



EUROPEAN CAPITAL MARKETS PANEL 2017

Free roadshows under pressure

Whitepaper for capital market research
Assumptions · Opinions · Statistics

About the survey:

- The survey was conducted by cometis together with its European partner agencies Tradinfo, Tavistock and Actifin.
- The aim of the survey was to provide a current overview of sentiment on European capital markets. The main points of interest included how banks will position themselves within a changing regulatory environment and whether further harmonisation within Europe might be identifiable.
- The survey was addressed to equity capital market experts of investment banks and IPO advisers in the following European countries: Belgium, Germany, Austria, Switzerland, France, Netherlands and the United Kingdom.
- Three approximately equally sized groups were created for the assessment: (1) Germany, Austria, Switzerland, (2) France and Benelux, and (3) the United Kingdom.
- Slight rounding differences can occur.

IPOs: Number and size of UK IPOs exceed the European continent

IPOs expected up to mid-2018:

- Expectations for IPOs in the coming year were moderate overall (1-10 IPOs estimated by 77% of the respondents). No one could imagine a year without any IPOs.
- Expectations in the United Kingdom are surprising: respondents unanimously expect more than 20 IPOs – despite uncertainty and the potential negative effects from the planned Brexit.

Cumulative issue volume:

- A broad range of replies was also given in response to the question about total volumes. A relative majority of participants responded in a range of EUR 1 billion to EUR 2 billion (35%).
- Respondents from Germany, Austria and Switzerland (46%) as well as France, Belgium and the Netherlands (36%) also allocated most votes to this range.
- In line with the relatively higher assumed proportion of IPOs, half of respondents from the UK (50%) expect IPOs with a total volume in excess of EUR 6 billion.

Sectors of IPO candidates:

- Leading sectors: the field was headed by the technology sector (22%) and healthcare (16%).
- Neither the utilities sector nor the oil and gas sector from German-speaking Europe as well as France and Benelux were expected to generate any IPOs.
- Respondents in the UK also mentioned software IPOs more frequently (12%)

Preconditions for participating in international bank syndicates:

- When asked about the conditions for participating in an IPO raising funds for companies outside the domestic market, around two thirds of respondents were unanimous. Relevant expertise as well as access to investors would be the crucial factors motivating them to become involved themselves (68%).
- Comparatively, the most concerns were raised in the German-speaking region with 31% of respondents fully rejecting this type of arrangement.

The stock-broker service model: Cherry picking of services ahead!

Free roadshows in the future:

- Only one quarter (26%) of all respondents could imagine continuing to offer roadshows free of charge in the future.
- A relative majority responded in the negative (42%). While respondents from the United Kingdom were distributed evenly between „Yes“ and „No“ (50%), the „No“ respondents in Germany, Austria and Switzerland amounted to 38%, and to 43% in France, Belgium and the Netherlands.
- The very high proportion of 32% of respondents that have not yet formed an opinion on the topic is striking.

Cherry picking of broker services:

- Most respondents think it is likely that cherry picking of broker services will arise in the future (58%), while some even regard it as very probable (6%).
- Respondents from the German-speaking region (62%) as well as France, Belgium and the Netherlands (64%) largely responded with „probable“, while no clear picture emerged from responses from the UK.
- Overall, only 16% of all respondents have not yet formed an opinion on this topic.

Conclusions:

- In terms of the growing together of European capital markets, it can be noted that the country groups of Germany, Austria and Switzerland as well as France and Benelux typically tend to give the same answer more frequently, while the United Kingdom adopts a contrary position. In light of the Brexit negotiations that are now underway, it is still to be seen whether this trend will intensify even further in the future.
- Given the new MiFID II regulations, banks face the challenge of developing a new and probably more sustainable service model for the future. It is becoming clear that a not insignificant proportion of the sector still needs to act on which way they would like to develop. Many probably wait to see what their institutional clients will demand and in what pace. Therewith it's likely they "follow the market".

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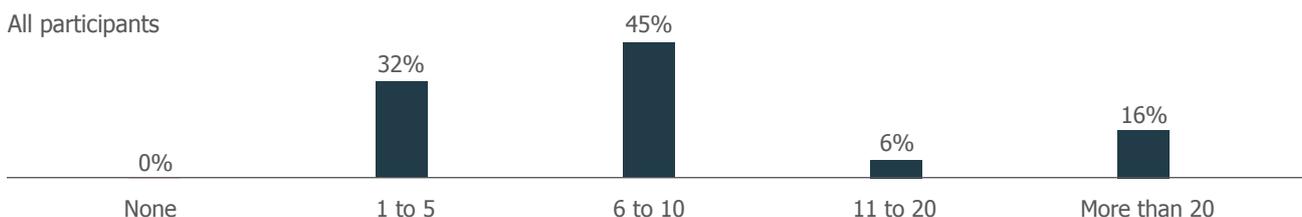
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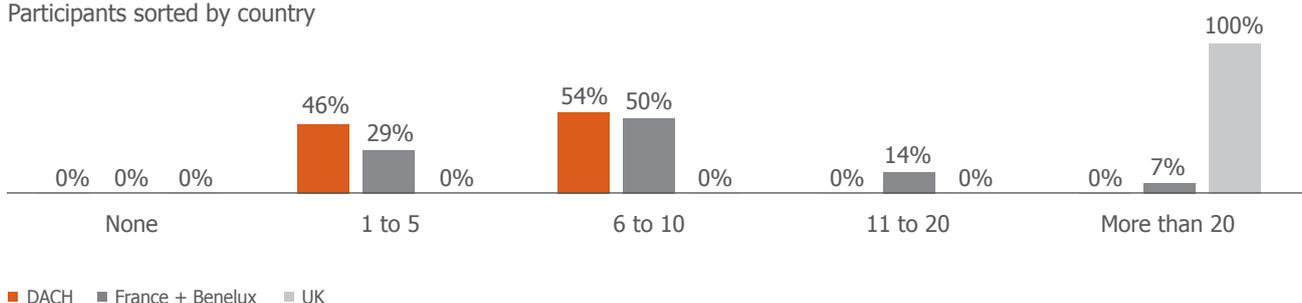
Question 1:

How many initial public offerings do you expect in your country during the second half of the year 2017/first half of the year 2018?

All participants



Participants sorted by country



Highlights

In the German-speaking region, most respondents assumed between 6 and 10 IPOs over the coming 12 months (54%); a slightly smaller proportion assumes 1 to 5 IPOs (46%). No one could imagine a whole year without IPOs or with more than 20 issues. In France and Benelux, a majority also expected 6 to 10 IPOs (50%), although with a total 21% regarding 10 or more issues as realistic. Another picture emerges in the UK due to the continued high significance of London as a stock market location: the respondents are of the view that a high number of IPOs is to be expected, and are also unanimous that more than 20 IPOs will occur (100%).

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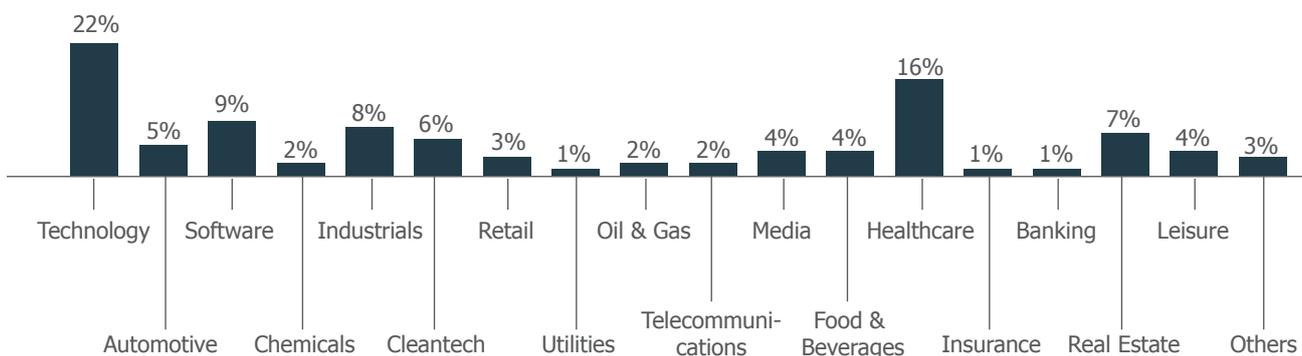
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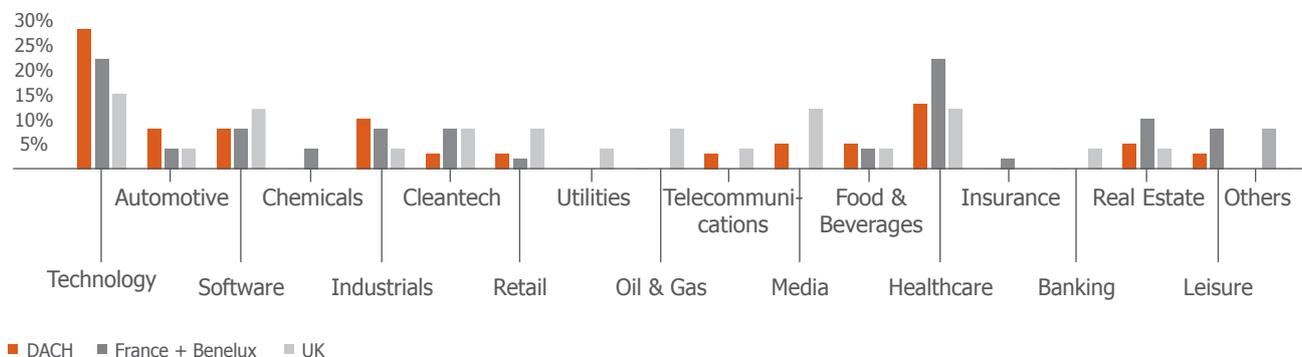
Question 2:

From which industries do you expect most of the IPO candidates until mid of 2018?
(Multiple answers possible)

All participants



Participants sorted by country



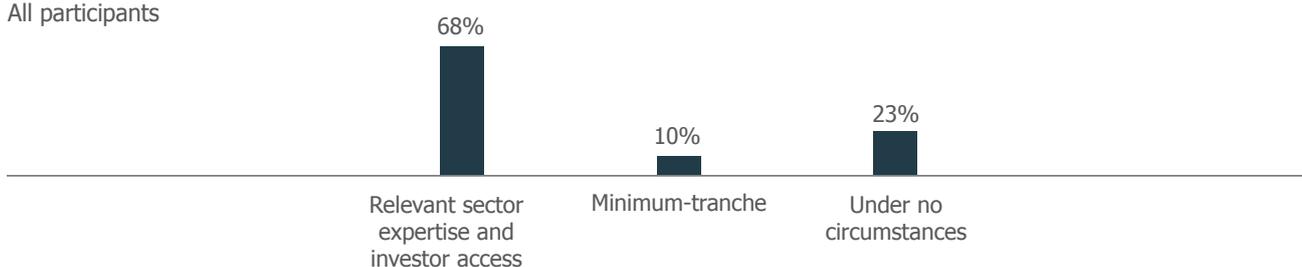
Highlights

The technology sector was the by-far most mentioned sector in the German-speaking region (28%). Healthcare (13%) and industrials (10%) followed in second and third positions respectively. The sectors of chemicals, utilities, oil & gas, insurance and banking were not mentioned at all. Technology and healthcare are also top sectors in France and Benelux (22% in each case). No votes were given for utilities, oil & gas, telecommunications and the media sector. Somewhat more software IPOs in relative terms are anticipated in the UK at 12%, while technology ranks first here, too (15%). This group anticipated no IPOs in the chemicals and insurance sectors.

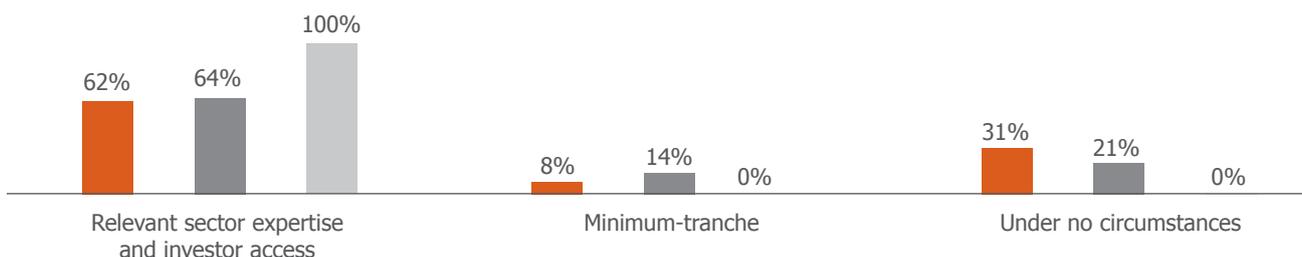
Question 3:

Under which circumstances would you participate in an IPO consortium that raises funds for a company outside of your home market(s)?

All participants



Participants sorted by country



■ DACH ■ France + Benelux ■ UK

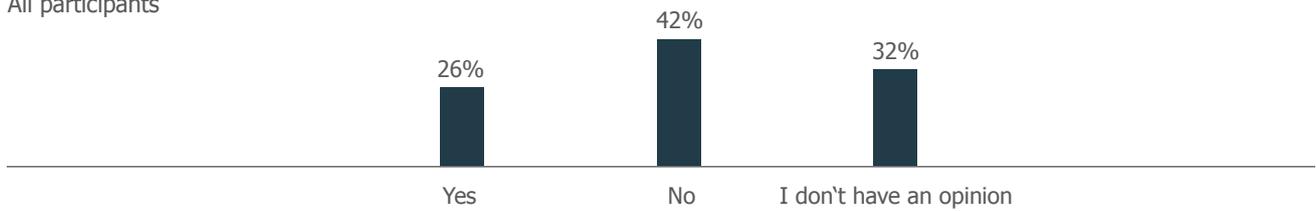
Highlights

Most of the respondents could only imagine an IPO outside their home markets given relevant expertise in the respective sector (68%), with this share even rising to 100% in the United Kingdom. A total of 23% of all respondents completely exclude such a scenario, with this figure even standing as high as 31% in Germany. A guaranteed minimum tranche is specified by 8% in the German-speaking region and 14% in France and Benelux as a criterion for participating in an international syndicate, while in the third group this answer is not given at all.

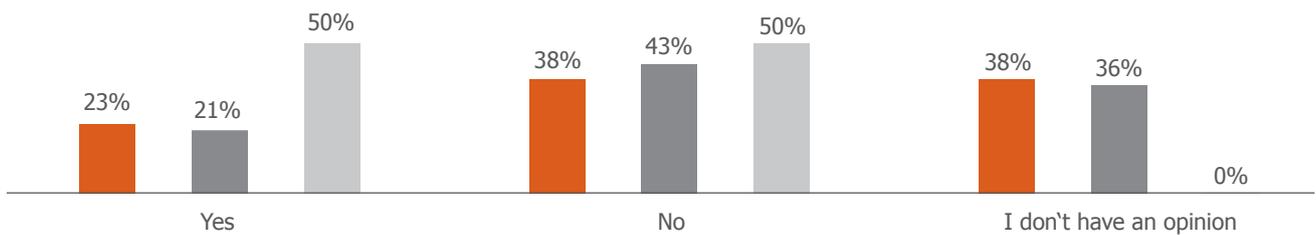
Question 4:

Will your roadshows still remain free of charge in the future for all companies?

All participants



Participants sorted by country



■ DACH ■ France + Benelux ■ UK

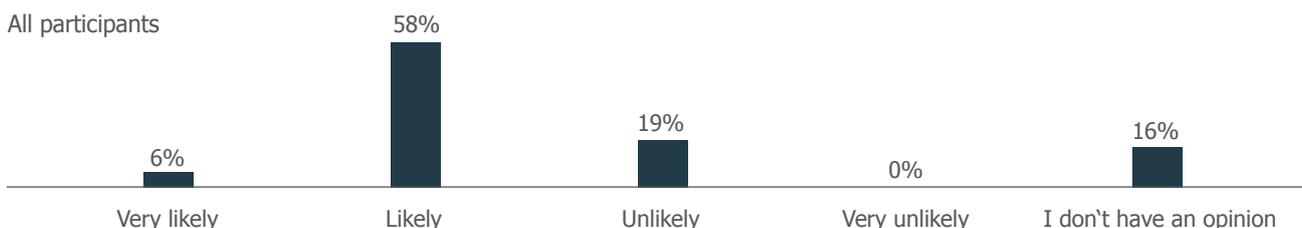
Highlights

Only a minority of respondents in Germany, Austria and Switzerland (23%) and France and Benelux (21%) can imagine continuing to offer roadshows free of charge in the future to all companies. Most exclude free of charge roadshows in the future (38% and 43% respectively). A total of 38% and 36% respectively of all survey participants have not yet formed an opinion on the topic. In the United Kingdom, the responses are allocated equally to „Yes“ and „No“.

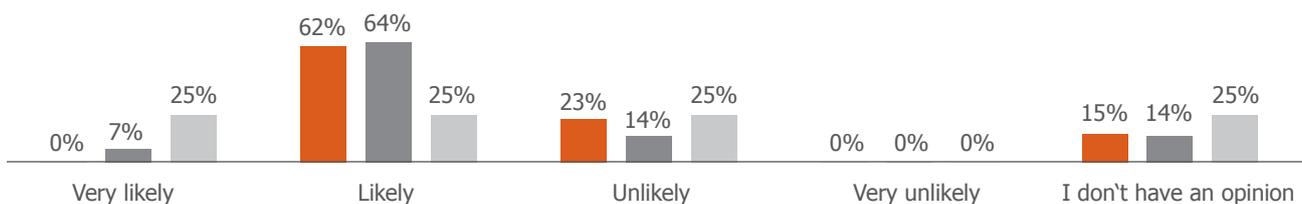
Question 5:

How likely do you think investors in the future will cherry pick services among brokers? (By this we mean buying research from broker A, but going on roadshow with broker B)

All participants



Participants sorted by country



■ DACH ■ France + Benelux ■ UK

Highlights

Most participants in the German-speaking region see cherry picking of broker services such as roadshows and research as probable in the future (62%), with this proportion rising to as much as 64% in France and Benelux. No clear picture emerges in the third group. Only 19% of all respondents regard cherry picking as unlikely, while 16% have no opinion.

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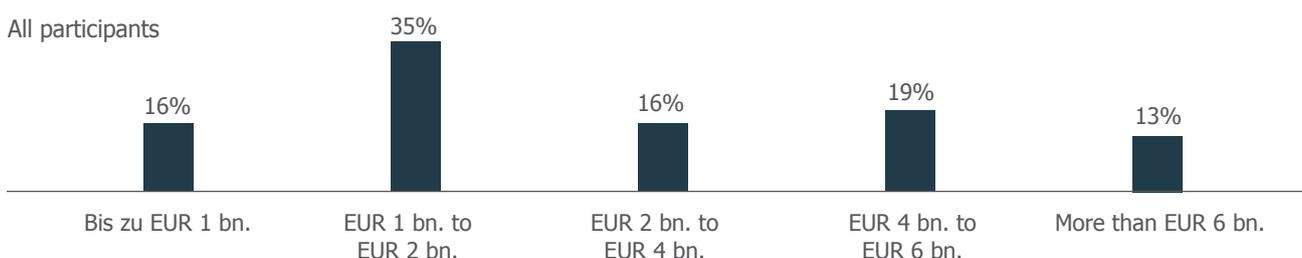
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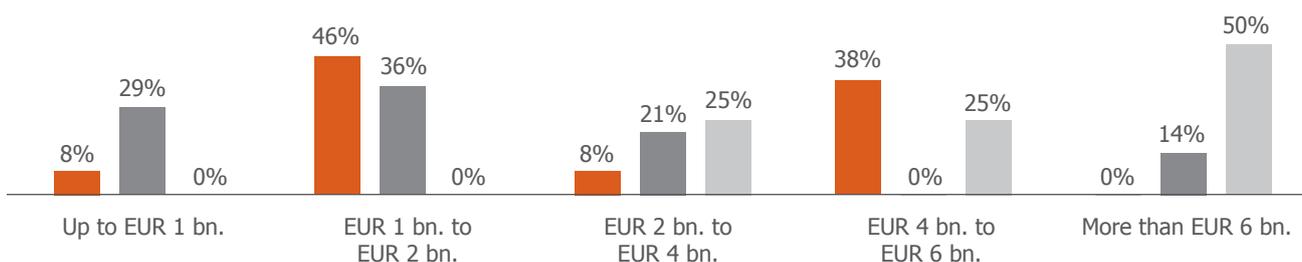
Question 6:

What cumulative issue volume do you anticipate in your national IPO market during the second half of 2017/1st half of 2018?

All participants



Participants sorted by country



■ DACH ■ France + Benelux ■ UK

Highlights

In Germany, Austria and Switzerland, the range from EUR 1 billion to EUR 2 billion was cited the most frequently (46%), followed by between EUR 4 billion to EUR 6 billion (38%). Only a small proportion assumed less than EUR 1 billion (8%). Responses were spread more widely in France and Benelux, by contrast, with answers ranging between less than EUR 1 billion (29%) up to more than EUR 6 billion (14%). Here, too, a relative majority also responded in a range of between less than EUR 1 billion and up to EUR 2 billion, however (36%). In line with the higher number of assumed IPOs, most respondents in the UK expect an issue volume of more than EUR 6 billion (50%).

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cometis AG

Profile

Since the year 2000, cometis AG serves as a consulting firm for strategic and operational financial communication. Our team of more than 25 employees consists of business administration graduates, economists, journalists, commercial law experts and designers. Our predominantly medium-sized clients profit from our profound experience of more than 500 completed capital market projects. In the recent years, we have lead 25 initial public offerings to success. Furthermore, we controlled our clients' communication in numerous corporate finance and M&A transactions, as well as in exceptional situations. Our services range from the development of investor relations- and communication strategies, on to preparing annual reports, presentations, announcements and websites as well as management coachings in preparation for talks with investors, journalists and analysts. Through our membership in the "Public Relations Global Network" (PRGN), which unites over 50 owner-managed PR- & IR-consultancies, we also offer our services at a global level.

Core competencies

- 1 Strategic Investor Relations
- 2 Media & Public Relations
- 3 Personal coaching
- 4 Reporting, Documents, Compliance
- 5 Transactions & Special situations

Contact



Michael Diegelmann
Management Board
+49 (0) 611 20 58 55-18
diegelmann@cometis.de



Henryk Deter
Management Board
+49 (0) 611 20 58 55-13
deter@cometis.de

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Publisher

cometis AG
Unter den Eichen 7
65195 Wiesbaden
Germany
Tel.: +49 (0) 611 20 58 55-0
Fax: +49 (0) 611 20 58 55-66
E-Mail: info@cometis.de
www.cometis.de/en

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