

A woman with dark hair pulled back, wearing tortoiseshell glasses, is looking intently at a computer screen. The background is dark with a blurred world map overlay in shades of blue and green. A yellow banner is positioned in the top left corner.

London IPO market saw steady growth in the first half of 2024

IPO Eye

**An overview of the London Stock
Exchange listings in Q2 2024**



Building a better
working world

Market overview

The London stock market saw eight listings in the first half of 2024, raising £513.8m across the London Main Market and Alternative Investment Market (AIM).

Whilst the total proceeds raised in H1 2024 is down compared to the £593.2m raised in H1 2023, IPO activity is growing after record lows in Q4 2023 signalling a more positive outlook, albeit from a low comparator..

The proceeds raised in Q2 2024 represent a 56.1% decline compared to the same period in 2023, but showcase a sustained increase compared to nil listings in Q4 2023. Of the five IPOs in Q2 2024, the Main Market listed two IPOs which raised £176.0m, whilst the Alternative Investment Market (AIM) saw three listings raising £49.1m.

The largest listing on the main market in Q2 was Raspberry Pi Holdings plc which raised £172.9m, whilst AOTI Inc was the largest AIM listing, raising £35.1m.

The UK market is gaining some momentum after a challenging two years filled with macroeconomic and geopolitical uncertainty, albeit overall activity remains low compared to the levels experienced in 2021. The UK election outcome is expected to provide businesses with much-needed regulatory and policy clarity. Furthermore, proposed revisions to simplify the UK listing regime to attract more start-ups and simplify the ongoing requirements around significant transactions was announced in July 2024, thereby enhancing the UK's appeal as a global listing destination. However, the above positive factors will also be contrasted by uncertainty around central bank's interest rate cut schedules, escalating geopolitical tensions and elections globally, particularly around the United States election. Some companies might choose to delay their offerings as a result and instead choose to wait for more stable conditions.

Main Market

Two floats
raised in Q2:

£176m

The largest by funds:
**Raspberry Pi Holdings
Plc** raised:

£173m

AIM

Three admissions
raised in Q2:

£49m

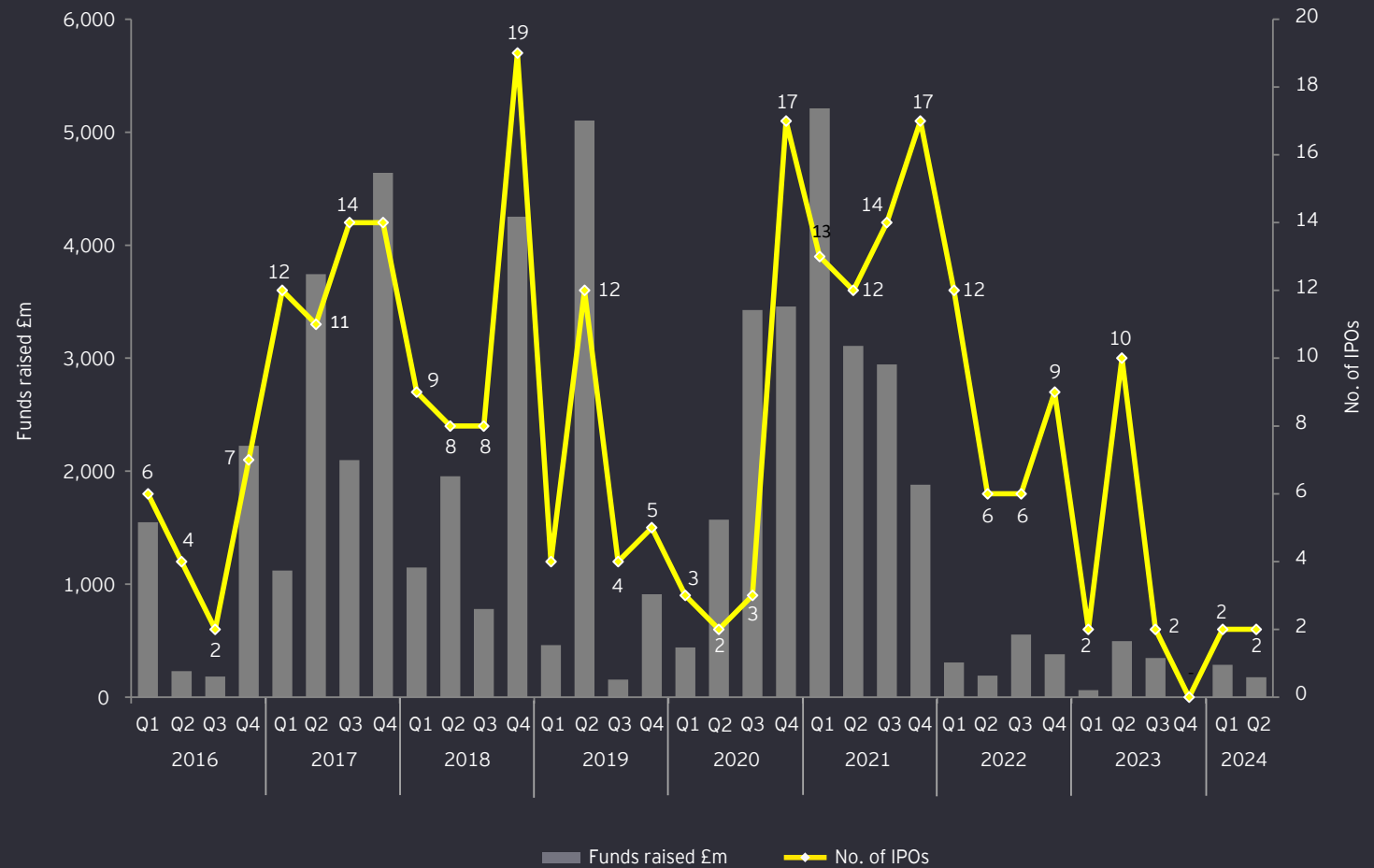
Largest funds:
AOTI Inc
raised:

£35m

IPO markets – historical performance

Main Market

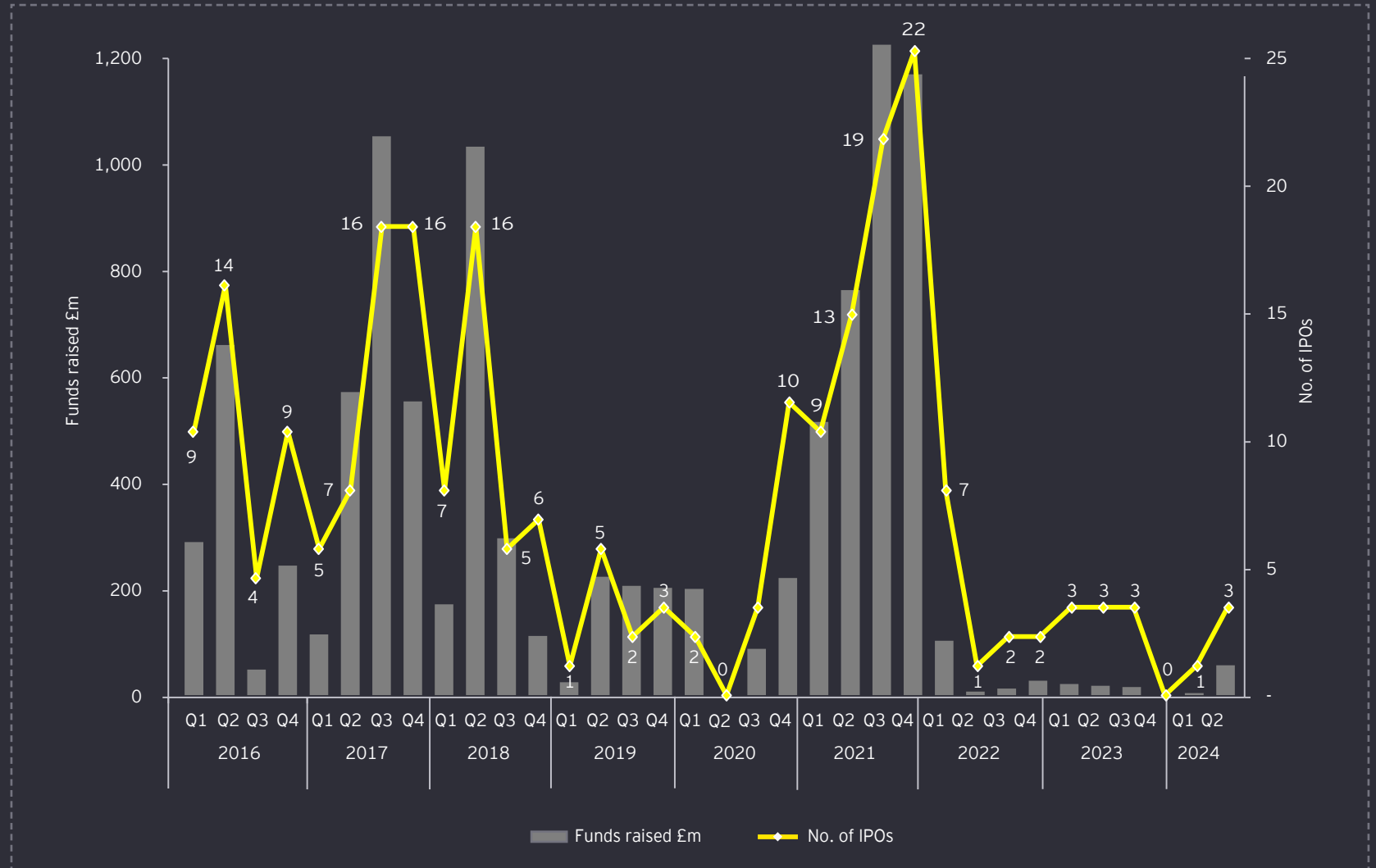
Two floats raised in Q2. The largest by funds raised was Raspberry Pi Holdings Plc – which raised £173m.



IPO markets – historical performance

AIM

Three AIM admissions raised £49m in Q2. The largest by funds raised was AOTI Inc – which raised £35m.



Market overview

Market performance

The FTSE 100 experienced a gain of 2.7% in the quarter similar to the 2.8% gain in the first quarter of 2024. Contrasting to the first quarter of 2024, the AIM market increased by 2.8% over the same periods compared to a decline of 2.6% in Q1 2024.

Growth in the FTSE 100 over the last quarter is attributed to a rebound in earnings amongst FTSE 100 companies. This has been driven by better-than-expected financial results from major firms partly due to the easing of supply chain disruption and strong demand in the Financials, Healthcare and Consumer Discretionary sectors, with a stabilisation of global markets through decreasing inflation rates boosting investor confidence, alongside sector specific gains in the financial and commodities sectors.

Similarly to the FTSE 100, the AIM saw an increase in Q2 2024 as a result of improved investor sentiment due to the above-mentioned improved economic conditions and expected financial stability, which is crucial for smaller-cap stocks.

Global IPO activity

Globally, the second quarter of 2024 recorded 271 IPOs with US\$27.8b capital raised, a 15% decline compared to Q2 2023 on number of listings, and a further 31% decline in terms of proceeds compared to the same period. The decrease in proceeds is largely driven by Asia-Pacific which saw an 82% decrease in proceeds between Q2 2023 and Q2 2024, whilst IPO activity in EMEIA and Americas surged.

The second quarter of 2024 saw a continued strong appetite for equity offerings in both the Americas and EMEIA regions, driven by favourable stock market performance, particularly amongst technology related stocks, improving IPO valuations and growing investor enthusiasm. The improved economic

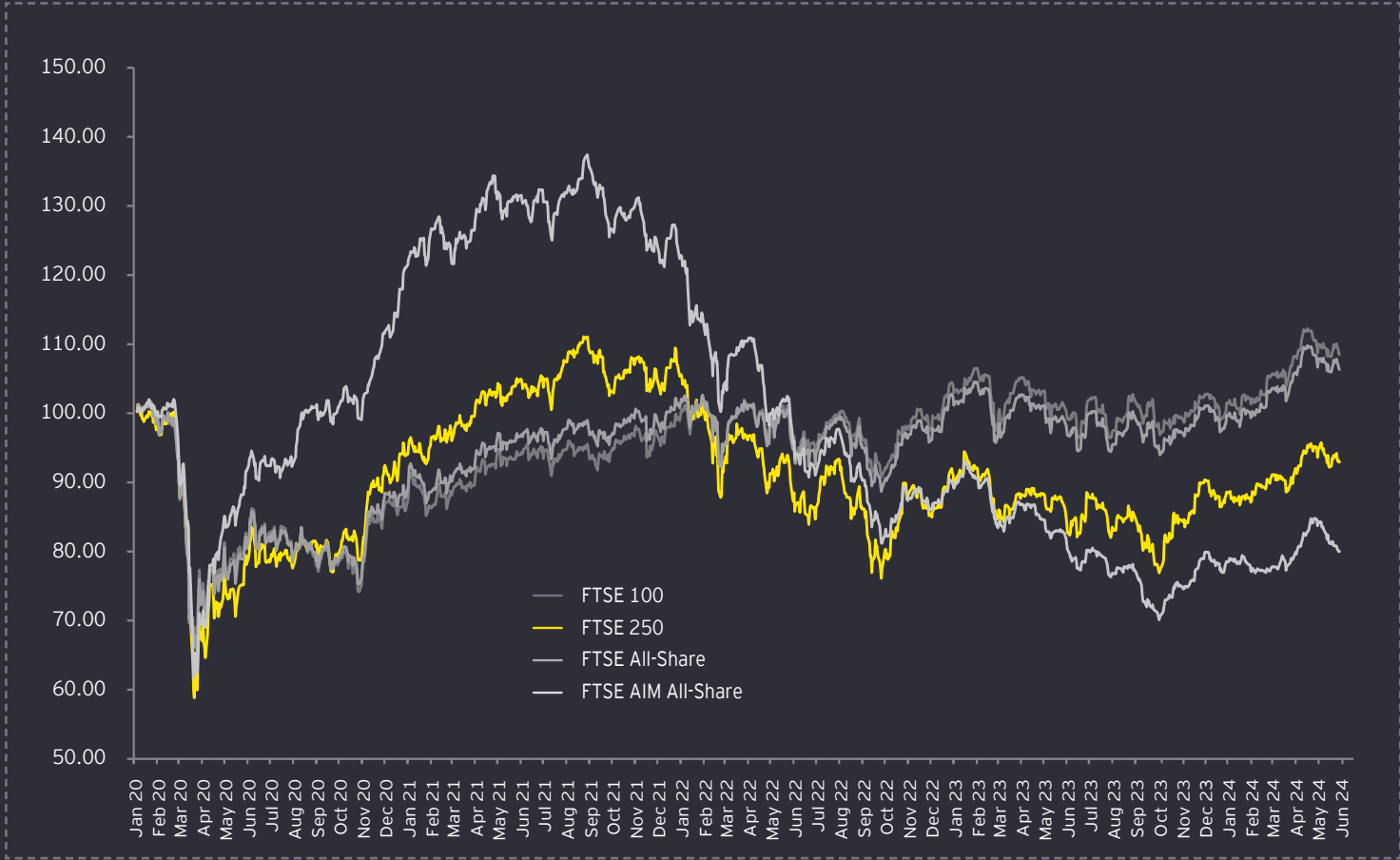
environment prompted scalable companies to go public, driving a notable increase in IPO activity. The average deal size in both regions also experienced a significant increase, primarily due to several large, high-profile, listings. The Americas regions saw a substantial 67% year-on-year (YoY) rise in proceeds, representing 70% of its 10-year average IPO value levels. EMEIA on the other hand successfully returned to its 10-year average IPO levels in H1 2024, although Asia-Pacific trails at less than 30%.

In H1 2024 the EMEIA region has achieved its highest global share by number of IPOs since the 2008 Global Financial Crisis, accounting for an impressive 45% of total deal volume and 46% of value. Within EMEIA, prominent listings indicate a positive shift towards the perception of current market conditions with improved valuation levels and growing investor enthusiasm for new offerings. India enjoyed a significant increase, responsible for 27% of global IPOs by volume, up from 13% during the same period last year.

Growth in the EMEIA and America regions contrasts heavily with the Asia-Pacific region, which has been a hotbed for IPOs in recent years. Factors contributing to the decline in proceeds and number of IPOs include geopolitical tensions, elections, economic slowdown (particularly in mainland China and Hong Kong), heightened interest rates, increased regulation and a market liquidity drought that has made investors cautious. The region saw a dramatic decline in global share of proceeds, plummeting from 63% in H1 2023 to 20% in H1 2024.

Lastly, private equity (PE)/venture capital (VC)-backed IPOs have surged in the first half of 2024, rising from 9% in the first half of 2023 to 41% in H1 2024. The increase was particularly pronounced in the Americas, where 74% of total proceeds were attributed to PE and VC-backed companies. Large PE-backed companies also listed in Europe, with proceeds increasing from 29% to 46% in one year showcasing the improved European PE IPO environment.

Market overview (cont'd)



Market listings

New Issues – Main Market

Date of admission	Company	Private Equity (PE) backed?	Country of primary business	Sector	Market cap. on admission (£m)	Funds raised (£m)	Placing price (p)	Closing price (after first day of trading)	Closing price at QTR end (p)	Quarter end % change in price from IPO
10-Apr-24	Praetura Growth VCT plc		United Kingdom	Close End Investments	3.0	3.0	100.0	100.00	100.00	0.0%
11-Jun-24	Raspberry Pi Holdings plc		United Kingdom	Technology Hardware and Equipment	541.6	172.9	280.0	385.00	400.50	4.0%

New Issues – AIM

Date of admission	Company	Private Equity (PE) backed?	Country of primary business	Sector	Market cap. on admission (£m)	Funds raised (£m)	Placing price (p)	Closing price (after first day of trading)	Closing price at QTR end (p)	Quarter end % change in price from IPO
08-Apr-24	European Green Transition plc		Sweden	Industrial Metals and Mining	14.5	6.5	10.00	11.25	14.75	31.1%
09-Apr-24	Helix Exploration plc		United States	Industrial Metals and Mining	11.2	7.5	10.00	10.38	22.00	112.0%
18-Jun-24	AOTI Inc		United States	Medical Equipment and Services	140.4	35.1	132.00	136.00	136.00	0.0%

Looking forward – Q2 2024

The first half of 2024 saw an uptick in activity compared to the last quarter of 2023 where there were no listings reflecting a new sense of optimism amongst investors and companies alike, combined with a robust pipeline of companies which has already started unwinding. This optimism is expected to reflect in a further uptick in IPO activity in the second half of 2024 and early 2025. However, as previously mentioned, this uptick was from a very low base, and companies may continue to be wary of listing currently given the wave of global elections, ongoing geopolitical tensions, and difficulties with cooling down the economy as evidenced by current inflation rates.

Globally

Expectations of a continued recovery in IPOs globally in the second half of the year are bolstered by robust markets, decreased volatility, and falling inflation. Positive sentiment is further boosted by the performance of IPOs in H1, whereby successful IPOs experienced improved profit margins and after-market performance as investors increasingly focused on financial sustainability and profitability of newly listed companies reflecting a more discerning approach in an environment characterised by tight monetary conditions and market uncertainties.

Three pivotal themes are expected to influence the global IPO market substantially in the coming six months, namely: the central banks' interest rate cut schedules, potential escalations in geopolitical conflicts; and the election super-cycle.

Global inflation continues to cool amid varying economic conditions and inflation levels; however, the interest rate easing cycle may be disjointed across parts of the world whereby some European and emerging market central banks are cutting rates sooner compared to a more hawkish Fed in the US. Investors are expected to move their capital in search of higher returns once interest rates are lowered or lowered further.

The decrease in interest rates is anticipated to increase liquidity in equity markets, particularly as investors shift away from bond markets towards emerging markets and growth-oriented sectors like technology and health and life sciences.

Consequently, upcoming IPOs may be driven by a variety of companies, with their quality, valuation and investor demand guiding investment choices. In addition, PE and VC-backed IPOs are expected to continue to list as the economic environment improves. Lastly, we expect lower free-floats, accelerated IPO timelines and alternative funding methods (such as convertible bonds), so that companies and investors alike can capitalise on the dynamic and ongoing geopolitical and political turbulence.

Ongoing geopolitical tensions could compel businesses to explore alternative IPO markets or delay their listing, avoiding high-risk regions and seeking more favourable regulatory environments, as seen by the decline in Asia-Pacific. Prospective IPOs need to evaluate the potential mid-to-longer term impact of electrical outcomes on market stability and investor confidence, particularly as government policies may take months to years to kick in, whilst ideal IPO windows can be rare and brief.

“

The second half of 2024 is likely to be shaped by several factors including the central banks' interest rate cut schedules, escalating geopolitical tensions and, of the course, the election super-cycle with many countries globally preparing to vote this year. Some companies might choose to delay their offerings to avoid the uncertain impact of election results on market stability and investor confidence, and instead choose to wait for more stable conditions. It's critical that companies considering IPOs demonstrate increased flexibility to make well-informed strategic decisions in the ever-changing IPO landscape.

Debbie O'Hanlon
EY UKI Private Leader

IPO Centre of Excellence

Our Global IPO Centre of Excellence is a virtual hub which provides access to tools and knowledge for every step of the journey from finding out more about what going public means to considering capital raising options and addressing post-IPO risks. It provides access to all our IPO knowledge, tools, thought leadership and contacts from around the world in one easy-to-use source.

ey.com/en_gl/ipo

Contacts

For more information about the IPO Eye and on any IPO-related matter, please contact:



Scott McCubbin

IPO Leader

Tel: + 44 20 7951 3519

Email: smccubbin@uk.ey.com



Grant Humphrey

Partner | Strategy and Transactions

Tel: + 44 1582 643182

Email: ghumphrey@uk.ey.com

Please visit ey.com/uk/IPO for more information on how we can help you on your IPO journey.

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets. Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

Ernst & Young LLP

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

© 2024 Ernst & Young LLP. Published in the UK.

All Rights Reserved.

EYSCORE 006543-24-UK

UKC-035038.indd (UK) 07/24. Artwork by [Creative UK](#).

Information in this publication is intended to provide only a general outline of the subjects covered. It should neither be regarded as comprehensive nor sufficient for making decisions, nor should it be used in place of professional advice. Ernst & Young LLP accepts no responsibility for any loss arising from any action taken or not taken by anyone using this material.

ey.com/uk