

How ready are you to go public when the opportunity arises?

EY Global IPO Trends Q1 2023
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Contents

Q1 2023 global IPO activities	04
Sectors	05
Cross-border IPOs	06
Stock exchanges	07
What companies and investors should look out for	08
Special purpose acquisition companies (SPACs)	09



Global

Staying on the front foot in an uncertain market

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Amidst persistent macroeconomic and geopolitical uncertainty, exacerbated by stress in the global banking system, IPO windows are fleeting and funding conditions are getting tougher, with investors prioritizing value over growth.

IPO-bound companies need to focus on building sustainable businesses with strong fundamentals to be well-positioned in a volatile environment and meet the challenges and opportunities of going public.

Paul Go

EY Global IPO Leader

Q1 2023 IPO activity

Global	Q1 2023	Q1 2022	% change
Number of IPOs	299	326	-8%
Proceeds (US\$b)	21.5	54.6	-61%
Americas	Q1 2023	Q1 2022	% change
Number of IPOs	40	36	11%
Proceeds (US\$b)	2.6	2.4	9%
Asia-Pacific	Q1 2023	Q1 2022	% change
Number of IPOs	175	186	-6%
Proceeds (US\$b)	12.7	42.7	-70%
EMEIA	Q1 2023	Q1 2022	% change
Number of IPOs	84	104	-19%
Proceeds (US\$b)	6.2	9.5	-36%

Q1 2023 refers to the first quarter of 2023 and covers completed IPOs from 1 January to 21 March 2023, plus expected IPOs by 31 March 2023 (forecasted as of 21 March 2023). Q1 2022 refers to the first quarter of 2022 and covers completed IPOs from 1 January to 31 March 2022. Sources: EY analysis, Dealogic

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Any initial euphoria at the start of the year was quickly dampened by the unexpected inflation and interest rate outlook, with the mood further stifled by the latest turmoil in the global banking system.

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IPO numbers are holding up but mega transactions are missing in the current quarter, as both investors and companies await better market conditions and a more positive investor sentiment.

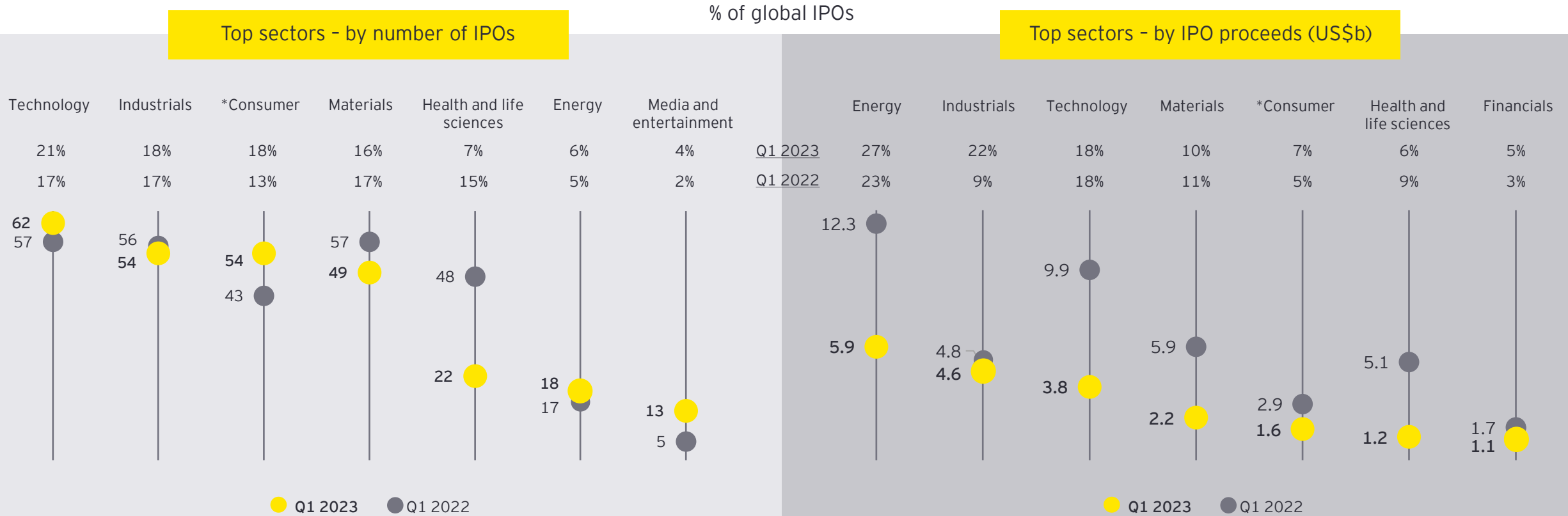
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The IPO pipeline continues to build in anticipation of a better window of opportunity – possibly in the latter part of 2023.

Energy stayed ahead by proceeds, with four of the top 10 IPOs in Q1 2023

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Tech IPOs continue to deliver the highest number of deals, but average transaction size is dwarfed by the energy sector. This trend is in line with the steep downward correction in tech company valuations over the past 18 months.



**Consumer includes the combination of “Consumer staples” and “Consumer products and services” sectors.

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In cross-border listings, Chinese startups led the way, with the US and Switzerland their markets of choice

Top jurisdictions of origin

By number of deals

	Q1 2023	Q1 2022
Mainland China	13	1
Israel	1	2
Brazil	1	-
Singapore	1	-
Canada	1	1
Others	1	12
Total	18	16

Top listing destinations

By number of deals

	Q1 2023	Q1 2022
United States	15	8
Switzerland	2	-
Norway	1	1
Others	-	7
Total	18	16

Cross-border listings

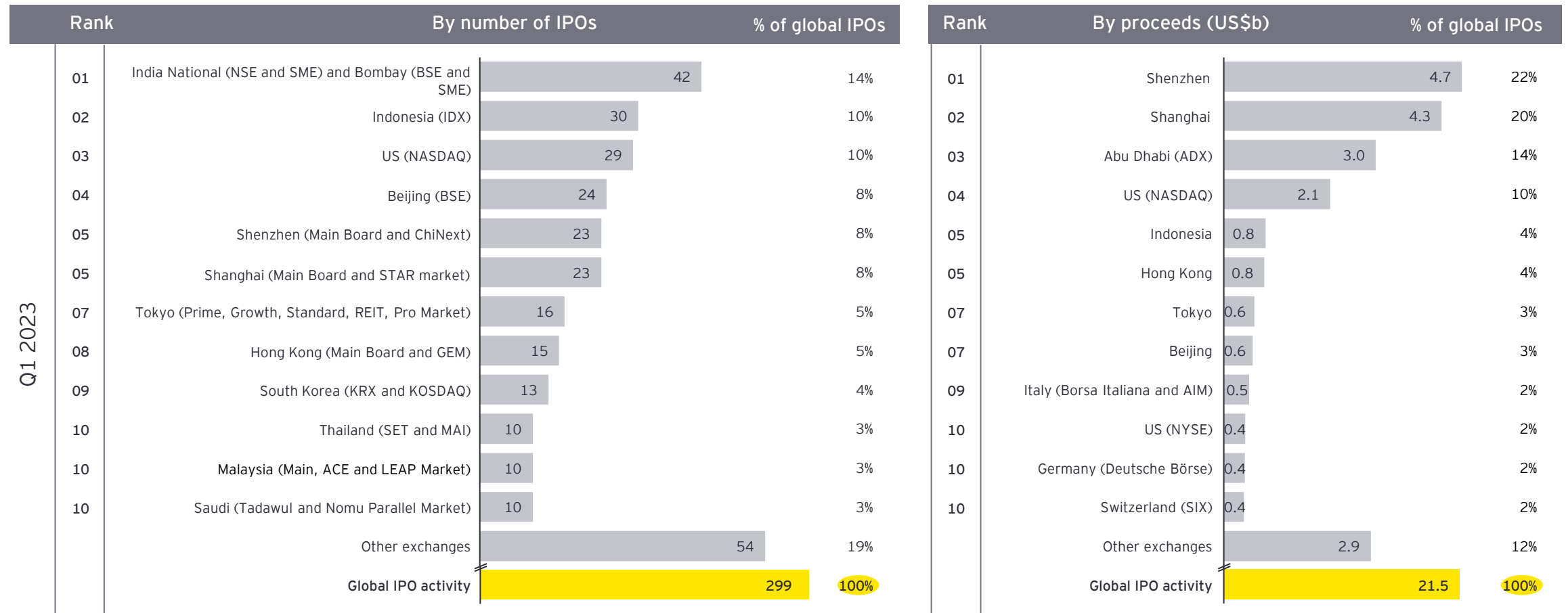
	Q1 2023	Q1 2022	% change
Number of deals	18	16	13%
Proceeds (US\$b)	1.3	0.7	78%

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Cross-border listings proceeds increased 78% year-on-year (YOY) in Q1 2023, with US\$1.3b raised through 18 deals. More Mainland Chinese companies are expected to list overseas in the coming quarters, with a flurry of companies primed to debut on the US and Swiss stock exchanges.

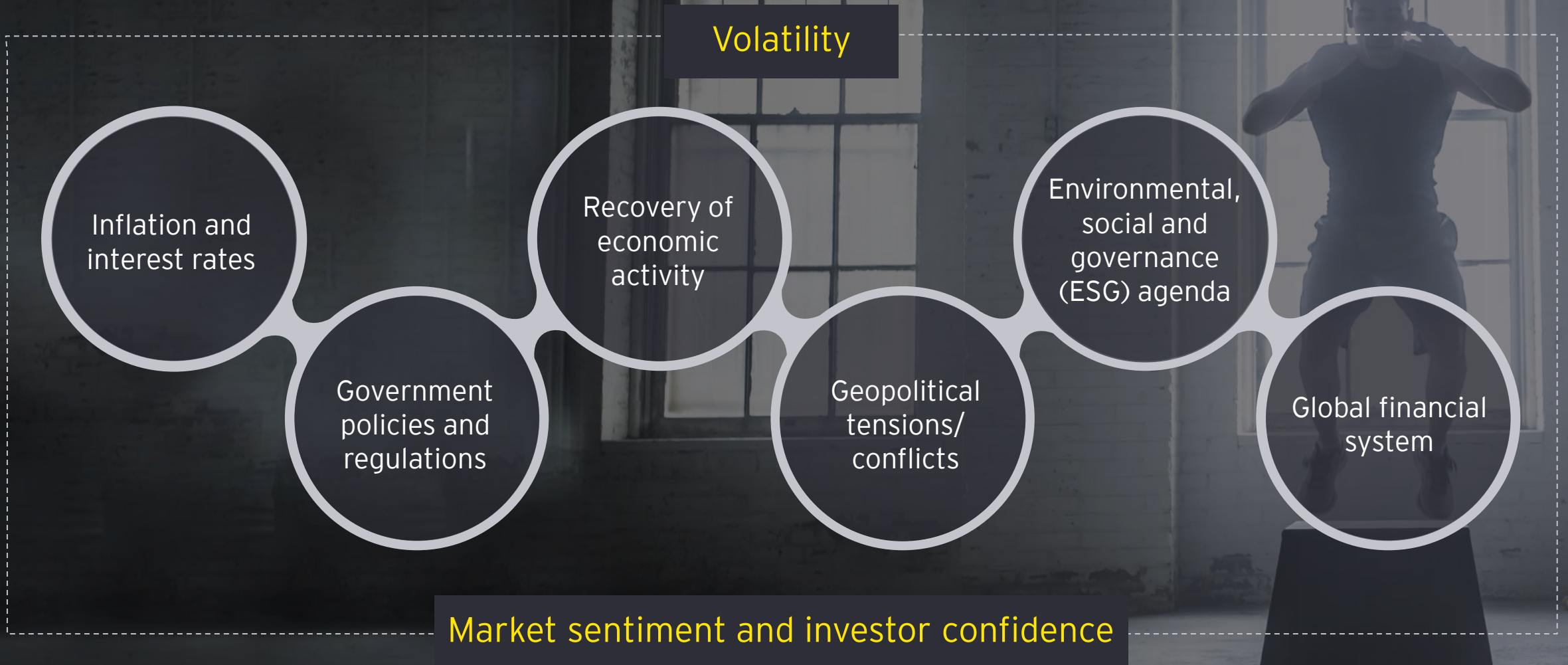
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Stock exchanges from the emerging market are benefiting from the smaller IPO deals while the traditional powerhouses in China and the US remain the chosen destinations for larger transactions



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Companies and investors should look out for ...



High liquidation and poor post-listing performance of de-SPAC mergers put the brakes on investors' demand

YTD 2023

All amounts in US\$

Global		Americas	
YTD 2023	YOY	YTD 2023	YOY
16	▼ 78%	9	▼ 83%
SPAC IPOs		SPAC IPOs	
\$0.9b	▼ 92%	\$0.8b	▼ 92%
Proceeds		Proceeds	

EMEIA		Asia-Pacific	
YTD 2023	YOY	YTD 2023	YOY
0	▼ 100%	7	▼ 30%
SPAC IPOs		SPAC IPOs	
\$0.0b	▼ 100%	\$0.1b	▼ 76%
Proceeds		Proceeds	

Top announced/completed de-SPAC mergers in YTD 2023

SPAC name	Stock exchange	Target	Value US\$b	Target sector
L Catterton Asia Acquisition Corp.	US NASDAQ	Lotus Technology Inc.	5.5	Industrials
Pono Capital Two, Inc.	US NASDAQ	SBC Medical Group Co., Ltd.	1.2	Consumer products
Nubia Brand International Corp.	US NASDAQ	Honeycomb Battery Co.	1.0	Energy
Prime Impact Acquisition I	US NYSE	Beijing Cheche Technology Co., Ltd.	0.8	Technology
Marblegate Acquisition Corp.	US NASDAQ	DePalma Group Inc.	0.8	Consumer products

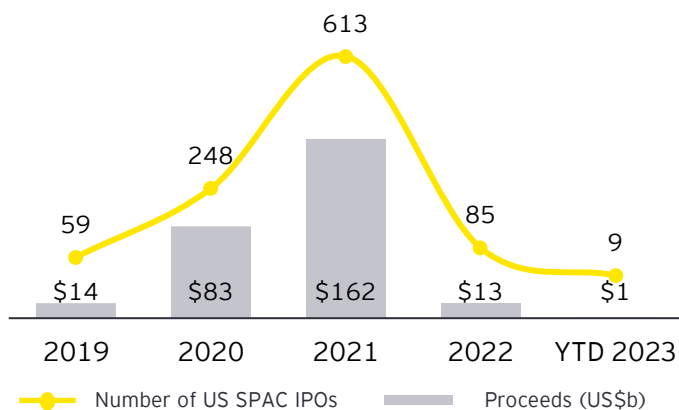
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Q1 2023 SPAC IPO activity hit a six-year low in terms of volume, with proceeds also down to levels not seen since Q2 2016. While market conditions remain challenging, SPAC IPO activity is likely to be muted in the near term as focus shifts to completing or unwinding those yet to de-SPAC.

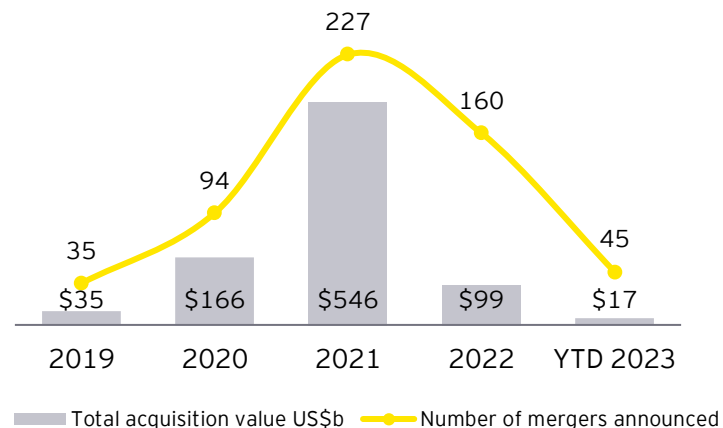
YTD 2023 data consists of listed SPAC IPOs as of 21 March 2023; YOY% compares the SPAC IPOs listed in YTD 2023 with those listed in Q1 2022 Sources: EY analysis, Dealogic, SPACInsider

US SPAC IPOs and de-SPAC merger activity slowed down, while dismal post-merger stock performance further weakened investors' sentiment

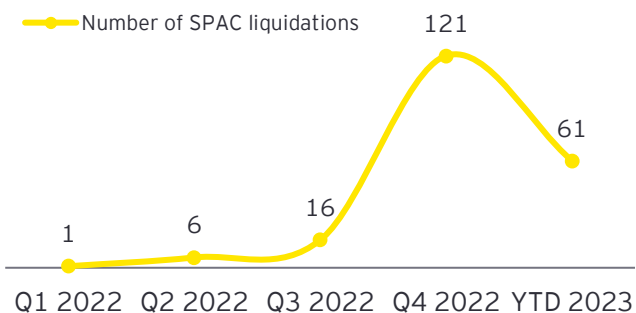
SPAC IPOs



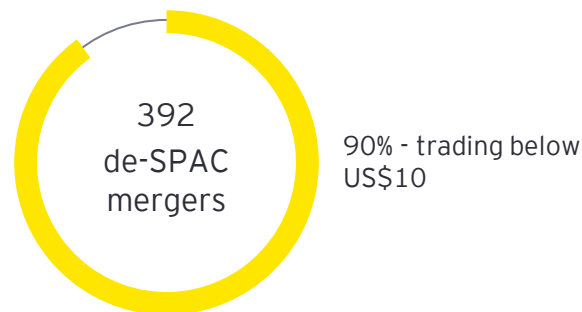
De-SPAC mergers



SPAC liquidation



De-SPAC post-merger



US de-SPAC mergers took place from 2019 to YTD 2023

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Higher redemption and a shortfall in private investment in public equity (PIPE) caused lower-than-expected capital raised post-merger.

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Companies are finding it difficult to access the capital markets, due to poor share price performance and low liquidity in their stocks.

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Of more than 390 US de-SPAC mergers completed between 2019 and 2023 year-to-date (YTD), 90% were trading below US\$10, as of 21 March 2023.

YTD 2023 data consists of listed SPAC IPOs, SPAC liquidation or de-SPAC mergers activity between 1 January 2023 to 21 March 2023. Sources: EY analysis, Dealogic, SPACInsider

Definitions

Methodology

- ▶ The data presented in the *EY Global IPO Trends Q1 2023* and press release are from EY analysis and Dealogic unless otherwise noted.
- ▶ Traditional IPOs: **Q1 2023** refers to the first quarter of 2023 and covers completed IPOs from 1 January to 21 March 2023, plus expected IPOs by 31 March 2023 (forecasted as of 21 March 2023). **Q1 2022** refers to the first quarter of 2022 and covers completed IPOs from 1 January to 31 March 2022.
- ▶ SPAC IPOs: **YTD 2023** covers completed SPAC IPOs from 1 January 2023 to 21 March 2023.
- ▶ SPAC liquidation: **Q1 2023** covers the number of SPACs liquidated from 1 January 2023 to 21 March 2023.
- ▶ De-SPAC mergers: **YTD 2023** covers de-SPAC mergers announced from 1 January 2023 to 21 March 2023.
- ▶ In compilation of the IPO statistics, we focus only on **IPOs of operating companies** and define an IPO as a **company's offering of equity to the public on a new stock exchange**.
- ▶ **Special purpose acquisition company (SPAC)**: an investment vehicle that is created with the purpose of raising capital through an initial public offering (IPO) to acquire a private company.
- ▶ **De-SPAC merger**: private companies go public by merging with special-purpose acquisition companies (SPACs).
- ▶ 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 from this report unless otherwise mentioned.
 - ▶ 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)

- ▶ This report includes only those IPOs for which EY teams and Dealogic offer data regarding the first trade date (the first day on which the security starts trading on a stock exchange), and proceeds (funds raised, including any over-allotment sold). The first trade date determines which quarter a deal is attributed to. Postponed IPOs, or those that have not yet started first trading, are therefore excluded. Over-the-counter (OTC) listings are also excluded.
- ▶ In EY analysis, unless stated otherwise, IPOs are attributed to the domicile of the company undertaking an IPO. The primary exchange on which they are listed is as defined by EY analysis and Dealogic.
- ▶ A cross-border (or foreign) listing is where the stock exchange nation or market of the company is different from the company's domicile (i.e., issuer's nation or market).
- ▶ For all IPO listings globally, their issue dates are taken as their first trade dates (the first day on which the security starts trading on a stock exchange).

Geographic definitions

- ▶ **Africa** includes Algeria, Botswana, Egypt, Ghana, Kenya, Madagascar, Malawi, Morocco, Namibia, Rwanda, South Africa, Tanzania, Tunisia, Uganda, Zambia and Zimbabwe.
- ▶ **Americas** includes North America and Argentina, Bermuda, Brazil, Canada, Chile, Colombia, Ecuador, Jamaica, Mexico, Peru, Puerto Rico and the United States.
- ▶ **ASEAN** includes Brunei, Cambodia, Guam, Indonesia, Laos, Malaysia, Maldives, Myanmar, North Mariana Islands, Philippines, Singapore, Sri Lanka, Thailand and Vietnam.
- ▶ **Asia-Pacific** includes ASEAN (as stated above), Greater China (as stated below), Japan, South Korea, Australia, New Zealand, Fiji and Papua New Guinea.
- ▶ **EMEIA** includes Armenia, Austria, Bangladesh, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, India, Ireland, Isle of Man, Italy, Kazakhstan, Luxembourg, Lithuania, the Netherlands, Norway, Pakistan, Poland, Portugal, Russian Federation, Spain, Sweden, Switzerland, Turkey, Ukraine and United Kingdom plus the Middle East and Africa countries listed below.
- ▶ **India** region includes IPO activity on Indian and Bangladesh stock exchanges.
- ▶ **Greater China** includes mainland China, Hong Kong, Macau and Taiwan.
- ▶ **Middle East** includes Bahrain, Iran, Israel, Jordan, Kuwait, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates and Yemen.

Markets definitions

- ▶ Many stock exchanges have set up **main markets and junior markets**:
 - ▶ **Main markets** are where medium and large IPOs (by proceeds) are usually listed and traded.
 - ▶ **Junior markets** are where small-cap companies or smaller IPOs are listed or traded. Stock exchanges without junior markets are classified as main markets.
 - ▶ **Junior markets** include **Americas**: Toronto Venture Exchange and Canadian National Stock Exchange; **Asia-Pacific**: Malaysia ACE Market, Hong Kong Growth Enterprise Market, Japan Tokyo Stock Exchange (Standard market and Growth market, REIT and PRO market), Korea KOSDAQ, Thailand's Market for Alternative Investment, Shenzhen ChiNext, Singapore Catalist; **EMEIA**: Alternext, London Alternative Investment Market, Germany's Frankfurt SCALE (formerly Entry Standard), India's Bombay SME and National SME, Spain's Mercado Alternativo Bursatil, NASDAQ OMX First North, Warsaw New Connect, Johannesburg Alternative Market, Nomu – Parallel Market.

Glossary

- ▶ **Financial sponsor-backed IPOs** refer to IPOs that have private equity, venture capital investors or both.
- ▶ **First-day average returns** is the market value weighted mean of issuers' offer price vs. the closing price at their first trade date, with the exception of the Americas section, where this is the mean of issuers' offer price vs. the closing price at their first trade date for deals with proceeds greater than US\$30m.
- ▶ **Proceeds** refers to total funds raised by the issuer company and selling shareholders. This is the total deal size.
- ▶ **Current average returns (aka share price performance since IPO)** is the market value weighted mean current returns, which is the year-to-date returns as at 21 March 2023 vs. offer price. This should be compared with equity indices performance that is also measured YTD. For the Americas section, this is the mean current returns.
- ▶ **State-owned enterprise (SOE) privatizations** refers to former state-owned entities that have completed their IPO listings to become public companies.
- ▶ **Mega IPOs** are defined as IPOs that raised proceeds of more than US\$1b on the stock exchange.
- ▶ A **unicorn** is a privately held company valued at US\$1b or above. Unicorn IPOs in this report refer to such companies going for IPO.

Contacts

Paul Go

EY Global IPO Leader
paul.go@hk.ey.com

Rachel Gerring

EY Americas IPO Leader
rachel.gerring@ey.com

Ringo Choi

EY Asia-Pacific IPO Leader
ringo.choi@cn.ey.com

Dr. Martin Steinbach

EY EMEA IPO Leader
martin.steinbach@de.ey.com

Terence Ho

EY Greater China IPO Leader
terence.ho@cn.ey.com

Masato Saito

EY Japan IPO Leader
masato.saito@jp.ey.com

Scott McCubbin

EY UK&I IPO Leader
smccubbin@uk.ey.com

Find out more about future IPO prospects

For more information on global IPO performance by quarter and year, and how the IPO market looks set to develop for the next 12 months, visit the EY Global IPO website:
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