

Introducing: After the Bell
Episode #01: Private Equity with Luís Quaresma

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NIC Undergrad Review

NIC
— Undergraduate Division —

Editor's Note.

Dear reader,

It is with great pleasure that I present to you the first NIC Undergrad Review for the year 2026.

This edition brings some exciting additions. We've introduced a new Macroeconomic Overview, designed to give clear insight into current macroeconomic expectations and how they may shape financial markets. We've also added an Opinion Article section, aimed at sparking thoughtful discussion and reflection for you, the reader.

This edition no longer includes the usual interview article. Instead, you can now find it in our brand-new podcast, "After the Bell", and on our social media channels.

Firstly, you will gain insights into some key events on the Iberian Market as well as on the heated M&A environment, including an analysis of the Union Pacific Railroad and Norfolk Southern merger.

You will also learn about the tech-driven industry of Space Services, and we provide a business deep dive into EA, covering peer analysis, risks, and catalysts. Additionally, we present an article titled "Deep Dive: Mezzanine Debt" exploring its strategic role as a hybrid financing tool. The first opinion article focuses on gold and questions whether its recent strong performance is sustainable over the long term.

Lastly, I would like to thank all the members who contributed to this edition: Diogo Pereira, Francisco Almeida, Gastão Feliz, Inês Albuquerque, Joana Bonecas, João Catroga, and Leonor Cintra.

Best regards,

Yash Chauhan

Editor-in-Chief

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Quick Take on Iberian Markets



Gastão Feliz

NVIDIA, Microsoft, and Nscale drive €8.5bn AI hub in Sines, Portugal. Portugal has announced an €8.5 billion investment in its Sines Data Centre project, one of Europe's largest digital infrastructure commitments. The initiative, led by Start Campus in partnership with Nscale, will install around 12,600 NVIDIA Blackwell GB300 processors to power Microsoft's European AI infrastructure, with operations expected to begin by Q1 2026. Designed for high-density computing and powered by 100% renewable energy, the Sines facility aims to make Portugal a hub of technology, sustainability, and connectivity, while reinforcing its role as a digital bridge between continents. Nscale will also deploy NVIDIA GB300 chips to the UK and Norway, expanding AI supercomputing capacity across Europe and further cementing Portugal's role in the region's digital transformation.

Spain's BBVA fails in hostile bid for Sabadell. Spain's BBVA has failed in its hostile takeover attempt of Banco Sabadell, ending one of the most high-profile banking battles in decades. The campaign began in May 2024 after Sabadell's board rejected an all-share merger proposal offering one BBVA share for every 4.83 Sabadell shares. BBVA then launched a direct bid to shareholders and later raised the deal's value to about €17 billion to win support. The Spanish government approved the move on the condition that both banks remain separate legal entities for three years, but investor response remained weak. By October 2025, only 25% of Sabadell's share capital had been tendered, well below BBVA's 49.73% minimum acceptance threshold and short of the 30% level that would have triggered a mandatory cash offer. With insufficient participation, the deal collapsed, leaving Sabadell to continue as an independent lender.

Spain Remains the Fastest-Growing Advanced Economy. The IMF has raised its forecast for Spain's growth in 2025 to 2.9%, four-tenths higher than its spring estimate, and expects 2.0% growth in 2026. This keeps Spain as the fastest-growing advanced economy for the second consecutive year, ahead of the eurozone average of 1.2%, with Germany at 0.2% and France at 0.7%. Inflation is projected to ease to 2.4% in 2025 and 2.1% in 2026. The IMF credited Spain's resilience to strong domestic demand and a robust labour market.

Portugal raises €5bn in new debt issuance. In September 2025, Portugal's Treasury agency (IGCP) raised €5 billion through a syndicated bond sale, divided between €3.5 billion in 8-year bonds at a 2.94% yield and €1.5 billion in 30-year bonds at 4.03%. Investor demand reached €81 billion, over 16 times the amount offered. The 30-year bonds, maturing in 2054, drew more than €35 billion in orders (23 times oversubscribed), while the 8-year bonds attracted €46 billion (13 times oversubscribed). Yields rose compared with May's 30-year sale (4.03% vs. 3.625%), reflecting higher sensitivity to interest rates, inflation expectations, and liquidity risks. Economists said the operation improves Portugal's debt profile by extending maturities and leveraging recent credit-rating upgrades, amid projections that the debt-to-GDP ratio will fall below 90% by 2026.

Orange to take full control of Spain's MasOrange in €4.25bn deal. French telecoms group Orange has agreed to acquire full ownership of its Spanish joint venture MasOrange in a deal valued at €4.25 billion, marking a major step in European telecom consolidation. Under a non-binding agreement, Orange will buy out private equity consortium Lorca, comprising KKR, Cinven, and Providence Equity Partners, with the final deal expected by year-end. The move ends the Orange-Lorca partnership formed after the €20 billion merger of Orange España and MásMóvil in 2022. Taking full control will strengthen Orange's position in Spain, its second-largest market after France. MasOrange, which serves 31 million mobile and 7 million broadband customers, is Spain's largest telecom operator by subscribers.

Macroeconomic Overview



Francisco Almeida

Assessing the risks of a slower, less predictable Global Economy

The Past 12 Months

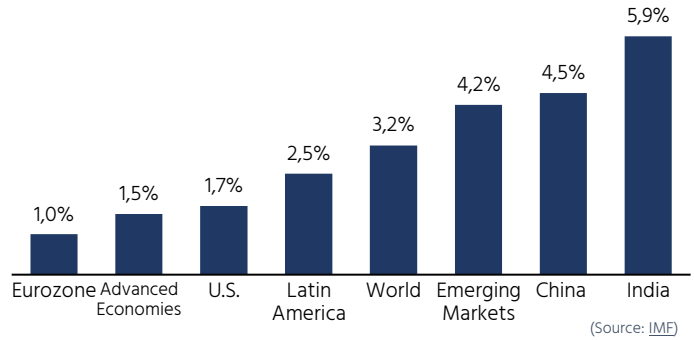
The past year has been marked by a period of global rebalancing in which growth remained surprisingly resilient but increasingly uneven across regions. The U.S. economy continued to outperform expectations thanks to robust consumer spending, elevated incomes, and a rise in AI-related investment, which became one of the most powerful drivers of private capital expenditure. This helped the economy against a restrictive policy environment, immigration constraints, and higher input costs associated with renewed trade protectionism. The introduction of "Liberation Day" tariffs, imposed in April, created immediate disruptions in supply chains, briefly disturbed global equity markets, and amplified business uncertainty worldwide.

In the Eurozone, GDP growth slowed to just 0.1% in Q2 of 2025, compared to 0.6% in Q1, as key manufacturing sectors remained under pressure. The United Kingdom performed slightly better, recording 0.3% quarterly growth, supported by service-sector expansion and modest policy accommodation. However, political fragmentation and rising fiscal concerns constrained confidence, especially in France, where a prolonged political crisis has stalled investment and reduced growth prospects to just 0.7% for the year.

In Asia, the economic picture was more diverse. China's trade performance improved notably, with exports up 7.2% year-on-year and imports up 4.1%, reflecting stronger cross-border activity ahead of new tariff deadlines. Additionally, India emerged as one of the global economy's key bright spots, maintaining a strong growth trajectory supported by domestic consumption, infrastructure investment, and resilient manufacturing output. Japan also saw uncertain signs of improvement as rising wages and stabilizing prices began to support consumer confidence.

Overall, the global economy expanded by around 3.2% this year, seen by many as one of the slowest growths since the pandemic, but still above expectations given the series of trade and geopolitical shocks that characterized the year.

2025 GDP Growth

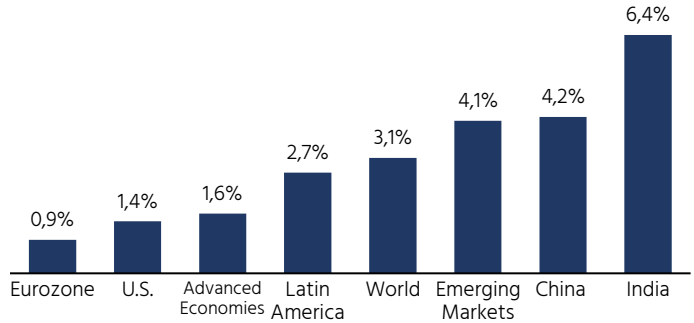


(Source: IMF)

Economists' Expectations for the Future

Looking forward, according to projections from the IMF and major research institutions, the world economy is expected to expand by an average of 3.1% 2026, below its long-run average of 3.7%. The U.S. economy is projected to slow down as fiscal stimulus weakens and the impact of tariffs and softer consumer demand becomes more noticeable, with GDP rising only 1.7% in 2025 and an expected 1.4% in 2026. Economists caution that the world economy will increasingly depend on the productivity gains associated with digitalization and AI diffusion, which may sustain output but create the conditions for an alleged "jobless growth".

2026 Projected GDP Growth



(Source: McKinsey, Morgan Stanley, IMF)

In the Eurozone, growth is expected to stabilize near 1% in 2026 as cautious fiscal expansion and expected monetary easing begin to support domestic demand. Nonetheless, structural problems such as idle productivity, weak innovation, and demographic pressures will continue to constrain potential output.

In Asia, growth is projected to remain the strongest globally. China's GDP is forecast to expand by c. 4.2% in 2026, as policy encouragement offsets only part of the drag from the property downturn and weaker confidence. India is expected to grow c. 6.4% in 2026, driven by domestic investment and export diversification, while Japan should achieve moderate expansion near 1%.

Altogether, economists expect that the global economy will continue to slowly expand, shaped increasingly by technological realignment, demographic transition, and conflicting policy strategies rather than synchronized global cycles.

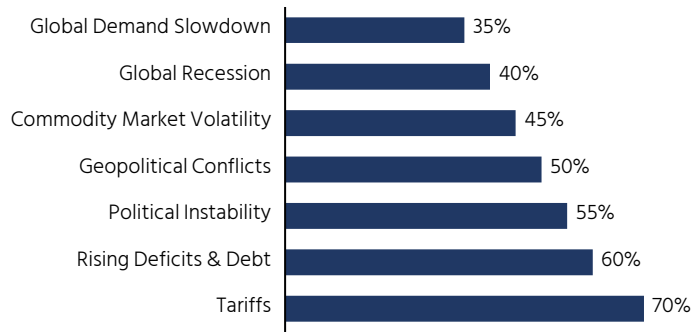
Main Worries

Even though global forecasts remain broadly stable, the outlook is still vulnerable to several risks. Rising trade protectionism, including U.S. tariffs and retaliatory measures from other countries, has brought new uncertainty to global supply chains, discouraged investment, and slowed international trade. This renewed fragmentation of global commerce poses a direct challenge to the open trading system that supported much of the world's growth before the pandemic.

Fiscal pressures are concerning advanced economies due to rising borrowing needs and political demands for greater public spending. In the United States, budget deficits are expanding due to higher debt and defense expenditures, while in Germany, the deficit is projected to reach its highest level as the government prioritizes infrastructure and defense expenses. Political instability in Europe, especially in France, and ongoing conflicts in the Middle East and Eastern Europe continue to weigh on confidence and pose risks of commodity market volatility. In Asia, weaknesses in China's property market and the threat of persistent deflation remain major drags on growth.

Emerging markets, though relatively resilient, still face uncertainty from slowing global demand and vulnerability to external shocks. Altogether, these challenges lead to a world economy entering a phase of slower, more fragmented, and less predictable growth. Economists estimated a 40% probability of a global recession soon, as they agree that the underlying risks remain significant. Rising protectionism, political instability, and geopolitical shocks could easily disrupt current progress, leaving the global recovery on fragile ground.

Macroeconomic Risks Estimated Likelihood

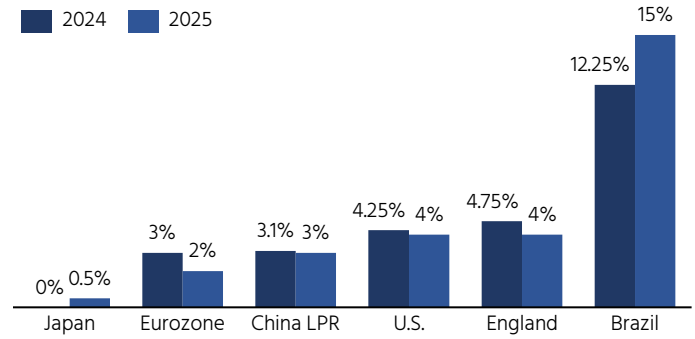


(Source: JPMorgan)

Interest Rates

In 2025, global interest-rate policy pivoted from "higher for longer" to gradual moderation, yet the macro-impacts vary sharply across regions. In February, the Bank of Japan raised its short-term policy rate to 0.5%, officially ending nearly a decade of negative interest rates. The move, driven by stronger wage growth and a steady recovery in domestic demand, sent global bond yields higher and triggered capital outflows from emerging markets back into Japan, and strengthened the yen by almost 7%, pressuring Asian exporters. For the first time in years, Japan's monetary stance began to align with other major economies, marking a turning point in global liquidity flows.

Interest Rates



(Source: McKinsey, JPMorgan, Trading Economics)

Another turning point came in August, when the Bank of England cut rates by 50bp, the largest in more than a decade, following U.K. GDP growth slipping to 0.3% in Q2, and consumer confidence hit a post-pandemic low. The announcement weakened the British pound by nearly 5%, boosted gilt prices, and pressured the European Central Bank to accelerate easing amid fragile industrial output, while in the U.S., it briefly pushed Treasury yields lower. The BoE's bold step underscored how rapidly positions could shift from inflation control to growth protection in a still uncertain global economy.

The European Central Bank cut its deposit rate to 2%, from 2.25%, citing inflation at about 2.1% for 2025 and growth projected at only 0.9%, refusing to implement additional cuts unless it is faced with significant shocks. ECB's own modelling shows a 25bp interest rate increase would reduce housing sales by c.2% and home-goods consumption by c.0.3% over 3 years. In the United States, the Federal Reserve maintained the federal funds rate around 4% to 4.25% while many market participants and strategists expect no immediate cuts.

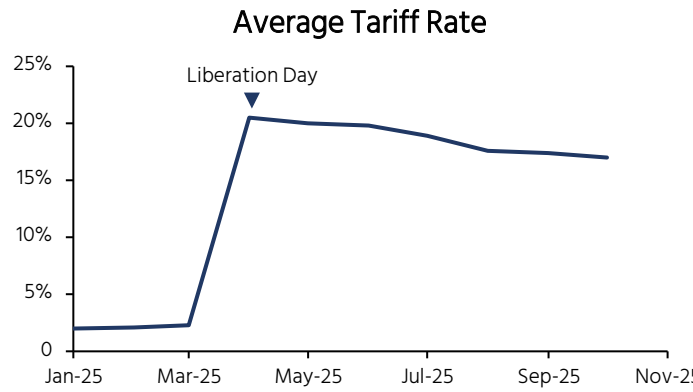
Globally, interest rates are influencing investment, housing, trade, and credit. In Asia, higher short-term rates in Japan and China increase corporate borrowing costs, weigh on cross-border trade financing, and challenge some export-driven economies such as South Korea, Taiwan, and Vietnam. In Latin America, central banks maintain higher interest rates to contain inflation, which dampens consumer spending and domestic investment. Trade and global policy uncertainty mean central banks must proceed carefully to avoid stimulating inflation or creating financial imbalances.

Trade War

In April 2025, the U.S. government imposed tariffs that lifted its weighted-average tariff rate from 2% to more than 20% in a couple of days, described by many as the largest effective rise in the U.S.

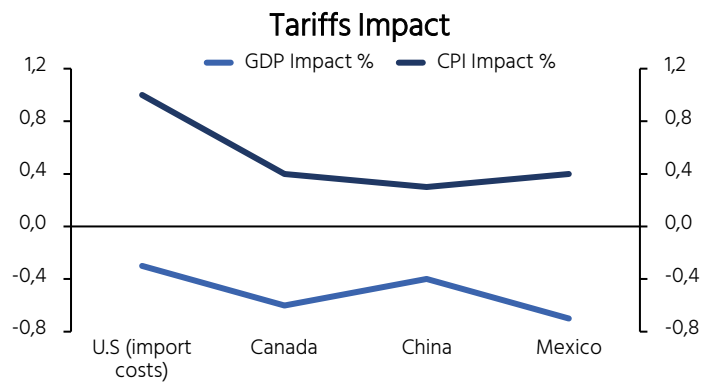
The measures targeted sectors such as steel, aluminum, autos, tech inputs, and many consumer goods, triggering global trade disruptions.

Several countries threatened counter-tariffs: Canada announced counter-levies covering $110 Bn of U.S. exports, and China imposed duties of up to 125% on some U.S. imports. As expected, tariffs raise import prices, and firms accelerated shipments or rerouted logistics to offset costs, actions major banks documented as common corporate responses.



(Source: OECD)

According to J.P. Morgan, the U.S. imported about $1.36 Tn of goods from Canada, Mexico, and China in the prior year. A 19% average import tax could mean $206 Bn in additional costs, which is equivalent to a c. 1% lift in U.S. CPI on a simple pass-through assumption. Morgan Stanley and J.P. Morgan research teams warn of weaker capital spending, slower cross-border investment decisions, and pressure on trade-related GDP components. Uncertainty around tariff duration also delayed corporate CAPEX, expanding the near-term economic drag. Beyond the headline numbers, tariff complexity increased compliance costs and induced firms to create "geopolitical nerve centers" to manage sourcing and regulatory adjustments.



(Source: BudgetLab, OECD)

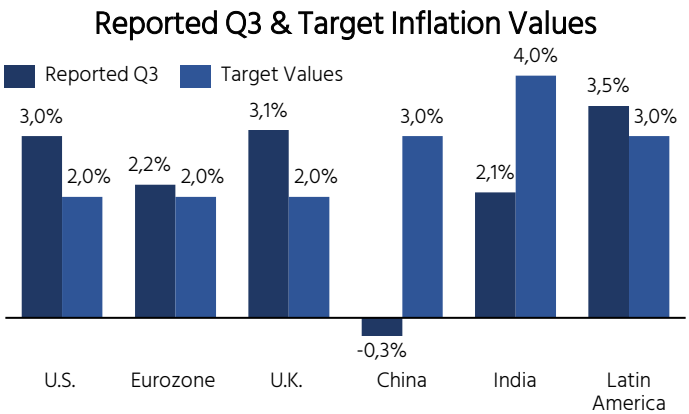
Additionally, firms in certain sectors used legal and logistical workarounds such as relabeling and shipment via third countries, that covered-up trade declines but raised long-run supply-chain costs and governance risks. Moreover, Canada and Mexico were the most impacted, given their high export dependence on the U.S., with estimated GDP and employment impacts estimated to be multiple times larger than those of other countries.

Financial markets reacted immediately with equity and bond volatility, and investors re-weighted portfolios toward non-U.S. stocks and commodities. J.P. Morgan Asset Management advised diversification given the risk of higher prices with weaker growth. Analysts now see a "global fragmentation" scenario where supply chains regionalize, unit costs rise, and long-run GDP levels are permanently lower than in a free-trade baseline.

Inflation

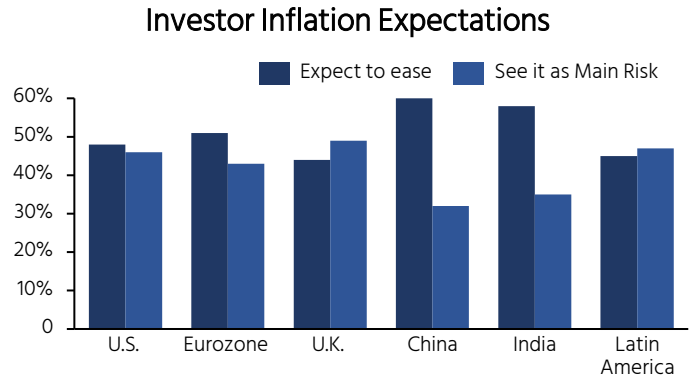
In 2025, inflation no longer became a single global matter and took on region-specific trends. Across advanced economies, headline inflation eased from the highs of 2022-24, yet underlying pressures remained, as trade tensions, tight labor markets, and increasing fiscal policies kept prices elevated. Investor attitude reflected this uneven landscape: according to institutional surveys, nearly 47% expected inflation to slow down through late 2025, while 45% still saw it as their main concern.

Up to now, regarding inflation rates, the U.S. recorded roughly 3.0%, slightly above the Federal Reserve's target, while the Eurozone held near 2.2%, close to price stability.



(Source: CFR, BIS,)

The U.K. remained elevated at 3.1%, influenced by a weak pound and supply constraints. Meanwhile, China is facing deflation at around -0.3%, and India maintained near 2.1%. Across Latin America, tighter monetary policy brought inflation down to an average of 3.5%.



(Source: CFR, BIS,)

Across emerging markets, weaker domestic demand in Latin America eased price pressures, while India maintained low and stable inflation, highlighting how it has become shaped by regional rather than global trends. Tighter immigration controls resulted in higher minimum wages in major service sectors, keeping prices high even as goods costs fell.

Meanwhile, firms diversified suppliers and rerouted logistics to offset tariffs, which limited short-term consumer price increases but raised operating and financing costs. The higher expenses represent a source of inflation likely to re-emerge once profit margins narrow. Analysts identify these corporate and labor responses as the main contributors to inflation heading into 2026.

M&A Analysis



Diogo Simões Pereira

Q3 was marked by a surge in megadeals, with the highest quarterly M&A volume in the last 4 years.

Overview

After a weaker-than-expected deal-making activity in the first half of 2025, the third quarter delivered an impressive $371 billion in completed deals and around $1 trillion in total M&A activity, surpassing the combined value of the first two quarters and marking the strongest performance since Q4 2021. These solid results were driven by a spike in megadeals (14 valued above $10 billion) supported by a perceived macroeconomic stability: falling interest rates, strong equity markets, and rising confidence among dealmakers despite geopolitical and regulatory risks. In particular, this incentivized large-cap players to pursue bold transactions ahead of the rest of the market, driving YTD M&A deal value up 24% YoY and making 2025 the second-highest on record with $4.8 trillion, despite the fourth-lowest deal count in a decade.

First addressing the economic outlook, monetary policy remained restrictive in H1, keeping financing costs elevated and suppressing dealmaking. This trend reversed in Q3 with the announcement of a decline in interest rates. In addition, new trade and fiscal frameworks like the Big Beautiful Bill reduced policy volatility and gave investors clearer baselines for financial modelling.

Regarding the increase in deal value, the renewed interest in the "cream of the crop" reflects companies seeking strategic scale and access to scarce, high-value assets such as next-generation technologies, amid rapid innovation waves like AI integration. "Large-cap M&A is accelerating as boards reposition for a dynamic and evolving chessboard" said the Global Co-Head of M&A at Morgan Stanley.

Private equity remained a major catalyst, with dry powder at record levels (c. $4 trillion) and financial sponsors accounting for 37% of global M&A, the highest share on record. Sector-wise, Technology, Financial Services, Energy & Utilities, and Industrials stood out, with several $10 billion-plus transactions driving activity across industries. Geographically, deal volumes rose over 20% YTD across all regions, led by the Americas and Asia, both surpassing their ten-year averages.

Overall, Q3 2025 was defined by fewer but larger deals as lower rates and policy clarity unlocked previously delayed strategic activity. Looking ahead, further rate cuts should sustain momentum into Q4, though risks such as the US government shutdown could weigh negatively. Still, with confidence returning and dry powder at record highs, the M&A cycle appears firmly back in motion.

Most relevant deals in the third quarter of 2025

Announced Data	Target	Buyer	Target Region	Target Industry	Value
29/07/2025	Norfolk Southern Corp.	Union Pacific Corp.	USA	Railroads	$85.0 billion
29/09/2025	Electronic Arts (EA)	PIF and Silver Lake	USA	Entertainment	$55.2 billion
18/07/2025	Hess Corp.	Chevron Corp.	USA	Energy	$53.0 billion
08/09/2025	Teck Resources Ltd.	Anglo American plc.	Global	Mining	$50.0 billion
30/07/2025	CyberArk Software Ltd.	Palo Alto Networks	Global	Cybersecurity	$25.0 billion
29/07/2025	Chart Industries	Baker Hughes	Global	Energy	$13.6 billion
22/09/2025	Metsera	Pfizer	USA	Healthcare	$7.3 billion

Largest M&A Deal in 5 Years: a new US rail giant

Deal Structure

On June 29th, Union Pacific Railroad announced a merger agreement to acquire rival rail company Norfolk Southern for $85 billion, setting the stage for the creation of the first transcontinental railroad in the U.S. The combined company is valued at $250 billion, with a joint network covering over 50.000 miles across 43 states from the East to the West Coast, in addition to linking about 100 ports. The transaction implies a valuation multiple of 13.3× EBITDA, with expected annual synergies of $2.75 billion, as announced by UP. About a quarter of the acquisition will be paid for in cash, and the remainder in stock, with Norfolk Southern shareholders receiving one Union Pacific share and $88.82 in cash for each share of Norfolk Southern (representing an overall 25% premium over NS's 30-day volume-weighted average price before the agreement). The cash portion of the transaction will be funded through a combination of new debt and balance sheet cash. Regarding equity, UP will issue about 225 million new shares, which will give NS shareholders approximately 27% ownership in the combined entity on a fully diluted basis. The completion of the deal is targeted for early 2027, subject to difficult regulatory approval, which could cancel the deal and trigger a $2.5 billion reverse termination fee.

The Rationale

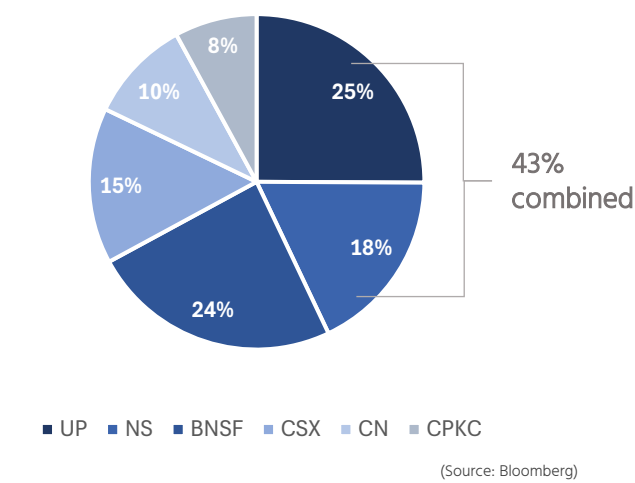
Union Pacific's railroads stretch from the West Coast to parts of the South and Midwest, while Norfolk's rails span the East. The merged company would become the first business in U.S. history to have control of coast-to-coast rail lines. With the railroad industry struggling with volatile freight volumes, rising labour and fuel costs, and growing pressure from shippers over service reliability, the merger is set to significantly improve logistical efficiency, particularly by streamlining rail operations at key intersection hubs such as Chicago. Investors, too, could benefit from the corporate interconnection, with expected achievement of approximately $2.75 billion in annualized synergies. The combined company would generate $36.4bn in revenues, based on last year's performance.

However, the deal is likely to face intense scrutiny from regulators, particularly the Republican controlled Surface Transportation Board, the industry regulator. Additionally, interested parties, including the justice department, labour unions, and rail operators, will be given the opportunity to raise any objections. Critics argue that the merger would reduce the number of major U.S. freight railroads from six to five, potentially leading to monopolistic behaviour. An analysis found that the combined company would handle about 43% of all U.S. rail freight, raising fears of higher shipping costs and reduced service quality for customers. Despite this, the fate of the deal will probably be shaped by whether it can be pitched to Trump's administration as a boon for US infrastructure and a win for freight customers in helping to cut prices.

Market Reaction

Union Pacific and Norfolk Southern shares fell following the merger announcement, closing down 2.4% and 3%, respectively. The dip in stock prices might be rooted in uncertainty around the deal's completion, as the lengthy approval process leads investors to question the deal's timeline and potential regulatory objections. The decline also reflects concerns over potential operational or labour challenges after the merger.

Market Share of Major US Class I Railroads



(Source: Bloomberg)

Industry Overview:
Space Services



Joana Bonecas

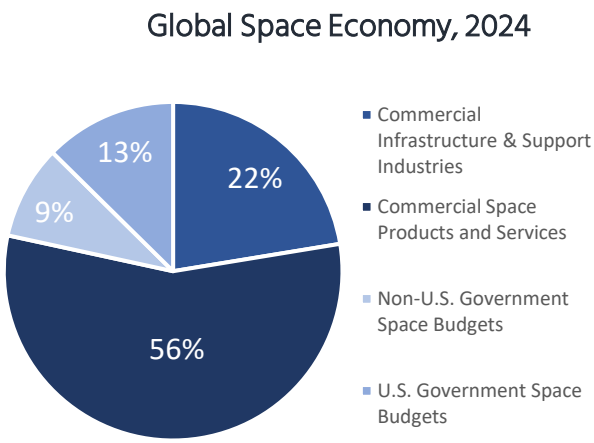
Strategic Assets in a Data-Driven Economy

Background of Space Services

Space services are satellite-enabled solutions that support communication, Earth imaging, navigation, and orbital tracking. They serve both commercial and government needs, offering essential capabilities for infrastructure, defense, and data-driven industries.

Private Sector Space Operations vs Public Sector Contracts

Private space services are driven by commercial demand, focus on scalable deployment, and are built to compete on speed, efficiency, and customer growth. They operate in fast-moving markets and prioritize low-cost delivery, often using modular architectures and reusable launch systems. Public sector contracts, in contrast, are shaped by mission-critical objectives such as defense and scientific research, requiring long planning cycles, strict compliance, and high reliability. The evolution of both sectors has led to a hybrid space economy where public missions often rely on commercial capabilities, and private companies benefit from stable government funding, policy support, and infrastructure access.



(Source: Space Foundation)

Market Overview and Segmentation

The space services industry represented a market value of approximately $613 billion in 2024, accounting for around 71% of the total global space economy. It is forecasted to surpass $1.8 trillion by 2035, growing at a compound annual growth rate (CAGR) of 10.3%, driven by demand for global connectivity, geospatial intelligence, and space-enabled infrastructure.

The space services sector can be broadly segmented into four main categories based on the nature of its services and applications:

- **Satellite Connectivity** includes broadband internet, mobile backhaul, maritime and aviation connectivity, and IoT networks. These services provide real-time global communication across remote regions and transportation corridors.
- **Earth Observation and Analytics** involve imaging technologies such as optical, SAR, and hyperspectral sensors, offering data for climate monitoring, agriculture, urban planning, and disaster response.
- **Positioning, Navigation, and Timing** services augment traditional GNSS systems to deliver high-precision location and secure timing solutions, supporting critical sectors like aviation, energy grids, and finance.
- **Space Situational Awareness** refers to the tracking and monitoring of active satellites, debris, and orbital risks. These services are vital for collision avoidance, satellite fleet management, and regulatory compliance in increasingly crowded orbital environments.

Regions

The space services industry is globally distributed but uneven in adoption and maturity. Market development is shaped by national investment levels, regulatory frameworks, and infrastructure needs. As a result, North America, Europe, and the Asia-Pacific emerge as the most advanced and strategically important regions, each with distinct drivers of growth and innovation.

North America

North America dominates the space services sector through large-scale commercial networks and robust government demand. The U.S. is home to major players like SpaceX, Viasat, and Iridium, and is a global leader in Earth observation, PNT, and defense-grade satellite services.

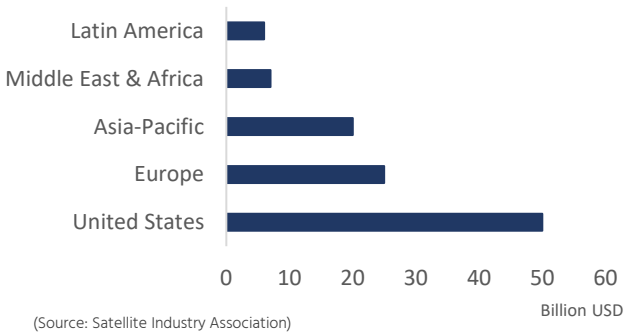
Europe

Europe combines public programs like Copernicus and Galileo with strong commercial operators such as Eutelsat, OneWeb, and SES. Regulatory emphasis on sustainability and data sovereignty supports innovation in EO, broadband, and secure communications services.

Asia-Pacific

The Asia-Pacific region is rapidly expanding its space services footprint, led by China, India, and Japan. Growth is driven by government-backed programs in Earth observation and navigation, along with rising demand for satellite broadband and mobility solutions across underserved populations.

Estimated Revenue of Space Services by Region, 2024



(Source: Satellite Industry Association)

Value Chain and Business Models in Space Services

The space services industry operates across multiple layers, where value is delivered through data, connectivity, and platform-based solutions. As technology advances and infrastructure costs decline, business models are shifting toward recurring services and software integration. Understanding the value chain and how companies monetize is key to analyzing growth, scale, and competition.

Structure of the Space Services Value Chain

The space value chain includes upstream manufacturing, midstream infrastructure, and downstream services. Space services sit downstream, where raw satellite data becomes usable applications. This includes connectivity, Earth observation, navigation, and traffic monitoring.

Types of Space Service Business Models

Downstream space companies use a variety of business models to deliver value, many of which are adapted from the tech and telecom sectors. The most common is the Data-as-a-Service (DaaS) model, where users subscribe to continuous access to satellite data or analytics, for example, EO firms like Planet or ICEYE offering cloud-based platforms for customers to monitor environmental changes.

Other models include Bandwidth-as-a-Service, where satellite operators lease connectivity capacity to aviation, maritime, or mobile network customers. Some firms also offer tasking-based models, allowing users to request satellite imagery on demand. Additionally, companies in navigation or SSA often monetize through API integrations and licensing of proprietary algorithms or alerts, embedded into customer workflows.

Key Revenue Streams and Monetization Strategies

Revenue in the space services sector typically comes from recurring contracts across both commercial and government clients. For satellite connectivity firms like Starlink or Viasat, revenue is driven by household subscriptions, enterprise contracts, and mobility customers.

In Earth observation, firms monetize through subscription access, image tasking, or enterprise licenses to analytics platforms.
Public sector agencies such as NOAA, ESA, and defense departments represent another key revenue stream, often through multi-year contracts or task orders. Meanwhile, newer players are experimenting with usage-based pricing models, such as pay-per-kilobyte for IoT data or pay-per-scan for collision avoidance services in orbital traffic management.

Ecosystem Dependencies and Interoperability

Space services are rarely delivered in isolation. Most solutions rely on interoperability between multiple layers of the ecosystem, including satellite constellations, ground stations, cloud infrastructure, and user-facing platforms. For instance, a satellite imagery provider may depend on partnerships with cloud platforms like AWS Ground Station or Azure Orbital for data delivery and storage.
Hybrid constellations and multi-orbit architectures (LEO, MEO, GEO) also require interoperability to optimize coverage and performance. Moreover, government and commercial users often operate on shared infrastructure, raising the need for standardized interfaces, encryption, and compliance frameworks.

Key Companies

Some of the most prominent players in the space services industry are large satellite operators and vertically integrated providers, such as SpaceX (US), which leads the global LEO broadband market through Starlink, and SES (LUX), a major provider of multi-orbit connectivity solutions serving enterprise and government clients. Also notable are Viasat (US) and Eutelsat Group (FR/UK), the latter operating the OneWeb constellation focused on mobility and rural broadband.

In the Earth observation and analytics space, key firms include Planet Labs (US), Spire Global (US), and ICEYE (FI), all of which offer high-frequency imaging and satellite data services for sectors like defense, insurance, and agriculture.

Companies specializing in secure communications and navigation services include Iridium Communications (US) and Thales Alenia Space (FR/IT).

Risks

- Orbital congestion: Rising satellite density increases collision risk and threatens long-term orbital sustainability.
- Cybersecurity threats: Satellites and ground systems are vulnerable to hacking, jamming, and data manipulation.
- Regulatory uncertainty: Evolving rules on licensing, spectrum, and sustainability create operational delays and compliance risk.
- Launch and supply chain disruptions: Delays or cost surges in launches and hardware can stall service deployment.
- Technology obsolescence: Rapid innovation cycles outpace asset lifespans, risking early value loss from outdated systems.

Typical KPIs

Besides the common financial metrics, some of the key performance indicators for players in the industry include:

- Subscriber Growth and Churn Rate
- Average Revenue per User
- Data Throughput per Satellite
- Cost per Satellite Service Delivered
- Emissions per Terabyte of Data Transmitted

Conclusion

All in all, the space services industry is experiencing rapid transformation and growth. As demand for data, global connectivity, and real-time intelligence increases, space-based solutions will continue to expand their relevance across sectors. The industry is well positioned to scale alongside global digital, climate, and security trends.

Business Deep Dive

Electronic Arts



Inês Albuquerque

The economics of modern gaming

Electronic Arts (EA) is one of the world's largest video game companies, founded in 1982, and has its headquarters in California. EA creates, publishes, and distributes games, content, and services, not only for consoles, but also for PCs and mobile platforms, and has some of the most popular gaming franchises, such as EA Sports FC, Madden NFL, Apex Legends, and The Sims.

EA operates in two core segments: EA Sports and EA Entertainment. These two segments together combine annual sports releases with live-service games that drive consistent engagement. The company's main growth engine is recurring revenue due to its shift toward digital monetization and player retention, supported by strong data analytics and proprietary development tools like the Frostbite engine.

This year, EA announced a plan to go private with a $55 billion acquisition led by Silver Lake, the Saudi Public Investment Fund (PIF), and Affinity Partners. The move will remove EA from public markets, allowing the company to operate with greater flexibility and focus on long-term growth rather than quarterly results.

Markets

EA's stock has risen 14.3% year-to-date, trading within a 52-week range of $118 to $149. The company has outperformed several gaming peers despite a softer release calendar, supported by steady engagement in its flagship franchises, EA Sports FC and Apex Legends. EA demonstrates strong fundamentals, maintaining consistent revenue growth and solid margins driven by its live-services model, which now accounts for over 70% of total revenue.

Company Data	
Price	$135
YTD Performance	+14.3%
52-week Range	$118.0 - $148.9
Shares Outstanding (M)	270
Market Cap (Bn)	$36
Enterprise Value (Bn)	$35.4

Market data from 08/11/2025

Price Performance

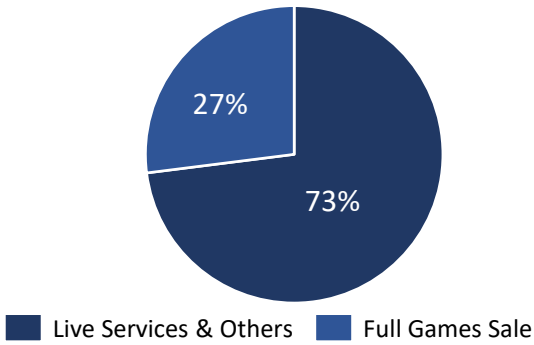


(Source: Yahoo Finance)

Business Model

Electronic Arts (EA) operates a diversified, content-driven business model that combines blockbuster releases with long-term, recurring revenue from live services and digital distribution. The company develops and markets globally recognized franchises such as EA Sports FC, Madden NFL, Battlefield, The Sims, and Apex Legends. EA's revenue is primarily divided into Full Game Sales and Live Services & Other, with the latter, which includes in-game purchases, downloadable content, Ultimate Team modes, and subscriptions like EA Play, now representing the company's main growth engine.

% of Revenue by Segment - FY 2025



(Source: Electronic Arts Inc., Form 10-K FY2025)

In fiscal year 2025, EA reported US $7.46 billion in total net revenue, with US $5.46 billion (73%) being from live services and US $2 billion (27%) from full game sales. This confirms its strategic transition toward a "games-as-a-service" model, where players generate continuous revenue through microtransactions and engagement long after release.

EA follows a digital-first strategy, distributing titles through the EA App, Steam, PlayStation, Xbox, and mobile platforms, which increases margins and deepens direct player relationships. The company also has long-term sports licenses, like, for example, FIFA and NFL, a fast-growing mobile division, and its own game technologies, such as the Frostbite engine and AI tools. Frostbite allows EA to avoid third-party engine royalties and integrate graphics, physics, and live-service features, particularly in its core sports franchises.

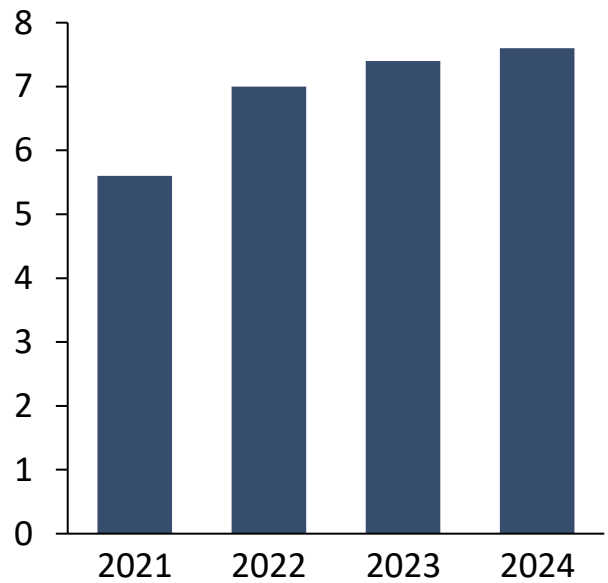
Meanwhile, AI is increasingly used to improve player animation realism, automate content creation, and optimize live-ops and monetization.

These strengths help the company build a stable and profitable system that keeps players engaged and ensures steady revenue growth.

Market Analysis

EA operates in the global gaming market, which is This market is valued at over $180 billion and is mainly driven by digitalization, live services, and mobile expansion. This industry's characteristics are rapid technological progress, immersive content experiences, and increasing convergence between gaming, entertainment, and social interaction. Growth is fueled by recurring revenue models, esports, and the adoption of digital platforms and purchases within the game.
Barriers to entry are being reduced, and consumer expectations are changing because of new technologies such as AI, cloud streaming, and cross-platform play. Despite these pressures, EA remains one of the most influential players in the sector. Its deep investment in live services, extensive licensing agreements, and strong digital distribution infrastructure position it to sustain growth and engagement.

Revenues 2021-2024, in Bn



(Source: Electronic Arts Inc. Reports)

Peer Analysis

In Live Services, competitors like Activision Blizzard, Epic Games (Fortnite), Take-Two, and Riot Games leverage continuous content updates, cross-platform play, and user-generated ecosystems to maximize player retention and in-game monetization. These platforms set new benchmarks for engagement, challenging EA's ability to sustain growth in Apex Legends, EA Sports Ultimate Team, and The Sims Live Services.

In Full Game releases, publishers such as Ubisoft, Sony Interactive, Take-Two, and Square Enix compete through strong narrative IPs, cinematic experiences, and blockbuster launches.

Financial Overview

Electronic Arts (EA) has maintained steady growth, with revenue rising from $5.5 billion in 2020 to $7.5 billion in 2025, reflecting a 6% CAGR. Profitability remains strong, and in 2025, EBITDA reached $1.8 billion (24% margin) and net income $1.1 billion, supported by more than $2 billion operating cash flow that supports ongoing investment and shareholder returns. EA's diversified portfolio continues to drive engagement and recurring revenue. The company maintains a disciplined cost structure and healthy margins despite rising content development expenses and competition from free-to-play models. As of November 2025, EA trades at a P/E ratio of around 57x, a premium reflecting investor confidence in its recurring-revenue base, leading sports franchises, and long-term growth potential in live-service ecosystems.

Risks and Catalysts

Risks

Electronic Arts faces several challenges as the gaming industry keeps evolving. The company depends a lot on some of its biggest game series, like EA Sports FC, Madden NFL, and Apex Legends. If any of these games underperform or get delayed, it can hit both sales and player engagement hard. At the same time, competition is growing: new studios, especially those using AI and live-service models, are changing how people play and spend, which could make it harder for EA to stand out.

There are also risks around licenses and regulation. Renewing deals with major partners such as the NFL or Disney is expensive, and increasing attention on loot boxes, in-game spending, and data use could limit EA's revenue options. On top of that, developing blockbuster games costs more every year, while players are becoming more careful about how they spend, both of which can squeeze margins and slow growth.

Catalysts

Electronic Arts also benefits from many growth drivers. Expanding live-service franchises will sustain recurring revenue and deepen player engagement. Upcoming launches like The Sims 5 and Dragon Age Dreadwolf, coupled with ongoing esports and mobile initiatives, can broaden reach across platforms and regions. Continued integration of AI in game development and personalization should enhance efficiency and player experience, while disciplined cost management and strong cash flows support margin expansion, shareholder returns, and resilience in a consolidating gaming industry.

Conclusion

Electronic Arts continues to be one of the biggest companies in interactive entertainment, having a solid live-service model and well-known franchises. The company's strong cash generation makes it possible to keep investing in innovation, such as AI-driven game development. Even with growing competition in the gaming industry, EA's scale, history, loyal community, and focus on digital engagement position it well to keep growing and creating lasting value over time. To maintain leadership, EA must continue adapting its portfolio and monetization strategies to evolving player behaviors, regulatory scrutiny on microtransactions, and the fast pace of innovation defining the modern gaming landscape.

Deep Dive:
Mezzanine Financing



João Catroga

A flexible layer of capital between debt and equity, making complex deals possible

Definition and Position

Mezzanine financing is a form of capital that sits between senior debt and equity in a company's balance sheet. It is called mezzanine because it occupies the middle level of the structure, below bank loans but above shareholders' funds in priority of repayment. In essence, it behaves like debt but carries some characteristics of equity. If the company performs well, lenders receive a fixed return and sometimes an additional upside through equity-linked instruments that allow them to benefit from the company's growth. If things go wrong, they are repaid only after the senior lenders have been made whole, which is why returns are higher.

Typical instruments include subordinated loans, pay-in-kind (PIK) loans, and preferred or convertible securities. In a PIK loan, the borrower does not pay interest in cash each period; instead, the interest is added to the outstanding loan balance, which helps preserve cash flow during the early years of the investment. Convertible securities are loans or bonds that can later be exchanged for shares if the company performs well, while warrants give investors the right to buy a small portion of shares at a fixed price, providing them with potential upside if the business grows.

The logic behind mezzanine capital is straightforward: it offers companies an extra layer of funding once banks have reached their lending limits, and it gives investors a yield that reflects this higher risk without taking full ownership of the business.

Aspect	Description	Risk	Return	Security
Senior Debt	Long-term secured loans backed by assets.	Low	Low	Strong
Mezzanine Debt	Subordinated debt providing funding with limited dilution.	Moderate	Med–High	Limited
Equity	Shareholders' capital providing ownership, repaid last.	Very High	Potentially Unlimited	None

Role in M&A and LBOs

Mezzanine financing plays a practical and often decisive role in mergers and acquisitions, especially in leveraged buyouts (LBOs). In these transactions, a buyer, often a private equity fund, uses a mix of equity and borrowed money to acquire a company. Banks usually provide the senior debt, but they have strict limits on how much they will lend, typically based on the company's cash-flow capacity or asset base. When that limit is reached, but the buyer still needs additional funding to complete the deal, mezzanine capital fills the gap.

Because it is more flexible than traditional bank loans, mezzanine financing allows acquirers to stretch leverage further without giving up additional ownership. It can be structured to defer cash interest, extend maturities, or adapt repayment schedules to the company's growth plan. This flexibility is particularly valuable in situations where timing is critical, such as competitive auctions or cross-border acquisitions, where raising new equity might take too long or dilute existing investors.

In simple terms, mezzanine capital acts as a bridge between what banks are comfortable lending and what the buyer can contribute in equity. It gives sponsors the firepower to complete ambitious deals while keeping control of the business, and it offers investors an attractive return by established companies with proven cash flows.

Market Context and Risk-Return Profile

Central banks have started to lower interest rates after two years of tight monetary policy. Policy rates are now about 4% in the United States and 2% in the euro area, which has reduced borrowing costs for companies. Cheaper financing has encouraged more M&A and leveraged-buyout activity, and banks have become slightly more willing to lend. As a result, mezzanine capital is now used more selectively, mainly in deals that need extra flexibility or slightly higher leverage than banks are ready to provide.

Even if new issuance is lower than it was before the 2008 financial crisis, the mezzanine market has kept growing steadily. Since 2008, it has expanded by roughly 7–9% a year, supported by the rise of private-credit funds and institutional investors looking for higher returns.

Typical returns on mezzanine debt range from 10% to 20%, placing it between senior loans and equity in both risk and reward. Because it is subordinated to bank debt, repayment depends on the company's cash generation and the size of the equity cushion below it. The main risks are subordination and refinancing, but with clear documentation and proper covenants, mezzanine remains one of the most stable and attractive segments of private credit.

Case Insight: EQT & ICG – GlobalConnect

A strong example of mezzanine financing creating value is the partnership between EQT Infrastructure and Intermediate Capital Group (ICG) in the Nordic telecom company GlobalConnect. In 2019, EQT raised about €350 million in mezzanine financing from ICG to support GlobalConnect's fibre-optic network expansion. The loan was subordinated to senior bank debt and paid a high single-digit cash coupon, combined with a package of equity warrants giving ICG the right to share in future gains if the business grew.

The structure provided EQT with flexible long-term funding without issuing new equity, while ICG received both stable income and the potential for upside. As the company expanded faster than expected, its valuation increased sharply. When EQT partially exited in 2022, the mezzanine investors achieved a return of more than 1.5 times their original investment, corresponding to an IRR of around 15%, largely driven by equity-kicker.

This case demonstrates how mezzanine capital can work effectively when the borrower has predictable cash flows and the financing terms are balanced. The combination of steady yield and limited participation in future value created a positive outcome for both sides, showing the practical strength of mezzanine structures when used in stable, growing businesses.

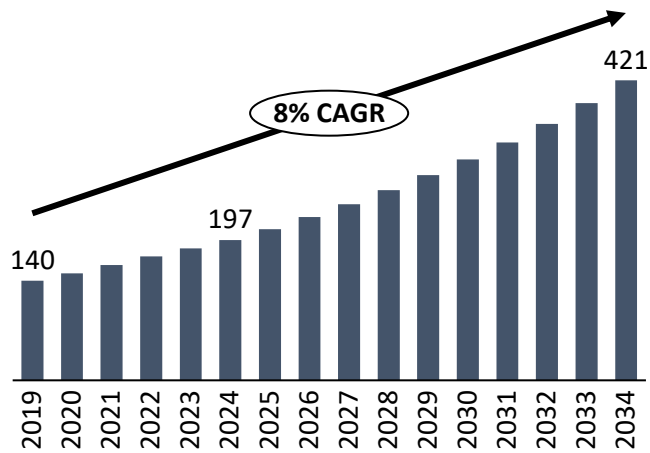
Outlook

Mezzanine financing is likely to keep its role as a specialised but essential tool in corporate and acquisition finance. Even as interest rates fall and banks lend more actively, some transactions will still need the flexibility that senior loans cannot offer. This is where mezzanine will continue to add value, in deals that require customised structures, patient capital, or a balance between yield and control.

The next phase of growth will depend less on volume and more on discipline and design. Investors are focusing on stronger documentation, tighter intercreditor terms, and clearer paths to repayment. In well-performing, cash-generative businesses such as GlobalConnect, mezzanine financing has shown that it can offer attractive returns without creating excessive leverage.

In essence, mezzanine remains compelling because it aligns the interests of both sides of the capital structure. It allows sponsors to preserve ownership while extending financial capacity, and it offers investors a rare combination of steady income and selective upside. That balance, between stability and opportunity, is what continues to make mezzanine financing relevant in every market cycle.

Mezzanine Finance Market (USD Billions)



Opinion Article



Leonor Cintra

Will Gold Keep Its Momentum?

Introduction

As you may have noticed, gold has been dominating the headlines as one of the most profitable assets, sparking debate over whether its rally can last. Despite some slight pullbacks, gold reached a new all-time high in 2025, appreciating nearly 65% from the beginning to the end of the year. It shattered the psychological barrier of $4,000 USD, marking its strongest annual performance since the 1979 oil crisis, with prices averaging between $3,250 and $3,450 per ounce.

But what's behind this surge? Analysts point to a range of factors: growing economic uncertainty driven by rising trade tensions, new tariffs, and fears of a global slowdown; heightened geopolitical volatility amid two ongoing wars and several to come; a weaker dollar; and persistent inflation, which remained above 2% in the U.S and, for most of the year, in the Euro Area. And, of course, when such headlines dominate the news, FOMO inevitably amplifies demand for this safe-haven asset. Although some argue that this rise is not sustainable in the long run and that gold could soon fall, I believe we are unlikely to see a significant downturn, at least in the first half of this new year.

To better understand this sustained momentum, it is essential to grasp the economic background that has fueled or facilitated this record-breaking surge.

Economic Background behind gold's surge

Firstly, the 2025 environment of stabilizing yet sticky inflation, with the U.S. annual rate hovering near 2.7% and the EU moderating to 2.1%, combined with compressing real interest rates, has maintained particularly favorable conditions for gold. As the Federal Reserve actively cut interest rates throughout the year, the real yields on traditional interest-bearing assets like bonds diminished, eroding their comparative appeal.

In such circumstances, investors have continued to turn to gold as a safe-haven asset capable of preserving purchasing power.

Looking at the broader picture, loose monetary policies in recent years have also played a crucial role in this surge. By injecting massive liquidity into financial markets, central banks have expanded the supply of fiat currency. When money supply grows faster than the real economy, the value of that currency tends to weaken.

Anticipating this erosion of purchasing power, investors often shift toward tangible assets like gold, which cannot be printed or devalued, as a hedge against currency depreciation. For instance, as a response to the COVID-19 crisis, both the U.S. Federal Reserve and the European Central Bank have injected large amounts of liquidity into the economy. By buying bonds, they increased the reserves of commercial banks, giving them more room to lend, a greater availability of cash in the market, and providing, in this sense, a response to short-term funding pressures. This response was crucial at the time to stabilize the market; however, such operations carried the risk of inflation, asset bubbles, and potential threats to financial stability.

Adding to this backdrop is the broader atmosphere of economic uncertainty, where President Donald Trump's policies have disrupted the global trade system and raised concerns about the independence of the Federal Reserve.

The conflict reached a boiling point this month with the White House backing a criminal probe into the Fed's leadership (which is set to expire in May, further reinforcing the climate of uncertainty. As the boundary between fiscal politics and monetary policy blurs with such threats, the 'political risk premium' on gold has skyrocketed, with markets pricing in the danger that the Fed may be forced to prioritize the President's growth agenda over inflation control.

Trade wars have appeared to start (and end) at least five times over the past nine months, further unsettling markets. This instability has been a major driver behind the 50% rise in gold prices this last year, compared with the volatility of the U.S. dollar index, which closed 2025 with a decline of roughly 10% when compared to values in January.

Thus, geopolitical volatility has played a decisive role. To illustrate, on the morning of the 28th of October, the spot price of gold briefly slipped below $3,900 per ounce following signs of a potential breakthrough in U.S.–China trade talks, which temporarily eased demand for the safe-haven asset.

Beyond the ongoing wars in Ukraine and the Middle East, new flashpoints have emerged close to home: the administration's aggressive diplomatic standoff over the purchase of Greenland and the sudden military escalation targeting Venezuela have amplified investors' search for safety. Such events often trigger a flight from riskier assets like equities and currencies toward gold, traditionally seen as a reliable store of value.



The Feedback Loop

This combination of factors creates a loop: the uncertainty leads central banks to adopt cautious monetary policies, postponing the increase of interest rates and, therefore, maintaining real yields low. In this environment, as explained before, gold emerges as a strategic asset capable offering stability and diversification when compared to traditional financial instruments (more affected by geopolitical and market risks).

In response, not only private investors but also central banks, particularly in emerging economies, have significantly expanded their gold reserves, diversifying away from U.S. Treasuries and adding further upward pressure on prices. The main buyers today include China, with official reserves of 2,550 tonnes; Russia, with 2,450 tonnes; and Turkey, with 715 tonnes. In comparison, the European Central Bank maintains a strategic holding of 507 tonnes, while the broader Eurosystem preserves a massive collective stockpile of over 10,700 tonnes (primarily anchored by Germany, France, and Italy).

A story to be continued

As stated, in my view, the record highs we witnessed do not represent the peak. Rather, they signal the continuation of a historic upward trend, with gold reaffirming its role as the ultimate haven in a world defined by economic and geopolitical uncertainty. As David Russell, CEO of GoldCore, aptly noted, "Gold's performance in 2025 reflects more than the strength of a rally. It marks an acceptance of a new reality. The market is no longer responding to short-term shocks but to a deeper loss of confidence in policymakers, currencies, and the financial system itself."

Even though some believe geopolitical uncertainty will eventually subside or markets will adapt to it, analysts at Reuters recently reaffirmed their bullish stance, revising their forecast for an annual average gold price above $4,850 per ounce in 2026.

Conclusion

Fundamentally, the outlook for gold remains supportive. The U.S. Federal Reserve plans to maintain its cycle of interest rate cuts, ongoing global conflicts show no signs of resolution, and central banks are expected to continue purchasing to diversify their reserves. At the same time, investors are likely to keep treating the metal as a core portfolio asset. In the end, history repeats: in times of doubt, investors return to what feels timeless and tangible. And until this doubt does not cease, the ascent we have been experiencing will certainly continue.

Message from the Co-presidents.

Dear reader,

We are pleased to present the final edition of the NIC Undergrad Review for Fall 2025. This issue reflects the changes and improvements defined at the beginning of the academic year, aimed at strengthening NUR's attractiveness and engagement, which we now consider successfully implemented.

This edition featured our traditional overview of the latest and most impactful news in the Iberian market, alongside a comprehensive analysis of the global macroeconomic environment throughout the year, a period marked by geopolitical tensions, political instability, and economic uncertainty. We examined M&A activity in Q3, characterized by a surge in volume and +$10bn transactions, and presented an industry deep dive into the complex business of space services, a sector in which we have recently invested.

We also analyzed Electronic Arts' business and its attractiveness to investors following one of the largest take-private acquisitions ever. Expanding our analytical scope, we included an explanation of mezzanine debt, a financing instrument widely used by private equity firms, and concluded with an opinion piece on gold, one of the strongest performers of 2025, and its outlook for 2026.

As previously announced, the board has transformed the traditional interview transcript into our signature podcast, *After The Bell*, now available on Spotify. We are grateful to have welcomed Luís Quaresma, CEO and Co-Founder of Iberis Capital, who shared his professional journey and insights into what these industries seek in early candidates.

This reflects our commitment to growth and brand value creation. We hope you find this edition insightful and comprehensive.

Warm regards,

Afonso Freitas & Afonso Monteiro

Co-Presidents NIC-UD

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