

IPO Watch Europe

2023



2023 IPO Watch Europe

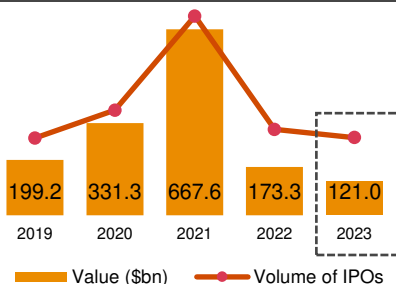


As investor sentiment turned more positive towards the end of 2023 due to the improving macro and receding global recessionary fears, major equity indices in the US and Europe have defied expectation producing solid returns. Secondary issuance has remained strong, but the IPO market is yet to catch up. As we look towards 2024, there are positive signs pointing to IPO market recovery, supported by demand for new investment opportunities and exits, leading to a growing pipeline of potential issuers. IPO windows are, however, expected to be tight and planning for optionality will be critical for IPO candidates.

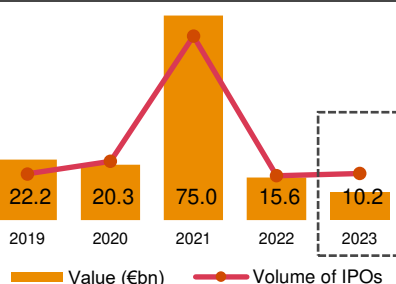
Kat Kravtsov

Director, UK Capital Markets

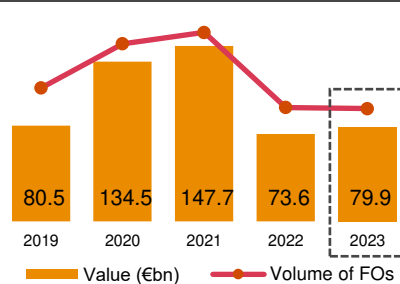
Global IPO activity



European IPO activity (incl. UK)



European FO activity (incl. UK)



2023 Update: Equity markets in the US and Europe have defied expectations for 2023, IPO market is yet to follow.

Apart from the FTSE 100, all major European indices have recorded double-digit gains for 2023, driven by an improving macroeconomic outlook, hope that central banks will be starting to think about softening monetary policies and tech stocks rallying with the emergence of AI. Volatility index has also normalised, mostly trading at, or below 20, the level which supports healthy equity issuance. Whilst the follow-on equity issuance activity remained strong throughout the year, with London being the most active exchange in Europe and representing around 25% of overall proceeds, we are yet to see a significant pick up in IPO activity with IPO volumes in Europe down to €10.2bn, the lowest level in over ten years.

2024 Outlook: Cautious optimism for the European IPO market recovery, whilst windows are likely to be tight.

There is renewed optimism about a potential recovery of the European IPO market as we head into 2024. This is supported by the improving macroeconomic sentiment, rise in equity indices and reduced volatility, together with a growing demand for exits and a healthy pipeline of issuers. "Fit for listing" and readiness has also been front of mind as many potential candidates continued their IPO preparations during 2023 focusing on improving their reporting environment, planning for optionality and alternative funding structures, including the possibility of having to wait until 2025.

Global perspective: Despite a quiet year for IPOs, bright spots emerged in the Middle East, India and Indonesia.

As historically active markets such as the US, Mainland China and Hong Kong have seen a decline in IPO issuance, other bright spots have continued to gain momentum. The Middle East has demonstrated another year of strong IPO issuance supported by growing investor demand and capital market reforms. Resource-rich Indonesia has also seen a robust IPO market as it builds on its strategic positioning to become an important player in the global EV supply chain. India's booming stock market in 2023 was driven by strong economic growth fuelled by private consumption and investment.

Spotlight on London: Improving macroeconomic environment and changes in the UK listing regime

According to the latest PwC economic outlook for 2024, the UK economy is expected to turn a page from the difficult post pandemic years as normalising inflation and progress on growth and real incomes provide optimism.

In December 2023, the UK's securities regulator, the FCA, published its detailed Primary Markets Effectiveness proposals following extensive consultation through 2023. The plan is that the new UK listing regime will be in place in the second half of 2024. These changes are designed to make a listing in London more attractive through:

- Creating a single category for listing equity shares in commercial companies replacing the current Premium and Standard market segments.
- Removing eligibility for listing conditions that overlay prospectus disclosure requirements notably as regards financial information requirements.
- Removing the requirement for shareholder approvals and reducing the extent of disclosure to be given in connection with significant transactions i.e. those between 25% and 100% of the size of a listed company.

Top 5 European IPOs in 2023

Hidroelectrica
Utility & Energy

€1,884m
Bucharest Stock
Exchange

SCHOTT Pharma
Healthcare

€935m
Deutsche Börse

**Thyssenkrupp
Nucera**
Machinery

€605m
Deutsche Börse

Lottomatica
Leisure

€600m
Borsa Italiana

**Admiral Acquisition
SPAC**

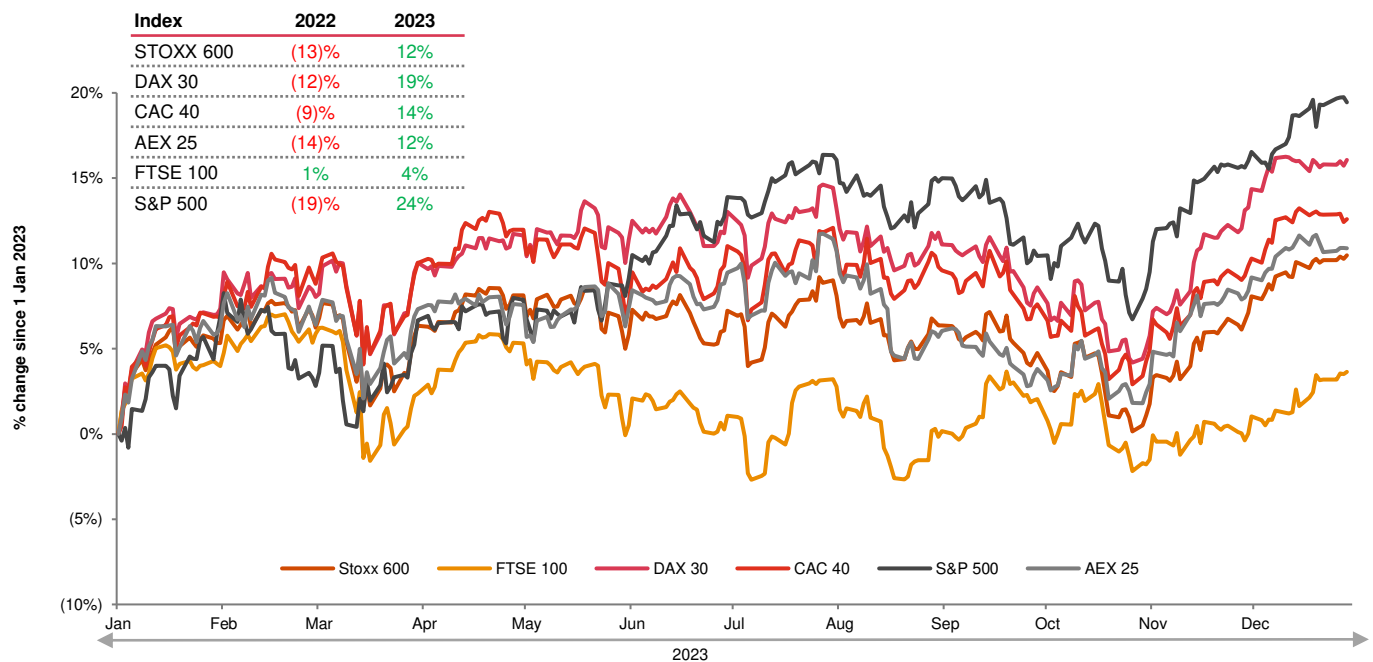
€507m
London Stock
Exchange

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Equity market performance and volatility

Equity markets in the US and Europe have defied expectations for 2023 delivering strong performance, despite a backdrop of recessionary concerns, geopolitical uncertainty, stubborn inflation and rising interest rates impacting investor sentiment. Markets also had to contend with further escalation of geopolitical tensions in Q4, creating further uncertainty for most major indices at the end of the year. Notably, the strong performance of the equity indices was mainly driven by a handful of large technology stocks. In the US, these stocks are known as the "magnificent seven" and delivered on average over 110% return for 2023. Momentum for tech stocks also came to Europe with Technology being one of Europe's top performing sectors (returning 32% in the year), together with Retail (up 34%) and Construction & Materials (up 31%). In contrast to 2022, natural resource related sectors had the weakest performance in 2023 with the Stoxx 600 Basic Resources sector index down 6% and the Energy sector index marginally up 3%. Reflecting the shift in sector performance, the FTSE 100 was only up 4% for the year, due to the softening in commodity prices and a lack of big tech stocks. The UK economy is, however, expected to turn a page from the difficult post pandemic years as normalising inflation and progress on growth and real incomes provide optimism.

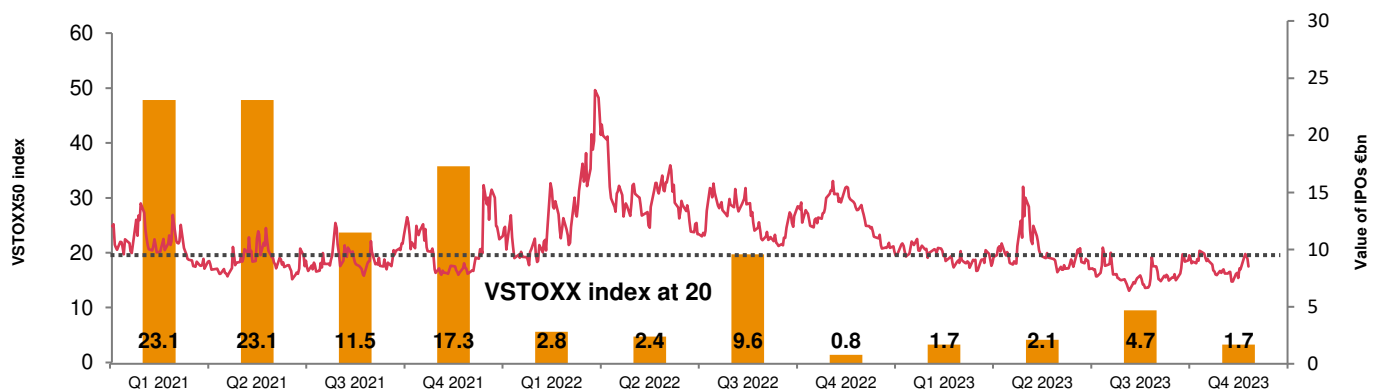
Figure 3: Historical performance of major market indices since January 2023



Despite the success of further offers and volatility trending below historical norms for much of the year, providing ripe conditions for companies to tap into the market, IPOs failed to gain any meaningful traction. The valuation gap persists, with private equity sponsors reluctant to accept lower returns to appease institutional and retail investors who in turn are unwilling to support valuations seen in the post-covid flurry. There is, however, cautious optimism for the year ahead after several significant IPOs in 2023 are now performing well in the aftermarket.

Richard Spilsbury
Partner, UK Capital Markets

Figure 4: Volatility tracked against European IPO values

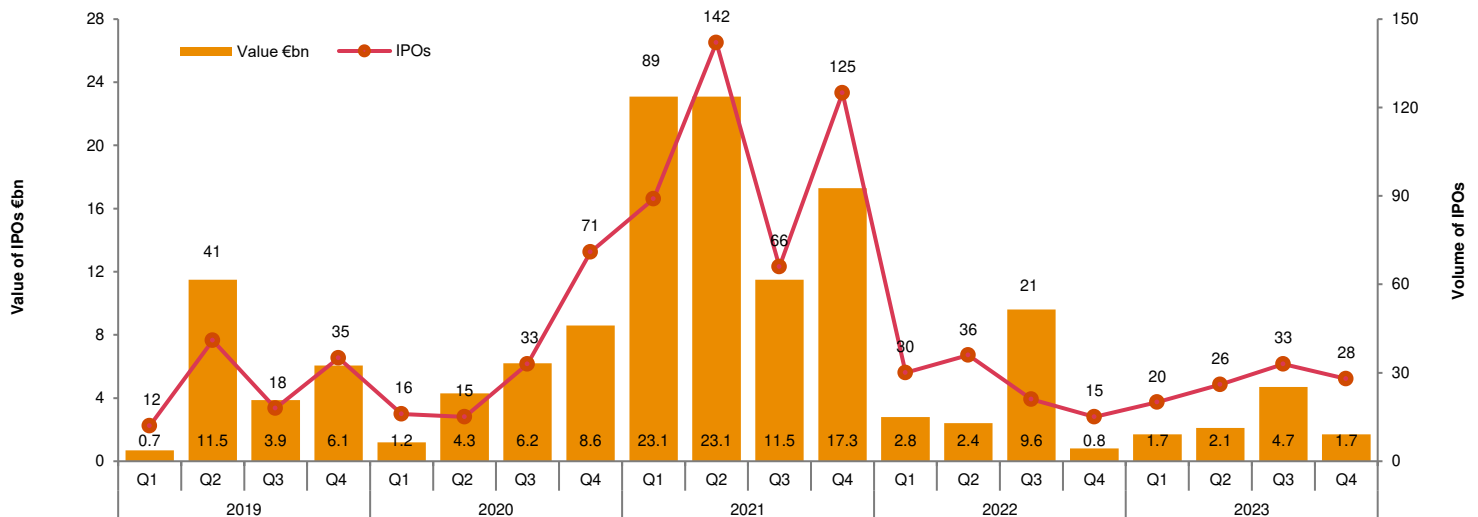


Source: S&P Global Market Intelligence LLC 31 December 2023

European IPO and follow-on trends

For the second year in a row, the European IPO market remained quiet with IPO proceeds raised in 2023 falling to €10.2bn, a drop of 35% compared to 2022 and the lowest level in over 10 years since 2012 (€8.7bn). Persistent global macroeconomic and geopolitical uncertainty throughout the year has negatively impacted investor confidence and contributed to a soft IPO market. Despite this, there have been some notable transactions in Europe with the IPOs of Hidroelectrica and Schott Pharma raising €1,884m and €935m, respectively, both of which performed well post-IPO. As we head into 2024, there is renewed optimism for the European IPO market recovery later in the year supported by the growth in the equity indices, reduced volatility and stabilisation of the macroeconomic environment. However, this optimism could be tempered by ongoing geopolitical uncertainties and, with upcoming elections in 2024 for a significant proportion of the world's population, IPO windows are expected to be tight.

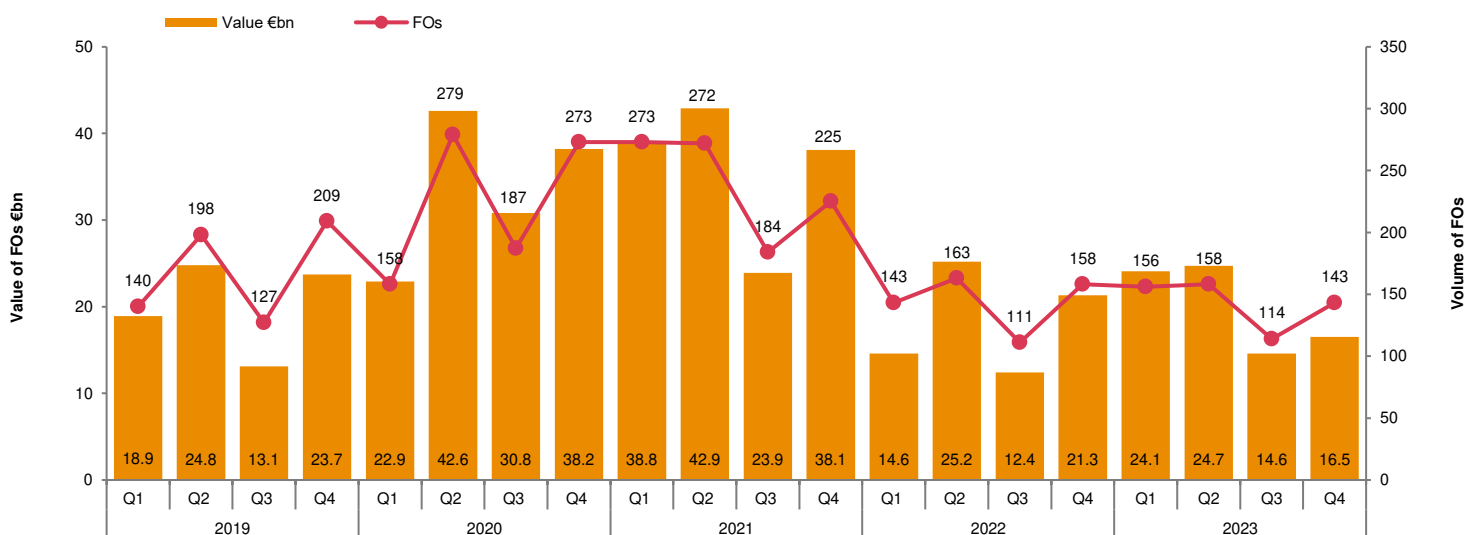
Figure 5: Quarterly European IPO activity since 2019



Aftermarket performance, whilst improving, also remains mixed with investors likely to continue challenge valuations. Given the general market uncertainty, being prepared to take advantage of these tight windows will be key for prospective issuers. There will also be value in planning for optionality (e.g. dual track), alternative funding mechanisms (e.g. hybrid and convertible instruments) and other scenarios, including the possibility of having to wait until 2025.

Stronger than expected equity markets and reduced volatility have supported the follow-on equity issuance, which showed resilience during 2023, with proceeds increasing by €6.4bn (8.7%). The UK has been the most active market for secondary issuance this year in Europe, raising a total of €20.3bn and contributing 25% of total proceeds. Notable transactions included, the London Stock Exchange sell-downs, which totalled to €7.9bn in proceeds, two Heineken follow-on offerings raising €6.9bn in total in Amsterdam, and BNP Paribas follow-on raising €2.2bn in Paris.

Figure 6: Quarterly European further offers activity since 2019



Global money raised via IPOs

2023 was a quiet year for global IPOs. However, some regional markets have delivered significant growth and continued to perform well, including the Middle East, India and Indonesia. Whilst IPO volumes were subdued in the US and Europe with no European market in the Top 10 globally, Asia-Pacific IPO proceeds remained the highest for the second consecutive year. Overall, global IPO activity in 2023 totalled US\$121.1bn, from 1,047 IPOs, compared to US\$173.2bn, from 1,154 IPOs in 2022. The National Stock Exchange of India (“NSE”) has surpassed Hong Kong in terms of market capitalisation in November reaching nearly \$4tn, driven by strong economic growth and benefiting from geopolitical shifts such as “China plus one” supply chain de-risking. The Middle East and Indonesia have also seen strong IPO issuance in 2023. Looking ahead to 2024, cautious optimism remains for an IPO recovery. Whilst the macroeconomic environment globally has begun to stabilise, remaining geopolitical uncertainties and upcoming elections could cause IPO windows to rapidly open and close. As always, being prepared to take advantage of these tight windows will be key for prospective issuers.

Figure 7: Global money raised via IPOs (5-year overview)

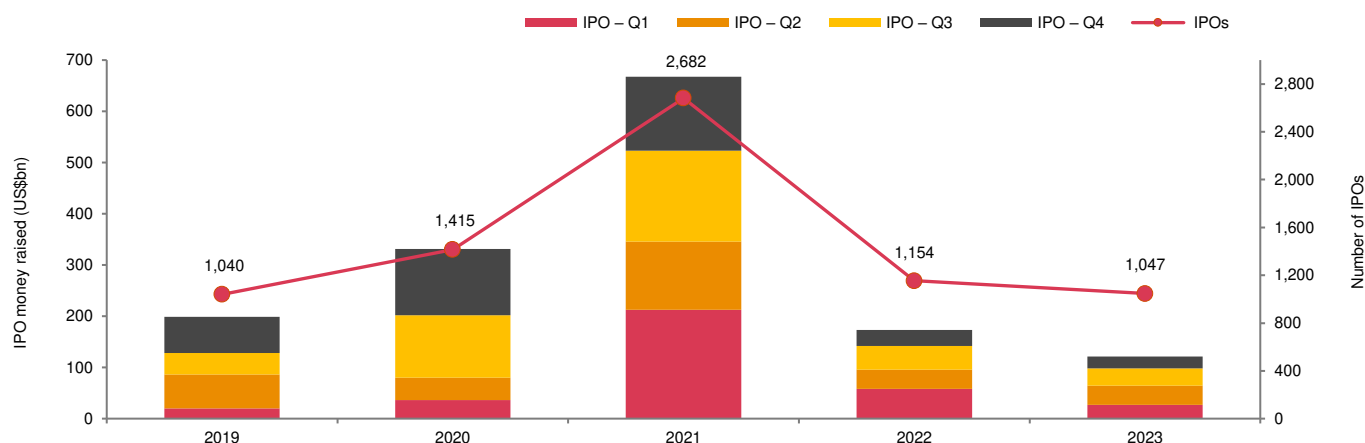


Figure 8: Top ten largest global IPOs 2023

Pricing date	Issuer name	Issuer country	Sector	Exchange	Money raised
13-Sep-23	Arm Holdings		Computers & Electronics	Nasdaq	US\$5.2bn
3-May-23	Kenvue		Consumer Products	NYSE	US\$4.4bn
3-Mar-23	ADNOC Gas		Oil & Gas	Abu Dhabi Securities Exchange	US\$2.5bn
5-Jul-23	Hidroelectrica		Utility & Energy	Bucharest Stock Exchange	US\$2.0bn
10-Oct-23	Birkenstock		Consumer Products	NYSE	US\$1.7bn
19-Apr-23	Nexchip Semiconductor		Computers & Electronics	Sci-Tech Innovation Board (STAR Market)	US\$1.7bn
25-Apr-23	SMEC		Computers & Electronics	Sci-Tech Innovation Board (STAR Market)	US\$1.6bn
20-Sep-23	Ades Holding		Oil & Gas	Saudi Stock Exchange	US\$1.2bn
28-Mar-23	Shaanxi Energy Investment		Utility & Energy	Shenzhen Stock Exchange	US\$1.0bn
12-Dec-23	Pure Health		Healthcare	Abu Dhabi Securities Exchange	US\$1.0bn

Appendix: European IPOs over €50m 2023

Appendix 1: European IPOs

IPO date	Issuer	IPO size (€m)	Stock Exchange	Sector
05-Jul-23	Hidroelectrica SA	1,884	Bucharest Stock Exchange	Utility & Energy
27-Sep-23	SCHOTT Pharma AG & Co KGaA	935	Deutsche Börse	Healthcare
05-Jul-23	Thyssenkrupp Nucera AG & Co KGaA	605	Deutsche Börse	Machinery
28-Apr-23	Lottomatica Group SpA	600	Borsa Italiana	Leisure & Recreation
17-May-23	Admiral Acquisition Ltd	507	Borsa Italiana	Finance
08-Feb-23	EuroGroup Laminations SPA	409	Borsa Italiana	Computers & Electronics
07-Feb-23	IONOS Group SE	389	Deutsche Börse	Computers & Electronics
06-Jul-23	CAB Payments Holdings plc	341	London Stock Exchange	Finance
22-Oct-23	TAB Gıda AS	230	Borsa Istanbul	Dining & Lodging
22-Feb-23	Seacrest Petroleo Bermuda Ltd	220	Oslo Børs	Oil & Gas
18-Oct-23	Rusta AB	199	Nasdaq Nordic Stockholm	Retail
18-Dec-23	Avrupakent Gayrimenkul Gelistirme AS	174	Borsa Istanbul	Real Estate/Property
13-Mar-23	Akfen Yenilenebilir Enerji AS	164	Borsa Istanbul	Utility & Energy
08-Nov-23	Norconsult ASA	156	Oslo Børs	Professional Services
02-May-23	CW Enerji Muhendislik Ticaret ve Sanayi AS	152	Borsa Istanbul	Computers & Electronics
15-May-23	Bien Seramik	145	Borsa Istanbul	Construction/Building
16-Jan-23	Astor Enerji AS	129	Borsa Istanbul	Computers & Electronics
01-Dec-23	Iselfag Vestmannaeyja hf	119	Nasdaq Nordic Iceland	Food & Beverage
17-Aug-23	Enerya Enerji AS	117	Borsa Istanbul	Utility & Energy
17-Apr-23	Europower Enerji Ve Otomasyon Teknolojileri Sanayi Ticaret AS	115	Borsa Istanbul	Computers & Electronics
24-Jul-23	Kaleseramik Canakkale Kalebodur Seramik Sanayi AS	91	Borsa Istanbul	Consumer Products
11-Aug-23	Izdemir Enerji Elektrik Uretim AS	88	Borsa Istanbul	Utility & Energy
06-Dec-23	Murapol SA	84	Warsaw Stock Exchange	Real Estate/Property
15-May-23	Kayseri Seker Fabrikasi	81	Borsa Istanbul	Food & Beverage
15-May-23	Italian Design Brands SpA	80	Borsa Italiana	Consumer Products
30-Mar-23	Gubra A/S	73	Nasdaq Nordic Copenhagen	Healthcare
11-Dec-23	Sur Tatil Evleri Gayrimenkul Yatirim Ortakligi AS	71	Borsa Istanbul	Real Estate/Property
31-Jul-23	Asce Gayrimenkul Yatirim Ortakligi AS	70	Borsa Istanbul	Real Estate/Property
18-Sep-23	Reeder Teknoloji Sanayi ve Ticaret AS	69	Borsa Istanbul	Computers & Electronics
23-Feb-23	Dar Global plc	68	London Stock Exchange	Real Estate/Property
04-Sep-23	Ebebek Magazacilik AS	64	Borsa Istanbul	Computers & Electronics
04-Dec-23	Cates Elektrik Uretim AS	60	Borsa Istanbul	Construction/Building
18-Sep-23	Adra Gayrimenkul Yatirim Ortakligi AS	58	Borsa Istanbul	Real Estate/Property
09-Dec-23	Mega Metal Sanayi ve Ticaret AS	57	Borsa Istanbul	Computers & Electronics
03-Nov-23	Trade Estates	54	Athens Stock Exchange	Real Estate/Property
14-Aug-23	Tatlipinar Enerji Uretim AS	53	Borsa Istanbul	Utility & Energy
10-Apr-23	Koza Polyester Sanayi Ve Tic AS	52	Borsa Istanbul	Chemicals

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 reports on 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 2 January 2024 and based on their pricing date between 1 January and 31 December 2023 and includes greenshoe (if exercised). Only transactions with a minimum of US\$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).

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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 US\$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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