



# NORTH AMERICA CAPITAL RAISING DRIVES CROSS-BORDER IPOs

Dip in Asia Pacific and EMEA markets sees overall reduction in global IPO activity as investors adopt 'wait and see' approach

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# Global Insight



“ While domestic issuers are adopting a ‘wait and see’ approach in light of various political issues, fears over globalisation going backwards and economic nationalism haven’t reached the cross-border market. To see cross-border activity going up shows a good degree of health in global equity markets, despite quieter domestic markets.

**Koen Vanhaerents**  
Global Chair, Capital Markets

The first half of 2018 has witnessed a dip in global IPO activity as a result of lower capital raising in Asia Pacific and EMEA, according to the latest research from Baker McKenzie. Worries around geopolitics – in particular US President Trump's protectionist policies as well as a lack of progress around Brexit negotiations – weighed on investors' minds and dented the headline numbers.

A total of 676 listings were recorded in H1 2018, a fall of 20% on the same time last year. The value of those listings also fell, down 15% to USD 90 billion.

Investors appear to be adopting a 'wait and see' approach in light of both the US and UK political situations and increased market volatility. The dip in Asia Pacific and EMEA only slightly offset by stronger cross-border capital raising in North America and higher domestic listings in Latin America.

## Cross-border deal activity

Cross-border deals proved active in the first half of 2018 with a surge in capital-raising in North America leading the charge. Deals totalling over USD 16.6 billion were recorded, a jump of around 15% on the same time last year. The number of deals also climbed, up 18% to 85, with three of the top ten cross-border IPOs debuting on North America exchanges.

This resulted in Baker McKenzie's cross-border index value rising to 17.4 from 13.2 in H1 2017, just below the highest recorded of 18.7 in H1 2014.

Unsurprisingly, the New York Stock Exchange (NYSE) and Nasdaq were the leading stock exchanges for all IPOs in terms of value and volume.

## 2018 Notable Cross-Border IPOs

ISSUER	IQIYI INC	PAGSEGURO DIGITAL LTD	PING AN HEALTHCARE & TECH CO	KAKAO CORP	BANK OF GANSU CO LTD
CAPITAL RAISED (USD billion)	2.42 BILLION	2.26 BILLION	1.11 BILLION	1.00 BILLION	0.90 BILLION
HOME JURISDICTION & EXCHANGE	China NASDAQ	Brazil NYSE	China HKEx	South Korea SGX	China HKEx
SECTOR	HIGH TECHNOLOGY	HIGH TECHNOLOGY	HIGH TECHNOLOGY	MEDIA AND ENTERTAINMENT	FINANCIALS

NYSE was the top destination for cross-border capital raising while Hong Kong - both the mainboard and GEM (Growth Enterprise Market) - was the most active destination for cross-border IPOs due to the volume of China-domiciled companies listing on the exchange.

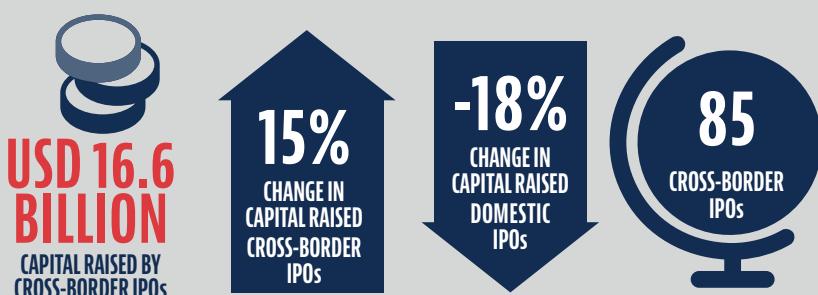
The London market appears to be bearing the brunt of concerns around the Brexit process with both the value and volume of deals recorded there dropping sharply. Capital raising fell by 50% for the first half of 2018 to USD 4.6 billion while the number of issues fell by 9% to 32.

When it comes to issuer headquarters, the US was the most active in terms of number of deals issued at 107, followed by India with 95 and China with 79. The US also topped the table in terms of capital raised with USD 23.3 billion, followed by China with USD 19 billion and Germany with USD 8.7 billion.

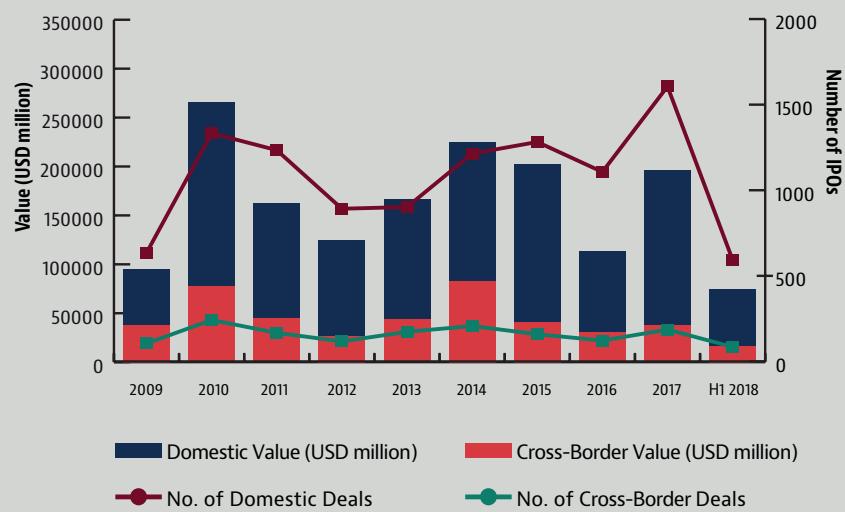
The most active cross-border issuers came from China with 31, a total of 18 of which were listed on the Hong Kong Exchange, the rest in the US.

So far there have been fewer withdrawn IPOs in the first half of the year compared to the same time last year. A total of 11 IPOs worth USD 1.5 billion have been withdrawn compared to 23 worth USD 783 million.

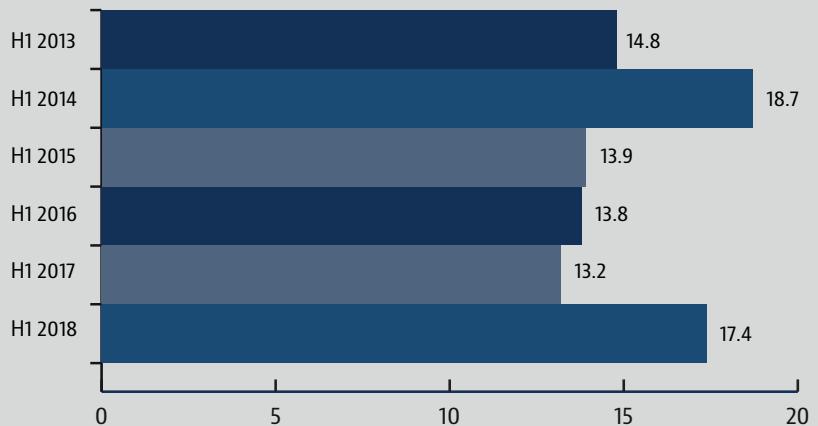
## Key Global Data Points

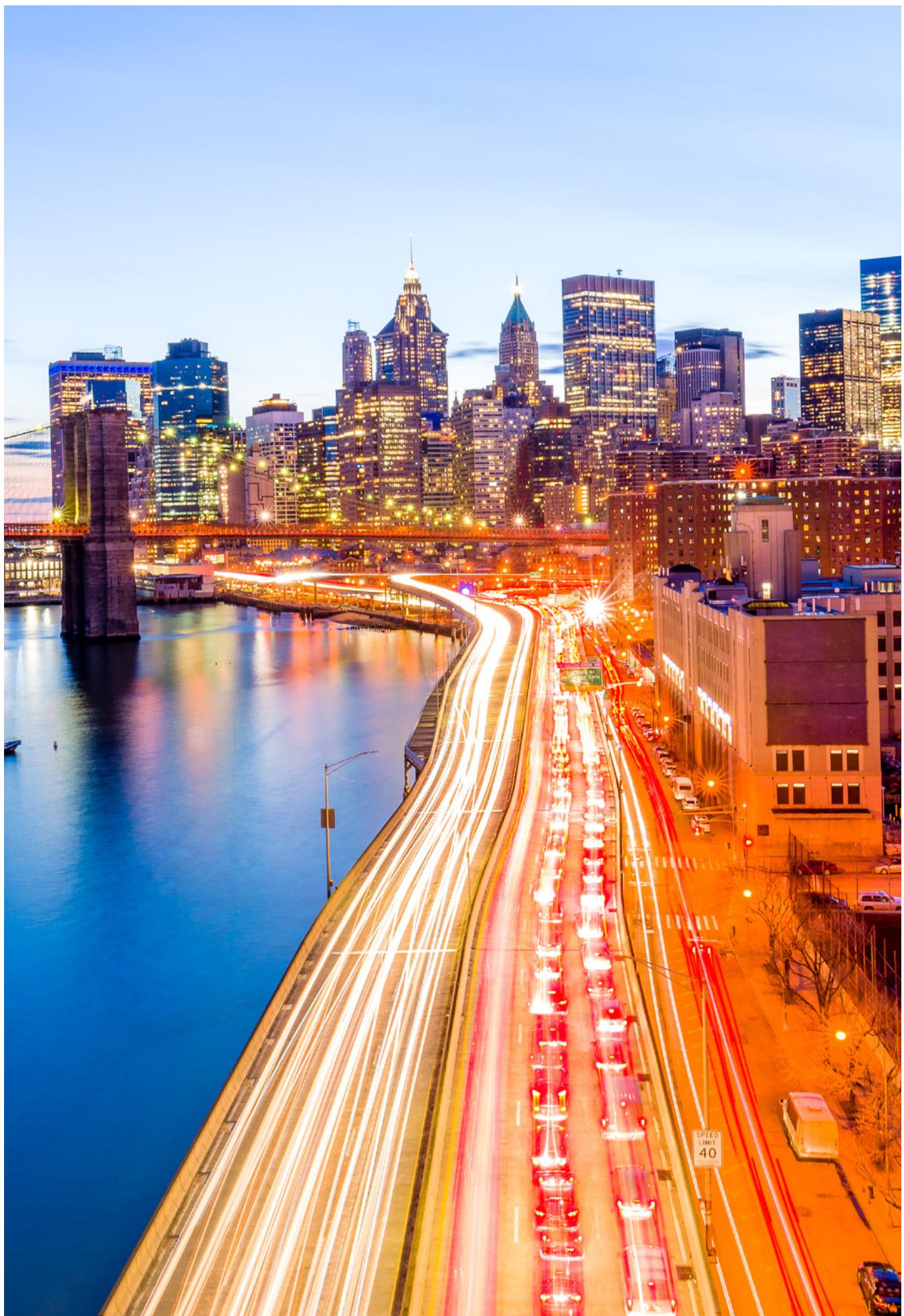


## Global IPOs 2009 to 2018



## Cross-Border IPO Index





# Sector Focus

A composite image of a city at night. In the foreground, a highway with motion blur from fast-moving vehicles cuts through the scene. In the middle ground, a large construction site with a complex steel framework and bright lights is visible. The background shows a dense city skyline with numerous lit windows. A digital grid overlay is positioned in the upper right quadrant, with glowing lines and points suggesting data flow or connectivity.

Financials retained its top spot when it comes to the value and volume of deals recorded in the first half of the year, despite witnessing a drop in both. A total of USD 20.7 billion-worth of deals were recorded, a 33% fall on the same time in 2017, across 115 deals, down from 119.

The sector accounted for two out of the top ten IPOs during the period: AXA Equitable Holdings and DWS Group.

Industrials and High Technology were the most active in terms of volume with 84 deals recorded in H1 2018. Capital raised from High Technology jumped by 44% to USD 18.9 billion while Industrials declined 25% to USD 9.4 billion.

The only other sector to raise more than USD 10 billion was Healthcare with USD 11.3 billion, up 44% on the year. Healthcare and Real Estate also recorded a higher level of capital raising in the first half of 2018 compared to the same period in 2017.

### Top Sectors: Global

Value (USD million)

Industry	Domestic	Cross-Border	Total	% Change from H1 2017
Financials	17,775	2,290	20,675	-32%
High Technology	11,546	7,310	18,856	44%
Healthcare	10,787	547	11,335	44%
Industrials	8,568	803	9,371	-25%
Real Estate	7,652	1,131	8,783	65%

### Top Sectors: Global

Volume

Industry	Domestic	Cross-Border	Total	% Change from H1 2017
Financials	104	11	115	-3%
Industrials	74	10	84	-42%
High Technology	70	14	84	-26%
Consumer Products and Services	64	13	76	-7%
Materials	61	6	67	-22%

# Spotlight on the Transport Sector



Cross-border equity deals and joint business arrangements are increasingly popular and an effective means of connecting networks and achieving integrative efficiencies.



**Kenneth P. Quinn,**  
Global Chair, Aviation

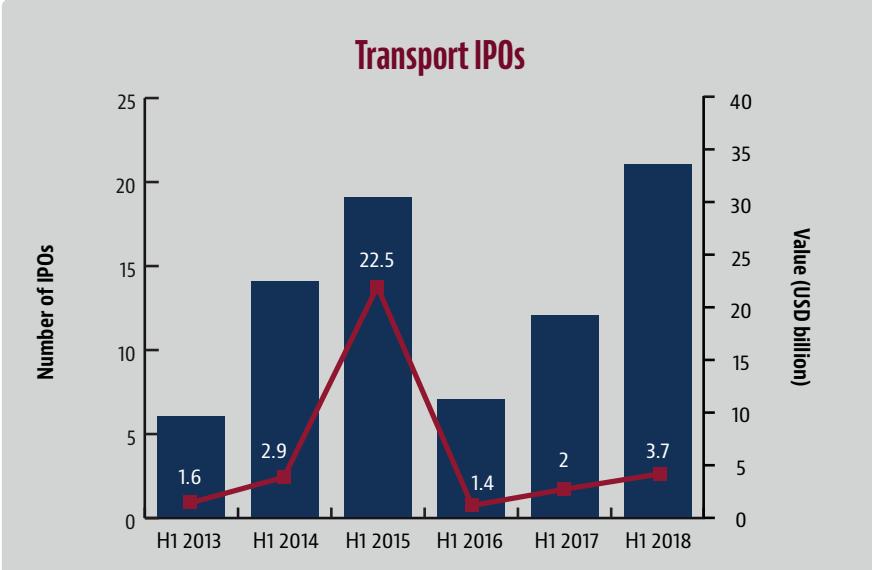
Emerging from a low base, the Transport sector has steadily grown in stature over the last three years to reveal a thriving sector which looks in line for a healthy full-year performance.

There were 21 Transport issues in the first half of 2018 worth USD 3.7 billion, a jump from 12 and USD 2 billion in the first half of 2017 and up from seven and USD 1.4 billion since the first half of 2016.

## Asia Pacific delivers

Asia Pacific logistics names made up the majority of listings as those companies benefited from growing populations, increased urbanization and a growing middle class. Armed with more disposable income, the population of these regions has turned to online shopping where logistics companies are relied upon to deliver purchased goods.

Companies involved in the 21 Transport issues were headquartered across 12 countries,



six of which were located in Asia Pacific. Indian-domiciled companies led the way with a total of four listings, followed by China and the US with three and Indonesia with two.

US-domiciled companies were ranked joint second with China in terms of the number of listings.

Despite Asia Pacific's dominance of activity in the sector in the first half of the year, it was Latin America which led the way in terms of value with Grupo Aeroportuario De La Ciudad de Mexico's USD 1.6 billion listing emerging as the largest in the sector for the year so far. The company is behind the construction of Mexico City's new

airport and the listing is the only transport IPO to raise more than USD 1 billion so far this year.

It is significant as the company raised the capital through an offering of Fibra E shares – which are based on a trust which invests in infrastructure or energy projects in Mexico – and is the biggest ever sale of the securities in Mexico.

Switzerland-domiciled companies were second in the league table of Transport listings by domicile nation with USD 823 million, Argentina was third with USD 486 million, China fourth with USD 337 million and the US fifth with USD 235 million.

Interestingly, China is the only Asia Pacific country to make the top five despite the region topping the activity table. The US has fallen behind China, a big change from 2017 when the region topped the Transport table by raising a total of USD 613 million.

## Mexico Stock Exchange lands top spot

The deal also meant Mexico's Stock Exchange raised the most capital of all exchanges in the sector as a whole, followed by the SIX Swiss Exchange with just one listing also for Ceva Logistics which, at USD 823 million, fell short of its USD 1.35 billion target. Ceva has USD 2 billion in debt and said the proceeds from the sale would deleverage its balance sheet to less than three times adjusted earnings and enable the company to accelerate organic growth.

The third biggest exchange listing in the sector was NYSE with USD 486 million across two companies; US Xress Enterprise's USD 100

million listing and Argentina's Corporacion American Airports' (CAA) USD 486 million. CAA said funding for the latter will be used to expand into emerging markets including Brazil and India. It will also give it the capability to invest in two capex programs while focusing on expansion projects in Argentina where it is looking to develop commercial spaces, new passenger buildings, ground access and parking in its landmark Ezeiza airport in Buenos Aires.

Aviation companies were particularly prevalent and made up a quarter of global IPOs. The increase in aviation IPOs has been boosted by the expansion of

airports in key markets to support the economic aims of governments.

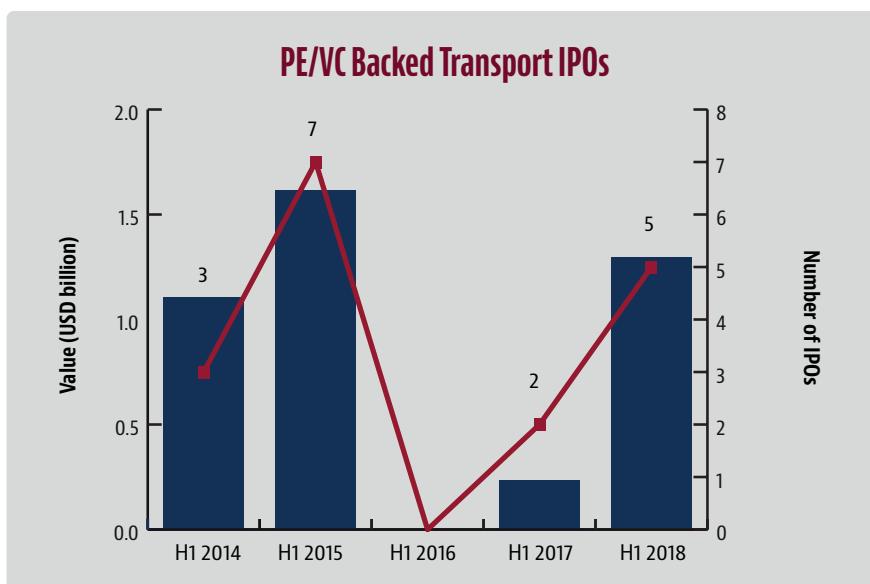
When it comes to cross-border IPOs in the Transport sector, there are three in the first half of 2018 (the previously mentioned CAA listing in Argentina for USD 486 million), and two which are due to close by the end of June, namely Chinese Tian Yuan Group Holdings Ltd on HKSE and Salus Aviation on ASX and New Zealand exchanges. This would see cross-border capital in the first half of 2018 being double that of the 2017.

### Top Stock Exchanges for Transport

Stock Exchanges	Proceeds in USD billion	Number of Deals
Mexico Stock Exchange	1.61	1
SIX Swiss Stock Exchange	0.82	1
NYSE	0.48	2
NASDAQ	0.23	2
Shanghai Stock Exchange	0.20	2

### Top Countries for Transport

Domicile Nation	Value (USD million)	Number of Deals
Mexico	1,169	1
Switzerland	823	1
Argentina	486	1
China	354	4
US	235	3



## Private Equity and Venture Capital returns

The first half of 2018 saw a total of three venture capital-backed IPOs recorded in the Transport sector, a marked change from the previous two years when there were none. They were made up of Deppon Logistics, Jiayou International Logistics and China Express Airlines, all of which are domiciled in China and listed domestically on either the Shanghai or Shenzhen exchanges.

These are the first venture capital-backed IPOs in the Transport sector since 2015, when there were four listings recorded.

Activity has been boosted by new regulations from the China Securities Regulatory Commission,

which gives preferential treatment to venture capital funds to dispose of their equity. From June 2nd 2018, funds will be allowed to exit their investment within 30 and 60 days – after a lock-up period – in an effort to incentivise venture capital investors which specialise in early-stage start-ups to achieve a quicker stock market exit.

There were two private equity-backed IPOs in the first half of 2018, coming from Ceva Logistics – who raised \$823 million on the SIX Swiss Exchange; and Construction Partners – who raised \$135 million on Nasdaq. While the first half of 2017 also had two private equity-backed IPOs, they raised 25% less than 2018, at \$236 million.



Emerging from a low base, the Transport sector has steadily grown in stature over the last three years to reveal a thriving sector which looks in line for a healthy full-year performance.

# Private Equity and Venture Capital-Backed IPOs

Private equity (PE) and venture capital (VC)-backed IPOs fell in both value and volume, as well as losing share in the overall IPO market. The slide mirrors a slowing pace of exits in both PE and VC.

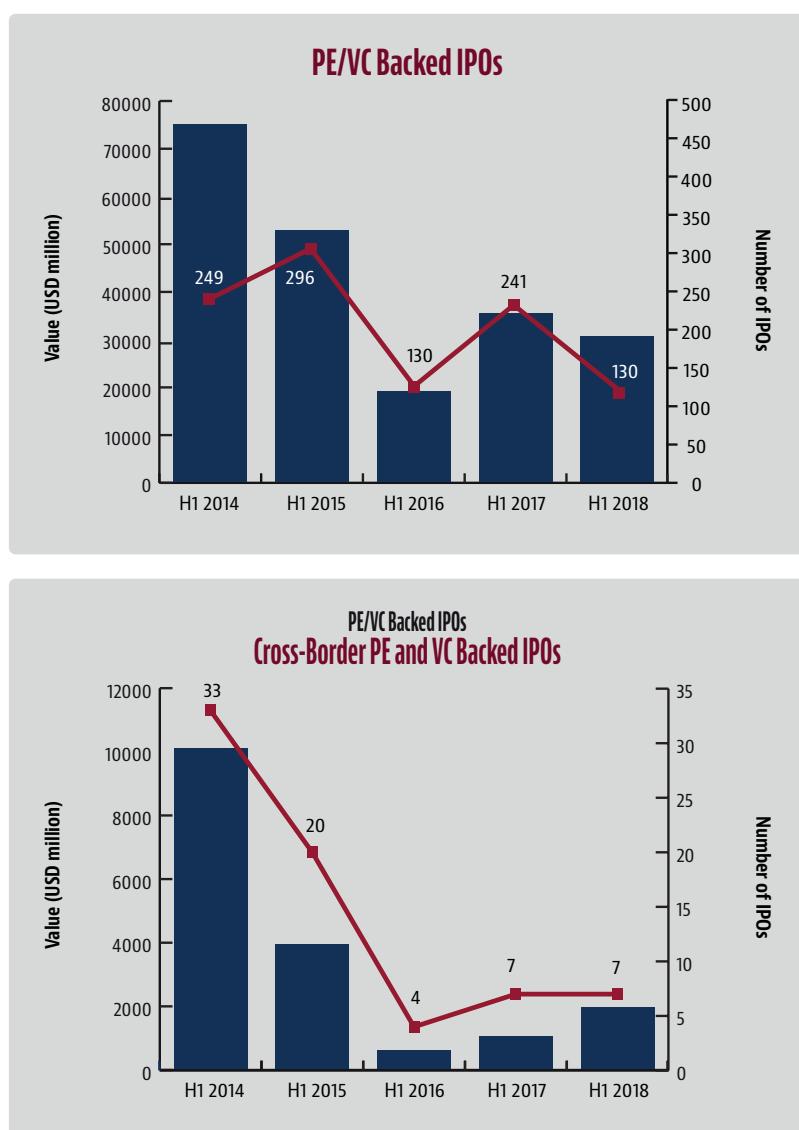
Overall activity fell by 46% in the first half of 2018 to just 130 deals while capital raised by PE and VC-backed companies also fell to USD 30.5 billion in H1 2018 from USD 35.3 billion in the same period in 2017.

That helped push the PE/VC IPO exit share of the overall IPO market down to 19% in terms of volume from 29% in H1 2017. Both the VC and PE share in total capital raising declined in H1 2018.

PE funds are holding assets for longer periods of time as managers spend more time making the operational improvements necessary to drive returns rather than relying on the leverage and financial engineering of years past. There is also more patient capital in the market with more longer-term investment vehicles coming to market. Established buyout funds and newcomers alike are raising funds with holding periods double those of traditional buyout funds or longer.

Likewise, buyout funds are once again setting fundraising records so there is ample available capital in the market seeking investment opportunities and acquiring assets that might otherwise have sought IPO opportunities. This has enabled some companies to remain privately-owned while still managing to raise sizeable amounts of capital that would once only have been possible from public markets. Last year saw eight of the ten largest private deals on record.

The VC story is a similar one of slowing exits. However, while the number of VC-backed exits declined, the dollar value



increased with North America remaining on top, led by the software sector. This year, however, is shaping up to be a better year

for exits with IPOs for prominent technology firms Dropbox and DocuSign.

## PE and VC IPO Exits – Sector Insights

Industrials and High Technology companies were the most active recording 26 IPOs each. High Technology topped the sectors for capital raised with just under USD 10 billion, followed by Industrials with USD 4.6 billion.

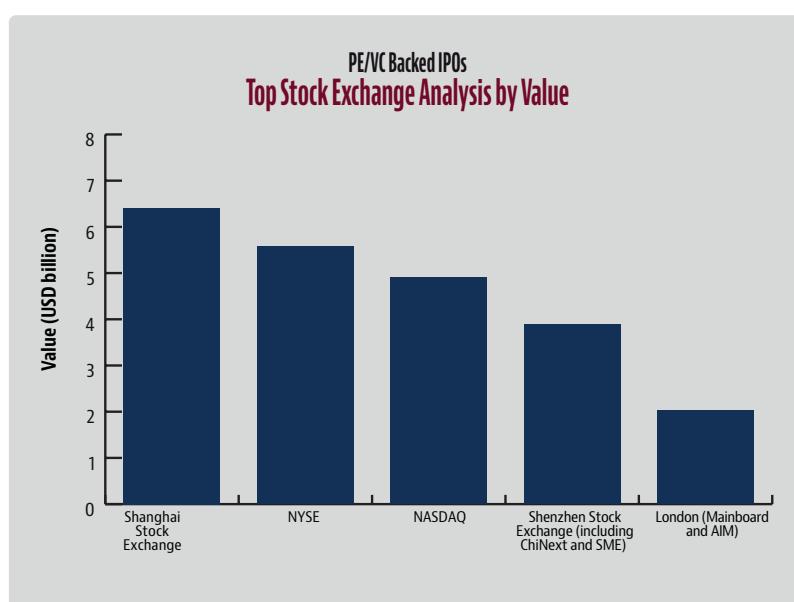
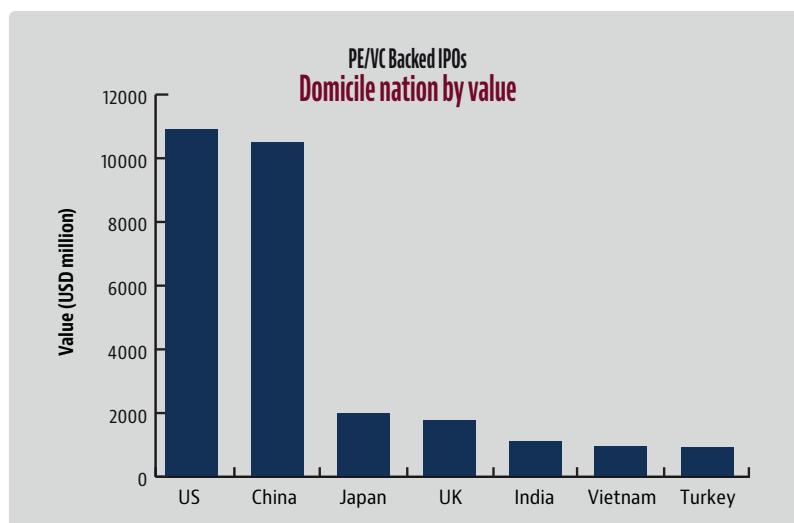
Financials increased strongly in the value of deals year-on-year, climbing 68% to USD 3.8 billion.

Other strong performers when it comes to the value of deals included Industrials which notched up USD 4.6 billion, down 6% on the same time last year, and High Technology with USD 9.9 billion, with a 13% increase.

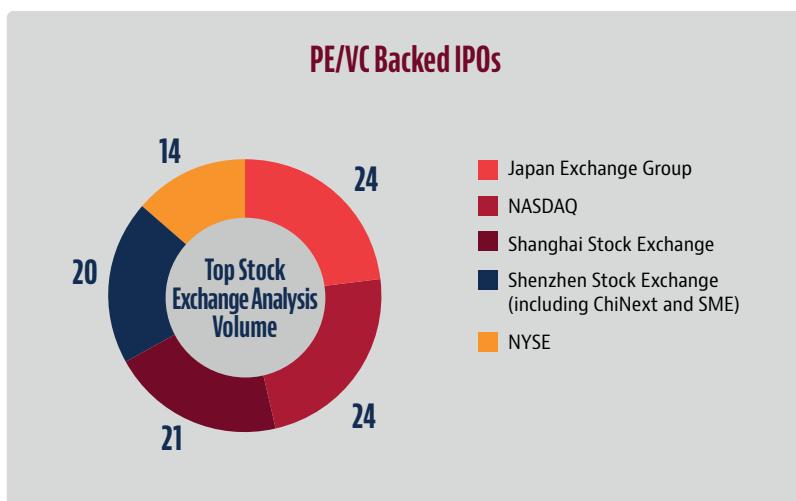
## PE and VC IPO Exits – Regional Insights

North America dominated the PE and VC IPO exit market in the first half of 2018 with USD 10.9 billion of listings recorded there, a fall of 32% on the same period in 2017. It was closely followed by China with USD 10.5 billion, down 27%, and Japan with USD 2.0 billion, an increase of an impressive 90%.

In terms of the number of PE and VC IPO exits, China led the way with 42, down 68% on the same period in 2017, followed by North America with 38, and Japan with 25.

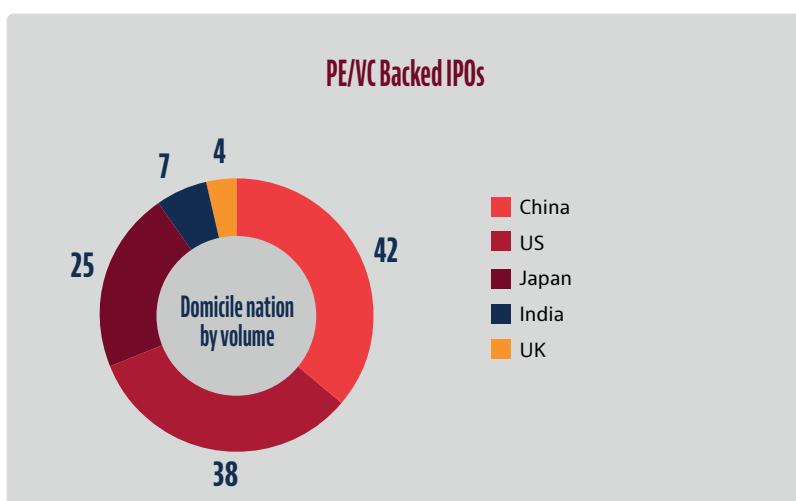


## PE and VC IPO Exits – Stock Exchange Insights



Japan Exchange Group and Nasdaq are tied in first place for having the most PE/VC backed exits in the first half of the year, followed by the main Chinese exchanges with both Shenzhen and the Shanghai Stock Exchange notching up 20 and 21 listings respectively.

When it comes to the amount of capital raised, Shanghai claims the top spot for PE/VC exits at USD 6.4 billion, taking 20% share of capital and pushing NYSE into second place with USD 5.6 billion raised in the first half of 2018.



## PE and VC / Case Study:

# Turkven, Medical Park IPO

MEDICAL PARK

Turkey's largest private hospital chain

## Deal Snapshot

### Issuer:

Turkven, Medical Park

- Medical Park Group is the largest private hospital chain in Turkey with over 2,000 physicians, 16,000 employees and 5,300 beds across 29 hospitals.
- Turkven is the leading private equity firm in Turkey since 2000 with an AUM of \$2 billion.



### Features:

Listing of shares on the Istanbul Stock Exchange

- Global offering of 63.3 million B-class shares comprised of 38.3 million shares belonging to existing partners, and a further 25 million released to raise capital
- Medical Park's total market capitalization at the commencement of trading was approximately TRY 5.3 billion (\$1.4 billion)
- Gross proceeds to Medical Park of TRY 1.4 billion (\$297.2m)

### Our Role:

- Advising Medical Park as issuer's counsel

### Other Roles:

- JP Morgan and HSBC - Global book-building
- Goldman Sachs and Bank of America Merrill Lynch - Global book building and underwriters
- AK Investment - Global book-building and co-ordination

### Transaction Timetable:

- Price range prospectus date: January 22, 2018
- Settlement date: February 9, 2018



## Deal Highlights

- Turkven holds the record for realizing the top three highest money multiple returns in Turkish PE history with Pronet, Mavi and Domino's.
- Medical Park is Turkey's largest private hospital chain with 16,000 employees.
- Proven track record of growth both through greenfield expansions and acquisitions, with 13 hospitals added to their portfolio between 2014 and 2017
- Between 9M 2017 and 9M 2016, revenue, Adjusted EBITDAR and Adjusted EBITDA increased by 19.4%, 26.8% and 26.9%, respectively
- **Strong financial performance:**
  - 2014-2016 Revenue CAGR of 19.3%
  - 2014-2016 Adjusted EBITDAR CAGR of 24.5%
  - 2014-2016 Adjusted EBITDA CAGR of 22.0%

# Regional Insight



**“** In Asia-Pacific, deal flow could improve as market reforms may facilitate greater cross-border listings in Asia-Pacific. Examples include the HKSE's reforms to allow dual share structures, which should help it attract companies that would otherwise list in the US, and the introduction of depository receipts to allow Chinese citizens to invest in international companies.

**David Holland,**  
Asia Pacific Chair, Capital Markets

# Asia Pacific

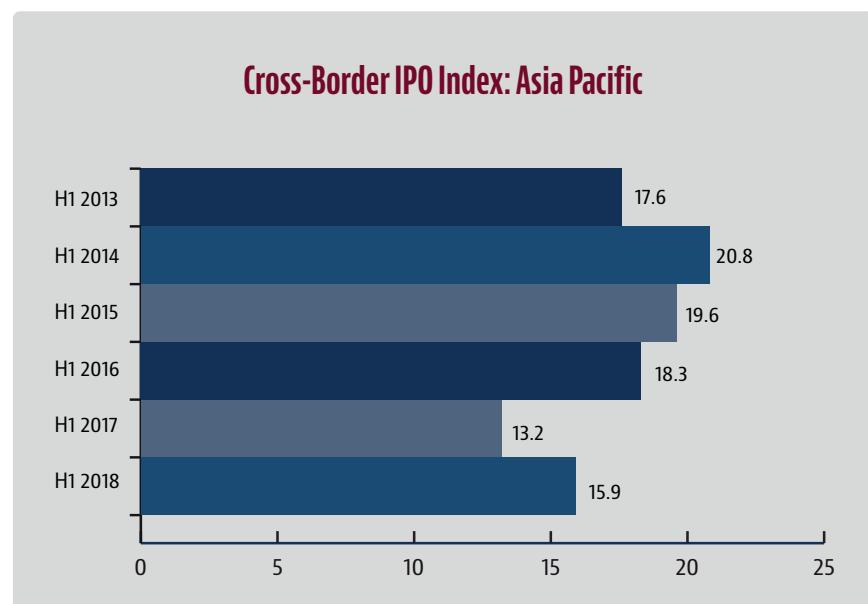
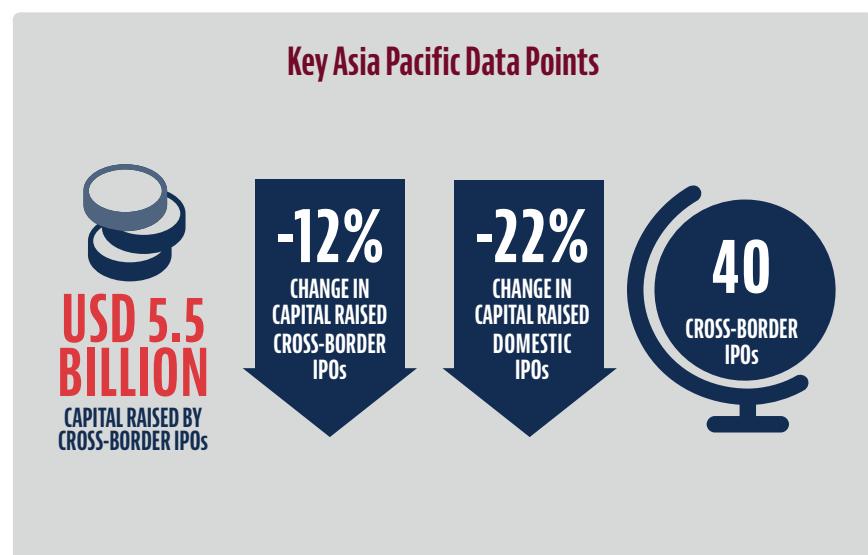
Geopolitical uncertainty and market volatility have been behind a slide across all metrics in Asia Pacific, but the region has still managed to retain its place as the most active. A pick-up in equity markets is helping boost activity, although deal flow from China/Hong Kong is being determined by regulatory approvals in China.

Domestic listings in India have been robust and are expected to remain so until the last quarter when the upcoming election cycle begins, while a surprise change in government in Malaysia isn't expected to impact significantly on business.

Deal flow could improve further in light of the dual share structure in Hong Kong – which may attract companies which may otherwise have listed in the US – and the introduction of depository receipts on the mainland, which allow Chinese citizens to participate in the investments of international firms.

Overall IPO value stood at USD 31.9 billion, down 21% on the year, while 400 deals were recorded, a fall of 31%. The declines are replicated across both the domestic and cross-border markets with domestic value falling 22% to USD 26 billion and volume down 34% at 360, while cross-border value fell 12% to USD 5.6 billion and volume holding at 40.

Despite the drop in activity, the Asia Pacific cross-border index grew by over 21% to 15.9 as the share of cross-border listings in the region increased to 18% (from 16% in H1 2017) in terms of value and to 10% (from 7% in H1 2017) in terms of volume.



# Asia Pacific / Case Study: HDBank IPO



The second largest deal in Vietnamese banking sector history

## Deal Snapshot

### Issuer:

HDBank

- HDBank is one of the Top 10 joint stock commercial banks in Vietnam, offering a wide variety of financial services to retail customers, corporations and investors.
- HDBank was the first Vietnamese bank IPO in 2018 and was the second largest deal in the Vietnamese banking sector history.



### Features:

Listing of shares on the Ho Chi Minh Stock Exchange

- Offering of 980 million shares with an opening price of \$1.76 per share
- Those buying shares in the IPO included over 76 foreign investors such as Japan's Credit Saison Co Ltd, Germany's Deutsche Bank AG and JPMorgan Vietnam Opportunities Fund.
- HDBank emerged from the IPO with a value of around 32.4 trillion dong (\$1.43 billion).

### Our Role:

- Advising HDBank as issuer's counsel

### Other Roles:

- VietinBank as an escrow bank, Ho Chi Minh City
- Securities Corporation (HSC)
- Saigon Securities Incorporation (SSI) as underwriters

### Transaction Timetable:

- Price range prospectus date: 22 November 2017
- Settlement date: 5th January 2018



## Deal Highlights

- HDBank has had the highest deposit and loan growth over the past 5 years compared to its peers.
- HDBank successfully completed acquisitions of Societe Generale Viet Finance and DaiA Bank to become one of the largest financial institutions in Vietnam.
- HDBank has 51% of voting rights in HD SaisonFinance, one of the three largest consumer finance companies in Vietnam.
- HDBank is a founding shareholder (4.95%) and partner of VietJetAir, a company with VND 66,257 billion market capitalization as of 29 Dec 2017.
- Assigned B2 deposit rating by Moody's, the highest for any joint stock commercial bank in Vietnam.
- **Strong financial performance:**
  - 2016-2017 Total Assets Growth of 26% (from VND 150,294 billion to VND 189,334 billion)
  - 2016-2017 Total Equity Growth of 48% (from VND 9,943 billion to VND 14,759 billion)
  - In 2017, ranked most profitable bank in Vietnam with a record Consolidated Profit of VND 2,417 billion

# EMEA



The pipeline is looking robust in EMEA right now, and I expect we'll see a strong second half. Markets are remarkably busy in places like Sweden, and we're seeing cross-border deals starting to come back in the Nordics, Southern Europe and South Africa, while the reforms in Saudi should boost Middle East IPO activity very soon.



**Adam Farlow,**  
EMEA Chair, Capital Markets

Brexit remained the thorn in the side of the EMEA IPO market with metrics falling across the board as uncertainty continues around the UK's withdrawal from the European Union.

Capital raised fell by 32% to USD 21.5 billion in the first half of the year across 91 listings, a 19% drop. Domestic value fell by a fifth to USD 20.4 billion across 78 listings, again down by 19%. Cross-border listings reached USD 1.9 billion, down 69%, across 15 deals, a fall of 6% and a relatively positive performance given 2017 was a record year.

The EMEA cross-border index fell by 22% to 13.9 due to stronger domestic activity in the region, but remains higher than the low point in 2016.

Despite developments related to Brexit, the London Stock Exchange – both mainboard and AIM – retained its place as the leading destination for IPOs in the region

with 32 listings raising over USD 4.6 billion.

The largest deal listed in London was the float of Avast which raised USD 813.6 million. Vivo Energy plc, which debuted in May raising USD 741 million, is the first significant African-focused float since Seplat in 2014.

However, the biggest deal of the year in EMEA was listed in Frankfurt where Siemens Healthineers AG debuted on the exchange and raised USD 5.2 billion in what turned out to be the second-largest IPO in Germany since 2000. Frankfurt was also home to another major deal in the form of Deutsche Bank's asset management division DWS Group, which raised more

than USD 1.6 billion.

Across the region there are a lower number of exchanges with IPOs. There were 28 stock exchanges in H1 2018, a relatively sharp drop from 32 at the same time last year.

Looking ahead, regulatory changes in Saudi Arabia are expected to see more cross-border listings with international elements in the future, while there is also expected to be an increase in listings from those areas of Europe which have not been active in the last few years, such as Greece.



### Key EMEA Data Points

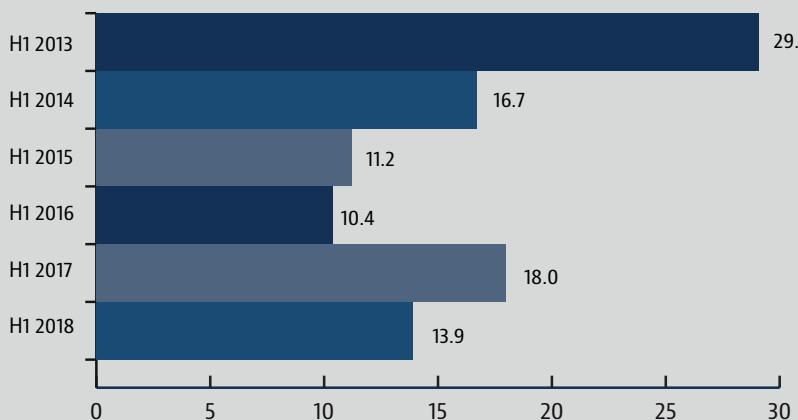
  
**USD 1.8 BILLION**  
CAPITAL RAISED BY  
CROSS-BORDER IPOs

**-68%**  
CHANGE IN  
CAPITAL RAISED  
CROSS-BORDER  
IPOs

**-20%**  
CHANGE IN  
CAPITAL RAISED  
DOMESTIC  
IPOs

  
**15**  
CROSS-BORDER  
IPOs

### Cross-Border IPO Index: EMEA



## EMEA / Case Study:

# Byggemma Group IPO



## Deal Snapshot

### Issuer:

Byggemma Group

- Byggemma Group is the leading online provider of home improvement products in the Nordic region. Purchases are predominantly made online and most orders are delivered directly – a particular USP of Byggemma
- Since launching in 2006, Byggemma Group has expanded its product offering, made significant operational investments and broadened its geographical presence in Sweden, Finland, Norway and Denmark; supported by 72 showrooms

### Features:

Listing of shares on the NASDAQ Stockholm

- Global offering of 33,900,000 ordinary shares, including over-allotted shares – both new and existing
- Byggemma's total market capitalization at the commencement of trading was approximately SEK 5.1 billion
- Gross proceeds to Byggemma of SEK 350,000,000

### Our Role:

- Advising FSN Capital and Byggemma as issuer's counsel

### Other Roles:

- Carnegie acted as Sole Global Coordinator and Joint Bookrunner
- SEB and Berenberg acted as Joint Bookrunners
- Cederquist acted as UW's counsel
- Linklaters as legal advisor to SEB as financing bank

### Transaction Timetable:

- Price range and prospectus date: 14 March 2018
- Settlement date: 29 March 2018





## Deal Highlights

- Bygghemma shares were quickly and fully subscribed, including the allocation of over-subscribed shares
- Bygghemma has expanded its presence into the entire Scandinavian market and Nordic nation, Finland – supported by 72 showrooms
- **Strong financial performance:**
  - 2015-2017 Net sales grew by CAGR of 44%
  - 2015-2017 EBITA margin grew from 2.5% to 5%
  - In 2017, Bygghemma Group reported net sales of SEK 4.0 billion and adjusted EBITA of SEK 197.0 million

# North America



The picture for the North America's IPO market looks healthy with a pro-capital formation and business friendly approach by government to encourage more listings. That will be boosted further with the help of a lower tax rate and a pro-business regulatory agenda.



**Amar Budarapu,**  
North America Chair, Capital Markets

Another strong performance for stock markets, a slow rise in interest rates and regulatory changes which favour capital formation have all helped the North American IPO market – particularly cross-border - post a strong first half in 2018.

Total capital raised increased only slightly – by 3.3% – to USD 32.4 billion while the number of deals recorded reached 178, an increase of over 31%.

Leading the charge was the cross-border market where value climbed by an impressive 338% to USD 9.2 billion across 30 deals, a jump from 16 in the same period in 2017. That made up for a weaker performance in the domestic market, which saw value drop by 20% to USD 23.2 billion across 148 deals compared to 120 in the same time last year.

This resulted in the cross-border index in North America increasing to 26.4, the highest value recorded to date.

There were six mega deals, two of which were cross-border transactions; China's iQIYI Inc's USD 2.4 billion listing on Nasdaq and Brazil's Pagseguro Digital's USD 2.3 billion listing on NYSE.

When it comes to sectors, capital raising by technology companies came out top at just under USD 10 billion, an increase of 87% on H1 2017. The IPO of Dropbox was the only unicorn – a start-up company with a value over USD 1 billion – to make its IPO debut this year while the other best performing tech IPOs are relatively unknown software-as-a-service (SaaS) names. Interestingly, the NYSE is challenging the dominance of Nasdaq as the favoured exchange for listing tech companies.

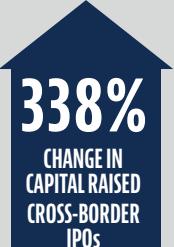
Industrials has witnessed an uptick in activity with nine issues raising a total of USD 2.7 billion in the first half of 2018, a jump from the same period in 2017 when there were five issues with proceeds of USD 1.9 billion.

Looking ahead, the picture for the North America IPO market looks healthy with a pro-capital formation and business friendly approach being taken by government which will encourage more listings, both domestic and cross-border. That will be boosted further with the help of a lower tax rate, pro-business regulatory agenda and growth throughout the world's major economies.



### Key North America Data Points

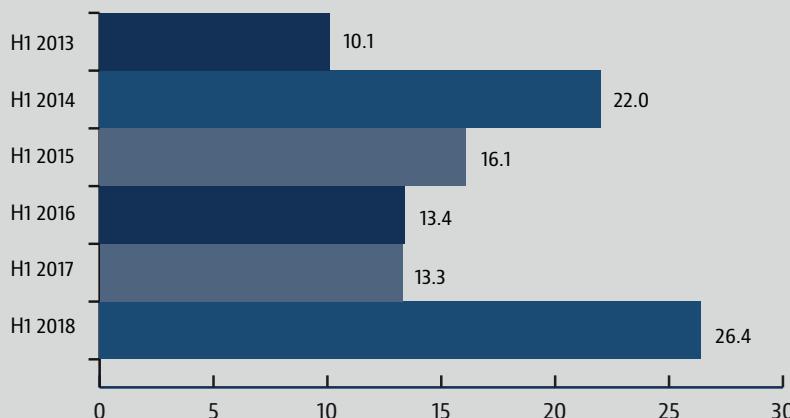
  
**USD 9.1  
BILLION**  
CAPITAL RAISED BY  
CROSS-BORDER IPOs

  
**338%**  
CHANGE IN  
CAPITAL RAISED  
CROSS-BORDER  
IPOs

  
**-20%**  
CHANGE IN  
CAPITAL RAISED  
DOMESTIC  
IPOs

  
**30**  
CROSS-BORDER  
IPOs

### Cross-Border IPO Index: North America



# Latin America

There's a lot more going on now in Latin America - domestic IPOs in Mexico will stay busy, as will Mexican listings on US exchanges and activity in Peru, quiet over the last few years, has picked up. Brazil's government scandals are now behind it so there is a more positive outlook and Argentina should benefit from its pro-business government, so the picture is pretty positive for IPOs.



**Pablo Berckholtz,**  
Latin America Chair, Capital Markets

The first half of 2018 proved positive for the Latin America IPO market for both value and volume as the strong performance from 2017 continued.

Capital raised climbed by 88% year-on-year to USD 4.2 billion in the first half of 2018, while the total number of listings grew by one to a total of seven. The Mexican stock market accounted for 58% of the total capital raised in the region followed by Brazil's B3 exchange. Both exchanges hosted three listings each with the remaining IPO listing on Chile's Santiago Stock Exchange.

The listing of Corporación America Airports (CAA) was one of the cross-border listings made by Argentinian companies in the first half of the year, raising a total of USD 485 million on NYSE. Argentina has been experiencing

an IPO boom following reforms to tax and labour, which have been welcomed by investors and lenders alike.

Further bolstering the region's success is the increasing diversification of its market which now includes more companies and industries in which to invest, with financials, oil and gas, utilities, infrastructure and gas companies all coming to the market.

Tempering sentiment are concerns surrounding domestic growth and double digit inflation.

Brazil has also witnessed a hike in activity following Notre Dame

Intermedica Participacoes SA's successful debt raising of USD 708 million in April. That performance encouraged others such as healthcare operator Hapvida Participacoes e Investimentos SA which raised USD 869 million and Brazilian online bank Banco Inter's listing for USD 189 million, helping make April one of the busiest periods in Brazil in recent years.

Looking ahead, the higher level of activity is expected to continue throughout the year.

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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: 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 2018 correct to 30 May 2018. All data underlying the calculations is sourced through Thomson ONE.

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