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IPO Watch Europe Survey

Q4 2012



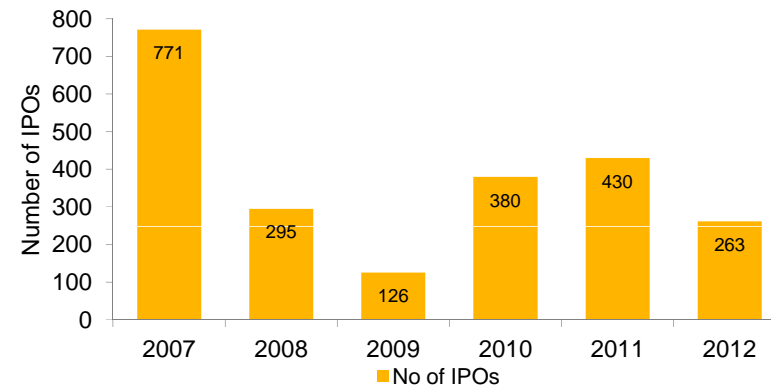
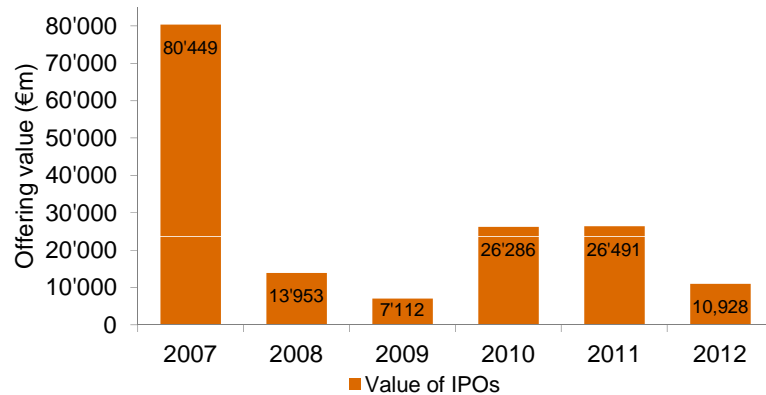
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Economic and political conditions plagued the European IPO markets for much of the year, however the outlook for IPOs is more optimistic than we've seen for a long time on the back of a strong final quarter

Annual European IPO activity by value and volume

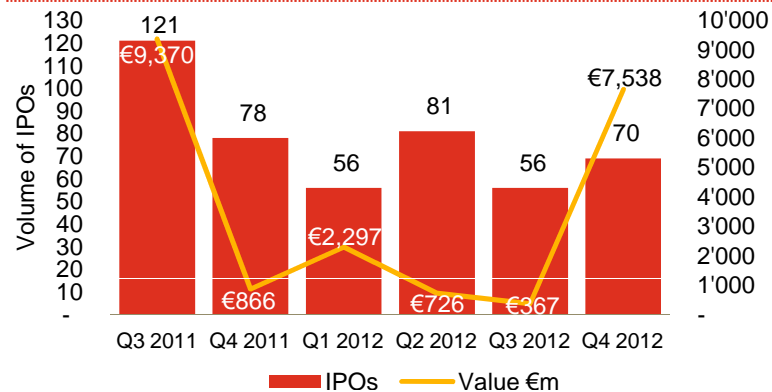


The 2012 European IPO markets performed poorly in 2012 compared with 2010 and 2011, with 263 IPOs raising just €10.9bn, compared with 430 IPOs raising €26.5bn in the prior year. 69% of proceeds were raised in the final quarter of the year, with the first three quarters plagued by the unstable economic and political conditions in the Eurozone.

London remained the top IPO destination in Europe but suffered from the absence of any jumbo IPOs such as Glencore, with 73 IPOs raising just €5.1bn in 2012 compared with 101 IPOs raising €14.1bn in the prior year.

2012 ended with an uptick in activity in the final quarter – the strongest quarterly performance since Q3 2011

Quarterly European IPO activity by value and volume



	Q4 2012	Q4 2011	Q3 2012
Total European listings comprise those with:			
<i>No money raised</i>	11	28	13
<i>Money raised</i>	59	50	43
Total number of listings	70	78	56
Total money raised (€m)	7,538	866	367
Average offering value (€m) *	128	17	9

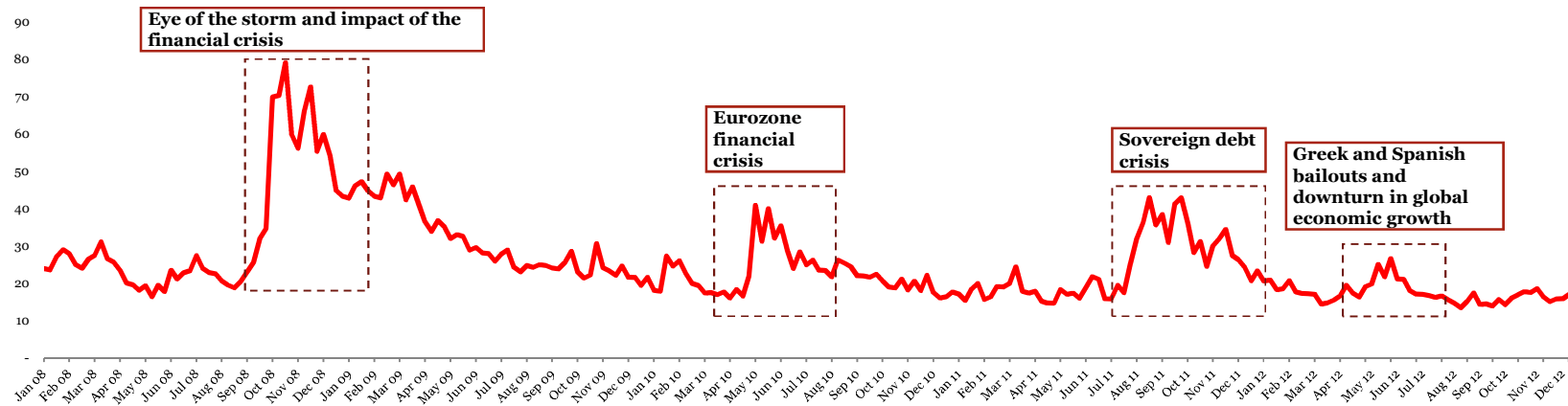
* Average offering value has been calculated based on total offering value over the number of listings raising money.

The value of IPOs in Europe increased by more than seven-fold year on year in the fourth quarter of 2012, making it the strongest performance since Q3 2011, which saw 121 IPOs raise €9.3bn. 70 IPOs raised €7.5bn in Q4 2012 compared with 78 IPOs raising €0.9bn in Q4 2011.

Q4 2012 saw the return of some higher value IPOs and was dominated by the IPOs of Direct Line and Megafon in London and Talanx and Telefónica Deutschland in Germany which all raised more than €0.75bn and accounted for 57% of total proceeds. Encouragingly, these IPOs have also performed well in the aftermarket (refer to page 6 for details on post-IPO performance).

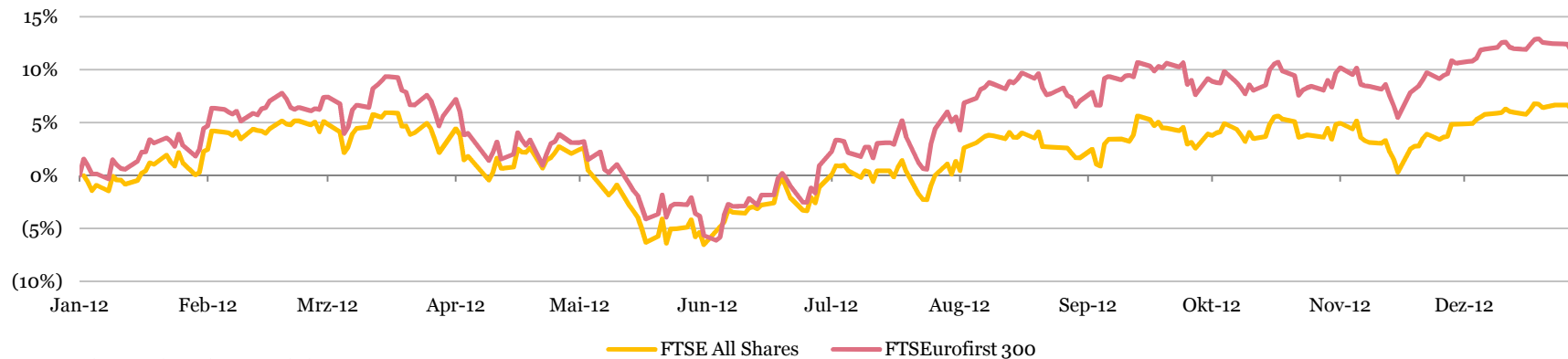
Market volatility has remained stable and stock market indices have continued to recover in the second half of the year, providing a more positive outlook for IPOs in 2013

Market Volatility Index (VIX)



Source: S&P Volatility Index

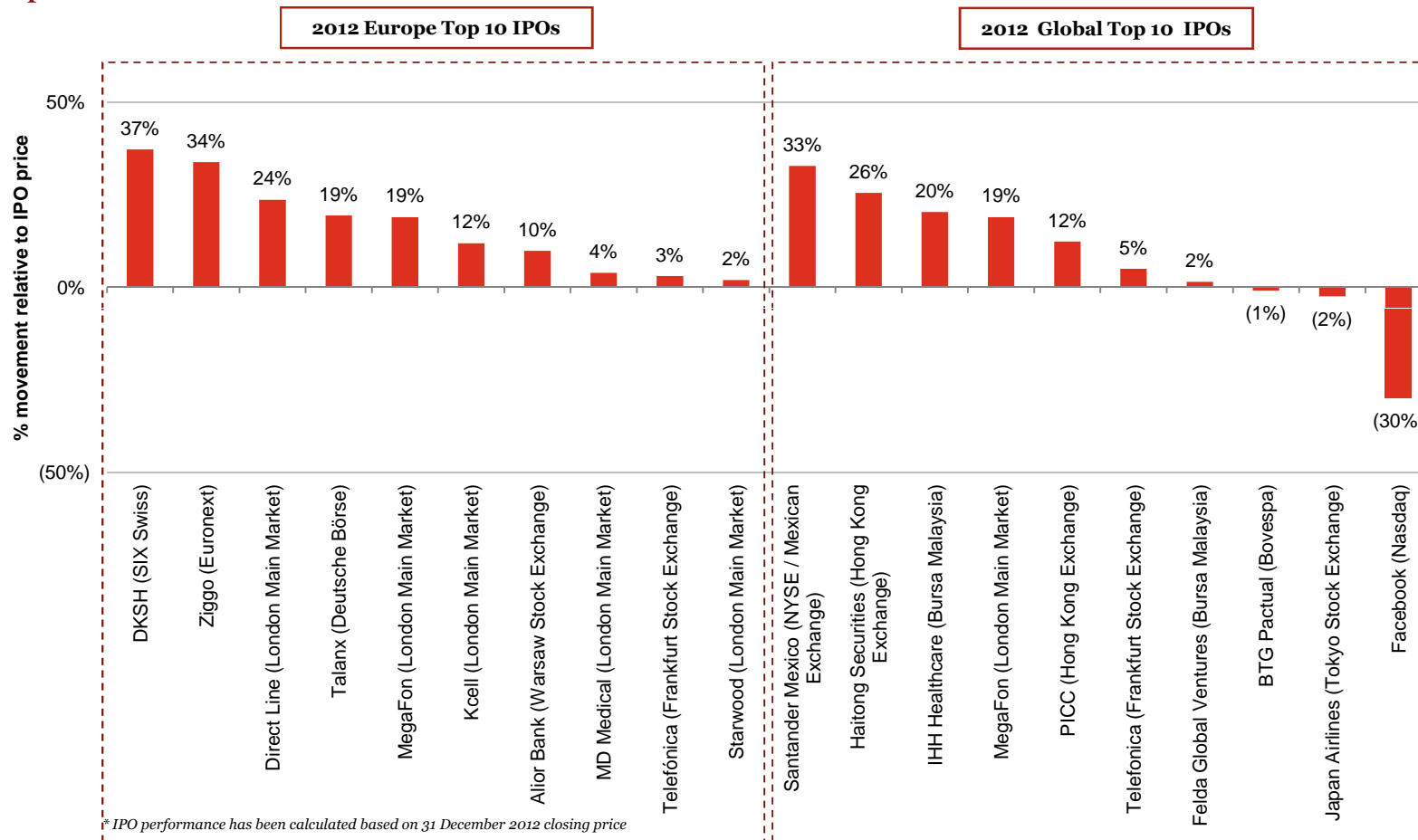
YTD Indices - trading performance



Source: London Stock Exchange website

Overall, the post-IPO performance of Europe's top 10 IPOs has been positive, with average returns of 16%, which should provide a welcome boost to investor confidence in the 2013

Post-IPO performance



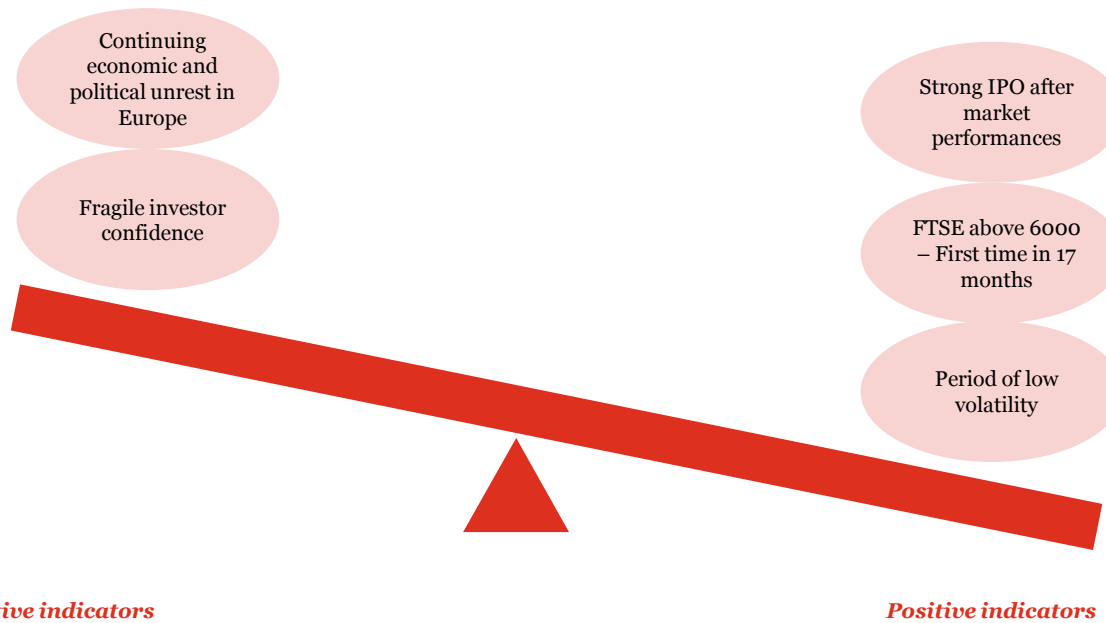
Source: Various stock market official websites

Outlook for 2013

Mark Hughes, PwC Capital Markets partner, said

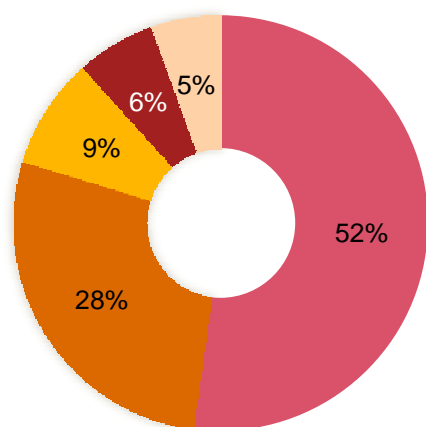
“As we head into 2013, the outlook is encouraging with the equity markets strengthening and volatility indices remaining stable, together with the recent positive after market performances and the short-term deal to stave off the US ‘fiscal cliff’.

Collectively, these factors should provide an impetus to those companies who have been biding their time during 2012 as well as provide investors with the confidence to loosen their purse strings during 2013 for quality IPOs priced sensibly.”



London remained the top European market for IPOs in Q4 2012 and continues to be the listing destination of choice for Russian companies seeking to raise money outside their domestic market

IPO offering value by exchange



Stock exchange offering value (€m)	Q4 2012	Q4 2011	Q3 2012	FY12	FY11
London Stock Exchange Group (1)	3,929	806	270	5,305	14,607
Deutsche Börse	2,080	5	26	2,141	1,523
Warsaw	653	15	14	731	2,200
Luxembourg	462	-	54	564	451
Oslo Børs & Oslo Axess	230	7	-	291	815
SIX Swiss Exchange	120	-	-	801	-
NASDAQ OMX	46	31	-	48	292
NYSE Euronext	17	2	3	1,038	154
BME (Spanish Exchange)	1	-	-	9	6,083
Wiener Börse	-	-	-	-	366
Total	7,538	866	367	10,928	26,491

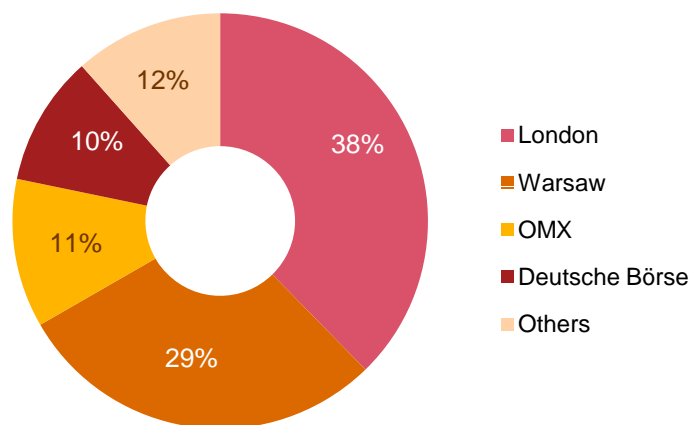
(1) The London Stock Exchange Group comprises the London and Borsa Italiana stock exchanges.

After a quiet summer, London finished the year strongly with 26 IPOs raising €3.9bn in the final quarter compared with 17 IPOs raising €0.8bn in the same quarter of the prior year.

London retained its numbers one position in Europe for money raised, however, IPO also activity returned to a number of the major European exchanges in the final quarter of 2012. The IPO of Telefónica Deutschland was the largest IPO in Germany for 5 years.

Warsaw and London continued to dominate the European markets in terms of transaction volumes in the quarter

IPO volume by exchange

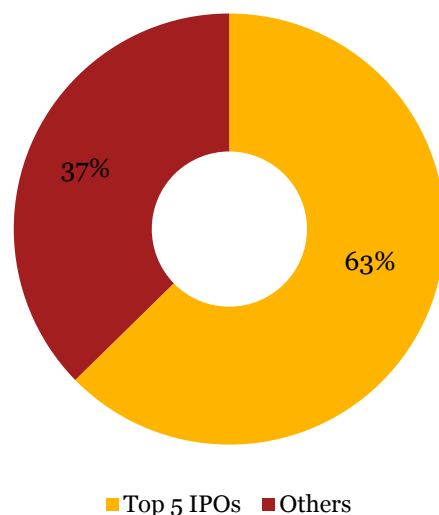


Stock exchange volume	Q4 2012	Q4 2011	Q3 2012
London Stock Exchange Group (1)	26	17	16
Warsaw	21	42	26
Deutsche Börse	7	3	5
NASDAQ OMX	8	11	4
Luxembourg	3	1	2
NYSE Euronext	2	1	1
Oslo Børs & Oslo Axess	1	2	1
SIX Swiss Exchange	1	-	1
Wiener Börse	-	1	-
BME (Spanish Exchange)	-	-	-
Total	70	78	367

(1) The London Stock Exchange Group comprises the London and Borsa Italiana stock exchanges.

Q4 2012 saw some high value IPOs return to the markets. London's Direct Line and MegaFon, and Germany's Talanx and Telefónica Deutschland all raised more than €0.75bn

Top five IPOs



Five largest IPOs of Q4 2012	€m raised	Sector	Market	Segment	Country of Origin
MegaFon	1,288	Telecommunications	London	Main	Russia
Telefónica	1260	Telecommunications	Deutsche Börse	Prime	Germany
Direct Line Insurance Group	976	Insurance	London	Main	UK
Talanx	767	Insurance	Deutsche Börse	Prime	Germany
Alior Bank	511	Banks	Warsaw	Main	Poland
Total	4,802				

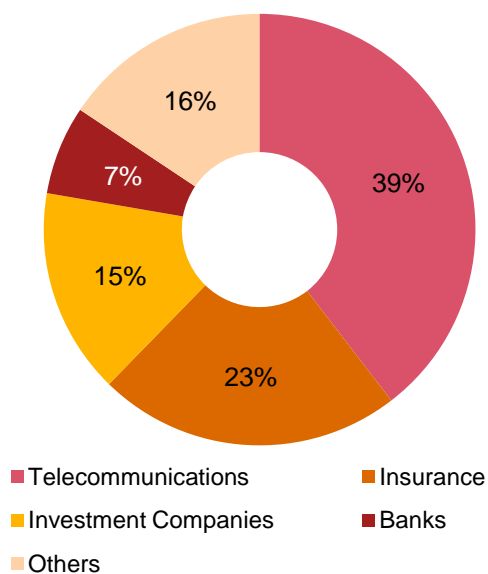
Five largest IPOs of Q4 2011	€m raised	Sector	Market	Segment	Country of Origin
Polymetal International	421	Mining	London	Main	Russia
Bilfinger Berger Global Infrastructure	251	Investment Company	London	Main	UK
Damille Investments II	63	Investment Company	London	SFM	Guernsey
Hagar	31	Retail	OMX	Main	Iceland
Secure Trust Bank	21	Banks	London	AIM	UK
Total	787				

Five largest IPOs of Q3 2012	€m raised	Sector	Market	Segment	Country of Origin
Eland Oil and Gas	148	Oil & Gas	London	AIM	Nigeria
Parade Technologies	48	Technology	Luxembourg	EuroMTF	Taiwan
Revolymmer	32	Chemicals	London	AIM	UK
Ground Rents Income Fund	30	Investment Company	London	Main	UK
Lotto24	15	Retail	Deutsche Börse	Prime	Germany
Total	273				

The Telecommunications and Insurance sectors contributed the top four transactions in the quarter

IPO value and volume by sector

IPO value by sector



Sector	Company IPOs	Company IPOs	Company IPOs
	Q4 2012	Q4 2011	Q3 2012
Industrial Goods & Services	12	19	7
Technology	8	12	9
Investment Companies	8	3	2
Mining	6	4	4
Pharmaceuticals & Biotech	6	3	2
Real Estate	4	1	2
Telecommunications	4	1	1
Retail	3	2	5
Travel & Leisure	3	3	2
Utilities	2	2	4
Oil & Gas	2	4	3
Health Care	2	4	2
Insurance	2		-
Construction & Materials	1	1	4
Financial Services	1	7	3
Chemicals	1	-	3
Food & Beverage	1	1	2
Personal & Household Goods	1	4	1
Media	1	2	-
Banks	1	1	-
Automobiles & Parts	1	1	-
Basic Resources	-	3	-
Total	70	78	56
Total value (€m)	7,538	866	367

Investor concerns over US fiscal policy stalled momentum in the US markets towards the end of Q4, while China's change in leadership and the continued global uncertainty also led to a slow-down in activity in Hong Kong

US and Hong Kong overview

Stock exchange	Q4 2012		Q4 2011		Q3 2012	
	IPOs	Offering value (€m)	IPOs	Offering value (€m)	IPOs	Offering value (€m)
NYSE	20	4,218	15	2,659	12	3,983
NASDAQ	14	652	13	2,174	17	1,307
US total	34	4,870	28	4,833	29	5,290
Hong Kong	15	4,491	32	6,252	17	1,422
Europe	70	7,538	78	866	56	367

The US IPO market began robustly in the fourth quarter, with October IPO volume equalling that of March - both months were the highest of the year with 21 IPOs each. IPO activity began to slow down in November as investors turned their attention to the Presidential election and as companies waited for clarity on U.S. fiscal policy.

Money raised in Hong Kong was down on last year but up on the prior quarter due to a decrease in the number of companies seeking to list. The market continues to be affected by the uncertainties in the global economy. The largest IPO of the quarter in Hong Kong was the People's Insurance Co of China, which raised €2.8bn in early December.

IPOs by market

Stock exchange	Q4 2012		Q4 2011		Q3 2012	
	IPOs	Offering value (€m)	IPOs	Offering value (€m)	IPOs	Offering value (€m)
TOTAL						
London Stock Exchange Group (1)	26	3,929	17	806	16	270
Deutsche Börse	7	2,080	3	5	5	26
Warsaw	21	653	42	15	26	14
Luxembourg	3	462	1	-	2	54
SIX Swiss Exchange	1	120	-	-	1	-
Oslo Børs & Oslo Axess	1	230	2	7	1	-
NASDAQ OMX	8	46	11	31	4	-
NYSE Euronext	2	17	1	2	1	3
BME (Spanish Exchange)	1	1	-	-	-	-
Wiener Börse	-	-	1	-	-	-
Total	70	7,538	78	866	56	367
EU-REGULATED						
London Stock Exchange Group (London Main)	13	3,554	4	672	1	30
Deutsche Börse (Prime and General Standard)	4	2,080	2	5	5	26
Warsaw (Main)	5	632	4	-	2	9
SIX Swiss Exchange	1	120	-	-	1	-
Oslo Børs	1	230	-	-	1	-
NASDAQ OMX (Main)	4	38	4	31	2	-
NYSE Euronext (Euronext)	1	14	-	-	-	-
Wiener Börse	-	-	1	-	-	-
EU-regulated sub-total	28	6,668	15	708	12	65
EXCHANGE-REGULATED						
Luxembourg (EuroMTF)	3	462	1	-	2	54
London Stock Exchange Group (London AIM)	12	328	11	128	13	233
London Stock Exchange Group (London SFM)	1	47	-	-	-	-
Warsaw (NewConnect) (2)	16	21	38	15	24	5
NASDAQ OMX (First North)	4	8	7	-	2	-
NYSE Euronext (Alternext)	1	3	1	2	1	3
BME (Spanish Exchange) (MAB)	1	1	-	-	-	-
Deutsche Börse (Entry Standard)	3	-	1	-	-	-
London Stock Exchange Group (Borsa Italiana AIM)	-	-	2	6	2	7
Oslo Axess	-	-	2	7	-	-
Exchange-regulated sub-total	41	870	63	158	44	302
Europe total	70	7,538	78	866	56	367

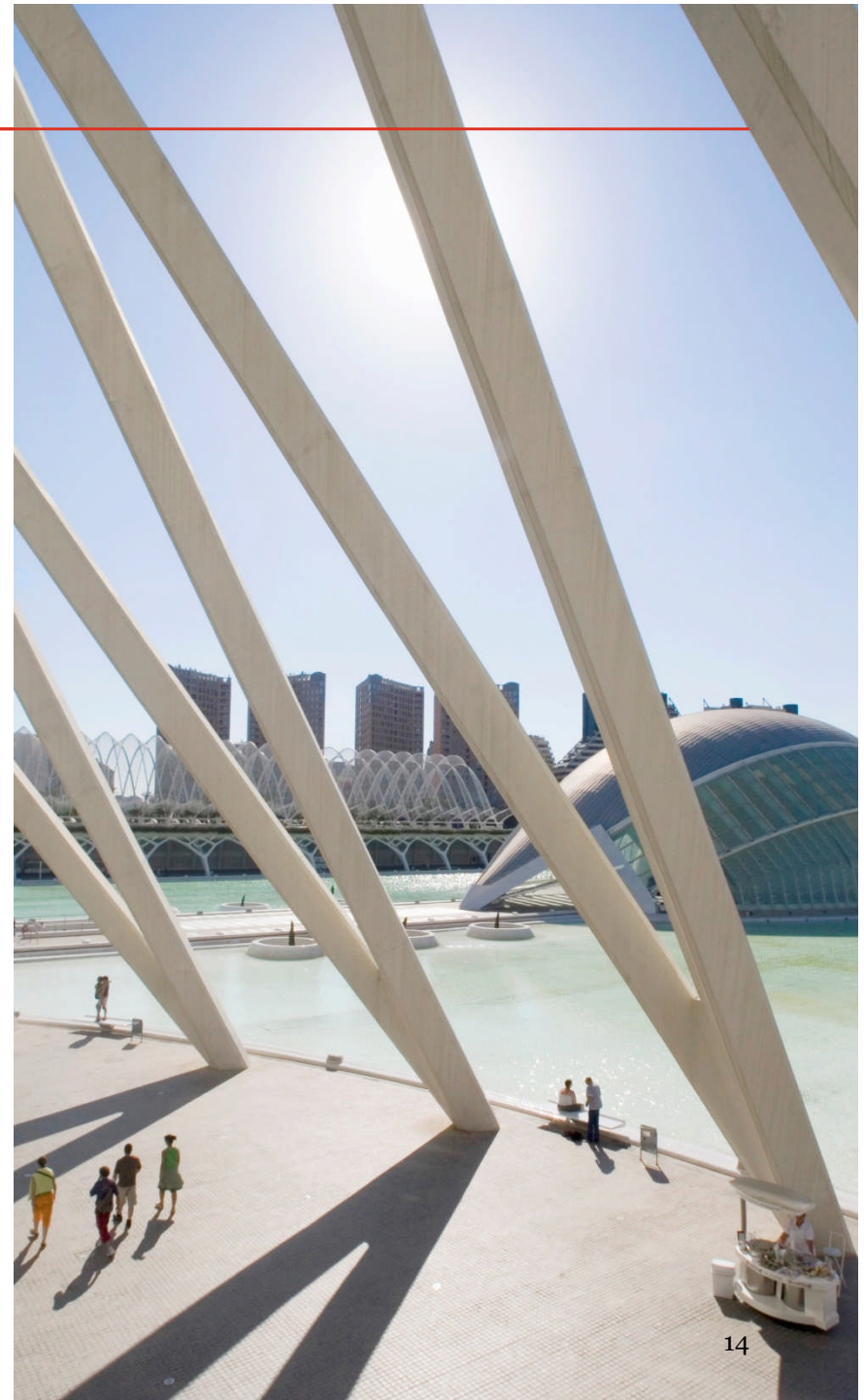
(1) The London Stock Exchange Group comprises the London and Borsa Italiana stock exchanges.

(2) Cumulatively the WSE NewConnect raised €21.9m in Q4 2012. However, certain transactions raised an amount that rounded down to nil and the figure above is the sum of the rounded values.

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, Denmark, France, Germany, Greece, the Netherlands, Ireland, Italy, Luxembourg, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the UK) on a quarterly basis. Movements between markets on the same exchange and greenshoe offerings are excluded.

This survey was conducted between 1 October and 31 December 2012 and captures new market IPOs based on their transaction date. All market data is sourced from the stock markets themselves and has not been independently verified by PricewaterhouseCoopers LLP.



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