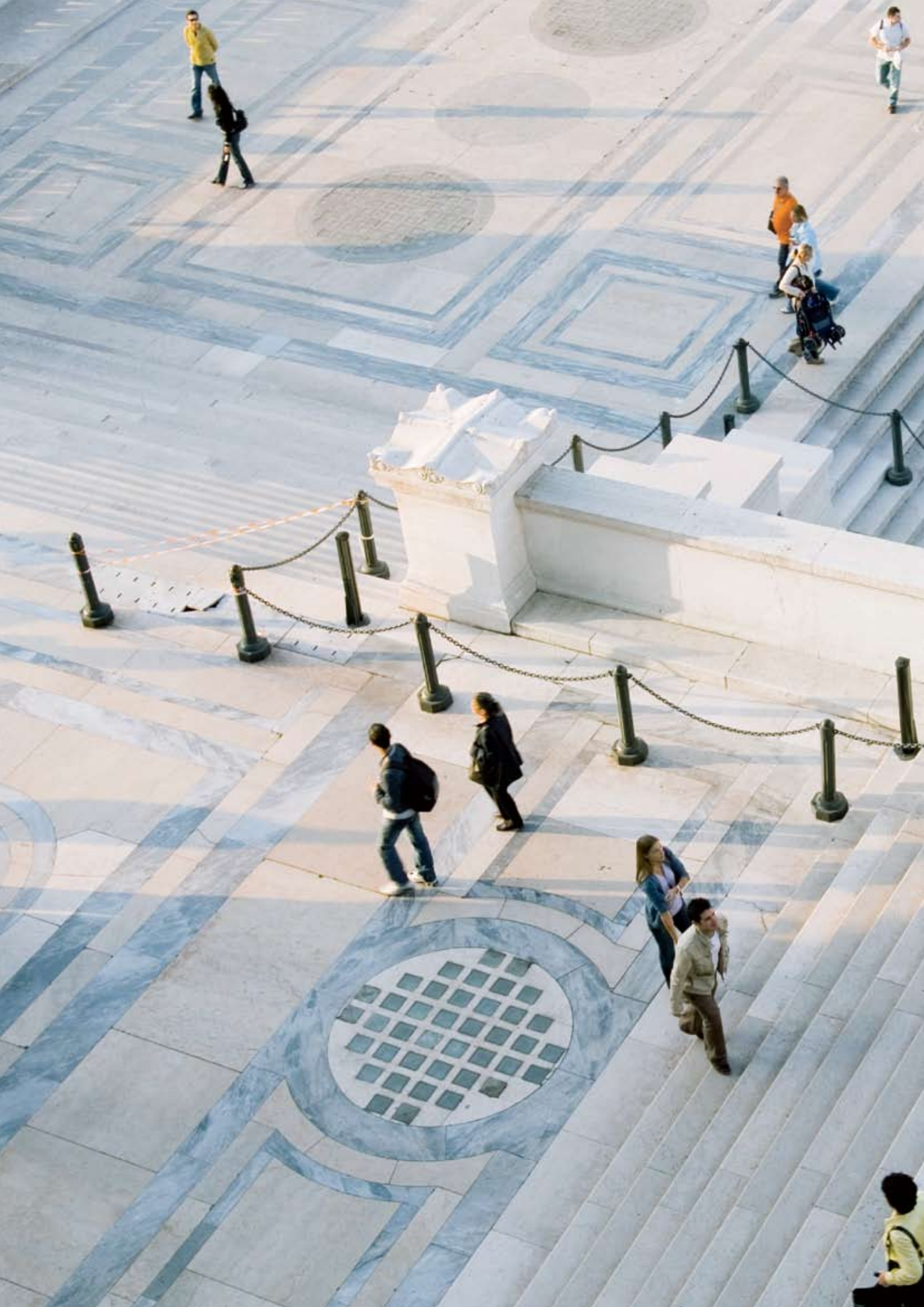


# *IPO Watch Europe* Review of 2010

*IPO Watch Europe surveys stock market listings in Europe and provides a comparison with the world's major markets*





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## Foreword

*In recent years, the world's capital markets have been exposed to some of the most destructive financial conditions in living memory but, in Europe and globally, those markets are now showing genuine signs of recovery.*

### **Europe rebounds in 2010 from a dismal 2009**

Europe hosted 380 IPOs in 2010 rocketing from the 126 transactions in 2009. The total offering amount rose almost fourfold from €7,112m in 2009 to €26,286m in 2010. Individual transaction values also weighed in heavier than the previous year.

In terms of offering value, Europe ended up in third place on the global stage, lagging slightly behind the US which raised €29bn but dwarfed by Greater China which raised €98bn. Japan, Latin America and the Middle East came fourth, fifth and sixth for value, respectively. Having dipped significantly in 2009, Europe saw the largest increase in volume (202%) and second largest for value (270%) in our global analysis.

In 2009 only two European IPOs topped the €1bn mark for money raised, but in 2010 this number rose to seven in an environment where investors were still hedging their bets as to whether the climate was right to bankroll IPOs. Notably these major transactions were widely spread across European exchanges. For example, the largest European transactions in the year were those of Enel Green Power, which raised €2,264m in Spain and Italy; and the privatisation of the state-owned insurance company PZU which raised €1,990m in Poland. IPOs in Oslo (Gjensidige Forsikring), Spain (Amadeus) and Denmark (Pandora) also make the top six. EU-regulated markets led the charge in Europe, and accounted for all of the growth over 2009 in offering value. Exchange-regulated markets, which include AIM and Alternext, saw a leap in the volume of

transactions but the success in attracting the high volume of admissions was dented by the low value transactions. This meant that the funds raised across such exchanges dropped in 2010 compared to 2009.

### **London returns to the top of the European pile**

Against this backdrop, the general increase in activity on London's Main Market meant that London led the European capital markets with 114 IPOs raising €10,519m. London's market share by offering value jumped from 23% in 2009 to 40% in 2010, while its market share by volume increased from 20% in 2009 to 30% in 2010.

London IPO activity suffered more markedly than that on the other major European exchanges in the economic crisis. From the doldrums of 2009, London has now rallied more quickly than those exchanges, returning to the top of the European markets. This return was largely based upon international transactions, including all of Europe's top five international IPOs.

### **Greater China's 'super-jumbo' offerings leave Europe trailing**

It was another strong year for Greater China with almost €100bn of offerings including two 'super-jumbo' deals, AgBank and AIA, which together generated more new money than all European IPOs in the year.

Greater China was bullish across the board with strong performance in Shanghai and Shenzhen, but Hong Kong still led the way. Hong Kong also attracted some substantial international deals for the first time in 2010 with Rusal and L'Occitane likely to be followed by Prada and others in 2011.

This could be seen as the fledgling signs of a challenge to London's and New York's dominance of international transactions. We expect to continue to see growth in Asia though the markets in this region are likely to be evolving. This will be due to very specific types of companies being interested in listing in the region and other key exchanges, such as London and the US, re-asserting their international credentials.

## ***Companies from emerging markets will continue to access the key international IPO centres***

More international deals into Hong Kong are expected this year. However, appetite from organisations based in emerging markets to list on large well-recognised exchanges remained robust. If they did not list solely in their home markets, major Indian, Chinese and Russian organisations especially have an attraction for key international exchanges such as London and the US.

For example, in 2010, 27% of US IPOs and 23% of Europe's were from emerging markets companies. We expect more emerging market deals from India, Indonesia, Russia, Kazakhstan and possibly China. Issuers will continue to consider which exchange will be best positioned to deliver the highest valuations and liquidity, while supporting international expansion.

## ***Privatisations and corporate divestments should continue to fuel the IPO market***

Some of 2010's largest IPOs were privatisations. This included two major Polish transactions and all the large Chinese IPOs. A more uncommon privatisation – or rather re-privatisation – was General Motors in the USA, which returned to the capital markets following the restructuring of the automobile company.

We anticipate more privatisations on the horizon in 2011 as European governments take steps to reduce their levels of borrowing. Furthermore, a number of emerging market countries have opened up or renewed their privatisation programmes, the most notable examples – which will no doubt provide some more notable IPOs in 2011-2012 – being Russia, Mongolia and Kazakhstan.

On a global level, there was also a key trend in 2010 for demergers and spin-offs from large multinational companies. Examples included AIA in Hong Kong, African Barrick Gold in London and

Statoil Fuel in Norway. We expect that this trend will continue in 2011.

Specifically, we forecast a number of financial service companies will be offloading parts of their businesses through IPOs to comply with regulatory restrictions – either as part of the bailout deals or otherwise.

In addition, mining giants including Rio Tinto, Anglo American and Vedanta all announced potential demerger plans, which could also spur IPO activity. This trend is being fuelled by the desire to raise capital for strategic opportunities and to raise profile in markets which

*We anticipate more privatisations on the horizon in 2011 as European governments take steps to reduce their levels of borrowing.*

Figure 1: Volume of IPOs

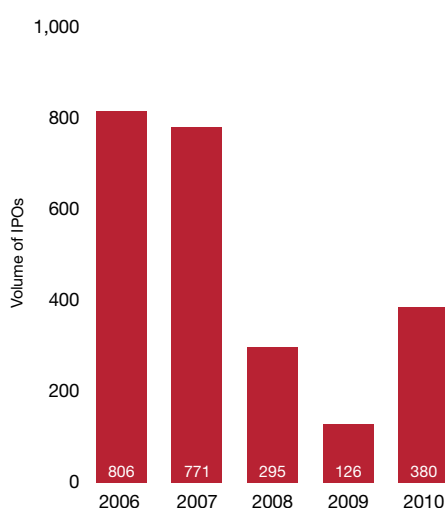
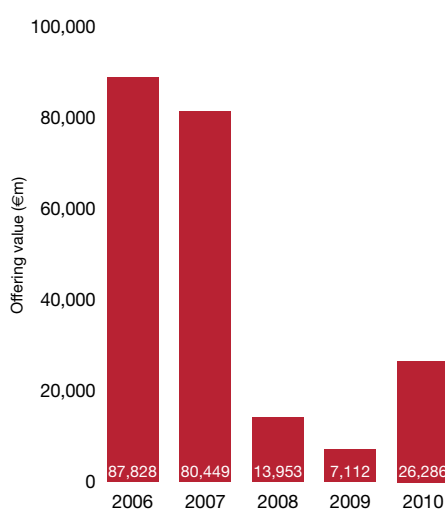


Figure 2: Offering value €m



represent a better geographical fit for certain groups' operations; together with the need to maximise shareholder value by spinning-off non-core parts of a diversified multinational.

### ***Continuing consolidation of the world's exchanges appears inevitable***

The exchanges themselves are seeing transaction activity – with London recently announcing its planned merger with Toronto, and NYSE Euronext and the Deutsche Börse announcing their potential combination. There is also the planned merger of the Singapore and Australian Securities Exchanges and the possible admission of foreign issuers to the Shanghai International Board. Both of these latter moves, if they are approved, are likely to ensure continuing dynamism in the Asian region.

There certainly appears no alternative to further consolidation of exchanges in Europe and globally.

### ***Positive signs of recovery for 2011 but no immediate return to boom time***

We have seen that some large IPOs did complete in 2010, but there was a fair share of negative investor reaction, adverse comment in the press and deals being pulled or postponed. We note that several of those high profile IPOs in the year that gathered significant negative press comment, when viewed over the year as a whole, have out-performed their sectors.

All the signs point to some degree of recovery. Our outlook remains “cautious but optimistic” as activity remains well down on the record levels seen in 2006 and 2007. It must be stressed that while transaction pipelines remain relatively strong, several exchanges' actual results were significantly bolstered by a handful of high value fundraisings rather than sustained recovery across the board.

While Greater China should have another strong year in 2011, the absence of ‘super-jumbo’ listings may mean that 2011 does not see the same value of IPOs as 2010. Hong Kong will continue to market itself to international companies and represents a growing competitive threat to London and New York – but only for certain companies. Barring any unexpected financial or political shocks, the momentum built in the fourth quarter of 2010 should continue into 2011 for Europe's IPO markets. In addition to domestic deals, there should be a return of international transactions into London from emerging economies.

European markets have a good pipeline of candidates (both domestic and emerging market) but much will depend on the confidence of investors particularly against a background of sovereign debt worries across Europe and the political unrest in several countries in the Middle East and North Africa.



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**Tom Troubridge**

Head of Capital Markets Group, UK



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**Richard Weaver**

Partner, Capital Markets Group, UK



## European IPOs by quarter

IPO activity across the European exchanges has gradually improved in 2010, continuing the growth observed in late 2009 and reflecting a cautious recovery from the economic decline in recent years. The number of IPOs continued to increase on a quarter-by-quarter basis, with a high-point of 129 IPOs in Q4 2010 and an offering value of €10,115m. Although Q4 2010 represents the highest point for IPOs both in number and offering value for the past two years, it is still only about a third by value and a half by volume of levels achieved in Q4 2007.

With €26,286m raised from 380 IPOs in 2010, Europe saw almost four times the offering value and IPO volume experienced in 2009, with most major markets enjoying an improvement in economic conditions and a continuing rise in business confidence.

Q3 2010 was the quarter with the lowest IPOs both by number and offering value. The quarter would have been much quieter if a couple of sizeable transactions had not spilled over from Q2 2010 into early July. The year returned to the traditional profile that had been disrupted by the economic crisis, with peaks in activity in Q2 and Q4.

2010 ended on a positive note, paving the way for a strong start in 2011. The number of IPOs in each quarter in 2010 exceeded the number of the most active quarter in 2009.

Figure 3: Volume of IPOs

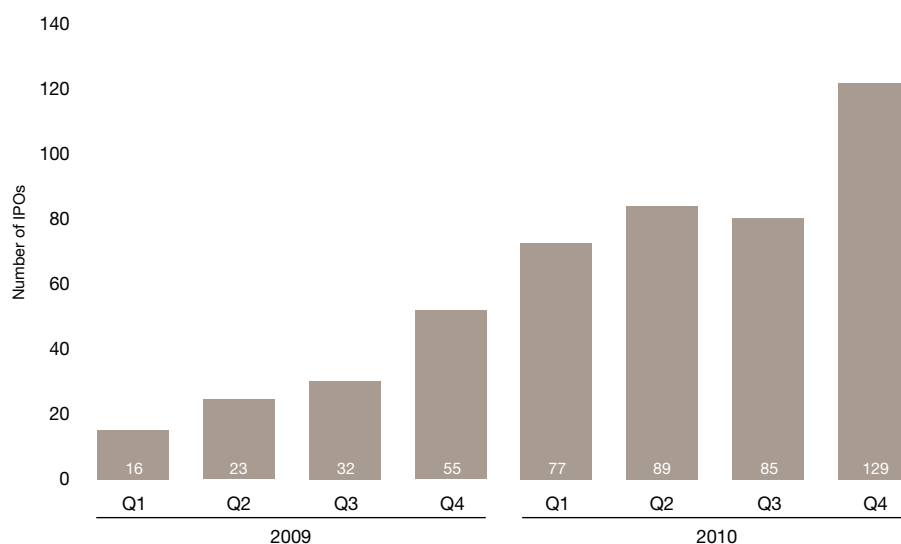
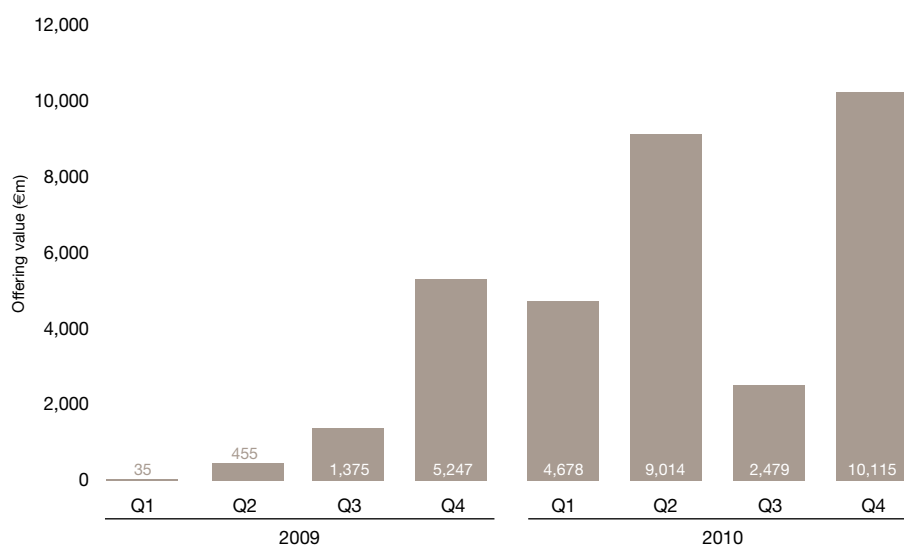


Figure 4: Offering value of IPOs (€m)





## IPOs by stock exchange

Europe hosted 380 IPOs in 2010, more than treble 2009's figure of 126 transactions. The total offering amount rose almost fourfold from €7,112m in 2009 to €26,286m in 2010. Transaction values were on the rise: in 2009 only two IPOs topped the €1bn mark for money raised, but in 2010 this number rose to seven. These signs indicate some recovery but it is muted, with activity remaining well down on the record levels seen in 2006 and 2007. Several exchanges' results were significantly impacted by a handful of high value transactions.

Athens, Luxembourg and Euronext were the only exchanges that did not see improvement in the year. The Athens Stock Exchange has seen low activity for some time reflecting the depth of the economic problems in Greece. In

contrast, Luxembourg and Euronext saw volume growth in 2010 but did not host any large transactions to match those they experienced in 2009, when Euronext hosted Delta Lloyd and CFAO (which raised €1,016m and €806m respectively) and Luxembourg hosted four GDR transactions raising in excess of €200m each.

London led the European capital markets in term of value with 114 IPOs raising €10,519m. Its market share by offering value jumped from 23% in 2009 to 40% in 2010, while its market share by volume increased from 20% in 2009 to 30% in 2010. Although London did not host the largest IPO in 2010, it did host three of the year's top 10 IPOs and generally saw an increase in average offering value, contributing to the larger than proportional rise in market share by

value. Indian utilities company Essar Energy raised €1,485m, Jersey-based investment company Vallar raised €822m, and Mail.Ru Group, the Russian media organisation, raised €669m – all on London's Main Market. These transactions further emphasise how successful London has continued to be in attracting international companies to its markets. Furthermore, London IPO activity suffered more markedly than that on the other major European exchanges in the economic crisis, and from the lows of 2009 London has rebounded more quickly than those exchanges, returning to the top of the European markets.

### IPOs by stock exchange

Stock exchange	2010		2009	
	Company IPOs	Offering value (€m)	Company IPOs	Offering value (€m)
<b>London Stock Exchange Group<sup>1</sup></b>	<b>122</b>	<b>12,650</b>	<b>31</b>	<b>1,797</b>
London Stock Exchange	114	10,519	25	1,660
Borsa Italiana	8	2,131	6	137
WSE	112	3,810	38	1,594
Oslo Børs & Axess	16	2,445	2	91
Deutsche Börse	23	2,413	5	53
NASDAQ OMX	24	2,029	11	66
BME (Spanish Exchanges)	12	1,562	3	19
Luxembourg	36	797	22	1,575
NYSE Euronext	32	417	9	1,907
SIX Swiss Exchange	4	163	4	–
Athens Stock Exchange	–	–	1	10
<b>Europe total<sup>2</sup></b>	<b>380</b>	<b>26,286</b>	<b>126</b>	<b>7,112</b>

1. The London Stock Exchange Group comprises the London Stock Exchange and Borsa Italiana.

2. IPOs by market are shown gross of dual listings; however these are netted off in the Europe total number and offering values.

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**Tracey Pierce, Director of Equity Primary Markets, London Stock Exchange Group:**

*“As this latest edition of IPO Watch shows, there was a significant uptick in new issues on our markets through 2010, as confidence began to return to the market after the particularly difficult economic and market conditions of 2008 and 2009.*

*“2010 injected some very positive signs of life into the IPO market, including a number of major wins for the London Stock Exchange, with our markets attracting UK household names as well as high profile international listings from India, Russia, Asia and the Middle East, reflecting the increasingly international ambitions of businesses from those regions.*

*“We believe these new floats are just the beginning of a growing, healthy, long term pipeline of issuers, looking to join our markets. Our global business development teams remain very active, working across all four corners of the globe. We know that there are many other companies interested in the access to capital and international profile that joining the London markets can provide, and we look forward to supporting them fund the growth of their businesses over the next few years.”*

The **Warsaw Stock Exchange (WSE)** came second for the number and value of IPOs in 2010, having topped the capital markets for the number of IPOs in 2009. Its 112 IPOs raised €3,810m, almost tripling volume and more than doubling value from its 2009 figures. Despite these healthy figures, the WSE's market share by number of IPOs fell slightly from 30% in 2009 to 29% and its market share by value dropped from 22% in 2009 to 14% in 2010. The WSE is characterised by a mix of a few high-value transactions involving state-controlled businesses undergoing privatisation, and a large amount of very low-value transactions, generally raising less than €1m apiece. In 2010, the WSE's Main Market hosted two of the year's largest IPOs, both privatisations: insurance organisation PZU raised €1,990m and utilities company Tauron Polska Energia raised €1,026m.

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**Ludwik Sobolewski, President, Warsaw Stock Exchange:**

*“Maintaining a lively interest in companies becoming public and listed lies*

*at the core of the WSE's strategy. We believe that being an active stock exchange and working directly with potential issuers is a feature of a modern capital market. The WSE itself became a listed company in November 2010, and this has only enhanced our ability and competencies to talk with potential and existing issuers and to understand their needs and problems. The future will be marked by our efforts to strengthen our position as a regional leader, and I expect this to be confirmed by a systematic growth in the number of foreign issuers present on Warsaw's two equity markets – the Main Floor and NewConnect.”*

By hosting 2010's fourth largest IPO, **Oslo** ranked third by value across Europe's exchanges. Its 16 IPOs raised €2,445m in 2010, both marked increases from 2009 when two IPOs raised €91m. The exchange has seen its market share for volume double to 4% and its share for value grow almost tenfold to 9%. Norwegian insurance company, Gjensidige Forsikring, raised €1,356m, accounting for more than half of money raised on the exchange in the year.

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**Inge A. Myhrvold, Vice President, Head of Issuer Sales, Oslo Børs:**

*“2010 proved to be a recovery year for Oslo as a total of 16 IPOs were introduced to our two markets, combined with record levels of equity being raised. Oslo has worldwide leading positions within certain industry sectors, and several new companies from the Oil & Gas and Food & Beverage sectors respectively were introduced to the market last year. However, the IPOs of Gjensidige Forsikring (insurance), Statoil Fuel & Retail and Seawell (oilfield services) were the individual highlights, with Gjensidige as one of the overall largest in Europe during 2010.”*

The **Deutsche Börse** ranked fourth by value but sixth by volume in 2010. By raising €2,413m through its 23 IPOs, it achieved nearly 50 times the money raised from nearly five times the volume of IPOs observed in 2009. Market share by volume rose from 4% in 2009 to 6% in 2010 while market share by value rose considerably from less than 1% in 2009 to 9% in 2010. Kabel Deutschland was the year's tenth largest IPO, raising €660m on Deutsche Börse's Prime Market.

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**Alexander Höptner, Executive Vice President Markets Services, Deutsche Börse:**

*“Starting with a strong first quarter the market couldn't maintain the momentum due to the crisis of some European member states which affected the capital markets. However, it was a very good market for capital increases and again volume could be increased to over €18 billion (€16.2 billion in 2009). This shows investors are quite cautious with their investments in the primary market, but reflects on the other hand that equities could be placed even in difficult market conditions. The Entry Standard performed well with the best placement volume for the past three years and we expect this growth to continue with more IPOs in the regulated market as well as in the Entry Standard in 2011.”*

The **Borsa Italiana's** eight IPOs raised €2,131m in 2010, fifteen times the money raised in 2009. The vast majority of value came from a joint listing with the BME (Spanish Exchanges) which was also the year's largest IPO in Europe. Italian utilities company Enel Green Power raised €2,264m in total, with €2,067m raised in Italy, accounting for 97% of money raised on the Borsa Italiana. The impact of this single large transaction and the otherwise low level of activity on the Borsa Italiana's market shares for volume and value was that they moved in opposite directions, with the volume share down from 5% in 2009 to 2% to 2010 while the value share rose from 2% in 2009 to 7% in 2010.

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**Luca Peyrano, Head of Continental Europe – Primary Markets, Borsa Italiana:**

*“Even though much ground needs to be covered to repair the impact of the economic and financial crisis, we see a good outlook for 2011's IPO activity. Indeed, we have recently seen an upturn with a large cap admission to Borsa Italiana. Enel Green Power, a renewable energy company, registered high market interest and was the largest offer in Europe in the last three years. Furthermore, the AIM Italia market provided six new listings in 2010 and we witnessed an increase in appetite of international investors for SMEs, which leads us to a positive outlook on up and coming IPO activity.”*

NASDAQ OMX hosted 24 IPOs in 2010, more than double the 11 hosted in 2009. However, the value of those IPOs rose over thirty times from €66m in 2009 to €2,029m in 2010. Continuing the trend of single large transactions impacting overall exchange activity, approximately 60% of the money raised on the exchange is down to the year's sixth largest IPO, jewellery manufacturer and retailer Pandora.

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**Jenny Rosberg, Deputy President, NASDAQ OMX Nordic:**

*"2010 has seen an improvement for listings in Europe and the number of new companies that has chosen to list on NASDAQ OMX has increased by more than 100% compared to 2009. Overall, the market has developed strongly in 2010 and in terms of listing activity Copenhagen hosted one of Europe's largest IPOs of the year with Pandora raising €1,227m.*

*"We look forward to continuing to support new and existing clients in raising investor interest in 2011. With the progress in 2010, market valuations are starting to look interesting, and investors are looking for new, attractive opportunities to invest in companies, and as always, great investment cases".*

**BME (Spanish Exchanges)** raised €1,562m through 12 IPOs in 2010. This is in comparison to three IPOs raising only €19m in 2009. This quadrupling of activity saw the exchange's market share by volume rise from 2% in 2009 to 3% in 2010, while the huge increase in offering value accounted for an improvement from a 2% market share by value in 2009 to a 6% share in 2010. In addition to co-hosting Enel Green Power, BME (Spanish Exchanges) also hosted the year's fifth largest transaction, technology company Amadeus, which raised €1,317m.

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**Domingo José García Coto, Head of Research, Bolsas y Mercados Españoles (BME Spanish Exchanges):**

*"The return of activity on the IPO market was felt across all markets of the Spanish stock exchange in 2010, with 12 new companies joining the different segments of the Spanish stock market. Two large companies, Amadeus and Enel Green Power, started trading on the main market*

*and 10 small companies joined the Mercado Alternativo Bursátil (MAB) for growth companies, designed by BME to help small and medium companies to tap the stock market."*

The **Luxembourg** exchange hosted the third largest number of IPOs in 2010 with 36 transactions raising €797m. This was a 61% increase in terms of volume from 2009's figure of 22 IPOs but a 51% decrease in money raised, compared to €1,575m in 2009. In 2009, the exchange hosted four of the year's largest IPOs but did not feature in 2010's top ten list, though it should be noted that 2009 overall saw so few major transactions in Europe that while they all featured in the top ten for the year, all four together did not raise €1bn amongst them. The exchange has seen its market share for volume fall from 17% to 9% and its market share of value plummet from 22% to 3%.

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**Hubert Grignon Dumoulin, Head of Issuers and Market Regulation, Luxembourg Stock Exchange:**

*"The IPO activity by volume on the Luxembourg Stock Exchange has increased in 2010 compared to 2009 as the exchange attracted 36 IPOs compared to 22 in 2009. The Luxembourg Stock Exchange is still benefiting from its long experience in GDR listings from Asian companies, with a global amount of €797m raised, due to the continuing IPO activity in this region of the world."*

**NYSE Euronext** performance was generally steady, with the exchange coming fourth in Europe for the number of transactions in 2010, but lower offering values resulted in a fall to ninth by value. Euronext hosted 32 IPOs that together raised €417m, whereas in 2009, nine IPOs raised €1,907m. This has meant that its market share by volume has remained relatively constant at 8% while its market share by value suffered a massive fall from 27% to under 2%. Euronext hosted two out of the top three IPOs in 2009 but did not appear in the top ten list in 2010.

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**Ronald Kent, Group Executive Vice President and Head of International Listings, NYSE Euronext:**

*"In 2010, NYSE Euronext's efforts to facilitate access to capital markets for SMEs, notably through NYSE Alternext, boosted the number of companies going public with 32 new listings compared to nine in 2009. Although uncertainty persists, even more companies from a diverse range of countries and sectors are now revisiting their organisational readiness to undertake the process of going public and to benefit from the profile and liquidity that a listing on our markets provides."*

The **SIX Swiss** exchange held four IPOs in 2010, the same amount as 2009. However, no money was raised in 2009 whereas 2010 saw €163m raised on the Main Market.

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**Marco Estermann, Director, Head of Issuer Relations, SIX Swiss Exchange:**

*"2010 started well with a promising pipeline and the listing of two companies within three days in April 2010. Given the increase in volatility following the default of Greece and the subsequent Euro-crisis, several companies postponed their IPOs or preferred to sell their shares to a strategic buyer. Nevertheless, SIX Swiss Exchange was able to attract two further listings in November 2010.*

*"Two of the four listings on SIX Swiss Exchange were done by major international, multi-billion Swiss Francs companies, which is viewed as a major success for SIX Swiss Exchange and a clear commitment to Switzerland as an attractive listing location. And it means SIX Swiss Exchange has set another milestone in the internationalisation and sector diversification of its issuer base in 2010.*

*"I believe in 2011, we will see an increase in companies that aim for an opening to the deep asset pool of the diverse, international investor base active in Switzerland and take advantage of the visibility and liquidity that a listing on our market provides."*

## Major EU-regulated and exchange-regulated markets

*While the growth in IPO activity was even across EU-regulated and exchange-regulated markets, the surge in value of IPO offerings all came from EU-regulated markets. While still well below the level of activity seen in 2007, the EU-regulated markets showed a resilient return after two years of dismal activity caused by the financial crisis. Many markets also benefitted from the return of individual high value transactions that accounted for the majority of funds raised on their markets, with much of the volume growth in admissions or low value offerings.*

EU-regulated markets hosted IPOs raising €23,590m in 2010, over five times the amount raised in 2009. London's Main Market led the way, generating €9,034m, representing 38% of total money raised on the EU-regulated markets in 2010. The WSE raised €3,770m, the second highest amount by an EU-regulated market, followed by the Oslo Børs raising €2,362m, notable given the Oslo Børs's lack of activity in 2009. This was mainly due to the €1,356m IPO of Gjensidige Forsikring, a Norwegian insurance company.

The dramatic increase in activity in 2010 was spread across the EU-regulated markets. The Deutsche Börse, Borsa Italiana, and NASDAQ OMX each raised in excess of €2bn compared with a combined €219m in 2009. The BME (Spanish Exchanges) raised €1,514m compared with no money raised in 2009. Much of the increase in the Borsa Italiana and BME (Spanish Exchanges) was aided by the

dual offering of Enel Green Energy raising €2,264m across the two exchanges. After not seeing any money raised in 2009, the SIX Swiss exchange hosted four IPOs that raised €163m in 2010.

The Main Market of the Athens Stock Exchange and the NYSE Euronext were the only EU-regulated exchanges to see a decrease in offering values. The Athens Stock Exchange has seen only one IPO in the last three years, reflecting how deeply the economic crisis has impacted Greece. The NYSE Euronext saw an increase in volume from six to 11 offerings; however, the offering value was down to €344m from €1,907m raised in 2009.

Looking at the exchange-regulated markets in aggregate, the volume trend matched the EU-regulated markets and there were three times as many offerings in 2010 as in 2009; however, average offering size reduced significantly and total money raised declined from €2,772m in 2009 to €2,696m in 2010. The exchange-regulated markets have seen a high number of technical admissions with no money raised and very low offering value domestic transactions.

London's AIM market regained the lead in terms of money raised by exchange-regulated markets as it contributed to 44% of the total raised in 2010. The increase in value and volume signals an increase in the confidence of the UK markets, which had been hit particularly hard by volatile market conditions. Luxembourg's EuroMTF saw its share of money raised decrease from 57% to 30%. In the same period IPO volume increased from 22 in 2009 to 36 in 2010 representing a 64% increase; however, smaller offering sizes resulted in the Luxembourg's EuroMTF market falling behind London's AIM market in terms of total money raised. The WSE's New Connect market continued to attract the highest number of IPOs across the exchange-regulated markets with 86 IPOs representing a significant increase over the 26 IPOs in 2009. While total money raised on the New Connect increased from €10m in 2009 to €40m in 2010, average offering value remains very low.

### Major EU-regulated and exchange-regulated markets

Stock exchange	2010		2009	
	Company IPOs	Offering value (€m)	Company IPOs	Offering value (€m)
<b>EU-regulated</b>				
London (Main)	52	9,034	9	620
WSE (Main)	26	3,770	12	1,584
Oslo Børs	9	2,362	–	–
Deutsche Börse	10	2,297	1	48
Borsa Italiana (Main)	2	2,099 <sup>1</sup>	1	105
NASDAQ OMX (Main)	15	2,007	6	66
BME (Spanish Exchanges)	2	1,514 <sup>1</sup>	1	–
NYSE Euronext (Euronext)	11	344	6	1,907
SIX Swiss Exchange	4	163	4	–
Athens Stock Exchange	–	–	1	10
Wiener Börse	–	–	–	–
Luxembourg	–	–	–	–
ISE	–	–	–	–
<b>EU-regulated sub-total<sup>2</sup></b>	<b>130</b>	<b>23,590</b>	<b>41</b>	<b>4,340</b>
<b>Exchange-regulated</b>				
London (AIM)	58	1,180	14	655
Luxembourg (EuroMTF)	36	797	22	1,575
London (SFM)	4	305	1	30
Deutsche Börse (Entry Standard)	13	116	4	5
Oslo Axess	7	83	2	91
NYSE Euronext (Alternext)	21	73	3	–
BME (Spanish Exchanges) MAB	10	48	2	19
WSE (NewConnect) <sup>3</sup>	86	40 <sup>3</sup>	26	10 <sup>3</sup>
Borsa Italiana (AIM)	6	32	5	32
NASDAQ OMX (First North)	9	22	5	–
London (PSM)	–	–	1	355
<b>Exchange-regulated sub-total</b>	<b>250</b>	<b>2,696</b>	<b>85</b>	<b>2,772</b>
<b>Europe total<sup>2</sup></b>	<b>380</b>	<b>26,286</b>	<b>126</b>	<b>7,112</b>

1. Enel Green Energy dual listed on Borsa Italiana (Main) and BME (Spanish Exchanges) raising €2,264m across the two exchanges.

2. IPOs by market are shown gross of dual listings. However these are netted off in the Europe total number and offering values.

3. Cumulatively the WSE NewConnect raised €51m in 2010 and €13m in 2009. However some of the NewConnect transactions raised an amount that rounded to a lower figure and the total above is the sum of these rounded values.

## Other European markets

The IPO Watch Europe survey tracks the volume and value of IPOs across all the main European exchanges. Certain junior markets that are not included within the IPO Watch Europe survey have been relatively active over recent years. This section discusses the nature and activity of those markets including comparison with other markets operated by the relevant exchanges.

It is a feature of these exchanges that IPOs are often admissions with nil or nominal amounts raised, either because there has been pre-IPO fundraising with a plan to subsequently list the securities issued, or because a stock exchange listing is being obtained for other purposes such as tax planning or to enhance liquidity in the securities.

### Other European markets

Stock exchange	2010		2009	
	IPOs	Offering value (€m)	IPOs	Offering value (€m)
Deutsche Börse (First Quotation Board)	151	50	53	46
London PLUS	20	5	18	4
NYSE Euronext Marché Libre	27	1	28	1
Wiener Börse MTF	3	–	–	–

### First Quotation Board

The First Quotation Board is an exchange-regulated market of the Frankfurt Stock Exchange. It hosts all primary offerings made onto the Open Market, providing greater visibility for initial listing of shares and depository receipts. It is primarily aimed at qualified investors who are able to assess and bear the significant risks that are likely to be associated with an equity investment listed on the First Quotation Board.

The First Quotation Board was the Deutsche Börse's response to the increasing number of initial listings on

the Open Market. Since 2005 companies have increasingly been using the Open Market as a forum for offering their shares for trading without being required to meet any continuing obligations. The majority of companies listed on the First Quotation Board are from outside Germany.

Consistent with the trends noted in the EU-regulated markets, the volume of IPOs increased by 185% between 2009 and 2010, but as most transactions were admissions only, money raised remained low and in line with 2009.

### Germany

Stock exchange	2010		2009	
	IPOs	Offering value (€m)	IPOs	Offering value (€m)
Deutsche Börse	10	2,297	1	48
Deutsche Börse (Entry Standard)	13	116	4	5
First Quotation Board (FQB)	151	50	53	46
<b>Germany total</b>	<b>174</b>	<b>2,463</b>	<b>58</b>	<b>53</b>

## Austria

Stock exchange	2010		2009	
	IPOs	Offering value (€m)	IPOs	Offering value (€m)
MTF	3	–	–	–
Prime	–	–	–	–
Second (Standard)	–	–	–	–
<b>Austria total</b>	<b>3</b>	<b>–</b>	<b>–</b>	<b>–</b>

### Wiener Börse MTF

Vienna's third market is an exchange-regulated Multilateral Trading Facility (MTF). It has particular appeal to medium-sized businesses and does not require any formal admission procedures to the exchange.

In 2010, the MTF market saw the Wiener Börse's only activity for the last two years. Snuko, a technology company creating and selling anti-theft software; investment and insurance broker, Univerma; and Mobius EcoCapital, a company that invests in the carbon economy, all listed on the exchange but raised no money.

#### Beatrix Exinger, Head of Media Relations, Wiener Börse:

*"On Austria's capital markets, sentiment is much brighter than a year ago, also in the manufacturing sector and not only among analysts. This is a sign that the positive trend is likely to be long term. I also believe that there is a lot of money available for investing again, as investors have practised restraint in the past few months. Austrian companies are also sending positive signals: companies achieved 'healthy' structures during the crisis and are back on the growth path. These encouraging developments should clear the path for some public offerings at the Vienna Stock Exchange in 2011."*

## London

Stock exchange	2010		2009	
	IPOs	Offering value (€m)	IPOs	Offering value (€m)
Main Market	52	9,034	9	620
AIM	58	1,180	14	655
PSM	4	305	1	355
PLUS	20	5	18	4
SFM	–	–	1	30
<b>London total</b>	<b>134</b>	<b>10,524</b>	<b>43</b>	<b>440</b>

### PLUS

PLUS is a small and mid-cap stock exchange for London. PLUS operates two primary markets, the PLUS-listed and PLUS-quoted markets, as well as a secondary trading market (PLUS-traded). PLUS-listed is an EU-regulated market open to companies, funds or market professionals issuing equity, debt, depository receipts and specialist securities, such as structured products and exchange traded funds. PLUS-quoted is an exchange-regulated market for smaller, growing companies. The PLUS-quoted market offers a disclosure-based regulatory framework and does not impose specific eligibility criteria but instead requires companies to meet certain basic standards.

In 2009 the PLUS exchange hosted 18 IPOs that raised €4m, while in 2010 volume rose by 11% to 20 IPOs, with value increasing by 25% from €4m raised in 2009 to €5m in 2010.

### The Marché Libre

The Marché Libre is an exchange-regulated market operated by NYSE Euronext. It addresses small and medium-sized firms who would like to finance their development and benefit from the reputation bestowed on listed companies without facing the level of regulation associated with NYSE Euronext's major markets.

The 2010 activity level of 27 IPOs that were mainly admissions and raised only €1m in total was very similar to 2009, when 28 IPOs raised only €1m.

## NYSE Euronext

Stock exchange	2010		2009	
	IPOs	Offering value (€m)	IPOs	Offering value (€m)
Euronext	11	344	6	1,907
Alternext	21	73	3	–
Marché Libre	27	1	28	1
<b>NYSE Euronext total</b>	<b>59</b>	<b>418</b>	<b>37</b>	<b>1,908</b>

## International IPOs

Global IPO markets saw a strong recovery in 2010. International IPOs held up relatively well in the depths of the gloom in 2009, largely on the back of Indian GDRs. While there has been growth in 2010, with 100 international IPOs raising €8,714m it is not as marked as for domestic European businesses as the trough was not as relatively deep in 2009.

Companies from India represented 33% of the volume of total international IPOs in 2010 and 34% of the offering value. Many Indian companies continue to raise funds via GDR offerings in Luxembourg, but the impact of Indian companies is greater in 2010 as in addition to the flow of GDRs, Essar Energy completed its IPO on London's Main Market in the year. India was followed by China, whose companies represented 13% of the volume of total international IPOs in 2010 and 18% of the offering value. The mining sector experienced the highest volume of IPOs in 2010 representing 21% of the volume of total international IPOs and 18% of the offering value. This was followed by the industrial goods & services sector which represented 16% of the volume of total international IPOs and 10% of the offering value. It is notable however, that there is a reasonable spread among different industry sectors, when many might anticipate natural resources would be more dominant amongst international IPOs.

London continues to lead in hosting international IPOs with all of the top five international IPOs.

Figure 5: Volume of international IPOs by country of origin

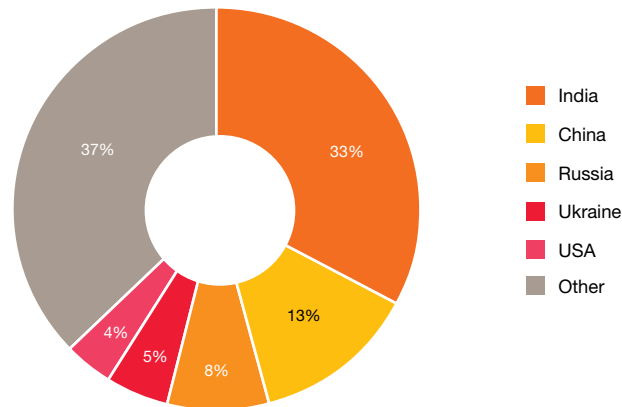


Figure 6: Value of international IPOs by country of origin

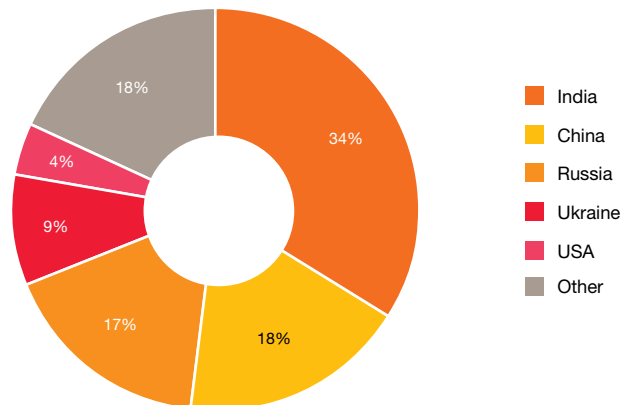




Figure 7: Volume of international IPOs by sector

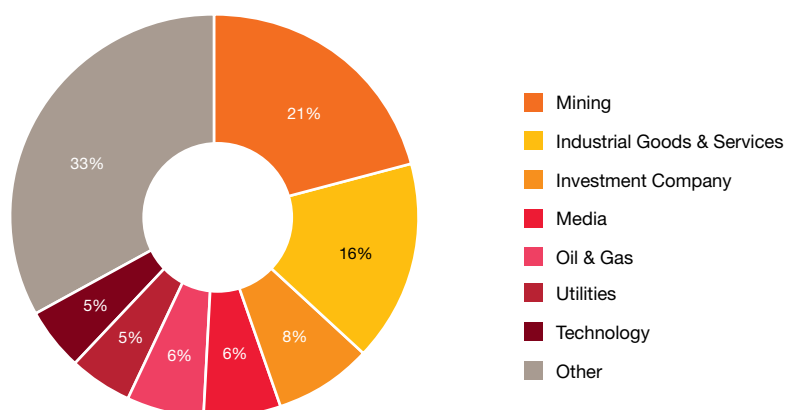
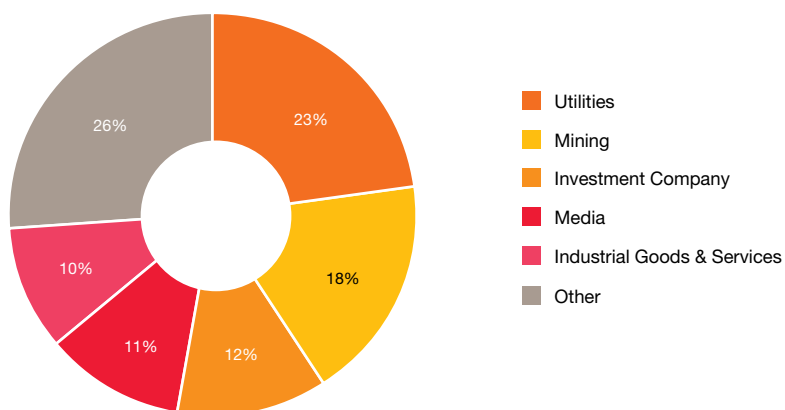


Figure 8: Value of international IPOs by sector



Top five international IPOs

Company	Money raised €m	Exchange	Sector	Country of origin
Essar Energy	1,485	London	Utilities	India
Mail.Ru Group	669	London	Media	Russia
African Barrick Gold	645	London	Mining	Tanzania
Fidelity China Special Situations	526	London	Investment Company	China
AZ Electronic Materials	448	London	Chemicals	China



## Major IPOs in 2010

Seven of the top ten largest European IPOs raised over €1bn in 2010 as compared to only two of the top ten IPOs in 2009. The total money raised by the top ten IPOs increased by 150% from €5,118m in 2009 to €12,816m in 2010, but the overall recovery in IPO activity in the year meant that even with this level of increase, the top ten's contribution to total money raised in Europe fell from 72% in 2009 to 49% in 2010.

For the third year in a row, the utilities sector has provided the largest IPO, with Enel Green Power following PGE Polska Grupa Energetyczna in 2009 and EDP Renovaveis in 2008, and for the second year in a row the number two slot has been taken by an insurance company. Utilities and insurance sectors together account for half of the top ten in 2010.

### Ten largest IPOs: 2010 (ranked by money raised)

Company	Money raised €m	Exchange	Sector	Country of origin
Enel Green Power	2,264	Borsa Italiana & BME	Utilities	Italy
PZU	1,990	Warsaw	Insurance	Poland
Essar Energy	1,485	London	Utilities	India
Gjensidige Forsikring	1,356	Oslo	Insurance	Norway
Amadeus	1,317	BME	Technology	Spain
Pandora	1,227	OMX	Personal & household goods	Denmark
Tauron Polska Energia	1,026	Warsaw	Utilities	Poland
Vallar	822	London	Investment company	Channel Islands
Mail.Ru Group	669	London	Media	Russia
Kabel Deutschland Holding	660	Deutsche Börse	Telecommunications	Germany

### Ten largest IPOs: 2009 (ranked by money raised)

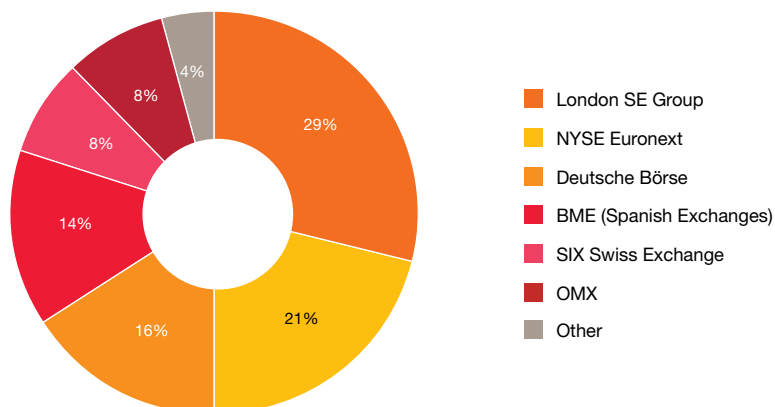
Company	Money raised €m	Exchange	Sector	Country of origin
PGE Polska Grupa Energetyczna	1,407	Warsaw	Utilities	Poland
Delta Lloyd	1,016	Euronext	Insurance	Netherlands
CFAO	806	Euronext	Industrial goods & services	France
Gartmore Group	378	London	Investment company	Cayman Islands
Tata Steel	355	London	Construction & materials	India
Shin Kong Financial Co	266	Luxembourg	Insurance	Taiwan
Tata Motors	253	Luxembourg	Automobiles & parts	India
Max Property Group	226	London	Real estate	Channel Islands
Epistar Corporation	210	Luxembourg	Technology	Taiwan
KGI Securities	201	Luxembourg	Financial Services	Taiwan

# Value of equity trading on European exchanges

Total trading (2010)

€6,654bn

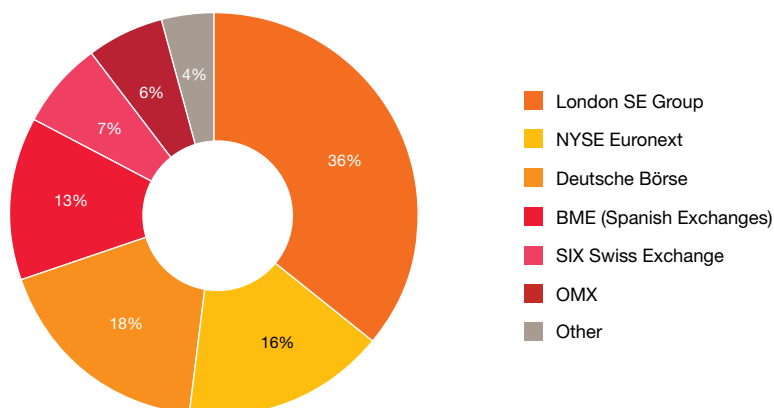
Figure 9: Value of equity trading 2010



Total trading (2009)

€8,756bn

Figure 10: Value of equity trading 2009



Source: World Federation of Exchanges

Note: London SE Group comprises the London Stock Exchange and Borsa Italiana

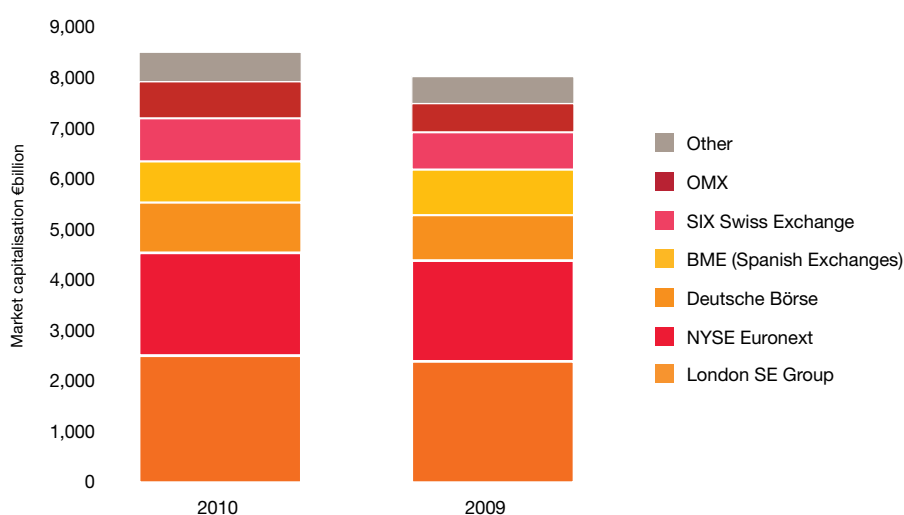
There has been a 24% decrease in the value of equity traded from €8,756bn in 2009 to €6,654bn in 2010, reflecting the continuing aftermath of the financial crisis and the sovereign debt uncertainty across Europe. London saw the largest drop (of 38%) in its equity trading and its proportion of the overall value of trading in Europe fell by 7%.

NYSE Euronext saw the smallest drop (of 2%) in trading, causing its overall share of the value of trading in Europe to increase by 5%.

The relative proportions of the total equity traded across the other European exchanges have remained broadly consistent, with significant decreases in the value of equity traded across each of the European exchanges.

# Market capitalisation of companies on European exchanges

Figure 11: Market capitalisation of exchanges



Source: World Federation of Exchanges

Note: London SE Group comprises the London Stock Exchange and Borsa Italiana

The market capitalisation of companies on the European exchanges increased by 6% from €7,934bn in 2009 to €8,409bn in 2010. The NASDAQ OMX saw the largest rise in market capitalisation with an increase of 28%, while the BME (Spanish Exchanges) representing the only decline across the European exchanges, saw a fall of 10%. London SE Group and NYSE Euronext continued to contribute the highest value of the European exchanges, together comprising 53% of the total European market capitalisation in 2010 (49% in 2009). It is notable that value of equity trading and the market capitalisation of listed companies have both held up well for NYSE Euronext in a year in which IPO activity on that exchange has been relatively poor.



## IPOs by sector

For the fourth consecutive year, the top three performing sectors in terms of the number of IPOs remained unchanged: the Industrial Goods & Services sector topped the table, followed by the Investment Companies and Technology sectors.

In 2010, the number of IPOs for businesses operating within the Industrial Goods & Services sector rose 232% with 63 transactions raising €1,689m. This sector enjoys a high volume of lower value transactions, in part down to the fact that 29 (46%) of 2010's listings in this sector were on the WSE, with those 29 transactions together raising only €41m, or 2% of the total money raised for the sector. The Luxembourg Stock Exchange hosted 13 IPOs in the sector which together raised €345m. Despite the high number of Industrial Goods & Services transactions, none of the year's top 10 IPOs fell within this sector.

In 2010, the Investment Companies sector maintained its second place by IPO volume. There were 48 IPOs within this sector which raised €4,110m. London overwhelmingly led in this sector with 39 Investment Company listings in 2010, and London also hosted the largest IPO for this sector, Vallar, which raised €822m on its Main Market, ranking it the eighth largest IPO overall in the year. This was a similar pattern to 2009 when London accounted for 13 of this sector's 18 IPOs and 99% of the €879m raised, bolstered by the largest investment company IPO in the year: the troubled Gartmore Group, which raised €378m on IPO and has subsequently been acquired early in 2011.

Remaining in third position in 2010 was the Technology sector. There were 35 IPOs within this sector raising €1,750m. Although Warsaw hosted 40% of

Technology transactions, 13 of these 14 listings took place on NewConnect and only €1m was raised in this sector across the whole exchange. The BME (Spanish Exchanges) came first by value, raising €1,319m with two IPOs. Amadeus, the year's fifth largest IPO raised €1,317m of this amount. London ranked second in terms of money raised, with value evenly distributed across eight transactions which together raised €382m.

The Pharmaceuticals and Biotech sector saw a sixfold increase in activity by volume from four in 2009 to 27 in 2010, moving it up six positions in the rankings. A total of €736m was raised by IPOs in the sector in 2010 with OMX raising 69% of this total primarily as a

result of hosting the sector's largest IPO, Chr. Hansen Holdings which raised €450m on OMX's Main Market. NYSE Euronext hosted the highest number of transactions with three IPOs on Euronext and four on Alternext, raising €69m and €38m respectively.

The Mining sector saw 23 IPOs raising €1,229m in 2010 moving up to fifth place by volume from eighteenth in the previous year, when two IPOs raised €116m. This was the largest shift in position seen by any sector in 2010. The London Stock exchange hosted 17 of those 23 IPOs and raised 95% of value. African Barrick Gold on London's Main Market was the sector's largest IPO, raising €645m.

IPOs by sector

Sector	Company IPOs 2010	Movement in the table	Company IPOs 2009
Industrial Goods & Services	63	-	19
Investment Companies	48	-	18
Technology	35	-	14
Pharmaceuticals & Biotech	27	+5	4
Mining	23	+13	2
Financial Services	22	-2	10
Food & Beverage	19	+5	3
Media	18	-	5
Retail	17	+1	4
Real Estate	16	-4	8
Oil & Gas	15	-	4
Utilities	15	-5	7
Personal & Household Goods	14	-	3
Construction & Materials	11	-9	9
Telecommunications	10	+3	2
Travel & Leisure	8	+4	1
Healthcare	5	-3	3
Basic Resources	4	-3	3
Insurance	4	-3	3
Chemicals	3	+1	1
Banks	2	-2	2
Automobiles & Parts	1	-	1
<b>Total</b>	<b>380</b>		<b>126</b>

## Global perspective

Region	2010		2009	
	IPOs	Offering value (€m)	IPOs	Offering value (€m)
Greater China <sup>1, 2, 3</sup>	492	97,632	208	42,828
US	168	29,064	69	17,294
Europe	380	26,286	126	7,112
Japan <sup>1</sup>	22	7,796	19	440
Latin America	11	4,284	9	9,125
Middle East (Gulf Corporation Council) <sup>1</sup>	12	1,531	10	1,400

### Notes:

- 1 The offering value of IPOs in these markets include over-allotment or greenshoe amounts.
- 2 Companies from Greater China are able to list a different class of shares on the different Greater China exchanges. In these cases, the data above includes the value of shares listed on each exchange and the listings as separate IPOs.
- 3 Includes ChiNext, established October 2009.

In 2010 global IPO activity started to recover in earnest. However, the number of deals did not reach the highs seen in 2004-2007, mainly as a result of a gradual and sometimes fragile recovery in Europe where markets remained difficult due to ongoing economic uncertainty.

Though there were difficulties, Europe saw the largest increase in volume (202%) and second largest for value (270%) of all the markets included in our global analysis, with high growth rates enjoyed in 2010 a function of the paucity of activity and money raised in 2009. Europe ended up in third place raising €26bn in 2010, behind the US which raised €29bn and Greater China which raised €98bn. Japan, Latin America and the Middle East's Gulf Cooperation Council came fourth, fifth and sixth for value, respectively.

### Key global capital market trends

#### 'Super-jumbo' IPOs

The size of both IPOs and follow-on offerings saw record highs in 2010, with a number of 'super-jumbo' deals. The US markets benefited from the General Motors IPO which raised €11.6bn (40% of its annual total), putting the total US IPO offering value ahead of Europe's. Greater China enjoyed strong activity across all the exchanges with two very notable transactions: AIA raised €12.8bn and AgBank raised €15bn (together accounting for 18% of money raised across Greater China in 2010).

#### Continued dominance of Asia

The prominence of Asian capital markets and the dominance of Hong Kong and China exchanges continued to attract interest from issuers around the world. For Hong Kong especially, investors were mainly interested in areas such as branded fashion goods or companies where there was a clear Chinese market connection. In 2010, international IPOs on Hong Kong stock exchange were represented by issuers such as Rusal, a Russian aluminium conglomerate, and L'Occitane, a producer of natural and organic cosmetics from France. The trend of international companies coming

to Hong Kong continued in early 2011 with Prada, an Italian fashion group, announcing its plans to go ahead with a listing in Hong Kong.

#### Emerging markets issuers

There was solid activity from emerging markets in 2010. It is likely that as they are the main force behind growth in the bulk of the world's capital markets, this will only continue. Domestic exchanges will also attract more and bigger issues by domestic companies – all of Brazil's IPOs in 2010, for example, were from Brazilian organisations.

In addition, activity from organisations based in emerging markets but listing on large well-recognised exchanges remained robust. If they did not list in their home markets, major Indian, Chinese and Russian organisations, especially, had an attraction for key international exchanges such as London and the US. For example, in 2010, 27% of US IPOs and 23% of Europe's IPOs were from companies from emerging markets. Issuers will continue to consider which exchange will be best positioned to deliver the highest valuations and liquidity, while supporting international expansion.

#### Spin-offs and demergers

There was a key trend in 2010 for demergers and spin-offs from large multinational companies. Examples included AIA in Hong Kong, African Barrick Gold in London and Statoil Fuel in Norway. This pattern appears to be triggered either by the desire to raise capital for strategic opportunities, to raise profile in markets representing better geographical fit for certain groups' operations, or a need to maximise shareholder value through spinning-off non-core operations of a diversified conglomerate.

#### Privatisation

Some of 2010's 'super-jumbo' IPOs were privatisations. These include the two major Polish transactions and all the large Chinese IPOs. A more uncommon privatisation – or rather re-privatisation – was General Motors in the USA, which returned to the capital markets following the restructuring of the automobile company.





## Comparison with Greater China

The Greater China region comprises Hong Kong (Main Board plus GEM); Shanghai (A plus B); Shenzhen (A plus B); and Taiwan.

Outperforming global trends, the markets in the Greater China region have significantly increased their IPO activity. In 2009, the number of IPOs in Greater China rose by 137% to 492 from 208 in 2009. The total offering value rose from €42,828m in 2009 to a remarkable €97,632m in 2010, an increase of 128%. All exchanges experienced a rise in volumes and money raised.

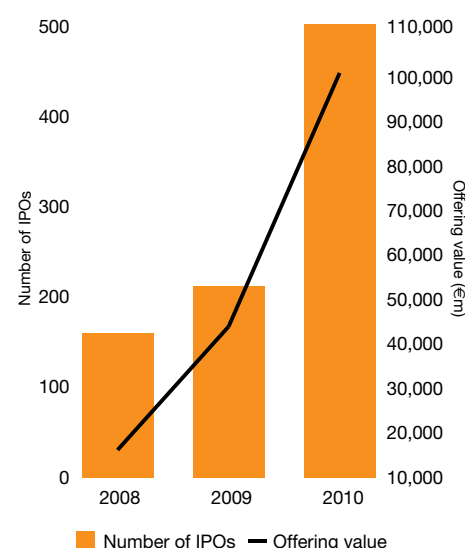
In 2010, volumes increased more steeply than values for the Shenzhen and Shanghai exchanges which saw increases in the number of IPOs they hosted of 257% and 211% respectively. These two exchanges experienced the largest rise in volume activity overall, with Taiwan demonstrating an 8% uplift and Hong Kong a 42% rise from 2009 to 2010.

Taiwan saw a 549% increase in value from €144m in 2009 to €934m in 2010.

It still remains the smallest Greater China exchange, however, with the other exchanges eclipsing its figures. Hong Kong saw an 90% rise in value, from €22,961m in 2009 to €43,618m in 2010, but as it did for volumes, Shenzhen saw huge growth in value; up 404% from €6,589m in 2009 to €33,317m in 2010. Shanghai's offering value increased by 50% from €13,134m to €19,763m.

The total offering value in Greater China grew so significantly in 2010 that it dwarfed the total funds raised in Europe and the US, exceeding the total offering value for Europe by 271% and that for the US by 236%.

Figure 12:  
IPOs and offering value<sup>1, 2, 3</sup>



Notes:

1 The offering value of IPOs in Greater China include over-allotment or greenshoe amounts.

2 Companies from Greater China are able to list a different class of shares on the different Greater China exchanges. In these cases, the data above includes the value of shares listed on each exchange and the listings are treated as separate IPOs.

3 Includes ChiNext, established October 2009.

### Comparison with Greater China

Stock exchange	2010		2009	
	IPOs	Offering value (€m)	IPOs	Offering value (€m)
<b>Europe total</b>	<b>380</b>	<b>26,286</b>	<b>126</b>	<b>7,112</b>
Hong Kong	104	43,618	73	22,961
Shanghai	28	19,763	9	13,134
Shenzhen <sup>3</sup>	321	33,317	90	6,589
Taiwan	39	934	36	144
<b>Greater China total</b>	<b>492</b>	<b>97,632</b>	<b>208</b>	<b>42,828</b>

Europe experienced 98 international IPOs, raising €6,837m in 2010. This represents more than twice the volume and proceeds of international IPOs in 2009. The value of international IPOs on the US and European exchanges represented 18% and 26% respectively of the total proceeds.

In terms of volume, 35% of IPOs listed on the US exchanges were international companies compared to 26% on the European exchanges.

## Comparison with the US

The US IPO market witnessed a solid recovery in 2010 as many of the worst effects of the financial crisis receded. A total of 168 IPOs generated €29,064m in proceeds during the year, compared to the 69 IPOs raising €17,294m in 2009. These figures represent a 143% increase in IPO volume and a 68% increase in IPO proceeds.

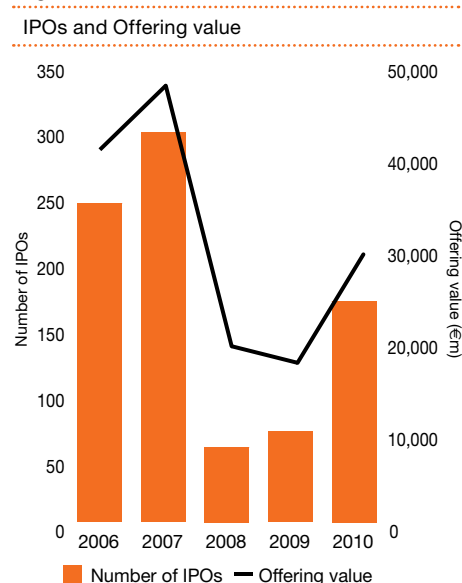
Although US IPO activity was robust throughout the year in 2010, a flurry of activity during the last quarter, capped off by €11,567m offering by General Motors drove the fourth quarter proceeds to be the highest US quarterly proceeds on record and helped the annual US IPO proceeds to its highest level since 2007.

The NYSE captured a slightly greater share of US IPO volume during 2010, claiming 87 IPOs compared to the 81 on NASDAQ. The NYSE was also the leader by value with €22,940m, representing 79% of total annual proceeds. The General Motors transaction, the largest US IPO during 2010, raised 50% of this exchange's value.

The US exchanges attracted 58 international IPOs in 2010 compared to 18 international IPOs in 2009, experiencing a threefold increase. Proceeds raised in 2010 from those IPOs were €5,339m compared to €6,267m in 2009. Proceeds in 2009 were significantly boosted by Brazil-based Banco Santander's €4,746m offering. The largest international IPO on the US exchanges in 2010 was Canada-based Smart Technologies, raising €516m.

As in 2009, Chinese companies (including those based in Hong Kong) were the most active international issuers on the US exchanges in 2010. Chinese companies completed 39 IPOs during the year, raising €516m. In comparison, companies from China completed less than half that number of IPOs during 2009 and raised €2,590m. International organisations from 13 different countries executed IPOs in the US markets in 2010, far exceeding the number in 2009, when only companies from China, Brazil and Canada appeared on the US exchanges.

Figure 13:



### Comparison with the US

Stock exchange	2010		2009	
	IPOs	Offering value (€m)	IPOs	Offering value (€m)
<b>Europe total</b>	<b>380</b>	<b>26,286</b>	<b>126</b>	<b>7,112</b>
NYSE	87	22,940	36	12,065
Nasdaq	81	6,124	33	5,229
<b>US total</b>	<b>168</b>	<b>29,064</b>	<b>69</b>	<b>17,294</b>

## Comparison with Japan

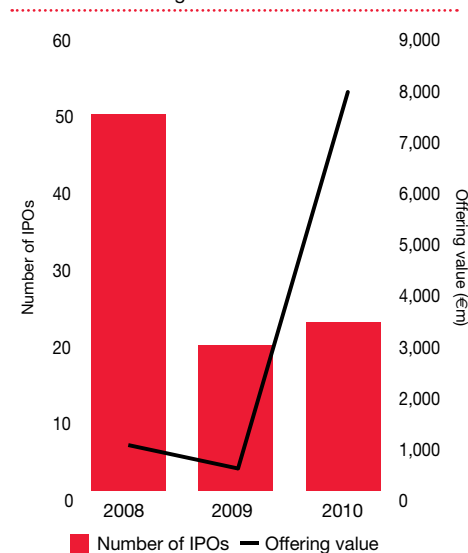
There were 22 IPOs in Japan in 2010. Continuing a decline from 2007, IPO volumes hit the lowest part of this trend in 2009 and slightly increased in 2010. The longer term decline of activity in Japan is illustrated the reduction from 188 Japanese IPOs in 2006 and 121 IPOs in 2007 to the levels seen in 2009 and 2010.

Promisingly, the value raised from those IPOs in 2010 was €7,796m was almost eighteen times the 2009 figure of €440m. This increase was mainly due to four large IPOs: The Dai-ichi Life Insurance Company, Otsuka Holdings, Pltac and Pola Orbis Holdings. Together, they raised €7,794m, effectively accounting for all of the money raised in the year. Most transactions across the three emerging markets (Mothers, JASDAQ and Hercules) raised no new funds.

### Takahiro Nakazawa, Partner, PwC Japan

*“Given this situation, the Tokyo Stock Exchange and Osaka Securities Exchange have been considering how to encourage attractive companies to go public and rejuvenate the markets. A lot of market players anticipate that the number of IPOs in 2011 will grow, although it seems hard to expect more than 2008’s figure of 49 transactions.”*

Figure 14:  
IPOs and Offering value<sup>1</sup>



Note:  
1 The offering value of IPOs in Japan includes over-allotment or greenshoe amounts.

### Comparison with Japan

Stock exchange	2010		2009	
	IPOs	Offering value (€m)	IPOs	Offering value (€m)
<b>Europe total</b>	<b>380</b>	<b>26,286</b>	<b>126</b>	<b>7,112</b>
JASDAQ	10	134	8	156
Tokyo Stock Exchange (Main)	6	7,522	6	175
Mothers	6	140	4	102
Hercules	–	–	1	7
<b>Japan total</b>	<b>22</b>	<b>7,796</b>	<b>19</b>	<b>440</b>

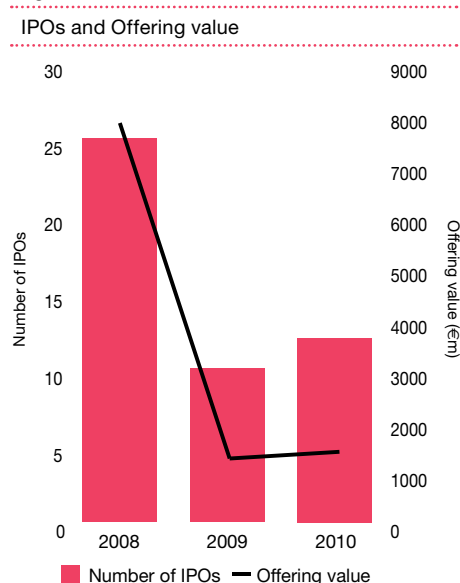
## Comparison with the Middle East

2010 saw €1,531m raised through 12 IPOs by companies on the Gulf Cooperation Council (GCC) stock exchanges, a 20% increase in activity and a 9% rise in value from 2009. The Saudi Stock Exchange (Tadawul) continued to dominate IPO activity in the region and provided the only IPO activity in the first nine months of 2010 transactions, but the final quarter of the year did see activity on other exchanges, with IPOs completing in Oman, Bahrain and Qatar.

### Steve Drake, Head of Capital Markets, PwC Middle East said:

*“There is investor appetite for the right stock. However we have also seen that there have been planned issuances that have not come to market which would seem to imply there are still residual issuer and market concerns. Many businesses are in the IPO planning phase with a view to entering the public markets in 2011 and 2012. If we see issuer and investor confidence returning at the same time, we would expect 2011 to see an increase in regional IPO activity.”*

Figure 15:



### Comparison with the Middle East

Stock exchange	2010		2009	
	IPOs	Offering value (€m)	IPOs	Offering value (€m)
<b>Europe total</b>	<b>380</b>	<b>26,286</b>	<b>126</b>	<b>7,112</b>
Saudi Arabia	9	942	9	717
Qatar	1	26	1	683
Oman	1	205	–	–
Bahrain	1	358	–	–
<b>GCC total</b>	<b>12</b>	<b>1,531</b>	<b>10</b>	<b>1,400</b>

## Comparison with Latin America

All of the activity in 2010 was in Brazil, as was the vast majority in 2009. The Brazilian Stock, Mercantile and Futures Exchange (BM&FBovespa) saw 11 IPOs in the year, up from six in 2009. The Brazilian market launched the largest IPO globally in 2009 (when Santander Brasil raised €5,115m) only to be topped in 2010 by the largest equity raising issue in history. Though not strictly an IPO, Petrobras, the government controlled oil and gas company, issued €50 billion in shares. These and other ‘jumbo’ transactions skewed the market statistics.

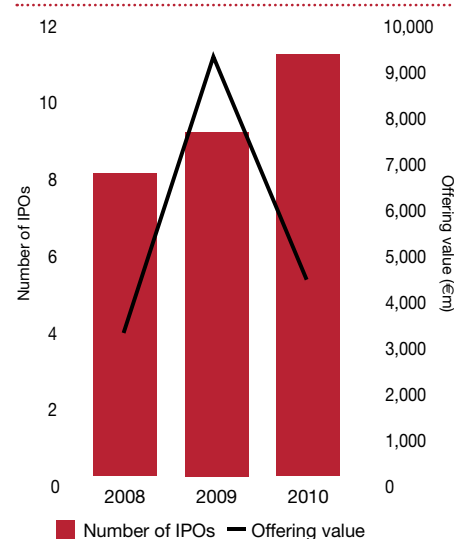
Total proceeds raised in 2010 amounted to €4,284m compared to €9,124m in 2009, a 53% reduction in total proceeds raised. However, the growth in market activity was exemplified by the 22% increase in the number of IPOs in 2010 as compared to 2009 (from nine to 11).

The market held back in 2010 in anticipation of the expected Petrobras deal. When it did finally come in September, market concerns were focused on issues in Europe which further delayed new Brazilian deals.

### Ivan Clark, Partner, PwC Brazil:

*“Prospects going forward are encouraging. Market activity in 2011 is expected to grow both in terms of the number of deals as well as in proceeds raised with some market participants expecting hefty increases in volumes and money raised in 2011, almost all of which will listing on BM&FBovespa. This is notwithstanding the lack of outbound IPOs in 2010 and only one international IPO in 2009 (the Santander bank dual listing in the BM&FBovespa and the NYSE), a trend that should continue in 2011.”*

Figure 16:  
IPOs and Offering value



### Comparison with Latin America

Stock exchange	2010		2009	
	IPOs	Offering value (€m)	IPOs	Offering value (€m)
<b>Europe total</b>	<b>380</b>	<b>26,286</b>	<b>126</b>	<b>7,112</b>
Brazil	11	4,284	6	9,048
Santiago	-	-	3	77
Mexico	-	-	-	-
Buenos Aires	-	-	-	-
Colombia	-	-	-	-
Lima	-	-	-	-
<b>Latin America total</b>	<b>11</b>	<b>4,284</b>	<b>9</b>	<b>9,125</b>

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## ***Developments in European regulation and markets***

### ***Financial crisis***

The European Securities and Markets Authority came into being on the 1st January 2011 taking over from the Committee of European Securities Regulators. Whilst it is still too early to gauge the extent to which ESMA's status as an authority will have an impact on securities market regulation in Europe, with ESMA already having responsibility for pan-European regulation of credit rating agencies it is clear that the architecture for further co-ordination of regulation is being put in place.

### ***Small and medium sized listed entities***

One topic that has been the focus of attention has been the role of the capital markets in Europe in providing capital to small and medium sized entities – so called SMILES. Concern has been expressed that the cost of compliance with regulatory burden both from the Prospectus and Transparency Directives acts as a deterrent to such companies raising capital. To this end the Prospectus Directive has been amended to permit the introduction of a proportionate disclosure regime for smaller listed entities. In addition, the European commission consulted on whether changes should be made to the Transparency Directive to reduce the burden on SMILES.

### ***Prospectus Directive review***

The Prospectus Directive amendments were finalised in November 2010; Member States have until the end of June 2012 to implement them into their domestic laws. In the meantime ESMA has been invited by the European Commission to provide it with advice as to the detailed changes needed to bring the amended Directive into effect particularly as regards the proportionate disclosure regimes both for SMILES but also in connection with further issues of equity shares by companies already traded on an EU regulated market. The consultation process on this will run through the first half of 2011.

### ***Developments in London***

The new Premium and Standard Listing equity market distinctions were introduced in the UK during 2010. A Premium Listing brings with it an extensive regulatory regime which ranges from conditions for listing through to requiring shareholder approval for major transaction as well as the opportunity for FTSE UK series index inclusion. Under the new regime domestic UK companies are now allowed to obtain a Standard Listing, something that is proving attractive to companies that would otherwise have been ineligible for listing and for which AIM might not have been suitable.

### ***Market developments***

2010 also saw the opening of NYSE Euronext's latest market in London aimed at attracting the listing of both UK domestic and international companies in competition with the London Stock Exchange.

Meanwhile, in early 2011 the London Stock Exchange announced its merger with the TMX Group which operates the Toronto Stock Exchange to create what the London Stock Exchange's chief executive described as "the world's largest listing venue for the commodities, energy and natural resources sectors, as well as the premium market for small, mid-size and growth companies."

Further consolidation is on the cards, with NYSE Euronext and Deutsche Börse announcing their merger plans.

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## ***About IPO Watch Europe***

IPO Watch Europe surveys all new primary market listings on Europe's principal stock markets and market segments (including exchanges in the EU member states plus Switzerland and Norway) on a quarterly basis. Movements between markets on the same exchange, re-admissions, reverse takeovers and greenshoe offerings are excluded. The IPO Watch Europe – Review of the year 2010 collates data from the quarterly surveys conducted between 1 January and 31 December 2010 capturing new market listings based on their listing date.

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All of the graphs, tables, and data used within this publication have been collated by the Capital Markets Group research team.

In collating this information, we rely upon data provided directly by various exchanges, we do not carry out any confirmation procedures on that information.

Further (hard) copies of this publication are available from the PwC publications department on +44 (0) 207 212 4883.



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## ***About the Capital Markets Group in London***

The PwC Capital Markets Group comprises specialists who provide a broad range of services to companies and investment banks in connection with London capital market transactions, including:

- Preparations for becoming a public company
- Acting as reporting accountant on capital markets transactions
- Undertaking financial and business due diligence investigations
- Advising on regulatory issues
- Assisting with GAAP conversion projects
- Selecting the right market and advisory team.

The PwC Capital Markets Group is part of the PricewaterhouseCoopers global network of capital markets specialists. For more information visit

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## ***About the PwC IPO Centre***

PwC has a strong record helping companies from all over the world plan and execute successful IPOs. The PwC IPO Centre was created to respond to today's increasingly complex cross border world in which it is more important than ever for companies to be able to tap into both global knowledge and local insights. The PwC IPO Centre brings together our global expertise ensuring that we provide companies with the right mix of sector and IPO expertise combined with relevant local and international market knowledge.

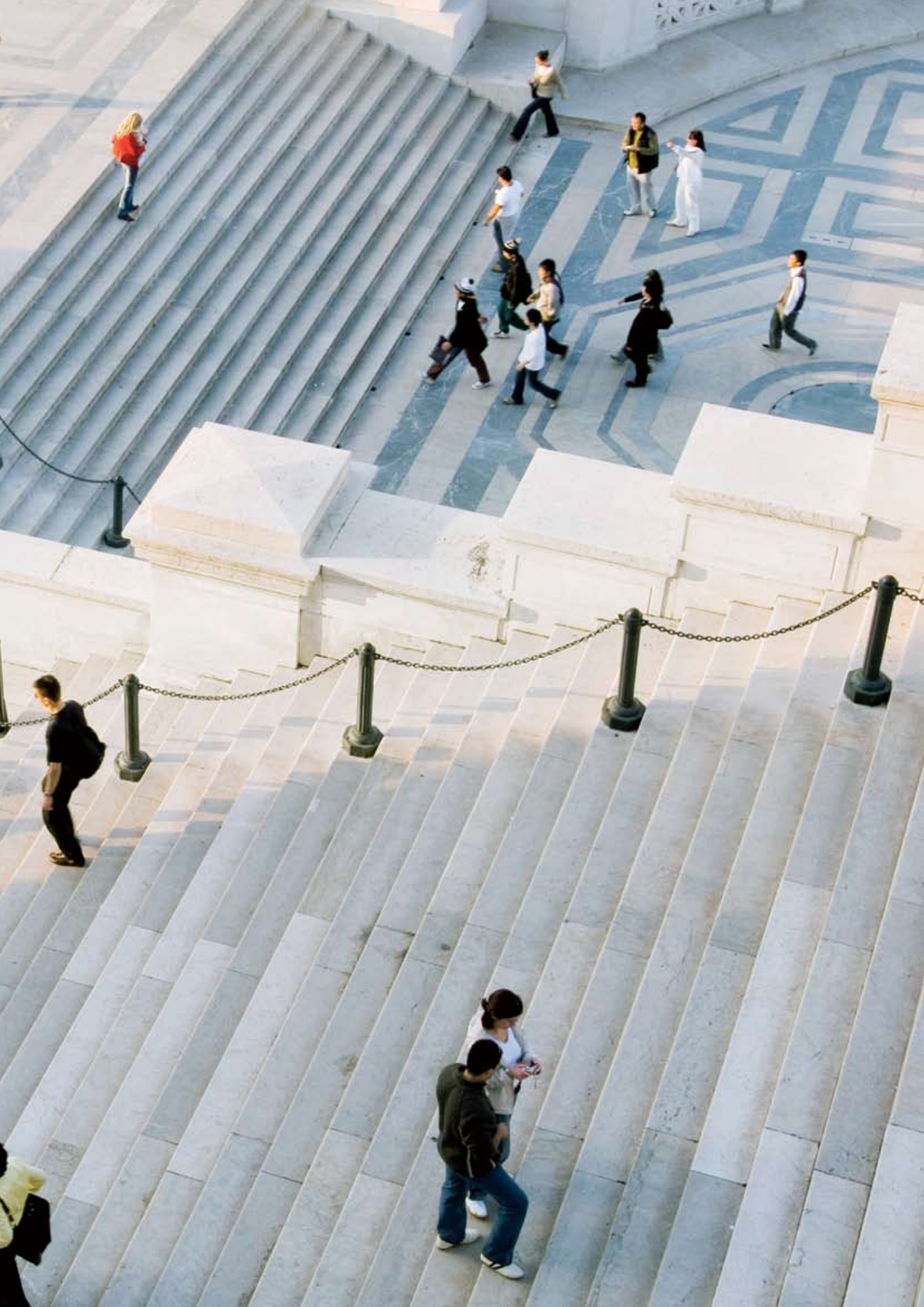
Through the PwC IPO Centre we are able to connect companies with the right PwC capitalist market specialists who are able to help them effectively evaluate the pros and cons of IPO, take them through the flotation process and prepare them for life as a public company, regardless of the market they choose to list on.

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