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Stimulating hope

Equity Capital Markets update

Winter 2019

Financial Advisory

This Equity Capital Markets update contains commentary on: recent UK stockmarket performance; levels of equity market issuance and macroeconomic considerations; how to select IPO advisers; and a case study of Deloitte's involvement in the recent IPO of Helios Towers.

Contents

About this report: This report contains data sourced from Deloitte's Q3 2019 CFO Survey, Deloitte's Autumn 2019 European CFO survey, FactSet, Dealogic, company admission documents, press releases and London Stock Exchange statistics. Unless stated otherwise, IPO and secondary fundraisings relate to completed transactions by companies admitted to either the Main Market or AIM and all market data is as at 14 November 2019. The issuance of GDRs and convertibles have also been excluded. All commentary is provided by Deloitte ECM Partners.

Welcome to Deloitte's 7th Equity Capital Markets update

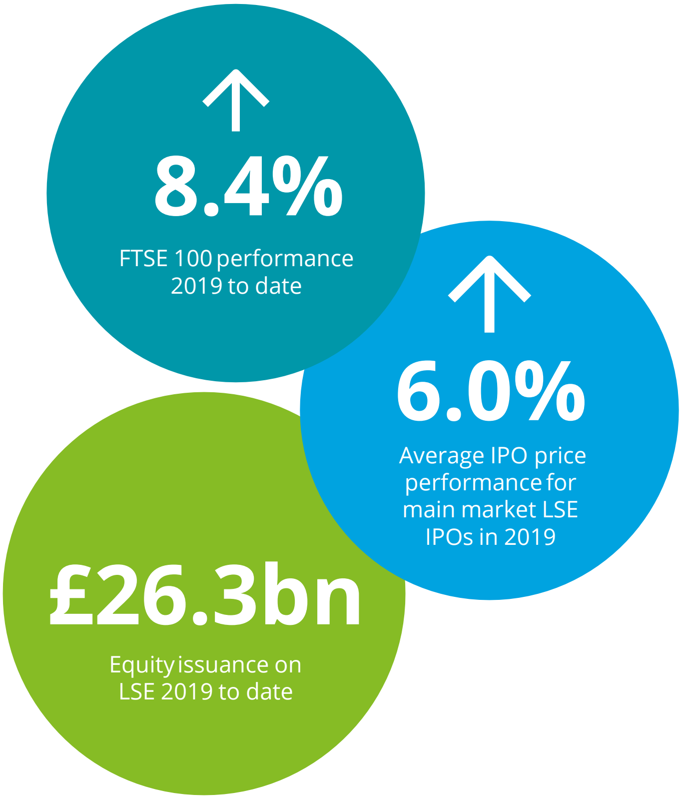
Amidst continuing uncertainty, global equity markets have delivered strong gains so far in 2019. US and certain European indices are currently trading at or around all-time highs, supported by more accommodative monetary policy and central bank adjustments in the face of economic data continuing to point to a deceleration in global economic growth. The FTSE 100 is 8.4% higher than at the start of this year and, while investors still await a final resolution of the UK's exit from the EU, the more domestically focused FTSE 250 similarly has performed strongly in 2019.

This ECM update includes commentary on equity market performance across 2019 to date, a summary of UK equity issuance so far in 2019, as well as thoughts on selecting the range of advisers supporting an IPO.

In contrast to the continuing uncertainty prevailing on account of US-China trade tensions and a less sanguine outlook for the global economy, global equity market performance has been resolute so far in 2019. Central banks have u-turned, switching from tightening to easing monetary policy. In October, the US Federal Reserve cut rates for the third time in three months and the European Central Bank has recently taken rates further into negative territory, as well as restarting asset purchases. Against this backdrop bond yields are at historically low levels, or even negative, which has increased the relative attraction of equities. In the face of economic headwinds, equity market performance has largely been driven by multiple expansion rather than earnings growth.

As at 14 November 2019, the FTSE 100 was 3.7% higher than at the same point 12 months ago and 8.4% higher since the start of the year. Volatility levels are currently well below long term averages with the VIX Index at 13.1, substantially lower than the December 2018 peak of 36.1. Markets have, however, been prone to risk-off bouts with the VIX Index elevated in early August and late October on account of US-China trade tensions and oil-related conflict in the Middle East respectively.

Overall equity transactions totalled £26.3 billion across 398 transactions in the UK for the year to date with the UK market seemingly open for those seeking support for follow-on equity issuance. The Financials and Technology sectors were the most active for equity issuance and accounted for almost half of all money raised in 2019 to date.



Source: FactSet, Dealogic and London Stock Exchange as at 14 November 2019, admission documents

IPO activity in 2019 has, by recent years, been fairly modest. While several IPO candidates took advantage of more favourable market conditions and the Brexit delay to complete listings in Q2, only six main market and AIM IPOs have launched in the second half of 2019. However, lower activity levels were to be expected given the 31 October Brexit extension date fell squarely in the middle of the IPO window in the second half of 2019. Positive equity market performance for the year as a whole masked distinct pockets of political and economic uncertainty in the second half which also likely impacted new issuance activity. In 2019 so far, 11 IPOs have completed on the main market and AIM with a further four currently in the market. The outcome of December elections and the prospects for a decisive Brexit resolution will likely set the tone for those IPO candidates eying an early 2020 listing.

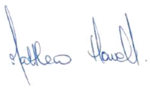
We provide a summary of our most recent CFO Survey, which shows CFOs continue to operate prudently by focusing on defensive strategies, which mirrors sentiment across Europe.

We are also pleased to present our perspectives on selecting advisers who will support the IPO process and the importance of getting the right team in place.

Finally, we are pleased to include a case study of the recent IPO of Helios Towers on the London Stock Exchange.

We hope you find this document of interest and useful. We and the wider ECM team would be delighted to discuss any matters arising with you.

With kind regards



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Whilst the FTSE 100 is trading 8.4% higher than at the start of the year, only 11 IPOs have completed in the UK as at 14 November compared with 25 for the same period in 2018.

Market performance

8.4%

FTSE 100 performance 2019 to date

15.6%

FTSE 250 performance 2019 to date

13.1

VIX as at 14 November 2019

19.8%

Stoxx Europe 600 performance 2019 to date

23.5%

S&P 500 performance 2019 to date

UK equity indices posted modest gains in 2019 with large and mid cap stocks performing significantly better than small caps

Although major indices have, overall, performed well so far in 2019, global stock markets experienced bouts of volatility. Markets accelerated and decelerated over the year as hopes of a US-China trade deal came and went, Brexit deals were negotiated and deadlines extended, and the global outlook for growth declined.

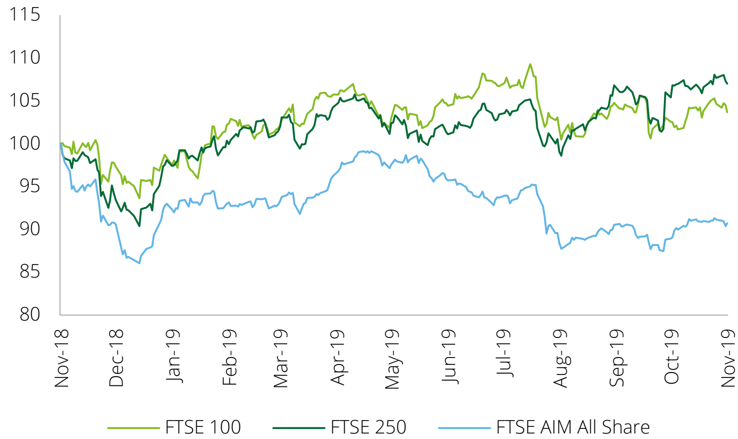
Since market lows in December 2018, the FTSE 100, FTSE 250 and S&P 500 have recovered ground lost in 2018, helped by central banks easing monetary policy. Since the start of year, the FTSE 100 and S&P 500 had risen 8.4% and 23.5% respectively. The S&P 500 fell sharply in May and again in August as a result of escalating trade tensions, with the US administration imposing tariffs on billions of dollars of goods as the US Dollar/Chinese Yuan exchange rate fell to 7 yuan to the dollar, an 11 year low. However, the US Federal Reserve took action by cutting interest rates three times during the year in an attempt to maintain the longest running period of growth in the country's history. At the beginning of November, the S&P 500 had reached an all-time high.

While the UK economy contracted in Q2 2019 due to a sharp fall in manufacturing activity, expectations are for a return to GDP growth in Q3, with rolling three month growth for June to August 2019 at 0.3%. The uncertainty around the UK's date of departure from the European Union and the upcoming General Election will continue to impact the outturn for the UK economy for the remainder of the year. The Eurozone is expected to grow at the slowest pace in six years with the IfO Business Climate Index, a bellwether for European activity, at its lowest level since the euro debt crisis in 2012.

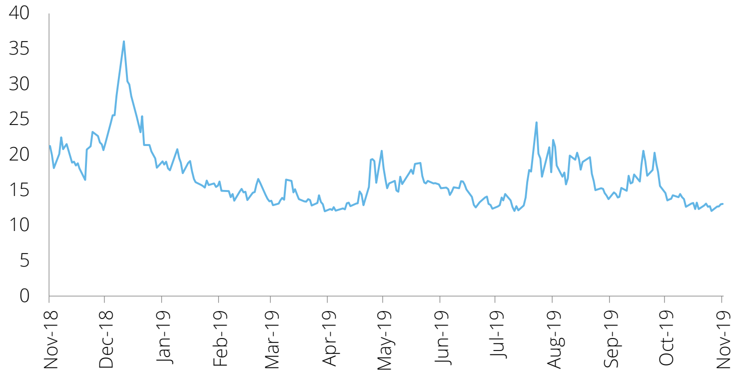
Trade tensions and a worsening global economic outlook contributed to elevated levels of volatility in December 2018 with the CBOE Volatility Index ("VIX Index") hitting a 12 month high of 36.1. The VIX Index has not reached that level in 2019 although peaked at 24.6 in early August on account of a further escalation in the US-China trade dispute. Elsewhere, increasing oil-related tensions in the Middle East, culminating in attacks on an Iranian oil tanker, caused spikes in volatility in October. As at 14 November 2019 the VIX Index was at 13.1, close to a 12 month low.

Source: FactSet as at 14 November 2019

UK equity market performance (rebased) – last twelve months



VIX Index – last twelve months



The healthcare, industrials and technology sectors have led UK market performance in 2019

The FTSE All Share, up 9.4% since the start of the year, saw broad-based gains (on an absolute basis) across nearly all sectors.

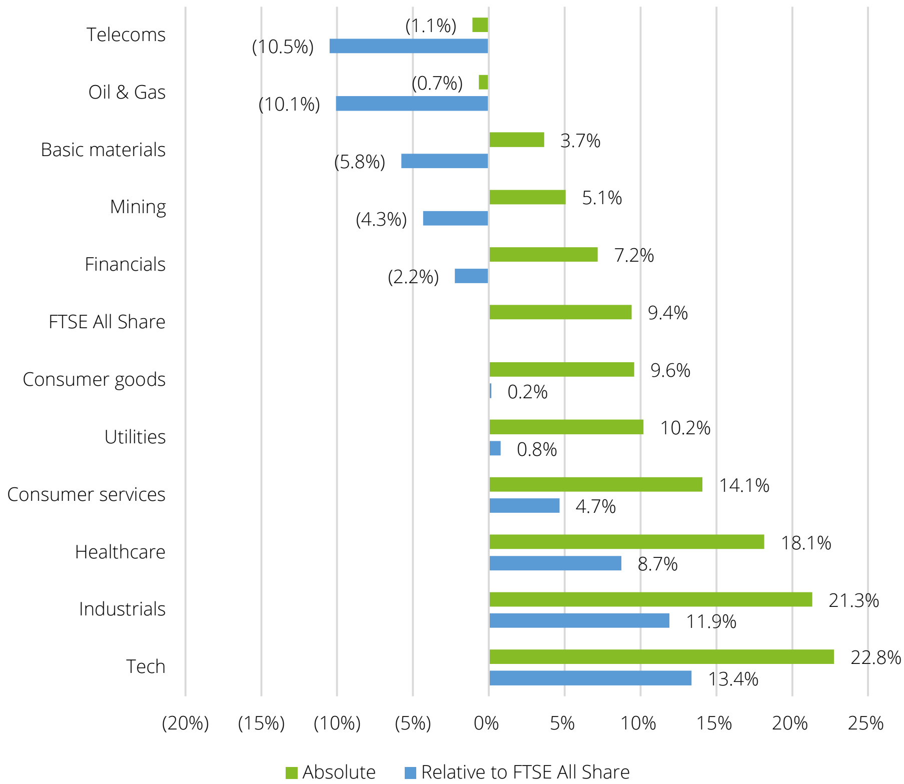
The Technology sector has performed consistently well since the start of year and as at 14 November 2019, the sector had gained 22.8%. As well as the strong performance of the Network International and Trainline IPO's, Technology stocks were buoyed by strong earnings growth. Also of note in the sector was the £3.1bn takeover offer for Sophos plc by US private equity firm Thoma Bravo. Sophos shares are currently trading 33% higher than the pre-announcement price.

The Industrials sector carried its strong performance from H1 2019 into H2 2019 to date. This is despite weakened European growth prospects and industrial confidence.

Relative underperformance in sectors such as Basic Materials and Consumer Goods reflect the slump in global manufacturing activity. According to the UK manufacturing purchasing managers' index ("PMI"), the sector contracted for a sixth straight month, although the increase in PMI from 48.3 to 49.6 suggests growth (i.e. a PMI above 50) may return in the short term.

Of the two sectors posting a loss on an absolute basis, the Telecoms sector is down 1.1%, impacted by likely reduced dividends on account of significant investment in the UK's 5G network infrastructure. The Oil & Gas sector is down 0.7% since the start of 2019, with major industry players missing Q2 earnings estimates and crude oil prices remaining softer in the second half of 2019.

UK equity market price performance by sector – since 1 January 2019



Source: FactSet as at 14 November 2019

A select few issuers launched and successfully completed Premium listings on the main market in 2019

Premium Segment UK IPOs by deal size in 2019

Deal Size
Sector
Date
% Free Float
% Change since IPO

Network International

£1,218m
Payment Processing
April
46%

▲ 21.1%

Trainline

£1,093m
Technology
June
65%

▲ 21.7%

Airtel Africa

£541m
Telecommunications
June
25%

▼ 15.9%

Finablr

£306m
Technology
May
25%

▼ 0.4%

Helios Towers

£288m
Telecommunications
October
25%

▲ 4.3%

Watches of Switzerland

£242m
Retail
May
37%

▲ 6.1%

DWF

£95m
Legal Services
March
26%

▲1.2%

Includes Premium Main Market IPOs excluding investment companies (i.e. AIM and Standard Main Market IPOs, investment companies, venture capital trusts, transfers from other markets, cash shells etc. have been excluded). The performance figures reflect share price movements only, take no account of dividends, and are not a measure of total shareholder return.

Source: FactSet as at 14 November 2019, company admission documents

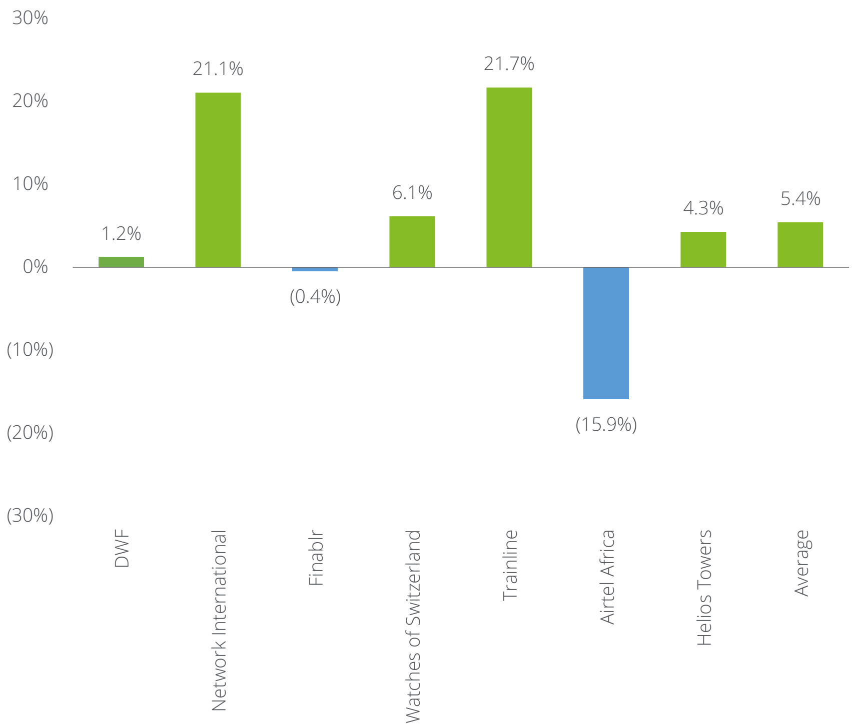
Economic and political uncertainty likely delayed a number of UK IPOs into 2020. Those issuers that successfully completed listings in 2019 were predominantly businesses that are either insulated from such uncertainties or have no significant link with the UK or its economy.

Premium segment IPOs of operating companies have been limited so far in 2019. In recent years, there have generally been 10-15 such IPOs a year compared to seven so far in 2019. Since their respective listing dates in 2019, the seven completed premium segment IPOs have outperformed the FTSE 350 by an average of 5.4%, which represents an average after market performance of 6.0% compared to 0.6% for the FTSE 350.

The two largest UK IPOs of the year so far were technology companies – Network International and Trainline – which have seen their share prices increase by 21.1% and 21.7% respectively since IPO. Network International's business is focused on the Middle East and Africa and so has not been particularly impacted by UK market conditions. Despite its main source of revenue deriving from the UK, Trainline's business model was exceptionally well received by the market reflecting both perceptions of high barriers to entry in the sector and its cash generative business.

With the already-extended departure date of 31 October falling in the H2 2019 IPO window, Brexit uncertainty is likely to have pushed out transaction timetables into 2020. If the UK and EU ratify a deal by 31 January 2020, IPO candidates may seek to capitalise on the opportunity to float before the potential pressures of an ending transition period become a factor.

UK IPOs in 2019 – relative aftermarket performance vs. FTSE 350



Source: FactSet, Dealogic as at 14 November 2019

Equity issuance and macroeconomic considerations

Equity issuance in 2019 has been robust, although volumes are down on last year on account of Brexit uncertainty

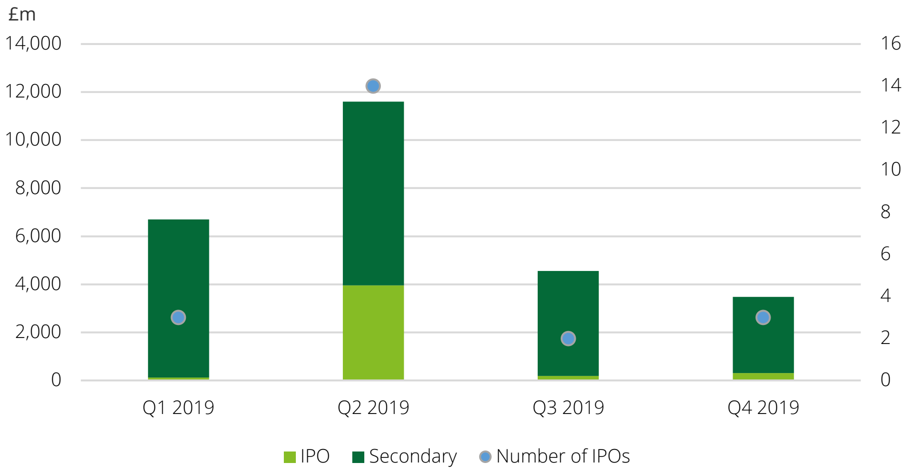
Market conditions for equity issuance in 2019 to date have been challenging on account of periods of volatility and depressed valuations arising from Brexit uncertainty. However, the secondary market has been broadly open with investors supporting a range of follow-on issues primarily to fund acquisitions or organic growth.

In Q1 to Q3 2019, £22.9 billion of equity had been raised compared to £27.0 billion in the same period in 2018. The Financials and Technology sectors were the most active for equity issuance and accounted for almost half of all money raised in 2019 to date. This was driven by the £375m follow-on by Metro Bank and the IPOs of, and subsequent sell downs in, Network International and Trainline.

The two largest issuances outside of Financials and Technology were AstraZeneca's £2.7bn placing, to fund the commercialization of a new drug and repay debt, and the £614m Marks & Spencer rights issue that helped fund its joint venture with Ocado.

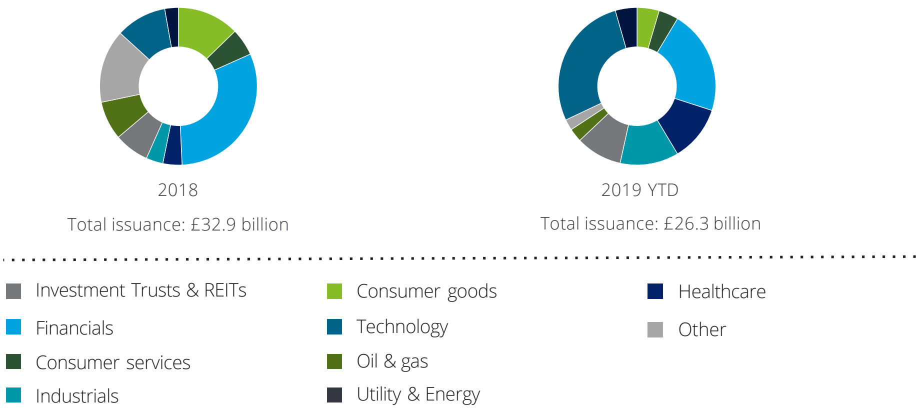
The reduced number of IPOs in the UK has also impacted on total issuance levels. Main market and AIM IPOs in 2019 to date total 11 compared to 25 in the same period in 2018. IPOs have similarly been challenging outside of London with high profile IPOs struggling in the US and a number of IPOs in the US and Western Europe postponing citing market conditions.

Equity issuances last four quarters



Includes all IPOs including those of investment companies

Source: Dealogic as at 14 November 2019, admission documents.



Includes money raised from new shares and existing shares from IPOs, secondary fundraisings 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 as at 14 November 2019, admission documents.

The Deloitte UK CFO Survey – Q3 2019

The 2019 third quarter Deloitte CFO survey took place between 17 and 30 September.

91 CFOs participated, including the CFOs of 23 FTSE 100 and 36 FTSE 250 companies. The remainder were CFOs of other UK-listed companies, large private companies and UK subsidiaries of major companies listed overseas.

The combined market value of the 70 UK-listed companies surveyed is £468 billion, or approximately 19% of the UK quoted equity market.

> "Corporate risk appetite is being suppressed both by Brexit and macro-economic uncertainty, but there are some positives: unemployment has fallen and earnings are rising at the fastest rate in more than a decade. While it's unclear whether these trends will be sustainable, I do take confidence from the fact that businesses in the UK have long shown themselves to be adaptable and resilient to change. We now need clarity on what that change looks like."
>
> Richard Houston, Senior Partner and Chief Executive of Deloitte North and South Europe

Persistent uncertainty takes its toll

Against a backdrop of slowing growth and persistent uncertainty, Chief Financial Officers (CFOs) of the UK's largest businesses are adopting an intense focus on cost control. Cost reduction is their top strategy, with a record 58% of CFOs rating it as a strong priority, higher even than when the economy was emerging from recession in late 2009.

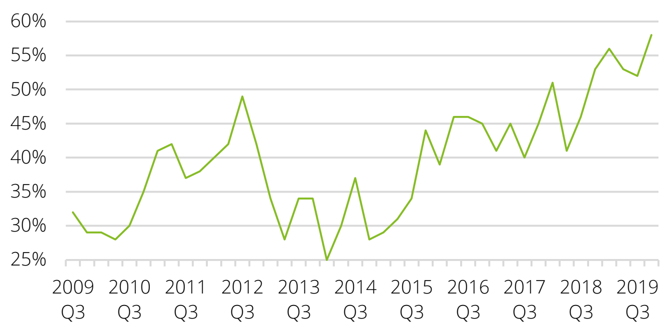
Brexit again tops the list of risks and, in the last three months, CFOs have become significantly more concerned about the risks posed by slowing growth in the UK and the euro area.

So far corporate caution has had its greatest effect on investment which has slowed dramatically since the EU referendum. The labour market has shown resilience with further falls in unemployment and earnings rising at the fastest pace in more than ten years. Now, with a sharper focus on curbing costs, 70% of CFOs expect hiring to decrease in the next 12 months and just 3% expect it to rise.

With CFOs firmly focussed on cost control the UK looks set for weaker job and wage growth ahead. The brunt of the UK's slowdown in the last year has been borne by the corporate sector with the jobs market remaining buoyant. That disconnect is unlikely to last.

Chart 1. Corporate priorities: Cost reduction

% of CFOs who rated reducing costs as a strong priority for their business in the next 12 months



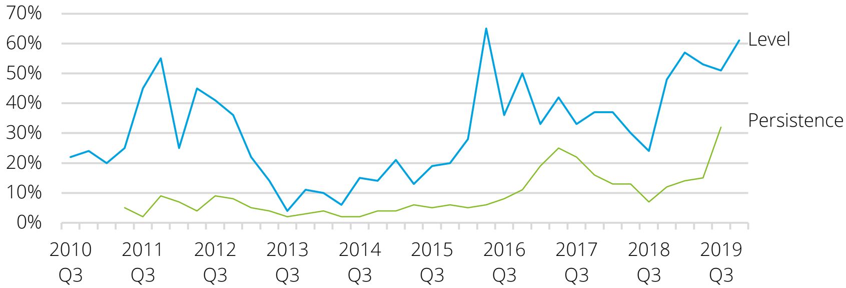
Increased uncertainty is affecting expectations of capex and hiring

CFO perceptions of uncertainty are at their highest level in three years, with 62% of CFOs rating current levels of financial and economic uncertainty as high or very high.

Bank of England analysis of anonymised CFO Survey data shows that corporates are experiencing a period of persistently high uncertainty. Almost a third of CFOs had rated uncertainty as high or very high for four consecutive quarters by this summer, the highest reading in eight years.

Chart 2. Level and persistence of uncertainty

% of CFOs who rate the level of external financial and economic uncertainty facing their business as high or very high and % of CFOs reporting those levels of uncertainty for four consecutive quarters



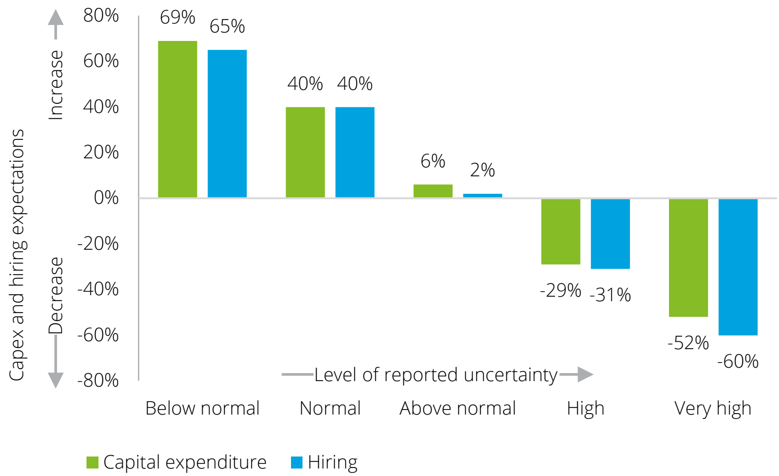
Note: Persistence data from Bank of England analysis of anonymised Deloitte CFO Survey responses

The Bank's analysis also reveals that, on average, CFOs who report higher levels of uncertainty expect slower growth in investment and hiring by corporates.

Those who report uncertainty as high or very high expect investment and hiring to decrease, on average.

Chart 3. Uncertainly and expectations of capex and hiring

Net % of CFOs who expect UK corporates' capital expenditure and hiring to increase over the next 12 months by level of reported economic and financial uncertainty (readings averaged between 2010 Q3 and 2019 Q2)

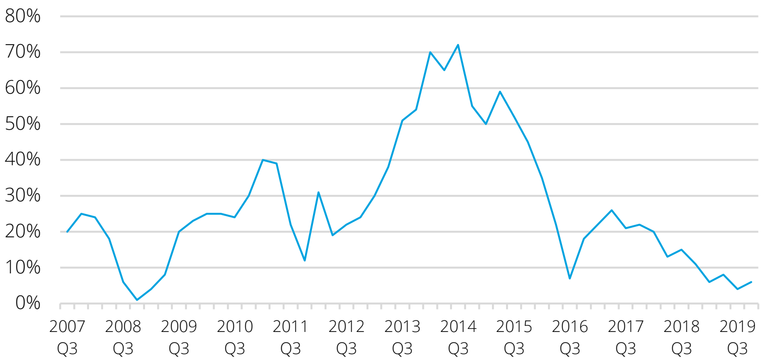


Corporate risk appetite remains low as weak demand in the UK, low productivity and potential issues in the euro area trouble CFOs

Risk appetite edged up in the third quarter but remains close to its lowest level in ten years.

Chart 4. Corporate risk appetite

% of CFOs who think this is good time to take greater risk onto their balance sheets



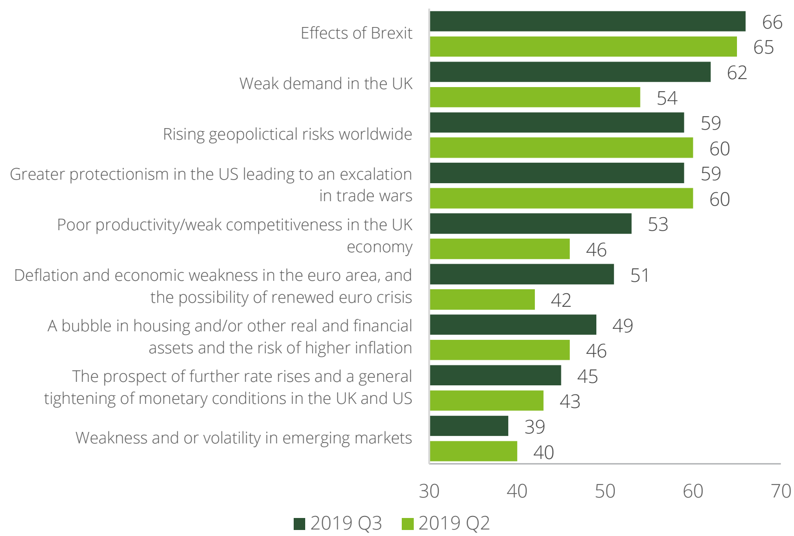
Brexit remains the top risk for CFOs. Weak demand in the UK comes a close second, to which CFOs have assigned the highest risk rating in five years. Adding to the list of domestic worries, CFO concerns over poor productivity/ weak competitiveness in the UK economy have also increased significantly over the last three months.

Rising global geopolitical risks and greater protectionism are rated as the joint third biggest risks. The continuing US-China trade dispute and a rise in geopolitical tensions in the Middle East following the attack on Saudi Arabia's oil production seem to have increased concerns.

Weaker growth in the euro area and a pronounced slowdown in Germany are reflected in growing CFO concerns over the risk of deflation and weakness in the euro area. By contrast, concerns over growth in emerging markets feature at the bottom of the risk list.

Chart 5. Risk to business posed by the following factors

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



Deloitte European CFO Autumn Survey

The European CFO Survey is part of a global cohort of surveys benchmarking the current and future intentions, sentiment and opinions of European Chief Financial Officers. The survey in its fifth year represents the views of 1,500 CFOs based in 20 European countries[1].

Confidence across European businesses has deteriorated further in recent months as economic growth has slowed. The share of CFOs feeling less optimistic about the financial prospects of their companies increased again compared to the Spring 2019 edition of the survey and is now at the highest level since the beginning of the series in 2015.

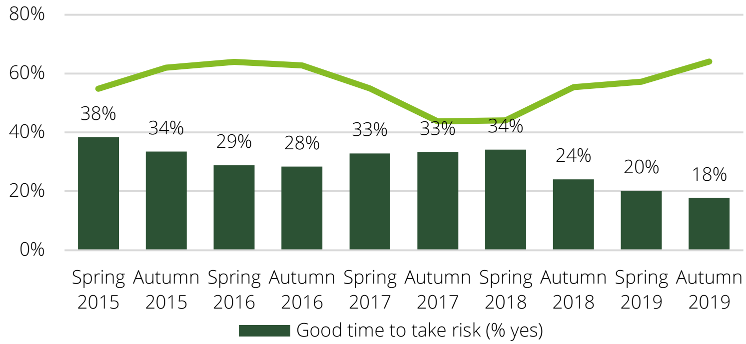
Expectations on the evolution of revenues and margins also fell to their lowest since the survey began. Weak business sentiment is also having a concrete impact, with companies much less willing to invest or add to their workforce.

The negative mood is widespread: in 15 of the 19 countries represented in this survey there was a decline in the majority of the indexes measuring business confidence and expectations. In ten of the countries all the indexes have deteriorated since the spring. Some industries are much gloomier than others, with CFOs in the automotive, and industrial products and services sectors, which are most exposed to developments in international trade, the most pessimistic. However, expectations have also declined substantially in industries that depend more on still resilient consumer demand, which had previously remained more upbeat.

As companies deal with what would appear to be a business cycle in decline, they also need to keep in mind longer-term trends that are of profound importance.

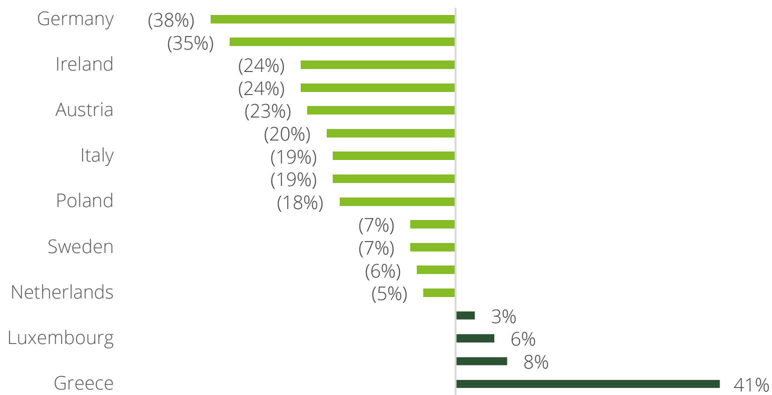
Uncertainty and risk

How would you rate the general level



Financial prospects

Compared to three months ago, how do you feel about the financial prospects for your company?[2]



(1) Countries included in the survey are: Austria, Belgium, Denmark, Finland, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Russia, Spain, Sweden, Switzerland, Turkey and the United Kingdom
(2) Net balances are shown where net balances take the difference between 'More Optimistic' votes and 'Less Optimistic' votes as a percentage of total votes cast

ECM hot topic: Selecting IPO advisers

What advisers do you need and what do they do?

The varied and complex nature of an IPO transaction increases the importance of getting the right team in place to meet the specific requirements of the transaction

ADVISERS' ROLES IN DELIVERING A SUCCESSFUL IPO

When determining how it will manage their IPO programme, a company must put a core team in place capable of achieving three broad outcomes:

1. Placing control of the process in the hands of the company;
2. Driving complex, and interdependent work streams, bringing clarity on progress and priorities to the executive and senior management; and
3. Achieving early preparation where possible, to allow the company flexibility to respond to the market at the right time.

Selecting the best possible team of advisers is crucial to the management of the IPO process and is a key area where an independent financial adviser can add value. However, to anticipate gating items at the outset of an IPO a readiness study covering aspects such as a company's financial procedures and tax structure is recommended at an early stage before other advisers are appointed.

The banking syndicate, the group of investment banks chosen to participate in the IPO, are key to the process and will market the offer to investors, assist in preparing documents, write research and underwrite settlement risk.

Legal counsel is required by both the company and by the banking syndicate. Company counsel draft and verify the key listing document, i.e., the prospectus, and provide advice on all other key documents including guidance on risks and regulation of the IPO. Underwriters' counsel provides legal advice to the banking syndicate and focuses most of their time on the underwriting agreement and disclosure in the prospectus.

Financial PR develop a communication strategy to support the IPO process, enhance market perceptions and input on pre- and post-IPO press releases .

When do you hire your advisers?

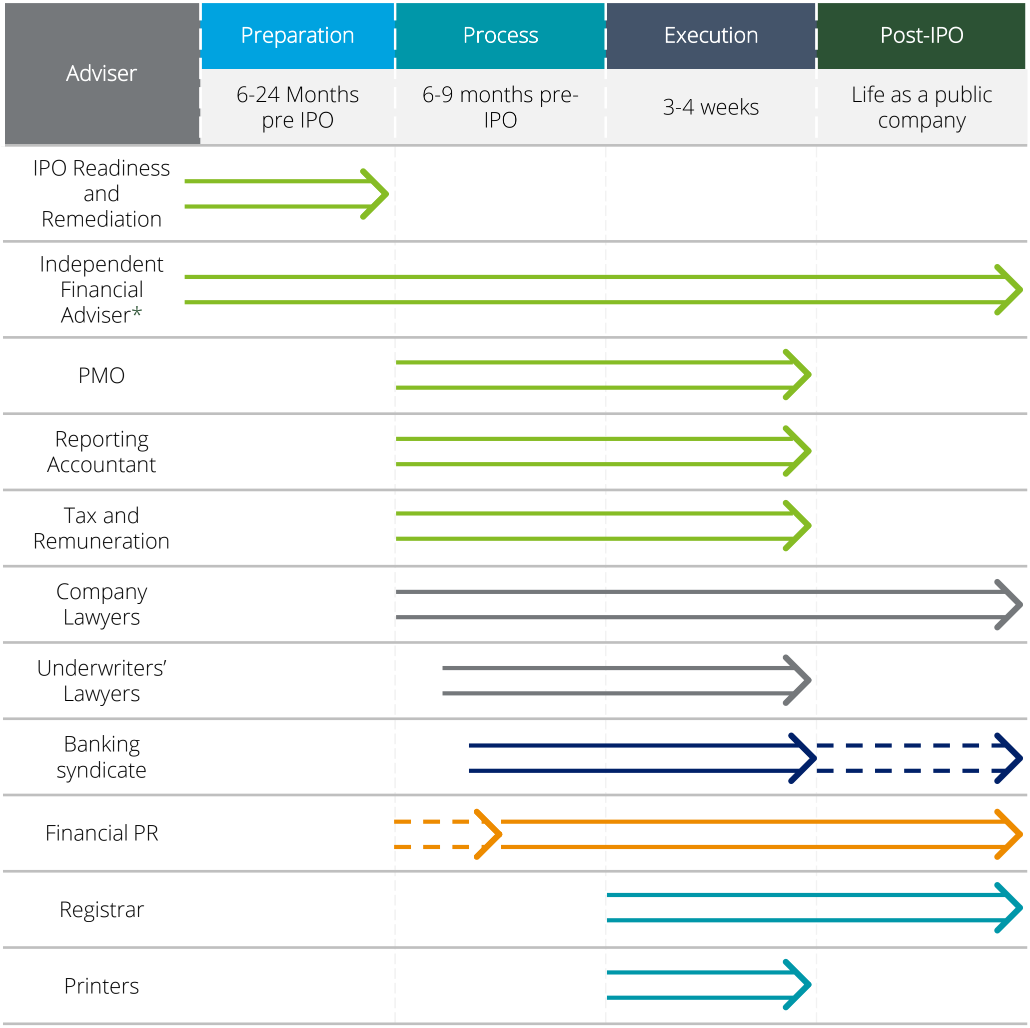
With so many sets of advisers involved in the IPO process it is important to introduce the right advisers at the right time.

It's important to stagger the appointment of advisers, not only to avoid overloading the management team and incurring unnecessary cost, but importantly to avoid unwanted pressure to progress the IPO before fully ready – once the full suite of advisers are on board it can feel like a bit of a treadmill. Staggering appointments also reduces the potential for leaks before you are ready.

There are certain appointments that are most effective if they are made with a significant lead time to IPO. Carrying out IPO readiness any time from 1-2 years in advance of IPO will give you time to implement recommended actions. It's also quite a quick, discrete piece of work and so can be done without much resource commitment.

Some of the recommendations coming out of that will be around staffing and resourcing. Most IPOs require supplementing the existing team, and so may benefit from appointing a specific Project Management Office. It's worth having this in place before the heavy lifting of the process phase begins.

Following a readiness assessment and remediation work, your independent financial adviser can assist you in the crucial steps of appointing the most appropriate legal counsel and banking syndicate.



*Deloitte's Independent Financial Advisory team links into IPO Readiness and Remediation and adviser selection process

Choosing the optimal banking syndicate

The IPO is the one opportunity where you can educate a very large number of investors in a short period of time without the back-drop of a live share price. Not only is this important for the success of the IPO but also to ensure a healthy aftermarket and strong company profile. The banking syndicate is the medium through which you access investors and so careful consideration needs to go in to the selection of these advisers.

Every seat in the syndicate is important and choosing the right syndicate can often be the difference between success and failure in an IPO.

While a number of stakeholders will already have very good relationships with the sell-side, it is common to let an Independent Financial Adviser (IFA) run the process as there is a lot of information that should be captured at this stage of the process. The IFA will often help you write the Request for Proposal (RfP), guide you through the selection process which usually takes 3-4 weeks and help negotiate terms.

Selecting the right syndicate is also important thinking ahead post IPO as the syndicate banks will likely be the banks that continue the relationship with you post-IPO including research, sales and trading coverage and investment banking support.

How the Independent Financial Adviser can add value

Key characteristics of an effective IFA

Home team adviser

The IFA will typically be involved from very early on and throughout the whole process, giving management and stakeholders dedicated and independent corporate finance advice. The IFA should not have any institutional shareholder allegiances to ensure independence and will sit alongside the board to ensure that the perceived conflicts that exist within investment banks are managed appropriately

Efficient structured process

An IPO process can place a significant amount of strain on the resources of management and so the IFA should be able to project manage the process from inception (beginning at the IPO Readiness stage) all the way through to execution and beyond. Freeing up management time is essential to ensure that the main business of the Company is not disrupted during the IPO preparations, which could have an adverse impact on the outcome

Transparency and control

Being able to demystify the opaque nature of the IPO process is very important. Key decisions that shareholders and management need to make, such as the selection of advisers, investor marketing, pricing and allocations should all be backed by objective data as well as experience provided by the IFA

Value creation not destruction

Time spent in reconnaissance is seldom wasted – this is also true with regard to IPOs. Early preparation is key – the IFA can help get the key levers of the Equity story right at the very beginning (IPO readiness stage) which is important as they will filter through the rest of the IPO process. The IFA should also act as an early warning system to identify and correct any mismatch in valuation expectations between stakeholders, the sell-side and buy-side

Fully integrated into the process

The IPO process can be a long and costly affair, with many advisers. Having an IFA that seamlessly integrates into the process from the start is essential to avoid significant hurdles along the way, often brought about by different advisers with different agendas/not being up to speed. Strong alignment to the accounting function is critical as most IPO processes depend primarily on financial readiness

Deloitte's IFA team is highly experienced and draws on Deloitte's wider network of sector, regional and product specialists to provide tailored and truly independent advice to clients that often starts during the IPO Readiness stage. In addition to IPO Advisory, they also provide advice around post-IPO shareholder sell-downs, capital raisings, private placements, third party adviser selections and perception studies

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Case study: IPO of Helios Towers on the London Stock Exchange

Deloitte acted for Helios Towers on its £288m Initial Public Offering on the Premium segment of the London Stock Exchange

helios towers

Transaction overview	
IPO pricing date:	15 October 2019
Offer type:	Initial Public Offering
Offer size:	£288m
Offer price:	£1.15 (current trading ▲ 4.3%)
Market cap at IPO:	£1.15bn
Key features of the IPO:	• The 4 largest shareholders, Millicom, Newlight Partners, Helios Investments, and Albright Partners, retained 55% ownership of the Company (down from 70% pre-IPO) • The over-allotment option was taken up in full

Source: Prospectus

Company profile

- Helios Towers builds, acquires and operates telecommunications towers in a several high-growth African markets, namely Tanzania, Democratic Republic of Congo, Congo Brazzaville, Ghana and South Africa.
- Helios has more than 14,000 tenants across its almost 7,000 sites.
- The Company's key customers are typically large multinationals and other telecoms providers who in turn provide wireless voice and data services to end consumers or businesses.
- Helios Towers also provides tower-related operational services that includes site selection, site preparation, maintenance, security and power management.

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Deloitte's role

- Deloitte initially provided IPO readiness services to identify key areas of focus for Helios Towers to develop in order to be ready for life as a public company.
- Deloitte acted as Reporting Accounting to Helios Towers throughout the IPO process.

An increasing number of African companies are actively considering the London markets

There has been increased activity in the African region in recent years, in particular across the Telecoms and Mining sectors, and we expect there to be several more African companies coming to London markets in the coming years.

Deloitte has recently acted for both Helios Towers and Airtel Africa on their Premium segment UK IPOs. Both companies entered the FTSE 250 index on listing and Airtel Africa's IPO represented the largest IPO by market cap of an African company on the LSE this decade.

These IPOs illustrate strong investor appetite for African businesses, successfully completing in difficult market conditions.

Deloitte will be running an IPO Masterclass in a number of African countries over the course of the next few months. This is aimed at senior executives of private companies interested to know more about the hurdles and key management challenges of the IPO listing process in London. Please contact Simon Olsen for further details.

Deloitte Africa IPO Masterclasses 2019
Lagos, Nigeria: Tuesday, 26 November 2019
Nairobi, Kenya: Thursday, 28 November 2019

Helios Towers
Telecommunications

October 2019
£1,150m

Airtel Africa
Telecommunications

June 2019
£3,321m

5 live mandates

Pending

Expected 2020

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Deloitte Equity Capital Markets

Our service offerings

Independent IPO Adviser

- Truly independent advice throughout the IPO process
- Offer and transaction structuring advice
- Assistance with adviser selection
- Input into equity story
- Project and syndicate management

Sponsor & Nomad

- 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

IPO Reporting Accountant

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

IPO 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

- 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

Equity and PLC Advisory

Core team

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Selected Equity and PLC Advisory credentials

Financial adviser to **Murgitroyd** on its announced public takeover by Sovereign Capital **£66m** **Pending**	IPO readiness and advisory services to **AJ Bell** on its Main Market IPO **£651m** **December 2018**	Financial adviser to **DBAY Capital** on its public takeover of Harvey Nash Group plc **£116m** **October 2018**	Lead adviser to **MITIE Group Plc** on the sale of VSG Group Limited to Compass Group Plc **£14m** **October 2018**	Lead adviser to **Kier Plc** on the sale of its pensions administration business to XPS Pensions Group **£4m** **September 2018**	Lead adviser to **British Land** on the sale of its property management business to Savills **Undisclosed** **May 2018**
Sponsor and financial adviser to **Xafinity** on its fundraising and Class 1 acquisition **Up to £153m** **January 2018**	Sponsor and financial adviser to **Tri Pillar** on its proposed Main Market IPO **Announced** **November 2017**	Sponsor and financial adviser to **Xafinity** on its Main Market IPO **£190m** **February 2017**	Independent financial advice to **British Business Bank** **Undisclosed** **2016**	Independent financial adviser to **Morses Club** on its IPO **£140m** **May 2016**	Strategic advice to the Board of **Sweett Group** **Undisclosed** **May 2016**
IPO planning, advisory and assist services to **Metro Bank** on its IPO **£1,600m** **May 2016**	Lead financial adviser to **PayPoint** on the disposal of its Mobile and Online division **Undisclosed** **January 2016**	Financial adviser to **Den Hartogh** on its recommended cash offer for InterBulk **$142m** **December 2015**	Financial adviser to shareholders of **Argus Media** on sale to General Atlantic **c.£1,000m** **May 2016**	Financial adviser to US$ lenders on the $407m rights issue and $370m debt restructuring of **Lonmin** **$777m** **November 2015**	Lead financial adviser to **Colt** on the sale of its European managed cloud business to Getronics **Undisclosed** **November 2015**

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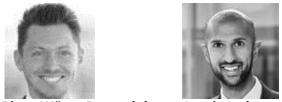

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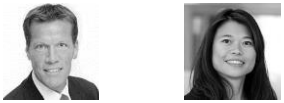

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Selected IPO credentials

Helios Towers
Telecommunications
October 2019
£1,150m

Airtel Africa
Telecommunications
June 2019
£3,321m

Finablr
Financial Services
May 2019
£1,225m

DWF Group
Professional Services
March 2019
£366m

AJ Bell
Financial Services
December 2018
£651m

Merian Chrysalis
Equity Investment
November 2018
£103m

Smithson
Equity Investment
October 2018
£888m

Funding Circle
Financial Services
September 2018
£1,500m

Energean Oil & Gas
Oil & gas
March 2018
£695m

Sabre Insurance Group
Insurance
December 2017
£575m

Bakkavor Group
Food services
November 2017
£1,043m

Charter Court Financial Services
Financial services
September 2017
£550m

Allied Irish Bank
Financial services
June 2017
£11,958m

Global Ports Holding
Industrial transportation
May 2017
£465m

Alfa
Technology
May 2017
£975m

Xafinity
Financial services
February 2017
£190m

ConvaTec
Healthcare
October 2016
£4,391m

Biffa
Industrials
October 2016
£450m

Metro Bank
Financial services
March 2016
£1,600m

Clydesdale Bank
Financial services
February 2016
£1,583m

McCarthy & Stone
Construction
November 2015
£967m

Worldpay
Technology
October 2015
£4,800m

Hastings Insurance
Financial services
October 2015
£1,117m

Hostelworld
Consumer services
October 2015
£177m

Equiniti Group
Business services
October 2015
£548m

Kainos
Technology
July 2015
£164m

Sanne
Business services
April 2015
£232m

Revolution Bars
Consumer
March 2015
£110m

Lakehouse
Business services
March 2015
£140m

Aldermore
Financial services
March 2015
£651m

Notes

Notes

Deloitte.