

News Release



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Global Companies Returned to the Capital Markets in 2013, Led by Emerging Market Firms, says BNY Mellon's DR Yearbook

DR capital raisings surge 65% over 2012; 51 transactions from issuers in 20 countries

NEW YORK, January 27, 2014 — Investor demand for international diversification helped propel a sharp rise in capital raisings using depositary receipts in 2013, with 51 transactions coming from companies based in 20 countries, a jump of 65% over the prior year. In 2012, 31 DR capital raisings were conducted by issuers from just 12 countries.

BNY Mellon's year-end report on the DR industry shows that U.S. exchanges witnessed a return of companies from around the world eager to tap American investors via capital raisings and new depositary receipt programs. The 51 DR capital raisings raised \$10.4 billion, down from \$12.7 billion in 2012. Of those, 36 were on U.S. stock exchanges and raised \$5.3 billion, more than half the total, while 10 transactions on the London and Luxembourg Stock Exchanges raised \$4.3 billion.

China led in number of capital raisings with 14, up from only three in 2012. By value raised, the top five countries were Russia, Taiwan, China, Korea and Colombia, together bringing in more than \$7.3 billion. Issuers ranged across nearly two dozen sectors, with Financial Services topping the list at \$2.4 billion.

"Improved sentiment and climbing equity prices brought issuers back to global markets for their capital needs in 2013, especially in Asia-Pacific where DRs again proved an effective way for companies in the region to raise capital," said Christopher M. Kearns, CEO of BNY Mellon's Depositary Receipts business. "Last year, we witnessed a turnaround in the Eurozone debt crisis and then a spring collapse in most emerging market equities. In the second half, investors fueled increases in equity prices across the developed markets not seen since 2008.

"Many DR issuers and investors alike enjoyed the year's upward trends as global investment in DRs rose by more than \$150 billion year-over-year through the third quarter," Kearns added.

DR industry highlights of 2013 include: ⁽¹⁾

- DR capital raisings totaled \$10.4 billion via 51 transactions. The largest DR capital-raising transaction in 2013 was **TCS Group** of Russia, which raised \$1.1 billion
- More than 143 billion DRs valued at nearly \$2.6 trillion traded on U.S. and non-U.S. markets and exchanges
- The top five names in terms of DR value traded came from three countries: China, Brazil and the U.K. In order they were: **Baidu, Vale, Petrobras, Vodafone** and **BP**
- By the end of 2013, investors were able to select from a record-high 3,762 sponsored and unsponsored DR programs across more than 75 countries, a 2.3% increase from 2012
- 85 new sponsored DR programs were created last year, as well as 173 new unsponsored vehicles ⁽²⁾
- The **BNY Mellon Developed Markets ADR IndexSM** was the top performing DR index for the year ending Dec. 31, 2013, up 22.0%. The **BNY Mellon Classic ADR IndexSM** was up 17.8%. The top five performing DR country indices were Turkey (+64%), South Korea (+35%), Belgium (+35%), Austria (+33%) and Germany (+32%) ⁽³⁾

New DR Programs

In 2013, 258 new sponsored and unsponsored DR programs were established for companies from more than 40 countries. Of the year's 85 new sponsored programs, 34 were listed on stock exchanges: 19 in the U.S., 11 in Europe, and four in Asia. Thirty-nine issuers chose to trade their new sponsored DRs on the U.S. OTC market, with one using the OTCQX platform. South African issuers established the most new sponsored programs with 10, followed by Taiwanese issuers with seven.

Un-sponsored Market Update

In response to continued investor and broker demand, 173 new unsponsored DR programs were established in 2013, bringing the total number of unsponsored DRs to more than 1,500, representing issuers from 45 countries. Notable companies that converted their unsponsored DRs to sponsored included South Africa's **Shoprite** and **Vodacom**, the U.K.'s **RSA Insurance Group**, and Switzerland's **Informa**. The most actively traded unsponsored DR programs were Japan's **KDDI** and **Softbank**, the U.K.'s **Anglo American**, France's **LVMH**, Switzerland's **Swatch Group**, and Hong Kong's **Cheung Kong Holdings**, trading an aggregate \$3.9 billion on the OTC markets.

Regional Highlights

Asia-Pacific

Companies in Asia-Pacific used DRs to raise more than \$4.4 billion in capital in 2013, nearly three times the value raised in 2012. Investor sentiment toward Chinese firms listing in the U.S. improved, with 14 capital raisings totaling \$1.4 billion. Activity in Taiwan was robust for the second straight year, with six issuers raising more than \$2.1 billion. **Fubon** executed the largest GDR offering from Asia since 2007, raising \$850 million, while three Korean issuers led by **Doosan Infracore** raised \$660 million through DRs. Despite a downward trend in global trading, Asia-Pacific performed better than in 2012, with value of DRs traded up 13% to \$681 billion and volume up 15% to more than 31 billion shares. In Australia, BNY Mellon was chosen as successor depository by **Westpac Banking Corporation**; BNY Mellon now serves as depository for eight of the nine listed ADR programs for Australian firms. Notable new Australian DR programs included **Suncorp** and **AMP**.

Eastern Europe

Although Eastern European equity markets did not keep pace with growth in Western European markets during the year, they still raised nearly \$2.8 billion in capital. In May, Russian electronic payment platform company **QIWI** raised \$212 million on NASDAQ under the JOBS Act, as well as \$287 million via a subsequent follow-on offering in October. **TCS Group**, the second IPO of the year from Russia, raised more than \$1 billion, and **Romgaz**, the largest natural gas producer and supplier in Romania, came to market with an offshore offering and private placement of DRs raising more than \$185 million. Two other Russian issuers, **Mail.ru** and **PhosAgro**, raised just under \$1 billion in follow-on offerings. The value of DRs traded in the region fell 36% to \$306 billion, and volume dropped 39% to 24 billion.

Latin America

More than 38 billion DRs traded in the region, up 4% from 2012, but value fell 11% to \$593 billion. Latin America saw six capital raisings involving DRs in 2013 totaling \$1.4 billion, led by Colombia, Peru and Mexico. The Airline sector was active, with capital raised by **Volaris** and **Avianca Holdings**. The portion of both transactions placed in DR form with U.S. and European investors exceeded 80%. Eight new programs were created, with BNY Mellon acting as depository for six: two OTC-traded, three on NYSE, and one private placement. In Brazil, BNY Mellon was selected as depository by **Kroton Educacional**, one of the world's largest education companies, and also supported a complex reorganization for **Ambev**, one of Latin America's largest DR programs with a market capitalization of \$114 billion.

Middle East & Africa

South Africa led regional activity with 10 new programs established – eight OTC-traded and two NYSE-listed – including **MiX Telematics**, which raised over \$115 million. Regional trading volume rose 8% to 4.8 billion, while value fell 10% to \$81 billion. In the U.A.E, Dubai real estate company **DAMAC** raised nearly \$350 million through DRs on the London Stock Exchange. **OCI N.V.** in the Netherlands, an Orascom Construction Industries subsidiary, launched a tender offer for all outstanding shares of OCI Egypt and listed OCI N.V. on NYSE Euronext, along with an OTC-traded DR program. **Mazor Robotics** established a Level II program with no DRs outstanding at inception, and in six months reached \$160 million in outstanding DRs, amounting to nearly 60% of its total outstanding shares. Mazor later held a U.S. public offering of DRs, placing 2.8 million and raising \$46.9 million from investors.

Western Europe

Western European issuers used DRs to raise \$1.25 billion in 2013, more than five times the amount raised in 2012. **Criteo** appointed BNY Mellon as depositary for its IPO on NASDAQ, raising \$250 million; it was the first French IPO in DR form since 2011 and also the first French IPO under the U.S. JOBS Act. U.K. trading value was \$447 million, higher than for any other country, due mainly to a number of key DR programs being at or close to their all-time highs in terms of DRs outstanding, such as **Vodafone**, which reached one billion DRs outstanding during the year. The value of DRs traded fell 5% to \$908 billion, compared to \$953 billion in 2012. Even with lower trading volume of 45 billion shares, a decline of 8%, the region remains the world's largest and deepest DR market.

BNY Mellon's Depositary Receipt Leadership

In 2013, BNY Mellon acted as depositary for 45% of all new sponsored DR programs and continues its global leadership with a 60% market share of sponsored programs worldwide. The company completed several ground-breaking initiatives, including helping Ambev of Brazil structure its stock/swap merger, and working with Romgaz to raise capital in its privatization, the largest Romanian IPO ever and the first with a DR component.

To view BNY Mellon's 2013 DR Yearbook, visit www.bnymellon.com/dr

BNY Mellon acts as depositary for more than 2,700 American and global depositary receipt programs, acting in partnership with leading companies from 68 countries. BNY Mellon is committed to helping securities issuers access the world's rapidly evolving financial markets and delivers a comprehensive suite of depositary receipt services. Learn more at www.bnymellon.com/dr

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- (1) Statistics are as of Dec 31, 2013, unless otherwise noted; all trading value and volume, and company performance data: Bloomberg
- (2) DR program establishment and capital raising data: BNY Mellon and other depositary websites
- (3) BNY Mellon and Country DR Index data: BNY Mellon and S&P Dow Jones Indices, as of 12/31/2013

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