
Equity Capital Markets Update

London Stock Exchange

Fourth quarter and full year 2019



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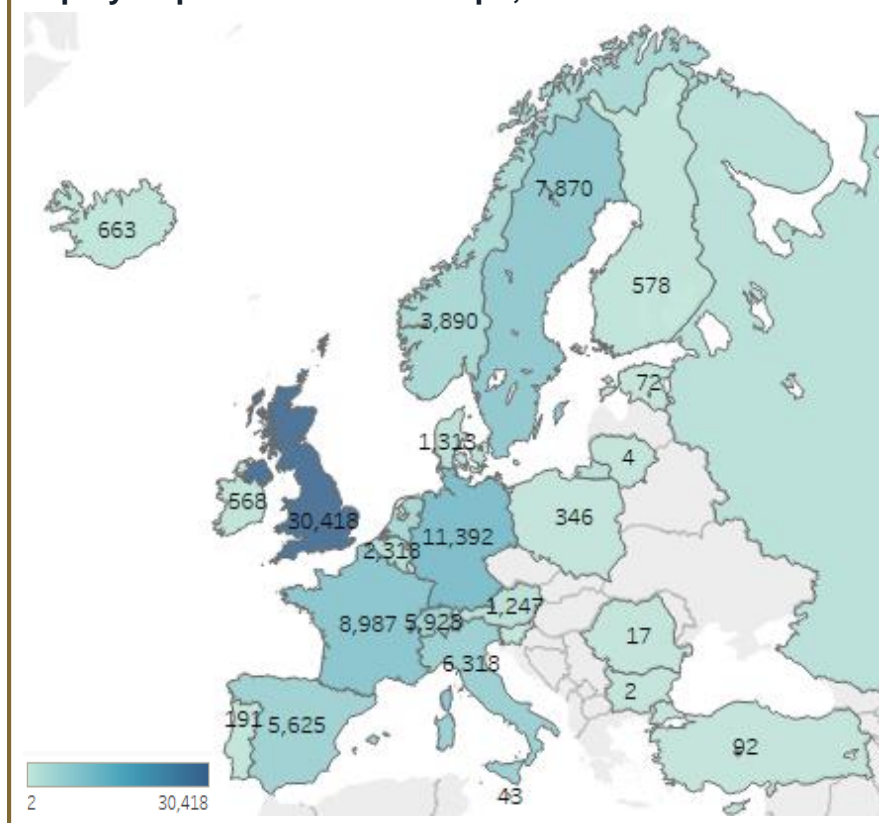
Equity Capital Markets in Q1-Q4 2019

32% of total European proceeds were raised in London



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Equity Capital Raised in Europe, Q1-Q4 2019



- Compared to 2018, global IPO activity slowed in 2019 as trade tensions, concerns about economic growth, and political uncertainty dampened IPO sentiment
- Global IPO volumes fell by 8% YoY with declines in both the Americas and APAC. EMEA, with a 19% YoY rise, was the exception to the rule, mainly due to the listing of Saudi Aramco, the largest IPO on record by proceeds
- In what was a difficult year for equity capital markets in Europe, London Stock Exchange once again led the way raising £30.4bn through IPOs and FOs, making it the 4th largest exchange globally by proceeds and almost 3 times more than the next largest European exchange
- Technology continued to drive global deal flow accounting for 23% of all IPO capital raised and 18% of total proceeds globally
- Of the 10 largest tech IPOs, 3 were on NYSE, 2 on NASDAQ, 2 on London Stock Exchange (Network International and Trainline), 1 on Borsa Italiana and 1 in Frankfurt

Source: Dealogic, January 2020

Note: the figures in the map reflect capital raised per exchange nationality and not per specific stock exchange

Equity Issuance Remains Robust

£30bn has been raised in London through IPOs & FOs in 2019

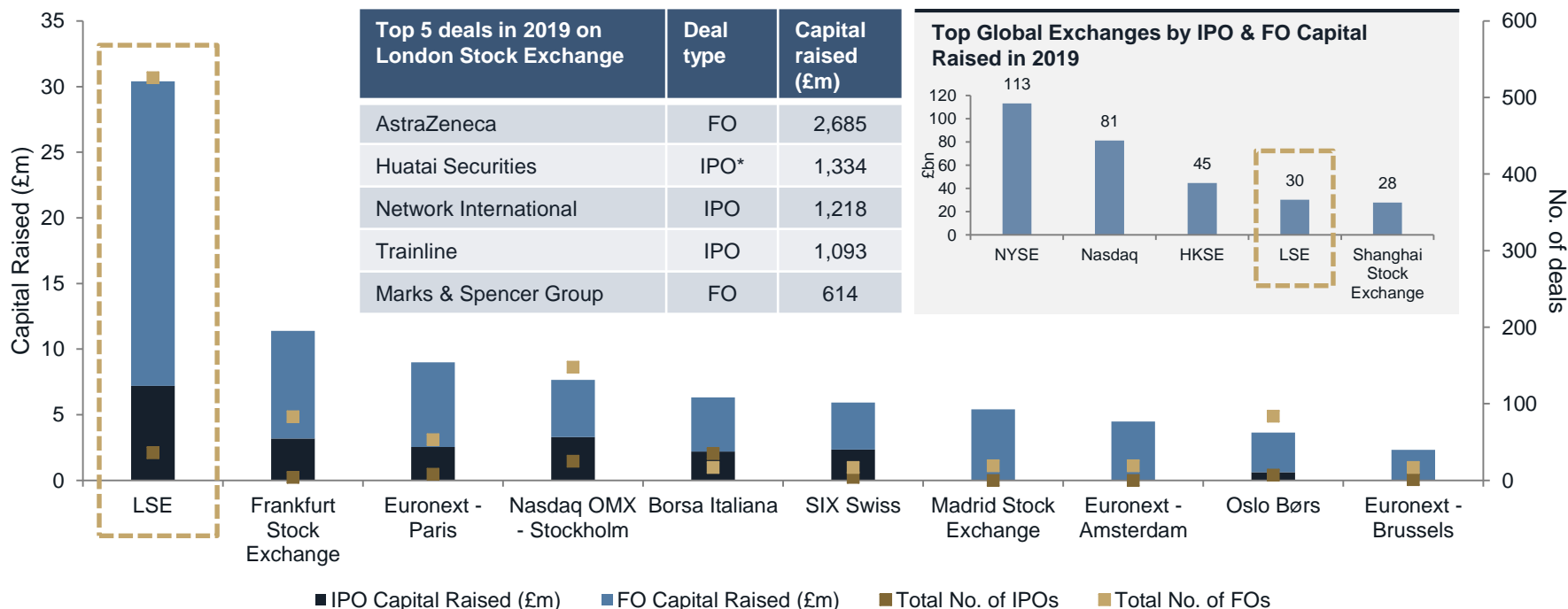


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London was the most active equity market in Europe in 2019, with:

- 3.2x more transactions (562 IPOs & FOs) than the next most active market, Stockholm (173 IPOs & FOs)
- 2.7x more raised in IPO and FO proceeds (£30.4bn) than the next largest peer, Frankfurt Stock Exchange (£11.1bn)

Top 10 European Exchanges by IPO & FO Capital Raised in 2019



Source: Dealogic, January 2020

All calculations are based on a deal pricing date

*A new listing as a part of Shanghai-London Stock Connect

The Global Offshore Financing Centre

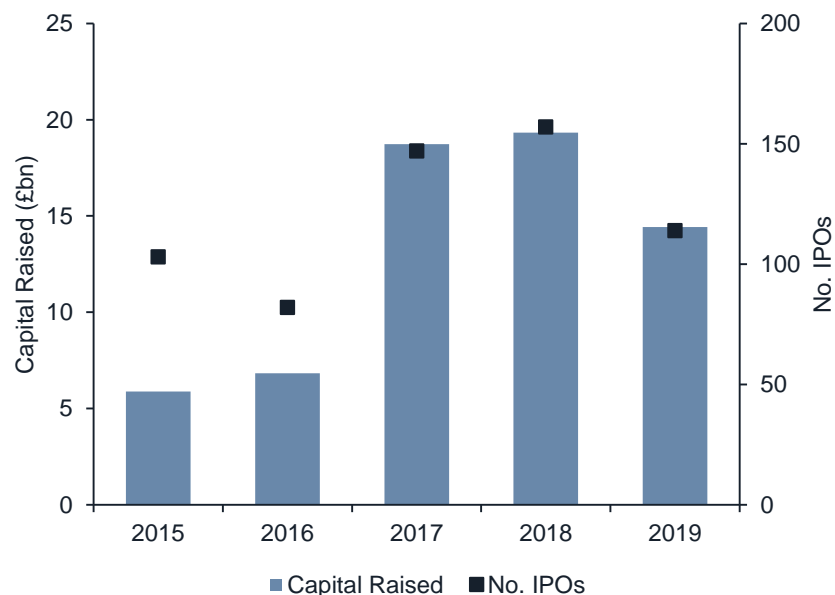
No.1 exchange for cross-border IPOs globally since 2017



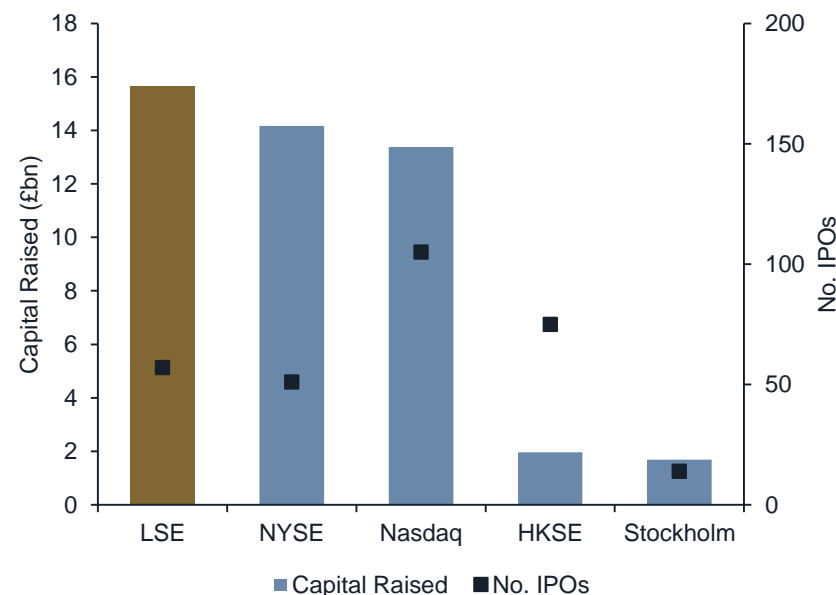
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- Since 2017, there has been a marked increase in the number of cross-border IPOs globally. In this time period, London Stock Exchange has established itself as the **No.1 exchange for cross-border IPOs**
- In this time period, 30% of cross-border IPO capital has been raised in London. This is c.£1.5bn more than the next largest exchange for cross-border IPOs, NYSE
- Additionally, 2019 has seen c.£4.4bn raised in cross-border IPOs in London, accounting for **one-third of the global total**
- London has welcomed companies from North America, Africa, United Arab Emirates and China in 2019

Global Cross-Border IPO deal value 11% above
5y average despite market slowdown



Capital Raised, Cross-Border IPOs since 2017 by Exchange



Source: Dealogic, FactSet, January 2020

Cross-Border IPO defined as an IPO listing where the exchange nationality differs to the company nationality

Note: companies from Greater China listing on HKSE have not been classified as cross-border

International Trends

International issuers continue to access the London market

— In the last 3 years, the majority of the largest IPOs on London Stock Exchange have been international issuers. This trend has continued in 2019.

9 of the top 10 2017 IPOs were International

Company	Nationality	Capital raised at IPO (£m)
Allied Irish Banks	Ireland	2,991
EN+ Group	Russian Federation	1,148
J2 Acquisition	United States	912
Sherborne Investors	United States	700
Polyus OAO	Russian Federation	663
BioPharma Credit	United States	606
Glenveagh Properties	Ireland	553
ContourGlobal	United States	441
TI Fluid Systems	United States	407
Eddie Stobart Logistics	United Kingdom	393

3 of the top 5 2018 IPOs were international

Company	Nationality	Capital raised at IPO (£m)
Aston Martin Lagonda	United Kingdom	1,083
Smithson Investment Trust	United Kingdom	823
Vivo Energy	Pan-African	603
Avast	Czech Republic	602
Nova Ljubljanska Banka	Slovenia	583

3 of the top 5 2019 IPOs were international

Company	Nationality	Capital raised at IPO (£m)
Huatai Securities	China	1,334
Network International	UAE	1,218
Trainline	United Kingdom	1,093
Airtel Africa	Pan-African	541
Schiehallion Fund	United Kingdom	363

Source: Dealogic, January 2020

Note: international nature determined by main country of operation

 = international issuer

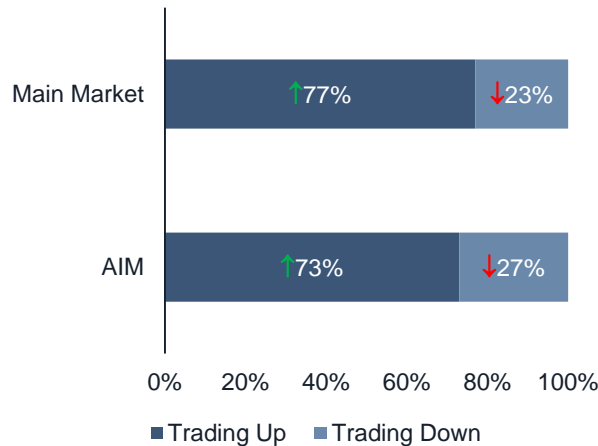
IPO Aftermarket Performance

80% of Main Market IPOs have traded above offer price



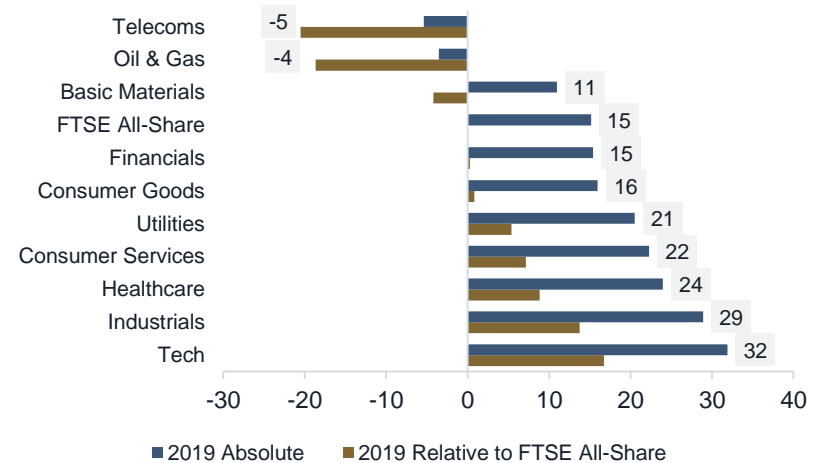
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Aftermarket Performance, LSE IPOs 2019 Q1-Q4



*2019 IPOs
are up 43%
on a market
capitalization
weighted
basis*

Relative (%) performance of FTSE ICB Industries, 2019



London Best Performing IPOs, 2019 Q1-Q4

Company	Argentex Group
Market	AIM
Market cap at IPO	£62m
Current market cap	£191m
% price change	↑ 59%

Company	Huatai Securities
Market	Main Market
Market cap at IPO	£20,412m
Current market cap	£18,488m
% price change	↑ 56%*

Company	Network International
Market	Main Market
Market cap at IPO	£2,175m
Current market cap	£3,205m
% price change	↑ 47%

Source: Dealogic, FactSet, January 2020

Note: IPOs with a market capitalisation of below £20m excluded from best performing IPOs

*Price change based on GDRs only

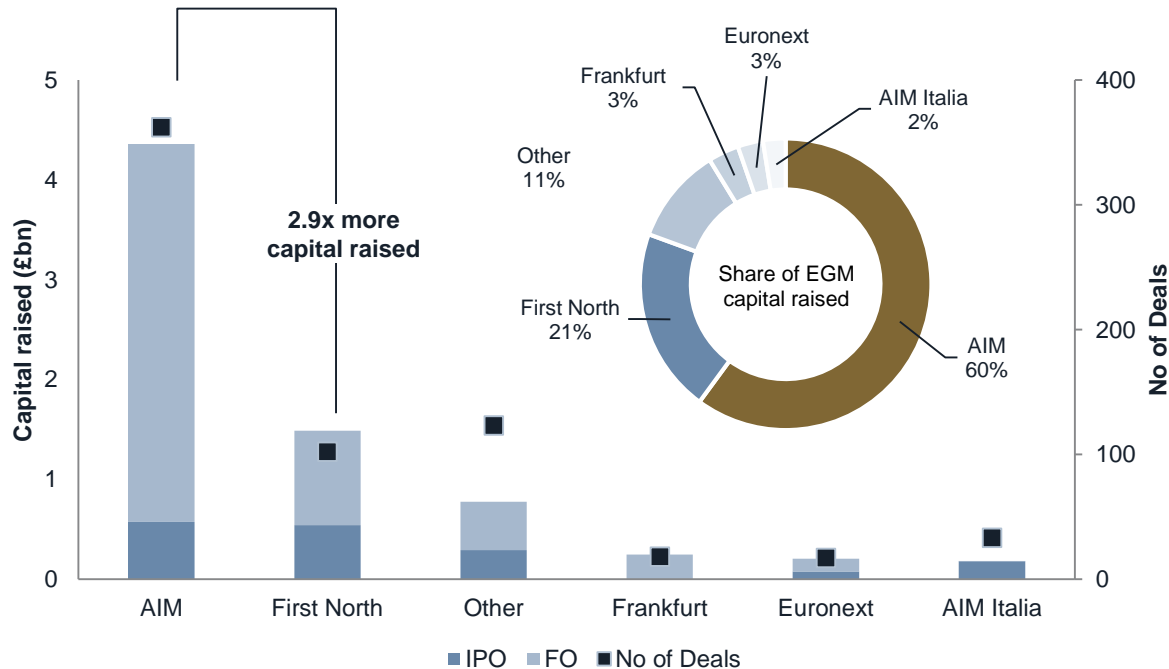


Europe's Growth Market Engine

60% of European growth market capital in 2019 was raised in London

- In 2019, AIM continued to drive growth market capital raising in Europe, accounting for 60% of all IPO and FO capital raised and 2.9x more than the next European Growth Market (First North)
- In total, there were 362 deals, raising £574m through IPOs and £3.8bn in FOs
- 5 of the top 10 European growth market IPOs during 2019 took place on AIM, yet again dominating Europe

2019 capital raised across European Growth Markets



Top 5 2019 European Growth Market IPOs

Company	EGM	Proceeds (£m)
Akelius	Stockholm	342
Millenium Hotels	Madrid	224
Pebble	AIM	135
UniPhar	AIM	126
Loungers	AIM	83

Top 5 2019 European Growth Market FOs

Company	EGM	Proceeds (£m)
Globalworth	AIM	300
Globalworth	AIM	264
THQ Nordic	Stockholm	173
GB Group	AIM	160
Hafnia	Oslo	159

Source: Dealogic, January 2020

First North classification includes: FN Stockholm, FN Denmark, FN Finland, FN Lithuania

Euronext classification includes: Euronext Paris (no capital was raised in other Euronext Growth markets)

Other includes: Oslo Axess, MAB, Nordic Growth Market, BX Swiss, NEX and Warsaw New Connect

A nighttime photograph of the London skyline. The Gherkin (30 St Mary Axe) is prominently featured on the right, illuminated with warm lights. To its left, several other skyscrapers are visible, some with blue and white lights. In the foreground on the left, the dome and clock tower of St Paul's Cathedral are visible. The overall scene is dark, with city lights providing the primary illumination. A horizontal gold bar is positioned above the text.

Shanghai-London Stock Connect *Launched June 2019*



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Shanghai-London Stock Connect

A historic milestone in China's opening up



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What is Shanghai-London Stock Connect?

- A two-way depositary receipt mechanism delivering a UK-China ecosystem with global and Chinese financial intermediaries partnering on primary and secondary markets
- For the first time, foreign companies can list in mainland China; also for the first time, securities fully fungible with Chinese A-shares can be traded outside China
- Stock Connect has been developed jointly by Shanghai Stock Exchange and London Stock Exchange Group, with the full support of the UK and Chinese Governments and regulatory authorities

London Stock Exchange listed corporates issue
CDRs listed on Shanghai Stock Exchange



Shanghai Stock Exchange listed corporates
issue GDRs listed on London Stock
Exchange



Why list CDRs in China?

- A unique opportunity to step up expansion in terms of customer base and brand recognition in one of the world's fastest growing and largest markets
- Dedicated rules for London's Chinese Depositary Receipts (CDRs) provides accelerated listing timetables and maximum compatibility with UK rules
- Tap the fastest growing asset management geography globally and access Chinese investors of the highest quality

Why list GDRs in London?

- The ability to raise capital in the world's most international market and an unrivalled GDR ecosystem
- An efficient mechanism to expand investor base – London has the most diverse investor base of any major global exchange, allowing issuers to build internationally facing business models
- Shares of London Stock Exchange listed shares are the most universally accepted acquisition currency – London listed acquirers have used listed shares to acquire targets in 54 countries globally

Case Study Huatai Securities

Inaugural issuer to list via the Shanghai-London Stock Connect



Company name	Huatai Securities Co. Ltd.
LSE market	Main Market
FTSE ICB sector	Financial Services
Main countries of operation	China
Admission date	17 June 2019
Money raised at admission	\$1,692 million
Market cap at admission	\$25,516 million
Underlying to GDR ratio	10:1
Bookrunner	JP Morgan, Huatai HK, Morgan Stanley, Credit Suisse, HSBC

“Shanghai-London Stock Connect is the first of its kind to directly link the Chinese and European markets and a strategic component of China's capital markets opening up. The programme offers us access to one of the deepest and most influential capital markets in the world and provides fungibility between the GDRs and the A Shares. The offering will improve our core competitiveness by supporting the growth of our international business, further expanding our overseas footprint, and strengthening our capital position. We are pleased to be the first issuer to tap this new market of enormous potential and unprecedented opportunity.”

Zhou Yi, Chairman & President

Listing Story

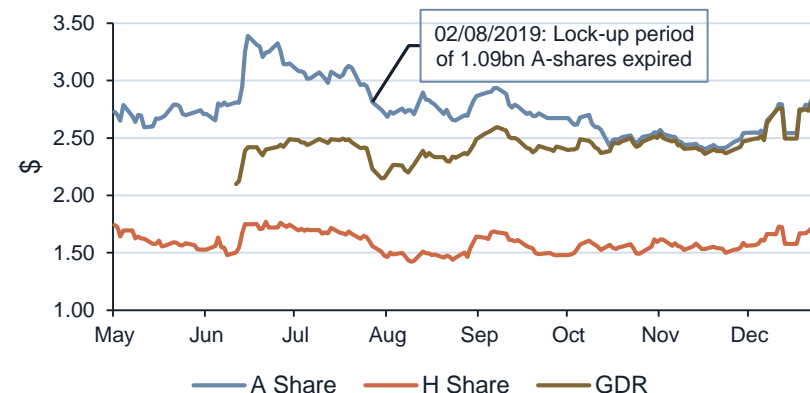
Huatai Securities is a leading integrated securities group in China, with the largest securities brokerage business and leading e-platform in the industry. The company has maintained A-share and H-share listings since 2010 and 2015 respectively.

Huatai's landmark transaction was the first ever listing on the newly-created Shanghai Segment of London Stock Exchange. The Company successfully raised \$1.69bn (including over-allotment facility) making it the largest UK GDR offering since 2012.

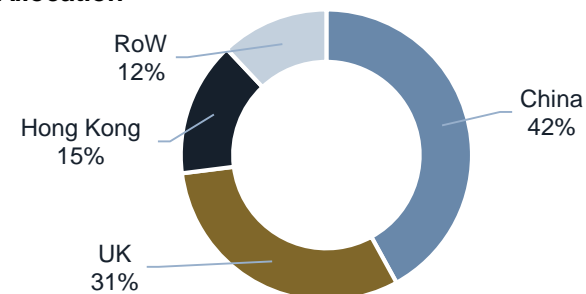
This marks the first time that international investors have had access to the Chinese A-share market with a fully fungible instrument using international trading and settlement practices

Since day 121, the GDRs are now fully fungible with the A Shares and generally trade within a 1% premium / discount. At the end of 2019, the GDR was priced at a 81% premium to Huatai's H Share.

Price Performance since Issuance



Estimated Allocation



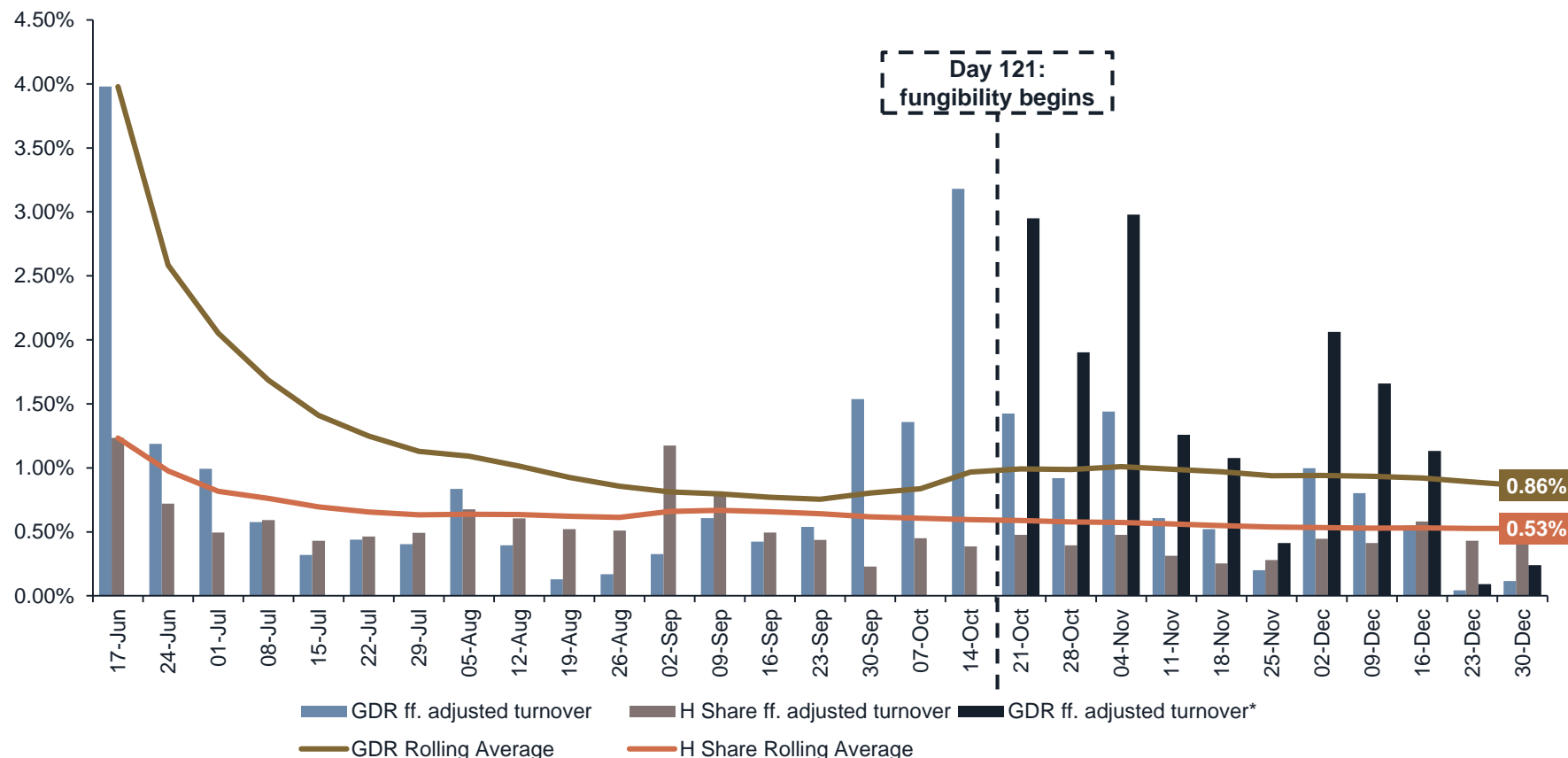
Huatai Securities' Liquidity

Almost 1% of Huatai's GDR float trades each day on average



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Average daily free float adjusted turnover ratio, Huatai Securities



Source: Bloomberg, Wind, up to and including 31 December 2019

*Based on 39,871,540 GDRs rather than the original 82,515,000 as per the Huatai Securities announcement -

http://static.sse.com.cn/disclosure/listedinfo/announcement/c/2019-10-26/601688_20191026_3.pdf



World's Leading Investment Fund Market



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Investment Funds Update

Continued momentum in investment capital raisings

32%

Proportion of total IPOs on London Stock Exchange in 2019 were by investment funds

70

IPO and FO transactions by investment funds in 2019

13%

Average market cap weighted premium to NAV of closed-end investment fund IPOs in 2019

Green fund strategies dominate 2019 activity

Green fund strategies welcomed in 2019

US Solar Fund

Predominantly invests in Solar Power Assets in the United States, but it may also invest in Solar Power Assets in other OECD countries in the Americas. Listed on the Premium segment in April 2019.

Aquila European Renewables Fund

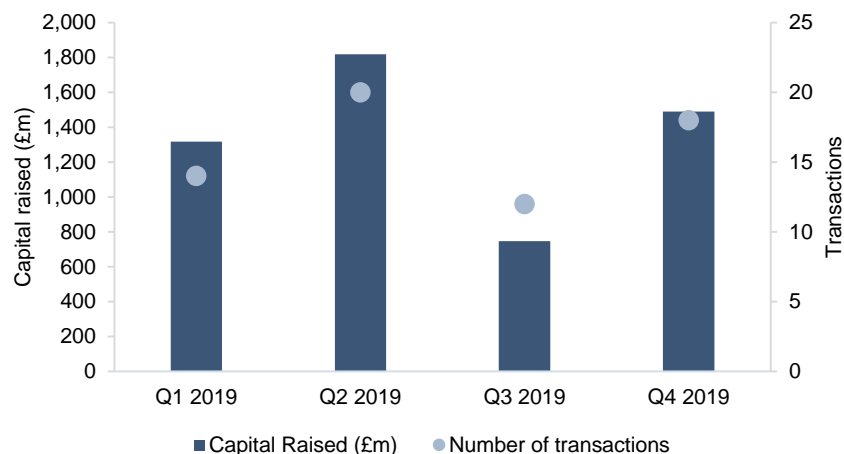
Aquila European Renewables Income Fund objective is to provide investors with a truly diversified portfolio of renewable assets. Listed on the Premium segment raising £150m+.

Octopus Renewable Infrastructure Trust

A closed end investment company focused on building and operating a diversified portfolio of Renewable Energy Assets in Europe and Australia. Listed on the Premium segment raising £350m.



Consistent Further Offer Issuance Momentum in 2019



Source: London Stock Exchange, Dealogic, FactSet, Morningstar, January 2020

Note: Investment funds include closed-end funds, investment companies, vehicles and SPACs

A nighttime photograph of the London skyline. On the left, the dome of St Paul's Cathedral is visible. In the center, several skyscrapers are lit up, including the Gherkin (30 St Mary Axe) on the right, which is under construction with cranes. The text 'Further Offers' is overlaid in white on a dark background.

Further Offers



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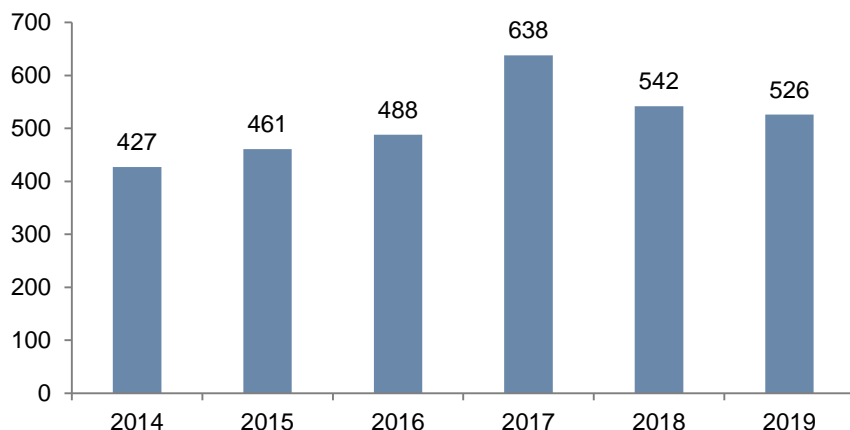
Public Markets Support Growth

4% CAGR in FO issuances since 2014

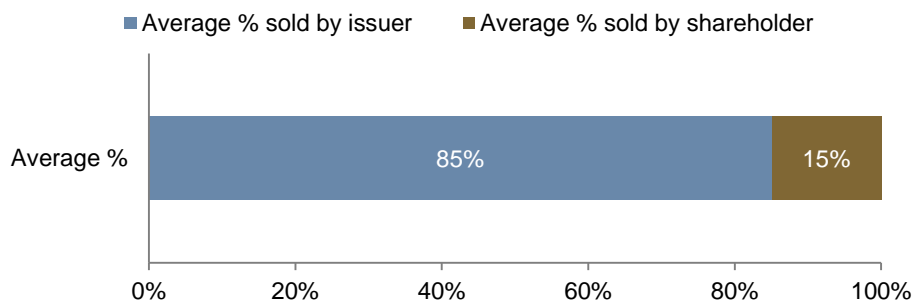


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No. of further offer transactions since 2014



Primary/secondary % allocation for 2019



£24.5bn

Capital raised through further offers in 2019

£2.7bn

Capital raised through the largest further offer of 2019 by AstraZeneca

85%

Of the capital raised through further offers has been through primary issuance

Largest Further Offers – 2019

Company	Date	Deal Type	Primary / Secondary	Proceeds (£m)
AstraZeneca	29 Mar	Accelerated Bookbuild	100 / 0	2,685
Marks & Spencer	13 Jun	Accelerated Bookbuild	100 / 0	614
Network International	5 Sep	Accelerated Bookbuild	0 / 100	580
Anglo American	26 Jul	Accelerated Bookbuild	0 / 100	519
BT Group	28 Jun	Accelerated Bookbuild	0 / 100	487
SEGRO	15 Feb	Accelerated Bookbuild	100 / 0	451
Avast	4 Sep	Accelerated Bookbuild	0 / 100	444
Metro Bank	15 May	Accelerated Bookbuild	100 / 0	375
Greencoat UK Wind	30 May	Fully Marketed	100 / 0	375
Standard Life	15 Feb	Accelerated Bookbuild	100 / 0	349

Source: Dealogic, January 2020

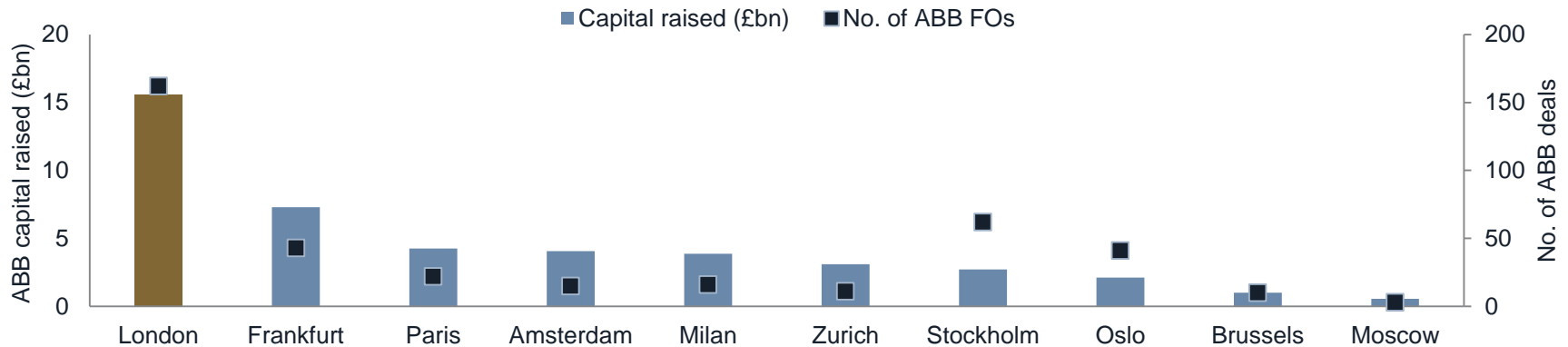
London Enables Quick Access to Capital



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UK ECM ecosystem supports large and efficient financing needs

Capital raised through Accelerated Bookbuilds in Europe, 2019



London's deep pool of capital and world-class ECM ecosystem of banks and investors allows large- and mega-cap companies to address sizeable and efficient financing needs at speed

£15.5bn

Capital raised through Accelerated Bookbuild (ABB) transactions in London in 2019

£2.7bn

Capital raised by AstraZeneca, the largest London ABB in this time period

2x

2x more capital raised through ABB deals in London than the next closest European exchange

Largest ABBs on LSE in 2019

Company	Date	Proceeds (£m)
AstraZeneca	29 Mar	2,685
Network International	05 Sep	580
Anglo American	26 Jul	519
BT Group	28 Jun	487
SEGRO	15 Feb	451
Avast	04 Sep	444
Metro Bank	15 May	375
Standard Life	15 Feb	349
Novolipetsk Steel	28 Jun	315
Sophos	05 Dec	312



Introducing Primary Bid



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Increasing Importance of Retail Investors



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Crucial in promoting an active shareholder base

The shift from
Active to Passive
means increase in
importance of retail
investors

Retail investors
own 12% of UK Plc

This has grown
~20% over 3 years

On AIM Retail
ownership is
closer to 30%

Retail ADTV

FTSE 100 ~ 5%

SmallCap ~ 29%

What does this mean for issuers?

- Retail investors represent an opportunity to increase an issuer's "Active" shareholder base
- An increase in engagement with retail investors has a magnified effect on the "Active" element of daily trading volume and share price discovery
- Share Placings rely on active sources of capital



Why Engage with Primary Bid

Access to a broad range of retail investors

Galvanise interest from retail investors

Helps build upward share price momentum and daily liquidity

Unlock incremental capital in transactions

Dovetails perfectly with existing institutional process

Time efficient

PrimaryBid builds a book of demand in a matter of hours, at 'strike'

Best-in-class corporate governance

Allows equal access to all investors

PrimaryBid & London Stock Exchange

Commercial agreement to democratise equity offerings



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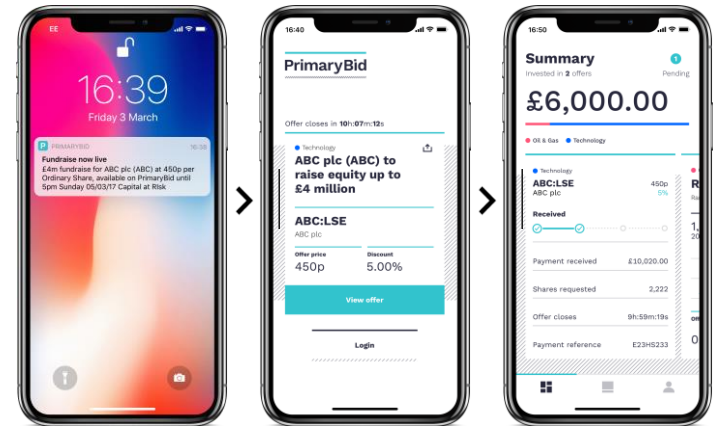


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Instantly connects retail investors to public equity offerings:

- Covers IPOs, follow-on equity capital increases, secondary block sales and retail bonds
- Digitally connects retail investors to quoted company offerings at the same price as institutions
- Allows London issuers to unlock a broad pool of retail capital and liquidity
- Works in collaboration with investment banks and stockbrokers



Pay with



Available on





Green Initiatives



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Sustainable Finance Proposition

Support for Sustainable Capital Raising



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We support issuers in accessing global pools of long-term orientated capital to support sustainable growth, through a market place where strong governance and high quality disclosure are promoted.

Innovation in green and sustainable funding structures are supported by pioneering new concepts.

Our Sustainable Finance offering for issuers is based on four key pillars:

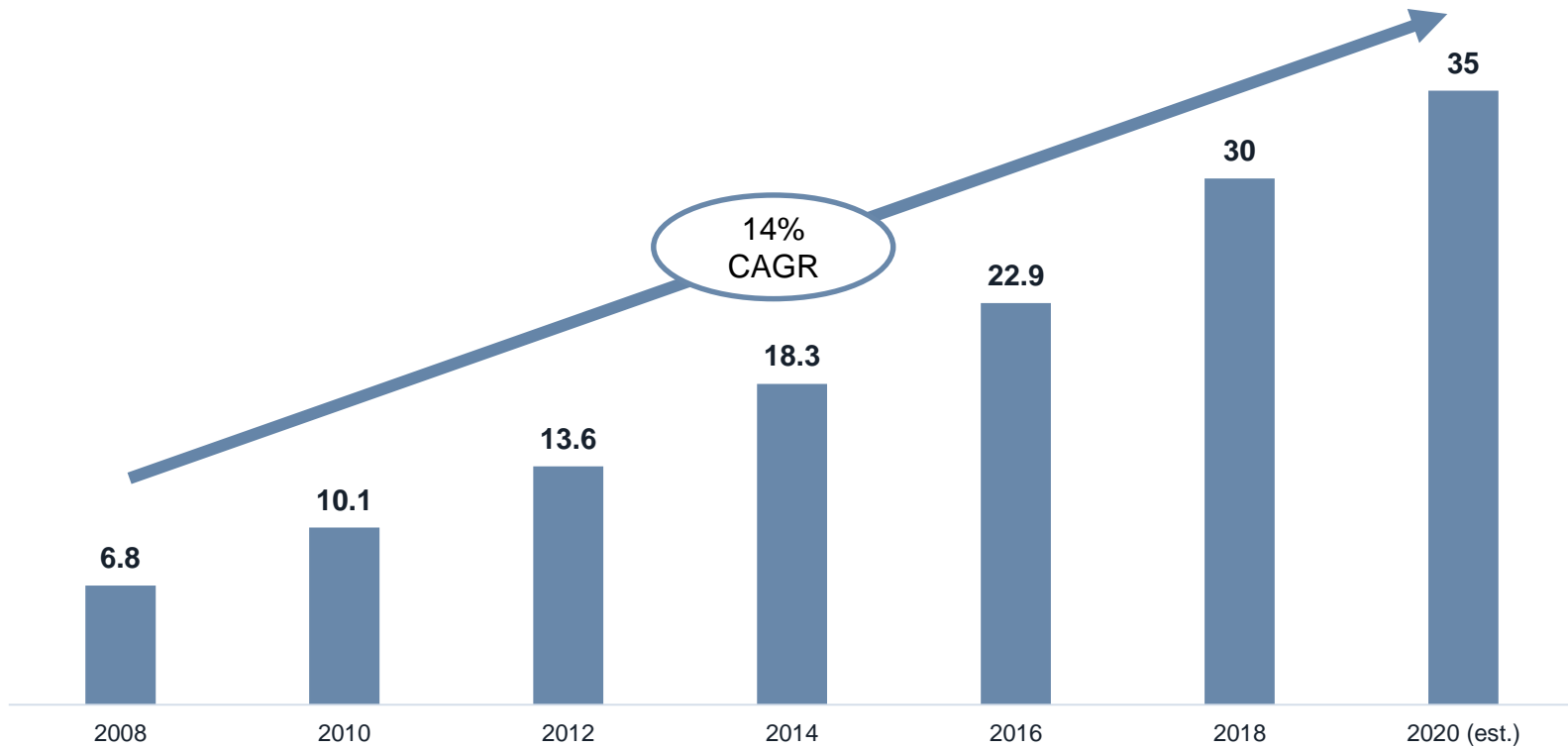
1. Access to capital	Access to markets representing the largest, most sophisticated and long-term orientated investor base for green & sustainable business and infrastructure in the world as well.	<ul style="list-style-type: none">• 48.4% of global green and sustainable assets are managed out of Europe*
2. Profile and visibility	We champion sustainable business and sustainable finance capital raising structures. <ul style="list-style-type: none">• the first to introduce a Green Bond segment and• the first in the world with a 'Green Economy classification'• the first to introduce a Transition bond	<ul style="list-style-type: none">• ICBC raised \$1.7bn in 2019, the largest ever green bond issuance globally• >\$6bn raised by listed green funds
3. Issuer service tools and insights	We provide guidance and support to issuers helping them to improve their dialogue and engagement with investors	<ul style="list-style-type: none">• ECM updated distributes to >2,000 contacts• >700 visitors attending events• >200 market opens annually
4. A world class peer group	Our markets are the premier global hub for sustainable investment and finance Our issuers benefit from being part of a comprehensive and integrated sustainable finance centre	<ul style="list-style-type: none">• >100 listed green bonds raising \$31bn• >20 green funds with an aggregate market cap of \$8bn• >100 listed green companies

*Global Sustainable Investment Alliance (2018)
<https://www.bloomberg.com/graphics/2019-green-finance/>

Growing Investor Allocation to ESG

Over \$35tn in AUM globally, growing at +14% CAGR

Global Assets Under Management that incorporate ESG (USD Trillions)



Championing Green Economy Issuers

Encouraging low-carbon transition among issuers



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Green Economy Classification & Mark

- Available to equity issuers with meaningful exposure to the Green Economy
- 50%+ revenues generated from business activities within FTSE Russell's Green Revenue Taxonomy
- FTSE Russell coverage or self-identified
- No additional cost to issuers
- Raises visibility to investors
- Peer group events & services
- Provides insight into the market dynamics of the low-carbon transition



Access to capital | Profile & Visibility | Issuer Tools & Insights | World Class Peer Group



Launch of Sustainable Bond Market

Following a market consultation, London Stock Exchange has enhanced its debt offering in sustainable finance with the launch of Sustainable Bond Market (SBM) on 11 October 2019



1

New Social, Sustainability and Issuer-Level Segments join Green Segment to create Sustainable Bond Market

- Distinct segments for use-of-proceeds instruments such as green bonds, social bonds, sustainability bonds, and issuer-level classified bonds, based on objective criteria
- For green, social and sustainability bonds admitted to SBM, issuers will be required to provide London Stock Exchange with an acceptable independent external review assessing the security's adherence to eligible relevant international principles

2

Issuer-level Classification Eligibility Criteria

- If an issuer is equity listed on a market operated by the Exchange, they will be required to be **Green Economy classified**; and
- Eligible issuers will be required to have a Green Revenue score of greater than or equal to 90% at the time of application.

3

Mandatory Post-Issuance Reporting

- Issuers admitting bonds to SBM must comply with mandatory annual post-issuance reporting requirements to demonstrate continued eligibility to SBM over the lifetime of the issuance.

Events & Initiatives



Upcoming LSEG Events in Q1 2020

14-15 Jan Euromoney CEE Conference

This established event is a firm fixture in the region's financial calendar and plays a key role in setting the agenda for the year ahead. Every year it brings together top-level investors, business leaders, policymakers, financiers and regulators. Over the course of two days, the conference will explore the macroeconomic outlook for CEE for 2020 and delve deeper into the economies of the individual countries of the region.

28-29 Jan Paris Fintech Forum

One of Europe's largest Fintech events for 2020. Nikhil Rathi (CEO LSE Plc) will feature in a panel discussing how to fund fintech growth.

21 Jan Companies to Inspire Africa

Companies to Inspire is London Stock Exchange Group's celebration of some of the fastest-growing and most dynamic small and medium-sized enterprises (SMEs). As well as identifying aspiring and inspiring companies, the reports examine in detail the opportunities and challenges facing SMEs and look at the sectors and trends that will shape the future.

03-06 Feb Mining Indaba

The world's largest mining investment event. Spanning over 25 years, Mining Indaba has a unique and widening perspective of the African mining industry, bringing together visionaries and innovators from across the spectrum.

04-06 Feb Africa Tech Summit

Africa's biggest tech event. The best African tech companies from start-ups to large corporates gathering in Rwanda. LSEG will be partnering with the event for the first time. Gokul Mani (Head of Middle East, Africa and India) and James Clark (Head of Tech and Lifesciences) will be participating in panel sessions on tech funding and start-up growth.

17 Mar LSEG Investment Funds Conference

The Annual Conference explores the subjects most relevant to the Investment Funds community, providing insights through panel discussions, keynote presentations and networking opportunities with investors, advisors and fund managers.



Dr Darko Hajdukovic
Head of Multi Asset Primary Markets
and Investment Funds
+44 (0) 20 7797 3306
DHajdukovic@lseg.com



Hetal Patel
Manager
+44 (0) 207 797 1043
HPatel2@lseg.com



Adrian Jeganathan
Team Lead
+44 (0) 20 7797 1104
AJeganathan@lseg.com



Chris McGahan
Analyst
+44 (0) 207 382 7693
CMcGahan@lseg.com



Rugiyya Gahramanli
Analyst
+44 (0) 207 797 4660
RGahramanli@lseg.com



Rhiannon Main
Analyst
+44 (0) 207 797 3426
RMain@lseg.com



Tiara Kirubananthan
Analyst
+44 (0) 207 797 3254
TKirubananthan@lseg.com



Ayeshi Azmeer
Assistant Analyst
+44 (0) 207 797 4642
AAzmeer@lseg.com



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10 Paternoster Square
London EC4M 7LS
Telephone +44 (0)20 7797 1000
www.lseg.com