



Equity capital markets review

2017 H1

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2017 H1: The big picture

Recovering volumes



Global ECM volumes recorded strong year-on-year growth in the first half of 2017, recovering from a generally weak issuance environment in 2016. Against a backdrop of low market volatility, there was growth in both the number and aggregate value of transactions in both IPOs and follow-on transactions.

Regionally, Europe saw strong growth in follow-on fundraising, with several large rights issues contributing to this. In the UK, there was a marked increase in the number of follow-on transactions, while the London IPO market displayed encouraging momentum throughout the half.

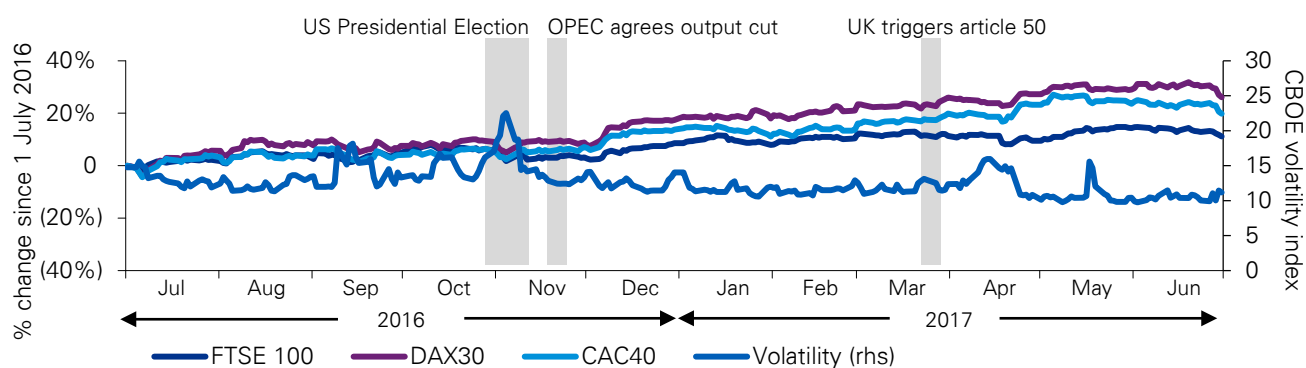
Marco Schwartz, Head of Equity Capital Markets Advisory, UK

Source: Dealogic.
 Note: Allied Irish Bank plc and Polysus Gold OAO included as IPOs – deal type definitions may vary.

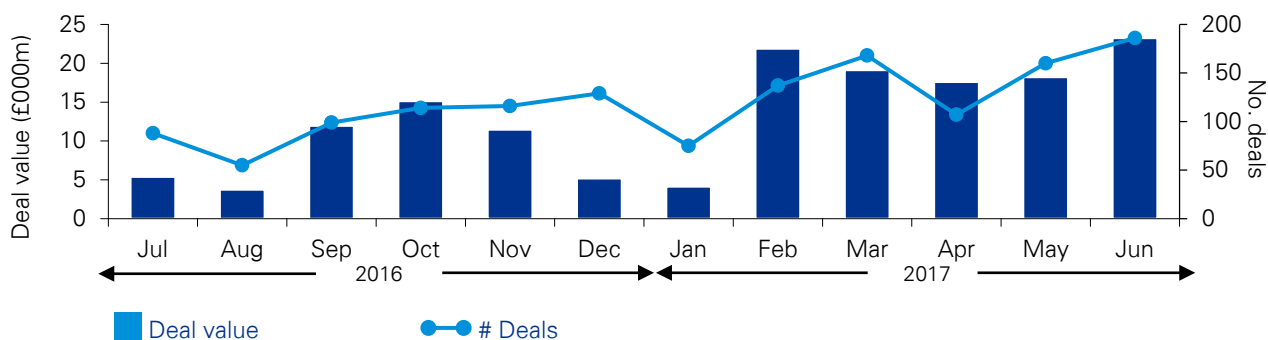
Europe and UK

2017 H1 European & UK equity market backdrop

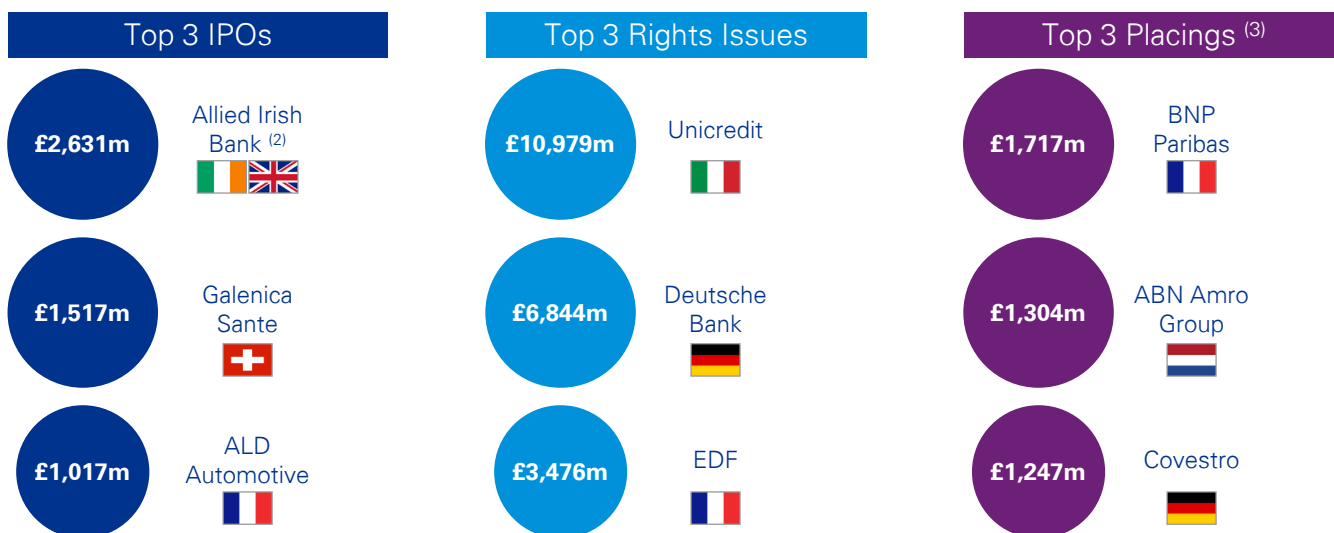
Markets ride-out volatile environment



Total monthly European ECM deals⁽¹⁾



2017 H1 Significant European ECM Transactions



Sources: Dealogic, Thomson Reuters Datastream.

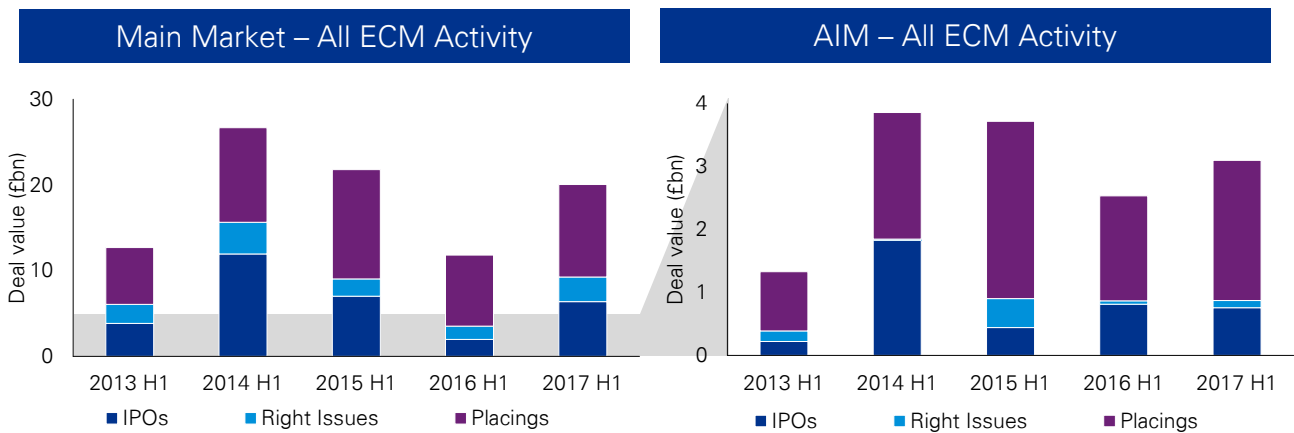
Notes: (1) Includes all ECM deal categories: IPOs, Rights Issues and Open Offers, Primary and Secondary Placings, including accelerated transactions.

(2) Allied Irish Banks plc share issue treated as IPO for this analysis – deal type definitions may vary. Flags indicate listing venue..

(3) Excludes rights issue rump placings which have been included within rights issue volumes.

2017 H1: The UK ECM landscape

Recovery across the board



Stable equity markets and strong company valuations supported robust follow-on activity in the UK during the first half of 2017, with IPO volumes also increasing by 40% year-on-year albeit from a low base in 2016. The step-up in activity was driven largely by the Main Market, which saw a good spread of large rights issues and primary and secondary placings. The first half saw 25 UK ECM transactions in excess of £250m. On AIM, there was strong follow-on activity during the half with a number primary and secondary raises involving some of the market's largest issuers, including six equity transactions in excess of £100m.

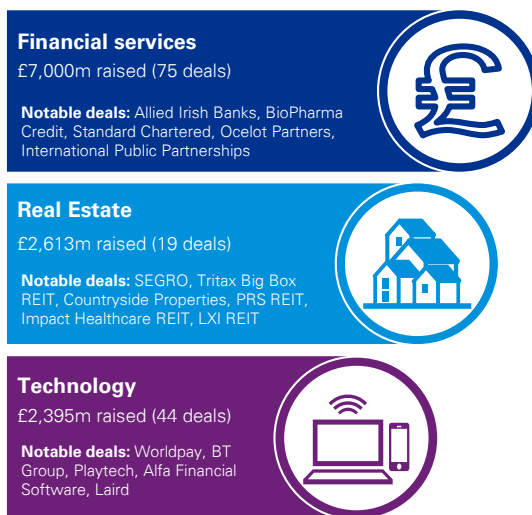


Marco Schwartz, Head of Equity Capital Markets Advisory, UK

Significant UK ECM Deals in 2017 H1⁽¹⁾



Most Active UK Sectors in 2017 H1



Source: Dealogic.

Notes: (1) Allied Irish Banks plc and Polyus Gold OAO included due to secondary London listings – deal type definitions may vary.

2017 H1: UK IPO highlights

£7.2 billion — IPO proceeds raised, implied market capitalisation of £24.8 billion⁽¹⁾

Key metrics

	Main Market	AIM
Volume	31 IPOs	18 IPOs
IPO proceeds	£6,393 million	£759 million
Average funds raised	£206 million	£42 million
Average market capitalisation on IPO	£800 million	£86 million

49 IPOs — 29% increase from H1 2016

Key sectors trending

- Financial services**
 £3,709m raised (13 deals)
 Notable deals: Allied Irish Banks, BioPharma Credit, Ocelot Partners
- Mining**
 £632m raised (5 deals)
 Notable deals: Polyus Gold
- Real Estate**
 £628m raised (4 deals)
 Notable deals: PRS REIT, Impact Healthcare REIT

Following a challenging 2016 in which overall UK IPO activity declined, the market demonstrated considerable resilience in the first half of 2017. Despite ongoing political uncertainty, exemplified by the UK’s unexpected snap general election and consequent shock result, a total of 49 companies successfully launched across the Main Market and AIM - an increase of eleven on the first half of 2016.

The Main Market exhibited a significant rebound, with the 31 listings completed in the half year so far greater than the total amount of Main Market listings completed throughout 2016.

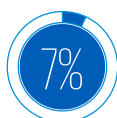
AIM experienced a slightly more challenging first six months to the year, with activity levels slightly down on the prior period, but still relatively buoyant. The venue also managed to attract several large and high profile debuts, including Eddie Stobart Logistics plc.

The shadow of uncertainty cast by Brexit remains at the forefront of the minds of investors and companies seeking to IPO alike, however, we continue to see a strong pipeline and the general sentiment, borne out by listings in the first half of the year, is that markets remain confident and open to those companies with compelling equity stories and realistic valuations.

Consequently, we look forward to a busy second half of 2017 and 2018.

Linda Main, Head of UK Capital Markets Group

Pricing and performance



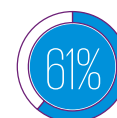
Average return post IPO
(at 30 June 2017)



of IPOs above offer price



Average return post IPO
(at 30 June 2017)



of IPOs above offer price

Main Market

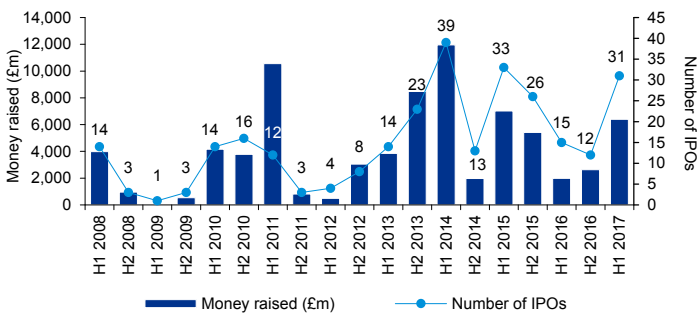
AIM

Source: Dealogic; share prices as at 30 June 2017.

Notes: (1) Allied Irish Banks plc and Polyus Gold OAO included due to secondary London listings – deal type definitions may vary.

2017 H1: UK main market IPO review

Main Market IPO activity (2008 to 2017 H1)



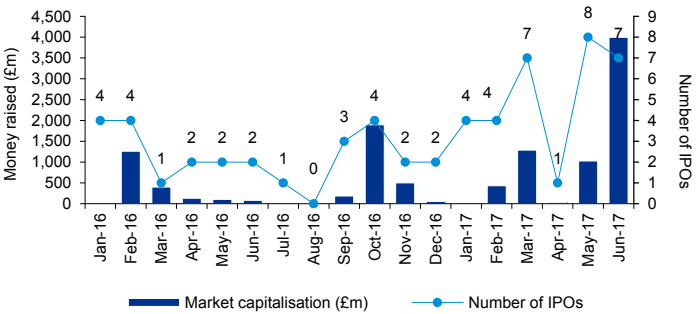
Source: Dealogic.

Main Market IPO activity was significantly dented by global political and economic uncertainty in 2016, however, investors have demonstrated that they have acclimatised to the changed environment and the first half of 2017 offers a positive outlook for the remainder of the year.

We believe credible companies considering a listing are likely to put plans into action in the forthcoming months, encouraged by recent activity, and prior to the UK's scheduled exit from the EU in early 2019, which is likely to cause markets to temporarily pause and fully assess the post-Brexit landscape.

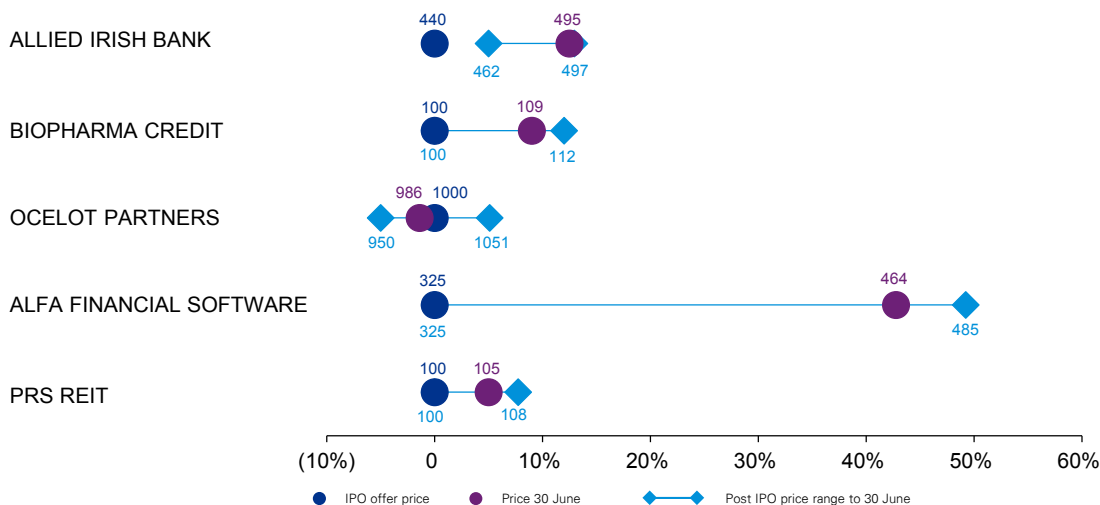
Svetlana Marriott, Director
UK Capital Markets Group

Main Market IPO activity (Last 18 months)



Source: Dealogic.

Post listing performance of five largest IPOs by value

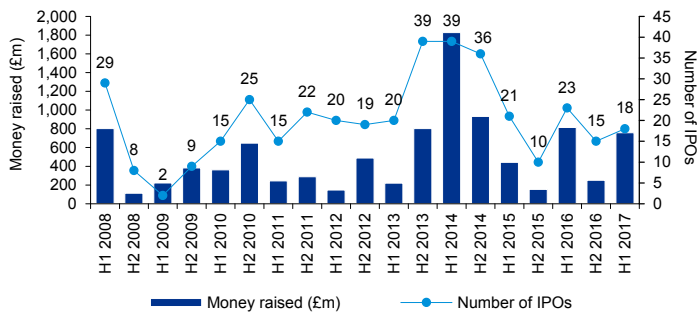


Sources: Dealogic, Thomson Reuters Datastream.

Note: Polyus Gold OAO not shown as company completed offering on 30 June with limited price movement on the day.

2017 H1: UK AIM IPO Review

AIM Market IPO activity (2008 to 2017 H1)



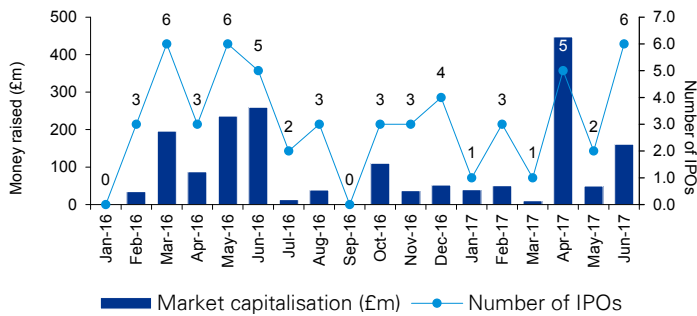
Source: Dealogic.

“ The AIM exchange appeared to be relatively sheltered from the macro economic and political factors which afflicted its larger main market sibling in 2016 and although IPO levels are slightly down year on year so far in 2017, they remain buoyant.

Crucially, however, value is to be found on AIM and its indexed performance in 2017 currently exceeds that of the main market and a host of other global exchanges, reaffirming its position as a market which offers investors good returns, and companies a solid platform from which to achieve profitable growth.

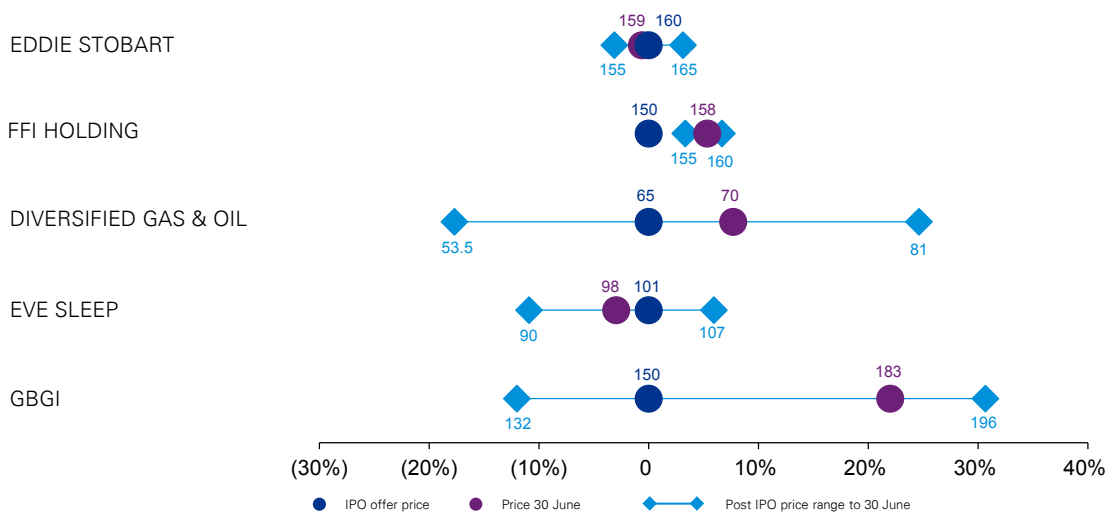
”
*Rob Crowley, Director
 UK Capital Markets Group*

AIM Market IPO activity (Last 18 months)



Source: Dealogic.

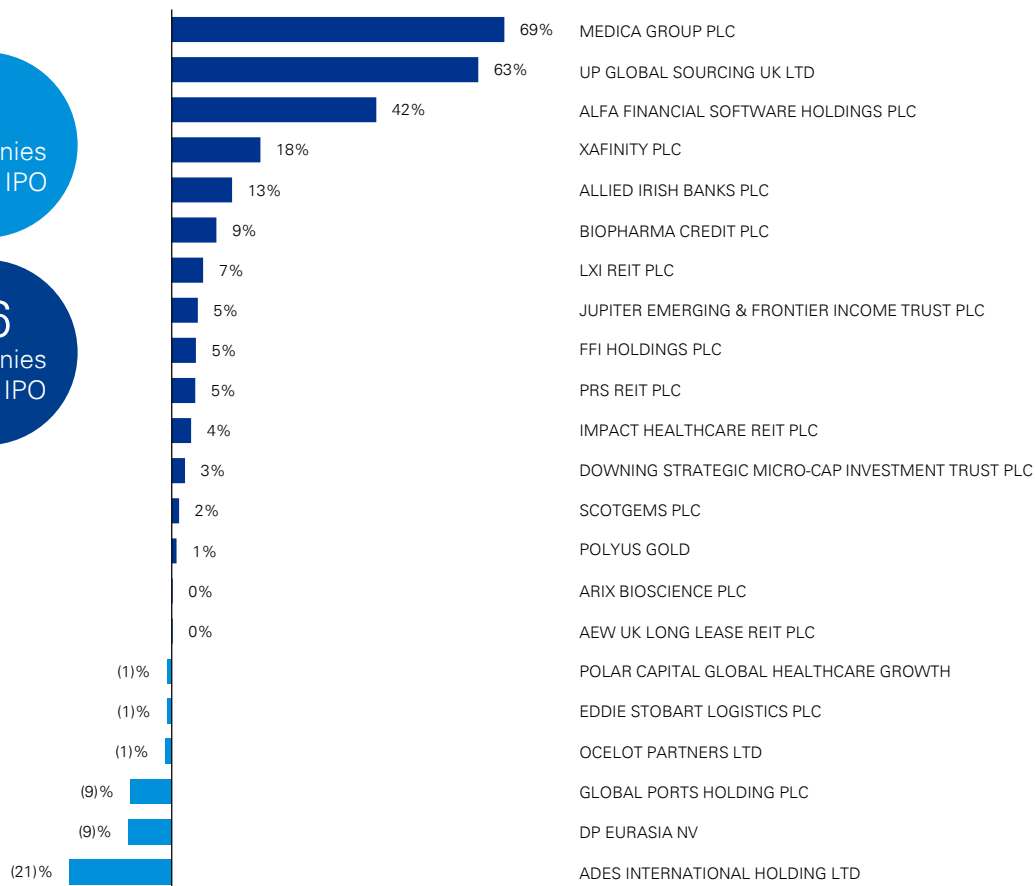
Post listing performance of five largest IPOs by value



Sources: Dealogic, Thomson Reuters Datastream.

H1 2017: UK IPO performance

IQ Post IPO performance H1 2017 listings (deal size > £50 million)



Sources: Dealogic, Thomson Reuters Datastream, share prices as at 30 June 2017.

KPMG Equity Capital Markets: Our services

KPMG Capital Markets Group

Pre-IPO

– Pre-IPO readiness assessments

- Identifies areas critical to the success of a future IPO enabling you to address issues in advance, minimising costs and delays

IPO

– Reporting accounting services comprising:

- Standard due diligence reports
- Full suite of public Accountant's Reports and private comfort letters

– IPO assist

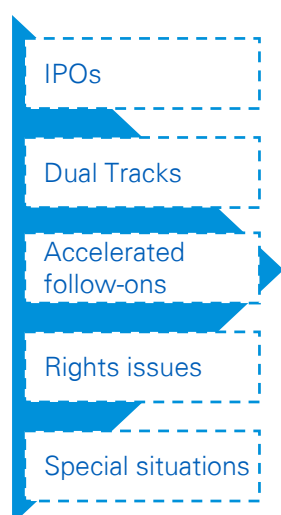
- People secondments
- Specialist accounting and project management support and advice

Post-IPO (ongoing)

– Reporting accounting services for:

- Class 1 transactions such as significant acquisitions and disposals (Main Market)
- Reverse takeovers (Main Market and AIM)
- Further equity and rights issues

KPMG Equity Capital Markets Advisory



Pre-launch

- Process design
- Equity story preparation
- Documentation streaming and management
- Investor intelligence
- Bank selection
- Listing venue

For launch

- Launch timing
- Investor targeting
- Valuation triangulation
- Price range

Post-launch

- Liaising and controlling Bank syndicate
- Equity story nuancing
- Price range advice
- Pricing advice
- Allocation advice

Post-Listing

- Market and share price analysis
- After market investor management

Makinson Cowell, a KPMG company, has specialist insight into the investor universe and adds a completely new dimension to the breadth of our advice.

Contact us

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