

Equity Primary Markets and Trading Report

European market data update

Q4: 2015

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Highlights

Comprehensive data source with updated statistics on equity primary markets and trading in Europe (EU 28 member countries and Switzerland).

Main findings:

- **Equity underwriting** in European exchanges accumulated in 2015 a total of € 201.5 bn in proceeds, an increase of 16.7% from the value observed in 2014 (€ 172.7 bn). Equity underwriting encompasses Initial Public Offerings (IPOs), convertible securities and follow-on offerings.
- **Mergers and Acquisitions (M&A) between European companies** (as acquiring and target companies) totalled € 396.9 bn in 2015, an increase of 11.9% from the value observed in 2014 (€354.6 bn).
- **Equity trading activity** in European exchanges and MTFs accumulated in 2015 a total of € 13.1 tn in turnover value, an increase of 28.7% from the value observed in 2014 (€ 10.2 tn).
- **Market capitalisation** of European shares stood at € 11.9 tn at the end of 2015, an increase of 15% in Euros from the value observed in December 2014 (€ 10.7 tn).

European Equity activity (EU 28 member countries and Switzerland)¹

| | 2014 | 1Q 15 | 2Q15 | 3Q15 | 4Q 15 | 2015 YtD | % Change YtD |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Equity underwriting (€ bn) | 172.7 | 60.9 | 52.1 | 27.5 | 61.1 | 201.5 | 16.7% |
| IPOs | 46.3 | 17.4 | 12.9 | 4.0 | 18.2 | 52.4 | 13.1% |
| Follow-on offerings | 111.2 | 42.2 | 32.6 | 21.0 | 38.0 | 133.9 | 20.4% |
| Convertible securities | 15.1 | 1.3 | 6.5 | 2.4 | 4.9 | 15.2 | 0.8% |
| Mergers and Acquisitions (€bn) | 645.4 | 208.8 | 222.6 | 178.4 | 191.1 | 800.9 | 24.1% |
| European firms acquiring non-European firms | 139.1 | 26.0 | 58.4 | 20.7 | 66.5 | 171.6 | 23.4% |
| Non-European firms acquiring European firms | 151.8 | 60.6 | 60.8 | 56.7 | 54.3 | 232.5 | 53.2% |
| Intra European deals | 354.6 | 122.2 | 103.4 | 101.0 | 70.3 | 396.9 | 11.9% |
| Equity turnover value (€ tn) | 10.2 | 3.4 | 3.3 | 3.3 | 3.0 | 13.1 | 28.7% |
| Exchanges | 5.5 | 1.80 | 1.73 | 1.70 | 1.51 | 6.7 | 22.9% |
| MTFs | 4.7 | 1.65 | 1.60 | 1.58 | 1.50 | 6.3 | 35.6% |
| Market Capitalisation (€ tn) | | | | | | | |
| European (EU28 and Switzerland) | 10.7 | 12.30 | 11.92 | 10.96 | 11.92 | 11.9 | 11.7% |
| EU 28 | 9.4 | 10.84 | 10.52 | 9.65 | 10.53 | 10.5 | 11.6% |
| Euro Zone | 5.6 | 6.66 | 6.36 | 5.85 | 6.52 | 6.5 | 15.6% |

Source: Dealogic, Bats Chi-X, FESE, World Federation of Exchanges, LSEG, ECB, NASDAQ Nordic, Bucharest Stock Exchange and CESEEG - Prague

Underwriting and M&A data retrieved for this report on 14 January 2016

¹ Euro zone market cap updated as of November 2015.

Detailed findings and Commentary

Detailed findings

Issuance: Equity Underwriting and IPOs

In 2015, equity underwriting in European exchanges² accumulated a total of € 201.5, an increase of 16.7% from the value observed in 2014 (€172.7 bn). Equity underwriting was led by follow-on offerings, which accumulated a total of €133.9 in proceeds, followed by IPOs (€52.4 bn), and convertible securities (€ 15.2 bn).

Of the €52.4 bn in IPO proceeds during 2015, €4.1 bn corresponded to over-allotment proceeds (or 7.9%)

IPO activity in 2015 was led by listings on trading venues located in the United Kingdom (LSE and AIM), accumulating a total of €15.1 bn in proceeds. Listings on Spanish exchanges accumulated €8.4 bn, while German exchanges totalled €7bn in IPO proceeds.

IPOs were typically issued in the country exchange where the issuer is domiciled (see graph in left panel). For example, total IPO proceeds in Europe by Spanish issuers totalled €8.4 bn in 2015, the same amount of total IPO proceeds in Spanish exchanges, with a correlation of 98% between the 2015 proceeds by nationality of issuer and the nationality of the exchange.

On an industry basis, Finance companies led IPO activity in 2015, with € 12.4 bn in proceeds. Healthcare companies led the number of IPOs issued during the year with 51 deals, followed by Finance (41 deals), Computer and Electronics companies (36 deals), and Construction/Building companies with 14 deals.

Mergers and Acquisitions (M&A) in Europe

In 2015, a total of 11,110 M&A deals were completed where either the target or the acquiring company were located in Europe, aggregating €801 bn in deal value including debt.

These figures are comparable with a total of 12,315 deals in 2014, aggregating € 645.4 bn in deal value.

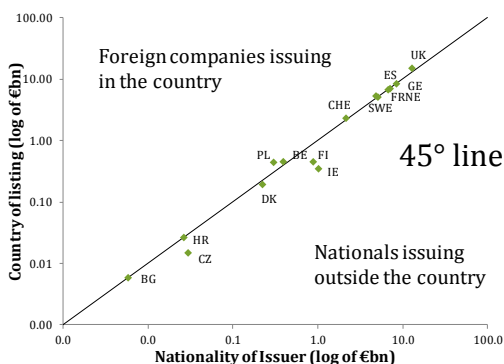
Intra-European M&A activity

M&A deals between European firms (as target and acquiring parties) accumulated €397 bn in deal value in 2015, an increase of 12% from the value observed in 2014 (€354.6 bn).

Sponsor deals (backed by Private Equity firms) represented 26.7% of the cumulative deal value observed in 2015 (€106 bn.). Add-on deals by portfolio companies of Private Equity firms represented 7.9% of the annual value (€ 31.4 bn.), while strategic deals accumulated 65% of the total annual deal volume (€ 259.6 bn.).

“In 2015, €52.4 bn of IPOs were issued and listed in European exchanges, an increase of 13% from the value originated in 2014 (€46.3 bn.)”

IPOs by nationality of issuer and country of listing



Source: Dealogic, AFME

² EU28 countries and Switzerland

Major upcoming regulatory, legislative and policy initiatives

A total of € 578 bn of M&A deals between European firms were announced in 2015, an increase of 23% from the value announced during 2014 (€ 467 bn).

Size of the European equities trading market

Market capitalisation of European listed shares finalised the year at €11.9 tn³, an increase of 11.7% from the value of December 2014 (€10.7 tn).

Market capitalisation of Euro zone exchanges stood at €6.5 tn, an increase of 15.6% from 2014 (€ 5.6 tn). EU 28 market capitalisation increased 11.6% on an annual basis, from €9.4tn in 2014 to €10.5tn in 2015.

As of December 2015, a total of 11,316 companies were listed on European exchanges, a slight increase from the number observed at the end of 2014 (11,244).

Turnover ratios of European exchanges and MTFs, calculated as the annualised turnover value as proportion of market capitalisation, stood on average at 111% in 2015 (96% in 2014).

Valuation ratios and indices

Selected European shares indices had mixed accumulated performance over the year (December to December). CAC 40 French shares index accumulated gains of 8.5% YoY during 2015; the Spanish composite IBEX 35 dropped 7.2% YoY (with a decrease in tandem in dividend payout ratios from 18 to 14); while the FTSE 100 reported an annual drop of 4.9% YoY.

Implied European shares' volatility indices increased in 2015 compared to the average values during 2014 (24 bps vs. 18 bps), although below the average values observed in 2009 (35 bps) and 2011 (30 bps).

Major upcoming regulatory, legislative and policy initiatives

There several regulatory initiatives that are currently being considered at the European and national level with expected impact on the equities trading and capital markets performance. Some of the key initiatives currently being developed are:

- MiFID II/R
- Market Abuse Directive/Regulation (MAD/MAR)
- FCA's Wholesale competition review
- FTT
- Basel III
- CSDR
- Prospectus Directive

AFME and its members are actively contributing on all of these fronts.

“M&A deals between European firms accumulated €397 bn in deal value in 2015, an increase of 12% from the value observed in 2014 (€ 354.6 bn).”

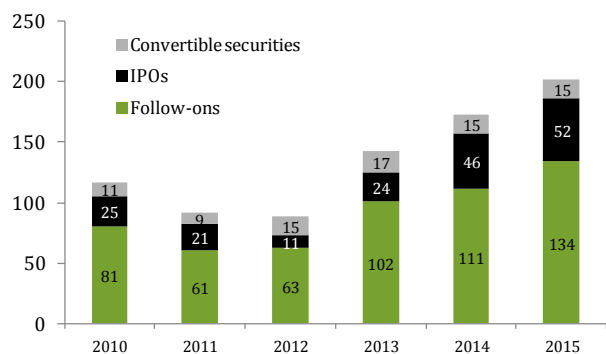
³ The value of euro area listed shares issued by euro area residents is updated as of November 2015.

1 Issuance

Equity instruments issuance in European exchanges

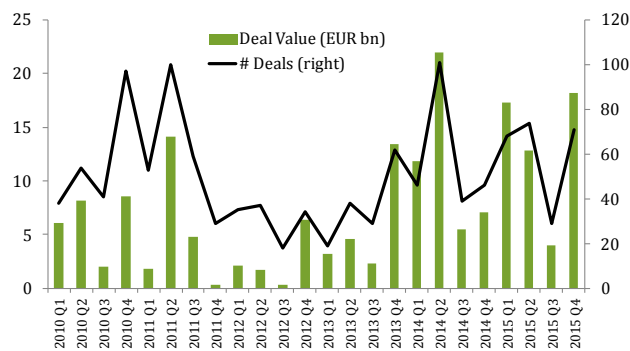
€ BILLIONS

1.1 Equity underwriting



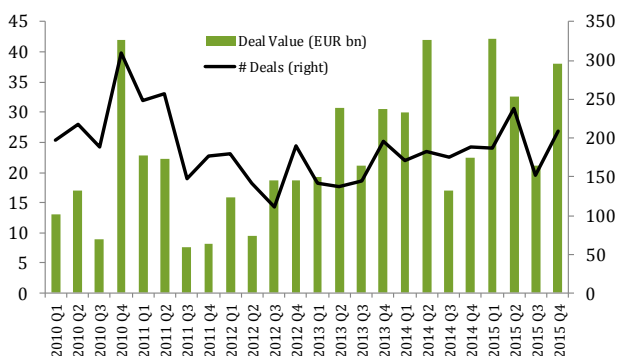
Source: Dealogic

1.2 IPOs⁴



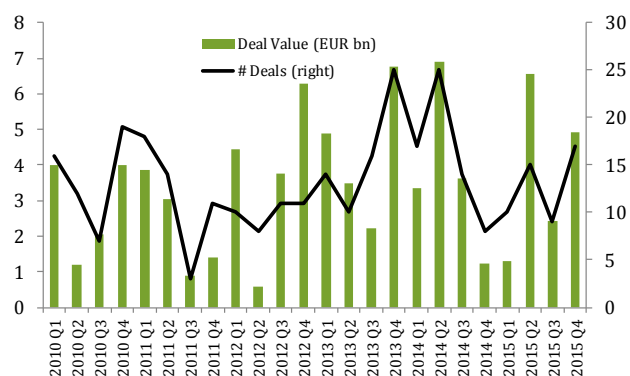
Source: Dealogic

1.3 Follow-on offerings



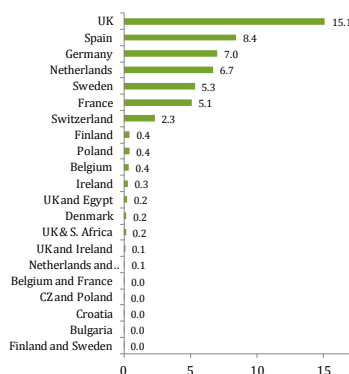
Source: Dealogic

1.4 Convertible securities



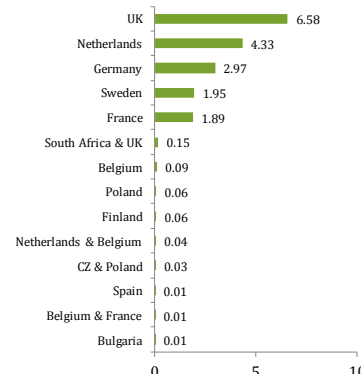
Source: Dealogic

1.5 IPO proceeds by country of exchange: 2015 FY⁵



Source: Dealogic

1.6 IPO proceeds by country of exchange: 4Q15⁶



Source: Dealogic

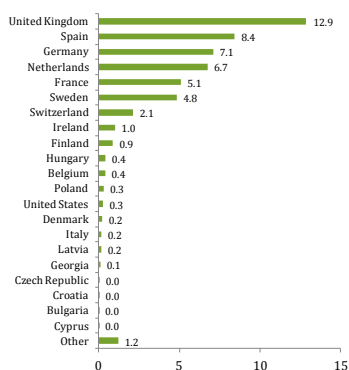
⁴ Excludes introductions and re-admissions.

⁵ Multiple exchanges relate to dual listings

⁶ Multiple exchanges relate to dual listings

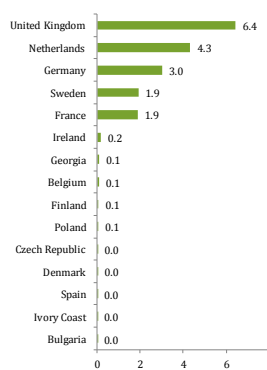
€ BILLIONS

1.7 IPOs by nationality of issuer: 2015 FY



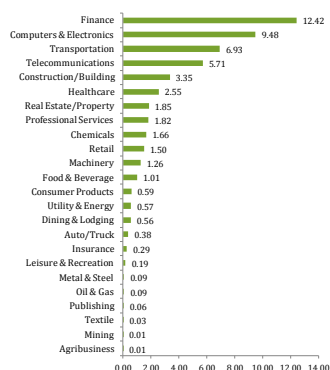
Source: Dealogic

1.8 IPOs by nationality of issuer: 4Q15



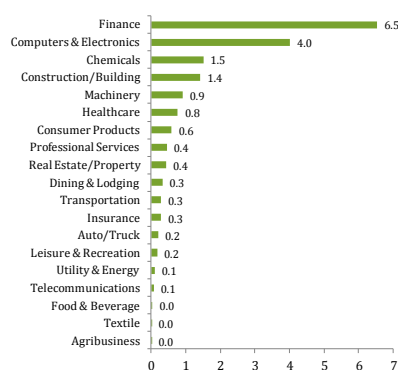
Source: Dealogic

1.9 IPOs by industry of issuer: 2015 FY



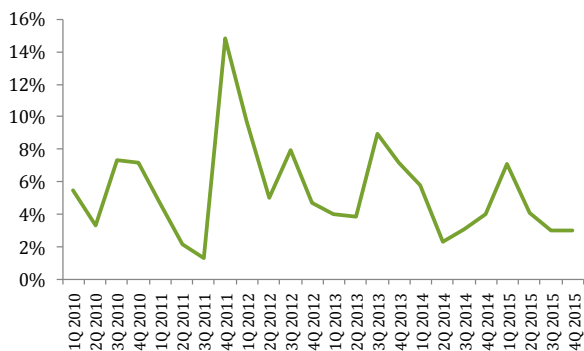
Source: Dealogic

1.10 IPOs by industry of issuer: 4Q15



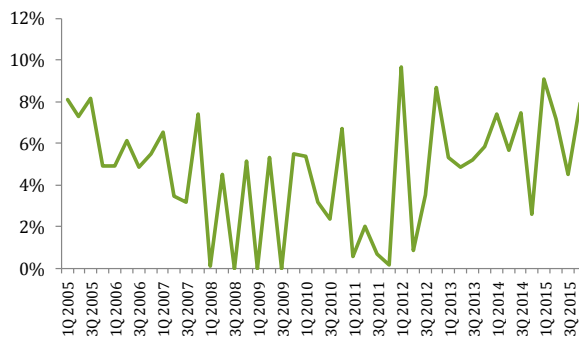
Source: Dealogic

1.11 Median percentage difference between offer price and 1-Day closing price of IPOs



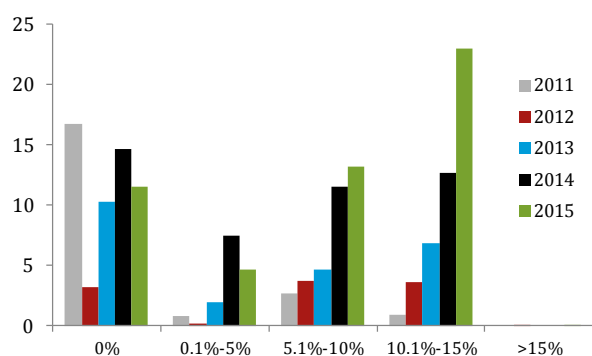
Source: Dealogic

1.12 Overallotment as proportion of quarterly IPO proceeds



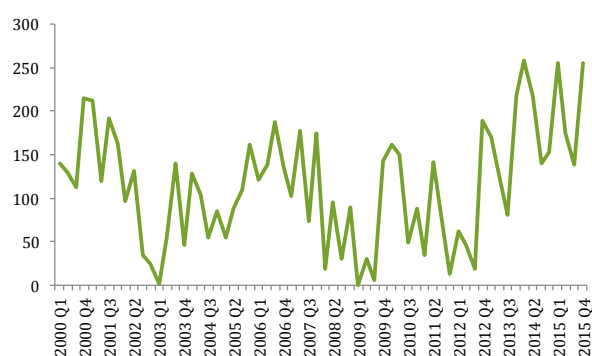
Source: Dealogic

1.13 IPOs by proportion of exercised overallotment (€ bn)



Source: Dealogic

1.14 Average proceeds per IPO (€mn)



Source: Dealogic

1.15 IPOs by value of proceeds

| | Value of Proceeds (€ bn) | | | | | |
|-----------------|--------------------------|-------------|-------------|------------|-------------|-------------|
| | 2014 FY | 1Q 15 | 2Q 15 | 3Q 15 | 4Q 15 | 2015 FY |
| <10m | 0.2 | 0.1 | 0.1 | 0.0 | 0.1 | 0.3 |
| ≥ € 10m, <€100m | 2.9 | 0.6 | 1.2 | 0.4 | 0.6 | 2.8 |
| ≥ € 100m, <€1bn | 28.3 | 7.0 | 8.4 | 1.4 | 7.1 | 23.9 |
| ≥ € 1bn | 14.9 | 9.7 | 3.2 | 2.2 | 10.4 | 25.4 |
| Total | 46.3 | 17.4 | 12.9 | 4.0 | 18.2 | 52.4 |

| | Number of Deals | | | | | |
|-----------------|-----------------|-----------|-----------|-----------|-----------|------------|
| | 2014 FY | 1Q 15 | 2Q 15 | 3Q 15 | 4Q 15 | 2015 FY |
| <10m | 57 | 21 | 20 | 9 | 30 | 80 |
| ≥ € 10m, <€100m | 84 | 19 | 26 | 13 | 14 | 72 |
| ≥ € 100m, <€1bn | 81 | 24 | 26 | 5 | 23 | 78 |
| ≥ € 1bn | 10 | 4 | 2 | 2 | 4 | 12 |
| Total | 232 | 68 | 74 | 29 | 71 | 242 |

Source: Dealogic

1.16 IPOs by listing venue (EUR mm)⁷

| Venue | 1Q | 2Q | 3Q | 4Q | 2014 | 1Q | 2Q | 3Q | 4Q | 2015 |
|--|---------------|---------------|--------------|--------------|---------------|---------------|---------------|--------------|---------------|---------------|
| AIM | 1,286 | 666 | 323 | 860 | 3,134 | 178 | 342 | 64 | 152 | 736 |
| AIM & Dublin | 265 | 0 | 0 | 0 | 265 | 0 | 92 | 0 | 0 | 92 |
| Amsterdam | 1,501 | 531 | 1,771 | 2,189 | 5,992 | 1,776 | 0 | 599 | 4,329 | 6,705 |
| Amsterdam & Brussels | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 35 | 44 | 79 |
| Amsterdam, Brussels & Paris | 0 | 845 | 0 | 0 | 845 | 0 | 0 | 0 | 0 | 0 |
| Athens | 0 | 0 | 35 | 0 | 35 | 0 | 0 | 0 | 0 | 0 |
| Barcelona, Bilbao, Madrid & Valencia | 0 | 411 | 0 | 0 | 411 | 0 | 0 | 0 | 0 | 0 |
| Brussels | 0 | 596 | 42 | 0 | 638 | 0 | 304 | 0 | 88 | 392 |
| Brussels - Alternext & Paris - Alternext | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | 7 |
| Brussels & Paris | 0 | 40 | 0 | 0 | 40 | 37 | 0 | 0 | 0 | 37 |
| Bucharest & London | 0 | 444 | 0 | 0 | 444 | 0 | 0 | 0 | 0 | 0 |
| Budapest | 0 | 0 | 0 | 3 | 3 | 0 | 0 | 0 | 0 | 0 |
| Cairo & London | 0 | 0 | 0 | 0 | 0 | 0 | 247 | 0 | 0 | 247 |
| Copenhagen | 1,681 | 0 | 0 | 0 | 1,681 | 193 | 0 | 0 | 0 | 193 |
| Dublin | 0 | 200 | 0 | 0 | 200 | 302 | 0 | 0 | 0 | 302 |
| Dublin & Paris | 0 | 19 | 0 | 0 | 19 | 0 | 0 | 0 | 0 | 0 |
| Frankfurt Entry | 0 | 0 | 1 | 1,404 | 1,405 | 0 | 0 | 0 | 9 | 9 |
| Frankfurt General & Warsaw | 0 | 1 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| Frankfurt Prime | 0 | 911 | 536 | 375 | 1,822 | 621 | 802 | 2,635 | 2,698 | 6,756 |
| Frankfurt Prime & Hamburg | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 265 | 265 |
| Frankfurt Prime & Luxembourg | 0 | 0 | 0 | 430 | 430 | 0 | 0 | 0 | 0 | 0 |
| Helsinki | 0 | 0 | 0 | 0 | 0 | 195 | 80 | 26 | 53 | 353 |
| Johannesburg & London | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 153 | 153 |
| Lisbon | 141 | 0 | 0 | 0 | 141 | 0 | 0 | 0 | 0 | 0 |
| LSE | 3,999 | 8,758 | 1,445 | 718 | 14,920 | 5,022 | 2,537 | 335 | 6,429 | 14,323 |
| LSE & Moscow Interbank Currency Exchange (MICEX) | 712 | 0 | 0 | 0 | 712 | 0 | 0 | 0 | 0 | 0 |
| LSE & Nigerian Stock Exchange | 0 | 391 | 0 | 0 | 391 | 0 | 0 | 0 | 0 | 0 |
| Madrid | 950 | 2,502 | 878 | 0 | 4,329 | 4,702 | 3,613 | 10 | 9 | 8,335 |
| Mercado Alternativo Bursatil (MaB) | 0 | 0 | 0 | 0 | 0 | 0 | 99 | 4 | 0 | 102 |
| Munich | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| NASDAQ OMX First North - Finland | 0 | 66 | 0 | 0 | 66 | 39 | 52 | 0 | 5 | 96 |
| NASDAQ OMX First North - (Finland & Stockholm) | 0 | 0 | 0 | 15 | 15 | 4 | 0 | 0 | 0 | 4 |
| NASDAQ OMX First North - Stockholm | 0 | 79 | 15 | 2 | 97 | 172 | 111 | 18 | 72 | 372 |
| Paris | 720 | 2,798 | 37 | 0 | 3,555 | 965 | 2,109 | 45 | 1,867 | 4,986 |
| Paris - Alternext | 0 | 45 | 7 | 3 | 55 | 52 | 18 | 19 | 20 | 109 |
| Prague & Vienna | 0 | 14 | 0 | 0 | 14 | 0 | 0 | 0 | 0 | 0 |
| Prague & Warsaw | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 30 | 30 |
| SIX Swiss Exchange | 0 | 1,159 | 0 | 88 | 1,247 | 2,148 | 0 | 169 | 0 | 2,317 |
| Sofia | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6 | 6 |
| Stockholm | 588 | 1,120 | 279 | 922 | 2,908 | 907 | 2,149 | 0 | 1,878 | 4,935 |
| Stockholm - Aktie Torget | 5 | 9 | 1 | 0 | 15 | 2 | 14 | 7 | 0 | 23 |
| Vienna | 0 | 194 | 0 | 0 | 194 | 0 | 0 | 0 | 0 | 0 |
| Warsaw | 14 | 160 | 84 | 35 | 294 | 11 | 315 | 43 | 58 | 427 |
| Warsaw - NewConnect | 0 | 0 | 2 | 2 | 4 | 1 | 0 | 0 | 0 | 1 |
| Zagreb | 0 | 0 | 0 | 12 | 12 | 26 | 0 | 0 | 0 | 26 |
| Grand Total | 11,862 | 21,958 | 5,456 | 7,058 | 46,334 | 17,354 | 12,884 | 4,008 | 18,173 | 52,419 |

Source: Dealogic

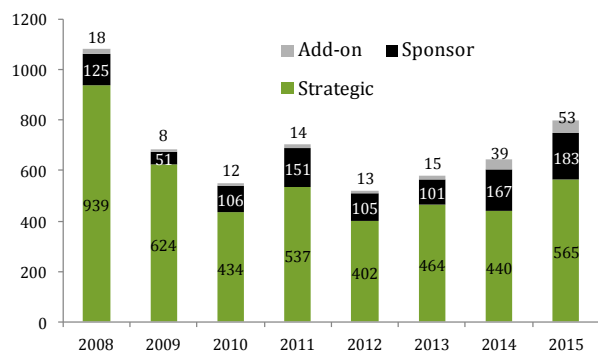
⁷ Multiple exchanges relate to dual listings

2 Mergers and Acquisitions

Deals where the target or the acquiring company is located in Europe

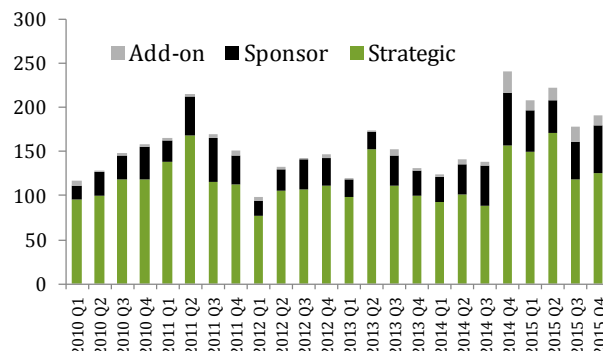
€ BILLIONS

2.1 Completed M&A by type of deal: full-year⁸



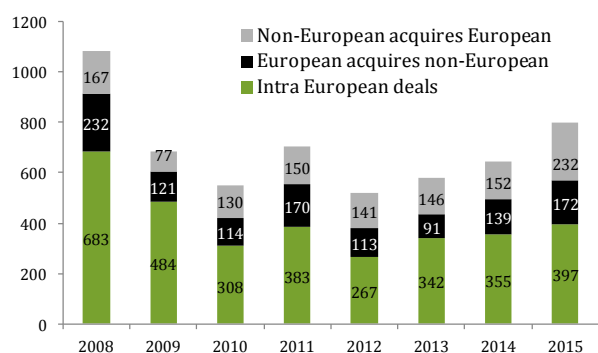
Source: Dealogic

2.2 Completed M&A by type of deal: quarterly



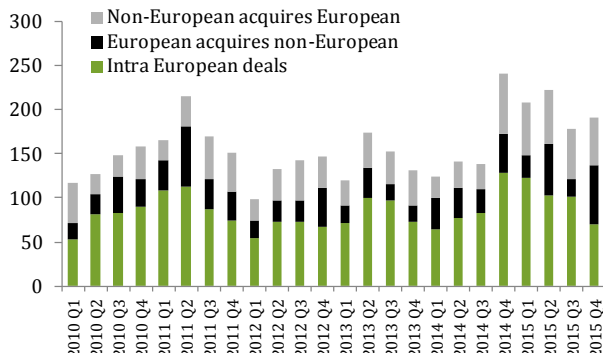
Source: Dealogic

2.3 Completed M&A by acquiring party: full-year⁹



Source: Dealogic

2.4 Completed M&A by acquiring party: quarterly



Source: Dealogic

2.5 Deal value of completed European M&A deals (€ bn)

| | 2014 | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | 2015 | YTD growth (%) |
|---|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| Strategic | 439.9 | 150.4 | 171.2 | 118.1 | 125.0 | 564.7 | 28.4% |
| Sponsor | 166.6 | 46.8 | 37.4 | 43.9 | 54.9 | 183.0 | 9.8% |
| Add-on | 38.9 | 11.6 | 14.1 | 16.4 | 11.2 | 53.2 | 36.8% |
| TOTAL | 645.4 | 208.8 | 222.6 | 178.4 | 191.1 | 800.9 | 24.1% |
| European firm acquired a non-European firm | 139.1 | 26.0 | 58.4 | 20.7 | 66.5 | 171.6 | 23.4% |
| Non-European firm acquired a European firm | 151.8 | 60.6 | 60.8 | 56.7 | 54.3 | 232.5 | 53.2% |
| Intra Europe deals | 354.6 | 122.2 | 103.4 | 101.0 | 70.3 | 396.9 | 11.9% |
| TOTAL | 645.4 | 208.8 | 222.6 | 178.4 | 191.1 | 800.9 | 24.1% |

Source: Dealogic

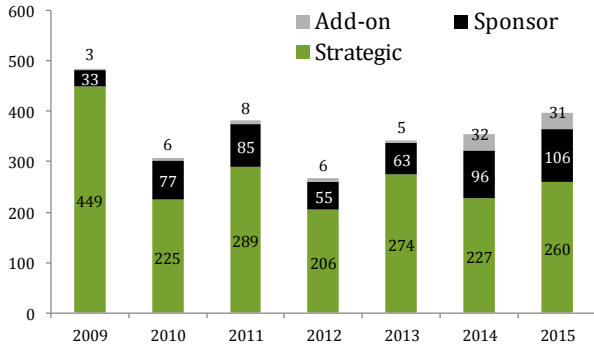
⁸ Sponsor deals refer to M&A deals where the acquirer or the seller company is a private equity firm. Add-on transactions are deals where acquirer or the seller company is a portfolio company of a private equity firm. Strategic deals are between two non private equity firms.

⁹ Intra European deals refer to completed deals where both the acquiring and target companies are located in Europe. "Non-European acquires European" are deals where a company located outside Europe acquires a company located in Europe. "European acquires non-European firm" are M&A completed transactions where the acquiring party is European and the target company is located outside Europe

Intra European deals (target and acquiring companies located in Europe)

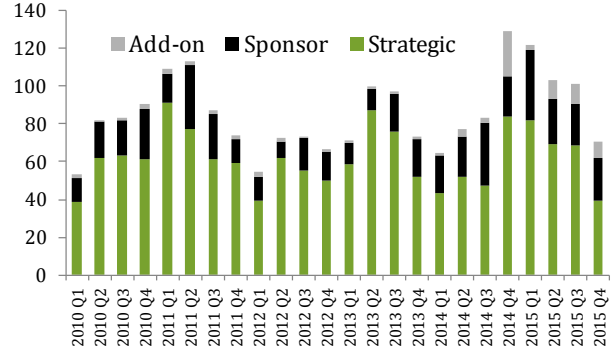
€ BILLIONS

2.6 Completed M&A by type of deal: annual values¹⁰



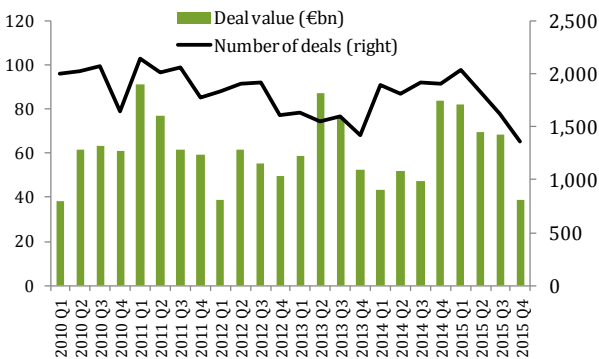
Source: Dealogic

2.7 Completed M&A by type of deal: quarterly¹¹



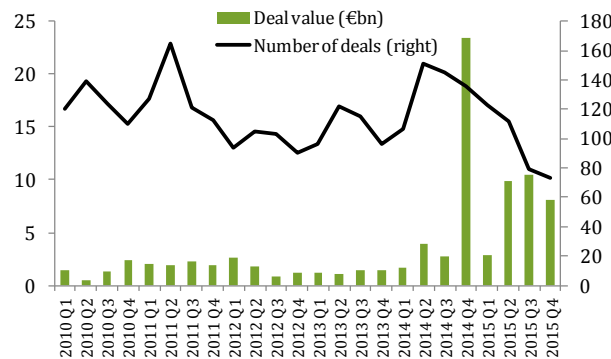
Source: Dealogic

2.8 Completed strategic M&A



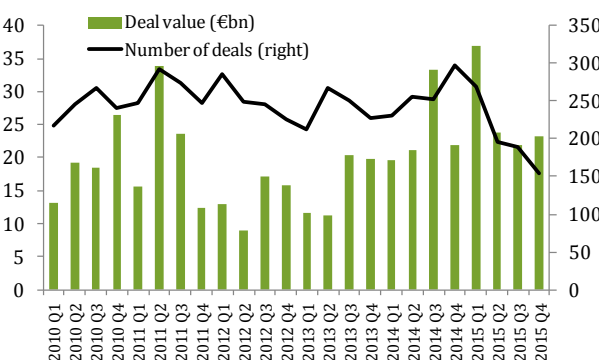
Source: Dealogic

2.9 Completed add-on M&A



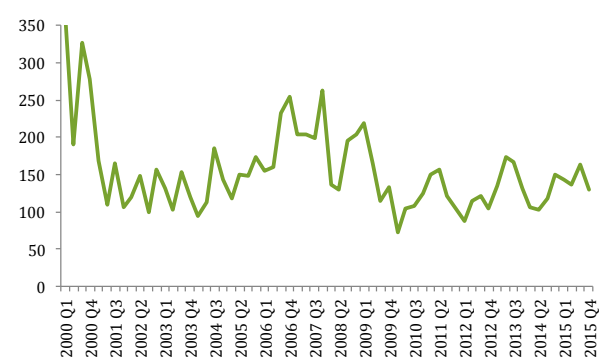
Source: Dealogic

2.10 Sponsor M&A



Source: Dealogic

2.11 Average value of completed M&A



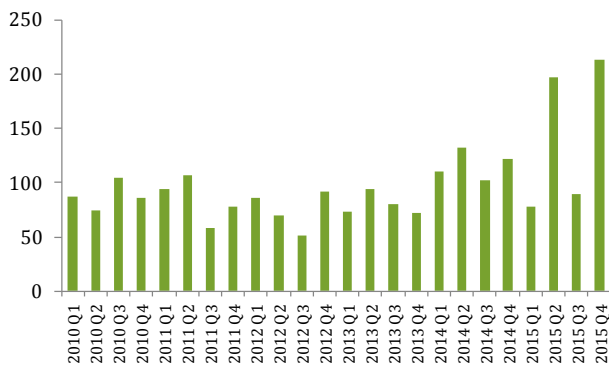
Source: Dealogic

¹⁰ Sponsor deals refer to M&A deals where the acquirer or the seller company is a private equity firm. Add-on transactions are deals where acquirer or the seller company is a portfolio company of a private equity firm. Strategic deals are between two non private equity firms.

¹¹ Sponsor deals refer to M&A deals where the acquirer or the seller company is a private equity firm. Add-on transactions are deals where acquirer or the seller company is a portfolio company of a private equity firm. Strategic deals are between two non private equity firms.

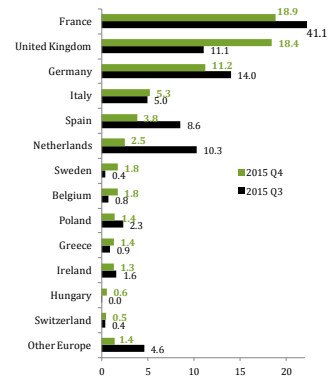
€ BILLIONS

2.12 Announced M&A¹²



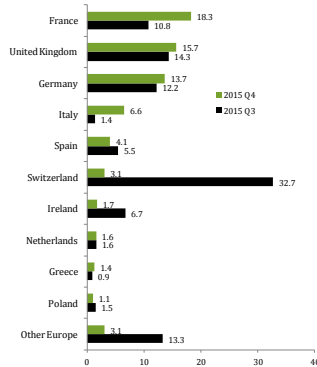
Source: Dealogic

2.13 Completed M&A by nationality of target firm



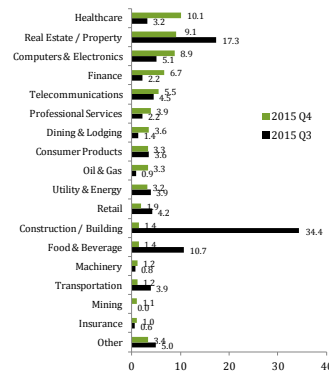
Source: Dealogic

2.14 Completed M&A by nationality of acquirer



Source: Dealogic

2.15 Completed M&A by industry of target firm



Source: Dealogic

2.16 Completed M&A of European target firms by size of deal (EUR bn)

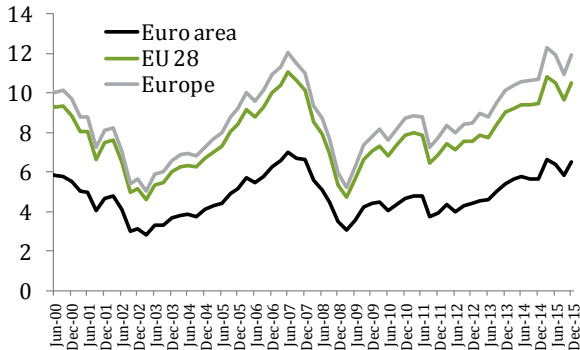
| | Value of deals (€bn) | | | | | Number of deals | | | | |
|------------------|----------------------|--------------|--------------|-------------|--------------|-----------------|----------------|----------------|----------------|----------------|
| | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | 2015 | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | 2015 |
| > €1bn | 71.5 | 50.6 | 62.8 | 26.1 | 211.0 | 18 | 21 | 14 | 13 | 66 |
| € 500m to € 1bn | 17.1 | 15.6 | 14.5 | 19.2 | 66.5 | 25 | 23 | 22 | 28 | 98 |
| € 250m to € 500m | 12.5 | 16.2 | 5.4 | 10.0 | 44.1 | 36 | 46 | 16 | 28 | 126 |
| € 100m to € 250m | 12.3 | 11.9 | 9.7 | 8.0 | 42.0 | 75 | 76 | 60 | 51 | 262 |
| € 50m to € 100m | 3.4 | 3.7 | 4.0 | 2.8 | 13.9 | 49 | 50 | 59 | 41 | 199 |
| € 25m to € 50m | 2.8 | 2.6 | 2.1 | 1.8 | 9.2 | 80 | 73 | 60 | 53 | 266 |
| € 10m to €25m | 1.4 | 1.7 | 1.5 | 1.6 | 6.1 | 89 | 108 | 94 | 96 | 387 |
| < € 10m | 1.3 | 1.0 | 1.0 | 0.7 | 4.0 | 480 | 366 | 293 | 232 | 1,371 |
| Undisclosed | - | - | - | - | - | 1,574 | 1,374 | 1,278 | 1,048 | 5,274 |
| Total | 122.2 | 103.4 | 101.0 | 70.3 | 396.9 | 2,426.0 | 2,137.0 | 1,896.0 | 1,590.0 | 8,049.0 |

Source: Dealogic

¹² Announced deals include completed, pending completion or partially completed transactions. Values are presented at date of announcement.

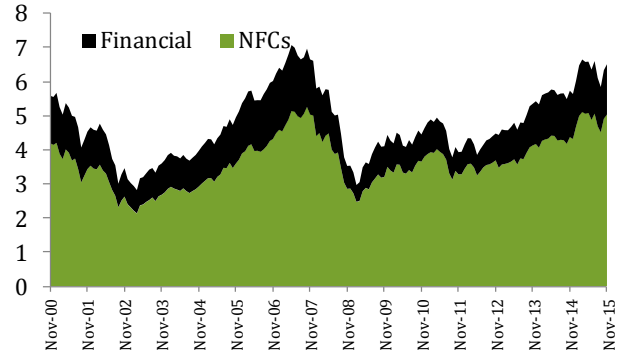
3 Outstanding and trading

3.1 Domestic market capitalisation of listed shares (EUR Tn)



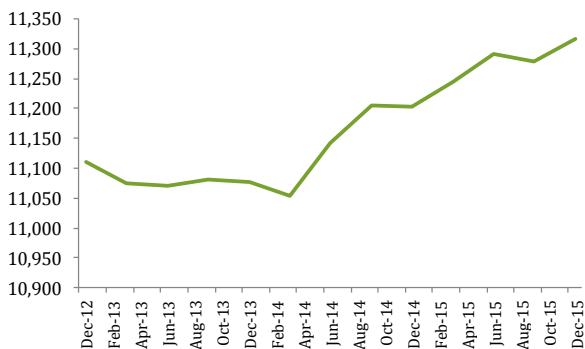
Source: ECB, Datastream, FESE, NASDAQ Nordic, LSEG, World Federation of Exchanges, Bucharest Stock Exchange and CEESEG – Prague

3.2 Value of euro-denominated listed shares issued by euro area residents (EUR Tn)



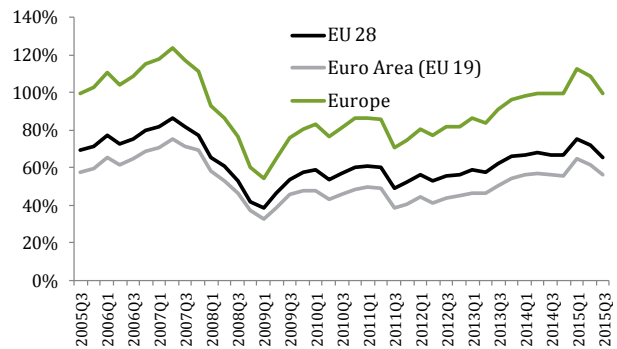
Source: ECB

3.3 Number of listed companies in Europe



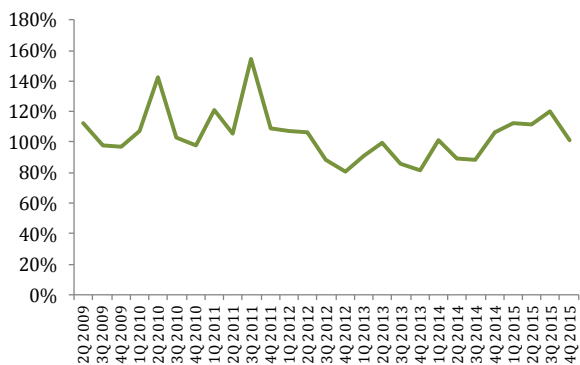
Source: ECB, Datastream, FESE, NASDAQ Nordic, LSEG, WFE, Bucharest Stock Exchange and CEESEG – Prague

3.4 Domestic market capitalisation of listed shares as proportion of GDP (%)¹³



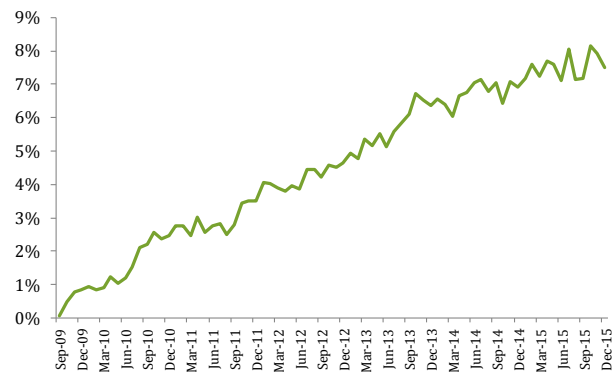
Source: ECB, Datastream, FESE, NASDAQ Nordic, LSEG, WFE, Bucharest Stock Exchange, CEESEG – Prague, Swiss Federal Statistical Office and Eurostat

3.5 Turnover ratio of European shares: Dark and Lit (Annualised turnover value/Market capitalisation)



Source: BATS CHI-X, ECB, Datastream, FESE, NASDAQ Nordic, LSEG, WFE, Bucharest Stock Exchange and CEESEG - Prague

3.6 Value traded in dark pools as proportion of turnover in Exchanges and MTFs¹⁴

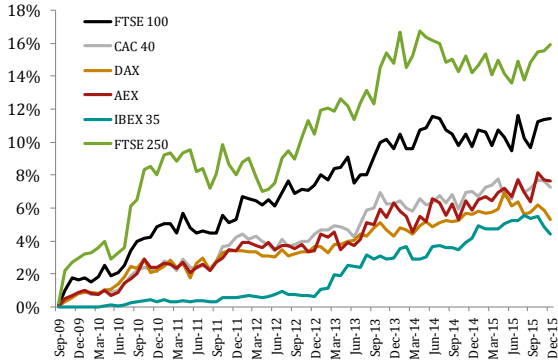


Source: BATS CHI-X

¹³ GDP available only as of 3Q15

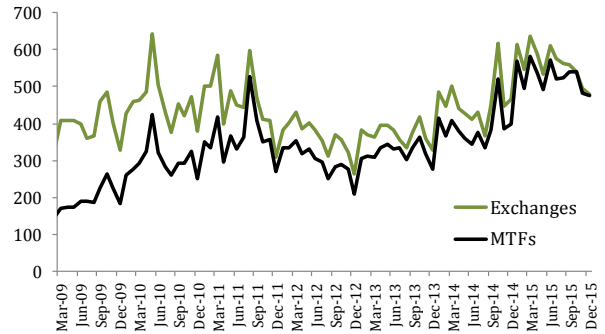
¹⁴ GDP available only as of 3Q15

3.7 Dark trading of indexed shares as proportion of total turnover (dark and lit)- selected indices



Source: BATS CHI-X

3.8 Monthly turnover value on European exchanges and MTFs (EUR bn)¹⁵

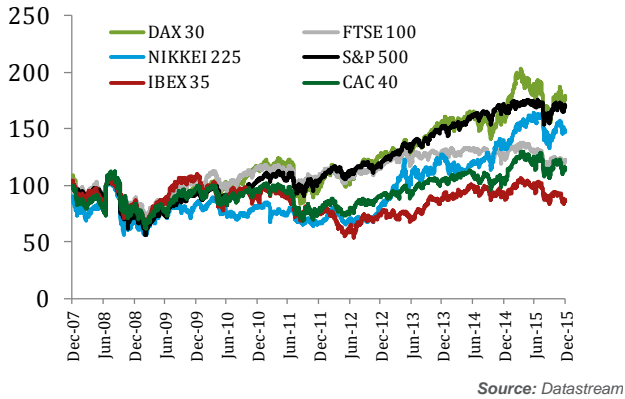


Source: BATS CHI-X

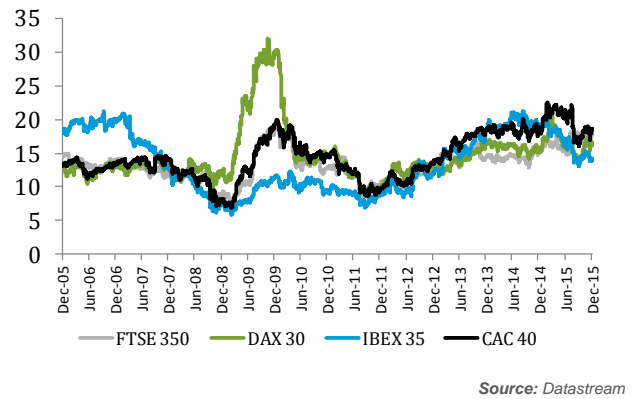
¹⁵ Under MTFs, the following are aggregated: Aquis, BLINK MTF, Burgundy, BXE Book, CXE Book, Equiduct, ICAP BlockCross, Instinet, Blockmatch, ITG Posit, Liquidnet, NEURO, Nomura NX, NYSE Arca, Pipeline, Quote MTF, SIGMA X MTF, SLS, Smartpool, TOM MTF, Turquoise, UBS MTF, Xetra, and Xetra International.

4 Valuation indices and ratios

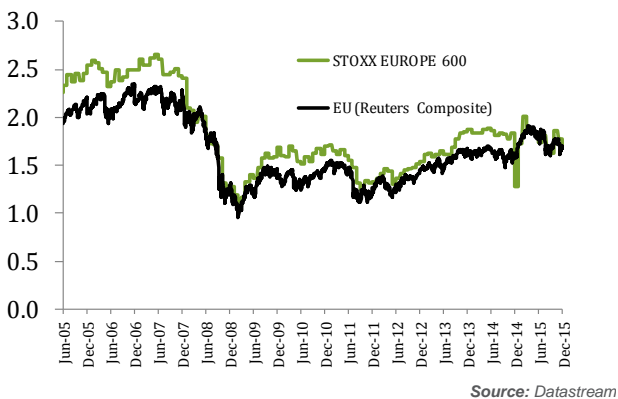
4.1 Price indices of selected stock exchanges (Sep 2007 = 100)



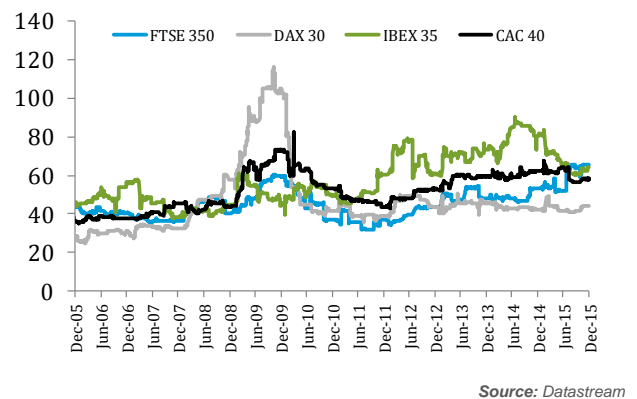
4.2 Price per earnings ratio (PE ratio) of shares listed in selected European exchanges



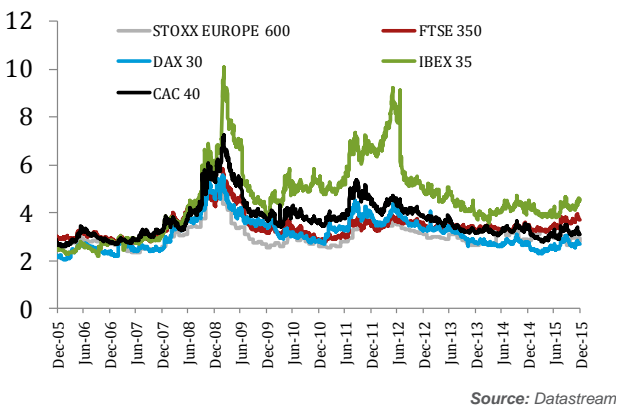
4.3 Price-to-book ratio of shares listed in Stoxx 600 and EU average



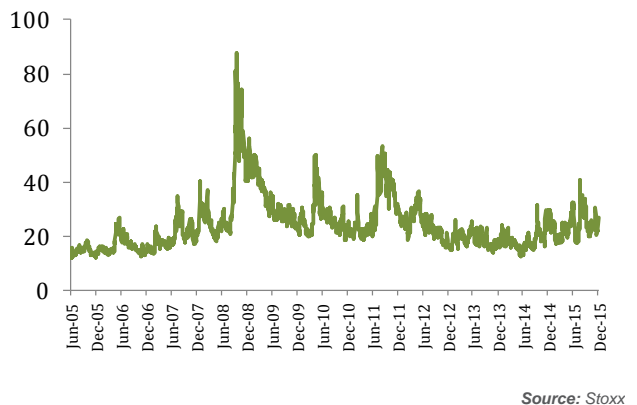
4.4 Dividend payout ratio of shares listed in selected exchanges (Dividends/Earnings per share)



4.5 Dividend yield ratio of shares listed in selected exchanges (Dividend/Price)



4.6 Implied volatility of constituent shares of Euro Stoxx 50 (VSTOXX)



Summary of the Methodologies Adopted for this Report

1. Issuance

1.1 – 1.4. Equity underwriting

The graphs covering historical issuance in Europe are denominated in EUR billions.

Historical equity underwriting volumes are calculated by adding the proceeds from Initial Public Offerings (IPOs), Follow-On offerings and Convertible securities issued in exchanges located in the European Union (EU 28) + Switzerland.

The member countries of the European Union + Switzerland are maintained during the sample period. The group of countries include: Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden the UK and Switzerland.

IPOs proceeds include overallotment proceeds (greenshoe), although the value of proceeds is disaggregated in the supporting data file.

IPOs exclude “introductions” (listings unaccompanied by a sale of securities) and re-admissions.

Value and volume data are sourced from Dealogic. All figures comply with Dealogic’s standards of rank eligibility.

1.5 – 1.10 and 1.16 IPOs by exchange, nationality of the issuing company and industry of issuing company

Issuance values are denominated in nominal EUR billion. The figures illustrate the value of proceeds and number of deals of IPOs issued in European exchanges, aggregating by nationality of the exchange (charts 1.5-1.6 and 1.16), nationality of the issuing company (charts 1.7.-1.8.) and industry of the issuing company (charts 1.9- 1.10).

The aggregated values include overallotment proceeds (greenshoe).

Data are sourced from Dealogic comply with Dealogic’s standards of rank eligibility.

1.11. Difference between offer price and 1-day market price

The chart illustrates the quarterly median of the difference between offer price and closing price one day after the IPO was issued.

The deals taken into consideration are all the carried out in European exchanges during the quarter.

Deals where the 1-day closing price or the offer prices are not available were not included in the calculation.

1.12. – 1.13 Overallotment proceeds

The graph illustrates the value of greenshoe investment in IPOs as proportion of aggregate proceeds in a given quarter. The proportion is illustrated on a weighted average basis.

All IPOs are taken into consideration for purposes of the chart, even if greenshoe investment was not disclosed or if it was nil in a given deal.

Chart 1.13 aggregates IPO proceeds by proportion of exercised overallotment of each deal. Deals with undisclosed or nil overallotment are aggregated under 0% category.

2. Mergers and Acquisitions (M&A) and Private Equity

2.1-2.5 Deals where the target or acquiring companies are located in Europe

The charts aggregate deal values of M&A transactions where European companies are either target or acquiring parties in the transaction.

Charts 2.1-2.2 disaggregate deal values by type of deal: Sponsor, strategic and add-ons.

Sponsor deals represent M&A transactions where the acquisition or sale is carried out by a Private Equity (PE), but not by a portfolio company of a PE firm. Strategic mergers are deals where both the target and the acquired company are not PE firms. Add-on deals are transactions where either the acquirer or seller companies are portfolio companies of a PE firm. M&A include both financial and trade sales.

Charts 2.3-2.4 aggregate deal values by the location of the acquiring and target parties. Intra European deals refer to completed deals where both the acquiring and target companies are located in Europe. “Non-European acquires European” aggregates M&A completed transactions where a company located outside Europe acquires a company located in Europe. “European acquires non-European firm” are M&A completed transactions where the acquiring party is European and the target company is located outside Europe.

Europe is defined as in section 1 (EU 28 + Switzerland).

2.5-2.10 Completed M&A deals between European companies

The charts illustrate the quarterly deal values of completed Mergers and Acquisitions (including debt) where the target and acquiring companies are domiciled in Europe (EU 28 + Switzerland).

Deal values are denominated in EUR billions.

Sponsor, strategic and add-on deals are defined as explained in charts 2.1-2.5.

The figures are aggregated by quarter when the deals were completed.

Value and volume data are sourced from Dealogic and comply with Dealogic's rank eligibility criteria.

2.11. Average deal value

This graph illustrates the average deal value of by quarter of completed M&A deals where the target and acquiring companies are located in Europe.

The average is calculated as the ratio of deal values in a quarter as proportion of number of deals that reported non-null deal values. Due to reporting limitations, the ratio is different from dividing total deal values by total number of deals given that several deals do not report deal value or the data are missing.

2.12. Announced M&A

This graph illustrates announced deal values (including debt) of completed, pending completion or partially completed deals, where the target company is located in Europe (EU 28 + Switzerland).

The announced values are aggregated by sponsor, add-on and strategic deals, as described in previous section.

Announced values are aggregated on the basis of the announcement date of deals.

2.13. - 2.15. Completed M&A by nationality and industry

The figures represent the most recent quarter's value of completed M&A deals of European target firms, aggregating by nationality of target firm (charts 2.8.), nationality of acquiring firm (chart 2.9.) and industry of target firm (chart 2.10.).

Deal values are denominated in nominal EUR billion. Data are sourced from Dealogic and comply with rank eligibility criteria.

2.16. Completed M&A by deal size

The table aggregates the value and number of completed M&A deals by completed deal size (including debt) in nominal Euros. M&A deals

where the target company is located in Europe are aggregated.

3. Outstanding

3.1. – 3.4. Market capitalisation

The graph illustrates the EUR trillion amount of market capitalisation of European (EU 28+ Switzerland), EU 28 and Euro zone (EU 19) exchanges. The composition of EU 28 and EU 19 countries remains constant throughout the sample period.

Graph 3.4 illustrates the market capitalisation of listed shares in Europe, EU 28 and EU 19 exchanges as proportion of nominal GDP. GDP is sourced from Eurostat and the Swiss Federal Statistical Office in its quarterly form. For purposes of this chart, the denominator is calculated as the sum of the past four quarters nominal seasonal adjusted GDP values.

Swiss GDP is converted to Euros using ECB EURCH exchange rate at the end of each quarter.

3.2 Euro-denominated listed shares

This graph illustrates the outstanding amounts of euro-denominated quoted shares issued by euro area residents, by sector of issuer. The figures are denominated in EUR nominal trillions.

Quoted shares include all shares with prices quoted on a recognised stock exchange or other form of regulated market. Quoted shares comprise all financial assets which represent property rights in corporations or quasi-corporations. These financial assets generally entitle the holder to a share in the profits of the corporations or quasi-corporations and to a share in their net assets in the event of liquidation. Quoted shares are valued and reported at market values.

The data are sourced from the ECB.

3.3. Number of listed companies

This chart aggregates the number of listed companies in European exchanges by Domestic and Foreign firms. Data are sourced from FESE, the World Federation of Exchanges, and LSEG.

Data are aggregated by adding individual exchanges' reported figures.

3.5. Turnover ratio

The chart illustrates the quarterly turnover ratio of EU 28 stock exchanges and selected MTFs calculated as the ratio of four times the quarterly turnover value as proportion of the market capitalisation at the end of the quarter.

The figures are presented on a weighted average basis of EU 28 exchanges and MTFs.

The following MTFs were selected as representative of the off-exchange market: Aquis, BLINK MTF, Burgundy, BXE Book, CXE Book, Equiduct, ICAP BlockCross, Instinet, Blockmatch, ITG Posit, Liquidnet, NEURO, Nomura NX, NYSE Arca, Pipeline, Quote MTF, SIGMA X MTF, SLS, Smartpool, TOM MTF, Turquoise, UBS MTF, Xetra, and Xetra International.

OTC transactions are not included due to potential double counting between TRFs.

3.6. - 3.7. Dark pools turnover

The chart illustrates the monthly value traded in dark pools as proportion of turnover in Exchanges and MTFs (Dark and Lit). For dark pool trading, the same MTFs selected for chart 3.5 were taken into consideration.

Chart 3.7 illustrates the aggregate proportion of dark pool trading of the constituent shares of the selected indices.

Data are sourced from BATS Chi-X.

3.8. MTFs turnover

The chart illustrates the quarterly turnover in EUR value in selected MTFs where data was available: Aquis, BLINK MTF, Burgundy, BXE Book, CXE Book, Equiduct, ICAP BlockCross, Instinet, Blockmatch, ITG Posit, Liquidnet, NEURO, Nomura NX, NYSE Arca, Pipeline, Quote MTF, SIGMA X MTF, SLS, Smartpool, TOM MTF, Turquoise, UBS MTF, Xetra, and Xetra International.

4. Valuation

4.1. Price indices of listed shares

This graph represents price data for selected European exchanges selected as benchmarks in the respective jurisdictions. The price calculations are provided by Datastream, which for purposes of comparability are converted into a price index with January 2008 as base (Jan-08 = 100).

4.2. - 4.6. Valuation ratios

These graphs illustrate several valuation ratios of selected price indices of European shares.

PE ratios are calculated as the ratio of market prices as proportion of market-expected annual earnings. The ratios are sourced from Datastream.

Price-to-book ratio represents the average ratio of share market prices as proportion of book prices of Stoxx 600 listed companies and a PanEuropean

index of European shares compiled by Thomson Reuters Datastream.

VSTOXX 50 index is the market-implied volatility of STOXX 50 listed shares, sourced from Stoxx.

Annex

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