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European Equity Capital Markets
Adapting to a new and challenging macroeconomic environment

ECM UPDATE | WINTER 2022

Financial Advisory

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About this report: This report contains data sourced from IMF Word Economic Outlook, Bloomberg, Refinitiv, FactSet, Dealogic, company admission documents and press releases. ECM issuance data is as of 31 December 2022 and includes all European ECM transactions. The Total Deal Value has been calculated by multiplying Dealogic's Total GBP Deal Value and the GBP spot rate of the date of the transaction. Additional market data is as of 31 December 2022

Macroeconomic and geopolitical headwinds made for a turbulent year for equities

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This European ECM update includes how equity markets have performed during 2022 and the reasons behind it. We look deeper at the different macroeconomic and geopolitical headwinds economies face and the impact these have had on IPO and ECM issuance levels in Europe. In this report, we dive deeper into our three Hot Topics: Historical analysis of stock markets in times of inflation – where (not) to be?; Preparing for IPO during challenging markets and The Global market for SPACs. Additionally we include the results of our latest European CFO survey.

Following an outstanding 2021 for equity markets, **2022** could be remembered as a very **turbulent and volatile year for equities** where several **adverse shocks** such as high **inflation,** central banks' **interest rate hikes** and the unexpected **war between Ukraine and Russia** have severely affected the global economy, causing a significant **slowdown in global GDP growth** and for many countries even a potential **recession.**

Figure 1: 2022 Global indices performance

Source: Refinitiv Eikon (31/12/2022)

Inflation, which started to emerge by the end of 2021 driven by supply bottlenecks, has proven **not** to be **transitory but rather a long-term issue** and has been **exacerbated** by the war. Based on IMF's data, global inflation almost doubled last year, going from 4.7% in 2021 to 8.8% in 2022. Recent IMF data predicts a global inflation cooling to 6.6% in 2023 and 4.3% in 2024 which is still above pre-pandemic levels of about 3.5% but significantly lower than the data observed in 2022.

In an attempt to fight inflation, **Central Banks around the world have raised their interest rates significantly.** Such measures must be balanced as interest rate hikes can also slow economic growth or lead to a recession. The UK and some euro region economies are already contracting and are likely to tip into recession in 2023. The US economy shows more vital signs although the Fed does not rule out a recession during 2023.

Volatility was front and center of 2022 market discussions, with the VIX at a **26-level average**. Such uncertainty apparently affected equities, especially growth stocks, with investors looking for value stocks and moving towards more defensive sectors.

The **Spanish market has shown resilience**, with banks and energy-related sectors benefiting from interest rate hikes and higher commodity prices. Thus, it allowed the main Spanish index, IBEX 35, to be among the major European indices, the second-best performer in Europe, only surpassed by the FTSE 100.

European ECM issuance has been disappointing, with a 60% decrease in activity vs 2021. The same applies to IPOs, as volumes were 79% down compared to 2021 figures.

We hope you find the ECM Update a helpful resource. Our team is at your disposal for any issues that you may wish to discuss.

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A turbulent 2022 - Inflation, war and changing monetary policy affecting the global economy

Figure 2: 2022 European indices performance

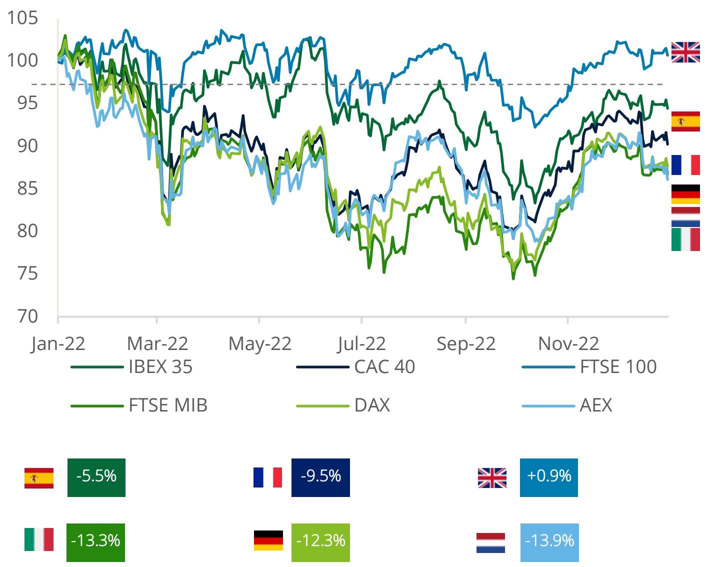


Figure 3: Volatility (VIX)

Source: Refinitiv Eikon, and Bloomberg (31/12/2022)

2022 predictions were way off…. A **turbulent year** with the global economy being hit by **multiple adverse shocks** such as high **inflation,** central banks' **interest rate hikes** and the unexpected **war between Ukraine and Russia** have taken a toll, heavily impacting stock markets and causing a significant **slowdown in global GDP growth.**

Equity stocks worldwide have suffered severely in what has been a very volatile year. 2022 has been the **worst year for the S&P 500 in more than a decade** and the first double-digit percentage annual loss since the great recession.

Inflation, which started to emerge by the end of 2021 and was driven by supply bottlenecks, has proven **not** to be **transitory but rather a long-term issue** and has been **exacerbated** by the side effects of the **war** between Ukraine and Russia.

Across the world, **central banks** have fought against inflation by implementing **rapid interest rate hikes.** In the **US,** the **Fed raised interest rate** in February 2023 for **the eighth time,** taking the federal funds rate to a range of **4.5% to 4.75%,** and it hinted that it **expected rates to stay higher for longer**.

In the UK, the Bank of England (BoE) hiked interest rates for the tenth consecutive time, taking the rate to **4%** by February 2023 – the **highest level in 14 years**.

And after lagging behind the Fed and the BoE, the European Central Bank (ECB) has been raising rates at an unprecedented pace since March 2022 and are now at a **3% level**, which is the highest for the eurozone since the financial crash in 2008. In its latest meeting, the ECB mentioned it expected to continue raising interest rates for a while.

The **measures** taken by central banks **need to be balanced,** as interest rate hikes can also slow economic growth or lead to a recession. The outcome of these monetary policies are yielding **mixed results**. **Upward pressure on prices** has been **reduced** as is the **economic growth**. The UK and some euro regions **have experienced contractions in their economies** and may **tip into recession in 2023.** On the other hand, the latest macroeconomic data released, especially from the United States, has led to an **upward revision of economic projections** for the main economies during 2023.

In 2023, the **global economy** is projected to **expand at a sluggish pace.** The IMF predicts global growth will slow to 2.9% in 2023 before rebounding to 3.1% in 2024**.** It highlighted that **aside from the global financial crisis** and the peak of the **Covid-19 pandemic, 2023 would be "the weakest growth profile since 2001".** The IMF lists **three major events currently hindering growth:** Russia's **war** against Ukraine**, inflation and China's economic slowdown.**

The **war and inflation severely affect the Euro Area economy and its growth prospects**. **The Euro area GDP forecast was revised** to a poor 0.7% GDP growth estimation in 2023 and 1.6% in 2024. It is worth highlighting that **major economies** like Germany will see growth of just 0.1%.

Current Spanish Central Bank estimates **Spanish GDP growth at 4.6% for 2022,** followed by a **significant slowdown in 2023 to a 1.3% GDP growth**. Current IMF estimations put 2023 GDP growth at 1.1% for Spain, well above the Euro Area average. Meanwhile, inflation is estimated to be at 4.9% for 2023, which is far from the 8.4% annual inflation where it ended in 2022.

1 Global stocks affected by the volatile market as uncertainty around the global economy became more palpable

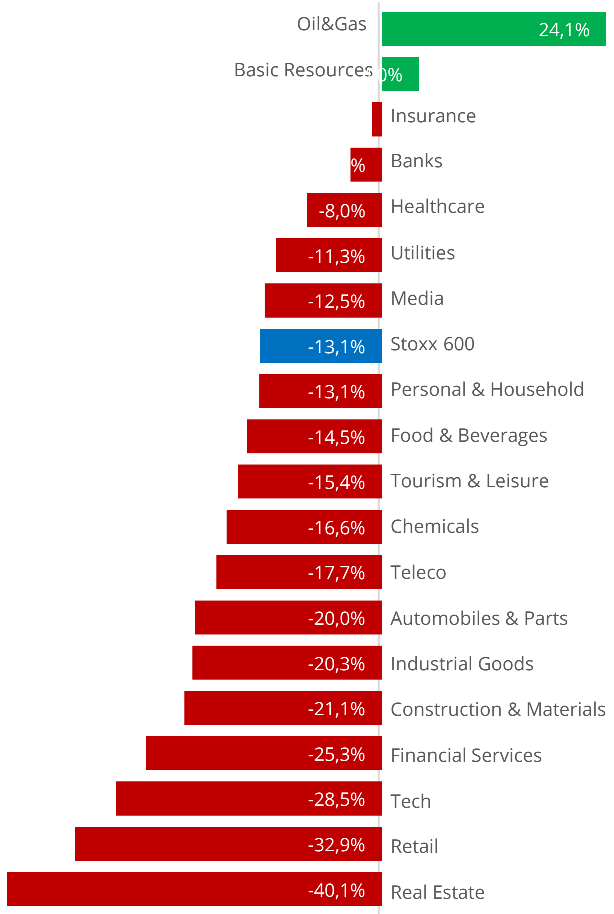
It seems 2022 was the new beginning of an era filled with the market and economic instability, where central banks' tightening measures are causing economies to be on the brink of recession. All of this had an undeniable effect on equity markets.

Most global indices underperformed, driven mainly by **risk factors** such as inflation, side effects from the war, interest rate hikes and potential recession in major economies and Chinese economy underperformance due to strict Covid-19 restrictions.

Major global indices ended 2022 as follows: **S&P500, down by –19.4%, the DAX, down by –12.3%; the CAC 40, down by–9.5%, the Stoxx 600, down by –12.9%, the IBEX 35 down by –5.5% and the FTSE 100 barely up by +0.9%.**

2022 has been the **worst year** for the **S&P 500 in more than a decade** and the first double-digit percentage annual loss since the great recession. While tech-heavy **Nasdaq** ended the year **33% down**, many technological and growth companies have been hit hard by the **volatility in the market**. On the other hand, the UK main index, FTSE 100 was the only **major European indices ending in the green**. This is **despite the economically and politically chaotic year the UK has had**. Besides dealing with **three prime ministers and a new king,** British citizens have had to deal with **recession tension and high inflation**. Nonetheless, UK stocks performed well as macroeconomic data suggested underlying UK growth has been more resilient than previously thought. In the meantime, the Spanish main index, the IBEX 35, showed some resilience compared to the rest of the major European indices, with a smaller decline.

Figure 4: 2022 Stoxx 600 sector market performance



Source: Refinitiv Eikon (31/12/2022)

The **changing environment** has also **affected** the **volatility**, with the **VIX range bouncing between 16.6 and 36.5 during 2022**. The VIX closed 2022 at 21.7, which is 25.8% higher than when the year started. Furthermore, the average for 2022 was at 25.6 – well above the 16-level average during pre-covid times (2018-2019).

Sectorwise, most European sectors remained in negative territory except the **Oil & Gas** sector**,** which closed the year **24% higher.** The sector is benefiting from **price surges** following Russia's invasion of Ukraine. Another sector that managed to stay afloat was **Basic Resources**. **Inflation and higher interest rates have hit many sectors in Europe;** the hardest hit was **Real Estate, which decreased by 40%, and Retail, which was down by 33% in 2022.** In general, indebted companies or sectors needing financing have been struck as interest rates increase. On the other side of the spectrum are banks and insurance companies, which benefited from this new environment.

It is **worth highlighting** that **equity markets** have been **performing slightly better at the end of the year**, helping to shrink the significant losses indices suffered during the first half of the year. This is mainly driven **by the markets' hopes that the inflation peak is closed** or, in some cases, that such a peak has already been met; also adding to the optimism is the **downward trend of oil prices** and the **hopes for a better Chinese economy performance for 2023** – mainly driven by the drastic easing of strict Covid-19 measures that had been in place until recently.

The **stock market trend remains positive** during the first weeks of 2023. The **strength of the U.S. labor market** and the **inflation data released by the world's major economies** have been **positive** and both have **confirmed the trend** they have been showing since the end of 2022.

2 EUROPEAN EQUITY ISSUANCE LEVELS

2022 was one of the most challenging year in decades for European ECM issuance

2022 was one of the most challenging years for ECM issuance over two decades, leaving far behind the numbers or volumes issued in 2021, an excellent year for ECM activity. Proceeds from European ECM transactions amounted to **€90.4bn over 1,186 transactions** during 2022 - **a decrease of 59.6% in volume** compared to the same period in 2021.

The **significant slowdown in ECM activity** is partly explained by the **volatility and uncertainty in the market**, which makes **investors more risk-averse, looking for well-established value companies.** Meanwhile, **investors** willing to enter new equities are **demanding a higher discount**. Also accounting for the lack of ECM activity is the **poor equity market performance** driven by a distressed macroeconomic environment – inflation, recession fears, supply issues, and the Ukraine-Russia war….

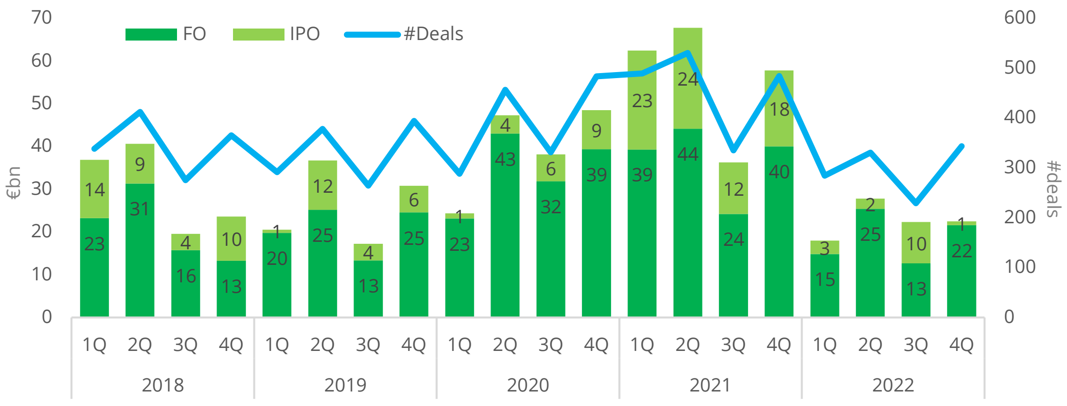
European IPO issuance levels decreased by 78.9% to €16.2bn in volume compared to the same period in 2021 and by 64.9% in number to 190 transactions during the year. **Follow-Ons issuance**, including Rights Issues and Accelerated Blocks, have also been severely affected, but at least to a lesser extent than IPOs, **decreasing by c. 50%** when compared to 2021 volumes and by 23% when looking at the number of transitions successfully priced in 2022 versus 2021.

The **financial sector** was by far the most active one in terms of European ECM issuance, accounting for **39% of the total transaction volumes in 2022**. During the year, finance accounted for seven out of the eleven deals above the €1bn mark, including Credit Suisse's €2.3bn and €1.8bn follow-ons aimed at financing the embattled lender's strategic overhaul. Furthermore, financials' top deals included Italians Banca Monte Dei Paschi €2.5bn follow-on.

Other ECM active sectors included computers & electronics and **auto/truck,** accounting for **21% and 13%,** respectively. The aforementioned sector is heavily magnified by Porsche's massive €9bn IPO.

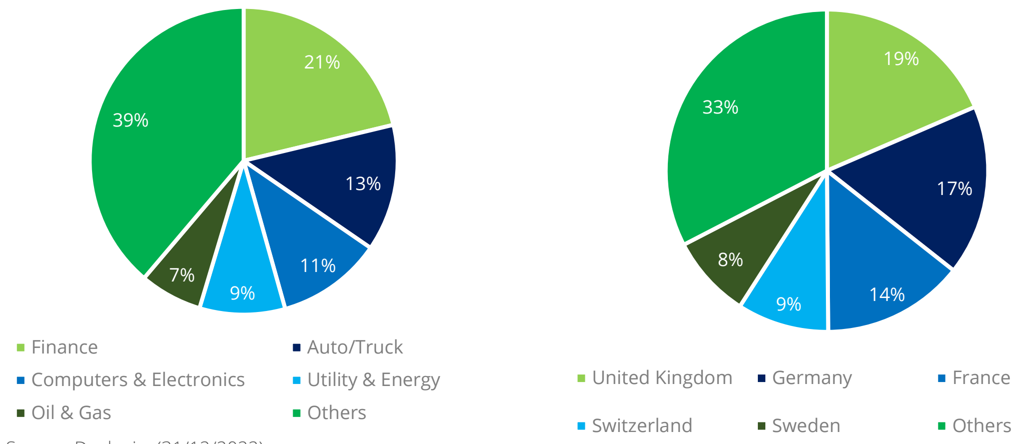
With 33% of the volume issued (€16.7bn), the **UK remained the most active ECM market within Europe … but barely**. Germany closely followed it **with 19%** (€15.5bn)**. By the number of transactions, the UK also takes the lead** with 390 deals pricing, accounting for **33%, followed by Sweden with 310 deals in 2022,** accounting for 26% of the priced European ECM deals during the year.

Figure 5: European equity issuances since 2018



Source: Dealogic (31/12/2022)

Figure 6: 2022 equity issuances volume by sector and by country



Source: Dealogic (31/12/2022)

European IPO activity significantly slow downed, making it the worst year for IPOs in a decade

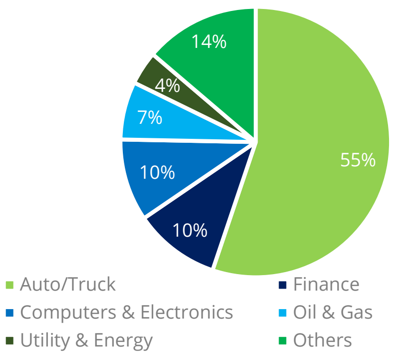
Volatile markets made it particularly difficult for IPOs to be priced worldwide, and Europe was no exception. In 2022 the old continent only saw **190 IPOs** pricing, which raised €16.2bn. This accounts for a decline of 78.9% compared to the IPO volume raised in 2021, representing the **worst year in IPO activity in a decade.**

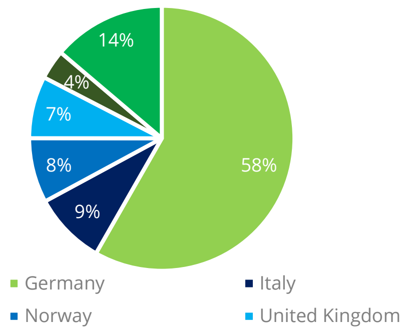
Due to the market instability, many companies opted to postpone or cancel their IPO plans; such was the case of German drug distributor Cheplapharm, Dutch fintech WeTransfer, Spanish bank Ibercaja or Eni's renewables arm called Plenitude.

Seven SPACs above €50m came to market **in 2022,** raising €1.3bn. None SPAC above €50m was priced in Europe in the second half of the year, signaling the downturn trajectory of SPACs. These transactions only accounted **for 8% of the IPO volume** raised during the period.

Meanwhile, the €9bn Porsche IPO, the largest deal of the year, was mainly responsible for the **auto/truck sector accounting for 55%** of the volume raised in Europe during the year. **Financial and Tech** were Europe's second and third most active IPO activity sectors during the period, with 10%, of the volume, respectively.

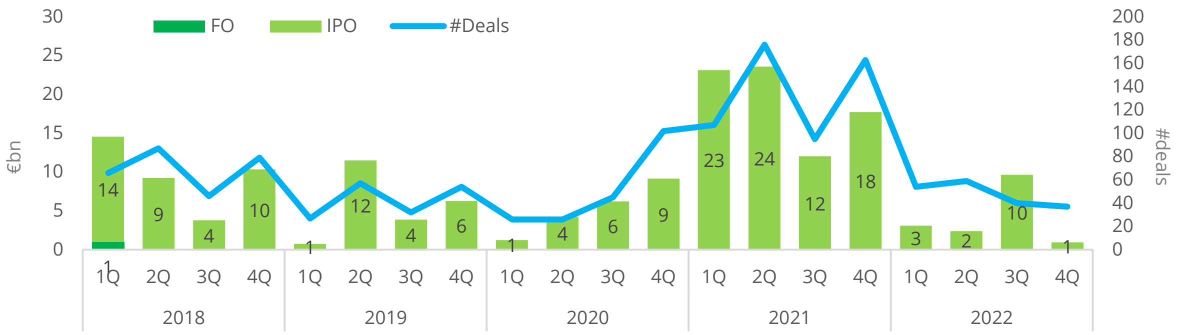
Figure 7: 2022 IPOs by sector and equity volume issuances by country





Source: Dealogic (31/12/2022)

Figure 8: European IPOs since 2018



Source: Dealogic (31/12/2022)

Thanks to the historic Porsche IPO in Europe, **Germany had the largest IPO activity by volume** during 2022, accounting for **58%.** In second place is **Italy with 9%,** followed by **Norway with 8% of 2022 IPO activity by volume**. But when looking at the **number of IPOs** priced, the **UK remains the most active market, with 47 IPOs during 2022**, accounting for 25% of the total volume issued in Europe. Following the UK was **Sweden, which accounted for 18%.**

As for **Spain, activity has been mixed** within our two equity markets. The **Main Market saw only one IPO, Opdenergy, which raised €200m**. Furthermore, **Atrys Health** opted to move up from the alternative to the Main Market. The one deal means that the IPO volumes in Spain shrunk by 87%. However, the picture was quite different when looking at the **alternative BME Growth market,** where **fifteen companies** have come to market, including growth companies such as **Enerside, Vytrus Biotech, Substrate AI, Labiana Health, Axon Partners, Energy Solartech, Hannun and various other SOCIMIs (REITs).** Despite the macroeconomic environment, this level of activity in 2022 showed dynamism within the Spanish alternative market, BME Growth.

It is too early to assess what the performance of 2023 will be in terms of IPOs. However, the level of **volatility** at the beginning of this year **has led to the IPO of two relevant companies**, the Italian EuroGroup Laminations and the German Ionos Group, with a deal value of **€393m** and **€447m** respectively.

3

Challenging macroeconomic conditions over the past year have delayed the majority of IPO processes globally. However given the long lead time to prepare for IPO, performing a readiness assessment now provides companies with the chance to exploit first mover advantage when markets reopen. Below we answer some key questions for companies that are considering going public

When is the right time to start preparations for an IPO?	In our experience you should **start 12-24 months prior to target listing date**. IPOs are transformational events, so starting readiness activities at least a year in advance allows sufficient time for any mitigation needed to be ready for listed company life, plus the time needed for the IPO execution phase, which is typically around six months. **By formally assessing your readiness to IPO early you can run a well-structured process allowing proper consideration of the strategic options**, and following a phased roadmap to address any gaps identified. This will help lessen the impact of preparations on business as usual, **reduce transaction costs, and minimised execution risk of your IPO.**
What are the most important areas to evaluate when planning for IPO?	Some key topics to consider for an IPO: • the **equity story and growth strategy** which will underpin the investor marketing process; • **completeness of the business' financial, operational, and legal dataset** supporting the equity story, and diligence of the historical track record; • the adequacy of existing governance and internal controls, including **finance processes and controls, as well as reporting**; • the **tax efficiency** of the listing structure, including existing shareholder tax implications of IPO; and • incremental resourcing requirements and **IPO project management**. Whilst the rules differ by listing venue, having a fully developed plan and financials are fundamental value drivers for a listing or dual-track process.
Are there any common pitfalls or areas that businesses most frequently need to address?	Our benchmarking of historical readiness reviews has highlighted these **key activities which companies have needed to undertake pre-IPO**: • prepare their **financial track record** – with significant work often being required due to complex financial track records resulting from recent acquisitions; • enhance their **internal control environment** – in particular ensuring proper documentation of the existing control environment; • consider their **executive remuneration and proposed incentive structure** post-IPO; • augment their **management reporting** – to be 'fit for purpose' for a public company; and • develop their **corporate governance framework** – including board composition and committee structures through to specific new policies.

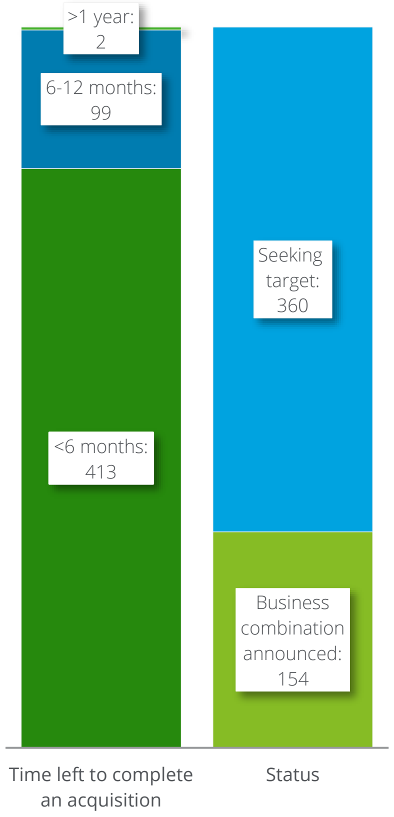
3 Challenging macroeconomic conditions over the past year have delayed the majority of IPO processes globally. However given the long lead time to prepare for IPO, performing a readiness assessment now provides companies with the chance to exploit first mover advantage when markets reopen. Below we answer some key questions for companies that are considering going public

What does an IPO readiness review involve and what are the outputs?	A readiness review comprises **a series of meetings with your C-suite and senior team** – including finance leadership team members. Typically conducted as series of **one- to two-hour meetings, held over the course of a few weeks**, **to establish the 'as-is' state** – typically without the need to prepare new information or documents in advance. **Recommendations are then fed back to management in a focussed presentation or report**, with prioritised findings clearly matched to next steps and an illustrative **roadmap for listing**.
What are the benefits of an IPO readiness review?	The **clear and practical plans set out in an IPO readiness review** enable management to focus attention on priority and identify lead time requirements for the listing process, as well as post-IPO demands. A structured plan to address challenges early and efficiently enables remediation to be progressed ahead of the execution process. This output also **facilitates the role of various IPO stakeholders** (e.g. investment banks, regulators, auditors), for example by **reducing advisor diligence costs**, **improving speed to market**, and **ultimately lessening the impact on business as usual** – essential at a time when it will be under close investor scrutiny.
Can an IPO readiness review consider more than one listing venue or multi-track processes?	With companies increasingly looking beyond their domestic market to consider listing venues worldwide, an effective IPO readiness assessment will **bring in relevant experts to advise on the impact of market and regulatory requirements of any overseas listing venues** which are being considered. Similarly, companies regularly consider a number of exit strategies in parallel – most notably as a dual track, where an IPO is explored concurrently with a private sale or auction. **A Readiness assessment can assess both M&A and listing preparedness** to establish the genuine feasibility of each track, and advise on how best to prepare for a process that should maximise both deal value and certainty.
What changes or trends in IPO preparation have you observed in recent years?	Two noticeable trends over recent years have been the use of consultants or contractors for focused support as: • **Assist advisors** – appointed by the management team to provide 'in-house' technical advice or resource support with implementing the necessary transaction or IPO preparations. • **Project Management Office (PMO) support** – recognising the need for dedicated project management skills to help de-risk and efficiently deliver an IPO. Often sourced as a contractor or from a professional services firm, PMOs are most effective when appointed 'within' the business, leveraging prior deal experience to identify risks early, work collaboratively with all stakeholders, and free up management time to focus on business as usual. Whilst these trends are most apparent at the larger end of the market they are relevant across all deal types, especially if there is a particularly compressed timeline or complex set of issues. We therefore expect both of these trends to continue as companies seek efficient and effective ways to be ready to IPO and respond to the market at the right time.

4

Special Purpose Acquisition Company ("SPAC") activity has continued to decrease in line with the wider slow-down in traditional IPO markets. While many SPACs are reaching their expiration date and liquidating, there is still a significant amount of opportunity for target companies looking to complete a deal within the next twelve months.

514 Active US SPACs



Source:
SPAC Research Centre (31 Jan 2023)

SPACs in the context of the broader capital markets

Similar to the trends seen in the broader IPO and capital markets, there was a sharp drop in the number of SPAC listings in 2022, following the record levels seen in previous years, with only 86 SPAC IPOs in 2022 compared with 613 in 2021. This decrease was even more marked in terms of gross proceeds raised, which fell by over 90% to $13.4bn in 2022, reducing the average SPAC IPO size from $265m to $156m.

Many companies are delaying their plans to go public in the context of challenging market conditions and geopolitical uncertainty, and instead shifting their focus to profitability, cash management, and other sustainable growth measures. These trends were amongst those highlighted by the investors and industry experts presenting at the European SPAC Conference held in London last December, co-sponsored by Deloitte.

The US SPAC market

There are 514 active SPACs – representing $105bn of funding – as of the end of January. Of these, 154 have announced a business combination, leaving 360 which are still seeking a target, or have yet to sign a deal with their target.

SPACs which do not complete their business combination within the designated timeframe – typically two years from their IPO – are required to liquidate and return their funds to investors. With the peak of SPAC IPOs occurring in late 2020 and early 2021, the majority of SPACs currently active are rapidly approaching their expiry date – about 80% of which coming due in the first half of 2023. This has led to an increasing number of SPAC liquidations, with 141 already liquidated during 2022, and at least as many more anticipated to do so in the coming year.

This also poses significant opportunities for target companies considering a SPAC merger within the coming year. They should carefully evaluate the quality of the SPAC – including sponsors and level of PIPE financing – as well as the SPAC expiry date, and how this might impact the transition timeline.

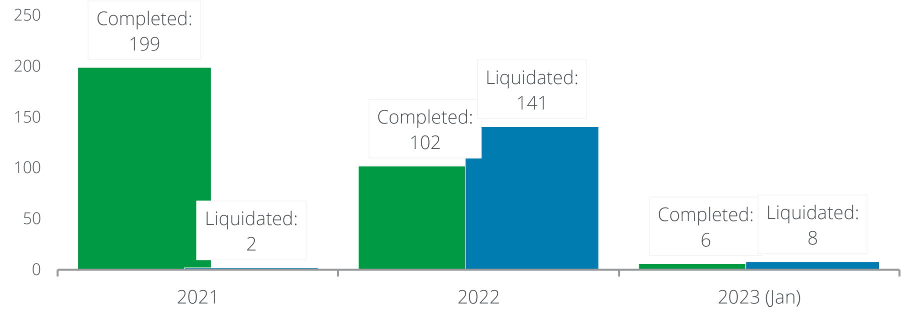
Target companies should also give particular consideration to their own readiness for life as a listed company, including the availability of audited historical financial statements – noting that the time required to complete a PCAOB (Public Company Accounting Oversight Board) audit will need to be factored into their timeline.

Companies who are taking a longer-term view when considering a SPAC merger may also find that the expected liquidation rate of existing SPACs presents possible future opportunities as investors seek out new avenues to invest the funds returned, which could include traditional IPOs, new SPAC IPOs, or private investments.

European markets

Global economic conditions have prevented the volume of SPAC activity in the European market from increasing. While in practice these SPAC markets remain relatively nascent we expect SPACs to be a permanent feature of both the UK and European markets going forward, subject to recovery of market conditions.

US SPACs: completed deals vs. liquidated



Source: SPAC Research Centre (updated 31 Jan 2023)

5 Looking at historical correlation between inflation and share price performance, impact and opportunities will vary

Moderate inflation is generally beneficial for share prices because it signals positive economic growth, driving an increase in profits and rising stock prices. However, things can quickly turn sour for equity investors if inflation rises too high.

In theory, shares should provide protection against inflation, as this scenario should over time result in an increase in nominal revenues and profits and therefore boost share prices.

In practice, increasing input costs, contracting supply chains, fall-out of consumer demands and changing consumer behavior, make it **difficult to predict** which companies will be the winners and which ones will be the losers.

The impact of inflation varies by (sub-)industry and even individual companies and their ability to pass on higher input costs to end consumers, while maintaining demand.

Looking at historical correlations between 2006 and 2022 between inflation and sector share price performance, a **good performance of energy and basic resources in times of inflation** is a fairly intuitive result; the revenues of energy stocks are closely correlated to energy prices, a key component of (current) inflation and they tend to perform well when inflation rises. Both energy and basic resources are essential daily needs and consumers will continue to spend, even though the effect of inflation is passed on to the consumers.

Figure 9: 2006-2022 correlation FTSE industry performance and UK CPI

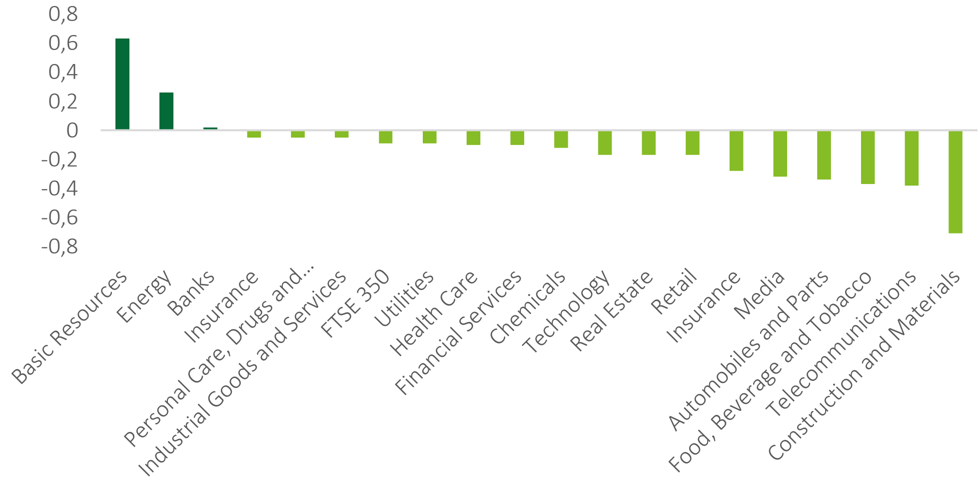


Figure 10: 2006-2022 correlation MSCI Europe sector performance and Euro CPI

Source: CapitalIQ

However, to see food, beverage and tobacco and telecommunications have a negative correlation with inflation levels, is somewhat surprising. **Individual sector and company trends seem to play a more important role than general intuitive drivers.**

The correlation of the MSCI Europe sector performance and Euro CPI development seems to confirm the impact of individual companies or sub sectors on share index performance, as also can be seen from the different correlation across different time periods.

In conclusion, the impact of inflation on sector share price performance can not with general validity be predicted and may differ from company to company.

Europe’s CFOs react defensively to the effects of inflation

The Autumn 2022 European CFO Survey looks at economic trends in the wake of Russia’s invasion of Ukraine. **CFOs have shifted away from post-pandemic expansionary plans towards more defensive strategies.** Their greatest concerns are energy costs, the effects of inflation and a shortage of skilled labour.

The Deloitte European Chief Financial Officers (CFOs) Survey for Autumn 2022 reveals that CFOs see **the impacts of the invasion of Ukraine as going from bad to worse.** Russia’s invasion in February has caused enormous difficulties for businesses and economies around the globe, with severe disruption to energy availability, especially for natural gas, surging energy prices and persistently high consumer price inflation.

The level of financial and economic uncertainty recorded by the European CFO Survey reached an all-time high in spring 2022, immediately after the Russian invasion of Ukraine. This survey sets a new record.

CFOs are very pessimistic about the financial prospects for their companies and sectors, and particularly for operating margins and capital expenditures (CAPEX). However, CFOs are more optimistic about revenues and their hiring intentions, although they continue to experience unusual difficulty finding employees with the skills they need.

European CFOs identify weak economic growth, a shortage of skilled labour and rising energy costs as the three factors likely to hold the most significant risk for their businesses over the next year. Also, economic and geopolitical uncertainty, coupled with high and still rising interest rates, has led to a sharp pullback in risk-taking by European CFOs across all sectors.

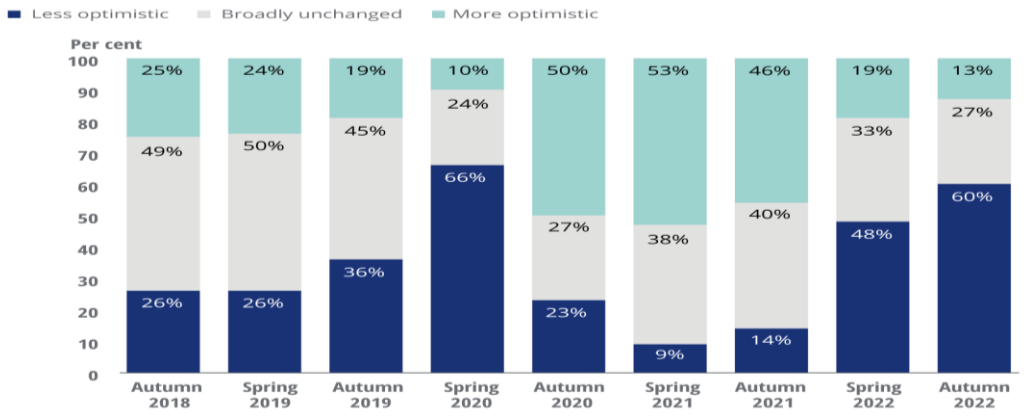
European CFOs are growing more defensive as they seek to steer their businesses through the harsh economic environment. In particular, they are prioritising cost reduction as the number one strategy for the next year.

Inflation is running at levels not seen since the 1980s, but European CFOs expect that the average inflation rate will ease to around 6.10 per cent in the euro area and 4.11 per cent in the non-euro area by the end of 2023. Companies are seeking to cushion the impact of inflation by passing on the costs to customers. CFOs in some countries are also prioritising the improvement of cash flow management and greater energy efficiency or focusing on higher-margin markets, products and services.

As the war in Ukraine drags on, the past decade of tame inflation and ultra-low interest rates is clearly behind us. Supply bottlenecks, rising prices for energy and many raw materials and the breakdown of supply chains have become the new reality. Businesses are having to cope with high inflation, severe supply chain disruptions and a weak outlook for growth. Unsurprisingly, the level of uncertainty felt by CFOs has risen to a new record level. They and their businesses are therefore focusing on resilience and strategies that include identifying savings and prioritising digital projects.

While many CFOs fear further disruptions in the business and macroeconomic environment, **they also hope inflation will begin to ease in 2023,** and they still remain optimistic about their revenues. How the situation develops will depend on events in Ukraine and on whether the growing threat of recession materialises.

Figure 9: CFO’s financial prospects



Source: European CFO Survey Autumn 2022

ECM service offerings

Independent IPO Adviser

- Truly independent advice throughout the IPO process
- Detailed peer benchmarking and market/industry reports
- Offer and transaction structuring advice
- Assistance with adviser selection and monitoring their performance throughout the IPO execution phase
- Input into equity story
- Project and syndicate management
- Advice on pricing and allocation

IPO Readiness

- Help companies prepare for an IPO
- Readiness assessment with key findings report identifying deficiencies that may delay or prohibit an IPO
- Scope covers financial, commercial and organisational areas
- Design remediation plan to address shortcomings prior to IPO kick-off
- Categorisation of findings into necessary for listing, best practices, effort required to implement the finding as well as IPO timing to be executed (pre/post or during the IPO execution)

IPO Assist

- Support and advice where and when needed including:
  - Acting as Project management office of the IPO, which includes coordinating all parties, ensuring resources are in place to carry out all tasks in a timely manner, avoiding the distraction of management on their day-to-day activities, anticipating risk, and tracking IPO costs
  - Offering a seconding staff when needed
  - Building models for IPO
  - Working as an integrated part of the company's team

Tax and Remuneration Advice

- Tax structuring, including Topco's domicilie
- Advice on arranging executive and employee remuneration plans
- Implementation and documentation of remuneration plans
- Benchmarking remuneration structures against S.A norms

Post-IPO Support

- Help management handle the transition and ensuring compliance with post-IPO regulations
- Assist with preparation of first set of public financials, audit of financial information, ongoing analyst liaison and profit/loss announcements
- Ongoing corporate governance advice and support

Public Company M&A

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

Selected IPO Credentials

Company	Sector	Date	Size
Silicius SOCIMI	Real Estate	Sep 2021	Mkt Cap €556m
MusicMagpie	Tech	Feb 2021	£100m
SATS	Fitness	October 2019	€133m
Helios Towers	Telecommunications	October 2019	€331m
Addiko Bank	Financial Services	July 2019	€172m
Airtel Africa	Telecommunications	June 2019	€604m
Traton Group	Automotive	June 2019	€1,387m
US Solar Fund	Renewable Energy	April 2019	€177m
DWF Group	Professional Services	March 2019	€111m
AJ Bell	Financial Services	December 2018	€194m
Credit Income	Investment Trust	November 2018	€115m
Smaller Companies	Investment Trust	October 2018	€934m
Piovan	Industrial Products	October 2018	€156m
Funding Circle	Financial Services	September 2018	€494m
Carel	Industrial Products	June 2018	€252m
Energean	Non-Renewables	March 2018	€373m
Sabre Insurance	Insurance	December 2017	€359m
Bakkavor Group	Food Services	November 2017	€295m
Charter Court	Financial Services	September 2017	€288m
AEDAS Homes	Real Estate	October 2017	€667m
Allied Irish Bank	Financial Services	June 2017	€3,434m

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