

## Media Release

### FOR IMMEDIATE RELEASE

## IPO activity stalls in the second half of FY 10

**30 June 2010:** Initial Public Offering (IPO) activity began a recovery from the global financial crisis in the first half of the year to 30 June 2010, however the continued volatility in global markets saw the recovery stall in the second half of the year, according to Deloitte.

New figures from the Deloitte Corporate Finance IPO Survey reveal a total of 67 public company floats in FY10, more than double the 28 IPOs in the previous year.

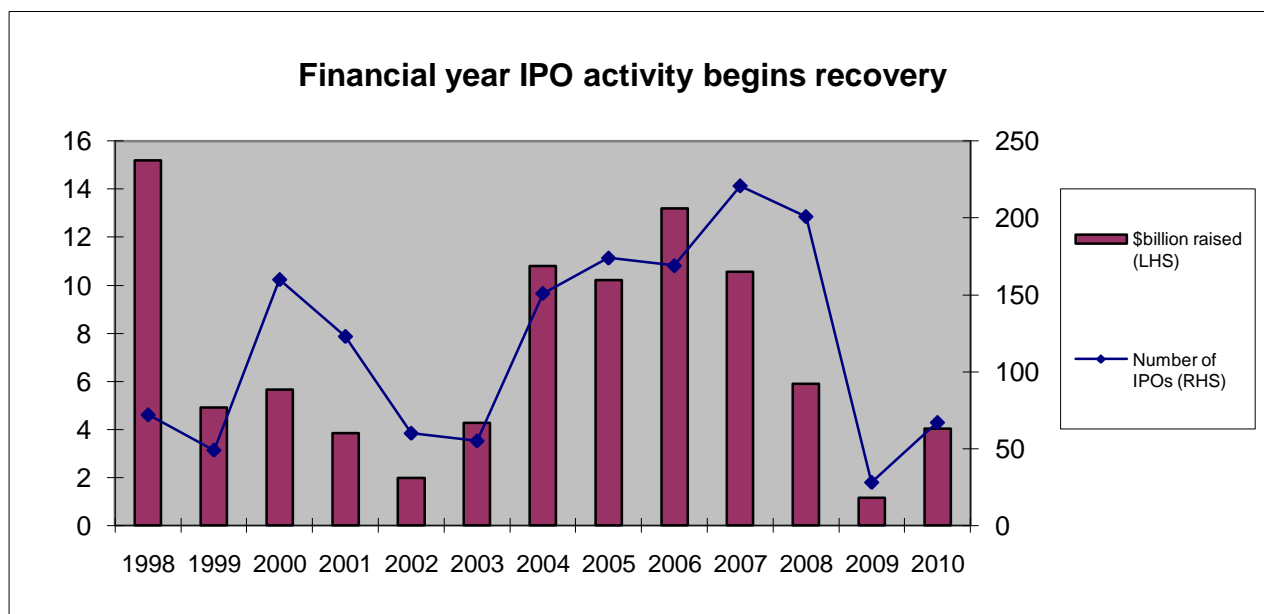
In addition, the value of funds raised increased from \$1.1 billion to \$4.0 billion, although this was heavily weighted to the first half of the year led by Myer, Kathmandu and Carsales.com. Miclyn was the only IPO raising in excess of \$50 million in the second half of FY10.

Eight of the 10 best performing IPOs were in the resources sector.

Deloitte Corporate Finance partner, David Hill, said IPO activity rebounded well in the first half from the depths of the global financial crisis (GFC).

“But when concerns emerged last November about the strength of the global economic recovery, conditions for public floats became more difficult. The fall in share price relative to listing price of the larger floats earlier in the year added to the difficulties for companies planning to raise equity and increased the likelihood of exits via trade sale.”

He said conditions remained testing, as shown by the absence of the usual increase in IPOs ahead of 30 June.



	98	99	00	01	02	03	04	05	06	07	08	09	10
\$billion raised	15.2	4.9	5.6	3.8	2.0	4.3	10.8	10.2	13.2	10.6	5.9	1.1	4.0
Number of IPOs	72	49	160	123	60	55	151	174	169	221	201	28	67

Mr Hill said IPO activity again showed the resilience of small floats of resource exploration companies which have continued in the final quarter of the year, but it was too early to determine the impact of the uncertainty created by the proposed Resource Super Profits Tax (RSPT).

Mr Hill said the price performance of IPOs also improved from the GFC-affected results of the previous year although was still in negative territory. “The weighted average loss of all IPOs in FY10 was 10%. This was much better than the weighted average loss of 53% in the previous financial year, which was affected by the GFC and the share price fall in BrisConnections.

“The 10 largest IPOs returned a weighted average loss of 13%, which largely reflected the fall in share price of Myer, the year’s largest float. Carsales.com was however a notable standout with a share price gain in excess of 40% since listing,” he said.

	2006	2007	2008	2009	2010
Total number of IPOs	169	221	201	28	67
No. of IPOs trading at or above issue price at Y/E	112	163	61	10	24
% of IPOs trading at or above issue price at Y/E	66%	74%	30%	36%	38% <sup>^</sup>
Weighted average price move*	5%	21%	-32%	-53%	-10% <sup>^</sup>
Ten largest IPOs weighted average price move*	-3%	9%	-44%	-55%	-13% <sup>^</sup>

\*Excluding BrisConnections third and final instalment in FY10

<sup>^</sup>Based on 63 floats to list at preliminary survey date of 18 June 10

Mr Hill said IPO activity was likely to continue at current levels for some time, with vendors continuing to look at exits via trade sales or raising capital from other sources rather than seeking to test the public market.

“A highlight of the next few weeks is expected to be the \$1.4 billion float of construction company Valemus. Market reaction to this float, along with conditions in the equity market more generally, will be important in setting the scene for IPO activity over the remainder of 2010.”

## The 10 biggest IPOs

The \$2,200 million Myer IPO was the biggest float of the year by a wide margin, followed by Kathmandu Holdings (\$332 million), Miclyn Express Offshore (\$284 million) and Carsales.com.au (\$164 million).

The top 10 IPOs raised \$3,235 million, or 80% of all funds raised during the year.

Company	Date Listed	Amount raised (\$m)	Price performance at 18/06/10 (%)	Industry
Myer Holdings	2 Nov 09	2200.0	-23	Retailing
Kathmandu Holdings	13 Nov 09	332.3	2	Consumer durables
Miclyn Express Offshore	26 Mar 10	284.0	-21	Energy
Carsales.com.au	10 Sep 09	163.6	42	Software and services
Gerard Lighting Group	19 May 10	85.0	-15	Capital goods
Mungana Goldmines	10 Jun 10	56.5	-2	Materials
Mastermyne Group	7 May 10	40.0	-6	Capital goods
Australian Governance Masters	10 Feb 10	28.7	1	Diversified financials
Novarise Renewables	29 Apr 10	25.0	-8	Materials
Hunnu Coal	12 Feb 10	20.0	408	Energy
<b>Weighted average performance</b>			<b>-13%</b>	
<b>Weighted average all FY10 IPOs</b>			<b>-10%</b>	

## The 10 best performing IPOs

The top performing IPOs of the past financial year rewarded investors with very high returns. The 10 best performing floats delivered a weighted average share price gain of 107%, more than doubling initial investors' money.

Hunnu Coal was the best performing IPO of the year, with the 20 cent shares of the Mongolian coal explorer increasing by 408% to \$1.015 by the preliminary survey date.

Tanzanian gold explorer Tusker Gold was the next best float, improving by 300%. The company was delisted only six months after joining the ASX following an \$0.80-cents-a-share takeover by Barrick Gold.

Eight of the 10 best performing IPOs were in the resources sector, with Astivita Renewables (up 80%) and Carsales.com.au (up 42%) the only non-resource floats to make it into the top 10 list.

Company	Date Listed	Amount raised (\$m)	Price performance at 18/06/10 (%)	Industry
Hunnu Coal	12 Feb 10	20.0	408	Energy (coal)
Tusker Gold	16 Dec 09	10.0	300*	Materials (gold)
Stanmore Coal	9 Dec 09	6.0	265	Materials (coal)
Doray Minerals	8 Feb 10	4.7	250	Materials (gold)
Apollo Gas	15 Dec 09	8.0	192	Energy (oil and gas)
Matrix Composites	16 Nov 09	15.0	167	Energy (engineering)
Astivita Renewables	16 Dec 09	1.8	80	Capital goods
Australian Bauxite	24 Dec 09	4.0	60	Materials (bauxite)
Ethan Minerals	4 Dec 09	4.2	58	Materials (copper)
Carsales.com.au	10 Sep 09	163.6	42	Software and services
<b>Weighted average performance</b>			<b>107%</b>	
<b>Weighted average all FY10 IPOs</b>			<b>-10%</b>	

\*delisted 26/5/10 after takeover by Barrick Gold. Price performance based on bid price of \$0.80 a share

## IPOs by industry

The materials sector again produced the largest number of IPOs, generating 37 floats in FY10. It was followed by the energy sector (13) and capital goods (4).

In terms of share price performance, the best results came from the software and services sector, reflecting the 42% share price rise of Carsales.com.au.

The materials sector was the second best performance by industry, with a weighted average gain of 11%, followed by energy (12%) and consumer durables and apparel (2%).

	Number	Total raised (\$m)	Average* share price change (%)
Capital goods	4	146.6	-10
Commercial services and supplies	1	2.5	-15
Consumer durables and apparel	2	346.4	2
Consumer services	1	6.0	-32
Diversified financials	3	37.7	-9
Energy	13	389.7	12
Health care equipment and services	2	14.6	-63
Materials	37	308.5	11
Retailing	1	2,200.0	-23
Software and services	2	164.9	41
Technology, hardware & equipment	1	3.0	-83
Transportation**	-	408.7	-
<b>Total</b>	<b>67</b>	<b>4,028.6</b>	

\*Calculated as a weighted average of individual share price gains or losses at 18/06/10 relative to issue price (based on ASX Industry Codes)

\*\*Includes \$408.7 million from third and final instalment of BrisConnections, payable 29 Jan 10. Fully paid up units began trading 11 Feb 10.



## IPOs by state

Victoria raised the most IPO funds of any state due to the \$2,200 million float of Myer in November 2009. Myer was one of seven floats in Victoria, which raised a total of \$2,388 million in FY10.

Queensland was the next largest state in terms of value of funds raised, despite a decrease from \$839 million in FY09 to \$509 million in FY10. However, these figures largely reflect the Brisconnections float which raised \$817 million in FY09 and \$409 million in the latest financial year from the final installment.

New South Wales raised \$393 million from 10 IPOs. Miclyn Express Offshore accounted for \$284 million or almost three quarters of all funds raised.

Western Australia continued to produce the largest number of IPOs, with small resource floats continuing to dominate activity in the state. WA generated 36 floats with a total of \$281 million raised. The average IPO size in Western Australia was \$7.8 million, compared to less than \$6 million in the previous year.

IPOs in South Australia raised \$113 million, with \$85 million from Gerard Lighting Group, one of the top 10 floats of the year by value.

	Year to 30 June 09		Year to 30 June 10	
	Number	Total raised (\$m)	Number	Total raised (\$m)
NSW	5	64.1	10	393.2
Vic	2	137.7	7	2,387.9
Qld	3	839.3	8	509.2*
WA	17	101.2	36	281.0
SA	1	6.9	3	113.0
NT	-	-	1	4.0
Other	-	-	2	340.3
<b>Total</b>	<b>28</b>	<b>1,149.2</b>	<b>67</b>	<b>4,028.6</b>

\*Includes \$408.7 million from third and final instalment of BrisConnections, payable 29 Jan 10.  
Fully paid up units began trading 11 Feb 10.

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### For further information:

David Hill  
Partner, Corporate Finance  
Tel: +61 8 8407 7181  
[dhill@deloitte.com.au](mailto:dhill@deloitte.com.au)

Karina Randall  
Corporate Affairs & Communications  
Mobile: 0414 823 712  
Tel: +61 (0) 2 9322 3778  
[karandall@deloitte.com.au](mailto:karandall@deloitte.com.au)

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