

Building on Recovery

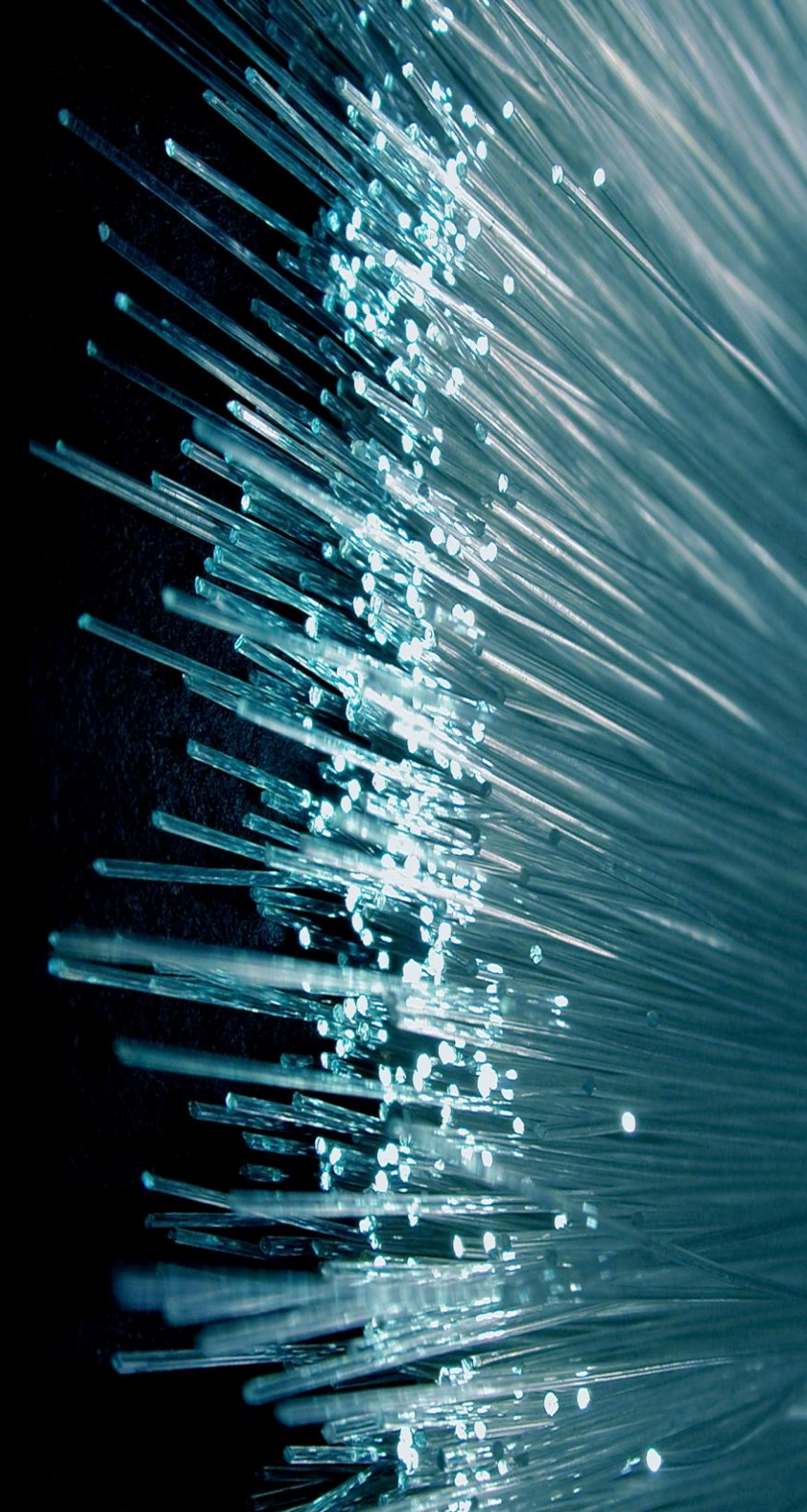
European Equity Capital Markets

ECM Update | WINTER 2025

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About this report: This report contains data sourced from IMF World Economic Outlook, Bloomberg, Refinitiv Workspace, Dealogic, company admission documents and press releases. ECM issuance data is as of 31 December 2024 and includes all European ECM transactions. The Total Deal Value has been calculated by multiplying Dealogic's Total GBP Deal Value and the GBP spot rate on the date of the transaction. Additional market data is as of 31 December 2024.





ENGINE
START
STOP

01

Welcome

This European Equity Capital Markets update contains commentary on recent European and Dutch stock markets performance; levels of European equity market issuance and macroeconomic considerations; the Dutch CFO Survey and hot topics on “Current Dynamics of a Transforming European IPO Market”, “How IPO Marketing Has Adapted over Time”, “Private to Public: Common Pitfalls” and our “Dutch CFO Survey”.

ECM growth accelerates, backed by improving macro trends and an equity rally



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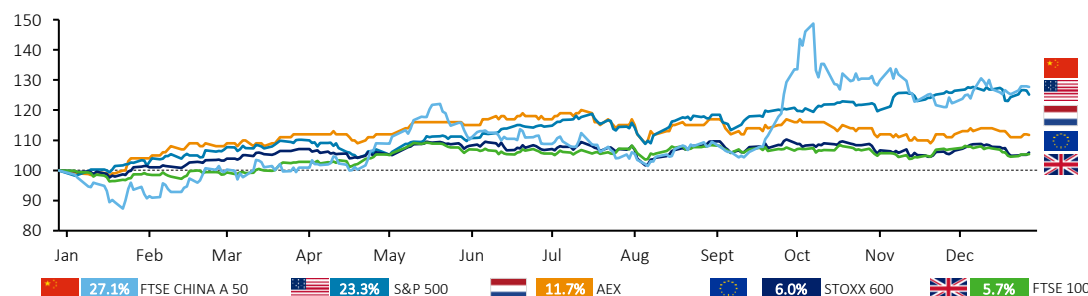
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This European ECM update includes an analysis of the performance of the major global indices and the factors that have influenced and shaped this performance. We will explore the market implications of (i) the pace of rates cuts by major central banks; (ii) inflation levels; (iii) the impact of the United States elections outcome on the stock market; (iv) economic growth prospects; and (v) increasing geopolitical tensions. In this report, we delve deeper into several hot topics such as “Current dynamics of a transforming European IPO market”, “How IPO marketing has adapted over time”, “Private to Public: Common Pitfalls” and Deloitte Nederland’s latest “Dutch CFO Survey”.

Building on the historic highs achieved at the end of 2023, the main global indices continued to set and surpass record levels throughout 2024. As of 31 December, returns on major international indices ranged from -2% to 27%, with most posting strong double-digit gains and all closing in positive territory, except for the CAC 40. Although fears of stagflation or a hard economic landing gradually eased over the course of the year, investors maintained a sharp focus on central banks’ interest rate decisions, inflation trends, and economic growth.

The European Central Bank (ECB) led the rate-cutting cycle in June with four cuts, to 3% by year-end (150 bps in total). The Federal Reserve (Fed) followed suit later, in September, implementing three rate cuts that lowered rates by 100 bps to the 4.25%-4.5% range. Looking ahead to 2025, the Fed predicts 2 rate cuts, roughly half the policy easing in 2025 than the 100 basis points policymakers had projected in September.

Figure 1: Performance of global indices in 2024



Source: International Monetary Fund, Refinitiv Workspace and Dealogic (31/12/2024)

This more cautious outlook is driven by the robust performance of the US economy and concerns over sticky inflation during the last quarter of the year. These factors suggest that the Fed may be less inclined to aggressively lower rates in 2025. In contrast, the European Central Bank is expected to pursue a more decisive easing cycle. Economists anticipate the ECB could implement rate cuts totaling 100 basis points next year, bringing rates closer to 2%.

Despite the slight uptick during the last quarter of the year, inflation has continued its positive trend, nearing the 2% target. In the US, inflation declined to 2.9% by the close of 2024, while in Europe, it edged down to 2.4%. Regarding economic growth, the primary concern of stagflation has so far been avoided. In the US economic growth is expected to be at 2.8% in 2024 according to the International Monetary Fund (IMF), significantly surpassing the 1.5% projection set in 2023. Meanwhile, the European economy is expected to grow at a slower pace of 1.7%, above the 1.5% expected. Growth is expected to be uneven across the eurozone, with Spain as one of the leading countries, while Germany and The Netherlands are expected to post weak performances.

Regarding ECM issuance, the strong performance of global indices and macro trends influenced market activity. Approximately €116 billion was raised through 1,261 transactions during the year, reflecting a 10% YoY increase in the amount raised. Despite weaker activity in the second half of the year due to market volatility, IPO activity kept up its steady recovery, with a 65% YoY surge in the volume raised, reaching almost €18 billion, while the average IPO size increased by 86% YoY, highlighting a growing investor preference for larger, higher-profile deals. Follow-on activity saw more subdued growth in transaction value compared to IPOs, with a moderate 12% YoY increase. Blocks were a prominent feature, with companies and sellers taking advantage of favorable equity market conditions and high valuations. Meanwhile, rights issuances remained limited, as companies sought to minimize prolonged exposure to market volatility. The IPO pipeline for 2025 remains strong and continues to build up, reinforced by the postponement of several transactions during the second half of 2024.

We hope the ECM Update will prove to be a helpful resource. Our team is at your disposal for any topics you may wish to discuss.

02

FY 2024 EQUITY MARKET PERFORMANCE



European equities surge to new peaks as macro trends bolster optimism

Figure 2: Performance of European indices in 2024

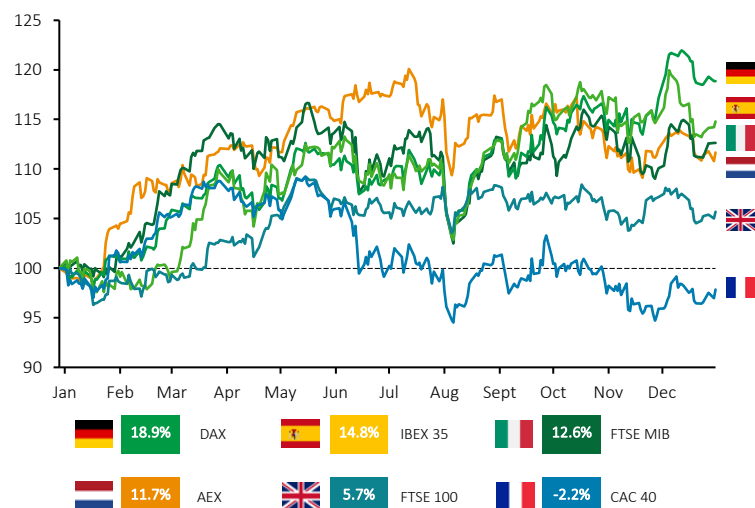


Figure 3: Volatility (VIX)



Source: International Monetary Fund, Bureau of Economic Analysis, and Refinitiv Workspace (31/12/2024)

During 2024, the major stock market indices continued their bullish run. This positive momentum was driven by a combination of robust macroeconomic indicators, strong corporate earnings, resilient growth in the US economy and labor market and the influence of the so-called "Trump Trade". These factors not only kept markets buoyant but also propelled the major global indices to new record highs, surpassing the historical peaks reached in mid-2023.

The favorable inflation data published throughout the year acted as a key trigger, enabling central banks to initiate the long-anticipated pivot in interest rate policies. While the path of inflation was not linear—particularly during the September-December period— inflation in the Eurozone dropped from 2.9% at the start of the year to 2.4% by year-end. In the US, inflation similarly declined from 3.1% to 2.9%. As a direct consequence, both the Fed and the ECB implemented a total of seven interest rate cuts (three meetings for the Fed and four for the ECB), lowering rates by 100 bps and 150 bps, respectively.

In response to an easing monetary policy, investors adjusted their portfolios, partially shifting away from high-growth tech stocks and large-cap companies towards smaller capitalisation stocks. This led to a significant correction in the Nasdaq and S&P 500 in favor of the Russell 2000 accompanied by a substantial increase in volatility between late July and early August.

Simultaneously, actual and estimated growth figures provided further support for positive market sentiment. In the third quarter, the US economy expanded by 3.1% YoY while in Europe growth was more subdued, at 0.9% YoY. Regarding growth projections for 2025, the IMF estimates that the US economy will expand by 2.2%, up 0.5% vs January estimates, while Europe is expected to grow at a slower pace of 1.7%, down 0.2%.

In the Netherlands, economic growth is expected to grow by 0.6% in 2024, lagging behind on Europe's expected growth rate of 1.7% and that of the US economy (2.8%). Projections for 2025 remain favorable, with the Netherlands expected to grow at 1.6%, returning closer to both Europe (1.7%) and the average for advanced economies (1.8%). Inflation forecasts for 2025 anticipate a rate of 2.3% in Europe, with the Netherlands being in the center of European countries with projected inflation of that same percentage.

Additionally, strong financial results for many companies in the first half of the year helped to underpin the optimism, offering tangible evidence of solid performance across sectors, together with strong employment creation data and low unemployment percentage.

It is also important to highlight the so-called "Trump Trade", which took place in November following the Republican Party's victory characterised by a surge in stock prices driven by the expectation of pro-business policies, deregulation and tax cuts under the Trump administration.

However, not all the news surrounding Trump's victory have been positive, particularly for Europe. Concerns in European economies about economic growth are being heightened by the likely protectionist policies of the Trump administration, which could have significant repercussions for key exporters like France and Germany, the main economies in the Eurozone. Both countries are grappling with challenges tied to an uneven recovery in China – a crucial market for the European luxury goods industry. Additionally, both countries are experiencing a deep political crisis, which further amplifies instability and increases risk aversion among investors.

Geopolitical tensions, including the conflicts between Russia and Ukraine and between Israel and Gaza, have not had a medium-or long-term impact on equity markets, but they have caused disruptions at specific moments.

European equity sectors show mixed results amid economic and geopolitical shifts

After a remarkably positive 2023, where the Nasdaq 100 and the S&P 500 gained 54% and 24% respectively, 2024 defied expectations, surprising investors with continued upward momentum and reaching new all-time highs with the S&P closing the year up by 23%. It is worth noting that since 1928 there have only been two periods where the S&P 500 closed two or more consecutive years with gains exceeding 20%: between 1935 and 1936, and between 1995 and 1998.

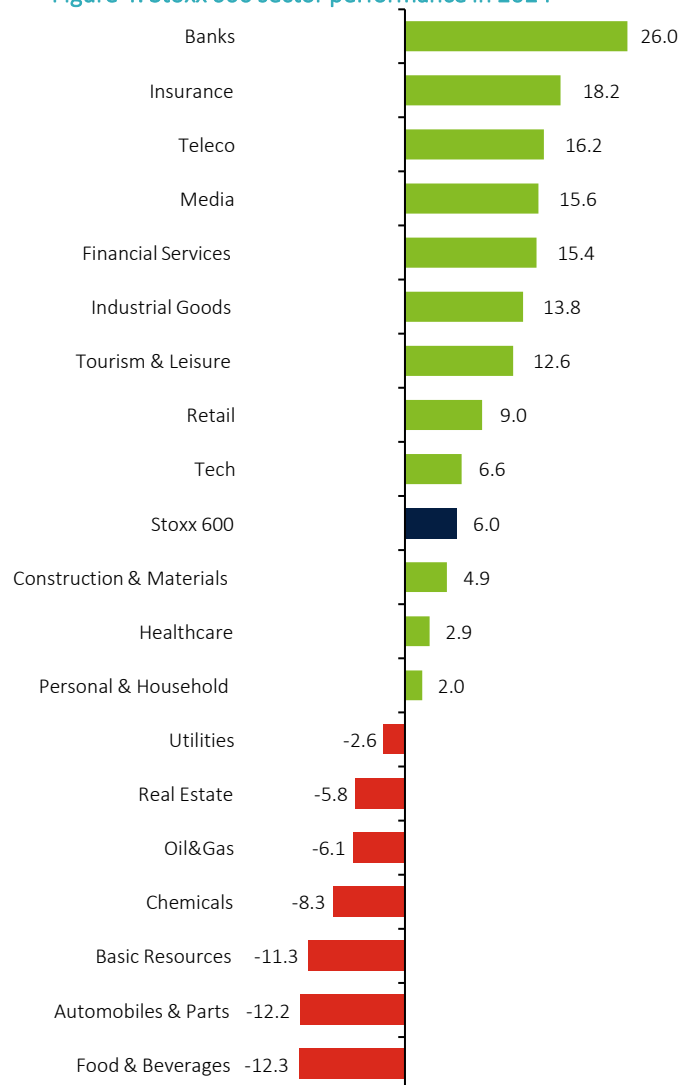
Leading the table in Europe was the DAX with a 18.9% increase followed in second place by Spain's IBEX 35 at 14.8%. Other European indices such as the FTSE MIB (12.6%), AEX (11.7%), and Stoxx 600 (6.0%) also posted positive returns, while the CAC 40 stood out as the only major index to close in the red, falling by -2.2%.

The Stoxx 600 index significantly underperformed the S&P 500, weighed down by concerns over unfavorable economic prospects for 2025. This contrasted with initial optimism about European equities gaining momentum over their US counterparts—a trend that proved short-lived. A brief period of outperformance was driven by a rotation out of large-cap US tech stocks, spurred by easing interest rates and underwhelming quarterly results from some of the Magnificent Seven companies, such as Amazon.com and Alphabet. However, investors soon shifted their attention back to undervalued sectors in the US market.

Despite these broader challenges, the German DAX established itself as the best-performing European index, bolstered by standout performances from key companies. Siemens Energy surged by 327%, SAP, Germany's largest company in terms of market capitalisation, climbed 77%, and Deutsche Telekom rose by 34%.

In the Stoxx 600, most sectors (12 out of 19) ended the year positively, with notable differences in performance.

Figure 4: Stoxx 600 sector performance in 2024




Source: Refinitiv Workspace (31/12/2024)

The banking sector led with a 26% increase, driven by high interest rates that boosted net interest margins and profitability, along with stronger capital market activity. Large banks like Barclays, Unicredit, Deutsche Bank, and HSBC saw stock gains of 74%, 57%, 35%, and 27%, respectively. The Insurance sector followed with a 18% increase due to strong earnings release, higher return on investments and macro tailwinds. The Telecommunications sector ranked in third place, with a 16% rise, fueled by strong quarterly results, solid EBITDA growth and improved cash flow.

In contrast, the Automobile & Parts sector dropped 12%, hindered by economic uncertainty and high-interest rates, which reduced demand for new cars. Rising raw material costs, energy prices, and the transition to electric vehicles compounded financial pressure, alongside concerns about potential US-Europe tariffs. Leading companies like Mercedes-Benz, Volkswagen, and Stellantis saw stock declines of 14%, 22%, and 40%, respectively, while Ferrari stood out with a 35% increase. The Food & Beverage sector fell 12%, impacted by ongoing cost pressures. Despite easing energy prices, high costs still squeezed margins. Stock prices dropped 23%, 26% and 32% for Nestlé, Heineken and Pernod Ricard, respectively, as operational challenges and strategic shifts adversely impacted performance.

In the first half of 2024, the main Dutch index, the AEX, was by far the best performing European index and gained 17%. By the end of 2024 however, the AEX ended at a plus of 12%. Whilst still outperforming the Stoxx 600 and ending somewhat close to the IBEX 35 and FTSE MIB, it also means that the index lost 5 percentage points during the second half of the year. The AEX, which holds a significant portfolio of technology companies, had initially benefited from the momentum of AI and strong tech company earnings, but was unable to continue that prosperity. Chip manufacturer ASML, AEX's biggest fund, closed +45% by H1 2024 but subsequently dropped in July following pending export restrictions to China and lack of orders, ending the year at +2%. Other than that, most noteworthy were employment agency Randstad and beer brewer Heineken, who's stock prices dropped by 28% and 25%, respectively in 2024.

A woman with long blonde hair, wearing a dark sleeveless top, is pointing her right index finger at a large digital screen. The screen displays various financial data, including line charts with green and orange lines, and a world map with city names like New York, London, Berlin, New Delhi, Hong Kong, Tokyo, Canberra, and Wellington. The background is a dimly lit room with the screen being the primary light source.

03

EUROPEAN EQUITY ISSUANCE LEVELS

ECM recovery continues in 2024 despite H2 slowdown

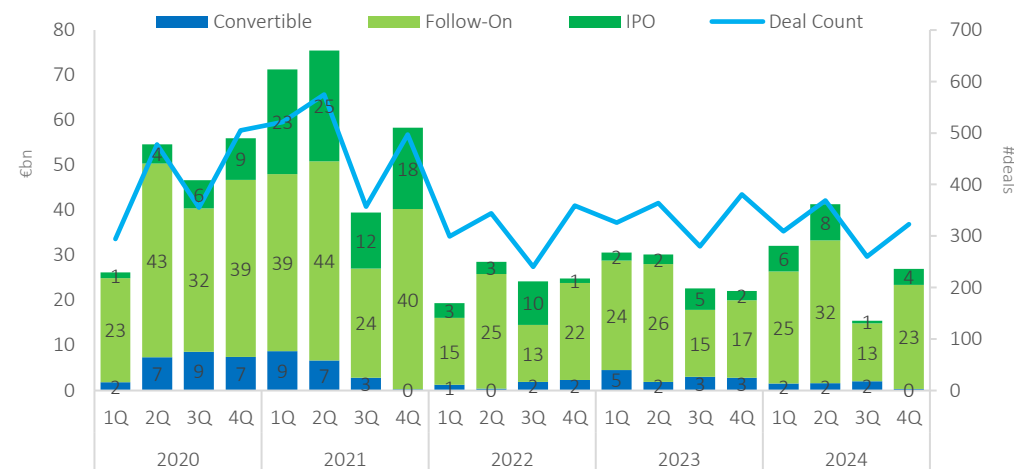
The Equity Capital Markets in 2024 continued with the recovery trend that began in 2023. The amount raised grew by 10% YoY, reaching €116 billion, driven by €92 billion from follow-ons, €18 billion from IPOs, and €6 billion from convertibles. Among these categories, IPOs stood out, with a 65% YoY increase in transaction value, while follow-ons rose by a modest 12% and convertibles saw a sharp 55% decline.

Although activity remains below 2021 levels, an atypical year in ECM activity, the year benefited from two key drivers. Firstly, improved macroeconomic conditions, such as lower inflation and economic growth, created a supportive environment. Second, better equity market conditions, strong valuations, and robust market performance, bolstered investor confidence and demand. This strong demand was met by private equity firms, which sought to divest as part of their strategy, resulting in 7 of the 10 largest IPOs being private equity-backed and collectively raising over €8.5 billion. Despite a stronger overall year compared to 2023, the second half of 2024 saw a significant slowdown. Uncertainty surrounding the US presidential elections led many companies, particularly IPO candidates, to defer transactions until 2025. As a result, H2 ECM activity dropped 42% in value compared to H1, with IPOs falling 70% to €4.2 billion and follow-ons declining 37% to €36 billion.

Block trades experienced moderate growth compared to the previous year, with a 14% increase in value despite a 2% decrease in transaction count. Blocks accounted for 83% of Follow-On transactions, driven by shareholders capitalising on favorable equity market tailwinds to exit positions at attractive valuations. A clear sign of improved market conditions and the recovery in activity was the significant increase in the average size of block trades, which grew by 17% compared to the previous year, highlighting stronger investor appetite. Rights issues, on the other hand, lost prominence compared to the prior year, driven by issuers' reluctance to expose themselves to market volatility.

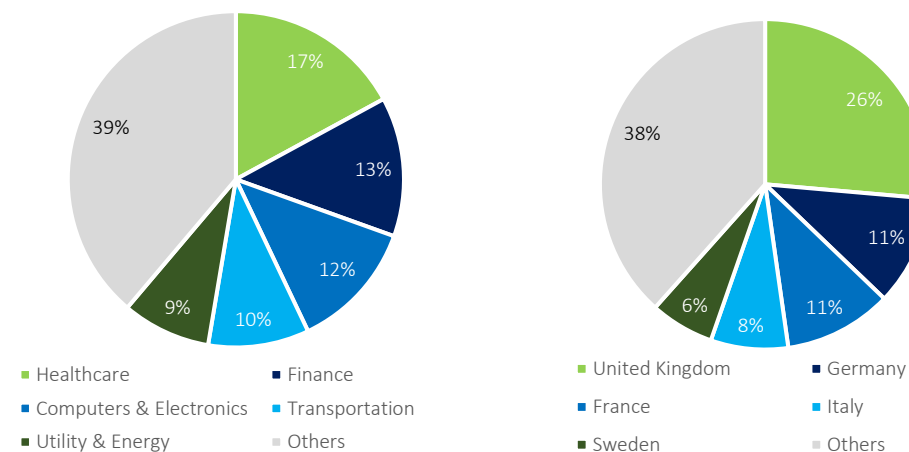
The UK maintained its position as the most active country in the ECM market. However, its dominance diminished, with its share of amount raised dropping from 42% in 2023 to 26% in 2024. This leadership was primarily driven by National Grid's €8.5 billion capital increase and Pfizer and GSK's sale of Haleon shares through four block trades, totaling approximately €8.3 billion. Germany claimed second place with a 11% share mainly driven by blocks in Deutsche Telekom and DHL, with a combined value of €2.3 billion and Douglas, Springer Nature and RENK IPO's totaling €1.9 billion. France ranked in third place with 11%, partially due to Atos, Sartorius Stedim Biotech, Bureau Veritas and Alstom Follow-On transactions with a combined value of €6.2 billion. From a sectoral perspective, Healthcare led in 2024, accounting for 17% of total transaction value. This was fueled by the Haleon block trade and Galderma's €2.3 billion IPO. The Finance and Computers & Electronics sectors followed, with 13% and 12% of the ECM proceeds, respectively. Finally, the Netherlands had the IPOs of Theon, CVC (including follow-ons) and Havas (technical listing) with a combined value of €5 billion.

Figure 5: European equity issuances since 2020



Source: Dealogic (31/12/2024)

Figure 6: FY 2024 volume of equity issuances by sector and country



Source: Dealogic (31/12/2024)

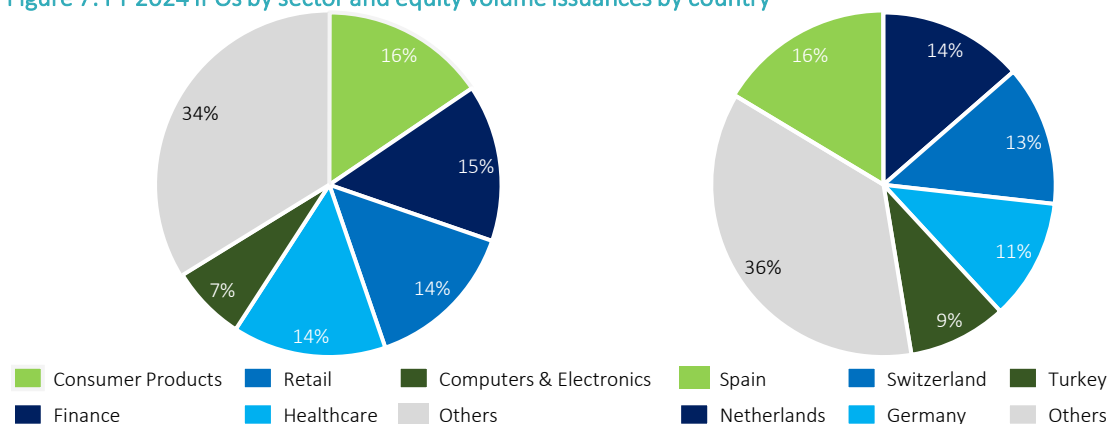
Positive IPO Trends Highlight Growth Amid Instability and Selective Offerings

Positive macro trends have driven robust IPO activity throughout the year, with transaction values reaching €18 billion. However, despite this overall positive momentum, moments of instability, nervousness and volatility disrupted market activity at key points, notably with a significant slowdown during the second half of the year and especially during Q3.

From July to September, companies raised just over €500 million, a stark contrast to the €3.6 billion raised in Q4 and the €6 billion and €8 billion raised in Q1 and Q2, respectively. Summer instability driven by disappointing employment data and brief market selloffs, compounded by uncertainties surrounding the US presidential election, led many firms to cancel or delay IPOs until 2025, including names such as Europastry, the HBX Group (former Hotelbeds), Stada Arzneimittel and Golden Goose.

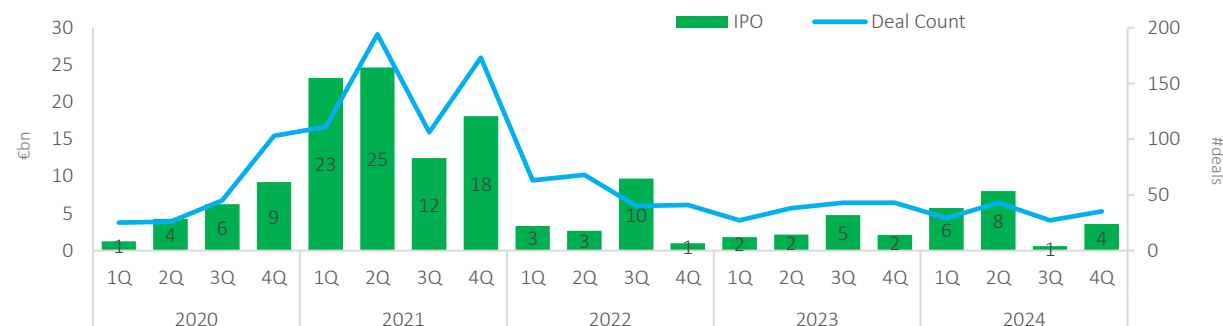
Furthermore, shareholders and companies adopted a cautious approach to ensure robust demand books. Therefore, the percentage of Free Float offered during IPOs has steadily decreased, a trend observed since 2018. Back then, 35% of the Free Float was typically sold during IPOs, compared to approximately 25% in 2024. This shift reflects heightened investor selectivity prompting firms to limit offerings to mitigate valuation risks and avoid unsuccessful outcomes.

Figure 7: FY 2024 IPOs by sector and equity volume issuances by country



Source: Dealogic (31/12/2024)

Figure 8: European IPOs since 2020



Source: Dealogic (31/12/2024)

These trends created a favorable environment where companies met investor demand seamlessly, as reflected in the average IPO size reaching €133 million, an 86% increase compared to 2023. Despite these challenges, the strong rebound in Q4 ultimately reinforced the year's overall positive performance in the IPO segment.

From a sector perspective, the most active sector in terms of volume was Consumer Products, raising over €2.8 billion through four deals, primarily driven by the IPO of PUIG (€2.7 billion). The Finance sector ranked second, raising €2.6 billion, largely thanks to the IPO of CVC (€2.2 billion). Following this, the Retail sector raised €2.5 billion through three deals, with the IPO of Zabka (€1.5 billion) as the standout. At the other end of the spectrum, the least active sectors were Mining (€10 million), Dining & Lodging (€32 million), and Chemicals (€49 million). Geographically, Spain emerged as the most active country, raising €2.9 billion, mainly due to PUIG's IPO. This was followed by the Netherlands, with €2.4 billion, driven by CVC, and Switzerland, with €2.3 billion, marked by Galderma's IPO.

The IPO market in the Netherlands has seen renewed activity with the IPO of THEON International, marking the first such event in nearly two years. The previous IPOs were SPACs launched in 2022. Despite this development and the occurrence of the first two IPOs (CVC Capital Partners raised over €2 billion) in years during 2024, returning to the record levels of 2021 —when €11 billion was raised across 23 IPOs— will take time. In the latter half of 2024, the Dutch stock market mirrored a broader trend seen after the summer, with many IPOs postponed or canceled, and no new listings on the AEX. Some follow-on accelerated bookbuild offerings took place, notably including Ebusco, which managed to avert a collapse through a rights issue. Although domestic IPO activity has been sparse in recent years, the pipeline suggests several prominent international companies from diverse sectors are preparing to go public in 2025.

European IPO Barometer

During 2024, there were 44 IPOs exceeding €50 million, two more than last year. However, the aggregate size of these IPOs reached €16 billion, marking a 78% increase compared to 2023. Notably, if we exclude IPOs in Turkey and Russia, the difference in aggregate size grows to 125%, with 27 IPOs compared to 16 in the previous year.

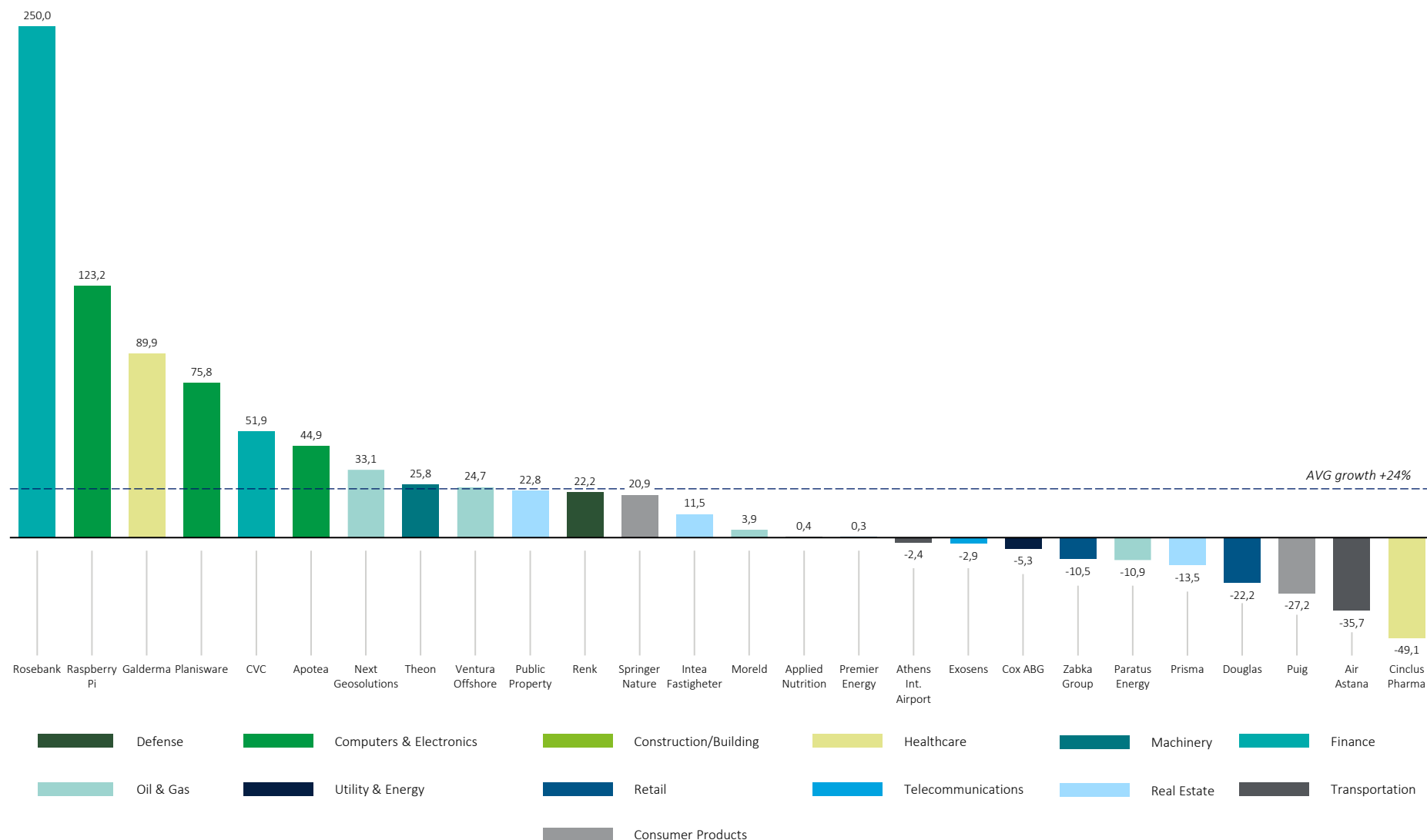
In general terms, the evolution of European IPOs exceeding €50 million, has been positive, with an average return of 24%, outperforming the Stoxx 600 index, which saw a 6.0% increase. This stock market performance is partly due to the favorable conditions in the markets but, more importantly, due to the significant discount that companies are forced to apply in order to attract investors when going public.

However, it is particularly noteworthy that among the 16 IPOs in 2024 with positive aftermarket returns, 13 companies achieved double-digit returns, of which 7 posted gains exceeding 30%.

The three most successful IPOs were Rosebank, Raspberry Pi, and Galderma. Their post-IPO performances were remarkable, with revaluations of 250%, 123%, and 90%, respectively. While the favorable market environment contributed to this strong aftermarket performance, it is worth noting that significant discounts and reduced free float offerings were employed to ensure a well-balanced order book.

Looking ahead to 2025, several companies are expected to pursue IPOs. These include transactions postponed due to volatility caused by the US presidential elections, as well as IPOs originally planned for 2025.

Figure 9: Deloitte's European IPO¹ Barometer FY 2024



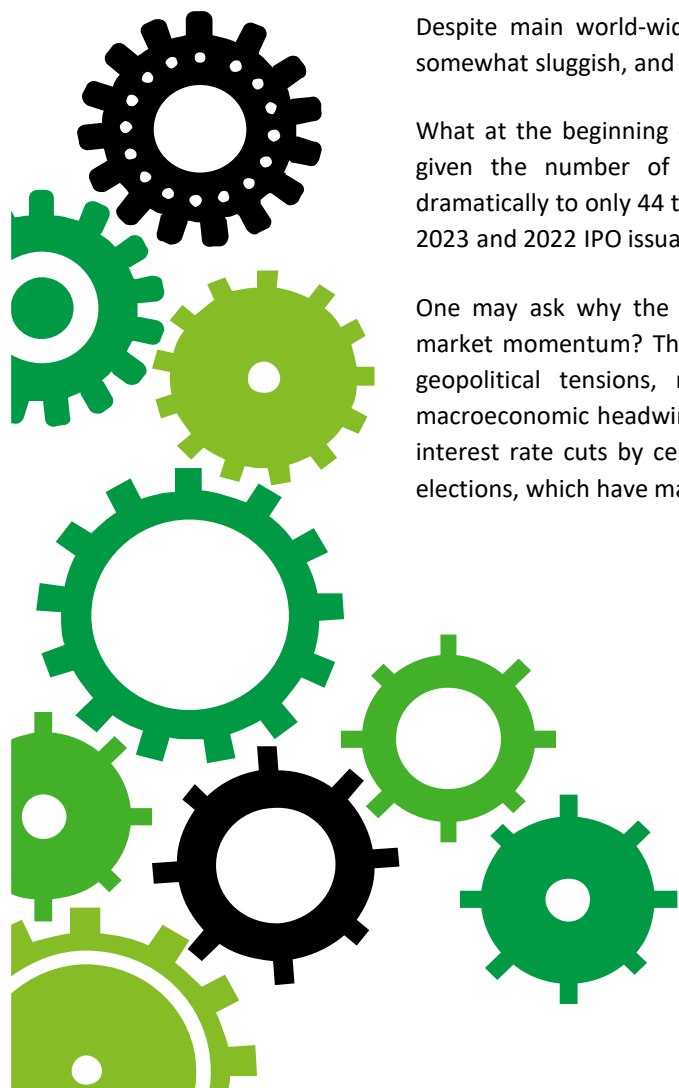
Source: Refinitiv Workspace (31/12/2024). (1) Data includes all European IPO above €50m, excluding Turkish and Russian IPOs.

A background image of a desk with a notebook, glasses, a red cup, and a calculator. The notebook has a hand-drawn diagram of a bar chart with an upward arrow. The glasses are on the left, the red cup is on the right, and the calculator is at the bottom. The text '04' is on a yellow background on the left.

04

CURRENT DYNAMICS OF A TRANSFORMING EUROPEAN IPO MARKET

The IPO market remains sluggish, with selective investors demanding more and companies looking to de-risk transactions



Despite main world-wide equity indices being buoyant in 2024, the IPO market remains somewhat sluggish, and the European IPO market is no exception.

What at the beginning of 2024 seemed to be a prosperous year ahead for European IPOs given the number of companies preparing for an imminent IPO, that was reduced dramatically to only 44 transactions above €50m in 2024, which is certainly much better than 2023 and 2022 IPO issuance volumes, but disappointing for the wider market participants.

One may ask why the IPO market continues to be fragile despite positive valuation and market momentum? There is indeed a long list of reasons to choose from, including rising geopolitical tensions, national political instability (e.g. in France and Germany) and macroeconomic headwinds, but the main causes are the uncertainties regarding the pace of interest rate cuts by central banks, and later last year, concerns about the US presidential elections, which have made investors more uncertain about IPOs.

The US presidential elections have historically proven to be long and divisive, and the November 2024 elections have been no exception. In fact, growing interference of (tech-)billionaires into the political landscape, power of social media and sharp political campaigns have again put the cat among the pigeons. Strong political promises created great uncertainty about the political directions of the United States post-elections, resonating onto the stock markets.

In the current market environment, investors have become highly risk-averse and selective when considering IPO opportunities. This has resulted in the need for significant discounts compared to peers, which has led many companies prefer to wait for better market conditions.

Nonetheless it is important to understand that many of the companies that have opted to price their IPOs with heavy discounts during 2024 have done very well in the aftermarket and in many cases have recovered what they may have lost in discounts in the IPO transaction.

In 2024 companies gaining the most traction among investors have been those with solid financial track records, established brands, and significant size. Additionally, investors are favoring companies in sectors with attractive dynamics and healthy balance sheets, as investors have become particularly sensitive to high levels of debt.

In the past year many transactions have been structured as dual-track processes, reflecting the existing uncertainty in the IPO market. This trend has also been driven by private equity firms viewing IPOs as a viable exit strategy for their assets. Dual-track processes are only one of the many mechanisms currently used to de-risk transactions.

To continue to de-risk the IPO, companies have opted to broaden their marketing efforts early in the IPO process – pre-ITF, i.e., what is considered to be the private marketing phase. Furthermore, issuers are looking to secured cornerstone and anchor investors as well as reduced free float levels with the aim of improving the quality of their demand book and enhanced aftermarket performance.

Despite many companies waiting for 2025 to go public, there remains a high level of uncertainty in the market. Even after the Republicans' victory, giving some clarity about the US' political direction, markets are now influenced by potential disruptive tariff policies under Trump in 2025 and their effects on various sectors and countries. This adds to the long list of uncertainties, including the pace of interest rate cuts, increasing geopolitical tensions and highly risk-averse and selective investors.

On the other hand, the pipeline of companies preparing for IPOs continues to grow. It remains to be seen how recent regulatory changes might stimulate the markets and whether companies are willing to apply discounts at the time of the IPO focusing on their long-term value rather than short-term gains.

05

HOW IPO MARKETING HAS ADAPTED OVER TIME



Adapting IPO marketing to investor expectations and market dynamics

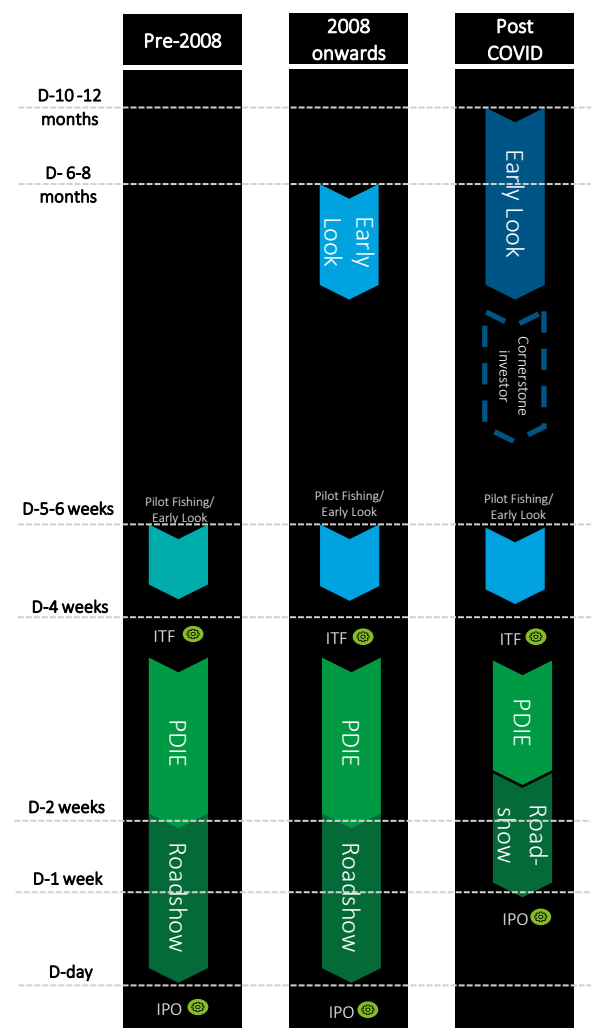
The COVID-19 pandemic and the subsequent years have been marked by instability —wars, inflation, aggressive monetary policies and macroeconomic uncertainty— which have created a challenging environment for IPOs. Despite this, IPOs continue to be successfully priced, although in fewer numbers, as issuers and banks have adapted to new market adversities. One clear adaptation has been the transformation of IPO marketing strategies. This is not the first time market instability has influenced IPO marketing changes. For example, now, Early Looks are considered a must-have in IPOs, but 20 years ago they were not part of the process. How did we get here?, and how are current Early Look marketing rounds different from what existed five years ago?

Two decades ago, IPO marketing typically began after the Intention to Float ("ITF") announcement, meaning once the IPO had become public knowledge. This included a "pre-marketing" phase led by connected analysts meeting potential investors, now known as PDIE (Pre-Deal Investor Presentation), followed by the more traditional Roadshow, where management met with investors to persuade them to invest in the IPO. Both phases lasted approximately two weeks each. Before the ITF, a pilot fishing process may have been conducted about a week ahead of the ITF, to test investor appetite for the IPO.

The marketing process has certainly changed over time...

The global financial crisis of the 2007-2008 led banks to shift marketing efforts to an earlier phase, introducing Early Looks. Initially, this involved a week where the recently appointed Global Coordinators worked alongside the issuer to meet investors, typically 10-15 (in one or two rounds), aiming to test the attractiveness of the IPO and start building a list of potential anchor or cornerstone investors. Combined with traditional marketing (PDIE + Roadshow), this approach fostered stronger investor connections and reduced IPO risks.

Figure 10: European IPO marketing timeline



In recent years, as market uncertainty has intensified —especially since COVID and subsequent market shocks— IPO marketing has undergone another drastic transformation.

The private marketing phase of the IPO, before the ITF, has become more critical than ever. Early Looks have evolved into a fundamental part of the process, with companies now meeting more than 50+ investors during this preliminary phase, and in some cases, closer to 80 investors. The goal is clear: to further de-risk the IPO by gaining a clear understanding of demand appetite and building a "fan club" of investors qualified to become anchor or cornerstone investors.

Given current demand dynamics, it is crucial to secure early support from key investors, whether institutional, sector-specific, or local accounts, to motivate generalist investors. In addition to this extensive early marketing effort in the private IPO marketing phase, we nowadays see a significant change in the more traditional IPO phases —PDIE and Roadshow— which have been shortened. Their duration is no longer fixed and depends on the deal, but combined, they rarely exceed three weeks, compared to the four weeks that were previously standard. This shift is due to two reasons: firstly, a large number of investors are already familiar with the company from the Early-Look marketing phase, and, second, markets and investors are highly sensitive to volatility, making it prudent to limit exposure during the public phase.

As we can see, IPO marketing in Europe has evolved significantly in the past few decades, shifting towards early preparation and visibility while reducing exposure during the public phase, post-ITF. This trend has been established as the norm over the past few years, but only time will tell whether it will persist or if new market changes will drive bankers and companies to adopt new measures to further streamline and de-risk IPOs in the future.

The background of the slide is a collage of three different building facades. On the left, there is a building with a green facade, where plants are growing in a grid-like pattern of recessed balconies. In the center, there is a building with a glass facade that reflects the surrounding greenery. On the right, there is another building with a glass facade, also reflecting the greenery. The overall theme is modern architecture integrated with nature.

06

Private to Public: Common Pitfalls

Hurdles commonly seen in insights pointed out by the Deloitte IPO Scanner

The Deloitte [IPO Scanner](#) allows private companies to clearly identify the key actions and resources required when considering their readiness for taking the company public. Our analysis of the outputs of the IPO Scanner provides insight into the common hurdles faced by companies in their readiness for IPO

Preparation for an IPO is crucial in ensuring its successful and efficient execution. However, a company's readiness for an IPO will depend on several specific factors. Awareness of the company's current state benchmarked against where the business needs to be to ensure IPO preparedness is a valuable asset. This allows management to focus on key aspects that are integral to successful IPO execution and can help avoid the typical pain points encountered when a company is ill-prepared.

Early preparation is key to a successful transaction and ensuring businesses are able to attract the right investors and achieve the value their business warrants. Our IPO Scanner helps to clearly identify the key actions and resources required, so companies can set out a practical and realistic roadmap to IPO.

What is the IPO Scanner?

Our free and easy-to-use [IPO Scanner](#) provides you with a headline assessment of your company's readiness to IPO, with analysis across eight key topics, ranging from equity story, financial reporting, risk & controls, to ESG and corporate governance.

Once you have completed the IPO Scanner, you will receive a PDF report outlining your company's preparedness across these eight categories. The report includes commentary and best practice to help you start your journey towards an IPO.

Analysis of IPO Scanner outputs

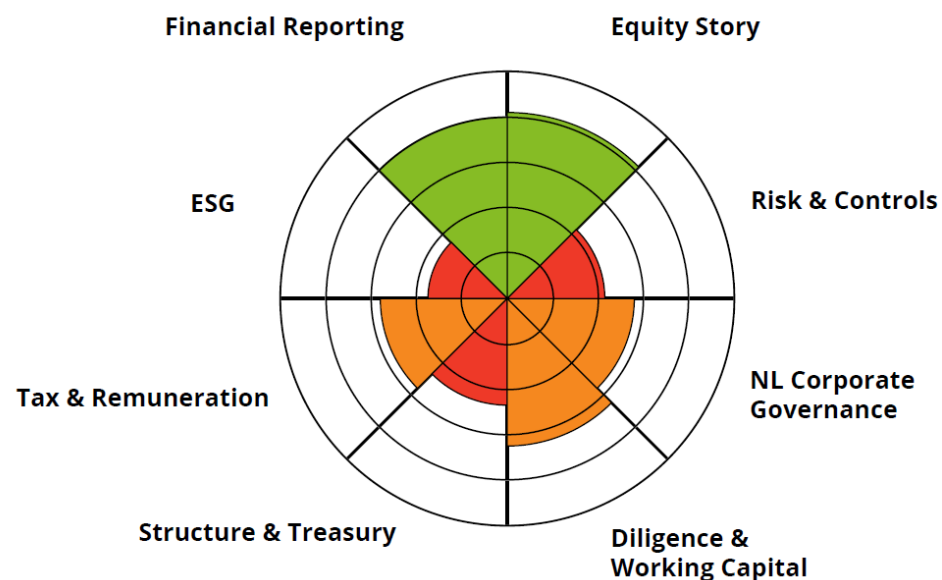
To understand the typical state of readiness of private companies for an IPO, we analysed the anonymised data inputs from our IPO Scanner to ascertain the current status of the average IPO Scanner respondent in relation to IPO readiness and to identify the areas in which they were most deficient.

The findings from the analysis offer interesting insights into the common hurdles that private companies are likely to encounter during the preparation for an IPO.

Common hurdles

The diagram below provides indication of common hurdles that private companies are likely to face in the preparation for an IPO. This highlights that private companies ahead of IPO are likely to be less prepared around ESG, structure & treasury and risk & controls. These are key areas where time and focus should be concentrated to prepare for the IPO process and life as a listed company.

When considering a move from private to public, company focus is often placed on finance and the equity story and consequently companies are relatively well prepared on these matters, but other key areas are often neglected whilst these are also integral. It is important to consider these early on to ensure you are adequately prepared, enabling a successful and timely execution of the transaction.



Hurdles commonly seen in insights pointed out by the Deloitte IPO Scanner

Delivering a successful IPO

A core team of advisers should be in place to support the company in achieving the following outcomes:

Placing control of the process in the hands of the company

Driving complex, and interdependent work streams, bringing clarity on progress and priorities to the executive and senior management

Achieving early preparation where possible, to allow the company flexibility to respond to the market at the right time

ESG

Private companies should familiarise themselves with expanding rules and regulations around ESG which apply to listed companies. New regulations (e.g. CSRD) go beyond previous ESG rules in breadth and depth and require meaningful preparation to understand scope, formulate a strategic response, and invest in the right data and resource. Preparing for these ahead of an IPO is critical as some institutional investors will expect performance that goes beyond compliance. Stakeholders across the IPO process are also rapidly evolving and increasing their ESG performance expectations, requiring a clear articulation of the ESG equity story and credible alignment of the ESG narrative with the business strategy and operations.

Tax, structure & remuneration

In the lead up to IPO, it is often imperative for private companies to restructure the corporate affairs of a group prior to entering the spotlight as a listed company. Considerations should include choice of ListCo, share classes and tax attributes for new and existing shareholders. It is important to ensure that remuneration arrangements that are appropriate for a listed company are considered and put in place ahead of IPO. These often differ from the existing remuneration arrangements of a private company, and therefore consideration should be paid to the need to restructure and unwind existing incentive plans on IPO.

Risk & Controls

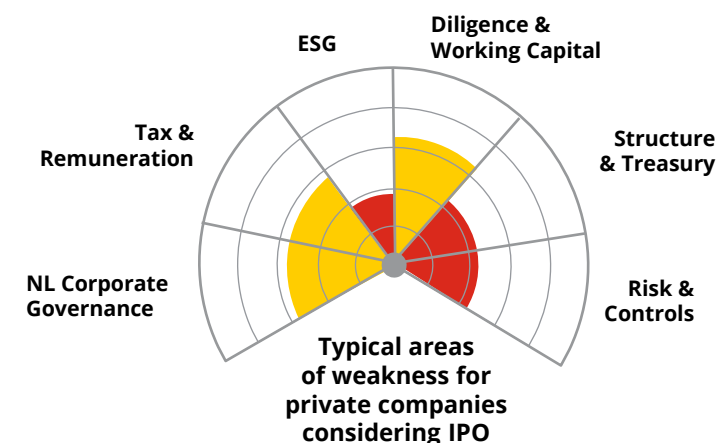
The evolution of a risk management framework is often not a priority for private companies. However, a framework provides listed companies with the ability to identify, assess and report on risks, issues and incidents to the standard required by public investors.


A listed company board is ultimately responsible for a company's risk management and therefore, appropriate listed company risk management frameworks need to be implemented ahead of an IPO

Whilst internal controls are an important part of the integrity of a private company, there is an inevitable step-up required for a listed company. Establishing internal controls to the extent required for listed companies is not often a key focus for private companies alongside business-as-usual. In advance of IPO "listed company" financial controls must be established to ensure the right information is flowed through to management to enable them to run the business and guide shareholders.

NL Corporate Governance

In the Netherlands, listed companies will have to comply with the Dutch Corporate Governance Code. As such, companies will have to develop their corporate governance structures and framework to be appropriate for a listed company. Areas range from supervisory board and committee structures, establishing an internal audit function and the preparation of several specific new policies required for listed company, such as remuneration and whistle-blower policies.





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DUTCH CFO SURVEY

A fine line between optimism and pessimism

[READ THE FULL REPORT HERE](#)

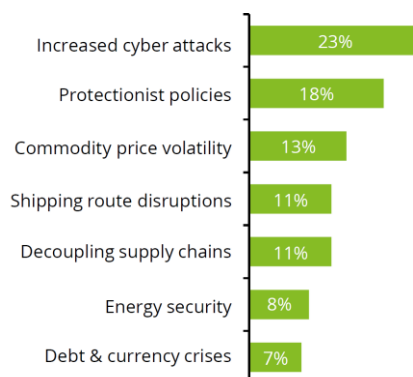

Economic Outlook

Although core Financial KPIs are expected to show an overall improvement, CFOs indicate they are less optimistic compared to the previous survey (*Spring 2024*). This possibly results from an overall sense of the Dutch economy being less competitive on the global stage.

The divide between organisations' growth mindset and the sentiment of uncertainty is probably best emphasized in the top three risks that CFOs indicate as troubling: shortages of skilled professionals, cyber risk, and geopolitical risk, each of which are not directly within the CFO's control.

Within the context of a more stable economy the most important priority for CFOs is to enable value creation for the business, continue cost reduction efforts and enhance agility and resilience.

Chart 1: Most severe geopolitical risks



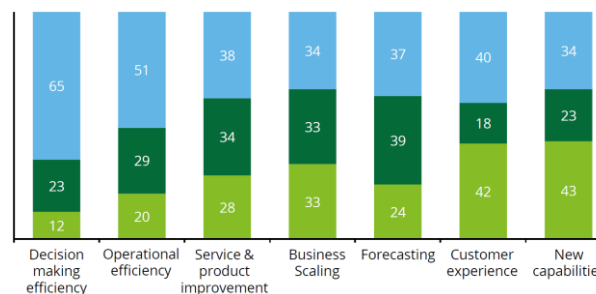
Digitalisation

The role of artificial intelligence in strategic decision-making is evolving, with AI currently influencing less than 20% of decisions but projected to impact nearly 50% within five years. The digitalisation budget for AI has increased from 10% in spring 2024 to 14% in fall. Interestingly, the age or ownership structure of an organisation does not significantly impact reliance on AI, except for venture capital-backed firms, which use AI almost twice as much as others (25% versus 12-15%). These firms also anticipate a higher future reliance on AI (55%) compared to others (50%), with publicly traded companies being more skeptical, expecting only 36%. Financial services lead in AI investment, expecting 71% reliance on AI, whereas healthcare and real estate remain more reliant on human expertise due to their focus on personal connection and human intelligence.

AI serves various purposes, but CFOs main priorities for manifesting AI are around enhancing decision making efficiency and increasing operational efficiency. Other potential opportunities of AI, such as business scaling, development of new capabilities and strengthening customer experience seem to be less convincing to CFOs.

Chart 2: Priorities of AI use

High priority
Medium priority
Low priority



Sustainability

The focus on sustainability among CFOs has increased slightly, with 66% prioritising a value creation driven sustainability strategy. Agriculture and Financial Services maintain a strong emphasis on value-driven sustainability, while the Automotive industry shifts more towards compliance due to upcoming CSRD regulations. Healthcare shows a move from a compliance driven sustainability strategy towards a value creation driven strategy, with 67% of respondents prioritising it, contrasting with the Automotive sector's compliance focus. Non-renewable Energy remains compliance-driven. Revenue-wise, larger earners balance value and compliance, while smaller organisations view sustainability as value driver, with 77% of those earning under €100 million in revenue focusing on it. Multinational organisations, despite regulatory burdens, see sustainability as a value creator more than single-territory firms.

The Finance function's expanding role in sustainability is recognised across industries, regardless of organisation size, age, or ownership. It is crucial for sustainability reporting, given its expertise in financial data measurement and reporting. CFOs also see its role in climate-related reporting and non-financial disclosures. However, challenges include siloed functions and inconsistent processes, leading to issues in data availability (49%) and regulation interpretation (16%). The Finance function is under pressure to improve risk mitigation and operational reporting capabilities.

A photograph of a modern office interior. On the left, a wide wooden staircase with a dark metal railing and glass balustrade leads up. A person is walking down the stairs. The ceiling is made of horizontal wooden slats. In the background, a wall of vertical wooden slats features the 'Deloitte' logo in large, light-colored letters. To the right, there are large glass doors leading to another area. In the foreground, there are some potted plants and a circular wooden platform.

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DELOITTE EQUITY CAPITAL MARKETS

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Selected Credentials

Both equity and debt offerings

 <p>Flora Food Group High Yield Bond</p> <table><tr><td>2025 €250m</td><td>2024 €125m</td><td>2024 €500m</td></tr></table>	2025 €250m	2024 €125m	2024 €500m	 <p>Havas Listing</p> <table><tr><td>2024 €1.8b</td></tr></table>	2024 €1.8b	 <p>CVC Capital Partners IPO</p> <table><tr><td>2024 €2.3b</td></tr></table>	2024 €2.3b	 <p>Q-Park High yield Bond</p> <table><tr><td>2024 €430m + €550m</td></tr></table>	2024 €430m + €550m	 <p>Boels High yield Bond</p> <table><tr><td>2024 €600m</td><td>2023 €400m</td></tr></table>	2024 €600m	2023 €400m
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2024 €1.8b												
2024 €2.3b												
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2024 €600m	2023 €400m											
 <p>Infopro Digital Group High Yield Bond</p> <table><tr><td>2024 €610m</td><td>2023 €975m</td></tr></table>	2024 €610m	2023 €975m	 <p>Wolter Kluwer N.V. Senior Bonds</p> <table><tr><td>2023 €700m</td></tr></table>	2023 €700m	 <p>Hunkemöller High Yield Bond</p> <table><tr><td>2022 €273m</td></tr></table>	2022 €273m	 <p>Heineken N.V. EMTN Update</p> <table><tr><td>2022 €20b</td></tr></table>	2022 €20b	 <p>European FinTech IPO Company 1 IPO</p> <table><tr><td>2021 €382m</td></tr></table>	2021 €382m		
2024 €610m	2023 €975m											
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2021 €382m												
 <p>Stedin Holding N.V. EMTN Update</p> <table><tr><td>2021 €3b</td></tr></table>	2021 €3b	 <p>JDE Peet's Guaranteed Bond Programme</p> <table><tr><td>2021 €2.5b</td></tr></table>	2021 €2.5b	 <p>CTC IPO</p> <table><tr><td>2021 €190m</td></tr></table>	2021 €190m	 <p>Just Eat Takeaway Offering and US listing</p> <table><tr><td>2021 €6.1b</td></tr></table>	2021 €6.1b	 <p>Allfunds IPO</p> <table><tr><td>2021 €2.2b</td></tr></table>	2021 €2.2b			
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 <p>JDE Peet's IPO</p> <table><tr><td>2020 €2.6b</td></tr></table>	2020 €2.6b	 <p>Just Eat Takeaway UK listing</p> <table><tr><td>2020 €6.9b</td></tr></table>	2020 €6.9b	 <p>DSC 2 IPO</p> <table><tr><td>2020 €110m</td></tr></table>	2020 €110m	 <p>DSC 1 IPO</p> <table><tr><td>2020 €80m</td></tr></table>	2020 €80m	 <p>VolkerWessels IPO</p> <table><tr><td>2017 €575m</td></tr></table>	2017 €575m	 <p>Takeaway.com IPO</p> <table><tr><td>2016 €350m</td></tr></table>	2016 €350m	
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08 Powering ahead | Deloitte Equity Capital Markets

ECM service offerings



IPO Attest

- Independent auditor's role reporting to both the company and the Global Coordinators / Bookrunners
- Required on IPOs, further equity issuances and debt offerings requiring a prospectus
- Principal workstreams typically include: historical financial information, long form due diligence, financial position & prospects procedures, profit forecast, and working capital reporting
- Special purpose financial statements
- Pro-forma financial statements



IPO Assist

- Working company-side to support management and finance teams throughout a transaction
- Provides both resource capacity and technical expertise, tailored to the support required for the transaction, including:
 - Preparation of financial information or track records;
 - Governance and internal control enhancements;
 - Complex modelling; and
 - Integration/separation considerations



Dual-Track and Public Company M&A

- Advise shareholders and management in the preparation and execution of Dual-Track transactions
- Act as a lead adviser on the buy-side or sell-side of a deal
- P2Ps, public offerings, hostile takeovers
- Advice on corporate restructurings and demergers
- Support and advice on preparing bid defense procedures



IPO / Exit Readiness

- Help companies prepare for an IPO/Dual-Track transaction
- Readiness assessment with a key findings report identifying deficiencies that may delay or prohibit a transaction
- Scope covers financial, commercial and organisational areas
- Develop remediation plan to address shortcomings prior to the project's kick-off
- Assessment of resource requirements, prioritisation of findings, and preparation of a detailed project workplan required to remediate the finding (pre/post or during the IPO execution)



ECM & Dual-Track Transaction management office

- Provide expertise in project management office support for a transaction
- Experienced personnel to ensure the transaction is performed according to schedule and issues are identified and dealt with
- Tried and tested project management methodologies and tools
- Fully scalable model that can be deployed rapidly across an entire program or discreet workstreams



Post-deal Advisory

- Provide "after-care" advice and practical hands-on support post IPO/transaction to tackle typical challenges such as:
 - Compliance with listing rules and regulations;
 - Financial reporting as a listed company;
 - Effective governance and internal audit;
 - Finance transformation and efficiency of finance team; and
 - Ongoing remuneration policy, benchmarking, and establishing long term incentive frameworks



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