

A woman in a white blazer and red skirt is walking and talking on a mobile phone. She is holding a white folder or papers. The background consists of large, light-colored stone columns.

# AIM INSIGHTS

REVIEW OF AIM FOR THE SIX MONTHS  
TO DECEMBER 2019

IDEAS | PEOPLE | TRUST



# AIM INSIGHTS

## REVIEW OF AIM FOR THE SIX MONTHS TO DECEMBER 2019

Continued geopolitical uncertainty saw a very challenging year for AIM, which experienced the quietest year for IPOs since it was created almost 25 years ago.

Whilst total funds raised in 2019 of £3.8bn were considerably lower than the five year average of £5.2bn, investors have continued to support growth companies, albeit more selectively.

There was an improvement in December 2019, with new issue proceeds amounting to £108m compared to an average of £35m per month for the rest of the year. Can this momentum be maintained into 2020 on the back of greater political certainty following the clear general election result?

- ▶ The total number of companies listed on AIM reduced by 37 in H2 2019, leaving 863 companies at the end of December 2019. Despite this reduction, total market cap increased from £100.2bn to £104.2bn. 2019 saw AIM reverse almost all of the reduction in market cap seen in 2018.
- ▶ Average market cap per company increased by 22.1% from £98.9m in 2018 to £120.8m in 2019 driven by improved valuations across the market and the departure of smaller companies with a market cap of less than £50m.
- ▶ Both transaction volumes and funds raised in 2019 were lower than in 2018. Total funds raised amounted to £1.73bn which was lower than H1 2019 (£2.1bn) and the lowest level since 2012.
- ▶ H2 2019 saw five IPOs, bringing the total number of IPOs for 2019 to ten,

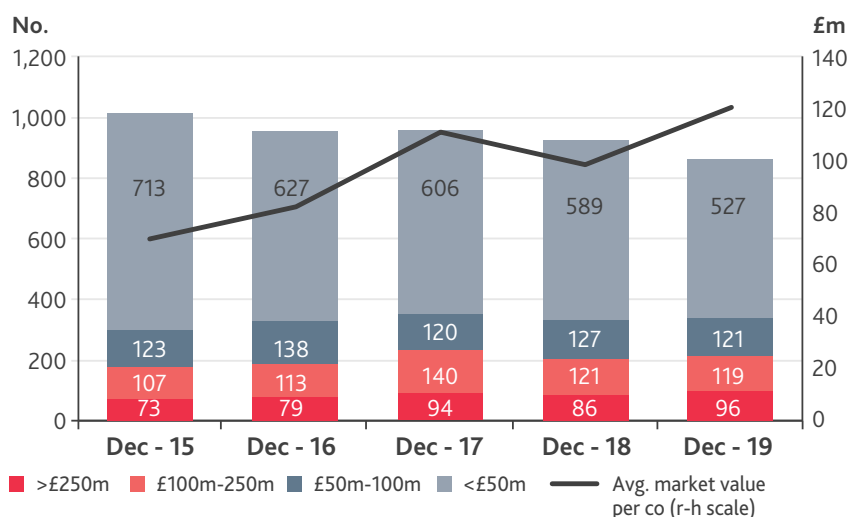
### KEY FINDINGS

#### 2019 AND H2 2019 AT A GLANCE

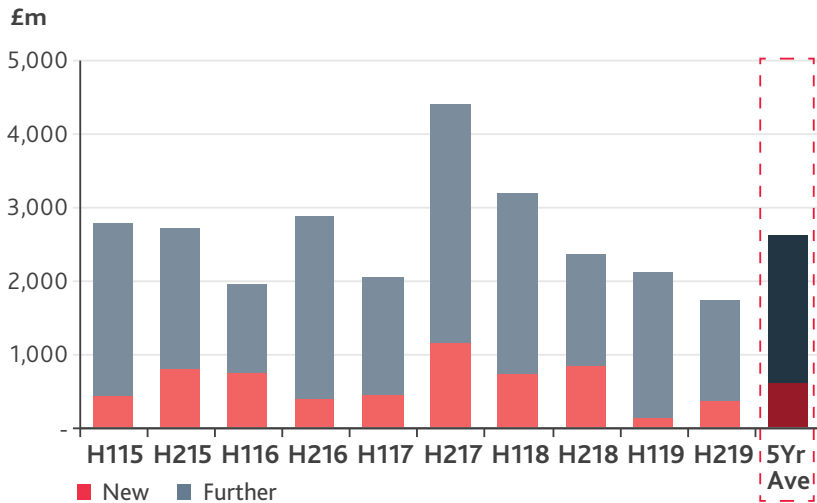
	2018	2019	H1 2019	H2 2019
<b>Number of companies</b>	923	863	900	863
<b>Total market capitalisation (£bn)</b>	91.25	104.23	100.24	104.23
<b>Total transactions (#)</b>	1,729	1,556	785	771
<b>Total funds raised (£m)</b>	5,539	3,837	2,108	1,729
<b>New admissions (#)</b>	65	23	15	8
- of which, raised capital (#)	49	15	8	7
<b>New issue proceeds (£m)</b>	1,597	475	122	353
<b>Avg. new issue proceeds (£m)</b>	32.59	32.60	15.23	50.37
<b>Further Issues (#)</b>	1,664	1,533	770	763
- of which, raised capital (#)	519	519	256	263
<b>Further issues proceeds (£m)</b>	3,942	3,347	1,970	1,377
<b>Avg. further issue proceeds per co. (£m)</b>	7.60	6.45	7.70	5.23

Note: Averages are per transaction and calculated using number of issues that raised proceeds.

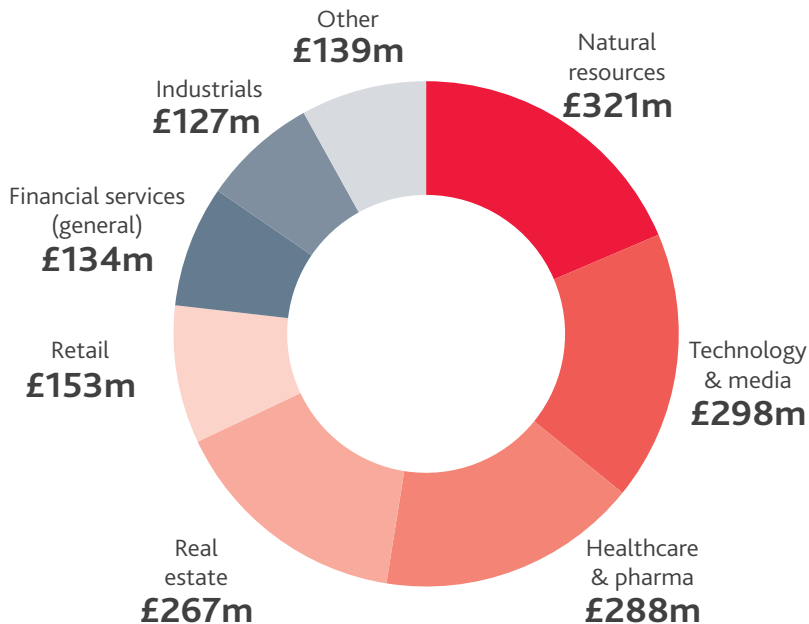
#### AIM MARKET CAPITALISATION DISTRIBUTION



**NEW AND FURTHER ISSUES**



**FUNDING BY SECTOR**



which is well below the 42 in 2018 and the five year average of 35. The low number of IPOs in 2019 was predominantly driven by Brexit and reduced appetite for new listings from investors who have favoured companies with established track records.

- ▶ Despite market uncertainty, proceeds from new issues of £0.4bn were higher than the £0.1bn in H1 2019. This was largely driven by the IPOs of Uniphar Plc (raising £121m) in July 2019, Brickability Group (£57m) in August 2019, and The Pebble Group Plc (£79m) in December 2019, highlighting that there is still investor demand for companies with compelling investment stories.
- ▶ Proceeds from further issues of £1.38bn in H2 2019 were below the five year average (£1.99bn) and registered a decrease from the £1.97bn raised in H1 2019. The decrease in further issue proceeds compared to H1 2019 reflects lower average transaction size.
- ▶ H1 2019 was skewed by a strong performance in February, March and April 2019 with £1.63bn raised. This was largely driven by GB Group Plc raising £160m in February 2019, Globalworth Real Estate Investments Limited raising £299m in April 2019 and Diversified Gas & Oil raising £177m in April 2019. The highest secondary fundraise in H2 2019 was by Globalworth Real Estate Investments Limited raising a further £231m in October 2019 followed by Greencoat Renewables Plc raising £106m in December 2019.
- ▶ The most active sectors for fundraising in H2 2019 were natural resources, technology & media, healthcare & pharma and real estate (collectively, 68% of total funds raised).

# AIM INSIGHTS

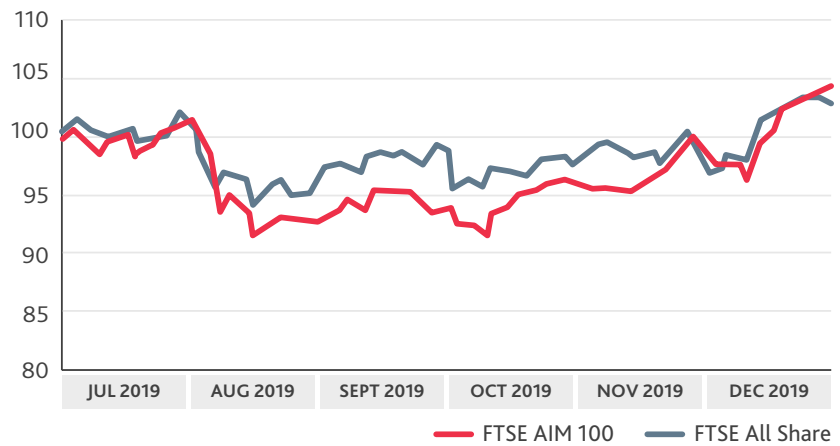
## REVIEW OF AIM FOR THE SIX MONTHS TO DECEMBER 2019

▶ The FTSE Allshare outperformed the FTSE AIM 100 for the majority of H2 2019, but both ended broadly at the same level. Market growth in both indices improved in December 2019 following the general election. Despite market uncertainty, the FTSE AIM 100 ended 3.9% up at December 2019 compared to June 2019 and 12.1% up for the year as a whole.

### ADVISERS ON AIM

- ▶ BDO was the leading reporting accountant on AIM with five IPOs in 2019. The companies we acted for operate in a variety of sectors being financial services, building materials, business services, technology and oil and gas.
- ▶ BDO has been the leading reporting accountant on AIM for eight of the last ten years and is the leading auditor for AIM listed companies.
- ▶ Cenkos Securities had the highest number of AIM IPOs in 2019 with three. Davy had the highest value due to the IPO of Uniphar, which raised £121m.

### STOCK MARKET INDICES: H2 2019 (REBASED)



### MOST ACTIVE REPORTING ACCOUNTANTS

	2018	2019
BDO LLP	8	5
PWC	3	4
KPMG	2	1
Smith & Williamson	1	1
RSM	6	1
Grant Thornton	6	-
PKF Littlejohn	4	-
Deloitte	3	-
Other	13	-
<b>Total IPOs*</b>	<b>46</b>	<b>12</b>

\*Includes introductions

### MOST ACTIVE NOMADS

	#	£m
Cenkos Securities	3	103
Numis Securities	2	29
Stifel	2	10
Davy	1	121
Grant Thornton	1	79
GCA Altium	1	62
Nplus 1 Singer	1	14
Macquarie Capital	1	-
<b>Total IPOs*</b>	<b>12</b>	<b>418</b>

\*Includes introductions



# AIM CREDENTIALS

BDO IS THE LEADING REPORTING ACCOUNTANT ON AIM. BELOW IS A SELECTION OF OUR AIM CREDENTIALS IN 2019

<p><b>\$55m</b></p> <p><b>CHAARAT</b></p> <p>Acquisition of Kapan Mine and re-admission to AIM of Chaarat Gold Holdings Limited</p> <p>February 2019</p>	<p><b>£8m</b></p> <p><b>Bonhill</b></p> <p>Acquisition of Last Word Media by Bonhill Group plc</p> <p>March 2019</p>	<p><b>£114m</b></p> <p><b>BOWMARK CAPITAL</b></p> <p>Take-private of Tax Systems plc by Bowmark Capital LLP</p> <p>March 2019</p>
<p><b>£73m</b></p> <p><b>essensys</b></p> <p>Reporting accountant for the IPO of Essensys plc</p> <p>May 2019</p>	<p><b>£150m</b></p> <p><b>Brickability</b></p> <p>Reporting accountant for the IPO of Brickability Group plc</p> <p>August 2019</p>	<p><b>£18m</b></p> <p><b>SECNewgate</b> Communications. Advocacy. Research</p> <p>Readmission of SEC SpA following its merger with Porta Communication plc</p> <p>September 2019</p>
<p><b>£10m</b></p> <p><b>Longboat Energy</b></p> <p>Reporting accountant for the IPO of Longboat Energy plc</p> <p>December 2019</p>	<p><b>£176m</b></p> <p><b>The Pebble Group</b></p> <p>Reporting accountant for the IPO of The Pebble Group</p> <p>December 2019</p>	<p><b>£98m</b></p> <p><b>MJ HUDSON</b></p> <p>Reporting accountant for the IPO of MJ Hudson Group plc</p> <p>December 2019</p>

**41** AIM IPOs IN LAST 5 YEARS<sup>1</sup>

**£1.0bn** FUNDS RAISED IN LAST 5 YEARS<sup>1</sup>

**£2.3bn** MARKET CAPITALISATION IN LAST 5 YEARS<sup>1</sup>

1. Total for 41 AIM IPOs on which BDO was reporting accountant up to December 2019

2. On AIM IPOs for the eight out of the last ten years ended December 2019

**No.1** REPORTING ACCOUNTANT<sup>2</sup>

AN **AWARD WINNING** CORPORATE FINANCE BUSINESS

# AIM CREDENTIALS

## CASE STUDIES

### MJ HUDSON



#### SUMMARY

<b>Market</b>	AIM
<b>Industry</b>	Business services & professional services
<b>Sub-Industry</b>	Support services
<b>Admission date</b>	12 December 2019
<b>Market Capitalisation</b>	£98m



#### OVERVIEW

BDO was pleased to act as reporting accountant on the AIM IPO of MJ Hudson Group plc.

MJ Hudson Group is a financial services support provider, capitalising on the investment management industry’s shift to investing in Alternatives (a subsector of the global asset management market and includes: private equity funds; real estate funds; hedge funds; infrastructure funds; and alternative credit funds) and the outsourcing of non-core services.

As a vertically integrated industry specialist, MJ Hudson seeks to be a leading services and infrastructure provider for Alternative fund managers and asset owners, servicing clients at key stages of their development.

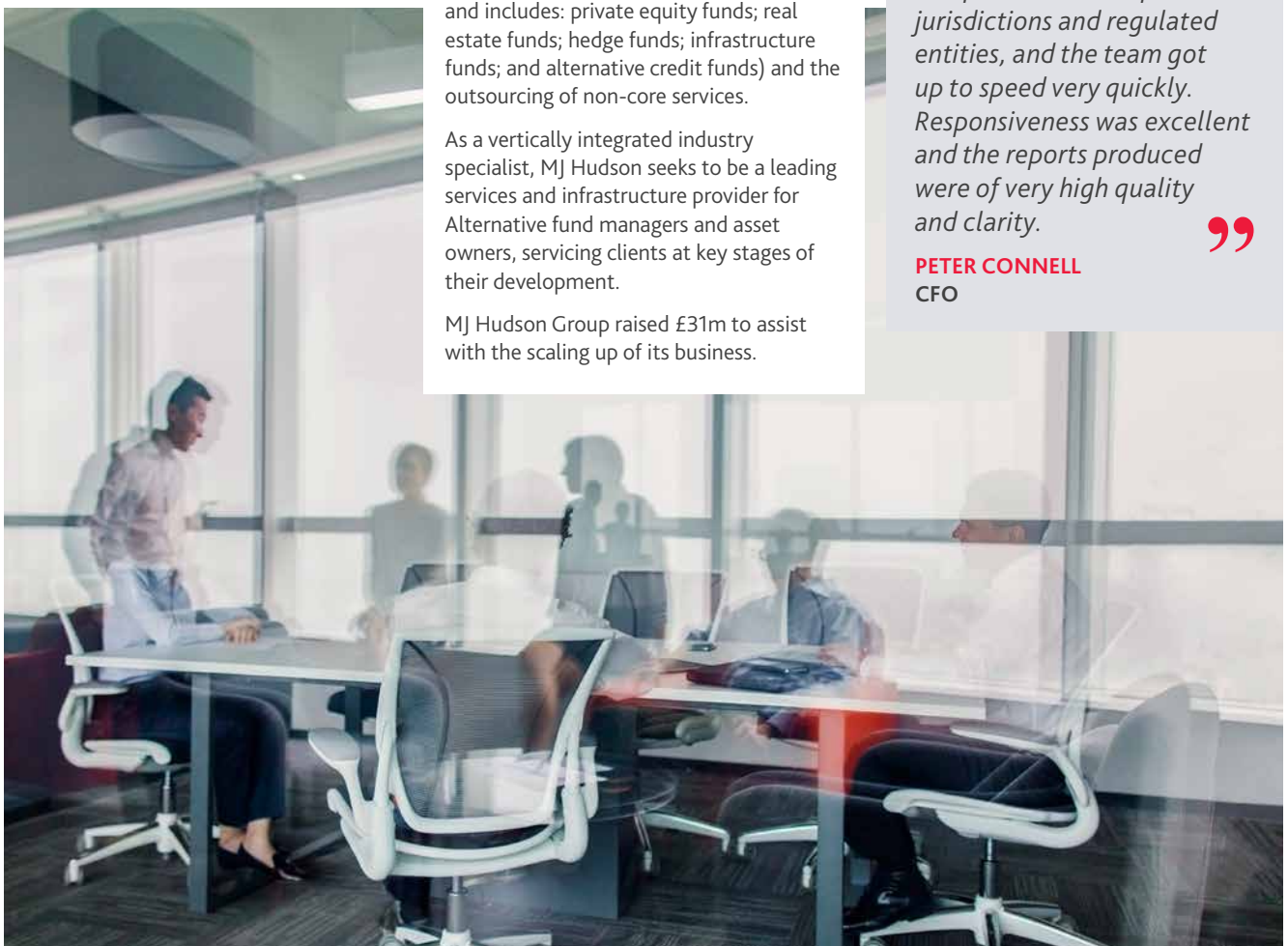
MJ Hudson Group raised £31m to assist with the scaling up of its business.



#### CLIENT QUOTE

*The BDO corporate finance team (and Ian Christie and Benson Sin in particular) provided excellent service throughout our IPO process. Our business is relatively complex, with multiple jurisdictions and regulated entities, and the team got up to speed very quickly. Responsiveness was excellent and the reports produced were of very high quality and clarity.*

**PETER CONNELL**  
CFO





# AIM CREDENTIALS

## CASE STUDIES

### The Pebble Group



#### SUMMARY

<b>Market</b>	AIM
<b>Industry</b>	Technology & media
<b>Sub-Industry</b>	Marketing services
<b>Admission date</b>	5 December 2019
<b>Market Capitalisation</b>	£176m



#### OVERVIEW

BDO was pleased to act as reporting accountant on the AIM IPO of The Pebble Group plc.

The Pebble Group designs, sources and delivers creative promotional merchandise and branded products to blue chip clients for corporate and consumer marketing activity, and provides SaaS to SME promotional products distributors.

The IPO allowed the Group to repay external debt, provides a partial exit for its PE shareholders and will help the Group to retain its strong employee and growth-oriented culture, to invest more readily in its future and enhance the Group's profile and brand recognition amongst potential clients and staff.



#### CLIENT QUOTE

*We've worked with BDO for a number of years including on two US acquisitions. We have always found them proactive and pragmatic. They did another first class job as reporting accountants for our AIM IPO and provided excellent advice and support throughout a complex transaction to a tight timetable. We all enjoy working with BDO and would not hesitate to recommend them.*

**CLAIRE THOMSON**  
CFO



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