

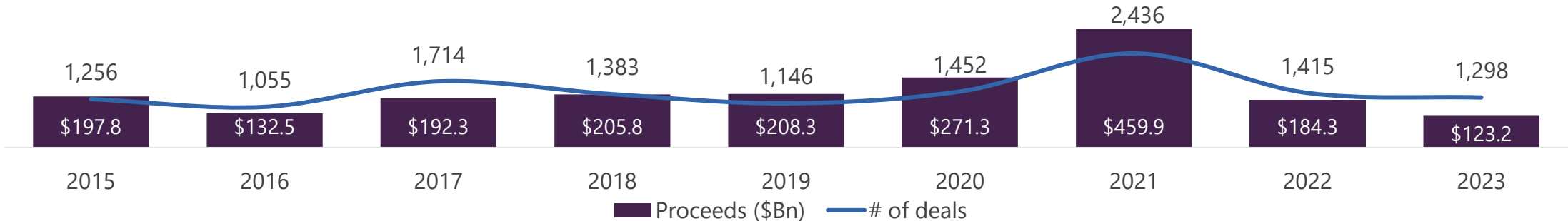
2023 IPO Market Decline Sets Stage for Resurgence in 2024

IPO Activity Extends Slump in 2023, Echoing 2022's Decline



Average IPO Value (\$Mn)

2015	2016	2017	2018	2019	2020	2021	2022	2023
\$157.5	\$125.6	\$112.2	\$148.8	\$181.8	\$186.8	\$188.8	\$130.2	\$94.9



- Over the years, IPO activity has been fluctuating and reached a peak in 2021 (2,436 IPOs) but reverted to pre-pandemic levels in 2022 with 1,415 IPOs and further dropped to 1,298 IPOs in 2023
- In 2023, Global IPO market slowed down with an 8% drop in number of deals and 33% drop in proceeds, YoY. On comparison with the deal activity of pre-pandemic year (2019), global IPO offerings were still up 13% up in 2023, but total proceed generated have dropped by a significant 41%
 - Prevailing uncertainties, tightening of monetary policies, high interest rates by central banks which limited liquidity all collectively impacted in dissuading cautious investors from the equity market and acted as a dampener for IPO market
 - Although, the stock market experienced significant gains mainly driven by mega technology stocks, yet the rest of the index components couldn't keep pace with the momentum of these large-cap stocks. This imbalance drew investor focus towards established mega-cap companies rather than untested newcomers due to uncertain macroeconomic conditions
- EMEIA outperformed Americas and Asia-Pacific in 2023 IPO returns, with around 70% of EMEIA IPOs surpassing their offer prices. Turkey led with all new companies witnessing positive returns, followed closely by the UAE at 80% and India at 75%, making them standout performers in EMEIA's IPO markets

Themes / Factors Impacting 2023 Global IPO Market

Key trends and major IPO hurdles

Key trends

- There was a surge in global IPO withdrawals and postponements, reaching ~800 deals, amounting to more than half of the total IPO volumes – a significant increase compared to an average fall of 16.5% between 2014 to 2021
- The Industrials sector topped the market in term of number of IPOs (265) and the Technology sector topped in terms of proceeds (\$32.2Bn)
- Cross-border activities increased by 29% to 85 in deal numbers and accounted for 7% of global IPOs as compared with 5% in 2022
 - 70% of private company CEOs are willing to explore new markets that share strong geopolitical and economic ties with their countries
 - The average deal size from Mainland China to the US has fallen to its lowest level in 20 years, with a 93% drop from its 2021 levels
- Large-cap IPOs consistently fell behind smaller ones in post-IPO performance

Major IPO hurdles

Geopolitical Issues Across the Globe

- Geopolitical tension across globe impacted the IPO market by unsettling investor sentiment and significantly impacted global markets
- Investors became more careful, shifted away from stocks to safer investment alternatives

Aggressive Monetary Policies

- Stringent monetary policy significantly impacted IPO activity, surpassing the broader stock market's influence
- High interest rates reduced liquidity, raised costs, deterred investors, and discouraged companies from going public

Low Performance by IPOs

- Despite a strong market rally, public offerings remained subdued in developed markets
- Investor enthusiasm for IPOs waned after poor post-IPO performance of some high-profile listings in September

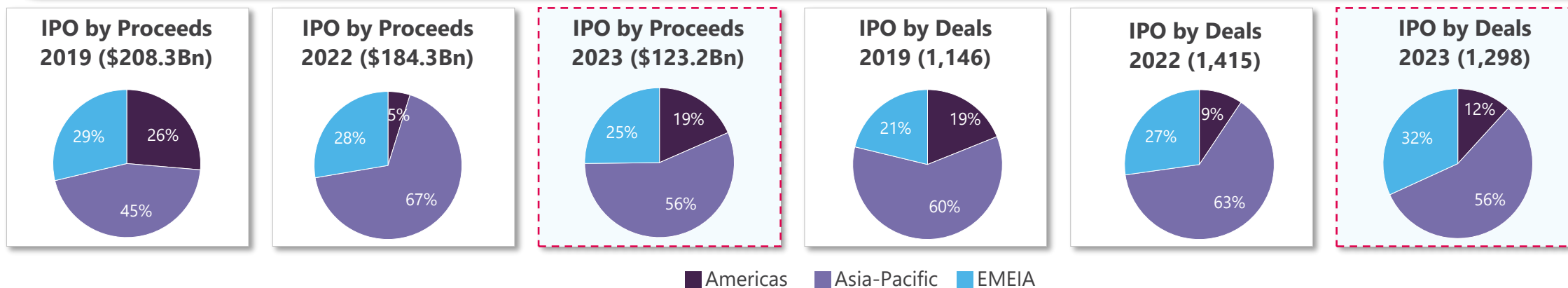
Experts' Forecast for 2024 IPOs

“ There is a healthy pipeline of IPOs at the NYSE, among US and international issuers and across industry sectors. Private equity and VC-backed transactions continue to represent a meaningful portion of that backlog. Give a more positive backdrop, a continued low volatility environment and greater clarity on future developments geopolitically, we are optimistic that 2024 will be a great year for heightened issuance activity. ”

- Michael Harris, Global Head of Capital Markets at NYSE

Asia Pacific Dominates IPO Activity in Recent Years

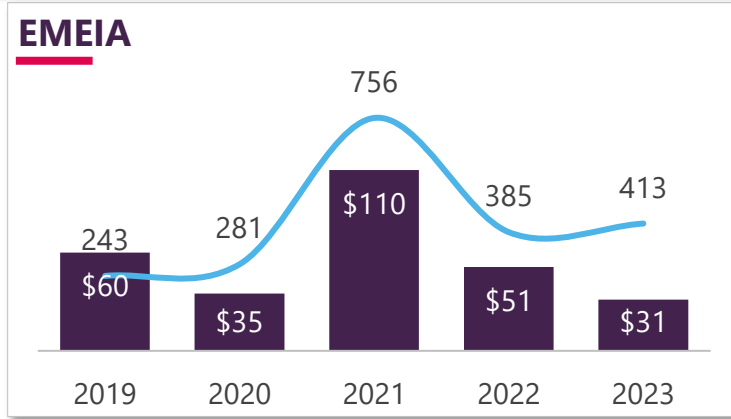
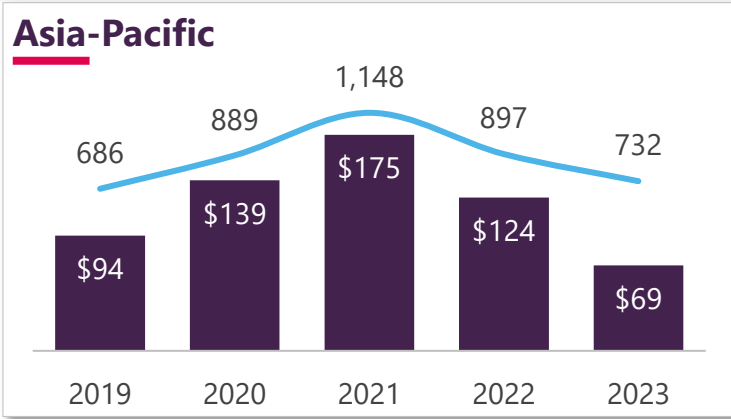
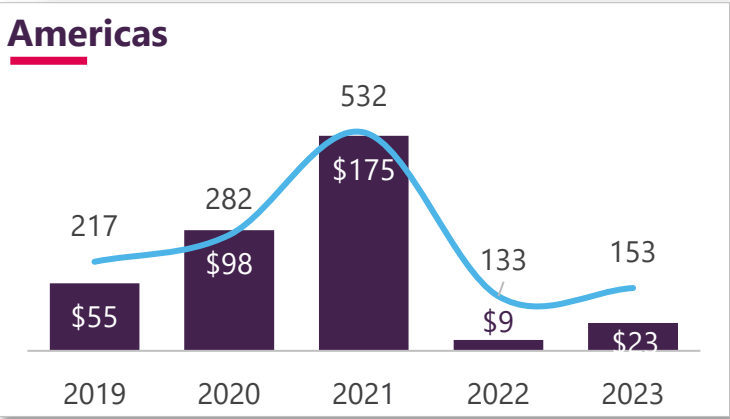
Shift of IPO markets regionally over the last 5 years



- 2023 global IPO market saw significant changes including the improvement of western markets and slowdown on China's IPO performance
 - Developing markets saw more small-cap deals, while larger offerings in developed nations performed poorly in comparison to 2022. Overall IPO proceeds dropped by about a third in 2023
- **Americas** witnessed a significant decline in terms of deals (#) and IPO proceeds from 2019 to 2022 but in 2023, Americas market grew significantly
 - The surge in IPO proceeds was driven by several high-profile deals, including Arm Holdings (\$5.2Bn), Kenvue (\$4.4Bn), and Birkenstock Holding (\$1.5Bn)
 - Smaller IPOs continued to dominate IPO activity on US exchanges in 2023 – nearly 70% of US IPOs raised less than US\$25Mn in 2023
- In 2023, **APAC** accounted for 56% both in term of IPO deals and proceeds generated
 - Mainland China and Hong Kong continued their declining trend in 2023, both by IPO volume and value
 - Indonesia, Thailand and Malaysia were the top performers by number of IPO deals, although the proceeds remained modest
- **EMIEA (Europe, Middle East, India and Africa)** market share has been constantly increasing in the last 5 years by deals (#) but declined in proceeds
 - IPO activity has recovered in 2023, compared to 2022, driven by strong demand from Industrial, Materials, and Technology sectors
 - The market is predominantly driven by small-cap IPOs and is gearing up for a 2024 pipeline release as investors seek value creation

Global IPO Market by Geography – Gross Proceeds (\$Bn) and Deal Volume

Regional IPO performance 2023



— Number of deals — Proceeds (\$Bn)

- 2023 Americas IPO market grew by 15% by # of IPOs and the proceeds generated were nearly 2.5x of 2022 IPO proceeds
- Americas accounted for 12% of IPOs globally and 18% of global proceeds raised in 2023
- NASDAQ led the IPO spree in terms of both # of IPOs and proceeds generated by having 105 IPO & \$11.5Bn proceeds
- Technology and Health and Life Sciences sectors continued to lead the market by launching 34 and 28 IPOs, respectively

- In 2023, APAC IPO market faced challenges due to continuous decline in Mainland China and Hong Kong’s IPO volume and size. APAC witnessed 732 IPOs with proceeds of \$69.4Bn
- Indonesia’s IPO volume reached historical high
- IPO volume in Thailand held up as companies rushed to complete deals before January 2024 regulatory changes
- Industrials led the market with 176 IPOs and \$18.1Bn proceeds, followed by Technology with 172 IPOs and \$20.5Bn proceeds

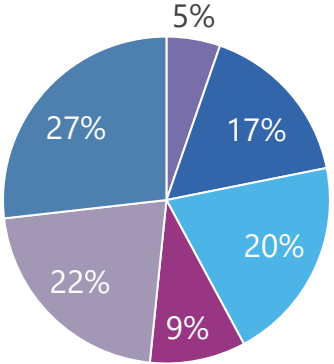
- 2023 EMEIA IPO market witnessed a 7% growth in number of deals, but the total proceeds fell to \$31.1Bn, a 39% decline YoY
- EMEIA accounted for 32% of all global IPOs and increased its share to #2 after APAC
- Challenging market conditions, compounded by high inflation and elevated interest rates muted IPO activity in the UK
- Industrials led the market with 71 IPOs and \$7.0Bn proceeds, followed by Technology’s 58 IPOs and \$3.6Bn proceeds and Materials’ 53 IPOs and \$1.4Bn proceeds

Source: EY, PwC, Press

Global IPO Activity by Sector – Gross Proceeds (\$Bn)

Technology dominated IPO proceeds, led by Semiconductor companies

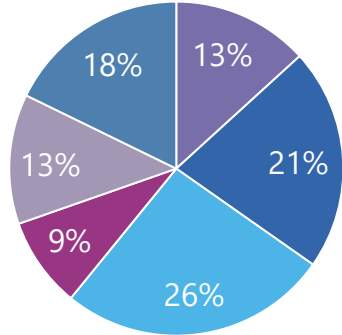
2022 IPO Proceeds (\$184.3Bn)



- Consumer
- Technology
- Energy
- Industrials
- Health and Life Sciences
- Others



2023 IPO Proceeds (\$123.2Bn)



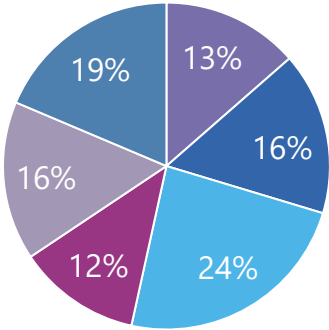
- **Technology** sector overtook Industrials by generating gross proceeds of \$32.2Bn and an average deal size of \$122Mn. However, Technology sector saw a 14% drop in total proceeds, when compared to 2022
 - Semiconductor companies dominated 2023 with 58% of the total Technology IPO proceeds, an increase of 30% YoY
 - By geography, Mainland China dominated the sector, accounting for 54% of IPO proceeds, followed by US (25%) and Europe (5%)
- **Industrials** accounted for 21% share in total IPO proceeds generated in 2023, which represents a 13% decline YoY – although this is impacted by a bumper Porsche’s listing in 2022
- **Consumer Products and Services** was the only sector to witness an increase in both IPO volume and proceeds when compared to last year, with a total proceeds of \$16.3Bn. The increase was driven by growth in professional, educational, employment, travel services, textiles and apparel, agriculture and livestock segments
 - IPOs in Consumer Staples sector in Mainland China declined in 2023 as authorities moderated listing pace to balance primary and secondary markets



Global IPO Activity by Sector – Deal Volume

Industrials and Consumer sectors led the deal volume in 2023

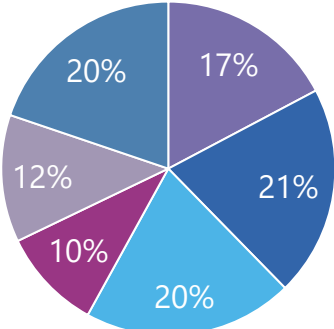
2022 IPO Volume (#1,415)



- Consumer
- Technology
- Materials
- Industrials
- Health and Life Sciences
- Others



2023 IPO Volume (#1,298)



- The **Industrials** sector led the IPO activity in 2023 with an increase of 19% in deal volume YoY (265 IPOs in 2023 vs. 222 in 2022)
- The **Consumer** sector (including Consumer Staples and Consumer Products and Services) grew to 224 IPOs in 2023 from 187 in 2022
 - The increase in Consumer and Industrials sector IPOs was primarily driven by buoyant economic growth and global trading
 - The global supply chains have reduced their dependency on traditional markets and have shifted to new geographies
 - India, Indonesia and Japan hosted many of these listings alongside Mainland China, which traditionally draws major consumer & manufacturing IPOs
- **Technology** sector continued to witness a decline in # of IPOs, valuations, and after-market performance in 2023
- **Health and Life Sciences** sector also faced a significant decline in IPO deal volume particularly in Mainland China and US
 - IPO volumes for PE & VC backed companies in the **Health and Life Sciences** and **Technology** sectors plunged 78% since 2021
- **Materials** sector also faced a pullback from Mainland China, Canada and Australia in its IPO volumes. The pullback also highlights the shifting economic and supply chain dynamics. However, Indonesia outpaced other regions in Materials IPO with 3 large listings in the sector



Top 10 Largest IPOs 2023 (Global)

Priced Date	Issuer Name	Issuer Country	Sector	Exchange	Proceeds (\$Bn)
13-Sep-23	Arm Holdings	US	Technology	US (NASDAQ)	5.2
03-May-23	Kenvue	US	Health & Life Sciences	US (NYSE)	4.4
03-Mar-23	ADNOC Gas PLC	The UAE	Energy	Abu Dhabi (ADX)	2.5
05-Jul-23	Hidroelectrica SA	Romania	Energy	Bucharest (BVB)	2.0
19-Apr-23	Nexchip Semiconductor	China	Technology	Shanghai (STAR)	1.7
25-Apr-23	SMEC	China	Technology	Shanghai (STAR)	1.6
10-Oct-23	Birkenstock Holding plc	US	Retail	US (NYSE)	1.5
20-Sep-23	Ades Holding Co	Saudi Arabia	Industrials	Saudi (TASI)	1.2
28-Mar-23	Shaanxi Energy Investment	China	Energy	Shenzhen (SSE)	1.0
12-Dec-23	Pure Health Holding PJSC	The UAE	Health & Life Sciences	Abu Dhabi (ADX)	1.0

Global IPOs Bookrunner Ranking

Rank	Bookrunner	2023		Rank	2022	
		Value (\$Bn)	Number of Deals		Value (\$Bn)	Number of Deals
1	CITIC Securities	\$6.77	42	1	\$14.56	72
2	China Securities Co Ltd	\$5.68	35	3	\$7.42	42
3	CICC	\$4.66	38	2	\$7.60	59
4	Citi	\$4.21	39	4	\$7.22	36
5	Haitong Securities Co Ltd	\$4.12	28	9	\$4.44	43
6	Huatai Securities Co Ltd	\$3.61	38	6	\$5.01	40
7	JPMorgan	\$3.09	30	13	\$3.12	25
8	Guotai Junan Securities	\$3.02	37	10	\$4.28	47
9	UBS	\$2.83	25	12	\$3.46	30
10	Minsheng Securities Co Ltd	\$2.79	18	14	\$2.24	17

Global IPO Outlook for 2024

Inflation and interest rates to boost investor confidence

- Globally, easing inflation and possible interest rate cuts may revive global IPO activity in 2024, attracting investors with improved liquidity and return prospects
- Major equity indices including S&P 500, STOXX Europe 600, Shanghai Composite, Hang Seng, Nikkei 225, BSE Sensex, IDX Composite are expected to give healthy returns to investors
- The environment for capital raising will be volatile amid upcoming elections in 2024 for a significant portion of world's population

Regional Markets to deliver significant growth

- In 2024, regional markets are expected to deliver exceptional IPO growth and performance based on their increased market share among their global peers
- Some of the emerging and significantly growing hotspots for IPOs may include markets like Indonesia, Malaysia and Turkey as they have already surpassed traditional IPO hubs in both deal volume and proceeds
- India, Saudi Arabia and Thailand are also expected to become favorable markets for investors based on the existing market position

Cautiously reserved IPO optimism

- The outlook for IPOs in 2024 is cautiously reserved, majorly affected by a complex macroeconomic landscape globally
- This scenario underscores the importance of careful, strategic planning for companies and investors to navigate a potentially challenging economic environment
- IPO activity in APAC is expected to increase in the H2'24. Given an unpredictable market environment, the 1H24 outlook in EMEIA is optimistic, but cautious

2023 IPO Backlog, expected to boost 2024 activity

- 2024 is expected to be a busy year in terms of IPO listings, as a significant backlog of companies are waiting to enter the market and due to the necessity as businesses need funding
- Many governments are taking measures to boost IPOs, particularly in high-growth economies
- Although, the pre-IPO market may not expect a flurry of activity in early 2024, there is a potential resurgence in the IPO market, especially in US

Expert Views

"Enthusiasm for IPOs is high and smaller deals are emerging with improved after-market performance. While many governments are taking measures to boost IPOs, activity is particularly strong in high-growth economies. Before monetary policy eases and the geopolitical climate stabilizes, IPO candidates should keep their eyes on building fundamentals and managing price expectations to capitalize on the fleeting windows as 2024 progresses."

- George Chan,
EY Global IPO Leader

"We expect a pickup in deal-making as we get into 2024. We're not going back to, say, 2021 levels, which was a breakout year across global investment banking. But we do expect to see a reasonable pickup in deal-making activity, especially now that we seem to be through the other side of this interest rate hiking cycle."

- Jim Esposito,
Co-head of Goldman Sachs' Global Banking & Markets
business

"I am certainly less bullish right now on a robust IPO market in 2024. Companies are being more thoughtful now about that tradeoff between growth and profitability, especially for high-growth technology companies, people are investing in that growth. So, companies are trying to extend out runway and put themselves in the situation where they're able to control their own destiny as opposed to having to go back out and raise capital. Ultimately value creation is driven by revenue growth, it's not driven by profitability. Profitability comes over time"

- Ran Ben-Tzur,
Partner, Fenwick & West

"All eyes are now on 2024, when we expect more IPO activity given the large backlog of issuers who we see actively focused on public company readiness and continuing to drive improvements in their business models and metrics. We are cautiously optimistic a sustained re-opening of the IPO market is finally coming."

- Mike Bellin,
PwC US, IPO Services Leader

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