

# Investor Relations Monthly

May 2022

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Please find below the May 2022 edition of a monthly newsletter published by Rose & Company ([www.roseandco.com](http://www.roseandco.com)). In it, we seek to highlight developments impacting public companies' investor relations efforts, bring to light data that we find of interest and provide some broad commentary about activity in the U.S. equity capital markets over prior month. Please feel free to reach out to us to discuss any of the below. We would be happy to hear from you.

## WORTH A READ

*Over the past month, we have found interest in various articles. Those that don't reside behind paywalls are linked to below. Please send us anything interesting we may have missed!*

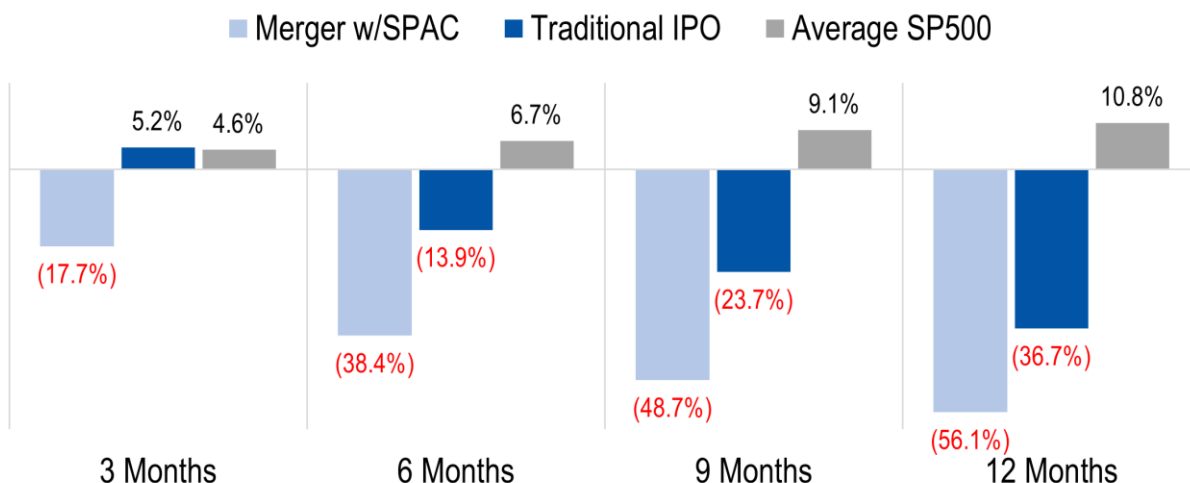
- [Just 49% of Manhattan office workers are expected to be in the office on an average weekday by September 2022](#) (Source: Partnership for NYC)
- ["Finfluencers" simply feels like a bad idea](#) (Source: IR Magazine)
- [The SEC is starting to take action on ESG funds that aren't really ESG funds](#) (Source: Morningstar)
- [It should come as no surprise that ESG assets are overstated by \(at least\) \\$1 trillion](#) (Source: Bloomberg)
- [ESG activists take on the oracle](#) (Source: theStreet.com)
- [A worthwhile survey on earnings call beat practices](#) (Source: MessageBank / OpenExchange)
- [There wasn't much risk of headline risk in the old WSJ](#) (Source: Twitter)

## CHART OF THE MONTH

Each month, we examine trends of interest using data from various sources. Custom analysis and reporting is available upon request.

Like many others, we remain fascinated by the sheer volume of SPACs that IPO'd in 2021 (465 in total) as well as the number of companies that eschewed the traditional IPO route and fast-tracked their listings through a merger with a SPAC (199 of those). It should come as no surprise that many of these companies have not performed well since coming public. What may come as a surprise is that those companies that came public through traditional means have not fared particularly well either. The chart below shows the average three, six, nine and 12 month performance of each group of companies since their first trading day as a public company. We contrast that with a blended average of the performance of the S&P 500 for each time period, adjusted for the first day of trading of each newly-public company.

### Average Returns Since Coming Public in 2021



Sources: FactSet Research Systems; Rose & Company

Combined with macroeconomic headwinds, one could reasonably expect 2022 to be a challenging year for both traditional IPOs and companies seeking to use a SPAC as a go-public vehicle. Indeed, as shown below, the pace of new issuance has dropped dramatically year-over-year. This could spell trouble for investment banks that have reaped the rewards of a very active new issuance market over the last two years.

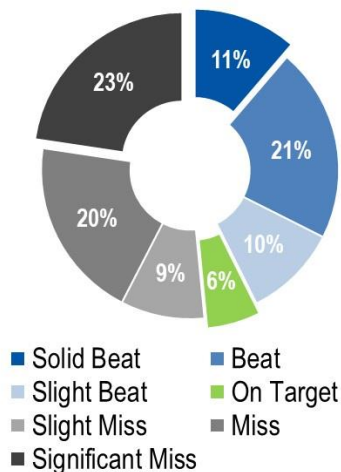
# EARNINGS

With the Q1 2022 reporting cycle coming to an end, we take a look at EPS performance compared to consensus estimates. As a reminder, the Russell 2000 index is made up of the bottom 2/3 of the Russell 3000 index - the companies we believe are more sensitive to economic conditions.

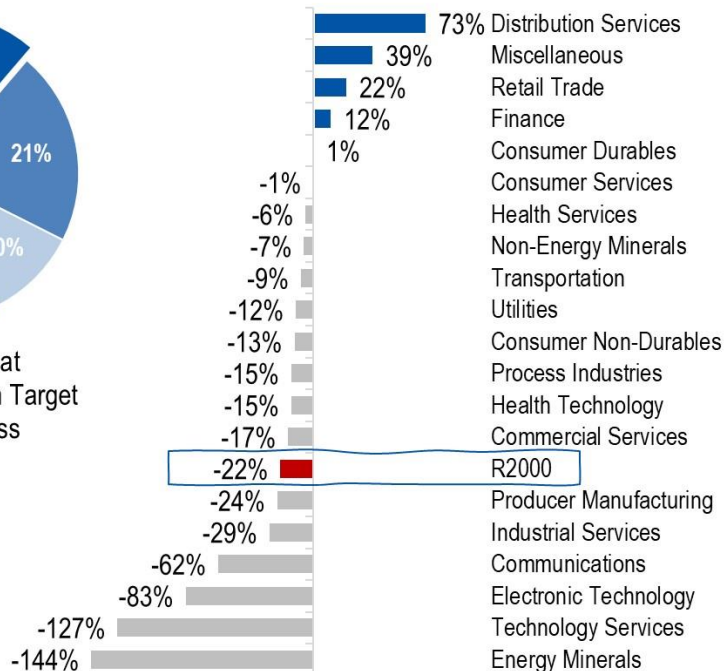
Of the R2000 constituents that have reported (and adjusting for outliers), 42% beat their consensus EPS estimates, by an average of ~60%. The 52% that missed consensus did so by an average of ~91%. The balance was comprised of companies that reported within ~2% of consensus. Across the index, the average EPS was 22% below consensus. This continues the trend we've seen over the last few quarters (~20% below consensus), and largely expected as post-pandemic economic conditions that had begun to normalize continue to be plagued by supply chain, logistics and labor challenges across North America.

From a sector perspective, the collated Technology industries saw another weak quarter, falling short of EPS consensus by 50% on average, with performance driven by depressed retail activity as consumers feel the pinch of inflationary pressures prices on luxury goods. General Retail Trade however, remains strong at 22% over consensus, most likely as brick and mortar shops reopen their doors to consumers. Energy Minerals came in at the opposite end, with an average miss of 144% below consensus, as global volatility continues to drive uncertainty in the space.

### Average EPS Performance vs. Estimates



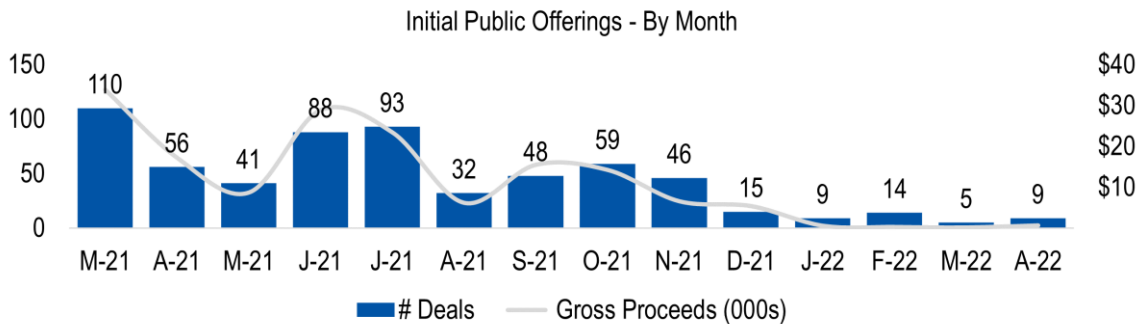
### Average %age Deviation from EPS Estimates (R2000)



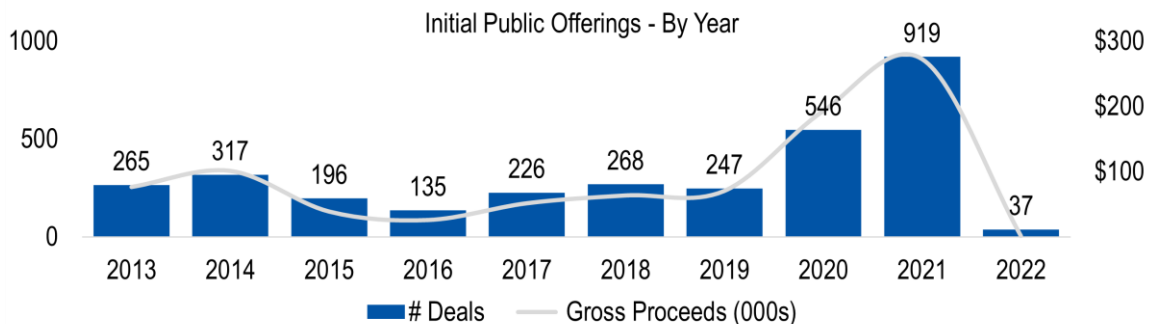
Note: On target is <2% deviation from consensus estimate, Slight Beat is <10%, Beat is <50%, Solid Beat is >50%, same values inverted to the negative for Slight Miss, Miss and Significant Miss

# CAPITAL MARKETS ACTIVITY

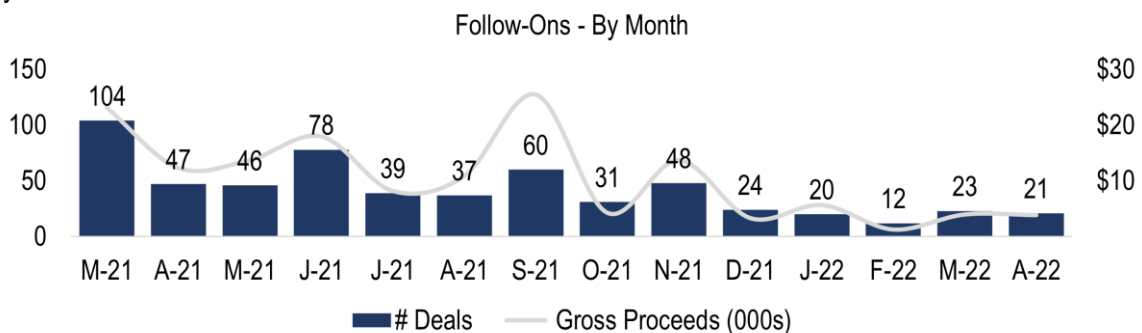
April was yet another quiet month for new equity issuance with just nine IPOs priced, raising gross proceeds of \$663 million. Last month's IPOs performed well, trading up by an average of 69.8% in the seven days after pricing.



Through the first four months of the year, just 37 companies came public through IPOs, compared to 497 in the same period last year. Likewise gross proceeds raised declined an incredible 99% year-over-year.



There were 21 Follow-on transactions priced in April 2022 with \$3.9 billion gross proceeds raised. This is approximately the same number and amount as seen in the prior month, but again significantly lower year-over-year. Year-to-date gross issuance declined 82% compared to the same period in the prior year.



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