

December 14, 2016

Global IPO Market Fails to Lift Off in 2016

Hit by volatile equity markets in the beginning of the year, global IPO issuance never got the chance to get off the ground in 2016 as investors grappled with uncertainty around the world, including the unexpected results of the Brexit vote and the US presidential election. Global IPOs raised only \$103 billion in 2016, down 34% from 2015's already subdued levels and 31% below the ten-year median (\$149 billion). Once again, Asia Pacific was dominant with 56% share of all proceeds raised, as Chinese regulators increased the flow of A-share offerings in the latter half of the year and as mainland financial companies continued to look to Hong Kong for much needed capital, including the \$7.4 billion listing of the Postal Savings Bank of China. Amid large declines in issuance from most sectors, financial IPOs stayed on top, accounting for an overwhelming 38% of total proceeds. IPOs from the tech sector dried up in 2016 (proceeds fell 54%), but were among the best performers, including strong returns from New York-listed Acacia and Twilio. While issuance was down, global performance improved to 12% ex-China vs. 7% in 2015 thanks to strong US IPOs. Including high-flying A-share listings, global IPOs averaged a 49% return.

Key Takeaways:

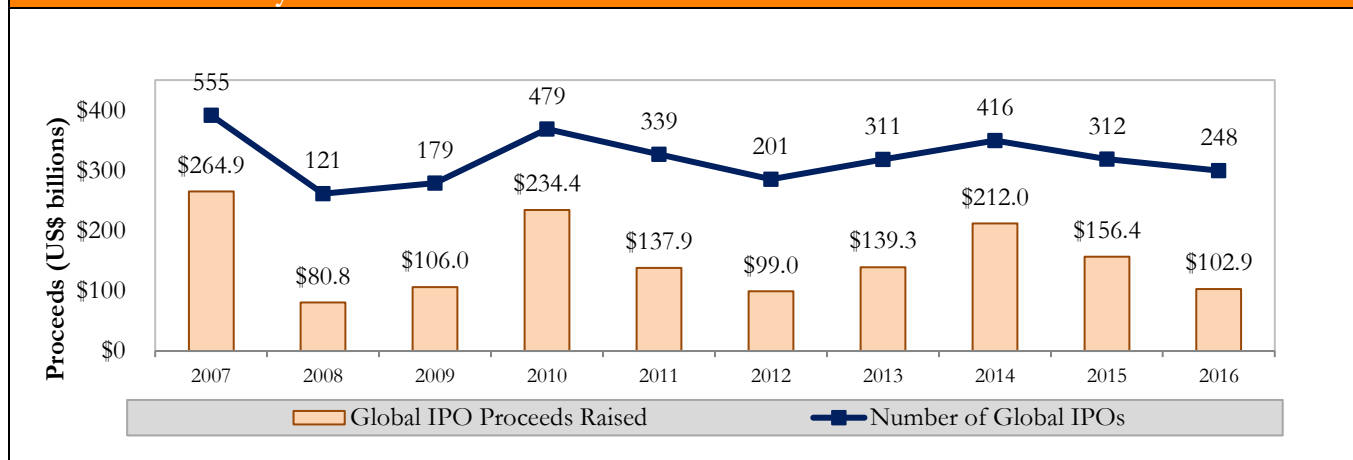
- **Global IPO activity continues to contract in 2016**
- **Asia Pacific leads in market share, bolstered by billion-dollar financial offerings**
- **Financial sector dominates issuance again while technology and health care drop off**
- **Global returns improve to 12% ex-China thanks to strong US IPOs**
- **Technology and Business Services were best-performing sectors**
- **IPO pipeline remains robust including blockbuster names for 2017**

Global IPO Activity - Annual

	2012	2013	2014	2015	2016	ΔYoY
Proceeds Raised (US\$)	\$99.0B	\$139.3B	\$212.0B	\$156.4B	\$102.9B	-34.2%
Number of Deals	201	311	416	312	248	-20.5%
Median Deal Size (US\$)	\$215.3mm	\$255.2mm	\$234.1mm	\$231.7mm	\$194.5mm	-16.1%

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. 13, 2016.

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