



Global IPO trends: Q2 2018

Short-term IPO confidence wavers
in some markets, thrives in others



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About this report

EY *Global IPO trends* report is released every quarter and looks at the IPO markets, trends and outlook for the Americas, Asia-Pacific, Japan and EMEIA regions.

The report provides insights, facts and figures on the 2018 IPO market year-to-date and analyzes the implications for companies planning to go public in the short and medium term.

You will find this report at the [EY Global IPO website](#). You can also follow the report on [LinkedIn](#) or [Twitter](#).



All values are US\$ unless otherwise noted.

Global IPO market

Risks and uncertainties return in Q2 2018

“Risks and uncertainties returned to the IPO market in Q2 2018 as geopolitical tensions and changes in trade policies caused higher market volatility and softened IPO confidence in many parts of the world. Global IPO figures for the first half of 2018 dipped by volume compared with the same period in 2017, despite higher valuations on some of the world’s largest markets. The good news is that economic conditions remain encouraging, equity valuations remain high in many parts of the world and interest rates remain low. As a result, we expect a resurgence in IPO activity during the second half of 2018.”

Dr. Martin Steinbach

EY Global and EMEIA IPO Leader

Highlights from the market

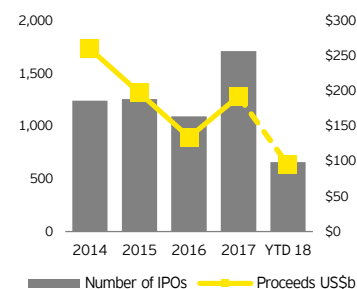
- ▶ Risks and uncertainties returned to the IPO market in Q2 2018 as geopolitical frictions and shifting trade policies softened IPO confidence in many parts of the world, resulting in **declines in IPO activity for the first half of 2018 (H1 2018)**. However, there were several **highlights of note**.
- ▶ With 660 IPOs raising US\$94.3b in H1 2018, **H1 2018 saw the highest proceeds for the first half of the year since H1 2015** (704 IPOs raising US\$110.1b).
- ▶ The **Americas**, led by the US, **were up 18% by deal numbers and 31% by proceeds** in H1 2018 relative with H1 2017. There were 122 IPOs on Americas exchanges, which raised US\$35.3b for H1 2018. This is first time since 2014 where Americas regained the lead in proceeds among regions.
- ▶ In **Asia-Pacific**, **Japan was a beacon of light** compared with other parts of the region. Riding on a strong Q2 2018, Japan IPO volumes in H1 2018 declined only 5% and proceeds increased 8% over H1 2017. In Greater China, despite a decline in IPO activity, **China's Shanghai (SSE) exchange** hosted Q2 2018's largest IPO globally and **was second among exchanges by proceeds**.
- ▶ In **EMEIA**, India was the top story. **India's IPO market** continues to thrive, being the **second most active exchanges by number of IPOs globally in Q2 2018**. India's H1 2018 IPO activity was 32% and 31% higher, respectively than H1 2017 in terms of number of deals and proceeds. Across EMEIA, H1 2018 IPO volumes declined by 4%, even as proceeds rose 10%.
- ▶ Given the current uncertainties in the IPO market, issuers are always wise to **consider a multitrack approach**, where organizations prepare for their IPO so that they are ready to go when the window opens, but remain open to alternate funding options and be flexible in terms of timing and pricing. The **M&A market** is one such alternative. YTD 2018 M&A activity level shows that 2018 has the potential to be one of the most active years for M&A.

Markets

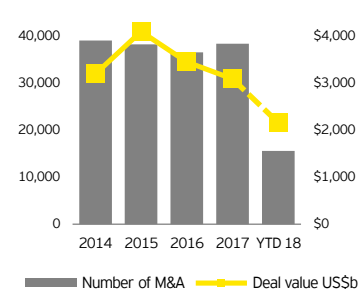
YTD 2018	Change on prior year	Q2 2018	Change on prior year quarter
660 IPOs globally	▼ 21%	325 IPOs globally	▼ 26%
\$94.3b proceeds	▲ 5%	\$45.0b proceeds	▼ 19%

All amounts in table are in US\$

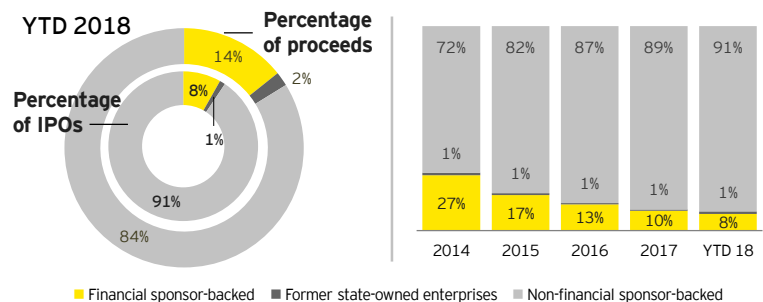
IPO activity



M&A activity



Sources of IPOs



Figures may not total 100% due to rounding

Activity Q2 2018

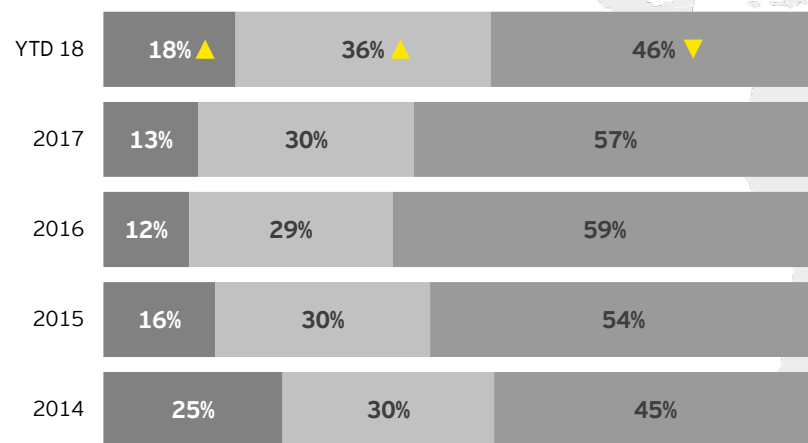
Stock exchanges by highest total proceeds	Sectors by highest number of IPOs	IPOs largest by proceeds
New York (NYSE) \$7.0b 15 IPOs	Technology 72 IPOs \$16.9b	Foxconn Industrial Internet Co. Ltd. \$4.2b Technology China Shanghai (SSE)
Shanghai (SSE) \$6.7b 19 IPOs	Consumer products 49 IPOs \$2.2b	AXA Equitable Holdings, Inc. \$3.2b Financials US NYSE
NASDAQ \$5.9b 39 IPOs	Industrials 39 IPOs \$3.4b	Vinhomes JSC \$1.3b Real estate Vietnam Ho Chi Minh (HOSE)

All amounts in table are in US\$

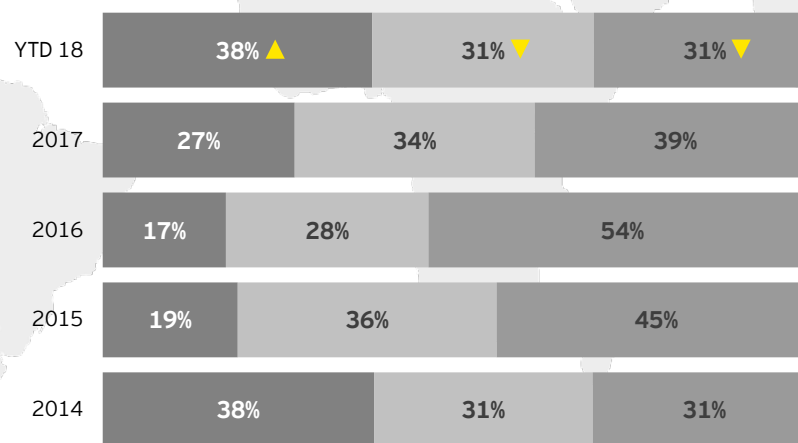
Regional performance and trends

Increasing economic and political uncertainty has issuers and investors taking more of a wait-and-see approach toward IPOs. Issuers willing to take a multitrack approach to their IPO preparations would have the strongest chance for transaction success.

Regional share by number of IPOs



Regional share by proceeds

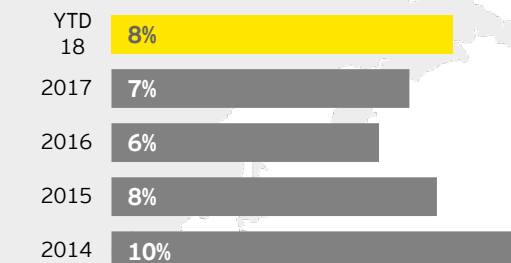


■ Americas ■ EMEIA ■ Asia-Pacific

▲ or ▼ or – = increase or decrease or remain constant for YTD 2018 compared with the full year of 2017
 Figures may not total 100% due to rounding.

Cross-border IPOs

Percentage by number of IPOs globally



Top countries of origin YTD 2018

By number of IPOs outside home country

- ▶ Mainland China (16)
- ▶ Singapore (8)
- ▶ UK (6)
- ▶ Malaysia (4)
- ▶ Ireland (3)

Top IPO destinations* YTD 2018

By number of IPOs

- ▶ Hong Kong (13)
- ▶ NYSE (12)
- ▶ NASDAQ (12)
- ▶ London (7)
- ▶ Sweden (4)

*IPO destinations refer to stock exchanges.

Outlook

- ▶ **Although H1 2018 saw declines in volume compared with H1 2017, it remained above the 10-year median for the first half of the year in deal numbers and proceeds. Strong equity markets, solid corporate earnings and healthy pipelines across sectors and markets should drive an increase in listing in H2 2018.**
- ▶ **Asia-Pacific:** IPO activity levels as a whole in the region will depend, in part, on the performance (either positively or negatively) of the mega technology IPOs in the pipeline. In **Greater China**, look for **an increase in IPO listings from biotech and technology**. In **Japan**, **Abenomics will continue to drive IPO activity**.
- ▶ **EMEA:** Geopolitical uncertainties and volatility coming from new trade policies are causing some **European** issuers to take a wait-and-see approach. In the **UK**, Brexit continues to cast a shadow. In **India**, strong market liquidity should continue to drive IPO activity throughout the rest of the year. **MENA's** activity is poised to surge in the second half of 2018 as economies improve and state-owned governments look to privatize assets.
- ▶ **Americas:** A bright spot for IPO activity in H1 2018, momentum will continue to build through the next two quarters. **US'** NYSE and NASDAQ will continue to dominate. In **Canada**, deal volumes are expected to remain strong. In **Brazil and Mexico**, the rush to list before the 2018 presidential elections will keep IPO activity brisk.
- ▶ **Sectors:** Technology and financial services will continue to drive IPO listings throughout the second half of 2018. Health care listings will remain among the top five sectors, led by a flurry of biotech companies looking to hit markets in various regions.
- ▶ **Cross-border:** Motivated by a variety of reasons depending on region and its issuers, cross-border deals will continue to be a feature of the global IPO activity on international exchanges.

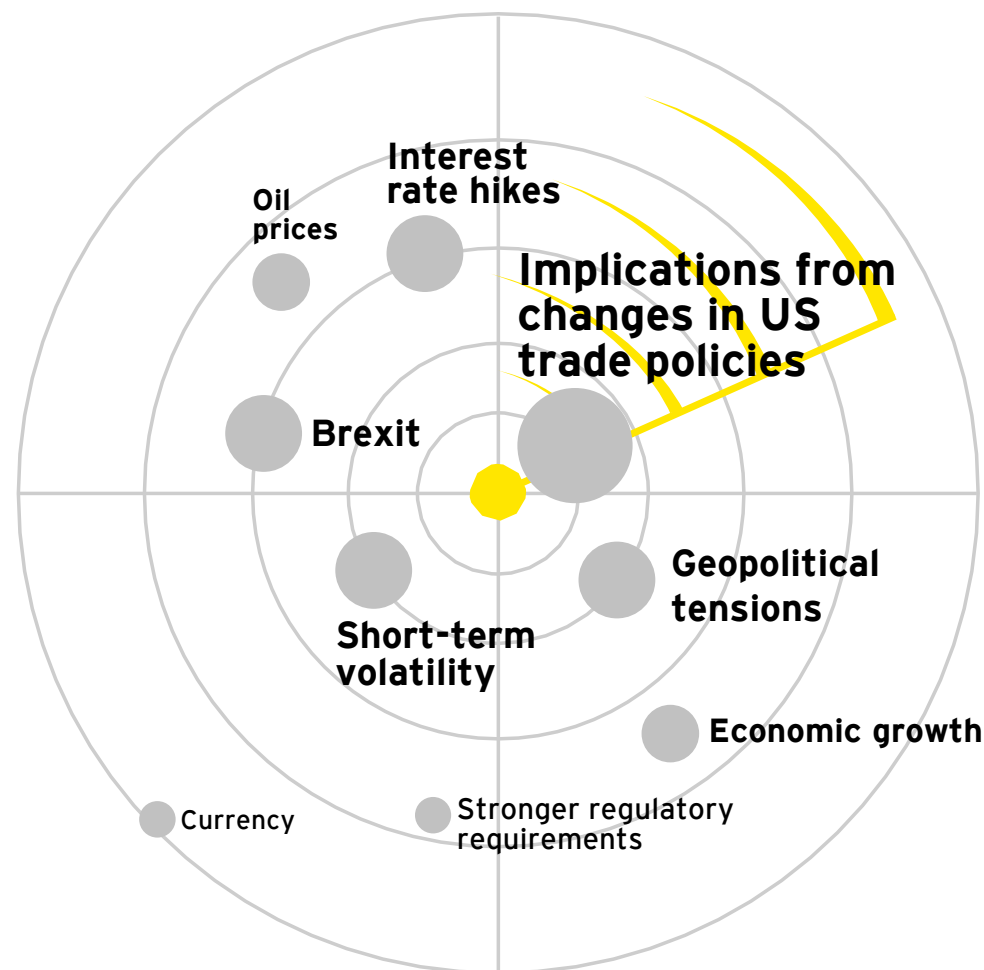
EY IPO sentiment radar

Our radar contains a variety of market factors that may impact investor sentiment for IPOs.

Pre-IPO companies should analyze how these factors may affect their business and ultimately their impact on the timing and value of their transaction in view of their chosen IPO destination.

Potential impact

- ▶ **Consider a number of alternative funding or exit options**
- ▶ **Preserve optionality with early IPO readiness preparations**
- ▶ **Prepare early to complete your IPO quickly in narrow IPO windows**
- ▶ **Be flexible in timing and pricing**



A photograph of a sailboat on the ocean. The boat is white with a wooden deck and a large white sail. The sky is blue with some clouds. The water is dark blue. The boat is moving, as indicated by the wake in the water.

Americas

IPO momentum builds in Q2

“Americas IPO activity remains strong in the first half of 2018 with deal volume and proceeds up from the same period in 2017. Canada has a strong pipeline of deal activity which could enter the public market in the second half of 2018 and 2019. In Mexico, we saw a small handful of deals raise YTD proceeds that could be on pace to approach last year’s highs. Americas’ activity signals renewed activity in the technology, financial services and consumer products sectors. And overall, the US continues to set the pace, having two of the top three globally ranked exchanges by proceeds.”

Jackie Kelley

EY Americas IPO Markets Leader

Highlights from the markets

- ▶ After a roaring start in the first two months of 2018, market volatility toward the end of Q1 2018 tempered IPO activity somewhat through Q2 2018. Yet both **deal volumes and proceeds in H1 2018 were higher compared with H1 2017**, with an increase of 18% and 31%, respectively.
- ▶ US exchanges continue to lead the charge, with the **NYSE and NASDAQ ranked among the top three exchanges by proceeds globally and in the Americas for H1 2018**.
- ▶ **Toronto Exchange and Venture Exchange** posted 7 IPOs in H1 2018 compared with 11 IPOs in H1 2017.
- ▶ What Brazil lacks in volume it more than makes up for in proceeds as **B3 unveiled four financial services IPOs** in H1 2018 with combined proceeds of US\$2.5b.
- ▶ Americas results set the tone in Q2 2018 that **the powerhouse sectors are back**, with **technology, financials and consumer products** sectors seeing renewed activity.
- ▶ **Mexico** has seen two IPOs in H1 2018, mirroring H1 2017, although their proceeds is nearly US\$1b higher.

Markets YTD 2018

122 IPOs

\$35.3b proceeds

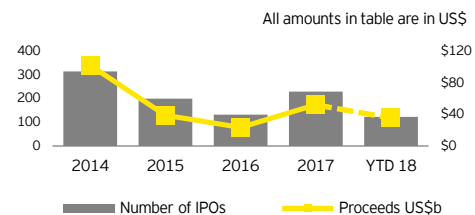
\$109.2m median deal size

Change on prior year

▲ 18%

▲ 31%

▼ 6%



Activity Q2 2018

All amounts in table are in US\$

Stock exchanges
by highest total proceeds

NYSE
\$7.0b | 15 IPOs US

NASDAQ
\$5.9b | 39 IPOs US

Sao Paulo (B3)
\$2.5b | 4 IPOs Brazil

Sectors
by highest number of IPOs

Technology
17 IPOs | \$5.1b

Consumer products
15 IPOs | \$1.3b

Health care
13 IPOs | \$0.9b

IPOs
largest by proceeds

AXA Equitable Holdings, Inc. \$3.2b Financials, NYSE, US

Hapvida Participacoes e Investimentos SA
\$879m Financials, B3, Brazil

GreenSky Inc.
\$874m Technology, NASDAQ, US

Brazil's B3 YTD 2018

Change on prior year

4 IPOs

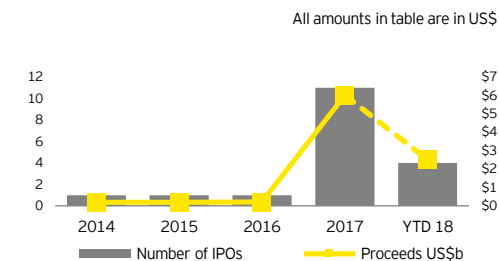
\$2.5b proceeds

\$714.7m median deal size

▲ 100%

▲ 427%

▲ 202%



Canada's Toronto Stock Exchange and TSX Venture Exchange YTD 2018

Change on prior year

7 IPOs

\$381.7m proceeds

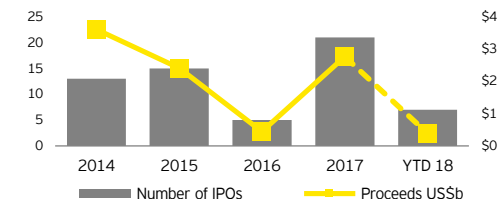
\$1.6m median deal size

IPO activity of Canadian Securities Exchange is excluded.

▼ 36%

▼ 79%

▼ 98%



Mexico's Mexican Stock Exchange YTD 2018

Change on prior year

2 IPOs

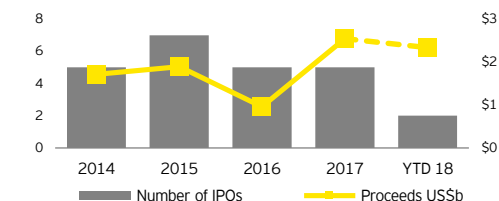
\$2.3b proceeds

\$1.2b median deal size

0%

▲ 69%

▲ 69%



US' NASDAQ and NYSE YTD 2018

Change on prior year

101 IPOs

\$29.9b proceeds

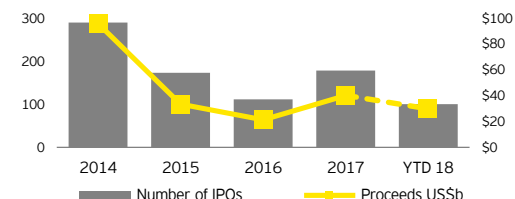
\$124.2m median deal size

IPO activity in 2016 includes one IPO on BATS exchange.

▲ 20%

▲ 30%

▲ 1%





Americas – US IPO market insight

US IPO markets pick up steam

“The second quarter of 2018 was marked by an influx of technology IPOs entering the US market. From 2013 to 2017 we saw health care companies dominate the markets in terms of deal count, but since then we’ve seen technology companies slowly gaining. Deal count and proceeds raised are up compared with last year, and post-IPO share price performance is solid, creating momentum heading into the second half of the year.”

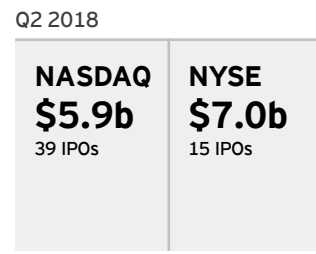
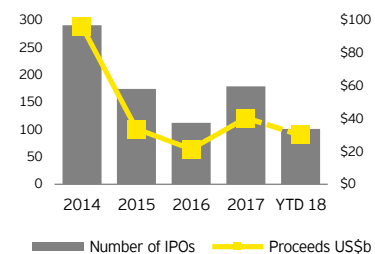
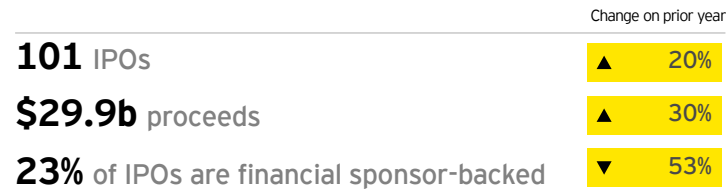
Jackie Kelley

EY Americas IPO Markets Leader

Highlights from the market

- ▶ **US markets kept a strong pace in Q2 2018**, accounting for the majority of IPOs by volume and proceeds across the Americas. The US saw 54 IPOs in Q2 2018 raising US\$12.9b, an increase of 6% by proceeds, but decline of 8% by volume compared with Q2 2017.
- ▶ **Momentum is largely a result of performance, which keeps investors engaged and draws more issuers to the market.** US IPOs have posted average first-day returns above 10% and share price performance post-IPO exceeding broad equity indices.
- ▶ **With an increase in activity from unicorn companies**, the technology sector led the market with 17 IPOs valued at US\$5.1b in Q2 2018 (including 13 of the 17 IPOs originating from the US).
- ▶ After a spike in Q1 2018, **the CBOE VIX® has returned to levels below its long term average.** The current level has been a key component of attractive issuance conditions throughout Q2 2018.

Markets YTD 2018



IPO activity in 2016 includes one IPO on BATS exchange.

All amounts in table are in US\$

Activity Q2 2018

All amounts in table are in US\$

Sectors by highest number of IPOs

Technology
17 IPOs | \$5.1b

Consumer products
15 IPOs | \$1.3b

Health care
11 IPOs | \$0.8b

Financials
7 IPOs | \$4.1b

Industrials
2 IPOs | \$0.5b

IPOs largest by proceeds

AXA Equitable Holdings, Inc.
\$3.2b Financials, NYSE, US

GreenSky Inc.
\$874m Technology, NASDAQ, US

DocuSign Inc.
\$724m Technology, NASDAQ, US

Pivotal Software Inc.
\$638m Technology, NYSE, US

GrafTech International Ltd.
\$572m Materials, NYSE, US

Performance YTD 2018

All amounts in table are in US\$

IPO pricing and performance

US markets

First-day average return

+14.6%

+ or - indicates change compared with offer price at IPO

First-day and current average returns are mean returns of issuers who started trading by 29 May.

Share price performance since IPO (aka offer-to-current)

+37.4%

Equity indices

DJIA
+1.5%
US

S&P 500
+4.0%
US

+ or - indicates change since 29 December 2017

Volatility index

CBOE VIX®
+8.5% | 11.98 index level
YTD

+ indicates a increase in expected volatility as of 15 June 2018 compared with 29 December 2017 for year-to-date (YTD).

Trends



Median post-IPO market cap is calculated for IPOs that were priced by 15 June.

Cross-border IPOs: top countries of origin YTD 2018



All amounts in table are in US\$

Outlook

- ▶ **Momentum continues to build for US IPO activity in H2 2018** driven by the strong post-IPO performance of 2017 and 2018 IPOs.
- ▶ The backlog of companies publicly on file has diversified beyond the technology sector to include other types of issuers that are traditionally critical to IPO activity such as health care and financial sponsor-backed companies. **Broadened activity bodes well for continued strength in the IPO market.**
- ▶ As Congressional elections draw closer in Q4 2018, **IPO transaction windows continue to narrow.** Companies looking to list on US exchanges will either try to get ahead of the short-term impact that the elections may produce, or take a wait-and-see approach before bringing their company onto the public market.

A woman in a red jacket and white visor is sailing on a boat, looking out at the ocean. Another person is visible in the background, also on the boat. The scene is set on a body of water with mountains in the distance.

Asia-Pacific

Investor appetite remains in Asia-Pacific, despite drop in IPO activity

“Strong macroeconomic fundamentals and investor appetite act as a counterbalance to the otherwise volatile performance of IPO activity across the region. Following the general declines in IPO performance in the first six months of 2018, largely resulting from recent interest rate increases, global political and economic uncertainties, we expect to see a rebound in the deal size of the IPOs in the second half of the year as a number of mega IPOs begin to hit the market.”

Ringo Choi

EY Asia-Pacific IPO Leader

Highlights from the market

- ▶ Despite **investor appetite** for IPOs across the **Asia-Pacific** region, H1 2018 volumes declined 37% while proceeds were down 17% compared with H1 2017.
- ▶ However, **Asia-Pacific still accounted for a 46% share of global IPOs and 31% of global IPO proceeds in H1 2018**. Five of the ten most active exchanges by deal numbers were from this region in H1 2018.
- ▶ **Japan is performing well** compared with the rest of the region, boosted by **big gains in Q2 2018** with 21 IPOs raising US\$1.5b. Q2 2018 IPO activity pushed Japan to see only a 5% decline in volume and an 8% increase in proceeds in H1 2018.
- ▶ **Australia's** Q2 2018 deal volumes may have been down slightly (5%) compared to Q2 2017, but **proceeds are continuing to rise (117%)** as the size of the companies coming to the public market keeps growing.
- ▶ In **Southeast Asia**, IPO activity has been driven by entrepreneurial companies coming to market. However, geopolitical uncertainty, trade issues and macroeconomic conditions are dampening investor enthusiasm for IPOs.
- ▶ In **Greater China**, government policies that keep a tight rein on the IPO approval process for Mainland China exchanges may partly explain the drop in IPO activity.
- ▶ **Financials and technology dominate** the top 10 deals on Asia-Pacific exchanges in Q2 2018, representing 21% and 45% of proceeds and 7% and 20% of Asia-Pacific IPO deal numbers, respectively.
- ▶ **Cross-border IPO activity is up** across the Asia-Pacific region in Q2 2018, with 17 outbound IPOs representing **5.4% of all Asia-Pacific issuers listed outside Asia-Pacific**.

Markets

YTD 2018	Change on prior year	Q2 2018	Change on prior year quarter
302 IPOs	▼ 37%	137 IPOs	▼ 39%
\$29.6b proceeds	▼ 17%	\$17.6b proceeds	▼ 13%

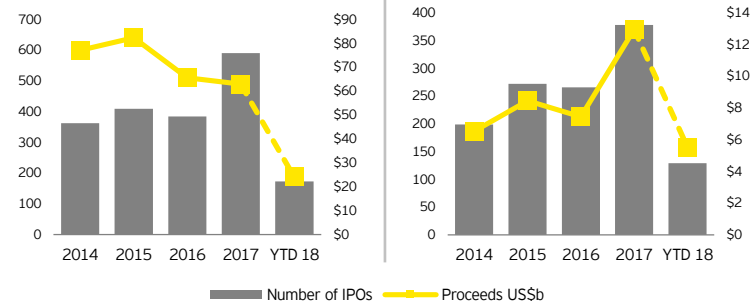
All amounts in table are in US\$

Main markets

Q2 2018	Change on Q2 2017
82 IPOs	▼ 45%
\$14.3b proceeds	▼ 20%

Junior markets

Q2 2018	Change on Q2 2017
55 IPOs	▼ 29%
\$3.4b Proceeds	▲ 41%



All amounts in table are in US\$

Activity Q2 2018

Stock exchanges
by highest total proceeds

Shanghai (SSE)
\$6.7b
19 IPOs
Mainland China

Hong Kong (Main and GEM)
\$3.0b
35 IPOs
Hong Kong

Ho Chi Minh (HOSE)
\$2.3b
2 IPOs
Vietnam

Sectors
by highest number of IPOs

Technology
28 IPOs
\$7.9b

Materials
20 IPOs
\$0.9b

Consumer products
19 IPOs
\$0.5b

IPOs
largest by proceeds

Foxconn Industrial Internet Co., Ltd. \$4.2b
Technology
China
Shanghai (SSE)

Vinhomes JSC \$1.3b
Real estate
Vietnam
Ho Chi Minh (HOSE)

Ping An Healthcare and Technology Company Limited \$1.1b
Technology
China
Hong Kong (HKEx)

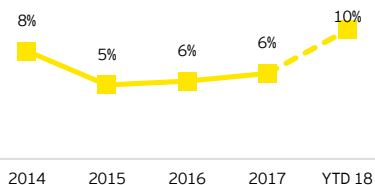
All amounts in table are in US\$

Trends

Cross-border activity YTD 2018

Asia-Pacific issuers' cross-border activity

Percentage of all Asia-Pacific issuers



Cross-border

4.1% of all Asia-Pacific issuers* listed abroad but within the Asia-Pacific region



Outbound

5.4% of all Asia-Pacific issuers* listed outside Asia-Pacific



Inbound

7.1% of cross-border IPOs globally** listed in Asia-Pacific but came from outside the region



*There were 315 IPOs by Asia-Pacific issuers in YTD 2018. This analysis is based on the listed company domicile, regardless of the listed company exchange.

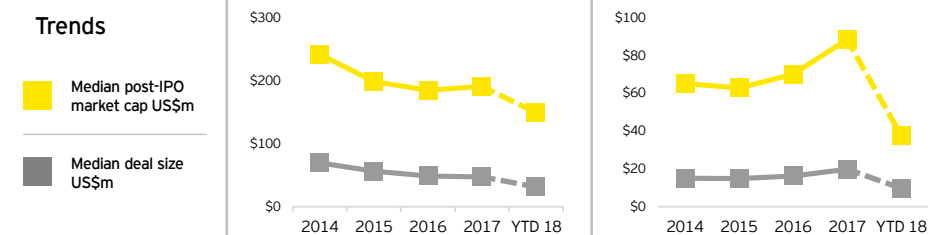
** There were 56 cross-border IPOs globally in YTD 2018.

Despite a decline in IPO activity, strong investor appetite based on pricing and performance, particularly in the technology sector, combined with a record number of mega IPOs in the pipeline, should propel stronger IPO activity levels across the region in the months ahead.

Transaction sizes

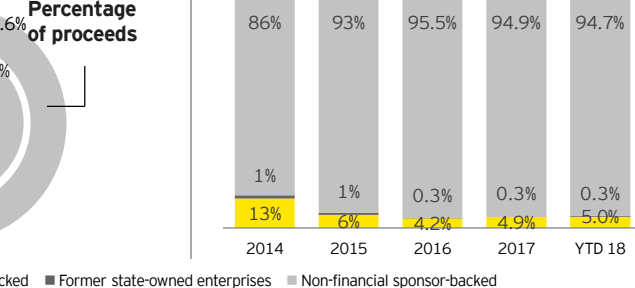
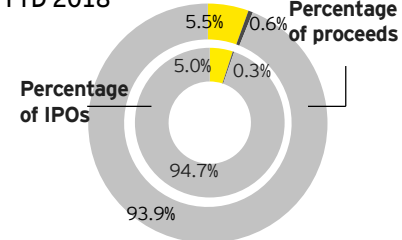
	Main markets		Junior markets	
	YTD 2018	Change on prior year	YTD 2018	Change on prior year
Median post-IPO market cap	\$149.4m	▼ 19%	\$37.7m	▼ 63%
Median deal size	\$30.9m	▼ 33%	\$9.7m	▼ 60%

Trends



Sources of IPOs

YTD 2018



■ Financial sponsor-backed ■ Former state-owned enterprises ■ Non-financial sponsor-backed

All amounts in table are in US\$. Figures may not total 100% due to rounding.

Performance

IPO pricing and performance YTD 2018

	First-day average return	Share price performance since IPO
Main markets	+28.5%	+55.2%
Junior markets	+32.2%	+96.8%

+ or - indicates change compared with offer price at IPO

Equity indices YTD 2018

Hang Seng +1.3% Hong Kong	Nikkei 225 +0.4% Japan	ASX 200 +0.5% Australia
Shanghai Composite -8.6% Mainland China	FTSE Straits Times -1.4% Singapore	KOSPI -2.6% South Korea

+ or - indicates change since 29 December 2017

Volatility index

Hang Seng Volatility 15.97 index level +9.4% YTD
-38.9% Q1 2018

+ indicates an increase in volatility as at 15 June 2018 compared with 29 December 2017 for year-to-date (YTD). Whereas - indicates a decrease in volatility over the same time period.

Outlook

- ▶ Across **the Asia-Pacific region, IPO activity levels in the second half of 2018 will depend, in part, on the mega IPOs**, particularly as China looks to repatriate technology unicorns. Late in 2017, Lenovo parent, Legend Holdings Corporation, became the first Hong Kong-listed Chinese company to float non-tradeable H-shares after new policy was issued earlier this year. In the second half of 2018, expect the Chinese Government to expand its approval for companies to open their H-shares to the public. **The performance of these mega IPOs will impact (either positively or negatively) IPO investor sentiment.**
- ▶ Some smaller IPOs may find it more difficult to sustain their stock prices post-IPO during their secondary trading.
- ▶ Look for **IPOs from the real estate sector to raise more money** in an effort to address pressures from expected increases in interest rates.
- ▶ The **biotechnology sector** is expected to make significant noise with **a number of IPOs in the pipeline looking to list in Q3 2018**. Biotech is the sector to watch in terms of upcoming IPOs for Q3 2018.
- ▶ Issuers from the **entertainment, mobile gaming and publishing sectors** also have sizeable IPOs on the horizon.
- ▶ **Australia's** economic strength, political stability and low interest rates will provide stable IPO activity in the second half of 2018. **IPO volumes in 2018 as a whole will likely track lower than 2017 levels**, despite a number of candidates in the pipeline looking to list in the second half of 2018.
- ▶ Vietnam led the way in IPO proceeds for **Southeast Asia** in Q2 2018 with two sizable listings. IPOs in other parts of the region – Thailand, Indonesia, the Philippines, Malaysia and Singapore – have predominantly been **small-cap listings**. This is **a trend we expect to continue in H2 2018** as geopolitical uncertainty, trade tensions and macroeconomic conditions continue to dampen IPO activity.
- ▶ In **Japan, Abenomics will spur IPO activity throughout the remainder of 2018**, led by issuers from the technology sector, which the Japanese Government is promoting to boost long-term growth.



Asia-Pacific – Australia and New Zealand market insight

Small caps continue to dominate activity

“Small cap IPOs continue to dominate IPO activity driven by the mining and metals sector. While we expect an uptick in IPO activity in the 2H18 based on the pipeline in the financial services and technology sectors, strong demand from alternate sources of capital is likely to continue to restrict IPO volumes for the mid to large cap segment.”

Gavin Sultana
EY Oceania IPO Leader

Highlights from the market

- ▶ The **volume of IPOs in Q2 2018 was in line with the previous quarter**, but the deal numbers for H1 2018 is behind numbers posted in H1 2017. This is consistent with the Asia-Pacific trend of slowing IPO activity in H1 2018.
- ▶ In Q2 2018, **global gains and a strong mining and metals sector returned the ASX200 to the high levels seen in Q4 2017**. This could encourage a number of IPOs to be brought forward to Q3 2018 from later in the year.
- ▶ Mining and metals represented 9 of the 22 IPOs during Q2 2018. However, **financials raised the largest proceeds**, as the L1 Long Short Fund Ltd. brought its \$1b IPO to market.
- ▶ **Cross-border activity was limited to one mining and metals group from the UK**. There were no significant PE-backed IPO exits, although PE funds were invested in a small number of the IPOs during the quarter.

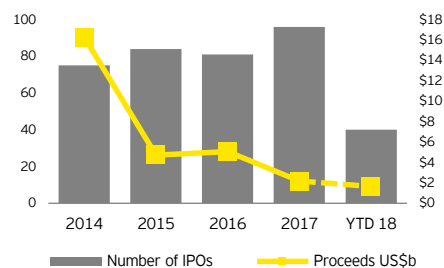
Markets YTD 2018

Change on prior year

40 IPOs ▼ 20%

\$1.7 proceeds ▲ 92%

0% of IPOs are financial sponsor-backed NA



Q2 2018

ASX
\$1.5b
22 IPOs

New Zealand
\$0m
0 IPOs

All amounts in table are in US\$

Activity YTD 2018

All amounts in table are in US\$

Sectors by highest number of IPOs	IPOs largest by proceeds
Materials 19 IPOs \$289m	L1 Long Short Fund Ltd. \$1.0b Financials, Australia (ASX)
Technology 9 IPOs \$110m	Jupiter Mines Ltd. \$186m Materials, Australia (ASX)
Consumer staples 4 IPOs \$38m	Evans Dixon Ltd. \$127m Financials, Australia (ASX)
Health care 3 IPOs \$36m	Trimantium GrowthOps Ltd. \$55m Technology, Australia (ASX)
Consumer products 3 IPOs \$13m	Smiles Inclusive Ltd. \$28m Health care, Australia (ASX)

Performance Q2 2018

All amounts in table are in US\$

IPO pricing and performance		
ASX	First-day average return	Share price development since IPO
+ or - indicates change compared with offer price at IPO	+4.0%	-3.1%
Equity indices		Volatility index
ASX 200 +0.5% Australia	NZX 50 +7.3% New Zealand	ASX200 VIX® +11.9% 11.3 index level YTD
+ or - indicates change since 29 December 2017		- indicates a decrease in volatility as at 15 June 2018 compared with 29 December 2017 for year-to-date (YTD).

Trends

All amounts in table are in US\$

	Q2 2018	Change on Q2 2017
Median deal size	\$5.0m	▼ 9%
Median post-IPO market cap	\$19.7m	▲ 14%

Cross-border IPOs: top countries of origin YTD 2018

United Kingdom 1 IPO (US\$8m)



Outlook

- ▶ We do not expect a material change in conditions in H2 2018. **Australian IPO volumes for 2018 will likely continue to track lower than 2017** despite a reasonable pipeline of companies looking to list in the middle of 2018.
- ▶ For Australia, **we anticipate that activity will be skewed toward small caps**, particularly for mining and metals companies and technology companies. Larger listings likely will be limited to wealth and asset management companies.
- ▶ Across the spectrum, we **expect investors to continue to be selective** in which larger issues they support, restricting IPO volumes at the top end of the market.

A photograph of a sailboat on the ocean, viewed from a low angle on the deck. The sail is white and partially visible. The water is blue and choppy. A person's arm and hand are visible in the foreground on the right side, wearing a grey t-shirt. The overall tone is blue and slightly desaturated.

Asia-Pacific – Greater China market insight

Large tech IPOs are raising top dollar

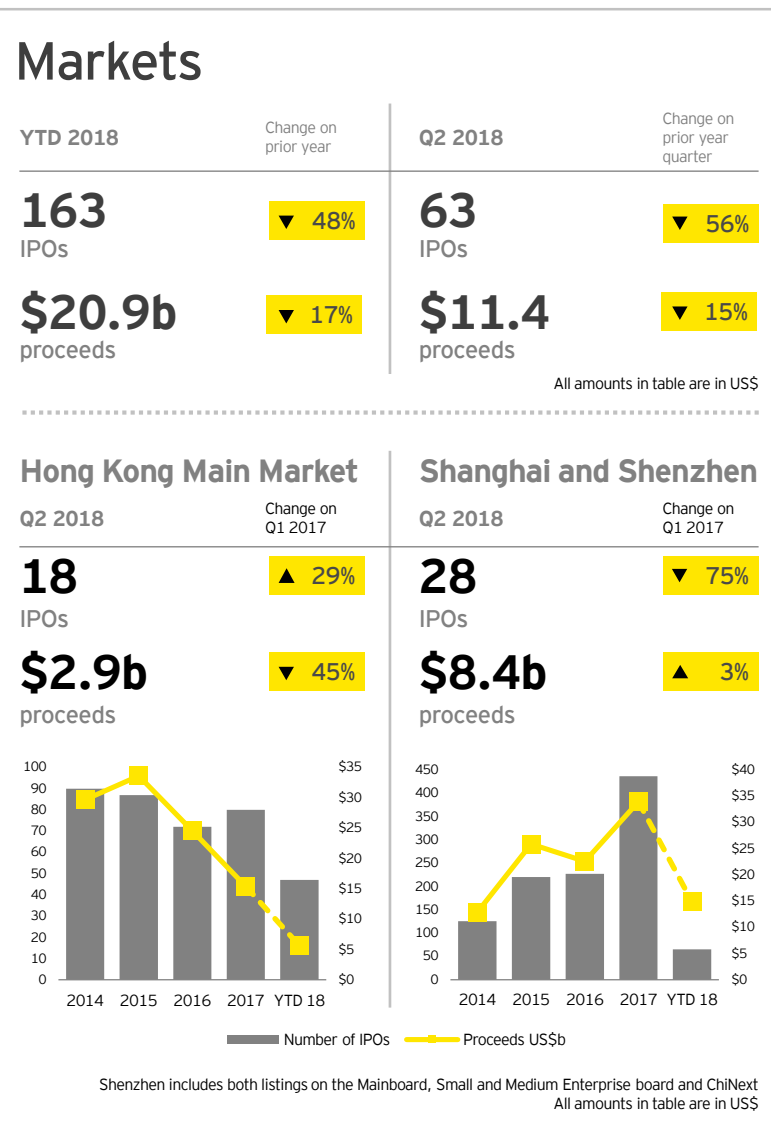
“Technology unicorns were the driving force behind Greater China’s IPO activity in Q2 2018. With several more technology mega IPOs in the pipeline, and IPO activity in the financial services and biotech sectors heating up, we anticipate stronger IPO activity levels in second half of 2018.”

Terence Ho

EY Greater China IPO Leader

Highlights from the markets

- ▶ Although **IPO activity remains robust in Mainland China and Hong Kong**, deal volumes and proceeds are both lower in Q2 2018 compared with Q2 2017 (63 IPOs with proceeds of US\$11.4b in Q2 2018 versus 143 IPOs with proceeds of US\$13.5b in Q2 2017).
- ▶ **Government policies** that keep a tight rein on which IPOs are approved for Mainland China exchanges may partly **explain this decline** in IPO activity.
- ▶ In particular, **Mainland China's** Issuance Examination Committee (IEC) of China Securities Regulatory Commission (CSRC) has applied **more stringent criteria for approving IPOs** on its exchanges. Because of the ever growing number of Chinese companies eager to go public, it can sometimes take two years for IPOs to be approved, creating a backlog of IPOs.
- ▶ **IPOs** that are coming to the Greater China markets have a tendency to be **oversubscribed**, making it a **seller's market**. On the Hong Kong Main Market, the average oversubscription rate was 420 times above the amount of sales on offer in Q2 2018. On the Mainland China exchanges, IPOs were oversubscribed by more than 2,800 times in Q2 2018.
- ▶ **Sizeable technology IPOs**, with their willingness to take more risk are achieving high IPO valuations. Foxconn Industrial Internet Co. Ltd. soared by a maximum 44% in its Shanghai debut, elevating its market value to US\$61b.
- ▶ **Medium-sized IPOs** in more traditional sectors may find it harder to achieve similar proceeds. This trend is reflected in Q2 2018 sector activity numbers, with industrials IPOs leading by volume on both the Hong Kong and Mainland China exchanges but technology vastly outpacing all other IPOs by proceeds.
- ▶ **More Chinese companies are evaluating local and cross-border listings** for their IPO destination decisions. In Q2 2018, 9.0% of Greater China issuers listed abroad. Sixteen Chinese IPOs were destined for US exchanges in Q2 2018.



Activity Q2 2018

Hong Kong Main Market

Sectors
by highest number of IPOs

Technology
4 IPOs | \$1.6b

Industrials
4 IPOs | \$61m

Consumer staples
3 IPOs | \$94m

IPOs
largest by proceeds

Ping An Healthcare and Technology Company Limited
\$1.1b
Technology

Jiangxi Bank Co. Ltd.
\$993m
Financials

Huifu Payment Ltd.
\$215m
Technology

Shanghai and Shenzhen

Sectors
by highest number of IPOs

Technology
6 IPOs | \$5.0b

Industrials
6 IPOs | \$495m

Materials
5 IPOs | \$617m

IPOs
largest by proceeds

Foxconn Industrial Internet Co. Ltd.
\$4.2b
Technology, Shanghai

Contemporary Amperex Technology Co. Ltd.
\$853m
Energy, Shenzhen-Chinext

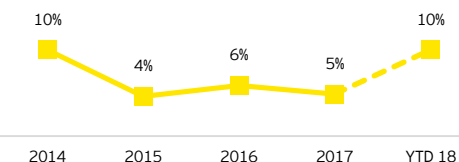
WuXi AppTec Co., Ltd.
\$354m
Health care, Shanghai

All amounts in table are in US\$

Trends

Cross-border activity YTD 2018

Greater China issuers' cross-border activity
Percentage of all China issuers



To which destination?

YTD 2018

16 IPOs to US exchanges

YTD 2018

Leaving Greater China

Outbound

9.6% of Greater China issuers* listed abroad

16
IPOs

Coming to Greater China

Inbound

23.2% of cross-border IPOs globally** were listed on HKEx and GEM

13
IPOs

*There were 166 IPOs by Greater China issuers in YTD 2018. This analysis is based on the listed company domicile, regardless of the listed company exchange.

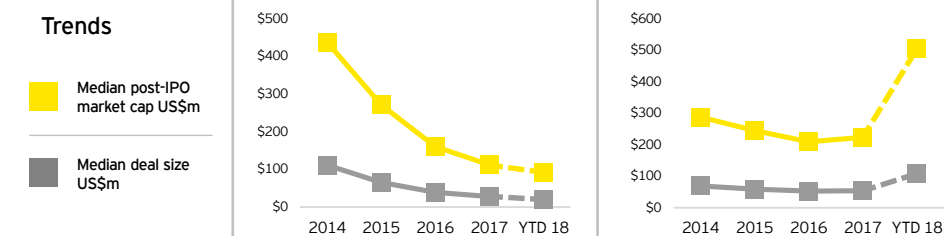
** There were 56 cross-border IPOs globally in YTD 2018.

A series of technology mega IPO listings on Mainland China exchanges have pushed deal sizes up considerably when compared with the same time last year. But the big story is the median post-IPO market cap, which soared 144% above YTD 2017's average.

Transaction sizes

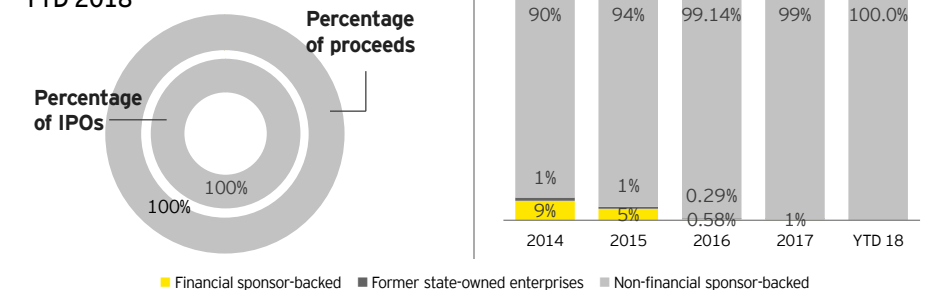
	Hong Kong Main Market		Shanghai and Shenzhen	
	YTD 2018	Change on prior year	YTD 2018	Change on prior year
Median post-IPO market cap	\$91.7m	▼ 32%	\$502.6m	▲ 144%
Median deal size	\$19.9m	▼ 41%	\$107.3m	▲ 117%

Trends



Sources of IPOs

YTD 2018



All amounts in table are in US\$. Figures may not total 100% due to rounding.

Performance

IPO pricing and performance YTD 2018

	First-day average return	Share price performance since IPO
Hong Kong Main Market	+3.4%	+12.7%
Shanghai and Shenzhen	+44.0%	+91.1%

+ or - indicates change compared with offer price at IPO

Equity indices YTD 2018 Mainland China

Shanghai Composite	Shenzhen Composite	Shenzhen SME
-8.6%	-10.9%	-9.8%

Equity indices YTD 2018 Hong Kong

Hang Seng	Hang Seng China Enterprises	Hang Seng China Affiliated Corporations
+1.3%	+1.4%	+3.4%

+ or - indicates change since 29 December 2017

Volatility index

Hang Seng Volatility
15.97 index level
+9.4% YTD
-38.9% Q1 2018

+ indicates an increase in volatility as at 15 June 2018 compared with 29 December 2017 for year-to-date (YTD). Whereas - indicates a decrease in volatility.

IPO pipeline

More than

307 **181**

companies are in the China Securities Regulatory Commission (CSRC) pipeline.

companies have submitted public filings with HKEx.

Outlook

- ▶ **Geopolitical uncertainty and trade issues could dampen investor enthusiasm for Greater China IPOs in H2 2018.**
- ▶ However, **repatriation of technology unicorns** by the Chinese Government could propel a number of mega IPOs **onto the Hong Kong and Mainland China IPO markets in H2 2018.** With combined valuations estimated as high as US\$1t, 2018 could become a blockbuster year for Greater China IPOs. First movers will set the tone for investor sentiment, whether positive or negative, in the months ahead.
- ▶ In H2 2018, **China's regional banks** are poised to raise US\$14b via IPOs. However, issuers may have to sell at low valuations to improve investors' returns.
- ▶ As **Hong Kong's reforms to its listing regime** come into effect, we expect to see **an increase in IPO listings from biotech, technology** and companies looking to take advantage of their ability to publicly trade their H-shares.
- ▶ **Hong Kong** will continue to be the preferred exchange for neighboring ASEAN companies, with **increasing cross-border IPO activity** in Q3 2018.
- ▶ In **Mainland China, the CSRC pipeline has declined** to more than 307 companies in June 2018 from more than 407 companies in March 2018. This decline was due to more stringent criteria for IPO approvals being applied by the IEC and the higher rejection rate of IPO applications. The rejection rate increased to 46% in Q1 2018 and 40% in Q2 2018, compared with 35% in Q4 2017.
- ▶ Despite being more stringent, the pace of IPO approvals has accelerated, thus clearing the IPO backlog and **shortening the time period for companies waiting to go public on Mainland China exchanges.**



Asia-Pacific – Japan market insight

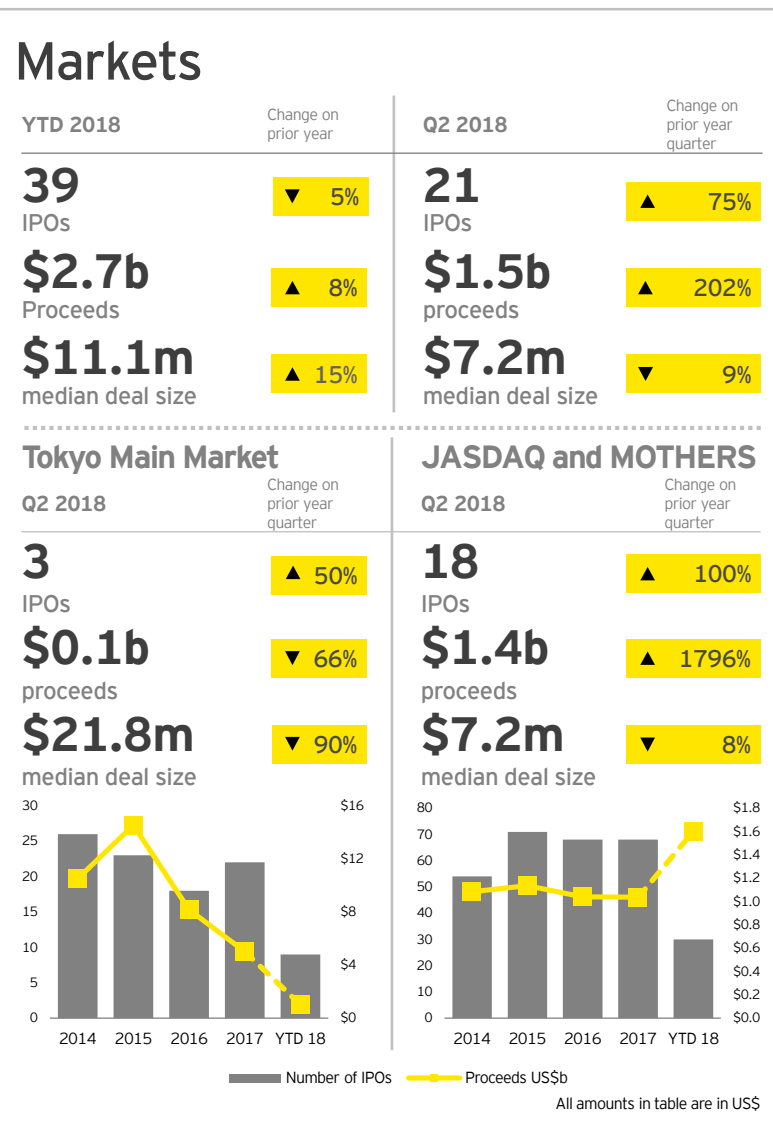
Japan IPO activity holds up well compared with global markets

“Relative to other parts of the world, Japan’s IPO market has continued to perform well, with small-cap listings still driving IPO activity in Q2 2018. Abenomics policies, particularly relating to the technology sector, are having their desired effect in boosting long-term growth.”

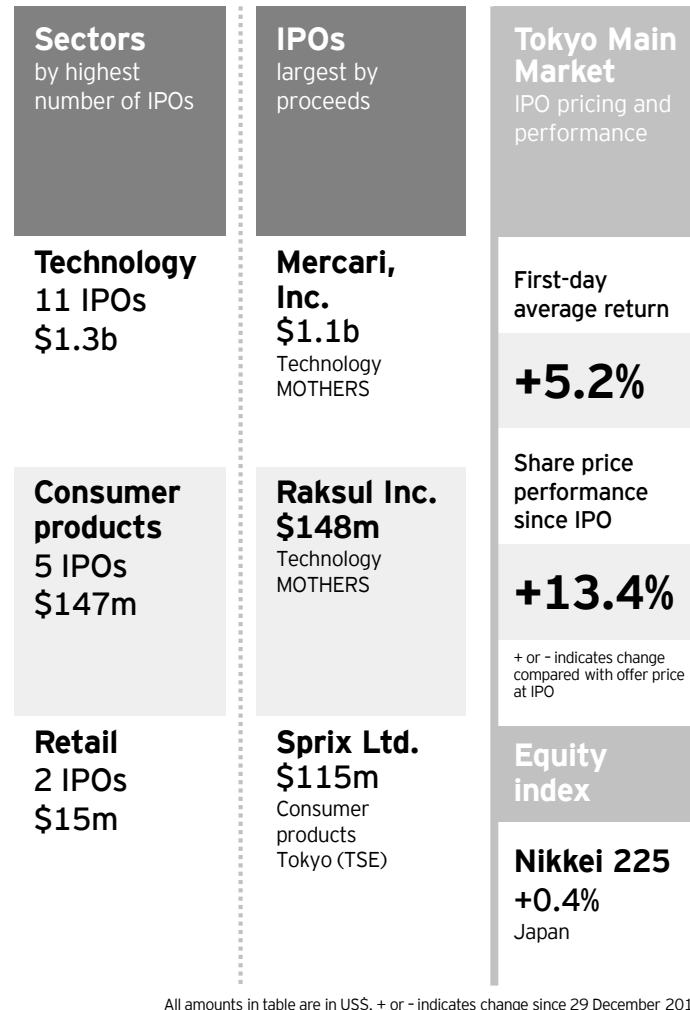
Shinichiro Suzuki
EY Japan IPO Leader

Highlights from the market

- ▶ The economic reform program of **Abenomics continues to bear fruit in Japan's IPO market**. Q2 2018 saw sizeable gains in both volume and proceeds, increasing 75% and 202%, respectively, over Q1 2018. The large increase in Q2 2018 meant that Japan finished H1 2018 with a 5% decline in volume and an 8% increase in proceeds compared with H1 2017.
- ▶ The Japan Exchange Group, which includes the Tokyo Stock Exchange, the two junior markets, the MOTHERS board for growth companies and JASDAQ, **ranked as the sixth most active in terms of volume in Q2 2018 and fifth for H1 2018**.
- ▶ Similar to other exchanges around the world, **technology is driving Japan's IPO market**, with 11 technology IPOs listed in Q2 2018, producing proceeds of US\$1.3b. **Consumer products continues to be active** by deal numbers in Q2 2018.
- ▶ The big news for Japan in Q2 2018 was the listing of Mercari, Inc. on the MOTHERS board, which raised approximately US\$1.1b. Mercari, which offers an eBay-like service, is **Japan's first technology start-up unicorn ever to go public**. Mercari is Japan's largest IPO by proceeds so far this year and is likely to be the largest IPO for 2018. The company achieved post-IPO market cap of US\$6.3b, which would make Mercari the largest company by market cap listed on the MOTHERS board.
- ▶ The volume of technology listings reflects strong support for the sector by the Japanese Government, which is encouraging investments in artificial intelligence, FinTech and other future-leading fields, as part of its Abenomics program to boost long-term economic growth.
- ▶ The self-regulating Japan Cryptocurrency Business Association was set up in April 2018, to oversee the **virtual currency exchanges**. They would have the power to create and enforce rules and set fines, and develop standards for cryptocurrencies.
- ▶ We expect **an increase in IPO activity on Japan's exchanges in the rest of 2018. We expect around 100 IPOs for the full year of 2018**, slightly above the 95 IPOs seen in 2017.



Activity Q2 2018





Europe, Middle East, India and Africa

Amid uncertainty, IPO pipeline remains robust behind the scene

“Rising geopolitical disruptions and trade tensions mean that EMEIA’s agenda is not entirely its own. As an export-oriented region, EMEIA relies on stable relationships with its partners for trade. Despite strong economic fundamentals and strong IPO pipeline, IPO activity levels may continue to lag until investors and issuers alike feel that market conditions are more favorable.”

Dr. Martin Steinbach

EY Global and EMEIA IPO Leader

Highlights from the markets

- ▶ EMEIA IPO markets got off to a strong start in Q1 2018, but ongoing geopolitical uncertainty and shifting trade policies had **EMEIA investors proceeding with caution in Q2 2018**. Despite a 4% decline in deal volumes in H1 2018, deal proceeds rose 10% compared with H1 2017. Furthermore, H1 2018 was above the EMEIA 10-year median deal numbers and proceeds for the first half of the year.
- ▶ **EMEIA accounted for four of the top ten exchanges globally by proceeds in H1 2018 and three by deal numbers.**
- ▶ Where IPO activity dipped across much of EMEIA, **Indian IPO activity soared in H1 2018**, with 94 IPOs raising US\$4.0b. Globally, Indian exchanges recorded the second highest IPO activity in terms of deal numbers and accounted for 14% of global IPOs in H1 2018.
- ▶ While the volumes suggest a more modest Q2 2018, **IPO pipelines and activity remain robust behind the scenes in Europe**. Economies are strong in the Northern EU countries and interest rates remain low. However, **geopolitical issues are diminishing the positive sentiment investors** would otherwise feel. As a result, European candidates are taking a wait-and-see approach leading into H2 2018.
- ▶ In the UK, **the London Main Market and AIM saw a drop in IPO activity in H1 2018, due to uncertainty surrounding Brexit**. However, we expect numbers to pick up in H2 2018 as many UK companies look to launch their IPOs before Brexit is complete and to take advantage of market and regulatory stability.
- ▶ **Cautious optimism summarizes the mood in the Middle East and North Africa (MENA) region in Q2 2018**. Although oil prices have stabilized at a higher level, MENA countries are feeling the impact of the significant drop in oil prices in recent years. IPO activity was relatively slow in H1 2018 but activity is expected to pick up in H2 2018.

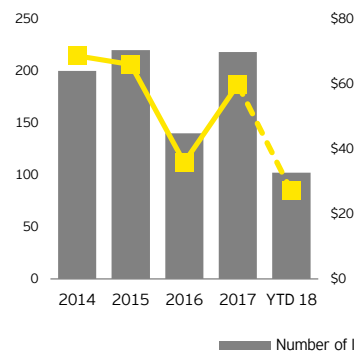
Markets

YTD 2018	Change on prior year	Q2 2018	Change on prior year quarter
236 IPOs	▼ 4%	122 IPOs	▼ 15%
\$29.5b proceeds	▲ 10%	\$11.8b proceeds	▼ 45%

All amounts in table are in US\$

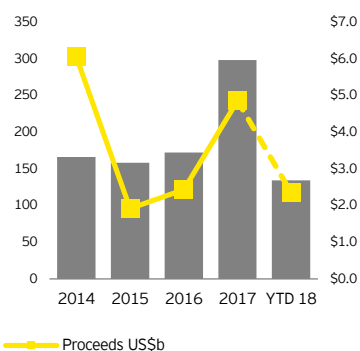
Main markets

Q2 2018	Change on prior year quarter
54 IPOs	▼ 23%
\$10.3b proceeds	▼ 48%



Junior markets

Q2 2018	Change on prior year quarter
68 IPOs	▼ 7%
\$1.4b proceeds	▲ 4%



All amounts in table are in US\$

Activity Q2 2018

Stock exchanges

By highest proceeds

London (Main and AIM)
\$2.7b
13 IPOs
UK

NASDAQ OMX + First North
\$2.0b
21 IPOs
Sweden, Finland, Denmark, Iceland, Estonia

Euronext & Alternext
\$1.4b
9 IPOs
France and Netherlands

Sectors

by highest number of IPOs

Technology
27 IPOs
\$3.8b

Industrials
20 IPOs
\$2.3b

Consumer products
15 IPOs
\$379m

IPOs

largest by proceeds

Adyen BV
\$1.1b
Netherlands
Technology
Euronext

CEVA Logistics AG
\$824m
Switzerland
Industrials
SIX Swiss

Vivo Energy plc
\$819m
Africa
Energy
London (LSE)

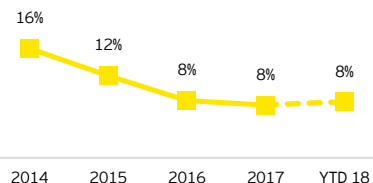
All amounts in table are in US\$

Trends

Cross-border activity YTD 2018

EMEIA issuers' cross-border activity

Percentage of all EMEIA issuers



Cross-border

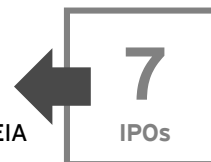
8.3% of all EMEIA issuers* listed abroad



YTD 2018

Outbound

2.9% of all EMEIA issuers* listed outside EMEIA



Inbound

3.6% of cross-border IPOs globally** listed on EMEIA exchanges but came from outside the region



*There were 241 IPOs by EMEIA issuers in YTD 2018. This analysis is based on the listed company domicile, regardless of the listed company exchange.

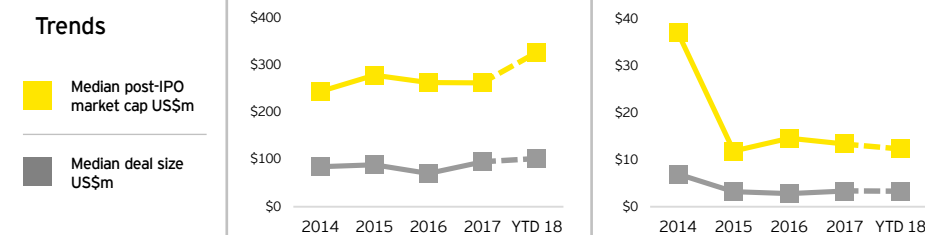
** There were 56 cross-border IPOs globally in YTD 2018.

Although deal volumes fell in Q2 2018, median post-IPO market capitalization on Main markets rose substantially over the same time last year, with a few blockbuster technology and energy companies leading the way.

Transaction sizes YTD 2018

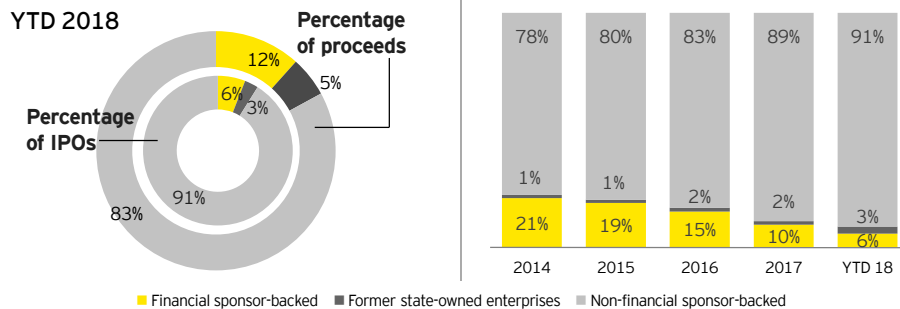
	Main markets		Junior markets	
	YTD 2018	Change on prior year	YTD 2018	Change on prior year
Median post-IPO market cap	\$325.8m	▲ 37%	\$12.3m	▼ 10%
Median deal size	\$101.4m	▲ 25%	\$3.3m	▼ 6%

Trends



Sources of IPOs

YTD 2018



All amounts in table are in US\$. Figures may not total 100% due to rounding.

Performance

IPO pricing and performance YTD 2018			Equity indices YTD 2018				Volatility indices		
	First-day average return	Share price performance since IPO	BSE SENSEX +4.6% India	CAC 40 +3.6% France	DAX 30 +0.7% Germany	Euro STOXX 50 +0.03% Europe	VSTOXX® 12.13 index level -10.2% YTD	VDAX® 13.27 index level -6.2% YTD	VFTSE 100 11.91 index level +24.7% YTD
Main markets	+11.0%	+16.3%	FTSE 100 -0.7% UK	JSE All Share -3.1% South Africa	MICEX +6.1% Russian Federation	Tadawul All Share -6.1% Saudi Arabia	-30.4% Q1 2018	-28.0% Q1 2018	-13.4% Q1 2018
Junior markets	+7.0%	+15.3%							

+ or - indicates change compared with offer price at IPO

+ or - indicates change since 29 December 2017

+ indicates an increase in volatility as at 15 June 2018 compared with 29 December 2017 for year-to-date (YTD). Whereas - indicates a decrease in volatility over the same time period.

Outlook

- ▶ As we head into **H2 2018**, the outlook is less certain than it was in H1 2018. **Geopolitical uncertainties and shifts in trade policies across Europe and globally are creating concerns among investors.**
- ▶ **In Europe**, these uncertainties have many European issuers taking a wait-and-see approach.
- ▶ **In the UK**, Brexit is the wildcard that makes the IPO markets difficult to predict. However, we **expect to see a flurry of activity in the next two quarters** as issuers look to complete their IPOs before Brexit comes into force.
- ▶ In India, several companies have lined up for IPO plans with deal size totaling US\$5.0b in the coming months. Consequently, the **prospects for India IPO activity are bright for the rest of year.** The Indian stock market is seeing a lot more volatility this year and thus

the **windows for deals will get shorter** as compared with last year. Also, a certain level of uncertainty surrounding next year's general elections may impact the overall IPO activity in the country. However, inflows of domestic capital remain strong, leading to many opportunities for companies to take the IPO route.

- ▶ **In MENA, IPO activity is expected to increase in H2 2018. The most important impetus for this region will likely be from the privatization drive across the region leading to the listing of government or quasi-government enterprises.** The FTSE equity indices upgrading of **Saudi Arabia** to emerging market (EM) status is expected to pump billions of dollars of foreign investment into Tadawul, the region's biggest stock exchange.
- ▶ Meanwhile, **Egypt** has chosen 23 companies for the first phase of its state privatization/IPO program, an initiative that aims to increase

funding to Egyptian companies and maximize benefits from state assets. These measures are expected to drive the highest IPO activity on Egyptian Stock Exchange for many years.

- ▶ The **Kuwait Stock Exchange (KSE)** is expected to enter the FTSE Russell Emerging Market Index in two equal stages during September and December 2018. The exchange is also introducing the second phase of its market development, which includes a three-tiered segmented market, the introduction of new market-capitalized indices, as well as new listing requirements.
- ▶ Due to recent political and economic instability in many key markets in Africa, we continue to anticipate that **African IPO activity will remain subdued for the rest of 2018.**

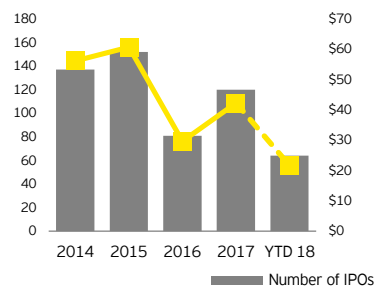
Markets

YTD 2018	Change on prior year	Q2 2018	Change on prior year quarter
119 IPOs	▼ 12%	73 IPOs	▼ 21%
\$23.8b Proceeds	▲ 5%	\$9.6b proceeds	▼ 48%
11% of IPOs are financial sponsor-backed		7% of IPOs are financial sponsor-backed	

All amounts in table are in US\$

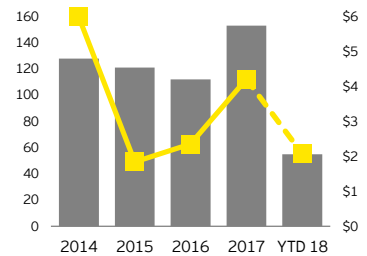
Main markets

Q2 2018	Change on prior year quarter
38 IPOs	▼ 14%
\$8.3b proceeds	▼ 52%



Junior markets

Q2 2018	Change on prior year quarter
35 IPOs	▼ 27%
\$1.3b proceeds	▲ 5%



All amounts in table are in US\$

Activity Q2 2018

Sectors by highest number of IPOs

Technology
24 IPOs | \$3.8b

Consumer products
10 IPOs | \$0.4b

Industrials
7 IPOs | \$1.6b

IPOs largest by proceeds

Adyen BV
\$1.1b Technology, Euronext (Amsterdam)

CEVA Logistics AG
\$824m Industrials, SIX Swiss

Vivo Energy plc
\$819m Energy, London (LSE)

Stock exchanges by highest total proceeds

London (Main and AIM)
\$2.7b | 13 IPOs UK

NASDAQ OMX and First North
US\$2.0b | 21 IPOs

Euronext and Alternext
US\$1.4b | 9 IPOs

All amounts in table are in US\$

Trends YTD 2018

Transaction sizes

	Main markets	Change on prior year	Junior markets	Change on prior year
Median post-IPO market cap	\$424.4m	▲ 38%	\$34.7m	▲ 40%
Median deal size	\$143.2m	▼ 16%	\$7.1m	▲ 5%

Cross-border IPOs: top IPO issuers

Cross-border
14% of all Europe issuers* listed abroad

17 IPOs

Outbound
5.0% of all Europe issuers* listed outside Europe

6 IPOs

Inbound
7.1% of cross-border IPOs globally** listed on European exchanges but came from outside Europe

4 IPOs

*There were 121 IPOs by European issuers in YTD 2018. This analysis is based on the listed company domicile, regardless of the listed company exchange.

** There were 56 cross-border IPOs globally in YTD 2018.

Performance YTD 2018

Equity indices

CAC 40
+3.6%
France

DAX 30
+0.7%
Germany

Euro STOXX 50
+0.03%
Europe

FTSE 100
-0.7%
UK

Volatility index

VSTOXX®
-10.2% | 12.1 index level
YTD

VFTSE 100
+24.7% | 11.9 index level
YTD

+ or - indicates change since 29 December 2017

+ indicates an increase in volatility as at 15 June 2018 compared with 29 December 2017 for year-to-date (YTD).

IPO pricing and performance

First-day average return

Main markets **+12.6%**

Junior markets **+9.0%**

Share price performance since IPO

Main markets **+19.3%**

Junior markets **+20.1%**

+ or - indicates change compared with offer price at IPO

A photograph of a sailboat on the ocean. The boat's deck and rigging are visible in the foreground, and the sea extends to the horizon under a cloudy sky. The overall tone is somewhat somber due to the overcast weather.

EMEIA – UK IPO market insight

Technology IPOs shine through the cloudy Brexit environment

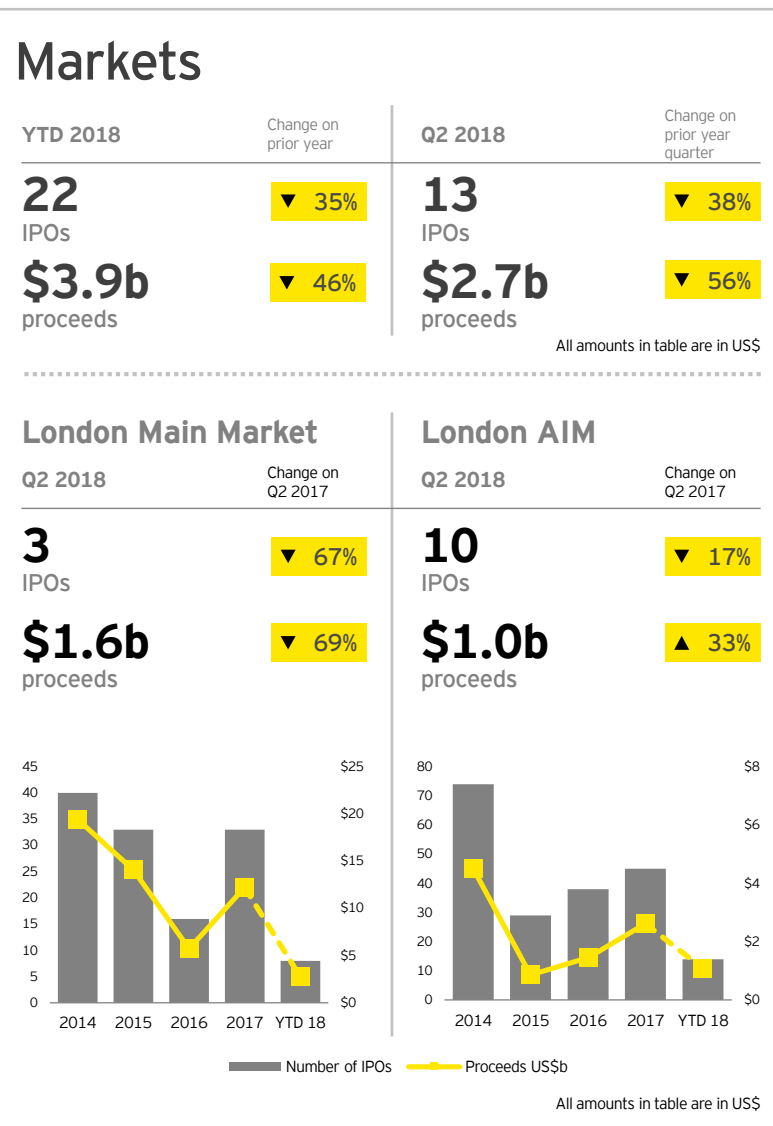
“The uncertainty concerning Brexit continues to cast a long shadow over the UK IPO market, with higher activity taking place before Brexit, while the market situation is well known. Technology and oil and gas companies have had a significant impact in 2018, overtaking financial services as the most active sectors, and proving the London Market has a wide range of sectors that attract investors.”

Scott McCubbin

EY UK and Ireland IPO Leader

Highlights from the markets

- ▶ **Brexit continues to create uncertainty** in the UK IPO market as issuers and investors alike try to determine which direction the UK economy will move toward once the country's exit from the EU is complete.
- ▶ In fact, the lower IPO deal volume is less about Brexit and more about the feeling of uncertainty it evokes. **Some IPO candidates** with mainly UK operations **are rushing to complete their IPOs before the end of the year. Others will likely wait** until Q1 2020 before making a move to let the dust settle. That said, we do expect some movement on London's AIM as listings with values under US\$100m look to go public.
- ▶ The good news is that **more technology issuers are looking to list on the London Stock Exchange**, seeking to take advantage of favorable media coverage and a strong pool of investors.
- ▶ Similarly, **oil and gas and other resources issuers** continue to look to the London Main Market and AIM to launch their IPOs. London has always been a strong market for the oil and gas sector.
- ▶ **Financial services has been relatively quiet** in Q2 2018. Although there were the same number of deals compared with Q2 2017, average deal size were notably smaller. In Q2 2017, there were four financials IPOs with total proceeds of US\$4.0b. Whereas in Q2 2018, there were four IPOs with total proceeds of US\$297m. However, given that financial services companies see the London Stock Exchange as a preferred destination for IPOs, we expect this sector to be **one of the most active in the 2018 calendar year.**
- ▶ In terms of pricing, **IPOs are still emerging at the lower end of the pricing range** as valuation pressure remains steady on issuers to provide investors with a deal they can feel good about, particularly in these uncertain times.



Activity Q2 2018



Trends

Cross-border activity YTD 2018

Main market

Top countries of origin

- ▶ Morocco (1 IPO | \$819m)
- ▶ Czech Republic (1 IPO | \$816m)
- ▶ Greece (1 IPO | \$461m)
- ▶ Jersey (1 IPO | \$338m)
- ▶ Ireland (1 IPO | \$8m)

AIM

Top countries of origin

- ▶ Australia (1 IPO | \$8m)
- ▶ US (1 IPO | \$4m)

Leaving UK

Outbound

29% of UK issuers* listed abroad



Coming to UK

Inbound

12.5% of cross-border IPOs globally** were listed on UK exchanges



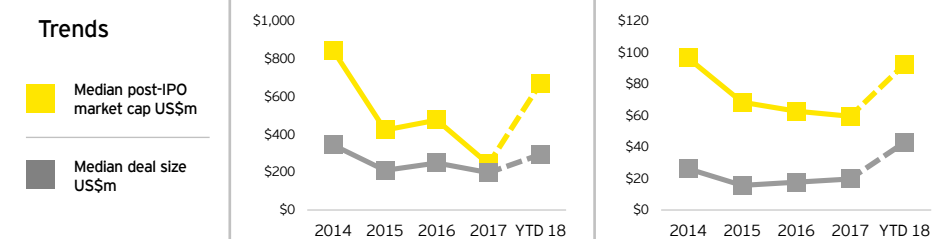
*There were 21 IPOs by UK issuers in YTD 2018. This analysis is based on the listed company domicile, regardless of the listed company exchange.
 ** There were 56 cross-border IPOs globally in YTD 2018.

Having seen the two largest IPOs in YTD 2018 come from inbound companies, and 7 cross-border IPOs in Q2 2018 alone, we are expecting that throughout 2018, London to cement its position as a truly global listing venue.

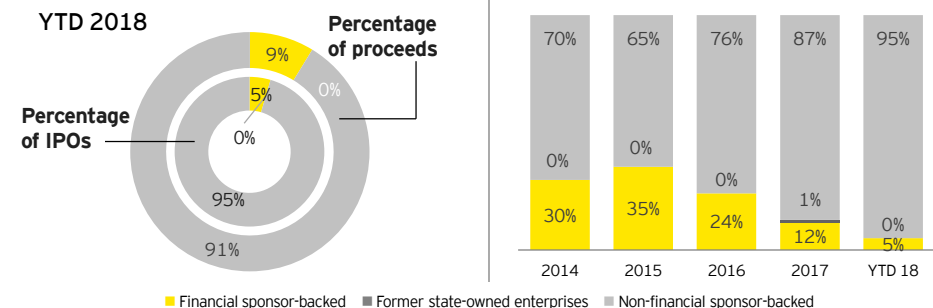
Transaction sizes

	London Main Market		London AIM	
	YTD 2018	Change on prior year	YTD 2018	Change on prior year
Median post-IPO market cap	\$669.3m	▲ 238%	\$92.4m	▲ 86%
Median deal size	\$293.3m	▲ 70%	\$42.9m	▲ 118%

Trends



Sources of IPOs



All amounts in table are in US\$. Figures may not total 100% due to rounding.

Performance

IPO pricing and performance YTD 2018

	First-day average return	Share price performance since IPO
London Main Market	+4.7%	+2.4%
London AIM	+18.9%	+37.9%

+ or - indicates change compared with offer price at IPO

Equity indices YTD 2018

FTSE 100 -0.7% UK	FTSE 350 -0.4% UK	FTSE AIM All-Share +5.0% UK
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+ or - indicates change since 29 December 2017

Volatility indices

FTSE 100 VIX (VFTSE 100) 11.91 index level +24.7% YTD
-13.4% Q1 2018

+ indicates a increase in volatility as at 15 June 2018 compared with 29 December 2017 for year-to-date (YTD). Whereas - indicates an decrease in volatility over the same time period.

Outlook

- ▶ The UK has one of the strongest IPO markets globally, but between the uncertainty around Brexit and a confluence of geopolitical events, **investors seem more inclined to hold their cash** for the time being.
- ▶ The **UK IPO pipeline remains positive for smaller Main Market listings and AIM listings**. We expect to see IPO activity peak in Q3 2018 for this group of companies, particularly as some of the delayed listings from Q1 2018 hit the public market. There are some signs of more listings coming from larger companies with more significant deal sizes, but given the wait-and-see attitude, it will take one or two candidates to move first before we see an increase in activity around these companies.
- ▶ **The low valuation of the pound**, along with the continued uncertainty around the UK's exit from the EU **will suppress the appetite for listing toward the end of the year**. As a result, we expect to see a quiet conclusion to 2018 as Brexit approaches.
- ▶ Private equity (PE), historically a strong player in the UK IPO market, had been relatively quiet recently. **But in Q2 2018, PE-backed IPOs regained traction as a wide variety of companies came to market**. In the past, PE was mainly looking to get its money from its investment through an IPO. Today, they are looking to maintain their investments, retaining existing management teams to keep managing the business.
- ▶ From a regulatory perspective, Financial Conduct Authority (FCA) changes to the rules around UK IPOs will come into effect in July 2018, clarifying and enhancing the listing process, particularly for foreign companies seeking to list in the UK. The most significant FCA change relates to the timing of the IPO documentation, which would become effective from 1 July 2018. **As a result of these FCA rule changes, we expect some uplift in UK IPO activity level in the second half of 2018 and beyond**, despite economic and geopolitical uncertainties.



Appendix

Areas and regional IPO markets
facts and figures

Definitions

Top 12 stock exchanges

By number of IPOs

2018 year-to-date

Ranking	Stock exchanges*	Number of IPOs	% of global IPOs
1	Hong Kong (HKEx) and GEM	97	14.7
2	National (NSE and SME) and Bombay (BSE and SME)	94	14.2
3	NASDAQ	66	10.0
4	Australia (ASX)	40	6.1
5	Tokyo (TSE), MOTHERS and JASDAQ	38	5.8
6	Shanghai (SSE)	37	5.6
7	New York (NYSE)	35	5.3
8	NASDAQ OMX and First North	34	5.2
9	Shenzhen (SZSE and Chinext)	28	4.2
10	London (Main and AIM)	22	3.3
11	Indonesia (IDX)	19	2.9
12	Euronext and Alternext	14	2.1
	Other stock exchanges (35 exchanges)	136	20.6
	Global IPO activity	660	100.0

2017

Ranking	Stock exchanges*	Number of IPOs	% of global IPOs
1	Shenzhen (SZSE and Chinext)	222	13.0
2	Shanghai (SSE)	214	12.5
3	National (NSE and SME) and Bombay (BSE and SME)	171	10.0
4	Hong Kong (HKEx and GEM)	159	9.3
5	NASDAQ	108	6.3
6	Australia (ASX)	96	5.6
7	Tokyo (TSE), MOTHERS and JASDAQ	90	5.3
8	NASDAQ OMX and First North	86	5.0
9	London (Main and AIM)	78	4.6
10	New York (NYSE)	71	4.1
11	Korea (KRX+KOSDAQ)	56	3.3
12	Thailand (SET+MAI)	44	2.6
	Other stock exchanges (53 exchanges)	318	18.6
	Global IPO activity	1,713	100.0

By proceeds

Ranking	Stock exchanges*	US\$b	% of global IPOs
1	New York (NYSE)	18.6	19.7
2	NASDAQ	11.4	12.1
3	Shanghai (SSE)	10.1	10.7
4	Deutsche Boerse (Main and Scale)	8.9	9.4
5	Hong Kong (HKEx) and GEM	6.1	6.5
6	Shenzhen (SZSE and Chinext)	4.7	4.9
7	National (NSE and SME) and Bombay (BSE and SME)	4.0	4.2
8	London (Main and AIM)	3.9	4.1
9	NASDAQ OMX and First North	2.9	3.1
10	Tokyo (TSE), MOTHERS and JASDAQ	2.7	2.8
11	Sao Paulo (BM&F BOVESPA)	2.5	2.6
12	Ho Chi Minh (HOSE)	2.5	2.6
	Other stock exchanges (35 exchanges)	16.2	17.2
	Global IPO activity	94.3	100.0

Ranking	Stock exchanges*	US\$b	% of global IPOs
1	New York (NYSE)	30.1	15.7
2	Shanghai (SSE)	20.3	10.5
3	Hong Kong (HKEx) and GEM	16.1	8.4
4	London (Main and AIM)	14.8	7.7
5	Shenzhen (SZSE and Chinext)	13.7	7.1
6	National (NSE and SME) and Bombay (BSE and SME)	11.7	6.1
7	NASDAQ	10.3	5.3
8	Korea (KRX and KOSDAQ)	6.8	3.5
9	Tokyo (TSE), MOTHERS and JASDAQ	6.1	3.2
10	Sao Paulo (BM&F BOVESPA)	5.7	3.0
11	NASDAQ OMX and First North	4.9	2.6
12	SIX Swiss Exchange	4.6	2.4
	New York (NYSE)	47.2	24.6
	Global IPO activity	192.3	100.0

*Data based on domicile of the exchange, regardless of the listed company domicile. Euronext includes Amsterdam, Paris, Brussels and Lisbon; Shenzhen (SZSE) includes the Main Board, SME Board and ChiNext.

Regional IPO facts and figures: Americas

Year to date comparison

Quarterly comparison

Regions/country*	IPOs YTD	Change YOY%	Proceeds US\$b YTD	Change YOY%	IPOs current quarter: Q2 2018	Change QOQ% (vs Q2 17)	Change previous quarter% (vs Q1 18)	Proceeds US\$b current quarter: Q2 2018	Change QOQ% (vs Q2 17)	Change previous quarter% (vs Q1 18)
US	101	20%	29.93	30%	54	-8%	15%	12.9	6%	-25%
Canada¹	13	0%	0.38	-79%	8	-11%	60%	0.2	-86%	67%
Brazil²	4	100%	2.50	427%	4	NA	NA	2.5	NA	NA
Mexico	2	0%	2.34	69%	0	-100%	-100%	0.0	-100%	-100%
Jamaica³	1	0%	0.001	22%	0	NA	-100%	0.0	NA	-100%
Chile⁴	1	0%	0.11	-45%	0	NA	-100%	0.0	NA	-100%
Argentina⁵	0	NA	0	NA	0	NA	NA	0.0	NA	NA
Americas	122	18%	35.26	31%	66	-4%	18%	15.6	9%	-21%

1. In YTD 2018, there were 7 IPOs raising US\$382m on Toronto Stock Exchange and TSX Venture Exchange. There were also 6 IPOs on Canadian Securities Exchange that raised US\$3.1m altogether – these listings were excluded on page 8. In Q2 2018, there were 3 IPOs raising US\$237.9m on Toronto Stock Exchange and TSX Venture Exchange, while there were also 5 IPOs on Canadian Securities Exchange that raised US\$2.8m altogether.

2. In Q2 2017 and Q1 2018, there were no IPOs on Brazil's B3 exchange.

3. In Q2 2017 and Q2 2018, there were no IPOs on Jamaica Stock Exchange.

4. In YTD 2018, there was one IPO on Chile's Santiago Stock Exchange which raised US\$108.0m whereas in YTD 2017, there was one IPO which raised US\$197.7m. In Q2 2017 and Q2 2018, there were no IPOs on Santiago Stock Exchange.

5. In 2017 and YTD 2018, there were no IPOs on Argentina's Buenos Aires Stock Exchange. There were 2 IPOs by Argentinean companies in 2017: one of the IPOs were dual listed on New York Stock Exchange and Buenos Aires Stock Exchange, while the other IPO was listed on New York Stock Exchange. In YTD 2018, there were 2 IPOs by Argentinean companies, both were dual listed on New York Stock Exchange.

Regional IPO facts and figures: Asia-Pacific

Year to date comparison

Quarterly comparison

Regions/country*	IPOs YTD	Change YOY%	Proceeds US\$b YTD	Change YOY%	IPOs current quarter: Q2 18	Change QOQ% (vs Q2 17)	Change previous quarter% (vs Q1 18)	Proceeds US\$b current quarter: Q2 18	Change QOQ% (vs Q2 17)	Change previous quarter% (vs Q1 18)
Indonesia	19	0	0.7	147%	15	-17%	275%	0.67	139%	2820%
Thailand	6	-45%	0.4	-64%	0	-100%	-100%	0.00	-100%	-100%
Singapore	7	-30%	0.4	20%	4	-60%	33%	0.07	-79%	-1%
Malaysia	10	25%	0.1	-87%	4	-50%	-33%	0.06	-1%	1%
Myanmar	1	NA	0.0	NA	0	NA	-100%	0.00	NA	-1%
Philippines	1	-67%	0.0	-100%	1	-67%	NA	0.00	-100%	NA
Sri Lanka	0	-100%	0.00	-100%	0	-100%	NA	0.00	-100%	NA
Cambodia	0	-100%	0.00	-100%	0	-100%	NA	0.00	-100%	NA
Vietnam	3	NA	2.5	NA	2	NA	100%	2.27	NA	1135%
ASEAN	47	-13%	4.0	41%	26	-33%	24%	3.07	80%	221%
Mainland China	65	-74%	14.8	-19%	29	-88%	-19%	8.49	-53%	35%
Hong Kong	97	41%	6.1	-13%	35	-49%	-44%	3.00	-58%	-4%
Taiwan	1	0%	0.02	64%	0	-100%	-100%	0.00	-100%	-100%
Greater China	163	-48%	20.9	-17%	63	-56%	-37%	11.41	-15%	20%
Japan	39	-5%	2.7	8%	21	75%	17%	1.54	202%	38%
South Korea	13	-35%	0.3	-93%	5	-38%	-38%	0.10	-97%	-45%
Australia	40	-20%	1.6	92%	22	-4%	22%	1.50	117%	921%
New Zealand ¹	0	NA	0.0	NA	0	NA	NA	0.00	NA	NA
Oceania	40	-20%	1.6	92%	22	-4%	22%	1.50	117%	921%
Asia-Pacific	302	-37%	29.6	-17%	137	-39%	-17%	17.63	-13%	48%

1. In YTD 2018 and 2017, there were no IPOs on New Zealand Exchange, this compares to 2 IPOs which raised US\$0.3b altogether in the first nine months of 2016.

*Data based on domicile of the exchange, regardless of the listed company domicile. Euronext includes Amsterdam, Paris, Brussels and Lisbon; Shenzhen (SZSE) includes the Main Board, SME Board and ChiNext.

Regional IPO facts and figures: EMEIA

Year to date comparison

Quarterly comparison

Regions/country*	IPOs YTD	Change YOY%	Proceeds US\$b YTD	Change YOY%	IPOs current quarter: Q2 18	Change QOQ% (vs Q2 17)	Change previous quarter% (vs Q1 18)	Proceeds US\$b current quarter: Q2 18	Change QOQ% (vs Q2 17)	Change previous quarter% (vs Q1 18)
Nordics (Denmark, Norway, Sweden and Finland)	42	-28%	4.1	17%	26	-38%	63%	2.1	-30%	3%
Commonwealth of Independent States (CIS)	0	-100%	0.0	-100%	-	-100%	NA	-	-100%	NA
Central and Southern Europe (CSE)	15	36%	1.6	31%	10	0%	100%	0.8	0%	-1%
Germany, Switzerland and Austria (GSA)	19	171%	10.6	202%	11	120%	38%	2.3	0%	-73%
Mediterranean (Italy and Spain)	6	-54%	1.2	-71%	3	-57%	0%	0.3	-84%	-58%
WEM (Western Europe and Maghreb)	15	15%	2.5	-18%	9	29%	80%	1.5	-48%	42%
Continental Europe	97	-7%	19.9	28%	59	-18%	59%	6.9	-44%	-47%
UK and Ireland¹	23	-32%	4.0	-45%	14	-33%	56%	2.7	-55%	128%
Europe	120	-13%	23.8	5%	73	-22%	59%	9.6	-48%	-32%
Africa²	2	-33%	0.2	1%	2	100%	NA	0.2	134249%	NA
India	96	23%	4.0	30%	38	3%	-34%	1.8	-26%	-38%
Middle East and North Africa	18	-36%	1.4	48%	8	0%	-20%	0.9	0.7%	25%
EMEIA	236	-4%	29.5	10%	122	-15%	7%	11.8	-45%	-34%

1. In YTD 2018, there were 22 IPOs on London Main Market and AIM, which raised US\$3.9b and in Q2 2018, there were 13 IPOs which raised US\$2.7b. There was also 1 IPO on Irish Stock Exchange during Q2 2018, which raised US\$88m.

2. In YTD 2018 and Q2 2018, there were 2 IPOs on African exchanges, which raised US\$242m and there was no IPOs in Q1 2018. In YTD 2017, there was 3 IPOs on African exchanges which raised US\$115m.

*Data based on domicile of the exchange, regardless of the listed company domicile. Euronext includes Amsterdam, Paris, Brussels and Lisbon; Shenzhen (SZSE) includes the Main Board, SME Board and ChiNext.

Most active sectors around the world

Summary of the top three sectors by number of IPOs, by region¹ and sub-region¹ for Q2 2018 (▲) and 2018 year-to-date (■)

Stock exchange regions	Technology	Industrials	Consumer products	Materials	Health care	Consumer staples	Financials	Energy	Real estate	Media and entertainment	Retail	Telecommunications
Americas	▲ ■		▲ ■		▲ ■							
▸ US	▲ ■		▲ ■		▲ ■							
Asia-Pacific²	▲ ■	■	▲ ■	▲ ■								
▸ Greater China	▲ ■	▲ ■	▲ ■									
▸ Japan	▲ ■		▲ ■								▲ ■	
EMEA³	▲ ■	▲ ■	▲ ■			■						
▸ Europe	▲ ■	▲	▲ ■		■							
▸ UK ⁴	▲ ■		■				▲ ■	▲ ■				
Global⁵	▲ ■	▲ ■	▲ ■	▲								
2018 year-to-date global IPO activity	119	95	91	73	65	49	46	35	31	30	18	8
Q2 2018 IPO activity	72	39	49	39	31	18	29	15	11	10	8	4

1. Region and sub-regions are classified according to the domicile of the exchange, regardless of the listed company domicile. Please refer to the appendix for the geographic definitions of the regions and sub-regions, which differs slightly from EY's regional classification.

2. For YTD 2018, Asia-Pacific exchanges saw four leading sectors. Technology led the pack with 55 IPOs, followed by industrials with 49 IPOs. The consumer products and materials sectors accounted for 41 IPOs each, they had proceeds of US\$3.2b and US\$1.6b, respectively.

3. For YTD 2018, EMEA exchanges saw four leading sectors. Technology led the pack with 41 IPOs, followed by industrials with 40 IPOs. The consumer products and consumer staples sectors accounted for 28 IPOs each, they had proceeds of US\$1.3b and US\$0.7b, respectively.

4. For YTD 2018, UK exchanges saw four leading sectors. Technology led the pack with 7 IPOs, followed by financials with 6 IPOs. The energy and consumer products sectors accounted for 3 IPOs each, they had proceeds of US\$1.3b and US\$155m, respectively.

5. For Q2 2018, globally, there were four leading sectors. Technology led the pack with 72 IPOs, followed by consumer products with 49 IPOs. The industrials and materials sectors accounted for 39 IPOs each, they had proceeds of US\$3.4b and US\$1.7b, respectively.

Methodology

- ▶ The data presented in the *Global IPO trends: Q2 2018* report and press release is from Dealogic and EY. Q2 2018 (i.e., April-June) and YTD 2018 (January–June) is based on priced IPOs as of 15 June 2018 and expected IPOs in June. Data is up to 16 June 2018, 6 a.m. UK time. All data contained in this document is sourced to Dealogic and EY unless otherwise noted.
- ▶ For the purposes of these reports and press releases, we focus only on **IPOs of operating companies** and define an IPO as a **company's first offering of equity** to the public.
- ▶ This report includes only those IPOs for which Dealogic and EY offer data regarding the issue date (the day the offer is priced and allocations are subsequently made), trading date (the date on which the security first trades) and proceeds (funds raised, including any over-allotment sold). Postponed IPOs, or those which have not yet been priced, are therefore excluded. Over-the-counter (OTC) listings are also excluded.
- ▶ In an attempt to exclude non-operating company IPOs such as trusts, funds and special purpose acquisition companies (SPACs), companies with the following Standard Industrial Classification (SIC) codes are excluded:
 - ▶ 6091: Financial companies that conduct trust, fiduciary and custody activities
 - ▶ 6371: Asset management companies such as health and welfare funds, pension funds and their third-party administration as well as other financial vehicles
 - ▶ 6722: Companies that are open-end investment funds
 - ▶ 6726: Companies that are other financial vehicles
 - ▶ 6732: Companies that are grant-making foundations
 - ▶ 6733: Asset management companies that deal with trusts, estates and agency accounts
 - ▶ 6799: Special purpose acquisition companies (SPACs)
- ▶ In our analysis, unless stated otherwise, IPOs are attributed to the domicile of the company undertaking an IPO. The primary exchange on which they are listed is as defined by Dealogic and EY research.
- ▶ A cross-border (or foreign) listing is where the stock exchange nation of the company is different from the company's domicile (i.e., issuer's nation).
- ▶ For IPO listings on HKEx; SSE; SZE; Japan's Tokyo Stock Exchange (TSE); TSE MOTHERS; Korea's KRX and KOSDAQ; Thailand's SET and MAI; Indonesia IDX; WSE; NewConnect; TSX and TSX-V exchanges, we use their first trading date in place of issue date.

Markets definitions

- ▶ Many stock exchanges have set up **main markets and junior markets**:
 - ▶ **Main markets** are where medium and large IPOs (by proceeds) are usually listed and traded. **Junior markets** are where small-cap companies or smaller IPOs are listed or traded. Stock exchanges without junior markets are classified as main markets.
 - ▶ **Junior markets** include **Americas**: Toronto Venture Exchange and Canadian National Stock Exchange; **Asia-Pacific**: Malaysia ACE Market, Bombay SME, Hong Kong Growth Enterprise Market, Japan JASDAQ, Japan MOTHERS, Korea KOSDAQ, Thailand's Market for Alternative Investment, National SME, Shenzhen ChiNext, Singapore Catalist, Tokyo Stock Exchange MOTHERS Index; **EMEIA**: Alternext, London Alternative Investment Market, Germany's Frankfurt SCALE (formerly Entry Standard), Spain's Mercado Alternativo Bursatil, NASDAQ OMX First North, Warsaw New Connect, Johannesburg Alternative Market, Nomu – Parallel Market.
- ▶ **Emerging markets or rapid-growth markets** include issuers from Argentina, Armenia, Bangladesh, Bolivia, Brazil, Bulgaria, Chile, Colombia, Croatia, Cyprus, Egypt, Ethiopia, Greater China, Hungary, India, Indonesia, Ireland, Israel, Kenya, Kuwait, Kazakhstan, Laos, Lithuania, Malaysia, Mauritius, Mexico, Namibia, Pakistan, Peru, Philippines, Poland, Qatar, Russian Federation, Saudi Arabia, Sierra Leone, Singapore, Slovenia, South Africa, South Korea, Sri Lanka, Tanzania, Thailand, Tunisia, Turkey, Ukraine, United Arab Emirates, Vietnam and Zambia.
- ▶ **Developed markets** include issuers from Australia, Austria, Belgium, Bermuda, Canada, Denmark, Finland, France, Germany, Greece, Guernsey, Isle of Man, Italy, Japan, Jersey, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom and the United States.

Geographic definitions

- ▶ **Africa** includes Algeria, Botswana, Egypt, Ghana, Kenya, Madagascar, Malawi, Morocco, Namibia, Rwanda, South Africa, Tanzania, Tunisia, Uganda, Zambia and Zimbabwe.
- ▶ **Americas** includes North America and Argentina, Bermuda, Brazil, Chile, Colombia, Jamaica, Mexico and Peru.
- ▶ **Asia** includes Bangladesh, Greater China, Indonesia, Japan, Laos, Malaysia, Philippines, Singapore, South Korea, Sri Lanka, Thailand and Vietnam.
- ▶ **Asia-Pacific** includes Asia (as stated above) plus Australia, New Zealand, Fiji and Papua New Guinea.
- ▶ **Central and South America** includes Argentina, Bermuda, Brazil, Chile, Colombia, Ecuador, Jamaica, Mexico, Peru and Puerto Rico.

- ▶ **EMEIA** includes Armenia, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, India, Ireland, Isle of Man, Italy, Kazakhstan, Luxembourg, Lithuania, Netherlands, Norway, Pakistan, Poland, Portugal, Russian Federation, Spain, Sweden, Switzerland, Turkey, Ukraine and United Kingdom plus the Middle East and Africa countries listed below.
- ▶ **Greater China** includes Mainland China, Hong Kong, Macau and Taiwan.
- ▶ **Middle East** includes Bahrain, Iran, Israel, Jordan, Kuwait, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates and Yemen.
- ▶ **North America** consists of the United States and Canada.

Glossary

- ▶ **Financial sponsor-backed IPOs** refer to IPOs that have private equity, venture capital investors or both.
- ▶ **First-day average returns** is the market value-weighted median of issuers' offer price versus the closing price at their first trade date, with the exception of the US section (page 10), where this is the mean of issuers' offer price versus the closing price at their first trade date.
- ▶ **Median deal size** refers to the median IPO proceeds.
- ▶ **Post-IPO market cap** is the market value of the company after its IPO is completed. **Median post-IPO market cap** is calculated for IPOs priced by 15 June.
- ▶ **Proceeds** refers to total fund raised by the issuer company and selling shareholders. This is the total deal size.
- ▶ **QOQ** refers to quarter-on-quarter. This refers to the comparison of IPO activity on Q2 2018 with Q2 2017 for this current report.
- ▶ **Share price performance since IPO** is the market value weighted median current returns, which is the year-to-date returns as at 15 June 2018 versus offer price. This should be compared with equity indices performance that is also measured YTD. For the US section (page 10), this is the mean current returns.
- ▶ **State-owned enterprise (SOE) privatizations** refers to former state-owned entities that have completed their IPO listings to become public companies.
- ▶ **YOY** refers to year-on-year. This refers to the comparison of IPO activity for the first six months of 2018 with the first six months of 2017 for this current report.
- ▶ **YTD** stands for year-to-date. This refers to priced IPOs from 1 January to 15 June 2018 plus expected IPOs by the end of June.

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