

1Q 2021

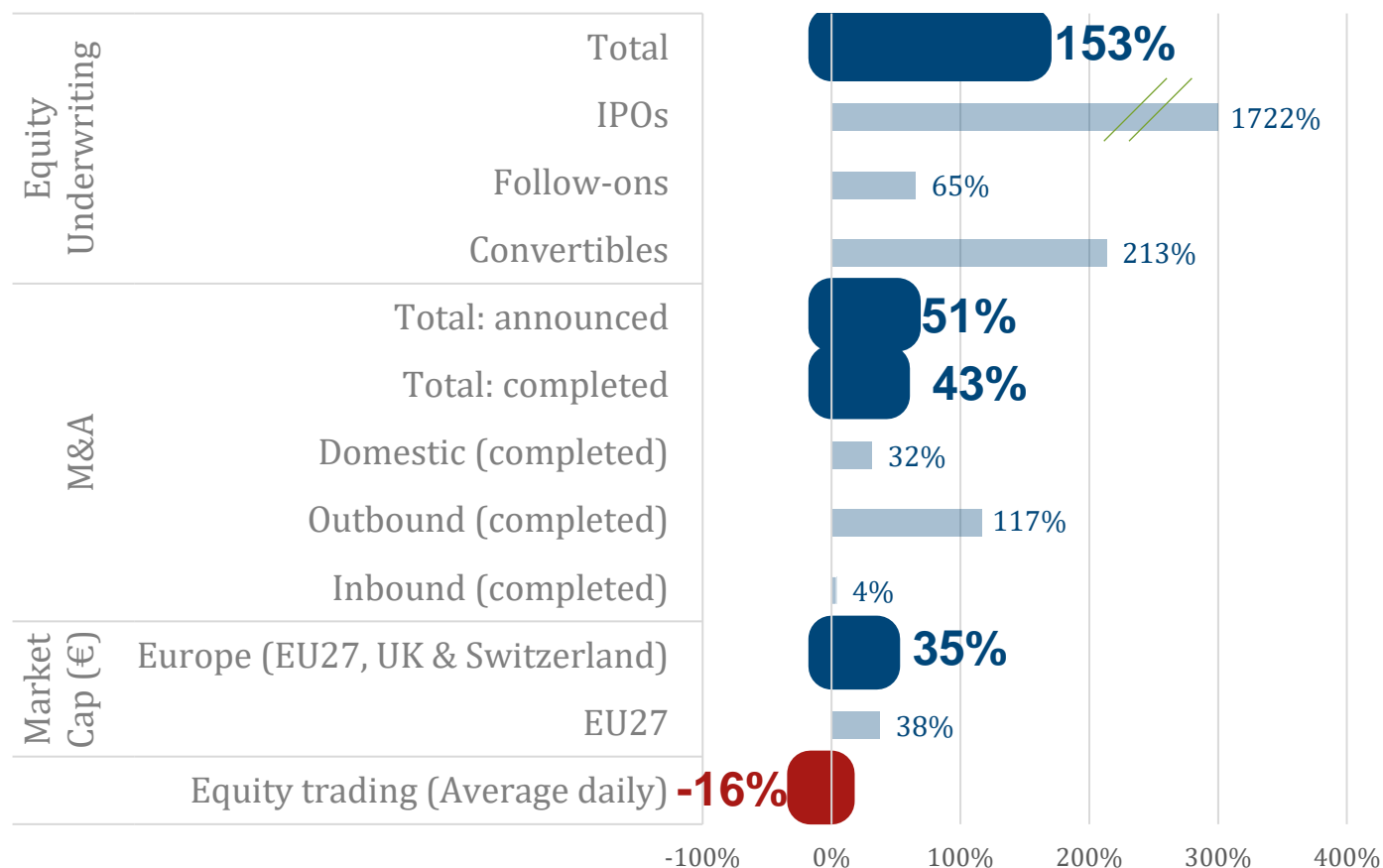
Equity Primary Markets and Trading Report

European market data
update



Q1 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

Large increase in equity capital raising in Q1 2021

Equity underwriting on European exchanges rose 153% YoY, consolidating a robust recovery after the COVID-19 outbreak.

IPOs rose by 18x year-on-year (YoY) with the largest quarterly amount of proceeds since Q4 2015. SPAC IPOs have represented 8.8% of total European IPOs in 2021YtD (vs. 61.8% of the total in the US).

Completed Mergers and Acquisitions (M&A) of European companies totalled €275.2bn in Q1 2021 a 43% increase from the amount completed in Q1 2020 (€192.7bn).

The amount of announced M&A totalled €311.4bn in Q1 2021 a 51% increase from €205.8bn in Q1 2020. De-SPAC acquisitions have represented 10% of the total announced M&A volume in Europe (vs 22% of the total in the US).

Average daily equity trading activity on European main markets and MTFs stood at €71.6bn in Q1 2021, 16% below the average daily value observed in Q1 2020 (€85.7bn).

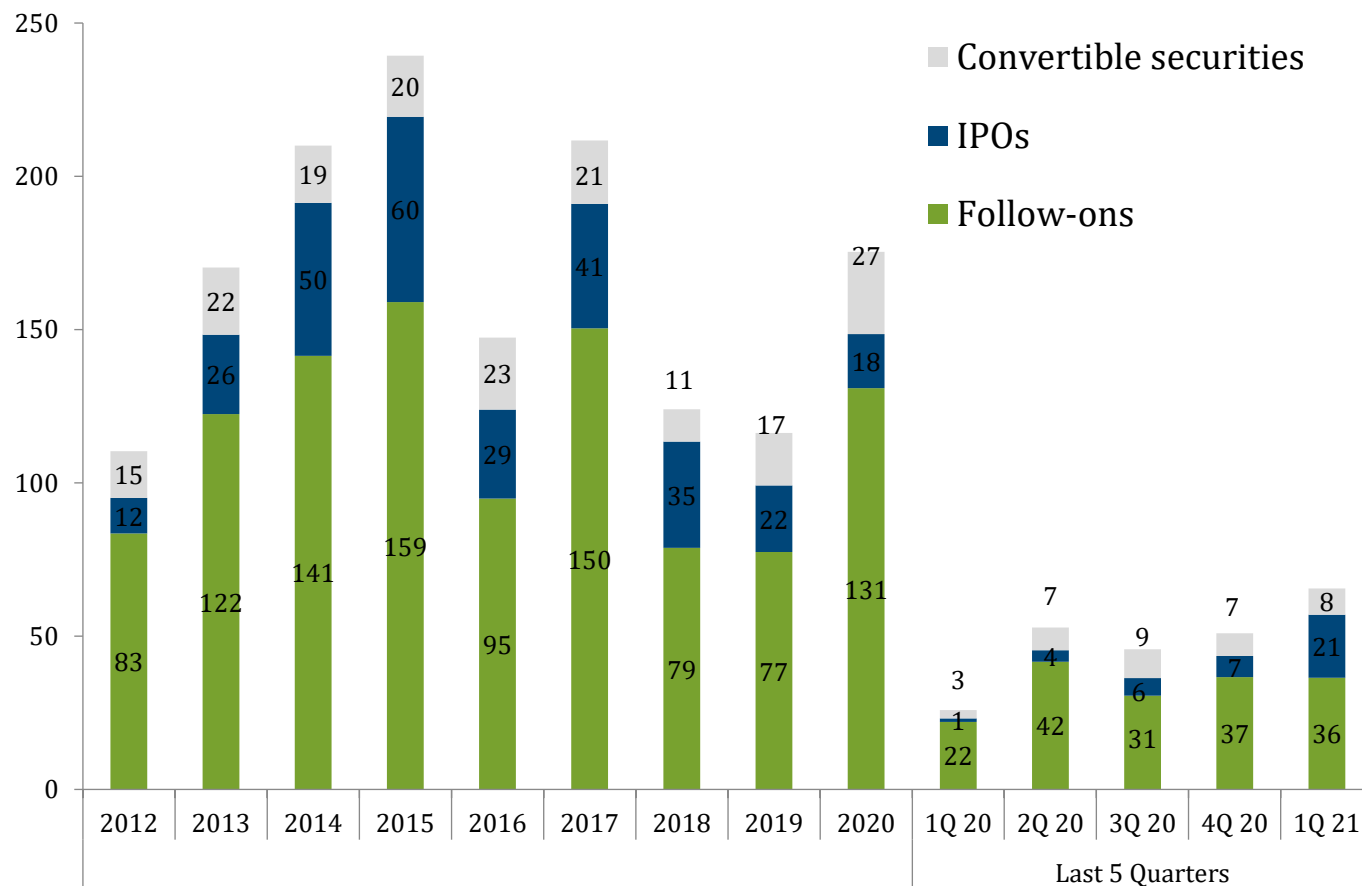
Domestic market capitalisation of European listed shares stood at €14.9tn at the end of March 2021, a 35% increase from €11.0 in at the end of Q1 2020.

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Equity issuance

Increase in equity raising to support the recovery

Equity Issuance on European exchanges (EUR bn)



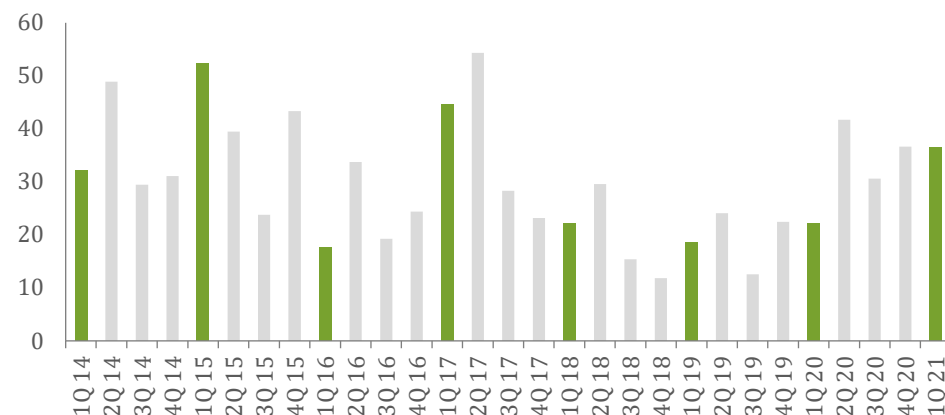
Source: Dealogic

Equity capital raising on European exchanges continued to recover in Q1 2021, following the sharp decline observed in Q1 2020.

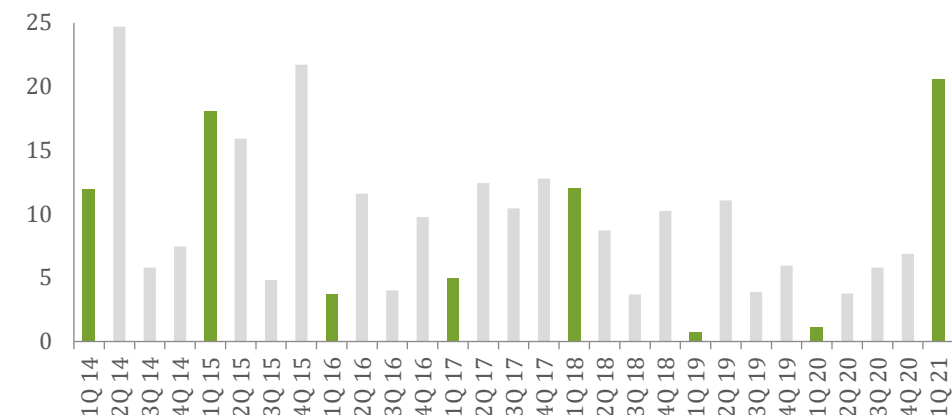
Total equity capital raising accumulated a total of €65.5bn in proceeds in Q1 2021, the highest quarterly amount since Q4 2015.

IPO issuance stood robust with €21 bn in capital raised—the highest amount observed since Q4 2015 and above the 2020FY amount.

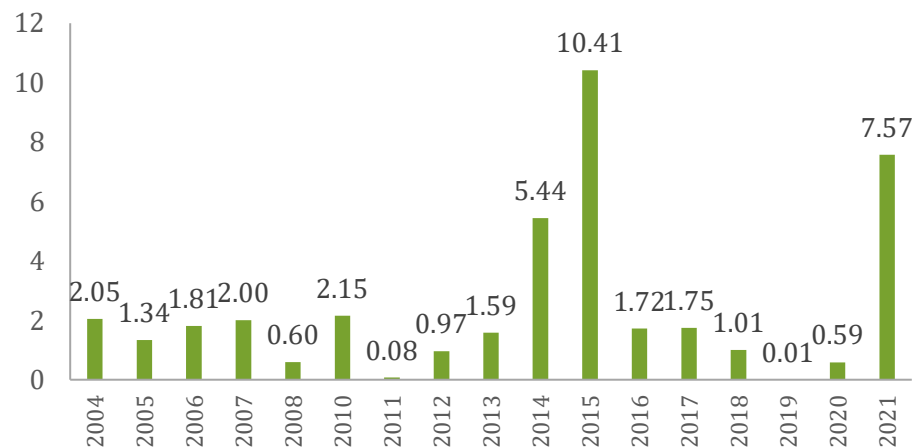
Follow-on offerings (EUR bn)



IPO proceeds (EUR bn)

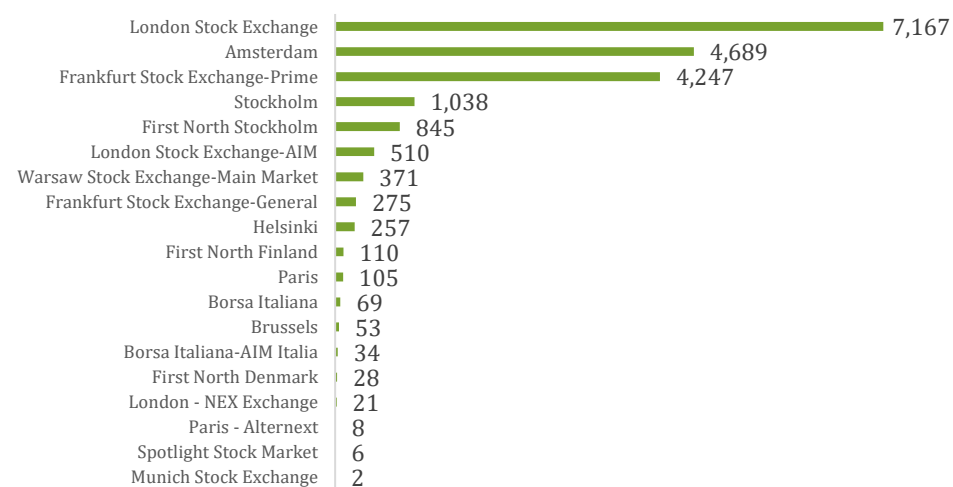


PE-backed IPO proceeds (EUR bn): YtD (First quarter)



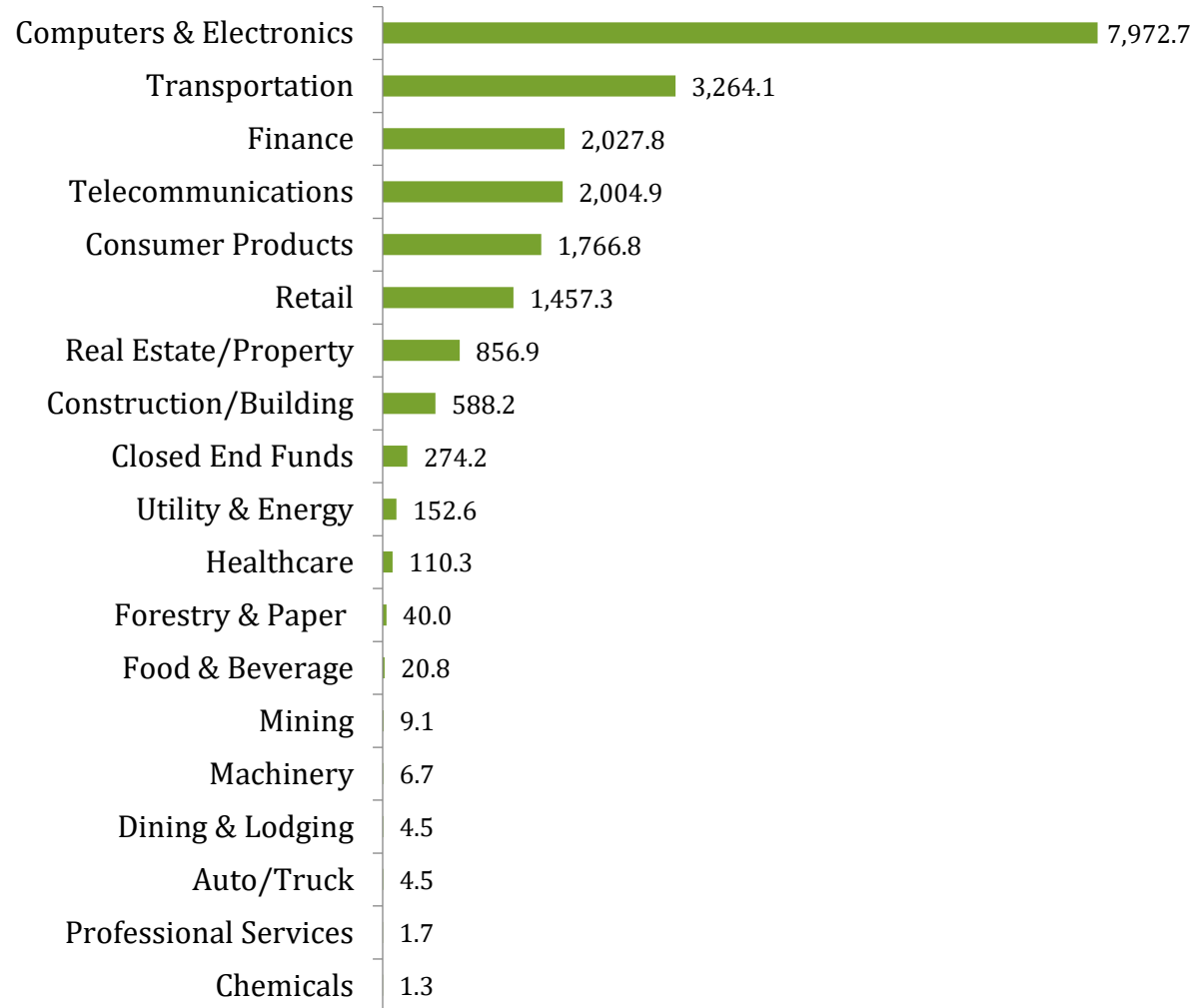
Source: Dealogic

IPO proceeds by listing market (EUR mm): Q1 2021



Computers and Electronics lead by IPO proceeds

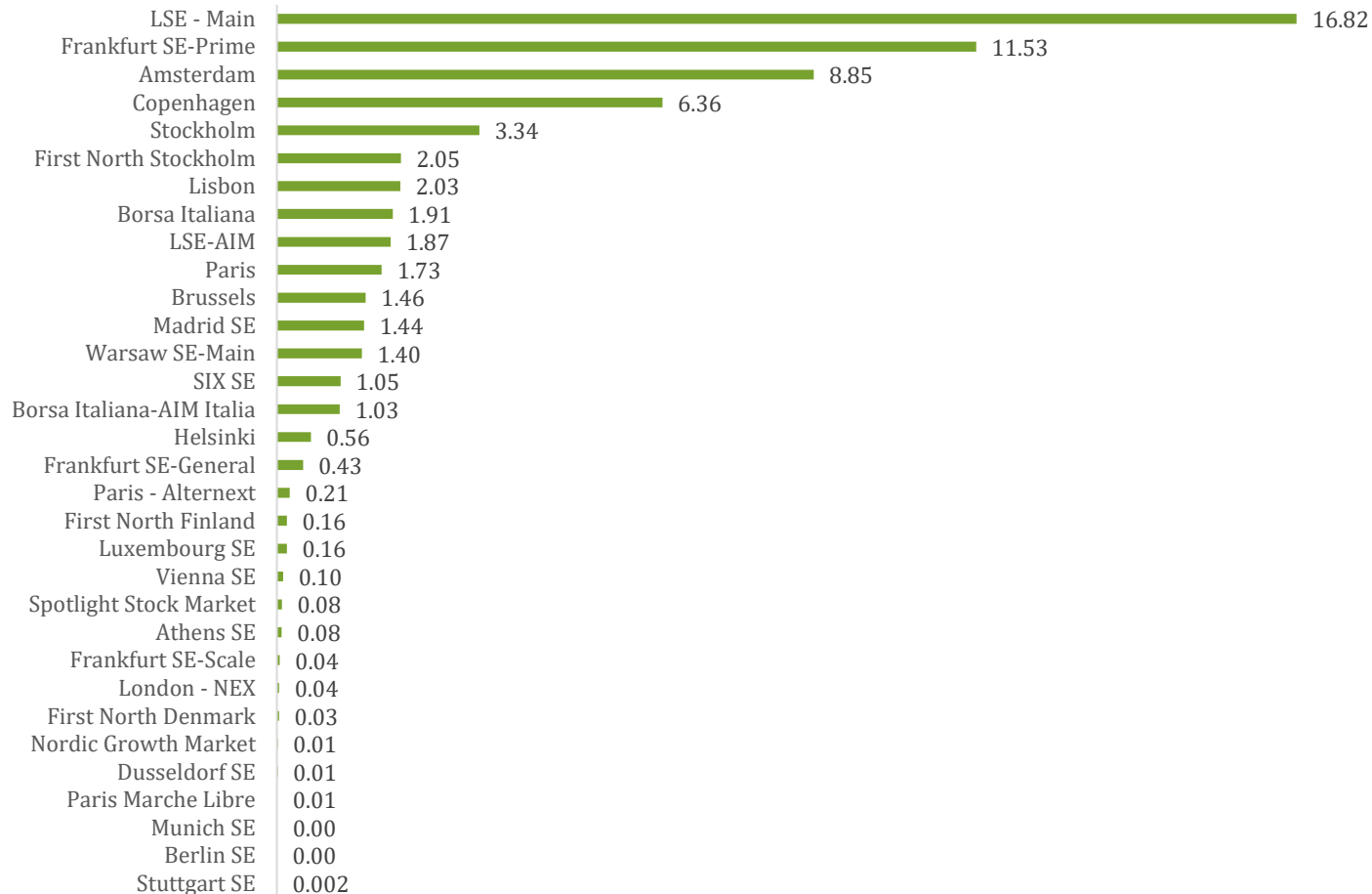
IPO proceeds by industry (EUR mm): Q1 2021



Dealogic. Finance includes SPVs

LSE Main market leads in equity issuance

Equity underwriting on European exchanges: IPO, follow-ons and convertibles (EUR bn): Q1 2021

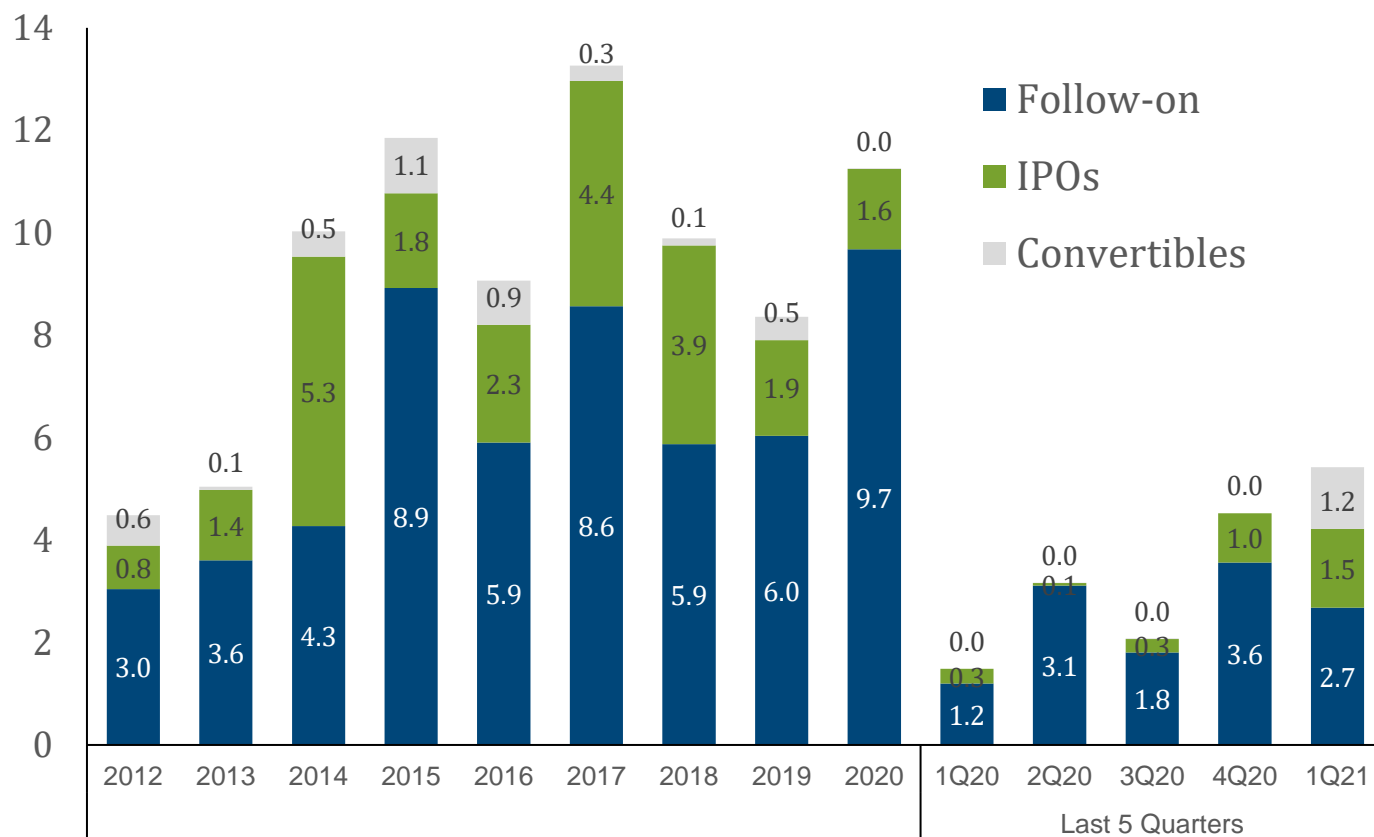


Source: Dealogic

The LSE Main Market led by total equity underwriting accumulating a total of €16.8bn during Q1 2021, followed by Frankfurt Prime (€11.5bn) and Euronext-Amsterdam (€8.85bn).

Equity issuance on Junior markets

Equity underwriting on European Junior markets (EUR bn)



Source: Dealogic

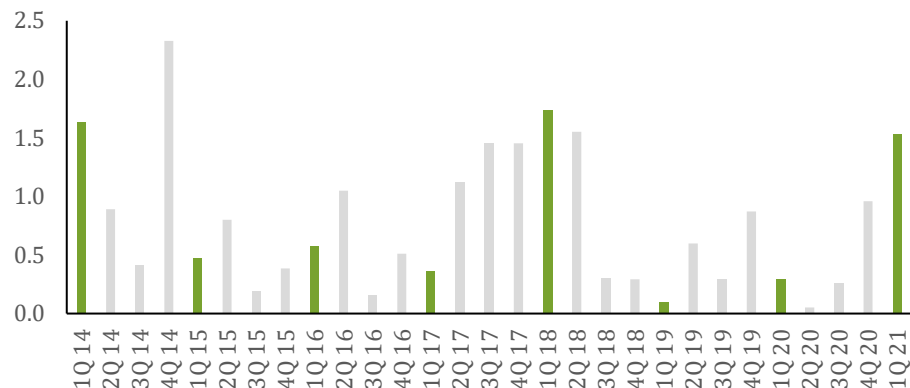
In Q1 2021, Equity issuance on Jr exchanges more than doubled the total amount issued in Q1 2020, accumulating a total of €5.4bn in proceeds.

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

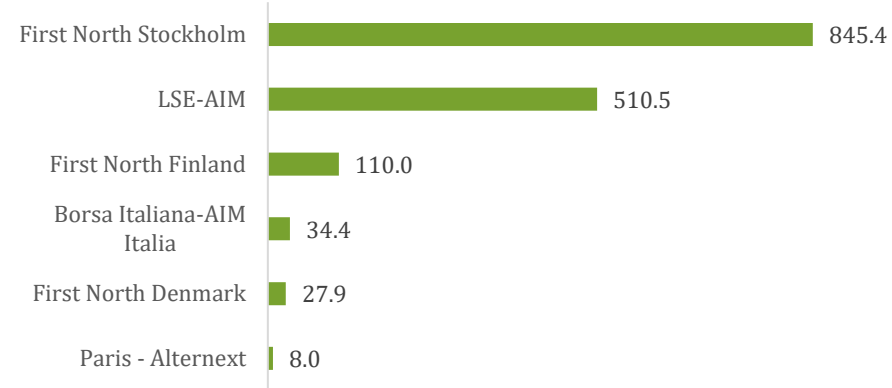
Secondary equity offerings, however, declined by €0.9bn against the amount issued in Q4 2020.

19 Computers & Electronics IPOs on Jr Markets in Q1 2021

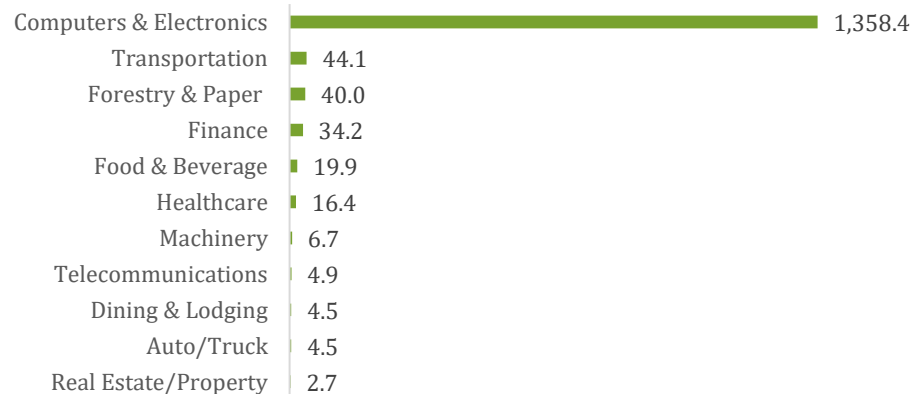
IPO proceeds on European Jr markets (EUR bn)



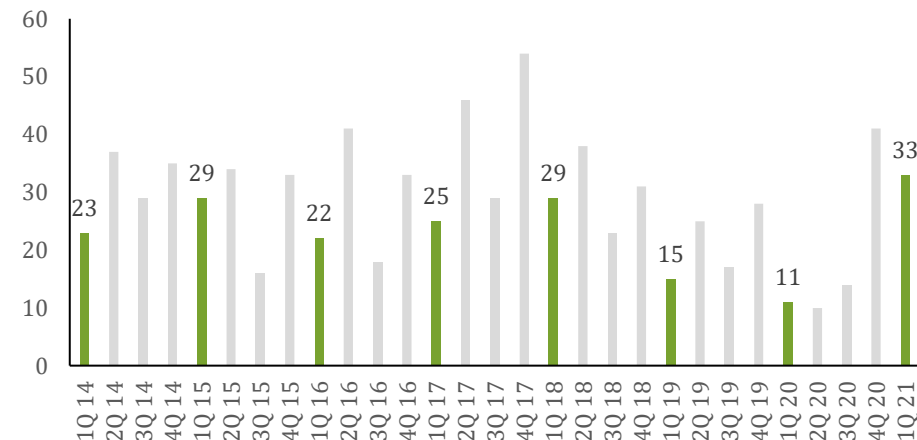
IPO proceeds on Jr markets by exchange (EUR mm, Q1 2021)



IPO proceeds on Jr markets by industry (EUR mm, Q1 2021)



Number of IPOs on European Jr markets

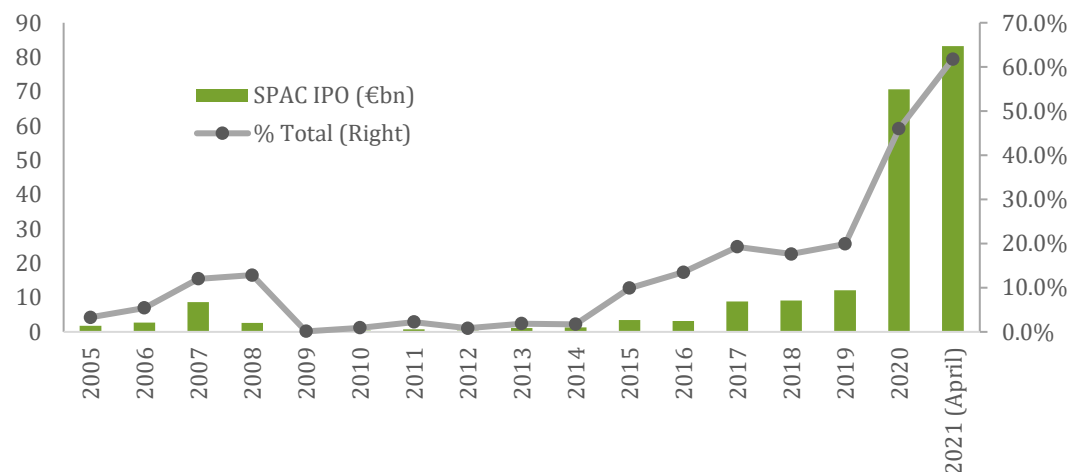


Source: Dealogic
*Finance includes SPVs

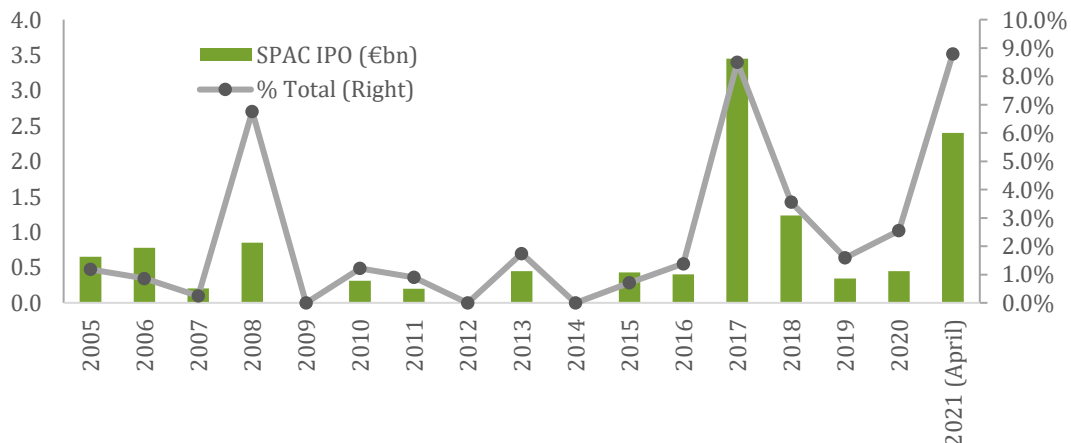
European SPACs: some initial numbers

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.

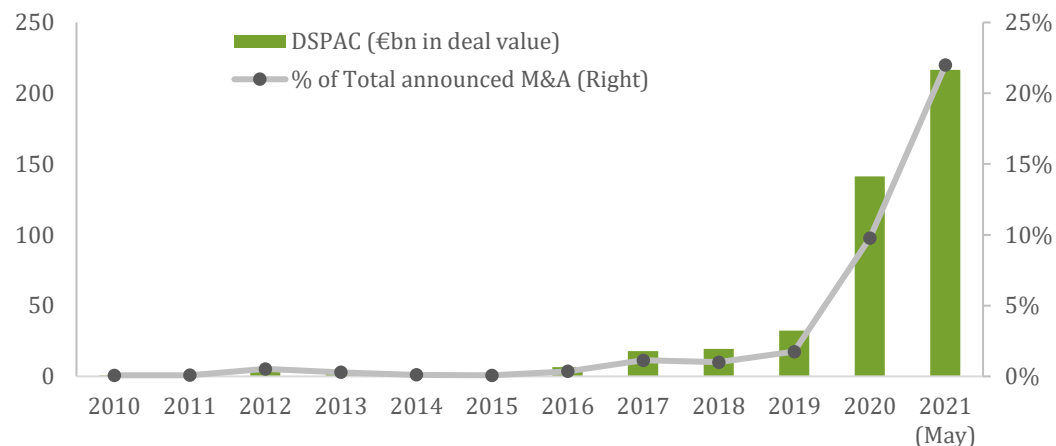
SPAC IPO transactions have significantly increased in the US over recent months. In 2020, SPAC IPOs on US exchanges totalled EUR 70.6bn in proceeds, representing 46% of total IPO transactions. In 2021 (as of April), SPAC IPOs have represented 61.8% of total IPO transactions.

During 2Q’21, however, US SPAC IPOs have sharply decelerated with EUR 2.5bn in SPAC IPOs on 13 deals in April 2021, against EUR 29.6bn on 109 deals in March 2021. Market analysts indicate that the deceleration is related to greater regulatory scrutiny by US authorities.

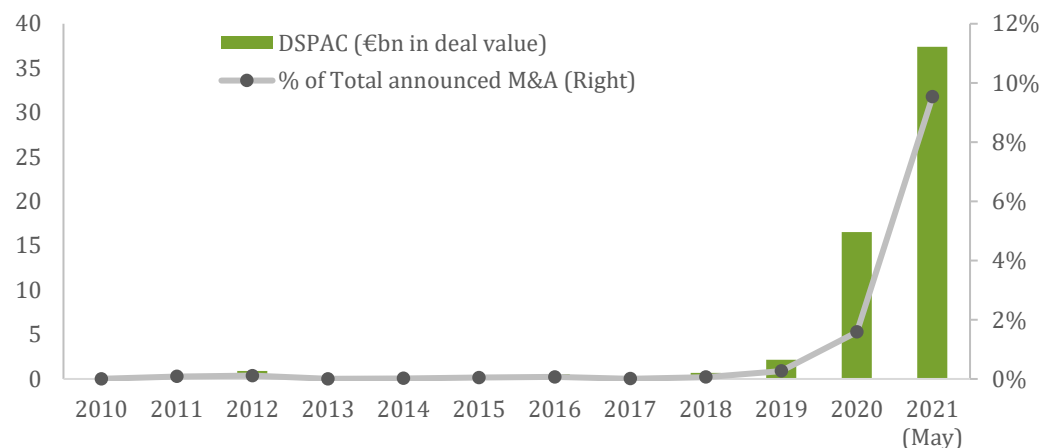
8.8% of the European IPOs originated during 2021 YtD (as of April) were SPAC IPOs.

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: Eikon

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

In the United States, De-SPACS represented 22% of the total M&A transactions announced during 2021 (as of mid-May) with a total of EUR 216bn in deal value.

In Europe, De-SPACS represented 10% of the total M&A value announced during 2021 (as of mid-May). This proportion, however, has significantly increased over recent months.

89% of the announced SPAC acquisitions of European companies are De-SPACs of US-headquartered SPACs, representing a total of EUR 33.3bn in deal value. These European companies will be effectively listed on US exchanges via their SPAC parent company.

SPAC price performance

SPAC Price Index: Indxx SPAC & NextGen IPO (April 30, 2020 = 1)



Source: Eikon and INDXX. Index methodology available [here](#)

Price indices for US and European SPACs performance are relatively scarce.

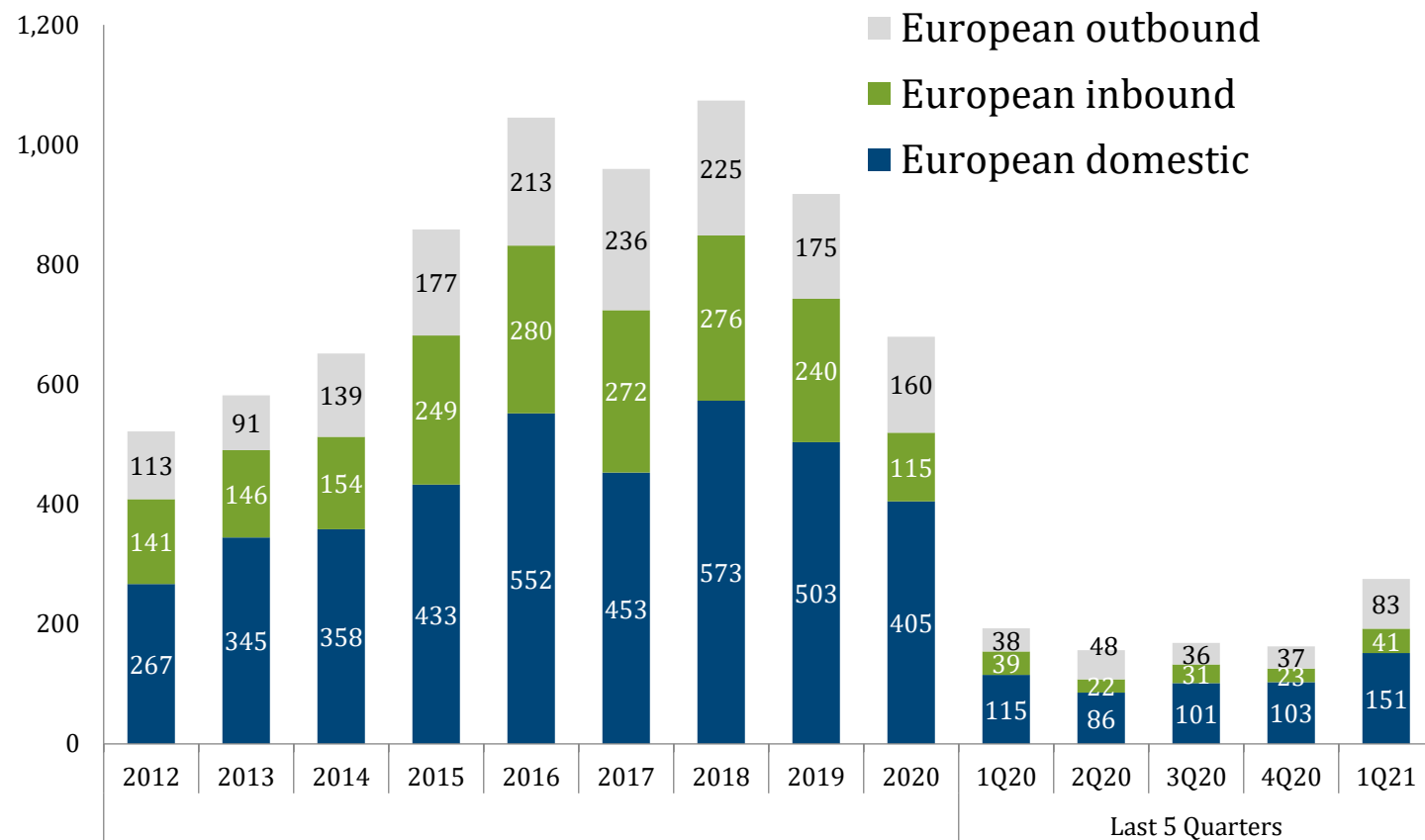
According to the INDXX SPAC price index, US SPAC share prices doubled during 2020, with a sharp correction observed during the first months of 2021.

It is difficult to compare the pre- and post-De-SPAC price performance. According to recent academic literature, De-SPACs seem to underperform benchmark prices. For a large majority of SPACs, post-merger share prices fall; these price drops are also highly correlated with the extent of dilution, or cash shortfall, in a SPAC. See report [here](#).

Mergers and Acquisitions (M&A)

M&A by acquiring party

Completed M&A by acquiring party (EUR bn)



Source: Dealogic

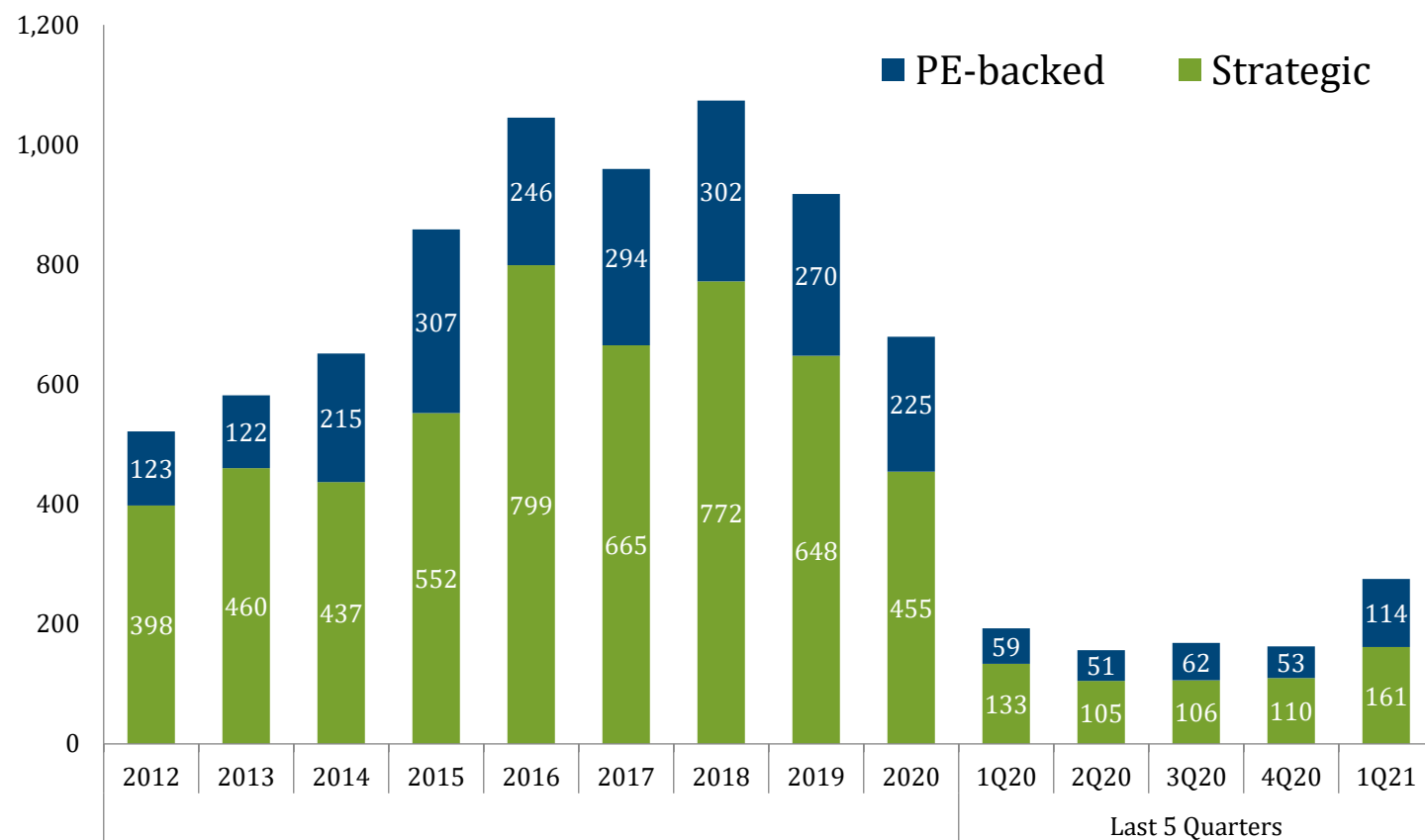
European* completed M&A activity increased 43% YoY in Q1 2021, driven predominantly by an increase in domestic and outbound deals (i.e. acquisition of non-European companies by European firms).

Firms headquartered in the Americas represented 86% of the Q1 2021 outbound deal value. See page 15 for further details.

*EU27, UK and Switzerland

M&A by type of deal

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



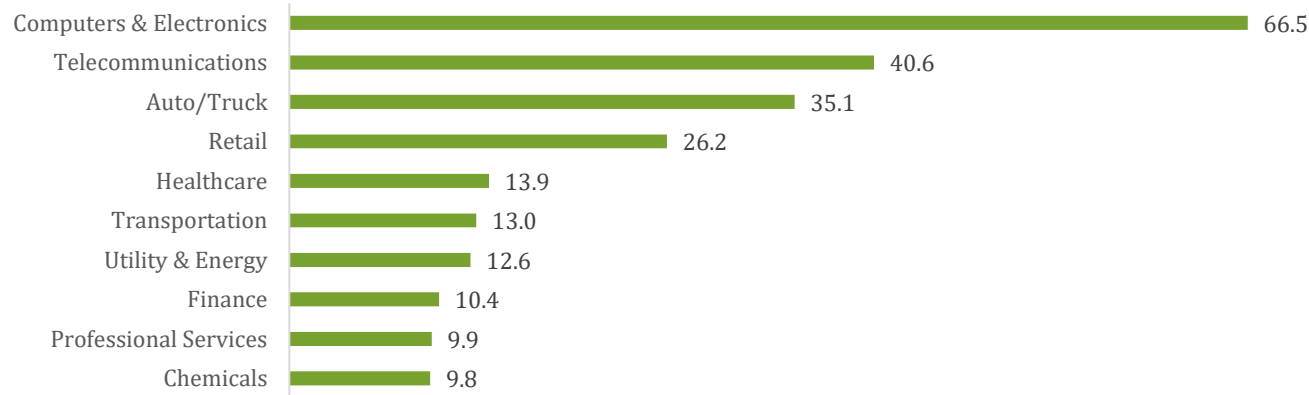
Source: Dealogic

Private Equity-backed M&A activity (“Sponsor” deals) totalled €114bn in Q1 2021, almost double the amount completed in Q1 2020.

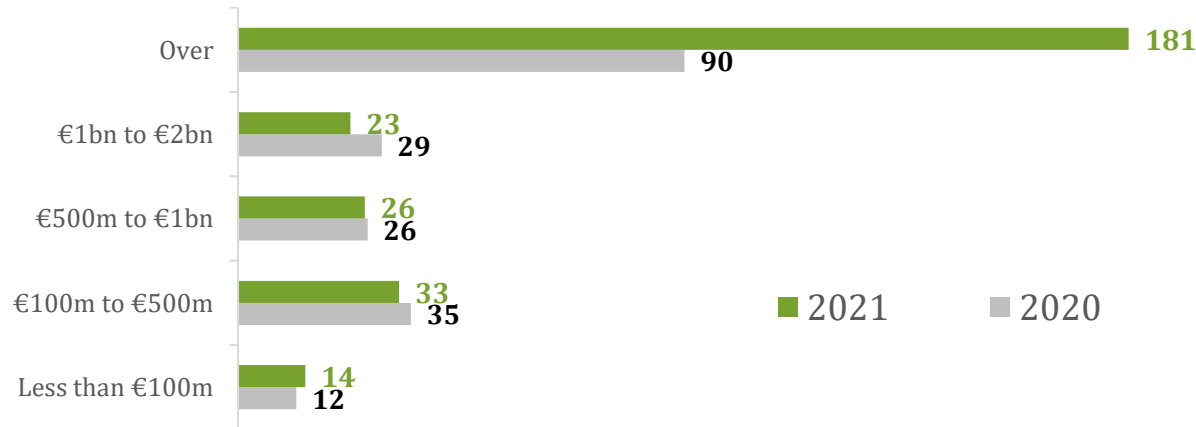
The PE-backed M&A amount of €114bn was the highest quarterly deal value amount on records.

Computer and electronics led by deal value

Top 10 industries for completed M&A (Q1 2021, EUR bn)



Completed M&A transactions by deal value (Q1, EURbn)



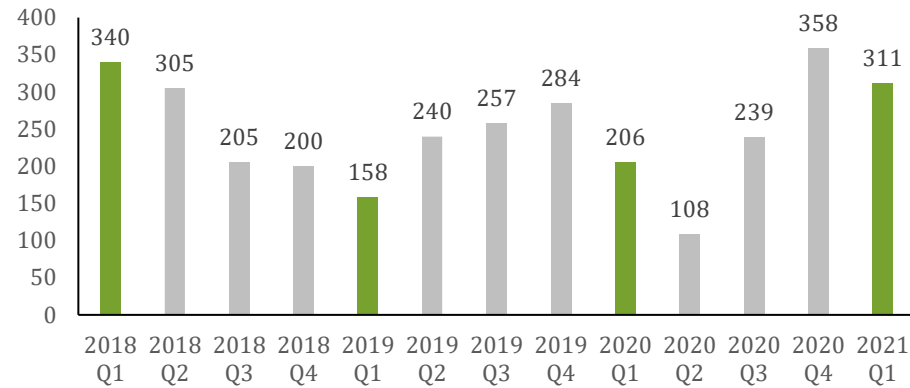
Source: Dealogic

Four “megadeals” (deal value above €10bn) were completed during Q1 2021:

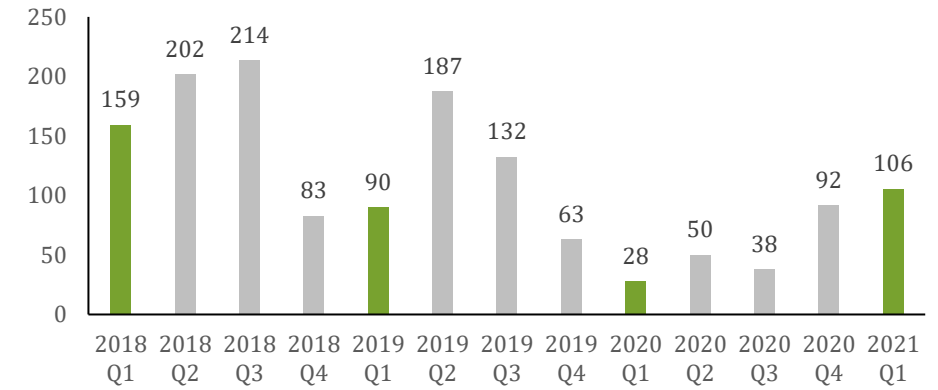
- Acquisition of Refinitiv by the London Stock Exchange.
- Acquisition of French telecoms company Altice by Next LP.
- Acquisition of Fiat Chrysler by Peugeot
- Acquisition of Tiffany & Co by LVMH.

Quarterly increase in announced M&A

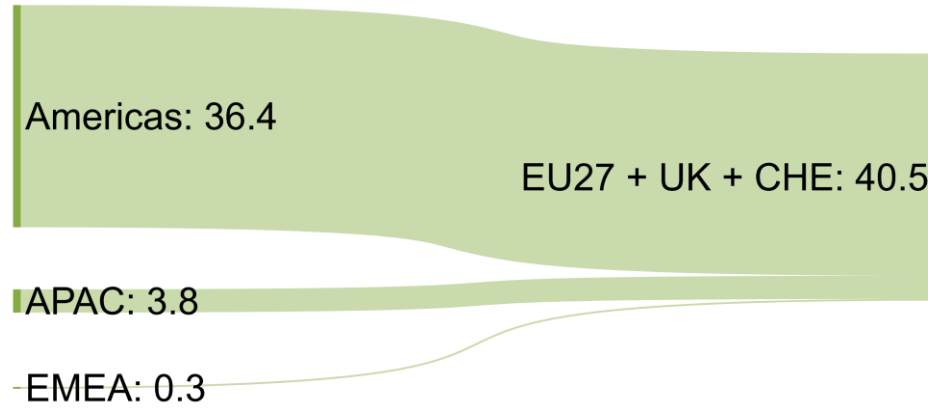
Announced M&A (EUR bn)



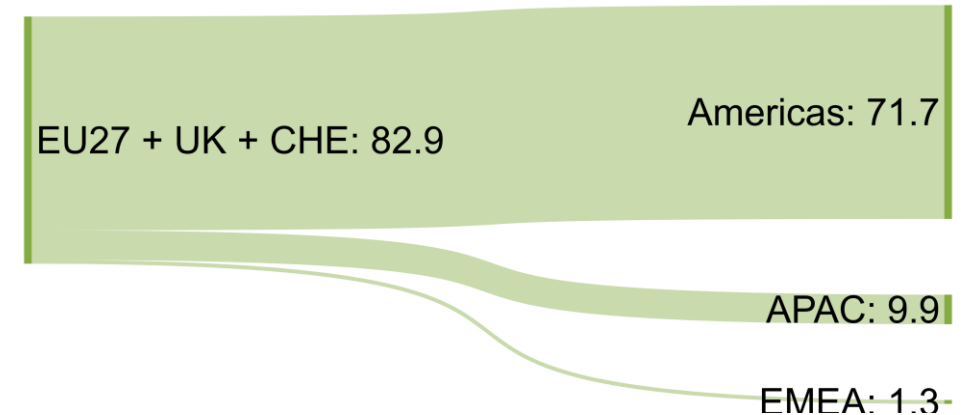
Withdrawn M&A (EUR bn)



Completed inbound M&A by acquiring region (EUR bn, Q1'21)



Completed outbound M&A by target region (EUR bn, Q1'21)



Source: Dealogic

Completed deal value declines across Europe

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



Source: Dealogic

M&A activity has recovered in Iberia, France, Italy, UK & Ireland and Baltics.

M&A transactions in Benelux countries continue subdued and below historic quarter averages.

European integration: M&A between European firms

Completed intra-European M&A activity (Q1'21, EUR bn)

Target Nationality

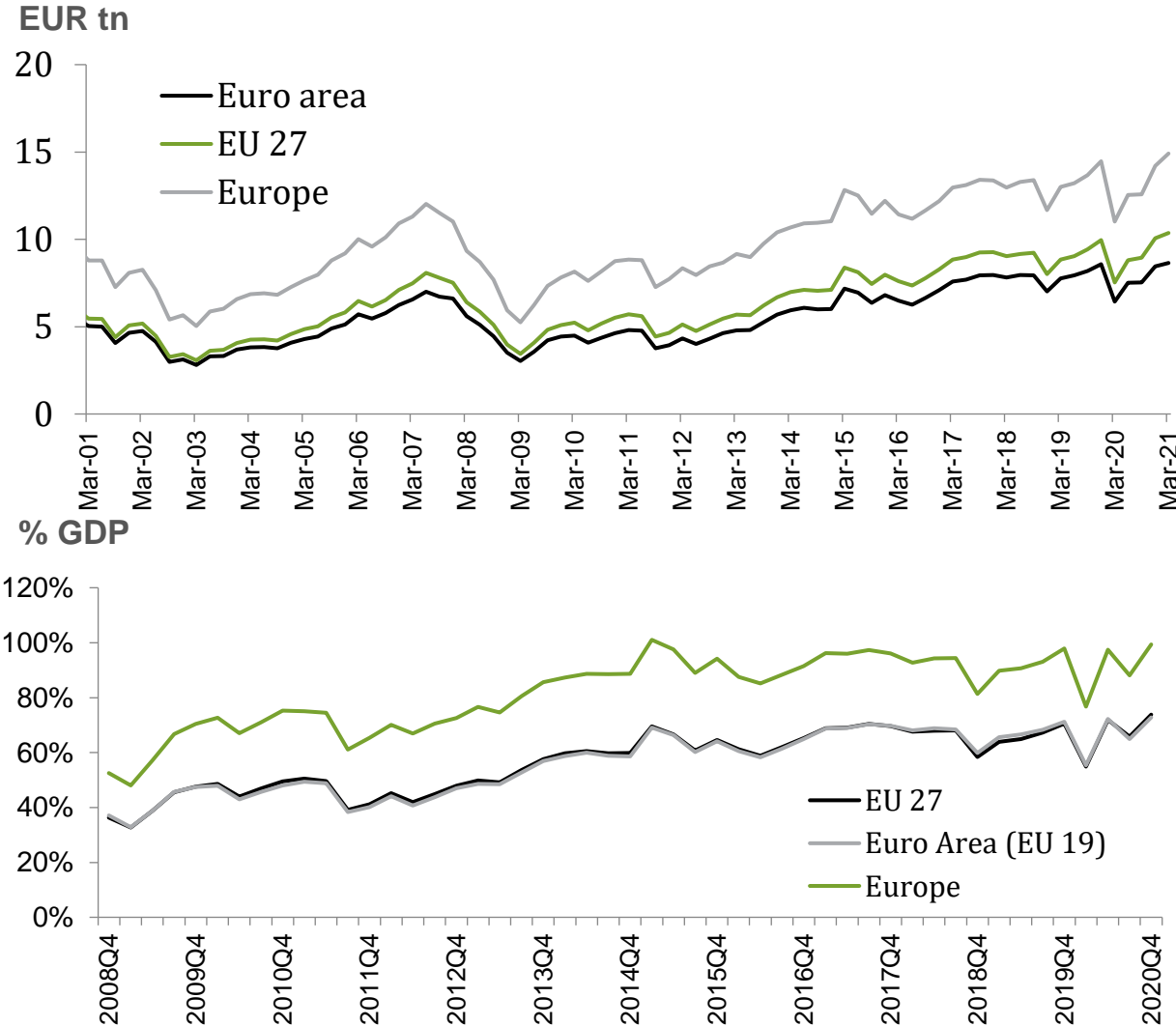
Acquirer Nationality

	AT	BE	BG	HR	CZ	DK	EE	FI	FR	DE	GR	HU	IE	IT	LV	LT	LU	MT	NL	PL	PT	RO	ES	SE	CHE	UK	TOTAL
Austria	150																										150
Belgium		180											118										100			104	502
Bulgaria			16																								16
Cyprus											86																86
Czech Republic					736									21													757
Denmark						3,426								165						202					8	3,801	
Estonia							250								3												253
Finland								3,053		64									258								3,375
France			99						40,973	7,190				23,665			477		53	4			297		172	72,931	
Germany				70						3,823									73	87		7			326	4,387	
Greece											237																237
Hungary												284															284
Ireland									90				1,932									77			45	2,144	
Italy									10					5,134					43			2	378		45	5,610	
Latvia															91												91
Lithuania																8											8
Luxembourg									31								357								33	421	
Netherlands									1,618	30									1,588								3,237
Poland				31																497							528
Portugal																					22						22
Romania																						1,000					1,000
Spain	1,100					400					47		600						650				7,167	800			10,764
Sweden						58		6	11	11	56			21				3	11					2,072	16	228	2,493
Switzerland										1,860									73						156		2,089
United Kingdom		8		33					69		288		127				74	149	4	66			1,500	368	33,603	36,288	
Total	1,250	188	115	134	736	3,885	250	3,059	42,802	12,978	714	284	2,777	29,006	94	8	908	152	2,753	855	22	1,086	9,442	3,240	172	34,564	151,475

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

Secondary markets

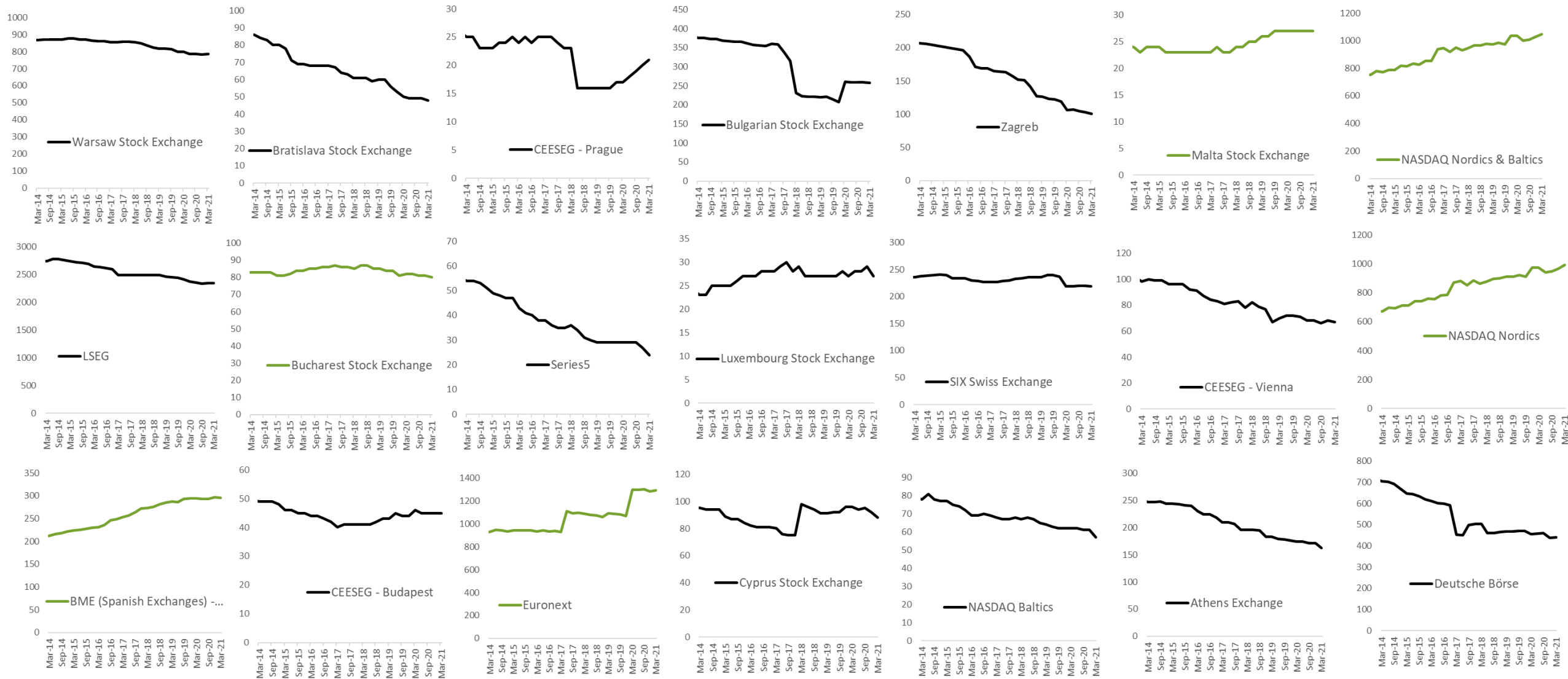
Market capitalisation of domestic listed shares



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 4Q20 as 1Q21 GDP not available at the time of publication

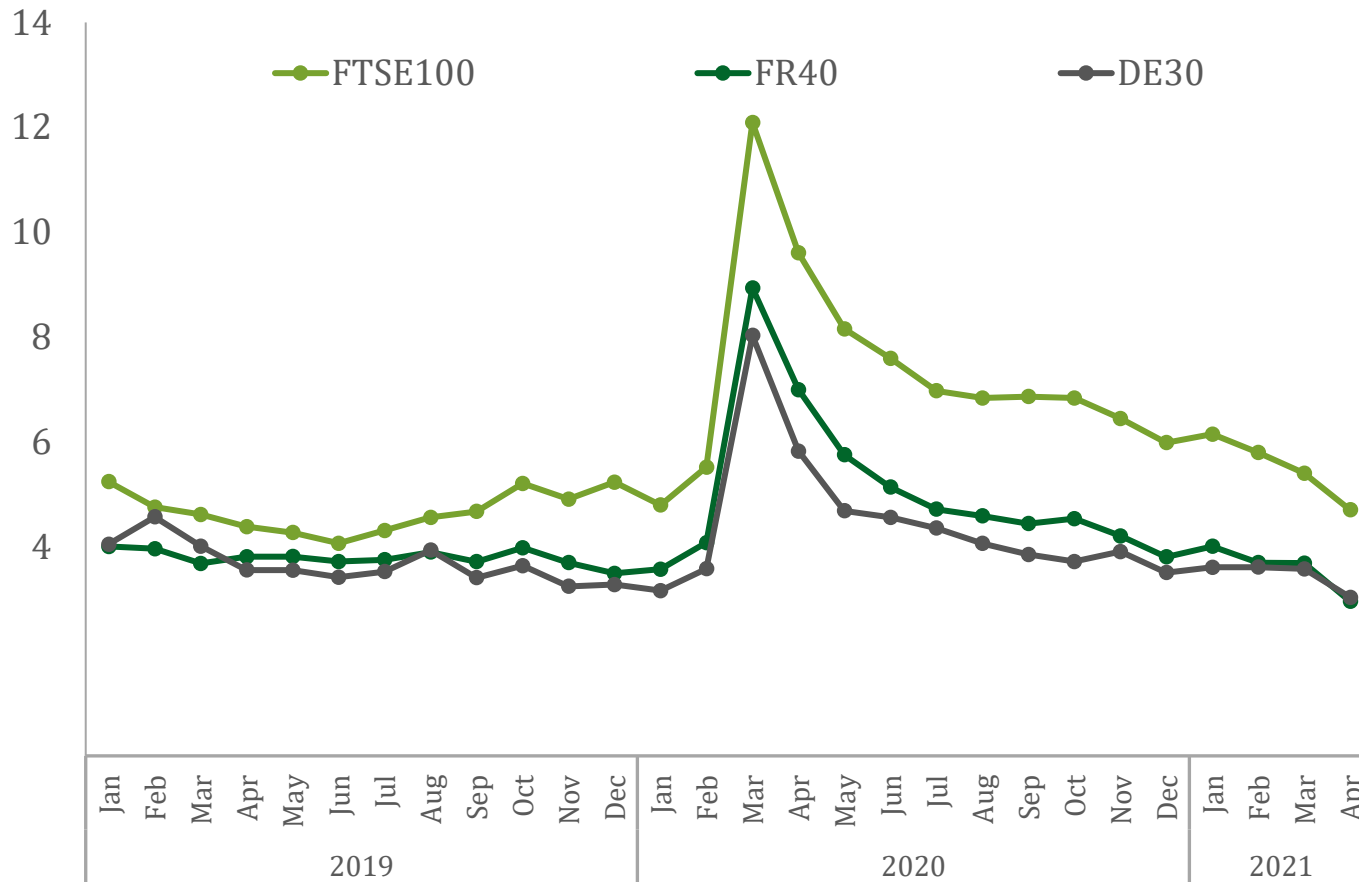
The European market capitalisation of listed shares surpassed pre-pandemic levels in 1Q 2021 following the sharp decline in company valuations as consequence of the COVID-19 outbreak.

Number of listed companies on European exchanges



Bid-ask spreads for selected European indices

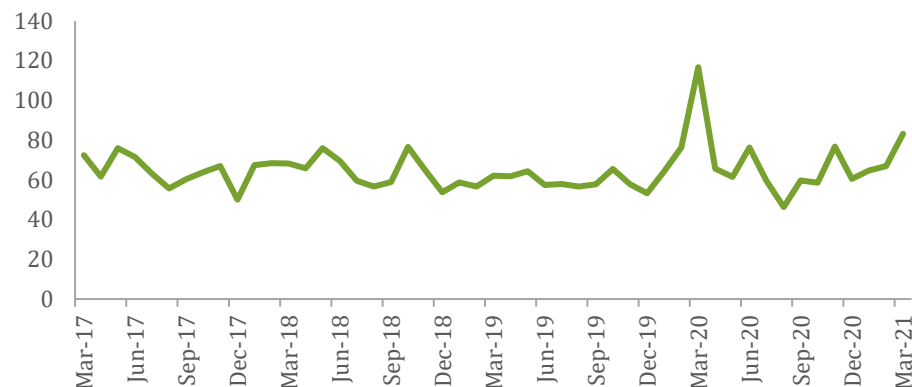
Market spreads in basis points for selected equity indices (Primary venue, value weighted average spread, €5k)



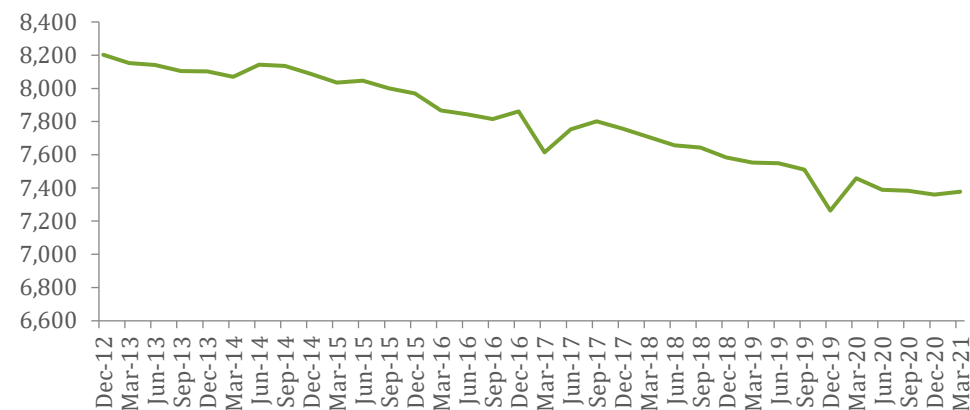
Bid-ask spreads for selected European equity indices continued to decline during 1Q 2021, reaching pre-pandemic levels.

Number of listed companies stabilizes at c7400

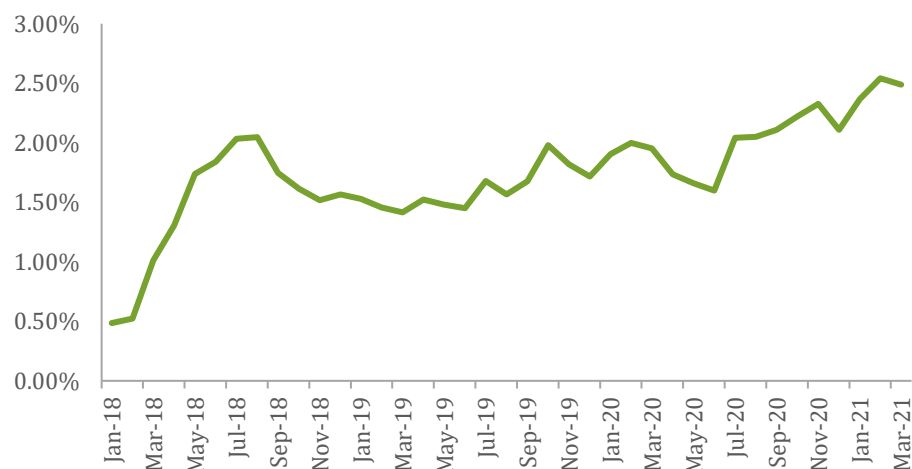
Average daily equity turnover value on European exchanges and MTFs (EUR bn)*



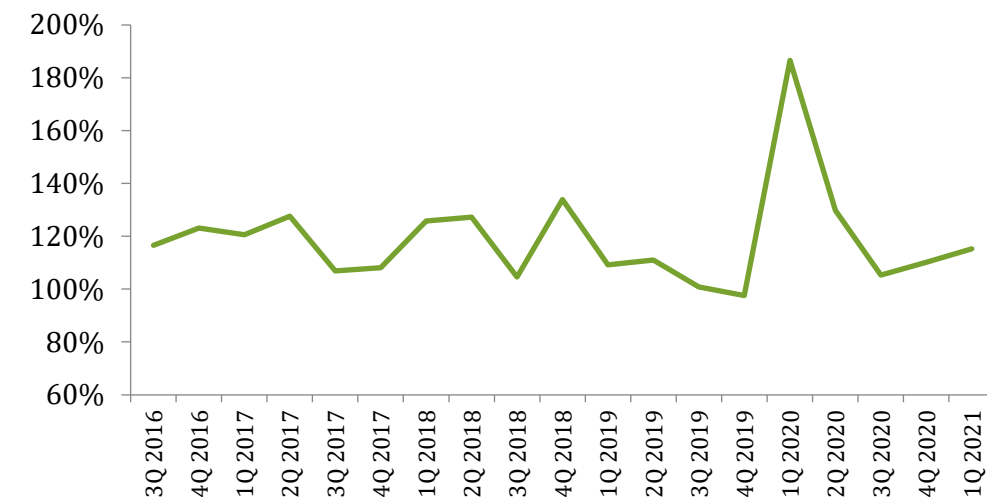
Number of listed companies on European exchanges



Lit/Auction periodic as % of total monthly trading

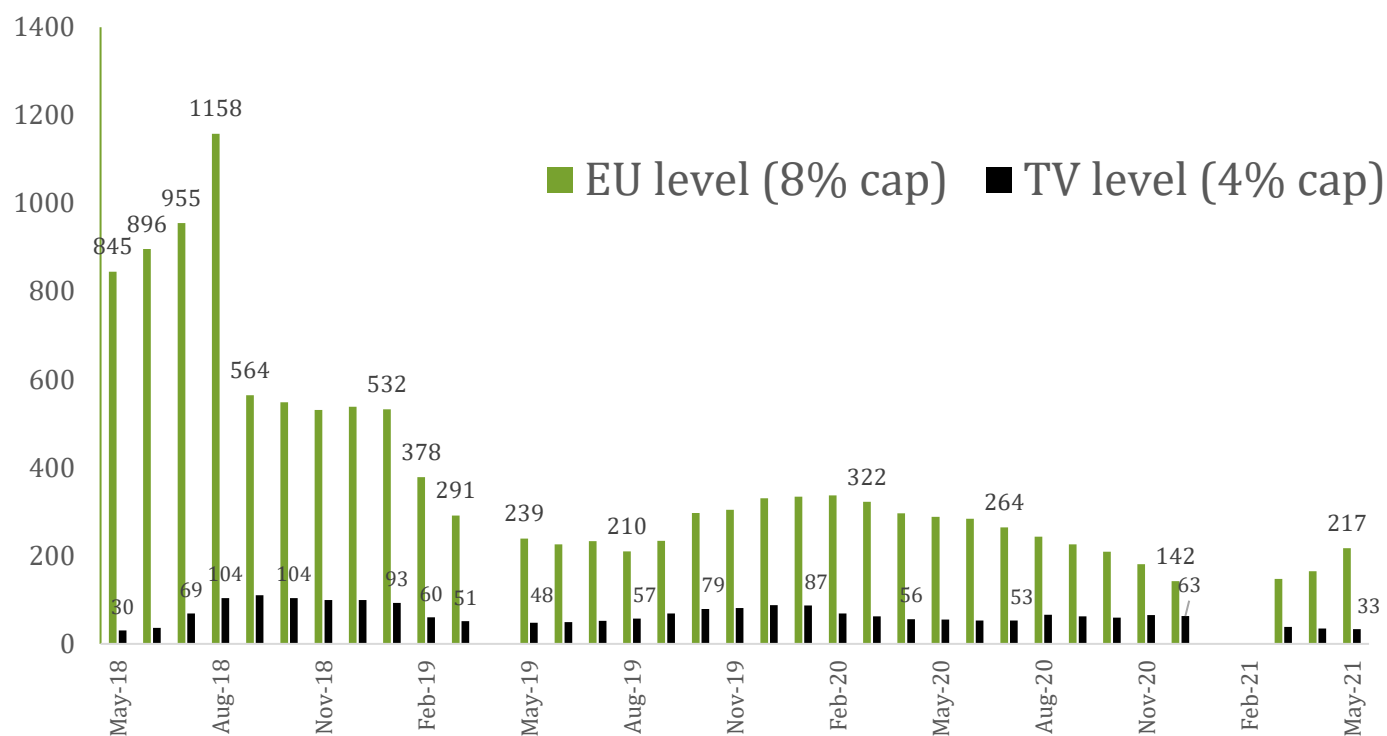


Turnover ratio (annualised turnover value/ market cap)



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).

Following a two-month temporary interruption, ESMA resumed the publication of the DVC files in March 2021.

The number of instruments banned from dark trading has recently increased to 250 at the EU or trading venue level as of May 2021 (from 205 in Dec-20).

MiFID dark trading caps

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

May-21

Country	ISIN	Universe	Suspended EU level	Suspended TV level	Suspended (% Universe)
AT		79	1	0	1%
BE		239	1	0	0%
BG		216	0	0	0%
CY		107	0	0	0%
CZ		27	0	0	0%
DE		1110	17	0	2%
DK		673	13	10	3%
EE		26	0	0	0%
ES		307	0	0	0%
FI		198	1	1	1%
FR		982	20	1	2%
GB		1623	91	5	6%
GR		190	0	0	0%
HR		100	0	0	0%
HU		57	0	0	0%
IE		1363	12	3	1%
IT		461	4	0	1%
LT		30	0	0	0%
LU		1078	1	1	0%
LV		22	0	0	0%
MT		36	0	0	0%
NL		214	6	0	3%
PL		762	0	0	0%
PT		56	1	0	2%
RO		366	0	1	0%
SE		1263	4	2	0%
SI		153	0	0	0%
SK		38	0	0	0%
Non-EU		14704	45	9	0%
Total		26480	217	33	1%

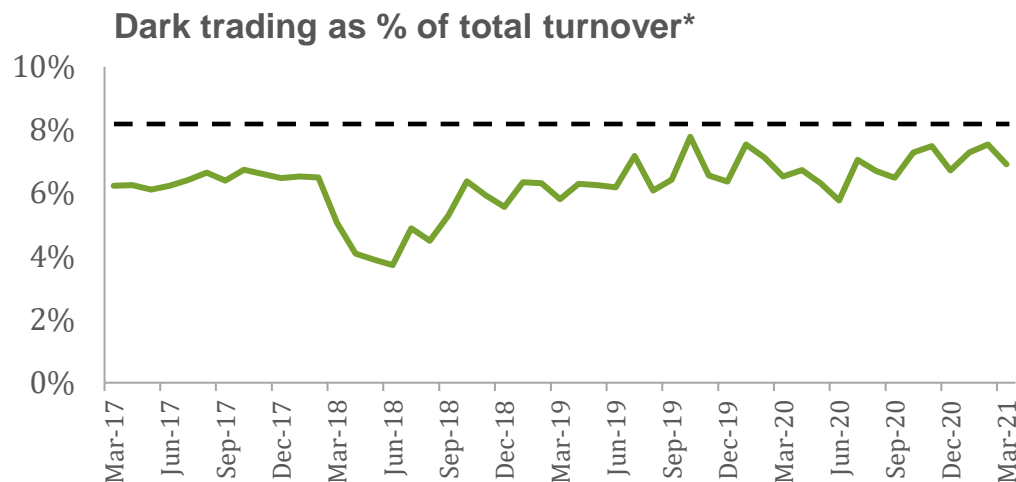
Source: ESMA

The 250 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 May 2021 DVC files (26,480).

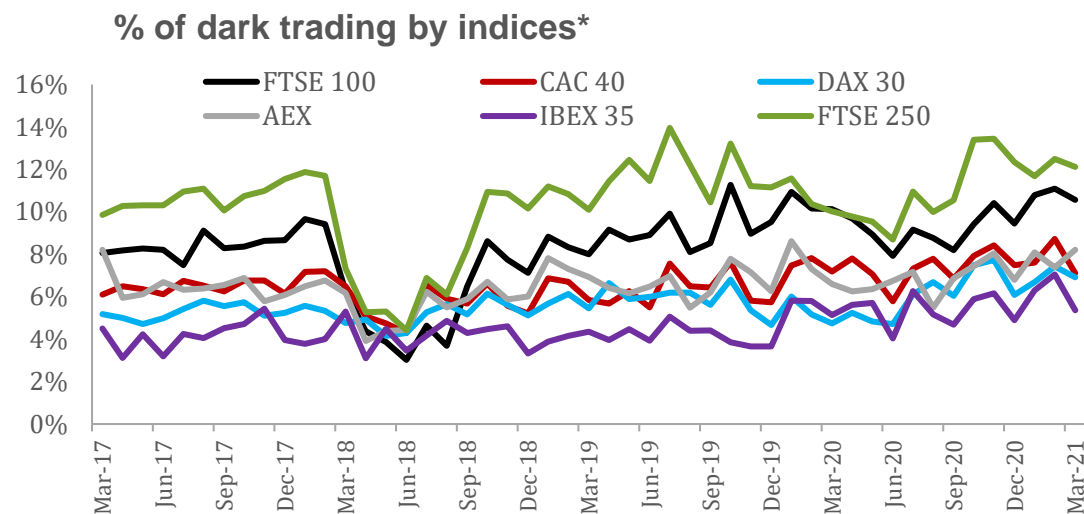
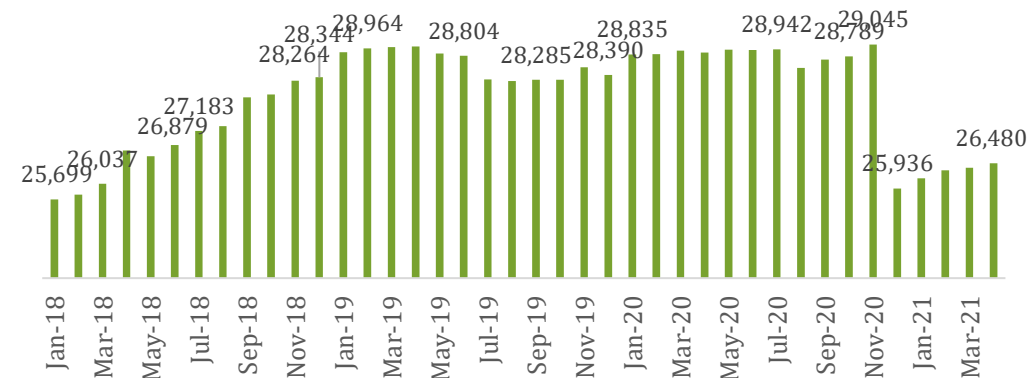
By countries, 96 of the 250 suspended instruments have UK ISINs (i.e. UK as the issuing country), which represents 6% of the 1,623 UK ISINs registered in the ESMA DVC files.

54 of the suspended instruments have non-EU+UK ISINs, or 21.6% of all suspended instruments at the EU and trading venue level.

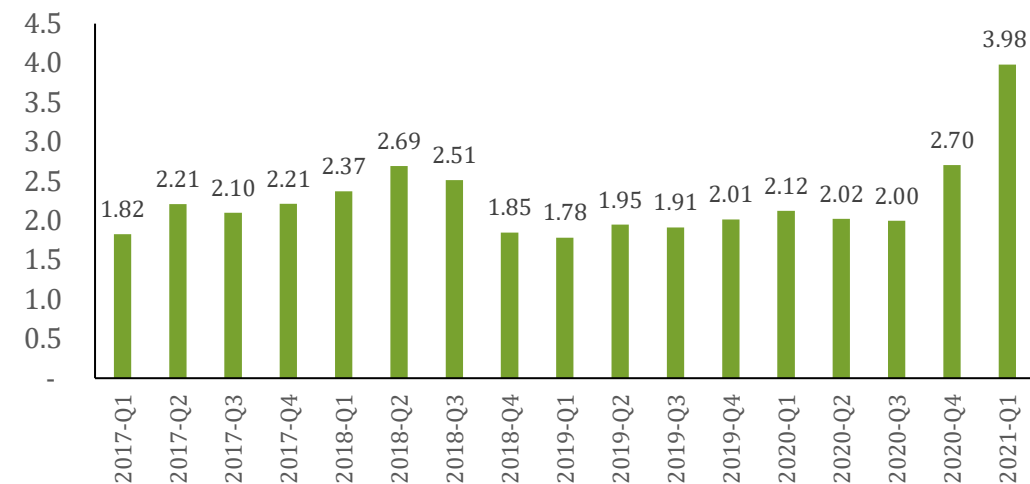
Proportion of dark trading stable and below 8%



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



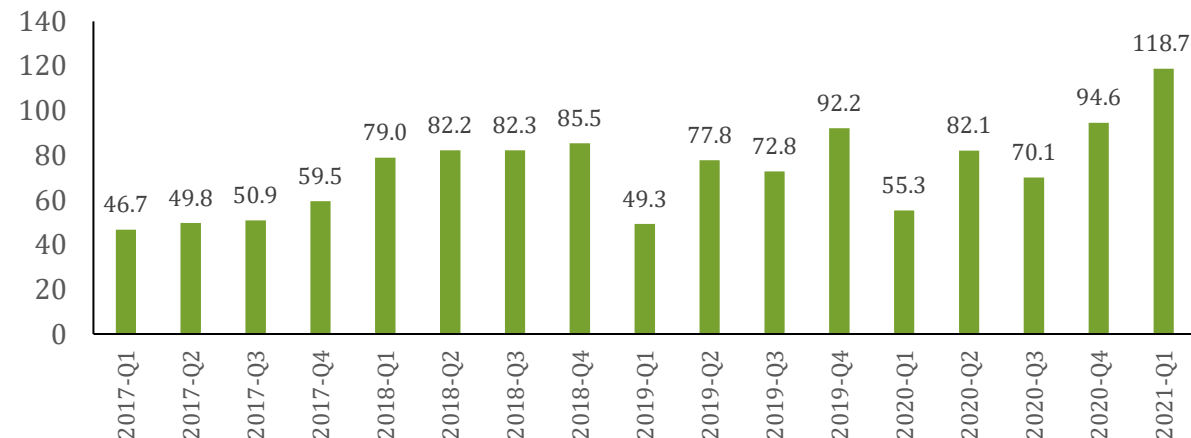
Block trades: Average value per trade (EURmm)



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

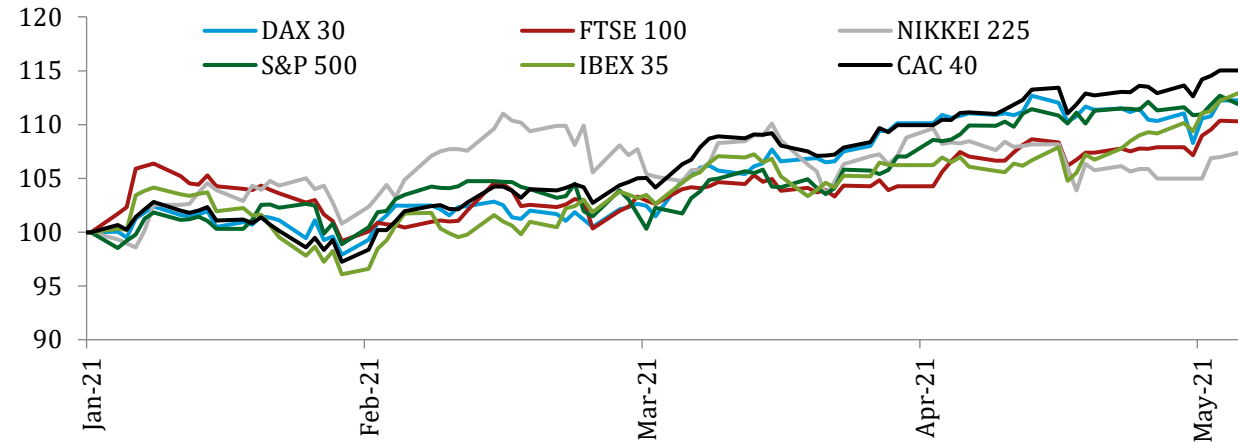
Equity trading in the form of block trades (traded above the large in scale threshold) reached a record high to a quarterly total of €118.7 bn in 1Q21 from €94.6 bn in 4Q20.

According to BigXYT data, the percentage of dark traded as large-in-scale (LIS) blocks rose during 1Q21 to 38% from 33% in 4Q20.

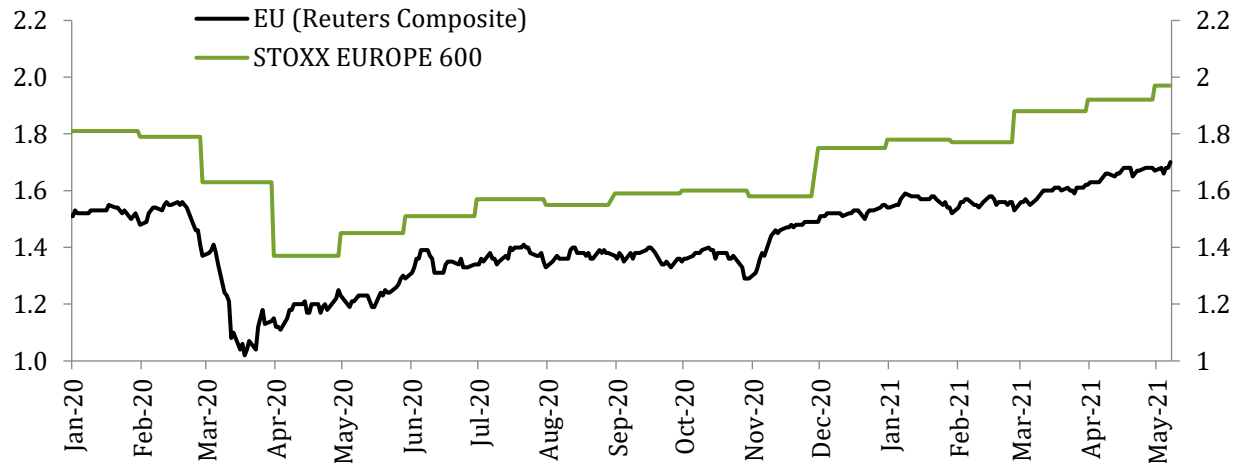
Valuations

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



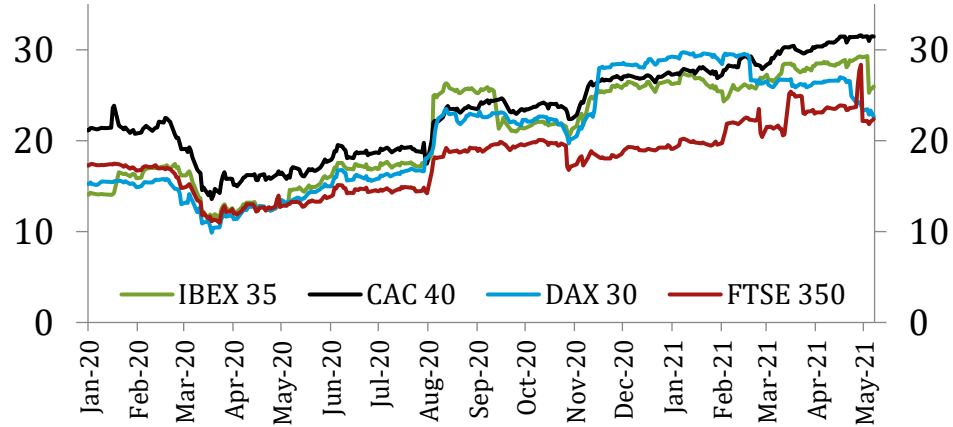
Source: Datastream

Price indices and valuation multiples have surpassed pre-pandemic levels.

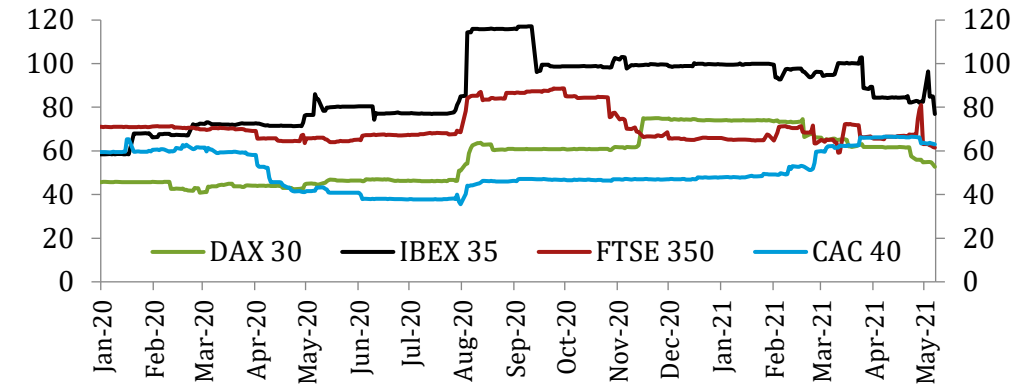
European equity share prices have risen 10-15% YtD as of early May 2021.

Valuation ratios and implied volatility

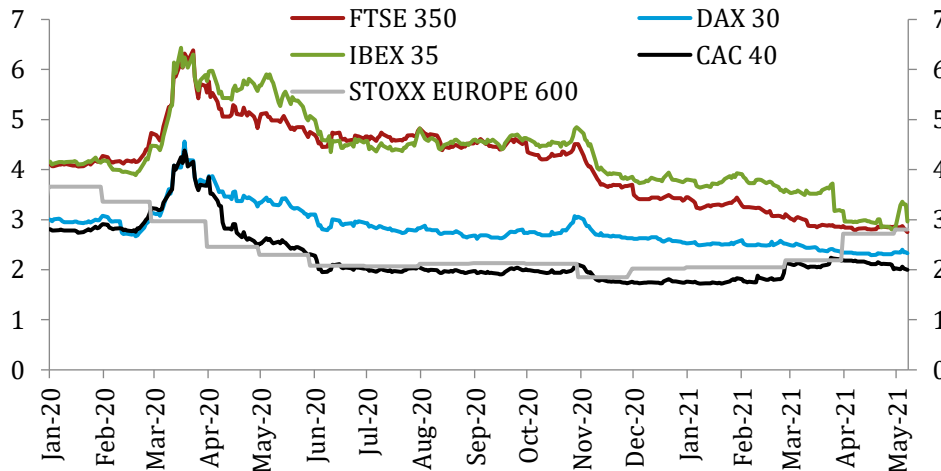
Price-to-earnings (PE) ratio



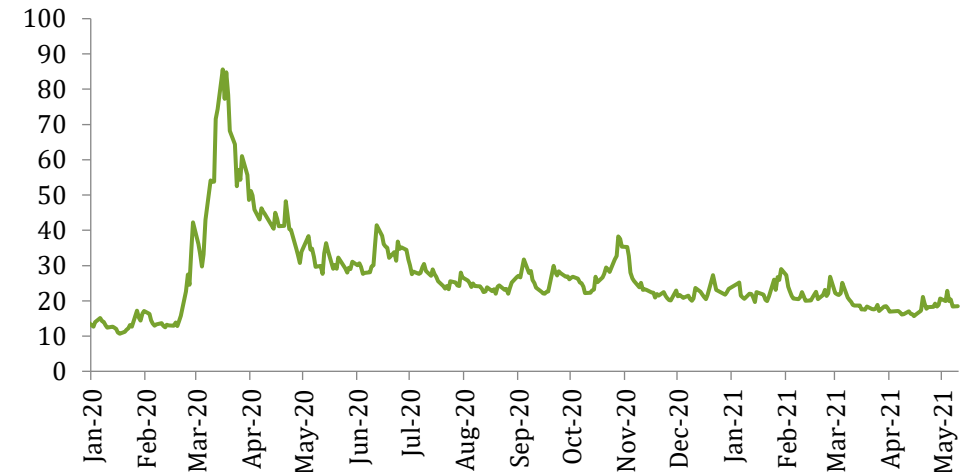
Dividend payout ratio (Dividends/ Earnings per share)



Dividend yield ratio (Dividend/Price)



Implied volatility of Euro Stoxx 50 constituent shares (VSTOXX)



Source: Datastream and Stoxx

	1Q 21				2021 YtD	1Q 20	2Q 20	3Q 20	4Q 20	2020 FY	%Change YtD
Equity underwriting (€ bn)	65.5				65.5	25.9	52.8	45.7	50.9	175.3	153%
IPOs	20.6				20.6	1.1	3.7	5.8	6.8	17.5	1722%
Follow-on offerings	36.5				36.5	22.1	41.7	30.6	36.6	130.9	65%
Convertible securities	8.5				8.5	2.7	7.4	9.3	7.4	26.8	213%
Mergers and Acquisitions (€ bn): completed	275.2				275.2	192.7	156.2	168.3	162.6	679.8	43%
European outbound	83.2				83.2	38.4	48.3	36.2	37.3	160.2	117%
European inbound	40.6				40.6	39.1	22.3	30.9	22.7	115.0	4%
Intra European	151.5				151.5	115.2	85.5	101.3	102.7	404.7	32%
Mergers and Acquisitions (€ bn): announced	311.4				311.4	205.8	108.3	239.0	358.4	911.5	51%
Equity turnover value											
Average Daily (€ bn)	71.6				71.6	85.7	67.8	55.1	65.2	68.5	-16%
Market Capitalisation of domestic listed shares (€ tn)											
European (EU27, UK and Switzerland)	14.9				14.9	11.0	12.5	12.6	14.2	14.2	35%
EU 27	10.4				10.4	7.5	8.8	9.0	10.1	10.1	38%
Euro Zone	8.7				8.7	6.4	7.5	7.5	8.4	8.4	34%

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

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