



APPENDIX

About the research

The Future of Equity Capital Raising: How Private Capital is Reshaping Public Markets was commissioned by Baker McKenzie and researched and produced by Thought Leadership Consulting (TLC), the thematic research division of Euromoney Institutional Investor PLC.

During the period of December 5 to December 20, 2018, TLC surveyed 353 senior executives from across management roles, private and public companies, industry sectors and geographies.

Most of the respondents were Chief Financial Officers (23%), Chief Investment Officers (18%) and Finance Directors (16%). Other respondents composed Heads of Investor Relations (15%), General Counsel (11%), and Treasurers (10%).

In total, 200 (57%) executives from private companies and 153 (46%) executives from public companies participated in the survey.

Companies participating in the survey came from six industry sectors: consumer goods and retail (21%); financial services (18%); Technology (18%); Industrials and manufacturing (17%); Healthcare (14%); Energy, mining and infrastructure (13%).

By region, most executives worked for companies headquartered in Asia (30%) and Europe (30%), followed by North America (25%) and Latin America (15%).

In addition, in-depth interviews with 12 capital markets experts were conducted throughout January, February and March, 2019.

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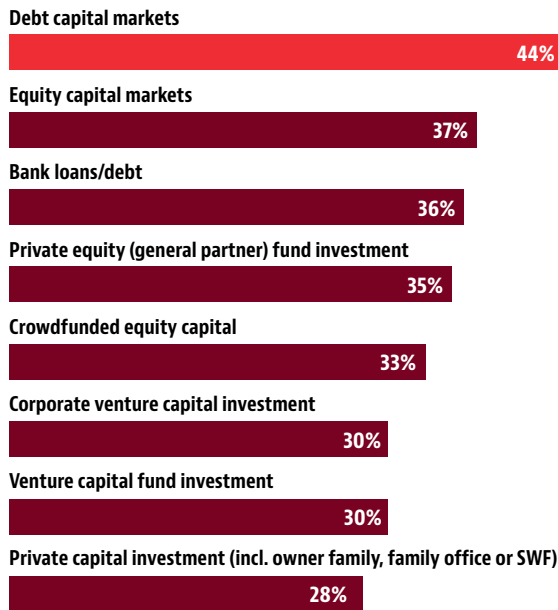
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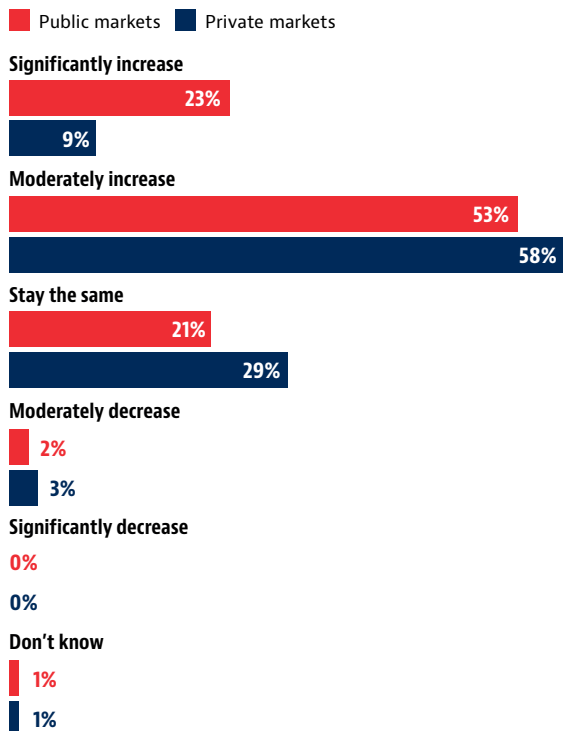
Survey results

Q1. What are your company's main sources of long-term capital? (Select up to three)



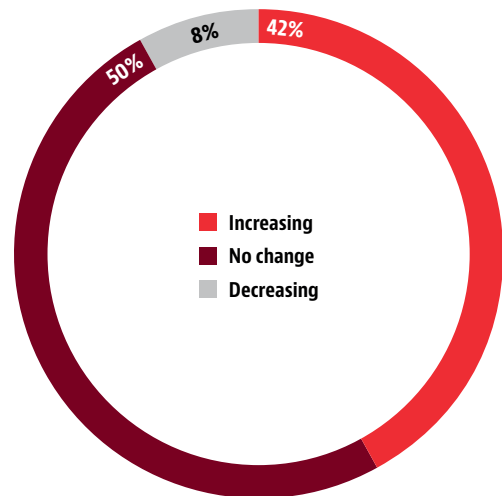
All respondents

Q2. Over the next five years the overall volume of equity capital raised on public and private markets will:



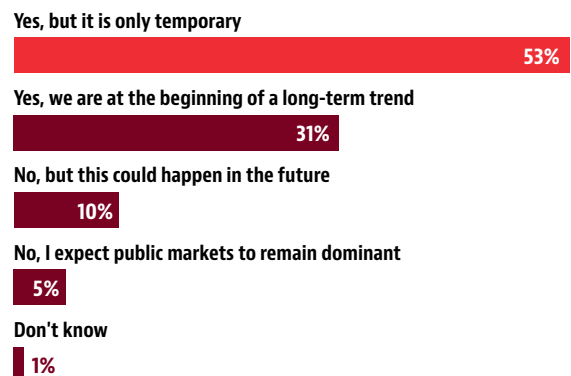
All respondents

Q3. In your opinion, is the appetite for IPOs among companies increasing or decreasing?



All respondents

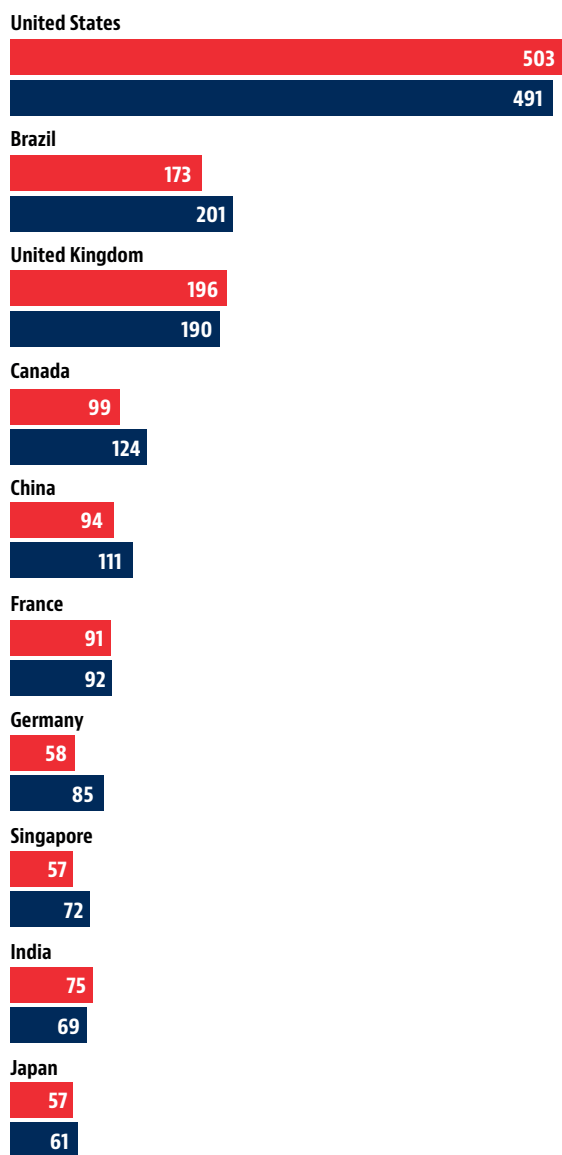
Q4. Do you believe a shift – specifically from public to private markets – is underway in where companies source equity capital?



All respondents

Q5. From which countries has your company preferred to raise or attract capital from in the past, and from which countries is your company planning to in the future? (List up to three)

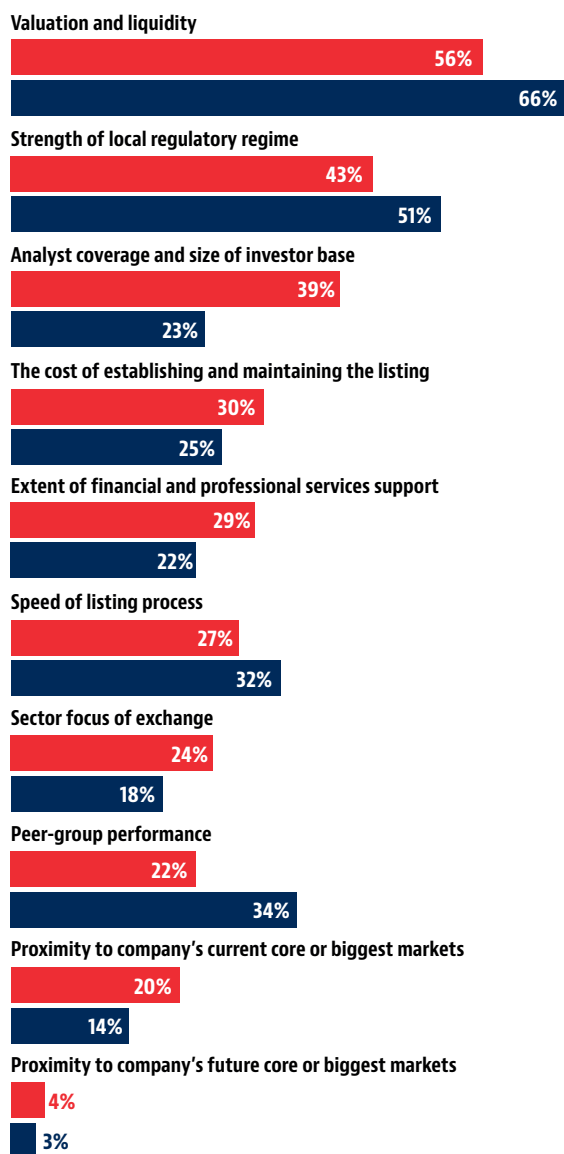
■ Total score future ■ Total score past



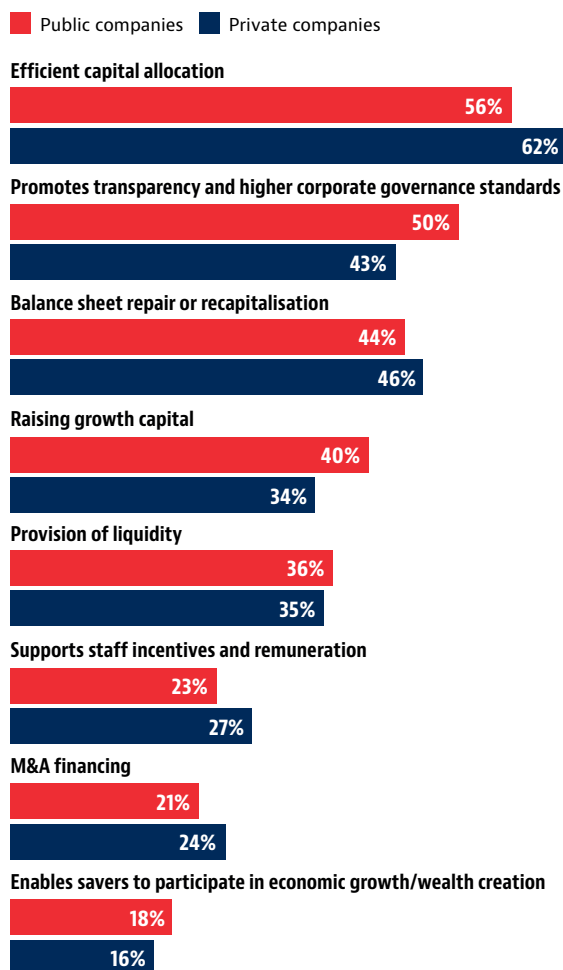
All respondents. Scores were awarded by order of preference [First = 4 points; Second = 3 points; Third = 2 points] and then aggregated for each country to produce the ranking.

Q6. What are the most important factors for a company when choosing which stock exchange to list on? (Select up to three)

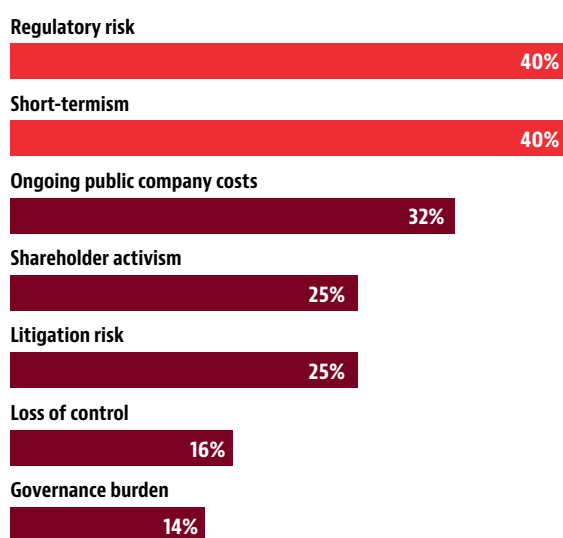
■ Public companies ■ Private companies



Q7. Which of the following benefits of public equity capital markets are most important? (Select up to three)

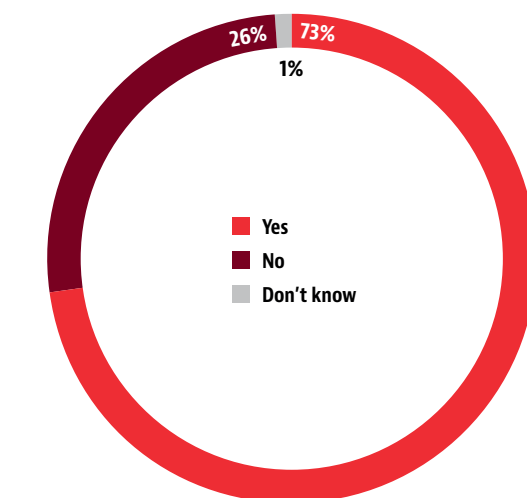


Q8. What is most challenging or burdensome about your company being publicly listed? (Select up to two)



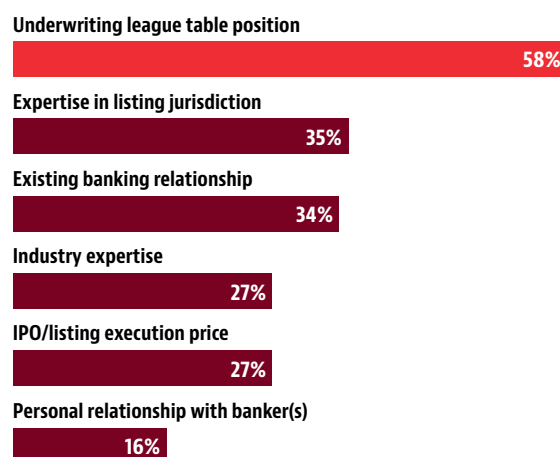
Public respondents

Q9. Do you believe all countries should allow public companies to report their financial results every six months instead of every quarter?



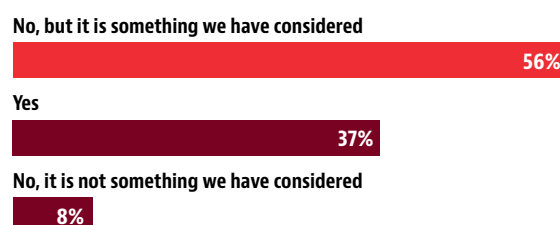
Public respondents

Q10. What factors are most important when deciding which underwriting banks to mandate? (Select up to two)



Public respondents

Q11. Has your company worked with an independent financial/capital markets advisory firm before?



Public respondents

Q12. Which stage of the IPO process was the most challenging?

Execution (i.e. selecting advisers, due diligence, devising equity story, regulatory engagement)

82%

Completion (i.e. investor and analyst engagement, book building, pricing)

16%

Planning (i.e. IPO evaluation and objectives, corporate structure adjustments)

2%

Public respondents

Q13. Overall do you judge the IPO to have been:

A success and exceeded expectations

26%

A success and met expectations

71%

A success but fell short of expectations

3%

Unsuccessful

0%

Public respondents

Q14. Public companies have been buying back shares in record volumes in recent years. What is your assessment of this trend?

The trend is positive but can have negative consequences (i.e. shrinks public equity markets)

69%

The trend is positive, benefiting companies, shareholders, the economy and society

28%

The trend is negative

3%

Don't know

1%

Public respondents

Q15. Has your company previously raised capital on the following markets?

Public debt capital markets Private debt capital markets

Yes

39%

54%

No but we are planning to in the future

41%

33%

No and we have no plans to

20%

14%

Private respondents

Q16. Is your company considering an IPO (partially or fully) in the future?

Yes – in 1-3 years

9%

Yes – in 3-5 years

65%

Yes – in more than 5 years

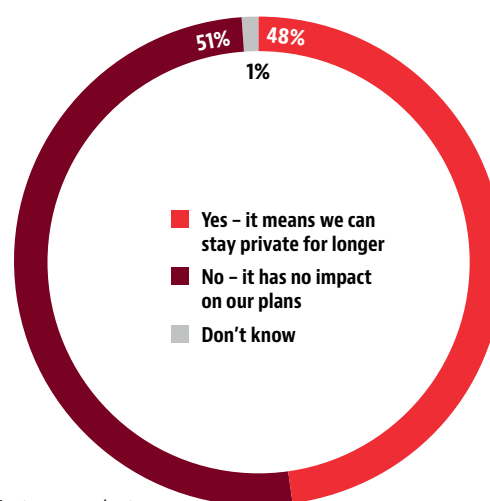
10%

No

17%

Private respondents

Q17. Is the amount of capital available today from private equity firms and other private capital providers an important factor in determining when your company might list?



Private respondents

Q18. Which of the following reasons best describe why you are not considering an IPO? (Select up to two)

No need to access public capital markets – private capital is abundant and less onerous



Management wants to maintain maximum control of the company and culture



Staying private means our company has greater financial, operational and governance freedom



Public companies are more vulnerable to litigation and regulatory risk



IPO and ongoing listing costs



Private respondents

Q19. To what extent do you agree or disagree with the following statements:

Agree Disagree Don't know

Compared to the past, companies today are waiting longer to go public



Companies today can raise all the capital they need to grow without going public

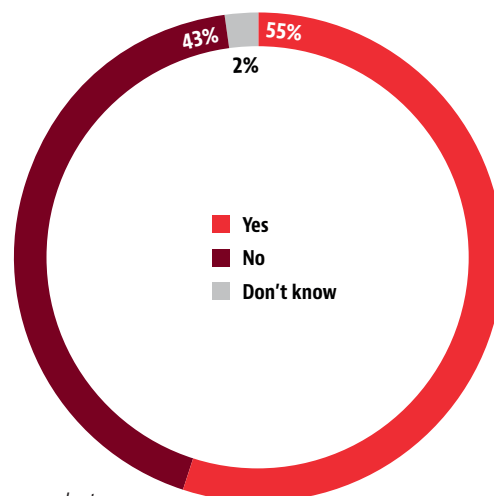


Increasingly companies do not choose to list because they need capital; they choose to list because their owners want a liquid market to exit their investment



All respondents

Q20. In the future, do you expect to see a rise in the number of public companies voluntarily de-listing/being taken private by their management?



All respondents

Q21. In the future, do you expect to see a higher volume of direct listings (free of investment bank advisory/underwriting support e.g. Spotify's 2018 IPO)?

Yes



No



Don't know



All respondents

Q22. In the future, do you expect to see the following markets become more important to start-up companies raising capital for growth and development?

Equity crowdfunding ICOs (Initial Coin Offerings)

Yes



No



Don't know



All respondents

Note: Due to rounding, some totals do not equal 100%