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# News Release

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## European IPO markets suffer a dismal fourth quarter marking a five year low in activity

Europe's IPO markets suffered a dismal fourth quarter in 2008, with both value and volume falling markedly from an already poor third quarter, as stock exchanges continued to suffer from the worldwide loss of confidence in the capital markets and global economic crisis. The latest IPO Watch Europe, the PricewaterhouseCoopers survey tracking the volume and value of IPOs around Europe, shows dramatic falls of 96% in the new money raised (from €29,112m in the fourth quarter of 2007 to just €1,238m in fourth quarter of 2008), and of 73% in the number of new listings (64 in the fourth quarter of 2008 compared with 233 a year ago). This marks the lowest level of IPO activity recorded since the first quarter of 2003 which saw market confidence heavily hit by events in the Middle East.

The quarter rounded off a very depressed year for Europe which saw a total of 338 IPOs, down 58% from the 813 recorded in 2007, while total offering value in 2008 was €14,241m, down a massive 82% on the €80,367m raised in the previous year. The US exchanges were also in decline but suffered less, with 57 IPOs raising €19,409m, including the Visa Inc IPO in the first quarter of 2008 on the NYSE which raised €11,510m. As a result the US markets moved into first place by offering value in 2008 ahead of both Europe and Greater China.

The total offering value of IPOs on the European markets in the fourth quarter was €1,238m, a huge drop from the €29,112m raised in the fourth quarter of 2007. The difference was largely accounted for by the much smaller number of IPOs and, in particular, the fall in the number of large transactions. Indeed, the two largest two IPOs accounted for 97% of the total money raised during the quarter, leaving just €32m raised by the remaining 62, reflecting the fact that very few admissions were accompanied by offerings.

The largest IPO of the quarter was that of the Guernsey incorporated special purpose acquisition company, Resolution Limited, raising €660m on London's Main Market, followed by the Polish energy company Enea which raised €546m on the Main Market of the Warsaw Stock Exchange (WSE). Another indicator of the reduced level of IPO activity was the fact that the total offering value of all European IPOs in the fourth quarter of 2008 represented only 30% of the single largest IPO value in the same quarter of 2007.

Richard Weaver, partner in Capital Markets Group, PricewaterhouseCoopers LLP, said:
"The extremely low level of activity on Europe's IPO markets last quarter continued to reflect the poor state of the capital markets generally and the lack of confidence in the wider global economy. There were only two transactions of any note, one in Warsaw and one in London, and in sectors (energy and insurance) that are less exposed to declining consumer confidence. Had it not been for those transactions, the IPO market would have been effectively closed for business last quarter."

Tom Troubridge, head of Capital Markets Group, PricewaterhouseCoopers LLP, added:
"It is extremely hard to predict with any confidence when the IPO market is likely to reopen, given the scale and depth of the economic crisis the world faces. It is only likely to happen when investors see the end of the recession in sight. Capital raising in 2009 is almost certainly going to be dominated by secondary offerings, as companies look to rebuild their balance sheets and reach out to their existing investors with rights issues. This means there will simply not be enough money for significant IPO investments."

“We do not expect any sign of recovery therefore until at least the fourth quarter of this year and even then we would expect that those investors who decide to dip their toes in the water will first want to test the temperature with domestic IPOs, investing in businesses they know best. International IPOs, which have become a strong feature of London and some other markets in the past, are only likely to come back when investors feel more confident about putting their money into higher risk investments.”

**The European exchanges**
Despite the gloomy conditions, London held on to its lead as the largest market in terms of offering value, raising €666m through 12 IPOs and accounting for 53% of the total money raised across the major European exchanges. Of the total money raised in London, 99% related to the largest IPO of the quarter, Resolution Limited. Both the volume and value of London IPO activity saw a major decline from the fourth quarter of 2007, when 80 IPOs raised €9,349m.

However, London’s AIM market, which has been the most active of the exchanges since the IPO Watch Europe survey began, more or less came to a standstill. It hosted only nine IPOs raising just €3m in the fourth quarter of 2008, compared with 54 IPOs in the fourth quarter of 2007 raising €1,848m. Only one transaction raised cash and this was its single non-European IPO, the Malaysian based healthcare company Medilink-Global UK Limited.

The WSE emerged as the second largest market in terms of offering value, raising €555m through 23 IPOs and accounting for 45% of the total money raised across the major European exchanges. Of the total money raised in Warsaw, 98% related to the second largest IPO of the quarter, Enea. Activity in the last quarter represented a reduction in the volume of IPOs for the WSE, but an increase in the offering value compared to the fourth quarter of 2007, which saw 42 IPOs raise a total of €462m.

The Oslo Axess exchange came third in terms of offering value, with two IPOs raising €11m but the Oslo Børs had none. NYSE Euronext was the fourth largest exchange in terms of money raised and the second largest by volume, hosting 13 IPOs which raised €6m. Activity on NYSE Euronext fell markedly compared to the fourth quarter of 2007 when it saw 30 IPOs raise €3,489m. OMX hosted nine IPOs, Luxembourg four and the Deutsche Börse one, none of which raised any money. None of the other European exchanges had any IPO activity this quarter.

**International IPOs**
The flow of international companies coming to the European markets also effectively dried up in the fourth quarter, which saw just seven non-European IPOs raising a total of €3m. This contrasts sharply with the €944m raised by international IPOs in the previous quarter and €7,514m in fourth quarter of 2007. The money raised by non-European companies represented less than 1% of the total money raised, compared to 26% in the fourth quarter of 2007.

In 2008 as a whole, European exchanges attracted 81 international IPOs raising €5,930m, a decline in both volume and value compared with 2007 which saw 126 companies raising €21,431m. In value terms international IPOs accounted for 42% of the total IPOs in Europe in 2008. By comparison, the US exchanges had a total of 17 IPOs by non-US companies raising €1,217m representing just 6% of total IPOs by value.

**The US exchanges**
The US exchanges likewise experienced a huge decline in IPO activity in Q4 with three IPOs raising just €189m, compared with 101 raising €14,080m in the fourth quarter of 2007, 97% down in volume and 99% down in offering value from a year ago. The numbers were also well down on the already depressed levels of IPO activity experienced in the third quarter of 2008. The US attracted no international IPOs in the last quarter.

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