
Press release

Date

18 March 2014

Contact

David Jetuah, media relations, PwC
Tel: + 44 (0) 20 7212 1812
Mobile: + 44 (0)7531439437
Email: david.jetuah@uk.pwc.com

or

Zuzana Sehnalová, Marketing & Communications Leader, PwC
Tel.: +421 (0) 2 59350 133
Mobile: +421 (0)911 357 151
zuzana.sehnalova@sk.pwc.com

2013 European IPO proceeds rocket by 135% to €26.5bn; can the momentum be maintained in 2014?

- Retail and consumer companies in the pipeline for the first half of 2014 following strong Christmas trading.
- Government privatisations set to increase – parts of shored up banks may be spun off the public books through IPOs.
- PE- backed IPOs outperform the market in 2013 - more expected in the first half of 2014.

The European IPO market continued to build momentum throughout 2013 – finishing the year with a bang. The final quarter, which saw more than 100 companies successfully float, accounted for more than half the total proceeds raised in the whole year. Average European deal size more than doubled - total money raised through IPOs in 2013 increased by €15.3bn (135%) to €26.5bn, despite the total number of IPOs decreasing by 3% to 279 from 288.

London remained the dominant market in Europe by total number and total money raised.

IPO values increased by €9.3bn (180%) year-on-year to €14.4bn driven by a 41% increase in the number of IPOs from 73 to 103 and the presence of bigger deals like Royal Mail and Merlin Entertainments.

PwC expects to see many retail and consumer companies coming to the market in the first half of 2014 off the back of strong Christmas trading results. Evidence of this activity has already been seen with the recent London IPOs of Lenta , AO World, Poundland, Pets at Home and Boohoo.com.

Mark Hughes, capital markets partner at PwC said: "The IPO renaissance we have all been hoping for has arrived. As activity increases- so will the competition. Exchanges will continue to fight to attract IPO candidates and London is in a great position to secure high calibre domestic and international IPOs.

"There is a sizeable pipeline of floats on the horizon in 2014- in London and beyond. Building on 2013's success, we are already seeing a spate of PE backed companies well advanced in their preparation to completing an IPO in the first half of 2014."

PwC also believes the technology sector will continue to provide a number of IPO candidates in 2014 –although the US markets may still be the natural choice for tech ventures, the newly launched High Growth Segment of the London Stock Exchange may provide a viable alternative for those technology companies with a greater affinity or more natural fit with the UK market and investors.

Euronext IPOs raised €3.0bn, a significant increase of 188% year-on-year. The rise was driven by an increase in major PE-exits and privatisations like bpost, Numericable, CTTCorreios de Portugal and Tarkett.

Deutsche Börse saw an increase in proceeds raised, despite a falling number of IPOs from 25 in 2012 to 9 in 2013. The two largest German IPOs, LEG Immobilien and Deutsche Annington are both real estate companies and collectively raised more than two thirds of total proceeds raised in Germany.

Borsa Italiana had a strong year, reaching overall proceeds of €1.3bn, compared with €0.2bn raised in 2012. The number of IPOs in Italy more than quadrupled from 4 in 2012 to 18 in 2013.

The two largest 2013 IPOs on Borsa Italiana, Moncler and Moleskine were both PE-backed and raised €681m and €269m respectively.

Warsaw experienced an increase in average deal value from €7m to €21m, because the total proceeds increased to €1.1bn and the number of deals in Poland almost halved. The proceeds are mainly driven by the privatisations of Energa (€515m) and PKP Cargo (€339m), the two largest IPOs in Warsaw last year.

Mark Hughes, capital markets partner at PwC said: “Even though 2013 proceeds are a third of those raised in 2007 at the height of the market, we do believe that we are finally moving into a period of renewed and sustained growth.

“National companies targeted for privatisation include banks and companies in the energy, transport infrastructure, health and postal service sectors. We believe that 2014 will see further privatisations of this kind. IPOs will certainly be an option to consider.”

Private equity focus

The back end of 2013 saw many private equity houses finally cashing in on long-term investments by completing IPOs.

PE-backed IPOs have outperformed the market with the top five PE-backed IPOs in UK and in Europe either performing in line with market or in most cases outperforming the market.

Notably only one of the twenty worst performing stocks in 2013 was previously PE-backed, while eight of the top twenty best performing stocks had been previously PE backed.

Notes

A regression analysis was used to produce the results, employing a Tobit model to estimate medal share for the 28 countries which have won at least one medal in the last three Winter Olympics. The other variables were total GDP, ski resorts per head, medal shares in the previous two Winter Olympics, and dummies for countries with a ‘tradition’ of winter sports and for host countries.

For more information on this topic, and to see the latest PwC Global Economy Watch, take a look here: <http://www.pwc.co.uk/GEW>

About PwC

PwC helps organisations and individuals create the value they’re looking for. We’re a network of firms in 157 countries with over 184,000 people who are committed to delivering quality in assurance, tax and advisory services. Tell us what matters to you and find out more by visiting us at www.pwc.com/sk.

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.

©2014 PwC. All rights reserved.