

Investec Market Review

March 2023

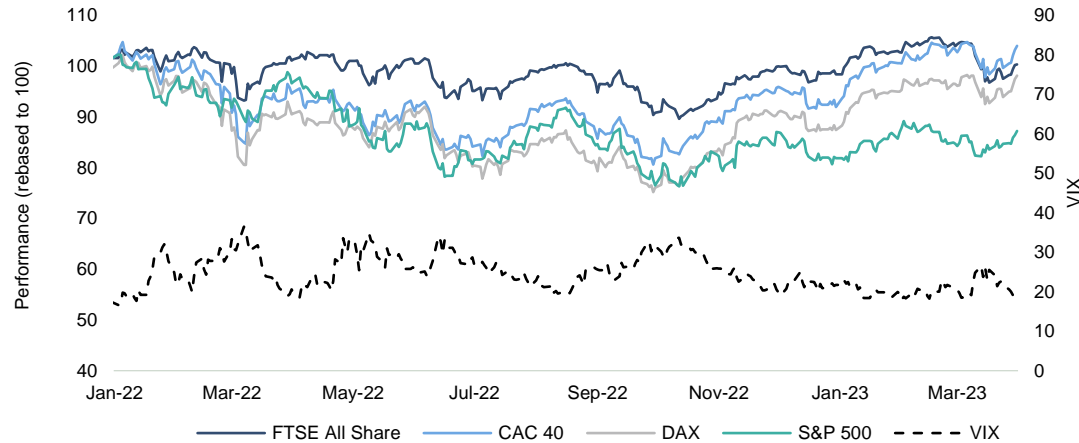


Executive summary

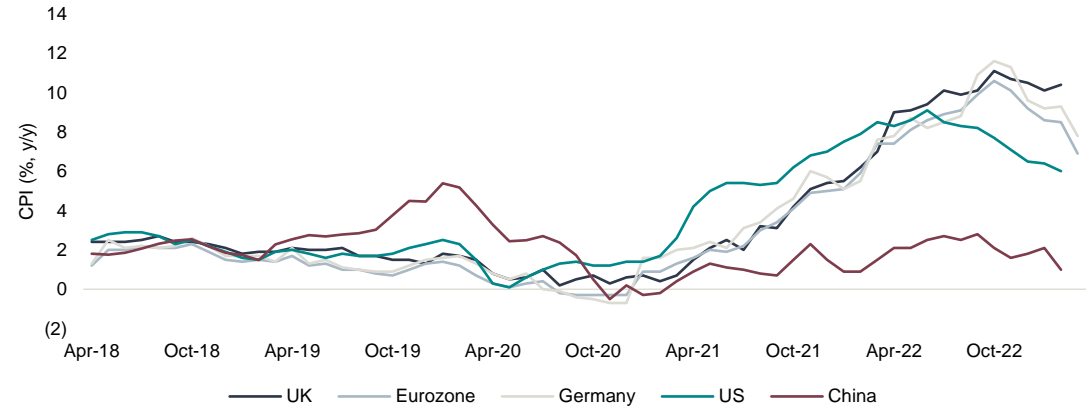
- ▶ The recovery in global indices slowed in March as market participants reacted to jitters in the global banking sector
- ▶ After three months of consecutive decline, UK inflation data surprised on the upside as it reached 10.4% month on month (“MoM”). However, macro economic data remains resilient as UK economic activity rebounded in January and consumer confidence continues to improve
- ▶ UK ECM activity deal value gathered pace in March as the London Stock Exchange Group plc completed a £2.0bn sell down
- ▶ Investec is pleased to have acted as joint broker for CHP Software and Consulting Limited with regards to its 16 million share (equivalent to £22 million) sell down of Alfa Financial Software Holdings plc’ shares
- ▶ UK public M&A activity was quieter in March with only three new deals announced Please contact your usual Investec contact if you would like to discuss the contents of this pack

Market backdrop

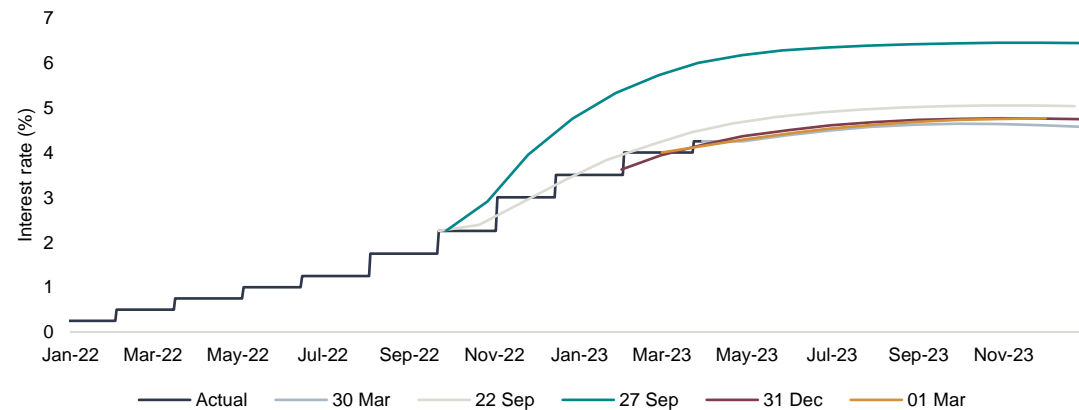
Global equity market performance & equity market volatility



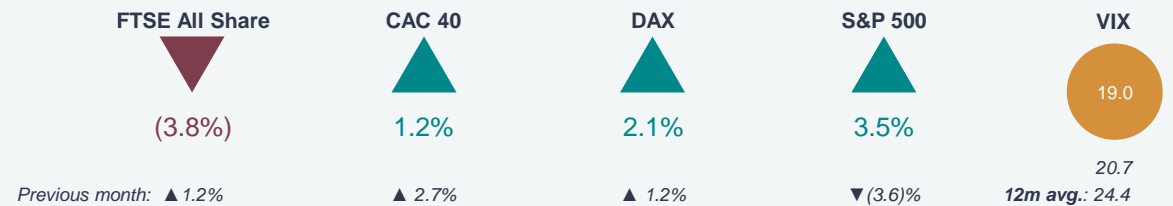
Inflation slows down across key geographies with the exception of the UK



UK interest rate projections show signs of stabilising



Monthly market snapshot



March's market drivers

| | | | |
|---|--|---|---|
| UK inflation increased unexpectedly from 10.1% (Y/Y) in January to 10.4% (Y/Y) in February | UK retail sales grow by 1.2% (M/M) in February, the strongest rise since October 2022 | UK GDP figures for January revealed that economic activity rebounded by 0.3% in the month | Jeremy Hunt's 2023 Budget included a larger-than-expected spending of £20bn |
| Eurozone's GDP growth softer than expected in Q4 as forecasts were revised down to 0.0% (Q/Q) | European & US bank stocks were under pressure following the collapses of Credit Suisse and SVB | Fed and BoE hike rates by 25bp to 4.75%-5.00% and 4.25% respectively | Eurozone inflation fell sharply in March to 6.9% from 8.5% in February |

UK sector performance

Monthly sector snapshot

YTD share price performance:



Monthly winners and losers:

- | | |
|---|---|
| <p>Winners</p> <ul style="list-style-type: none"> ▪ Mining: 5.9% ▪ General Retailers: 5.4% ▪ Aero & Defence: 4.3% | <p>Losers</p> <ul style="list-style-type: none"> ▪ Ind. Transportation: (11.4%) ▪ Oil & Gas Producers: (8.4%) ▪ Real Estate: (7.1%) |
|---|---|

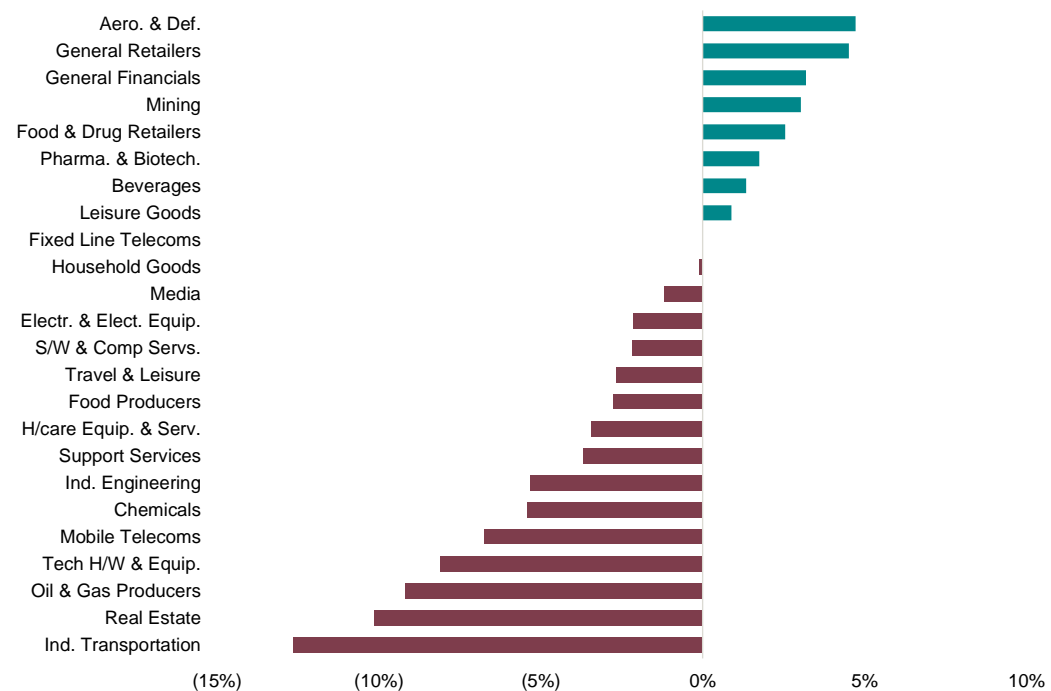
Sector performance drivers and outlook commentary

- **General Retailers** recovered some of the lost ground in February following encouraging retail sales figures for February – retail sales value grew by 2.2% (MoM) and volume by 1.5% (MoM) - and improving consumer confidence – which moved from -38 points to -36 points in February
- **Aerospace & Defence** stocks continued their rally in March as western governments reiterate their promise to increase military spending to help Ukraine’s war effort. Moreover, the Financial Times reported that global deal activity in aerospace and defence companies reached \$20bn in 2022
- **Oil & Gas Producers** fell as oil prices hit their lowest level in 15 months on 20 March (West Texas Intermediate futures reached \$65.9 and Brent futures reached \$72.1) following the announcement of the acquisition of Credit Suisse by UBS

Sector performance (LTM)

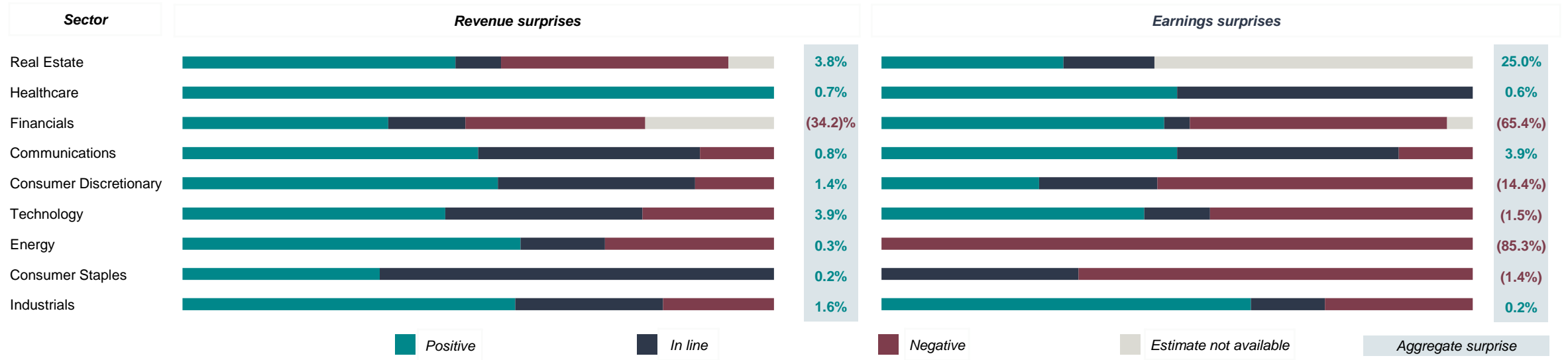


Sector performance (March 2023)

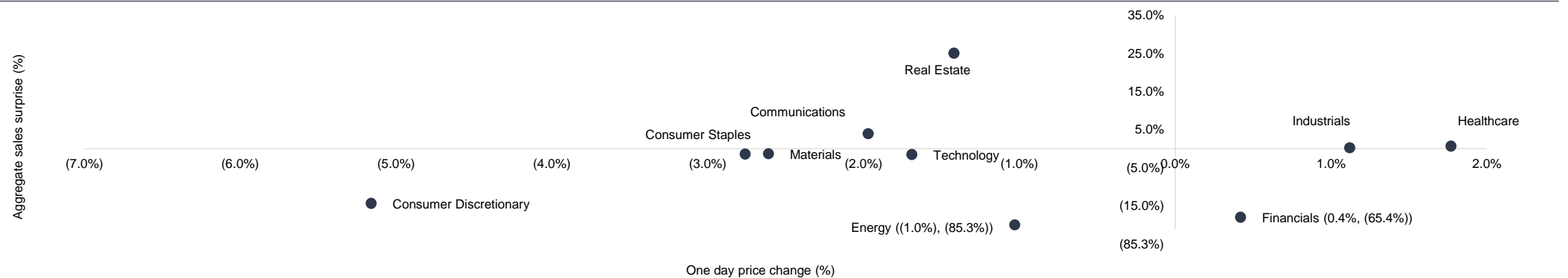


UK full year earnings season snapshot

Of those UK companies who reported results in March, Technology and Real Estate stocks generally managed to outperform consensus estimates. Results were less positive for stocks sensitive to current macroeconomic headwinds such as Financials and Energy stocks



One day price momentum



UK ECM activity retreats in March

Deal value increased sharply in March. However, the number of deals retreated in March

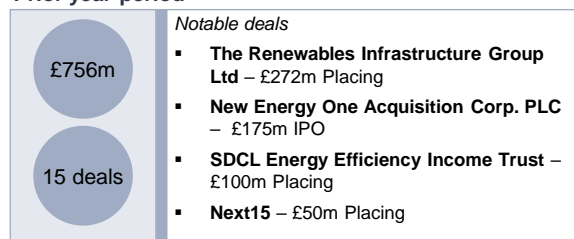
Total funds raised



Total no. transactions



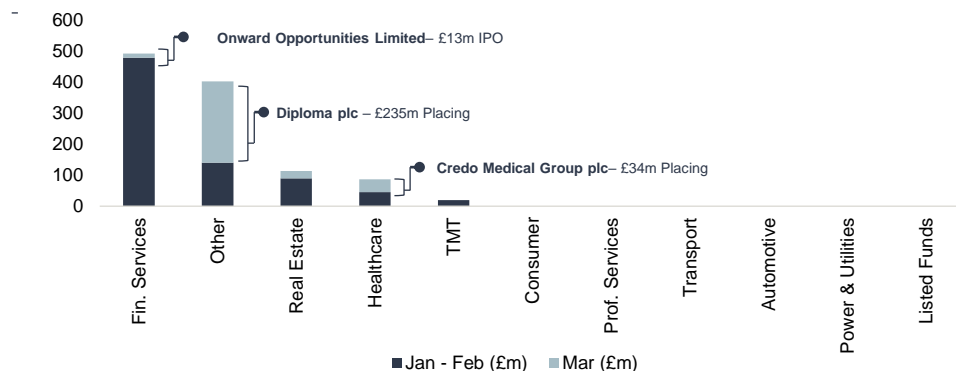
Prior year period



Selected deal commentary

| | |
|-------------|--|
| DIPLOMA PLC | Diploma raises £235m to provide flexibility to execute its M&A pipeline <ul style="list-style-type: none"> ▪ Diploma is an international distributor of specialised products and services ▪ Placing raised £235m to refinance the consideration paid for the acquisition of Tennessee Industrial Electronics as well as provide the group with greater flexibility to execute its M&A pipeline ▪ Diploma confirmed it had identified more than 2,000 M&A opportunities, of which around 70 were of interest. It also indicated near-term pipeline comprises of 50 opportunities of which 36 are small and mid-sized global targets with a combine enterprise value of c.£800m ▪ Pricing at 2,525p, implying a 4.2% discount to the previous day's closing price of 2,636p ▪ The placing included a retail offer through PrimaryBid |
|-------------|--|

Public equity fund-raises by sector and highlighted deals

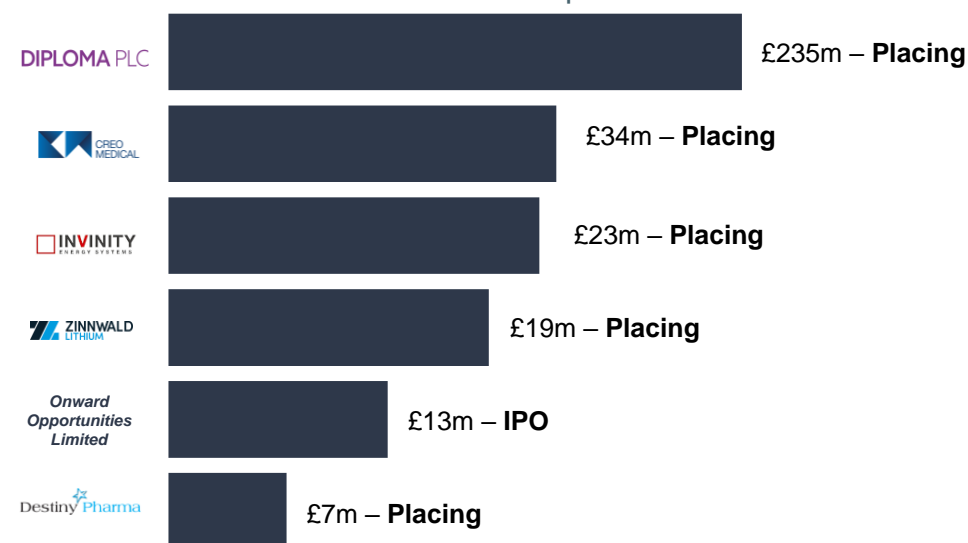


Sell-down activity over March

March saw Investec support shareholders of Alfa monetise a stake in the company

| | | |
|--|--|---|
| <p>London Stock Exchange</p> <p>£2,002m</p> | <p>Alfa</p> <p>£22m</p> <p><i>Investec deal</i></p> | <ul style="list-style-type: none"> ▶ Investec acted as joint broker for CHP Software and Consulting Limited with regards to its 16 million share (equivalent to £22m) sell down ▶ Pricing at 135.0p, implying a 7.2% discount to the previous day's closing price of 145.5p |
|--|--|---|

ECM issuance across the deal size spectrum in March





The UK IPO pipeline



A snapshot of the current UK public M&A market

UK PLC takeover activity slowed down in March as only two new deals were announced

■ New deal
■ Previously announced deal





Global events business

Announcement date: 15 March 2023
Offeror: Providence Equity LLP
Offer type: Acquisition
Offer price: 108 pence in cash per Hyve share
Share price prem. / (disc.): 40.8%

Transaction highlights

- Hyve confirmed on 21 February it had received a preliminary and conditional approach from Providence for 101 pence per each Hyve share in cash. The offer was subsequently increased and unanimously recommended by the board
- Providence acknowledges the strength of Hyve's platform and its potential for future organic and inorganic growth underpinned by Hyve's portfolio of high-quality global brands and market-leading events
- The offer values Hyve at approximately £320m





Oil & gas investing company with a diversified portfolio of exploration

Announcement date: 15 March 2023
Offeror: Kamran Sattar, on behalf of Portillion SPV O&G
Offer type: Acquisition
Offer price: 0.2035 pence per Reabold share
Share price prem. / (disc.): 10.0%

Transaction highlights

- Unsolicited approach from Kamran Sattar on behalf of Portillion SPV O&G
- Reabold described the approach as "highly preliminary" as no details were included except for the reference to a possible offer price at a 10% premium
- Reabold urged shareholders to take no action as the board believes that the indicated offer price significantly undervalues the company



Investec deal

UK based oil and gas company

Announcement date: 16 March 2023
Offeror: Prax Exploration & Production plc
Offer type: Acquisition
Offer price: 12.5 pence in cash per Hurricane share
Share price prem. / (disc.): 84.0%

Transaction highlights

- Recommended cash offer by Prax Exploration & Production as part of the formal sales process initiated by Hurricane in November 2022
- The acquisition by Prax Exploration & Production is the conclusion to a comprehensive formal sales process which was marketed to a wide audience of potential acquirors. Twelve companies engaged meaningfully in the process with five of them providing offers
- The offer values Hurricane at approximately at £249m






UK small-cap investment banks

Announcement date: 22 March 2023
Offeror: finncap Group plc
Offer type: Merger
Offer price: for each Cenkos share: 3.19420647 finncap shares
Share price prem. / (disc.): 48.7%

Transaction highlights

- finncap and Cenkos have agreed an all-share merger which values both companies at approximately £21.1m
- The combined group will have more than 210 retained listed or quoted clients and employs more than 230 people
- Both boards believe the two businesses have complementary capabilities and can achieved greater scale that is well positioned for future growth

Owner of brands focused on the over 55 age demographic

Announcement date: 28 March 2023
Offeror: WoolOvers Group Limited
Offer type: Acquisition
Offer price: 10.5 pence in cash and 1 contingent value right for each Unbound share
Share price prem. / (disc.): 162.5%

Transaction highlights

- Unbound confirmed it is currently in discussions with WoolOvers regarding a possible offer
- The board of Unbound also indicated it would be minded to recommend the possible offer
- The possible offer values Unbound at approximately £6.8m, excluding the share component

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