BAKER & MCKENZIE

Cross-Border IPO Index

H1 2014

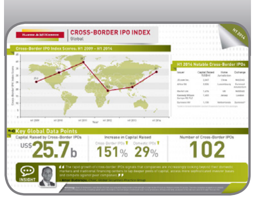
28 July 2014

Cross-Border IPOs Double in Volume and Capital Raised Over Previous Year

Cross-border initial public offerings (IPOs) surged in the first half of 2014, doubling in volume and capital raised over the same period last year. While capital raised by domestic IPOs increased by 29% in the first six months of 2014, cross-border IPOs grew by more than 151% in value, raising a total of US$25.7 billion in 102 listings. This trend is set to continue in the next six months with a robust group of cross-border IPOs in the pipeline, including the proposed Alibaba Group listing in New York.

"The rapid growth of cross-border IPOs signals that companies are increasingly looking beyond their domestic markets and traditional financing centers to tap deeper pools of capital, access more sophisticated investor bases and compete against peer companies," says Amar Budarapu, chair of Baker & McKenzie's Global Securities Practice Group.

To help understand and track this trend, Baker & McKenzie has released the H1 2014 edition of its Cross-Border IPO Index, a semiannual scoring and analysis of cross-border IPO activity relative to overall IPO activity. In the first half of 2014, fueled by increased cross-border IPOs around the world, the global index score grew to 32.7 as compared to 22.0 in the same period last year.



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Momentum Expected to Continue for Remainder of 2014

The strong first half performance of cross-border IPOs should continue, with many large IPOs in the pipeline. This includes China-based e-commerce conglomerate Alibaba Group. In May 2014, Alibaba Group filed a registration statement with the US Securities and Exchange Commission in connection with its IPO in the US and, in June 2014, chose the New York Stock Exchange (NYSE) as its listing venue. The offering, which is slated for September, has the potential to raise in excess of US$20 billion, according to analysts' projections.

Amar comments, "If the projections prove true, the offering would be the largest IPO in history. The Alibaba listing is evidence of the continuing vitality of the market for cross-border offerings and further proof that companies are looking beyond their national borders for the best place to sell and list their securities."

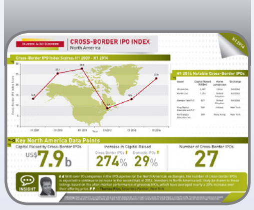
North America Fueled by Strong After-Market Performance of Cross-Border IPOs

Companies raised US$7.9 billion in 27 cross-border IPOs in North America in the first half of 2014, a 274% increase over capital raised during the same period last year. This growth was largely driven by favorable economic conditions and steadily rising stock markets in the region.

The top North American cross-border IPO by capital raised was the debut of China-based JD.com, Inc., an online retailer that listed on NASDAQ. NASDAQ led all North American exchanges with companies raising a total of US$5.8 billion in 18 cross-border IPOs. Retail, financials and high technology were the top three industries for capital raised in North American cross-border IPOs.

Much of the growth has been supported by a steady stream of Chinese companies listing on NASDAQ and the NYSE. US exchanges saw ten Chinese issuers raise US$3.5 billion in cross-border IPOs and deliver after-market performances that outperformed the Dow Jones Industrial Average. These factors resulted in the region's index score increasing to 23.8 in the first half of 2014 as compared to 13.4 in the same period last year.

"With over 90 companies in the IPO pipeline for the North American exchanges, the number of cross-border IPOs is expected to continue to increase in the second half of 2014," says Thomas Rice, a Baker & McKenzie securities partner based in New York. "Investors in North America will likely be drawn to these listings based on the after-market performance of previous IPOs, which have averaged nearly a 20% increase over their offering price."



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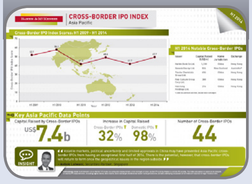
Asia Pacific Cross-Border IPO Growth Driven by Australia and Hong Kong

Asia Pacific cross-border IPOs were propelled by listings in Australia and Hong Kong, resulting in the region's index score increasing to 49.9 in the first half of 2014 as compared to 41.7 during the same period last year. The top Asia Pacific cross-border IPO by capital raised was the debut of China-based Harbin Bank Co. Ltd., a commercial bank listed on the Hong Kong Stock Exchange (HKSE). The HKSE led all Asia Pacific exchanges with companies raising a total of US$6.1 billion in 35 cross-border IPOs. Financials, high technology and energy & power were the top three industries for capital raised in Asia Pacific cross-border IPOs.

Companies raised US$7.4 billion in 44 cross-border IPOs in Asia Pacific in the first half of 2014, a 32% increase over the same period last year. Asia-Pacific cross-border IPOs, however, did not outpace their domestic counterparts. Analysts have attributed the slowdown of cross-border IPOs to political turmoil and increased regulatory oversight throughout the region, which has forced multiple companies to temporarily shelve IPOs. Australia, however, shined brightly during this period and had one of its strongest half year performances of the past decade.

"Volatile markets, political uncertainty and limited approvals in China may have prevented Asia Pacific cross-border IPOs from having an exceptional first half of 2014," says Ashok Lalwani, chair of Baker & McKenzie's Asia Pacific Securities Practice Group. "There is the potential, however, that cross-border IPOs will return to form once the geopolitical issues in the region subside."



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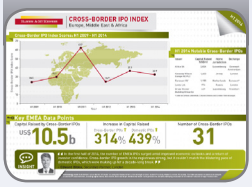
Resurgence of Domestic IPOs in EMEA

While the amount of capital raised in EMEA cross-border IPOs increased by more than 300%, the primary theme for the first half of 2014 was the resurgence of domestic IPOs, which increased by over 400%. This disproportional increase resulted in the EMEA index score decreasing from 37.1 in the first half of 2014 as compared to 32.7 in the same period last year.

Companies raised US$10.5 billion in 31 cross-border IPOs in EMEA in the first half of 2014. The top EMEA cross-border IPO by capital raised was the debut of Altice SA, a Luxembourg-based telecommunications operator that listed on NYSE Euronext Amsterdam. The London Stock Exchange led all EMEA exchanges with companies raising a total of US$4.9 billion in 21 cross-border IPOs. Financials, media & entertainment and retail were the top three industries for capital raised in EMEA cross-border IPOs.

EMEA was gripped with "floatation fever" with the market for new shares going into overdrive as investors threw off years of caution in search of companies that could benefit from the recovering economy and returning consumer confidence. The dam broke last September, flooding IPO pipelines and resulting in an increased number of deals as companies completed their listings on the back of 2013 financials. More recently, investors have expressed concerns over valuations and aftermarket performance, raising questions about whether there was IPO fatigue. Analysts, however, have projected a strong second half of the year based on a robust pipeline of EMEA IPOs.

"In the first half of 2014, the number of EMEA IPOs surged amid improved economic outlooks and a return of investor confidence," says Edward Bibko, chair of Baker & McKenzie's EMEA Securities Practice Group. "Cross-border IPO growth in the region was strong, but it couldn't match the blistering pace of domestic IPOs, which were making up for a decade-long break."



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Methodology

Baker & McKenzie's Cross-Border IPO Index is calculated as a weighted average of three components based on IPO activity data. These components include 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 select stock exchanges and is grouped by region. Determination of stock exchanges for inclusion is based on market capitalization and certain diversification factors. All data underlying the calculations is sourced through Thomson ONE.

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Baker & McKenzie's Global Securities team comprises nearly 350 securities lawyers in more than 50 offices, including all of the world's leading financial centers. The Firm represents issuers and investment banks in a wide variety of IPOs, cross-border listings and other capital markets transactions, including debt, equity and equity-linked issues, and in complex, multi-jurisdictional acquisitions and divestitures involving public companies. Over the past five years, the Global Securities team has been involved either as issuer's or underwriter's counsel in more than 530 equity and debt offerings, valued in total at approximately US$350bn. The practice is consistently ranked among the top corporate law firms globally and in the world's largest capital markets. You can access additional cross-border listing resources at www.crossborderlistings.com.

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