

Equity market development

3rd International Financial Markets Conference

Mihkel Torim

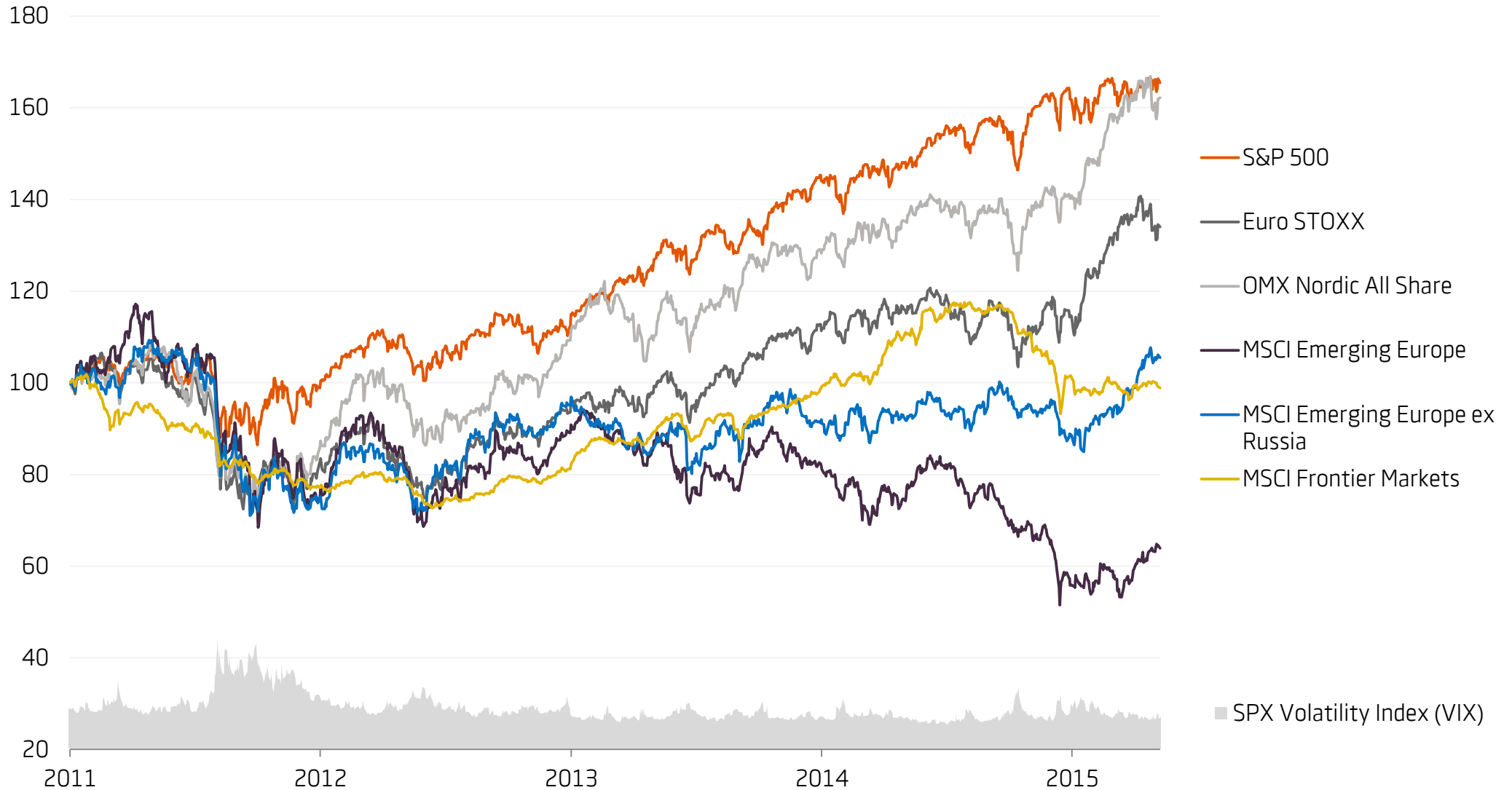
Head of Investment Banking, Swedbank Estonia

May 14, 2015



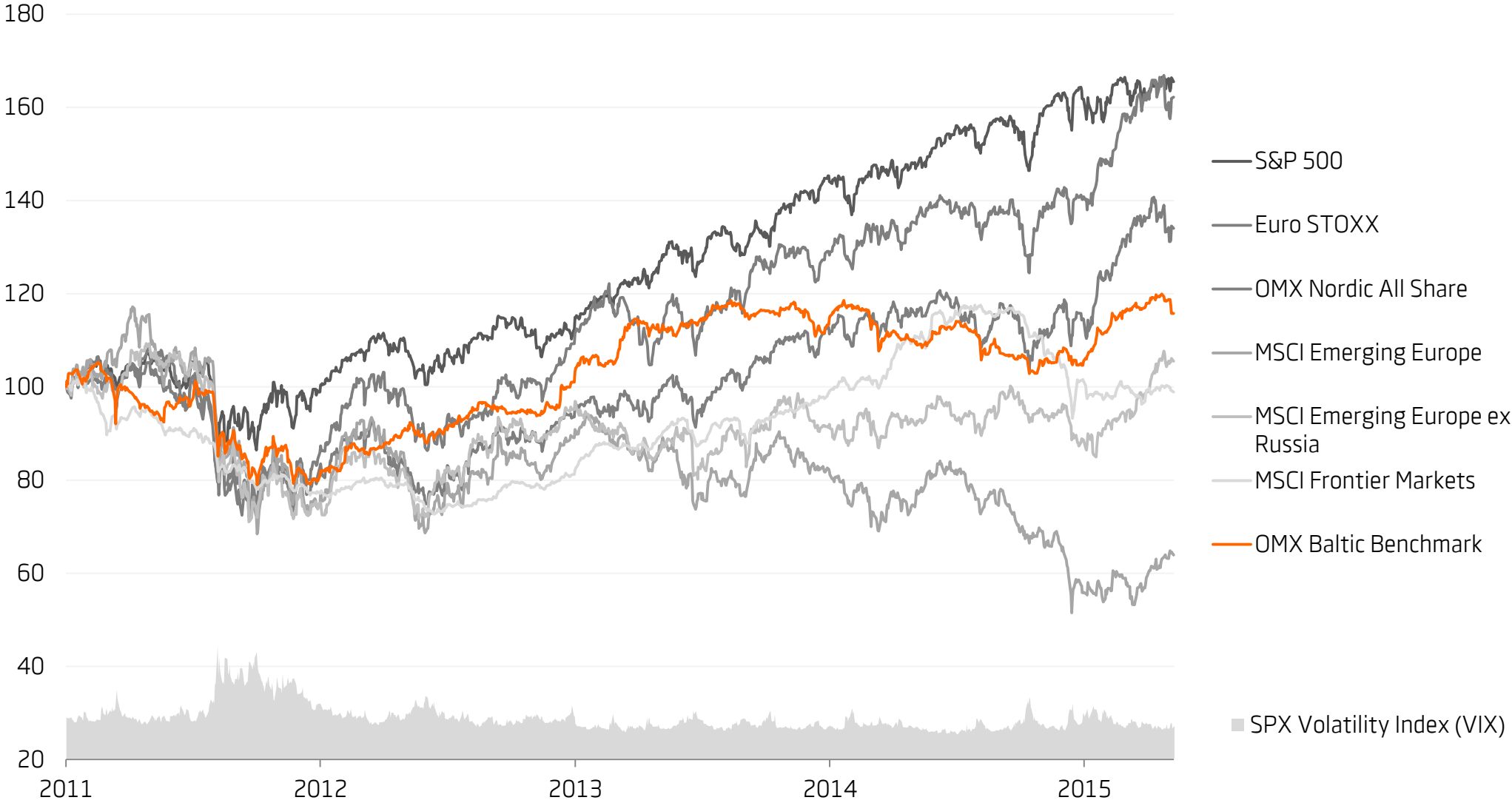
Global equity market performance

Robust returns from the core markets amid decreased volatility in the recent years



Global equity market performance relative to Baltics

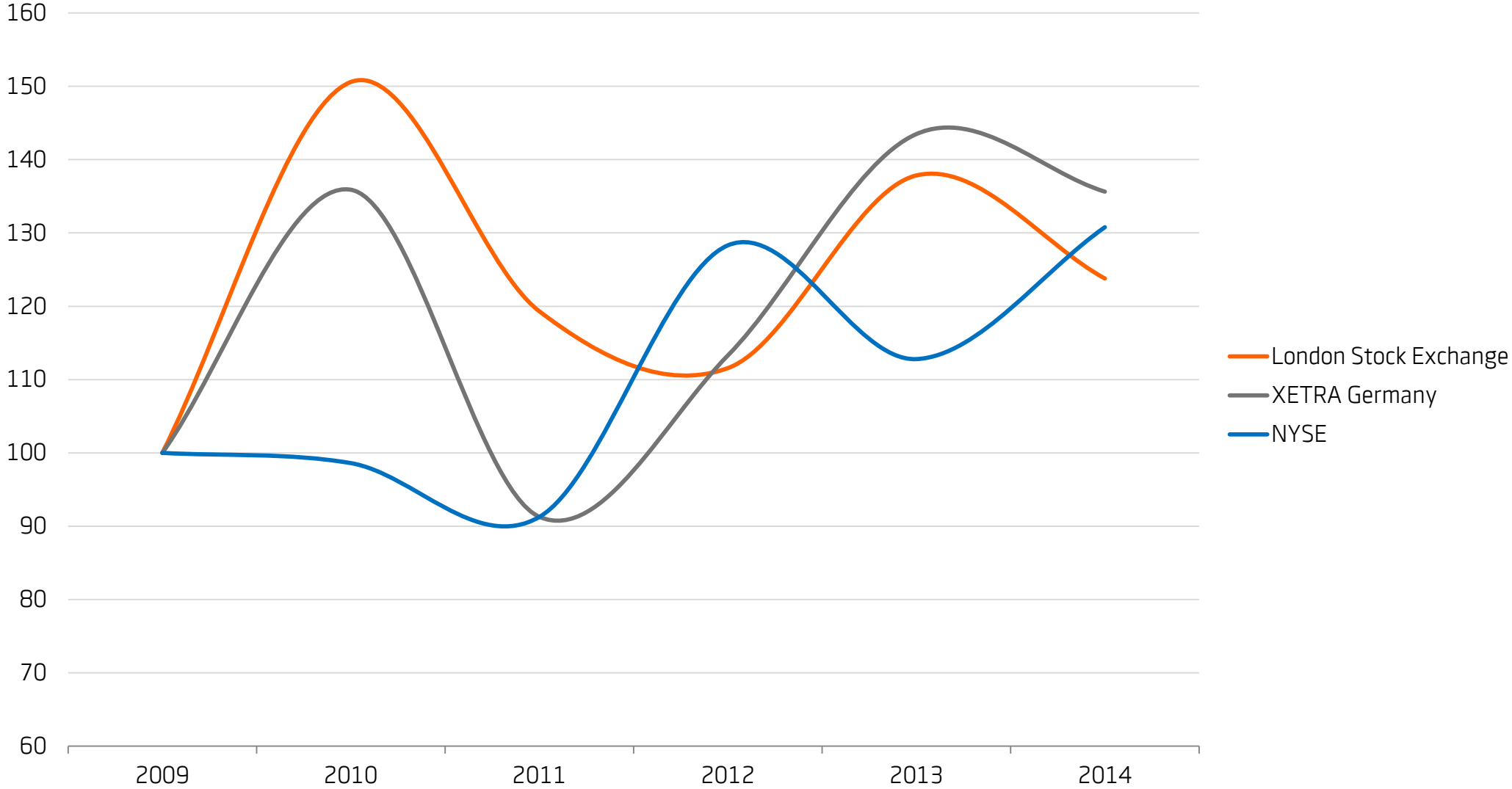
Baltics high up on the list and outperforming Emerging and Frontier market indices



Source: Bloomberg

Global equity market turnover development

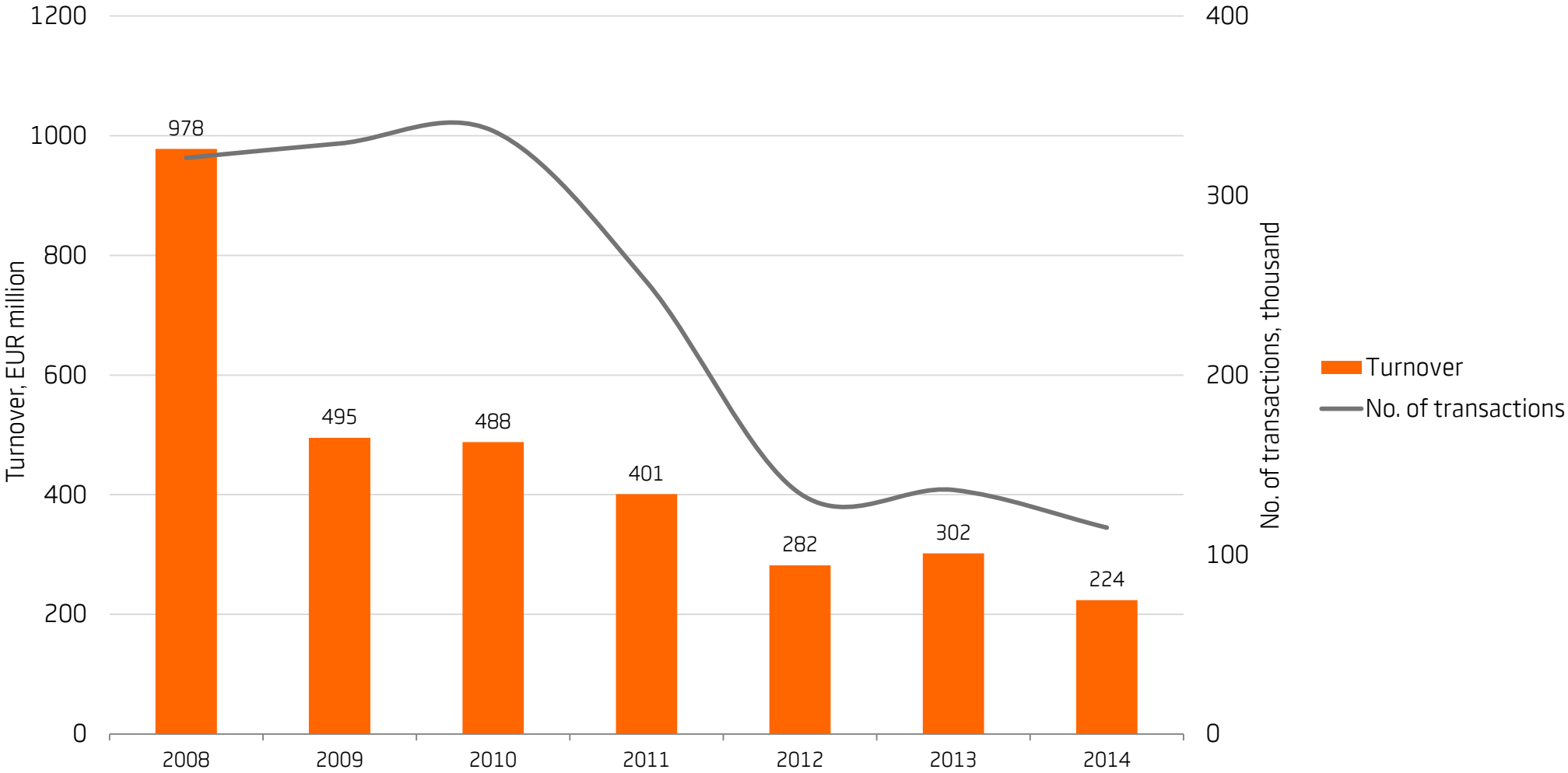
Core markets have strengthened on the back of increasing volumes...



Source: Bloomberg

Dynamics of trading activity on Nasdaq OMX Baltic

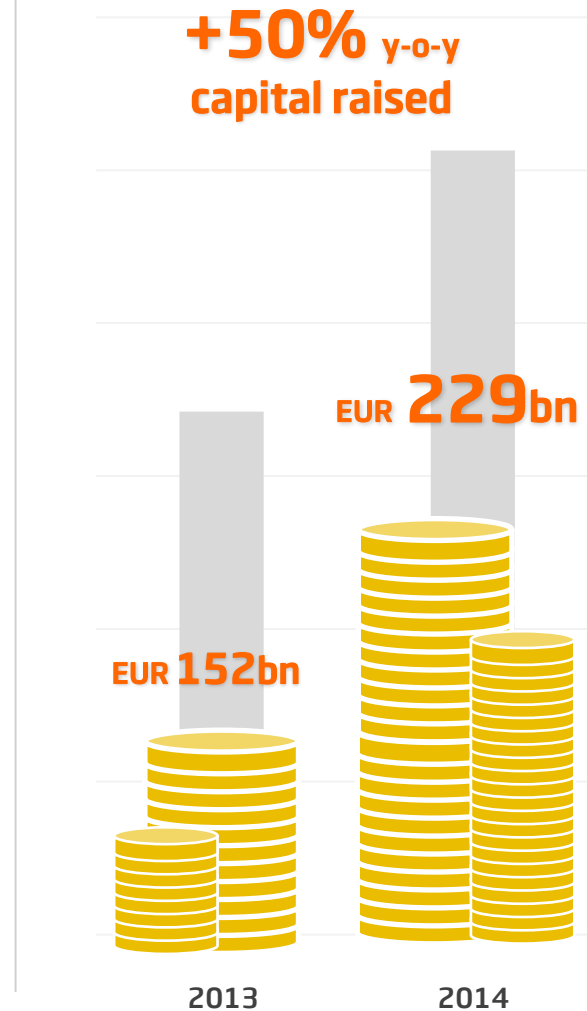
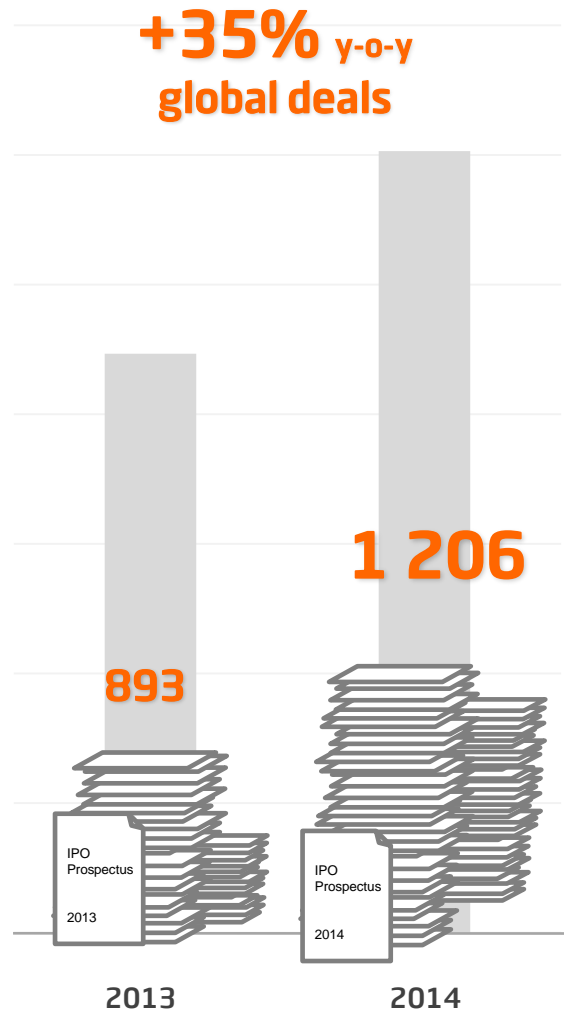
... but not in the Baltics.



Source: Nasdaq OMX Baltics

Global IPO market and trends

Positive sentiment expected to continue through 2015



Comments for 2014





- Equity markets have rallied on back of rebounding confidence and supportive action by central banks
- Volatility has been reasonably low during 2014
- Rising equity markets supported primary market activity

Trends into 2015

- Minor slowdown in 1Q 2015
- Europe and Asia expected to beat US both in terms of volume and amounts raised
- Robust year for primary issues expected on back of the record breaking market levels

Primary issues on selected European markets

Largest exchanges by funds raised

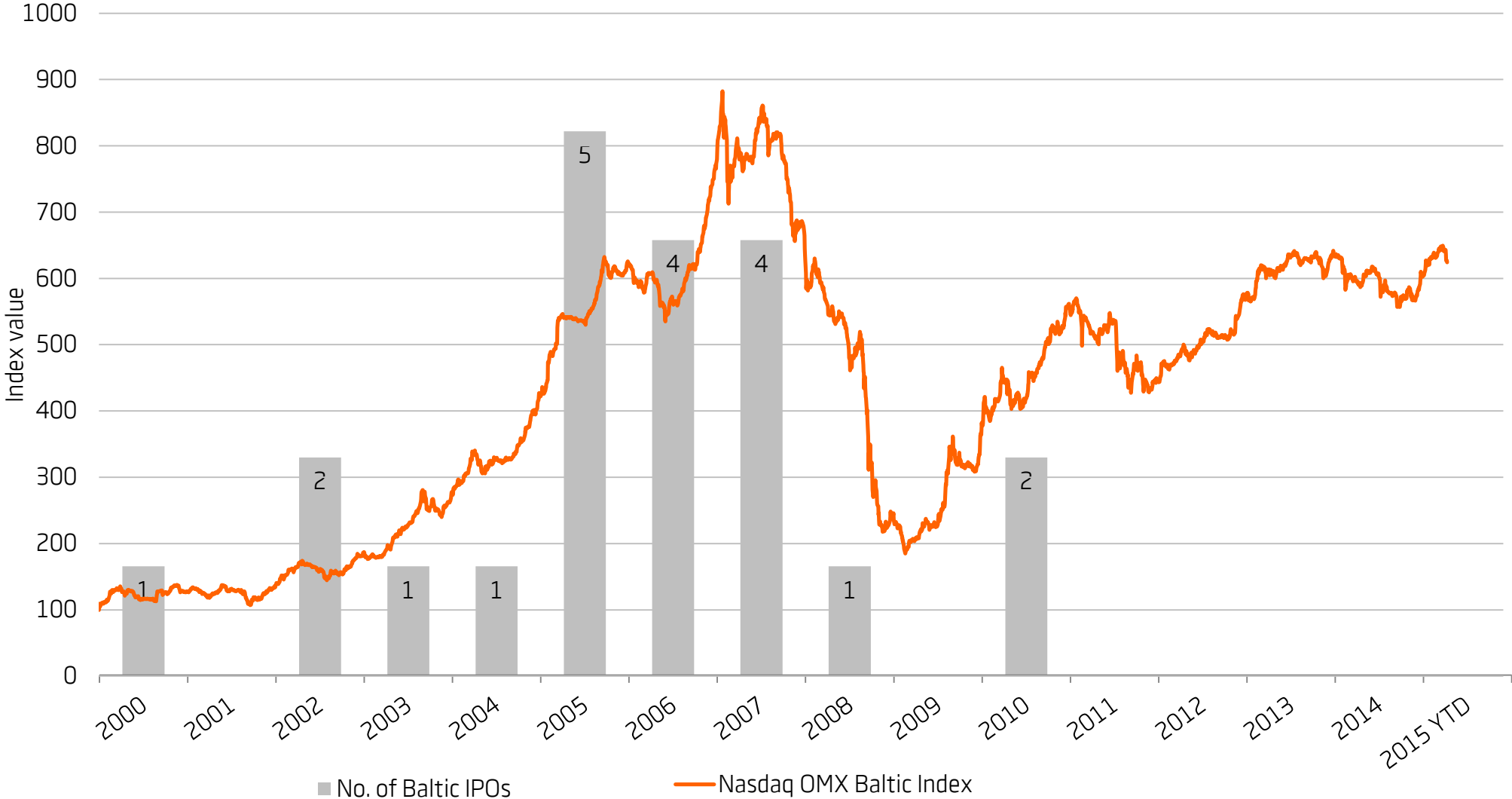
	Capital raised	No. of deals	Median deal
 London Stock Exchange London Main Market	EUR 17.3bn	40 deals	EUR 306m
 EURONEXT Euronext	EUR 11.0bn	26 deals	EUR 47m
 BOLSA DE MADRID Bolsa de Madrid	EUR 6.4bn	8 deals	EUR 617m
 NASDAQ OMX NASDAQ OMX	EUR 4.8bn	14 deals	EUR 207m

Comment

- In Europe a combination of strengthening equity markets, low interest rates and investor confidence contributed to surge in capital raised
- EUR 55.4bn in proceeds across 259 deals
- Average transaction of EUR 214m
- 12% first day average return
- Positive first-day returns and YTD performance are supporting further IPO activity

Baltic equity market and primary issues

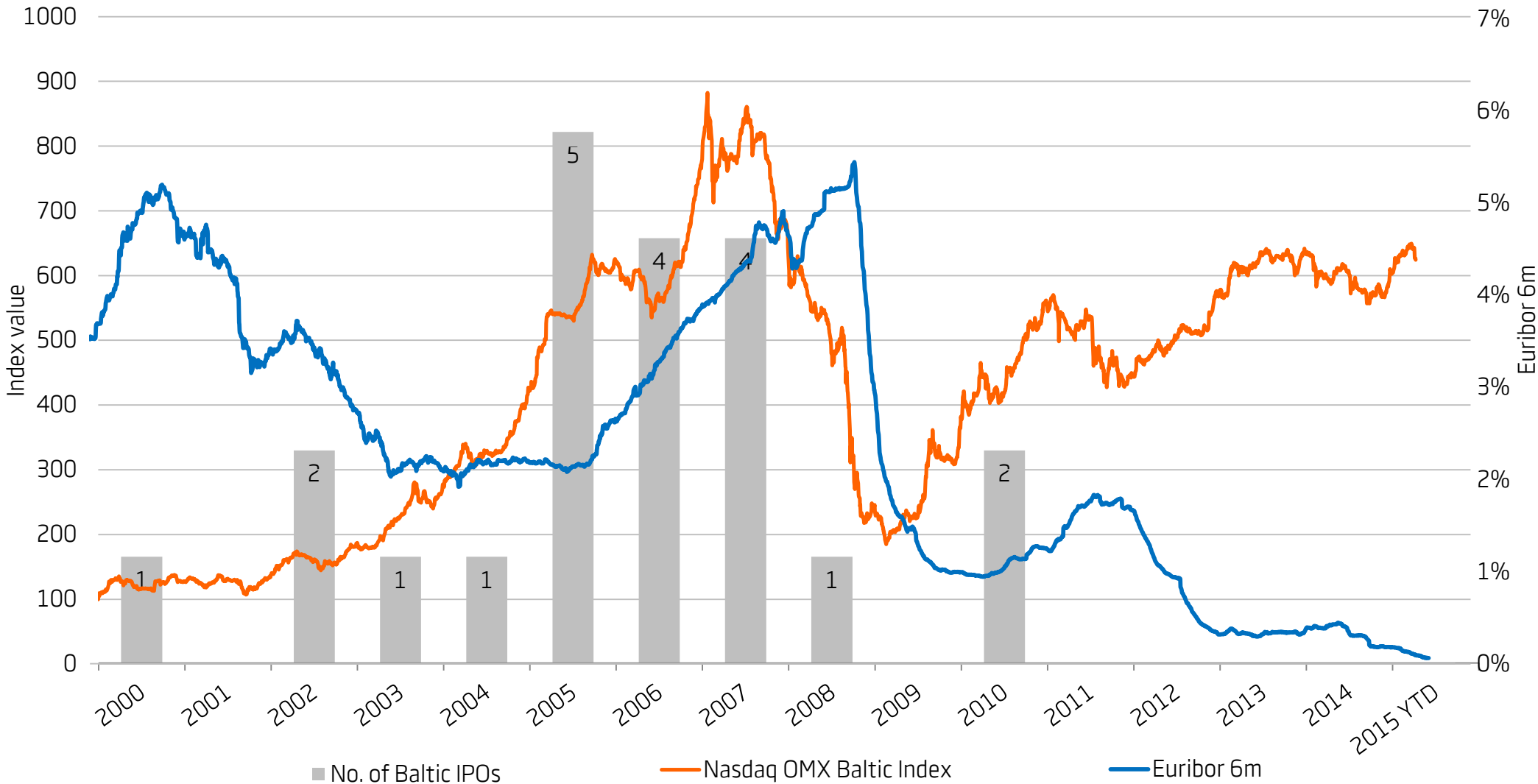
Blank space on IPO market since 2010 (!)



Source: www.nasdaqomxbaltic.com, Swedbank

Baltic equity market and primary issues

Low interest rate environment has indeed supported the market but not IPO-s.



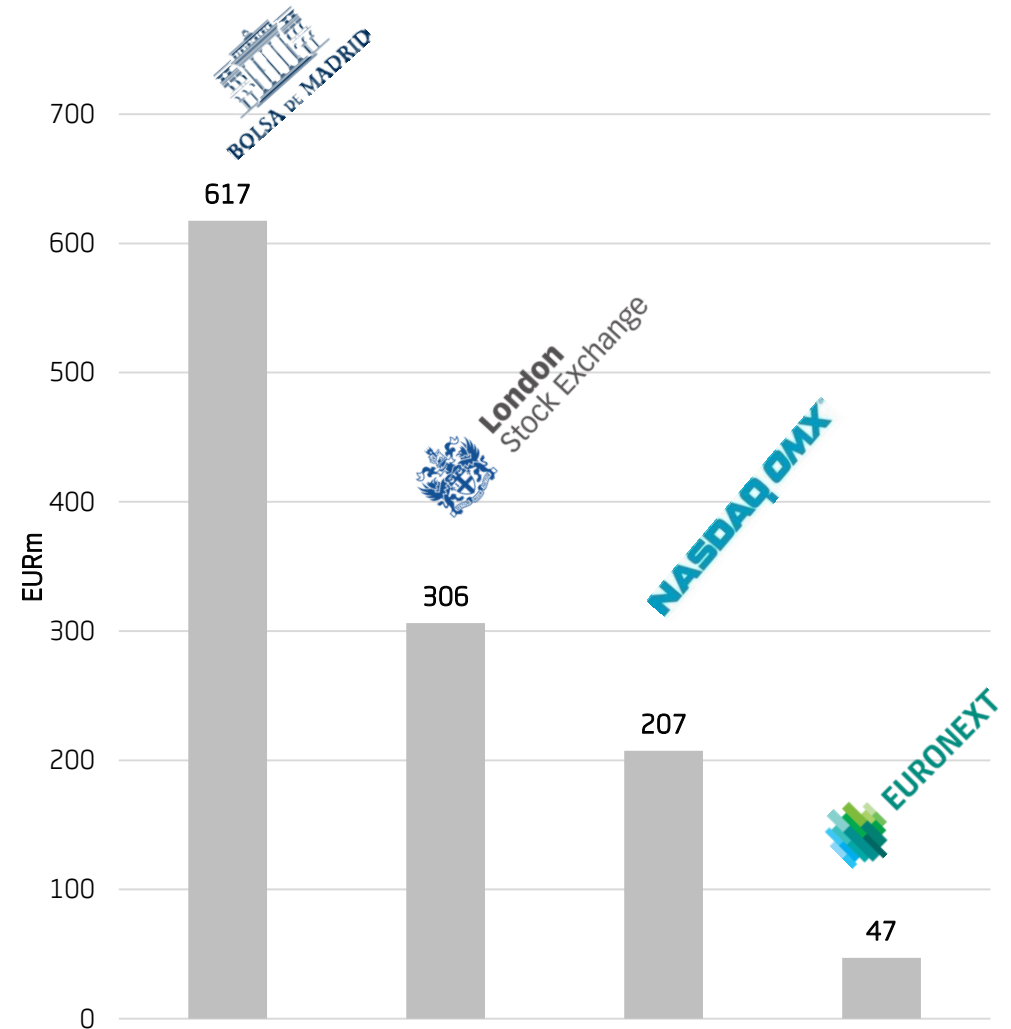
Source: www.nasdaqomxbaltic.com, Bloomberg, Swedbank

Historical baltic IPO-s in relation to present transactions in Europe

Characteristics of Baltic IPOs

Company	Date	Size (EURm)	Our involvement
Premia Foods	2010	13	Swedbank 
Linus Agro	2010	28	Swedbank 
Agrowill	2008	10	
Arco Vara	2007	84	
Trigon Agri	2007	50	
City Service	2007	18	Swedbank 
Ekspress Grupp	2007	36	Swedbank 
Olympic EG	2006	72	Swedbank 
Nordecon	2006	19	Swedbank 
Tallink Grupp	2005	184	
Starman	2005	11	Swedbank 
Tallinna Vesi	2005	55	Swedbank 
LASCO	2002	51	
TEO	2000	168	
Eesti Telekom	1999	196	
Median		50	

Median European deal sizes, 2014 (EURm)



Summary

- Introducing a company with **meaningful deal size and market capitalization** acts as a **beacon** for the market and helps to (re)introduce institutional investors to the country and region
- **Smaller IPO-s** can be also doable but would rely more on **local demand** and selected external investors
- Increasing quality of IR, corporate governance, retail investor education etc. - all contribute to better market conditions
- Both macro situation in Baltics and overall market sentiment are in good shape and supporting willing issuers to reach a successful IPO