

The Factors Affecting Initial Public Offering Returns in Borsa İstanbul

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Abstract

This study investigates the factors affecting the returns of the initial public offerings (IPO) in Borsa İstanbul. Eight firms that went public in 2020 and twenty eighth firms that went public in 2021 are analysed. The common speciality of the sample firms is that at least 6 months have passed after they went public. Returns of the companies after they went public are used as dependent variables in the regressions. The independent variables are price of IPO, demand/IPO, the amount of nominal capital increase/shares offered to public, amount of nominal joint sales/shares offered to public and distribution method. According to the regression results, demand/IPO positively affects returns after the one month of IPO. In addition, if the distribution method is equal distribution the one month return is positively affected. Moreover, the amount of nominal capital increase/shares offered to public and amount of nominal joint sales/shares offered to public negatively affect the 5th month and 6th month returns of the companies. Lastly, when the average 6 month return of the companies is examined, it is found that demand/IPO and return has a positive relation. On the other hand, the amount of nominal capital increase/shares offered to public and amount of nominal joint sales/shares offered to public negatively affect the average return.

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