

# Investec Market Review

April 2023

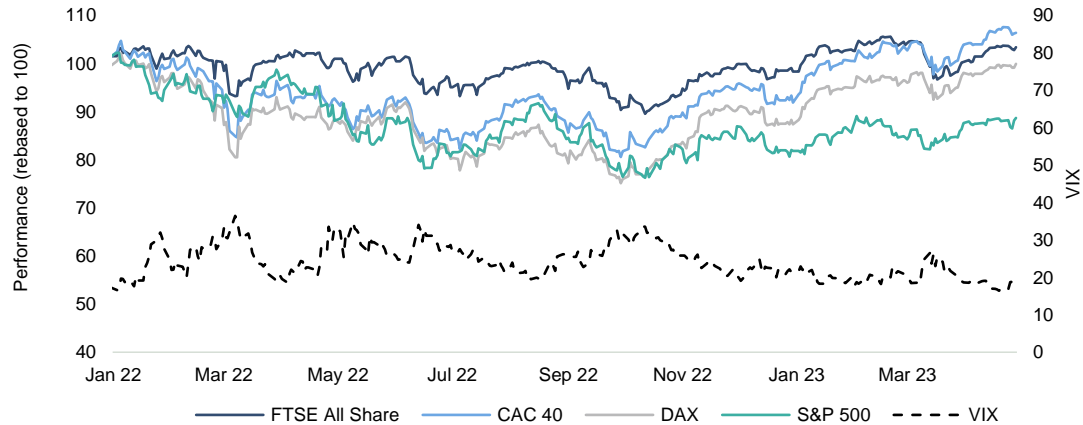


# Executive summary

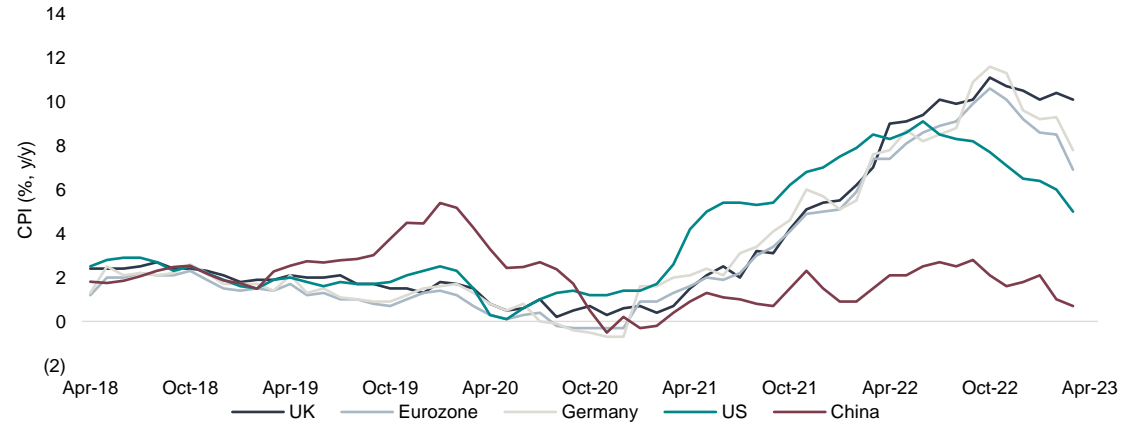
- Global indices recovered over the course of April as macro economic data continues to show signs of resilience
- UK Consumer confidence rose to its highest level since February 2022 in April. This follows data released by the ONS which indicated the UK labour market continues to be at a low unemployment rate (3.8% in the period from December 2022 to February 2023) and private sector wages, excluding bonuses, grew by 6.6% in the same period
- UK ECM activity remained broadly in-line with March as deal value only declined by 3%
- UK public M&A activity gathered significant pace in April as thirteen new deals were announced, of which seven included a private equity offeror
- Investec is pleased to act as sole financial adviser and broker to Dechra Pharmaceuticals plc with regards to the possible offer from EQT
- Please contact your usual Investec contact if you would like to discuss the contents of this pack

# Market backdrop

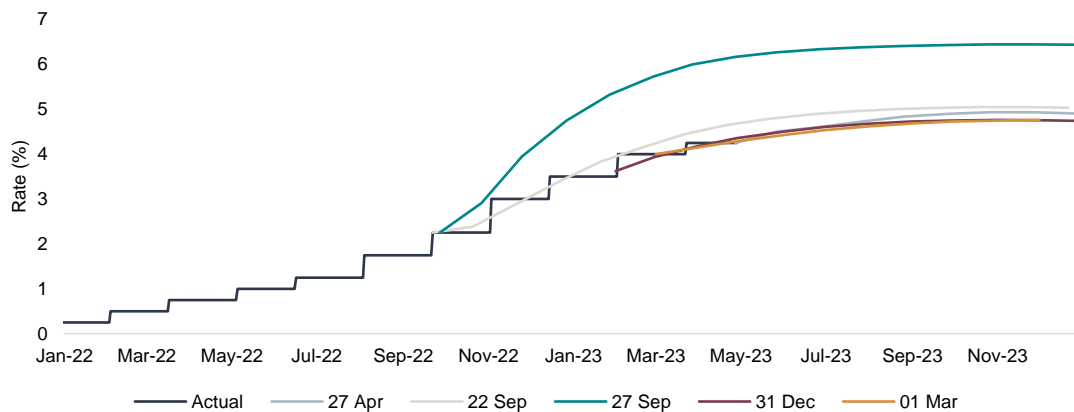
Global equity market performance & equity market volatility



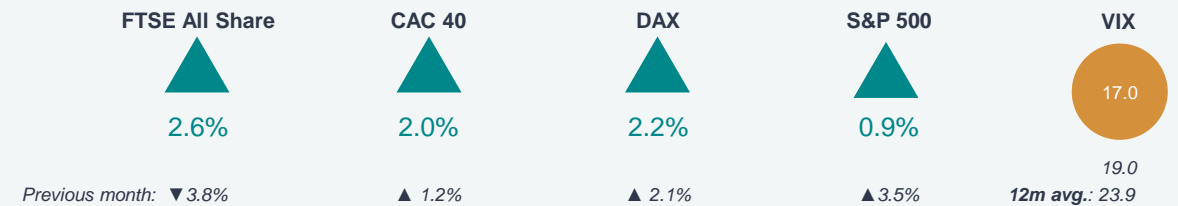
Inflation slows down across key geographies



UK interest rate projections show signs of stabilising in the near-term



## Monthly market snapshot

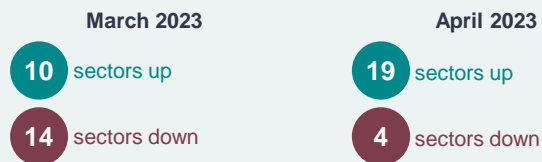


## April's market drivers

UK inflation decreased from 10.4% (Y/Y) in February to 10.1% (Y/Y) in March	UK Composite PMI increased from 52.2 in March to 53.9 in April	UK public sector net borrowing stood at £21.5bn in March, c.100% of UK GDP	UK consumer confidence rose from -36 in March to -30 in April, reaching the highest level since February 2022
Eurozone's Composite PMI index rose to an 11 month high of 54.4, rising 0.7pts on the month	The Eurozone marginally avoided a recession after growing by 0.1% (Q/Q) in Q1 2023	The US economy grew by 1.1% (Q/Q) in Q1, a significant deceleration relative to Q4 22 where the growth rate was 2.6% (Q/Q)	US inflation decreased from 6.0% (Y/Y) in February to 5.0% (Y/Y) in March

# UK sector performance

## Monthly sector snapshot



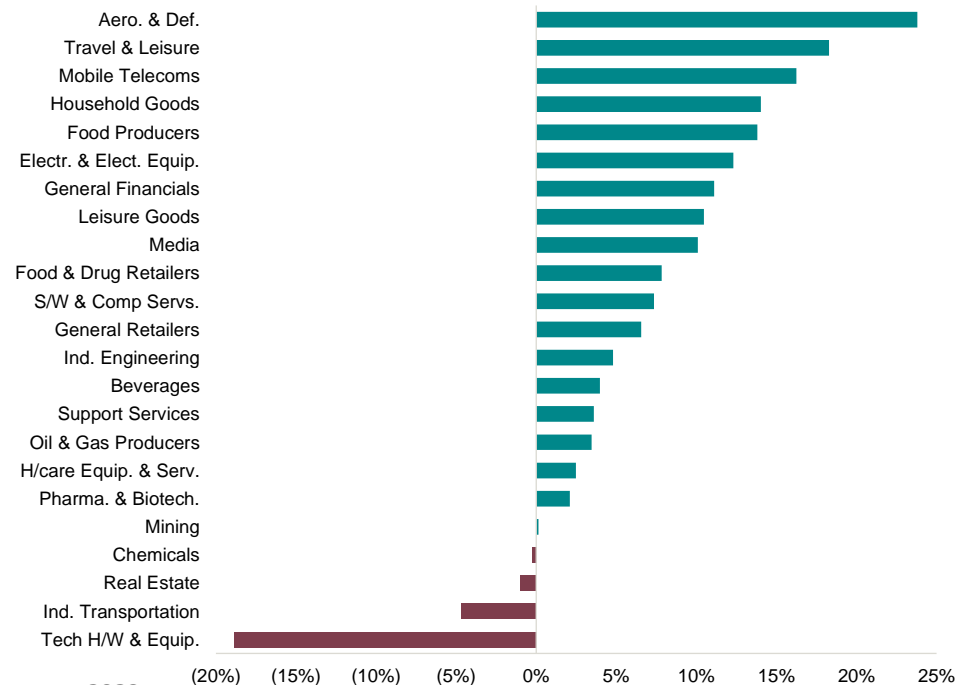
### Monthly winners and losers:

Winners	Losers
Mobile Telecoms: 7.3%	Tech H/W & Equip. : (12.4%)
Household Goods: 4.7%	Industrial Transportation: (6.2%)
Pharma & Biotech.: 4.6%	Industrial Engineering: (4.1%)

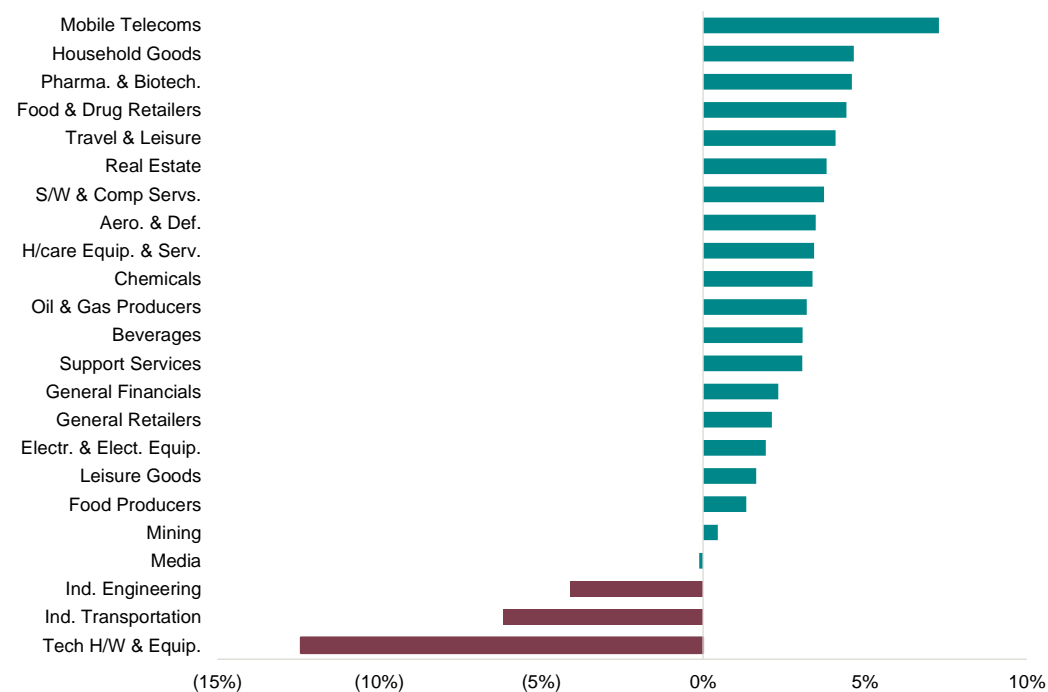
## Sector performance drivers and outlook commentary

- **Mobile Telecoms** was the best performing sector in April aided but the strong performances of Vodafone and Gamma Communications. Vodafone's share price rallied after e& entered negotiations with the group to enact changes to the board. On the other hand, Gamma Communications' share price gathered pace following the release of its FY22 results
- **Pharmaceuticals & Biotech** gained considerable ground in April following the potential take private of Dechra Pharmaceuticals plc by EQT
- **Tech Hardware and Equipment** declined in April amid higher than expected inflation and further hikes in interest rates. Moreover, the Semiconductor Industry Association released figures earlier in the month, which showed global semiconductor sales decreased by 4% (M/M) and by 20.7% (Y/Y) in February

## Sector performance (Year to date)



## Sector performance (April 2023)



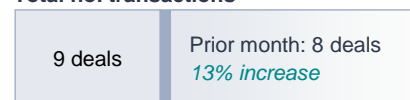
# UK ECM activity remains stable in April

Deal value and number in-line with March

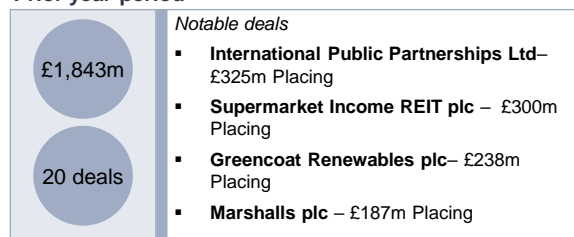
## Total funds raised




## Total no. transactions



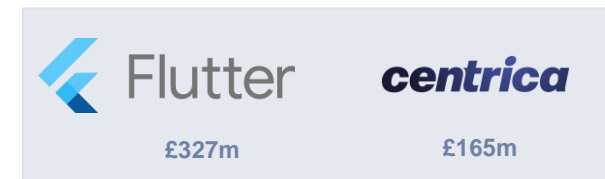
## Prior year period



## Selected deal commentary

	<b>Franchise Brands raises £92m to part fund the acquisition of Pirtek Europe</b> <ul style="list-style-type: none"> <li>Franchise Brands is an internal multi-brand franchise business</li> <li>Placing raised £92m to part fund the £200m acquisition of Hydraulic Authority I Limited, the owner of Pirtek Europe</li> <li>Pirtek Europe is an established European provider of on-site hydraulic hose replacement and associated services, operating via 213 service centres and 838 mobile service units</li> <li>Pricing at 180p, implying a 25.3% discount to the previous day's closing price of 241p</li> <li>The placing included a subscription of c.£4.8m by senior management of Pirtek and Franchise Brands' directors</li> </ul>
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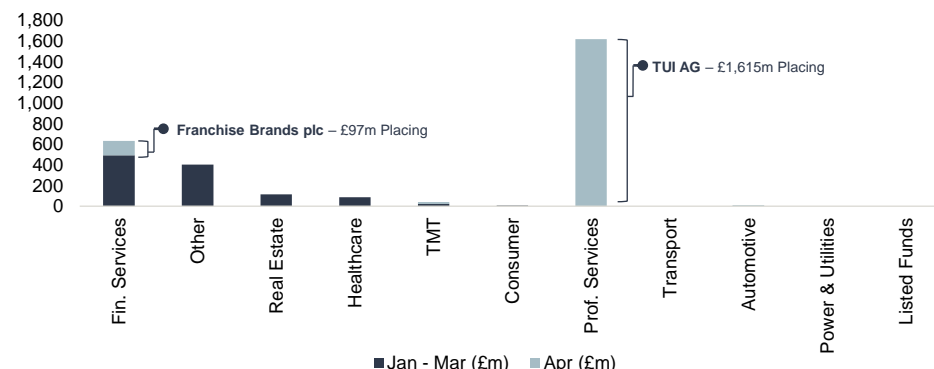
Sell-down activity over April



ECM issuance across the deal size spectrum in April



## Public equity fund-raises by sector and highlighted deals




The UK IPO pipeline



# A snapshot of the current UK public M&A market

UK public M&A activity gathered significant pace in April as thirteen new deals were announced

 Firm offer  
 Possible offer







*UK multi-let industrial property company*

**Announcement date:** 3 April 2023 / 14 April 2023  
**Offeror:** Blackstone Inc.  
**Offer type:** Acquisition  
**Offer price:** 168 pence in cash per Industrials share  
**Share price prem. / (disc.):** 42.4%

**Transaction highlights**

- Recommended cash offer by Blackstone following an extensive period of negotiations
- Blackstone believes that the full potential of the business is best achieved as a private company, with greater access to capital which will help improve specifications and ESG credentials, and the opportunity to growth the platform
- The offer values Industrials at approximately £512m







*Provider technology-enabled payments solutions in the Middle East and Africa*

**Announcement date:** 13 April 2023 / 21 April 2023  
**Offeror:** CVC Advisers Limited and Francisco Partners Management, L.P. ("Consortium")  
 Brookfield Asset Management Limited  
**Offer type:** Acquisition  
**Offer price:** Consortium proposal: 387 pence for each Network share  
 Brookfield proposal: 400 pence for each Network share  
**Share price prem. / (disc.):** 58.9% / 64.2%

**Transaction highlights**

- Network confirmed on 13 April 2023 that it had received a preliminary and conditional proposal from the Consortium which values Network at approximately £2.1bn
- On 21 April, Network also confirmed it had received a highly preliminary proposal from Brookfield which values Network a approximately £2.1bn






*Digital-first consumer brands group*

**Announcement date:** 17 April 2023  
**Offeror:** Apollo Global Management, Inc.  
**Offer type:** Acquisition  
**Offer price:** n/a  
**Share price prem. / (disc.):** n/a

**Transaction highlights**

- THG confirmed it had received a highlight preliminary and non-binding indicative proposal from Apollo
- No further details were disclosed
- The share price increased by 44.9% on 17 April 2023



*Investec deal*

*Global specialist veterinary pharmaceuticals and related products business*

**Announcement date:** 13 April 2023  
**Offeror:** EQT X EUR SCSp and EQT X USD SCSp  
**Offer type:** Acquisition  
**Offer price:** 4,070 pence in cash for each Dechra share  
**Share price prem. / (disc.):** 46.6%

**Transaction highlights**

- Dechra confirmed it had entered into discussions with EQT regarding a possible all-cash recommended offer
- The board of Dechra confirmed that subject to finalisation of the offer terms in a manner satisfactory to it, it is prepare to recommend the offer on the current terms
- EQT confirmed that is was currently in discussion with the Abu Dhabi Investment Authority Private Equities department regarding a possible co-investment in Dechra






*UK-based asset and energy support services group*

**Announcement date:** 21 April 2023  
**Offeror:** Cap10 Partners LLP  
**Offer type:** Acquisition  
**Offer price:** 125 pence in cash for each Sureserve share  
**Share price prem. / (disc.):** 38.9%

**Transaction highlights**

- Recommended cash offer by Cap10, a specialist Pan-European mid-market private equity firm focused on transactions with an enterprise value of €100 to 500 million
- Cap10's believes that Sureserve will have access to greater and more flexible capital sources in a private environment which will allow it to accelerate its acquisition and growth strategy
- The offer values Sureserve at approximately £214.1m

*UK focused mid-market investment bank*

**Announcement date:** 28 April 2023  
**Offeror:** Deutsche Bank AG  
**Offer type:** Acquisition  
**Offer price:** 350 pence in cash for each Numis share  
**Share price prem. / (disc.):** 71.5%

**Transaction highlights**

- Recommended cash offer by Deutsche Bank, the largest bank in Germany and one of the largest financial institutions in the world
- The acquisition of Numis will allow Deutsche Bank to accelerate its strategy by unlocking a much deeper engagement with the corporate client segment in the UK
- The offer values Numis at approximately £410m

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