

News Release

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Cautious optimism as European IPO markets start to show signs of recovery

Europe's Initial Public Offering (IPO) markets are starting to show signs of recovery after several dismal quarters, according to the latest PricewaterhouseCoopers LLP IPO Watch Europe survey. In the third quarter of 2009 (July to September), which is traditionally a quiet time for IPO activity, the survey, which tracks the volume and value of IPOs across Europe, recorded 44 IPOs raising €1,799m compared to the 28 which raised just €456m in the previous quarter. The value was only a modest increase over the €1,606m amount raised in the third quarter of 2008.

This increase in IPO activity suggests that investors, who in the first half of the year were mainly putting their money into listed companies looking to strengthen their balance sheets through secondary offerings, are starting to consider the IPO market with more confidence. However, the figures are still very low compared to periods prior to the economic downturn. The volume and value of IPOs in the third quarter of 2009 represents just 24% and 14%, respectively, of the IPO activity seen in Q3 2007, for example.

Richard Weaver, partner, Capital Markets Group, PricewaterhouseCoopers LLP said:

"Judging from the last quarter's activity and discussions we are having with a number of our clients, we believe there is cautious optimism about IPO market recovery. While predicting the future against what remains a fragile economic background is not easy, with investor sentiment appearing to improve, and with a pent up supply of private equity portfolio companies considering an IPO exit, we continue to believe there will be a substantial pick-up in IPO activity in the first half of 2010.

"With some advisers taking the view that there will be a race to market once the IPO window re-opens, our advice to those considering a listing would be to get their preparations under way now and be ready to get their IPO out ahead of the competition."

The number of IPOs in the third quarter was 35% down on the same quarter in the previous year; however the value rose by 12% due to a significant increase in the average amount of new money raised this quarter when compared to both Q3 08 and Q2 09 (67% and 162% respectively). The five largest IPOs during the quarter accounted for 81% of the total money raised during Q3 2009, leaving just €343m raised by the remaining 39.

International companies dominated the listings across the main European exchanges this quarter, accounting for 97% of the total money raised. A total of 13 IPOs by international companies raised €1,746m. These IPOs by non-European companies have in turn been dominated by Global Depositary Receipt (GDR)^[1] offerings. Eight GDR offerings this quarter raised €1,596m.

London continued to lead in terms of IPO value, raising €873m from five listings, two of which were on its Main market, two on AIM and one on the PSM market. This compares with €945m raised from 19 IPOs in the same quarter of 2008. London's share of the European IPO market by value fell from 59% in the third quarter 2008 to 49% in Q3 2009. London hosted the largest IPO of the quarter, that of Rushydro, a Russian power generation company, which raised €424m. The lower level of activity was felt across both London's AIM and Main markets.

The second largest IPO of the quarter was a GDR offering by Tata Steel, an Indian steel production company, which listed on London's PSM market raising €355m. The third largest was a GDR offering by Shin Kong

Financial Holding Co., a Taiwan-based insurance company which listed on Luxembourg's EuroMTF market raising €266m.

Luxembourg was the second largest exchange in terms of IPO value, hosting seven listings which raised a total of €817m, an increase in both volume and money raised compared with the same quarter of 2008 which saw four IPOs raising just €40m. Six of the seven IPOs in Luxembourg were GDR offerings by international companies, two from India and four from Taiwan. Luxembourg continues to remain a dominate market favourite in terms of international companies issuing GDRs in Europe.

Oslo Axess was the third largest exchange in terms of IPO value this quarter hosting one IPO which raised €84m, compared with two IPOs raising €19m in Q3 2008. In fourth place was the Athens Stock Exchange which hosted a single IPO which raised €10m. This was the first IPO on the exchange since the fourth quarter of 2007. The Warsaw Stock Exchange (WSE) was the fifth largest exchange in terms of IPO value and the second largest in volume terms with nine IPOs raising €8m. All but one of these were on the WSE's NewConnect market.

BME (Spanish Exchanges) hosted two IPOs this quarter, one on its Main market which did not raise any money, together with the first listing on its Mercado Alternativo Bursátil (MAB) market which was established in March 2008 and has been modelled on London's AIM market, which raised €7m.

In volume terms NYSE Euronext was the largest exchange with 14 IPOs but together these raised less than €1m. In the same quarter of 2008 it saw 20 IPOs raising €260m. NASDAQ OMX hosted two IPOs this quarter, one on the Main Market and one on the First North market, neither of which raised any money. The SIX Swiss Exchange, Borsa Italiana and Deutsche Börse each hosted one IPO which did not raise any funds. The Wiener Börse and the ISE had no IPO activity this quarter.

In the third quarter of 2009 the US exchanges saw an increase in IPO activity with 20 IPOs raising €4,016m, compared with 11 IPOs raising €935m in Q3 2008, an increase in offering value of over four times. The US attracted five international IPOs, four of which were from China and one from Hong Kong, which together raised €778m. Russia saw no IPO activity this quarter. This compares to six IPOs in the third quarter of 2008, none of which raised any money.

[1] The term GDR offering has been used to refer to both GDR and Global Depositary Share offerings

Notes to Editors:

1. For the full, detailed breakdown of IPO activity on the European exchanges, with accompanying data tables and charts, please see the attached report IPO Watch Europe Survey Q3 2009.

2. Previous IPO Watch Europe Surveys and annual reviews are available at http://www.pwc.co.uk/eng/publications/IPO_Watch_Europe_previous_editions.html

3. 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, Holland, Ireland, Italy, Luxembourg, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the UK) on a quarterly basis. Movements between markets on the same exchange and greenshoe offerings are excluded. This survey was conducted between 1 July and 30 September 2009 and captures new market IPOs based on their transaction date. All market data is sourced from the stock markets themselves and has not been independently verified by PricewaterhouseCoopers LLP.

4. About the Capital Markets Group in London

The Capital Markets Group in London is part of the Assurance practice of PricewaterhouseCoopers LLP. It comprises a core team of specialists who provide a broad range of services to companies and investment banks in connection with London capital market transactions. These include preparations for becoming a public company, selecting the right market and advisory team, assisting with reviewing accounting policies and GAAP conversion projects, advising on regulatory issues and undertaking financial and business due diligence investigations. The Capital Markets Group in London is part of the PricewaterhouseCoopers global network of capital markets specialists.

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