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'Equity sans frontières'

Trends in cross-border IPOs and an outlook for the future

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An IPO centre publication, helping companies assess their choices

pwc

Baker & McKenzie

Contents

Foreword

Welcome to "Equity sans frontières", an in-depth report from PwC and Baker & McKenzie on cross-border IPO trends. We have worked together to understand the landscape and consolidate our opinions with other market participants. This has allowed us to present a view on what we believe are important factors for a successful cross-border IPO and how we expect the landscape to develop in the short-to medium-term.

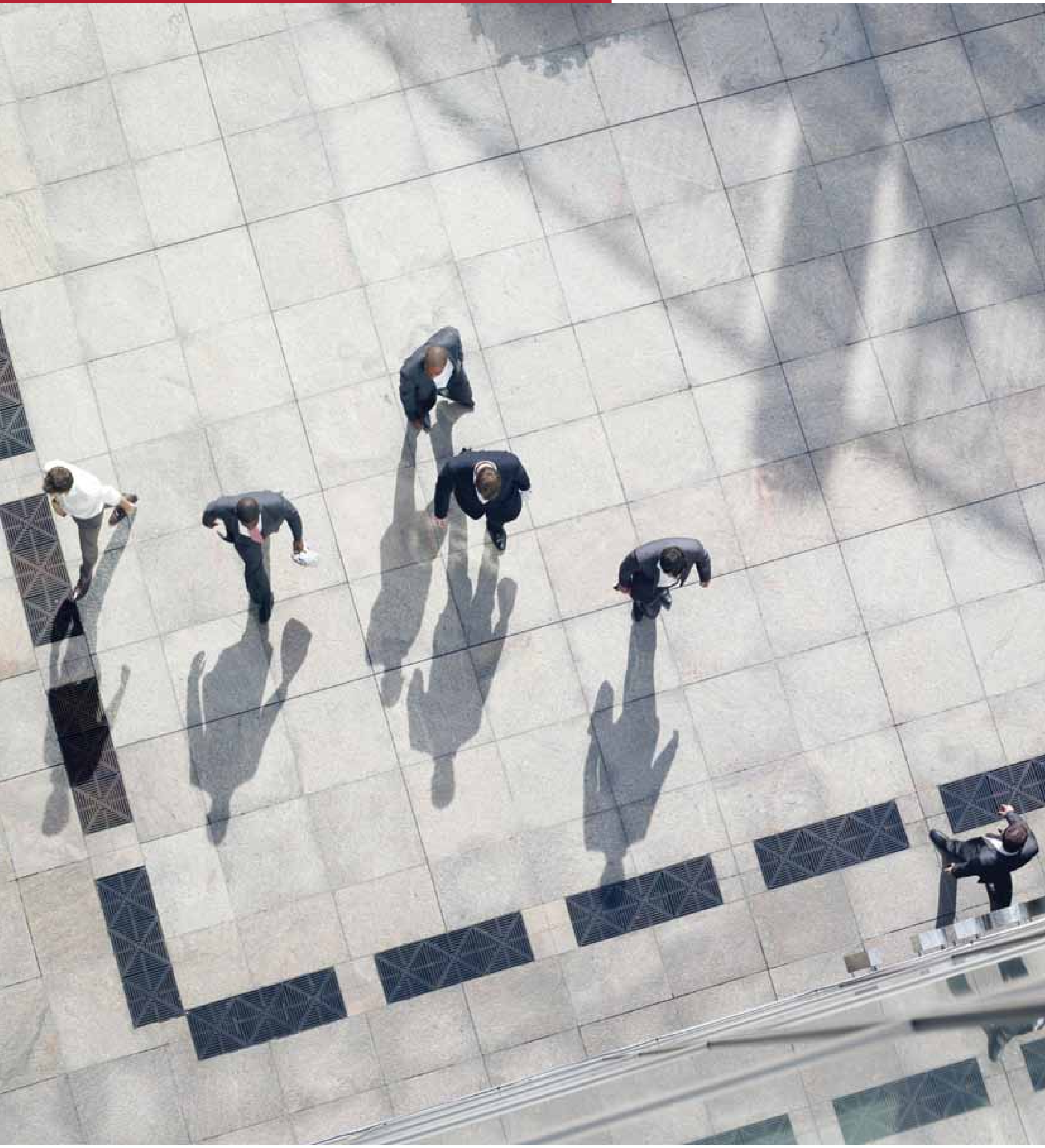
Over the past decade we have witnessed several 'iconic' cross-border deals, such as Prada's IPO in Hong Kong, Glencore's dual listing in London and Hong Kong, and Manchester United's IPO in New York. However, our analysis of the trends shows that cross-border activity is far more diversified than these deals might suggest. Our research demonstrates that the last ten-year cycle (2002 – 2011) contains multiple stories, with an increasing cross-border trend and a selection of stock exchanges at the heart of this activity. During the first half of the period under review, a significant rise in cross-border activity was largely driven by companies from emerging markets, in particular Mainland China. However, the market was severely impacted following the onset of the financial crisis in 2008. Despite lingering effects from the crisis, there is some optimism for the future.

The *'Capital Markets in 2025'* survey published by PwC in December 2011 observed that the traditional capital markets environment is rapidly changing, and there are now financing opportunities available to companies that were not previously possible. The 'rise of the East' in terms of IPO activity, both from a capital and issuer perspective, was the principal message; this report further investigates this perception.

What drives cross-border activity and what influences the decision on where to list? We have interviewed companies, stock exchanges and other market participants to understand if there is a standard answer to the question 'which market?' Probably not, as one size never fits all, particularly as more alternatives become available. Each listing candidate needs to assess the options based on their unique circumstances – while domestic markets may increasingly have sufficient depth to sustain capital requirements for many companies, global companies will continue looking for a more diverse and liquid pool of capital to fufil their growth ambitions.

Clifford Tompsett
Head of PwC IPO Centre, PwC

Edward Bibko
Capital Markets Partner, Baker & McKenzie



About this report

Equity sans frontières is based on (i) analysis of trends in cross-border IPO activity, (ii) quantitative research among 200 corporate executives and investment bankers with experience in cross-border listing, and (iii) qualitative research among industry experts, shaped by PwC, Baker & McKenzie and insight-led consultancy Meridian West.

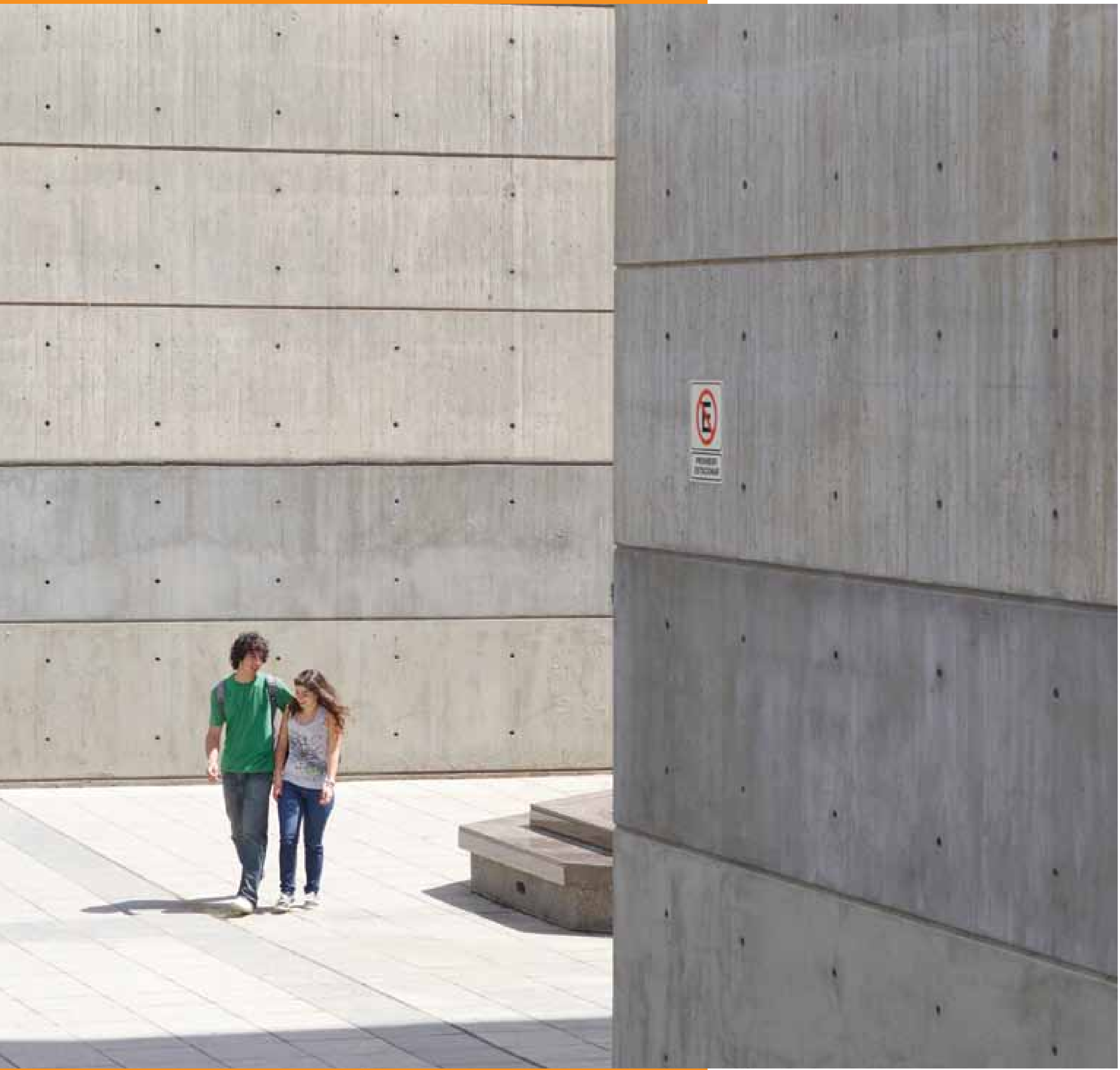
Our qualitative research was conducted among a panel comprising cross-border issuers, senior executives from stock exchanges, and representatives from the investor community. The research was carried out during the second and third quarters of 2012.

Fact sheets for London, New York, Hong Kong and Singapore summarising cross-border activity over the ten year period are available.

Research methodology

The trends in cross-border IPOs identified in this report are based on PwC's analysis of Dealogic and Bloomberg data. For the purpose of this research:

- *A cross-border IPO is defined as an IPO where 50% or more of the proceeds are raised on a non-domestic exchange.*
- *Secondary dual listings are not considered.*
- *Listings from Mainland China into Hong Kong are considered as domestic transactions.*
- *For dual IPOs where information about the division of the proceeds is not available, IPOs taking place in neighbouring exchanges were classified as domestic.*
- *All dual IPOs are allocated to the primary exchange, i.e where 50% or more of the proceeds were raised.*
- *Sectors are identified according to ICB classifications.*



Executive summary

At a glance: Ten years of cross-border IPO activity (2002-2011)

During the ten-year period analysed:

- Cross-border IPOs account for 9% of the volume and 13% of the value of all IPOs.
- Companies from China have driven cross-border activity. Chinese companies have completed the largest number of international listing (30% of all cross-border IPOs).
- London and New York are the most international exchanges, attracting companies from all over the world – 41% of all cross-border IPOs take place in London and 23% in New York.
- Stock exchanges in Singapore and Hong Kong are hubs for the Asia-Pacific region.
- Clustering by sector and region drives activity: for example there are high concentrations of Russian and CIS natural resources companies listing in London, and Greek shipping companies listing in New York.

In this report we have set out to understand the evolution of cross-border IPO activity, explore the rationale for companies listing outside their domestic market, and highlight future trends in cross-border IPOs. Equity sans frontières explores three questions:

- Which factors motivate companies to consider a cross-border listing?
- How do these factors influence the decision on where to list?
- What impact will these current market trends have on future cross-border IPO activity?

To answer these questions PwC's IPO Centre analysed data on global cross-border IPO activity from 2002-2011 and conducted in-depth interviews among issuers with a cross-border listing, stock exchanges, and representatives from the investor community. In parallel, Baker & McKenzie's capital markets team commissioned quantitative research among 200 corporate executives and investment bankers with experience in cross-border listing. The research was carried out during the second and third quarters of 2012.

Key findings drawn from this combined analysis include:

The global equity landscape has shifted and continues to evolve

Chapter 1 examines the dynamic shift in the equity landscape that has taken place in recent years. '*Capital Markets in 2025*', found that the centre of IPO activity is gradually shifting towards Asia-Pacific. Our analysis supports that conclusion: Asia is increasingly a source of both issuers and capital, with the highest level of cross-border activity. For example, between 2002 and 2011, there were 171 IPOs from Asia-Pacific into the Americas, raising $27bn, and 155 IPOs from Asia-Pacific into EMEA, raising $19bn. There were also 239 deals within the Asia-Pacific region raising $17bn.

Emerging market exchanges are developing at a fast, but not necessarily uniform, pace

Chapter 1 shows that in the context of cross-border IPOs, there is no homogeneous emerging markets story. Exchanges in emerging markets are developing their infrastructure, technology, regulation and governance at different rates.

- India and Brazil are predominantly domestic markets with a lower proportion of cross-border IPO activity.
- China is a key originator of cross-border issuers: between 2002 and 2011, 20% ($29.3bn) of listings by Chinese companies were completed overseas.
- Russian and CIS issuers have a strong relationship with London: $47.2bn was raised by Russian and CIS issuers in London compared with $8.1bn domestically.
- Singapore and Hong Kong serve as regional cross-border hubs for the Asia-Pacific region.

A cross-border IPO must make strategic sense for individual issuers

The report explores ten drivers (financial and non-financial) shaping cross-border IPO activity ascertained through our research. Access to a wider capital base is by far the most significant reason for listing overseas – cited by 94% of participants as a key driver in our quantitative study – but the decision to list overseas must make strategic sense for the individual issuer.

A cross-border IPO requires greater commitment from the management team than listing in a domestic market

Preparations for a successful cross-border IPO needs serious attention: the impact on management and compliance can be significant. Chapter 2 highlights guiding principles in relation to dual IPOs including depositary receipts for companies to enhance the benefit of their cross-border listing.

Leading stock exchanges, such as London and New York, will remain important listing venues for overseas issuers

The rise of emerging economies should not be confused with the performance of emerging market exchanges. It is likely that London and New York will continue to be attractive destinations, at least in the short – to medium-term as emerging market exchanges develop.

Regulation influences cross-border IPO activity

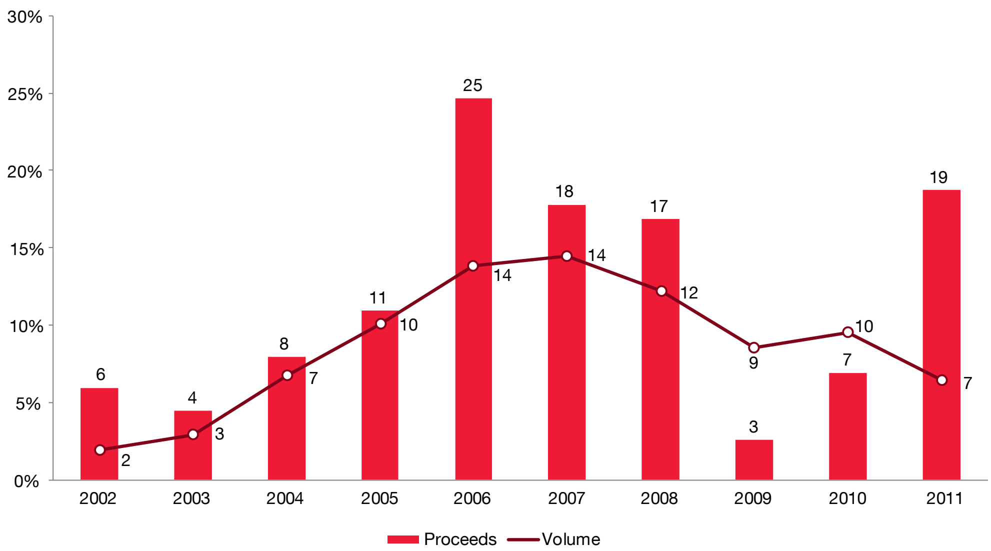
Chapter 3 considers the factors impacting future cross-border IPO activity, and finds that changes to regulation and listing rules are key drivers. In '*Capital Markets in 2025*', an uncertain regulatory environment was cited as the biggest concern to issuers listing on an emerging market exchange. Regulatory developments such as the Sarbanes-Oxley Act, the JOBS Act, and changes to European listing rules have and will continue to influence cross-border IPO activity.

Chapter 1

Trends in cross-border IPOs

The first decade of the 21st century saw cross-border IPO activity intensify. Between 2002 and 2011, cross-border IPOs accounted for 9% of the total volume and 13% of the total global IPO proceeds. With an increasingly sophisticated capital markets infrastructure in several emerging markets, there are more opportunities for issuers to raise capital beyond traditional listing centres such as London and New York.

Figure 1. Annual cross-border IPO activity between 2002 and 2011 by volume and value of proceeds raised (US $bn)



Source:

Dealogic, with PwC analysis. Rounded percentages shown are for cross-border IPOs as a proportion of total IPO activity.

Figure 1 shows that cross-border activity, as a proportion of total IPO activity, experienced a steady increase up to the middle of the last decade, followed by a slump from 2008 to 2009. This was caused by the global economic crisis which negatively impacted the IPO markets. By 2011 cross-border IPO activity had begun to recover, with almost a fifth (19%) of the global IPO proceeds raised during the year from cross-border transactions.[1]

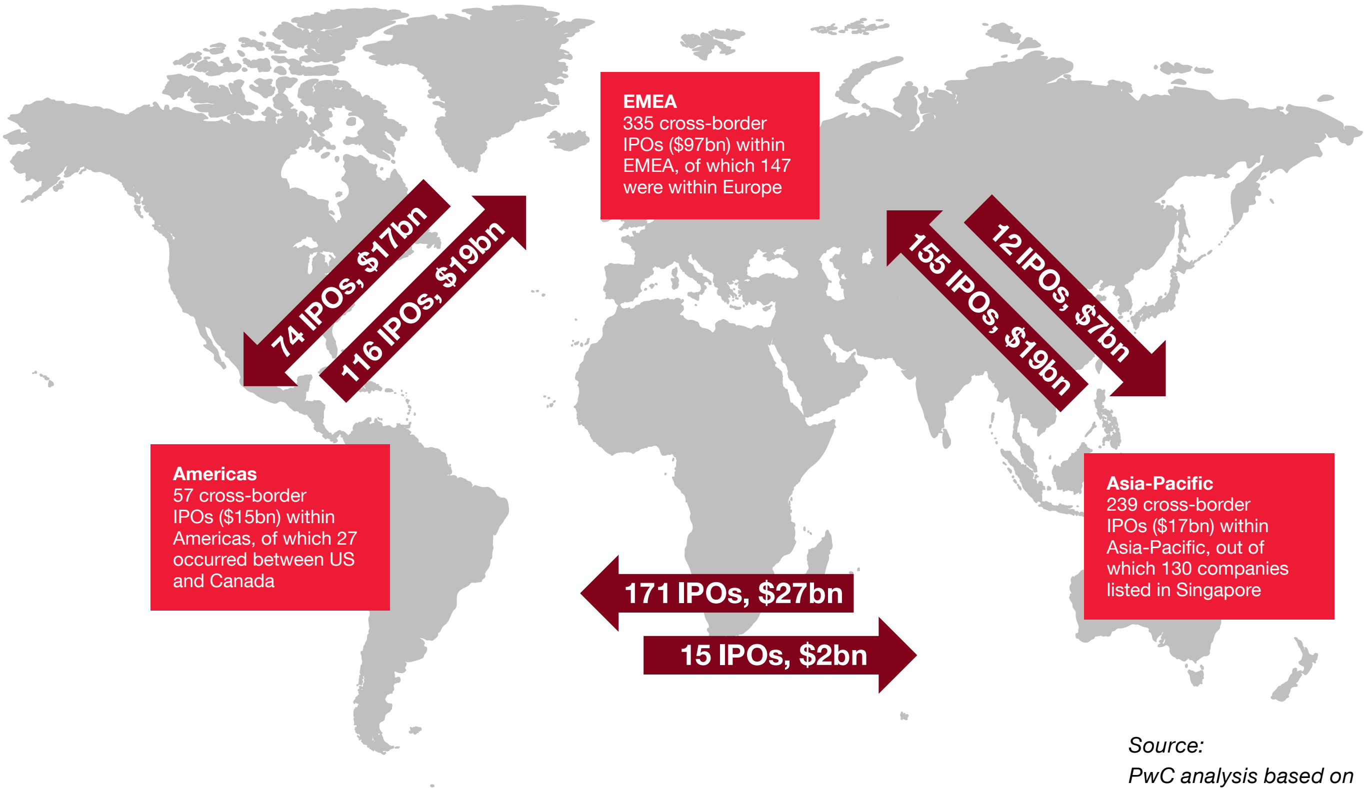
Chris Marschall, Managing Director of Equity Capital Markets at Asian investment bank CIMB, believes that the need for equity remains strong: *"We are increasingly living in a de-gearing world, in which companies that need capital are getting less of it from their banks. The need for equity capital is stronger than ever, and global stock exchanges offer an attractive way of reaching the investors that can provide that capital."*

[1]N.B. 6% of the global proceeds raised in 2011 are accounted for by the cross-border IPO of mining company Glencore. This partly explains why cross-border IPO proceeds, as a proportion of total capital raised, almost trebled from 2010 to 2011 whilst the volume of deals dipped slightly.

Cross-border IPO activity at a regional level

Figure 2 demonstrates regional trends and cross-border flows between regions.

Figure 2. A snapshot of cross-border IPO flows by volume and proceeds



Source: PwC analysis based on Dealogic data

There was more intra-regional activity between 2002 and 2011 than inter-regional activity

- There were 631 cross-border IPOs in which the issuer and listing venue were located in different countries within the same region.
- This compares with 543 in which the issuer and exchange were located in different regions.

EMEA has the highest proportion of intra-regional IPOs

- 335 cross-border IPOs took place between countries within EMEA.
- This compares with 74 IPOs from EMEA into the Americas and 12 IPOs from EMEA into Asia-Pacific.

As a region Asia-Pacific has the highest level of inter-regional activity

- 326 cross-border IPOs originated from Asia-Pacific into EMEA and the Americas, compared with 239 cross-border IPOs remaining within the region.
- Asian outbound activity was driven by China: 347 cross-border IPOs originated out of China, 39% went to the USA and 38% went to Singapore.
- However, inter-regional activity generated higher proceeds;
  In Asia-Pacific for example 239 cross-border IPOs within the region raised $17bn (an average of $70mn per IPO), whereas 326 IPOs into EMEA and the Americas raised $46bn (an average of $140mn).

The Americas exports more IPOs to EMEA

- There were 116 cross-border IPOs by companies in the Americas to European exchanges, with an average deal size of $170mn
- This compares with only 15 cross-border IPOs to Asia-Pacific, with an average deal size of $120mn
- 57 cross-border IPOs took place within the region, with 27 of these taking place between USA and Canada.

How trends vary at a country level

Exploring recent cross-border IPO activity at a regional level is only part of the global equity markets story. To explain what has been driving capital flows it is important to explore trends occurring within individual countries and stock exchanges.

Figure 3 shows data on cross-border IPO activity between the top ten issuing countries (listed on the left of the grid) and the top ten listing destinations (listed along the top) during the period 2002 to 2011. The top grid shows the number of cross-border IPOs taking place, and bottom grid shows the value of these deals. For example, 14 Chinese issuers undertook an IPO in Germany, raising $0.7bn.

Figure 3. Cross-border IPO activity between the top ten issuing countries and the top ten listing destinations (during the period 2002 to 2011)

Volume of deals – Cross-border volume

Issuers	Exchanges: Australia	Canada	France	Germany	Hong Kong	Poland	Singapore	South Korea	United Kingdom	United States	Total top 10	Total outbound	Total domestic
Australia		5					1		23	1	**30**	**30**	**745**
Canada	1				1	1			24	10	**37**	**40**	**1,219**
China	8	2	8	14			130	8	34	134	**338**	**347**	**1,358**
Germany					1				7	2	**10**	**12**	**178**
Hong Kong		2	2				26	5	11	8	**54**	**55**	**238**
India							3		32	3	**38**	**38**	**416**
Ireland									30	2	**32**	**32**	**2**
Israel							1		17	19	**37**	**37**	**76**
Russia				1	2				45	4	**52**	**54**	**30**
United States	5	17		1	1			1	62		**87**	**99**	**1,353**
Total top 10	**14**	**26**	**10**	**16**	**5**	**1**	**161**	**14**	**285**	**183**			
Total inbound	**30**	**37**	**18**	**30**	**19**	**20**	**183**	**16**	**480**	**264**			
Total domestic	**745**	**1,219**	**202**	**178**	**663**	**512**	**268**	**717**	**934**	**1,353**			

Proceeds raised – Cross-border proceeds (US $bn except average proceeds which are in millions)

Issuers	Exchanges: Australia	Canada	France	Germany	Hong Kong	Poland	Singapore	South Korea	United Kingdom	United States	Total top 10	Total outbound	Total domestic
Australia		0.2					0.0		0.5	0.0	**0.8**	**0.8**	**45.7**
Canada	0.0				0.0	0.1			0.8	1.6	**2.6**	**2.7**	**38.7**
China	0.1	0.0	0.0	0.7			5.3	0.3	2.3	20.0	**28.9**	**29.3**	**332.1**
Germany					0.0				0.6	0.9	**1.5**	**2.4**	**31.1**
Hong Kong		0.0					5.9	0.2	0.8	1.4	**8.3**	**8.4**	**42.0**
India							0.6		7.3	0.9	**8.8**	**8.8**	**36.9**
Ireland									4.5	1.2	**5.7**	**5.7**	**0.9**
Israel							0.0		0.6	1.8	**2.3**	**2.3**	**3.3**
Russia				0.4	2.5				39.3	2.4	**44.6**	**44.9**	**5.8**
United States	0.2	1.3		0.0	1.3			0.0	4.4		**7.3**	**16.2**	**325.0**
Total top 10	**0.4**	**1.6**	**0.0**	**1,1**	**3.8**	**0.1**	**11.8**	**0.4**	**61.2**	**30.3**			
Total inbound	**0.8**	**2.3**	**1.1**	**3.1**	**8.7**	**0.9**	**14.7**	**0.5**	**109.9**	**56.2**			
Total domestic	**45.7**	**38.7**	**38.1**	**31.1**	**222.5**	**19.6**	**17.9**	**20.6**	**80.6**	**325.0**			
Average inbound ($mn)	**27**	**62**	**61**	**103**	**458**	**45**	**80**	**31**	**229**	**213**			
Average domestic ($mn)	**61**	**32**	**189**	**175**	**336**	**38**	**67**	**29**	**86**	**240**			

Source:
PwC analysis with Dealogic data

Analysing the data in this way reveals a number of important trends about the hotspots for cross-border IPO activity:

London is the leading destination for cross-border IPO activity

- London attracted 480 cross-border IPOs originating from a diverse range of markets around the world. This represents 34% of the total IPOs on the London Stock Exchange, and 41% of all cross-border IPOs.
- Inbound IPOs into London raised more capital than domestic UK IPOs: total proceeds from inbound IPOs totalled $109.9bn compared with $80.6bn for domestic IPOs. The average inbound deal was 2.7 times the size of the average domestic deal.
- Russian issuers have a strong presence in London: 45 Russian issuers listed in London between 2002 and 2011, raising $39.3bn. The availability of GDRs as a mechanism for Russian issuers listing in London has helped to cement this trend.
- London is also an attractive venue for US issuers – 62 of which raised $4.4bn – and Indian issuers, 32 of which raised $7.3bn on the London Stock Exchange.

According to PwC's Neil Dhar, the number of American issuers listed in London is partly driven by the attractiveness of AIM: *"We have seen a number of American issuers listing on AIM, particularly those in the mining and technology sectors, because they haven't received the right level of attention from US investors. Their AIM listing is intended to help achieve their desired liquidity and valuation. In many cases AIM is viewed as a bridge to a future listing on NASDAQ."*

New York follows London as a centre for cross-border activity

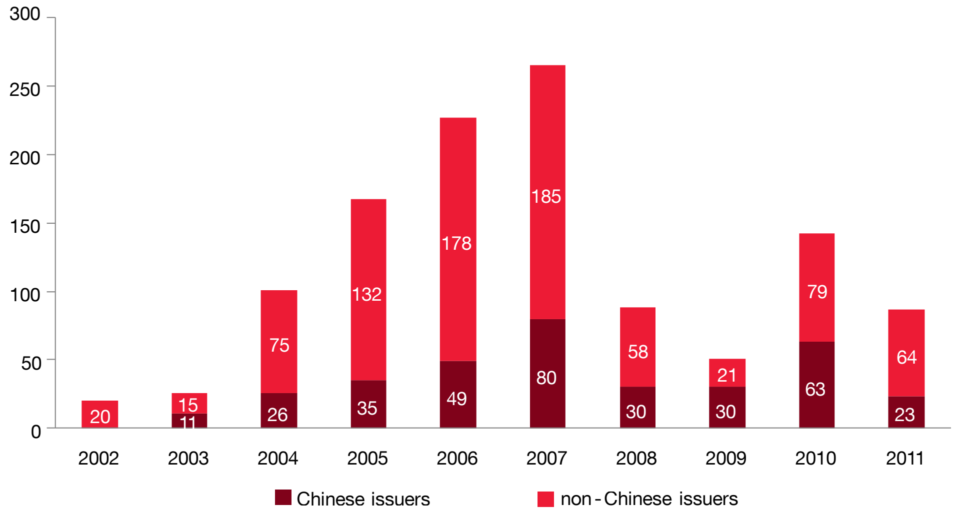
- New York is also an attractive destination for overseas issuers, but has attracted a smaller number of international issuers than London with 264 in New York compared with 480 in London.
- The introduction and enforcement of more onerous regulation such as the Sarbanes-Oxley Act may have dampened the attractiveness of the USA as a venue for cross-border issuers. However, the lighter disclosure requirements of the JOBS Act may help attract foreign issuers.
- Chinese issuers have a significant presence in the USA: over half (51%) of inbound issuers into the USA originated from China, raising $20bn. Many of these used a so called 'back-door' listings route that has since been restricted.
- Despite the attractiveness of its own market, there were 99 cross-border IPOs originating out of the USA (7% of all American IPOs), raising $16.2bn. The majority of these transactions were to either the UK (62 issuers, raising $4.4bn) or to Canada (17 issuers, raising $1.3bn). This compares with 1,353 issuers raising $325bn domestically. Of the 62 American issuers listing in London, 59 were AIM listings.

"The influx of Chinese companies listing in the US has slowed in recent years as regulations about reverse take overs have tightened," says PwC's Neil Dhar. "However, the Chinese regulators have now allowed American oversight of audits for USA-bound companies based in China. Based on these recent developments, we would expect to see an increase again in the number of Chinese IPO candidates looking to list in the USA."

There is no homogeneous emerging markets story

- In India fewer than one in ten (8%) of Indian IPOs were to exchanges outside the country, although they accounted for 19% of the total proceeds raised. The preferred route for Indian issuers is to undertake a domestic IPO followed by a secondary listing abroad at a later stage, typically into London, New York or Luxembourg.
- In Brazil only $0.3bn was raised by one overseas issuer, compared with $69.8bn raised through domestic IPOs. Brazilian issuers raised $3.5bn through cross-border IPOs into the USA, Luxembourg or UK.
- Mainland China originates the greatest number of cross-border issuers: 347 Chinese issuers listed on an overseas exchange during the previous decade, or 30% of the total global cross-border IPOs. Figure 4 shows that China's role as a source of cross-border issuers is significant with the largest number of issuers peaking at 80 in 2007. In 2002 no Chinese issuers undertook a cross-border listing, whereas in 2009 more Chinese issuers undertook a cross-border listing (30) than non-Chinese issuers (21).
- Singapore is a regional hub for cross-border IPOs, the majority of which originate in either Mainland China (71% of total cross-border IPOs into Singapore) or Hong Kong (14%).
- Russian issuers tend to undertake an IPO in London. Proceeds raised by Russian issuers in London ($39.3bn) were almost seven times higher than those raised by Russian issuers domestically ($5.8bn).
- Hong Kong issuers raised $8.4bn through listings on overseas exchanges, more than half of which ($5.9bn) was raised through IPOs into Singapore. 19 international issuers listed in Hong Kong, raising $8.7bn.

Figure 4. Number of cross-border IPOs, split between Chinese and non-Chinese issuers



Source:
PwC analysis with Dealogic data

Sector influences on cross-border IPO activity

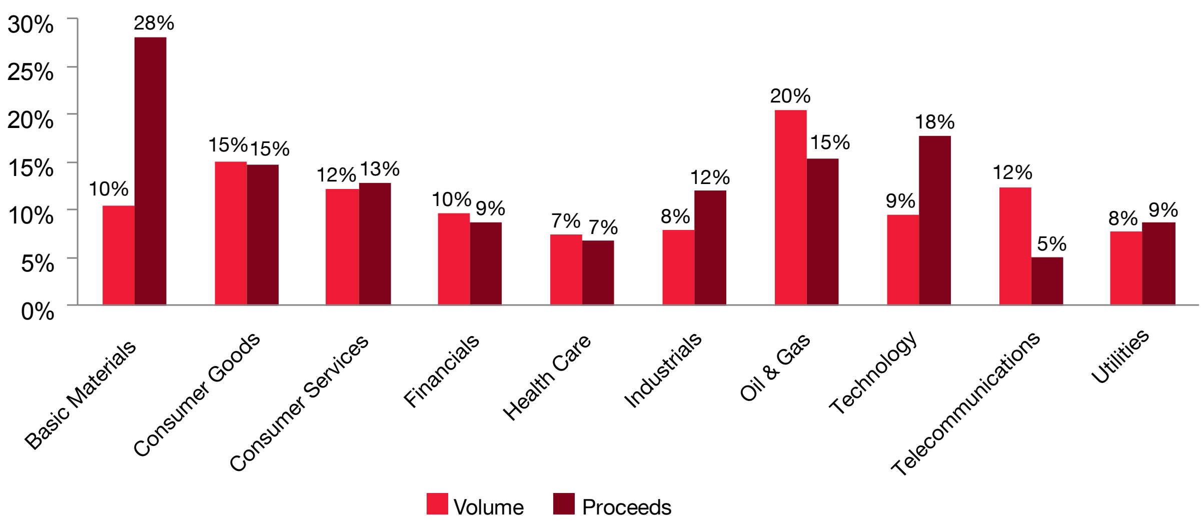
Figure 5 shows a concentration of cross-border IPO activity in certain sectors. From 2007 to 2011 the basic materials, oil & gas, and technology industries experienced a higher than average level of cross-border IPO activity. In the case of basic materials and technology, a smaller concentration of higher value cross-border IPOs took place. As markets pick up we are likely to see more cross-border IPOs in the key technology, oil & gas, and basic materials industries.

Sector trends are driven by a clustering effect whereby issuers list where similar peers have had prior success. For example, there is a concentration of Greek shipping companies listed in the USA. As one investment banker observes, "There is a very strong focus on London as a potential listing venue for natural resources companies from Russia and CIS. This is understandable given the weighting of natural resources companies listed there – a lot of this activity is driven by the larger mining funds which are based in London."

Our outlook for the future

Cross-border IPO activity over the past decade has been severely affected by the financial crisis. In recent years successful international transactions have been driven by the size of the deal and the strength of the companies' investor story. Although the IPO market has yet to recover to pre-crisis levels, there is evidence that investors are backing high quality propositions.

Figure 5. Cross-border IPO activity by sector



Source:
PwC analysis based on ICB classifications, using Dealogic data

Chapter 2

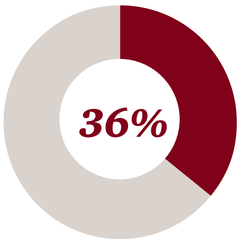
The drivers of cross-border IPOs

The choice of listing venue is an important decision that requires proper consideration. If the globalisation of business has meant that where a company locates its headquarters has become less relevant, the same cannot be said for where a company decides to list.

> ***"Where a company chooses to list has become very important. It is vital to be close to your investors and close to other stakeholders such as suppliers and customers."***
>
> Lawrence Wong, Executive Vice President and Head of Listings at Singapore Stock Exchange

Listing away from their 'natural market' poses risks for issuers

Q: Are you seeing a trend of companies delisting or considering delisting?



Roger Barb, Managing Director of Equity Capital Markets at Citigroup, notes the dangers for any company listing away from its 'natural market': "Without a certain level of research coverage, peer group and investor participation, there is a risk of becoming an orphan stock. As a result, an issuer could end up with the worst of both worlds: neither the valuation nor the liquidity and capital markets platform they are looking for."

In some instances, issuers who list away from their 'natural market' find that the cost of maintaining their listing outweighs their anticipated benefits. This may lead to de-listing. In our quantitative study, 36% of investment bankers say they expect de-listing to become a trend in the next few years.

Edward Bibko, London Capital Markets Partner at Baker & McKenzie, explains that de-listing is not always easily achieved. *"What many issuers don't realise," he says, "is that de-listing is not straightforward – for example a voluntary de-listing from London's Main Market must be approved by a majority of shareholders representing 75 percent of the value of the company, with less than ten percent voting against the resolution."*

Figure 6. The ten drivers of cross-border IPOs

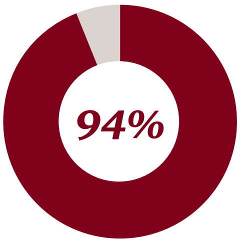
The ten drivers of cross-border IPOs

Our study participants pinpoint ten financial and non-financial reasons for undertaking a cross-border IPO, summarised in Figure 6. Businesses that undertake a cross-border IPO do so because they are seeking specific benefits that may be easier to achieve in a foreign market, such as greater liquidity or a more knowledgeable investor base.

Financial drivers

Driver 1: Access to deeper pools of capital and liquidity

Q: What was the primary goal of your cross-border listing?



The central driver of most cross-border IPOs is to enable issuers to access deeper pools of capital. 94% of issuers in our quantitative study say that their primary goal for undertaking a cross-border IPO was to raise capital. In the case of French cosmetics brand L'Occitane, the decision to list on the Hong Kong Stock Exchange was driven by the need to raise funds to grow their business in Asia.

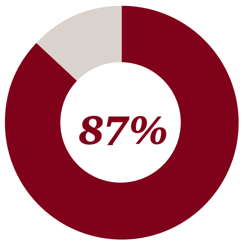
> *"The objective of the IPO was to liberate money which would allow us to repay bank loans, make further investment in our distribution network and to provide the cash to make acquisitions,"* says Sebastien Guinchard, L'Occitane's Finance Director.

> **According to Sebastien Guinchard L'Occitane experienced high demand among potential investors during pre-IPO road shows in Hong Kong: *"Because the majority of our recent growth has been in Asia, and our key objectives were to extend our customer base and our already strong brand awareness in the region, the listing in Hong Kong was expected to raise more capital than if we had chosen to list in Paris."***

In other instances, the attraction of a cross-border IPO is the enhanced liquidity and trading volumes offered by an exchange with a greater number of trading partners, investors and a more sophisticated asset management infrastructure. Established exchanges such as London and New York have a more developed equity culture. In 2011, for example, NYSE's daily trading volumes averaged $70bn. In less developed markets where the investor base may be largely retail orientated rather than institutional, stocks can suffer from much more volatile pricing.

Driver 2: Access to a more knowledgeable investor and analyst community

Q: Why did you choose to list on your chosen exchange?



Listing in a venue with more knowledgeable investors or analysts can have a positive impact on valuation. 87% of the issuers in our quantitative study say that they are drawn to a listing venue by its investor base. According to one investment banker, listing in a market with a more sophisticated investor base and rigorous analyst coverage means that the types of conversations that analysts and investors have with issuers will be more centred around the company's opportunities and its underlying equity story and much less about mitigating emerging market risk.

This has been the experience of Giant Interactive Group, a Chinese computer game developer that listed in New York in 2007. CFO Jazy Zhang says that American investors have become more sophisticated in the way they value Chinese companies. "They don't just lump all Chinese companies together into a single group so that if one Chinese company has problems, all Chinese stocks come down," she says. "Investors are gradually learning to look at the underlying differences to tell Chinese companies apart."

Driver 3: Benchmarking against the right peer group

Listing away from the domestic market can offer the opportunity to be benchmarked against a more appropriate peer group. This may increase investor appeal because it means that an issuer's stock may be included in specialist funds or indices.

Holger Dilling, SVP for Investor Relations at Norwegian shipbuilding company STX OSV, says that the company's decision to list on the Singapore Stock Exchange was driven by the desire to be located in a maritime hub where they would be benchmarked alongside appropriate peers. "There are no pure-play shipyards listed on the Oslo Exchange so there are no direct comparables for investors," he says, "and being listed with the right peers in Singapore was important to us for achieving a more favourable valuation."

Driver 4: Limited domestic market
Some issuers in our study feel that a domestic IPO would have limited their growth potential due to the less sophisticated nature of their domestic market. This was the case for one Latin American issuer we interviewed who undertook an IPO in the USA because of a limited domestic market: "We aimed to increase demand by going to the American markets. Our domestic market is a certain size, which means it has a totally different investor base. Participating in the US market has put us on a world-class level, which is different from being simply a public company listed in our domestic market."

Driver 5: A component of an acquisition strategy
Some issuers may consider a cross-border IPO as the first phase of a broader acquisition or merger strategy; a listing can provide greater bargaining power during M&A discussions by putting a value on the company.

"A company preparing for a significant M&A transaction may be able to offer stock as an alternative to cash if they are competing with a domestic company in the same market," says Michael Cole-Fontayn, Chairman, EMEA and Chief Executive Office, Depositary Receipts at BNY Mellon. A listing can also be used to reward employees by setting up a variety of stock incentive scheme.

Non-financial drivers

Driver 6: Raising brand awareness
In recent years, several Western luxury goods brands have chosen to list in Asia-Pacific to raise their profile in the region, notably Prada, Samsonite and L'Occitane. Sebastien Guinchard of L'Occitane explains that the decision to list in Hong Kong was driven in part by a desire to strengthen the brand's existing presence in the region. "Hong Kong was top of our destination list," he says, "mainly because our brand image there was already quite high and we wanted to capitalise on that across Asia."

However, listing away from a home market purely to demonstrate a commitment to the region may not always generate investor appeal, particularly where there is no capital being raised to accompany the listing. A representative from Hong Kong Stock Exchange reiterates this point: "The expectations of companies who have done a secondary listing without a fundraising should be fairly limited: the listing is merely a branding and visibility event to extend awareness."

Driver 7: The stamp of credibility
Undertaking a cross-border IPO on an established global listing venue such as London or New York provides a comfort factor for investors when evaluating the appeal of an issuer. Investors expect that the company will have been put through the necessary due diligence and will comply with high corporate governance standards. "The value of this pre-IPO due diligence has been highlighted by the recent scandal over so-called 'back door listings' on NASDAQ by private Chinese companies, some of whom turned out not to have the business revenues or assets they claimed to have," says Giles Chance, Visiting Professor at Guanghua School of Management at Peking University.

Investors are also wary about the legal risks of issuers listing in markets with less robust contracting and dispute resolution processes. "Investors want to access growth from emerging markets but not all the legal risks associated with it," says Chance, "so having a fast-growing emerging market company listed on a recognised exchange through the proper process seems the best of both worlds."

Driver 8: Informal clusters and networks of advisers

In addition to the valuation benefits of being listed with appropriate peers, the clustering of similar companies can also result in informal advisory networks. This is attractive for issuers because it means adviser and analyst communities build up greater expertise from working with similar types of companies.

However, issuers should avoid blindly following other companies to an exchange. "Just because other companies happen to be talking about a certain exchange doesn't necessarily mean that it makes sense to list there," says Lawrence Wong of Singapore Stock Exchange. "If there is no connectivity between a company and the investor community, that company will get marginalised." Companies therefore need to consider how their choice of exchange plays with their wider business strategy.

Driver 9: The ability to attract and retain talent

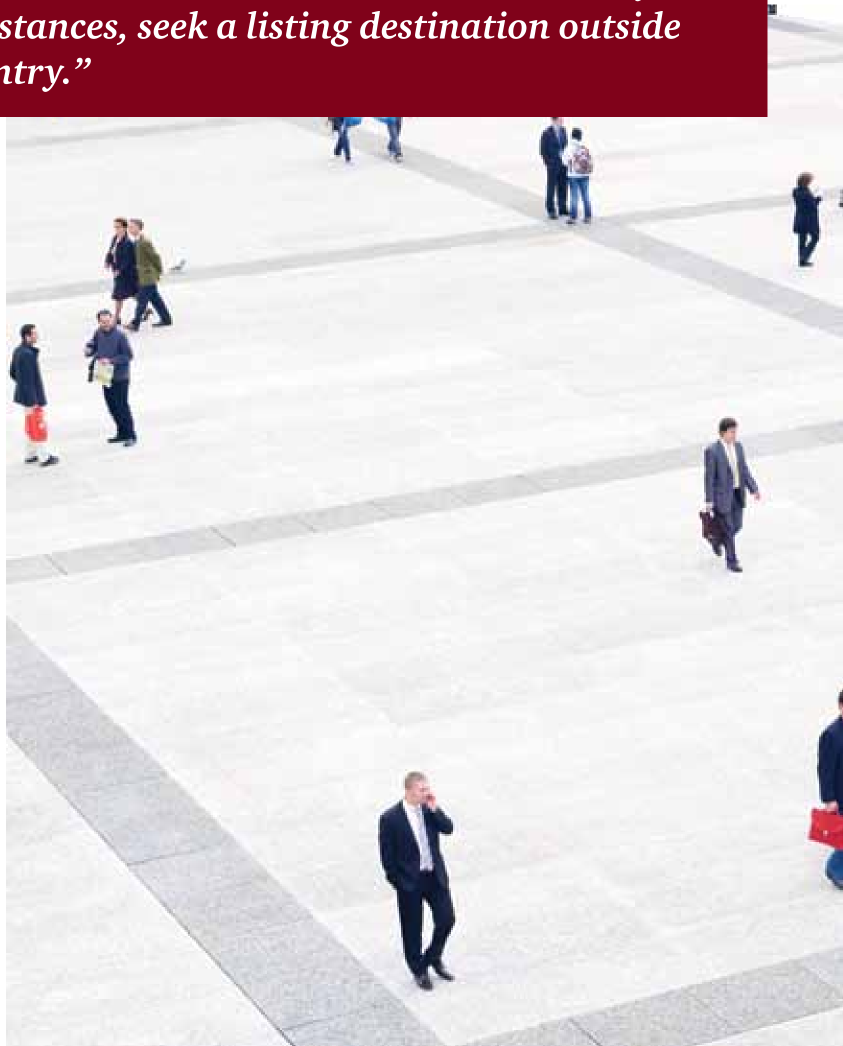
Choosing to list on a recognised exchange has added prestige that can help a company attract and retain the best talent. Listing on NYSE allows Chinese-based Giant Interactive Group to compete for talent in its domestic market. "Being a public company really helps us when we recruit students from top universities in China. Once they hear we are a public company listed in New York, it really means something to them," says CFO Jazy Zhang.

Driver 10: Regulatory barriers in the domestic market

Political or regulatory restrictions may mean that it can be difficult, or the time span too long, for issuers to list in their domestic market. This is particularly true for Chinese companies looking to raise equity capital. Giles Chance of Peking University notes that it may be politically very difficult for some Chinese companies to list on their domestic market. "Until recently, access to the Chinese equity markets has been almost exclusively reserved for companies owned by the Chinese government, or in which the Chinese government has a majority interest," he observes.

The requirement for Chinese companies to have a sufficient earnings track record before listing on their domestic exchange meant that Giant Interactive Group had to do their IPO in America, where the rules on earnings history were more favourable. "It took us only 18 months to develop and launch our first game, but the mandatory requirement for a company to have at least three years of earnings history restricted us from being listed in China," says CFO Jazy Zhang.

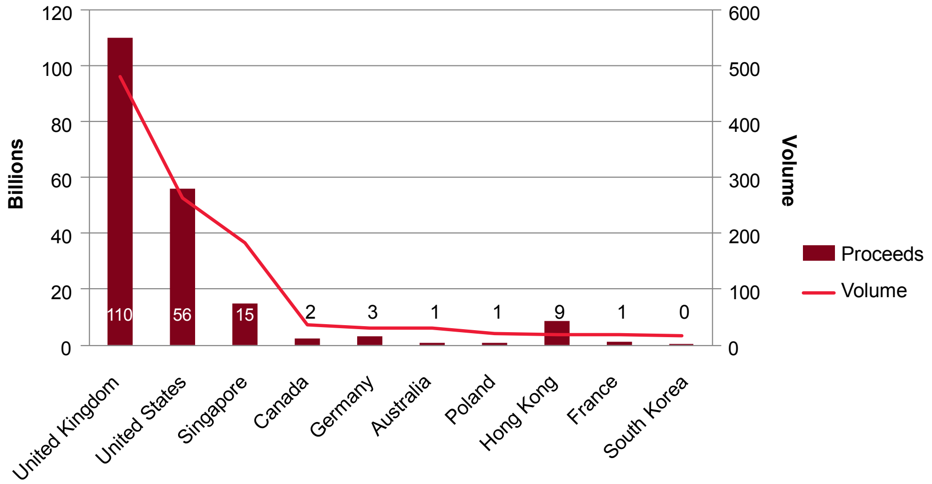
"The capital market in China is still very much controlled by the regulators," **says Clifford Tompsett of PwC's Global IPO Centre.** ***"This can lead to unpredictability for Chinese issuers who cannot accurately forecast when an IPO will take place or how much of the anticipated proceeds can be realised. For this reason Chinese issuers may, in some instances, seek a listing destination outside the country."***



How exchanges support these driving factors

The most attractive venues for issuers considering a cross-border IPO will be the ones that offer the most financial and non-financial benefits. Figure 7 shows that during the previous decade, exchanges in the UK and USA dominated cross-border IPO activity. The London Stock Exchange was the destination for 41% of all cross-border IPOs during the period. A premium listing in London is particularly desirable for issuers originating in emerging markets. According to one Russian issuer interviewed: “Moscow will undoubtedly develop as a listing venue, but London will remain a big draw for Russian issuers and investors.”

Figure 7. Top ten listing venues (by volume) for cross-border IPO activity 2002-2011



Source:
Dealogic, with PwC analysis

Amar Budarapu of Baker & McKenzie agrees that the USA markets have a lot to offer overseas issuers considering a cross-border IPO: ***“A listing on either the NASDAQ or New York Stock Exchange provides an issuer with access to what remains the world’s deepest and most liquid capital market. With that comes exposure to sophisticated institutional and retail investors.”***

Figure 8 shows that, as at the end of 2011, New York and London are the largest capital markets measured by both total number of foreign issuers and proceeds raised by cross-border IPOs. Their deep capital pools make them attractive destinations for issuers. Scott Cutler, Executive Vice President and Head of Global Listings at NYSE highlights the factors that make New York an attractive destination: "The appeal of the USA for international issuers is the strength of its capital markets system, the depth of institutional markets, the amount of liquidity and the certainty of execution."

"Within the last five years a growing number of international companies have selected Hong Kong as their listing destination," says PwC's Kennedy Liu. "This makes sense for companies looking to develop their business in Asia; natural resources companies, for example, are increasingly selling to China. There are also examples of European and US companies who are listing in Hong Kong to demonstrate their commitment to the region."

Figure 8. Summary of cross-border activity on four main global exchanges: London, New York, Hong Kong and Singapore

At 31 Dec. 2011	London	New York	Hong Kong	Singapore
Total number of issuers	2,886	4,988	1,496	773
Total market cap ($bn)	3,266	15,641	2,258	598
Total number of foreign issuers	598	817	24	311
No. of IPOs (2002-2011)	1,414	1,617	682	451
Proceeds ($bn) raised by IPOs (2002-2011)	191	381	231	33
No. of cross-border IPOs (2002-2011)	480	264	19	183
Proceeds ($bn) raised by cross-border IPOs (2002-2011)	110	56	9	15
Ratio of internationalisation (volume)	34%	16%	3%	41%
Ratio of internationalisation (proceeds)	58%	15%	4%	45%
Ratio of global attractiveness (volume)	51%	28%	2%	19%
Ratio of global attractiveness (proceeds)	58%	29%	5%	8%

Source: PwC data, based on World Federation of Exchanges and Dealogic data; ratio of internationalisation is cross-border IPOs as a proportion of total IPOs in the region; ratio of global attractiveness is cross-border IPOs as a proportion of global cross-border IPOs.

The emerging market exchanges are catching up

The rise of emerging markets during the last decade as places to do business with has not translated into an equivalent appetite for listing in emerging markets. It is important therefore to make a distinction between emerging markets and emerging market exchanges. Lawrence Wong of Singapore Stock Exchange agrees, "Although emerging market economies are challenging more developed economies in terms of growth, not all emerging market exchanges are international and therefore able to challenge the more established global exchanges."

Michael Cole-Fontayn of BNY Mellon shares his perspective: "Emerging market stock exchanges have had the luxury of starting with the most modern technology, risk management and clearing and settlement structure. However, an important area that is less developed involves concepts around property – how governance is transmitted through the systems in a way that links investors to issuers and allows them to receive all the governance rights. How governance rights flow or don't flow through the market infrastructure is critical."

There is further progress to be made before emerging market exchanges threaten the dominance of established capital raising centres. Albert Ganyushin of NYSE Euronext believes that the success of Brazil's BOVESPA has not been detrimental to New York's attractiveness as a listing destination. "The BM&FBOVESPA is seen by many as one of the most successful emerging market exchanges and regional financial centres," he says. "Nevertheless, the NYSE has continued to function as a key and complimentary listing and trading venue for Latin American equities thus contributing to the improving market quality in the region." This suggests that many issuers are findings ways of tapping into emerging market growth without listing on exchanges in emerging markets.

"One key reason that emerging markets are lagging is investor trust," says Edward Bibko of Baker & McKenzie. "Several of these exchanges have lower corporate governance standards than mature exchanges or, in some cases, despite high standards there is a lack of effective enforcement."

At a glance: commonly-cited reasons for dual IPOs

- Mandatory requirements to list in domestic market.
- Greater liquidity through multiple investor bases.
- Reflects global operations and global supply chain.
- Demonstrates a commitment to more than one region.
- Development of the DR market has made this a more attractive option.

Dual IPOs work best when they enable issuers to access multiple sources of capital. According to Alastair Walmsley, Head of Primary Markets at the London Stock Exchange: "Where dual listings work is when a company gains access to two different pools of capital and genuinely creates a larger, more diverse investor base as a result. There are significant benefits to this, particularly where the initial listing is on a market where the international investor community is unable or unwilling to invest."

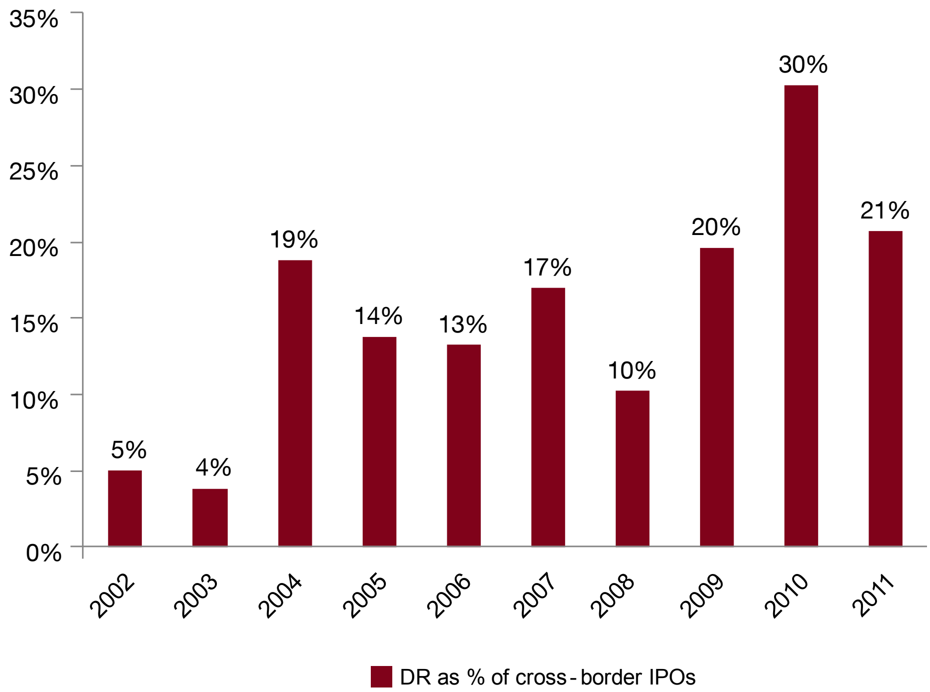
However, with any dual listing there is a risk of flow-back, whereby liquidity naturally migrates to what is perceived by investors to be the primary exchange. Philippe Espinasse, ex-investment banker and author of IPO: A Global Guide, has seen this happen for some companies who have chosen to undertake a secondary listing in Hong Kong: "There have been a few examples in Hong Kong where some companies have had a secondary listing, sometimes without even selling or issuing shares, and as a result liquidity has been very low. If you look at the trading volumes of these companies, there are days when there is literally not a single share exchanged."

Depositary Receipts

There has been an increase in the use of depositary receipts (DRs) over the last 20 years, offering benefits to investors such as providing a mechanism for lowering the risk of alternative trading on local exchanges and providing efficient investment in different markets. DRs and DR indices are being used quite actively by the ETF (exchange-traded fund) community to enable them to invest efficiently in markets around the world. Figure 10 shows that the proportion of cross-border IPOs achieved through DRs has increased over the previous decade, from 5% of the total in 2002, reaching a high of 30% in 2010.

> ***"One of the reasons that DRs have been so attractive in Europe is because of their lower regulatory threshold," says PwC's Clifford Tompsett. "This is borne out by the increasing numbers of issuers who have chosen to do a DR listing in Europe since the implementation of the 2005 EU Prospectus Directive and the revised depositary receipts regime."***

Figure 10. DRs as a proportion of total cross-border IPOs



Growth and innovation in the use of depositary receipts is expected to continue. Michael Cole-Fontayn of BNY Mellon says, "As markets grow, investors in those countries want to be able to invest in US or European stocks. Companies will therefore explore making their shares available in the form of, say, a Brazilian depositary receipt, or a Mexican or Chinese depositary receipt." In this way, depositary receipts can also facilitate complex capital raising, such as the dual listing IPO conducted by the Brazilian investment bank BTG Pactual, using BDRs in Brazil and GDRs in the Netherlands.

Our view: cross-border IPOs need to make strategic sense for individual issuers

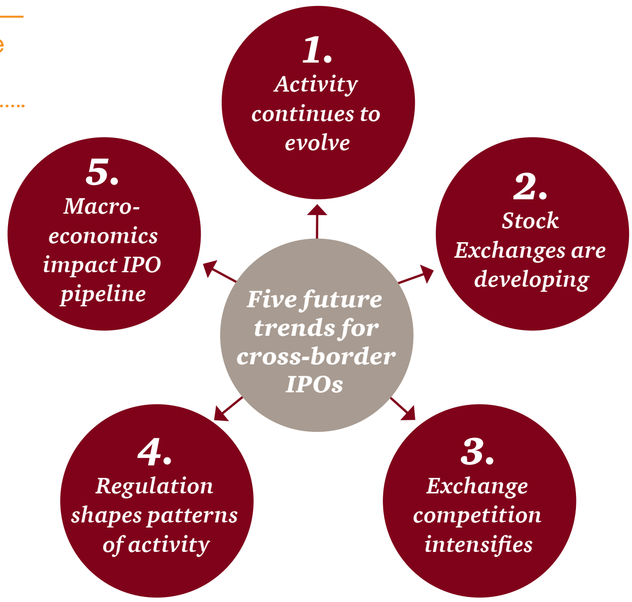
Motivations for undertaking a cross-border listing can be both financial and non-financial. In some instances regulatory restrictions in a domestic market necessitates listing overseas; in other cases issuers seek to obtain enhanced benefits, such as access to deeper capital pools. However, the decision to undertake a cross-border IPO needs to be considered as part of a broader capital markets business strategy.

Chapter 3

Our view on future cross-border IPO trends

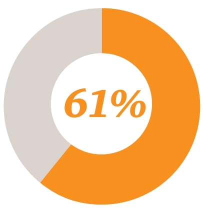
This chapter explores five trends, summarised in Figure 11, that are likely to shape future patterns of cross-border IPO activity. It is important for issuers, investors and exchanges to factor these trends into their planning to ensure that they continue to capitalise on opportunities for growth.

Figure 11. Five trends that will shape the future of cross-border IPO activity



Trend 1: IPO activity will continue to evolve

Q: Companies based in which type of market are most likely to list on a foreign exchange?



Five years ago, China was a country that only attracted foreign investment," says PwC's Kennedy Liu. *"Today it is very different: Chinese companies now represent the biggest contingent of cross-border issuers going out to find investments. Like Western companies they are expanding their businesses overseas. We are likely to see this trend intensify as more Chinese companies make foreign investments.*

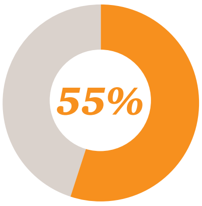
The previous decade witnessed the rise of Asian companies as originators of cross-border IPOs. During the same period listing venues outside of traditional global capital centres grew in attractiveness.

The demographic of traditional IPO candidates will evolve. 61% of issuers in our quantitative study expect companies in emerging markets to be the most likely to undertake a cross-border IPO. Albert Ganyushin of NYSE Euronext recognises this trend: "Fewer 'old economy', cyclical companies – the traditional source of large IPOs – will come from Western countries for the next few years as the result of a weak macroeconomic environment. More of this type of IPO candidate will come from the big emerging markets in Latin America, Russia and Asia."

Future IPO candidates will come from beyond the BRIC markets too. Michael Cole-Fontayn of BNY Mellon believes a second tier of emerging market companies will be looking to access global capital pools: "We have seen increased interest coming out of countries such as Vietnam, Cambodia, Zambia, Namibia, Mongolia and Saudi Arabia. Many of these countries are making a real effort to develop their market infrastructure."

Trend 2: New players in the stock exchange arena are developing, but not a uniform pace

Q: Which exchange do you think issuers consider (beyond their home exchange) when planning an IPO? (N.B. from Capital Markets in 2025 report)



Shanghai

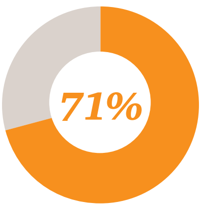
Although established stock exchanges such as London and New York will continue to offer issuers access to global capital pools, exchanges in emerging economies are developing their own offerings too, though not necessarily at a uniform pace.

Some exchanges are revisiting their listing rules and compliance procedures in an effort to appear robust and credible. The Singapore Exchange, for example, has revised the admissions rules for listing on its Main Board to increase the market capitalisation requirement and other thresholds for IPOs. "Singapore is effectively trying to make itself more attractive for larger companies to list there," says Philippe Espinasse, author of IPO: A Global Guide. "Singapore's initiative remains an exception thus far," he says, "although the Stock Exchange of Hong Kong highlighted in the policy agenda for 2012 and beyond, in it's 2011 Listing Committee Report, that it is looking at a review of listings by overseas companies as well as at secondary listings." Other exchanges are likely to follow suit.

PwC's previous report, "*Capital Markets in 2025*," found that 55% of market participants believe that Shanghai will be the exchange most companies will consider listing on by 2025, despite not currently being accessible to international issuers. The launch of an International Board in Shanghai may be a game-changing event says Chris Marschall of CIMB: "Shanghai is an ambitious city and an aspiring candidate to be the 'New York of Asia'." As well as providing a gateway to Chinese markets for international issuers, the opening up of Shanghai will also give Chinese retail investors the ability to invest in overseas businesses.

Trend 3: competition among exchanges will intensify

Q: Do you think companies or certain industries will benefit from stock exchange mergers / partnerships / integration?



PwC's Kennedy Liu believes Hong Kong has the potential to become one of three key international listing centres: *"Whilst Hong Kong is unlikely to overtake New York or London for fundraising, its outlook for cross-border listings has improved substantially, particularly as a gateway into China. Some of the world's top fundraisers are based in Hong Kong: AIA, ICBC, Agricultural Bank of China, so there is the market infrastructure which appeals to large, international issuers."*

The globalisation of capital markets is creating greater competition among exchanges as they strive to attract global issuers. Alexander Hoeptner, Executive VP of Market Services at Deutsche Börse, believes that issuers will assess an exchange by the access to liquidity it can offer: "The role of a modern exchange is to provide issuers with access to the liquidity pools of the world. Investing in electronic trading infrastructure is one way for exchanges to enhance access to those liquidity pools for issuers."

One outcome of greater competition could be an increase in strategic partnerships and alliances, the creation of NYSE Euronext remaining the best example to date. The London Stock Exchange, for example, has recently developed an agreement with Mongolia to make it easier for issuers there to access London's liquidity. Scott Cutler of NYSE similarly observes that, "As an exchange we are increasingly being asked to facilitate business introductions and partnerships."

The issuers in our quantitative study agree that these developments will bring benefits, with 71% saying that stock exchange mergers, partnerships and integration will make cross-border listing more attractive.

Trend 4: regulation will continue to influence cross-border activity

We explore how regulatory changes in North America, Europe and other Asian markets have been affected in the past, and may continue to do so in the future, the pattern of cross-border activity.

Harmonisation of accounting standards

In the past decade, national accounting standards in many countries have been progressively harmonised with the International Financial Reporting Standards (IFRS). These harmonisation efforts have gained momentum with IFRS now adopted by more than 100 countries. IFRS has been designed as a common global accounting language so that company accounts are understandable and comparable across international borders.

Another step was the implementation in March 2008 by the US Securities and Exchange Commission of the new rules eliminating the requirement that foreign private issuers reconcile financial statements in their SEC filings to US GAAP, as long as those financial statements have been prepared using IFRS. These new rules were intended to facilitate access to the US capital markets by non-US companies and improve the consistency and readability of financial reporting for US investors who own foreign securities.

Various studies have been conducted to provide evidence that the widespread adoption of IFRS has indeed improved efficiency of capital market operations, reduced cost of capital and promoted cross-border investment. Research shows that benefits are more crystallised when IFRS application is supported by sound legal infrastructure and adequate enforcement.

US regulation: from the Sarbanes-Oxley Act to the JOBS Act

During the early 2000s the introduction of the Sarbanes-Oxley Act tightened up financial reporting regulations for US-listed companies. This had a negative impact on New York's attractiveness as a listing destination; as the cost of complying with regulations became more prohibitive there were de-listings by a number of large European and other companies from the US markets. The impact was favourable for London: between 2002 and 2011 London attracted almost twice the number of international issuers than New York (479 compared with 264 in the US).

> PwC's Neil Dhar believes IPOs candidates are taking advantage of the benefits offered by the JOBS Act: *"Potential issuers have begun to take advantage of the on-ramp provisions contained with the JOBS Act, such as confidential filing, filing two years of audited financials instead of three, two years of selected financials instead of five, and reduced compensation disclosures."*

The recent ratification of the JOBS Act by the US government could make New York a more attractive international listing destination. For those issuers defined as emerging market growth companies with less than $1bn revenue, there will be a less costly regulatory environment for going public in the US.

> *"Given New York's historical position in the global financial markets, you would have expected it to attract the lion's share of cross-border IPOs," says PwC's Clifford Tompsett. "However, the introduction of Sarbanes-Oxley did damage the attractiveness of New York and gave London an opportunity to establish itself as a leading destination for cross-border issuers."*

Developments in European equity markets

The implementation of the 2005 EU Prospectus Directive across the EU has made cross-border listing in the region a more streamlined process. One of the results has been to encourage the use of DRs to facilitate listings for overseas issuers.

Alexander Hoeptner of Deutsche Börse believes these developments will continue to increase access to capital for cross-border issuers: "A very important step for us is the harmonisation of the capital markets regulation throughout Europe and the transparency directive coming from the EU. Instead of having a fragmented European capital market, we can say there is harmonised access to Europe."

Other listing regimes

Many market stock exchanges are revisiting their listing rules to attract more cross-border issuers. For Singapore this means increasing the market capitalisation for IPO candidates, whilst Hong Kong is reconsidering the prospectus requirements for issuers already listed on a recognised global exchange, seeking a secondary listing there.

In Latin America, Mexican listing authorities have announced their intention to attract more foreign-owned issuers, particularly financial services companies. The listing of Banco Santander in Mexico in September 2012 could be the first among many.

We are witnessing a move towards more balanced regulation. Whereas investors want regulations focused on transparency, corporate governance and robust reporting, issuers want access to capital and regulations that are not too stringent.

Albert Ganyushin of NYSE Euronext believes regulators are weighing up these competing interests: "After a period of corporate scandals that led to a period of very tough regulations, we are now seeing more balanced regulation. In the USA we have seen a number of regulatory relaxations for foreign companies in the last three years." As competition amongst exchanges intensifies we are also likely to see greater global convergence in requirements on corporate governance and information disclosure.

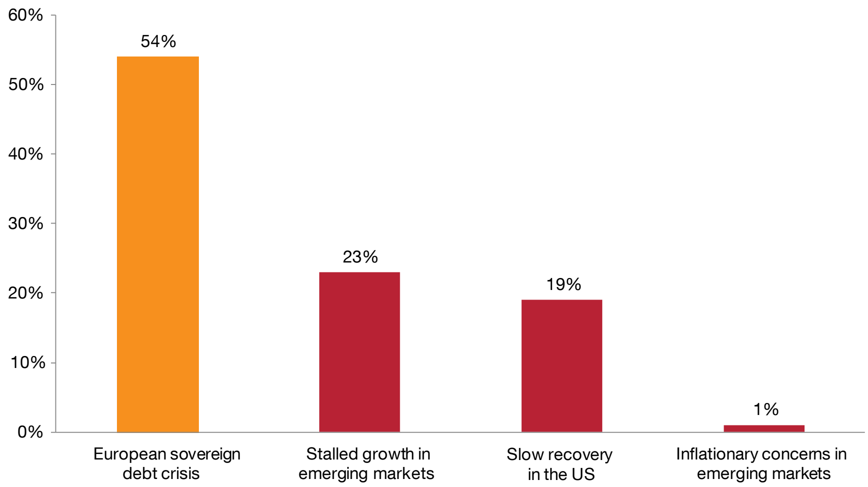
Trend 5: macro-economic factors are stalling the IPO pipeline

When asked about the factors deterring cross-border IPO activity, over half (54%) of market participants cite the ongoing European sovereign debt crisis, see Figure 12. Stalled growth in emerging markets and slow recovery in the US are also contributing factors.

In spite of macro-economic worries, the relative health of the cross-border IPO pipeline is good. Alastair Walmsley of the London Stock Exchange agrees: "The IPO pipeline hasn't fundamentally changed in terms of size – there is a lot of pent-up demand." Suitable cross-border IPO candidates are nervous about market volatility, which also makes issuance windows much narrower. As a result, issuers need to remain flexible enough to react when market opportunities present themselves and investor confidence returns.

Figure 12. Global economic factors deter future cross-border listing

Q: Which current global economic factor is the biggest deterrent for a cross-border listing?



Source:
Baker & McKenzie quantitative study.

> *"What is really weighing heavily on issuers' minds is uncertainty," says PwC's Clifford Tompsett. "The Eurozone crisis is likely to make Europe more volatile than other regions, and therefore it is likely to be more difficult to launch IPOs there than in Asia or the USA."*

In summary: Cross-border activity will remain significant until the capital markets infrastructure in emerging economies develops…

In the short-to medium-term, cross-border IPOs will continue. As emerging market infrastructure develops however, this begs the question: over the longer-term, will we see a reduction in cross-border IPOs?

Emerging economies continue to grow in size and play an increasingly significant role in financing global economic growth – over time domestic listings in these regions are likely to become more favoured. Why? Because as the capital markets infrastructure and supporting advisory networks in these economies become more efficient and robust – by developing higher regulatory standards and adopting the latest technologies – they will be able to build liquidity pools, strong support networks and the transparent markets required by global companies and investors.

However, as global economic borders become increasingly blurred, companies from all over the world will have more listing options available than before. Now, and in the near future, there will be a growing number of cross-border IPOs companies from emerging markets (BRIC and beyond). Issuers in western economies are likely to seek to capitalise on emerging market growth through an international equity market strategy. More choice in global listing venues may enable companies to efficiently conduct secondary listings, to support their global growth strategies.

In conclusion the message is: if companies with a global ambitions can maximise capital raising opportunities and enhanced profile and visibility on a domestic and international scale.

Appendix 1: Home and Away

Volume of cross-border IPOs (2002-2011)

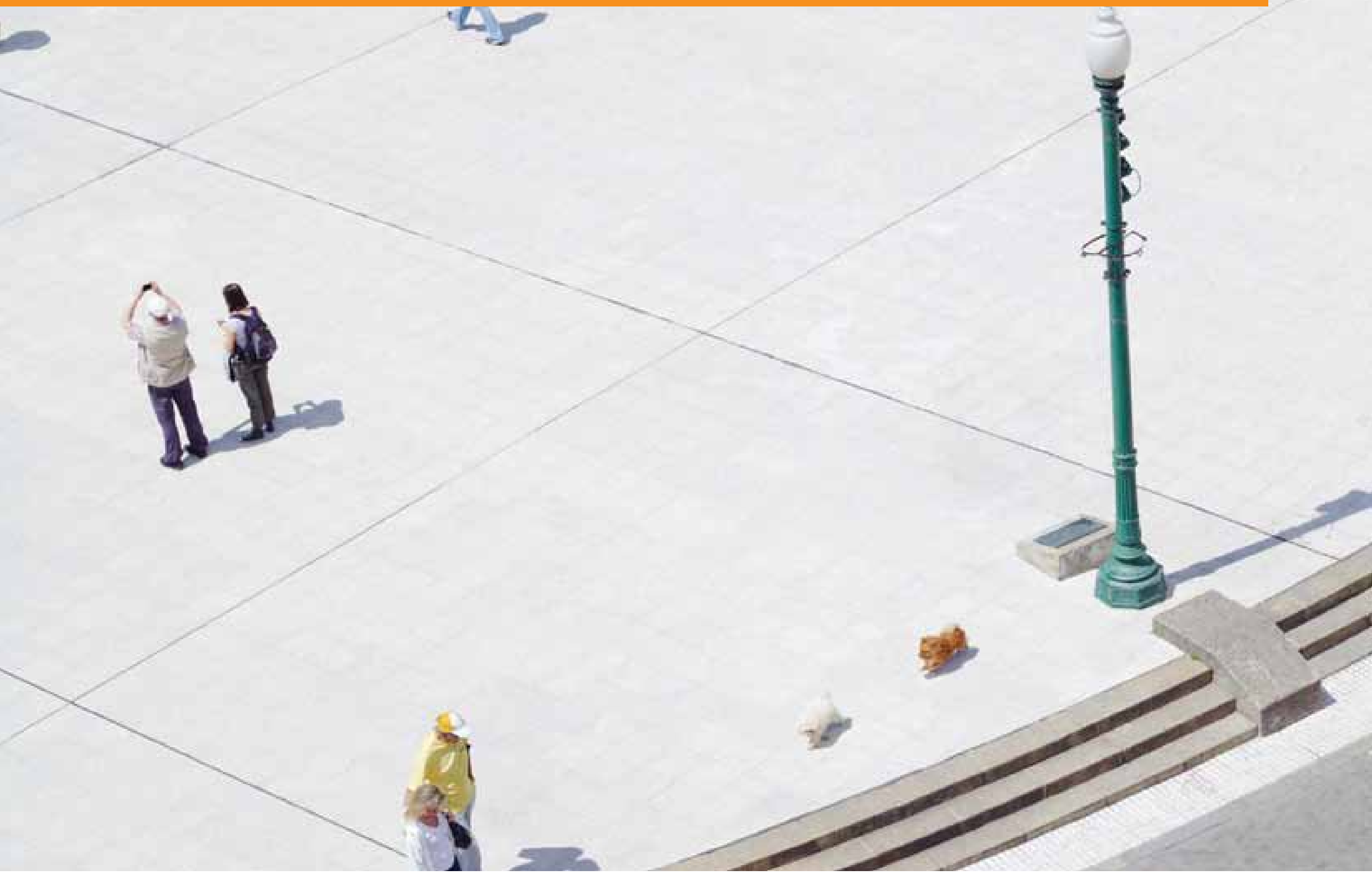
	Issuer countries																															
Exchanges	Other LatAm	Bermuda	Brazil	Canada	United States	Other Australasia	Australia	Malaysia	Singapore	South Korea	Other Greater China	China	Hong Kong	Other India Subc	India	Other Africa	South Africa	Other CEE/CIS	Kazakhstan	Russian Federation	Ukraine	Other Europe	Germany	Greece	Ireland	Italy	Netherlands	Switzerland	United Kingdom	Other Middle East	Israel	Total inbound	Total domestic
Australia	1			1	5	6		2	5			8					1	1														30	745
Austria																													1			1	22
Belgium																		1														1	51
Brazil	1																															1	137
Canada	2				17		5					2	2			1					1							1	6			37	1,219
Denmark																						1										1	33
France												8	2									5					1	2				18	202
Germany					1							14								1	4	6					1	2	1			30	178
Greece					1													1														2	60
Hong Kong				1	1	3		1	2		5							1		2		1	1			1						19	663
Iceland																						2							1			3	2
Israel				1														1				1										3	76
Italy																								1								1	110
Japan					1							2	1																1			5	1,048
Luxembourg			3																													3	-
Malaysia									1			6																				7	415
Netherlands					5																	2	2						5			14	9
New Zealand	1			1																												2	39
Norway	1			1	3	1												1				4						1	2	1		15	87
Poland				1														7			11								1			20	512
Portugal																						1										1	5
Singapore						8	1	8		2	2	130	26		3							1							1		1	183	268
South Africa																1																1	56
South Korea					1	2						8	5																			16	717
Sweden																				2		2										4	54
Switzerland																1						1				3						5	30
Taiwan					2							1																				3	105
Thailand								1																								1	229
UAE																1														2		3	21
UK	8	1	4	24	62	12	23	8	4	3	2	34	11	1	32	16	13	25	12	45	11	31	7	8	30	8	12	4		12	17	480	934
USA	14	10	3	10		3	1		1	7	5	134	8		3			1		4		3	2	21	2	1	4	2	6		19	264	1,353
Total outbound	28	11	10	40	99	35	30	20	13	12	14	347	55	1	38	20	14	39	12	54	27	61	12	30	32	13	18	12	25	15	37		
Total domestic	72	-	137	1,219	1,353	1,503	745	415	268	717	110	1,358	238	137	416	104	56	568	1	30	-	579	178	60	2	110	9	30	934	72	76		

Proceeds of cross-border IPOs (2002-2011, $bn)

	Issuer countries																																		
Exchanges	Other LatAm	Bermuda	Brazil	Canada	United States	Other Australasia	Australia	Malaysia	Singapore	South Korea	Other Greater China	China	Hong Kong	Other India Subc	India	Other Africa	South Africa	Other CEE/CIS	Kazakhstan	Russian Federation	Ukraine	Other Europe	Germany	Greece	Ireland	Italy	Netherlands	Switzerland	United Kingdom	Other Middle East	Israel	Total inbound	Total domestic	Average inbound	Average domestic
Australia	0.0			0.0	0.2	0.1		0.0	0.3			0.1					0.0	0.0														0.8	45.7	0.0	0.1
Austria																													0.0			0.0	9.8	0.0	0.4
Belgium																		0.1														0.1	10.9	0.1	0.2
Brazil	0.3																															0.3	69.8	0.3	0.5
Canada	0.1				1.3		0.2					0.0	0.0			0.0					0.0							0.4	0.1			2.3	38.7	0.1	0.0
Denmark																						0.2										0.2	5.2	0.2	0.2
France												0.0	0.0									0.1					0.6	0.3				1.1	38.1	0.1	0.2
Germany					0.0							0.7								0.4	0.3	1.5					0.1	0.1	0.1			3.1	31.1	0.1	0.2
Greece					0.0													0.0														0.0	2.0	0.0	0.0
Hong Kong				0.0	1.3	0.2		0.3	0.0		0.3							0.7		2.5		0.8	0.0			2.5						8.7	222.5	0.5	0.3
Iceland																						0.1							0.1			0.2	0.1	0.1	0.1
Israel				0.1														0.0				0.0										0.1	3.3	0.0	0.0
Italy																								0.0								0.0	24.9	0.0	0.2
Japan					0.1							0.2	0.1																0.0			0.4	80.6	0.1	0.1
Luxembourg			1.0																													1.0	-	0.3	-
Malaysia									0.0			0.1																				0.1	16.7	0.0	0.0
Netherlands					7.8																	1.3	0.9						4.0			14.0	4.8	1.0	0.5
New Zealand	0.1			0.0																												0.1	2.2	0.0	0.1
Norway	0.1			0.0	0.9	0.1												0.1				0.3						0.0	0.2	0.1		1.7	12.4	0.1	0.1
Poland				0.1														0.2			0.6								0.0			0.9	19.6	0.0	0.0
Portugal																						2.4										2.4	2.2	2.4	0.4
Singapore						1.7	0.0	0.2		0.4	0.2	5.3	5.9		0.6							0.2							0.2		0.0	14.7	17.9	0.1	0.1
South Africa																0.0																0.0	4.2	0.0	0.1
South Korea					0.0	0.1						0.3	0.2																			0.5	20.6	0.0	0.0
Sweden																				0.3		0.0										0.4	6.4	0.1	0.1
Switzerland																0.0						0.1				0.2						0.3	7.9	0.1	0.3
Taiwan					0.1							0.0																				0.1	2.8	0.0	0.0
Thailand								0.0																								0.0	6.4	0.0	0.0
UAE																0.0														0.1		0.1	7.5	0.0	0.4
UK	3.1	0.3	0.8	0.8	4.4	1.5	0.5	0.3	0.2	4.9	0.1	2.3	0.8	0.0	7.3	2.1	0.4	4.9	5.7	39.3	2.0	5.3	0.6	0.8	4.5	0.7	1.3	10.7		3.6	0.6	109.9	80.6	0.2	0.1
USA	6.2	4.0	1.7	1.6		0.2	0.1		0.1	1.6	2.0	20.0	1.4		0.9			0.0		2.4		0.4	0.9	4.1	1.2	0.0	1.6	2.9	0.9		1.8	56.2	325.0	0.2	0.2
Total outbound	9.9	4.2	3.5	2.7	16.2	3.9	0.8	0.8	0.7	6.9	2.7	29.3	8.4	0.0	8.8	2.2	0.4	6.1	5.7	44.9	2.9	12.8	2.4	4.9	5.7	3.4	3.6	14.4	5.5	3.7	2.3				
Total domestic	12.8	-	69.8	38.7	325.0	105.6	45.7	16.7	17.9	20.6	9.3	332.1	42.0	1.4	36.9	8.7	4.2	23.9	2.3	5.8	-	128.9	31.1	2.0	0.9	24.9	4.8	7.9	80.6	13.1	3.3				

We would like to thank all of our participants, particularly those who shared their time and insight during in-depth interviews:

- Roger Barb, Managing Director – Equity Capital Markets, Citigroup
- Amar Budarapu, Chair Global Securities Practice, Baker & McKenzie
- Frank Castiglia, Chair Asia-Pacific Securities Practice, Baker & McKenzie
- Giles Chance, Visiting Professor, Guanghua School of Management at Peking University, co-founder of Evolution Securities China, and author of China and the Credit Crisis: the emergence of a new world order
- Scott Cutler, Executive VP and Head of Global Listings, NYSE
- Holger Dilling, SVP – Investor Relations, STX OSV
- Philippe Espinasse, ex-investment banker and author of IPO: A Global Guide.
- Michael Cole-Fontayn, Chairman, EMEA and Chief Executive Officer, Depositary Receipts, BNY Mellon
- Albert Ganyushin, Head of International Listings, NYSE Euronext
- Sebastien Guinchard, Finance and Operations Director UK and Ireland, L'Occitane
- Alexander Hoeptner, Executive VP – Market Services, Deutsche Börse
- Chris Marschall, Managing Director – Equity Capital Markets, CIMB
- Alastair Walmsley, Head of Primary Markets, London Stock Exchange
- Lawrence Wong, Executive Vice President – Head of Listings, Singapore Stock Exchange
- Jazy Zhang, CFO, Giant Interactive Group

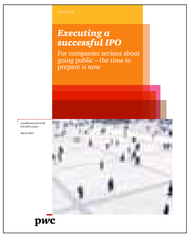


Other useful Capital Markets publications

Thought Leadership

Capital Markets in 2025

Presents the highlights of a survey conducted by the Economist Intelligence Unit across c.400 senior managers at companies from across the globe for their views on the factors shaping the development of equity capital markets.

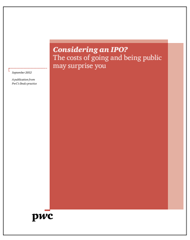


Executing a successful IPO

Highlights some of the issues that need to be resolved in advance, during and post a successful flotation process and how we can assist clients in resolving many of the issues identified.

Which market?

A guide for companies considering an initial equity listing in New York, London or Hong Kong.



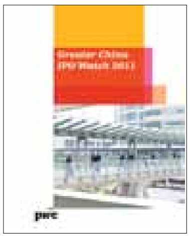
Considering an IPO? The costs of going and being public may surprise you

Many companies embark upon the IPO process without a thorough understanding of the costs, according to the results of a recent PwC survey on managing the costs of going public.

IPO Watch Series

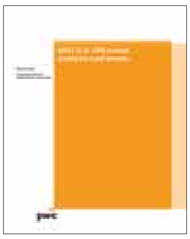
IPO Watch Europe

Is a quarterly survey tracking the value and volume of primary listings on Europe's principal stock markets. The annual IPO Watch Europe collates data from the quarterly reviews conducted.



IPO Watch Greater China

Is a quarterly survey tracking the value and volume of primary listings on Greater China's principal stock markets. The annual IPO Watch Greater China collates data from the quarterly reviews conducted.



US IPO Watch

Is an quarterly report providing analysis and trends of IPOs listed on US exchanges. The annual US PO Watch collates data from the quarterly reviews conducted.

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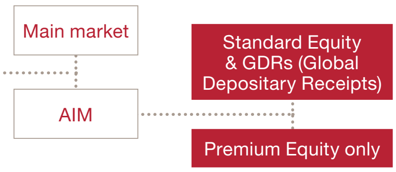
About the IPO Centre

PwC has a strong and established record helping companies from all over the world plan and execute successful IPOs. The IPO Centre was created to respond to today's increasingly complex cross-border world.

It is now more important than ever for companies to tap into global knowledge as well as local insights. The IPO Centre brings together our global network ensuring that we provide companies with the right mix of sector and IPO expertise combined with relevant local and international market knowledge. Through the IPO Centre we are able to connect companies with the right PwC capital market specialists to help effectively evaluate the pros and cons of an IPO, take you through the IPO process and prepare you for life as a public company, regardless of the market they choose to list on.

Appendix 2: Stock exchange fact sheets

London

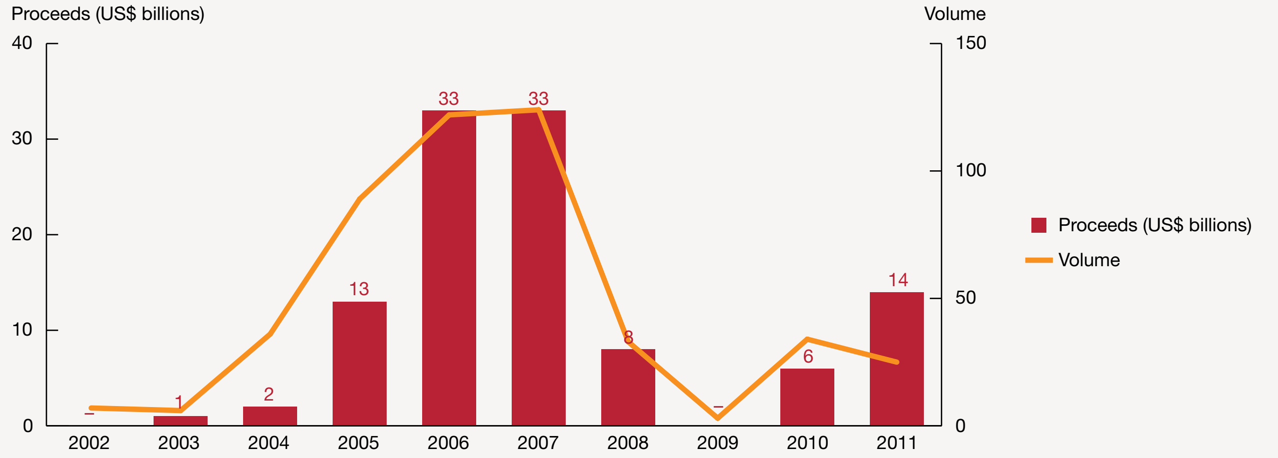


Top 5 countries of issuers

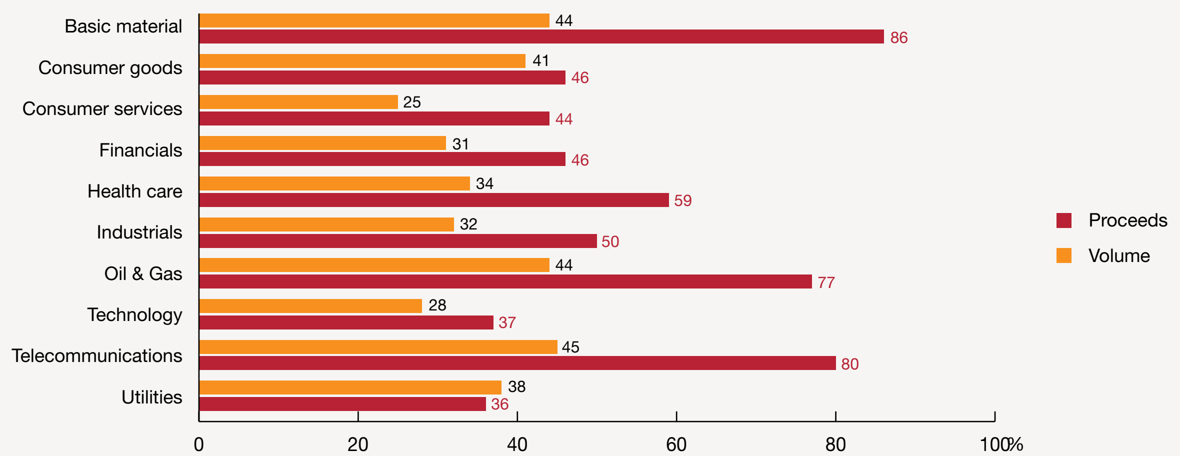
	Volume	Proceeds ($bn)
United States	62	4.4
Russian Federation	45	39.3
China	34	2.3
India	32	7.3
Ireland	30	4.5

At 31 December 2011	London
Total number of issuers	2,886
Total market cap ($bn)	3,266
Total number of foreign issuers	598
No. of IPOs (2002-2011)	1,414
Proceeds ($bn) raised by IPOs (2002-2011)	191
No. of cross-border IPOs (2002-2011)	480
Proceeds ($bn) raised by cross-border IPOs (2002-2011)	110
% of cross-border IPOs (volume)	34%
% of cross-border IPOs (proceeds)	58%

Cross-border IPOs coming to the London markets



Cross-border IPOs as a percentage of total London IPOs per sector (Jan 2002-Dec 2011)



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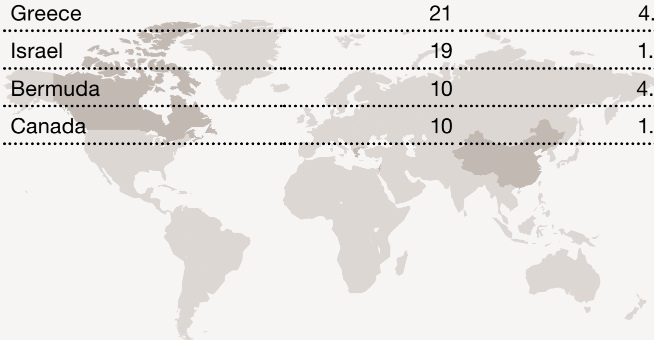
New York

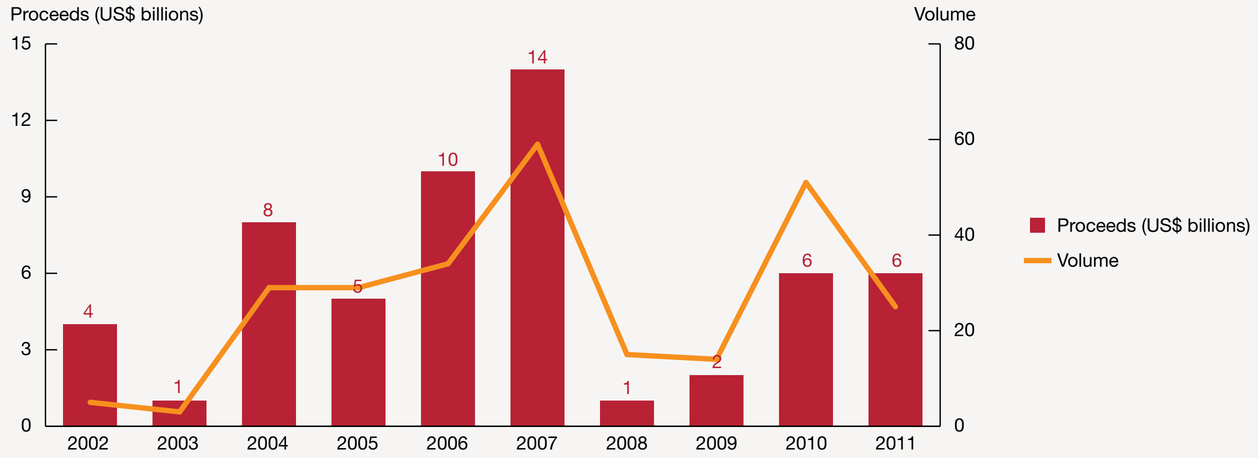
NASDAQ NYSE Euronext

Top 5 countries of issuers	Volume	Proceeds ($bn)
China	134	20.0
Greece	21	4.1
Israel	19	1.8
Bermuda	10	4.0
Canada	10	1.6

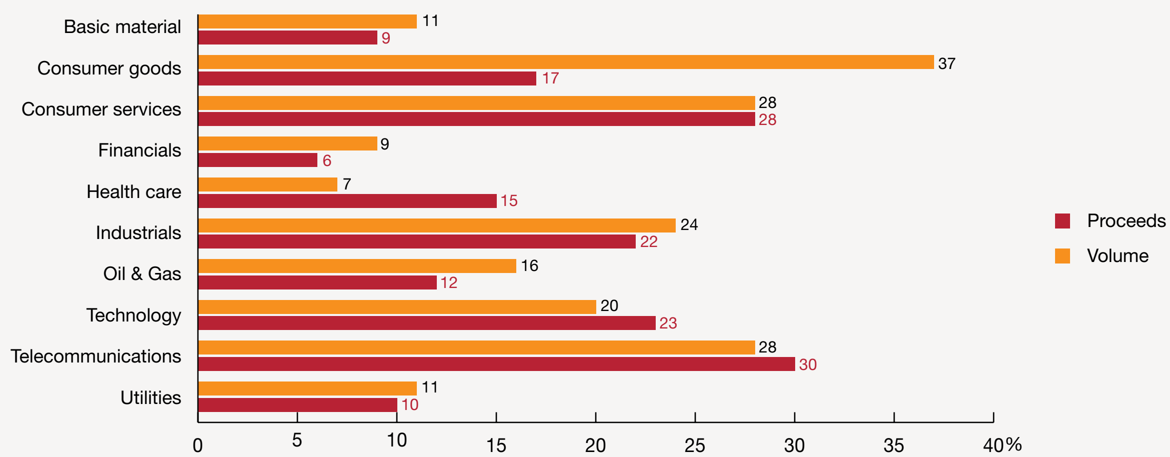


At 31 December 2011	New York
Total number of issuers	4,988
Total market cap ($bn)	15,641
Total number of foreign issuers	817
No. of IPOs (2002-2011)	1,617
Proceeds ($bn) raised by IPOs (2002-2011)	381
No. of cross-border IPOs (2002-2011)	264
Proceeds ($bn) raised by cross-border IPOs (2002-2011)	56
% of cross-border IPOs (volume)	16%
% of cross-border IPOs (proceeds)	15%

Cross-border IPOs coming to the US markets



Cross-border IPOs as a percentage of total New York IPOs per sector (Jan 2002-Dec 2011)



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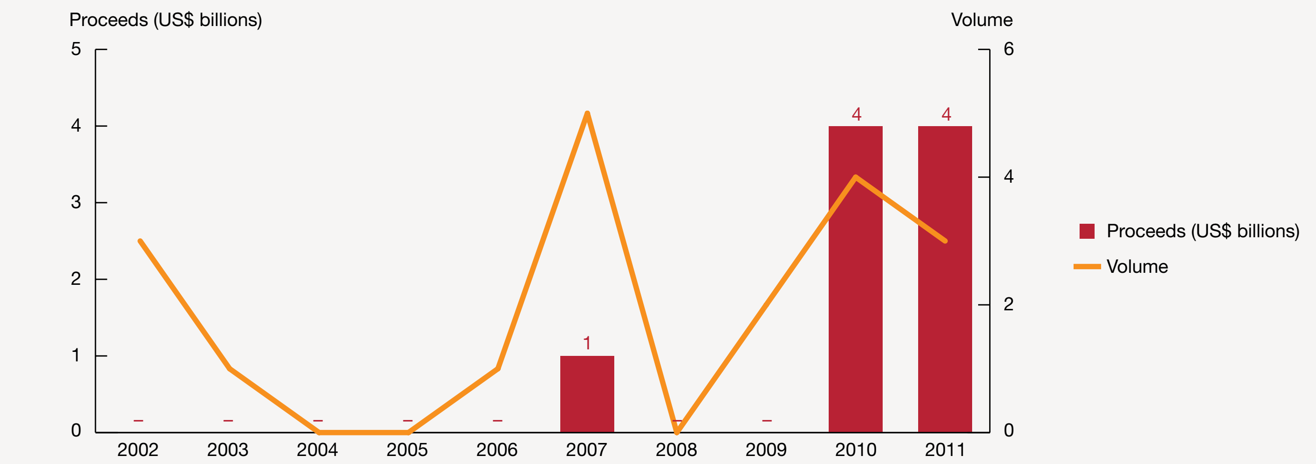
Hong Kong

Main board
GEM

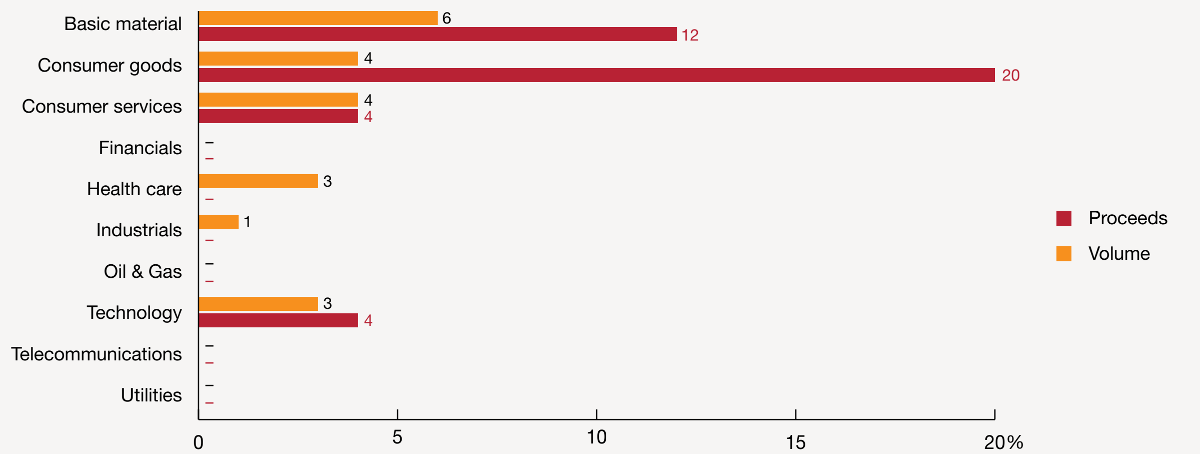
Top 5 countries of issuers	Volume	Proceeds ($bn)
Taiwan	5	0.3
Russian Federation	2	2.5
Singapore	2	0.0
Italy	1	2.5
United States	1	1.3

At 31 December 2011	Hong Kong
Total number of issuers	1,496
Total market cap ($bn)	2,258
Total number of foreign issuers	24
No. of IPOs (2002-2011)	682
Proceeds ($bn) raised by IPOs (2002-2011)	231
No. of cross-border IPOs (2002-2011)	19
Proceeds ($bn) raised by cross-border IPOs (2002-2011)	9
% of cross-border IPOs (volume)	3%
% of cross-border IPOs (proceeds)	4%

Cross-border IPOs coming to the Hong Kong markets



Cross-border IPOs as a percentage of total Hong Kong IPOs per sector (Jan 2002-Dec 2011)



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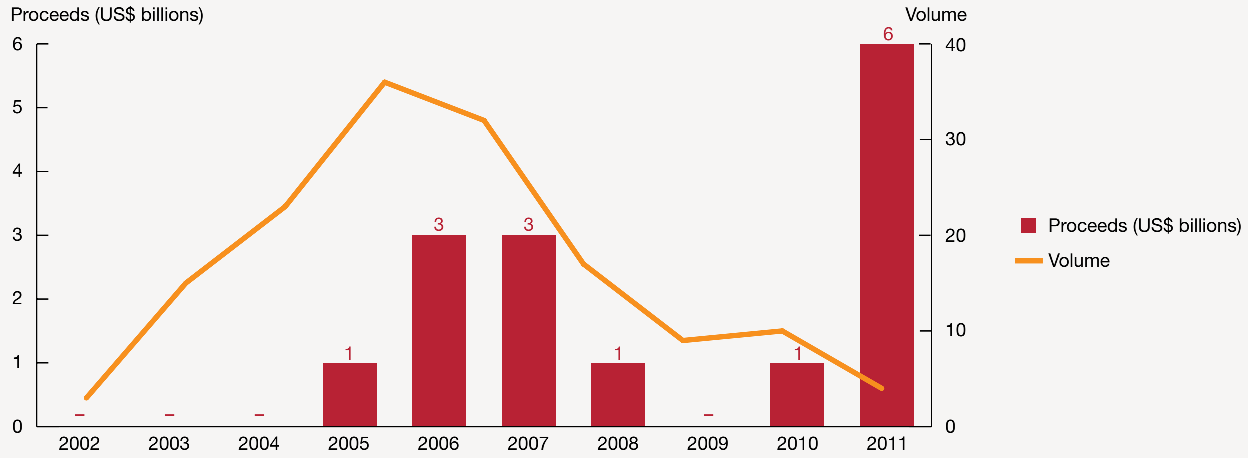
Singapore

Main board
Catalist

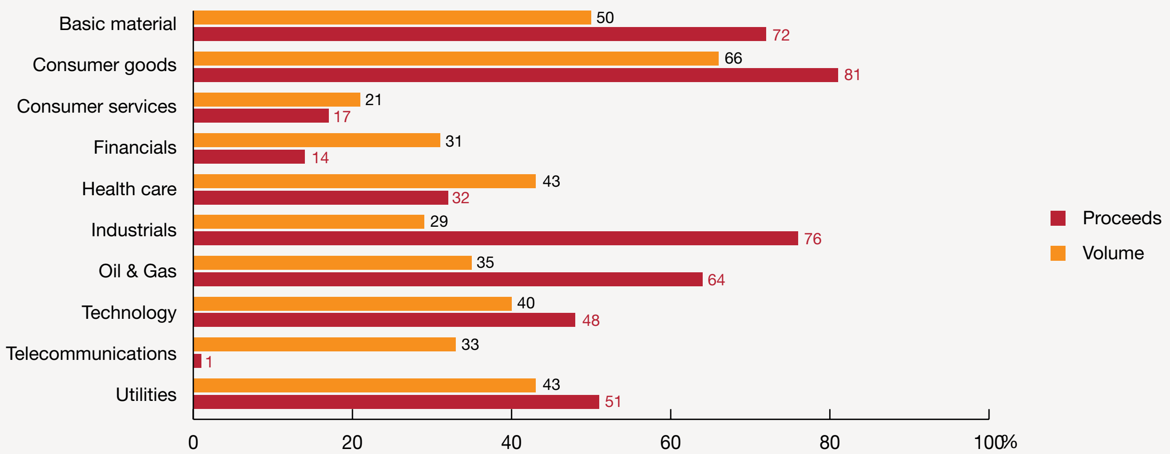
Top 5 countries of issuers	Volume	Proceeds ($bn)
China	130	5.3
Hong Kong	26	5.9
Malaysia	8	0.2
Indonesia	4	0.3
Thailand	3	1.4

At 31 December 2011	Singapore
Total number of issuers	773
Total market cap ($bn)	598
Total number of foreign issuers	311
No. of IPOs (2002-2011)	451
Proceeds ($bn) raised by IPOs (2002-2011)	33
No. of cross-border IPOs (2002-2011)	183
Proceeds ($bn) raised by cross-border IPOs (2002-2011)	15
% of cross-border IPOs (volume)	41%
% of cross-border IPOs (proceeds)	45%

Cross-border IPOs coming to the Singapore markets



Cross-border IPOs as a percentage of total Singapore IPOs per sector (Jan 2002-Dec 2011)



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