

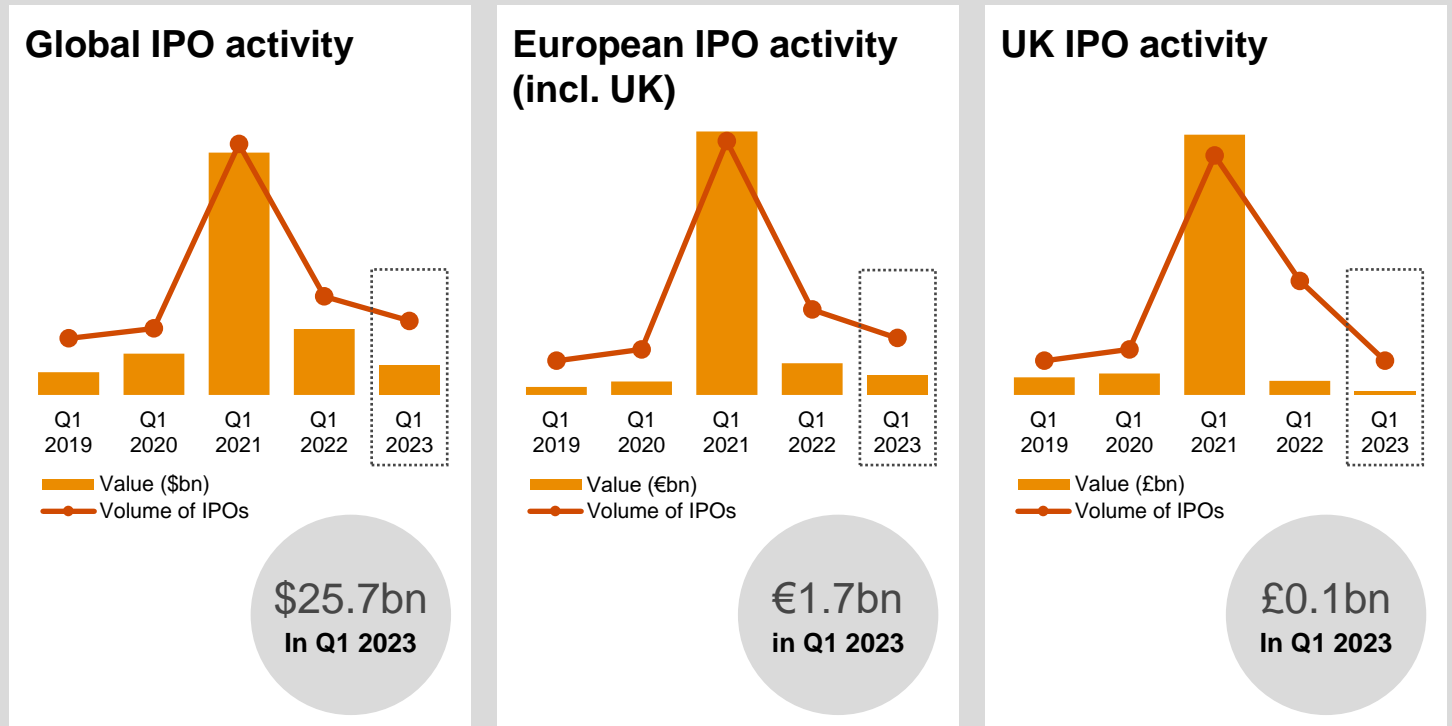


IPO Watch Europe

Q1 2023



The first quarter of 2023 started with a positive market backdrop supported by encouraging inflation data, falling gas prices in Europe, and China reopening. As the quarter progressed, the geopolitical backdrop remained challenging and the central banks globally continued to tighten monetary policy further with core inflation proving to be stickier than expected. The unexpected turbulence in the US and European banking sectors contributed to increased volatility in the equity market curbing appetite for IPOs in Q1.



The IPO market in Europe kicked off 2023 with two much anticipated transactions, IONOS, the German web-hosting company, and EuroGroup, the Italian maker of components for electric motors and generators. Whilst it was encouraging to see both transactions price in the challenging market conditions, the European IPO market failed to take off with overall Q1 IPO proceeds down almost 40% compared to Q1 2022, raising only €1.7bn vs. €2.8bn in Q1 2022. In the UK, the only notable transaction was a direct listing of Dar Global, a subsidiary of Saudi's Dar Al Arkan Real Estate Development. The group decided to list on the main market of the London Stock Exchange via a direct listing rather than a more traditional IPO following a private placement transaction.

European further offers activity remained robust with sizable transactions pricing across a number of exchanges. Euronext Paris took first position by further offers value in Q1 2023, due to the 20 transactions raising €4bn, followed by the London Stock Exchange with 28 further offers raising €3.6bn. This included the largest follow-on transaction of the quarter – a €2bn sell-down in the London Stock Exchange stock by a consortium of previous owners of Refinitiv which was acquired by the LSE – the transaction was upsized to meet significant investor demand.

| | | | |
|--|---|---|--|
| <p>EuroGroup Laminations Technology</p> <p>€393m</p> <p>Borsa Italiana (part of Euronext Group)</p> | <p>IONOS Group Technology</p> <p>€389m</p> <p>Deutsche Börse</p> | <p>Seacrest Petroleo Bermuda Oil & Gas</p> <p>€220m</p> <p>Oslo Børs</p> | <p>Akfen Yenilenebilir Enerji Utility & Energy</p> <p>€164m</p> <p>Borsa Istanbul</p> |
| <p>Astor Enerji Technology</p> <p>€129m</p> <p>Borsa Istanbul</p> | <p>Dar Global Real Estate</p> <p>€68m</p> <p>London Stock Exchange</p> | <p>Gubra Healthcare</p> <p>€67m</p> <p>Nasdaq Nordic Copenhagen</p> | <p>Eksun Gida Tarim Sanayi Ve Ticaret Food Producer</p> <p>€48m</p> <p>Borsa Istanbul</p> |

Top European exchanges in Q1 2023

With underwhelming IPO issuance in Europe, Borsa Istanbul took first position by IPO value in Q1 2023, due to the 9 IPOs raising €465m. Borsa Italiana took second position with 4 IPOs, including the largest IPO of the quarter, EuroGroup Laminations, raising €393m, followed by the Deutsche Börse with 1 IPO raising €389m. European further offers activity remained robust with a number of €1bn+ transactions pricing across various exchanges, including both sizable rights issues and quick-to-market secondary sell-downs.

Figure 1: Top five stock exchanges by IPOs in Europe in Q1 2023 (by offering value)

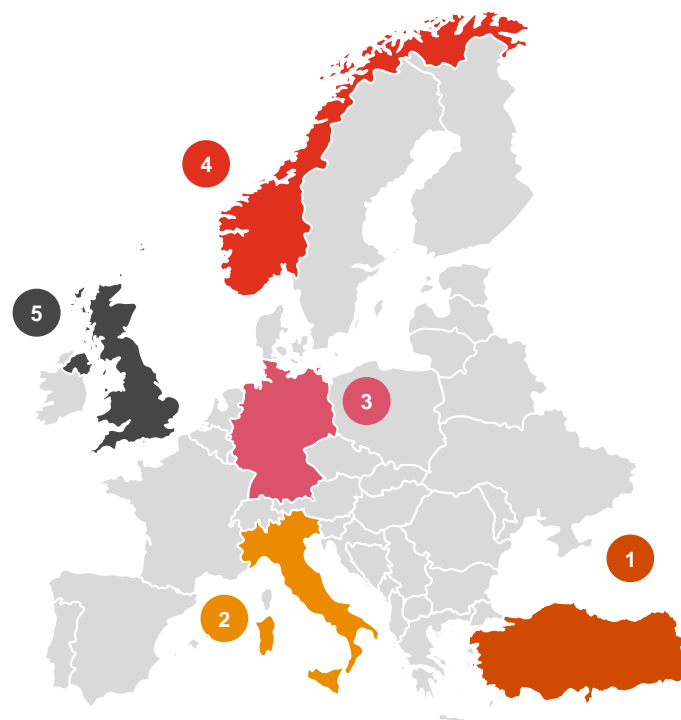
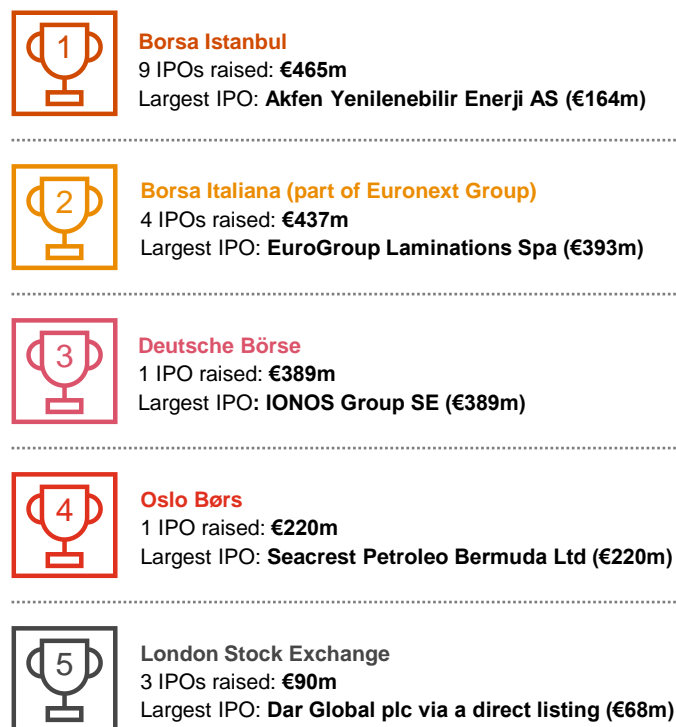
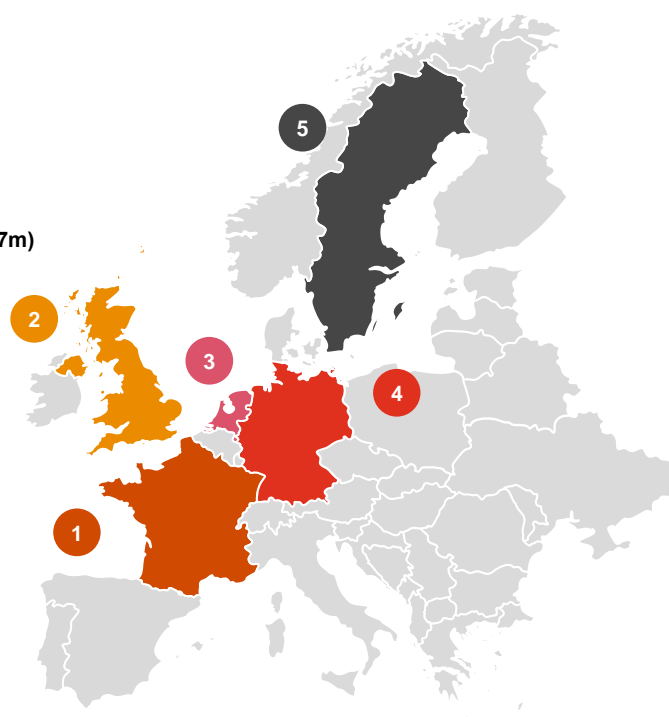
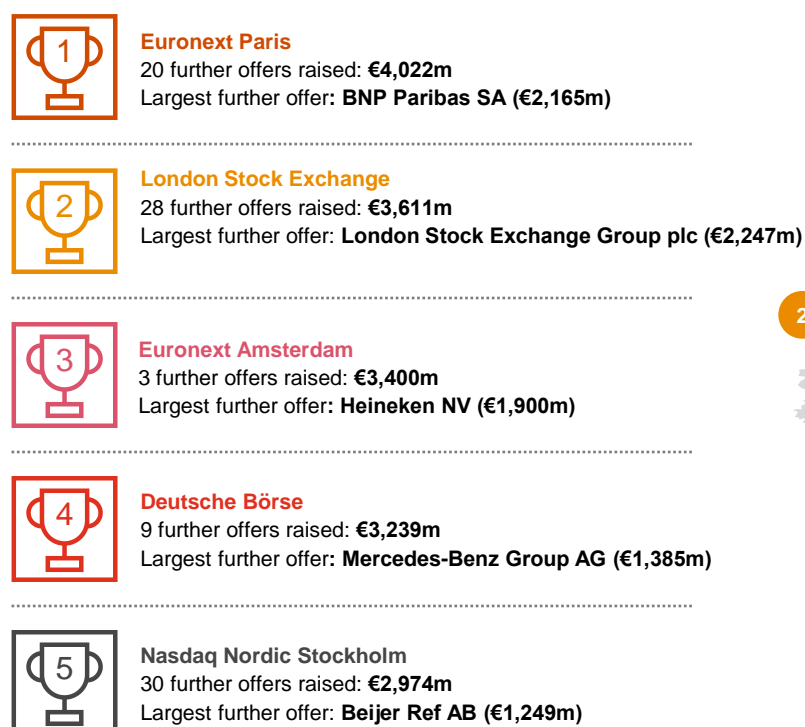


Figure 2: Top five stock exchanges by further offers in Europe in Q1 2023 (by offering value)



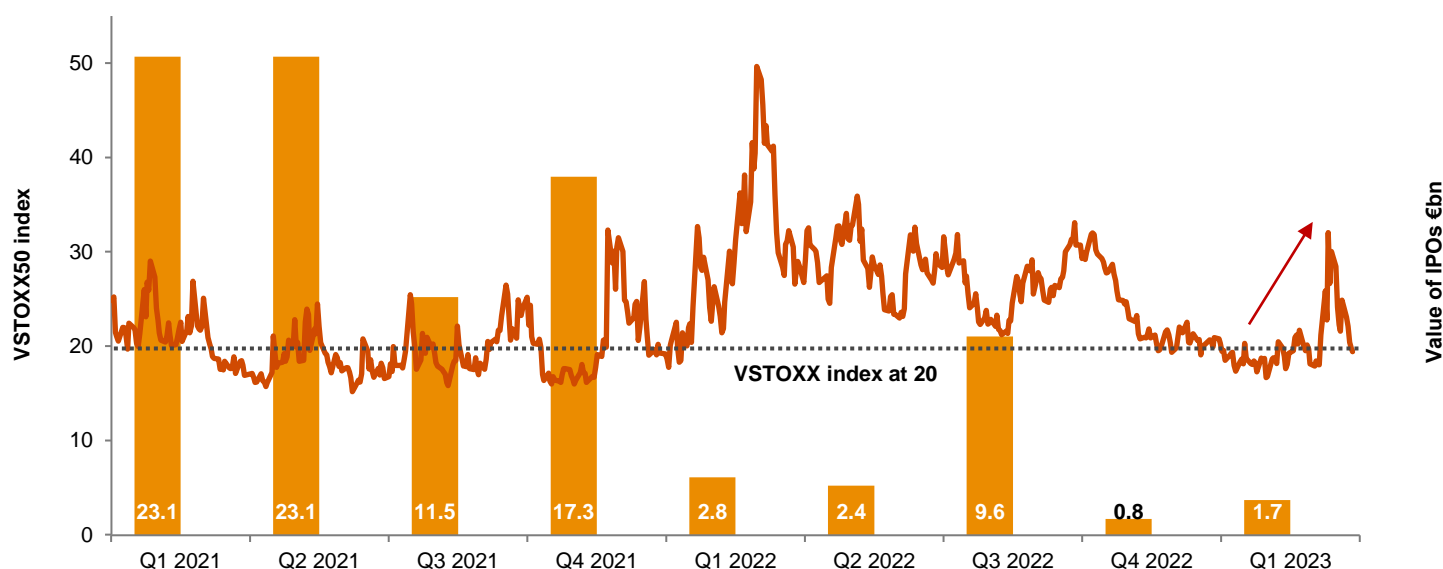
Equity market performance and volatility

European equity indices kicked off 2023 with a rally, driven by an improving macroeconomic backdrop with signs of abating inflation, lower oil and gas prices and China reopening. However, the expectations of stickier inflation and potentially higher terminal interest rates from major central banks that continued with further rate hikes, together with the uncertainty in the US and European banking sectors, were driving underperformance of equities later in Q1. Volatility also spiked above 30 in mid-March amid fears over banking sector liquidity. The quarter-end rally fuelled by strong earnings from retail giants on both sides of the Atlantic helped major indices to close the quarter with gains. The direction of travel for core inflation and the likelihood of central banks pausing rate hikes will drive the markets in the near term.

Figure 3: Historical performance of major market indices since January 2022



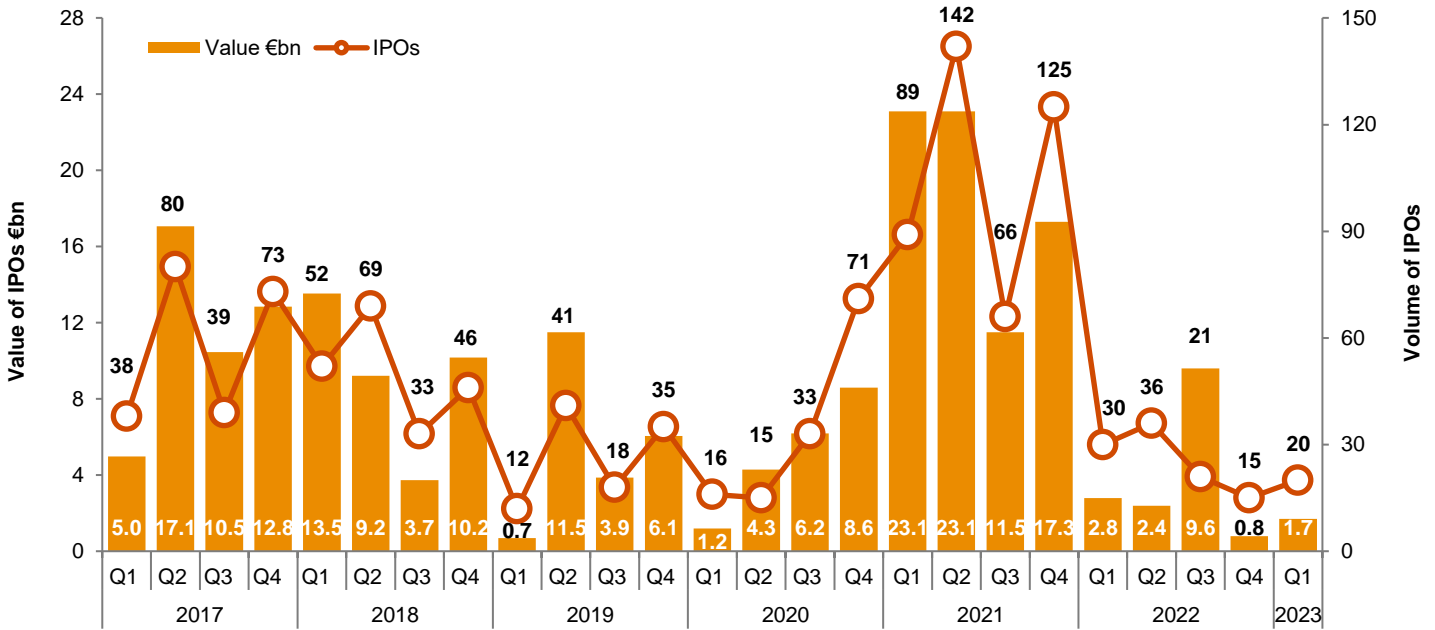
Figure 4: Volatility tracked against European IPO Values



European and UK IPO trends

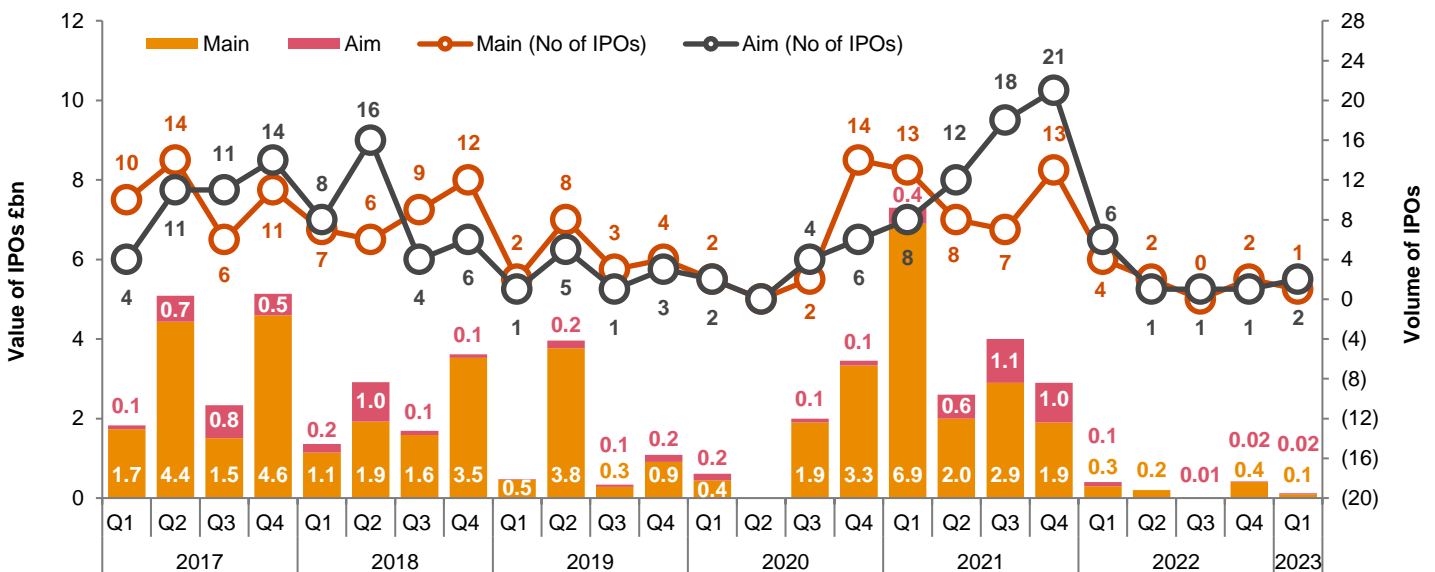
The IPO market in Europe and the UK remained underwhelming in Q1 with a handful of deals pricing and only 5 IPOs with over €100m raised. As the IPO pipeline continues to be pushed back into H2 2023 and beyond, a very strong pipeline of issuers is building with many issuers focused on early preparation. Quality and stock fundamentals such as track record of growth and profitability will be front of mind for IPO investors. As market uncertainty subsides and companies accept the new realities of revised valuations, there remains significant investable cash that will be more than enough to spark the IPO market back into life.

Figure 5: Quarterly European IPO activity since 2017



Whilst major European equity indices have been strong performers in Q1 2023, the IPO market has failed to gain momentum as investors remained cautious. As a result, alternative routes to market such as direct listings, other exit strategies and further private funding rounds are being explored by the companies as they wait for the IPO market to re-open. The Swiss GDR market continued to grow this quarter, with STAR-listed lithium battery producer, Zhejiang HangKe Technology, and Shanghai-listed Angel Yeast completing their GDR offerings on the SIX Swiss Exchange.

Figure 6: Quarterly UK IPO activity since 2017



Similarly to the rest of Europe, the UK economy has performed better than expected as the mild winter, lower energy costs, and the economic resilience of the eurozone, the UK's largest export market, provided support to the economy. The FTSE 100, however, underperformed broader European equities driven by the softening in commodity prices vs peak as supply concerns eased. The IPO market in London remained largely closed with only notable transaction being the direct listing of Dar Global, a subsidiary of Saudi's Dar Al Arkan Real Estate Development.

Global money raised via IPOs

Global IPO issuance in Q1 2023 totalled US\$25.7bn from 234 IPOs compared to US\$58bn from 311 IPOs in Q1 2022. Generally a quiet quarter for IPOs, the US and European IPO markets in Q1 failed to take off and were impacted by the volatility in the banking sector leading to very limited activity. The Middle Eastern IPO market continued to deliver landmark transactions, including a US\$2.5bn privatisation IPO of ADNOC Gas. Asia-Pacific first quarter IPO proceeds accounted for 66% of global IPO proceeds as issuance across the region remained strong, with China and Indonesia driving IPO volumes this quarter. Notably, the Indonesian IPO market was fuelled by demand for commodities such as nickel often used in batteries for electric vehicles, with a number of nickel miners completing their IPOs.

Figure 7: Global money raised via IPOs (10-year overview)

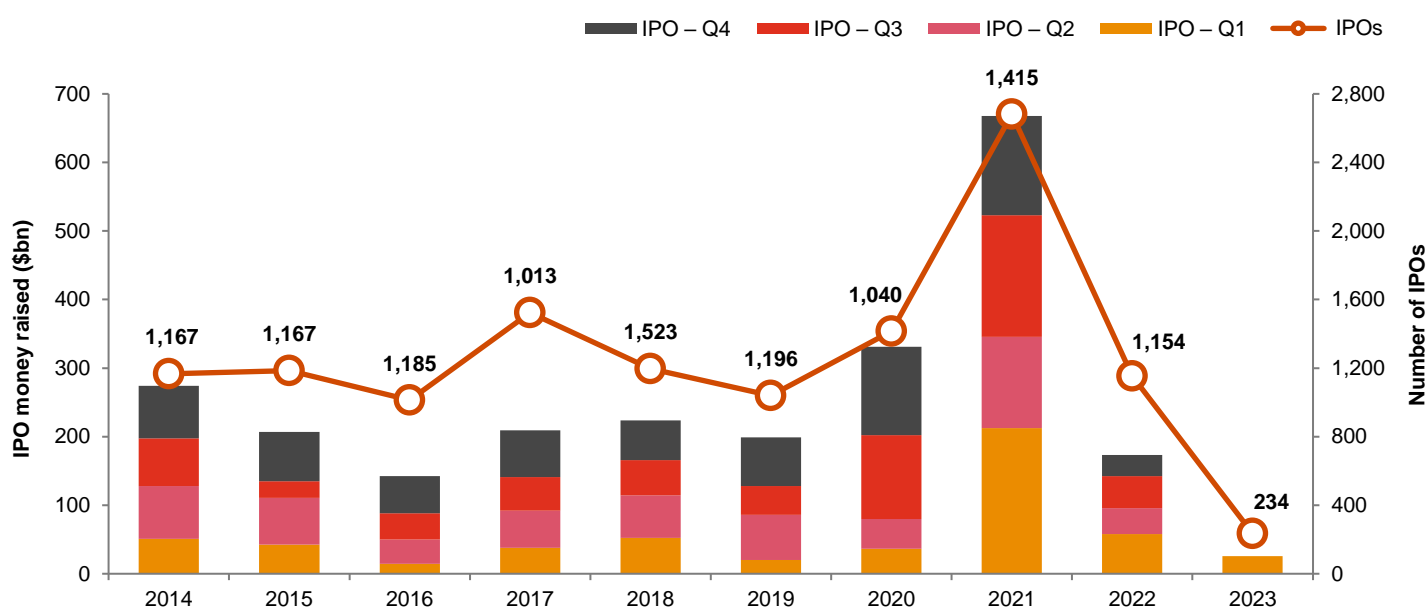


Figure 8: Top ten largest global IPOs in Q1 2023

| Pricing date | Issuer name | Issuer country | Sector | Exchange | Money raised |
|--------------|--|----------------|-------------------------|--|--------------|
| 3-Mar-23 | ADNOC Gas | | Oil & Gas | Abu Dhabi Securities Exchange | \$2.5bn |
| 28-Mar-23 | Shaanxi Energy Investment | | Utility & Energy | Shenzhen Stock Exchange | \$1.0bn |
| 8-Feb-23 | Nextracker | | Computer & Electronics | Nasdaq | \$0.7bn |
| 20-Jan-23 | Hunan Yuneng New Energy Battery Material | | Chemicals | Shenzhen Stock Exchange (ChiNext Market) | \$0.7bn |
| 24-Mar-23 | PT Trimegah Bangun Persada | | Metal & Steel | Indonesia Stock Exchange | \$0.7bn |
| 23-Feb-23 | Jiangsu Xukuang Energy | | Mining | Shanghai Stock Exchange | \$0.6bn |
| 13-Feb-23 | PT Pertamina Geothermal Energy | | Utility & Energy | Indonesia Stock Exchange | \$0.6bn |
| 23-Mar-23 | Shenzhen Intellifusion Technologies | | Computer & Electronics | Shanghai Stock Exchange (STAR Market) | \$0.6bn |
| 17-Jan-23 | Greenwork (Jiangsu) | | Machinery | Shenzhen Stock Exchange (ChiNext Market) | \$0.6bn |
| 17-Mar-23 | Presight AI Holding | | Computers & Electronics | Abu Dhabi Securities Exchange | \$0.5bn |

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 on 3 April 2023 and based on their pricing date between 1 January and 31 March 2023 and includes greenshoe (if exercised). Only transactions with a minimum of \$5 million money 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 Dealogic General Industry Group (GIG).

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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 transaction is executed in two or more regions, the money raised is also attributed to all regions. Industry classification is based on Dealogic classifications.

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RITM10860251