



Jul 03, 2017 09:01 +08

IPO activity expected to for 2017 expected to surpass 2016

Date	3 July 2017
Contact	<p>Candy Li Tel: +65 6236 7429 Mobile: +65 8613 8820 E-mail: candy.yt.li@sg.pwc.com</p> <p>Natalie Choo Tel: +65 6236 4309 Mobile: +65 9738 1415 E-mail: natalie.yl.choo@sg.pwc.com</p>

Singapore, 3 July 2017 –Singapore’s Initial Public Offerings (IPOs) have raised US\$329 million in H1 2017 according to latest figures by PwC Singapore, published today. The volume of IPO funds raised by the end of 2017 is likely to surpass 2016 levels with professional services leading the way as the sector with the most funds raised. Two professional services IPOs – HRnetGroup and Shopper360 – have raised a total of US\$134 million, far ahead of the US\$26 million raised in 2016.

Singapore Exchange’s (SGX) traditional strength, Real Estate Industrial Trusts (REITs) and business trusts accounted for 33% of Singapore’s IPO proceeds. The expected listing of NetLink Trust of up to US\$1.6 billion will likely bring the sector up and build momentum for the rest of 2017.

Fig 1. IPO fund raised by sectors in H1 2017

Tham Tuck Seng, Capital Markets Leader at PwC Singapore, said:

“Singapore’s H1 2017 numbers suggest that, apart from REITs and business trusts, niche sectors in the consumer space and professional services will be the next big growth opportunity for the local exchange. As SGX bolsters efforts in supporting technology start-ups, we can also expect to see more issuances from technology-driven activities.”

FO funds raised

Fig 2. FO fund raised by sectors in H1 2017

Follow-on (FO) performance in Singapore for H1 2017 continues to be dominated by REITs and business trusts accounting for 82% of total FO funds raised. In today’s rising interest rate environment, the equity market has become a vital fundraising platform to reduce interest costs. For REITs and business trusts, 8 out of 10 are deploying the FO funds raised to acquire properties, with 2 using the funds to repay loans and borrowings.

Looking forward

Rising sectors such as consumer and professional services will continue the uptrend with Singapore's position as one of the main business and financial services centres in the region. Following the signings of a series of memorandums of understanding with key players in the technology and start-up ecosystem, such as A*Star's EPTL, the Info-communications Media Development Authority of Singapore (IMDA) and PwC's Venture Hub, we can expect that technology and medical technology will also boost this growth.

Healthcare is one of the more well-developed sectors in Singapore with one of the world's largest healthcare groups, IHH Healthcare, listed here. Singapore's strong reputation as a medical centre of excellence in the region and the attractive market trading valuation for this sector (which sees the price-earnings ratio hovering in the range of 30 to 40 times) make it more attractive for healthcare players to list here. In addition to this, Singapore is expected to remain the choice listing destination for REITs and business trusts with notable interest from Chinese-based real estate players.

With the public consultation for dual class shares ending earlier this year, Singapore could become a more attractive location for listing in Asia. But with HKEx looking to introduce a third board with dual class shares, this has become a race to see which bourse is faster to the market.

SGX is a choice listing destination for Asian businesses and a springboard for international businesses to access the wider Asian region. As markets in the region become more sophisticated, competition will get more intense.

Tham Tuck Seng, Capital Markets Leader at PwC Singapore, concludes:

“For Singapore to remain ahead of the curve, we must continue to maintain our existing strengths (e.g. REITs and business trusts) and capitalise on new opportunities (e.g. the rise of new technologies). If we continue in this direction, we are confident Singapore will continue to be relevant for investors and market players in search of future growth.

“With Singapore's pro-business environment and strong fundamentals – such as transparent regulatory regime, international exchange, and relatively quick time to market – Singapore remains a premier location for capital

fundraising.”

Ends

Notes to editors:

1) This study was conducted between 1 January and 30 June 2017 for IPOs, and between 1 January and 15 June 2017 for FOs, based on their first trading date. All market data is sourced from the stock markets themselves and has not been independently verified by PricewaterhouseCoopers LLP.

2) In line with PwC’s Global Equity Capital Markets Briefing, the Singapore study only include listings with a value above US\$5 million.

3) Financial figures may differ due to exchange rate fluctuations.

About PwC

At PwC, our purpose is to build trust in society and solve important problems. We’re a network of firms in 157 countries with more than 223,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com.

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.

© 2017 PwC. All rights reserved

Contacts



Siew Ling Ong

Press Contact

Manager, Brand and Communications

siew.ling.ong@pwc.com



Candy Li

Press Contact

Team Lead - Brand & Communications

candy.yt.li@pwc.com