

TURUNÇ

BOSPHORUS IPO CAPITAL



**London**  
Stock Exchange

# Private Equity & Venture Capital Seminar: Using London's Capital Markets for Growth and Exits



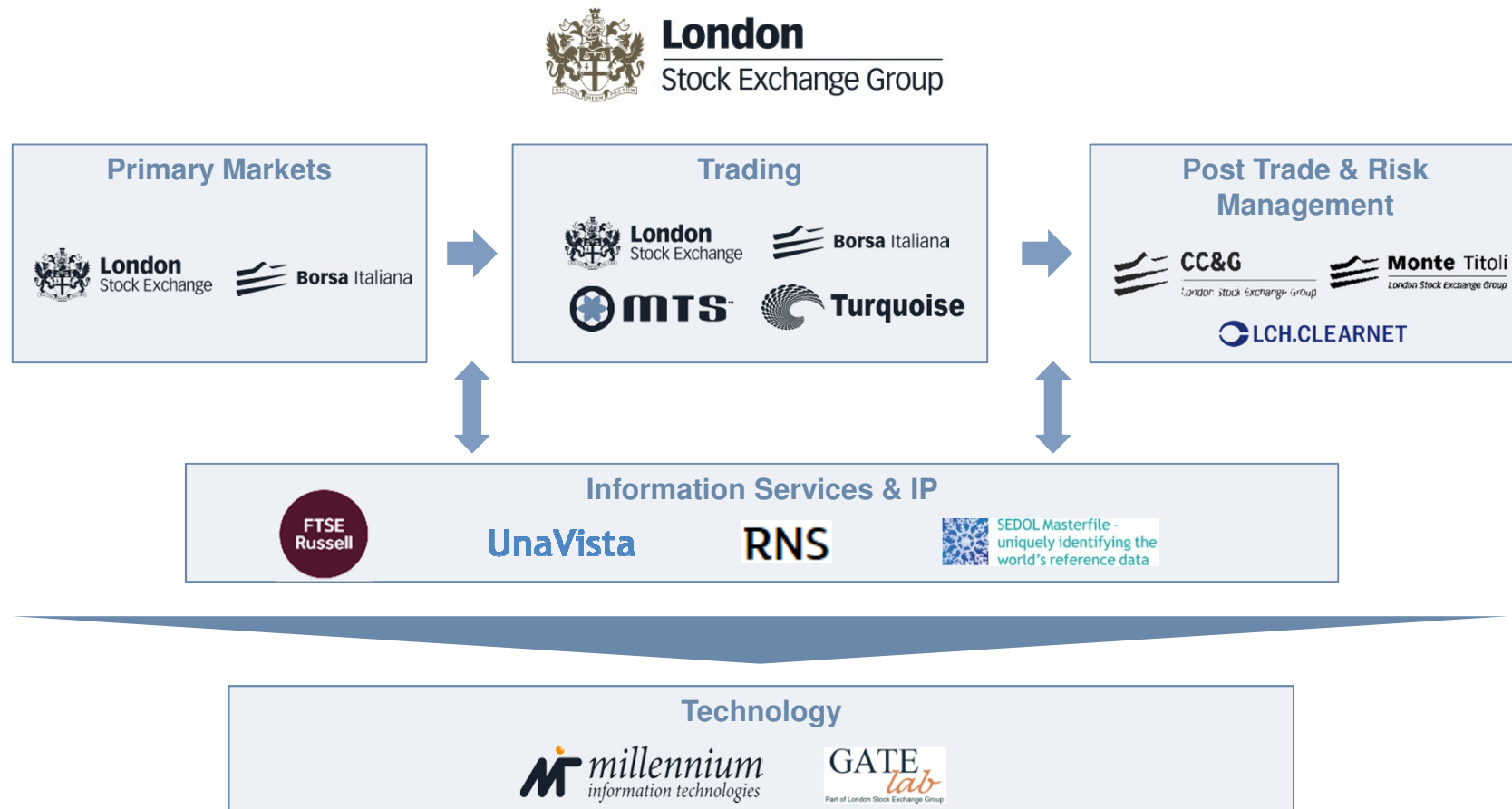
Istanbul,  
June 2016



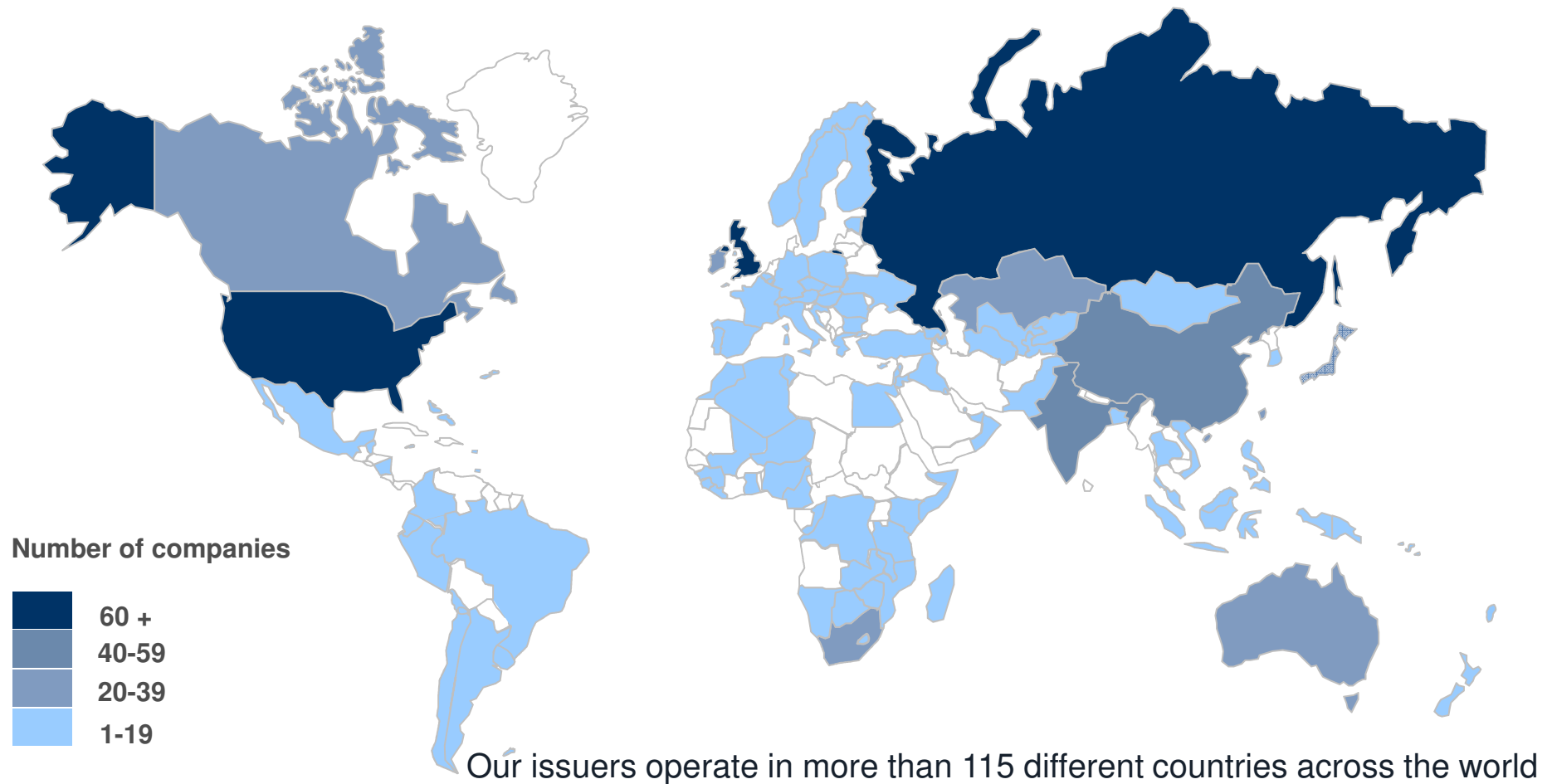
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- 1) London Stock Exchange Group Overview
  - 2) IPO Market Review
  - 3) Why PE/VC backed companies list in London
  - 4) Selected IPO Case Studies & Lessons learned
  - 5) ELITE – Growth programme for European Investors and SMEs

Q&A

# London Stock Exchange Group – Depth and Breadth



# London has a Global Community of Issuers...



Source: London Stock Exchange statistics. Based on country of primary business.

# LSE Understands Rapidly Developing Markets

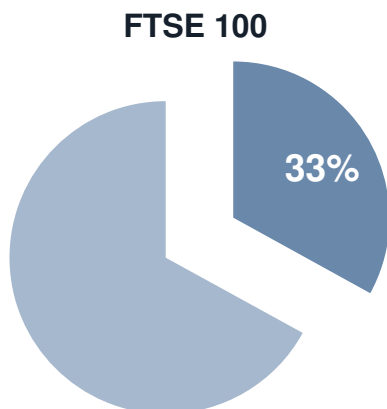


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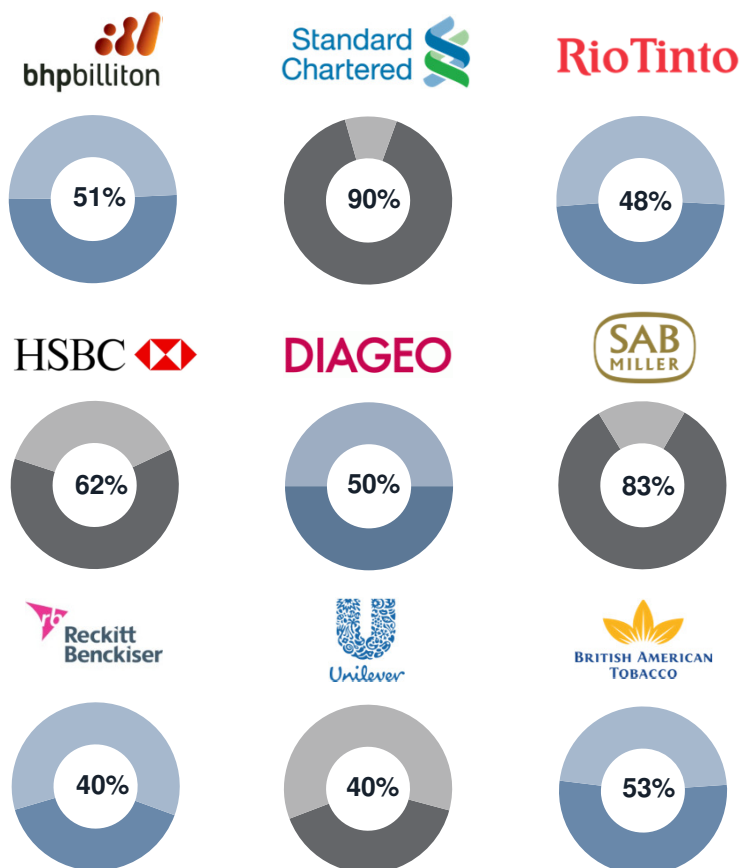
## Commentary

- Investors through London have strong exposure to developing markets via mainstream UK listed stocks.
- Investors here have a deep level of comfort and high willingness to invest in developing market driven equity stories.

## FTSE 100 Emerging Markets Exposure



## Selected FTSE 100 Constituents' Emerging Markets Exposure



Source: Exposure measured by revenue. Daily Telegraph, Brewin Dolphin, MSCI, Company Reports

# London # 1 Globally as International Home for Companies from this Region



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135 Companies listed in  
London

CEE & Turkey  
(32 Companies)



CIS  
(36 Companies)



Russia  
(67 Companies)



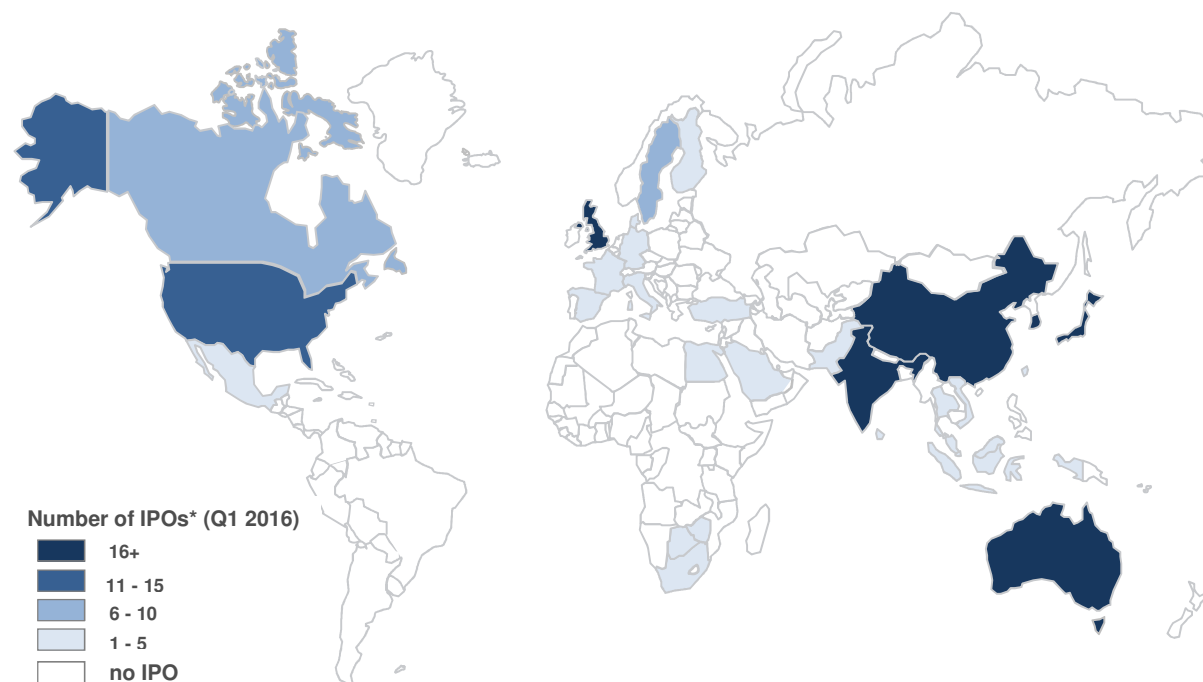
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## 2) IPO Market review

# 2016 Q1 – Encouraging IPO Performance in London Despite Weak Global Backdrop

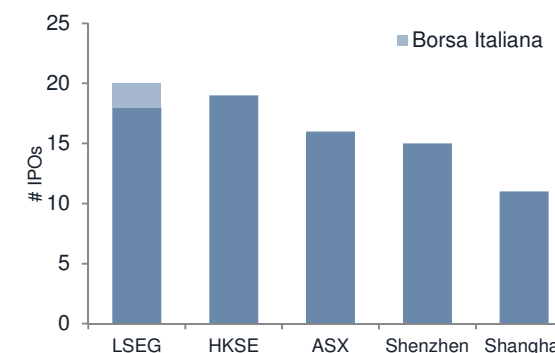


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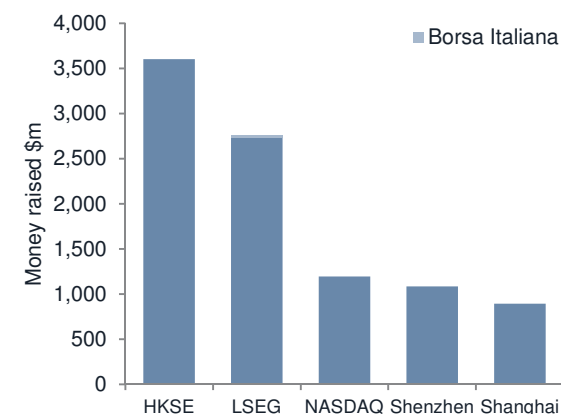


- Global IPO proceeds in Q1 2016 were \$14.3bn compared with \$30.4bn in Q1 2015. London Stock Exchange Group ranks top globally in terms of capital raised at IPO after the first quarter with 20 IPOs raising \$2.8bn.
- LSEG can support deals of various sizes. Larger deals: 6 of the 20 LSEG deals raised over \$100m each and smaller, 7 of the 20 LSEG deals raised under \$10m each.

**Top 5 Exchanges by # IPOs 2016 Q1**



**Top 5 Exchanges by Money Raised at IPO 2016 Q1**



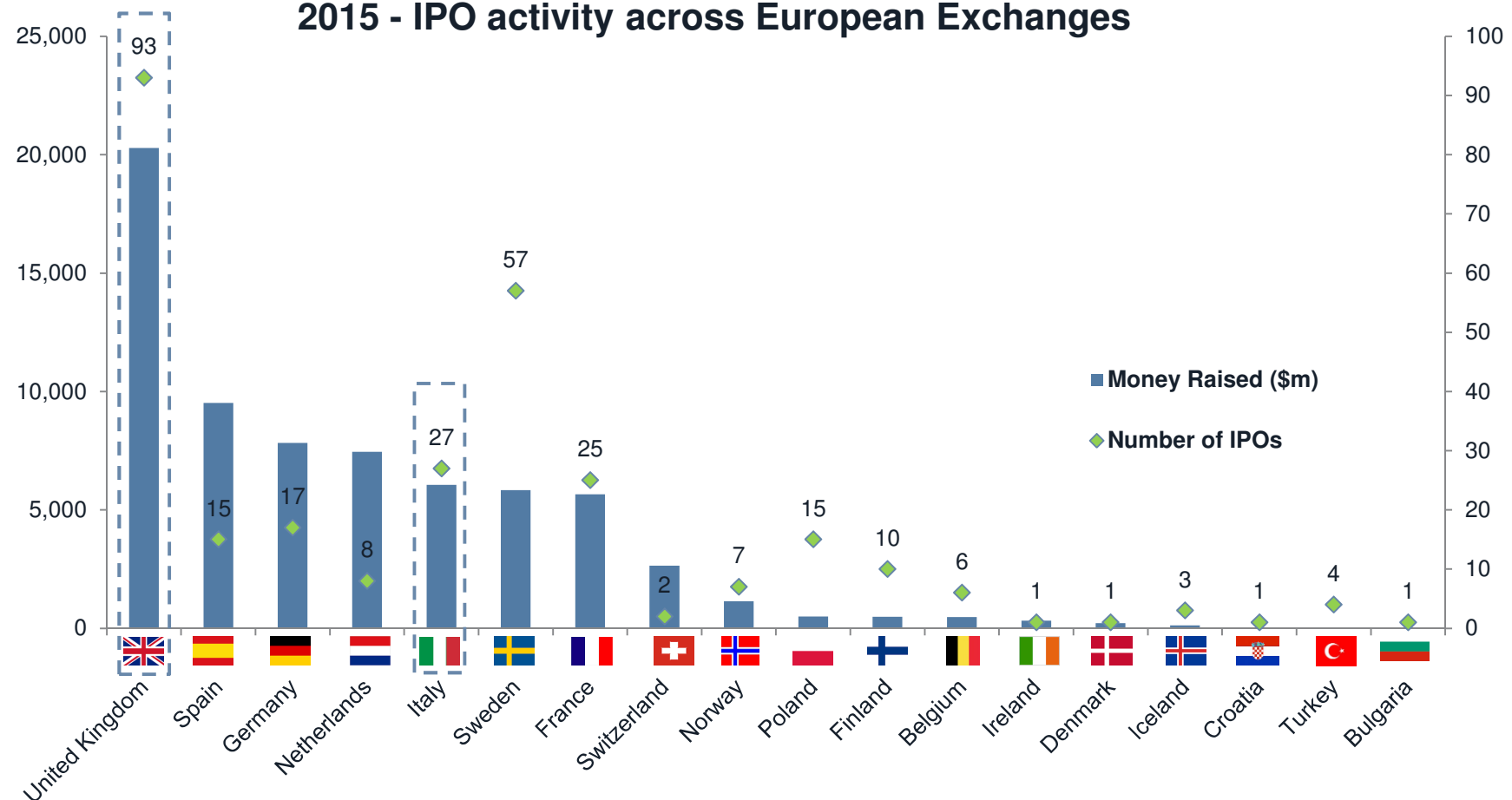
Source: Dealogic, London Stock Exchange stats, April 2016

\*Number of IPOs by listing venue

\*\* Weighted by market cap at offer

# LSEG – Leading IPO Market in Europe and Beyond

2015 - IPO activity across European Exchanges



Source: Dealogic and LSE data, January 2016

# London - Recent Highlights and Key Transactions



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## Market Highlights

There were **93 IPOs** in 2015 raising a total of £13.4bn. Weighted average aftermarket price performance since IPO was up 22.3% in 2015



2015 saw **18 financial sponsor backed IPOs** raising a combined total of £6.5bn (32 IPOs raised £9.3bn in 2014). This accounted for close to 60% of total IPO proceeds in 2015



In 2015, £4.5bn raised on AIM through IPOs and Follow-Ons. 2014 was the fourth highest year on record for money raised on **AIM** with £2.8bn raised in IPOs.

2015 saw the launch of the **ELITE programme** in Continental Europe - by end of 2015 the programme totalled >300 companies across Europe



## Key Deals in 2015



**Worldpay** raised £2.48bn at IPO in October 2015 with a £4.8bn market cap, the largest UK IPO in 2015 and the largest ever European PE backed IPO

**Auto Trader** was the largest IPO in H1 of 2015, raising £1.59bn giving it a market capitalisation of £2.35bn



**Wizz Air** raised £309m at IPO in Feb 2015, and has seen its share price increase by 60% since.

Significant activity in the **banking sector** has continued, with 2015 IPOs on London for Aldermore and Shawbrook, following 2014 IPOs for TSB, OneSavings Bank Virgin Money

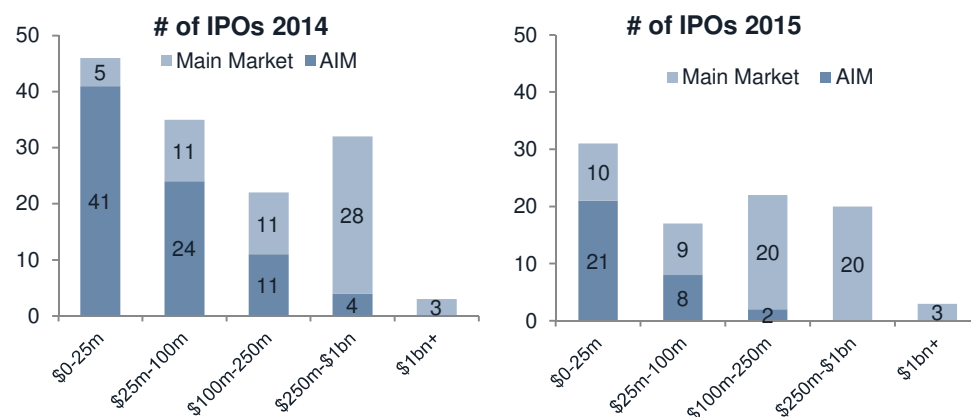


# An Overview of London IPO Issuance in 2015

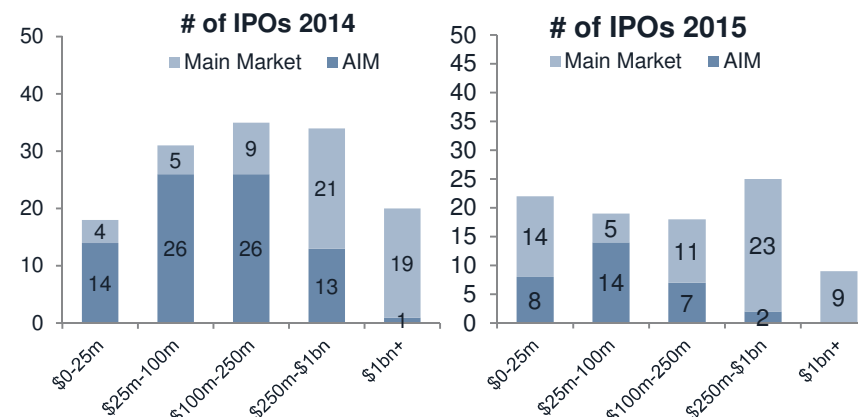


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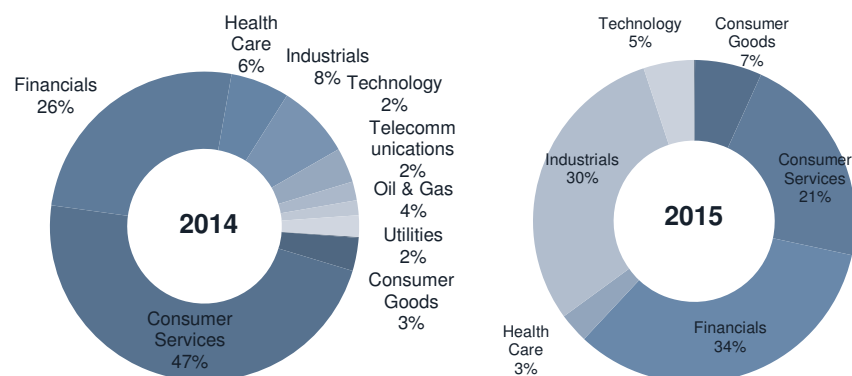
## Issuance by Deal Size



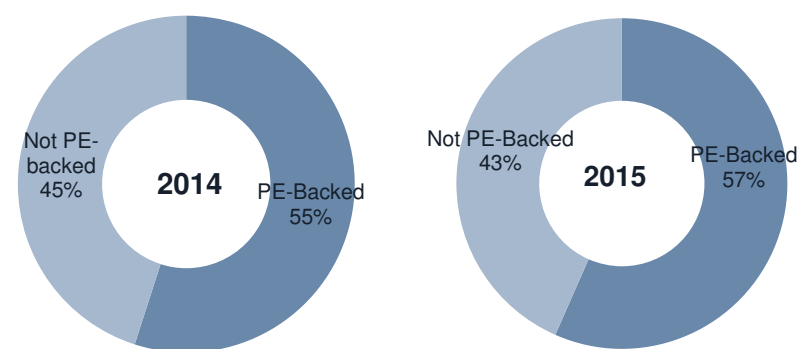
## Issuance by Market Cap at IPO



## Sector Breakdown of IPOs (by volume)



## Financial Sponsor IPOs as % of Issuance (by volume)

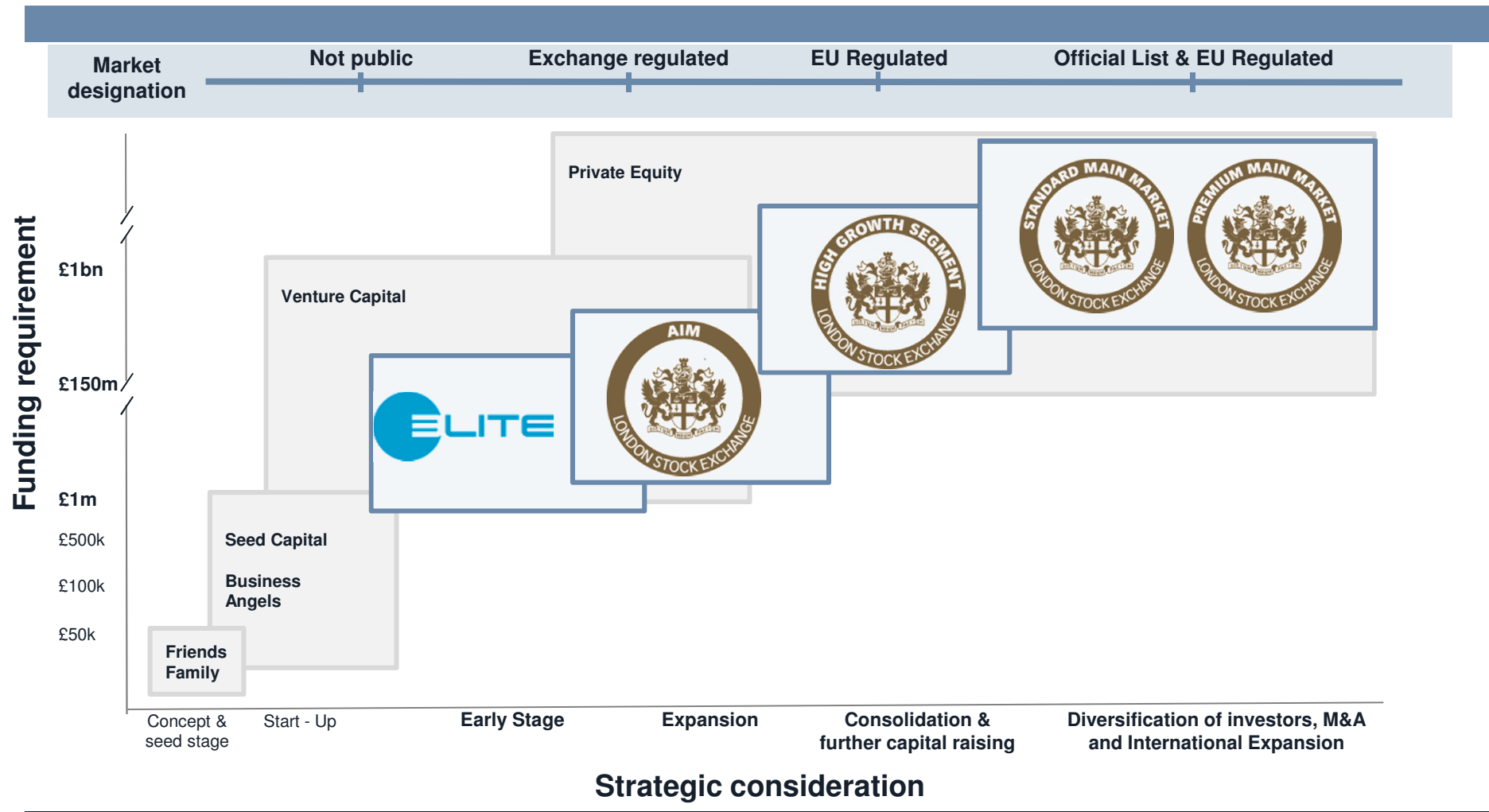


Source: Dealogic, Bloomberg, LSE computations, January 2016

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### 3) Why PE/VC backed companies list in London

# A Choice of Routes to Market

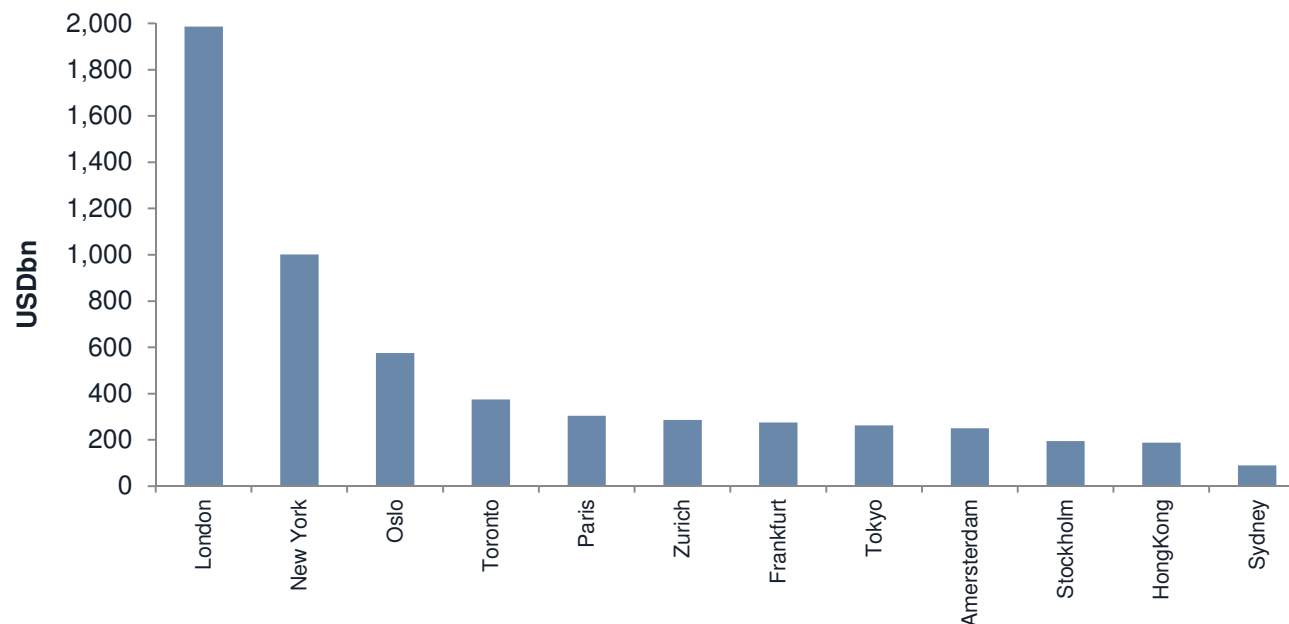


## ...And Provides Access to a Truly Global Investor Base



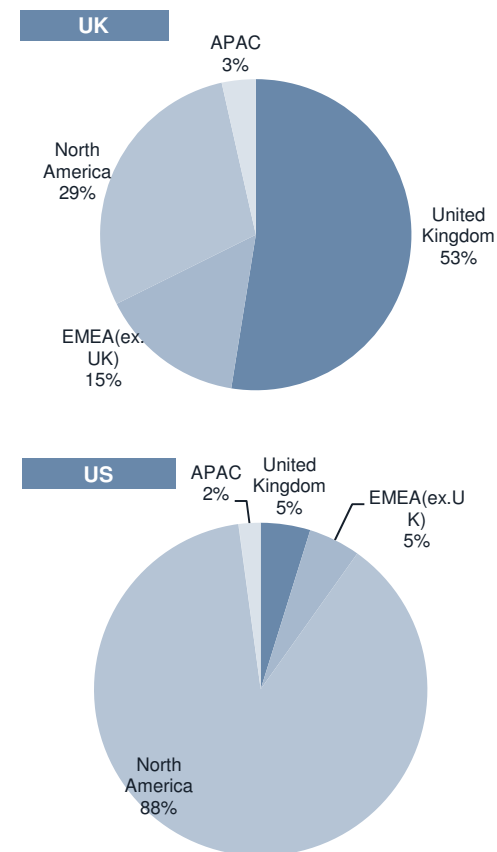
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Equity AUM held in International Portfolios, by Metro Area (Q4 2015)\*



- London is the key global equity financial centre, with more international assets under management than any other global financial centre
- Apart from the large investor community in London, companies raising capital can also access a global investor base, including sovereign wealth funds, global institutional funds, tracker funds, specialist sectoral and geographic funds.

Domicile of Top 50 Investors in Listed Securities by Country



Source: Facset and LSE calculation, April 2016

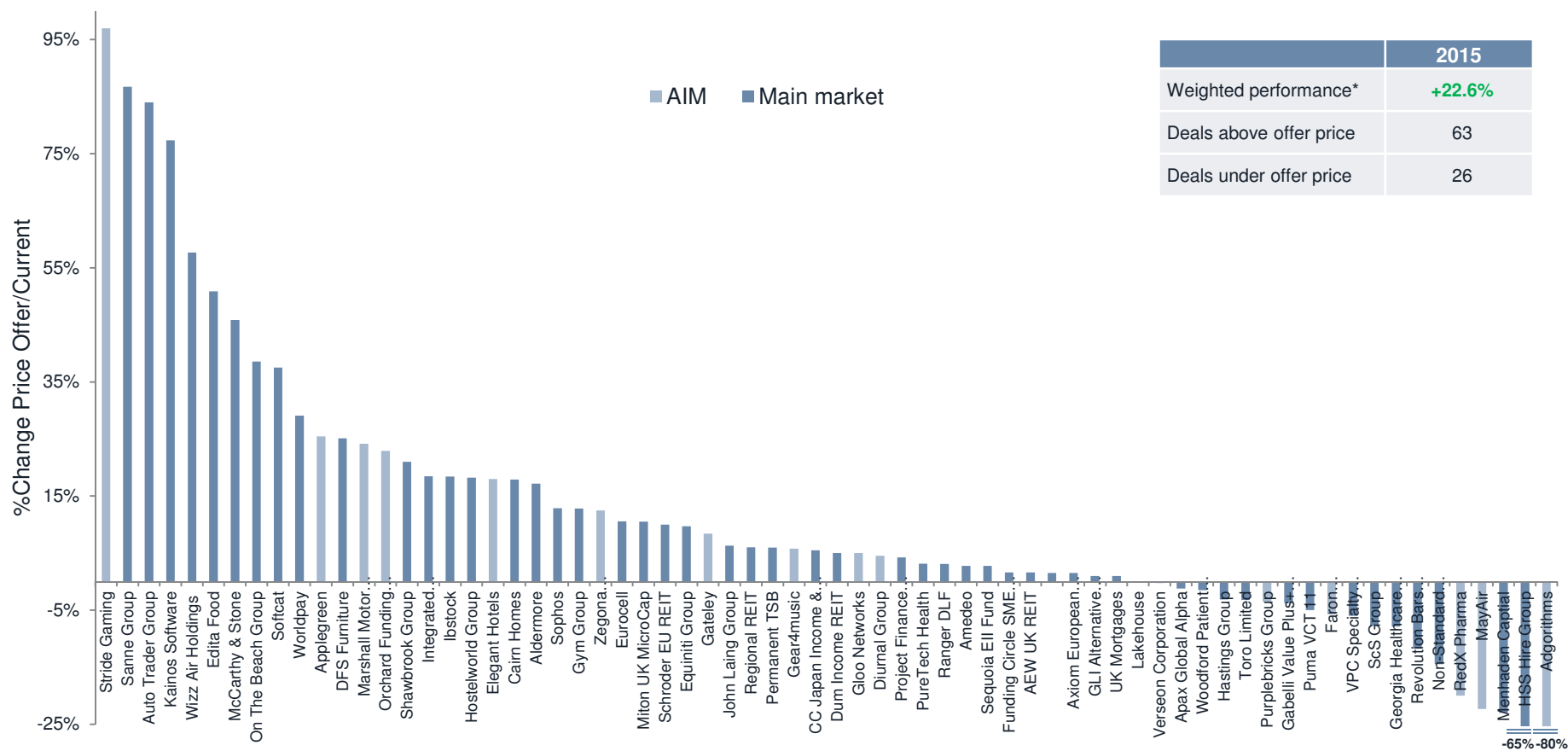
\*international portfolios defined as investment in companies with a domicile different to the country of domicile of the portfolio manager

# London – IPOs Traded Well in 2015



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## London IPO Performance (2015 IPOs)



Source: Dealogic, Bloomberg, price performance as of 6<sup>th</sup> January 2016

Only deals > \$15m considered

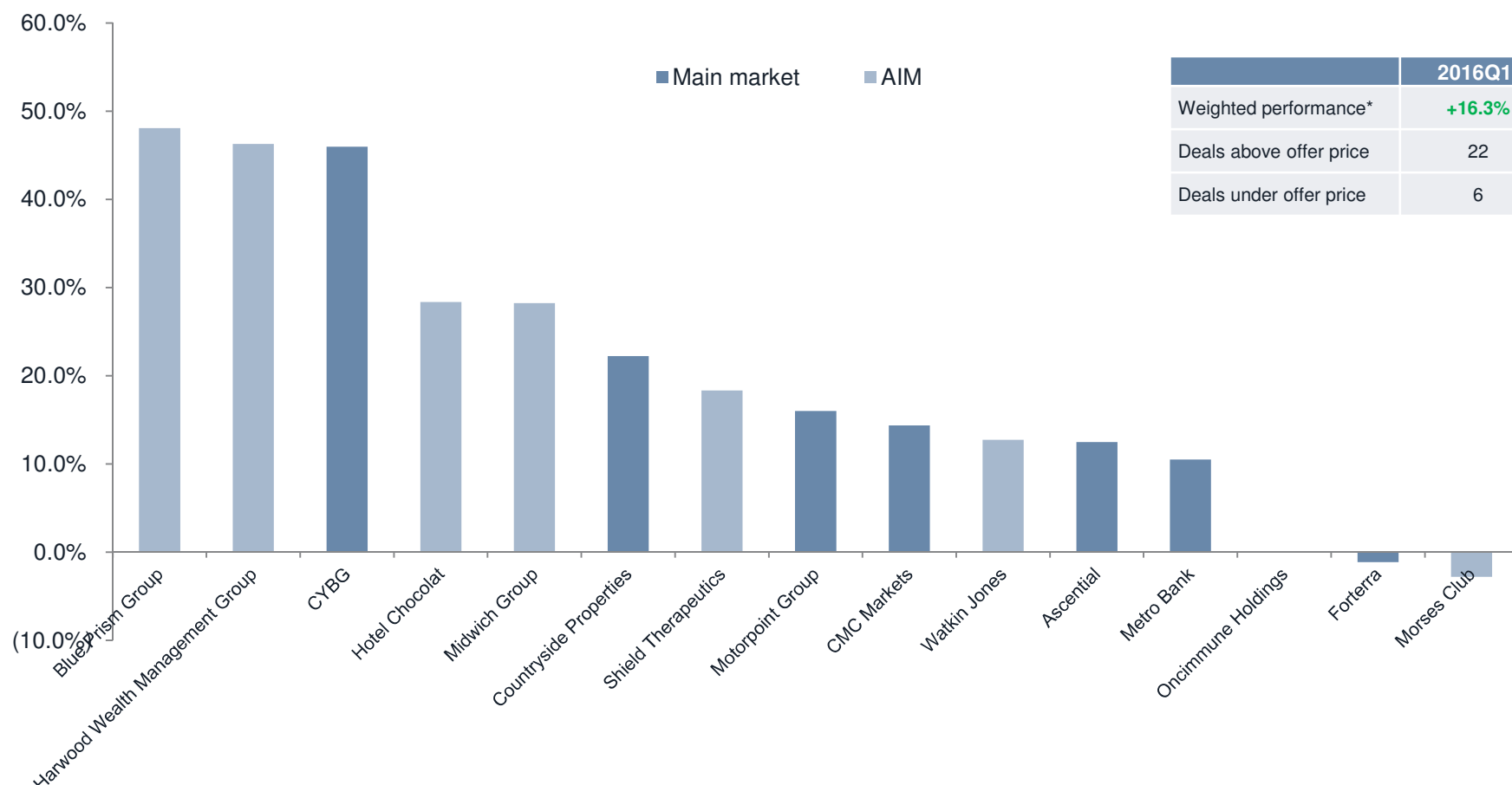
\*Weighted by market cap at offer

## ...And Have Started Well in 2016



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### London IPO Performance (2016 YTD IPOs)



	2016Q1
Weighted performance*	+16.3%
Deals above offer price	22
Deals under offer price	6

Source: Dealogic, Bloomberg, price performance as of 23<sup>rd</sup> May 2016

\*Weighted by market cap at offer

# Significant Private Equity Backed New Issuance

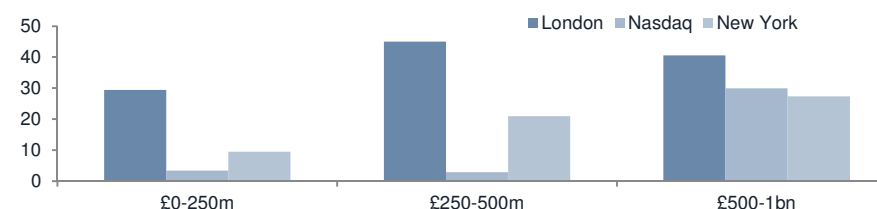


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## The London market continued to feature financial sponsor deals

- 2014 saw a favourable market for private equity-backed IPOs on the London market with **32** businesses successfully floating and raising a combined **£9.3bn**.
- 2015 saw a number of high profile deals from the likes of Wizz Air, DFS, Aldermore, Auto Trader, Sophos, Worldpay, Ibstock etc.
  - **Circa 60%** of money raised through IPOs on London in 2015 came from financial sponsor backed companies

Average % of IPO Size consisting of secondary sell-downs in 2014 & 2015



Pricing date	Company name	Sector	Private equity sponsor(s)	Mkt cap at IPO £m	IPO size £m	Secondary portion of offering (%)	Price Chg since IPO (%)
23-Jun-14	AA plc	Auto/Truck	CVC, Charterhouse, Permira	1,411	1,385	85	5.2
09-Jul-14	SSP Group	Dining & Lodging	EQT Partners	997	482	3	40.0
18-Jul-14	Spire Healthcare	Healthcare	Cinven	1,103	315	0	71.4
07-Nov-14	Fevertree Drinks	Food & Beverage	LDC	158	93	96	385.1
09-Feb-15	HSS Hire Group	Support Services	Exponent	325	114	9	59.8
02-Mar-15	Wizz Air Holdings	Travel & Leisure	Indigo Partners	601	309	59	64.3
11-Mar-15	DFS Furniture	General Retailers	Advent International	543	206	53	22.4
13-Mar-15	Aldermore	Banks	AnaCap Financial Partners	651	226	67	9.4
24-Mar-15	Auto Trader Group	General Retailers	Apax Partners	2,350	1387	67	66.3
27-Mar-15	Sanne Group	Financial Services	Inflexion Private Equity	233	142	80	105.0
01-Apr-15	Shawbrook	Banks	Pollen Street Capital	600	218	59	7.0
26-Jun-15	Sophos	Software	Apax	1,013	352	77	4.4
09-Oct-15	Hastings Group	Nonlife Insurance	Goldman Sachs Intl	1,089	231	13	0.8
13-Oct-15	Worldpay	Payments	Advent, Bain Capital	4,795	2,484	56	15.8
21-Oct-15	Ibstock	Construction	Bain Capital	770	308	68	5.3
27-Oct-15	Equiniti	Support Services	Advent	495	317	1	4.2
28-Oct-15	Hostelworld Group	Travel & Leisure	Hellman & Friedman	271	133	0	34.6
05-Nov-15	McCarthy & Stone	Construction	Strategic Value, TPG, Anchorage	967	387	73	44.7
09-Nov-15	Gym Group	Travel & Leisure	Phoenix Equity Partners	250	125	28	27.6
12-Feb-16	Ascential plc	Media	Apax Partners LLP	801	300	29	18.1
17-Feb-16	Countryside Properties plc	Construction	Oaktree Capital Group LLC	1,015	349	57	3.2
20-Apr-16	Forterra plc	Construction	Lone Star Global Acquisitions	361	126	100	7.2

Source: Bloomberg, Dealogic, May 2016

# ...With Significant Further Sponsor Monetisations



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- Solid performance of PE-backed IPOs in the secondary market has allowed PE firms to sell down further tranches through accelerated transactions
- Investor demand has allowed placings of a significant number of days' volume at relatively tight discounts to market



Date	Company name	Sector	Private equity sponsor	% of company sold	Block size (£m)	Block size (x ADTV)	% discount to previous close	% stake remaining with sponsors
03-Mar-15	Merlin Entertainments	Leisure & Recreation	Blackstone, CVC	15.4%	652.8	149.0x	(2.2%)	0.0%
31-Mar-15	Card Factory	General Retailers	Charterhouse	17.8%	181.8	120.0x	2.6%	0.0%
14-Apr-15	Spire Healthcare	Healthcare Equi&Services	Cinven	10.0%	136.4	77.0x	(7.4%)	38.3%
15-Apr-15	Virgin Money	Banks	Wilbur Ross, Stanhope	13.6%	240.0	68.1x	(5.2%)	Together: 26.6%
13-May-15	Saga	General Retailers	CVC, Charterhouse, Permira	11.0%	238.9	250.0x	(2.0%)	Together 44.9%
09-Jun-15	Pets at Home	General Retailers	KKR	21.6%	288.4	150.1x	(5.0%)	24.7%
10-Jun-15	OneSavings Bank	Finance	JC Flowers	2.3%	16.6	13.0x	(6.9%)	0.0%
26-Jun-15	Spire Healthcare	Healthcare	Cinven	8.5%	115.2	65.0x	(2.6%)	0.0%
23-Jul-15	B&M	Retail	Clayton Dubilier & Rice	12.0%	408.0	110.0x	(3.6%)	11.0%
28-Jul-15	Saga	Finance	CVC, Charterhouse, Permira	6.2%	141.0	94.0x	(3.7%)	Together: 39.6%
21-Aug-15	Sanne	Finance	Inflexion	15.7%	46.2	16.0x	(4.7%)	0.0%
11-Sep-15	Aldermore	Finance	AnaCap	15.0%	145.5	72.0x	(3.0%)	42.7%
24-Sep-15	Poundland	Retail	Warburg Pincus	6.7%	50.0	21.0x	(9.6%)	15.3%
07-Oct-15	Polypipe	Chemicals	Coller Capital	7.9%	49.2	2.0x	(7.8%)	0.0%
22-Oct-15	DFS	Retail	Advent International	15.0%	94.4	80.0x	(3.3%)	28.0%
02-Nov-15	Volution	Machinery	TowerBrook	19.0%	60.8	15.0x	(1.2%)	42.4%
11-Nov-15	Shawbrook	Finance	Pollen Street Capital	10.0%	83.8	364.0x	(7.2%)	49.1%
11-Nov-15	Just Eat	Computers & Electronics	Vitruvian Partners	3.7%	110.0	11.0x	(3.9%)	7.6%
01-Dec-15	Sophos	Computers & Electronics	Apax Partners	13.3%	159.0	44.0x	(6.6%)	26.8%
01-Dec-15	Saga	Finance	CVC, Charterhouse, Permira	13.0%	290.0	336.0x	(5.8%)	Together: 26.6%
24-Feb-16	Auto Trader Group	Media	Apax Partners	23.5%	852.8	25.7x	(5.7%)	10.7%
22-Apr-16	Saga plc	Finance	CVC, Charterhouse, Permira	31.5%	687.7	9.2x	(3.2%)	0.0%
26-Apr-16	McCarthy & Stone	Construction/Building	Strategic Value, TPG, Anchorage	15.8%	199.8	194.4x	(6.2%)	Together: 44.2%

Source: Bloomberg, Dealogic, May 2016

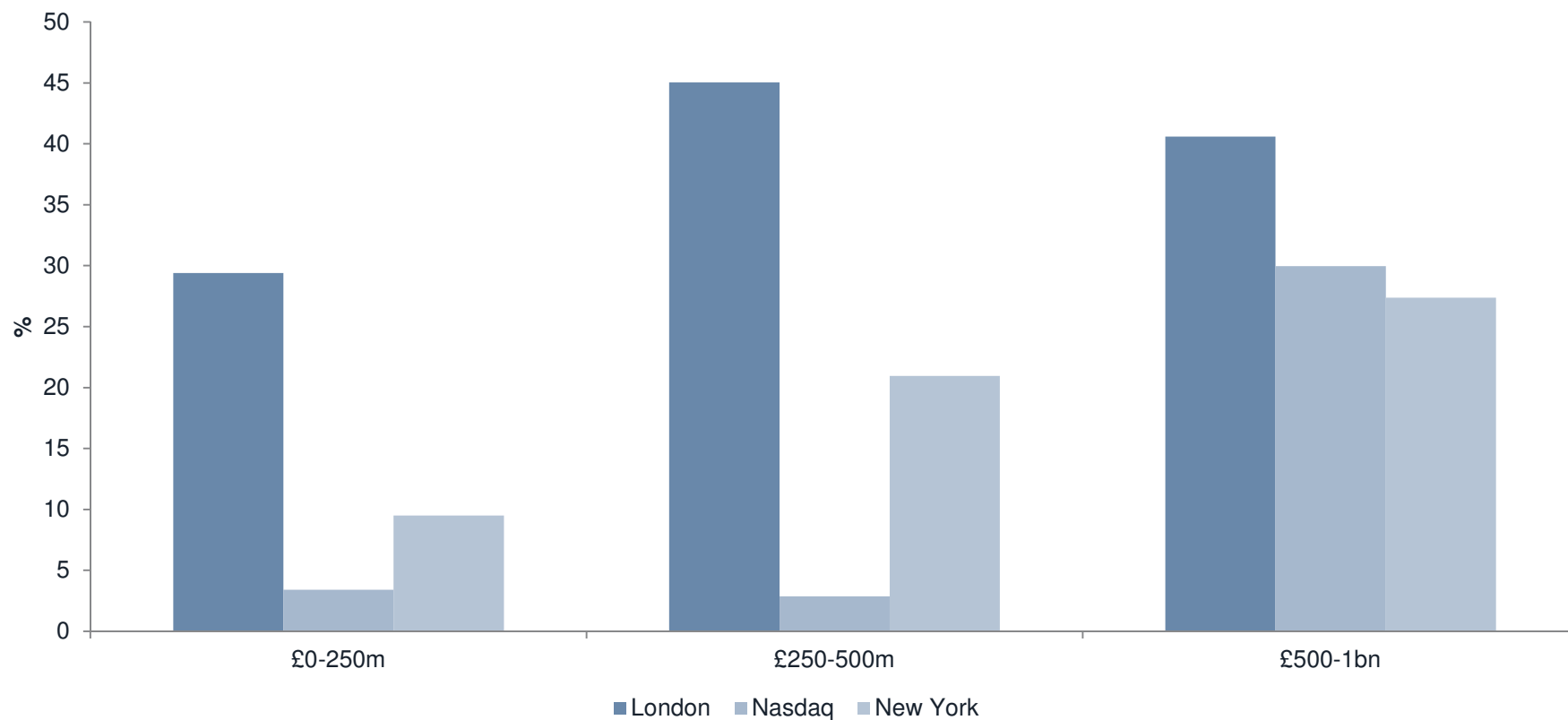
\*ADTV calculated over previous 20 trading days

# UK Investors More Comfortable with Secondary Selldown at IPO



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Average % of IPO Size consisting of Secondary Selldown in 2014 & 2015



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## 4) Selected Case Studies and Lessons learned

# Examples of Recent European Transactions



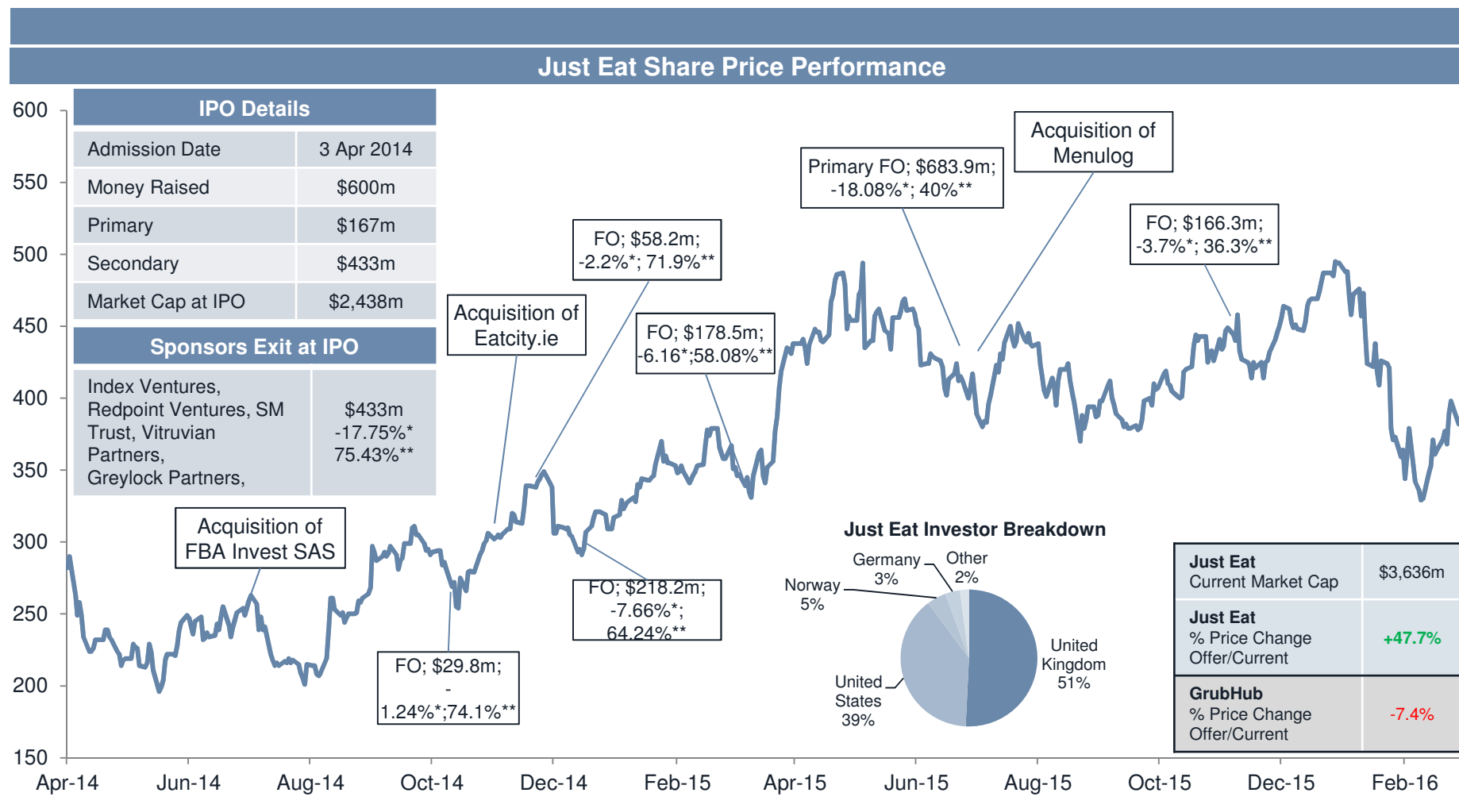
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<p>Nov 2013 </p>  <p>Main Market Oil &amp; Gas</p>	<p>Nov 2013 </p>  <p>AIM Online Business Services</p>	<p>Nov 2013 </p>  <p>AIM Drilling Equipment</p>	<p>Nov 2013 </p>  <p>AIM Mobile Gaming</p>	<p>Dec 2013 </p>  <p>AIM Mining</p>
<p>Jan 2014 </p>  <p>AIM General Industrials</p>	<p>Feb 2014 </p>  <p>AIM Real Estate</p>	<p>Feb 2014 </p>  <p>Main Market Real Estate Fund</p>	<p>Mar 2014 </p>  <p>AIM Hotel Chain</p>	<p>Mar 2014 </p>  <p>AIM Digital Marketing</p>
<p>Mar 2014 </p>  <p>SFM Marine Transportation</p>	<p>Mar 2014 </p>  <p>Main Market Utility &amp; Energy Fund</p>	<p>Apr 2014 </p>  <p>AIM Textile</p>	<p>Apr 2014 </p>  <p>Main Market Finance</p>	<p>May 2014 </p>  <p>AIM Financial Services</p>
<p>Apr 2015 </p>  <p>SFM Financial Services</p>	<p>Nov 2015 </p>  <p>AIM Health Care</p>	<p>Jan 2016 </p>  <p>Main Market Software &amp; Computer Services</p>	<p>Feb 2016 </p>  <p>AIM Support Services</p>	<p>May 2016 </p>  <p>AIM Industrial Goods and Services</p>

Source: LSE, May 2016



# Value Accretion and Swift Monetisation for VC Owners



Source: Bloomberg, Dealogic, LSE Computations, March 2016

\*Percentage of the total company sold

\*\*Remaining Percentage held by Sponsors.



### Company Details

Company	Wizz Air Holdings plc
Market	Main Market
Sector	Travel & Leisure
Trading System	SETS
Country of Incorporation	Jersey

### Company profile

- Wizz Air provides low-cost air transportation services on scheduled short-haul and medium-haul point-to-point routes across Europe and into the Caucasus and the Middle East.
- Since the Company's first flight in 2004, Wizz Air has grown to become the largest low-cost carrier in Central and Eastern Europe with a market share of 38% for the year ended 31 March 2014.
- Wizz Air has built a diversified network spanning 35 countries from 17 bases in nine Central and Eastern European countries and with flights to 96 destinations on over 315 routes on sale as at the end of FY 2014.

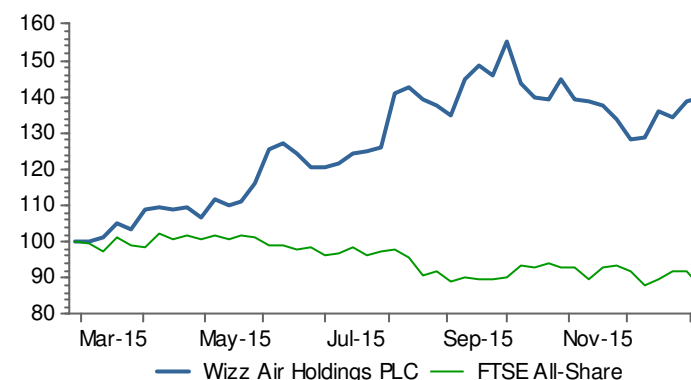
### Transaction Details

Admission Date	25-Feb-15
Money Raised at Admission	\$475.8m
Market Cap at Admission	\$925.6m
Current Market Cap	\$1.49bn
Lead Bookrunners	JP Morgan, Barclays, Citi

### Listing story

- Wizz Air priced its IPO at £11.50 a share, close to the top of its £10.15 - £12.00 range giving it a market cap of £600.1m at admission.
- The company placed 9.6m new shares alongside a sale of 17.3m secondary shares by minority shareholder Indigo Partners. The secondary portion included a 3.5m share Greenshoe which was fully exercised and took the free float to 78.4%.
- It raised £110m from primary proceeds and £199m from secondary proceeds to give a total raised of £309m.
- The shares made a solid trading debut, opening at the offer price, and climbed steadily to close at £12.51, 8.7% up.

### Wizz Air Holdings PLC vs FTSE All-Share



Source: Wizz Air, LSE, FactSet, Dealogic, Bloomberg, January 2016

Price performance rebased to 100 as of IPO date



Company Details	
Company	Stock Spirits Group
Market	Main Market
Sector	Distillers & Vintners
Trading System	SETS
Ticker	STCK
Country of incorporation	UK

Transaction Details	
Admission Date	25-Oct-2013
Money Raised at Admission	£258.5m
Market Cap at Admission	£470m
Current Market Cap	£248m
Joint Bookrunners	J.P. Morgan, Nomura, Jefferies



## Company profile

- Stock Spirits Group Plc manufactures and markets spirits and liqueurs.
- It is a Central and Eastern European branded spirits producer. The company products include vodka, vodka-based liqueurs, liqueurs, herbal bitters, and brandy.
- Stock Spirits markets a wide range of established and modern drinks brands which include stock 84 brandy, fernet stock bitter, Keglevich and wodka zoladkowa gorzka, zoladkowa gorzka de luxe, stock prestige, and limonce.
- The company was founded in 2007, currently employs over 900 full time staff and is headquartered in UK.

## Listing story

- The Offer, conducted by way of an institutional private placing, raised gross proceeds of £258.5 million, comprising a primary component of £52.0 million and secondary sales of £206.5 million.
- The net proceeds will be used to repay a portion of its debt. Based on the offer price, the total market capitalisation at the start of conditional dealings was approximately £470 million.
- J.P. Morgan Cazenove and Nomura acted as Joint Sponsors, Joint Global Co-ordinators and Joint Bookrunners, Jefferies acted as Joint Bookrunner and Berenberg acted as Lead Manager.

Leading Institutional Investors	Value Held (£m)
Threadneedle Asset Management Ltd.	24
Schroder Investment Management Ltd.	20
M&G Investment Management Ltd.	20
Capital Research & Management Co	20
Aviva Investors Global Services Ltd.	18
Deutsche Asset & Wealth Management	11
Artemis Investment Management LLP	10
Robeco Investment Management, Inc.	9
GIC Pte Ltd. (Investment Management)	7
Heronbridge Investment Management LLP	7

# Lessons from Recent IPOs and Outlook



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<b>Prepare Ahead</b>	<ul style="list-style-type: none"><li>▪ Early preparation is critical - very hard to accelerate an IPO process</li><li>▪ Increasingly common practice to meet investors early (12 months ahead) – therefore need to work on key financials, KPIs for the business, equity story well in advance</li></ul>
<b>Early Investor Engagement is Key</b>	<ul style="list-style-type: none"><li>▪ The practice of “early look” engagement with a number of the key investors has been very valuable:<ul style="list-style-type: none"><li>▪ Feedback for the Company and owners at an early stage on the business model, the management team and likely valuation parameters</li><li>▪ Investors get an opportunity to build a rapport with management at this early stage, enhancing their likely participation at the IPO</li></ul></li></ul>
<b>Demand Patterns are Shifting</b>	<ul style="list-style-type: none"><li>▪ Maximising demand means understanding the dynamics within the investor community:<ul style="list-style-type: none"><li>▪ Long only vs hedge funds</li><li>▪ UK vs. Europe vs. US vs. Asia</li><li>▪ Retail participation</li></ul></li><li>▪ Consider complementary distribution platforms in IPO syndicates to tap all of these pockets</li></ul>
<b>Current Investor Appetite</b>	<ul style="list-style-type: none"><li>▪ With plenty of potential IPO supply in 2016 (particularly in H2 post UK’s EU referendum), investors will continue to be selective and differentiation of equity story has become even more important</li><li>▪ Seeing more structures to de-risk IPO execution - shortening timetables, stealth marketing (no intention to float) anchor / cornerstone orders, reverse into shells (e.g. BCA, Iglo) etc.</li></ul>

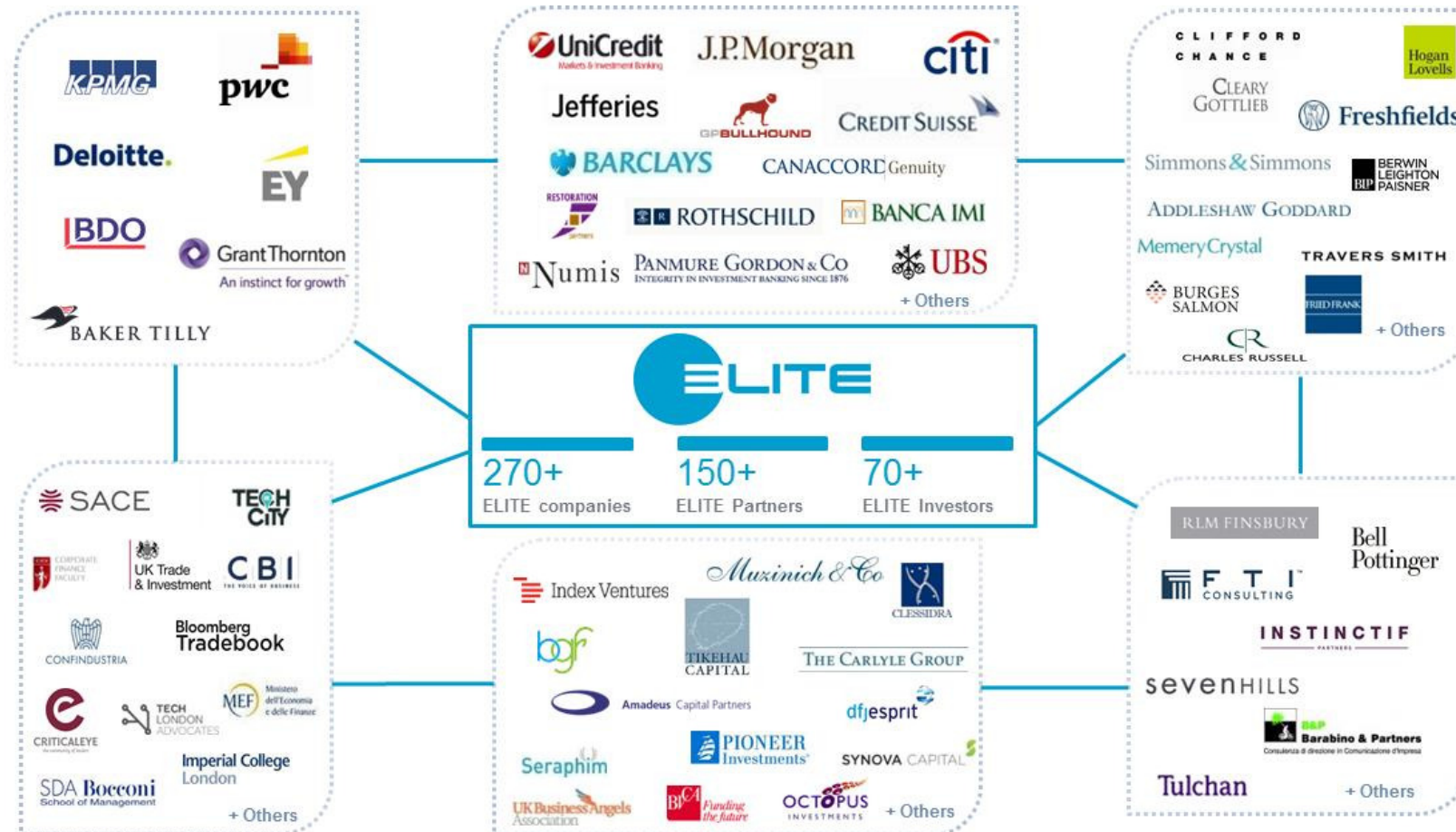


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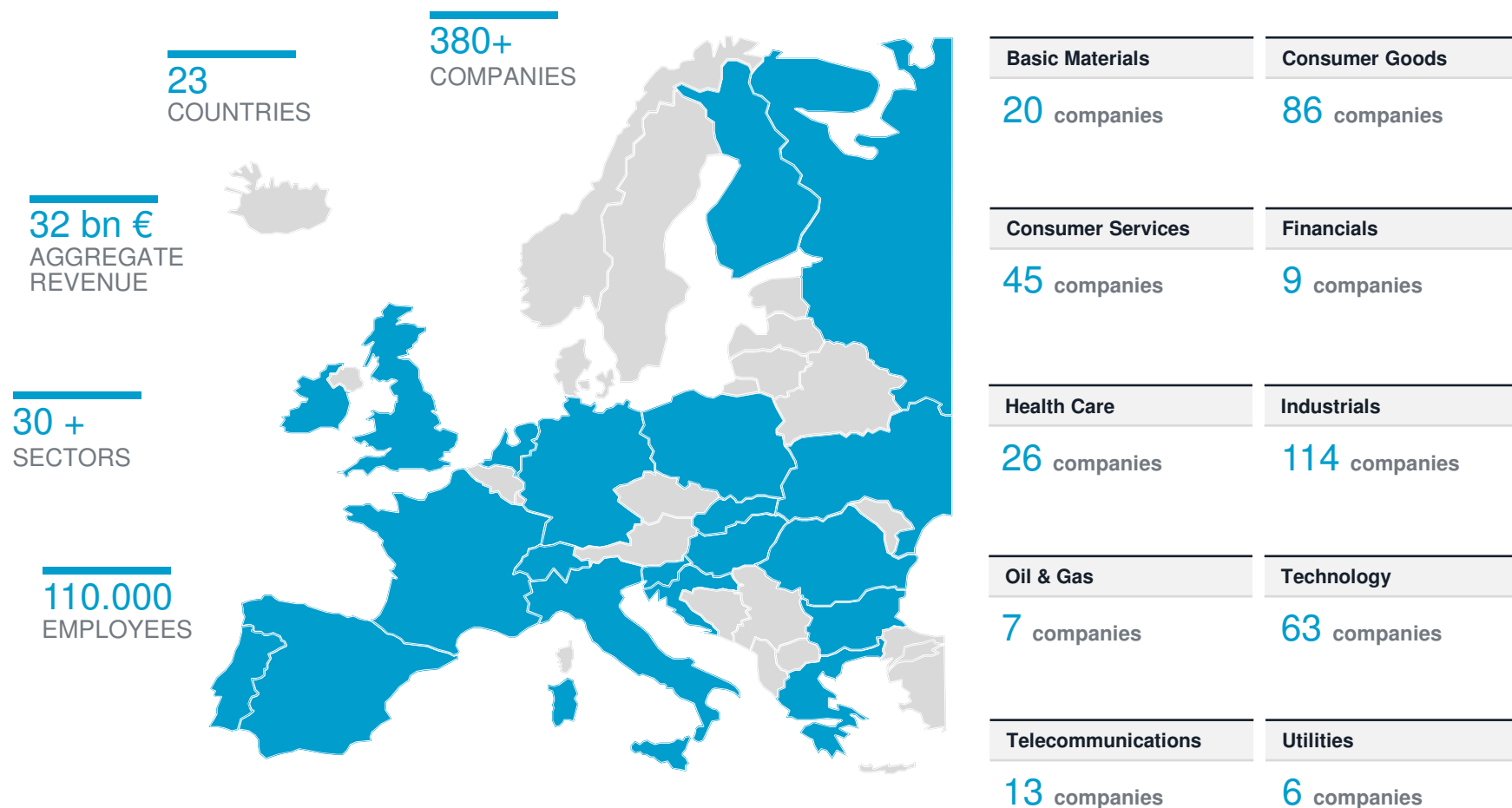
## 5) ELITE - Growth programme for European SMEs



# ELITE – A Fast Growing European Ecosystem



# ELITE COMPANIES AT A GLANCE



# INVESTORS' ROLE

Being part of the ELITE investor community generates many benefits:



Select best investment opportunities, between international companies which have been prepared to deal with investors



Sponsor the admission of their portfolio companies to ELITE, in order to accelerate their cultural changes, organizational improvements, understanding of the public capital markets and raise the corporate profile within the local and international financial community, by laying foundations for structuring well in advance the exit strategy



Access to a wider network of investors and advisers, through the digital platform for potential M&A activity



Contribute in the delivery of the programme content in specific technical workshops

In our experience so far ELITE accelerates the possibility to involve private investors in the SMEs' shareholder base and increases the exposure of private equity holdings to a qualified international financial community, promoting transparency, governance and best financial practices.

# ELITE – Business Development & Capital Access



Since joining ELITE companies have accelerated their growth plans and gained access to funding opportunities

ELITE Europe launch at European Parliament  
(Dec 2014)



1<sup>st</sup> ELITE cohort in the UK  
(April 2014)



Celebrating 100 companies on ELITE  
(April 2013)



Various other ELITE events



## ELITE activity

- 19x** IPO announcements in medium-term
- 45x** Private Equity investments
- 21x** Bond emissions
- 120x** M&A / JV deals
- 250** Mln € raised by state owned institutions

## Turkey – ELITE companies



**NATEK** - Software & Computer Services , Turkey

Established in 2005, Natek is the leading network security and management software developer in Turkey....



**SURTEKS** - Electronic Equipment , Turkey

Surteks is an Istanbul based workshop technology company. We focus on IOT (internet of things) for automotive and workshop applications. ...



**VECTOR INFORMATION TECHNOLOGIES** - Software & Computer Services , Turkey

VECTOR Barcode and Information Technologies is one of the leading information technologies, software, hardware and services company of Turkey which is Top 200...



**WEBDENAL** - Broadline Retailers , Turkey

WEBDENAL is a Turkey-based company and one of the leading general e-retailers in the country....

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