

THE ROAD AHEAD: THE 2019 AUSTRALIAN IPO REVIEW

28 February 2020 | Australia
Guides

It gives us great pleasure to present The Road Ahead: The 2019 Australian IPO Review.

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In this publication we cover:

- [some key IPO themes of 2019](#)
- [IPO activity across the Australian market](#)
- [REIT IPOs - the answer for you?](#)
- [Australian regulatory developments](#)
- [key US securities developments](#)
- [predictions for 2020](#)

SOME OF THE KEY THEMES OF 2019 INCLUDE:

2019 IN REVIEW

2019 was a more subdued year for Australian IPOs, impacted by events such as the elections in Australia and the UK and an overlay of uncertainty influenced by the ongoing trade war between the US and China, protests in Hong Kong and the commencement of the US presidential election process.

Nonetheless there were some standout listings with Prospa successfully listing after postponing its float in the prior year, large IT sector listings of foreign based Life360 and Fineos, the listing of eftpos solutions provider Tyro Payments and real estate sector listings of Home Consortium and Primewest.

CONSUMER FOCUS

The regulatory focus on consumer protection continues, with ASIC having released guidance on how it proposes to exercise its new product intervention powers as well as the product design and distribution regime. A number of regulatory and governance updates were also released in 2019 that sought to address the modern discourse around culture and climate change.

THE IT FACTOR

The IT sector remains firmly in focus for growth investors. In Australia, IT sector listings focussed on business-to-business solutions with Software as a service (SaaS) and payment systems and platforms making up the bulk of the IT listings on the ASX.

NAVIGATING THE IPO PROCESS

We saw greater scrutiny and media interest in bookbuild messages in 2019 following the release of ASIC's report on allocations in equity raising transactions in December 2018, culminating in rolling media articles on the bookbuild messages of the Latitude Financial float, which was ultimately withdrawn.

THE SEARCH FOR YIELD

With no change in the low interest rate environment, in 2019 we saw the success of yield based raisings such as REIT IPOs as a bright spot in an otherwise subdued market.

THE ROAD AHEAD

2020 is off to a promising start, with significant IPOs proposed in a range of sectors, including real estate, retail, resources, infrastructure and financial services. The inevitable twists and turns ahead require issuers and lead managers to be responsive and ready to take advantage of opportunities for launch when they arise.

LOOKING FORWARD

The following predictions outline what we can expect from Australian capital markets in 2020:

- 2020 has started with a burst of activity, but it will be interesting to see the impact of events such as Brexit, the COVID-19 virus, bushfires and floods on IPO numbers and timing.
- IPO candidates will need to spend more time in 2020 than in previous years on pre-IPO and non-deal processes.
- Pre-IPO capital raising will continue to be popular.
- Earlier and more detailed interactions will be needed with ASIC and ASX, and IPO candidates should expect more information requests and scrutiny from regulators.
- The IPO market will continue to be dominated by technology companies, albeit with a greater level of discernment about whether the issuer deserves an appropriate technology multiple and valuation.
- Australia's capital markets will continue to trend towards placements and share purchase plans over rights issues.

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KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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