

# News Release

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## **European IPOs in freefall reflecting worldwide loss of confidence in the capital markets**

European IPO activity went into freefall in the July to September quarter, buffeted by the worldwide loss of confidence in the capital markets, according to the findings of the latest PricewaterhouseCoopers IPO Watch Europe survey. The survey, which tracks the volume and value of Initial Public Offerings on Europe's main stock exchanges, showed that in the third quarter, the total offering value of IPOs on the European markets was €1,635m, massively down on the €12,624m raised in the third quarter of 2007. The fall in the total offering value was due to the decline in the number of IPOs and the average money raised due to fewer large transactions. The biggest IPO of the quarter, raising €444m, was that of Commercial Bank of Qatar compared with the listing of Tognum AG, raising €1,800m, which was the largest IPO in the same quarter last year.

In volume terms there were just 69 IPOs, a major decline from the 183 recorded in the same three months of 2007. The average amount of new money raised also dropped to €33m in the third quarter of 2008 from €80m in the same quarter of 2007; also well down from €82m in the second quarter of 2008. The volume of IPOs also fell compared with the disappointing second quarter of 2008 which saw 133 listings.

London remained the largest market in terms of offering value, raising €945m through 19 IPOs. The two largest IPOs of the quarter were on the Main Market in London. The largest was by Commercial Bank of Qatar, raising €444m, which was followed by that of investment company Global Mena Financial Assets Limited, which raised €318m. The third largest IPO was by Caja de Ahorros del Mediterraneo, a Spanish-based bank, raising €292m on Spain's BME; the fourth largest was by Germany1 Acquisitions Ltd, a Dutch investment company, which raised €250m from listing on NYSE Euronext; and the fifth was by Resaca Exploitation Inc, an oil and gas exploitation company headquartered in the US which raised €67m on London's AIM market.

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

"Even by the standards of what is traditionally a very quiet period, IPO market activity over the last three months has been highly subdued. All European markets have been adversely affected by the volatility in the financial markets, with money raised representing only one sixth of that raised in the same quarter of 2007. Despite the global financial crisis and overall unfavourable climate, the top five IPOs of the quarter are dominated by banks and investment companies."

Tom Troubridge, head of Capital Markets Group, PricewaterhouseCoopers LLP, added:

"Market conditions are likely to remain depressed until well into next year as investors remain wary of the highly uncertain financial environment. Many companies that might be considering a float are remaining on the sidelines as they await more positive signs of recovery in the equity markets. The earliest we are likely to see the IPO market reopening is in the second quarter of 2009."

## **International IPOs**

The European markets have continued to attract non-European companies which represent a greater proportion of IPO activity than in previous years. The money raised by non-European companies (choosing London, Luxembourg, NYSE Euronext and Oslo as their destination) represented just over half the total raised on the European exchanges in Q3 of 2008, compared with a little over a fifth in the same quarter of 2007. There were 22 IPOs by non-European companies in the quarter raising a total of €944m, a fall in both volume and value terms from the same quarter a year ago when 24 international IPOs raised €2,652m. .

The Main Market in London attracted four non-European IPO's raising a total of €764m, of which the majority related to the largest two IPOs this quarter being the Commercial Bank of Qatar, a Global Depository Receipts (GDR) offering worth €444m, and the Kuwaiti private equity fund Global Mena Financial Assets Limited €318m. AIM attracted eight non-European IPOs raising €106m, including Resaca Exploitation Inc, a US-based oil and gas company which raised €67m and The Family Shariah Fund Limited, a Cayman Islands-based investment company, which raised €20m.

Luxembourg had five GDR IPOs, raising €69m, all of which were from India. This enabled it to buck the trend somewhat as it represented an increase in both volume and money raised compared with the same quarter of 2007 which saw just two IPOs raising €9m.

NYSE Euronext attracted four non-European IPOs including one on each on its NYSE Euronext (previously called Eurolist) and Alternext markets and two on its Marche Libre market. The Alternext listing was a Chinese utilities company which raised €5m. The two listings on the Marche Libre market raised less than €1m in aggregate and the listing on the NYSE Euronext did not raise any money. Norway's Oslo Børs exchange attracted a US telecommunications company which did not raise any funds.

## **The European exchanges**

Three of the largest IPOs by value were hosted by London and consequently the other markets lagged well behind London in terms of offering value. Activity on London's AIM market was also very subdued compared with the same quarter in 2007; just 10 IPOs raised €108m in the third quarter while 56 IPOs in the same three months of 2007 raised €2,736m.

Spain's BME was the second largest exchange by money raised in the third quarter of 2008, as a result of a single large IPO, that of Caja de Ahorros del Mediterraneo, which raised €292m. BME had no IPOs in the third quarter of 2007 or in the second quarter of 2008.

NYSE Euronext was the third largest by money raised and the largest by volume, with 20 IPOs raising €260m. The majority of the money raised was attributable to the IPO of a Dutch special purpose acquisition company (an investment vehicle set up to raise money from the public in order to acquire existing companies), Germany1 Acquisition Ltd, which raised €250m. Otherwise the exchange followed the downward trend this quarter as overall activity fell compared with the third quarter last year when it saw 34 IPOs raising €1,969m.

Of the other European exchanges, the Swiss exchange SWX hosted two IPOs raising just €12m, the Oslo exchanges, Børs and Axess, together also hosted two IPOs this quarter raising €19m. The offering value on both exchanges was well down on last year's third quarter. The Warsaw Stock Exchange hosted 13 IPOs raising €14m, again a big decline in both volume and value compared to Q3 2007 when 31 IPOs raised €402m. The Borsa Italiana hosted two IPOs raising €9m, whereas in the same quarter of 2007 the Italian exchange saw nine IPOs raising €938m.

The Deutsche Börse hosted only two IPOs on its Entry Standard market in the second quarter of 2008, neither of which raised any funds. In the third quarter last year it hosted 13 IPOs raising €2,319m. Neither Austria's Wiener Börse nor the Athens Stock exchange had any IPO activity this quarter.

## **US Exchanges**

The US exchanges also followed the trend and saw a significant decline in IPO activity with 12 IPOs raising €1,210m (44 IPOs raised €8,402m in the third quarter of 2007) 73% down in volume and 86% down in offering value. Volume and offering value also declined compared with the second quarter of 2008 when there were 17 IPOs raising €3,447m. The US attracted five international IPOs raising €408m, including three from China, and one each from Korea and Singapore in the current quarter.

**ENDS**

**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 2008

<http://www.ukmediacentre.pwc.com/imagelibrary/detail.asp?MediaDetailsID=1278>

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](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 listings 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 2008 and captures new market listings based on their listing date. All market data is sourced from the stock markets themselves and has not been independently verified by PricewaterhouseCoopers LLP.

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