

AUSTRALIAN IPO ACTIVITY FOR THE FIRST HALF OF 2021

IPO WATCH AUSTRALIA MID-YEAR REPORT

JULY 2021



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TOGETHER WE MAKE IT HAPPEN

HLB MANN JUDD CONTACTS



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FOREWORD



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Strong resurgence in IPO market

The IPO market in the first half of 2021 continued the momentum from the end of last year. There were 61 new market entrants during the period representing a significant increase from 12 listings for the same period in 2020, which was heavily impacted by market falls during the early stages of the COVID-19 pandemic.

This year's strong performance has been particularly evident in terms of total amounts raised from new offerings which totalled \$2.9 billion, whereas there was only \$132 million raised in the first half of 2020. This increase in total funds raised was driven by the 13 large cap IPOs (those in excess of \$100 million market cap) coming to market so far in 2021 compared to only one large cap by the end of June 2020.

The June quarter saw the highest number of listings with 39 of the total 61 listings occurring in this quarter. A total of nine companies during this quarter were large cap listings.

Activity was driven by favourable macroeconomic and capital market conditions together with strong investor sentiment, and reflected the strength of the

market as a whole with the ASX All Ordinaries index growing by 11% over the six month period.

The small cap sector performed well with 48 new entrants for the period raising a total of \$462 million. The main contributor to this activity was the Materials sector, which had 26 new small cap listings compared to only three in the comparative period in 2020. Whilst Materials listings are normally small caps, a total of five of the 13 large cap IPOs in 2021 were contributed by the Materials sector. This is against the background of future forecast commodity prices with a solid near term outlook for key commodities.

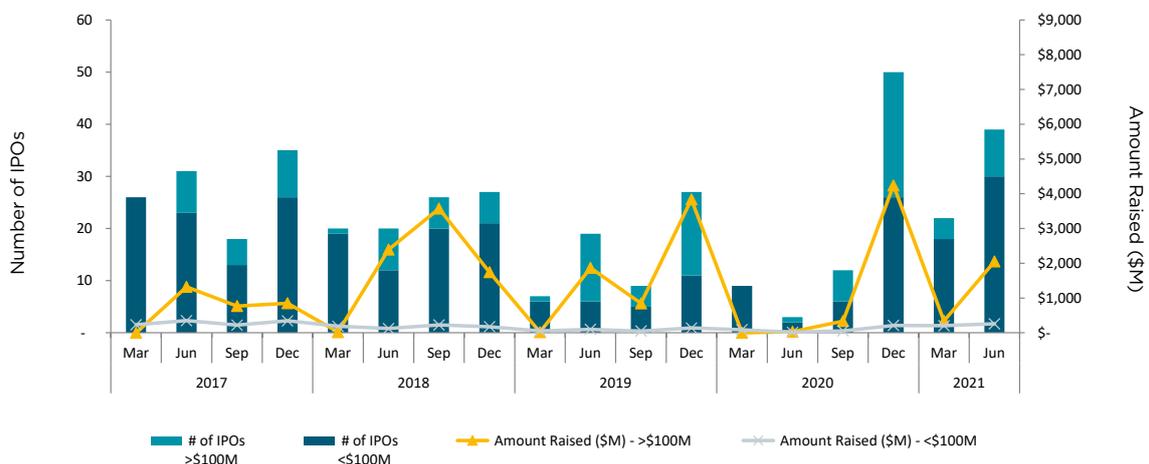
New entrants to the market represented 17 different industry sectors. Outside of the Materials sector which had 51% of all new floats, other industries also performed well with Retailing and Pharmaceuticals, Biotechnology & Life Sciences sectors having four new listings each during the period. Software & Services which historically has been a strong IPO sector in terms of volume only had three new entrants during this period raising a combined \$31 million.

The average first day gain over listing price for all new entrants was 21% but this fell to an average gain by the end of June of only 6%, down from the 16% average gain experienced in the comparative 2020 half year period. This was below the wider market gains of 11% over the period. Only 33 of the 61 new entrants had first day gains, reducing to 23 new listings recording period end gains.

New listings were well supported in terms of subscriptions with 87% of new listings meeting their subscription target raising, on average, 99% of the total subscription funds sought.

The 2021 pipeline is looking very healthy with 42 upcoming floats preparing to list and seeking to raise a further \$1.25 billion.

IPO ACTIVITY BY QUARTER



SECTOR ANALYSIS

SOLID DIVERSITY ACROSS INDUSTRY SECTORS

Industry	All Listings				Small Cap Only			
	2021		2020		2021		2020	
	Number	Amount Raised (\$m)	Number	Amount Raised (\$m)	Number	Amount Raised (\$m)	Number	Amount Raised (\$m)
Automobiles & Components	-	-	-	-	-	-	-	-
Banks	1	501	-	-	-	-	-	-
Capital Goods	1	3	1	9	1	3	1	9
Commercial & Professional Services	2	16	-	-	2	16	-	-
Consumer Durables & Apparel	1	7	-	-	1	7	-	-
Consumer Services	1	212	-	-	-	-	-	-
Diversified Financials	3	210	-	-	2	10	-	-
Energy	1	7	-	-	1	7	-	-
Food & Staples Retailing	-	-	-	-	-	-	-	-
Food, Beverage & Tobacco	1	206	1	13	-	-	1	13
Health Care Equipment & Services	3	425	3	42	2	14	2	12
Household & Personal Products	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Materials	31	649	3	34	26	220	3	34
Media & Entertainment	2	102	-	-	1	18	-	-
Pharmaceuticals, Biotechnology & Life Sciences	4	140	2	18	3	50	2	18
Real Estate	-	-	-	-	-	-	-	-
Retailing	4	298	-	-	3	38	-	-
Semiconductors & Semiconductor Equipment	-	-	-	-	-	-	-	-
Software & Services	3	31	2	16	3	31	2	16
Technology Hardware & Equipment	-	-	-	-	-	-	-	-
Telecommunication Services	1	22	-	-	1	22	-	-
Transportation	1	12	-	-	1	12	-	-
Utilities	1	14	-	-	1	14	-	-
Total	61	2,855	12	132	48	462	11	102

There was a significant level of diversity across listings for the period with a total of 17 sectors represented compared to six in the first half of 2020. Of those industry sectors which recorded listings during the period, a total of eight sectors had multiple listings.

The Materials sector comprised 51% of all new listings by number for the six-month period raising \$648.8 million. Of the 31 Materials listings, 20 new entrants hold gold projects demonstrating the continuing supportive conditions for gold IPOs. Copper also saw significant price increases and a total of five new entrants holding copper projects listed during the period. Materials listings ended the period with an average 6% share price gain over listing price.

Outside of the Materials sector, the strongest contributors to total funds raised were listings within the Banks and Health Care Equipment & Services sectors with \$501 million and \$425 million raised respectively. The Retailing sector also made a reasonable contribution with average funds raised of \$298 million across four listings.

Despite the solid volumes, however, share price performance was subdued across new market entrants. All of the sectors with multiple listings recorded average first day gains but only the Pharmaceuticals, Biotechnology & Life Sciences sector recorded average period end gains of over 15%, ending the period at 23% above listing price. The worst performing sectors were Commercial & Professional Services, with an average period end loss of 31%, and the Consumer Durables & Apparel sector with its sole listing recording a 48% period end loss.

The average first day gain across all new listings was 21% and the average period end gain was 6%. The strongest performers in terms of share price included Firebird Metals Limited (ASX: FRB, 208% gain) and Pentanet Limited (ASX: 5GG, 170% gain).

This period has also seen five foreign listings (2020: 2), including Keypath Education International Inc (ASX: KED) and Chimeric Therapeutics Limited (ASX: CHM) which both have US-based operations.

2021 SNAPSHOT

COMPARED TO THE FIRST HALF OF 2020



12 listings
in the first
6 months of 2020



\$132 million
in the first
6 months of 2020



19%
in the first
6 months of 2020



11 listings
in the first
6 months of 2020



3 listings
in the first
6 months of 2020

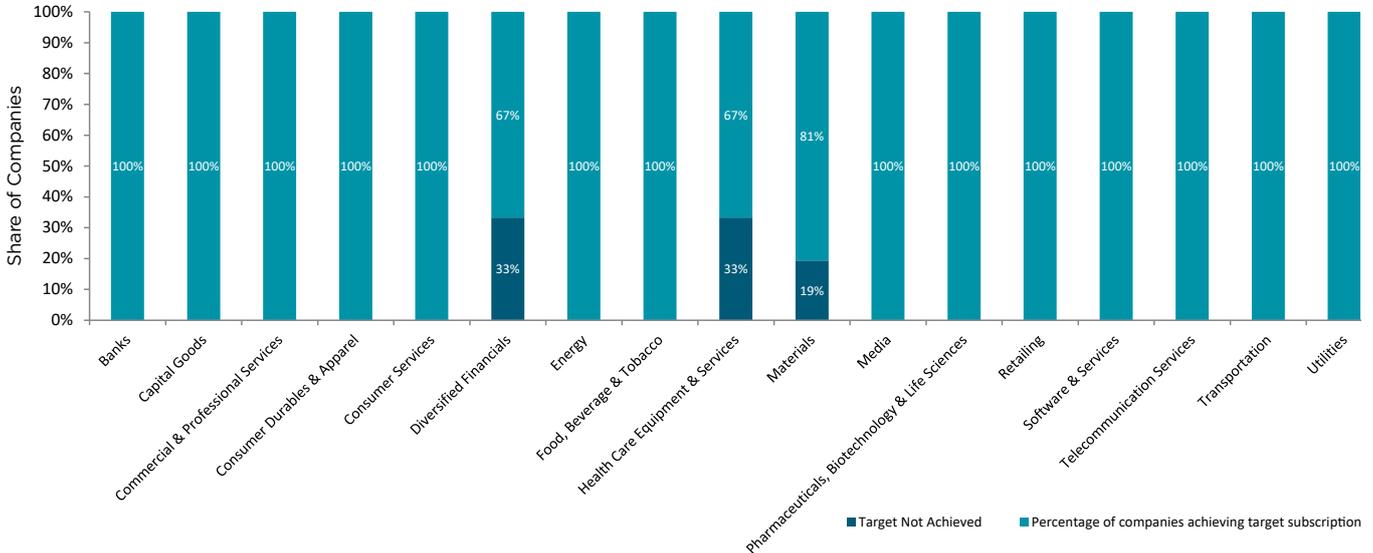


16%
in the first
6 months of 2020

IPO SUBSCRIPTION RATES

SOLID SUBSCRIPTION RATES FOR IPOs

PERCENTAGE OF COMPANIES ACHIEVING TARGETS BY SECTOR



The market continued to experience strong IPO subscription rates during the first six months of 2021, continuing on from the trends seen in 2020 and 2019. A total of 53 listings (87%) met their subscription targets, raising on average 99% of the total subscription funds sought.

Notably all large cap listings during the period met their subscription targets, led by Pepper Money Limited (ASX: PPM) which raised approximately \$500 million. Despite the strong initial investor support for large cap listings, share price growth post listing was subdued as, on average, listings from the large cap sector made first day gains of 3% and an average gain of 4% by the end of the six month period. The best performing large cap listing was Airtasker Limited (ASX: ART) which recorded a first day gain of 62% which further increased to a 69% period end gain.

Within the small cap sector, the best performing market capitalisation range was \$50-75 million, recording 100% of subscription targets raised. This bracket also recorded the best performance in terms of average year end gains at 69% for its three listings. The \$0-10 million and \$10-25 million brackets were also solidly subscribed with 97% of targeted funds raised for each bracket.

PERCENTAGE OF SUBSCRIPTION TARGET ACHIEVED¹



Materials stocks performed well in terms of subscription levels with 25 of the 31 listings meeting their goals including all new large cap materials listings. Within the other sectors which had multiple listings, the Pharmaceuticals, Biotechnology & Life Sciences, Real Estate and Software & Services sectors achieved full subscriptions. The Health Care Equipment & Services and Diversified Financials sectors both only had two out of three listings meeting subscription targets.

Those companies that met their subscription targets significantly outperformed other listings with respect to share price performance. The 53 companies that achieved full subscription recorded average first day gains of 25%, and average gains of 8% by the end of June. This contrasts with those companies which failed to meet their subscription targets which, after experiencing an average first day loss of 7%, finished the period 8% down on their initial listing prices.

There was an increase of underwritten IPOs during the period with 31% of listings being underwritten. This compares to 17% of all listings in the same period in 2020.

¹ Based on the funds target being the midpoint of any allotment range (some companies do not have a range). This means actual fundraising can exceed "targeted" fundraising (i.e. oversubscription).

IPO MARKET PERFORMANCE

MIXED SHARE PRICE PERFORMANCE FROM NEW LISTINGS

HISTORIC PERFORMANCE - ALL ORDINARIES AND IPOs

	All Ordinaries Index	Average First Day Gain/Loss ¹	Average Period End Gain/Loss ¹
6 Months 2021	11%	21%	6%
Year end December 2020	1%	31%	34%
Year end December 2019	19%	24%	35%
Year end December 2018	-7%	10%	-18%
Year end December 2017	8%	23%	63%

¹Average gain/loss relative to listing price for all new IPOs listed in the respective period.

The second half of 2020 saw significant growth in the ASX All Ordinaries Index following a difficult first quarter resulting from the market's initial reaction to the global pandemic. This strong growth has continued into the first half of this year with the index reaching 7,585 by period end. This represents an 11% gain across the period and a total gain of 26.5% since the end of June 2020.

Despite the gains enjoyed by the wider market, IPO performance has been more subdued with a modest 6% average gain for all new listings in the period. This trend is somewhat surprising given the trend in recent years for substantial outperformance by IPOs against the wider market. Despite the slightly lower performance in terms of share prices, the number of upcoming new listings remains strong with a solid contribution from the Materials sector demonstrating investor appetite remains robust for new listings from this sector.

The resources and technology sectors have been the largest contributors to IPO volumes historically. In terms of industry specific market indices, the S&P/ASX 200 Resources Index grew by 7.3% during the first half of 2021 whilst the S&P/ASX All Technology Index was 2.9% up across the period, with both indices fluctuating significantly at different points in time.

Despite the slightly subdued performance of new listings on average, there were still many strong individual performers with 26% of the new listings recording a gain of 20% or more by period end.

S&P/ASX 200 RESOURCES INDEX (SIX-MONTH PRICE HISTORY)



S&P/ASX ALL TECHNOLOGY INDEX (SIX-MONTH PRICE HISTORY)



“The pipeline of new listings at the end of June 2021 is healthy with 42 proposed listings seeking to raise a combined \$1.25 billion.”

THE ROAD AHEAD

The pipeline of new listings at the end of June 2021 is healthy with 42 proposed listings seeking to raise a combined \$1.25 billion. This compares to only a single proposed listing at the end of June 2020 and seven in the same period in 2019. Exploration and mining companies within the Materials sector appear to be the strongest contributors to upcoming listings, with 27 listings looking to raise a total of \$707.4 million. By commodity type, 15 of these upcoming listings hold gold projects with five holding copper projects.

These listings are led by 29 Metals Limited (ASX:29M), holding a portfolio of copper-focussed mining assets and is the largest mining IPO on the ASX in more than a decade. The float closed on 2nd July raising approximately \$527.8 million.

There continues to be a wide range of companies planning to list, with nine industry sectors represented in upcoming listings.

ABOUT IPO WATCH AUSTRALIA

Established in 2004, IPO Watch Australia is a benchmarking-based piece of research which reviews Australia's IPO activity. The primary Report is released in January each year, analysing IPO activity over the previous 12-month period, with the Report updated in July each year and focuses on the previous six months (IPO Watch Mid-Year Report).

The information contained in the Report is based on the research by HLB Mann Judd Perth over a 12 month period. The Report author, Marcus Ohm, and his team collate the data and write the Report commentary.

IPO Watch Australia is widely recognised in the market and is routinely referenced by clients, national media and the broader business community.



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HLB Mann Judd's member firms currently audit over 5% of all ASX-listed companies and 11% of all ASX-listed resources companies in Australia. In addition to audit-related services, we also provide a broad range of advisory and tax services.

IPO readiness

HLB Mann Judd firms have extensive experience in assisting clients in their preparation for an IPO and in evaluating the benefits and feasibility of an IPO against alternative strategic options. Our assistance to companies pursuing an IPO typically includes:

- Investigating accountant's reports on historical and forecast financial information
- Independent expert's reports

- Analysis and advice on feasibility and alternatives to an IPO
- Pre-IPO diagnostic reviews
- Corporate and structuring advice
- Financial and taxation due diligence
- Valuations
- Company and shareholder tax advice and planning
- Accounting advice.

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Disclaimer - The analysis presented in this report relates to all initial public offerings (IPOs) that have resulted in the listing of an entity's securities on the Australian Securities Exchange (ASX) with the exception of compliance, backdoor listings and offers of non-equity securities.

The term "small cap" is used to refer to companies with a market capitalisation of no more than \$100 million. All analysis by reference to market capitalisation on listing is based on the price at which new securities were issued.

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