

STRONG INVESTOR APPETITE FOR TECH TO FUEL AUSTRALIA'S IPO MARKET IN 2020

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Firm news

2020 is expected to be a positive year for Australian IPOs with the technology sector anticipated to continue to dominate listings, predicts global law firm Herbert Smith Freehills in its latest report.

The firm's [2019 Australian IPO Review](#) covers the key IPO themes and activity from across the Australian market in 2019, and predicts the trends expected in 2020.

The report found that in 2019 the technology sector was second only to the financial sector in terms of the volume and market capitalisation of listings on the ASX, and that the ASX has consolidated its name as a home for IT listings with the introduction in 2020 of the S&P/ASX All Technology Index.

Herbert Smith Freehills partner and Joint Head of Capital Markets, [Michael Ziegelaar](#), said, "In 2019, the ASX consolidated its position as the home for IT IPOs of all sizes, particularly FinTech, with its record for these listings continuing to attract global attention."

"We expect the IT sector to remain firmly in focus for growth investors in 2020 given its opportunities for scalability. Consistent with the trend in 2019, in Australia, IT sector listings are more likely to focus on business-to-business solutions, with 'Software as a Service' and payment systems and platforms making up the bulk of the tech listings on the ASX."

"Amongst this technology wave, we are also seeing that more traditional businesses and assets continue to attract interest, for example, from the real estate, retail, resources, infrastructure, and financial services sectors."

The report found that 2019 was a subdued year for Australian IPOs, with substantially fewer listings compared to 2018. Capital raised by IPOs in 2019 was also lower than in 2018. However, there were some highlights across a range of sectors.

[Philippa Stone](#), partner and Joint Head of Capital Markets at Herbert Smith Freehills, explained, “A combination of factors made listing on the ASX in 2019 a challenging task, including elections in Australia and the UK, the 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.”

“However, we still saw standout listings throughout the year, including Prospa successfully listing after previously postponing its float, the large IT sector listings of foreign-based Life360 and Fineos, the listings of eftpos solutions provider Tyro Payments and manufacturer Carbon Revolution, as well as the real estate sector listings of Home Consortium and Primewest.”

“2020 is off to a promising start, with a burst of energy from potential issuers and financial advisers already generating significant IPO proposals in a range of sectors. Whilst many of the challenges that shaped the economic landscape in 2019 are ongoing, it’s clear that businesses still have strategic objectives and compelling reasons to IPO in 2020”.

The report also forecasts that in 2020, companies will need to spend more time on readying their business before they begin the formal IPO process.

Mr Ziegelaar said, “A candidate that is behaving like a listed company by preparing itself with appropriate corporate governance, stakeholder engagement, and financial reporting, will also have an opportunity to build relationships with brokers and institutions that will give them confidence in the company pre-IPO — these candidates will be ready to take advantage when an IPO opportunity arises”.

MEDIA CONTACT

For further information on this news article, please contact:

**EMILY COULTAS, EXTERNAL
COMMUNICATIONS MANAGER**

MELBOURNE

Tel: +61 3 9288 1594

Email: emily.coultas@hsf.com