



Q3'10 Global IPO update

October 2010

Q3'10 key highlights

Global IPO activity by number of IPOs, was significantly higher in Q3'10 (286 deals) compared with Q3'09 (146 deals) and this was slightly lower than Q2'10 (311 deals):

96% more IPOs in Q3'10 than Q3'09.

8% less IPOs than Q2'10.

Total capital raised in Q3'10 was significantly higher (US\$52.7 billion) than Q3'09 (US\$33.6 billion) and higher than Q2'10 (US\$46.8 billion):

57% more capital raised in Q3'10 than in Q3'09.

13% more capital raised in Q3'10 than in Q2'10.

Q3'10 key highlights

- ▶ **In the first three quarters of 2010, global IPO activity has already exceeded total 2009 levels**
- ▶ Global IPO volume reached US\$152.7 billion in 888 deals – the highest first nine months total since 2007 and more than three times the US\$45.4 billion raised in the first nine months of 2009.
- ▶ The global IPO market recovery which started in the second half of 2009 continued in the first nine months of 2010, albeit amidst considerable market volatility.
- ▶ Despite some challenging high profile debuts, global IPO fundraising picked up by 13% in Q3'10, although fewer deals were launched:
 - ▶ Four IPOs raised over US\$1 billion in Q3'10 compared with seven deals in Q3'09 and six deals in Q2'10.
 - ▶ The top three IPOs in Q3'10 accounted for 50% of the quarter's global capital raised.
 - ▶ Agricultural Bank of China raised US\$22.1 billion which constituted 42% of global capital raised in Q3'10. It is the largest IPO ever, and the largest in Q3'10, topping the 2006 Chinese ICBC listing worth US\$21.9 billion.
 - ▶ The second largest IPO was another former state-owned enterprise (SOEs), China Everbright Bank Co. Ltd, which raised US\$3.2 billion and constituted 6% of global capital raised in Q3'10.
 - ▶ The third largest IPO this quarter was that of Ningbo Port Co Ltd raised US\$1.1 billion (2% of global capital raised) which listed on Shanghai Stock Exchange.
- ▶ In Q3'10, Asian issuers dominated global IPO activity, the region accounted for 83% of dollar volume and 60% of deal numbers (raising US\$43.8 billion in 173 IPOs):
 - ▶ Chinese issuers alone made up over three-quarters (76%) of global fundraising (US\$40.1 billion in 110 deals – a 147% increase in total proceeds from Q2).
 - ▶ The relative strength of the Asian IPO market looks set to continue with the expected US\$15.0 billion IPO from AIA Group due in late October.

Q3'10 key highlights

- ▶ Europe and the US IPO markets remained volatile:
 - ▶ Numerous European IPOs were postponed or cancelled due to market uncertainty exacerbated by the sovereign debt crisis. In a 68% drop on Q2 proceeds, European issuers raised US\$3.2 billion in 49 IPOs in the quarter. This reversed the trend of three consecutive quarters of increasing capital raised between Q3'09 and Q2'10.
 - ▶ US IPO activity was subdued in Q3'10, there were 23 deals which raised US\$3.1 billion, which was lower than Q2'10. There continues to be an increase in new IPO filings. A large backlog of 124 companies has built up in the US, with many sitting in registration much longer than normal. US volume for Q4'10 could be boosted by GM's anticipated IPO privatization with expected capital raised of above US\$10 billion.
- ▶ The Middle East and Africa IPO market was relatively quiet in Q3'10.
- ▶ The financial sponsor backed IPO* activity slowed in Q3'10 compared to Q2'10 and Q1'10:
 - ▶ The largest sponsor backed IPO in Q3'10 is Canada's MEG Energy Corp. Five of the top 20 IPOs were sponsor-backed IPOs (2 each from Canada and US and 1 from Netherlands).
- ▶ Emerging markets dominated activity in the global IPO market in Q3'10:
 - ▶ Developing countries made up 73% of global number of deals, whereas developed countries made up 27%.
 - ▶ Developing countries raised 85% of the total global capital raised compared to 15% from developed economies. This was largely due to the Agricultural Bank of China IPO.
 - ▶ Five of the top 10 IPOs and 10 of the top 20 IPOs by capital raised were from emerging markets.
 - ▶ BRIC countries together raised 78% of total capital raised in Q3'10 – US\$41.2 billion in 127 deals (44% of deals). Four of the top 10 IPOs and 9 of the top 20 IPOs by capital raised were from BRIC issuers.

*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.”

Q3'10 key highlights

- ▶ Thirteen of Q3'10 global IPOs (5%) were former SOEs:
 - ▶ 12 deals were from China, 1 was from Indonesia.
 - ▶ 5 of the top 20 IPOs were former SOEs, all were from China

Global IPOs* by pricing range

- ▶ In the first nine months, there were 495 IPOs with deal value over US\$50 million, these deals raised a total of US\$83.2 billion altogether.
 - ▶ 85.1% of these deals priced within their initial filing range (418), while 3.1% were priced above range (15) and 11.8% priced below range (58) in 2010YTD.
- ▶ In Q3'10, the 146 deals with deal value above US\$50 million, raised a total of US\$25.0 billion altogether.
 - ▶ 84% of these deals priced within their initial filing range (122), while 4% priced above range (6) and 12% priced below range (17 deals).

Follow on deals

- ▶ There were 2,591 deals globally which raised US\$310.5 billion through follow-on offerings in the first nine months of 2010. This includes Brazil's Petrobras' US\$69.4 billion offering, the largest equity capital raising ever.
 - ▶ This represents a 33% decrease by capital raised from the same period in 2009, which raised US\$464.2 billion in 2,743 deals.

*Analysis focus on open-price IPOs with deal value above us\$50 that is priced above, below or within their initial filing range

Q3'10 key highlights

Geographical analysis

By number of IPOs

- ▶ Asia Pacific continues to be the leading region with 68% market share.
- ▶ EMEA and North America regions had 20% and 11% market share respectively. Central & South America had 1% market share.
 - ▶ Far East countries (China/HK, South Korea, Japan and Taiwan) accounted for 135 IPOs. Eight of the top 20 IPOs by value are domiciled in the Far East, all 8 were from China/HK.
 - ▶ China/HK, Poland and US were market share leaders with 114, 28 and 23 IPOs respectively.

By capital raised

- ▶ Asia Pacific was the market share leader with 84% in Q3'10.
- ▶ North America and EMEA were ranked second and third with 8% and 7% market share respectively, while Central & South America had 1%.
 - ▶ China/HK, US and UK were market share leaders in Q3'10 with 77% (US\$40.4 b), 5.8% (US\$3.1b) and 3.3% (US\$1.8b) respectively

Industry analysis

- ▶ Leading industries (by number of deals) are materials (64), industrials (52) and high technology (36).
- ▶ Leading industries (by capital raised) include financials (US\$26.8 billion), materials (US\$5.7 billion) and industrials (US\$5.7 billion).
- ▶ Two Chinese former state-owned banks were the top two IPOs in Q3'10 (48% of global capital raised) and raised US\$25.3 billion altogether

Exchange analysis

By number of IPOs

- ▶ China's Shenzhen Stock Exchange (SSE — SME and ChiNext boards), Warsaw's New Connect, and Australian Securities Exchange (ASX) were the top three exchanges respectively in Q3'10.

By capital raised

- ▶ China's Shanghai Stock Exchange (SSE), the Hong Kong Stock Exchange (HKEx) and Shenzhen Stock Exchange (SZE) were the top three exchanges in Q3'10.
- ▶ Although only 2.1% of the total number of IPOs in Q3'10 were listed on SSE, it attracted 30% of capital raised this quarter (#1 rank).
- ▶ This was due to SSE hosting three of this quarter's largest IPOs including the largest IPO ever, Agricultural Bank of China (which raised US\$22.1 billion).
- ▶ Although only 7% of total number of IPOs were listed on HKEx, it attracted 27% of capital raised in Q3'10 (#2 rank), due again primarily to Agricultural Bank of China.

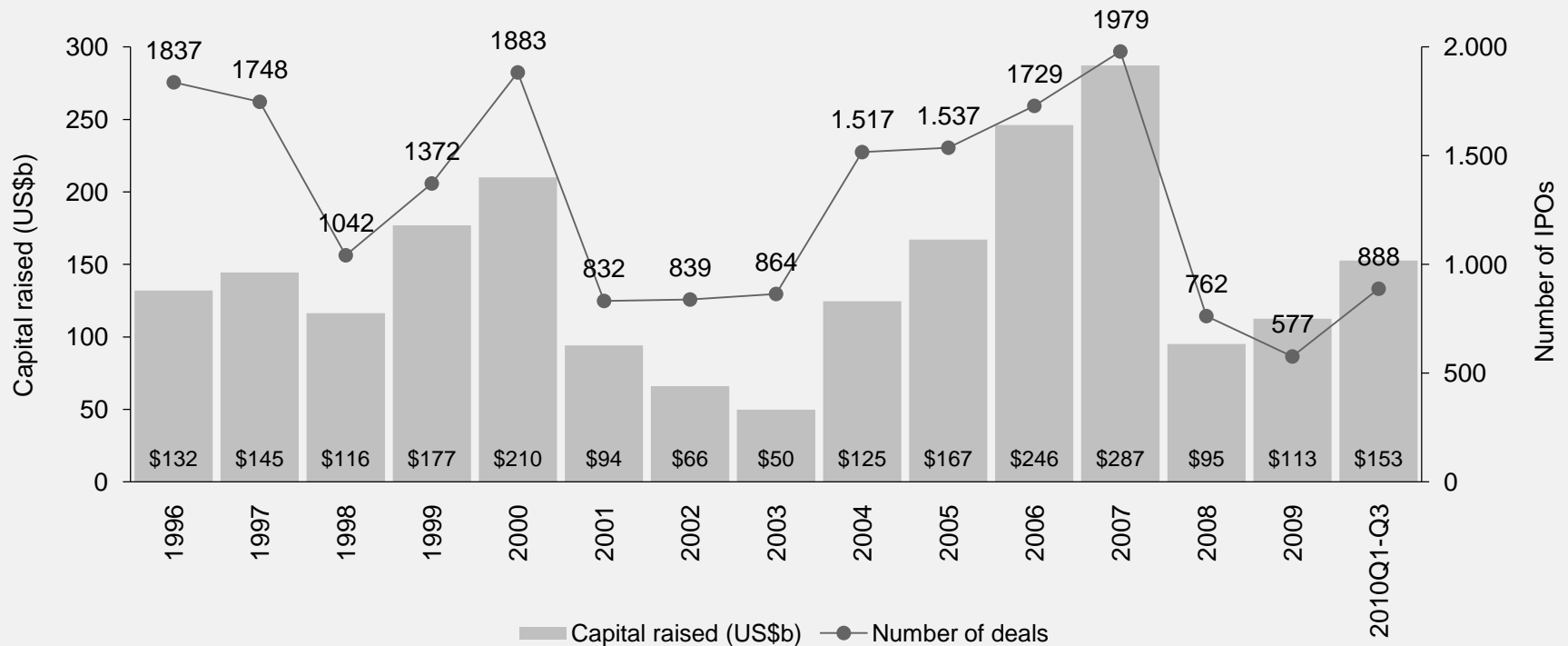
Q3'10 key highlights

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

- ▶ Emerging markets represent 5 of the top 10 IPOs and 10 of the top 20 IPOs:
 - ▶ The Asia Pacific region accounts for 55% of the Top 20 Club (11 IPOs out of 20):
 - ▶ 8 IPOs were from China/HK while Australia, India and South Korea had one deal each
 - ▶ EMEA accounts for 20% of the Top 20 Club (4 IPOs out of 20):
 - ▶ Two deals were from the UK, while the Netherlands and Germany had one deal each
 - ▶ North America accounts for 25% of the Top 20 Club (5 IPOs out of 20):
 - ▶ Three deals were from US companies and 2 deals were from Canada.
- ▶ 18 of the top 20 listed on their home exchange (as their primary exchange).
 - ▶ 2 of the top 20 that listed on a foreign exchange:
 - ▶ Canada’s SMART Technologies Inc. which dual-listed on the NASDAQ and Toronto
 - ▶ The Netherland’s NXP Semiconductors NV also listed on NASDAQ
- ▶ The top 10 IPOs raised US\$31.2 billion which represents about 59% of global capital raised in Q3'10.
- ▶ The top 20 IPOs together raised US\$35.1 billion which represents about 67% of global capital raised.
 - ▶ Greater China was the source of 8 of the top 20 IPOs in Q3'10:
 - ▶ Issuers from the US accounted for three deals, the UK and Canada (2), and Indonesia, India, Australia, Netherlands, Germany, accounted for 1 deal each.
 - ▶ The minimum deal value to join the global Top 20 Club in Q3'10 has dropped to US\$311 million, compared to US\$336 million in Q3'09
 - ▶ The minimum deal value to join the global Top 10 Club in Q3'10 has dropped to US\$513 million, compared to US\$820 million in Q3'09
- ▶ The materials and financial sectors generated four and three of the top 20 IPOs respectively.
 - ▶ While consumer staples, energy & power, technology, industrials and retail sectors generated two of the top 20 IPOs each

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

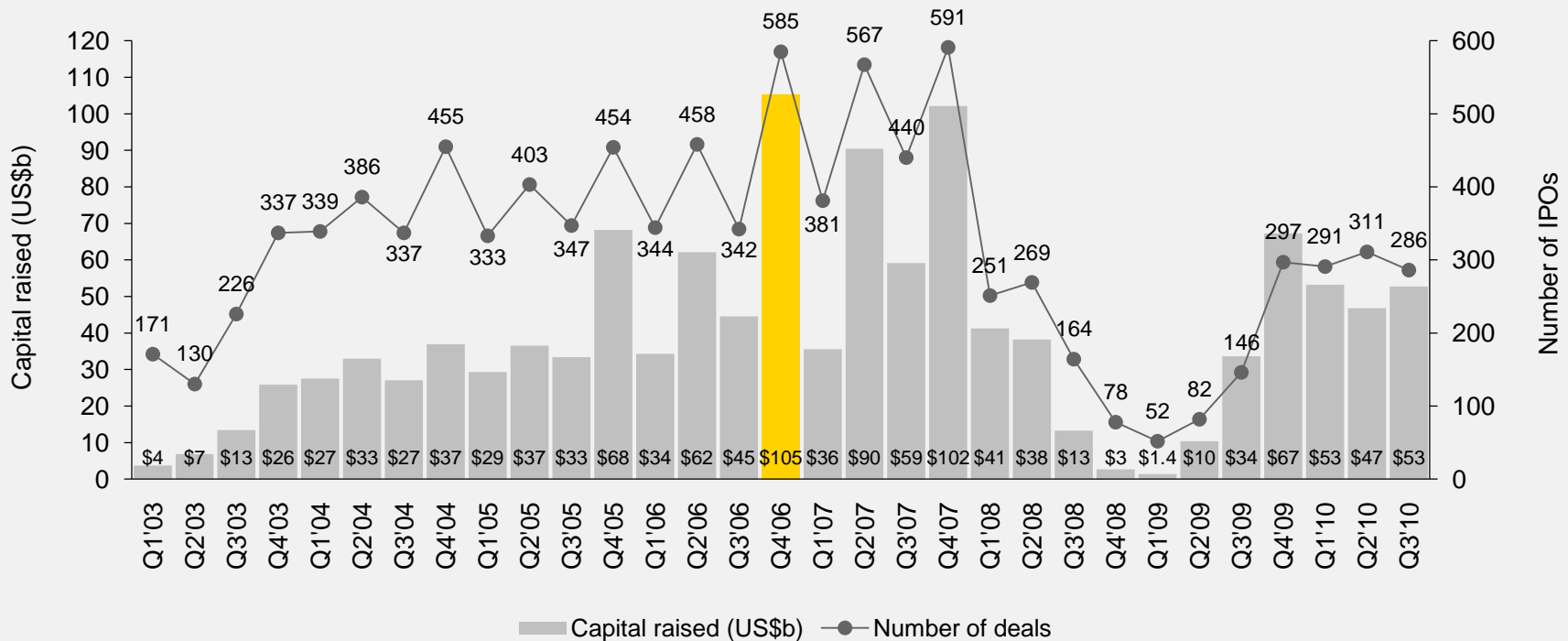
Global IPO activity in the first three quarters of 2010 has surpassed 2009. Improved economic conditions in many countries, stronger performance of global equity markets and increasing investor optimism contributed to this increase in IPO activity.



Source: Dealogic, Thomson Financial, Ernst & Young

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

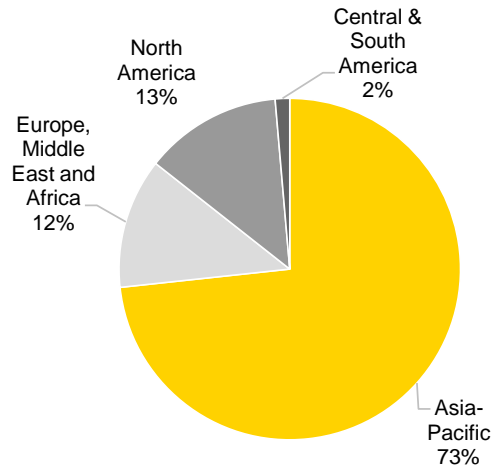
In Q3'10, there were 4 deals with capital raised above US\$1 billion. Of the top 10 IPOs (by capital raised), 5 deals were from emerging countries. Of the top 20 IPOs, 10 deals were from emerging countries.



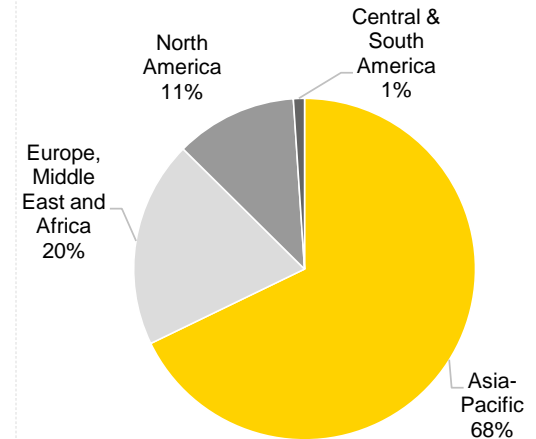
Source: Dealogic, Thomson Financial, Ernst & Young

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

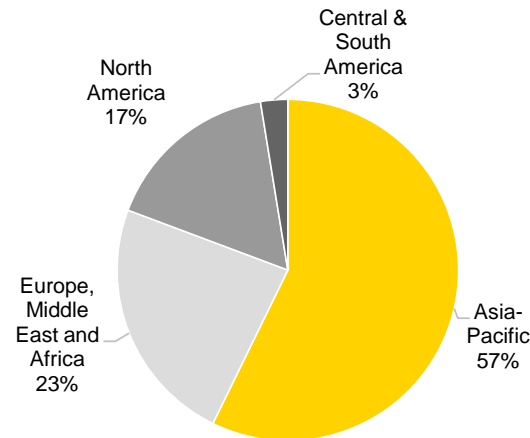
Q3'09



Q3'10



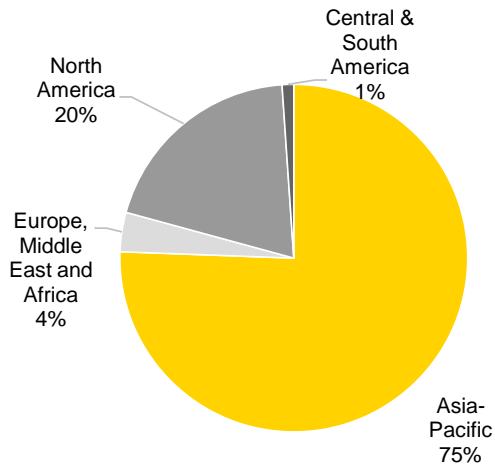
Q2'10



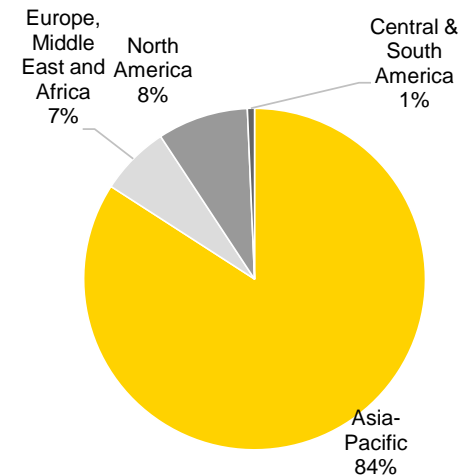
Source: Dealogic, Thomson Financial, Ernst & Young

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

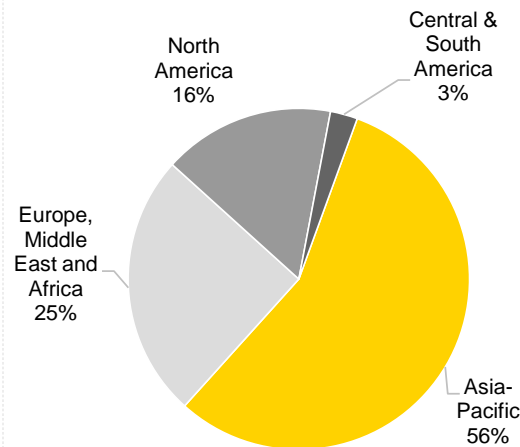
Q3'09



Q3'10



Q2'10

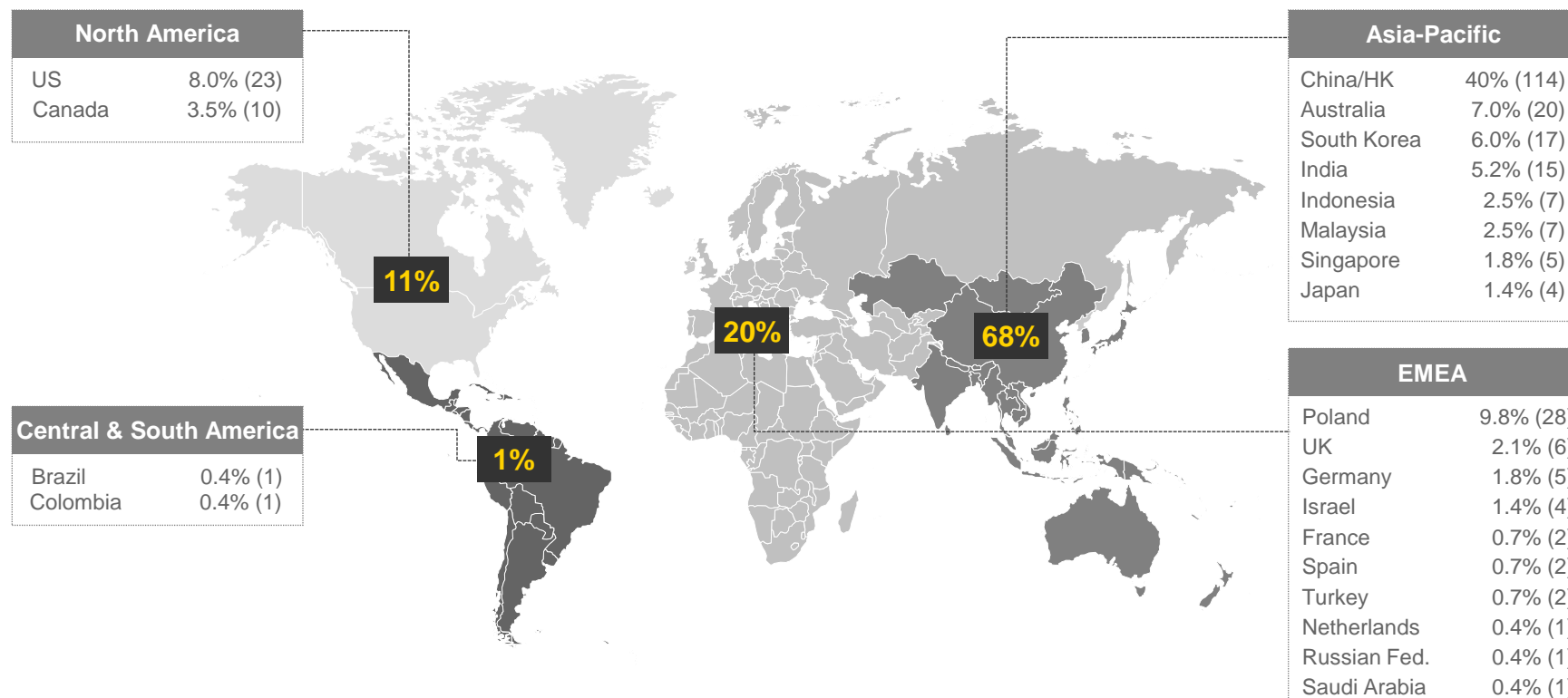


*Primarily due to Brazil's Visanet IPO which raised US\$4.3 billion (41% of global capital raised in Q2'09)

Source: Dealogic, Thomson Financial, Ernst & Young

Q3'10 Global IPO activity: by region and number of deals

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

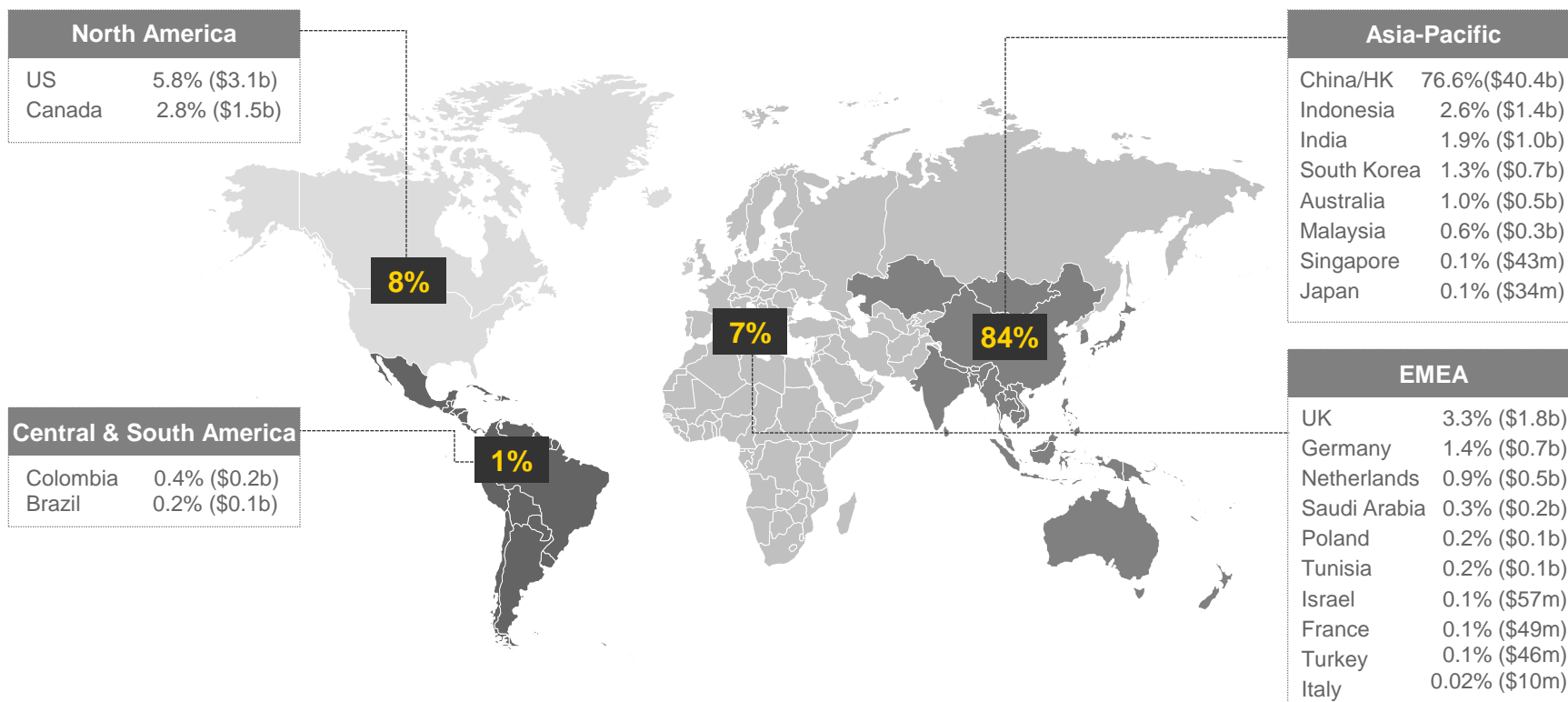


Developing countries made up 73% of the number of deals globally, whereas developed countries made up 27%. Developing countries raised 85% of the total global capital raised compared to 15% from the developed economies.

Source: Dealogic, Thomson Financial, Ernst & Young

Q3'10 Global IPO activity: by region and capital raised

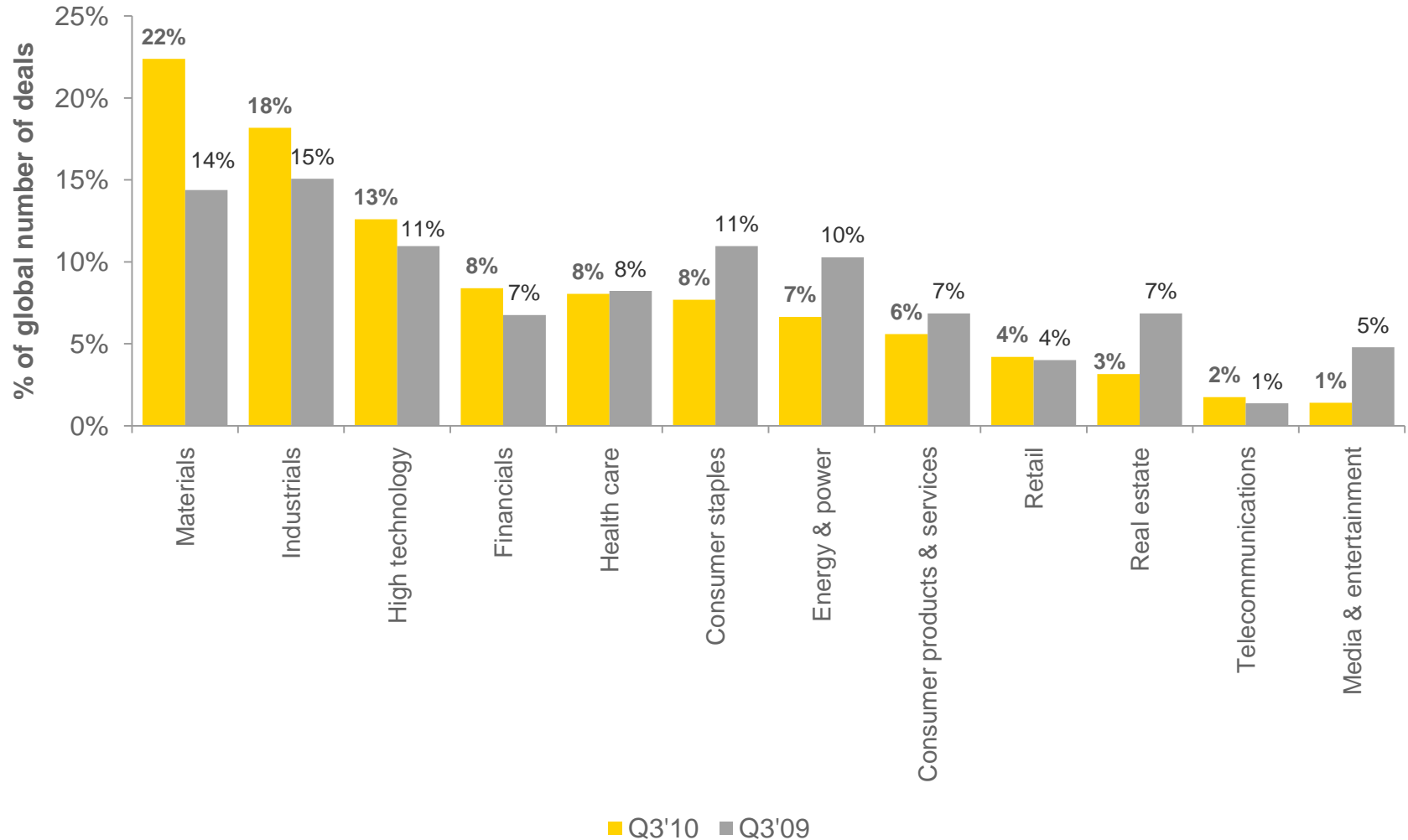
China/HK lead by total capital raised (US\$), followed by US and UK



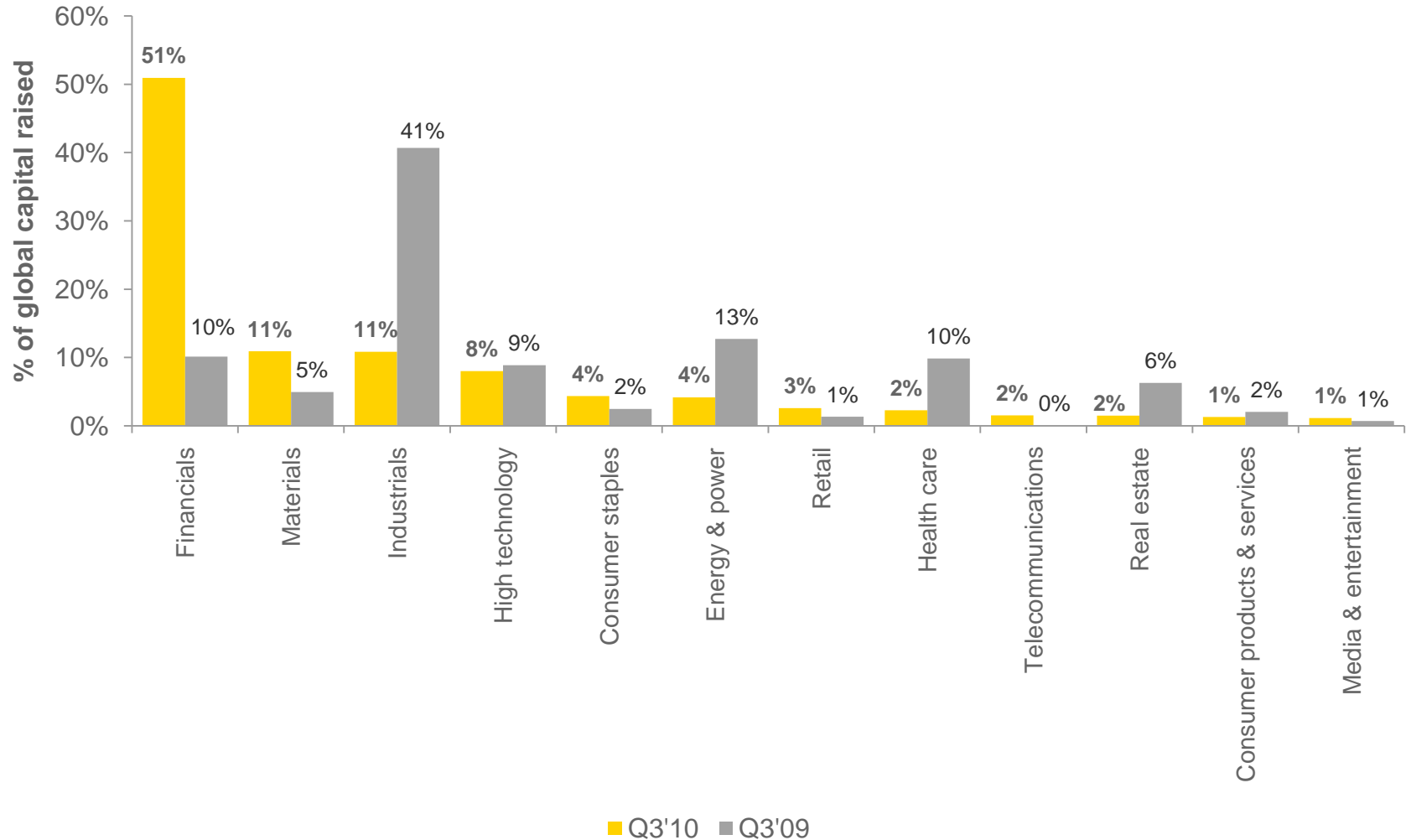
Five of the top ten IPOs and 10 of the top 20 IPOs by capital raised were from emerging markets. BRICs together raised US\$41.2 billion (78% of total capital raised) in 127 deals (44% of total deal numbers).

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



Q3'10 Global IPO activity: by stock exchanges*

Top 12 by number of deals

Primary exchange	No. of deals	%
Shenzhen Stock Exchange (SZE) **	79	27.6%
NewConnect – Warsaw	25	8.7%
Australian Securities Exchange (ASX)	19	6.6%
Hong Kong Exchanges & Clearing Ltd (HKEx)	19	6.6%
NASDAQ	17	5.9%
New York Stock Exchange (NYSE)	16	5.6%
Bombay Stock Exchange (BSE)	13	4.5%
KOSDAQ	13	4.5%
Bursa Malaysia	7	2.4%
Toronto Venture Exchange (TSX-V)	7	2.4%
London Alternative Investment Market (AIM)	6	2.1%
Shanghai Stock Exchange (SSE)	6	2.1%
<i>All other exchanges</i>	59	21.0%

Top 12 by total capital raised

Primary exchange	Capital raised US\$m	%
Shanghai Stock Exchange (SSE)	\$15,631	29.7%
Hong Kong Exchanges & Clearing Ltd (HKEx)	\$14,050	26.7%
Shenzhen Stock Exchange (SZE)**	\$9,952	18.9%
New York Stock Exchange (NYSE)	\$2,951	5.6%
NASDAQ	\$2,160	4.1%
London Stock Exchange (LSE)	\$1,614	3.1%
Indonesia Stock Exchange (IDX)	\$1,355	2.6%
Bombay Stock Exchange (BSE)	\$855	1.6%
Toronto Stock Exchange (TSX)	\$730	1.4%
Korea Stock Exchange (KSE)	\$517	1.0%
Deutsche Borse	\$493	1.0%
Australian Securities Exchange (ASX)	\$485	1.0%
<i>All other exchanges</i>	\$1,895	3.3%

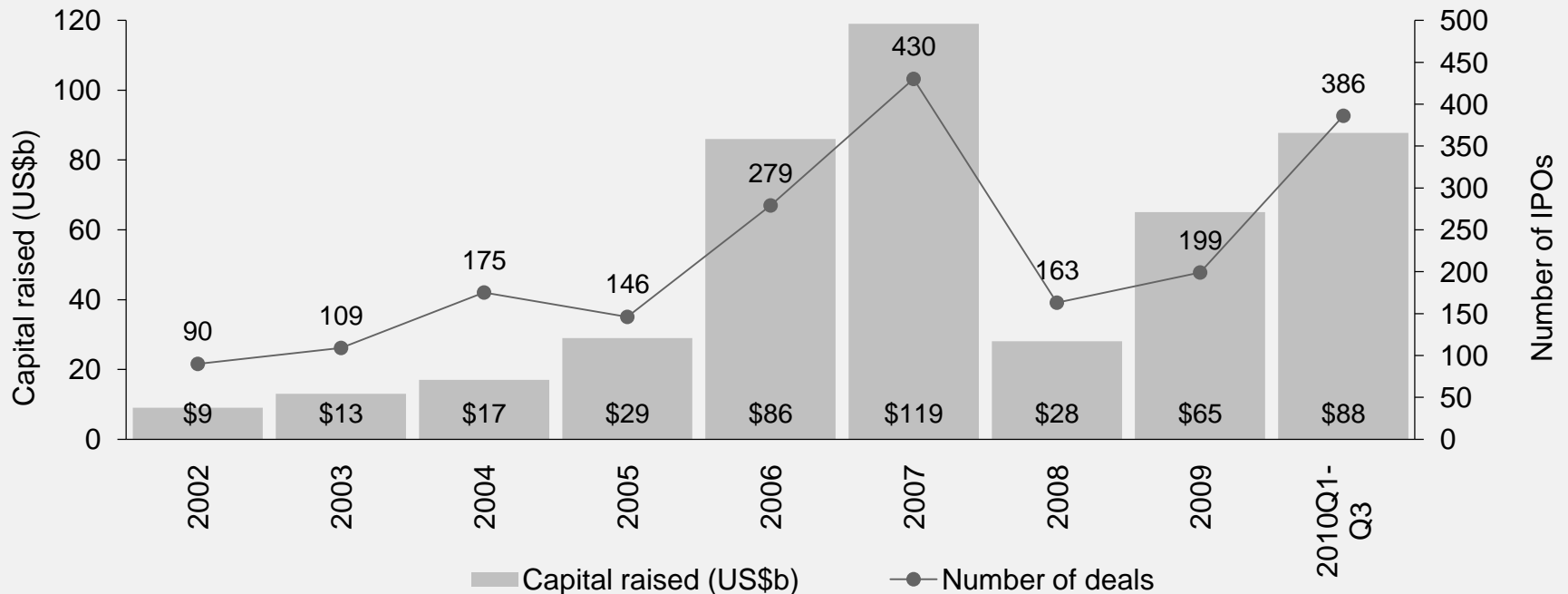
Source: Dealogic, Thomson Financial, Ernst & Young

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

**Shenzhen Stock Exchange includes listings on Mainboard and ChiNext

Emerging markets: IPO activity by year in the BRIC countries

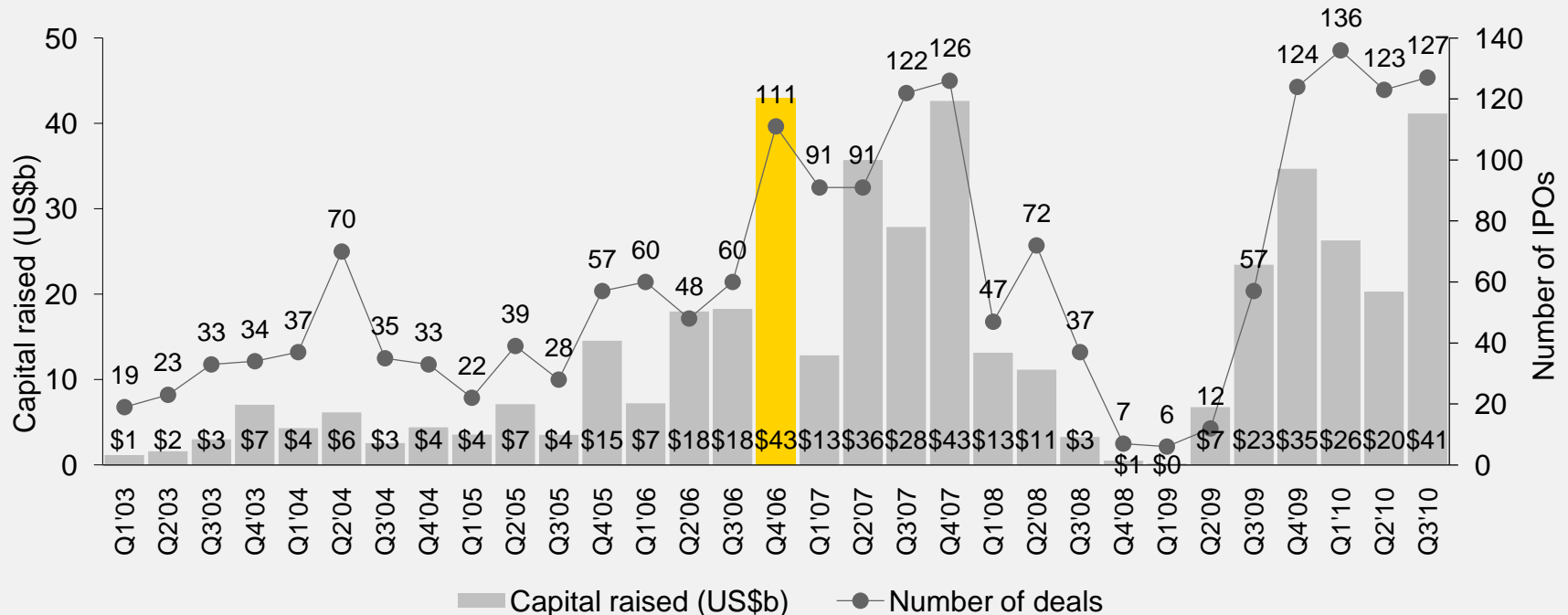
Emerging market continues to drive Global IPO activity in the first three quarters of 2010 (70% by global deals). There were 386 IPOs which raised US\$87.8 billion by BRIC issuers. We have also seen an increasing in IPO activity in the other emerging markets.



Source: Dealogic, Thomson Financial, Ernst & Young

Emerging markets: IPO activity by quarter in the BRIC countries

In Q3'10, 3 of the 4 deals with capital raised above US\$1 billion were from emerging markets. Of the top 10 IPOs (by capital raised), 5 deals were from emerging countries. Of the top 20 IPOs, 10 deals were from emerging countries.



Source: Dealogic, Thomson Financial, Ernst & Young

Q3'10 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
Jul	Agricultural Bank of China Ltd	China	Financials	Commercial Bank	22,117	Shanghai, Hong Kong	
Aug	China Everbright Bank Co Ltd	China	Financials	Commercial Bank	3,204	Shanghai	
Sep	Ningbo Port Co Ltd	China	Industrials	Engaged in shipping and port management	1,097	Shanghai	
Jul	Vallar plc	United Kingdom	Materials	Investor in the mining sector	1,051	London	
Sep	PT Indofood CBP Sukses Makmur	Indonesia	Consumer staples	Diversified food manufacturer	692	Indonesian	
Aug	MEG Energy Corp	Canada	Energy & power	Oil and gas exploration company	678	Toronto	Yes
Jul	SMART Technologies Inc	Canada	High technology	Manufacturer of interactive whiteboards	660	NASDAQ, Toronto	Yes
Aug	Jihua Group Corp Ltd	China	Consumer staples	Manufacturer of military and police uniforms and related textile products	598	Shanghai	
Jul	Ocado Group plc	United Kingdom	Retail	Online food retailer	563	London	
Jul	Chesapeake Midstream Partners LP	United States	Energy & power	Owner and operator of natural gas gathering systems and other midstream energy assets	513	New York	

Source: Dealogic, Thomson Financial, Ernst & Young

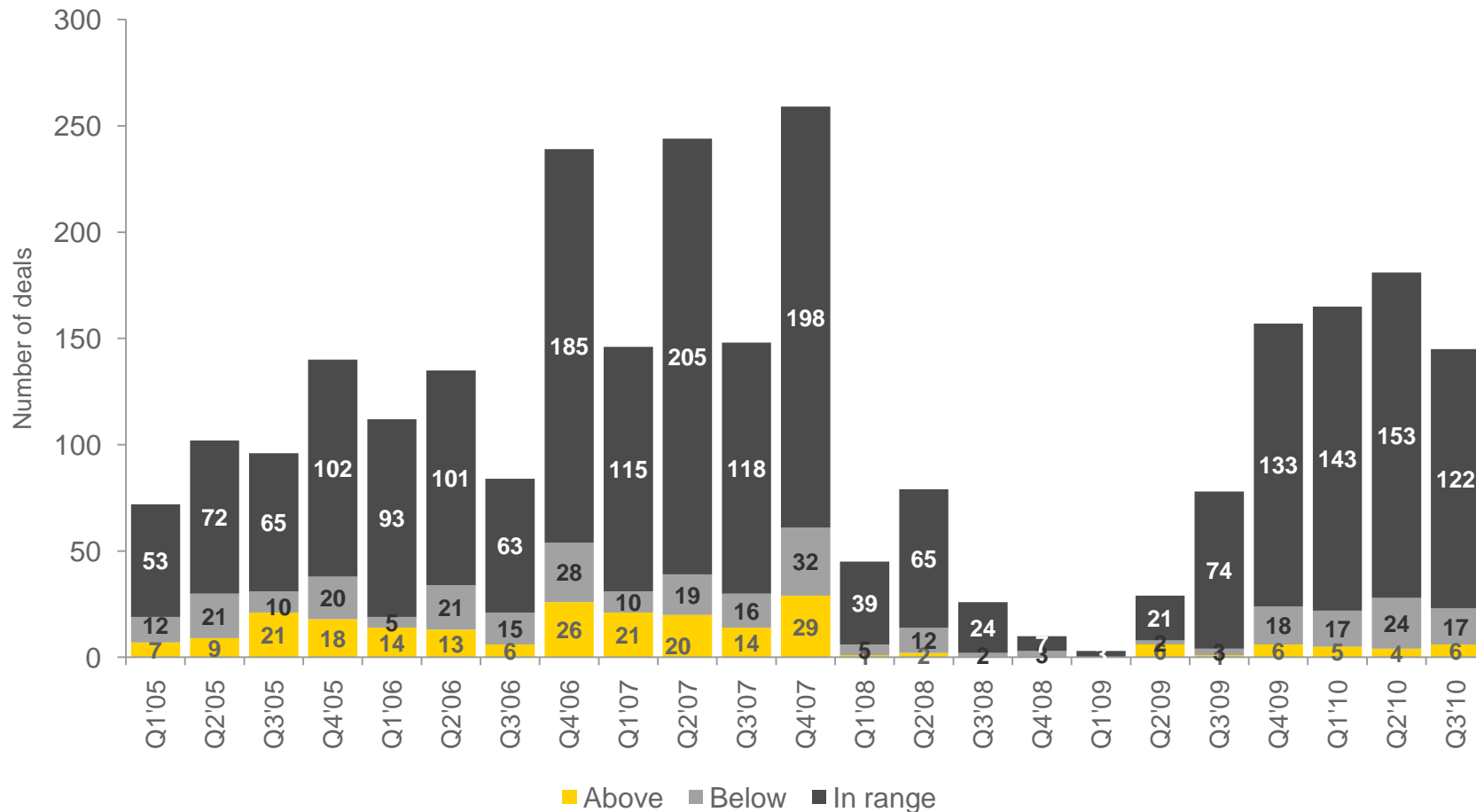
Q3'10 Top 20 IPOs: by capital raised

Issue month	Issuer name	Domicile nation	Industry description	Issuer business description	Proceeds (US\$m)	Exchange(s)	PE-backed IPO
Aug	NPX Semiconductors NV	Netherlands	High technology	Producer of high-performance mixed-signal semiconductors	476	NASDAQ	Yes
Aug	Guangzhou Haige Communications Group Inc	China	Telecommunications	Producer of military satellite telecommunications equipment	475	Shenzhen	
Jul	Stroeer Out-of-Home Media AG	Germany	Media & entertainment	Outdoor advertising agency	468	Frankfurt	
Aug	Zhengzhou Coal Mining Machinery Group Co Ltd	China	Industrials	Manufacturer of coal mining machinery	413	Shanghai	
Jul	Molycorp Inc	United States	Materials	Mining and technology company that produces molybdenum and rare earth products	408	New York	Yes
Aug	Aston Resources Ltd	Australia	Materials	Coal mining company	357	Australian	
Aug	SKS Microfinance Ltd	India	Financials	Microfinance loan provider	353	Bombay, National	
Jul	Zhejiang Runtu Co Ltd	China	Materials	Manufacturer and distributor of dyes & dyeing auxiliary agents for textile	337	Shenzhen	
Sep	Boshiwa International Holding Ltd	China	Retail	Designer and marketer of range of children products	321	Hong Kong	
Sep	CoreSite Realty Corp	United States	Real estate	Real estate investment trust which owns and operates data centres	311	New York	Yes

Total capital raised by top 20 IPOs US\$35,093
Total global capital raised in Q3'10 US\$52,688
% of top 20 67%

Source: Dealogic, Thomson Financial, Ernst & Young

Global number of IPOs* by pricing range



Source: Dealogic

*Chart shows the number of open-price IPOs with deal value above US\$50 that is priced above, below or within their initial filing range

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, SZE, WSE, NewConnect, TSX and TSX-V exchanges, we use their first trading date in place of issue date.

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