerstone support was necessary to get some deals over the line. The Industrie de Nora IPO, which had around 40% of the transaction taken by cornerstone investors and extended pre-marketing, is a good example of how issuers in attractive sectors and strong equity stories can still access the market despite the very tough market backdrop.

Figure 6: Quarterly UK IPO activity since 2017



The London IPO market was largely closed in Q2 with only 3 IPOs raising £0.2bn compared to 20 IPOs raising £2.6bn in Q2 2021. Financials Acquisition Corp SPAC, targeting tech-enabled insurers, was the largest IPO on the LSE in Q2 this year raising £150m. The AIM market saw only 1 IPO this quarter being the £6m IPO of EnSilica.

Global money raised via IPOs

Global IPO market sentiment remained very fragile in Q2 with volumes reaching a five-year low, being significantly down quarter on quarter and, in particular, compared to last year. Q2 2022 global IPO issuance totalled \$36.6bn from 232 IPOs compared to \$133.1bn from 631 in Q2 2021. With US and European IPO activity significantly falling in Q2, the two bright spots were the IPO markets in China and the Middle East (together 64% of Q2 2022 IPO proceeds), which remained active fuelled by the STAR and ChiNext markets (China's rival tech platforms in Shanghai and Shenzhen) and an ongoing privatisation drive respectively. The largest IPO globally this quarter was the \$6.1bn IPO of Dubai Electricity and Water Authority (DEWA), which priced on the Dubai Financial Market.

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

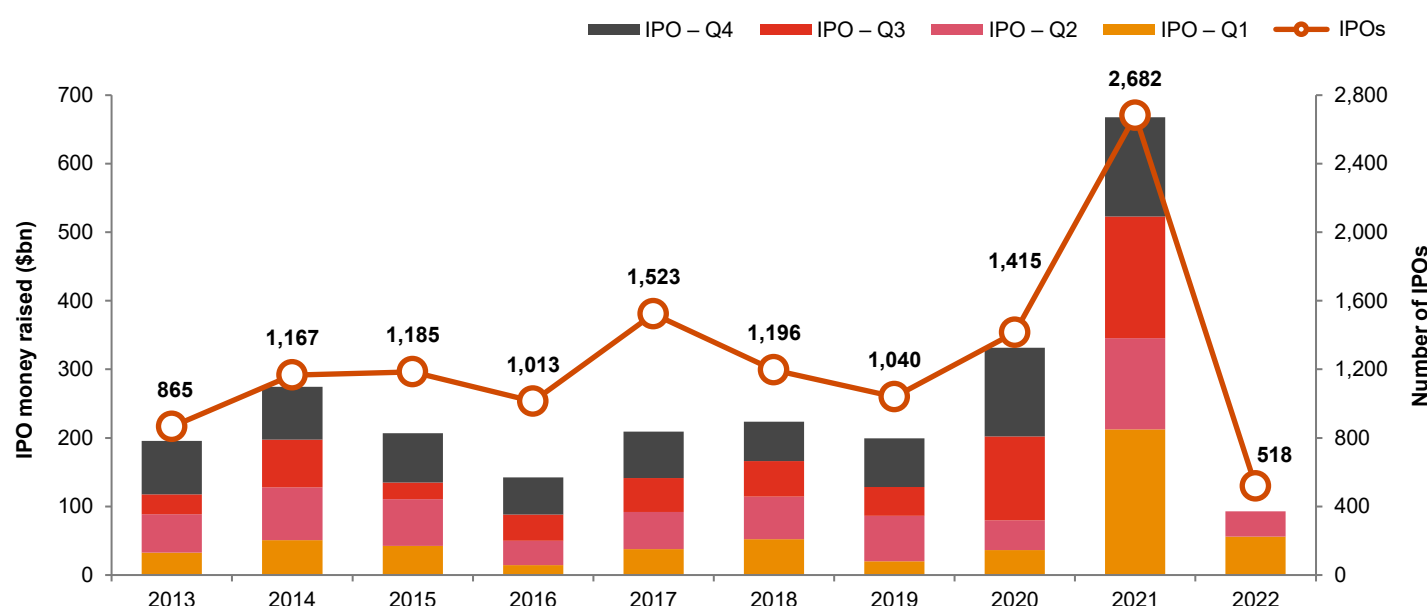


Figure 8: Top ten largest IPOs in Q2 2022

Pricing date	Issuer name	Issuer country	Sector	Exchange	Money raised
6-Apr-22	DEWA		Utilities	Dubai Financial Market	\$6.1bn
12-May-22	Life Insurance Corp of India		Financials	NSE/BSE	\$2.7bn
31-May-22	Borouge		Basic Materials	Abu Dhabi Securities Exchange	\$2.0bn
11-Apr-22	Suzhou Novosense Microelectronics		Technology	Shanghai Stock Exchange (STAR Market)	\$912m
10-Jun-22	Sany Heavy Energy Co		Energy	Shanghai Stock Exchange (STAR Market)	\$837m
5-May-22	Bausch & Lomb Corp		Health Care	NYSE/TSXV	\$712m
16-May-22	Delhivery		Industrials	NSE/BSE	\$672m
14-Jun-22	Avic (Chengdu) Uas Co		Industrials	Shanghai Stock Exchange (STAR Market)	\$648m
6-Apr-22	Jingwei Hirain Technologies		Consumer Discretionary	Shanghai Stock Exchange (STAR Market)	\$571m
25-May-22	Hwatsing Technology Co		Technology	Shanghai Stock Exchange (STAR Market)	\$545m

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 4 July 2022 and based on their pricing date between 1 January and 30 June 2022 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 the FTSE Russell Industry Classification Benchmark (ICB).

All market data is sourced from Dealogic and 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 the new enhanced FTSE Russell Industry Classification Benchmark. Index performance is based on pricing data extracted from Bloomberg.

Contacts

Richard Spilsbury

Partner, UK Capital Markets

M: +44 (0)7703 503562

E: richard.j.spilsbury@pwc.com

Kat Chmatova

Senior Manager, UK Capital Markets

M: +44 (0)7710 036613

E: ekaterina.chmatova@pwc.com

This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

© 2022 PricewaterhouseCoopers LLP. All rights reserved. PwC refers to the UK member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

2022-07-11_RITM8938465