

Global IPO Watch

Q3 2022

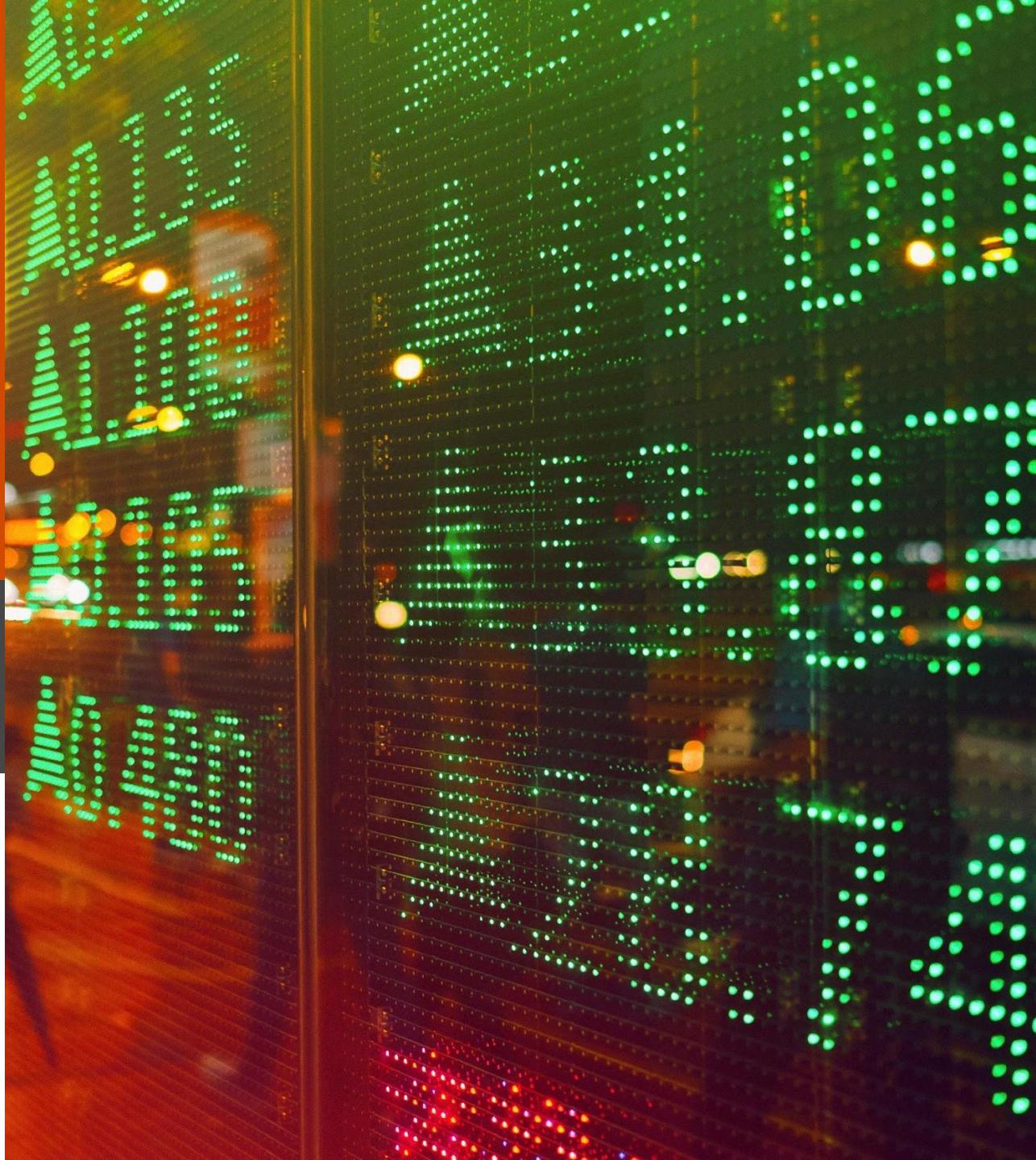
A PwC Global IPO Centre publication



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Q3 2022 overview and outlook

Q3 2022 overview

IPO drought continues in the US and Europe as volatility spikes again, Asia and Middle East continue to buck the trend

2022 YTD is by some distance the slowest for over 5 years: There were only 37 IPO's in the US in Q3 with more than 60% of IPOs YTD being withdrawn, and the markets remained largely closed in Europe with the exception of the landmark Porsche AG IPO in Frankfurt.

Mainland China IPO activity however remained buoyant despite the fall in regional indices, with over \$25bn of issuance, supported by an easing of listing requirements to accommodate technology companies. The Middle East region has also seen another US\$1bn+ IPO this quarter as the privatisation drive continues.

With global macro uncertainty and deteriorating investor sentiment, volatility also continued to dominate the equity markets with VIX spiking above 30 in late September - again (excluding COVID) well outside historical levels of volatility (typically below 20).

Further offer issuance also depressed in 2022 YTD

2022 YTD global FO proceeds were \$249.9bn from 1,700 transactions, c.30% of 2021 issuance (4,105 transactions raised \$823.0bn). An indicator that the challenges negatively impacting equity markets are broad based rather than solely in respect of IPOs. The Americas is typically the leading region in terms of FO activity - however, this is not the case so far this year. Whilst still considerably lower than previous years, 2022 YTD Asia-Pacific FO proceeds were 43% higher than the Americas, another demonstration of the regions resilience to the challenging macroeconomic environment.

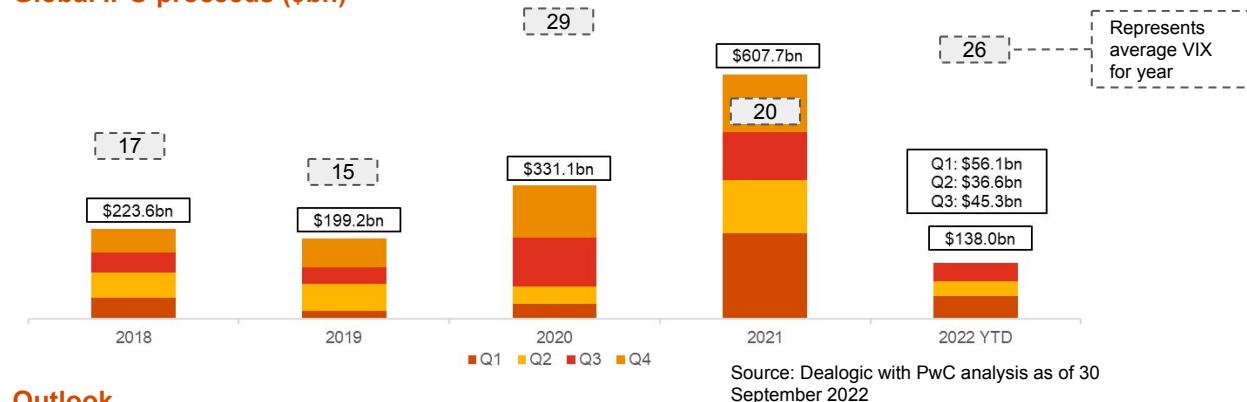
With rising inflation and interest rates, public companies may look to equity markets in 2023 to raise new capital which would lead to a reversal of this downward trend in FO issuance.

Global politics, central banks' policies and energy prices dominate headlines. None of these support a prompt re-opening of equity markets

This quarter was largely defined by increasingly hawkish global central banks' policies, rising interest rates, recession fears and a worsening energy crisis in Europe. Q3 2022 marked a third straight quarterly decline for equity capital markets with Stoxx 600 down 5%, S&P 500 down 6% and Hang Seng down 21%. Technology-heavy NASDAQ also recorded its third quarterly decline, the longest streak of quarterly declines since the global financial crisis of 2008, highlighting significant pressure on growth stocks as a result of tightening policies of global central banks and rising bond yields.

With natural gas accounting for about a quarter of Europe's energy supply, the energy price shock makes a recession very likely, particularly, in the environment where increasing energy costs negatively impact consumer spending and industrial production. In the US, inflation remains a dominant concern with the Federal Reserve looking to engineer an economic slowdown through increased rates, creating an unfavorable macro backdrop for investors. In China, the economy has also weakened significantly in 2022 on the back of a property market downturn and continued COVID-19 lockdowns.

Global IPO proceeds (\$bn)



Outlook

What would it take for the IPO market to come back?

As investors continue to navigate uncertainty, global IPO sentiment is likely to remain fragile. Given the current market environment, whilst we continue to see companies preparing to go public, it is expected that the broader pipeline will likely be pushed back at least into late 2023.

However, certain selective sectors (e.g. green energy, technology), unique equity stories (e.g. Porsche), and regions (e.g. Mainland China, Middle East) will be more attractive to investors and selective deals will price. Investor preferences are pivoting from high-growth candidates to those with sustained profitability, strong cash flow and competitive differentiation.

Key factors driving the comeback of the IPO markets include:

- ✓ Stabilisation of the equity markets with stable index performance and trading volumes;
- ✓ Reduction of volatility (VIX at c. 20 level) and easing of global uncertainty;
- ✓ Some evidence of resilience in post-IPO performance of recent transactions;
- ✓ Narrowing of the valuation 'gap' between the views of investors and issuers;
- ✓ Underling macroeconomic and geopolitical stability (particularly in relation to inflation prospects).

Pure play spin-offs and demergers gain momentum in attempt to create value in challenging markets

In a period of decline of traditional IPOs, we have seen a number of high profile spin-offs and demergers this quarter, a trend that is gaining momentum as these deals have managed to close even in the challenging market. Some of the notable transactions in Q3 include \$1.8bn spin-off of Accelleron Industries from ABB Ltd in Switzerland; \$674m spin-off of Technicolor Creative Studios from Technicolor in France; demerger of Haleon from GSK in the UK, giving a market cap of \$31bn; US\$1.7bn spin-off IPO of Corebridge Financial from AIG in the US; and the \$7.9bn spin-off IPO of Porsche from Volkswagen in Germany.

IPOs - Q3 2022 highlights (1 of 3)

2022 YTD IPO proceeds by region (\$bn)



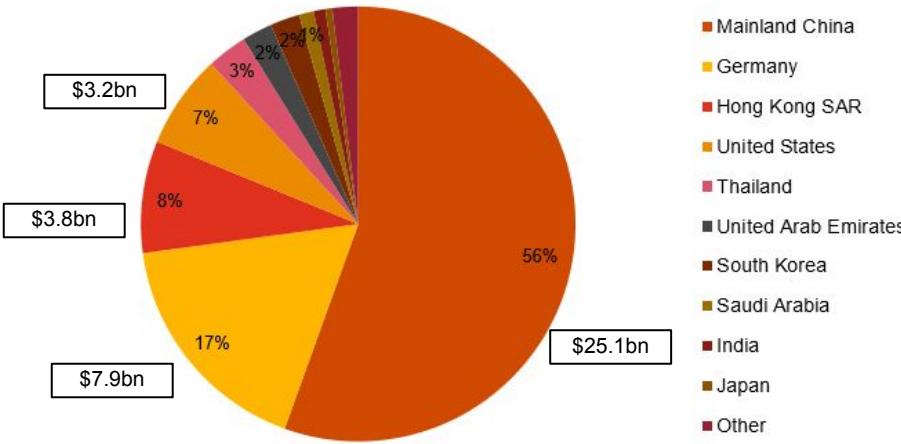
Asia-Pacific

- **Mainland China**'s booming IPO market continued with 118 IPOs raising \$25.1bn in Q3 2022, predominantly in the Computers and Electronics sector. 2022 YTD proceeds now account for \$57.4bn (42%) of global IPO proceeds.
- **Hong Kong SAR** IPO issuance showed signs of recovery this quarter; 20 IPOs raised \$3.8bn. Societal shift towards EVs (electric vehicles) contributed to Hong Kong SAR IPO activity with a lithium battery manufacturer and electric vehicle & parts manufacturer raising \$1.3bn and \$0.8bn respectively.
- **Thailand** held the fifth position in terms of Q3 2022 IPO proceeds by country, a rare appearance in the top 10 list:
 - Thai Life Insurance PCL - \$1.0bn
 - Bangkok Airport Leasehold REIT - \$0.3bn
 - Seven other IPOs raised a combined \$0.1bn in the quarter

Americas

- The **US** saw the lowest Q3 IPO proceeds in over 5 years in 2022, 37 IPOs raised \$3.2bn. Excluding Corebridge Financial Inc (\$1.7bn), the average IPO proceeds in Q3 was \$41m.
- AIG spin-off, Corebridge Financial Inc, accounted for over 50% of US Q3 2022 IPO proceeds (\$1.7bn).

Top 10 countries (% of Global Q3 2022 IPO proceeds)

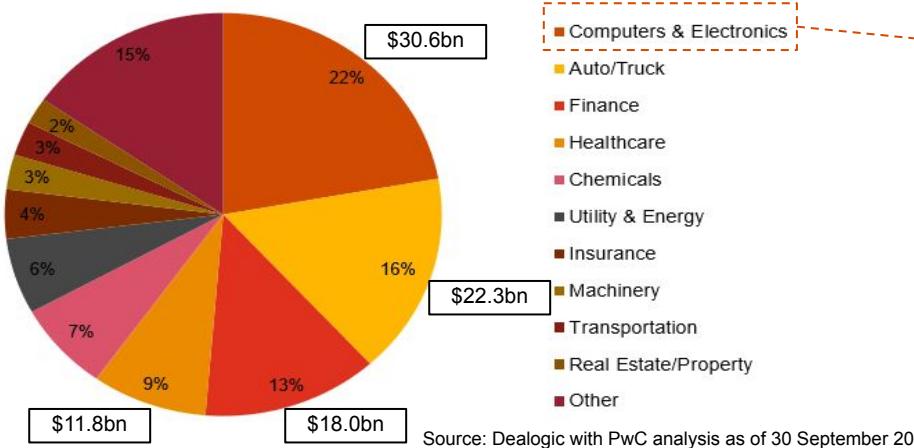


EMEA

- EMEA 2022 IPO proceeds at the end of Q3 are higher than the Americas for the first time since Q4 2018, predominantly due to the Porsche IPO (**Germany**) in the last week of September 2022. EMEA proceeds were also higher than the Americas at the end of Q2.
- The Porsche IPO was a landmark transaction raising €8.2bn plus a greenshoe of €1.2bn, priced at the top of the IPO price range, and reaching €75.2bn market cap at IPO. This was the largest IPO in Germany in over 25 years and the largest IPO in Europe in over 10 years. The IPO was covered on day one and attracted significant cornerstone demand. Ahead of the IPO, the share capital of Porsche has been divided into 50% of preferred shares and 50% ordinary bearer shares. Only preferred shares were sold in IPO, whilst Porsche SE (majority owned by Porsche-Piëch family) purchased 25% + 1 share of ordinary shares at offer price plus 7.5% premium to become direct shareholder of Porsche.
- Elsewhere in Europe, IPO activity was muted. Strong IPO activity in the Middle East continued in Q3 with two sizable transactions:
 - **UAE**: Salik Co PJSC, Dubai toll-road operator (\$1.0bn)
 - **Saudi Arabia**: Alamar Foods Co, Quick Service Restaurant operator in the Middle East, North Africa and Pakistan (\$0.3bn)
- The Middle East has contributed 53% (\$15.8bn) of total EMEA 2022 YTD proceeds with the largest IPO in this region being Dubai Electricity & Water Authority (DEWA) raising \$6.1bn in Q2.

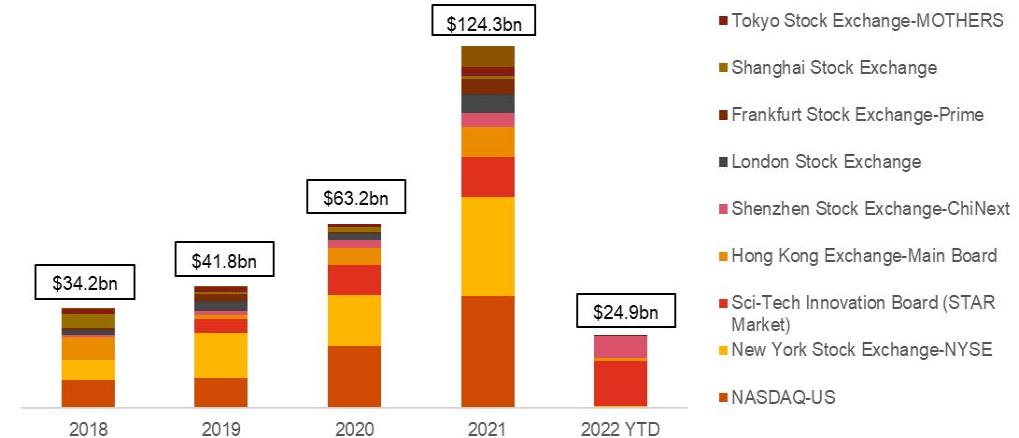
IPOs - Q3 2022 highlights (2 of 3)

2022 YTD IPO proceeds by sector



- The **Computers and Electronics** (includes software companies) sector has seen the most IPOs activity in terms of volumes (190 IPOs) and proceeds (\$30.6bn) in 2022 YTD. Analysis of Computers and Electronics IPOs by exchange since 2018 is included to the right.
- Two mega IPOs have contributed to significant IPO proceeds generated by the **Auto/Truck** sector in 2022 YTD:
 - Manufacturer of batteries for EVs, LG Energy Solution Ltd (\$10.7bn) - South Korea.
 - Luxury car manufacturer, Porsche AG (\$7.9bn) - Germany.
- \$15.5bn (86%) of 2022 YTD **Finance** IPO proceeds can be attributed to SPACs. In Q3 2022, less than \$1.0bn was raised by SPACs, the downward trend in SPAC IPOs continues, see overleaf for further analysis of US SPAC issuance and de-SPAC transactions.
- Utility & Energy** sector: In addition to the \$6.1bn raised by DEWA, Dubai's electric and water authority in April 2022, companies operating in either the renewables or clean energy sectors have raised \$0.9bn in 2022 YTD, a trend we expect to continue into 2023.

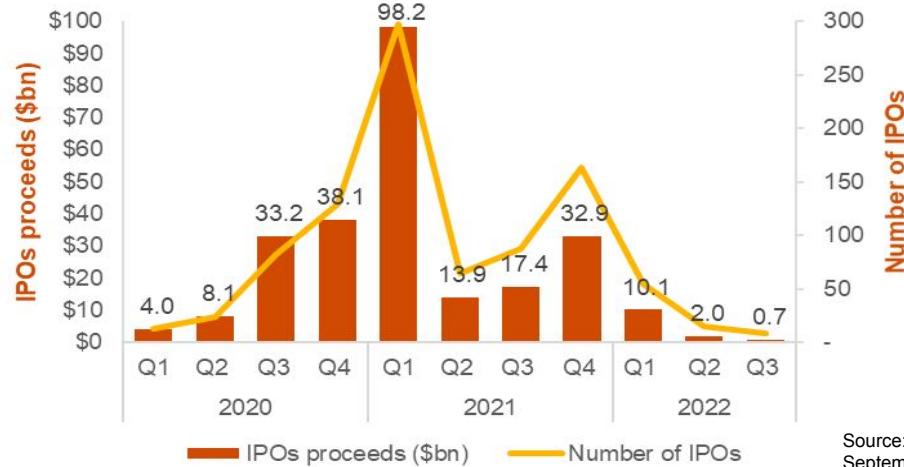
Top 10 exchanges for Computer & Electronics IPOs



- Outside of Mainland China, there has been limited IPO activity in this sector across most major exchanges in 2022 YTD. The NYSE (orange) and Nasdaq (yellow) are noticeably absent from the analysis in 2022 YTD.
- Mainland China's STAR Market and ChiNext have continued to see growth into 2022, with Computers and Electronics IPO proceeds for 2022 YTD on these exchanges totalling \$15.5bn and \$7.7bn respectively, representing over 90% of all Mainland China IPO proceeds. In 2018, the year before the STAR Market was created, Computers and Electronics IPO proceeds were approximately a third of Mainland China's total IPO proceeds.
- These exchanges are focused on science and technology companies, seeking to attract home-grown companies to list in Mainland China and Hong Kong SAR rather than the US.

IPOs - Q3 2022 highlights (3 of 3)

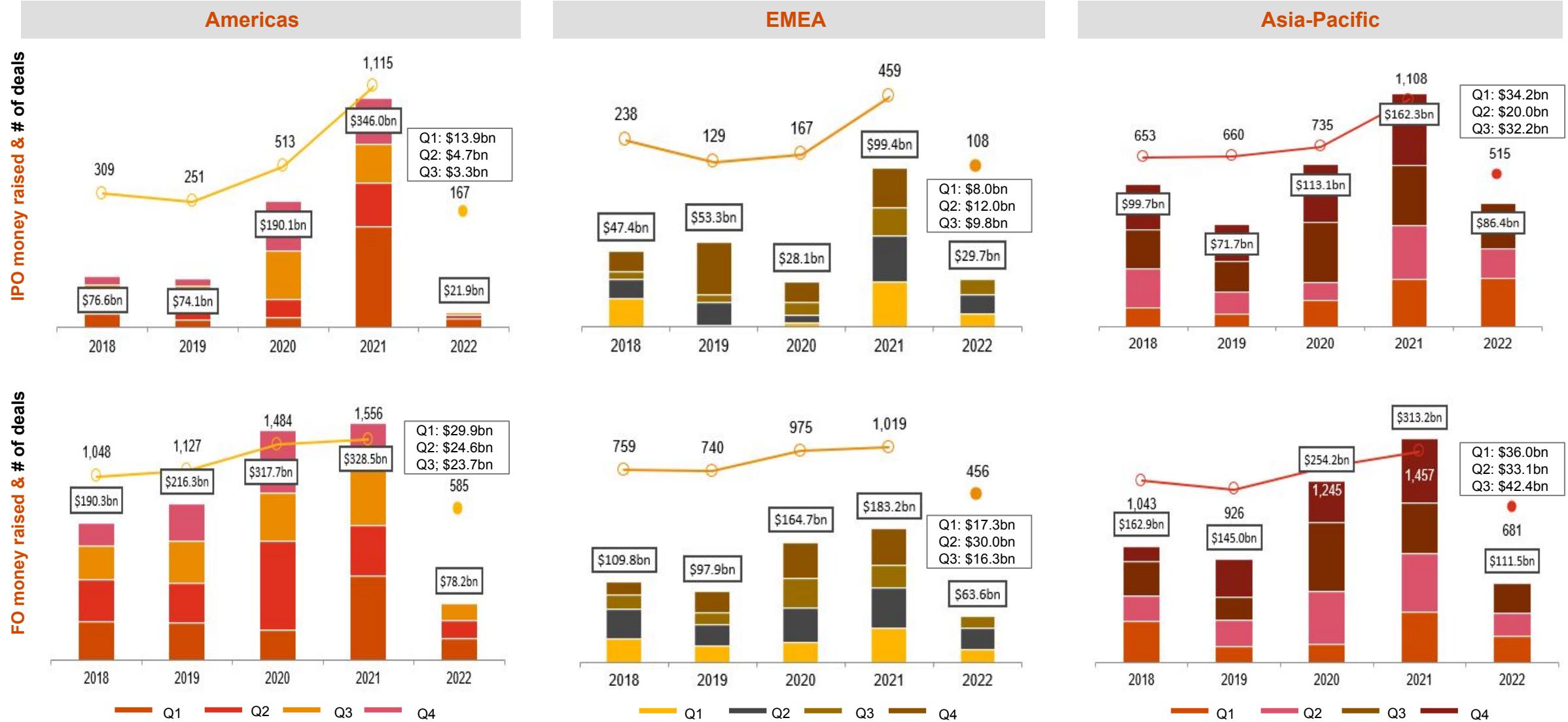
2022 YTD US SPAC analysis



Source: Dealogic with PwC analysis as of 30 September 2022

- The downward trend in SPAC IPOs continued into Q3 2022:
 - Q1 2022: 55 IPOs raised \$10.1bn
 - Q2 2022: 15 IPOs raised \$2.0bn
 - Q3 2022: 8 IPOs raised \$0.7bn
- At 30 September 2022, the deal value of active US SPACs due to expire in 2022 and 2023 was \$122bn.
- In 2022 YTD, 113 de-SPAC transactions had been announced and 75 had been completed.
 - 49 of the 75 completed de-SPACs took place in H1 2022.
 - The deal value of the completed transactions in 2022 YTD was \$149bn, this is \$11bn higher than total global IPO proceeds in the same period.
 - 39% (\$58bn) of the completed de-SPAC deal value was attributable to MSP Recovery LLC (\$35bn) and Polestar Performance AB (\$23bn).
- It is likely that there will be an increasing proportion of SPACs unable to consummate transactions due to the market conditions which is causing difficulty in arranging PIPE financing. We expect this will lead to increasing SPAC retirements, with funds being returned to shareholders rather than looking to extend the life of the SPAC given the continued challenging near-term outlook for equity markets.

IPO and FO activity per region

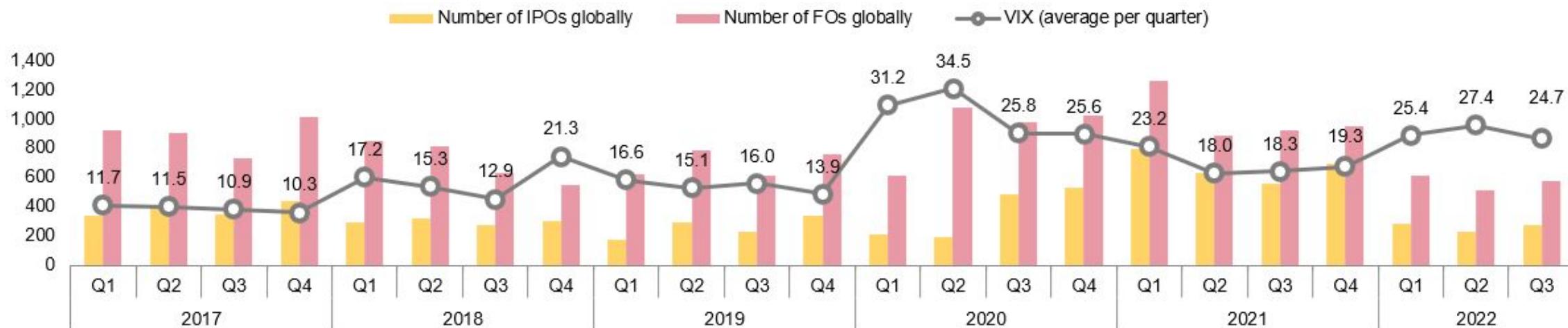


Volatility background to IPO and FO activity

Money raised via IPOs and FOs versus volatility



Number of IPOs and FOs versus volatility



Basis of preparation

- The **Global IPO Watch** analyses IPO and FO trends on a quarterly basis, both at a global and regional level.
- This document includes data derived from data provided under Licence by Dealogic. Dealogic retains and reserves all rights in such Licensed data. Only transactions with a minimum of \$5 million money raised have been included.
- Transaction proceeds include the overallotment option (if exercised).
- The data excludes PIPOs and transactions on Over-The-Counter exchanges.
- In case IPOs or FOs take place on two or more exchanges, the full amount of money raised is attributed to all exchanges. The same applies to countries and regions. This does not apply to two exchanges within the same country or two countries within the same region.
- Country indicates the company's country of domicile.
- Industry classification is based on Dealogic classifications.
- Index performance is based on pricing data extracted from Capital IQ.



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Appendices

- IPO and FO activity statistics
- Leading transactions 2022 YTD

IPO and FO activity statistics

Global IPO and FO activity						
	2019	2020	2021	Q3 2020	Q3 2021	Q3 2022
IPO activity						
Number of IPOs	1,040	1,415	2,682	481	561	271
% sponsor-backed	6.6%	9.4%	10.2%	10.0%	10.3%	0.7%
Money raised	\$199.2n	\$331.3bn	\$607.7bn	\$122.3bn	\$117.4bn	\$45.3bn
% sponsor-backed	18.2%	24.5%	22.1%	18.4%	21.1%	4.4%
Advanced metrics						
Free float %	31.1%	37.7%	42.2%	36.2%	37.3%	28.3%
Overallotment exercised (%)	32.0%	34.6%	42.3%	35.7%	37.9%	11.2%
% secondary shares	12.3%	9.7%	11.1%	8.3%	11.9%	8.7%
FO activity						
Number of FOs	2,783	3,689	4,015	976	921	575
Money raised	\$457.8bn	\$734.3bn	\$823.0bn	\$202.9bn	\$180.9bn	\$81.9bn

IPO and FO activity in the Americas						
	2019	2020	2021	Q3 2020	Q3 2021	Q3 2022
IPO activity						
Number of IPOs	251	513	1,115	183	209	39
% sponsor-backed	15.1%	19.9%	16.4%	20.2%	21.1%	2.6%
Money raised	\$74.1bn	\$190.1bn	\$346.0bn	\$72.7bn	\$57.4bn	\$3.3bn
% sponsor-backed	24.8%	33.3%	25.8%	21.9%	31.1%	51.6%
Advanced metrics						
Free float %	40.0%	56.7%	59.6%	54.7%	50.5%	35.4%
Overallotment exercised (%)	74.8%	72.3%	80.9%	70.2%	77.7%	40.5%
% secondary shares	4.9%	4.2%	3.5%	5.6%	4.8%	4.1%
FO activity						
Number of FOs	1,127	1,484	1,556	381	348	202
Money raised	\$216.3bn	\$317.7bn	\$328.5bn	\$66.4bn	\$79.4bn	\$23.7bn

IPO and FO activity in EMEA						
	2019	2020	2021	Q3 2020	Q3 2021	Q3 2022
IPO activity						
Number of IPOs	129	167	459	41	74	20
% sponsor-backed	14.7%	9.0%	11.1%	14.6%	10.8%	5.0%
Money raised	\$53.3bn	\$28.1bn	\$99.4bn	\$7.8bn	\$18.2bn	\$9.8bn
% sponsor-backed	23.9%	33.4%	32.4%	75.0%	31.0%	3.3%
Advanced metrics						
Free float %	38.1%	37.9%	37.3%	33.5%	39.2%	29.1%
Overallotment exercised (%)	25.8%	17.0%	25.9%	20.5%	23.6%	20.0%
% secondary shares	34.3%	23.9%	26.7%	25.0%	31.5%	41.1%
FO activity						
Number of FOs	740	975	1,019	213	203	121
Money raised	\$97.9bn	\$164.7bn	\$183.2bn	\$40.0bn	\$30.9bn	\$16.3bn

IPO and FO activity in Asia-Pacific						
	2019	2020	2021	Q3 2020	Q3 2021	Q3 2022
IPO activity						
Number of IPOs	660	735	1,108	257	278	212
% sponsor-backed	1.8%	2.2%	3.6%	1.9%	2.2%	0.0%
Money raised	\$71.7bn	\$113.1bn	\$162.3bn	\$41.7bn	\$41.7bn	\$32.2bn
% sponsor-backed	7.1%	7.5%	7.9%	1.6%	3.0%	0.0%
Advanced metrics						
Free float %	26.6%	24.8%	26.6%	24.0%	27.2%	27.0%
Overallotment exercised (%)	18.0%	12.8%	10.3%	14.0%	12.2%	5.2%
% secondary shares	10.8%	10.3%	12.3%	7.5%	11.9%	6.5%
FO activity						
Number of FOs	926	1,245	1,457	385	370	257
Money raised	\$145.0bn	\$254.2bn	\$313.2bn	\$96.6bn	\$70.5bn	\$42.4bn

Leading transactions 2022 YTD - *Global IPOs*

Note: current price is at 30 September 2022

Top 10 largest IPOs YTD 2022

Pricing date	Issuer name	Issuer Country	Sector	Exchange	Money raised	After market performance		
						1-day	1-month	Current
14-Jan-22	LG Energy Solution Ltd	South Korea	Auto/Truck	Korea Exchange-KOSPI	\$10.7bn	68%	40%	42%
28-Sept-22	Dr. Ing. h.c. F. Porsche AG	Germany	Auto/Truck	Frankfurt Stock Exchange-Prime	\$7.9bn	0%	N/A	0%
6-Apr-22	Dubai Electricity & Water Authority (DEWA)	United Arab Emirates	Utility & Energy	Dubai Financial Market	\$6.1bn	16%	10%	1%
12-May-22	Life Insurance Corp of India	India	Insurance	Bombay Stock Exchange-BSE; National Stock Exchange of India	\$2.7bn	(8)%	(29)%	(34)%
31-May-22	Borouge plc	United Arab Emirates	Chemicals	Abu Dhabi Securities Exchange	\$2.0bn	22%	20%	18%
14-Sept-22	Corebridge Financial Inc	United States	Insurance	New York Stock Exchange-NYSE	\$1.7bn	(1)%	N/A	(6)%
9-Aug-22	Shanghai United Imaging Healthcare Co Ltd	Mainland China	Healthcare	Sci-Tech Innovation Board (STAR Market)	\$1.6bn	65%	52%	65%
2-Aug-22	Hygon Information Technology Co Ltd	Mainland China	Computers & Electronics	Sci-Tech Innovation Board (STAR Market)	\$1.6bn	67%	55%	63%
14-Jan-22	Jinko Solar Co Ltd	Mainland China	Computers & Electronics	Sci-Tech Innovation Board (STAR Market)	\$1.6bn	111%	132%	233%
10-Mar-22	Nahdi Medical Co	Saudi Arabia	Retail	Saudi Stock Exchange	\$1.4bn	15%	30%	45%

Orange highlighted rows indicates IPOs completed in Q3 2022.

Leading transactions 2022 YTD - *Global FOs*

Note: current price is at 30 September 2022

Top 10 largest FOs YTD 2022

Pricing date	Issuer name	Issuer country	Sector	Exchange	Deal type	Money raised	After market performance		
							1-day	1-month	Current
22-Jun-22	Contemporary Amperex Technology Co Ltd	Mainland China	Auto/Truck	Shenzhen Stock Exchange-ChiNext	FO - Cash Placing	\$6.7bn	(24)%	30%	(2)%
10-Jun-22	Centrais Eletricas Brasileiras SA	Brazil	Utility & Energy	BM&FBOVESPA-Novo Mercado; New York Stock Exchange-NYSE	FO - Fully Marketed	\$5.9bn	213%	7%	8%
11-Apr-22	CNOOC Ltd	Mainland China	Oil & Gas	Shanghai Stock Exchange	FO - Fully Marketed	\$5.1bn	(2)%	(4)%	(13)%
26-Jan-22	CITIC Securities	Mainland China	Finance	Shanghai Stock Exchange	FO - Rights Offer	\$3.5bn	67%	62%	21%
5-Apr-22	Electricite de France SA	France	Utility & Energy	Paris	FO - Rights Offer	\$3.5bn	0%	5%	87%
4-Jan-22	Sea Ltd	Singapore	Computers & Electronics	New York Stock Exchange-NYSE	FO - Bought Deal	\$3.0bn	(5)%	(30)%	(73)%
22-Mar-22	Bank of Montreal	Canada	Finance	New York Stock Exchange-NYSE Toronto Stock Exchange	FO - Bought Deal	\$2.5bn	(1)%	(4)%	(19)%
14-Jun-22	Air France-KLM	France	Transportation	Paris	FO - Rights Offer	\$2.4bn	10%	-2%	11%
2-Jun-22	American Tower Corp	United States	Real Estate/Property	New York Stock Exchange-NYSE	FO - Accelerated Bookbuild	\$2.4bn	3%	1%	(16)%
18-Aug-22	China Tourism Group Duty Free Corp Ltd	Mainland China	Retail	Hong Kong Exchange-Main Board	FO - Fully Marketed	\$2.3bn	0%	14%	25%

Orange highlighted rows indicates IPOs completed in Q3 2022.

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