

IPO Watch Europe Survey Q4 2009 (October – December): Full Analysis

IPO Watch Europe, the PricewaterhouseCoopers survey tracking the volume and value of IPOs around Europe, recorded a distinct upturn in activity in the fourth quarter (October to December) of 2009, with both value and volume rising markedly over the previous quarter.

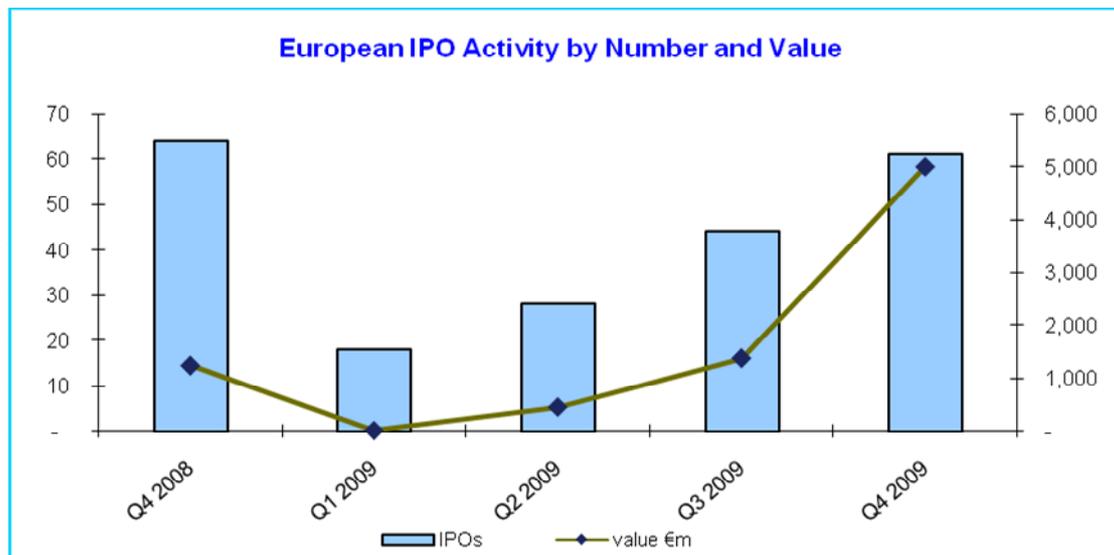
It is not unusual for a year's final period to experience a surge of IPOs and this quarter was the most active since the final quarter of 2008, with 61 companies listing on European exchanges, a 39% increase on the 44 IPOs in the third quarter of 2009.

A total of €4,994m was raised in Q409 which was over four times as much as the previous quarter which saw €1,375m raised. The largest two IPOs accounted for 49% of the total money raised this quarter. PGE Polska Grupa Energetyczna raised €1,407m on the Warsaw Stock Exchange while Delta Lloyd NV raised €1,016m on NYSE Euronext.

The average offering value more than doubled from €43m in the third quarter of 2009 to €92m in the current quarter. This is almost a three-fold increase compared with €36m in the same period of 2008.

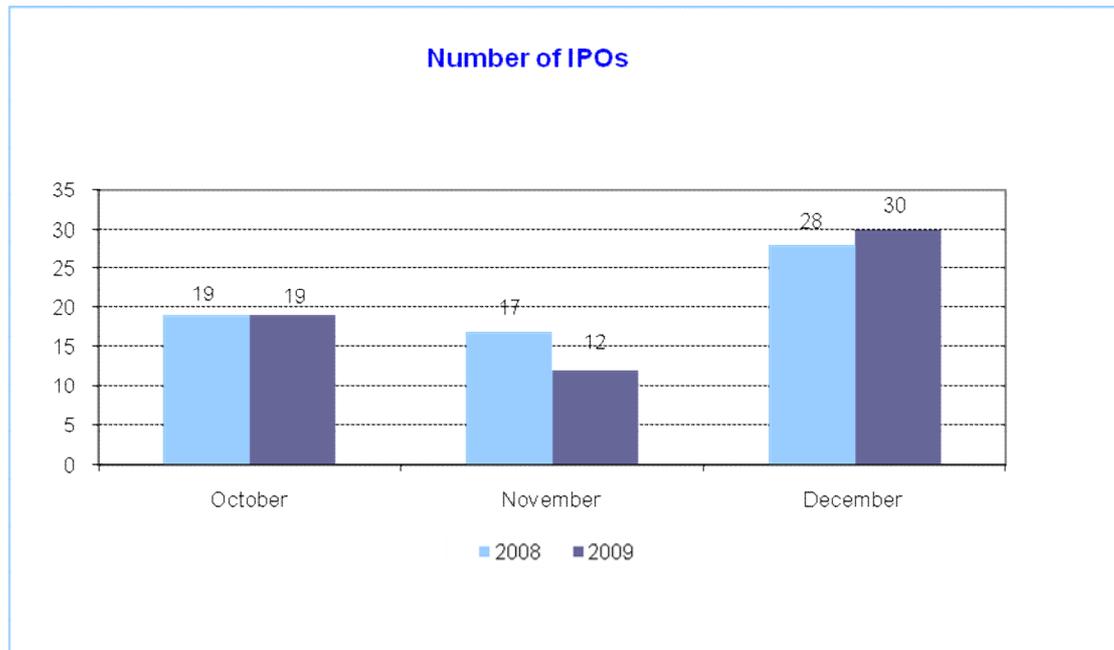
Of the total IPOs in the fourth quarter of 2009, 22 were completed by non-European companies. They raised €1,169m, representing 23% of the value of all IPOs. This proved to be almost double the number of international IPOs in the previous quarter which saw 13 IPOs, while the money raised was 12% less than the €1,322m raised in that quarter.

Looking to the future it is difficult to make firm predictions against what remains a fragile economic background, but with investor sentiment appearing to improve, we continue to believe that there will be a substantial pick-up in IPO activity in the first half of 2010, barring any major unexpected financial shocks. It should be noted that pricing pressure currently remains strong as institutional investors look to strike a hard bargain.



Number of IPOs

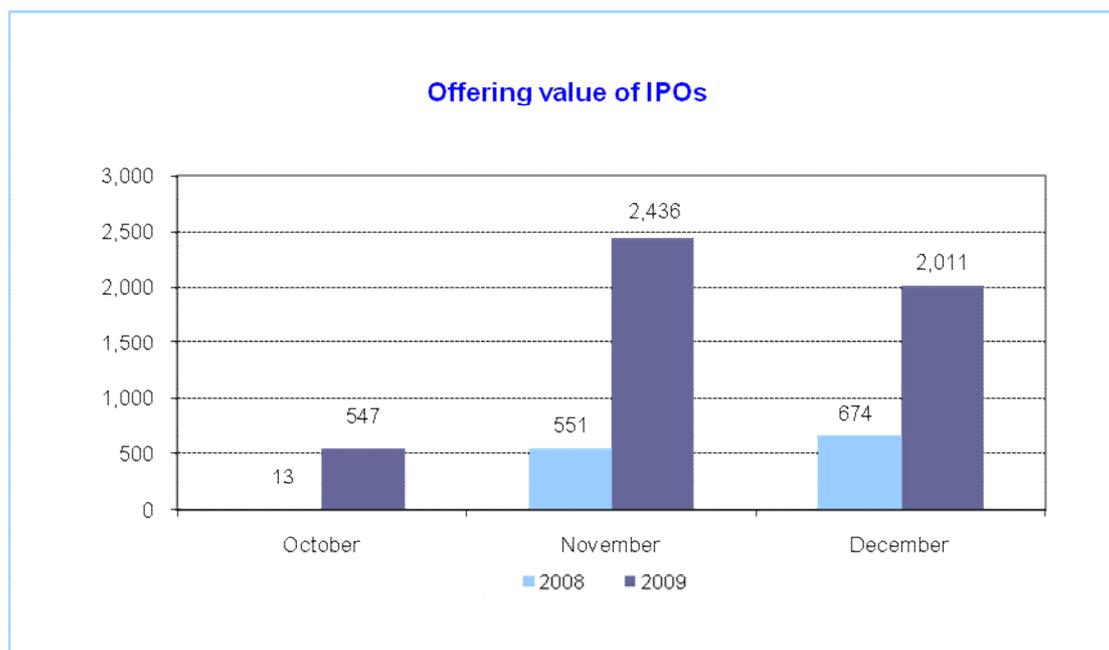
There were 61 IPOs on the European exchanges in the fourth quarter of 2009, a fall of 5% compared to the same period in 2008, which saw 64 IPOs. The volume of IPOs grew compared with this year's third quarter which saw 44 IPOs. This 39% increase reflects the fact that 2009 experienced a steady rise in IPO activity as institutional investor confidence in the global economy slowly started to show signs of recovery.



With 30 IPOs in December alone, the final month of Q409 saw almost the same amount of IPOs as the combined figure for October and November 2009 of 31. Generally in the last quarter of the year, there is a rush to complete transactions before the year end, and the trend proved no different in 2009. The same quarter of 2008 reflected a similar pattern with 28 IPOs in December 2008 and a total of 36 for October and November 2008.

IPO value

There was a marked increase of 263% in the value of IPOs in the current quarter whereby the fourth quarter of 2009 achieved a value of €4,994m, compared to the €1,375m raised in the third quarter of 2009. The same trend is apparent when comparing the value of IPOs between the year-on-year figures, with the fourth quarter of 2009 achieving a figure of just over four times the €1,238m raised in the fourth quarter of the previous year.



The largest IPO in the fourth quarter was PGE Polska Grupa Energetyczna, a Polish energy company which listed on the Warsaw Stock Exchange's (WSE) Main Market and raised €1,407m. The next largest transaction was that of Delta Lloyd NV, a Dutch insurance company which raised €1,016m on NYSE Euronext (Euronext). The value of these two IPOs was more than double that of the two largest IPOs in the fourth quarter of 2008, whereby Resolution raised €660m on London's Main Market, followed by Enea which raised €546m on WSE's Main Market. This reinforces an overall trend of increased IPO activity in the last quarter of 2009.

The largest IPOs for 2009's third quarter were Tata Steel on London's PSM Market and Shin Kong Financial Holding Company on Luxembourg's EuroMTF Market. These two IPOs raised a combined total of €621m, just 44% of the offering value raised by the largest IPO alone in quarter four 2009.

The average offering value for European IPOs raising new money increased by 156% to €92m this quarter compared with €36m in the same period of 2008, and increased by 114% from €43m in the third quarter of 2009.

It is interesting to note that the combined value of the top five IPOs that took place in Q409 accounted for 75% (€3,765m) of the total money raised during the quarter. This left only €1,229m raised by the remaining 56 IPOs.

	Q4 2009	Q4 2008	Q3 2009
Total European listings comprise those with:			
- No money raised	7	30	12
- Money raised	54	34	32
Average offering value (€m)	92	36	43
Average offering value has been calculated based on total offering value over the number of listings raising money.			

IPOs by market

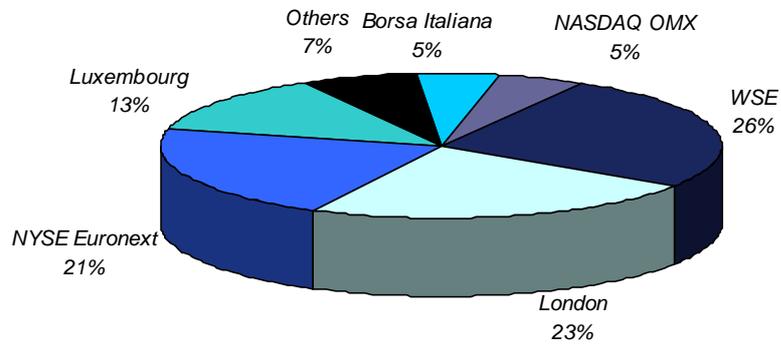
Stock Exchange	IPOs Q4-2009	Offering Value (€m) Q4-2009	IPOs Q4-2008	Offering Value (€m) Q4-2008	IPOs Q3-2009	Offering Value (€m) Q3-2009
TOTAL						
NYSE Euronext	13	1,907	13	6	14	-
WSE	16	1,454	23	555	9	8
London	14	951	12	666	5	449
Luxembourg	8	456	4	-	7	817
Borsa Italiana	3	121	-	-	1	-
Deutsche Börse	1	48	1	-	1	-
NASDAQ OMX	3	38	9	-	2	-
BME (Spanish Exchanges)	1	12	-	-	2	7
Oslo Børs & Oslo Axxess	1	7	2	11	1	84
SIX Swiss Exchange	1	-	-	-	1	-
Athens Stock Exchange	-	-	-	-	1	10
ISE	-	-	-	-	-	-
Wiener Börse	-	-	-	-	-	-
Europe Total	61	4,994	64	1,238	44	1,375
EU REGULATED						
NYSE Euronext (Euronext)	5	1,907	2	5	-	-
WSE (Main)	6	1,454	6	552	1	4
London (Main)	5	563	3	663	2	55
Borsa Italiana (Main)	1	105	-	-	-	-
Deutsche Börse	1	48	-	-	-	-
NASDAQ OMX (Main)	2	38	2	-	1	-
SIX Swiss Exchange	1	-	-	-	1	-
Luxembourg	-	-	3	-	-	-
Athens Stock Exchange	-	-	-	-	1	10
BME (Spanish Exchanges) (Main)	-	-	-	-	1	-
Oslo Børs	-	-	-	-	-	-
ISE	-	-	-	-	-	-
Wiener Börse	-	-	-	-	-	-
EU regulated sub-total	21	4,115	16	1,220	7	69
EXCHANGE REGULATED						
Luxembourg (EuroMIF)	8	456	1	-	7	817
London (AIM)	9	388	9	3	2	39
Borsa Italiana (AIM) (2)	2	16	-	-	1	-
BME (Spanish Exchanges) (MAB)	1	12	-	-	1 (1)	7 (1)
Oslo Axxess	1	7	2	11	1	84
WSE (NewConnect)	10	- (3)	17	3	8	4
NYSE Euronext (Marché Libre)	7	-	9	1	13	-
NASDAQ OMX (First North)	1	-	7	-	1	-
NYSE Euronext (Alternext)	1	-	2	-	1	-
Deutsche Börse (Entry Standard)	-	-	1	-	1	-
London (PSM)	-	-	-	-	1	355
ISE (IEX)	-	-	-	-	-	-
London (SFM)	-	-	-	-	-	-
Exchange regulated sub-total	40	879	48	18	37	1,306
Europe Total	61	4,994	64	1,238	44	1,375
<small>(1) The BME Alternative market opened in March 2008 with the first IPO listing during Q3-2009. (2) Borsa Italiana AIM market opened in December 2008 with the first two IPOs listing during Q2-2009. (3) Cumulatively the WSE NewConnect raised €2m in Q409, however individually each of the NewConnect transactions raised an amount that rounded to nil and the total amount included in the table above is the sum of these rounded values.</small>						
<small>Note: IPOs by market are shown gross of dual listings; however these are netted off in the Europe total number and offering values.</small>						

In the fourth quarter of 2009, NYSE Euronext became the market with the largest offering value, raising €1,907m through 13 IPOs. This accounted for 38% of the total money raised across the major European exchanges, and 21% of the number of transactions. NYSE Euronext ranked third in terms of the volume of transactions, coming in behind the WSE and London. In comparison with previous quarters, NYSE Euronext remains consistent with the number of IPOs seen in the same quarter last year and in 2009's third quarter (at 13 and 14 respectively), although only €6m was generated in Q408 and no value was generated from its activity in Q309.

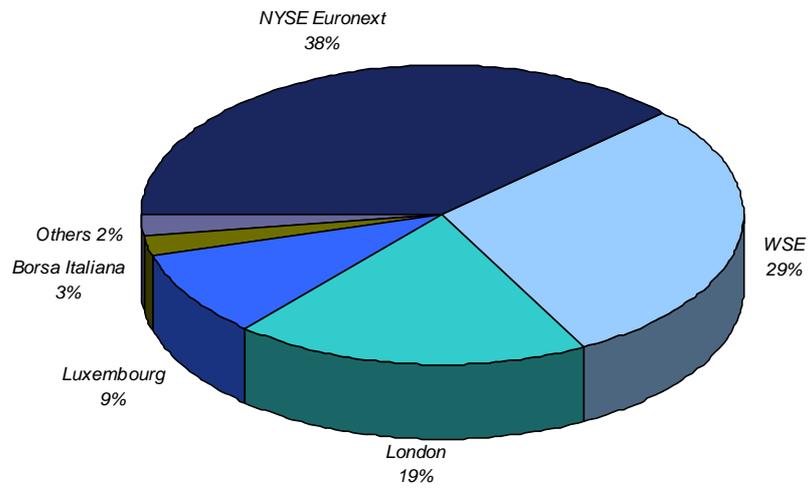
The WSE ranked first for the number of transactions with 16 IPOs (26% of all listings) generating €1,454m, 29% of money raised across all the major exchanges in Europe. The WSE hosted the largest IPO this quarter; PGE Polska Grupa Energetyczna raised €1,407m on the Main Market and accounted for 97% of the total money raised by the WSE this quarter.

As mentioned above, London placed second by number in the fourth quarter with 14 IPOs and 23% of the total number of IPOs. Together, these generated €951m, or 19% of the total value raised in Q409. This compared to the fourth quarter of 2008 when London was ranked first by value, raising €666m, 54% of the total raised but a much lower amount overall.

Total - by number



Total - by value



Top five IPOs

The combined amount raised by the five largest IPOs in quarter four was €3,765m. These companies accounted for 75% of the total raised.

Five largest IPOs of Q4 2009				
	€m raised	Sector	Market	Segment
PGE Polska Grupa Energetyczna	1,407	Utilities	WSE	Main
Delta Lloyd NV	1,016	Insurance	Euronext	Euronext
CFAO	806	Industrial Goods & Services	Euronext	Euronext
Gartmore Group Ltd	378	Investment Company	London	Main
Better Capital Ltd	158	Investment Company	London	AIM

Five largest IPOs of Q4 2008				
	€m raised	Sector	Market	Segment
Resolution Ltd	660	Investment Company	London	Main
Enea	546	Utilities	WSE	Main
Borgestad Industries	11	Industrial Goods & Services	Oslo	Axess
Atrem	6	Industrial Goods & Services	WSE	Main
Foncière Sepric	5	Real Estate	NYSE Euronext	Euronext

Five largest IPOs of Q3 2009				
	€m raised	Sector	Market	Segment
Tata Steel	355	Construction and Materials	London	PSM
Shin Kong Financial Holding Co.	266	Insurance	Luxembourg	Euro MTF
Epistar Corporation	210	Technology	Luxembourg	Euro MTF
KGI Securities Co.	201	Financial Services	Luxembourg	Euro MTF
Polarcus	84	Industrial Goods & Services	Oslo	Axess

International listings on European markets

Non-European companies completed 22 IPOs in the 2009's final quarter; over a third of the total, raising €1,169m. During the same period in 2008, there were seven international IPOs which raised €3m. Therefore, Q409's activity represents a marked increase in both the number of IPOs and their value this quarter and is consistent with a gradual return in confidence in the global economic climate.

In total there were eight Global Depositary Receipt (GDR) offerings raising a total of €456m. This represented 39% of the total money raised by international companies. Luxembourg hosted all of these offerings on its EuroMTF market; they encompassed all of the exchange's IPOs this quarter.

London attracted six IPOs by non-European companies, raising more than Luxembourg with €657m. The IPOs were evenly split across its market segments, three on its Main Market and three on AIM. Four of these were investment companies with the remainder an oil exploration and production organisation with Russian operations and a Singaporean palm oil producer.

NYSE Euronext hosted four international IPOs this quarter, which raised very minimal amounts of money. Two Chinese organisations listed on Euronext's Marché Libre market while a Bermudan-based insurance firm and a Swiss-based international oil and gas engineering company listed on the Euronext market.

OMX had two non-European IPOs – an agricultural company with operations in Russia on First North which raised no money, and a Canadian contact lens manufacturer on its Main Market which raised €1m.

A liquefied natural gas company based in the British Virgin Islands raised €7m on Oslo Axess and a Chinese wireless technology company raised €48m on Deutsche Börse.

The US exchanges

Stock Exchange	IPOs Q4-2009	Offering Value (€m) Q4-2009	IPOs Q4-2008	Offering Value (€m) Q4-2008	IPOs Q3-2009	Offering Value (€m) Q3-2009
NYSE	17	8,381	-	-	8	2,151
NASDAQ	17	3,095	3	189	12	1,865
NYSE Amex	-	-	-	-	-	-
US Total	34	11,476	3	189	20	4,016

In the fourth quarter of 2009 the US exchanges saw an increase in IPO activity with 34 IPOs raising €11,476m, compared with three IPOs raising €189m in the fourth quarter of 2008. This is an eleven-fold increase in volume and an increase in offering value of over sixty times. This large jump in activity was felt across both the NYSE and NASDAQ markets, both of which hosted 17 IPOs. In the same quarter in 2008, NYSE hosted no IPOs at all, whilst in Q309 eight IPOs took place, raising €2,151m, approximately a quarter of the amount raised in Q409. In the same quarter in 2008, NASDAQ hosted three IPOs raising just €189m; whilst in Q309 12 IPOs took place, raising €1,865m. NYSE Amex maintained its level of zero IPOs.

The US attracted seven international IPOs, six from China and one from Brazil. They together raised €5,141m, 45% of the money raised on US exchanges.

Russia

Just as in the fourth quarter of 2008, Russia had two IPOs, but neither raised money. One company was a mining organisation and the other an industrial goods manufacturer. Russia hosted no IPOs in the third quarter of 2009.

2009 overall

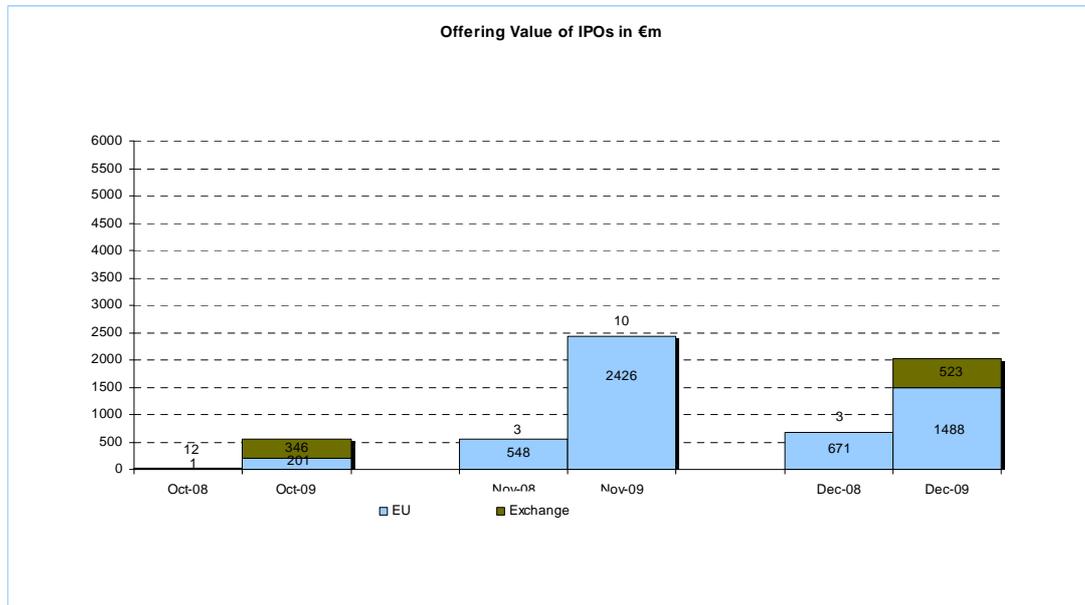
It appears that the major European exchanges are becoming more stable after what has been a disappointing performance over the past year; investor confidence has grown but is nowhere near previous levels. There was a total of 151 IPOs in the year, down 55% when compared to the 337 in 2008. Total offering value in 2009 was €6,834m, 49% of the €13,957m raised in the previous year.

China (mainland and Hong Kong) claimed the top place in 2009 with 172 IPOs raising €42,265m, well ahead of both the US and Europe. Hong Kong hosted 73 IPOs in 2009 raising €22,542m, compared to 49 IPOs in 2008 worth €5,760m. In mainland China (Shanghai and Shenzhen stock exchanges) there were 99 IPOs during the year raising a total of €19,723m, compared to 77 IPOs with a combined value of €10,115m in 2008.

The US exchanges saw 68 IPOs raising €17,212m including the Brazilian Banco Santander IPO in the fourth quarter of 2009 on the NYSE which raised €4,746m and was the largest IPO in the US this year. This puts the US markets in second place behind China (mainland and Hong Kong) but ahead of Europe, and compares to 57 IPOs in 2008 which raised a total of €19,092m.

The European exchanges attracted 46 international IPOs in 2009. They raised €2,516m, a decrease in both the volume and value compared with 2008 which saw 81 IPOs by international companies raising €6,018m. In value terms international IPOs represented 37% of the total European IPOs in 2009. By comparison, the US exchanges had a total of 16 IPOs by non-US companies raising €6,127m representing 36% of total IPOs by value.

Additional tables



Sector	Company IPOs Q4-2009	Company IPOs Q4-2008	Company IPOs Q3-2009
Investment Companies	10	8	3
Technology	10	5	5
Industrial Goods & Services	6	11	6
Oil & Gas	4	-	1
Personal & Household Goods	4	2	1
Basic Resources	3	1	1
Construction & Materials	3	6	4
Financial Services	3	1	2
Health Care	3	3	-
Real Estate	3	6	2
Media	2	1	3
Retail	2	2	2
Telecommunications	2	4	-
Insurance	2	-	1
Food & Beverage	1	3	2
Pharmaceuticals & Biotech	1	1	4
Travel & Leisure	1	3	1
Utilities	1	4	5
Automobiles & Parts	-	2	-
Chemicals	-	1	1
Banks	-	-	-
Mining	-	-	-
Total	61	64	44