2018 saw a reduction in Irish equity market fundraising after a particularly strong 2017. Despite this, an increase in successful share placings ensured that equity fundraising remained robust in 2018. The experience in the UK markets was broadly similar, supported by a number of high profile IPOs in H2.

### 2018 snapshot

<table>
<thead>
<tr>
<th>Year</th>
<th>Total equity raised</th>
<th>Raised via IPO</th>
<th>Number of IPOs</th>
<th>Raised via placing/rights issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>€1.7bn</td>
<td>€72mn</td>
<td>2</td>
<td>€1.6bn</td>
</tr>
<tr>
<td>2017</td>
<td>€5.1bn</td>
<td>€4.2bn</td>
<td>3</td>
<td>€0.9bn</td>
</tr>
</tbody>
</table>

### ISE equity raises 2016 to 2018

- **2016**: 2 IPOs, 10 Rights Issues, 0 Placings
- **2017**: 1 IPO, 1 Rights Issue, 0 Placings
- **2018**: 2 IPOs, 7 Rights Issues, 2 Placings

### ISE market capitalisation

- **2016**: €41.2bn
- **2017**: €30.5bn
- **2018**: €35.9bn

### Equity raised 2016 to 2018 on public markets

- **Ireland (ISE)**: €5.1bn in 2016, €1.7bn in 2017, €0.5bn in 2018
- **UK (LSE)**: £41.2bn in 2016, £35.9bn in 2017, £30.5bn in 2018
2018 review: A more challenging backdrop for Irish Equity Capital Markets (‘ECM’)

2018 ECM fundraising in Ireland declined from the high levels seen in 2017, during which the flotation of AIB was the largest IPO in Europe. Issuers faced more challenging conditions, with market corrections in February, October and December.

IPO activity in Ireland was subdued, with just two IPOs pricing in 2018. Several other potential issuers across a number of sectors chose to postpone planned IPO processes, or to pursue alternative forms of capital raising, in light of the prevailing market conditions and investor sentiment.

However, several notable transactions were executed by Irish plcs in 2018, with fundraisings by listed companies exceeding 2017 in both volume and value terms.

Fundraising via placing and rights issues increased by over 80%, driven by fundraising by companies undertaking M&A activity and by companies seeking to strengthen their balance sheets and increase financial flexibility.

Irish companies listed on the London Stock Exchange remained active, with notable equity raise and class disposal activity successfully executed by DCC and Greencore respectively.

There were also a number of successful IPOs by Irish issuers outside of the traditional Irish and UK markets (notably IPL Plastics, Inc. listing on the Toronto Stock Exchange), illustrating the range of options open to scaling companies in the current market.

In the UK market, equity fundraising declined by approximately 12% in 2018 relative to 2017, however a number of large IPOs were completed in H2 2018. Aftermarket performance has been mixed, although UK IPOs that priced in 2018 outperformed major UK indices.
2019: Outlook for the year ahead

As we move into 2019, we expect to see another year of market volatility driven by Brexit, rising interest rates, potential trade wars and the threat of further market corrections. These factors will continue to drive both issuer and investor sentiment, and could affect the overall appetite to undertake capital markets transactions, particularly in the first half of the year.

Notwithstanding this, as Irish plcs look to take advantage of market opportunities in Ireland and overseas, we anticipate potential further equity fundraising and acquisitions by companies seeking to leverage their strong trading performance and balance sheets to deliver growth and increase shareholder value.

Takeover activity may become more prevalent should equity prices fail to recover from market corrections experienced in late 2018, and plcs should consider defensive strategies to resist undesired approaches.

The investment funds sector continued to exhibit robust equity fundraising activity in 2018, demonstrating the ongoing attractiveness of sustainable yields across a variety of asset classes.

The outlook for interest rates will remain an important driver of investors’ appetite to deploy capital in this sector.

Despite the lower IPO count in 2018, the conclusion of several successful fundraising processes clearly shows that a Dublin listing remains an attractive strategic option for high quality, well-managed companies.

A feature of the IPO market in recent years has been for companies to consider the merits of a dual track exit / fundraising process, which can provide increased flexibility and reduced execution risk in uncertain markets.

As we look ahead to 2019, we encourage potential listing candidates to maximise the potential for a successful deal through early preparation. When markets exhibit volatility and uncertainty, flexibility to launch is critical, making it essential to be transaction-ready.
Our equity capital market services

**Pre-IPO**

**Pre-IPO readiness assessment**
- Identifying the financial areas critical to a successful IPO
- Minimises delays and additional costs later in the process

**Systems/Controls (FPPP)**
- Advice on appropriate corporate governance procedures, financial reporting activity and organisational structure in advance of commencing the IPO process

**Independent IPO advisor**
- Independent evaluation of IPO feasibility
- Early identification of IPO critical success factors

**IPO execution**

**IPO reporting accountant**
- Financial, tax and commercial due diligence to give you comfort during the listing process
- Assess the control and governance frameworks and benchmark against listed company requirements
- Sign-off on the financial information included in the listing document

**Independent IPO advisor**
- Independent advice on equity story, positioning, valuation and investor marketing
- Sounding board on key IPO decisions
- Support in selection and oversight of IPO bank syndicate

**Company support and accounting advisory**
- Additional resource to support your finance team with: project management; model building; IPO related memorandum drafting; accounting policy manual drafting; additional assistance with any tasks normally performed within your finance team
- Preparation of historical financial information (including carve-outs and GAAP conversions)
- Distributable reserves analysis

**Independent IPO advisor**
- Advice on IPO structuring from an accounting aspect (including impact assessments of new IFRS and accounting position papers)
- Advice on preparation of annual report (including benchmarking against peers)
- Advice on on-going accounting requirements as a listed company and training on new IFRS

**Post-IPO**

**PLC reporting accountant**
- Full reporting accountant suite of services for post-IPO transactions (e.g. acquisitions, disposals, reverse takeovers, rights issues, etc.)

**ECM advisory**
- Independent financial advice for PLCs seeking to raise equity to fund M&A or enhance capital structure
- Advice for shareholders seeking to buy or monetise a stake in a public company

**Investor relations support**
- Independent investor perception studies
- Advice on investor relations best practice
- Supporting effective engagement with high quality institutional investors

**Tax structuring**
- Tax structuring advice including areas such as the domicile of TopCo and re-registration vs. NewCo
- VAT treatment advice

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KPMG credentials

IPOs

Due diligence accountant for ConvaTec Group plc on its IPO on the LSE

Reporting accountant to Dalata Hotel Group plc on its IPO on ESM and AIM

Reporting accountant to Cairn Homes plc on its IPO on the LSE

Reporting accountant to IPL Plastics, Inc. on its IPO on the Toronto Stock Exchange

KPMG Transaction Services

Reporting accountant to Glenveagh Properties plc on its IPO on the ISE and LSE

Provided IPO readiness services to AIB in respect of its IPO on the ISE and LSE

Reporting accountant to Oneview Healthcare plc on its IPO on the ASX

Reporting accountant to Malin Corporation plc on its IPO on the ESM
Other equity capital market transactions

- Reporting accountant services in connection with the merger of Paddy Power plc and Betfair Group plc
- Advised Smurfit Kappa Group plc on its successful defence of International Paper’s unsolicited approach
- Reporting accountant to Greencore Group plc for its acquisition of Peacock Foods and subsequent disposal of its US business
- Advised Total Produce plc on its investment in Dole Food Company, Inc.
- Reporting accountant to Aminex for its Class 1 farm-out transaction
- Reporting accountant in respect of UDG Healthcare plc’s Class 1 disposal of its distribution businesses
- Reporting accountant to Fyffes plc in respect of its disposal to Sumitomo
- Reporting accountant to Cairn Homes plc on its listing on the ISE
Report Methodology Notes:

Data in this report has been sourced from Dealogic and the Irish Stock Exchange website. Data relating to “Average returns in 2018” for FTSE100 and FTSE All-Share has been sourced from Thomson Reuters Datastream. Data contained in this report has been generated at 31 December 2018 and includes priced transactions only. In this document, Ireland includes the ISE Main Securities Market and Enterprise Securities market (ESM), and UK includes LSE Main Market and Alternative Investment Market (AIM). Where report refers to “Placings”, this consists of accelerated transactions (including rights issue rump placings), bought deals, fully marketed follow-ons, cash placings, PIPE transactions, at-the-market transactions, top-up placement transactions, and registered direct offerings, as per Dealogic and ISE classifications. Where the report refers to “Rights Issues” this consists of rights issues and other guaranteed preferential allocation transactions, as per Dealogic classifications. Note that Dealogic data only captures Rights Issue deal volumes when the results of the rights issue are announced, post-trading of the rights. Aftermarket performance across Main Market and AIM IPOs has been calculated by taking a weighted average of the percentage change between the offer price and prevailing closing share price as at 31 December 2018 over all IPOs that have been successfully admitted to trading in the period, weighted by Market Capitalisation upon successful completion of the IPO.