London IPOs – Queuing on the runway

UK ECM update | Spring 2025

London IPOs – Queuing on the runway

17th Deloitte UK ECM update | Spring 2025

Welcome to the 17th Deloitte UK ECM update

Growth in equity capital market activity across 2024 and the improvement in global ECM activity seen across Q1 2025, support the view that the highly anticipated re-opening of IPO markets will begin to materialise in H2 2025 and into 2026. The pent-up demand of companies that have postponed IPO plans due to market conditions and private equity assets held well beyond the typical lifecycle suggests a building pipeline of businesses queuing on the runway to list, instilling optimism that H2 2025 onwards will see IPO markets witness a recovery.

Welcome to the seventeenth edition of the Deloitte UK ECM update. Since 2016, our update has been providing insight and commentary on current hot topics in the UK's equity capital markets, together with analysis of the performance and trends in ECM. We also highlight for your consideration the ECM updates produced by our colleagues focusing on the Dutch, Spanish Irish, and Swiss markets.

The Spring 2025 ECM update looks back at 2024 and Q1 2025, and the increase in activity that marked a departure from the relative stagnation of the preceding two years, pointing towards a sustained positive trajectory for 2025 and beyond.

Persistent geopolitical instability and adverse macroeconomic conditions, characterised by higher than expected interest rates and inflation globally, prevented 2024 from being the year in which IPO markets materially re-opened.

Despite this, signs of recovery were evident with global IPO activity in H2 2024 exceeding that of H2 2023 by 23% and sustained strong performance of global equities throughout the year.

The London capital markets also showed heighted activity with a notable 57% increase in total equity capital raised in 2024 when compared with 2023. This was primarily driven by strong follow-on activity and notable IPOs in Raspberry Pi and CANAL+.

Activity in Q1 2025 also showed signs of continued improvement with a 5% increase in equity capital raised when compared with Q1 2024 and an increase of 116% when compared with Q1 2023.

Looking ahead to the rest of 2025, the market turbulence associated with global elections, the macroeconomic backdrop and geopolitical tensions that mostly impacted performance in 2024 have largely subsided. However, the main potential headwind for the IPO markets to contend with remains geopolitics. In particular, changing global tariff policies have caused significant market uncertainty and volatility in the first month of Q2 2025, which is normally a peak in the Spring IPO window. This has caused a number of anticipated IPOs to "right-shift" timetables into H2 2025 or 2026. Nonetheless, there is an anticipation we are over the peak bearishness caused by tariff policies, and therefore expectation that H2 2025 onwards will see global and UK equity capital market activity return to the runway for take-off.

Welcome to the 17th Deloitte UK ECM update

In this edition of the UK ECM update, we explore market performance across 2024 and Q1 2025, highlighting key trends and assessing the implications of these for UK equity capital markets going forward.

We are also pleased to feature a segment from Peel Hunt, offering a timely analysis of the UK IPO market against the backdrop of recent challenges. The segment explores how the market has navigated the turbulent economic environment of the preceding two years and adapted to the significant regulatory changes introduced in 2024.

Furthermore, the extended stagnation of IPO activity has led to prolonged holding periods for private equity firms, compelling them to retain portfolio companies beyond their typical investment horizons. Many of these businesses have now reached the scale and maturity level suitable for public markets. As anticipation mounts for a resurgence in IPOs, alongside private equity's desire to capitalise on these matured investments, we examine the crucial factors private equity firms should prioritise to maximise value when pursuing an IPO exit.

In addition, we consider the topic of executive remuneration and the shift in perspective regarding executive pay for UK listed companies. Many view a strategic approach to executive compensation as a vital tool for enhancing the global competitiveness of UK equity capital markets. We delve into this issue, examining the trend of UK companies adopting more assertive executive pay structures to attract and retain top-tier global talent. As the UK market seeks to strike a balance between robust governance and transparency in remuneration practices while implementing compensation structures that effectively incentivise and reward leadership, we explore the key considerations shaping this evolving landscape.

Finally, we look at the FCA's rule changes in relation to significant transactions and discuss the key considerations for Directors in the new regulatory environment in light of their ongoing obligations arising from the listing rules, disclosure and transparency rules and market abuse regulation.

We hope you enjoy reading this seventeenth edition of our UK ECM update.

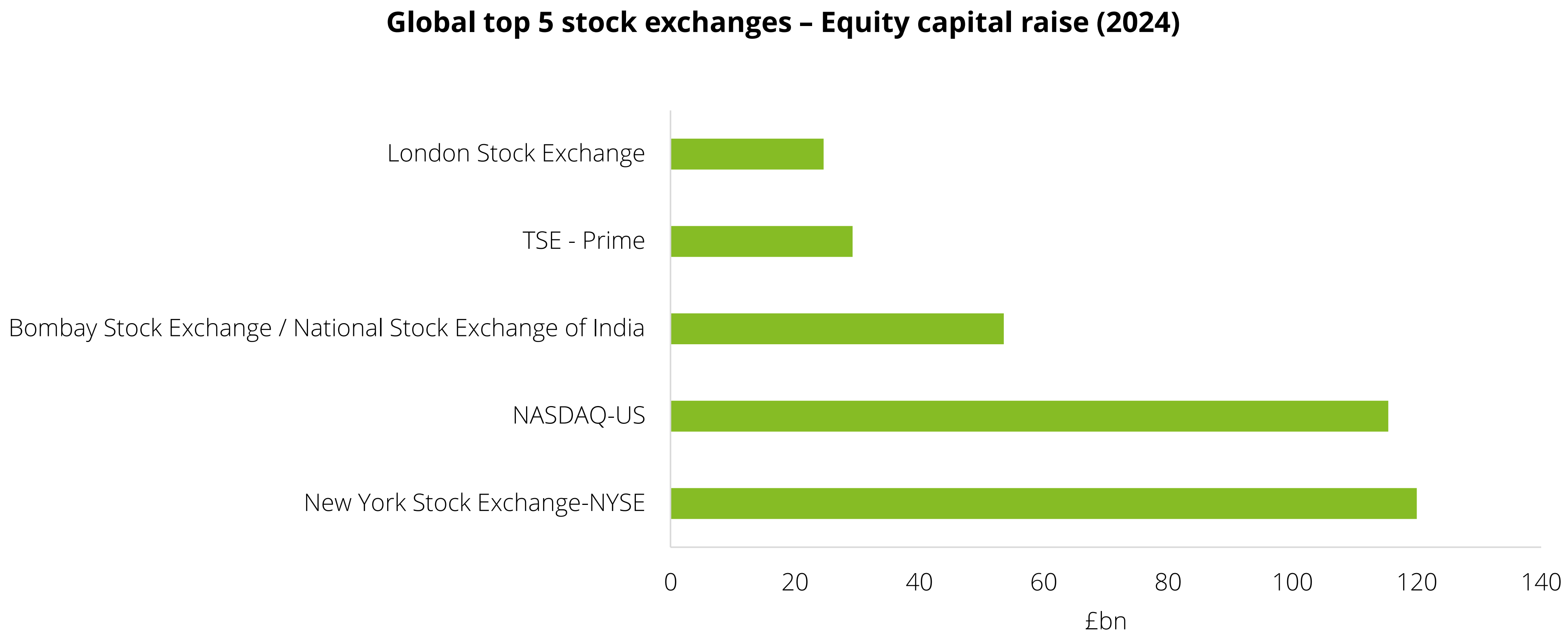
IPO activity shows signs of renewal | ECM market update

Global IPO activity improved across 2024, with EMEA experiencing significant growth on 2023 volumes. London continued to be the strongest exchange in Europe outperforming European peers for equity capital raised across Q1 2025. Please see page 6-12 for the corresponding data for the below analysis

- Global IPO activity in 2024 saw a 2% increase in deal value compared to 2023. This growth was driven by strong performance in the Americas and EMEA regions, which saw increases of 67% and 41% respectively. However, these gains were offset by a significant decline of 31% in the APAC region, deflating the global total for 2024. Despite the recent incremental growth, global IPO activity remains 35% below pre-pandemic levels in 2019.
- Notably, London's capital markets demonstrated their resilience in 2024, achieving a 42% year-on-year increase in total equity capital raised, measured by deal value. London also achieved a global ranking of 5th for total deal value, and it was the highest ranked European exchange by a significant margin.
- Although IPO volumes haven't fully rebounded to previous levels, 2024 saw a number of noteworthy London listings, including Raspberry Pi, CANAL+, and Applied Nutrition. The CANAL+ IPO, in particular, highlights a potential trend for 2025. The transaction, stemming from the company's demerger from French media giant Vivendi, suggests that we may see more businesses pursuing demergers and listings of carved-out entities as a strategy to unlock and crystallise value.
- None of the top 10 IPOs in Q1 2025 elected London as their chosen listing jurisdiction, suggesting that companies considering London have perhaps shifted timelines to the right amid global trade policy uncertainty.
- Despite this, the London Stock Exchange remains the largest European Exchange in Q1 2025 in deal value and London is the only European exchange to rank in the top 10 global exchanges for deal value in Q1 2025; highlighting that whilst IPO volumes remain low there remains strong follow-on activity.
- London’s recent capital market reforms look to encourage companies to grow and list on the UK markets and facilitate the ease with which companies can access equity capital in the UK. The advent of the International Secondary Listing category is likely to bring additional global businesses to London in search of a broader investor pool and additional capital. This will continue to reinforce the message that London is the most international of all the major exchanges, with over 35% of companies listed on the London Stock Exchange being of international origin.
- Several factors suggest that the positive momentum observed across 2024 and into Q1 2025 will continue to drive an improvement in the IPO market. Improving macroeconomic conditions, coupled with the fact that the extended lull in IPO activity has led to longer-than-usual holding periods for private equity firms. Consequently, many private equity-backed companies, despite reaching a scale suitable for public markets, remain in portfolios. As these firms seek to capitalise on their investments, we can anticipate a return in IPO activity across H2 2025 and beyond.

IPO activity shows signs of renewal|ECM market update

Please find corresponding analysis on page 5



Source: Dealogic, Global ECM
(*) Includes dual/multi market ECM activity

IPO activity shows signs of renewal | ECM market update

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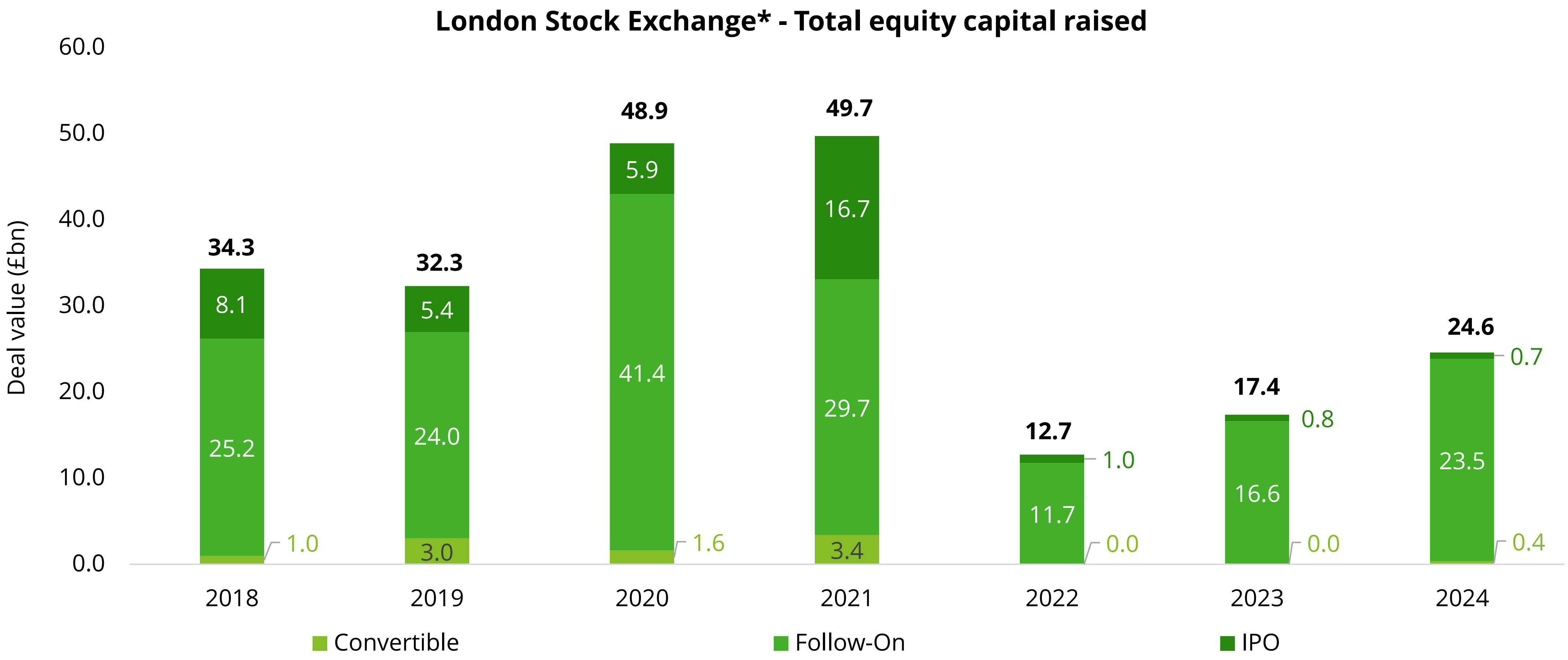

Source: Dealogic, Global ECM

** Includes dual/multi market ECM activity*

IPO activity shows signs of renewal|ECM market update

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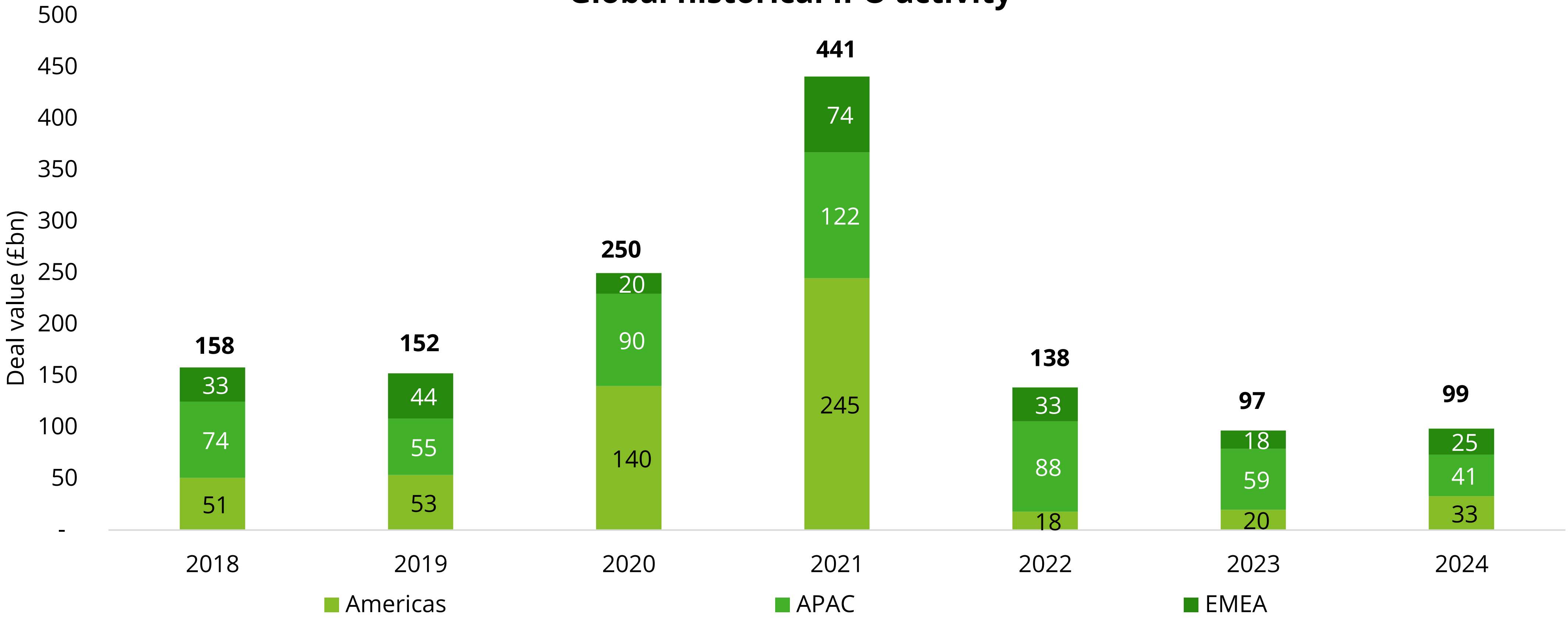
Global historical IPO activity



Source: Dealogic, Global ECM

IPO activity shows signs of renewal|ECM market update

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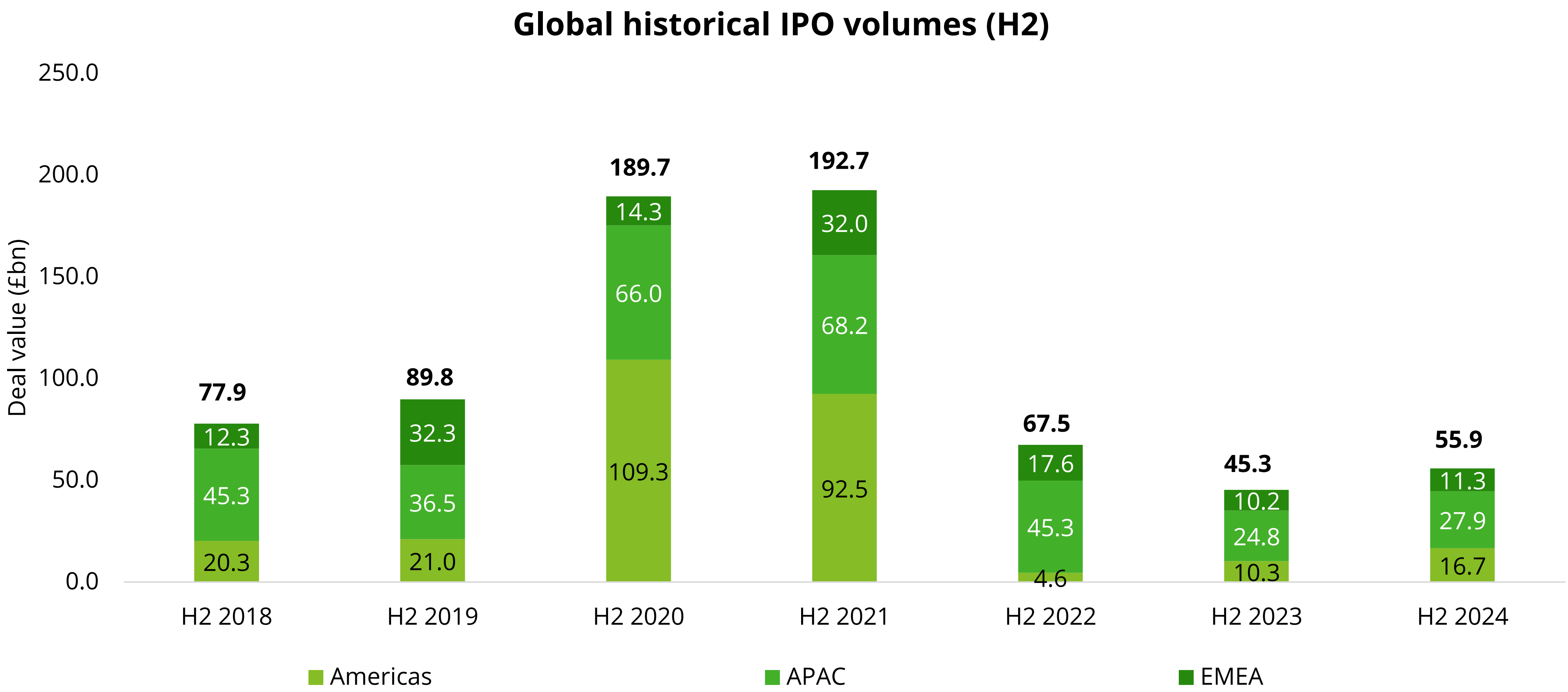

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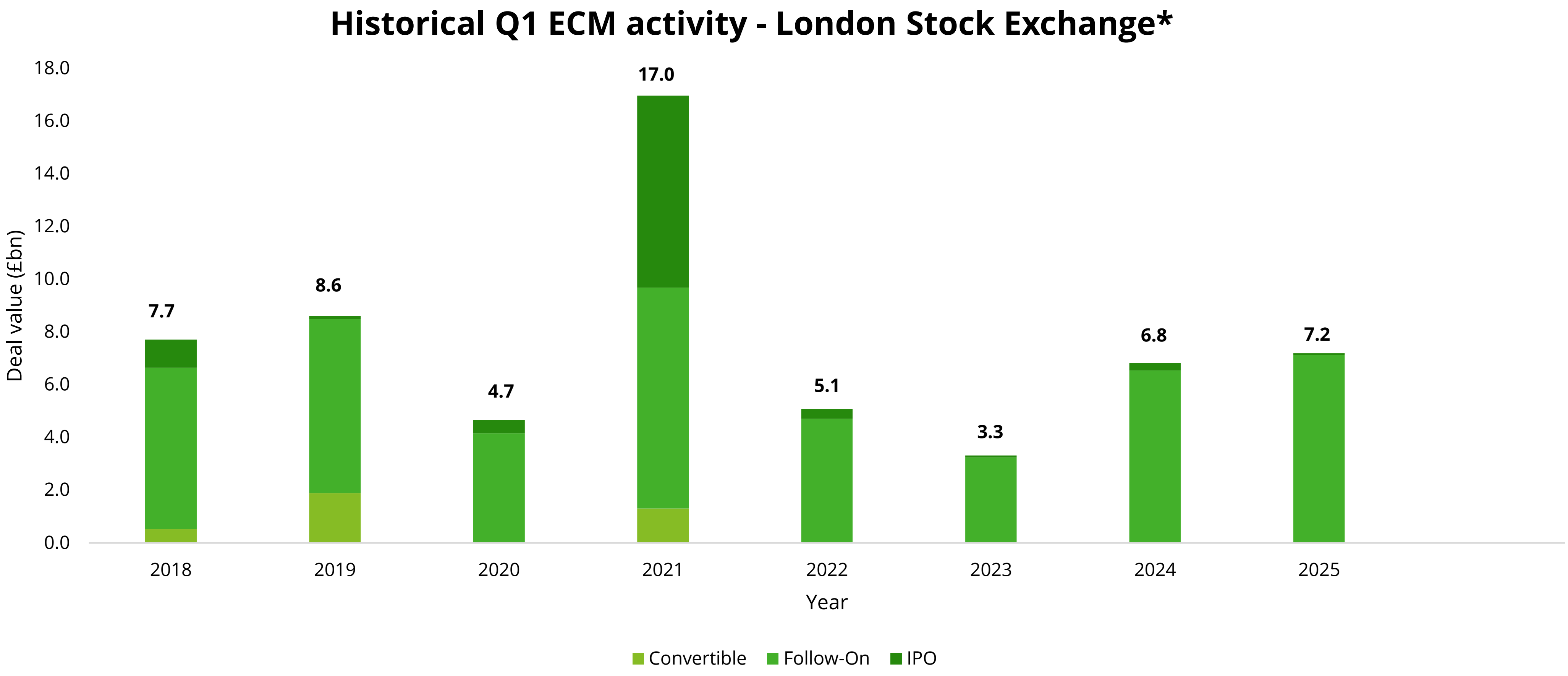

Source: Dealogic, Global ECM
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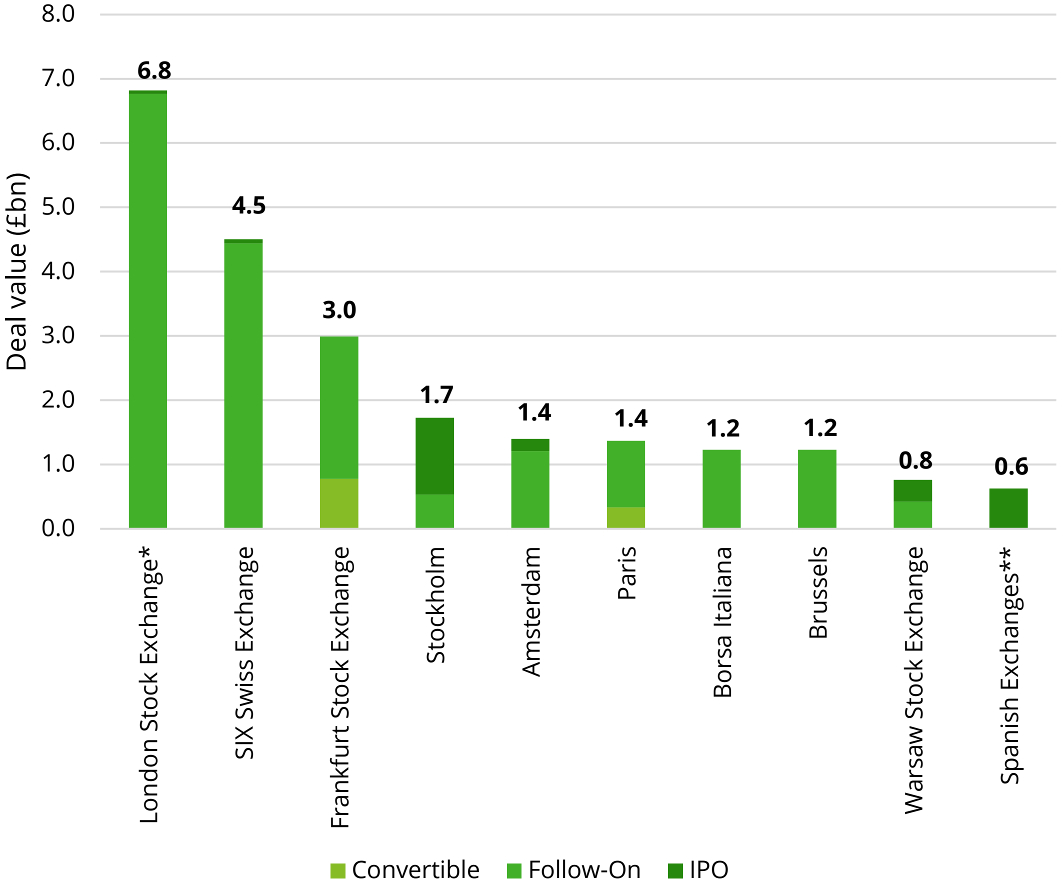
Q1 2025 - Top 10 European Stock Exchanges



Q1 2025 – Top 10 global exchanges by country

Country	Sum of deal value (£bn)
United States	50.8
Hong Kong	15.3
Japan	8.3
United Kingdom	7.0
India	5.6
China	4.5
Switzerland	4.5
Australia	3.6
Germany	3.0
United Arab Emirates	2.4

Source: Dealogic, Global ECM

* Includes AIM, dual and multi market ECM activity

** Includes the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges

IPO activity shows signs of renewal|ECM market update

Please find corresponding analysis on page 5

Q1 2025 – Top 10 European IPOs

Pricing Date	Company	Deal value (£m)	Company nationality	Exchange	Industry
27-Mar-25	Asker Healthcare Group AB	788.00	Sweden	Stockholm	Healthcare
11-Feb-25	HBX Group	624.00	Spain	Spanish Exchanges	Computers & Electronics
11-Mar-25	Roko AB	405.00	Sweden	Stockholm	Finance
31-Jan-25	Diagnostyka SA	338.00	Poland	Warsaw Stock Exchange-Main Market	Healthcare
12-Feb-25	Ferrari Group plc	187.00	United Kingdom	Amsterdam	Transportation
13-Jan-25	Gulermak Heavy Industries Construction & Contracting Co	112.00	Turkey	Istanbul Stock Exchange	Construction/Building
17-Feb-25	Balsu Gida Sanayi ve Ticaret AS	107.00	Turkey	Istanbul Stock Exchange	Agribusiness
03-Feb-25	Destek Faktoring	88.00	Turkey	Istanbul Stock Exchange	Finance
06-Feb-25	Doosan Skoda Power as	76.00	Czechia	Prague Stock Exchange	Machinery
10-Feb-25	Kalyon Gunes Teknolojileri Uretim AS	73.00	Turkey	Istanbul Stock Exchange	Computers & Electronics

The investment banking perspective | Peel Hunt

We speak to Brian Hanratty of Peel Hunt on London as a listing destination and the outlook for IPOs across the coming year

Brian Hanratty
Head of ECM, Peel Hunt

Over his career, Brian has executed over 80 ECM transactions, raising proceeds of more than $80bn, across the UK, Ireland and Sub-Saharan Africa markets

Brian has significant experience of working with companies through the cycle from private to public and into the aftermarket, including capital raisings, shareholder engagement, register evolution and market messaging

How would you characterise the current state of the UK IPO market?

Taking a step back, we have seen tangible - albeit gradual - progress in UK IPOs over the past 12 months. While deal volumes might be unremarkable in terms of transaction value, it is important to note that a number of mid-cap IPOs have priced and traded positively, and this has definitely provided more confidence that the market is open for the right companies.

Our view is that the market is 'selectively open', which we define as open for higher-quality companies with thoughtful deal execution. There are a growing number of companies getting ready for IPO, which is a real positive and shows the significant progress made over the past few quarters. As more of these companies come to market and momentum builds, we expect to see an increasing number of potential issuers.

How has the recent volatility in markets on the back of US tariffs impacted the UK IPO pipeline?

Elevated volatility is generally unhelpful for IPO processes. This is mainly down to the extended live transaction period (around four weeks) and importance of aftermarket trading. There are other aspects of the backdrop that make investors' lives more difficult too, including a market that is top-down driven (i.e. by macro and geopolitics) and one with a range of potential outcomes that makes forecasting even more difficult than usual. Markets are moving quickly, however, and it has been positive to see some recent recovery with a strong sense from investors that we are past peak bearishness on tariffs.

The investment banking perspective | Peel Hunt

As a result, we have seen a number of potential UK IPO issuers rethink near-term execution windows. This has been focussed on those companies targeting a deal in Q2, particularly at the early end of that window, with a number now focussing instead on a post-Summer launch. Those issuers that were already targeting a post-Summer launch have not been impacted, and a number of companies targeting launches later in the second quarter are keeping their options open. It was encouraging to see the recent IPO launch announcements from Cobalt Holdings and iFOREX, highlighting that some issuers continue to target the current IPO window.

In summary, the pipeline remains constructive, but a number of transactions previously targeting Q2 are shifting timetables to the right. Issuers continue to monitor market conditions closely and are hoping for some continued stability before launching.

What is your outlook for IPO activity in the UK over the next 12 months, will we see a further rebound in activity?

We're expecting continued progress. Following some positive activity in 2024, it's been a relatively quiet start to the year with volumes so far European-led, once again. However, we're hoping for that to change and are aware of a number of companies that are monitoring potential launch windows over the coming quarters.

The most recent cohort of UK IPOs was very much focussed on mid-cap, founder-led businesses, compared with some of the jumbo deals we saw in Europe. We think UK activity will broaden over the next 12 months, with larger and more sponsor-backed issuers looking to come to market. This is a positive development, and an additional indicator of a broader re-opening.

What were the critical success factors for those deals that got successfully done over the past 12 months, and conversely the lessons learned?

In terms of success factors, there are several to highlight. Firstly, there was a cadence of investor interaction built up over time, with issuers successfully demonstrating track record and delivery of business performance each time. These issuers had growth drivers and characteristics that investors bought into and guidance that they felt was deliverable. We found that those transactions that were most successful in the UK listened carefully to market feedback and priced transactions at a level investors were comfortable with. Lastly, I would say that immediate delivery of results post IPO was a key driver of success, backing up what was said at the point of going public.

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The investment banking perspective | Peel Hunt

With regards to lessons learned, I think it's important in the current market environment to be nimble when it comes to transaction windows, particularly with the ongoing volatility. The market may not be there for the first window, but we would recommend that the preparatory work is done so that issuers have the option to launch in case it is. It's important to launch the transaction when it is sufficiently de-risked with investor demand and visibility, not just when the timetable says so. Finally, it's critical to get the liquidity and aftermarket performance right, as investors currently have limited risk tolerance and this can compound any negative share price moves. This is achieved through a combination of allocating the right investors with stock, getting the deal structure right, and of course delivering on post IPO results.

Which sectors do you see as being particularly active as the IPO markets re-open?

We saw businesses from a range of sectors come to market in the UK over the past year: tech, healthcare, consumer, industrials, airlines and professional services. Looking forward, financials and fintech are the sectors that stand out to us as being the most prominent in the pipeline although we do expect again that there will be a relatively broad spread of sectors represented in transactions. What is key though, is that rather than a specific sector preference, feedback from investors indicates a desire to invest in the winners within industries, and in those companies with resilient track records and strong growth drivers.

There has been a lot of activity in the last couple of years around the reform of the UK equity capital markets and ensuring their international competitiveness. How would you characterise the current state of the UK equity capital markets from that perspective and what more can be done?

From a reform point of view, we have certainly seen positive progress over recent years, but there's no question that more change is needed.

The revised UK Listing Rules which came into force last year levelled the playing field with foreign exchanges from a listing rules perspective, and in some instances even made the UK more favourable. Having the single listing segment (ESCC), importantly with FTSE eligibility, has simplified the process for issuers. There were various other highlights including more accommodative rules around dual class shares and significant transactions such as M&A. The changes to the UK Prospectus Rules, expected mid 2025, will be another positive update.

The investment banking perspective | Peel Hunt

Where I think more needs to be done is on the investor demand side. We have an incredibly deep investor base in the UK, but it has been impacted by significant outflows in recent years. This compares negatively to the US, which has seen significant inflows, and similarly in Europe. There is no quick and easy fix, but there are things we can do to help. These include removing stamp duty on purchasing UK shares, ISA reform (e.g. implementing a British ISA), providing tax incentives on UK shares and encouraging more retail participation.

How important are retail investors on an IPO, and when should a company consider a retail offering in their IPO?

In short, retail investors can be very important to an IPO. They provide incremental price insensitive demand and open up a new bucket of investors, both at IPO and for the aftermarket. Depending on the company and offering, having a retail investor base can also offer a great opportunity to strengthen engagement with important stakeholders such as customers, employees, and the wider public. Finally, including retail investment on IPOs has been encouraged in recent UK listing reviews and ensures greater equality in the distribution of shares, helping ESG credentials. I know a number of IPO issuers that have regretted their decision not to include retail and have tried to remedy that in the aftermarket – but it's typically more efficient if you can include them from the offset.

A retail offering is relevant for many IPOs, but I would say particularly when there is a brand that might resonate well or where certain stakeholder engagement is important (e.g. customers or employees).

For a company contemplating an IPO, what differentiates London as a listing location compared with other comparable international equity capital markets?

London is an excellent platform for issuers contemplating an IPO. As mentioned previously, the recent changes to the listing rules have put it on at least an equal footing with other international exchanges. Outside of the US, it represents one of the largest and most liquid exchanges globally, with a significant domestic investor base that other international exchanges lack, in addition to a strong international investor following. Another strength I would highlight is the depth of analyst coverage that helps to educate the market on the listed companies there.

The investment banking perspective | Peel Hunt

There has been some negative press around UK listings recently, which we think gives an unfair reflection of its attractiveness – many of the companies that have moved listings from London or decided to list abroad are more naturally suited to other exchanges given their revenue and earnings profile. Additionally, the performance of many international assets that have listed in the US has been poor, with domestic investors there often favouring local assets.

It has been interesting to see a number of international companies either recently list, or announce their intention to list on the LSE over the coming months, highlighting that many large international companies recognise its strength as a listing venue. For those clients where a listing location debate is relevant (typically large assets with a strong US nexus), we have found the discussion becoming much more balanced, particularly in light of recent listing rule changes, and many of those issuers are leaning towards London.

Recent events around tariffs have also brought a new dimension to the debate and called into question some of the previous pulls of the US including stock market outperformance, pro-growth policies and stability. It is still early days in terms of how it might all play out, but there are lots of reasons to be relatively positive on the UK compared with other regions (US and Europe in particular).

Executive remuneration | Remaining competitive in an international talent market

In recent years there has seen a shift in the tone of conversation regarding executive pay for UK listed companies. The eco-system is shifting, with recognition that while good governance can support better business practices, a tick-box system is unhelpful. Stakeholders are increasingly focused on how the pay governance ecosystem can support rather than hinder the competitiveness of the London equity markets

"The efficacy of London's capital markets ecosystem has been an important topic of discussion recently, but one critical element that has not received enough attention is the UK's approach to executive compensation... [the] proxy agencies and asset managers... oppose compensation levels in the UK [but] support much higher compensation packages in different jurisdictions, notably in the US. This lack of a level playing field for UK companies is often not discussed, or if it is, the downside risks to our companies, our economy and our competitiveness are not part of the conversation."

- Julia Hoggett, CEO – London Stock Exchange, May 2023

- Over many years, the UK equity markets have gained a global reputation for best practice corporate governance. More recently, various stakeholders, including the Capital Markets Industry Taskforce, have begun to question whether the approach has gone too far, particularly on the topic of executive pay.
- In some cases, the standards previously applied to UK listed companies had fallen out of kilter with other global markets. Instances where the same major institutional investor could vote against a pay proposal in the UK, while at the same time supporting near identical pay arrangements operated by US-listed peers, is a common source of frustration. However, we have seen a shift in practice in 2024 and 2025, providing a more optimistic outlook.
- Firstly, there has been a material shift in the tone of the conversation on pay, including a more constructive approach from the mainstream media. Secondly, investors and proxy agencies have demonstrated a greater willingness to consider proposals on a case-by-case basis, rather than default to a box-tick approach, with best practice guidance now providing greater flexibility for issuers. Thirdly, in 2024 and 2025 many FTSE 100 companies came forward with bolder proposals on pay in order to remain internationally competitive. And importantly, many of these proposals were adopted with strong support from shareholders.
- Although the rules and regulations surrounding executive pay for listed companies can seem excessive, the environment is improving. The evolving landscape has encouraged a more constructive conversation on executive pay, with boards increasingly focussed on the commercial imperative rather than being forced to take a box-tick approach to align with market perceptions of 'best practice'.

Executive remuneration | Remaining competitive in an international talent market

A changing environment - key market developments for companies looking to IPO in the UK

01 More commercial approach to pay levels

In practice pay levels in UK listed companies compare favourably to most international markets. From a global talent market perspective, pay levels in larger US companies are often an outlier to the rest of the world. Where companies genuinely compete for talent internationally, and in particular the US, investors in UK listed companies appear to be more willing to approve higher pay levels, provided that this is backed by hard evidence and a compelling commercial rationale.

02 Greater flexibility in pay structures

In comparison to prior years, investors in FTSE listed companies appear to be more open to atypical pay structures provided that there is a clear commercial rationale. Notably, there appears to be greater willingness to support the grant of so-called 'hybrid' long-term incentives (i.e. a combination of performance shares and time-vested restricted stock). This pay model is prevalent in the US but has largely not been operated by FTSE 350 companies. This hybrid model can be attractive for those competing for talent in the US as well as those operating in more cyclical industries by providing incentives and lock-in across the cycle.

03 Dilution – more flexibility for funding executive share awards

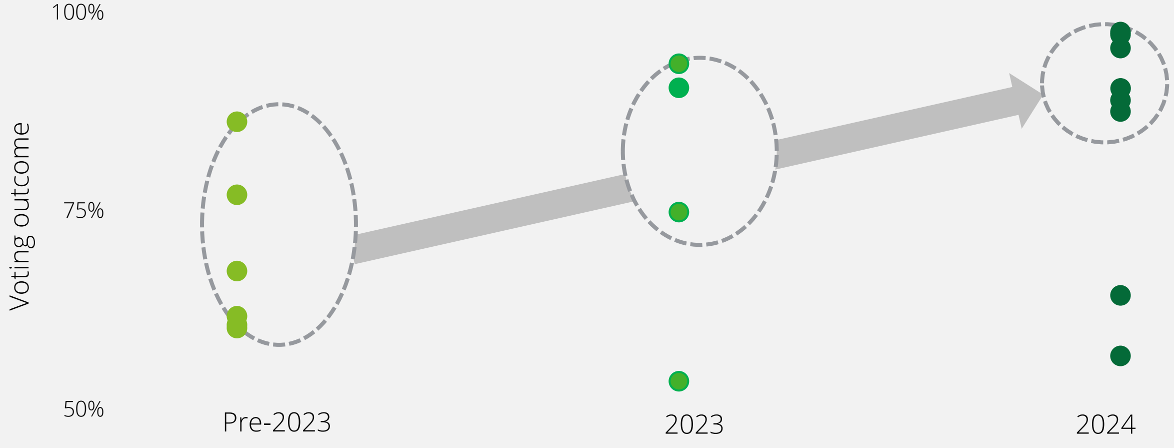
Investors focus on the use of new issue shares to fund executive share plans, due to the dilutive impact on shareholders. The most recent best practice guidance published by the Investment Association, provides greater flexibility on this point, with the recommended cap increased from 5% to 10% in ten years. This change was made to support "high-growth companies [that] have recently listed". This will be of particular interest to sectors such as tech or pharma, where pay models may include deep and broad equity participation, but where scope to fund incentives is often limited by cash constraints during the growth phase following IPO.

Executive remuneration | Remaining competitive in an international talent market

A changing environment - key market developments for companies looking to IPO in the UK

FTSE AGM voting
Notable shift on more aggressive proposals, but dissent remains in some cases

Increases of 100% of salary or more and alternative incentive structures



Upwards trend – several proposals in 2023 / 2024 achieved 80%+ AGM vote

However, lower votes seen where proposals considered "excessive" and/or a material departure from UK practice

Executive remuneration | Points to consider in the lead up to IPO

There is a stark contrast between how senior executive pay is structured and governed in private and public markets. Notably, there is greater transparency and increased external scrutiny of Board pay. Navigating this transition can be daunting so early planning can be beneficial for all stakeholders

- While the detailed rules applying to executive pay vary depending on the country of listing, there is much overlap across jurisdictions. Across all markets investors focus on ensuring pay-for-performance and avoiding payments for failure. At IPO new investors want management to be aligned with the IPO investment proposition.
- For listed UK companies, directors' remuneration is subject to annual AGM voting. There is also a further vote on the Remuneration Policy at least once every three years – this is a legally binding vote that limits how directors can be paid.
- While the UK approach can be viewed as the 'gold standard', these have now been largely replicated across the EU as a result of the Shareholder Rights Directive introduced in 2019. In the US, the say-on-pay regime is less onerous than in the UK, but the public disclosure requirements are lengthy and capture a larger group of senior executives.
- Prior to moving to the public markets, it is often beneficial to review existing arrangements and consider how they are impacted by any IPO (e.g. tax treatment). It is better to resolve potential challenges before going public. The focus should then be on how executives can be retained and motivated beyond the IPO. Managing this transition is a key part of the IPO preparation process.

Executive remuneration | Points to consider in the lead up to IPO

Remuneration considerations across the phases of an IPO

Considering remuneration during the different phases of IPO

Current 1

Transition 2

Future 3

The lead up to IPO

- What are the strengths and weaknesses of the current pay approach?
- How are existing arrangements impacted by the IPO? Does the crystallisation of awards create retention challenges?
- Has the tax impact of IPO been fully considered across relevant jurisdictions?
- Are there differences across the executive team? Do they all have skin-in-the-game?
- Is the team sufficiently resourced to deliver on reward IPO and BAU activities?

Moving into the listed environment

- How locked-in is key talent? What are the lock-up terms for shares crystallising on IPO?
- How to reward the wider employee population, in particular newer employees?
- How do the transition arrangements support the IPO investment proposition?
- What process changes are needed to enable group compliance obligations to be met?
- How to communicate with employees regarding the impact of IPO on incentives and how / when they can trade shares?

Approach as a listed company

- What is an appropriate remuneration philosophy in a post-IPO environment?
- What are pay practices in the relevant talent markets, and at what level should pay be set?
- How should incentives be structured?
- How does the approach compare to market and best practice in the country of listing?
- What process changes are needed to enable group compliance and disclosure obligations to be met?

Considerations	Location of listing and incorporation	Divestment strategy for current investors	Desired shareholder register post-IPO	Culture of organisation	Employee experience	Resourcing

We provide end-to-end executive pay advice on a global scale - our practice combines complementary specialisms which are often separate in competitor practices, enabling us to support you during all phases of the IPO process and beyond, wherever you opt to list. This includes: RemCo advisors; incentive plan and employment lawyers; tax, accounting and funding specialists; IPO and M&A experts; a communications agency; and wider strategic reward advisory services.

Unlocking value| London IPOs for PE-backed businesses

Protecting and enhancing value when preparing for an exit is essential to securing the desired valuation on exit. Businesses are often ill prepared for this challenge, where a proactive approach to exit can help unlock value

Given the shift in the macro-economy over the past c.18 months, and the predicted higher-for-longer interest rates, we are continuing to see a huge level of scrutiny by prospective investors on IPO markets of PE portfolio companies. The ability of management teams to demonstrate and evidence sustainable, profitable growth potential, alongside a well-protected business is non-negotiable in the current environment to secure the desired valuation on exit.

Our view is that many businesses are insufficiently prepared for the depth of buyer challenge and the demands of the transaction process, alongside continuing to manage BAU. However, there are a number of ways that value can be protected, or even enhanced ahead of an IPO. Anticipating areas of scrutiny and proactively addressing key exposures can help secure a desired valuation. Equally, demonstrating progress made against a robust value creation plan that can be credibly evidenced means that even opportunities not fully implemented or realised can be reflected in the valuation. This means companies must shift from simply preparing for an IPO to actively pursuing a value-enhancing exit strategy. This is where a proactive approach to exit readiness becomes paramount.

Crafting a Narrative that Resonates:

Investors are seeking "good assets" – companies with a compelling equity story that goes beyond financial projections. This means:

- Demonstrating a path to sustainable growth: Clearly articulate your growth strategy, supported by robust financials and a deep understanding of your market. Investors are looking for businesses with a proven track record and a clear vision for the future.
- Highlighting the strength of your leadership: Showcase the experience and capabilities of your management team. Investors want to see a team capable of navigating challenges, driving innovation, and delivering on their promises.
- Transparency is key: Ensure consistency across all financial and operational data. A "one version of the truth" approach builds trust and instils confidence in your company's story.

Unlocking value| London IPOs for PE-backed businesses

Following the steps along the exit roadmap will ensure you have properly considered all aspects of the transaction which will enhance value maximisation and avoid value leakage

01. EQUITY STORY
Do you have a compelling equity story for potential investors?

02. EXIT OPTIONS
Do you want to pursue other exit options at the same time as IPO? If not, what will you do if you get approaches?

03. IPO
Is the business ready to be listed specifically in terms of governance and market requirements?

04. EXIT VALUE MAXIMISATION
What activities can the business undertake prior to IPO which can help realise a higher valuation on divestment?

05. SEPARATIONS/CARVE OUTS (IF APPLICABLE)
Separations are highly complex – are you comfortable with all of the considerations around carve-out methodology, key separation planning, and cost impacts?

06. FINANCE FUNCTION
Is your finance function fit for life as a listed company? Does it have the bandwidth and capabilities to support the demands of the IPO process?

07. FINANCIALS AND ACCOUNTING
Are robust financials in place in order to support the IPO process?

08. DATA
Is your data ready – do the financials support the equity story and stand up to diligence?

09. TRANSACTION MANAGEMENT
Do you have bandwidth in your team that can be dedicated to managing the process? Are management and the financial sponsor aligned on how IPO value can be maximised?

10. PEOPLE FACTORS
Have workforce issues e.g. pensions and incentive schemes been identified and addressed?

11. TECHNOLOGY & DIGITAL
How key is technology – is it fit for purpose and would scrutiny under diligence present a risk to value?

12. LEGAL
Are you ready to withstand a legal due dilligence review? Are you confident that your material assets are legally secure?

13. SUSTAINABILITY
How will you deliver your sustainability strategy and targets and prepare for ESG regulatory requirements?

14. TAX
Are you considering the optimal tax structure for your listing jurisdiction? Have all of the tax risks been identified and mitigated against where possible?

15. LEVERAGE
Have you considered your leverage ratio in light of what will be acceptable in the public markets? What changes to your debt structure are required to align with this?

Unlocking value| London IPOs for PE-backed businesses

Whilst a track record of operational excellence drives shareholder value today, investors are looking for companies with a long-term vision to ensure continued success in a dynamic market

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Moving Beyond Business as Usual – Unlocking Value:

Too often, companies identify potential performance improvements too late in the IPO process. This lack of foresight can significantly impact valuation, leaving "money on the table." To maximise your IPO success, consider:

- Proactive Value Creation: Don't wait for investors to point out areas for improvement. Identify and implement operational efficiencies, optimise working capital, and unlock hidden value within your business. Demonstrate a track record of operational improvement that showcases your commitment to driving shareholder value.
- Future-Proofing Your Growth: Investors are looking for companies with a long-term vision. Identify and articulate future transformation opportunities that demonstrate your ability to adapt and thrive in a dynamic market.

Navigating the IPO Journey with Confidence: The Deloitte Approach

Deloitte's dedicated IPO Readiness team brings deep industry knowledge and technical expertise to guide companies through every step of their IPO journey. Our comprehensive suite of services includes:

- IPO Readiness Assessments: We begin with a series of tailored workshops with your senior leadership team and investors (if applicable). These workshops, informed by pre-workshop interviews focusing on your specific situation and goals, are designed to:
  - Assess your company's current state of IPO readiness across key areas such as equity story, value creation, and exit value protection.
  - Identify potential risks and opportunities related to your specific business model and target market.
  - Develop a tailored roadmap for success, outlining key actions and milestones to ensure a smooth and value-enhancing IPO.
- Value Creation Planning: Working with you to develop and implement a strategic plan to maximise your company's attractiveness to investors.
- Transaction Management Support: Providing expert guidance and resources to ensure a smooth and efficient transaction process.

The London IPO market presents a significant opportunity for PE portfolio companies with a compelling story and a clear path to value creation. By embracing a proactive approach to exit readiness and partnering with experienced advisors, businesses can position themselves for a successful launch on the global stage.

Significant transactions| FCA regulatory changes

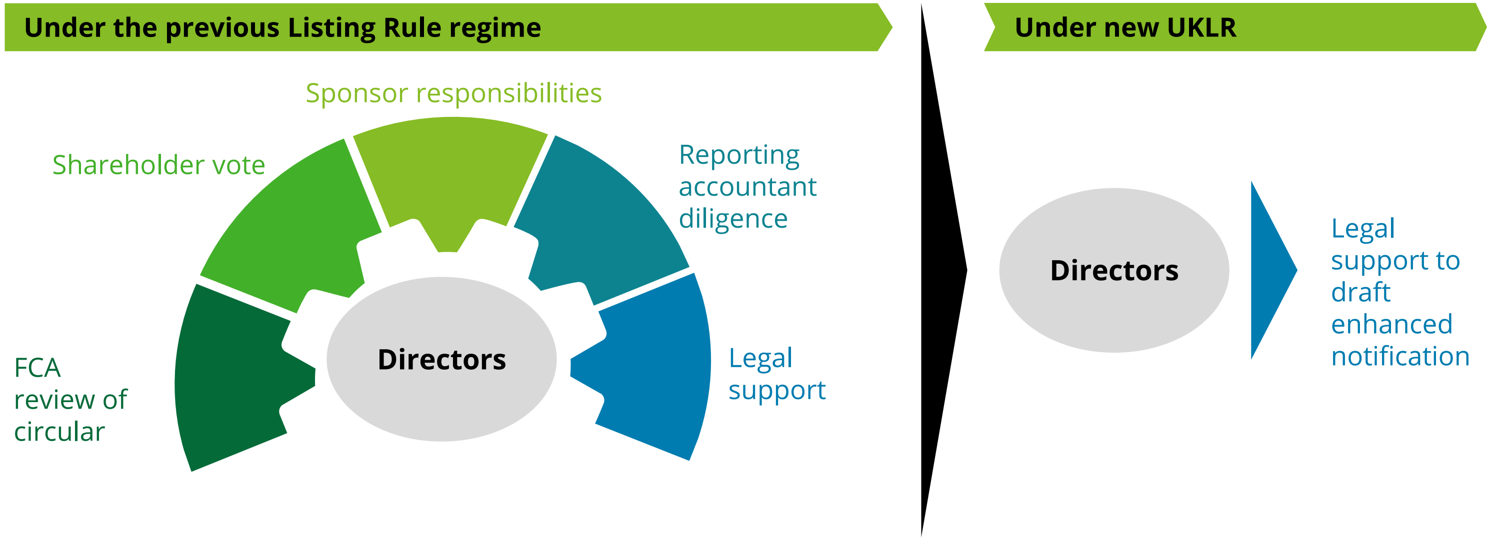
To enable listed companies to enhance their competitiveness in M&A processes, the FCA has reduced the regulatory requirements for significant transactions

New UK listing rules and impact on significant M&A

- The new UK listing rules (UKLR) were made effective on 29 July 2024. Significant transactions, formerly Class 1 transactions, no longer require a shareholder vote or circular. Instead, companies are required to prepare public disclosures as soon as possible after terms are agreed.
- The changes to the rules move the UK towards a disclosure-based regime and give directors the opportunity to take a more flexible, risk-focused approach when considering the appropriate diligence and supporting evidence to request of management in the lead up to a significant transaction.

Directors' responsibilities

- Listed company directors continue to face significant personal ongoing obligations. Directors have ongoing obligations arising from the listing rules, disclosure and transparency rules and market abuse regulation. Directors also have Companies Act obligations to promote the success of the company for the benefit of its members as a whole and to exercise reasonable care, skill and diligence.
- Previously, when executing a significant transaction, directors could point to the disclosure requirements of the circular, market practice diligence procedures and the shareholder vote to evidence the discharge of their duties. These processes are no longer required, but the obligations that directors face remain unchanged.

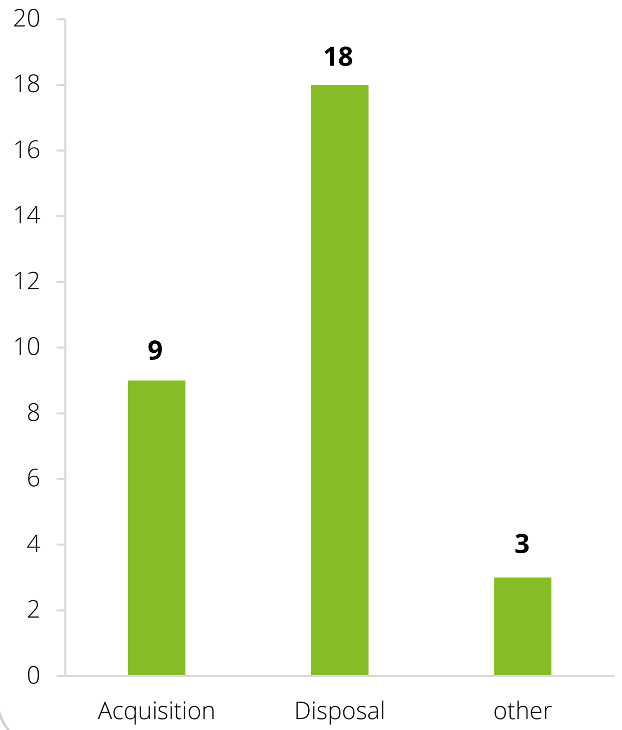


The onus is now on directors to determine the scope of work appropriate in each case to demonstrate that they have acted in the best interests of their shareholders and have provided appropriate disclosure. This provides flexibility in approach and allows directors to take a risk focussed, value-based approach to diligence and the support required

Significant transactions | Evolving market precedent in disclosures

Following the new rules, a number of significant transaction announcements have been made of varied length and detail

Significant Transaction Enhanced Notifications Issued Under New Listing Rules



Varied practice
on detail and periods covered by historical financial information

1 – 3 years
The number of years disclosed on income statement can be different to balance sheet

Significantly **shorter notifications**
compared to old class 1 circulars

Circulars	Notifications
50+	Min: 6 Average: 17 Max: 41

Number of pages

Number of **risks or risk factors**
disclosed varies significantly

1 – 16

Transactions have ranged from

£24m – £15bn

Voluntary pro forma – on larger transactions only

20 announcements have **combined initial and updated notifications**

Synergy statements
have been included on some acquisitions

Variance across the transaction announcements illustrates the flexibility and choice available to companies

Data has been sourced from LSEG significant transaction announcements and may not be a complete population. Data up to 5 March 2025.

Significant transactions | Directors' approach

Directors now have choice and flexibility over the level of work to be performed, and the time frame over which that work should take place. Effort can be focussed on areas that will add value

Directors will need to evidence that they have effectively discharged their duties as a listed company. Risk areas that could be impacted by a significant transaction should be considered in the lead up to significant transactions. These are set out on the following page.

Heads of Terms agreed

Signing and announcement

Completion

Risk identification

- Prior to signing and announcement, directors focus on ensuring they understand the impact of the transaction on meeting ongoing listing obligations.
- Allows risks arising on the transaction and plans for mitigation to be considered early in integration / separation planning.

Focus on risk areas identified

- Time to plan and mitigate risk areas identified prior to completion
- Ensure sustained success in the listed environment through risk mitigation.
- Depending on the risk, mitigation may be achieved through:
  - Presentations from management
  - Board papers
  - Third party diligence

Scope areas and examples of deep dive support are set out on the following page

Significant transactions | Assessing the risk profile of any significant transaction

Scope areas, considerations and indicative risk mitigations for directors

Key risk areas	**Public disclosure**	**Equity story**	**Governance**	**Accounting and audit**	**Financial operations and reporting**	**Forecasting**	**Legal and regulatory**	**Resourcing and capability**
Considerations for directors	Public announcement requirement to include financial, narrative disclosure and value consideration	Goals and strategy communications that is supported by consistent financial information	Governance structure in place to allow effective transaction integration, and continue to comply with corporate governance requirements	Impact on post-transaction external reporting and readiness for audit process	Ability of finance team to continue to operate and report in line with regulatory requirements and inform the board of financial performance	Impact of the transaction on ongoing liquidity and going concern considerations, and management of investor relations across all relevant public markets	Impact of tax, treasury and legal exposure; regulatory and fraud risks	Capacity of management (typically focussed on finance, legal, risk, IT) to effectively manage the transaction
Potential management risk mitigation	• Preparing financials (gross assets and profits as a minimum) • Preparation of statement of effect of transaction • Valuation/ consideration rationale	• Documented rationale for transaction • KPI data consistency assessment • KPI preparation support	• Review of governance structure plans • UK Corp Gov Code compliance assessment • Formal integration governance	• Accounting policies alignment • Opening balance sheet review • PPA preparation	• Finance integration plan preparation • Finance processes and procedures review • Post transaction plan for finance and IT capability • Management reporting	• Impact assessment on liquidity and going concern • Financial modelling for enlarged group • Determine any liquidity shortfall disclosures	• Regulatory impact assessment • Process design to manage fraud and regulatory risks	• Capacity and capability review for transaction preparation and post transaction • Consider finance, legal, IT, risk capability and bandwidth • Team augmentation

Preparing for IPO | Starting the process

Leverage our tools and services to start your IPO journey

IPO workshop

- A free-of-charge IPO workshop to walk you through the IPO process in detail
- Tailored to your listing jurisdiction and business
- Focuses on your business and your IPO timeline

IPO Scanner

- Leverage our free-to-use IPO scanner – an unrivalled product in the market
- 9 modules that deliver a tailored output for your business
- Refer to page 31 for further information

IPO Readiness assessment

- Undergo an IPO readiness exercise to deep dive into your business and highlight the key areas of focus and remediations required to get you to a successful IPO

Readiness Report

- The output of the IPO Readiness assessment is an in-depth analysis of your current state and a transaction roadmap

Preparing for IPO | Deloitte IPO readiness scanner

Our free and easy-to-use IPO Scanner provides you with a headline assessment of your company's readiness 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.

Once you have completed the IPO Scanner, you will receive a PDF report outlining your company's preparedness across these seven categories.

Submit your name and contact details to start the **IPO Scanner**

Click the link in your email to complete the full assessment
(this should take about 15 minutes)

Receive your free IPO headline readiness report – with further detail and commentary assessing your company's readiness across seven key categories

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Our services | Deloitte Equity Capital Markets

Our dedicated team of over 150 ECM professionals provide specialist expertise across the lifecycle of an IPO, SPAC transaction, M&A transaction, or other ECM transaction. We have had a role in over 75% of London Main Market transactions in recent years, helping businesses maximise shareholder and stakeholder value, and navigate each stage of the process of raising equity capital in London.

In addition to London, our team has executed transactions on twenty-four different international exchanges in the last five years, notably the United States for which we have dedicated SEC expertise.

Readiness assessment

- Help companies prepare for an IPO, SPAC or other ECM transaction.
- Covers both financial and commercial aspects of a transaction.
- Readiness assessment with a key findings report – identifying where further work will be required.
- Development of a remediation plan to address shortcomings prior to transaction kick-off.
- Assessment of resource requirements, and preparation of a detailed project workplan.

ECM 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.

Our services | Deloitte Equity Capital Markets

Transaction management office

- Provide expert project management office support for a transaction.
- Experienced personnel to ensure the transaction happens to timetable and issues are identified and dealt with on a timely and efficient basis.
- Tried and tested project management methodologies and tools.
- Fully scalable model that can be deployed rapidly across an entire programme or discreet workstreams.

Structuring

- Determining the most appropriate ListCo jurisdiction, and whether to use a new or existing entity.
- Tax considerations including capital gains taxes, transfer duty, stamp taxes or pre-transaction restructuring implications.
- Consideration of tax position of existing shareholders, including minimising shareholder tax leakage on the transaction.
- Considerations for dividends and distributable reserves.

Remuneration

- Review impact of IPO on existing employee incentives from a tax and reward perspective
- Determine the listed company's remuneration philosophy, including executive pay structure and levels (including benchmarking as required)
- Design an incentive framework aligned to business strategy and IPO investment proposition, and support with all aspects of plan implementation
- Support all aspects of transition to listed company status including plan operation, disclosure and employee communications

Reporting accountant

- Formal role reporting to both the company and the sponsor / nomad.
- Required on most London IPOs and further equity issues requiring a prospectus.
- Principal workstreams typically include: historical financial information, long form due diligence, financial position & prospects procedures, profit forecast, and working capital reporting.

SPACs

- Dedicated and experienced SPAC services team.
- Extensive experience of US and SEC requirements.
- Support provided throughout the lifecycle of a SPAC – from initial IPO through to de-SPAC.
- Experience of supporting target management teams through a SPAC merger.

Our Partner team | Deloitte Equity Capital Markets

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In addition to London, our team has executed transactions on 25 different international exchanges in the last five years, notably the United States for which we have dedicated SEC expertise.

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