

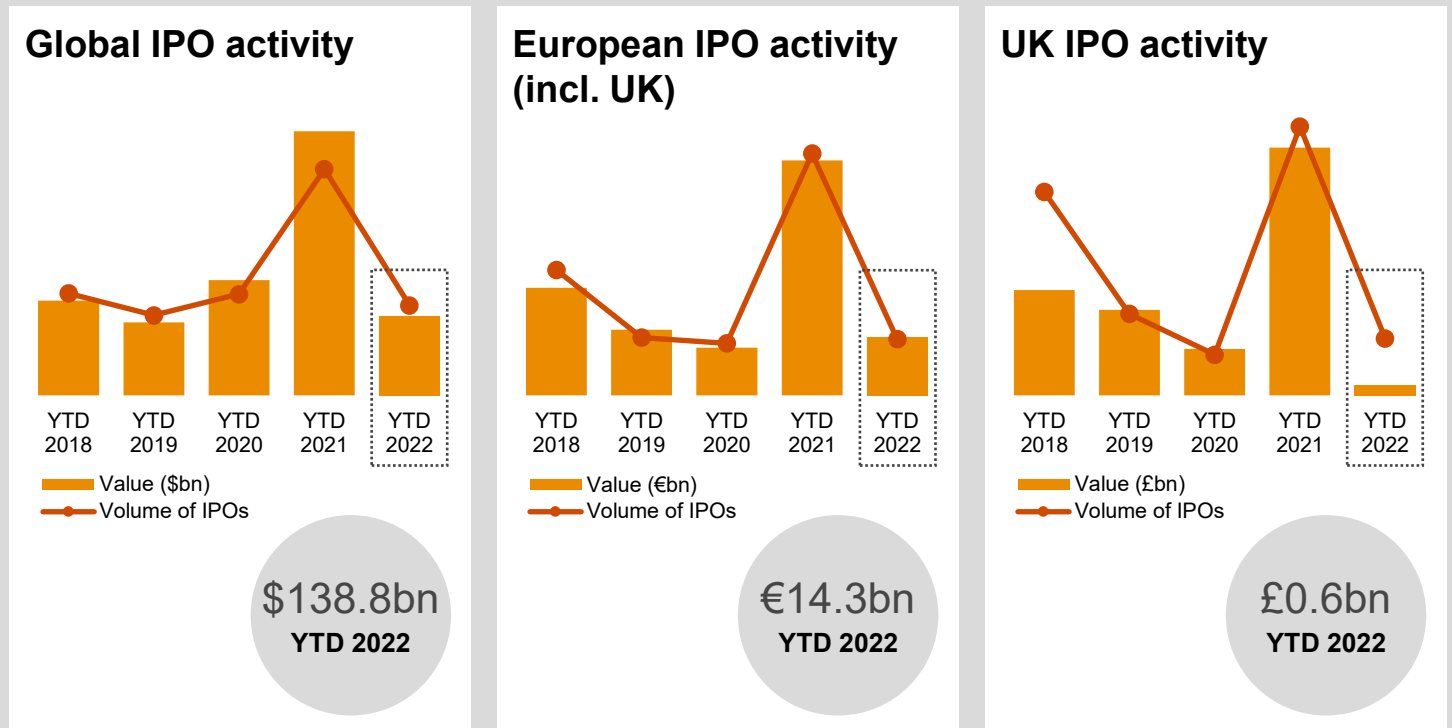


# IPO Watch Europe

Q3 2022



Q3 2022 was largely defined by increasingly hawkish global central banks' policies, rising interest rates, recession fears and a worsening energy crisis in Europe. With that backdrop, the IPO market in Europe and the UK remained largely closed with the exception of the landmark Porsche IPO in Germany. Overall, European IPO activity for 9M 2022 saw 69 IPOs raising €14.3bn compared to 297 IPOs in 9M 2021 raising €57.7bn.



In a period of decline of traditional IPOs, we have seen a number of high profile spin-offs and demergers this quarter in Europe, a trend that is gaining momentum as these deals have managed to close even in the challenging market, highlighting investor appetite for pure play stocks. Some of the notable transactions in Q3 included CHF1.71bn spin-off of Accelleron Industries from ABB Ltd in Switzerland; €694m spin-off of Technicolor Creative Studios from Technicolor in France; demerger of Haleon Group from the GSK Group in the UK, giving the new company a market cap of £30.5bn; and most recently €9.08bn spin-off IPO of Porsche from Volkswagen in Germany. The transaction was successfully priced despite a very challenging equity market backdrop around the world. This was the largest IPO in Europe for more than a decade and the monies raised accounted for almost 2/3 of the total monies raised in the year to date in Europe.

<b>Dr Ing hcF Porsche</b> Auto €9,082m Deutsche Börse	<b>OPDEnergy</b> Utility & Energy €205m BME	<b>Nordic Lights</b> Auto €30m Nasdaq Nordic Helsinki	<b>Energy SpA</b> Industrials €30m Borsa Italiana (part of Euronext Group)
<b>Swiss Properties</b> Real Estate & Property €29m Nasdaq Nordic Copenhagen	<b>Groupe Okwind</b> Utility & Energy €21m Euronext Paris	<b>ICAPE</b> Computers & Electronics €17m Euronext Paris	<b>Charwood Energy</b> Utility & Energy €12m Euronext Paris

# Top European exchanges in Q3 2022

Deutsche Börse took first position by IPO value in Q3, pricing its landmark €9.08bn Porsche IPO. BME saw 1 IPO priced in Q3, the €205m IPO of OPDEnergy, a renewable energy producer, taking second position, followed by Euronext Paris with 3 IPOs raising only €50m. London Stock Exchange took first position in the further offers market raising €2.9bn of proceeds, including a €696m GDR offering of Mingyang Smart Energy Group, a leading wind turbine manufacture in China, through Shanghai-London Stock Connect.

Figure 1: Top five stock exchanges by IPOs in Europe in Q3 2022 (by offering value)

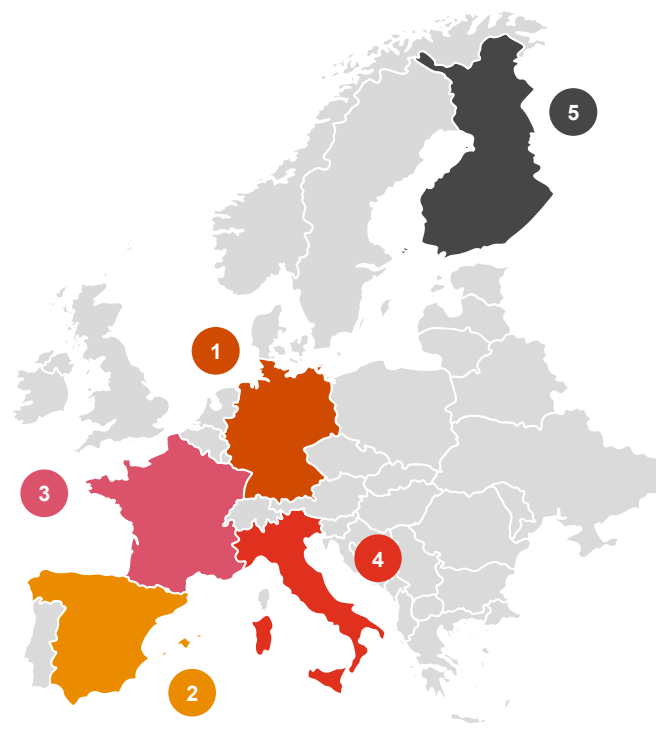
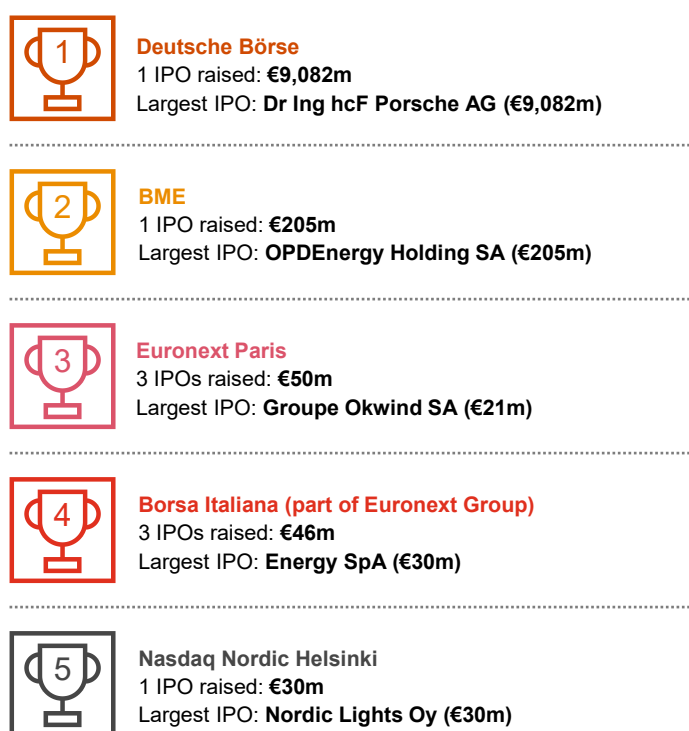
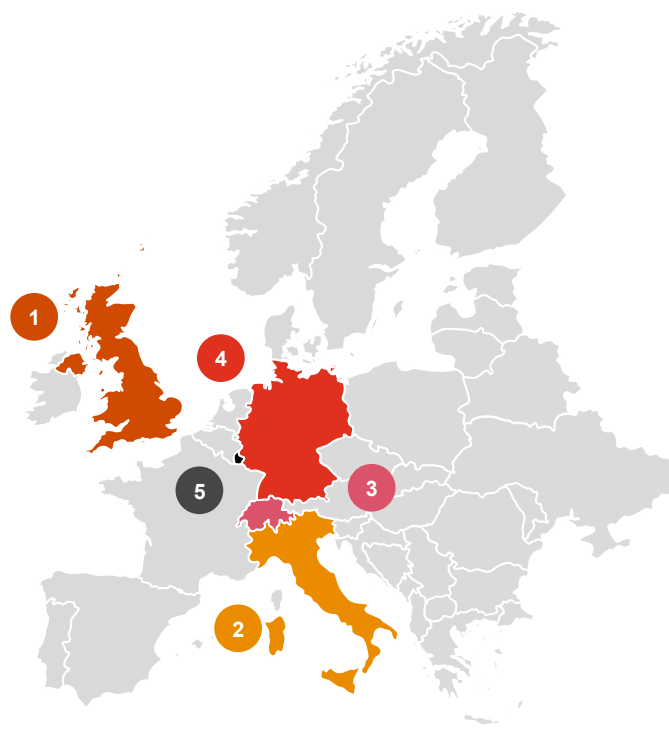
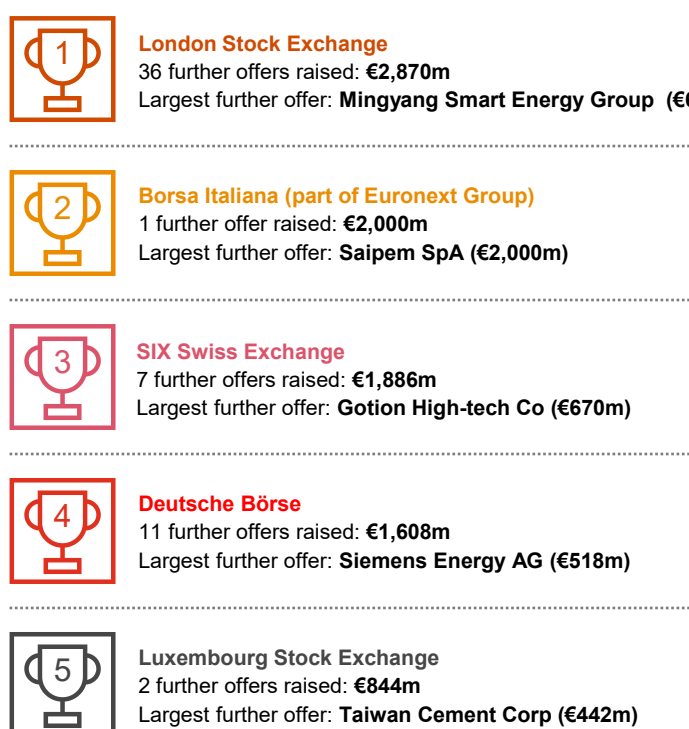


Figure 2: Top five stock exchanges by further offers in Europe Q3 2022 (by offering value)



Note: The total Porsche IPO proceeds were €9.08bn, after the remaining greenshoe was exercised in the second week of October following some stabilisation activity in the early days of the trading post IPO.

# Equity market performance and volatility

Major European equity indices saw a third straight quarterly decline over the third quarter with the benchmark Stoxx 600 index down 5% in Q3 and down 21% for the year. The picture is similar across various European sector indices with only the Energy index delivering positive YTD performance being up 10%. With global macro uncertainty and deteriorating investor sentiment, volatility also continued to dominate markets with VSTOXX spiking above 30 in late September well outside levels that would support a healthy IPO market (i.e. below 20).

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

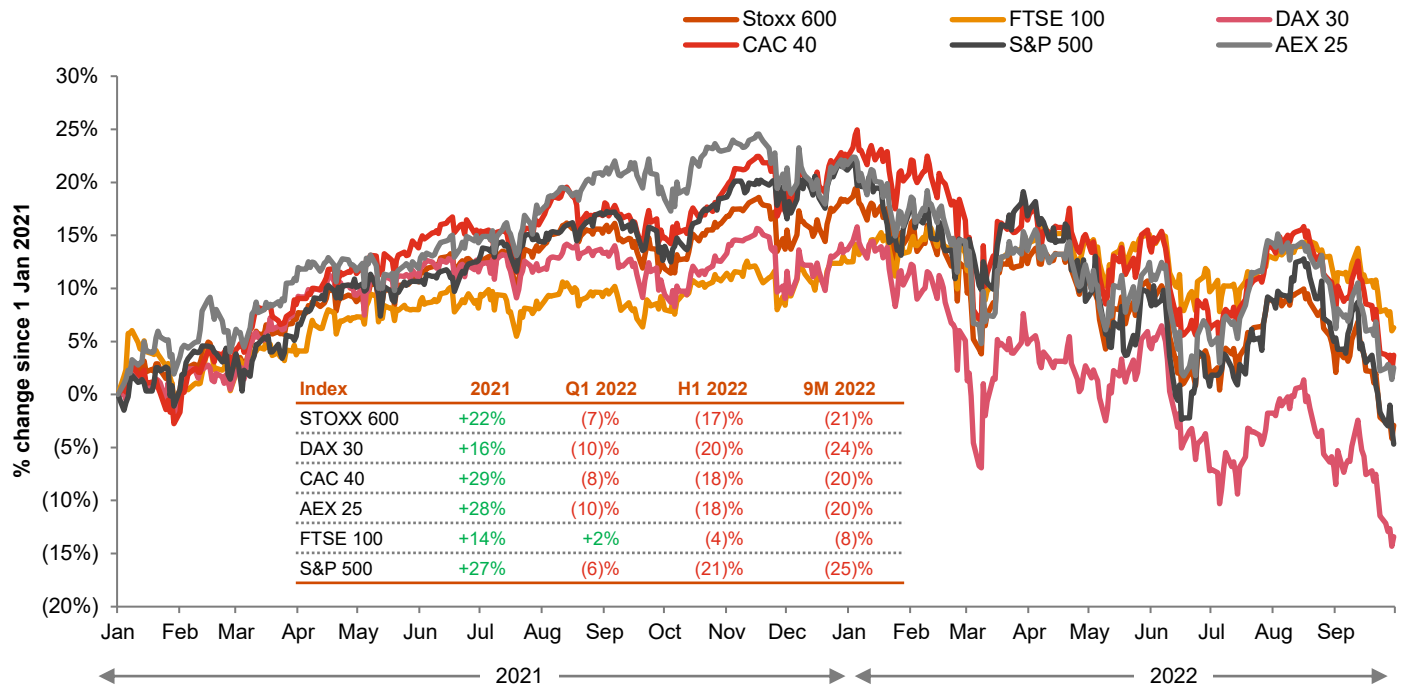
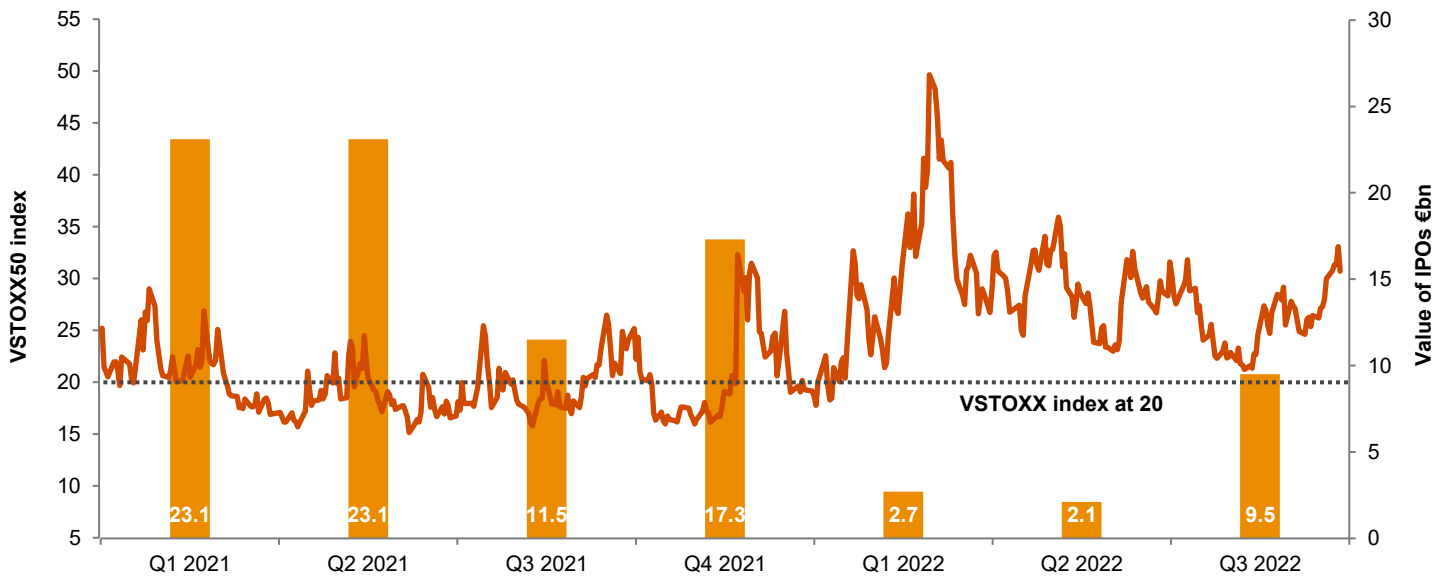


Figure 4: Volatility tracked against European IPO Values

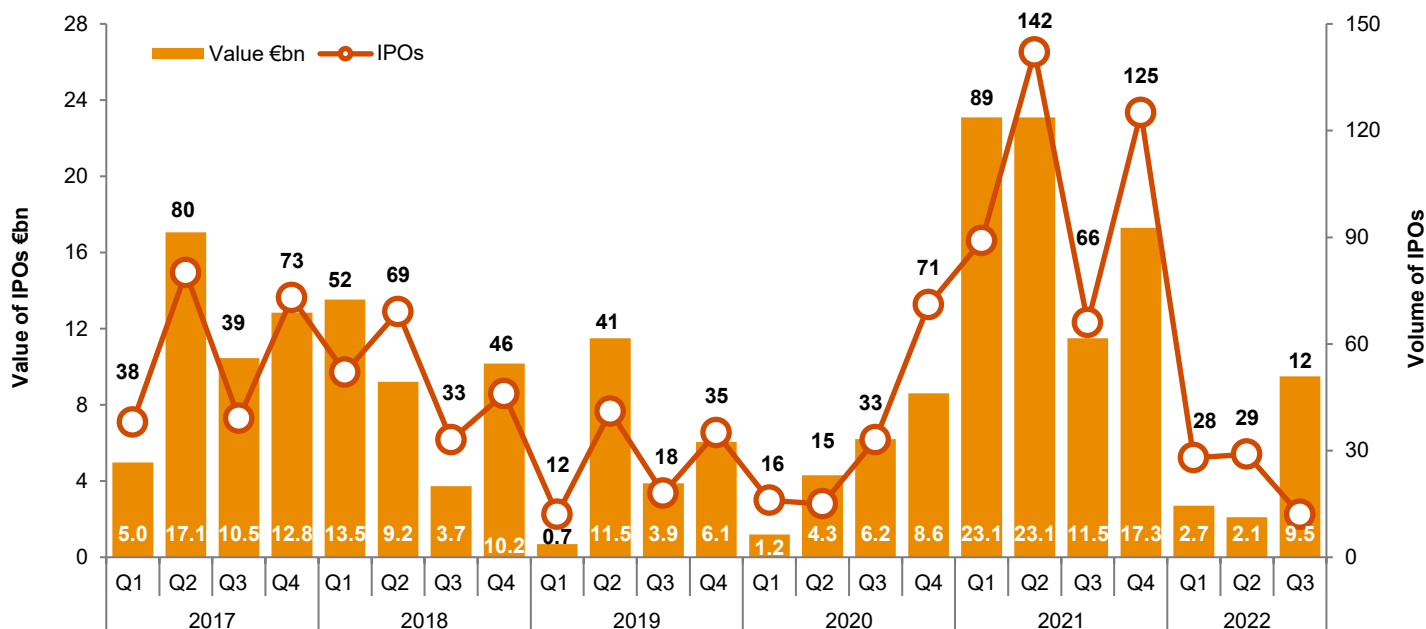


Source: Capital IQ 30 September 2022

# European and UK IPO trends

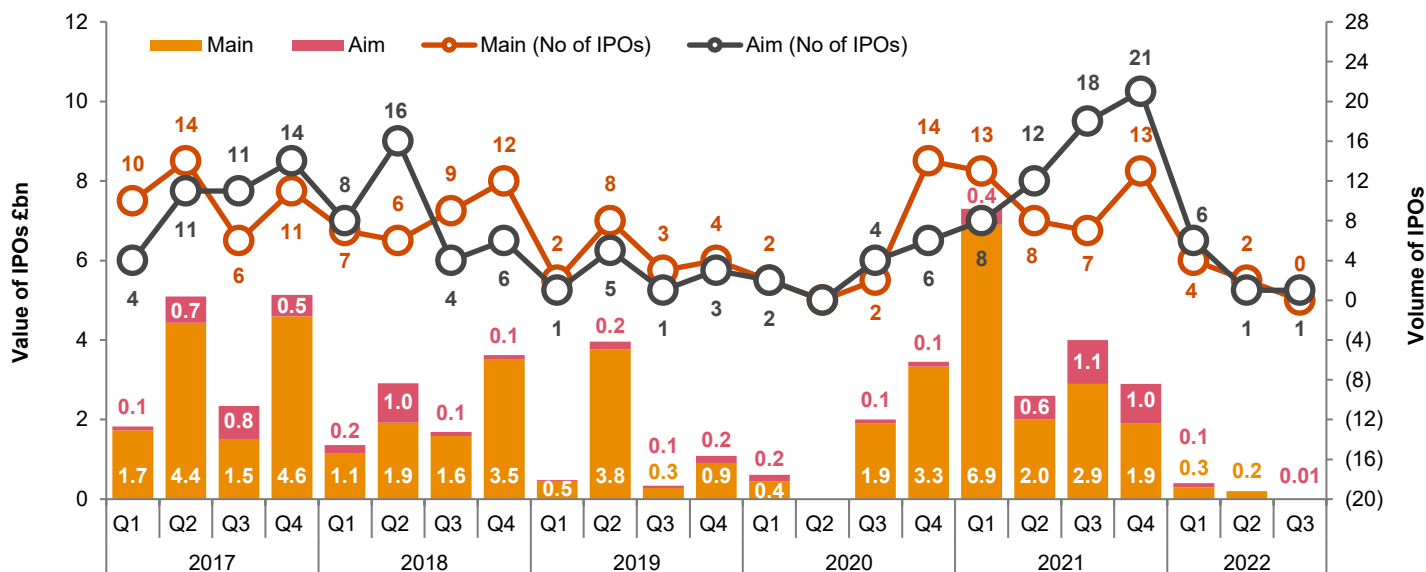
European IPO activity in Q3 was again very limited with only a handful of deals pricing. Whilst some issuers may attempt to tap the market this year, global IPO sentiment is likely to remain fragile, pushing the IPO pipeline into 2023. Among other things, key factors that would drive IPO markets to come back include stability of the equity markets and reduction of volatility, easing of global uncertainty, supported by underlying macroeconomic and geopolitical stability.

Figure 5: Quarterly European IPO activity since 2017



Q3 2022 IPO issuance in Europe totalled €9.5bn from 12 IPOs compared to €11.5bn from 66 IPOs in Q3 2021. Q3 IPO volume was entirely driven by the Porsche IPO that priced at the top of the IPO price range, reaching €75.2bn market cap at IPO. This was the largest IPO in Germany in over 25 years and the largest IPO in Europe in over 10 years. The IPO attracted significant investor demand to cover the full order book on day one, including significant cornerstone demand. Ahead of the IPO, the share capital of Porsche has been divided into 50% of preferred shares and 50% ordinary bearer shares. Only preferred shares were sold in the IPO. Unique equity story, attractive valuation and cornerstone support all contributed to a successful transaction and ensured positive post IPO performance of the stock to date. In the aftermarket, however, investors also appeared to be selling the shares in Volkswagen to buy the new Porsche AG shares, putting pressure on Volkswagen share price. It was a highly anticipated transaction and, whilst this IPO provided some positive sentiment, the broader IPO markets are not fully open and investors will continue being very selective.

Figure 6: Quarterly UK IPO activity since 2017



The London IPO market saw another quiet quarter with only 1 AIM IPO raising £8m for Aurrigo International. The US\$300m IPO of Welkin China Private Equity that launched in early September has announced an extension of the IPO closing date to 31 October to accommodate investor demand out of Asia. Outside of Q3, ACG Acquisition, a metals and mining SPAC, completed its US\$125m IPO in early October, the first major SPAC IPO in the UK for six months.

# Global money raised via IPOs

Global 2022 YTD IPOs have seen the slowest pace in the last 5 years. Q3 2022 global IPO issuance totalled US\$46.1bn from 271 IPOs compared to US\$117.4bn from 561 in Q3 2021. However, whilst the US and European IPO activity was muted, Mainland China and Middle East new issue activity remained buoyant. In particular, Mainland China IPO activity saw over US\$25bn of issuance in Q3, despite the fall in regional indices, supported by an easing of listing requirements to accommodate technology companies. The Middle East region has also seen another large transaction this quarter, the US\$1bn IPO of Salik, the Dubai toll-road operator, as the privatisation drive continues. In the US, the largest IPO was the US\$1.7bn spin-off IPO of Corebridge Financial from AIG, accounting for over 50% of US Q3 2022 IPO proceeds.

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

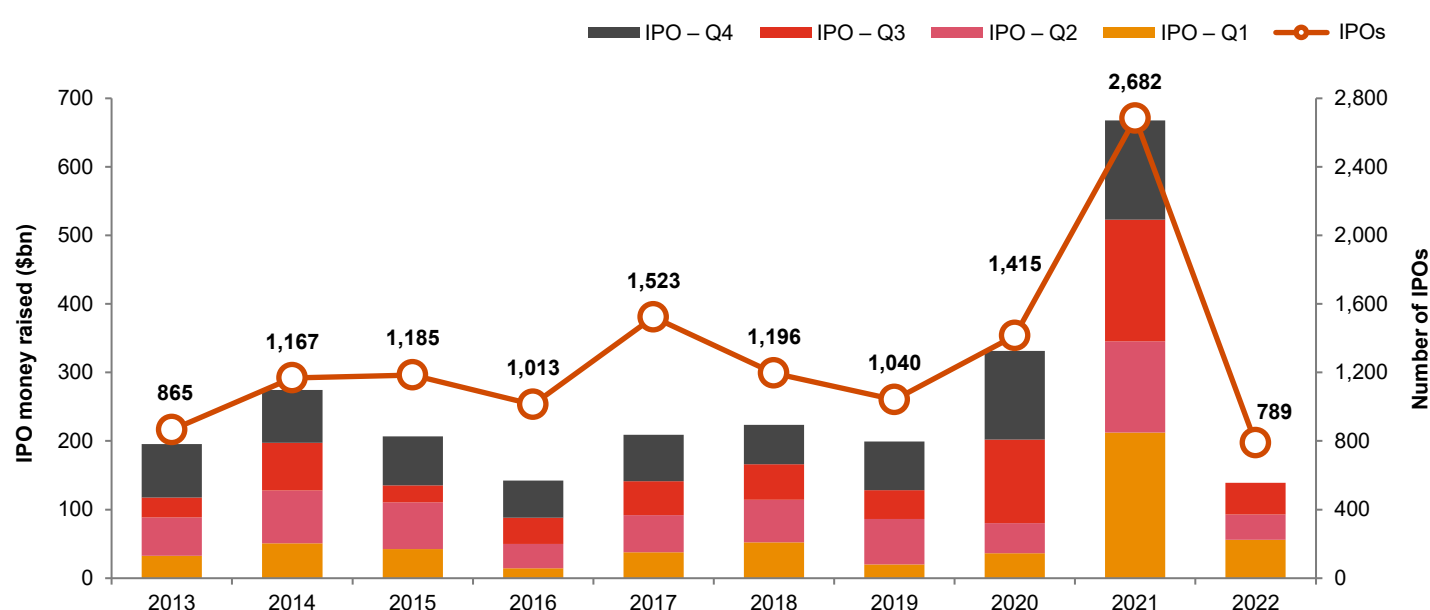


Figure 8: Top ten largest IPOs in Q3 2022

Pricing date	Issuer name	Issuer country	Sector	Exchange	Money raised
28-Sep-22	Dr Ing hcF Porsche		Auto	Deutsche Börse	\$8.7bn
14-Sep-22	Corebridge Financial		Insurance	NYSE	\$1.7bn
9-Aug-22	Shanghai United Imaging Healthcare		Health Care	Shanghai Stock Exchange (STAR Market)	\$1.6bn
2-Aug-22	Hygon Information Technology		Computers & Electronics	Shanghai Stock Exchange (STAR Market)	\$1.6bn
28-Sep-22	CALB Co		Auto	HKEX	\$1.3bn
22-Sep-22	Salik Co		Transportation	DFM	\$1.0bn
11-Jul-22	Thai Life Insurance		Insurance	SET	\$954m
16-Sep-22	Hubei Wanrun New Energy Technology		Chemicals	Shanghai Stock Exchange (STAR Market)	\$912m
5-Sep-22	Shenzhen Hello Tech Energy		Consumer Products	Shenzhen Stock Exchange-ChiNext	\$841m
23-Sep-22	Zhejiang Leapmotor Technology		Auto	HKEX	\$800m

# 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](http://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 12 October 2022 (to include partial exercise of Porsche greenshoe) and based on their pricing date between 1 January and 30 September 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 Dealogic General Industry Group (GIG).

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 Dealogic classifications.

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