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# Global IPOs rebound in 2017

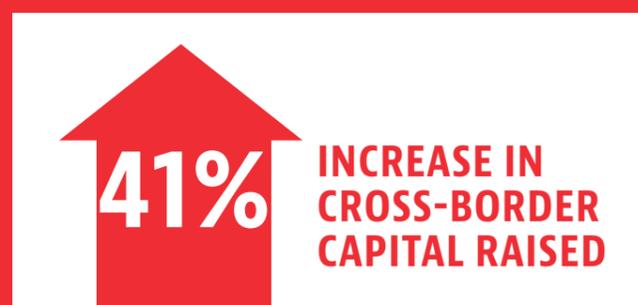
Economic fundamentals and business imperatives drive activity

**Cross-Border IPO Index H1 2017**



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## Global Insight

Overall IPO activity rebounded in H1 2017 compared to the same period last year as economic fundamentals in major developed markets such as the EU and US stabilized and some political uncertainties settled.

The value of issuance rose by 76% to USD 89 billion and volume increased to 728 deals, up 53% from the first half of last year. As we predicted last June, domestic deals outpaced cross-border IPOs in H1 this year, rising 93% in value compared to a 41% increase in cross-border deal values. The greater popularity of domestic issuance was largely driven by the comfort of home markets and the protection against currency volatility provided by listing in companies' functional currencies.

That said, deal making has not quite returned to the levels of 2015 – total capital raised being 24% lower in the first half of 2017.

Average deal size globally (domestic and cross-border combined), has increased by 15% to USD 122 million. However the first half of 2016 marked the lowest average deal size in more than six years at just shy of USD 100 million, so the increase is off a low base.

Our Cross-Border IPO Index dropped to 12.6, reflecting that capital raising from cross-border IPOs accounted for barely 14% of the value of global equity capital raised, the lowest level since the first half of 2012.



The London and New York Stock Exchange however, both saw more capital from cross-border IPOs than in H1 2016, with values of USD 3.9 billion and USD 1.3 billion respectively. These two exchanges, along with Hong Kong and NASDAQ, accounted for over 90% of all cross-border IPOs by value.

Although political uncertainty remains a key concern for potential issuers, the absence of blockbuster votes of the magnitude of the Brexit referendum and the US elections have made the timing of IPOs in 2017 much easier than in 2016. Meanwhile, business imperatives are driving companies to proceed with listing plans for deals that

have been on the table for some time despite some on-going political uncertainty.

Levels of activity by Chinese companies also impacts the global picture. Stability in China's stock markets gave regulators confidence that increasing the numbers of new listings would not necessarily dilute liquidity and undermine prices for existing shares. Chinese regulators have as a result loosened the reins on IPOs in recent months, but still heavily control follow-on offerings.

Another growth driver for H1 2017 was the strong aftermarket performance of IPOs last year. While there were fewer listings in 2016, the average return of IPOs from offering price through year end was 26% — the strongest since 2013.

The second half of 2017 is expected to be as strong or stronger, as we see momentum building from a somewhat standing start to the year, due to fewer IPOs being in progress at the close of 2016.



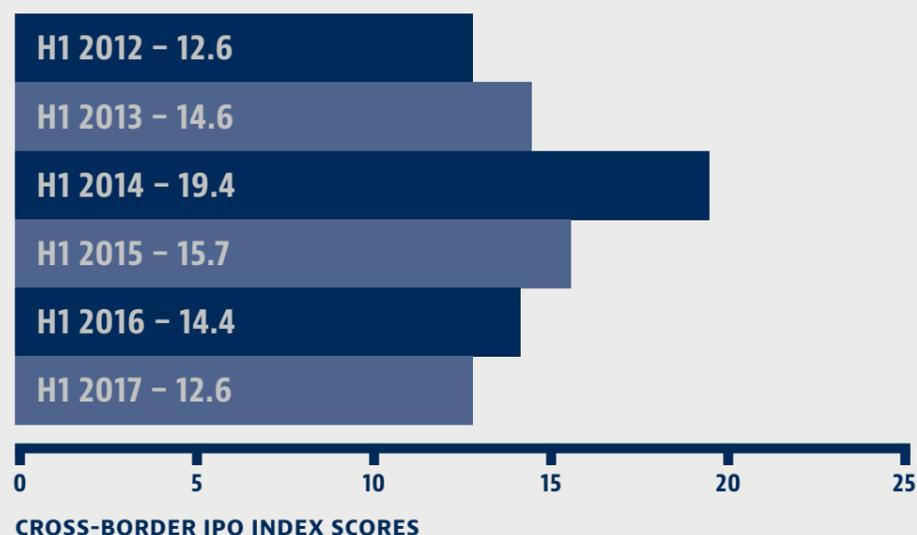
**Koen Vanhaerents**  
Global Head of  
Capital Markets  
at Baker McKenzie

**“Markets have performed well, with key indices rising to record levels. Political stability in many markets, strong performance of IPOs and sound economic fundamentals are the forces driving investor demand, while investors have also learned to live with unpredictable political developments.”**

### Cross-border IPO Index: Global

The Cross-border index fell by 13% for the first half of 2017, as domestic deals dominated the share of new equity deals.

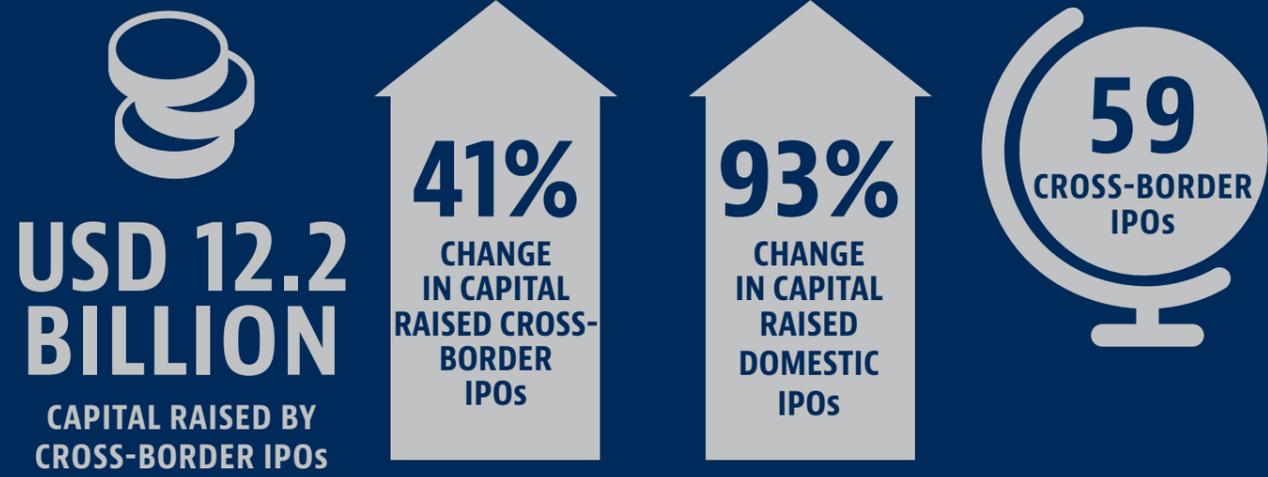
### Cross-Border IPO Index



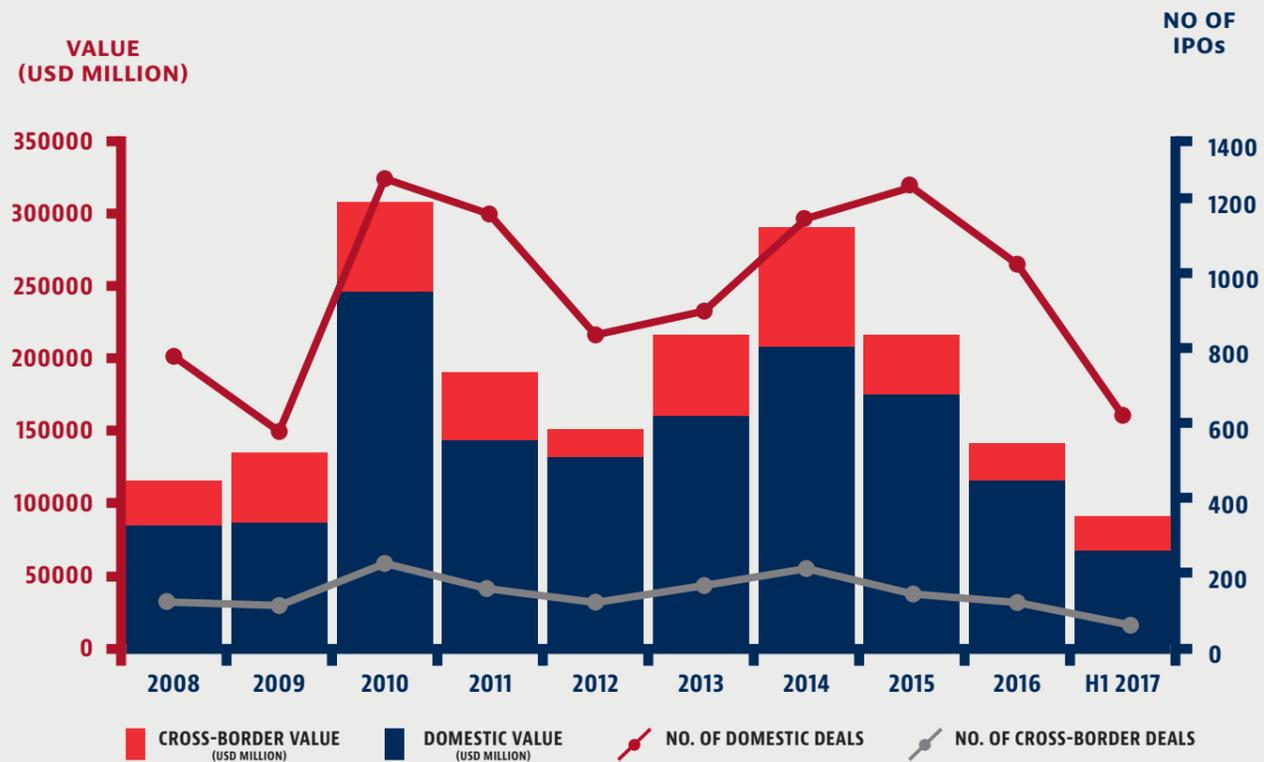
### H1 2017 NOTABLE CROSS-BORDER IPOs

ISSUER	ALLIED IRISH BANKS PLC	GUOTAI JUNAN SECURITIES CO LTD	GUANGZHOU RURAL COMMERCIAL BANK	WUXI BIOLOGICS (CAYMAN) INC	X-FAB SILICON FOUNDRIES SE
CAPITAL RAISED USD	3.35 BILLION	2.22 BILLION	1.04 BILLION	0.51 BILLION	0.46 BILLION
HOME JURISDICTION & EXCHANGE	IRELAND ISE/LSE	CHINA HKSE	CHINA HKSE	CHINA HKSE	BELGIUM EURONEXT PARIS
SECTOR	Financials	Financials	Financials	Healthcare	High Technology

# KEY GLOBAL DATA POINTS



## GLOBAL IPOs 2008-H1 2017



# Sector Insight

The financial sector has fared quite well in the first half of 2017, with 101 IPOs raising a total of USD 22.3 billion, and also accounting for the majority of cross-border IPOs. This year's cross-border capital raising is positively impacted by the long awaited listing of Allied Irish Banks, which raised USD 3.4 billion, dual listing in Dublin and London, and Guotai Junan Securities, a Chinese brokerage, which raised a total of USD 2.2 billion on the Hong Kong Stock Exchange.

Capital raised in the high technology sector increased significantly by 443% to USD 11.8 billion from 100 listings. This was largely driven by the capital raised in Snap Inc's listing in North America. 2017 is shaping up to be a much better year for the sector than 2016.

Consumer products and services picked up momentum this year, raising USD 8.2 billion from 69 IPOs and proceeds from cross-border IPOs totaling USD 1 billion from 10 IPOs, compared with USD 263 million from two deals in the first half of 2016. Interesting to note, that half of these are Chinese educational service companies.

Global energy and power increased capital raising by 90%, securing USD 7.7 billion from 43 deals in the first half of 2017. Kinder Morgan Canada is the largest IPO for the

energy and power industry, raising USD 1.3 billion, listing on the Toronto Stock Exchange. This is the largest energy and power listing on the Toronto Stock Exchange since 2015. The sector is also awaiting the announcement of the listing of Saudi Aramco, with speculation around which stock exchange it will choose to list their shares on.

IPOs in the healthcare sector increased by 19%, with 69 healthcare companies going public in the first half of 2017. Healthcare companies dominate the cross-border IPO market in terms of volume, with 15 listings accounting for a quarter of all cross-border IPOs. There were low numbers of healthcare listings in the first half of 2016 due to potential government intervention on drug prices in the US, increased financial risks and the presidential election. Recent policy announcements in the US suggest that the sector may not be impacted to the same extent and we can therefore expect an increase in listings through the remainder of the year.

Real estate was the only industry to show a decline in both capital raising and number of companies going public in 2017.

## VALUE (USD MILLION)

INDUSTRY	DOMESTIC	CROSS-BORDER	TOTAL	% CHANGE FROM H1 2016
 FINANCIALS	18,406	7,203	22,259	47%
 HIGH TECHNOLOGY	11,322	490	11,812	443%
 INDUSTRIALS	11,003	422	11,275	59%
 CONSUMER PRODUCTS AND SERVICES	7,423	1,013	8,262	360%
 ENERGY AND POWER	7,187	558	7,744	90%
 HEALTHCARE	5,379	1,279	6,418	88%

## VOLUME

INDUSTRY	DOMESTIC	CROSS-BORDER	TOTAL	% CHANGE FROM H1 2016
 INDUSTRIALS	125	4	128	75%
 FINANCIALS	93	9	101	40%
 HIGH TECHNOLOGY	98	3	100	82%
 MATERIALS	79	3	81	80%
 CONSUMER PRODUCTS AND SERVICES	61	10	69	92%
 HEALTHCARE	57	15	69	19%

# Spotlight on Technology Sector

## What a difference a year makes

In contrast to 2016, a poor year for IPOs in the technology sector, 2017 has got off to a very strong start with 103 companies taking to the markets raising USD 12.1 billion. This is in stark contrast to 2016, when across the year, only USD 10.7 billion in capital was raised from 123 issuances, the majority of activity coming in the second half of the year.

The increase in listings post US elections, and strong trading of IPOs in 2016 created good conditions for listing in 2017 and we expect more to come in the second half of the year. It's not all good news for the sector, as the number of firms trading above their four week listing price has fallen to 58% and investors remain cautious of overpriced stocks.

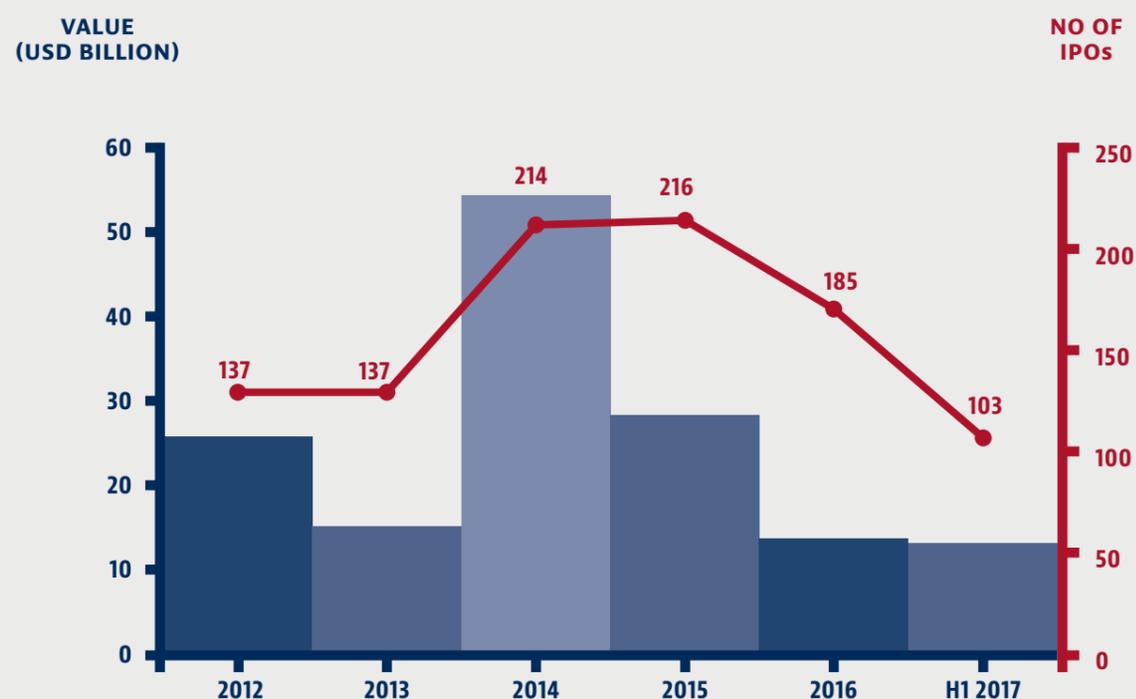
Snap's high profile IPO on NYSE in March and Netmarble's listing in Korea dominate, securing USD 3.9 billion and USD 2.35 billion respectively. In contrast, there were no listings over USD 1 billion in the same period in 2016.

Snap is the third largest technology IPO since 2014, when Alibaba Group raised a massive USD 25 billion. Snap soared 43% in first day of trading but overall has not gained much momentum in the markets, trading mostly below the high of USD 29.44 in its first week of trading and falling close to USD 17 after the first earnings announcement in May. Netmarble's IPO priced at the upper range, rising as high as 9.2% above the IPO price, aided by their ongoing success of hit games in a highly competitive mobile sector.

## US, China and Korea dominate capital raising

Activity centres around three countries with companies from China, US and Korea accounting for close to 60% of all listings by volume in H1 2017. Snap led the Silicon Valley based companies this year, followed by Cloudera, Okta and Mulesoft. Over 80% of all deals were listed in exchanges in Asia Pacific with 33 Chinese companies listing on ShenzChNxt. Listings on domestic markets dominate, but capital raised by cross-border listing is up by 68% with USD 559 million from four deals: X-Fab Silicon Foundries, a Belgium semiconductor company listing on the Euronext Paris; China Rapid Finance, a Chinese FinTech company, listing on the NYSE; Nexion technologies, a Singaporean IT consulting firm listing in the HK GEM for USD 9 million; and Risecomm Group, a Chinese semiconductors company, listed in the Stock Exchange of Hong Kong raising USD 26 million.

## Technology IPOs



Netmarble Games Corp accounts for the majority of capital raised on the KRX, at USD 2.35 billion, South Korea’s largest technology IPO over the last six years and for 89% of total capital raised from South Korean companies. The remaining capital came from six IPOs listing on Kosdaq, the Korean equivalent of Nasdaq.

In terms of domestic IPOs in this sector, South Korea has been notably active, with seven deals. Kosdaq, the junior bourse of the KRX is known for its tech-heavy portfolio of companies. 2017 is set to be a record year for Kosdaq as valuations are currently high and cost and complexity of listing is relatively low.

The Shenzhen Stock Exchange has hit record capital levels with USD 1.8 billion from 33 IPOs. Of these, 24 IPOs and USD 1.1 billion

coming from the ChiNext board, which is typically aimed at high-growth high-tech start-ups. Chinese technology companies have recovered from the low levels of activity in the first half of 2016, when just 10 IPOs raised USD 453 million.

UK based technology company IPOs, have slowed in recent years, with capital raising dropping dramatically. The first half of 2017 has yet to see issuances over USD 500 million. Alfa Financial Software’s USD 325 million listing on the LSE, is the largest technology capital raising from a UK based company and also the largest listing on the LSE this year. The combined effect of a weak pound and Brexit could be impacting levels of activity.

STOCK EXCHANGES	PROCEEDS IN USD MILLION	NUMBER OF DEALS
New York Stock Exchange	4,717	6
Korea Exchange (KRX) (including KOSDAQ)	2,514	7
Shenzhen Stock Exchange (Including ChiNext and SME)	1,747	33

DOMICILE NATION	VALUE (USD MILLION)	% CHANGE FROM H1 2016	NUMBER OF DEALS	% CHANGE FROM H1 2016
United States	5,239	456%	9	-
South Korea	2,514	6033%	7	600%
China	2,543	462%	44	340
United Kingdom	520	40%	3	-25%

## Fintech - an emerging segment

Fintech capital raising is off to a slow start, with three IPOs raising USD 486 million, down from seven IPOs in the same period in 2016. The largest Fintech company to list this year was that of Alfa Financial Software, raising USD 325 million from their IPO on the LSE. The company listed in May, amid a lot of uncertainty in the UK with Brexit and elections but shares still managed to rise about 30% on the first day of trading. This listing could give hope to those companies waiting on the side-lines to decide the best time to go public in the UK.

Poor trading performance impacted two Fintech IPOs due to list in the first half of 2017 and China Rapid Finance and Elevate Credit both subsequently halved their proposed IPO price and remain below the initial offer ranges set before their respective listings.

A number of IPOs in this industry have pulled or delayed their IPOs from the public markets this year citing Brexit and weak investor demand.

## HealthTech - a slow start

Over the last few years there has been an increasing number of HealthTech companies going public with momentum building from 2013. In 2016, 11 HealthTech companies listed, the largest being ConvaTec, a UK-based global medical products and technology company, which raised USD 1.94 billion on the London Stock Exchange. This listing is the largest European healthcare company to float in London since 1993 and amongst the top ten largest global healthcare IPOs of all time.

The deal flow from this subsector has declined in the first half of 2017, with just one healthtech IPO raising USD 150 million. Medica Group PLC, the largest teleradiology provider by revenue in the UK, saw a strong performance on opening day with share price surge 35% from an IPO price of GBP 1.35 to a high of 183% in the first hour of opening on the London Stock Exchange.



**Anne-Marie Allgrove**  
Global Chair, IT/C  
Industry Group

**“The pace of technological change in particular in big data, payments and HealthTech is driving stronger activity. Market platforms as a business model are getting a strong foothold and there is a renewed sense of opportunity in the industry as well as a need to grow to survive and a willingness to invest for the longer term.”**

## Enterprise software - providing more certainty

Over the last number of years there has been a higher demand for software IPOs, in particular for enterprise software companies. Their reliable stream of revenue is proving more attractive than some start-up and consumer software companies. Renewed levels of private funding are enabling companies such as Cloudera to reach very high valuations without going public and now they are reaching out to the market.

A number of enterprise companies, from Okta to Yext to Cloudera, have taken to the public markets in recent months. The IPO of Mulesoft and the acquisition of AppDynamics by Cisco Systems Inc, has encouraged enterprise software companies to test the markets for billion-dollar valuations in the sector.

Mulesoft jumped 47% on their first day of trading and for many enterprise software companies this performance highlighted the IPO market could be open and be a good time to list, especially for companies that are not yet in profit. Cloudera is a US based enterprise data management company and has many tech giants as clients, including Samsung, Siemens, SanDisk and MasterCard.

If these enterprise software firms continue to thrive, early-stage investors providing significant funding could be in for a boost from selling shares in the future. With more enterprise software companies in the pipeline, the segment could be heading for a record breaking year.

### Venture Capital/Private Equity-backed IPOs

The number of venture capital-backed technology companies going public is returning to healthier levels than in the first half of 2016 but is shy of the levels in the first half of 2014 and 2015. The first half of 2017 has already seen a wave of VC-backed tech companies including Okta, Snap and Mulesoft.

Capital raised from VC backed technology IPOs raised USD 6.7 billion, accounting for 55% of capital raised from tech IPOs, with PE backed IPOs accounting for 7% of total capital raised. VC backed technology IPOs are showing signs of recovery after a disappointing first half of 2016, raising just USD 629 million from 14 IPOs.

### PE/VC Backed Technology IPOs



# Stock Exchange Insight

The New York, Shanghai and London Stock Exchanges were the top three exchanges for capital raising for all IPOs, (domestic and cross-border) for the year to date. The Hong Kong and Shenzhen exchanges round out the top five.

Hong Kong maintains its leadership position for cross-border capital raising by value. Indeed, Hong Kong, London and New York are utterly dominant for cross-border IPOs.

### ALL IPOs - TOP EXCHANGES

Stock Exchange	Value (USD Million)		
	Cross-Border H1 2017	Domestic H1 2017	Total H1 2017
New York Stock Exchange	1,261	18,011	19,272
Shanghai Stock Exchange		9,542	9,542
London (Mainboard and AIM)	3,893	3,801	7,694
Hong Kong (SEHK and HK GEM)	5,493	1,121	6,614
Shenzhen Stock Exchange (Including ChiNext and SME)		6,503	6,503

Mainland China's two largest exchanges in Shanghai and Shenzhen were most active as the China Securities Regulatory Commission promised to accelerate the process for IPO approvals to help more companies sell shares. Markets in Korea, India, Ireland and Spain were also active.

"The market has come back quite strongly from a standing start and it's interesting to see similar levels of capital raised from IPOs across four of the top five exchanges. Two-thirds of the world's 50 largest stock exchanges have seen more issuance in the first half of this year than last year. Cross-border capital raised from IPOs in London has recovered from the lows of 2016, while New York is having a good year and only Hong Kong is somewhat flat."

### Koen Vanhaerents

Global Head of Capital Markets at  
Baker McKenzie

## TOP CROSS-BORDER EXCHANGES

STOCK EXCHANGE	VALUE (USD MILLION)			% CHANGE FROM H1 2016
	H1 2015	H1 2016	H1 2017	
Hong Kong (SEHK and HK GEM)	15,802	6,758	5,493	-19%
London (Mainboard and AIM)	2,546	250	3,893	1,458%
New York Stock Exchange	390	347	1,261	263%
NYSE Euronext	42	44	565	1,186%
NASDAQ	1,866	455	383	-16%

## TOP DOMESTIC EXCHANGES

STOCK EXCHANGE	VALUE (USD MILLION)	% CHANGE FROM H1 2016
	DOMESTIC H1 2017	
New York Stock Exchange	18,011	317%
Shanghai Stock Exchange	9,542	164%
Shenzhen Stock Exchange (Including ChiNext and SME)	6,503	156%
NASDAQ	5,808	66%
Korea Exchange (including KOSDAQ)	4,318	370%

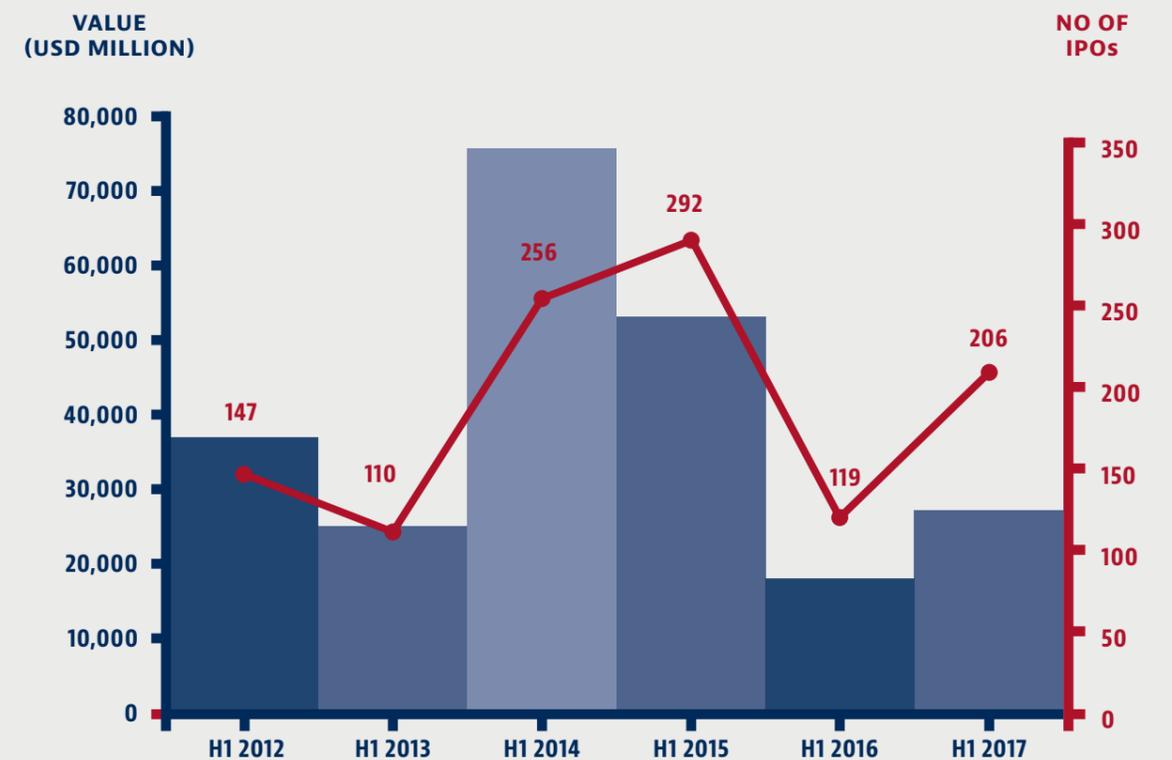
# Private Equity and Venture Capital Backed IPO Insights

PE and VC IPOs exits share of the IPO market continues to decline, to 28% in H1 2017 falling from 40% of value in H1 2014. The certainty and strength of private sales are dampening the level of market activity. Despite the increased deal numbers in 2017, average IPO size has consistently fallen in recent years, with the average 2017 deal value of USD 151 million just half the average in 2014.

## PE and VC-backed IPOs exits increase

Trade sales and secondary buyouts remained more attractive alternatives to IPOs but there are signs of activity stabilising. PE and VC-backed IPOs grew in absolute terms in H1 2017, with 206 IPOs raising USD 31 billion and representing 35% of all capital raised by IPOs. VC backed IPOs accounted for over 82% of volume of this activity as shareholders look to monetise their investment.

## PE and VC Backed IPOs



### Cross-Border PE and VC Exits

Cross-border PE and VC backed IPOs have raised USD 1.5 billion from eight deals so far in 2017, up from three IPOs with total proceeds of USD 600 million in the first half of 2016.



### PE and VC IPO Exits - Sector Insights

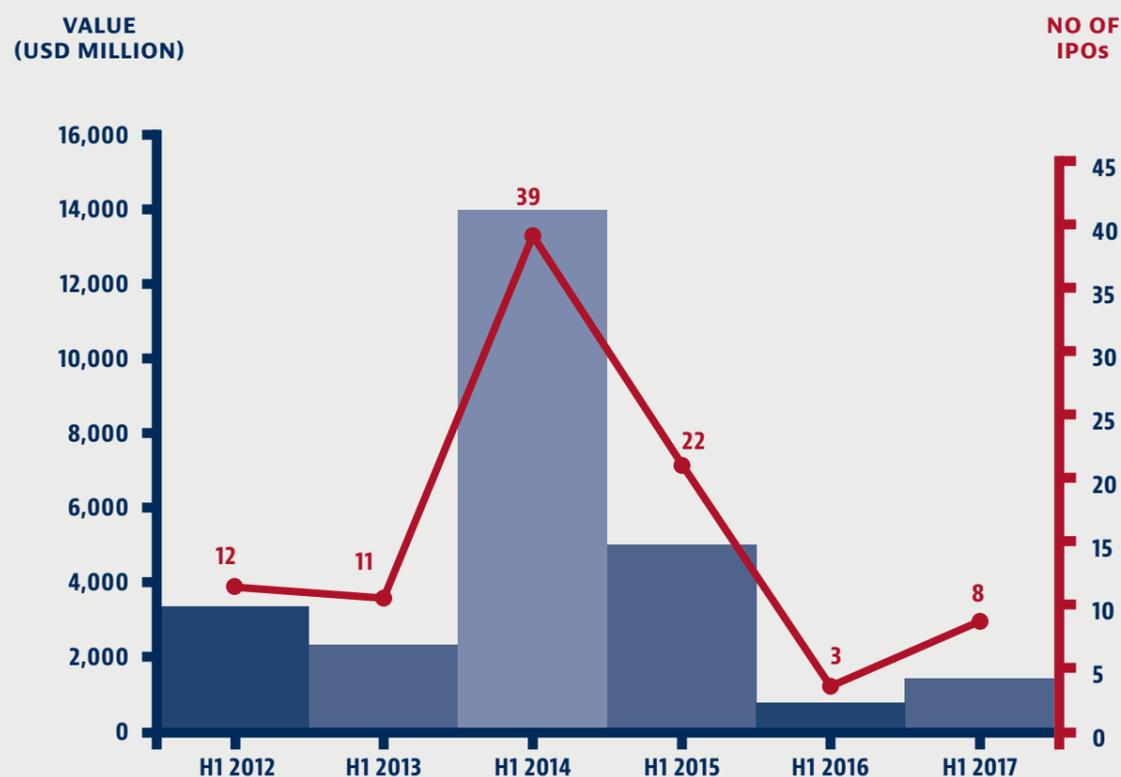
Technology exits were strong in the first half of 2017, with high profile tech companies coming to market. A total of 44 PE and VC backed technology companies raised a total of USD 7.7 billion – with Snap raising USD 3.9 billion of the total.

Energy and power PE and VC backed IPOs have fluctuated over the last number of years but H1 2017 is showing positive signs with 13 listings.

Real Estate was the only industry to increase capital raised since H1 2015 from a smaller number of IPOs. Capital raised in this industry was driven by the Invitation Homes IPO, the largest US home rental company. This IPO raised a total of USD 1.7 billion on the New York Stock Exchange. This is the largest US real estate investment trust (REIT) since Paramount Group raised USD 2.3 billion in 2014. Invitation Homes is backed by Blackstone Group which invested around USD 10 billion in building a 48,000 home portfolio.

In the Healthcare sector there was modest improvement in capital raised from 2016, with 25 IPOs raising a USD 2.7 billion, well below levels in 2015 and 2016 when there was over USD 5.4 billion.

### Cross-Border PE and VC Backed IPOs



### PE and VC IPO Exits - Regional Insight

Companies based in the United States dominated capital raising in the first half of 2017 with USD 15 billion from 30 IPOs. In contrast to the rest of the world, average deal size in the US has been stable over recent years.

Chinese companies take number one spot for deal volume with 121 issuances raising USD 8 billion.

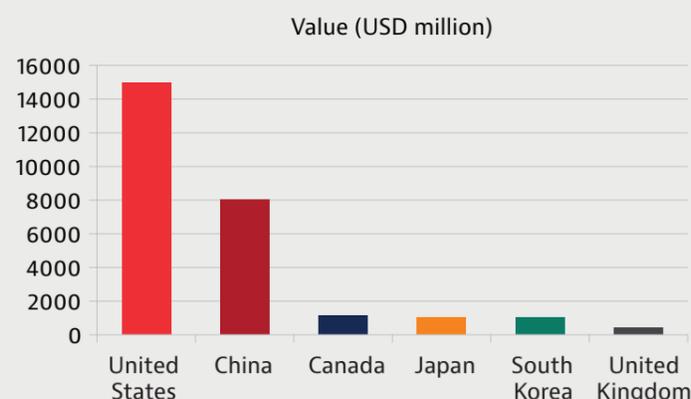
PE and VC backed exits in the UK dropped to their lowest levels since 2013, raising a total of just USD 394 million, down from USD 1.5 billion in H1 2016 and USD 5 billion in H1 2015.

### PE and VC IPO Exits - Stock Exchange Insight

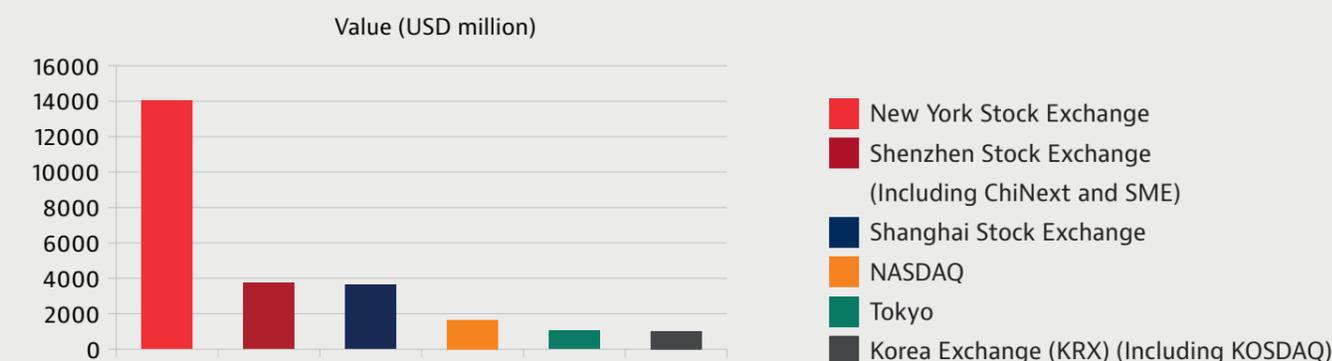
The New York Stock Exchange recovered from a poor 2016 to come out as top venue for exits H1 2017 with 25 IPOs raising USD 14 billion – Snap Inc accounting for 32% of this total. This exchange experienced a drop in numbers in H1 2014 to just seven IPOs from 28 IPOs in H1 2015.

Two Chinese stock exchanges, Shenzhen and Shanghai have performed well in recent years in value and volume. Listings on Nasdaq decreased in the first half of 2017, with 10 PE and VC backed IPOs.

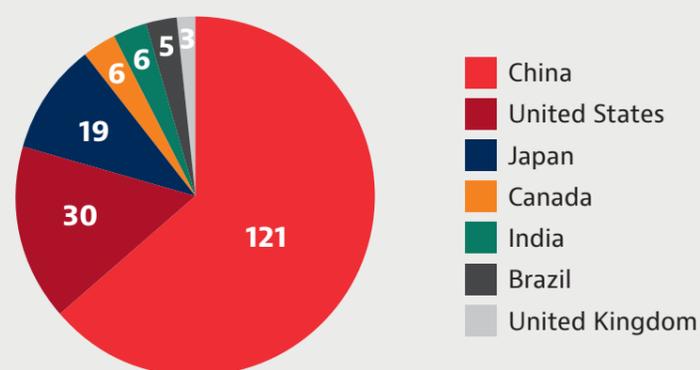
### Domicile Nation by Value



### Top Stock Exchanges Analysis by Value



### Domicile Nation by Volume



### Top Stock Exchanges Analysis Volume



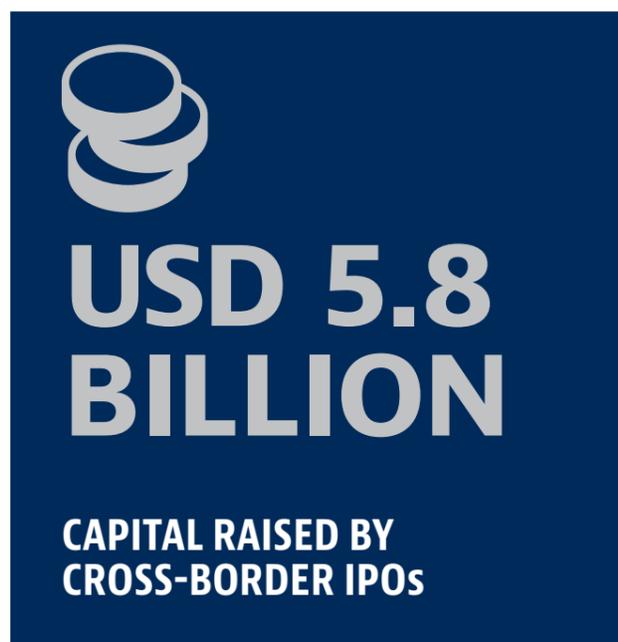
## REGIONAL INSIGHT

## Asia Pacific

The region has got off to a strong start with deal volume up by 71% from 2016 and at 530 is the highest deal volume since 2011. Deal value was up by 59% from H1 2016, raising USD 37.2 billion but was still 27% lower than H1 2015. The biggest reason for the change is the decline in cross-border capital raised in Hong Kong, which fell for the third year in a row.

Domestic listings volume grew by 74% to 498 transactions; domestic capital raising increased by 91% to USD 31.5 billion; and cross-border IPO volume rose by 38 % to 33 transactions. The increase in the total number of cross-border transactions listed on Asia Pacific-based stock exchanges made little impact to offset the 19% decline in the amount of capital raised in Hong Kong.

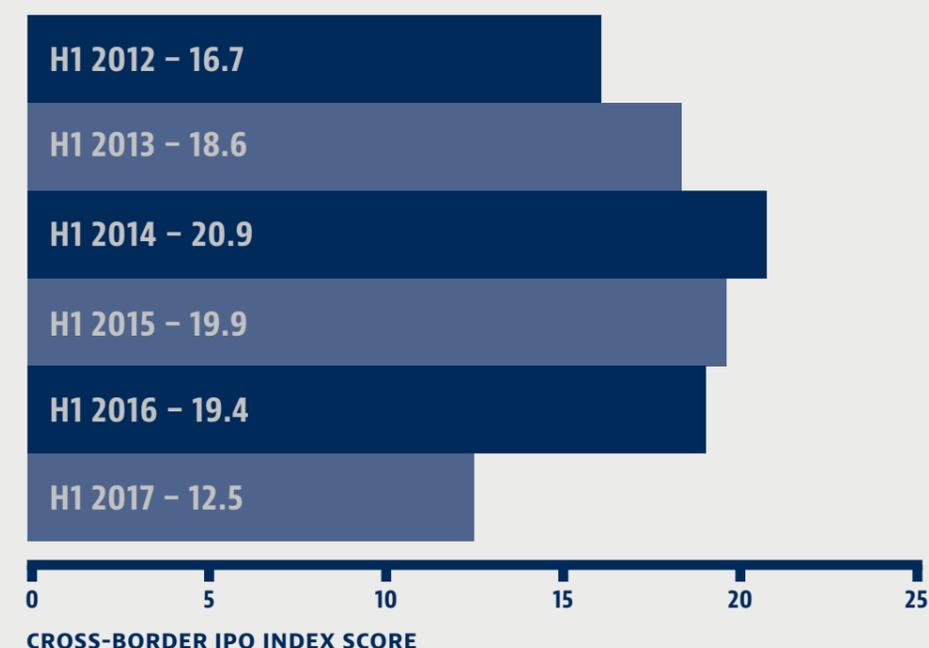
Mainland China exchanges saw a surge in new listings, given the country's recent move to allow those exchanges to take over the IPO approval process and clear the backlog of companies waiting to list, while Southeast Asia IPO activity looks set to pick up in the next few quarters, led by Singapore, Thailand and the Philippines. This is driven by improving equity markets, lower volatility and ample liquidity in the market looking for investment opportunities.



The region still accounts for 41% of total global capital raised in the first half of 2017, up from a 39% share in the first half of 2016. Financials and healthcare were the busiest sectors.

## Cross-border IPO Index: Asia Pacific

The Cross-border index in Asia Pacific fell by 36% for the first half of 2017, as domestic deals dominated the share of new equity deals in this region and the cross-border capital raised in the first half of 2017 experiencing a decrease of 17%.

Cross-border IPO Index:  
Asia Pacific

## KEY ASIA PACIFIC DATA POINTS

**17%**

CHANGE  
IN CAPITAL  
RAISED  
CROSS-  
BORDER  
IPOS

**91%**

CHANGE  
IN CAPITAL  
RAISED  
DOMESTIC  
IPOS

**33**

CROSS-BORDER  
IPOS



**David Holland**  
Head of Capital  
Markets in  
Asia Pacific at  
Baker McKenzie

"The biggest influence on overall cross-border capital markets activity in Asia Pacific are Chinese companies listing on the Hong Kong exchange, which fell in the first half of 2017. While the number of transactions increased from the low base in 2016, transactional activity hasn't tracked the strong equity markets across the region. Looking forward, we think we will see a modest increase in transactional activity overall across the region. Capital flows out of China continue to represent the biggest area of uncertainty in capital markets in Asia Pacific."

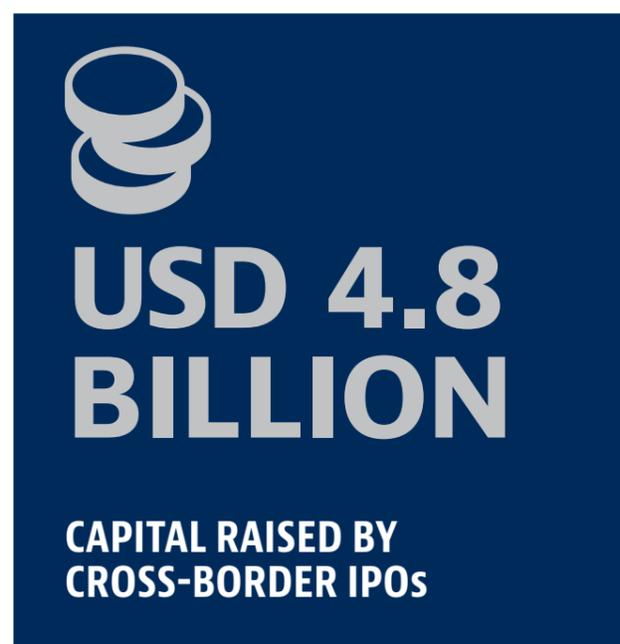
## REGIONAL INSIGHT

# EMEA

Overall capital raising in EMEA in H1 2017 increased by 22% to USD 21.9 billion, compared with USD 17.9 billion raised in H1 2016 but has fallen 47% behind the level of capital raised in H1 2015. The volume of activity has fallen for the third year, by 16% to 84 IPOs.

The IPO market decline in 2016 and slow recovery in H1 2017 is attributed to the uncertainty brought by Brexit, declining value of the British pound, and other political uncertainties, which caused companies to pull back from the market in 2016. The lack of roll-over deals from 2016 meant that 2017 started slowly. The IPO pipeline swelled at the end of 2016 following the US elections. Many of these deals completed before the summer, but a significant portion will roll-over into the second half of the year.

Cross-border capital raising accounted for 22% of all capital raised in this region in H1 2017, the strongest level since H1 2013, largely driven by Allied Irish Banks' USD 3.35 billion IPO. This has raised EMEA's share of global cross-border capital to 39% in 2017. This listing will also be the first Irish company to list in EMEA since H1 2015. However, while the value of cross-border deals increased by 442% in H1 2017 compared with H1 2016, overall market activity in EMEA is weak when compared to other regions.

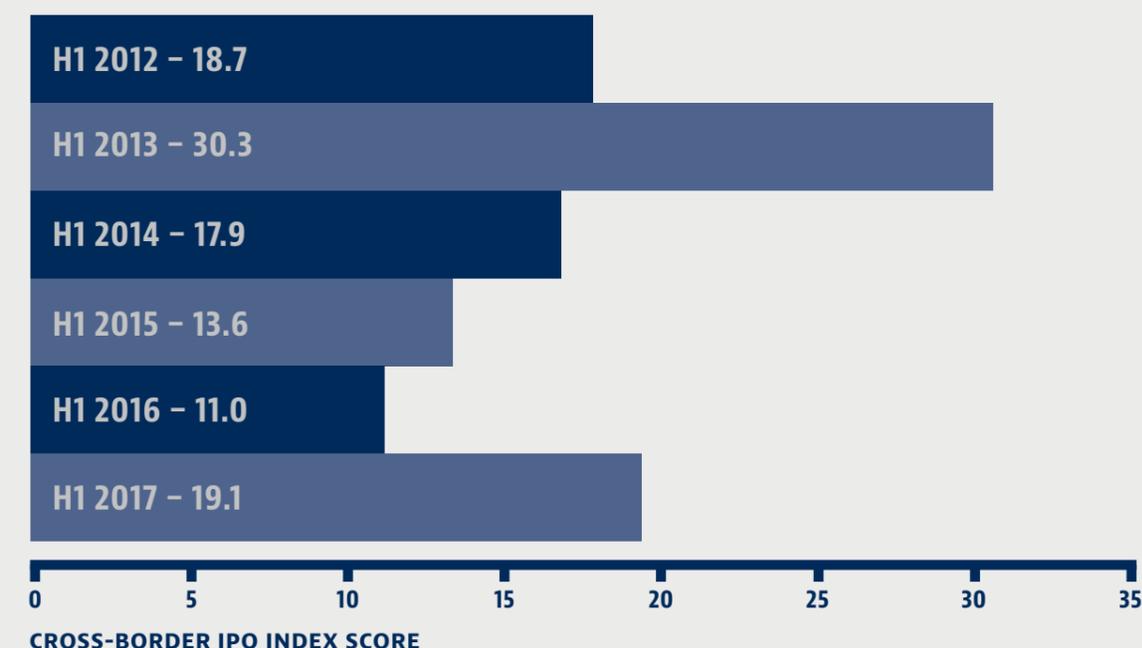


Despite this, London (Mainboard and AIM) remains as the top destination for cross-border transactions in the region in H1 2017, with eight listings representing 67% of the number of cross-border IPOs in EMEA. With values of USD 3.8 billion, the London markets account for 81% of total cross-border IPO capital raised in EMEA. NYSE Euronext is the second highest with USD 565 million from two IPOs.

## Cross-border IPO Index: EMEA

The Cross-border index in EMEA showed the most promising change in the first half of 2017, after three continuous years of decline. The EMEA index increased by 74% for the first half of 2017, as cross-border capital raising and number of IPOs increased, largely due to the Allied Irish Banks IPO.

## Cross-border IPO Index: EMEA



## KEY EMEA DATA POINTS

**442%**

CHANGE  
IN CAPITAL  
RAISED  
CROSS-  
BORDER  
IPOS

**20%**

CHANGE  
IN CAPITAL  
RAISED  
DOMESTIC  
IPOS

**12**

CROSS-BORDER  
IPOS



**Edward Bibko**

Head of EMEA Capital Markets at Baker McKenzie

"I'm feeling very positive. 2017 has been a very different year to the disastrous 2016, during which companies and investors sat on the side-lines awaiting the outcomes of the Brexit referendum and the US election. Companies continue to view London as a premium listing venue, with deep liquidity and a rich list of peers and investors.

The greater threat to London is likely to be from overseas competition for listings. The US is signalling a desire to deregulate to make it easier for companies to raise capital in the US. Issuers

are starting to take a second look at the US, particularly as the EU is tightening requirements with the Market Abuse Regulations and MIFID II to come.

I see a broadening of geographies in EMEA –and expect to see more IPOs from CIS, Turkey and Middle East. Given this and our view on high level of deals active in various stages in the pipeline we expect a much different level of market activity in the second half of 2017."

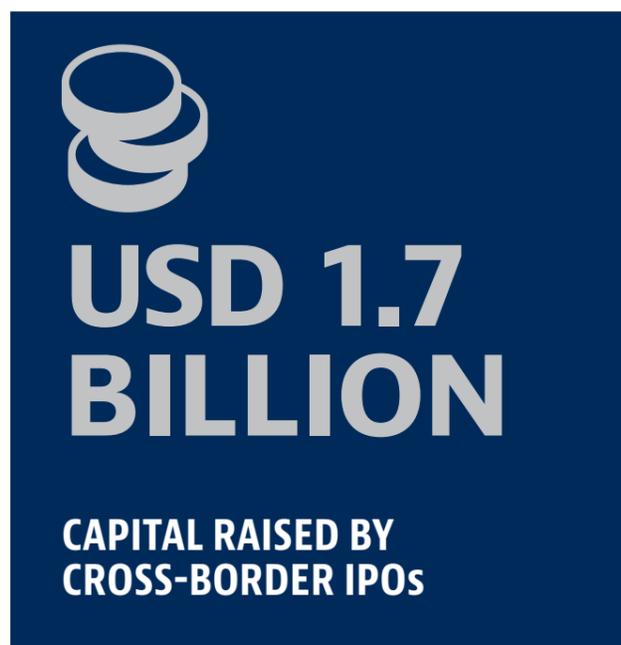
REGIONAL INSIGHT

# North America

North American IPO market performance improved significantly in terms of value and volume in H1 2017: cross-border listings more than doubled in terms of value to USD 1.7 billion with 14 deals; domestic IPOs also increased significantly in terms of value, up by 229 % to USD 26.4 billion and volume up by 71 % with 99 transactions. Cross-border capital raising in this region accounts for 14% of global capital raised from cross-border IPOs, up from 9% in H1 2016 and the number of IPOs accounts for 24% of total global IPOs in the first half of 2017.

Capital raised from cross-border IPO activity represents 6% of North America's total capital raising, the lowest level since first half of 2013.

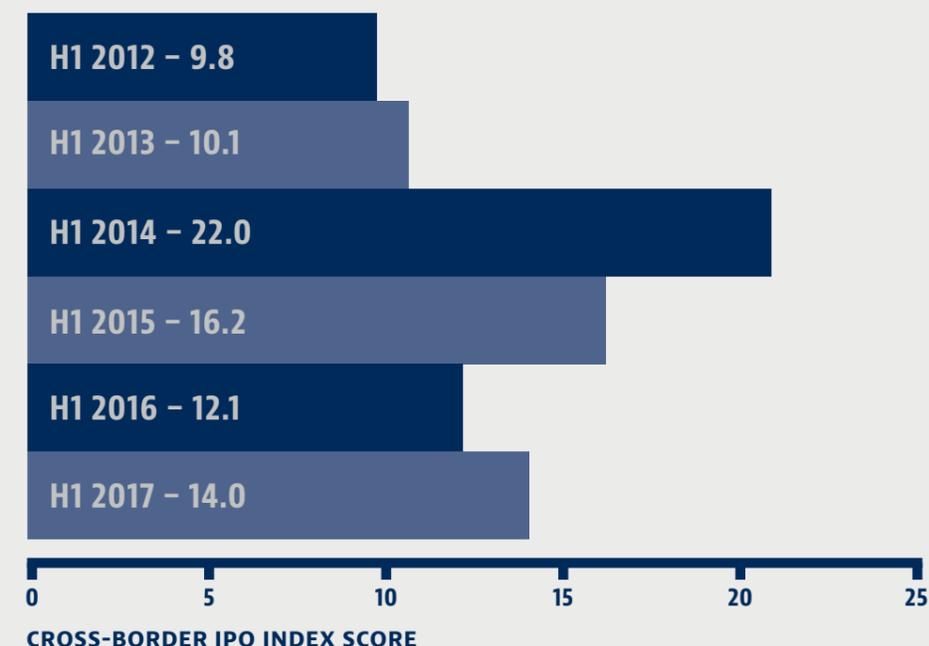
Snap Inc's listing in NYSE is the first tech listing in the US during the year and the largest tech IPO since Alibaba. NYSE also became home to another megadeal: Invitation Homes' USD 1.77 billion IPO in January. Canada also saw a strong H1 with ten times more capital raised on the Toronto Exchange than the first half of 2016.



## Cross-border IPO Index: North America

The cross-border index in North America increased by 16% for the first half of 2017, as cross-border capital raising and number of IPOs increased.

## Cross-border IPO Index: North America





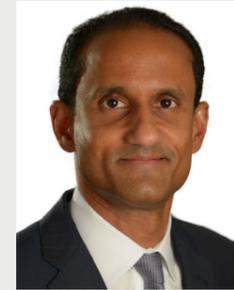
## KEY NORTH AMERICA DATA POINTS

**107%**

CHANGE  
IN CAPITAL  
RAISED  
CROSS-  
BORDER  
IPOS

**229%**

CHANGE  
IN CAPITAL  
RAISED  
DOMESTIC  
IPOS



### **Amar Budarapu**

Head of Capital Markets in North America  
at Baker McKenzie

“Companies in US and Canada have regained confidence in the markets after a year of uncertainty in 2016. Uncertainty is the new normal – activity is good and pipeline strong as companies and investors have stopped waiting for clarity on potential impact of political changes and are getting on with business. There is a business imperative for companies – to realise value, raise

funds to support growth, invest in R&D and refinance. Companies need to move forward. Gridlock in Washington may mean the promised business friendly policies are not in place quickly. The second half of the year is unlikely to be worse than the first as the pipeline is strong.”

REGIONAL INSIGHT

# Latin America

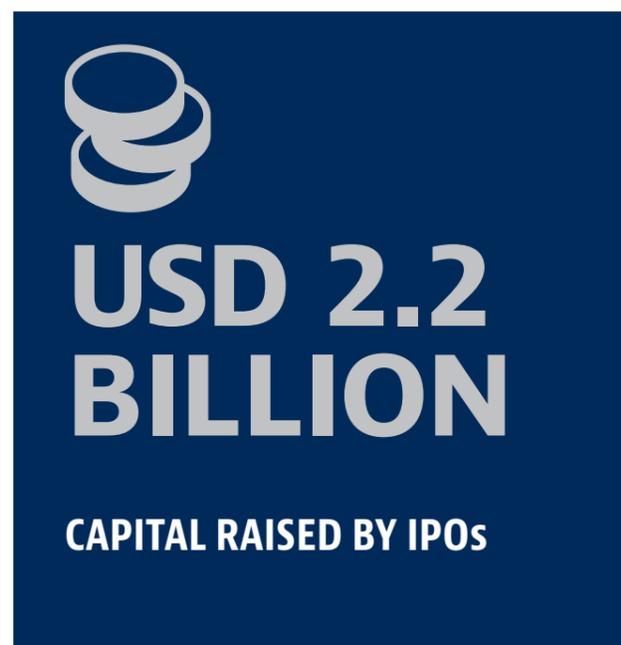
Latin America's capital raising is driven primarily by domestic companies going public. H1 2017 showed recovery from 2016, with the largest capital raising and number of IPOs since H1 2013, raising USD 2.2 billion from six deals. Latin America's capital raised by IPOs increased by 845% in the first half of 2017. The total amount raised in H1 2017 has surpassed the amount of capital raised in full years 2014, 2015 and 2016.

Equity is becoming more attractive in the region and represents 14% of total capital raised YTD 2017, up from 4% in the same period of 2016.

While there were no cross-border IPOs listed in stock exchanges based in Latin America, the region's domestic listings were at their highest levels in four years, with Mexico and Brazil taking the lion share of activity.

2017 is the year that companies that previously postponed attempts at going public are giving it another go. Netshoes, Azul and Bece are among these companies.

Netshoes, a leading Brazilian online retailer raised USD 149 million, listing on the New York Stock Exchange. This company first considered an IPO over four years ago. Azul, the Brazilian airline, had previously



abandoned their IPO twice. Bece SAB de CV, the largest tequila maker in Mexico, went public in the first half of 2017, having previously delayed its plans twice due to the record low value of the Mexican peso. The company, which listed in February on the Mexican Stock Exchange, raised USD 910 million and is the largest IPO from a Mexican company over the last six years. The company's shares jumped more than eight percent on first day of trading.



**Pablo Berckholtz**  
Head of Capital  
Markets in  
Latin America  
at Baker McKenzie

"Activity in the region is less down to "regional" themes – more to the individual companies needs to list. Equity listings remain a risky proposition in Latin America, so only larger companies are willing to take the risk. It's an open question why IPOs are not more frequent – valuations can be uncertain, investors bases relatively shallow and the number of large companies is not as high as it could be. Cross-border deals into North America or beyond, are fairly cumbersome for smaller companies, in terms of regulation so those that do proceed with an IPO also look at domestic markets first."



# Methodology

Baker McKenzie's Cross-Border IPO Index is calculated as a weighted average of three components based on IPO activity data: the amount of capital raised, number of IPOs and number of issuer home jurisdictions involved. Each component is calculated as the quotient of the component's value when considering cross-border IPO activity divided by that component's value when considering overall IPO activity. The population of data underlying each calculation is based on aggregate data of IPO transactions completed on all stock exchanges and is grouped by region. IPO activity includes priced IPO and IPOs expected to price in H1 2017 correct to 23 June 2017. All data underlying the calculations is sourced through Thomson ONE.

# About

Baker McKenzie helps clients overcome the challenges of competing in the global economy. We solve complex legal problems across borders and practice areas. Our unique culture, developed over 65 years, enables our 13,000 people to understand local markets and navigate multiple jurisdictions, working together as trusted colleagues and friends to instill confidence in our clients.

Unprecedented volatility and intense regulatory change since the financial crisis have greatly impacted the capital markets sector. Regulators are demanding greater transparency and high levels of litigation continue. This backdrop makes raising and managing capital while complying with changing legal and listing requirements a major challenge for public and private companies and governments.

We provide practical, commercially-focused advice to maximize deal certainty. We represent issuers, investment banks, and selling shareholders in equity and debt transactions including domestic and cross-border IPOs, debt issuances and programs, and complex, multi-jurisdictional acquisitions and divestitures involving public companies.

Since 2012, we have been involved in more than 400 debt and equity offerings with a total value of USD 120 billion. Using our unmatched global network, comprised of more than 420 capital markets lawyers in 42 countries, we offer a fully integrated service, working across borders and practice areas including M&A, Private Equity, Antitrust & Competition, and Compliance to help clients achieve the best outcome. Cross-border listing resources can be found at [www.crossborderlistings.com](http://www.crossborderlistings.com) and on the Firm's capital markets blog at [www.thecapitaltrend.com](http://www.thecapitaltrend.com).

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