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Bolstered by Alibaba, Global IPO Issuance Surges in 2014

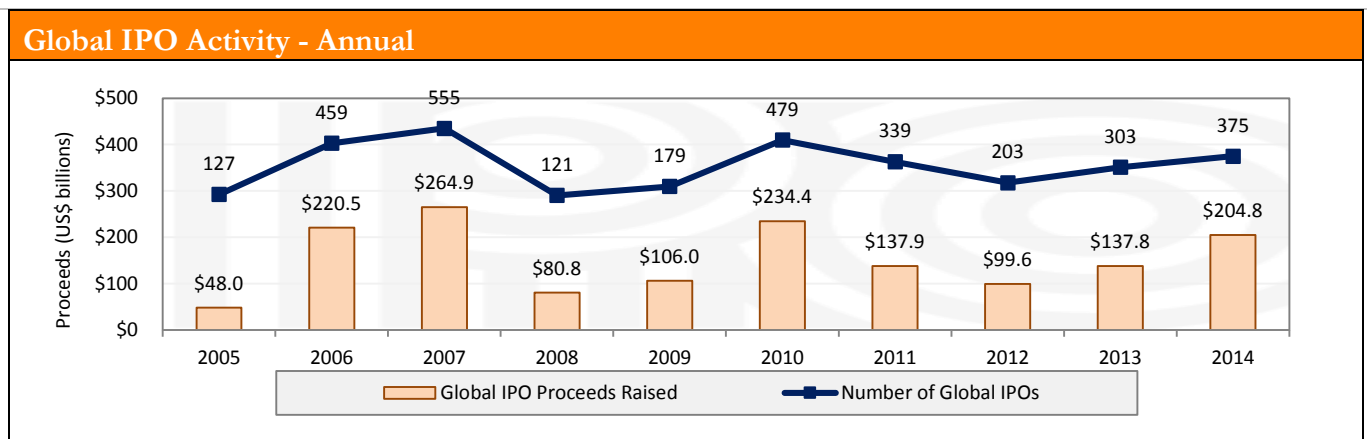
Supported by stable equity returns, global IPO issuance reached the highest levels since 2010. Annual IPO proceeds increased 48.7% to \$204.8 billion. North America was the largest contributor to IPO issuance with the United States accounting for 39% of global proceeds. Europe, the Middle East and Africa also experienced jumps in IPO proceeds after facing struggles in recent years due to sovereign debt concerns and economic instability, while IPO issuance in Latin America stagnated as Brazil entered an economic recession and political unrest dampened investor sentiment. Once again, financial companies raised more IPO proceeds than any other sector while the technology sector raised its highest level of annual proceeds ever, thanks to the mega IPO of China's largest e-commerce firm Alibaba Group Holdings (BABA). Global IPO returns were also impressive in 2014; the average IPO generated a 15.0% return from their offer price. With issuance accelerating and returns strengthening, we expect to see global IPO markets continue to gain momentum and grow in 2015.

Key Takeaways:

- Global IPO activity reaches highest levels since 2010
- North America leads in market share for the second consecutive year, bolstered by Alibaba
- Financial, Technology IPOs dominate sector issuance
- Global IPOs produce solid 15% average return
- Health Care leads 2014 sector returns with the most biotechs in history
- Global IPO pipeline has doubled from last year's levels

Global IPO Activity - Annual						
	2010	2011	2012	2013	2014	ΔYoY
Proceeds Raised (US\$)	\$234.4b	\$137.9b	\$99.6b	\$137.8b	\$204.8b	48.7%
Number of Deals	479	339	203	303	375	23.8%
Median Deal Size (US\$)	\$205.1m	\$209.7m	\$215.3m	\$256.5m	\$252.2m	23.0%

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. 19, 2014.



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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.

North America leads in market share for second consecutive year

North America's IPO proceeds increased 53% year over year, allowing for North America to outpace the Asia Pacific region in annual IPO proceeds for the second time since 2004. Issuance totals in the Asia Pacific region were impacted by the lack of IPOs in the traditionally hyperactive China A-Share market as the emerging country halted equity offerings early in the year and continues to develop its regulatory framework for stock market listings. European IPOs also rebounded this year after the region had spent much of the past two years disadvantaged by the lingering effects of the 2011 sovereign debt crisis. European IPO proceeds increased 32% from last year, while Middle East and African IPO proceeds increased more than 500% from last year's levels. IPO issuance in Latin America stagnated as Brazil entered an economic recession and political unrest dampened investor sentiment.

IPO listings were once again geographically diverse in 2014 as twenty-five different exchanges raised more than US\$1 billion. Leading all exchanges was the New York Stock Exchange, which raised nearly US\$64 billion and accounted for 31% of total global IPO proceeds. Exchanges in other developed markets also had strong issuance totals in 2014, including the Hong Kong Exchange, the London Stock Exchange, the Australian Exchange and the NASDAQ.

Regional Breakdown - (US\$ Billions)									
Region	2012			2013			2014		
	#	\$	% of \$	#	\$	% of \$	#	\$	% of \$
Asia Pacific	90	\$41.7	41.8%	93	\$45.2	32.8%	125	\$59.6	29.1%
Europe	15	\$9.9	10.0%	46	\$26.9	19.6%	94	\$55.8	27.3%
Latin America	12	\$6.4	6.4%	17	\$12.5	9.1%	5	\$1.6	0.8%
Middle East and Africa	6	\$1.5	1.5%	2	\$1.4	1.0%	7	\$8.8	4.3%
North America	80	\$40.1	40.3%	145	\$51.7	37.5%	144	\$78.9	38.5%

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. 19, 2014.

Exchange Breakdown - (US\$ Billions)									
Exchange	2012			2013			2014		
	#	\$	% of \$	#	\$	% of \$	#	\$	% of \$
NYSE	62	\$19.7	19.7%	95	\$39.8	28.9%	91	\$63.8	31.1%
Hong Kong Exchange	17	\$9.7	9.8%	40	\$18.4	13.4%	48	\$25.9	12.7%
LSE Main	7	\$4.4	4.4%	19	\$11.6	8.4%	32	\$16.6	8.1%
Australian Exchange	0	\$0.0	0.0%	13	\$4.2	3.1%	22	\$13.5	6.6%
NASDAQ	13	\$19.4	19.4%	40	\$9.7	7.1%	48	\$13.2	6.4%
Tokyo Stock Exchange	7	\$11.5	11.5%	7	\$6.9	5.0%	11	\$8.6	4.2%
OMX Nordic Exchange	0	\$0.0	0.0%	3	\$1.0	0.7%	8	\$7.3	3.6%
Bolsa de Madrid	0	\$0.0	0.0%	1	\$0.8	0.6%	8	\$6.3	3.1%
Tadawul	1	\$0.4	0.4%	0	\$0.0	0.0%	1	\$6.0	2.9%
Euronext/Amsterdam	1	\$1.1	1.1%	0	\$0.0	0.0%	4	\$5.5	2.7%

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Financial, Technology IPOs dominate sector issuance

Financial IPOs accounted for nearly 31% of total IPO proceeds in 2014 and represented several of the largest offerings of the year, including the largest bank in the Arabian region National Commercial Bank (NCB.AB), Australia's largest private health insurer Medibank Private (MPL.AU), and Chinese commercial real estate spinoff Dalian Wanda Commercial Properties (3699.HK). Bolstered by the mega IPO of Alibaba Group Holdings, the Technology sector raised its highest proceeds total ever and accounted for 20% of total IPO proceeds this year.

Sector Breakdown - (US\$ Billions)									
Sector	2012			2013			2014		
	#	\$	% of \$	#	\$	% of \$	#	\$	% of \$
Financial	48	\$25.7	25.8%	92	\$46.6	33.8%	84	\$63.2	30.9%
Technology	26	\$21.2	21.2%	29	\$7.3	5.3%	53	\$41.0	20.0%
Consumer	30	\$8.9	9.0%	43	\$24.6	17.8%	59	\$24.1	11.8%
Energy	30	\$10.0	10.0%	37	\$18.5	13.4%	37	\$19.0	9.3%
Health Care	7	\$3.6	3.6%	24	\$8.5	6.1%	41	\$12.4	6.1%
Other	62	\$30.3	30.4%	78	\$32.3	23.5%	101	\$45.0	22.0%

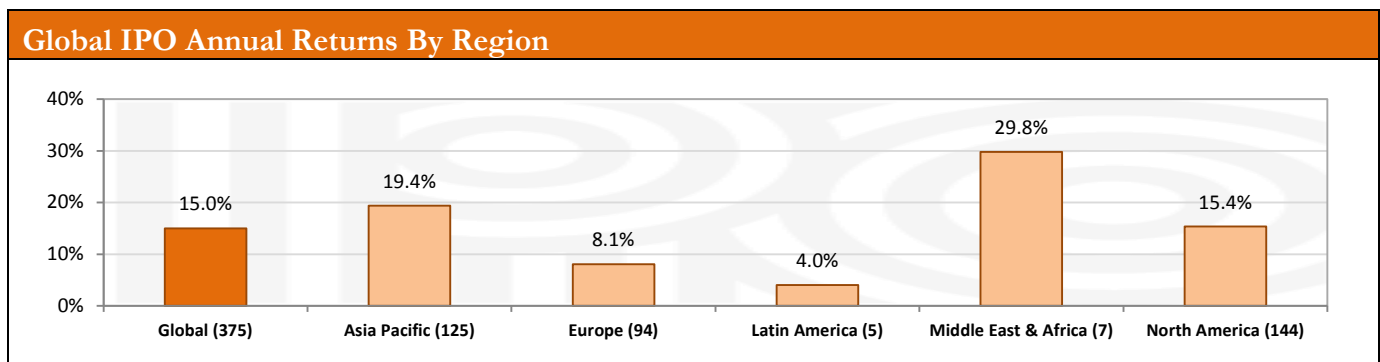
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Largest Global IPOs - 2013						
Company	Ticker	Exchange	Offer Date	Deal Size (\$ mm)	Industry	Return from IPO
Alibaba Group Holding	BABA	NYSE	18-Sep	\$21,767	Technology	60.0%
National Commercial Bank	NCB.AB	Tadawul	7-Nov	\$6,000	Financial	14.2%
Medibank Private	MPL.AU	Australian Exchange	24-Nov	\$5,104	Financial	6.5%
Dalian Wanda Properties	3699.HK	Hong Kong Exchange	16-Dec	\$3,716	Financial	
Inwido	INWI.SS	OMX Nordic Exchange	25-Sep	\$3,243	Capital Goods	-3.7%
CGN Power	1816.HK	Hong Kong Exchange	3-Dec	\$3,166	Energy	24.8%
HK Electric Investments	2638.HK	Hong Kong Exchange	22-Jan	\$3,110	Utilities	-6.6%
Japan Display	6740.JP	Tokyo Stock Exchange	10-Mar	\$3,083	Technology	-56.6%
Citizens Financial Group	CFG	NYSE	23-Sep	\$3,010	Financial	16.0%
Synchrony Financial	SYF	NYSE	30-Jul	\$2,875	Financial	30.2%

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. 19, 2014.

Global IPOs produce solid 15% average return

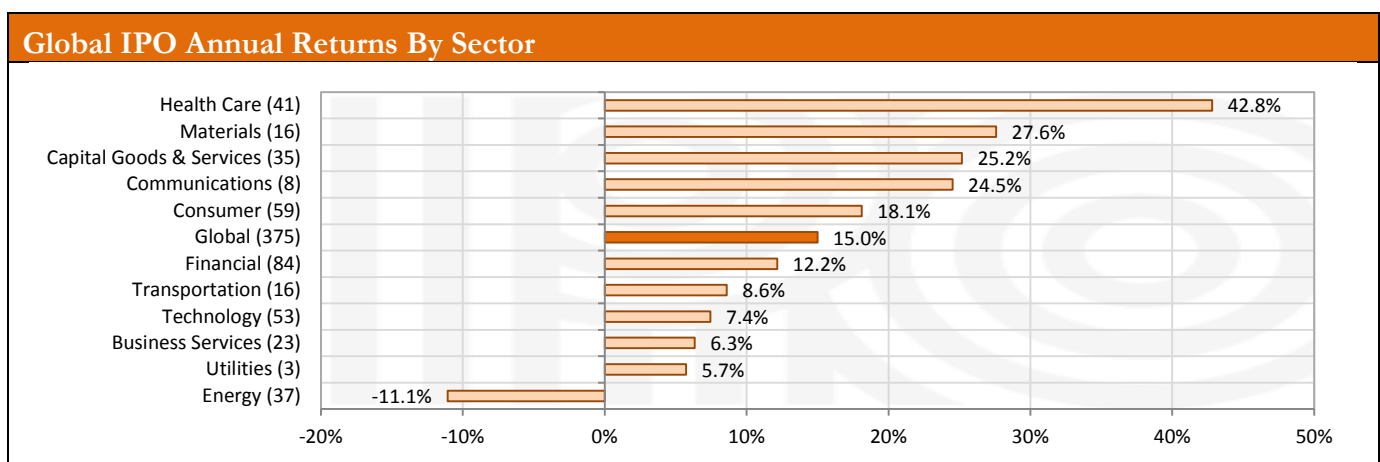
Global IPO returns were enhanced by the strong performance of Asia Pacific IPOs, which averaged a 19.4% return from their respective offer prices. Leading Asian performers were Indonesian concrete builder PT Wijaya Karya Beton (WIKA.IJ; +467%), Chinese brokerage firm Central China Securities (1375.HK, +212%), and Chinese steel logistics company Guangdong Europool Steel (002711.CH; +169%). Middle Eastern and African IPO returns in 2014 were also strong, averaging a 29.8% return thanks to Egyptian cement production company Arabian Cement (ARCC.EY; +81%) and Africa's largest independent retirement fund administrator Alexander Forbes Group (AFH.SJ; +26%).



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. 19, 2014.

Health Care leads 2014 sector returns

Health Care IPOs demonstrated powerful returns in 2014, averaging a 43% return thanks to North American Health Care IPOs, such as gene therapy firm Avalanche Biotechnologies (AAVL; +209%) and cancer immunotherapies developer Kite Pharma (KITE; +207%). International Health Care IPOs also fared very well in 2014, such as Chinese drug producer Porton Fine Chemicals (300363.CH; +86%) and Chinese specialty pharmaceutical company Luye Pharma Group (2186.HK; +52%). Several other sectors, including Materials, Capital Goods & Services, and Communications, all generated average returns greater than 20% this year. Energy was the only sector with negative IPO returns due to dramatic drops in oil prices.



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. 19, 2014.

US Biotechs and Asia Pacific make up Best Performers list while Energy and Tech IPOs struggle

Strong IPO returns were diversified across most exchanges in 2014. Asia Pacific and North America all had multiple top-ten performing IPOs. Indonesian concrete builder PT Wijaya Karya Beton (WIKAIJ), Chinese brokerage firm Central China Securities (1375.HK) and gene therapy biotechnology firm Avalanche Biotechnologies (AAVL) were the top three performing IPOs of the year.

The ten worst-performing IPOs of 2014 are dominated by Energy and Technology IPOs. Weak energy IPOs included Seadrill-backed rig operator North Atlantic Drilling (NADL) and Appalachian Basin exploration and production firm Eclipse Resources (ECR), while poor-performing Technology IPOs included data center software provider A10 Networks (ATEN) and Chinese developer of children's online games BAIIO Family Interactive (2100.HK). The worst-performing IPO of the year, however, was consumer company eDreams ODIGEO (EDR.SM). Formed by the consolidation of Spain's four largest travel agencies, eDreams ODIGEO finished the year down 86.5% from its offer price.

Best Performing Global IPOs - 2014						
Company	Ticker	Exchange	Offer Date	Deal Size (\$ mm)	Industry	Return from IPO
PT Wijaya Karya Beton	WIKAIJ	Indonesia Stock Exchange	19-Mar	\$107	Capital Goods	466.9%
Central China Securities	1375.HK	Hong Kong Exchange	23-Jun	\$194	Financial	211.6%
Avalanche Biotechnologies	AAVL	NASDAQ	30-Jul	\$102	Health Care	208.8%
Kite Pharma	KITE	NASDAQ	19-Jun	\$128	Health Care	206.7%
Guangdong Europol Steel	002711.CH	Shenzhen Stock Exchange	22-Jan	\$113	Transportation	168.5%
Porton Fine Chemicals	300363.CH	Shenzhen Stock Exchange	24-Jan	\$112	Health Care	167.9%
ZS Pharma	ZSPH	NASDAQ	17-Jun	\$107	Health Care	148.8%
Cheil Industries	028260.KS	Korea Exchange	5-Dec	\$1,363	Consumer	144.3%
GoPro	GPRO	NASDAQ	25-Jun	\$427	Consumer	127.8%
Anhui Yingliu Electro	603308.CH	Shanghai Stock Exchange	16-Jan	\$109	Materials	126.4%

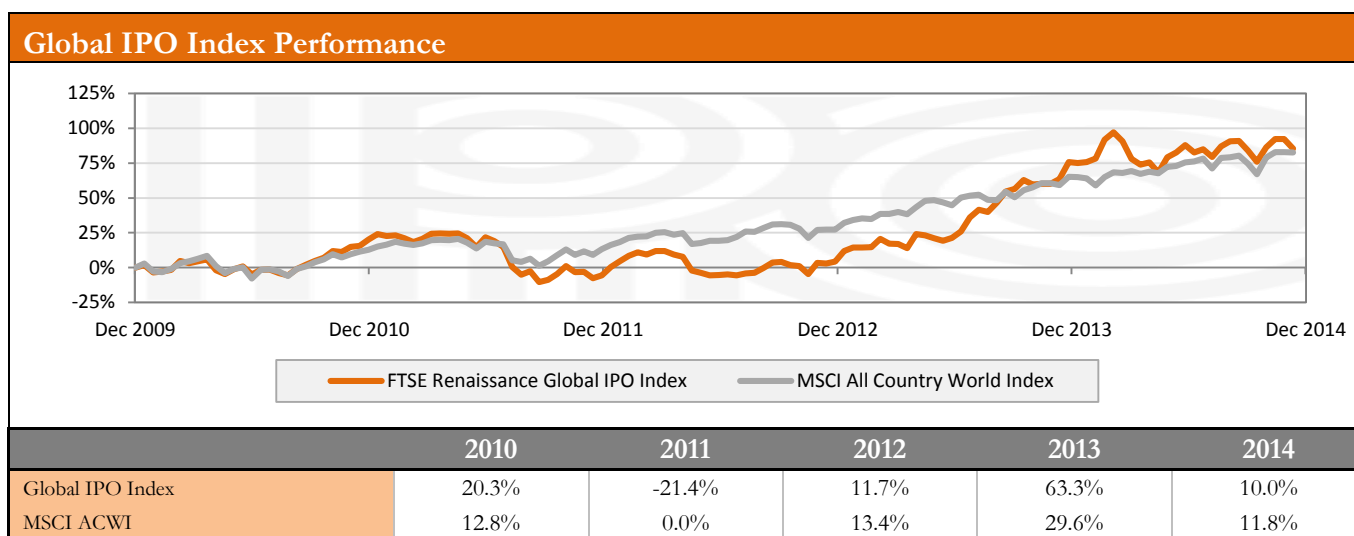
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Worst Performing Global IPOs - 2014						
Company	Ticker	Exchange	Offer Date	Deal Size (\$ mm)	Industry	Return from IPO
eDreams ODIGEO	EDR.SM	Bolsa de Madrid	3-Apr	\$515	Consumer	-86.5%
North Atlantic Drilling	NADL	NYSE	28-Jan	\$125	Energy	-80.8%
MOL Global	MOLG	NASDAQ	8-Oct	\$169	Financial	-77.3%
Eclipse Resources	ECR	NYSE	19-Jun	\$818	Energy	-75.2%
A10 Networks	ATEN	NYSE	20-Mar	\$188	Technology	-71.7%
BAIOO Family Interactive	2100.HK	Hong Kong Exchange	3-Apr	\$196	Technology	-69.8%
Bravofly Rumbo Group	BRG.SW	Swiss Exchange	14-Apr	\$314	Technology	-66.9%
CHC Group	HELI	NYSE	16-Jan	\$310	Transportation	-61.5%
Acucela	4589.JP	Tokyo Stock Exchange	3-Feb	\$162	Health Care	-60.0%
Journey Energy	JOY.CN	Toronto Stock Exchange	13-Jun	\$182	Energy	-59.2%

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Global IPO Index lags broad benchmark index in 2014

The FTSE Renaissance Global IPO Index (IPOSIG), a measure of post-IPO trading, slowed down from its exceptional 2013 pace and lagged global equity benchmarks with a 10% return (MSCI ACWI; 11.8%). The Financial and Consumer sectors were the index's strongest sectors, contributing 5.1% and 4.8% to overall index returns respectively. China's largest e-commerce firm Alibaba Group Holdings (BABA; +60%), Pfizer animal health spinoff Zoetis (ZTS; +32%), and European cable TV provider Altice (ATC.NA; +109%) were among the index's top contributing holdings.



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 Dec. 19, 2014.

Global IPO pipeline growing rapidly

With 447 companies seeking to raise a combined US\$356.5 billion, our global IPO pipeline is growing rapidly and has increased in both number of companies and proceeds by nearly 100% since the end of 2013. As equity returns continue to advance, we expect IPO issuance to remain active in 2015. Notable companies expected to go public in 2014 include Brazilian poultry producer JBS Foods, European rental car agency Europcar, and Hong Kong broadband internet provider HKBN.

Notable Upcoming Global IPOs			
Company	Business	Exchange	Est. Deal Size (\$ mm)
JBS Foods	Brazilian poultry and processed food producer.	Bovespa	\$1,000
Europcar	One of Europe's largest car rental companies.	Euronext/Paris	\$1,000
Elis	Europe's largest provider of linens to hotels and restaurants.	Euronext/Paris	\$700
Emaar Misr	Egyptian unit of Dubai's Emaar Properties.	Dubai	\$500
HKBN	Second largest broadband Internet provider in Hong Kong.	Hong Kong	\$500
Elementia	Mexican cement company backed by billionaire Carlos Slim.	Mexican	\$400
Net-a-Porter	British luxury goods e-commerce retailer.	LSE Main	\$200
Jeju Air	South Korea's largest budget airliner.	Korea	\$180

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