Jefferies Insights
OCTOBER 2022

Seven Lessons To Reflect Upon As Jefferies Turns 60 Years Young

Dear Clients, Fellow 5,000 Employee-Partners and Significant Others, Friends and Everyone Else Who Has Contributed To Building Our Very Real Wall Street Firm,

Dear Clients, Fellow 5,000 Employee-Partners and Significant Others, Friends and Everyone Else Who Has Contributed To Building Our Very Real Wall Street Firm,

Yesterday (October 2), marked 60 years since Jefferies was founded essentially in a telephone booth at the Pacific Coast Stock Exchange by a person with boundless energy, vision and drive: Boyd Jefferies. We are beyond thrilled and proud of how far our Firm has come in a mere 60 years, so please indulge us with this note as we talk a little bit about our journey and how Jefferies arrived at what we believe is an incredibly envious place exactly 60 years later. The decades brought constant change, periods of calm and moments of incredible volatility, changes in technology and regulatory winds, and sudden and surprise shocks to the entire system. Here is a very brief synopsis of our Firm's evolution:

1962-1987: Jefferies was started with $30,000 in borrowed capital and became a successful trader and pioneer in the "third market," trading listed securities directly between institutional investors in an over-the-counter style that provided liquidity and anonymity to buyers and sellers of equity blocks. The Firm grew over these years, but from the start always prioritized clients to best serve their interests. The Firm was imbued with an incredibly entrepreneurial culture as the trading floor was commission-based and as the founder always said, "the sky was the limit."

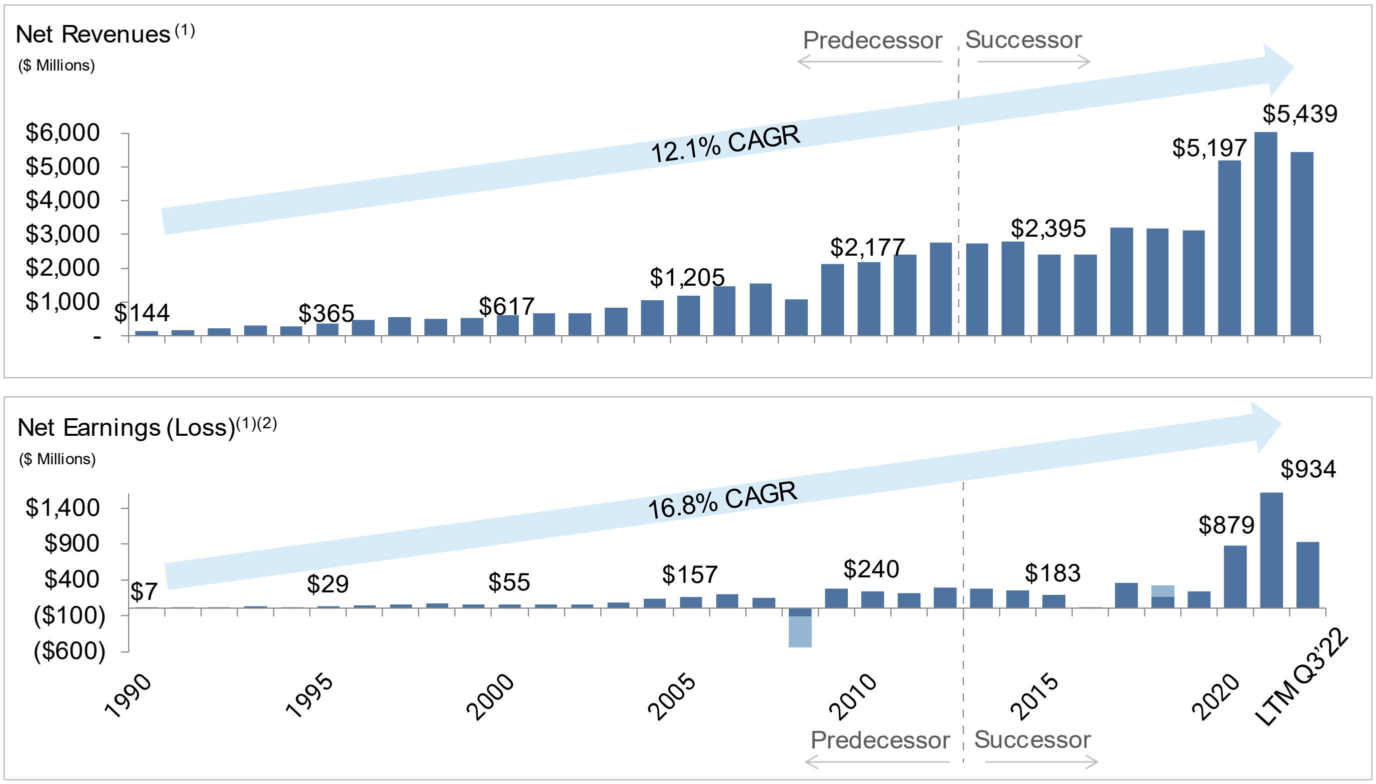
1987-2000: Jefferies continued its entrepreneurial ways but began the long road to diversification in order to better serve clients and increase our reach. Roughly 50 people, including one of us, joined immediately after the closing of Drexel Burnham Lambert. This marked the beginning of high yield trading, an embryonic research presence and eventually the beginning of our investment banking effort. During this period, Jefferies also established what would become Investment Technology Group, an electronic trading business that was spun off to shareholders as a separate public company during this decade. In 1990, Jefferies was proud to achieve record earnings of $7 million.

2000-Today: Jefferies entered the millennium with a market capitalization of roughly $500 million and embarked on an ambitious and aggressive plan to become a full service, global investment banking firm. First, we moved our headquarters from Los Angeles to NYC. Industry-focused investment banking became our core strategic

IN THIS ISSUE

priority, supported by a global sales and trading business and the beginning of true world-class research. We heavily diversified our products and services within sales and trading and began in earnest to build a global footprint. We started building a significant permanent capital base, established in 2004 the leveraged finance lending platform that we named Jefferies Finance, and most importantly continued to build upon our strong and talented base of human capital. We have now spent almost a decade merged with Leucadia National Corporation, a famed investment holding company, that allowed us to invest heavily in our strategy and eventually re-emerge with an ample capital base that has enabled us to prudently accelerate our growth.

Revenues and Earnings Since 1990 – Jefferies Group



Today, Jefferies is among the world's leaders in virtually everything we provide our clients. In investment banking (our largest business), in our latest fiscal quarter ended August 31, 2022, we were one of the top five in the world in providing merger and acquisition, equity capital markets and leveraged finance services to our clients (source: Dealogic). At the same time, our research, equities sales and trading, and fixed income efforts are also among the leaders on Wall Street. Our global revenues for the last 12 months were $6.4 billion and our net earnings for that period were $1.0 billion[(3)]. We are incredibly proud of our history and eternally grateful, not just for the 5,000 employee-partners that are with us today, but for all of those who did the heavy lifting all along the way to allow us to reach the enviable position in which we find ourselves today.

The world is once again very challenging, and this is reflected in the capital markets. Certainly, we have made many mistakes along our path to Jefferies at 60, but those mistakes have also taught us much along the way. We might be celebrating our big birthday in the midst of yet another period of great challenge, but we thought we would share with all of you some of the most important lessons the two of us have learned along the way in our portion of helping to build Jefferies into the Firm it is today:

1. **Culture**. Everything at Jefferies starts and ends with our people. A flat structure, open lines of communication and transparency foster a healthy environment and results in empowered people who are encouraged to be entrepreneurial, committed and driven to succeed. Nice people want to work with other nice people and so do clients. When people are happy, hustle is natural, as they don't want to let each other down, and it is amazing to see how "lucky" teams become when they work hard and smart together.

2. **Count on Volatility.** Every few years, our world turns upside down. Sometimes badly. You can keep building through cycles only if you keep arrogance out of your team and your business, encourage the immediate escalation of problems without shooting the messenger, raise capital when you don't need it, invest heavily in risk systems and people, and create a Firm-wide attitude of "ownership" and "responsibility." Appreciating the importance of aligning duration of capital with the uses of capital is paramount and will allow you to play offense at the most opportune time, while others are playing defense.

3. **Optimism.** There truly is no limit to what an individual can achieve. When you are fortunate enough to have a Firm full of people who see the glass more than half full and work together as partners, then there is no limit to what the Firm can achieve.

4. **Consistency.** Assuming you have a good strategy to begin with, there is nothing more valuable than people knowing exactly what the plan is and in what direction they are all marching together. Constant changes in leadership, mixed messages on priorities, political nonsense with agenda, competitor envy and "copycatting" and falling for the new "flavor of the month" are all recipes for disaster. It doesn't mean there aren't constant pivots and adjustments along the way, as more information is received or circumstances change, but if you want to get anywhere special it takes time and it's best to consistently get there by everyone rowing at the same time and direction. It is also important to understand that nothing worthwhile happens quickly.

5. **Clients First, Always.** This is not just a tag line and must be embraced as a way of life.

6. **One Firm.** Many companies claim it and very few deliver it. Clients recognize when the entire Firm is delivered to help them solve their problem or seize their opportunity, and they also know when they are caught up in internal politics or similar nonsense. Equally important, if everyone understands and appreciates the health of the entire Firm will also affect their personal success, it is much easier for the Firm to handle the stress that comes with down cycles. Individual and group success must be rewarded, but nobody is operating in a vacuum. For all of us to win in the long term, we all must bear the brunt of supporting each other, especially in times of cross currents.

7. **Journey Not Destination.** We have yet to declare victory in anything we do. There is room for improvement and growth in every aspect of our Firm. For us at Jefferies, nobody will ever hear us declare "mission accomplished." This doesn't mean we can't celebrate a victory or a milestone such as our birthday. Whenever we see an individual or team go beyond the call of duty and accomplish something special, our Firm is the first to highlight the accomplishment and spread the appreciation and glory. But then, the sleeves must quickly be rolled up and onto the next client or challenge we go. That passion to constantly improve and gain ground for the benefit of our clients must be relentless. Staying constantly hungry and never being satisfied will keep us tenacious, humble, creative and proud.

Happy Birthday to team Jefferies and all of the people who have supported and enabled us to be the Firm we are today. The two of us are fortunate to have been the beneficiaries of thousands dedicating themselves to help build our Firm. We have grown in partnership with our remarkably successful clients who have always been incredibly demanding, but also wonderfully loyal and supportive. We look around today and find a world that is clearly challenged in many important ways and while some may see this period as frustrating and discouraging, we see it as yet another opportunity for Jefferies to re-define ourselves and eventually get to yet the next level. We are motivated, driven, excited and happy.

Who knew that 60 could be the new 30?!

Happy Birthday All,

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(1) The financial measures presented herein include adjusted non-GAAP financial measures for 2011-15, which exclude the impact of the results of operations of Bache, a business substantially exited in 2015. See the Jefferies Financial Group Additional 2020 GAAP Disclosures at http://ir.jefferies.com/2020GAAPDisclosure for a reconciliation to GAAP measures. Net Earnings (Loss) in 1990-2012 are attributable to Common Shareholders. Net Earnings in 2013-2021 are attributable to Jefferies Group LLC. Jefferies Group's results in 2013 for the Successor period includes the results of operations for the first quarter ending 2/28/13, which are part of the Predecessor period. The Predecessor and Successor periods are separated by a vertical line to highlight the fact that the financial information for such periods have been prepared under two different cost bases of accounting. Results in 2010 are for the 11 months ended November 30, 2010. “Predecessor / Successor” line delineates merger with Jefferies Financial Group.

(2) 2008 post-tax loss of $541 million includes expenses of $427 million related to the modification of employee stock awards and restructuring activities, offset by $434 million equity raise. 2018 GAAP net earnings attributable to Jefferies Group LLC of $159 million are adjusted to exclude the provisional tax charge of $165 million related to the enactment of the Tax Cuts and Jobs Act that was recorded in the year ended November 30, 2018.

(3) Global revenues for the last 12 months were $6.4 billion and net earnings for that period were $1.0 billion (Source: JFG Consolidated Financials).

A Fed More Comfortable With Economic Pain, Setting the Table for a Late '23 Recession

Chief Economist Aneta Markowska says the US Federal Reserve needs to see below-trend GDP growth if it has any chance of returning to 2% inflation. But she believes growth is on track to accelerate sharply in 2H to a 2.6-3.2% range. Household balance sheets are too strong, nominal income is too strong, and now, declining energy prices are boosting consumers' purchasing power, which is likely to increase demand for non-energy goods and services at a time when the Fed is trying to push it down. As a result, the Fed has shifted to becoming unambiguously hawkish, and while their new projections stopped short of forecasting a recession, they seem to suggest a greater tolerance for economic pain. Aneta continues to project that a combination of higher rates and a stronger dollar will cause the economy to slide into a recession in 2H23, and she believes the risks remain skewed to the upside for short term rates.

Aneta Markowska believes growth is on track to accelerate sharply in 2H to a 2.6-3.2% range

Chief Market Strategist David Zervos believes the markets are still in the process of digesting the Fed's current policy stance. While he expected that equities would have a tough time this year handling higher rates and quantitative tightening, he believes market participants know the current pain is necessary for a brighter future. In addition: 1) with nominal income growth remaining so strong, it was hard to see nominal earnings coming down drastically; 2) aggressive Fed hawkishness is leading to increased credibility and 3) the market has already priced in a lot of negativity. Nonetheless, bottom picking is typically messy business, and David remains cautiously positioned within his trading recommendations.

David Zervos believes market participants know the current pain is necessary for a brighter future

Global Head of Equity Strategy Christopher Wood continues to believe global CPI reports will remain the most important monthly data point, especially now that inflation is becoming entrenched in the services sector. On the other hand, though central banks remain hawkish, he also notes that there have been some small crumbs of comfort for those looking for a sign that inflation has peaked. Aside from the data itself, Christopher believes the key issue remains whether the political pressures on the Fed to change following the US midterm elections in November. For now, the situation remains the inverse of Goldilocks with recession risks growing every time the Fed tightens. He continues to prefer value over growth, but expects the critical issue to increasingly be not whether a stock is "value" or "growth" but whether it generates cash and pays a dividend.

Christopher Wood continues to believe global CPI reports will remain the most important monthly data point

Global Equity Strategist Sean Darby notes that global equities were range bound through the past quarter as higher US yields and a strong dollar capped the upside. Meanwhile inflows by income seeking investors put a floor on share prices helped also by the perception of strong balance sheets. There were no signs of panic. Indeed, positioning is quite bearish going into Q4, suggesting that as inflation pressures abate, there is room for equities to re-rate, particularly if commodity prices moderate.

Sean Darby notes investors are bearish heading into Q4, and anticipates that as inflation wanes, equities may re-rate, particularly if commodity prices moderate

Actionable Ideas for Companies and Sponsors

MERGERS AND ACQUISITIONS

Minority Investments in both Public and Private Companies

Uncertainty is the enemy of a robust M&A market, and 2022 has presented many challenges, particularly in recent months. The confluence of high inflation, rising interest rates, recession fears, and geopolitical turmoil have challenged leveraged finance and equity markets, and conspired to reduce M&A activity substantially. Global M&A fee pools are down over 40% in the last three months (June through August) versus 2021 and private equity exits are similarly challenged, with completed transactions down nearly 60% versus 2021 during the same period.

Nonetheless, we believe the recent trend of both private equity and corporations taking substantial minority positions in both public and private companies will gain traction as they seek to invest capital against this challenging backdrop. Recent examples include:

- State Farm and Google's recently announced independent investments into ADT, a public company with substantial ownership by Apollo Global: State Farm will invest $1.2 billion for a 15% interest in ADT. The investment was struck at a 25% premium to ADT's share price and ADT will use proceeds to repurchase shares in the open market at the same per share price. State Farm also earmarked $300 million in funding to pursue product innovation and marketing initiatives across the two platforms. Google, already a 6% shareholder in ADT, agreed to invest a further $150 million focused on connected home initiatives, likely leveraging its Nest brand products.

- **Vizient's strategic minority investment into Kaufman Hall, owned by Madison Dearborn Partners ("MDP")**: MDP identified key areas of collaboration to include enterprise and service-line growth initiatives, strategic partnerships, spend management and clinical quality, amongst others. The investment in Kaufman Hall took the form of secondary capital with MDP retaining a majority position.

- **In the private equity universe, several straight equity investments were made for minority positions, including**: Caisse de depot et Placement du Quebec investing in ICR (strategic communications and advisory), which was owned by Investcorp; Brentwood Associates investing in Pacifica Beauty (vegan beauty products), owned by the founders and growth investor Alliance Consumer Growth; and Carlyle taking a minority position in Duravant (engineered equipment and automation solutions provider), which was previously owned by Warburg Pincus. In each of these cases, existing investors retained meaningful or control positions signifying their ongoing confidence in the businesses.

These types of investments have several benefits relative to overall acquisitions: (i) they do not require leverage, (ii) existing owners continue to enjoy the benefits of upside appreciation at a time when new investments are hard to find, (iii) they do not trigger change of control provisions in the existing capitalization, (iv) they can couple primary and secondary proceeds potentially adding fresh capital for investment, and (v) in the case of strategic investment by another corporation, they bring synergistic benefits to both parties. Corporations making these investments can utilize cash on hand or low-cost debt to fund these transactions in a less competitive deal-making environment.

The recent trend of both private equity and corporations taking substantial minority positions in both public and private companies will gain traction as they seek to invest capital against this challenging backdrop

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The Impact of the Universal Proxy Card on Shareholder Activism and Board Proxy Fights

On September 1, 2022, the SEC's new rules regarding the use of universal proxy cards in contested director elections went into effect, marking a highly significant change for director board room battles, and putting to rest the two-card system that dominated proxy contests for decades. Until now, a company and an activist would each submit a proxy card that listed only their respective director nominees, preventing shareholders from splitting their votes between any combination of company or activist nominees. Under the new rules, both parties' proxy cards will list each of the director nominees put forth by both management and the activist on the same ballot.

Under the new rules, shareholders are now empowered to vote for the most qualified nominees regardless of which side proposed them

We expect the new rules to shape a new era of boardroom proxy fights and influence the evolution of activist engagement and tactics as they seek to enact change in the boardroom. Most notably, the universal proxy card rules will make the cost of soliciting proxies, and in effect the cost to run proxy contests, significantly lower. As a result, we should expect to see an increase in the number of nomination campaigns that take place over the course of a proxy season. Additionally, shareholders who have not historically utilized an activist approach may become "first-time" activists as the cost to run a director contest becomes less prohibitive.

Instead of being forced to make a binary choice of siding with management or siding with the activist, shareholders are now empowered to vote for the most qualified nominees regardless of which side proposed them. Targeting specific directors will become much easier and will make it more likely for dissidents to win some minority seats, which in turn will likely push more companies to settle before a vote takes place.

To prepare for the next wave of activism, company board and management teams should continue to consider "being their own activists" by proactively examining the makeup of their board on an ongoing basis to ensure the best mix of skillsets, experience and diversity are in place, and regularly reviewing their strategic and financial alternatives to pre-empt any activist approach.

LEVERAGED FINANCE

Issuers that Don't Fit the Broadly Syndicated Loan Market Can Still Access Non-Dilutive Capital through Private Debt

For smaller deals or challenged credits that would not be well received by the syndicated loan market, Jefferies can arrange unrated club deals with a more tailored credit facility to fit an issuer's needs. Recent illustrative examples include:

Jefferies can arrange unrated club deals with a more tailored credit facility to fit an issuer's needs

1. Jefferies closed a 4-year, $150 million senior secured term loan for Oportun Financial to fund cash to the balance sheet for growth in their consumer lending business. Oportun Financial (NASDAQ: OPRT) is a leading financial technology company and digital banking platform that aims to provide inclusive, affordable financial services that empower its members to build a better future. This financing was the company's first corporate-level debt issuance and sits behind much of the company's existing asset-level securitizations.
2. Jefferies closed a $225 million Senior Secured First Lien Credit Facility for Achieve, f.k.a. Freedom Financial, to provide growth capital to support the Company's near-term transformation plan. Achieve is a leading digital personal finance company

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whose products and solutions help everyday people get on, and stay on, the path to a better financial future, with innovative technology and personalized support. Jefferies ran a highly customized process amid volatile market conditions and an unfavorable macroeconomic outlook. After marketing the transaction to a select group of targeted investors, we were able to achieve a successful execution with terms to the company's benefit.

TRADE FINANCE

Trade Finance Solutions Can Provide Needed Liquidity to a Broad Range of Companies

Point Bonita Capital, managed by Leucadia Asset Management LLC, a division of Jefferies, has been very active in providing alternative working capital solutions to companies across various sectors. These facilities are well-suited for companies that are pressured by customers to extend payment terms, operate businesses in transition, are fully levered in their sector/industry, have already tapped into their accordions, may be witnessing rapid revenue growth, facing liquidity drain from negative working capital, or looking to avoid triggering any MFN provisions.

Point Bonita Capital has worked with companies to help navigate the current inflationary environment, providing ~$5 billion in alternative capital solutions since inception

Point Bonita Capital attractively prices its facilities around first lien pricing levels, does not syndicate any exposure, and can fund individual facilities up to $500 million. Typically there are no restrictions on use of proceeds, and companies can opportunistically buy back a portion of their debt at a discount, pay dividends, or use funds for other corporate purposes. This group has worked with companies to help navigate the current inflationary environment and has provided ~$5 billion in funding since inception with a pipeline that remains strong.

Point Bonita Capital offers two primary forms of working capital solutions that provide steady funding in 1-yr to 3-yr facilities that can be extended.

1. Receivables Structure – Point Bonita Capital will purchase receivables from the company and wire funds to them the same day. This is typically done via a true sale legal framework to strive to ensure the financing is not debt incurring or equity dilutive.
2. Payables Structure – Point Bonita Capital will typically fund the company's suppliers on Day 0, and the company will repay Point Bonita Capital on Day 90. This extension of payables can be margin accretive and reduces working capital drain. A payable facility also typically carries no maintenance covenants and is very simple to set up and service.

EQUITY CAPITAL MARKETS

Private Equity Firms Creating and Increasing Positions in Listed Companies

Private equity firms have taken advantage of the volatility in equity markets to increase existing positions and establish new positions in listed stocks

Private equity firms have taken advantage of the volatility in equity markets to increase existing positions and establish new positions in listed stocks, often on the back of weak share prices, including companies that have completed an IPO in recent years. There are several recent precedents in EMEA and the U.S. from top tier private equity firms.

When considering a purchase of listed shares, there are strategies that can be implemented to address a combination of the following:

- Leverage the purchase of the shares
- Accommodate any regulatory hurdles

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- Accelerate the delivery of shares and manage disclosure to the market
- Manage the market risk over the execution period, including capping the purchase price

Convertible Bonds Issuance to Refinance High Yield Bonds

European corporates with upcoming bond or loan maturities in the next two years should consider a liability management transaction by issuing new convertible bonds early, as credit spreads are expected to remain volatile and interest rates to increase further. Convertible bonds offer significant savings compared to bonds and loans in a rising interest rate environment and, with equity valuations still at depressed levels, allow corporates to eventually issue equity at a significant premium to current stock prices, while reducing dilution. Illustratively, the coupon of a new 5-year high-yield bond for a BB credit quality corporate could be approximately five percentage points higher today compared to the beginning of 2022, while the cost of a convertible bond of a company with a similar profile may only be up two and a half percentage points over the same period.

Convertible bonds offer significant savings compared to bonds and loans in a rising interest rate environment

DEBT ADVISORY & RESTRUCTURING

Addressing Significant Litigation Liabilities through a "Texas Two-Step" Transaction

When dealing with mass tort liabilities through the state and local court systems, companies often must invest significant time and expense on their defense, while often encountering difficulties, including inconsistent rulings, inability to bind holdouts and inability to deal with future claimants.

As an alternative to the tort system, many companies have turned to chapter 11 bankruptcy to address their litigation liabilities as a way to enable resolution of their litigation liabilities in a single forum. While often a very favorable option, there are drawbacks that otherwise healthy companies would prefer to avoid, including significant expense and certain restrictions and oversight.

A "Texas Two-Step" can allow companies to simplify and reduce the uncertainties of litigation liabilities

In a "Texas Two-Step," a company undertakes a series of transactions to: (i) move its tort liabilities (along with certain assets) into a newly created Texas entity, "LitigationCo," with the company's remaining assets and liabilities moving to "NewCo," and subsequently (ii) filing the LitigationCo under chapter 11 of the bankruptcy code. The initial step is set up as a divisive merger under the Texas Business Code, and as part of that transaction, NewCo will provide an uncapped funding agreement to LitigationCo in which it agrees to fund both expenses and potential future tort liabilities.

The Texas Two-Step enables a company to:

- Avoid years of protracted litigation with open-ended exposures
- Resolve all claims in a single forum (including potential future claims)
- Estimate and cap tort liabilities
- Ensure more consistent recoveries for similarly situated claimants
- Keep a company's valuable assets out of bankruptcy

Companies that have pursued a Texas Two-Step (or similar strategy) to address litigation liabilities include Johnson & Johnson ("LTL/J&J"), 3M ("Aearo/3M"), Georgia Pacific, O-I Glass, Ingersoll-Rand, Trane Technologies, and CertainTeed Corporation.

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O-1 Glass recently confirmed its chapter 11 plan and recent developments in the LTL/J&J case further suggest courts may be receptive to the strategy. The judge in LTL/J&J recently ruled that not only was the case commenced for a valid reorganizational purpose, but not considering the potential appropriateness of a Texas Two-Step (or other similar option) might be a breach of a company's fiduciary duties. On the other hand, a bankruptcy judge's decision in August 2022 in Aearo/3M denied the proposed structure, which was in part due to Aearo/3M failing to argue that the outstanding tort litigation was a financial danger to 3M. The LTL/J&J and Aearo/3M cases both are still subject to continued court hearings and appeals, but the differing outcomes emphasize the importance of having the appropriate financial and legal advisors.

As an initial step, diligence and analysis of the company's liabilities would be required to determine the best strategy to address such liabilities, including consultation with legal counsel.

Best Research Ideas

Consumer Finance: Have Your Cake and Eat It Too? Then You Better Be Focused on Funding

Jefferies assessed and ranked access to capital, liquidity, leverage and funding diversification among covered consumer finance companies to gauge the best-positioned names over the next 3-4 years. We view deposit takers such as ALLY and COF as most prepared to handle significant shifts in credit markets, while newer platforms like AFRM and UPST have reliance upon the capital markets, which increases their overall operational risk. Jefferies would expect an appreciation of these risks will be reflected in valuation over time.

— John Hecht, Consumer Finance

Capital Goods: What Can Japan Tell Us about China's Growing Automation Story?

The sustainability of a post-lockdown recovery in China may be a debate among investors, but Jefferies' industrial data from Japan suggests it is time for investors to examine opportunities. Our HK strategist and industrials team focus on the long-term growth of factory automation in China with a structural shift in the demographics, including a review of the basics of major Chinese and Japanese factory automation players.

— Sho Fukuhara, Capital Goods

European Consumer Survey: Under Pressure 2.0

Jefferies recently surveyed over 4,000 consumers across the UK, Germany, France and Italy to gain insight on how cost inflation is impacting their behavior. Key insights include ongoing confidence in financial conditions, low expectations of wage increases over the next 12 months, and a clear trend toward brand downtrading. Nevertheless, ESG considerations remain key to brand choice.

— Jefferies European Research

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Machinery: Biofuels – Why We Don't Worry About the 'Stronger for Longer' Ag Cycle

Jefferies published a report exploring cycle support for the machinery space stemming from biofuels, a key component of our “stronger for longer” view of the ag cycle. The potential growth in ethanol, renewable diesel and sustainable aviation fuel could boost demand for corn and soybeans by ~10% and ~40%, respectively. Specifically, Jefferies estimates biofuels could support an increase of ~14 million harvested acres for corn and ~100 million for soybeans. While shares of DE and AGCO continue to be strongly impacted by cycle assumptions, as valuation and consensus estimates reflect peak cycle conditions in 2023, multiples can revert to cycle averages and growth expectations can increase in 2024 and 2025. Jefferies believes this could drive substantial upside for DE and AGCO.

— Steve Volkmann, Machinery

India Strategy: Margin Recovery Plays

The margins of Jefferies’ coverage universe in India will likely bottom in FY23, and we expect FY24 EBITDA margins will be up 200+ basis points year-over-year with broad-based substantial margin improvement excluding IT, metals & chemicals. We identify 12 stock picks with strong margin trend over FY23-24: Maruti, TVS, Eicher, Thermax, Adani Ports, Bharti Airtel, Biocon, Cipla, DLF, Lodha, GCPL and Indian Hotels. Jefferies expects the only sector with FY24 margins still lower than FY20 (pre-pandemic) to be IT, staples & cement.

— Mahesh Nandurkar, Head of India Research

Jefferies (NYSE: JEF) is the largest independent, global, full-service investment banking firm headquartered in the U.S. Focused on serving clients for 60 years, Jefferies is a leader in providing insight, expertise and execution to investors, companies and governments. Our firm provides a full range of investment banking, advisory, sales and trading, research and wealth management services across all products in the Americas, Europe and Asia. Jefferies' Leucadia Asset Management division is a growing alternative asset management platform.

NOTABLE RECENT TRANSACTIONS

Technology | July 2022 | Pending
ironSource
$4,400,000,000
Merger with **Unity Software**
Sole Financial Advisor

Finance | September 2022
corebridge financial
$1,680,000,000
Initial Public Offering
Joint Bookrunner

Technology | August 2022
Barracuda. Your journey, secured.
$1,720,000,000
Credit Facility to Finance Acquisition by **KKR**
Joint Lead Arranger

Healthcare | August 2022
GI Alliance
$2,200,000,000
Sale to **Apollo Hybrid Value**
Lead Financial Advisor

Healthcare | July 2022
Legend Biotech
$403,000,000
Common Stock Offering
Joint Bookrunner

Industrials | July 2022 | Pending
Linxis Group
€572,000,000
Sale to **Hillenbrand, Inc.**
Joint Financial Advisor

AeroDefense | July 2022
Atlantic
$425,000,000
Credit Facility
Joint Lead Arranger

Energy | August 2022
WEX Woodford Express, LLC
$485,000,000
Sale to **Energy Transfer LP**
Sole Financial Advisor

Technology | August 2022 | Pending
rev
$1,000,000,000
Acquisition of **Netspend** consumer business from **Global Payments**
Lead Financial Advisor

Healthcare | August 2022
Viridian
$311,000,000
Common Stock Offering
Joint Bookrunner

Maritime | August 2022
Navios Maritime Partners L.P.
$835,000,000
Acquisition of fleet from **Navios Maritime Holdings Inc.**
Sole Financial Advisor to the Conflicts Committee of the Board

Consumer | August 2022
Portillo's Hot Dogs · Beef · Burgers · Salads
$192,000,000
Common Stock Offering
Joint Bookrunner

Healthcare | August 2022
Karuna Therapeutics
$863,000,000
Common Stock Offering
Joint Bookrunner

Automotive Aftermarket | September 2022 | Pending
Cary group
SEK 9,229,000,000
Recommended Offer from **CVC** and **Nordic Capital**
Sole Financial Advisor

Healthcare | July 2022
natus
$463,000,000
Credit Facility to Finance Acquisition by **ArchiMed SAS**
Joint Lead Arranger

Finance | August 2022
numerix
Undisclosed
Sale to **Genstar Capital**
Sole Financial Advisor

Consumer | July 2022 | Pending
FAST Acquisition Corp. II
$1,000,000,000
Merger with **Falcon's Beyond**
Lead Financial Advisor and Capital Markets Advisor

Healthcare | August 2022
Kayak Investments Holding Pte. Ltd.
$1,153,000,000
Common Stock Offering of **Max Healthcare Institute Limited**
Joint Bookrunner

Finance | September 2022
Oportun
$150,000,000
Credit Facility
Sole Lead Arranger

Healthcare | August 2022 | Pending
Azenta Life Sciences
€460,000,000
Acquisition of **B Medical Systems S.á r.l**
Sole Financial Advisor

Technology | August 2022
Infinera
$374,000,000
Convertible Notes Offering
Sole Bookrunner

Healthcare | August 2022 | Pending
NMC New Mountain Capital
$2,450,000,000
Acquisition of Analytical, Food and Service Business of **PerkinElmer, Inc.**
Sole Financial Advisor

Industrials | July 2022
Opti Group
€625,000,000
Credit Facility to Finance Acquisition by **FSN Capital Partners**
Joint Lead Arranger

Technology | August 2022 | Pending
frontline education
$3,725,000,000
Sale to **Roper Technologies, Inc.**
Joint Financial Advisor

Jefferies

IMPORTANT DISCLOSURES

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