

Peel Hunt feels the pain as flotation market sinks

The extent of the strife in the [City](#) was laid bare today when investment bank Peel Hunt reported a crash in [profits](#) as company floats dry up and clients fret about the global economy.

Chief executive Steven Fine admitted the environment is “rough” and noted that when on the global stage “unpredictable individuals are doing strange things” financial markets are likely to be rocky. The firm reported “exceptionally low levels of capital markets activity”.

Peel Hunt has built its reputation partly on handling flotations well. There were about 130 [IPOs](#) last year and just ten so far this year. One rival said: “It is tough for them to even tread water with those sort of numbers.”

Revenue for the year to March tumbled from £197 million to £131 million. Profits slumped from £120 million to £41 million, a fall bound to be reflected in year end bonuses to the bankers.

Fine offered some cause for optimism. “When overwhelming sentiment is in the same direction that usually means you are not far from the bottom,” he told the Standard.

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Peel Hunt floated itself in September last year, since when the shares are down 50%. Today they fell 1p to 116p, leaving the market value at just £142 million.

Fine is worried for the City and the investing public if floats remain out of favour, with growth companies choosing to raise money privately, denying individuals and pension funds the chance to buy in.

“I’m a huge advocate for public markets,” he said. “I am frustrated at so much of what we are seeing in the public markets in the UK, with companies been driven off into the opaque areas. Covid showed public markets at their best. You could raise money quickly and transparently, and boy did they (we) do that.”

Peel Hunt has 164 corporate clients with an average market cap of £684 million.

A dividend of 3.1p will be paid.