

March 27, 2015

Hong Kong, U.S. Drop-Off Sink Global IPO Issuance

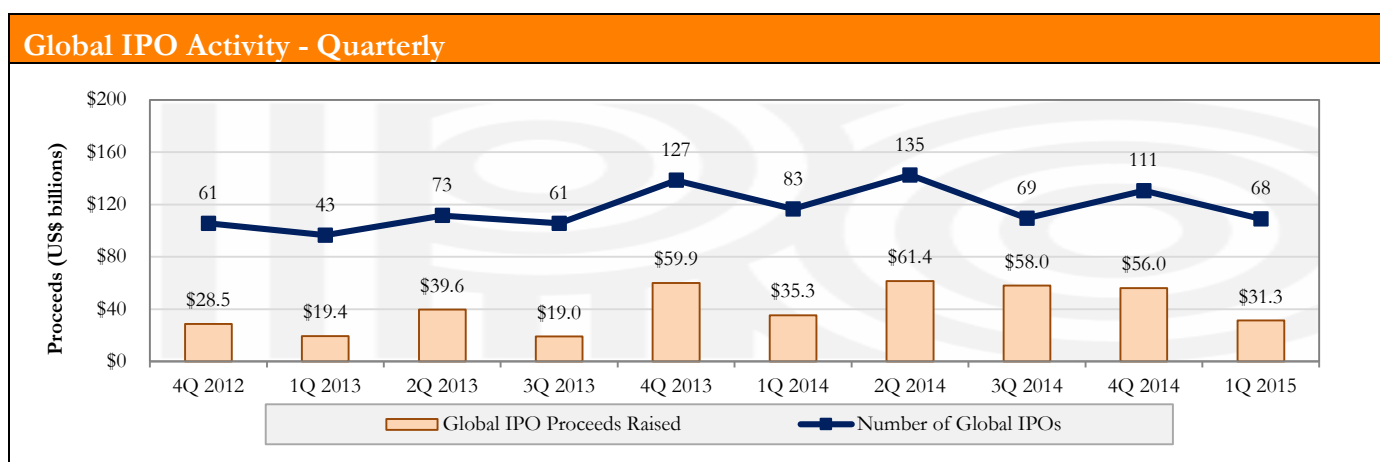
Following a very active 2014, global IPO issuance slowed in the first quarter of 2015. Quarterly proceeds were \$31.3 billion, down 11.4% year-over-year. Excluding Europe, IPO issuance in all regions dropped significantly year-over-year. IPO proceeds in the 1Q15 were led by the European and Asia Pacific regions, which accounted for 54.4% and 30.9% of quarterly proceeds, respectively. European proceeds were boosted by the listings of large, multi-billion dollar IPOs, including Europe's eighth largest IPO ever from Spanish airport operator Aena (AENA.SM), which raised \$4.8 billion. Issuance in the Asia Pacific markets benefited from the return of China A-share IPOs which raised \$4.7 billion but still finished down from last year's levels as Hong Kong issuance was dampened due to the pending changes to the exchange's listing guidelines. Due to the stellar performance of these mainland China IPOs, global IPOs generated an exceptional 62% average return. Taking market volatility into account, as long as IPOs continue to generate positive returns we expect global IPO issuance to remain active for the remainder of 2015.

Key Takeaways:

- Europe dominates IPO proceeds, North America slows down
- Capital Goods and Communications took leadership in the 1Q15
- Asia Pacific and Global performance boosted by China A-Shares
- Transportation and Consumer IPOs lead returns
- China A-Share IPOs outperform
- Global IPO Index outperforms in the 1Q15

Global IPO Activity - Quarterly						
	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015	ΔYoY
Proceeds Raised (US\$)	\$35.3b	\$61.4b	\$58.0b	\$56.0b	\$31.3b	-11.4%
Number of Deals	83	135	69	111	68	-18.1%
Median Deal Size (US\$)	\$221m	\$299m	\$240m	\$218m	\$205m	-7.4%

Source: Renaissance Capital. Global statistics include IPOs with a deal size of at least \$100 million and exclude closed-end funds and SPACs. Data as of Mar. 26, 2015.



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Europe dominates IPO proceeds, North America slows down

The European region accounted for 54.5% of IPO proceeds in the 1Q15. In addition to significant IPO issuance on the London and Swiss Stock Exchanges, the Bolsa de Madrid listed the eighth largest European IPO ever as Spanish airport operator Aena (AENA.SM) raised \$4.8 billion this quarter. Although the Asia Pacific region raised the second most IPO proceeds this quarter, issuance in the region was muted excluding China A-shares, as capital raising in the MIPS countries was largely absent and the issuance in Hong Kong weakened as the typically active exchange was held back by pending changes to listing guidelines following the loss of the Alibaba IPO to the NYSE late last year.

The recently hyperactive North American IPO market placed a distant third in the IPO race after raising just \$4.1 billion in the 1Q15. US issuance was slowed this quarter as proceeds from the historically active Energy and Technology sectors fell due to the significant drop in oil prices and the increased availability of private funding, respectively.

Regional Breakdown - (US\$ Billions)									
Region	1Q 2014			4Q 2014			1Q 2015		
	#	\$	% of \$	#	\$	% of \$	#	\$	% of \$
Asia Pacific	34	\$14.3	40.5%	41	\$26.6	47.5%	25	\$9.7	30.9%
Europe	21	\$11.8	33.5%	19	\$6.9	12.3%	26	\$17.0	54.4%
Latin America	0	\$0.0	0.0%	4	\$1.1	2.0%	0	\$0.0	0.0%
Middle East and Africa	1	\$0.9	2.5%	3	\$6.8	12.2%	2	\$0.4	1.4%
North America	27	\$8.3	23.4%	44	\$14.7	26.2%	15	\$4.1	13.2%

Source: Renaissance Capital. Global statistics include IPOs with a deal size of at least \$100 million and exclude closed-end funds and SPACs. Data as of Mar. 26, 2015.

Exchange Breakdown - (US\$ Billions)									
Exchange	1Q 2014			4Q 2014			1Q 2015		
	#	\$	% of \$	#	\$	% of \$	#	\$	% of \$
Bolsa de Madrid	3	\$1.4	4.0%	0	\$0.0	0.0%	2	\$5.3	17.4%
Shanghai Stock Exchange	5	\$1.7	4.9%	8	\$1.3	2.4%	12	\$4.1	13.2%
LSE Main	9	\$4.2	11.9%	2	\$0.5	0.9%	8	\$4.0	12.7%
NYSE	18	\$7.2	20.3%	27	\$11.3	20.2%	10	\$2.9	9.5%
Swiss Exchange	0	\$0.0	0.0%	1	\$0.1	0.2%	1	\$2.1	7.0%
Euronext/Amsterdam	1	\$1.8	5.0%	0	\$0.0	0.0%	3	\$1.9	6.2%
Hong Kong Exchange	8	\$5.5	15.6%	11	\$10.9	19.4%	3	\$1.8	5.9%
Thailand Stock Exchange	1	\$0.1	0.3%	2	\$0.6	1.1%	1	\$1.7	5.5%
NASDAQ	9	\$1.1	3.1%	16	\$3.4	6.0%	5	\$1.2	4.0%
OMX Nordic Exchange	1	\$0.5	1.4%	3	\$1.1	2.0%	4	\$0.9	3.0%

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Capital Goods and Communications took leadership in the 1Q15

First quarter issuance was well balanced as 8 different sectors raised at least \$1 billion. The highest grossing sectors were Capital Goods & Services (\$7.5 billion), Communications (\$5.1 billion), and Financials (\$4.9 billion). Proceeds in the historically less active Capital Goods & Services sector were bolstered by Aena's mega IPO and Chinese car window manufacturer Fuyao Glass Industry Group (3606.HK; \$951 million). The Communications sector was helped by the significant offerings of Swiss telecommunications company Sunrise Communications (SRCG.SS; \$2.1 billion) and Thailand internet operator Jasmine Broadband (JASIF.TB; \$1.6 billion). The historically active Financial sector raised the third most proceeds in the 1Q15 due to the large IPOs of Chinese brokerage firms Orient Securities Co. (600958.CH; \$1.6 billion) and Dongxing Securities (601198.CH; \$733 million).

Proceeds by Sector - (US\$ Billions)										
Sector	#	1Q 2014			4Q 2014			1Q 2015		
		\$	% of \$	#	\$	% of \$	#	\$	% of \$	
Capital Goods	7	\$1.8	5.2%	14	\$5.1	9.1%	10	\$7.5	24.0%	
Communications	2	\$2.0	5.7%	4	\$1.0	1.8%	4	\$5.1	16.4%	
Financial	14	\$7.0	19.8%	24	\$26.6	47.5%	12	\$5.0	15.8%	
Consumer	14	\$5.0	14.0%	13	\$4.1	7.3%	16	\$4.5	14.4%	
Technology	15	\$6.5	18.5%	13	\$3.7	6.7%	8	\$3.6	11.4%	
Energy	6	\$3.0	8.6%	12	\$6.8	12.1%	5	\$2.0	6.5%	
Business Services	5	\$2.8	7.9%	6	\$2.8	4.9%	3	\$1.3	4.3%	
Health Care	9	\$1.4	3.9%	16	\$3.5	6.2%	6	\$1.3	4.0%	
Transportation	5	\$1.4	3.9%	6	\$1.4	2.5%	3	\$0.9	2.9%	
Materials	5	\$1.3	3.7%	3	\$1.1	1.9%	1	\$0.1	0.4%	
Utilities	1	\$3.1	8.8%	0	\$0.0	0.0%	0	\$0.0	0.0%	

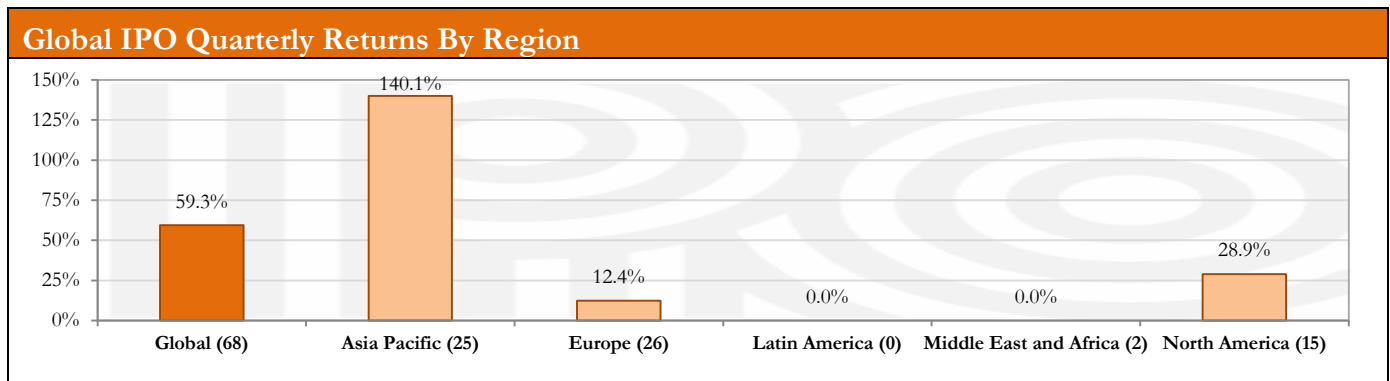
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Largest Global IPOs – 1Q 2015						
Company	Ticker	Exchange	Offer Date	Deal Size (\$ mm)	Industry	Return from IPO
Aena	AENA.SM	Bolsa de Madrid	10-Feb	\$4,844	Capital Goods	41.3%
Sunrise Communications	SRCG.SS	Swiss Exchange	5-Feb	\$2,144	Communications	17.9%
Auto Trader Group	AUTO.LN	LSE Main	19-Mar	\$2,077	Technology	12.8%
Jasmine Broadband	JASIF.TB	Stock Exchange of Thailand	3-Feb	\$1,686	Communications	-6.5%
Orient Securities Company	600958.CH	Shanghai Stock Exchange	16-Mar	\$1,602	Financial	58.3%
GrandVision	GVNV.NA	Euronext/Amsterdam	6-Feb	\$1,159	Consumer	11.7%
Columbia Pipeline Partners	CPPL	NYSE	5-Feb	\$1,077	Energy	20.5%
Fuyao Glass Industry Group	3606.HK	Hong Kong Exchange	25-Mar	\$952	Capital Goods	
Elis	ELIS.FP	Euronext/Paris	10-Feb	\$852	Bus. Services	19.5%
HKBN	1310.HK	Hong Kong Exchange	4-Mar	\$748	Communications	9.2%

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Asia Pacific and Global performance boosted by China A-Shares

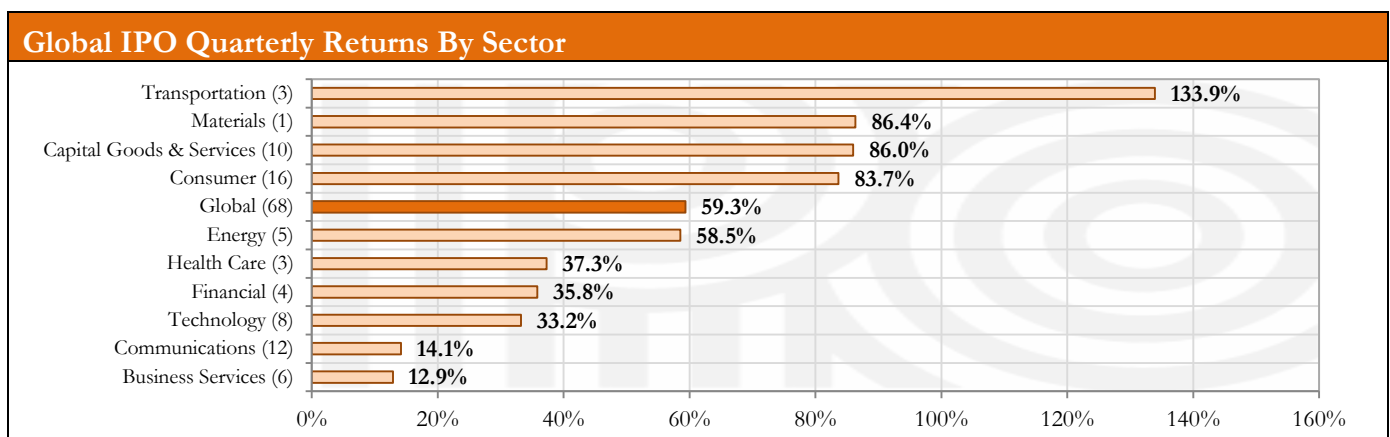
IPO returns were exceptionally strong in the 1Q15, up 59.3% on average. Returns were led by the Asia Pacific region, where IPOs rose 140.1% on average thanks to high-flying China A-share offerings. The 15 mainland China-listed IPOs materially skewed Asia's performance as the average IPO rose 180.8% from its offer price with no offering generating less than a 58.4% return. Excluding China A-shares, the average global IPO generated a still-admirable 17.9% return while the average Asia Pacific IPO only rose 10.0%. North America was the second best performing region as hot IPOs from gene therapy biotech Spark Therapeutics (ONCE; +186.0%) and fast-casual burger chain Shake Shack (SHAK; +136.0%) bolstered regional IPO performance.



Source: Renaissance Capital. Global statistics include IPOs with a deal size of at least \$100 million and exclude closed-end funds and SPACs. Returns as of Mar. 26, 2015.

Transportation and Consumer IPOs lead returns

IPOs in the Transportation and Consumer sectors outperformed in the 1Q15, generating average returns of 133.9% and 96.8%, respectively. Transportation sector returns benefited from the best performing IPO of the quarter as Shanghai-based low cost airline Spring Airlines (601021.CH) nearly quintupled from its IPO price with a 383.6% return. Consumer IPO returns also benefited from the stellar performance of A-share IPOs, as Chinese diversified e-commerce website Happigo Home Shopping (300413.CH; 319.8%), Chinese movie theater operator Wanda Cinema Line (002739.CH; 366.6%) and Chinese web-based video game developer Beijing Kunlun Technology (300418.CH; 288.3%) all produced substantial gains.



Source: Renaissance Capital. Global statistics include IPOs with a deal size of at least \$100 million and exclude closed-end funds and SPACs. Returns as of Mar. 26, 2015.

China A-Share IPOs outperform

Likely due to bottled up demand, the China A-share market accounted for nine of the ten best performing global IPOs this quarter, including Spring Airlines (301021.CH), Happigo Home Shopping (300413.CH) and Wanda Line Cinema (002739.CH). The lone non-A-share IPO on this quarter's ten best performers list was NASDAQ-listed Spark Therapeutics (ONCE).

Only six IPOs in the 1Q15 finished the quarter below their IPO price. Among them were US-based cancer immunotherapy biotech Collectis (CLLS; -10.0%), British staffing company HSS Hire Group (HSS.LN; -5.2%), and United Kingdom-based vodka bar operator Revolution Bars Group (RBG.LN, -2.1%).

Best Performing Global IPOs - 1Q 2015						
Company	Ticker	Exchange	Offer Date	Deal Size (\$ mm)	Industry	Return from IPO
Spring Airlines	601021.CH	Shanghai Stock Exchange	21-Jan	\$293	Transportation	383.6%
Wanda Cinema Line	002739.CH	Shenzhen Stock Exchange	12-Jan	\$206	Consumer	366.6%
Happigo Home Shopping	300413.CH	Shenzhen Stock Exchange	21-Jan	\$102	Consumer	319.8%
Beijing Kunlun Technology	300418.CH	Shanghai Stock Exchange	21-Jan	\$232	Consumer	288.3%
Changzheng Engineering	603698.CH	Shanghai Stock Exchange	28-Jan	\$164	Energy	197.8%
Spark Therapeutics	ONCE	NASDAQ	29-Jan	\$161	Health Care	186.0%
Dongxing Securities	601198.CH	Shanghai Stock Exchange	26-Feb	\$733	Financial	167.8%
Shanghai M&G Stationary	603899.CH	Shanghai Stock Exchange	27-Jan	\$128	Capital Goods	163.3%
Yifeng Pharmacy Chain	603939.CH	Shanghai Stock Exchange	17-Feb	\$125	Consumer	157.8%
Lens Technology	300433.CH	Shenzhen Stock Exchange	18-Mar	\$249	Capital Goods	155.2%

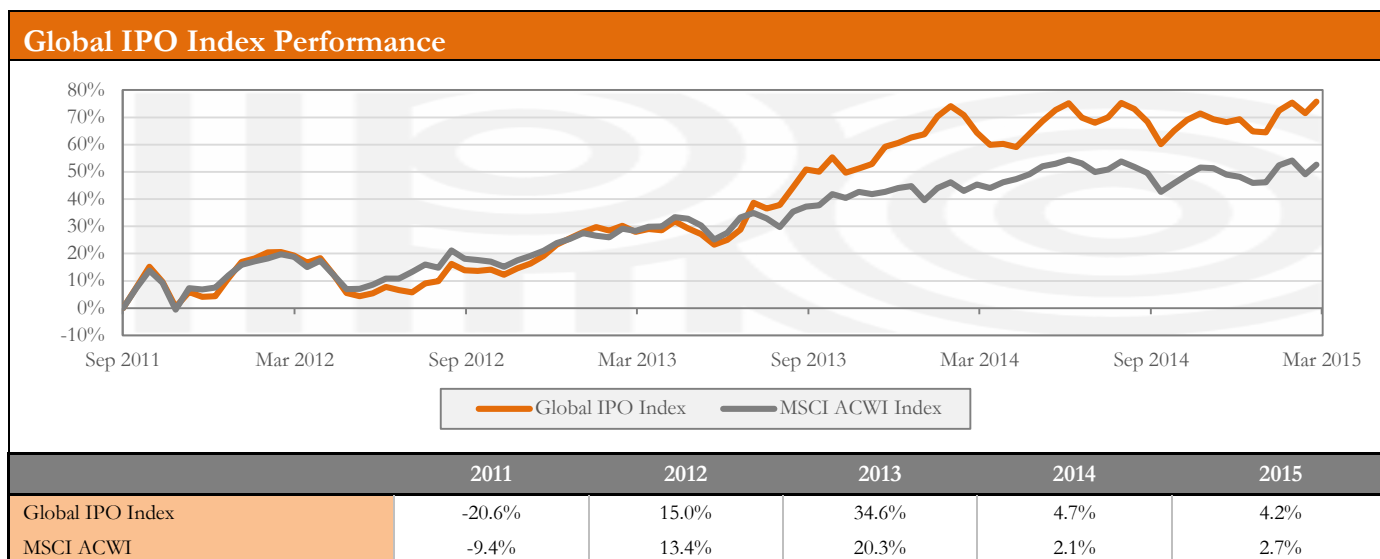
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Worst Performing Global IPOs - 1Q 2015						
Company	Ticker	Exchange	Offer Date	Deal Size (\$ mm)	Industry	Return from IPO
Collectis	CLLS	NASDAQ	24-Mar	\$228	Health Care	-10.0%
Jasmine Broadband	JASIF.TB	Stock Exchange of Thailand	3-Feb	\$1,686	Communications	-6.5%
HSS Hire Group	HSS.LN	LSE Main	4-Feb	\$172	Capital Goods	-5.2%
Revolution Bars Group	RBG.LN	LSE Main	13-Mar	\$126	Consumer	-2.1%
Saeta Yield	SAY.SM	Bolsa de Madrid	12-Feb	\$493	Energy	-1.2%
Ascendis Pharma	ASND	NASDAQ	27-Jan	\$108	Health Care	-0.1%
Malin	MLC.ID	Irish Stock Exchange	20-Mar	\$325	Health Care	0.0%
Apple Flavor & Fragrance	603020.CH	Shanghai Stock Exchange	10-Mar	\$131	Consumer	0.0%
NS Shopping	138250.KS	Korea Exchange	12-Mar	\$181	Consumer	0.0%
Patriot National	PN	NYSE	15-Jan	\$116	Financial	1.4%

Source: Renaissance Capital. Global statistics include IPOs with a deal size of at least \$100 million and exclude closed-end funds and SPACs. Returns as of Mar. 26, 2015.

Global IPO Index outperforms in the 1Q15

The Global IPO Index outperformed global equity benchmarks with a quarterly return of 4.2%, compared to the 2.7% return of the MSCI All Country World Index. The Industrial and Consumer Discretionary sectors were crucial in the index's outperformance this quarter. Strong industrial contributors included Spanish airport operator Aena (AENA.SM; +34.4% - aftermarket), Japanese railway and property firm Seibu Holdings (9024.JP; +30.3%), and Danish facilities management company ISS (ISS.DC; +14.4%), while contribution from the Consumer Discretionary sector was led by French cable TV providers Altice (ATC.NA; +35.2%) and Numericable (NUM.FP; 14.1%).



Note: The FTSE Renaissance Global IPO Index Series represents a rolling two-year population of newly public companies included after the first day of trading and weighted by float adjusted market cap. Returns as of Mar. 26, 2015.

Global IPO pipeline growing steadily

Taking market volatility into account, as long as IPOs continue to generate positive returns we expect global IPO issuance to remain active for the remainder of 2015. The Global IPO Pipeline has expanded to nearly \$330 billion in expected proceeds as an increasing number of global companies are announcing their intentions to pursue an IPO. Notable potential billion dollar offerings that we expect to launch in 2015 include Japanese state-owned postal system Japan Post, China's largest reinsurance firm China Reinsurance, and Grupo Mexico's railroad unit ITM.

Notable Upcoming Global IPOs			
Company	Business	Listing Country	Est. Deal Size (\$ mm)
Japan Post	State-owned operator of postal stations and banks.	Japan	\$20,000
China Reinsurance	China's largest reinsurance firm.	Hong Kong	\$2,000
ITM	Grupo Mexico's railroad unit.	Mexico	\$1,300
Gala Coral	UK's third largest bookmaker.	United Kingdom	\$740
Douglas Holding	German cosmetics and perfume chain.	Germany	\$500
Javer	Mexico's largest homebuilder	Mexico	\$215

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