

Which sectors have made investors money?

This report looks at all placings/raises of equity on AIM for the ten months ended October 2017. The companies are categorised by sectors and we have identified some key themes. We have calculated the average capital returns for each sector, assuming that an investor had participated equally in each deal. Our statistics also examine on a sector by sector basis whether long term investors would have been below water at any time after the equity was raised. Finally, the report looks at the discount on of the placing price, compared to the closing price both one day and one month prior. This report identifies which sectors have been kindest to placees, and highlights which sectors require larger discounts to facilitate the issue of new equity.

Findings


- Alternative Energy, Oil & Gas and Financial Services were the top three best performing sectors.
- The performance of these sectors has been relatively consistent, with only 3 of 16 stocks within Alternative Energy below the placing price as at the pricing point for this report, 13 November. The corresponding numbers were 5 of 30 placings for Financial Services and 16 of 48 for Oil & Gas.
- Oil & Gas producers have had the greatest average post placing gains, at 18%. This was closely followed by Financial Services at 15.9% and Alternative Energy at 14.4%.
- Alternative Energy had the highest average discounted placing price compared to market price the day before, with an average discount of 16%. Financial Services had a 15% discount.
- Technology Hardware & Equipment had the biggest discount on placings on a one-month view, at an average of 25%. Alternative Energy was at a 18% discount and Mining at 17%.

Within this report we have excluded the sectors that have had less than four companies raise equity in the period. However, they are included in the table below. The sectors used for our findings have been highlighted in bold, with the remaining sectors in regular text underneath.

HYBRIDAN LLP

20 Ironmonger Lane, London, EC2V 8EP

Website: www.hybridan.com

 @HybridanLLP

Average price increase/decrease

This percentage shows the average market price increase or decrease compared to the placing price. Only 43% of sectors have a current higher price than the point at which the placings occurred.

- H The Chemical Sector showed the biggest average fall, at 16.6%, with Industrial Metals & Mining and Software & Computer Services also having falls of greater than 10%.
- H The biggest increase was in the Oil & Gas sector, followed by Financial Services, Alternative Energy, and Media, all posting gains of over 10% in the share price since the placing.

No fall below Placing Price

This statistic shows the resilience of the placing price. It shows how many companies within those sectors did not have a market price that is below the placing price.

- H Alternative Energy had 13 of 16 placings which did not fall back below the placing price. Financial Services, Health Care & Equipment, and Oil & Gas all had over 50% of placings that did not fall below the price of the placing.
- H Chemicals had only 10%, meaning 90% of their placings had fallen below the placing value. Electronic & Electrical equipment and Media also had over 70% of placings fall back below the placing value.

Discounted Market Price (day before)

This percentage shows the difference between the placing price and market price the day before the transaction announcement. The average was an 8.8% discount to the prior day's close.

- H Alternative Energy, Electronic & Electrical Equipment, and Financial Services all had a greater than 10% placing discount compared to the day before.
- H Travel & Leisure had only a 3% discount rate on placings but had 50% of placing fall back below the placing price.
- H Media had a 4 % discount rate but 80% of these fell below placing price.

Discounted Market Price (previous month)

This percentage shows the placing price compared to the lowest market price within the last month. The average for this was a 12.6% discount, greater than that of the average previous day's discount.

- H Technology Hardware & Equipment had the biggest discount of 25%. However, the sector only had a 6% discount when it came to the day before the placing. Media also saw its discount narrow, to 4% the day before from 15% a month prior.
- H Chemical, Industrial Metals & Mining, and Financial Services all saw their discounts to the market price widen from the month before (0%, 1% premium and 9% respectively) to the previous day (7%, 10% and 15% respectively).

Equity Raised

The average Equity raised was £7.4m per placing.

- H The highest average equity raised per placing was Support Services, with £17m.
- H Pharmaceuticals & Biotechnology and Software & Computer Services both had averages over £13m per placing.
- H Chemical, Electronic & Electrical Equipment and Industrial Metals & Mining all had average equity raised of less than £3m.

Placings Analysis by Sector

Sector	No. of Companies	No. of Placings	Average Equity Raised	Total Equity Raised	Increase/ Decrease on 13/11/17	Didn't Fall Below Placing Price	Discounted Market Price (day before)	Discounted Market Price (Previous Month)
Alternative Energy	8	16	6,705,857	107,293,716	14.41%	66%	-16%	-18%
Chemical	6	10	2,899,707	28,997,076	-16.58%	10%	-7%	0%
Electronic & Electrical Equipment	7	7	2,395,071	16,765,500	2.84%	29%	-11%	-16%
Financial Services	20	30	6,769,620	203,088,602	15.87%	56%	-15%	-9%
Health Care Equipment & Services	11	13	6,854,026	89,102,345	-9.11%	50%	-9%	-14%
Industrial Metals & Mining	7	13	2,860,679	37,188,833	-12%	36%	-10%	1%
Media	8	15	3,204,453	48,066,800	13%	20%	-4%	-15%
Mining	52	97	3,888,240	377,159,316	-2%	34%	-10%	-17%
Oil & Gas Producers	33	48	8,577,000	411,696,047	18%	58%	-10%	-12%
Pharmaceuticals & Biotechnology	23	32	13,497,823	431,930,341	-6%	39%	-7%	-11%
Software & Computer Services	30	38	13,565,514	515,489,556	-13%	32%	-7%	-16%
Support Services	14	19	17,020,748	323,394,228	-4%	39%	-8%	-14%
Technology Hardware & Equipment	6	10	9,169,419	91,694,197	3%	44%	-6%	-25%
Travel & Leisure	10	14	6,019,545	84,273,633	-10%	50%	-3%	-11%
Automobiles & Parts	1	1	3,500,000	3,500,000	6.06%	100%	-5%	-19%
Beverages	1	1	4,202,600	4,202,600	15.79%	100%	-22%	-31%
Construction & Materials	1	2	275,000	550,000	-44.12%	0%	-15%	-34%
Electricity	2	3	353,366	1,060,099	-172.04%	0%	-17%	-27%
Equity Investment Instruments	1	1	850,000	850,000	13.04%	0%	9%	-14%
Fixed Line Telecommunications	1	1	201,838,300	201,838,300	9.84%	0%	-1%	-17%
Food & Drug Retailers	2	2	3,442,900	6,885,800	-10.10%	0%	-29%	-58%
Food Producers	3	5	1,347,680	6,738,400	-25.98%	0%	0%	6%
Gas, Water & Multiutilities	2	3	653,600	1,960,800	-30.76%	33%	12%	-24%

General Industrials	1	1	140,000	140,000	72.41%	100%	-58%	-50%
General Retailers	2	2	44,532,172	89,064,344	-11.76%	0%	-4%	15%
Household Goods & Home Construction	1	1	465,000	465,000	-31.58%	0%	-43%	150%
Industrial Engineering	3	3	10,988,866	32,966,599	8.39%	66%	-7%	-10%
Industrial Transportation	1	1	3,000,000	3,000,000	-5%	0%	116%	31%
Leisure Goods	3	3	7,884,917	23,654,753	22%	100%	-10%	-4%
Mobile Telecommunications	2	4	4,572,200	18,288,800	20%	33%	-19%	-6%
Nonlife Insurance	1	1	17,875,600	17,875,600	13%	100%	-2%	-7%
Oil Equipment & Service	1	1	1,160,000	1,160,000	-18%	0%	5%	-11%
Personal Goods	1	1	420,000	420,000	-37%	0%	-4%	-20%
Real Estate Investment & Services	2	2	25,515,949	51,031,898	45%	100%	-46%	-36%
Real Estate Investment Trusts	1	1	53,000,000	53,000,000	7%	100%	-1%	-2%

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