

IPO Watch Europe Survey Q2 2009 (April – June): Full Analysis

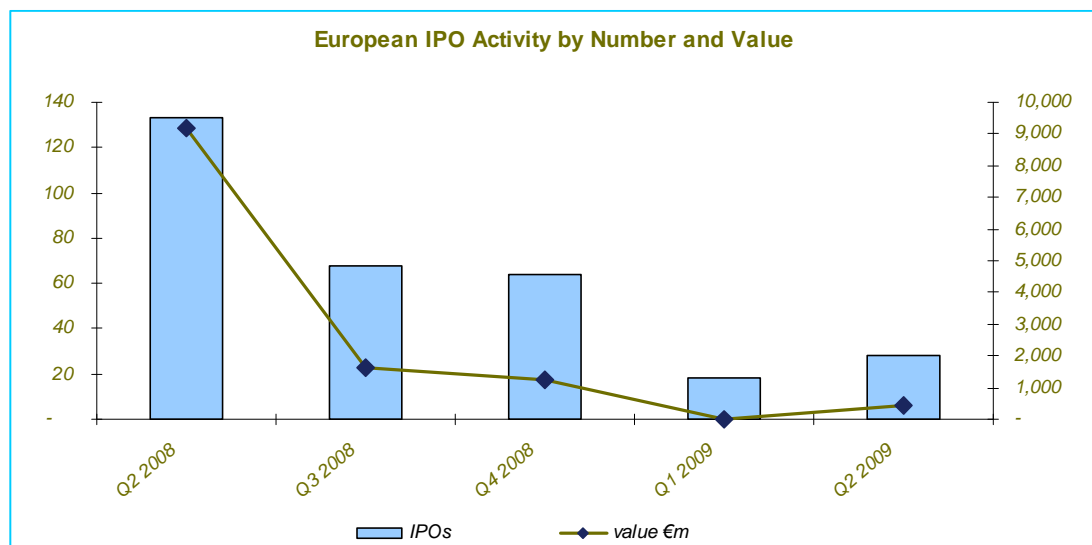
IPO Watch Europe, the PricewaterhouseCoopers survey tracking the volume and value of IPOs around Europe, as expected, shows the second quarter of 2009 has been disappointing for new listings. The main European exchanges have suffered from the continued worldwide loss of confidence in the capital markets and investors prioritising the provision of finance to already listed companies who are looking to strengthen their balance sheets through secondary offerings. Such secondary offers have dominated the capital raisings in the first half of 2009, for example, the money raised in London during the first six months of 2009 from such offerings was in excess of €50 billion which exceeds the total money raised (€39 billion) by IPOs in London over 12 months in 2007.

The survey does show an increase in volume and particularly in the value of IPOs as compared to the first quarter of 2009, with 28 IPOs raising €456m in Q2 2009 compared to 18 IPOs raising €9m in Q1 2009. This increase in IPO activity is consistent with the historical trend of higher IPO activity in the second quarter, prior to the summer break.

Despite the increase in IPO activity compared to the first quarter of 2009, there was still a dramatic reduction in both volume and value compared to the same quarter in the previous year reflecting the impact of the global economic situation. The dramatic reduction compared to the prior year was impacted not only by a fall in the number of new listings (28 in Q2 2009 compared with 133 in the same quarter of 2008), but also in the average amount of new money raised from €80m in Q2 2008 to just €21m in Q2 2009. Notably, the largest four IPOs during the quarter accounted for 88% of the total money raised during Q2 2009, leaving just €56m raised by the remaining 24.

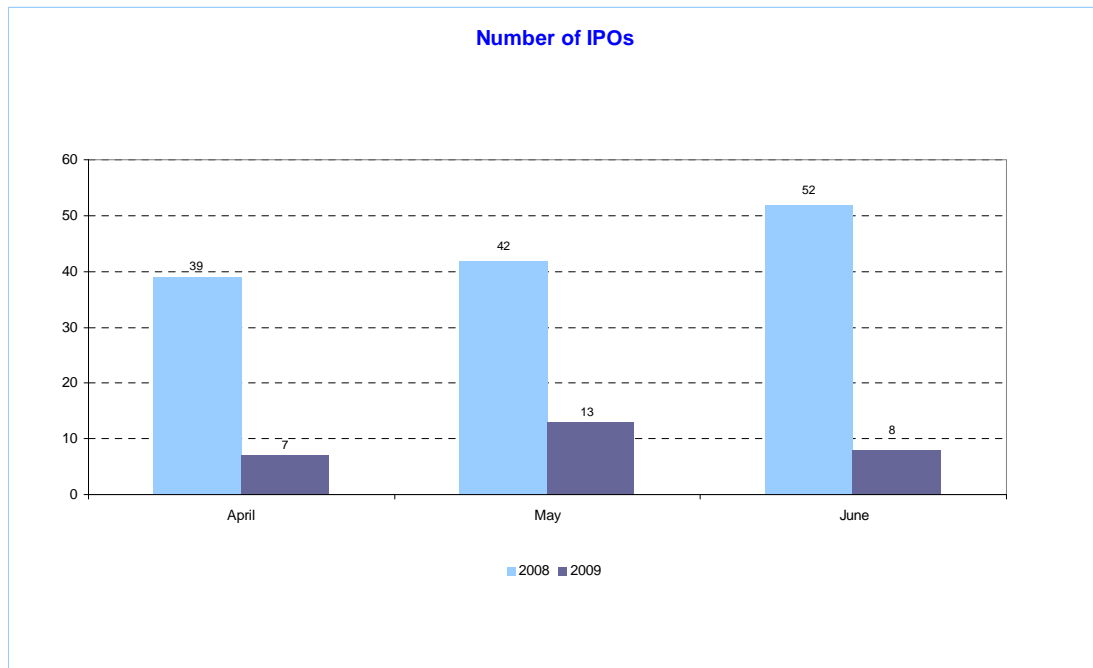
The flow of international companies coming to the European markets has increased compared to the first quarter of 2009, with eight IPOs by non-European companies raising a total of €24m. This compares to three non-European IPOs raising a mere €1m in Q1 2009. Consistent with the overall decline in IPO activity compared to the second quarter of 2008, the number of international IPOs has fallen significantly from 35 IPOs raising a total of €3,616m.

Looking to the future it is difficult to see when conditions will improve. Whilst there are numerous companies preparing to IPO, they may not find a window opening until the second quarter of 2010 at the earliest.

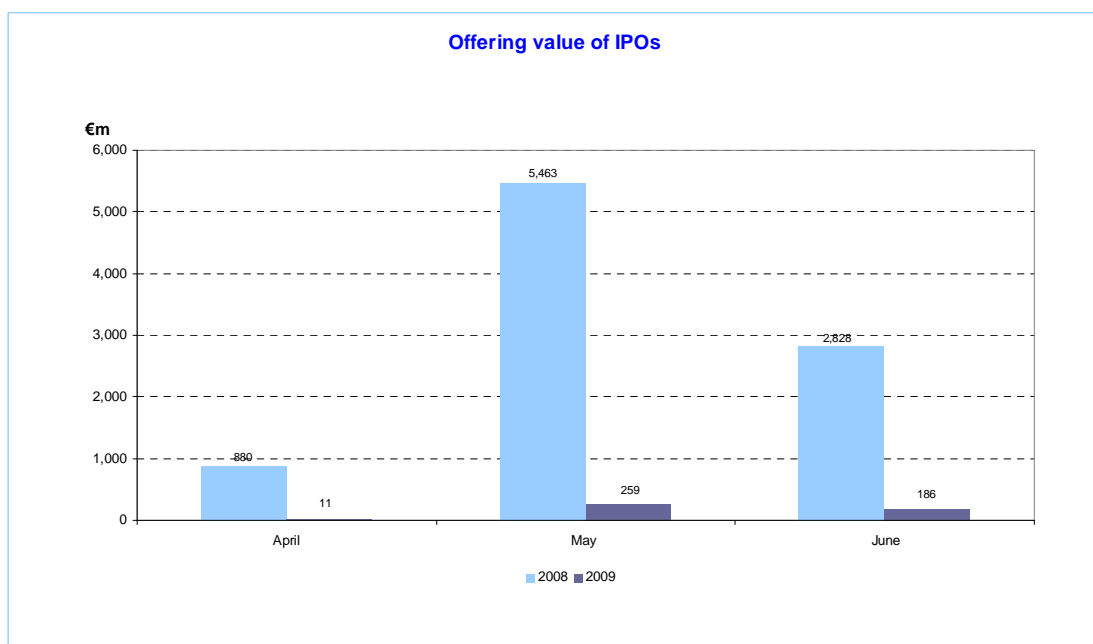


There were 28 IPOs on the European exchanges in the second quarter of 2009, a fall of 79% compared with the same period in 2008 which saw 133 IPOs. The volume of IPOs increased

compared with the first quarter of 2009 which saw only 18 IPOs, following the historical trend of higher IPO activity in the second quarter.



The total offering value of IPOs on the European markets in the second quarter of 2009 was €456m, a huge reduction compared with the €9,171m raised in the second quarter of 2008. The fall in total offering value is a combination of the reduction in the number of IPOs and the absence of any large transactions as compared to Q2 2008. The largest IPO of the quarter, raising €226m, was that of Max Property Group, a Jersey incorporated real estate investment company, compared with the largest IPO in the same quarter last year which was EDP Renováveis, raising €1,566m.



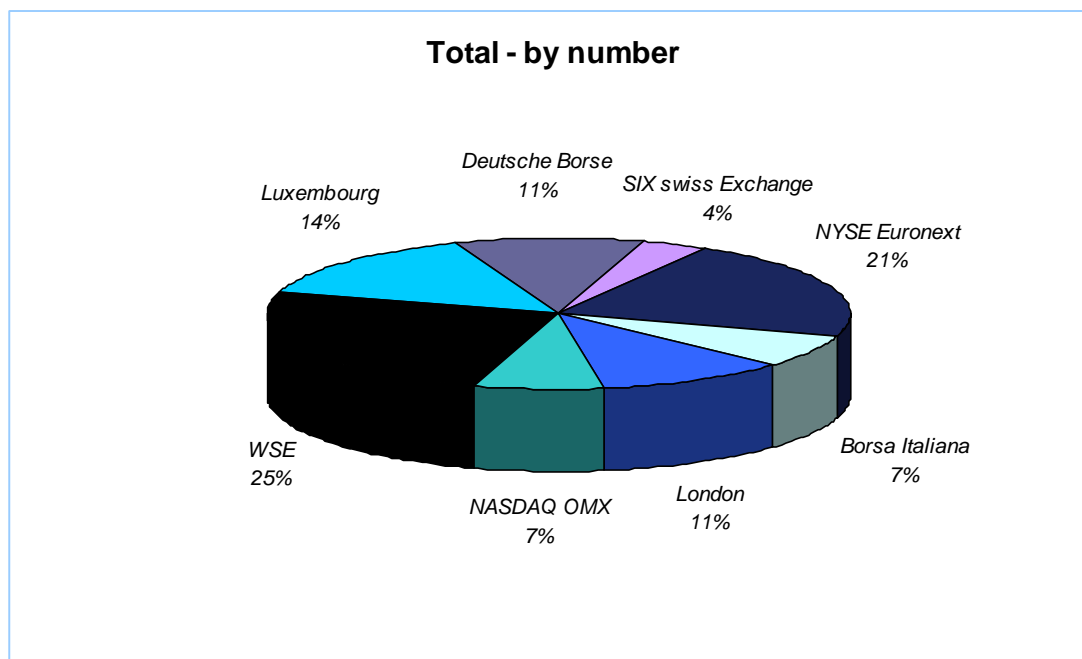
The average offering value for European IPOs raising new money reduced by 74% to €21m this quarter compared with €80m in the same period last year, however it did increase markedly compared to the average of €1m achieved in the first quarter of 2009.

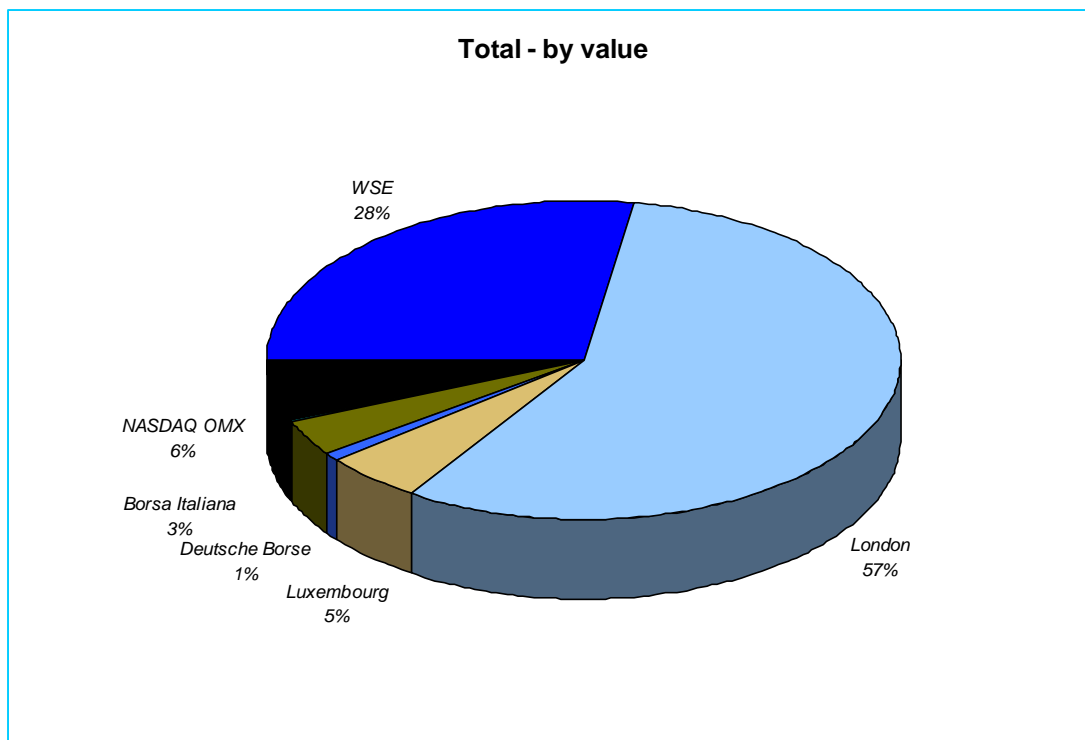
	Q2 2009	Q2 2008	Q1 2009
Total European listings comprise those with:			
- No money raised	6	19	7
- Money raised	22	114	11
Average offering value (€m)	21	80	1
Average offering value has been calculated based on total offering value over the number of listings raising money.			

This quarter, London was the largest market in terms of money raised with €258m from three IPOs. The Warsaw Stock Exchange (“WSE”) was again the largest market in terms of volume with seven IPOs raising €126m.

Unsurprisingly, all European markets have been significantly affected by the volatility in the financial markets, with the total money raised representing just 5% of that raised in the same quarter of 2008.

The largest IPO this quarter, being Max Property Group, was hosted by London’s AIM market and raised €226m. The second largest IPO this quarter was Lubelski Wegiel Bogdanka, a Polish coal mining company which listed on the Main Market of the WSE raising €116m. The third largest IPO was that of Altus Resource Capital, a Guernsey domiciled investment company which listed on London’s SFM market raising €30m. The fourth largest IPO was that of the Swedish real estate company, Corem Property Group, which listed on the Main Market of Nasdaq OMX raising €28m. The fifth position is held jointly by Neurosoft, a Greek software company, and International Karton Finance, an Italian investment company, both of which listed on the newly established AIM market of Borsa Italiana and each raised €8m. Borsa Italiana established its AIM market, modelled closely on London’s AIM market, in December 2008 with the two companies identified above as its first two listings.





International listings on European markets

The European markets have continued to attract non-European companies. There were eight IPOs by non-European companies in the quarter raising €24m in total, a significant fall in both volume and offering value from the second quarter of 2008 when there were 35 international IPOs raising €3,616m. This fall is consistent with the overall decline in IPO activity experienced this quarter.

The money raised by non-European companies represented 5% of the total money raised on the European exchanges in the second quarter of 2009, compared to 39% in second quarter of 2008.

Non-European companies chose Deutsche Börse, Luxembourg and NYSE Euronext as their destination.

Luxembourg attracted four Global Depositary Receipt ("GDR") IPOs, all from India, which together accounted for 92% of the total money raised by international IPOs this quarter.

Deutsche Börse hosted two non-European IPOs, a US pharmaceutical company raising €2m and a Canadian retail company which did not raise any money, both of which listed on its Entry Standard market.

NYSE Euronext attracted one US mining company to its Euronext market and one Chinese industrial goods and services company to its Marché Libre market, neither of which raised any funds.

Analysis of European Exchanges

Stock Exchange	IPOs Q2-2009	Offering Value (€m) Q2-2009	IPOs Q2-2008	Offering Value (€m) Q2-2008	IPOs Q1-2009	Offering Value (€m) Q1-2009
TOTAL						
London	3	258	46 (1)	6,298 (1)	3	2
WSE	7	126	37 (1)	1,890 (1)	6	6
NASDAQ OMX	2	28	10	178	4	-
Luxembourg	4	22	6	49	1	1
Borsa Italiana	2	16	2	14	-	-
Deutsche Börse	3	5	8	330	-	-
NYSE Euronext	6	1	15	1,615	3	-
SIX Swiss Exchange	1	-	3	157	1	-
Oslo Børs & Oslo Axess	-	-	7	30	-	-
BME (Spanish Exchanges)	-	-	-	-	-	-
ISE	-	-	-	-	-	-
Wiener Börse	-	-	-	-	-	-
Athens Stock Exchange	-	-	-	-	-	-
Europe Total	28	456	133	9,171	18	9
EU REGULATED						
WSE (Main)	3	125	17 (1)	1,875 (1)	2	1
NASDAQ OMX (Main)	1	28	5	137	2	-
SIX Swiss Exchange	1	-	3	157	1	-
NYSE Euronext (Euronext)	1	-	4	1,596	-	-
London (Main)	-	-	21 (1)	5,459 (1)	2	2
Luxembourg	-	-	-	-	-	-
Oslo Børs	-	-	3	2	-	-
BME (Spanish Exchanges)	-	-	-	-	-	-
Borsa Italiana (Main)	-	-	2	14	-	-
ISE	-	-	-	-	-	-
Deutsche Börse	-	-	2	324	-	-
Wiener Börse	-	-	-	-	-	-
Athens Stock Exchange	-	-	-	-	-	-
EU regulated sub-total	6	153	56	8,174	7	3
EXCHANGE REGULATED						
London (AIM)	2	228	23	699	1	-
London (SFM)	1	30	1	69	-	-
Luxembourg (EuroMTF)	4	22	6	49	1	1
Borsa Italiana (AIM)	2 (2)	16 (2)	-	-	-	-
Deutsche Börse (Entry Standard)	3	5	6	6	-	-
NYSE Euronext (Marche Libre)	5	1	9	2	3	-
WSE (NewConnect)	4	1	20	15	4	5
NASDAQ OMX (First North)	1	-	5	41	2	-
Oslo Axess	-	-	4	28	-	-
NYSE Euronext (Alternext)	-	-	2	17	-	-
London (PSM)	-	-	1	71	-	-
ISE (IEX)	-	-	-	-	-	-
Exchange regulated sub-total	22	303	77	997	11	6
Europe Total	28	456	133	9,171	18	9
(1) New World Resources dual listed on London (Main), WSE (Main) and the Prague Stock Exchange raising €1,390m						
(2) Borsa Italiana AIM market opened in December 2008 with the first two IPOs listing during Q2-2009.						
Note: IPOs by market are shown gross of dual listings; however these are netted off in the Europe total number and offering values.						

In the second quarter London regained its lead in terms of IPO value, raising €258m from three IPOs, two of which were on its AIM market and one on the SFM market. This compares with €6,298m raised from 46 IPOs in the same quarter of 2008, significant falls of 96% and 93% respectively. London's share of the European IPO market by value fell slightly from 60%¹ in the second quarter 2008 to 57% in Q2 2009. London hosted the largest IPO of the quarter, that of Max Property Group, a real estate investment company, which raised €226m.

It is worth noting the complete lack of IPO activity on London's Main Market this quarter, compared to 21 IPOs raising €5,459m in the same quarter of the previous year. Additionally, activity on London's AIM market continued to be dramatically lower than in the previous year with just two IPOs raising €228m, compared to 23 IPOs raising €699m in Q2 2008.

WSE was again the largest exchange in terms IPO volume with seven IPOs raising €126m. This is a significant fall from the second quarter of 2008 which hosted 37 IPOs raising €1,890m. WSE hosted the second largest IPO of this quarter, that of Lubelski Wegiel Bogdanka, a Polish coal mining company, which raised €116m. Of the seven IPOs hosted on WSE, four listed on NewConnect.

NASDAQ OMX hosted two IPOs this quarter, one on the Main Market which raised €28m and one on the First North market which did not raise any funds. This represents a fall in both volume and money raised when compared to the same quarter in 2008 which saw €178m raised from 10 IPOs.

¹ Includes New World Resources which listed on both London and WSE and raised €1,390m, therefore this market share has been calculated using the gross-up proceeds of €10,561m.

Luxembourg hosted four IPOs in the second quarter of 2009 raising a total of €22m, a decrease in volume and money raised compared with the same quarter of 2008 which saw six IPOs raising a total of €49m. The four IPOs in Luxembourg were all Indian companies offering GDRs which demonstrates that Luxembourg remains the market of choice for Indian companies issuing GDRs in Europe.

Borsa Italiana hosted two IPOs this quarter raising a total of €16m, which represented the first two listings on its newly established AIM market.

Deutsche Börse hosted three IPOs in the second quarter of 2009, all of which were on its Entry Standard market, raising a total of €5m.

NYSE Euronext was the second largest exchange in terms of volume with six IPOs in the second quarter of 2009, raising just €1m. In line with the overall IPO trends this quarter, activity on the exchange fell considerably compared to the second quarter of 2008 when it saw 15 IPOs raising €1,615m.

The SIX Swiss Exchange hosted one IPO in the second quarter of 2009, an industrial goods and services company, which did not raise any funds.

The Oslo exchanges, Børs and Axess, ISE, BME (Spanish Exchanges), Wiener Börse and Athens Stock Exchange had no IPO activity this quarter.

Sector Breakdown

The most active sectors by number of IPOs this quarter were the Industrial Goods and Services sector and the Financial Services sector with 10 and four IPOs respectively. This represents a decrease from 21 and 8 IPOs, respectively, in the same quarter of 2008. This represented an increase from the four IPOs in the Industrial Goods and Services sector, and from the one in the Financial Services sector, in Q1 2009.

It is important to note that the slowdown in the European IPO market this quarter has been felt across all of the sectors, with all showing decreases compared to the previous quarter last year. The worst hit sectors have been Investment Companies, which fell from 21 IPOs in the second quarter of 2008 to three in the second quarter of 2009, and Technology, which fell from 14 IPOs in the second quarter of 2008 to nil in current quarter.

Sector	Company IPOs Q2- 2009	Company IPOs Q2- 2008	Company IPOs Q1- 2009
Industrial Goods & Services	10	21	4
Financial Services	4	8	1
Investment Companies	3	21	2
Real Estate	2	7	1
Pharmaceuticals & Biotech	2	4	1
Retail	2	8	-
Construction & Materials	2	4	-
Mining	2	5	-
Utilities	1	5	-
Technology	-	14	5
Banks	-	-	2
Food & Beverage	-	7	1
Personal & Household Goods	-	8	1
Health Care	-	-	-
Telecommunications	-	4	-
Travel & Leisure	-	2	-
Automobiles & Parts	-	-	-
Media	-	4	-
Chemicals	-	2	-
Basic Resources	-	-	-
Oil & Gas	-	9	-
Insurance	-	-	-
Total	28	133	18

The US Exchanges

In the second quarter of 2009 the US exchanges saw a decline in IPO activity with 12 IPOs raising €1,156m, compared with 18 IPOs raising €3,269m in the second quarter of 2008, a decrease of 33% in the volume and 65% in the offering value of IPOs.

The US attracted three international IPOs, all of which are from China, which together raised €206m.

Stock Exchange	IPOs Q2-2009	Offering Value (€m) Q2-2009	IPOs Q2-2008	Offering Value (€m) Q2-2008	IPOs Q1-2009	Offering Value (€m) Q1-2009
NASDAQ	3	198	6	604	-	-
NYSE	9	958	11	2,660	2	564
NYSE Amex	-	-	1	5	-	-
US Total	12	1,156	18	3,269	2	564

Russia

There were two IPOs in Russia this quarter, one in each of the Financial Services and Industrial Goods and Services sectors and neither of which raised any money. This compared to three IPOs in the second quarter of 2008, which together raised €0.1m.

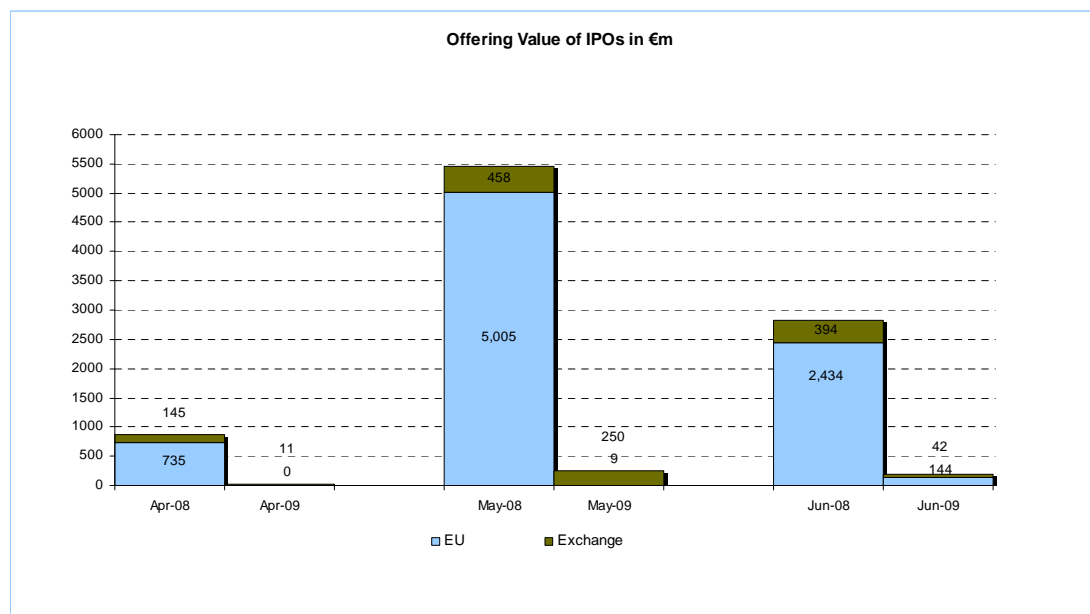
China and Hong Kong

According to the recently issued PwC Hong Kong report, the total IPO money raised for the first six months of 2009 amounted to €1,643m (HK\$17 billion) from 18 IPOs compared to €4,215m from 23 IPOs in the first six months of 2008. Industrials dominated new listings (50%) in terms of number, followed by retail, consumer goods and services (38%), information technology and telecommunications (6%) and energy and utilities (6%).

There have been no IPOs on either the Shanghai Stock Exchange or the Shenzhen Stock Exchange in the first half of year 2009, compared with four IPOs raising €6,184m and 54 IPOs raising €2,130m, respectively, in the first half of 2008.

Additional data tables

Split between EU-regulated and Exchange-regulated markets



Five Largest IPOs

Five largest IPOs of Q2 2009			
	€m raised	Sector	Market
Max Property Group	226	Real Estate	London
Lubelski Wegiel Bogdanka	116	Mining	WSE
Altus Resource Capital	30	Investment Company	London
Corem Property Group	28	Real Estate	Nasdaq OMX
International Karton Finance	8	Investment Company	Borsa Italiana
Neurosoft	8	Industrial Goods & Services	Borsa Italiana

Five largest IPOs of Q2 2008			
	€m raised	Sector	Market
EDP Renováveis	1,566	Utilities	NYSE Euronext
New World Resources	1,390	Mining	London/WSE/Prague
Fresnillo	1,143	Mining	London
Global Investment House	735	Financial Services	London
BH Global	674	Investment Company	London

Five largest IPOs of Q1 2009			
	€m raised	Sector	Market
Hydrapres	4	Industrial Goods & Services	WSE
Downing Protected Opportunities VCT 1	2	Investment Company	London
Bumech	1	Industrial Goods & Services	WSE
Read-Gene	1	Health Care	WSE
HDFC Bank	1	Banks	Luxembourg