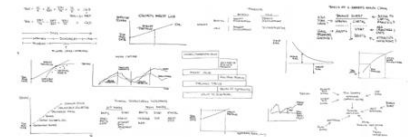


# THE STATE OF INVESTMENT BANKING IN 2023

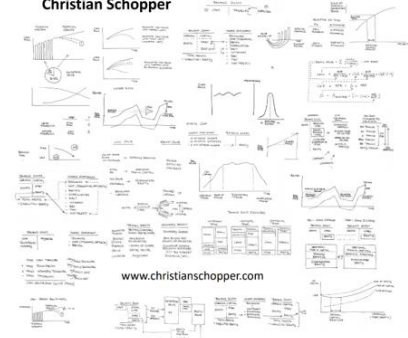
2023

For more concepts click on:



**Corporate Finance Concepts**

Christian Schopper



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# What Is Investment Banking?



# What is Investment Banking? - Businesses



# What is Investment Banking? – ... vs Commercial Bank

## BALANCE SHEET STRUCTURES

INVESTMENT BANK

TRADING	TRADING
SECURITIES	DEBT
LOANS	DEPOSITS
OTHER	EQUITY

UNIVERSAL BANK

TRADING	TRADING
SECURITIES	DEBT
LOANS	DEPOSITS
OTHER	EQUITY

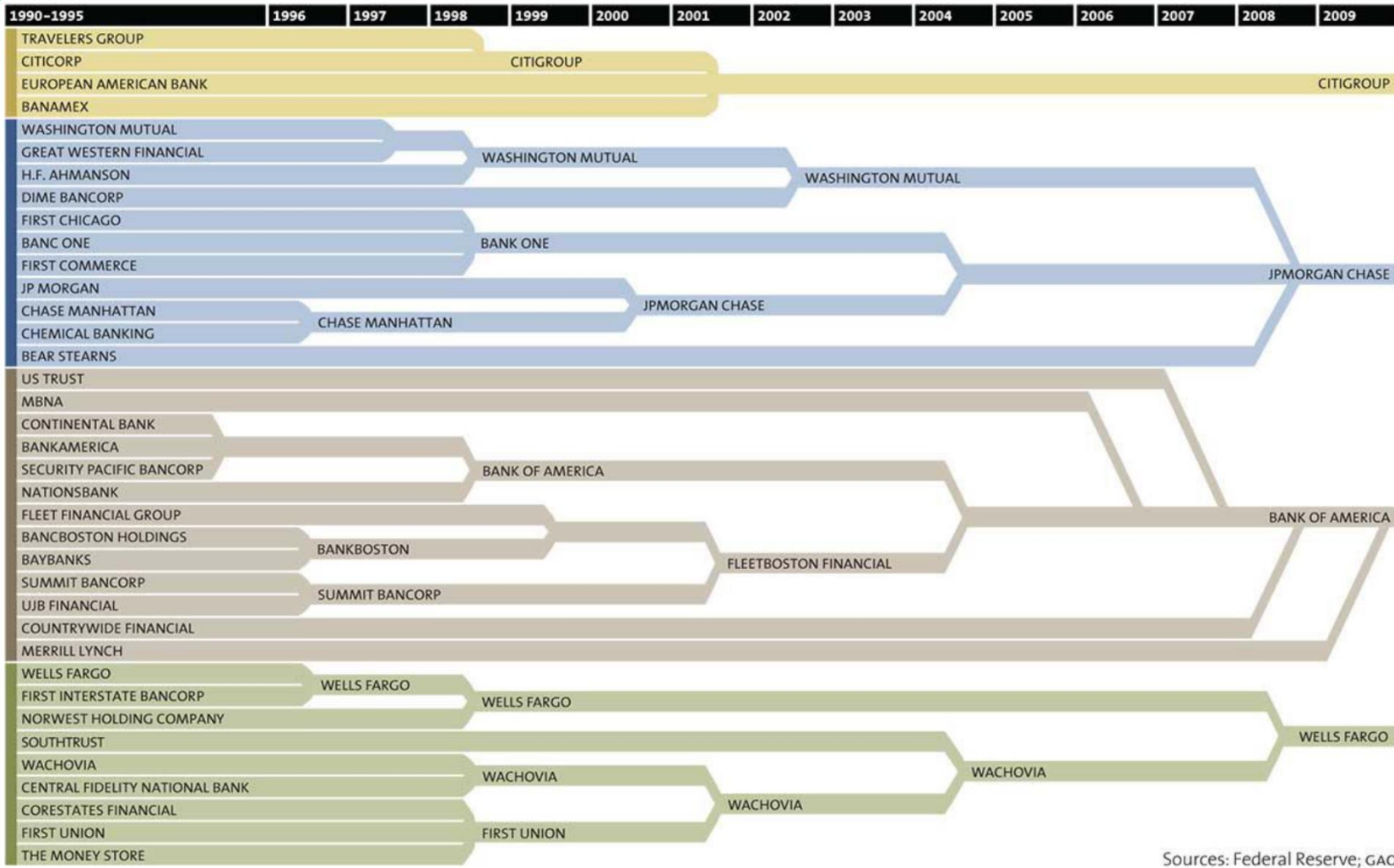
COMMERCIAL BANK

TRADING	TRADING
SECURITIES	DEBT
LOANS	DEPOSITS
OTHER	EQUITY

# What is Investment Banking? - A Brief History

- Term „Investment Banking“ more frequently used as of late 19th century
  - Long tradition in Europe (e.g. Italy ...) ...
  - ... as well as „Merchant Banking“ partnerships (e.g. Rothschilds, Barings) ...
  - ... with institutions increasingly underwriting and selling (government) bonds
- As of early 19th century especially strong dynamics in the United States
  - Government debt, funding of infrastructure
  - JP Morgan, Goldman Sachs
- Market Crash 1929 and Great Depression
  - Glass-Steagall Act 1933
  - ... among others spin off of Morgan Stanley from JP Morgan
- 1950s to 1990s ...
  - Golden Age of Dealmaking followed by Golden Age of Trading (de-regulation)
  - Dot-com boom and bust, removal of Glass-Steagall (1999) ... Dodd-Franck (2010)

# What is Investment Banking? - A Brief History



Sources: Federal Reserve; GAO



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# Investment Banking – The State of 2023

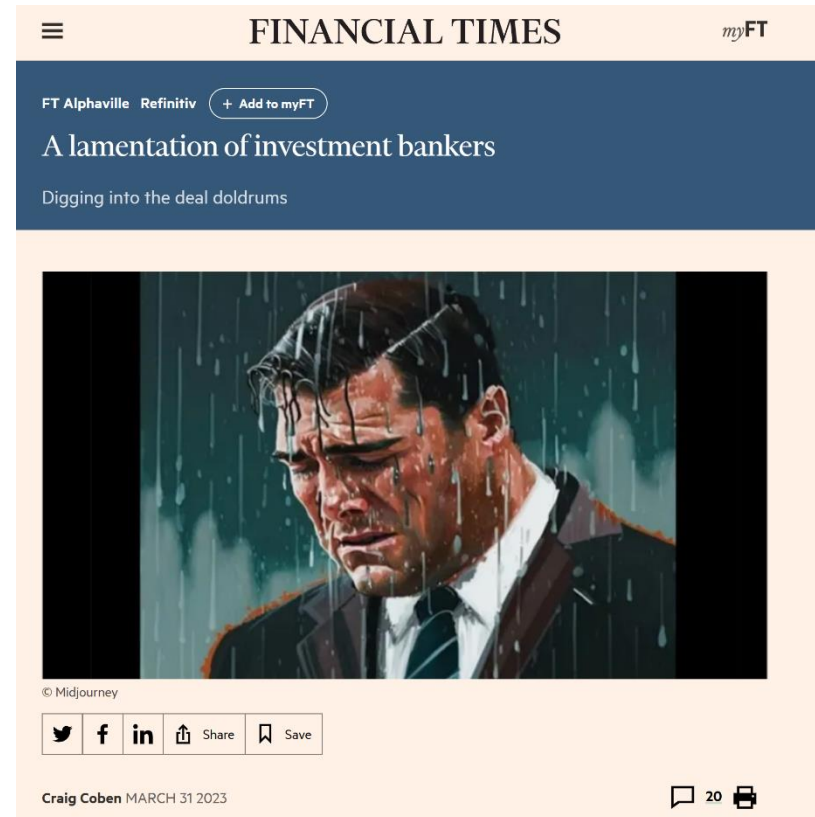
## April 2021 - The Wildest Quarter for Dealmaking in Memory ...

... as 1Q 2021 came to a close:

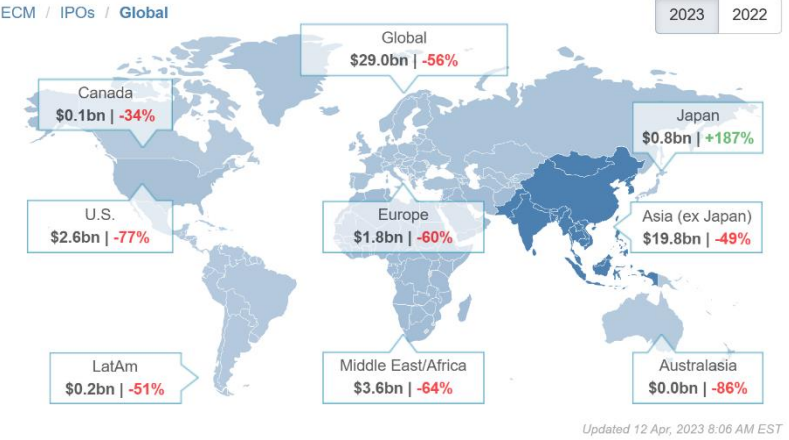
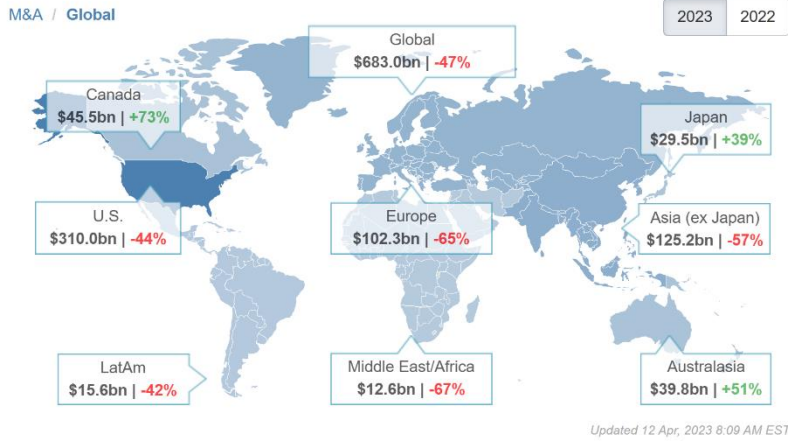
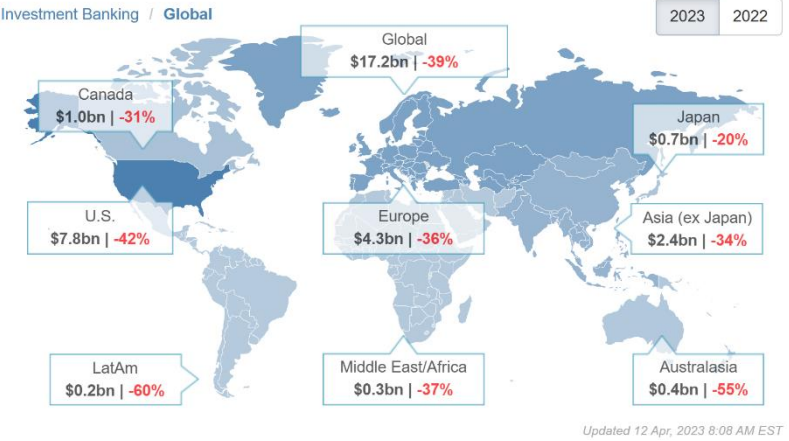
- **S&P** at new **record**, passing 4,000 points for the first time, propelled by technology shares
- **Dealmaking** in its **strongest-ever start to the year**, with deals worth \$1.3tn agreed, more than any first quarter since records began in 1980
- Banks having their **most lucrative quarter** in at least 20 years, bringing in more than \$37bn in total **fees**
- **Private equity** groups **raised** more than \$20bn in the US leveraged loan market in a **fresh quarterly high**, loading companies they own with fresh debt to award themselves bumper paydays
- **Spacs** raised more money in under three months than they'd **raised** in an already heady 12 months in 2020
- **Venture capitalists** invested at the **fastest pace in more than a decade**
- ➔ • The **GameStop saga** detached share prices from corporate realities (Reddit, “hedges”), ...
- ➔ • ... while the **Archegos** selling frenzy exposed how it's possible for a little-known family office to make incredible use of leverage, ...
- ➔ • ... and **Greensill Capital's** administrator has failed to verify invoices underpinning loans to Sanjeev **Gupta**

# April 2023 – How the World Has Changed ...

- Global **dealmaking** suffered its **weakest start to the year in a decade**, ...
  - ... as a **darkening economic outlook** depressed activity and a **transatlantic banking crisis** put the brakes on risk taking in the first quarter
  - The value of **mergers and acquisitions** **dropped 45% y-o-y** to \$550.5bn in 1Q 2023, ...
    - ... the **largest decline in the first quarter since 2001**

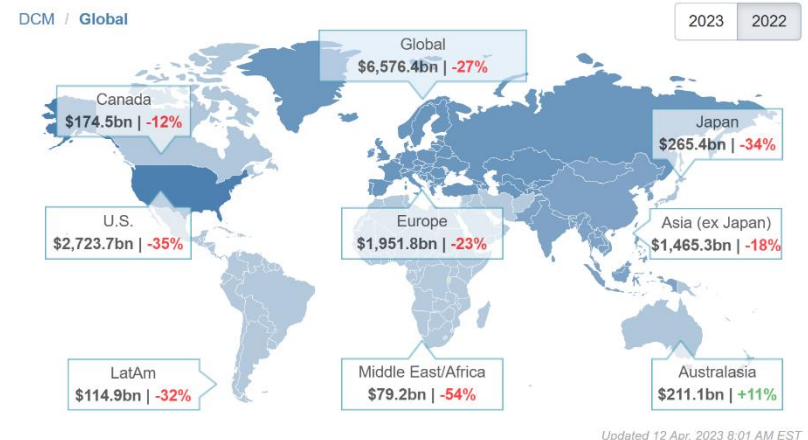
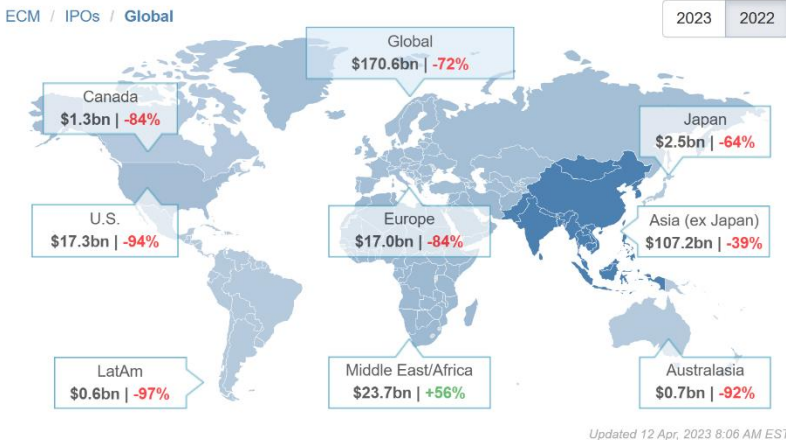
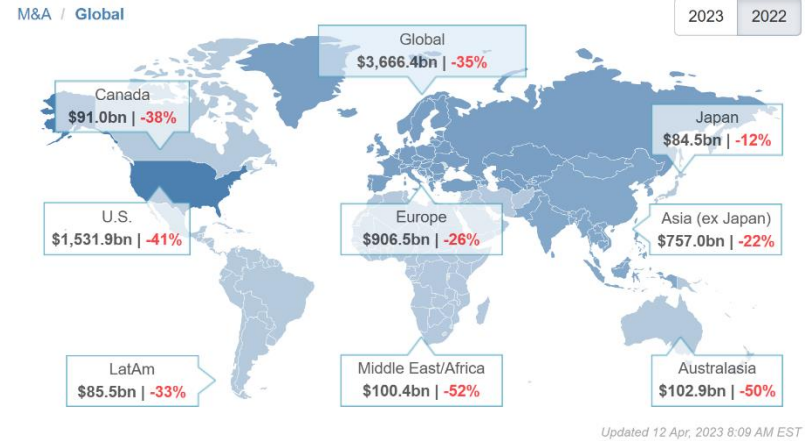
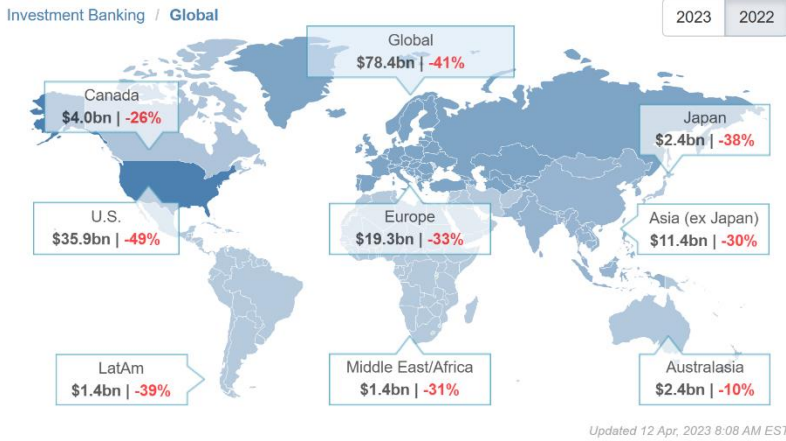


# April 2023 – ... And It Wasn't Just M&A, There Were No Bright Spots



- **ECM transaction volumes were higher in certain products, such as equity underwriting in the US and Europe**
  - **But deals were lower-margin for the investment banks**
  - **More block trades and fewer IPOs, for example, make for a worse product mix**

# 2022 – ... Was Already Pretty Grim ...



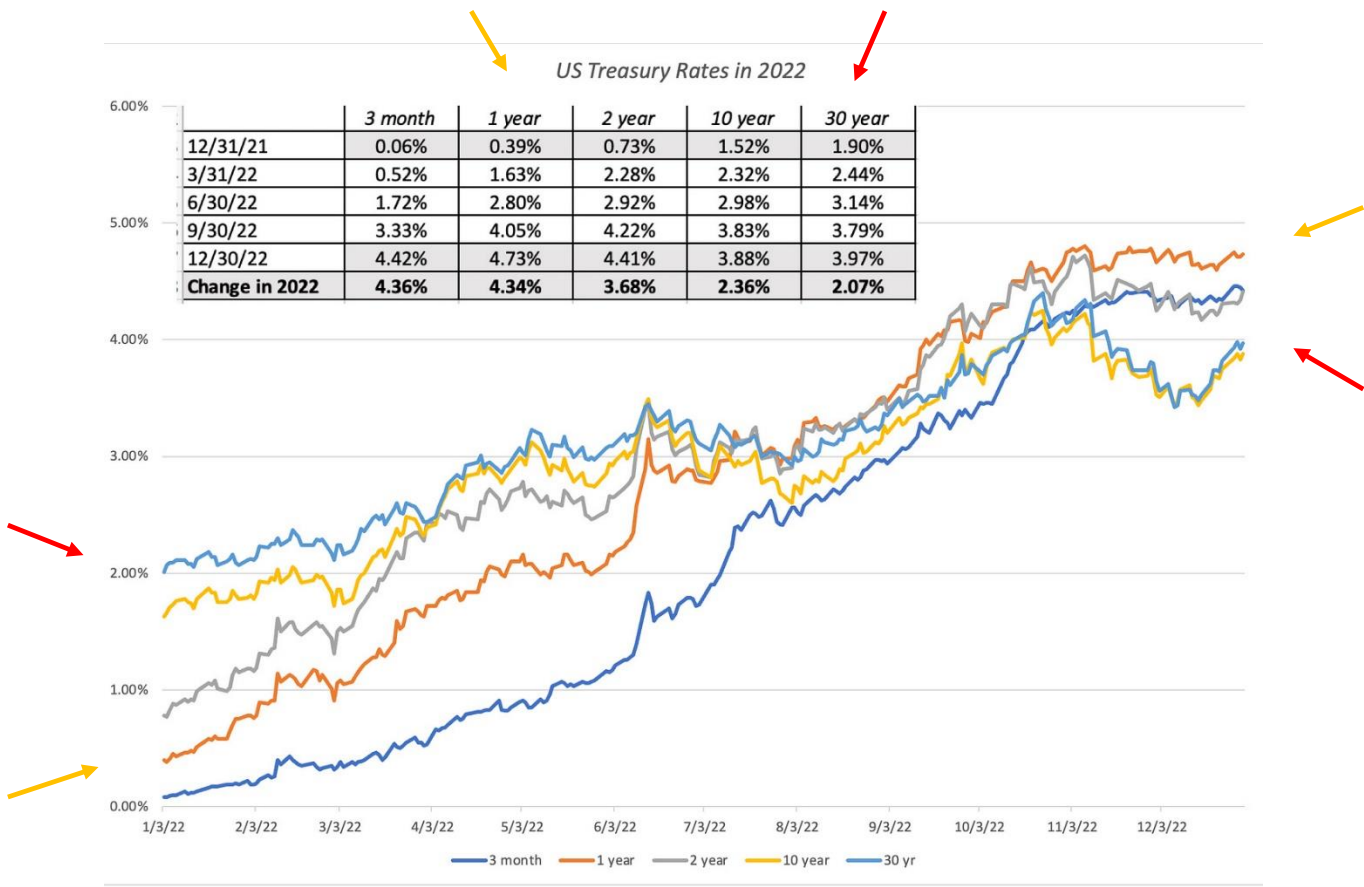
# April 2023 – Losses on Buy-Out Loans ...

- Wall Street investment **banks that financed 2022 LBO of Citrix lost roughly \$1.5bn** after selling off remnants of a deal
  - GS, BofA, CS and 30 other lenders sold **\$3.8bn junior bonds** backing Elliott Management and Vista Equity Partners' **\$16.5bn** Citrix LBO
  - The bonds are among the final pieces of a multibillion-dollar financing package that the banks had kept on their own balance sheets ...
    - ... after a sell-off in financial markets wreaked havoc on Wall Street's dealmaking machine





# ... As The Environment Has Changed - And Fast!

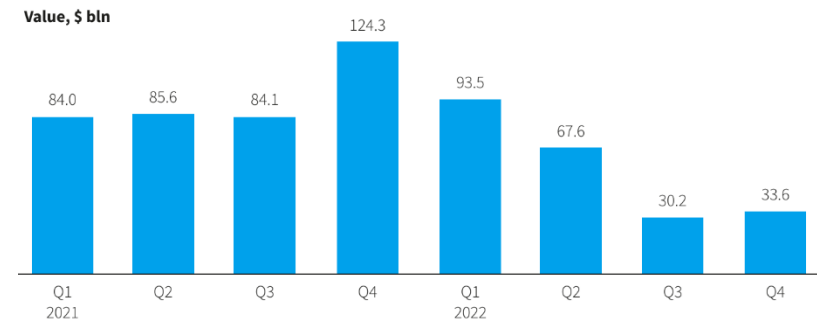


## 2Q 2022 – M&A / LBO Slowdown Already Visible ...

- **M&A decline in 2022** – among others - **due to a pullback by big investment banks from the leveraged-loan market**
- **Enormous losses** on loans agreed to provide for buyouts ...
  - Citrix (cloud-computing)
  - Twitter
- ... before **demand from institutional investors collapsed**
  - Investment banks as a result lost their appetite for this type of financing, ...
  - prompting acquirers to turn to **alternative sources**, among them: private lenders ...

### LBOs suffer from shortage of debt

Lack of financing causes 40.4% drop in leveraged buyouts in 2022



Note: Data through December 14, 2022.

Source: Refinitiv | Reuters, Dec. 21, 2022 | By Vincent Flasseur

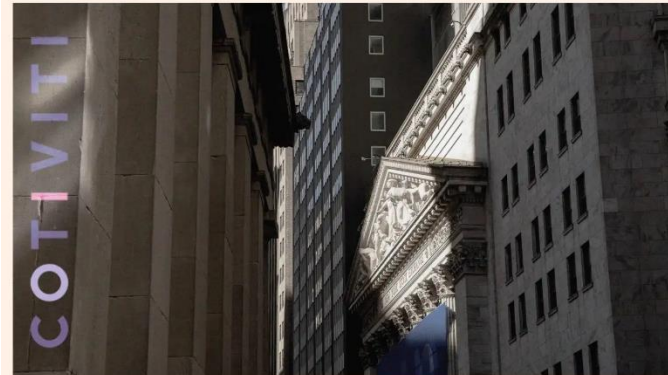


# March 2023 – ... But Here Comes Private Lending!

- Acquisition of a 50% stake in **Cotiviti** by Carlyle from Veritas Capital
  - Healthcare analytics company
- The **\$7.5–8.0bn deal** to be supported by a **\$5.5bn loan**
  - **Private credit groups** including Apollo, Ares and Blackstone are poised to write the **largest direct loan on record ...**
  - ... as they continue to muscle in on a lucrative business traditionally dominated by Wall Street banks

## Private credit edges out banks to offer Carlyle largest direct loan of its kind

Apollo and Blackstone among those poised to provide \$5.5bn of debt to buyout group for purchase of 50% stake in Cotiviti



Carlyle is in talks to buy a 50% stake of Cotiviti in a deal valuing the healthcare analytics group at \$15bn © FT montage/Getty Images

Eric Platt in New York MARCH 7 2023



## Carlyle's investment in healthcare analytics company Cotiviti falls apart

Decision takes Wall Street by surprise after private equity firm lined up billions in financing to buy a 50% stake



Carlyle Group is seeking to find its footing again under a new chief executive, Harvey Schwartz © Reuters

# Private Credit Fundraising at Record Levels

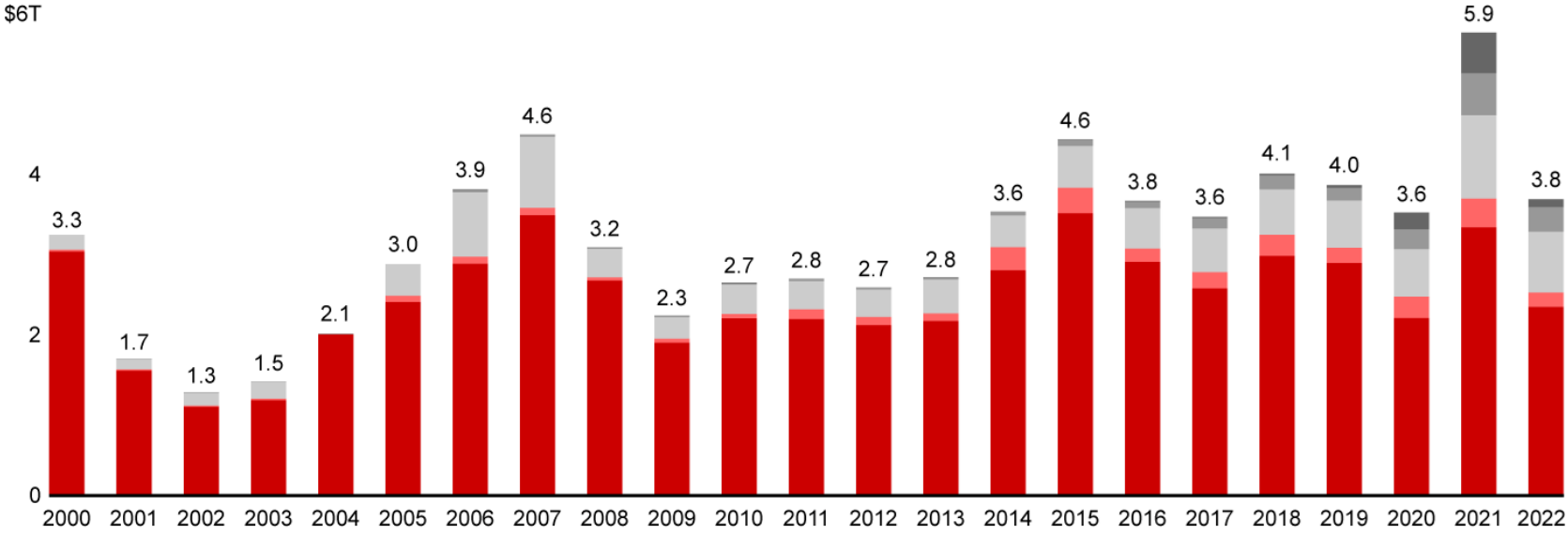
- **Wave of fundraising** by private credit funds ...
  - ... **many** of them operated by companies that **started out as pure-play buyout groups**
    - Oaktree Capital currently trying to raise \$10bn to fund loans for big buyouts
    - CVC recently raised a EUR6.3bn direct lending fund
- Non-bank lenders **attracted by the high returns** on offer
  - Many loans yielding 6-7% over the floating rate benchmark (i.e. 11-12% in total)
  - That may further rise further if the Fed and other central banks press ahead with their campaign to raise interest rates ...

Global private debt fundraising by substrategy, \$ billion



# M&A Dynamics

## M&A deal market value (in trillions of US dollars)



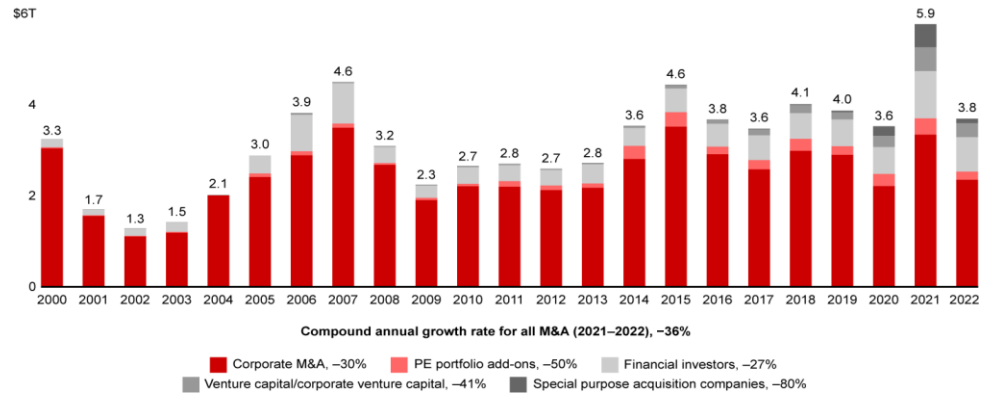
Compound annual growth rate for all M&A (2021–2022), -36%

- Corporate M&A, -30%
- PE portfolio add-ons, -50%
- Financial investors, -27%
- Venture capital/corporate venture capital, -41%
- Special purpose acquisition companies, -80%

Note: Categorizations based on deal technique, industry, and acquirer business description  
 Source: Dealogic

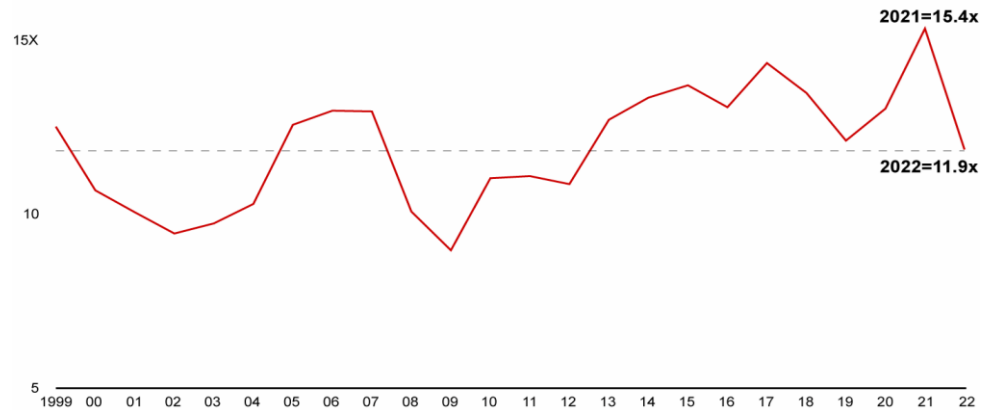
# M&A Dynamics and EBITDA Multiples Paid

M&A deal market value (in trillions of US dollars)



Note: Categorizations based on deal technique, industry, and acquirer business description  
Source: Dealogic

Median enterprise value to EBITDA multiples

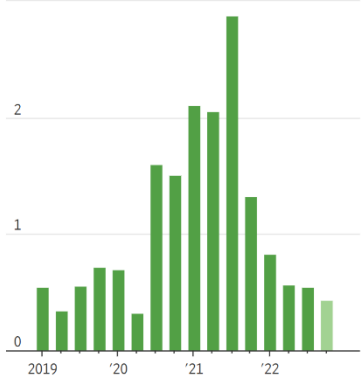


Notes: Median deal multiples for announced strategic deals in which valuation data was available; strategic deals include corporate M&A and PE portfolio add-ons  
Source: Dealogic

# Excursion: SPACs (Special Purpose Acquisition Companies)

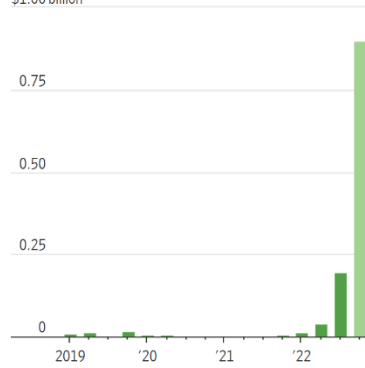
- **Shell firm** that raises money from investors and lists publicly ...
- ... with the sole **purpose of merging with a private company to take it public**
  - After regulators review the deal and it is completed, the company going public replaces the SPAC in the stock market
- Popular **alternatives to traditional IPOs in 2020 and 2021**
  - The boom turned into a bust ...
  - By end 1Q 2023, a SPACs-focused ETF is down more than 70% y-o-y (e.g. losses by sports-betting firm DraftKings or electric car maker Lucid)

Average valuations of companies going public in announced SPAC mergers, quarterly  
\$3 billion



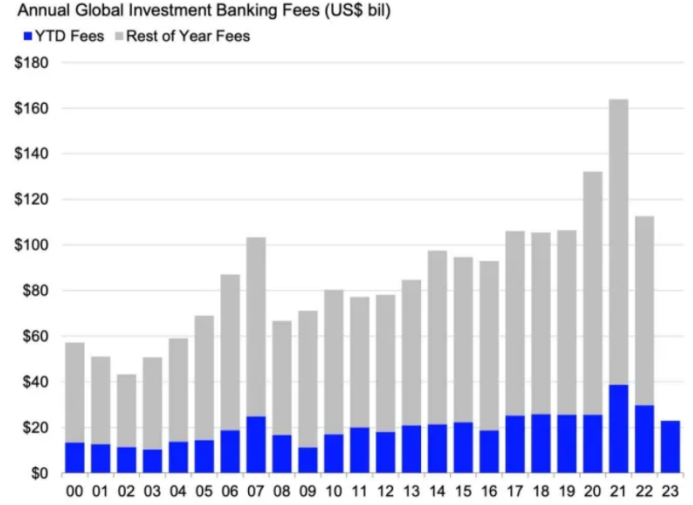
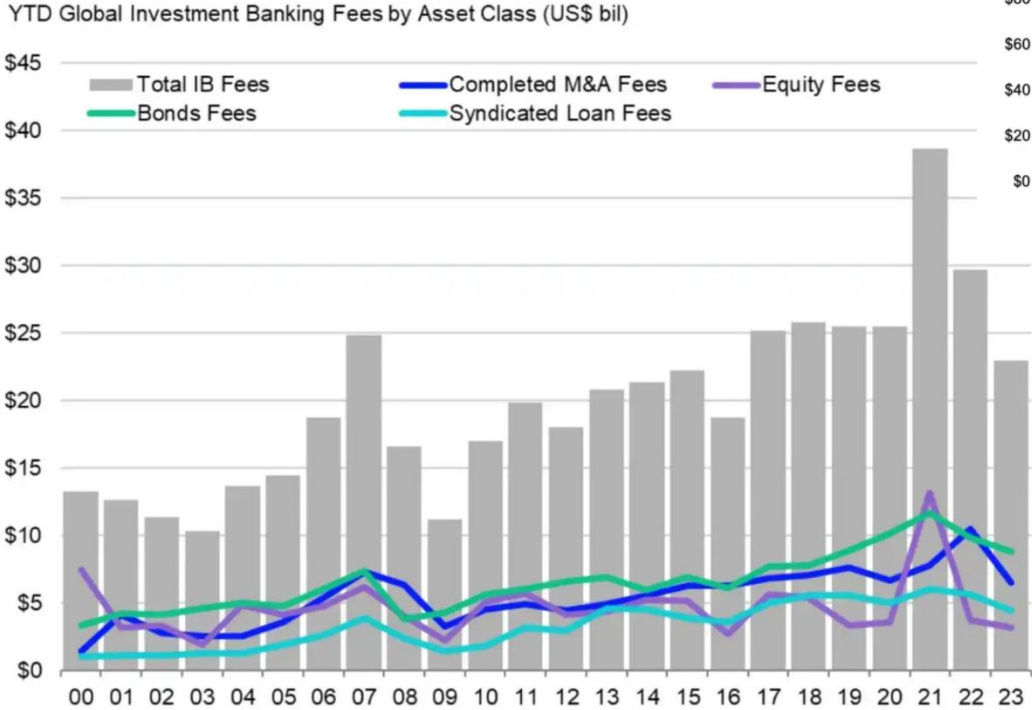
Notes: Latest figures through Friday; not all announced deals get completed  
Source: Dealogic

Total SPAC creator losses from liquidations, quarterly  
\$1.00 billion



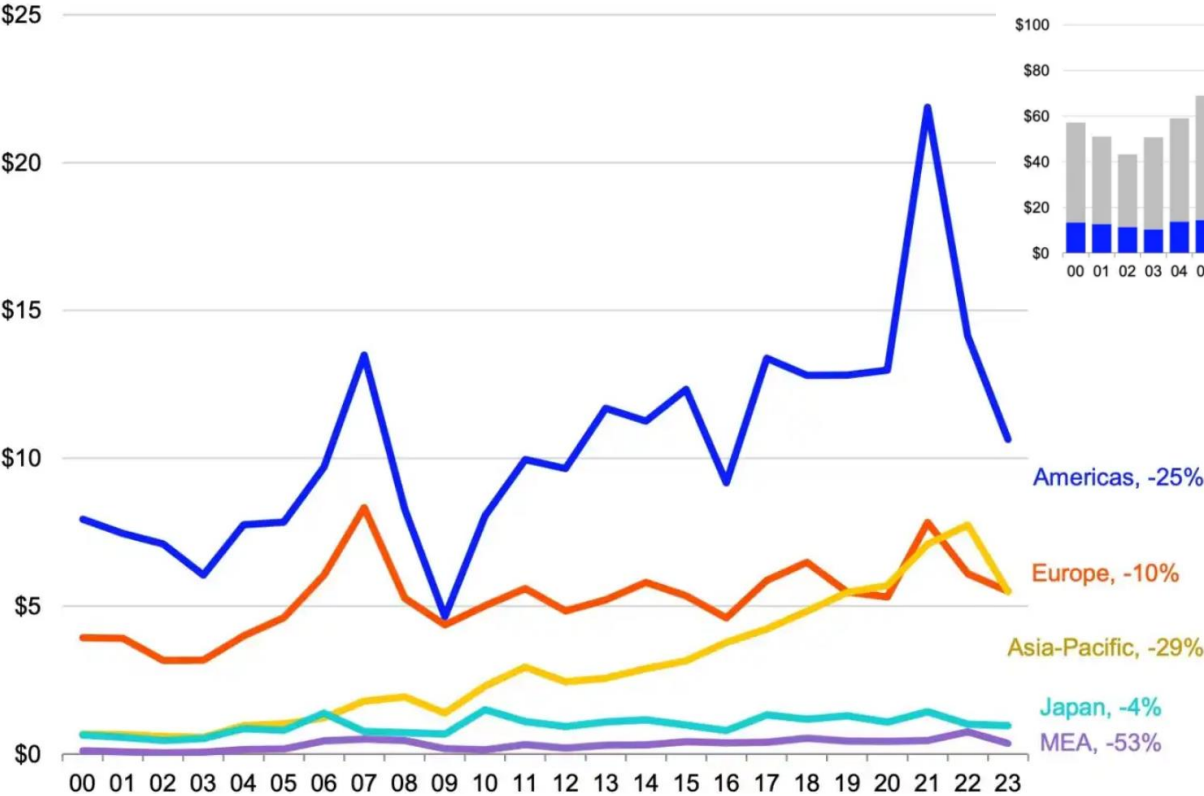
Note: Latest figures through Friday  
Source: SPAC Research

# Global Investment Banking Fees – 1Q 2023

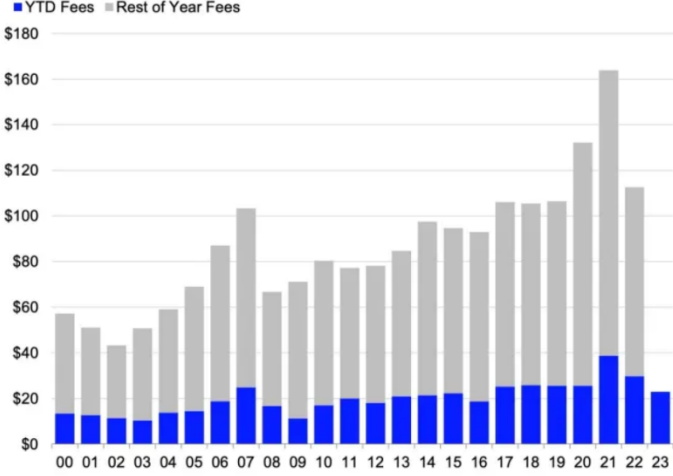


# Global Investment Banking Fees – 1Q 2023

YTD Global Investment Banking Fees by Region (\$bil)



Annual Global Investment Banking Fees (US\$ bil)



# February 2023 – Deutsche Bank and „Unpredictable Investment Banking”

- Erratic earnings path gets part of the blame for Deutsche Bank’s market value which **persistently trades well below tangible book value ...**
  - ... currently only 0.4x P/BV ...
  - ... slightly above the 5-year average
- Deutsche Bank’s shares fell, as a **widely expected cash return** from a new buyback **did not materialize**
  - ... given about EUR3.1bn of excess common equity tier one capital, over management’s target ...
  - Regulators are probably hesitant to sign off on any new buybacks in the face of an economic slowdown ...

## Deutsche Bank: market will enforce a lower reliance on investment banking

Non-investment bank revenues are vulnerable to disappointments too



Deutsche Bank chief executive Christian Sewing has voiced concerns about volatility and uncertainty despite the German lender unveiling its highest annual profits in over a decade © Jens Krick/POOL/EPA-EFE/Shutterstock

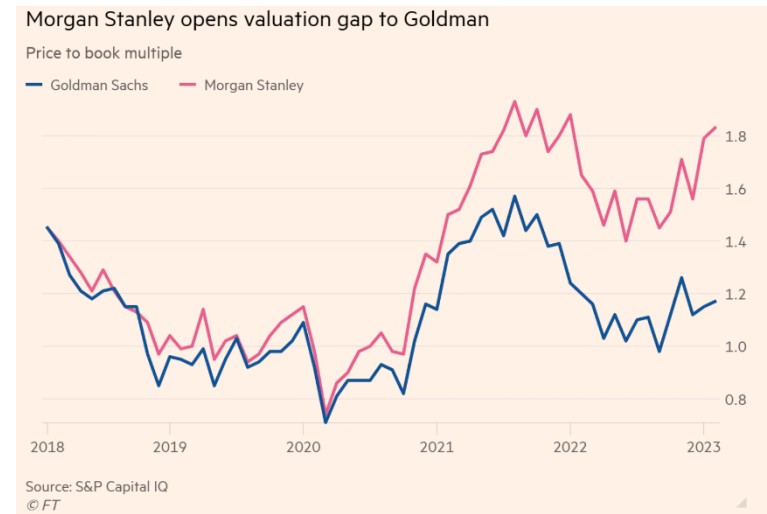
FEBRUARY 2 2023





# February 2023 - Goldman Sachs ... - Lost Its Way?

- Goldman Sachs' **profits plunged** two-thirds in 4Q 2022, **missing expectations**, capping a grim year that has forced it to embark on its largest **cost-cutting** exercise since the financial crisis
  - Will cut 3,000+ jobs, slash bonuses and launch a review of spending
- **Tried to emulate Morgan Stanley by diversifying into more stable business ...**
  - ... but been unable to lessen reliance on investment banking and trading
  - 4Q 2022 net income fell to \$1.3bn, short of analysts' expectations of \$2.2bn (vs \$3.9bn in 4Q2021)



# February 2023 - Goldman Sachs: Why Consumer Lending Business?

- Big chunk of Goldman's consumer lending business has lost about \$3bn since 2020
  - Marcus, Goldman's consumer-banking arm, **launched in 2016** to a strong start
  - **Rivals** JPMorgan Chase & Co. and Bank of America Corp. were **posting big profits on the back of strong consumer businesses** that carried them through rocky stretches in their Wall Street operations
  - Goldman rolled out **savings accounts, personal loans and credit cards**
    - Its 2019 credit-card **partnership with Apple** signalled its ambitions to be a big player in the business ...

THE WALL STREET JOURNAL.

MARKETS | FINANCE

## Goldman Sachs Lost \$3 Billion on Consumer Lending Push

Wall Street firm's push into Main Street businesses has proven costly



The New York headquarters of Goldman Sachs, which released some financial information Friday ahead of fourth-quarter earnings.

# February 2023 – Rothschild: Family Plans to Take Investment Bank Private

- The Rothschild family planning to take its investment bank private ..
  - ... at €3.7bn
  - Rothschild **family owns 38.9% of shares** / 47.5% of voting rights
  - Currently **in talks** with banks and investors **to finance an offer** for the Paris-listed group
- The Rothschild family's intention to take their boutique company private runs counter to the trend of the past two decades ...
  - ... when a wave of smaller advisories such as Evercore and Lazard sought public listings in the US



The screenshot shows a mobile view of a Financial Times article. At the top, the 'FINANCIAL TIMES' logo is visible on the left and 'myFT' on the right. Below the logo is a navigation menu icon. The article title is 'Rothschild family plans to take investment bank private'. Below the title is a sub-headline: 'Family holding company Concordia in talks to finance offer that values Paris-listed group at €3.7bn'. There is a red button that says '+ Add to myFT' next to the text 'Rothschild and Co.'. Below the text is a photograph of Alexandre de Rothschild, a man in a dark suit and white shirt, looking slightly to the left. Below the photograph is a caption: 'Alexandre de Rothschild, who in 2018 became the seventh generation of the family to lead the bank, has sought to expand the business in the US © Bertrand Rindoff Petroff/Getty Images'.

# Excursion: Rothschild

- Rothschild's origins go back more than 200 years
  - Roots of the current structure of Rothschild & Co date to a 2012 merger between the then-separate French bank and UK merchant bank NM Rothschild & Sons ...
  - ... putting an end to decades of cross-Channel rivalry
- Rothschild & Co has three divisions:
  - Global advisory
  - Wealth and asset management
  - Merchant banking
  - Rationale of taking Rothschild private: None of these businesses requires access to capital from the public equity markets, and given their long-term nature

Opinion **The Top Line**

## Lazard's family legacy is gone, the Rothschilds fight on

Two European banking dynasties show the struggle to reconcile family control and growth

ANNE-SYLVAIN CHASSANY

[+ Add to myFT](#)



Baron Guy de Rothschild, centre, with his son David, left, and lawyer ME Izard at the Palace of Justice in Paris in 1969 © Cardenas/AP

# The Rise of Elite Boutiques

- Non-full-service firms that **focus on M&A Advisory or Restructuring**,
  - ... rather than capital markets
- ... and advise on the same types and sizes of deals as bulge bracket banks
  - ... often with an industry or geographic specialty



CENTERVIEW PARTNERS

EVERCORE

Greenhill

GUGGENHEIM

LAZARD

MOELIS & COMPANY

P/W/P  
PERELLA WEINBERG PARTNERS

PJT Partners

Qatalyst  
PARTNERS

Rothschild & Co

DYAL CO. LLC

LionTree  
ROBEY WARSHAW

M. Klein & Company

ZAOUÏ

Representative Industry-Specific Boutiques (ISBs):

ALLEN & COMPANY  
FINANCIAL TECHNOLOGY PARTNERS  
RAINE  
SEABURY CAPITAL  
SVBLEERINK  
TAG  
theValenceGroup  
Ziegler

Representative Regional Boutiques (RBs):

Cleantech Group  
FINANCO  
FOROS  
India Brook  
KLR GROUP  
M&A  
R  
SAVAYA PARTNERS

# Bulge Brackets vs Elite Boutiques





## March 2023: Centerview is Having a Good Crisis

- Advising **Credit Suisse** on its merger with UBS
- Brought in to find a buyer for **SVB**
  - Also helping to line up buyers for pieces SVB parent as part of a bankruptcy process
- Tapped to help wind down the operations of one of the crypto market's top banks, **Silvergate**
- Advised on the biggest corporate deal so far in 2023 when its client, **Seagen**, agreed to be bought in a \$43bn sale to Pfizer
- One of the most successful independent firms since its founding in 2006

### Centerview Rides Crisis Assignments to Top of M&A League Table



Centerview Partners co-founder Blair Effron in 2017. Christopher Goodney/Bloomberg News

# Global M&A League Tables

## Global M&A Advisor Ranking

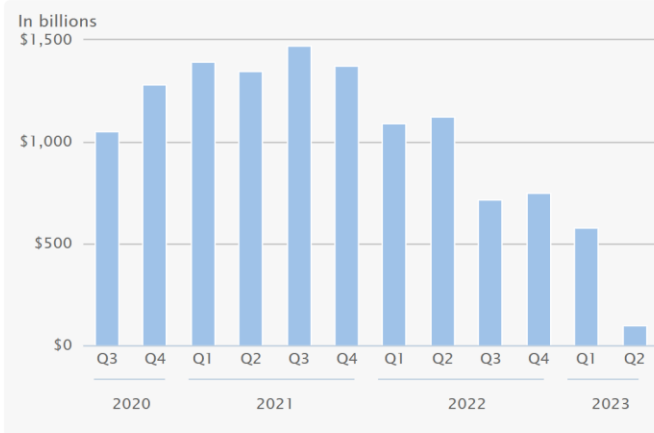
Advisor	YTD 2023			YTD 2022		
	Value \$bn	#	Rank	Value \$bn	#	Rank
JPMorgan	163.5	67	3	296.5	116	1
Goldman Sachs	162.3	64	1	456.8	129	2
BofA Securities	110.2	63	4	244.4	98	3
Centerview Partners	103.7	19	23	49.0	23	23
Morgan Stanley	74.5	54	2	324.3	106	4
Guggenheim Partners	62.9	12	37	17.6	24	37
Barclays	60.9	29	7	133.6	74	5
Lazard	56.4	38	15	83.2	76	7
BMO Capital Markets	50.7	23	50	9.4	17	50
Citi	46.3	32	5	203.5	64	15

## Top 10 Global Deals

Acquirer	Target	Announced	Value \$m	Value \$m (ex-debt)
Pfizer Inc	Seagen Inc (100%)	Mar 13	45,670.8	45,670.8
Glencore plc	Teck Resources Lt...	Apr 3	29,834.3	23,795.7
Newmont Corp	Newcrest Mining L...	Feb 5	21,112.8	19,590.1
Japan Industrial P...	Toshiba Corp (100%)	Mar 23	16,156.0	15,266.3
Extra Space Stora...	Life Storage Inc (1...	Apr 3	15,779.5	12,403.9
Silver Lake Group ...	Qualtrics Internatio...	Mar 6	11,931.1	11,931.1
CVS Health Corp	Oak Street Health ...	Feb 6	10,552.1	9,752.7
Endeavor Group H...	World Wrestling E...	Apr 3	9,350.0	9,162.5
Emerson Electric Co	National Instrumen...	Jan 17	7,365.1	6,920.1
Xylem Inc	Evoqua Water Tec...	Jan 23	7,527.6	6,702.1

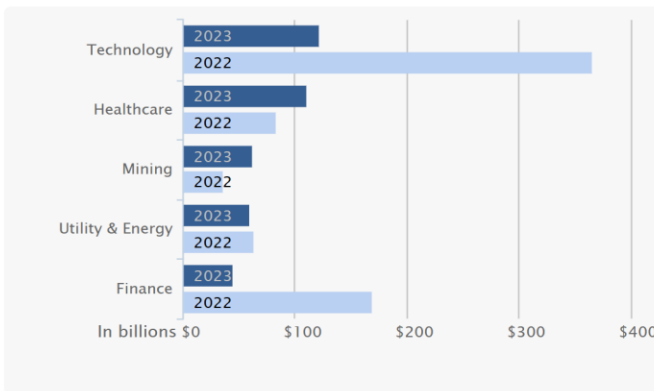
excludes spin-offs & open market purchases

## Global M&A by Quarter



excludes spin-offs

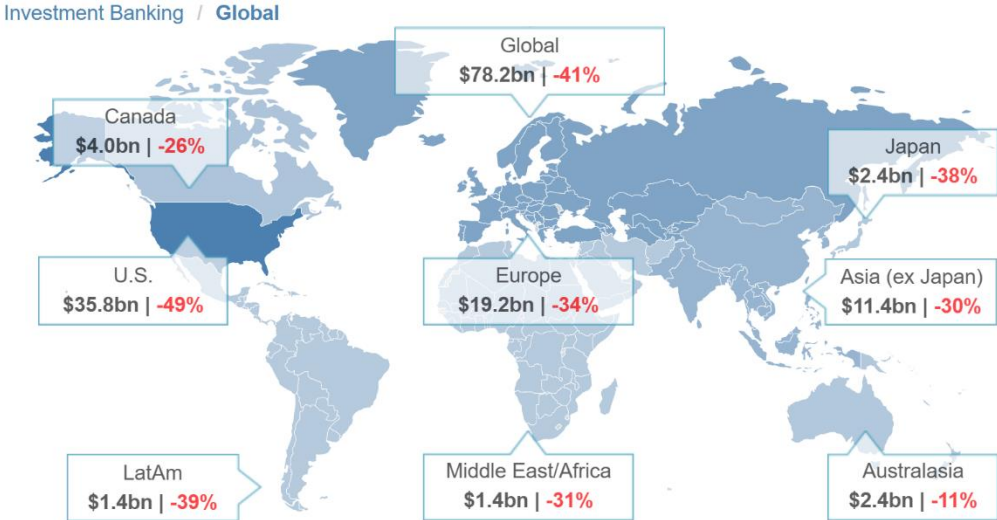
## Top 5 Global Targeted Sectors



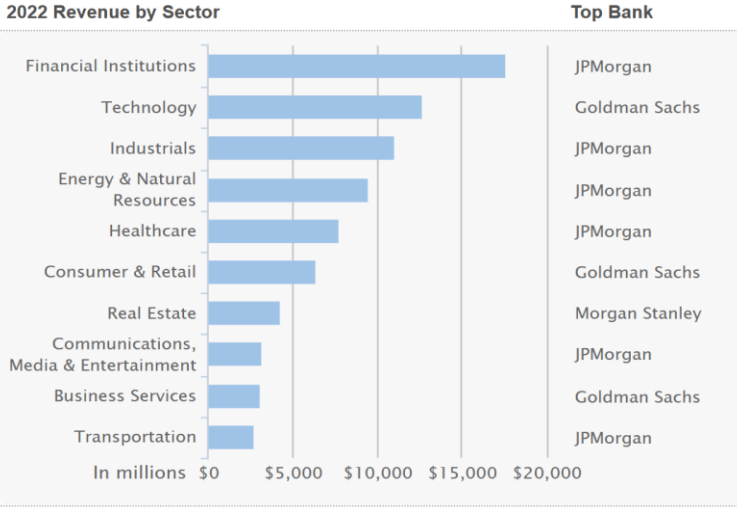
excludes spin-offs



# 2022 - Global Investment Banking Fees



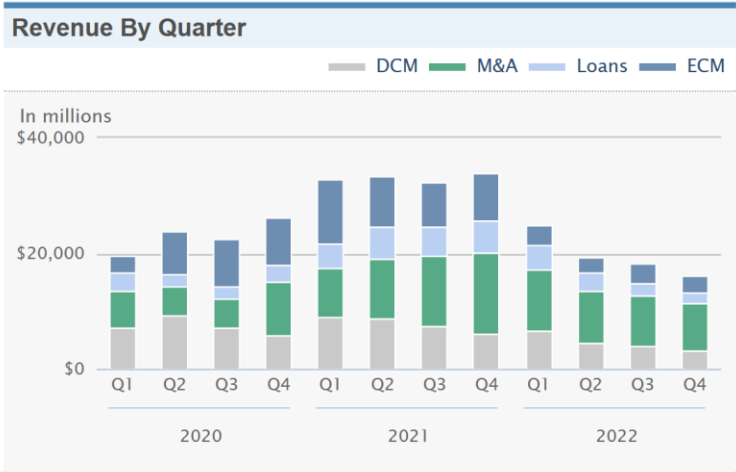
FY 2022			FY 2021		
Bank	Revenue \$m	% share	Rank	Revenue \$m	% share
JPMorgan	6,174.0	7.9	1	12,218.4	9.2
Goldman Sachs	6,016.1	7.7	2	11,471.0	8.7
BofA Securities	4,549.1	5.8	4	8,246.5	6.2
Morgan Stanley	4,170.9	5.3	3	8,538.8	6.4
Citi	3,146.6	4.0	5	6,279.2	4.7
Barclays	2,443.0	3.1	6	4,764.5	3.6
Credit Suisse	1,897.7	2.4	7	4,491.9	3.4
Jefferies LLC	1,706.0	2.2	8	3,516.9	2.7
Deutsche Bank	1,472.0	1.9	9	3,203.5	2.4
RBC Capital Ma...	1,462.9	1.9	11	2,413.0	1.8
Subtotal	33,038.3	42.2		65,143.9	49.2
<b>Total</b>	<b>78,244.1</b>	<b>100.0</b>		<b>132,507.9</b>	<b>100.0</b>



# 2022 - Global Investment Banking Fees

Top Earners by Product					
Product	Revenue \$m	% cge	Y-o-Y	Top Bank	% share
<b>Equity Capital Markets</b>	12,117.7	66	▼	Goldman Sachs	4.5
IPO	6,082.9	71	▼	Goldman Sachs	2.5
Follow-On	5,135.7	59	▼	Goldman Sachs	5.8
<b>Mergers &amp; Acquisitions</b>	36,610.6	19	▼	Goldman Sachs	11.5
<b>Debt Capital Markets</b>	18,124.4	42	▼	JPMorgan	6.9
Corporate Bond-High...	1,800.4	79	▼	JPMorgan	12.5
Corporate Bond-Inve...	11,156.8	24	▼	JPMorgan	5.9
<b>Syndicated Lending</b>	11,391.5	43	▼	JPMorgan	11.1
Investment Grade	2,055.9	8	▼	JPMorgan	8.3
Leveraged	9,335.6	47	▼	JPMorgan	11.7

Dealogic Revenue analytics are employed where fees are not disclosed



Debt Capital Markets (DCM), M&A (Mergers & Acquisitions), Loans (Syndicated Loans), ECM (Equity Capital Markets)

## Staffing Levels - ... Nobody Knows What Eventually May Make Sense ...

- Investment banks now must decide about staffing levels
  - Projects in advisory and capital markets businesses are **labour-intensive** ...
  - ... and can't be easily automated
  - Banks need both “**show horses and work horses**” — ie senior client-facing bankers to pitch the business, ...
  - ... and junior and mid-level bankers to prepare materials and execute the deals
  - Moreover, it **takes time to recruit** (and train) both senior and junior personnel
- Investment banks are taking different approaches
  - **Broad-based redundancies** to reduce costs in expectation of a prolonged slump ...
  - ... **vis-à-vis avoidance of mass job cuts**, opting for natural attrition to gradually bring down employee numbers
  - Some banks target expensive senior talent and protect junior employees
  - Others reduce analyst and associate headcount, because many had been hired and performance reviews to weed out weaker juniors were de facto suspended during the Covid period for compassionate reasons ...

# Compensation and Bonus Levels

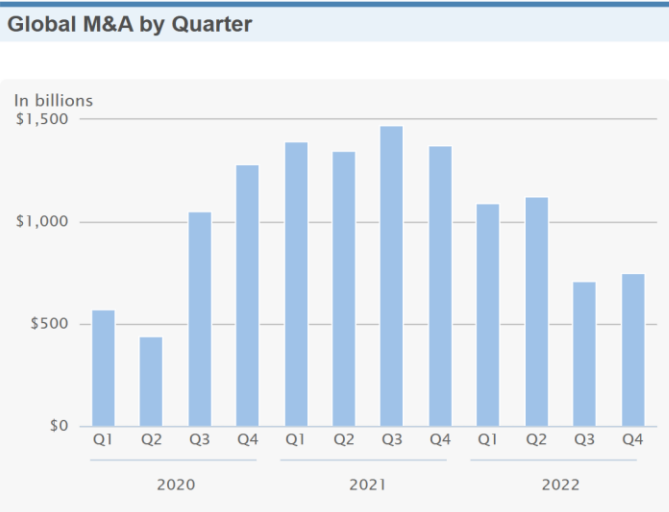
- In 2022, Wall Street **bonuses fell by most since the financial crisis ...**
  - **Dropping 26%** to an average of \$176,000 amid higher rates and a decline in deal making
  - However, **in Europe, salaries have increased** substantially post-financial crisis, and the practice of paying “role-based allowances” to sidestep the EU bonus cap has ratcheted up fixed costs even more ...
  - So cutting variable compensation will save less now than in 2001-2003 ...
- ... with **overall pay** — salary plus bonuses — has gone **down by at least 35% y-o-y**

- **The challenge of lower compensation**
  - Demoralises strong performers and dulls incentives
  - It takes a strong culture of organisational trust to convince bankers to accept pay restraint now ...
  - ... in exchange for keeping the franchise intact
  - The danger is a kind of adverse selection where the biggest contributors leave the bank and the hangers-on . . . hang on ...

	Citigroup	Goldman Sachs	JP Morgan	Morgan Stanley
Managing Director	800K – 1M	600K – 1.5M	600K – 2M	500K – 1.5M
Executive Director	450K – 650K	400K – 600K	350K – 600K	450K – 600K
Vice President	400K – 500K	300K – 450K	400K – 450K	400K – 450K
Associate	200K – 350K	200K – 300K	200K – 300K	250K – 350K

# Excursion: Global M&A League Table – 2022

Global M&A Advisor Ranking					
FY 2022			FY 2021		
Advisor	Value \$bn	#	Rank	Value \$bn	#
Goldman Sachs	1,234.4	391	1	1,772.4	610
JPMorgan	920.6	360	2	1,496.1	644
Morgan Stanley	842.2	283	3	1,268.0	460
BofA Securities	703.9	288	4	975.1	384
Citi	671.4	207	5	905.6	360
Barclays	458.6	210	6	730.1	288
Credit Suisse	310.3	137	7	531.2	290
Evercore Inc	247.1	190	9	418.4	213
BNP Paribas	238.2	145	13	282.3	152
Rothschild & Co	230.7	412	12	338.7	519

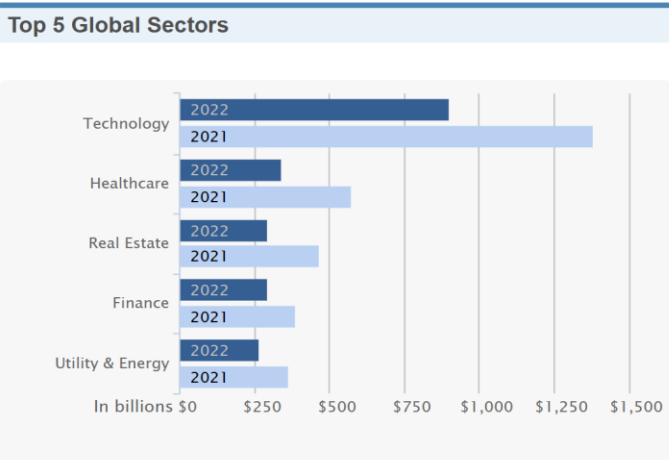


excludes spin-offs

### Top 10 Global Deals

Acquirer	Target	Announced	Value \$m	Value \$m (ex-debt)
Microsoft Corp	Activision Blizzard ...	Jan 18	75,069.0	75,069.0
Broadcom Inc	VMware Inc (100%)	May 26	71,605.2	61,447.2
HDFC Bank Ltd	Housing Developm...	Apr 4	60,811.7	60,811.7
Private Investor (EI...	Twitter Inc (91.24%)	Apr 14	41,268.7	41,268.7
Amgen Inc	Horizon Therapeuti...	Dec 12	28,338.6	27,786.4
Blackstone Inc	Mileway BV (100%)	Feb 15	23,813.6	23,813.6
Kroger Co	Albertsons Compa...	Oct 14	24,770.0	20,070.0
Adobe Inc	Figma Inc (100%)	Sep 15	20,000.0	20,000.0
Johnson & Johnson	ABIOMED Inc (10...	Nov 1	19,253.9	19,253.9
ProLogis Inc	Duke Realty Corp ...	May 10	22,801.8	19,079.4

excludes spin-offs & open market purchases



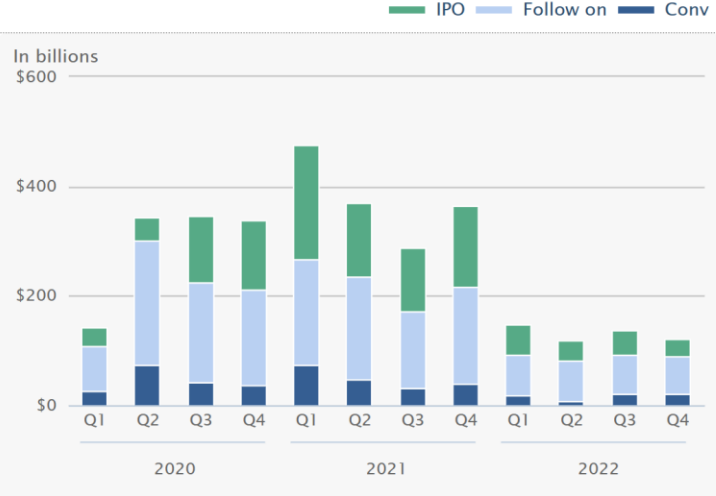
excludes spin-offs

# Excursion: Global ECM League Table – 2022

## Global ECM Bookrunner Ranking

FY 2022			FY 2021		
Bookrunner	Value \$bn	#	Rank	Value \$bn	#
CITIC Securities	33.35	170	6	45.26	200
Goldman Sachs	32.96	208	1	140.23	719
JPMorgan	25.97	222	3	102.17	684
Morgan Stanley	23.26	190	2	117.39	652
CICC	23.19	126	11	35.42	145
BofA Securities	22.88	175	4	94.86	609
Citi	22.40	158	5	92.08	552
China Securities Co Ltd	20.23	95	13	22.22	101
Huatai Securities Co Ltd	14.56	91	12	24.15	101
UBS	12.80	106	9	40.42	305
Subtotal	231.59	1,016		714.20	2,344
<b>Total</b>	<b>524.92</b>	<b>5,070</b>		<b>1,499.94</b>	<b>7,965</b>

## Global ECM by Quarter

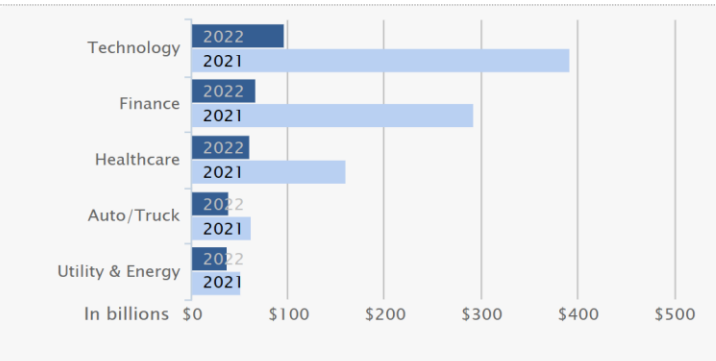


## Global Top 10 Deals FY 2022

Priced	Type	Issuer	Value \$m	Exchange
Jan 14	IPO	LG Energy Solution Ltd	10,725.7	Korea Exchange-KO...
Sep 28	IPO	Dr Ing hcF Porsche AG	8,735.7	Frankfurt Stock Exch...
Jun 10	FO	Centrais Eletricas Brasil...	6,815.5	BM&FBOVESPA-No...
Jun 23	FO	Contemporary Ampere ...	6,712.9	Shenzhen Stock Exc...
Apr 6	IPO	DEWA	6,076.7	Dubai Financial Market
Apr 11	FO	CNOOC Ltd	5,070.0	Shanghai Stock Exc...
Jan 26	FO	CITIC Securities	3,542.4	Shanghai Stock Exc...
Apr 5	FO	Electricite de France SA-...	3,463.7	Paris
Jan 4	FO	Sea Ltd	3,014.5	New York Stock Exc...
May 12	IPO	Life Insurance Corp of In...	2,717.8	Bombay Stock Exch...

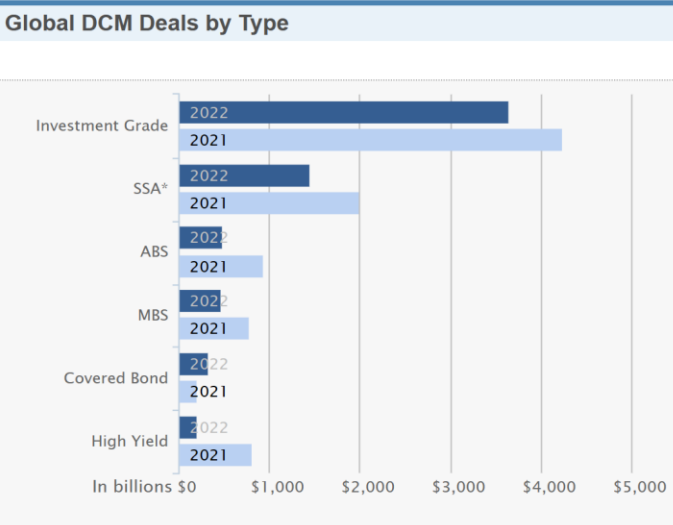
Initial public offering (IPO), follow-on (FO) and equity-linked (CONV) deals

## Top 5 Global ECM Sectors Year-on-Year

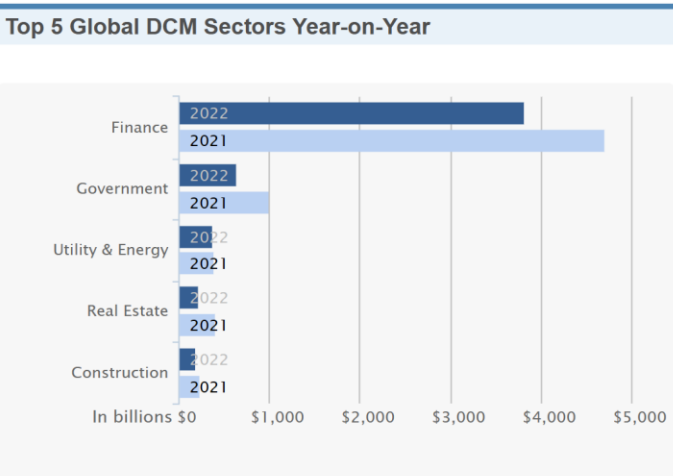
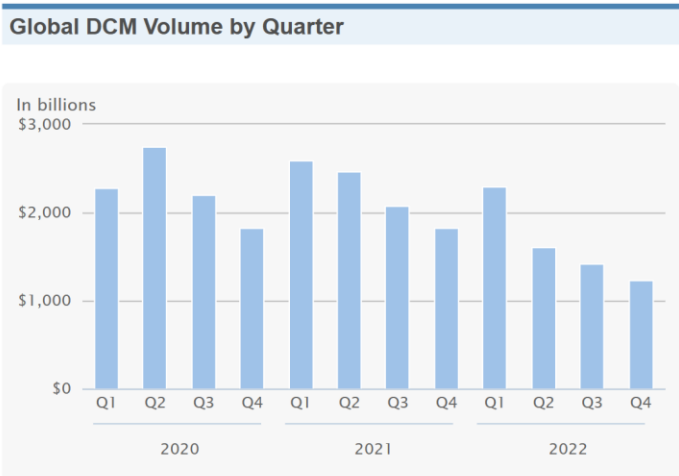


# Excursion: Global DCM League Table – 2022

Global DCM Bookrunner Ranking					
FY 2022			FY 2021		
Bookrunner	Value \$bn	#	Rank	Value \$bn	#
JPMorgan	412.02	1,705	1	674.00	2,749
BofA Securities	358.70	1,379	2	533.64	2,109
Citi	345.16	1,624	3	519.18	2,147
Goldman Sachs	256.74	1,011	5	404.93	1,400
Morgan Stanley	255.25	1,479	4	405.03	1,904
Barclays	242.58	1,088	6	347.46	1,514
Deutsche Bank	195.38	863	7	305.85	1,331
BNP Paribas	182.40	803	8	280.82	1,235
HSBC	174.47	784	11	248.92	1,286
Wells Fargo Securities	171.98	1,146	9	256.25	1,545
Subtotal	2,594.7	6,938		3,976.1	9,115
<b>Total</b>	<b>6,575.0</b>	<b>20,513</b>		<b>8,955.2</b>	<b>23,355</b>



\*Sovereign, Supranational, Agency



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# The Big Questions Ahead



# Will Investors Get Serious about Due Diligence?

**You don't find out who's been swimming naked until the tide goes out ...**

Warren Buffett, investor

- Reckoning over the extent to which reality and due diligence fell by the wayside during the pandemic bull market
- **Funds holding billions in shares in public and private tech companies at peak valuations**
  - Tiger Global Management (hedge fund)
  - SoftBank (Masayoshi Son's owes the company about \$5bn ...)
  - Tiger, SoftBank and Sequoia Capital, invested in Sam Bankman-Fried's crypto exchange FTX ...
  - FTX's collapsed, after raising money in January 2022 at a \$32bn valuation
  - Elon Musk's rollercoaster acquisition of Twitter for \$44bn in April 2022 ...
    - ... with banks including Morgan Stanley, Bank of America and Barclays having written multibillion-dollar cheques to fund the deal, now struggling to offload the debt
    - By the way, Tesla shares fell by more than 65% in 2022

# Can the Fed Get a Handle on the Market?

- The Fed's push to tame inflation and restore price stability sent shockwaves through financial markets ...
  - **Credit markets** slammed shut ...
  - ... and **initial public offerings** were postponed ...
  - ... as more than a decade of easy money came to a close
- Most major **banks remain unwilling to provide the kind of leverage that private equity funds need** to make most large-scale buyouts work
  - Instead dealmakers are **requiring more equity** from buyout shops before underwriting debt
  - At the same time, there have been a rush of **minority-stake transactions** so private equity buyers avoid having to tap debt markets
  - Questions also remain over the **capacity of the big private lenders** that have taken the place of banks

# Is Private Equity in the Danger Zone?

- The past decade has been kind to the private equity industry ...
  - ... but the free-money era is over, and cracks are starting to show
- **Blackstone had to limit withdrawals from its \$69bn real estate investment fund**
  - ... after a surge in redemption requests from its wealthy clients
- **Raising funds** from institutions is **getting harder** too
  - Carlyle said it expects to miss the deadline to raise a \$22bn flagship fund by March
- Companies that were bought with hefty **leverage** at eye-watering **valuations** in the past few years look particularly vulnerable
  - Still, **many private equity firms have not yet marked down the value of their portfolio companies** anywhere near tumbling valuations on public markets

# How Bad are Lay-Offs going to be on Wall Street?

**I'm dreading the conversations I'm going to have with my team ...**

Seasoned Goldman banker

# Contact

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