

IPO Market Outperforms in Second Quarter: OnMarket Report

New floats fly as big caps struggle

13 July 2016: Australian Initial Public Offerings (IPOs) are delivering stellar returns to investors, with the average gain on the 21 companies that listed on the Australian Securities Exchange (ASX) in the second quarter sitting at 33.5%, an impressive outperformance of the S&P/ASX 200, which rose just 3.0%, according to the [OnMarket Second Quarter IPO Report](#).

Over 2016 year-to-date, the average return from the 34 companies which had listed on the ASX by June 30, 2016, was 23.3%, compared with a 6.5% return for IPOs in the same period last year. The number of companies floating is also well up on the 27 who floated in the first half of 2015, according to the new report from OnMarket, which offers retail investors direct access to IPOs via its [OnMarket app](#).

Of the 21 companies that listed in the second quarter of 2016, nine were from the IT sector, which was the most heavily represented, and the average return was 10.7%. Over the first half of this year, the IT sector accounted for 12 IPOs, easily the most active sector accounting for company floats, with returns at 3.3%.

Ben Bucknell, chief executive of OnMarket BookBuilds (OMB), the creator of [OnMarket](#), the world's first app giving investors free and fair access to IPOs, said the data highlights why investors should include IPOs in their portfolios.

"The *OnMarket Second Quarter IPO Report 2016* highlights that IPOs have easily outperformed the stock market this year. This reflects the good quality of the companies listing on the ASX and the great opportunities open to investors.

"Of the 21 IPOs listed on the ASX during the second quarter, first-day returns averaged an impressive 24.5%. What's even more impressive is that the companies built on these gains to post an average gain of 33.5% by the end of the second quarter, highlighting the momentum which many IPOs have been able to achieve in an otherwise flat share market," Bucknell said.

Table 1: Second Quarter IPO Performance

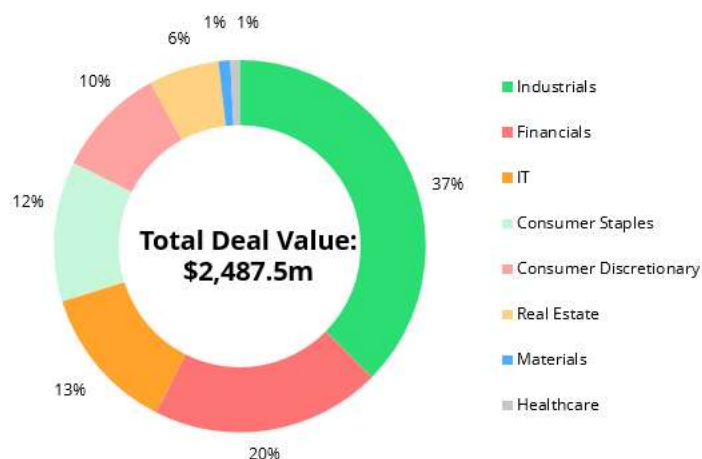


The best performing IPOs over the period were Abundant Produce, up 370% since listing on April 26, Graphex Mining (up 160%) and ApplyDirect (up 70%), all smaller cap IPOs. Other impressive performers were IT company Afterpay, which was up 44% after listing on May 4.

Among larger IPOs, software company WiseTech Global had jumped 32.2% by June 30 after listing on April 11 and plumbing manufacturer Reliance Worldwide Corporation was up 23.6% by June 30 following an April 29 listing.

“The sector breakdown reveals that IT companies are dominating listings, and combined with financial services sector floats, have accounted for 50% of all IPOs in 2016. After that, a broad range of sectors are represented, reflecting that the Australian economy is turning from being heavily reliant on commodities to other service-based areas such as IT and finance,” Bucknell said.

Table 2: 2016 YTD Sector Break-up by Amount Raised



“The OnMarket report highlights why investors can benefit from having a handful of IPO investments. So long as you have a broad exposure, you can maximise the chances of achieving the sorts of returns we’ve seen so far this year,” said Bucknell.

“Retail investors can easily do this by using the OnMarket app and portal, with several companies now offering their stock directly to the public through this digital platform, with minimum investments typically set low at \$2000.

“The new OnMarket app is completely free to investors: it’s free to sign up and free to bid and invest in IPOs, whether using our online platform or mobile app.”

The [OnMarket](#) app was launched by Prime Minister Malcolm Turnbull in October 2015, who said at the time: “The brilliance of this is simply that it makes it easier to buy, to trade. This will open up the investment market considerably.”

The platform was designed in response to survey data that shows investors need 7.2 sources of information before making an investment decision and allows users to be truly self-directed.

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[About On-Market BookBuilds \(OMB\)](#)

OnMarket BookBuilds’ mission is to empower investors and companies through innovation in financial technology. OMB believes that investors and companies benefit when capital raisings are conducted fairly, transparently, and efficiently. The company’s new [OnMarket app and bidding platform](#) is a wholly-owned and operated initiative of OMB. The OnMarket app and bidding platform is not a joint venture with ASX and is independent of OMB’s association with ASX in relation to the ASX BookBuild facility.