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**Privatizations to be a key driver for the rest of the 2011**

*Prague, 24 March 2011* – **Global IPO market activity is off to a record start in the first two months of 2011 with US$25.3 billion raised in 193 deals. Global investors seeking to capitalize on the emerging markets growth story have been fuelling stock markets rallies and new listings world-wide. This is according to Ernst & Young’s *Global IPO trends report 2011*. The report highlights the market outlook for IPO markets in 2011 and analyzes the key trends of 2010.**

A number of key factors have driven this level of IPO activity, including state privatizations, multinational spin-offs, and companies in the natural resources (including oil and gas), industrial/infrastructure and technology sectors.

Peter Wells, Partner in Ernst & Young’s Transaction Advisory Services in Czech Republic comments: *“The shortage of exit routes, the lack of capital-raising and the numerous listing postponements since the financial crisis began in 2007 have created a growing IPO pipeline worldwide. The secondary-market momentum is also expected to continue as companies ramp up their capitalization to record levels, particularly to support acquisitions.*

*“Reflecting growing investor confidence around equity valuations and sharpened risk appetites, IPOs are expected in an even greater variety of sectors and geographies, not just in the BRIC countries but also other emerging markets such as Southeast Asia, Eastern Europe and Latin America,”* adds Petr Kříž, Executive Director in Ernst & Young’s Transaction Advisory Services team in Czech Republic.

**European IPO outlook**

In the first two months of 2011, European exchanges have raised US$1.8b in 26 deals. In 2010, the UK and Polish exchanges led European IPO markets. European investors are now investing into equities, as many believe that downside macroeconomic risks for the European market have already been priced into the markets. The 2011 pipeline of potential IPO candidates is strong. Large East European privatizations are anticipated as Polish, Czech Republic, and Russian government seek to finance their fiscal deficits.

In the UK, spinouts from banks both in the UK and overseas will lead to some of the largest IPOs. The LSE Main market will also launch cross-border listings from emerging market-

facing companies, particularly in the energy and power sectors. Germany’s IPO markets are also expected to pick up, with approximately 20 small cap IPOs in diverse industries expected to list on the less-regulated “Entry Standard” segment of the Deutsche Borse.

Peter Wells concludes: *“Although the first two months to 2011 has seen a record start, the current upward trajectory may not necessarily be smooth as global macroeconomic risks could yield further market volatility. However, barring another unforeseeable crisis, 2011 global IPO markets are expected to be stronger than in 2010.”*

**America’s IPO outlook**

In the first two months of 2011, the US exchanges have raised US$9.0 billion in 26 deals. At the end of February 2011, the US backlog contained about 150 companies, which are expected to raise around US$42b. The pipeline includes PE- and VC-backed companies, fast growth companies in technology, health care and real estate, companies based in China, large company spin-offs and US companies backed by funds from the US government’s Troubled Asset Relief Program (TARP). The 2011 PE-backed IPO energy company Kinder Morgan’s US$3.3 b is the largest PE-backed IPO ever seen in the US and will likely continue the trend of financial sponsored offerings.

Brazil: In 2011, despite rising inflation and poor after-market performance, Brazil expects about 30 IPOs with an average deal size of US$500 million, particularly in the retail, oil and gas and mining sectors.

**2011 Asian IPO outlook**

Greater China: In 2011, Greater China looks set to maintain its leadership of global IPO markets. In the first two months of 2011, Shanghai Stock Exchange raised US$4.0b from 8 IPOs and the Shenzhen Stock Exchange raised US$6.5b, with 51 IPOs (22 from SME and 29 from Chi-next).

On the Hong Kong Stock Exchange (HKEx), total fund-raising is expected to exceed US$50b, and to continue attracting more cross-border listings, particularly natural resources companies.

Continues Petr Kříž: *“As the only Chinese exchange fully open to foreign investors, HKEx has become a platform for China-based companies with international ambitions who seek access to global funds.”* In 2011, the Greater China IPO pipeline is a robust one containing some large state-owned enterprises, as well as numerous small and mid-sized enterprises in the consumer, infrastructure, clean technology and pharmaceutical sectors.

India: Propelled by 8% GDP growth rate and healthy corporate earnings, India’s IPO markets continue their dramatic recovery. More than 100 Indian companies are expected to pursue IPOs and follow-on offerings, spurred by the country’s massive US$1 trillion infrastructure investment plan, and its US$10b Government privatization program.

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