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## Powering ahead Equity Capital Markets update

Winter 2020

Financial Advisory ●

This Equity Capital Markets update contains commentary on: recent UK stock market performance in the wake of the COVID-19 pandemic; levels of equity market issuance and macroeconomic considerations; and current hot topics in ECM.



# Powering ahead | Welcome

## Welcome to Deloitte's 9<sup>th</sup> Equity Capital Markets update

As equity capital markets come to the end of a tumultuous year, an exit strategy to the COVID-19 pandemic through effective vaccination provides a base upon which to power forwards.

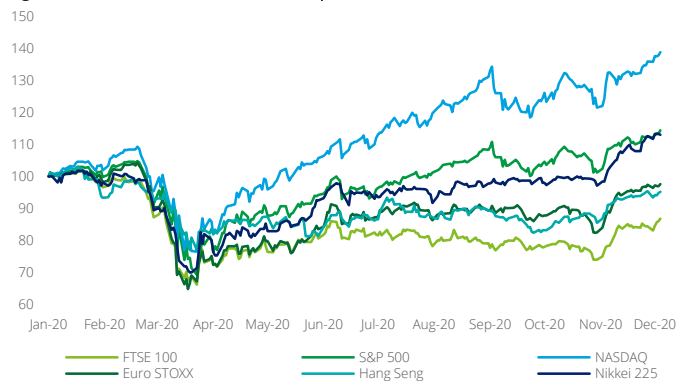
Equity markets look forward. Following the US Election, and with positive news on vaccine development and rollout, equity funds have welcomed record inflows, the FTSE 100 had its strongest month in 30 years (up 12.4%) and, as of 4 December 2020, the S&P 500 and the NASDAQ were up 14.5% and 38.9% since the start of 2020. In particular, value stocks have outperformed as investors rotated out of "momentum" stocks.

Global equity markets were universally shocked in March and have shown significant variance in the speed and extent of recovery through the summer and into winter. The latest Deloitte UK CFO Survey for Q3 2020, which pre-dates recent positive vaccine news, points to a combination of the COVID-19 pandemic and Brexit as the key drivers for widespread defensive strategies.

Not all corporates have acted defensively however, and we are pleased to include a summary of our work for Accrol Group Holdings plc, who successfully completed a £43m Placing and Open Offer to acquire Leicester Tissue Company – a great example of expansionary strategy in action.

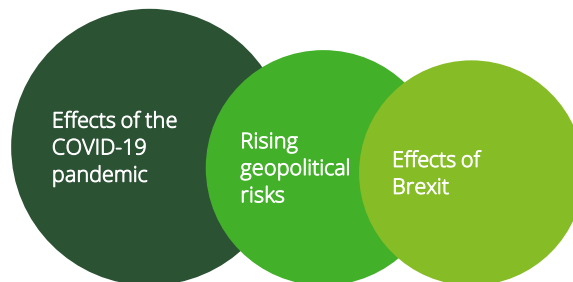
We also present details of our work on the pre-pack sale of the business and assets of Goals Soccer Centres plc, which was forced to delist from AIM after uncovering significant accounting misstatements.

Figure 1: Global stock market indices performance (YTD)



Source: FactSet

Figure 2: UK CFOs highest rated risks facing their businesses



Source: Deloitte UK CFO Survey Q3 2020

As volatility steadies, we are seeing appetite for IPOs return, demonstrated by The Hut Group's £1.9bn listing in September. We also expect to see continued Follow-On activity as government support measures fall away.

Nearing the end of an historic year, uncertainty remains a key issue for corporates. The second wave of the pandemic caused significant disruption to European economies that had been showing strong signs of recovery. However, hopes of an effective vaccine rollout provide a strengthening light at the end of the tunnel.

We hope you find the ECM Update a helpful resource and our team is available to discuss any of the topics with you.



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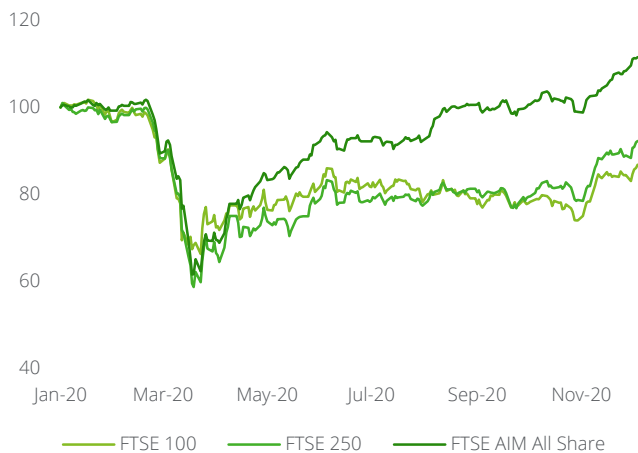
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# Powering ahead | Market performance

## Positive vaccine news in November boosted the lacklustre recovery of UK stocks, particularly in the FTSE 100 and 250

Figure 3: FTSE indices performance



Source: FactSet

Figure 4: CBOE Volatility Index (“VIX”) – 2020 YTD vs Global Financial Crisis (“GFC”) August 2008 – July 2009



Source: FactSet

There has been a varied recovery across global stock indices, and the same is true across UK indices. In the early stages of the pandemic, there was a great deal of discussion around the likely shape of recovery, with optimists predicting a V-shaped recovery, pragmatists favouring a “Nike swoosh” and the more pessimistic observers suggesting an L-shape. In practice, the recovery can, to date, perhaps be best characterised as K-shaped. That is, different sectors and different geographies have recovered at different speeds. Figure 3 does however show that recent positive sentiment relating to the UK regulatory approval of the Pfizer/BioNTech vaccine and promising trial results of the Moderna and Oxford/AstraZeneca vaccines has been wide-reaching and has pushed indices back towards pre-pandemic levels.

The UK economy contracted by almost 20% in Q2 2020, before bouncing back with 15.5% q/q growth in Q3. Despite this positive news, the end of measures that boosted the UK economy over the summer, Eat Out to Help Out in particular, and the second lockdown in England in November means Deloitte expects UK GDP to shrink by 4% in Q4. The UK economy is now expected to be more than 10% smaller at the end of 2020 than the previous year. The UK Manufacturing and Services Purchasing Managers’ Index (“PMI”) readings signalled growth each month from July to October, suggesting that there is a good basis for recovery. Readings for November showed contraction in services as a result of the second lockdown, but continued growth in manufacturing.

Whilst the most important issue for the stock market, and the economy, remains the successful suppression and management of COVID-19, eyes are turning towards government and the Bank of England (“BoE”), asking “what next”? From a government standpoint, Chancellor Rishi Sunak announced a freeze in public sector pay next year, a temporary reduction in the overseas aid budget from 0.7% to 0.5% of GDP and a £4bn levelling up fund. The BoE are thought to have discussed the prospect of negative interest rates, but the bank rate remains at its historic low of 0.1%. Amongst all this, the issue of a post-Brexit trade deal remains unresolved at the time of writing.

The VIX Index, a measure of market volatility, has fallen significantly from its March high of 82.7, but as of 4 December remains elevated at 20.8 in comparison to the 2019 average of 15.4. The VIX index spiked most recently in late October/early November, coinciding with the highly anticipated US Presidential Election. Despite President Trump’s unwillingness to concede defeat, the election has not had a sustained or significant impact on equity markets.

# Powering ahead | Market performance

All FTSE 350 sectors have recovered somewhat from their troughs in March, but Basic Resources stocks lead the field

With the exception of the Retail, Financial Services and Basic Resources sectors, all FTSE 350 sectors have decreased in value since the turn of the year. However, since the UK market reached its trough in March, all sectors have shown signs of recovery, albeit to a varied extent. Variance in recovery has been a key theme on a sectoral and geographic level and Figure 5 shows this well.

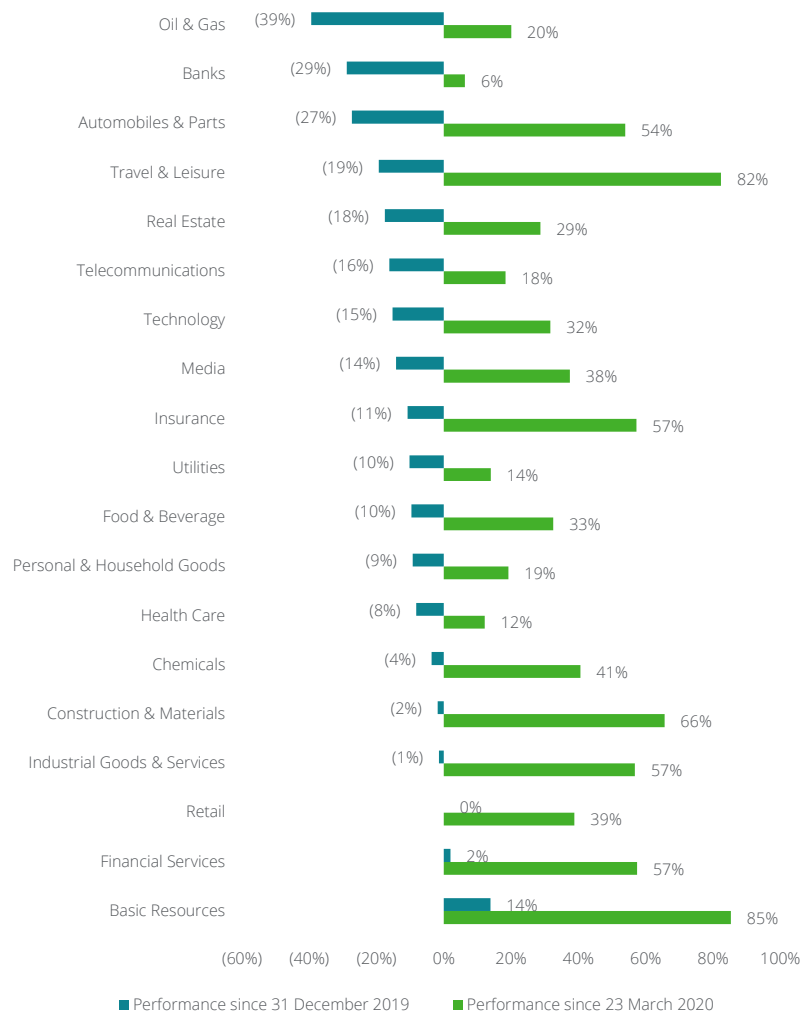
The Basic Resources sector, comprised largely of mining multinationals, has soared 85% since 23 March 2020, and has increased 14% YTD. This has been driven partially by the price of iron ore reaching a seven-year high, alongside increased demand for lithium to power electric vehicles.

Despite the physical closure of all 'non-essential' retail stores for several months, the Retail sector has not lost value YTD as listed supermarkets and home stores benefitted from their 'essential' status. That said, outside the public company universe, we have seen several high-profile high street retailers collapse in recent weeks.

On the other hand, two underperformers YTD that are inherently linked are Oil & Gas (-39% YTD) and Travel & Leisure (-19% YTD). Government restrictions have reduced demand and the ability to travel domestically and internationally for much of the year. This has limited the oil price recovery following the collapse of the West Texas Intermediate price into negative territory in April. Oil prices have steadied at around \$40/bbl but remain c. 30% off the long run average. The Travel & Leisure industry was handed a lifeline in late November, however, as plans for a reduced quarantine time of five days (down from 14 days) were announced, should individuals test negative for COVID-19 after that period.

The banking sector has also struggled (-29% YTD) with falling interest rates, mortgage holidays, record levels of credit card repayment in the UK and provisions for bad debts likely to have contributed to underperformance.

Figure 5: FTSE 350 sector performance



Source: FactSet

# Powering ahead | Equity issuance

UK ECM activity has steadied from a peak in Q2 2020 whilst the need to raise equity has been sector agnostic

UK ECM activity has been focused on Follow-On issues in 2020, largely as a result of corporates needing to shore up balance sheets to weather the COVID-19 storm and near impossible conditions to launch IPOs for a significant part of the year.

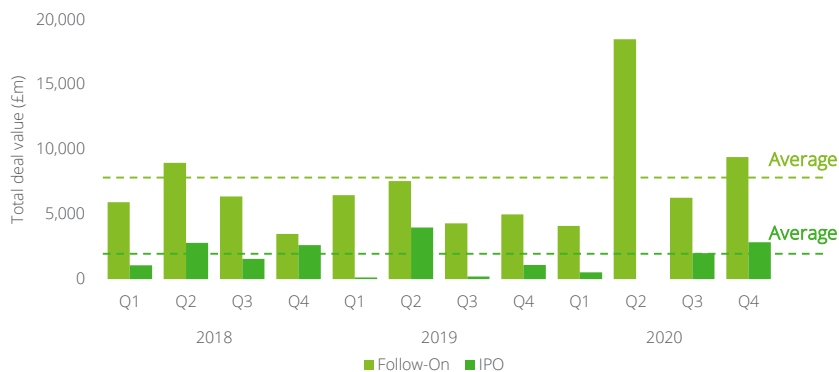
Follow-On activity of £18.5bn in Q2 2020 alone was around 75%-80% of the previous two full years and, as of 4 December, YTD 2020 has seen roughly 60% greater deal value than each of 2018 and 2019. Key to the record levels of equity raised was the Pre-emption Group's ("PEG") relaxation of guidelines allowing companies to raise up to 20% of their share capital non-pre-emptively until the end of November (extended from September). The wall of money that bailed out numerous UK corporates from March to June has returned to levels at or above the three-year average in Q3 and Q4.

In previous editions, our analysis of ECM activity has highlighted specific sectors that have been particularly active in the year. In contrast, looking back at 2020, it is striking that companies across all sectors have sought to raise fresh equity to mitigate the impacts of the pandemic.

Deals of note include Rolls Royce's £2.3bn rights issue in November, IAG's £1.9bn rights issue in October and Compass Group's £2bn placing in May. Both Rolls Royce, a leading manufacturer and supplier of aircraft engines to commercial airlines, and IAG, a group of commercial airline operators, were harshly impacted by the fall in demand for air travel. In the case of Compass, around half of its food and support services business was closed throughout April as the population was urged to stay at home.

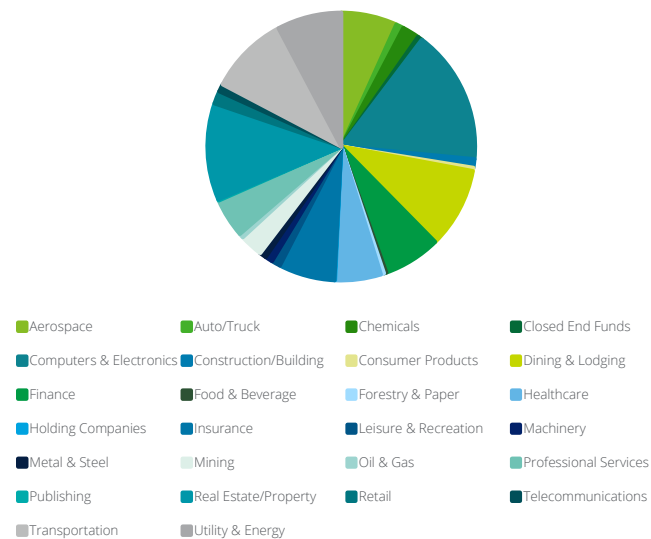
Whilst it has been a quiet year in terms of IPOs, with none pricing in Q2 2020, the successful listing of THG in September showed that there is still investor support for IPOs, should the right deal arise. Some key characteristics of the THG IPO are included in our hot topic on founder shares on page 11.

Figure 6: UK ECM activity since January 2018



Source: Dealogic

Figure 7: UK Follow-On activity YTD 2020



Includes money raised from new shares and existing shares from secondary fundraisings above £5m by companies admitted to the Main Market or AIM and marketed sales of existing shares in such companies. Excludes the issuance of convertibles.

Source: Dealogic

# Powering ahead | Macroeconomic considerations

## The Deloitte UK CFO Survey – Q3 2020

The 2020 third quarter Deloitte CFO survey took place between 22 September and 6 October. 102 CFOs participated, including the CFOs of 21 FTSE 100 and 37 FTSE 250 companies. The remainder were CFOs of other UK-listed companies, large private companies and UK subsidiaries of major companies listed overseas.

After the post-lockdown surge in activity over the summer, CFOs expect challenging times ahead. The Chief Financial Officers of the largest UK businesses have pushed back the timing for a full recovery, with more than 60% expecting demand to remain below pre-COVID-19 levels until the second half of next year or beyond. CFO perceptions of external uncertainty remain close to the ten-year high reached at the start of the pandemic and corporate risk appetite is very weak.

The pandemic dwarfs all other concerns for CFOs. Amid tensions with China, the US election and wider political uncertainty, geopolitical concerns now rank in second place on CFOs' worry list with Brexit in third place. The survey suggests that even a limited trade agreement with the EU would significantly reduce the shock of Brexit on activity. Twice as many CFOs expect a negative shock to hiring and investment from exiting without a deal than with one.

Nonetheless, COVID-19 remains, by far, the greater risk. Three-quarters of CFOs expect the pandemic to have either a 'significant' or 'severe' negative effect on their businesses over the next 12 months; less than a quarter see Brexit having such negative effects.

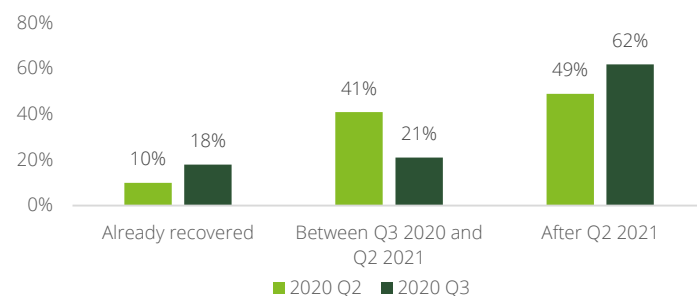
"With some way to go until the UK makes a full recovery from the impact of COVID-19, and the Brexit transition period coming to an end, businesses continue their focus on changing and adopting processes to adapt to the current environment.

While expansionary strategies may be on the back burner for now, it's encouraging to see that staff retention remains a priority. As the UK works towards recovery, we expect businesses will try to maintain balance by protecting finances and innovating processes."

**Richard Houston, Senior Partner and Chief Executive of Deloitte North and South Europe**

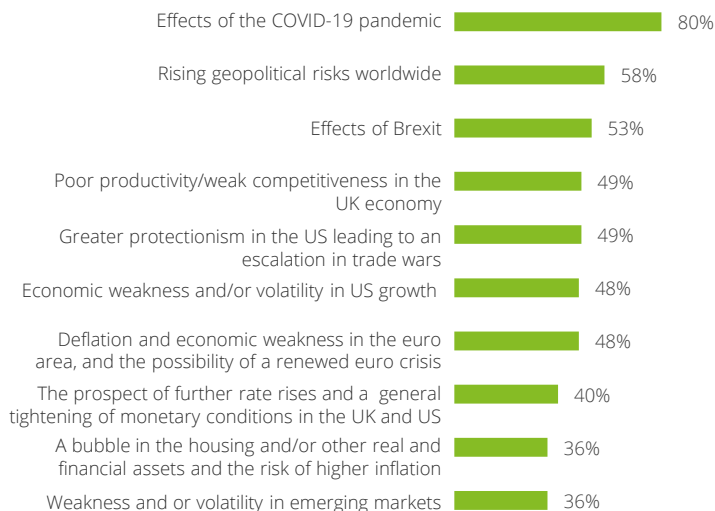
**Figure 8: Recovery of demand to pre-pandemic levels**

% of CFOs who expect demand to return to pre-pandemic levels in the following quarters



**Figure 9: Risk to business posed by the following factors**

Weighted average ratings on a scale of 0-100 where 0 stands for no risk and 100 stands for the highest possible risk

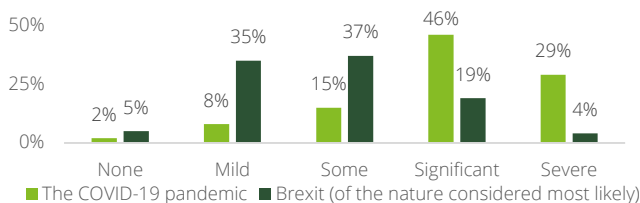




# Powering ahead | Macroeconomic considerations

## The impact of COVID-19 overshadows Brexit whilst reducing costs remains a top priority for CFOs

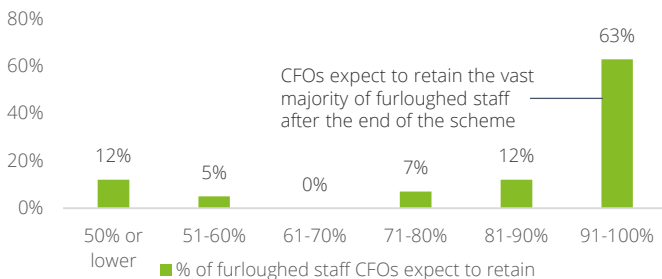
**Figure 10: Negative effects of COVID-19 and Brexit** % of CFOs who rate the negative effects of the COVID-19 pandemic and Brexit on their own businesses, over the next 12 months, as the following



CFOs expect the negative effects of the COVID-19 pandemic to overshadow those of Brexit.

Three-quarters of CFOs expect the pandemic to have significant or severe negative effects on their business over the next 12 months. By contrast, less than a quarter expect similar negative effects due to Brexit.

**Figure 12: Proportion of furloughed staff to be retained on payrolls** % of CFOs, whose businesses have furloughed staff, that expect to retain the following proportions on payrolls after the furlough scheme was expected to end in October

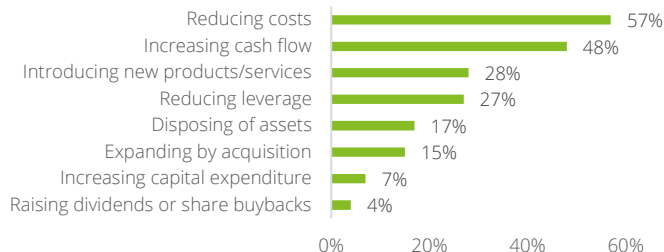


CFOs expect to retain the vast majority of furloughed staff after the end of the scheme

CFOs, of the typically large corporates on our survey panel, foresee keeping the vast majority of furloughed employees on their payrolls.

They expect to retain, on a weighted average estimate, 82% of their furloughed staff on payrolls after the scheme ends in October.

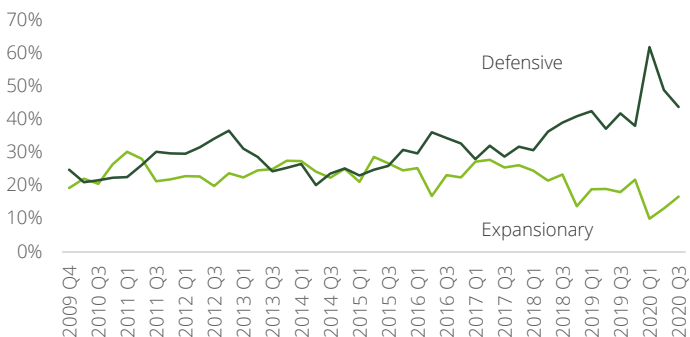
**Figure 11: Corporate priorities in the next 12 months** % of CFOs who rate each of the following as a strong priority for their business in the next 12 months



Defensive strategies – reducing costs, and increasing cash flow – remain the top priorities for CFOs by some margin. Reducing leverage, another defensive strategy, ranks fourth in the list of priorities.

Expansionary strategies have risen slightly in popularity although are only favoured by a small minority of CFOs. Introducing new products now ranks among the top three priorities.

**Figure 13: Expansionary and defensive strategies** Arithmetic average of the % of CFOs who rate expansionary and defensive strategies as a strong priority for their business in the next 12 months



The gap between expansionary and defensive strategies narrowed slightly in the third quarter. But corporates still maintain a more defensive strategy stance than at any point before the COVID-19 pandemic.

Expansionary strategies are introducing new products/services or expanding into new markets, expanding by acquisition and increasing capital expenditure.

Defensive strategies are reducing costs, reducing leverage and increasing cash flow.

# Powering ahead | Macroeconomic considerations

## Deloitte European CFO Autumn Survey

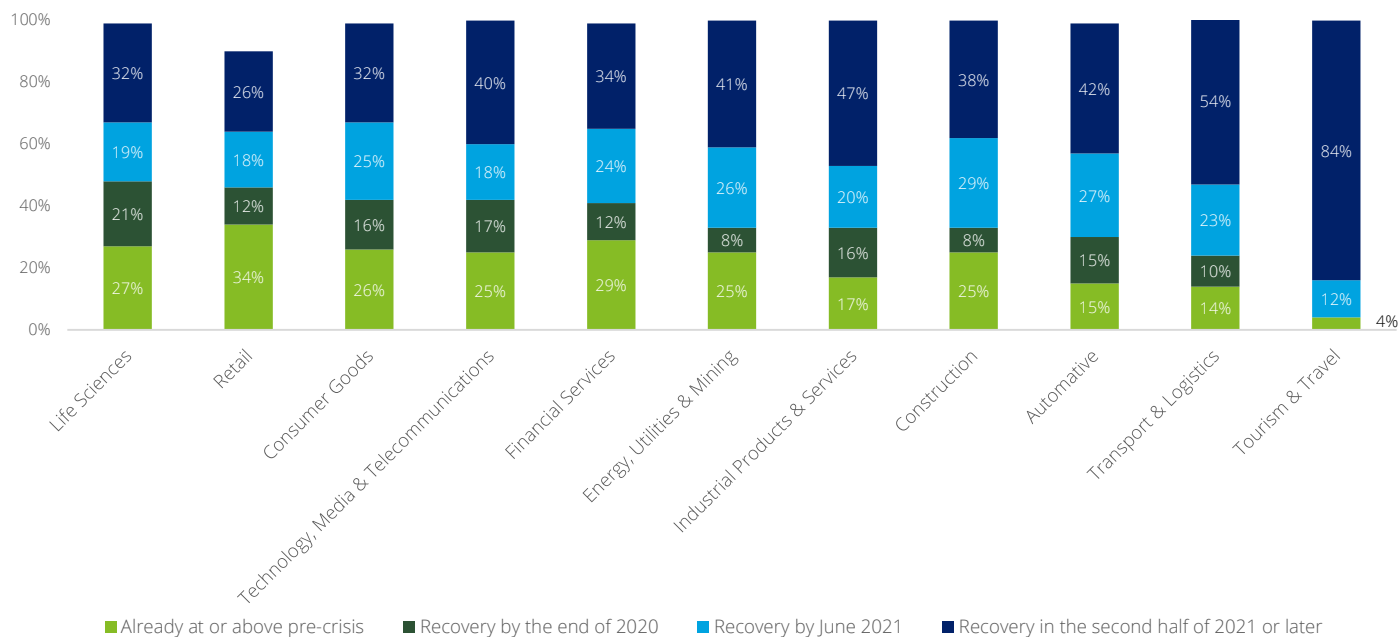
Since 2015 Deloitte has conducted the European CFO survey, giving voice twice a year to senior financial executives from across Europe. The data for the Autumn 2020 edition were collected in September 2020 and garnered responses from 1,578 CFOs in 18 countries and across a wide range of industries.

Nine months into the COVID-19 pandemic, a new letter has risen to prominence in the alphabet soup used to describe possible shapes of economic recovery: K. In a K-shaped recovery, different parts of the economy experience markedly different trajectories. While some sectors or groups are rebounding, others remain stuck on a downward trajectory. The results of the latest Deloitte's European CFO Survey reveal which paths businesses in Europe find themselves on.

At the sector level it is in tourism and travel that CFOs are most negative about the recovery, with 84% expecting to return to the pre-crisis level in the second half of 2021 at the earliest. In transport and logistics, too, a majority (54%) of CFOs expect to be back to the pre-crisis level only by the end of next year or later. Thus, despite CFOs' generally optimistic view of their long-term financial prospects in this sector, the crisis seems to have inflicted a heavy blow and the road to recovery looks long. At the other end of the spectrum, about half the CFOs in the life sciences industry say they are already at pre-crisis levels or expect to recover fully by the end of 2020. In addition, a relative majority of CFOs in retail (46%) expect full recovery by the end of the year. Although lockdowns had an immediate negative effect on retailers, the volume of sales recovered quite quickly and in August was already above the January level. Pent-up demand and online sales may have helped this sector to emerge from the woods faster.

**Figure 14: Some sectors are coming back to pre-crisis levels at more rapid pace.**

Based on the information you have so far, when do you expect your company to return to a pre-crisis level of revenue generation?



# Powering ahead | Hot topics

## Founder shares

Companies are increasingly looking at alternate share classes and structures, but these have implications on listing segments and corporate governance.

### What are we seeing in the market?

- Dual listing structures, i.e. those that allow listed companies to have more than one class of shares, are commonplace on US stock exchanges.
- Dual share classes often have different voting rights, with 'high' shares holding proportionally greater voting power than 'low' shares.
- In the UK, these structures are relatively uncommon, largely due to their ineligibility with admission to the Premium segment of the Official List (which further excludes a company from FTSE Index membership).
- Recently, we have seen a revived interest in 'founder share' structures from some company founders who want the ability to veto certain actions, such as a hostile takeover. Some companies are therefore choosing a Standard listing over a Premium listing for this reason.
- Founder shares often have an expiration date, a number of months or years from the IPO, to try to mitigate concerns around corporate governance.
- The UK government is reportedly planning a review of the Listing Rules and whilst a relaxation of dual share class rules might attract large technology IPOs to London, it might also receive criticism from some investors who value the UK's robust corporate governance regime.
- Dual share classes will not be appropriate for all companies, and careful consideration of commercial, financial, tax and governance issues is of great importance.

### Your key contacts



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### Key differences between a Standard and Premium listing

Description	Premium	Standard
Domicile		Any
Regulation	EU Regulated Market & Listed	
Min. free float	25%	
Revenue criteria	75% of business supported by revenue earning record of 3 years	n/a
Admission	Prospectus & Eligibility letter	Prospectus
Adviser	Sponsor at admission & for transactions	n/a
Corporate governance	UK Corporate Governance Code	Corporate Governance statement
Ongoing obligations	Disclosure & Transparency Rules	
Significant transactions	Class tests	n/a
Indices	FTSE UK Series	n/a

## Spotlight on... THG

THG is an e-commerce company that owns and provides tech services to several brands	The company raised £1.9bn in September, the largest IPO of the year by some margin
Founder, Matthew Moulding, owns a 'golden' share, allowing him to veto a takeover for 3 years post IPO	If eligible, THG would be large enough to join the FTSE 100, with a market cap of c. £6.3bn
Mr Moulding acts as both THG's CEO and Executive Chairman	The THG share price has increased by c.20% since the IPO

# Powering ahead | Hot topics

## UK regulatory response to COVID-19

### Re-cap of the FCA and ICAEW emergency guidance ahead of the December 2020 year-end reporting.

#### What are we seeing in the market?

- During the first lockdown, the Financial Conduct Authority (“FCA”) and the Institute of Chartered Accountants in England and Wales (“ICAEW”) told companies and auditors to adopt new approaches to providing information to investors. The series of measures were designed to support the unprecedented challenges of preparing and auditing financial statements in light of the huge business disruption.
- A selection of the highest profile regulations and guidance notes most relevant to listed businesses and still applicable at this date are summarised below. The extensions to filing deadlines and going concern guidance will once again be particularly relevant in the next few months as December year-end reporters prepare their audited financial statements.

#### Ongoing disclosure under the Market Abuse Regulation

- The FCA continues to expect listed issuers to make every effort to meet their disclosure obligations in a timely fashion.
- Issuers should be aware that their own operational response to coronavirus may itself meet the requirements for disclosure under MAR.

#### Extensions to filing deadlines

- **Annual reports** – for listed issuers, the deadlines under the Disclosure Guidance and Transparency Rules for annual reports have been extended from four months to six months.
- **Interim reports** – the deadline for interim results has been extended by one month to four months.

#### Market volatility and suspension of trading

- In line with existing rules and practice, the FCA will consider requests to suspend trading according to an assessment of risks to the smooth operation of the market and the risk of harm to investors.
- The need for suspension will be challenged where the situation could be addressed by an announcement to the market.

#### Going concern statement

- In this highly uncertain environment, going concern assessments will be more difficult for entities to make.
- As a result, more companies will need to report a material uncertainty related to going concern given the difficulty to make a meaningful base case forecast and reasonable downside scenario.

#### Your key contacts



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# Powering ahead | Hot topics

## Company Voluntary Arrangements (“CVAs”)

The pandemic has accelerated the decline of physical stores across the consumer space and the CVA continues to be used to restructure liabilities.

### What is a CVA?

- A CVA is an Insolvency Act process which allows for a formal compromise of unsecured liabilities, whilst maintaining management control of the company within the existing legal structure. In recent years, CVAs have been widely used by businesses with large leasehold property portfolios to compromise and restructure lease liabilities, both in respect of arrears and future liabilities. Other unsecured liabilities are also capable of being restructured to provide a holistic balance sheet tidy up.

### What are we seeing in the market?

- Over the past 24 months we have seen a number of high profile CVAs in the retail sector, primarily used to rebase rents given the structural shift away from physical retailers to online.
- Prior to the pandemic, landlord sentiment had turned against CVAs and recent large CVAs have seen landlords harden their stance and in some instances take a principled rather than commercial view.
- Early engagement with landlords can help to ensure they fully understand any proposal and to demonstrate there is genuine need for the proposal.
- Landlords may hold a material position when it comes to the voting requirement and their support will be required for any CVA to be successful.
- There is an acceptance that turnover is an appropriate basis for charging rent as the economy recovers from the pandemic and past CVAs have been successful in implementing this change on a wholesale basis.
- A holistic restructuring is often needed, with both equity and debt providers assisting in the turnaround.
- The future success of any CVA remains uncertain and will depend on situational dynamics as to whether they will be an appropriate tool to restructure leasehold and other unsecured liabilities.

### Critical success factors



**Realistic prospect of insolvency:** for a CVA to be legally viable and credible, there must be a realistic prospect of insolvency at some point in the medium term.



**Wider recovery plan:** whilst a CVA could be designed to deliver a restructuring of the lease portfolio, this process alone may not always provide a robust long term solution.



**Stakeholder support:** landlords are increasingly focused on ensuring they are not the only stakeholder taking the pain and that shareholders are not given a “free ride”.

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### Deloitte Restructuring Services recent experience



NEW LOOK



# Powering ahead | Case studies

Deloitte acted as Financial Adviser to Accrol Group Holdings plc (“Accrol”) on the £35m acquisition of Leicester Tissue Company Ltd (“LTC”) and the associated equity raise



## Transaction overview

Announcement date	02 November 2020
Completion date	25 November 2020
Acquisition value	£35m (plus up to £6.8m in deferred share consideration)
Issue price	44p
Discount to previous close	1.1%
<b>Gross proceeds</b>	
Primary placing	£38.5m
Open Offer	£4.1m
<b>Gross proceeds to Accrol</b>	<b>£42.6m</b>
Secondary placing	£2.8m

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## About Accrol

- Accrol is the UK's leading independent tissue converter, producing toilet roll, kitchen towel and facial tissue products for most of the UK's major grocery retailers. Accrol was listed on AIM in 2016.

## About the transaction

- LTC has grown significantly in a relatively short period of time, boasting a well invested manufacturing facility and diversified customer base which complements the existing Accrol business.
- A placing and open offer raised £42.6m in new equity and was oversubscribed from existing and new shareholders.
- The equity raise priced at a smaller than average discount to the pre-announcement closing share price, demonstrating that investors are keen to support expansionary policies, should the right opportunity arise.
- The transaction was well received by the market and Accrol's share price rose 13% following announcement.

## Deloitte's role

- Deloitte provided lead M&A advisory and independent equity advisory services to the board of Accrol.
- Deloitte was chosen to advise on the acquisition due to our existing relationship with the Accrol board, having cultivated this over the last two years as Accrol's retained M&A advisor, helping the business to develop its M&A strategy and identify potential acquisition targets.
- The Equity and PLC Advisory team provided independent review and project management of the equity issuance work stream, which helped optimise the process and ensure the company remained in control of both the M&A process and the fundraise.

# Powering ahead | Case studies

Deloitte acted as Financial Adviser to Goals Soccer Centre plc (“Goals”) on the pre-pack sale of its business and assets to Inflexion Private Equity and Soccerworld



## Transaction overview

Announcement date 31 October 2019

Completion date 31 October 2019

Acquisition value Undisclosed

## Key transaction highlights

- The sale was achieved via a pre-pack administration after Goals delisted from AIM in September 2019
- The successful transaction secured the jobs of the company's 750 employees across the UK and the US

## About Goals

- Goals was a listed operator of Small Sided Football (“SSF”) clubs across the UK and the US. The US operations were run via a joint venture with City Football Group (“CFG”) who are the owners of multiple football clubs including Manchester City and New York City.
- The business faced capital constraints in the first half of 2019 as a result of the discovery of accounting irregularities, in particular misstatement of VAT.
- Whilst there was no immediate liquidity event, the board concluded that the irregularities would likely result in the crystallisation of a material HMRC VAT liability which it would not be able to pay.

## About the transaction

- After engaging with 85 potential purchasers, Deloitte secured a pre-pack sale of the business and assets of Goals (excluding the 50% interest in the US joint venture) to Inflexion Private Equity and Soccerworld, achieving an FY19F EBITDA multiple in excess of 6x.
- Deloitte subsequently negotiated the sale of the 50% interest in the US joint venture to existing JV partner CFG.

## Deloitte's role

- Deloitte was initially engaged to advise the board of Goals and provide independent advice on potential options as they explored fundraising solutions alongside their nominated adviser and broker.
- As a result of uncertainty surrounding a fundraise, Deloitte's Special Situations M&A team was also engaged to prepare for and subsequently launch an accelerated M&A process.

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# Powering ahead | Deloitte Equity Capital Markets

## Equity and PLC Advisory



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### Selected UK Equity and PLC Advisory credentials

 Acquisition of LTC and associated equity raise 2020 £43m	 Shareholder selldown and related party transaction 2020 £920m	 Investment in Costain equity raise 2020 £100m	 Public takeover by Sovereign Capital 2019 £63m	 Main Market IPO readiness 2018 £651m	 Public takeover of Harvey Nash Group 2018 £116m
 Acquisition of VSG Group 2018 £14m	 Sale of pension administration business 2018 £4m	 Sale of property management business 2018 Undisclosed	 Fundraising and Class 1 acquisition 2018 £153m	 Independent financial advice 2017 n/a	 Main Market IPO 2017 £190m
 Independent financial advice 2016 n/a	 Independent financial adviser on IPO 2016 £140m	 Independent financial advice 2016 Undisclosed	 Main Market IPO 2016 £1,600m	 Sale of Mobile and Online business 2016 Undisclosed	 Acquisition of Interbulk 2016 \$142m



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## Selected ECM service offerings

### Independent Equity Adviser



- Truly independent advice throughout the IPO, sell-down or capital raising process
- Offer and transaction structuring advice
- Assistance with adviser selection
- Input into equity story and marketing materials
- Project and syndicate management
- Analysis and coordination of investor marketing

### Sponsor



- Advise and lead the transaction process from a regulatory perspective
- Independent from investors, providing impartial advice
- Advice on corporate governance procedures
- Ongoing regulatory role, including transaction advice

### Public Company M&A



- P2Ps, public offers, hostile takeovers
- Act as lead adviser on either the buy-side (Offeror Adviser) or sell-side (Rule 3 Adviser) of the transaction
- Advice on corporate restructurings and demergers
- Support and advice on preparing bid defence procedures

### Reporting Accountant



- Reporting on financial, tax and commercial due diligence
- Assessing the control and governance environment
- Sign off on HFI, working capital and FPP

### Assist



- Typically where we are not acting as reporting accountant
- Support and advice where and when needed
- Services include project management, seconding staff, building models and working as an integrated part of the company's team

### Class 1 Reporting Accountant



- Act on any Class 1 transaction and rights issue even when we are not auditor
- Introduction of the new EU audit reform rules will require greater auditor independence

### IPO Readiness



- Help companies prepare for an IPO
- Readiness assessment with a key findings report. Identifies deficiencies that may delay or prohibit an IPO
- Scope covers financial and commercial areas
- Design remediation plan to address shortcomings prior to IPO kick-off

### Post-IPO Support



- Help management handle the transition to a PLC
- Assist with preparation of first set of public financials, audit of financial statements, ongoing analyst liaison and results announcements
- Ongoing corporate governance advice and support

### Tax and Remuneration Advice



- Tax structuring, including domicile of Topco
- VAT treatment advice
- Advice on arranging executive and employee remuneration plans
- Benchmarking remuneration structures against PLC norms
- Implementation and documentation of remuneration plans

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## ECM Partners

### ECM London Partners



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## Selected Restructuring Services offerings

<p><b>Performance Improvement</b> </p> <p>Our team is focused on rapid identification of cost reduction and performance improvement initiatives to drive cash generation and/or profit improvement.</p>	<p><b>Performance</b></p> <p><b>Business Plan Assessment</b> </p> <p>We work with companies and their stakeholders, to test and challenge the strategy and financial projections of a business to provide an independent view on a business plan.</p>	<p><b>CRO &amp; Crisis Management</b> </p> <p>Leadership and resource in the form of a Chief Restructuring Officer and/or an advisory team who can work closely with management to drive multiple restructuring and turnaround work streams.</p>
<p><b>Restructuring Advice</b> </p> <p>We support clients across the spectrum of stress and distress, ranging from negotiating short term covenant amendments and liaising with stakeholders to shaping and implementing debt for equity swaps. Protecting value is at the heart of what we do.</p>	<p><b>Capital structure</b></p> <p><b>Equity Capital Markets &amp; Debt Advisory</b> </p> <p>We provide independent advice to plc boards, their shareholders and other stakeholders covering: the raising of equity capital; the Takeover Code and public company M&amp;A; the Listing Rules and acting as Sponsor for LSE premium listed companies; and insight on corporate broking, valuation and other shareholder matters. Our Debt Advisory team provides independent advice and execution across the spectrum of debt markets.</p>	<p><b>Pensions Advisory</b> </p> <p>We support clients in identifying and delivering solutions to pensions issues in complex restructuring, M&amp;A and scheme funding situations. This includes assessing the strength of the employer's financial position, prospects and its legal obligation to fund the scheme (the 'employer covenant').</p>
<p><b>Contingency Planning &amp; Insolvency</b> </p> <p>Contingency planning is a key aspect of options analysis as it provides clients with both a fall back plan and a benchmark for assessing alternative proposals. Our insolvency team can advise and deliver insolvency as both a transaction delivery mechanism and as path to recover and protect value.</p>	<p><b>Options</b></p> <p><b>Managed Exit</b> </p> <p>We have developed comprehensive solutions to help businesses evaluate their options when contemplating an exit strategy for underperforming and/or non-core areas of their business.</p>	<p><b>Accelerated M&amp;A</b> </p> <p>We deliver tailored Accelerated M&amp;A solutions across stressed, distressed and insolvent situations. Our team is experienced in delivering successful going concern outcomes under liquidity constraints that would prevent a "normal" M&amp;A timetable, or where transactions may need to be executed through an insolvent delivery mechanism (e.g. a "pre-pack").</p>
<p><b>Third Party Credit Risk</b> </p> <p>Our Third Party Credit Risk team helps clients to manage financial credit risk in their third party network through assessment of inherent risk and development of contingency Plans, Monitoring to provide early warning, deployment of situational experts to quickly assess financial viability and lead effective engagement with stakeholders to minimise disruption.</p>	<p><b>Risk &amp; structuring</b></p> <p><b>Corporate Simplification</b> </p> <p>An effective way of delivering long-term strategic cost and compliance benefits to an organisation with a fast payback period. We advise on the most appropriate method to wind down, close and eliminate companies, acting as members' voluntary (solvent) liquidators if circumstances dictate.</p>	<p><b>Restructuring Tax</b> </p> <p>Our specialist team of tax professionals consider tax provisions across all relevant jurisdictions to enable our clients to go into any restructuring or insolvency transactions with the right guidance to make the best value decisions.</p>

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