

# Bloomberg

## Pre-Election IPO Rush Set to Slow in Europe, Asia: ECM Watch

2020-11-03 18:00:17.18 GMT

By Swetha Gopinath

(Bloomberg) -- After a rush before the U.S. election, the pace of initial public offerings in Europe as well as Asia is set to slow through the end of the year, especially now that Ant Group Co.'s massive listing in China has been suspended. Equity capital markets bankers in both regions have been busy since the start of summer, as companies sought to take advantage of eager investors while markets stabilized. Now, there are signs that the environment for share sales is turning less friendly.

Today's shock suspension of Ant's \$35 billion record IPO in both Shanghai and Hong Kong is likely to knock sentiment toward listings in Asia for the rest of the year.

Ant's situation reflects poorly on Chinese listings and Chinese markets more than anything else, especially the timing of it, said Shaunak Mazumder, a global equities fund manager at Legal & General Investment Management, who participated in the offering.

Meanwhile, Europe's pipeline of deals for this month is much emptier than in September-October. The threat of a contested election result in the U.S., combined with new lockdowns in Europe, has led to big swings in stock markets. Last month, the Stoxx 600 Index posted its biggest drop since the selloff in March.

The election outcome is likely to have more of an impact on large transactions, where hedge funds tend to play a more active role, said Ivan Sedgwick, investment director at corporate adviser LGB & Co. For domestic markets driven by retail investors, any ramifications will be more subdued as the knock-on effect of this type of event is relatively indirect, he said. Europe's recent listings have been small and mainly in fringe markets. Canal+ Polska SA started taking orders Tuesday for a 1.3 billion zloty (\$331 million) Warsaw IPO, while cloud-computing specialist The Bytes Group said Monday it is listing in London and Johannesburg. This trend will likely continue until year-end.

Still, the stirrings of activity this week surprised investors, who expected volatile markets and the U.S. election to draw a curtain on European IPOs for the year. In October, academic

publisher Springer Nature is said to have postponed what would have been Germany's biggest IPO in more than a year. A number investment firms have withdrawn planned share sales in London in recent weeks with Brexit continuing to weigh on demand for U.K. equities. The IPO window may not be closed shut, but it will become more restrictive, Sedgwick said. "It will be very difficult to get deals away."