
IPO Watch

Europe Q3 2014



€6.6bn

IPO proceeds raised in Q3 2014 (excl. greenshoe)

€40.3bn proceeds raised YTD 2014

76 IPOs

Companies listed in Q3 2014

289 companies listed YTD 2014

€207m

Average offering value YTD 2014



COMING SOON

Outlook for Q4 2014:

- Q3 European markets were relatively quiet, however we have seen €4.3bn of proceeds raised in the first week of October.
- We expect Q4 issuances to represent a variety of sectors, with financials featuring prominently.
- Building on the success of last year PE backed companies continue to access the IPO market, accounting for over 60% of all proceeds raised in 2014. We expect this trend to continue for the rest of the year.
- We also continue to see a pick up in M&A activity which provides a viable alternative for companies in a highly competitive IPO market.
- We expect IPO proceeds for the last quarter of 2014 to be the highest fourth quarter since 2007 although prospects for the European IPO pipeline look choppy.

Contents

European IPO trends	3
Market volatility and performance	5
Pricing and performance of top five European IPOs	6
Exchange activity by value	7
Exchange activity by volume	8
Top ten IPO in Europe	9
IPOs by sector	10
UK focus – Overview	11
UK focus – Relative performance of London IPOs in 2014	12
UK focus – Private equity and industry trends	13
US and Hong Kong domestic activity	14
Appendix – IPOs by market	15
About IPO Watch Europe	16

European IPO trends

Q3 is a traditionally quiet quarter with 76 IPOs in Europe raising €6.6bn

Figure 1: Quarterly European IPO activity by value and volume

	YTD 2013	Q1 2014	Q2 2014	Q3 2014	YTD 2014
Total European listings comprise those with:					
Less than \$5m raised	91	19	34	29	82
Greater than \$5m raised	82	49	111	47	207
Total number of listings	173	68	145	76	289
Money raised excl. greenshoe (€m)	11,676	11,391	22,325	6,615	40,331
Exercised greenshoe (€m)	499	871	1,284	513	2,668
Total money raised (€m)	12,175	12,262	23,609	7,128	42,999
Average offering value (€m)*	148	250	213	152	207
Total number of withdrawn IPOs	9	3	15	10	28

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

“The European IPO market performed strongly in the traditionally quiet third quarter against a backdrop of geo-political uncertainty in the Ukraine and the Middle East and, closer to home, the Scottish Referendum. Whilst we have seen a promising start to the final quarter with a number of large IPOs completing, there are a number of warning signs on the horizon. However, if the markets continue to be receptive to IPOs, I expect the fourth quarter to surpass the €15 billion raised in Q4 2013.”

Mark Hughes

Partner in the UK Capital Markets Group

European IPO trends (cont'd)

European IPO proceeds were the highest YTD performance since 2007, with €40.3bn raised

Figure 2: YTD European IPO activity **

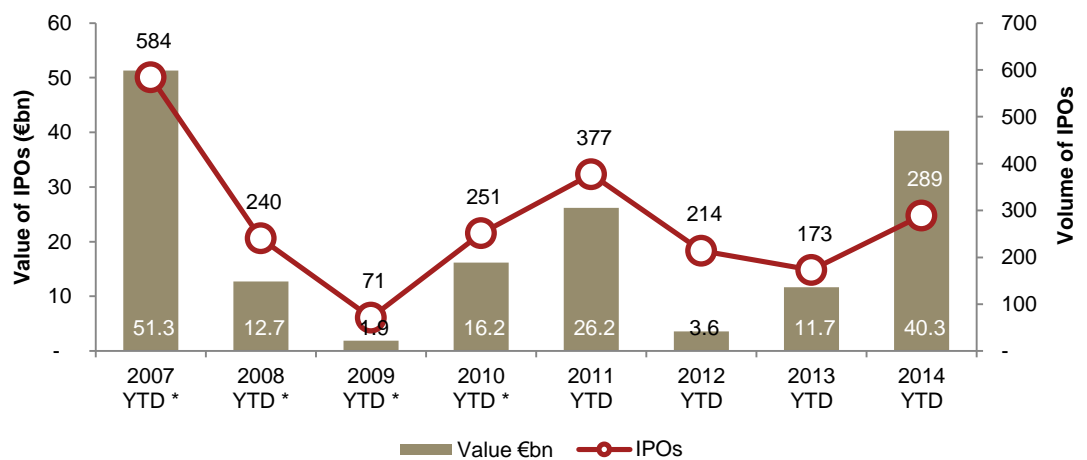
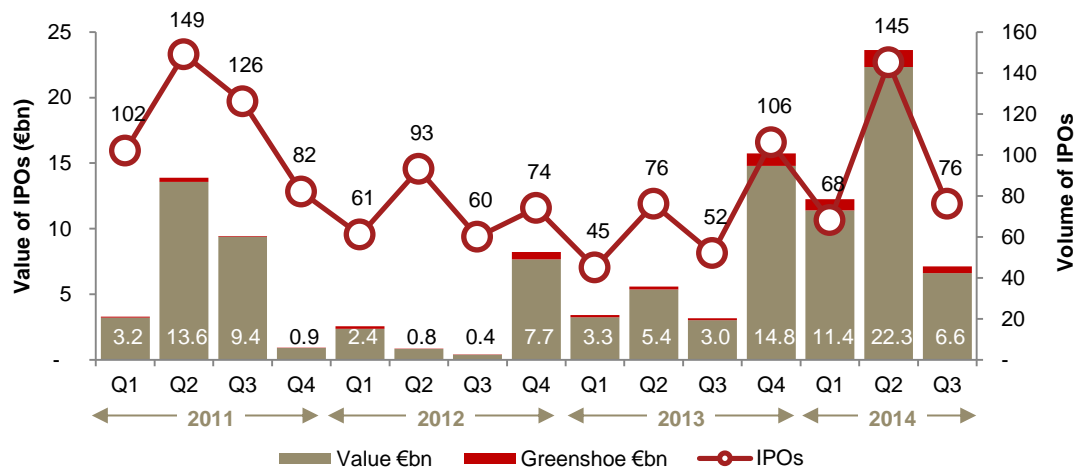


Figure 3: Quarterly European IPO activity **



*Excludes IPOs on Borsa Istanbul and Bucharest

** Excludes greenshoe

Market volatility and performance

Against a backdrop of global geo-political unrest, volatility has increased at the end of the third quarter

Figure 4: Volatility compared to IPO proceeds

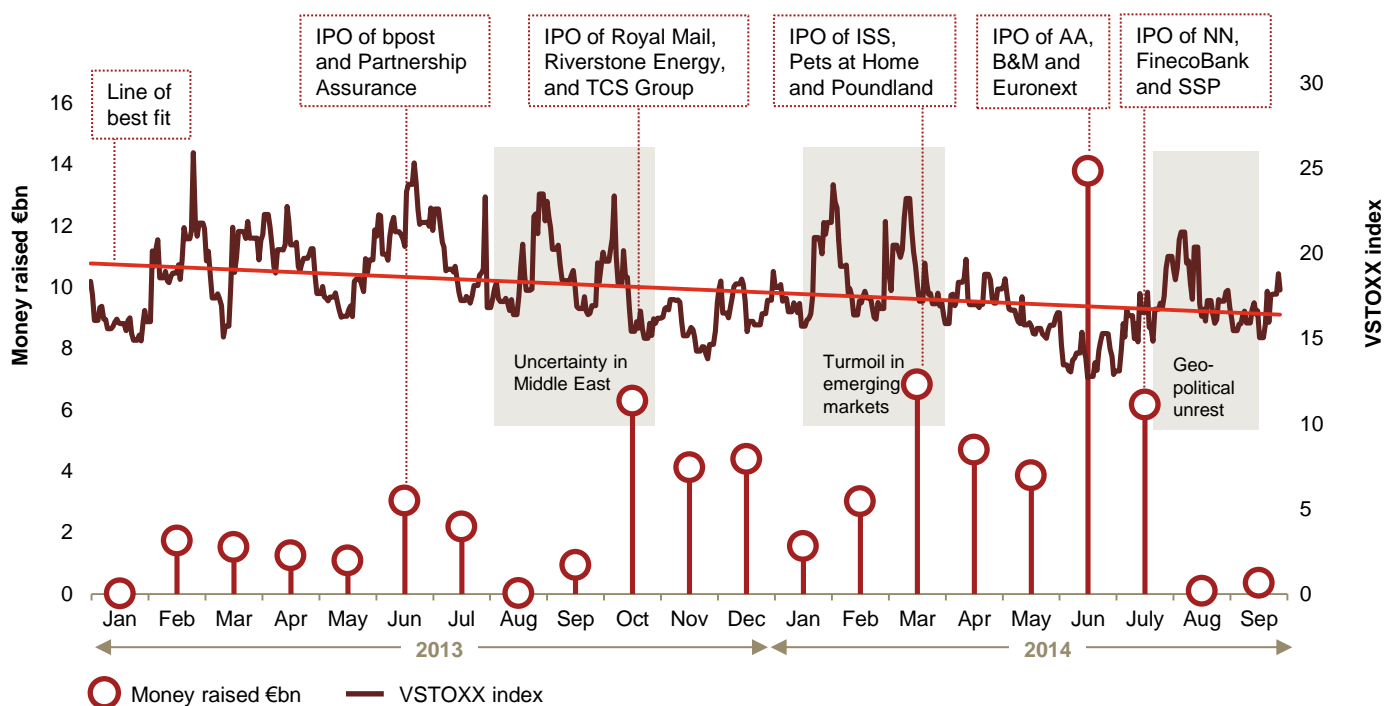
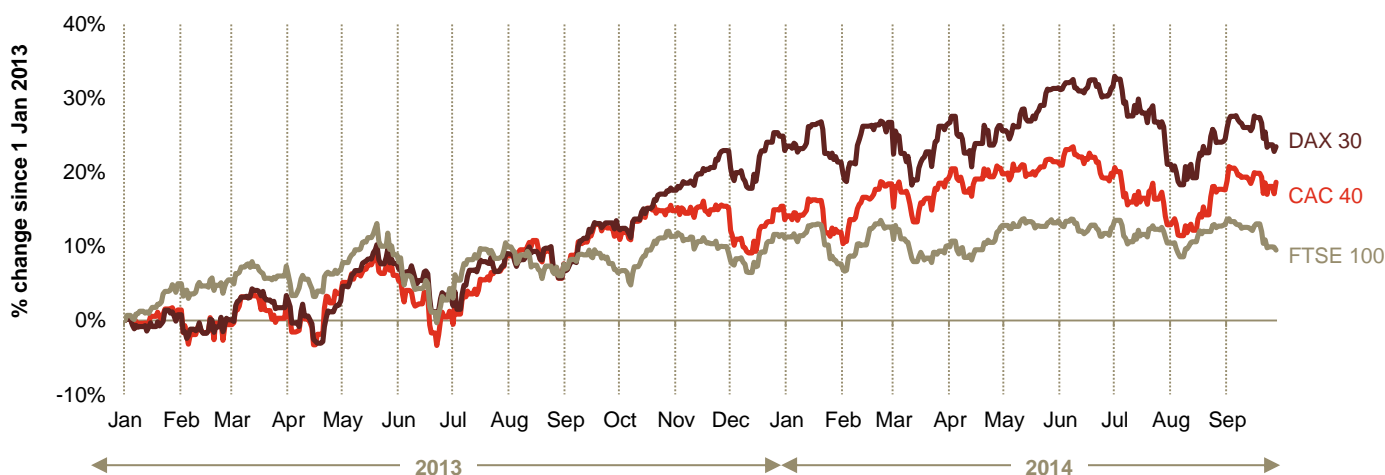


Figure 5: Historical performance of major market indices since January 2013



Pricing and performance of top five European IPOs

All the top five IPOs in Q3 2014 priced at the mid to low point of the price range, yet have outperformed the market by the quarter end

Figure 6: Top five IPOs (Q3 2014) *

	NN Group	FinecoBank	SSP Group	Logista	Electrica
Exchange	Euronext	Borsa Italiana	London	BME (Madrid)	Bucharest
IPO date	07-Jul-14	02-Jul-14	10-Jul-14	14-Jul-14	04-Jul-14
PE backed	Yes	No	Yes	No	No
Money raised (€m)**	€1,771	€774	€697	€518	€444
Price range	€18.50 - €22.00	€3.50 - €4.40	£2.00 - £2.40	€12.50 - €15.50	RON11.00 - RON13.50

* Excludes investment funds

** Includes greenshoe

Figure 7: IPO price versus range

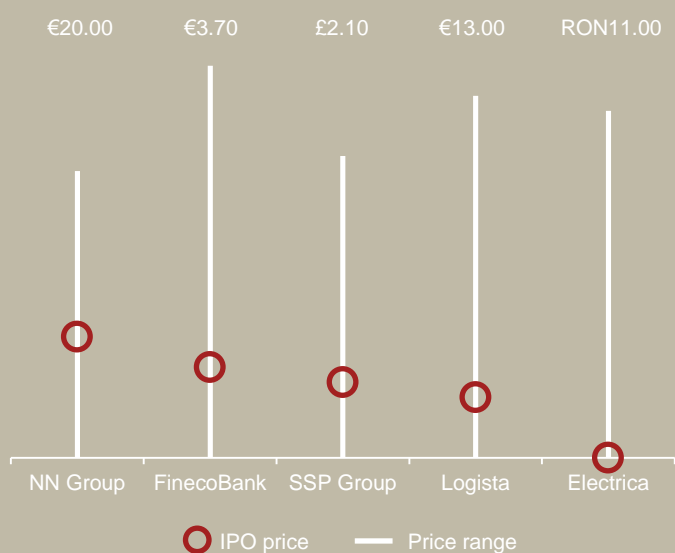
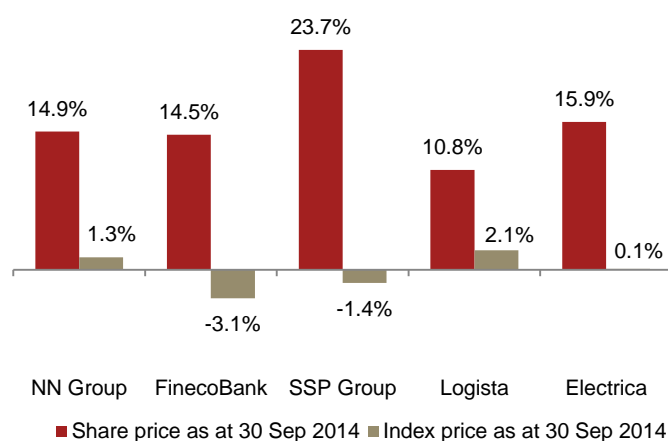


Figure 8: Performance



Note: Relative to the main index of the domestic exchange

Exchange activity by value

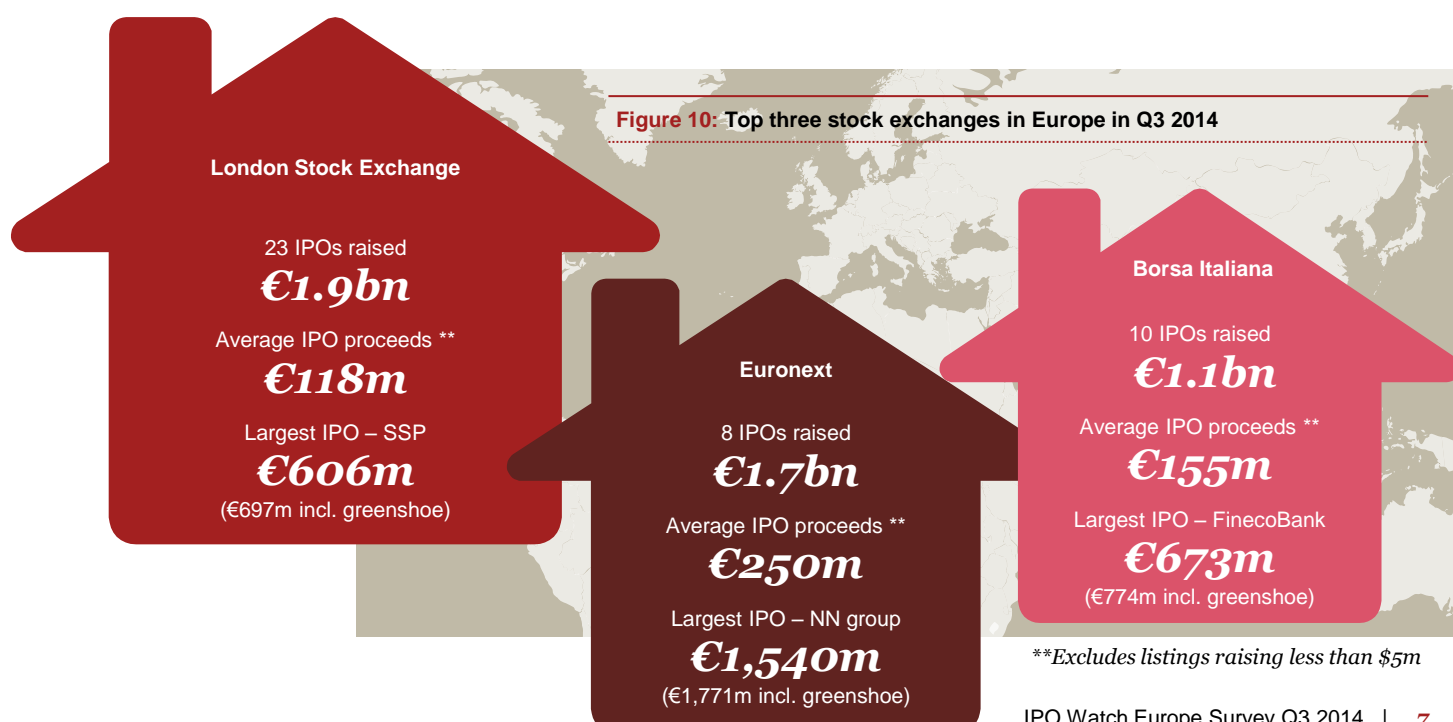
72% of proceeds in Q3 2014 were raised on the top three stock exchanges with London remaining the busiest with €1.9bn proceeds raised

Figure 9: IPO offering value by stock exchange*

Stock exchange offering value (€m)	YTD 2013	Q1 2014	Q2 2014	Q3 2014	YTD 2014
London Stock Exchange	6,215	5,925	9,942	1,899	17,766
NYSE Euronext	968	2,113	4,457	1,747	8,317
Borsa Italiana	383	72	1,154	1,088	2,314
BME (Spanish Exchange)	2	900	2,731	871	4,502
Bucharest	-	-	-	444	444
NASDAQ OMX	371	1,947	1,332	304	3,583
Warsaw	117	18	89	161	268
Oslo Børs & Oslo Axess	462	147	239	53	439
Athens Stock Exchange	-	-	-	35	35
Deutsche Börse	2,379	-	857	11	868
Borsa Istanbul	434	4	39	2	45
SIX Swiss Exchange	-	-	1,073	-	1,073
Irish Stock Exchange	310	265	218	-	483
Wiener Börse	-	-	194	-	194
Luxembourg	35	-	-	-	-
Total	11,676	11,391	22,325	6,615	40,331

*Excludes greenshoe

Figure 10: Top three stock exchanges in Europe in Q3 2014



Exchange activity by volume

Eight exchanges hosted five or more IPOs, indicating the continued appetite for new equity offerings throughout Europe

Figure 11: IPO volume by exchange

Stock exchange offering volume	YTD 2013	Q1 2014	Q2 2014	Q3 2014	YTD 2014
London Stock Exchange	63	32	54	23	109
Borsa Italiana	9	5	7	10	22
Warsaw	41	10	6	10	26
NYSE Euronext	15	6	22	8	36
NASDAQ OMX	18	7	26	7	40
Deutsche Börse	7	1	6	5	12
Oslo Børs & Oslo Axess	6	2	5	5	12
BME (Spanish Exchange)	2	2	4	5	11
Borsa Istanbul	5	2	6	1	9
Bucharest Stock Exchange	-	-	-	1	1
Athens Stock Exchange	-	-	-	1	1
SIX Swiss Exchange	-	-	5	-	5
Irish Stock Exchange	1	1	2	-	3
Wiener Börse	1	-	2	-	2
Luxembourg	5	-	-	-	-
Total	173	68	145	76	289

"London IPO volume in the third quarter was negatively impacted by the Scottish vote, with just 23 IPOs successfully listing, significantly lower than expected. Although there remains a healthy pipeline moving into Q4, especially from PE backed companies, we expect that companies will need a strong and clear equity story to stand out from the crowd to grab investors' attention."

Vivienne Maclachlan

Director in the UK Capital Markets Group

Top ten IPOs in Europe

The largest IPOs of the quarter raised 83% of all proceeds, with a wide spread of listing destinations across Europe

Figure 12: Top ten IPOs (value)

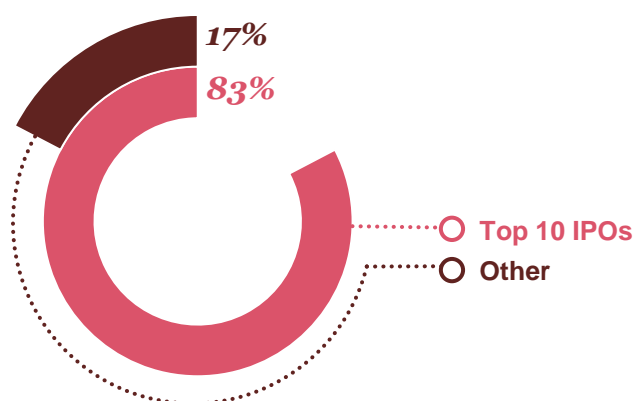


Figure 13: Top ten IPOs

Ten largest IPOs of Q3 2014	€m (excl. greenshoe)	€m (incl. greenshoe)	Sector	Market	Country of origin	PE backed
NN Group	1,540	1,771	Financials	Euronext	Netherlands	No
FincoBank	673	774	Financials	Borsa Italiana	Italy	No
SSP Group	606	697	Consumer Services	London	United Kingdom	Yes
Logista	471	518	Industrials	BME	Spain	No
Electrica	444	444	Utilities	Bucharest	Romania	No
Spire Healthcare Group	399	437	Health Care	London	United Kingdom	Yes
Axia Real Estate	360	360	Financials	BME	Spain	No
Fincantieri	351	351	Industrials	Borsa Italiana	Italy	No
Inwido	279	279	Industrials	OMX	Sweden	Yes
Blackstone / GSO Loan Financing	261	261	Financials	London	United Kingdom	No
Total	5,384	5,892				

Ten largest IPOs of H1 2014	€m (excl. greenshoe)	€m (incl. greenshoe)	Sector	Market	Country of origin	PE backed
AA	1,733	1,733	Consumer Services	London	United Kingdom	Yes
B&M European Value Retail	1,336	1,456	Consumer Services	London	United Kingdom	Yes
Altice	1,305	1,501	Telecommunications	Euronext	France	No
Merlin Properties	1,250	1,292	Financials	BME	Spain	No
Applus Services	1,100	1,210	Industrials	BME	Spain	Yes
ISS	1,098	1,263	Industrials	OMX	Denmark	Yes
Kennedy Wilson Europe Real Estate	1,017	1,128	Financials	London	United Kingdom	No
Elior	847	954	Consumer Services	Euronext	France	Yes
Euronext	845	845	Financials	Euronext	Netherlands	No
Coface	832	951	Financials	Euronext	France	No
Total	11,363	12,333				

IPOs by sector

More than 80% of all proceeds were raised by Financials, Industrials and Consumer Services, with Financials leading the way

Figure 14: IPO value by sector*

Stock exchange offering value (€m)	YTD 2013	Q1 2014	Q2 2014	Q3 2014	YTD 2014	% of total YTD 2014
Financials	6,782	3,100	6,876	3,132	13,108	33%
Industrials	1,734	2,745	4,367	1,326	8,438	21%
Consumer Services	721	3,153	6,935	827	10,915	27%
Utilities	0	25	2	611	638	2%
Health Care	368	435	661	500	1,596	4%
Oil & Gas	371	391	385	107	883	2%
Technology	72	19	970	93	1,082	3%
Consumer Goods	601	0	942	18	960	2%
Basic Materials	1,027	9	541	1	551	1%
Telecommunications	0	1,514	646	0	2,160	5%
Total value (€m)*	11,676	11,391	22,325	6,615	40,331	100%

*Excludes greenshoe

**Excludes listings raising less than \$5m

“The big story this quarter was one of demergers. NN Group, the Dutch insurance division spun out of ING Bank, was the largest European IPO, and we also saw listings of FinecoBank in Italy, Citizen Financials in the US and, in the previous quarter, TSB Bank here in the UK. These large and usually complex transactions have been primarily driven by regulatory requirements, and we expect this trend to continue.”

Richard Weaver

Partner and Head of the UK Capital Markets Group



Financials

14 IPOs raised in Q3

€3,132m *

Average IPO proceeds **

€347m

Largest IPO – NN Group

€1,540m

(€1,771m incl. greenshoe)



Industrials

13 IPOs raised in Q3

€1,326m *

Average IPO proceeds **

€147m

Largest IPO – Logista

€471m

(€518m incl. greenshoe)



Consumer Services

11 IPOs raised in Q3

€827m *

Average IPO proceeds **

€103m

Largest IPO - SSP

€606m

(€697m incl. greenshoe)

UK focus – Overview

In London, 23 companies raised €1.9bn in Q3 2014, in line with the same period in 2013, although 19% of Q2 2014

Figure 15: London IPO trends - value

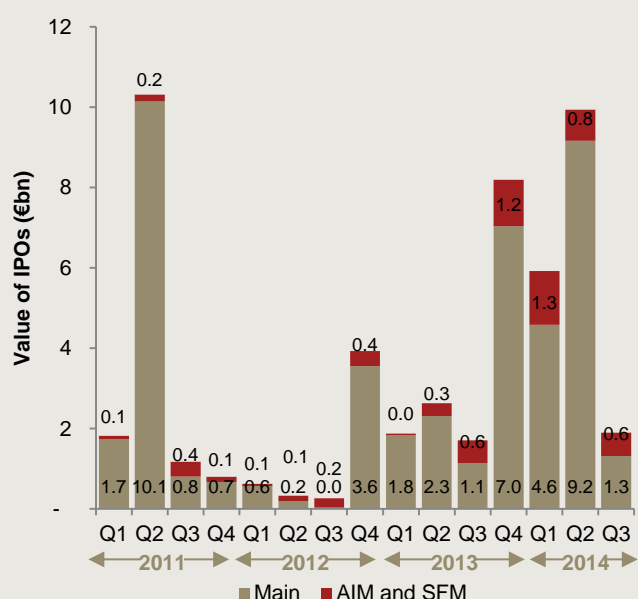


Figure 16: London IPO trends - volume

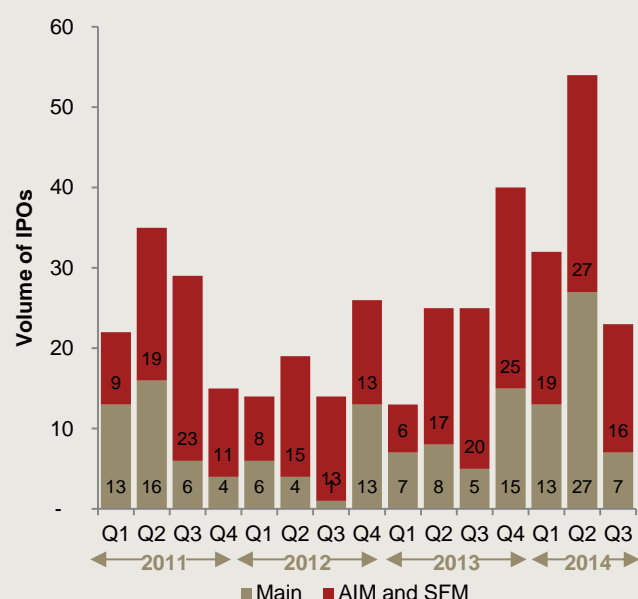


Figure 17: Five largest UK IPOs of Q3 2014

	Proceeds *		Sector	Market	Country	PE backed
	€m	£m				
SSP Group	€606m	£482m	Consumer Services	Main	UK	Yes
Spire Healthcare Group	€399m	£315m	Health Care	Main	UK	Yes
Blackstone / GSO Loan Financing	€261m	£206m	Financials	SFM	Jersey	No
SQN Asset Finance Income Fund	€189m	£150m	Financials	Main	Guernsey	No
Epwin Group	€118m	£94m	Industrials	AIM	UK	No

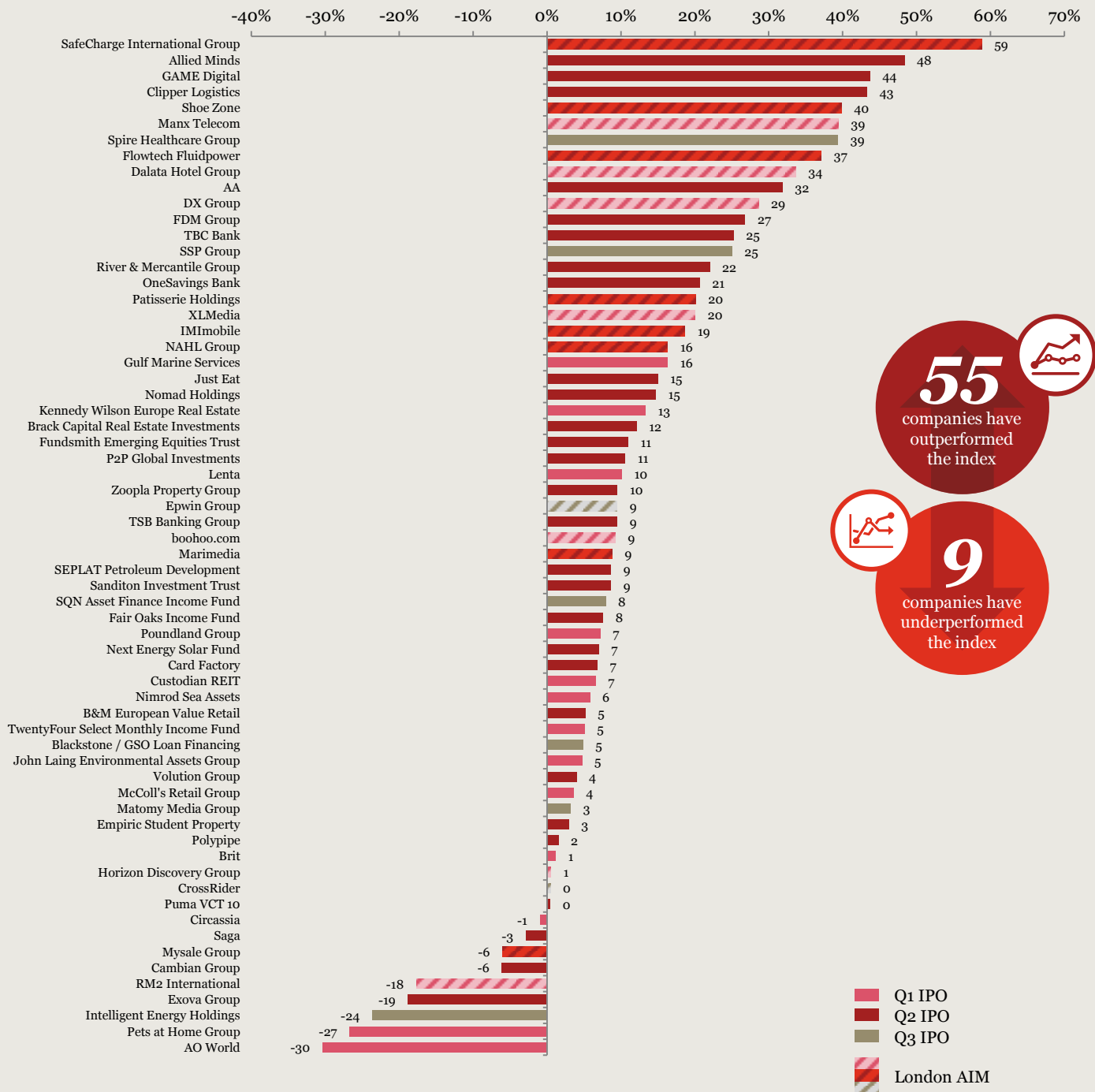
Figure 18: Five largest UK IPOs H1 2014

	Proceeds *		Sector	Market	Country	PE backed
	€m	£m				
AA	€1,733m	£1,385m	Consumer Services	Main	UK	Yes
B&M European Value Retail	€1,336m	£1,080m	Consumer Services	Main	Luxembourg	Yes
Kennedy Wilson Europe Real Estate	€1,017m	£840m	Financials	Main	UK	No
Lenta	€696m	£571m	Consumer Services	Main	Russia	Yes
Saga	€678m	£550m	Consumer Services	Main	UK	Yes

* Excludes greenshoe

UK focus - Relative performance of London IPOs in 2014

Figure 19: Share price performance of London IPOs relative to the FTSE all share index



Note: Threshold of \$50m | Relative performance based on the FTSE All Share Index for Main Market and FSM listed companies and FTSE AIM All Share index for AIM listed companies

Source: Dealogic and Thomson Reuters as of 30 September 2014

UK focus - Private equity and industry trends

2014 PE activity highest on record with 56% of all proceeds raised by PE backed companies

Figure 20: PE-backed vs non PE-backed IPO trends in London*

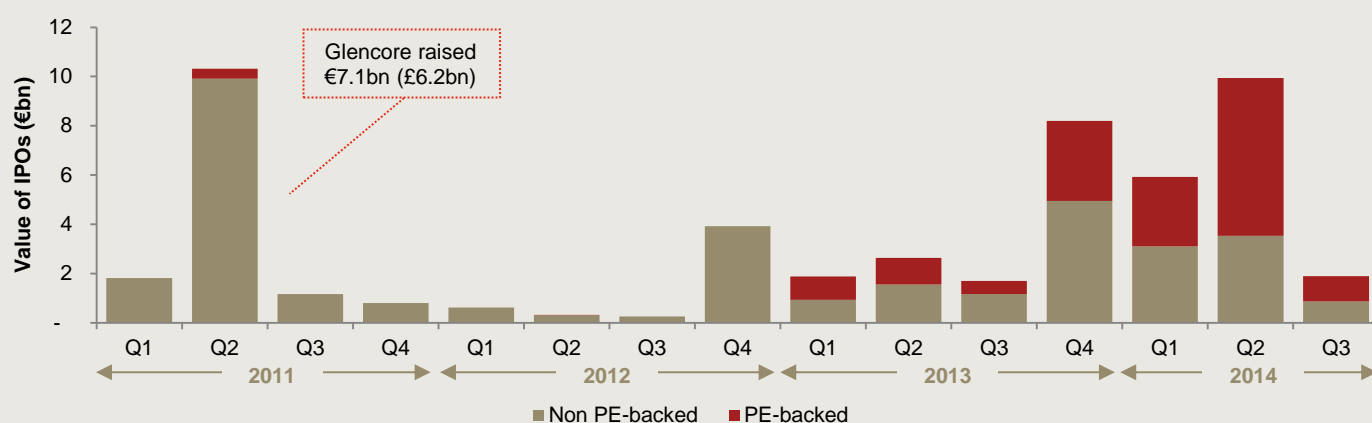


Figure 21: Five largest UK PE IPOs YTD 2014

	Proceeds *		Sector	Market	Country	PE backed
	€m	£m				
AA	€1,733m	£1,385m	Consumer Services	Main	UK	Yes
B&M European Value Retail	€1,336m	£1,080m	Consumer Services	Main	UK	Yes
Lenta	€696m	£571m	Consumer Services	Main	Russia	Yes
Saga	€678m	£550m	Consumer Services	Main	UK	Yes
SSP Group	€606m	£482m	Consumer Services	Main	UK	Yes

Figure 22: London IPO value by sector *

Stock exchange offering value (€m)	YTD 2013	Q1 2014	Q2 2014	Q3 2014	YTD 2014	% of total YTD 2014
Consumer Services	92	2,861	5,387	742	8,990	51%
Financials	4,450	1,814	2,439	455	4,708	27%
Health Care	317	276	235	448	959	5%
Industrials	298	528	965	118	1,611	9%
Oil & Gas	65	237	365	107	709	4%
Technology	31	0	366	13	379	2%
Utilities	0	0	0	12	12	0%
Consumer Goods	270	0	173	3	176	1%
Basic Materials	692	0	10	1	11	0%
Telecommunications	0	209	2	0	211	1%
Total value (€m) *	6,215	5,925	9,942	1,899	17,766	100%

* Excludes greenshoe

US and Hong Kong domestic activity

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

Figure 25: US and Hong Kong overview

Stock exchange	YTD 2013		Q1 2014		Q2 2014		Q3 2014		YTD 2014	
	IPOs	Offering value (€m)*	IPOs	Offering value (€m)*	IPOs	Offering value (€m)*	IPOs	Offering value (€m)*	IPOs	Offering value (€m)*
Europe	173	11,676	68	11,391	145	22,325	76	6,615	289	40,331
US	160	24,874	71	8,007	89	15,641	68	28,705	228	52,353
Hong Kong	43	5,641	25	4,334	27	3,296	37	4,767	89	12,397

* Excludes greenshoe

- In the US, the Q3 IPO market was the slowest quarter of 2014, with only 68 IPOs, compared to 89 IPOs in Q2 and 71 in Q1. Activity slowed to a trickle for the 3 weeks prior to the Alibaba IPO while investors sat back and waited to see how this mega-IPO would fare. Since the Alibaba IPO, the market window has been well and truly open with an additional 14 companies coming to market
- Healthcare continues to provide the most IPOs (31), representing about half of Q3 IPOs by volume, but the prevalence of smaller biotech and biopharma deals brought the average deal size down. Financials is the second most popular sector with 13 IPOs in Q3, but with significantly higher average deal sizes. Technology led the sectors in the most capital raised due to Alibaba.
- In Hong Kong, Q3 was the busiest quarter YTD with 37 IPOs raising €4.8bn bringing the total YTD IPOs to 89, raising €12.4bn

Appendix - IPOs by market

Figure 26: IPOs by market

Stock exchange	YTD 2013		Q1 2014		Q2 2014		Q3 2014		YTD 2014	
	IPOs	Offering value (€m)*	IPOs	Offering value (€m)*	IPOs	Offering value (€m)*	IPOs	Offering value (€m)*	IPOs	Offering value (€m)*
TOTAL										
London Stock Exchange	63	6,215	32	5,925	54	9,942	23	1,899	109	17,766
NYSE Euronext	15	968	6	2,113	22	4,457	8	1,747	36	8,317
Borsa Italiana	9	383	5	72	7	1,154	10	1,088	22	2,314
BME (Spanish Exchange)	2	2	2	900	4	2,731	5	871	11	4,502
Bucharest	-	-	-	-	-	-	1	444	1	444
NASDAQ OMX	18	371	7	1,947	26	1,332	7	304	40	3,583
Warsaw	41	117	10	18	6	89	10	161	26	268
Oslo Børs & Oslo Axess	6	462	2	147	5	239	5	53	12	439
Athens Stock Exchange	-	-	-	-	-	-	1	35	1	35
Deutsche Börse	7	2,379	1	-	6	857	5	11	12	868
Borsa Istanbul	5	434	2	4	6	39	1	2	9	45
SIX Swiss Exchange	-	-	-	-	5	1,073	-	-	5	1,073
Irish Stock Exchange	1	310	1	265	2	218	-	-	3	483
Wiener Börse	1	-	-	-	2	194	-	-	2	194
Luxembourg	5	35	-	-	-	-	-	-	-	-
Total	173	11,676	68	11,391	145	22,325	76	6,615	289	40,331
EU-REGULATED										
NYSE Euronext (Euronext)	10	892	6	2,113	14	4,410	6	1,739	26	8,262
London Main	20	5,290	14	4,637	27	9,165	7	1,318	48	15,120
Borsa Italiana (Main)	1	269	-	-	2	1,121	2	1,024	4	2,145
BME (Spanish Exchange) (Main)	1	-	2	900	3	2,726	2	831	7	4,457
Bucharest	-	-	-	-	-	-	1	444	1	444
NASDAQ OMX (Main)	6	356	4	1,945	7	1,042	1	279	12	3,266
Warsaw (Main)	6	108	2	17	3	88	3	157	8	262
Athens Stock Exchange	-	-	-	-	-	-	1	35	1	35
Oslo Børs	3	435	2	147	2	204	2	17	6	368
Deutsche Börse (Prime and General Standard)	6	2,379	1	-	4	857	4	10	9	867
SIX Swiss Exchange	-	-	-	-	5	1,073	-	-	5	1,073
Irish Stock Exchange (Main)	1	310	-	-	1	200	-	-	1	200
Wiener Börse	1	-	-	-	2	194	-	-	2	194
EU-regulated sub-total	55	10,039	31	9,759	70	21,080	29	5,854	130	36,693
EXCHANGE-REGULATED										
London AIM and SFM	43	925	18	1,288	27	777	16	581	61	2,646
Borsa Italiana (AIM)	8	114	5	72	5	33	8	64	18	169
BME (Spanish Exchange) (MAB)	1	2	-	-	1	5	3	40	4	45
Oslo Axess	3	27	-	-	3	35	3	36	6	71
NASDAQ OMX (First North)	12	15	3	2	19	290	6	25	28	317
NYSE Euronext (Alternext)	5	76	-	-	8	47	2	8	10	55
Warsaw (NewConnect)	35	9	8	1	3	1	7	4	18	6
Borsa Istanbul	5	434	2	4	6	39	1	2	9	45
Deutsche Börse (Entry Standard)	1	-	-	-	2	-	1	1	3	1
Irish Stock Exchange (ESM)	-	-	1	265	1	18	-	-	2	283
Luxembourg (EuroMTF)	5	35	-	-	-	-	-	-	-	-
Exchange-regulated sub-total	118	1,637	37	1,632	75	1,245	47	761	159	3,638
Europe total	173	11,676	68	11,391	145	22,325	76	6,615	289	40,331

* Excludes greenshoe



Contacts

About IPO Watch Europe

IPO Watch Europe surveys all new primary market equity IPOs on Europe's principal stock markets and market segments (including exchanges in Austria, Belgium, Denmark, France, Germany, Greece, the Netherlands, Ireland, Italy, Luxembourg, Norway, Poland, Portugal, Romania, Spain, Sweden, Switzerland, Turkey and the UK) on a quarterly basis. Movements between markets on the same exchange are excluded.

This survey was conducted between 1 July and 30 September 2014 and captures IPOs based on their first trading date. All market data is sourced from the stock markets themselves and has not been independently verified by PricewaterhouseCoopers LLP.

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