

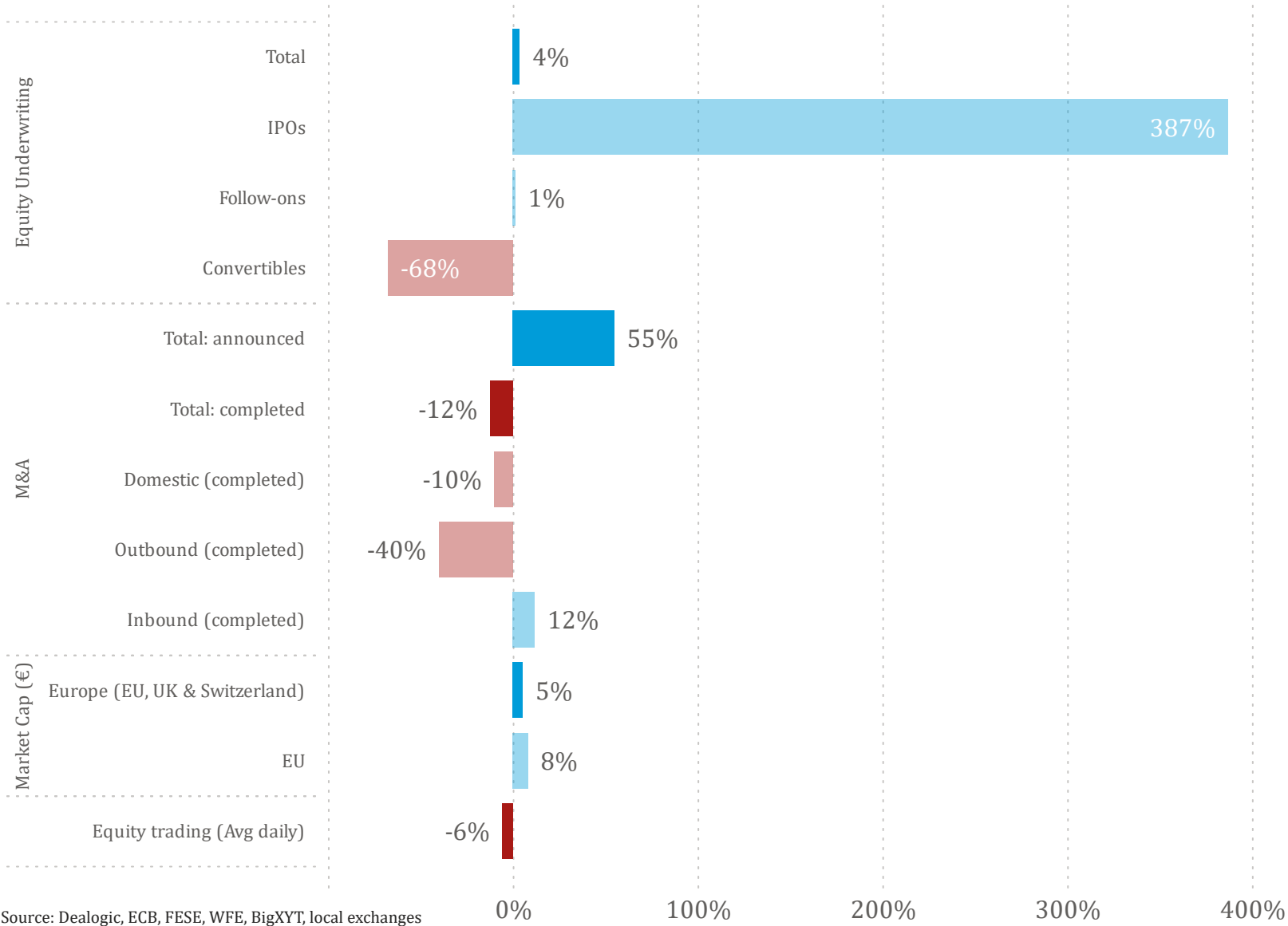
Q1 2024

Equity Primary Markets and Trading Report

European market data
update



2024 Q1 YoY variation of European Equity activity



European capital raising moderately increased in Q1 2024

Equity underwriting on European exchanges rose 4% YoY in Q1 2024 on the back of a moderate increase in secondary equity offerings and a large annual increase in IPOs.

Initial Public Offerings (IPOs) saw a large percentage increase of 387% YoY which, however, represented a small amount of only €5bn raised in Q1 2024, significantly below the quarterly average of €8bn observed since 2010.

Mergers and Acquisitions (M&A) declined when measured as completed value (-12%) but rose when measured as announced value (55%), which may anticipate a robust outlook for European M&A.

Average daily equity trading on European main markets and MTFs declined 6% YoY but increased 14% QoQ. Data trends show a deterioration in market liquidity as measured by turnover ratio (turnover value/market cap), with a decline from c150% in 2018 to 100-110% in the last 12 months.

Domestic market capitalisation of European listed shares rose in Q1 2024 standing at €17tn from €16.2tn in Q4 2023.

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Equity issuance

Equity capital raising

Equity capital raising on European exchanges totaled €29.5bn in Q1 2024, a 4% YoY increase from €28.5bn issued in Q1 2023.

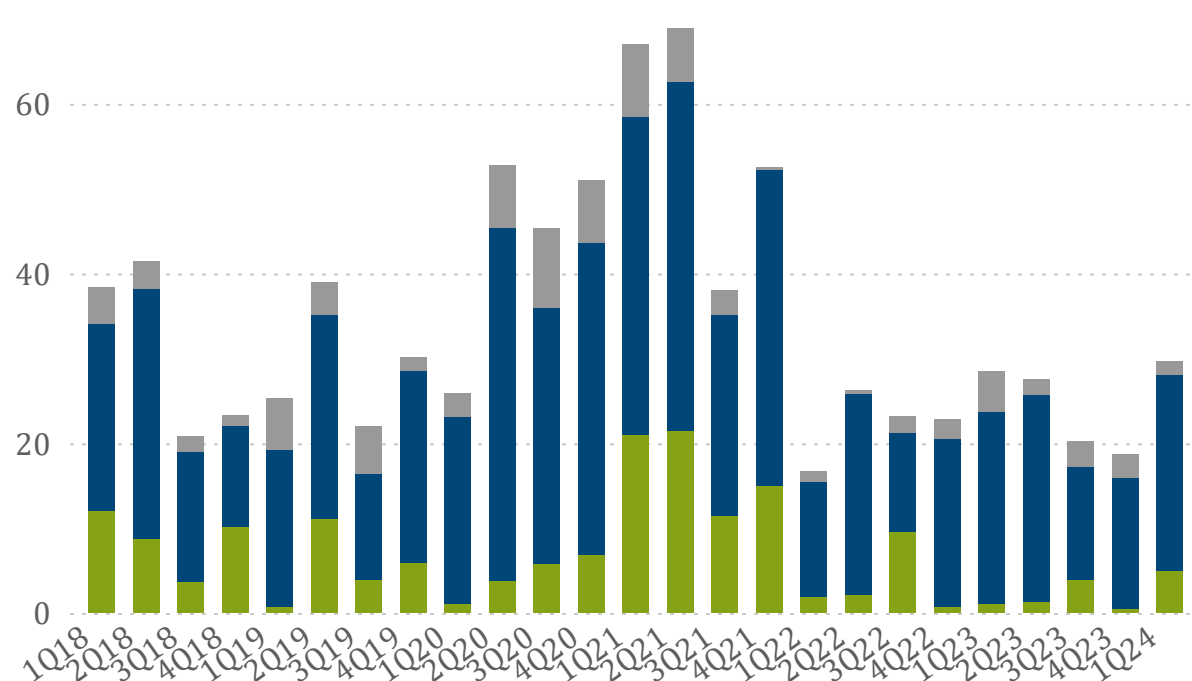
Secondary offerings were the largest contributor to total capital raised, with €23.0bn issued in Q1 2024 although exhibiting a moderate annual increase from €22.7bn in Q1 2023. Initial Public Offerings (IPOs) saw a large percentage increase of 387% YoY which, however, represented a small amount of only €5bn raised in Q1 2024 which compares with a quarterly average of €8bn since 2010. Issuance of convertible securities significantly declined during the quarter, with €1.5bn raised in Q1 2024 (€4.8bn in Q1 2023).

Equity issuance on Junior exchanges accumulated a total of €0.5bn in equity capital issued during Q1 2024, the lowest quarterly amount since Q1 2009. Junior exchanges are venues with less onerous listing requirements which facilitates equity capital raising by small and medium enterprises and younger companies.

The LSE main market led in total equity underwriting by accumulating a total of €7.2bn during the quarter, followed by Frankfurt Prime (€4.1) and Euronext Paris (€3.2bn).

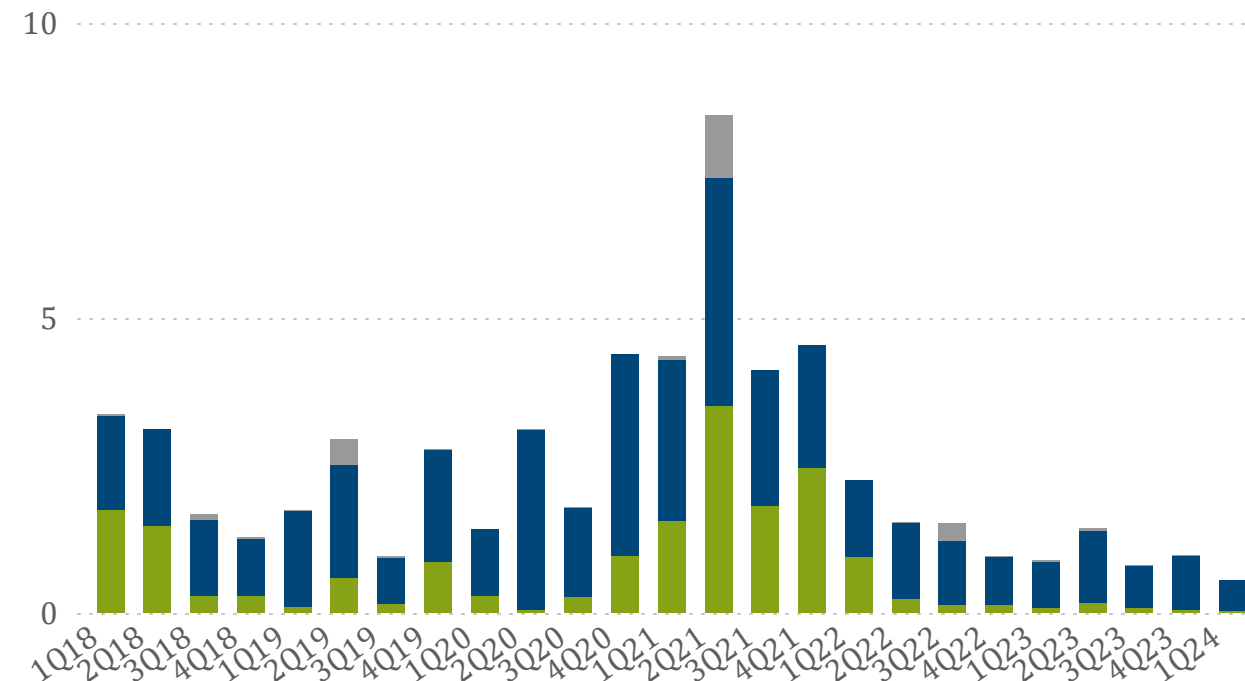
Equity Issuance on European exchanges (EUR bn)

● IPO ● Follow-On ● Convertible



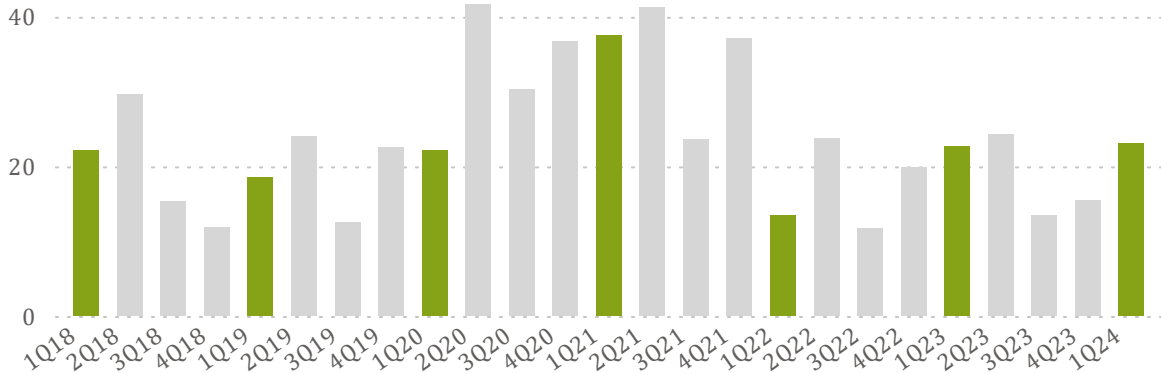
Equity issuance on European Junior markets (EUR bn)

● IPO ● Follow-On ● Convertible

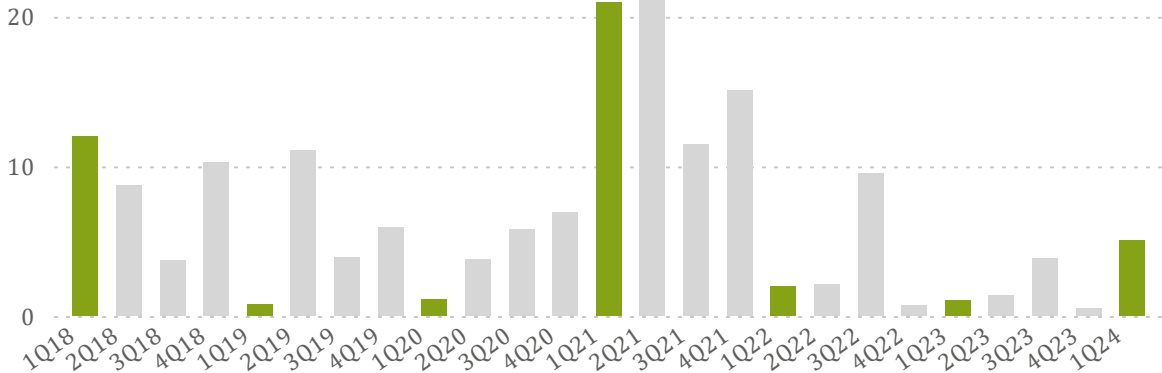


PE-backed IPOs subdued during 2024

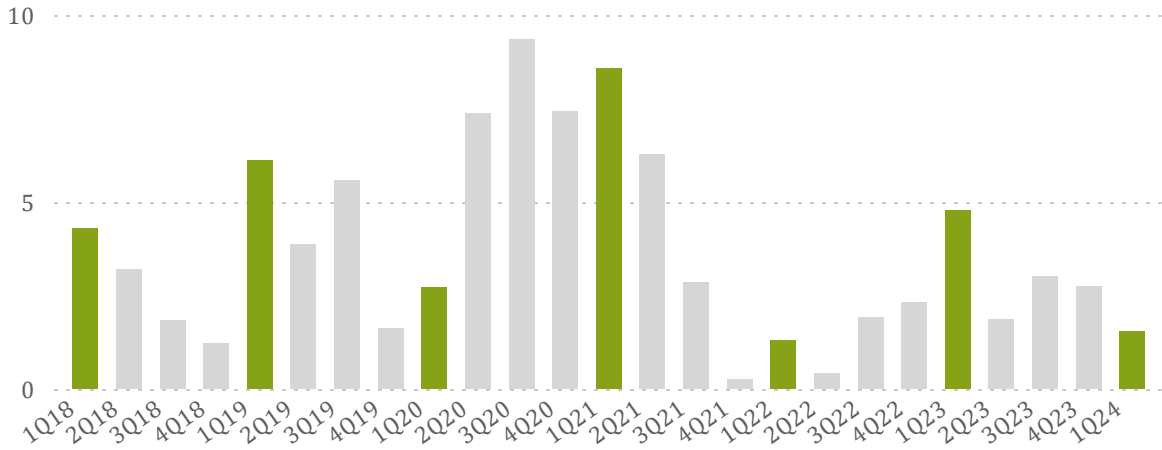
Follow-on offerings (EUR bn)



IPO proceeds (EUR bn)

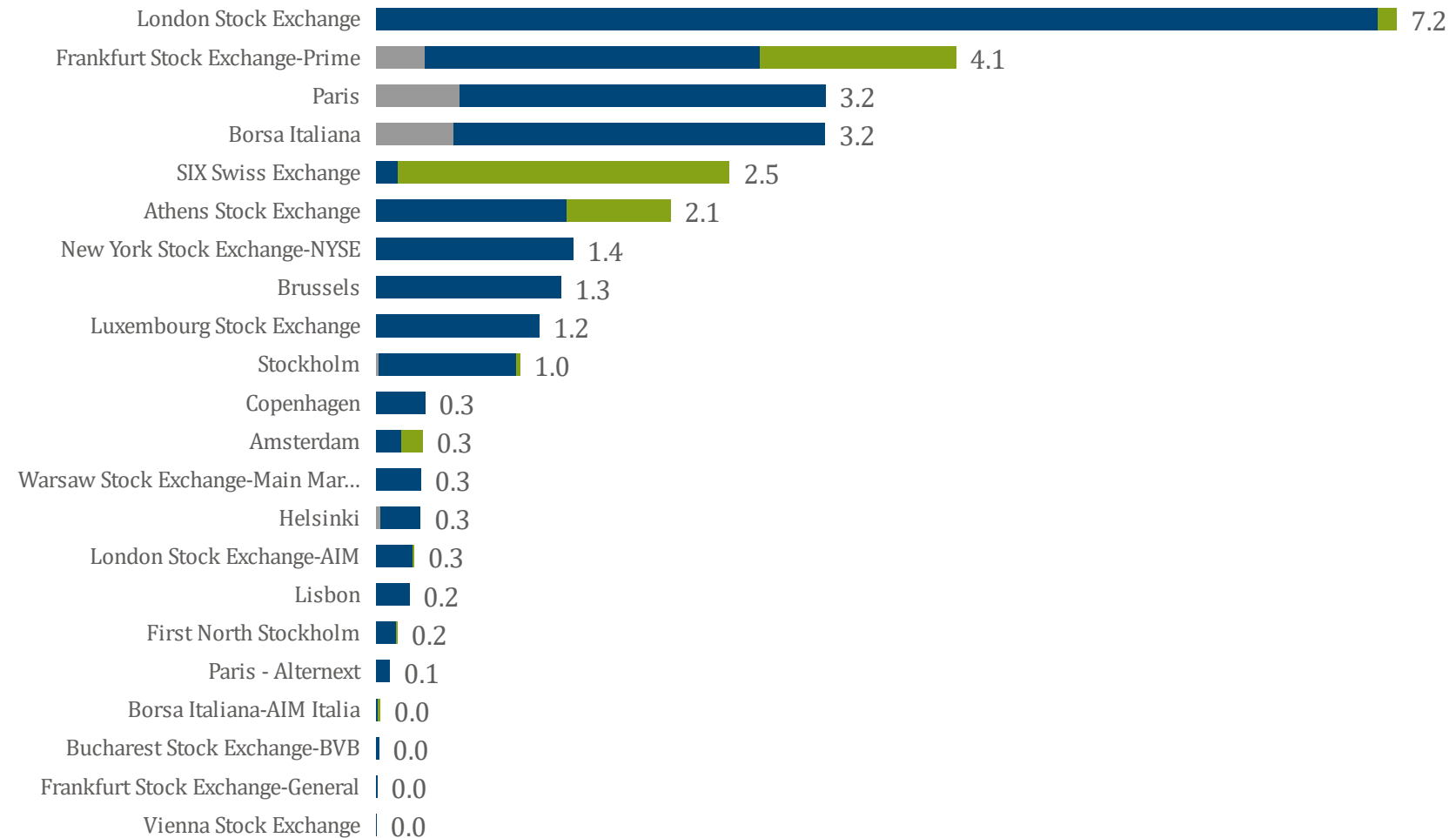


Convertibles (EUR bn)



Equity underwriting on European exchanges: IPO, follow-ons and convertibles (2024 YtD, EUR bn)

● Convertible ● Follow-On ● IPO



IPO and listings tracker

Initial Public Offerings (IPOs) on European exchanges accumulated €5bn in proceeds on 22 deals, a large increase from €1bn issued in Q1 2023 and from €0.5bn in 4Q 2023. The valued issued, however, is far distant from the average quarterly amount issued in 2021 of €10-20bn per quarter.

The largest deal of the quarter was originated on the Swiss Stock Exchange by PE-backed Healthcare company Galderma, raising €2.3bn in proceeds representing 47% of the total issued on European exchanges in Q1 2024.

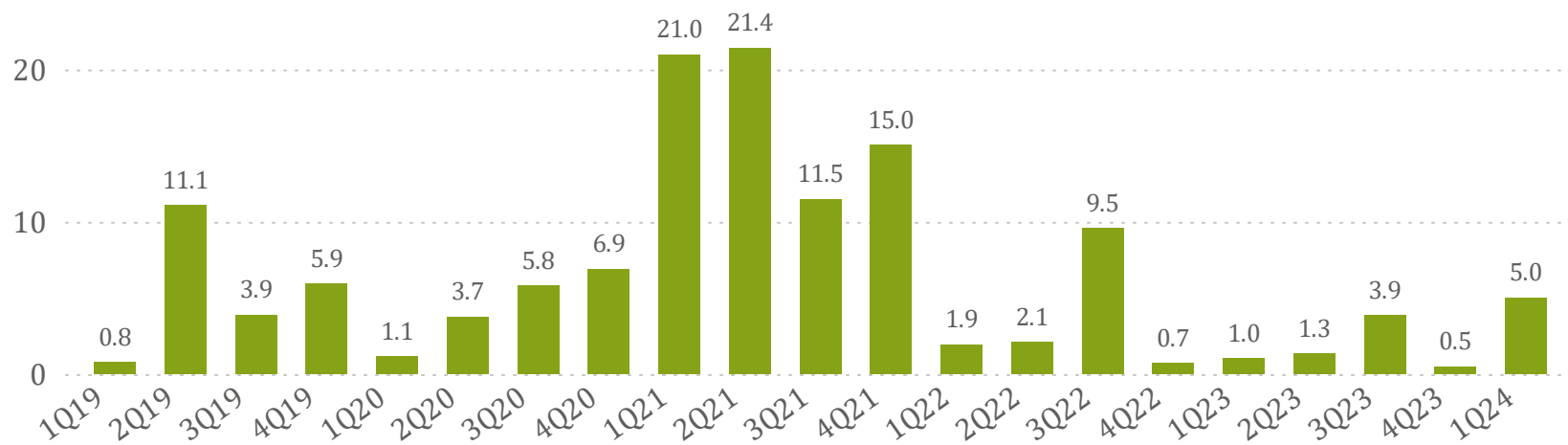
Not included in the Q1 2024 European total is Finland-headquartered company Amer Sports Inc, which launched its IPO on the NYSE raising a total of \$1.6bn at the end of January.

IPO activity also increased on US exchanges during the quarter, with a total of €7.8bn raised in Q1 2024 from €2.9bn in Q1 2023 but continues below historic quarterly averages. IPO activity on Chinese and Japanese exchanges also stood below historic averages, with a sharp decline in Chinese IPOs raising €2.5bn in Q1 2024 (€10.4bn in Q1 2023).

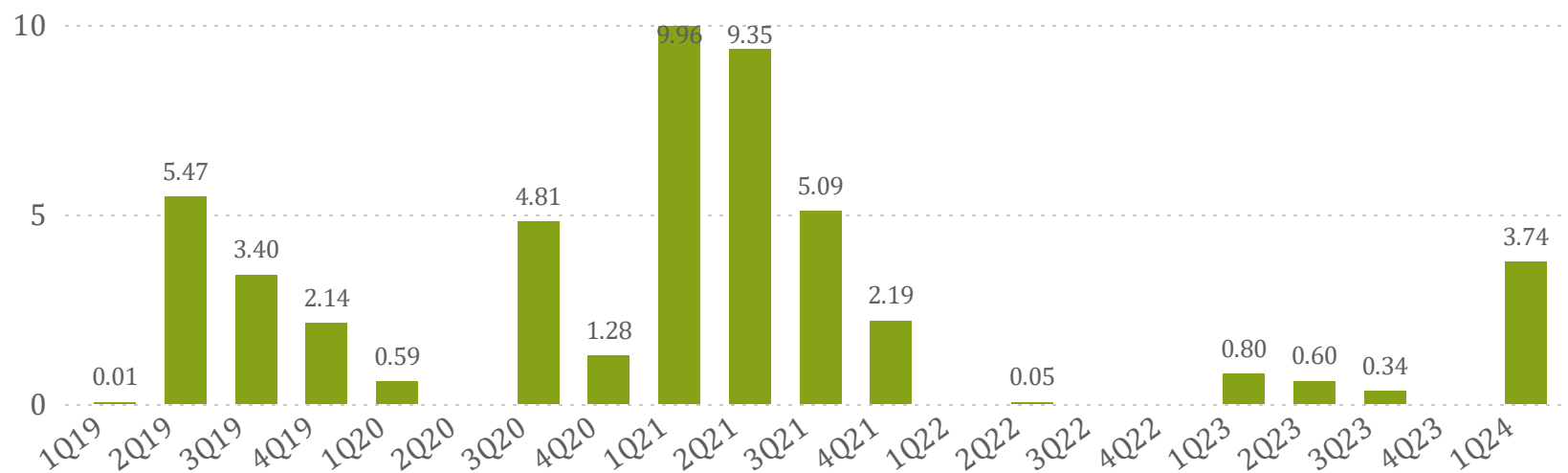
As of Q1 2024, a total of 6,981 domestic companies were listed on European exchanges (EU, UK and Switzerland). This represents a decline from 7,113 companies listed in March of 2023 and 7,216 in March 2022.

According to the FTSE Renaissance IPO Index Series, recently listed companies in EMEA have exhibited a negative price return of c1% since 2020. This is below the price performance of the German DAX (37%), French CAC (40%), and FTSE 100 (5%) indices over the same period. The price return is also below the observed for recently listed companies in the US (+23%) but above HK/China (-53%) recently listed companies.

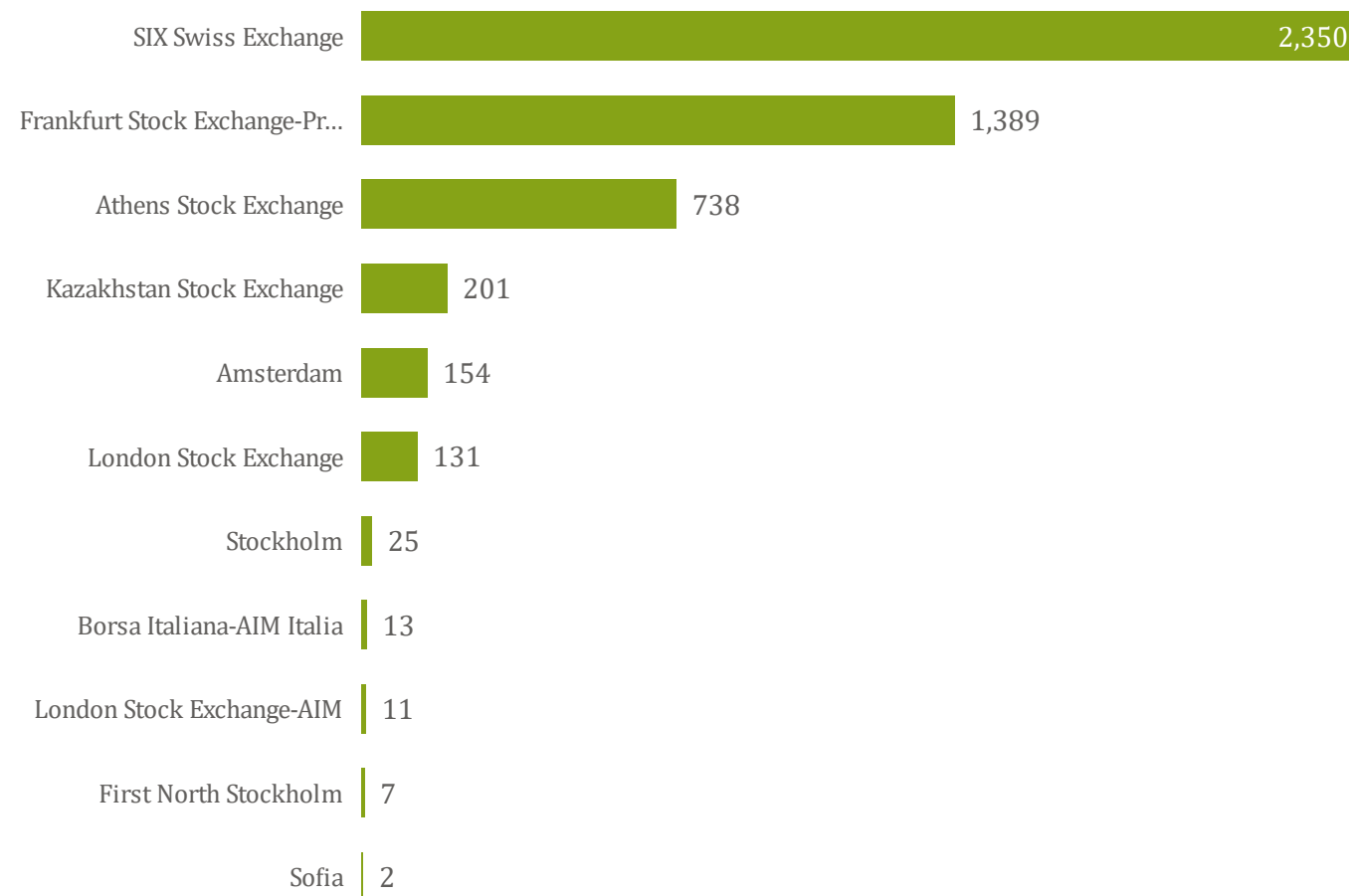
Equity Issuance on European exchanges (EUR bn)



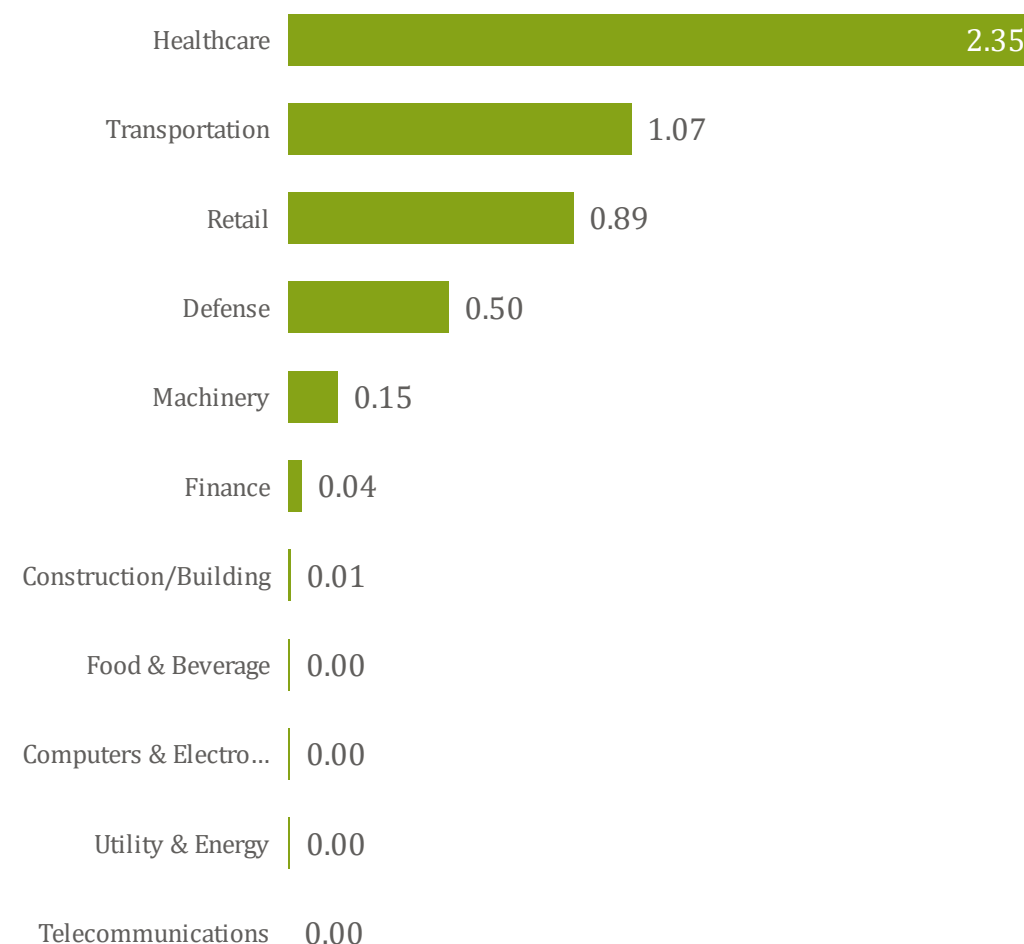
PE-backed IPO proceeds (EUR bn)



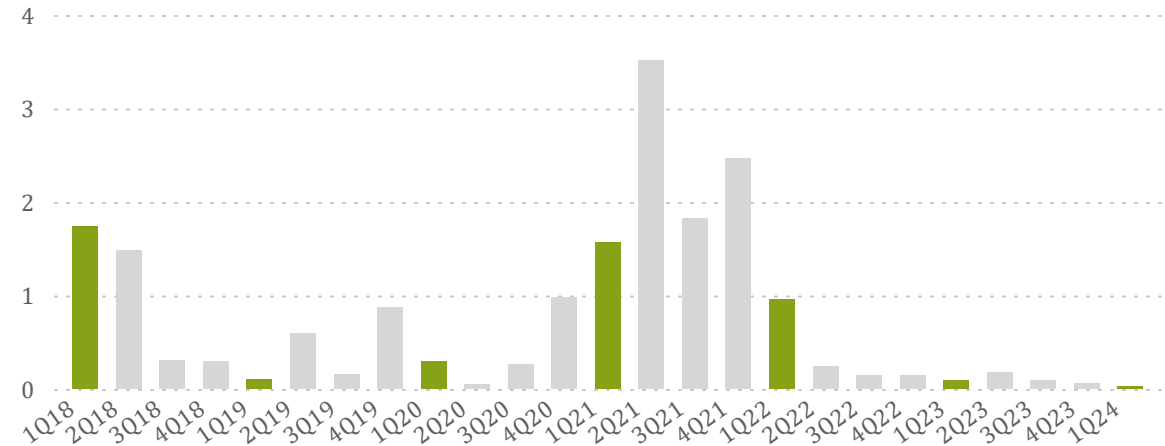
IPO proceeds by listing market (2024 YtD, EURmm)



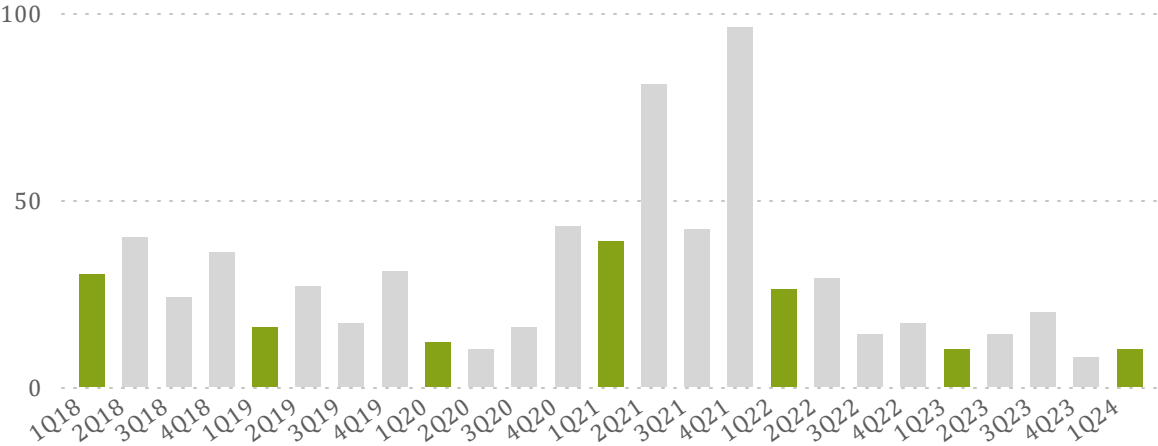
IPO proceeds by industry (2024 YtD, EURbn)



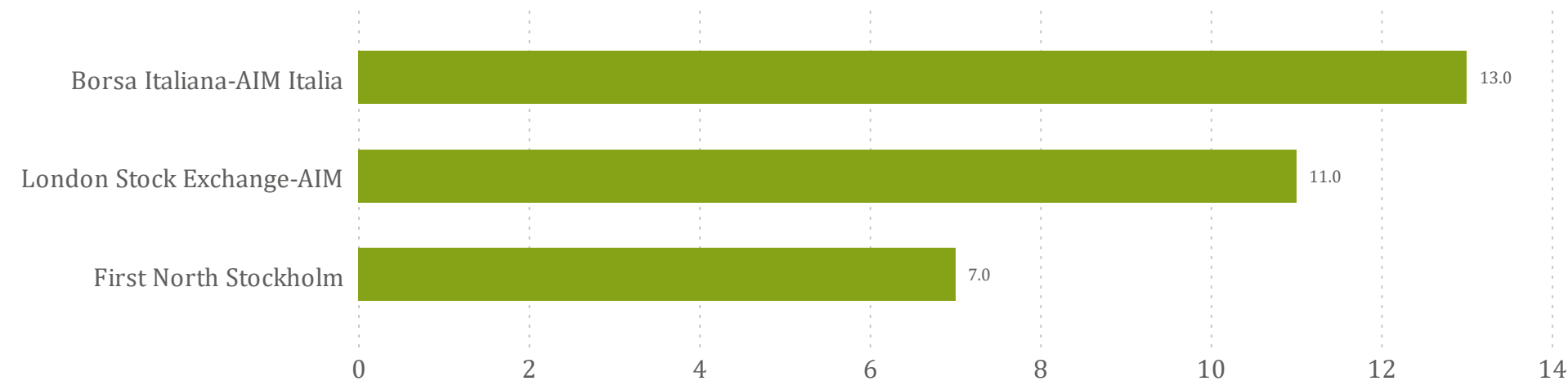
IPO proceeds on European Jr markets (EUR bn)



Numbers of IPOs on European Jr markets

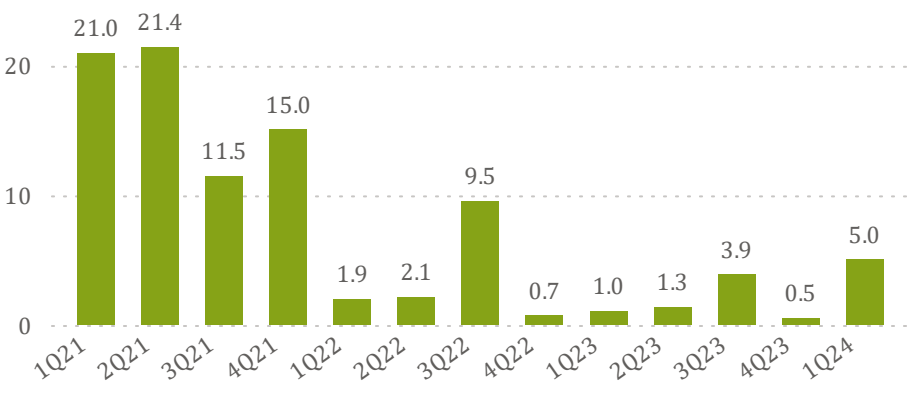


IPO proceeds on Jr markets by exchange (2024 YtD, Eur mm)

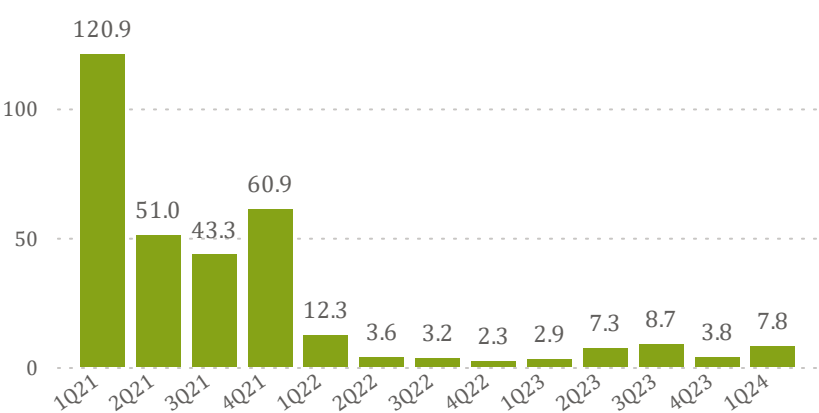


IPO issuance by location of exchange (EUR bn)

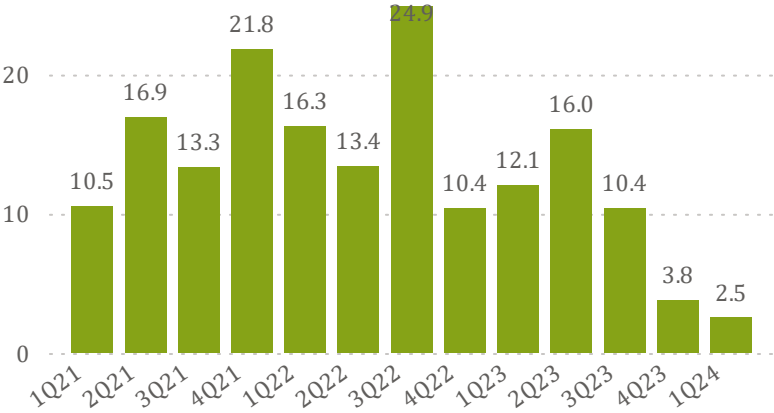
Europe



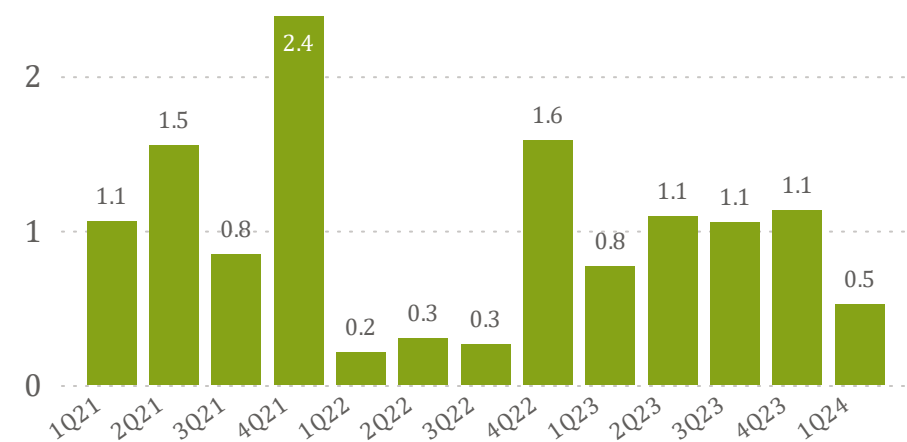
United States



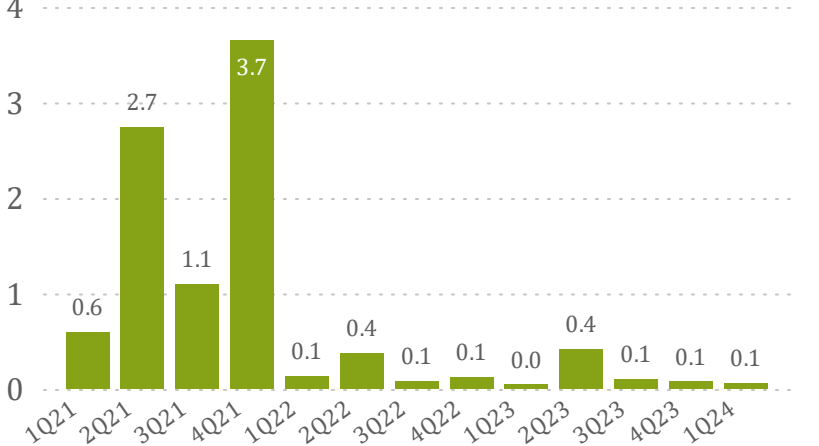
China



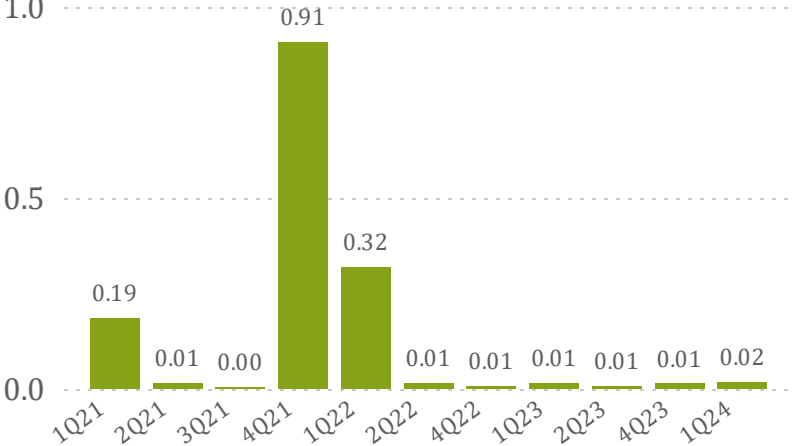
Japan



Australia



Singapore



Price performance of recent IPO companies

Price performance of selected stock indices (31 Dec 2023 = 100)



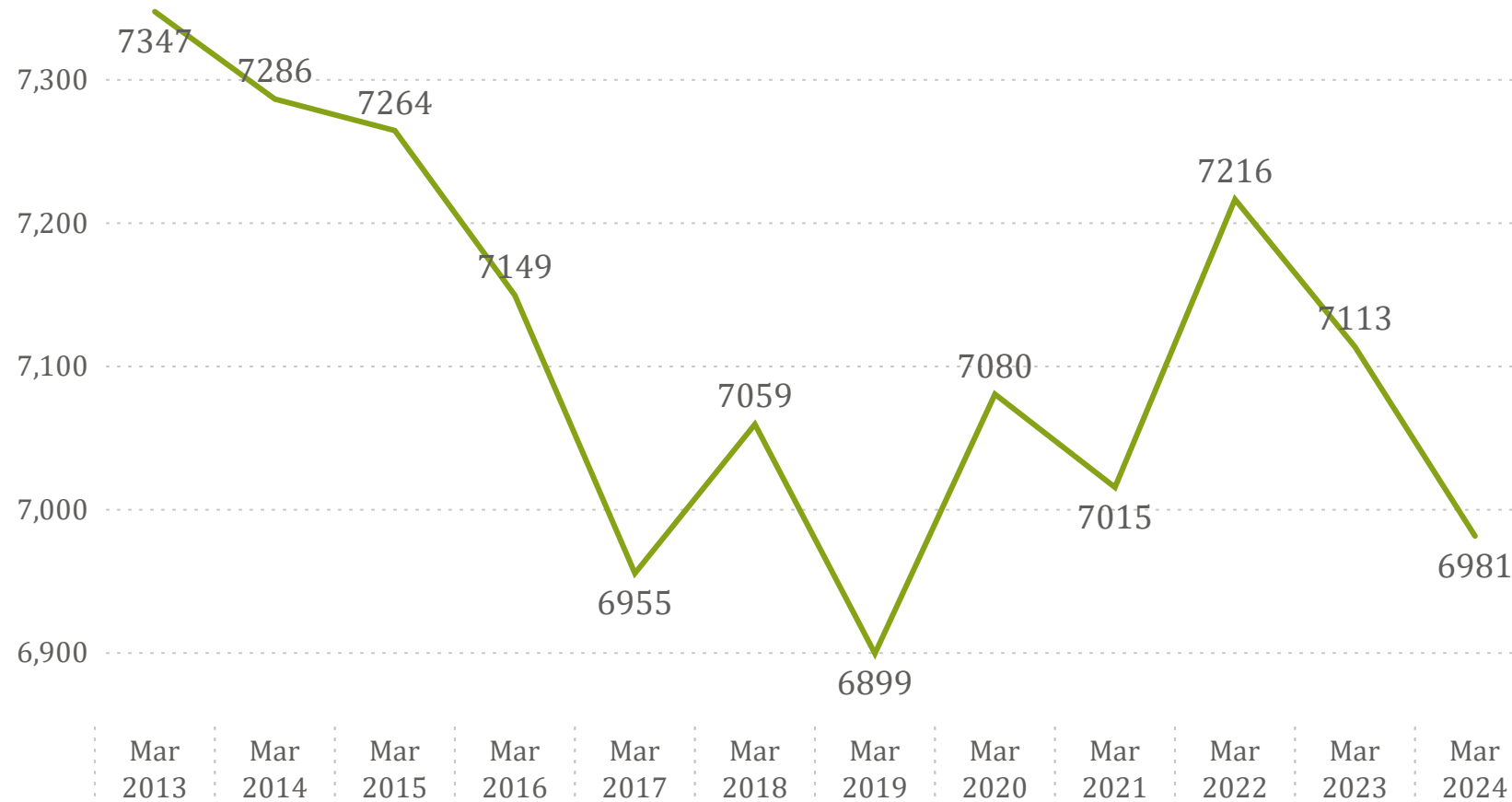
Price performance of selected FTSE Renaissance IPO stock indices (31 Dec 2019 = 100)



The FTSE Renaissance IPO Index Series tracks the price performance of IPOs in EMEA, the United States and the Asia Pacific region. Qualified IPOs are added to the indexes on a quarterly basis and removed c. 3Y after their first trading day.

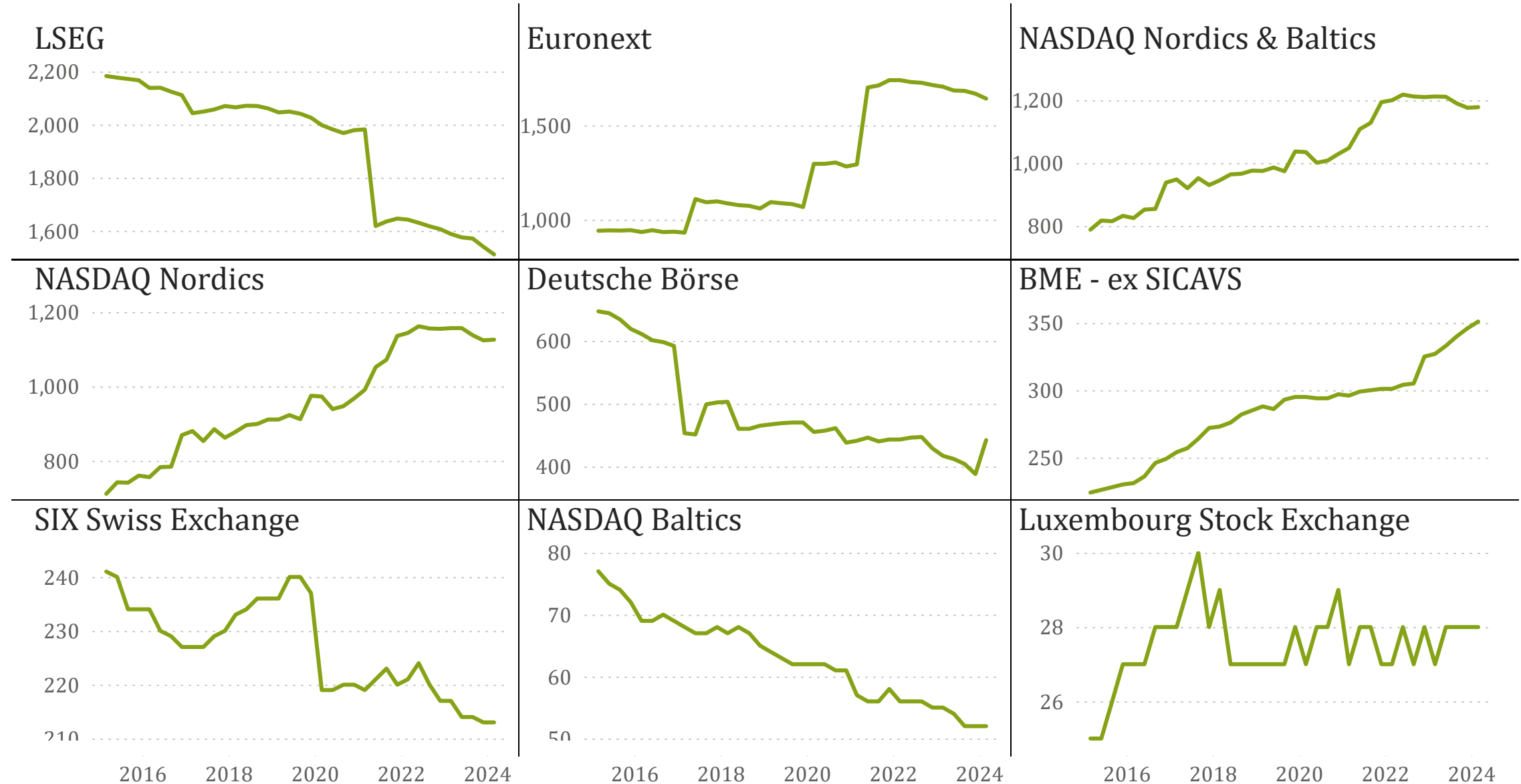
Number of domestic listed companies

Number of listed companies on European exchanges*



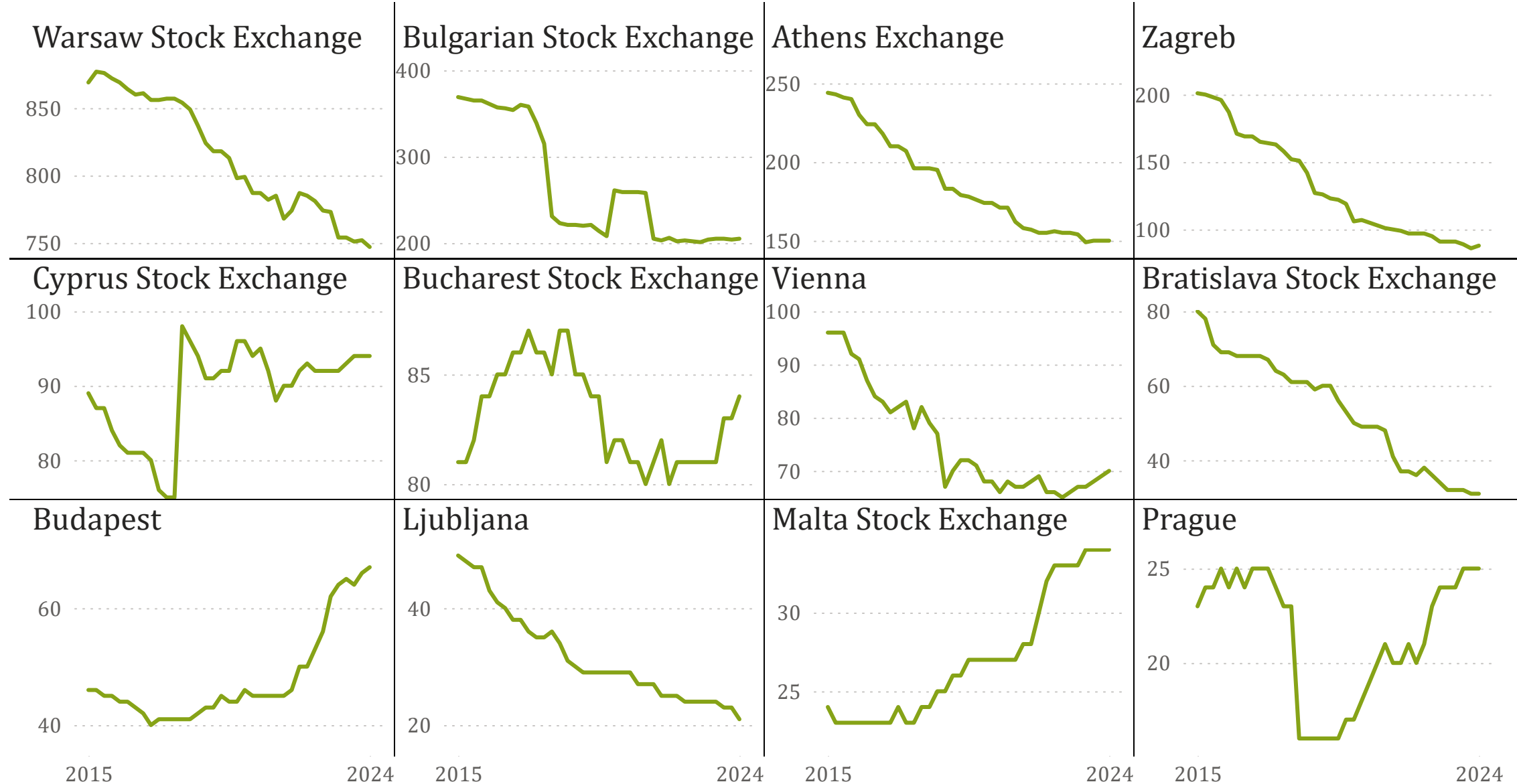
Number of domestic listed companies

Number of listed companies on European exchanges

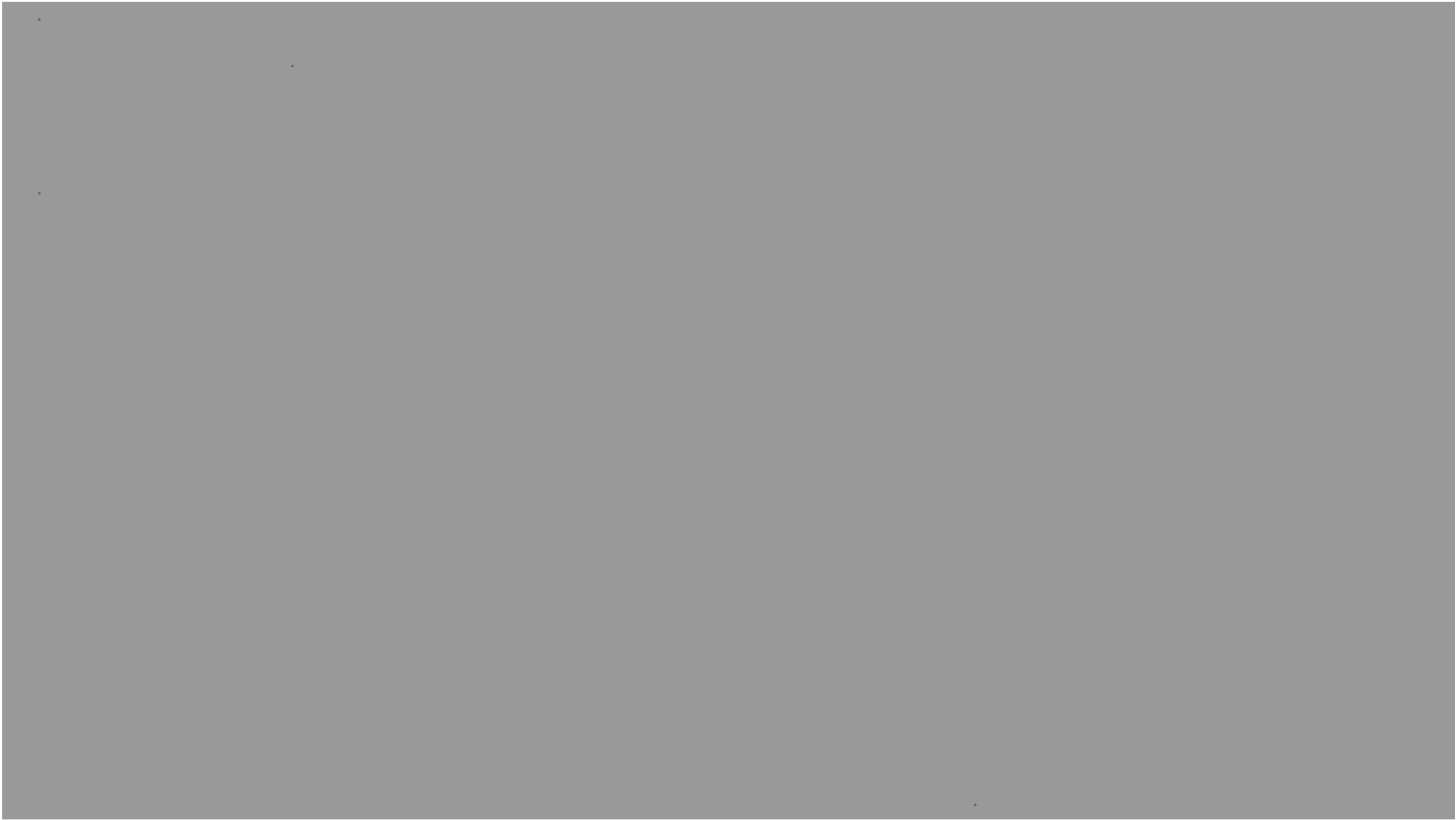


Number of domestic listed companies

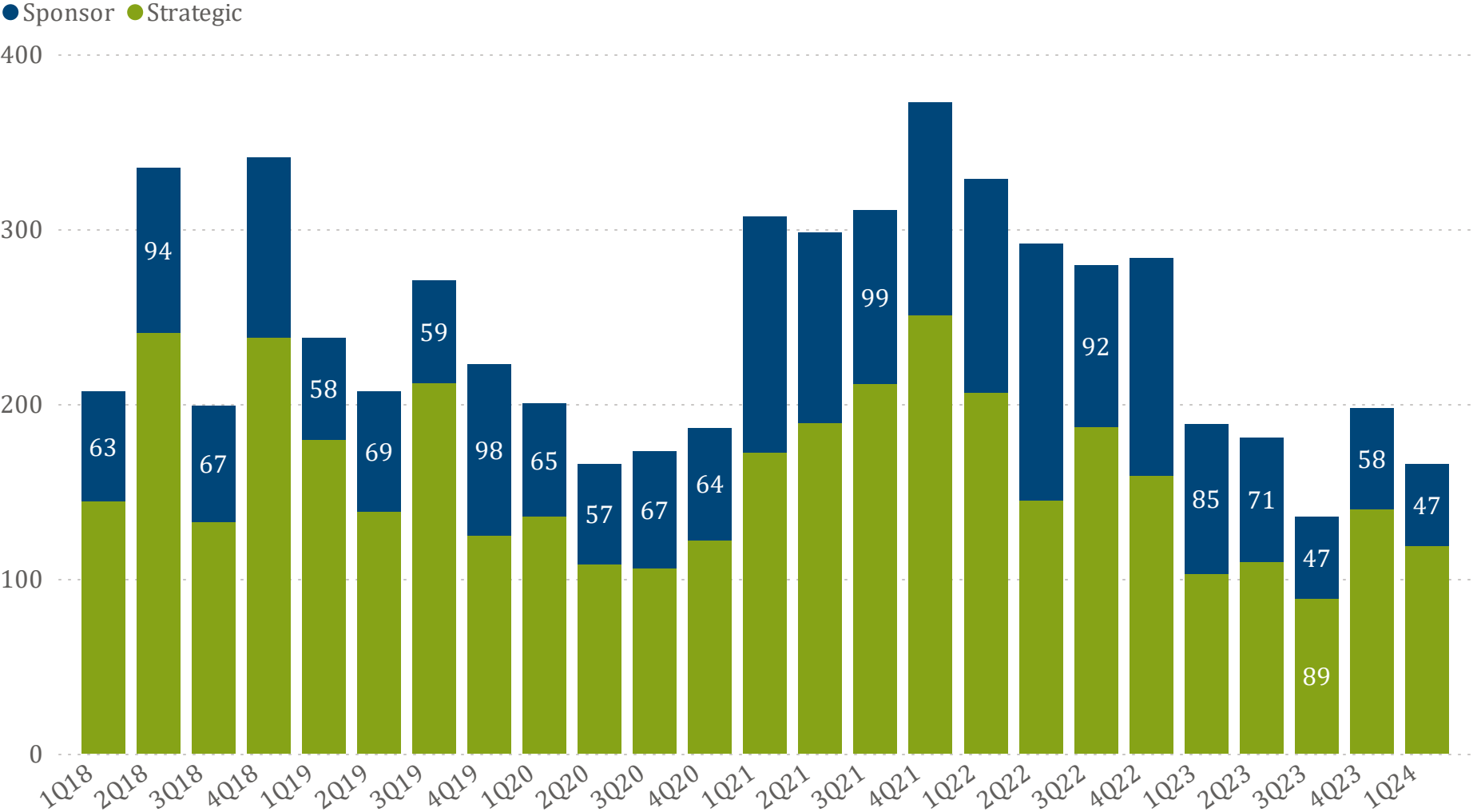
Number of listed companies on European exchanges



Mergers and Acquisitions (M&A)

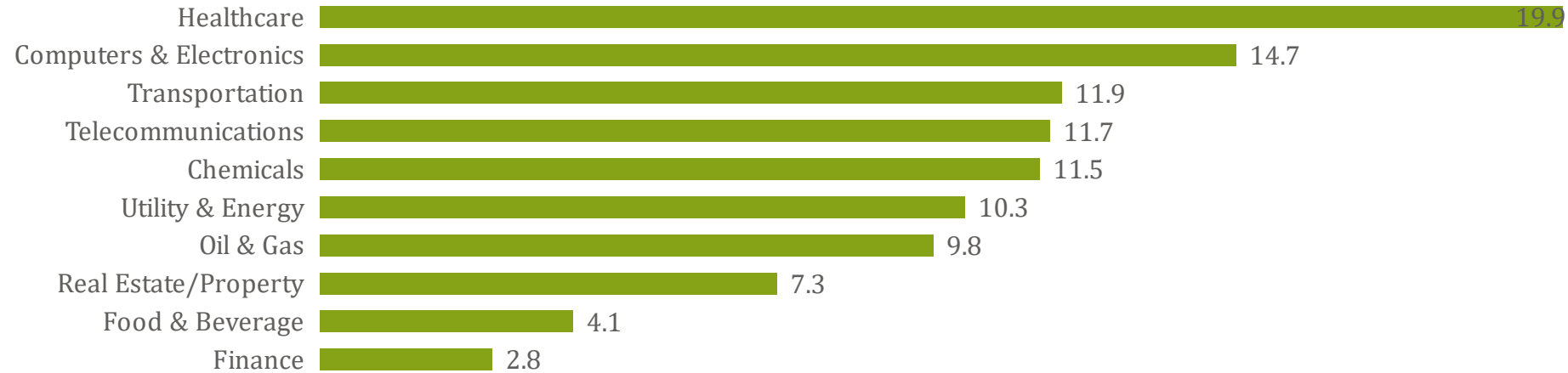


Completed M&A by type of deal (EUR bn)



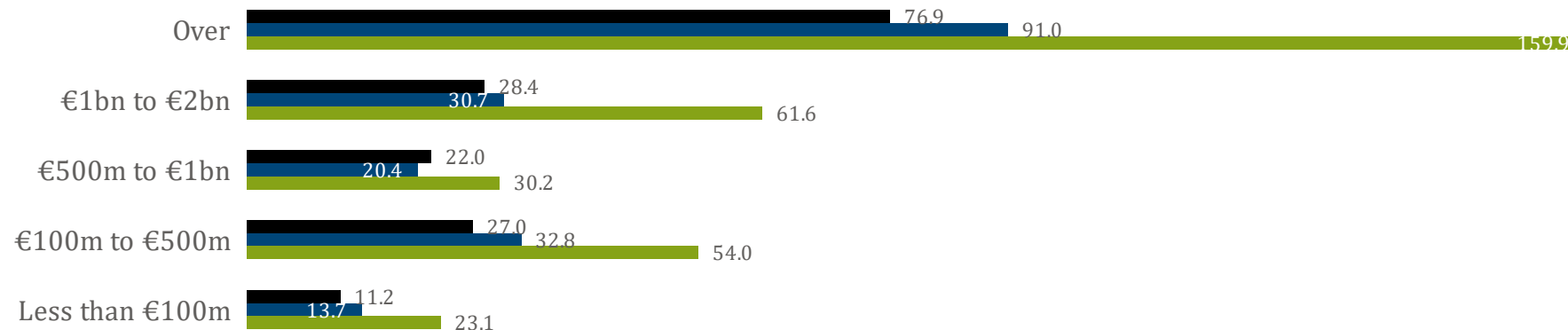
Healthcare and tech lead in deal value

Top 10 industries for completed M&A (2024 YtD, EUR bn)

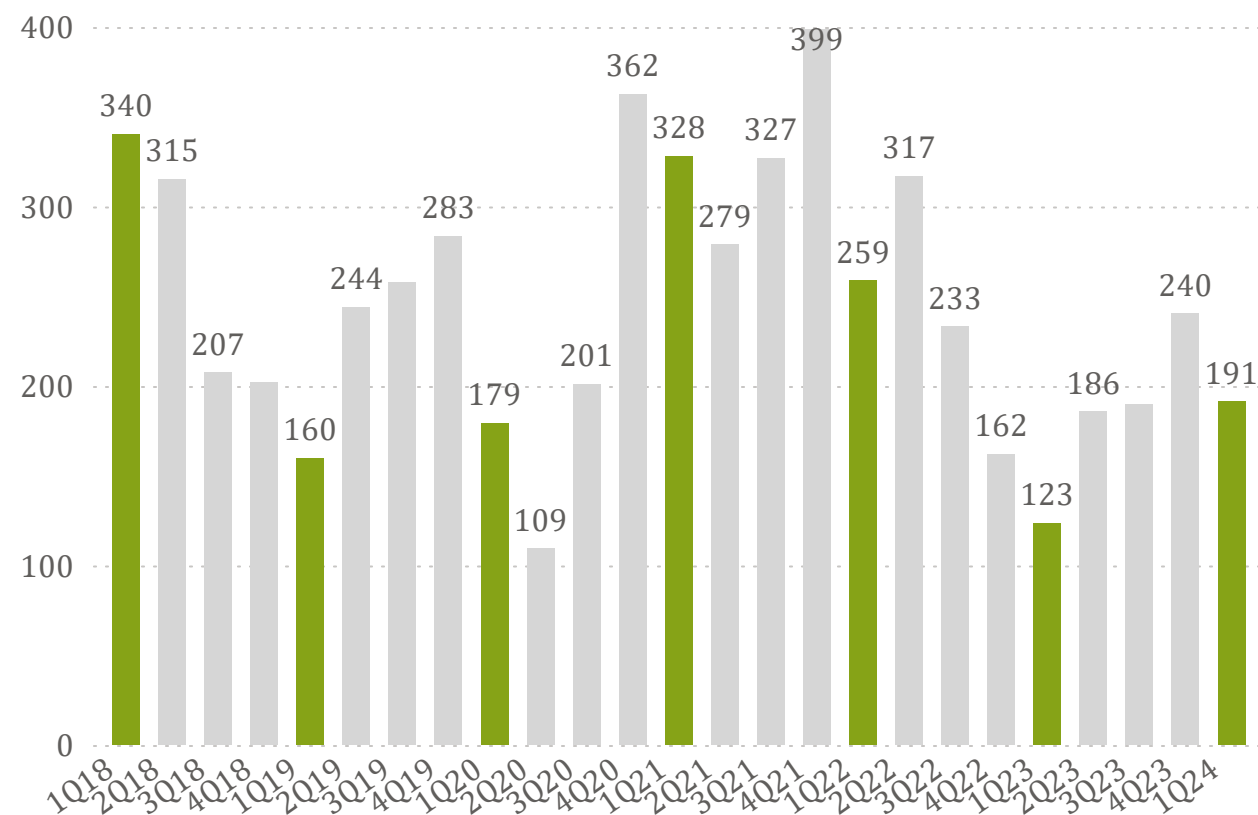


Completed M&A transactions by deal value (2024 YtD, EUR bn)

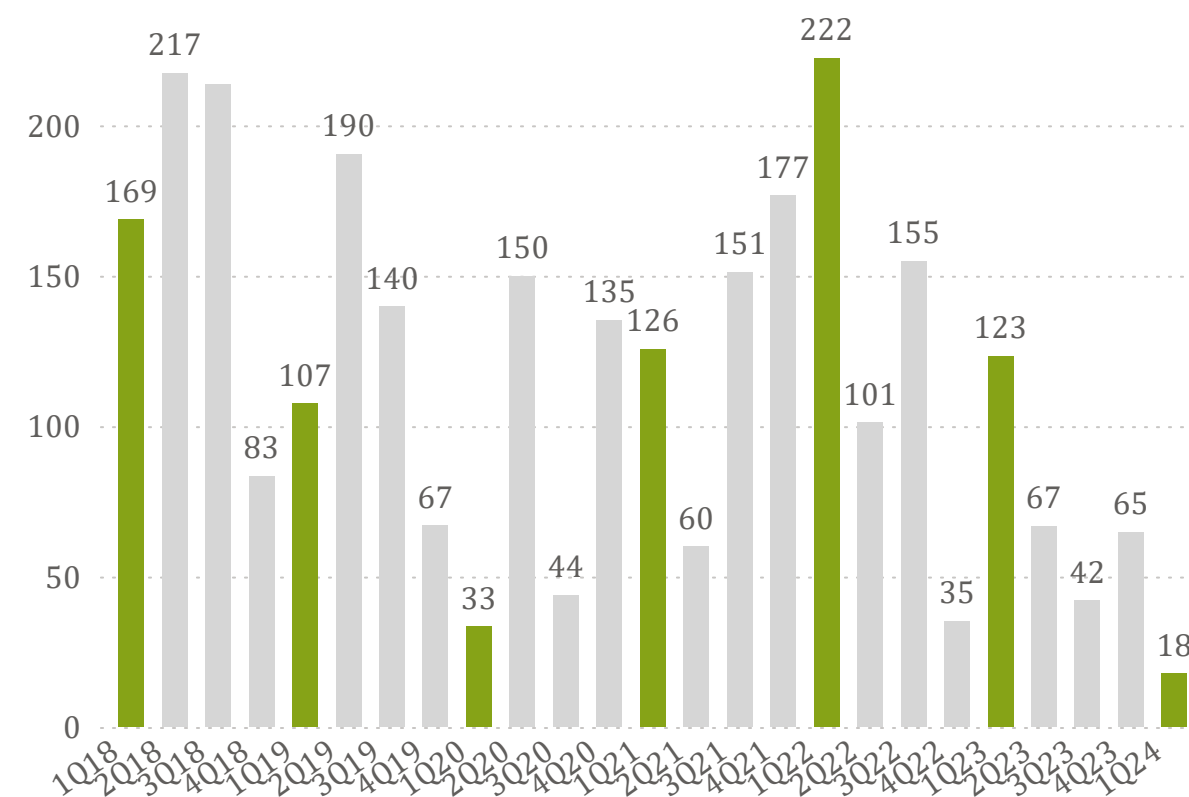
● 2022 ● 2023 ● 2024



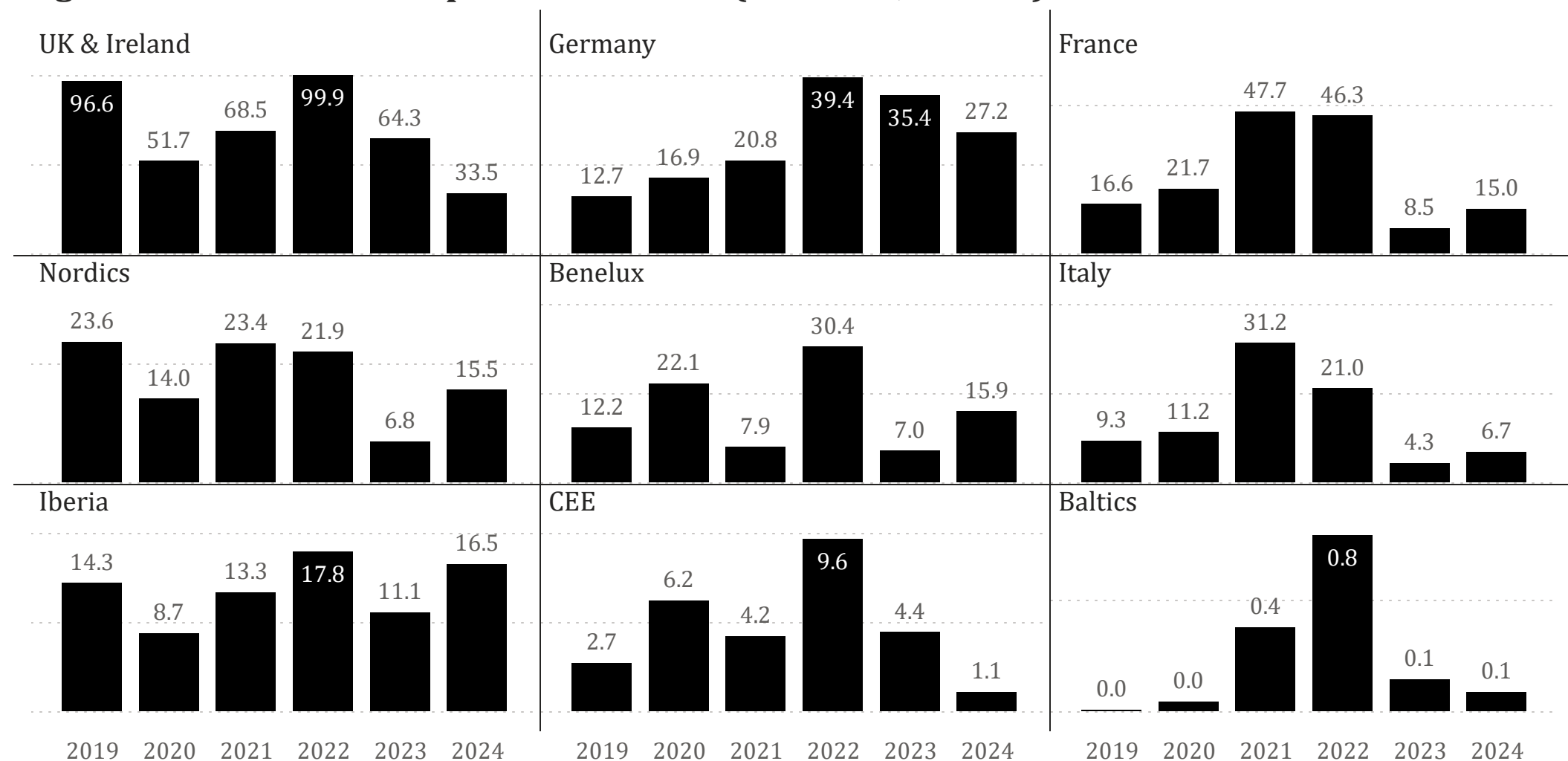
Announced M&A (EUR bn)



Withdrawn M&A (EUR bn)



Regional M&A trends: completed deal value (2024 YtD, EUR bn)



Secondary markets

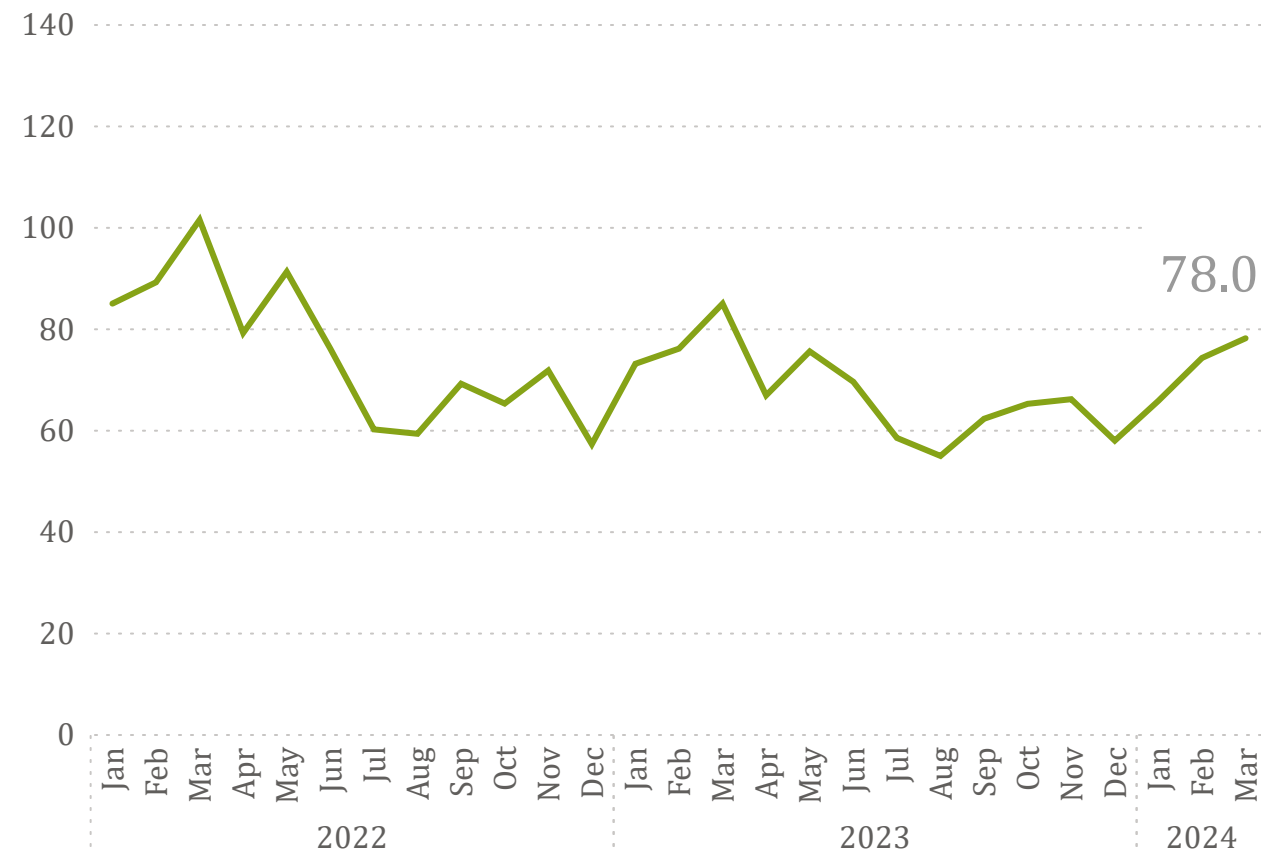
In Q1 2024, turnover value of equity products traded in Europe declined 6% YoY but increased 14% QoQ. This includes addressable trading on all venues, systematic internalisers and OTC.

Turnover ratio, calculated as annualised turnover value relative to market capitalisation, increased to 110% in Q1 2024 after a record low of 100% observed in the second half of 2023. For the long term trend, market data shows a pronounced deterioration in market liquidity as measured by turnover ratio with a decline from c150% in 2018 to 100-110% observed over the last 12 months.

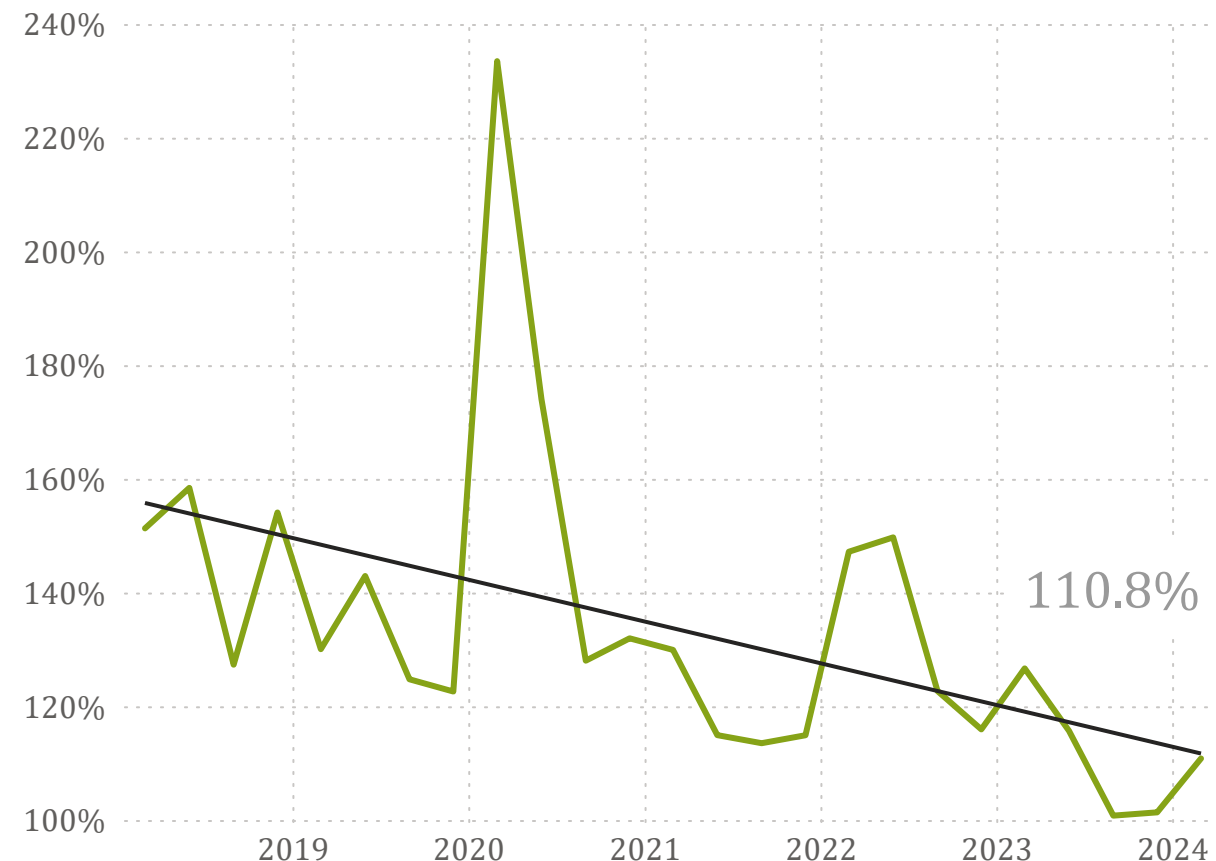
Bid-ask spreads for selected European equity indices continued to fluctuate around the levels observed at the end of 2023.

Market capitalisation of European listed shares (EU, UK and Switzerland) rose in Q1 2024 standing at €17tn (from €16.2tn in Q4 2023)

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

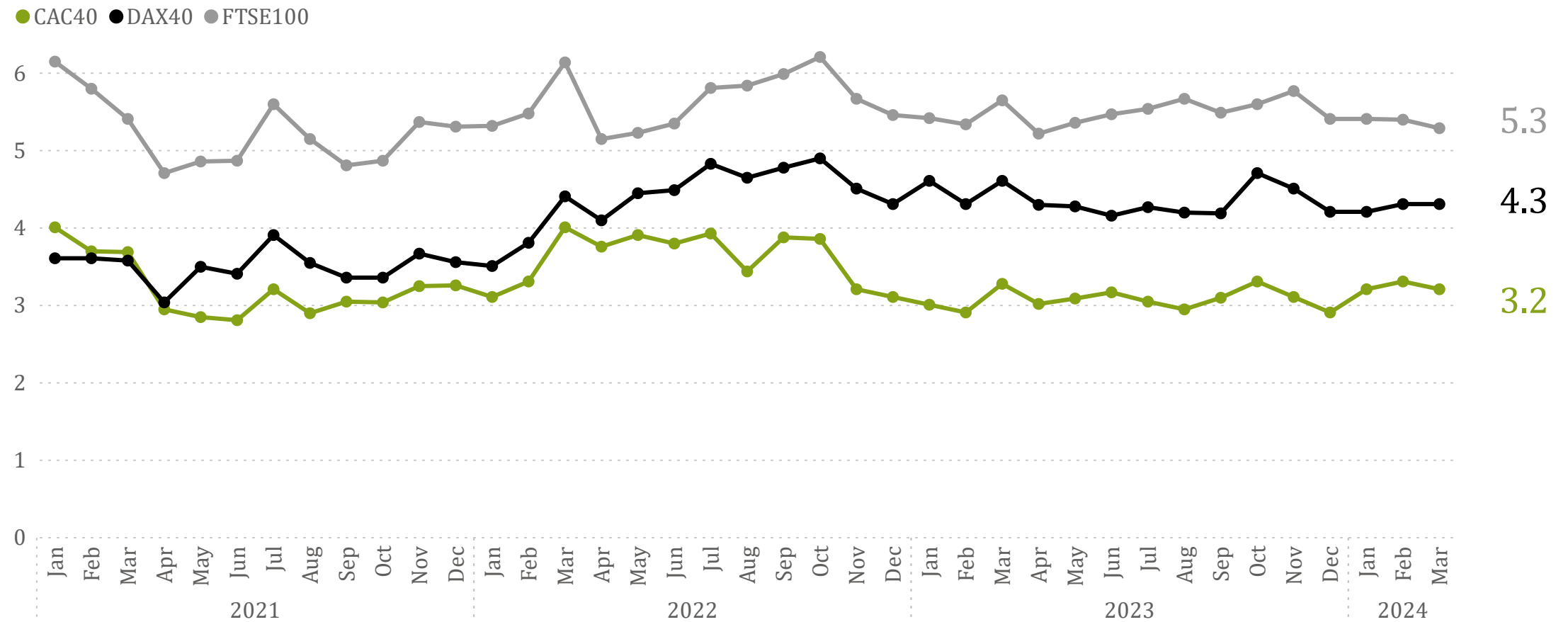


Turnover ratio (annualised turnover value/ market cap)**



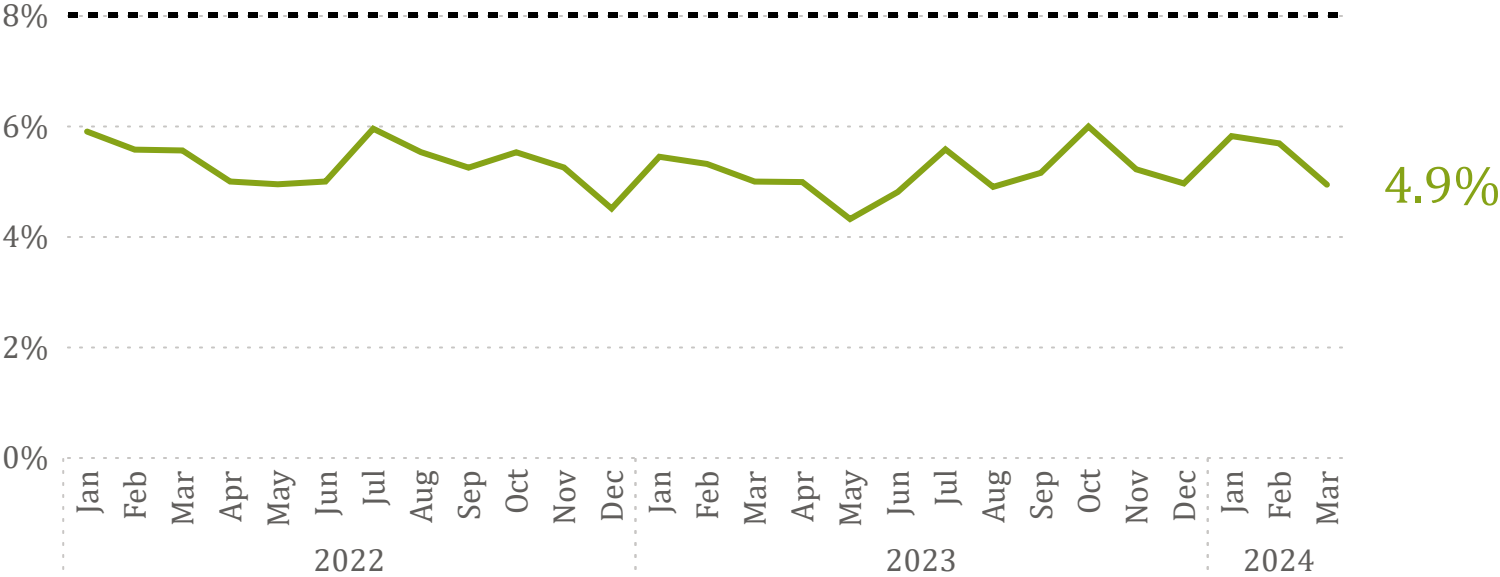
Bid-ask spreads for selected European indices

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

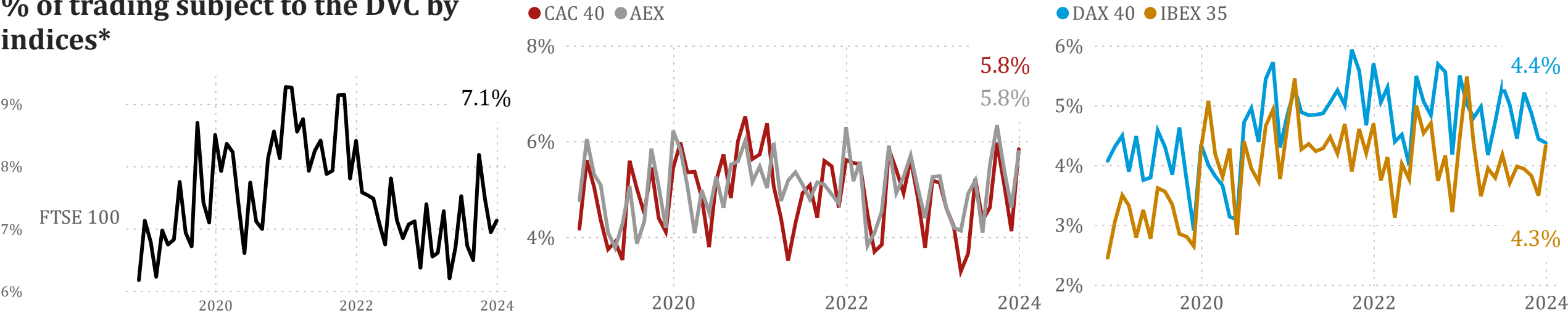


Proportion of trading subject to the DVC at 5%

Trading subject to the DVC as % of total turnover*

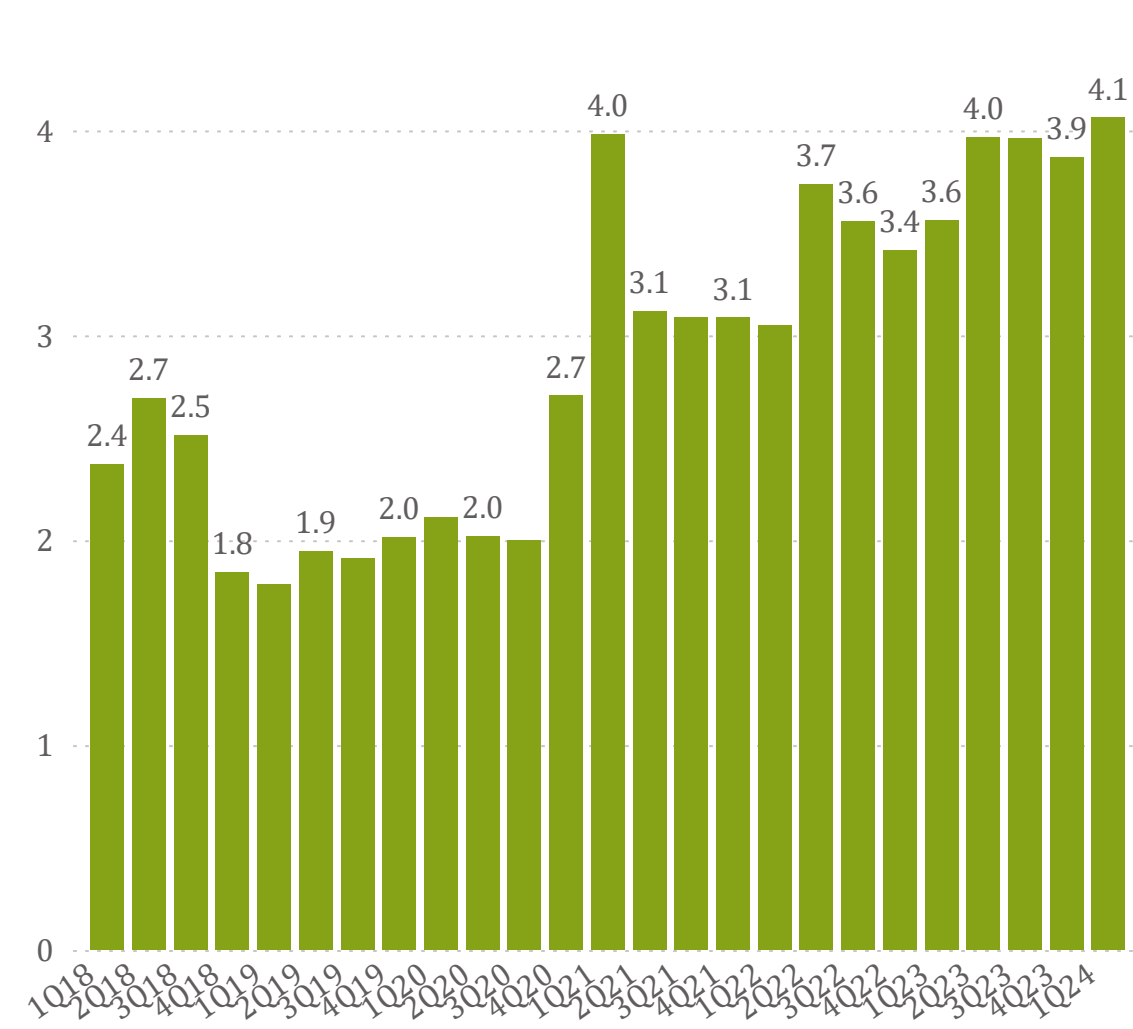


% of trading subject to the DVC by indices*

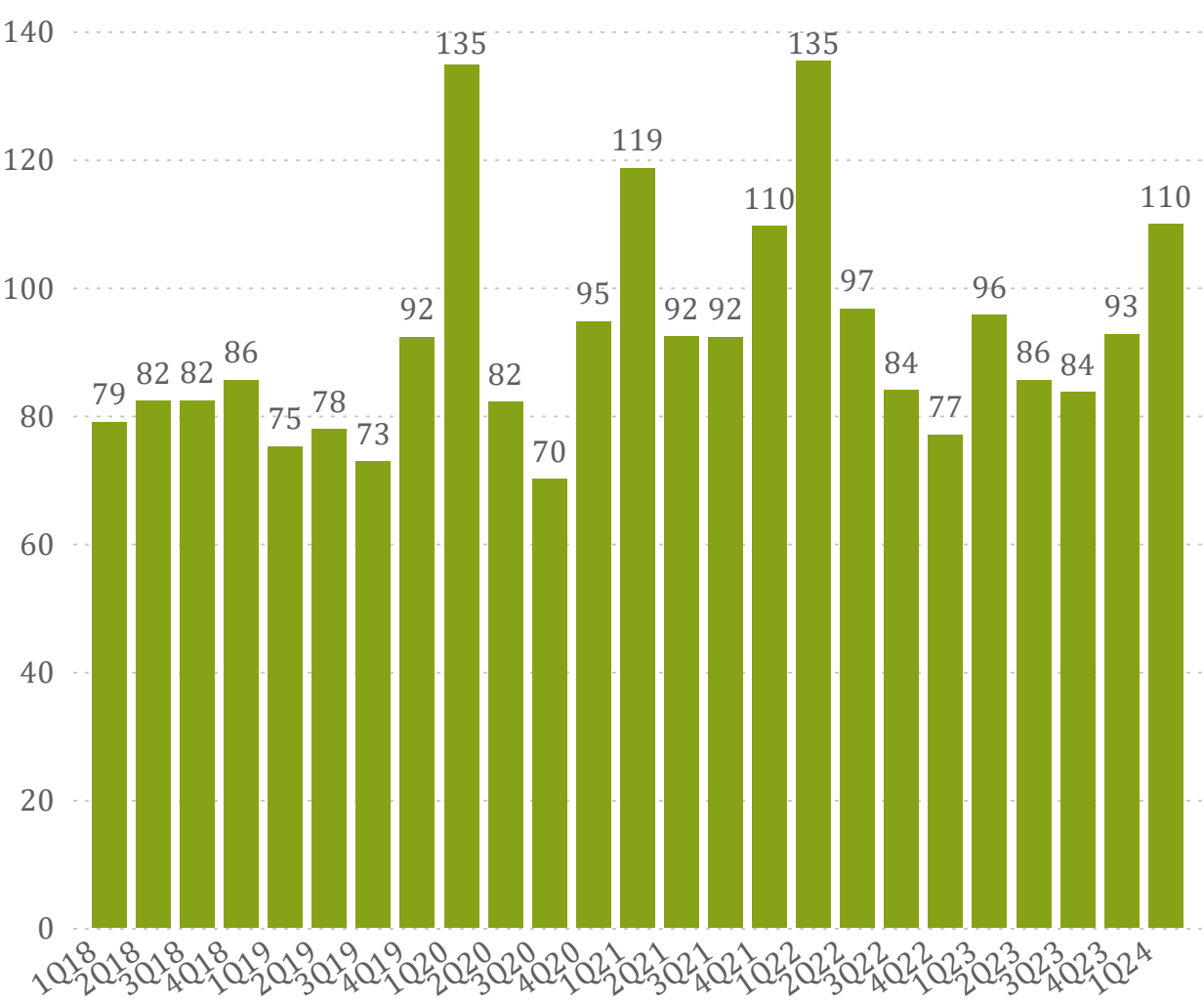


Source: BigXYT

Block trades: Average value per trade (EUR mm)



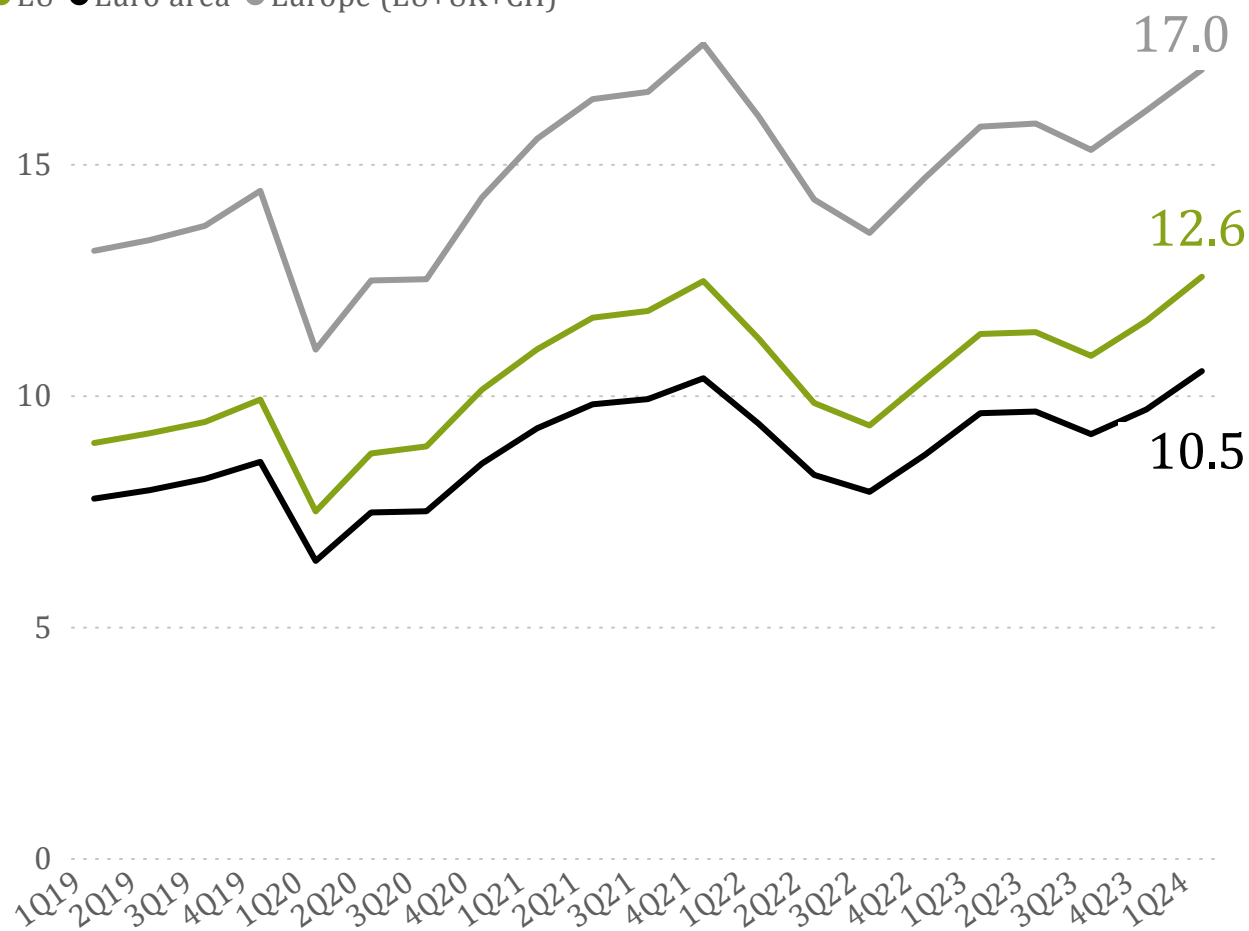
Block trades: value traded > LIS (EURBn)



Market capitalisation of domestic listed shares

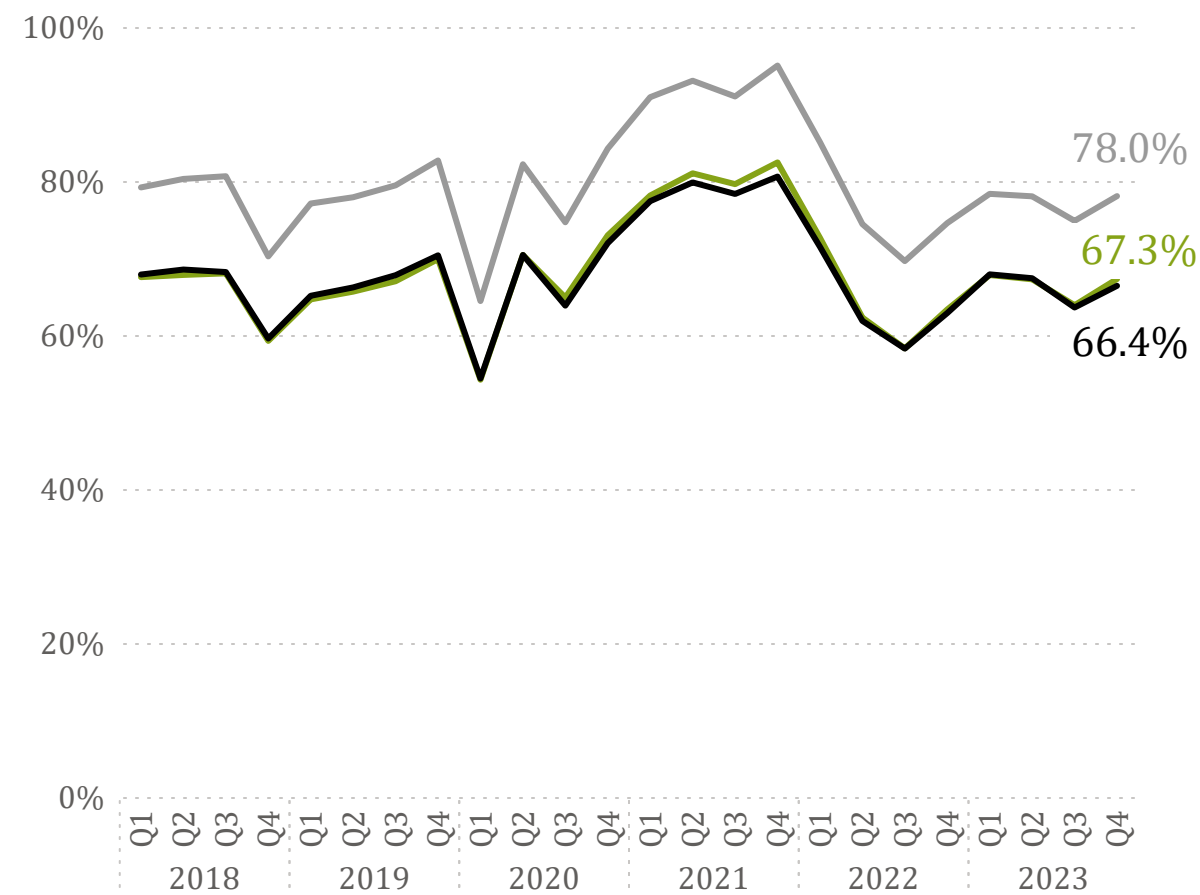
EUR tn

● EU ● Euro area ● Europe (EU+UK+CH)



% GDP

● EU ● Euro Area ● Europe (EU+UK+CH)



Equity trading market structure

Equity trading market structure

According to BigXYTdata, on-venue trading represented 74% of the total addressable liquidity in Q1 2024. Volume traded off-venues, on systematic internalisers and pure OTC, represent the remaining 26% of the volume of the total addressable liquidity.

The proportion of on-venue trading has fluctuated at around 70% relative total addressable liquidity since our records start in 2018.

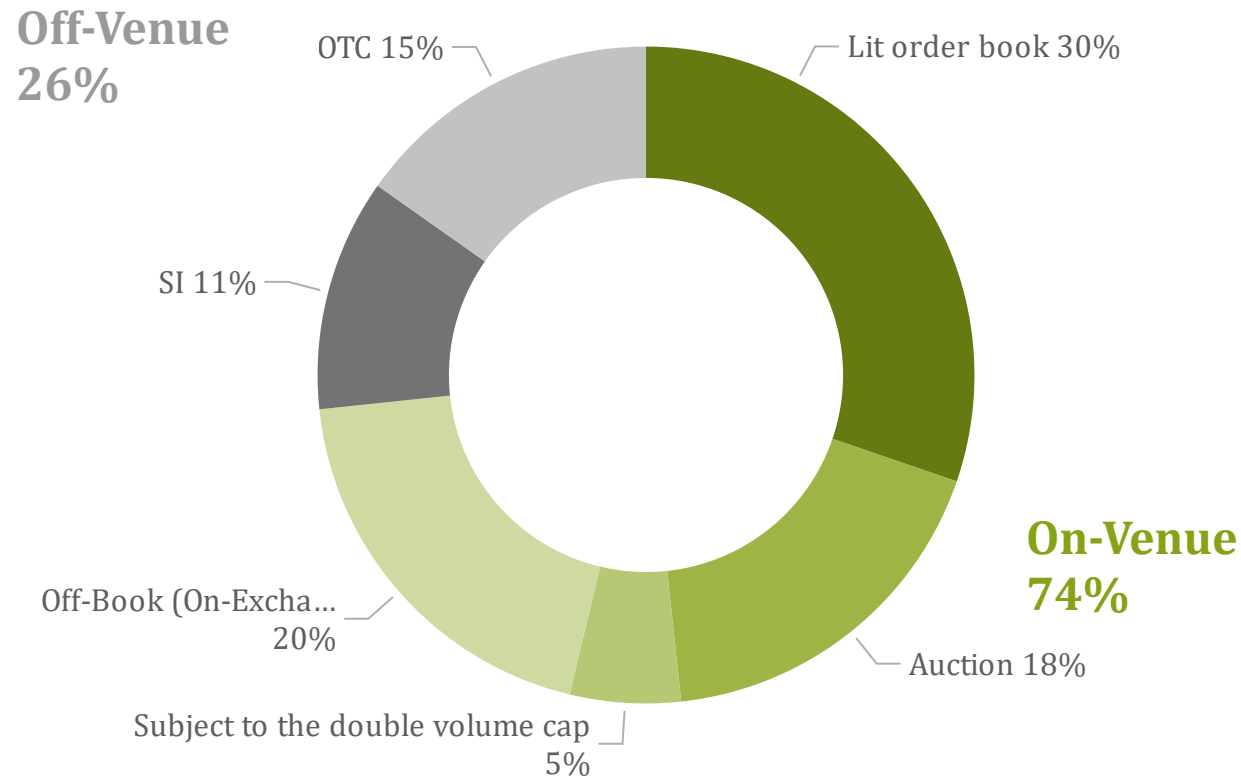
DVC Update

The Double Volume Cap (DVC) mechanism seeks to limit equity trading under the reference price waiver and the negotiated transaction waiver on EU venues. According to ESMA, the number of instruments suspended under the DVC has marginally declined over the last 12 months, with 232 suspended instruments (191 at EU Level and 41 at TV level) as of March 2024.

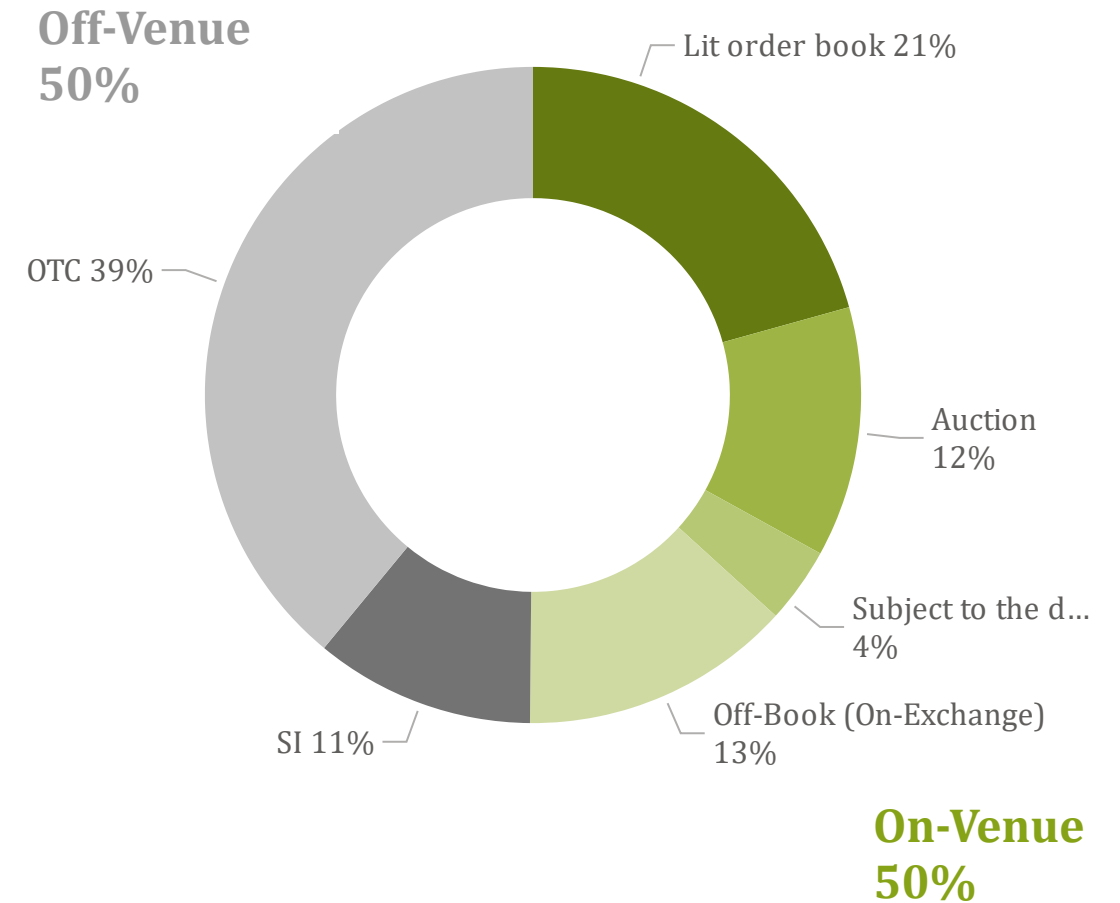
Notably, the number of instruments suspended at the TV was the lowest since August 2021. The 232 instruments currently suspended under the DVC at the EU or trading venue level represent 0.8% of the equity-like instruments on ESMA's July 2023 DVC files (27,859). 174 of the 232 suspended instruments have EU ISINs (or 75% of the total number of suspended instruments).

Share of Pan-European trading value by trading mechanism

Adjusted for transactions not contributing to price formation



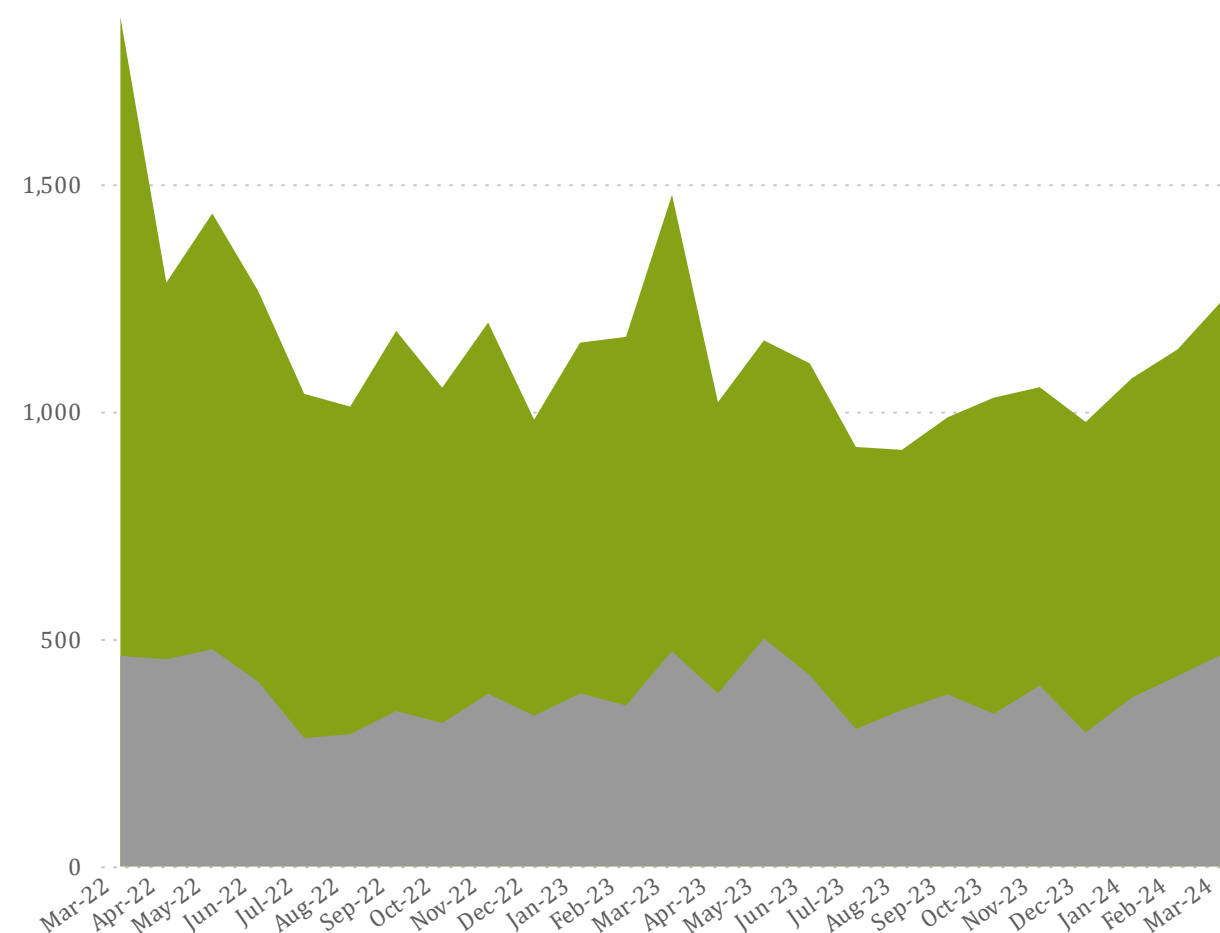
Unadjusted



Share of Pan-European trading volume by trading mechanism

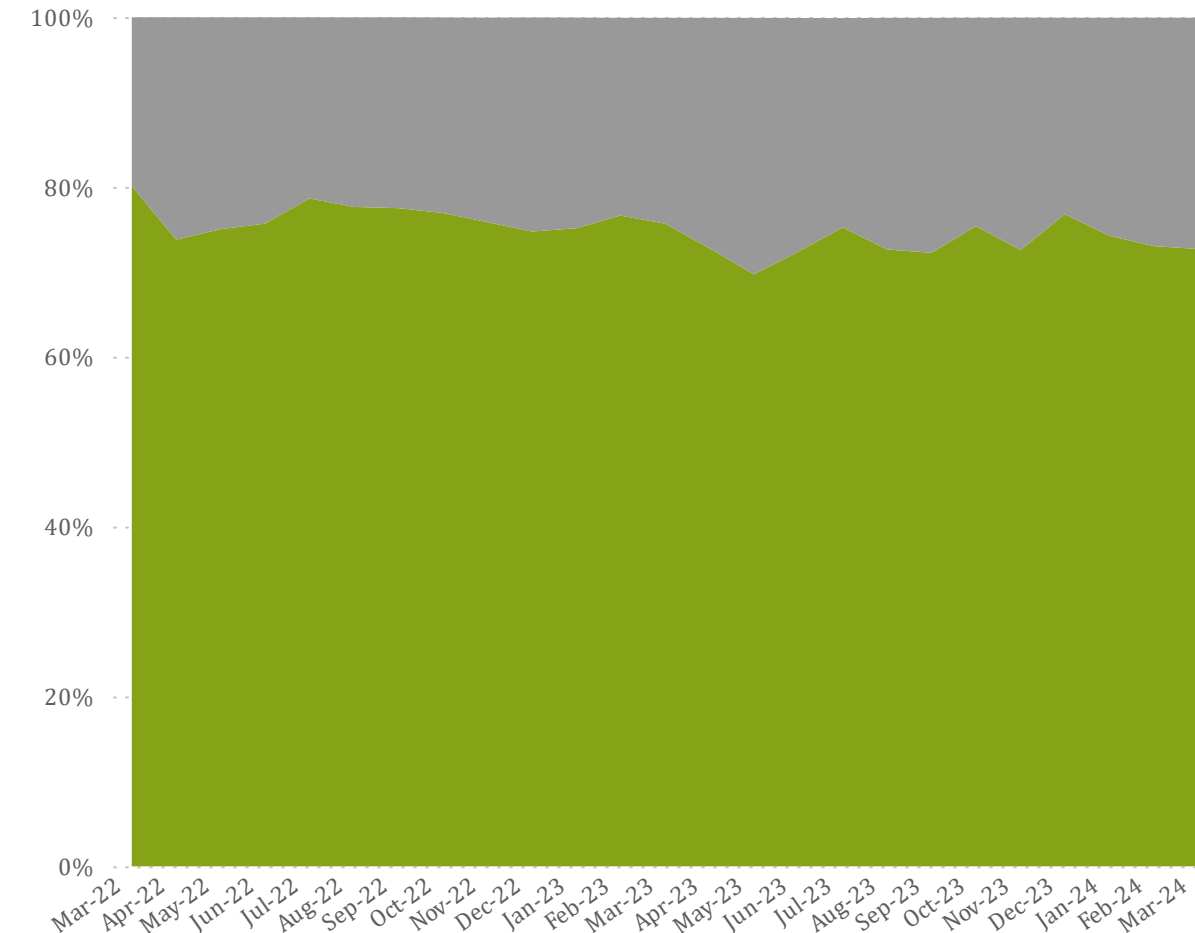
EURbn per month

On-venue Off-venue



% per month

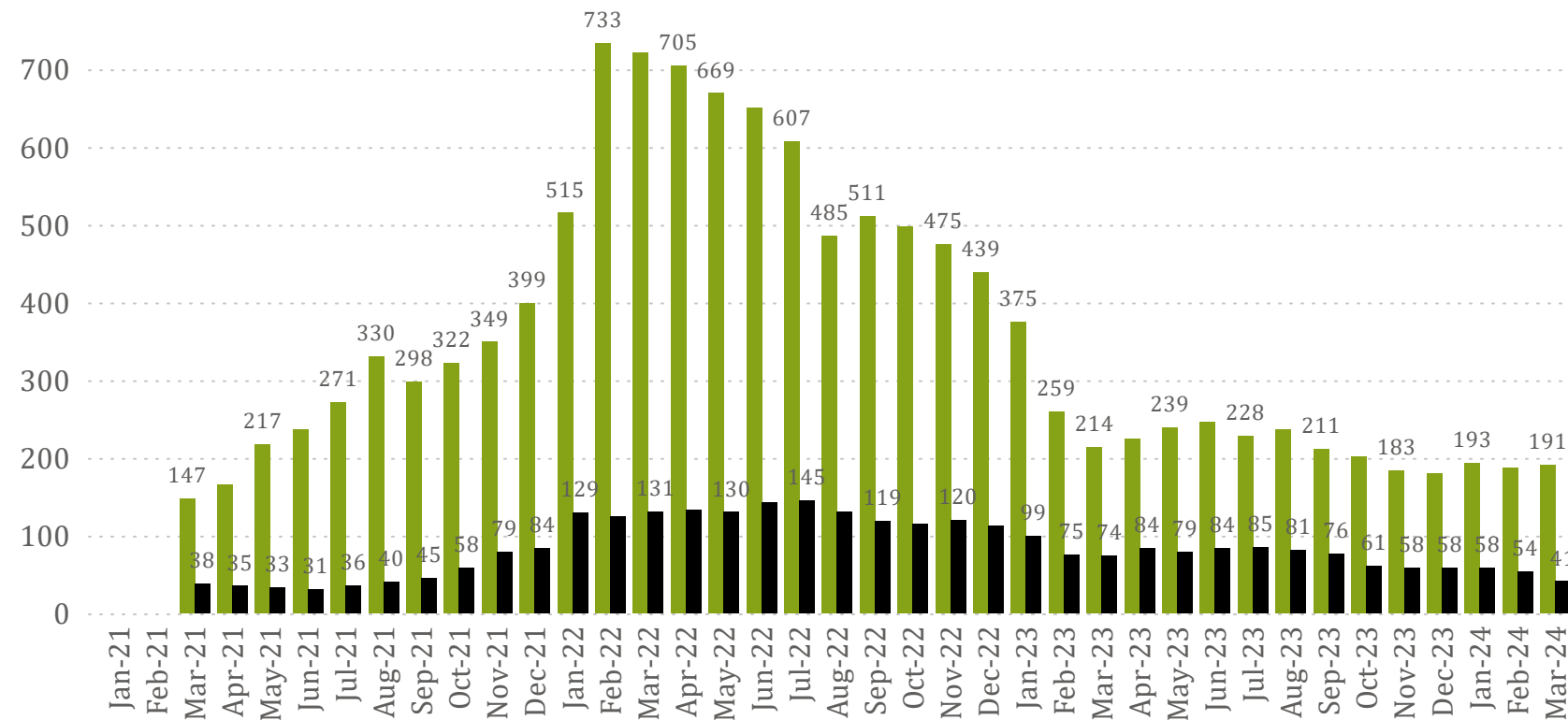
On-venue Off-venue



MiFID double volume cap (DVC)

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

● EU Level (8% cap) ● TV level (4% cap)



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

Mar-24

Country ISIN	Universe	Suspended EU level	Suspended TV level	Suspended%
AT	83	1	1	2.41%
BE	238	4	0	1.68%
BG	255	0	0	0.00%
CY	104	1	0	0.96%
CZ	29	0	0	0.00%
DE	1019	13	0	1.28%
DK	664	12	6	2.71%
EE	42	0	0	0.00%
ES	349	4	0	1.15%
FI	220	18	3	9.55%
FR	956	13	3	1.67%
GR	182	0	0	0.00%
HR	101	0	0	0.00%
HU	74	0	2	2.70%
IE	2217	11	5	0.72%
IT	516	2	0	0.39%
LT	28	0	0	0.00%
LU	1207	4	1	0.41%
LV	16	0	0	0.00%
MT	44	0	0	0.00%
NL	257	8	1	3.50%
PL	749	0	0	0.00%
PT	53	2	0	3.77%
RO	354	0	0	0.00%
SE	1611	49	10	3.66%
SI	129	0	0	0.00%
SK	28	0	0	0.00%
Total EU	11525	142	32	1.51%
GB	1208	1	0	0.08%
RoW	15126	48	9	0.38%
Total	27859	191	41	0.83%

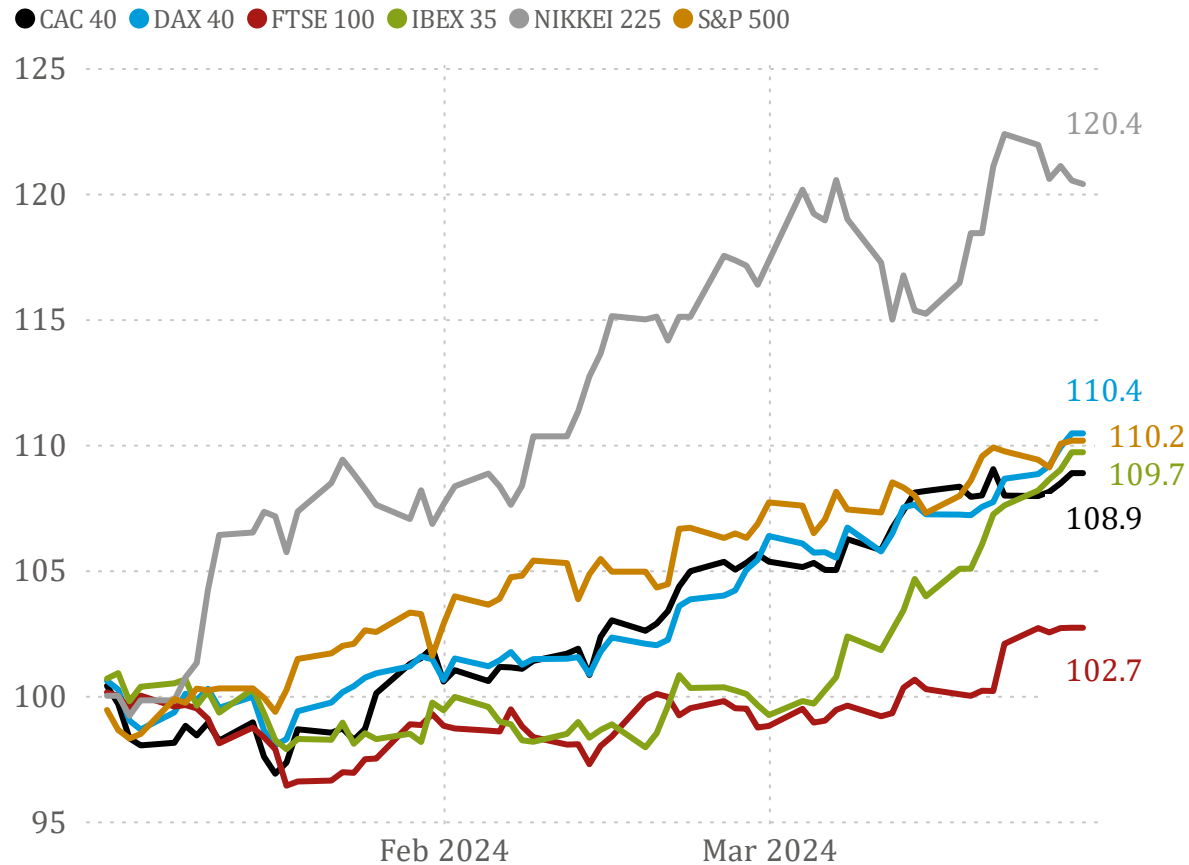
Valuations

EU equity prices have increased between 8% to 10% year-to-date (YTD, as of mid-April) according to the DAX40, CAC40, IBEX35 price evolution. The FTSE100 gained 3% YtD, while Japanese share prices have led globally among the large markets with price returns of 20% YtD.

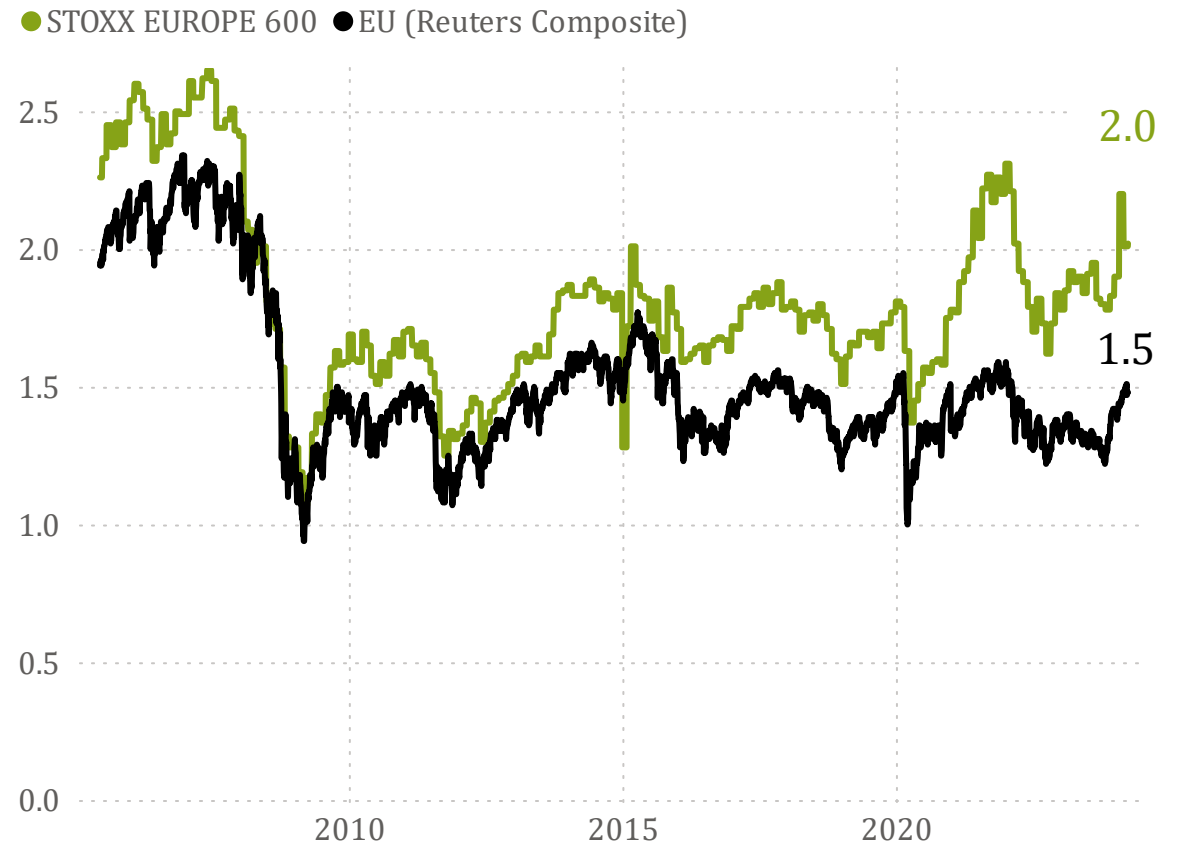
European stock prices volatility, as measured by VSTOXX, have stabilised at low levels not seen since 2020 prior to the COVID pandemic.

Price indices and valuation multiples

Price performance of selected stock indices (31 Dec 2023 = 100)

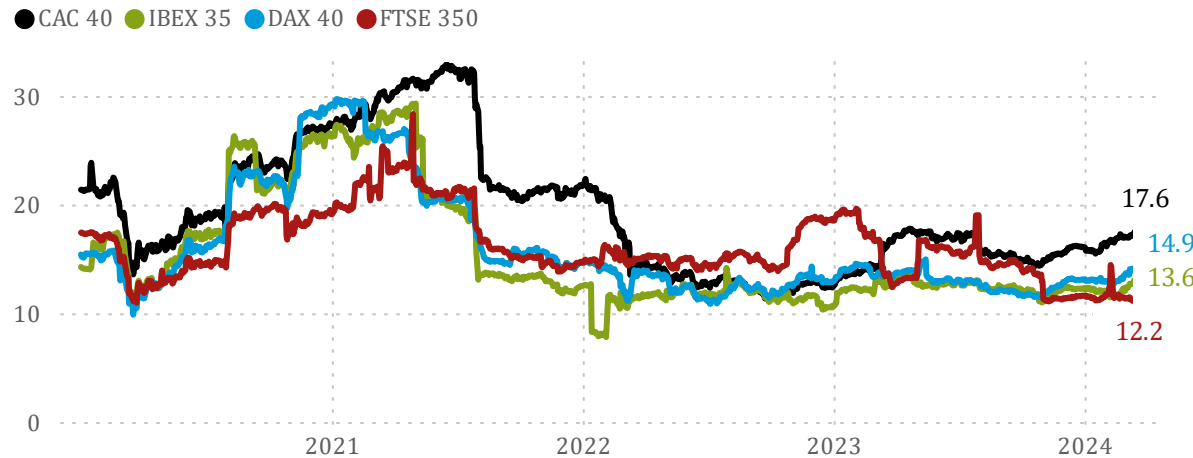


Price-to-book ratio of Stoxx 600 constituent shares and EU average

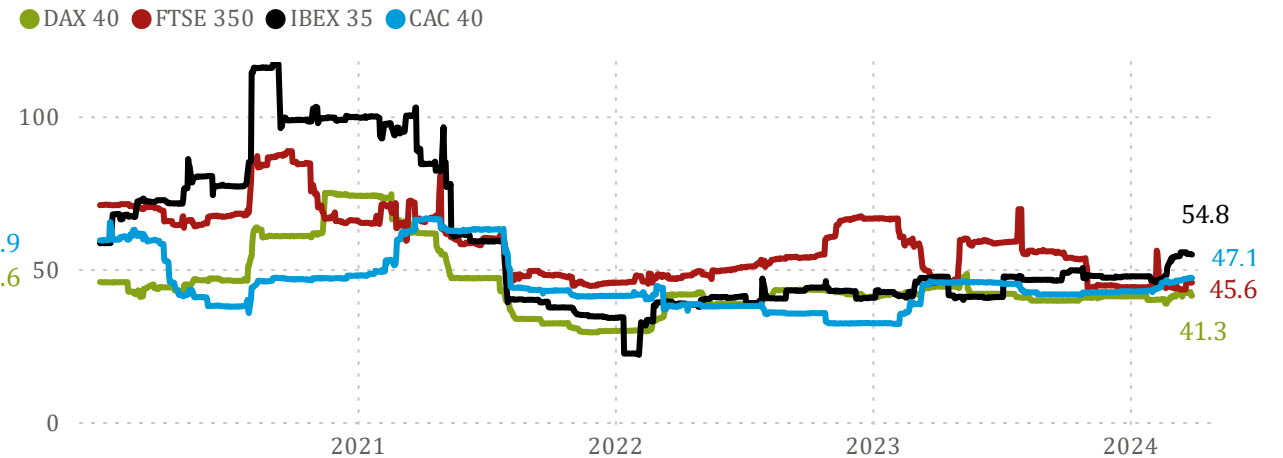


Valuation ratios and implied volatility

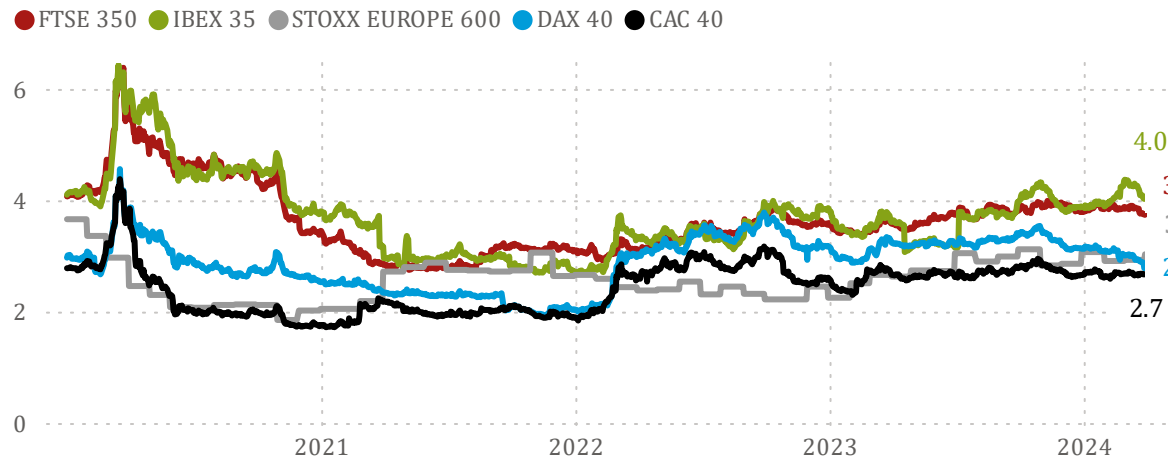
Price-to-earnings (PE) ratio



Dividend payout ratio (Dividends/Earnings per share)



Dividend yield ratio (Dividend/Price)



Implied volatility of Euro Stoxx 50 constituent shares (VSTOXX)



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