



EY Global IPO Trends

2015 4Q



EY

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IPOs maintain appeal in a multitrack world

After last year's record-breaking level of activity, the volume of global IPOs in 2015 fell by 2% to 1,218 IPO listings and total capital raised declined by 25% to US\$195.5b. Even excluding the Alibaba Group Holding Ltd. IPO in 2014, global proceeds in 2015 were 17% lower than in 2014. However, rather than reflecting a lackluster performance, these global IPO activity levels illustrate the difficulty of surpassing a bumper year and compare quite favorably to the 10-year annual global median of 1,241 deals and US\$176.1b in annual IPO proceeds. They also reflect divergent performance across regions in a higher volatility environment and the greater range of financing options now available.

Indeed, corporate confidence is high and fundraising continues apace even though IPO activity was unable to match last year's records. 2015 saw the proliferation of alternative private and corporate capital, which increased the choice of funding choices for companies needing to scale quickly. As a consequence, we believe that multitrack strategies are here to stay. In addition, the October 2015 edition of EY's *Global Capital Confidence Barometer*¹ found that companies are pursuing deals at a rate not seen this decade with global M&A value approaching record highs.

The growing diversity of the funding ecosystem has been evident throughout this year, with the US and Europe in the vanguard of the trend. We believe that these changes are an emerging structural trend, which will continue to be a crucial driver for global IPO activity in 2016.

Predictions for the global IPO market based on activity in 2015

Structural change is taking place

The rise of alternative private financing markets operating at scale alongside the traditional capital markets in the US and Europe has impacted the number of technology companies listing. For example, technology IPOs on US exchanges were 47% lower in 2015 by deal number and 27% lower by proceeds (when we excluded the US\$25.0b IPO of Alibaba Group Holding Ltd. in 2014) compared to 2014, raising only US\$8.1b through IPOs, compared with an estimated US\$20b through private offerings² in the first six months of 2015 alone.

A number of factors are driving this trend. IPOs generally take at least two years to plan, but access to private capital is much quicker, enabling companies that need to scale rapidly with the chance to lock in the funding they need to generate competitive advantage sooner. Other factors in favor of alternative capital include the narrowing of the valuation gap between public and private capital (i.e., the difference between market valuation at IPO and at last rounds of fundraising prior to IPO), which makes it harder to achieve and sustain the first-day pop. Investors are increasingly prepared to invest greater amounts into private companies and at a later stage of their development. The investment protection sometimes offered to shareholders as part of private transactions lends further appeal to such deals.

As a consequence, we may see the balance shift in favor of a new kind of IPO, in which bigger, more stable businesses come to the public markets later in their life cycle, driven not so much by funding needs, but by strategic motivations, such as securing a higher brand profile and the opportunity to access new markets via cross-border listing opportunities.

Multitrack is here to stay

With capital and choice abound, our EY teams have observed that private companies are increasingly looking to keep their strategic fundraising options open. Private Equity firms have been utilizing the multitrack strategy to maximize investment value for their exit for the last 20 years. Pursuing a multitrack strategy is an increasingly important trend that will gain in strength as companies weigh private funding options against trade sale, merger, acquisition or traditional IPOs.

Investors are adjusting to higher volatility

Stock market volatility, as shown by the Chicago Board Options Exchange (CBOE) Volatility Index® (VIX®), spiked higher between mid-August and September 2015, rising close to levels last seen during the market turmoil of 2011. Traditionally, levels of the VIX Index in excess of 20% to 25% have been associated with an increase in the number of postponed or withdrawn IPOs and a marked decline in global IPO activity. Volatility impacts the opening and closing of the IPO window in the short-term and stock market pullbacks amid increased volatility can also increase the relative attractiveness of trade sales and M&A compared with an IPO.

However, IPO activity snapped back sharply higher in October, suggesting that this historical relationship may now be less pronounced. Investors appear to be getting more comfortable with a higher volatility market backdrop – and in turn companies are gauging that investor appetite remains strong during these periods for new listings. In part this may reflect that in a financial system characterized by low returns across asset classes, investors retain their appetite for risk as a means of generating superior returns.

Nonetheless, spikes in volatility still retain the ability to shut IPO windows. The market correction from mid-June to early July in Chinese equities prompted regulators to suspend IPO activity on Mainland China exchanges temporarily, which also acted as a brake on IPOs in Hong Kong. Market corrections in Chinese equities amid concerns over the slowing pace of Chinese economic growth also undermined investor sentiment in developed market equities, illustrating the increasingly interconnected nature of global stock markets.

Chinese activity will rebound as IPO window re-opens

Chinese exchanges re-opened to new listings in December and there is a strong pipeline of IPO-ready businesses, with around 690 companies ready to go public. Investor sentiment has been buoyed by reforms to mainland China's IPO system to be implemented in 2016, which will see a shift to a market-oriented registration process. 4Q15 IPO activity on the Hong Kong Main Market was strong, making it the world's most active

¹Global Capital Confidence Barometer: companies embrace sustainable M&A, EY, www.ey.com/ccb, October 2015.

²Leslie Hook, "Private share trading takes off as technology companies shun IPOs," *Financial Times*, 2 June 2015, www.ft.com/cms/s/0/27e9444c-0879-11e5-85de-00144feabdc0.html#axzz3tG6dfIT.



exchange by capital raised this year, and we expect a healthy appetite for new listings to persist in the coming year.

Solid fundamentals will underpin key geographies

The People's Bank of China (PBOC) is among the major central banks continuing to support growth through easy monetary policy, a strategy also being pursued by the European Central Bank (ECB) and the Bank of Japan. The ECB has kept the interest rate at a low level and announced its willingness to continue to purchase bonds for longer than originally expected.

Low interest rates and quantitative easing are one of a number of supportive fundamentals underpinning IPO activity in Europe. In addition, lower energy prices provide a boost to consumption, while the weakening trend in the euro over the last year has provided a boost to European exporters and supports investor interests in euro-denominated IPOs.

The US economy also remains in solid health, with a strengthening housing market and improving job market. Positive data releases on exports, retail sales, plus continued low oil prices and improving consumer sentiment suggest that positive momentum will be sustained through the end of the year and into 2016. With stock markets high and volatility reducing, the backdrop is more positive for IPOs in the next few months than earlier in 2015.

Policy divergence will create uncertainty

Looking ahead to 2016, a significant change compared with this year is the imminent divergence between monetary policy in the US and in the other major economies. The case is building for a rise in US interest rates as confidence grows that inflation will rise closer to the Federal Reserve's 2% target. Any rise is expected to be small³ and the consensus view is that the sooner interest rates are increased the better.

Nonetheless, the uncertainty created by the looming change in US monetary policy is likely to be reflected in IPO activity in 2016. If, as expected, the Federal Reserve does raise rates in December, this could contribute to a relatively slow start to IPO activity in 2016, as investors and companies wait to see the reaction of equity markets to the policy change, both in the US

and abroad. Looking further ahead, the US Presidential election in November 2016 creates another source of uncertainty and we expect that IPO activity in 2016, particularly in the US, may be a stop-start affair.

From growth to value

The likely start of an interest rate increase cycle in the US should also impact on the sectoral pattern of activity. As interest rates rise, typically late in the economic cycle, investors tend to switch out of growth stocks in favor of value stocks, and a similar pattern can be expected in the sector distribution of new listings. Consumer products and retail IPOs are two areas likely to benefit from this shift.

In terms of investment rationale, we expect three themes to persist in 2016:

1. Conglomerates spinning off non-core businesses as they seek to strategically optimize their portfolios
2. Budget-constrained governments listing SOEs
3. Disruptive technology companies following dual-track strategies

In the latter category, it would be sensible to avoid reading too much into the recent poor stock market performance of a few high-profile technology listings in the US as an indicator of worsening sentiment across the sector. Capital continues to flow into the technology sector, hence the growing number of "unicorn" companies, and we expect interest to remain high from private and public capital markets.

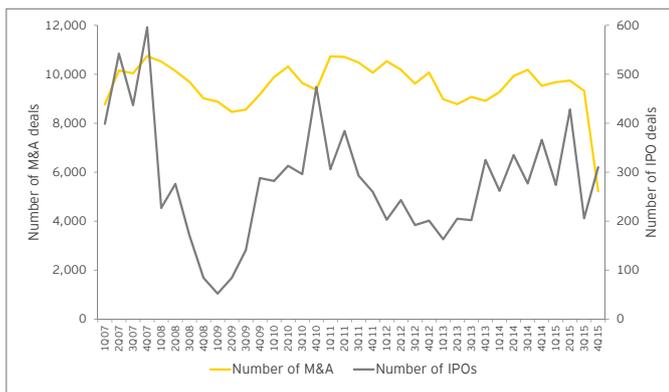
Cautious mood means companies must be ready to move fast

Overall, we are cautiously optimistic on the global IPO outlook for 2016, but companies of all types and across all sectors should be mindful of the need to keep their options open in an increasingly multitrack world and to be prepared to act quickly when needed to take advantage of IPO windows as they open.

Maria Pinelli

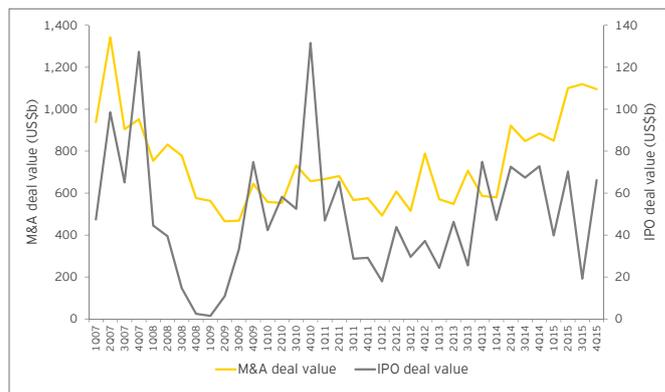
Global Vice Chair, Strategic Growth Markets, EY

Global IPO and M&A by deal numbers



Note: 4Q15 M&A activity is based on announced M&A deals from October and November 2015, and 3Q15 IPO activity is based on priced IPOs from October and November 2015.

Global IPO and M&A by deal value



Note: 4Q15 M&A activity is based on announced M&A deals from October and November 2015, and 3Q15 IPO activity is based on priced IPOs from October and November 2015.

³Futures markets put a 75% probability on a 0.25% rate increase at the Fed's meeting in December, according to the Chicago Mercantile Exchange. See John Hilsenrath and David Harrison, "Yellen Signals Fed on Track to Raise Rates in December," *Wall Street Journal*, 2 December 2015. <http://www.wsj.com/articles/feds-yellen-expresses-confidence-in-u-s-economy-ahead-of-december-meeting-1449077125>.

Global IPO highlights

Volume and value

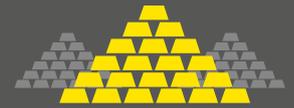
4Q15 YTD
(January-December 2015)⁴



1,218

deals globally

(2% decrease on 4Q14 YTD)



US\$195.5b

in capital raised

(25% decrease on 4Q14 YTD)

Commentary

"2015 was a stop-start year and overall we expect something similar for 2016, although we're cautiously optimistic the outlook could improve. The economic fundamentals are strong in most developed economies and any impending changes to monetary policy have been well signaled. With stock markets riding high and a lack of competition from other asset classes, investors remain keen to back equities as a source of potentially higher risk and return. Volatility, electoral uncertainty and the impact of geopolitical shocks will all impact the market in 2016, though we note evidence that IPOs have been more resilient to volatility spikes this year than in past years."

Maria Pinelli
Global Vice Chair, Strategic Growth Markets, EY

Rapid growth vs. developed

Rapid-growth markets represent 55% of global IPO volume during 4Q15 YTD.



Rapid growth



Developed

Financial investors remain a key driver



PE and VC account for 18% of global IPOs (219 deals)

34% by proceeds (US\$66.2b)



Three sectors trending



Industrials
205 deals
(US\$31.9b)



Health care
205 deals
(US\$15.7b)



Technology
177 deals
(US\$23.1b)

Equity markets continue their recovery in 4Q15



VIX



After the sharp rise in August, 4Q15 saw the VIX[®] fall toward a pre-crisis level, signaling increased investor confidence and liquidity.



There were 51 withdrawn or postponed deals in 4Q15, which was higher than the 48 deals in 4Q14.



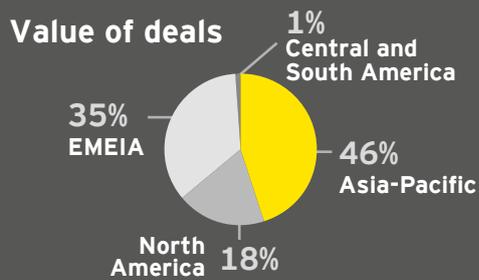
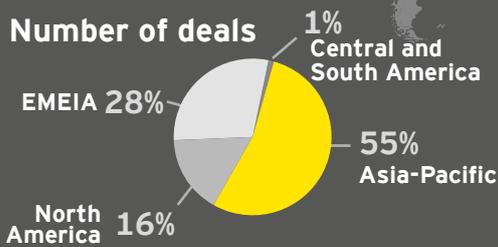
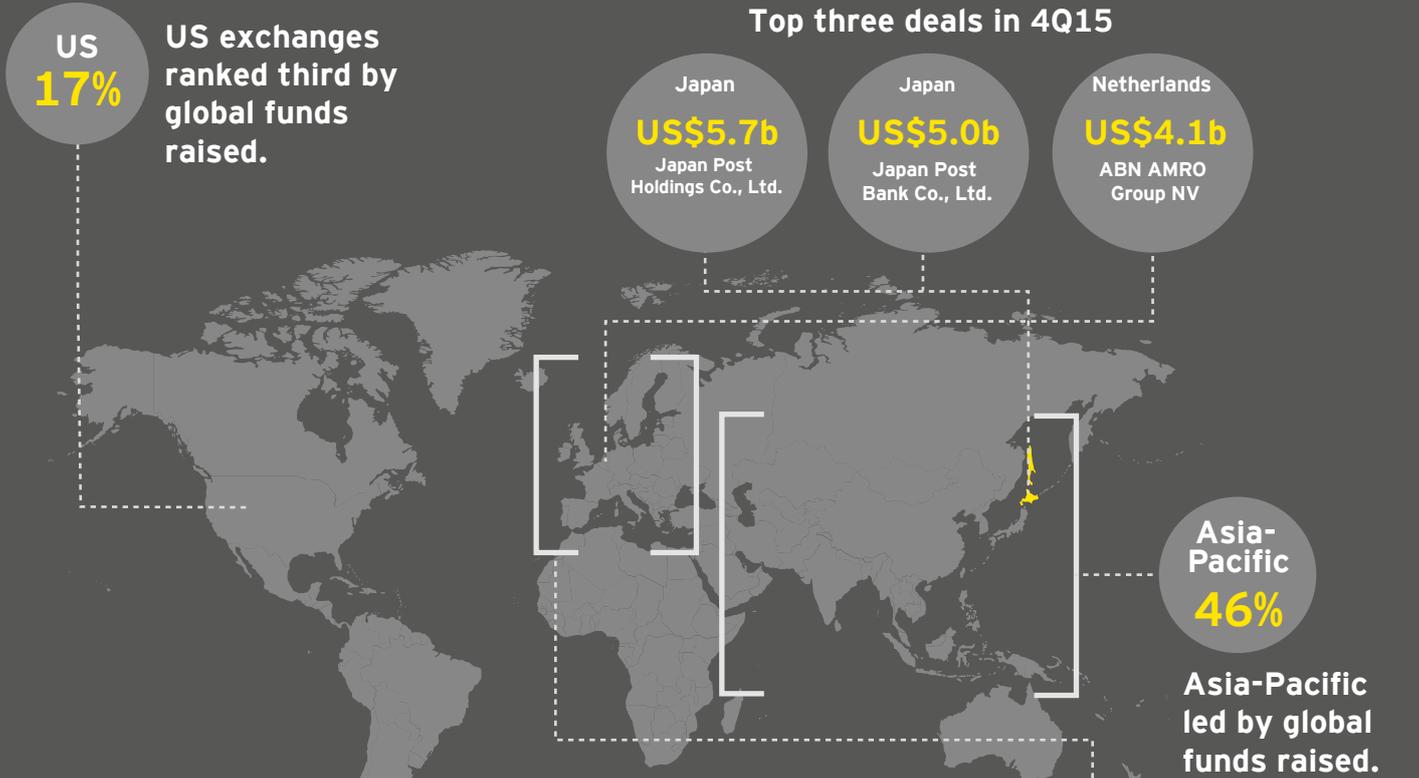
Rising equity markets bode well for 4Q15 and 2016 IPO activity; MSCI World Index continues to recover toward pre-August level.



86% of IPOs priced within or above expectations.⁵

Asia-Pacific tops the leaderboard

Top three deals in 4Q15

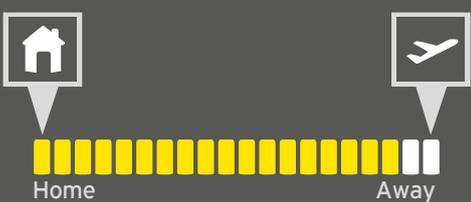


Top six exchanges by funds raised

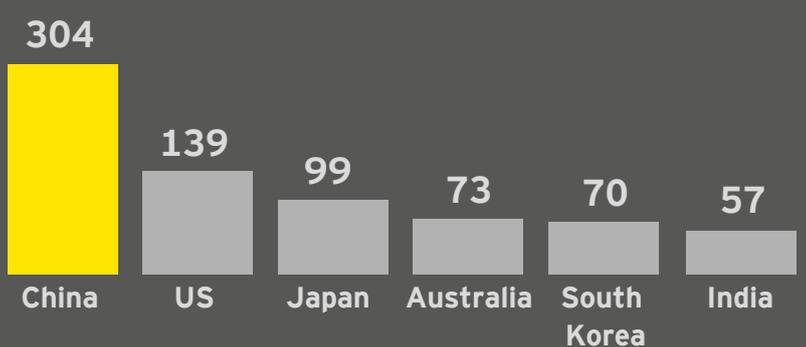
Exchange	Value	Deals
HKEx	Main and GEM	US\$33.5b (117 deals)
NYSE	New York	US\$19.5b (54 deals)
SSE	Shanghai	US\$17.6b (89 deals)
LSE	Main and AIM	US\$15.0b (62 deals)
TSE	Tokyo	US\$14.5b (23 deals)
NASDAQ	NASDAQ	US\$13.8b (119 deals)

Home and away

Cross-border listings were 8% of global IPOs during 4Q15 YTD as compared to 10% during 4Q14 YTD.



Top six countries by deal volume⁶



4. 4Q15 YTD (January-December 2015) is based on priced IPOs as of 4 December and expected IPOs by end of December.
 5. Focus on open-price IPOs with deal value above US\$50m.
 6. Based on the listed company domicile nation.



US IPO runway extends with robust private markets

After a banner 2014, in which US exchanges led the world and IPO activity hit their highest level since 2000, it is not surprising that US IPO activity was more subdued by comparison in 2015. At 173 IPOs, US deal numbers in 2015 were down 41% on 2014, but only 5% below the 10-year median annual IPO deal number of 183 IPO listings. At \$33.3b, capital raised was down 65% on 2014, reflecting the decline in median deal sizes.

- ▶ By deal numbers, US exchanges ranked fourth in 4Q15 and ranked second in 2015, second to Mainland China exchanges. By capital raised, US exchanges were third highest in 4Q15 and led globally for 2015.
- ▶ The US hosted two of the world's 20 largest IPOs in 4Q15: First Data Corp., which raised US\$2.8b on New York Stock Exchange (NYSE) and Ferrari NV, which raised US\$982m on NYSE.
- ▶ Although the number of financial sponsor-backed IPO deals has declined in line with the overall global trend, financial sponsors remained key players, accounting for 63% of IPO deals and 69% by capital raised.

Economic backdrop is broadly positive for IPOs

The US economy remains in solid health with positive data releases across a full range of indicators from housing through employment to consumer demand. With volatility reducing, there is no shortage of buying interest, with strategic investors continuing to see opportunities based on solid economic fundamentals. This reasoning is sound. Although there has been some pressure on valuations, 66% of IPOs in the US priced within or above initial filing range in 2015. With average first-day returns of 16.9% for the year overall, newly listed companies are outperforming the broader market.

At -0.7%, year-to-date returns also represent good value for investors in a year when both the S&P 500 and the Dow Jones Industrial Average posted negative year-to-date performance (-0.5% and -1.9% respectively). However, with investors becoming wary of high valuations, particularly for technology and unicorn stocks, companies will need to judge their pricing strategies carefully.

Health care leads the way in 2015

Health care topped the leaderboard in terms of deal volume with 78 deals, accounting for 45% of IPOs, ahead of technology (14%) and financials (8%). Technology was the leading sector in the US by proceeds in 2015, accounting for 24% of capital raised in the year to date, ahead of health care and energy with 22% and 16% respectively.

Private market financing extends IPO runway

The decline in technology IPOs led us to question in our *EY Global IPO Trends: 2015 Q2* report⁷ whether a structural change was underway in the US fundraising landscape with the rise of alternative private financing markets operating at scale alongside

the traditional capital markets. Certainly, we were starting to see a marked decrease in the number of technology companies coming to market – a sector which had been considered a mainstay of US IPO activity.

By the end of the year we see that technology IPOs have fallen 47% by deal numbers and 77% by proceeds compared to 2014, raising only US\$8.1b through IPOs, compared with an estimated US\$20b raised through private offerings⁸ in the first half of 2015, as financial sponsors, corporates and institutional investors make late stage investments in technology companies.

Three primary factors are driving this private market investment trend. First, capital is readily available across the global private markets, including financial sponsors, corporates and institutional investors. Second, the value gap between public and private capital has narrowed, thereby making M&A and other private capital transactions very appealing. And third, IPOs are generally at least two years in the planning, making access to private capital, which is often much quicker to obtain, very attractive to companies in the technology sector that need growth capital to scale and maintain competitive advantage.

Multitrack is here to stay

As a consequence of these changes, and with capital and choice abundant, our EY teams have observed that private companies increasingly look to keep their strategic fundraising options open. Pursuing a multitrack strategy is an increasingly important trend that will gain in strength as companies weigh private funding options against trade sale, merger, acquisition or traditional IPO as alternative options to fund growth and deliver return for shareholders.

Optimism for an active 1H16

With evidence building that companies, banks and investors have grown more comfortable with higher levels of volatility, we anticipate that uncertainty over potential interest rate rises and the results of the presidential election in November 2016 will not dent investor enthusiasm for well-priced and well-led IPOs coming to market at the right time in 1H16. The pipeline of IPO-ready companies continues to grow with many continuing to take advantage of confidential filing under the JOBS Act provisions. We estimate that more than 100 non-confidential filers are registered and ready to list when the IPO window opens.

⁷ *EY Global IPO Trends: 2015 Q2*, EY, June 2015, [ey.com/Publication/vwLUAssets/ey-global-ipo-trends-report-2015Q2/\\$FILE/ey-global-ipo-trends-report-2015Q2.pdf](http://ey.com/Publication/vwLUAssets/ey-global-ipo-trends-report-2015Q2/$FILE/ey-global-ipo-trends-report-2015Q2.pdf).

⁸ Leslie Hook, "Private share trading takes off as technology companies shun IPOs," *Financial Times*, 2 June 2015.

US IPO highlights

4Q15 YTD

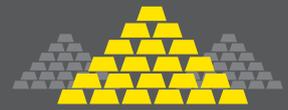
(January–December 2015)⁹

Volume and value



173 deals

(41% decrease on 4Q14 YTD)



US\$33.3b

in capital raised

(65% decrease on 4Q14 YTD)

Key trends



- ▶ Steady economic growth and sustained strength in the equity markets will help to ensure IPOs retain their allure, but with investors becoming wary of high valuations, companies will need to judge their pricing strategies carefully.
- ▶ Choice is likely to remain a key feature of the US fundraising landscape with many fast-growth, technology-enabled companies looking increasingly to the private capital markets to meet their short-term needs.
- ▶ Financial sponsors will continue to underpin US IPO activity.

Commentary

"The fundamentals of the US IPO market are changing. The US Jobs Act served as a catalyst for this by allowing many companies to file confidentially, test the waters, and raising the number of shareholders a private company can take in to 2,000 before requiring them to file publicly; however, it was truly the combination of the accessible capital and investors strong interest to acquire equity in companies at an earlier stage of their lifecycle that dramatically impacted the IPO markets this year. Traditionally, businesses look to IPOs for the capital injection to fund growth, but over 70 private companies in 2015 were able to raise funds with valuations over \$1 billion. Investors often refer to this as a "private IPO." The result was that there were over nine times the number of private tech IPOs than actual initial public offerings of tech companies on the US exchanges in 2015."

Jackie Kelley

EY Americas IPO Leader

Financial sponsors drive US IPO market



PE and VC account for 63% of US IPOs (109 deals)

69% by proceeds
(US\$22.9b)



Three sectors trending



IPO pricing and performance¹⁰



+16.9% first-day average return

-0.7% decrease in offer price vs. 4 December

US\$429.0m median post-IPO market cap

Equity indices¹¹

DJIA	-1.9% ▼
S&P 500	-0.5% ▼
VIX®	-19.3% ▼

IPO activity



	NYSE	NASDAQ
4Q15 YTD	54 deals (US\$19.5b)	119 deals (US\$13.8b)
4Q14 YTD	117 deals (US\$73.9b)	174 deals (US\$22.2b)

Cross-border activity in 4Q15 YTD from

Europe **16 deals** (US\$2.8b)
Israel **8 deals** (US\$454m)
Greater China **7 deals** (US\$279m)



New registrations

4Q15 **33 deals**, US\$4.0b
4Q14 **69 deals**, US\$8.7b



9. 4Q15 YTD (January–December 2015) IPO activity is based on priced IPOs as of 4 December and expected IPOs by end of December.

10. Pricing and performance is based on 171 IPOs of NYSE and NASDAQ that have started trading by 4 December. Data as of 4 December.

11. Year-to-date returns of equity indices as of 4 December.



Asia-Pacific leads the way

Asia-Pacific was the world's leading region in 2015, in terms of number of IPOs and capital raised. The region accounted for 55% of global deal numbers and 46% of global capital raised in 2015. The region was once again characterized by the breadth of destinations for companies looking to go public; around 20 stock exchanges across Asia-Pacific hosted IPOs in 2015.

- ▶ With 673 IPOs in 2015, Asia-Pacific exchanges were ahead of EMEIA exchanges (346 IPOs) and North American exchanges (188 IPOs), accounting for 55% of global deal numbers.
- ▶ By proceeds, Asia-Pacific raised US\$90.2b, compared to EMEIA exchanges (US\$67.1b) and North American exchanges (US\$35.7b), accounting for 46% of global capital raised.
- ▶ Seven of the world's busiest exchanges by number of IPOs in 2015 were in Asia-Pacific, while four of the world's busiest exchanges by IPO proceeds were in this region.
- ▶ Japan Post Holdings Co., Ltd. and Japan Post Bank Co., Ltd. were the world's two largest IPOs in 2015; three others from the region made the top ten, giving Asia-Pacific a 50% share of top ten global deals in 2015.

Strong year in Japan finishes on a high

Japan saw a consistent level of deal activity across all four quarters in 2015. There were 98 IPOs – the highest number since 2007 – raising US\$15.6b. 2015 activity was 18% higher by deal numbers and 35% higher by IPO proceeds compared to 2014 where there were 83 new listings with proceeds of US\$11.6b.

The highlight of the year was Japan Post's triple IPOs, which saw Japan Post Holdings Co., Ltd., Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. raise US\$5.7b, US\$5.0b and US\$1.2b respectively on the Tokyo Stock Exchange in November. The listings of Japan Post Holdings Co., Ltd. and Japan Post Bank Co., Ltd. were the two largest IPOs globally in 2015 and Japan's biggest sale of state-owned enterprises in nearly three decades; these represent the first tranche of a sale aiming to raise around US\$34b over the coming four to six years.

In a strong end to the year in Japan, the fourth quarter saw a total of 32 IPOs raising US\$13.0b, compared to US\$4.8b in proceeds through 42 new listings in 4Q14.

During 2015, the most active sectors were technology, consumer products, retail and industrials, which were underpinned by the recovery in consumption. Financial sponsors remain a key driver with a number of private equity and venture capital exits via IPO in 2015.

There was no shortage of appetite for new listings – there were no withdrawals or postponements in the fourth quarter among companies that had filed for an IPO. Investor confidence remains strong, buoyed by the recovery of the Nikkei Stock Average after a dip at the end of the third quarter. Looking ahead, we expect a similarly busy year in Japan in 2016, with around 100 new companies expected to seek access to funding via an IPO.

Activity in Oceania drops back

While deal volume in Australia and New Zealand rose by 16% this year with 87 IPOs compared to 75 IPOs in 2014, capital raised declined by 71% to US\$4.7b in 2015 from US\$16.3b

in 2014. The combination of investor caution in response to volatility in global equity markets; a shift over the last few months toward smaller deal sizes; and a greater sensitivity to pricing putting valuations under pressure would explain some of the drop in proceeds in 2015.

However, we note that the picture at the end of the year in 4Q15 was more positive. After a seasonal lull in the third quarter due to the reporting period for Australian companies, there was a pickup in IPO activity in 4Q15. 4Q15 saw 37 IPOs raising US\$1.5b altogether, a 131% rise by deal numbers and 62% increase by capital raised compared to 2014 activity levels.

Looking at 2015 as whole, companies from the technology, consumer products and health care dominated by number of IPO listings, while consumer staples, technology and consumer products led by capital raised. The year's largest IPO listing in Australia took place in October when PE-backed financial technology company Link Administration Holdings Pty. Ltd. raised US\$683m on the Australian Securities Exchange (ASX). With technology an emerging industry in the region, we expect to see more listings from companies in that sector in 2016.

As we look ahead to 2016, the pipeline remains relatively solid and there is cautious optimism as a number of private companies that have seen rapid revenue increases in recent years prepare to list. For 1Q16 in particular, a number of IPOs that were postponed in the fourth quarter of 2015 by companies opting to take additional time to get ready for the public markets are expected to list.

Like other regions around the world, Australian and New Zealand companies are increasingly pursuing multitrack funding and value realization strategies as a matter of course. While the IPO outlook for 1Q16 is broadly positive in this region, we anticipate that not all businesses will see their funding journey conclude with an IPO.

ASEAN activity remains muted

The picture in ASEAN remains broadly unchanged from the third quarter, with IPO activity subdued due to a range of factors that have spooked investors into adopting a "wait and see" stance. Depressed oil and commodity prices; the strength of the US dollar and its impact on exports and growth in emerging markets; plus uncertainty over the expected interest rate rise in the US have dampened confidence and investor sentiment.

While China's stock market sell-off seems to have calmed and new listings have resumed, measures announced to restructure the country's economy and declining levels of growth are adding to the sense of uncertainty and volatility in the ASEAN region. Against this backdrop, many companies have sought to postpone or defer their IPO plans until market sentiment improves or at least becomes more stable.

Despite this, IPO listings in 4Q15 have not dried up completely. In 4Q15, there were 19 IPOs on ASEAN exchanges raising US\$1.1b, compared to 23 IPOs that raised US\$1.1b in 3Q15. We are seeing a number of entrepreneurial companies coming to market as these smaller IPOs are easier to execute and easier for investors to absorb. In contrast, there is a dearth of bigger IPOs, which we may expect to line up for a 2016 debut, should market conditions improve. In 2016, financial sponsor-backed IPOs will likely take center stage as PE and VC firms seek to monetize their investments.

Asia-Pacific IPO highlights

4Q15 YTD

(January–December 2015)¹²

Volume and value



673 deals
(20% increase on 4Q14 YTD)



US\$90.2b
in capital raised
(8% increase on 4Q14 YTD)

Key trends



- ▶ Strong fourth quarter propels Asia-Pacific to the top of the global IPO leaderboard for 2015.
- ▶ Positive outlook for 2016 as Mainland China exchanges re-open and pipeline builds in mature economies.
- ▶ Upturn in investor sentiment in ASEAN may lag behind other markets in the region.

Commentary

"2015 was a year in which Asia-Pacific demonstrated not only the depth and breadth of its capital markets, but also their enduring strength and appeal to investors around the world. Economic headwinds from a range of factors including uncertainty and volatility in China, low oil and commodity prices and exchange rate volatility have failed to substantially impact the volume and value of IPOs across the region. And, with an improving outlook, we expect an uptick in new listings in 2016."

Ringo Choi
EY Asia-Pacific IPO Leader

Top five exchanges by funds raised

HKEx	SSE	TSE	SZSE	ASX
Main and GEM	Shanghai	Tokyo	Shenzhen ¹³	Australian
US\$33.5b (117 deals)	US\$17.6b (89 deals)	US\$14.5b (23 deals)	US\$8.2b (131 deals)	US\$4.7b (86 deals)

Six sectors trending

Industrials 132 deals (US\$10.9b)	Technology 121 deals (US\$7.1b)	Health care 73 deals (US\$5.5b)	Consumer products 66 deals (US\$10.1b)	Materials 64 deals (US\$5.1b)	Consumer staples 43 deals (US\$4.8b)
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IPO pricing and performance¹⁴

+20.6% first-day average return

+61.2% increase in offer price vs. 4 December

US\$139.8m median post-IPO market cap

Equity indices¹⁵

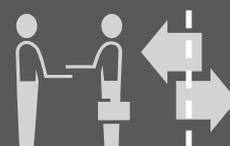
HANG SENG	-5.8% ▼	FTSE STRAITS TIMES	-14.4% ▼
SHANGHAI COMP	+9.0% ▲	ASX 200	-4.8% ▼
NIKKEI 225	+11.8% ▲		

Cross-border IPOs

China issuers had **7 deals** that raised US\$279m in total on US exchanges.

China issuers had **6 deals** that raised US\$66m on Australian Securities Exchange.

ASX saw **17 deals**, six from China, four from Singapore, three from the US, two from New Zealand and one each from Indonesia and Malaysia.



12. 4Q15 YTD (January–December 2015) IPO activity is based on priced IPOs as of 4 December and expected IPOs by end of December.

13. Shenzhen Stock Exchange includes IPO listings from the Main Board, SME Board and ChiNext.

14. Pricing and performance is based on 576 IPOs of Asia-Pacific exchanges that have started trading by 4 December. Data as of 4 December.

15. Year-to-date returns of equity indices as of 4 December.



Greater China rebounds with strong fourth quarter

Despite concerns about Chinese economic growth and market volatility, which saw Mainland China exchanges suspend IPO listings activity between early July and November, IPO activity on Greater China exchanges¹⁶ has registered another strong year. In 2015, there were 344 IPO listings, up from 248 IPOs or 39% higher than last year, while capital raised was up 37% to US\$59.5b.

- ▶ Hong Kong (Main Market and GEM) was the world's busiest exchange in 2015 by capital raised with 17% of global proceeds (US\$33.5b), while the Shenzhen Stock Exchange topped the leader board by deal volume with 131 IPOs, accounting for 11% of global deal numbers.
- ▶ A strong end to the year is expected with a number of IPOs slated in December on the Hong Kong Stock Exchange (HKEx) and mainland China exchanges.
- ▶ The outlook for 2016 is positive with investor sentiment strengthened by ongoing reforms in mainland China.

A solid year for Hong Kong

After a standout 2014, the number of new listings on Hong Kong Main Market fell slightly in 2015 – 86 IPOs compared to 90 IPOs in 2014. However, capital raised was on an upward trend, rising by 12% to US\$33.2b from US\$29.7b the year before.

Two of the year's ten largest IPOs globally listed on HKEx. In June 2015, Huatai Securities Co., Ltd. raised US\$5.0b, while in April, GF Securities Co., Ltd. raised US\$4.1b. With a further three sizeable financial services' IPO listings in 4Q15 – China Huarong Asset Management Co., Ltd. (US\$2.5b), China Reinsurance (Group) Corp. (US\$2.1b) and China International Capital Corporation (US\$933m).

The financial sector led on the Hong Kong Main Market, accounting for around 51% of total IPO proceeds and was ranked second by deal numbers (14%) in 2015. By deal volume, the industrials and health care sectors were ranked first and third with 16 IPOs and 12 IPOs respectively.

Although activity has been quick to resume in 4Q15, investors remain cautious on valuations following the sell-off in China earlier in the year, with only 20% of IPOs pricing above the middle of the indicative range in 4Q15, compared to 48% in 3Q15. However, competitive pricing is attracting investor interest and around 70% of IPOs were oversubscribed in 4Q15. At the same time, performance has improved with around 70% of IPOs closing above their initial price on the first day of trading, compared to 56% in 3Q15.

Financial sponsors remained a key driver of activity in 2015. Sixteen percent of IPOs on Hong Kong Main Market and 26% by capital raised were PE and/or VC backed. Among these, health care, financials and consumer products were the most represented sectors. We expect a high number of financial sponsor-backed IPOs to continue through 2016 as these investors look for exits.

Mainland China back on track

Mainland China exchanges have seen a bumper year in 2015. There were 220 IPOs raising US\$25.7b, up from proceeds of US\$12.8b raised via 125 IPO listings last year. When comparing 2014 and 2015 IPO activity, it should be noted that for both years there was a 4-month suspension of IPO activity. In 2014, IPO activity was suspended between March to end of of June 2014, whereas this year, IPO activity was suspended between July and November. When you consider that 2014's total was surpassed before the mid-year market correction, which saw the regulator put a hold on new listings in early July, this is an impressive story.

In November 2015, the China Securities Regulatory Commission (CSRC) announced that IPOs would resume and the 28 IPOs approved by CSRC before the suspension could come to market by the end of the year. Of these companies, the majority are small- and medium-sized businesses, with technology, media and telecommunications and industrials being the top two sectors represented.

In addition, CSRC has released a set of new measures to reform the IPO system, indicating a further step toward a market-oriented registration process. Subscribers will no longer be required to pre-pay for new shares, reducing the amount of money locked in during the subscription period. This will address the problem of overheating IPO subscriptions and help to stabilize the market.

The new IPO registration system could be rolled out as soon as March 2016 and will see the duration of the process for companies looking to go public reduced to around three to six months. Most significantly, it is hoped that optimizing the IPO subscription rules will ease market jitters and restore investor confidence.

Positive outlook in 2016

Although there are currently around 690 IPO-ready companies on CSRC's waiting list, the regulator will look to control the pace of new listings, keeping a steady rhythm in order to stabilize the stock market and pave the way for the smooth introduction of the new registration system. HKEx appears to have recovered from the mid-year slow-down, and with around 100 companies waiting in the pipeline to go public in 2016, a huge surge in new listings is expected.

Despite the outstanding performance this year, looking ahead, we believe the outlook for stock markets across Greater China is still tempered by a number of positive and negative factors.

On the positive side, the International Monetary Fund (IMF) has voted to admit the yuan as the fifth member of its special drawing rights (SDR) currency basket, while the People's Bank of China is likely to further cut interest rates and the reserve requirement ratio in order to release further liquidity into the market. At the same time, however, concerns persist about the slowdown in China and the global economy. There is also speculation regarding the likely effect of the expected interest rate rise by the US Federal Reserve and its impact on investor confidence and appetite for new IPOs in 2016.

¹⁶During 4Q15 YTD, the total IPO activity on Greater China exchanges consisted of IPOs on Hong Kong Main Market (86 IPOs, US\$33.2b); Hong Kong Growth Enterprise Market (31 IPOs, US\$324m); Shanghai Stock Exchange (89 IPOs, US\$17.7b); Shenzhen Stock Exchange – the Mainboard, the SME board and ChiNext (131 IPOs, US\$8.2b); and Taiwan Stock Exchange (7 IPOs, US\$226m).

Greater China IPO highlights

4Q15 YTD

(January–December 2015)¹⁷

Volume and value



Hong Kong Main Market

86 deals
(4% decrease on 4Q14 YTD)



Shanghai

89 deals
(107% increase on 4Q14 YTD)



Shenzhen

131 deals¹⁸
(60% increase on 4Q14 YTD)



Hong Kong Main Market

US\$33.2b
(12% increase on 4Q14 YTD)



Shanghai

US\$17.7b
(216% increase on 4Q14 YTD)



Shenzhen

US\$8.2b¹⁸
(12% increase on 4Q14 YTD)

Key trends



- ▶ Strong fourth quarter in Hong Kong makes it the world's most active exchange by capital raised this year.
- ▶ Mainland China exchanges re-open to new listings with around 690 companies ready to go public.
- ▶ Reform of China's IPO process will help to ease market jitters and strengthen investor confidence.

Commentary

"After the market correction in the middle of 2015, which saw regulators temporarily shut mainland Chinese exchanges to new listings, the region has rebounded strongly in the fourth quarter. Despite ongoing concerns about global and Chinese economic growth and the possible repercussions of a US interest rate rise, the outlook for 2016 is positive. There is a strong pipeline of IPO-ready businesses and investor sentiment has been buoyed by reforms to China's IPO system which will see a shift to a market-oriented registration process. We expect a healthy appetite for new listings to persist in the coming year."

Terence Ho

EY Greater China Strategic Growth Markets and IPO Leader

Six sectors trending



IPO pricing and performance¹⁹

Hong Kong Main Market

+4.7% first-day average return

-7.1% decrease in offer price vs. 4 December

US\$253.8m median post-IPO market cap

Shanghai and Shenzhen

+44.0% first-day average return

+214.8% increase in offer price vs. 4 December

US\$246.1m median post-IPO market cap

Equity indices²⁰

HANG SENG

-5.8% ▼

SHANGHAI COMP

+9.0% ▲

SHENZHEN COMP

+57.8% ▲



Mainland China's IPO pipeline

39% are expected to be PE- or VC-backed.

More than half of companies are planning to list on the Shenzhen Stock Exchange.

Around 690

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



CSRC IPO pipeline

17. 4Q15 YTD (January–December 2015) IPO activity is based on priced IPOs as of 4 December and expected IPOs by end of December.

18. Shenzhen Stock Exchange includes IPO listings from the Main Board, SME Board and ChiNext.

19. Pricing and performance is based on 71 IPOs on Hong Kong Main Market and 192 IPOs on Shanghai and Shenzhen Stock Exchanges that have started trading by 4 December. Data as of 4 December.

20. Year-to-date returns of equity indices as of 4 December.



Solid year for IPOs in EMEIA

Most markets in EMEIA experienced a strong year-end rally in 4Q15 backed by high valuation levels resulting in double-digit market returns for equity indices such as EURO STOXX (home to many of the Eurozone's largest blue-chip businesses), Germany's DAX index and France's CAC 40. At 69 IPOs, the number of IPOs on EMEIA exchanges in 4Q15 was 13% higher on 3Q15 levels, while capital raised was 389% higher than 3Q15. The significant rise in capital raised can be attributed to a number of megadeals that contributed to higher proceeds for 4Q15 and increasing median deal size. The rally was not sufficiently large enough to ensure that IPO activity in 2015 exceed 2014 levels. In Middle East and North Africa (MENA), India and Africa exchanges there was a drop-off in activity during the final quarter with only seven IPOs recorded across these regions altogether compared to 31 IPOs in 3Q15.

- ▶ In 4Q15, EMEIA exchanges saw 69 IPOs, raising a total of US\$24.0b in proceeds. This is 13% higher by deal volume and 389% by proceeds compared to 3Q15.
- ▶ For the full year of 2015, 346 IPOs on EMEIA exchanges raised US\$67.1b. This represents a decline of 5% by deal number and 10% decline by proceeds compared to 2014.
- ▶ In 4Q15, London, Euronext, Borsa Italiana, Deutsche Börse and NASDAQ OMX were all in the top 10 global exchanges by proceeds, and London and NASDAQ OMX were also in the top 10 global exchanges by deal numbers.

Much of Europe's strength is attributable to the slow but steady economic recovery in the Eurozone. Loose monetary policy and an expectation that quantitative easing from the European Central Bank (ECB) will continue into March 2017 and beyond look set to help maintain investor confidence.

In 2015, IPOs on EMEIA main markets and junior markets have displayed strong first-day and year-to-date performance, representing good value for their investors. In fact, average year-to-date returns for IPOs on EMEIA main markets was 18.8%, this is higher than some European equity indices that have posted lower or negative year-to-date performance.

Deal size continues to increase

The strong proceeds seen in 4Q15 were largely caused by an increase in deal size, including six US\$1b+ deals, raising in excess of US\$15.9b, these deals accounted for 66% of capital raised on EMEIA exchanges in 4Q15. Four of these EMEIA IPOs were in the top ten deals globally in 4Q15, while four listings also ranked in the top ten global deals for the whole of 2015.

The largest EMEIA IPO listing in 4Q15 was the US\$4.1b listing of ABN AMRO Group NV on Euronext's Amsterdam market. This is followed by the US\$3.8b listing of Worldpay Group plc on London Main Market and the flotation of Poste Italiane, Italy's national postal service, which was the country's biggest privatization in more than a decade raising US\$3.5b on the Borsa Italiana. The fourth largest IPO in 4Q15 was the US\$1.8b listing of Amundi Group SA on Euronext's Paris market, while the fifth largest listing was the US\$1.7b listing of Germany's Covestro AG on Deutsche Börse.

These blockbuster deals fit into a longer term trend of increasing deal size on Europe main markets that moves counter to patterns seen elsewhere around the world. Whereas annual median deal size in many markets has decreased in recent years (for example, median deal size on US exchanges has fallen from US\$174m in 2011 to US\$105m in 2015), Europe main markets have seen the opposite movement, with median deal size consistently increasing year on year from US\$34m in 2011 to US\$171.2m in 2015.

Higher proportion of PE exits via IPOs

IPO as the preferred route of exits by PE funds continued to regain dominance in 2015, towards pre-financial crisis levels. In 2015, the Europe, Middle East and Africa (EMEA) region saw a 10-year record high for the proportion of PE exits via IPO by deal numbers and deal value compared to the alternative routes of strategic sale to corporates (i.e., M&A activity) and secondary sales to other PE firms. The proportion of IPOs out of all PE exits has been growing since 2013. IPOs accounted for 14% of PE exits by deal number in 2015, compared to 13% in 2014 and 8% in 2013. We are seeing a similar increasing trend by deal value.

Domestic demand bolsters consumer products sector

4Q15 saw a similar sector distribution of the IPO market as in 3Q15, with industrials, health care, financials, consumer products and consumer staples as the leading sectors by deal volume.

Since Europe may be in a low interest rate environment for the next two years, the difference in interest rate between US and Europe will likely increase in the next few months, which could strengthen Europe as a listing destination and attract more investors to European equities.

Cautious optimism for 1H16

The recovery in the Eurozone is likely to continue at a steady pace, supported by low oil prices; continued loose monetary policy; strong domestic demand; the positive impact of economic reform in Italy and Spain; a competitive euro; the ECB monetary stimulus; and the potential fiscal stimulus from additional public spending on refugees.

The biggest risk to EMEIA economies and the IPO market in particular lies in the potential for volatility caused by uncertainty around a number of geopolitical factors. Within Europe itself, the political challenges around the Greek economy remain, and the question over a potential British exit from the European Union persists. Further afield, shocks from emerging markets and global terrorism also add to uncertainty and the impact of a potential increase in US interest rates will also need to be factored into company's projections.

There is some evidence emerging from our analysis that companies and investors are becoming more tolerant of stock market volatility, particularly while interest rates remain low and bond markets under-perform. We believe that successful IPO teams will still need to be ready to move quickly when market windows open and to come to market with a strong equity story, an experienced leadership team and a price that investors will find attractive.

EMEIA IPO

highlights

4Q15 YTD

(January-December 2015)²¹

Volume and value



Main markets:
204 deals
(3% increase on 4Q14 YTD)



Junior markets:
142 deals
(14% decrease on 4Q14 YTD)



Main markets:
proceeds US\$65.3b
(5% decrease on 4Q14 YTD)



Junior markets:
proceeds US\$1.8b
(71% decrease on 4Q14 YTD)

Key trends



Investor confidence

- European IPOs in 2015 were comprised of a healthy mix of state-owned enterprises, high-growth companies and corporate spin-offs as the recent trend toward larger deal sizes continues.
- EMEIA exchanges continue to attract foreign companies, hosting 31 cross-border IPOs in 2015, i.e., 9% of EMEIA IPOs.
- IPOs on EMEIA exchanges recorded strong results, with 97% pricing within or above initial pricing range and first-day average returns of +8.0% on main markets.
- Financial sponsors remain an important driver of IPOs, accounting for 23% of IPOs in 4Q15 and 20% in 2015.

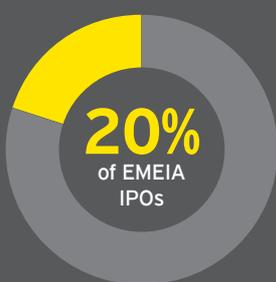
Commentary

"While the IPO market worldwide has declined from 2014 levels, EMEIA has performed relatively strongly this year, second only to Asia-Pacific in terms of deal volume and value in 2015. Despite risk factors including the slowdown in China, geopolitical uncertainty and persistent volatility in a number of major markets, Europe posted strong fourth quarter activity by capital raised due to larger average deal size. This points toward an uptick in IPOs in 2016, with investor sentiment bolstered by steadily improving economic fundamentals, on-going loose monetary policy and a steady pipeline of companies ready to go public across European exchanges."

Dr. Martin Steinbach
EY EMEIA IPO Leader

Top five exchanges by funds raised

LSE	Euronext	BME	DB	NASDAQ OMX
Main Market and AIM	Euronext	Bolsa de Madrid	Deutsche Börse	NASDAQ OMX
US\$15.0b (62 deals)	US\$12.8b (26 deals)	US\$9.4b (7 deals)	US\$7.8b (15 deals)	US\$6.1b (28 deals)



Financial sponsors drive EMEIA IPO market

PE/VC accounted for 20% of EMEIA IPOs (70 deals)

45% by proceeds
(US\$29.9b)



Three sectors trending



IPO pricing and performance

Main markets²²

+8.0% first-day average return

+18.8% increase in offer price vs. 4 December

US\$312.8m median post-IPO market cap

Junior markets²²

+2.7% first-day average return

+23.3% increase in offer price vs. 4 December

US\$13.6m median post-IPO market cap

Equity indices²³

FTSE 100	-5.0% ▼	BSE SENS	-6.8% ▼
DAX	+9.7% ▲	JSE All share	-1.0% ▼
CAC 40	+10.3% ▲	VSTOXX®	-13.4% ▼
MICEX	+25.7% ▲		

Cross-border IPOs



6% of EMEIA issuers are listed on EMEIA exchanges

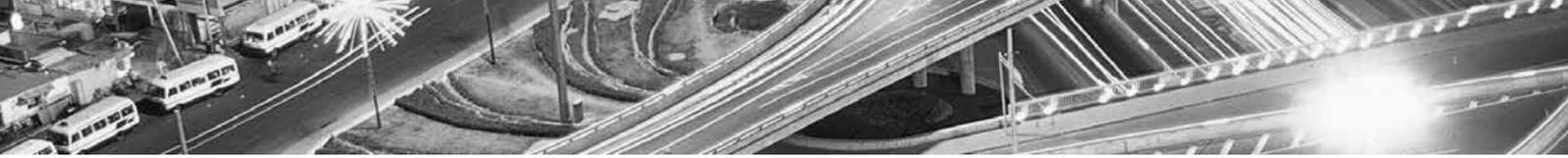
and **5%** are listed on US exchanges.

11% of EMEIA issuers conducted cross-border deals.

21. 4Q15 YTD (January-December 2015) IPO activity is based on priced IPOs as of 4 December and expected IPOs by end of December.

22. Pricing and performance is based on 197 IPOs on main markets and 139 IPOs on junior markets that have started trading by 4 December. Data as of 4 December.

23. Year-to-date returns of equity indices as of 4 December.



UK markets end year firing on all cylinders

Following the expectedly restrained 3Q15, the quietest quarter since 2011, a number of significant IPOs came to market in the final quarter of 2015 as businesses took advantage of the favorable environment created by political stability and increased investor appetite. IPO activity on the London Main Market and AIM fell 46% in 2015, with only 62 deals compared to last year's 114 IPOs, proceeds in 2015 also declined by 37% to US\$15.0b. On a quarterly basis, IPO activity in 4Q15 (17 deals) were lower than 4Q14, whereas IPO proceeds were the highest since 2Q14. The IPO listing of payment processing services company Worldpay Group plc in the final quarter of 2015 further boosted investor confidence and bodes well for the London markets going into 2016.

- ▶ In 4Q15, the London Main Market and AIM hosted 17 IPOs between them, accounting for 6% of global deals this quarter and driving the improvement in EMEA's activity level relative to other regions.
- ▶ Capital raised in 4Q15 (US\$7.2b) was up 270% compared to the US\$1.9b raised in the same period last year from 24 IPOs.
- ▶ PE investment underpinned IPO activity in the UK in 2015. Seven of the top ten UK IPOs this quarter and nine of the top ten deals in 2015 were PE-backed.

Mega IPO boosts quarter's figures

The largest listing of 4Q15 and 2015 was the successful IPO of financial services firm Worldpay Group plc. This was the largest IPO to take place on the LSE since 2011. Not only did the listing raise US\$3.8b in capital, but it also became the first IPO entrant straight into the FTSE 100 indices since the listing of Glencore International plc in 2011. It is worth noting that Worldpay Group plc was subject to a number of competing trade bids prior to its IPO, but that vendors and management chose to proceed with the IPO listing. The success of the IPO indicates the high levels of confidence in the UK's FinTech sector, with technology listings accounting for 18% of IPOs and 57% of the proceeds on London Main Market and AIM in 4Q15. This follows on from a string of impressive technology IPOs in 2015, with two of the year's top three listings on the Main Market being technology firms.

Aftermarket performance remains strong

Despite global market turmoil in 2015, the aftermarket performance of newly listed issuers on the London Main Market and AIM has been predominantly positive throughout the year. More than 70% of new issues in 2015 are trading above their offer price. Main Market listings in 4Q15 were well priced before being placed and were all trading at 0.5% to 28% above offer price as of 4 December, with average first-day returns of +7.9% above the offer price. This strong performance of newly listed stock in London Main Market and AIM has only served to bolster investor confidence in the market.

PE returns to dominance

After a subdued third quarter in which there were, unusually, no private equity or venture capital-backed IPOs, 4Q15 saw PE-backed companies return to form on the market. Seven of the top ten IPOs this quarter were PE-backed, in keeping with the wider trend on the London Main Market and AIM. Over the course of 2015, nine of the top ten deals were PE-backed. The return to form of PE-backed companies in the final quarter of 2015 indicates their enduring strength on the market.

In 4Q15, PE-backed companies made up 41% of the deals and 86% of capital raised. The underlying trend of PE supremacy is likely to continue throughout 2016. Although numbers may fall back slightly in the first quarter of 2016 after the flurry of listings in 4Q15, PE-backed businesses are expected to account for the majority of capital raised in 2016.

Strong pipeline for 2016

IPO activity in the first half of 2016 should at least equal and could potentially eclipse the activity levels seen in the first half of 2015. Driven by the performance and continued success of the IPOs in the last quarter of 2015, investor appetite is expected to persist, particularly following the example set in 4Q15 by Worldpay Group plc, which was widely expected to be a sale but ended up as an IPO listing.

Investor confidence remains difficult to evaluate, being neither bearish nor bullish. General investor sentiment seems to be increasingly secondary, with the success of IPOs being dictated more by the specific characteristics of individual companies rather than wider market sentiment. Companies in the construction, technology, media/entertainment and financial sectors have proved to be attractive. This is expected to continue throughout the first half of 2016 with the potential return to strength for the retail sector.

We believe that given the strong performance overall for newly listed shares compared to the overall performance of the FTSE 100 Index, investor interest and activity in IPOs is likely to escalate. This means that well-priced companies with a skilled management team should be able to take full advantage of the buoyant market going into 2016.

UK IPO highlights

4Q15 YTD

(January-December 2015)²⁴

Volume and value



London Main Market
33 deals
(18% decrease on 4Q14 YTD)



London AIM
29 deals
(61% decrease on 4Q14 YTD)



London Main Market
US\$14.2b
(27% decrease on 4Q14 YTD)



London AIM
US\$0.8b
(82% decrease on 4Q14 YTD)

Key trends



- ▶ All Main Market listings during 4Q15 were trading at between 0.5% to 28% above offer price as of 4 December, indicating that they were well priced before being placed.
- ▶ The robust performance of IPOs in 4Q15 is likely to maintain investors' appetite in 1H16, but this will be heavily influenced by the number of businesses that choose other options as part of their multitrack approach to fundraising.
- ▶ IPO activity in the first half of 2016 is expected to at least match and potentially surpass levels seen in the first half of 2015.

Commentary

"Driven by the widely anticipated, and highly successful IPO of Worldpay, the London Main Market has been rejuvenated during the last quarter of 2015. With PE-backed businesses making up the majority of the listings, we have seen strong aftermarket performance, indicating that the pricing concerns of 2014 have been overcome and the basis for strong market growth in 2016 has been established. We especially expect to see this growth continue in the technology and financial services sectors, following the trends set in 2015 by Sophos and Worldpay. Given the current difficulties in the corporate bond market, we anticipate that IPOs will become the favored method of raising capital in 2016, with sale remaining the strong alternative for exit strategies."

Scott McCubbin
EY UK and Ireland IPO Leader

Financial sponsors drive UK IPO market



PE and VC accounted for 35% of UK IPOs (22 deals)

80% of proceeds (US\$12.0b)



Three sectors trending



IPO pricing and performance

London Main Market²⁵

+7.9% first-day average return

+25.4% increase in offer price vs. 4 December

US\$423.1m median post-IPO market cap

Alternative Investment Market²⁵

+5.4% first-day average return

+20.0% increase in offer price vs. 4 December

US\$58.1m median post-IPO market cap

Equity indices²⁶

FTSE 100

-5.0% ▼

FTSE 350

-2.9% ▼

FTSE AIM ALL SHARE

+5.5% ▲

Cross-border activity in 4Q15 YTD²⁷

Ireland had **3 deals** raising US\$798m on London Main Market and AIM.

United States had **2 deals** raising US\$296m on the London Main Market and AIM.

China had **2 deals** raising US\$25m on London Main Market and AIM.



Top three IPOs in 4Q15 YTD by capital raised

Worldpay Group plc	Auto Trader Group plc	Sophos Group plc
raised US\$3.8b (UK, technology)	raised US\$2.4b (UK, industrials)	raised US\$637m (UK, technology)

24. 4Q15 YTD (January-December 2015) IPO activity is based on priced IPOs as of 4 December and expected IPOs by end of December.

25. Pricing and performance is based on 33 IPOs on London Main Market and 28 IPOs on AIM that have started trading by 4 December. Data as of 4 December.

26. Year-to-date returns of equity indices as of 4 December.

27. There were 18 cross-border IPOs on London Main and AIM in 4Q15 YTD. The other deals include one each from Israel, Malaysia, Barbados, Hungary, Cyprus, Italy, Egypt, Myanmar, Finland, Australia and Georgia.

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Find out more about future IPO prospects

For more information on global IPO performance by quarter and year, and how IPO market looks set to develop in 2016, visit the EY Global IPO website:

ey.com/ipo

Note: Throughout this report, 2015 January to December (4Q15 YTD) IPO activity is based on priced IPOs as of 4 December and expected IPOs by end of December. Source of data: Dealogic and EY.