

European IPO market: Outlook for 2024

The IPO window is open again!

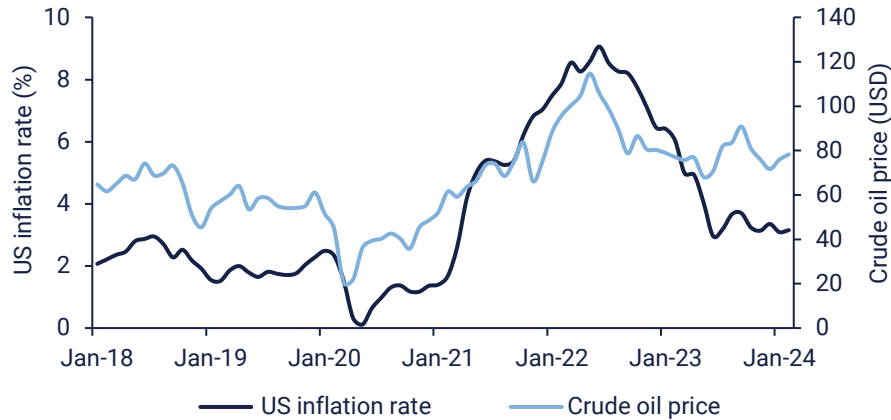
Stockholm, May 2024



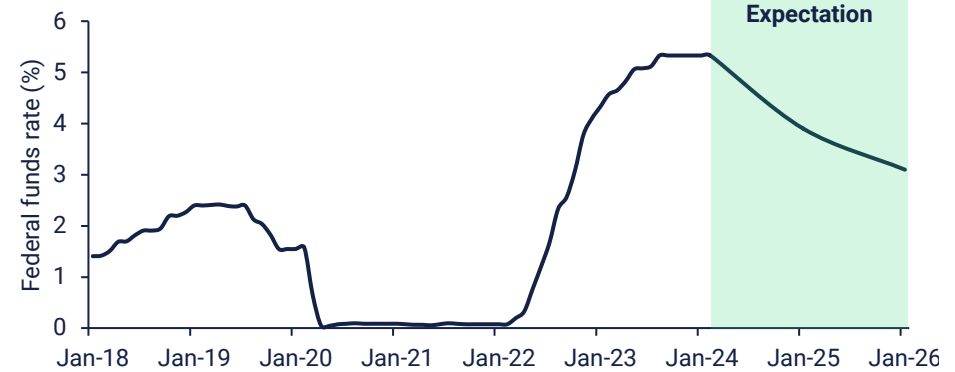
Strictly Confidential

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

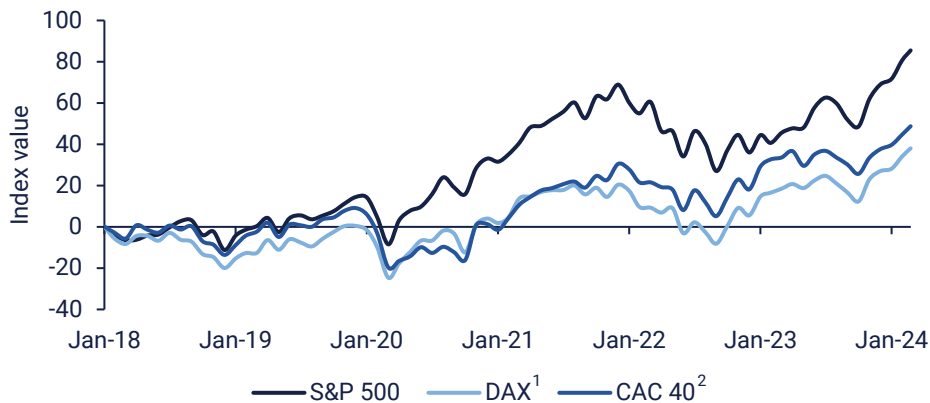
(I) Since 2021 inflation rates have increased sharply fuelled by the sharp rise in energy prices



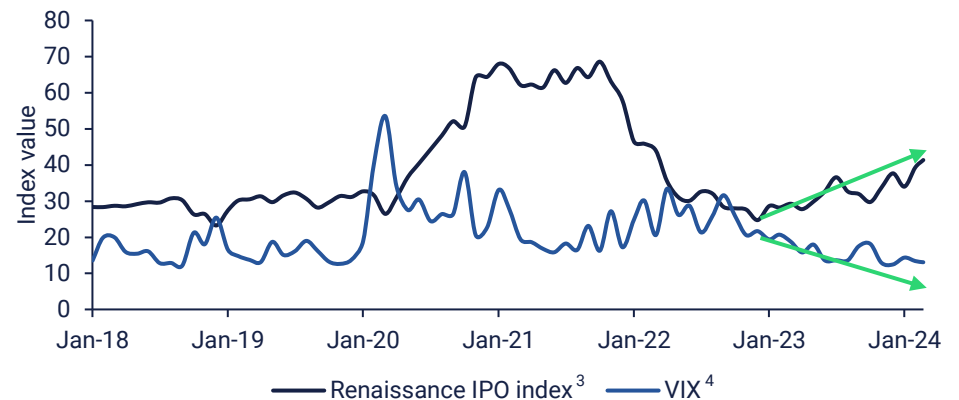
(II) As inflationary pressure is now easing going further into 2024, the market expects central banks to lift their foot off the break



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



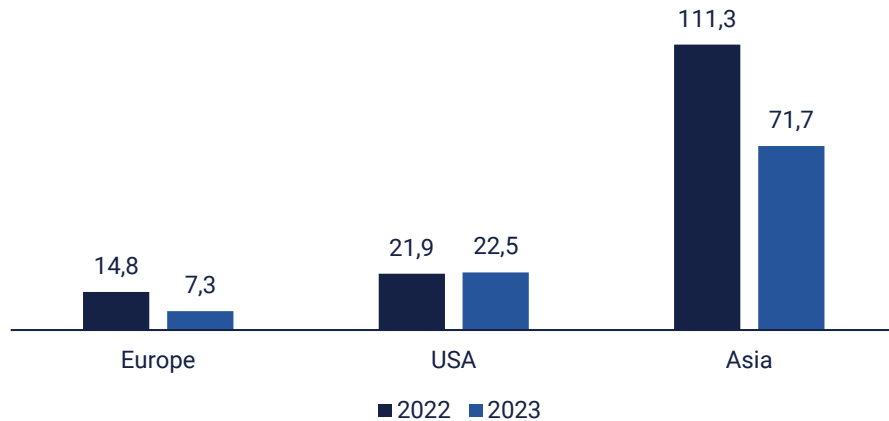
(IV) ...and investor appetite for IPOs is increasing continuously as the market is de-risking



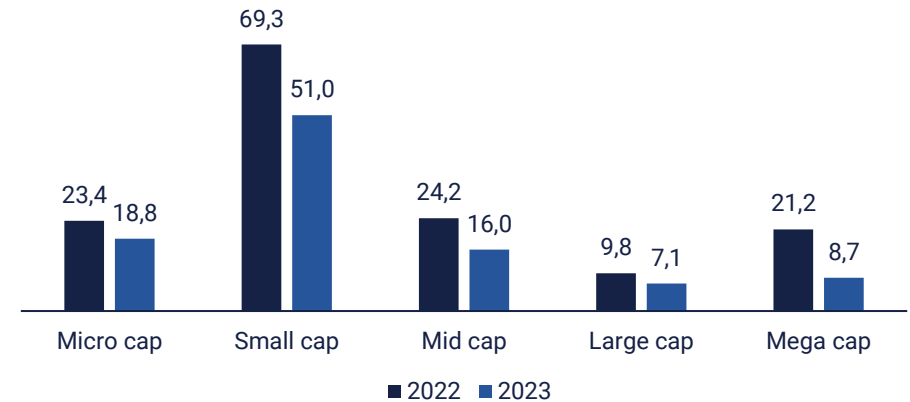
Note(s): 1) Represents the 40 largest German companies; 2) Represents the 40 largest French companies; 3) Index of US-listed newly public companies; 4) Measures the implied volatility of the S&P 500
Source(s): Capital IQ, St. Louis FED

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

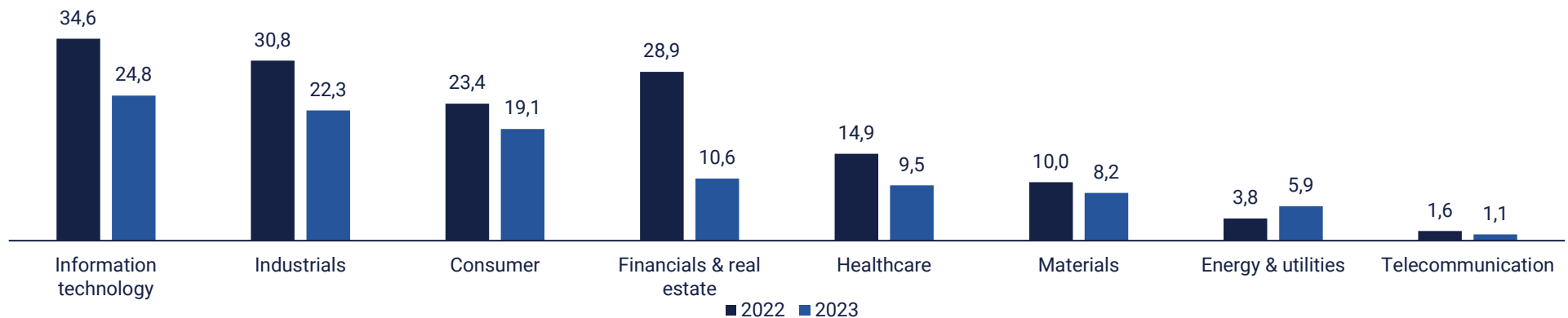
Asia and Europe experienced a significant fall in IPO volumes in 2023, while the US already started to recover (USDbn)



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 backdrop due to the decreasing popularity of SPACs² (USDbn)

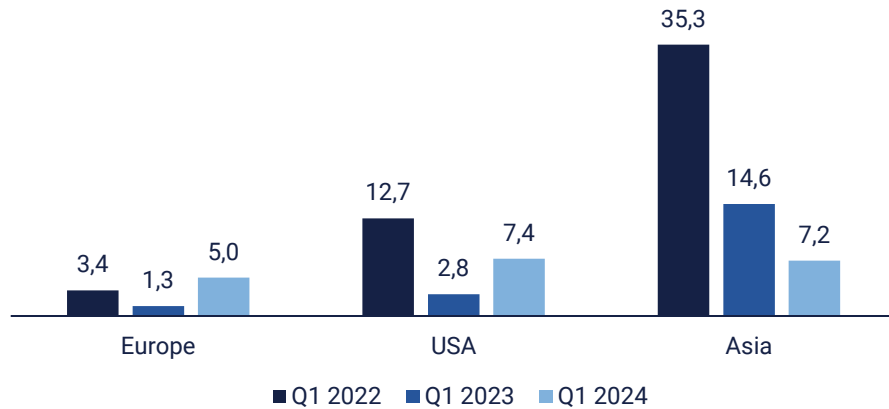


Note(s): 1) Transaction value size brackets: Micro-cap (< USD 100m), Small-cap (< USD 500m), Mid-cap (< USD 1bn), Large-cap (< USD 2.5bn), Mega-cap (>2.5bn); 2) Special Purpose Acquisition Company
Source(s): Capital IQ

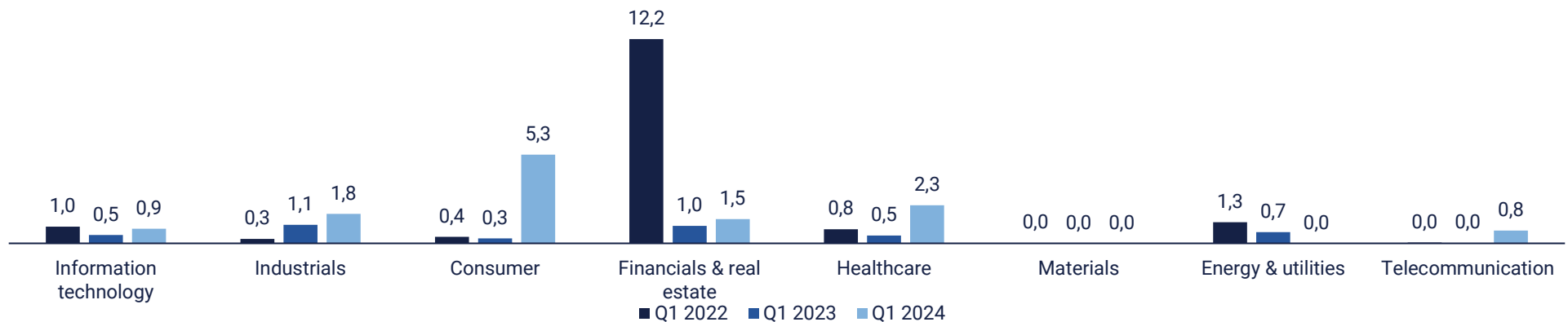
Q1 2024 wrap-up: The IPO window is open again with European and US IPO transaction values increasing

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 (USDbn)

Company name	IPO date	Transaction value	Return since IPO
arm	Q3 2023	4,871	163%
kenvue	Q2 2023	3,802	-6%
BIRKENSTOCK	Q4 2023	1,484	2%
AMER SPORTS	Q1 2024	1,365	25%
reddit	Q1 2024	748	35%
AsteraLabs.	Q1 2024	713	94%
BRIGHTSPRING HEALTH SERVICES	Q1 2024	693	-26%
American Healthcare REIT	Q1 2024	672	16%
instacart	Q3 2023	660	25%
nextracker.	Q1 2023	638	144%
B BB	Q1 2024	589	35%
klaviyo	Q3 2023	576	-13%
ACELYRIN	Q2 2023	540	-62%
ARES ACQUISITION CORPORATION	Q2 2023	450	6%
ODDITY	Q3 2023	424	25%

European flagship IPOs like Galderma, Schott Pharma or Renk were very well received by the market (USDbn)

Company name	IPO date	Transaction value	Return since IPO
GALDERMA	Q1 2024	2,212	21%
HIDROELECTRICA	Q3 2023	1,782	22%
DOUGLAS	Q1 2024	965	-15%
SCHOTT PHARMA	Q3 2023	856	51%
SYSTEMS	Q1 2024	805	4%
LOTTOMatica	Q2 2023	662	20%
Hydrogen up NUCERA	Q3 2023	572	-28%
Admiral Acquisition Limited	Q2 2023	540	-10%
RENK	Q1 2024	482	87%
EUROGROUP LAMINATIONS	Q1 2023	421	-29%
IONOS	Q1 2023	416	8%
CAB PAYMENTS	Q3 2023	370	-69%
RUSTA	Q4 2023	186	92%
Norconsult	Q4 2023	162	43%
Optima Bank	Q3 2023	160	11%

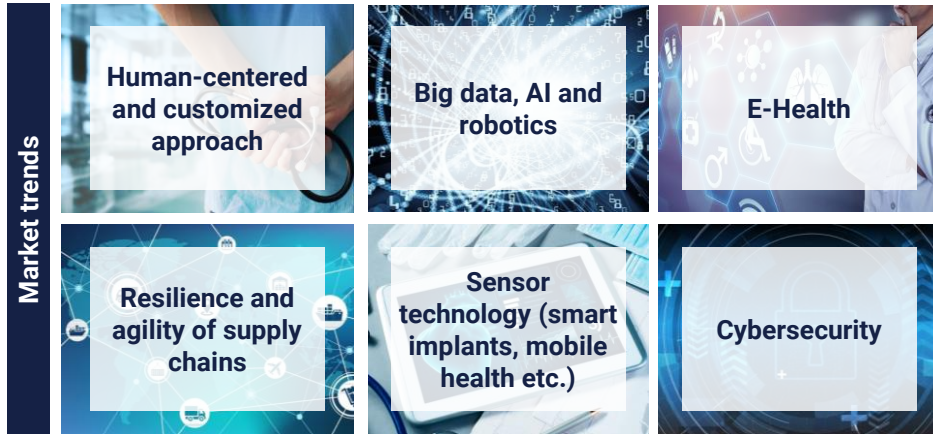
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As the stock market reaches new highs, the IPO market is also heating up. We can see this in the interest we are getting from both companies and investors. Some early birds have also taken the plunge, and the few IPOs that have taken place have been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

Anders Elgemyr
Managing Partner
Carlsquare



MedTech – a highly regulated market driven by digital trends



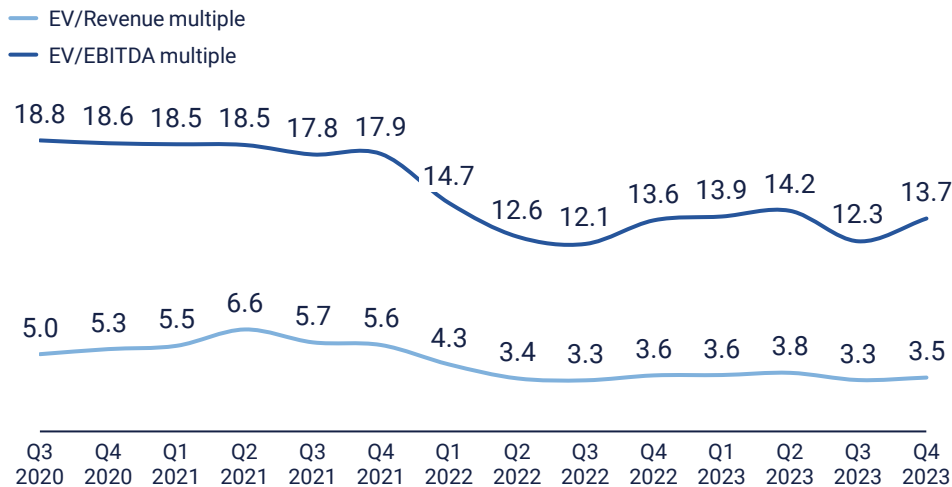
Recent deal highlight



- Acquisition date: Augst 29th, 2022 (announced); April 3rd, 2023 (closed)
- Deal value: USD 3.1bn
- Bain Capital acquired Evident corporation, formerly known as the Scientific Solutions Division of Olympus Corporation. Evident is a world leading manufacturer of microscopes for life science and industrial applications, videoscopes for remote visual inspection and non-destructive test equipment

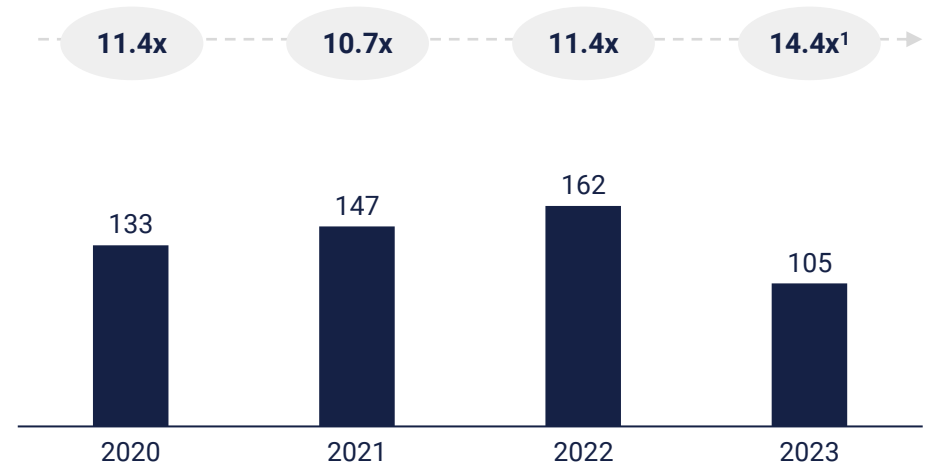
The average deal size for MedTech transactions declined in 2023, with only a handful of billion-dollar deals

Development of market valuations (Median NTM multiple)



1) Outliers not included
Sources: MedTech Europe, BVMed, Luther, CapitalIQ, Fierce Biotech

Transaction count and EV/EBITDA multiple in Europe



Pharma – an innovative market with a high level of M&A activity



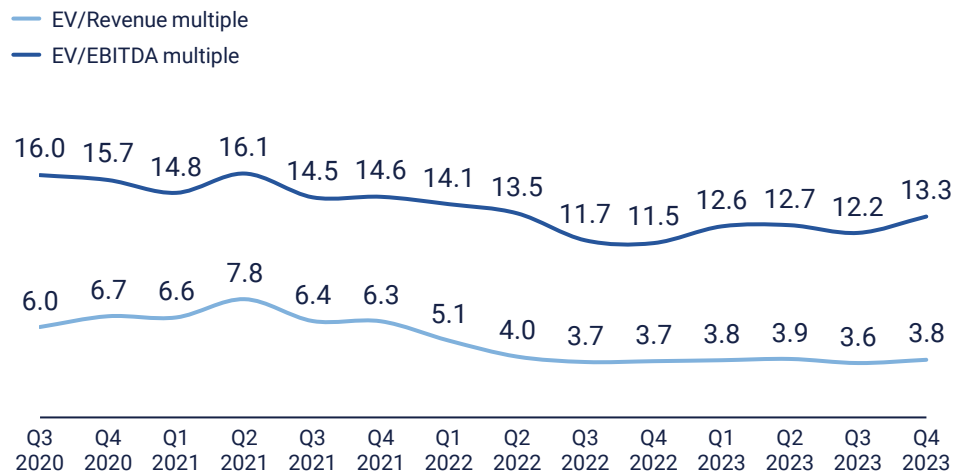
Recent deal highlight



- Acquisition date: December 12th, 2022 (announced); October 6th 2023 (closed)
- Deal value: USD 28.3bn
- Amgen Inc., the multinational biopharmaceutical company, acquired Horizon Therapeutics plc, a commercial stage biopharmaceutical company developing medicines to treat rheumatic diseases

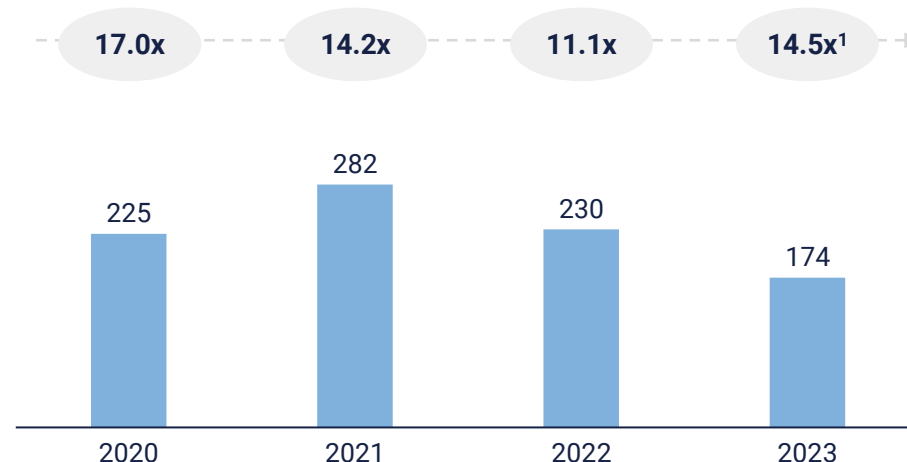
Even though financing has become more difficult due to rising interest rates, large transactions in the pharma sector are still happening

Development of market valuations (Median NTM multiple)



¹) Outliers not included
Sources: EFPIA, IQVIA, PWC, CapitalIQ

Transaction count and EV/EBITDA multiple in Europe



Providers – a competitive environment driven by digitalisation and consolidation efforts



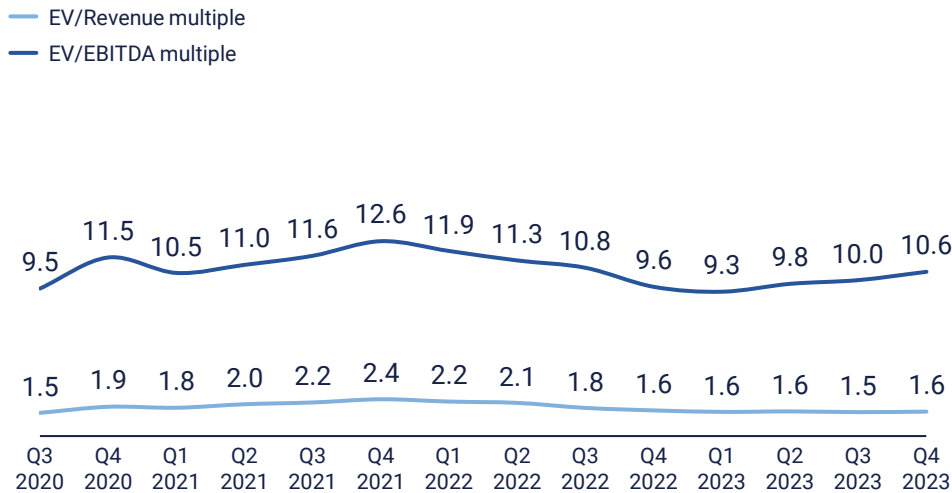
Recent deal highlight



- Acquisition date: May 1st, 2023 (announced)
- Deal value: USD 10.6bn
- Target description: a fast-growing network of value-based, primary care centers for adults on Medicare

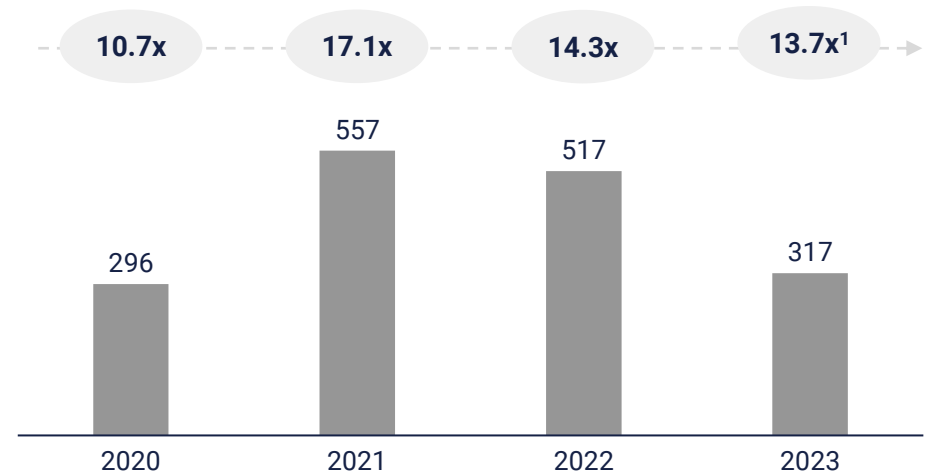
Provider businesses are under pressure due to shrinking margins but also new political frameworks

Development of market valuations (Median NTM multiple)

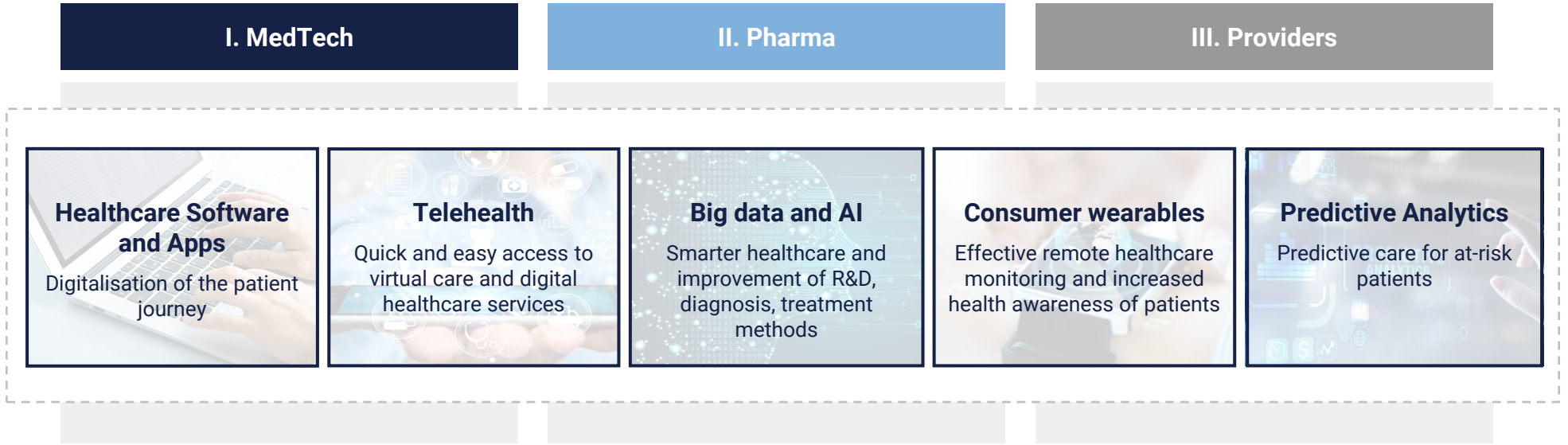


1) Outliers not included
Sources: Deloitte, HFS Research, Forbes, CapitalIQ, Bain & Company

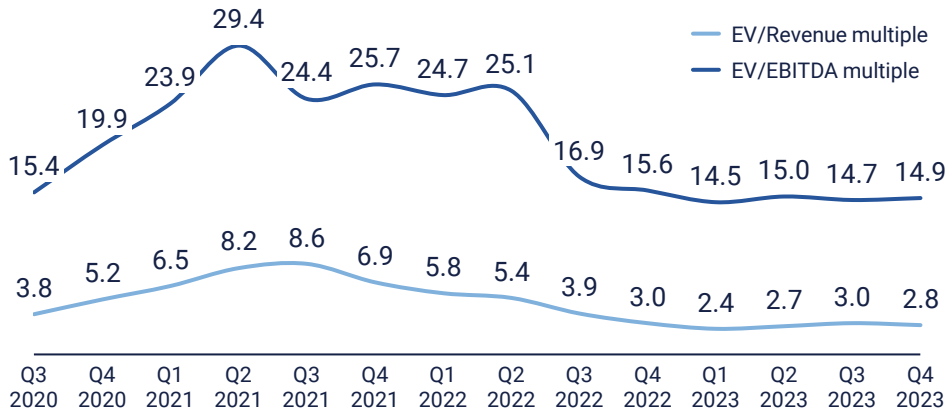
Transaction count and EV/EBITDA multiple in Europe



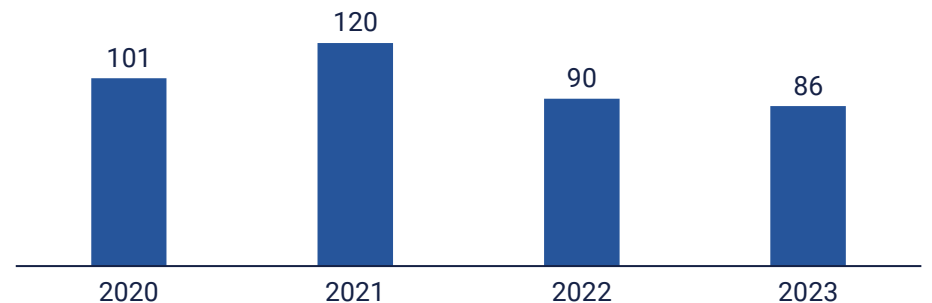
Digital health trends are dominating across all three verticals



Development of market valuations (Median NTM multiple)



Transaction count in Europe



The life science sector presents compelling investment prospects as its leading players continue to push boundaries in R&D while refining their existing business models

Six trends defining the landscape of the life science industry in 2024



The quest for eternal life fuels an expanding longevity industry

- Start-ups like Altos Labs are researching cellular reprogramming for life-extending therapies, hinting at a future of prolonged youth and extended lifespans
- The longevity industry has generated substantial awareness over the last years



Smart body implants providing real-time data

- Smart implants improve post-surgery outcomes through live monitoring, personalized care and enhanced patient engagement
- DirectSync Surgical's smart spinal fusion device, an all-in-one interbody fusion device, has been granted Breakthrough Device Designation by the FDA



Treatment of sickle cell diseases with gene therapy

- The FDA's approval of cell-based gene therapies for sickle cell disease is a breakthrough for patients with this difficult-to-treat condition
- As the first CRISPR-based medication approved in the U.S., it holds promising potential for treating other diseases as well



AI and ML to revolutionize clinical trials

- AI-driven data management revolutionizes life sciences, propelling drug development forward
- AI played a pivotal role in discovering the antibiotic *Abaucin*, engineered to combat a widespread and highly dangerous superbug



Structured data will replace document-driven workflows

- Structured data refers to information formatted uniformly for efficient retrieval by both software and humans
- Type 2 diabetes can be diagnosed using nearly two dozen ICD-10 codes, this improved surveillance efficiency for monitoring youth diabetes incidence



The radiopharmaceuticals market expected to grow significantly

- Radiopharmaceuticals have made remarkable strides recently, advancing nuclear medicine for better diagnosis and therapies
- The market is projected to more than double by 2030

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The life sciences sector is driven by a number of very robust megatrends, making it an interesting sector for the IPO market. There is a huge appetite for quality medtech, pharma and biotech companies at the moment.

Caspar Stauffenberg
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