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IPO Watch Europe 2013

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

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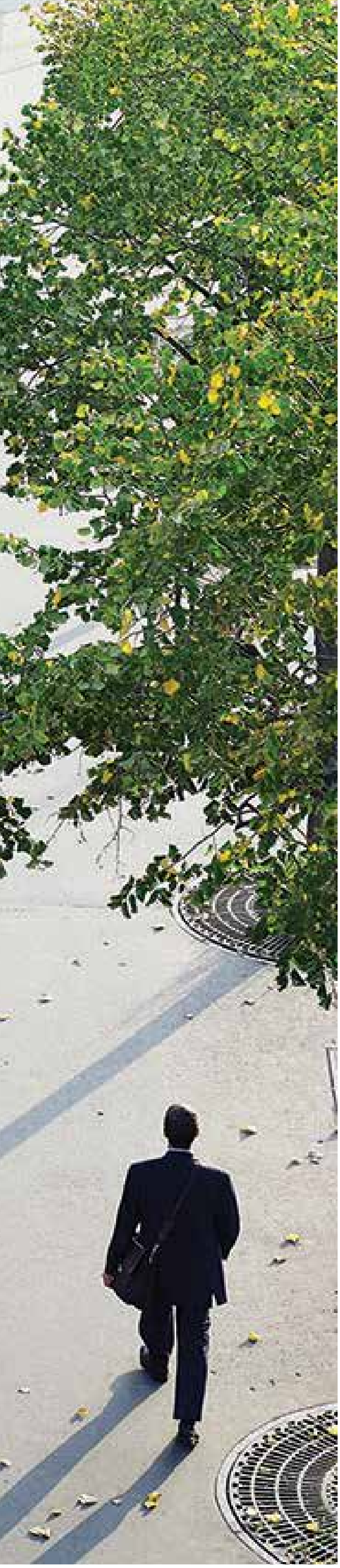


Content

2013 – an IPO renaissance?

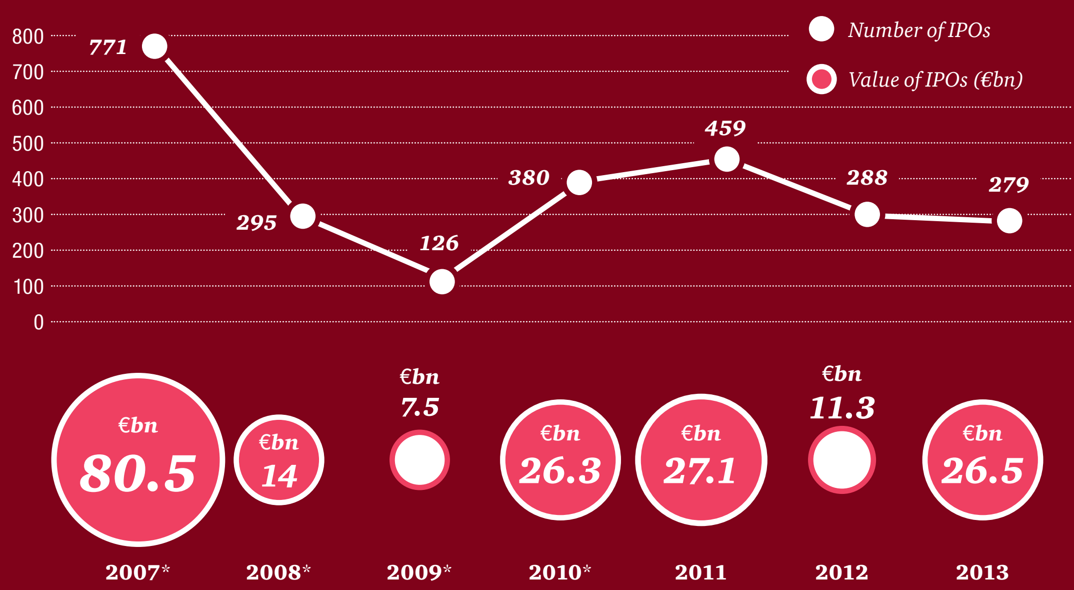
Mark Hughes, Capital Markets partner comments on market activity in 2013 and considers how 2014 may develop.

The European IPO market continued to build momentum throughout 2013 – finishing the year with a bang. The final quarter accounted for half of the total proceeds raised in the whole year.

Following a strong final quarter in 2012, activity was slow to gather pace at the start of 2013. As the year unfolded momentum developed and we saw a buoyant fourth quarter with over 100 companies successfully floating. Investors demonstrated their renewed interest and overall confidence in European IPOs against a backdrop of low market volatility and strengthening equity markets . The year ended with a strong Q4, the most successful quarter in relation to IPO proceeds since Q4 2007.

Whilst 2013 proceeds are a third of those raised in 2007 at the height of the market, we do believe that we are finally moving into a period of renewed and sustained growth. This optimism is also echoed by the findings of our 17th Annual Global CEO Survey which indicated that 93% of European CEOs are feeling somewhat or very optimistic that growth will be realised in the coming 12 months.

Figure 1: European IPO activity by value and volume



**Excludes IPOs on the Turkish and Romanian Stock Exchange*

Figure 2: Offering value (€bn) by quarter

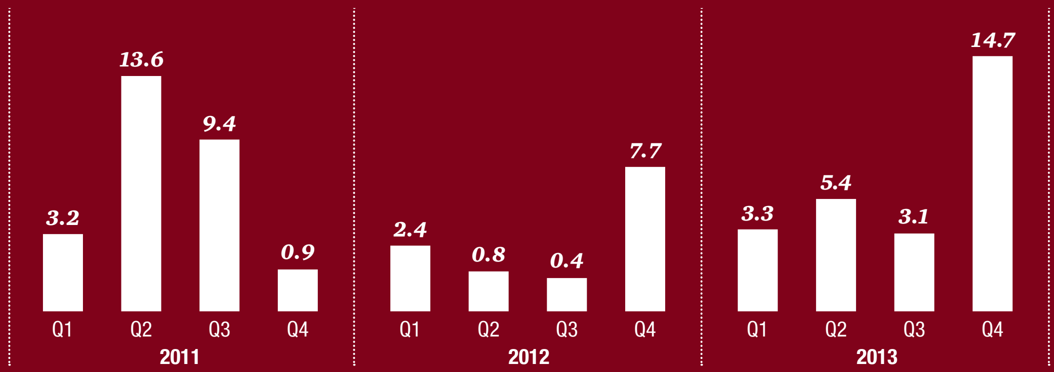
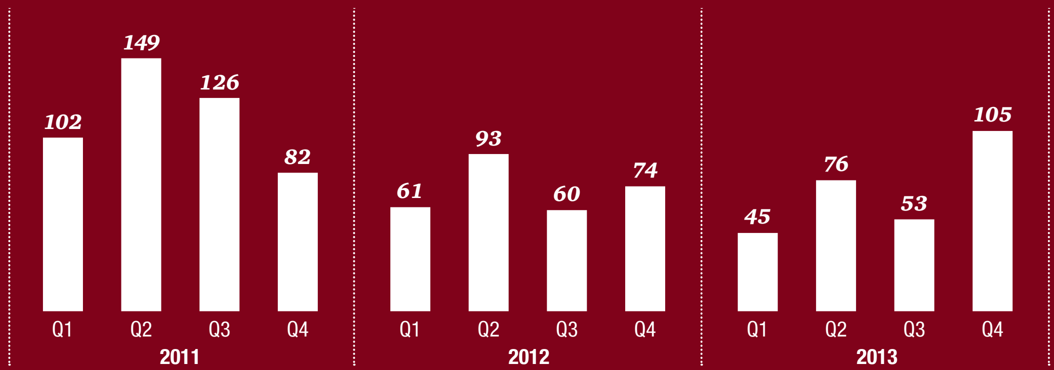


Figure 3: Number of IPOs by quarter



Key highlights from 2013:

- **Private Equity (PE) backed IPOs made a return to the European markets in 2013.** PE backed exits accounted for 48% of volume and 57% of proceeds of 2013 IPOs raising over €50m. This significant increase in activity in comparison to recent years reflects both maturing investments but also a positive shift in investor sentiment towards PE backed assets. See more on European PE activity on page 5.
- **Governments across Europe instigated privatisation programmes raising in excess of €4.7bn across a number of stock exchanges.** The five largest privatisations in 2013 included three postal companies and two energy and utility companies listing on London, Euronext, Warsaw and Bucharest stock exchanges. The privatisation of Royal Mail in London, raising €2.0bn was the first privatisation since the 90s and captured the public interest, with the retail tranche being several times oversubscribed. Read more about privatisation activity on page 6.
- **Cross-border activity in EMEA increased by 65.5% to a total of €4.4bn, driven by London raising €2.9bn and Norway raising €0.9bn.** New York attracted a number of European technology and biotechnology companies to the buoyant US IPO market although the proceeds raised declined by 26.2% from 2012. Cross-border activity remained subdued in Asia Pacific with only two IPOs from companies outside the region. Read more about cross-border activity on page 17.
- **The mining sector has remained muted in 2013 raising only €7m of proceeds.** Activity has been reasonably well spread across other sectors. See more about sector IPOs on page 8

CEOs confident about advanced economies' outlook

The Eurozone recovery is a tale of two halves, with the core economies performing stronger than the periphery, whilst the UK is showing real signs of recovery.

A key question for 2014 is whether the recovery in advanced economies is more than just hype. In our view, the shift in sentiment in favour of advanced economies is broadly justified based on our assessment of external, financial and domestic indicators and a more certain policy outlook in the US.

The Eurozone

At the start of 2014, inflation in the Eurozone has dropped to 0.8% on a year-on-year basis. This, coupled with a weak recovery in some peripheral economies, raises the possibility of deflation taking hold.

So what are the implications of this, and what does it mean for the Eurozone's recovery?

One side-effect is consumers postponing spending as they wait for prices to come down in the future. A short-term decrease in consumption could exacerbate this trend and increase their reliance on external demand as the main source of economic growth.

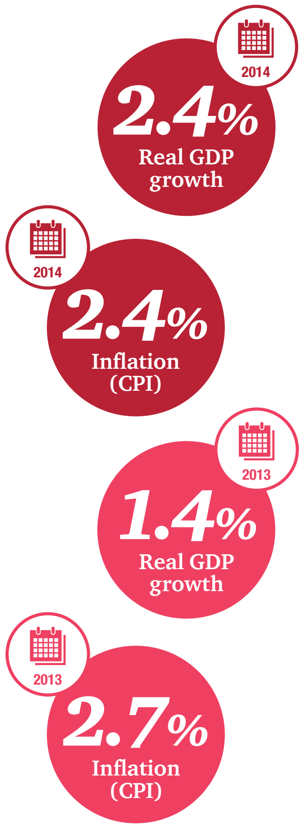
A second implication of negative inflation is that it pushes up real, or inflation adjusted, interest rates. Higher real interest rates could deter businesses from taking part in longer term investment projects altogether.

After a period of generally disappointing growth in 2011 and 2012, the UK economy has shown clear signs of recovery in 2013.

There are now real grounds for optimism that the UK is finally on the road to recovery. The Services sector continues to lead the recovery with retail sales picking up and hotels and restaurants generally seeming busier. UK manufacturers have also benefited from our key European export markets picking up and the UK Construction sector has seen an uptick in the past six months.

We expect growth to strengthen further in 2014, but businesses should not be complacent: there are still plenty of economic risks out there to be monitored and managed.

Also we expect GDP growth to pick up from 0.1% in 2012 to around 1.4% in 2013 and around 2.4% in 2014. It is anticipated that we will see a gradual recovery in consumer spending growth over the next few years, helped by rising incomes from employment and stronger house prices. But continuing upward pressure on energy and food prices could act as a restraint on growth, as could an eventual rise in interest rates later this decade.



Outlook for 2014:

- We expect to see many retail & consumer companies coming to the market in the first half of 2014 off the back of strong Christmas trading results providing the backdrop to the equity story.
- The Technology sector will continue to provide a healthy pipeline of IPO candidates. Although the US may be an alternative market for tech ventures, the newly launched High Growth Segment on the London Stock Exchange may provide a viable alternative for those technology companies with a greater affinity or more natural fit with the UK market and investors.
- Although the number of cross-border inbounds into London in 2013 was the lowest since 2009, we do believe that this will pick up in 2014 as there are a number of attractive natural resources and retail assets in Eastern Europe and the Middle East which will look to London as a listing venue.
- Building on the success of last year we are already seeing a spate of PE backed companies well advanced in their preparation for IPO, coming to market in the first half of 2014.
- On the geopolitical landscape, the unrest in Ukraine may result in reduced market confidence and increased volatility that could have a prolonged impact on the capital markets across Europe.

Private equity (PE) backed IPOs

57% of 2013 European IPO proceeds were raised by PE backed companies, a significant uptick compared to recent years.

Stronger market conditions, more realistic valuations, reduced market volatility and lower levels of sell down by PE owners on IPO have all contributed to improved investor sentiment around PE backed IPOs.

Of the 24 PE backed IPOs in 2013, the largest were Merlin Entertainments, Esure and Foxtons in London, bpost in Brussels, Deutsche Annington in Frankfurt and Moncler in Milan. All have been well received and demonstrate the variety of assets coming to market.

Performance

Critical to the sustainability of PE deals coming to market is their after-market performance.

The top 10 European PE backed IPOs have yielded a positive return relative to the offer price. On average PE backed assets yielded 11.64% on day one and 8.13% over 3 months.

Notably, eight of the top twenty best performing stocks in Europe at 31 December 2013 had been PE backed, while only one of the twenty worst performing stocks was PE backed.

As shown below, most sectors are well represented, with the highest activity in the Financial sector followed by Consumer and Industrials.

Figure 4: Volume of European PE backed IPOs as a percentage of all European IPOs[1]

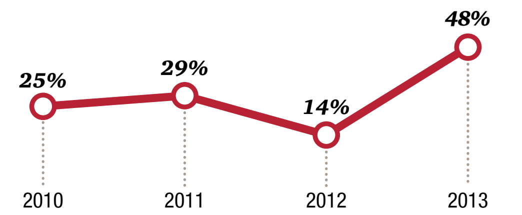


Figure 5: European PE backed IPO proceeds as a percentage of total European IPO proceeds[1]

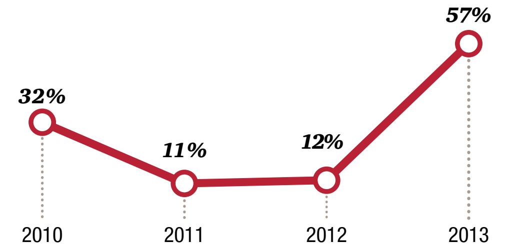


Figure 6: Average performance of the top 10 European PE backed IPOs compared to the offer price[1]

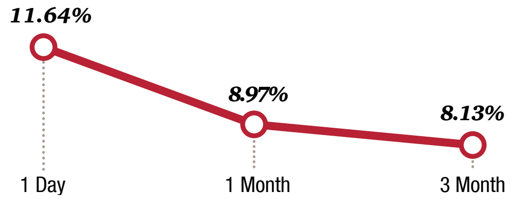
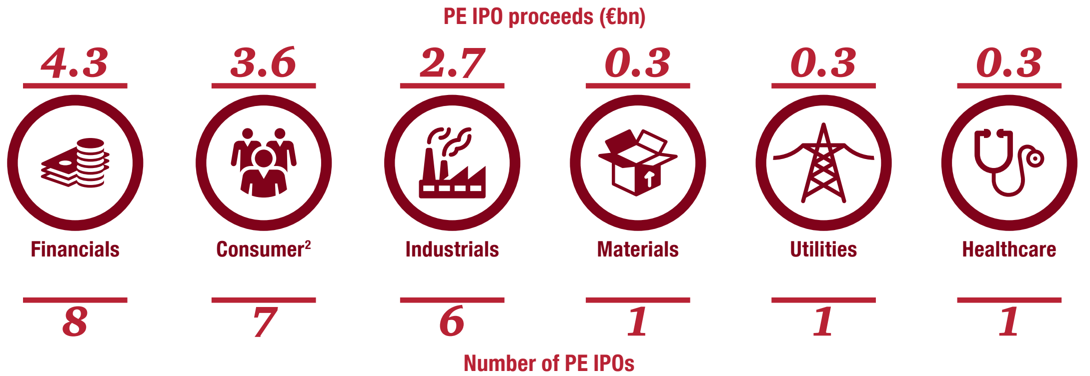


Figure 7: European PE IPOs by industry (2013, €bn)



1 IPOs raising over $50m in proceeds listing in Europe (EU, Switzerland & Norway)
2 Consumer includes: Travel and Leisure, Personal & Household Goods, Media, Food & Beverage and Retail

Privatisations

In 2013 there were eight privatisations across Europe raising €4.7bn. The return of government-held assets to the public included the IPO of three national postal services and two national energy and utilities companies.

Royal Mail raised €2.0bn by listing in London. This privatisation had been widely anticipated, with changes in legislation required to facilitate it. The funds raised at IPO provide access to much needed investment in the groups infrastructure, something the UK government was unable to commit investment as it reduced levels of public spending.

Elsewhere in Europe, the Portuguese and Romanian governments were among the governments which committed to the International Monetary Fund (IMF) that they will dispose of certain state assets in return for aid from European rescue packages. National targets for privatisation include banks, health, utilities and infrastructure companies.

"There is continued strong interest from pension funds and other institutional investors across Europe in infrastructure. This is primarily due to the stable returns available. In 2013 we saw focus on social infrastructure and renewable energy assets. Raising capital through private fundraising and IPOs was also a hot topic. We expect significant activity in 2014 in both transactions and fundraising across Europe, where we are now seeing more activity as government investment programs mature."

Conrad Williams, partner, Valuations, PwC

IPOs by exchange

Majority of European exchanges showed a year-on-year increase in terms of money raised.

The average European deal size more than doubled in 2013 and total money raised through IPOs in 2013 increased by €15.3bn (135%). In comparison, total number of IPOs decreased by 3% to 279 from 288.

London remained the dominant market in Europe. Proceeds raised on the exchange increased by €9.3bn (180%) year-on-year, driven by:

- a 41% increase in the number of IPOs and;
- the presence of larger deals like Royal Mail and Merlin Entertainments.

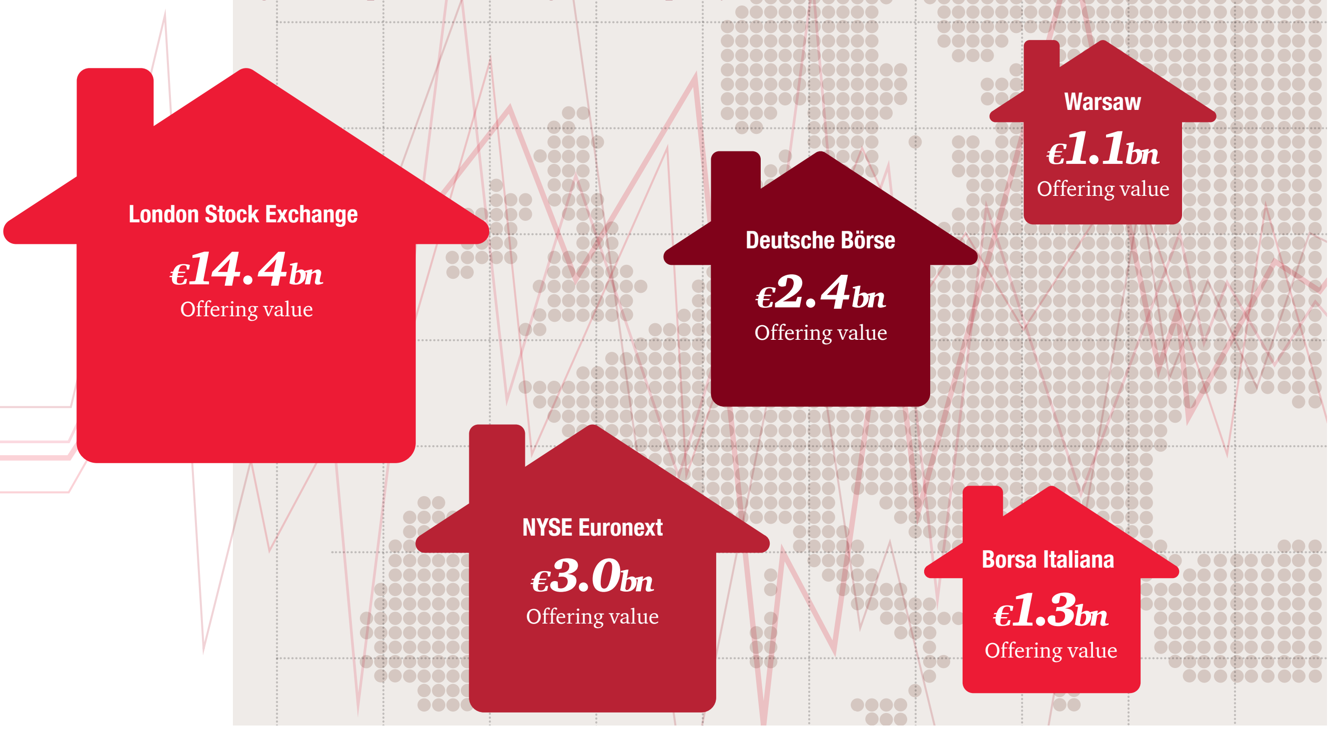
Euronext IPOs raised €3.0bn, a significant increase of 188% year-on-year, which moved them ahead of Deutsche Börse to second place in Europe. The rise was driven by an increase in major PE-exits and privatisations like bpost, Numericable, CTT-Correios de Portugal and Tarkett.

Deutsche Börse saw an increase in proceeds raised, despite a reduced number of IPOs from 25 in 2012 to nine in 2013. The two largest German IPOs, LEG Immobilien and Deutsche Annington are both real estate companies, collectively raising more than two thirds of total proceeds in Germany.

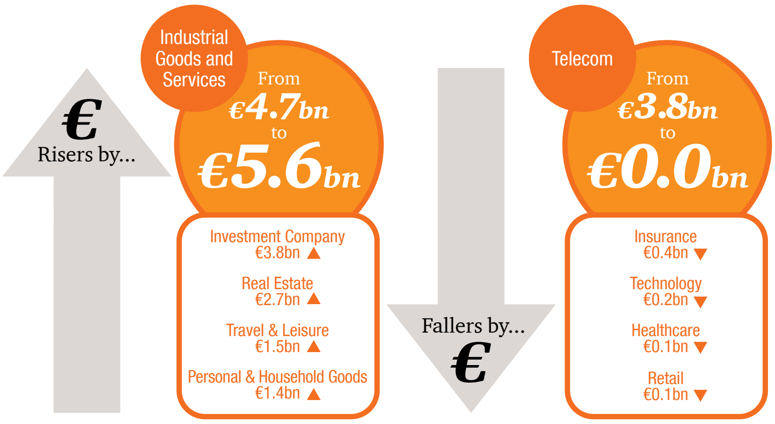
Borsa Italiana had a strong year, reaching overall proceeds of €1.3bn, compared with €0.2bn raised in 2012. The number of IPOs in Italy more than quadrupled from four in 2012 to 18 in 2013. The two largest 2013 IPOs on Borsa Italiana, Moncler and Moleskine, were both PE backed and raised €681m and €269m respectively.

Warsaw experienced an increase in average deal value from €8m to €21m, because the total proceeds increased to €1.1bn and the number of deals in Poland almost halved. The proceeds are mainly driven by the privatisations of Energa (€515m) and PKP Cargo (€339m), the two largest IPOs in Warsaw last year.

Figure 8: Top 5 stock exchanges in Europe (by value), 2013



IPOs by sector

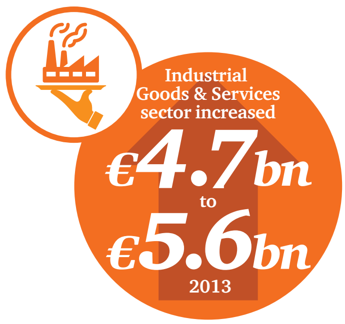


The Industrial Goods & Services sector was the 2013 top performer with a €4.7bn increase to €5.6bn, mainly driven by the IPOs of Royal Mail on the London Main Market, bpost on Euronext Brussels and CTT-Correios de Portugal on Euronext Lisbon.

"The strong performance of Industrial Goods & Services in 2013 was driven by the Transport & Logistics sector. Postal privatisations in the UK, Portugal and Belgium were the biggest contributors demonstrating strong interest in the sector across Europe.

We expect both M&A and IPO activity in the Industrials sector to increase in 2014 following on from increased orders, sales and confidence seen in the second half of 2013."

Philip Hines, partner, Transaction Services, PwC



There was a significant boost in investment companies IPO activity, an increase of 231% from €1.6bn to €5.4bn. The increase is mainly driven by activity in London which accounted for 84% of the proceeds raised in this sector.

"The Financial Services sector has seen a marked recovery over the last year, even against a backdrop of increasingly challenging capital requirements. There have been some interesting new issuances such as TCS Group and Cembra Money Bank in October 2013.

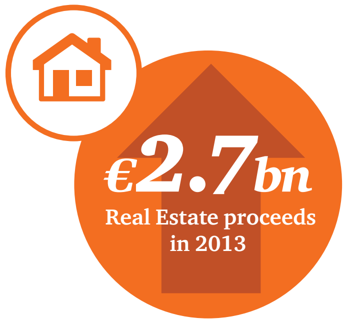
We have also seen a number of headlines heralding the reprivatisation, in full or partially, of the banks rescued by the government during 2008. Whether this will be a 2014 or later event will remain to be seen."

Richard Weaver, partner, Capital Markets, PwC

In 2008 the Real Estate sector fell off a cliff, but in 2013 it had an outstanding comeback with total proceeds of €2.7bn. Making it the third largest sector by proceeds. This is a good indicator of consumer confidence and the economy as a whole. The two largest real estate IPOs are LEG Immobilien and the PE-exit of Deutsche Annington Immobilien, both listed on Deutsche Börse.

"The 2014 real estate investment market will be dominated by a battle for assets. Intense competition for the limited supply of suitable property will inevitably continue to have an impact on prices – particularly in global gateway cities, including London. There is also renewed enthusiasm for listed property as a medium for investors to secure exposure to the real estate market. These factors, together with recent changes in the UK REIT regime, offer a positive outlook for real estate IPO activity in 2014."

Simon Hardwick, partner, Legal Real Estate, PwC



Retail & Consumer sectors have not performed well on capital markets in recent times. However off the back of a positive IPO performance in 2013 and strong Christmas trading results we expect activity in this sector to increase.

"IPO activity in the Consumer sector looks set to be strong in 2014, with market appetite buoyed by a combination of increased confidence in the European economic recovery and a feeling that consumer stocks will benefit from this recovery. Last year saw the market debut of businesses such as Merlin Entertainments and Moncler and there is a sizeable pipeline of floats rumoured to be lining up for 2014."

Neil Sutton, partner, Corporate Finance, PwC

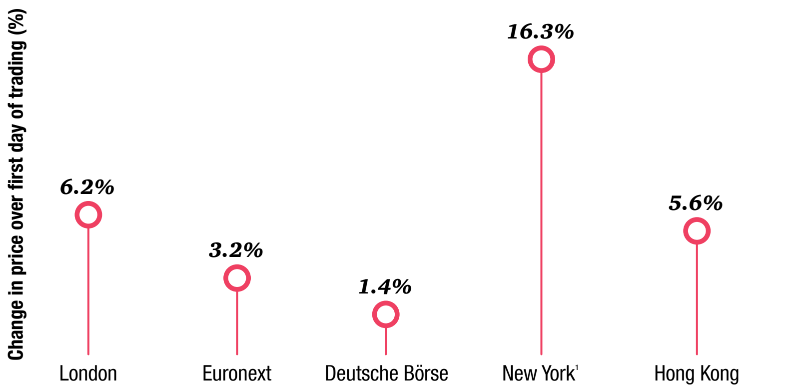
IPO performance & pricing

Our analysis shows 2013 IPOs have performed well in the aftermarket.

IPOs on major global exchanges have performed well on the first day of trading. The first day 'pop' on the US Exchanges is by far the largest, followed by London and Hong Kong Exchanges. London IPOs have experienced a 6.2% increase on day 1 trading.

US IPOs continue to enjoy a first day 'pop' with a 16.3% on the offer price.

Figure 9: Average 1st day performance per exchange



The aftermarket performance of IPOs on the major global exchanges in comparison to return of the indices has varied.

The average share price performance of London, Euronext, New York and Hong Kong IPOs was better than the exchange index. Whilst IPOs on Deutsche Börse have underperformed the index, although they have still yielded positive returns.

On average IPOs on London Main Market, Hong Kong Main Board, Euronext and the US exchanges have outperformed their related index.

Figure 10: IPO performance vs. index performance, 2013

1 Includes NYSE and NASDAQ

Pricing and performance of Europe's five largest IPOs

Three of the top five European IPOs priced at the top of the quoted range and are also trading ahead of their IPO price, with an impressive aftermarket performance of the Italian fashion designer Moncler. All of the continental European IPOs that priced at the top of the range, Cembra Money Bank, Moncler and Numericable, have gone on to trade above the offer price at the end of 2013.

Despite pricing late in the year with holidays approaching, the IPO of Moncler was covered within hours of its launch. The share price opened at 41.1% above offer price and traded 54.9% above the offer price at the end of the year.

Real estate group LEG Immobilien priced at the mid-point of its price range and opened with a 1.1% gain, but closed the end of the year with a slight loss to offer price.

Similarly to LEG Immobilien, bpost opened flat on its debut and closed 0.3% above offer price. While the books were covered quickly the post-IPO performance as at 31 December 2013 remains relatively flat, with a slight discount to offer price.

Cembra Money Bank which priced at the top of its range justified its pricing by opening 6.9% higher than the offer price and eventually closed 14.8% above the offer price at the end of the year. The deal was covered in one day, with 30% allocated to domestic Swiss investors.

Priced at the top of its range Numericable's share price climbed by 6.5% at the end of the year.

Figure 11: Performance of top 5 European IPOs, 2013

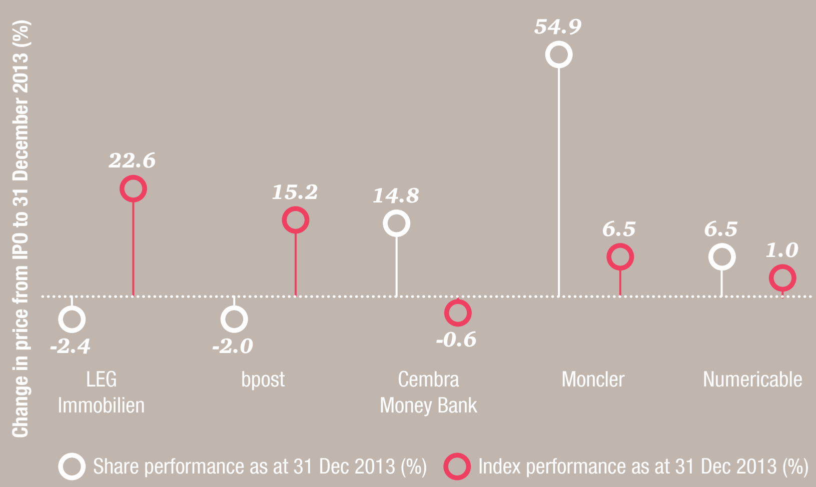
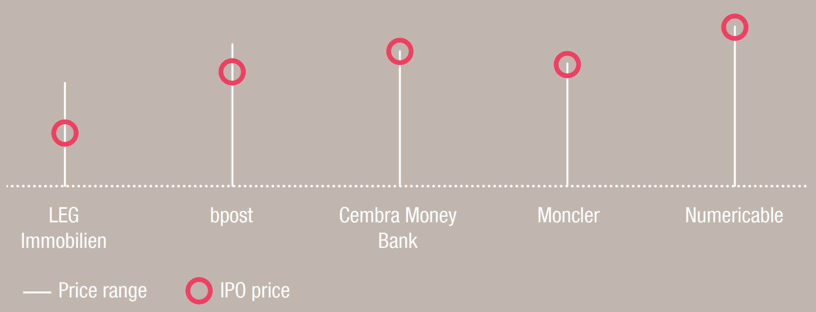


Figure 12: IPO price versus published price range of top 5 European IPOs, 2013



Pricing and performance of UK five largest IPOs

All of the top five UK IPOs in 2013 priced above the mid-point of the quoted range.

Royal Mail, the British privatisation, has performed extremely well in the aftermarket. At the end of the first trading day, Royal Mail stock had jumped 37.9%. Royal Mail priced on top of its range, with the issue being significantly oversubscribed.

The pricing of the Merlin Entertainments IPO was geared towards the top of the range of the original guidance. This gave Merlin a slight valuation premium compared to US peers (Six Flags and Cedar Fair) and a slight discount compared to the well-established UK peer Whitbread. Share prices closed 13.5% above offer price at the end of the year.

The TCS Group deal had been priced at the top of the range due to heavy demand from institutional investors. The orderbook was highly concentrated, the top 25 allocations accounted for approximately half the shares on offer. The share price of TCS Group closed 10.3% below offer price, despite the initial heavy demand, due to concerns about new Russian legislation on consumer credit and wider worries about Russian equities.

Both Esure and Partnership Assurance priced above the mid-point of their quoted range. Nevertheless, both are currently trading below their offer price. Partnership Assurance – because retirement sales were unlikely to grow during the fourth quarter and Esure – due to increased competition and price pressure in the motor insurance sector as well as a lower than expected interim dividend payment.

Figure 13: Performance of top 5 UK IPOs, 2013

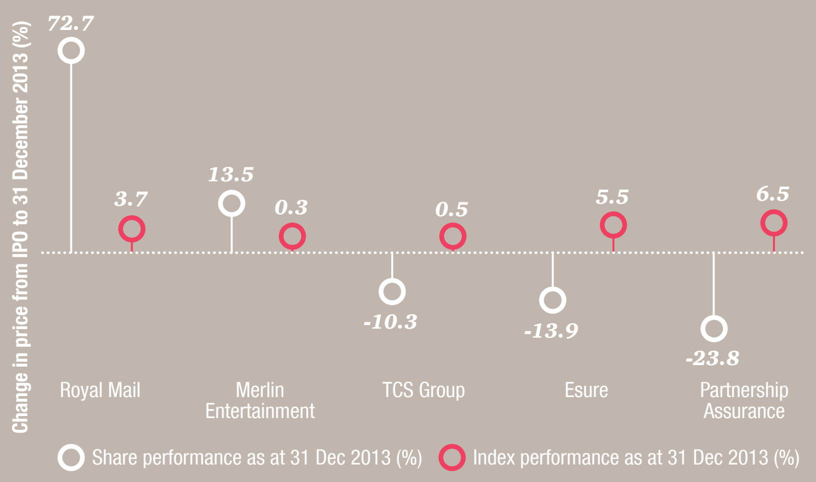
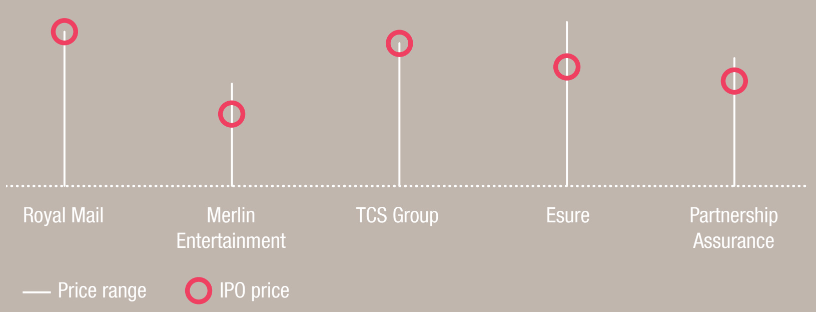
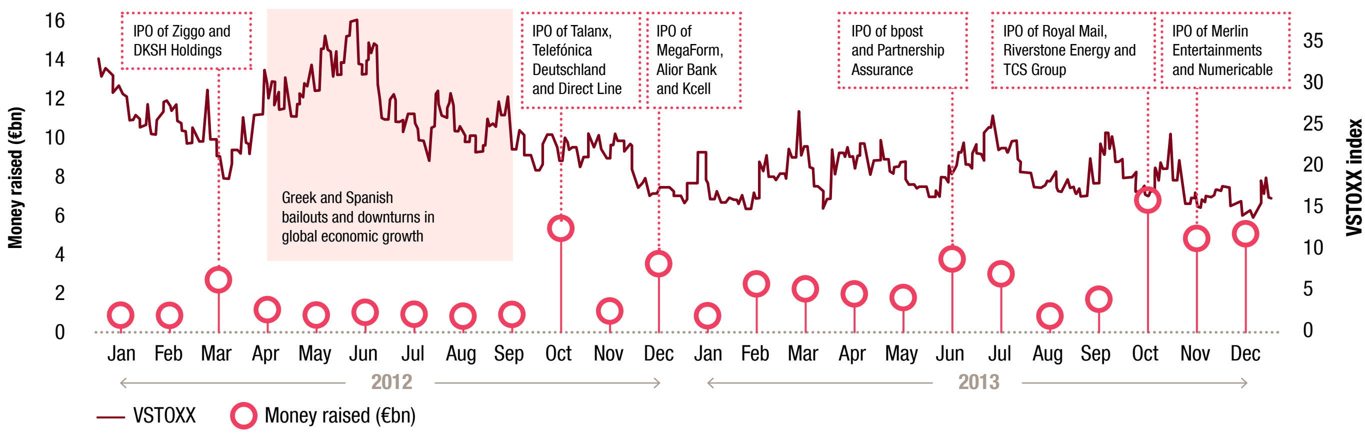


Figure 14: IPO price versus published price range of top 5 UK IPOs, 2013



IPO indicators

Figure 15: Volatility compared to IPO proceeds

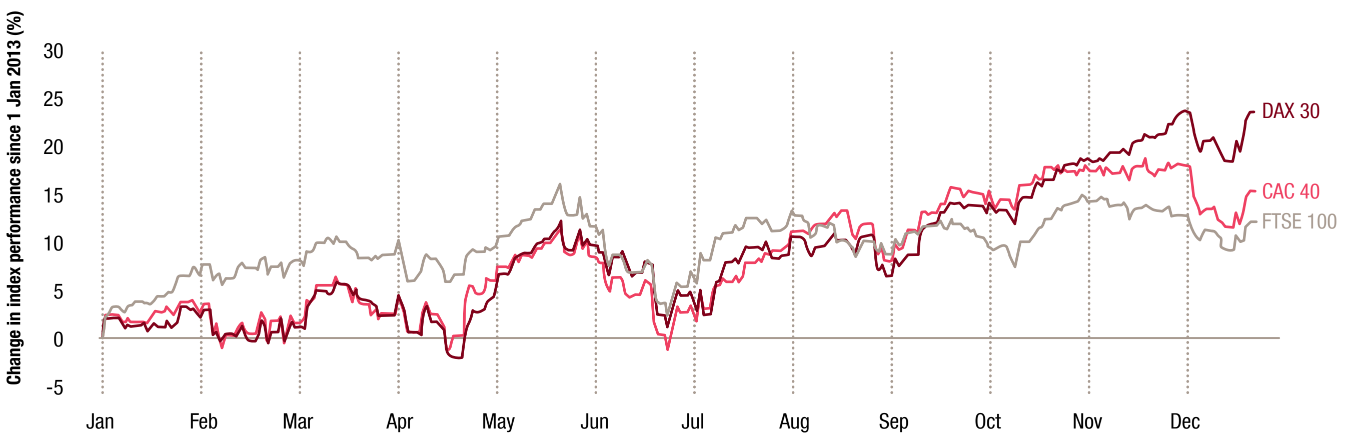


Source: Thomson Reuters

Reduced volatility and improving market indices provided a springboard for 2013 IPO activity.

The average volatility level in 2011 was 30.08, whereas the average volatility levels in 2012 and 2013 dropped to 24.64 and 18.54 respectively. Reduced levels of volatility relative to previous years has provided the springboard for stronger equity markets across Europe and has boosted European IPO activity in the last quarter of 2013.

Figure 16: Historical performance of major market indices



Source: Thomson Reuters

Low volatility and improving European market indices provide a positive backdrop for a healthy IPO pipeline in 2014.

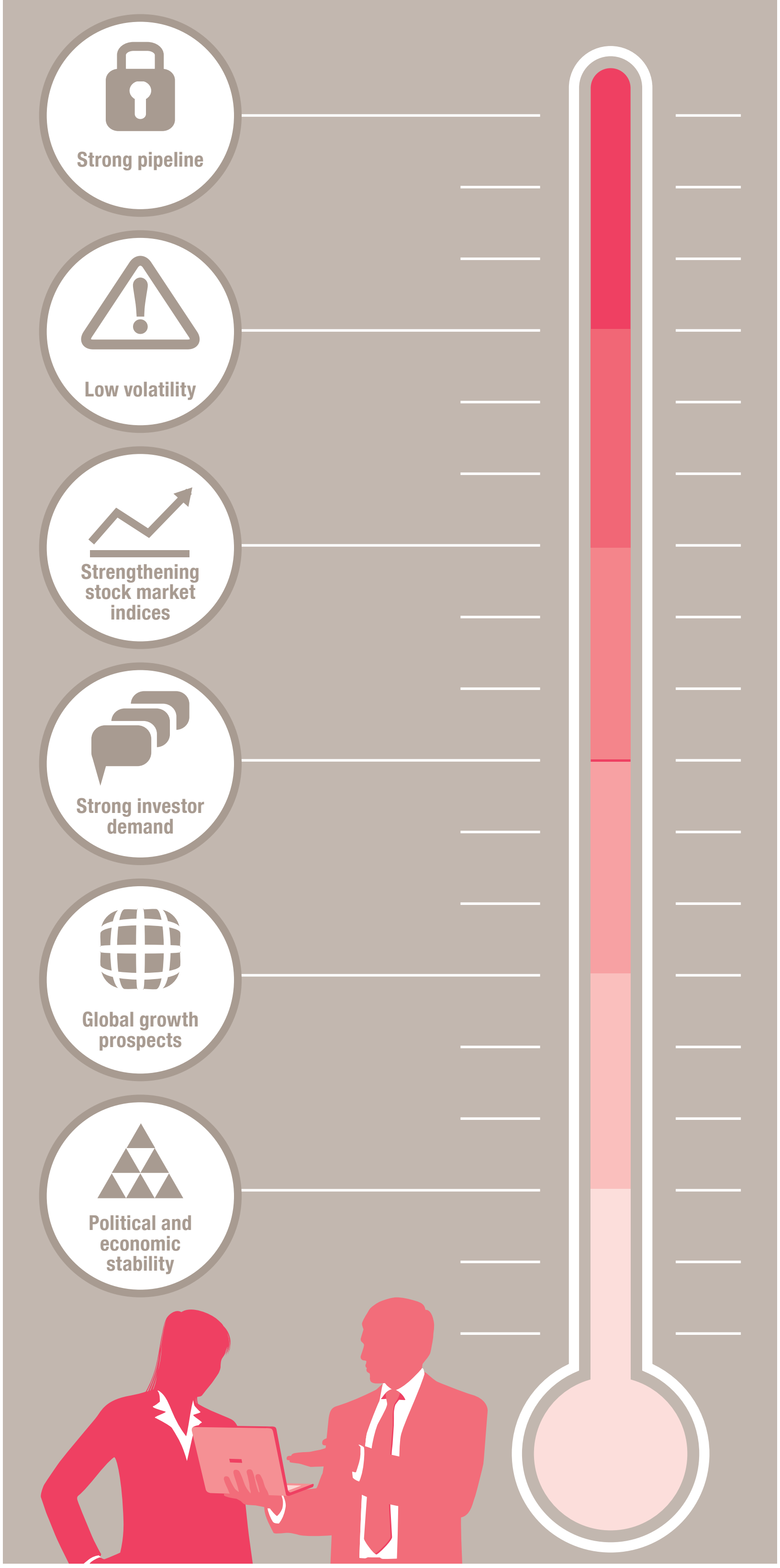
During the first quarter of 2013 the equity markets improved, but were quickly destabilised again in the second quarter. This was primarily due to bearish sentiment after the International Monetary Fund trimmed its growth forecast for the global economy in April. The markets rebounded in the spring but fell as summer approached due to uncertainty in the Middle East and concern around the FED potentially withdrawing or limiting its Quantitative Easing (QE) programme.

Markets picked up again in the second half of the year in response to the FEDs decision to continue their QE policy of bond buying.

DAX was the best performing index, which went up 25.5% by the end of the year, followed by CAC with an 18.0% increase and FTSE with a 14.4% increase.

Continued strength in the equities markets, decreased market volatility and improving macroeconomic circumstances are also expected to support strong IPO momentum in 2014. Market indices remain positive in Europe in 2014 although unrest in Ukraine may yet destabilise the markets.

Key IPO indicators



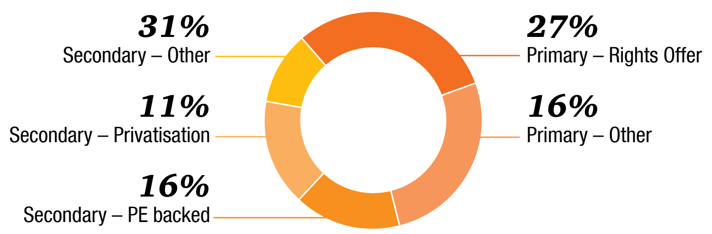
Further offers (FOs)

The total money raised by FOs on major European regulated markets increased by €39.2bn, or 49% from €80.9bn in 2012 to €120.1bn in 2013.

In 2013 the majority of the FO proceeds were sell downs by shareholders. These are boosted by the sharp increase in PE backed sell downs and privatisations. The percentage of PE sell downs compared to total FO proceeds increased from 10% in 2012 to 16% in 2013, as financial sponsors took advantage of the upbeat market to sell down minority investments.

The primary proceeds are largely driven by funds being raised by European banks to recapitalise and strengthen their balance sheets in anticipation of more stringent capital requirements. In addition, a number of banks raised capital to repay government bail outs received following the global financial crisis. Companies from the Financial sector accounted for 47% of the overall FO proceeds in the European regulated markets in 2013 with banks accounting for four out of the top five 2013 FOs, raising 17% of overall proceeds alone.

Figure 17: Further offers, 2013



NYSE Euronext led the European capital markets in terms of FO value (25% of the overall proceeds), up from second place in 2012. Proceeds on NYSE Euronext more than doubled from €14.4bn in 2012 to €29.7bn in 2013, driven by notable transactions such as KPN and EADS.

The London Stock Exchange experienced a significant increase in FO activity relative to 2012, with the combined value of further offers increasing by 67% to €27.7bn. The significant increase is largely due to the €7.3bn rights offer by Barclays, raised to ensure compliance with regulatory capital requirements and €3.8bn by Lloyds Banking Group to finance the buy back of a stake held by the UK government.

Deutsche Börse also saw a sharp 66% increase in FO proceeds from €10.6bn in 2012 to €17.7bn in 2013. 2013 proceeds were boosted by Deutsche Bank raising capital to strengthen its balance sheet and Commerzbank to repay capital borrowed from the German government during the financial crisis.

BME, Borsa Italiana and SIX Swiss Exchange saw a significant drop in FO proceeds in 2013.

Figure 18: Deal value (€bn), 2013

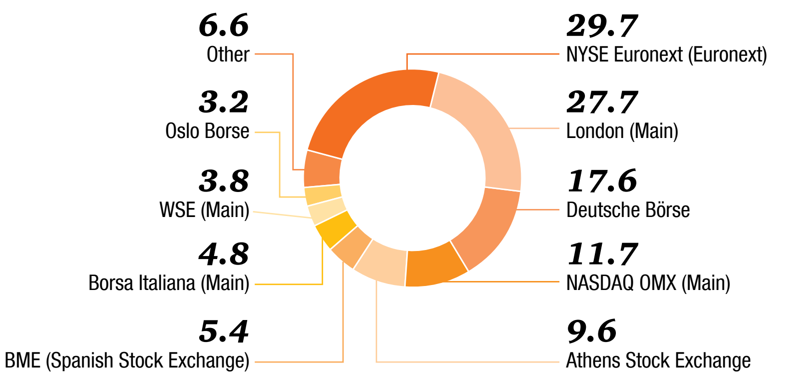
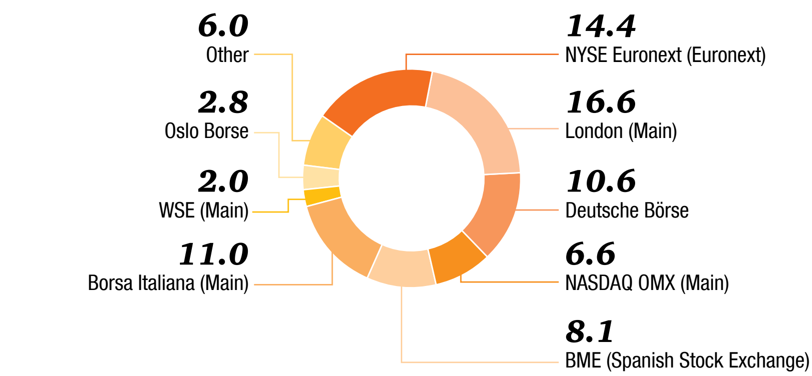


Figure 19: Deal value (€bn), 2012

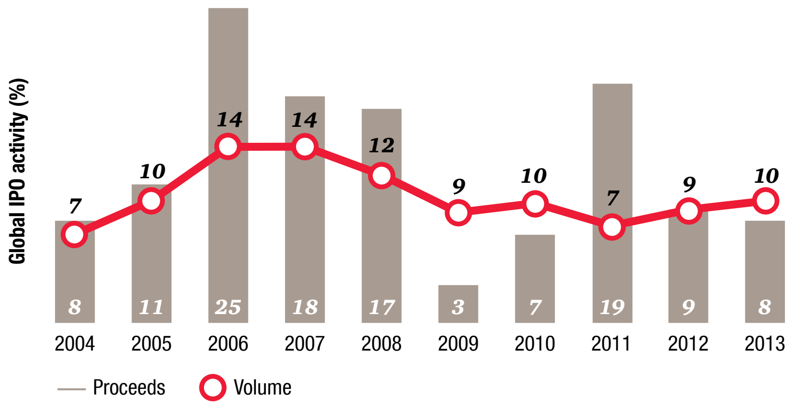


The London Stock Exchange experienced a significant increase in FO activity relative to 2012, with the combined value of FOs increasing by 67% to €27.7bn.

Global cross-border IPOs in 2013[1]

In 2013, cross-border IPOs represented 10% of global IPO activity and 8% of total proceeds.

Figure 20: Cross-border IPOs compared to global IPO activity, 2004-2013

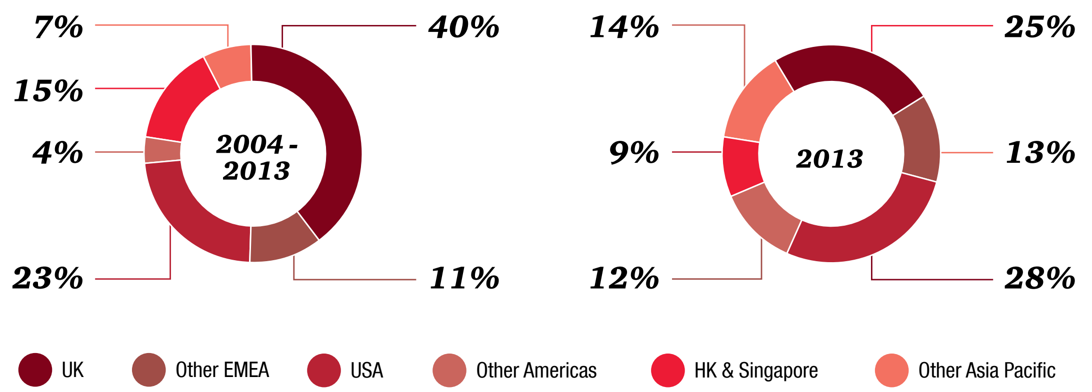


In 2013 EMEA overtook the Americas as largest market by cross-border deals, raising 65.5% more than in the previous year in terms of proceeds with a similar number of IPOs (35 in 2013 compared to 36 in 2012). The listings of TCS Group from Russia and Platform Acquisition from BVI featured in the top ten European IPOs.

Whilst proceeds raised by cross-border IPOs declined in the Americas by 13.9%, volumes have more than doubled from 18 to 37.

And we have seen a significant increase in EMEA based companies seeking to list in New York, with proceeds raised increasing by 82.5%.

Figure 21: Exchanges attracting cross-border IPOs as a percentage of total cross-border IPOs



[1]Data is based on Dealogic and PwC research

Figure 22: 2013: A shift to the West

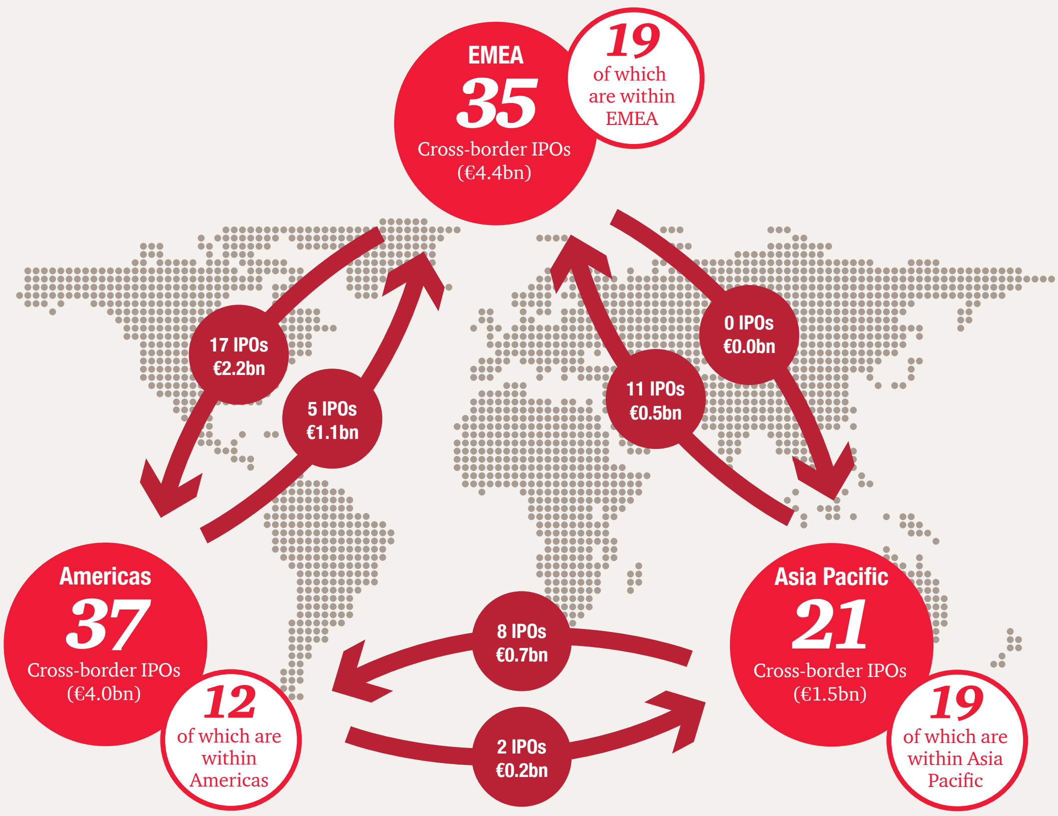


Figure 22 above shows EMEA and the Americas as the main markets for cross-border activity. Within these regions New York and London have consolidated their position as the dominant markets. The major cross-border activity remains within the regions, where companies choose the regional hub to list.

In 2013, we have seen only 2 issuers going to Asia Pacific whilst 19 issuers from that region have listed in EMEA and the Americas.

How to choose a listing location

There is always a range of factors to consider in determining the optimal listing location.

For many companies the starting point is to look at the merits of listing on its own domestic market. However, some key questions need to be asked:

- Whether that market provides an appropriate level of liquidity?
- Do investors in that market understand your business and industry?
- Is there an obvious peer group?

For a mining company, for example, London might be attractive given the extent of the listed peers and the concentration of investors which understand mining.

"For international businesses, the natural choice will more often be the larger exchanges over smaller domestic markets. In this regard, London and New York remain strong.

There continues to be considerable discussion around the potential for a shift in IPO activity towards Asia, and in the long-term there is significant potential for capital markets growth in the region. Hong Kong is, of course, a large and established capital centre and Singapore is increasingly viewed as a hub for large global equity funds, many of which have been expanding their presence there.

If you look at the international IPOs that have been successful in Hong Kong they have tended to involve the very recognisable branded businesses, and those companies with a clear Asian story, rather than more mainstream companies. There has perhaps been a greater realisation over time among issuers, with one or two companies failing to get their IPOs priced. Singapore remains an interesting alternative for the right story, though experience so far is again that a more local story is required to generate a satisfactory level of liquidity."

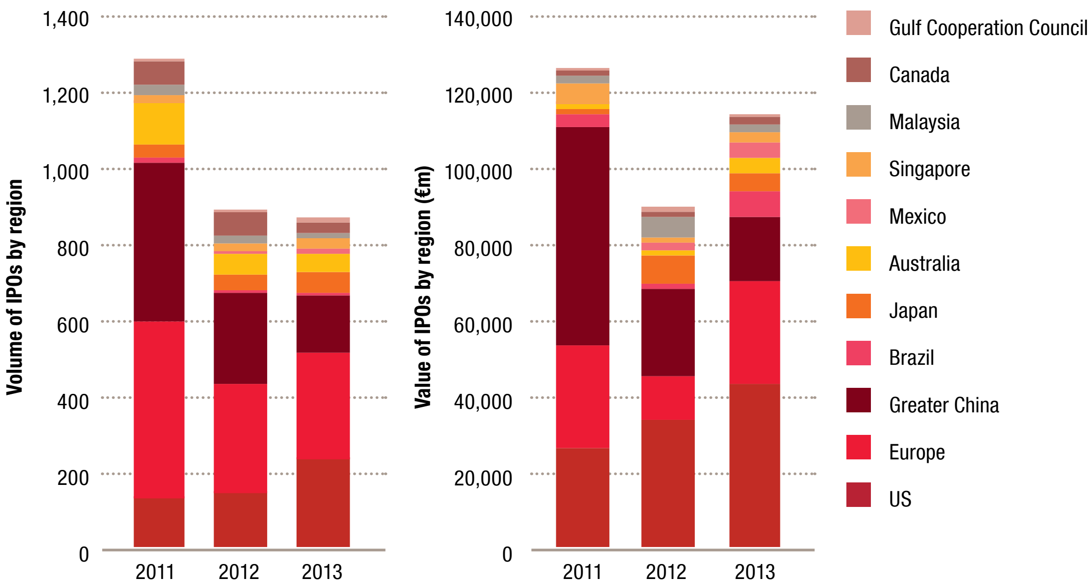
Peter Whelan, partner, Equity Advisory, PwC

Global perspective

Market overview

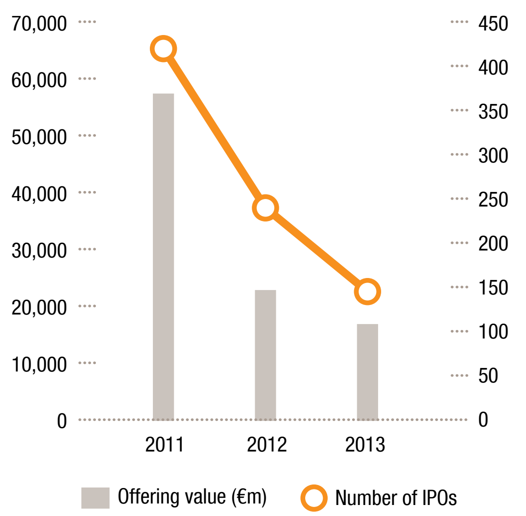
Most territories saw an increased IPO activity in 2013 compared to the prior year. Overall, proceeds surpassed 2012 levels, even though the number of IPOs decreased.

Figure 23: Volume & value by region



Focus on Greater China

Figure 24: IPOs and offering value



After a quiet start to the year, the Hong Kong IPO market livened up in the second half of 2013 reflecting improving economic performance and market sentiment allowing Hong Kong to maintain its second place in terms of funds raised. Funds raised through IPOs in Hong Kong increased by 88% from 2012 with IPO volumes up by 75%. In particular the number of new GEM listings increased to 23 in 2013, almost double the number in 2012. While there was no IPO activity in mainland China in 2013, there were a number of policy announcements from the China Securities Regulatory Commission aiming to supervise and guide companies that were making IPO applications.

"A very robust recovery in Chinese IPOs in the second half of the year enabled the Hong Kong Exchange to maintain its number two ranking among the global exchanges. We expect this trend to continue well into 2014 with an active pipeline of Chinese companies in Retail & Consumer, Financials and Technology sectors. We also expect several international companies seeking to raise funds in Asia through HKEx."

Kennedy Liu, partner, PwC HK/China

Focus on US

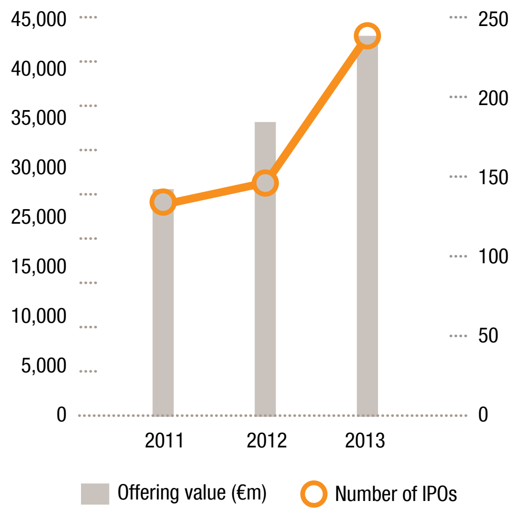
Strong demand for IPOs continued in Q4 2013, capping a robust year for the capital markets and setting the stage for continued growth in the new year.

Total IPO volume for 2013 reached 238 public company debuts, easily surpassing overall volume of 146 IPOs in 2012 and representing the most active environment for newly listed companies since 2007.

Following the increase in both volume and proceeds from 2012, average deal size increased 28% to €180m in 2013 from €141m in 2012 (excluding Facebook). The 2013 IPO market experienced a 50% increase in large deal activity with five IPOs raising €1bn or more in 2013, compared to four in 2012.

PE houses remained active participants in the 2013 IPO market. Of the 238 IPOs in 2013, 145 were PE backed raising €26.9bn, which represented 61% of the total volume and 63% of total proceeds raised. While the overall share of PE backed IPOs declined by 6% in 2013 compared to 2012, there was a 50% increase in volume and a 14% increase in proceeds over the 97 PE backed IPOs in 2012.

Figure 25: IPOs and offering value

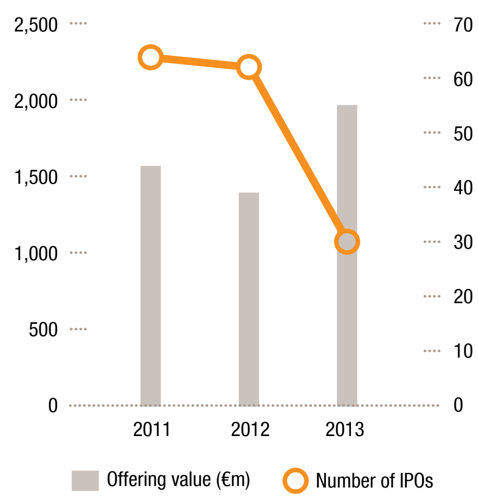


"The continued search for yield in the US helped drive demand for IPOs, making 2013 a banner year for both those who issued and those who invested in IPOs. The total US IPO volume and proceeds reached levels not seen since 2007, and those who invested in the IPOs saw 39% returns, outperforming the record returns of all the major US stock indices. Financial sponsors have once again found a significant amount of investor interest through tapping the equity markets."

Neil Dhar, partner, PwC US

Focus on Canada

Figure 26: IPOs and offering value



"2013 ended up exceeding our expectations. Real estate continued its strong run for the year, helped out by energy and manufacturing.

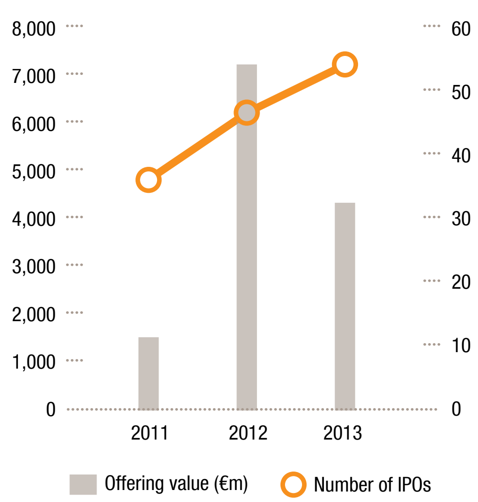
A variety of factors make next year hard to predict. Retail investors continue to seek yield and security, and new issues need to align with that reality. Mining is the dark horse of 2014.

A growing optimism from the US and the market fundamentals showing signs of improvement suggest reasons for optimism in Canada."

Dean Braunsteiner, partner, PwC Canada

Focus on Japan

Figure 27: IPOs and offering value



"Since the Japanese government continued an expansionary fiscal policy and the Bank of Japan kept its loose monetary policy, Japanese stocks rose sharply in 2013.

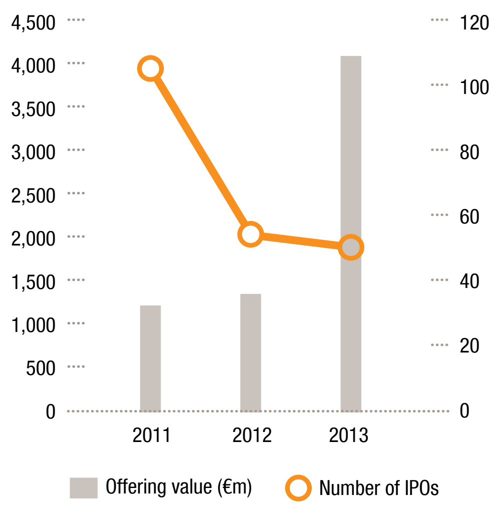
The FSA is considering deregulation of the listing application. It will encourage more small venture companies to execute an IPO and will be more open to foreign companies.

IPOs are an essential factor for economic recovery in Japan, so we will support start-ups and entrepreneurs to take more opportunities to grow. It is expected that in 2014 the number of IPOs in Japan could reach 70 or even 80."

Takahiro Nakazawa, partner, PwC Japan

Focus on Australia

Figure 28: IPOs and offering value

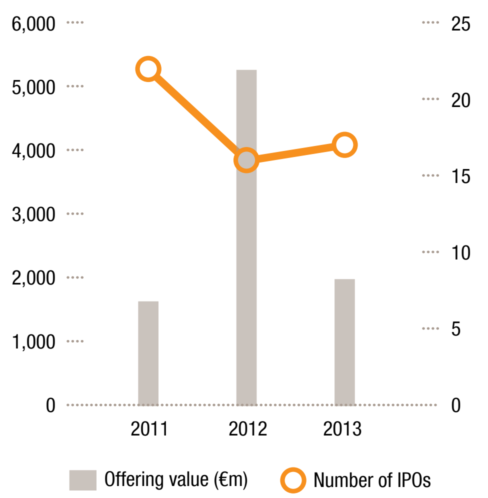


"Investors ended the year a touch more cautious than earlier in 2013, when the IPO market was 'hot'. With resources and the supporting services sector being the main concern over otherwise sound economic fundamentals, record low interest rates should continue to fuel investor demand. We expect solid activity in 2014 across a range of industry sectors, aided by anticipated government privatisations."

Mark Haberlin, partner, PwC Australia

Focus on Malaysia

Figure 29: IPOs and offering value

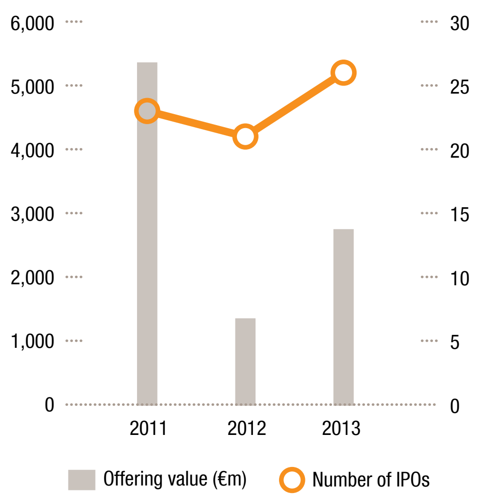


"IPOs in 2014 are expected to outpace 2013, with more deals coming to market buoyed by a vibrant Malaysian IPO market landscape and the re-opening of some IPO pipelines which were postponed in 2013. The vibrant capital market is expected to be sustained by funds diverted from the increasingly regulated property market."

Lay Choon Loh, partner, PwC Malaysia

Focus on Singapore

Figure 30: IPOs and offering value

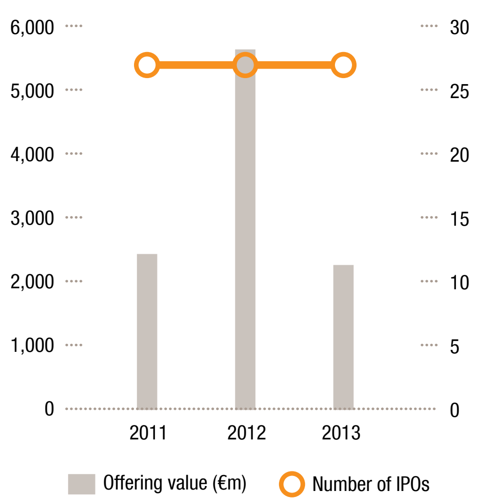


"Funds raised from IPOs in 2013 were largely attributed to 7 Real Estate Investment Trusts ("REITs") and Business Trusts ("BTs") IPOs, accounting for €2.1bn out of the total €2.7bn raised. However, with the current volatile stock market conditions, concerns over weakness in emerging market, potential economic slowdown in China and a further reduction in US Federal Reserve's quantitative easing programme, there may be a reduction in IPO activities in the coming months. Nonetheless we expect 2 – 3 REIT listings in the first half of 2014, demonstrating the strength of Singapore Exchange as a sought-after listing destination for REIT and BT."

Tuck Seng Tham, partner, PwC Singapore

Focus on Gulf Cooperation Council

Figure 31: IPOs and offering value

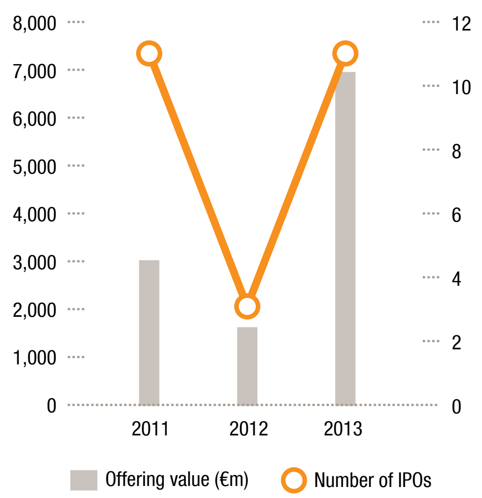


"Although the IPO market remains subdued, we are seeing signs of recovery in market sentiment and investor appetite due to the revival of the international equity capital markets and stronger macroeconomic environment. The pipeline for IPOs in 2014 is expected to be strong as companies seek to raise capital and market indices improve. We are seeing a stronger pipeline of IPO candidates than we did at the same time last year."

Steve Drake, partner, PwC Middle East

Focus on Brazil

Figure 32: IPOs and offering value

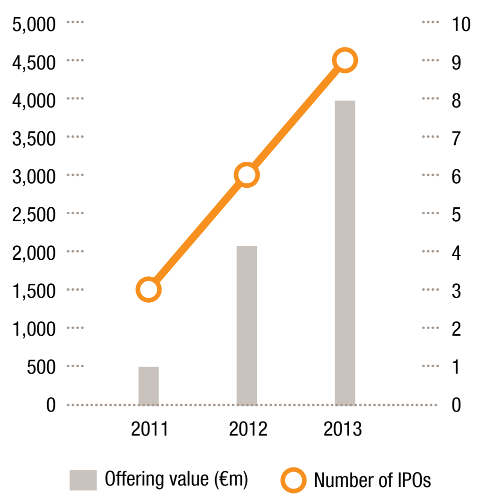


"Brazil continues to provide excellent medium term growth prospects and has a solid governance and regulatory framework for investors. Prospective IPO candidates are continuing to prepare well in advance to ensure market expectations post IPO are met. Encouraging access by the many middle market companies, which all have significant funding needs, must be a priority if the capital markets are to further develop."

Ivan Clark, partner, PwC Brazil

Focus on Mexico

Figure 33: IPOs and offering value



"After an incredible record breaking year, the Mexican capital markets face new challenges in 2014 as the Mexican Stock Exchange completes its integration with the stock exchanges in Peru, Colombia and Chile and the results of economic reforms initiated by the administration start to be seen. These challenges can also represent attractive opportunities for investors and the outlook for 2014 is still positive."

Luciano Scandolari, partner, PwC Mexico

Appendix

Appendix 1: Ten largest IPOs in Europe in 2013

Pricing quarter	Company	Offering value (€m)	Market	Sector	Country of operations	Type of IPO
Q4	Royal Mail	2,032	London	Industrial Goods & Services	UK	Privatisation
Q1	LEG Immobilien	1,165	Deutsche Börse	Real Estate	Germany	Other
Q4	Merlin Entertainments	1,141	London	Travel & Leisure	UK	PE-backed
Q4	Riverstone Energy	897	London	Investment Company	USA	Other
Q2	bpost	812	Euronext	Industrial Goods & Services	Belgium	PE-backed/ Privatisation
Q4	TCS Group	797	London	Banks	Russia	PE-backed
Q4	Cembra Money Bank	745	SIX Swiss	Banks	Switzerland	Other
Q1	esure Group	703	London	Insurance	UK	PE-backed
Q2	Platform Acquisition	682	London	Investment Company	British Virgin	Other
Q4	Moncler	681	Borsa Italiana	Retail	Italy	PE-backed

Appendix 2: European privatisations in 2013

Pricing quarter	Company	Offering value (€m)	Market	Sector
Q4	Royal Mail	2,032	London	Industrial Goods & Services
Q2	bpost	812	Euronext	Industrial Goods & Services
Q4	CTT – Correios de Portugal	527	Euronext	Industrial Goods & Services
Q4	ENERGA	515	Warsaw	Utilities
Q4	Romgaz	391	Bucharest; London	Oil & Gas
Q4	PKP Cargo	339	Warsaw	Industrial Goods & Services
Q4	Societatea Nationala Nuclearelectrica	63	Bucharest	Energy
Q1	Polski Holding Nieruchomosci	57	Warsaw	Real Estate
Total		4,736		

Appendix 3: IPOs by exchange

Stock exchange	Offering value (€m) 2012	Number of IPOs 2012	Offering value (€m) 2013	Number of IPOs 2013
London Stock Exchange	5,137	73	14,409	103
NYSE Euronext	1,038	19	2,994	26
Deutsche Börse	2,141	25	2,409	9
Borsa Italiana	168	4	1,273	18
Warsaw	806	105	1,134	54
Oslo Børs & Oslo Axess	291	4	941	11
NASDAQ OMX	48	17	876	31
SIX Swiss Exchange	801	4	745	1
Irish Stock Exchange	-	-	725	3
Borsa Istanbul	267	25	481	11
Bucharest Stock Exchange	-	-	454	2
Luxembourg	564	7	35	7
BME (Spanish Exchange)	9	5	2	2
Wiener Börse	-	-	-	1
Total Europe[1]	11,270	288	26,478	279
European-regulated				
London Main	4,349	24	12,330	35
NYSE Euronext (Euronext)	1,015	11	2,905	19
Deutsche Börse (Prime and General Standard)	2,109	10	2,409	8
Warsaw (Main)	769	16	1,123	13
Borsa Italiana (Main)	158	1	1,080	3
Oslo Børs	291	3	910	7
NASDAQ OMX (Main)	38	8	855	11
SIX Swiss Exchange	801	4	745	1
Irish Stock Exchange(Main)	-	-	675	2
Bucharest Stock Exchange	-	-	454	2
Luxembourg	-	1	-	1
BME (Spanish Exchange) (Main)	-	-	-	1
Wiener Börse	-	-	-	1
Total European regulated[1]	9,530	78	23,486	104
Exchange-regulated				
London AIM and SFM	788	49	2,079	68
Borsa Istanbul	267	25	481	11
Borsa Italiana (AIM)	10	3	193	15
NYSE Euronext (Alternext)	23	8	89	7
Irish Stock Exchange (ESM)	-	-	50	1
Luxembourg (EuroMTF)	564	6	35	6
Oslo Axess	-	1	31	4
NASDAQ OMX (First North)	10	9	21	20
Warsaw (NewConnect)	37	89	11	41
BME (Spanish Exchange) (MAB)	9	5	2	1
Deutsche Börse (Entry Standard)	32	15	-	1
Total exchange-regulated[1]	1,740	210	2,992	175

1 Dual listings are attributed to the primary exchange
- In 2013 Green REIT dual listed in London and Ireland, raising €310m, attributed to the Irish Stock Exchange
- In 2013 GameAccount Network listed in London and Ireland, raising €27m, attributed to London
- In 2013 Mincon Group listed in London and Ireland, raising €50m, attributed to the Irish Stock Exchange
- In 2013 Hibernia REIT listed in London and Ireland, raising €365m, attributed to the Irish Stock Exchange
- In 2013 Romgaz listed in London and Bucharest, raising €391m, attributed to the Bucharest Stock Exchange

There were no dual listings in 2012

Appendix 4: European IPOs by sector

By offering value (€m)

Sector	2012	2013
Industrial Goods & Services	841	5,576
Investment Company	1,624	5,378
Real Estate	83	2,738
Banks	511	1,742
Travel & Leisure	50	1,538
Financial Services	205	1,502
Personal & Household Goods	16	1,399
Insurance	1,743	1,313
Oil & Gas	375	881
Utilities	218	861
Construction & Materials	39	745
Media	22	722
Technology	553	377
Chemicals	256	368
Food & Beverage	22	344
Basic Resources	-	317
Health Care	393	279
Retail	250	156
Pharmaceuticals & Biotech	148	119
Transport	-	101
Telecommunications	3,857	12
Mining	53	7
Automobiles & Parts	2	3

By number

Sector	2012	2013
Industrial Goods & Services	45	47
Investment Company	25	35
Technology	47	34
Financial Services	11	22
Real Estate	15	14
Oil & Gas	13	14
Pharmaceuticals & Biotech	19	14
Personal & Household Goods	4	11
Food & Beverage	8	11
Media	8	10
Travel & Leisure	12	9
Chemicals	6	9
Construction & Materials	8	7
Retail	14	7
Health Care	8	6
Telecommunications	12	6
Insurance	2	5
Utilities	11	4
Banks	2	4
Basic Resources	-	4
Mining	16	3
Transport	-	2
Automobiles & Parts	2	1

Appendix 5: Top 5 European further offers in 2013

Company name	Date	Offering value (€bn)	Market	Type of further offer
Barclays	04-Oct-13	€7.3	London (Main)	Primary – Rights Offer
Piraeus Bank	28-Jun-13	€6.9	Athens Stock Exchange	Primary – Rights Offer
Lloyds Banking Group	17-Sep-13	€3.8	London (Main)	Secondary – Sell down
Koninklijke KPN	15-May-13	€3.1	NYSE Euronext (Euronext)	Primary – Rights Offer
Deutsche Bank	30-Apr-13	€3.0	Deutsche Börse	Primary – Other

Appendix 7: Ten largest IPOs globally in 2013

Pricing quarter	Company	Offering value (€m)	Market	Sector	Country of operations	Type of IPO
Q2	BB Seguridade Participacoes	3,881	Sao Paulo	Insurance	Brazil	Other
Q2	Suntory Beverage & Food	2,872	Tokyo	Food & Beverage	Japan	Other
Q4	Plains GP Holdings	2,076	New York	Oil & Gas	United States	PE-backed
Q4	Royal Mail	2,032	London	Industrial Goods & Services	UK	Privatisation
Q4	China Cinda Asset Management	1,808	Hong Kong	Investment Company	China	Privatisation
Q4	Hilton Worldwide Holdings	1,711	New York	Travel & Leisure	United States	PE-backed
Q1	Zoetis	1,655	New York	Healthcare	United States	Other
Q2	Sinopec Engineering	1,393	Hong Kong	Industrial Engineering	China	Other
Q4	Twitter	1,349	New York	Technology	United States	Other
Q1	LEG Immobilien	1,165	Deutsche Börse	Real Estate	Germany	Other

Appendix 8: Global perspective

	2011		2012		2013	
Region total	IPOs	Offering value (€m)	IPOs	Offering value (€m)	IPOs	Offering value (€m)
US	134	25,581	146	33,164	238	42,827
Europe	459	27,113	288	11,270	279	26,478
Greater China	420	57,240	239	22,842	144	17,011
Brazil	11	3,034	3	1,624	11	6,916
Japan	36	1,495	46	7,173	54	4,299
Australia	105	1,195	54	1,336	50	4,077
Mexico	3	494	6	4,614	9	3,451
Singapore	23	5,350	21	1,316	26	2,735
Malaysia	22	1,643	16	5,246	17	1,974
Canada	64	1,561	62	1,393	30	1,957
Gulf Cooperation Council	9	567	9	1,304	9	529

Appendix 9: IPOs by country

	2011		2012		2013	
Market	IPOs	Offering Value (€m)	IPOs	Offering Value (€m)	IPOs	Offering Value (€m)
Europe	**459**	**27,113**	**288**	**11,270**	**279**	**26,478**
Hong Kong[1]	90	25,053	62	9,013	112	16,617
Shenzhen[2]	243	20,118	26	4,739	0	0
Shanghai[2]	39	11,678	129	8,779	0	0
Taiwan[1]	48	391	22	331	32	394
Greater China total	**420**	**57,240**	**239**	**22,842**	**144**	**17,011**
NYSE	68	18,505	76	15,246	120	31,286
Nasdaq	68	7,076	70	17,918	118	11,541
US total	**134**	**25,581**	**146**	**33,164**	**238**	**42,827**
TSX	15	1,392	12	1,307	18	1,939
TSX Venture	45	166	44	83	10	17
Other (CNQ, AIM, CNSX)	4	2	6	2	2	1
Canada total	**64**	**1,561**	**62**	**1,392**	**30**	**1,957**
JPX	n/a	n/a	n/a	n/a	53	4,291
Tokyo Stock Exchange	20	1,251	30	7,051	n/a	n/a
Osaka Stock Exchange	16	244	14	119	n/a	n/a
Sapporo Securities Exchange	-	-	1	2	0	0
Fukuoka Stock Exchange	-	-	1	1	1	8
Japan total	**36**	**1,496**	**46**	**7,173**	**54**	**4,299**
Australia	**105**	**1,195**	**54**	**1,336**	**50**	**4,077**
Malaysia	**22**	**1,643**	**16**	**5,246**	**17**	**1,974**
Singapore	**23**	**5,350**	**21**[3]	**1,318**	**26**	**2,735**
Saudi Arabia	5	331	7	1,099	5	394
Oman	1	46	2	204	4	135
UAE	3	190	-	-	-	-
GCC total	**9**	**567**	**9**	**1,304**	**9**	**529**
Brazil	**11**	**3,034**	**3**	**1,624**	**11**	**6,916**
Mexico	**3**	**494**	**6**	**2,018**	**9**	**3,999**

1 Include transfers and listings by introduction
2 The Chinese markets have been closed for IPOs since Q4 2012
3 2012 excludes IHH Healthcare, which has been included in Malaysia as its primary market listing

Contacts

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, Norway, Romania and Turkey) on a quarterly basis. Movements between markets on the same exchange, re-admissions, reverse takeovers and greenshoe offerings are excluded. The IPO Watch Europe 2013 collates data from the quarterly surveys conducted between 1 January and 31 December 2013, capturing new market listings based on their listing date.

Certain figures contained in this report are subject to rounding adjustments. In addition, in certain instances, the sum of the numbers in a column or a row, in tables contained in this report may not conform exactly to the total figure given for that column or row and certain percentage changes may be based on more detailed underlying data than that shown in the table.

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All of the graphs, tables, and data used within this publication have been collated or extracted by PwC's IPO centre research and intelligence team.

In collating and extracting this information, we rely upon data provided directly by various exchanges, and extracted from the World Federation of Exchanges website and Dealogic. We do not carry out any confirmation procedures on that information.

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