



# About IPO's



Colin Stone, Portfolio Manager, Fidelity Investments

The British Private Equity and Venture Capital Association



# Out of the Dragon's Den Into the Madding Crowd

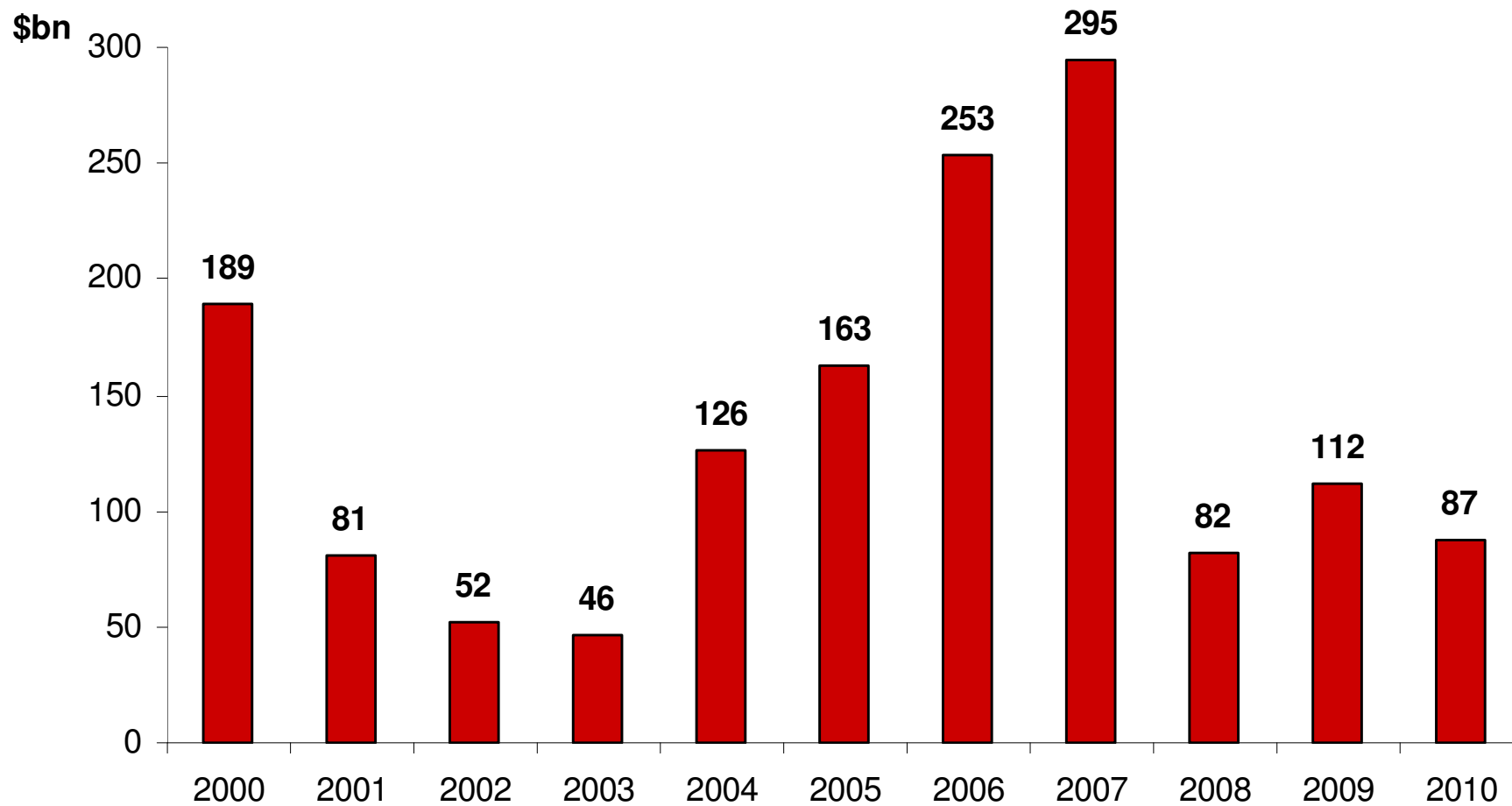


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- IPO market overview
  - Supply
  - Demand
- IPO Performance
  - All deals
  - Venture Capital Backed deals
- Conclusion

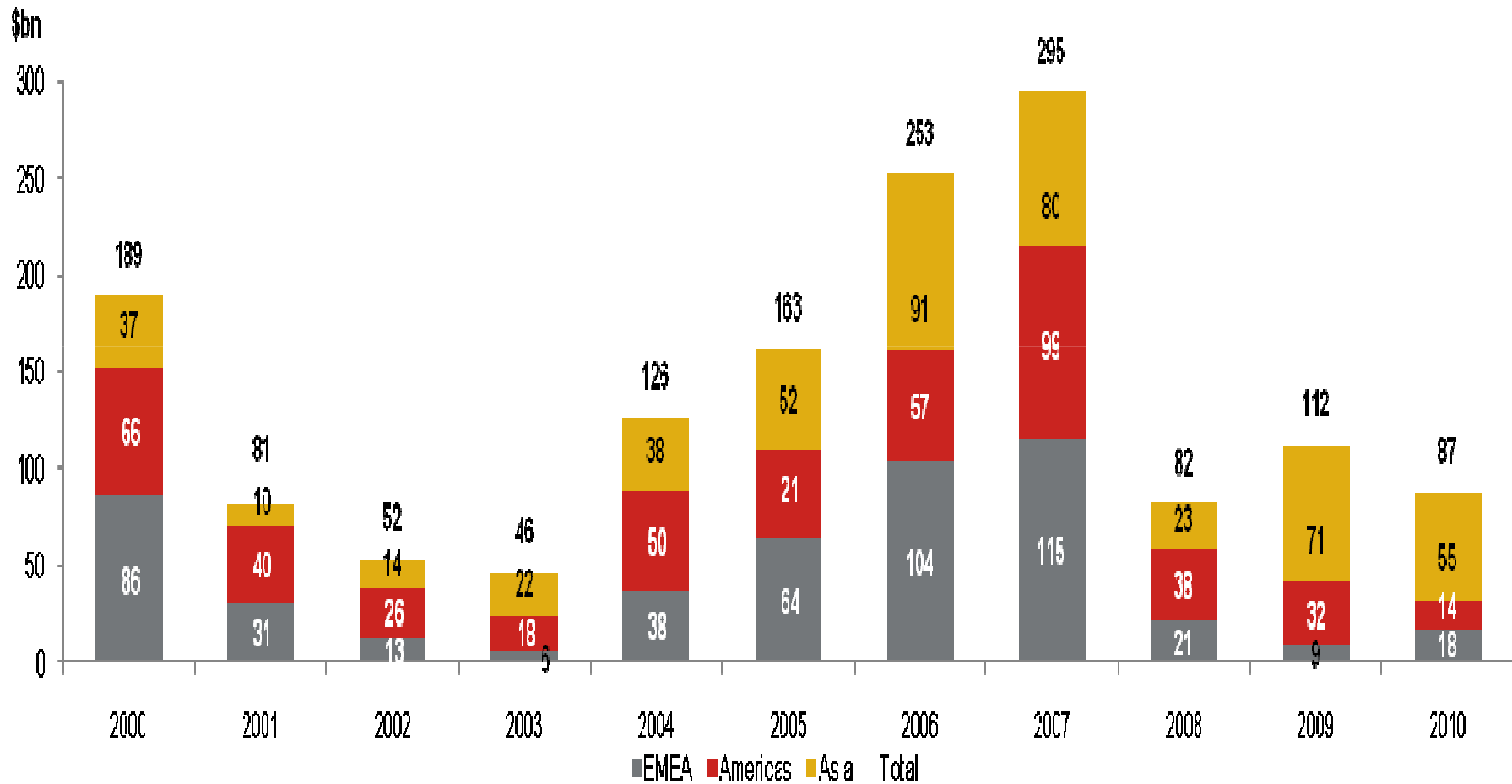
# Global IPO Volume



Source: Dealogic. Deals greater than \$50m. 2000 to 4/06/2010

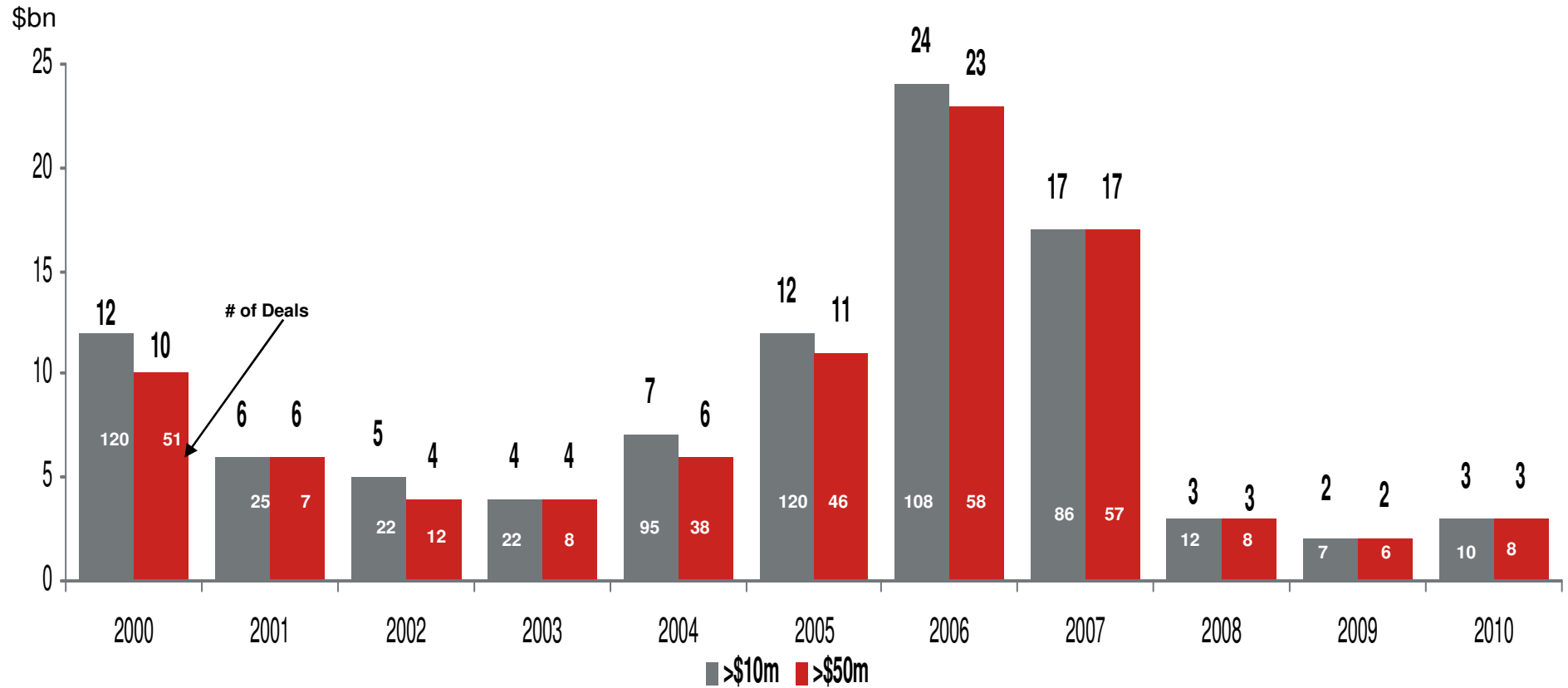
# Global IPO Volume

## Split by Region



Source: Dealogic. Deals greater than \$50m 2000 to 4/06/2010

# UK IPO Volume

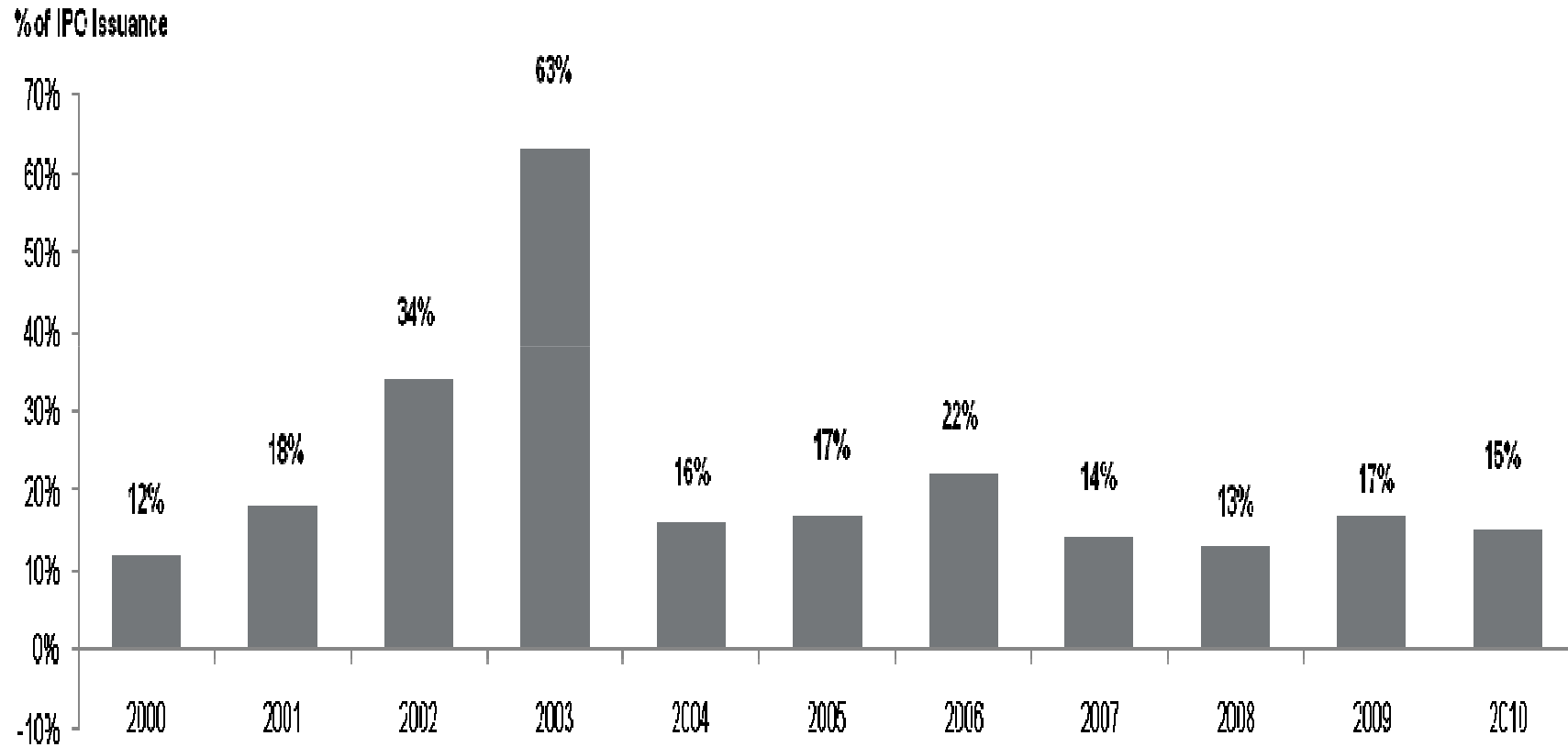


Source: Dealogic. 2000 to 4/06/2010

# UK IPO Volume



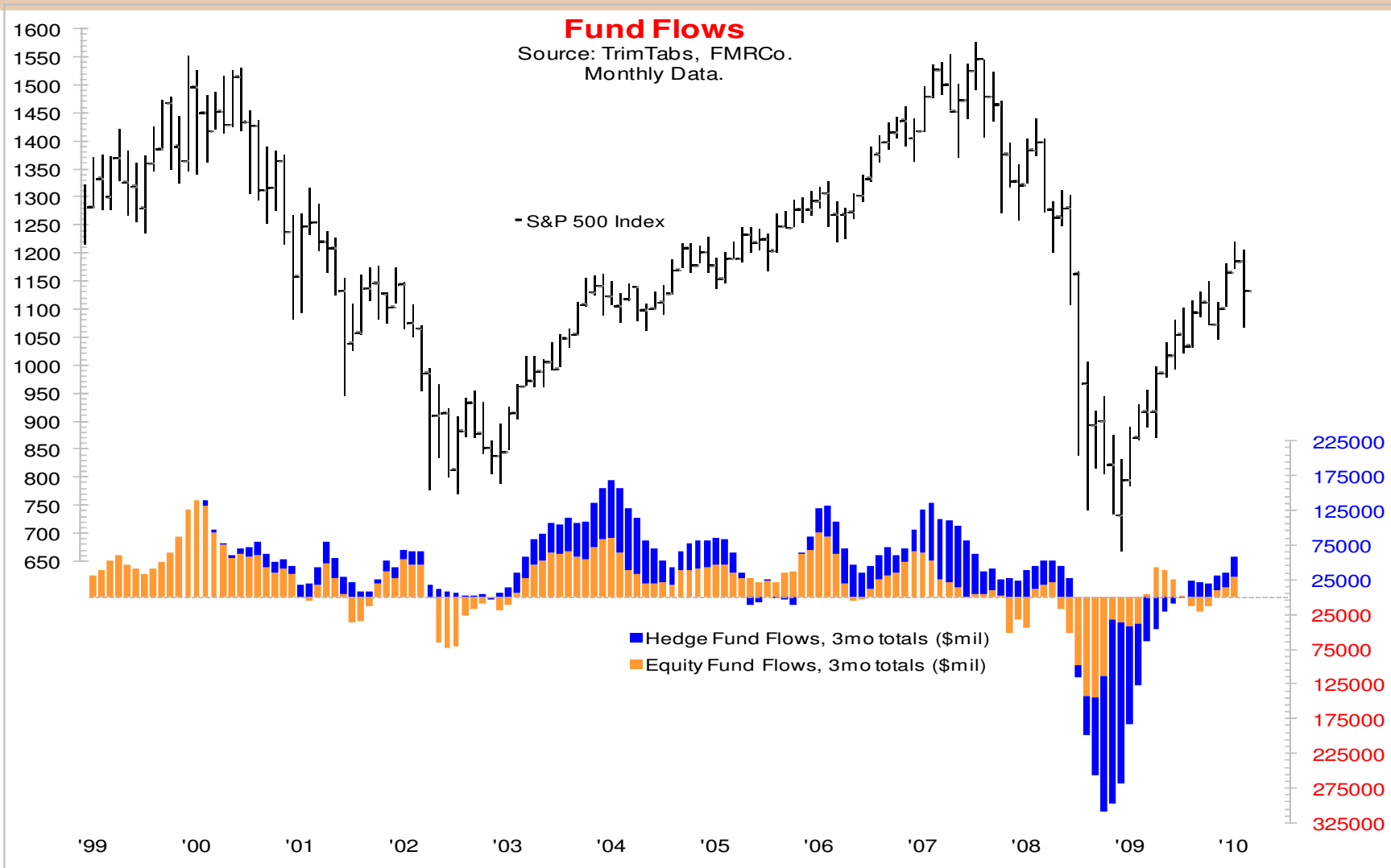
UK IPO Volume as % of EMEA IPO Issuance



Source: Dealogic.. 2000 to 4/06/2010

# IPO Market Overview - Demand

## Funds Flows



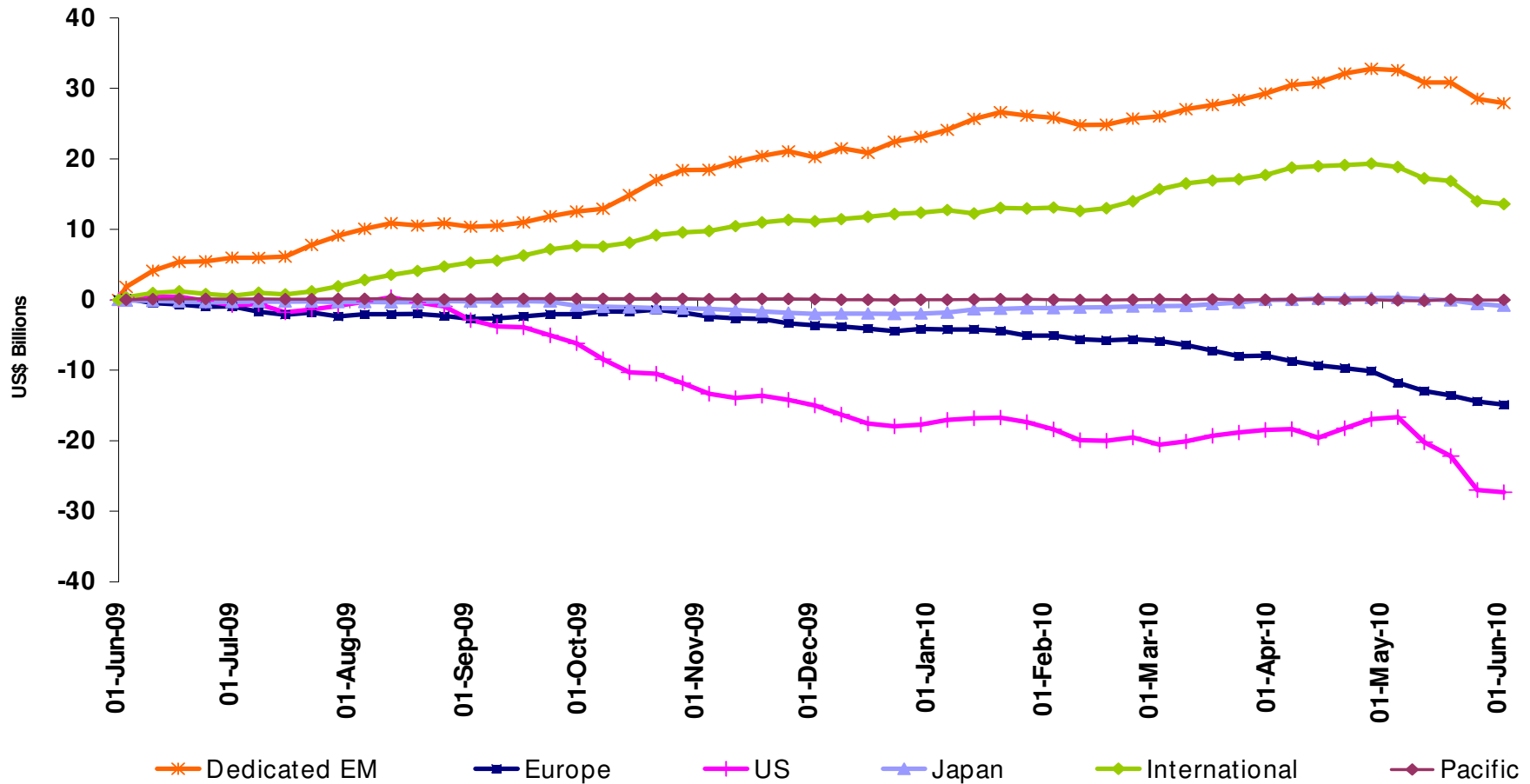
8 Monthly data, from 2/99 through 5/10. Source: Fidelity, Factset, FMRCo, Haver Analytics, Trimtabs.  
The British Private Equity and Venture Capital Association **About IPO's**

# IPO Market Overview - Equity Fund Flows



Global and Emerging Markets booming, US and Europe negative

12-month Flows into various Global Fund categories



Source: EPFR/ Deutsche Bank Equity Strategy

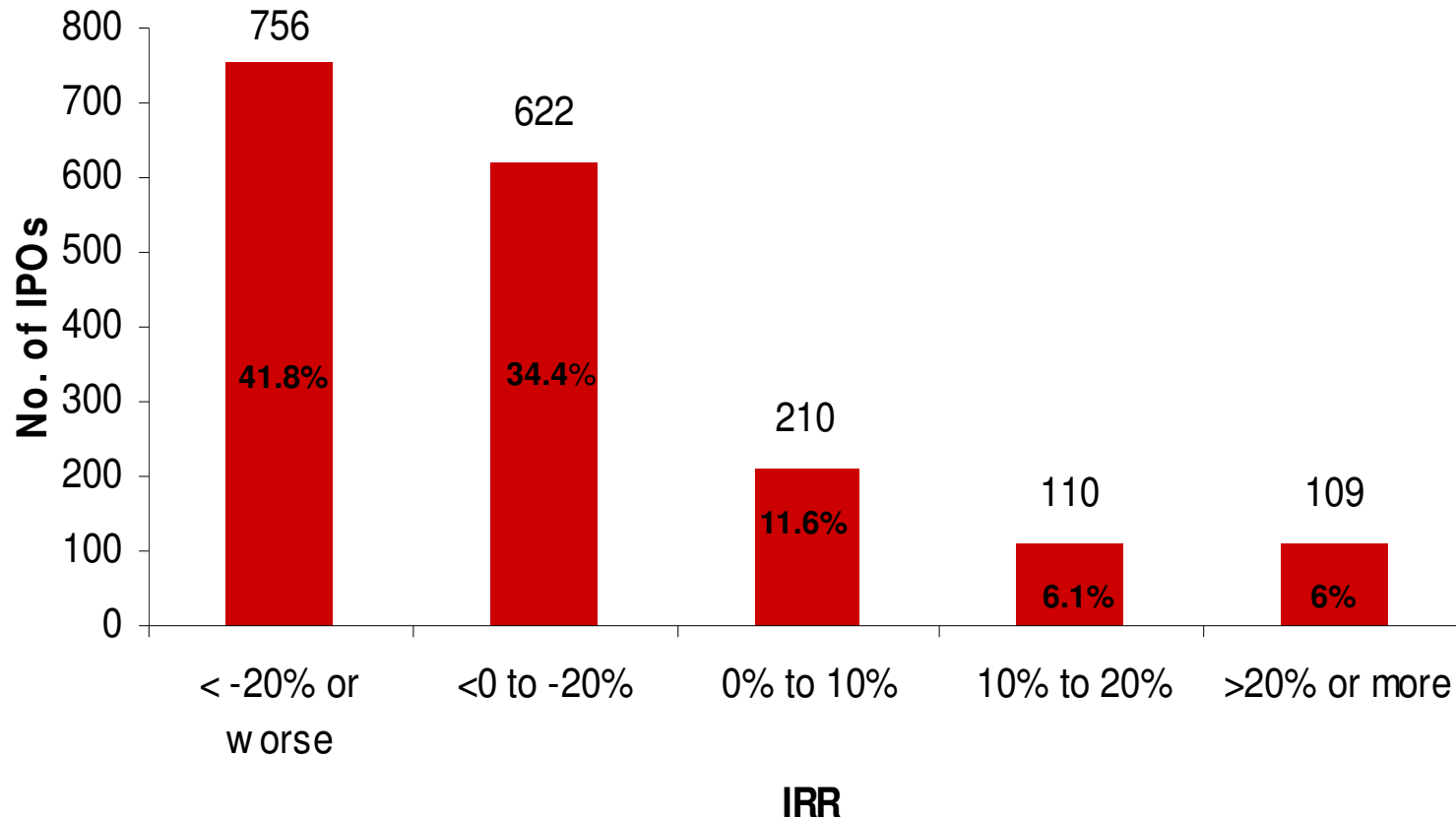
- Global IPO market recovering...
- But the action is all in developing economies.
- European equity funds are seeing substantial outflows.
- IPOs need a compelling growth story or a compelling valuation to succeed in Europe.

# Performance of European IPO's

IRR since IPO 2000 - 2010



## High failure rate



**Total number of IPOs was 1906 of which 99 have missing returns data**

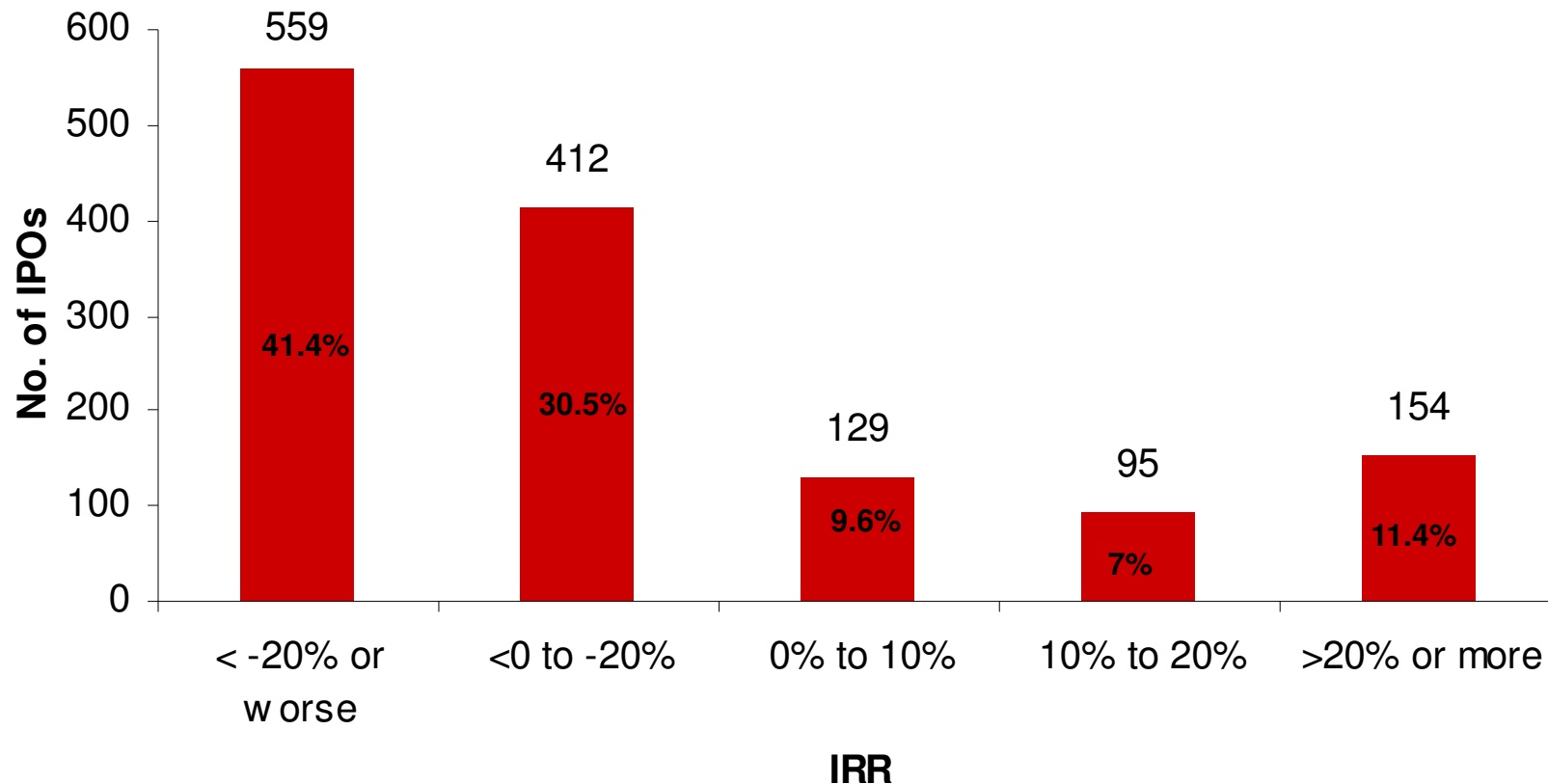
Source: Dealogic. Deals greater than \$10m. 2000 to 4/06/2010

# Performance of European IPO's

IRR since IPO 2001 - 2010



Excluding Tech bubble IPO's improves the picture only slightly



**Total number of IPOs was 1396 of which 47 have missing returns data**

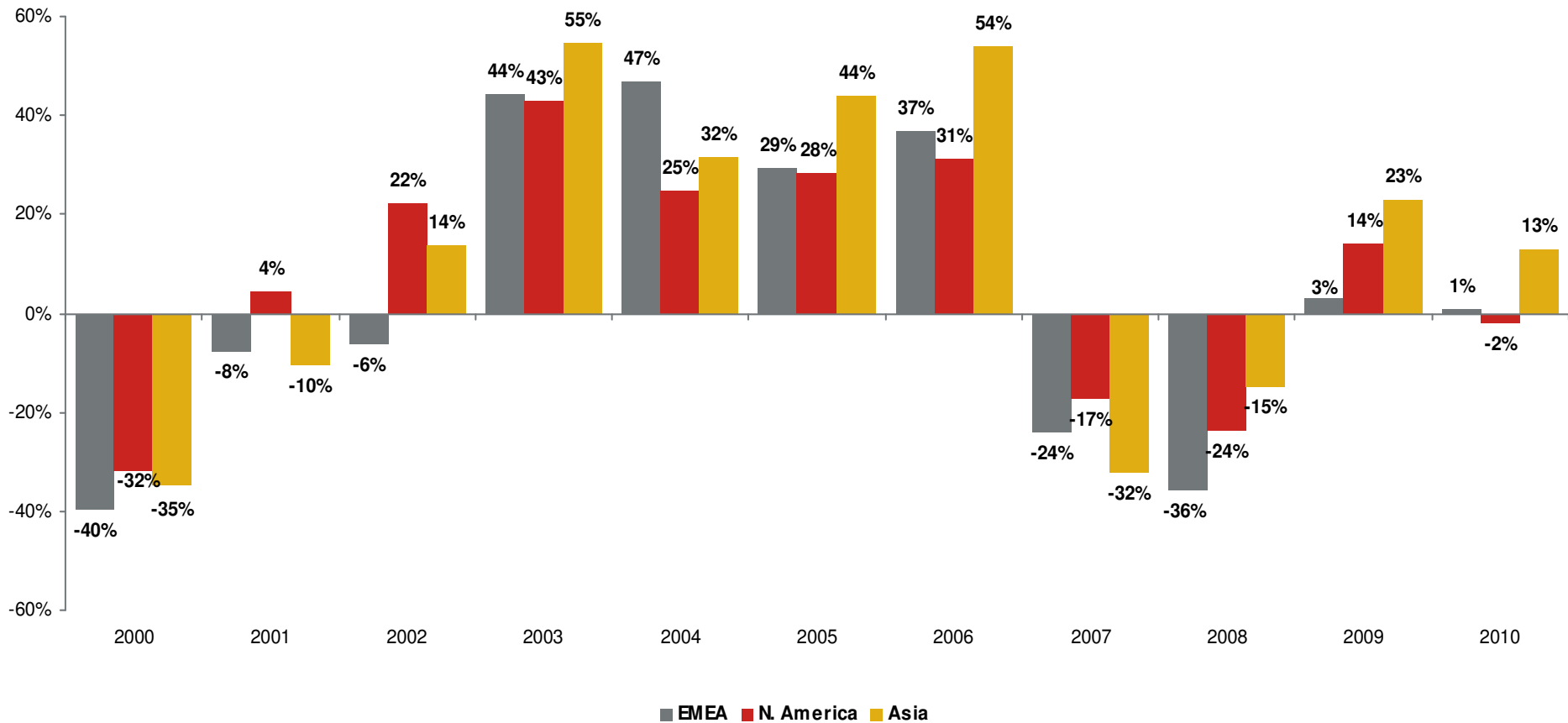
Source: Dealogic. Deals greater than \$10m. 2001 to 4/06/2010

# Global IPO Performance



## Global Historical 1-year Performance by Region

Asia has outperformed the US and EMEA on average, in particular in the last 2-3 years

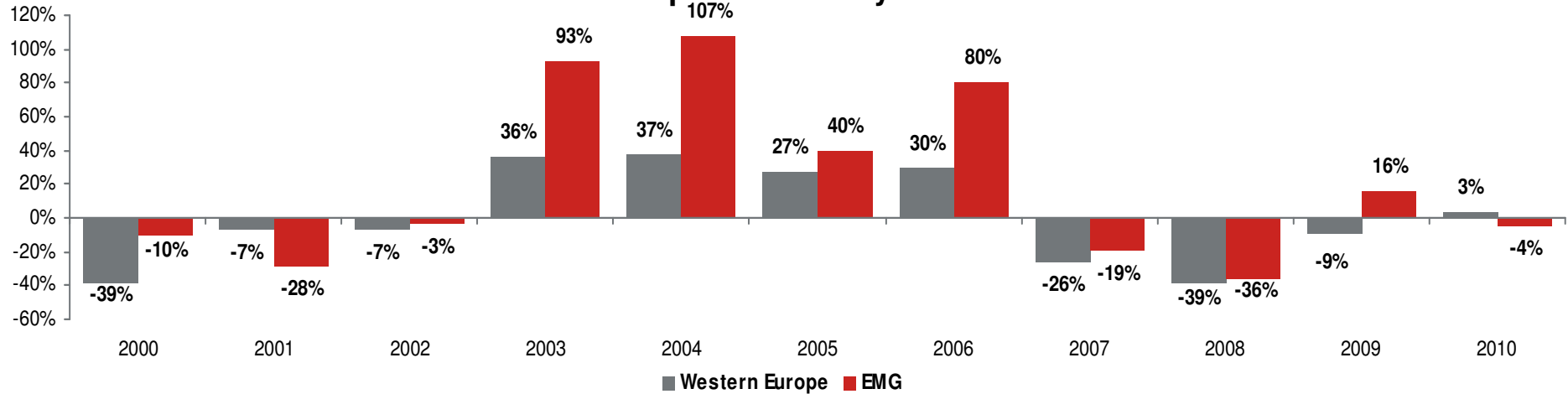


Source: Dealogic. Deals greater than \$50m. 2000 to 4/06/2010

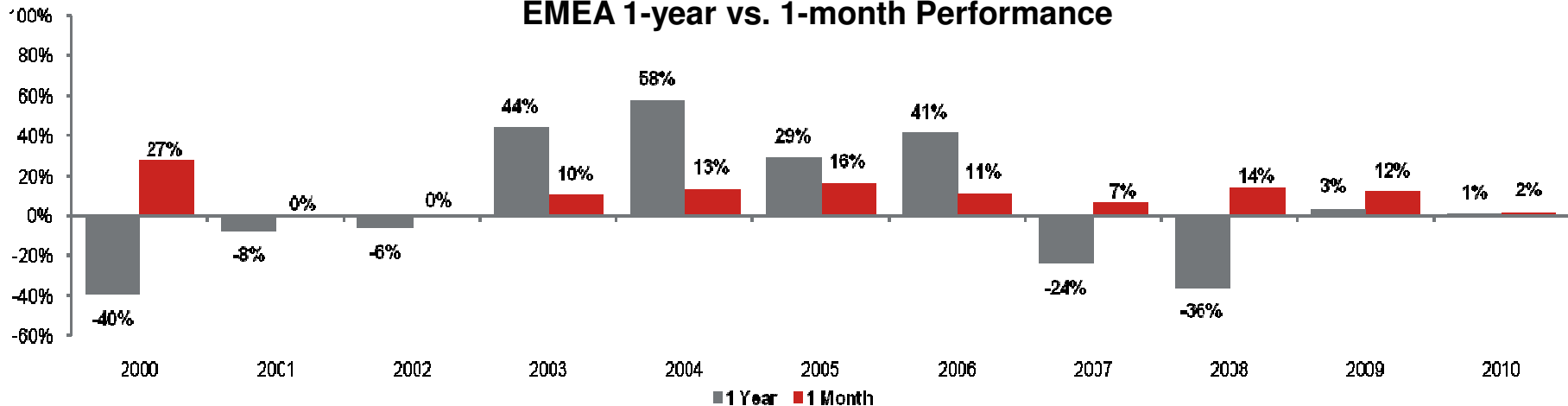
# EMEA IPO Performance

Performance in emerging markets has been stronger

### Western Europe vs. EMG 1-year Performance



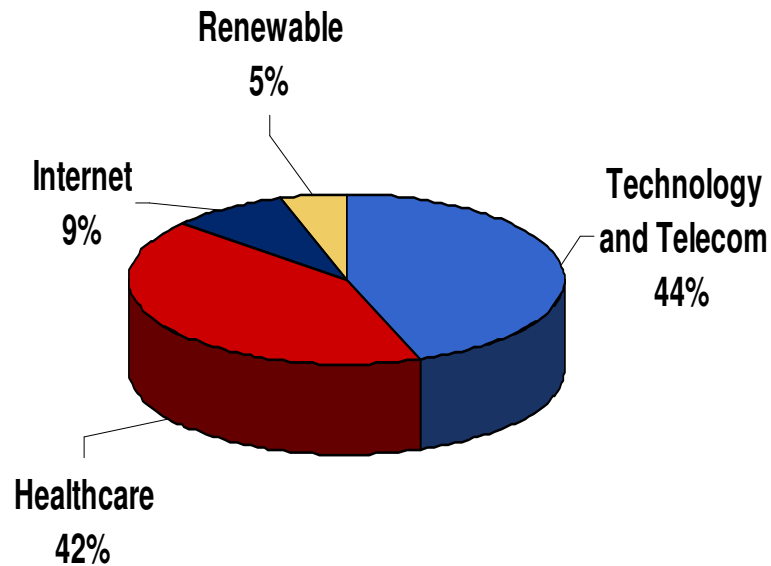
### EMEA 1-year vs. 1-month Performance



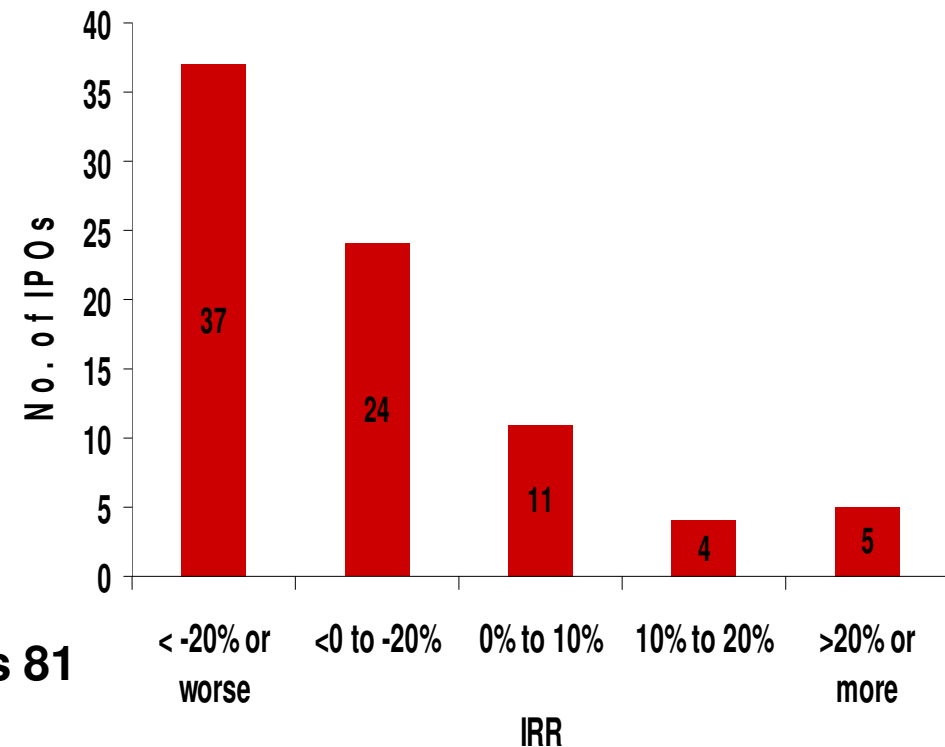
Source: Dealogic. Deals greater than \$50m. 2000 to 2010. 2010 1-year performance is to 4/06/2010. EMG include Middle East, Africa, Russia, Poland, Ukraine. Western Europe excludes EMG.

# European Venture Backed IPO's

Split by industry



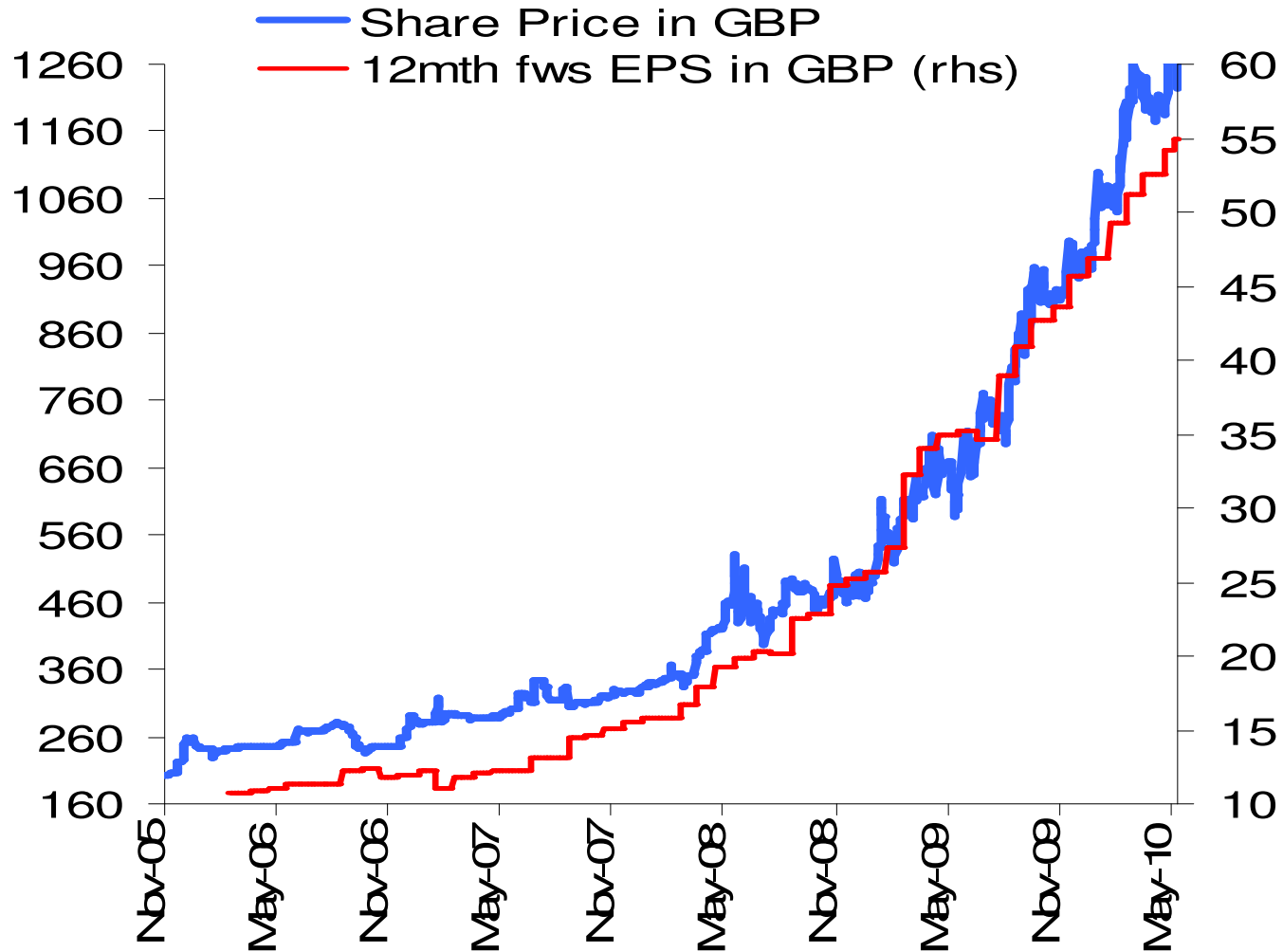
Split per performance



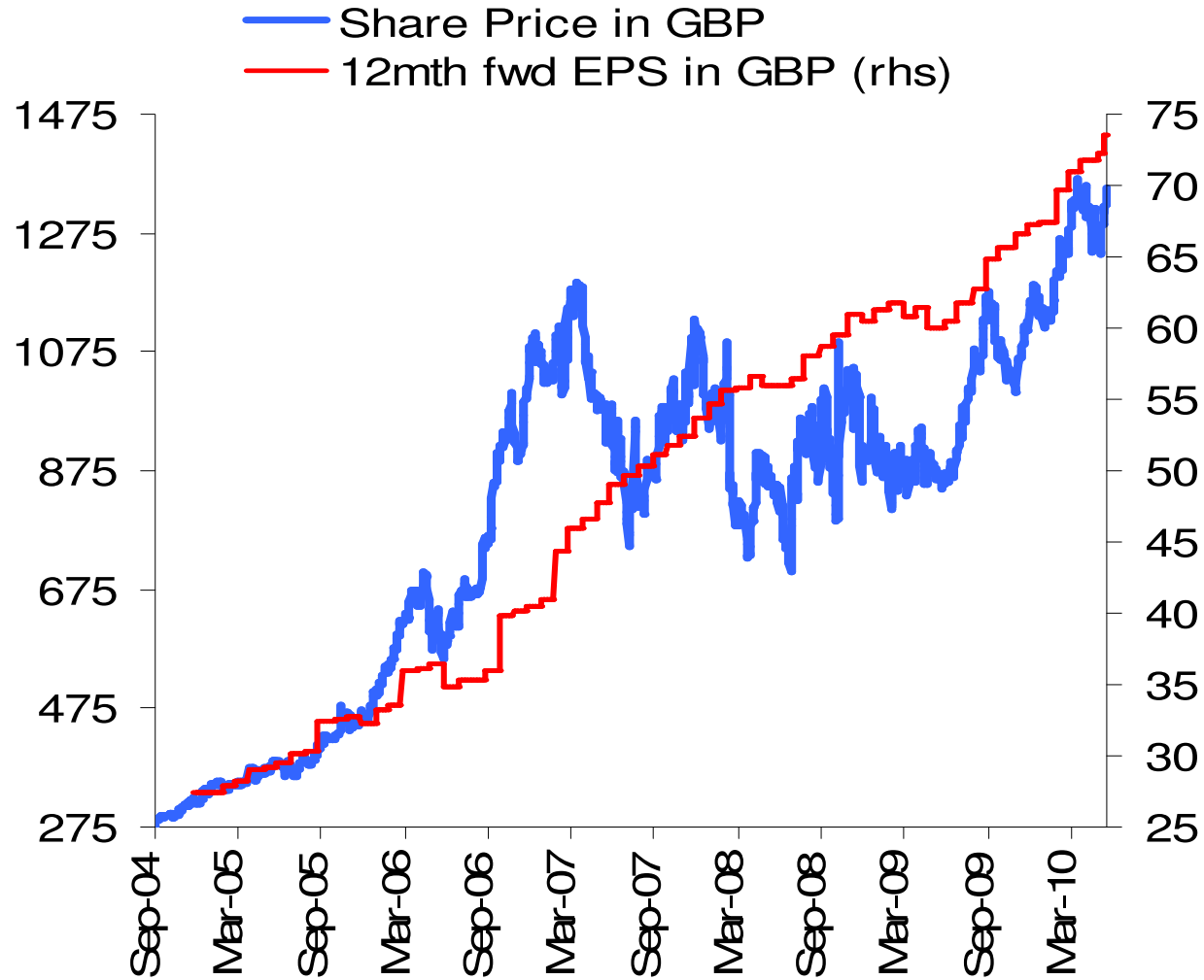
**Total number of VC Backed IPOs was 81**

Source: Dealogic/ BVCA/ FIL Ventures. Deals greater than \$10m. 2000 to 4/06/2010.

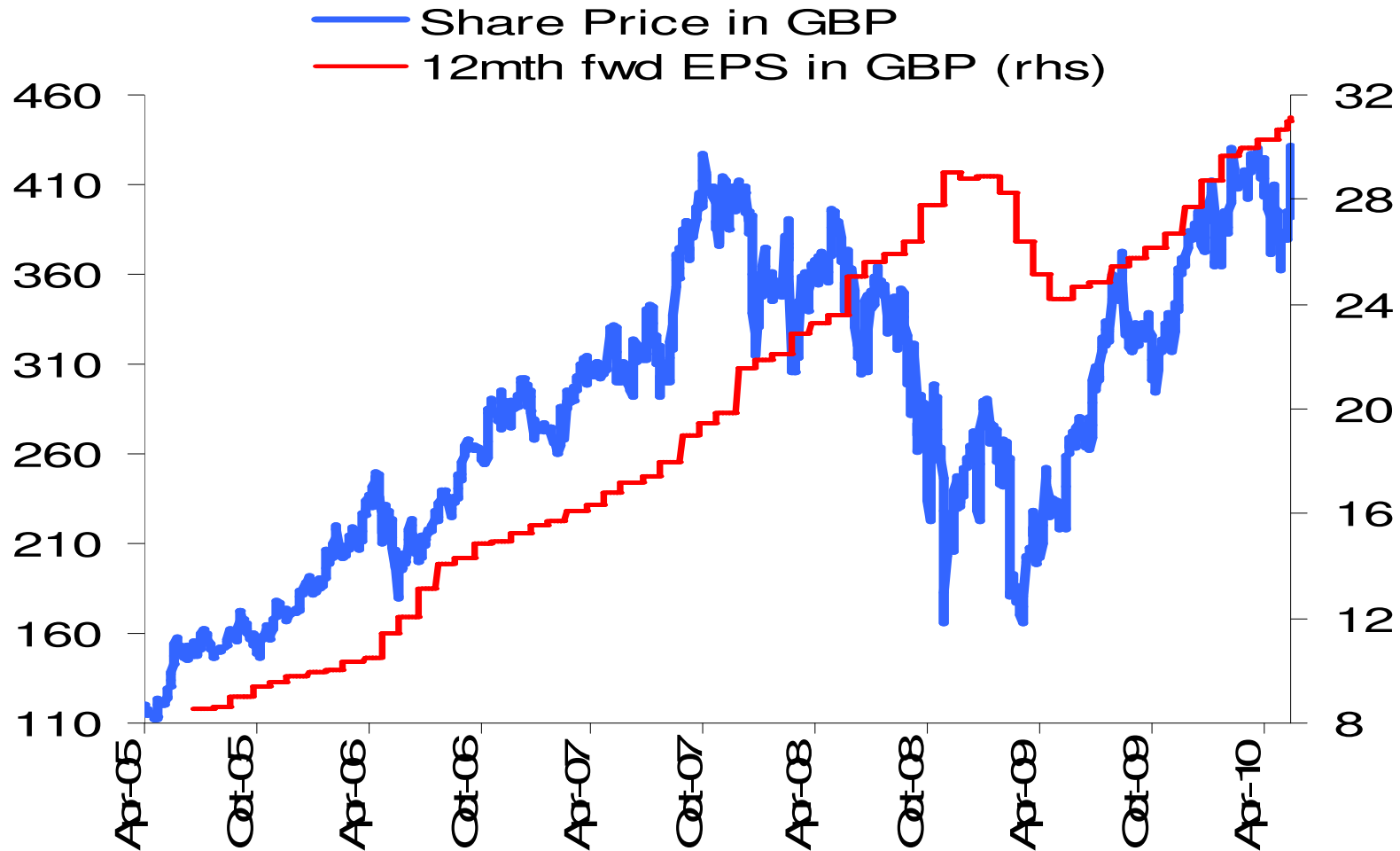
- High failure rate.
- Few VC backed success stories.
- Cynical investors.
- Need to stand out from the crowd.
- However there are some outstanding success stories.



Source: Datastream, Fidelity, 02/11/2005 – 09/06/2010

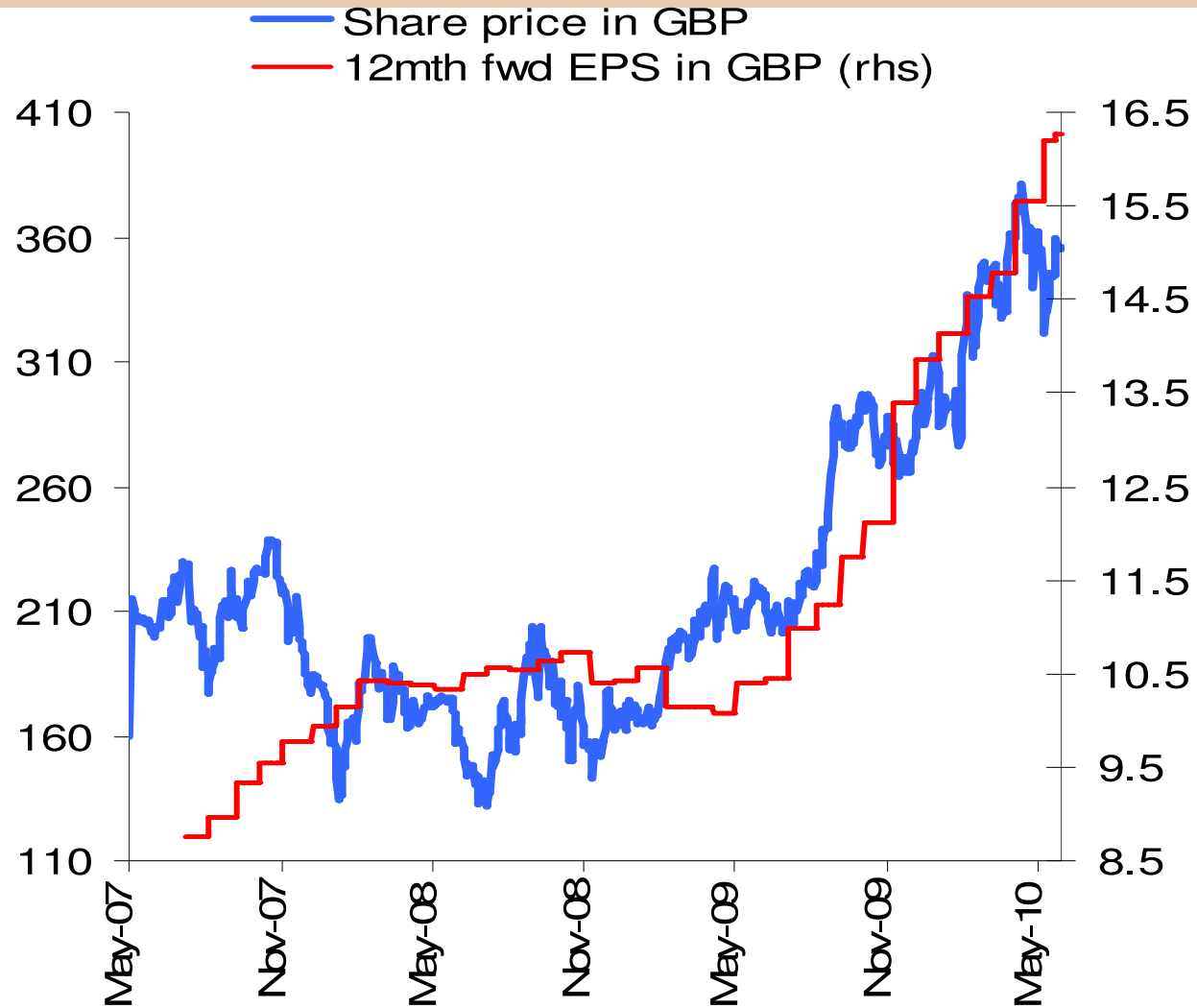


Source: Datastream, Fidelity, 22/09/2004 – 09/06/2010

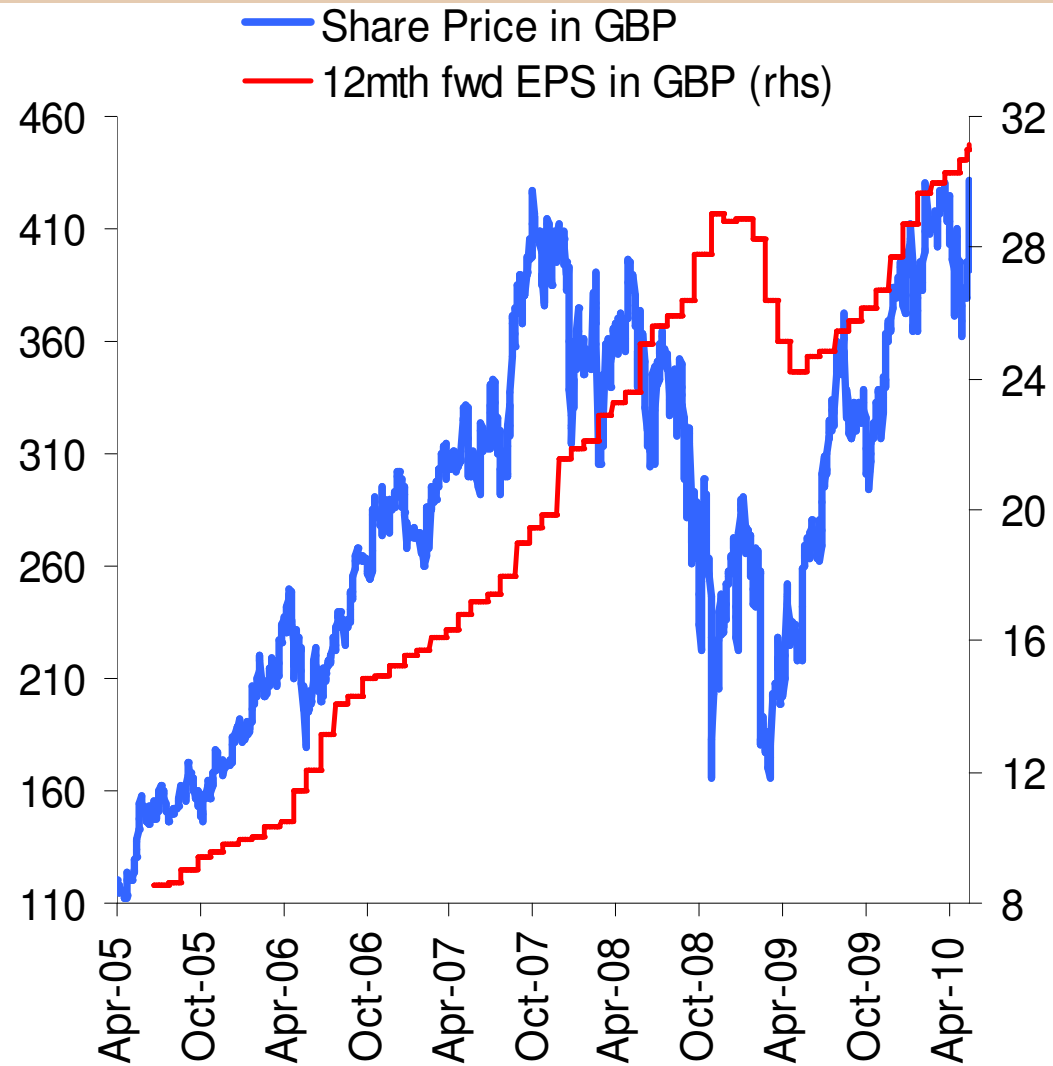


Source: Datastream, Fidelity, 27/04/2005 – 09/06/2010

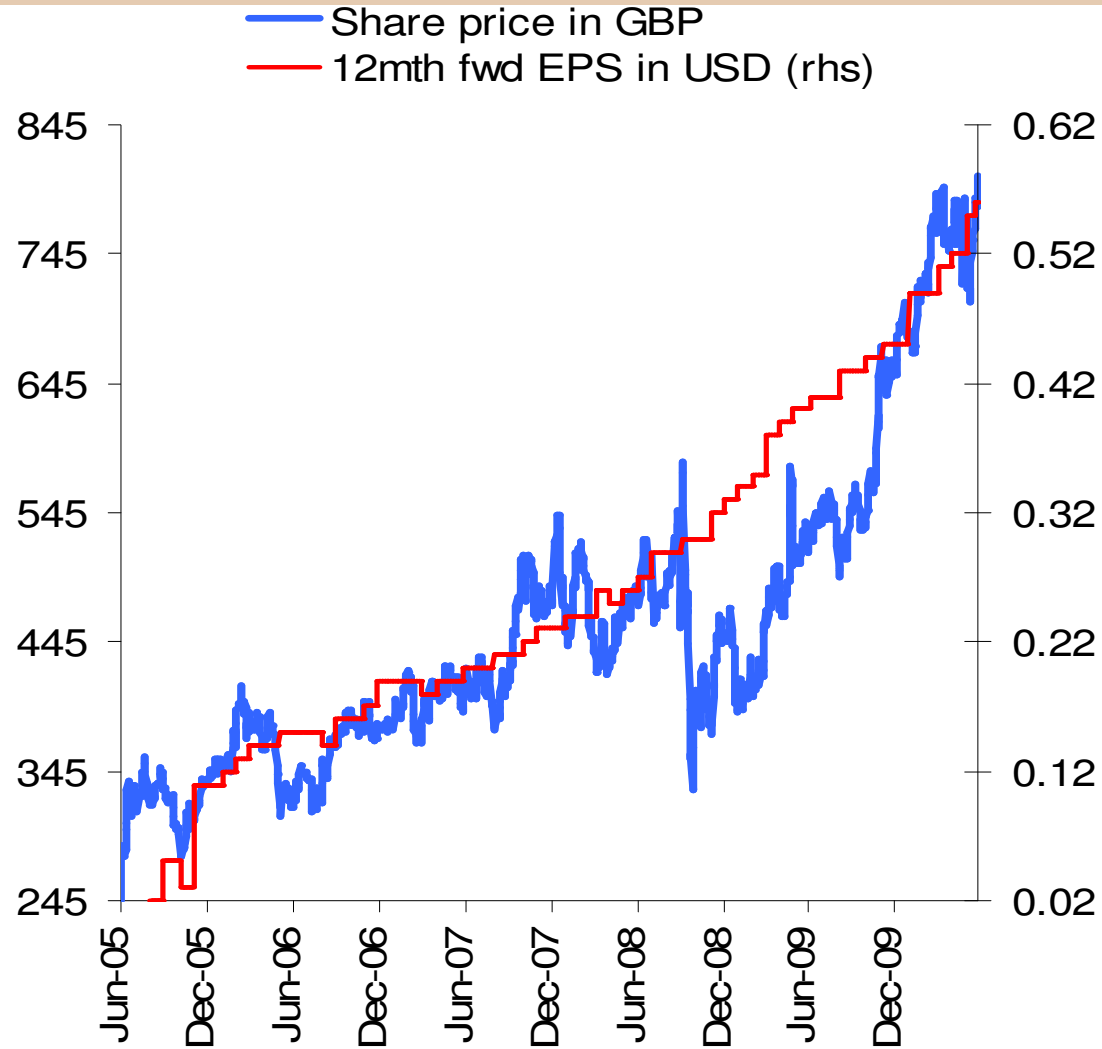
# Hargreaves Lansdown



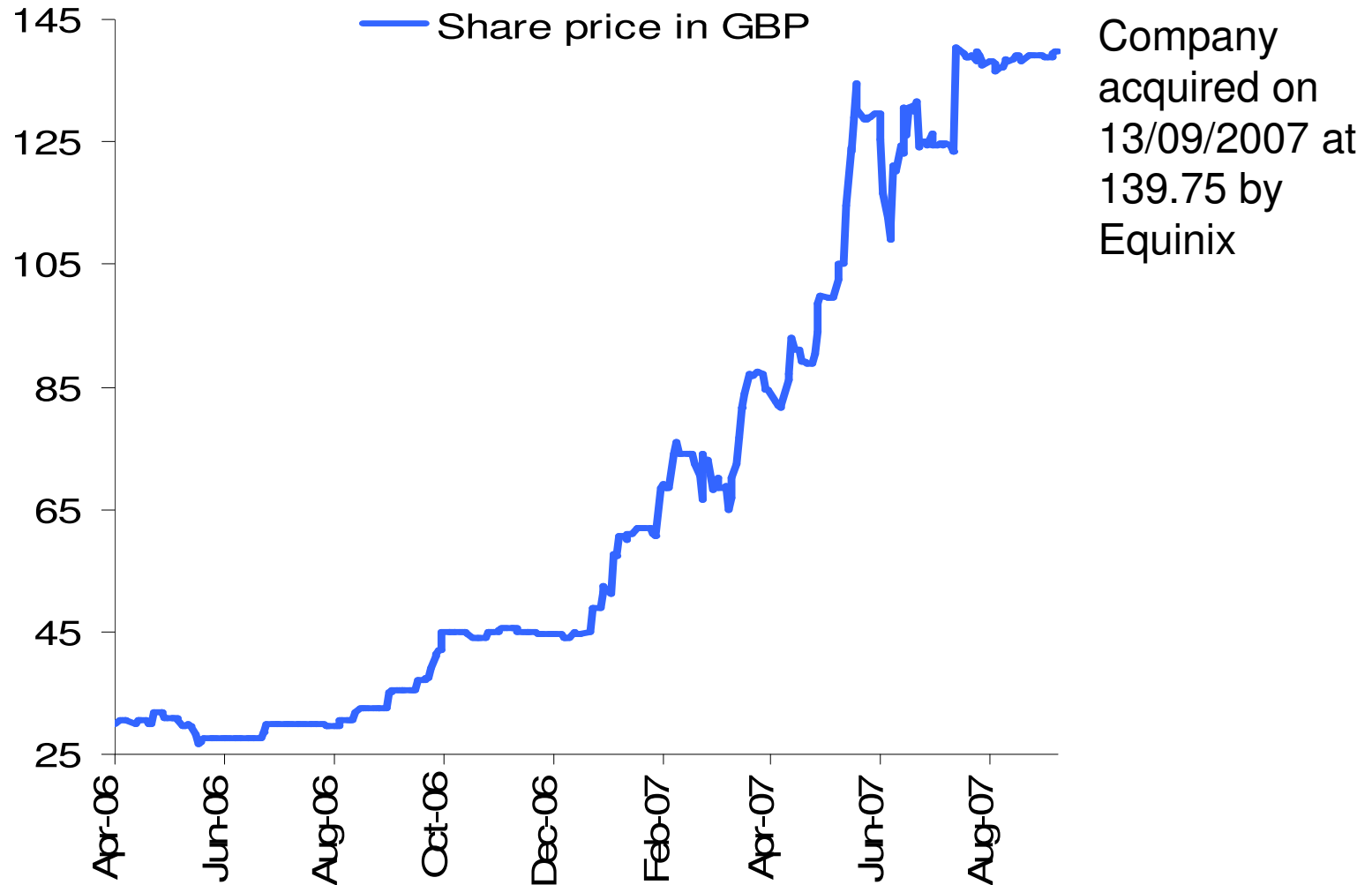
Source: Datastream, Fidelity, 14/05/2007 – 09/06/2010



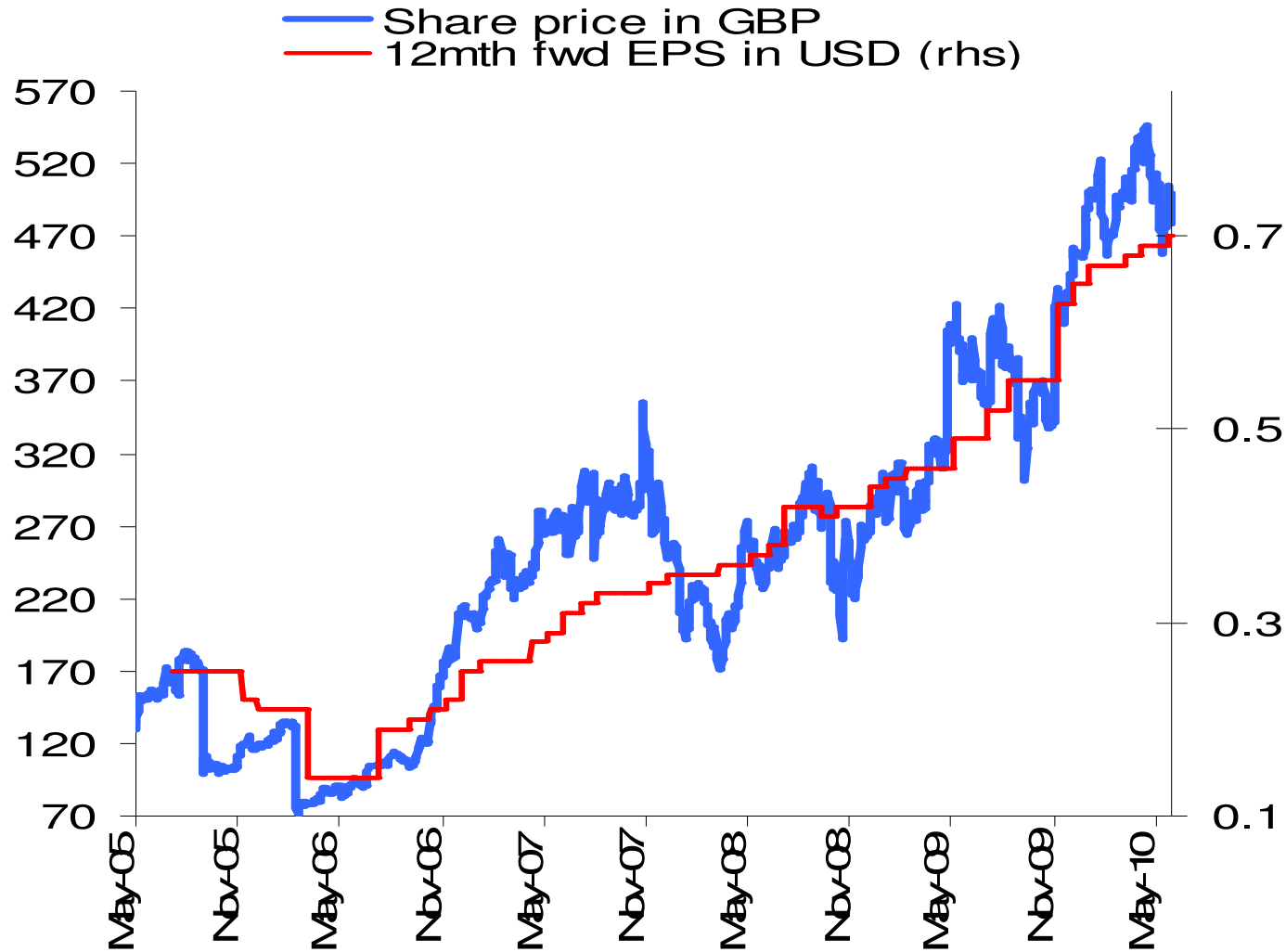
Source: Datastream, Fidelity, 27/04/2005 – 09/06/2010



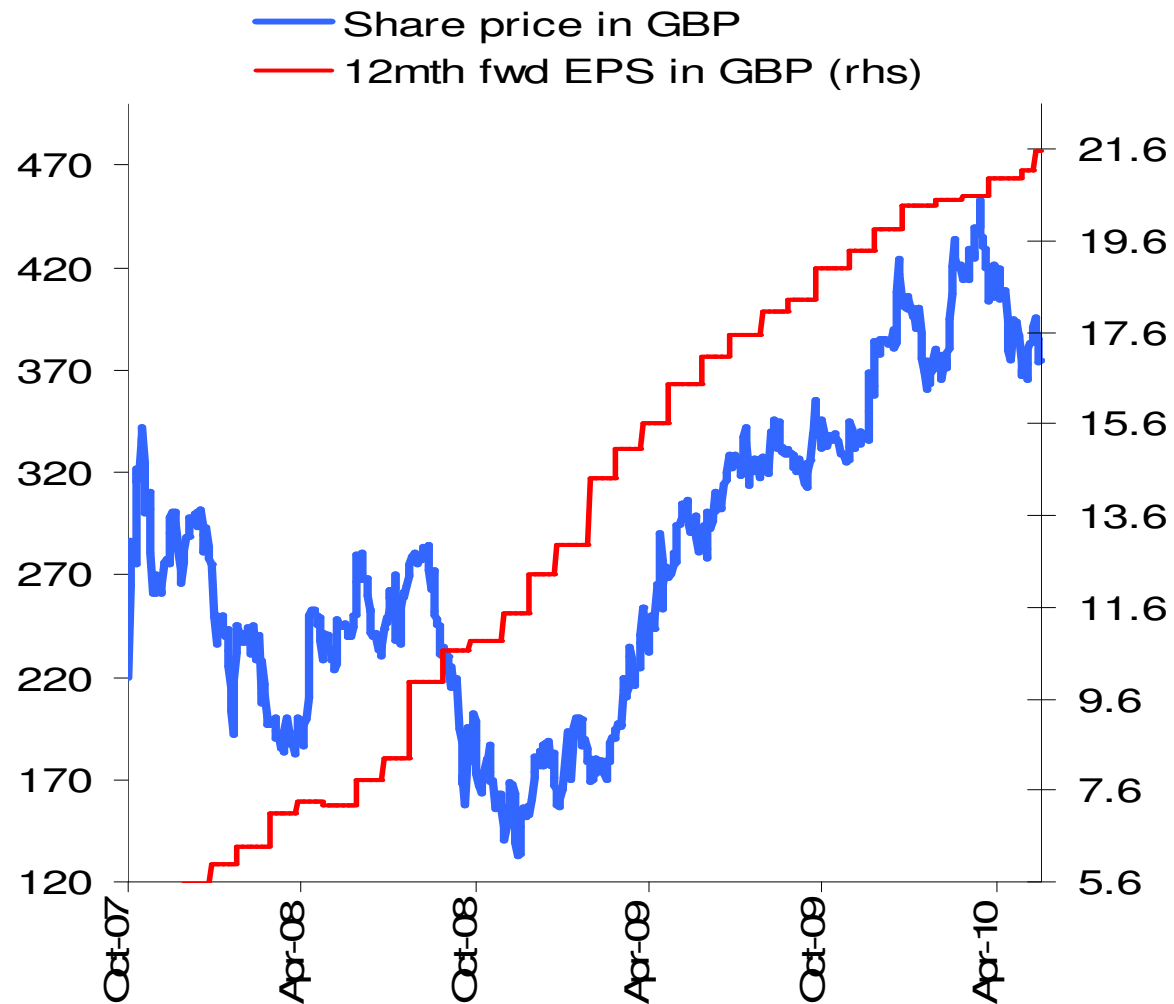
Source: Datastream, Fidelity, 16/06/2005 – 09/06/2010



Source: Datastream, Fidelity, 07/04/2006 – 13/09/2007



Source: Datastream, Fidelity, 11/05/2005 – 09/06/2010



Source: Datastream, Fidelity, 23/10/2007 – 09/06/2010

- For the right companies the IPO market is open.
- Engage with Institutions early.
- Don't over Promise.