

4Q 2021 and 2021 Full Year

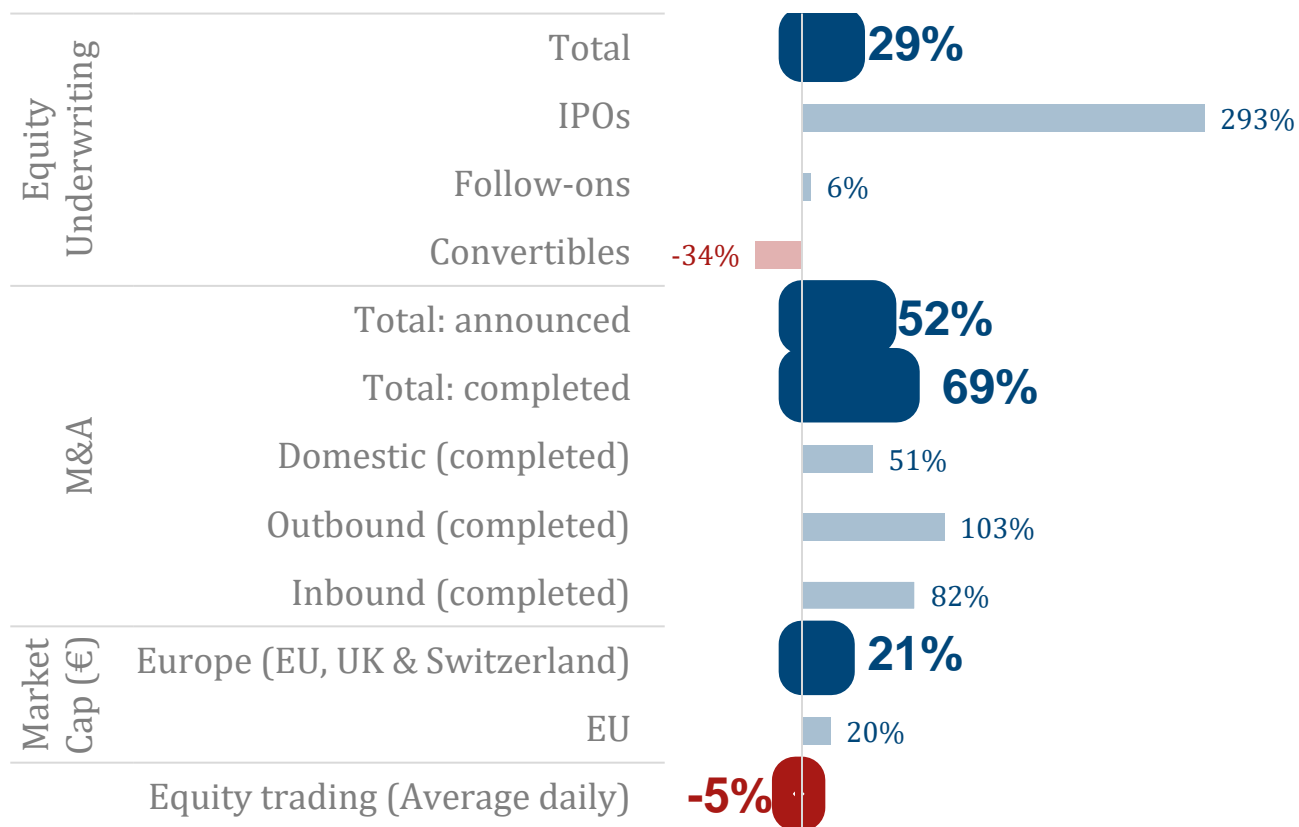
# Equity Primary Markets and Trading Report

European market data  
update



## 2021FY variation of European Equity activity

EU member countries, UK and Switzerland



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

## Strong year across the equity cycle

**Equity underwriting** on European exchanges rose 29% in 2021 compared to 2020 and 94% vs 2019.

The increase was driven by an exceptional year for IPOs, with the highest annual issued amount since 2007. Private Equity (PE) exits via IPOs represented 35% of the year total, with a record high for PE-backed IPOs.

SPAC IPOs reached €7.4bn in 2021, representing 11% of total IPO volume (3% in 2020).

**Completed Mergers and Acquisitions (M&A)** exhibited the highest deal value amount since 2007, with record outbound purchases by European companies and record PE-backed acquisitions.

De-SPAC acquisitions represented 5% of the total announced M&A volume in Europe in 2021 (2% in 2020).

**Average daily equity trading activity on European main markets and MTFs** stood at €87.2bn in 2021, 5% below the average daily observed in 2020.

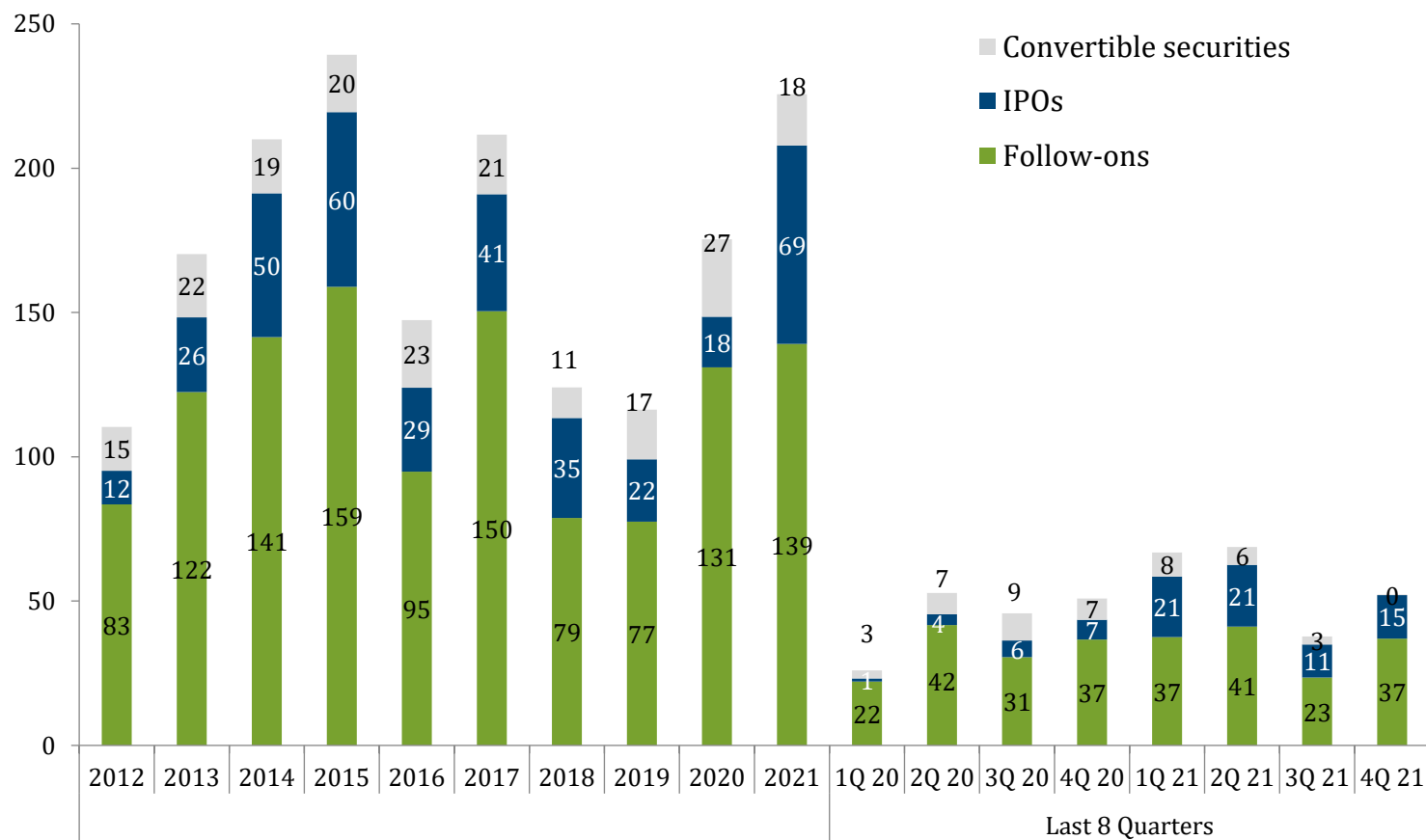
**Domestic market capitalisation of European listed shares** stood at €17.2tn at the end of December 2021, a 21% increase from €14.2 at the end of 2020.

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# Equity issuance

# Increase in equity raising to support the recovery

Equity Issuance on European exchanges (EUR bn)



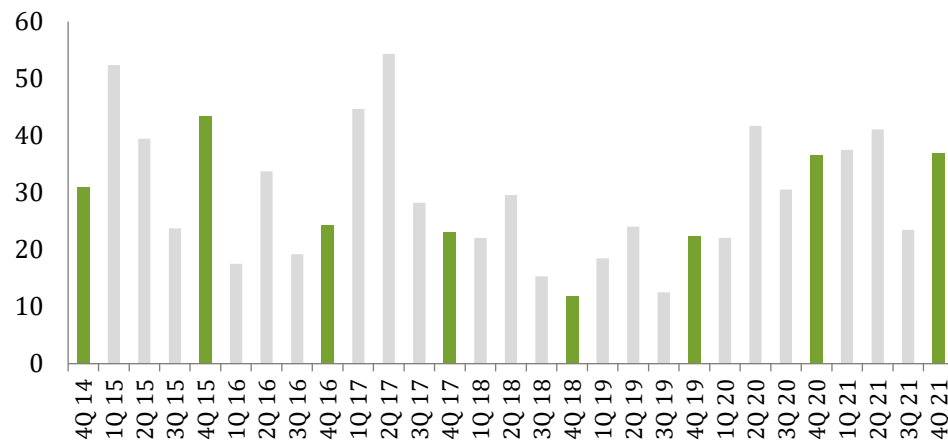
Source: Dealogic

Equity capital raising on European exchanges rose 29% against 2020, with €225bn in proceeds during the year, the highest annual amount since 2015.

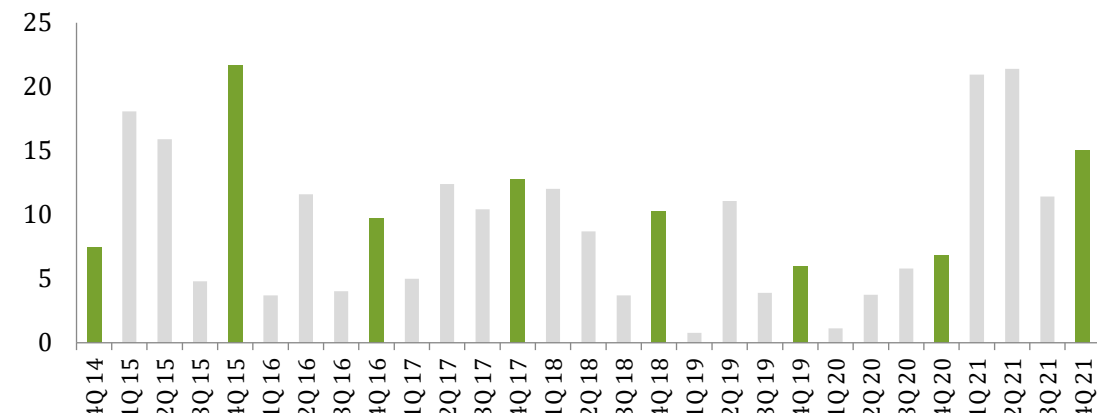
IPO issuance saw the best performing year since 2007, with a total of €69bn in proceeds in the primary market.

# Record year for PE-backed exits via IPO

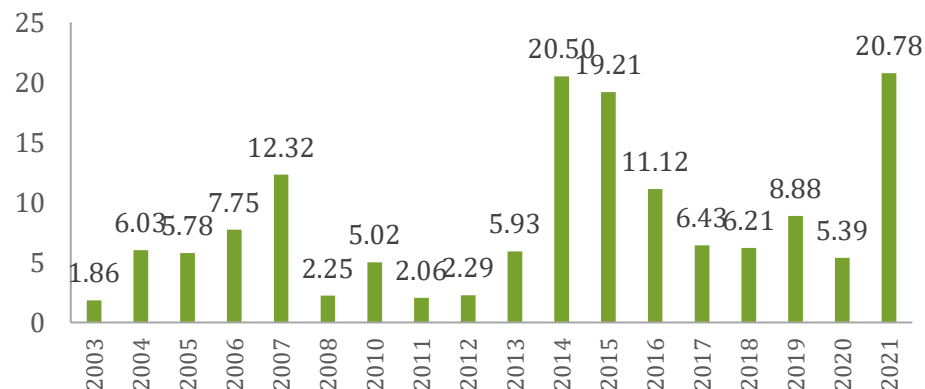
Follow-on offerings (EUR bn)



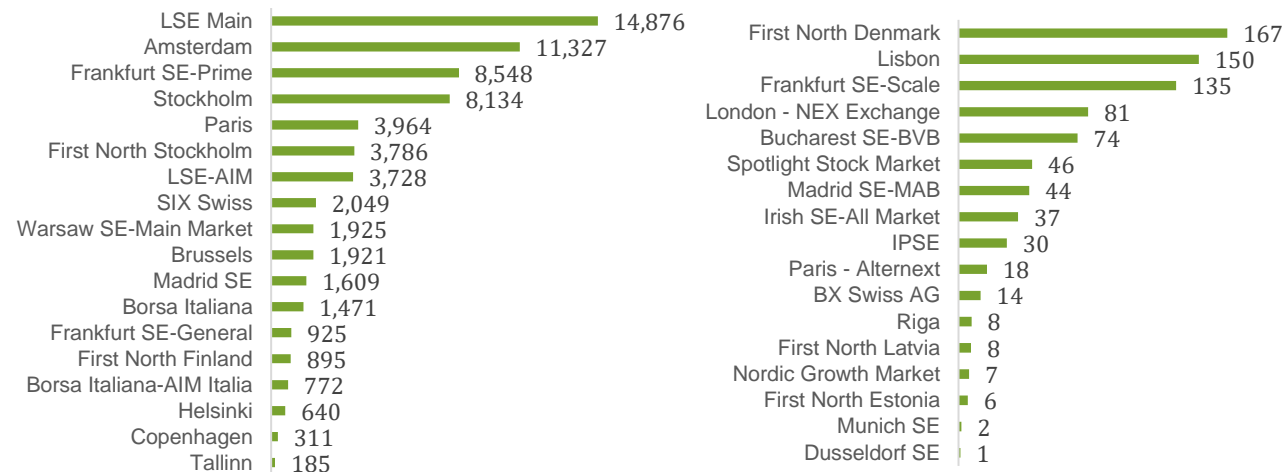
IPO proceeds (EUR bn)



PE-backed IPO proceeds (EUR bn)



IPO proceeds by listing market (EUR mm): 2021FY



Source: Dealogic

# Computers and Electronics lead by IPO proceeds

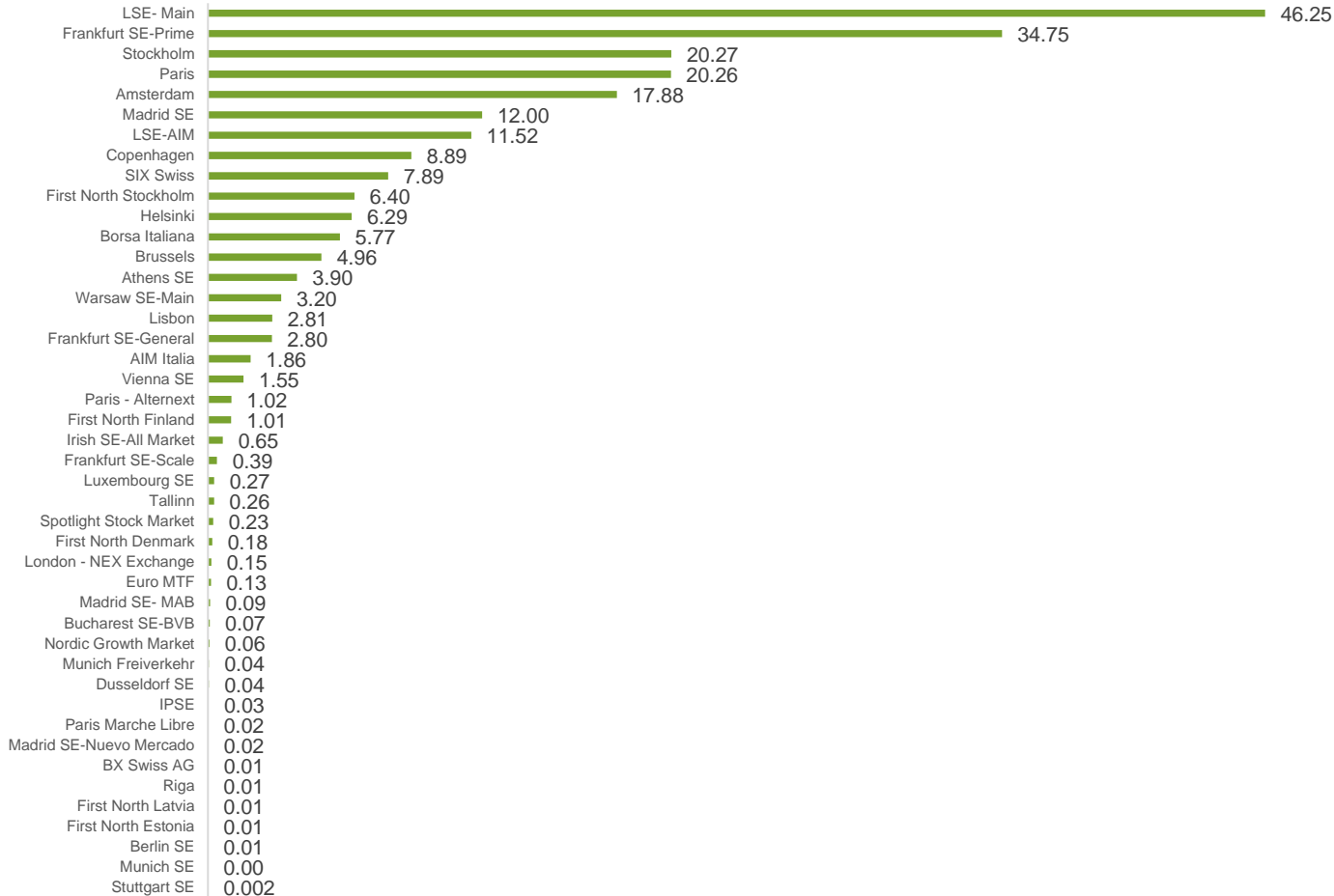
IPO proceeds by industry (EUR mm): 2021FY



Dealogic. Finance includes SPVs and SPACs

# LSE Main market leads in equity issuance

Equity underwriting on European exchanges: IPO, follow-ons and convertibles (EUR bn): 2021FY



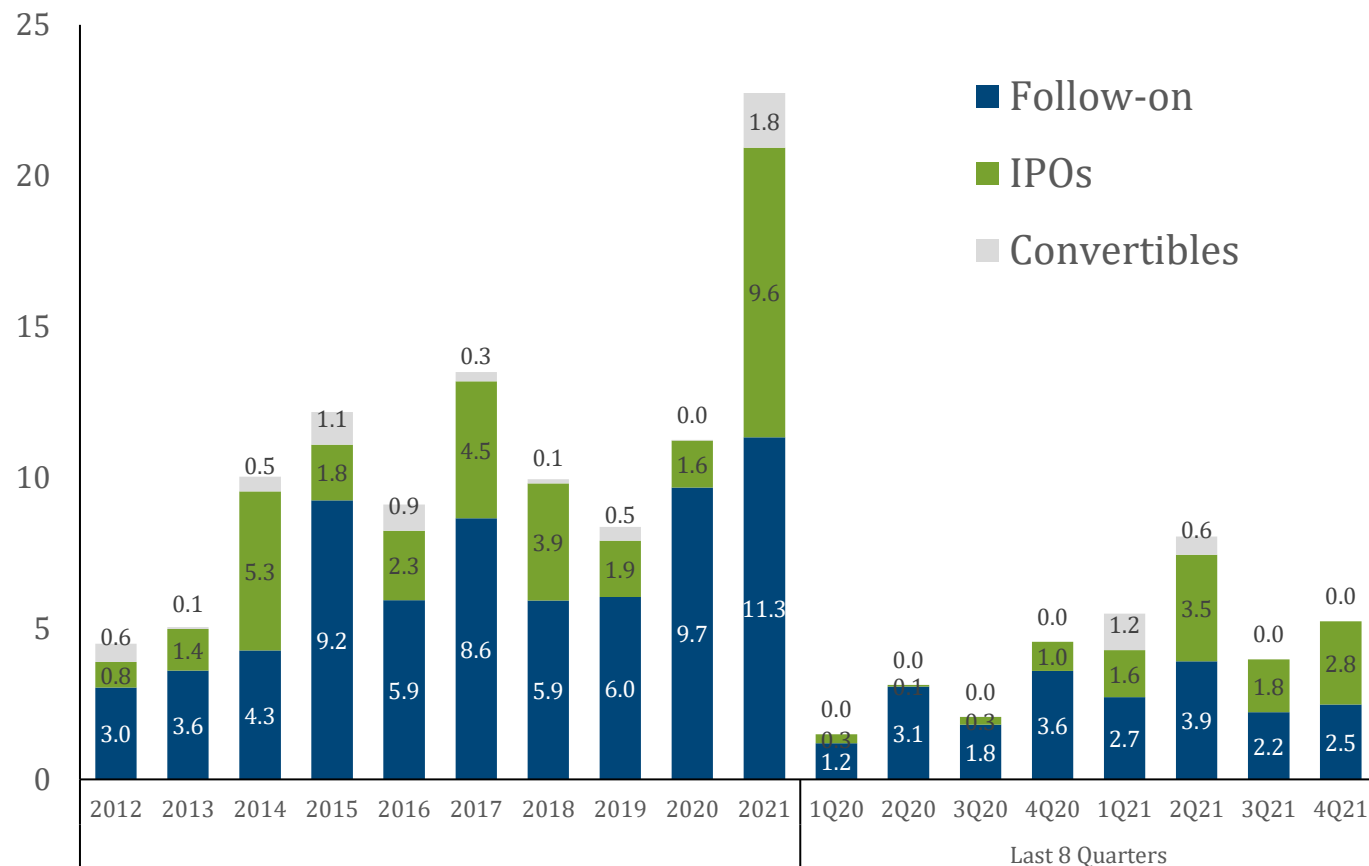
Source: Dealogic

The LSE Main Market led by total equity underwriting accumulating a total of €46.2bn during 2021FY, followed by Frankfurt Prime (€34.7bn) and NASDAQ-Stockholm (€20.3bn).



# Equity issuance on Junior markets

Equity underwriting on European Junior markets (EUR bn)



Source: Dealogic

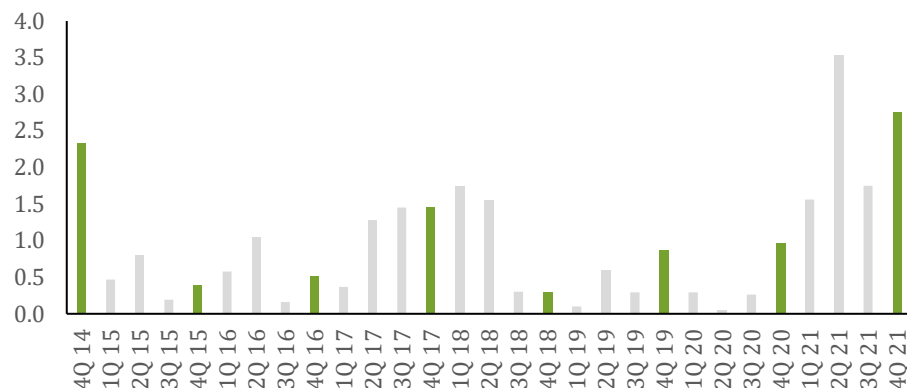
In 2021, equity issuance on Jr exchanges reached a multiannual record high, with €22.7bn in total equity capital raised during the year, the highest annual amount since 2007.

Junior exchanges are venues with less onerous listing requirements which facilitates equity capital raising by small and medium enterprises.

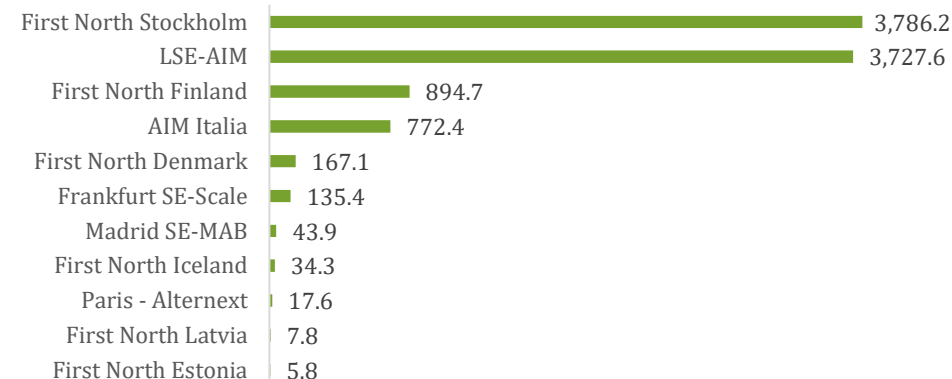
All forms of equity capital raising (IPOs, follow-ons, and convertibles) rose during the year, with an extraordinary amount for convertibles issuance at €1.8bn, the largest amount on records.

# Tech companies lead IPO issuance on Jr markets

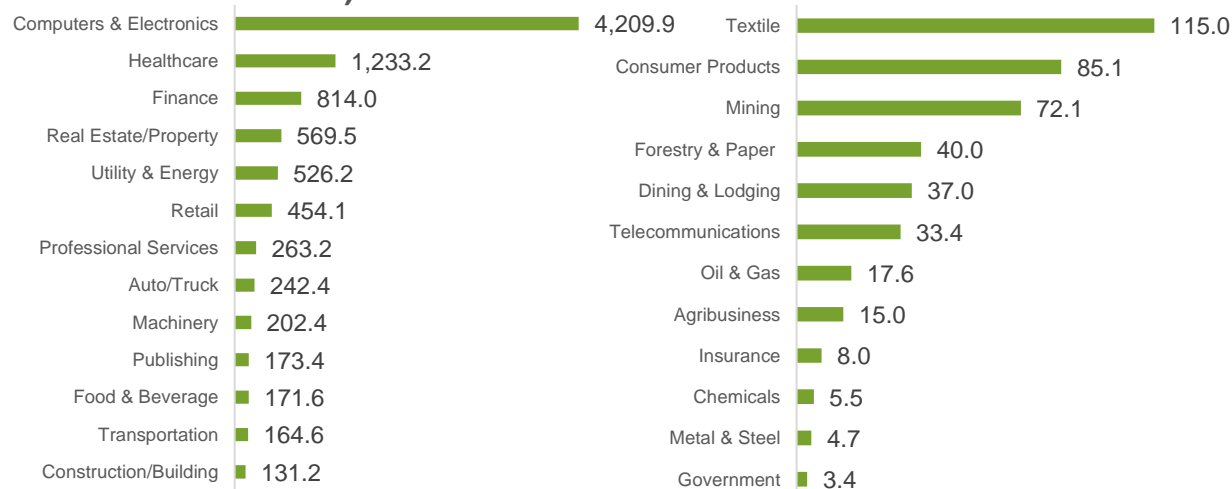
IPO proceeds on European Jr markets (EUR bn)



IPO proceeds on Jr markets by exchange (EUR mm, 2021FY)



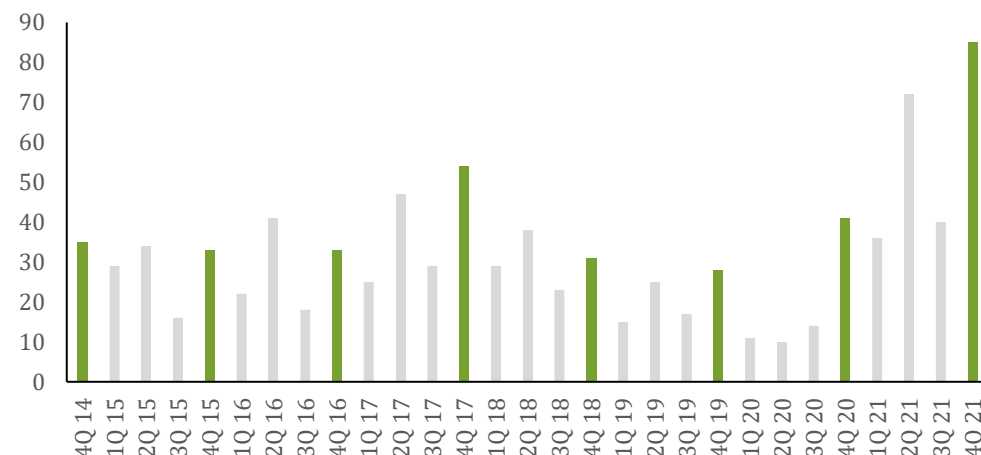
IPO proceeds on Jr markets by industry (EUR mm, 2021FY)



Source: Dealogic

\*Finance includes SPVs and SPACs

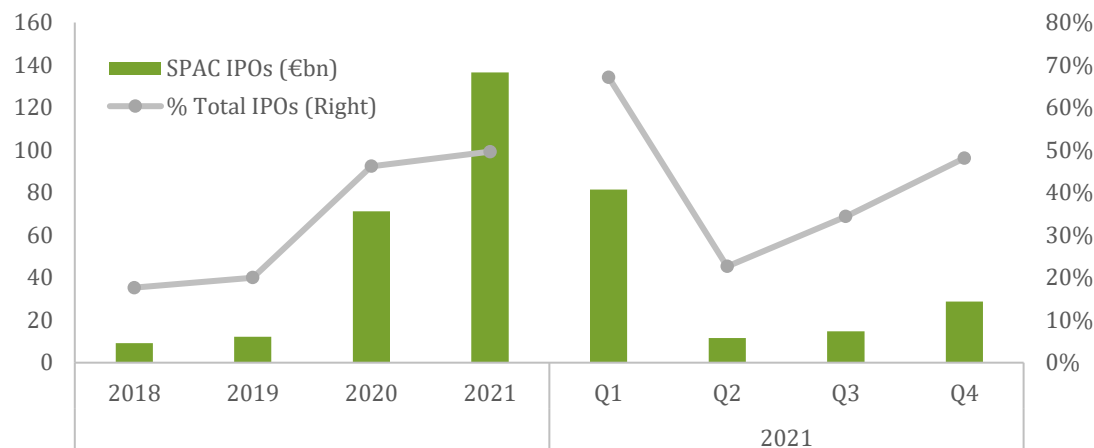
Number of IPOs on European Jr markets



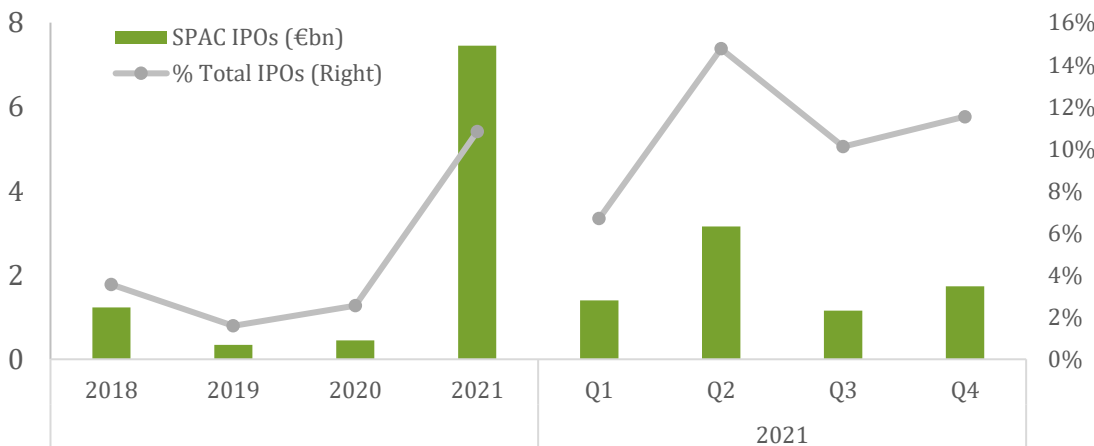
# European SPACs: market update

# SPAC IPOs: Europe and the US in numbers

US SPAC IPOs (EUR bn and % of total IPOs)



European SPAC IPOs (EUR bn and % of total IPOs)



Source: Dealogic

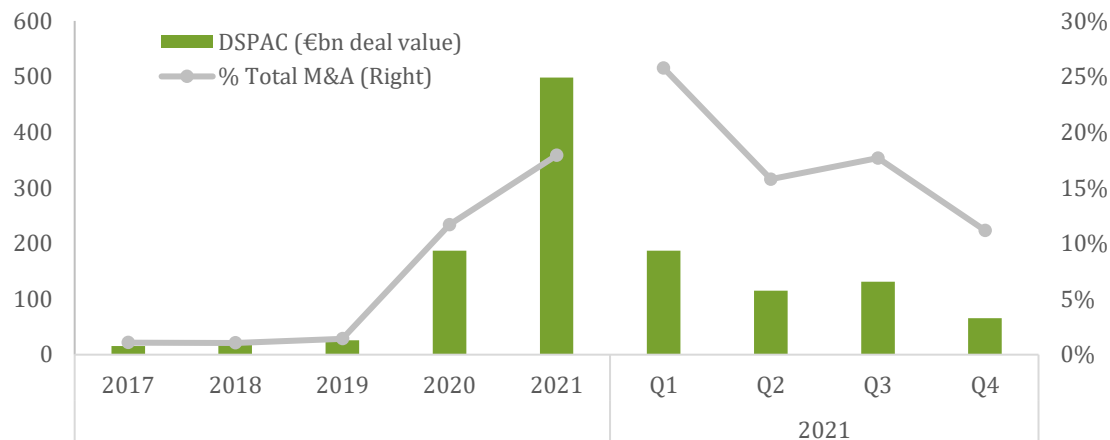
Special Purpose Acquisition Companies (“SPACs”) are companies formed to raise capital in an initial public offering (“IPO”) with the purpose of using the proceeds to acquire an unspecified business or asset to be identified after the IPO. A SPAC is generally intended to permit the target company to go public without engaging in a traditional IPO.

In the United States, SPAC IPO transactions represented 50% of total IPOs, although 60% of the year total were originated in Q1 2021 as greater regulatory scrutiny to this form of transactions led to a deceleration in primary offerings during the year.

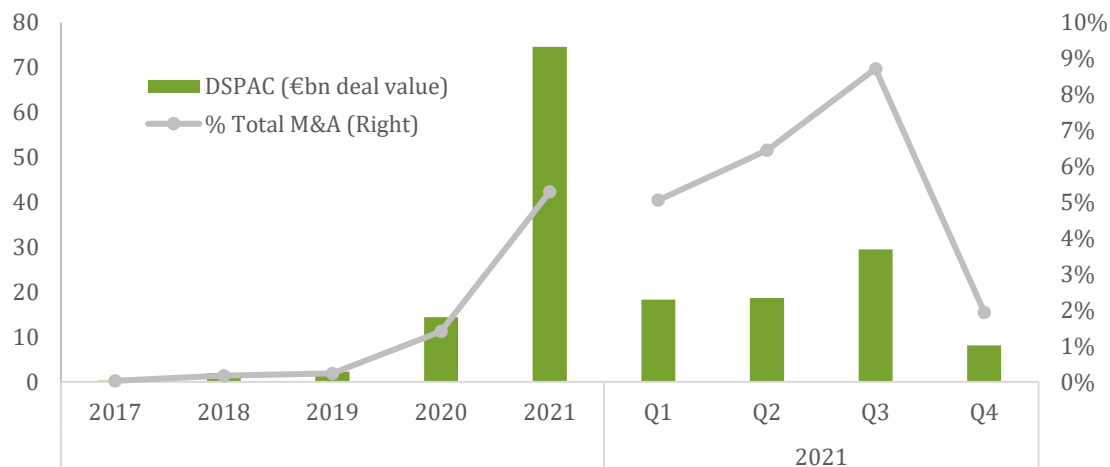
In Europe, SPAC IPOs significantly increased in 2021 to €7.4bn representing 11% of European IPOs by value.

# De-SPACs: Europe and US in numbers

**US De-SPACs: Announced deal value in EUR bn and % of total M&A**



**European De-SPACs: Announced deal value in EUR bn and % of total M&A**



Source: Dealogic

SPACs are formed with the sole intention of acquiring a target company or asset in a De-SPAC transaction.

In the United States, De-SPACS represented 18% of the total announced US M&A, although admittedly with a gradual deceleration throughout the year.

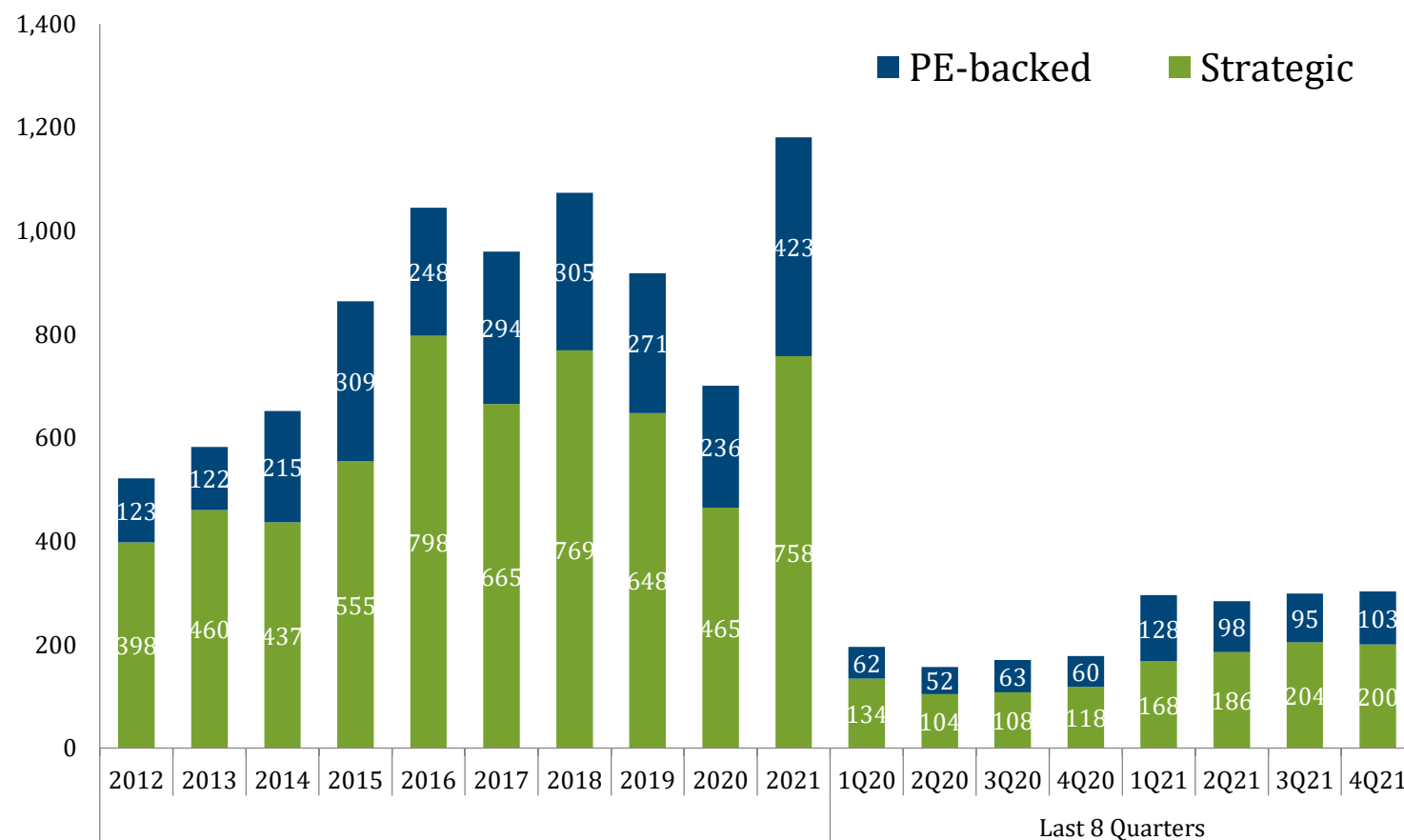
In Europe, De-SPACS represented 5% of the total M&A value announced during 2021. This proportion, however, has significantly increased during the last year from 2% in 2020FY.

76% of the announced SPAC acquisitions of European companies during 2021 were De-SPACs of US-headquartered SPACs. These 31 European companies will be effectively listed on US exchanges via their SPAC parent company.

# Mergers and Acquisitions (M&A)

# PE-backed M&A reaches record high

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



Source: Dealogic

European\* Private Equity-backed M&A activity (“Sponsor” deals) totalled €423bn in 2021FY, the highest amount on records.

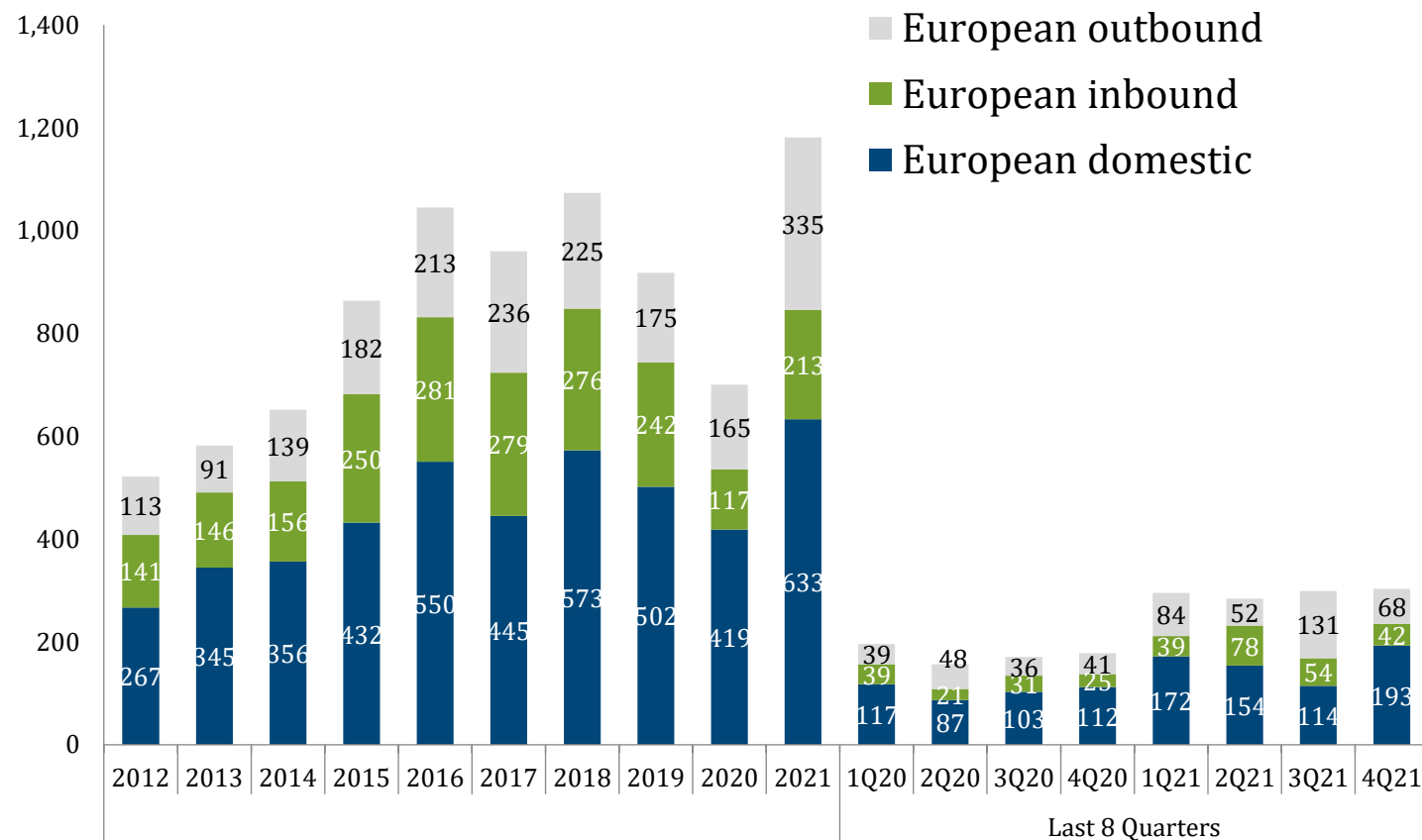
Strategic deals totalled €758bn during 2021, the highest annual deal value amount since 2018.

The total amount of completed M&A represents the highest observed since 2007.

\*EU27, UK and Switzerland

# M&A by acquiring party

Completed M&A by acquiring party (EUR bn)



Source: Dealogic

European companies reached a multiannual record high in acquisitions of foreign companies (i.e., outbound deals), with a total of €335bn in deal value, the highest amount since 2000.

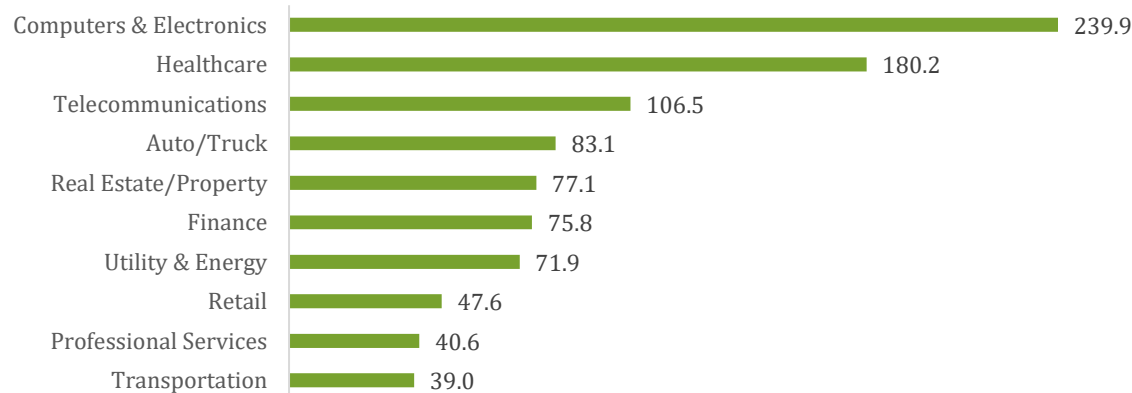
Acquisition of firms headquartered in the Americas represented 76% of the 2021 outbound deal value. See page 18 for further details.

Domestic deals (i.e., M&A between European companies) represented the largest portion of total completed M&A with €633bn in deal value, the highest amount since 2008.

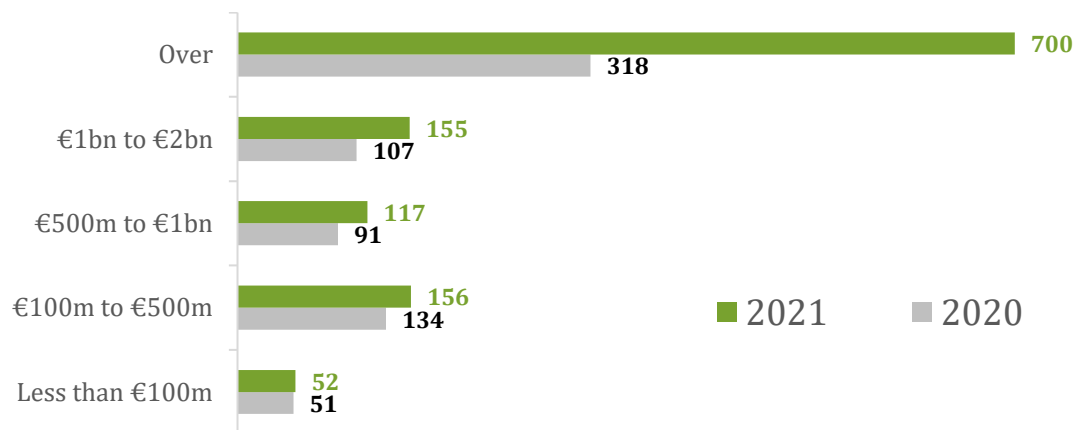


# Computer and electronics led by deal value

## Top 10 industries for completed M&A (2021FY, EUR bn)



## Completed M&A transactions by deal value (2021FY, EURbn)



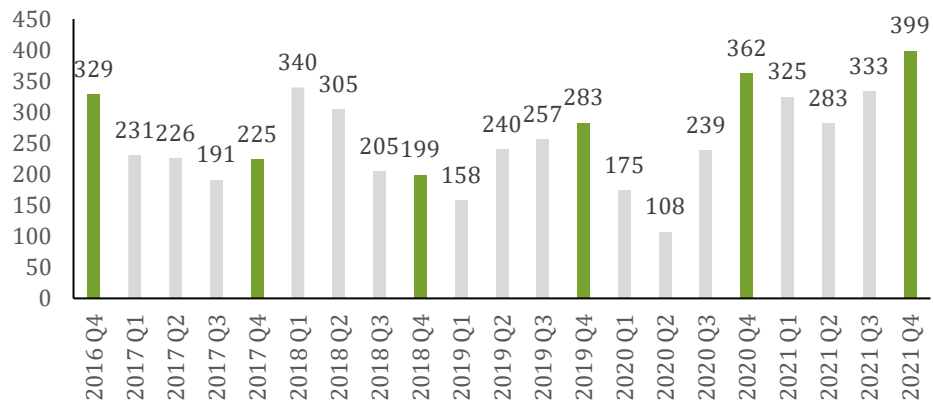
Source: Dealogic

During the 2021, 14 “megadeals” (deal value above €10bn) were completed:

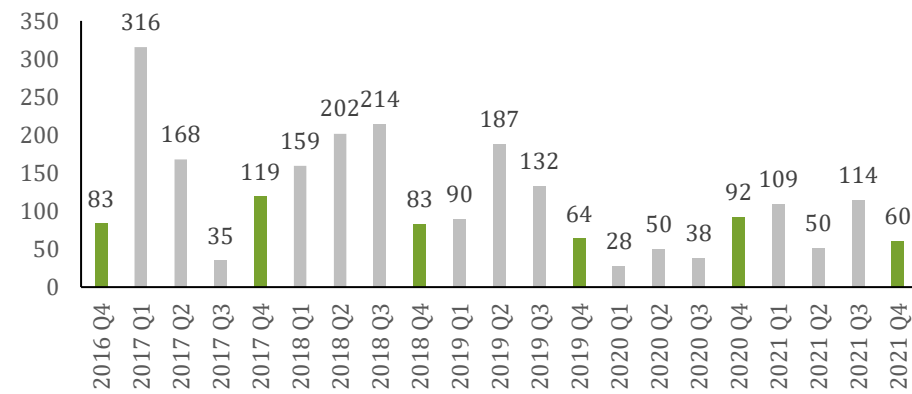
- Acquisition of Refinitiv by the London Stock Exchange.
- Acquisition of German property development company Deutsche Wohnen by Vonovia SE.
- Acquisition of Alexion Pharmaceuticals by AstraZeneca.
- Acquisition of software e-commerce company Naspers Ltd by Prosus NV.
- Acquisition of French telecoms company Altice by Next LP.
- Acquisition of GE capital aviation services by AerCap Holdings.
- Acquisition of WM Morrison Supermarkets by private equity company Clayton Dubilier & Rice LLC.
- Spin-off the Daimler Truck business
- Acquisition of Fiat Chrysler by Peugeot.
- Acquisition of Tiffany & Co by LVMH.
- Acquisition of Western Power Distribution by National Grid.
- Acquisition of Varian Medical Systems by Siemens Healthineers.
- Acquisition of Telefonica O2 by Virgin Media (Liberty Global).
- Acquisition of PRA Health Sciences by ICON plc.

# Highest announced M&A since 2007

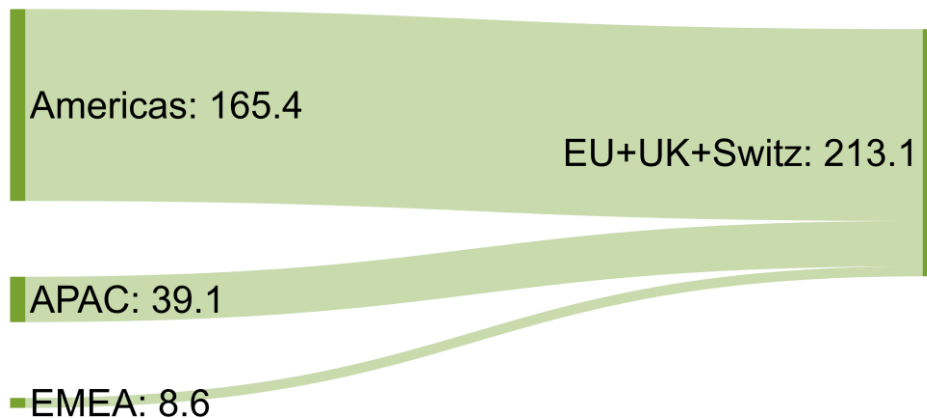
**Announced M&A (EUR bn)**



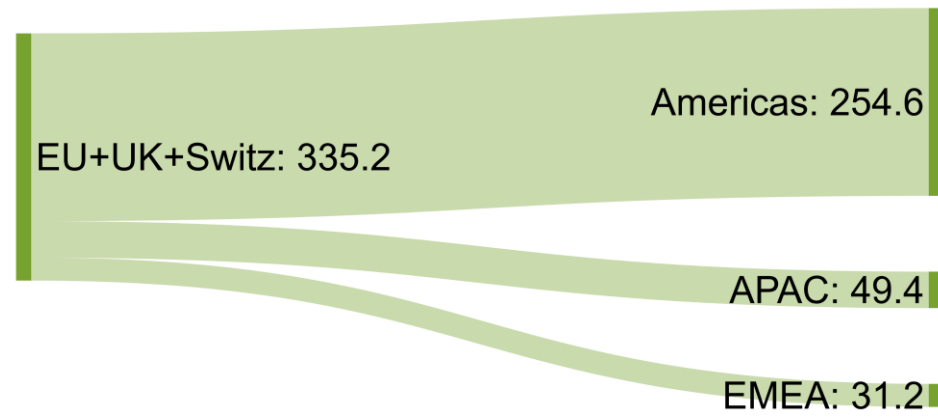
**Withdrawn M&A (EUR bn)**



**Completed inbound M&A by acquiring region  
(EUR bn, 2021FY)**



**Completed outbound M&A by target region  
(EUR bn, 2021FY)**



Source: Dealogic

# Robust M&A across regions

## Regional M&A trends: completed deal value (EURbn)



Robust M&A activity across the large majority of regions within Europe with the exception of CEE.

French, German and UK& Ireland deals lead the European total.

# European integration: M&A between European firms

Completed intra-European M&A activity (2021FY, EUR bn)

Target Nationality

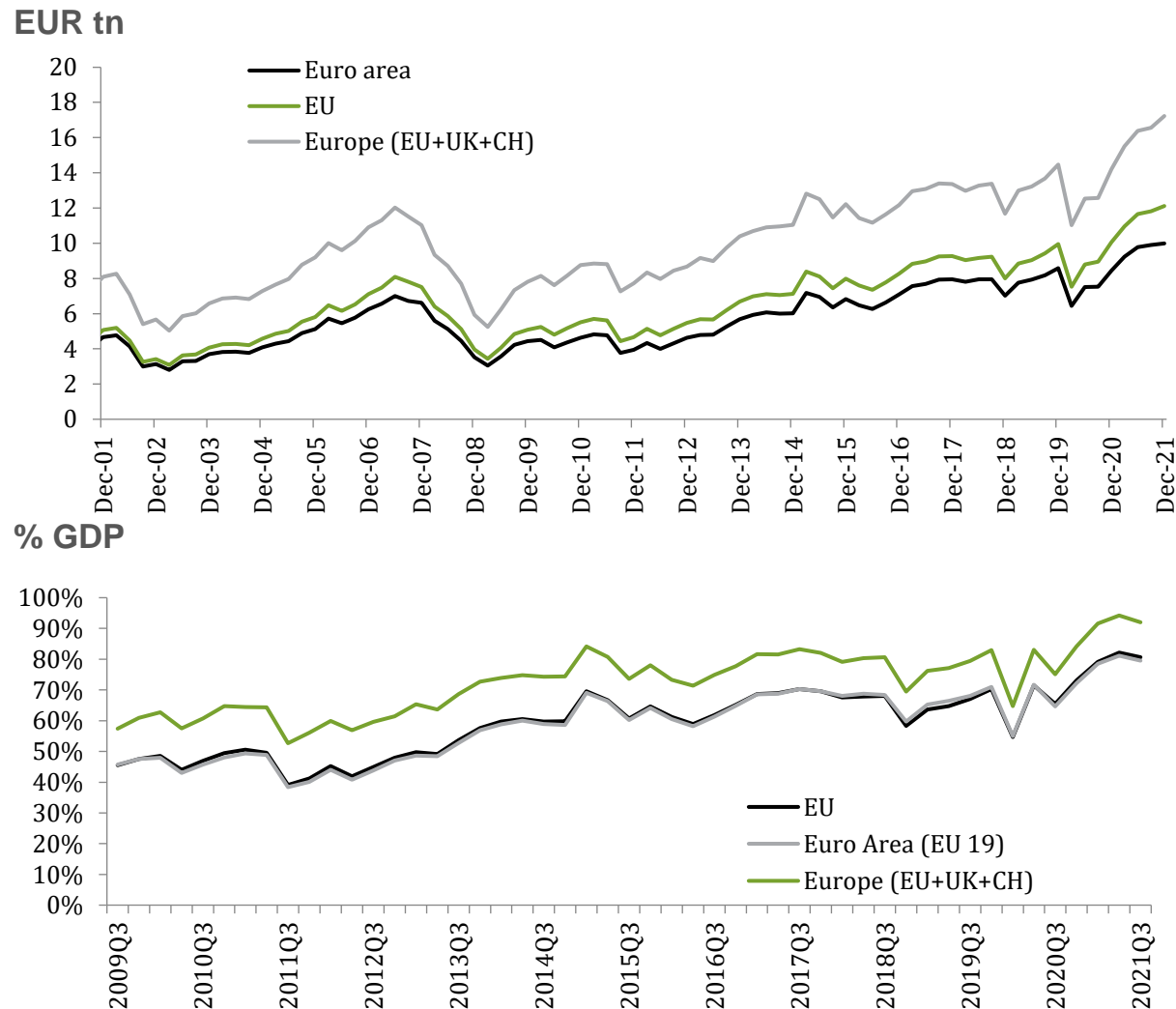
Acquirer Nationality

	AT	BE	BG	HR	CY	CZ	DK	EE	FI	FR	DE	GR	HU	IE	IT	LV	LT	LU	MT	NL	PO	PT	RO	SK	SI	ES	SE	CH	UK	TOTAL
Austria	3,771					308			425	7	40									703										5,254
Belgium		6,099	78							15				145	190			70		98						338		318	104	7,454
Bulgaria			16																											16
Croatia										500															38					538
Cyprus					27							86																	571	684
Czechia	298					1,933									21					307			754	270		108				3,692
Denmark							8,748		1		0			588	165			235		378	355						28	319	497	11,315
Estonia								1,624								3														1,627
Finland							7		5,381		448									258									801	6,895
France		374	99			1			235	95,010	10,190	130	4	68	31,804			477		454	4		268			5,972	196		5,669	150,956
Germany	73			70			15		145	3,362	81,328				330					4,247	2,941	2	7			1,133	80	91	735	94,560
Greece												2,297											60							2,357
Hungary													601																	601
Ireland							254			90	80			8,636	3,989								77			126			45	13,297
Italy				48		3	9,108			1,541	33	165			29,182					192	5		2			482		783	565	42,108
Latvia																91														91
Lithuania																	295			6										301
Luxembourg				40			40			71	1,765							1,586		15	116	24							33	3,690
Malta																							120					15		135
Netherlands		1,000								1,665	287									11,269	324			50		300	2,910		5,318	23,123
Poland				31						513			160		58					17	2,172								6	2,957
Portugal																					48	2,928							362	3,337
Romania						0				0													1,509							1,509
Slovakia																								19						19
Slovenia				211																					164					375
Spain	1,100						400			5,573	150	47		600	3,300					650	2,364	423				29,650	800		545	45,600
Sweden		54			869		377		345	163	6,572	56		45	21			96	196	605	79					2,315	21,658	47	1,190	34,689
Switzerland	5						716			3,043										73			7			519	122	28,395	5,107	37,987
United Kingdom	720	8	104	648	1		239		266	441	1,437	310		331	1,633		120	74	149	806	160	102				1,955	398	110	127,589	137,602
<b>Total</b>	<b>5,968</b>	<b>7,536</b>	<b>297</b>	<b>1,048</b>	<b>896</b>	<b>2,246</b>	<b>19,905</b>	<b>1,624</b>	<b>6,798</b>	<b>108,951</b>	<b>105,374</b>	<b>3,091</b>	<b>765</b>	<b>10,413</b>	<b>70,693</b>	<b>94</b>	<b>415</b>	<b>2,537</b>	<b>345</b>	<b>19,376</b>	<b>9,270</b>	<b>3,479</b>	<b>2,804</b>	<b>339</b>	<b>203</b>	<b>42,897</b>	<b>26,192</b>	<b>30,077</b>	<b>149,136</b>	<b>632,769</b>

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

# Secondary markets

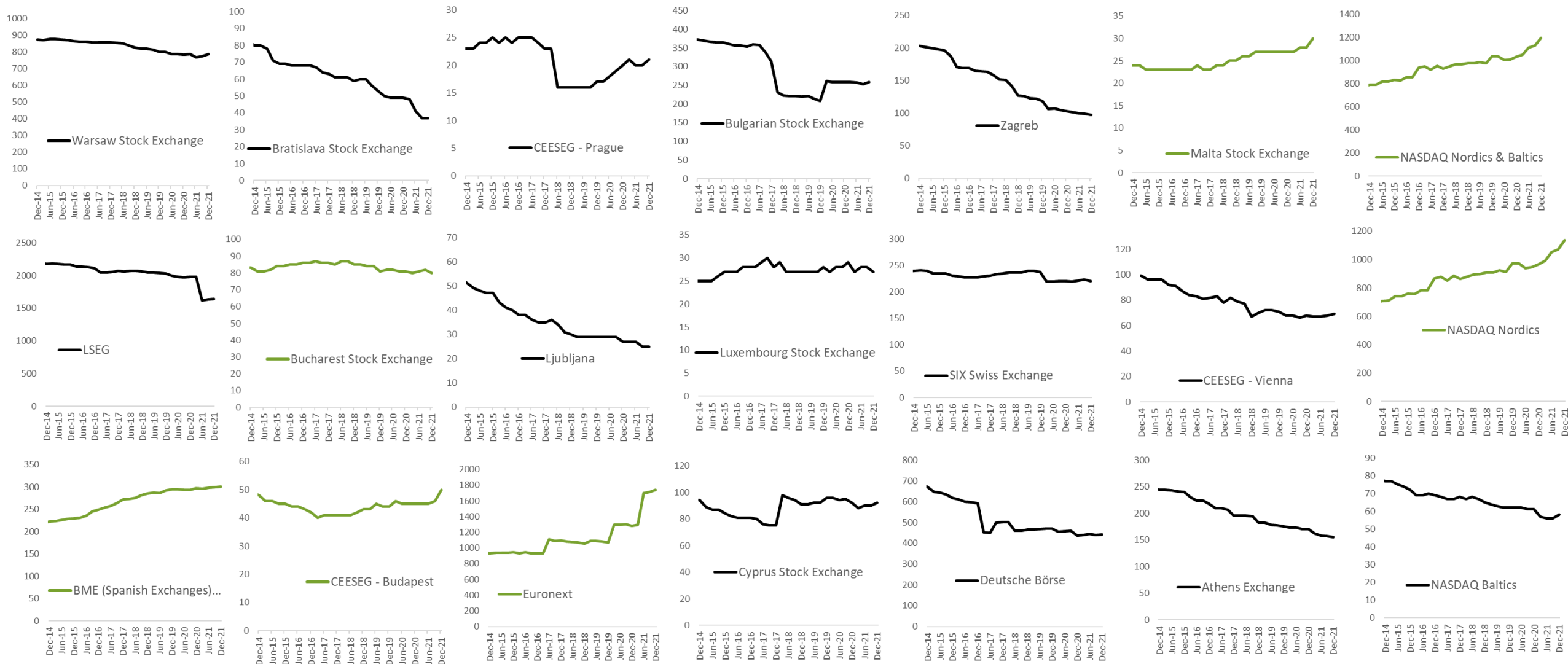
# Market capitalisation of domestic listed shares



Source: ECB, Datastream, FESE, NASDAQ OMX, LSEG, WFE, FESE, CEESEG, Bucharest SE, WSE. Europe includes EU members states, United Kingdom and Switzerland. Market cap as % of GDP available as of 3Q21

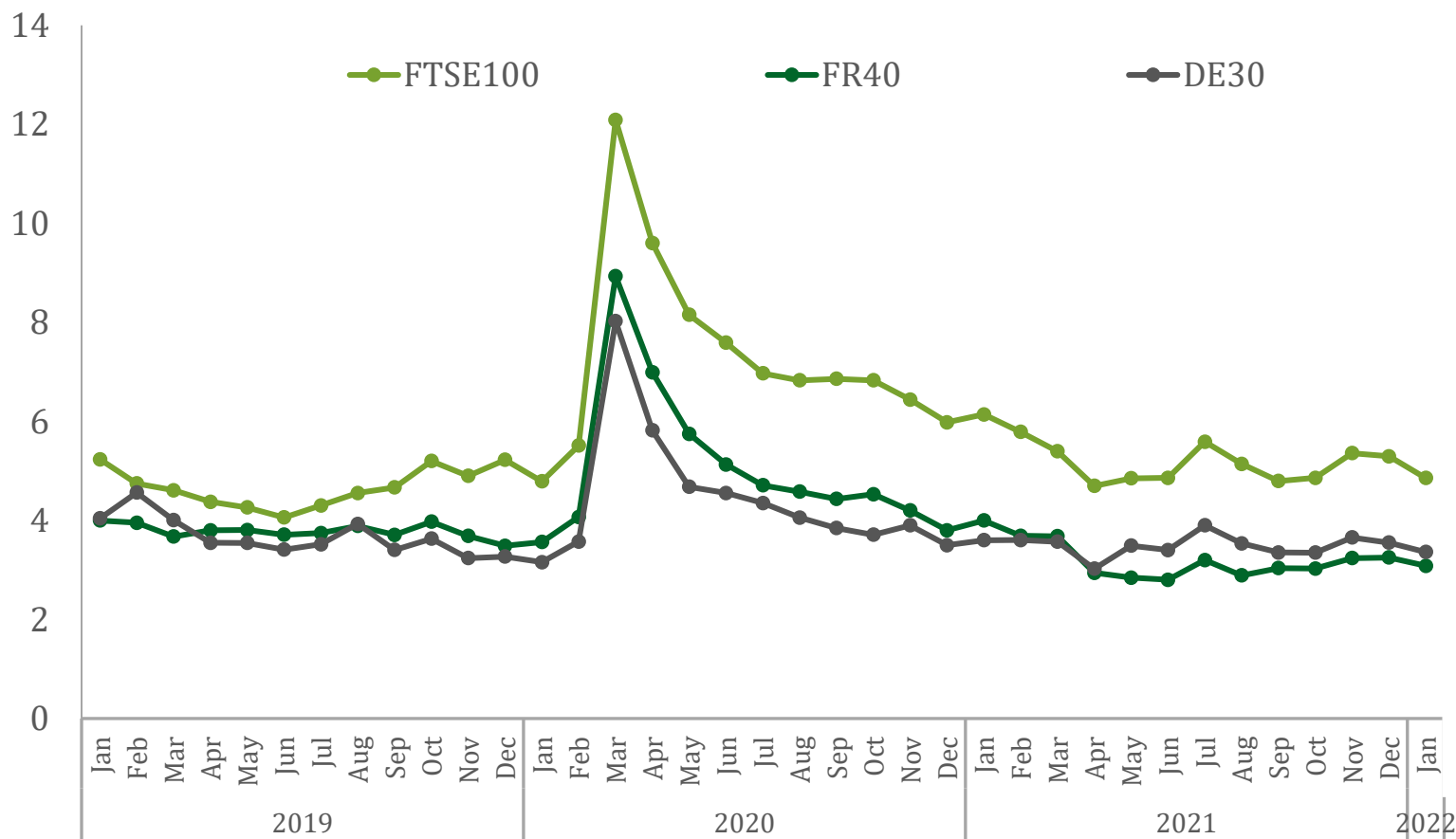
Market capitalisation of listed shares rose during 2021 on the back of robust primary listings and higher equity valuations compared to those observed at the end of 2020.

# Number of listed companies on European exchanges



# Bid-ask spreads for selected European indices

Market spreads in basis points for selected equity indices (Primary venue, value weighted average spread, €5k)



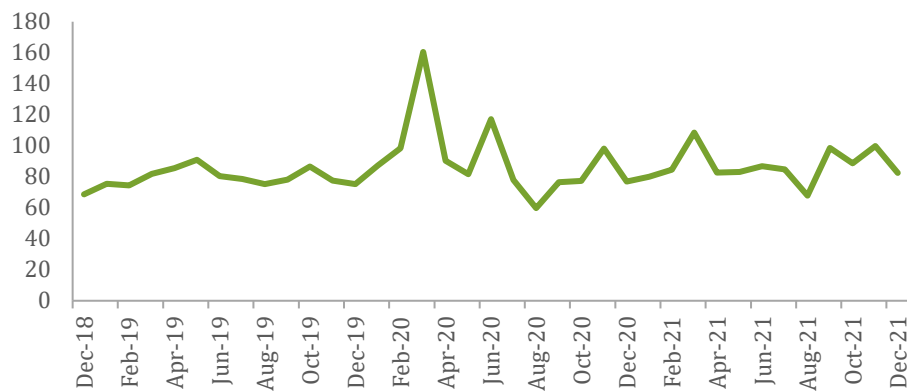
Source: BigXYT

Bid-ask spreads for selected European equity indices stabilised during H2 2021, with fluctuations around long-term averages reflecting temporary market volatility episodes.

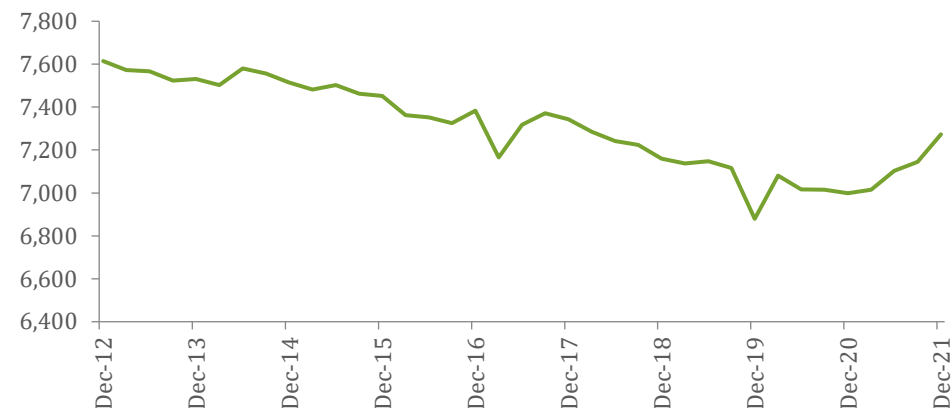


# Increase in number of listed companies following active IPO market

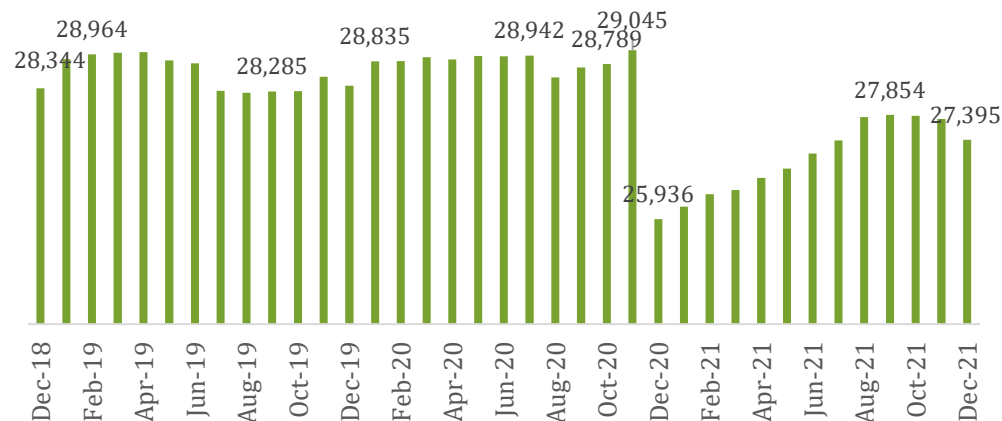
**Average daily equity turnover value on European exchanges and MTFs (EUR bn)\*\***



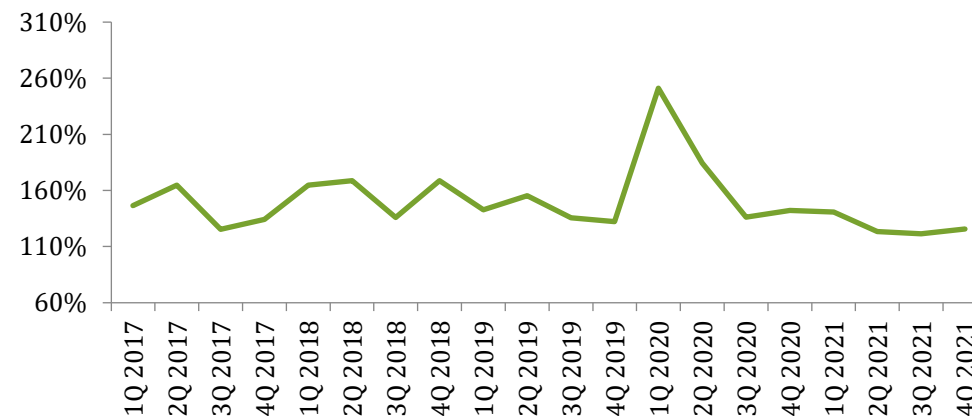
**Number of listed companies on European exchanges\***



**Number of equity-like instruments (ISINs) registered on ESMA's DVC files**



**Turnover ratio (annualised turnover value/ market cap)\*\***



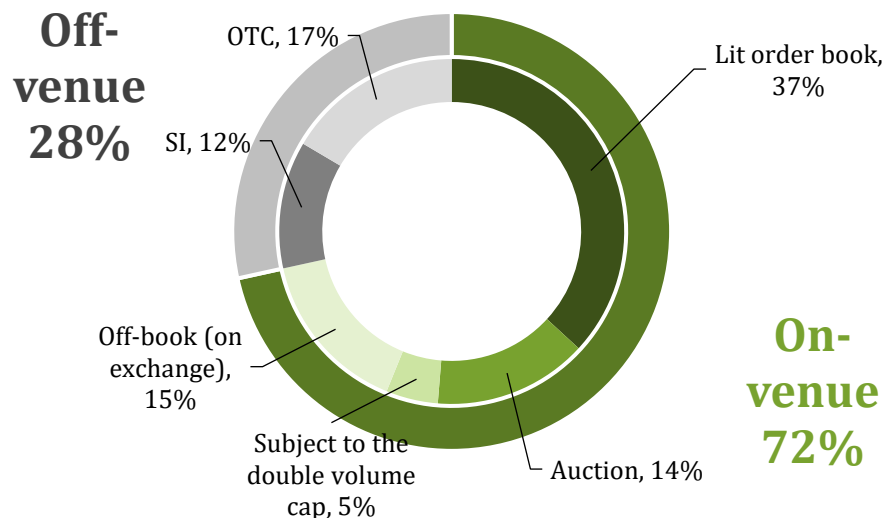
Source: BigXYT, FESE, WFE, ECB and local exchanges. \*Listed companies excludes Vienna's global segment and Spanish SICAVs. \*\*Adjusted for transactions not contributing to price formation

# Equity market structure

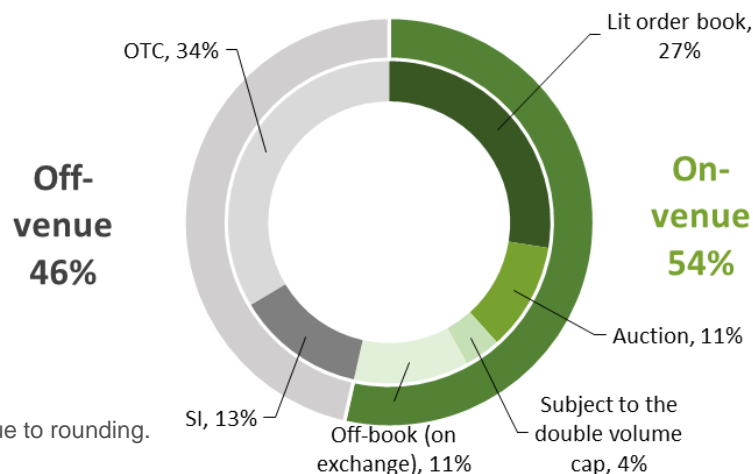
# Equity market liquidity landscape

Share of Pan-European trading volume (EU, UK, Switzerland, Norway) by trading mechanism, Q4 2021

Adjusted for transactions not contributing to price formation



Unadjusted



Source: BigXYT. Percentages may not add up due to rounding.

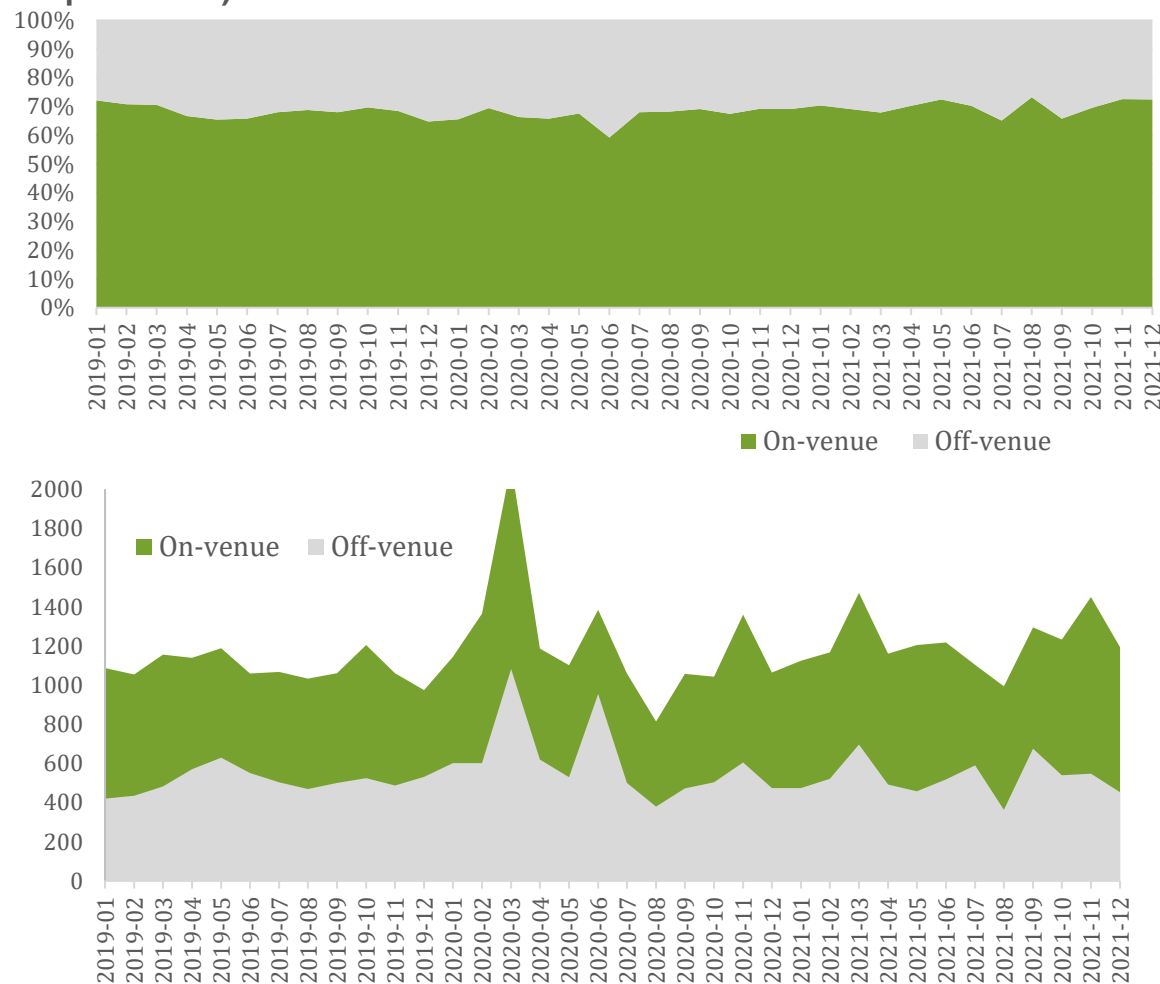
According to BigXYT data, on-venue trading represented 72% of the total addressable liquidity in Q4 2021.

Volume traded off-venues, on systematic internalisers and pure OTC, represent the remaining 28% of the volume of the total addressable liquidity. See top chart.

The bottom chart shows the European liquidity split without distinguishing between what liquidity is addressable and what is non-addressable. That is, without adjusting for trades that do not contribute to price formation.

# Equity market liquidity landscape

Share of Pan-European trading volume (EU, UK, Switzerland, Norway) by trading mechanism, (% and EURbn per month)



Source: BigXYT. Adjusting for transactions not-contributing to price formation.

On-venue: Lit order book, Auction, trading subject to the double volume cap, and off-book (on-exchange).

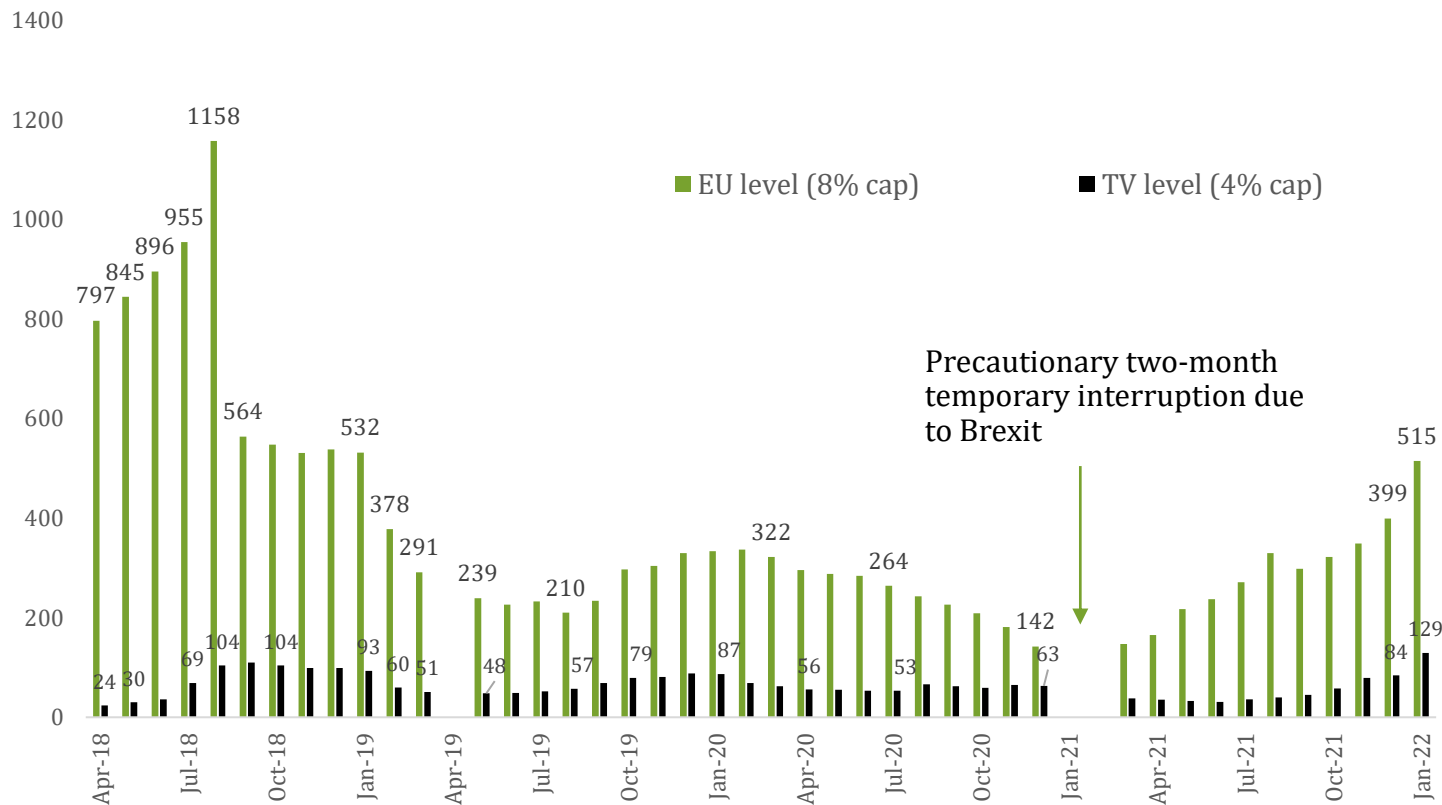
Off-venue: OTC and SI

The proportion of on-venue trading relative to total addressable liquidity has remained stable over the last three years.

Notwithstanding monthly fluctuations, on-venue trading has represented between 73% and 60% of total addressable liquidity with a 3-year average of 68%.

# MiFID double volume cap (DVC)

Number of equity-like instruments suspended from trading subject to the DVC at the EU or trading venue level



Source: ESMA

The Double Volume Cap (DVC) mechanism seeks to limit equity trading under the reference price waiver and the negotiated transaction waiver on EU venues.

ESMA publishes on a monthly basis the list of instruments temporarily suspended under the price disclosure waiver at the EU or trading venue level after surpassing pre-determined trading thresholds.

The number of instruments suspended under the DVC has recently increased to 644 (515 at EU Level and 129 at TV level) with 242 new suspensions identified in January 2022 (150 at EU Level and 92 at TV level). This includes 44 ISINs for which the suspension level changed from TV level to EU level.

Number of equity-like instruments on ESMA DVC files by ISIN location:

Jan-22

Country	ISIN	Universe	Suspended EU level	Suspended TV level	Suspended (% Universe)
AT		79	0	0	0%
BE		227	1	0	0%
BG		270	0	0	0%
CY		108	0	0	0%
CZ		28	0	0	0%
DE		1081	8	2	1%
DK		690	3	9	2%
EE		33	0	0	0%
ES		331	1	2	1%
FI		208	6	1	3%
FR		1014	11	1	1%
GB		1654	331	93	26%
GR		189	0	0	0%
HR		104	0	0	0%
HU		58	2	0	3%
IE		1563	20	3	1%
IT		449	3	0	1%
LT		29	0	0	0%
LU		1120	3	1	0%
LV		23	0	0	0%
MT		40	0	0	0%
NL		233	7	1	3%
PL		772	0	0	0%
PT		58	0	0	0%
RO		377	0	1	0%
SE		1607	6	1	0%
SI		147	0	0	0%
SK		38	0	0	0%
Others		14865	113	14	1%
<b>Total</b>		<b>27395</b>	<b>515</b>	<b>129</b>	<b>2%</b>

Source: ESMA

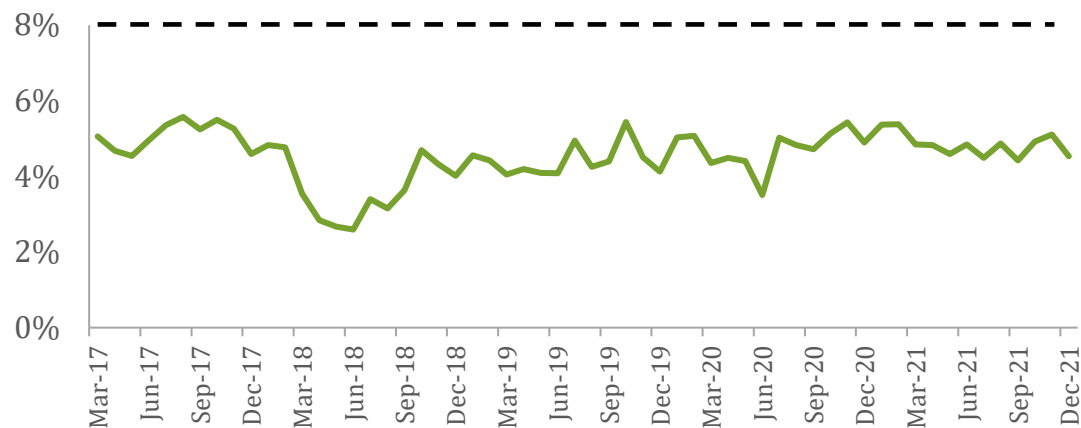
The 644 instruments currently suspended under the DVC at the EU or trading venue level represent 2% of the Universe of equity-like instruments on ESMA's January 2022 DVC files (27,395).

By countries, 424 of the 644 suspended instruments have UK ISINs (i.e. UK as the issuing country), which represent 26% of the 1,654 UK ISINs registered on the ESMA DVC files.

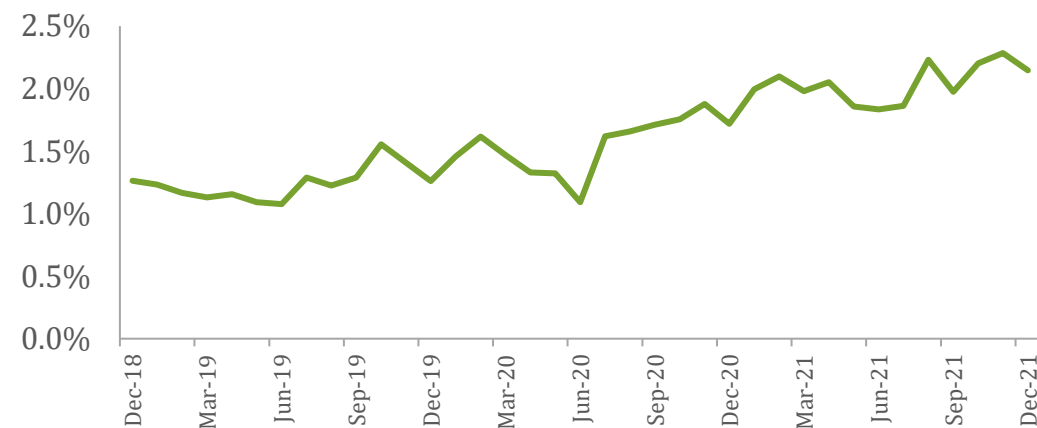
127 of the suspended instruments have non-EU+UK ISINs, or 20% of all suspended instruments at the EU and trading venue level.

# Proportion of trading subject to the double volume cap (DVC) stable and below 8%

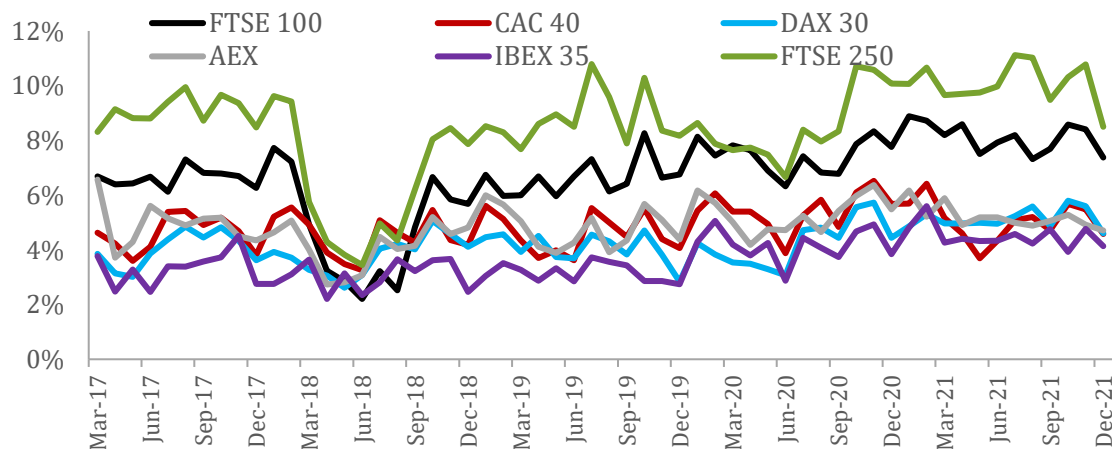
Trading subject to the DVC as % of total turnover\*



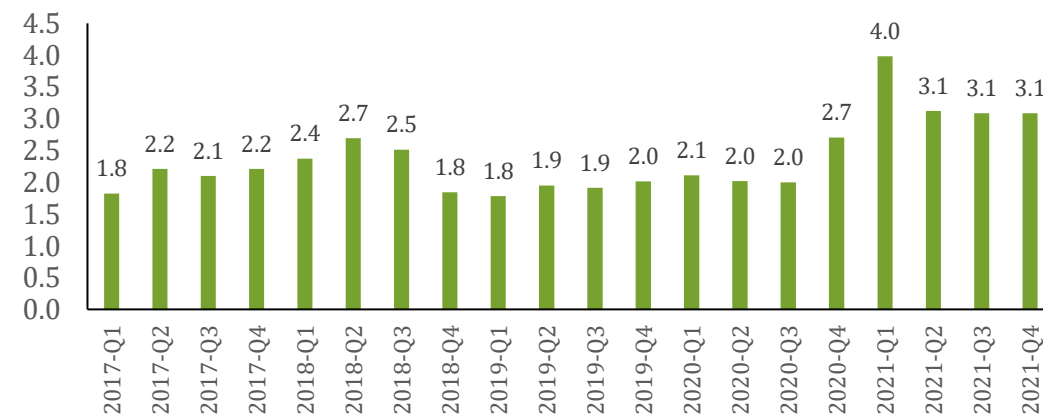
Lit/Auction periodic as % of total monthly trading\*



% of trading subject to the DVC by indices\*



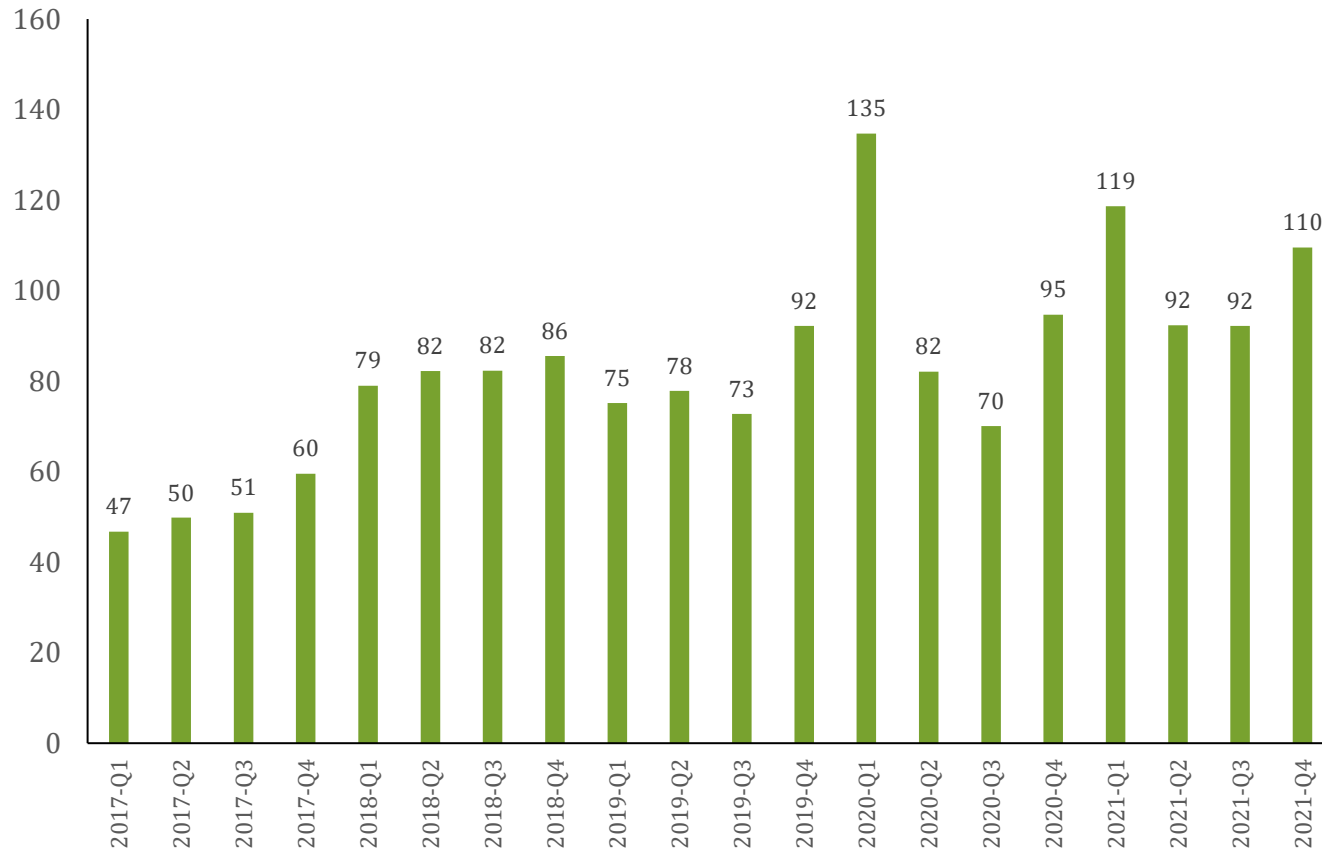
Block trades: Average value per trade (EUR mm)



Source: ESMA and BigXYT

\*Includes EU, UK, NO, and Swiss venues. Adjusted for non-price forming trades

Block trades: value traded  $\geq$  LIS (EURbn)



Source: BigXYT

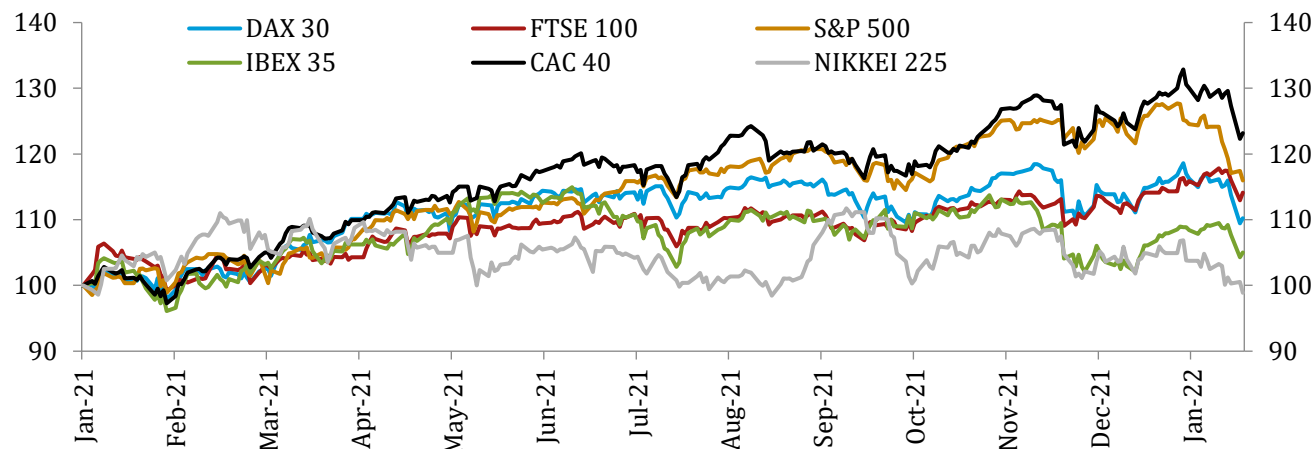
Equity trading in the form of block trades (traded above the large in scale threshold) recently stood at EUR110bn in Q4 2021, €10bn above the average of Q2 2021 and Q3 2021.



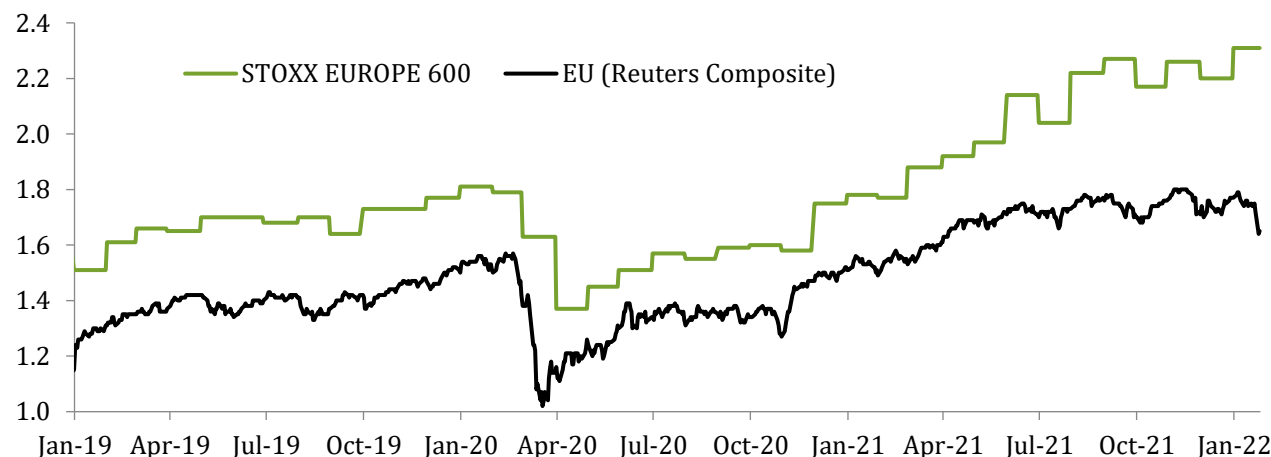
# Valuations

# Price indices and valuation multiples

Price indices of selected stock exchanges (31 Dec 2020 = 100)



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



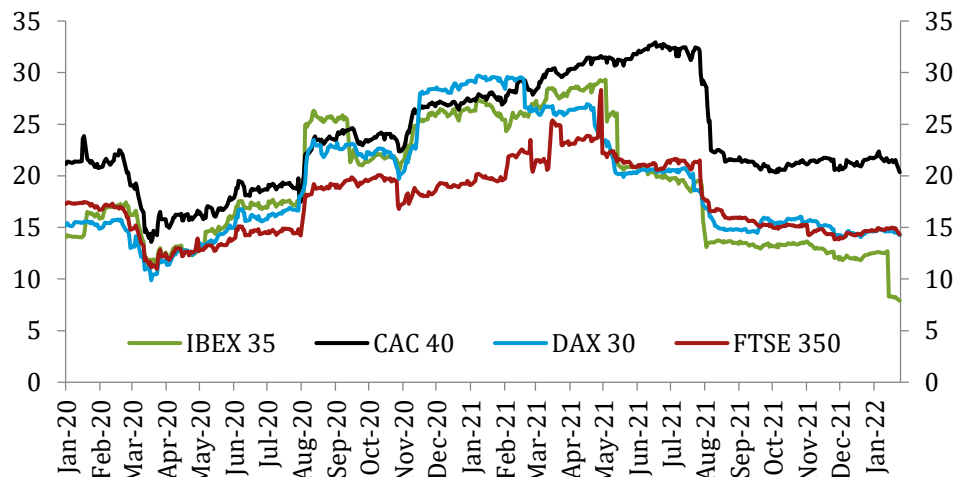
Source: Datastream

European equity share prices rose 8% (IBEX35)-28% (CAC40) during 2021.

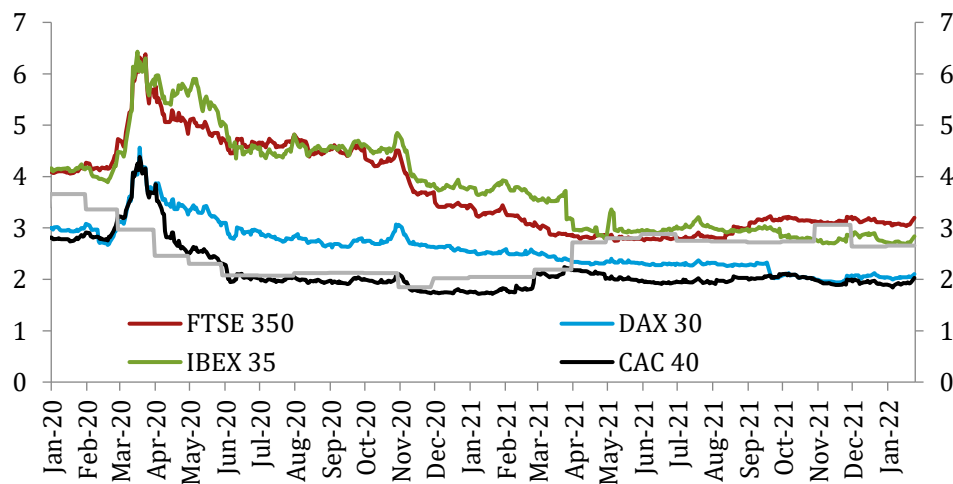
Most recently, in the first month of 2022, equity markets have reversed the gains observed in 2021, with losses of 1%-5% YtD.

# Valuation ratios and implied volatility

Price-to-earnings (PE) ratio

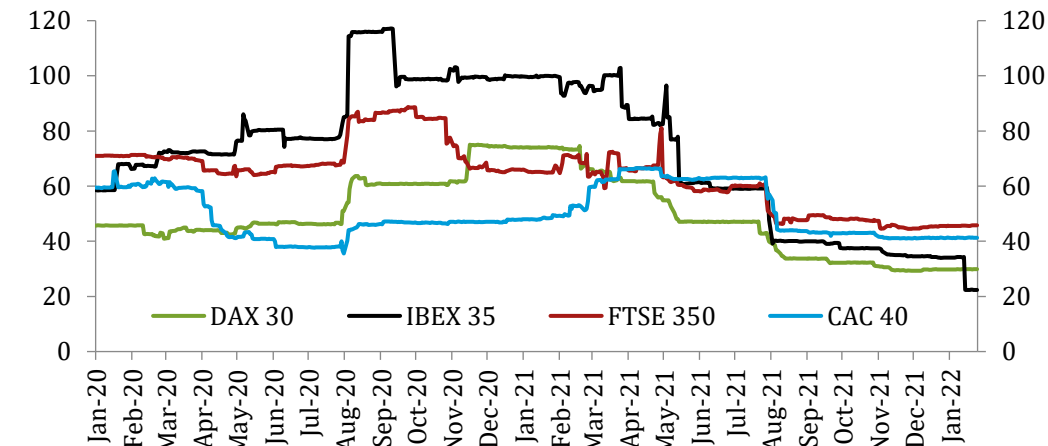


Dividend yield ratio (Dividend/Price)

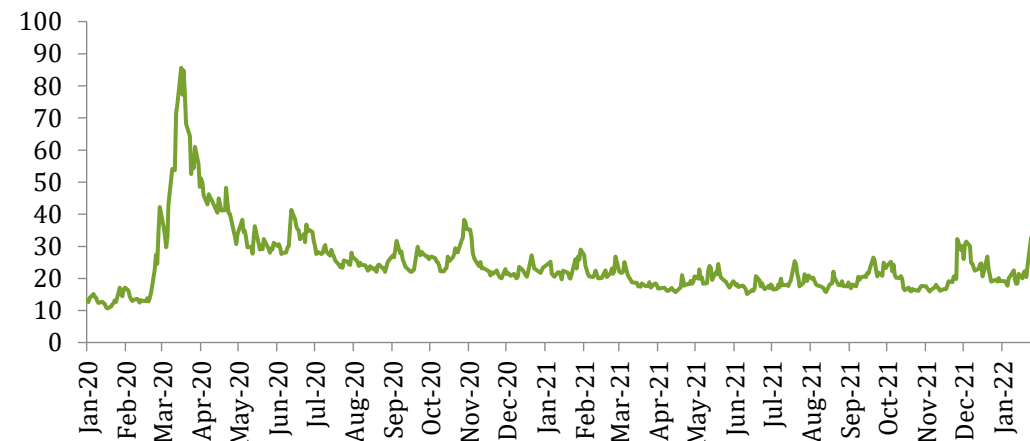


Source: Datastream and Stoxx

Dividend payout ratio (Dividends/ Earnings per share)



Implied volatility of Euro Stoxx 50 constituent shares (VSTOXX)



	1Q 21	2Q 21	3Q 21	4Q 21	2021	1Q 20	2Q 20	3Q 20	4Q 20	2020	% Change FY
<b>Equity underwriting (€ bn)</b>	<b>66.8</b>	<b>68.8</b>	<b>37.8</b>	<b>52.3</b>	<b>225.6</b>	<b>25.9</b>	<b>52.8</b>	<b>45.7</b>	<b>50.9</b>	<b>175.3</b>	<b>29%</b>
<b>IPOs</b>	21.0	21.4	11.4	15.0	68.8	1.1	3.7	5.8	6.8	17.5	293%
<b>Follow-on offerings</b>	37.5	41.1	23.5	37.0	139.1	22.1	41.7	30.6	36.6	130.9	6%
<b>Convertible securities</b>	8.4	6.3	2.9	0.3	17.8	2.7	7.4	9.3	7.4	26.8	-34%
<b>Mergers and Acquisitions (€ bn): completed</b>	<b>295.4</b>	<b>283.8</b>	<b>298.8</b>	<b>303.1</b>	<b>1,181.1</b>	<b>195.7</b>	<b>156.4</b>	<b>170.4</b>	<b>177.9</b>	<b>700.4</b>	<b>69%</b>
<b>European outbound</b>	84.2	52.3	130.6	68.2	335.2	39.2	48.3	36.5	40.8	164.9	103%
<b>European inbound</b>	39.4	77.7	54.0	42.0	213.1	39.1	21.4	31.3	25.2	117.0	82%
<b>Intra European</b>	171.9	153.9	114.2	192.9	632.8	117.4	86.6	102.6	111.9	418.5	51%
<b>Mergers and Acquisitions (€ bn): announced</b>	<b>324.9</b>	<b>282.6</b>	<b>333.4</b>	<b>399.0</b>	<b>1,339.9</b>	<b>174.7</b>	<b>107.6</b>	<b>239.0</b>	<b>362.4</b>	<b>883.7</b>	<b>52%</b>
<b>Equity turnover value</b>											
<b>Average Daily (€ bn)</b>	90.9	84.2	83.6	90.2	87.2	115.3	96.3	71.4	84.1	91.8	-5%
<b>Market Capitalisation of domestic listed shares (€ tn)</b>											
<b>European (EU, UK and Switzerland)</b>	15.5	16.4	16.6	17.2	<b>17.2</b>	11.0	12.5	12.6	14.2	<b>14.2</b>	<b>21%</b>
<b>EU</b>	11.0	11.7	11.8	12.1	<b>12.1</b>	7.5	8.8	9.0	10.1	<b>10.1</b>	<b>20%</b>
<b>Euro Zone</b>	9.2	9.8	9.9	10.0	<b>10.0</b>	6.4	7.5	7.5	8.4	<b>8.4</b>	<b>18%</b>

Source: Dealogic, ECB, FESE, WFE, BigXYT, and local exchanges

## Contacts

### Research

#### Julio Suarez

Director, Research  
Julio.Suarez@afme.eu  
+32 (0)2 788 3971

### Equities, ECM and Corporate Finance

#### April Day

Managing Director, Head of Equities  
April.Day@afme.eu  
+44 (0)20 3828 2682

#### Gary Simmons

Managing Director, High Yield and ECM  
Gary.Simmons@afme.eu  
+44 (0)20 3828 2723

#### Sean Barwick

Associate Director, Equities  
Sean.Barwick@afme.eu  
+44 (0)20 3828 2758

### London Office

39th Floor  
25 Canada Square  
London E14 5LQ  
United Kingdom  
+44 (0)20 3828 2700

### Brussels Office

Rue de la Loi, 82  
1040 Brussels  
Belgium  
+32 (0)2 788 3971

### Frankfurt Office

Neue Mainzer Straße 75,  
60311 Frankfurt am Main,  
Germany  
+49 69 153 258 963



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