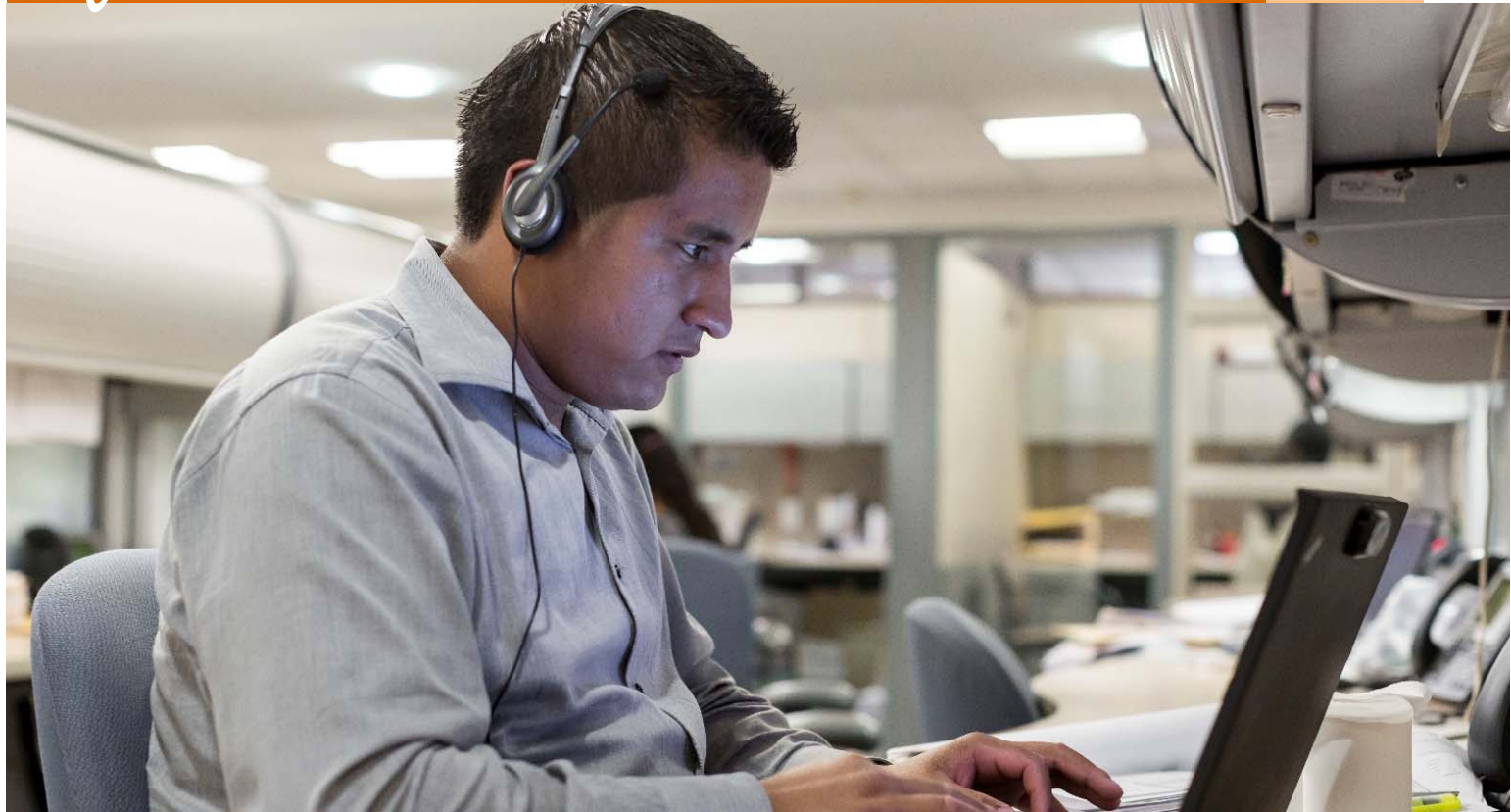


# *Global Technology* IPO Review Q2 2016

***Technology Institute***

*A quarterly look at global trends in the technology IPO market*

*August 2016*



# ***After a dismal start, increased technology IPOs in the second quarter point to an improved second half of 2016\****



## ***Raman Chitkara***

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\*Issue size greater than US\$40 million (includes overallotment) and based on trade date; See Methodology

Welcome to the second quarter 2016 issue of PwC's Global Technology IPO Review. The global technology IPO market showed a few signs of improvement in the second quarter, after hitting its lowest point in recent years in the first quarter. The second quarter performed better than Q1, but worse than historical trends.

In the second quarter 2016, there were 14 technology IPO listings, a 40% increase over the 10 listings in the first quarter, which was the weakest quarter since the fourth quarter of 2012 when just eight technology companies went public. Compared to historical averages, the second quarter was also weak, garnering cumulative proceeds of US\$1.48 billion. From the first quarter of 2010 to the second quarter of 2016, only three quarters have had less proceeds than the second quarter of 2016.

Geographically, Asia-Pacific led with seven technology IPOs (five in China and one each in Australia and South Korea), on par with the previous quarter. The US made a comeback with five IPOs, up from none in Q1. Amidst the Brexit turmoil, Europe reported two IPOs, one each from Sweden and Spain, compared to three in the first quarter.

Uncertainty over the outcome of the Brexit referendum through a significant part of the quarter, followed by uncertainty about the impact of the "Leave" decision, unfavorably impacted the IPO market. This was most evident in the UK, where there were no technology IPOs in the second quarter, as was the case in the first quarter as well.

The Software and Internet Software & Services subsectors led in number of IPOs in the second quarter. The disruptive technologies, lower capex and quick scalability of these two sectors continue to attract investors' interest.

To sum it up, technology IPO numbers and proceeds were relatively lower than average in this quarter, but the improvement over the first quarter raises hope for a better market in the second half.

Sincerely,

A handwritten signature in black ink that reads "Raman". The signature is written in a cursive style and is positioned above a thin horizontal line.

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# Q2 2016 global summary

## Tech IPO market shows signs of improvement despite the adverse impact of Brexit referendum

The global technology IPO market began to look up in Q2 2016. The second quarter posted 40% sequential growth from 10 IPOs in Q1 to 14 IPOs, and a 92% increase in total proceeds from US\$769 million in Q1 to US\$1.48 billion. Year over year, Q2 2016 still saw a 61% decline from 36 IPOs and a 76% decline in total proceeds from US\$6.16 billion in Q2 2015.

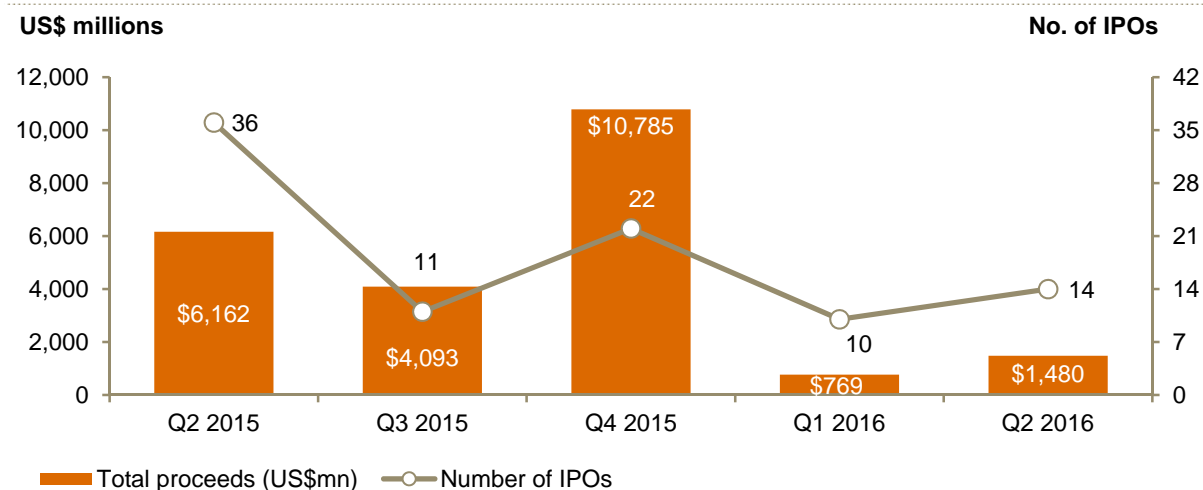
In light of the market performance in the first quarter—the worst since Q4 2012—and the Brexit referendum that adversely impacted the European and UK markets, the return of US tech IPOs and steady activity in Asia suggest a stronger second half ahead.

Several policy-level decisions and macro-economic factors have generated mixed reaction from investors. The second quarter was well below normal levels of IPO activity in prior years. Uncertainty created by the June 23rd British referendum on its continuing membership in the EU dampened market sentiments in the UK and other EU countries. Also, there was volatility in the US capital markets associated with concerns over a potential US interest rate hike, which kept many US tech companies on the fence.

Unicorns\* continued to shy away from the IPO market. Start-ups with negative cash flows and over-the-top valuations always struggle to complete IPOs in tough market conditions and that was the case during the second quarter as well.

\*Startups with valuations of US\$1 billion or more

Figure 1: Q2 2015-Q2 2016 global technology IPO trends



Source: S&P Capital IQ, PwC analysis

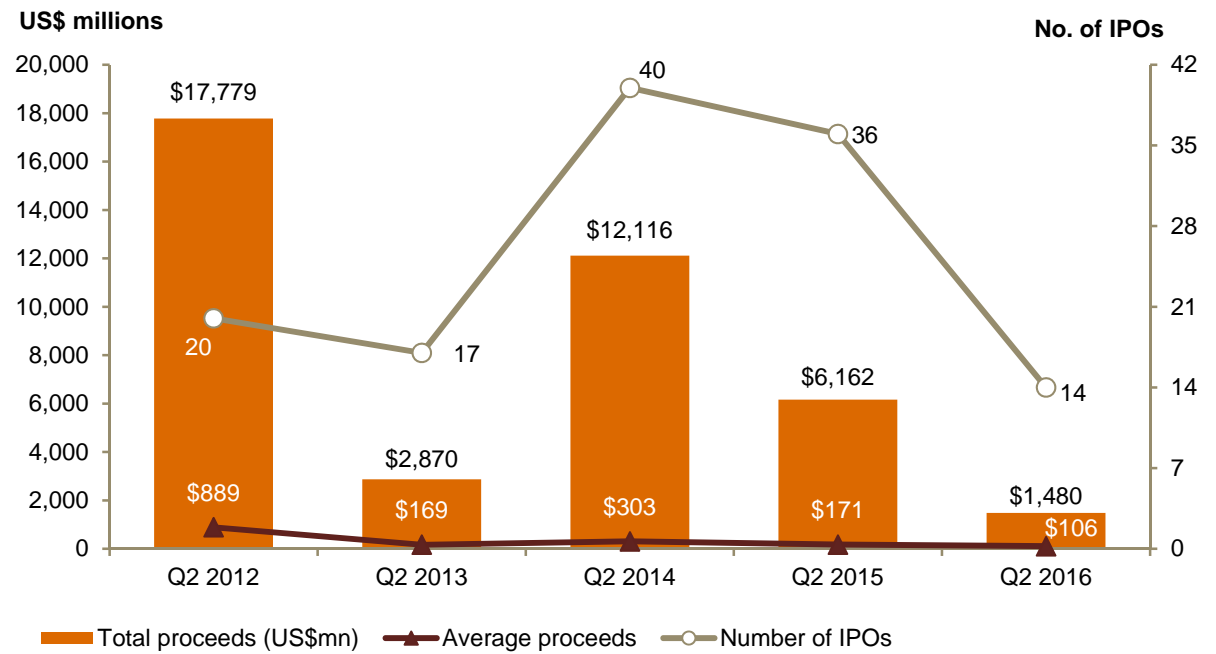


*“The US displayed resilience. With capital markets largely stabilizing, technology IPOs have started to come back, though valuations remain challenged. We expect the tech IPO market to gain more traction in the second half of 2016.”*

~Raman Chitkara  
Global Technology  
Industry Leader

Compared to the second quarters of the last five years, Q2 2016 generated the lowest total proceeds, at US\$1.48 billion. And there were no big-ticket IPOs. The average proceeds of US\$106 million was also the lowest. Captivity Holdings Inc issued the largest IPO this quarter with proceeds of US\$237.5 million.

**Figure 2: Q2 global technology IPO trends, 2012-2016**



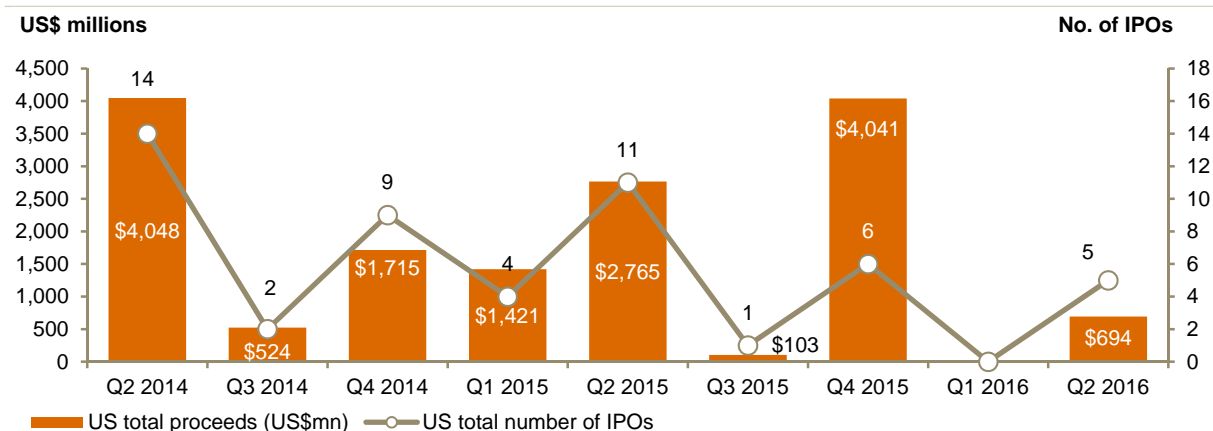
Source: S&P Capital IQ, PwC analysis

## US, China gain traction

First-time technology issuers returned to the US stock exchanges after a complete absence in Q1 2016, the worst quarter since 2009. In Q2, the US had five IPOs with proceeds of US\$694 million. Year on year, however, it is a 55% drop in number of IPOs, from 11 a year earlier, and a 75% decrease in proceeds, from US\$2.77 billion. Improved oil prices, low benchmark interest rates, and decreased volatility in equities for a major part of the quarter drove the market.

Uncertainty continues in the IPO market primarily due to Brexit and the upcoming US presidential election. Many tech companies have deferred IPO plans to the second half of the year and investors have taken a wait-and-watch policy.

Figure 3: US technology IPOs since Q2 2014



Source: S&P Capital IQ, PwC analysis



*“Despite lingering uncertainty, the US showed a slight uptick in IPO activity following a slow first quarter. While we expect continued momentum in 2016, potential new issuers looking to capitalize on improving IPO market conditions will be carefully monitoring the outcome of the US presidential election, the Fed’s decision on interest rates and potential market moving IPOs.”*

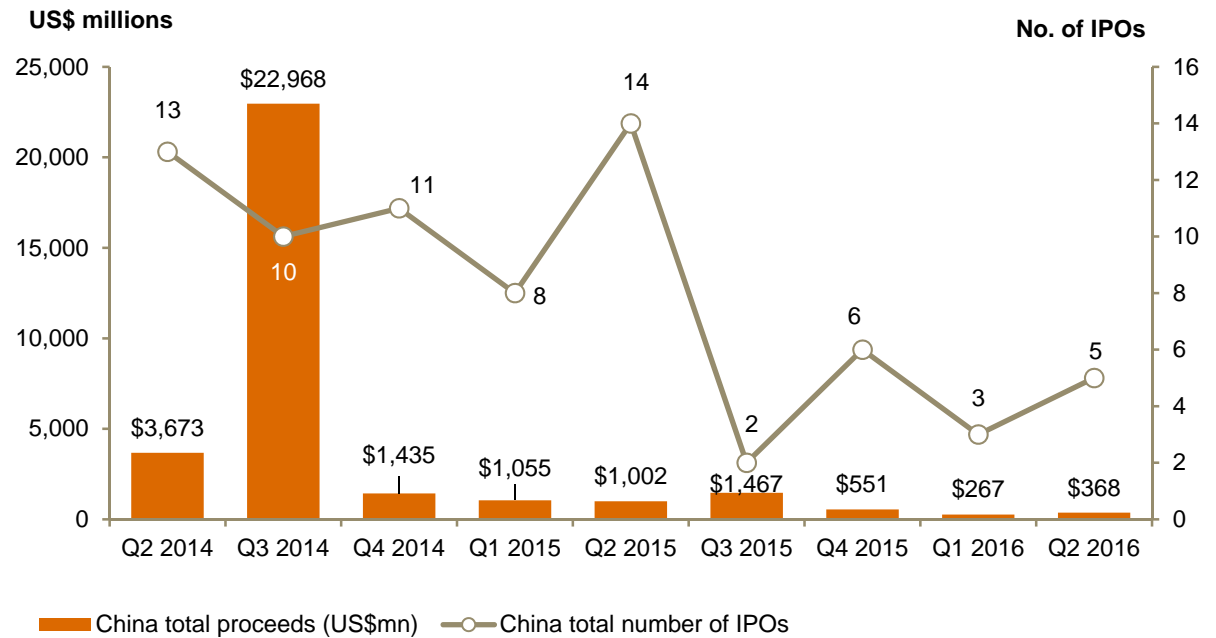
—Alan Jones  
Technology Deals Partner, PwC US



China also experienced a comeback of sorts from a disappointing Q1 2016. It issued five IPOs in Q2, up from three in Q1, a 67% increase. Q2 proceeds amounted to US\$368 million, compared to US\$267 million in Q1, a 38% increase. Proceeds were still far below their historical average. Year over year, the number of IPOs declined 64%, from 14, and the proceeds declined 63%, from US\$1 billion.

Big-ticket IPO plans were pushed to the second half of the year, as issuers sought to weather the impact of Brexit and the slowdown in growth rate in China. The Chinese Regulatory authority also delayed the implementation of the new IPO registration process. CSRC slowed the approval for new share sales in an effort to boost investor confidence. As a result, a large number of IPO applications were pending at the beginning of June.

**Figure 4: China technology IPOs since Q2 2014**



Source: S&P Capital IQ, PwC analysis



***“Regulators held back listings in China, delaying registration clearances to control the rhythm of listings in order to maintain the stability of the capital market. Despite this, we had five technology IPOs in the second quarter.”***

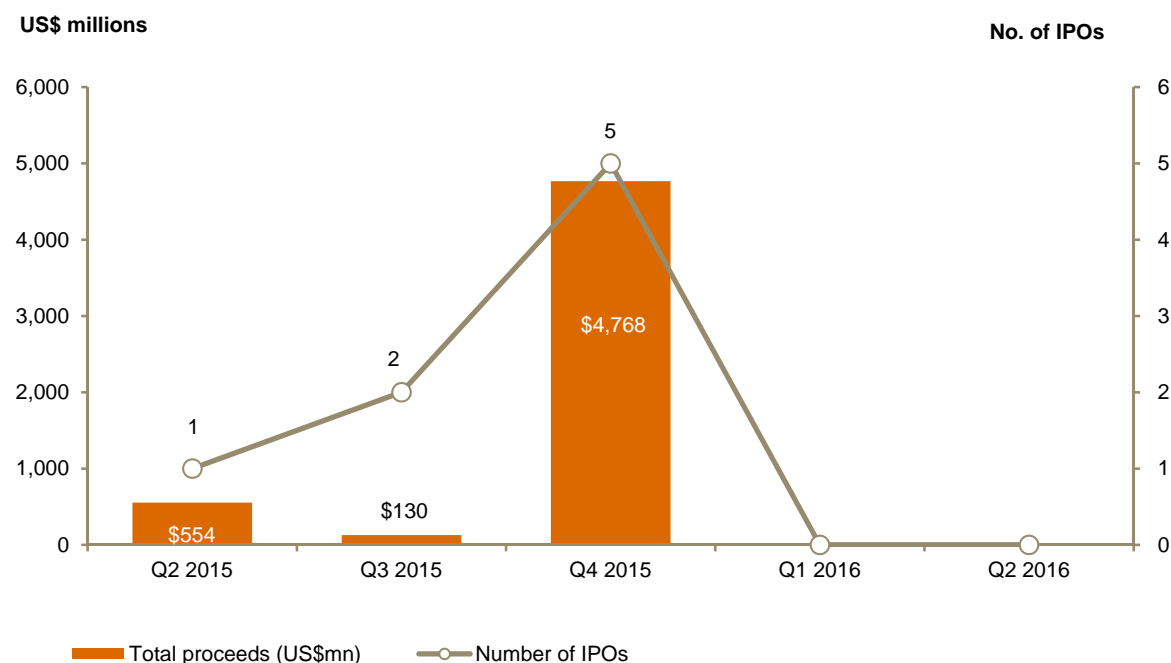
***—Jianbin Gao***  
*Technology Industry Leader, PwC China*

## UK referendum dampens IPO market

Similar to the previous quarter, Q2 2016 did not have a single technology IPO of a UK-domiciled company. The last time UK technology companies issued IPOs was in Q4 2015, with five issuances raising US\$4.77 billion. Companies and investors do not yet understand the impact of the “Leave EU” referendum. As a result, many companies postponed or canceled their IPO plans until greater clarity is reached.

The referendum in favor of exit from the EU further weakened the UK equity market and led to increased volatility. There has also been a significant depreciation in the British Pound. The UK tech IPO market will likely remain subdued for the rest of the year. However, a devalued British Pound may attract outside investors to UK-based tech companies.

Figure 5: Q2 2015-Q2 2016 UK technology IPOs



Source: S&P Capital IQ, PwC analysis



## First-half 2016 proceeds were lowest since 2012, but tech IPOs are expected to pick up in the second half

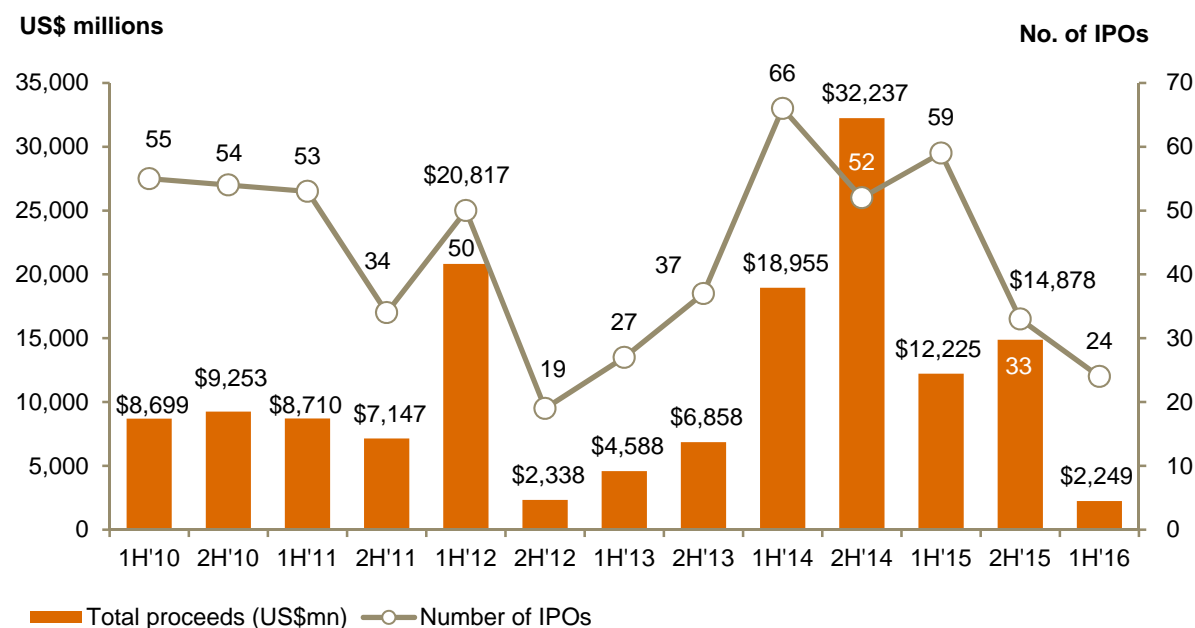
The mid-year tech IPO proceeds for 2016 are the lowest since the second half of 2012. In 1H 2016, 24 tech IPOs were issued, marginally higher than the 19 issued in 2H 2012, the previous low. But 1H 2016 saw slightly less total proceeds, US\$2.25 billion to US\$2.34 billion in 2H 2012. The same factors that led to the lackluster performance in Q2 impacted the entire first half of 2016:

- Brexit;
- Slowdown in the Chinese economy;
- Volatility in oil prices; and
- Uncertainty over Fed rates.

Fear of listing at lower than pre-IPO valuations persisted, but companies with low valuations took the plunge to raise funds. Highly valued tech startups postponed IPOs until there is greater clarity on the impact of the UK's exit from the EU, and other factors contributing to market uncertainty.

But post-Brexit, markets have shown resilience. The big tech start-ups may finally enter the IPO market. Early signs for the second half could be seen in a few listings from late Q2 and early Q3 2016. Twilio, a communications software start-up, had a listing with high demand. Line, the Japanese messaging app company, demonstrated strength in its early July IPO, helping to sustain momentum from June toward a stronger second half.

Figure 6: Global technology IPOs by half year, 2010-2016



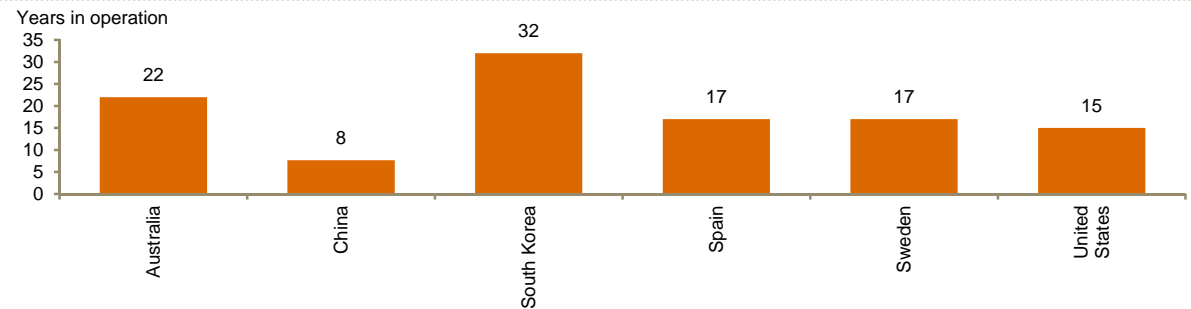
Source: S&P Capital IQ, PwC analysis

## Most IPOs came from mature companies

The trend of investors preferring mature companies while investing in technology IPOs has continued in Q2 2016. Relatively mature technology companies, with an average 16 years in operation, issued IPOs. In the second quarter, there was no IPO from a company less than five years old. This indicates a shift away from the trend of highly funded young start-ups getting listed at astronomical valuations.

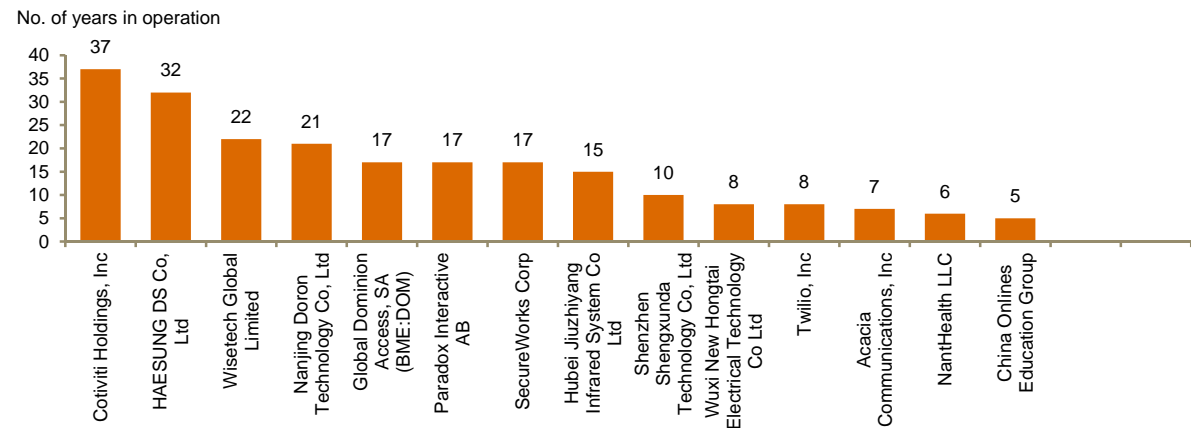
Most countries had an average of more than 15 years of operations for technology IPOs listed from their domiciles. China is the only country where the companies listed were less—an average 12 years in operation. Though we expect US tech IPOs to continue to be much younger in terms of years of operation, in this quarter it was 15 years. South Korea had the high of 32 years, followed by Australia with 22 years. Spain and Sweden had one company each with 17 years in operation.

**Figure 7: Q2 2016 technology IPOs – Domicile based average years in operation**



Source: S&P Capital IQ, PwC analysis

**Figure 8: Q2 2016 technology IPOs – Number of years in operation**

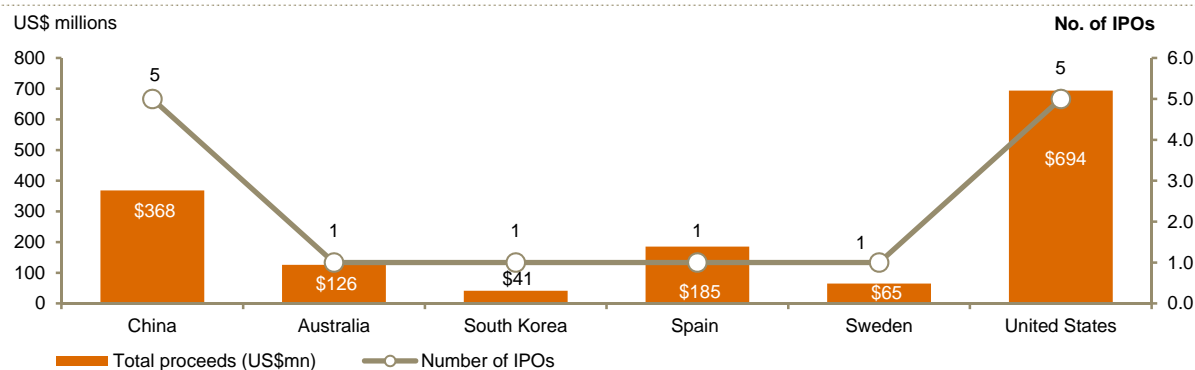


Source: S&P Capital IQ, PwC analysis

## Geographic IPO trends – Q2 2016

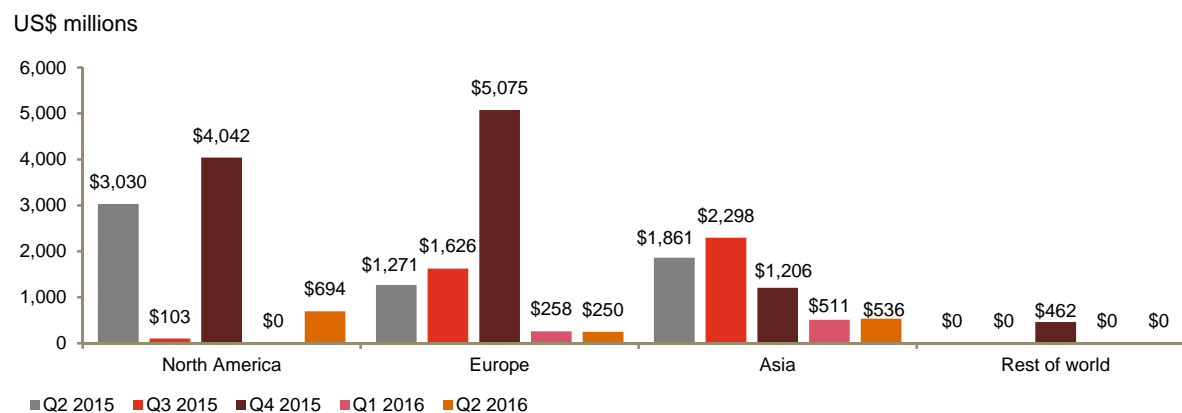
In Q2 2016, the geographic distribution of technology IPO activity shifted back to the US and China, with five IPOs each, raising total proceeds of US\$694 million and US\$368 million, respectively. Other than the US and China, four countries—Australia, Sweden, Spain and South Korea—had one IPO each. Asia topped with seven tech IPOs, followed by North America with five and Europe with two.

**Figure 9: Geographic distribution of technology IPOs**



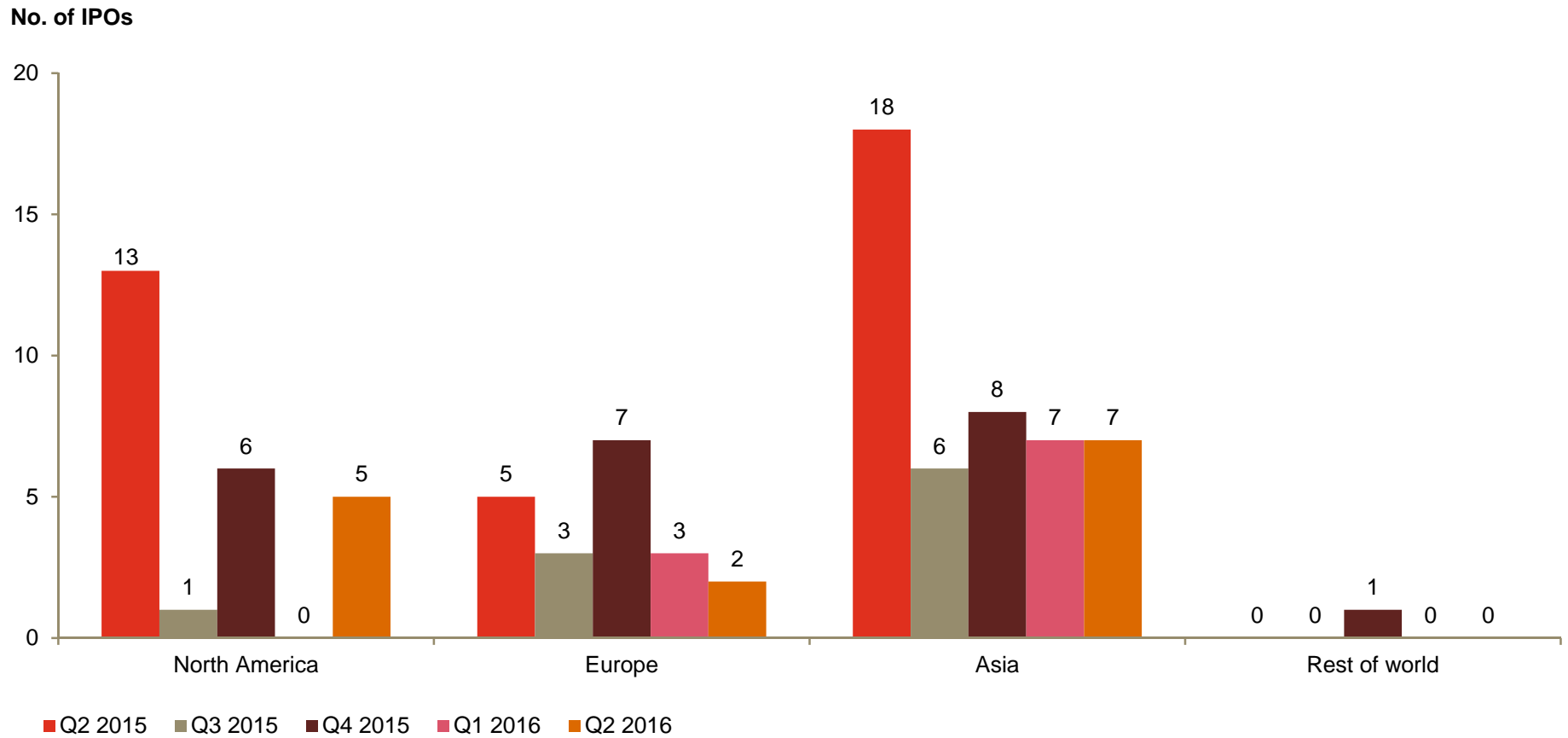
Source: S&P Capital IQ, PwC analysis

**Figure 10: Regional analysis of IPO proceeds**



Source: S&P Capital IQ, PwC analysis

**Figure 11: Regional analysis of number of IPOs**



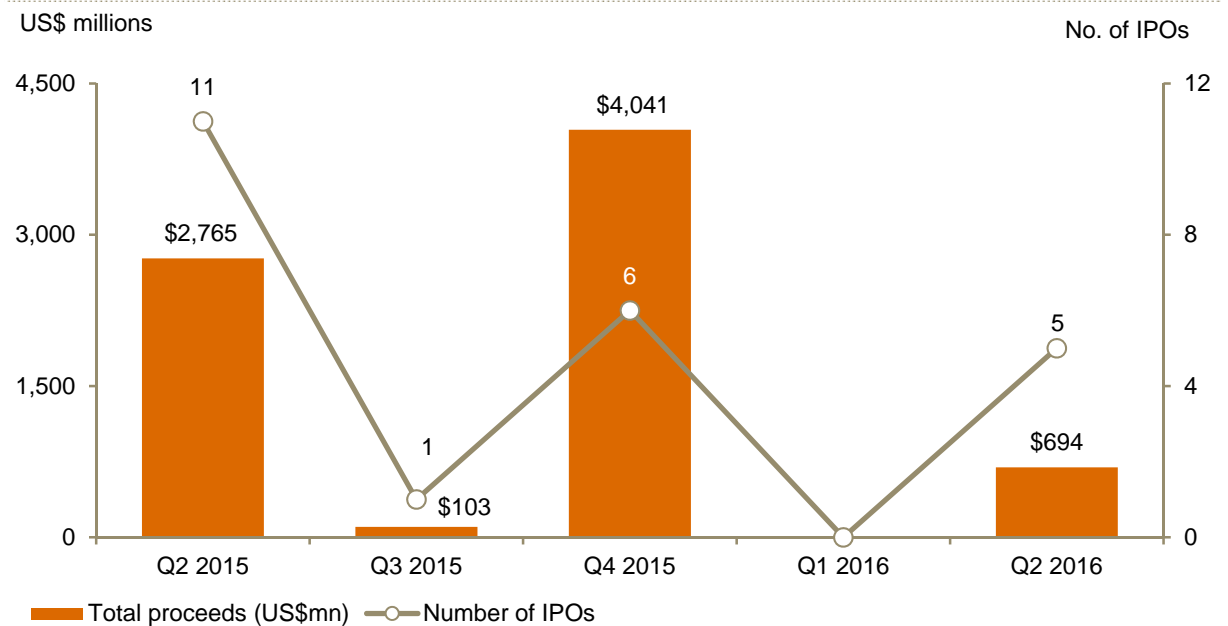
Source: S&P Capital IQ, PwC analysis

## United States

After no tech IPOs in the US in Q1 2016, Q2's five tech IPOs and total proceeds of US\$694 million were certainly an improvement. But year over year, it was significantly lower than the 11 IPOs and total proceeds of US\$2.77 billion in Q2 2015.

The good news is, there is still demand for properly priced IPOs from growth-oriented tech companies. In Q2, for example, all US IPOs were small ticket with proceeds of less than US\$250 million. This indicates investor interest. However, billion-dollar plus IPOs were missing as the enthusiasm was low.

Figure 12: US technology IPO trends



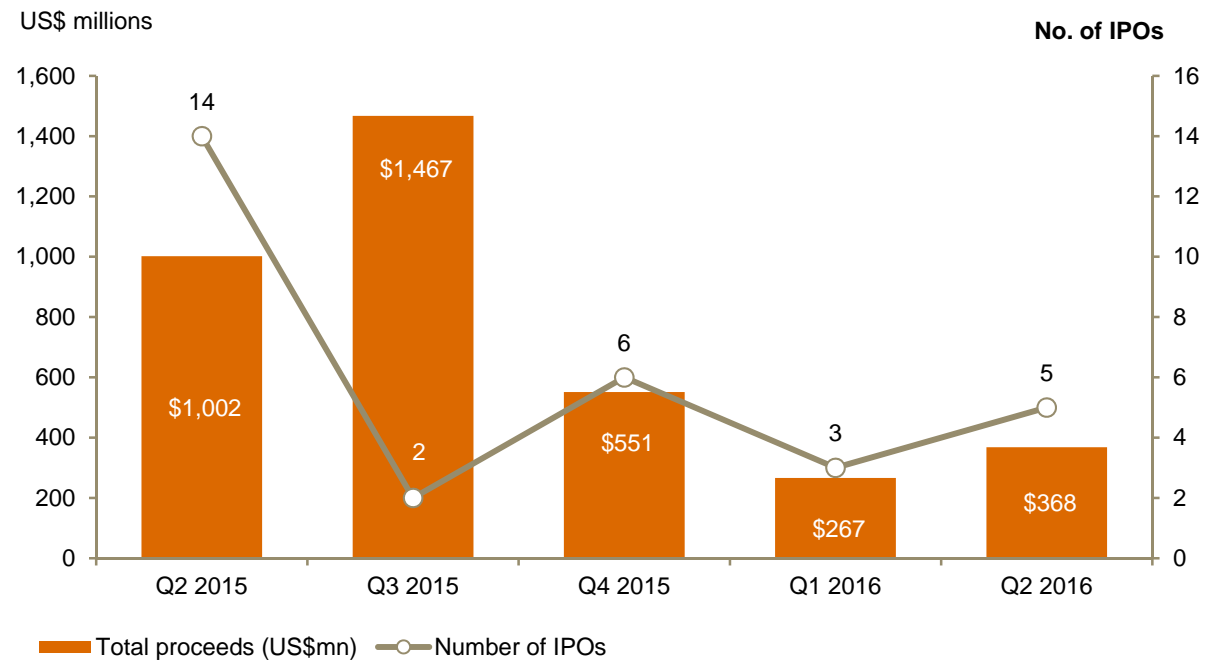
Source: S&P Capital IQ, PwC analysis

## China

China had five tech IPOs in Q2 2016, raising US\$368 million—a 38% increase in proceeds sequentially and 67% growth in number of IPOs. Year over year, the proceeds declined by 63% and number of IPOs by 64%.

The longer-than-expected wait for the IPO registration process is impacting the China IPO market. Unable to raise funds for capital requirements, technology companies are not deferring or shelving IPOs for markets to improve once cleared, but going ahead with the offering.

Figure 13: Chinese technology IPO trends



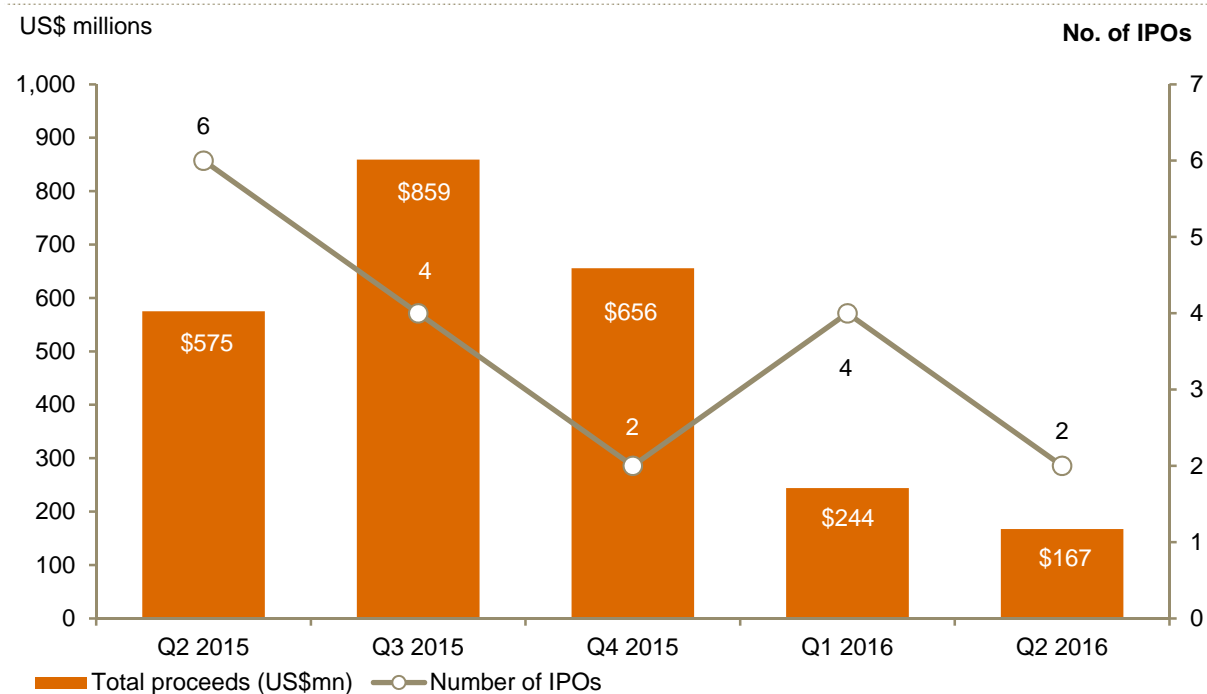
Source: S&P Capital IQ, PwC analysis

## The rest of Asia

The rest of Asia had two IPOs, one each from South Korea and Australia, contributing 11% to the total proceeds this quarter. As a result of the two IPOs, Asia as a region led in number of IPOs (seven) compared to North America (five).

Still, the Asian regional proceeds were lower compared to the last few quarters. Sequentially, proceeds declined by 32% and the number of IPOs declined by 50%. Year over year, there was a 71% decline in proceeds and 67% decline in number of listings.

Figure 14: The rest of Asia technology IPO trends



Source: S&P Capital IQ, PwC analysis

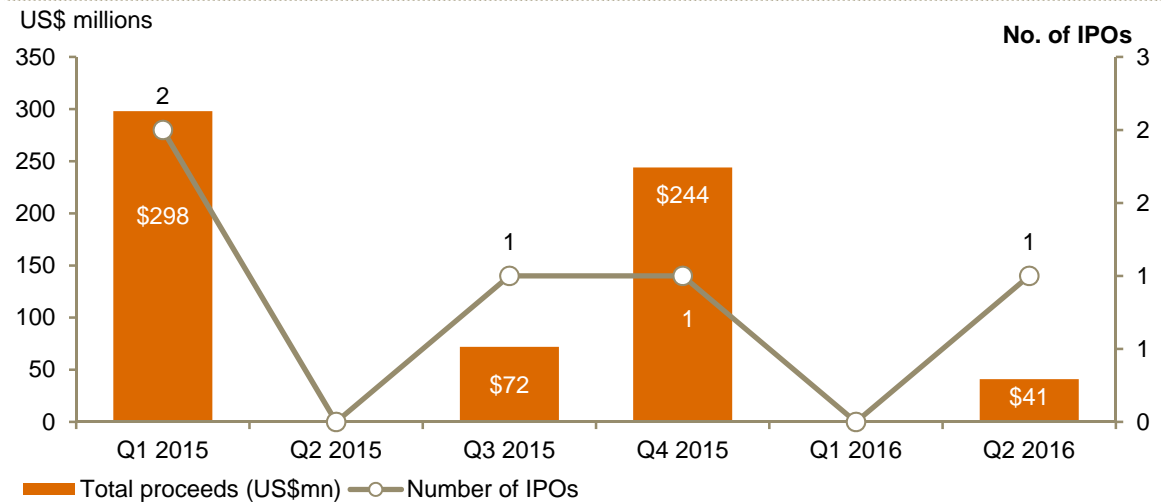


## South Korea

South Korea has issued at least one tech IPO in five of the last six quarters, with DOUBLEUGAMES Co Ltd in Q4 2015 being the biggest, with proceeds of US\$244 million.

South Korea is ranked among the top countries for its research and development capability, productivity, technology density and patent activity. It has transformed into an emerging technology hub, having systematically applied substantial resources to research and development and has become a major player in information and communication technology.<sup>1</sup>

**Figure 15: South Korea technology IPO trends**



Source: S&P Capital IQ, PwC analysis



**"DOUBLEUGAMES Co Ltd, the largest tech IPO of the last six quarters in South Korea, demonstrates that innovation and entrepreneurship are strong and growing. With three Unicorns and numerous other tech startups, we expect South Korea to continue to contribute to the global technology IPO market."**

**-- Hoonsoo Yoon,**  
Technology Industry Leader, PwC South Korea

<sup>1</sup> <http://www.forbes.com/sites/alanmcglade/2014/02/06/why-south-korea-will-be-the-next-global-hub-for-tech-startups/#f4a2de774d90>

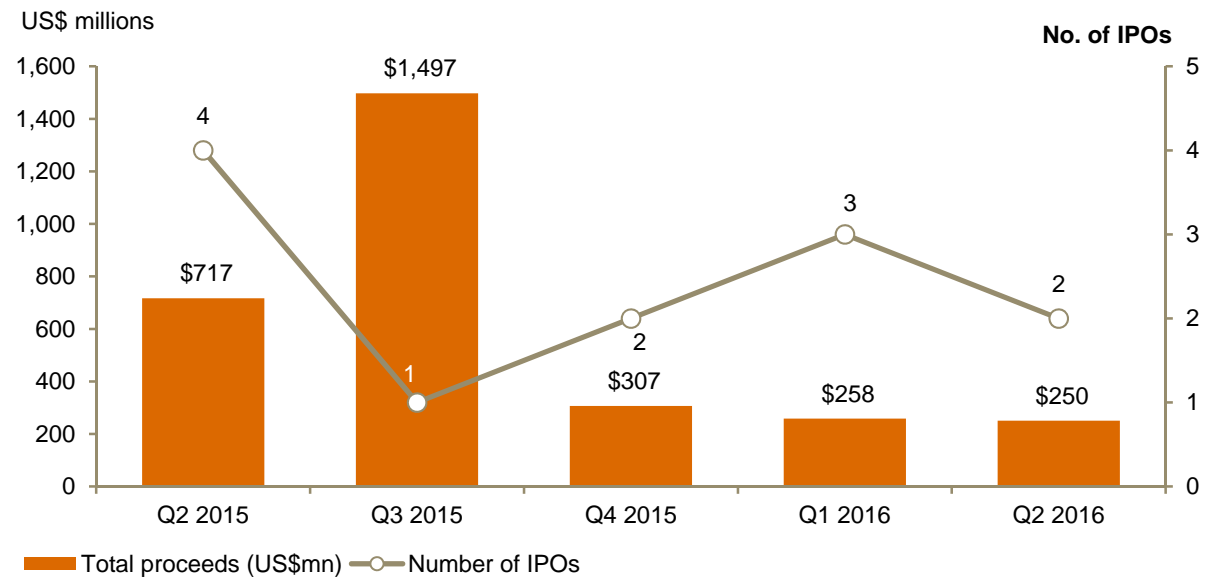
## Europe

Europe experienced a 3% sequential decline in proceeds and a 33% drop in number of IPOs in Q2 2016. It was marginally slower than the last quarter due to uncertainty over EU policies following Brexit and the shift in economic momentum post exit. Investors were also uncertain about the overall EU political situation.

Performance compared to the year-ago quarter was down 65% in proceeds and 50% in number of IPOs.

For the second quarter in a row, there were no UK tech IPOs.

**Figure 16: Europe (excluding UK) technology IPO trends**



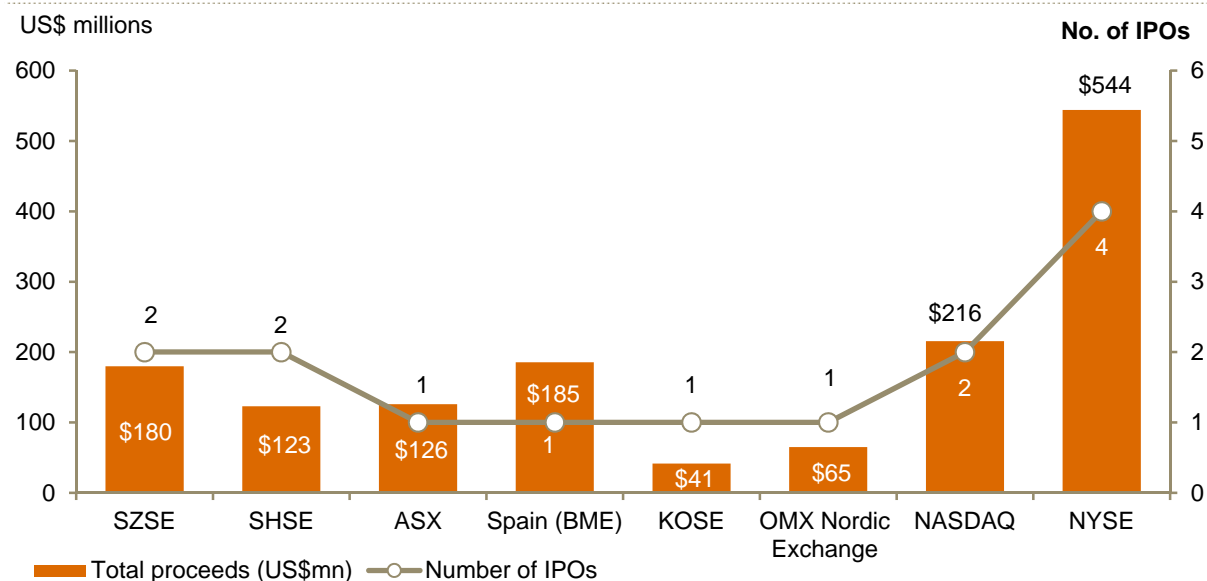
Source: S&P Capital IQ, PwC analysis

## Stock exchange distribution – Q2 2016

In Q2 2016, IPOs were well distributed, with eight exchanges participating in tech IPOs above the US\$40 million threshold:

- US exchanges led the way with the NYSE and NASDAQ reporting four and two tech IPOs, respectively, and proceeds of US\$216 million and US\$544 million, respectively.
- China exchanges followed with four IPOs, two each on the Shanghai (SHSE) and Shenzhen (SZSE) exchanges, and proceeds of US\$123 million and US\$180 million, respectively.
- The NYSE captured 37% of total proceeds and 29% of listings.
- The European exchanges had 17% of total proceeds and 14% of listings.
- NASDAQ had 15% of total proceeds and 14% of listings.

Figure 17: Q2 2016 stock exchange distribution



Source: S&P Capital IQ, PwC analysis

## Subsector distribution – Q2 2016

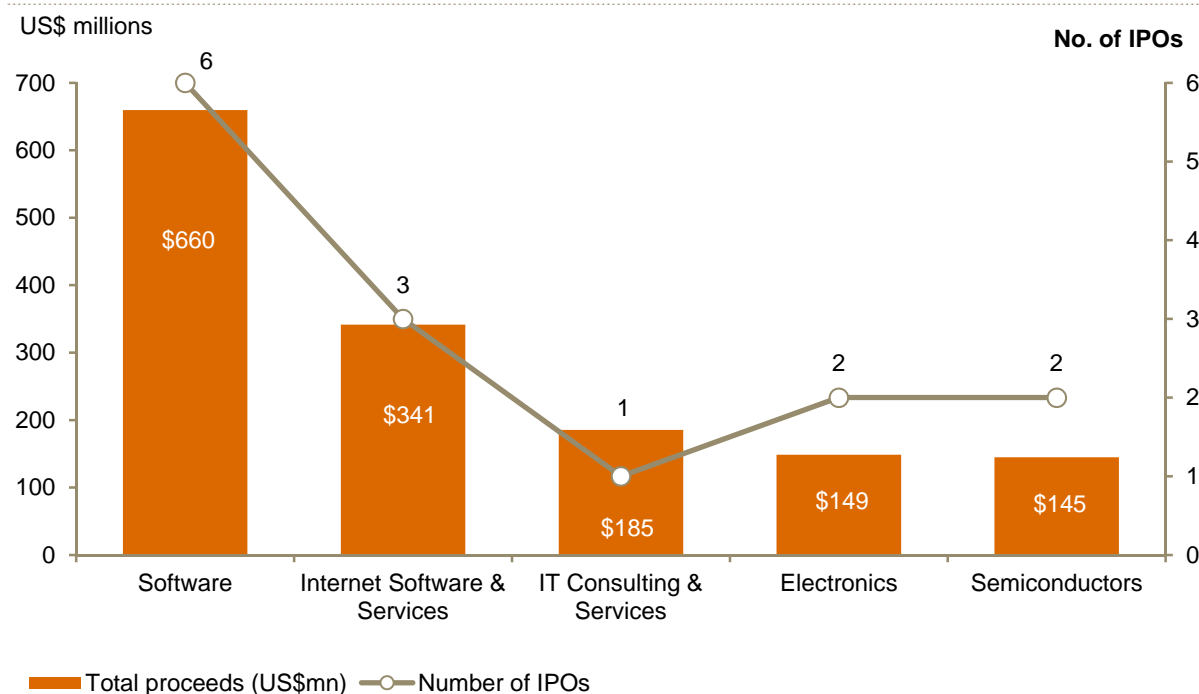
In Q2 2016, Software led the subsectors, with six IPOs and US\$660 million in proceeds. Internet Software & Services was second, with three IPOs and US\$341 million raised. The biggest IPO for the quarter, Cotiviti Holdings Inc, belongs to the Software subsector.

These two subsectors cornered 68% of proceeds and 64% of the IPOs. Driven by digital innovation, the ability to scale globally in a short time and less capital requirements than hardware-dependent companies, these sub-sectors have consistently led the tech IPO market for the past several years.

Compared to Q2 last year, all subsectors had fewer IPOs. All had less proceeds except IT Consulting & Services, the only subsector with more proceeds in Q2 2016 than in Q2 2015.

Q2 2016 performance was better than Q1 for all the subsectors, except for Communications Equipment, which had no IPOs.

Figure 18: Subsector distribution – Q2 2016



Source: S&P Capital IQ, PwC analysis

**Table 1: Q2 2016: Tech IPOs by region – Asia, including Australia**

(Shanghai, Shenzhen, Tokyo Stock Exchange, Hong Kong Stock Exchange and Australia Stock Exchange)\*

<b>Issue date</b>	<b>Company</b>	<b>Subsector</b>	<b>Proceeds (in US\$ mn)</b>	<b>Primary exchange</b>	<b>Domicile nation</b>
04/11/2016	Wisetech Global Limited	Internet Software & Services	126	Australian Securities Exchange (ASX)	Australia
06/20/2016	HAESUNG DS Co., Ltd	Semiconductors	42	Korea Stock Exchange (KOSE)	South Korea
04/24/2016	Nanjing Doron Technology Co., Ltd	Software	75	Shanghai Stock Exchange (SHSE)	China
06/22/2016	Wuxi New Hongtai Electrical Technology Co Ltd	Electronics	48	Shanghai Stock Exchange (SHSE)	China
06/23/2016	Shenzhen Shengxunda Technology Co., Ltd	Software	79	Shenzhen Stock Exchange (SZSE)	China
05/16/2016	Hubei Jiuzhiyang Infrared System Co Ltd	Electronics	101	Shenzhen Stock Exchange (SZSE)	China

\*IPOs have been classified based on the exchange where capital was raised.

Source: S&amp;P Capital IQ, PwC analysis

**Table 2: Q2 2016 IPOs by region – Europe (Nordic Exchange; BME [Spain])\***

05/26/2016	Paradox Interactive AB (publ)	Software	65	OMX Nordic Exchange Stockholm (OM)	Sweden
04/26/2016	Global Dominion Access, SA	IT Consulting & Services	185	Bolsas y Mercados Espanoles (BME)	Spain

\*IPOs have been classified based on the exchange where capital was raised.

Source: S&amp;P Capital IQ, PwC analysis

**Table 3: Q2 2016 IPOs by region – North America (NYSE, NASDAQ)\***

<b>Issue date</b>	<b>Company</b>	<b>Subsector</b>	<b>Proceeds (in US\$ mns)</b>	<b>Primary exchange</b>	<b>Domicile nation</b>
04/21/2016	SecureWorks Corp	Software	112	NASDAQ Global Select (NASDAQ GS)	United States
05/12/2016	Acacia Communications, Inc	Semiconductors	104	NASDAQ Global Select (NASDAQ GS)	United States
05/25/2016	Cotiviti Holdings, Inc	Software	238	New York Stock Exchange (NYSE)	United States
06/02/2016	NantHealth LLC	Software	91	New York Stock Exchange (NYSE)	United States
06/09/2016	China Online Education Group	Internet Software & Services	66	New York Stock Exchange (NYSE)	China
06/22/2016	Twilio, Inc	Internet Software & Services	150	New York Stock Exchange (NYSE)	United States

\*IPOs have been classified based on the exchange where capital was raised.

Source: S&P Capital IQ, PwC analysis

## Q2 2016 top 10 technology listings

With proceeds of US\$238 million, Cotiviti Holdings, Inc led the top 10 IPO listings for Q2 2016. That was much lower than the historical average, though more than the Q1 2016 top proceed of US\$132 million. The Software subsector dominated the top 10 with five of the offerings. Internet Software & Services had two IPOs in the top 10. The US had five of the top 10; China had three, and Australia and Spain had one each.

In aggregate, the top 10 tech IPOs raised US\$1.3 billion, which constituted 85% of the total proceeds raised during this quarter. In total, six exchanges participated in the top 10 IPOs, with the NYSE topping the chart.

**Table 4: IPO summary – Top 10 listings**

Issue date	Company	Subsector	Proceeds (in US\$ mns)	Primary exchange	Domicile nation
05/25/2016	Cotiviti Holdings, Inc	Software	238	New York Stock Exchange (NYSE)	United States
04/26/2016	Global Dominion Access, SA	IT Consulting & Services	185	Bolsas y Mercados Espanoles (BME)	Spain
06/22/2016	Twilio, Inc	Internet Software & Services	150	New York Stock Exchange (NYSE)	United States
04/11/2016	Wisetech Global Limited	Internet Software & Services	126	Australian Securities Exchange (ASX)	Australia
04/21/2016	SecureWorks Corp	Software	112	NASDAQ Global Select (NASDAQ GS)	United States
05/12/2016	Acacia Communications, Inc	Semiconductors	104	NASDAQ Global Select (NASDAQ GS)	United States
05/16/2016	Hubei Jiuzhiyang Infrared System Co Ltd	Electronics	101	Shenzhen Stock Exchange (SZSE)	China
06/02/2016	NantHealth LLC	Software	91	New York Stock Exchange (NYSE)	United States
06/23/2016	Shenzhen Shengxunda Technology Co., Ltd	Software	79	Shenzhen Stock Exchange (SZSE)	China
04/24/2016	Nanjing Doron Technology Co., Ltd	Software	75	Shanghai Stock Exchange (SHSE)	China

Source: S&P Capital IQ, PwC analysis



## Proceeds raised by the largest tech IPOs in the last five quarters

In the last five quarters, the IPOs with the highest proceeds have had a good geographical spread. The largest IPOs are not coming from one specific country anymore, leading to more globalized technology IPO participation.

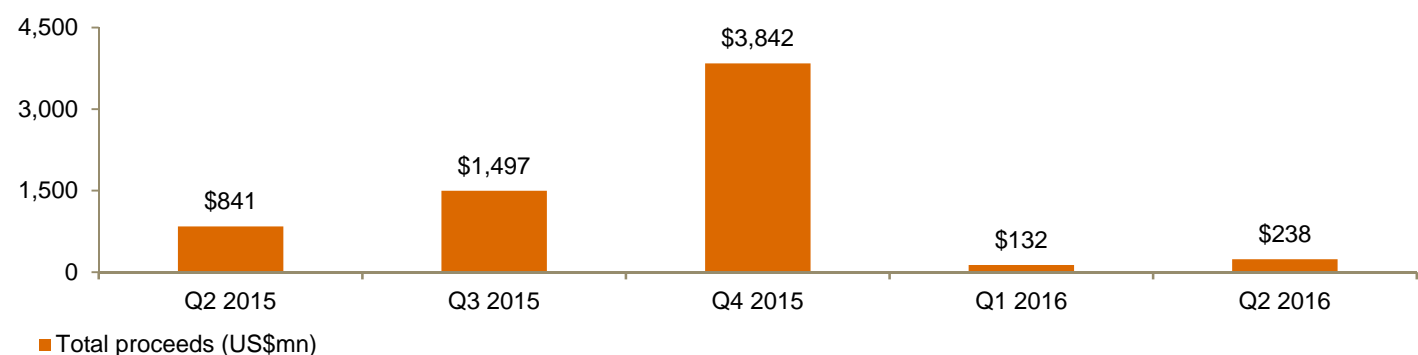
Though Computers, Communications Equipment and Electronics companies require more capital, the innovation from Internet Software & Services and Software companies is garnering more investor interest. Three of the five largest offerings of the past five quarters were from these sectors.

**Table 5: Highest proceeds IPOs – Q2 2015-Q2 2016**

Quarter	Company	Sector	Proceeds (in US\$ mn)	Domicile nation
Q2 2015	Fitbit Inc	Computer Storage & Peripheral	841	United States
Q3 2015	Scout24 AG	Internet Software & Services	1,497	Germany
Q4 2015	WorldPay Group Plc	Internet Software & Services	3,842	UK
Q1 2016	Tongyu Communication Inc	Communications Equipment	132	China
Q2 2016	Cotiviti Holding Inc	Software	238	United States

Source: S&P Capital IQ, PwC analysis

**Figure 19: IPOs with the highest proceeds – Q2 2016**



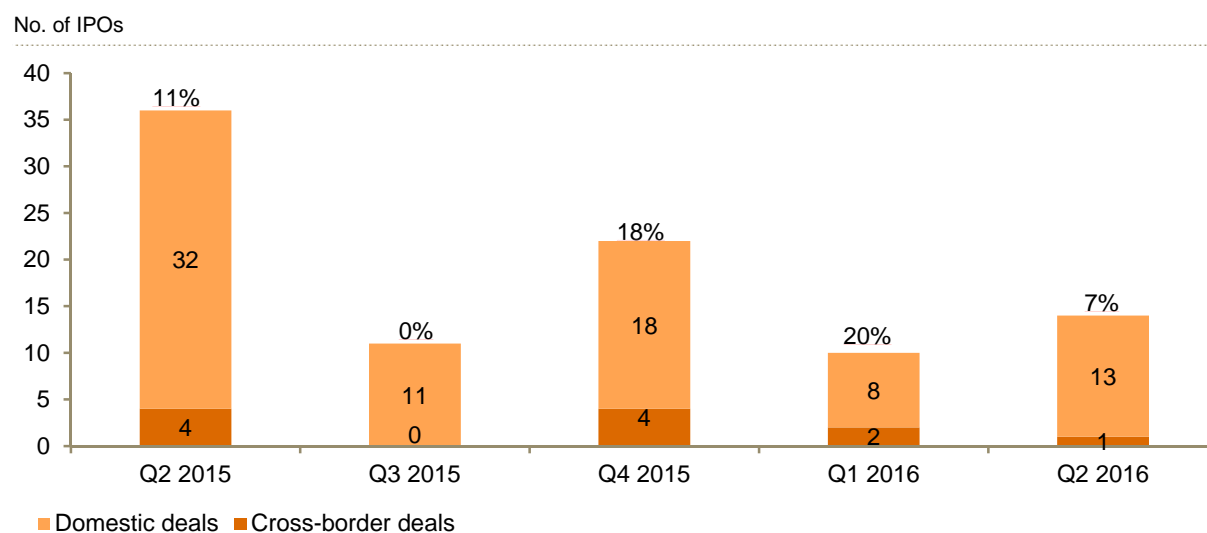
Source: S&P Capital IQ, PwC analysis

## Cross-border listings – Q2 2016

Only one company, China Online Education Group, had a cross-border listing in Q2 2016. It is a China-domiciled company listed on the NYSE, in line with historical trends. The previous quarter was an anomaly with no Chinese company listing cross-border.

The lack of cross-border deals reflected the lower technology IPO count overall. With all major markets exhibiting caution, most offering companies were skeptical of listing in countries other than their own.

Figure 20: Cross-border listings – Q2 2016



Source: S&P Capital IQ, PwC analysis

## Key financials – Q2 2016

Financial results are based on 13 of the 14 companies. Financial information was not available for HAESUNG DS Co Ltd. Nine of the 13 companies reported positive net income, but average last twelve months' (LTM) net loss in Q2 2016 was US\$4 million.

Acacia Communications, Inc from the Semiconductors subsector reported the highest net income, at US\$51 million. NantHealth LLC from the Software subsector reported the highest net loss, at US\$91 million.

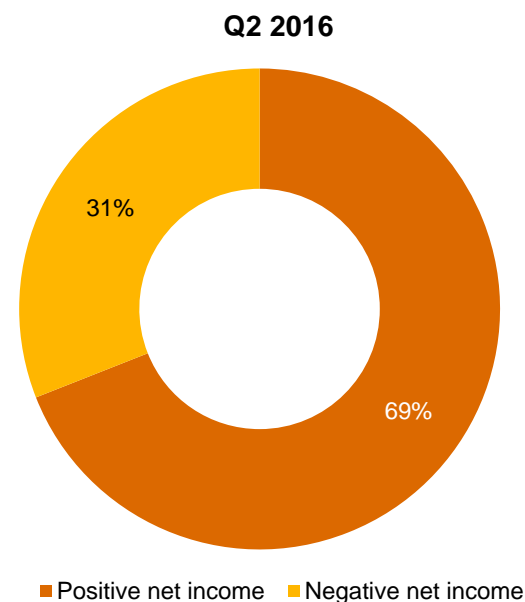
The Internet Software & Services subsector, with three IPOs, reported the lowest average LTM net income for Q2 2016, with China Online Education Group's net loss of US\$56 million and Twilio, Inc's net loss of US\$33 million offsetting Wisetech Global Limited's net income of US\$6 million by a large margin.

The IT Consulting & Services subsector reported the highest average LTM revenue of US\$583 million in this quarter. However, the subsector listed only one IPO (Global Dominion Access).

The Semiconductors subsector reported the highest average LTM EBITDA, at US\$57 million, in Q2 2016 based on just one IPO (Acacia Communications, Inc) due to lack of financial information on HAESUNG DS Co. Ltd.

The Electronics subsector reported the highest average enterprise value (EV), at US\$3,144 million, in Q2 2016. However, of the two IPOs in this subsector, only one, Hubei Jiuzhiyang Infrared System Co Ltd, reported EV.

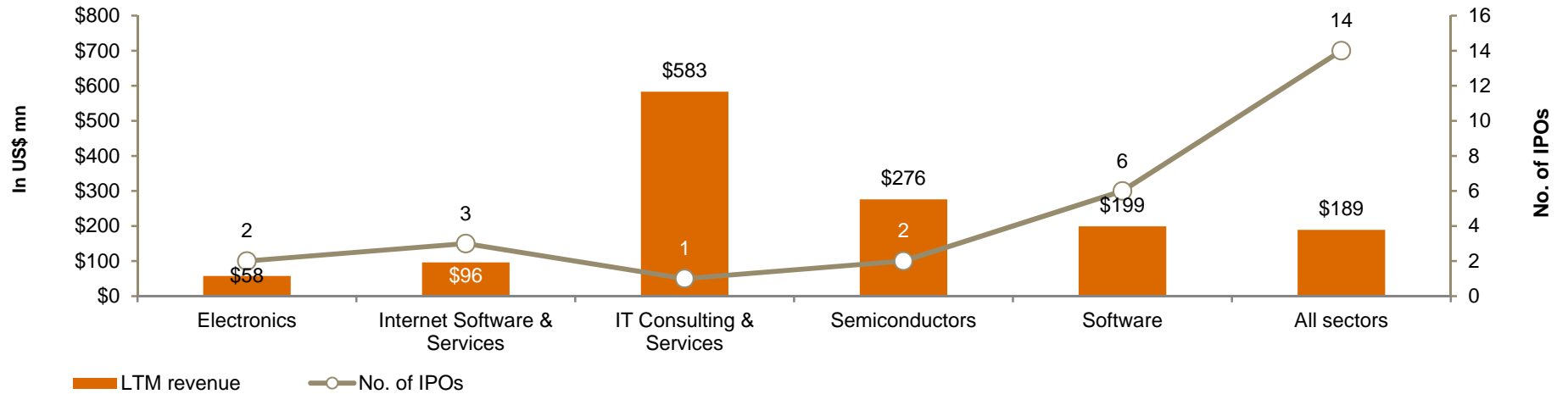
Figure 21: Q2 2016 tech IPOs – Net income



Source: S&P Capital IQ with analysis by PwC

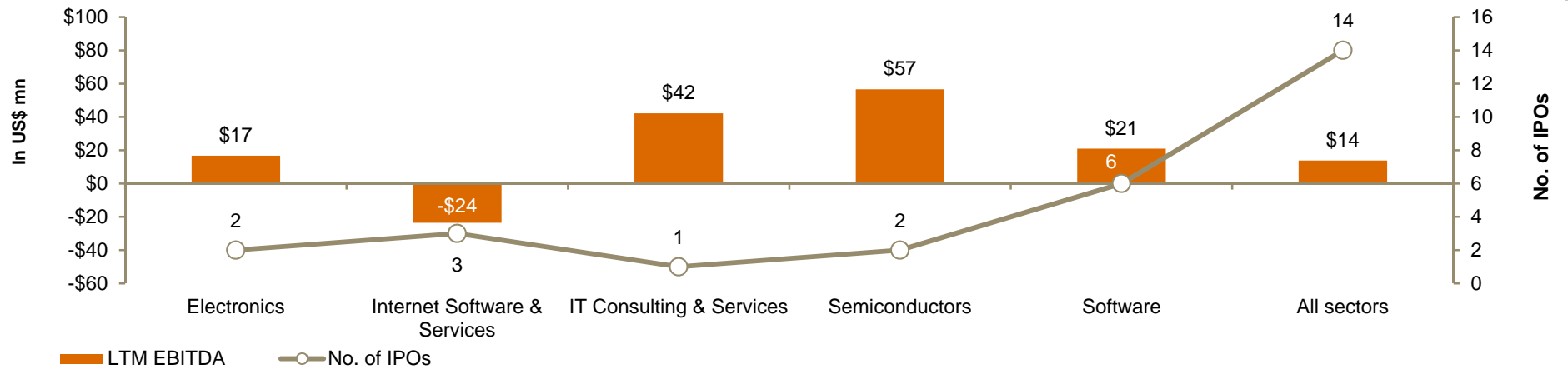
Note: Financials for HAESUNG DS Co., Ltd were not available so percentages have been calculated on the basis of the other 13 companies.

**Figure 22: Q2 2016 – Average LTM revenue**



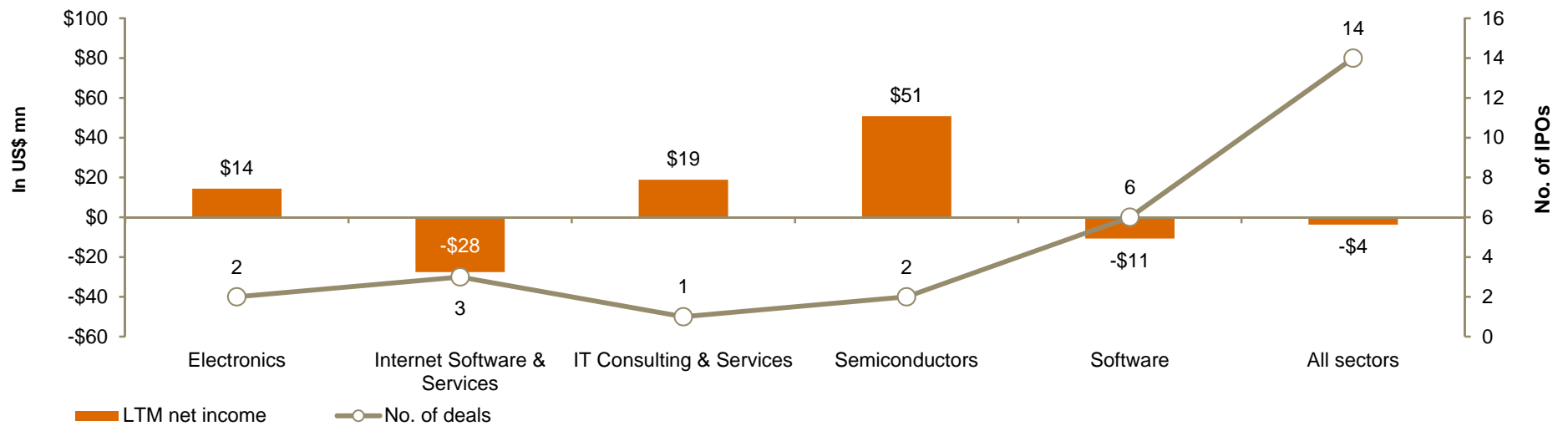
Source: S&P Capital IQ with analysis by PwC

**Figure 23: Q2 2016 – Average LTM EBITDA**



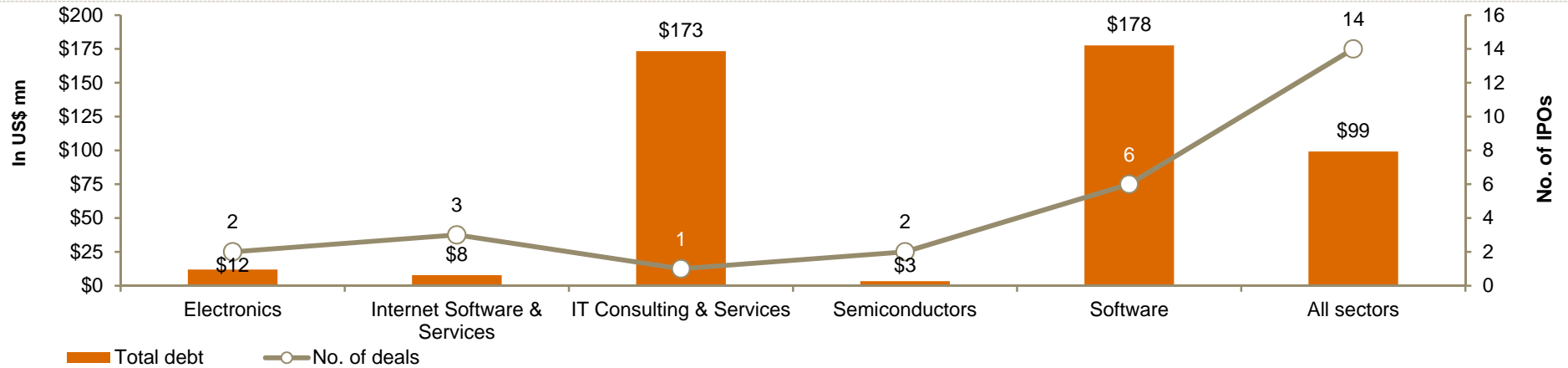
Source: S&P Capital IQ with analysis by PwC

**Figure 24: Q2 2016 – Average LTM net income**



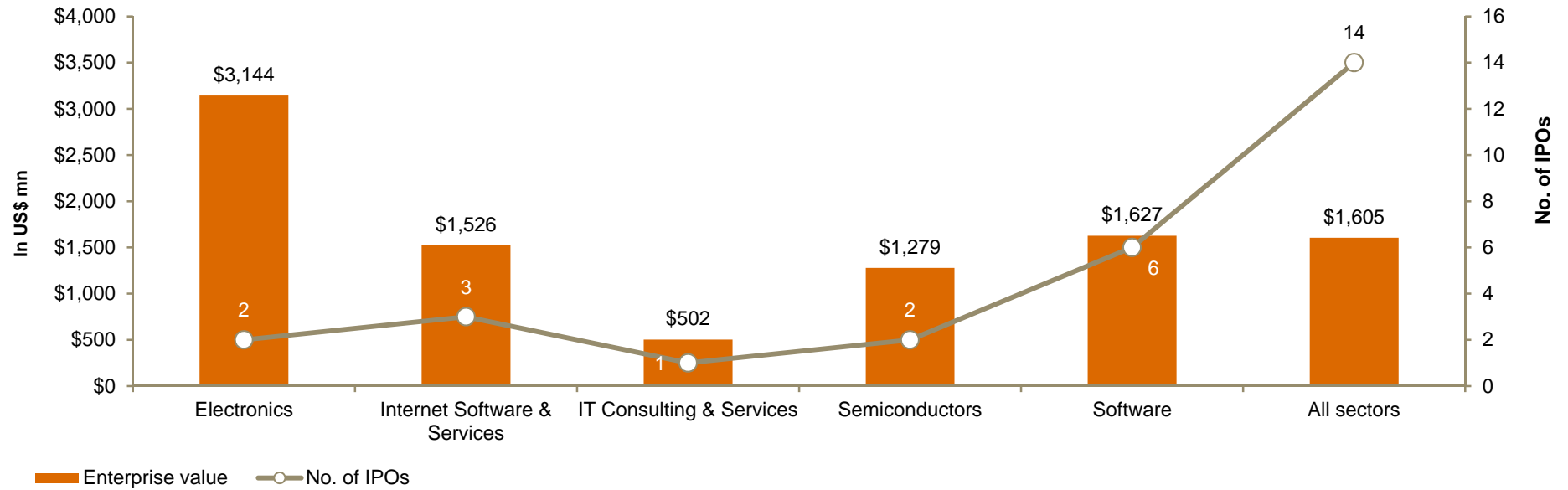
Source: S&P Capital IQ with analysis by PwC

**Figure 25: Q2 2016 – Average total debt**



Source: S&P Capital IQ with analysis by PwC

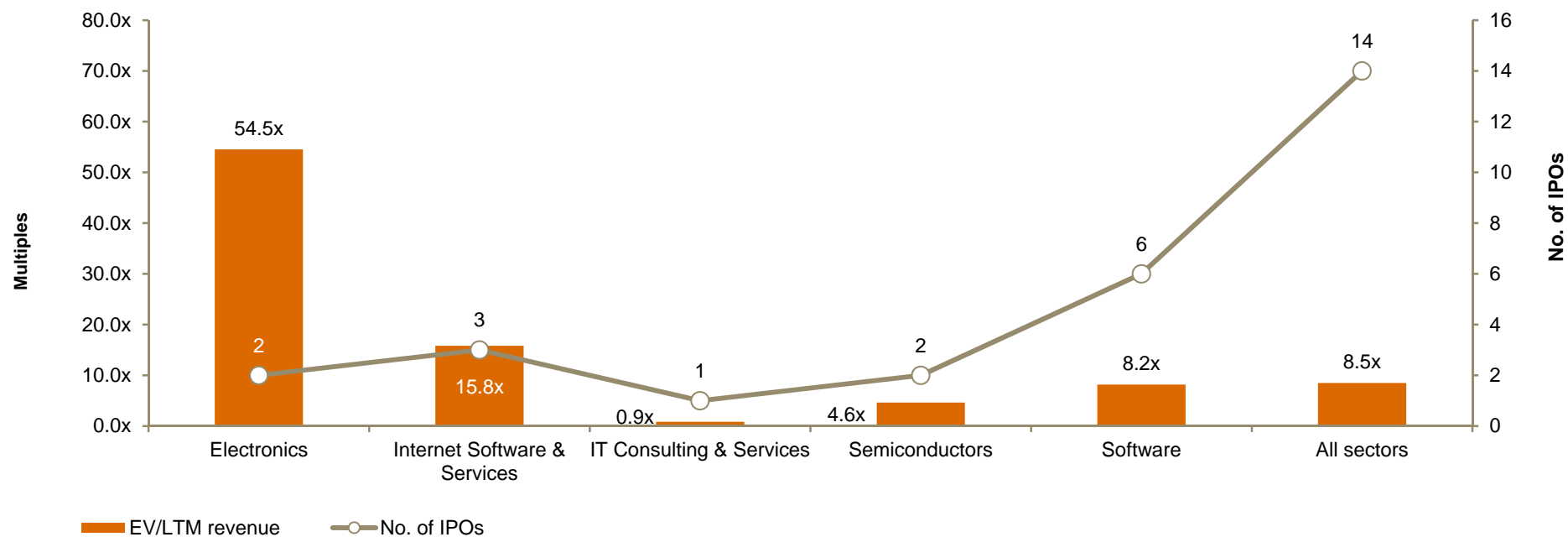
**Figure 26: Q2 2016 – Average enterprise value**



Source: S&P Capital IQ with analysis by PwC

## Q2 2016 technology IPO listings – Valuation metrics

Figure 27: Q2 2016 EV/LTM revenue

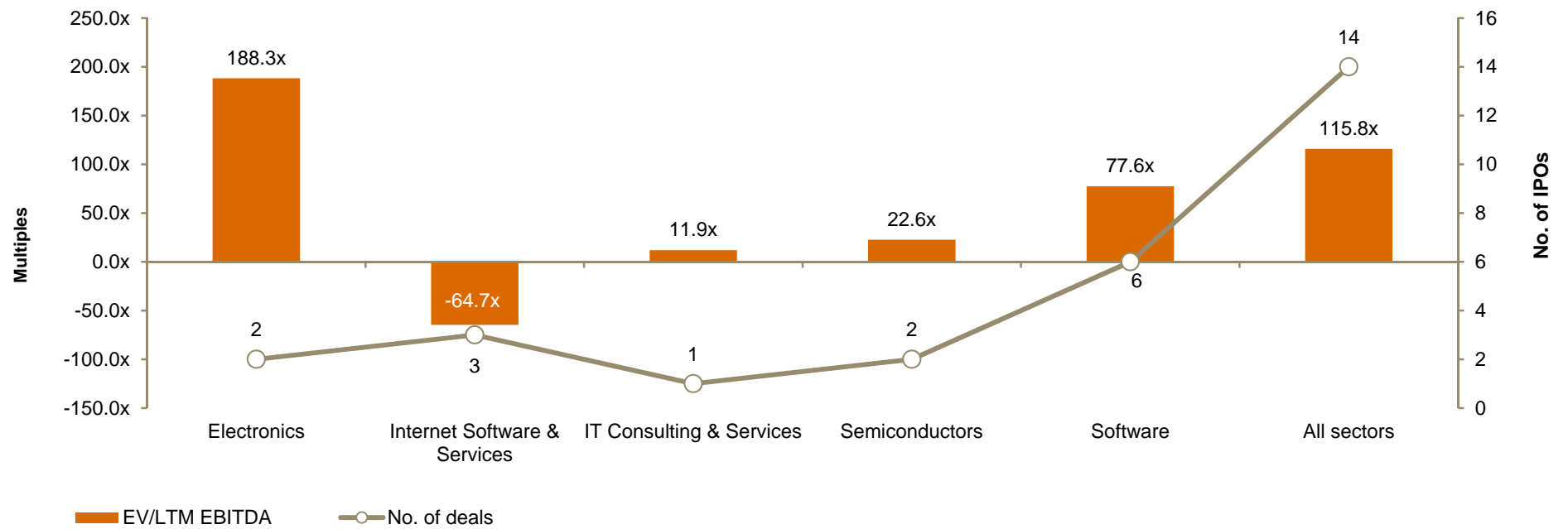


Source: S&P Capital IQ with analysis by PwC

The average EV/LTM revenue for listed IPOs in Q2 2016 was 8.5x, up from 2.6x in Q1 2016. The Electronics subsector reported the highest revenue multiple of 54.5x.



**Figure 28: Q2 2016 EV/LTM EBITDA**



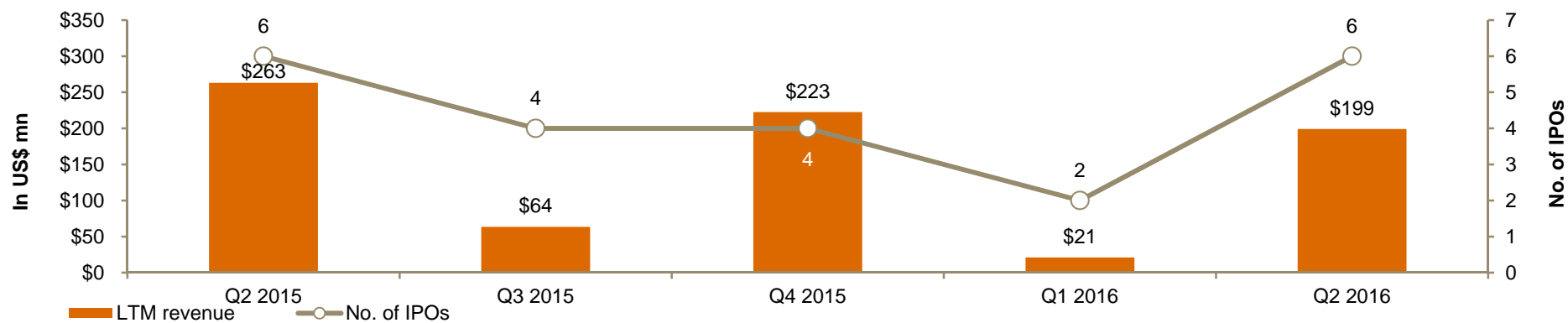
Source: S&P Capital IQ with analysis by PwC

Overall, the average EV/EBITDA multiple was 115.8x in Q2 2016 compared to 49.5x in Q2 2015. The Electronics subsector led with the highest average EV/EBITDA multiple of 188.3x.

# Top three subsectors in Q2 2016

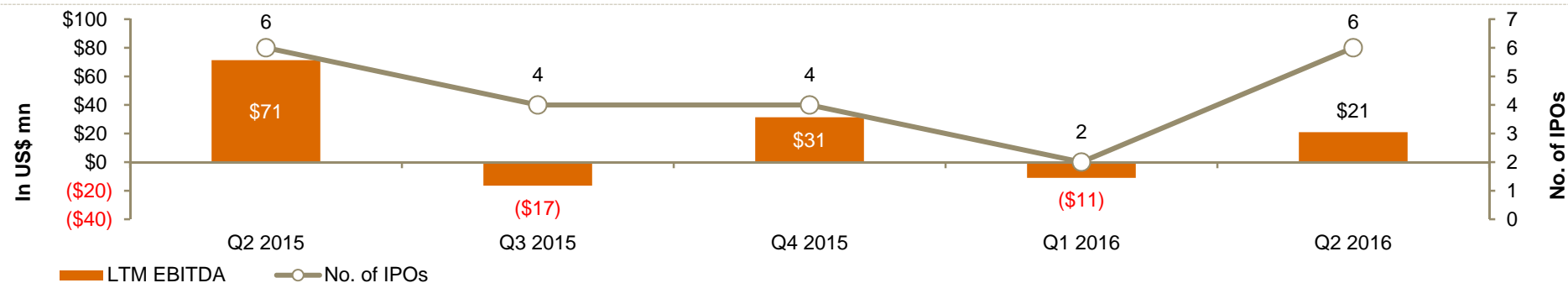
## Software

Figure 29: Software – LTM revenue



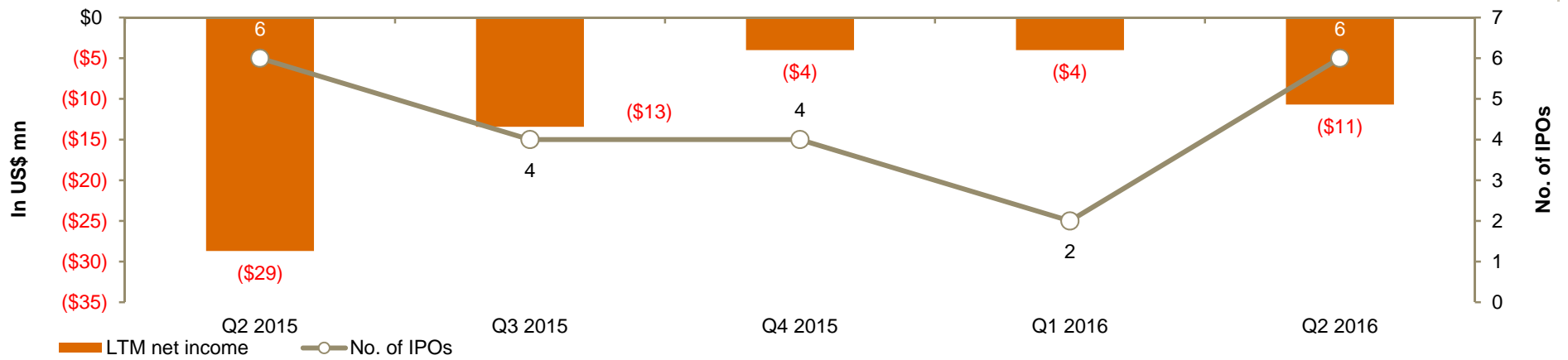
Source: S&P Capital IQ with analysis by PwC

Figure 30: Software – LTM EBITDA



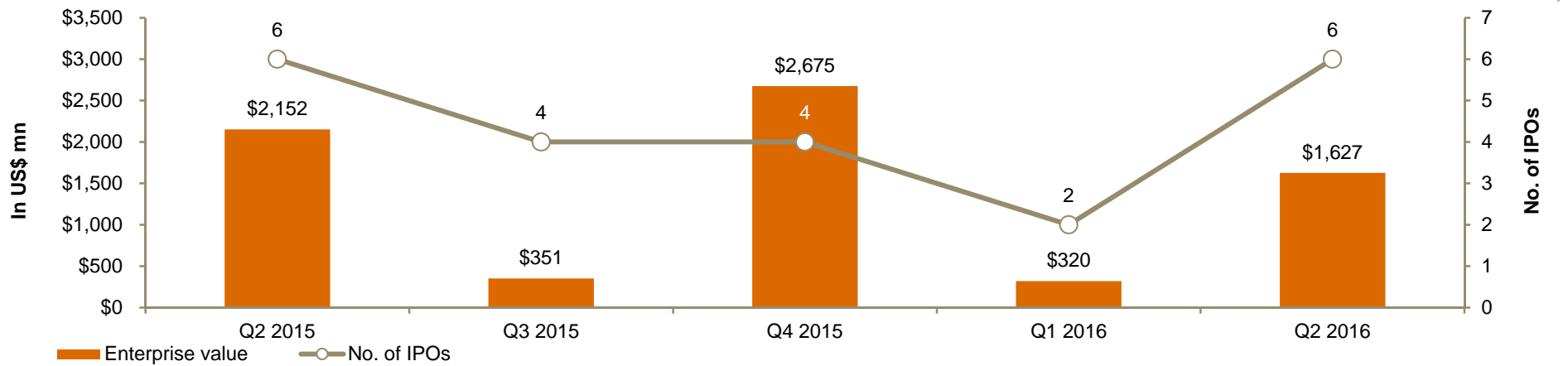
Source: S&P Capital IQ with analysis by PwC

**Figure 31: Software – LTM net income**



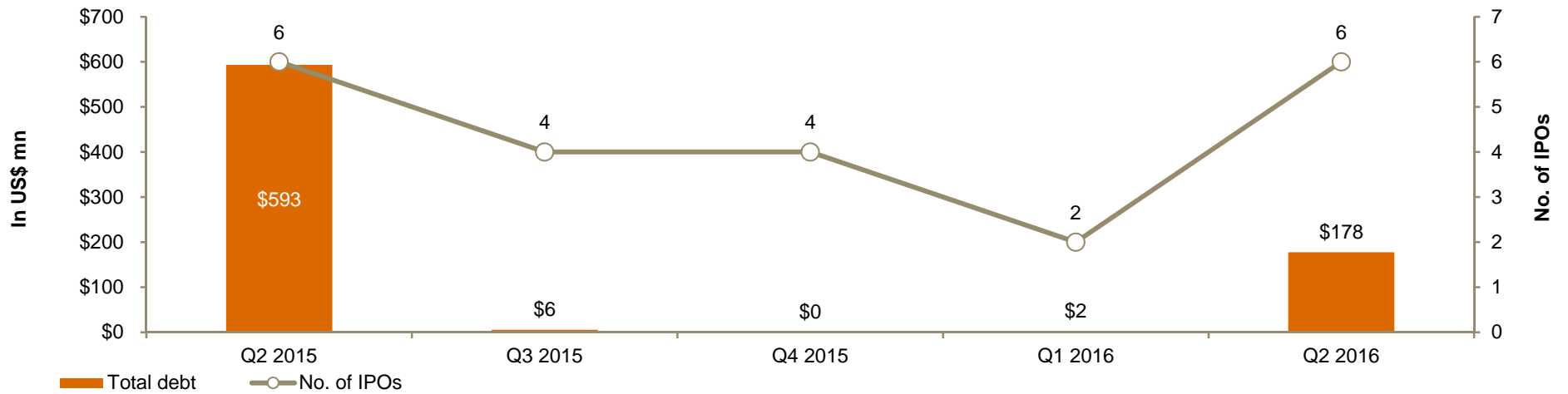
Source: S&P Capital IQ with analysis by PwC

**Figure 32: Software – Enterprise value**



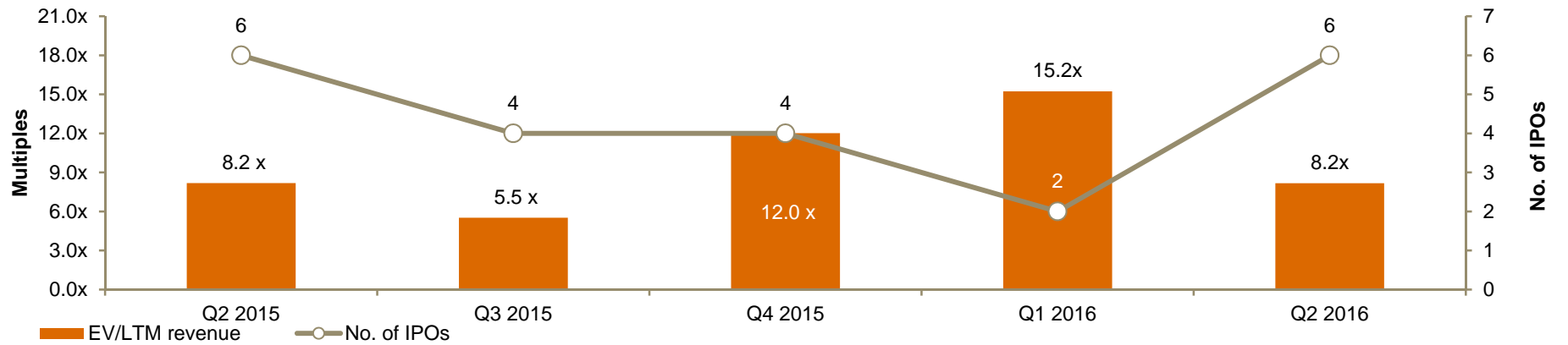
Source: S&P Capital IQ with analysis by PwC

**Figure 33: Software – Total debt**



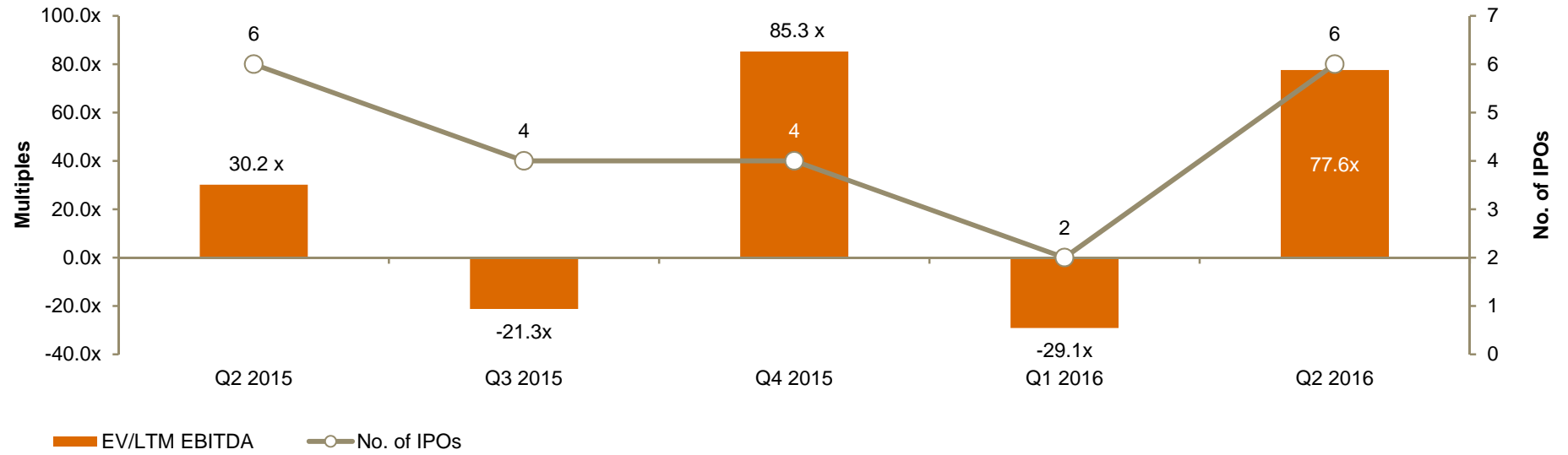
Source: S&P Capital IQ with analysis by PwC

**Figure 34: Software – EV/LTM revenue**



Source: S&P Capital IQ with analysis by PwC

**Figure 35: Software – EV/LTM EBITDA**

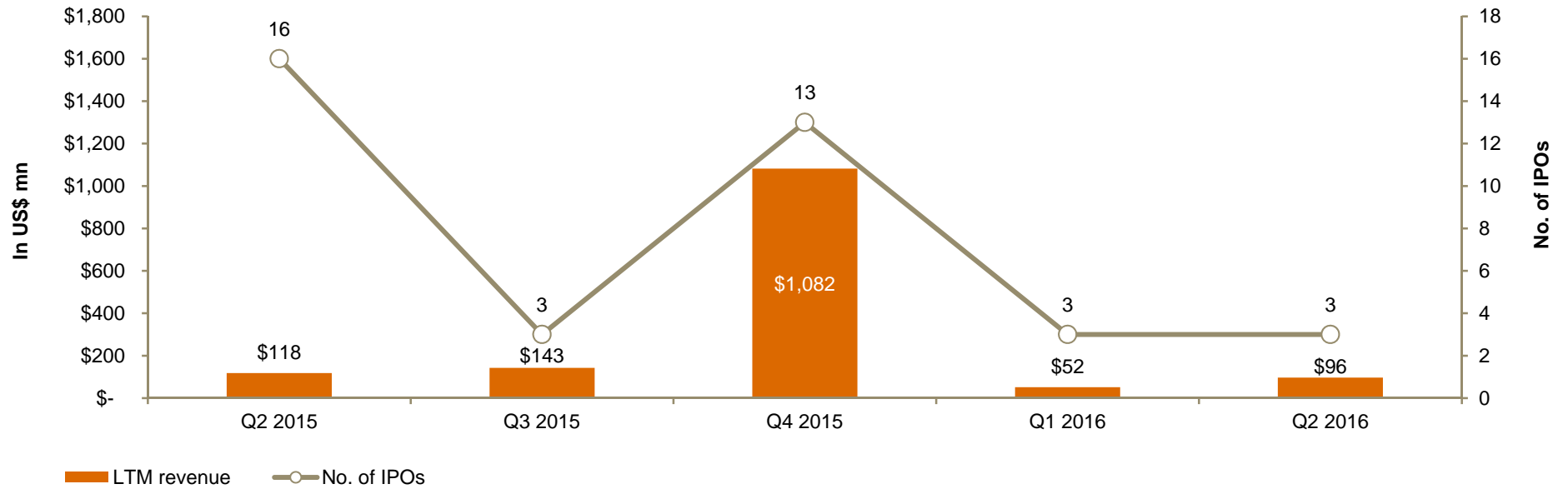


Source: S&P Capital IQ with analysis by PwC



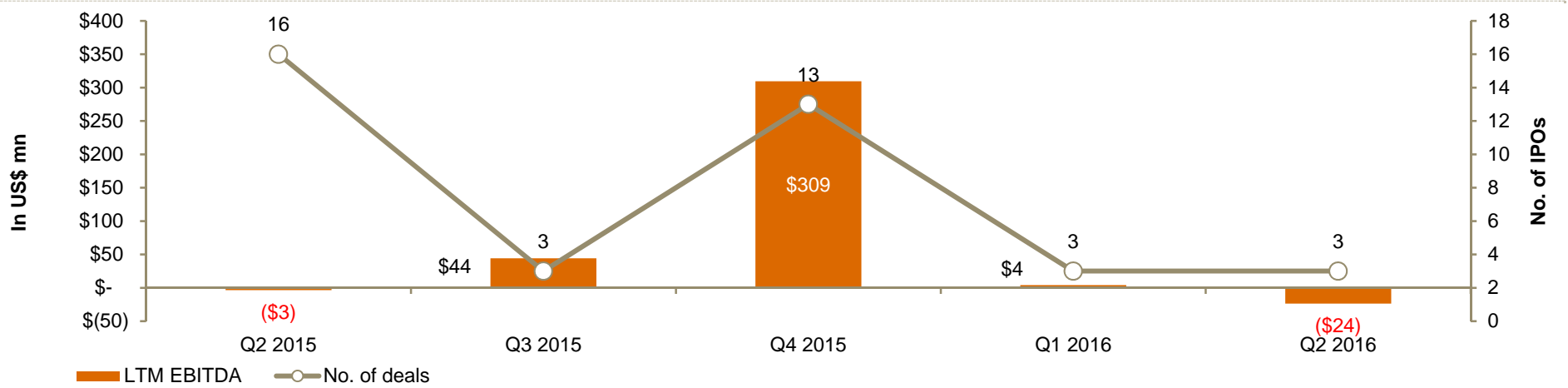
## Internet Software & Services

Figure 36: Internet Software & Services – LTM revenue



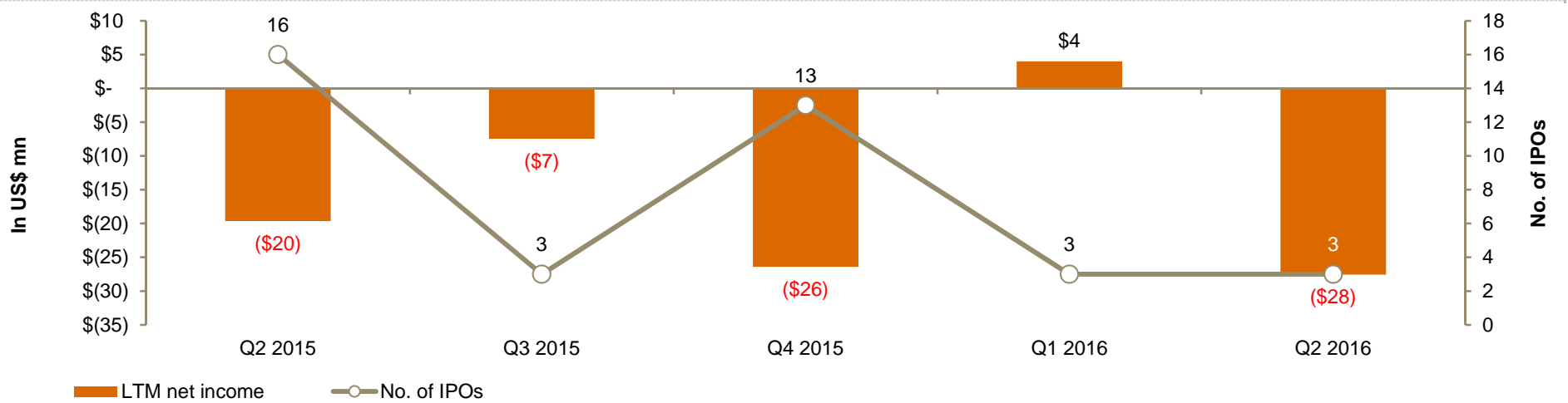
Source: S&P Capital IQ with analysis by PwC

**Figure 37: Internet Software & Services – LTM EBITDA**



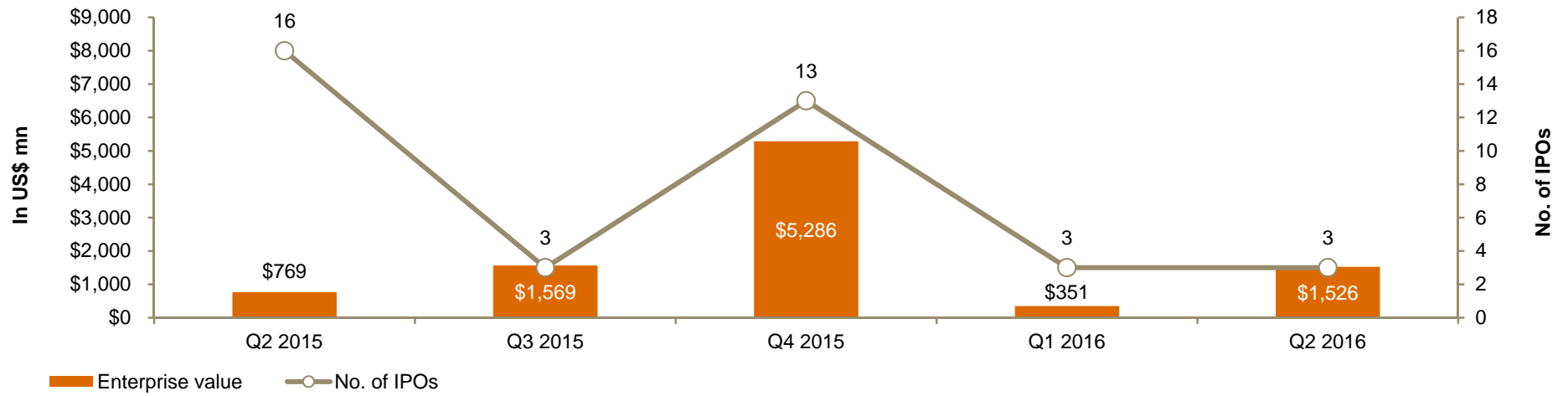
Source: S&P Capital IQ with analysis by PwC

**Figure 38: Internet Software & Services – LTM net income**



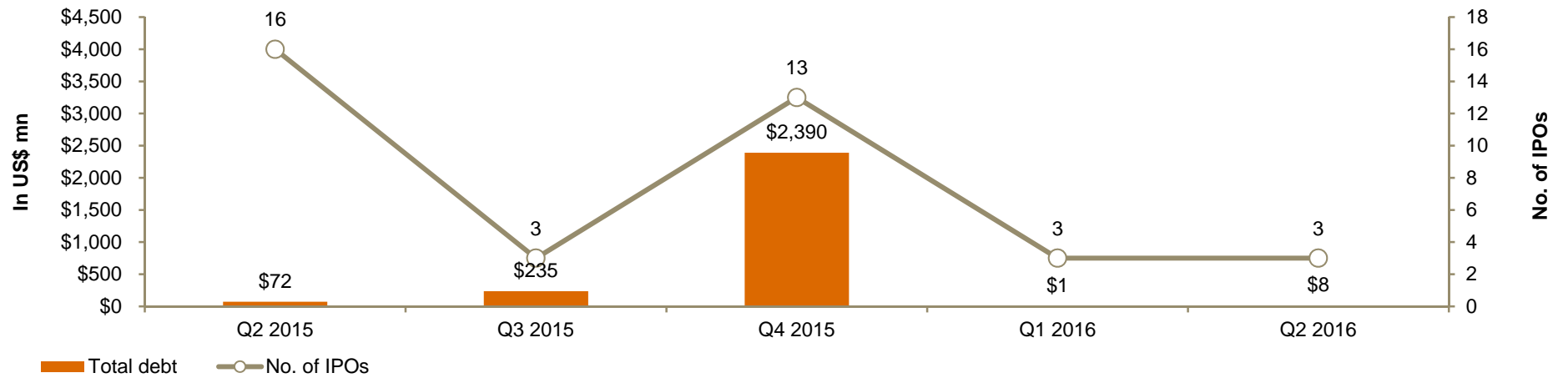
Source: S&P Capital IQ with analysis by PwC

**Figure 39: Internet Software & Services – Enterprise value**



Source: S&P Capital IQ with analysis by PwC

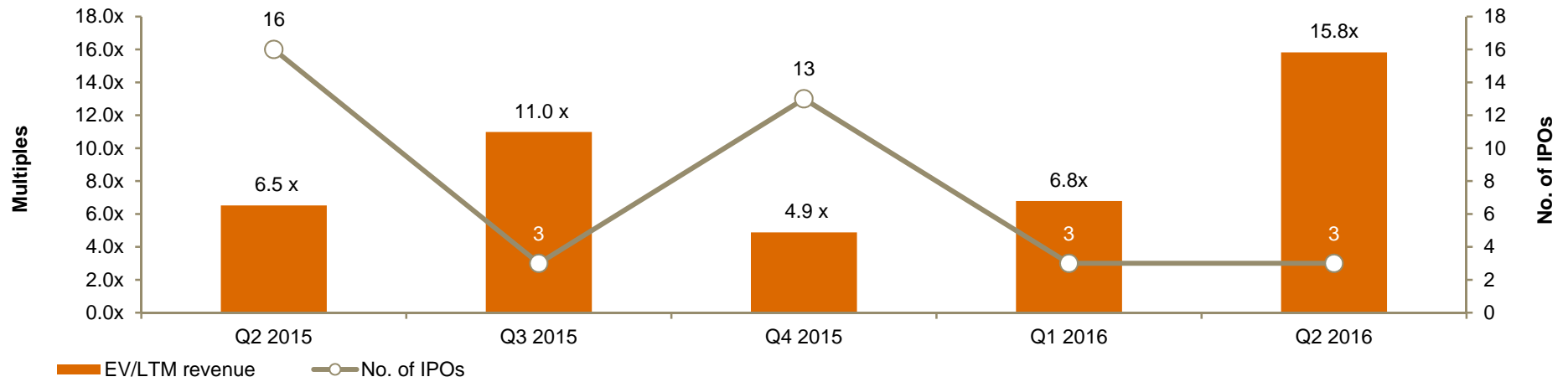
**Figure 40: Internet Software & Services – Total debt**



Source: S&P Capital IQ with analysis by PwC

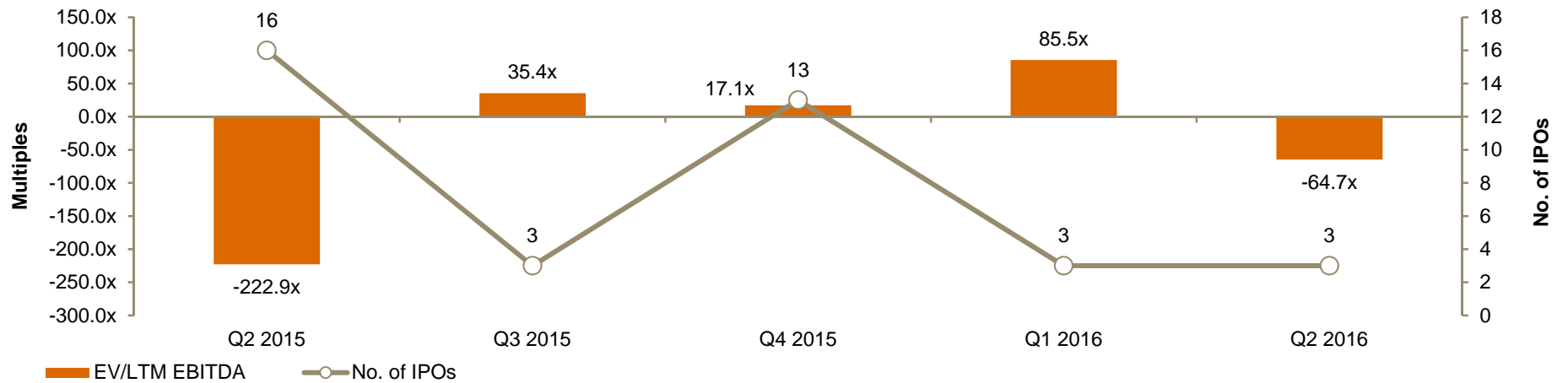


**Figure 41: Internet Software & Services – EV/LTM revenue**



Source: S&P Capital IQ with analysis by PwC

**Figure 42: Internet Software & Services – EV/LTM EBITDA**

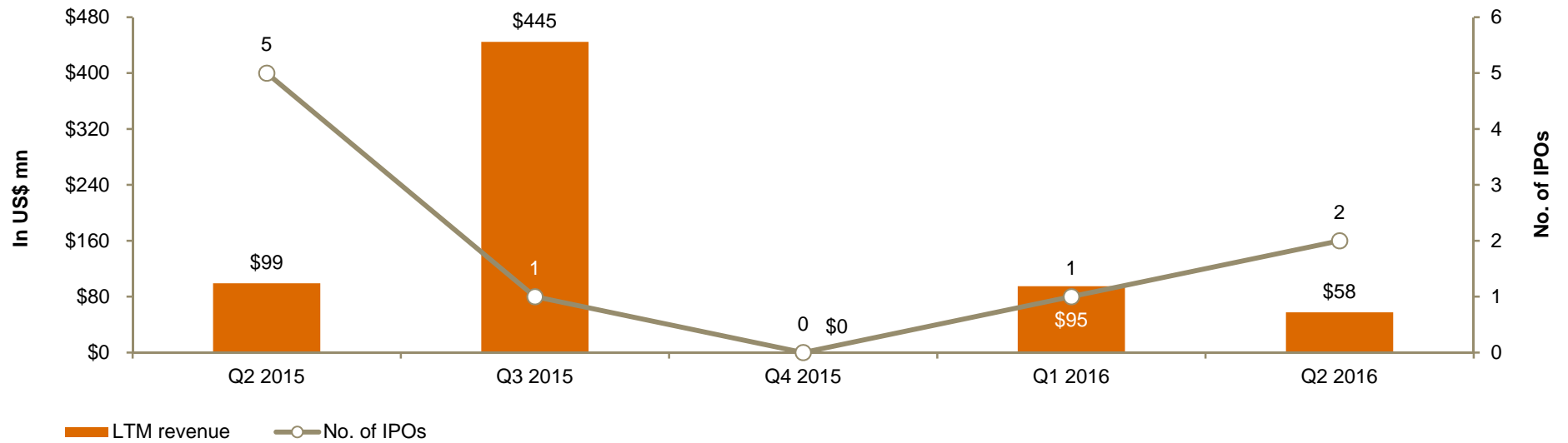


Source: S&P Capital IQ with analysis by PwC



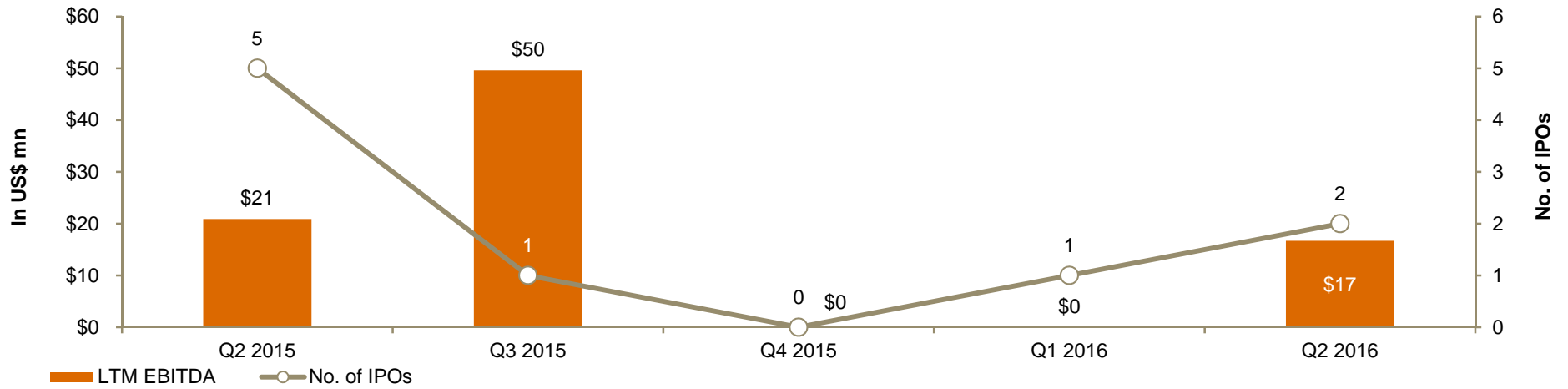
## Electronics

Figure 43: Electronics – LTM revenue



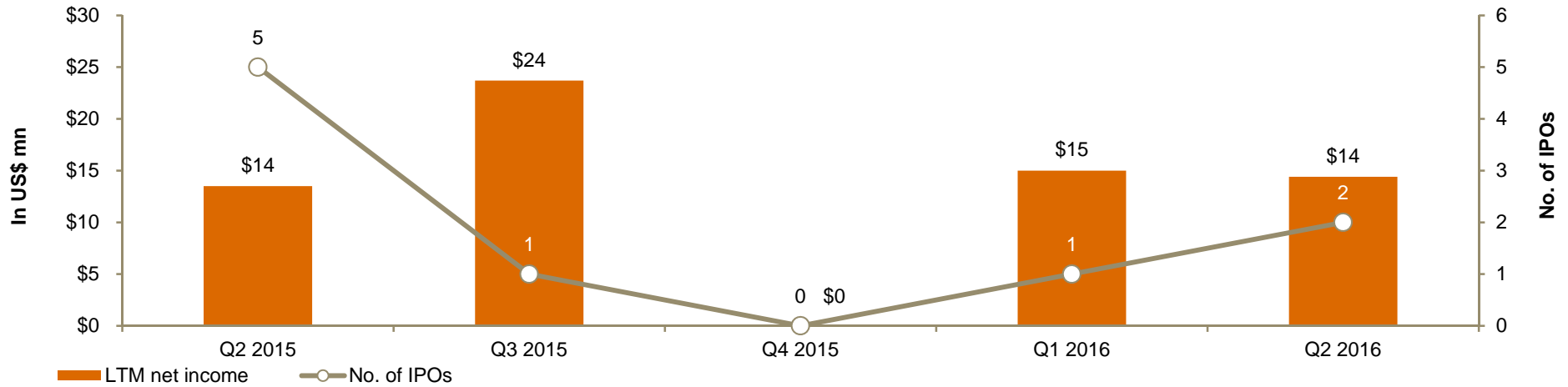
Source: S&P Capital IQ with analysis by PwC

**Figure 44: Electronics – LTM EBITDA**



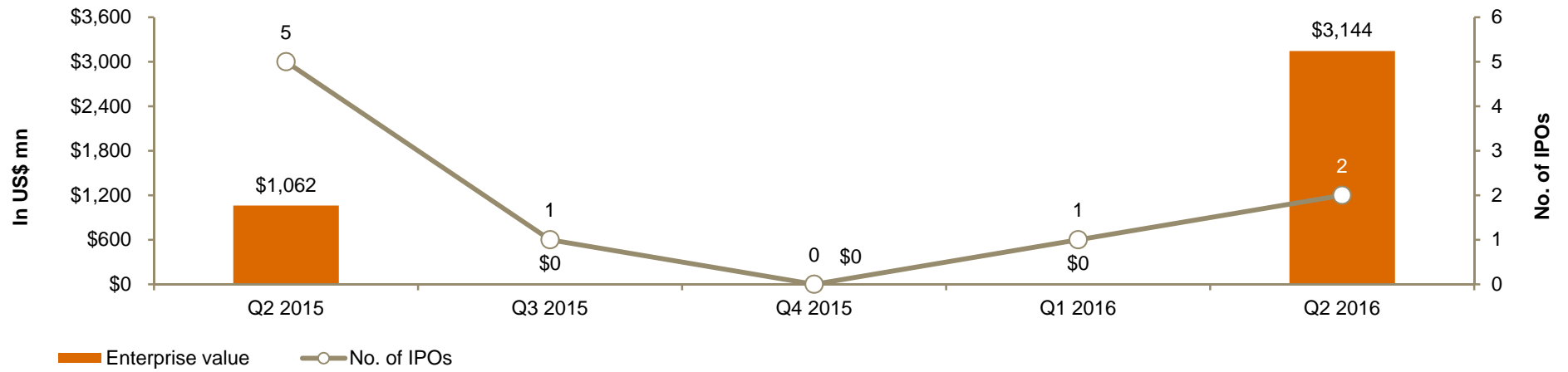
Source: S&P Capital IQ with analysis by PwC

**Figure 45: Electronics – LTM net income**



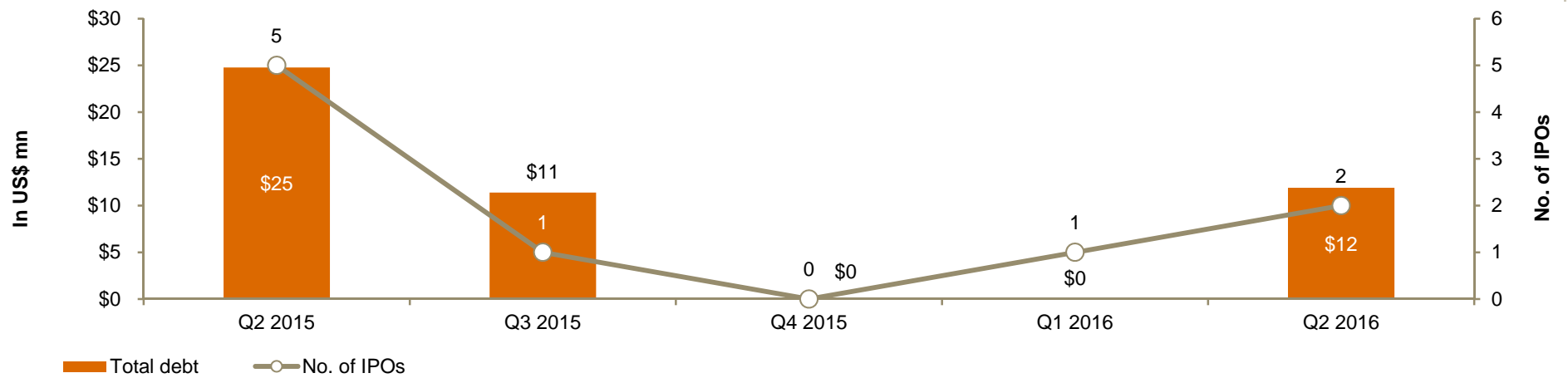
Source: S&P Capital IQ with analysis by PwC

**Figure 46: Electronics – Enterprise value**



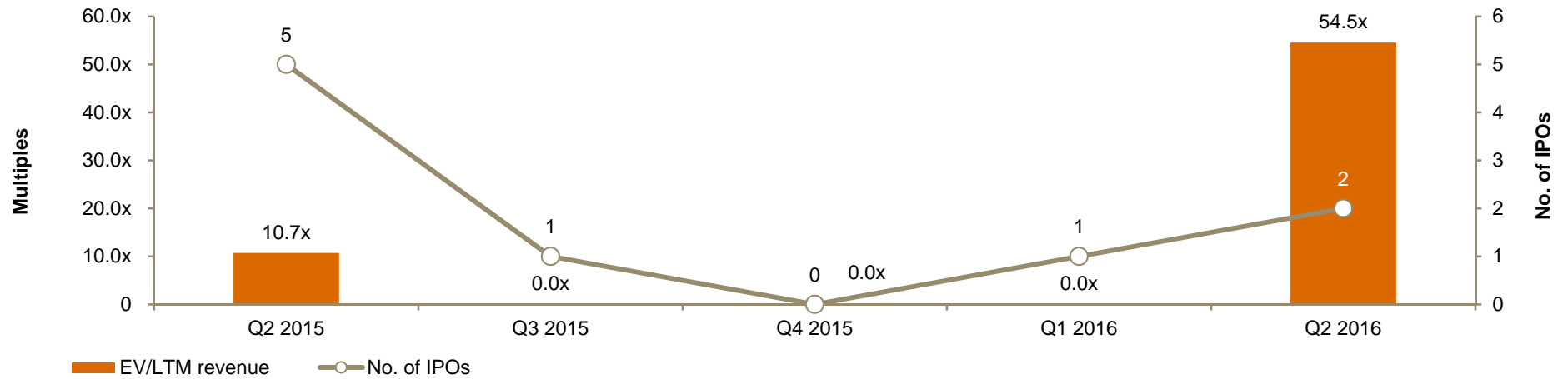
Source: S&P Capital IQ with analysis by PwC

**Figure 47: Electronics – Total debt**



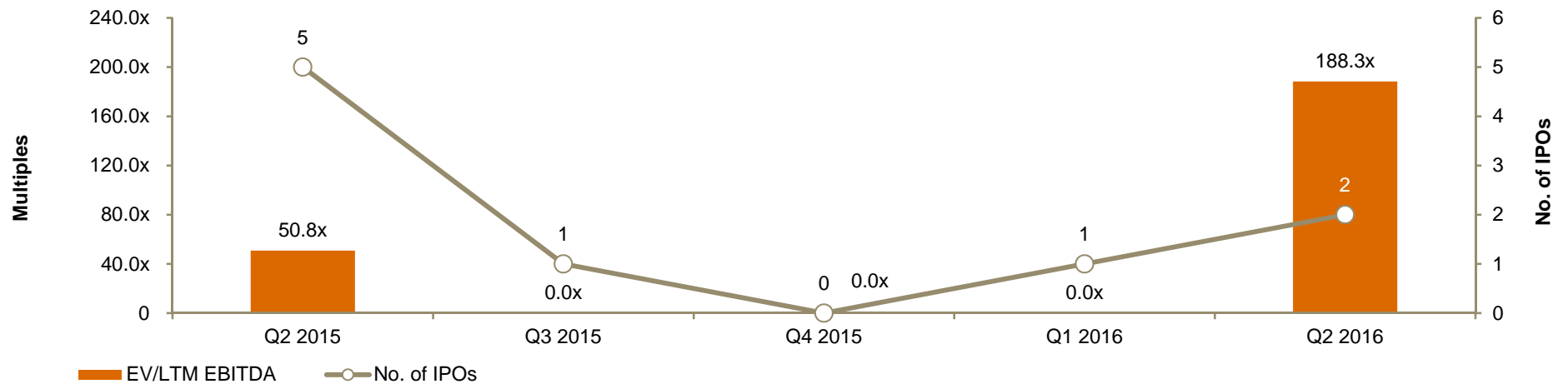
Source: S&P Capital IQ with analysis by PwC

**Figure 48: Electronics – EV/LTM revenue**



Source: S&P Capital IQ with analysis by PwC

**Figure 49: Electronics – EV/LTM EBITDA**



Source: S&P Capital IQ with analysis by PwC

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# *Methodology*

The Global Technology IPO Review for Q2 2016 is based on PwC's analysis of transaction data extracted from S&P Capital IQ. The analysis considers IPOs across all countries during the period 1 April 2016 to 30 June 2016 (Q2), and from 2010-2015. Financial data was also obtained from S&P Capital IQ.

The definition of the Technology sector is based on the S&P Capital IQ database industry classifications and includes the following subsectors:

- Internet Software & Services
- IT Consulting & Services
- Professional Services (e.g., Application Software, Software Solutions)
- Semiconductors
- Software
- Computers & Peripherals
  - Computers, Computers Peripheral Equipment
  - Computers, Storage Device Manufacturing
  
- Electronic Computers Manufacturing (“Electronics”)
- Communications Equipment

Only IPOs with issue size greater than US\$40 million were included in the analysis.

All monetary amounts are in US dollars unless otherwise indicated.

LTM – Last twelve months

Most figures are rounded to one decimal.



## ***For more information***

If you would like to discuss how these findings might impact your business or your future strategy, please reach out to any of our technology industry leaders listed below.

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