

2Q 2021

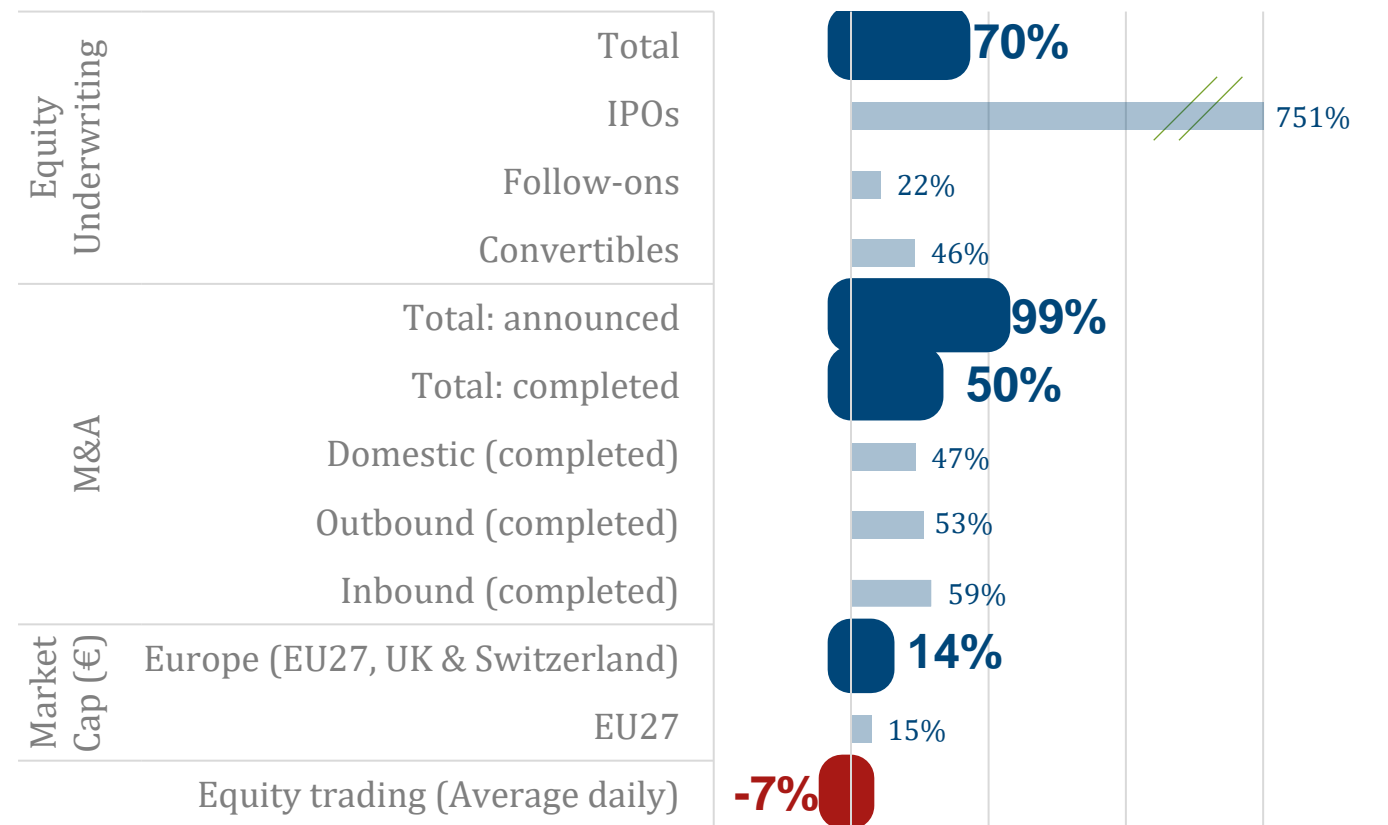
# Equity Primary Markets and Trading Report

European market data  
update



## H1 2021 YoY variation of European Equity activity

EU27 member countries, UK and Switzerland



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

## Equity capital markets continue rapid expansion in H1 2021

**Equity underwriting** on European exchanges rose 70% in H1 2021 compared to H1 2020 and 108% compared to H1 2019.

IPOs rose by 7.5x year-on-year (YoY) with the largest H1 amount of proceeds since 2015. SPAC IPOs represented 15% of total European IPOs in Q2 2021 (vs. 22% of the total in the US during the same quarter).

**Completed Mergers and Acquisitions (M&A)** of European companies totalled €523.9bn in H1 2021 a 50% increase from the amount completed in H1 2020 (€348.7bn) and a 20% increase from H1 2019.

The amount of announced M&A totalled €622.2bn in H1 2021 a 99% increase from H1 2020 and 56.4% compared to H1 2019. De-SPAC acquisitions represented 6% of the total announced M&A volume in Europe in Q2 2021 (vs 16% of the total in the US).

**Average daily equity trading activity on European main markets and MTFs** stood at €68.2bn in H1 2021, 7% below the average daily observed in H1 2020.

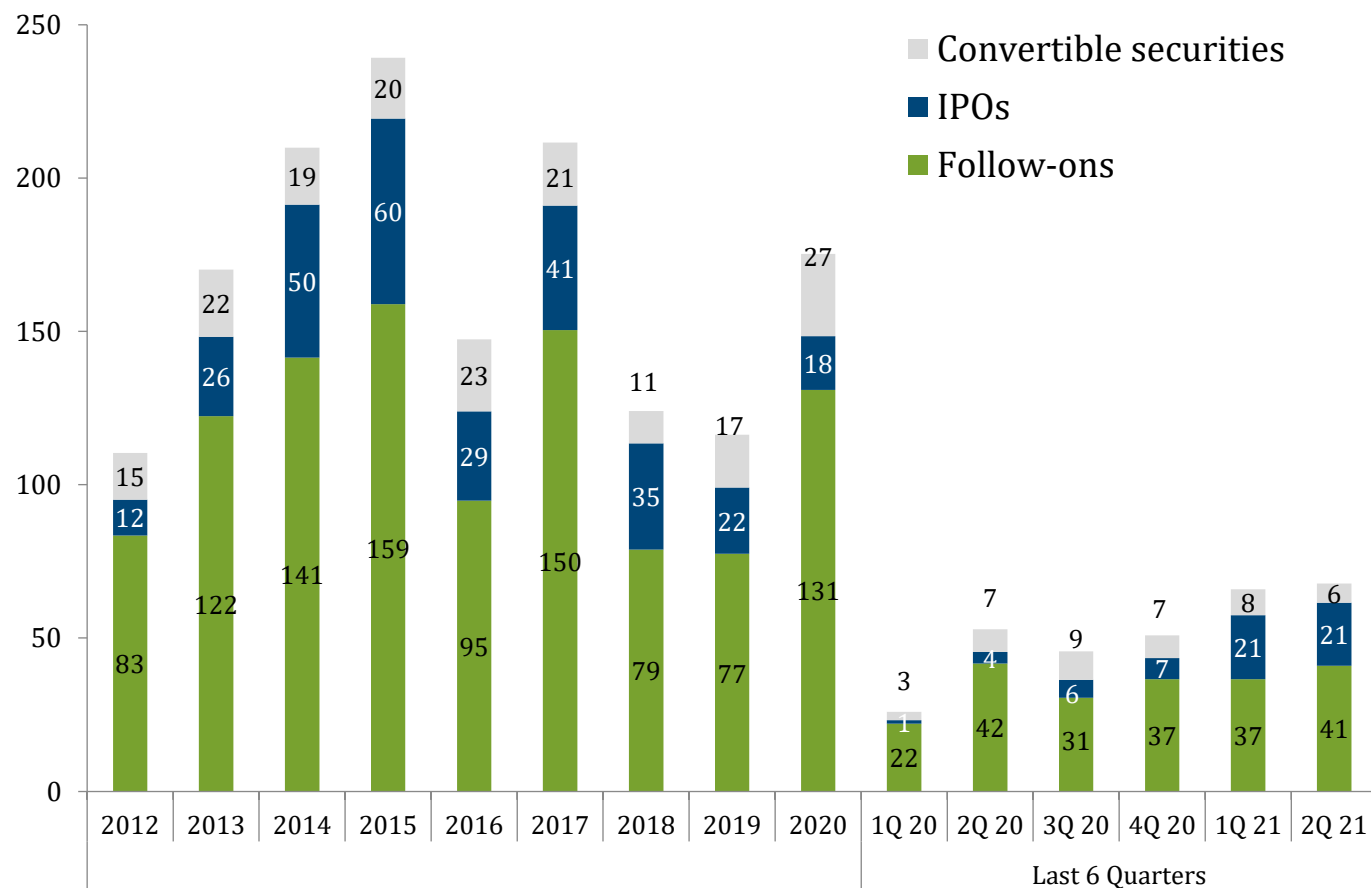
**Domestic market capitalisation of European listed shares** stood at €15.5tn at the end of June 2021, a 14% increase from €14.2 at the end of 2020.

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# Equity issuance

# Increase in equity raising to support the recovery

Equity Issuance on European exchanges (EUR bn)



Source: Dealogic

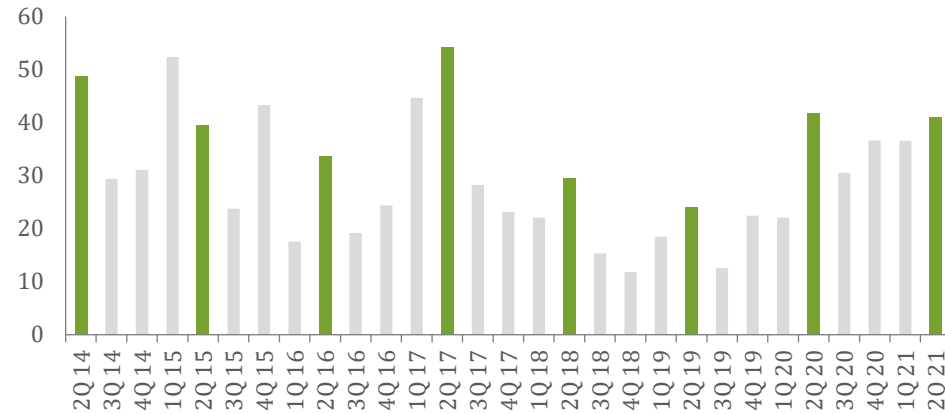
Equity capital raising on European exchanges has continued robust in Q2 2021, which contributed to the highest H1 deal volume since H1 2015.

Total equity capital raising accumulated a total of €67.8bn in proceeds in Q2 2021, the highest quarterly amount since Q1 2015.

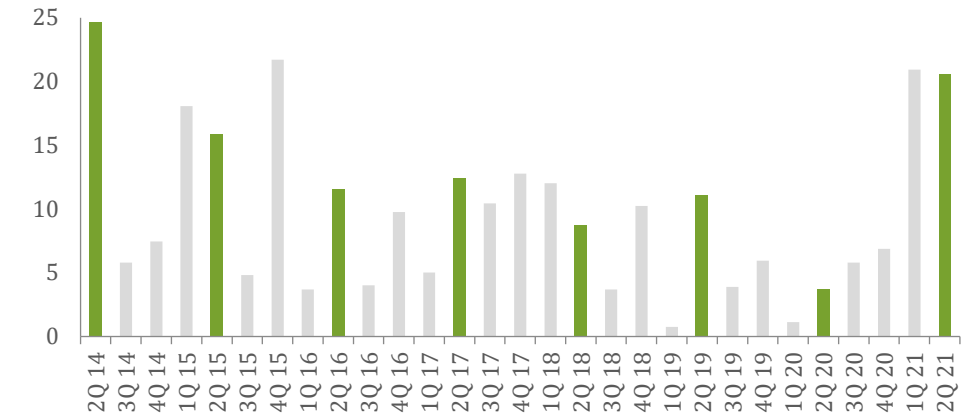
IPO issuance stood robust with €21 bn in capital raised—replicating the already robust figure observed during Q1 2021.

The rapid increase in equity capital raising has been driven, in part, by the decline in equity risk premium (from 5.9% in Q4 2020 to 5.2% in Q2 2021 in Western Europe and a decline of 220bps from Q2 2020 according to [A. Damodaran](#)) which results in lower cost of equity for primary and secondary equity offerings.

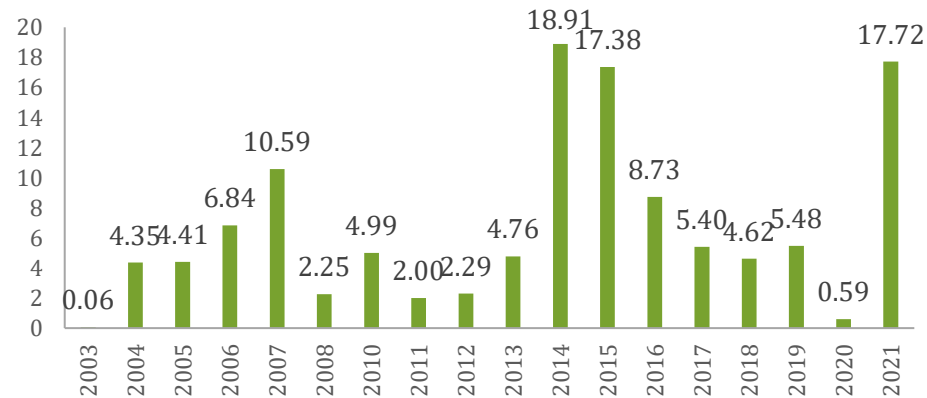
### Follow-on offerings (EUR bn)



### IPO proceeds (EUR bn)

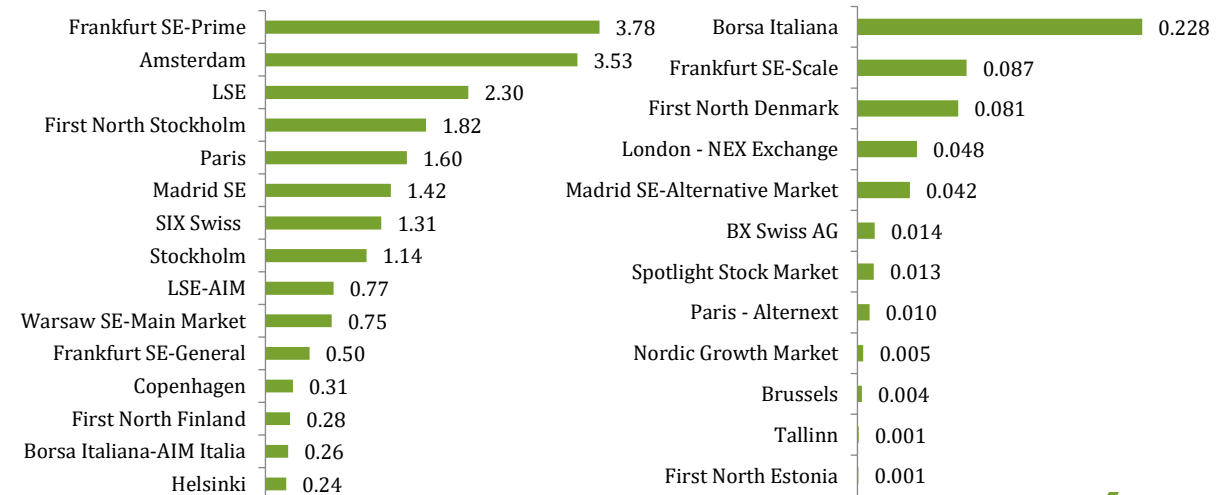


### PE-backed IPO proceeds (EUR bn): YtD (H1)



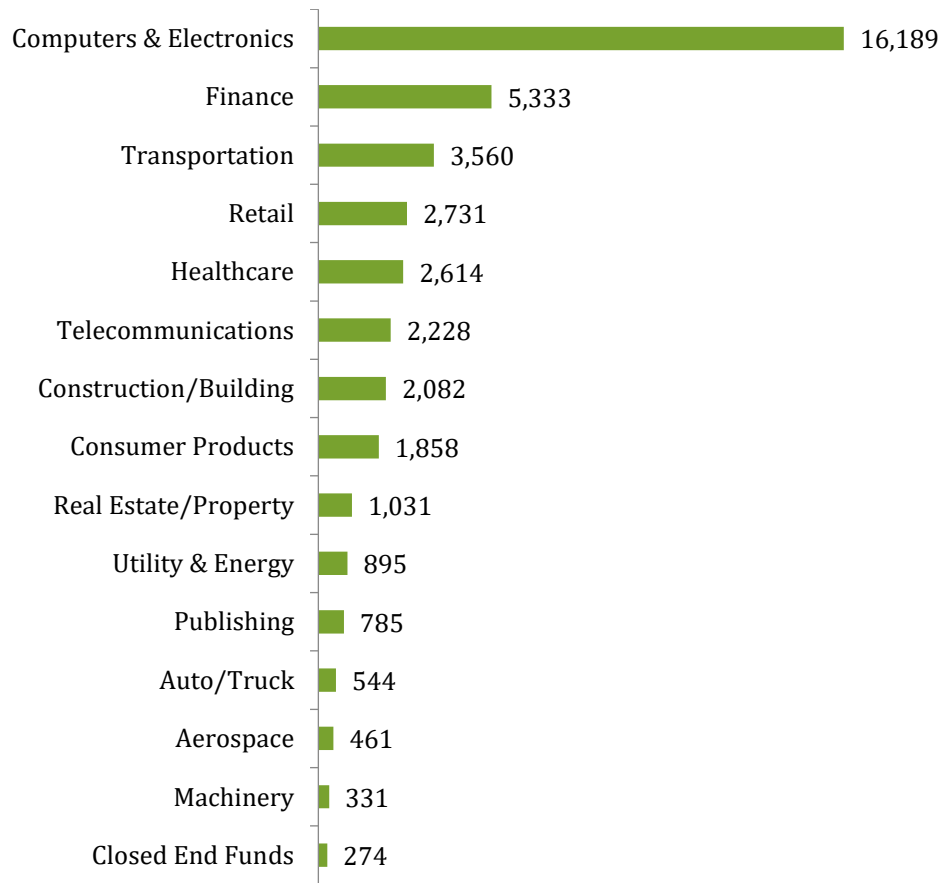
Source: Dealogic

### IPO proceeds by listing market (EUR mm): Q2 2021



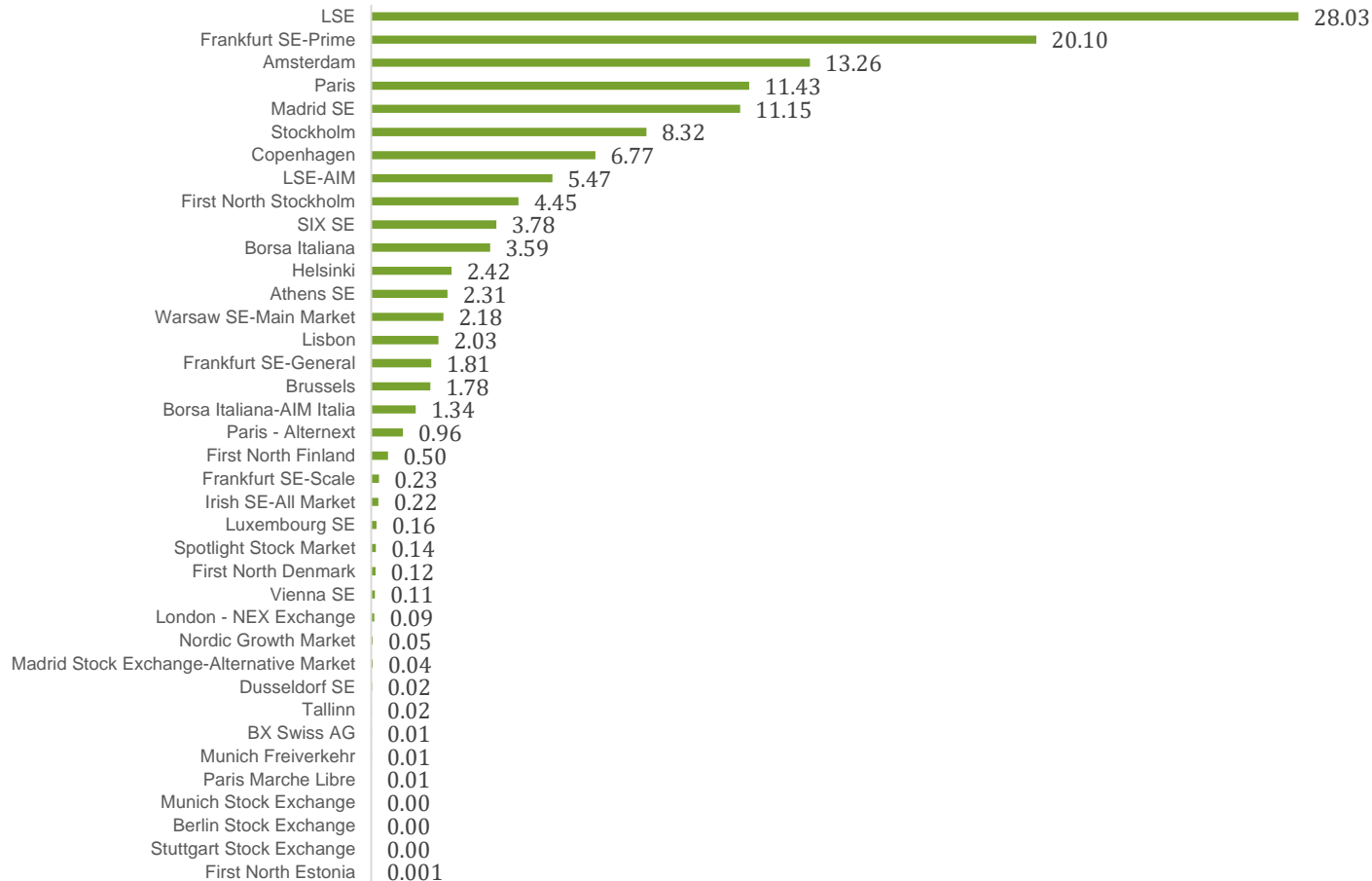
# Computers and Electronics lead by IPO proceeds

IPO proceeds by industry (EUR mm): H1 2021



# LSE Main market leads in equity issuance

Equity underwriting on European exchanges: IPO, follow-ons and convertibles (EUR bn): H1 2021

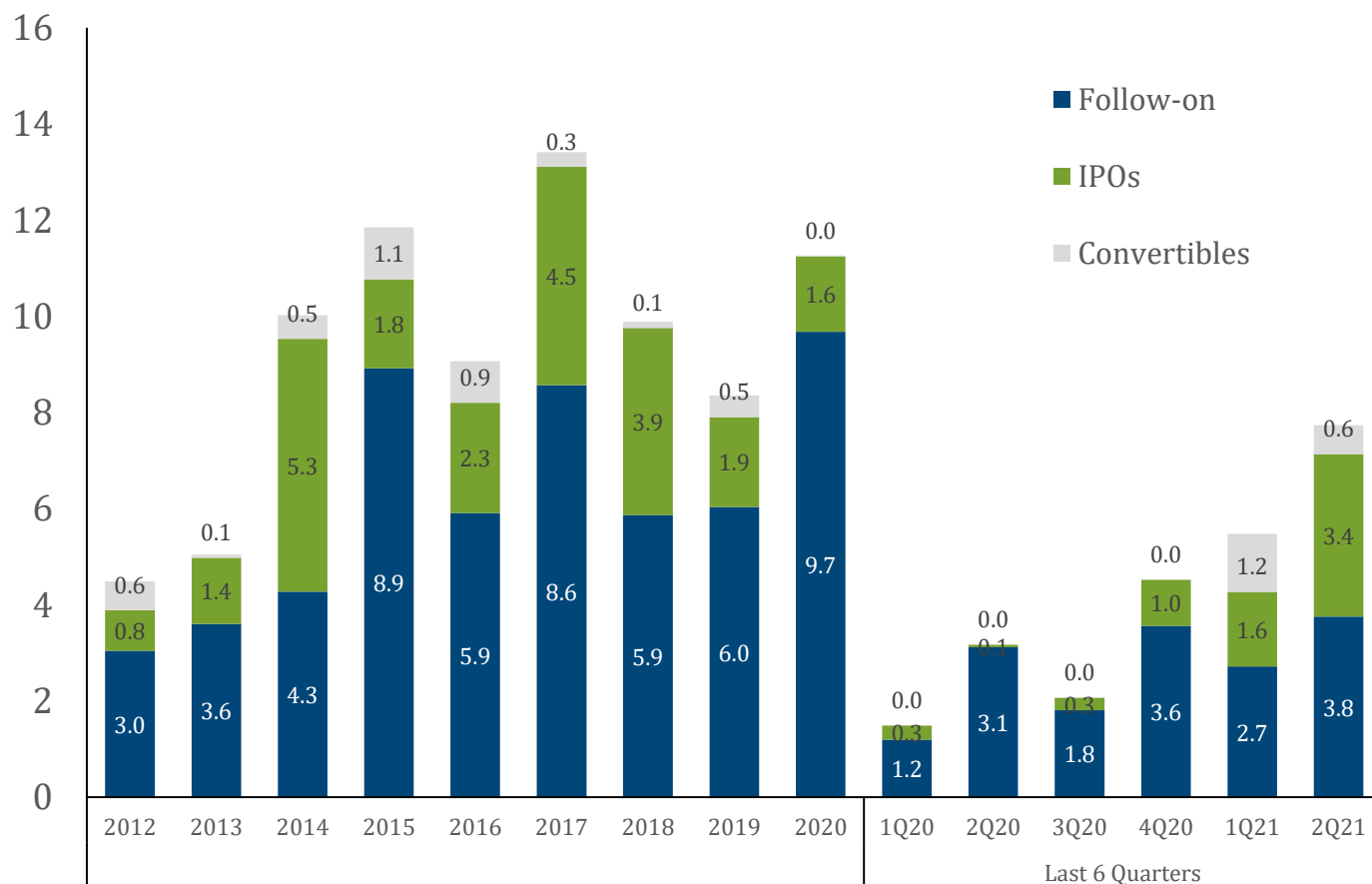


The LSE Main Market led by total equity underwriting accumulating a total of €28.03bn during H1 2021, followed by Frankfurt Prime (€20.1bn) and Euronext-Amsterdam (€13.3bn).



# Equity issuance on Junior markets

Equity underwriting on European Junior markets (EUR bn)



Source: Dealogic

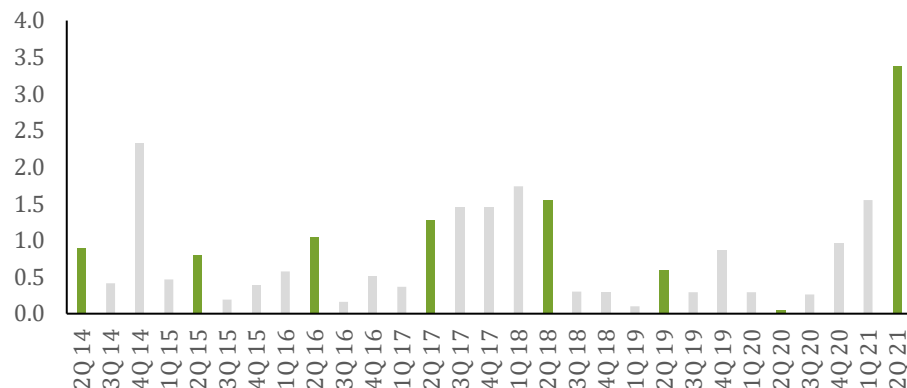
In Q2 2021, equity issuance on Jr exchanges reached a record amount, accumulating a total of €7.7bn in proceeds.

All forms of equity capital raising (IPOs, follow-ons and convertibles) rose during the second quarter of 2021 compared to a year ago.

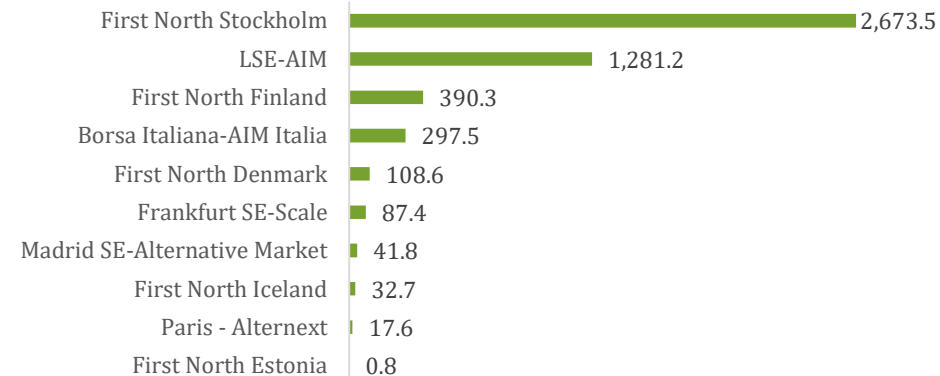
Issuance of convertible instruments, however, declined to €0.6bn compared to the amount observed in Q1 2021 (EUR 1.2bn).

# Highest quarterly volume of IPOs on Jr Markets since 2007

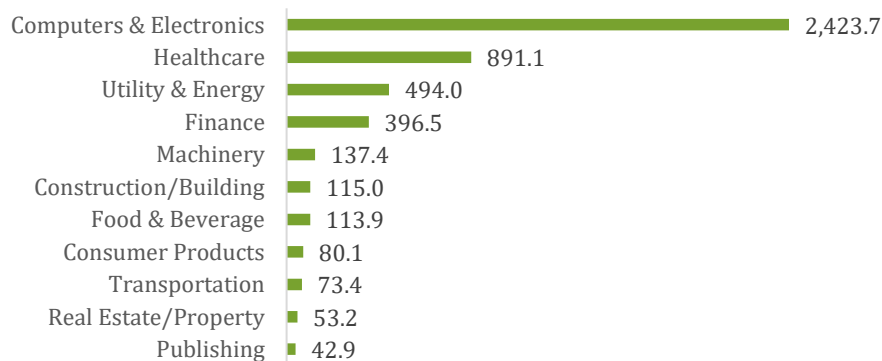
IPO proceeds on European Jr markets (EUR bn)



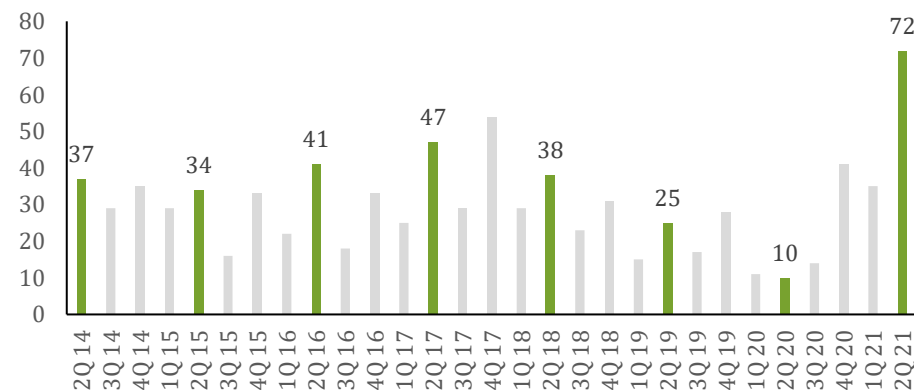
IPO proceeds on Jr markets by exchange (EUR mm, H1 2021)



IPO proceeds on Jr markets by industry (EUR mm, H1 2021)



Number of IPOs on European Jr markets

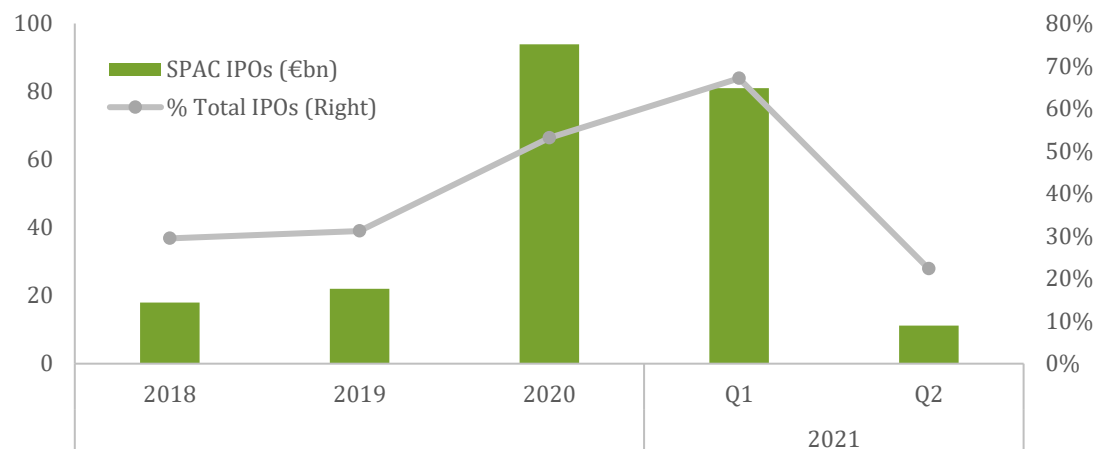


Source: Dealogic  
\*Finance includes SPVs

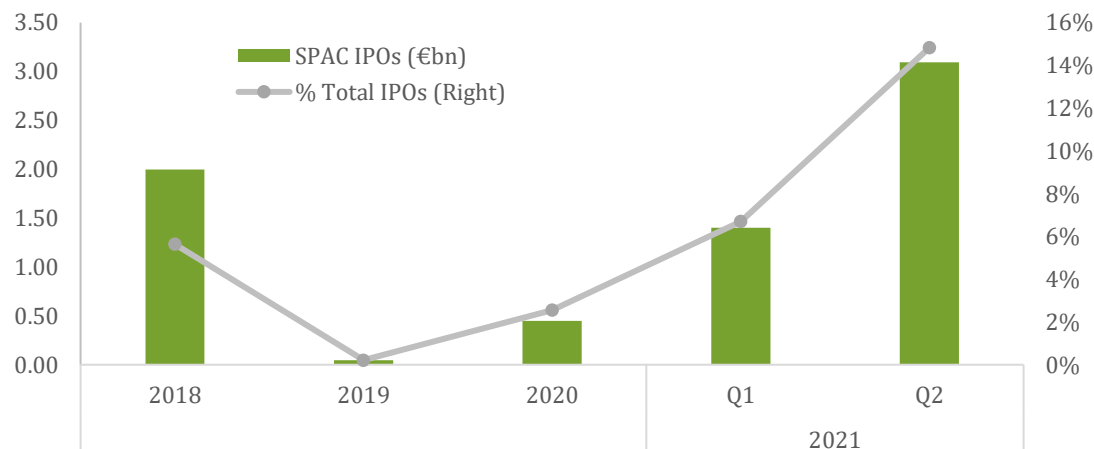
# European SPACs: market update

# 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

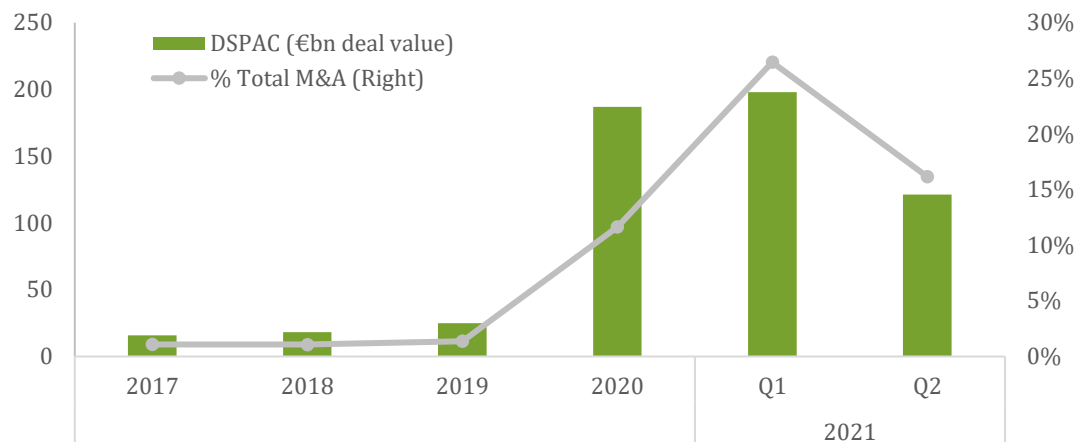
Special Purpose Acquisition Companies (“SPACs”) are companies formed to raise capital in an initial public offering (“IPO”) with the purpose of using the proceeds to acquire one or more unspecified businesses or assets to be identified after the IPO. A SPAC is generally intended to permit the target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

In the United States, SPAC IPO transactions have recently moderated in deal value. In Q2 2021, SPAC IPOs on US exchanges totalled EUR 11.2bn in proceeds, representing 22% of total IPO transactions. In Q2 2021, compared to EUR 81bn and 67% of the total in Q1 2021. Market analysts indicate that the deceleration is related to greater regulatory scrutiny by US authorities.

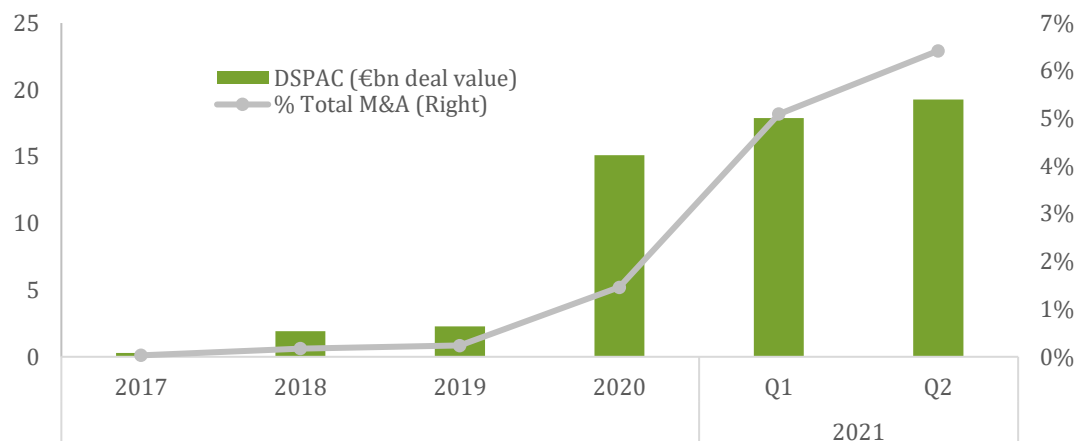
In Europe, SPAC IPOs have recently accelerated to represent 15% of the total European IPOs originated during Q2 2021.

## 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 in a De-SPAC transaction.

In the United States, De-SPACS have recently decelerated to a total of EUR121bn in deal value (or 15% of the total US M&A, from EUR198bn and 26% of the total in Q1 2021).

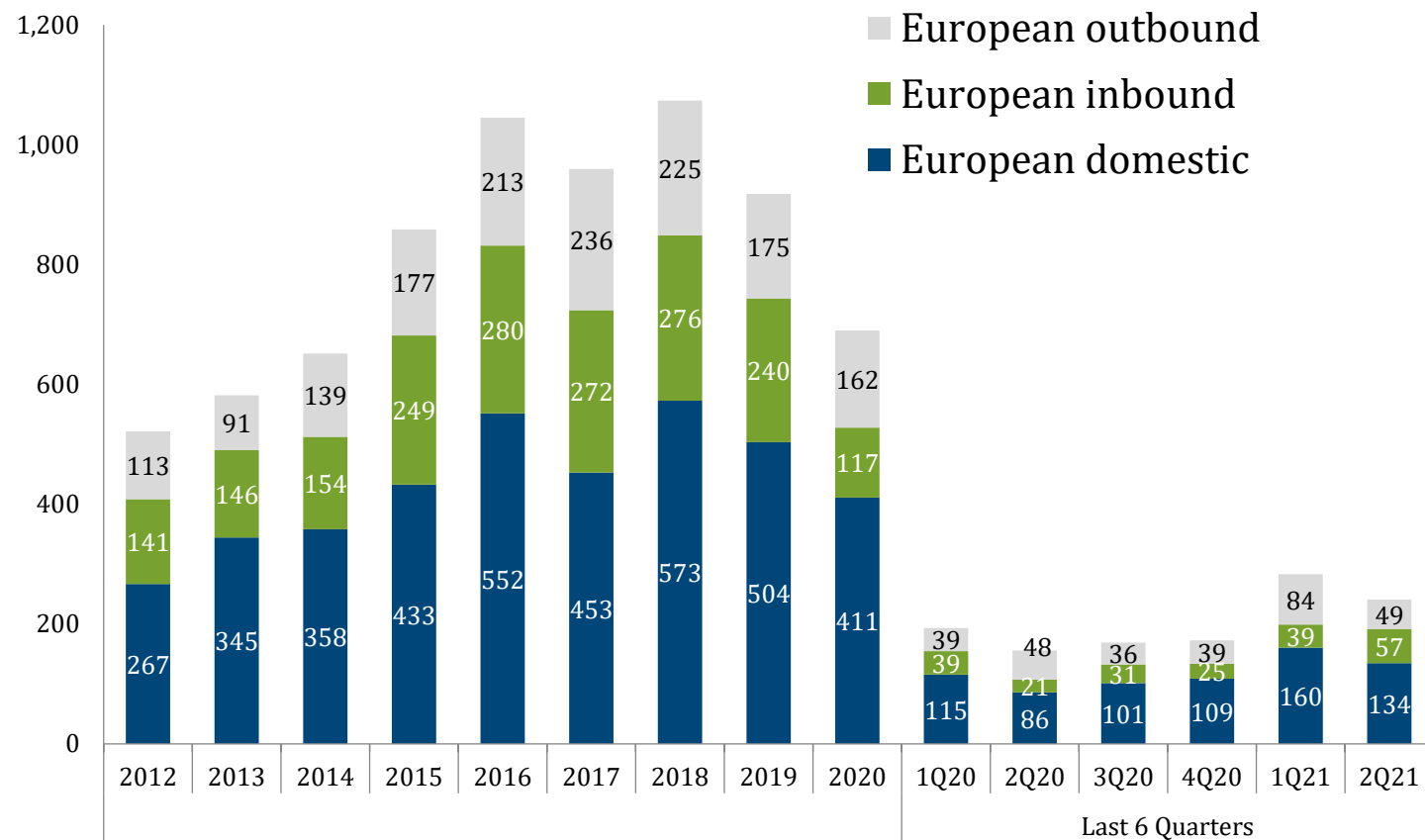
In Europe, De-SPACS represented 6% of the total M&A value announced during Q2 2021. This proportion, however, has significantly increased during the last year.

70% of the announced SPAC acquisitions of European companies are De-SPACs of US-headquartered SPACs. These European companies will be effectively listed on US exchanges via their SPAC parent company.

# Mergers and Acquisitions (M&A)

# M&A by acquiring party

Completed M&A by acquiring party (EUR bn)



Source: Dealogic

European\* completed M&A activity has increased 50% in H1 2021 compared to H1 2020.

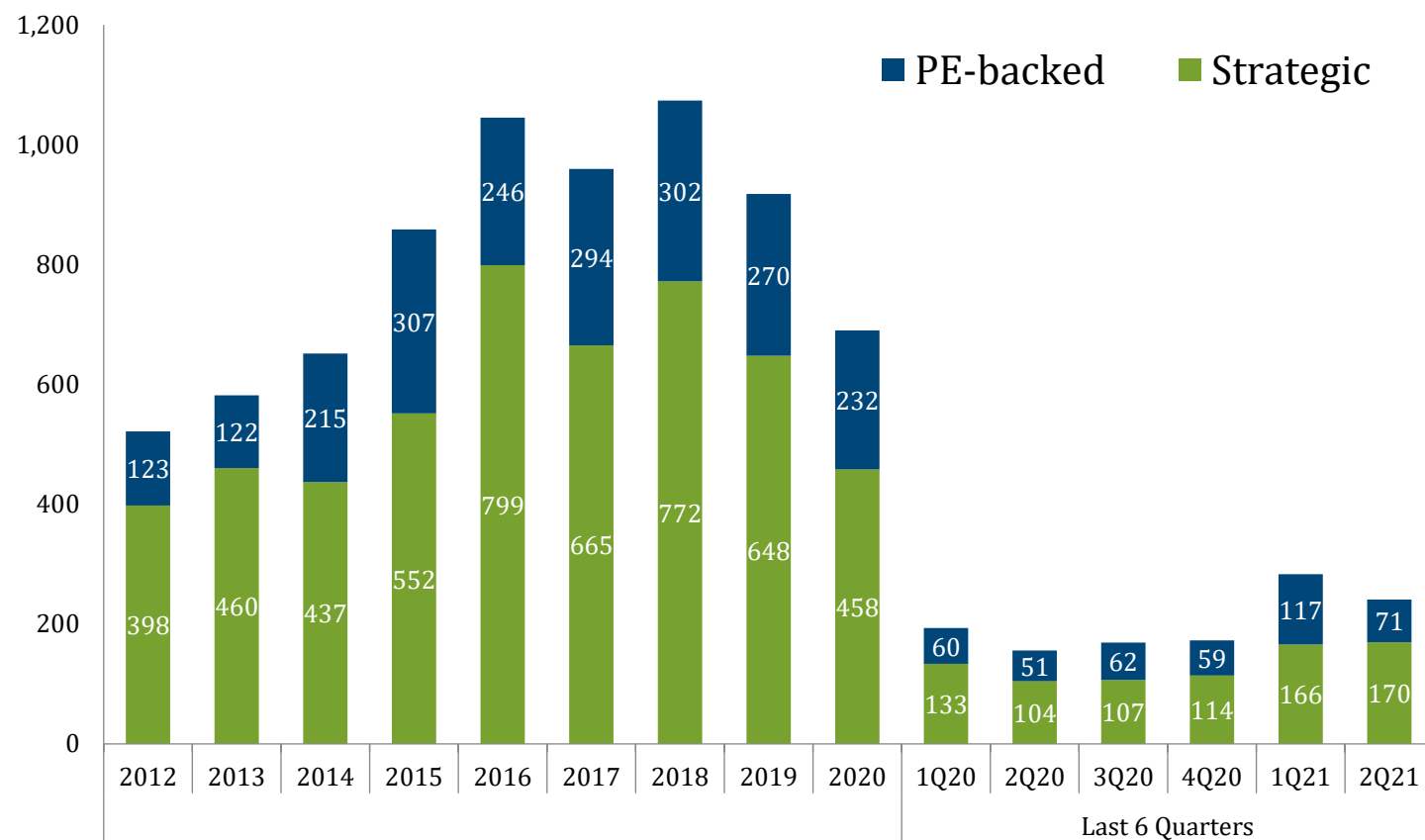
During Q2 2021, there was a substantial increase in inbound deals (i.e. acquisition of European companies by non-European firms) of 168% YoY, while domestic deals continues robust.

Firms headquartered in the Americas represented 81% of the H1 2021 inbound deal value. See page 18 for further details.

\*EU27, UK and Switzerland

# M&A by type of deal

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



Source: Dealogic

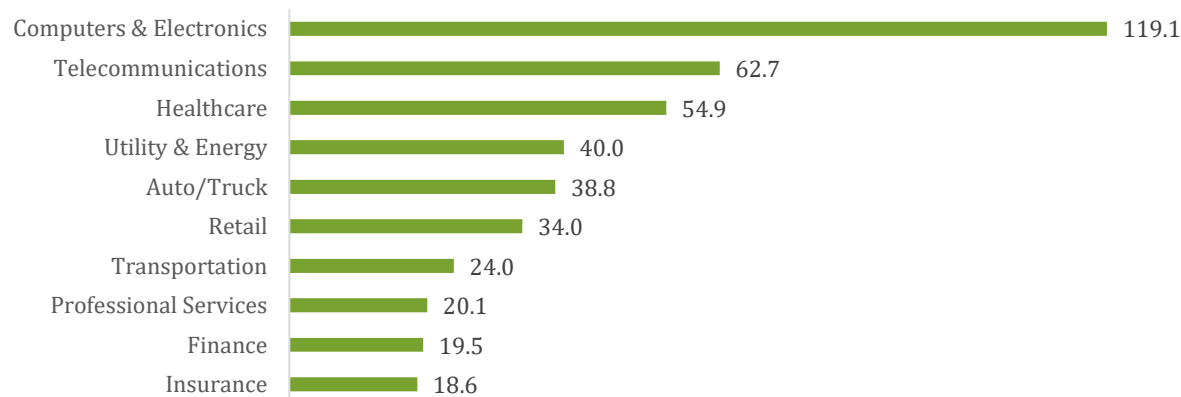
Private Equity-backed M&A activity (“Sponsor” deals) totalled €71bn in Q2 2021, below the record value observed in Q1 2021 but above the average quarterly of 2020.

Strategic deals totalled €170bn during Q2 2021, the highest quarterly deal value amount since Q3 2019.

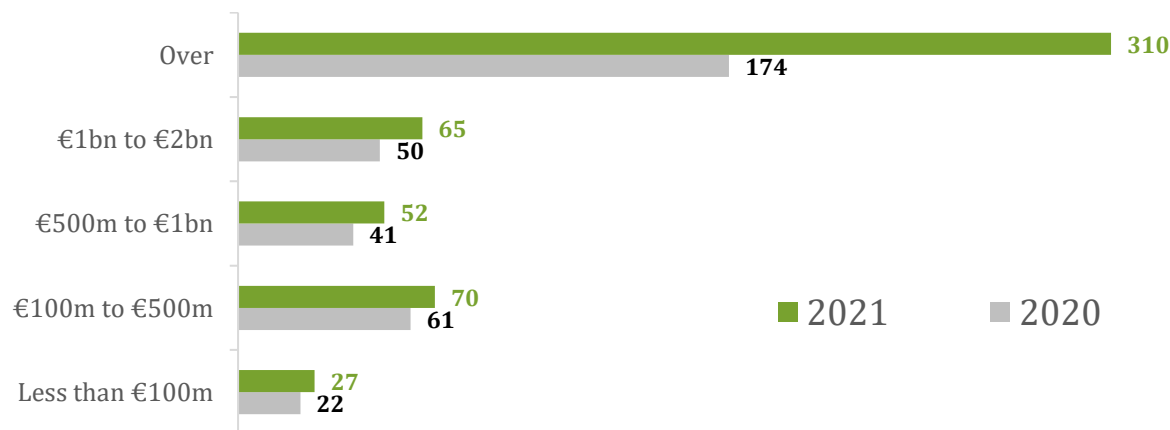


# Computer and electronics led by deal value

## Top 10 industries for completed M&A (H1 2021, EUR bn)



## Completed M&A transactions by deal value (H1, EURbn)



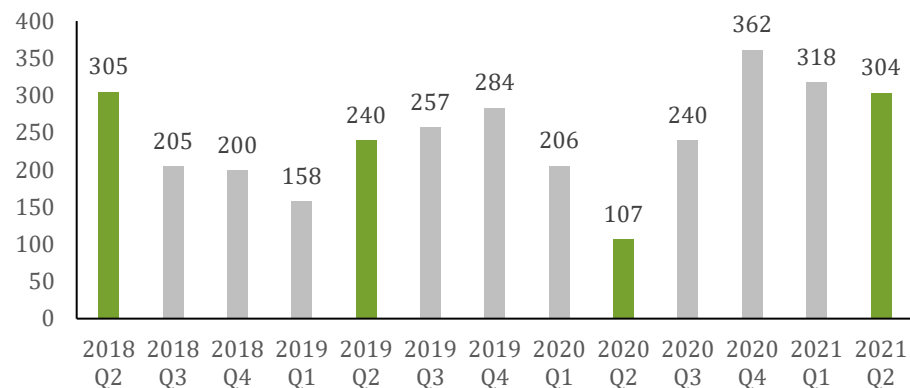
Source: Dealogic

Seven “megadeals” (deal value above €10bn) were completed during H1 2021:

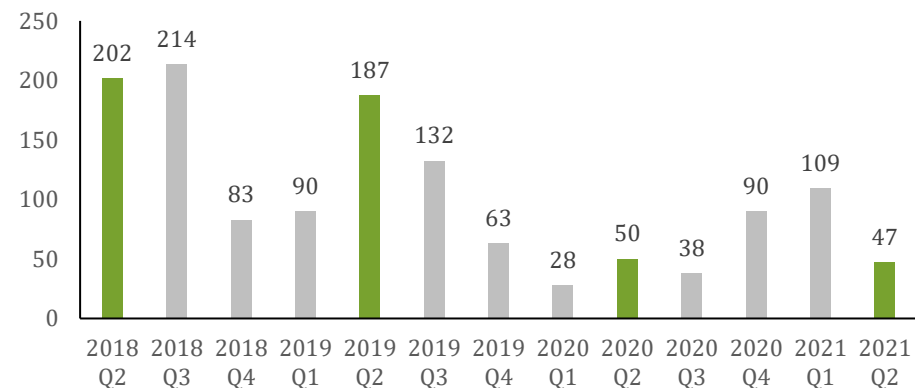
- Acquisition of Refinitiv by the London Stock Exchange.
- Acquisition of French telecoms company Altice by Next LP.
- Acquisition of Fiat Chrysler by Peugeot.
- Acquisition of Tiffany & Co by LVMH.
- Acquisition of Western Power Distribution by National Grid.
- Acquisition of Varian Medical Systems by Siemens Healthineers.
- Acquisition of Telefonica O2 by Virgin Media (Liberty Global).

# Announced M&A continues robust

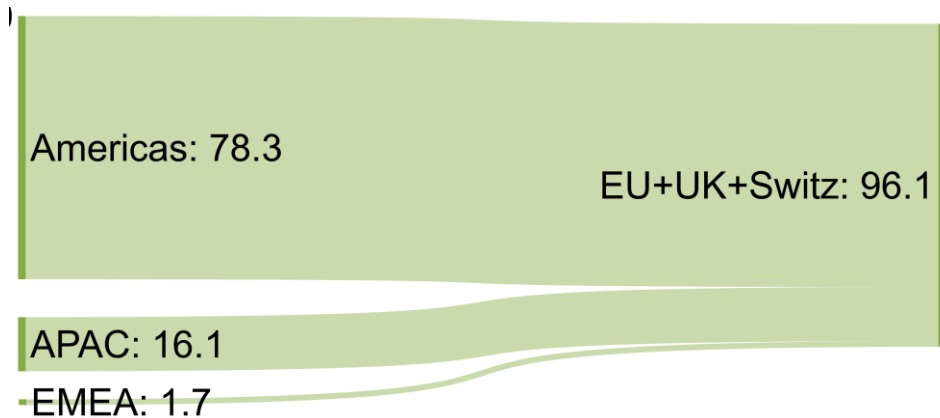
**Announced M&A (EUR bn)**



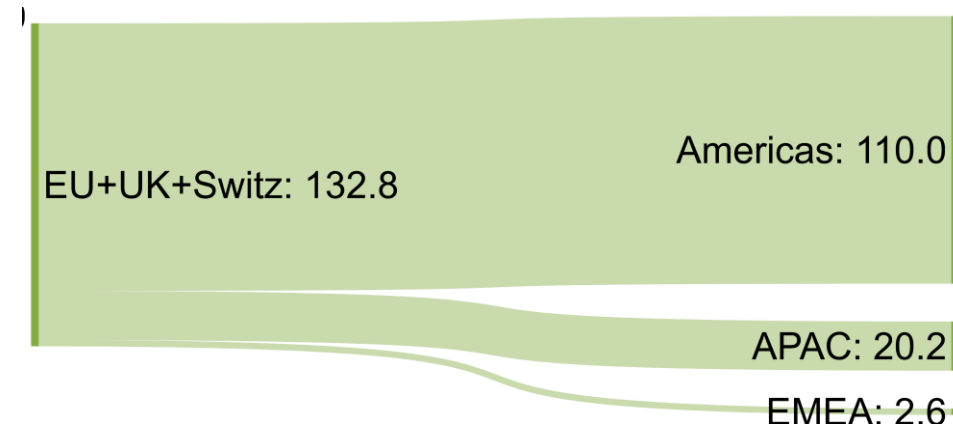
**Withdrawn M&A (EUR bn)**



**Completed inbound M&A by acquiring region (EUR bn, H1'21)**



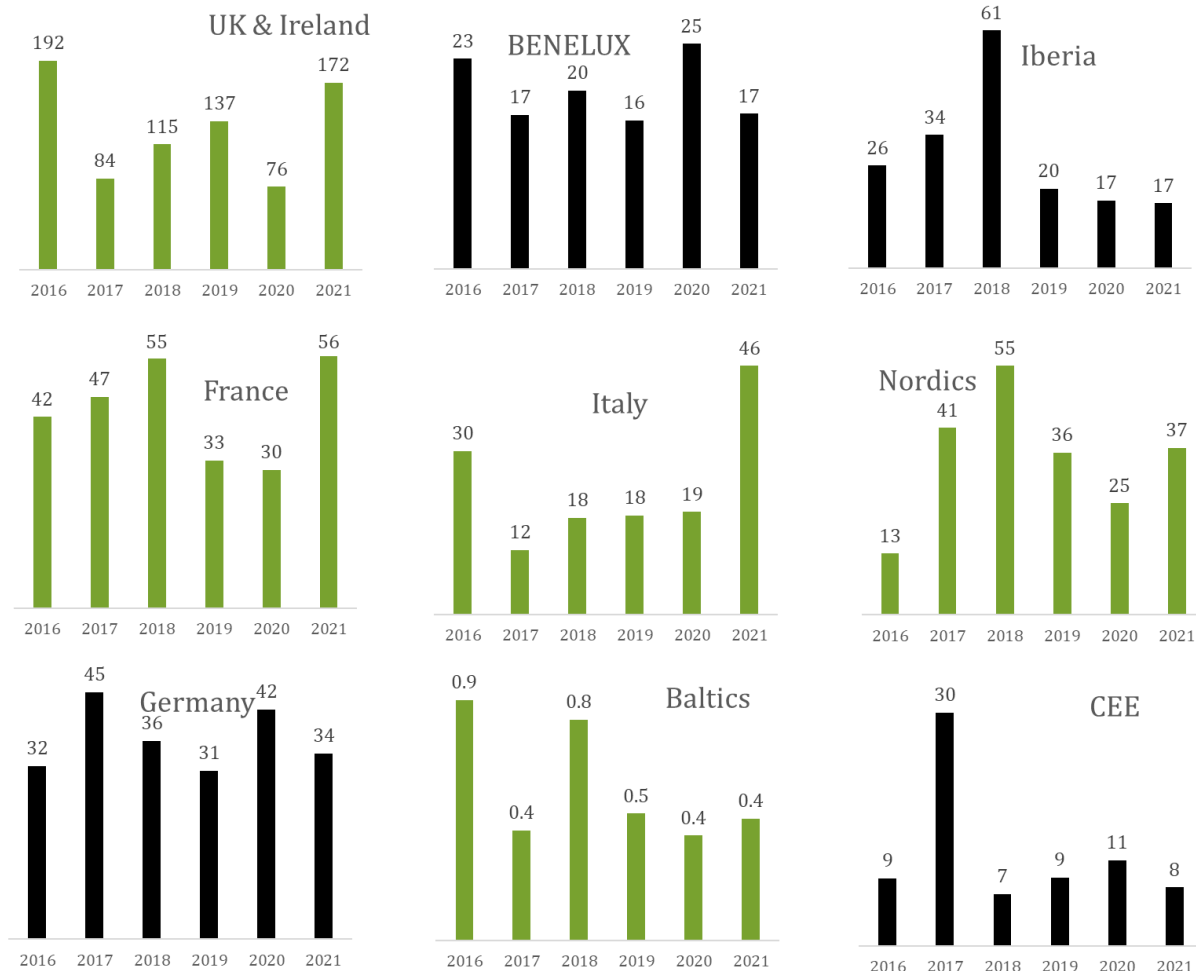
**Completed outbound M&A by target region (EUR bn, H1'21)**



Source: Dealogic

# Mixed regional numbers in M&A activity

Regional M&A trends: completed deal value (EURbn, H1)



Source: Dealogic

Robust M&A activity led by France, Italy, UK & Ireland, Nordics and Baltics.

M&A transactions in Germany, Iberia, CEE and Benelux countries lag behind compared to the rest of Europe.

# European integration: M&A between European firms

Completed intra-European M&A activity (H1'21, EUR bn)

Target Nationality

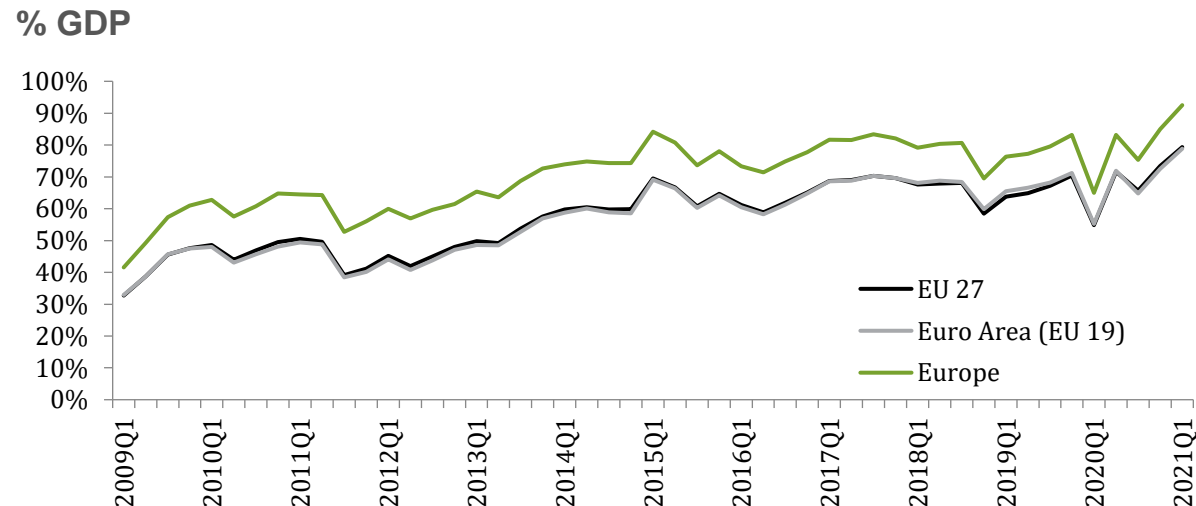
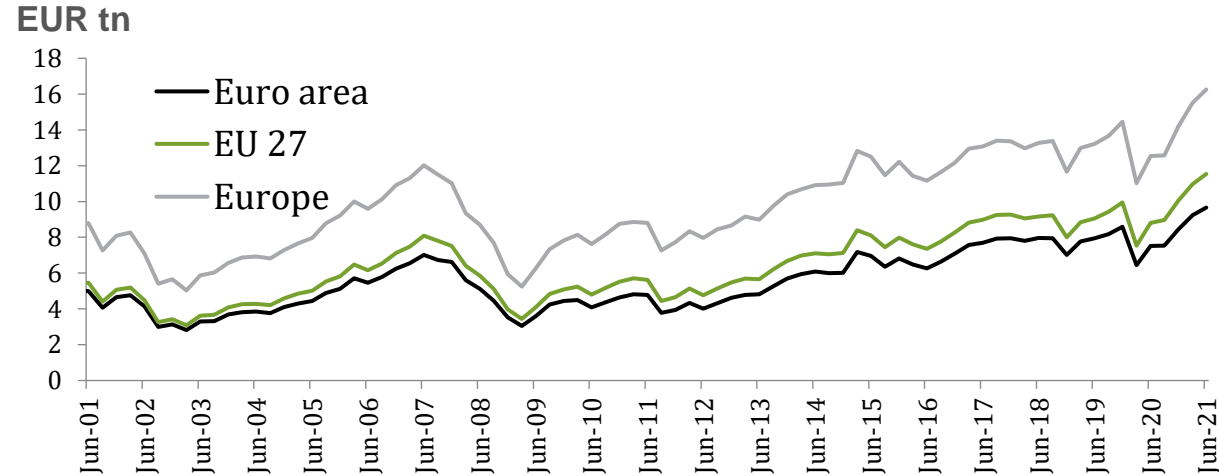
Acquirer Nationality

	AT	BE	BG	HR	CY	CZ	DK	EE	FI	FR	DE	GR	HU	IE	IT	LV	LT	LU	MT	NL	PL	PT	RO	SK	SI	ES	SE	CHE	UK	TOTAL	
Austria	787									7																				794	
Belgium		973	78											145	190					75						250		250	104	2,064	
Bulgaria			16																											16	
Croatia																									36					36	
Cyprus												86																		86	
Czech Republic						1,404									21									270						1,695	
Denmark							3,913							571	165						355						28	8,440	13,472		
Estonia								308								3														311	
Finland									4,155		64										258									4,484	
France		374	99			1				48,156	7,290				29,081			477		374	4					412			4,115	90,383	
Germany	72			70						70	11,037										2,792	89	3	7				57		468	14,666
Greece												299																		299	
Hungary													284																	284	
Ireland										90				3,874	1,500								77						45	5,586	
Italy						9,055				551		165			13,909						43	5		2			378		502	24,609	
Latvia																91														91	
Lithuania																	45													45	
Luxembourg				40			40			31	150							357			65								33	717	
Malta																							120				15			135	
Netherlands										1,618	30										4,079							5,274	11,001		
Poland				31																		1,522								1,553	
Portugal																						2,023								2,023	
Romania						0				0													1,198							1,198	
Slovakia																														0	
Slovenia																									164					164	
Spain	1,100						400					47		600						650	800	25				9,613	800			14,035	
Sweden		50					125		85	122	5,460	56			21			96	3	467							7,229	16	530	14,259	
Switzerland							5				1,860										73		7			158	122	1,135	3,512	6,872	
United Kingdom		8		33	1		14		21	315	18	288		280	89			74	149	459	66					1,500	372	80,296	83,983		
Total	1,959	1,405	193	174	1	1,405	13,559	308	4,261	50,960	25,910	941	284	5,469	44,976	94	45	1,004	152	9,270	2,906	2,051	1,412	270	200	12,311	8,607	1,415	103,319	294,861	

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

# Secondary markets

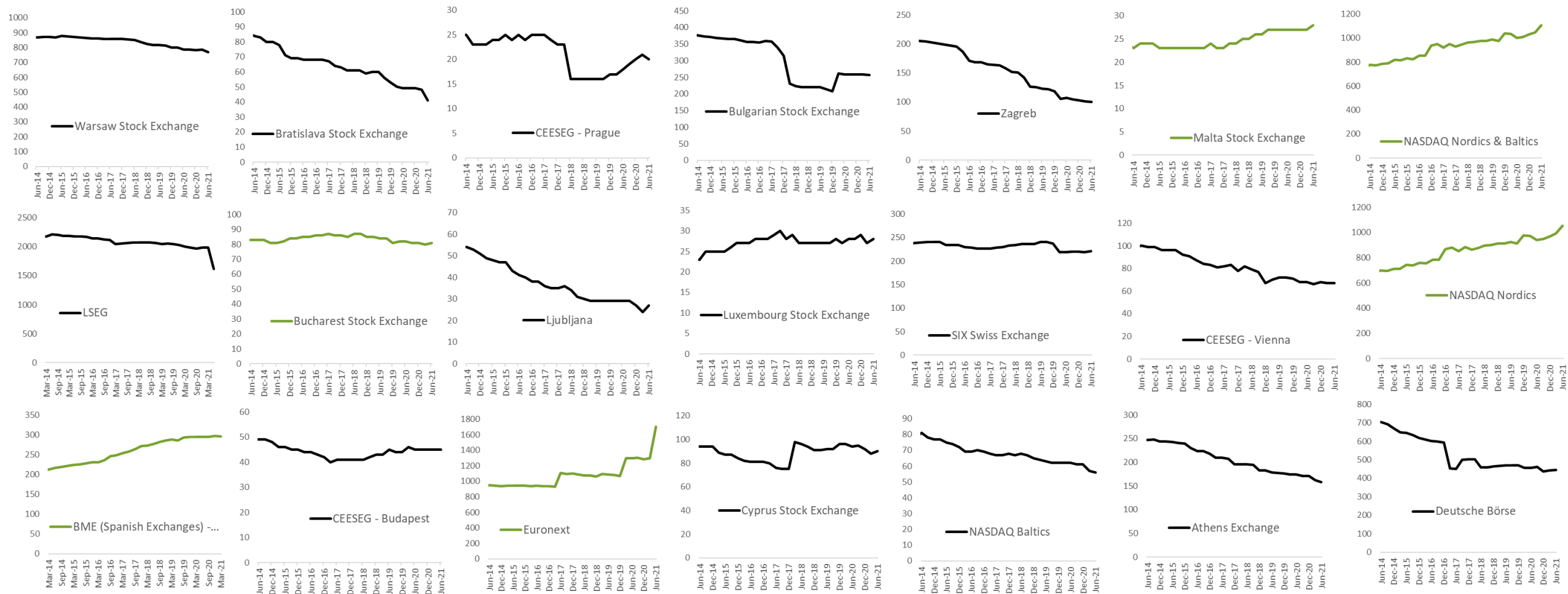
# Market capitalisation of domestic listed shares



Source: ECB, Datastream, FESE, NASDAQ OMX, LSEG, WFE, FESE, CEESEG, Bucharest SE, WSE. Europe includes EU27 members states, United Kingdom and Switzerland. Market cap as % of GDP available as of 1Q21 as 2Q21 GDP not available at the time of publication

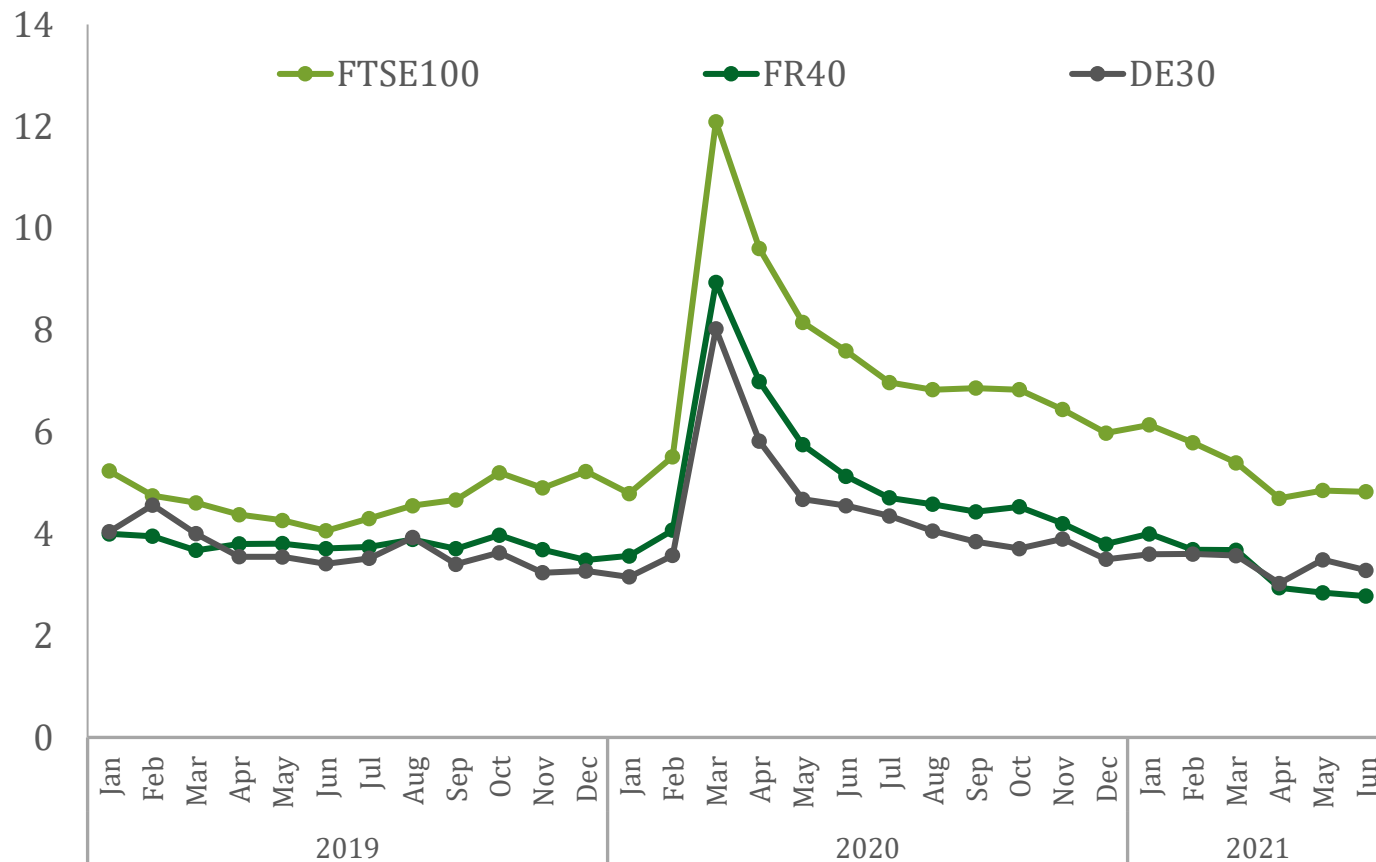
Market capitalisation of listed shares rose during Q2 2021 on the back of continued valuation gains and robust primary listings as shown on the first section of this report.

# 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)

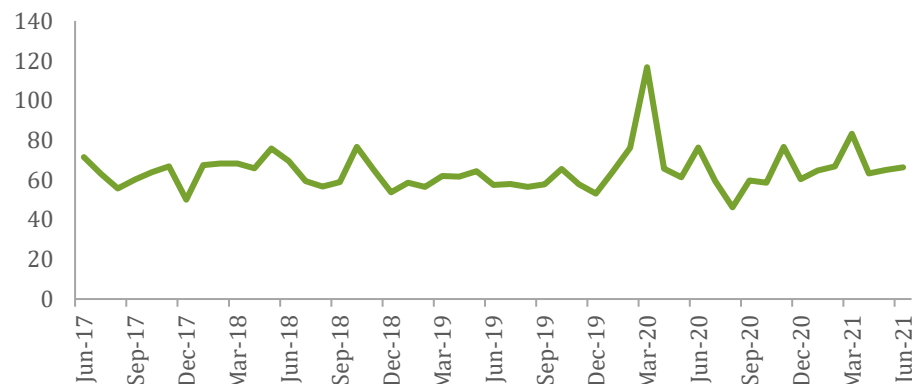


Bid-ask spreads for selected European equity indices stabilized during 2Q 2021, at levels close to those observed prior to the COVID pandemic.

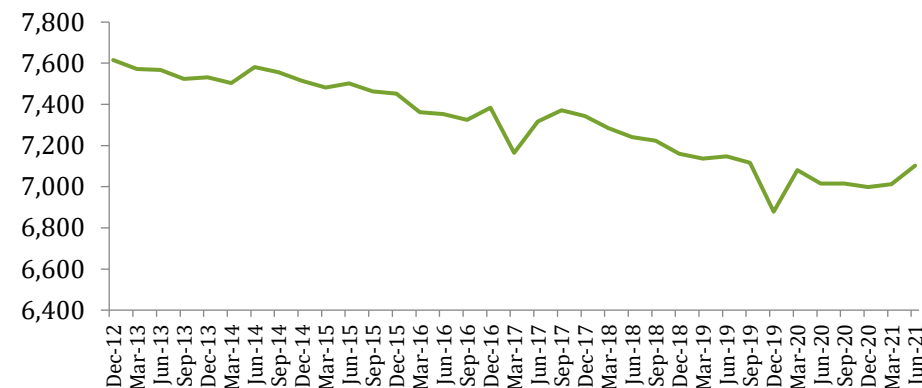


# Active IPO market reflected in increase in number of listed companies

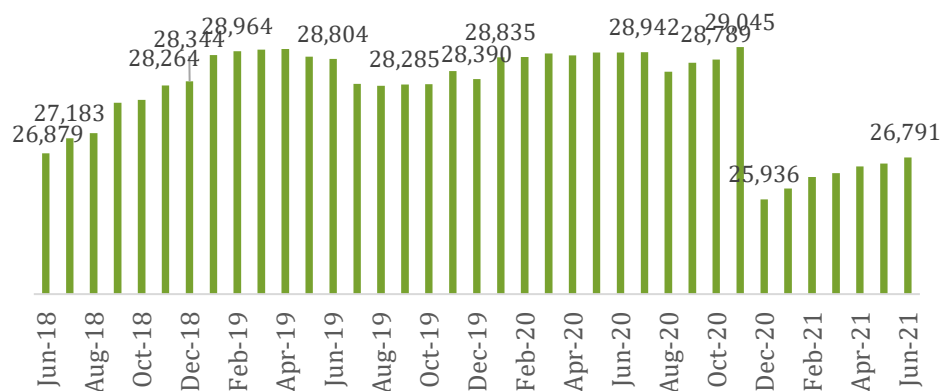
Average daily equity turnover value on European exchanges and MTFs (EUR bn)\*



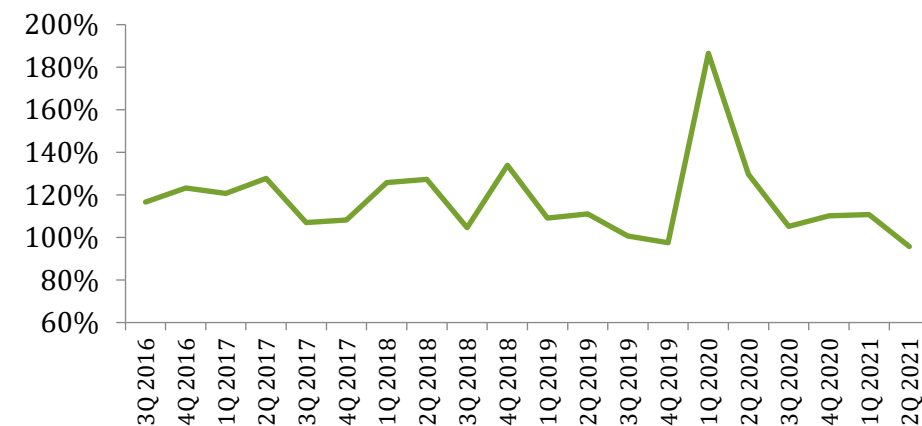
Number of listed companies on European exchanges



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

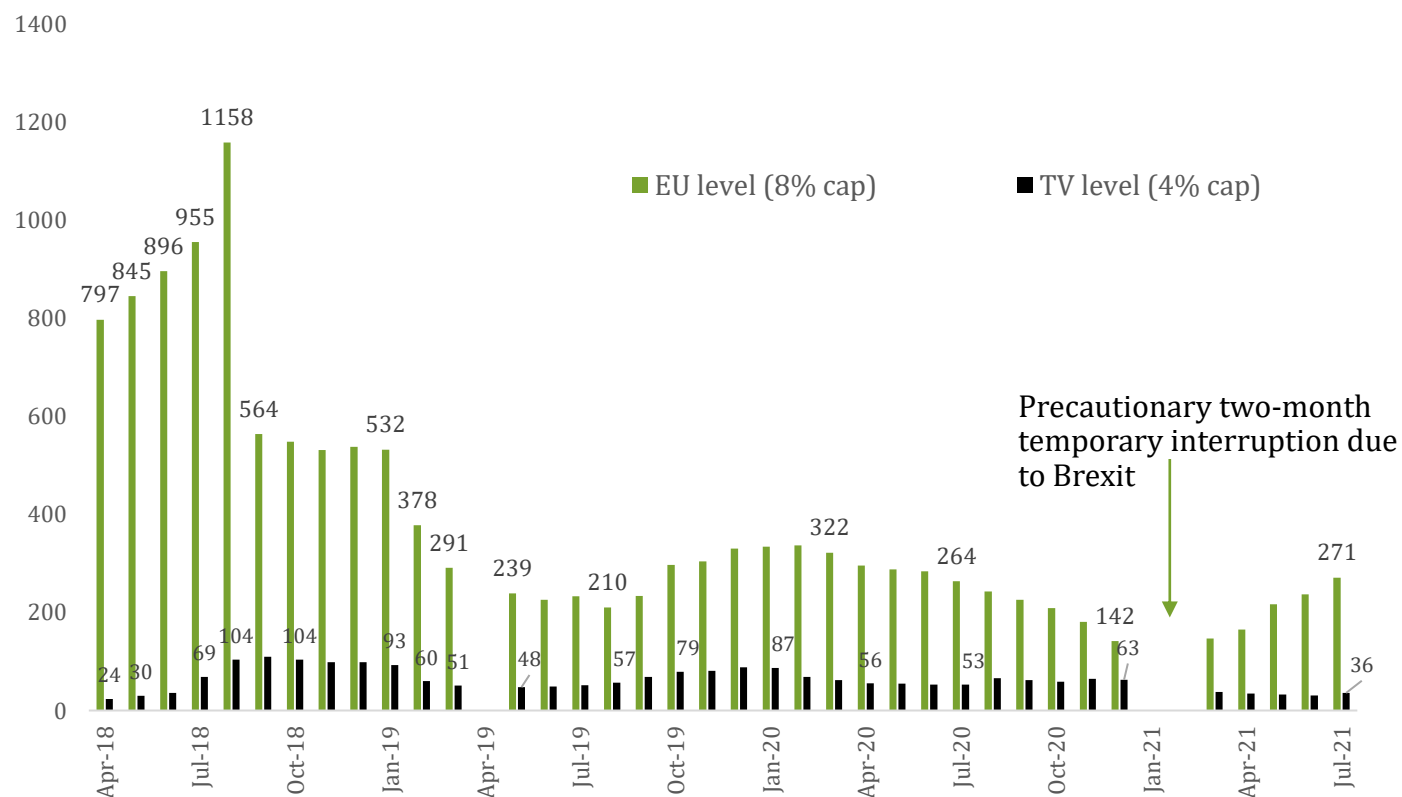


Turnover ratio (annualised turnover value/ market cap)



Source: BigXYT, FESE, WFE, ECB and local exchanges. Listed companies excludes Vienna's global segment and Spanish SICAVs.

Number of equity-like instruments suspended from dark trading at the EU or venue level



Source: ESMA

The Double Volume Cap (DVC) mechanism seeks to limit the total volume of dark trading of equity-like instruments on EU venues.

ESMA publishes on a monthly basis the list of instruments temporarily banned from dark trading at the EU or trading venue level after surpassing pre-determined dark trading thresholds (i.e. DVC files).

The number of instruments banned from dark trading has recently increased to 307 at the EU or trading venue level as of July 2021 (from 205 in Dec-20).

# MiFID dark trading caps

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

July-21

Country	ISIN	Universe	Suspended EU level	Suspended TV level	Suspended (% Universe)
AT		80	0	0	0%
BE		236	1	0	0%
BG		221	0	0	0%
CY		107	0	0	0%
CZ		27	0	0	0%
DE		1132	19	1	2%
DK		679	14	8	3%
EE		26	0	0	0%
ES		307	0	0	0%
FI		199	2	2	2%
FR		990	22	0	2%
GB		1634	117	13	8%
GR		187	0	0	0%
HR		99	0	0	0%
HU		56	0	0	0%
IE		1405	14	0	1%
IT		472	4	0	1%
LT		30	0	0	0%
LU		1085	3	0	0%
LV		22	0	0	0%
MT		36	0	0	0%
NL		217	7	0	3%
PL		761	0	0	0%
PT		58	1	0	2%
RO		368	0	1	0%
SE		1320	7	2	1%
SI		153	0	0	0%
SK		38	0	0	0%
Others		14846	60	9	0%
<b>Total</b>		<b>26791</b>	<b>271</b>	<b>36</b>	<b>1%</b>

Source: ESMA

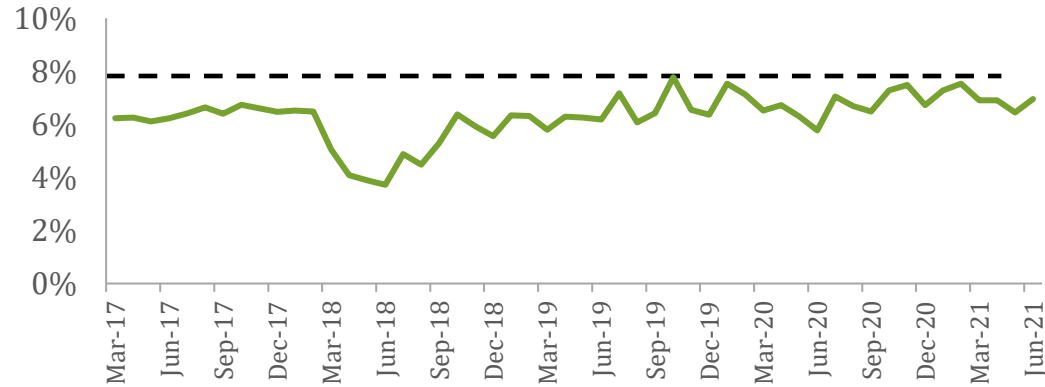
The 307 instruments currently suspended from dark trading at the EU or trading venue level represent 1% of the Universe of equity-like instruments on ESMA's July 2021 DVC files (26,791).

By countries, 130 of the 307 suspended instruments have UK ISINs (i.e. UK as the issuing country), which represents 8% of the 1,634 UK ISINs registered in the ESMA DVC files.

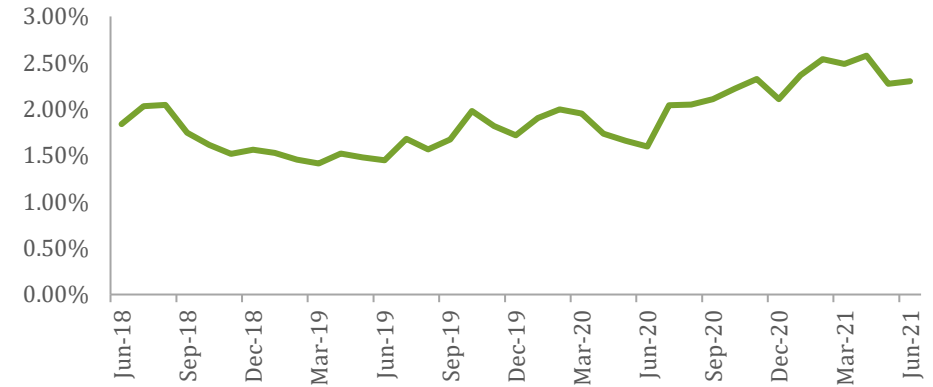
69 of the suspended instruments have non-EU+UK ISINs, or 22% of all suspended instruments at the EU and trading venue level.

# Proportion of dark trading stable and below 8%

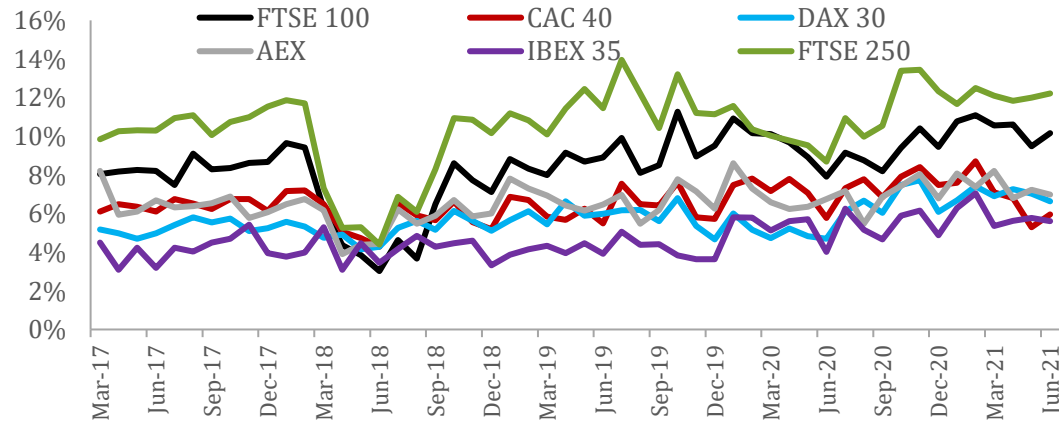
Dark trading as % of total turnover\*



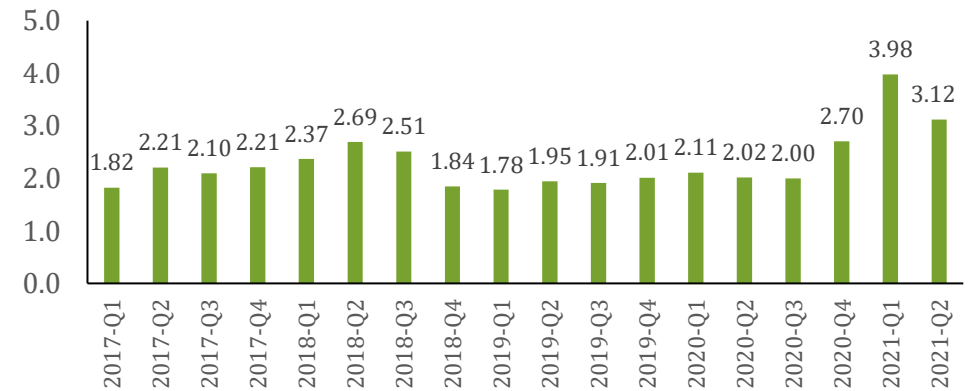
Lit/Auction periodic as % of total monthly trading



% of dark trading by indices\*



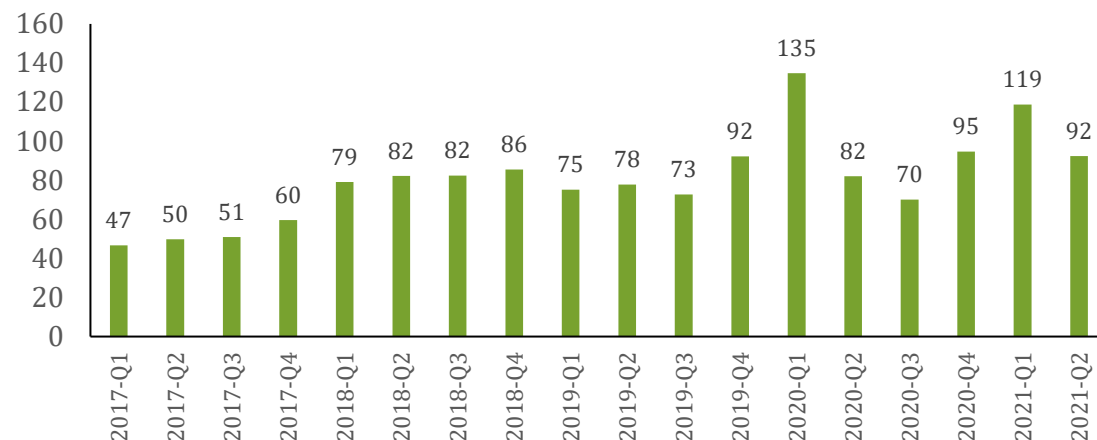
Block trades: Average value per trade (EUR mm)



Source: ESMA and BigXYT

\*Includes EU, UK and Swiss venues. Adjusted for trading hours, and non-price forming trades, no LIS qualified

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



**Proportion of dark traded as LIS blocks (%)**



Source: BigXYT

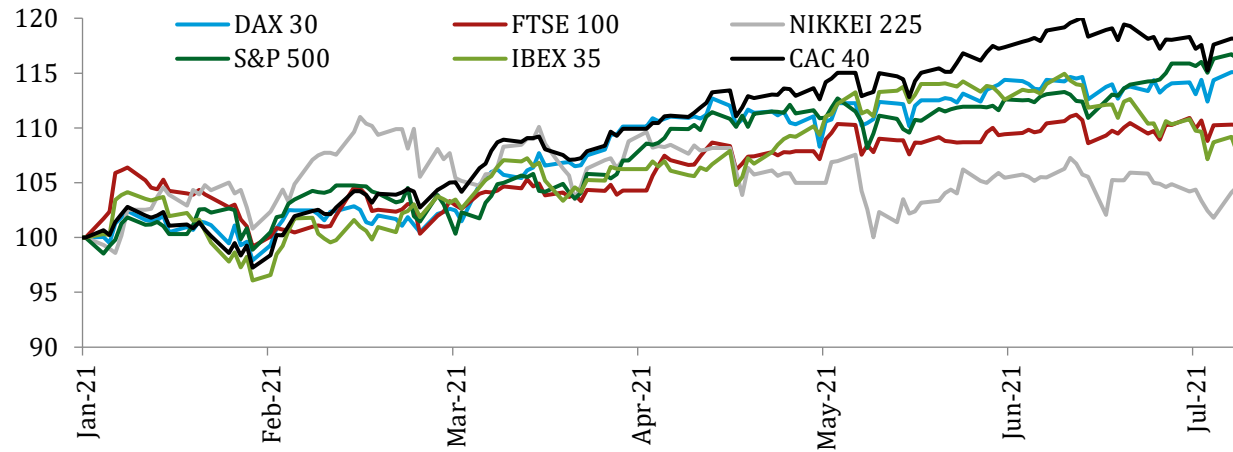
Equity trading in the form of block trades (traded above the large in scale threshold) recently normalised to a quarterly total of EUR92bn in Q2 2021.

According to BigXYT data, the percentage of dark traded as large-in-scale (LIS) blocks stood at 35% in 2Q 2021, slightly below the proportion observed in Q1 2021 (38%).

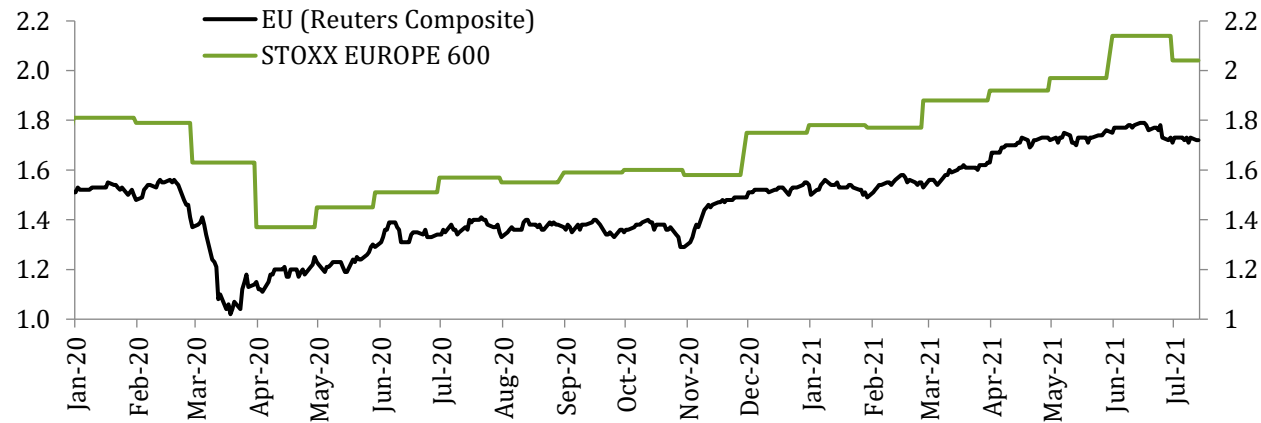
# Valuations

# 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



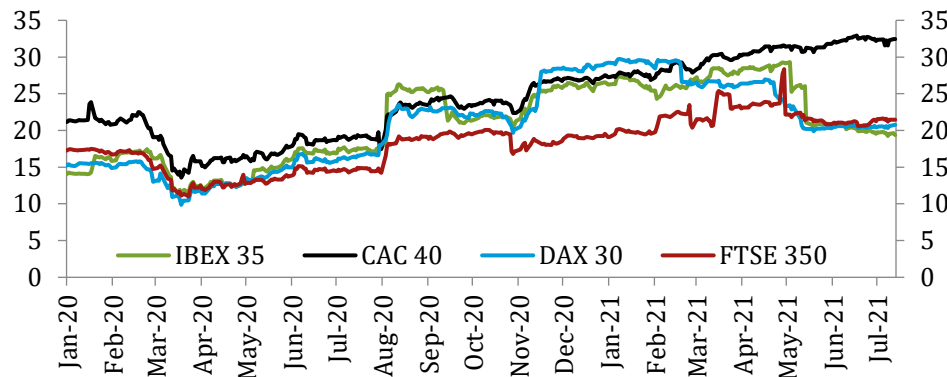
Source: Datastream

Rapid rebound in equity prices observed during Q1 2021 has most recently moderated during the last month Q2 2021 and early Q3 2021.

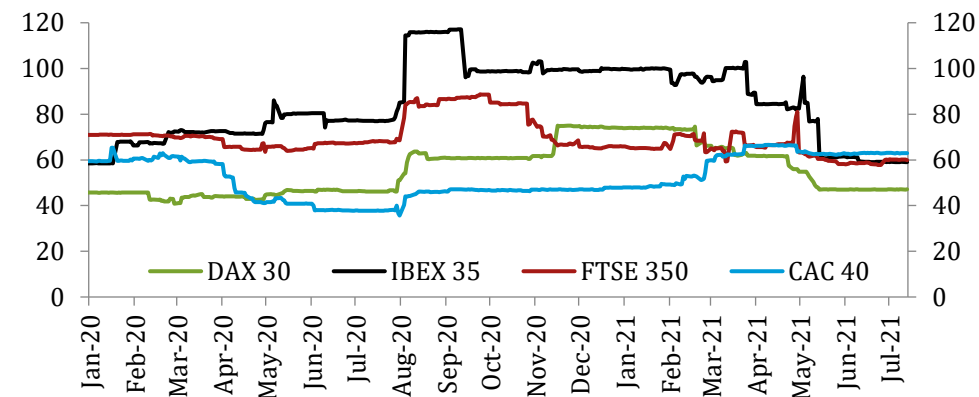
European equity share prices have risen 7-18% YtD as of early August 2021.

# Valuation ratios and implied volatility

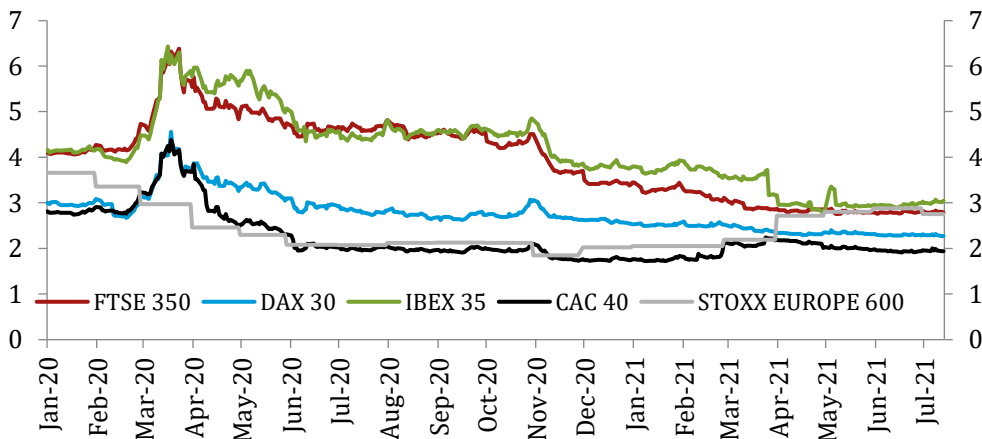
Price-to-earnings (PE) ratio



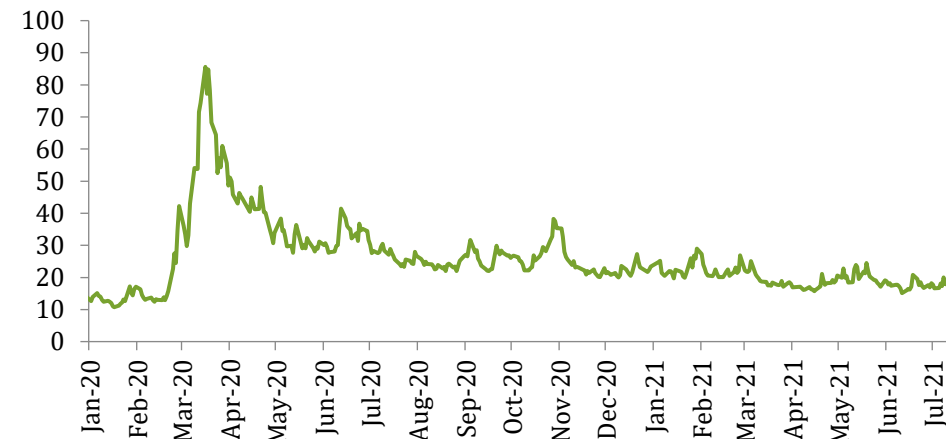
Dividend payout ratio (Dividends/ Earnings per share)



Dividend yield ratio (Dividend/Price)



Implied volatility of Euro Stoxx 50 constituent shares (VSTOXX)



Source: Datastream and Stoxx



	1Q 21	2Q 21			2021 YtD	1Q 20	2Q 20	3Q 20	4Q 20	2020 FY	% Change YtD
<b>Equity underwriting (€ bn)</b>	<b>65.9</b>	<b>67.8</b>			<b>133.8</b>	<b>25.9</b>	<b>52.8</b>	<b>45.7</b>	<b>50.9</b>	<b>175.3</b>	<b>70%</b>
<b>IPOs</b>	20.9	20.6			41.5	1.1	3.7	5.8	6.8	17.5	<b>751%</b>
<b>Follow-on offerings</b>	36.5	41.0			77.5	22.1	41.7	30.6	36.6	130.9	<b>22%</b>
<b>Convertible securities</b>	8.5	6.3			14.8	2.7	7.4	9.3	7.4	26.8	<b>46%</b>
<b>Mergers and Acquisitions (€ bn): completed</b>	<b>282.9</b>	<b>241.0</b>			<b>523.9</b>	<b>193.1</b>	<b>155.6</b>	<b>168.7</b>	<b>172.7</b>	<b>690.1</b>	<b>50%</b>
<b>European outbound</b>	83.9	49.1			133.0	38.7	48.3	36.2	39.1	162.3	<b>53%</b>
<b>European inbound</b>	38.7	57.4			96.1	39.1	21.4	31.3	24.9	116.7	<b>59%</b>
<b>Intra European</b>	160.4	134.5			294.9	115.3	85.8	101.3	108.6	411.0	<b>47%</b>
<b>Mergers and Acquisitions (€ bn): announced</b>	<b>318.2</b>	<b>304.0</b>			<b>622.2</b>	<b>205.8</b>	<b>107.1</b>	<b>239.5</b>	<b>361.5</b>	<b>914.0</b>	<b>99%</b>
<b>Equity turnover value</b>											
<b>Average Daily (€ bn)</b>	<b>71.6</b>	<b>64.9</b>			68.2	<b>85.7</b>	67.8	55.1	65.2	68.5	<b>-7%</b>
<b>Market Capitalisation of domestic listed shares (€ tn)</b>											
<b>European (EU27, UK and Switzerland)</b>	15.5	16.3			<b>15.5</b>	11.0	12.5	12.6	14.2	<b>14.2</b>	<b>14%</b>
<b>EU 27</b>	11.0	11.5			<b>11.0</b>	7.5	8.8	9.0	10.1	<b>10.1</b>	<b>15%</b>
<b>Euro Zone</b>	9.2	9.7			<b>9.2</b>	6.4	7.5	7.5	8.4	<b>8.4</b>	<b>14%</b>

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

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