



London
Stock Exchange

Introduction to London Markets

April 2014

Maksim Kondratjuks



London
Stock Exchange Group



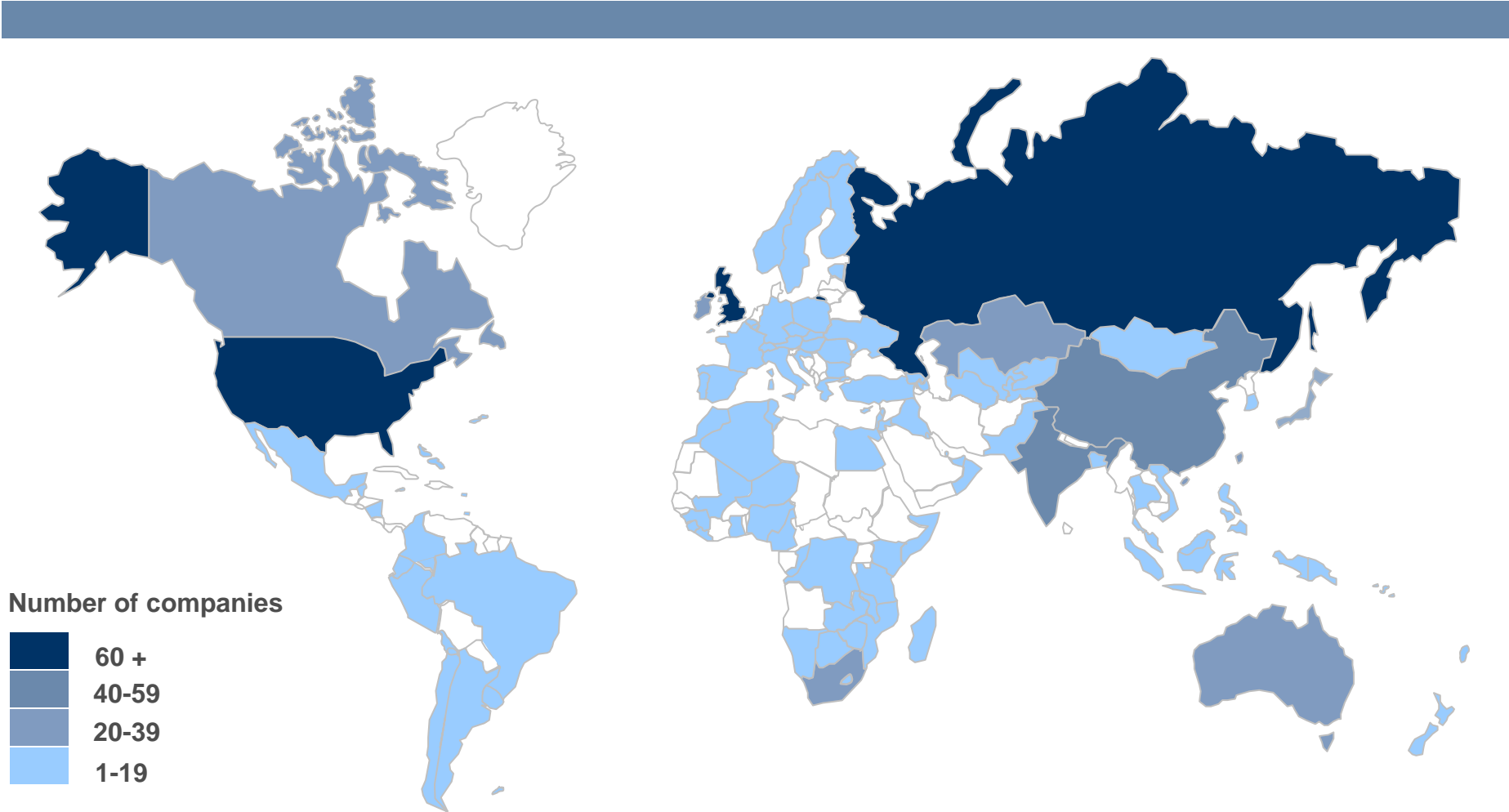
1) LSEG Overview

London is the most international equity market in the world



London
Stock Exchange

Our issuers operate in more than 115 different countries across the globe

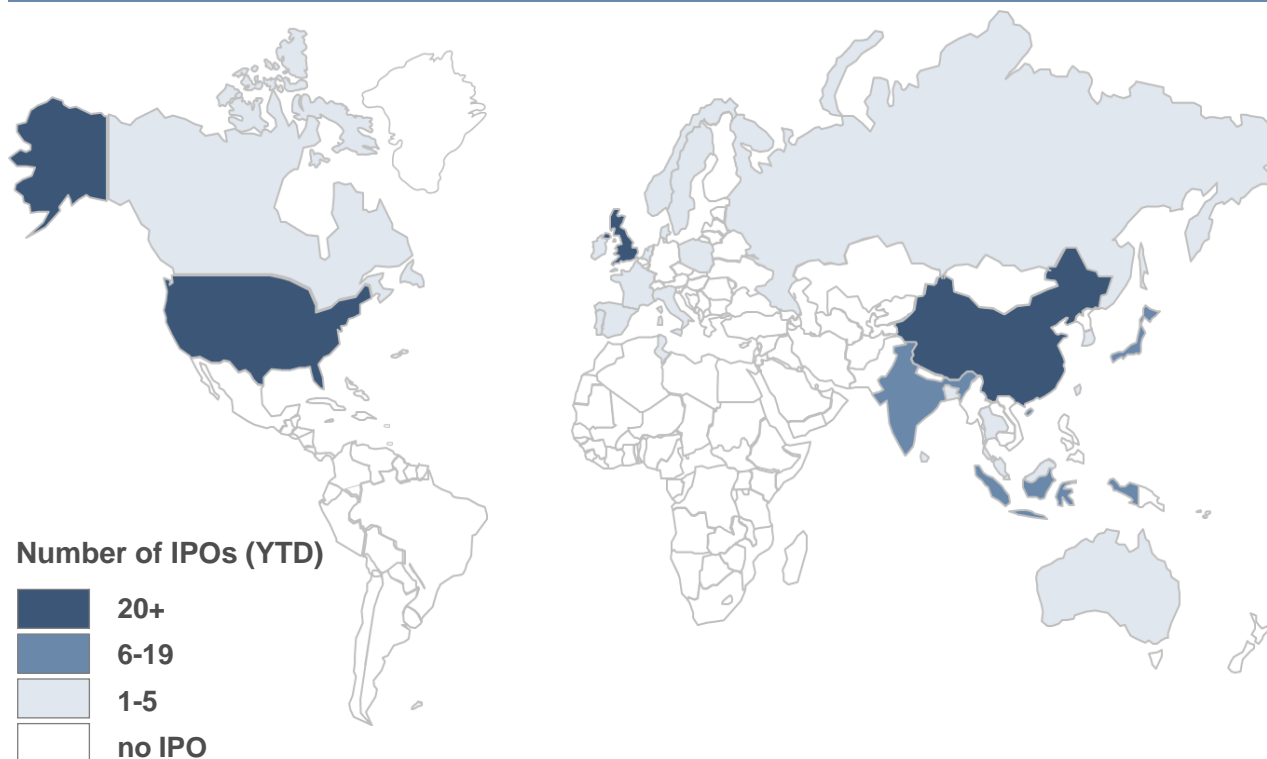


Source: London Stock Exchange statistics. Based on country of primary business.

Global IPO market Q1 2014

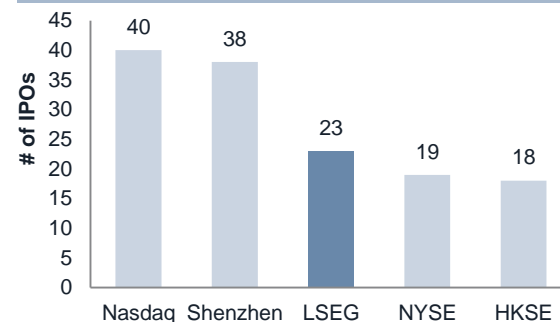


London
Stock Exchange

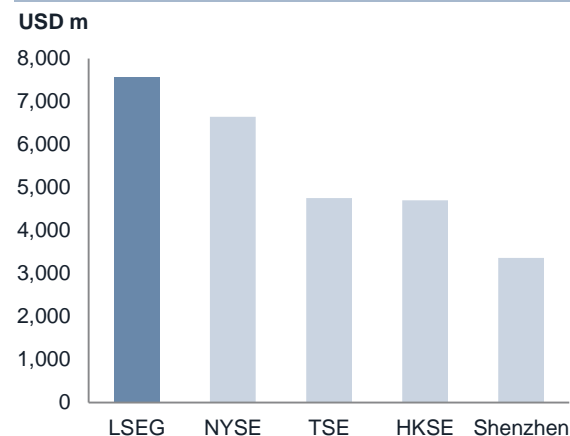


- Very strong performance across equity capital markets in Q1 2014, with global IPO flows close to USD 42bn. London accounted for a fifth of that flow. It was the best Q1 for IPOs in London since 2007.
- 23 deals priced in London in YTD raising close to USD 8bn. Retail and real estate sectors were the most active, attracting 51% of all capital raised. London deals enjoyed a healthy aftermarket performance, with 14 deals trading above the issue price.
- Five of the 15 largest IPOs globally took place in London, including Kennedy Wilson (real estate fund), AO World (on-line retailer) and Lenta (the Russian supermarket chain).

Top 5 exchanges by IPO volume Q1 2014*



Top 5 exchanges by money raised at IPO Q1 2014*



London connects investors around the world



London
Stock Exchange

Selected major Institutional investors in London listed equities

Americas

- Capital Research
- Vanguard
- SSgA Funds
- Fidelity
- Blackrock
- Thornburg Investment
- Artisan Partners
- Alliance Bernstein
- T. Rowe Price
- Caisse de dépôt et placement du Québec
- Itau Unibanco Brazil

Europe

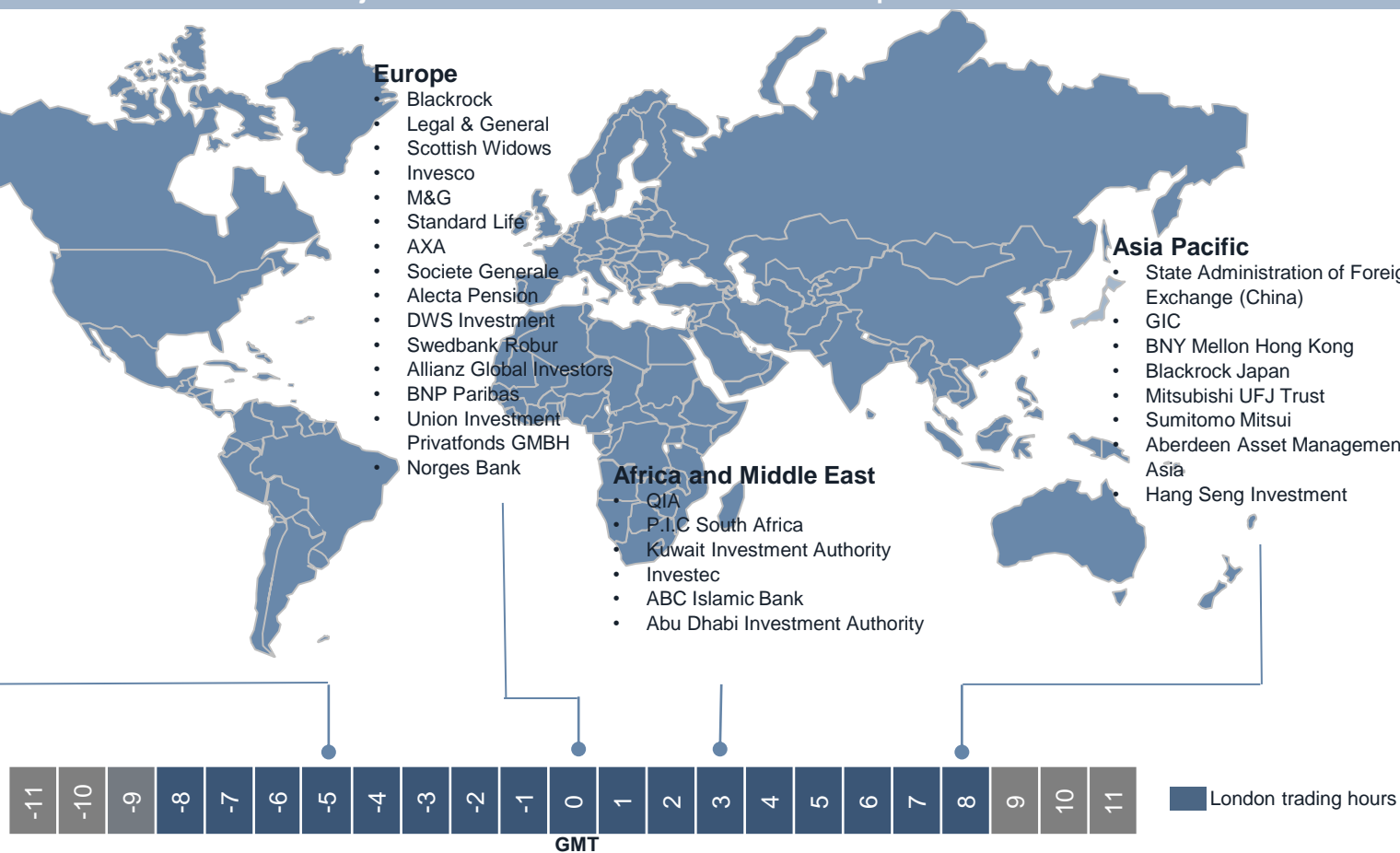
- Blackrock
- Legal & General
- Scottish Widows
- Invesco
- M&G
- Standard Life
- AXA
- Societe Generale
- Alecta Pension
- DWS Investment
- Swedbank Robur
- Allianz Global Investors
- BNP Paribas
- Union Investment
- Privatfonds GMBH
- Norges Bank

Africa and Middle East

- QIA
- P.I.C South Africa
- Kuwait Investment Authority
- Investec
- ABC Islamic Bank
- Abu Dhabi Investment Authority

Asia Pacific

- State Administration of Foreign Exchange (China)
- GIC
- BNY Mellon Hong Kong
- Blackrock Japan
- Mitsubishi UFJ Trust
- Sumitomo Mitsui
- Aberdeen Asset Management Asia
- Hang Seng Investment



Source: Factset, (October, 2013)

London offers a vibrant market environment

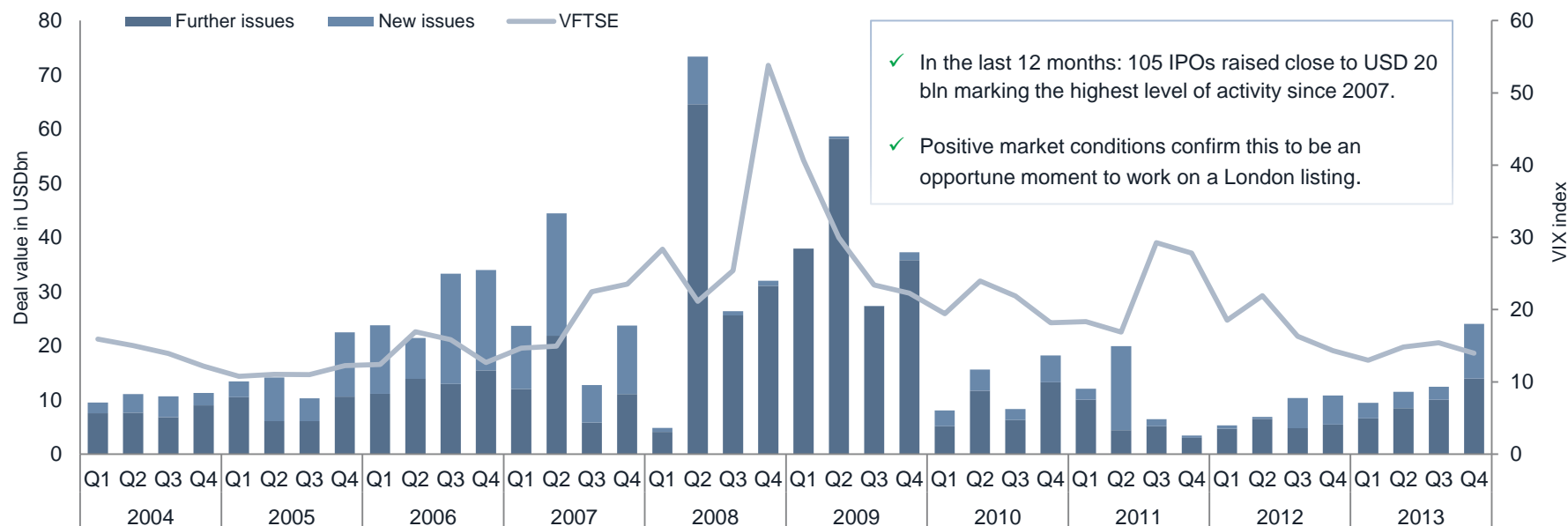


London
Stock Exchange

Number of IPOs	2012	2013
Main Market	24	43
AIM	43	62
Total	67	105

Money raised (IPO) (USDm)	2012	2013
Main Market	11,350	18,016
AIM	1,040	1,602
Total	12,390	19,618

Follow on Issues (USDm)	2012	2013
Main Market	17,677	35,419
AIM	3,702	3,688
Total	21,380	39,107



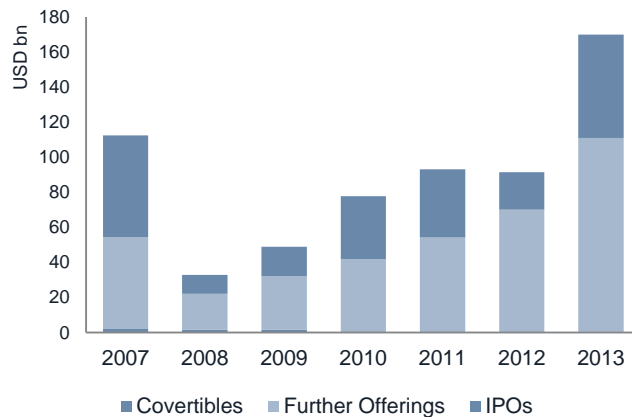
Source: Bloomberg and Dealogic, as of 31 December 2013

Global Private Equity Activity Increased Sharply in 2013...

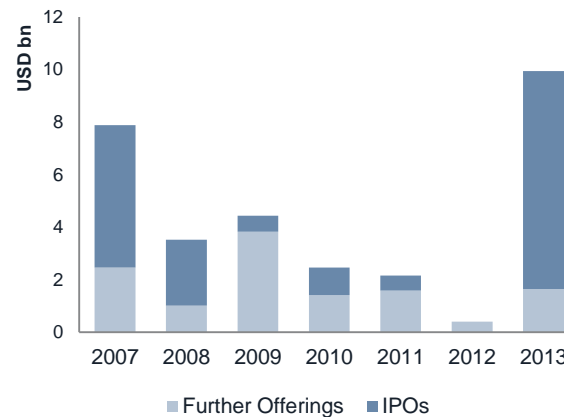


London
Stock Exchange

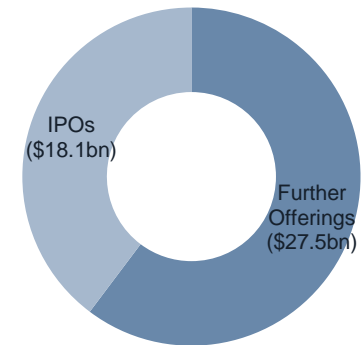
Global Financial Sponsor ECM Issuance (2007-13)



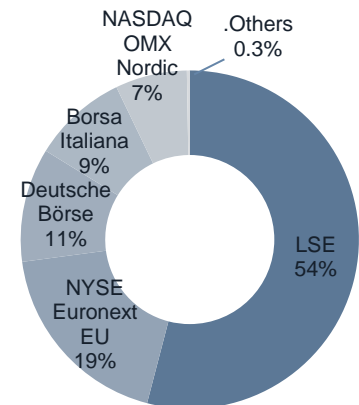
LSE Financial Sponsor ECM Issuance (2007-13)



EMEA Financial Sponsor ECM Issuance (2013)



Financial Sponsor IPOs on EU Exchanges*



2013 was a Significant Year for Financial Sponsor Activity

- Globally, financial sponsor ECM issuance was \$170bn in 2013, up 86% from 2012
 - This represented 21.6% of global ECM issuance in 2013 – **the highest % share of global ECM issuance on record**
- In EMEA, financial sponsor ECM issuance was US\$45.7 billion in 2013
 - This was the **highest level of EMEA financial sponsor issuance on record**
- In the UK, we saw 14 significant financial sponsor IPOs, raising US\$7bn – this represented 36% of all UK IPO proceeds
- The LSE saw 54% of all financial sponsor backed IPOs in 2013 on European Exchanges – **almost three times any other exchange**

Source: Bloomberg, Dealogic, January 2014

*The graph displays total money raised

...And Remains the Heart of International Investment



London
Stock Exchange

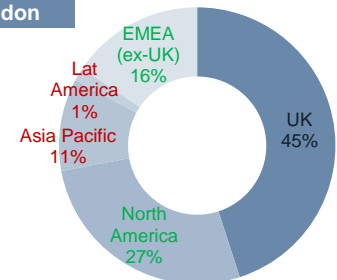
Equity AUM held in international portfolios, by exchange Q4 2013*



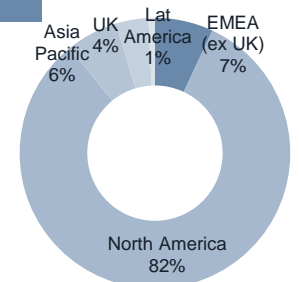
- London strength in supporting international companies improved in the last quarter with 8% increase in international portfolios.
- At the same time issuers in London benefit from investments outside London. Compared to the previous quarter North American investors and European investors have increased their exposure to London listed stock.
- Whilst the structure of investment in the US exchanges remained unchanged, the US institutions increased their investments in Hong Kong.

Top investors holdings by country (as at end Q4)

London

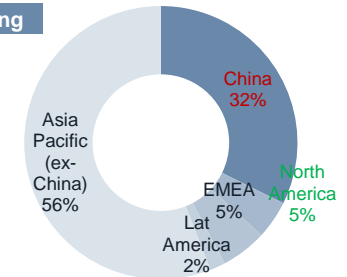


US



Hong Kong

Regions with increased exposure compared to previous quarter are in **green**, decreased in **red**, unchanged in **black**






Source: Facset and LSE calculation

*international portfolios defined as investment in companies different to the country of domicile of the portfolio manager

Russia & CIS companies on LSE Markets

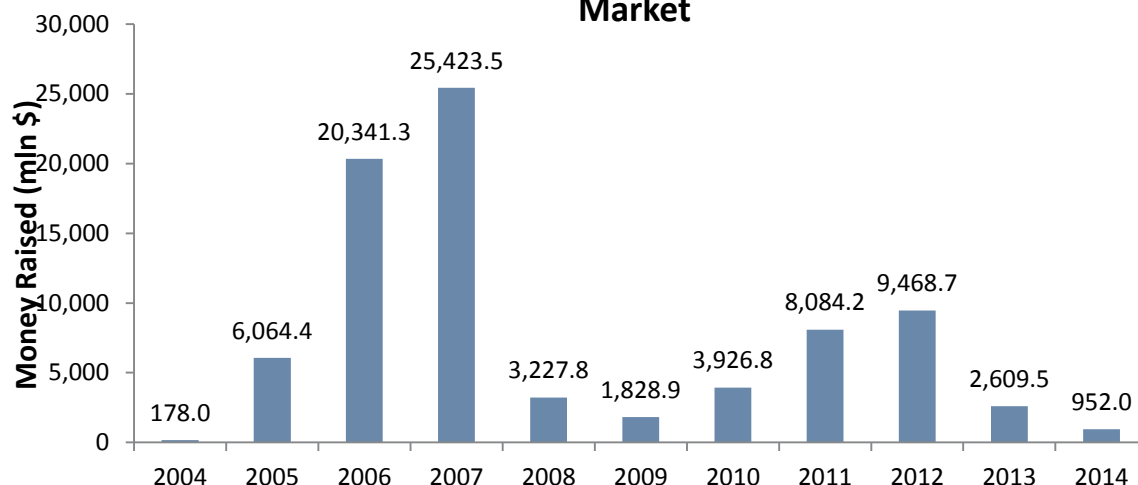
comparison of different routes

			
Number of Russia & CIS companies on market	15	54	42
Aggregate mkt cap (\$bn)	24.9	552.8	2.9
IPO Money raised (\$bn)	8.1	55.6	2.9
Examples of companies	Polymetal, Polyus Gold, Evraz	TCS, Megafon, Kcell, Sberbank	Mirland Development, Central Asia Metals, Max Petroleum
Minimum free float	25%	25%	Assessment of suitability
Revenue criteria	75% of business supported by revenue earning record of 3 years	n/a	n/a
Admission	Prospectus & Eligibility letter to UKLA under Listing Rules	Prospectus	AIM Admission Document & Nomad declaration of suitability
Adviser	Listing Sponsor at admission & for transactions	n/a	Nominated Adviser at all times
Corporate governance	UK Corporate Governance Code	Corporate Governance statement	Expected market practice & guidance from Nomad
On-going obligations	Disclosure & Transparency Rules	Disclosure & Transparency Rules	AIM Rules
Significant transactions	Class tests as per Listing Rules	n/a	Class tests as per AIM rules
Cancellation	75% shareholder approval	No shareholder approval required	75% shareholder approval
Indices	FTSE UK Series, where eligible	Russia IOB	FTSE AIM Series, where eligible

Money raised by CIS companies in London

Total money raised by the CIS companies on the LSE's Main Market

Total money raised by the CIS companies on LSE's Main Market



111 Russian & CIS companies on Main Market & AIM

45 Russian listed GDRs on the Main Market and 8 Premium companies. There are also 5 Russian companies traded on ATT

Overall raised in new and further issues **\$85.26bn** by Russian & CIS companies

Total number of listed Russian companies (ex-ATT) is **68** (53 MM, 15 AIM)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
CIS IPO (MM)	1	9	13	19	6	1	4	6	6	1	1
CIS SPO (MM)	2	1	3	3	4	7	10	2	5	5	-
Average Capital Raised (\$m)	237	530.4	1,271	1,105	323	229	280	882	947	540	952
Median Capital Raised (\$m)	49.3	639	498.6	772	220	175	218	557	359	499	952

Depository Receipts secure market-leading liquidity



London
Stock Exchange

2013 (to September) LSE order book value traded rankings

#	Segment	Company
1	FTSE 100	VODAFONE GRP.
2	FTSE 100	HSBC HLDGS.UK
3	FTSE 100	RIO TINTO
4	FTSE 100	BARCLAYS
5	FTSE 100	BHP BILLITON
6	FTSE 100	GLAXOSMITHKLINE
7	IOB	OA0 GAZ.ADS 1
8	FTSE 100	BP
9	IOB	SBERBANK
10	FTSE 100	RDS 'B'
11	FTSE 100	BR.AMER.TOB.
12	FTSE 100	LLOYDS GRP.
13	FTSE 100	DIAGEO
14	FTSE 100	RDS 'A'
15	IOB	LUKOIL ADR
16	FTSE 100	ASTRAZENECA
17	FTSE 100	GLENCORE XSTRA
18	FTSE 100	STAND.CHART.
19	FTSE 100	SABMILLER
20	FTSE 100	UNILEVER
21	FTSE 100	BG GRP.
22	FTSE 100	ANGLO AMERICAN
23	FTSE 100	TESCO
24	FTSE 100	RECKITT BEN. GP
25	FTSE 100	NATIONAL GRID

- In 2013 to September, IOB trading accounted for around 11.5% of total order book value traded on LSE
- New product development such as FTSE Russia IOB and individual GDR option contracts help to enhance liquidity
- The International Order Book (IOB) offers full trading solutions: clearing, netting and settlement

Top 25 Investors in GDRs of Russian companies on LSE



London
Stock Exchange

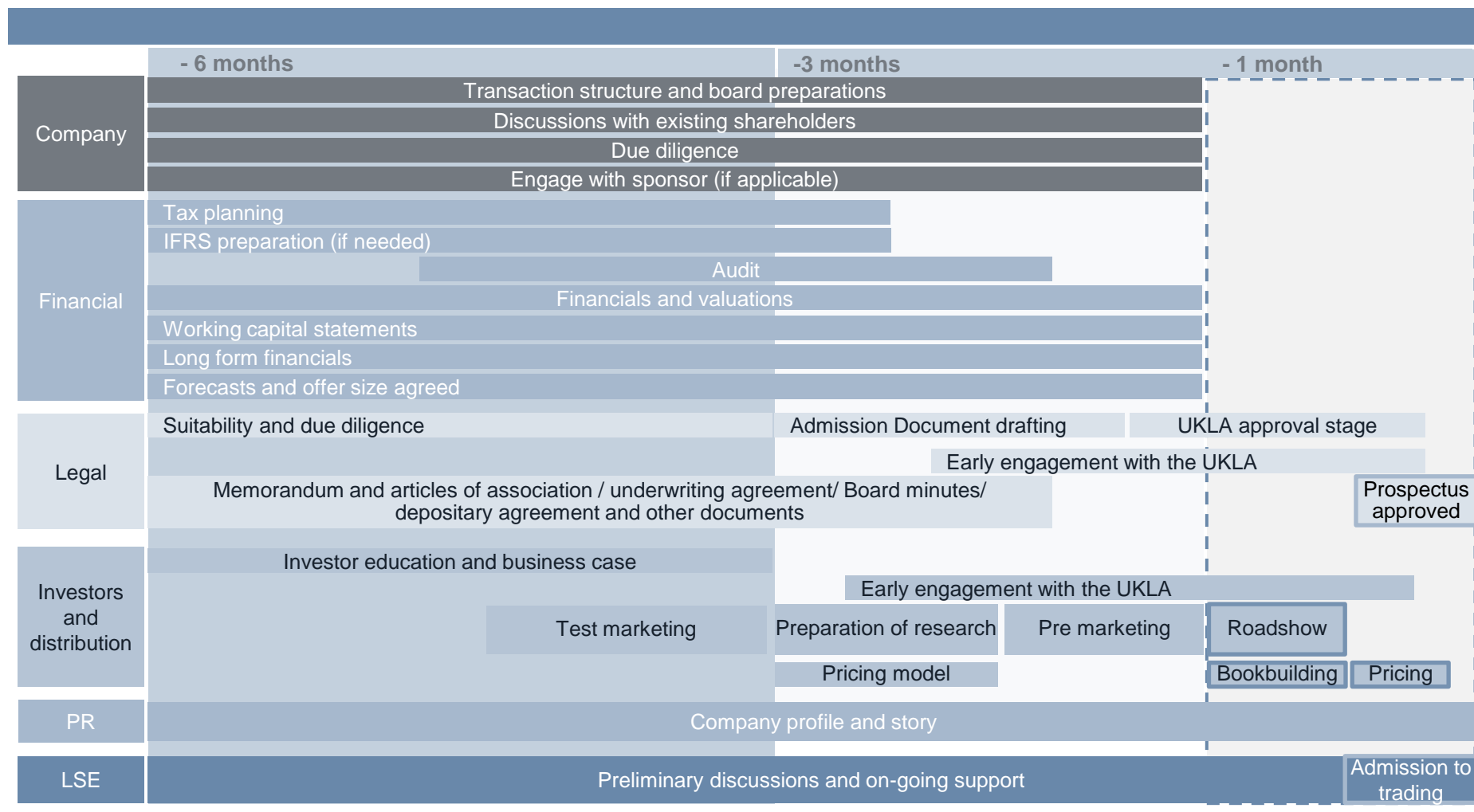
Rank	Investor Name	\$Value	\$Change	Turnover	Country
1	The Vanguard Group, Inc.	3,357,607,930	35,443,801	Low	United States
2	BNP Paribas Asset Management (France)	1,529,671,427	703,227,942	Medium	France
3	Capital World Investors (U.S.)	1,441,163,232	-143,974,516	Low	United States
4	Schroder Investment Management, LTD	1,372,772,743	26,724,949	Medium	United Kingdom
5	Grantham Mayo Van Otterloo & Co., LLC	1,338,802,491	-13,219,129	Medium	United States
6	Van Eck Associates Corporation	1,181,939,792	169,216,779	Medium	United States
7	J.P. Morgan Asset Management (Moscow branch)	1,181,128,133	4,911,397	Low	Russian Federation
8	DWS Investment GmbH	1,132,579,528	-68,548,950	Medium	Germany
9	BlackRock Investment Management (U.K.), LTD	934,364,620	-877,763	Low	United Kingdom
10	Dimensional Fund Advisors, L.P. (U.S.)	802,081,163	2,060,863	Low	United States
11	T. Rowe Price International, LTD	770,806,243	108,395,510	Medium	United Kingdom
12	SKAGEN AS	713,171,692	-46,743,461	Medium	Norway
13	OppenheimerFunds, Inc.	704,007,747	69,042,873	Medium	United States
14	Pictet Asset Management UK, LTD	689,327,109	-8,813,681	Medium	United Kingdom
15	BlackRock Fund Advisors	673,754,438	-69,229,300	Low	United States
16	Credit Suisse AG (Asset Management)	598,470,962	15,610,008	Medium	Switzerland
17	BlackRock Advisors (U.K.), LTD	593,233,648	-56,062,538	Low	United Kingdom
18	Lazard Asset Management, LLC (U.S.)	585,217,322	43,806,966	Low	United States
19	Neptune Investment Management, LTD	577,854,749	0	Medium	United Kingdom
20	J.P. Morgan Asset Management (UK), LTD	561,316,962	69,030,083	Medium	United Kingdom
21	East Capital Asset Management AB	560,467,176	-136,000,438	Medium	Sweden
22	HSBC Global Asset Management (U.K.), LTD	539,546,521	-29,645,657	Medium	United Kingdom
23	CPP Investment Board	534,098,810	0	Low	Canada
24	Baring Asset Management, LTD (U.K.)	532,409,964	-602,668,562	Medium	United Kingdom
25	Capital Research Global Investors (U.S.)	521,497,950	81,081,500	Low	United States

Source: IPREO; June 2013

Indicative IPO transaction timeline



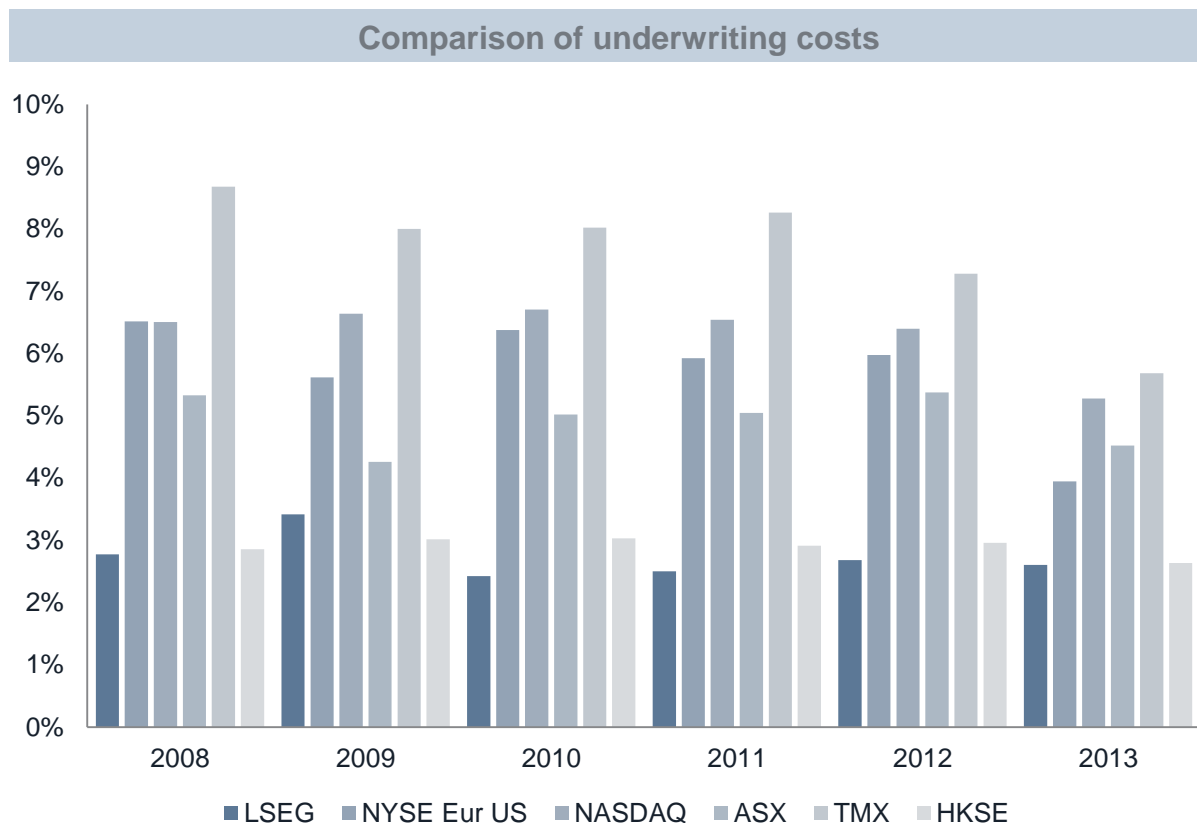
London
Stock Exchange



London is the Most Cost Effective Option amongst Major Exchanges

Cost of listing in London is further reduced by:

- Regulation which is widely tested and balanced
- Highly competitive legal services which have experience of listing process
- Timing of the admission process is clearly communicated
- Direct communication with the regulator and the Exchange
- All disclosures in English



Based on gross underwriting fees % (excluding AIM).

Source: Dealogic, LSEG data - January 2014



Appendix

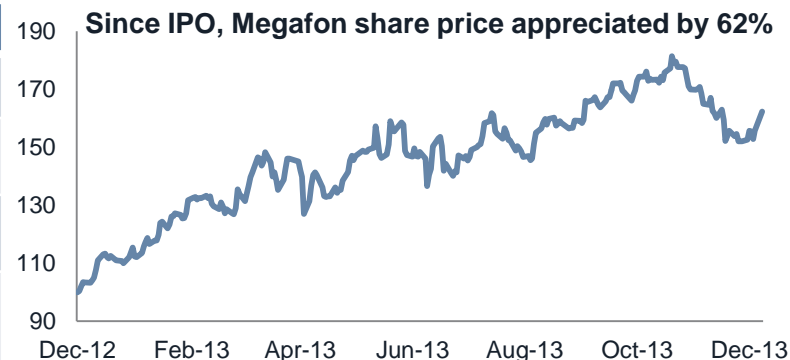
Case Study: Megafon



London
Stock Exchange

Company Details	
Company	Megafon
Market	Main Market - GDR
Sector	Telecom
Ticker	MFON
Country of incorporation	Russia

Transaction Details	
Listing Date	3 Dec 2012
Money raised at IPO	US\$1.8bn
Market cap at admission	US\$11bn
Depository Bank Joint Global Coordinators	Morgan Stanley, VTB, Credit Suisse, Citi

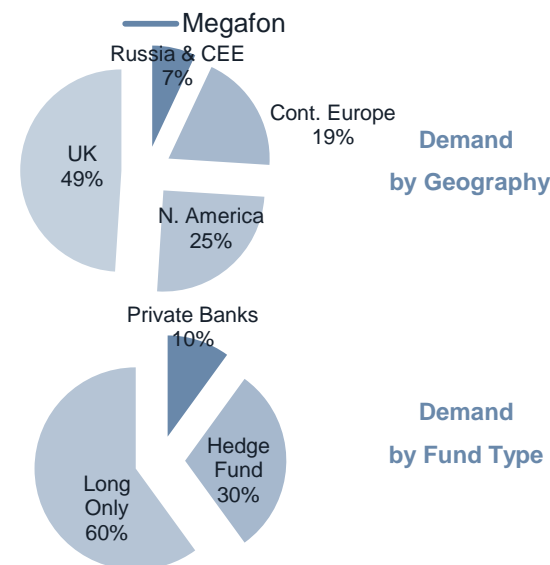


Company profile

- MegaFon is one of the three largest mobile operators in Russia. Moreover, they are the only company that launched their own network, providing a full range of mobile services across the country. In addition, subsidiaries of MegaFon work in Tajikistan, Abkhazia and South Ossetia.
- MegaFon has approximately 63 mn subscribers, or a market share in Russia of about 27 percent, and it's the largest operator in the mobile data segment
- Today, MegaFon is the first operator in Russia that has successfully tested an experimental network of the 4G, LTE protocol.

Listing story

- On 3 December 2012, Megafon listed its GDRs on the Main Market of the London Stock Exchange at \$20 per GDR, which represented 15% of the share capital of the company.
- At \$20, the Company priced at a slight discount to its competitor MTS..



Case Study: Kcell



London
Stock Exchange

Company Details

Company	JSC Kcell
Market	Main Market (GDRs)
Sector	Mobile Telecommunications
Trading System	IOB
Country of incorporation	Kazakhstan

Company profile

- Kcell is the leading mobile phone provider for Kazakhstan and is affiliated to TeliaSonera, the largest Scandinavian telecommunications holding
- Founded in 1998, Kcell has seen extensive growth and as of April 2013 the company's subscriber data base was 13.8 million
- As of December 2012 employs 1,612 people to enable them to provide coverage serving 5,015 cities and settlements of Kazakhstan with a population of over 1,000 people

Transaction Details

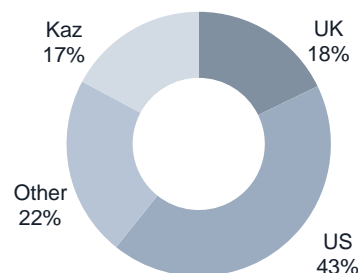
Admission Date	17 Dec 2012
Money raised at admission	£260m
Market cap at admission	£1.29bn
Current market cap	£1.46bn
Bookrunner	Credit Suisse, UBS, Visor Capital

Listing story

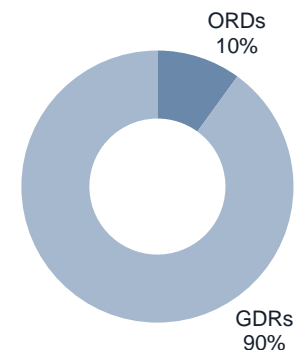
- Kcell listed its GDRs in London on 17th December 2012. The company also listed ordinary shares on their domestic market in Kazakhstan
- The listing was a sale by TeliaSonera of 50 million shares, which constituted of 25% of the company's share capital
- Capital raised is expected to be used for international growth and exposure
- In March 2013 Kcell announced they had won Best IPO in CEE and Best DR programme in the EMEA Achievement Awards 2012



Allocation by region



Split by instrument type



Case Study: Sberbank of Russia



London
Stock Exchange

Company Details

Company	Sberbank of Russia
Market	Main Market - GDR
Sector	Banks
Ticker	SBER
Country of incorporation	Russia

Company profile

- Sberbank is the largest credit institution in Russia and CIS, accounting for 26% of the aggregate Russian banking assets and 30% of banking capital. According to The Banker magazine, as of July 01, 2010, Sberbank was ranked 43rd in the world in terms of Tier 1 capital
- Sberbank is the biggest taker of deposits in the country and the key lender to the national economy. As of January 01, 2011, Sberbank accounted for 47,9% of retail deposits, 31% of consumer loans and 31% of corporate loans in Russia

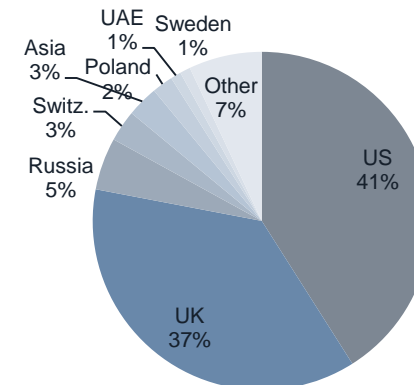
Transaction Details

Admission Date	01 July 2011- ATT Only
Listing Date	24 Sept 2012
Money raised at IPO	\$5.2bn
Market cap at admission/current	\$65bn / \$72bn
Depository Bank Joint Global Coordinators	BNY Mellon Goldman Sachs, Morgan Stanley, Sberbank CIB, Credit Suisse, JP Morgan

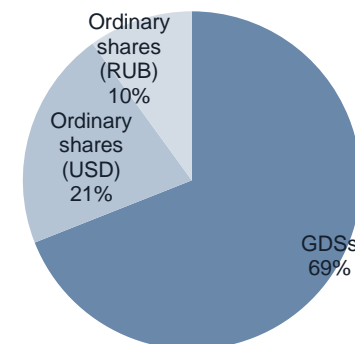
Listing story

- Level 1 ADR programme registered by SEC on 27 June 2011, with admission to trading only on the London Stock Exchange commencing on 1 July 2011
- On 24 September 12, Sberbank listed its GDRs on the Main Market of the London Stock Exchange at USD 12.16 per GDR, which represented 7.58% of the total share capital
- The deal reduced the Russian Central Bank's stake in Sberbank to 50%

Demand by Geography



Allocations by Security Type



This document has been compiled by the London Stock Exchange plc (the “Exchange”). The Exchange has attempted to ensure that the information in this document is accurate, however the information is provided “AS IS” and on an “AS AVAILABLE” basis and may not be accurate or up to date.

The Exchange does not guarantee the accuracy, timeliness, completeness, performance or fitness for a particular purpose of the document or any of the information in it. The Exchange is not responsible for any third party content which is set out in this document. No responsibility is accepted by or on behalf of the Exchange for any errors, omissions, or inaccurate information in the document.

No action should be taken or omitted to be taken in reliance upon information in this document. The Exchange accepts no liability for the results of any action taken on the basis of the information in this document.

All implied warranties, including but not limited to the implied warranties of satisfactory quality, fitness for a particular purpose, non-infringement, compatibility, security and accuracy are excluded by the Exchange to the extent that they may be excluded as a matter of law. Further, the Exchange does not warrant that the document is error free or that any defects will be corrected.

To the extent permitted by applicable law, the Exchange expressly disclaims all liability howsoever arising whether in contract, tort (or deceit) or otherwise (including, but not limited to, liability for any negligent act or omissions) to any person in respect of any claims or losses of any nature, arising directly or indirectly from: (i) anything done or the consequences of anything done or omitted to be done wholly or partly in reliance upon the whole or any part of the contents of this document, and (ii) the use of any data or materials in this document.

Information in this document is not offered as advice on any particular matter and must not be treated as a substitute for specific advice. In particular information in the document does not constitute professional, financial or investment advice and must not be used as a basis for making investment decisions and is in no way intended, directly or indirectly, as an attempt to market or sell any type of financial instrument. Advice from a suitably qualified professional should always be sought in relation to any particular matter or circumstances.

The contents of this document do not constitute an invitation to invest in shares of the Exchange, or constitute or form a part of any offer for the sale or subscription of, or any invitation to offer to buy or subscribe for, any securities or other financial instruments, nor should it or any part of it form the basis of, or be relied upon in any connection with any contract or commitment whatsoever.

London Stock Exchange and the London Stock Exchange coat of arms device are registered trade marks of London Stock Exchange plc. Other logos, organisations and company names referred to may be the trade marks of their respective owners.

© April 2014
London Stock Exchange plc
10 Paternoster Square
London EC4M 7LS
Telephone +44 (0)20 7797 1000
www.lseg.com