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# Equity Capital Markets

*European and UK ECM Review*

April 2025



# Executive summary

Liberation Day drove a spike in volatility for capital markets globally but markets stabilised by month end (US tariff pause). Near-term uncertainty has impacted ECM volumes shifting some activity into H2

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April was a month of heightened 'President Trump impact' as the new US Administration announced a far larger than expected rise in tariffs on 'Liberation Day' (2 April) which triggered a significant spike in volatility for capital markets broadly defined

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As the month drew to a close that volatility reduced with most equity markets back within sight of where they started the month. However significant uncertainties remain and the attractiveness of the US as an investment destination has been impacted given the swings in policy and the impact that is having on US markets, US consumer confidence and US corporates

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For the month of April most European equity markets finished modestly down with the FTSE down 1.0%, the FTSE250 up 2.1%, and the Stoxx600 down 1.2%. In the US the S&P was down 0.8%, Nasdaq up 0.9% and the Russell 2000 down 2.4% for the month. All of these moves mask the volatility over the course of the month – the high to low over April for the S&P and the Stoxx600 was a c.13% spread. The VIX volatility index hit an intraday peak of 60 on 7th April (its highest level since 2020 and the onset of Covid) and averaged 32 over the month but closed at 24 on 30 April

4

Whilst all equity markets were volatile over April, European equity markets continue to outperform their US peers in 2025 with the Stoxx600 up 3.9% YTD, the DAX up 13% and the FTSE up 3.9% relative to the S&P which is down 5.3%, Nasdaq down 9.7% and the Russell 2000 down 11.9%.

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The speed of US policy implementation, and continual U-turns / changes, impacted US Treasury markets significantly over the month, with some knock-on effect to other Government bond markets. The 10-year UST yield hit 4% in early April, rose to almost 4.5% by the middle of the month but closed the month out at 4.18%. Tariff implementation would ordinarily suggest a strengthening USD and a reduction in yields, but a decline in confidence about the US Administration fuelled investor nervousness and a reduction in ownership of US assets. UK Gilt yields were also volatile over the month with the 10-year yield rising from 4.45% in early April to nearly 4.8% but closing the month at 4.4%

6

The latest BAML fund manager survey shows the swift impact that US economic policy is having on investor sentiment with 49% of those surveyed now seeing a hard landing for the global economy (up from 11% in March) and US stock allocation seeing its largest 2 month drop in the history of the survey (25 years)

7

Given the volatility over the month ECM activity was unsurprisingly muted with 8 transactions raising \$3.1bn over the month. IPO activity was light as the market volatility led to the delay of some IPOs that were set to launch, although MHA the UK accountancy firm did complete its \$124m LSE IPO, and GRK Infra completed its \$106m IPO in Helsinki. Other smaller (sub-\$50m) IPOs in the month include Quantum Base's £1m LSE IPO

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Despite short term volatility and market challenges there is a case to be more constructive on UK equities over the medium term on an absolute and relative basis, with the US President helping to make the case for a reallocation of capital out of US equities

Investec

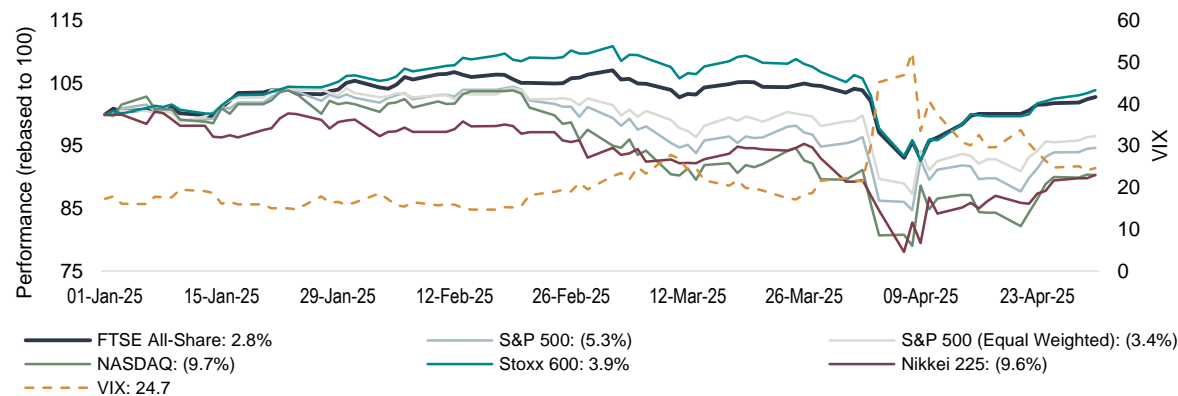


# Equity Market Overview | European outperformance YTD

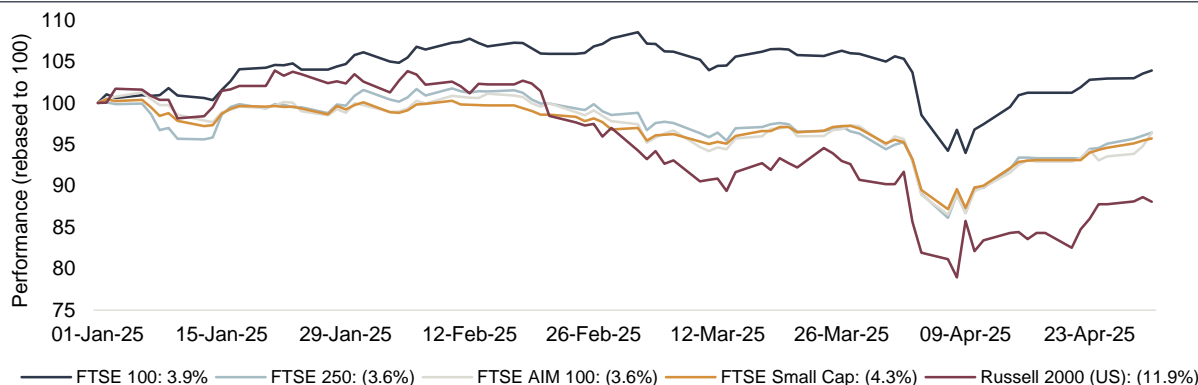
## European equity markets outperform in 2025, but US policy shift impacted monthly performance

- European equity markets continue to outperform their US counterparts YTD, but markets globally were affected by tariff announcements on 'Liberation Day', which weighed heavily on equity indices around the world. Markets recovered somewhat over the course of April, as President Trump temporarily suspended the most punitive 'reciprocal' tariffs for all countries bar China for negotiations, however, the 90-day pause has meant that the market is still facing significant uncertainty. Investors have increasingly looked to diversify portfolios away from the US (and large cap technology related stocks in the US)
- Whilst there have been growing concerns over the course of the year with regard to President Trump's policy agenda, 'Liberation Day' pushed volatility swiftly higher and accelerated rotation out of US equities. Whilst the VIX has pulled back from intra month highs, the ongoing US uncertainty could continue to weigh on markets
- In the UK, over April the FTSE 250 outperformed its larger cap counterpart finishing the month up 2.1%, vs the FTSE 100 which finished down -1.0%, partly due to the FTSE's larger exposure to the dollar and US earnings. For the month of April, the **FTSE was down 1.0%, FTSE 250 up 2.1%, Stoxx600 down 1.2%, S&P down 0.8%, Nasdaq up 0.9% and Russell 2000 down 2.4%**

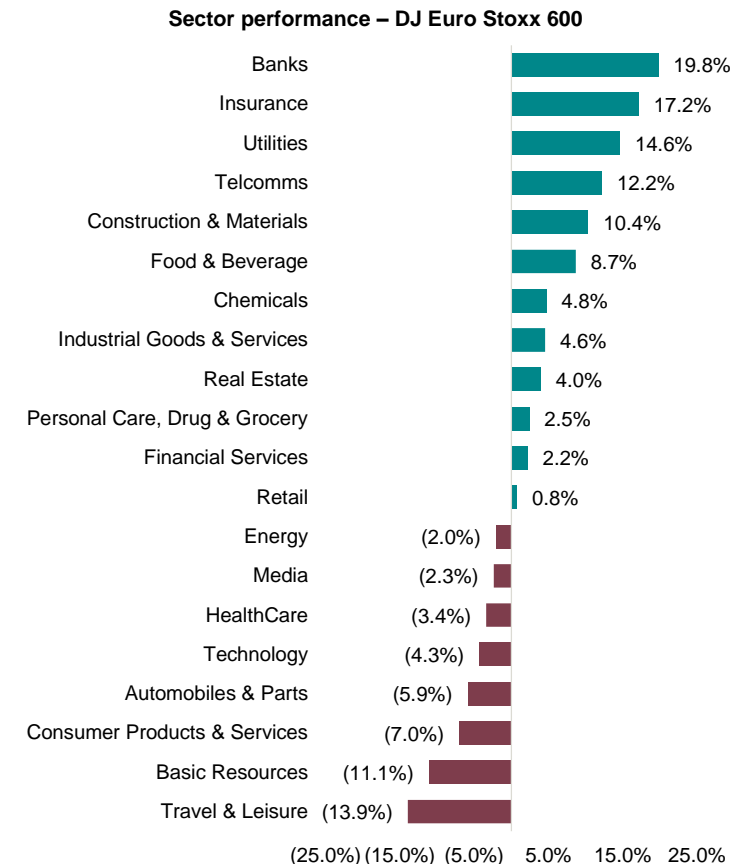
### European markets have outperformed their US counterparts so far in 2025



### In the UK, the FTSE 100 has been buoyed by weakening sterling, whilst mid cap US stocks (Russell 2000) have significantly underperformed



### Varied sector performance within the Stoxx600 YTD\*

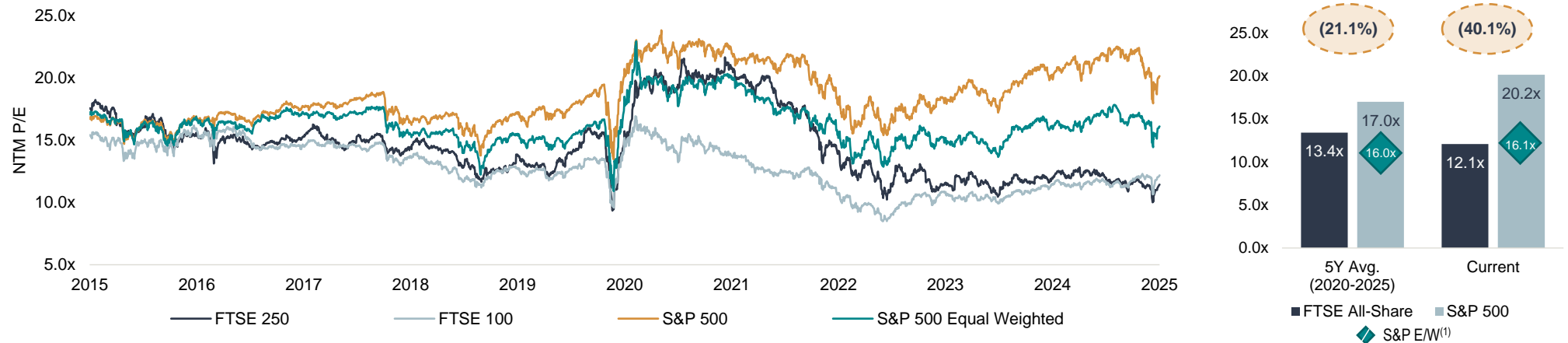


# Equity Market Overview | valuation disconnect remains

UK valuations continue to look low on a global and historic relative basis despite a sharp pullback for US equities

- Following the movement in markets over the course of April, US equity valuations have pulled back from historic highs. The headline valuation differential between US and UK / EU equity markets remains significant, however after adjusting for growth (and sector skew therefore...) that differential significantly reduces
- Until recently Economists and Strategists predicted positive returns for global equities over 2025, including more modest gains for US equities (relative to prior years). Following the fallout from 'Liberation Day', global investors views on the US have significantly pivoted, with many pulling money from the US and into Europe (inc. UK) equities, cash, bonds and gold
- The solid performance of the FTSE over 2025 has started to close the valuation gap to US markets, but there is still a long way to go particularly for the FTSE250. Despite this improvement, as at the end of April, the FTSE All-Share still sits at a 40% discount to the S&P, and a 25% discount on an equal weighted basis (at a headline level)

Headline valuation gap between US and UK equities remains wide, although is reducing given US equity market underperformance in 2025



The UK's PE valuation looks attractive on a 5-year historic basis vs RoW



PEG ratio – The FTSE 250 looks most attractive adjusted for growth





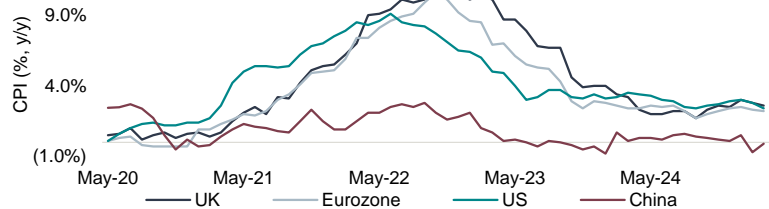
# Macro Outlook | US policy uncertainty impacting markets

Tariffs introduced by Trump may keep US inflation and rates higher for longer and impact economic growth globally

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Inflation is trending towards central bank target levels...

Inflation mildly elevated, but significantly moderated from highs

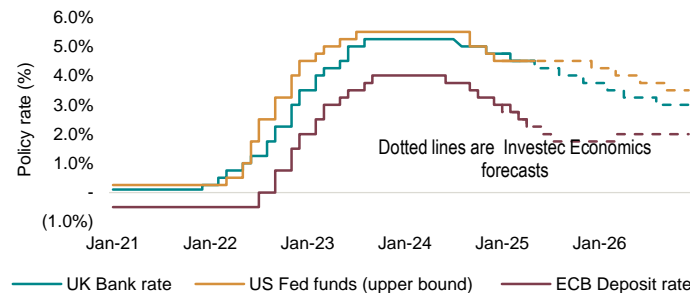


- UK inflation for March fell to 2.6% y/y from 2.8% in February below consensus estimates of 2.7%. Service sector inflation remained elevated at 4.7%, but below previous readings of 5.0%. Core fell to 3.4% from 3.5% in line with consensus of 3.4%
- Likewise, in the Eurozone CPI data for March decreased to 2.2% y/y from 2.3% in February. In April it flatlined at 2.2%. In the US CPI fell to 2.4% y/y in March from 2.8% in February
- Following recent tariff announcements and market volatility, markets have rapidly reassessed the rate outlook, and are now looking for 2-3 rate cuts in the Europe, with 3-4 expected in the US and UK over the course of 2025. This move in rate expectations is in response to fears of a US slowdown and recession despite potential price pressures from tariffs

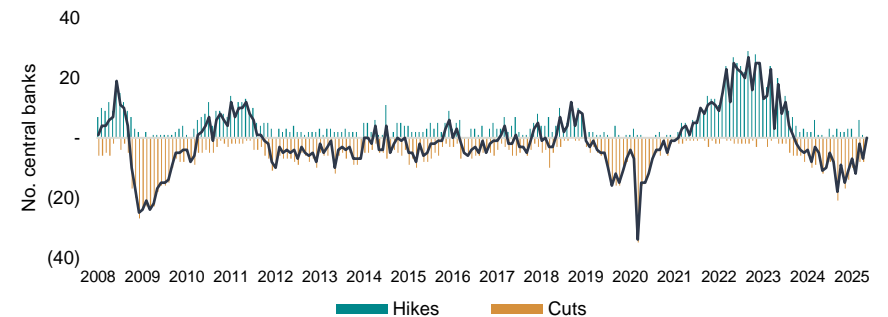
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...and the rate cutting cycle looks well underway...

A flattening trajectory, but further rate cuts expected...



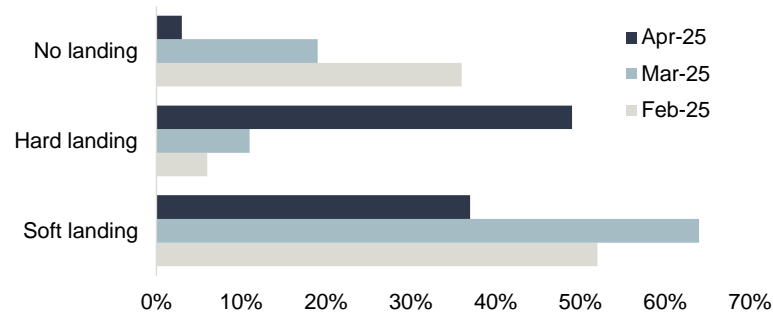
... although how many further cuts remains uncertain...



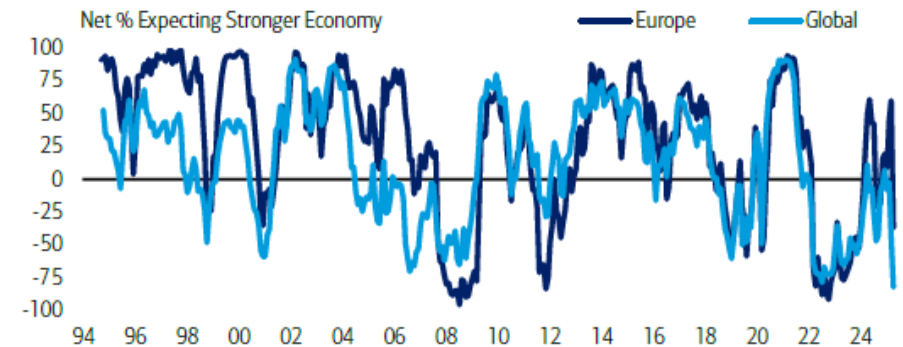
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...but the near term macro-outlook is now less clear

Hard landing consensus significantly increased over April ...<sup>(1)</sup>



...as US tariffs have significantly increased uncertainty in the market<sup>(2)</sup>



Source: BofA European & Global Fund Manager Survey

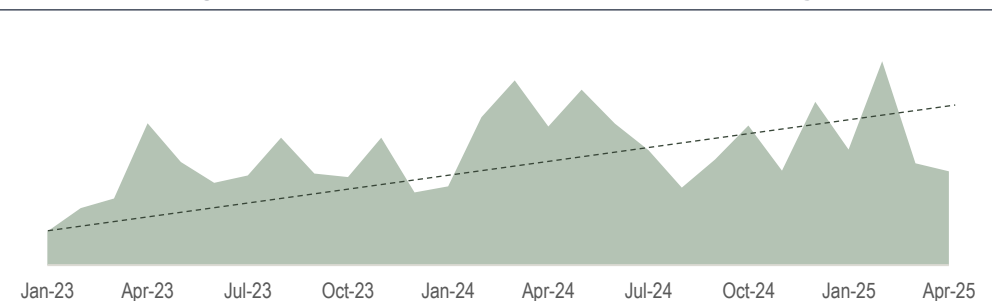


# UK Funds Flow Overview | Perceptions improving for Europe

Clear evidence of a rotation out of US equities into bonds, cash, gold and European equities over the course of April

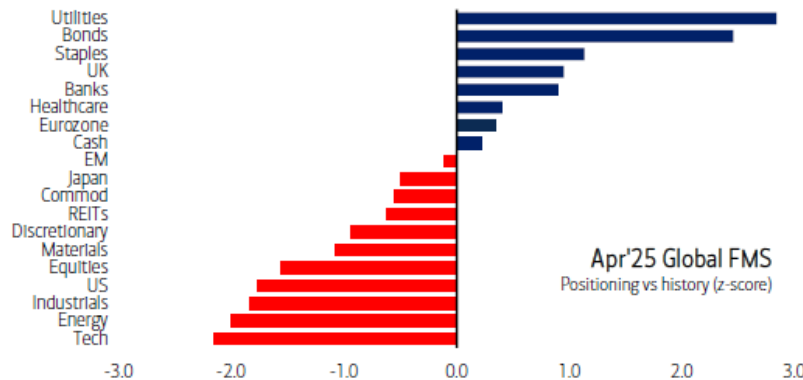
- Tariffs have increased uncertainty globally with investors now bracing for a global slowdown with 82% of respondents in the April BAML FM survey expecting the global economy to weaken over the coming year. However the extent of that slowdown is unclear with a wide range of possible outcomes forecast by different economists, strategists and investors.
- However European equities have been net beneficiaries of improving fundamentals and a growing view amongst investors that US exceptionalism has peaked. German fiscal stimulus and budgetary reform are viewed as a core catalyst for an improving growth outlook for the European economy. The latest BAML fund manager survey indicates that a net 22% of global investors are overweight European equities, and a net 36% underweight US equities
- Whilst global challenges remain, on a relative basis, the UK has continued to be viewed more positively. There has been continued elevation of the pro-growth rhetoric by the UK Government, a better than expected inflation print for March and better monthly GDP prints than expected for Jan and Feb (Q1 data released 15th May)

Investec's trading commission from US clients since 2023 – improving trend



1

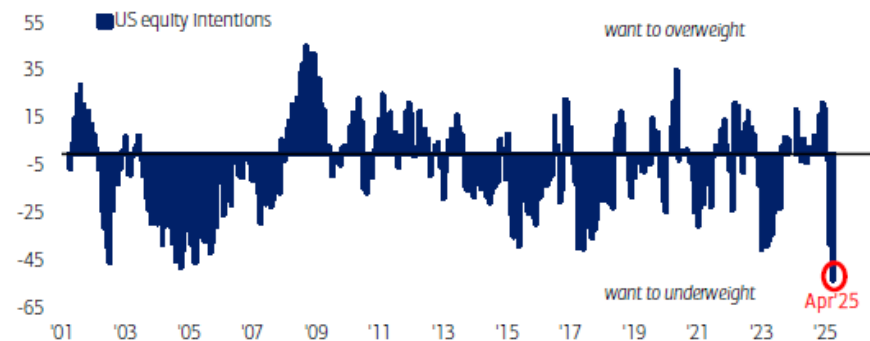
Over March & April global fund managers indicating they are set to reduce exposure to US equities to the largest extent in the last 25 years...



Source: BofA Global Fund Manager Survey

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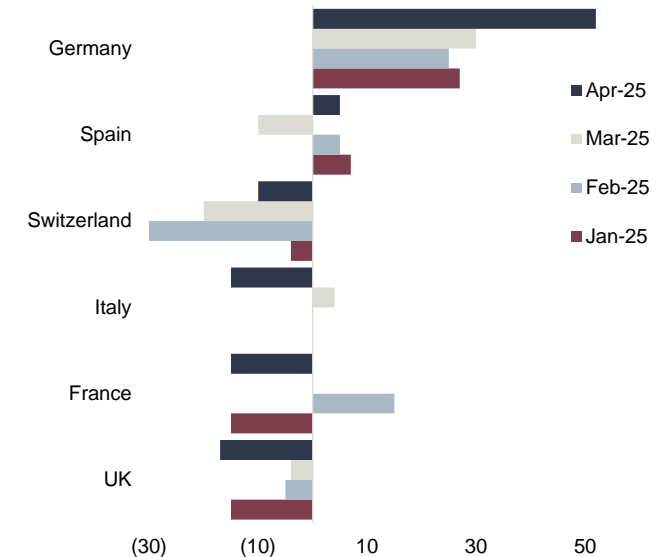
...this record rotation out of US stocks describes the markets view that US exceptionalism has peaked – since Feb-25 allocation to US equities has dropped 53ppt, a record 2-month decline



Source: BofA Global Fund Manager Survey

Improved investor perceptions of Europe, Germany preferred due to government stimulus<sup>(3)</sup>

"Which equity markets would you overweight or underweight over the coming twelve months?"





# European Equity Issuance 2025 YTD | April volumes muted

European equity issuance recovering towards 10 year averages but April volumes hampered by 'Liberation Day' induced market volatility

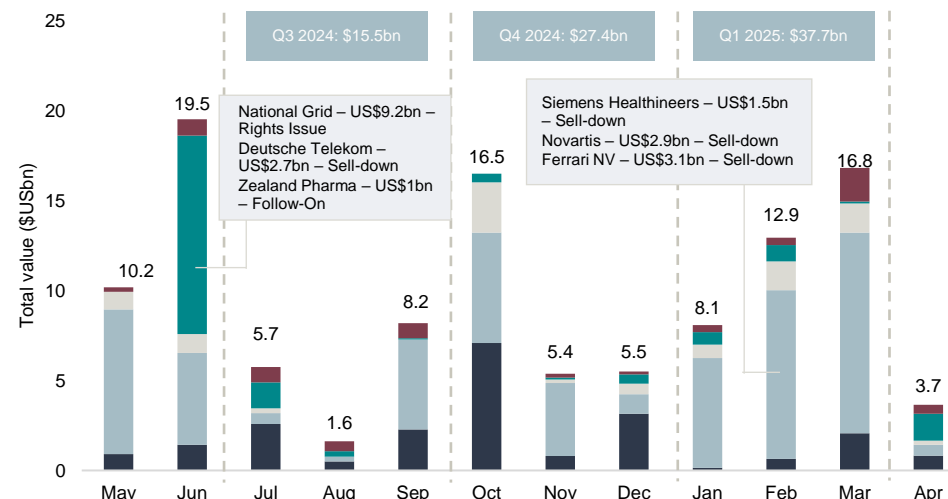
## ECM activity steadily recovering

Deal Value (US\$bn)	2023 (YTD)	% Total	2024 (YTD)	% Total	2025 (YTD)	% Total	2025 vs. 2024
Follow-Ons	8	22%	7	15%	4	9%	0.5x
Sell-downs	17	42%	22	50%	27	66%	1.2x
IPOs	3	6%	12	27%	4	10%	0.3x
Rights Issues	6	14%	2	4%	3	8%	1.9x
Convertibles	6	15%	2	5%	3	8%	1.5x
<b>Total</b>	<b>39</b>		<b>45</b>		<b>41</b>		<b>0.9x</b>

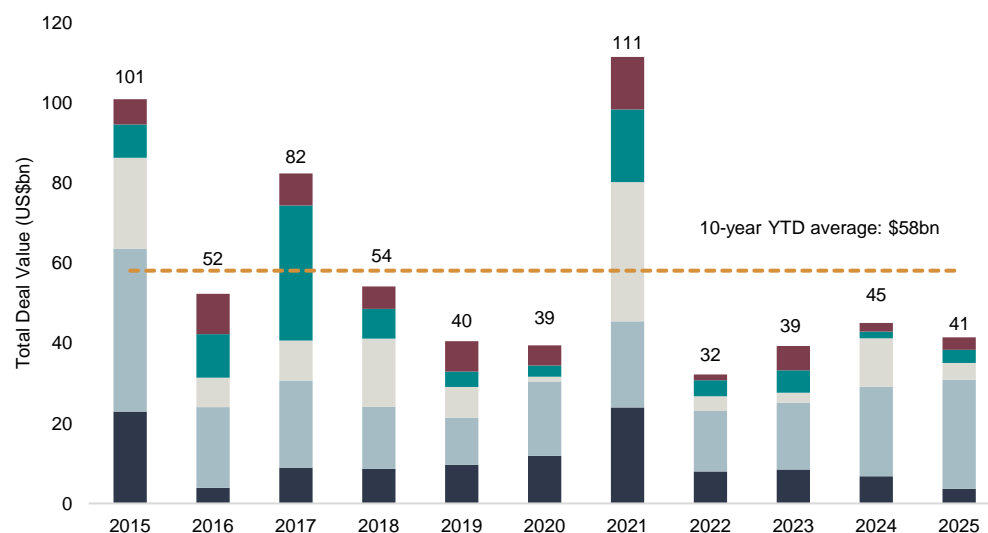
  

No. Value	2023 (YTD)	% Total	2024 (YTD)	% Total	2025 (YTD)	% Total	2025 vs. 2024
Follow-Ons	33	31%	24	22%	16	17%	0.7x
Sell-downs	35	33%	45	42%	43	45%	1.0x
IPOs	12	11%	18	17%	18	19%	1.0x
Rights Issues	13	12%	12	11%	11	11%	0.9x
Convertibles	14	13%	8	7%	8	8%	1.0x
<b>Total</b>	<b>107</b>		<b>107</b>		<b>96</b>		<b>0.9x</b>

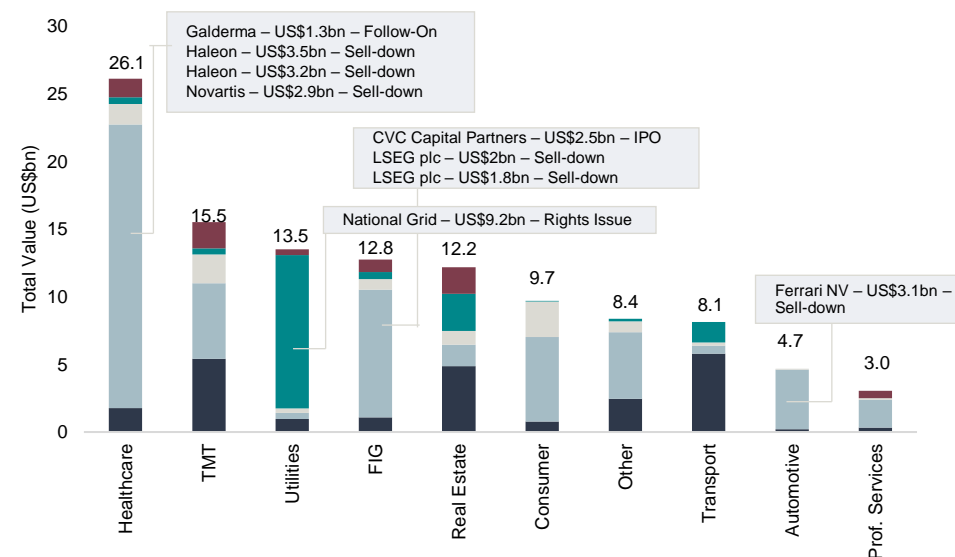
## Growing ECM activity in the seasonally key periods, April muted by market volatility



## European ECM volumes (inc. UK) recovering and approaching 10-year averages



## Jumbo sell downs driving issuance over LTM





# European IPO Issuance 2025 | Improving but near-term challenges

Although volumes remain below 10 year averages, there was continued gradual improvement in IPO activity over Q1 2025. However market uncertainty impacted April and the pace of recovery in the near-term

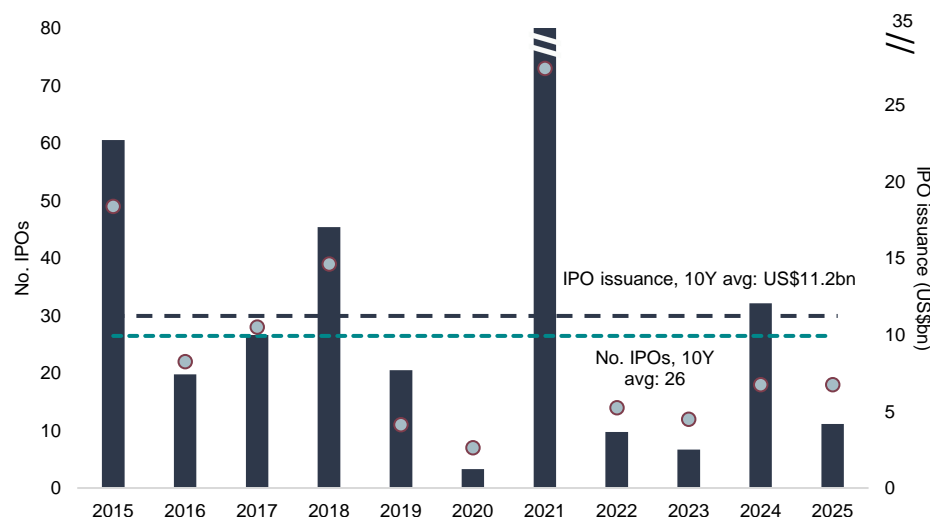
## IPO issuance in Europe

- US\$246m raised across **five IPO's in April 2025**, with three of those IPOs sub-US\$50m. Of the 5 IPOs, 3 were listed in London: MHA, Quantum Base and Smarter Web. **Average IPO size for 2025 has been US\$134m**
- March saw two IPO's over US\$50m**, Finnish Construction and Infrastructure company **GRK Infra (US\$106m)** and British accountancy firm **MHA (US\$124m)**
- There were **four IPOs over US\$1bn in 2024**, with Asker Healthcare now the largest IPO of 2025 at US\$886m, surpassing HBX Group's IPO of US\$774m
- Recent volatility has pushed a number of potential IPO launches from H125 into H225
- In the UK IPO volumes are expected to be second half weighted.** We continue to think that the FCA Listing Rule reforms will be helpful tailwinds for UK IPOs
- Changes to the FTSE UK Index Series will heighten the attraction of a UK listing**, allowing non-sterling denominated securities index inclusion, and a faster entry threshold for larger companies (market capitalisation greater than £1bn and market position greater than 225<sup>th</sup>)

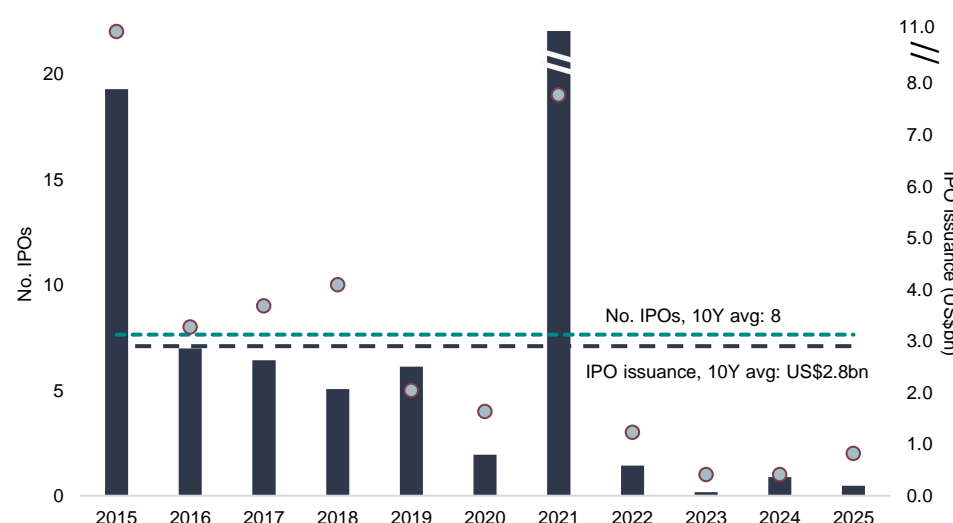
Recent deals have been more modestly sized with larger transactions expected later in the year

Date	Company	Sector	Country	Deal Value (US\$m)	IPO Mcap (\$m)	% Co. Sold	Prim. / Sec. (%)	Post- IPO return
10 Apr	MHA	Services	UK	124	347	36%	0 / 100	1.0%
27 Mar	Asker Healthcare	Healthcare	Sweden	886	2,531	35%	17 / 83	22.1%
11 Mar	Roko AB	Finance	Sweden	526	3,021	17%	0 / 100	(0.5%)
20 Feb	Achilles Investment Co	Finance	UK	68	54	100%	100 / 0	3.0%
12 Feb	Ferrari Group plc	Transport	Netherlands	233	654	29%	0 / 100	(17.2%)
11 Feb	HBX Group	Consumer	Spain	772	2,368	26%	97 / 3	(33.0%)
06 Feb	Bioversys	Healthcare	Switzerland	83	184	36%	100 / 0	(3.1%)
06 Feb	Doosan Skoda Power	Industrials	Czech Rep.	95	253	30%	30 / 70	34.6%
31 Jan	Diagnostyka SA*	Healthcare	Poland	418	706	48%	0 / 100	44.6%
22 Jan	Alter Ego Media SA	Media	Greece	59	193	25%	100 / 0	2.2%
11 Dec	Intea Fastigheter AB	Real Estate	Sweden	197	737	21%	94 / 6	60%
24 Oct	Applied Nutrition	Consumer	UK	175	350	39%	0 / 100	(16.9%)
18 Oct	Sveafastigheter AB	Real Estate	Sweden	287	577	38%	0 / 100	(16.5%)
10 Oct	Zabka Polska	Consumer	Poland	1,640	4,189	30%	0 / 100	(0.1%)
01 Oct	Springer Nature	Media	Germany	665	3,731	13%	38 / 62	(21.2%)
Average				435	1,326	35%	38 / 62	3.9%

European (inc UK) IPO activity expected to continue to recover despite April 'pause'



UK IPO issuance expected to meaningfully pick up H225 onwards



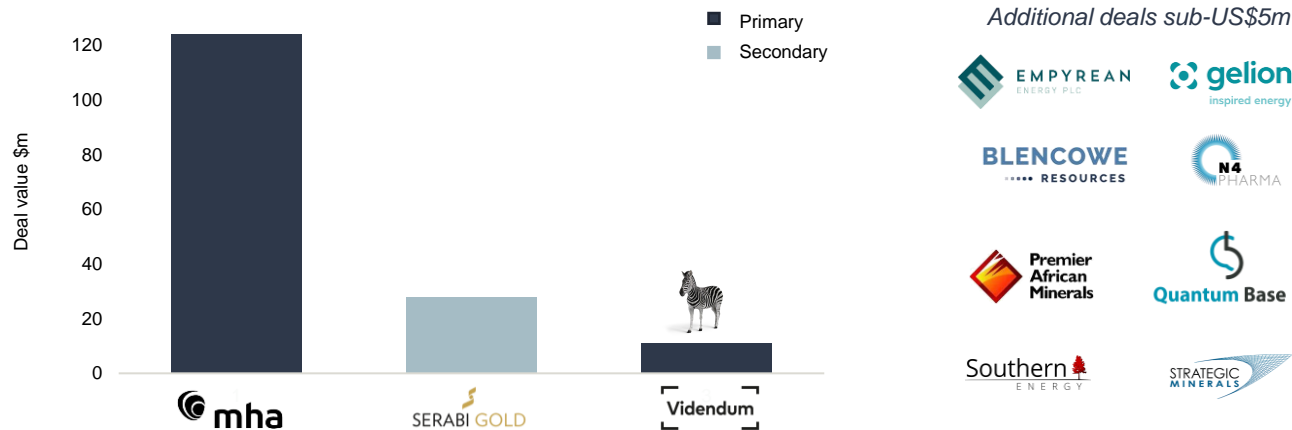




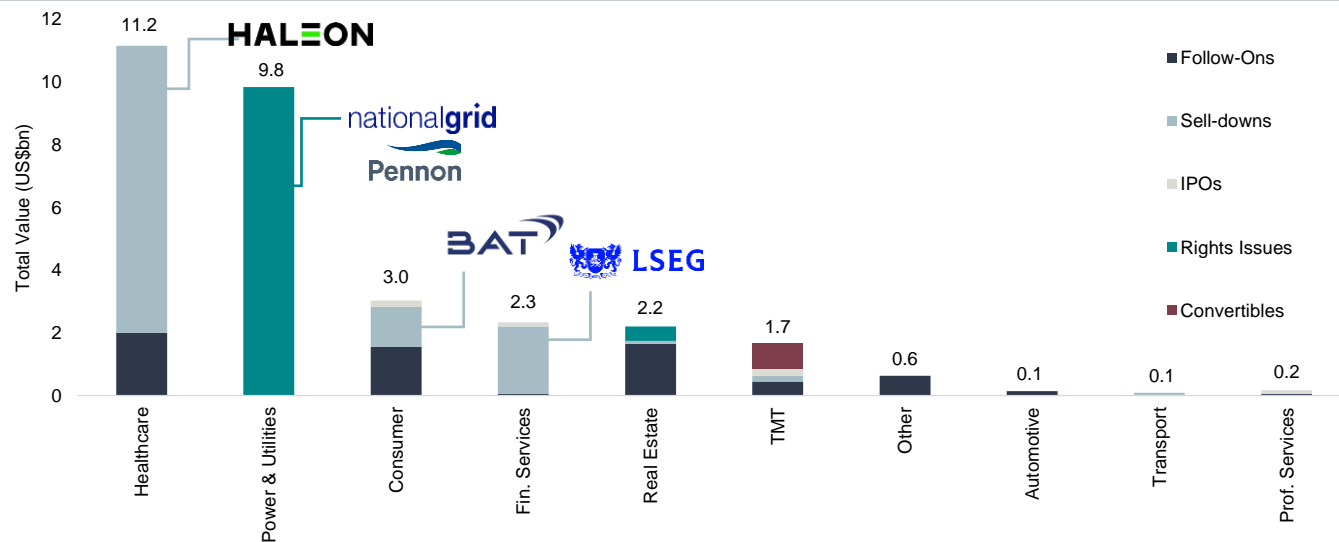
# UK ECM activity | April

April UK issuance (as in other regions) was impacted by post 'Liberation Day' volatility

UK ECM issuance across the deal size spectrum in April<sup>(1)</sup> – \$162m raised in 3 deals



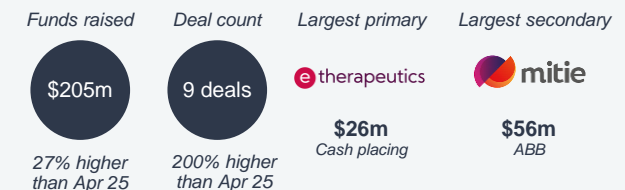
Utilities, Healthcare and FIG the most active sectors over the last 12 months<sup>(2)</sup>



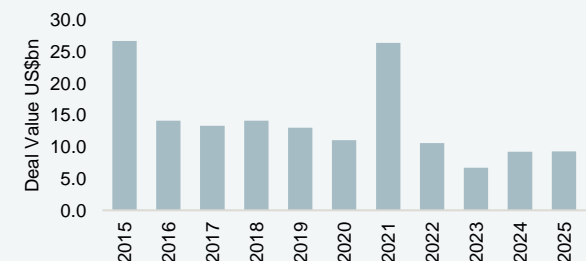
2025 UK ECM YTD activity vs 2024 snapshot<sup>(1)</sup>

	2025 YTD	2024 YTD	Variance
Total funds raised (\$m)	9,152	9,050	+1%
Total no. transactions	29	31	(6%)

Comparison: UK ECM activity in April 2024<sup>(1)</sup>



UK ECM Activity YTD comparison<sup>(1)</sup>












# UK Public M&A activity | April

UK public market valuations continue to attract significant interest from trade and private capital



## Selected deals

Possible	Strategic	25 <sup>th</sup> April	 <b>DOORDASH</b>  <i>Deliveroo plc is a UK-based online food delivery service that connects customers with local restaurants and delivers meals directly to their homes.</i> <b>FTSE 250</b>	180 Pence per share	23 May PUSU deadline	£2.72bn Offer value	<ul style="list-style-type: none"><li>Announcement by Deliveroo plc, in response to press speculation, that it has received an indicative proposal regarding a possible cash offer from DoorDash, Inc. for the entire issued and to be issued ordinary share capital of Deliveroo.</li><li>The board has indicated to DoorDash that, should a firm offer be made on the financial terms set out in the Rule 2.4 announcement, it would be minded to recommend such an offer to Deliveroo shareholders, subject to the agreement of the other terms of the offer. Accordingly, the board decided to engage in discussions with DoorDash in relation to the possible offer and has provided DoorDash with access to due diligence.</li><li>Deliveroo has suspended with immediate effect, the £100 million Buyback Programme that was announced on 18 March 2025.</li></ul>
Firm	Private Equity	17 <sup>th</sup> April	 <b>bd-capital</b>  <i>Science in Sport plc develops and sells scientifically formulated sports nutrition products to enhance athletic performance and recovery.</i>	34 Pence per share	23.6% Premium	£82.3m Offer value	<ul style="list-style-type: none"><li>bd-capital believes its operator-led investment model can accelerate SiS's transition to profitable growth, leveraging extensive experience in consumer health and sports businesses.</li><li>bd-capital believes that due to the relative illiquidity of the SiS Shares and the challenges of raising funds through public markets particularly, SiS does not currently have all the necessary components (including capital) to fully unlock its growth potential over a reasonable timeframe.</li><li>The acquisition marks bd-capital's third investment in Consumer Healthcare, following previous investments in Symprove and Bonusan, and reflects its extensive experience in the Sports and Leisure markets through investments in Sportscape and Greenset Group.</li><li>Investec acted as the financial adviser to bd-capital.</li></ul>
Firm	Private Equity	15 <sup>th</sup> April	 <b>ATLAS HOLDINGS</b>  <i>De La Rue specializes in producing banknotes, security printing, and identity solutions, including passports and brand authentication services.</i> <b>FTSE SmallCap</b>	130 Pence per share	19.0% Premium	£263.0m Offer value	<ul style="list-style-type: none"><li>On 15 October 2024, De La Rue announced that it has entered into an agreement to sell its Authentication Division, which (as announced on 7 April 2025) is expected to complete on 1 May 2025.</li><li>Atlas views the acquisition of De La Rue as an opportunity to enhance its manufacturing and infrastructure portfolio, believing that De La Rue will become an industry leader post-sale of its Authentication Division, and is best suited for long-term investors who can accept earnings cyclicality, following the successful conclusion of its formal sale process initiated on 4 February 2025.</li><li>Investec is acting as a joint corporate broker to De La Rue.</li></ul>
Firm	Private Equity	9 <sup>th</sup> April	 <b>KKR</b>  <b>Stonepeak</b>  <i>Assura PLC is a UK-based company that develops, invests in, and manages healthcare properties leased to healthcare providers, primarily supporting the NHS.</i> <b>FTSE 250</b>	49.4 Pence per share	31.9% Proposal	£1.61bn Offer value	<ul style="list-style-type: none"><li>On 15 February 2025, Assura plc received an unsolicited cash offer proposal from KKR and USS Investment Management, which was followed by multiple proposals from KKR, while an all-share proposal from Primary Health Properties was rejected; ultimately, KKR and Stonepeak announced a recommended cash offer for Assura after the board deemed the PHP proposal insufficient.</li><li>49.4 pence in cash comprises of 48.56 pence in cash and a quarterly interim dividend of 0.84 pence announced on 18 February 2025.</li><li>KKR and Stonepeak further believe that Assura has a highly attractive portfolio of assets and a management team with significant industry knowledge and experience, which meet the objectives of KKR's and Stonepeak's respective infrastructure investment strategies.</li></ul>

# Senior-led team | significant hands-on experience

An experienced and well-established team

<div>Jonathan Arrowsmith</div> <div>Head of Investment Banking</div> <div>25+ years<sup>(1)</sup></div> <div></div>			<div>Carlton Nelson</div> <div>Head of UK Corporate Broking &amp; PLC Advisory</div> <div>20 years</div> <div></div>			<div>Clive Murray</div> <div>Head of UK Equities</div> <div>25+ years</div> <div></div>					
Equity Capital Markets & PLC Advisory (UK & Frontier Markets)					M&A Advisory & Private Equity Origination						
<div></div> <div>Duncan Smith</div> <div>Head of European ECM</div> <div>25+ years</div>			<div></div> <div>Ben Griffiths</div> <div>Director, European ECM</div> <div>10 years</div>			<div></div> <div>Sara Wallace</div> <div>Analyst, European ECM</div> <div>5 years</div>					
<div></div> <div>Jarret Goldenhuys</div> <div>Managing Director, FM ECM</div> <div>25+ years</div>			<div></div> <div>Ashleigh Williams</div> <div>Director, FM ECM</div> <div>10 years</div>			<div></div> <div>Luke Spells</div> <div>Head of M&amp;A Advisory</div> <div>20+ years</div>					
<div></div> <div>Kate Gribbon</div> <div>Head of UK Private Equity Coverage</div> <div>20 years</div>											
Equity Research			Equity Sales (UK & International)								
<div></div> <div>Andrew Whitney</div> <div>Head of UK Research</div> <div>20+ years</div>			<div></div> <div>Paul Divo</div> <div>Head of UK Sales Desk</div> <div>25+ years</div>			<div></div> <div>Adam Bidwell</div> <div>UK Equity Sales</div> <div>20+ years</div>					
<div></div> <div>Jon Saxon</div> <div>Head of US Equity Sales</div> <div>20+ years</div>			<div></div> <div>Callum Hillicks</div> <div>European Equity Sales</div> <div>10 years</div>			<div></div> <div>Neil Brierly</div> <div>Co-Head Investment Trusts Sales</div> <div>20+ years</div>					
<div></div> <div>Andrew Schultz</div> <div>Head of Frontier Market Sales</div> <div>25+ years</div>											

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