

# **IPO Watch Europe Q1 2010**

## **January–March 2010: Full Analysis**

## Highlights of Q1 2010

PricewaterhouseCoopers' IPO Watch Europe survey tracks the volume and values of IPOs around Europe. The highlights of Q1 2010 are detailed below:

- The London Stock Exchange led on volume and value, regaining top spot after its unaccustomed third place by offering value in Q4 2009.
- There has been a cautious recovery as investors focus on value against a background of economic uncertainty.
- The number of IPOs increased compared to both Q1 2009 and the last quarter of 2009.
- The overall offering value of IPOs has fallen by 11% when compared to Q4 2009, however it has significantly increased year on year against a dismal Q1 2009.
- The majority of activity by offering value (88%) took place on EU-regulated exchanges, while exchange-regulated markets hosted 64% of IPOs by volume.
- European exchanges outperformed the US exchanges by offering value for the first time since Q4 2008.

There was a stable increase in the volume of IPOs on the European stock markets over the last five quarters. There were 77 IPOs across the European exchanges in Q1 2010 compared to 55 offerings in Q4 2009 and just 16 in Q1 2009.

Overall offering value decreased by 11% from €5,247 million in Q4 2009 to €4,671 million, in Q1 2010. However, there was dramatic improvement in both these quarters compared to the dismal performance of just €35 million raised in Q1 2009.

London regained its top spot among the European stock exchanges by value and volume raising €2,092 million from 20 IPOs in Q1 2010.

The average offering value in Q1 2010 was €72 million. This is a fall of 33% from the previous quarter which included the proceeds of €1,407 million from the PGE Polska Grupa Energetyczna IPO and €1,016 million from the IPO of Delta Lloyds NV.

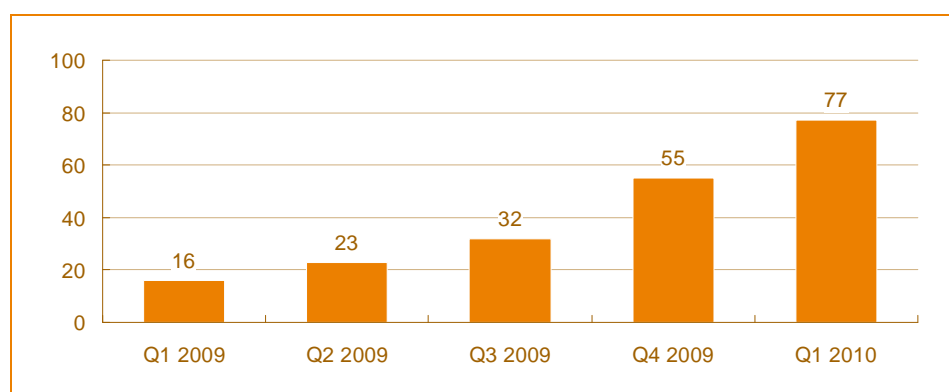


Fig. 1 IPO activity by number

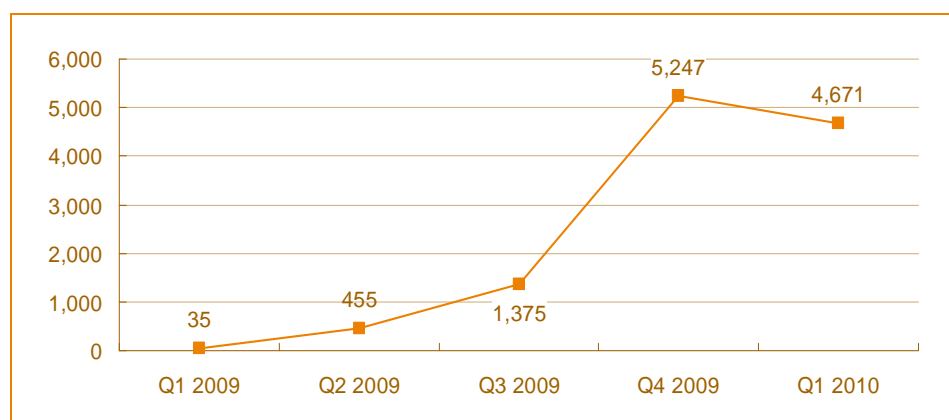


Fig. 2 IPO activity by value (€m)

	Q1 2010	Q1 2009	Q4 2009
Total European listings comprise those with			
• no money raised	12	7	6
• money raised	65	9	49
Average offering value (€m)	72	4	107

## IPOs by market

The London Stock Exchange contributed the highest volume of IPOs, hosting 26% of the total European IPOs for the quarter.

The Warsaw Stock Exchange ranked second with 15 IPOs representing 19% of the quarter's activity.

There were nine Global Depository Receipt offerings in Luxembourg, placing it in third place by IPO volume. All the offerings were by Indian companies.

Deutsche Börse came joint fourth with NYSE Euronext contributing eight IPOs each, compared with one and six IPOs respectively in Q4 2009. Both exchanges did not host any IPOs in Q1 2009.

Non-European companies completed 20 IPOs in the quarter compared with 18 IPOs in Q4 2009, a drop of 7% overall.

As detailed above, Luxembourg hosted the majority of non-European companies followed by Deutsche Börse and London, which hosted three and four IPOs by non-European companies respectively.

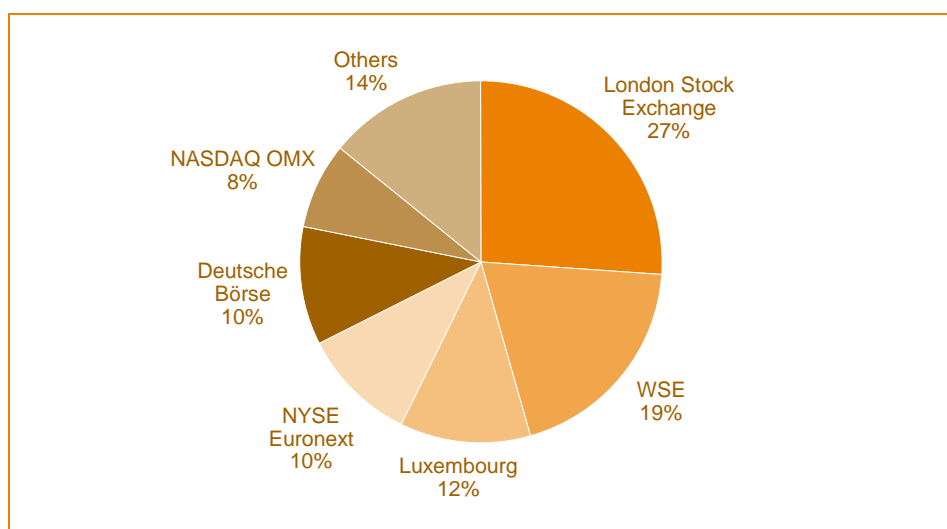


Fig. 3 Total by IPO volume

The London Stock Exchange raised 45% of the total IPO offering value on European exchanges this quarter.

London hosted the quarter's third largest IPO; that of mining company African Barrick Gold plc, which raised €645 million on the Main Market.

The Deutsche Börse raised 37% of the total IPOs value from eight IPOs.

The Deutsche Börse hosted the two of the largest IPOs in Europe this quarter, that of the German cable operator Kabel Deutschland Holding AG, which raised €660 million and the chemical distributors Brenntag AG, which raised €650 million. Both of these IPOs were on the Prime Standard market.

Non-European companies raised €1,639 million in the quarter compared with €843 million in Q4 2009.

Deutsche Börse and London accounted for €741 million (45%) and €690 million (42%) respectively of the total raised by non-European companies.

€196 million in Global Depositary Receipt offerings by nine Indian companies was raised in Luxembourg.

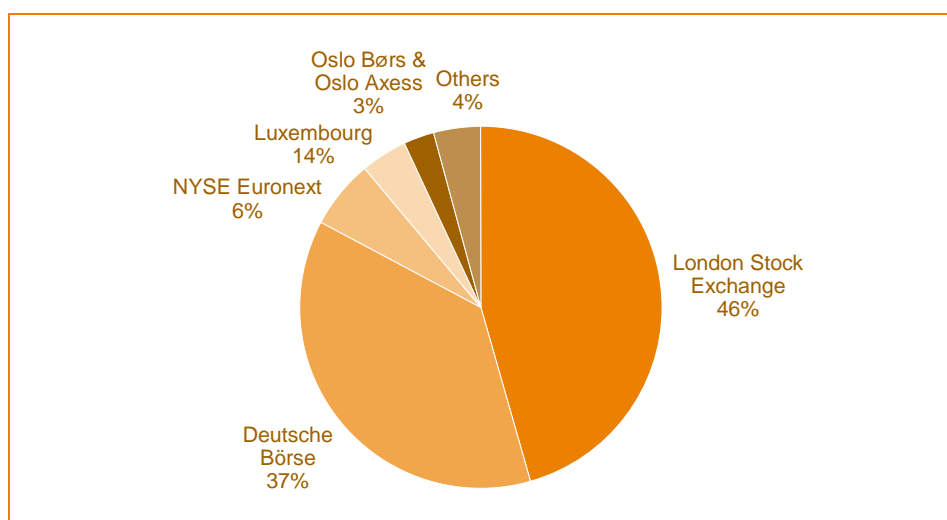


Fig. 4 Total by IPO offering value

## IPOs by market

## Total

Stock exchange	Q1-2010		Q1-2009		Q4-2009	
	IPOs	Offering value (€m)	IPOs	Offering value (€m)	IPOs	Offering value (€m)
London Stock Exchange Group <sup>1</sup>	23	2,102	3	2	17	1,072
Deutsche Börse	8	1,745	–	–	1	48
NYSE Euronext	8	303	–	–	6	1,907
Luxembourg	9	195	2	27	9	709
Oslo Børs & Oslo Axess	4	142	–	–	1	7
NASDAQ OMX	6	99	4	–	3	38
Wiener Börse	2	38	–	–	–	–
WSE	15	32	6	6	16	1,454
BME (Spanish Exchanges) <sup>2</sup>	2	15	–	–	1	12
Athens Stock Exchange	–	–	–	–	–	–
SIX Swiss Exchange	–	–	1	–	1	–
Irish Stock Exchange	–	–	–	–	–	–
<b>Europe total</b>	<b>77</b>	<b>4,671</b>	<b>16</b>	<b>35</b>	<b>55</b>	<b>5,247</b>

<sup>1</sup> The London Stock Exchange Group comprises the London and Borsa Italiana stock exchanges.

<sup>2</sup> The BME Alternative market opened in March 2008 with the first IPO listing during Q3-2009.

IPOs by market are shown gross of dual listings; however these are netted off in the Europe total number and offering values.

## EU Regulated

Stock exchange	Q1-2010		Q1-2009		Q4-2009	
	IPOs	Offering value (€m)	IPOs	Offering value (€m)	IPOs	Offering value (€m)
London Stock Exchange Group (London Main)	11	1,816	2	2	5	563
Deutsche Börse (Prime)	5	1,744	–	–	1	48
NYSE Euronext (Euronext)	2	275	–	–	5	1,907
Oslo Børs	2	101	–	–	–	–
NASDAQ OMX (Main)	4	89	2	–	2	38
Wiener Börse (MTF)	2	38	–	–	–	–
WSE (Main)	1	25	2	1	6	1,454
Deutsche Börse (General Standard)	1	–	–	–	–	–
London Stock Exchange Group (Borsa Italiana Main)	–	–	–	–	1	105
SIX Swiss Exchange	–	–	1	–	1	–
<b>EU regulated sub-total</b>	<b>28</b>	<b>4,088</b>	<b>7</b>	<b>3</b>	<b>21</b>	<b>4,115</b>

IPOs by market are shown gross of dual listings; however these are netted off in the Europe total number and offering values.

## Exchange Regulated

Stock exchange	Q1-2010		Q1-2009		Q4-2009	
	IPOs	Offering value (€m)	IPOs	Offering value (€m)	IPOs	Offering value (€m)
London Stock Exchange Group (London AIM)	8	240	1	–	9	388
Luxembourg (EuroMTF)	9	196	2	27	9	709
Oslo Axess	2	41	–	–	1	7
London (SFM)	1	36	–	–	–	–
NYSE Euronext (Alternext)	6	28	–	–	1	–
BME (Spanish Exchanges) (MAB)	2	15	–	–	1	12
London Stock Exchange Group (Borsa Italiana AIM) <sup>1</sup>	3	10	–	–	2	16
NASDAQ OMX (First North)	2	10	2	–	1	–
WSE (NewConnect) <sup>2</sup>	14	6	4	5	10	–
Deutsche Börse (Entry Standard)	2	1	–	–	–	–
<b>Exchange regulated sub-total</b>	<b>49</b>	<b>583</b>	<b>9</b>	<b>32</b>	<b>34</b>	<b>1,132</b>

<sup>1</sup> The London Stock Exchange Group's Borsa Italiana AIM market opened in December 2008 with the first two IPOs listing during Q2-2009.

<sup>2</sup> Cumulatively the WSE NewConnect raised €2m in Q4.09. However individually each of the NewConnect transactions raised an amount that rounded to a lower figure and the total above.

IPOs by market are shown gross of dual listings; however these are netted off in the Europe total number and offering values.

## Top five IPOs

The five largest IPOs in the first quarter of 2010 together raised €2,687 million, representing 58% of the overall total raised, compared with 74% of the total raised in Q4 2009.

Five largest IPOs of Q1 2010	€m raised	Sector	Market	Segment
Kabel Deutschland Holding AG	660	Telecommunications	Deutsche	Prime
Brenntag AG	650	Industrial Goods & Services	Deutsche	Prime
African Barrick Gold Plc	645	Mining	LSEG	London Main
Horizon Acquisition Co Plc	457	Financial Services	LSEG	London Main
Medica	275	Healthcare	Euronext	Euronext

Five largest IPOs of Q1 2009	€m raised	Sector	Market	Segment
Vishal Information Technologies Limited	26	Technology	Luxembourg	EuroMTF
Hydrapres	4	Industrial Goods & Services	WSE	NewConnect
Downing Protected Opportunities VCT 1 Plc	2	Investment Company	LSEG	LSE Main
HDFC Bank	1	Banks	Luxembourg	EuroMTF
Bumech	1	Industrial Goods & Services	WSE	WSE – Main Market
Read-Gene	1	Pharmaceuticals & Biotech	WSE	NewConnect

Five largest IPOs of Q4 2009	€m raised	Sector	Market	Segment
PGE Polska Grupa Energetyczna	1,407	Utilities	WSE	
Delta Lloyd NV	1,016	Insurance	Euronext	
CFAO	806	Industrial Goods & Services	Euronext	
Gartmore Group Ltd	378	Investment Company	LSEG	
Tata Motors	253	Automobiles & Parts	Luxembourg	

## The US exchanges

The US exchanges experienced a fall in activity in comparison to Q4 2009. This is partly due to the largest US IPO of 2009 taking place in the fourth quarter when the Brazilian division of the Spanish bank, Banco Santander, raised €4,746 million on NYSE.

NYSE experienced a €6,239 million (74%) decrease in offering value and had one less IPO, a 6% decrease, compared to Q4 2009.

NASDAQ suffered a €2,350 million (74%) decrease in offering value and seven (39%) fewer IPOs compared to Q4 2009

Stock exchange	Q1-2010		Q1-2009		Q4-2009	
	IPOs	Offering value (€m)	IPOs	Offering value (€m)	IPOs	Offering value (€m)
NYSE	16	2,152	2	564	17	8,391
NASDAQ	11	816	–	–	18	3,166
NYSE Amex	–	–	–	–	–	–
<b>US total</b>	<b>27</b>	<b>2,968</b>	<b>2</b>	<b>564</b>	<b>35</b>	<b>11,557</b>

### IPOs by month

IPO offering values increased month by month during the current quarter in line with the increase in IPO volumes. 75% of the total offering value was raised in March, which is a normal consequence of many issuers using December financial information in the IPO documents.

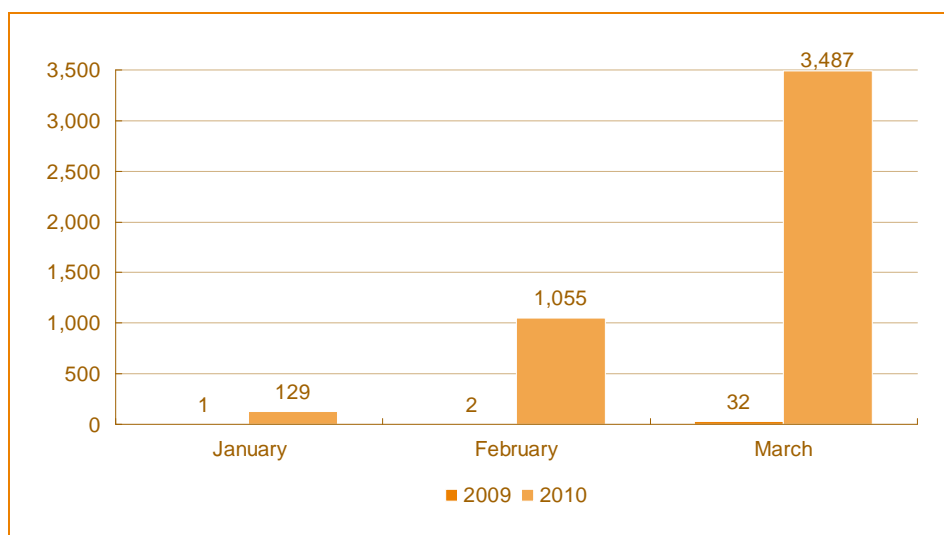


Fig. 5 IPO value by month (€m)

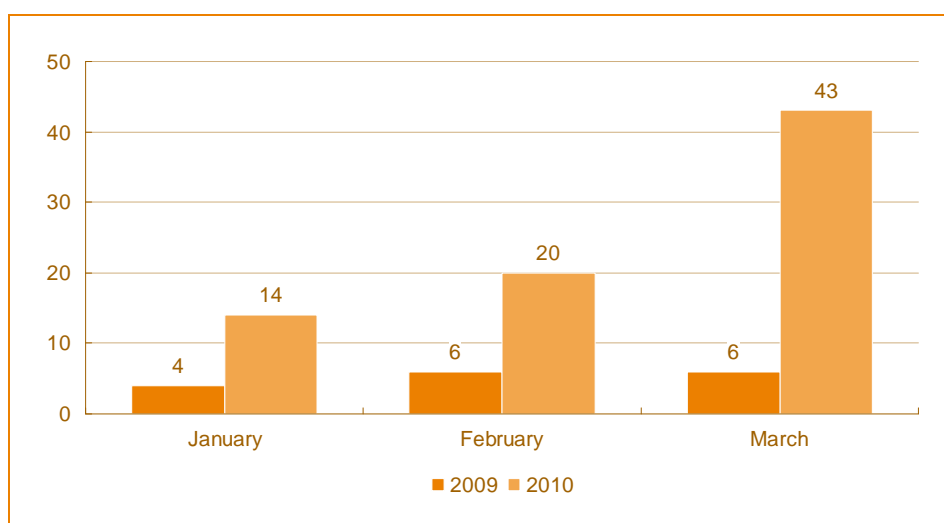


Fig. 6 Number of IPOs by month

## IPOs by sector

Sector	Company IPOs Q1-2010	Company IPOs Q1-2009	Company IPOs Q4-2009
Industrial Goods & Services	13	4	5
Investment Companies	9	2	10
Technology	7	3	8
Retail	6	–	2
Utilities	6	–	1
Food & Beverage	5	1	1
Telecommunications	4	–	2
Personal & Household Goods	4	1	2
Financial Services	3	1	3
Basic Resources	3	–	2
Media	3	–	2
Pharmaceuticals & Biotech	3	1	1
Mining	3	–	–
Health Care	2	–	3
Oil & Gas	2	–	3
Real Estate	2	1	3
Insurance	1	–	2
Construction & Materials	1	–	3
Automobiles & Parts	–	–	1
Travel & Leisure	–	–	1
Banks	–	2	–
<b>Total</b>	<b>77</b>	<b>16</b>	<b>55</b>

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