

Q2'10 Global IPO update

July 2010

Q2'10 key highlights

- ▶ Global IPO activity by number of IPOs, was significantly higher in Q2'10 (301 deals) compared with Q2'09 (82 deals) and this was slightly higher than Q1'10 (289 deals):
 - ▶ 267% more IPOs in Q2'10 than Q2'09.
 - ▶ 4% more IPOs than Q1'10.

- ▶ Total capital raised in Q2'10 was significantly higher (US\$46.1 billion) than Q2'09 (US\$10.4 billion), but lower than Q1'10 (US\$52.8 billion):
 - ▶ 343% more capital raised in Q2'10 than in Q2'09.
 - ▶ 13% less capital raised in Q2'10 than in Q1'10.

- ▶ The global IPO market recovery which started in the second half of 2009 continued in the first half of 2010. The global IPO activity is the highest first half activity since 2007 (by number of deals and capital raised). Despite global market volatility sparked by the sovereign debt crisis in the euro zone, IPO markets sustained their momentum, although capital raised declined 13% from Q1'10 to Q2'10.
 - ▶ Six IPOs had capital raised of over US\$1 billion in Q2'10 compared with two in Q2'09 and nine deals in Q1'10.
 - ▶ South Korea's Samsung Life Insurance raised US\$4.4 billion, which constituted 10% of global capital raised. It is the largest IPO in Q2'10. It is the biggest Korean IPO since Lotte Shopping's listing in 2006.
 - ▶ The second largest IPO was Poland's insurance company, PZU SA, which raised US\$2.7 billion and constituted 6% of global capital raised in Q2'10.
 - ▶ Insurance companies accounted for the top two in Q2'10 by capital raised (there were only two IPOs by insurance companies in Q2'10).
 - ▶ India's Essar Energy plc raised US\$1.9 billion (4% of global capital raised) was the third largest IPO this quarter. This was listed on London Stock Exchange (LSE). This deal is the third largest IPO ever by Indian companies.
 - ▶ The top three IPOs in Q2'10 accounted for 20% of the quarter's global capital raised.

Q2'10 key highlights

- ▶ Asian issuers continue to drive global IPO activity in Q2'10 (53% of IPO activity by deals).
 - ▶ The relative strength of the Asian IPO market looks set to continue with the expected US\$21.7 billion IPO from the Agricultural Bank of China due in early July.

- ▶ Europe and the US joined Asia in the continuous recovery of the global capital markets:
 - ▶ European IPO activity in Q2'10 shows significant recovery compared to 2009. Europe raised US\$9.7 billion in 55 deals in Q2'10. Europe activity (by number of deals and capital raised) is the highest quarterly total since Q2'08. In fact, capital raised by European issuers rose for the third consecutive quarter – capital raised in Q2'10 exceed the total capital raised in 2009.
 - ▶ US IPO activity continues its recovery. Number of deals and capital raised were higher in Q2'10 than Q1'10. There continues to be an increase in new IPO filings. There were 74 new IPO filings in Q2'10, the highest quarterly total since Q3'07.
 - ▶ The Middle East and Africa IPO market also showed signs of recovery in Q2'10.

- ▶ The recovery in financial sponsor backed IPO* activity that started in Q3'09 continues in Q2'10.
 - ▶ The largest sponsor backed IPO in Q2'10 is Spain's Amadeus IT Holdings SA. Five of the top 20 IPOs were sponsor-backed IPOs (1 each from Spain, Denmark, US, South Africa and South Korea).

- ▶ Emerging markets continued to drive activity in the global IPO market:
 - ▶ Developing countries made up 67% of global number of deals, whereas developed countries made up 33%.
 - ▶ Developing countries raised 73% of the total global capital raised compared to 27% from developed economies.
 - ▶ Six of the top 10 IPOs and 14 of the top 20 IPOs by capital raised were from emerging markets.

*Financial sponsor backed IPOs refer to private equity backed IPO deals. A financial sponsor is defined by Dealogic as “a private equity investment firm that acquires existing and operating companies through a leveraged or management buyout, engages in restructuring activities for the acquired companies and eventually monetizes its positions through a sale of equity, recapitalization, secondary buyout or trade sale.”

Q2'10 key highlights

- ▶ Twenty-three of Q2'10 global IPOs (8%) were former state-owned enterprises (SOEs). Eighteen of the 23 deals were from China, 2 were from Poland and 3 from other emerging markets.
 - ▶ Three of the top 20 IPOs were former SOEs, 2 of these were from Poland and 1 was from China.
- ▶ BRIC countries together raised US\$20.1 billion (44% of total capital raised) in 122 deals (41% of total deal numbers) in Q2'10.
 - ▶ Three of the top 10 IPOs and 7 of the top 20 IPOs by capital raised were from BRIC issuers.

Geographical analysis:

- ▶ By number of IPOs:
 - ▶ Asia Pacific continues to be the leading region with 58% market share. EMEA and North America regions had 22% and 17% market share respectively.
 - ▶ Far East countries (China/HK, South Korea, Japan and Taiwan) accounted for 130 IPOs. Six of the top 20 IPOs by value are domiciled in the Far East, 4 were from China/HK.
 - ▶ China/HK, US and Poland were market share leaders with 110, 32 and 20 IPOs respectively.
- ▶ By capital raised:
 - ▶ Asia Pacific was the market share leader with 56% in Q2'10. EMEA and North America were ranked second and third with 25% and 16% market share respectively.
 - ▶ China/HK, South Korea and US were market share leaders in Q2'10 with 35% (US\$16.0 billion), 11% (US\$5.1 billion) and 10.3% (US\$4.7 billion) respectively.

Q2'10 key highlights

Industry analysis:

- ▶ Leading industries (by number of deals) are materials (55), industrials (51) and technology (48).
- ▶ Leading industries (by capital raised) include financials (US\$8.2 billion), energy & power (US\$7.9 billion) and industrials (US\$5.8 billion).
- ▶ Although only two IPOs in Q2'10 were by insurance companies (0.7% of global number of deals), these raised US\$7.1 billion altogether (15% of global capital raised). These two insurance issuers were the largest and second largest IPOs in Q2'10.

Exchange analysis:

- ▶ By number of IPOs:
 - ▶ China's Shenzhen Stock Exchange (SSE - SME and ChiNext boards), US's NASDAQ and New York Stock Exchange (NYSE) were the top three exchanges respectively in Q2'10.
- ▶ By capital raised:
 - ▶ China's Shenzhen Stock Exchange (SSE), South Korea's Korea Stock Exchange (KSE) and Poland's Warsaw Stock Exchange (WSE) were the top three exchanges respectively in Q2'10.
- ▶ Although only 1% of the total number of IPOs in Q2'10 were listed on Korea Stock Exchange, it attracted 11% of capital raised this quarter (#1 rank), due to hosting this quarter's largest IPO – Samsung Life Insurance (raised US\$4.4 billion).
- ▶ Although only 2% of total number of IPOs were listed on Warsaw Stock Exchange, it attracted 9% of capital raised in Q2'10 (#3 rank), due to hosting the 2nd and 6th largest IPOs this quarter – insurance company PZU SA (raised US\$2.7 billion) and energy company Tauron – Polska Energia SA (raised US\$1.3 billion).

Q2'10 key highlights

The global “Top 20 Club” (top 20 IPOs by capital raised)

- ▶ Emerging markets represent 6 of the top 10 IPOs and 14 of the top 20 IPOs:
 - ▶ Asia Pacific region accounts for 45% of the Top 20 Club (9 IPOs out of 20). Four IPOs were from China/HK while India and South Korea had two deals each.
 - ▶ EMEA region account for 40% of the Top 20 Club (8 IPOs out of 20). Two deals were from Poland, while Spain, Denmark, France, South Africa, Israel and Russia had one deal each.
 - ▶ North America region accounts for 15% of the Top 20 Club (3 IPOs out of 20). Two deals were from US companies and 1 deal was from Canada.
- ▶ Eighteen of the top 20 listed on their home exchange (as their primary exchange). Two of the top 20 that listed on a foreign exchange was France’s L’Occitane which listed on the HKEx and India’s Essar Energy which listed on LSE.
- ▶ The top 10 IPOs globally raised US\$16.9 billion which represents about 37% of global capital raised in Q2’10. The top 20 IPOs together raised US\$21.9 billion which represents about 48% of global capital raised.
- ▶ Greater China was the source of 4 of the top 20 IPOs in Q2’10. Issuers from India, Poland, South Korea and US account for 2 deals each.
- ▶ The minimum deal value to join the global Top 20 Club in Q2’10 has risen to US\$390 million, compared to US\$101 million in Q2’09.
- ▶ The minimum deal value to join the global Top 10 Club in Q2’10 has risen to US\$733 million, compared to US\$174m in Q2’09.
- ▶ Energy & power industry generated five of the top 20 IPOs, while financial and health care industries accounted for 4 of the top 20 IPOs each.

Global IPO activity: number of deals and capital raised by year

Global IPO activity increased significantly in the first half of 2010, compared to 2009. Improved economic conditions in many countries, stronger performance of global equity markets and increasing investor optimism contributed to this increase in IPO activity.

Source: Dealogic, Thomson Financial, Ernst & Young

Global IPO activity: number of deals and capital raised by quarter

In Q2'10, there were 6 deals with capital raised above US\$1 billion. Of the top 10 IPOs (by capital raised), 6 deals were from emerging countries. Of the top 20 IPOs, 14 deals were from emerging countries.

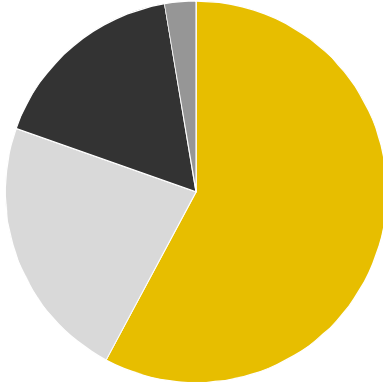
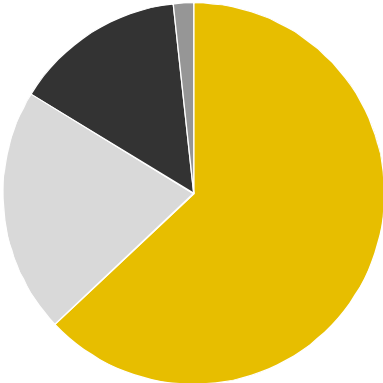
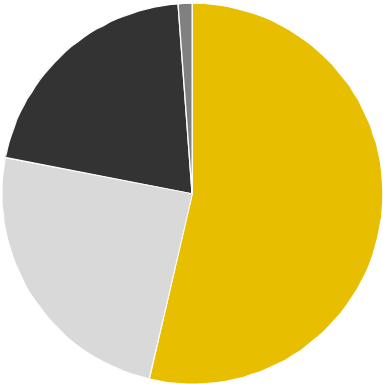
Source: Dealogic, Thomson Financial, Ernst & Young

Global IPO activity: distribution of IPOs by world region (by number of deals)

Q2'09

Q1'10

Q2'10



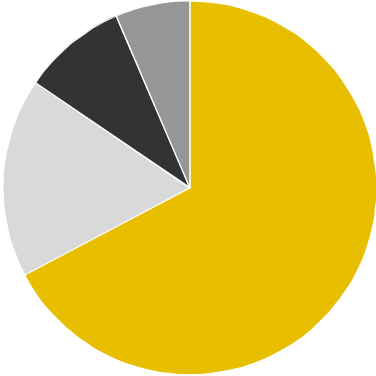
Source: Dealogic, Thomson Financial, Ernst & Young

Global IPO activity: distribution of IPOs by world region (by capital raised)

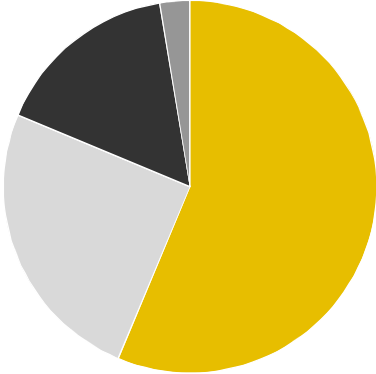
Q2'09



Q1'10



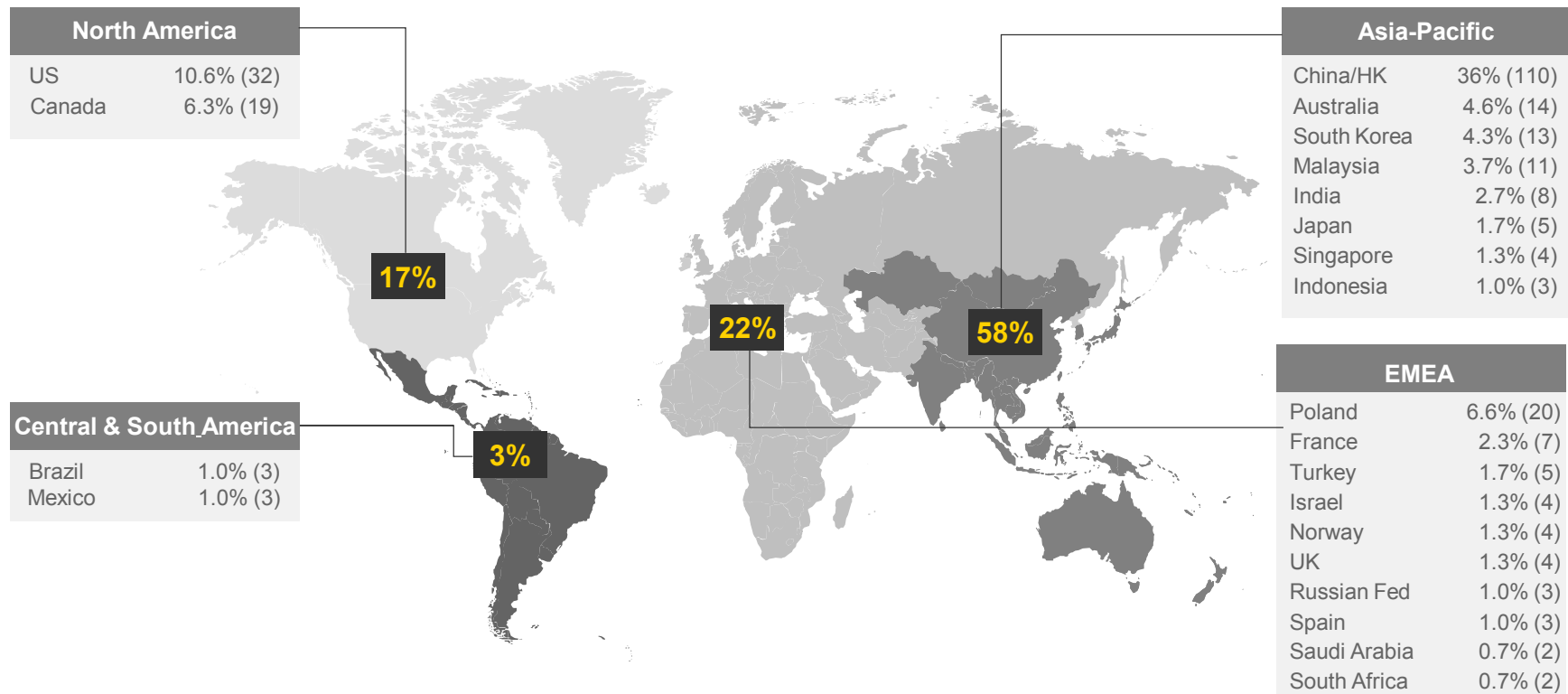
Q2'10



*Primarily due to Brazil's Visanet IPO which raised US\$4.3 billion (41% of global capital raised in Q2'09)
Source: Dealogic, Thomson Financial, Ernst & Young

Q2'10 Global IPO activity: by region and number of deals

China/HK lead by number of deals, followed by US and Poland

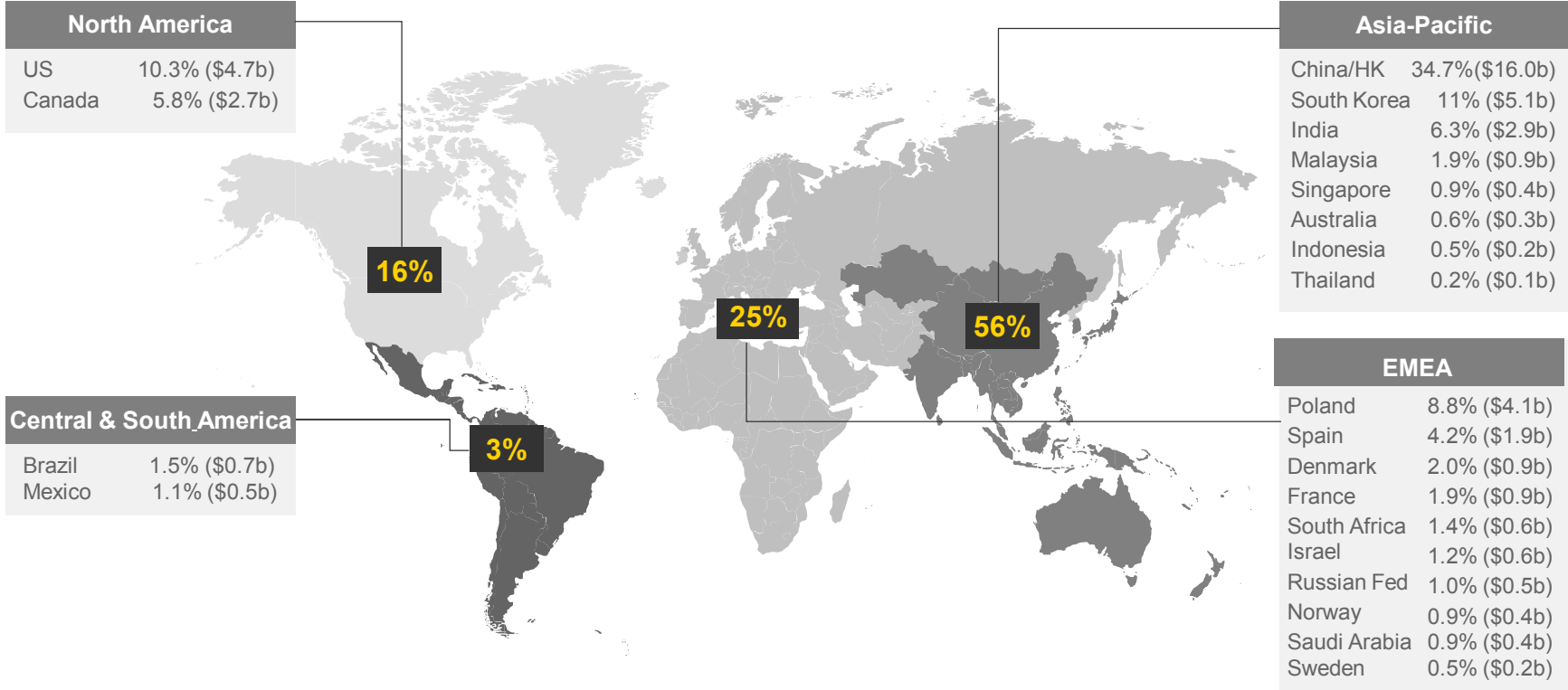


Developing countries made up 67% of the number of deals globally, whereas developed countries made up 33%.
 Developing countries raised 73% of the total global capital raised compared to 27% from the developed economies.

Source: Dealogic, Thomson Financial, Ernst & Young

Q2'10 Global IPO activity: by region and capital raised

China/HK lead by total capital raised (US\$), followed by South Korea and US



Six of the top ten IPOs and 14 of the top 20 IPOs by capital raised were from emerging markets. BRICs together raised US\$20.1 billion (44 of total capital raised) in 122 deals (41% of total deal numbers).

Source: Dealogic, Thomson Financial, Ernst & Young

Global IPO activity: by industry and % of global number of deals

Global IPO activity: by industry and % of global capital raised

Q2'10 Global IPO activity: by stock exchanges*

Top 12 by number of deals

Primary exchange	No. of deals	%
Shenzhen Stock Exchange (SZE)**	83	27.6%
NASDAQ	21	7.0%
New York Stock Exchange (NYSE)	17	5.7%
Australian Securities Exchange (ASX)	14	4.7%
NewConnect – Warsaw	14	4.7%
Hong Kong Exchanges & Clearing Ltd (HKEx)	11	3.7%
KOSDAQ	11	3.7%
Bursa Malaysia	11	3.7%
Toronto Stock Exchange (TSX)	9	3.0%
London Alternative Investment Market (AIM)	8	2.7%
Bombay Stock Exchange (BSE)	7	2.3%
Warsaw Stock Exchange (WSE)	7	2.3%

Top 12 by total capital raised

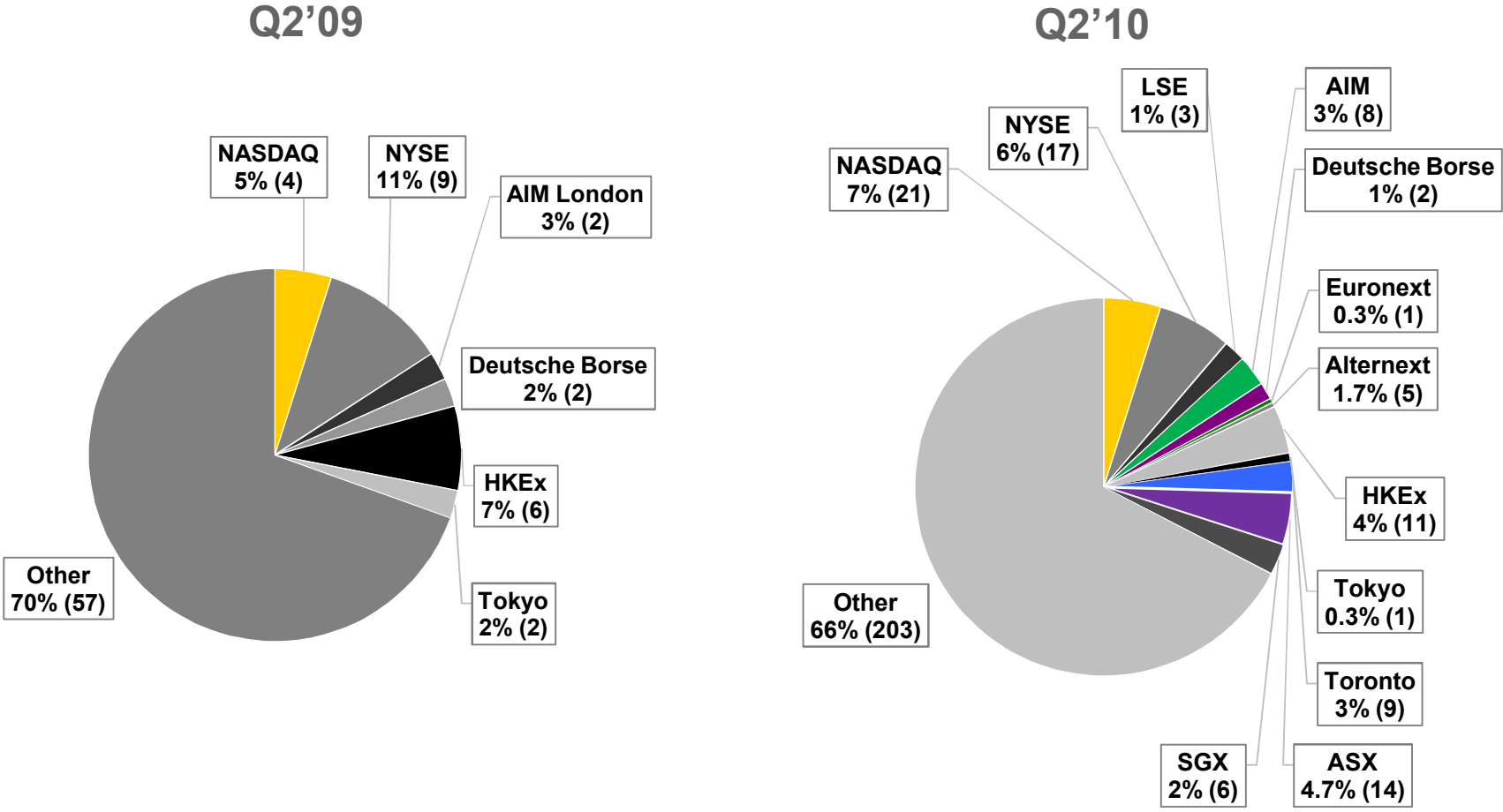
Primary exchange	Capital raised US\$m	%
Shenzhen Stock Exchange (SZE)**	\$14,155	30.7%
Korea Stock Exchange (KSE)	\$4,990	10.8%
Warsaw Stock Exchange (WSE)	\$4,154	9.0%
New York Stock Exchange (NYSE)	\$3,399	7.4%
Toronto Stock Exchange (TSX)	\$2,365	5.1%
London Stock Exchange (LSE)	\$2,201	4.8%
Bolsa de Madrid	\$1,944	4.2%
NASDAQ	\$1,907	4.1%
Hong Kong Exchanges & Clearing Ltd (HKEx)	\$1,872	4.1%
Bombay Stock Exchange (BSE)	\$943	2.1%
OMX Copenhagen	\$907	2.0%
Bursa Malaysia	\$882	1.9%

*Data based on domicile of the exchange, regardless of the listed company domicile

**Shenzhen Stock Exchange includes listings on Mainboard and ChiNext

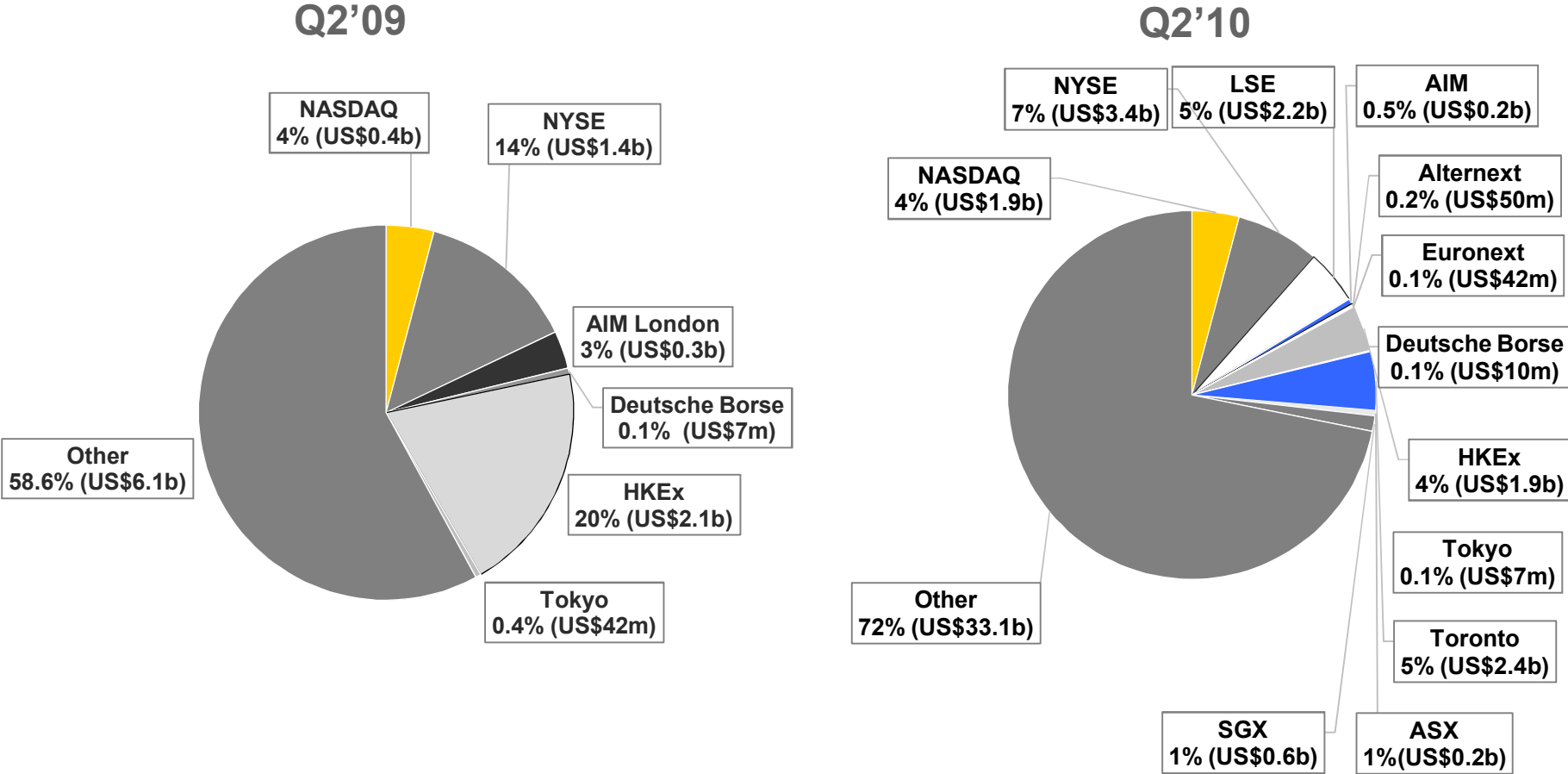
Source: Dealogic, Thomson Financial, Ernst & Young

Global IPO activity: by stock exchange* and number of deals**



*Data based on domicile of the exchange, regardless of the listed company domicile
 ** Chart shows the IPO market share of the main "traditional" exchanges (vs. the rise of the emerging exchanges) . For list of Top 10 exchanges in Q1'10, please refer to slides 15.
 Source: Dealogic, Thomson Financial, Ernst & Young

Global IPO activity: by stock exchange* and total capital raised**



*Data based on domicile of the exchange, regardless of the listed company domicile

** Chart shows the IPO market share of the main "traditional" exchanges (vs. the rise of the emerging exchanges) . For list of Top 10 exchanges in Q1'10, please refer to slides 15.

Source: Dealogic, Thomson Financial, Ernst & Young

Emerging markets: IPO activity by year in the BRIC countries

Source: Dealogic, Thomson Financial, Ernst & Young

Emerging markets: IPO activity by quarter in the BRIC countries

Source: Dealogic, Thomson Financial, Ernst & Young

Q2'10 Top 20 IPOs: by capital raised

Issue month	Issuer name	Domicile nation	Industry description	Issuer business description	Proceeds (US\$m)	Exchange(s)	PE-backed IPO
Apr	Samsung Life Insurance Co Ltd	South Korea	Financials	Investment and insurance company	4,412	Korea	
May	Powszechny Zaklad Ubezpieczen SA - PZU SA	Poland	Financials	Insurance company	2,708	Warsaw	
Apr	Essar Energy plc	India	Energy & power	Electric power generation and oil and gas exploration company	1,944	London	
Apr	Amadeus IT Holding SA	Spain	High technology	Travel transaction processor and provider of advanced technology solutions	1,927	Madrid	YES
Apr	Athabasca Oil Sands Corp	Canada	Energy & power	Engaged in oil and gas exploration services	1,321	Toronto	
Jun	TAURON – Polska Energia SA	Poland	Energy & power	Electric power generation and distribution company	1,287	Warsaw	
Jun	Chr. Hansen Holding A/S	Denmark	Health care	Developer of natural ingredient solutions to the food, pharmaceutical and agricultural industries	907	Copenhagen	YES
May	Shenzhen Hepalink Pharmaceutical Co Ltd	China	Health care	Pharmaceutical company	869	Shenzhen	
May	L'Occitane International SA	France	Consumer products & services	Manufacturer of toiletries and cosmetics	787	Hong Kong	
Jun	Sichuan Kelun Pharmaceutical Co Ltd	China	Health care	Manufactures and sells intravenous products	733	Shenzhen	

Source: Dealogic, Thomson Financial, Ernst & Young

Q2'10 Top 20 IPOs: by capital raised

Issue month	Issuer name	Domicile nation	Industry description	Issuer business description	Proceeds (US\$m)	Exchange(s)	PE-backed IPO
Jun	Oasis Petroleum Inc	United States	Energy & power	Oil and natural gas exploration and production company	676	New York	YES
Jun	Life Healthcare Group Holdings Ltd	South Africa	Health care	Private healthcare service provider	622	Johannesburg	YES
Jun	Azrieli Group	Israel	Real estate	Real estate investment company	522	Tel Aviv	
May	Jaypee Infratech Ltd	India	Industrials	Constructor of a highway	511	Bombay, National	
May	Hangzhou Hik-Vision Digital Technology Co Ltd	China	Consumer products & services	Security system monitoring services provider	498	Shenzhen	
Apr	Zhejiang Narada Power Source Co Ltd	China	Energy & power	Manufacturer of battery	480	Shenzhen – ChiNext	
Jun	Sunway Real Estate Investment Trust	Malaysia	Real estate	Real Estate Investment Trust	460	Malaysia	
May	Mando Corp	South Korea	Industrials	Manufacturer of various car parts and air conditioners	437	Korea	YES
Apr	Protek	Russian Fed	Financials	Involved in pharmaceuticals' manufacturing, wholesale and retail trade	400	Moscow	
Jun	CBOE Holdings Inc	United States	Financials	Options exchange for the trading of standardized, listed options on equity securities	390	NASDAQ	
Total capital raised by top 20 IPOs					US\$21,892		
Total global capital raised in Q2'10					US\$46,053		
% of top 20					48%		

Source: Dealogic, Thomson Financial, Ernst & Young

Appendix: definitions

- ▶ The data presented in the *Annual IPO trends report* and *Quarterly and Year End press release* are from Dealogic, Thomson Financial and Ernst & Young.
- ▶ For the purposes of these reports and press releases, we focus only on IPOs of operating companies and define an IPO as follows:
 - ▶ A company's first offering of equity to the public
- ▶ This report includes only those IPOs for which Dealogic, Thomson Financial and Ernst & Young 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 overallotment sold). Postponed IPOs or those which have not yet been priced are therefore 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 nation of the company undertaking an IPO. The primary exchange on which they are listed is as defined by Dealogic, Thomson Financial and Ernst & Young research. A foreign listing is where the stock exchange nation of the company is different from the company's domicile nation (i.e., issuer's nation). For IPO listings on HKEx, SSE, SSZE, WSE, NewConnect, TSX and TSX-V exchanges, we use their first trading date in place of issue date.

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