
IPO Watch

Europe Q1 2015



€16.4bn

IPO proceeds raised in Q1 2015 (excl. greenshoe)

€11.4bn in Q1 2014 and €49.5bn in full year 2014

81 IPOs

Companies listed in Q1 2015

68 IPOs in Q1 2014 and 375 IPOs in full year 2014

€282m

Average offering value for Q1 2015

€196m for full year 2014



COMING SOON

Outlook for Half year 2015:

- We expect a softening of the UK markets ahead of the UK General Elections and as a result we do not expect to see the same high levels of activity as seen in Q2 2014.
- Overall we expect IPO proceeds for the second quarter to continue at a similar pace to Q1. Already we have seen a number of companies recently announcing their Intention to Float.
- We forecast Q2 issuances to occur across a wide spread of exchanges, with continental exchanges continuing to challenge London's dominance.
- A number of high profile candidates are expected to enter the public markets from the financial sector, with the expected IPOs like Shawbrook Bank (London), Woodford Patient Capital Trust (London) and Idea Bank (Warsaw) lined up to IPO.
- Falling oil prices may have had a devastating impact on exploration and development companies and oil dependent economies but it has had a positive impact on candidates with significant energy input costs such as manufacturing, industrials and also logistics and airlines.
- Building on the success of last year, we expect the trend of PE backed companies coming to market to continue although this may have peaked in 2014. The option of exiting via a trade sale route will continue to threaten this pipeline as the spread between equity valuations and sale valuations narrows.

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European IPO trends

A record breaking €17.8bn, including greenshoe, was raised in Q1 2015 with the average IPO size increasing to €282m

Figure 1: Quarterly European IPO activity by value and volume

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Total European listings comprise those with:					
Less than \$5m raised	19	34	29	27	18
Greater than \$5m raised	49	111	47	59	63
Total number of listings	68	145	76	86	81
Money raised excl. greenshoe (€m)	11,391	22,325	6,615	9,206	16,363
Exercised greenshoe (€m)	871	1,284	513	370	1,445
Total money raised (€m)	12,262	23,609	7,128	9,576	17,808
Average offering value (€m)*	250	212	151	162	282

* Average offering value has been calculated based on total offering value including greenshoe excluding listings raising less than \$5m

“This was a stand-out quarter in terms of proceeds, especially in continental Europe and we expect activity to continue into the second quarter of this year. We expect one of the headline stories for the rest of 2015 to be large corporate spin offs on the back of the strong equity markets and mandatory divestitures of assets during the crisis. However, what the past few months have shown is that investors are testing valuations hard and issuers may look to alternative ways to realise value.”

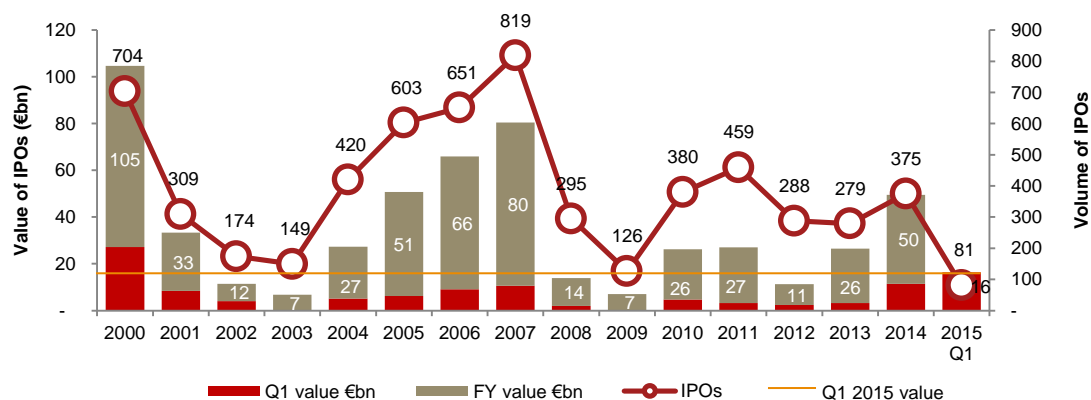
Mark Hughes

Partner in the UK Capital Markets Group

European IPO trends

Q1 2015 proceeds, excluding greenshoe, totalled €16.4bn, making this the strongest first quarter since 2000

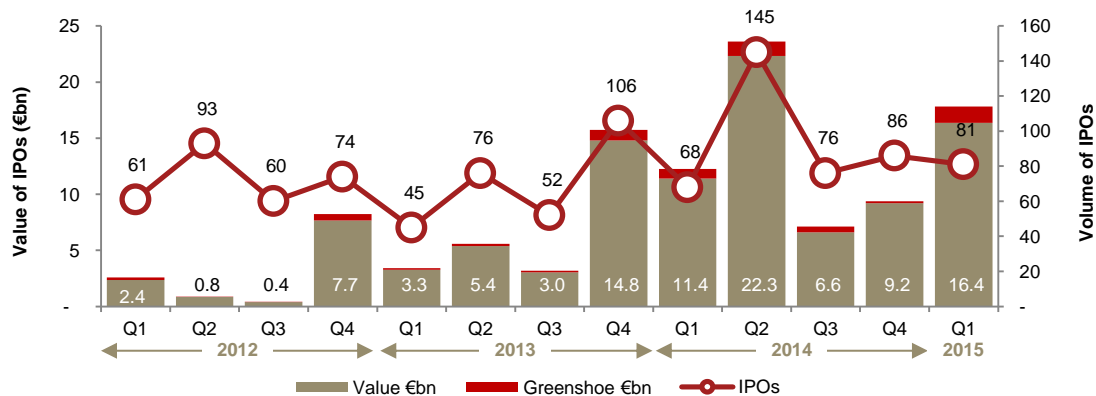
Figure 2: European IPO activity (Q1 and full year) since 2000*



*Excludes greenshoe.

Note: Excludes IPOs on Borsa Istanbul, Zagreb Stock Exchange and Bucharest Stock exchange pre 2011

Figure 3: Quarterly European IPO activity since 2012



Market volatility and performance

Against the backdrop of the oil price stabilising and Quantitative Easing ('QE') by the ECB, volatility has decreased at the end of the first quarter

Figure 4: Volatility compared to IPO proceeds

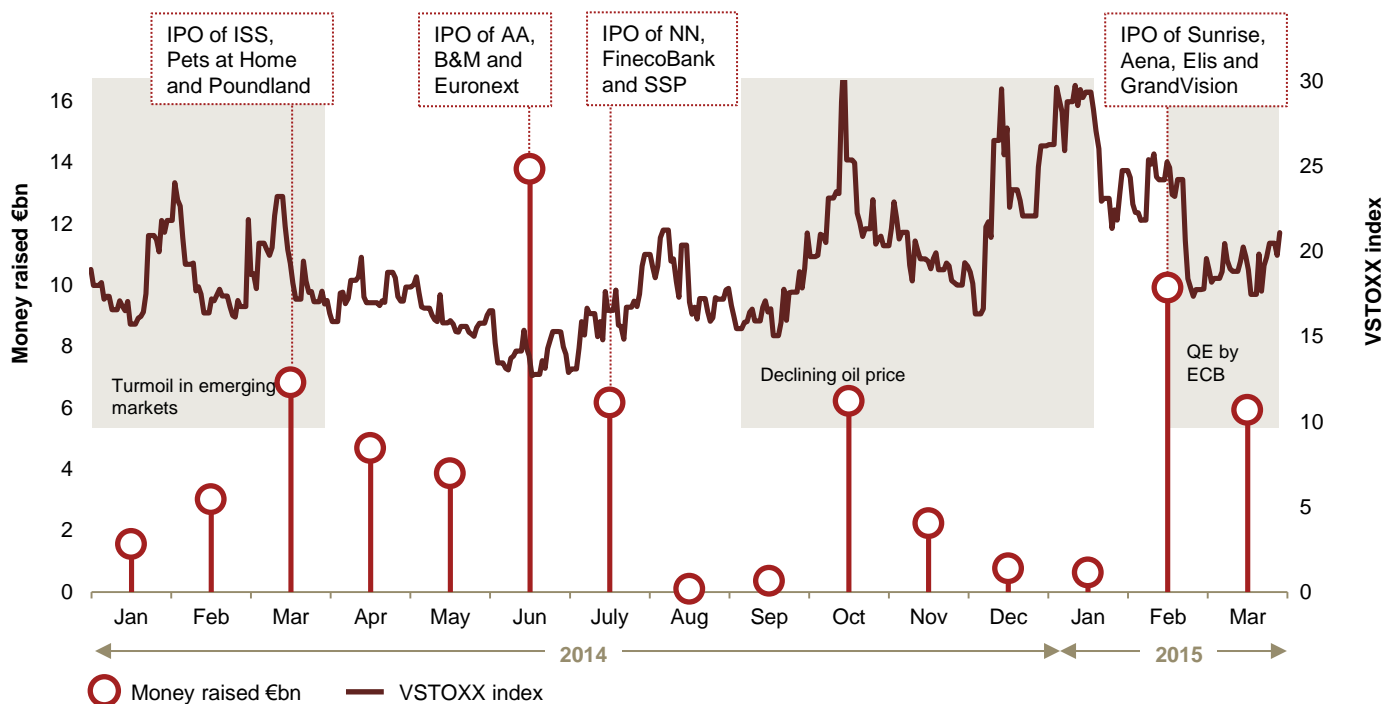
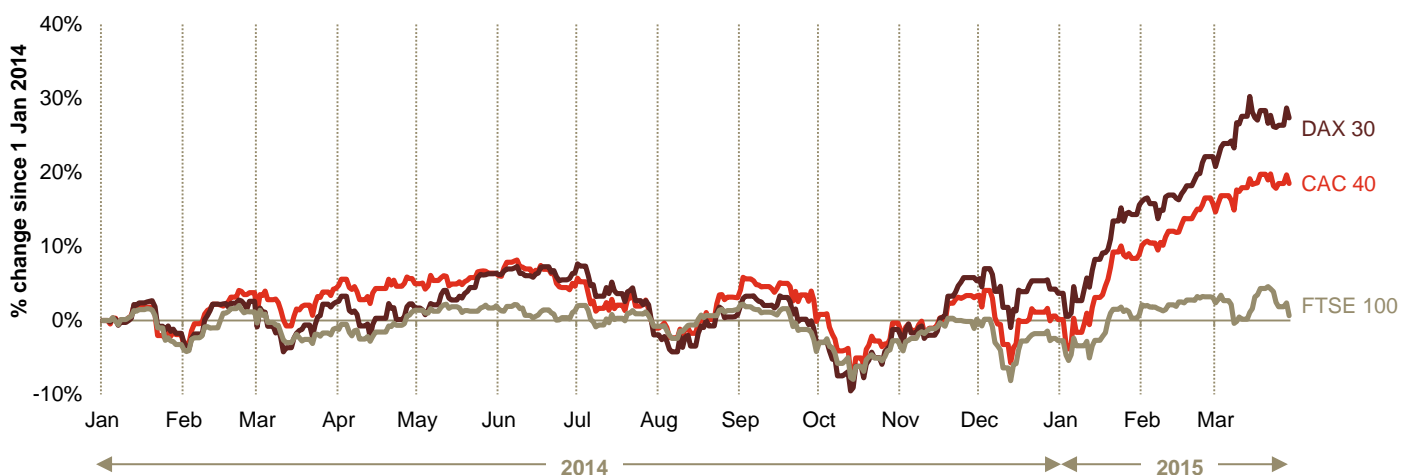


Figure 5: Historical performance of major market indices since January 2014



Source: Thomson Reuters as at 31 March 2015

Pricing and performance of top five European IPOs

All the top five IPOs in Q1 2015 have outperformed the market by the quarter end

Figure 6: Top five IPOs of Q1 2015

	Aena	Auto Trader	Sunrise Communications	GrandVision	Elis
Exchange	BME	London	SIX Swiss	Amsterdam	Paris
IPO date	11 Feb	19 Mar	6 Feb	6 Feb	11 Feb
PE backed	No	Yes	Yes	Yes	Yes
Money raised (€m) incl. greenshoe	4,263	2,228	2,148	1,116	854
Price range	€43.00 - 55.00	£2.00 - 2.50	CHF 57.00 - 78.00	€17.50 - 21.50	€12.00 - 19.00

Figure 7: Offer price versus initial price range of top five IPOs

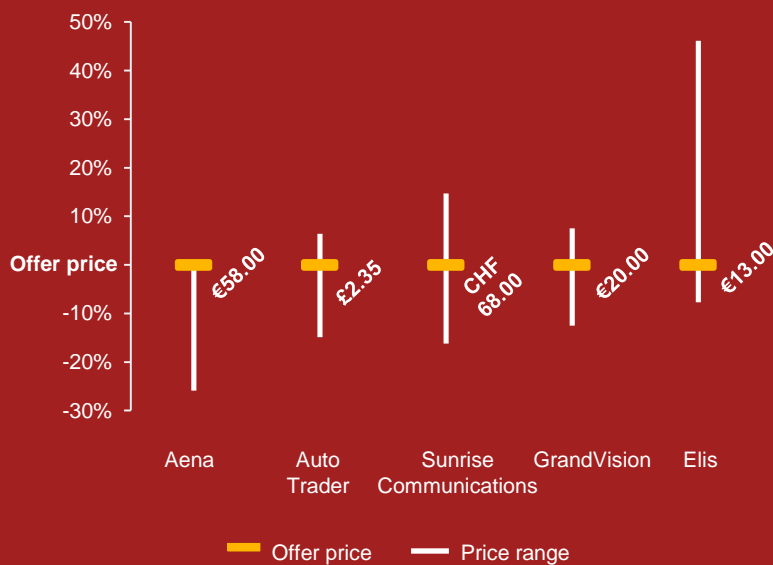
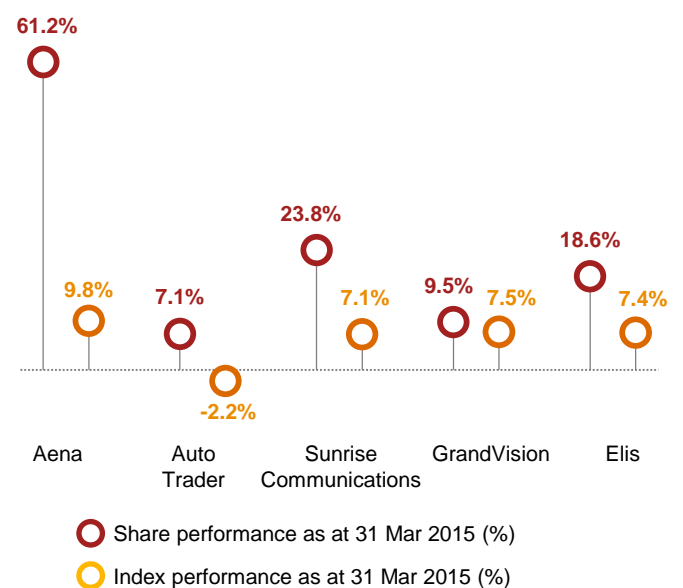


Figure 8: Performance of top five IPOs



Note: Relative to the main index of the domestic exchange

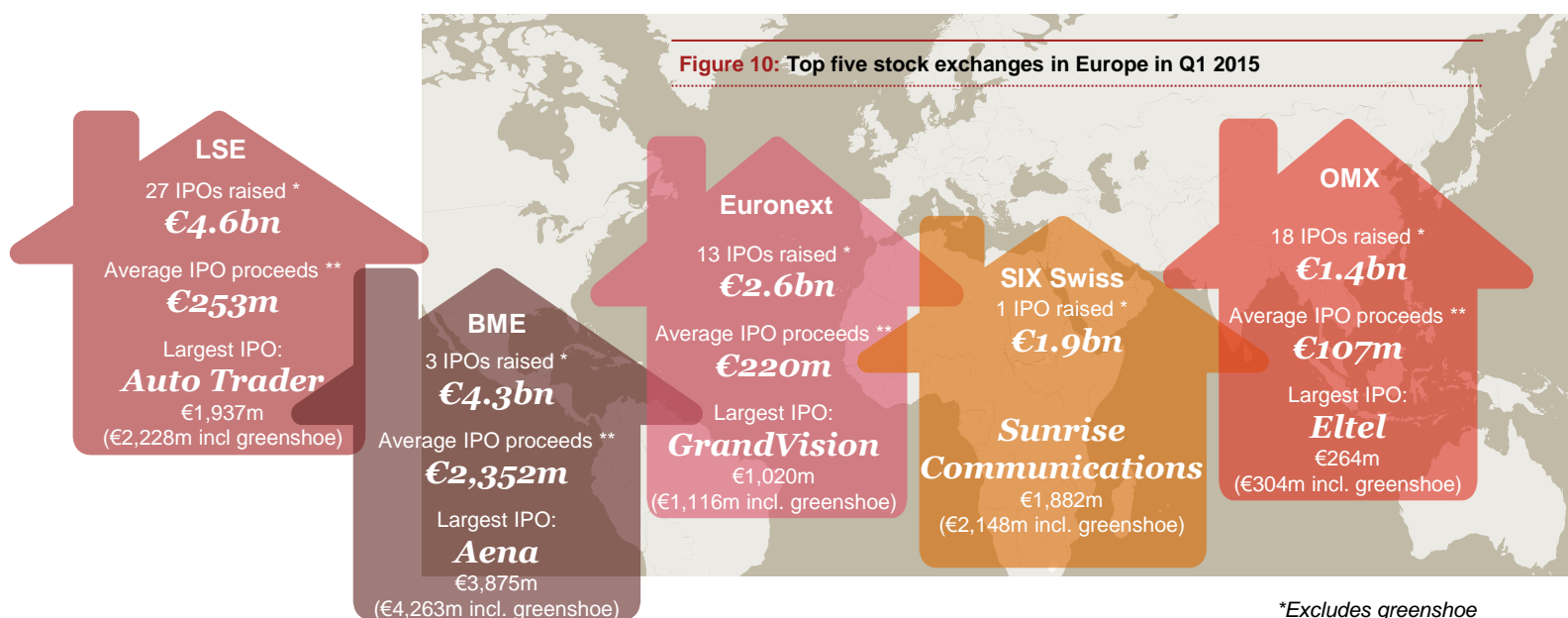
Exchange activity by value

91% of proceeds were raised on the top five stock exchanges, with London remaining most active with €4.6bn proceeds raised

Figure 9: IPO offering value by stock exchange*

Stock exchange offering value (€m)	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
London Stock Exchange	5,925	9,942	1,899	1,628	4,648
BME (Spanish Exchange)	900	2,731	871	12	4,310
Euronext	2,113	4,457	1,747	2,178	2,637
Euronext Amsterdam	1,305	462	1,540	2,172	1,696
Euronext Paris	678	3,399	167	6	909
Euronext Brussels	-	596	40	-	32
Euronext Lisbon	130	-	-	-	-
SIX Swiss Exchange	-	1,073	-	82	1,882
NASDAQ OMX	1,947	1,332	304	941	1,416
Deutsche Börse	-	857	11	2,697	573
Borsa Italiana	72	1,154	1,088	279	490
Irish Stock Exchange	265	218	-	-	302
Oslo Børs & Oslo Axess	147	239	53	1,133	57
Zagreb Stock Exchange	-	-	-	-	24
Borsa Istanbul	4	39	2	208	16
Warsaw	18	89	161	45	8
Bucharest Stock Exchange	-	-	444	-	-
Wiener Börse	-	194	-	-	-
Athens Stock Exchange	-	-	35	-	-
Budapest	-	-	-	3	-
Total	11,391	22,325	6,615	9,206	16,363

Figure 10: Top five stock exchanges in Europe in Q1 2015



*Excludes greenshoe

**Excludes listings raising less than \$5m

Exchange activity by volume

Strong activity on Nasdaq OMX compensates for lower activity in London

Figure 11: IPO volume by exchange

Stock exchange offering volume	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
London Stock Exchange	32	54	23	28	27
NASDAQ OMX	7	26	7	22	18
Euronext	6	22	8	5	13
Euronext Paris	4	20	6	2	9
Euronext Amsterdam	1	1	1	3	3
Euronext Brussels	-	1	1	-	1
Euronext Lisbon	1	-	-	-	-
Borsa Italiana	5	7	10	4	6
Borsa Istanbul	2	6	1	4	3
BME (Spanish Exchange)	2	4	5	2	3
Deutsche Börse	1	6	5	5	3
Warsaw	10	6	10	9	2
Bucharest Stock Exchange	-	-	1	-	2
Oslo Børs & Oslo Axess	2	5	5	5	1
SIX Swiss Exchange	-	5	-	1	1
Irish Stock Exchange	1	2	-	-	1
Zagreb Stock Exchange	-	-	-	-	1
Wiener Börse	-	2	-	-	-
Athens Stock Exchange	-	-	1	-	-
Budapest	-	-	-	1	-
Total	68	145	76	86	81

“After a more subdued second half in 2014, Q1 2015 has seen a resurgence in the IPO market across the UK and Europe. This has been helped by strong aftermarket performance, reducing volatility, and portfolio managers with significant cash looking to be put to work. Investors are focusing on well-established businesses with a proven ability to deliver attractive returns - there is, at the same time, a consistently healthy debate on valuation.”

James Anderson

Director in the UK Equity Advisory Group

Top ten IPOs in Europe

The largest IPOs of the quarter raised 72% of all proceeds, with a wide spread of listing destinations across Europe

Figure 12: Top ten IPOs (value)

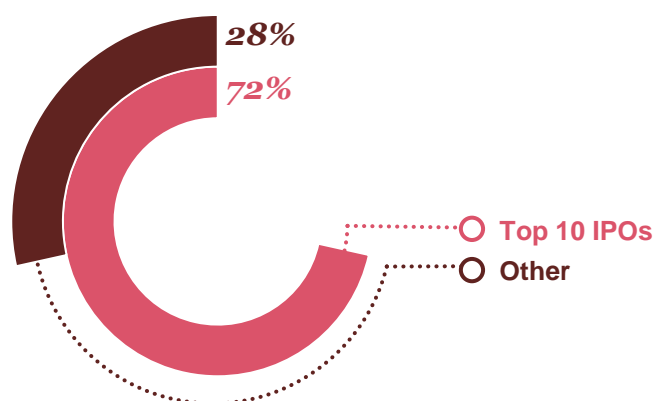


Figure 13: Top ten IPOs

Ten largest IPOs of Q1 2015	€m (excl. greenshoe)	€m (incl. greenshoe)	Sector	Market	Country of origin	PE backed
Aena	3,875	4,263	Industrials	BME	Spain	No
Auto Trader	1,937	2,228	Consumer Services	London	United Kingdom	Yes
Sunrise Communications	1,882	2,148	Telecommunications	SIX Swiss	Switzerland	Yes
GrandVision	1,020	1,116	Health Care	Euronext Amsterdam	Netherlands	Yes
Elis	750	854	Industrials	Euronext Paris	France	Yes
Refresco Gerber	548	548	Consumer Goods	Euronext Amsterdam	Netherlands	Yes
Tele Columbus	477	510	Technology	Deutsche Börse	Germany	No
Saeta Yield	435	442	Utilities	BME	Spain	No
Wizz Air Holdings	364	419	Consumer Services	London	Hungary	Yes
OVS	414	414	Consumer Goods	Borsa Italiana	Italy	Yes
Total	11,702	12,942				

Ten largest IPOs of Q4 2014	€m (excl. greenshoe)	€m (incl. greenshoe)	Sector	Market	Country of origin	PE backed
Pershing Square Holdings	2,150	2,165	Financials	Euronext Amsterdam	United States	No
Rocket Internet	1,400	1,404	Financials	Deutsche Börse	Germany	No
Entra	626	716	Financials	Oslo	Norway	No
Zalando	526	526	Consumer Services	Deutsche Börse	Germany	No
Lifco	414	455	Health Care	OMX	Sweden	No
Hella KGaA Hueck & Co	410	430	Industrials	Deutsche Börse	Germany	No
Virgin Money Holdings	399	404	Financials	London	United Kingdom	Yes
TLG Immobilien	360	375	Financials	Deutsche Börse	Germany	Yes
XXL	326	374	Consumer Services	Oslo	Norway	Yes
RAI Way	245	280	Consumer Services	Borsa Italiana	Italy	No
Total	6,856	7,130				

IPOs by sector

Two third of all proceeds were raised by Industrials, Consumer Services and Financials, with Industrials leading the way

Figure 14: IPO value by sector*

Stock exchange offering value (€m)	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	variance vs. Q1 2014
Industrials	2,745	4,367	1,326	594	5,427	2,682
Consumer Services	3,153	6,935	827	1,185	3,138	-15
Financials	3,100	6,876	3,132	5,631	2,402	-698
Telecommunications	1,514	646	-	130	1,887	373
Health Care	435	661	500	741	1,252	817
Consumer Goods	-	942	18	779	1,119	1,119
Technology	19	970	93	39	664	645
Utilities	25	2	611	-	435	410
Basic Materials	9	541	1	21	21	12
Oil & Gas	391	385	107	86	18	-373
Total	11,391	22,325	6,615	9,206	16,363	4,972

“While the oil price crash has had a devastating impact on exploration and development companies, it has also had a positive impact on companies who have significant energy input costs such as manufacturing, industrials and also logistics and airlines. In London, Wizz Air’s successful float early this year benefited both the positive impact of reacting to the Ukraine situation but also capitalised on the huge fall in fuel prices.”

Viv Maclachlan
Director in the UK Capital Markets Group



Industrials

17 IPOs raised in Q1

€5,427m *

Average IPO proceeds **

€417m

Largest IPO:

Aena

€3,875m

(€4,263m incl. greenshoe)



Consumer Services

12 IPOs raised in Q1

€3,138m *

Average IPO proceeds **

€348m

Largest IPO:

Auto Trader

€1,937m

(€2,228m incl. greenshoe)



Financials

23 IPOs raised in Q1

€2,402m *

Average IPO proceeds **

€150m

Largest IPO:

John Laing Group

€335m

(€360m incl. greenshoe)

*Excludes greenshoe

**Excludes listings raising less than \$5m

UK focus – Overview

In London there was a more subdued start to the year with 27 companies raising €4.7bn in Q1 2015 and AIM saw a significant decrease in activity

Figure 15: London IPO trends – value*

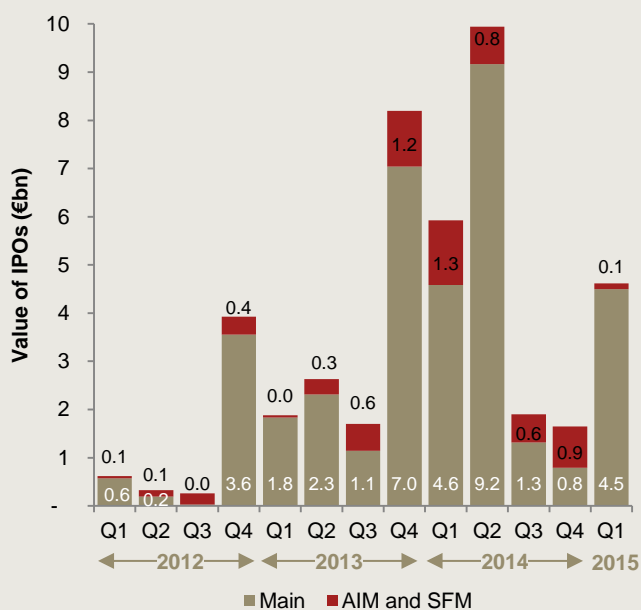
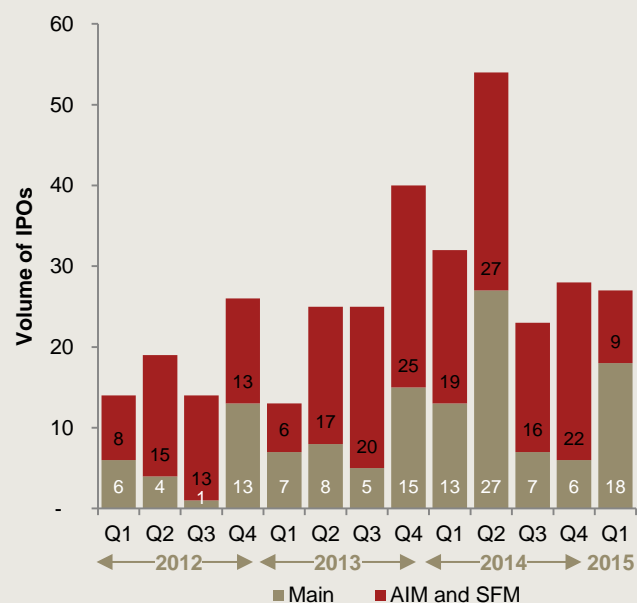


Figure 16: London IPO trends - volume



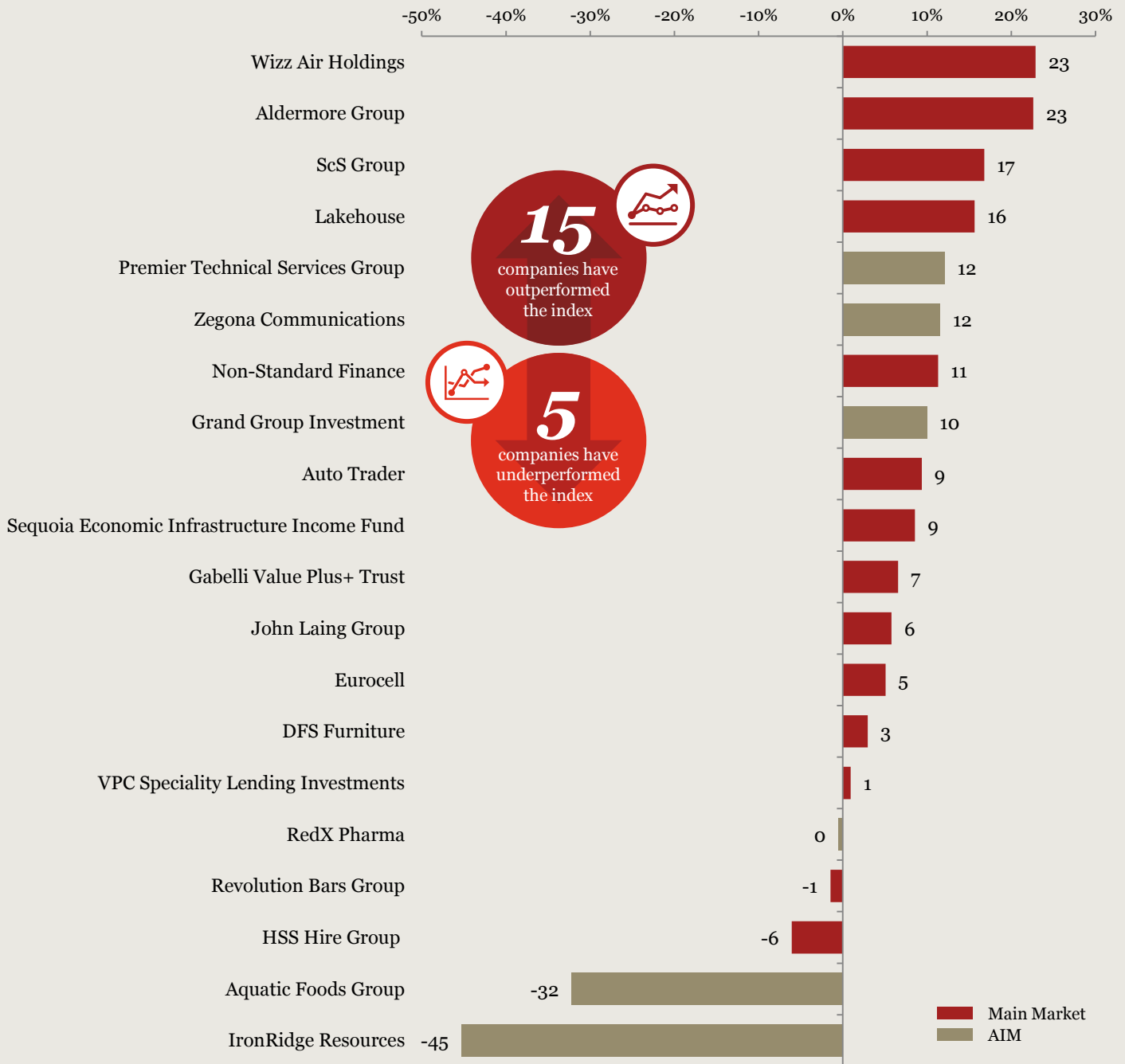
*Excludes greenshoe

Figure 17: Five largest UK IPOs of Q1 2015

	Proceeds (incl. greenshoe)		Sector	Market	Country	PE backed
	€m	£m				
Auto Trader	2,228	1,594	Consumer Services	Main	United Kingdom	Yes
Wizz Air Holdings	419	309	Consumer Services	Main	Hungary	Yes
Aldermore Group	361	260	Financials	Main	United Kingdom	Yes
John Laing Group	360	267	Financials	Main	United Kingdom	No
DFS Furniture	284	206	Consumer Services	Main	United Kingdom	Yes

UK focus - Relative performance of London IPOs

Figure 18: Share price performance of London IPOs relative to the FTSE all share index



Note: Threshold of \$5m proceeds | Relative performance based on the FTSE All Share Index for Main Market and FSM listed companies and FTSE AIM All Share index for AIM listed companies
Source: Dealogic and Thomson Reuters as of 31 March 2015

UK focus - Private equity and industry trends

Q1 2015 PE activity reaches new highs with 96% of all proceeds raised by PE backed companies with a predominance of consumer services focused companies

Figure 19: PE-backed vs non PE-backed IPO trends in London*

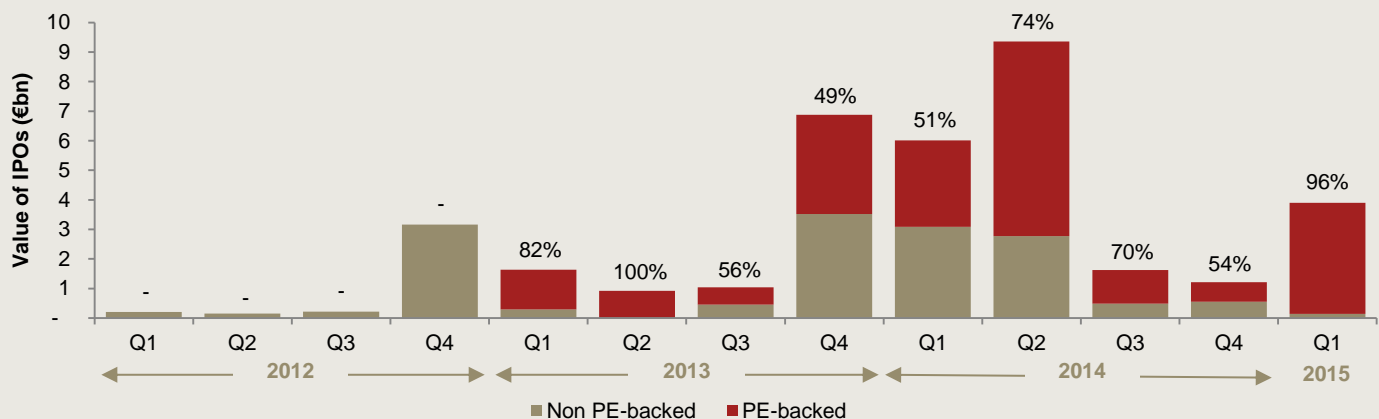


Figure 20: Five largest UK PE-backed IPOs of Q1 2015

	Proceeds (incl. greenshoe)		Sector	Market	Country	PE backed
	€m	£m				
Auto Trader	2,228	1,594	Consumer Services	Main	United Kingdom	Yes
Wizz Air Holdings	419	309	Consumer Services	Main	Hungary	Yes
Aldermore Group	361	260	Financials	Main	United Kingdom	Yes
DFS Furniture	284	206	Consumer Services	Main	United Kingdom	Yes
HSS Hire Group	151	114	Industrials	Main	United Kingdom	Yes

Figure 21: London IPO value by sector **

Stock exchange offering value (€m)	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Consumer Services	2,861	5,387	742	57	2,758
Financials	1,814	2,439	455	892	1,466
Industrials	528	965	118	2	375
Health Care	276	235	448	201	20
Basic Materials	-	10	1	-	13
Consumer Goods	-	173	3	332	12
Technology	-	366	13	14	4
Telecommunications	209	2	-	130	-
Oil & Gas	237	365	107	-	-
Utilities	-	-	12	-	-
Grand Total	5,925	9,942	1,899	1,628	4,648

* UK IPOs raising over \$50m, excludes closed-end funds, SPACs, SPVs, Capital Pool companies, Investment Managers, REITs, Royalty Trusts
 ** Excludes greenshoe

US and Hong Kong domestic activity

Q3 proceeds in both the US and Hong Kong exceed proceeds raised on the respective markets in the first two quarters of the year

Figure 22: US and Hong Kong overview

Stock exchange	Q1 2014		Q2 2014		Q3 2014		Q4 2014		Q1 2015	
	IPOs	Offering value (€m)*	IPOs	Offering value (€m)*	IPOs	Offering value (€m)*	IPOs	Offering value (€m)*	IPOs	Offering value (€m)*
Europe	68	11,391	145	22,325	76	6,615	86	9,206	81	16,363
US	71	8,007	89	15,641	68	28,705	76	13,259	41	5,411
Hong Kong	25	4,334	27	3,296	37	4,767	33	10,184	28	2,075

* Excludes greenshoe

- US IPO proceeds slowed down to levels not seen since the first quarter of 2012 when the IPO market was rebounding from the financial crisis, with 41 IPOs raising €5.4bn. This quarter's proceeds were slightly over half the €8.0bn raised in the same quarter last year, and were also down circa 60% compared to fourth quarter 2014 which raised €13.3bn.
- The healthcare industry led IPO market activity, accounting for 41% of total volume for the quarter with 17 IPOs. The financial sector led in offering value, accounting for 29% of the total IPO proceeds.
- First quarter IPOs saw strong aftermarket performance, returning 16% between IPO and quarter close and outperforming the S&P 500 which closed at less than one percent for the quarter. Additionally, the average first day gain of the 41 IPOs that priced during the first quarter was 10 percent.
- In Hong Kong, the first quarter only raised only €2,075m even though there were 28 IPOs recorded. Hence the average IPO size was significantly smaller than the first quarter last year when 25 IPOs raised €4,334m.

“After a record year in 2014 where the US witnessed a bumper crop of companies coming to market, the US experienced the weakest first quarter since 2010. Newly listed US issuers were largely concentrated in the healthcare and technology sectors - demonstrating that US investors remained interested in smaller high growth companies. Asian markets remained buoyant, hosting four of the top 10 global IPO's. The first quarter also saw subdued cross border activity, which is unlikely to return in the short term to recent historical levels, particularly given the weakness in commodity prices.”

Clifford Tompsett

Partner, Head of the Global IPO Centre

Appendix - IPOs by market

Figure 23: IPOs by market

Stock exchange	Q1 2014		Q2 2014		Q3 2014		Q4 2014		Q1 2015	
	IPOs	Offering value (€m)*	IPOs	Offering value (€m)*	IPOs	Offering value (€m)*	IPOs	Offering value (€m)*	IPOs	Offering value (€m)*
TOTAL										
London Stock Exchange	32	5,925	54	9,942	23	1,899	28	1,628	27	4,648
BME (Spanish Exchange)	2	900	4	2,731	5	871	2	12	3	4,310
Euronext	6	2,113	22	4,457	8	1,747	5	2,178	13	2,637
SIX Swiss Exchange	-	-	5	1,073	-	-	1	82	1	1,882
NASDAQ OMX	7	1,947	26	1,332	7	304	22	941	18	1,416
Deutsche Börse	1	0	6	857	5	11	5	2,697	3	573
Borsa Italiana	5	72	7	1,154	10	1,088	4	279	6	490
Irish Stock Exchange	1	265	2	218	-	-	-	-	1	302
Oslo Børs & Oslo Axess	2	147	5	239	5	53	5	1,133	1	57
Zagreb Stock Exchange	-	-	-	-	-	-	-	-	1	24
Borsa Istanbul	2	4	6	39	1	2	4	208	3	16
Warsaw	10	18	6	89	10	161	9	45	2	8
Bucharest	-	-	-	-	1	444	-	-	2	-
Wiener Börse	-	-	2	194	-	-	-	-	-	-
Athens Stock Exchange	-	-	-	-	1	35	-	-	-	-
Budapest	-	-	-	-	-	-	1	3	-	-
Total	68	11,391	145	22,325	76	6,615	86	9,206	81	16,363
EU-REGULATED										
London (Main)	13	4,581	27	9,165	7	1,318	6	769	18	4,529
BME (Spanish Exchange) (Main)	2	900	3	2,726	2	831	-	-	2	4,310
Euronext	6	2,113	14	4,410	6	1,739	3	2,172	9	2,587
SIX Swiss Exchange	-	-	5	1,073	-	-	1	82	1	1,882
NASDAQ OMX (Main)	4	1,945	7	1,042	1	279	4	841	6	1,127
Deutsche Börse (Prime and General Standard)	1	-	4	857	4	10	4	1,297	2	573
Borsa Italiana (Main)	-	-	2	1,121	2	1,024	1	245	2	468
Irish Stock Exchange (Main)	-	-	1	200	-	-	-	-	1	302
Oslo Børs	2	147	2	204	2	17	5	1,133	1	57
Zagreb Stock Exchange	-	-	-	-	-	-	-	-	1	24
Warsaw (Main)	2	17	3	88	3	157	5	44	1	7
Bucharest	-	-	0	0	1	444	-	-	-	-
Wiener Börse	-	-	2	194	-	-	-	-	-	-
Athens Stock Exchange	-	-	-	-	1	35	-	-	-	-
Budapest	-	-	-	-	-	-	1	3	-	-
EU-regulated sub-total	30	9,703	70	21,080	29	5,854	30	6,586	44	15,866
EXCHANGE-REGULATED										
NASDAQ OMX (First North)	3	2	19	290	6	25	18	100	12	289
London (AIM and SFM)	19	1,344	27	777	16	581	22	859	9	119
Euronext (Alternext)	-	-	8	47	2	8	2	6	4	50
Borsa Italiana (AIM)	5	72	5	33	8	64	3	34	4	22
Borsa Istanbul	2	4	6	39	1	2	4	208	3	16
Warsaw (NewConnect)	8	1	3	1	7	4	4	1	1	1
Bucharest (AeRO)	-	-	-	-	-	-	-	-	2	-
BME (Spanish Exchange) (MAB)	-	-	1	5	3	40	2	12	1	-
Oslo (Axess)	-	-	3	35	3	36	-	-	-	-
Irish Stock Exchange (ESM)	1	265	1	18	-	-	-	-	-	-
Deutsche Börse (Entry Standard)	-	-	2	0	1	1	1	1,400	1	-
Exchange-regulated sub-total	38	1,688	75	1,245	47	761	56	2,620	37	497
Europe total	68	11,391	145	22,325	76	6,615	86	9,206	81	16,363

* Excludes greenshoe



Contacts

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, Croatia, Denmark, France, Germany, Greece, the Netherlands, Ireland, Italy, Luxembourg, Norway, Poland, Portugal, Romania, Spain, Sweden, Switzerland, Turkey and the UK) on a quarterly basis. Movements between markets on the same exchange are excluded.

This survey was conducted between 1 January and 31 March 2015 and captures IPOs based on their first trading date. All market data is sourced from the stock markets themselves and has not been independently verified by PricewaterhouseCoopers LLP.

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