



European IPO market: Outlook for 2024

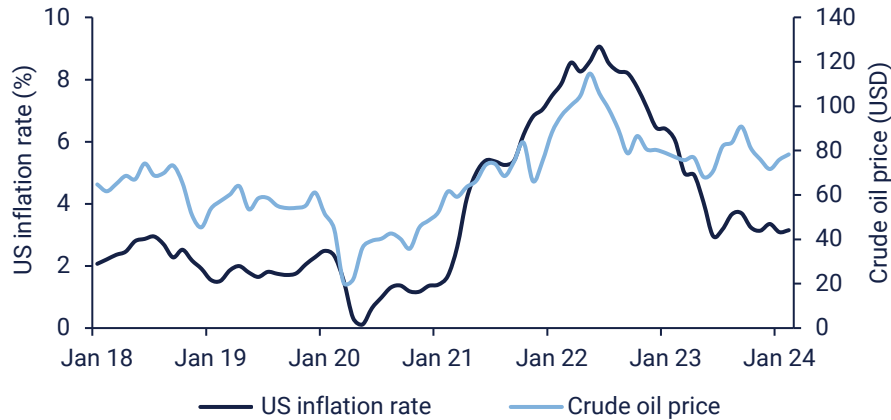
The IPO window is open again!

May 2024

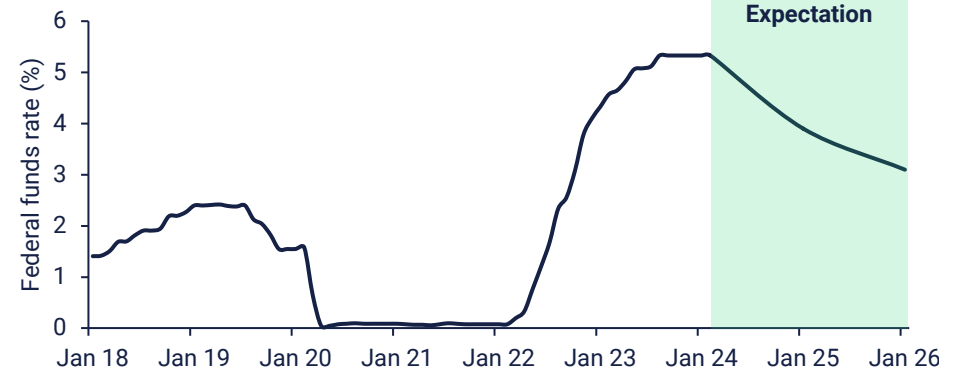


As macroeconomic tailwinds ease, 2024 set to be stellar IPO year

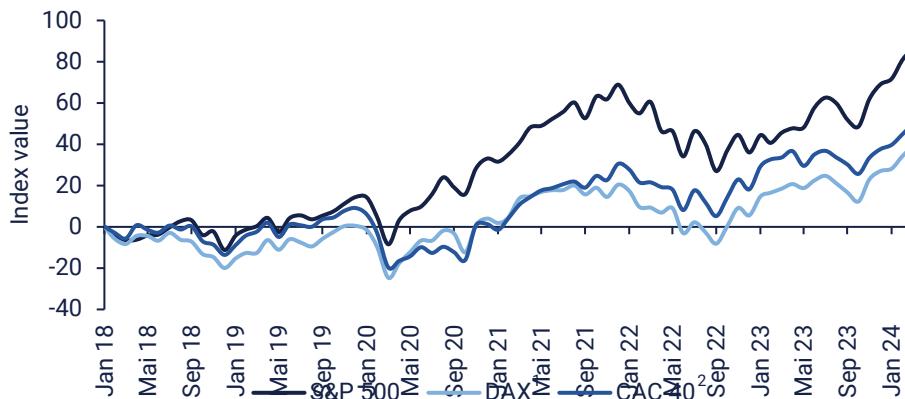
(I) Since 2021 inflation rates have increased sharply fuelled by the steep rise in energy prices



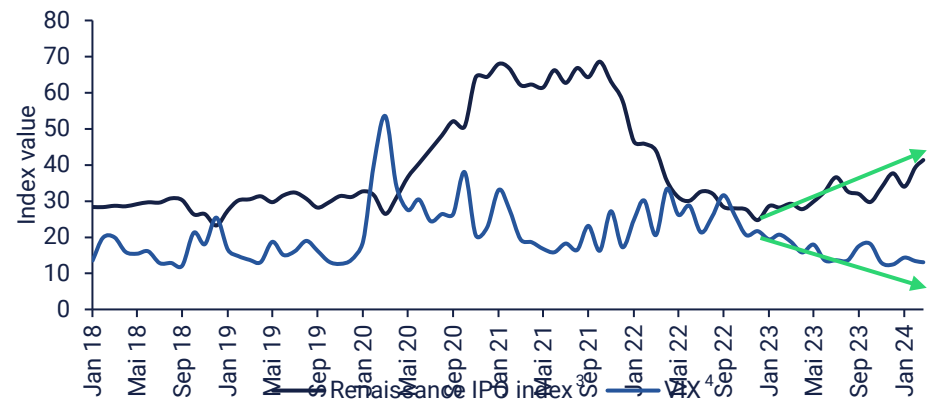
(II) As inflationary pressure is now easing going further into 2024, the market expects central banks to lift their foot off the break



(III) Markets have reacted very positively with leading indices like the S&P 500, DAX and CAC 40 at record highs...



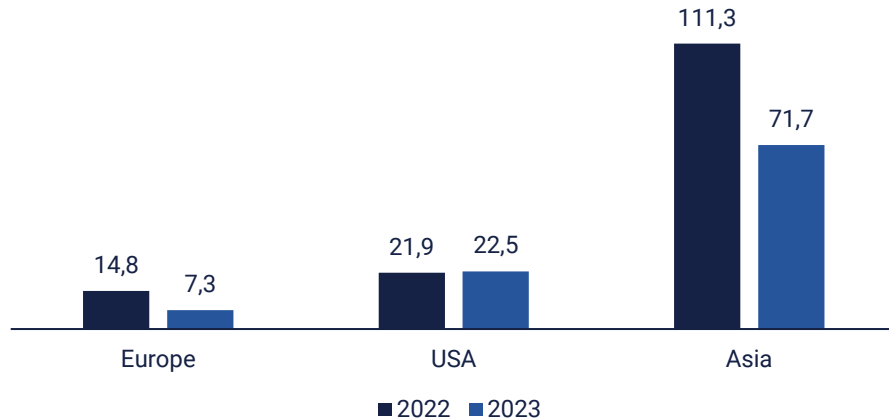
(IV) ...and investor appetite for IPOs is increasing continuously as the market is de-risking



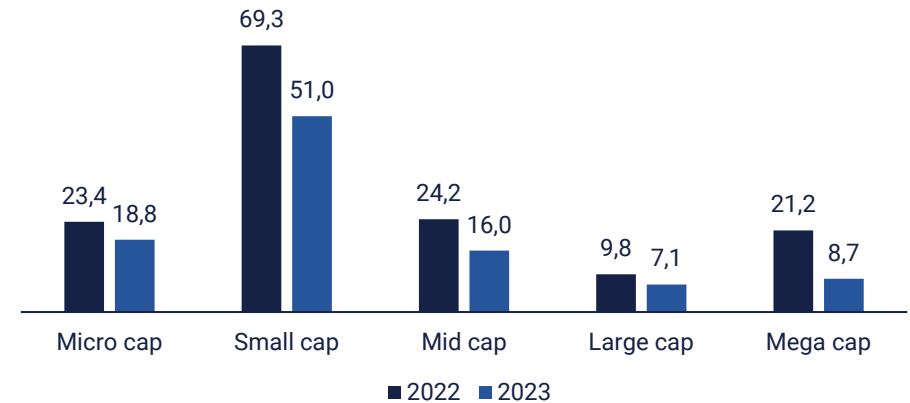
Note(s): 1) Represents the 40 largest German companies; 2) Represents the 40 largest French companies; 3) Index of US-listed newly public companies; 4) Measures the implied volatility of the S&P 500
 Source(s): Capital IQ, St. Louis FED

2023 recap: The US IPO market started to recover early, while Europe and Asia were still held back due to the challenging macro environment

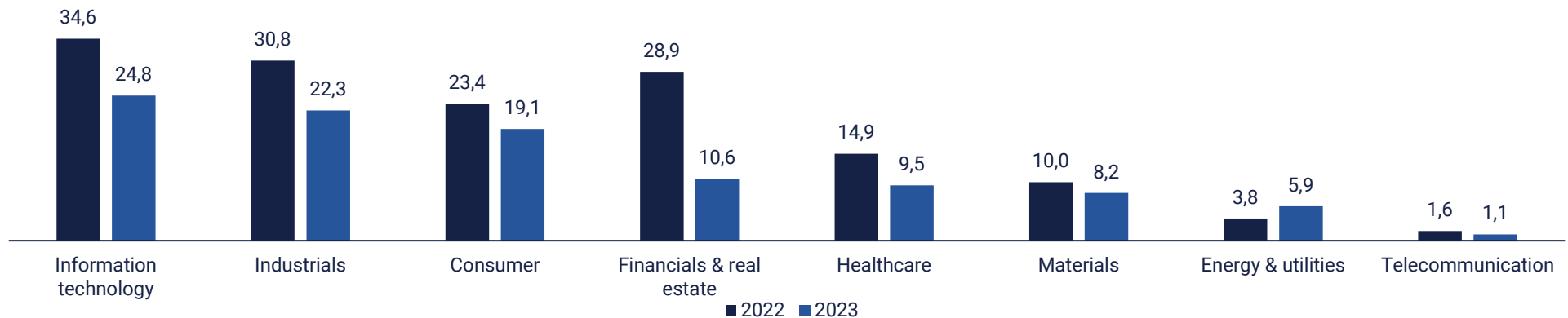
Asia and Europe experienced a significant fall in IPO volumes in 2023, while the US already started to recover (USDbn)



IPO transaction values fell across all company sizes, but mega cap deals were particularly scarce in 2023¹ (USDbn)



Information technology IPOs continued to be the largest contributor to total IPO transaction values in 2023 while financial and real estate IPOs saw the largest drop due to the decreasing popularity of SPACs² (USDbn)

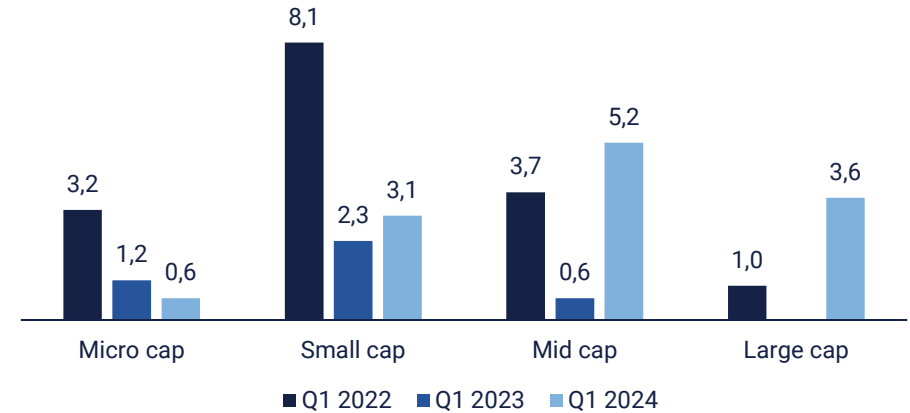
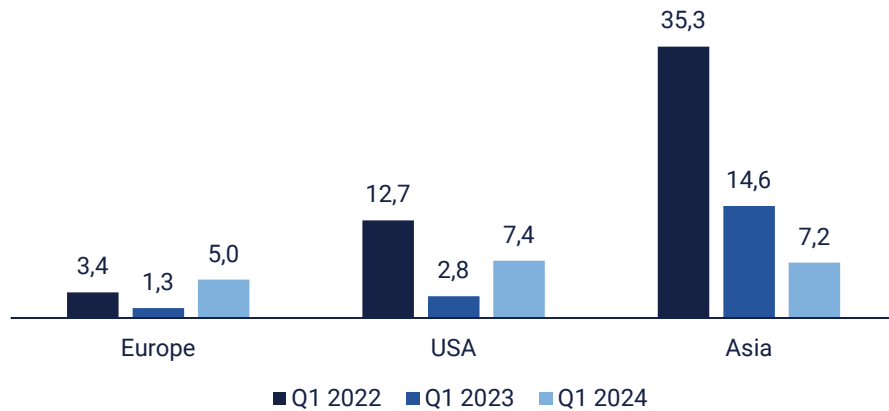


Note(s): 1) Transaction value size brackets: Micro-cap (< USD 100m), Small-cap (< USD 500m), Mid-cap (< USD 1bn), Large-cap (< USD 2.5bn), Mega-cap (>2.5bn); 2) Special Purpose Acquisition Company
Source(s): Capital IQ

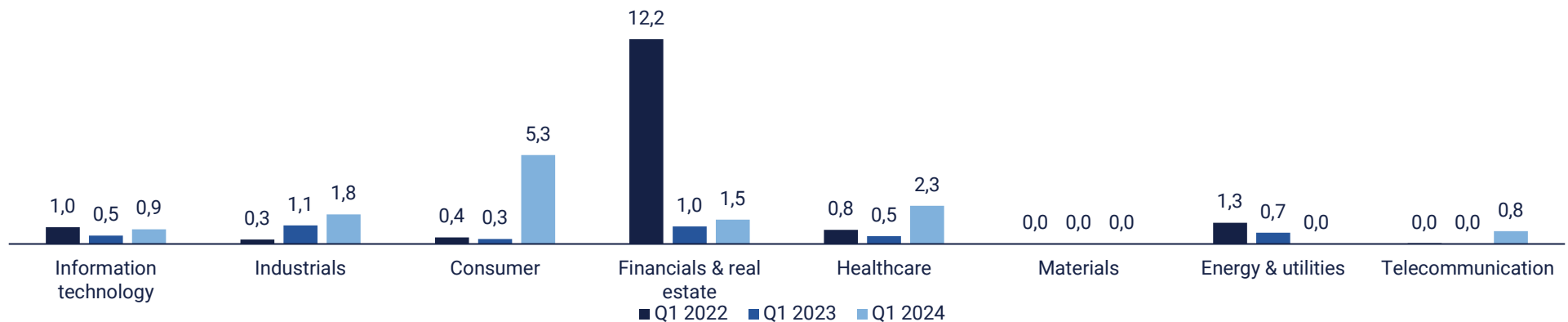
Q1 2024 wrap-up: The IPO window is open again with European and US IPO transaction values increasing

IPO transaction values have recovered significantly in Q1 2024 compared to last year's first quarter (USDbn)

Q1 2024 saw a large increase in small- to large-cap IPOs in Europe and the US compared to Q1 2023¹ (USDbn; excl. Asia)



IPO transactions values have increased across all major sector groups but particularly in the consumer and healthcare space reflecting the improving market sentiment (USDbn; excl. Asia)



Note(s): 1) Transaction value size brackets: Micro-cap (< USD 100m), Small-cap (< USD 500m), Mid-cap (< USD 1bn), Large-cap (< USD 2.5bn), Mega-cap (>2.5bn)
Source(s): Capital IQ

Q1 2024 wrap-up: The largest 15 US and European IPOs have raised almost USD 30bn during 2023 and Q1 2024

Six of the largest US IPOs in 2023/24 took place during the first quarter of 2024 (USDm)

Company name	IPO date	Transaction value	Return since IPO
arm	Q3 2023	4,871	117%
kenvue	Q2 2023	3,802	-10%
BIRKENSTOCK	Q4 2023	1,484	4%
AMER SPORTS	Q1 2024	1,365	23%
reddit	Q1 2024	748	80%
AsteraLabs.	Q1 2024	713	101%
BRIGHTSPRING HEALTH SERVICES	Q1 2024	693	-12%
American Healthcare REIT	Q1 2024	672	20%
instacart	Q3 2023	660	10%
nextracker	Q1 2023	638	85%
B BB	Q1 2024	589	43%
klaviyo	Q3 2023	576	-17%
ACELYRIN	Q2 2023	540	-76%
ARES ACQUISITION CORPORATION	Q2 2023	450	6%
ODDITY	Q3 2023	424	17%

European flagship IPOs like Galderma, Hidroelectrica, Renk and Rusta were very well received by the market (USDm)

Company name	IPO date	Transaction value	Return since IPO
GALDERMA	Q1 2024	2,212	38%
HIDROELECTRICA	Q3 2023	1,782	28%
DOUGLAS	Q1 2024	965	-24%
SCHOTT PHARMA	Q3 2023	856	16%
ATHENS	Q1 2024	805	2%
LOTTOmatica	Q2 2023	662	14%
thyssenkrupp RUCERFA	Q3 2023	572	42%
Admiral Acquisition Limited	Q2 2023	540	7%
RENK	Q1 2024	482	74%
EUROGROUP LAMINATIONS	Q1 2023	421	19%
IONOS	Q1 2023	416	42%
CAB PAYMENTS	Q3 2023	370	51%
RUSTA	Q4 2023	186	94%
Norconsult	Q4 2023	162	61%
Optima Bank	Q3 2023	160	62%

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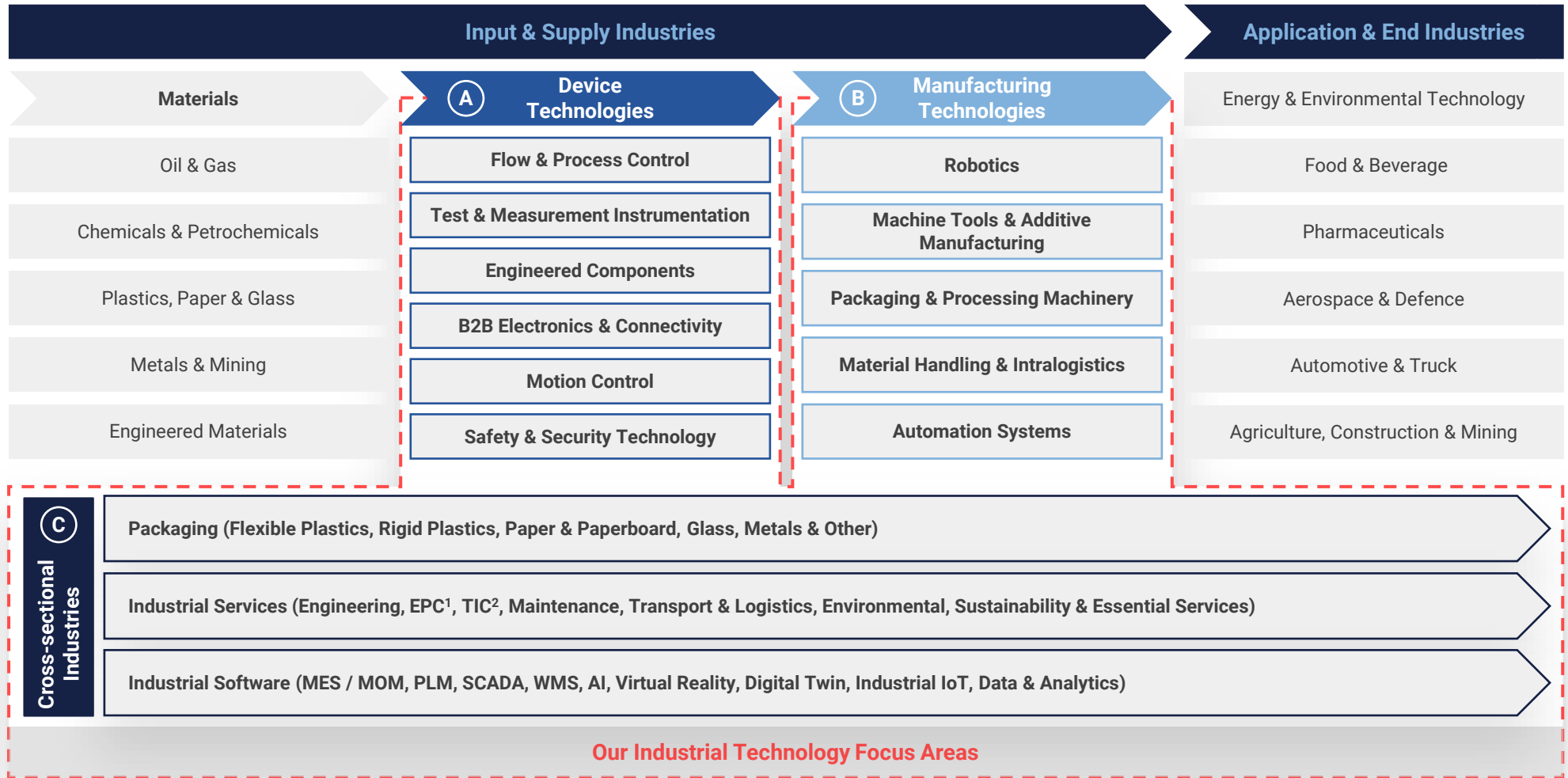
As the stock market reaches new highs, the IPO market is also heating up. We can see this in the interest we are getting from both companies and investors. Some early birds have also taken the plunge, and the few IPOs that have taken place have been well received.

Anders Elgemyr
Managing Partner
Carlsquare



Industrial market segmentation

Horizontal value chain alignment



1) EPC = Engineering, Procurement and Construction; 2) TIC = Testing, Inspection, Certification, Safety & Compliance

The Ukrainian war impact on share price performance has been more severe over time than the COVID-19 pandemic. However, share prices of industrial companies have recovered well since the beginning of the Ukrainian conflict

Share price performance since 2020



	LTM	4 Years
	75.8%	123.1%
	29.2%	80.9%
	24.1%	77.0%
	10.5%	51.4%
	7.0%	28.6%
	7.9%	22.6%

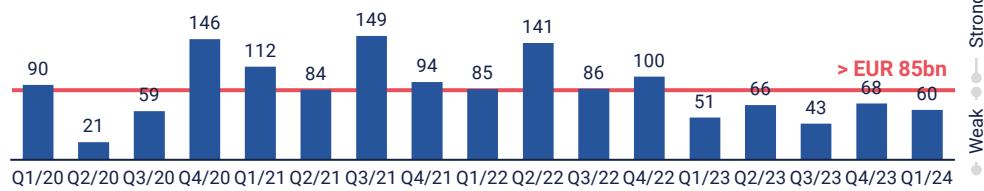
The industrial indices have demonstrated strong financial performance, over the last four years, despite the temporary impacts of the COVID-19 and Ukraine crises

Source(s): S&P Capital IQ (as of 01.01.2024)
 Note(s): 1) Packaging includes the verticals Packaging and Packaging & Process Machinery

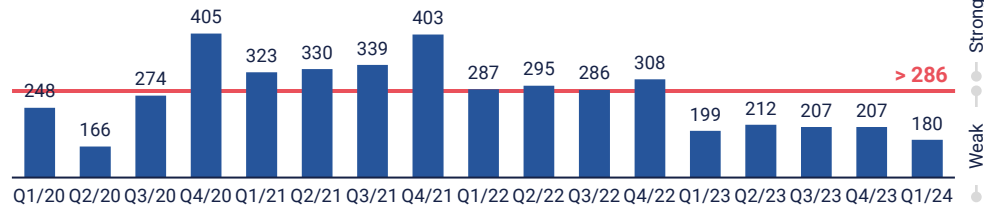
Economic turbulences and continued risk of global recession has strained Industrial Technology transaction activity since 2020. Few quarters have been strong, most notably Q4 2020 with a COVID re-bound effect. A similar catch-up dynamic can be expected when economic risks will ease

Global Industrial Technology M&A transactions since 2020

Quarterly M&A deal value in EUR bn



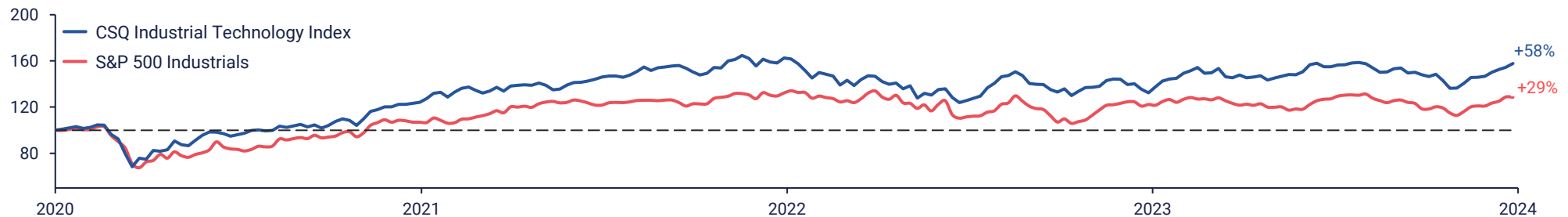
Quarterly M&A deal count



Recent landmark transactions

Date	Country	Target	Vertical	Description	Buyer	EV (EURm)
Feb 24	Germany	SCHWINGSHANDL	Material Handling & Intralogistics	Provider of intralogistics solutions	IK Partners	n.a.
Oct 23	Germany	Elektro-Automatik	B2B Electronics	Provider of power electronics	FORTIVE	1,585
Jul 23	Germany	SCIO AUTOMATION	Automation Systems	Provider of automation solutions	AEA	n.a.
Jul 23	Germany	BOBOS AUTOMATION	Automation Systems	Manufacturer of automation systems	DÜRR	440
May 23	Germany	schenck process	Packaging & Processing Machinery	Provider of processing technology	HILLENBRAND	730

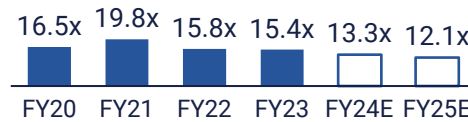
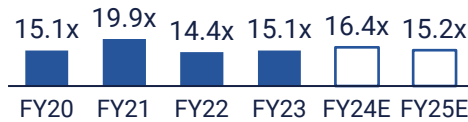
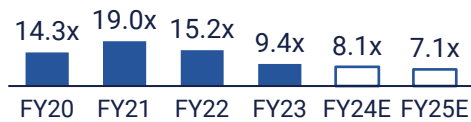
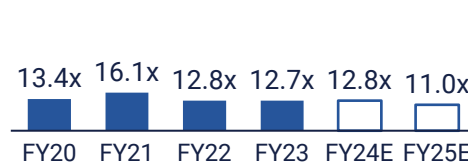
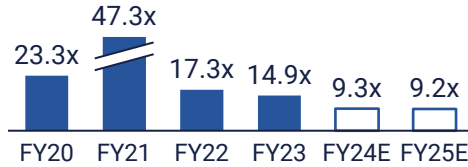
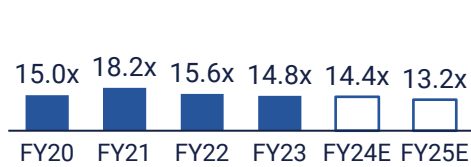
Industrial Technology price performance vs. S&P 500 Industrials since 2020



Source(s): S&P Capital IQ, Pitchbook, Carlsquare analysis (as of 01.01.2024)
 Note(s): M&A transactions based on delimiting screening criteria (e.g., > EUR 10m transaction value)

A Device Technologies – Comparable public company valuation levels

Sub vertical EV/EBITDA valuation levels (I/III)



■ Historical median EV/EBITDA □ Consensus estimate median EV/EBITDA

Source(s): S&P Capital IQ as of 26.04.2024

Note(s): Historical multiples are calculated with the median EV in the respective year 1) Based on press coverage, expected signing in May 2024

Notable M&A transactions

INNOMOTICS

A Siemens Business

Provider of electric motors and drive systems

was acquired by¹

KPS CAPITAL PARTNERS, LP

May 2024

EURm 3,000 Enterprise Value

FLEXIM

Provider of industrial flow meters

was acquired by

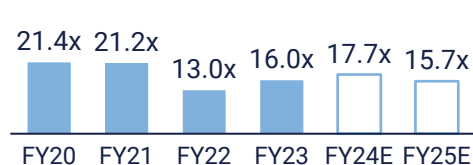
EMERSON

August 2023

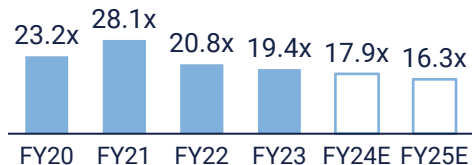
Enterprise Value not disclosed

B Manufacturing Technologies – Comparable public company valuation levels

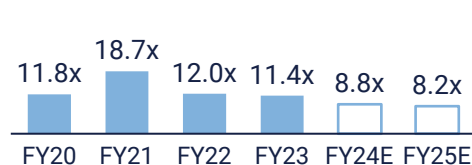
Sub vertical EV/EBITDA valuation levels (II/III)



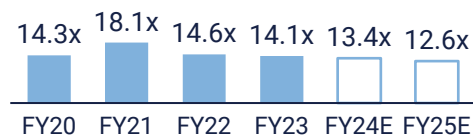
Robotics



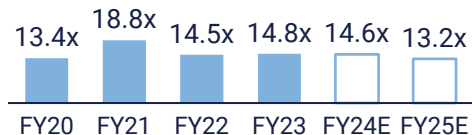
Test & Measurement Instrumentation



Packaging & Processing Machinery



Material Handling & Intralogistics



Automation Systems

■ Historical median EV/EBITDA □ Consensus estimate median EV/EBITDA

Source(s): S&P Capital IQ as of 26.04.2024
 Note(s): Historical multiples are calculated with the median EV in the respective year

Notable M&A transactions

Manufacturer of automation systems

was acquired by

July 2023
 EURm 440 Enterprise Value

Tissue business

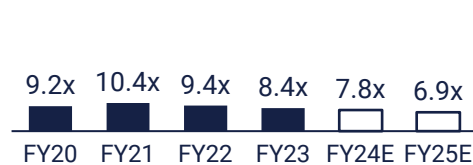
Provider of tissue converting machinery

was acquired by

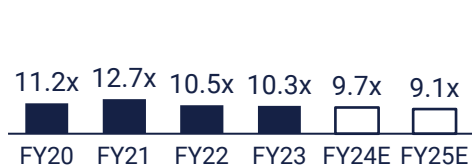
July 2023
 EURm 380 Enterprise Value

C Cross-Sectional Industries – Comparable public company valuation levels

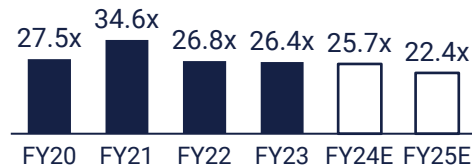
Sub vertical EV/EBITDA valuation levels (III/III)



Packaging



Industrial Services



Industrial Software

Notable M&A transactions

Provider of engineering simulation software

was acquired by

January 2024

EURm 32,700 Enterprise Value

Manufacturer of packaging products

was acquired by

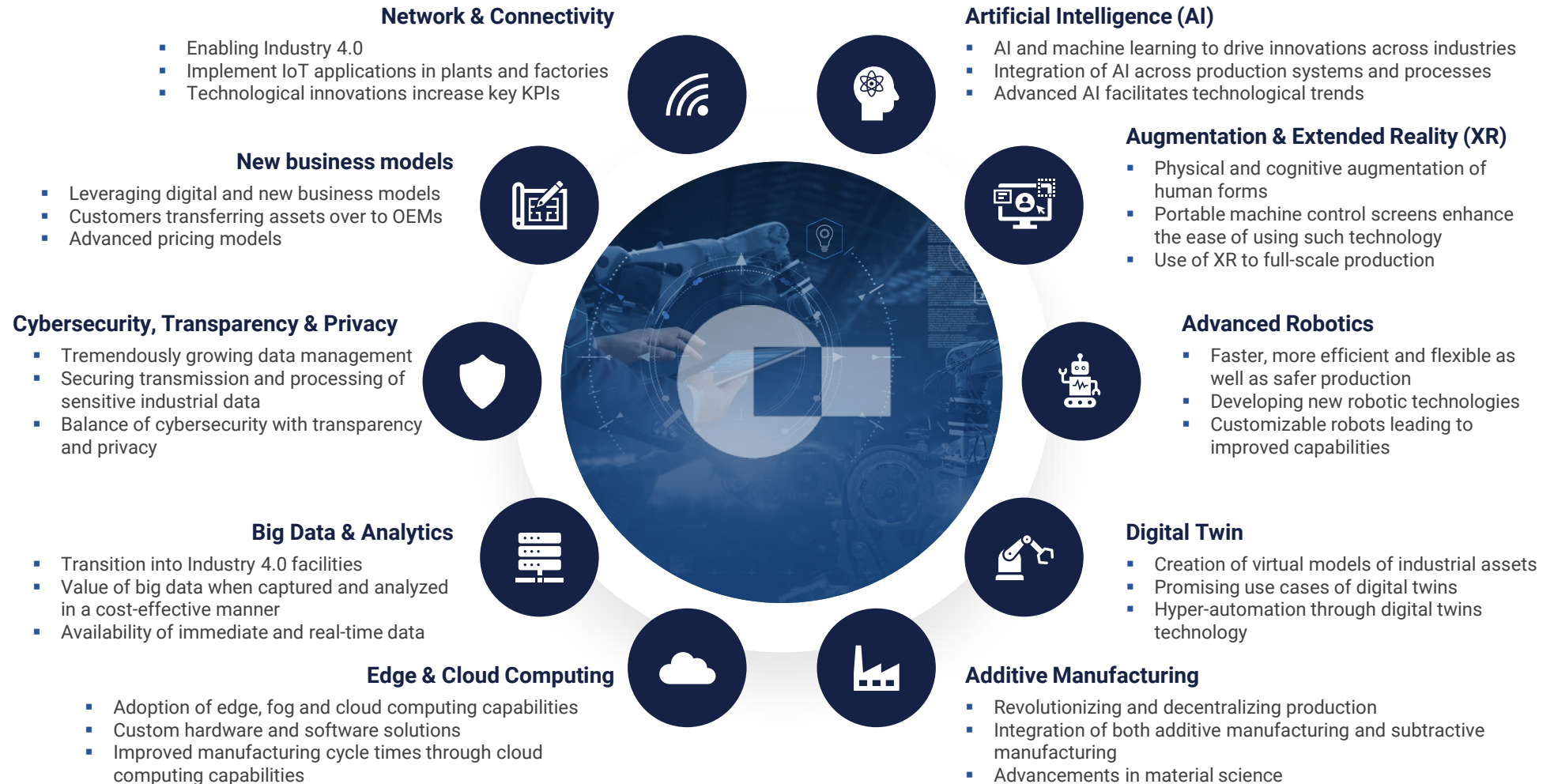
September 2023

EURm 20,000 Enterprise Value

■ Historical median EV/EBITDA □ Consensus estimate median EV/EBITDA

Source(s): S&P Capital IQ as of 26.04.2024
 Note(s): Historical multiples are calculated with the median EV in the respective year

Top 10 trends in Industrial Technology



Carlsquare demonstrates a strong track record in the Industrial Technology space, underpinned by high deal engagement and superior valuation levels

Key facts and recent Industrial Technology transactions

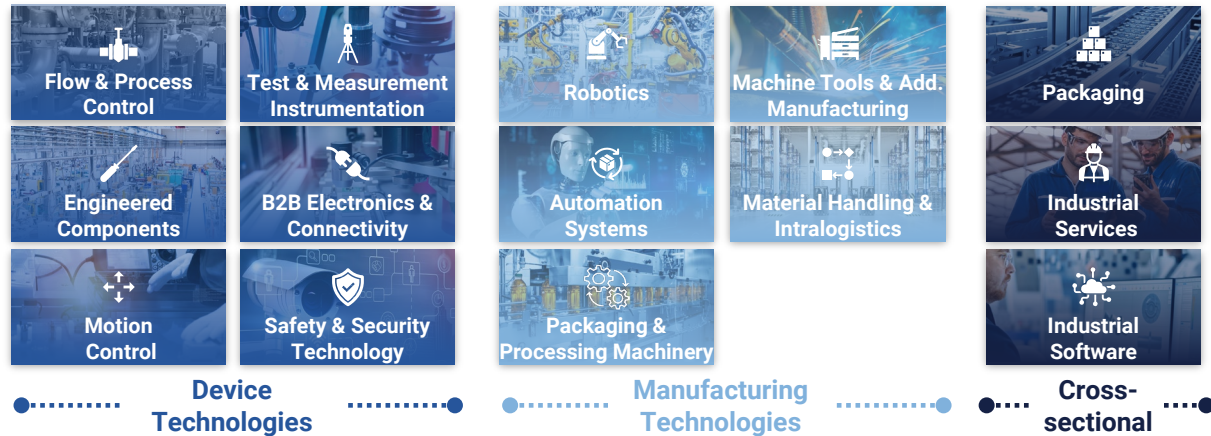
21 Completed **Industrial Technology** transactions since 2021

30 Dedicated **Industrial Technology** bankers across 6 offices

14 Covered sub-verticals across the Industrial Technology sector

Industrial Technology vertical coverage

Coverage of a broad array of verticals in the Industrial Technology sector...



Steffen Leckert
Managing Partner
 Head of Industrial Technology



- Carlsquare's Industrial Technology Group combines deep industry relationships with extensive experience to offer a broad range of expertise
- Broad expertise in the Industrial Technology sector, gained through many years of experience and a substantial track record of transactions, resulting in a deep understanding of comprehensive verticals, including devices, manufacturing and cross-sectional technologies/industries
- Active private equity coverage and first-hand market intelligence, as well as an extensive network in the industrial technology buyer universe

“

We see an improving M&A dynamic within the Industrial Technology sector and anticipate a spill-over effect once the capital markets regain momentum, presenting promising opportunities for IPOs.

Steffen Leckert
Managing Partner
Carlsquare





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