

Mood of the Market

H1 2025

187 ECM deals in H2 2024, broadly similar to H2 2023 (173), albeit aggregate deal value was down 12%¹

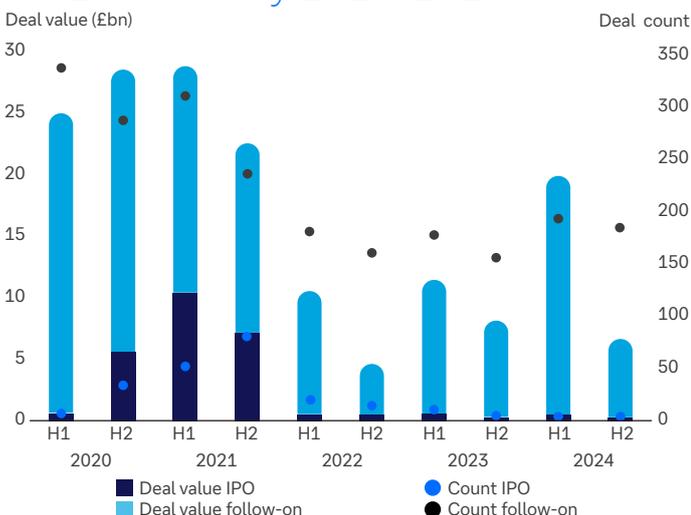
UK follow-on activity has shown early signs of resurgence in 2025, with the strongest start to Q1 since 2009^{1,2}

UK IPO market remains muted, with 6 IPOs in H2 2024, only 1 of which was over £50m⁴

A review of the half – H2 2024

- UK ECM deal volumes remained muted in H2, with only 19 transactions over £50m issue size in the second half and overall issuance levels for the year down 19% YoY.
- Deutsche Numis retained a strong position in the market, ranking #2 bank by deal value in the second half and acting on the two largest ECM deals in the UK in H2.
- Whilst investors were happy to support those companies raising growth capital (e.g. Unite - £450m), many listed companies remained focused on managing their businesses rather than pursuing front-footed growth plans.
- Meanwhile, large secondary sell-downs of strategic stakes continued to be a key theme, with Pfizer selling down its stake in Haleon and QIA selling down its stake in Sainsbury's, and secondary sales representing 50% of the total ECM deals completed in H2. This theme has continued this year.
- Deutsche Numis was delighted to act on the IPO of Applied Nutrition, the only significant UK IPO of H2 following on from the successful listing of Raspberry Pi in the first half.
- Furthermore, Deutsche Numis advised Coca-Cola Europacific Partners on its transfer of UK listing category from the Equity Shares (Transition) category to the Equity Shares (Commercial Companies) category of the Official List: comfortably the largest transfer of its type. In addition to the similar moves made by Oxford Nanopore and Deliveroo, these transfers underscore the attractiveness of the newly-reformed UK listing regime.
- The London market also welcomed Canal+ post its spin out from Vivendi, and whilst no primary capital was raised this does nevertheless represent a vote of confidence in UK capital markets and the LSE's continued attractiveness as a home for international businesses.
- Whilst it was largely another year of outflows for UK equities, UK equity funds did see inflows in November 2024, even though some of this may have been a post-Budget reversion.
- Overall, we go into 2025 feeling positive about the pipeline and the receptivity of investors to new issuance. We reference the reasons for this positivity in our outlook on page 2.

UK ECM activity 2020-2024¹



UK ECM league table¹

H2 2024

Rank	Adviser	Deal value (£m)
1	Goldman Sachs	1,106
2	Deutsche Numis	978
3	Bank of America	729
4	RBC	559
5	JP Morgan	545
6	HSBC	486
7	Canaccord	315
8	Barclays	268
9	Jefferies	231
10	Morgan Stanley	164

¹ Dealogic, January 2025. ² As of 31 January 2025.

Recent Deutsche Numis ECM case studies

HALEONSecondary placing
(October 2024)

- Deutsche Numis acted on Pfizer's £3.25bn sell-down in Haleon in October 2024.
- Order book was oversubscribed 15 minutes after launch and the transaction was upsized by ~20% post launch driven by strong investor demand globally.
- Marked the largest secondary ECM transaction in Europe in 2024 and highlights our placement capabilities, having advised on 4 out of the 5 largest secondary sales in Europe in 2024.

3.28%
discount to
closing price³**3.9%**
share price
performance
1st day³**APPLIED
NUTRITION**IPO
(October 2024)

- Deutsche Numis acted as sole global co-ordinator on the successful IPO of Applied Nutrition in October 2024.
- The offering represents the second largest UK IPO of 2024, and the only prominent IPO on the London Stock Exchange in the second half of the year.
- The transaction reinforces Deutsche Numis' leading position in UK IPOs, as well as our longstanding track record of advising the UK's most exciting growth companies and ambitious entrepreneurs.

140p
premium to
offer price**10.6%**
share price
performance
post IPO³**UNITE
STUDENTS**Placing
(July 2024)

- £450m placing in July 2024 to fund the acquisition of income-producing assets and development opportunities.
- The fundraise represented the largest primary raise in the UK in H2 2024 and the second largest in the UK real estate sector since 2020.
- Deutsche Numis has now acted on nine primary equity issues for Unite, raising £1.8bn in aggregate for the company since 2009.

3.49%
discount to
closing price³**2.4%**
share price
performance
1st day³**GPE.**
Greater togetherRights issue
(June 2024)

- £350m placing in June 2024 to fund acquisition opportunities.
- Represented the largest UK real estate rights issue over the preceding three years and further underpinned Deutsche Numis' leading UK real estate franchise.
- Investors were keen to support the ambitions of the GPE team, given management's significant track record of successfully deploying capital throughout the real estate cycle.

33.4%
discount
to TERP⁴**37.5%**
% of issued
share count³

Outlook for H1 2025 Looking ahead – the Deutsche Numis view

- In a year with so many major political events globally, including a UK general election and the first Budget from a new government, there was always a risk that deals slipped from 2024 into 2025.
- However, with greater clarity around the political direction of the country there are now good grounds for asserting that 2025 will be a better year for equity capital markets activity.
- Deutsche Bank strategists have noted their preference for European equities over US equities due to the strong valuation discount, and see the UK as the best risk/reward within Europe.
- In addition, our proprietary investor survey indicates that fund managers are markedly more positive about the outlook for the UK market and are actively looking for new investment opportunities.
- Fund flows into UK equities were positive in November 2024, whilst fund managers continue to receive cash back from M&A bids that will need to be recycled back into the market.
- We see investors as highly receptive to ECM transactions and meeting new companies.
- Corporate balance sheets remain strong and we are seeing signs that UK PLCs are looking much more actively at front-footed investment opportunities, both organic and M&A-related - both of which could lead to an increase in primary fundraising activity.
- Likewise, following the successful IPO of Applied Nutrition in H2 2024 we are also seeing a significant pick-up in conversations around UK IPOs and expect 2025 to be a much busier year on this front, albeit likely H2-weighted.
- Overall, we go into 2025 feeling a lot more positive that this could be the year when UK ECM volumes pick up more meaningfully, after a year characterised by a small handful of large secondary trades.

³ Dealogic as of 31 January 2025. ⁴ Company announcement.

Institutional investor survey⁵

95% of investors keen to meet prospective IPO candidates, a meaningful increase from last year

89% of investors feel it is likely that they would invest in a UK IPO this year, again, an increase year-on-year

91% of investors expect UK IPO volumes to pick up in 2025, with 74% of investors expecting this to be in H2

52% of investors are actively looking for new investment opportunities, versus just 37% at the end of 2023

Q1: Would you still be willing to meet with prospective IPO candidates?

- There is clearly continued, and increasing, willingness from investors to see new companies joining the market, especially given their desire to see the investable universe increase.
- Investors generally remain firmly of the view that the market is receptive to good quality companies seeking a listing, with 91% expecting to see a pick-up in IPOs this year.

“All depends on quality of asset and valuation but generally there is appetite for good deals in the UK.”

“Quality businesses can list regardless of the market backdrop.”

“We are keen to see exciting new companies join the market given the dearth of IPOs in recent years.”

Q2: Do you think it's likely that you would invest in an IPO in the current environment?

- There has been a positive increase in the proportion of investors that have indicated they would be likely to invest in a UK IPO this year.
- Whilst UK IPOs were few and far between last year, the performance of Raspberry Pi and Applied Nutrition have left investors more favorably disposed to investing in IPOs.

“Yes, although needs to be a better risk/reward than things we already own.”

“We are, although we are going to be very picky and pricing is key.”

“Given ongoing liquidity issues in the market, sensible IPO discounts need to be communicated to vendors early.”



⁵ Deutsche Numis surveyed 200 institutional investors in UK equities and our sales team held over 235 start-of-year ideas meetings with buy-side clients.

Institutional investor survey (continued)⁶

Q3: What are likely to be the key factors for you when considering whether or not to invest in a UK IPO?

- Fund managers cited having a clearly defined equity story and a differentiated investment case as their key criteria for assessing investment in an IPO.
- Valuation also a key factor, with many noting that an IPO needs to be seen as the start of a journey rather than simply a value maximisation event and that the market will be harsh on any company that disappoints early on.

"Quality of the company, valuation and to some extent who is selling."

"Management track record and alignment, long-term earnings growth prospects, appropriately set forecasts, and valuation."

"Credibility of management, achievability of forecasts and quality of business are key."

Q4: Are you focused on your existing portfolio or actively looking at new opportunities?

- We have seen some signs of a stabilisation in fund flows in the UK, and in many cases investors are actively looking to recycle the cash proceeds of recent M&A transactions.
- UK market is seen as undervalued versus other global markets and we have seen evidence of a pick-up in interest from international investors.

"We have significant deployable capital and we expect to put this to work."

"As cash balances increase because of inflows/M&A we will be actively looking to deploy it, both into new and existing holdings – clients are paying us to invest!"

"Fund flows have stabilised following a tricky year in 2024 and we expect to be more actively looking at new investment ideas this year."

Q5: Would you be willing to support equity fundraisings for existing/non-holdings to fund M&A growth?

- View from investors that M&A-related capital raising seems to be picking up slightly and there is an expectation that this trend should continue as corporate confidence returns.
- There is an increased focus from investors on a better articulation of the long-term value creation story rather than short-term EPS accretion metrics.

"Yes, assuming we believe the capital allocated will achieve a good return, i.e. in excess of the cost of capital."

"Yes, where the use of proceeds is well defined and the raise is in line with communicated strategy. The deal should be more than modestly EPS accretive in the current cost of funding environment."

"The economics need to be compelling – M&A must be value accretive, not just EPS accretive."

Q6: Do you expect an increased level of balance sheet/liquidity-related fundraisings in the first half of 2025?

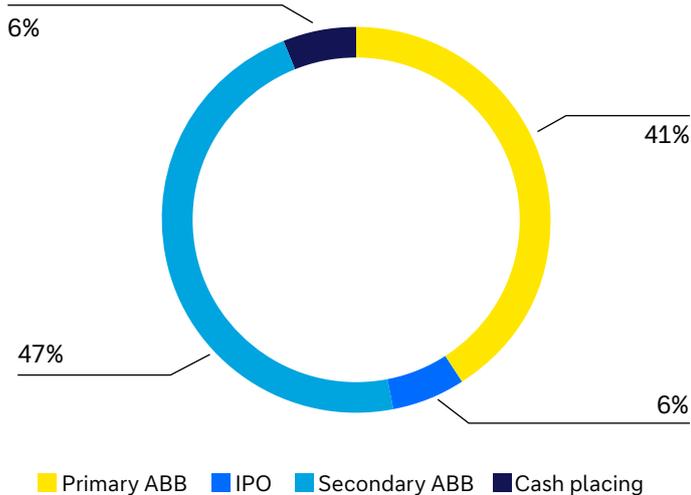
- General sense that corporate balance sheets are pretty robust and that liquidity-related fundraisings are therefore likely to be limited to certain sectors, with utilities and real estate both cited regularly.
- Investors feel that if companies do need to raise to strengthen balance sheet issues or refinance, they should look to do this sooner rather than later.

"Not especially within our portfolio, where balance sheets generally appear to be fairly robust."

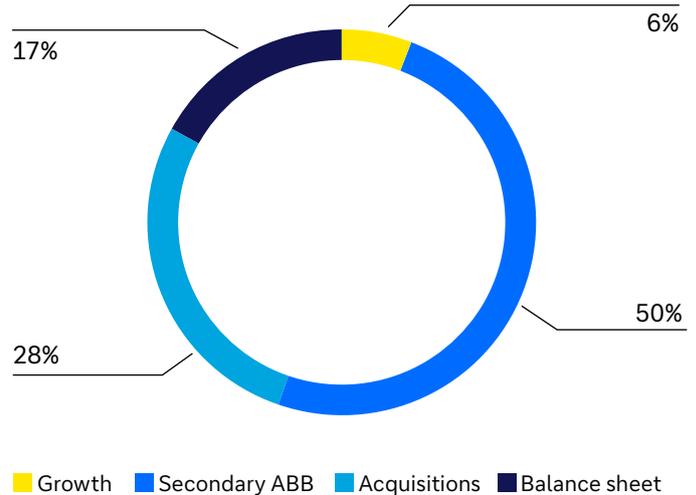
"UK PLCs are on the whole well capitalised post Covid-era raises so we would expect more front-foot primary issuance for growth and M&A over balance sheet raisings."

"Being the first to fix your balance sheet problem in your sector generally gets rewarded... being last usually doesn't."

Deals by type⁷



Deals by use of proceeds^{7,8}



H2 2024 UK ECM activity⁹

Date	Company	Sector	Deal value (£m)	Market cap (£m)	Type	Premium/Discount	Performance since placing
27-Nov-24	Aston Martin Lagonda	Industrials	59	1,009	Primary ABB	7.3%	5.5%
24-Oct-24	Applied Nutrition	Consumer	158	350	IPO	-	10.6%
17-Oct-24	Empiric Student Property	Real Estate	56	643	Primary ABB	(4.0%)	(9.8%)
11-Oct-24	THG	TMT	68	783	Primary ABB	(5.2%)	(16.5%)
11-Oct-24	J Sainsbury	Consumer	306	6,798	Secondary ABB	(2.8%)	(9.1%)
03-Oct-24	British Land	Real Estate	293	4,367	Primary ABB	(3.6%)	(10.6%)
01-Oct-24	Haleon	Healthcare	2,432	35,808	Secondary ABB	(3.3%)	(1.4%)
24-Sep-24	Dunelm	Consumer	114	2,497	Secondary ABB	(7.7%)	(13.3%)
20-Sep-24	Bridgepoint	FIG	50	3,140	Secondary ABB	(11.3%)	12.1%
11-Sep-24	JET2	Industrials	69	3,156	Secondary ABB	(6.1%)	10.9%
11-Sep-24	Greatland Gold	Mining	249	714	Primary ABB	(30.9%)	58.3%
28-Aug-24	IG Group	FIG	61	3,623	Secondary ABB	(4.7%)	7.8%
29-Jul-24	4basebio	Healthcare	69	269	Cash placing	(13.8%)	(20.0%)
24-Jul-24	Unite Students	Real Estate	447	4,554	Primary ABB	(3.5%)	(4.8%)
12-Jul-24	Baltic Classifieds Group	TMT	146	1,351	Secondary ABB	(10.8%)	39.1%
11-Jul-24	Sirius Real Estate	Real Estate	150	1,471	Primary ABB	(3.5%)	(14.7%)
11-Jul-24	Moonpig Group	TMT	61	694	Secondary ABB	(13.4%)	29.4%

■ Deutsche Numis transactions¹⁰

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