

Global Technology IPO Review Q3 2015

Technology Institute

*A quarterly look at global trends
in the technology IPO market
October 2015*



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*Global capital markets volatility leads to slowest technology IPO pace in five years**



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Industry Leader
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Welcome to the third-quarter 2015 issue of PwC's Global Technology IPO Review. Technology IPOs experienced a steep decline in the third quarter, with just 11 offerings raising US\$4.1 billion as compared to 18 offerings raising US\$24.8 billion in the third quarter of 2014. The decline was due in large part to lackluster IPOs in the US and China – the traditional incubators of technology IPOs – each of which produced only two IPOs during the quarter.

Historically the summer quarter is the slowest of the year, but this year with the regulatory suspension of IPOs on China's Shenzhen and Shanghai exchanges, ongoing market uncertainty and volatility in the global capital markets, the third quarter saw fewer IPOs than any other year since 2010 (except 2012 which also posted eleven offerings). Compared to the second quarter of 2015, proceeds declined 34% and the number of offerings fell off 69%.

Europe and Asia contributed 82% to the number of listings and 96% of the total third-quarter proceeds. Asia led with six IPOs raising US\$2.3 billion, followed by Europe with three IPOs raising US\$1.6 billion.

In spite of the tough IPO market, two companies were successful in raising over US\$1 billion each in their IPOs.

Although the third quarter slowed significantly from prior quarters, the first nine months of 2015 surpassed the same period in 2011, 2012 and 2013.

Please reach out to me or any member of our global technology team listed at the back of this document if you would like to discuss how these findings may impact your business.

Sincerely,

A handwritten signature in black ink that reads "Raman". The signature is written in a cursive style and is underlined with a horizontal line.

* Issue size greater than US\$40 million (includes overallotment) and based on trade date

Executive summary

Extreme volatility in the global capital markets slowed tech IPO activity in the third quarter. The Chicago Board Options Exchange (CBOE) Volatility Index® (VIX®) rose 126% in August, hitting its highest level (40) since October 2011 and then declined to 24 by the close of September. Eleven technology companies listed in the third quarter, with total proceeds of US\$4.1 billion, compared to 18 listings in Q3 2014. However, excluding Alibaba's IPO, Q3 2015 proceeds increased 37% year over year. On a sequential basis, the proceeds declined 34%.

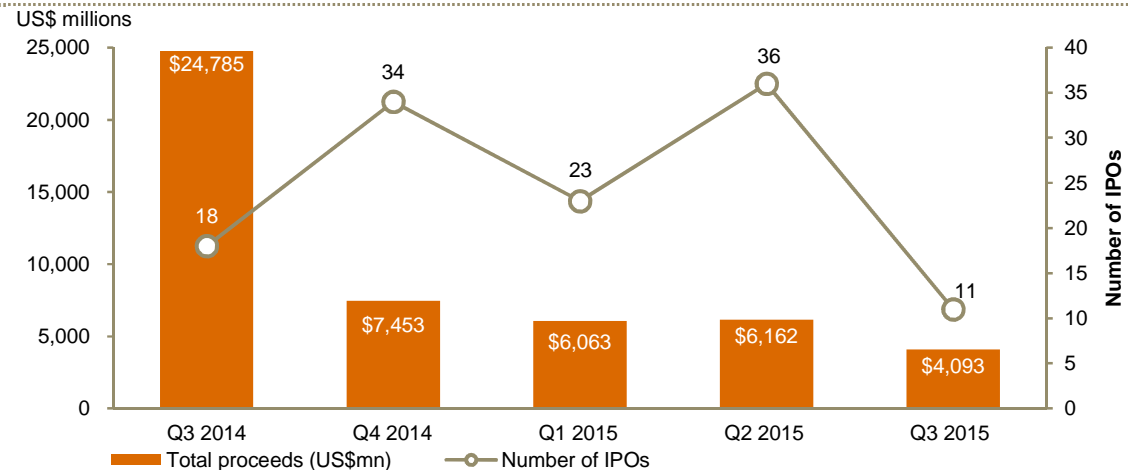
The US technology IPO market was subdued in the third quarter owing to a high degree of volatility in the global capital markets resulting from concerns about slowing economic growth in China and uncertainties around the Federal Reserve's move to raise interest rates. With pre-IPO financings available at valuations previously experienced only in public capital markets, many start-ups are delaying their IPOs to allow them to expand and grow without the onerous scrutiny of the market on quarterly results.

In an effort to stabilize highly volatile capital markets in China, IPOs on the Shenzhen and Shanghai exchanges were suspended by the China Securities Regulatory Committee (CSRC), which led to just two tech IPOs in China, both listing on the Hong Kong exchange.

¹ Wall Street Journal and Dow Jones VentureSource

With abundant private capital and continuing market jitters, we may expect to see more pre-IPO companies take a wait and see attitude.

Figure 1: Q3 2014 - Q3 2015 Global technology IPO trends



Source: S&P Capital IQ with analysis by PwC.

“We’ve seen eight quarters of strong global technology IPO results, so a pause in activity is not surprising. However, the softness observed in the third quarter is no indication of a slowdown in the technology sector, where innovation and startup funding continues at a brisk pace. In the third quarter alone, nineteen startups from six countries joined the Unicorn club (US\$1 billion or more valuation).”¹

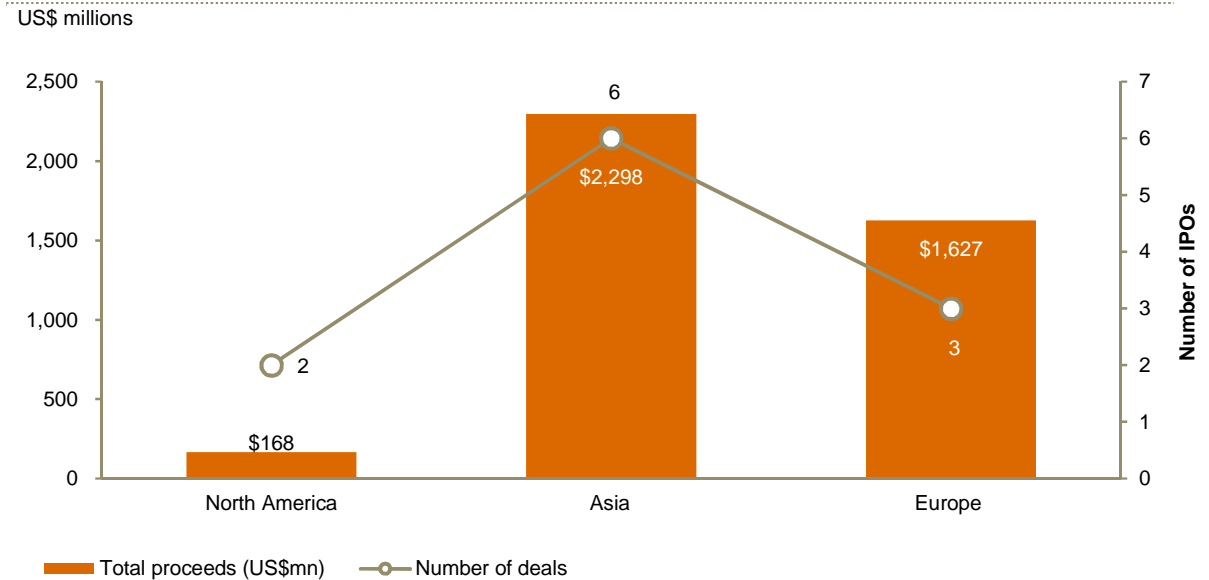
– Raman Chitkara
Global Technology Industry Leader



Asia and Europe display resilience

Asia and Europe contributed nine out of the eleven IPOs and 96% of the total proceeds in the third quarter. Asia contributed six IPOs, three of which were from Japan, totaling US\$759 million in proceeds. A billion-dollar-plus IPO, China Railway Signal & Communication Corporation Limited, listed on the Hong Kong stock exchange. Europe had three IPOs and the largest IPO of the quarter, Scout24 AG, a German company that raised US\$1.5 billion dollars.

Figure 2: Q3 2015 Geographic distribution of technology IPOs



Source: S&P Capital IQ with analysis by PwC



“Japan had a buoyant IPO market this quarter with three IPOs and proceeds of US\$759 million. The Bank of Japan's decision to continue its asset purchase program has increased economic momentum as has the awarding of the 2020 Olympics which is expected to increase inbound demand and improve Japan's economy.”

– Masaru Koshida,
Market & Solutions IPO Solution Group Leader, PwC Japan

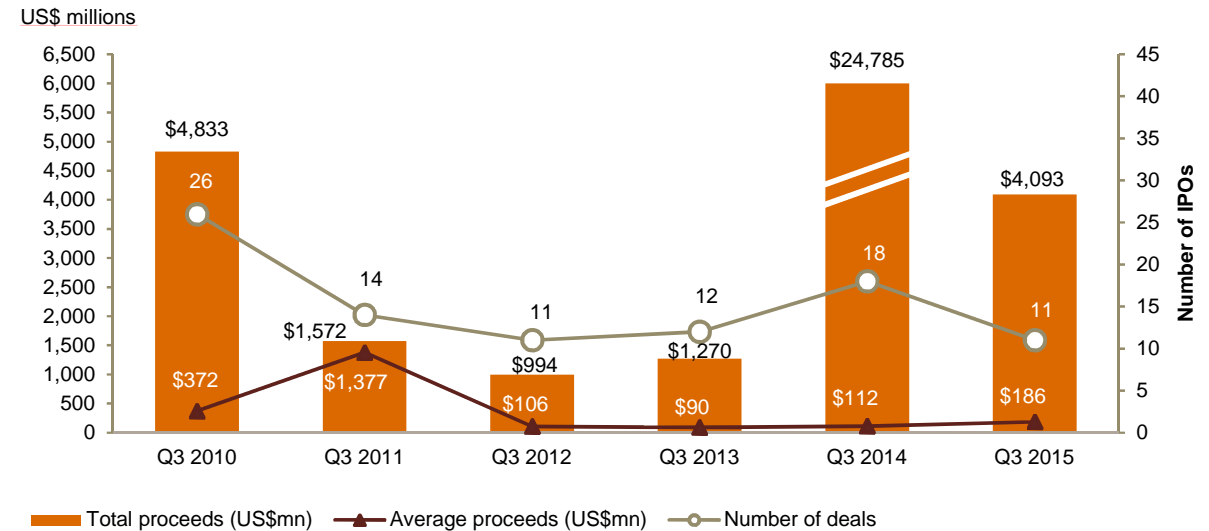
Average proceeds rise but number of deals decline



Average proceeds for Q3 2015 were US\$372.1 million, considerably higher than the prior five quarters, excepting Q3 2014 when the US\$21.8 billion Alibaba IPO pushed average proceeds to US\$1,376.9.

The higher average proceeds this quarter were also favorably impacted by two US\$1 billion-plus IPOs.

Figure 3: Q3 2015 global tech IPO trends



Source: S&P Capital IQ with analysis by PwC

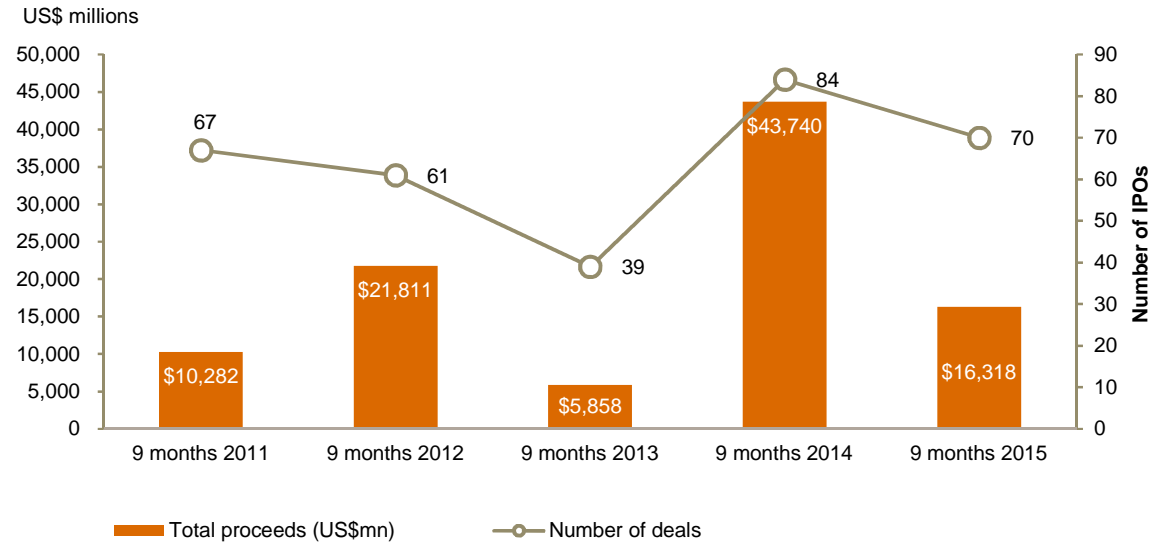
Year-to-date 2015 reported 70 IPOs, surpassing the same period in 2011, 2012 and 2013



A total of 70 technology companies went public in the first nine months of 2015, more than the number of IPOs in the full year of 2013 as well as nine-month totals for 2011 and 2012 too. The total proceeds raised in the first nine months of 2015 was US\$16.3 billion, a 179% increase from the same period in 2013.

Technology IPO results in 2014 were heavily skewed by the third-quarter mega IPO of Alibaba (US\$21.8 billion). Comparing nine months Q3 2015 to nine months Q3 2014, the number of IPOs fell by 17% and the proceeds declined by 63% in 2015.

Figure 4: Global technology IPO trends (9 months ended)



Source: S&P Capital IQ with analysis by PwC



Geographic IPO trends – Q3 2015

Eleven IPOs were listed across six geographies, with total proceeds of US\$4.1 billion in Q3 2015. In terms of proceeds, Asia led with six IPOs raising US\$2.3 billion. However, the single largest IPO in the quarter was listed in Europe—Scout24 AG’s US\$1.5 billion listing on the Frankfurt Stock Exchange.

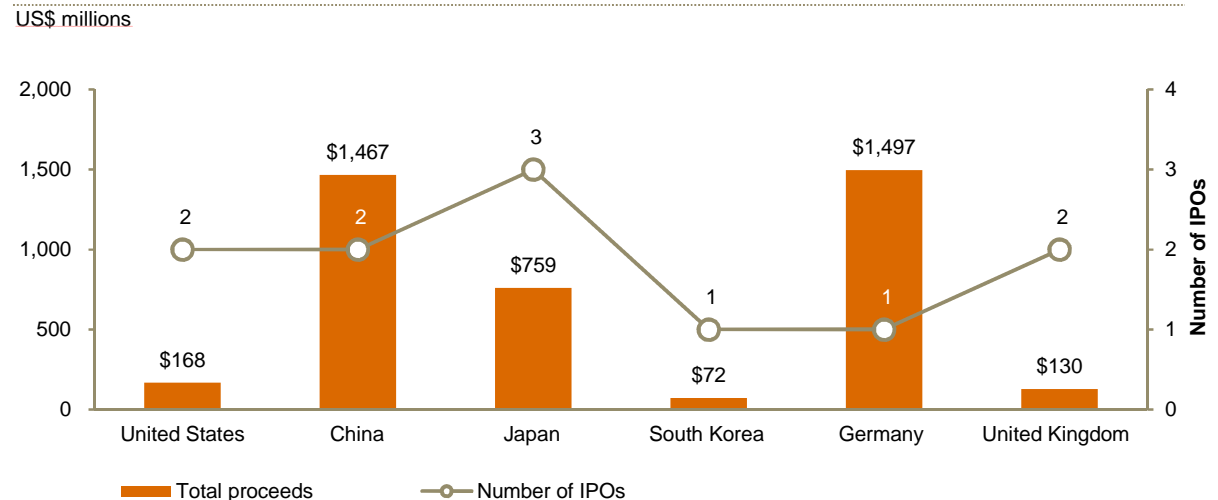
In terms of number of IPOs, Japan led with three listings and total proceeds of US\$759 million.

The US and China each had two IPOs. The decline in China was due to the suspension imposed by the CSRC in a move to support and increase liquidity in its secondary markets following a sharp decline in the Chinese capital markets.

The pullback in China was significant both in terms of number of IPOs and in proceeds. Proceeds declined by 94% year over year and the number of tech IPOs declined by 80% from ten companies in Q3 2014 to two in Q3 2015.

For the US, Q3 2014 was also a lackluster quarter so the year-over-year comparison is not as striking, with proceeds declining 68% but the number of IPOs remaining constant at two.

Figure 5: Q3 2015 Geographic distribution of technology IPOs



Source: S&P Capital IQ with analysis by PwC

Year-over-year comparison for Q3 2015

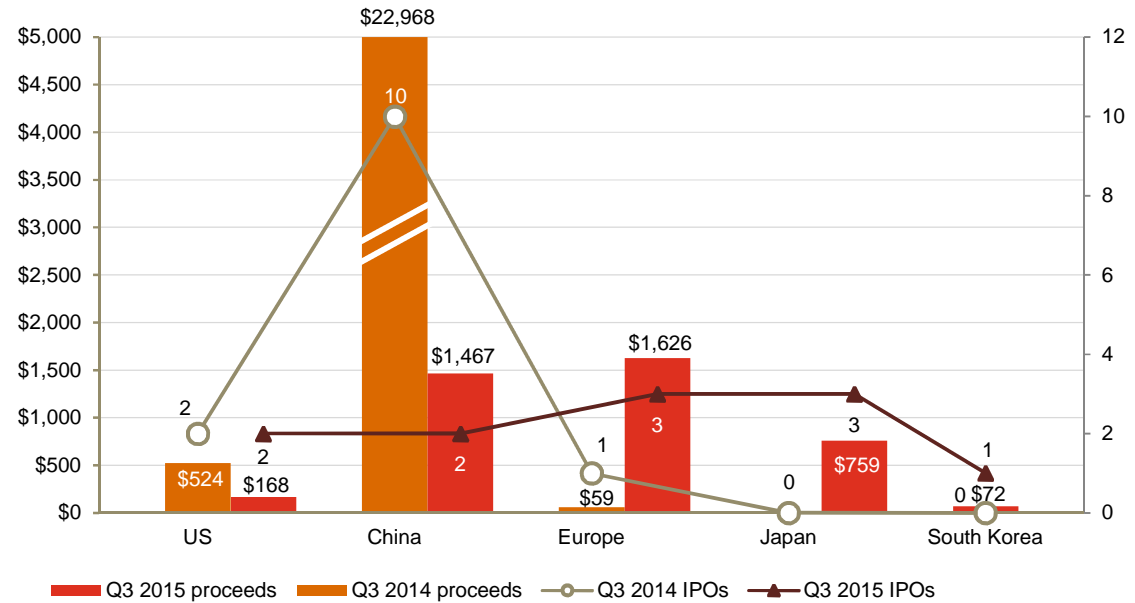
	<i>Deal volume</i>	<i>Deal value</i>
United States	0%	68% ↓
China	80% ↓	94% ↓
Europe	200% ↑	2,656% ↑

Source: S&P Capital IQ with analysis by PwC

Japan led the world in tech IPOs in Q3 recording three offerings and proceeds of US\$759 million. Europe listed three IPOs in Q3 2015 (one in Germany and two in the UK) compared to one in Q3 2014. However, proceeds were higher in Q3 2015 at US\$1.6 billion compared to US\$59 million in Q3 2014. Europe's Q3 2015 deal value increased by 2,656% year-over-year, mostly due to the mega IPO, Scout24 AG, in Germany.

Figure 6: Year-over-year comparison by geography

US\$ millions



Source: S&P Capital IQ with analysis by PwC

Regional comparison

Asia led in terms of proceeds with six IPOs raising US\$2.3 billion. Europe came second with three IPOs and proceeds of US\$1.6 billion. North America reported the sharpest decline quarter over quarter with US\$168 million in proceeds and only two IPOs compared to US\$3.0 billion in proceeds and 13 IPOs listed in Q2 2015. Choppy global markets and uncertainty over Fed rates led to a slow-down in the US IPO market. In addition, many tech companies, not only the Unicorns, are finding favorable private funding opportunities, reducing their motivation to go public. Further, in volatile market environments technology companies with only revenue growth and no profitability are not as confident that they will generate demand and achieve a high valuation.

Figure 7: Q3 2015 regional analysis – Proceeds

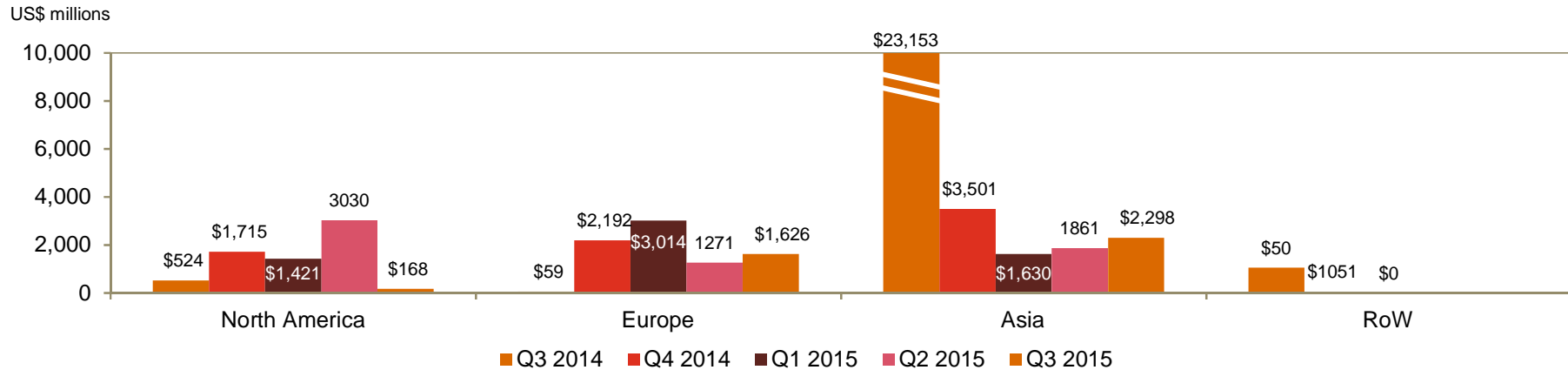
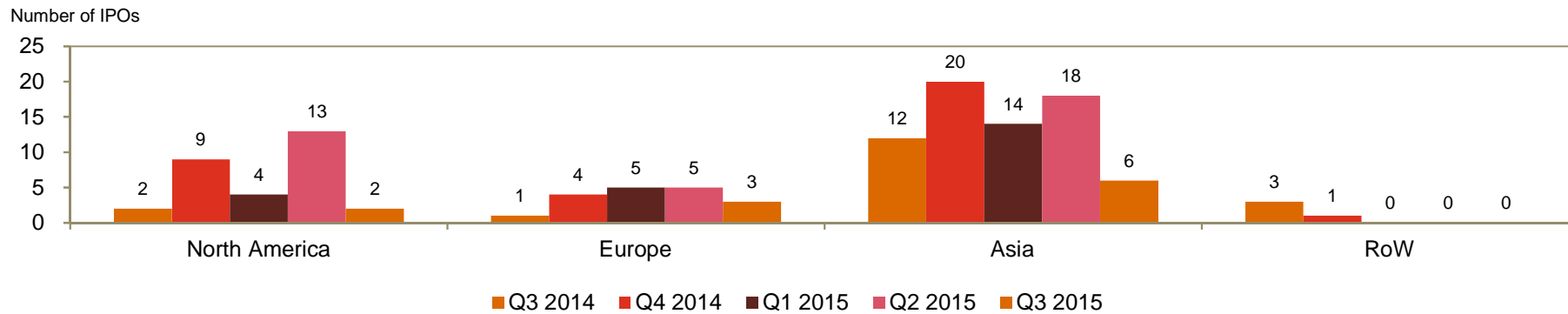


Figure 8: Q3 2015 regional analysis – Number of listings



Source: S&P Capital IQ with analysis by PwC

United States

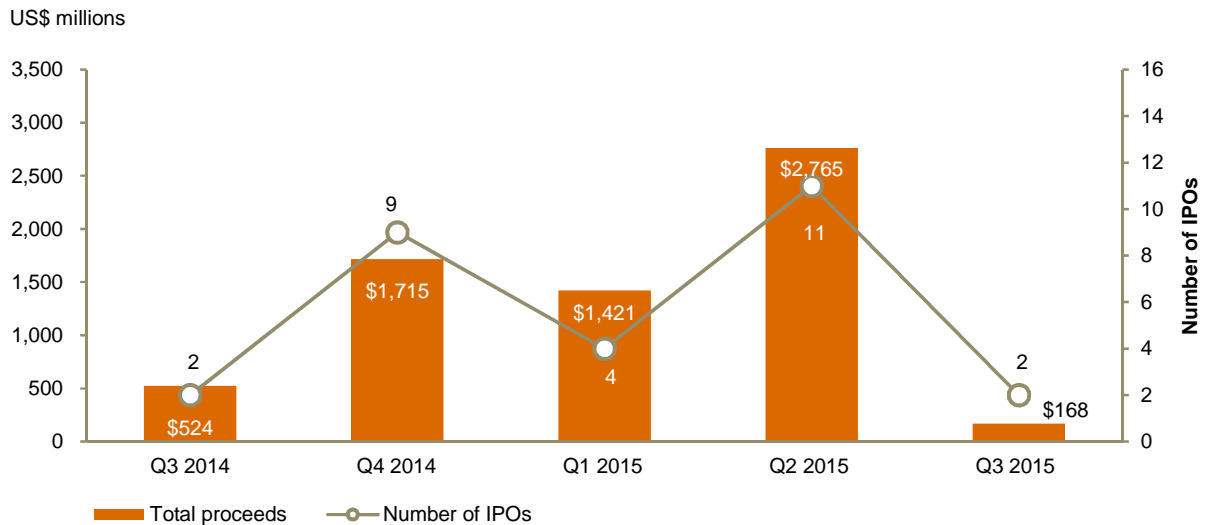
The US recorded only two IPOs with total proceeds of US\$168 million. The sharp 94% decline in proceeds and 82% drop in number of IPOs from Q2 2015 can be attributed to the high degree of volatility in the global capital markets that began in June with concern over slowing economic growth in China as well as the US Federal Reserve's decision to raise interest rates.

We have also observed significantly higher valuations from private financings and this has led to companies delaying their IPO in order to scale and expand globally without the bright light of Wall Street scrutinizing quarterly results.

In fact, in Q3 2015, the number of US start-ups valued at over US\$1 billion dollars (known as Unicorns) has increased by 40% over Q2 2015.²

Furthermore, many tech companies have negative EBITDA and earnings. In a stable market, listings for these companies would not be much of an issue, but with market volatility tech companies must demonstrate the ability to make money, not just show revenue growth, before going public.

Figure 9: US technology IPO trends



Source: S&P Capital IQ with analysis by PwC



“The combination of recent market volatility along with global economic uncertainty, and a very favorable private funding universe, led to a significant slowdown in U.S. tech IPO activity in the third quarter. In the tech industry, with substantial access to venture capital funding, private companies are staying private longer and focusing on building scale and market leadership. However, there’s still a healthy pipeline of tech companies looking to launch and those that are prepared to go out when the IPO window is open will be best positioned for long-term success.”

– Alan Jones

Deals Partner, PwC US

² Wall Street Journal and Dow Jones VentureSource

China

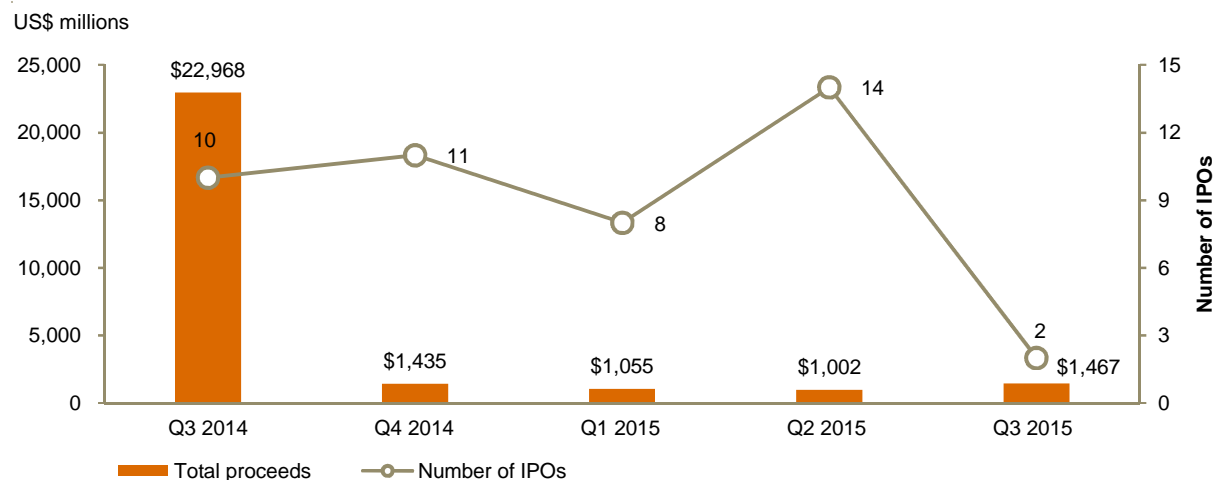
In Q3 2015, China listed two IPOs with proceeds of US\$1.5 billion compared to 14 IPOs in the previous quarter. However, proceeds were up by 46% from US\$1.02 billion in the second quarter to US\$1.5 billion this quarter due to a US\$1.4 billion listing by China Railway Signal & Communication Corporation, a communications equipment provider of control systems, and systems integration for railways in China.

Historically we've seen a limited number of billion-dollar-plus IPOs from China. The last two Chinese companies with billion dollar plus listings were Alibaba in Q3 2014 and JD.com in Q2 2014.

Year over year, the number of IPOs and total proceeds declined 80% and 94%, respectively. In Q3 2014, ten IPOs were listed for total proceeds of US\$23.0 billion, while in Q3 2015 only two companies went public with US\$1.5 billion in proceeds.

Given the CSRC suspension of IPOs on the Shanghai and Shenzhen stock exchanges, it is not surprising that the two IPOs from China listed on the Hong Kong Stock Exchange. When Chinese exchanges were suspended in 2014 we observed an influx of Chinese companies listing on US exchanges. At the time the development of E-business companies were at the mature stage. Given that the remaining private E-business companies in China are small-scale, we expect them to list domestically.

Figure 10: Chinese technology IPO trends



Source: S&P Capital IQ with analysis by PwC



“Owing to the volatility of the global markets and the suspension of IPOs on the Chinese domestic exchanges, the Chinese Technology IPO market slowed in the third quarter of 2015. The tidal wave of Chinese offerings on US exchanges has also passed after the flood in 2014. However, we still remain optimistic about the development of domestic exchanges in the long run, in view of the reform of the financial market in China that has put in place the new registration-based system as well as the introduction of the new board of Strategic Emerging Market on the Shanghai Stock Exchange (“SSE”).”

– Jianbin Gao,
Technology Industry Leader, PwC China

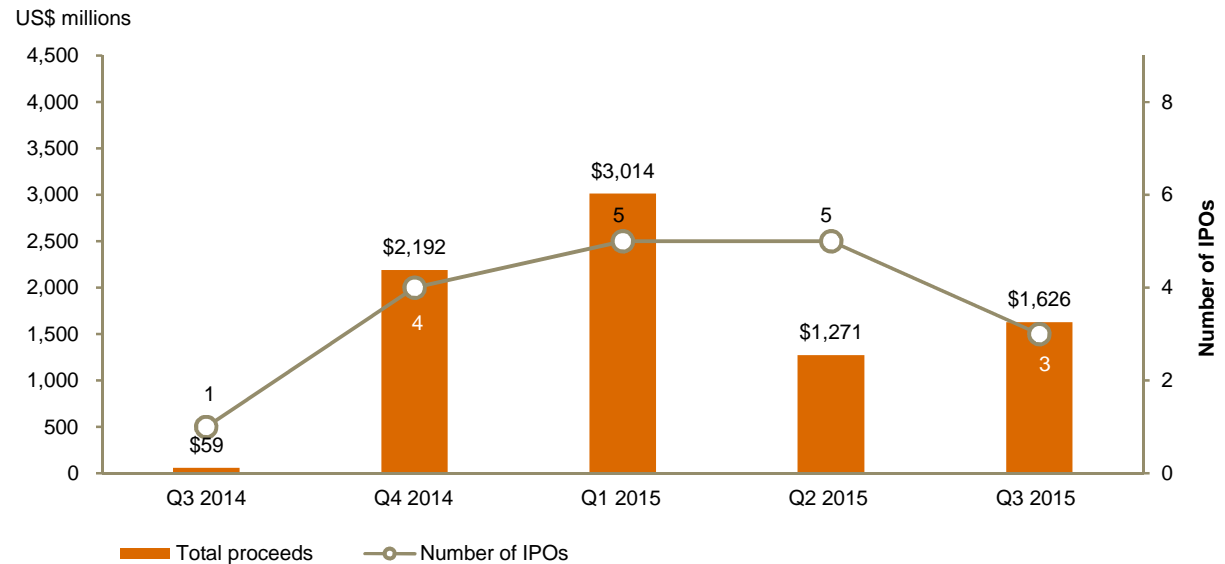
Europe

Europe maintained a healthy level of activity, seeing three technology IPOs and US\$1.6 billion in proceeds in Q3 2015.

Though Europe listed three IPOs compared to five IPOs in the previous quarter, the proceeds were 28% higher at US\$1.6 billion compared to US\$1.3 billion in Q2. Year over year, Q3 2015 was up 2,656% from US\$59 million in Q3 2014.

Germany issued the largest IPO for the quarter, Scout24 AG, with US\$1.5 billion in proceeds. There were two other smaller IPOs in the UK with total proceeds of US\$129.7 million.

Figure 11: European technology IPO trends



Source: S&P Capital IQ with analysis by PwC



"Despite market volatility, the successful IPO of Scout 24 gives us a sign that the recent pick-up in IPO activity in Germany is likely to continue. Megatrends, like Industry 4.0 and energy transformation, with strong support from government provide a healthy basis for new technologies and start-ups.

– Werner Ballhaus,

Technology Industry Leader, PwC Germany

"The UK IPO market continues its momentum. Particularly pleasing is the diverse nature of those companies coming to market ranging from the larger, more mature PE-backed companies to those smaller companies commercializing their innovative technology."

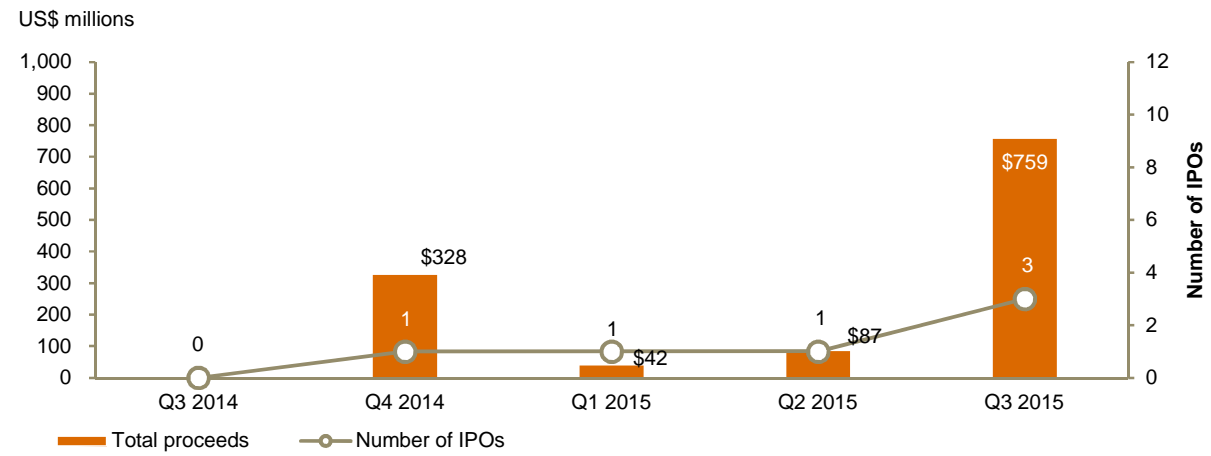
– Jass Sarai

Technology Industry Leader, PwC UK

Japan

Japan performed quite well in Q3, with three IPOs and proceeds of US\$759.5 million as compared to just one in each of the last three quarters and none in Q3 2014. In fact, aggregate proceeds for the prior four quarters were US\$457 million, far short of the proceeds in this quarter.

Figure 12: Japanese technology IPO trends



Source: S&P Capital IQ with analysis by PwC

Stock exchange distribution – Q3 2015

The Frankfurt Stock Exchange led the quarter with one US\$1.5 billion IPO. The IPO market in Germany has benefitted from the overall strength of the country's economy. Despite short-term increases in volatility, the overall sentiment remains positive.

The Hong Kong Stock Exchange listed two IPOs raising US\$1.5 billion, while the Tokyo Stock Exchange led in terms of number of IPOs with three listings and total proceeds of US\$759 million.

The quarter was marked by the absence of offerings on China's Shenzhen and Shanghai exchanges as well as only one offering each on the US NASDAQ and NYSE. In the previous quarter, the NYSE was number one in terms of proceeds, with US\$2.2 billion and the Shenzhen stock exchange recorded the highest number of IPOs with ten listings and proceeds of US\$614 million.

Figure 13: Q3 2015 stock exchange distribution



Source: S&P Capital IQ with analysis by PwC



Table 1: Q3 2015 IPOs by region – North America (NASDAQ, NYSE)*

Issue date	Company	Subsector	Proceeds (in US\$ millions)	Primary exchange	Domicile nation
07/16/2015	Rapid7 Inc	Software	103.2	NASDAQ	United States
07/16/2015	Ooma Inc	Software	65.0	NYSE	United States

*IPOs have been classified based on the exchange where capital was raised.

Source: S&P Capital IQ with analysis by PwC

**Table 2: Q3 2015 IPOs by region – Asia including Australia
(Shanghai, Shenzhen, Tokyo Stock Exchange, Taiwan Stock Exchange, Hong Kong Stock Exchange, Australian Stock Exchange)***

Issue date	Company	Subsector	Proceeds (in US\$ millions)	Primary exchange	Domicile nation
07/07/2015	China Railway Signal & Communication Corporation Limited	Communication Equipment	1,422.4	Stock Exchange of Hong Kong (SEHK)	China
07/07/2015	China Parenting Network Holdings Limited	Internet Software and Services	44.8	Stock Exchange of Hong Kong (SEHK)	China
07/15/2015	Dexerials Corporation	Electronic Components	639.3	Tokyo Stock Exchange	Japan
07/29/2015	Itokuro Inc	Internet Software and Services	45.5	Tokyo Stock Exchange	Japan
08/17/2015	I Controls Inc	Semiconductor	71.9	Korean Stock Exchange	South Korea
08/27/2015	Metaps Inc	Software	74.6	Tokyo Stock Exchange	Japan

*IPOs have been classified based on the exchange where capital was raised.

Source: S&P Capital IQ with analysis by PwC

Table 3: Q3 2015 IPOs by region– Europe (London, Frankfurt SE, Warsaw SE, Nordic Exchange Stockholm)

Issue date	Company	Subsector	Proceeds (in US\$ millions)	Primary exchange	Domicile nation
07/09/2015	Kainos Group Plc	IT Consulting & Services	83.1	London SE	United Kingdom
07/21/2015	Gloo Networks Plc	Software	46.6	London SE	United Kingdom
09/30/2015	Scout24 AG	Internet Software and Services	1,496.6	Frankfurt SE	Germany

*IPOs have been classified based on the exchange where capital was raised.

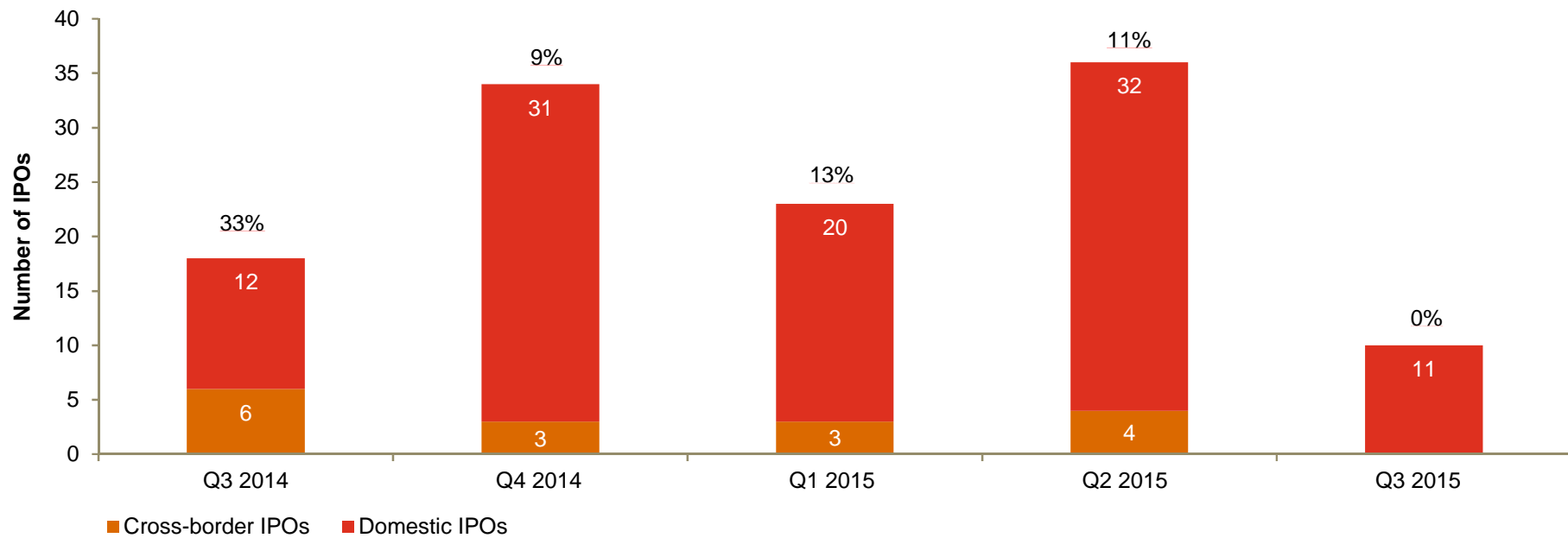
Source: S&P Capital IQ with analysis by PwC



Cross-border technology IPOs – Q3 2015

There were no cross-border listings in Q3 2015, which has only occurred once (in Q1 2013) in the past five years. Cross-border IPOs were more common in Q3 2014, where a third of the IPOs were cross-border listings. The decline in cross-border IPOs may be attributed to the recent volatility in the Chinese and US stock markets.

Figure 14: Cross-border IPOs



Source: S&P Capital IQ with analysis by PwC

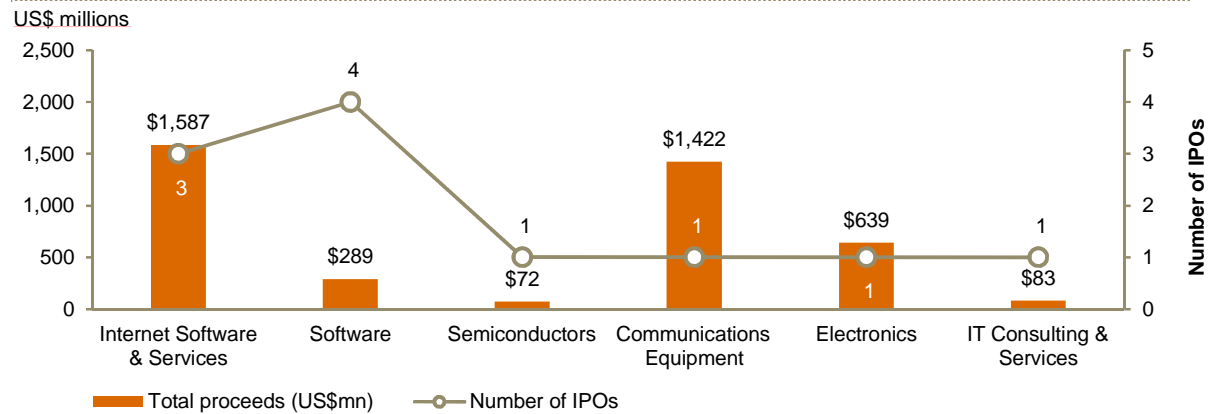
Subsector distribution – Q3 2015

Internet Software & Services recorded the highest IPO proceeds of US\$1.6 billion (39% of the total proceeds) as a result of the German ecommerce real estate portal, Scout24 AG US\$1.5 billion listing. Compared to Q3 2014, it recorded a 50% decrease in the number of IPOs and a 52% increase in proceeds (excluding the blockbuster Alibaba IPO in Q3 2014).

Software recorded four IPOs, but lower average proceeds and fourth place in terms of total proceeds.

The Communications Equipment sector had one billion-dollar-plus IPO with US\$1.4 billion in proceeds (35% of the quarter's total proceeds).

Figure 15: Q3 2015 IPO subsector distribution



Source: S&P Capital IQ with analysis by PwC

Year-over-year comparison for Q3 2015

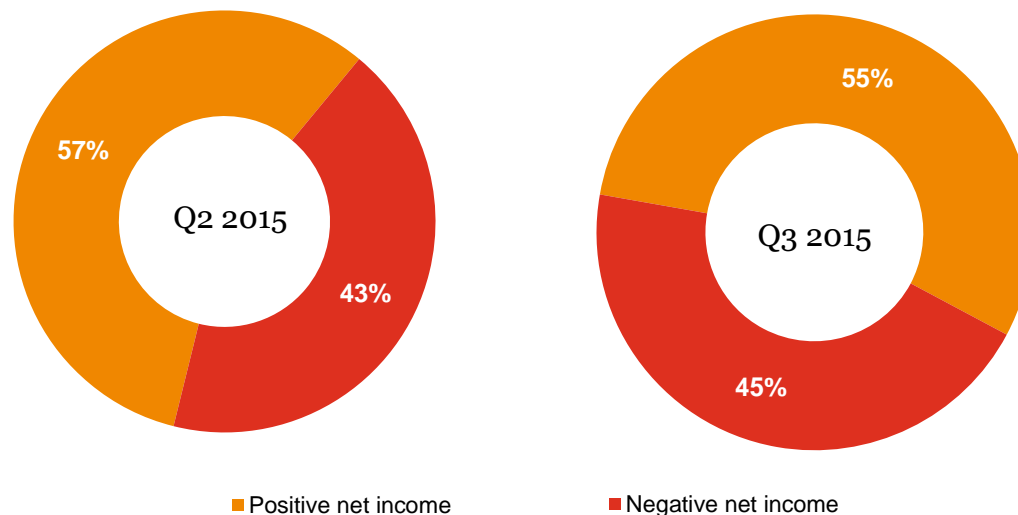
	Deal volume		Deal value	
Internet Software & Services	50%	↓	93%	↓
Software	33%	↓	77%	↓
Semiconductors	75%	↓	87%	↓
Electronics	100%	↑	100%	↑
Communications Equipment	100%	↑	100%	↑
IT Consulting & Services	100%	↑	100%	↑

Source: S&P Capital IQ with analysis by PwC

Key financials – Q3 2015



Figure 16: Global technology IPOs – Net income



Source: S&P Capital IQ with analysis by PwC

The number of technology IPOs in Q3 2015 decreased 69% quarter over quarter, seeing 11 deals compared to 36 in Q2 2015. Year over year, the decline was 39% from 18 IPOs listed in Q3 2014.

Out of eleven tech IPOs in Q3 2015, 45% recorded net losses in the last twelve months; while in Q2 2015, out of total 36 IPOs, 43% recorded net losses. Software was the major contributor with all four listings recording net losses in the last twelve months.

Communications Equipment had the highest average LTM revenue, LTM EBITDA and LTM net income at US\$3.2 billion, US\$390.3 million and US\$366.0 million, respectively. This subsector entered the billion-dollar listing category after a long time with the US\$1.4 billion public issue of China Railway Signal & Communication Corporation Limited.

Electronics came second with average LTM revenue, LTM EBITDA and LTM net income at US\$444.6 million, US\$49.6 million and US\$23.7 million, respectively. Dexerials Corporation was the only company listed in this subsector.

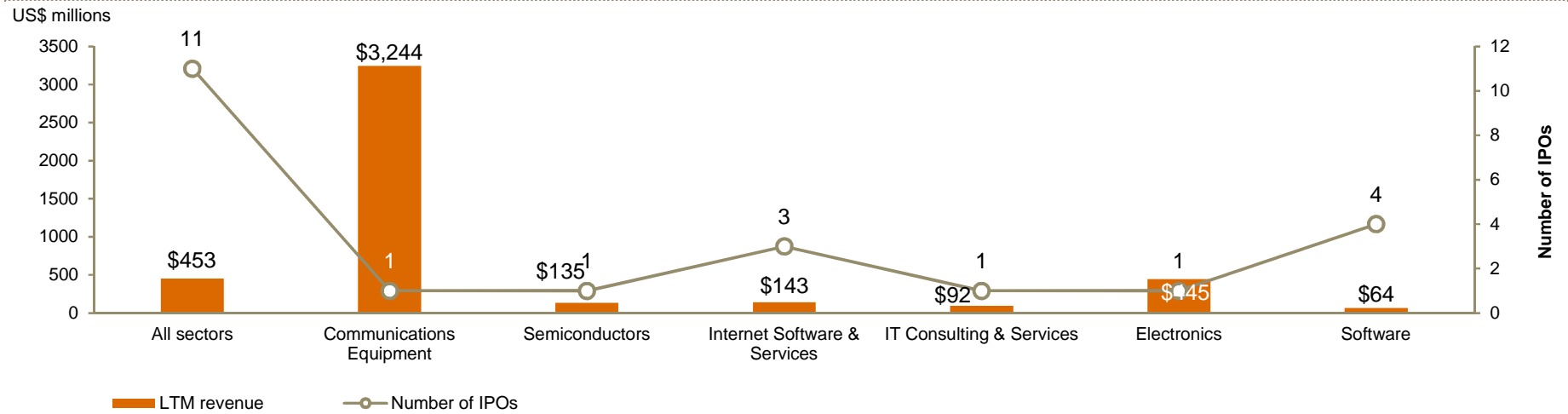
Internet Software & Services was at distant third, with US\$142.8 million and US\$44.3 million LTM revenue and LTM EBITDA, respectively.

The average LTM debt levels were the highest for the Internet Software & Services subsector at US\$235.3 million. Communications Equipment was a distant second with US\$50.0 million in debt. All the other subsectors had average LTM debt less than US\$20 million.

The average enterprise value for the Communications Equipment and Internet Software & Services subsectors were US\$6.8 billion and US\$1.6 billion, respectively, in Q3 2015. The two large IPOs, Scout24 AG (US\$1.5 billion) in the Internet Software & Services subsector and China Railway Signal & Communication Corporation Limited (US\$1.4 billion) in the Communications Equipment subsector, contributed to the rise in enterprise value.

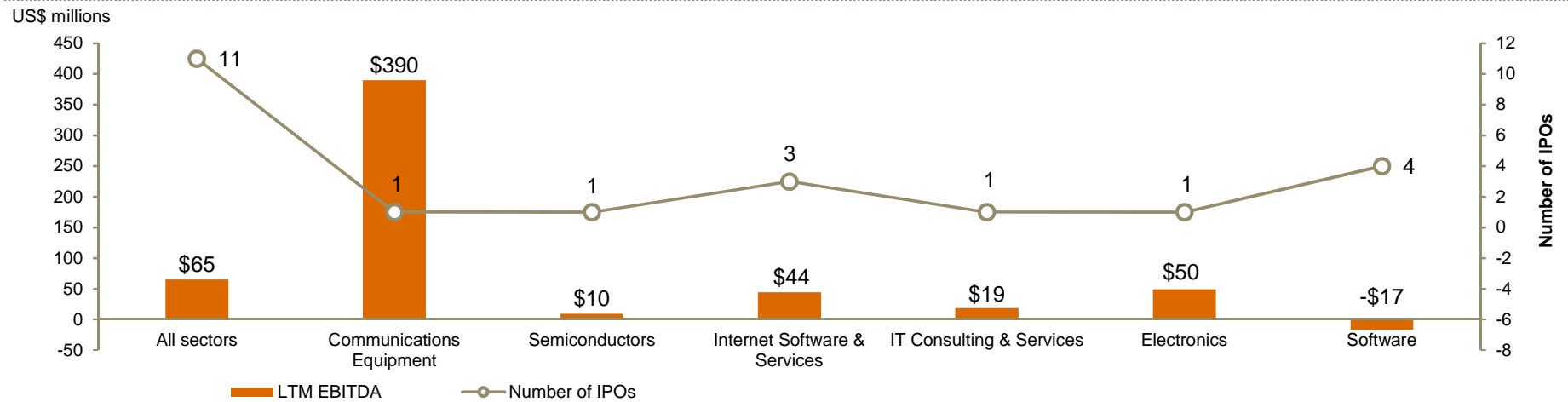


Figure 17: Q3 2015 Average LTM revenue



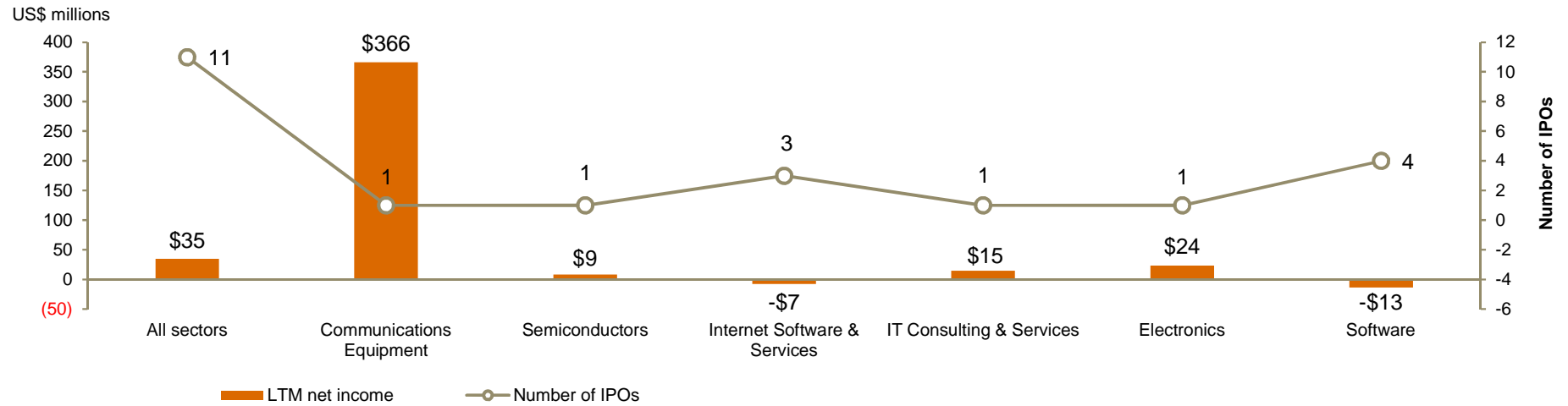
Source: S&P Capital IQ with analysis by PwC

Figure 18: Q3 2015 Average LTM EBITDA



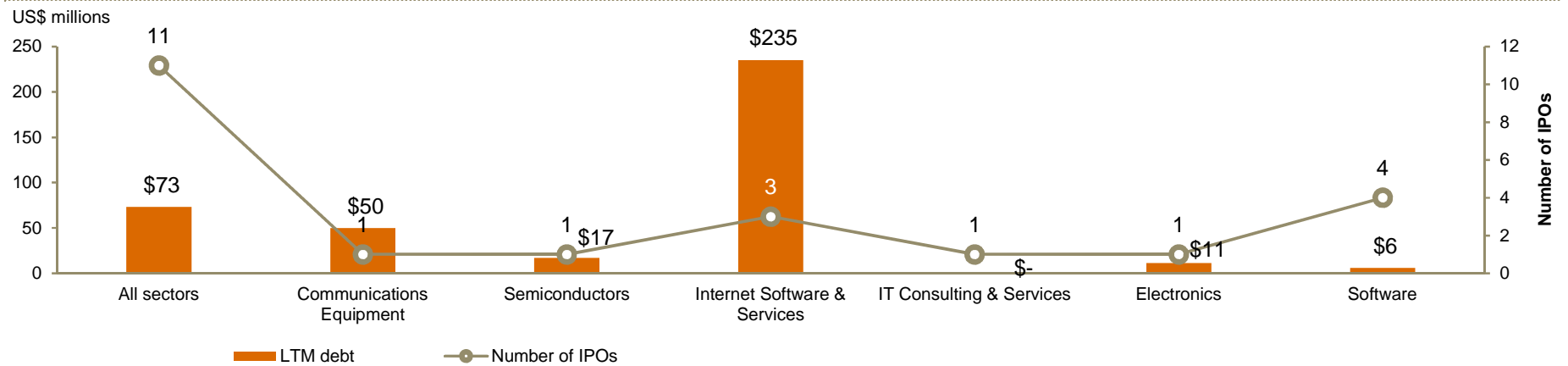
Source: S&P Capital IQ with analysis by PwC

Figure 19: Q3 2015 Average LTM net income



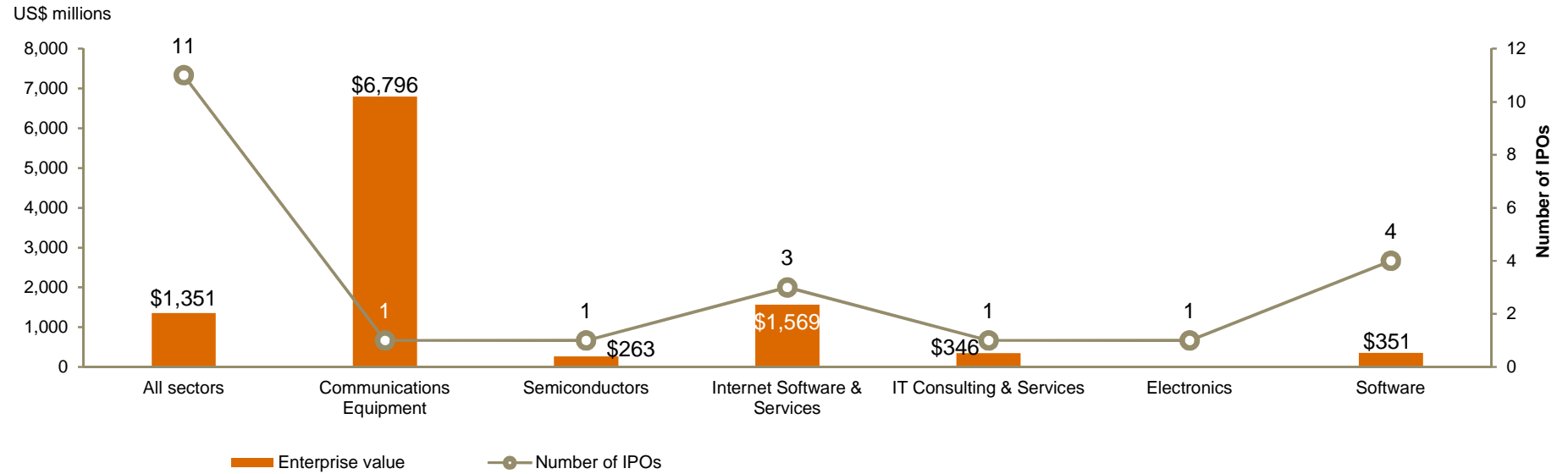
Source: S&P Capital IQ with analysis by PwC

Figure 20: Q3 2015 Average total debt



Source: S&P Capital IQ with analysis by PwC

Figure 21: Q3 2015 Average enterprise value



Source: S&P Capital IQ with analysis by PwC

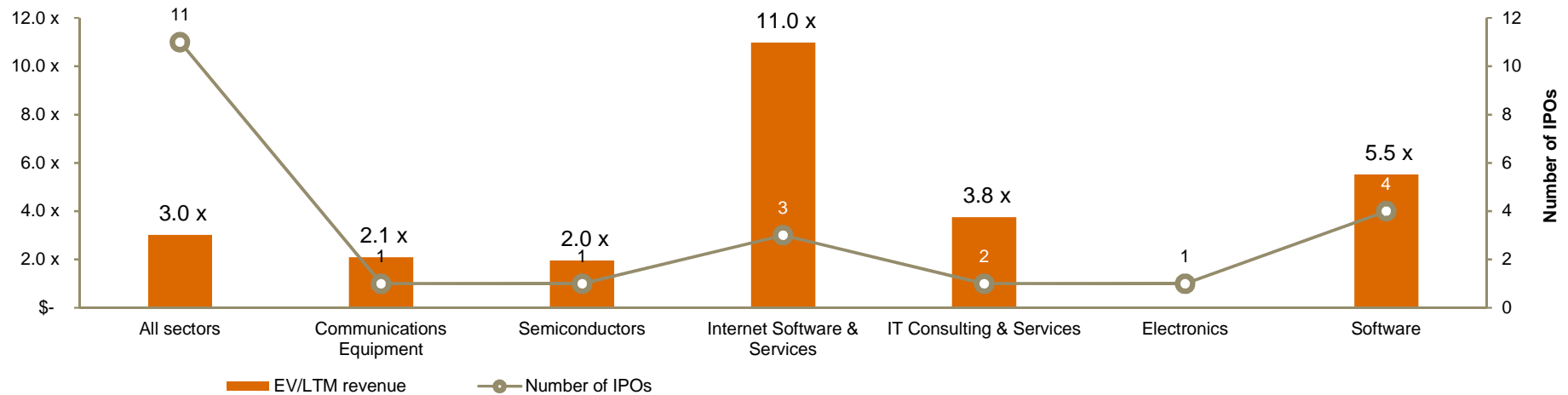
Technology IPOs' valuation metrics – Q3 2015

The technology industry usually has a higher valuation compared to other industries. However, the valuation in Q3 2015 was rather low, reflecting the subdued sentiment in the market as well as rational investor behavior. The EV/LTM revenue multiple of this sector was 3.0x in Q3 2015 compared to 5.5x in the last quarter. This is attributed to significant price corrections in major markets such as China and the US. Also, technology companies were significantly overvalued in the previous few quarters.

China Parenting Network Holdings Limited, listed on the Hong Kong Stock Exchange, recorded the highest EV/LTM revenue multiple of 25.7x, in Q3 2015. Even this multiple is significantly lower than Xun You Network Technology Co Ltd.'s 52.6x multiple in Q2 2015.

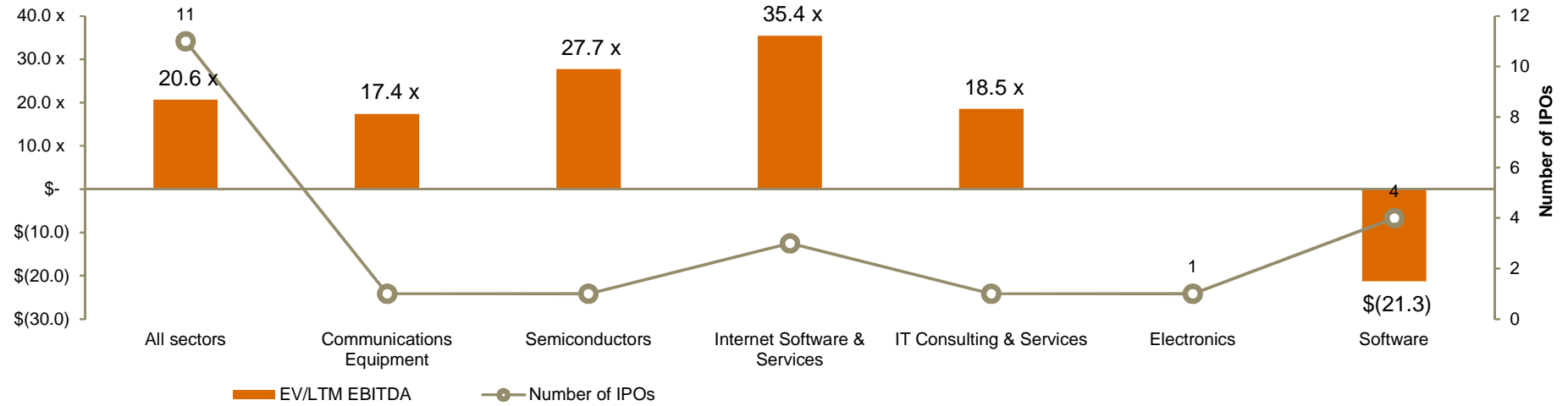
Internet Software & Services had the highest EV/LTM revenue multiple of 11.0x, followed by Software with 8.1x and IT Consulting & Services with 3.8x. Internet Software & Services reported the highest EV/EBITDA multiple of 35.4x in Q3 2015 compared to 112.9x in Q2. Semiconductors' EV/EBITDA multiple, at 27.7x, was lower than the 112.5x of the previous quarter.

Figure 22: Q3 2015 EV/LTM revenue



Source: S&P Capital IQ with analysis by PwC

Figure 23: Q3 2015 EV/LTM EBITDA



Source: S&P Capital IQ with analysis by PwC

Top three subsectors – Q3 2015



Software

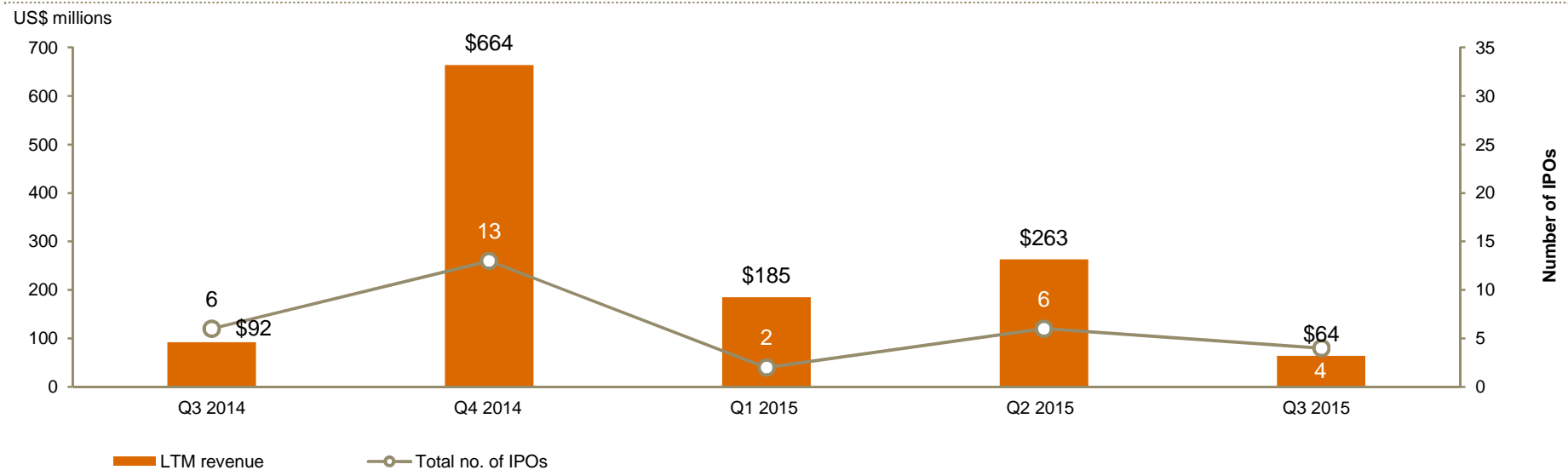
The Software subsector had four IPOs in Q3 2015, a 33% decline for both year over year and quarter over quarter. Q3 2014 and Q2 2015 had six IPOs each.

The average LTM revenue was US\$63.5 million, a 76% decline from last quarter and a 31% decline year over year. For the first time in the last seven quarters, average LTM EBITDA was negative US\$16.5 million.

Software did not report any big-ticket IPOs this quarter. The highest offering was US\$103.2 million by Rapid7, Inc, one of the two US tech listing in Q3 2015.

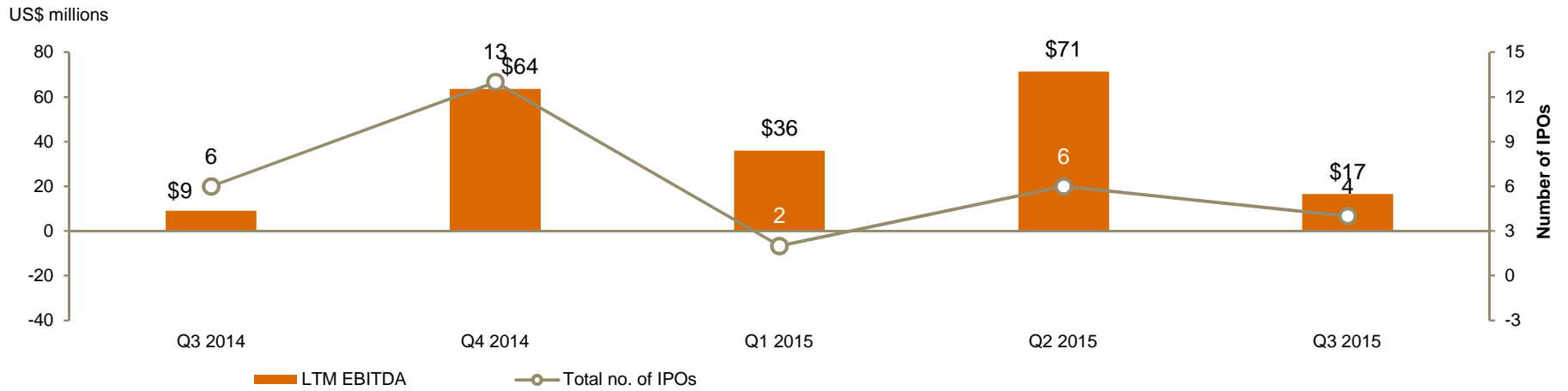
In terms of valuation, average EV was at US\$350.8 million, which was 84% lower than Q2 2015 and 85% lower than Q3 2014. The average EV/LTM revenue multiple was 5.5x. The revenue multiple was both below the high point of 25.5x in Q3 2014 and 8.2x reported in Q2 2015.

Figure 31: Software – LTM revenue



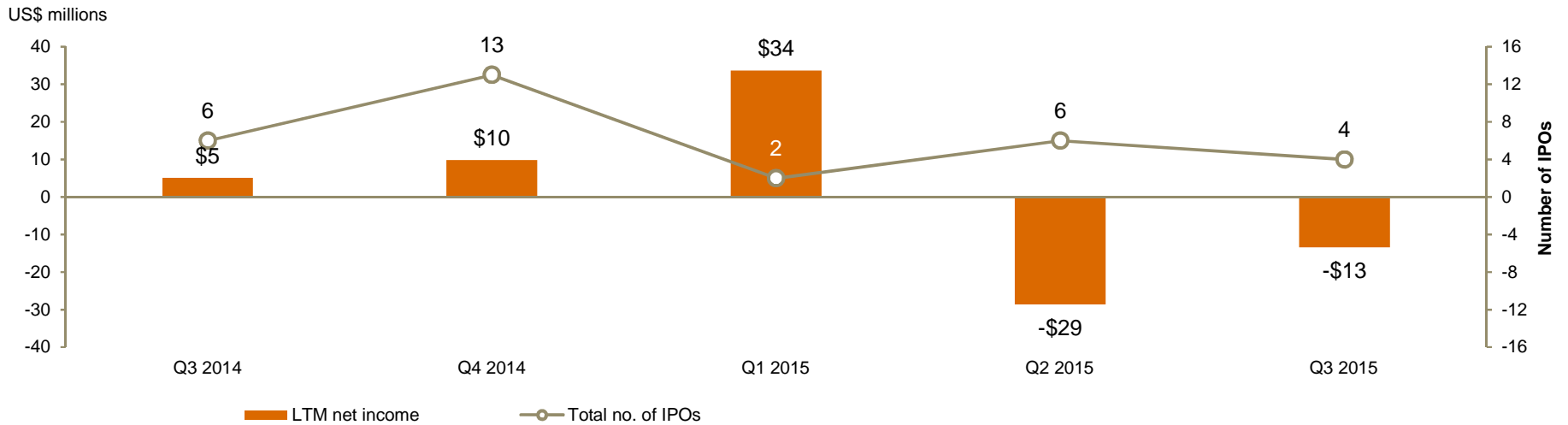
Source: S&P Capital IQ with analysis by PwC

Figure 32: Software – LTM EBITDA



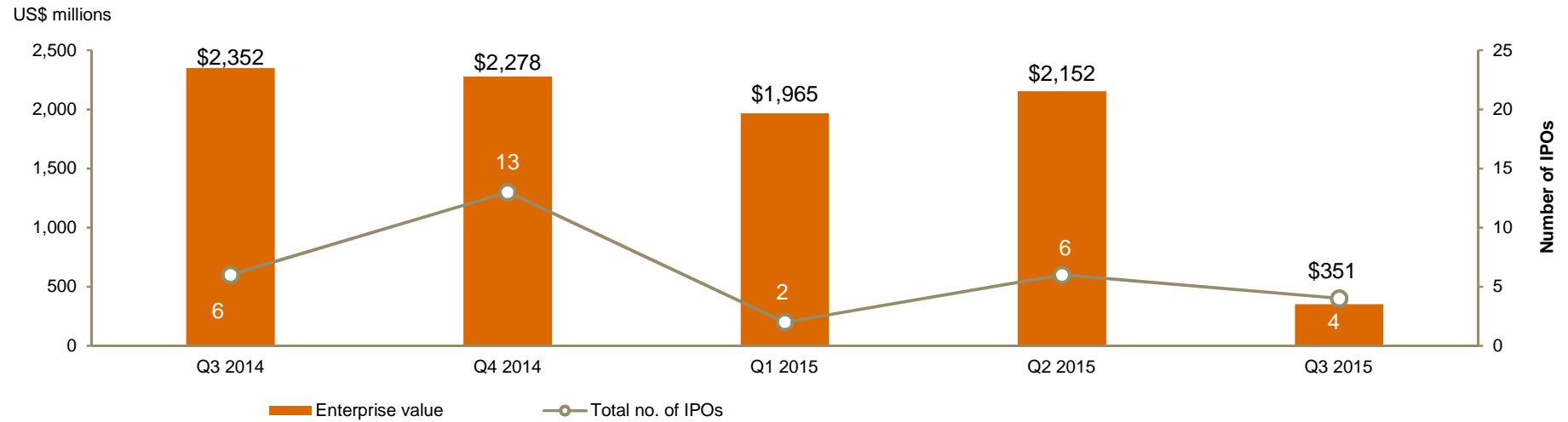
Source: S&P Capital IQ with analysis by PwC

Figure 33: Software – LTM net income



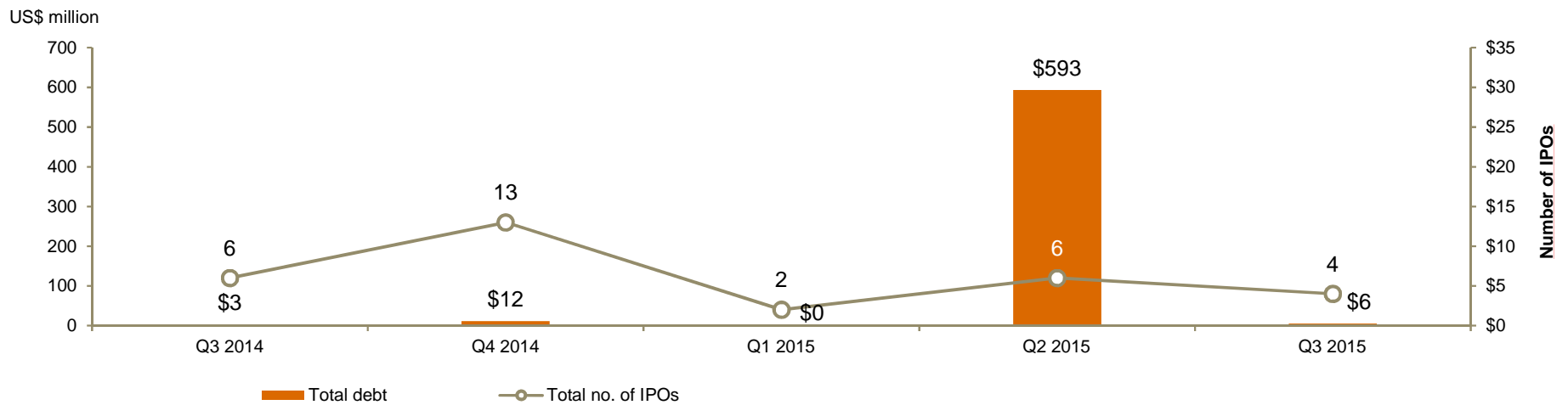
Source: S&P Capital IQ with analysis by PwC

Figure 34: Software – Enterprise value



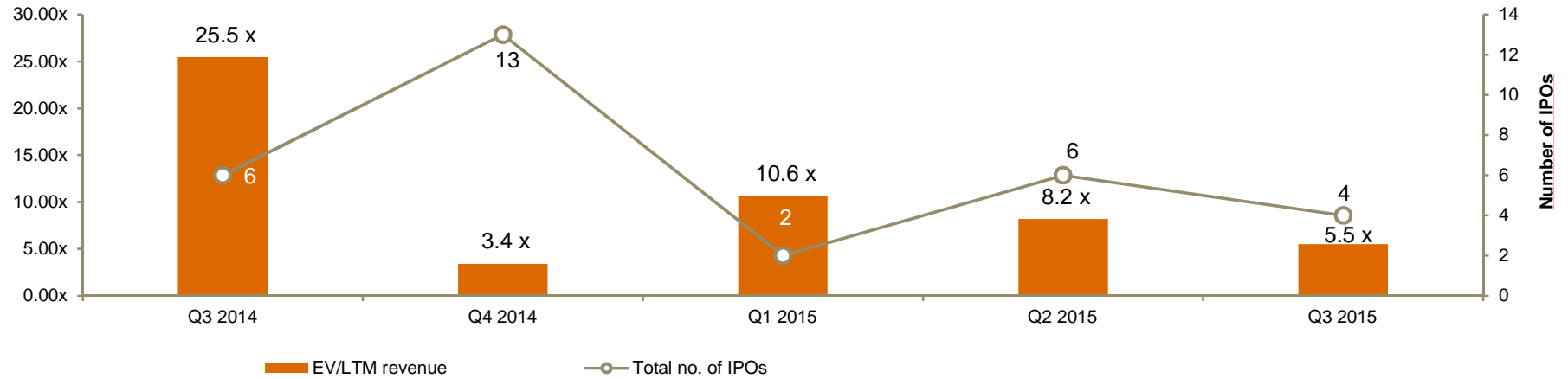
Source: S&P Capital IQ with analysis by PwC

Figure 35: Software – Total debt



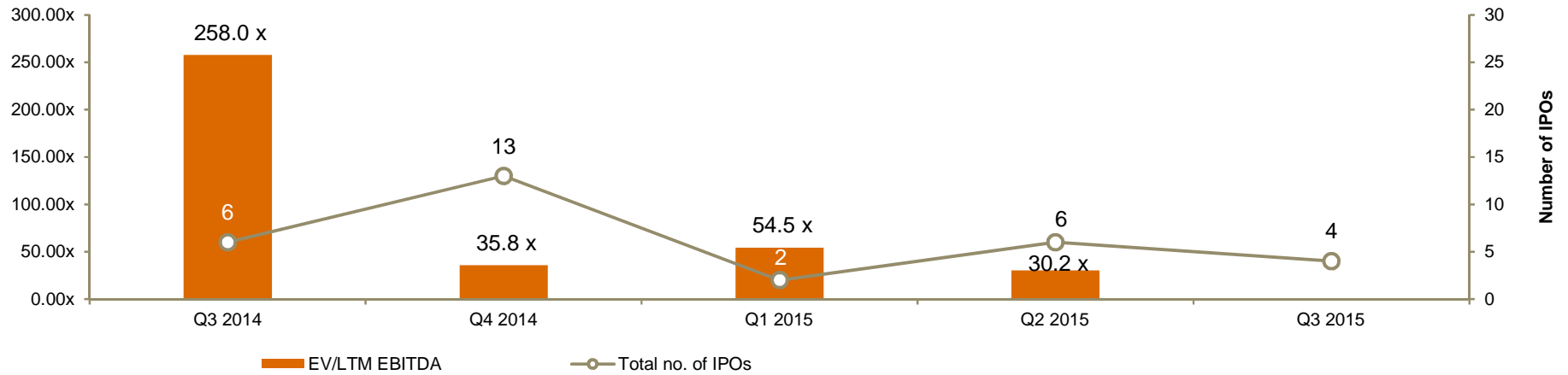
Source: S&P Capital IQ with analysis by PwC

Figure 36: Software – EV/LTM revenue



Source: S&P Capital IQ with analysis by PwC

Figure 37: Software – EV/LTM EBITDA



Source: S&P Capital IQ with analysis by PwC



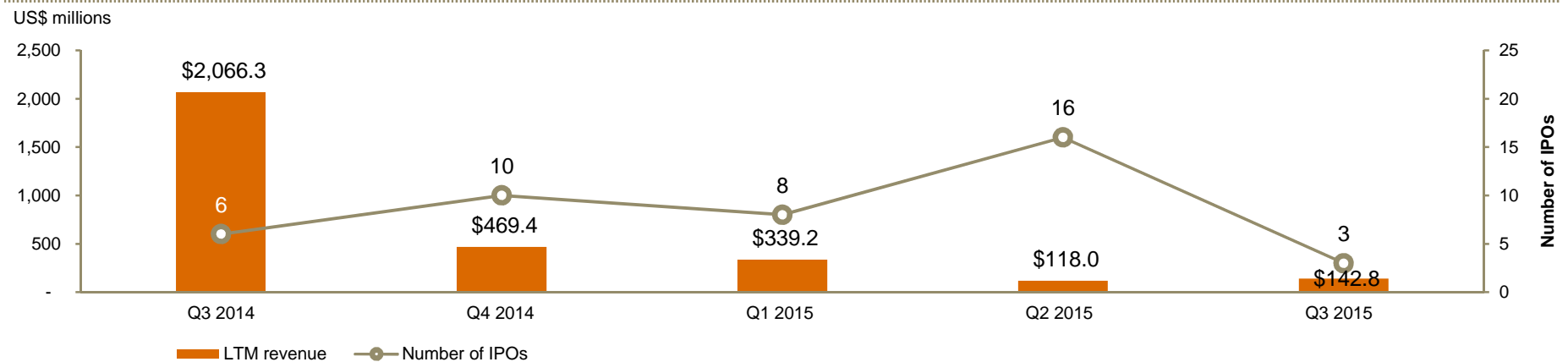
Internet Software & Services

Internet Software & Services came in second to Software this quarter with three IPOs, despite market challenges. The subsector launched three IPOs in Q3 2015, though it was 81% lower than the 16 IPOs issued in Q2 2015 and 50% lower than the six IPOs in Q3 2014. Although the number of IPOs declined significantly, the total proceeds decreased by only 32% quarter over quarter from US\$2.3 billion in Q2 2015 to US\$1.6 billion in Q3 2015. The single billion-dollar-plus IPO of Scout24 AG in this quarter contributed to the proceeds.

Riding high on this deal, the subsector's average EV was second at US\$1.6 billion, a 104% increase from the US\$769.4 million in Q2 2015. Average revenue quarter over quarter increased 21% to US\$142.8 million, but year over year, it declined 93% from US\$2.1 billion in Q3 2014. The total debt vaulted 228% to US\$235.3 million in Q3 from US\$71.7 million in Q2, which was the highest in the technology sector.

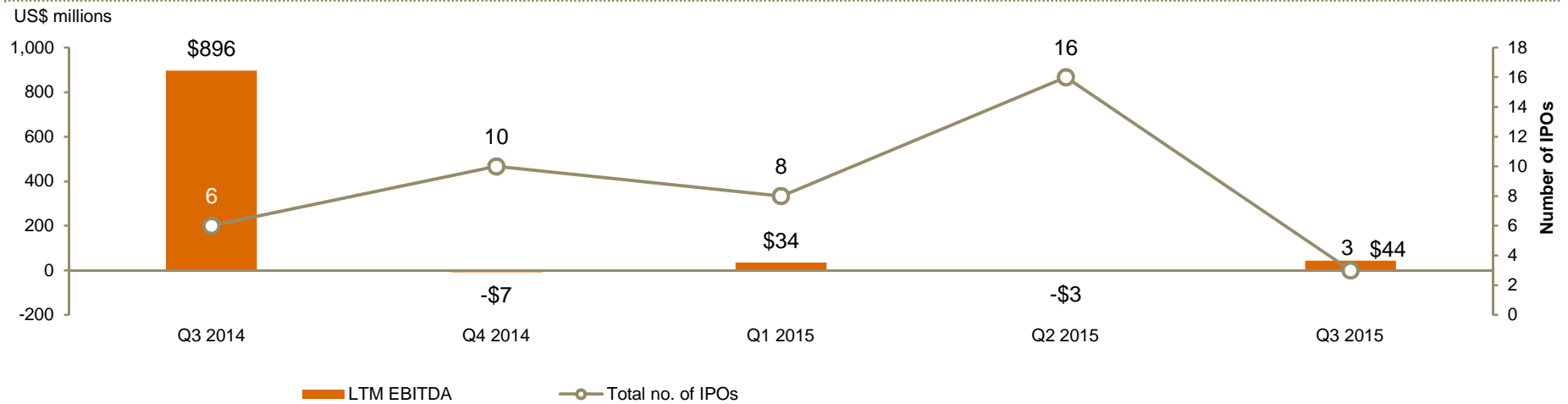
In terms of valuation matrix, the subsector reported the highest EV/LTM revenue and EV/LTM EBITDA multiples at 11.0x and 35.4x, respectively. The average EV/LTM revenue multiple increased by 68% quarter over quarter from 6.5x in Q2 2015.

Figure 24: Internet Software & Services – LTM revenue



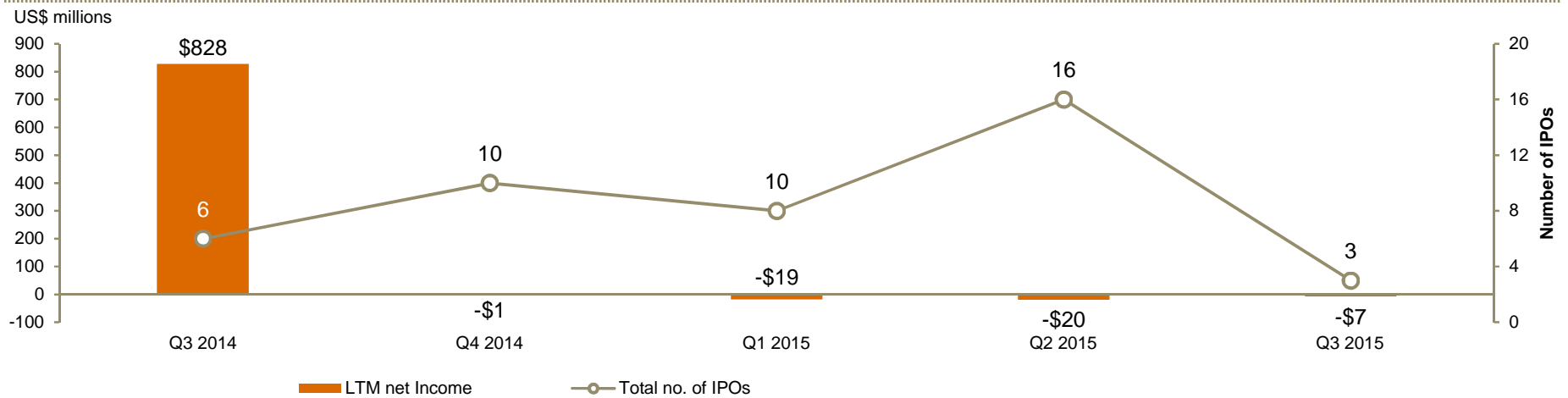
Source: S&P Capital IQ with analysis by PwC

Figure 25: Internet Software & Services – LTM EBITDA



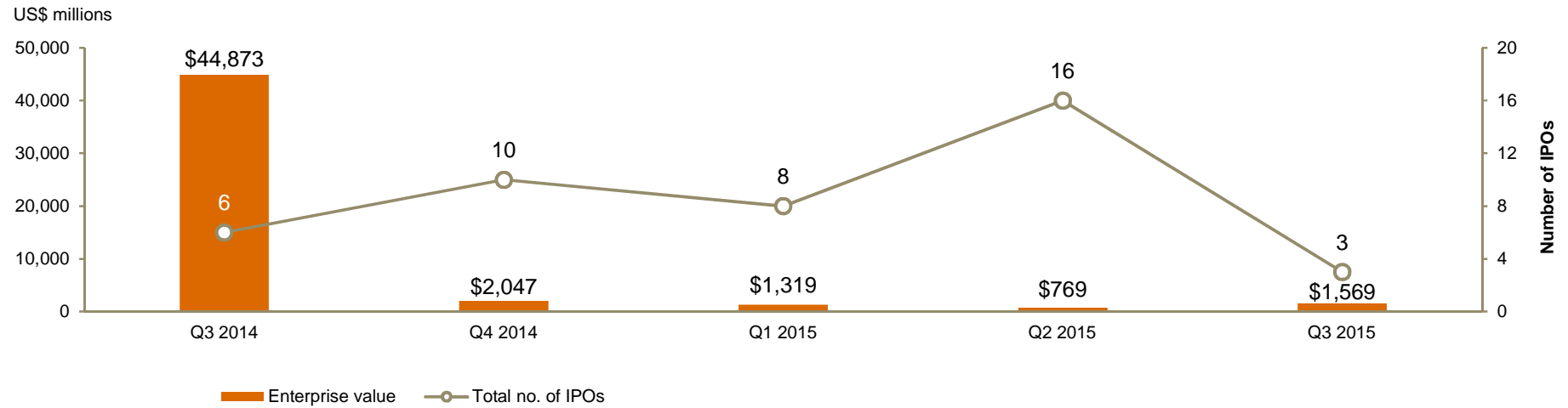
Source: S&P Capital IQ with analysis by PwC

Figure 26: Internet Software & Services – LTM net income



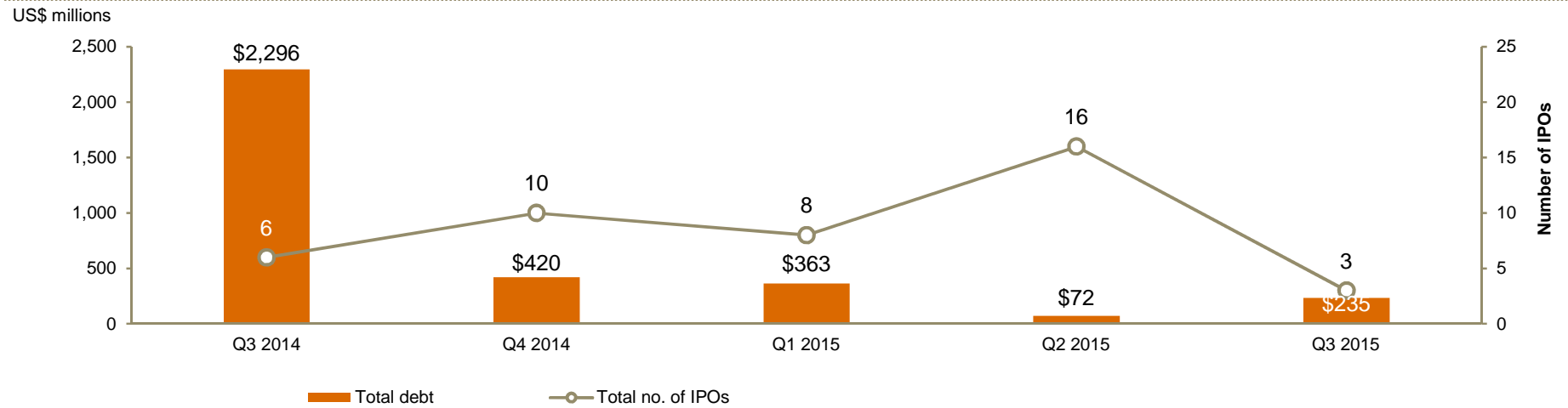
Source: S&P Capital IQ with analysis by PwC

Figure 27: Internet Software & Services – Enterprise value



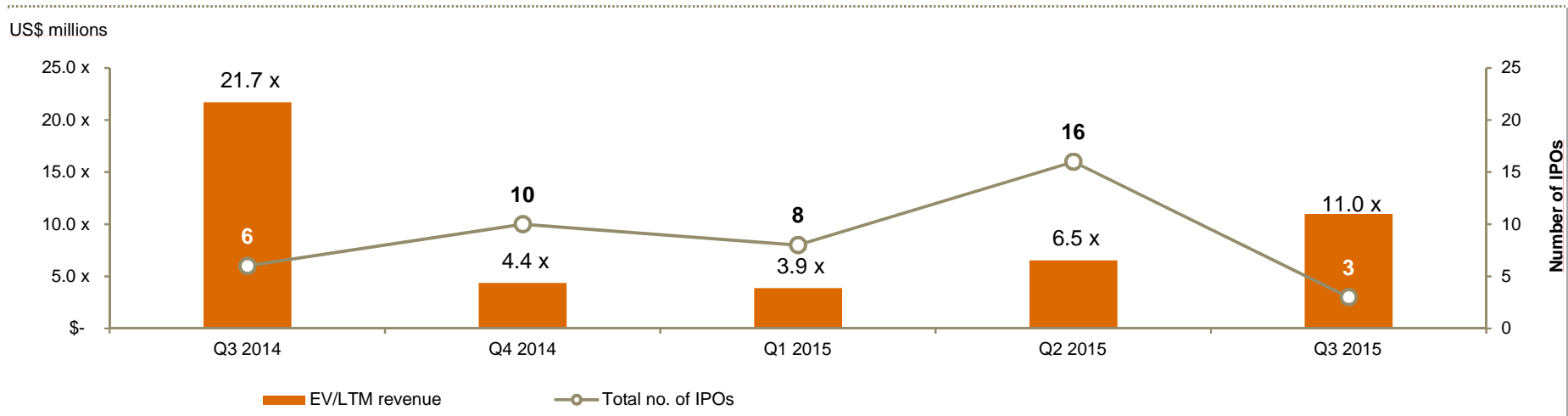
Source: S&P Capital IQ with analysis by PwC

Figure 28: Internet Software & Services – Total debt



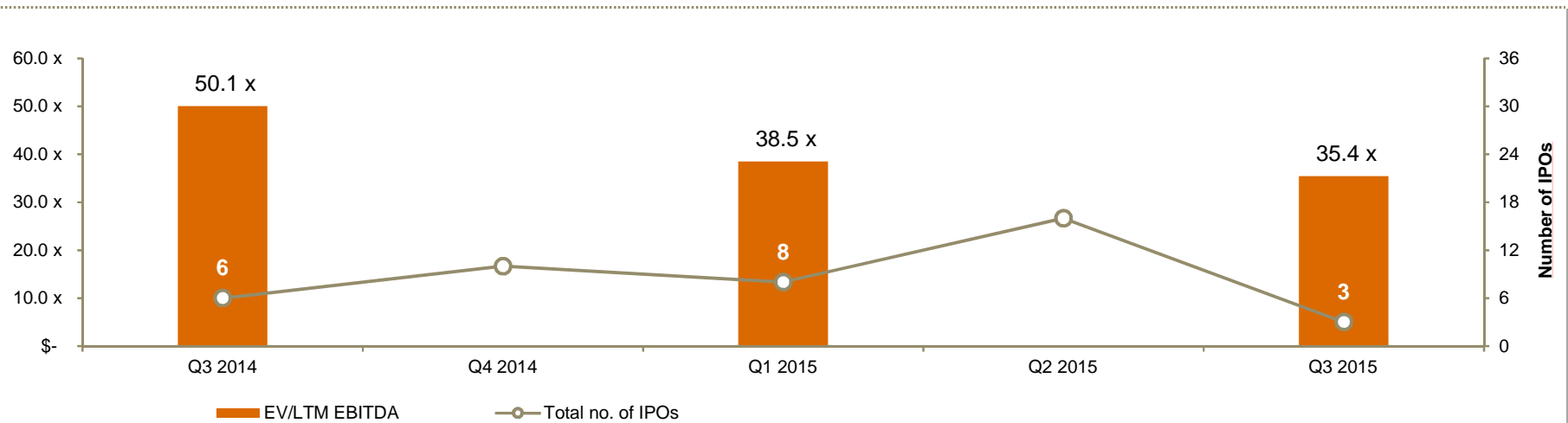
Source: S&P Capital IQ with analysis by PwC

Figure 29: Internet Software & Services – EV/LTM revenue



Source: S&P Capital IQ with analysis by PwC

Figure 30: Internet Software & Services – EV/LTM EBITDA



Source: S&P Capital IQ with analysis by PwC



Communications Equipment

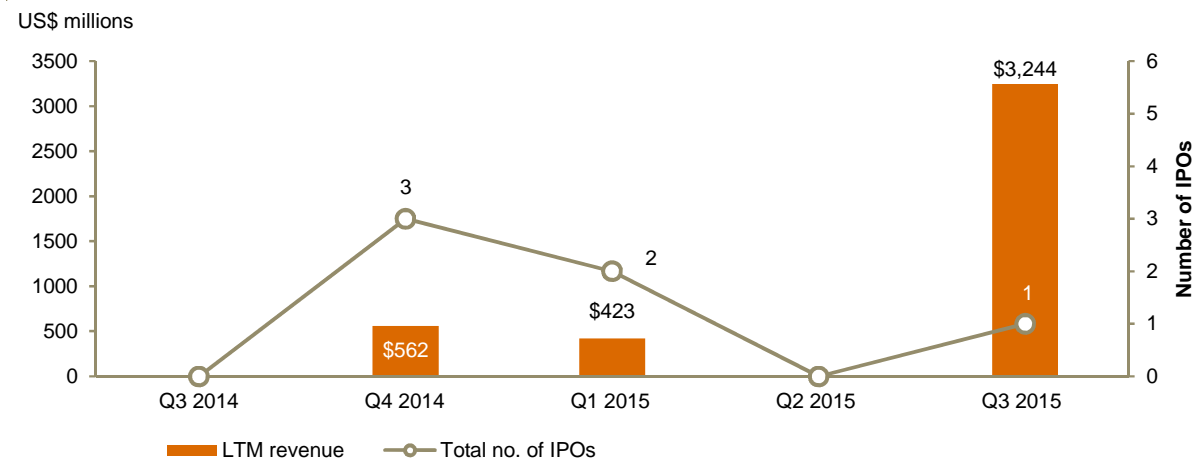
Communications Equipment, along with Semiconductors, IT Consulting & Services and the Electronics subsectors, issued one IPO each. However, Communications Equipment had a billion-dollar-plus listing of China Railway Signal & Communication Corporation Limited with US\$1.4 billion.

The IPO resulted in high LTM revenue and LTM EBITDA of US\$3.2 billion and US\$390.3 million, respectively.

The EV/LTM revenue multiple for the subsector was 2.1x, which was the second lowest of all the subsectors. It also recorded the quarter's lowest EV/LTM EBITDA multiple of 17.4x.

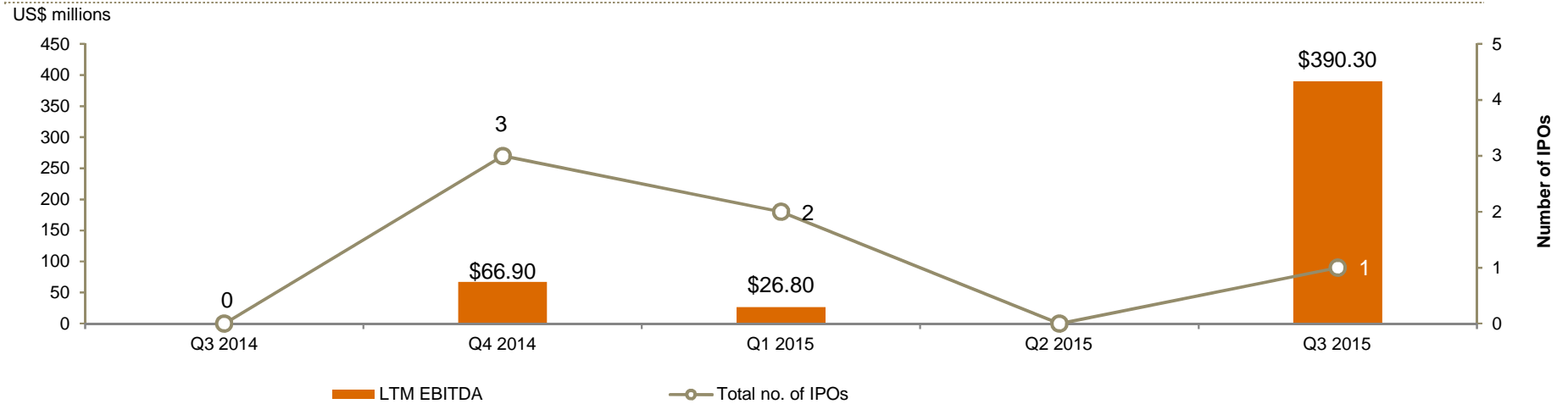


Figure 38: Communications Equipment – LTM revenue



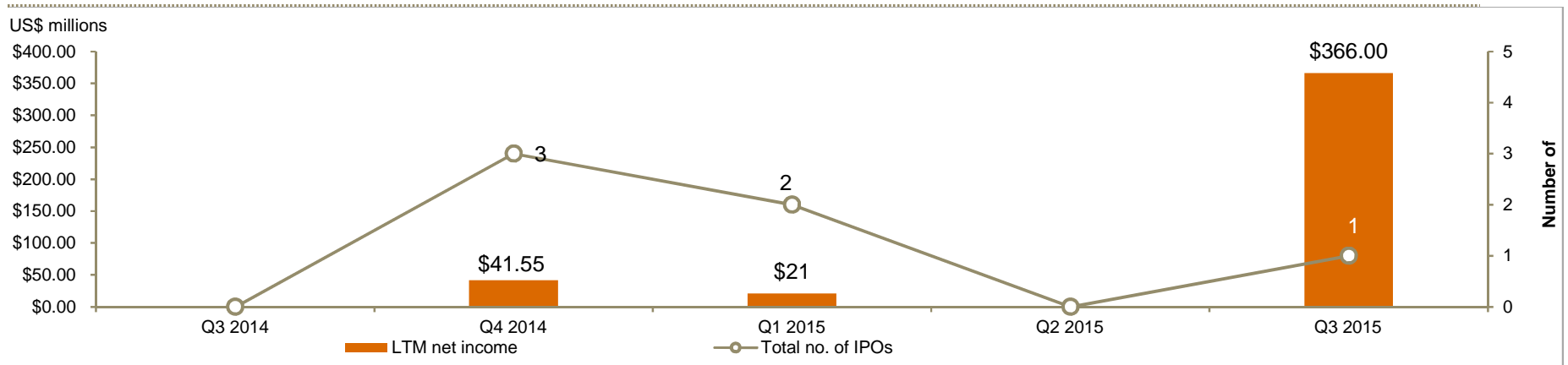
Source: S&P Capital IQ with analysis by PwC

Figure 39: Communications Equipment – LTM EBITDA



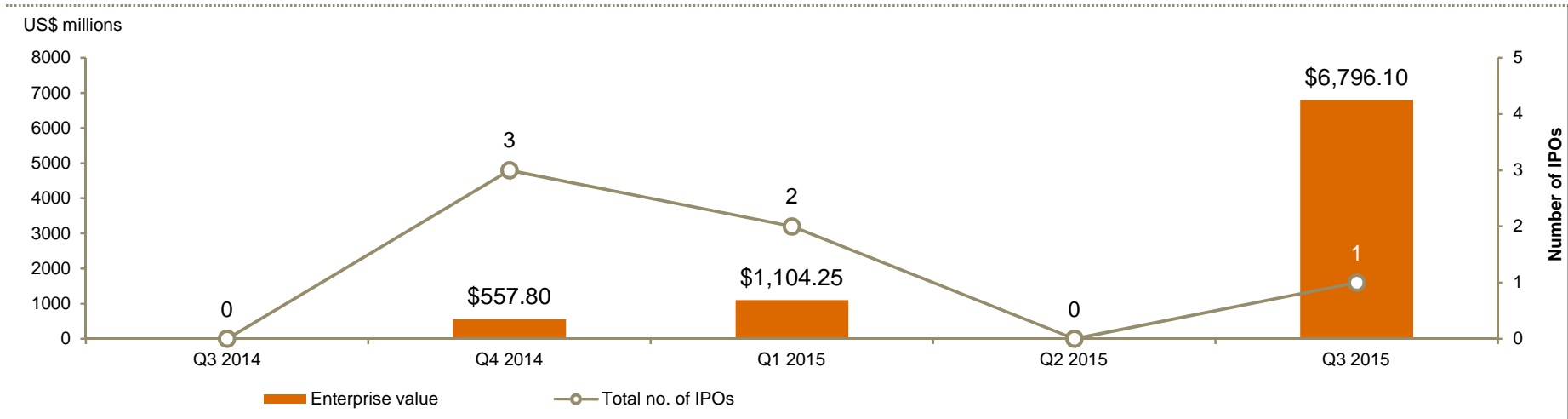
Source: S&P Capital IQ with analysis by PwC

Figure 40: Communications Equipment – LTM net income



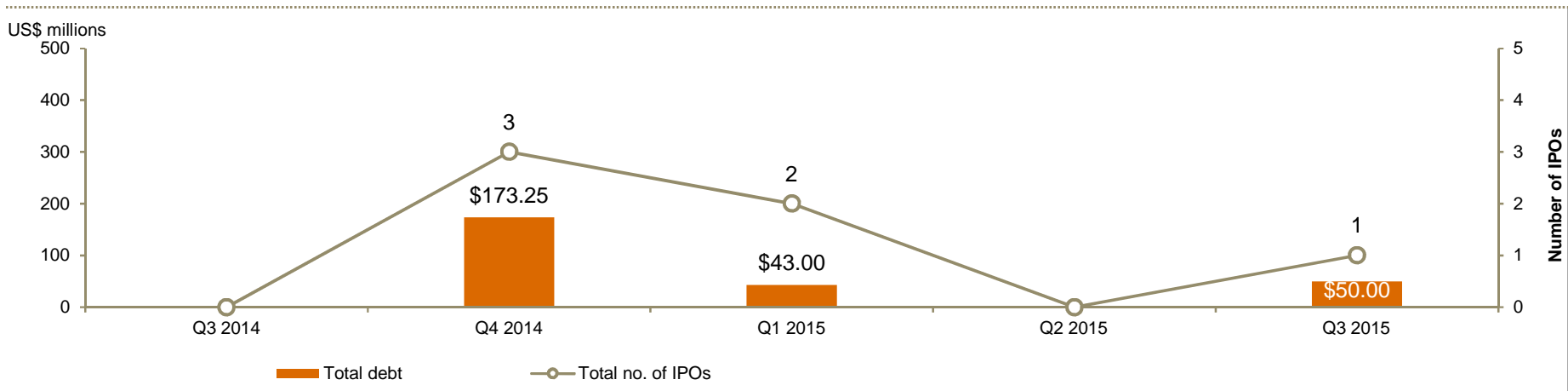
Source: S&P Capital IQ with analysis by PwC

Figure 41: Communications Equipment – Enterprise value



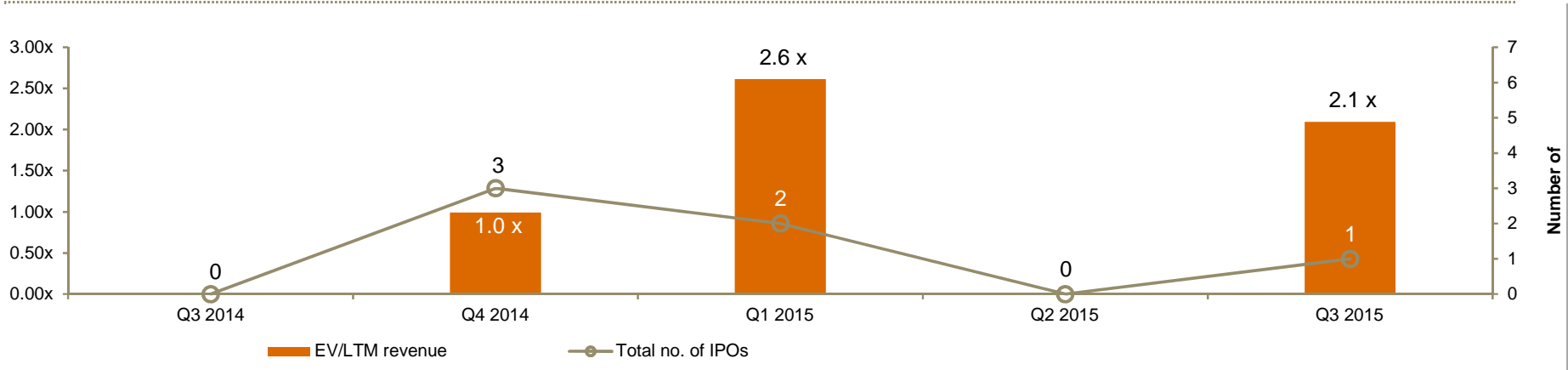
Source: S&P Capital IQ with analysis by PwC

Figure 42: Communications Equipment – Total debt



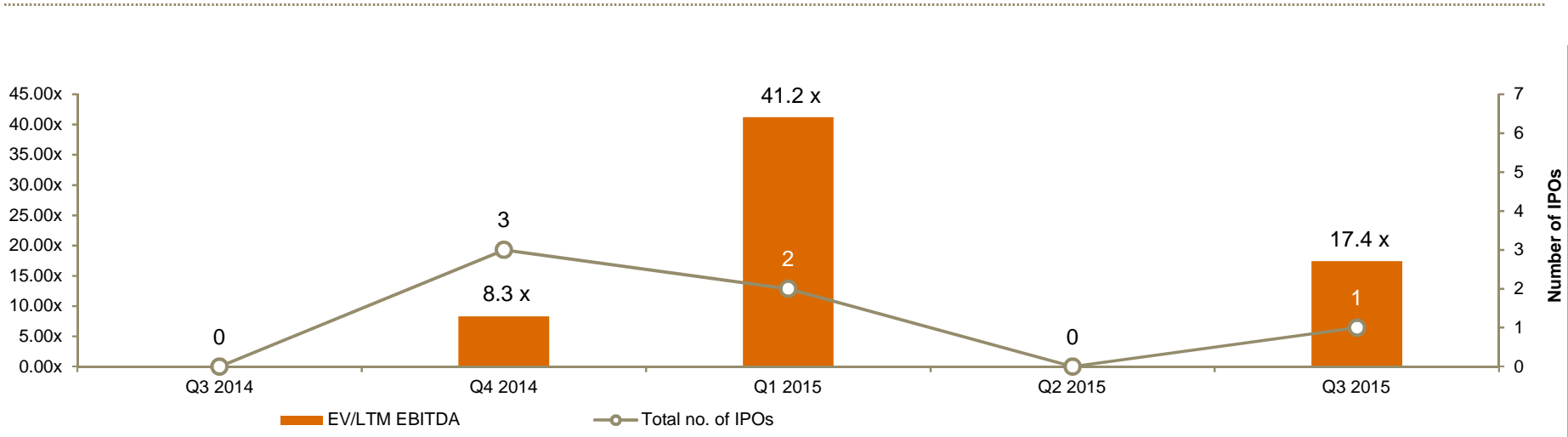
Source: S&P Capital IQ with analysis by PwC

Figure 43: Communications Equipment – EV/LTM revenue



Source: S&P Capital IQ with analysis by PwC

Figure 44: Communications Equipment – EV/LTM EBITDA



Source: S&P Capital IQ with analysis by PwC

Methodology

The Global Technology IPO Review for Q3 2015 is based on PwC's analysis of transaction data extracted from S&P Capital IQ. The analysis considers IPOs across all countries worldwide during the period 1 July 2015 to 30 September 2015 (Q3). Financial data was also obtained from S&P Capital IQ.

The definition of the Technology sector is based on the S&P Capital IQ database industry classifications and includes the following subsectors:

- Internet Software & Services
- IT Consulting & Services
- Professional Services (e.g., Application Software, Software Solutions)
- Semiconductors
- Software
- Computers & Peripherals
 - Computers, Computers Peripheral Equipment
 - Computers, Storage Device Manufacturing
- Electronic Computers Manufacturing
- Communications Equipment

Only IPOs with issue size greater than US\$40 million were included in the analysis.

All monetary amounts are in US dollars unless otherwise indicated.

LTM – Last twelve months

Figures are rounded to one decimal.



For more information

If you would like to discuss how these findings might impact your business or your future strategy, please reach out to any of our technology industry leaders listed below.

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