

Equity Capital Markets Watch

Singapore, 2022 year in review





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Top 5 global IPOs in 2022

The global economy's growth slumped in 2022 due to risks arising from macroenvironmental factors such as the war in Ukraine, supply chain disruptions, tight labour market, persistently high inflation, central bank tightening and the enduring impacts of the pandemic. This has shaken the stability of the equity markets, increased initial public offering (IPO) volatility and impacted the post-IPO performance of transactions completed in 2022. Despite this, equity markets have still witnessed large IPOs across the different equity markets.

Exhibit 1: Top 5 global IPOs by fund raised in 2022*

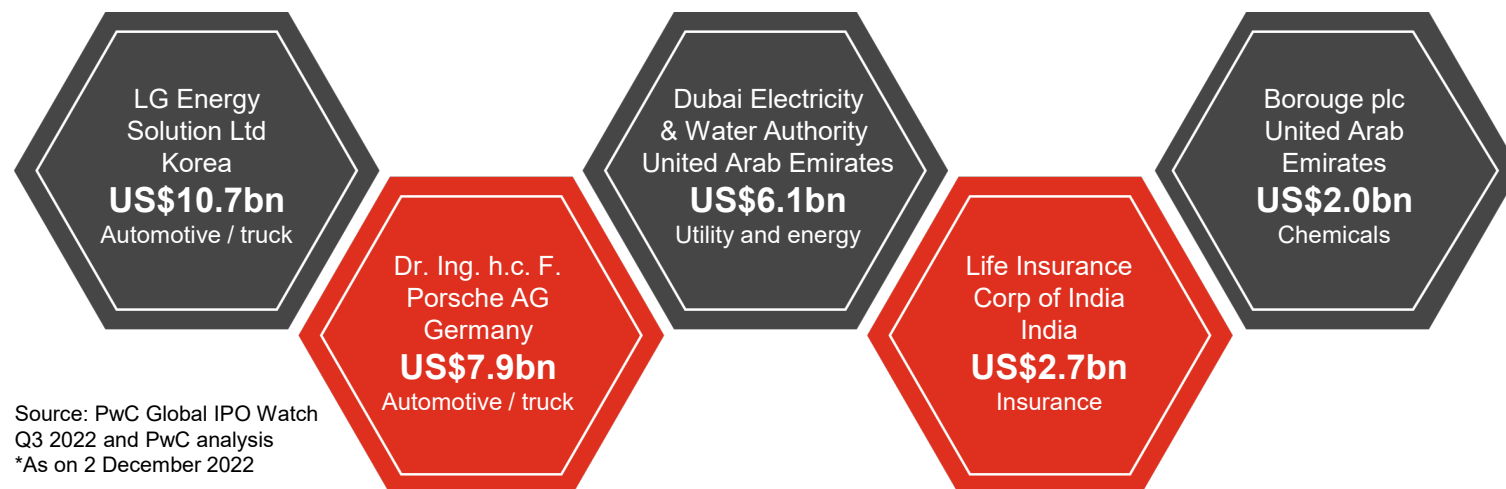


Exhibit 2: Market performance of top 5 global IPOs

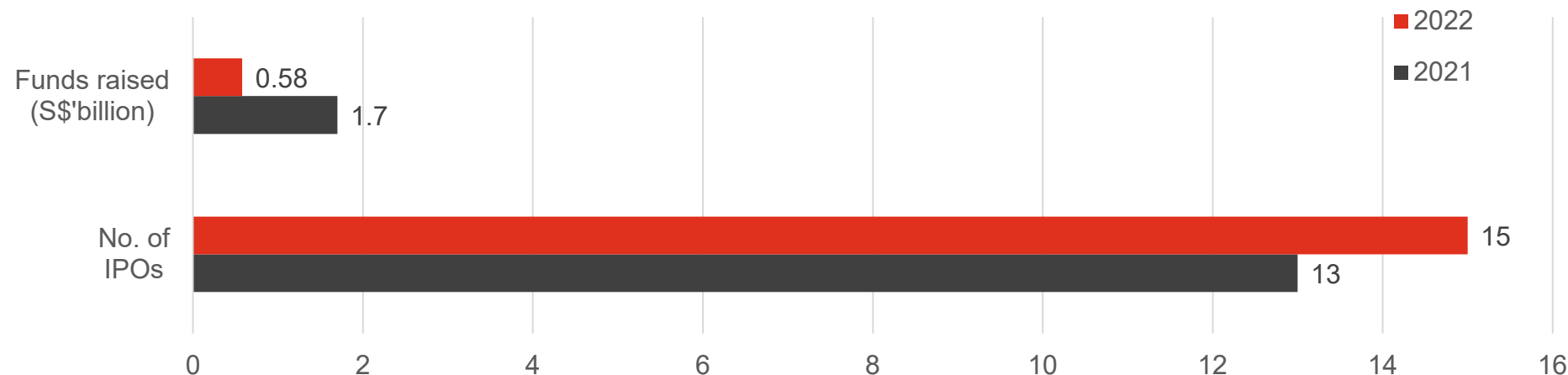
Issuer	Listing date	Offer price US\$	First day closing price	Last close* US\$	% Change First day closing vs IPO	% Change last close vs IPO
LG Energy Solution Ltd	27 Jan 22	252.68	419.77	447.74	66.1%	77.2%
Dr. Ing. h.c. F. Porsche AG	29 Sept 22	79.93	80.58	112.19	0.8%	40.4%
Dubai Electricity & Water Authority (DEWA)	12 Apr 22	0.68	0.78	0.63	14.7%	-6.7%
Life Insurance Corp of India	17 May 22	12.25	11.30	8.00	-7.8%	-34.7%
Borouge plc	3 Jun 22	0.67	0.82	0.73	21.9%	8.9%

*Last close as on 2 December 2022

Singapore IPO activities

I. Overview

Exhibit 3: Number of SGX IPO deals and funds raised (1 January 2021 – 2 December 2022)



Source: SGX

Despite more IPOs completed on the Singapore Exchange (SGX) in 2022, 15 compared to 13 in 2021, the total IPO proceeds raised this year was S\$0.58bn, S\$1.12bn less than in 2021 (Exhibit 3). A large contributor to the fall was no new Real Estate Investment Trust (REIT) listings being completed in 2022. In 2021, SGX witnessed two REIT listings, Daiwa House Logistics Trust (S\$464.4m) and Digital Core REIT (S\$822m). However, by excluding the listing of the REITs in 2021, the total proceeds raised in 2022 has increased to S\$0.58bn from S\$0.37bn year-on-year (YOY).

The higher number of IPOs in 2022 on the SGX was driven by the listing of the first three Special Purpose Acquisition Companies (SPACs) with total proceeds from listings amounting to S\$528m.

Vertex Technology Acquisition Corporation (VTAC), one of three SPACs listing in 2022, was the largest IPO on the SGX Mainboard with S\$208m fund raised. The

largest IPO on the SGX Catalist was the listing of Alpina Holdings Limited with a deal value of S\$11.47m.

IPO volume on SGX was down in the second half of the year resulting from the stalling of the globally economy.

In 2022, SGX also welcomed the secondary listing of NIO Inc, a global smart electric vehicle company and the first company in the world to be listed on three exchanges – the New York Stock Exchange, The Stock Exchange of Hong Kong and SGX. Subsequent to the secondary listing of NIO Inc, Emperador Inc., a leading high-growth international spirits company which is primary-listed on the Philippine Stock Exchange also completed its secondary listing on SGX.

Singapore IPO activities

II. Performance of companies listed in 2022 in Singapore

Exhibit 4: Performance of companies listed in 2022 on SGX

Issuer	Sector	Listing date	Fund raise S\$'m	Offer price S\$	First day closing price	Last close* S\$	% Change First day closing vs IPO	% Change last close vs IPO
Mainboard:								
Emperador Inc.	Food and beverages	14 July 2022	_**	_**	0.45	0.49	_**	_**
NIO	Automobiles and auto parts	20 May 2022	_**	_**	17.30	12.05	_**	_**
Yangzijiang Financial Holding Ltd	Private equity	28 Apr 2022	_***	_***	0.62	0.35	_***	_***
Novo Tellus Alpha Acquisition	Asset and wealth management	27 Jan 2022	150	5.00	4.86	4.33	-2.8%	-13.4%
Pegasus Asia	Asset and wealth Management	21 Jan 2022	170	5.00	5.02	4.31	0.4%	-13.8%
Vertex Technology Acquisition Corp Ltd	Asset and wealth Management	20 Jan 2022	208	5.00	5.05	4.52	1.0%	-9.6%
Sub-total			528					
Catalist:								
LMS Compliance Ltd.	Healthcare	1 Dec 2022	3.64	0.26	0.27	0.28	3.8%	5.8%
Noontalk Media Limited	Media entertainment	22 Nov 2022	4.8	0.22	0.22	0.20	0.0%	-9.1%
Lincotrade & Associates	Chemicals	8 August 2022	_****	_****	0.19	0.17	_****	_****
5E Resources Limited	Industrial services	12 May 2022	10.01	0.26	0.27	0.24	1.9%	-9.6%
LHN Logistics Limited	Logistics	29 Apr 2022	5.05	0.20	0.19	0.14	-7.5%	-32.5%
IWOW Technology	Technology	14 Apr 2022	6.5	0.25	0.26	0.24	4.0%	-6.0%
Oiltek International	Asset and wealth management	3 Mar 2022	5.18	0.23	0.26	0.19	13.0%	-17.4%
LS 2 Holdings Limited	Service provider	24 Feb 2022	5.55	0.20	0.88	0.24	340.0%	17.5%
Alpina Holdings Limited	Construction/ engineering	28 Jan 2022	11.47	0.31	0.32	0.19	3.2%	-38.7%
Sub-total			52.2					
Total			580.2					

Source: SGX

*Last close as on 2 December 2022

** not available as this is a secondary listing

*** not available as this is an introductory listing

****not available as this is a RTO

Singapore IPO activities

III. ESG: what's new starting from 2023

Since financial year commencing in 2017, Singapore Exchange Regulation (SGX RegCo) has required issuers to disclose sustainability reporting on a "comply or explain" basis. Primary components of a sustainability report are:

- Reporting framework
- Materiality assessment
- Policy, practices and performance reporting
- Target setting
- Statement by the Board

In December 2021, SGX RegCo released a roadmap for climate-related disclosures to be made mandatory in issuers' sustainability report (Exhibit 5). This is to address the urgent demand for such information from lenders, investors and other key stakeholders given the physical and transitional risks of climate change, including understanding the potential opportunities.

Climate related disclosures should be based on recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), include scope 1 and 2 Greenhouse Gas (GHG) emissions (scope 3 where applicable) and scenario analysis consistent with 2°C or lower.

Other requirements for listed companies on SGX effective from financial year commencing in 2022 are:

- Minimally subject the sustainability reporting process to internal or external review
- Board diversity disclosures
- Proposed core ESG factors (27 factors)
- Mandatory board directors training
- Sustainability reports to be issued with annual report (within 4 months of financial year end) unless subject to external assurance (5 months).

Exhibit 5: SGX sustainability reporting on climate and diversity

For financial year commencing	Baseline reporting practice	Calendar year in which report published
Between 1 January 2022 and 31 December 2022	Climate reporting is mandatory for all issuers on a "comply or explain" basis.	2023
Between 1 January 2023 and 31 December 2023	Climate reporting is mandatory for issuers in (a) financial industry; (b) agriculture, food and forest products industry; and (c) energy industry. For other issuers, climate reporting on a "comply or explain" basis.	2024
Between 1 January 2024 and 31 December 2024	Climate reporting is mandatory for issuers in (a) financial industry; (b) agriculture, food and forest products industry; (c) energy industry; (d) materials and buildings industry; and (e) transportation industry. For other issuers, climate reporting on a "comply or explain" basis.	2025

Source: SGX

PwC

Key regional bourses

Indonesia continues to lead the Southeast Asia (SEA) region in terms of IPO volume (Exhibit 6). The Indonesian Stock Exchange (IDX) witnessed two large IPOs:

- PT GoTo Gojek Tokopedia Tbk listed on the 11 April 2022. The company offers mobility, food delivery, logistics, e-commerce, and financial technology solutions to customers in Indonesia and raised approximately US\$1.1bn.
- PT Global Digital Niaga Tbk (Blibli) listed on the 8 November 2022. This is an e-commerce company that raised approximately US\$513m.

Malaysia overtook Thailand to come in second in terms of IPO volume after seeing a slight increase from 2021 to 2022 (Exhibit 6). The biggest IPO was from Farm Fresh Bhd, a fast-growing, vertically integrated dairy group engaged in the business of farming, manufacturing, and distributing various dairy products and plant-based products. The company listed on the 28 February 2022 and raised approximately US\$238m.

The number of IPOs listed on the Thailand Stock Exchange fell from 41 in 2021 to 33 in 2022. The biggest IPOs on the Thailand Stock Exchange were:

- Thai Life Insurance plc listed on the 11 July 2022. This is an insurance company which raised approximately US\$1bn.
- i-Tail Corp plc listed on 28 November 2022. The company manufactures and exports canned seafood products including crabmeat, shrimp, baby clams, tuna and tuna petfood and raised approximately US\$590m.

Philippines' biggest IPO was from the country's first energy REIT, Citicore Energy REIT Corp. which listed on the 22 February 2022 and raised approximately US\$124m.

Although the SEA economy has gradually exited from the COVID-19 pandemic, the impact of the global economy downturn will continue to dampen IPO activity within the region. However, we believe companies that can demonstrate ability to generate stable cash flow and those with strong profitability track records will continue to be attractive for investors and such companies could dominate the SEA IPO scene in 2023.

Exhibit 6: Number of IPOs by countries (1 January 2021 – 2 December 2022)

Country	Number of IPOs 2022	Number of IPOs 2021
Indonesia	55	53
Malaysia	35	31
Philippines	9	8
Singapore	12	8
Thailand	33	41
Total	143	141

Source: Official stock exchanges websites, excluding reverse takeovers and secondary listings



The road ahead: 2023

“The outlook for IPO market in 2023 will continue to be challenging in view of the uncertain interest rate environment, concern over the political recessionary market and the yet-to-be stable geopolitical situation in the world.”

Tham Tuck Seng
Capital Markets Leader
PwC Singapore

Key observations in 2022

2022 will be remembered as the year of SPAC, given the first three SPAC listings on SGX. SGX witnessed its busiest H1 of the last five years in 2022 and the gradual reopening of the economy of regional bourses. However, geopolitical instability and the rising interest rates have strongly affected the capital markets activities on SGX in the second half of 2022 with companies either halting their IPO plans or postponing them to 2023.

Outlook for 2023

After a quiet second half of the year and added uncertainty on global equity markets due to inflation, tightening of monetary policies and the global supply chain disruptions, we expect capital markets activities to take a slower course to rebound back in 2023. We believe companies will adopt a "wait-and-see" approach as they wait for stabilisation in the global equity market.

Nonetheless, the successful secondary listings of NIO Inc and Emperador Inc on SGX may also open the doors to more secondary listings in 2023 as existing listed issuers may look for alternative liquidity and investor base in a different bourse. There could also be potential for De-SPAC transactions to be announced by the existing SGX listed SPACs in 2023, as these SGX listed SPACs will have a shelf life of 24 months (with possible extension for other 12 months) to complete a De-SPAC.

With investors becoming more selective and price sensitive, potential issuers must focus on becoming fit for listing and avoiding typical pitfalls throughout the process such as:

- Lack of IPO preparation and unable to meet due diligence requirements
- Poor investors engagement
- Unable to present both financial and non-financial information to support the equity story
- Lack of a clear and demonstrable path to profitability

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