



Q2'09 Global IPO update

July 2009

Q2'09 key highlights

- ▶ Global IPO activity by number of IPOs, was higher in Q2'09 (76 deals) compared with Q1'09 (52 deals), though this was significantly lower than Q2'08 (269 deals).
 - ▶ 46% more IPOs in Q2'09 than Q1'09.
 - ▶ 72% fewer IPOs than Q2'08.
- ▶ Total capital raised in Q2'09 was much higher (US\$9.9 billion) than Q1'09 (US\$1.4 billion), though significantly lower than Q2'08 (US\$38.2 billion).
 - ▶ 600% more capital raised in Q2'09 than in Q1'09.
 - ▶ 74% less capital raised in Q2'09 than in Q2'08.
- ▶ Global IPO activity in the first 6 months of 2009 remains the lowest first half total since 2003. However, there has been some recovery of global IPO activity from Q1'09 to Q2'09.
 - ▶ There are now 2 IPOs with funds raised of over US\$1 billion.
 - ▶ The Brazil IPO, VisaNet Brasil which raised US\$3.7 billion, constituted 38% of global capital raised in Q2'09. It is the world's largest IPO so far in 2009.
 - ▶ The second largest IPO, China Zhongwang raised US\$1.3 billion, which constituted 13% of global capital raised this quarter.
 - ▶ The top 3 IPOs in Q2'08 accounted for 60% of the quarter's global capital raised.
- ▶ Early signs are that the wider economy has bottomed out, but economic recovery is likely to take time and will vary by region. IPO activity generally tracks the macro-economy with a lag.
- ▶ Q2'09 has been a record breaking quarter for follow-on issuances globally as companies accessed improved equity markets to strengthen their balance sheet.

Q2'09 key highlights

- ▶ Although facing a decline in IPOs compared to 2007, both in deals and capital raised, emerging markets continued to drive activity in the IPO market.
- ▶ Developing countries made up 70% of the number of deals globally, whereas developed countries made up 30%. Developing countries raised 84% of the total global capital raised compared to 16% from the developed economies.
 - ▶ The developing economies' share of capital raised was mainly due to Brazil and China's IPO activity which constituted 67% of global capital raised in Q2'09.
- ▶ Seven of the top ten IPOs and 12 of the top 20 IPOs by capital raised were from emerging markets.
- ▶ BRIC (Brazil, Russia, India and China) countries together raised US\$6.6 billion (67% of total capital raised) in 15 deals (20% of total deal numbers).

Geographical analysis:

- ▶ By number of IPOs:
 - ▶ Asia-Pacific region was the leading region with 60% market share. North America and EMEA regions had 22% and 17% market share respectively.
 - ▶ Far East area (South Korea, China/HK, Japan, Thailand, Indonesia and Malaysia) accounted for 42 IPOs. 9 of the top 20 IPOs by value are domiciled in the Far East, all from China.
 - ▶ South Korea and China/HK were market share leaders with 17 and 15 IPOs respectively.
- ▶ By capital raised:
 - ▶ Central & South America region was the market share leader with 38% in Q2'09. Asia-Pacific and North America were ranked second and third with 34% and 16% market share respectively.
 - ▶ Brazil, China/HK and US were market share leaders in Q2'09 with 38% (US\$3.7 billion), 29.6% (US\$2.9 billion) and 10.4% (US\$1.0 billion) respectively.

Q2'09 key highlights

Industry analysis:

- ▶ Leading industries (by number of deals) include industrials, materials, financials and technology.
- ▶ Leading industries (by capital raised) include financials, materials and telecommunications.

Exchange analysis:

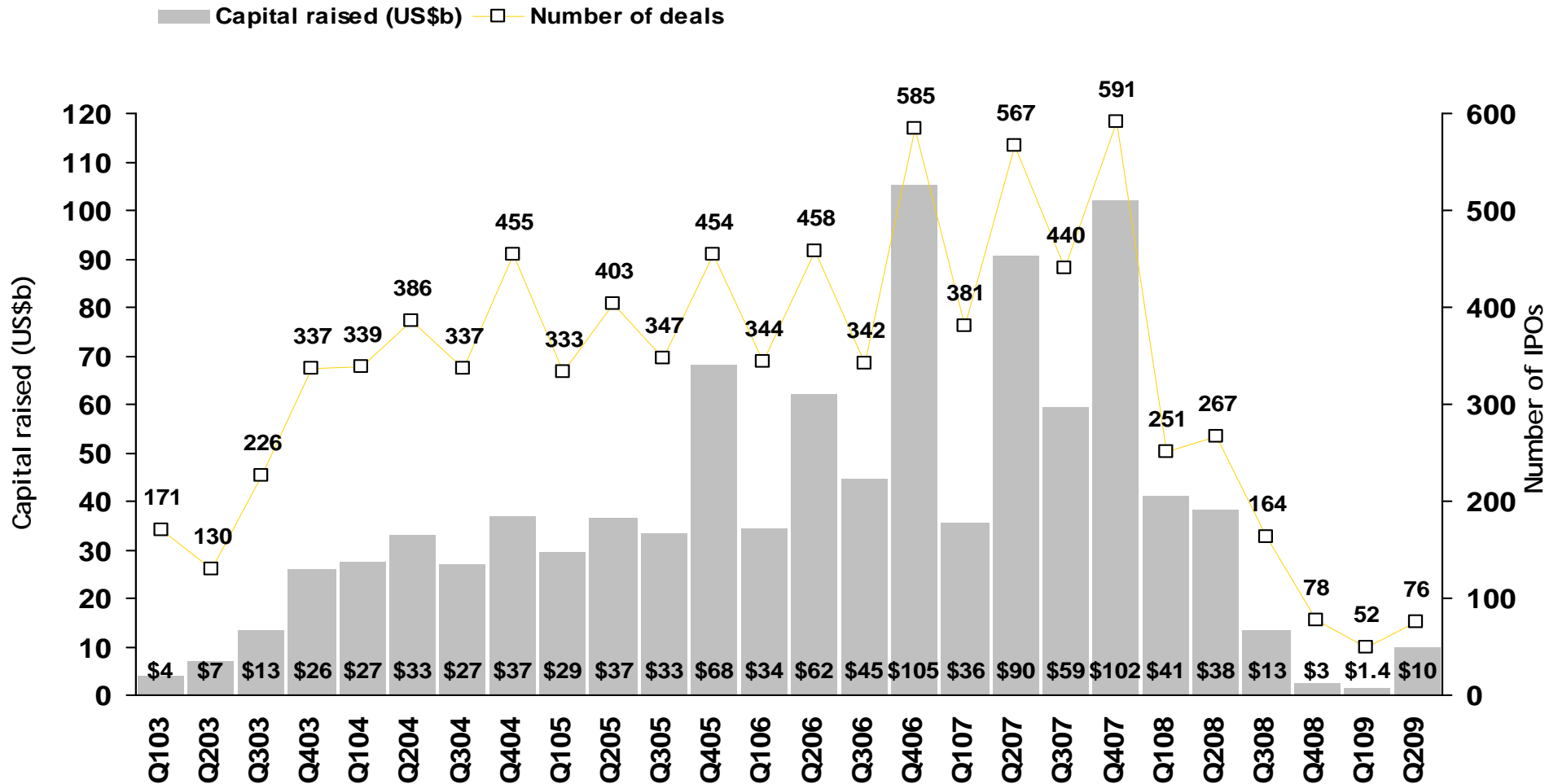
- ▶ By number of IPOs:
 - ▶ South Korea's KOSDAQ, Hong Kong's HKEx and US's NYSE were the top three exchanges respectively in Q2'09.
- ▶ By capital raised:
 - ▶ Brazil's BOVESPA, Hong Kong's HKEx and Qatar's Doha Securities Market were the top three exchanges respectively in Q2'09.
- ▶ Although only 1% of the total number of IPOs in Q2'09 were listed on BOVESPA, BOVESPA attracted 38% of capital raised this quarter (#1 rank), due to hosting this quarter's largest IPO, VisaNet Brasil.

Q2'09 key highlights

The Top 20 Club (top 20 IPOs by capital raised)

- ▶ Asia-Pacific region accounts for 45% of the Top 20 Club (nine IPOs out of 20). All nine IPOs were from China/HK.
- ▶ North America region accounts for 40% of the Top 20 Club (eight IPOs out of 20). 6 deals were from US companies and the other 2 deals were from Canada.
- ▶ EMEA region account for 10% of the Top 20 Club (two IPOs out of 20).
- ▶ 18 of the Top 20 Club listed on their home exchange (as their primary exchange). The other 2 of the top 20 were Chinese companies listing on US exchanges.
- ▶ The Top 20 Club IPOs raised US\$8.9 billion which represents about 91% of global funds raised in Q2'09.
- ▶ Emerging markets represent seven of the top ten IPOs and 12 of the top 20 IPOs.
- ▶ The minimum deal value to join the Top 20 Club at Q2'09 has fallen to US\$87.1million, compared to US\$354.2 million in Q2'08.
- ▶ The minimum deal value to join the Top 10 Club at Q2'09 has fallen significantly to US\$165.6 million, compared to US\$848.6 million in Q2'08.
- ▶ High technology industry generated five of the top 20 IPOs, while energy and power and materials industries each accounted for three of the top 20 IPOs.

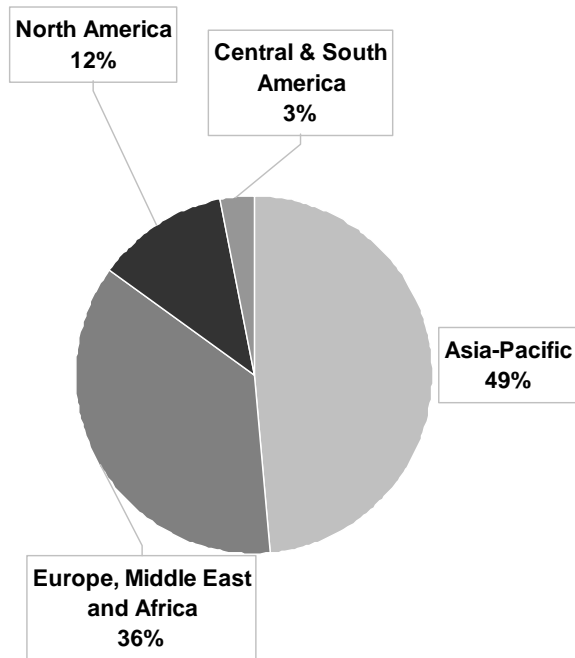
Global IPO activity: number of deals and capital raised by quarter



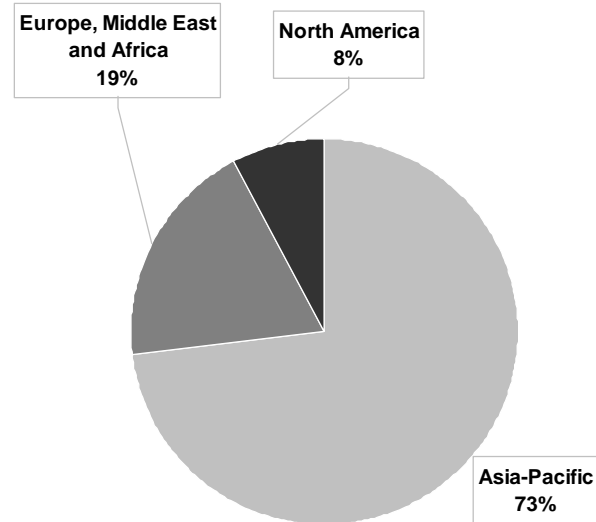
Source: Dealogic, Thomson Financial, Ernst & Young

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

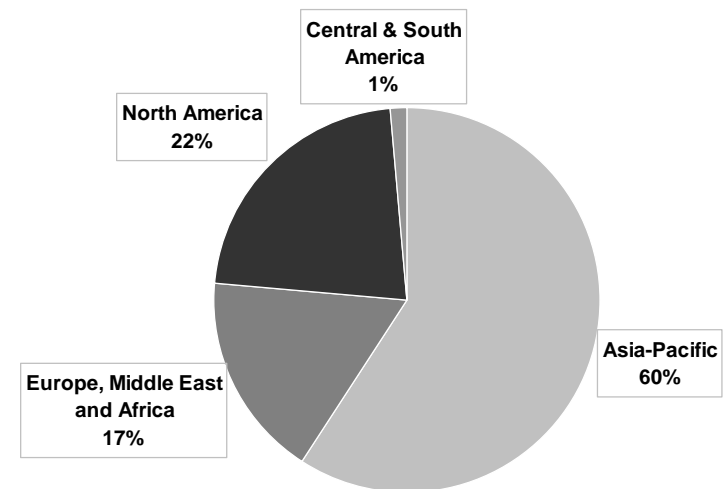
Q2'08



Q1'09



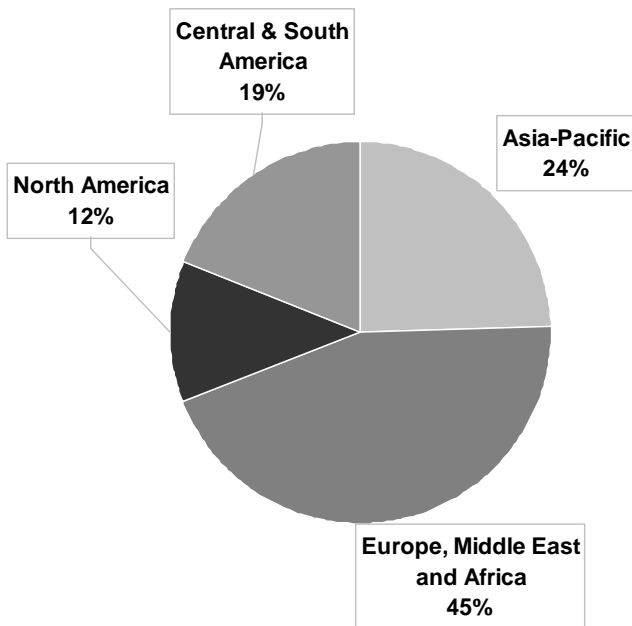
Q2'09



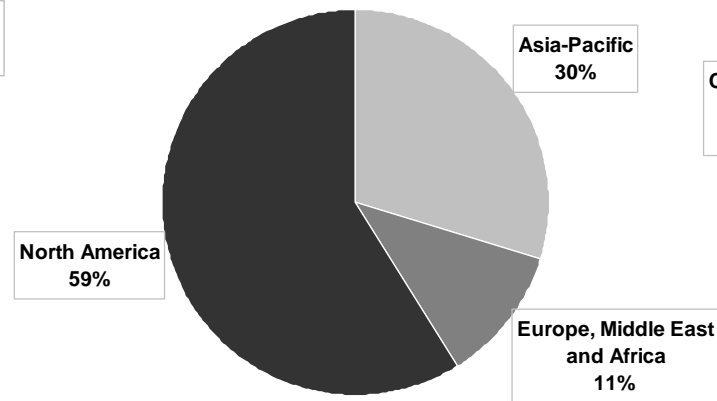
Source: Dealogic, Thomson Financial, Ernst & Young

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

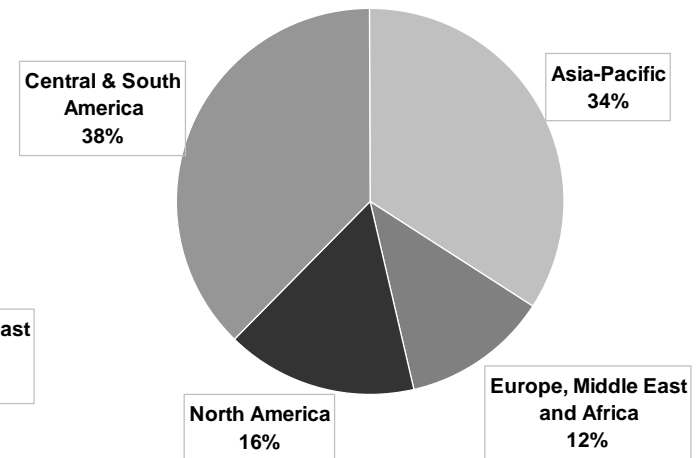
Q2'08



Q1'09



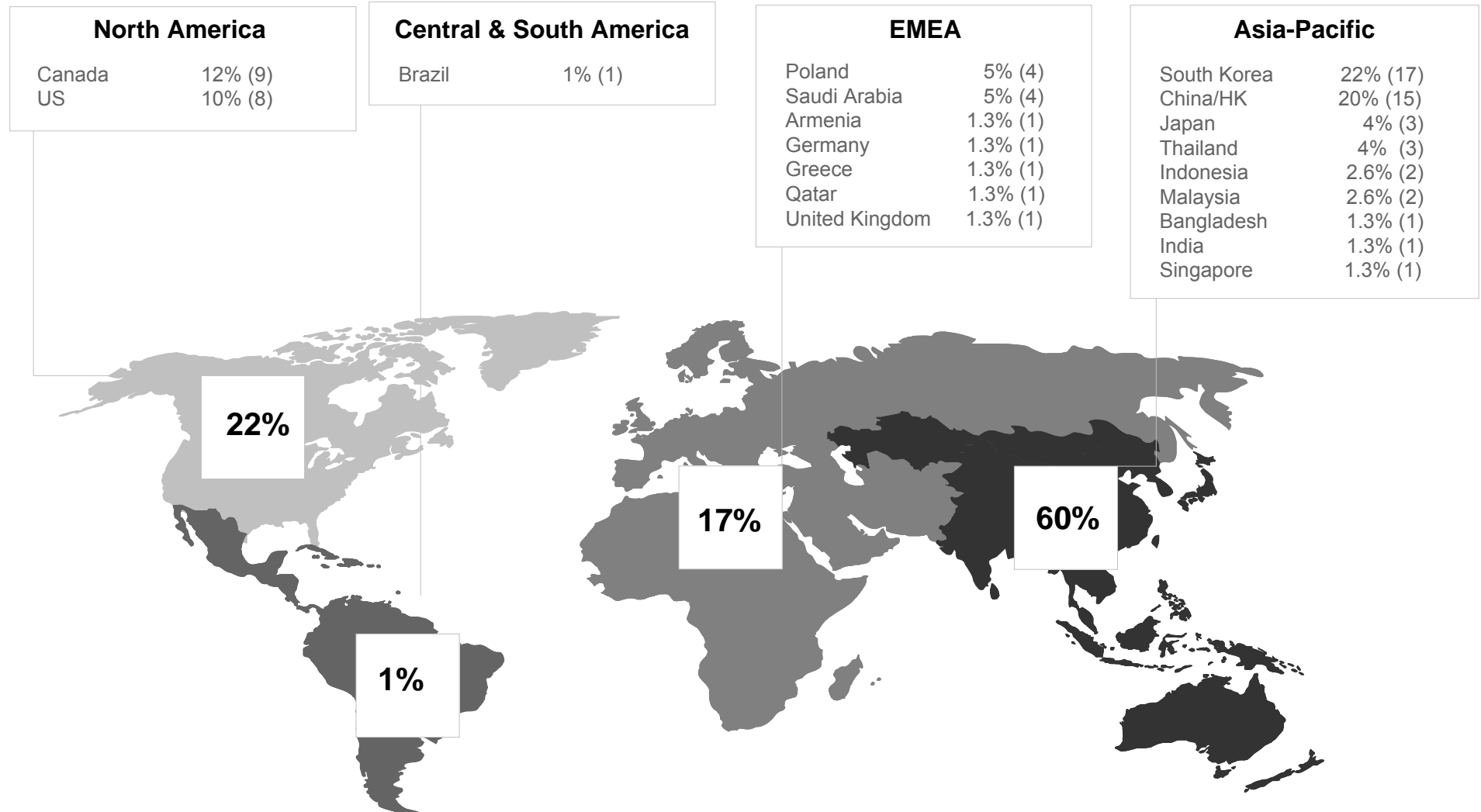
Q2'09



Source: Dealogic, Thomson Financial, Ernst & Young

Q2'09 Global IPO activity: by region and number of deals

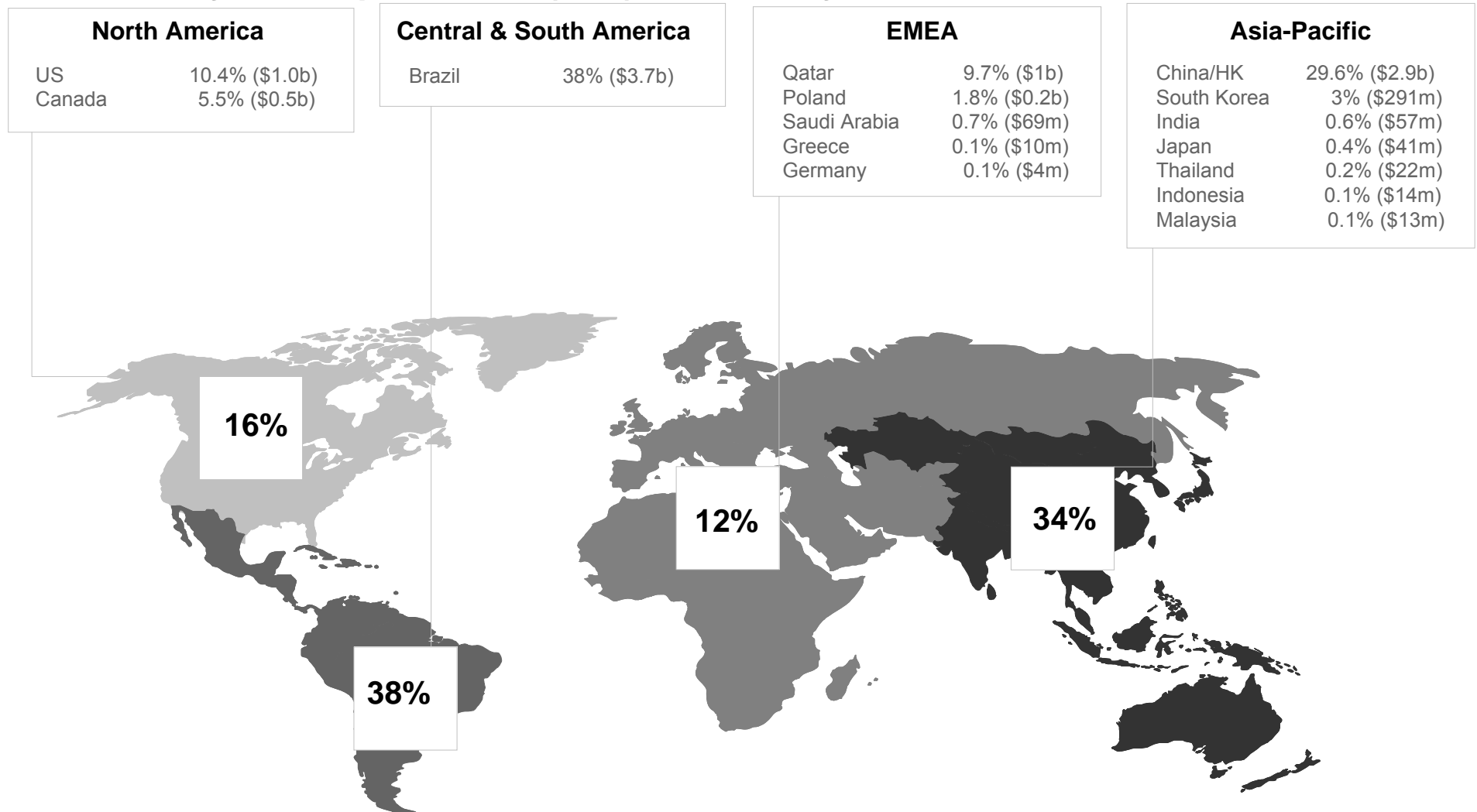
South Korea and China/HK lead by number of deals, followed by Canada



Source: Dealogic, Thomson Financial, Ernst & Young

Q2'09 Global IPO activity: by region and capital raised

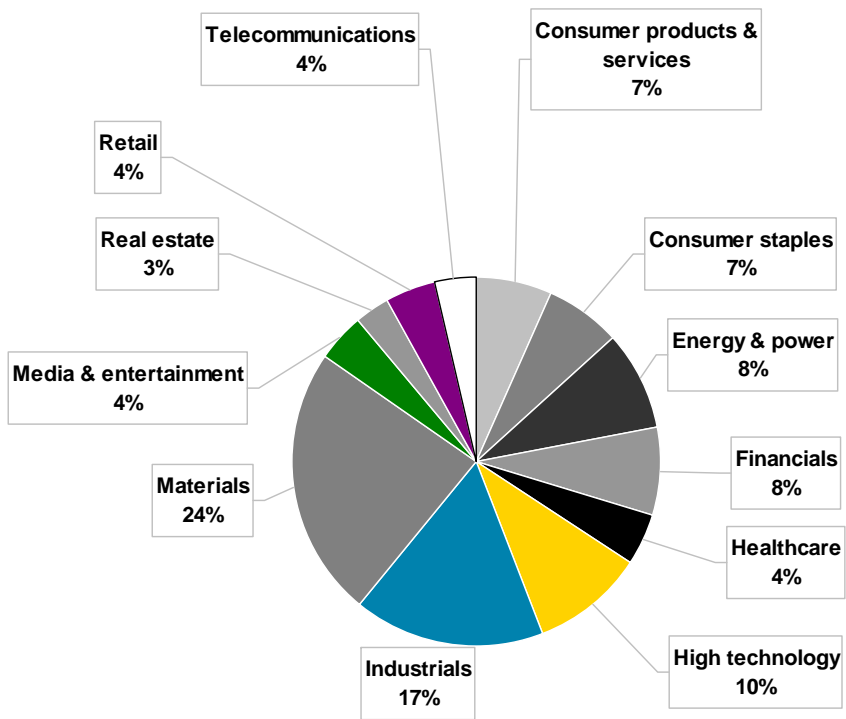
Brazil lead by total capital raised (US\$), followed by China/HK and US



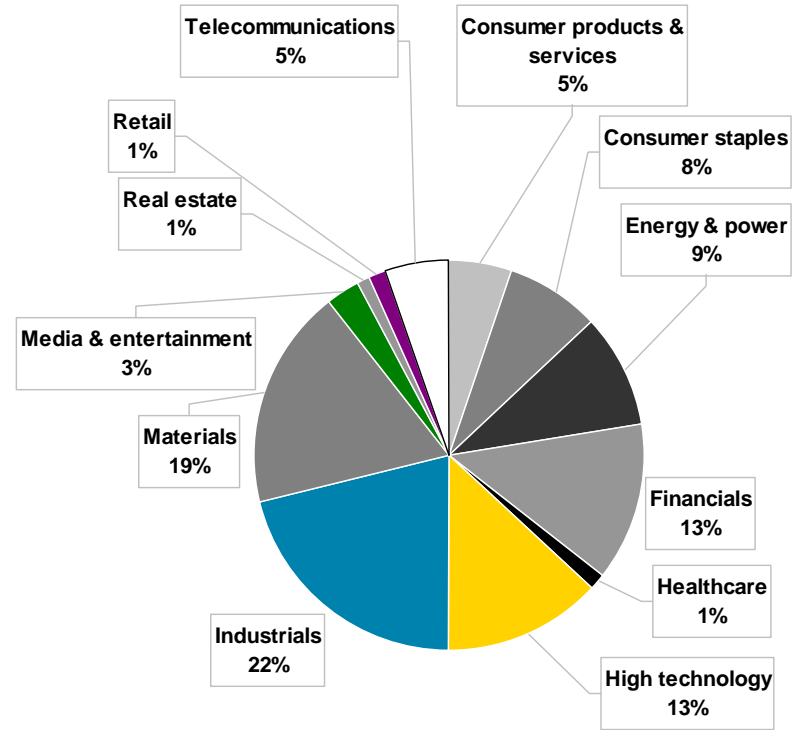
Source: Dealogic, Thomson Financial, Ernst & Young

Global IPO activity: by industry and number of deals

Q2'08



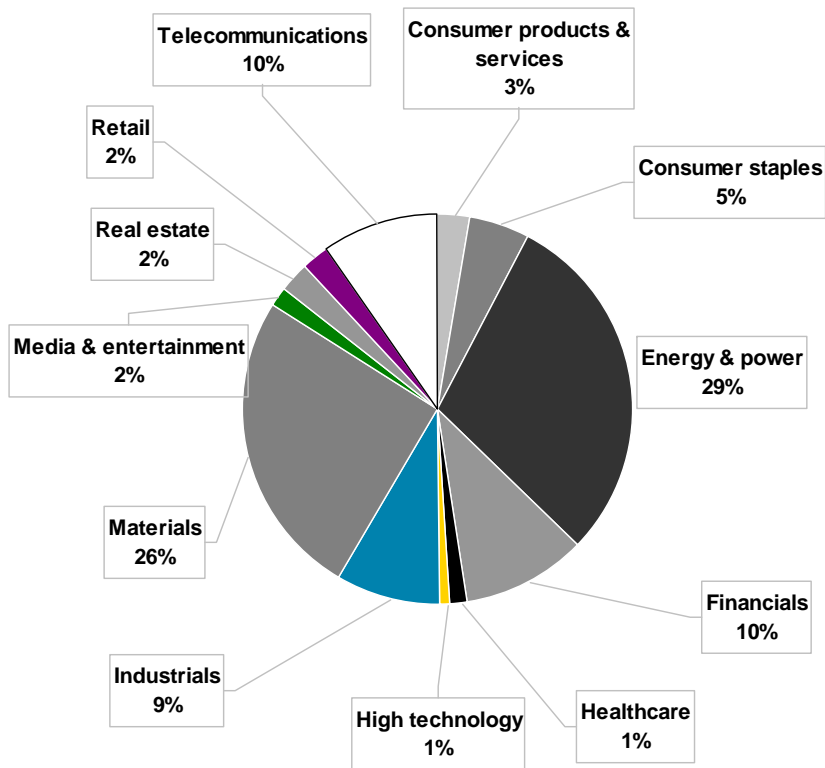
Q2'09



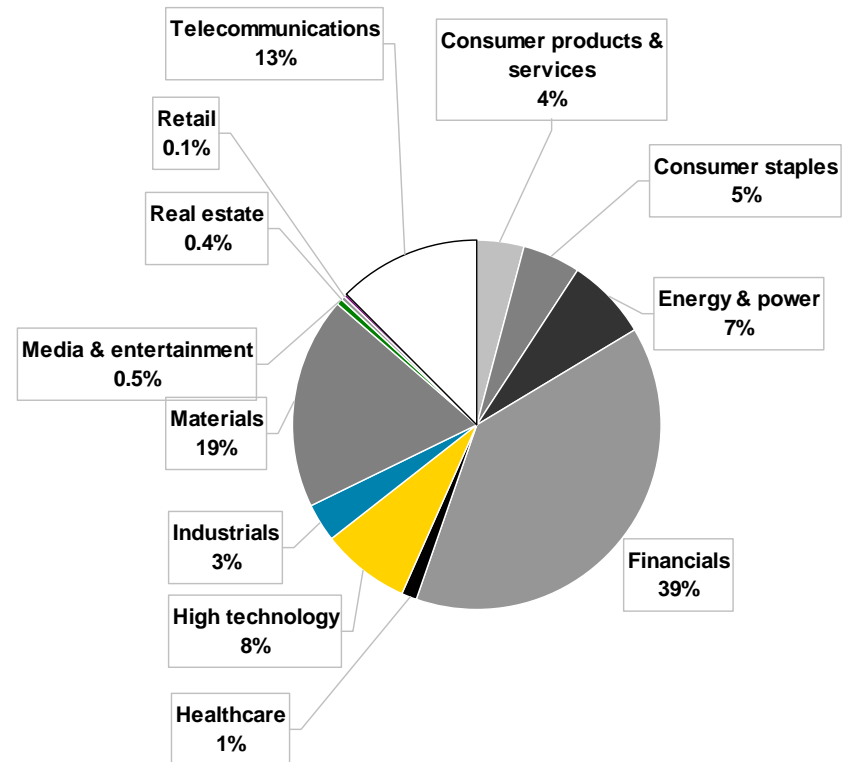
Source: Dealogic, Thomson Financial, Ernst & Young

Global IPO activity: by industry and total capital raised

Q2'08



Q2'09



Source: Dealogic, Thomson Financial, Ernst & Young

Q2'09 Global IPO activity: by stock exchanges*

Top 10 by number of deals

Primary exchange	No. of deals	%
KOSDAQ	15	19.7%
Hong Kong Exchanges & Clearing Ltd (HKEx)	8	10.5%
New York Stock Exchange (NYSE)	6	7.9%
Korea Exchange (KRX)	5	6.6%
NASDAQ	4	5.3%
Saudi Stock Exchange (Tadawul)	4	5.3%
TSX Venture Exchange	4	5.3%
Canadian National Stock Exchange (CNQ/CNSX)	3	4%
Bursa Malaysia (KLSE)	3	4%
Warsaw Stock Exchange (WSE)	3	4%

Top 10 by total capital raised

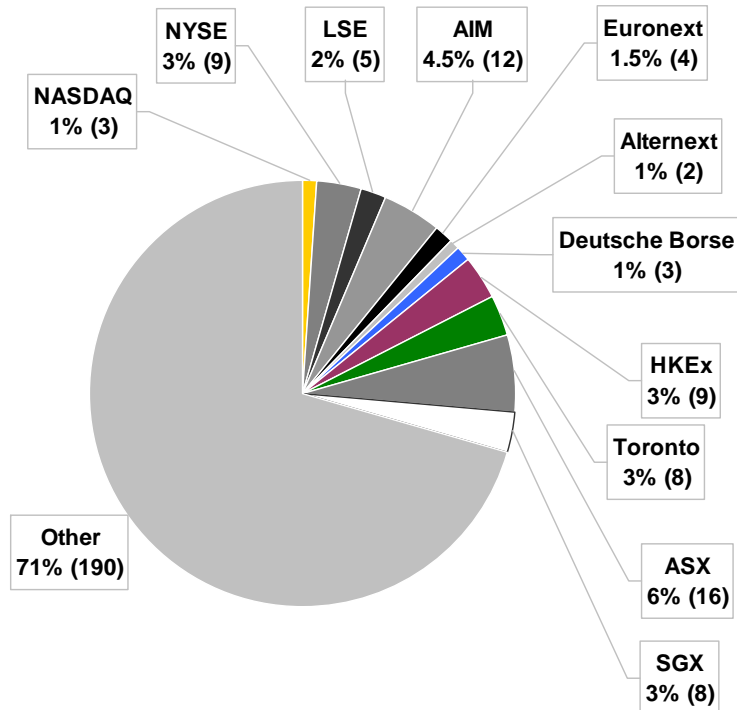
Primary exchange	Funds raised US\$m	%
Sao Paulo Stock Exchange (BOVESPA)	\$3713	37.7%
Hong Kong Exchanges & Clearing Ltd (HKEx)	\$2341	23.8%
Doha Securities Market (DSM)	\$952	9.7%
New York Stock Exchange (NYSE)	\$920	9.3%
Toronto Stock Exchange (TSX)	\$523	5%
NASDAQ	\$415	4%
KOSDAQ	\$223	2%
Warsaw Stock Exchange (WSE)	\$178	2%
Korea Exchange (KRX)	\$155	1.6%
Shenzhen Stock Exchange (SSE)	\$133	1.3%

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

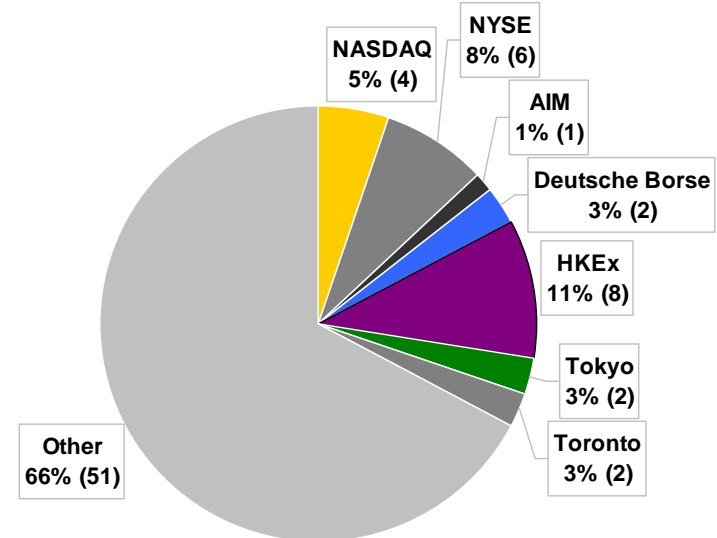
Source: Dealogic, Thomson Financial, Ernst & Young

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

Q2'08



Q2'09

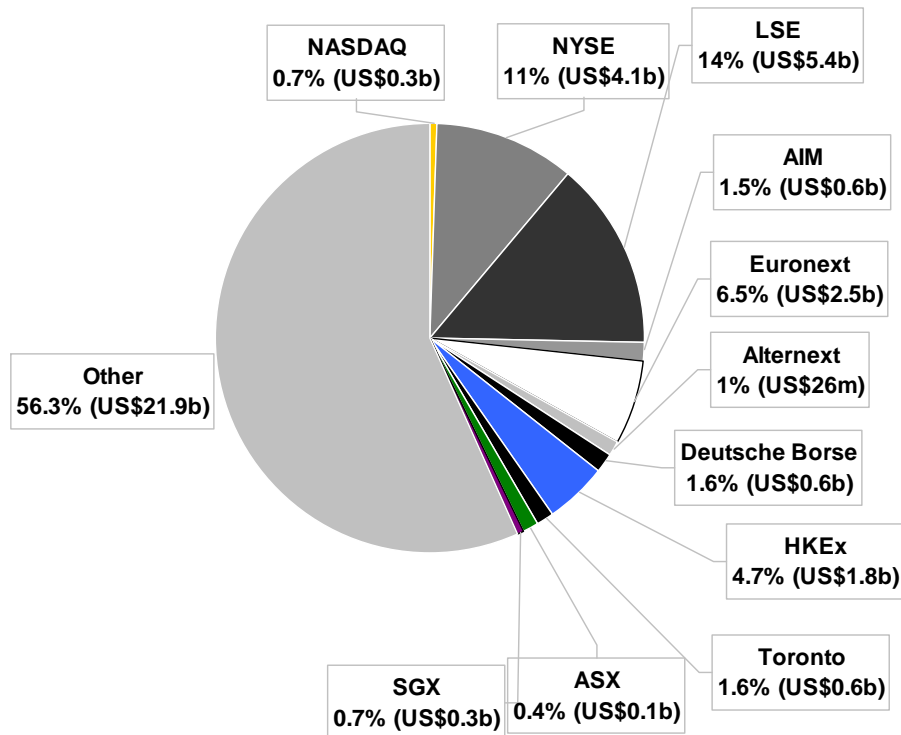


* On this slide the data is based on the exchanges' domicile regardless of the listed company domicile

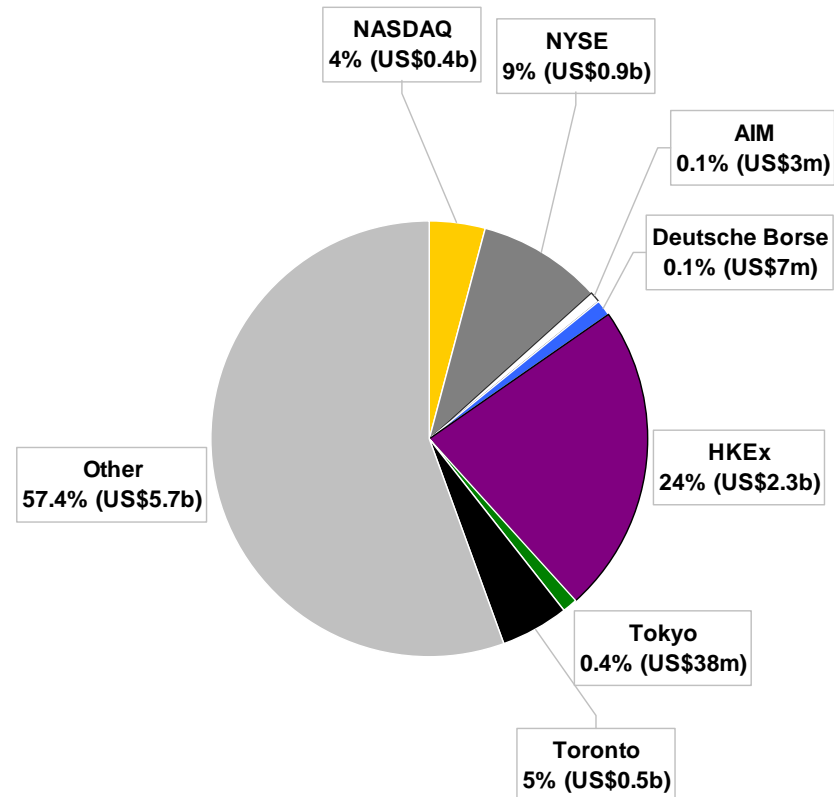
Source: Dealogic, Thomson Financial, Ernst & Young

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

Q2'08



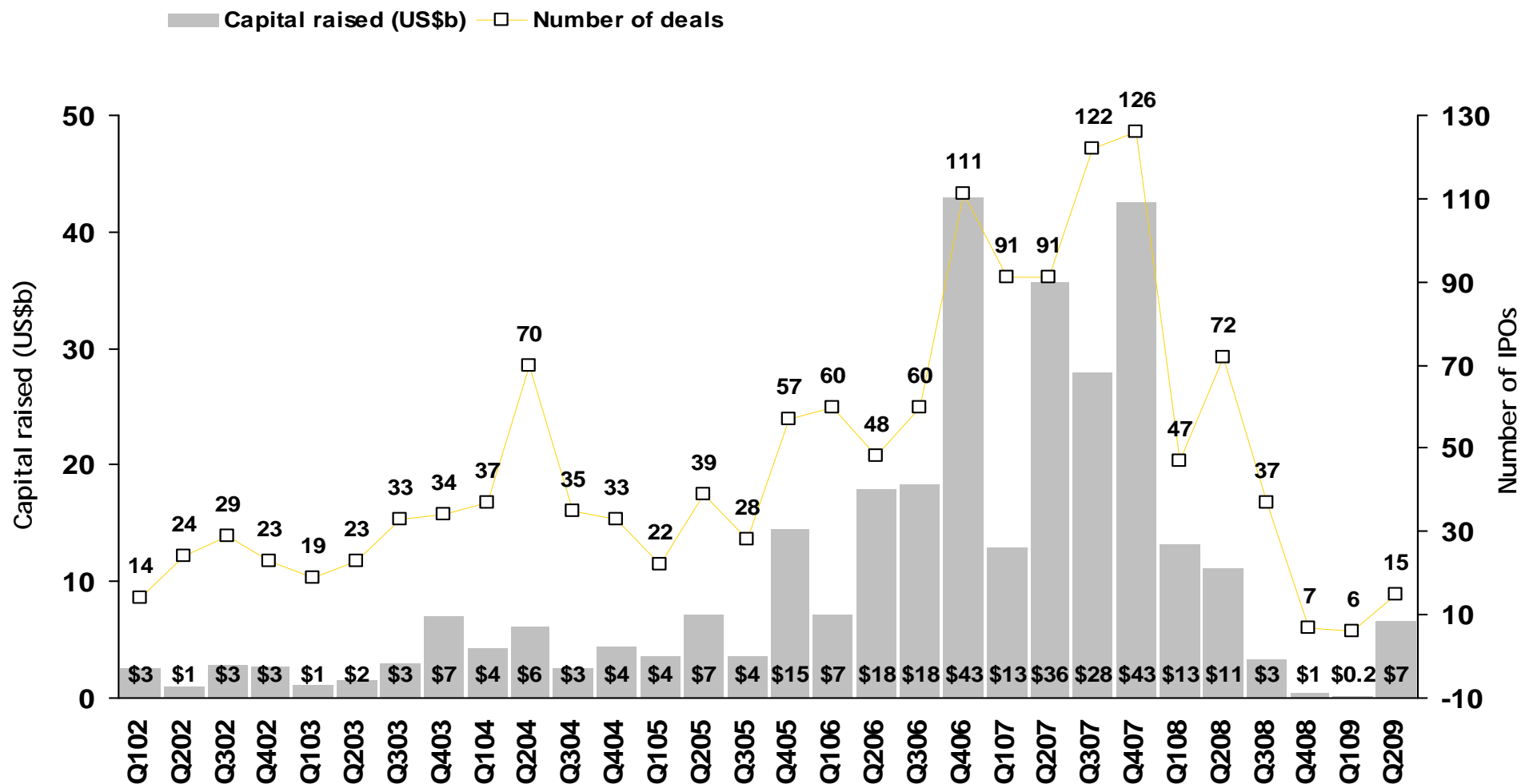
Q2'09



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

Source: Dealogic, Thomson Financial, Ernst & Young

Emerging markets: IPO activity by quarter in the BRIC countries



Source: Dealogic, Thomson Financial, Ernst & Young

Q2'09: top 20 IPOs by capital raised

Issue date	Issuer name	Domicile nation	Industry description	Proceeds (US\$m)	Primary exchange
25/6/09	Companhia Brasileira de Meios de Pagamento – VisaNet Brasil	Brazil	Financials	3713	Sao Paulo Stock Exchange (BOVESPA)
30/4/09	China Zhongwang Holdings Ltd	China	Materials	1270	Hong Kong Exchanges & Clearing Ltd (HKEx)
30/4/09	Vodafone Qatar	Qatar	Telecommunications	952	Doha Securities Market (DSM)
25/6/09	Capital Power Corp	Canada	Energy & power	436	Toronto Stock Exchange (TSX)
13/5/09	DigitalGlobe Inc	United States	Telecommunications	279	New York Stock Exchange (NYSE)
24/6/09	361 Degrees International Ltd	China	Consumer staples	233	Hong Kong Exchanges & Clearing Ltd (HKEx)
17/6/09	China Metal Recycling (Holdings) Ltd	China	Materials	231	Hong Kong Exchanges & Clearing Ltd (HKEx)
26/6/09	BaWang International (Group) Holding Ltd	China	Consumer products & services	215	Hong Kong Exchanges & Clearing Ltd (HKEx)
19/5/09	SolarWinds Inc	United States	High technology	174	New York Stock Exchange (NYSE)
11/6/09	Lumena Resources Corp	China	Energy & power	171	Hong Kong Exchanges & Clearing (HKEx)

Source: Dealogic, Thomson Financial, Ernst & Young

Q2'09: top 20 IPOs by capital raised

Issue date	Issuer name	Domicile nation	Industry description	Proceeds (US\$m)	Primary exchange
25/6/09	Bogdanka SA	Poland	Materials	166	Warsaw Stock Exchange (WSE)
14/4/09	Bridgepoint Education Inc	United States	Consumer products & services	163	New York Stock Exchange (NYSE)
1/4/09	Changyou.com Ltd	China	High technology	138	NASDAQ
3/4/09	Silver Base Group Holdings Ltd	China	Consumer staples	134	Hong Kong Exchanges & Clearing Ltd (HKEx)
26/6/09	Guilin Sanjin Pharmaceutical Co Ltd	China	Healthcare	133	Shenzhen Stock Exchange (SSE)
15/4/09	Rosetta Stone Inc	United States	High technology	129	New York Stock Exchange (NYSE)
30/6/09	LogMeIn Inc	United States	High technology	107	NASDAQ
24/6/09	MediData Solutions Inc	United States	High technology	101	NASDAQ
24/6/09	Duoyuan Global Water Inc	China	Industrials	101	New York Stock Exchange (NYSE)
29/6/09	Magma Energy Corp	Canada	Energy & power	87	Toronto Stock Exchange (TSX)

Source: Dealogic, Thomson Financial, Ernst & Young

Appendix: definitions

- ▶ The data presented in the Annual IPO survey is from Dealogic, Thomson Financial and Ernst & Young.
- ▶ For the purposes of the Quarterly and Year End IPO press release, 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
 - ▶ 6798: Companies that are REITs
 - ▶ 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 (ie, issuer's nation).

Ernst & Young

Assurance | Tax | Transactions | Advisory

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 135,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

For more information, please visit www.ey.com.

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients.

www.ey.com

© 2009 EYGM Limited.
All Rights Reserved.

EYG no. CY0061

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither EYGM Limited nor any other member of the global Ernst & Young organization can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.