

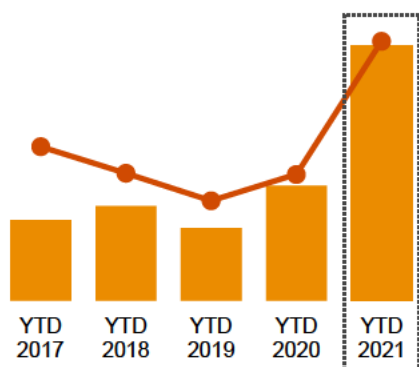


IPO Watch Europe

Q3 2021

European YTD IPO activity continued to be robust. Following one of the busiest H1 in recent history, Q3 IPO activity remained strong despite some volatility in the market in September and generally quieter summer period. In Europe, so far this year 287 IPOs raised €55.4bn, compared to 64 IPOs raising €11.7bn in the same period of 2020. Q3 2021 has delivered 64 IPOs raising €10.9bn, compared to 33 IPOs raising €6.2bn in Q3 last year.

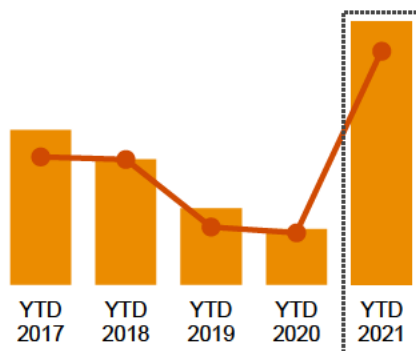
Global IPO activity



Value (\$bn)
Volume of IPOs

\$446.2bn
YTD 2021

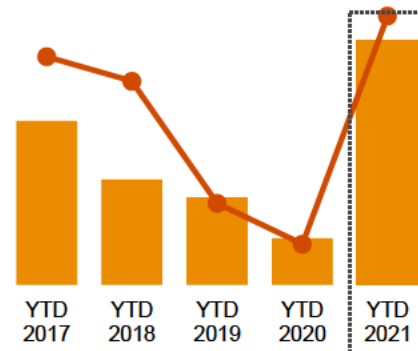
European IPO activity (incl. UK)



Value (€bn)
Volume of IPOs

€55.4bn
YTD 2021

UK IPO activity



Value (£bn)
Volume of IPOs

£13.7bn
YTD 2021

Azelis Group
Industrials

€1,540m

Euronext – Brussels

Petershill Partners
Financials

€1,179m

London Stock Exchange

Bridgepoint Group
Financials

€1,052m

London Stock Exchange

Majorel Group
Luxembourg
Technology

€660m

Euronext – Amsterdam

Antin Infrastructure
Partners
Financials

€632m

Euronext – Paris

Oxford Nanopore
Technologies
Health Care

€607m

London Stock Exchange

Cary Group
Consumer Discretionary

€452m

Nasdaq Nordic – Stockholm

Exclusive Networks
Technology

€366m

Euronext – Paris

“

This has been another strong quarter for European IPO activity with the strongest Q3 we have seen in recent years. This is despite both the traditional summer slowdown in activity, as well as some market volatility driven by macroeconomic concerns as major economies continue an uneven recovery from lockdown.

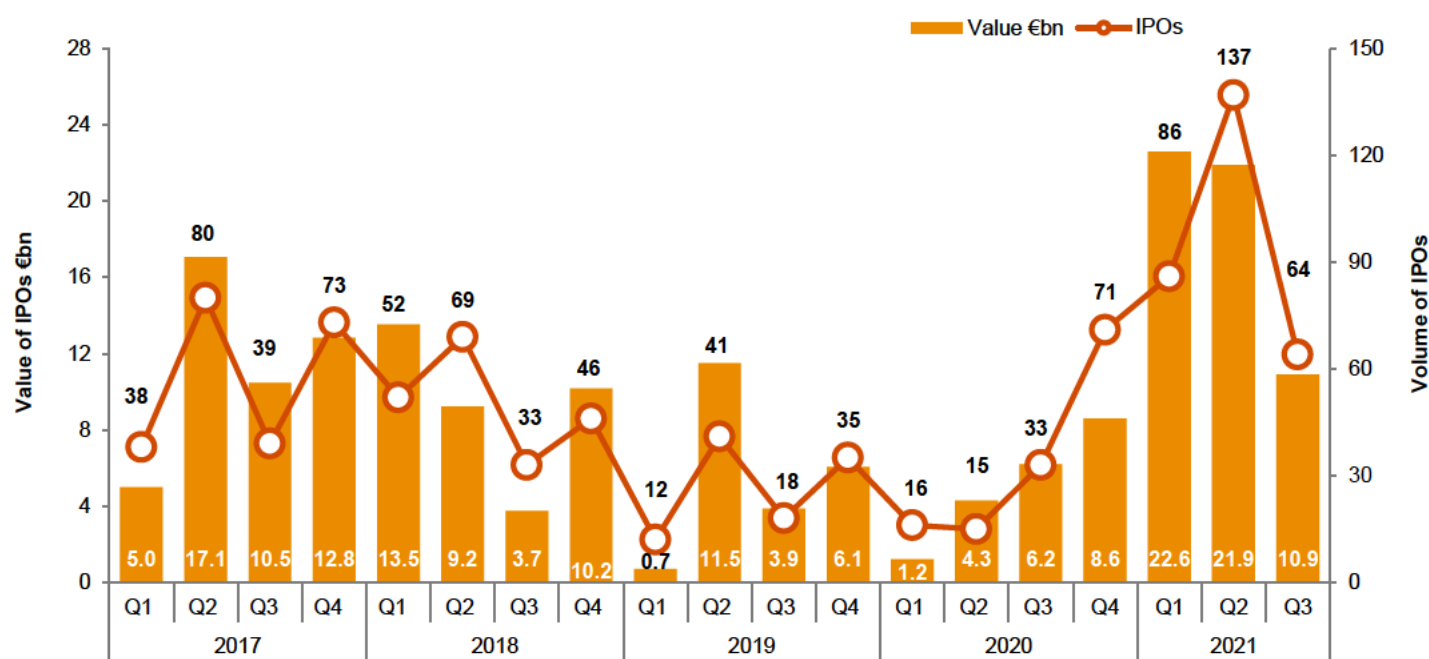
Yet there are signs, after a remarkable first half of the year, that this is very much a buyers market with high levels of selectivity and price sensitivity. Investors are paying particularly close attention to valuation and aftermarket performance. A high quality investment story underpinned by a robust set of KPIs, strong governance and properly planned IPO process, will be of paramount importance in realising value in the months ahead.

Mark Hughes
Partner, UK Capital Markets Leader

European IPO trends

Whilst Q3 IPO activity is usually impacted by the quieter summer months, Q3 2021 has delivered strong IPO issuance in Europe being the busiest Q3 in recent years with 64 transactions, raising €10.9bn, including several IPOs raising over €1bn (Azelis Group, Petershill Partners and Bridgepoint Group).

Figure 1: Quarterly European IPO activity since 2017



Strong IPO momentum continues in Q3 2021, supported by robust pipeline

Equity markets in Europe finished Q3 2021 with modest gains despite increased volatility and a mixed macroeconomic backdrop. Notably, the weakness in September was driven by several factors such as inflation concerns and expectations around potential tightening of the monetary policies by central banks, rising uncertainty around the pace of the economic recovery and the impact of the Delta variant of COVID-19. In addition, signs of slowdown in China - including weak consumer spending data and, more recently, the Evergrande debt crisis - has affected market confidence.

However, despite some turbulence in the markets, European IPO momentum continued at a healthy pace keeping investors busy with a number of transactions pricing in Q3. Following extraordinary H1 issuance levels, Q3 2021 IPO issuance is more in line with historical levels, albeit it's still the most active Q3 in recent years despite generally quieter summer months. London Stock Exchange regained its dominant spot in the European IPO market with €1bn+ IPOs of Petershill Partners and Bridgepoint Group and Euronext Brussels claimed the second place, boosted by the €1.5bn IPO of Azelis Group.

Investors focus on aftermarket performance, quality of issuers and ESG

We have noted signs of deal fatigue and investor selectivity that have started to emerge towards the end of the second quarter – a theme that has continued in Q3. With a significant pipeline of deals to choose from, the IPO market has become a buyers market where investors zoom in on the valuation and attractiveness of the investment case, as demonstrated by some of the recently cancelled or downsized transactions. Another important consideration for investors is the aftermarket performance that ties back into the pricing and the overall story of the issuers and highlights the importance of early meetings with investors and ability to demonstrate an attractive equity story underpinned by a robust set of KPIs.

An ESG agenda remains an important consideration in the investors' decision making process. Our recent global investor survey on driving progress in ESG highlights that investors expect ESG to be a core part of the strategy with a clear route to net zero targets, as well as strong controls across the businesses and transparency of performance.



As we anticipated in our previous report, we continued to see a strong IPO market in Europe this quarter with a variety of corporates across financials, technology, healthcare, industrials and consumer related sectors. Similarly, we have seen significant activity across various markets in Europe with London, Brussels and Paris being the most active.

The broadening of the pipeline will likely continue with investors testing the valuations and investment cases harder as we go into Q4, calling for robust equity stories underpinned by strong internal controls and ESG.

Richard Spilsbury
Partner, UK Capital Markets

European exchanges

London Stock Exchange continues to be the dominant exchange in Europe by the total value of the IPOs and further offers proceeds raised in Q3 2021, largely due to Petershill Partners and Bridgepoint Group €1bn+ IPOs and easyJet €1.5bn rights issue.

Figure 2: Top five stock exchanges by IPOs in Europe in Q3 2021 (by offering value)

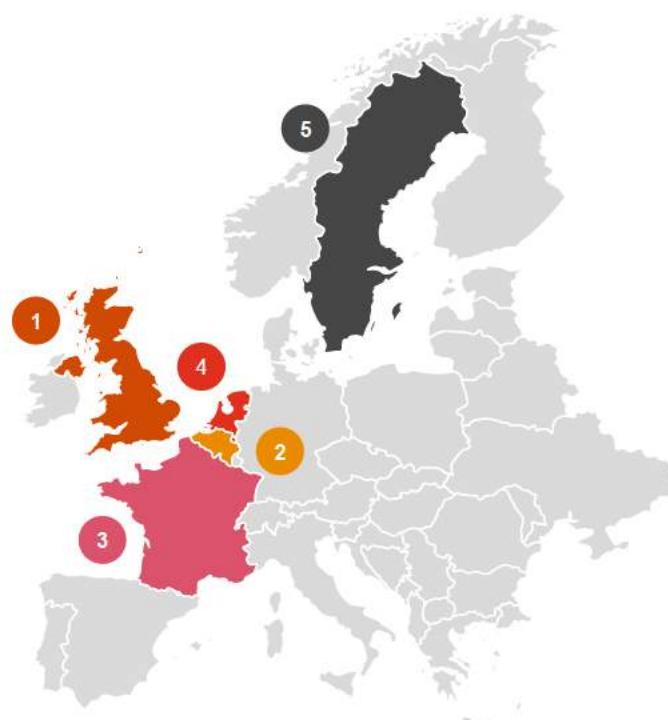
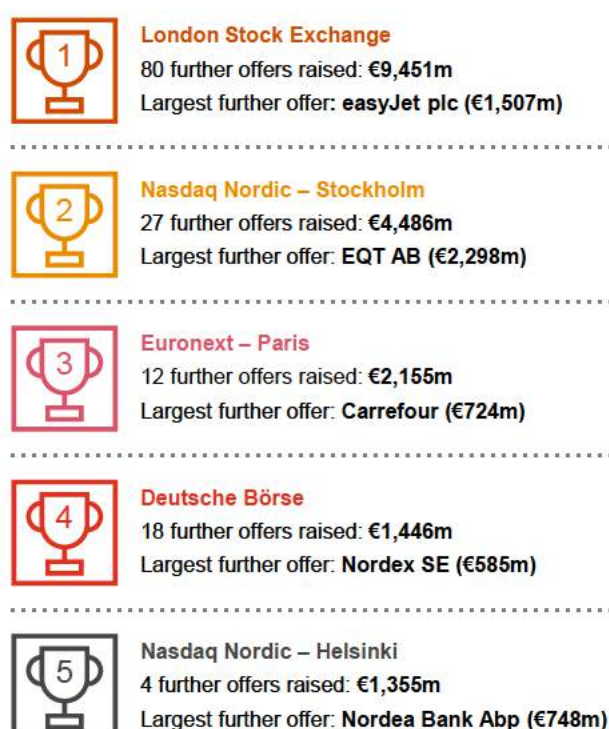


Figure 3: Top five stock exchanges by further offers in Europe Q3 2021 (by offering value)



Market volatility

In September, the volatility of the European equity market jumped to its highest levels since February as investors grew cautious about the pace of the economic recovery and other factors such as rising inflation, signals of potential tightening of the monetary policies by global central banks, supply chain disruptions and slowdown in China.

Figure 4: Volatility tracked against European IPO values

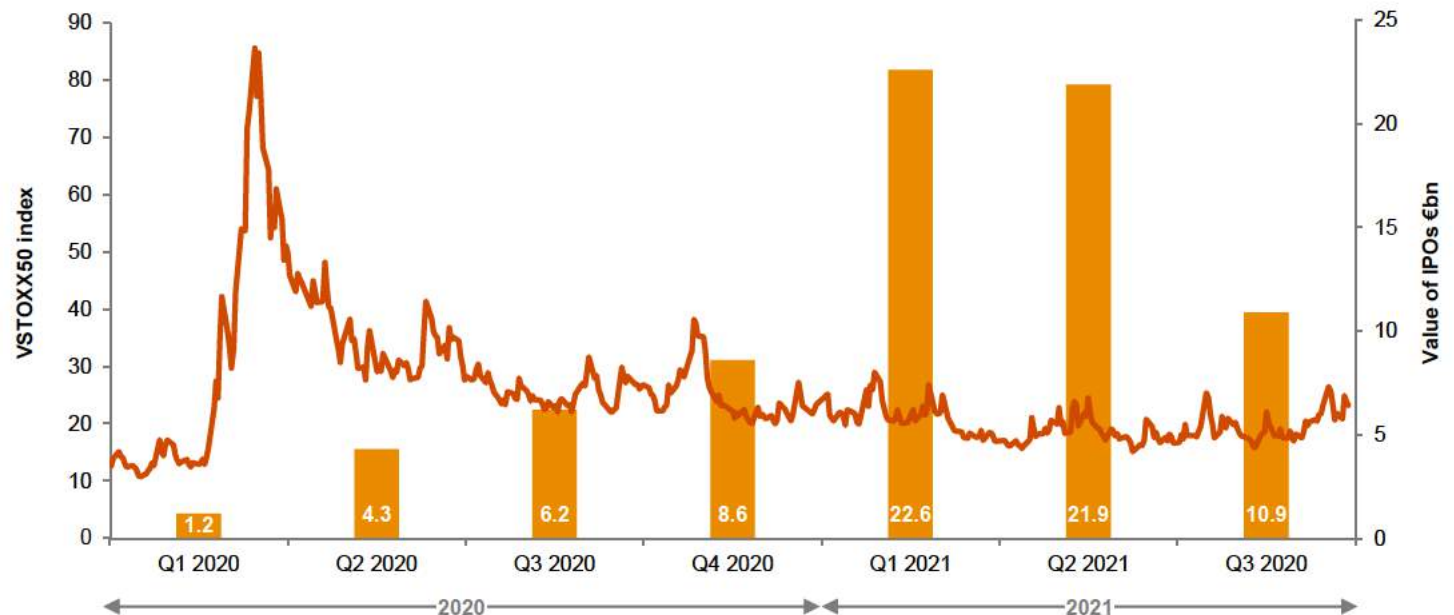
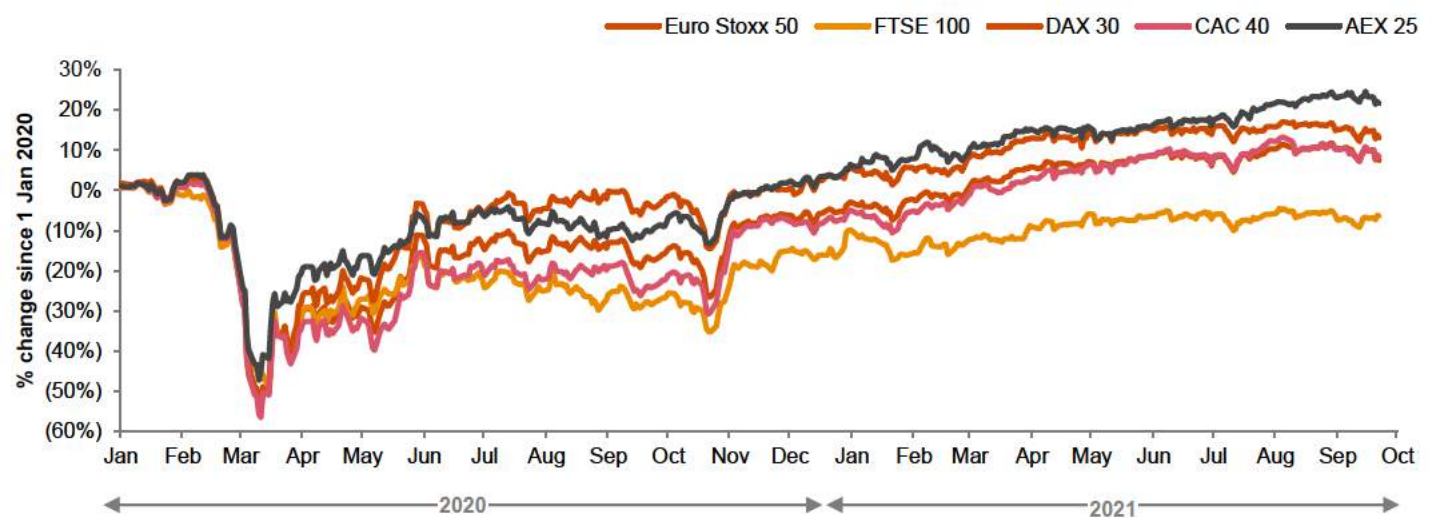


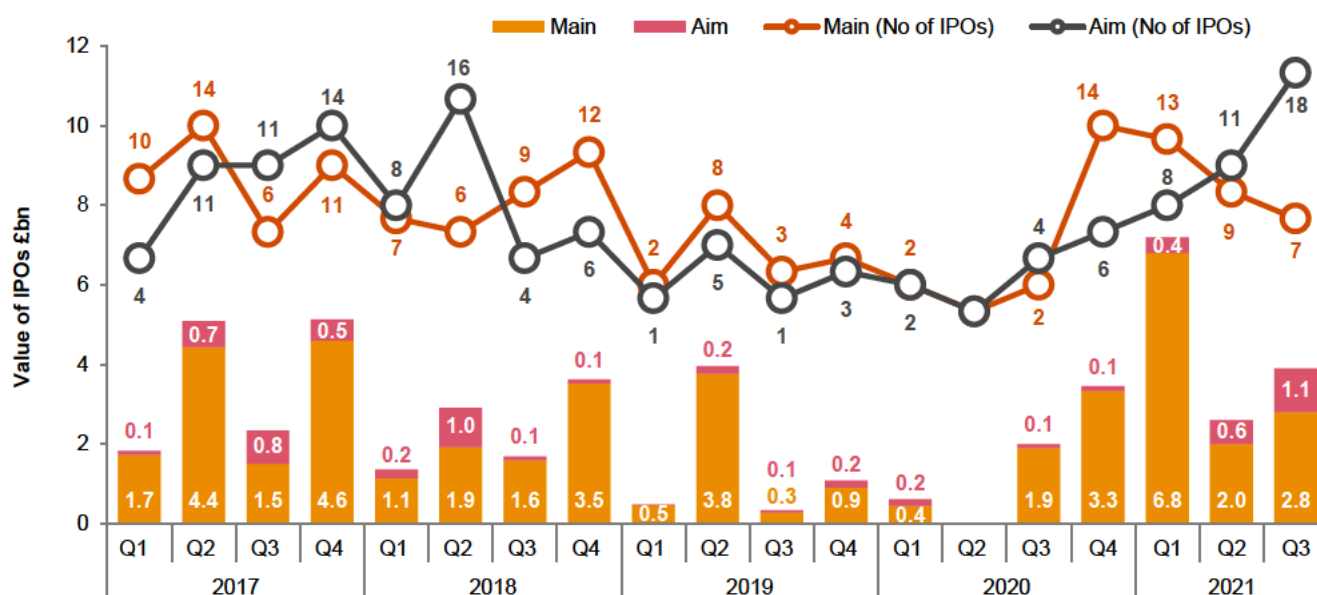
Figure 5: Historical performance of major European market indices since January 2020



UK focus

London IPO market delivered one of the strongest third quarters in recent history with £3.9bn of issuance including £1.1bn of issuance on AIM. London market for high-growth companies continued to gain momentum in Q3 2021 with the fifth consecutive quarter of growth in the number of IPOs pricing on AIM.

Figure 6: Quarterly UK IPO activity since 2017



London IPO market remains very busy with constructive outlook for Q4

Despite elevated volatility, triggered amongst other things by rising inflation on the back of supply bottlenecks and labour shortages, the FTSE 100 closed the Q3 2021 in positive territory and delivered another strong quarter of IPO activity both on the Main Market and AIM with financials, technology, consumer and healthcare sectors dominating the new listings in Q3. The third quarter kicked off with a successful direct listing of Wise, giving the company c. £8bn valuation following the opening auction on the date of admission with the first trade of 800p per share. The sceptics were proven wrong with the stock price rising over 20% in Q3, paving the way for other potential direct listings in London.

Other notable transactions in London this quarter included the £1bn IPO of Petershill Partners, £907m IPO of Bridgepoint Group and the £524m IPO of Oxford Nanopore Technologies. Both Bridgepoint and Oxford Nanopore soared in the aftermarket with Petershill Partners closing flat for the quarter.

AIM IPOs continue to gain momentum

With 18 AIM IPOs raising £1.1bn of proceeds this quarter, the alternative market delivered the fifth consecutive quarter of growth in the number of IPOs and proceeds raised on AIM with a significant pipeline looking to tap the market over the next quarter. The largest transactions came from a broad range of sectors including consumer, technology and financials, with notable IPOs being the £300m IPO of Revolution Beauty Group, £202m IPO of Big Technologies and the £112m IPO of Peel Hunt.

Anticipated changes to the UK listing regime

New listing rules for UK SPACs came into force in August, designed to strengthen investor protection in SPACs and to make the UK a more attractive jurisdiction for this asset class. It is yet to be tested with new listings as general sentiment towards SPACs cooled globally, including European markets with no new SPACs pricing in Europe since July in Q3.

The market is also waiting for the implementation of other UK listing rules changes that could potentially remove the barriers to listing in London for some of the tech and founder-led businesses, such as the introduction of dual class share structure within the premium listing segment and reduction of the minimum free float level from 25% to 10%. These changes are expected to further boost the London IPO pipeline.



We have supported a number of corporates going through the IPO readiness exercises in Q3 which points to a steady supply of deals in Q4 and early next year. There is a significant emphasis on ESG strategy, governance, technology and cyber security aspects of readiness as well as focus on value creation through implementation of no-regret IPO readiness steps. And whilst the IPO investors are more selective and price sensitive, it should not be a surprise that well prepared issuers have a greater chance to succeed at IPO and in the aftermarket.

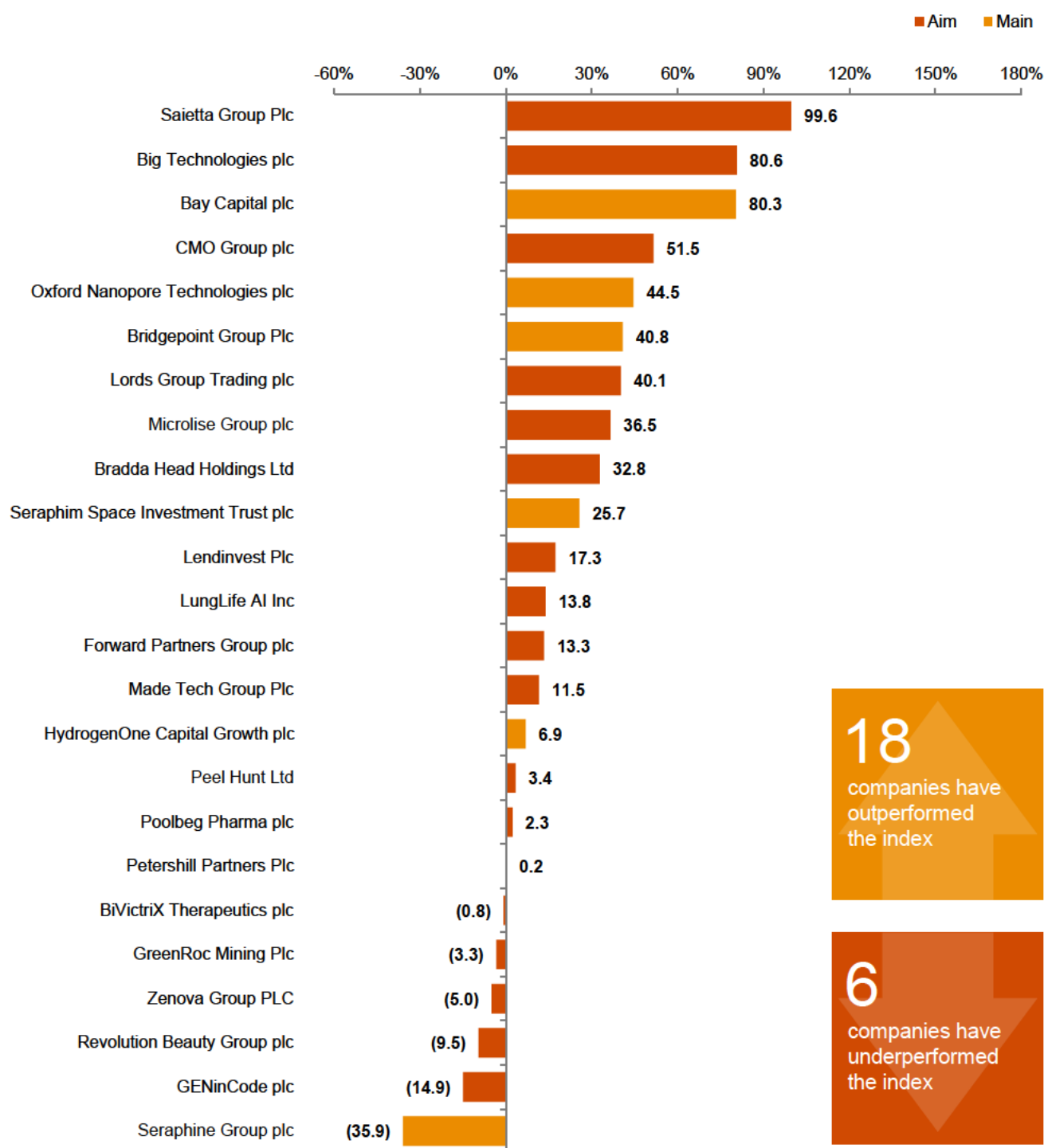
Listing venues and routes to market discussion has also been front of mind for IPO readiness including interest around SPAC mergers. However recently increased SPAC redemptions signal decreased investor appetite towards this asset class. In addition, the preparation process is not dissimilar to a classic IPO with less time to prepare for being public, putting pressure on the management teams.

Ekaterina Chmatova
Senior Manager, UK Capital Markets

Relative performance of UK IPOs

Overall, London new listings have delivered strong aftermarket performance in Q3 2021, with 18 issuers outperforming their relative indices. As we have highlighted in our previous reports, post-IPO performance remains front of mind for investors as they become more selective putting pressure on valuations and pricing.

Figure 7: Share price performance of trading UK IPOs relative to the FTSE all share index, from IPO to 30 September 2021 (%)



Relative performance based on the FTSE All Share Index for Main Market listed companies and FTSE AIM All Share index for AIM quoted companies.

Source: Bloomberg as of 30 September 2021

Global money raised via IPOs

Global IPO issuance in Q3 2021 has totalled US\$112.3bn from 512 IPOs, a slightly slower Q3 compared to last year with US\$122.3bn issuance, which is driven by the decrease in SPAC issuance and a pause for the Chinese listings in the US. The largest IPO globally in Q3 was Korean game developer Krafton raising US\$3.8bn on the Korean Stock Exchange.

Figure 8: Global money raised via IPOs (10-year overview)

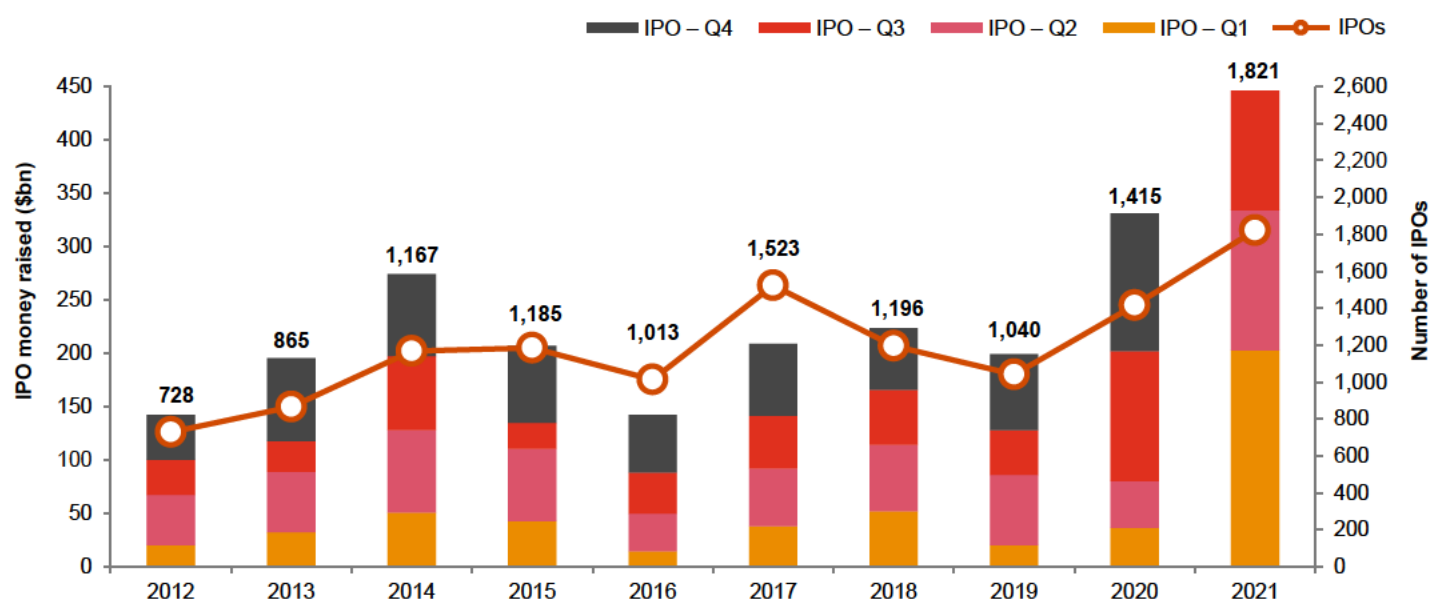












Figure 9: Top ten largest IPOs in Q3 2021

Pricing date	Issuer name	Issuer country	Sector	Exchange	Money raised
29-Jul-21	Krafton Inc		Consumer Discretionary	Korea Exchange	\$3.8bn
28-Jul-21	Robinhood Markets Inc		Financials	NASDAQ	\$2.3bn
22-Jul-21	Kakao Bank Corp		Financials	Korea Exchange	\$2.2bn
28-Sep-21	BlackRock ESG Capital Allocation Trust		Financials	NYSE	\$2.0bn
16-Sep-21	Azelis Group NV		Industrials	Euronext – Brussels	\$1.8bn
29-Sep-21	Olaplex Holdings Inc		Consumer Staples	NYSE	\$1.5bn
21-Jul-21	Ryan Specialty Group Holdings Inc		Financials	NYSE	\$1.5bn
19-Jul-21	PT Bukalapak.com Tbk		Technology	Indonesia Exchange	\$1.5bn
28-Sep-21	Petershill Partners plc		Financials	LSE	\$1.4bn
13-Jul-21	Shanghai Rural Commercial Bank Co Ltd		Financials	Shanghai Exchange	\$1.3bn

Appendix: European IPOs over €50m in Q3 2021

Appendix 1: European IPOs

IPO date	Issuer	IPO size (€m)	Stock Exchange	Sector
16-Sep-21	Azelis Group NV	1,540	Euronext - Brussels	Industrials
28-Sep-21	Petershill Partners Plc	1,179	London Stock Exchange	Financials
21-Jul-21	Bridgepoint Group Plc	1,052	London Stock Exchange	Financials
23-Sep-21	Majorel Group Luxembourg SA	660	Euronext - Amsterdam	Technology
23-Sep-21	Antin Infrastructure Partners SAS	632	Euronext - Paris	Financials
30-Sep-21	Oxford Nanopore Technologies Ltd	607	London Stock Exchange	Health Care
23-Sep-21	Cary Group AB	452	Nasdaq Nordic - Stockholm	Consumer Discretionary
22-Sep-21	Exclusive Networks SAS	366	Euronext - Paris	Technology
13-Jul-21	Revolution Beauty Group plc	351	London Stock Exchange	Consumer Discretionary
02-Jul-21	Odyssey Acquisition SA	300	Euronext - Amsterdam	Financials
30-Sep-21	Medmix AG	290	SIX Swiss Exchange	Health Care
16-Jul-21	I2PO SA	275	Euronext - Paris	Financials
24-Sep-21	CTEK AB	240	Nasdaq Nordic - Stockholm	Energy
28-Jul-21	Big Technologies plc	237	London Stock Exchange	Technology
15-Jul-21	Novem Group GmbH	215	Deutsche Börse	Consumer Discretionary
16-Jul-21	VAM Investments SPAC BV	200	Euronext - Amsterdam	Financials
12-Jul-21	Seraphim Space Investment Trust plc	176	London Stock Exchange	Financials
16-Jul-21	Energy Transition Partners BV	175	Euronext - Amsterdam	Financials
13-Jul-21	GreenVolt – Energias Renovaveis SA	149	Euronext - Lisbon	Utilities
06-Jul-21	Industrial Stars Of Italy 4 SpA	138	Borsa Italiana	Financials
24-Sep-21	Peel Hunt Ltd	131	London Stock Exchange	Financials
28-Jul-21	HydrogenOne Capital Growth plc	126	London Stock Exchange	Energy
30-Sep-21	Made Tech Group plc	99	London Stock Exchange	Technology
01-Jul-21	Profoto Holding AB	93	Nasdaq Nordic - Stockholm	Technology
15-Sep-21	Kjell & Co Elektronik AB	90	Nasdaq Nordic - Stockholm	Consumer Discretionary
13-Jul-21	Seraphine Group plc	88	London Stock Exchange	Consumer Discretionary
29-Sep-21	Modulight Corp	79	Nasdaq Nordic - Helsinki	Health Care
22-Jul-21	Microlise Group plc	71	London Stock Exchange	Technology
28-Sep-21	Afyren SAS	66	Euronext - Paris	Health Care
06-Jul-21	Lords Group Trading plc	61	London Stock Exchange	Industrials
01-Jul-21	Biotals NV	53	Euronext - Brussels	Basic Materials
02-Jul-21	CMO Group plc	52	London Stock Exchange	Consumer Discretionary

* The table excludes Wise plc direct listing on LSE, as the deal is not captured by Dealogic, since no proceeds were raised in the direct listing

About IPO Watch Europe

Executing a successful IPO is typically the culmination of a complex process, whatever market you list on. From strategy, accounting, reporting, financial systems, governance, adviser selection, marketing process, media and investor relations, to treasury and financial risk management, legal, tax, HR, technology – every piece of the puzzle must be in place and connected before you proceed.

Planning and good preparation are crucial to a successful IPO, regardless of the market or stock exchange. PwC's dedicated team of capital markets professionals is here to help and make the task at hand an easier experience for you. We have deep experience and knowledge of the rules and regulations governing all major capital markets – and a successful history of working on both international and domestic IPOs.

Find out more at www.pwc.co.uk/capitalmarkets

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, Bulgaria, Croatia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, Romania, Serbia, Spain, Sweden, Switzerland, Turkey and the UK) on a quarterly basis. Movements between markets on the same exchange are excluded.

The data in this report is based on data extracted from Dealogic and includes greenshore (if exercised). Only transactions with a minimum of \$5 million raised have been included. The data excludes PIPOs and transactions on Over-The-Counter exchanges. In case IPOs take place on two or more exchanges, the full amount of money raised is attributed to all exchanges. Industry classification is based on the new enhanced FTSE Russell Industry Classification Benchmark (ICB).

This survey was conducted between 1 January (or 1 July where applicable) to 30 September and IPOs based on their pricing date, and between 1 July to 30 September for further offers analysis. All market data is sourced from Dealogic and has not been independently verified by PricewaterhouseCoopers LLP.

Basis of preparation for global IPO watch

Global IPO Watch analyses IPO and FO trends on a quarterly basis, both at a global and regional level. Its is based on data extracted from Dealogic, whereby only transactions with a minimum of \$5 million raised have been included. Transaction proceeds include the overallotment option (if exercised). The data excluded PIPOs and transactions on Over-The-Counter exchanges. In case IPOs or FOs take place on two or more exchanges, the full amount of money raised is attributed to all exchanges. If a transactions is executed in two or more regions, the money raised is also attributed to all regions. Industry classification is based on the new enhanced FTSE Russell Industry Classification Benchmark. Index performance is based on pricing data extracted from Bloomberg.

Contacts

Mark Hughes

Partner, UK Capital Markets Leader

M: +44 (0)7736 599759

E: mark.c.hughes@pwc.com

Richard Spilsbury

Partner, UK Capital Markets

M: +44 (0)7703 503562

E: richard.j.spilsbury@pwc.com

Ekaterina Chmatova

Senior Manager, UK Capital Markets

M: +44 (0)7710 036613

E: ekaterina.chmatova@pwc.com

This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

© 2021 PricewaterhouseCoopers LLP. All rights reserved. PwC refers to the UK member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

2021-10-15_RITM6468496