

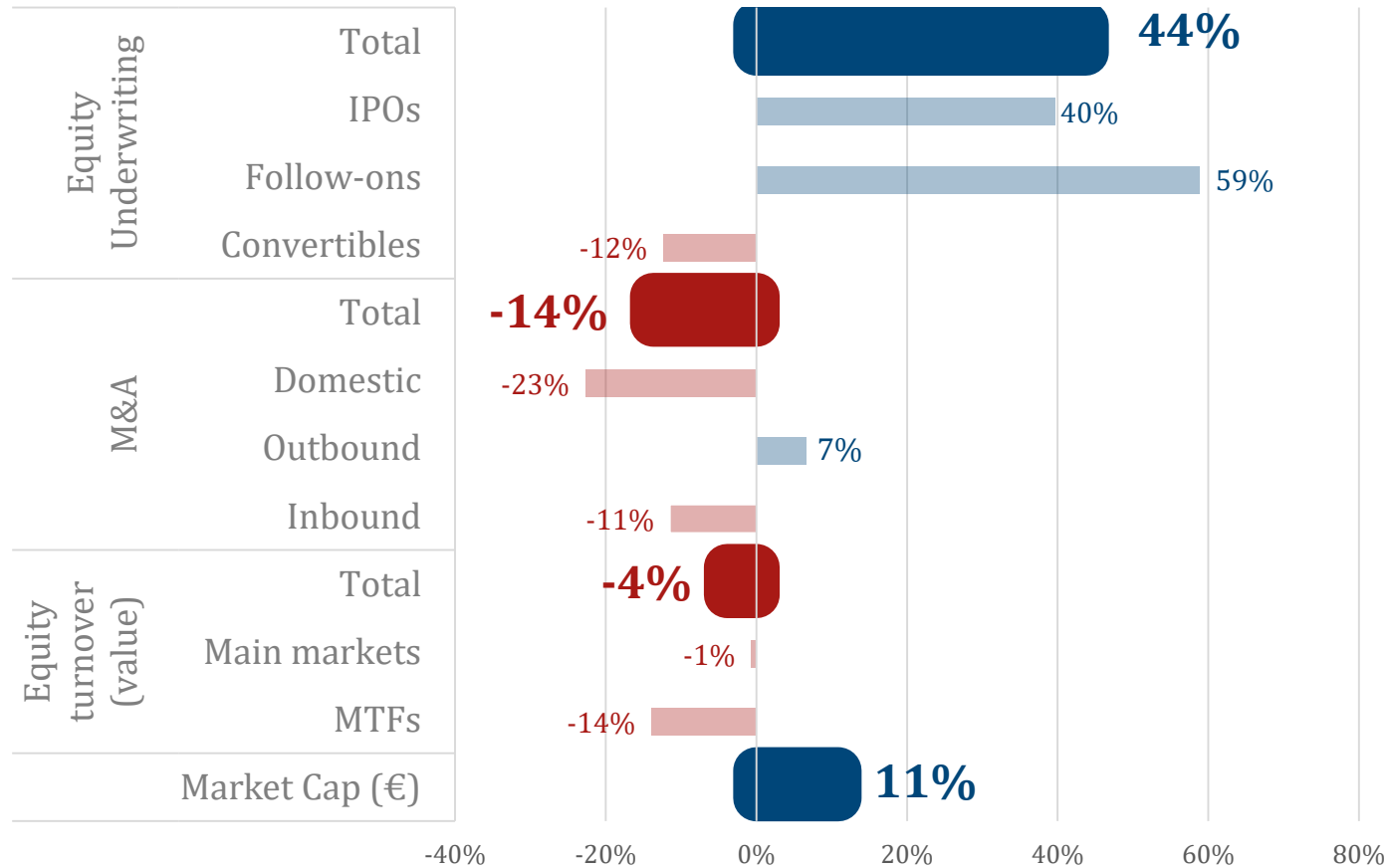
4Q 2017

Equity Primary Markets and Trading Report

European market data
update



2017 annual variation of European Equity activity (EU28 member countries and Switzerland)



Equity underwriting on European exchanges accumulated a total of €211.3 bn in proceeds in 2017, a 44% increase from the value originated in 2016 (€147.1 bn).

Completed Mergers and Acquisitions (M&A) of European companies totalled €897.4 bn in 2017, a decrease of 14% from 2016 (€ 1,039.8 bn).

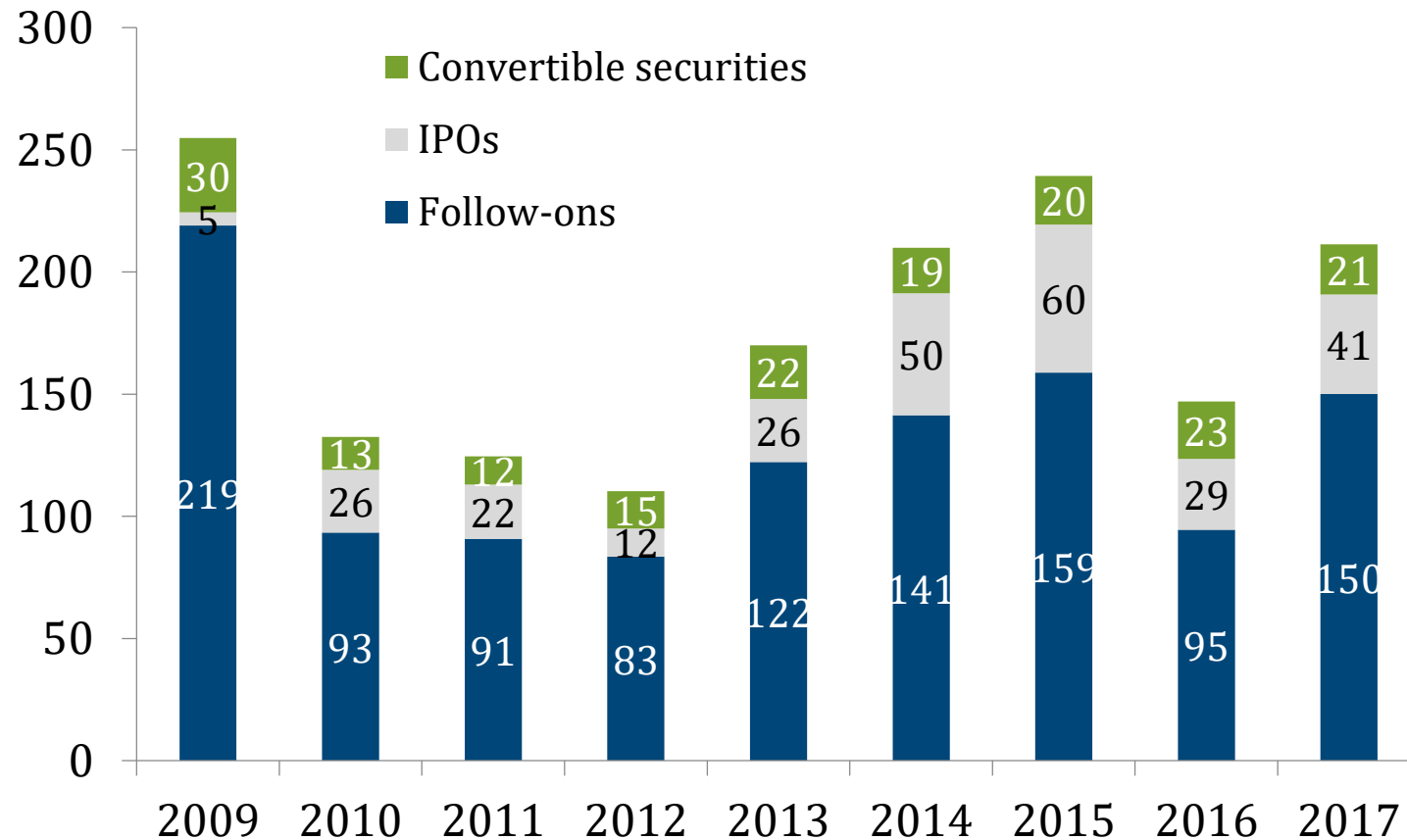
Equity trading activity on European main markets and MTFs generated a total of € 11.4 tn in turnover value in 2017, a decrease of 4% from 2016 (€ 11.8 tn)

Domestic market capitalisation of European listed shares stood at € 13.0 tn at the end of 2017, an increase of 11% from the market value at the end of 2016 (€11.7 tn)

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Issuance

Equity Issuance on European exchanges (EUR bn)

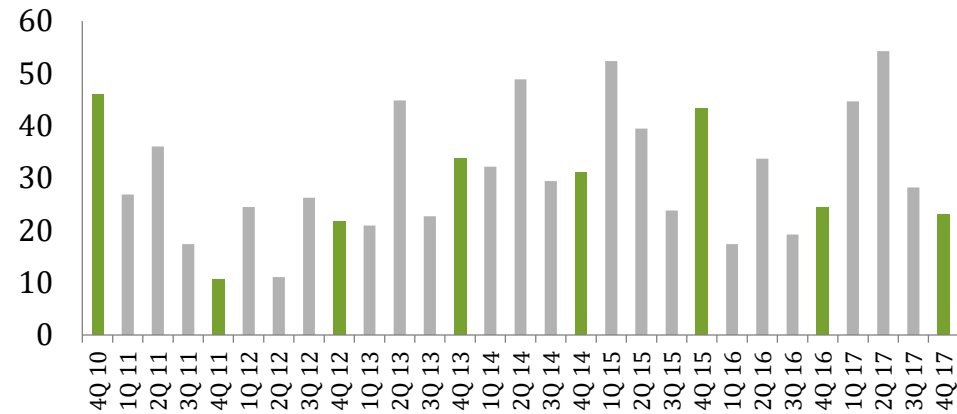


Source: Dealogic

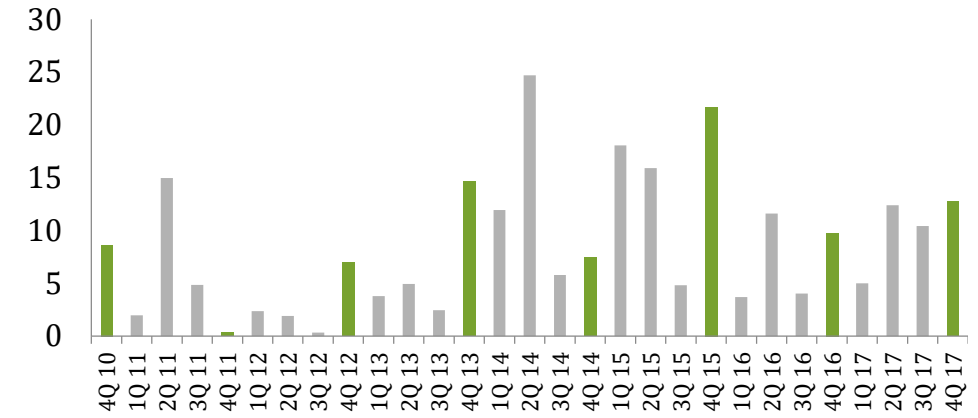
The 44% increase in equity underwriting was largely driven by a 59% growth in follow-on offerings

IPO proceeds increased 40% from the value raised in 2016 (€29bn), although below the value issued in 2015 (€60bn) and 2014 (€50bn)

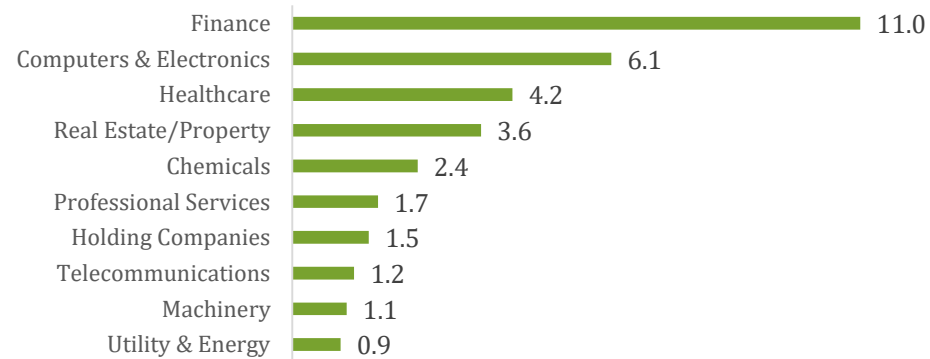
Follow-on offerings (EUR bn)



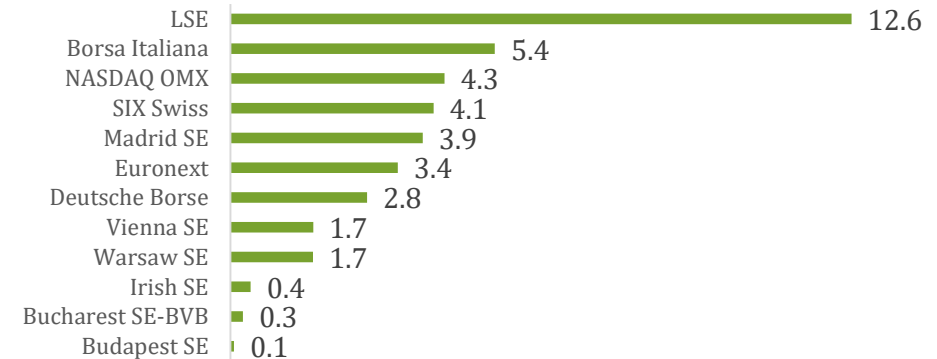
IPO proceeds (EUR bn)



IPO proceeds by industry (Top 10, EUR bn)



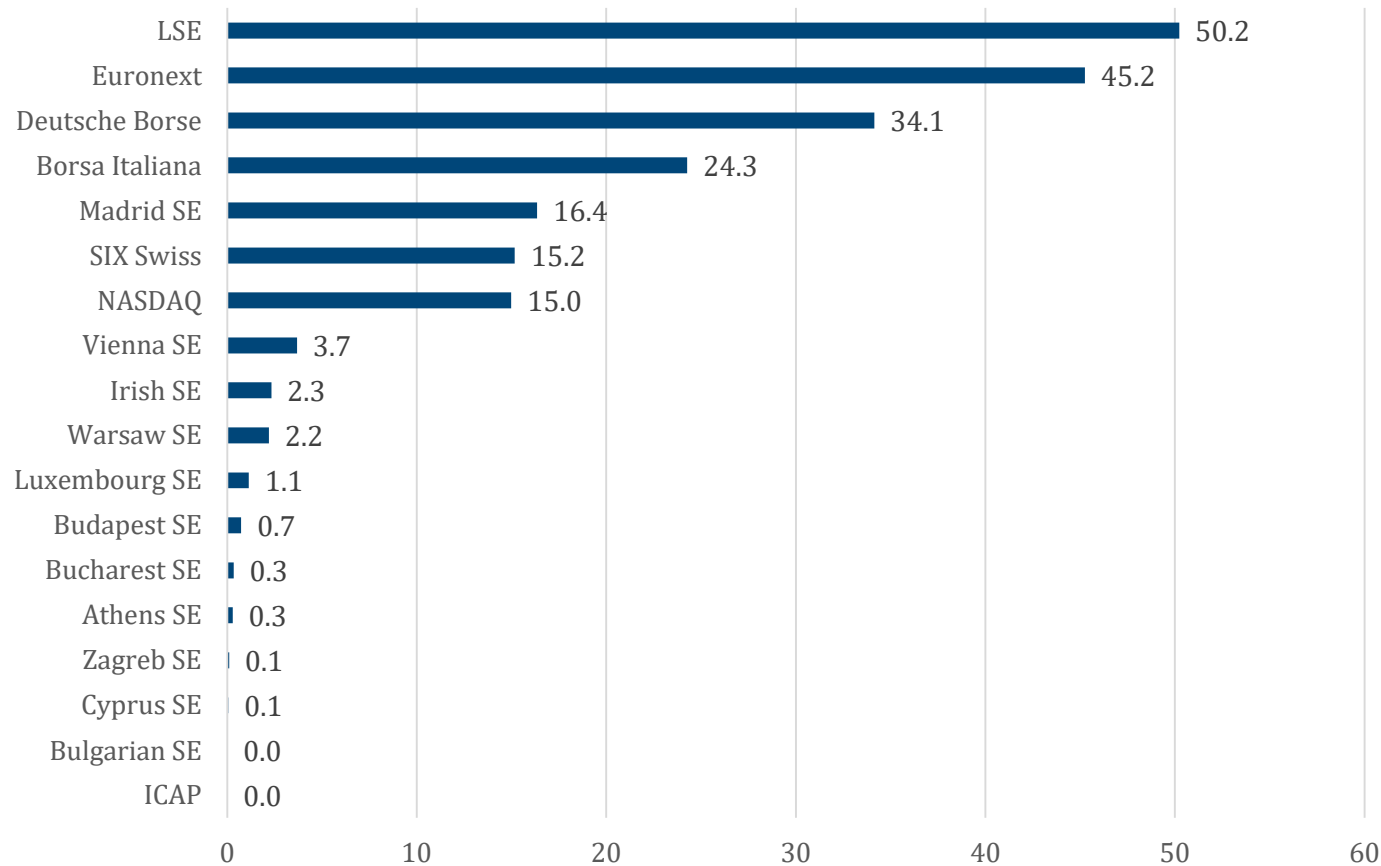
IPO proceeds by listing market (EUR bn)



Source: Dealogic
*Finance includes SPVs

Equity issuance by exchange

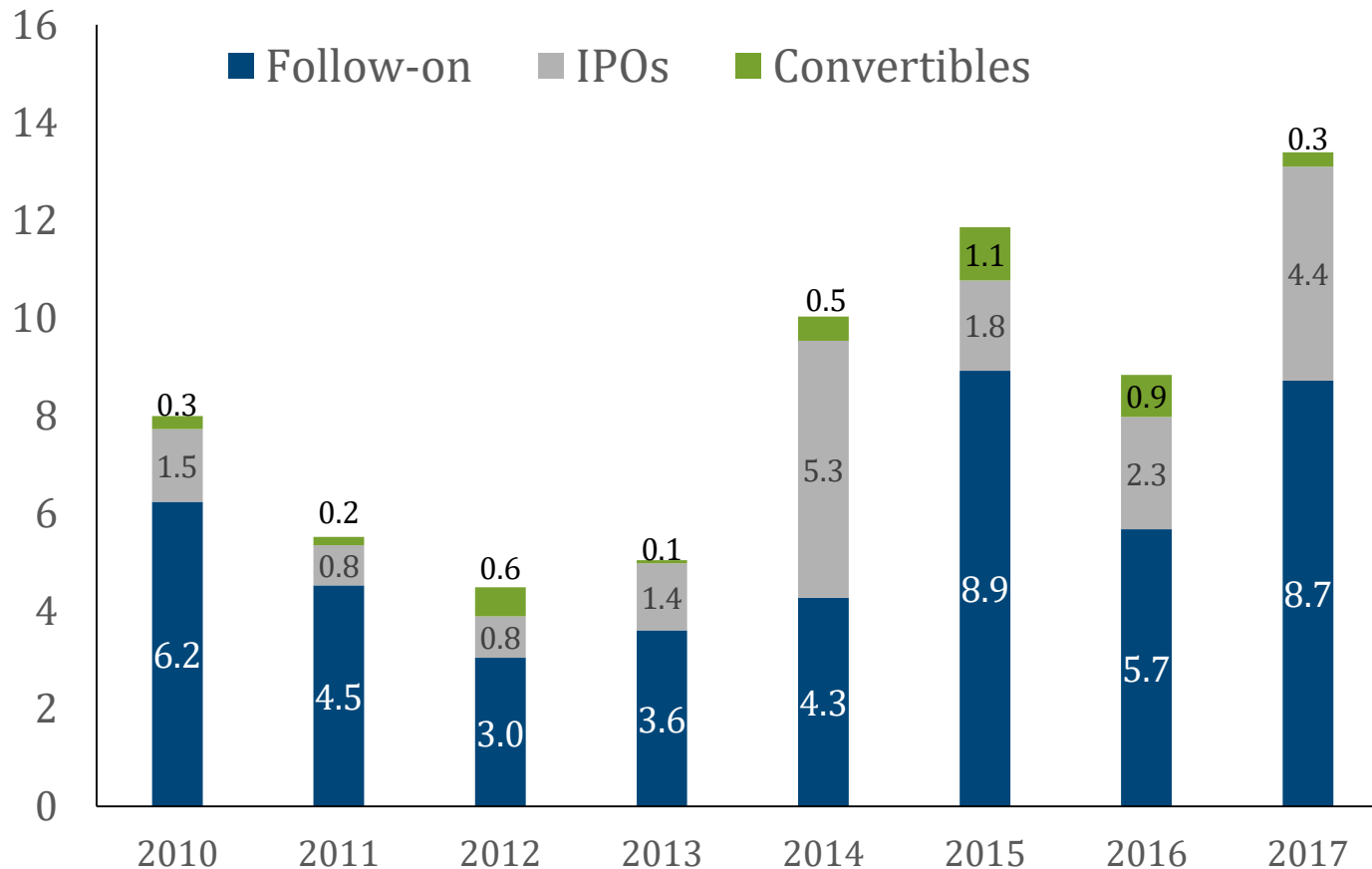
Equity underwriting on European exchanges: IPO, follow-ons and convertibles (EUR bn)



By exchanges, the LSE (main market and AIM) led by total equity underwriting accumulating a total of €50.2 bn, closely followed by Euronext exchanges

Equity issuance on Junior markets

Equity issuance on Junior European markets (EUR bn)

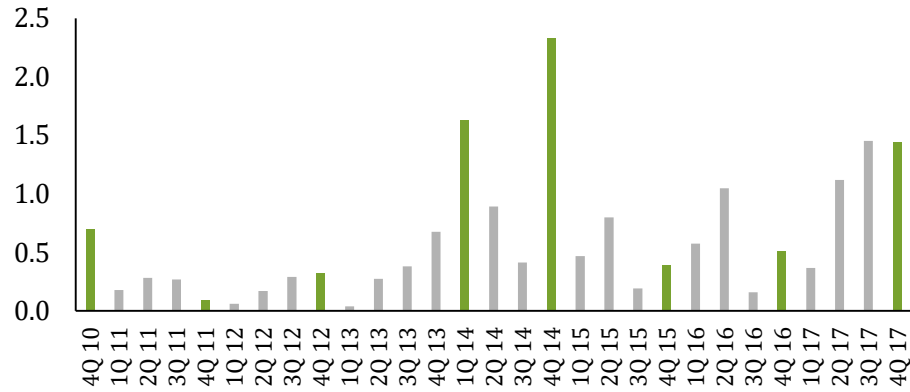


Source: Dealogic

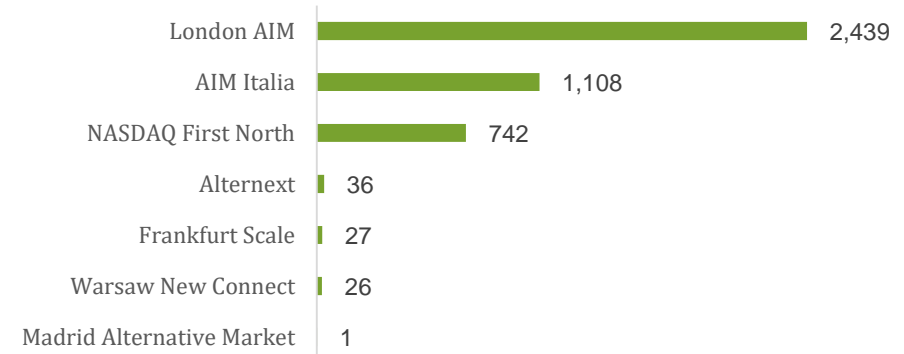
SMEs increased in 51.6% YoY the total amount of equity raised on European Junior exchanges, accumulating a total of €13.4bn in proceeds in 2017

IPOs on Junior markets totalled €4.4 bn in proceeds in 2017, the largest amount since 2015 and the second-largest since 2007

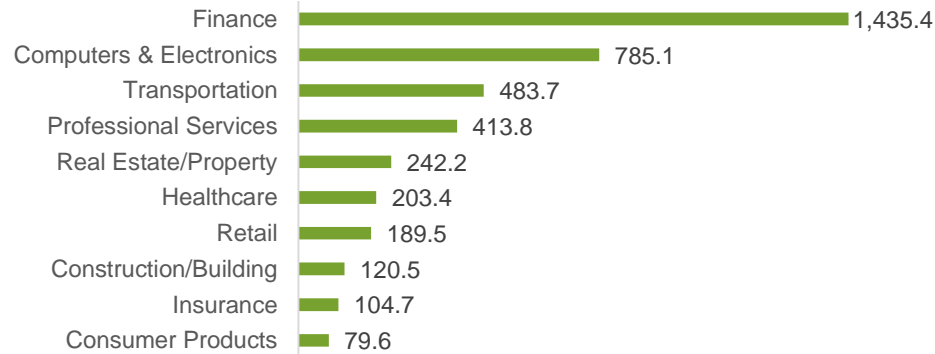
IPO proceeds on Jr European markets (EUR bn)



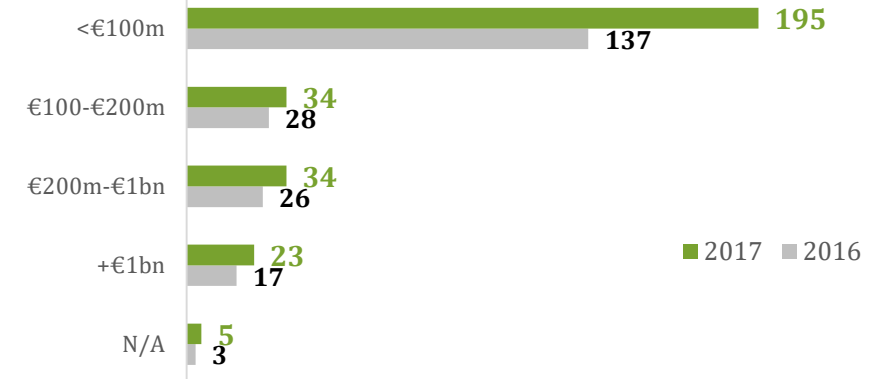
IPO proceeds on Jr markets by exchange (EUR mm)



IPO proceeds on Jr markets by industry (Top 10, EUR mm)



Number of IPOs on European exchanges by market value of issuer (pre-deal value)

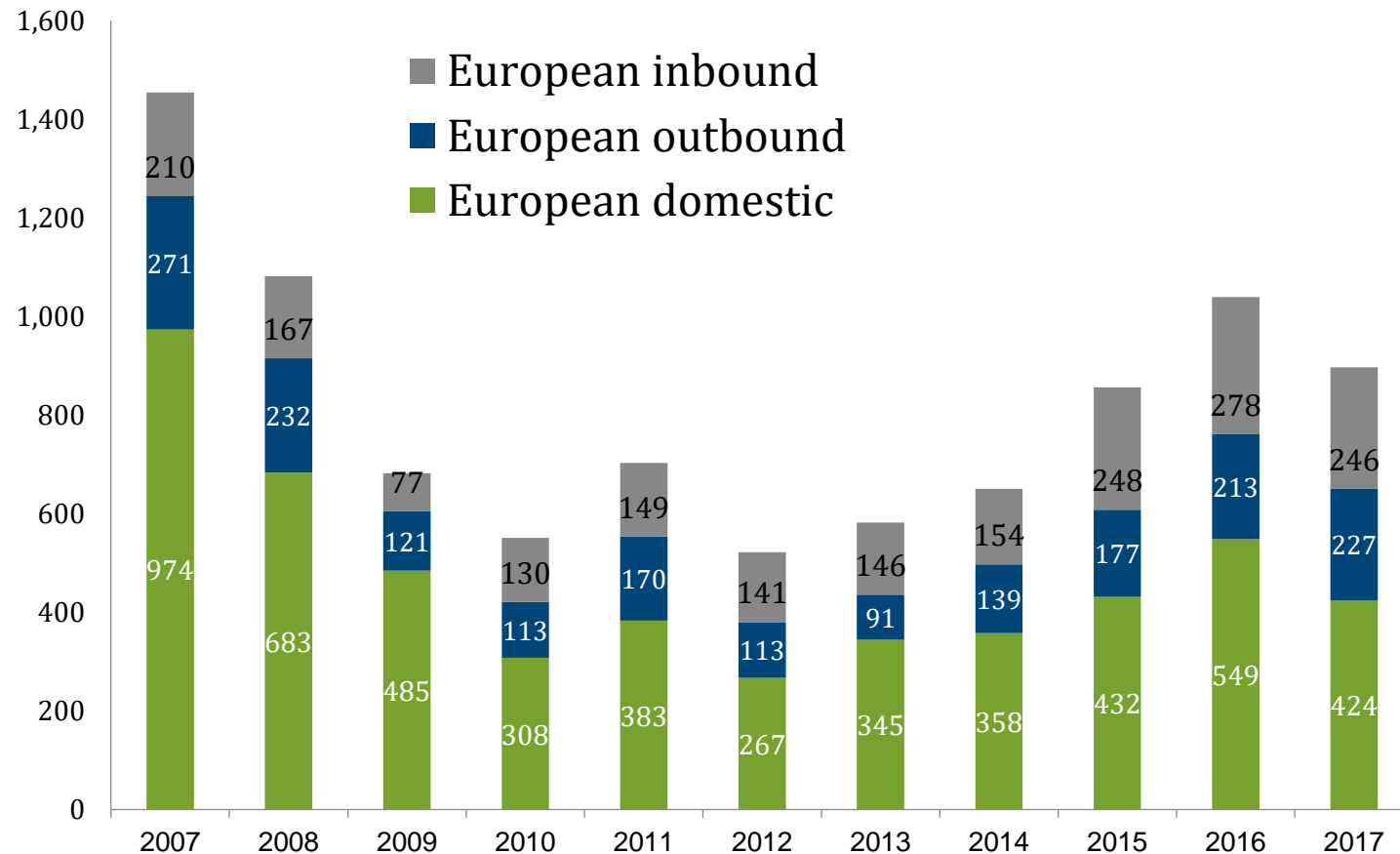


Source: Dealogic

Mergers and Acquisitions (M&A)

M&A by acquiring party

Completed M&A by acquiring party (EUR bn)



Source: Dealogic

European M&A activity decreased 14% against 2016, driven by a 23% decline in domestic M&A activity (i.e. between European firms*) and a 11% decrease in inbound M&A

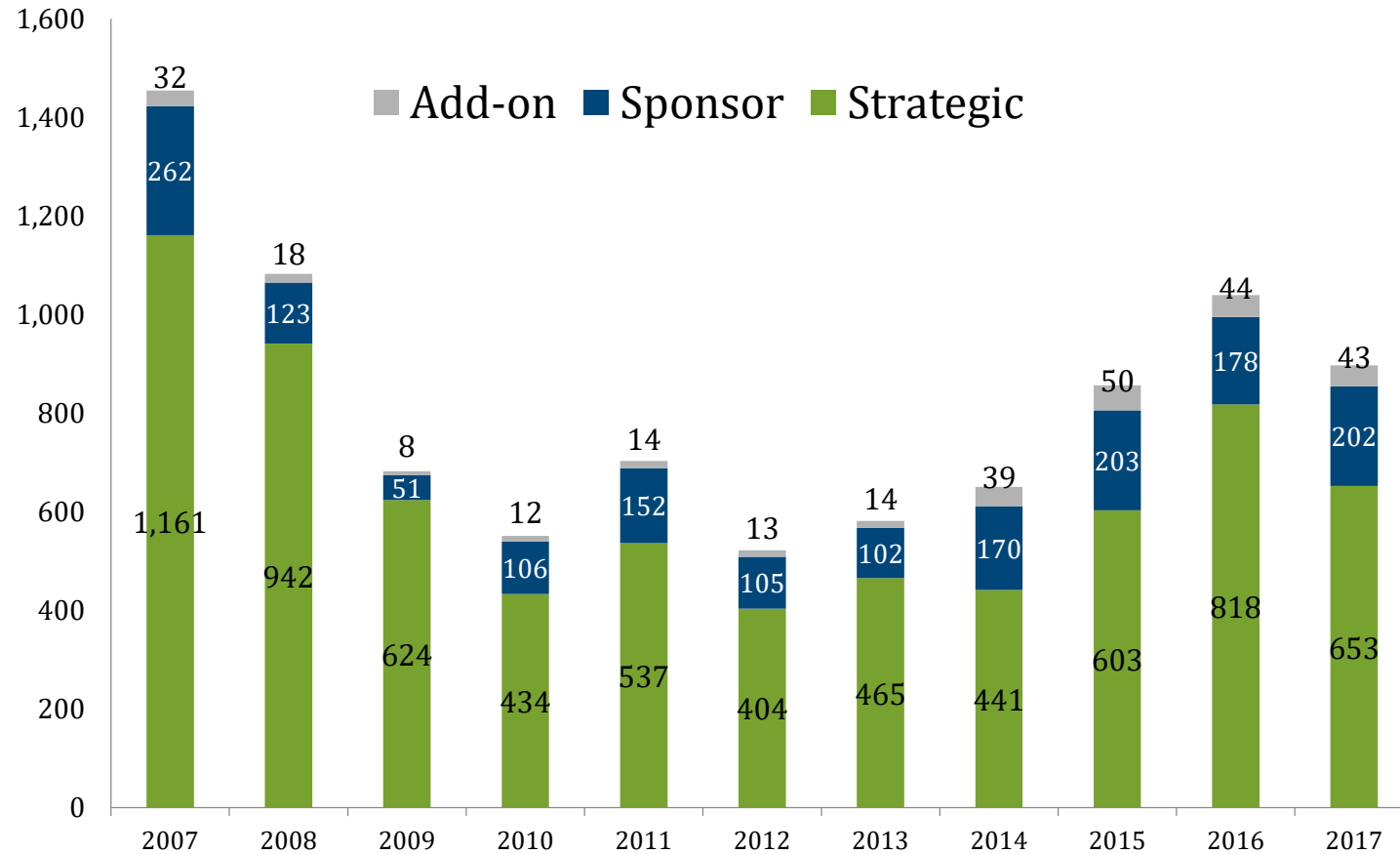
APAC firms represented 42% of total inbound M&A, only €4.9bn below the amount in deal value of firms located in the Americas that acquired European companies

Outbound M&A (i.e. European firms that acquired non-European firms) increased 7% against 2016. Firms in the Americas represented 91% of the outbound deal value

*EU28 and Switzerland

M&A by type of deal

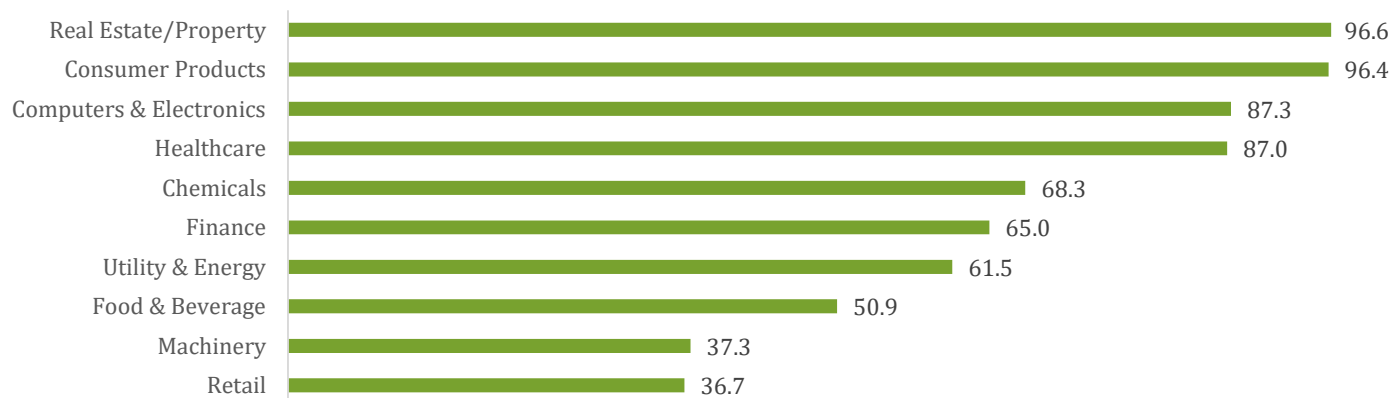
Completed M&A by type of deal (EUR bn)



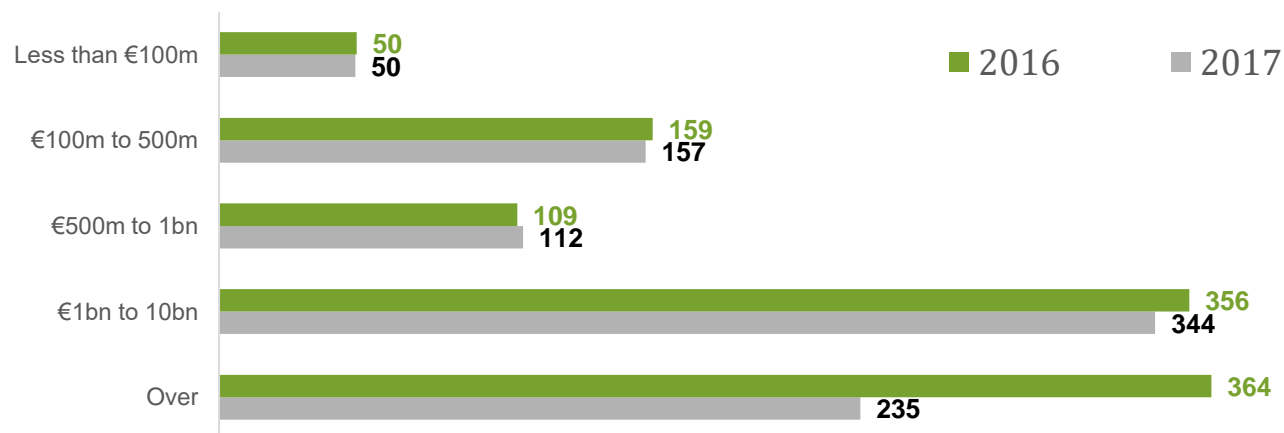
Growing participation of Private Equity-backed M&A activity (“Sponsor” deals), with the second-largest annual deal value since 2007

Fewer “megadeals” and with smaller deal value

Top 10 industries for M&A (EUR bn)



M&A transactions by deal value (EURbn)



Source: Dealogic

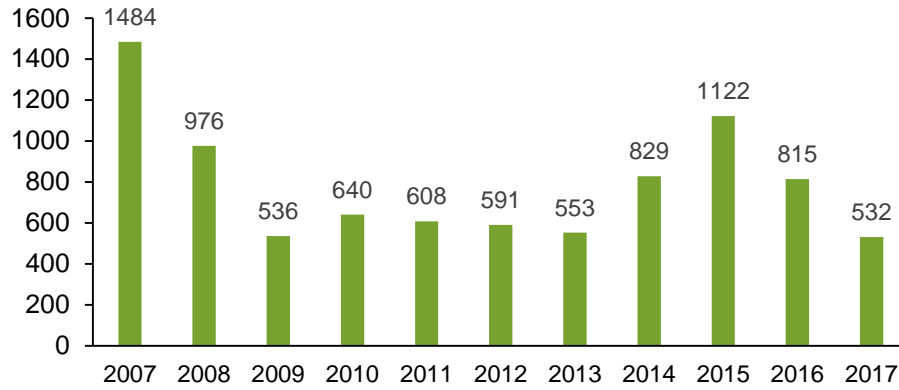
Slowdown in the number of “megadeals” (deal value above €10bn), from 13 deals in 2016 representing €364bn in deal value, to 11 deals in 2017 with a total of €235bn in deal value

No “megadeals” were recorded in the last quarter of 2017

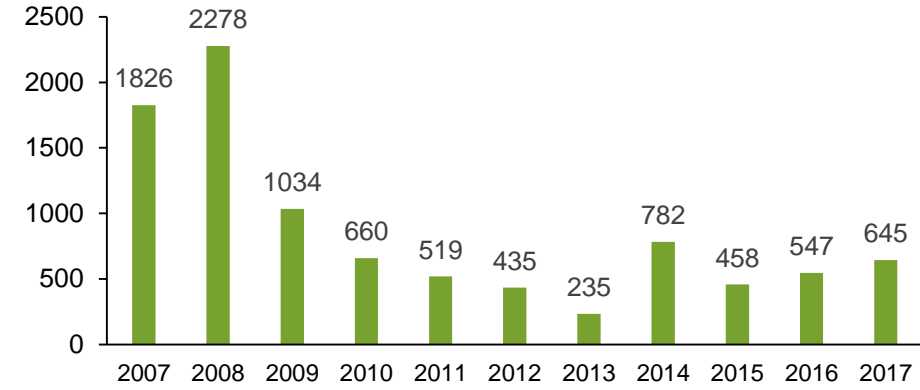
Average deal values declined from €251mm in 2016FY to €215mm in 2017FY

APAC firms represented 42% of total inbound M&A but only 3% of outbound M&A

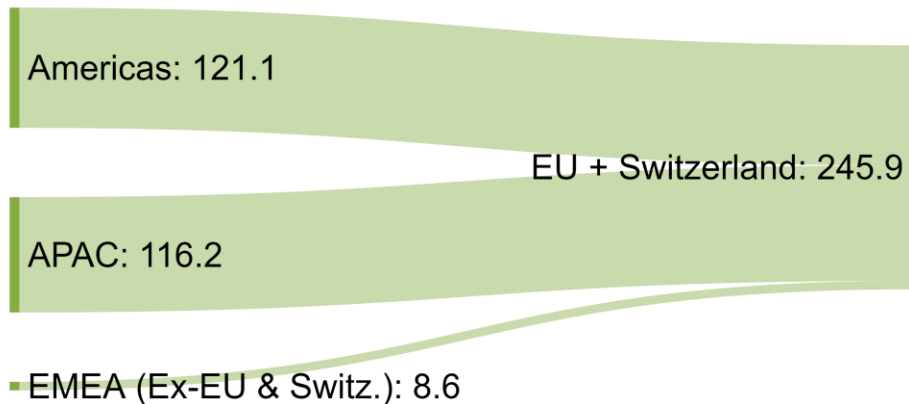
Announced M&A (EUR bn)



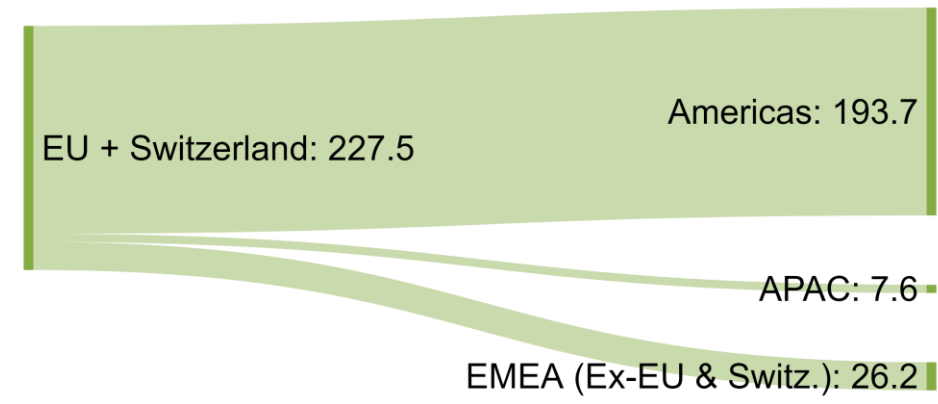
Withdrawn M&A (EUR bn)



Inbound M&A by acquiring region (EUR bn)



Outbound M&A by target region (EUR bn)



Source: Dealogic

European integration: M&A between European firms

Intra European M&A activity (EUR bn)

Target Nationality

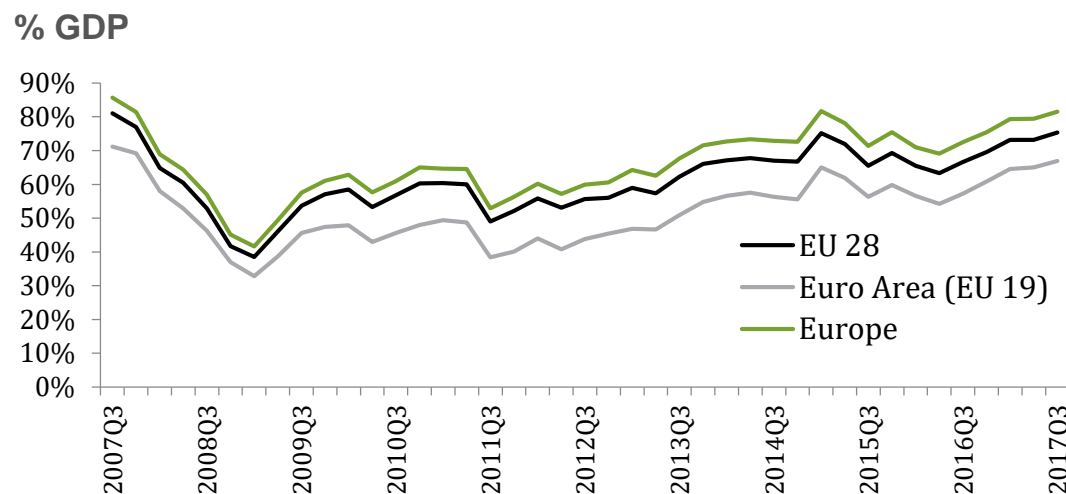
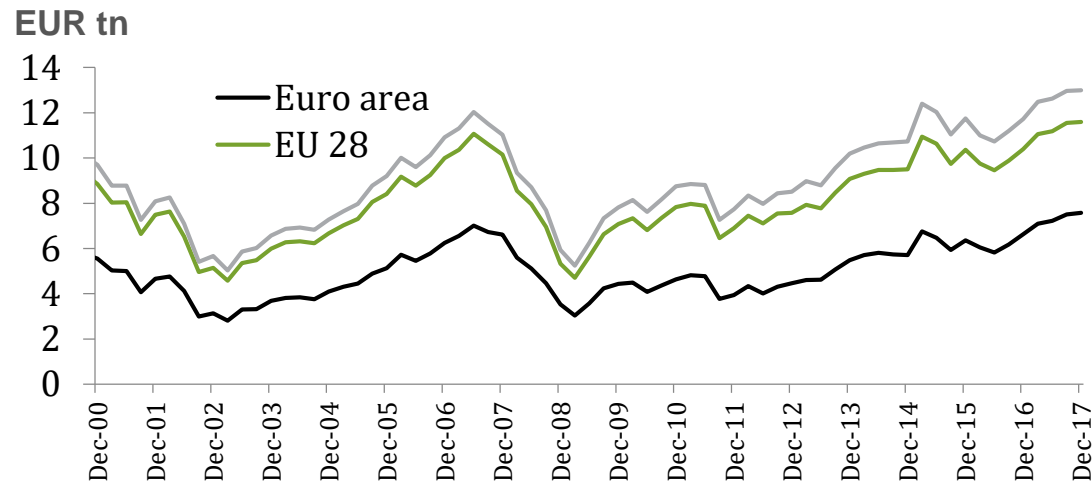
Acquirer Nationality

	AT	BE	BG	HR	CY	CZ	DK	EE	FI	FR	DE	HE	HU	IE	IT	LV	LT	LU	MT	NL	PL	PT	RO	SK	SI	ES	SE	CHE	UK	Total
Austria	677	0	0	0		0	0	0	0	0	379		26		77					0	382		0	79	0	0	9	0	0	1,629
Belgium	0	3,790	722	0			121		0	893	237			0	715			0		292	93				0	275		0	309	7,448
Bulgaria			16			0					0				0								0						0	16
Croatia				80																					0					80
Cyprus					0		0				0	40									0		0			0				40
Czech Republic	0	0	0		21	6,543					0		650	135	0						11		15	0				361	7,736	
Denmark							4,344	0	14	0	4,113				115	0				0	0						20	836	2,277	11,718
Estonia								19	3							1	2										0		12	37
Finland								151	4,599	0	160		0		0					2						110	0	50	5,072	
France	0	13				0	30	0	154	62,284	3,576		110	82	5,123	0		0		622	0	3	0	0	0	2,729	1,500	213	5,048	81,485
Germany	694	520		38		382	64		0	155	53,642	2,150	0	0	1,363	0	0	178		273	380	99	252		0	5,868	453	21	3,693	70,222
Greece			10		10					0	0	1,523																	0	1,543
Hungary		0		425		0							682			0					8									1,115
Ireland							0			107	630			1,436	0					181		0					8	0	516	2,878
Italy		0	0		0		0			0	51	45			15,898			0		66	4	16	401			229	0	177	378	17,265
Latvia							0		0		0					342					1						0	0	0	343
Lithuania							0	5			2				0	14					0						0			21
Luxembourg		0				0	0			83	344				11			200								116		416	0	1,389
Malta										0	6																0		31	51
Netherlands	0	20	0				0		75	986	57				410	47	0	0		12,280	167	0	0			25	0	0	714	14,781
Poland			0	11		0				0	0		44								10,519		0	0		0		0	0	10,574
Portugal			1							29												2,101		0		501		0		2,632
Romania			460							0			275								517		1,059							2,311
Slovak Republic				44		0							11											0						55
Slovenia				0							0														125	0		0		125
Spain										3,078	788	0		3	219			1	0	133	37	1,142		0	0	30,036		459	96	35,992
Sweden	7	52	0			65	798	0	1,359	137	3,029			99	257		2	200		3	0	0	13			3	29,951	0	1,489	37,463
Switzerland	1,876	1				0	0	0	0	83	254		0	48	0			0		768	0	0	0	0	0	125	0	4,540	546	8,241
United Kingdom	0	170		0	301	274	1,365	0	150	1,894	2,636	33	57	486	80			0	0	1,492	6	2	93	26		2,858	1,143	560	88,091	101,718
Total	3,254	4,566	1,210	599	331	7,263	6,722	170	6,359	69,728	69,903	3,790	1,855	2,288	24,268	390	18	379	214	16,332	12,124	3,363	1,833	105	125	42,765	33,192	7,221	103,610	423,978

Source: Dealogic. Cross-national activity above 1bn highlighted in dark green

Secondary markets

Market capitalisation of domestic listed shares



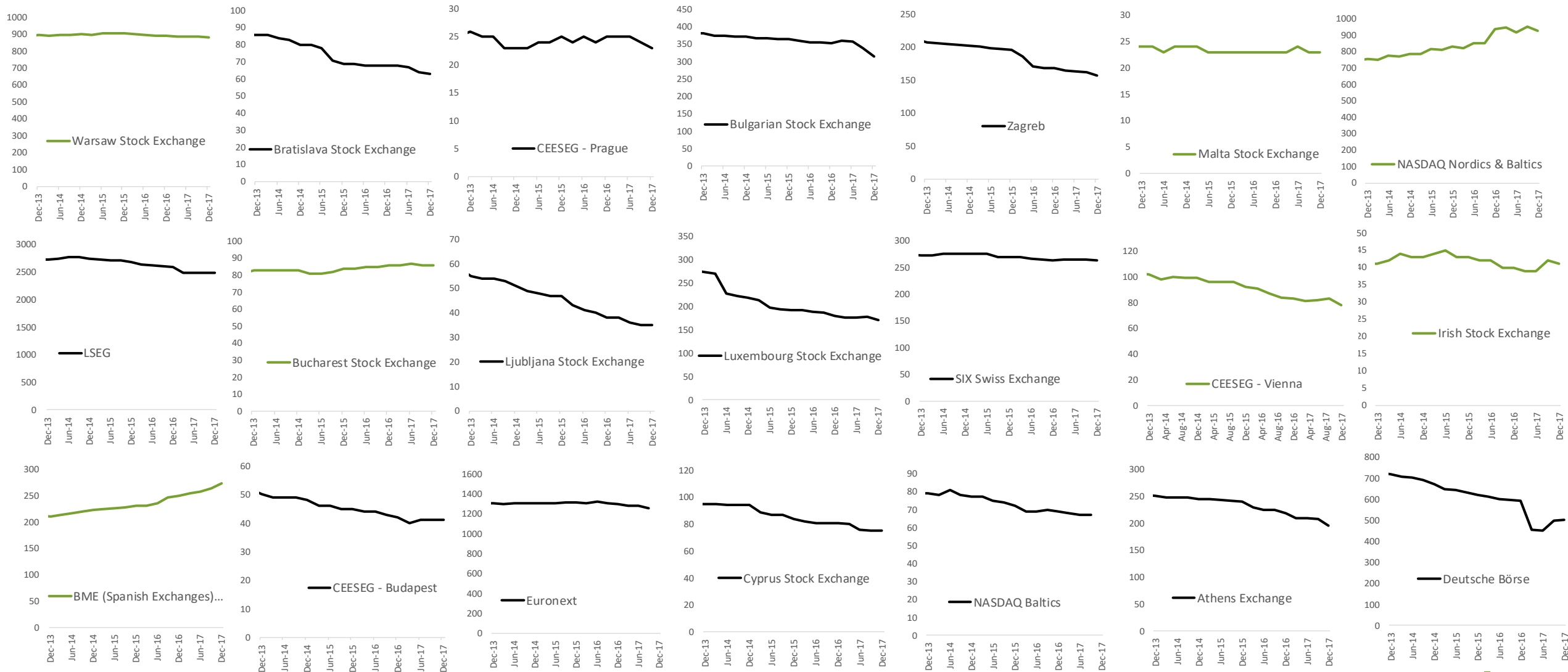
Source: ECB, Datastream, FESE, NASDAQ OMX, LSEG, WFE, FESE, CEESEG, Bucharest SE, WSE

Market capitalisation of listed shares finalised 2017 at €13tn, 11% above the level reached at the end of 2016.

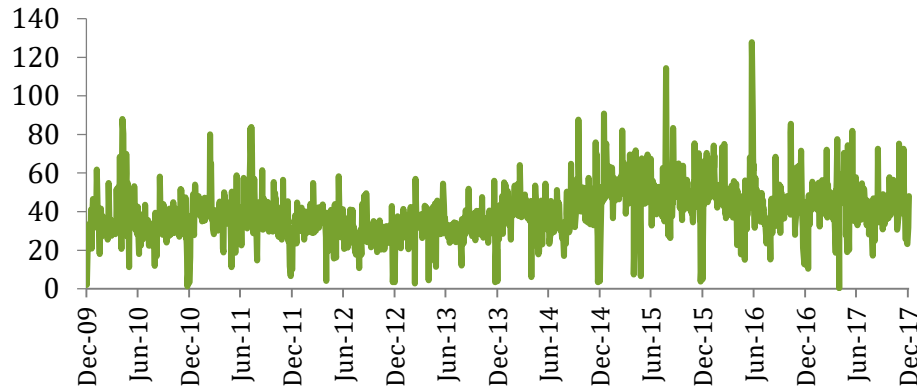
The annual increase in the European market cap increase was driven by higher valuations and earnings performance, not offset by recent delistings and fewer listed companies

Market cap, as a percentage of GDP, finalised the year at 81% of GDP— still below pre-crisis maximum of 90%

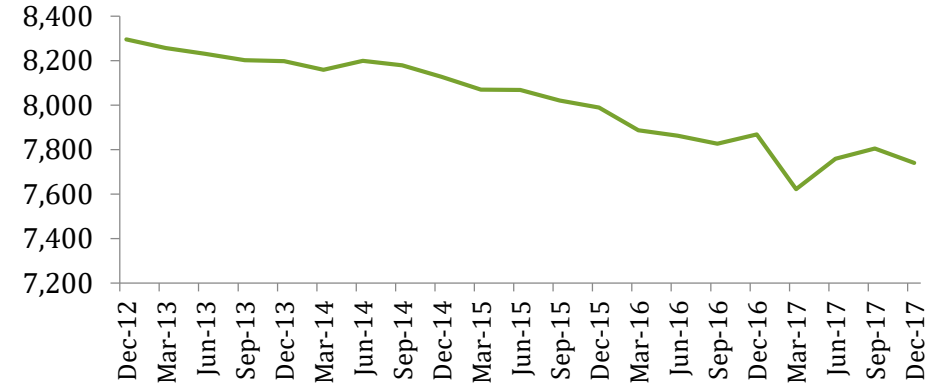
Number of listed companies on European exchanges



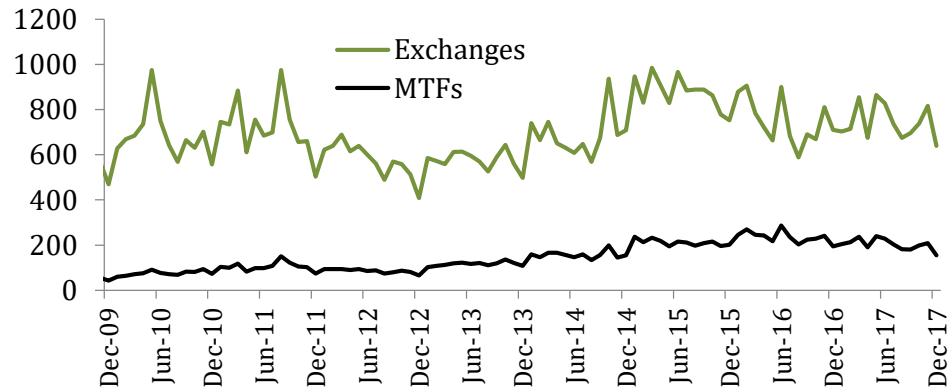
Daily turnover value on European exchanges and MTFs (EUR bn)*



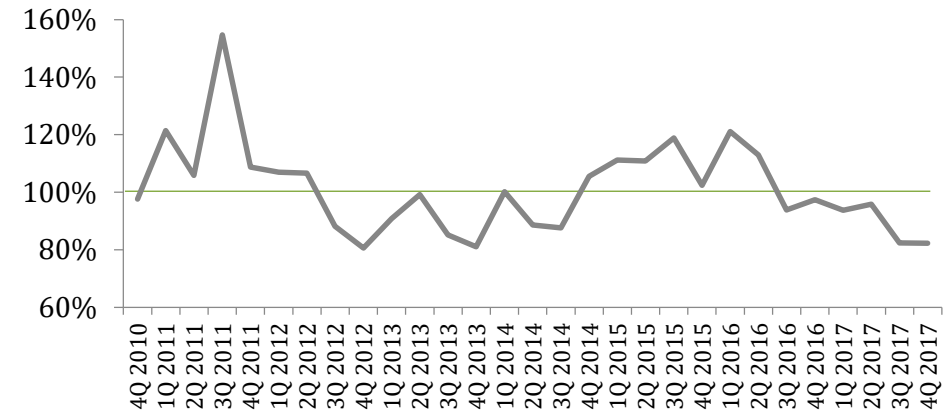
Number of listed companies on European exchanges



Monthly turnover value on exchanges and MTFs (EUR bn)*



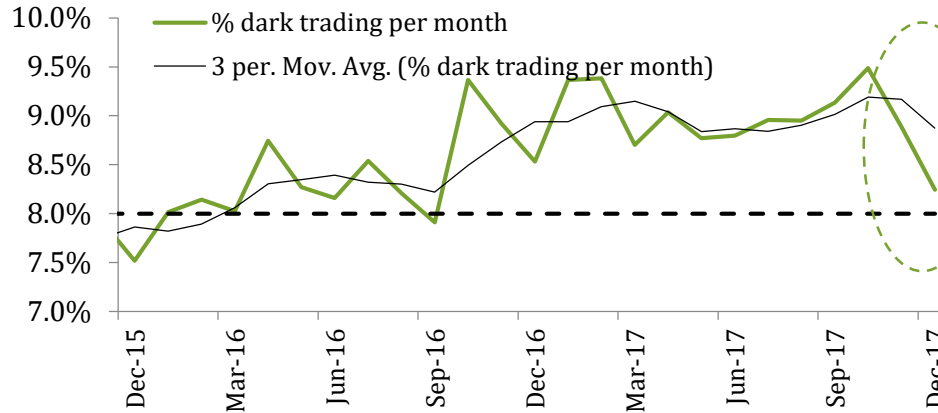
Turnover ratio (annualised turnover value/ market cap)



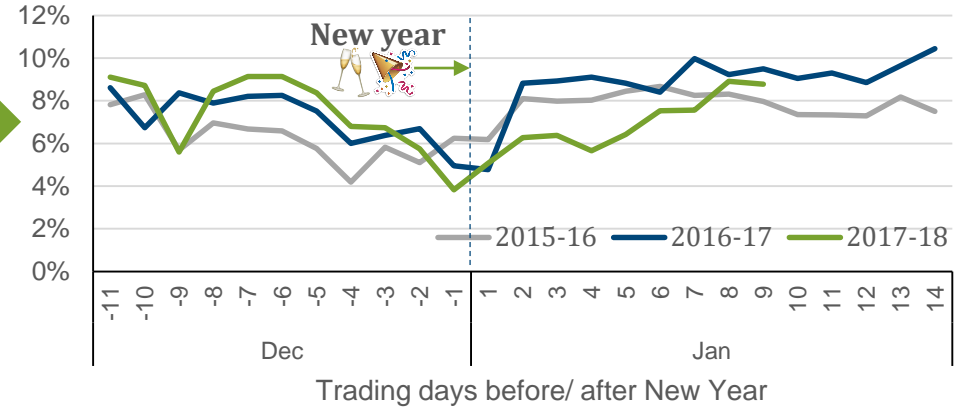
Source: Cboe Global Markets, FESE, WFE, ECB and local exchanges. Listed companies excludes Vienna's global segment and Spanish SICAVs
*market represents order book transactions

Decline in dark trading during the end-of-year holiday season

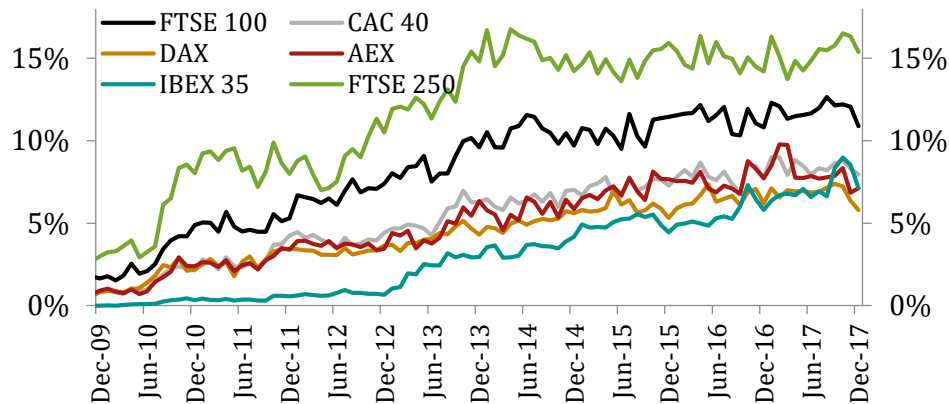
Dark trading as % of total turnover*



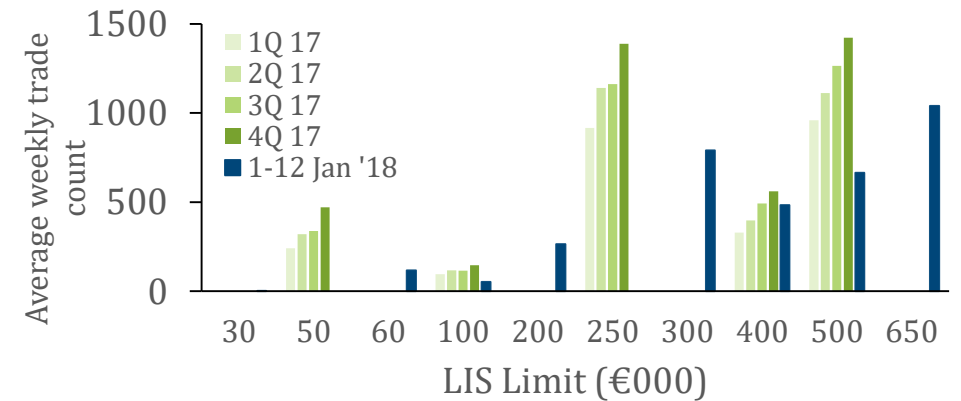
Dark trading as % of total turnover: end-of-year holiday season*



% of dark trading by indices*

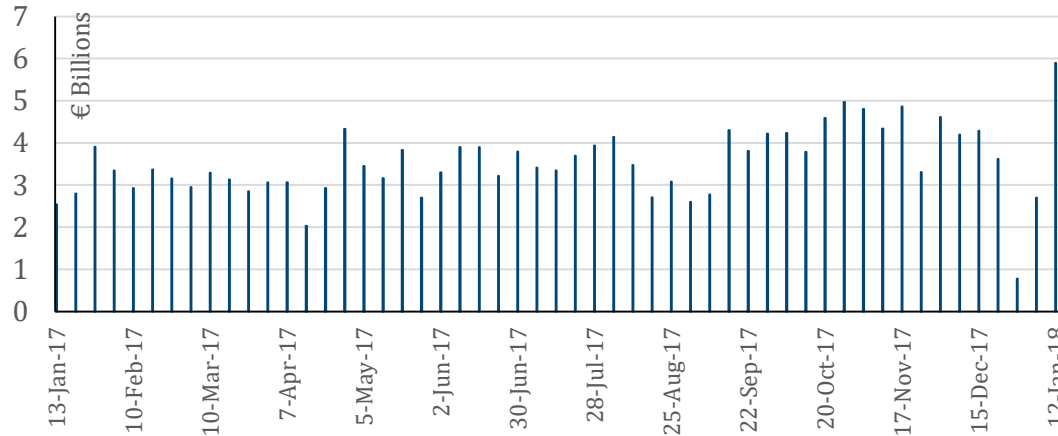


Block trades: weekly trade count by large-in-scale (LIS) limit

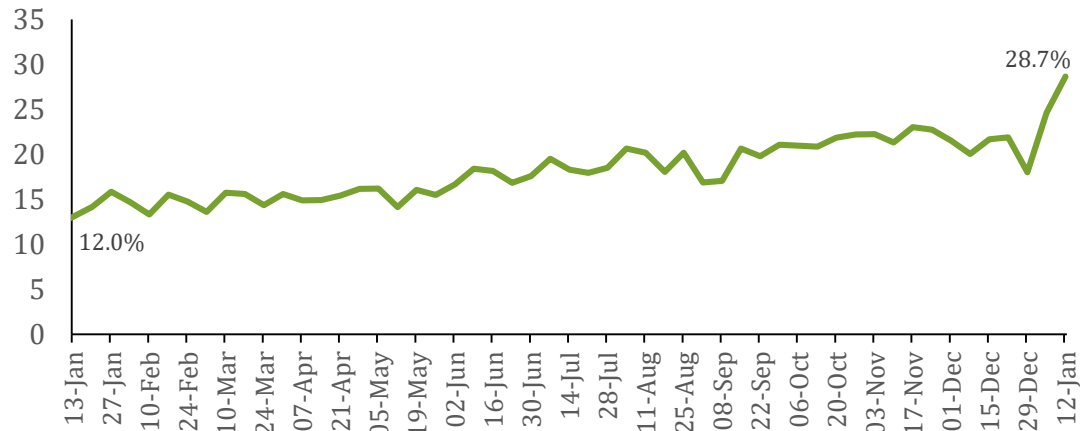


Source: Cboe Global Markets and Fidessa
*market represents order book transactions

Block trades: weekly turnover on European selected venues



Proportion of dark traded as block trades (%)



Source: Fidessa

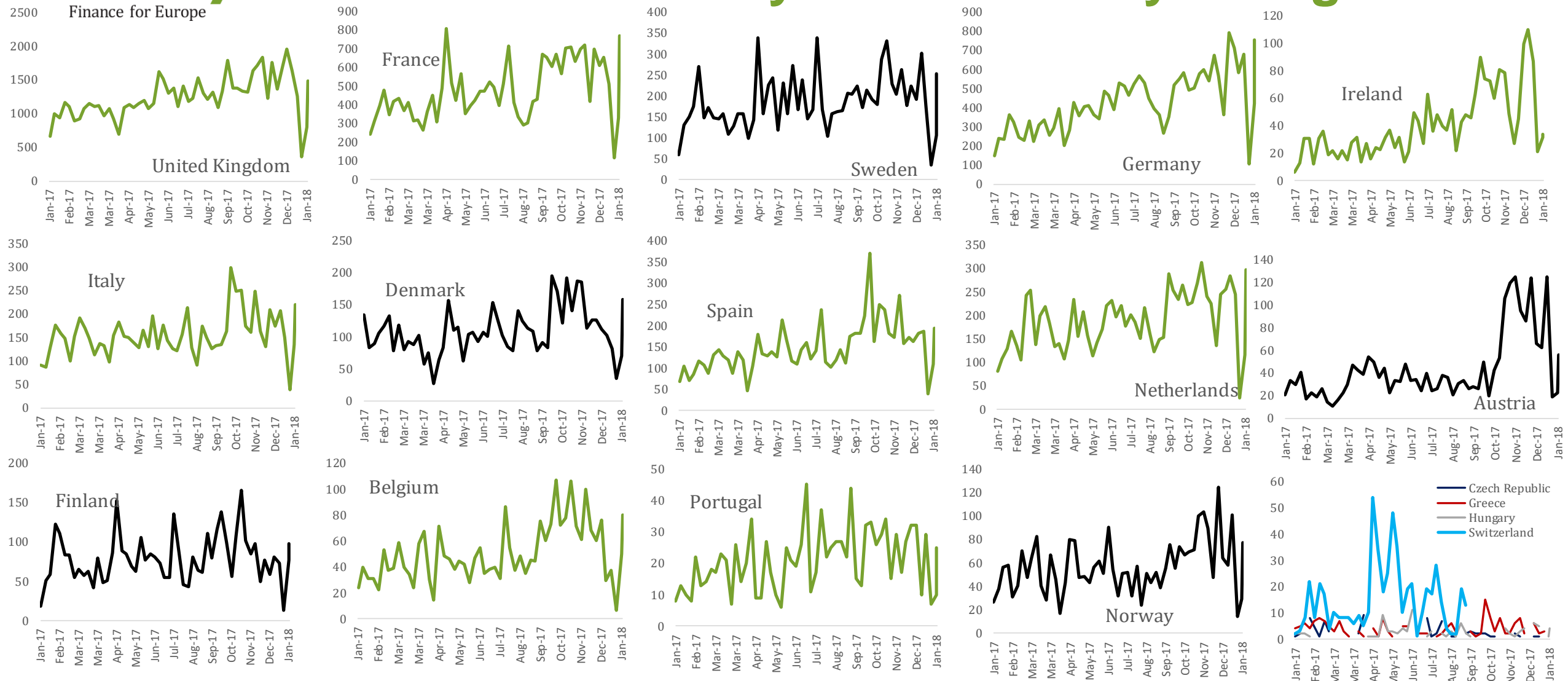
The average weekly turnover of block trades on selected European venues* increased from €2.5 bn in 1Q17 to €3.9 bn in 4Q17.

In the first week of January 2018, blocktrade turnover declined to €1.9 bn mostly attributed to seasonal factors. Block trades increased to €5.9bn in the second week of 2018.

According to Fidessa data, the proportion of dark traded as block trades increased to 28.7% in the first weeks of January (just after MiFID II went live). This compares with 12% observed at the beginning of 2017

* Venues include CBOE dark, CBOE BXE, CBOE LIS, Liquidnet, Posit, Turquoise Plato, and UBS MTF

Block trades: weekly trade count by listing market



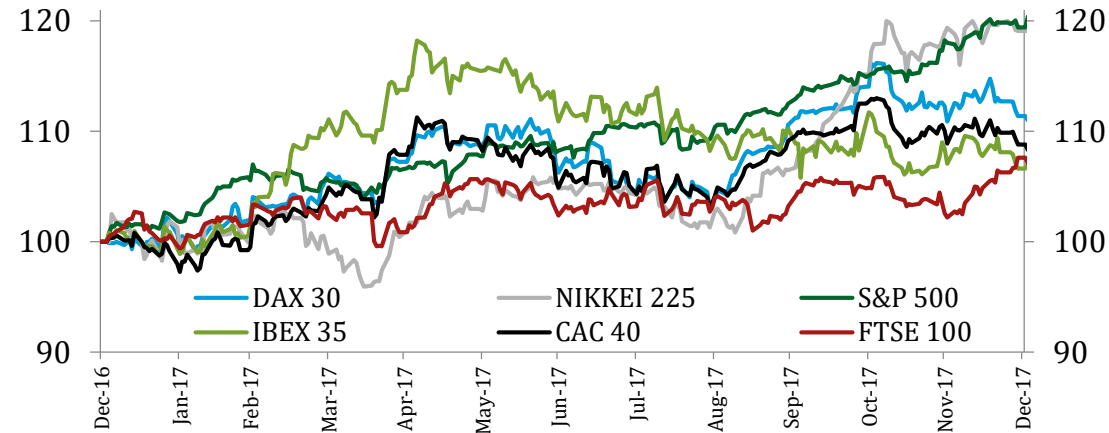
Source: Fidessa with data from Cboe BXE and CXE Dark Order Books, Cboe LIS service, Turquoise Plato™, Liquidnet, Posit and UBS MTF

The share universe for the report is taken from the ESMA Shares admitted to trading on EU Regulated Markets register.

Valuations

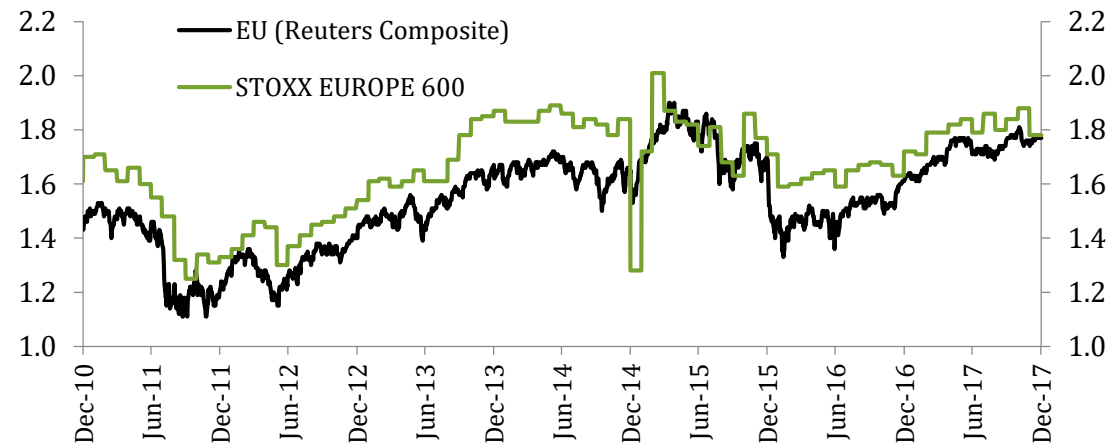
Price indices and valuation multiples

Price indices of selected stock exchanges (Dec 2016 = 100)



Price indices of selected European stock exchanges gained between 6.6% (IBEX-35) and 11.4% (DAX) in 2017FY.

Price-to-book ratio of Stoxx 600 constituent shares and EU average

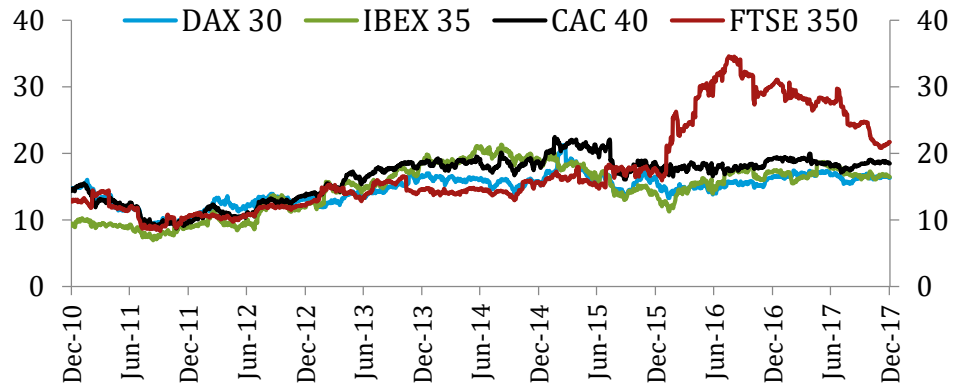


European price-to-book ratio finalised the year at 1.9x, marginally below the maximum levels reached in the first half of 2015 (2.0x) and below the 2.4x multiples reached in 2006

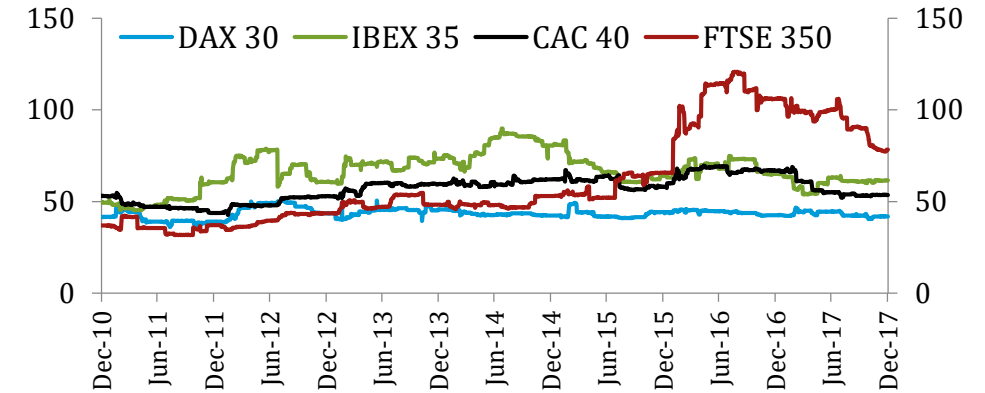
Source: Datastream

Valuation ratios and implied volatility

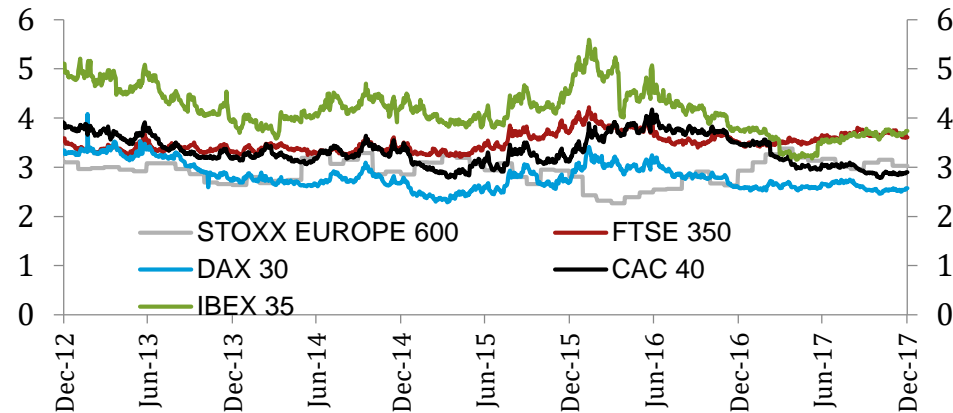
Price-to-earnings (PE) ratio



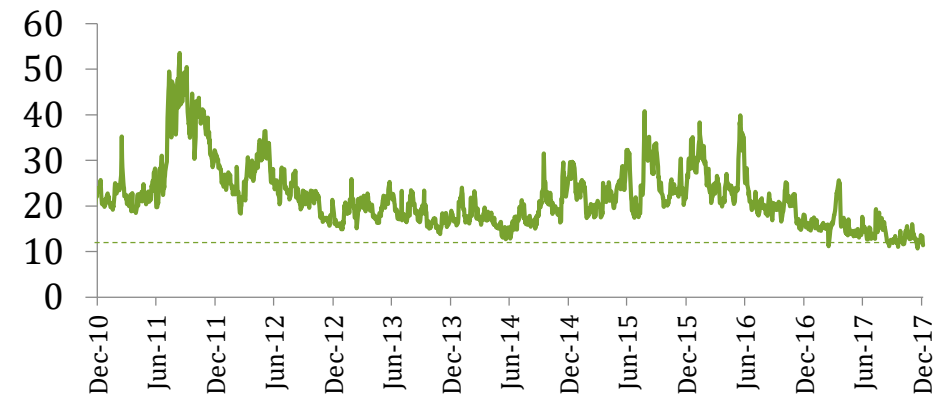
Dividend payout ratio (Dividends/ Earnings per share)



Dividend yield ratio (Dividend/Price)



Implied volatility of Euro Stoxx 50 constituent shares (VSTOXX)



Source: Datastream and Stoxx

	1Q 17	2Q 17	3Q 17	4Q 17	2017 FY	1Q 16	2Q 16	3Q 16	4Q 16	2016 FY	% Change FY
Equity underwriting (€ bn)	57.1	71.9	43.4	38.9	211.3	28.7	51.0	27.0	40.4	147.1	44%
IPOs	5.0	12.4	10.4	12.7	40.6	3.7	11.6	4.0	9.8	29.1	40%
Follow-on offerings	44.7	54.3	28.2	23.0	150.2	17.3	33.7	19.2	24.3	94.6	59%
Convertible securities	7.4	5.2	4.8	3.2	20.6	7.7	5.7	3.8	6.3	23.5	-12%
Mergers and Acquisitions (€ bn)	216.0	278.0	257.2	146.1	897.4	287.5	237.6	205.0	309.7	1,039.8	-14%
European outbound	40.3	64.3	101.2	21.7	227.5	52.9	94.7	31.3	34.6	213.5	7%
European inbound	66.9	103.9	37.3	37.8	245.9	64.4	70.1	80.7	62.5	277.7	-11%
Intra European	108.9	109.8	118.7	86.6	424.0	170.2	72.7	93.1	212.6	548.6	-23%
Equity turnover value (€ tn)	2.93	3.03	2.67	2.76	11.4	3.3	3.0	2.6	2.85	11.8	-4%
Main Markets	2.27	2.37	2.11	2.20	8.9	2.57	2.29	1.96	2.19	9.0	-1%
MTFs	0.65	0.66	0.56	0.56	2.4	0.76	0.75	0.66	0.66	2.8	-14%
Market Capitalisation of domestic listed shares (€ tn)											
European (EU28 and Switzerland)	12.5	12.6	13.0	13.0	13.0	11.0	10.7	11.2	11.7	11.7	11%
EU 28	11.1	11.2	11.6	11.6	11.6	9.7	9.5	9.9	10.4	10.4	12%
Euro Zone	7.1	7.2	7.5	7.6	7.6	6.1	5.8	6.2	6.6	6.6	14%

Source: Dealogic, ECB, FESE, WFE, Cboe Global Markets and local exchanges

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