



Capital Markets Deep Dive

March 20, 2018



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Matthew Toole is the Director of Deals Intelligence within Thomson Reuters Investing and Advisory Division and is responsible for communicating broad M&A, capital markets, private equity and venture capital industry trends through regular research reports and the financial media. Matthew's research has been featured in various global financial publications including The New York Times and the Financial Times and he has appeared on CNBC's Worldwide Exchange and Squawk Box and The Nightly Business Report.



Anthony Hughes is Assistant Editor for International Financing Review with primary responsibility for overseeing equity capital markets coverage, including publication of the IFR US ECM Briefing. In this capacity, Mr. Hughes specializes in coverage of TMT, Industrials and Financials. He has had a long career in business journalism, starting in Australia as Investment Editor of the Sydney Morning Herald as well author of a daily stock market column for the Australian Financial Review. Prior to joining IFR in 2011, Mr. Hughes worked as AFR's New York correspondent. He has also co-authored two books on stock market investing in Australia. Anthony is a CFA charterholder.

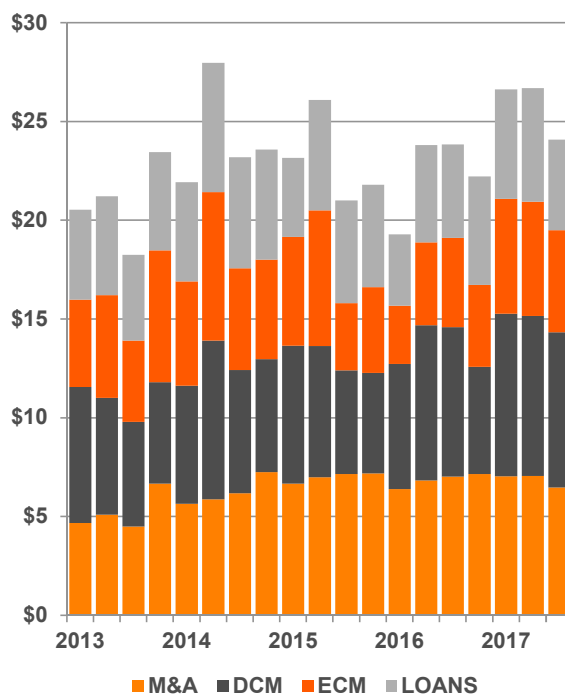
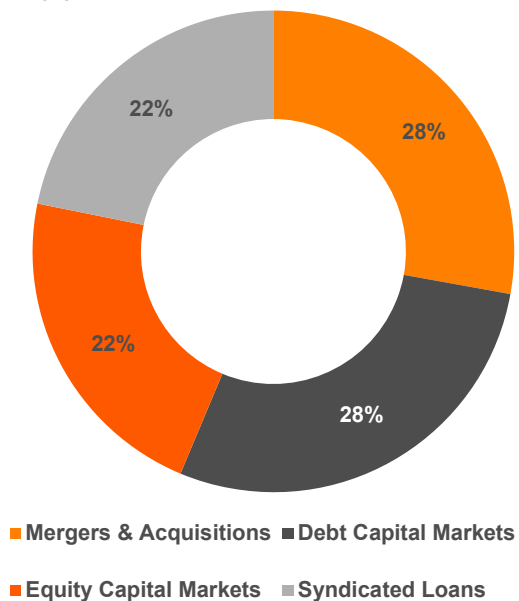


Davide Scigliuzzo is an Assistant Editor at IFR covering debt markets with a focus on leveraged finance. He has written about financings for large M&A deals and leveraged buyouts as well as broader trends impacting the new issue market. Prior to his current role, Davide worked as a reporter for IFR in New York and London covering debt capital markets in developed and emerging markets. Davide earned his Bachelor's degree in Economics and Social Sciences from Bocconi University in Milan and has Master of Arts in International Relations and International Economics from the Johns Hopkins University School of Advanced International Studies (SAIS).

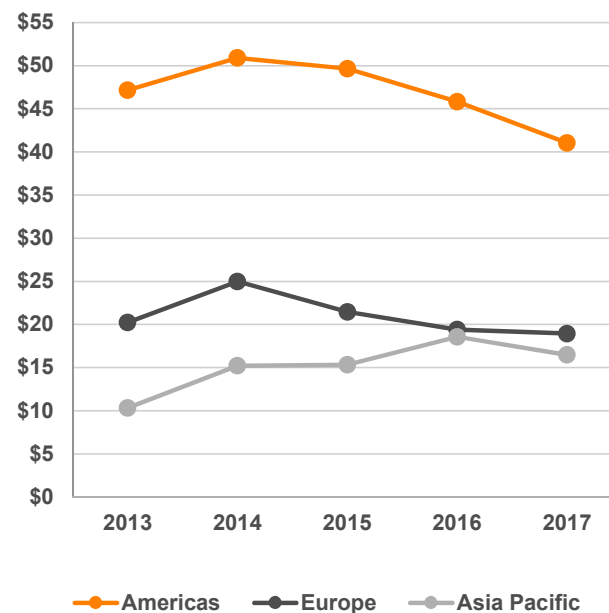
Capital Markets Deep Dive

Led by a resurgence of M&A activity, High Yield and IPO issuance, global investment banking fees surpassed \$100 billion for the second time since our records began in 2000 and set an all-time record. Capital Markets fees account for nearly three-quarters of all IB fees over the past five years.

Investment Banking Revenue by Product since 2013

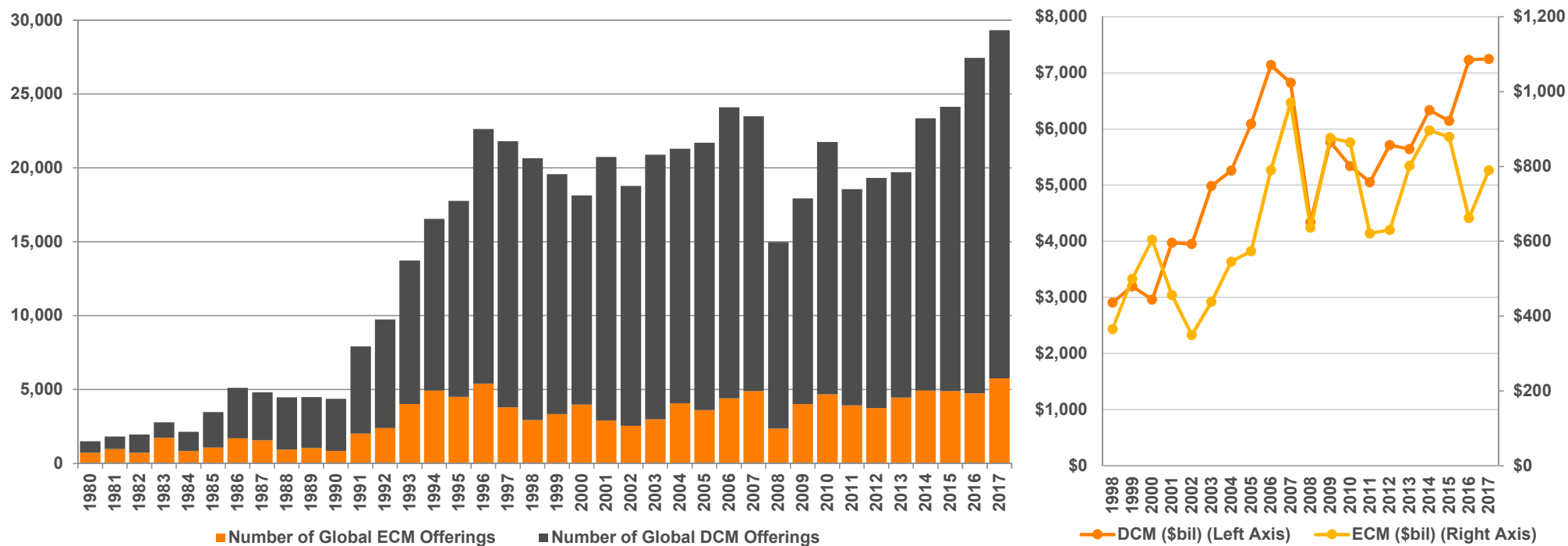


Regional IB Revenues

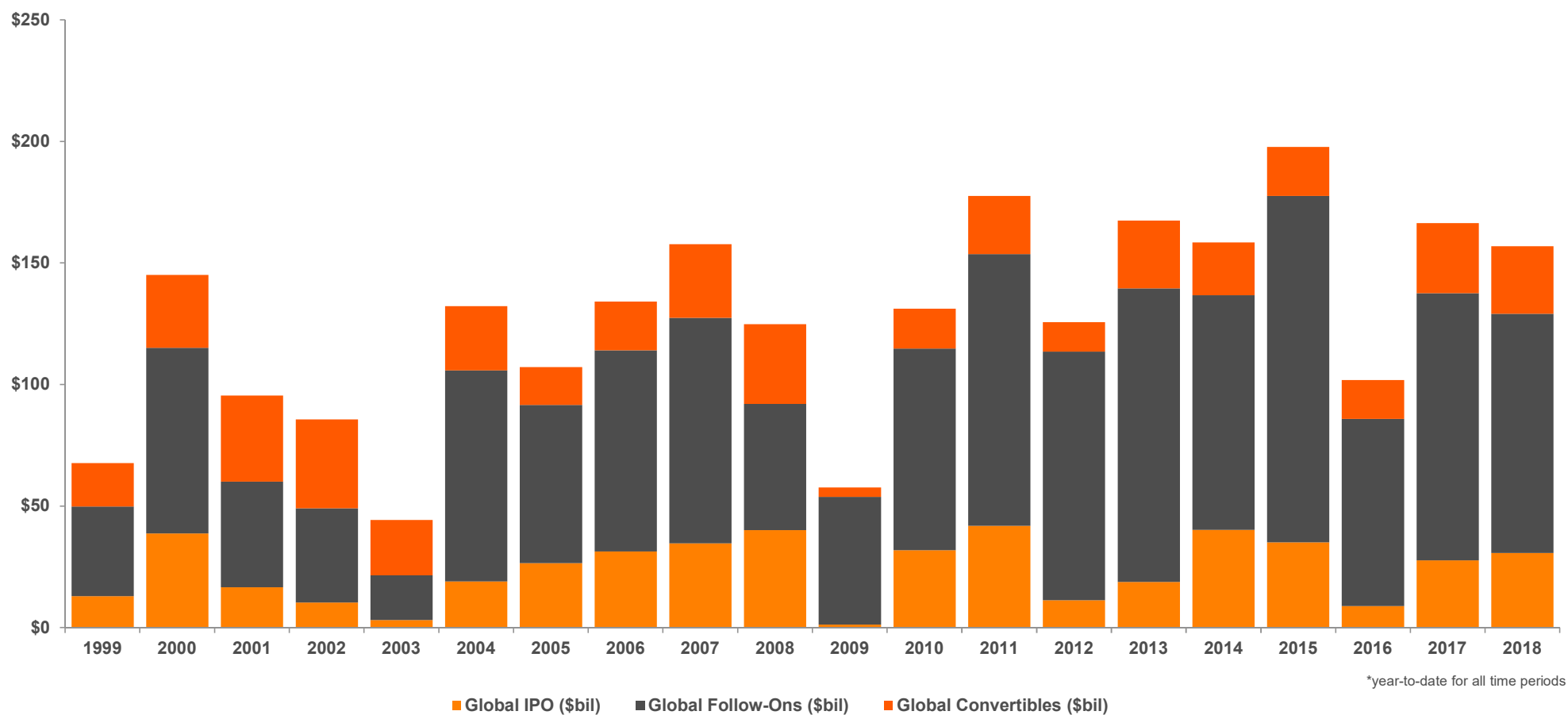


Capital Markets Running at Record Highs in 2017

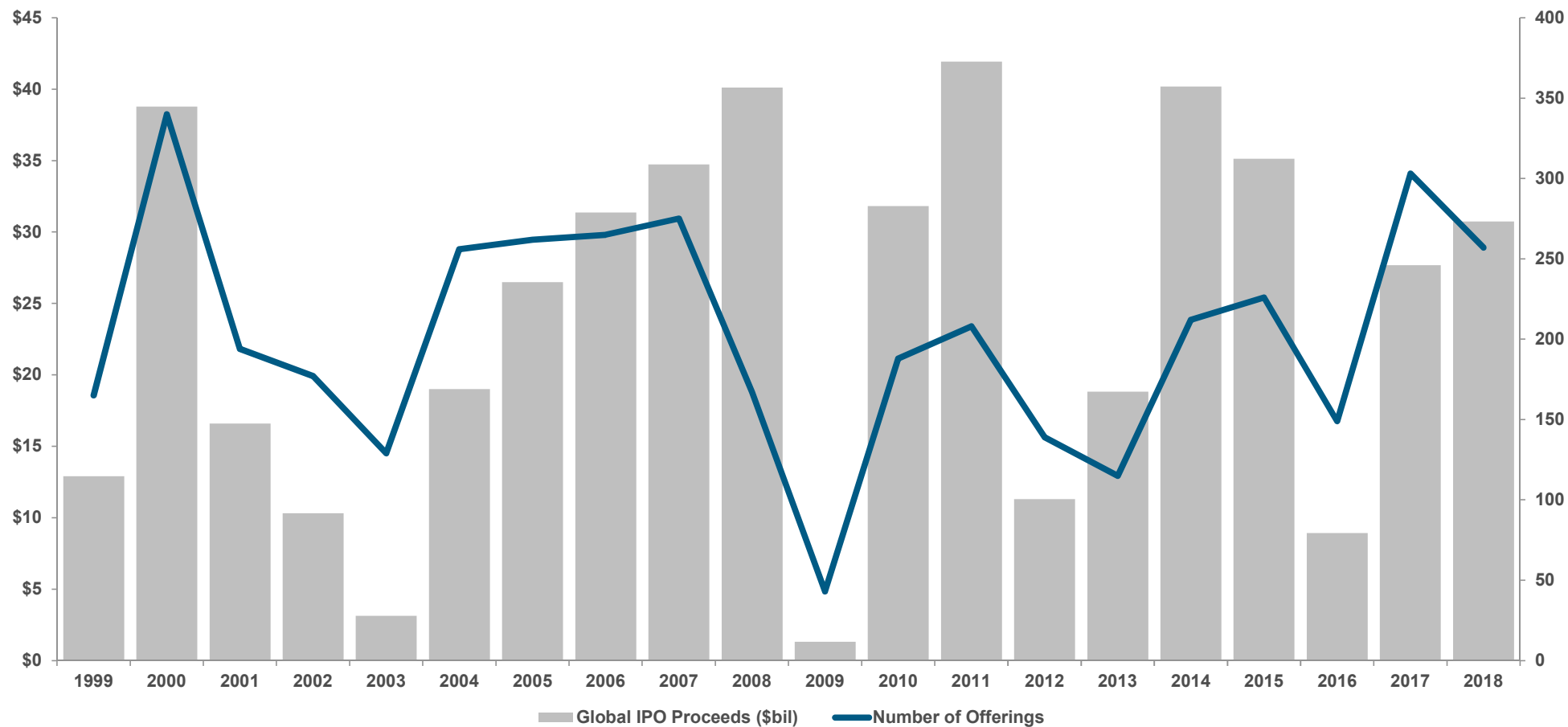
The number of global capital markets offerings hit an all-time record during full year 2017, topping 25,000 transactions for the second consecutive year. ECM activity has been more sensitive to macro headlines during the 10 years since the financial crisis, while the low global interest-rate environment has pushed global DCM issuance to over \$7 trillion for two consecutive years.



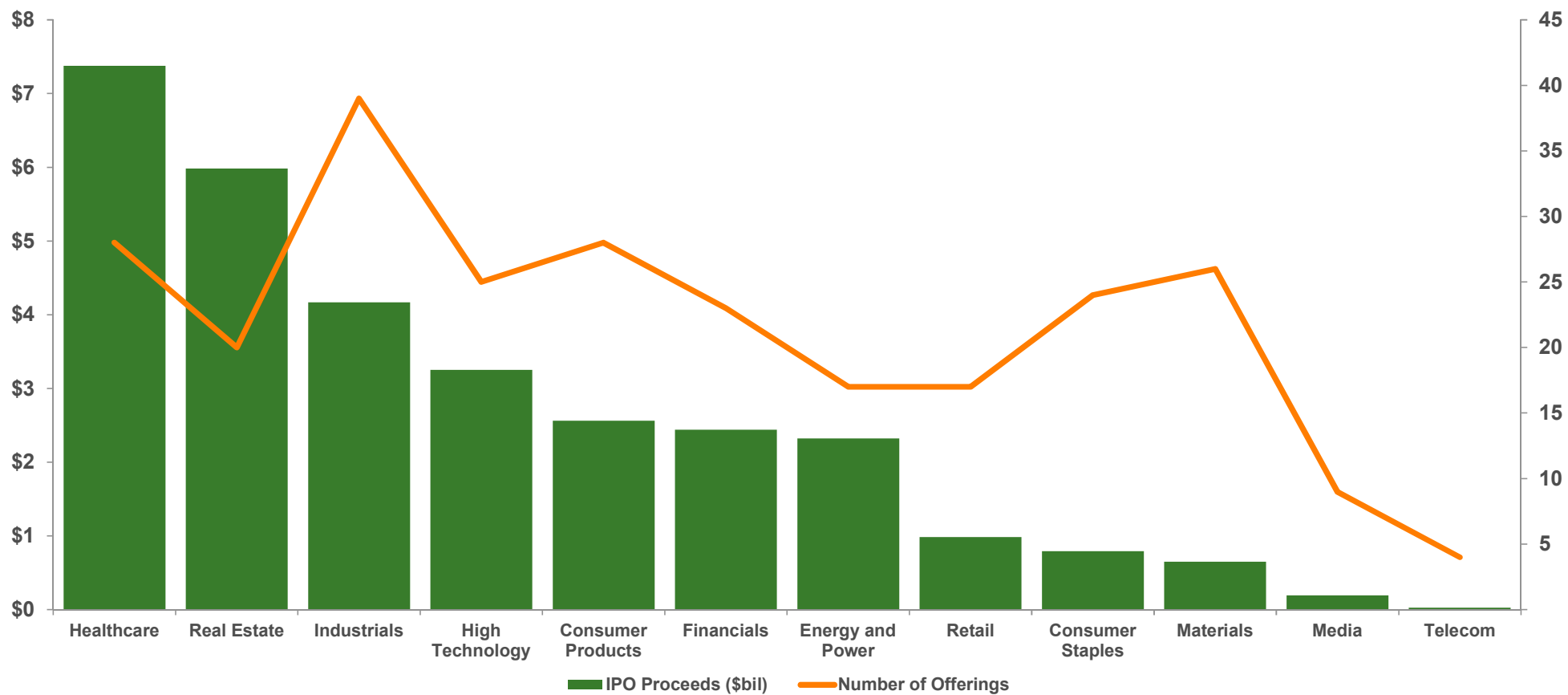
Global Equity Capital Markets activity falls 6% compared to 2017 levels



Global Initial Public Offerings hit three-year high, raising \$30.7 billion, up 11% from a year ago

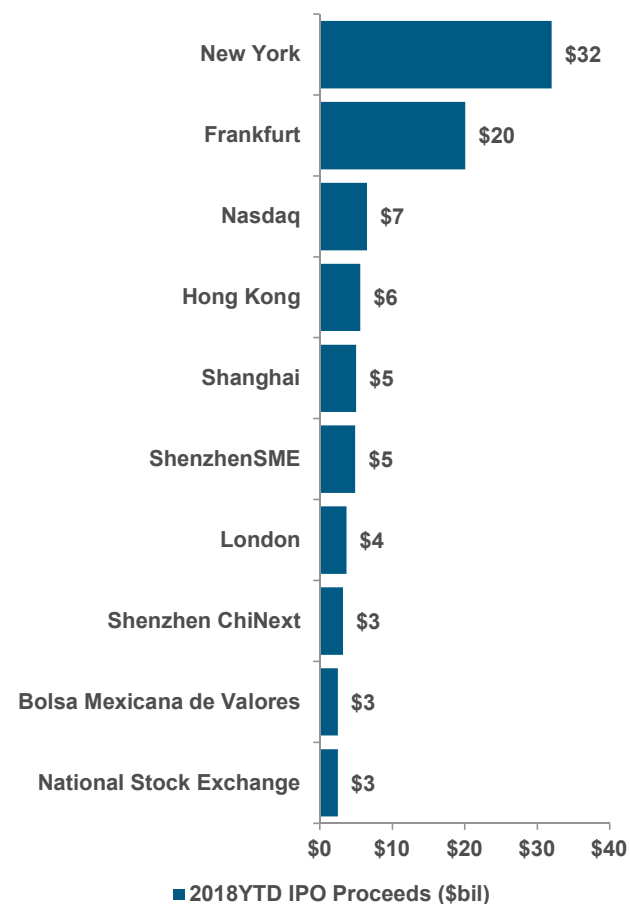


Healthcare listings lead 2018 offerings with 24% of total proceeds; Industrials lead by number of offerings so far this year

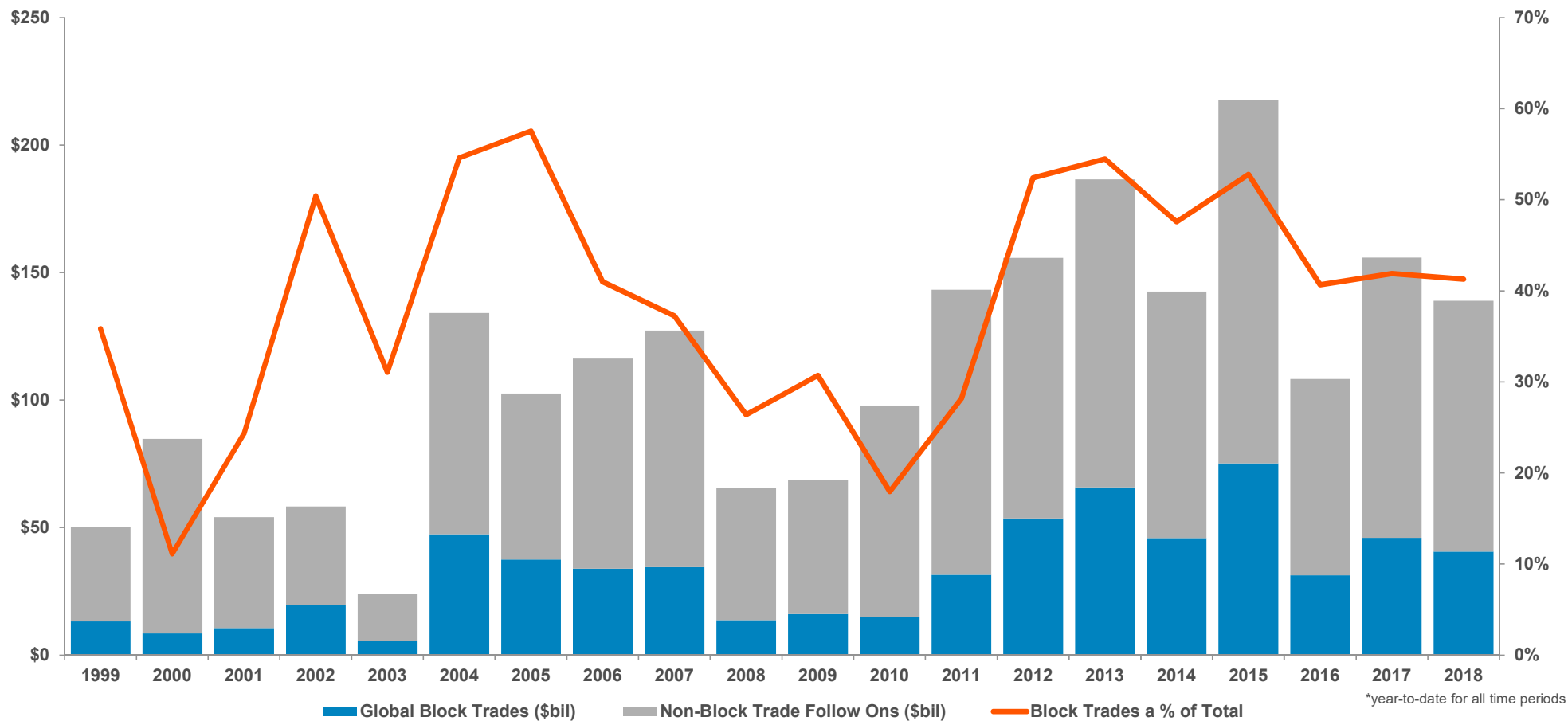


Top Global Initial Public Offerings: First Quarter 2018

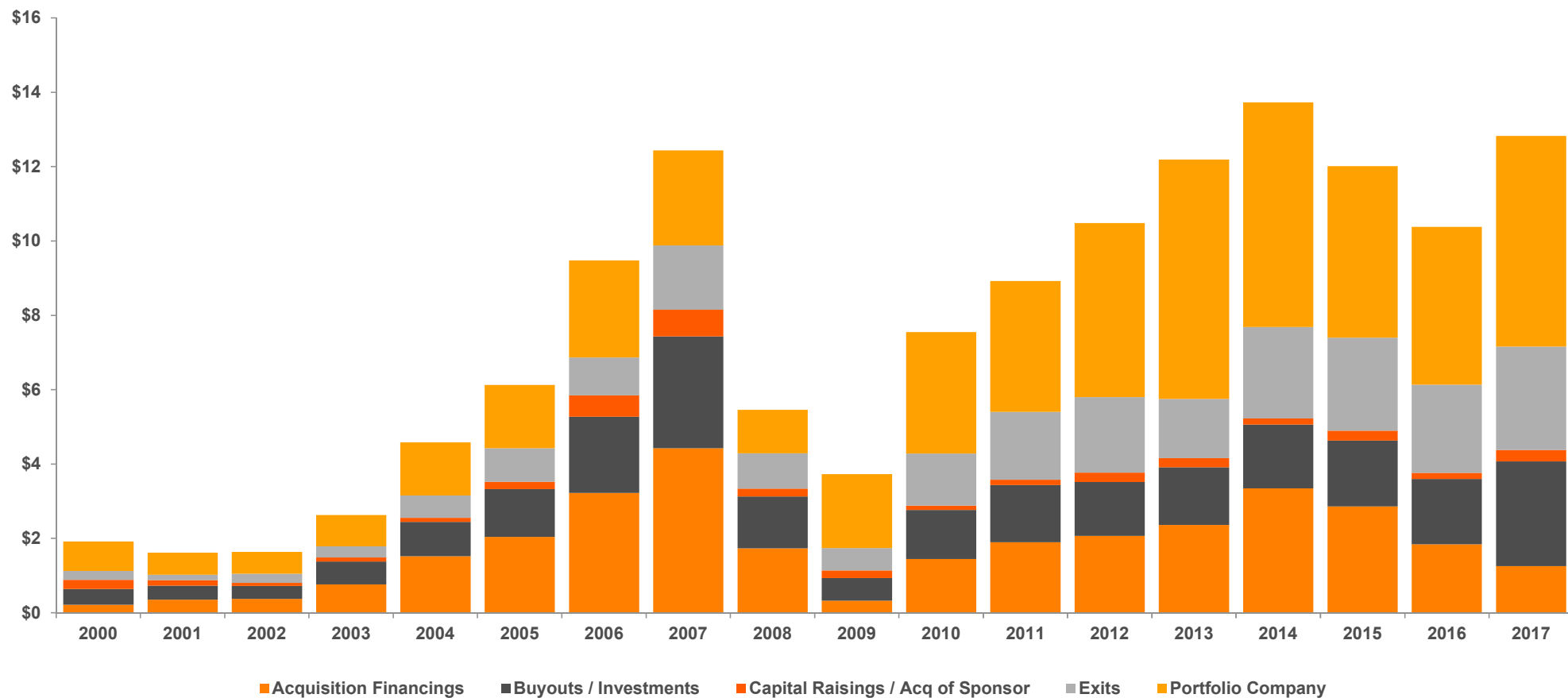
Issue Date	Issuer	Nation	Exchange	Issue Type	Proceeds (\$mil)	Macro Industry
03/15/18	Siemens Healthineers Ag	Germany	Frankfurt	IPO	5.17	Healthcare
01/23/18	Pagseguro Digital Ltd.	Cayman Islands	New York	IPO	2.27	High Technology
01/18/18	Adt Inc	United States	New York	IPO	1.47	Consumer Products
01/31/18	VICI Properties Inc	United States	New York	IPO	1.39	Real Estate
01/11/18	Bank of Gansu Co Ltd	China	Hong Kong	IPO	0.90	Financials
01/24/18	Gates Industrial Corp Plc	United States	New York	IPO	0.84	Industrials
01/18/18	AmeriCold Realty Trust	United States	New York	IPO	0.83	Industrials
02/02/18	Metrovacesa SA	Spain	Madrid	IPO	0.80	Real Estate
01/22/18	Huaxi Sec Co Ltd	China	ShenzSME	IPO	0.78	Financials
02/07/18	Cfecapital S De RI De Cv	Mexico	Mexico	IPO	0.76	Real Estate
01/31/18	Hudson Ltd.	United States	New York	IPO	0.75	Retail
02/05/18	Jiangsu Finl Leasing Co Ltd	China	Shanghai	IPO	0.64	Financials
01/31/18	Corporacion America Airports	Argentina	New York	IPO	0.60	Industrials
01/15/18	Zhenro Properties Group Ltd	China	Hong Kong	IPO	0.59	Real Estate
02/08/18	A-Living Svcs Co Ltd	China	Hong Kong	IPO	0.52	Real Estate
02/07/18	Cactus Inc	United States	New York	IPO	0.50	Energy and Power
01/11/18	Industrial Logistics Ppty Tr	United States	Nasdaq	IPO	0.48	Real Estate
03/16/18	Energiean Oil & Gas Plc	United Kingdom	London	IPO	0.46	Energy and Power
02/13/18	Instone Real Estate Group NV	Germany	Frankfurt	IPO	0.46	Real Estate
02/08/18	Dermapharm Holding SE	Germany	Frankfurt	IPO	0.44	Healthcare



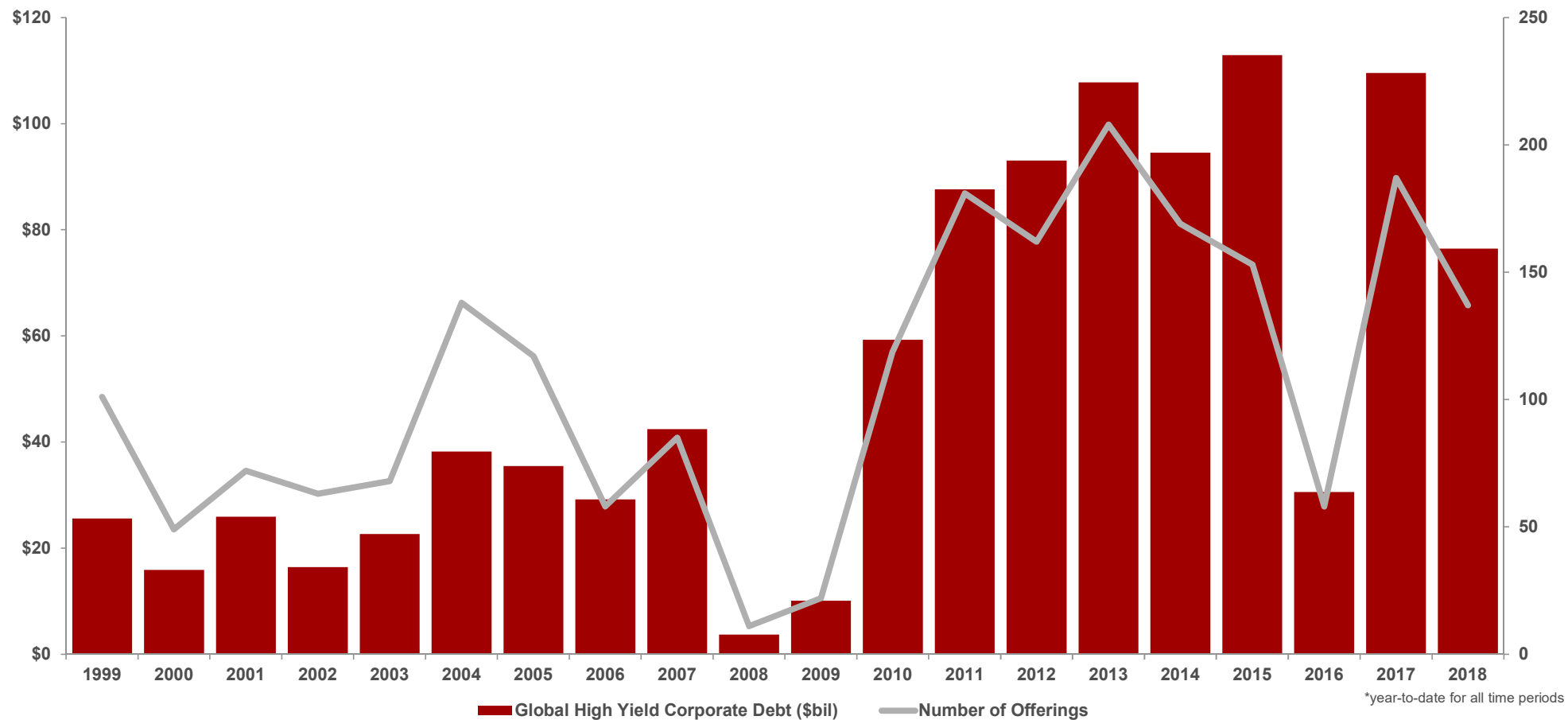
Global Block Trades account for 40% of follow-on activity over the past three years this year, down from 52% during year-to-date 2015



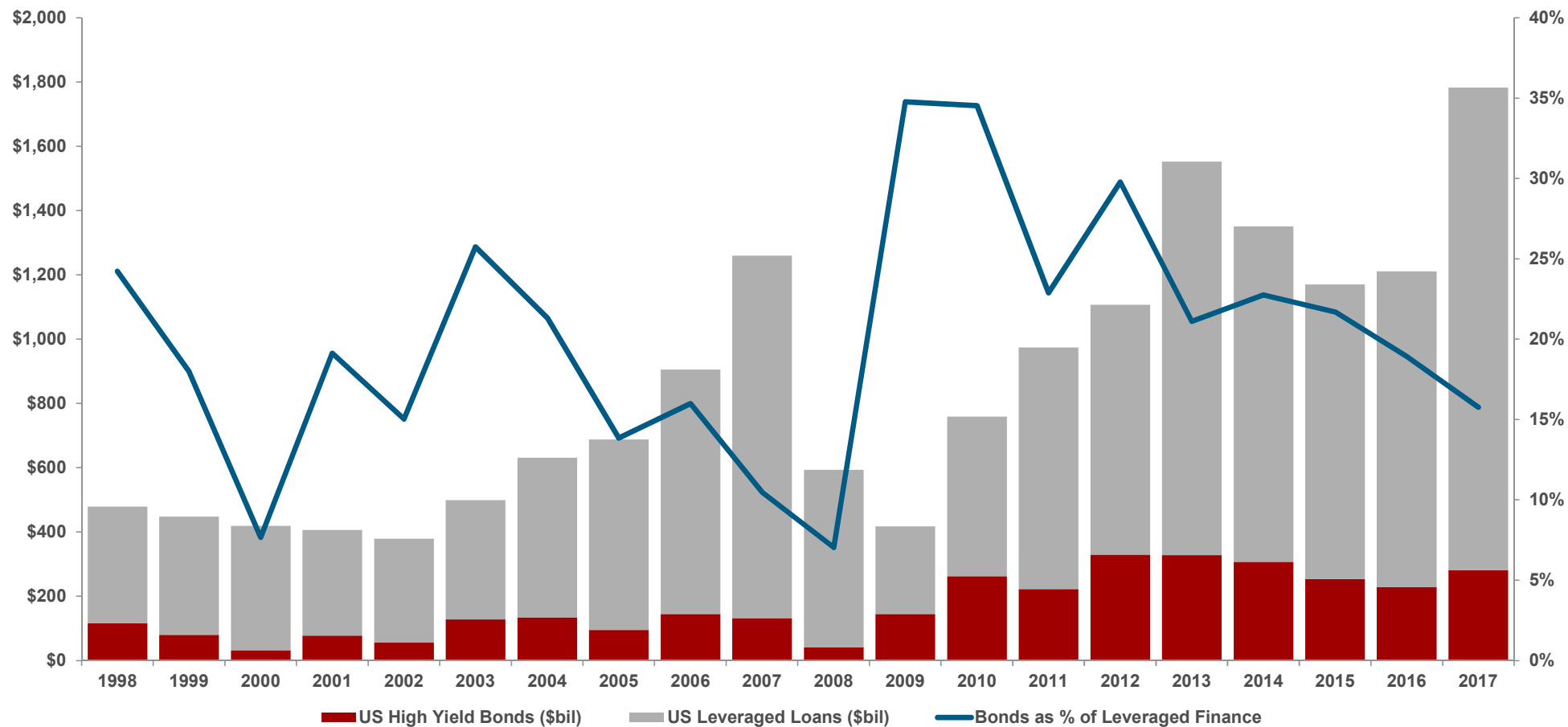
Private equity fee pool across capital markets shifts to exits and portfolio company financing activity a decade after the buyout boom



Global High Yield offerings decline 30% by proceeds and 27% by number of new offerings

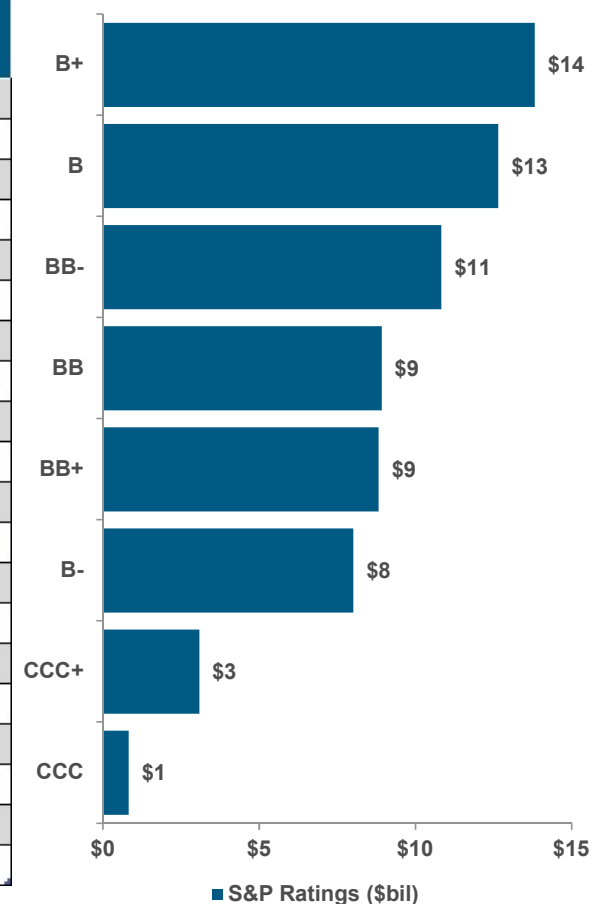


High Yield bonds accounted for 16% of overall US leveraged finance in 2017 as lending boomed, lowest percentage since the financial crisis

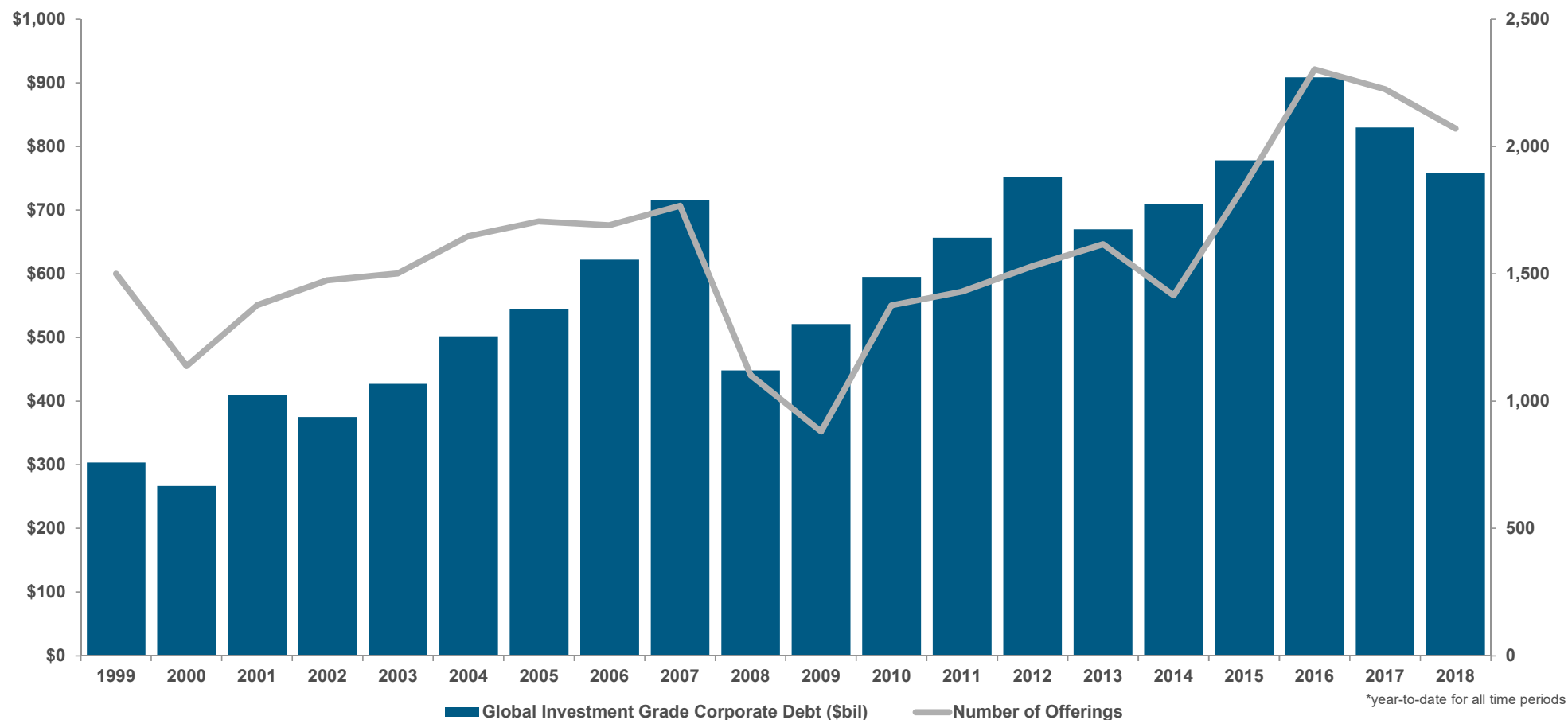


Top Global High Yield Bonds: First Quarter 2018

Issue Date	Issuer	Domicile Nation Name	Issue Type Description	Proceeds (\$bil)	Macro Industry
01/22/18	T-Mobile USA Inc	United States	High Yield Corporate	2.50	Telecommunications
02/20/18	First Quantum Minerals Ltd	Canada	High Yield Corporate	1.82	Materials
01/31/18	Scientific Games International	United States	High Yield Corporate	1.61	Media and Entertainment
03/08/18	Frontier Communications Corp	United States	High Yield Corporate	1.60	Telecommunications
01/19/18	Selecta Group B.V	Switzerland	High Yield Corporate	1.59	Industrials
02/20/18	Sprint Corp	United States	High Yield Corporate	1.50	Telecommunications
03/12/18	Valeant Pharms Intl Inc	Canada	High Yield Corporate	1.50	Healthcare
02/06/18	Algeco Scotsman Global Fin	United Kingdom	High Yield Corporate	1.42	Financials
01/19/18	Meredith Corp	United States	High Yield Corporate	1.40	Media and Entertainment
03/06/18	CIT Group Inc	United States	High Yield Corporate	1.40	Financials
03/08/18	Springleaf Finance Corp	Japan	High Yield Corporate	1.25	Financials
02/08/18	Elis SA	France	High Yield Corporate	1.22	Consumer Products and Services
01/10/18	Aramark Services	United States	High Yield Corporate	1.15	Retail
01/18/18	Crown European Holdings SA	United States	High Yield Corporate	1.02	Materials
01/11/18	Enesco PLC	United Kingdom	High Yield Corporate	1.00	Energy and Power
01/12/18	CSC Holdings LLC	United States	High Yield Corporate	1.00	Media and Entertainment
01/16/18	Hologic Inc	United States	High Yield Corporate	1.00	Healthcare
03/01/18	AES Corp	United States	High Yield Corporate	1.00	Energy and Power
03/15/18	Paprec Holding	France	High Yield Corporate	0.98	Energy and Power
01/29/18	Voc Escrow Ltd	Bermuda	High Yield Corporate	0.95	Financials

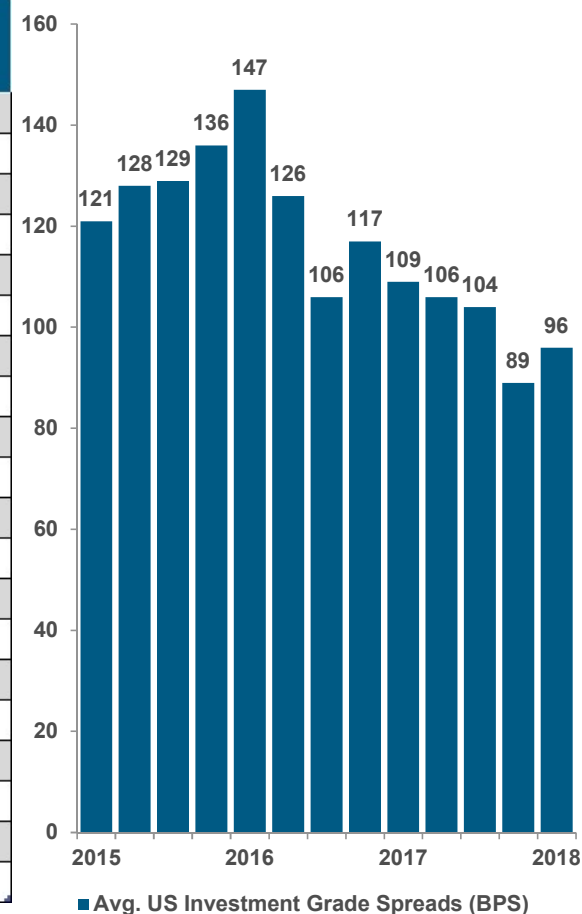


Global Investment Grade bond offerings fall 9% compared to year-to-date 2017; US marketplace offerings decline 26% compared to a year ago



Top Global Investment Grade Bonds: First Quarter 2018

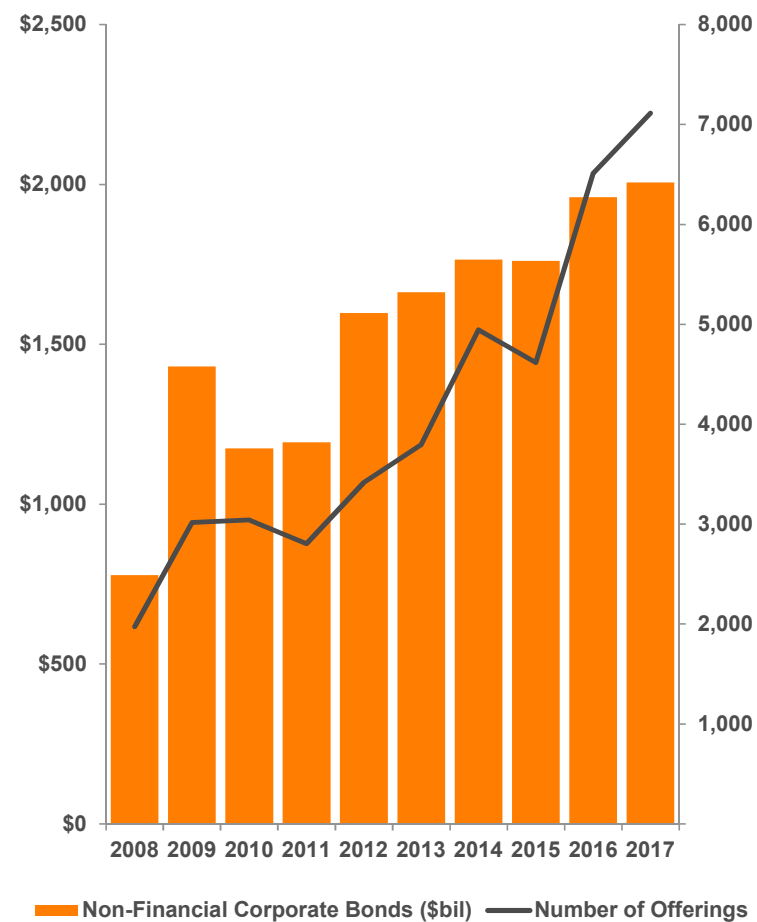
Issue Date	Issuer	Domicile Nation Name	Issue Type Description	Proceeds (\$bil)	Macro Industry
03/06/18	CVS Health Corp	United States	Investment Grade	39.62	Retail
03/14/18	Sanofi SA	France	Investment Grade	9.85	Healthcare
01/18/18	Morgan Stanley	United States	Investment Grade	7.49	Financials
02/28/18	Bank of America Corp	United States	Investment Grade	7.00	Financials
02/05/18	MPLX LP	United States	Investment Grade	5.46	Energy and Power
03/12/18	Campbell Soup Co	United States	Investment Grade	5.29	Consumer Staples
01/18/18	Bank of America Corp	United States	Investment Grade	5.25	Financials
01/09/18	Anheuser-Busch Inbev SA/NV	United States	Investment Grade	5.04	Consumer Staples
01/11/18	Tencent Hldg Ltd	China	Investment Grade	5.00	High Technology
01/09/18	Sempra Energy Inc	United States	Investment Grade	4.97	Energy and Power
03/08/18	CNAC HK Finbridge Co Ltd	China	Investment Grade	4.93	Financials
03/15/18	Richemont Intl Hldg SA	Switzerland	Investment Grade	4.54	Financials
02/08/18	Celgene Corp	United States	Investment Grade	4.48	Healthcare
01/16/18	JPMorgan Chase & Co	United States	Investment Grade	4.00	Financials
02/27/18	Royal Bank Of Scotland Plc	United Kingdom	Investment Grade	3.98	Financials
01/04/18	UBS AG London	Switzerland	Investment Grade	3.64	Financials
02/26/18	Mitsubishi UFJ Finl Grp Inc	Japan	Investment Grade	3.50	Financials
02/01/18	Comcast Corp	United States	Investment Grade	3.17	Media and Entertainment
01/17/18	Citigroup Inc	United States	Investment Grade	3.00	Financials
01/04/18	Barclays Bank PLC	United Kingdom	Investment Grade	3.00	Financials



Corporate bond issuers have been taking advantage of the low interest rate environment to boost cash, fund M&A and buybacks

Issuer	2013	2014	2015	2016	2017	2018	Total
China Railway Corp	0.0	27.5	27.9	30.7	38.4	9.4	133.8
Apple Inc	17.0	27.5	23.6	25.0	35.7	0.0	128.8
Verizon Communications Inc	49.4	25.2	0.0	12.3	26.3	0.0	113.1
AT&T Inc	12.1	15.0	20.3	10.1	47.4	0.0	104.9
Microsoft Corp	10.6	0.0	23.7	19.6	16.9	0.0	70.9
CVS Health Corp	4.4	1.5	14.9	3.7	0.0	39.6	64.1
PEMEX	10.2	12.9	9.9	17.3	10.2	0.0	60.4
Shell International Finance BV	7.7	6.3	20.2	16.4	0.0	0.0	50.7
Oracle Corp	5.6	10.0	10.0	14.0	10.0	0.0	49.5
BP Capital Markets Plc	8.6	11.5	7.6	11.5	8.3	0.0	47.5
Daimler Ag	8.3	4.8	3.4	11.8	10.8	0.5	39.6
BMW Finance NV	6.5	9.9	5.4	7.7	6.4	3.0	38.9
State Grid Corp of China	9.7	9.7	9.6	9.0	0.7	0.0	38.8
EDF SA	10.1	13.0	6.2	6.0	1.2	0.0	36.5
Daimler Finance North America	6.0	4.6	9.5	6.0	6.6	3.4	36.1
Coca-Cola Co	8.4	3.6	14.9	5.0	3.6	0.0	35.5
State Power Invest Corp	0.0	0.0	3.7	14.0	14.5	3.1	35.4
Anheuser-Busch Inbev SA/NV	5.8	3.4	3.2	14.8	2.9	5.0	35.1
IBM Corp	11.0	6.8	3.4	7.8	5.0	0.0	34.0
China Natl Bldg Material Co	0.6	5.4	9.7	7.4	8.9	1.8	33.8

*proceeds in billions



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GREAT EXPECTATIONS FOR 2018

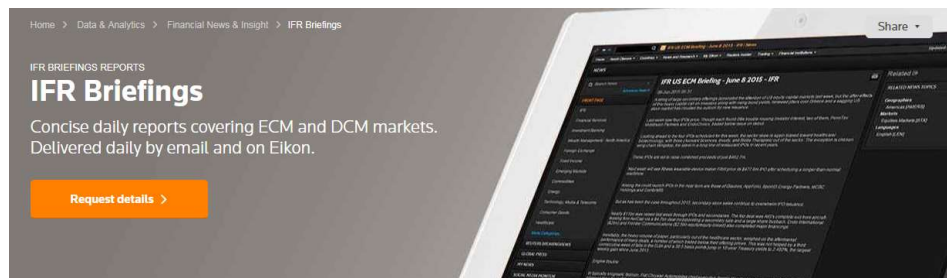
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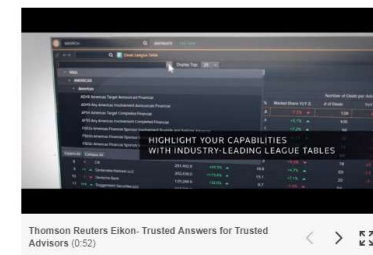
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