

January 4, 2016

## Global IPO Issuance Falters in 2015

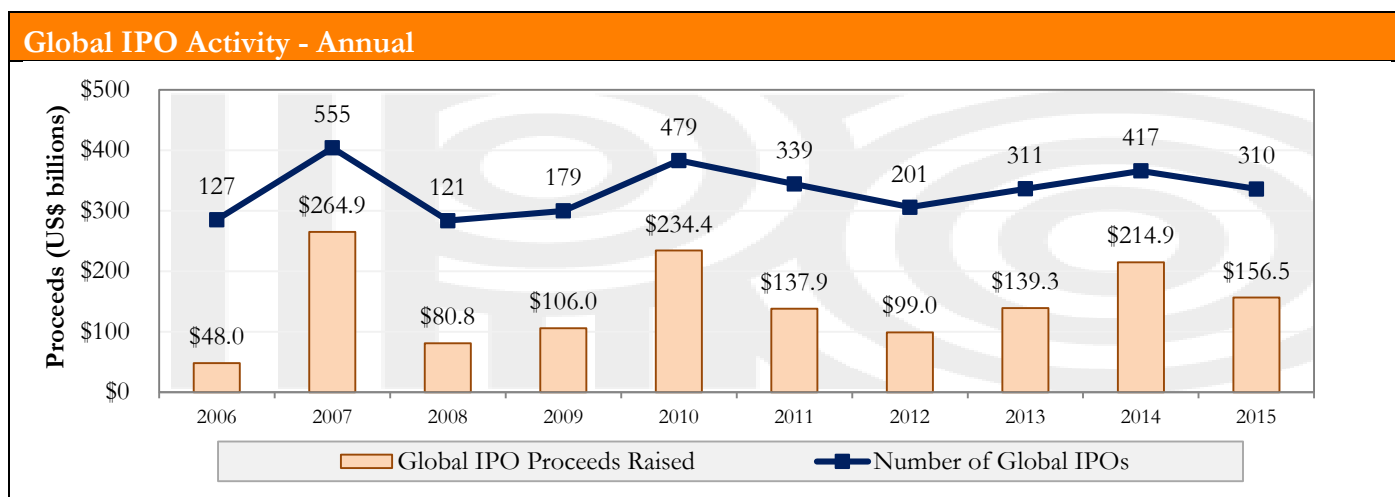
Weighed down by volatile equity returns, global IPO issuance failed to deliver a repeat of 2014's blockbuster year. Global IPOs raised only \$156.5 billion in 2015, down 35% from 2014's seven-year highs due to significant declines in Asia Pacific and North American proceeds. Nevertheless, Asia Pacific was once again dominant with 44.7% share of all proceeds raised despite the on-again, off-again China A-share market, thanks in large part to the \$12 billion triple listing of Japan Post's bank, insurance and holding companies in October and a handful of large Chinese brokerages. Europe ran a close second, representing 35.3% of global proceeds raised, thanks to large privatizations such as Spanish airport Aena (\$4.8 billion deal), Dutch bank ABN Amro (\$3.6 billion) and Italian post office Poste Italiane (\$3.4 billion). For the fourth straight year, the financial sector was the most active, accounting for 35.5% of proceeds raised. Bolstered by high-flying A-share listings, the average Asia Pacific IPO generated a 68.5% total return vs. 19.4% in 2014, significantly skewing global the average return of 33.2% which would have been just 9.5% excluding China.

### Key Takeaways:

- Global IPO activity falls from 2014's seven-year highs but remains solid
- Asia Pacific leads in market share, bolstered by Japan Post's triple listing
- Financial IPOs continue to dominate sector issuance
- Global IPOs produce 33% average return, skewed by soaring A-share offerings
- Materials and Consumer IPOs among best-performing sectors
- Strong Asia and Europe issuance expected to continue in 2016

Global IPO Activity - Annual						
	2011	2012	2013	2014	2015	ΔYoY
Proceeds Raised (US\$)	\$137.9b	\$99.0b	\$139.3b	\$241.5b	\$156.5b	-35.2%
Number of Deals	339	201	311	417	310	-25.7%
Median Deal Size (US\$)	\$209.7m	\$215.3m	\$255.2m	\$233.1m	\$233.8m	0.3%

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 Dec. 31, 2015.



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**Renaissance Capital** is a global IPO investment adviser providing pre-IPO fundamental research and IPO market analytics to institutional investors. Renaissance Capital manages portfolios of unseasoned equities through IPO-focused exchanged traded funds (ETFs) and separately managed institutional accounts. For more information, visit [www.renaissancecapital.com](http://www.renaissancecapital.com).

## Asia Pacific leads in market share, bolstered by Japan Post's triple listing

For the second consecutive year, Asia Pacific was dominant with 44.7% share of all proceeds raised despite a 5-month IPO freeze in China's A-share market. Asia Pacific proceeds benefited from the \$12 billion triple listing of Japan Post's bank, insurance and holding companies in October along with a handful of Chinese brokerage firms to list in Hong Kong. Europe ran a close second, representing 35.3% of global proceeds raised, thanks to large privatizations such as Spanish airport Aena (\$4.8 billion deal), Dutch bank ABN Amro (\$3.6 billion) and Italian post office Poste Italiane (\$3.4 billion). North American proceeds declined 65% year-over-year due a drop off in issuance from the technology and energy sectors. Issuance in the Latin American and Middle Eastern regions was muted as these equity markets struggled with volatile commodity prices in 2015.

The Hong Kong Exchange led IPO proceeds across all global exchanges, raising its highest level of proceeds since 2010 while exchanges in the United States experienced a six year low. European exchanges accounted for five of the ten highest grossing global exchanges in 2015.

Regional Breakdown - (US\$ Billions)									
Region	2013			2014			2015		
	#	\$	% of \$	#	\$	% of \$	#	\$	% of \$
Asia Pacific	96	\$45.7	32.8%	159	\$93.9	38.9%	117	\$70.0	44.7%
Europe	49	\$27.7	19.9%	100	\$57.0	23.6%	92	\$55.3	35.3%
Latin America	19	\$12.8	9.2%	5	\$1.6	0.7%	7	\$2.0	1.3%
Middle East and Africa	2	\$1.4	1.0%	9	\$9.8	4.1%	7	\$1.9	1.2%
North America	145	\$51.7	37.1%	144	\$79.1	32.8%	87	\$27.3	17.5%

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 Dec. 31, 2015.

Exchange Breakdown - (US\$ Billions)									
Exchange	2013			2014			2015		
	#	\$	% of \$	#	\$	% of \$	#	\$	% of \$
Hong Kong Exchange	41	\$18.6	13.3%	49	\$26.1	10.8%	33	\$28.7	18.3%
NYSE	95	\$39.8	28.5%	91	\$63.8	26.4%	41	\$16.6	10.6%
Shanghai Stock Exchange	0	\$0.0	0.0%	19	\$4.3	1.8%	30	\$14.3	9.1%
Tokyo Stock Exchange	7	\$6.9	4.9%	15	\$9.9	4.1%	8	\$13.9	8.9%
LSE Main	20	\$11.7	8.4%	31	\$16.3	6.7%	25	\$12.2	7.8%
Bolsa de Madrid	1	\$0.8	0.6%	8	\$6.3	2.6%	5	\$9.0	5.8%
NASDAQ	40	\$9.7	7.0%	48	\$13.2	5.4%	40	\$8.7	5.6%
Frankfurt Stock Exchange	4	\$3.9	2.8%	7	\$4.6	1.9%	13	\$7.6	4.8%
Euronext/Amsterdam	0	\$0.0	0.0%	4	\$5.5	2.3%	6	\$6.6	4.2%
Borsa Italiana	2	\$1.3	0.9%	6	\$3.7	1.5%	6	\$5.1	3.3%

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 Dec. 31, 2015.

## Financial IPOs continue to dominate sector issuance

For the fourth straight year, Financials led all sectors, accounting for 35.5% of proceeds raised. Large financial IPOs in 2015 included Japan state-owned bank Japan Post Bank (7182.JP; \$5 billion), and Hong Kong-listed Chinese brokerage firms Huatai Securities (6886.HK; \$4.5 billion) and GF Securities (1776.HK; \$3.6 billion). Of note, proceeds raised from the Capital Goods & Services, Consumer, and Technology sectors each fell more than 50% from their 2014 levels.

Despite a down year for overall global issuance, 30 IPOs raised at least \$1 billion. Privatizations were a dominant theme in 2015. Among the most notable privatizations were Japan Post, Spanish airport operator Aena (AENA.SM), Dutch state-owned bank ABN Amro (ABN.NA), and Italian post office operator Poste Italiane (PST.IM).

Sector Breakdown - (US\$ Billions)									
Sector	2013			2014			2015		
	#	\$	% of \$	#	\$	% of \$	#	\$	% of \$
Financial	97	\$47.7	34.2%	89	\$65.7	27.2%	62	\$55.6	35.5%
Capital Goods & Services	22	\$8.4	6.0%	45	\$43.4	18.0%	31	\$16.9	10.8%
Business Services	11	\$7.1	5.1%	28	\$12.9	5.3%	17	\$16.5	10.5%
Consumer	43	\$24.6	17.6%	65	\$24.9	10.3%	50	\$14.5	9.3%
Technology	31	\$7.6	5.5%	55	\$41.4	17.1%	32	\$11.8	7.5%
Health Care	24	\$8.5	6.1%	46	\$13.3	5.5%	53	\$9.8	6.3%
Communications	9	\$4.1	2.9%	8	\$4.0	1.7%	9	\$9.4	6.0%
Energy	37	\$18.5	13.3%	42	\$20.5	8.5%	22	\$8.4	5.4%
Transportation	20	\$5.8	4.2%	17	\$5.1	2.1%	17	\$6.7	4.3%
Materials	10	\$2.6	1.9%	19	\$6.2	2.6%	12	\$4.4	2.8%
Utilities	7	\$4.5	3.3%	3	\$3.9	1.6%	5	\$2.5	1.6%

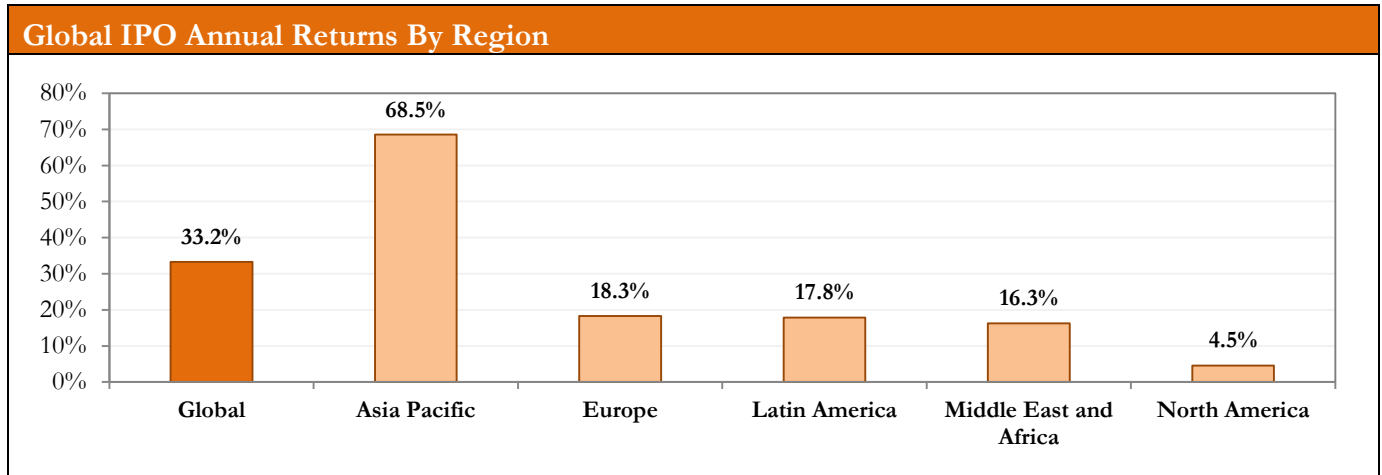
Source: Renaissance Capital. Global statistics include IPOs with a deal size of at least \$100 million and exclude closed-end funds and SPACs. Data as of Dec. 31, 2015.

Largest Global IPOs - 2015						
Company	Ticker	Exchange	Offer Date	Deal Size (\$ mm)	Industry	Return from IPO
Japan Post Holdings	6178.JP	Tokyo Stock Exchange	26-Oct	\$5,726	Bus. Services	34.9%
Japan Post Bank	7182.JP	Tokyo Stock Exchange	19-Oct	\$5,014	Financial	20.6%
Guotai Junan Securities	601211.CH	Shanghai Stock Exchange	22-Jun	\$4,851	Financial	26.9%
Aena	AENA.SM	Bolsa de Madrid	10-Feb	\$4,844	Capital Goods	83.8%
Huatai Securities	601688.CH	Shanghai Stock Exchange	12-Feb	\$4,480	Financial	0.0%
GF Securities	1776.HK	Hong Kong Exchange	31-Mar	\$3,599	Financial	4.0%
ABN Amro	ABN.NA	Euronext/Amsterdam	19-Nov	\$3,552	Financial	7.9%
Poste Italiane	PST.IM	Borsa Italiana	23-Oct	\$3,398	Bus. Services	1.3%
Worldpay	WPG.LN	LSE Main	12-Oct	\$3,315	Financial	20.1%
First Data	FDC	NYSE	14-Oct	\$2,560	Financial	0.0%

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 Dec. 31, 2015.

**Global IPOs produce 33% average return, skewed by soaring A-share offerings**

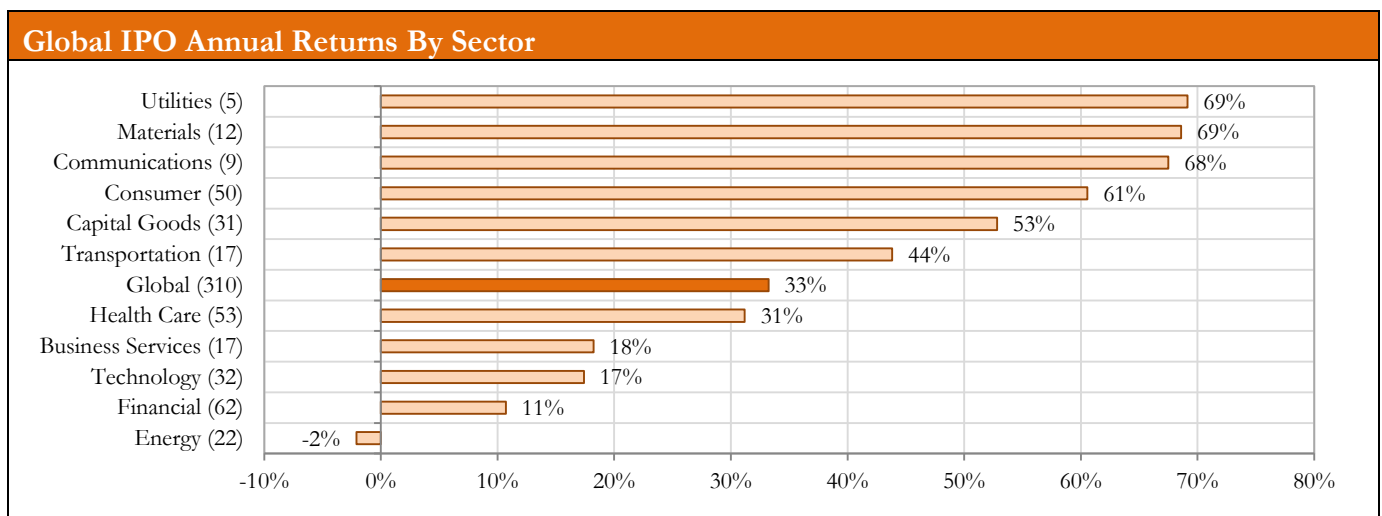
Bolstered by high-flying A-share listings, the average Asia Pacific IPO generated an incredible 68.5% total return, significantly skewing global performance metrics. Global IPOs generated an impressive 33.2% average return; however, this number drops to 9.5% when excluding A-share IPOs, reflecting the volatile global equity markets in the second half of 2015.



Source: Renaissance Capital. Global statistics include IPOs with a deal size of at least \$100 million and exclude closed-end funds and SPACs. Reflects average total returns for 2013. IPOs. Returns as of Dec. 31, 2015.

**A-share offerings drive 60%+ returns for Utilities, Materials, and Communications IPOs**

Led by a plethora of A-share listings early in the year, the traditionally defensive Utilities, Materials, and Communications sectors led performance. Top performers in these sectors included Chinese water treatment company Guangxi Nanning Waterworks (601368.CH; 172.5%), Chinese steel products manufacturer Shanghai Baosteel Packaging (601968.CH; 333.8%), and Chinese cable television provider Jiangsu Broadcasting (600959.CH; 275.9%). On the other hand, the crash in oil prices led to negative returns for Energy IPOs in 2015.



Source: Renaissance Capital. Global statistics include IPOs with a deal size of at least \$100 million and exclude closed-end funds and SPACs. Reflects average total returns for 2013. IPOs. Returns as of Dec. 31, 2015.

## A-Share IPOs soar

Despite being open for issuance for only seven months, China's IPO market accounted for nine of the ten best performing IPOs of 2015. Top performers included Chinese movie theater chain operator Wanda Cinema Line (002739.CH; 462.1%), Chinese e-commerce website Happigo Home Shopping (300413.CH; 337.1%), and Chinese steel products manufacturer Shanghai Baosteel Packaging (601968.CH; 333.8%).

Excluding the A-Share market, 2015's best performing IPOs came from the Consumer and Health Care sectors. Top performers included Swedish online casino operator Evolution Gaming Group (EVO.SS; 283.1%), Chinese lingerie retailer Regina Miracle (2199.HK; 101.8%), and three US-listed biotechs, Spark Therapeutics (ONCE; 97.0%), Seres Therapeutics (MCRB; 94.9%), and Penumbra (PEN; 79.4%).

Best Performing Global IPOs - 2015						
Company	Ticker	Exchange	Offer Date	Deal Size (\$ mm)	Industry	Return from IPO
Wanda Cinema Line	002739.CH	Shenzhen Stock Exchange	12-Jan	\$206	Consumer	462.1%
Happigo Home Shopping	300413.CH	Shenzhen Stock Exchange	21-Jan	\$102	Consumer	337.1%
Shanghai Baosteel Packaging	601968.CH	Shanghai Stock Exchange	27-Apr	\$103	Materials	333.8%
Laobaixing Pharmacy	603883.CH	Shanghai Stock Exchange	23-Apr	\$177	Health Care	332.5%
Sichuan Maker Biotechnology	300463.CH	Shenzhen Stock Exchange	19-May	\$210	Health Care	319.8%
Shenzhen Gongjin Electronics	603118.CH	Shanghai Stock Exchange	25-Feb	\$143	Technology	293.7%
Evolution Gaming Group	EVO.SS	OMX Nordic Exchange	20-Mar	\$145	Consumer	283.1%
Beijing Sun Pharmaceuticals	300485.CH	Shenzhen Stock Exchange	7-May	\$186	Health Care	282.0%
Jiangsu Broadcasting	600959.CH	Shanghai Stock Exchange	3-Apr	\$527	Communications	275.9%
Lens Technology	600959.CH	Shenzhen Stock Exchange	18-Mar	\$248	Capital Goods	262.7%

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 Dec. 31, 2015.

Best Performing Global IPOs (excluding China) - 2015						
Company	Ticker	Exchange	Offer Date	Deal Size (\$ mm)	Industry	Return from IPO
Evolution Gaming Group	EVO.SS	OMX Nordic Exchange	20-Mar	\$145	Consumer	283.1%
Regina Miracle	2199.HK	Hong Kong Exchange	2-Oct	\$213	Consumer	101.8%
Spark Therapeutics	ONCE	Nasdaq	29-Jan	\$161	Health Care	97.0%
Seres Therapeutics	MCRB	Nasdaq	25-Jun	\$134	Health Care	94.9%
Unifin Financiera	UNIFINA.MM	Mexican Stock Exchange	22-May	\$102	Transportation	90.2%
Auto Trader Group	AUTO.LN	LSE Main	19-Mar	\$2,077	Technology	88.9%
Shake Shack	SHAK	NYSE	29-Jan	\$105	Consumer	88.6%
Sanne Group	SNN.LN	LSE Main	27-Mar	\$211	Business Services	82.3%
Aena	AENA.SM	Bolsa de Madrid	10-Feb	\$4,844	Capital Goods	81.7%
Penumbra	PEN	NYSE	17-Sep	\$120	Health Care	79.4%

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 Dec. 31, 2015.

## US listings struggle

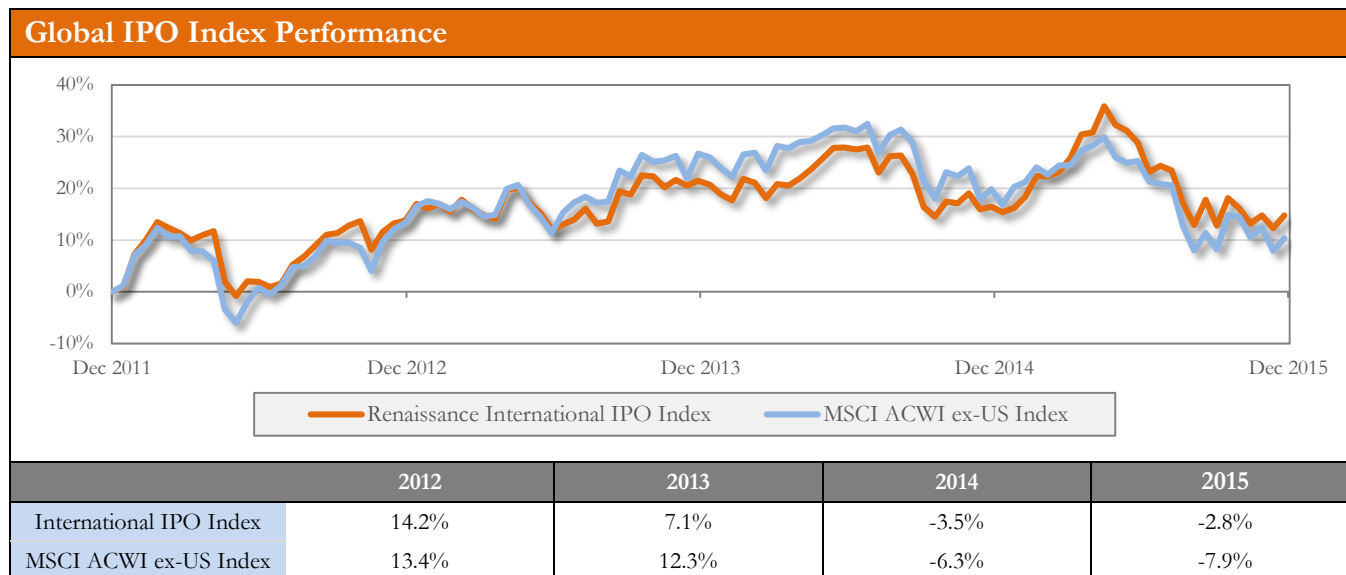
U.S.-listed IPOs accounted for half of the ten worst performing IPOs of the year, which included SunEdison yieldco TerraForm Global (GLBL; -62.7%) and two health care firms: Alzheimer's disease treatment developer vTv Therapeutics (VTVT; -54.6%) and genetic testing service provider Invitae (NVTA; -48.7%).

Worst Performing Global IPOs - 2015						
Company	Ticker	Exchange	Offer Date	Deal Size (\$ mm)	Industry	Return from IPO
Mitra Keluarga	MIKA.IJ	Indonesia Stock Exchange	9-Mar	\$341	Health Care	-85.9%
HSS Hire Group	HSS.LN	LSE Main	4-Feb	\$172	Capital Goods	-65.7%
TerraForm Global	GLBL	Nasdaq	31-Jul	\$675	Energy	-62.7%
vTv Therapeutics	VTVT	Nasdaq	29-Jul	\$117	Health Care	-54.6%
AAG Energy	2686.HK	Hong Kong Exchange	17-Jun	\$295	Energy	-53.3%
Patriot National	PN	NYSE	15-Jan	\$116	Financial	-52.1%
Invitae	NVTA	NYSE	11-Feb	\$102	Health Care	-48.7%
Etsy	ETSY	Nasdaq	15-Apr	\$267	Technology	-48.4%
SanBio	4592.JP	Tokyo Stock Exchange	30-Mar	\$109	Health Care	-48.3%
Luzheng Futures Company	1461.HK	Hong Kong Exchange	29-Jun	\$118	Financial	-45.5%

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 Dec. 31, 2015.

## Pushed higher by Financials and Consumer Sectors, International IPO Index Outperforms

The Renaissance International IPO Index (IPOXUS), the underlying index for the Renaissance International IPO ETF (NYSE Ticker: IPOS), outperformed international equity benchmarks with a -2.8% return compared to the MSCI ACWI ex-US Index's -7.9% return. The Financial and Consumer sectors were the index's strongest sectors. Notable contributors included Japanese state-owned provider of postal and financial services Japan Post Holdings (6178.JP; +35.4%), British digital automotive marketplace operator Auto Trader Group (AUTO.LN; +86.8%), and European electronic stock exchange operator Euronext (ENX.FP; +63.9%).



Note: The Renaissance IPO Index Series represents a rolling two-year population of newly public companies weighted by float adjusted market cap. Data as of December 31, 2015.

## Strong Asia and Europe issuance expected to continue in 2016

While the global IPO market was more muted this year, issuance in Asia and Europe remained strong at the end of the year and we expect this momentum to carry through to 2016. After a very disappointing year, the US IPO market share should see a pickup in tech issuance as well as several large LBOs that deferred in late 2015. Additionally, a number of Chinese companies looking to list in Hong Kong are expected to be some of the largest deals for 2016, including the Postal Savings Bank of China (expected to raise \$10 billion), online lending platform Lufax (\$5 billion), and Bank of Beijing (\$4 billion). European deals in the pipeline include CYBG Group (Clydesdale & Yorkshire Banks), Metro Bank, and Banca Popolare di Vicenza.

Notable Upcoming Global IPOs			
Company	Business	Exchange	Est. Deal Size (\$ mm)
PSBC	Lending arm of state-owned postal service China Post Group.	Hong Kong	\$10,000
Lufax	Chinese peer-to-peer lender backed by Ping An Insurance.	Hong Kong	\$5,000
Bank of Beijing	Chinese provider of commercial banking services.	Hong Kong	\$4,000
Banca Popolare di Vicenza	Italian multi-regional bank.	Borsa Italia	\$1,700
Albertsons Companies	3rd-largest US grocer operating Albertsons, Safeway and other banners.	U.S. – TBD	\$1,600*
Line	Japanese application for instant messaging on smartphones and PCs.	U.S. – TBD	\$1,000*
Laureate Education	Largest for-profit higher education company.	U.S. – TBD	\$1,000*
CYBG Group	UK operations of National Australia Bank with 330 branches.	LSE	\$750
Cloudera	Cloud-based data analytics platform based on Apache Hadoop.	U.S. – TBD	\$500*
Metro Bank	UK challenger bank.	LSE	\$500

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 December 31, 2015. \*Estimated.