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Equity Capital Markets

European and UK ECM Review

February 2025

Executive summary

Equity markets have continued 2024 momentum, but uncertainty over US policy (both economic & foreign) had some impact on February performance. Strong ECM activity with 2025 volumes ahead of 2024 YTD

Investec

1. February was another month of progress for European equity markets. As was the case in January, US markets underperformed their European and Asian peers, not helped by what some see as a relatively chaotic month for US policy from President Trump's incoming Administration (US markets are now in negative territory YTD). Over the course of the month the Stoxx600 rose 3.3%, the FTSE rose 1.6%, whilst the S&P500 fell -1.4% and Nasdaq -4.0%. Small and mid-caps continued to underperform their larger cap peers however, with the FTSE250 -3.0% and the Russell 2000 -5.4%

2. YTD as of February close, the Stoxx600 is up 9.8%, the FTSE +7.8%, the FTSE250 -1.4%, the S&P500 +1.2%, Nasdaq -2.4% and the Russell 2000 -3.0%. The key development for February was President Trump and his various policy updates, both economic and foreign. He has certainly been busy and the full impact of his breakneck policy making is yet to be fully assimilated, but they are clearly starting to have an impact on markets to the downside

3. For much of the month, markets took the latest developments in US policy in their stride, but over the past few weeks US equity market underperformance versus global peers has continued as President Trump's first few months in office start to have a dampening effect on US sentiment - US Consumer Confidence in February fell to 98.3 versus expectations of 102.5 and down from 104.1 in January (its steepest m/m decline since Aug 2021). Markets appear worried US activity could take a hit as a result. Meanwhile, Europe, led by Germany, has announced intentions of a huge step up in defence spending, contributing to driving European stock markets higher

4. On the inflation front, UK January CPI was slightly hotter than expected at 3% y/y, driven by a number of arguably one-off impacts (private school VAT, fuel etc), but the reading was not significant enough to deter the BoE from cutting rates (as expected) by 25bps taking UK Base rates to 4.5%. In the US, CPI data for January was also slightly elevated relative to expectations and the prior month at 3% y/y versus 2.9% in Dec and 2.9% expected. The Fed kept rates on hold at its Jan 29th meeting and the Fed minutes released on 19th February showed that the FOMC is minded to be cautious and data driven as regards future rate moves

5. In addition, there is concern that US Tariff policy, which combined with the tax cuts that the President wants to enact, will ultimately be reflationary – markets were pricing one more US rate cut over the balance of 2025 (in late summer). However, as fears regarding activity have mounted, market expectations have rapidly changed over the last few weeks with 2+ Fed rate cuts now expected

6. The latest BAML survey of Global and European fund managers clearly points to a constructive view for equity markets in 2025, but in a change from prior years US equity markets are not expected to lead the way – EU and Asian equity markets have been the beneficiaries of a broadening investor interest amid a peaking in investor conviction of 'US Exceptionalism' (89% of Global investors in the survey see US equities as overvalued)

7. European ECM volumes YTD are up on 2024 ($21bn versus $15bn) with February volumes up 58% relative to January. Significant transactions over the month include the $1.5bn sell down of Siemens Healthineers by Siemens and accelerated sell down of SigmaRoc's shares by CRH ($143m). 8 notable European IPO's priced over the month including HBX Group, Diagnostyka, Doosan Skoda and Bioversys. **Post month end, Investec completed a £41m primary capital raise in the Industrials sector for long-standing client XP Power**

8. Along with on-going company results, US policy updates and geopolitical developments Central Banks will be in focus over March with the next Fed meeting on March 19th (expected to hold at 4.25-4.5%), BoE on March 20th (expected to hold at the current 4.5%) with the ECB cutting by 25bp on March 6th bringing the deposit rate to 2.50%

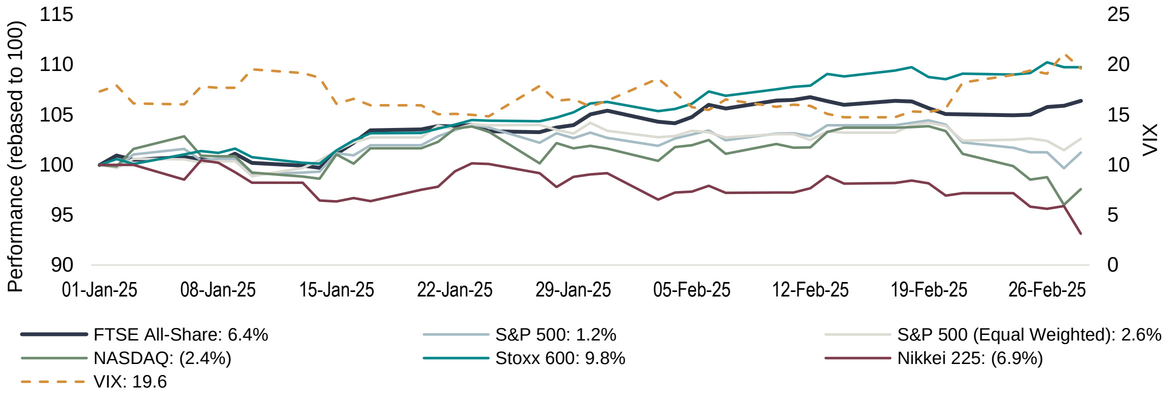
Source: FactSet; (1) Dealogic – analysis only includes transactions greater or equal to $US50m; European ECM activity inclusive of UK

Equity Market Overview | European outperformance

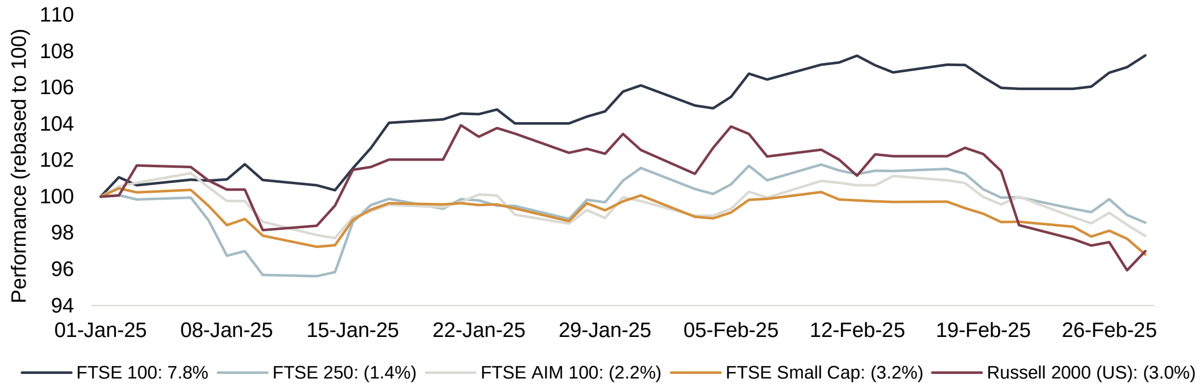
European equity markets continue to outperform in 2025 as policy uncertainty impacts US equities

- Despite growing concern about the new US Administration's high speed policy making with respect to tariffs, European equity markets had another positive monthly performance over February
- US indices underperformed (as they did in January) as investors increasingly looked to diversify portfolios away from the US (and large cap technology related stocks in the US). Growing concerns with regard to President Trump's policy agenda and the scope for it to be both reflationary and sentiment impacting are accelerating this rotation. The announcement of a plan for a huge fiscal boost in EU defence spending and in German infrastructure contributed too. The heightened uncertainty was reflected in the VIX which climbed over the course of the month
- In the UK, the large cap FTSE 100 outperformed its smaller cap counterpart, the FTSE 250. A jump in CPI to 3% in January did not dissuade the BOE from cutting rates and the Investec Economics team remains of the view that 2025 will see 3 further 25bps rate cuts
- By the close of the month the **FTSE was up 1.6%, FTSE 250 down -3.0%, Stoxx600 up 3.3%, S&P down -1.4%, Nasdaq down -4.0% and Russell 2000 down -5.4%**

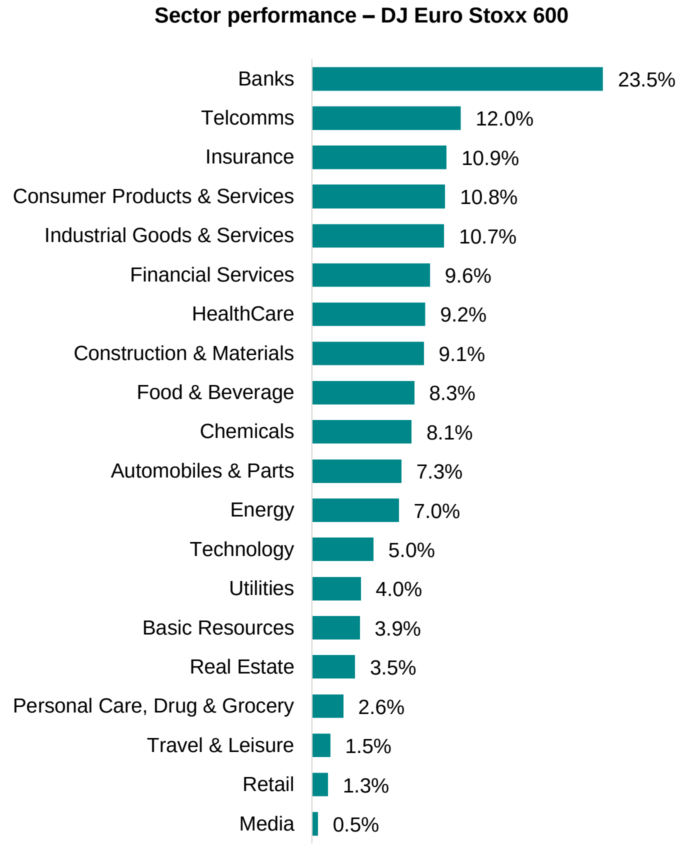
European markets have outperformed their US counterparts so far in 2025



In the UK, AIM stocks have continued to underperform post the UK budget; FTSE 100 buoyed by weakening sterling



All sectors within the Stoxx600 are up YTD



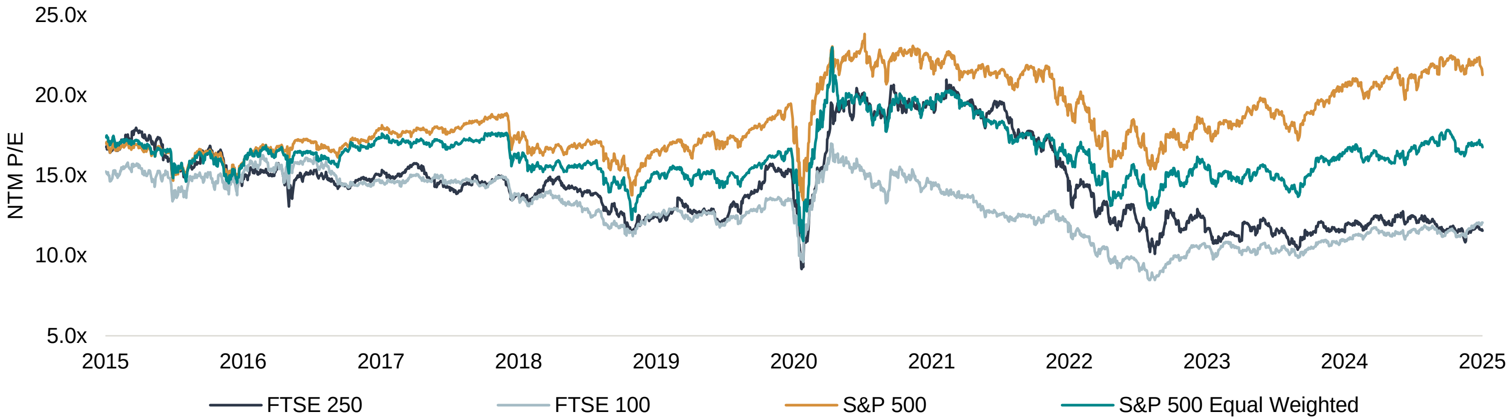
Source: FactSet; Bloomberg

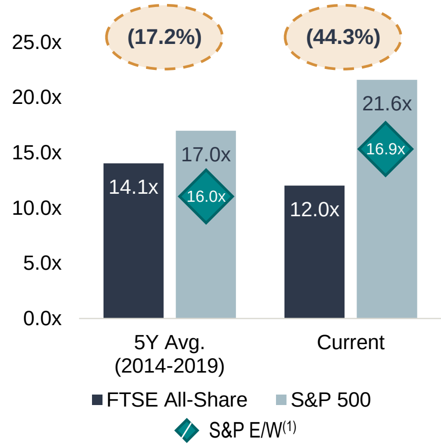
Equity Market Overview | valuation disconnect remains

UK valuations continue to look attractive on a global and historic relative basis

- US equity markets are currently towards the top of historic valuation ranges and the headline valuation differential between US and UK / EU equity markets remains as wide as it has ever been, although after adjusting for growth (and sector skew therefore...) that differential does reduce
- Economists and Strategists currently see positive returns in 2025 for equities, however, whilst a number highlight 'US exceptionalism' and the importance of AI, few expect US equity returns to match those seen in 2024 (or 2023)
- The robust FTSE performance YTD2025 has started to close the gap, but there is still a long way to go particularly for the FTSE250. Whilst there has been an improvement in the valuation disconnect, at a headline level, the FTSE All-Share still sits at a 44% discount to the S&P, and a 29% discount on an equal weighted basis

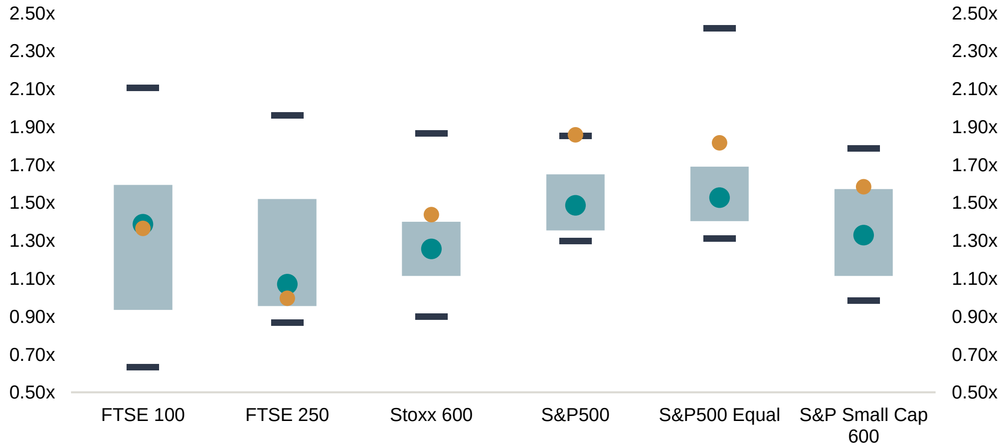
Headline valuation gap between US and UK equities remains at its widest, although slight reduction of the gap YTD





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



90^{th} – 10^{th} decile *Inter-quartile range* *Median* *Current*

Source: FactSet; (1) S&P E/W refers to the S&P500 Equal Weighted index
Note: PE and PEG ratios are derived on a Next Twelve Months Ahead basis. FTSE 100 and FTSE 250 demonstrate greater variance in their PEG ratios given the domestic political activity over the last 5-years (including the Truss leadership). Note: the interquartile range excludes any values in the top and bottom quartiles, similarly the inter-decile range excludes to the top and bottom deciles to remove any outliers

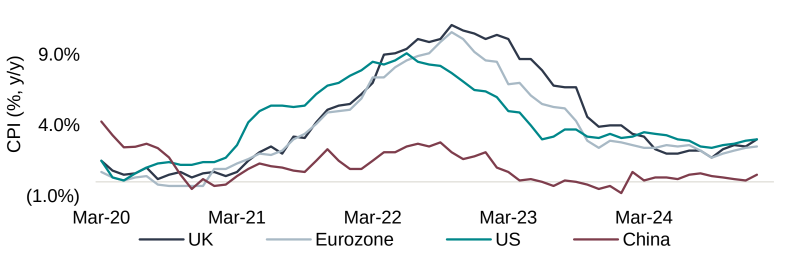
Macro Outlook | US policy uncertainty impacting markets

Mild inflation tick up in January, for now, while Trump related uncertainty is building

- UK inflation for January jumped to 3.0% y/y from 2.5% in December above consensus estimates of 2.8%. Service sector inflation climbed to 5.0% from 4.4%, with core climbing to 3.7% from 3.2% in line with consensus
- Likewise, in the Eurozone CPI for January increased to 2.5% y/y from 2.4% in December. In the US CPI ticked up to 3.0% y/y in January from 2.9% in December
- The US and Europe (inc. the UK) look set to decouple of terms of interest rate moves with markets expecting the ECB and BoE to reduce rates more actively than the Fed over 2025 (although expectations for US rate changes rapidly)
- With President Trump pursuing his America First agenda there is US policy unpredictability to navigate but also evidence that the big shift in the geopolitical backdrop is prompting a large fiscal response in the EU. The hand of the UK Governments is more fiscally constrained, but efforts are made to elevate the country's growth agenda through deregulation

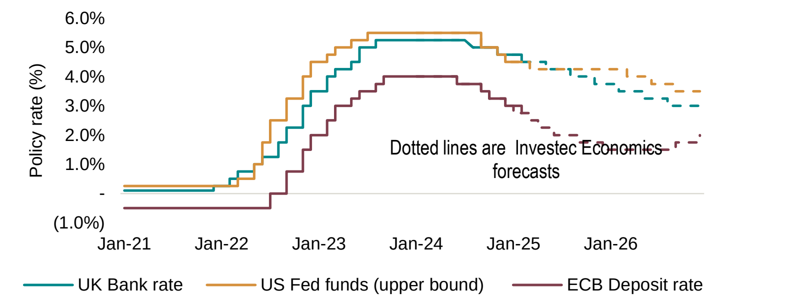
1 Inflation is trending towards central bank target levels…

Inflationary mildly elevated, but significantly moderated from highs

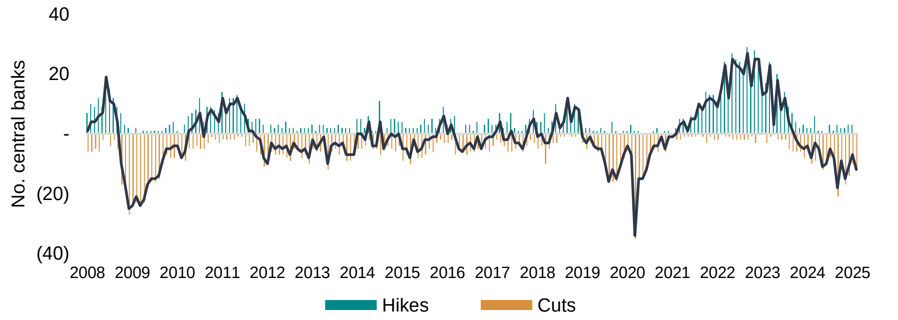


2 …and the rate cutting cycle looks well underway…

A flattening trajectory, but further rate cuts expected…

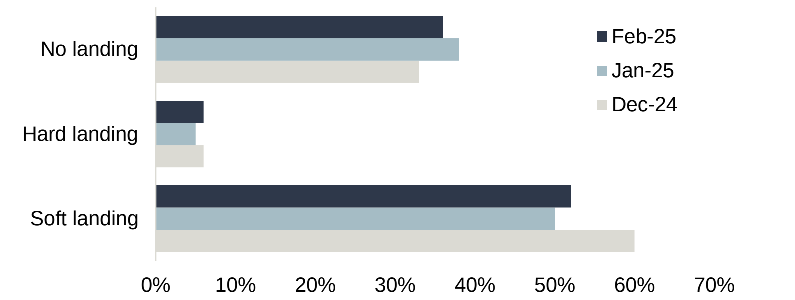


… and clear evidence that the rate cycle has now turned…

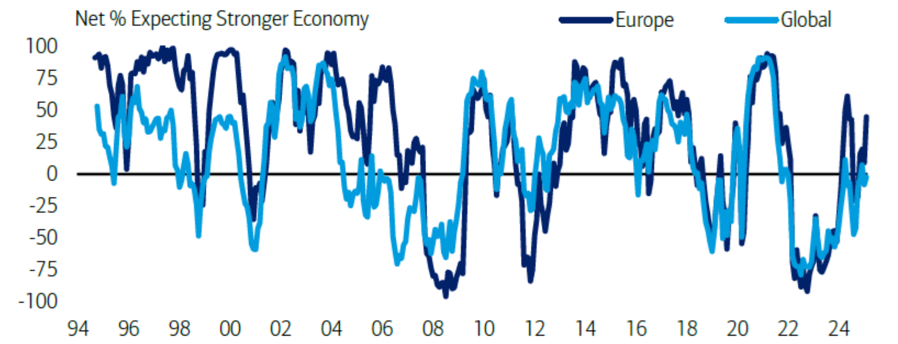


3 …supporting a more optimistic macro-outlook

Soft or no landing for the global economy remains the consensus…[1]



…but US tariffs increasing uncertainty in the market[2]



Source: BofA European & Global Fund Manager Survey

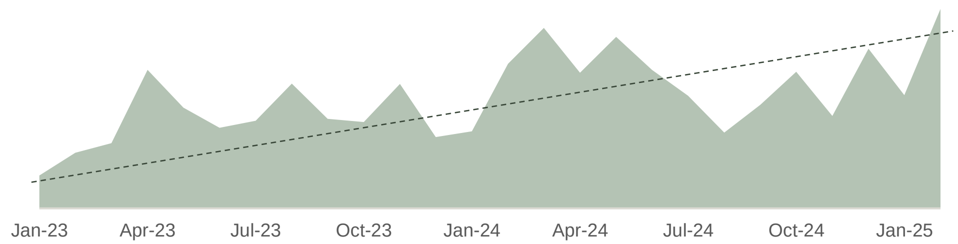
Source: FactSet; Macrobond; ONS; Investec Economics; BofA European Fund Manager Survey – (1) Global investors' view on the global economy; (2) Global and European investors' views on the European economy

UK Funds Flow Overview | Perceptions improving for Europe

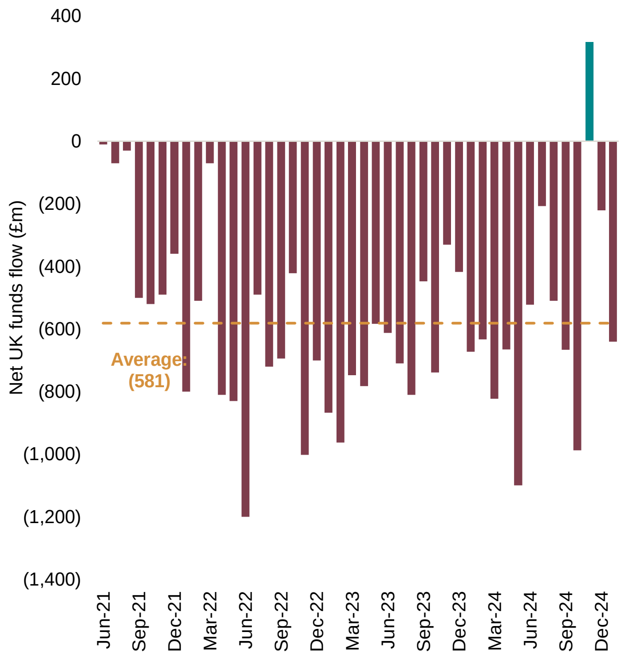
Clear evidence of rotation in favour of European equities

- Amongst global fund managers there is a clear shift in sentiment to European equities. According to the latest BAML survey, 76% project upside for European equities over the coming 12 months, with a net 12% overweight European equities in a global context
- Most notable for UK markets, in November UK focused equity funds saw their first month of inflows since May 2021, breaking a 41-month stint of net selling
- Investec saw the highest commission from US clients since January 2023, as US investors assessed the impact of President Trump's tariffs on global markets. The strong performance of UK equities vs US peers helped attract flows
- Investors have continued to view the UK more positively, with an improvement in February vs January. This was aided by positive macro data which included a UK Q4 GDP surprise to the upside (+0.1% vs con. -0.1%) and firmer than expected UK retail sales (+1.7% vs con. 0.5%) as well as continued elevation of the pro-growth rhetoric by the UK Government

Investec's trading commission from US clients since 2023 – sharp increase YTD

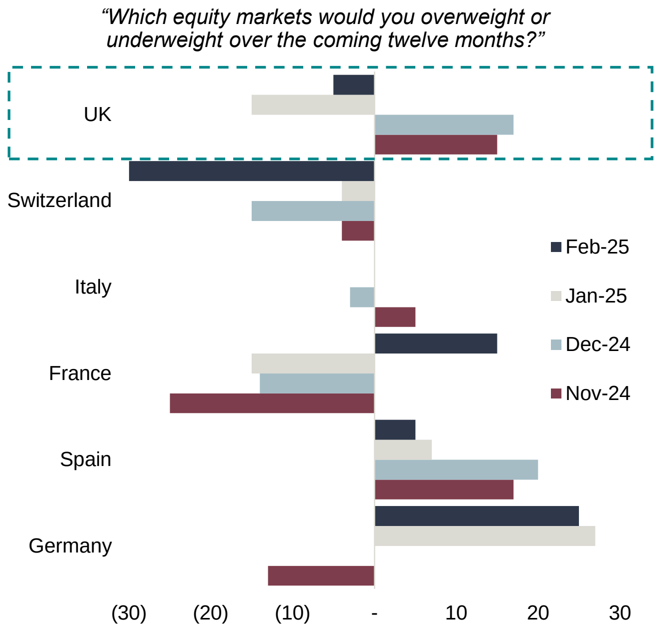


Reduction in the rate of UK outflows; despite January outflows UK markets start the year positively…[1]



… and FTSE 250 ETF AuM stable, reflecting appetite for UK equities despite tepid performance YTD…[2]

…and improved investor perceptions of Europe, with UK gaining ground in Feb[3]



Source: (1) Calastone – fund flow data relates to UK mutual funds only; Note: Calastone data excludes any pan-European or Global funds with UK exposure, the data also excludes ETFs (2) Bloomberg; Chart shows increasing share count of Vanguard FTSE 250; (3) BofA European Fund Manager Survey

European Equity Issuance 2025 YTD | Improving trends

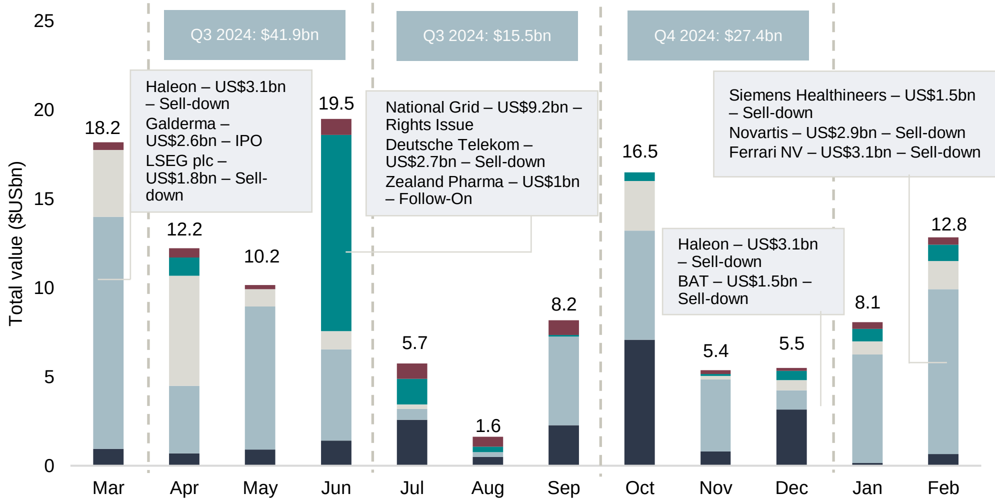
European equity issuance approaching 10-year averages, with YoY improvements continuing into 2025

ECM activity steadily recovering given the improving backdrop

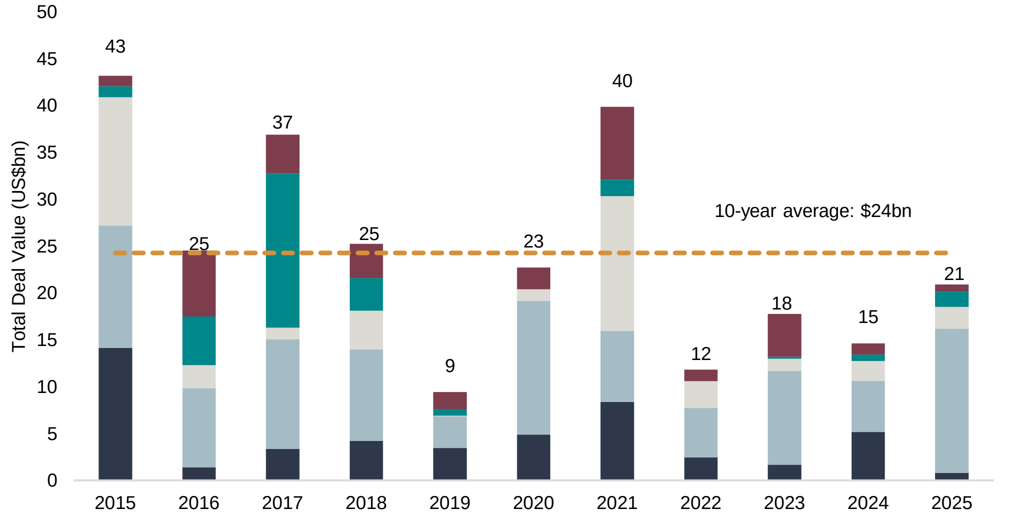
Deal Value (US$bn)	2023 (YTD)	% Total	2024 (YTD)	% Total	2025 (YTD)	% Total	2025 vs. 2024
Follow-Ons	2	*9%*	5	*35%*	1	*4%*	0.2x
Sell-downs	10	*56%*	5	*37%*	15	*73%*	2.8x
IPOs	1	*7%*	2	*14%*	2	*11%*	1.1x
Rights Issues	0	*1%*	1	*5%*	2	*8%*	2.4x
Convertibles	5	*26%*	1	*8%*	1	*4%*	0.7x
Total	**18**		**15**		**21**		1.4x

No. Value	2023 (YTD)	% Total	2024 (YTD)	% Total	2025 (YTD)	% Total	2025 vs. 2024
Follow-Ons	12	*24%*	17	*36%*	8	*16%*	0.5x
Sell-downs	20	*39%*	15	*32%*	19	*39%*	1.3x
IPOs	5	*10%*	7	*15%*	13	*27%*	1.9x
Rights Issues	3	*6%*	5	*11%*	7	*14%*	1.4x
Convertibles	11	*22%*	3	*6%*	2	*4%*	0.7x
Total	**51**		**47**		**49**		1.0x

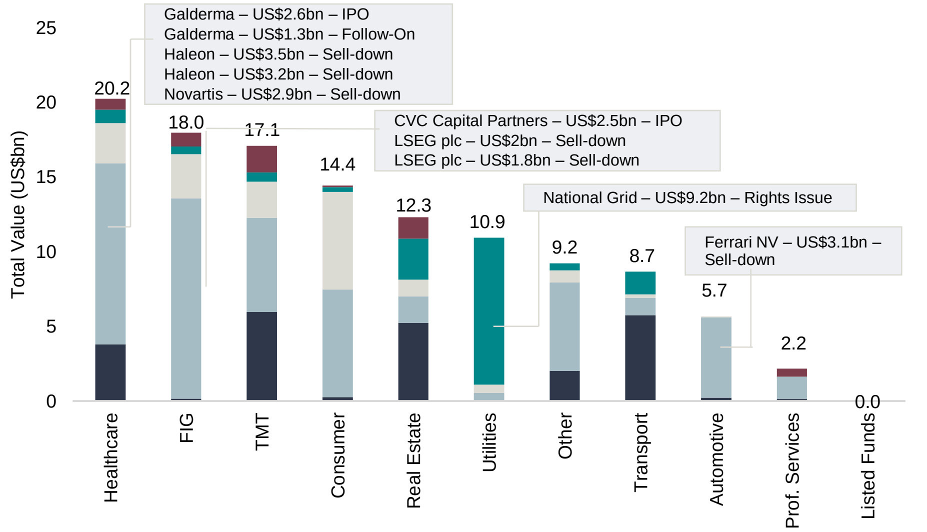
Growing ECM activity in the seasonally key periods



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



Jumbo sell downs driving FIG and Healthcare issuance over LTM



KEY: Follow-Ons, Sell-downs, IPOs, Rights Issues, Convertibles

Source: Dealogic. Analysis and commentary only includes transactions greater or equal to $US50m. References to European ECM include the UK and exclude Middle East and Africa. Includes Investment Funds. Charts show year-to-date activity levels. Note: Large TMT deals include Atos ($3.1bh) and Deutsche Telekom $2.7bn

European IPO Issuance 2025 | Improving Outlook

Although volumes remain below 10 year averages, continued gradual improvement in IPO activity in February 2025

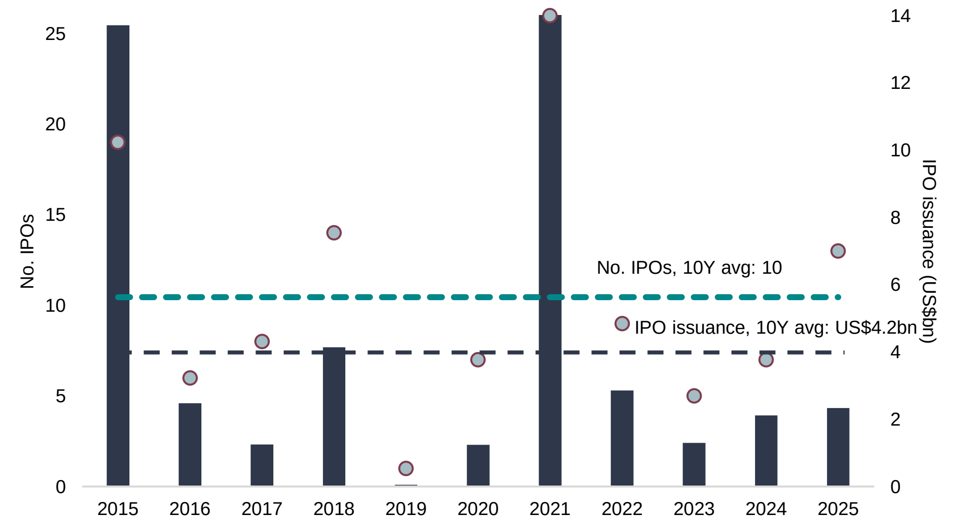
IPO issuance in Europe

- **US$1,697m raised across 13 transactions in February 2025**, with 5 of those IPOs sub-US$50m. **Average IPO size** so far this year of **US$121m**
- **February saw eight IPO's over US$50m**, Turkish finance co. **Destek Faktoring (US$109m),** Czech manufacturer **Doosan Skoda Power (US$95m)**, French biotech **Bioversys (US$84m)**, Turkish solar panel manufacturer **Kalyon Gunes Teknolojileri Uretim (US$90m),** Spanish travel **tech HBX Group (US$772m),** Italian luxury shipping **Ferrari Group (US$233m),** Turkish hazelnut exporter **Balsu Gida Sanayi ve Ticaret AS (US$135m)** and British closed-ended investment company **Achilles Investment Co (US$68m)**
- There were **four IPOs over US$1bn in 2024,** largest IPO so far in 2025 has been US$772m IPO of HBX Group
- **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 225th)

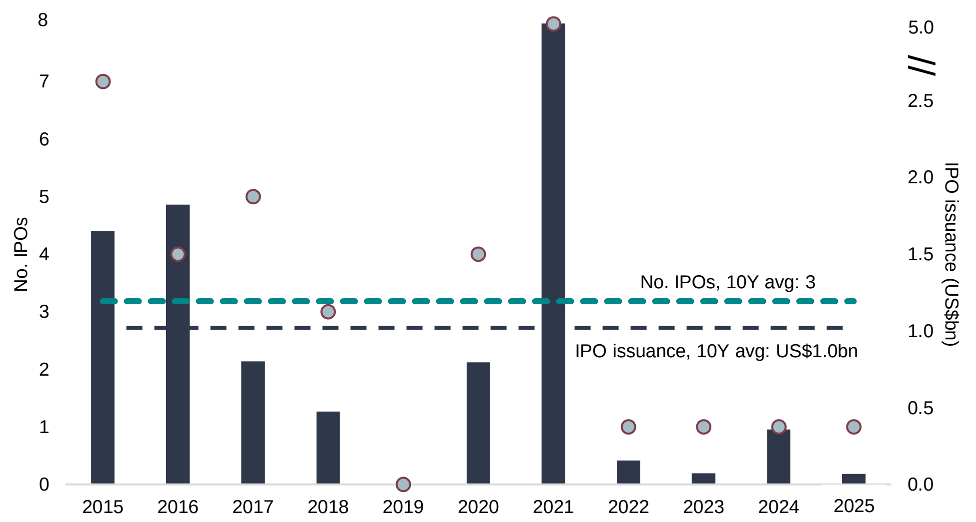
Recent deals have been more modestly sized with a smaller % of the company sold

Date	Company	Sector	Country	Deal Value (US$m)	IPO Mcap (£m)	% Co. Sold	Prim. / Sec. (%)	Post- IPO return
20 Feb	Achilles Investment Co	Finance	UK	68	54	100%	100 / 0	4.0%
12 Feb	Ferrari Group plc	Transport	Netherlands	233	654	29%	0 / 100	(7.0%)
11 Feb	HBX Group	Consumer	Spain	772	2,368	26%	97 / 3	(6.0%)
06 Feb	Bioversys	Healthcare	Switzerland	83	184	36%	100 / 0	(1.7%)
06 Feb	Doosan Skoda Power	Industrials	Czech Rep.	95	253	30%	30 / 70	41.7%
31 Jan	Diagnostyka SA*	Healthcare	Poland	418	706	48%	0 / 100	19.6%
22 Jan	Alter Ego Media SA	Media	Greece	59	193	25%	100 / 0	13.0%
11 Dec	Intea Fastigheter AB	Real Estate	Sweden	197	737	21%	94 / 6	42.5%
24 Oct	Applied Nutrition	Consumer	UK	175	350	39%	0 / 100	(5.7%)
18 Oct	Sveafastigheter AB	Real Estate	Sweden	287	577	38%	0 / 100	(8.2%)
10 Oct	Zabka Polska	Consumer	Poland	1,640	4,189	30%	0 / 100	6.1%
01 Oct	Springer Nature	Media	Germany	665	3,731	13%	38 / 62	3.4%
	Average			**391**	**1,166**	**3625%**	**47 / 53**	**8.5%**

European (inc. UK) IPO activity is above 10-year average by number…



… with UK IPO issuance yet to meaningfully commence



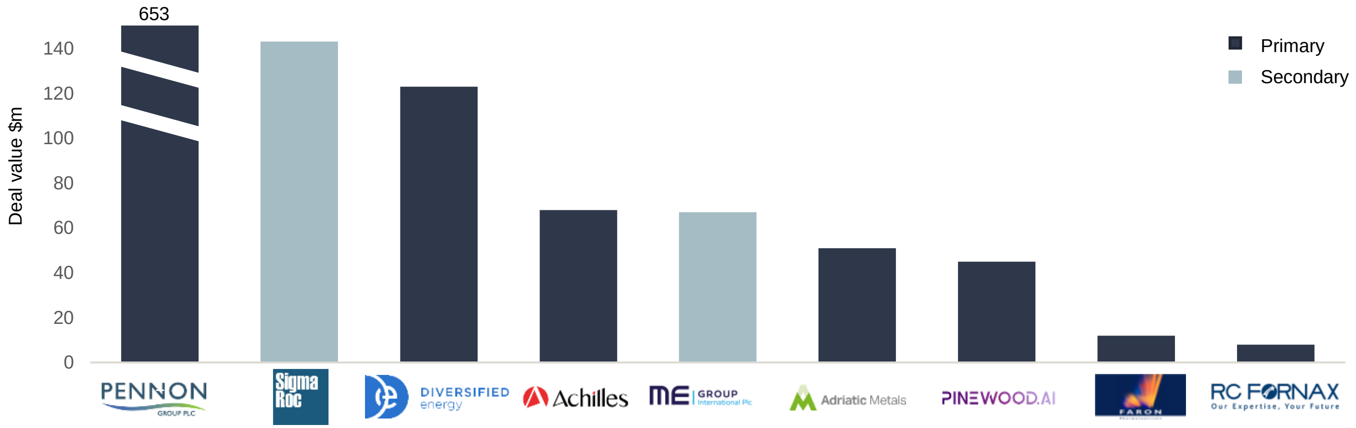
KEY: IPO proceeds | No. IPOs | No. IPOs, 10Y avg

Source: Dealogic. Analysis and commentary only includes transactions greater or equal to $US50m. References to European ECM include the UK and exclude Middle East and Africa. Includes Investment Funds. Charts show year-to-date activity levels. Note: there were 4 UK IPO's greater than $50m in 2024; Air Astana, Raspberry Pi, Rosebank and Applied Nutrition

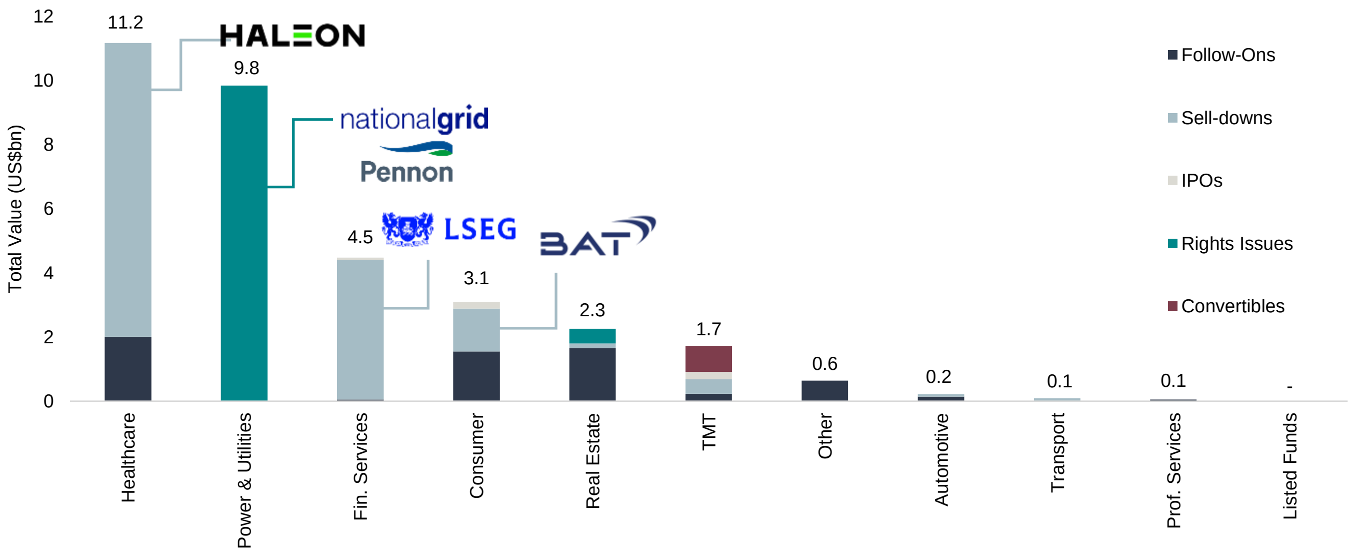
UK ECM activity | February

UK ECM activity off to a strong start, driven by large secondary sales in Haleon and BAT in January, and Pennon and Sigmaroc in February

UK ECM issuance across the deal size spectrum in February[1] – $1.2bn raised in 9 deals



Utilities, Healthcare and FIG the most active sectors over the last 12 months[2]



2025 UK ECM YTD activity vs 2024 snapshot[1]

	2025 YTD	2024 YTD	Variance
Total funds raised ($m)	4,749	2,638	+80%
Total no. transactions	17	18	(6%)

Comparison: UK ECM activity in February 2024[1]

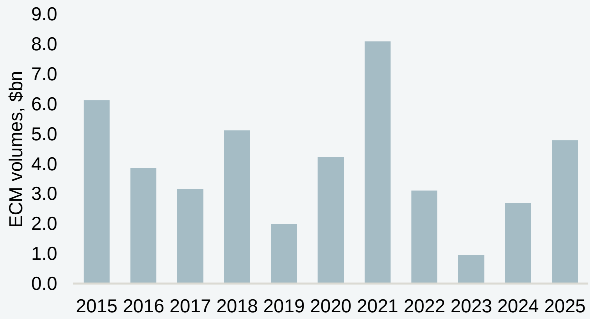
Funds raised
$1,612m
38% higher than Feb 25

Deal count
6 deals
33% lower than Feb'25

Largest primary
SEGRO
$1.1bn
Placing

Largest secondary
air astana
$358m
IPO

UK ECM Activity YTD comparison[1]



Source: Dealogic; (1) Analysis and commentary only includes transactions greater or equal to $5m; (2) Analysis and commentary only includes transactions greater or equal to $US50m – chart above show year-to-date activity levels; IFR ECM

UK Public M&A activity | February

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

YTD 2025 scorecard

10	2	25.0%	£4.1bn
offers and possible offers announced	offers withdrawn / failed	Avg. unaffected premium	Total enterprise value
vs. 2024YTD: ▲42.9%			*vs. 2024YTD: ▼-18.4%*

Selected deals

Possible | Private Equity | 14th February

KKR → assura

Assura PLC is a UK-based company that develops, invests in, and manages healthcare properties leased to healthcare providers, primarily supporting the NHS.

FTSE 250

48	28.2%	£1.56bn
Pence per share	Premium	Offer value

Highlights

- On 14th February 2025, the Board of Assura plc (Assura) in response to press speculation, confirming that it has received a preliminary, unsolicited approach from Kohlberg Kravis Roberts & Co. Partners L.L.P. (KKR) and USS Investment Management Limited as agent for and on behalf of Universities Superannuation Scheme Limited
- On 17 February 2025, USSIM announced that it does not intend to make an offer for Assura, as part of the Consortium or otherwise.
- Later on 17 February 2025, KKR confirmed that it had submitted four indicative non-binding proposals to the Assura board.
- On 18 February 2025, , the board concluded that the proposal materially undervalued Assura and its prospects and therefore rejected it unanimously. Assura confirmed that no further proposal from KKR has been received.

Firm | Private Equity | 13th February

MACQUARIE, BCI → renewi

Renewi PLC is a UK-based waste-to-product company that focuses on recycling and resource recovery, transforming waste materials into valuable resources and contributing to a circular economy.

FTSE 250

870	57.0%	£707.0m
Pence per share	Premium	Offer value

Highlights

- The Consortium believes that the Acquisition represents an attractive opportunity to invest in a leading waste-to-product company and that it is well-positioned to support the growth of Renewi.
- Macquarie Asset Management and BCI will bring Renewi a wealth of experience and a proven track record in deploying capital to drive growth and operational excellence, and are committed to working closely with Renewi's management team to ensure delivery of its strategic objectives.
- As a leading waste-to-product company, Renewi is well-positioned to lead in reshaping the waste market. Macquarie has been investing in and developing companies in the waste sector for more than 15 years. This strategic acquisition aligns with Macquarie's commitment to innovation, enabling communities to achieve a sustainable future.
- BCI believes believe Renewi is well-positioned to support a more circular economy, helping to advance the EU's targets under its Circular Economy Action Plan and maintain Europe's position as a global leader in recycling
- On 28th February 2025, the Scheme Document was published and posted.

Firm | Private Equtiy | 11th February

checkit → crimson tide

Crimson Tide PLC is a UK technology company that provides mobile data solutions, specialising in workforce management software, particularly through its mpro5 platform.

AIM

6	99	£6.5m
Checkit shares per Crimson Tide share	Implied value in pence/ share	Offer value

Highlights

- The Checkit Board sees strategic and financial benefits in merging with Crimson Tide and has engaged in discussions over the past four years.
- In January 2024, Checkit submitted a non-binding all-share merger proposal, which was rejected by Crimson Tide. On 4 June 2024, Checkit announced a Possible Offer to facilitate direct discussions with both companies' shareholders.
- On 21 June 2024, Crimson Tide received a conditional cash offer proposal from Ideagen Limited. Checkit announced on 26 June 2024 that it would not pursue the acquisition after Ideagen's interest. Ideagen withdrew its offer on 11 July 2024, prompting renewed discussions between Checkit and Crimson Tide.
- By leveraging Checkit's enhanced research and development and recognised go-to-market capabilities, the Combined Group will be able to benefit from the integration of Crimson Tide's solutions while also expanding the product set available to sell to both new and existing customers.
- Upon completion, Crimson Tide Scheme Shareholders will own approximately 26.8 per cent of the issued share capital of Checkit.

Source: Company announcements; FactSet; Practical Law

Note: Scorecard includes competing offers and withdrawn of companies subject to the Takeover Code quoted on AIM or the Main Market. Formal sales processes are not included unless a buyer has been identified. Only newly announced offers in the month are included in the count (i.e. possible offers announced in December 2025 will be included in that month even if it becomes a firm offer in January 2025)

Investec Case Study | XP Power's £40m Equity Placing, March 25

XP Power

UK Equity Markets demonstrating strong support for a strategically significant fundraise

Transaction Overview

Investec's role:	Joint Financial Adviser, Sole Broker and Bookrunner
Structure type:	Placing (via an Accelerated Bookbuild)
Gross proceeds:	£41.0m
Institutional Offering	£40.0m
Retail Offering	£1.0m – via RetailBook
% Issued share capital	17.7%
Directors and Senior Management's Subscription	£190k
Issue price	975 pence
% discount to previous closing price	5.2%
Announcement	4 March 2025

Overview of XP Power & background to the placing

- XP Power is one of the world's leading developers and manufacturers of critical power control components to the electronics industry and strategically focused on Industrial Technology, Semiconductor Manufacturing Equipment and Healthcare sectors
- The business is performing well operationally and financially, particularly in regard to cost control and strong cash generation, its end-markets remain slow due to ongoing industry-wide channel destocking however a recovery in demand is expected, but the timing is naturally uncertain.
- More recently, it has seen some macro headwinds emerge in Asia and received judgement on legal fees and interest payable in the Comet legal case.
- The Group has noted that a combination of these factors could have brought leverage close to its covenant limit of 3.0x. Therefore, the Board decided to prudently and proactively improve balance sheet resilience through
  - i) the £40m ABB and,
  - ii) the amendment of the covenants applicable to its borrowing facilities
- The net proceeds of the Placing will be used to reduce leverage and increase liquidity headroom And finance the Group's committed capital expenditure in Malaysia.

Company leverage decreased to c.2.0x

40% of the book of demand was from new shareholders

A well-covered book; issued at a narrow discount

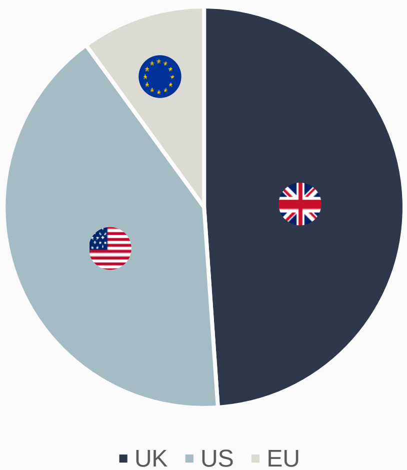
5.2%
Discount to prevailing share price

17.7%
% of ISC raised [1]

40.3%
Of new institutional capital as a proportion of total funds raised

19 years
Tenure of Investec's relationship with XP Power

Circa 50% ex-UK demand



Strong support from holders and non-holders

Aberforth Partners, abrdn, Allianz Global Investors, AXA, Columbia Threadneedle Investments, M&G, Maven, Odyssean Capital LLP, Kempen, River Global, Steel Partners

Source: Company filings; FactSet
Notes:; (1) includes additional £1m RetailBook offer

Senior-led team | significant hands-on experience

An experienced and well-established team

Jonathan Arrowsmith
Head of Investment Banking
25+ years(1)

Carlton Nelson
Head of UK Corporate Broking & PLC Advisory
20 years

Clive Murray
Head of Equities
25+ years

Equity Capital Markets & PLC Advisory (UK & Frontier Markets)

Duncan Smith
Head of European ECM
25+ years

Ben Griffiths
Director, European ECM
10 years

Sara Wallace
Analyst, European ECM
5 years

Jarret Geldenhuys
Managing Director, FM ECM
25+ years

Ashleigh Williams
Director, FM ECM
10 years

M&A Advisory & Private Equity Origination

Luke Spells
Head of M&A Advisory
20+ years

Kate Gribbon
Head of UK Private Equity Coverage
20 years

Equity Research

Andrew Whitney
Head of UK Research
20+ years

Equity Sales (UK & International)

Paul Divito
Head of UK Sales Desk
25+ years

Adam Bidwell
UK Equity Sales
20+ years

Jon Saxon
Head of US Equity Sales
20+ years

Callum Hillicks
European Equity Sales
10 years

Neil Brierly
Co-Head Investment Trusts Sales
20+ years

Andrew Schultz
Head of Frontier Market Sales
25+ years

Notes: (1) Denotes years of industry experience

Investec