

**COMPLETING THE PHILIPPINE IPO PUZZLE:
A QUALITATIVE AND QUANTITATIVE APPROACH**

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ABSTRACT

This paper combines the results of qualitative and quantitative approaches in understanding how Philippine IPOs perform. Aside from showing that underpricing continues to exist in the Philippines, this research also narrates how it has changed. On average, the share prices of 77 Philippine IPOs from 1998 to 2016 tend to increase by 11.16 percent. Compared to previous researchers, the level of underpricing appears to have gone down. Underpricing tends to be differentially predicted by the size of an IPO, the time of issuance, and industry classification. Meanwhile, using a subset of 42 IPOs from 2002 to 2013, this research shows how Philippine IPOs tend to outperform a set of comparable companies in the long-run, as evidenced by an adjusted return of 5.15 percent. This tends to be differentially predicted by its industry classification. Conducting a qualitative survey of IPO professionals in the Philippines validates the significant predictors of IPO underpricing and long-run performance. This reveals that IPO professionals use underpricing as a tool that boosts the marketability of an IPO. They are also aware that an IPO could open doors for future deals. For them, the Philippine IPO market is a story of balance involving underpricing, relationships, timing, and aftermarket performance.

Keywords: IPO, underpricing, long-run performance, IPO professionals