



Sell Side Scoop

Third Issue 2022/23

Contents

1

IPO

Mobileye Global Inc

2

Acquisition

Nature Energy by Shell Plc

3

Acquisition

Maxar Technologies by Advent International

4

Acquisition

HSBC Canada by RBC's





IPO Overview

By Amine Baali, Christine Goldsmith, and Sanket Poojari

Executive Summary

Quick Overview

- Mobileye Global Inc. is a technology company that was founded in 1999 in Jerusalem, Israel. It focuses on creating and distributing advanced driver assistance systems (ADAS) and autonomous driving technologies.
- It listed its shares on the NASDAQ stock exchange under the ticker name MBLY on 26th October 2022.
- The IPO raised around \$861 million at a valuation of approximately \$16.7 billion.

Key Financials

(in USD million)	2022	2021	% Change
Net sales	1,869	1,386	34.84%
Gross Profit	922	655	40.76%
Adjusted Gross Profit	1,393	1,075	29.58%
Operating Income	685	549	24.77%

Post-IPO Stock Performance



MBLY Stock Price in USD



IPO Advisors

**Goldman
Sachs**



EVERCORE

citibank

**Morgan
Stanley**

Mobileye Overview

Company Overview		Key Profitability Ratios		
		2022	2023 (Forecast)	2024 (Forecast)
• Mobileye Global Inc. is a subsidiary of Intel Overseas Funding Corporation, and it specializes in developing and deploying advanced driver assistance systems and autonomous driving solutions globally.				
• Its products include technologies like Driver Assist, Cloud-Enhanced Driver Assist, Mobileye SuperVision and Mobileye Drive.				
• The company's stock is currently trading at \$38.60 at a market capitalization of \$30.95 billion.				
Largest Shareholders		Revenue & Net Income		
Stake (in %)	Name	No. of Shares	Value	
11.91%	Baillie Gifford and Company	6,182,361	\$238.6m	
1.19%	Invesco Main Street Fund	617,000	\$23.8m	
1.09%	Davenport & Co LLC	567,290	\$21.8m	
0.89%	Fidelity Select Portfolios - Semiconductors Portfolio	461,400	\$17.8m	
0.72%	Fidelity Growth Company Fund	374,300	\$14.4m	
0.67%	Primecap Odyssey Aggressive Growth Fund	348,900	\$13.4m	



IPO Overview

IPO Overview

- Mobileye stocks began trading on the NASDAQ Stock Exchange on 26th October 2022 under the ticker name 'MBLY'.
- The IPO managed to raise \$861 million for the company by selling 41 million shares of Mobileye at \$21.00 per share. The total market value of the issued shares at the time of the IPO was approximately \$17 billion.
- The IPO sold only a 6% stake in Mobileye which is less than the typical 10% - 20% stake sold in majority of IPOs. This limits the financial hit that the company will take as a result of a lower valuation.

Voting Rights

- Intel Corp. will retain a large stake in Mobileye, including all the Class B shares, thereby keeping almost all of the voting rights.
- This is because a single Class B share will have voting rights equivalent to 10 Class A shares.

Timing

- Intel plans to use the capital raised to ramp up its chip foundry capabilities.
- Mobileye aims to further develop its driver assisted technology and raise capital for increased AV expansion.
- Mobileye hopes that the IPO will draw attention to its products and is expected to generate \$6.7bn in revenue by 2030.

IPO Coordinators

**Goldman
Sachs**

EVERCORE

**Morgan
Stanley**



citibank

Major Investors

- Baillie Gifford and Norges Bank Investment Management indicated an interest in purchasing up to a combined \$330 million of Mobileye stock at the IPO price.
- General Atlantic agreed to buy \$100 million of stock in a private placement at the same price as the IPO.



Post-IPO Performance



Commentary

- The IPO valued Mobileye at \$16.7 billion, well below the initial \$50 billion valuation Intel Corp. was hoping to achieve. On 26th October, Mobileye stock opened for trading at \$26.71 i.e., 25% higher than the IPO price of \$21.
- The deal attracted many individual and institutional investors. Shares closed on 26th October at \$28.97, up more than 37%, giving the company a market value of about \$23 billion.
- MBLY stock price has continued to grow in value in the past few months following interest in AV technology.
- Mobileye released an encouraging Q4 earnings report, seeing a 59% Y-on-Y revenue growth, causing its stock price to increase by more than 5% in premarket trading on 26th January 2023.



Valuation

Price to Earnings Ratio

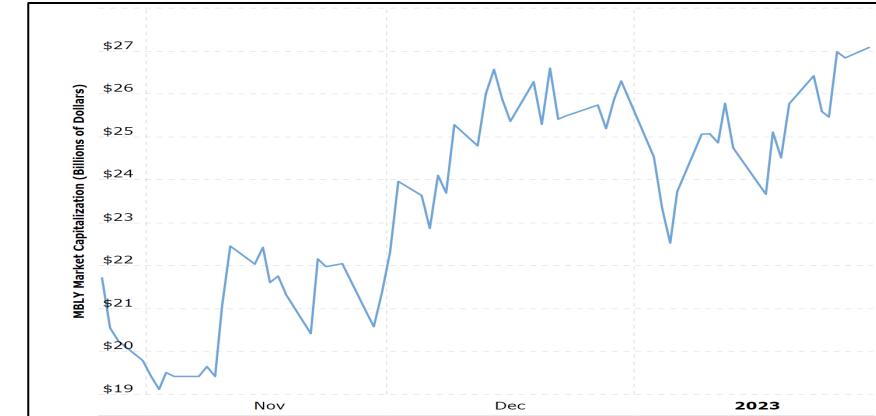
Current	Comments	Post-IPO Valuation Trend
Mobileye (MBLY) -330x		
MBLY Forward PE 53.76x	<ul style="list-style-type: none">MBLY is not yet profitable therefore its PE Ratio cannot be compared to the Industry sector median of 11.93x	
Sector Median 11.93x		

Price to Book Ratio

Current	Comments
Mobileye (MBLY) 1.92x	
Sector Median 2.26x	<ul style="list-style-type: none">MBLY is undervalued based on its PB Ratio (1.92x) compared to the Industry avg (2.26x) by 14.92%
Difference -14.91%	

Return on Equity

3-Month Return	Comments
Mobileye (MBLY) 36.92%	<ul style="list-style-type: none">MBLY's Return on Equity since issuance has been 36.92% which is higher than SP500 returns of 3.77%
SP500 3.77%	



Key Takeaways

- It is expected that Mobileye will grow 67% year-on-year, on average.
- It is anticipated that Mobileye will incur a loss in 2023 but generate profits of \$706m in 2024. Therefore, the company is expected to breakeven just over a year from now.
- Mobileye has no debt obligations, reducing concerns around repayments and making it a less risky investment

Shell Plc acquires Nature Energy

February 2022

Layiwola Usman, Molly Merchant
and Yusuf Rizvi



Deal Advised By:

J.P.Morgan



Executive Summary

Background

Acquirer

Shell Plc

Target

Nature Energy

Date of announcement

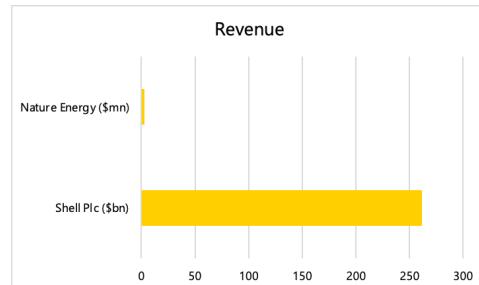
28th November 2022

Deal size

\$2 billion

Revenue Comparison

Nature Energy's high valuation is believed to be due to its revenue performance which has **doubled** year on year.



Overview

Shell plc will be acquiring Nature Energy, one of the largest biogas RNG producers in Europe. Consequently, Shell Plc will also acquire the extensive portfolio of cash generative operating plants, feedstock supply and infrastructure that nature energy holds to kickstart Shell Plc's incentive to transition into a **net-zero emission business** by 2050. An extension into a European production platform such as Nature Energy in addition to existing shell plc RNG projects in the united states could help build an integrated RNG value chain at a global scale; further supported today's customer preferences and energy transition policies.

Industry insight

Last year has yielded **record profits** for the oil and gas industry in the pursuit to fund initiatives and strategies in 2023. **93%** of industry executives feel optimistic about the oil and gas industry's future performance in 2023 due to healthy balance sheets and outstanding cash flows of **1.4 trillion** in 2022. Monetary achievements such as these have allowed investment into strategies such as **clean energy**. Collectively, the scrabble to provide affordable energy to the masses is alleviated by the pending innovations that would be funded by the industry's recent economic success.



Shell Plc Overview



Background

Founded

1907

Headquarters

London

CEO

Ben van Beurden

Revenue

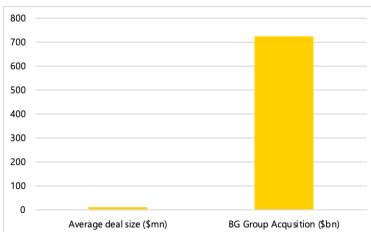
\$261.5bn

EV/EBITDA

2.74x

M&A Activity

Since Shell's inception in 1907, they have acquired **11 Businesses** historically. The largest acquisition they participated in was for the BG Group at a value of **\$72.4 billion**.



Background

As one of the largest providers of petrochemicals, Shell Plc extracts gas and oil from various natural sources such as rock and coal formations. Headquartered in London UK, the company dominates the petroleum industry as the **5th largest oil company worldwide**; boasting a strong presence in 70 countries as of 2023.

Shell plc, formerly "Royal Dutch Shell" was primarily listed on the London stock exchange.

Upcoming Development

Currently, Shell Plc is heavily investing in **Deep Water operations** to meet increasing consumer demand. Geographical locations currently under development include **East Asia, South America** and **Scandanavia**.

Due to new restrictions due to increasing **environmental concerns**, Shell Plc is required to start investing in sustainable energy and underground alternatives hence the development and **re-purposing** of sites.



Nature Energy Overview



Background

Founded

1979

Headquarters

Odense

CEO

Ole Hvelplund

Revenue

\$266mn

EV/EBITDA

62x

Background

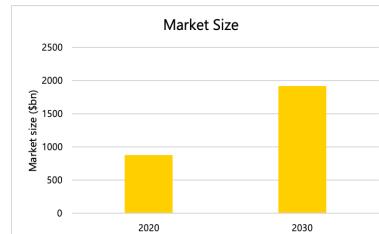
Nature Energy is a producer of renewable gas specializing in the distribution of biogas and "green" energy sources to ultimately lower energy consumption whilst providing efficient energy services to businesses across Denmark at affordable prices. The company holds a portfolio of **14 operating plants paired alongside 30 new plant projects** across Europe and North America with more than a third being in late-stage development. As the **largest RNG producer in Europe**, its in-house expertise continues to innovate in the design and construction of RNG technology.

Competitors

Nature Energy's competitors include Future Biogas, a company based in the UK. Having a massive outreach of 11 operating plants, future biogas poses as a legitimate competitor with similar initiatives to expand its portfolio by utilizing new technology such as carbon capture and storage.

Emerging Market

The renewable energy market is one of the fastest growing sectors in the world. It was valued at \$881.7 billion in 2020 and is expected to grow at a CAGR of 8.3% over the next decade.

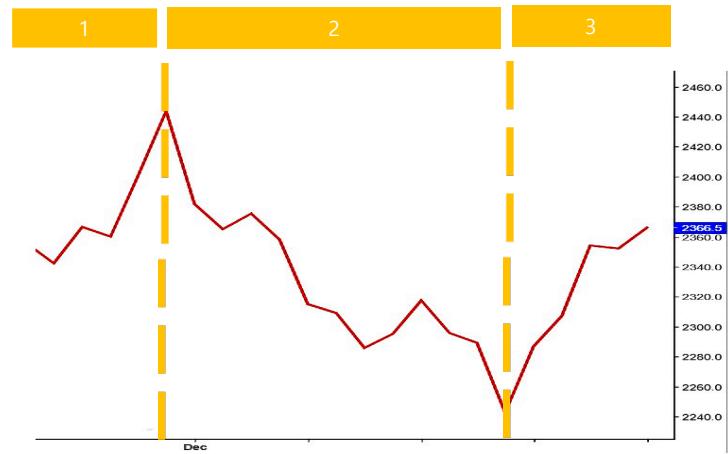


Deal Rationale

SWOT Analysis	
Strengths	Weaknesses
Opportunities	Threats
<p>Diversification of energy portfolio: The acquisition of Nature Energy allowed Shell to diversify its energy portfolio. Shell aims to have 30% of its total energy mix come from low-carbon sources by 2025. By acquiring the largest RNG producer in Europe, this reduced Shell's dependence on fossil fuels and provided stability to its energy portfolio.</p> <p>Access to renewable energy market: By acquiring Nature Energy, Shell was able to tap into the growing renewable energy market and capitalize on the trend towards clean energy. The global biogas market is also projected to grow significantly in the coming years, with a CAGR of 5.4% from 2021 to 2028</p>	<p>High cost: Shell's acquisition of Nature Energy cost around \$2 billion. Consequently, this could impact Shell's financials and reduce the company's flexibility to invest in other opportunities.</p> <p>Increased competition: Shell may face competition from other companies that are investing heavily in the biogas sector. For example, BP recently acquired biogas company Archaea Energy.</p> <p>Significant capital investment required: technology in the biogas industry is still relatively new. So, Nature Energy's technology requires a significant amount of capital investment to be successful. This could put a strain on Shell's already tight budgets.</p>



Post-Deal Performance



Commentary

1 23rd November 2022 – 30th November 2022: Shell's share price was initially driven higher by elevated oil and gas prices. Following the acquisition of Nature Energy, the share price rose by 1.4% to 2,394p.

2 1st December 2022 – 16th December 2022: Share prices of Shell began to fall as the company had released their financial results from 2022 Q1, which showed a decline in revenue and profits compared to the same period the year before. Additionally, the FTSE 100 had been on a downward trend, with the index dropping 3.2% over that period. Consequently, Shell's share price fell.

3 Since 17th December 2022: Shell's stock price began to rise again after the company had made significant progress in cutting its debt levels, with net debt reducing by \$2 billion in the third quarter of 2022. The FTSE 100 had also begun to recover from its downward trend, providing a more positive outlook for the company's stock price.

Macroeconomic Factors Driving The Biogas Market Growth

In 2023, the demand for renewable energy sources is expected to continue to grow, which will drive the growth of the biogas market. Companies entering the biogas market will have the opportunity to meet the **increasing demand for clean energy**, as well as to benefit from the growing interest in renewable energy solutions. Additionally, investment in biogas reduces the West's dependence on Russia for natural gas.

Concerns about how human activity affects the environment is driving companies to adopt more sustainable practices. Biogas production can help reduce greenhouse gas emissions, making it a desirable choice for businesses seeking to lessen their carbon footprint and meet consumer demand for eco-friendly products and services.





Sell Side
Institute

Acquisition of Maxar Technologies by Advent International

December 2022

Catalina Burdujan, Eshal Kashif,
Hisham Master



MAXAR



Executive Summary

Key Details

- On the 16th of December 2022, Private equity firm Advent International agreed to buy Maxar Technologies Inc for \$4 billion. This deal has been valued at \$6.4 billion (including debt)
- Advent International offered \$53 per share
- Advent International and British Columbia Investment Management Corporation have committed to provide equity financing for the deal. Advent has committed to provide \$3.1 billion, whereas the British Columbia Investment Management Corporation is providing \$1 billion

Advisors

- Goldman Sachs & Co LLC and Morgan Stanley & Co LLC are serving as financial advisors to Advent
- Weil, Gotshal & Manges LLP is serving as lead counsel to Advent
- Covington & Burling LLP is serving as Advent's legal advisor for regulatory matters
- J.P. Morgan Securities LLC and Wachtell, Lipton Rosen & Katz advised Maxar Technologies

Deal Rationale

- Advent International has already invested around \$28 billion in defense, security and cybersecurity. Over the last 3 years, Advent has built up a portfolio containing many companies that serve the U.S. government and support several satellite and defense platforms
- Maxar currently has more than 90 satellites in orbit that are responsible for providing communications, imagery and data to customers (including the U.S. government)

Deal Timing

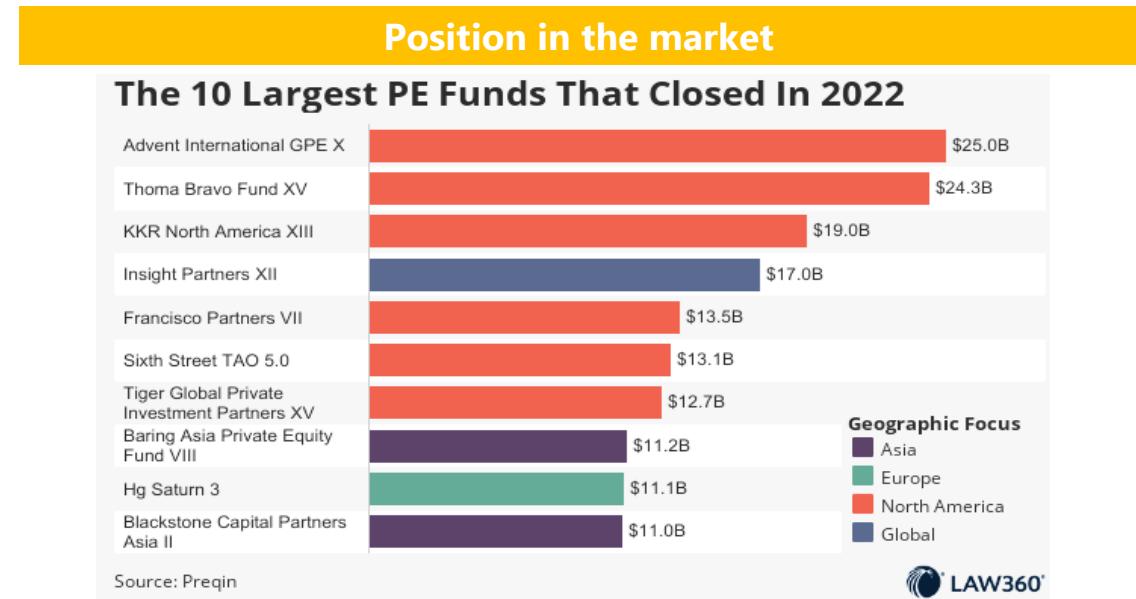
- Maxar and Advent were already in the process of negotiations prior to the agreement, so there was no formal sale process
- It is predicted that the deal will close in mid-2023
- A key aspect of Maxar's agreement with Advent is that there is a 60-day "go-shop period" that ends on the 14th of February 2023, which will allow the company to consider alternative proposals



Advent International Overview

Key Information	
Industry	Venture Capital and Private Equity Principals
Founded	1984
Headquarters	Boston, Massachusetts
President	David M. Mussafer
Employees	290
Private/ Public	Private company

Company Details	
<ul style="list-style-type: none"> Advent International is one of the largest and most experienced global private equity investors It focuses on international buyouts of companies in Western and Central Europe, North America, Latin America and Asia, growth and strategic restructuring The firm has invested in over 400 private equity investments across 41 countries, and as of June 30, 2022, had \$89 billion in assets under management The firm focuses on investments in five core sectors, including business and financial services; health care; industrial; retail, consumer and leisure; and technology 	



#	Private Equity Firm	AUM (\$USD in B)	Size (\$USD in B)	Vintage Year
1	Blackstone Group	\$449.6	\$26.0	[2020]
2	Brookfield Asset Management	365.0	9.0	2019
3	Apollo Global Management	303.0	24.6	2017
4	Carlyle Group	221.5	18.5	2018
5	KKR & Co	199.5	13.9	2017
6	Ares Management	121.0	9.5	[2020]
7	TPG Capital	84.0	14.0	2019
8	CVC Advisers	49.1	22.0	[2020]
9	Apax Partners	48.0	10.5	[2020]
10	Warburg Pincus	47.0	14.0	2018
11	EQT Partners	46.5	16.2	[2020]
12	Silver Lake	42.5	18.0	[2020]
13	Advent International	42.0	17.5	2019

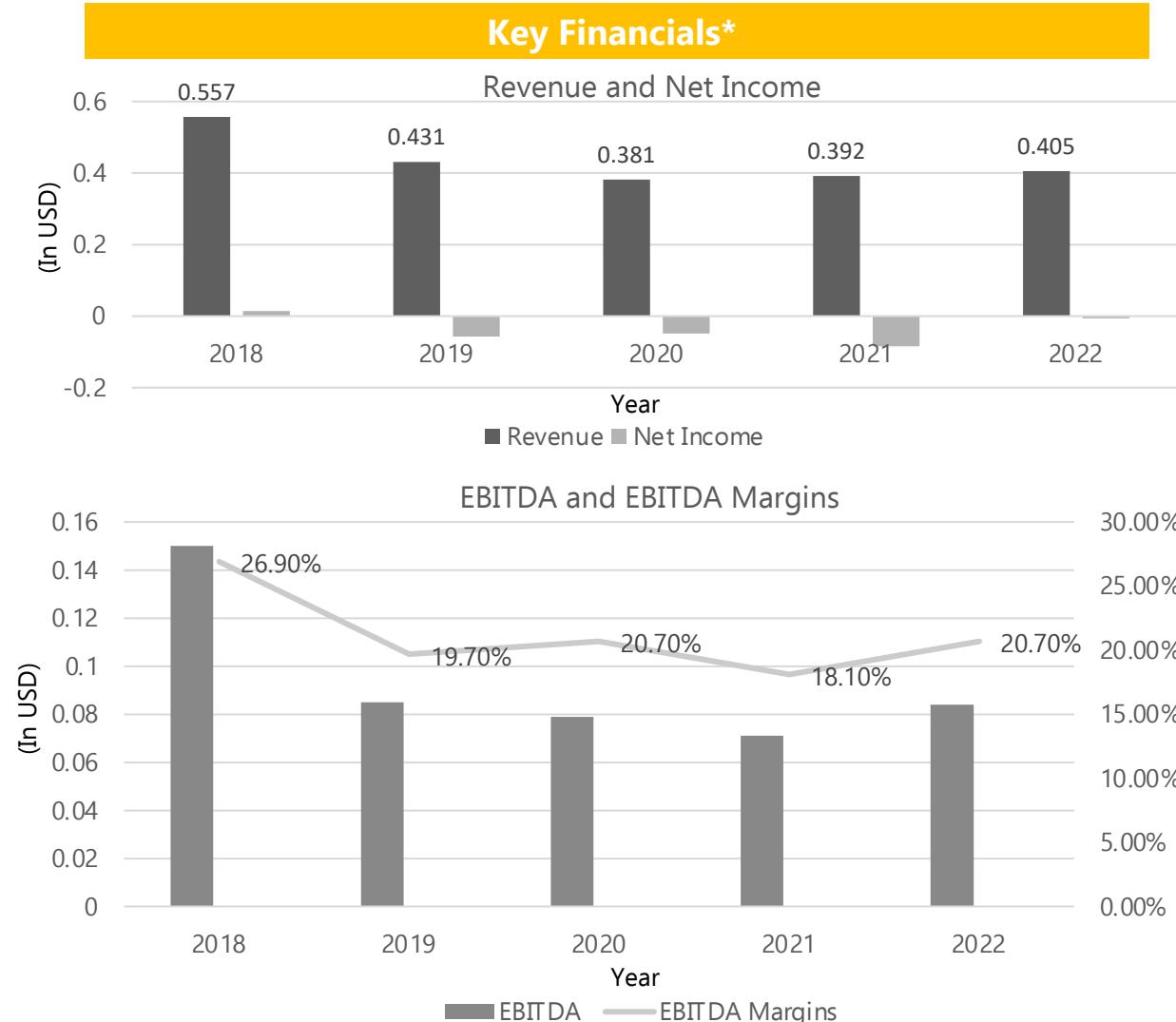


Maxar Technologies Overview

Key Information	
Industry	Satellite Communication
Founded	2017
Headquarters	Westminster, Colorado, United States
President	Daniel Jablonsky
Employees	4,400
Private/ Public	Public company

Company Details

- Maxar Technologies is a space technology company that designs and manufactures satellites and components for spacecrafts
- The technology is used for communications, Earth observation and exploration
- Maxar Technologies has the aim to support commercial and government missions with their space infrastructure.
- Maxar's technology has been used far and wide for many different purposes including geospatial intelligence used by the U.S. government, internet connection, television services, radio and satellite imagery



*Value in billions USD



M&A Overview

Key Facts

- The deal had been announced on the 16th of December 2022 and is expected to close by end of Q2 2023
- Under the terms of the agreement, Advent has agreed to acquire all outstanding shares of Maxar stock for \$53.00 per share
- Advent has arranged debt and equity financing commitments for the purpose of financing the transaction
- Maxar will benefit from the significant resources, operational expertise and capacity for investment provided by Advent
- BCI is providing a minority equity investment through a committed aggregate equity contribution equal to \$1.0 billion, both on the terms and subject to the conditions set forth in the signed equity commitment letters

Financial and Legal Advisors

 Advent International GLOBAL PRIVATE EQUITY	 Goldman Sachs	 Morgan Stanley
 MAXAR	 WLRK WACHTELL, LIPPON, ROSEN & KATZ	 J.P.Morgan
 BCI	 Skadden	 Freshfields

Post Deal Performance



- \$53.00 per share on 16th December
- The purchase price represents a premium of approximately 129% over Maxar's closing stock price of \$23.10 on December 15, 2022
- Approximately 135% premium to the 60-day volume-weighted average price prior to this announcement, and a premium of approximately 34% over Maxar's 52-week high

Timeline of events

Q1 2022

Advent wanted to strengthen its portfolio companies and a desire to support Maxar in advancing long-term strategic objectives.

December 2022

Announced that Maxar Technologies is to be acquired by global private equity (PE) firm Advent International for approximately \$6.4bn.

Close of Q2 2023

Transaction is expected to close mid-2023, subject to customary closing conditions, including approval by Maxar stockholders and receipt of regulatory approvals.



Strategic Rationale

Maxar Technologies

- Transaction will support Maxar to accelerate investment in and development of the Company's next-generation satellite technologies and data insights for its customers
- Maxar to remain U.S.-controlled and operated company following close and so little inconvenience with normal operations
- Maxar will benefit from the significant resources, operational expertise and capacity by the investment provided by Advent
- As a new private company, Maxar will be able to accelerate investments in next-generation satellite technologies and data insights that are vital to the government and commercial customers through Advent's funding



Advent International

- Advent brings 35+ year investment track record with significant experience in global security and defense
- Advent has a proven record of strengthening its portfolio companies and will support Maxar in advancing our long-term strategic objectives
- Advent's portfolio companies have substantial expertise supporting many satellite and defense platforms which serve the U.S. government and its allies, as well as companies across the globe
- Advent's portfolio will benefit from synergies as one of their five main focuses are on technology
- The majority shareholder in Maxar, so experience and expertise allow them to support the implementation of the value creation plan more effectively





RBC's acquisition of HSBC Canada

M&A Overview
Feb 2023

Akshat Thakur
Ellen Luo
Stefan Savic



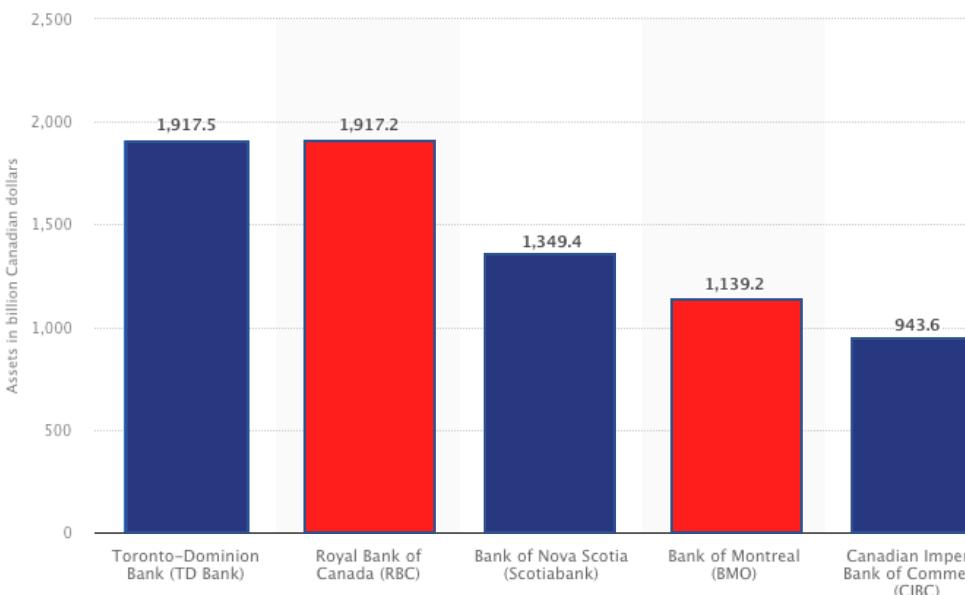
Executive Summary

Key details	
Acquirer	Royal Bank of Canada (RBC)
Target	HSBC Canada
Total deal size	CA\$13.5bn (US\$10.1bn)
Date of announcement	29/11/2022
Expected completion date	Late 2023

M&A Overview	Strategic Review
<ul style="list-style-type: none">On November 29, 2022, RBC announced it has entered into an agreement to acquire HSBC Canada, subject to customary closing conditions including regulatory approvals, obtained in the ordinary courseHSBC Group will generate estimated pre-tax gain of c.US\$5.7bnOur common equity tier 1 ratio is expected to get a boost of c.130 basis points over and above existing capital plansThe HSBC Board will consider opportunities for organic growth and investment and how much of the proceeds should be used for a one-off dividend and/or share buybacks (in addition to any existing share buyback programme)	<ul style="list-style-type: none">Relatively low market share in CanadaAbility to invest in HSBC Canada's expansion and growth in the context of opportunities in other marketsStrong expected interest from other banks in purchasing a successful business



Canadian Banking Market



- The Canadian banking industry is primarily composed of local banks, with the top five Canadian banks dominating the market over all other financial institutions in the country.



- These banks alone contribute to approximately 3% of Canada's GDP



Companies Overview

Acquirer – RBC Information	Target – HSBC Canada Information (<i>Pre-acquisition</i>)
<ul style="list-style-type: none">• The Royal Bank of Canada is a Canadian multinational financial services company.• It is the largest bank in Canada by market cap of \$145bn• It operates since 1864 and is one of Canada's oldest financial institutions• Highest-rated Canadian Bank-owned Investment Brokerage, 2022 Investment Executive Brokerage Report Card	<ul style="list-style-type: none">• The Hongkong and Shanghai Banking Conglomerate (HSBC) was founded in Hong Kong in 1865• HSBC arrived in Canada in 1981 and had been operating till the recent acquisition• HSBC had always been overshadowed by the local banks in Canada due to its relatively smaller size and relatively recent arrival to the country



Deal Rationale

- HSBC Canada's premier commercial bank will add scale to RBC's Business Banking solutions, expanding their offering focused on international business clients.
- HSBC Canada adds strong expertise in liquidity management, trade finance, international cash management and sustainable finance serving Canadian and global corporates.
- HSBC Canada's wealth and personal banking business adds strengths in meeting the needs of international clients with connections to Canada.
- As Canada's biggest bank and one of the largest in the world, based on market capitalization, RCB has a diversified business model with a focus on innovation and providing exceptional experiences to its 17 million clients in Canada, the US and 27 other countries.
- Combining HSBC Canada's strength in international products with RBC's breadth of capabilities will provide a best-in-class set of solutions to help clients meet their financial goals, build their wealth and grow their businesses.
- HSBC Canada clients will have access to the largest network of branches and ATMs in Canada, giving them exceptional convenience in their everyday banking.
- RBC consistently wins awards for customer service and satisfaction and offers an industry-leading digital banking experience and rewards program.
- RBC has made no commitments on keeping HSBC's 130 Canadian branches and it is still unclear what will happen to HSBC's roughly 4,000 staff, although RBC has said it hopes to hire many of them. RBC will need to be diligent with regards to how they will plan this, as additional employees will mean that net profits will shrink, whereas layoffs could indicate a negative outlook for the firm's stock price which will be reflected in a negative stock price.
- Before the deal can be finalized, it first needs to pass regulatory approval from the Canadian authorities, however, seeing that RBC is only gaining a 2% market share in the highly competitive market, it is widely anticipated that regulation will not cause any setbacks for the transaction.



Post-Deal Analysis

RBC Performance



After the deal was announced, RBC stock rose to 2% before experiencing a wave-like movement in the stock price with a plunge which was succeeded by a rally in the stock price.

HSBC Performance



HSBC didn't react as much after the deal was announced, however, one day before the deal was announced, HSBC rose by 4%, perhaps from positive anticipation of a deal that was about to take place. Since the deal was announced, the stock rose by 15% on the London Stock Exchange. HSBC hired JP Morgan to advise on the sale.

Risks

- Risk of global recession is increasing due to supply chain disruptions causing rising inflation rates mainly due to the war in Ukraine whereby grain, wheat, oil and natural gas exports are mainly limited, causing spikes in the rise of oil and natural gas, as well as food. This might have negative short-term consequences for RBC's expansion in Canada as it has to deal with a pessimistic economic outlook, meaning it will likely indulge in less profitable ventures such as deal-making.
- However, due to the policy of quantitative tightening, taken by many central banks, it is likely that the bank could see a rise in revenue generated from higher mortgage rates, although, this depends to how far the average Canadian house-owner is able to afford the rise in mortgage payments.



Valuation

Company	Market Cap	Cash	Debt	EV	Net Income	P/S	P/E
HSBC(Canada)	N/A	4.09B	14.90B	N/A	538.22M	N/A	N/A
RBC	143.28B	502.169B	7.34B	273.42B	15.79B	4.68	12.37
Toronto-Dominion	124.45B	430.04B	8.77B	125.57B	12.89B	4.04	9.69
Scotiabank	65.03B	318.95B	23.99B	65.27B	7.25B	2.58	9.05
Bank of Montreal	69.18B	281.76B	6.33B	186.83B	9.99B	3.43	6.70

- Royal Bank of Canada will acquire 100% of the common shares of HSBC Canada for an all-cash purchase price of \$13.5 billion, which is a multiple of 9.4 times HSBC Canada's estimated 2024 earnings.
- At announcement, S&P Global Market Intelligence calculates the deal value to be 291.20% of common equity, 304.05% of tangible common equity, 16.56% of deposits, 10.07% of assets and 17.65x earnings. The tangible book premium-to-deposits ratio is 11.12%.
- RBC expects to achieve approximately C\$740 million, or 55%, in fully realized annual pretax expense synergies, based on HSBC Canada's estimated 2024 noninterest expense base. It anticipates total acquisition and integration costs of approximately \$1 billion.





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SSI produces biweekly decks on recent and topical initial public offerings and mergers and acquisition deals, providing useful insights into the investment banking landscape. We aim to develop the research and presentation skills of our research analysts, while simultaneously advancing the commercial awareness of our society members.

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