4Q 2022 and full year 2022

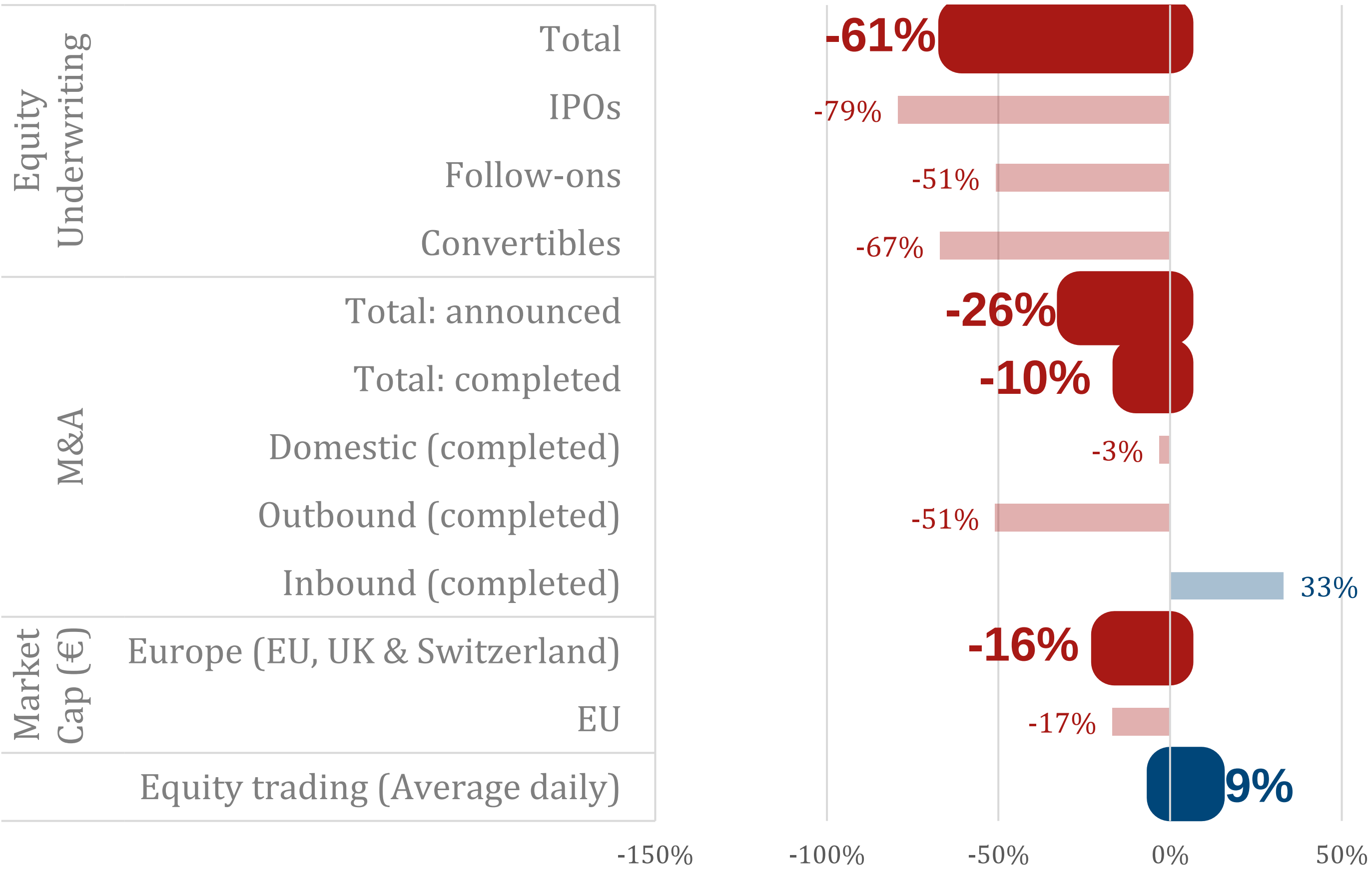
Equity Primary Markets and Trading Report

European market data update

Key highlights

2022FY variation of European Equity activity

EU member countries, UK and Switzerland



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

Lowest equity capital raising since 1995

Equity underwriting on European exchanges declined 61% in 2022 compared to the full year 2021.

All forms of equity capital raising declined during the year. IPO activity was exceptionally weak, notwithstanding the origination of the largest European IPO in history by market capitalisation during Q3’22.

European SPAC IPOs declined 79% during the year, in tandem with the wider IPO decline.

Completed Mergers and Acquisitions (M&A) declined when measured as announced value (-26% YoY) and when measured as completed value (-10% YoY).

De-SPACS represented 1% of the total M&A value announced during 2022 , below the proportion observed during 2021 (5%).

Average daily equity trading on European main markets and MTFs stood at €91bn in 2022, a 9% increase compared to 2021 driven by the wider market volatility.

Domestic market capitalisation of European listed shares stood at €14.7tn at the end of 2022, a 16% decrease from €17.6 at the end of 2021.

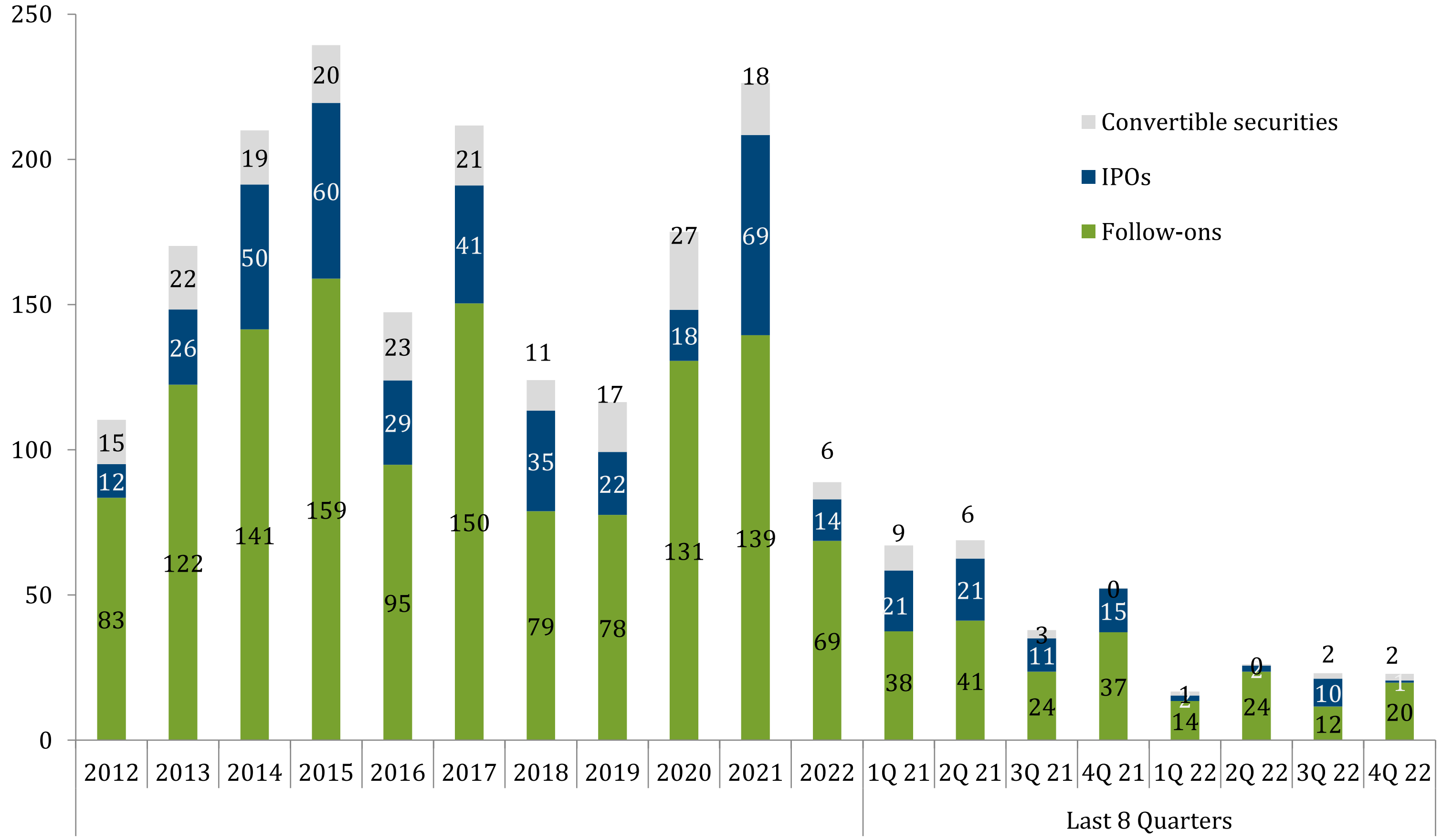
Contents

Equity issuance

afme/
Finance for Europe

Sharp decline in equity capital raising

Equity Issuance on European exchanges (EUR bn)



Source: Dealogic

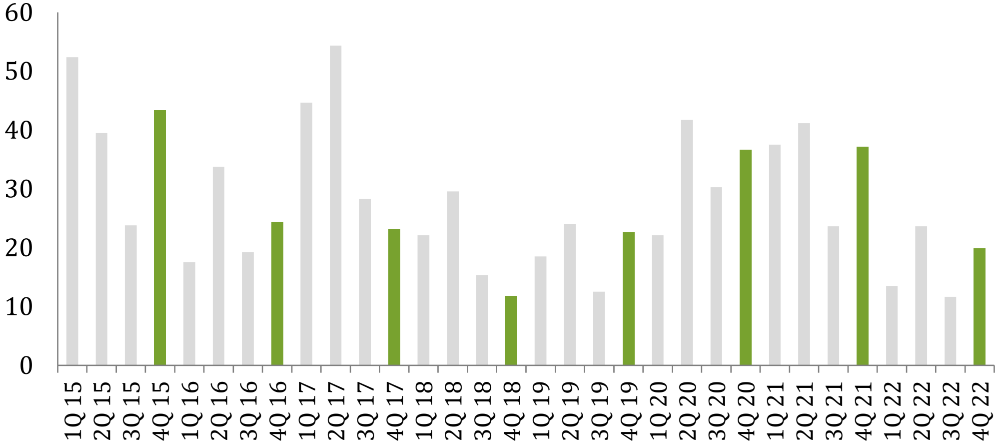
Equity capital raising on European exchanges totalled €89bn in 2022, the lowest annual amount since 1995.

IPOs accumulated €14.2bn in deal value in 2022. One single deal, however, represented 64% of the annual amount (Porsche IPO, €9.1 bn).

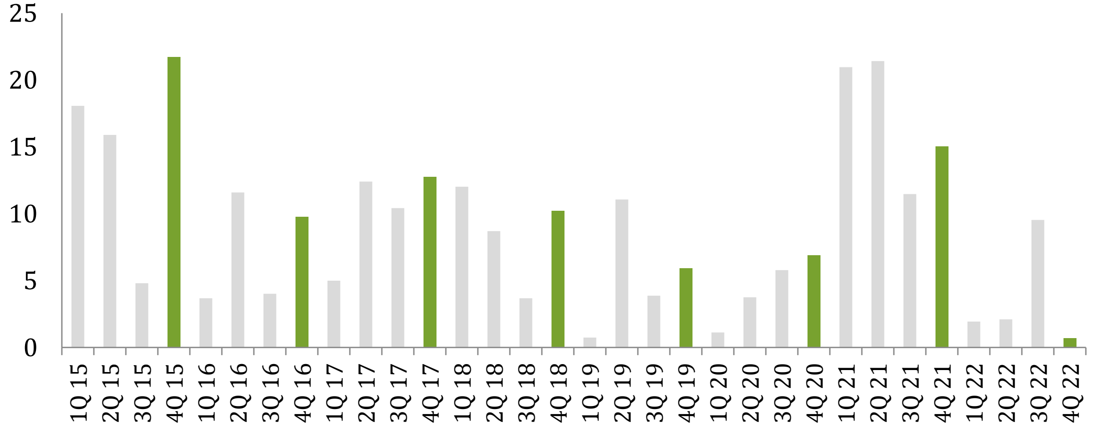
The decline in equity capital raising represents a significant shift from the robust issuance observed during 2021.

Decline in equity issuance

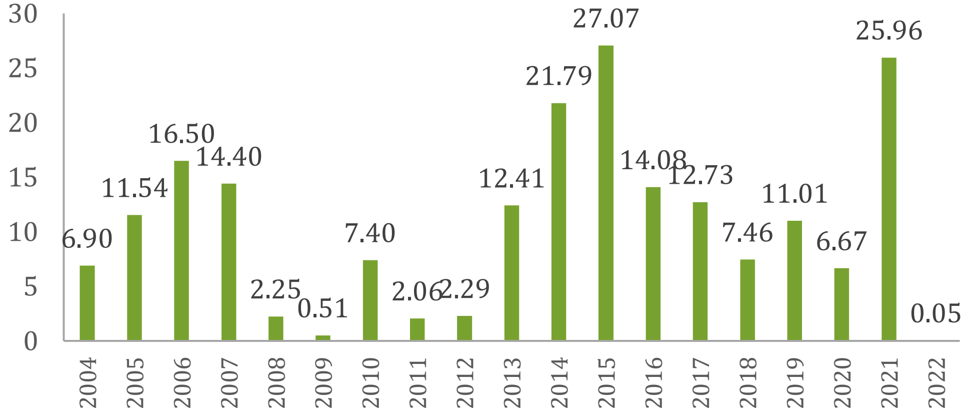
Follow-on offerings (EUR bn)



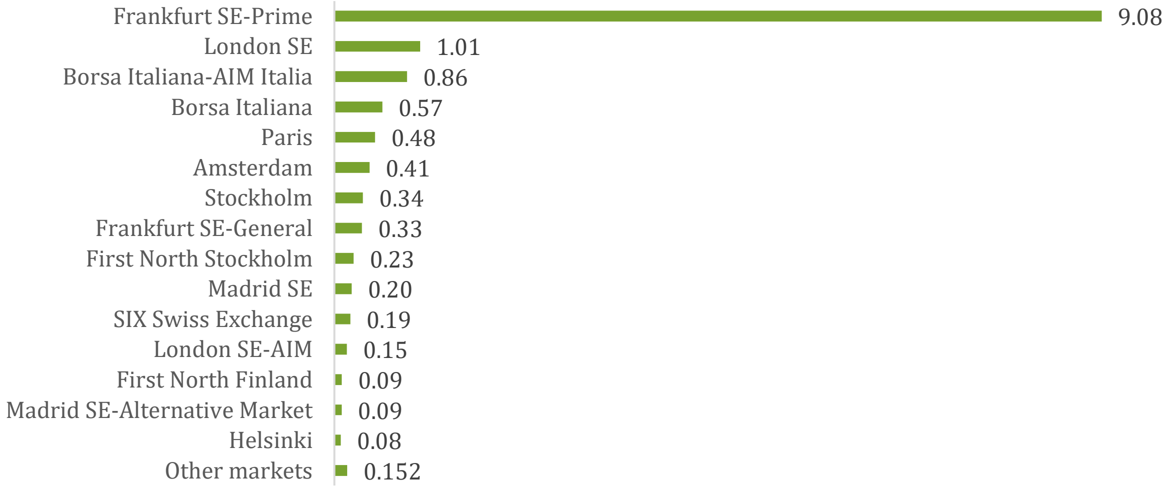
IPO proceeds (EUR bn)



PE-backed IPO proceeds: (full year, EUR bn)



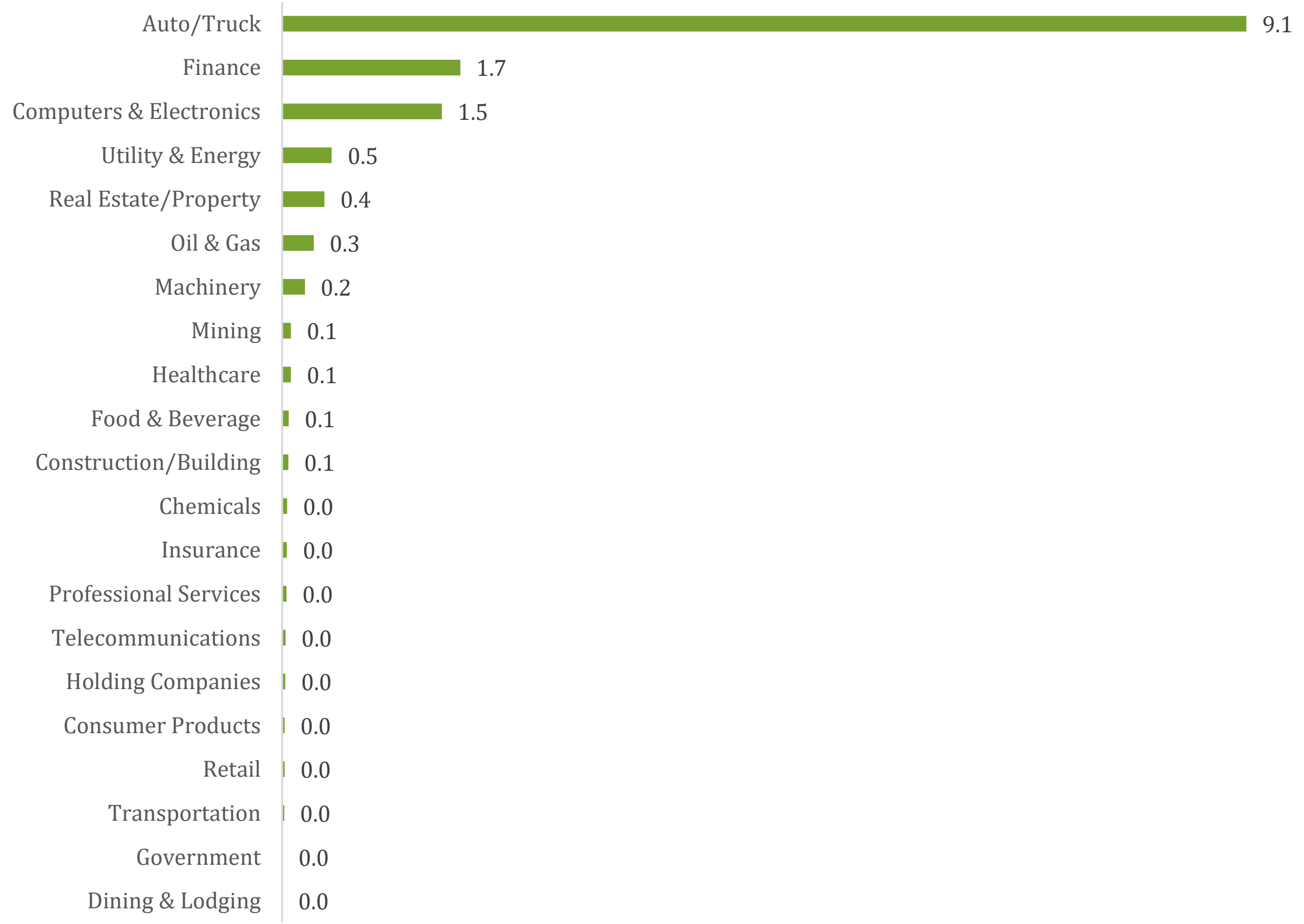
IPO proceeds by listing market (EURbn): 2022



Source: Dealogic

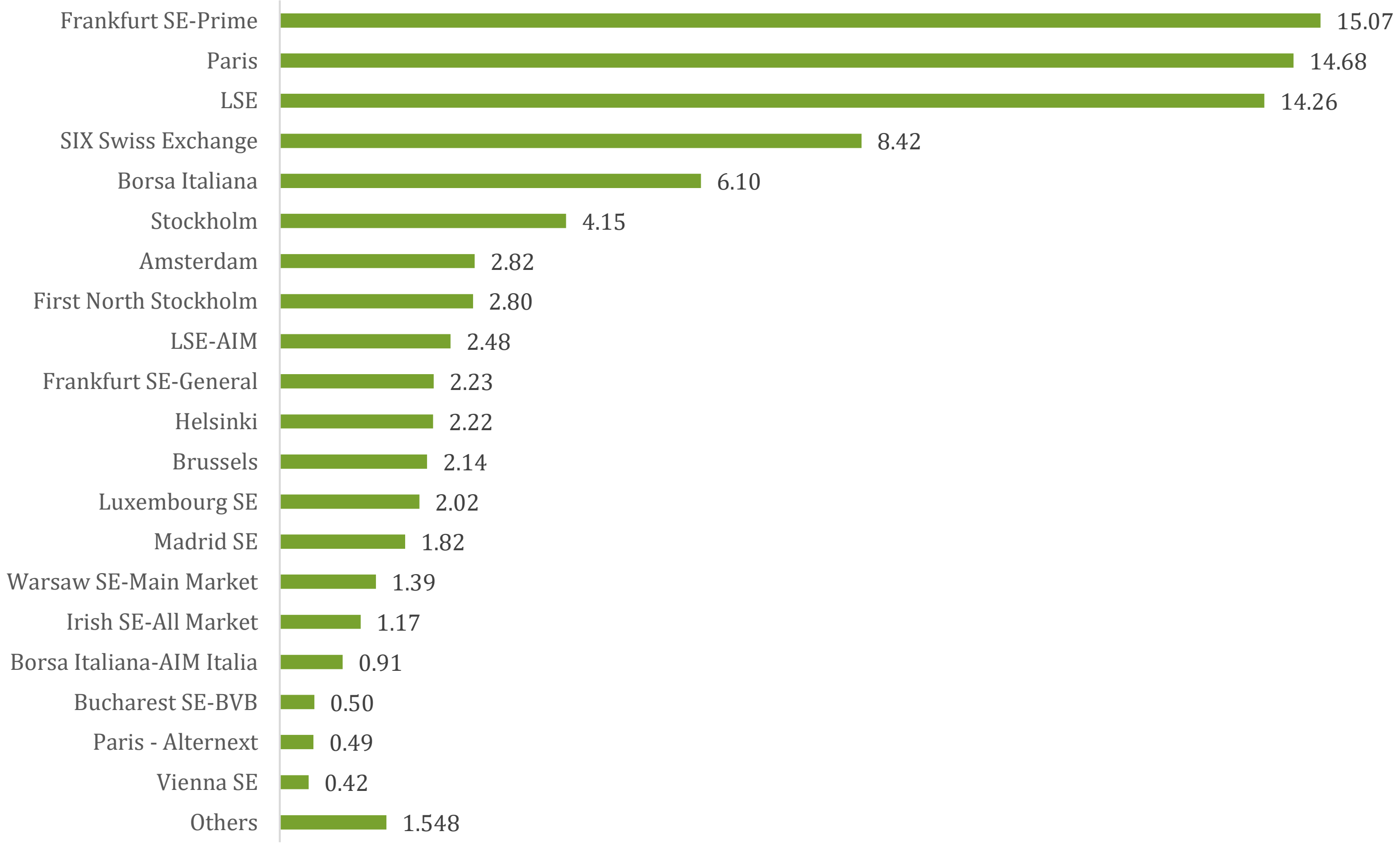
Autos lead by IPO proceeds due to Porsche deal

IPO proceeds by industry (EUR bn): 2022FY



Dealogic. Finance includes SPVs and SPACs

Frankfurt Prime leads in equity issuance



Equity underwriting on European exchanges: IPO, follow-ons and convertibles (EUR bn): 2022

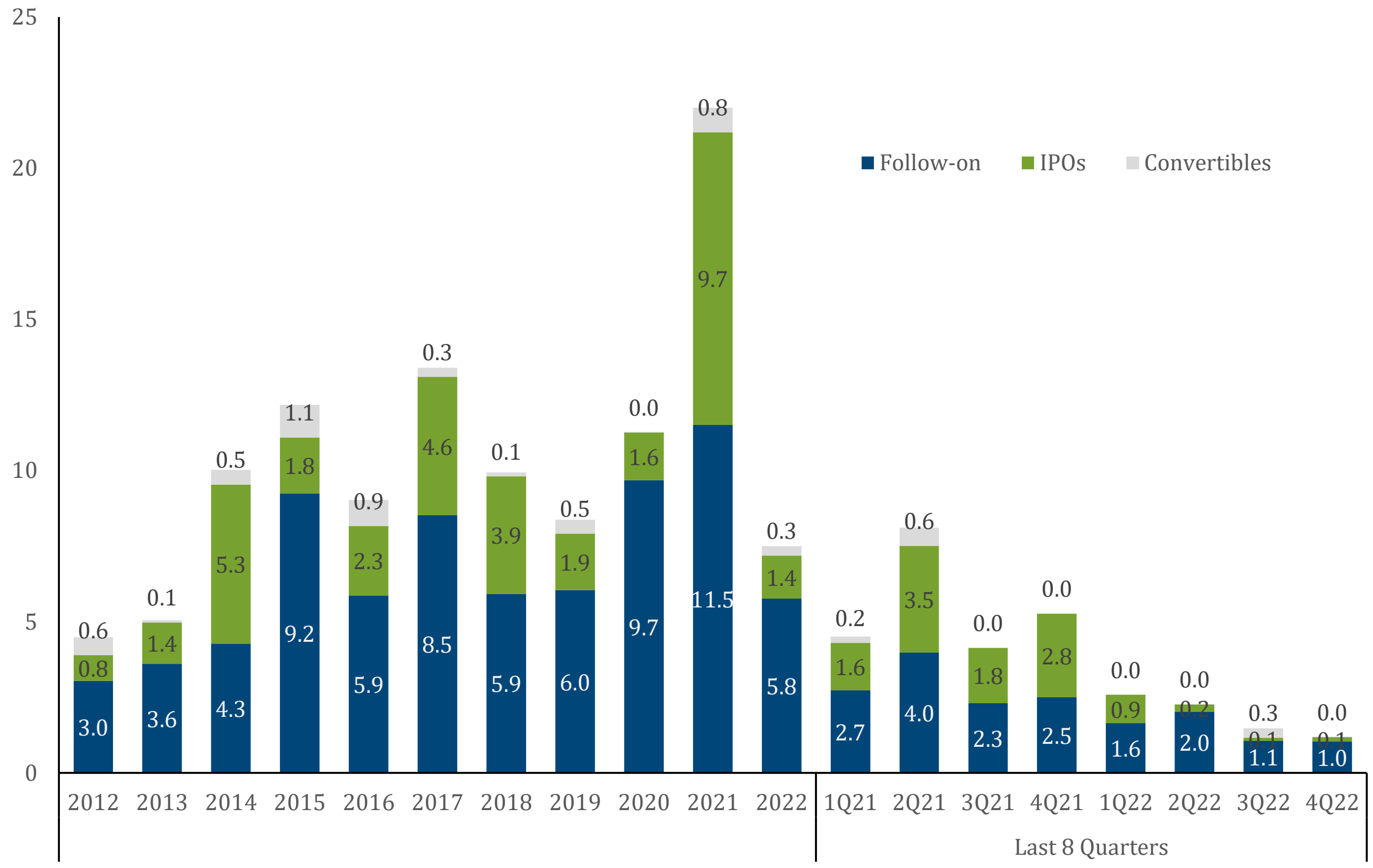
Source: Dealogic

The Frankfurt Prime Market led by total equity underwriting accumulating a total of €15.1bn during 2022, followed by Euronext Paris (€14.7bn) and the LSE (€14.3bn).

The amount of equity capital raised on Frankfurt Prime benefitted from the large IPO issued by Porsche for €9.1bn in 3Q’22.

Equity issuance on Junior markets

Equity underwriting on European Junior markets (EUR bn)



Source: Dealogic

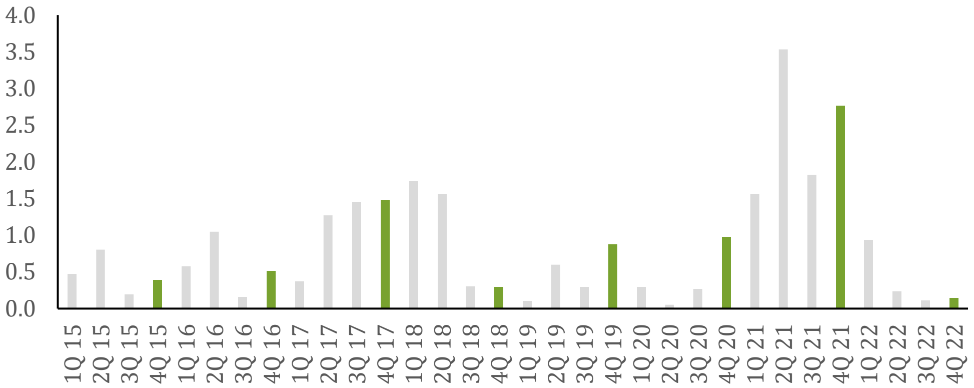
Equity issuance on Jr exchanges accumulated a total of €7.5bn in total equity capital raised during 2022, a decline from €22bn in 2021.

The flow of fresh equity capital raised on Jr exchanges in the form of IPOs gradually declined during the year, from €0.9bn in 1Q’22 to €0.1bn in 4Q’22.

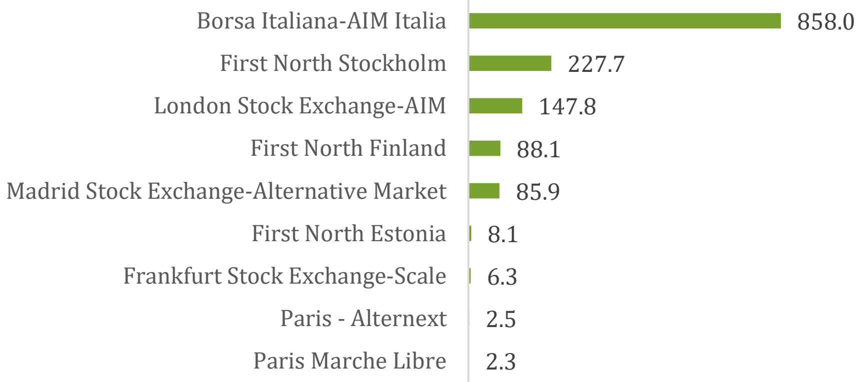
Junior exchanges are venues with less onerous listing requirements which facilitates equity capital raising by small and medium enterprises and younger companies.

Tech companies lead IPO issuance on Jr markets

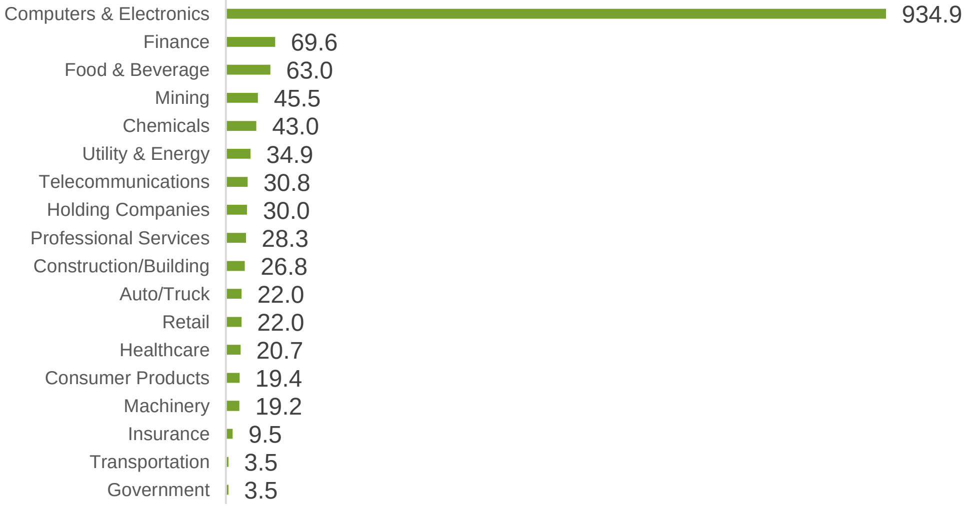
IPO proceeds on European Jr markets (EUR bn)



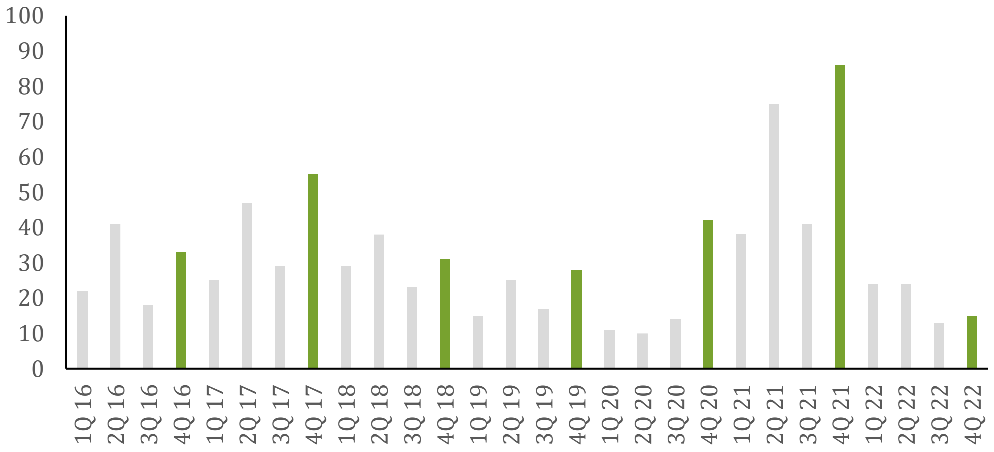
IPO proceeds on Jr markets by exchange (EUR mm, 2022)



IPO proceeds on Jr markets by industry (EUR mm, 2022)



Number of IPOs on European Jr markets

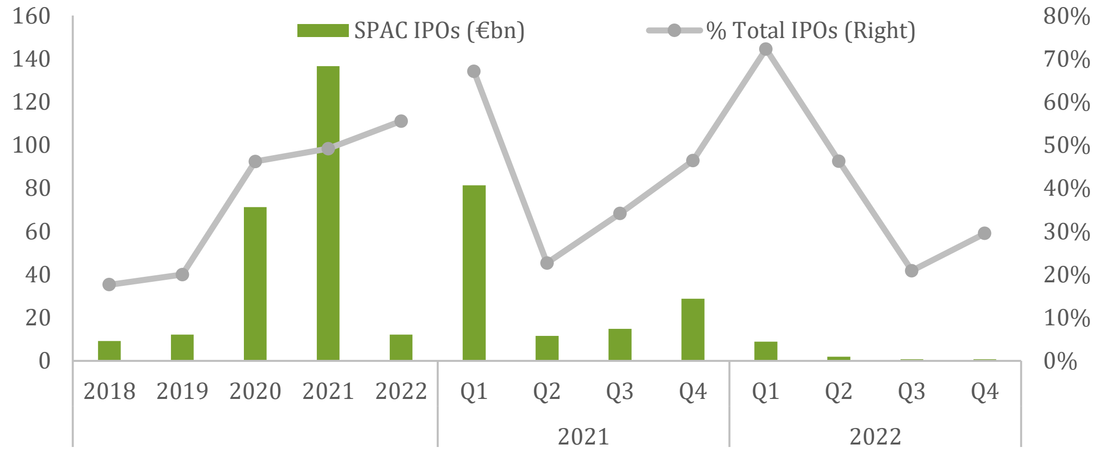


Source: Dealogic
*Finance includes SPVs and SPACs

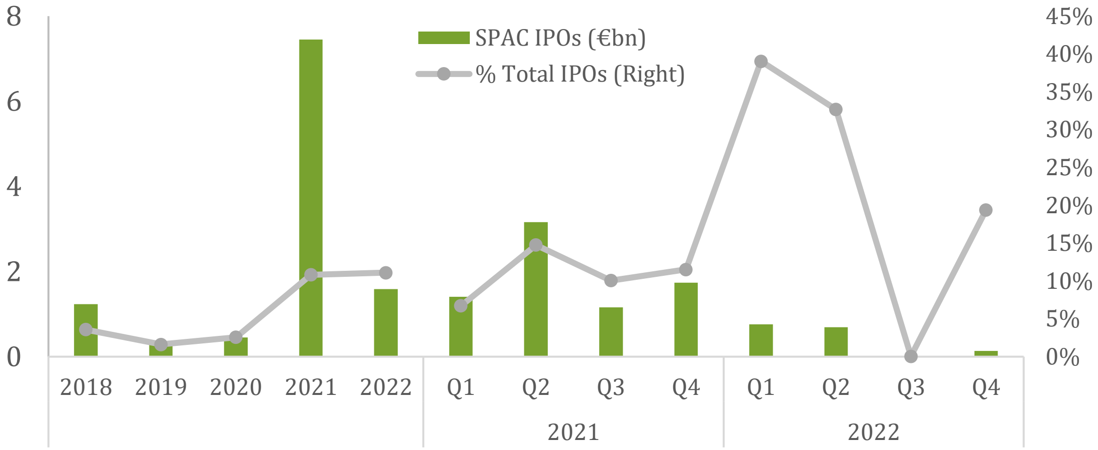
European SPACs: market update

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.

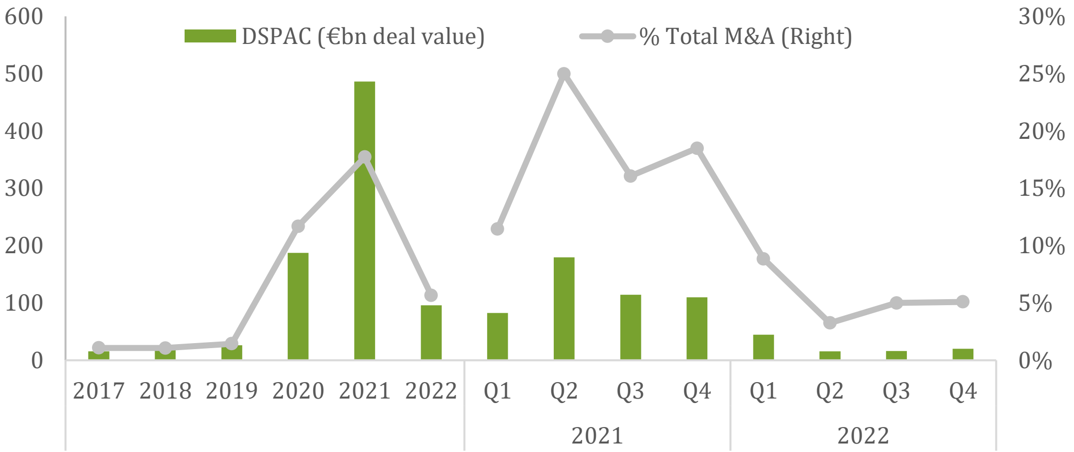
SPAC IPOs significantly declined in volume during 2022, both in Europe and the US.

In the US, SPAC IPOs totalled €12.1bn in 2022 from €136.5bn in 2021.

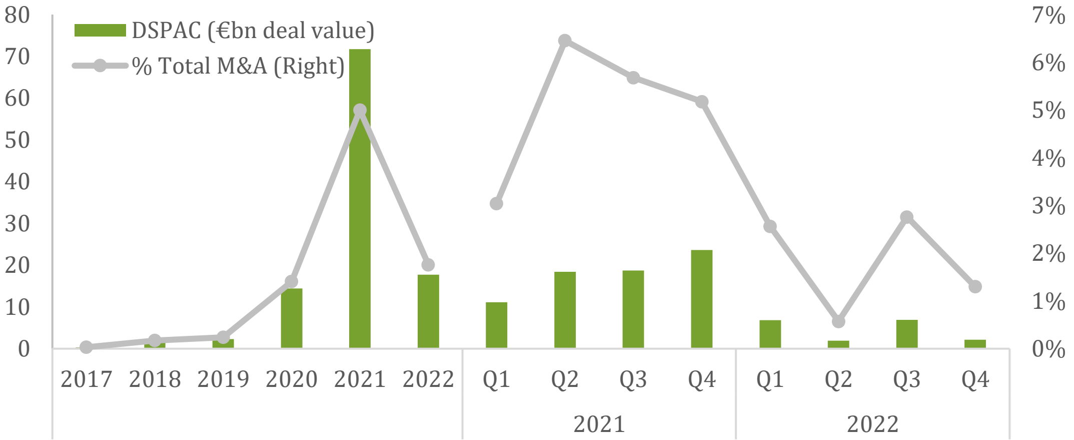
A similar proportional decline was observed in Europe, from €7.4bn in 2021 to €1.6bn in 2022.

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.

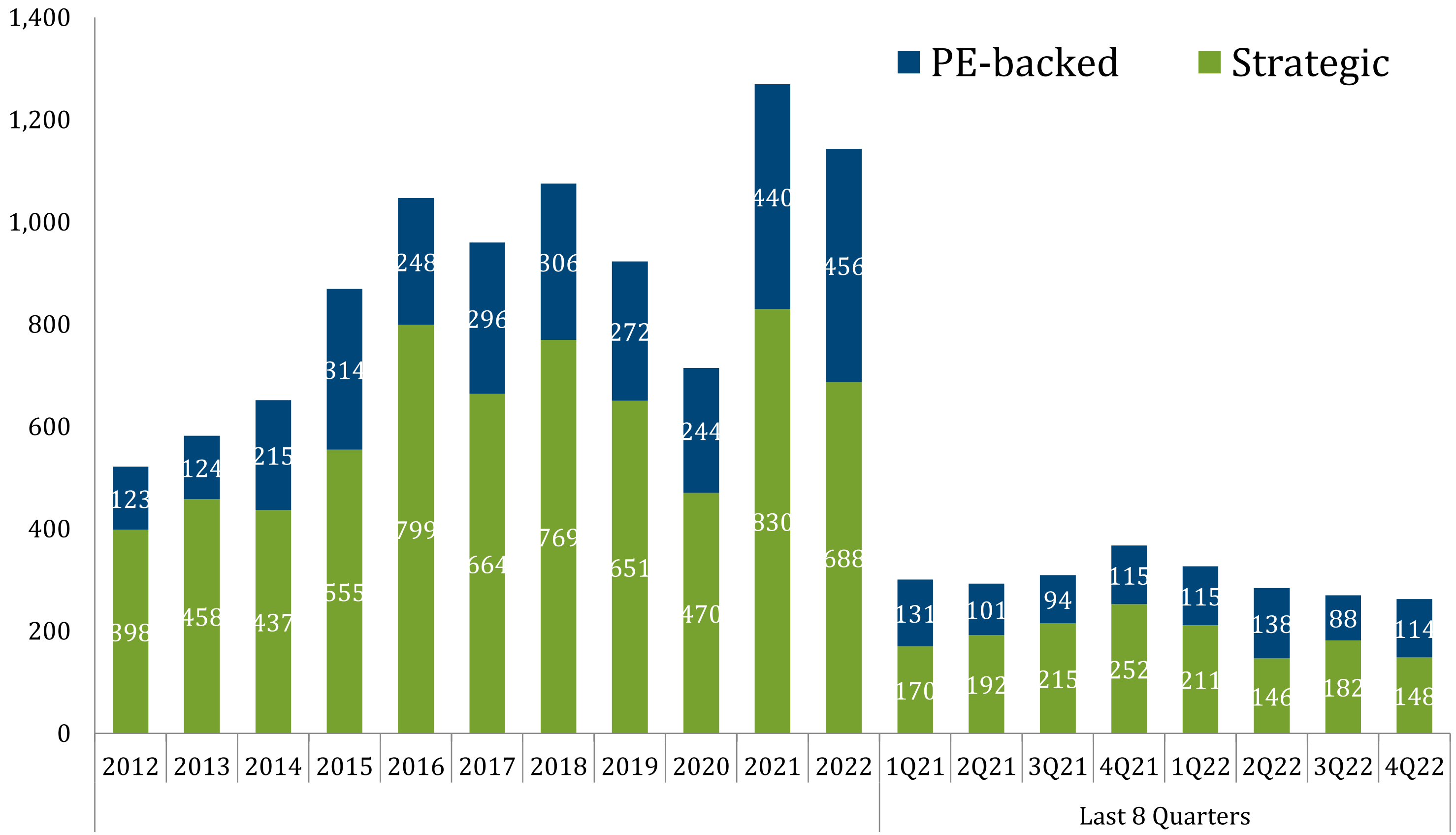
In the United States, De-SPACS have decelerated in 2022, to 6% of total US M&A from 18% in 2021.

In Europe, De-SPACS represented 2% of the total M&A value announced during 2022, below the proportion observed during 2021 (5%).

Mergers and Acquisitions (M&A)

M&A continues to decelerate during the quarter

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



Source: Dealogic

European* M&A activity gradually declined during the year from a total of €326bn in Q1’22 to €263bn in Q4’22

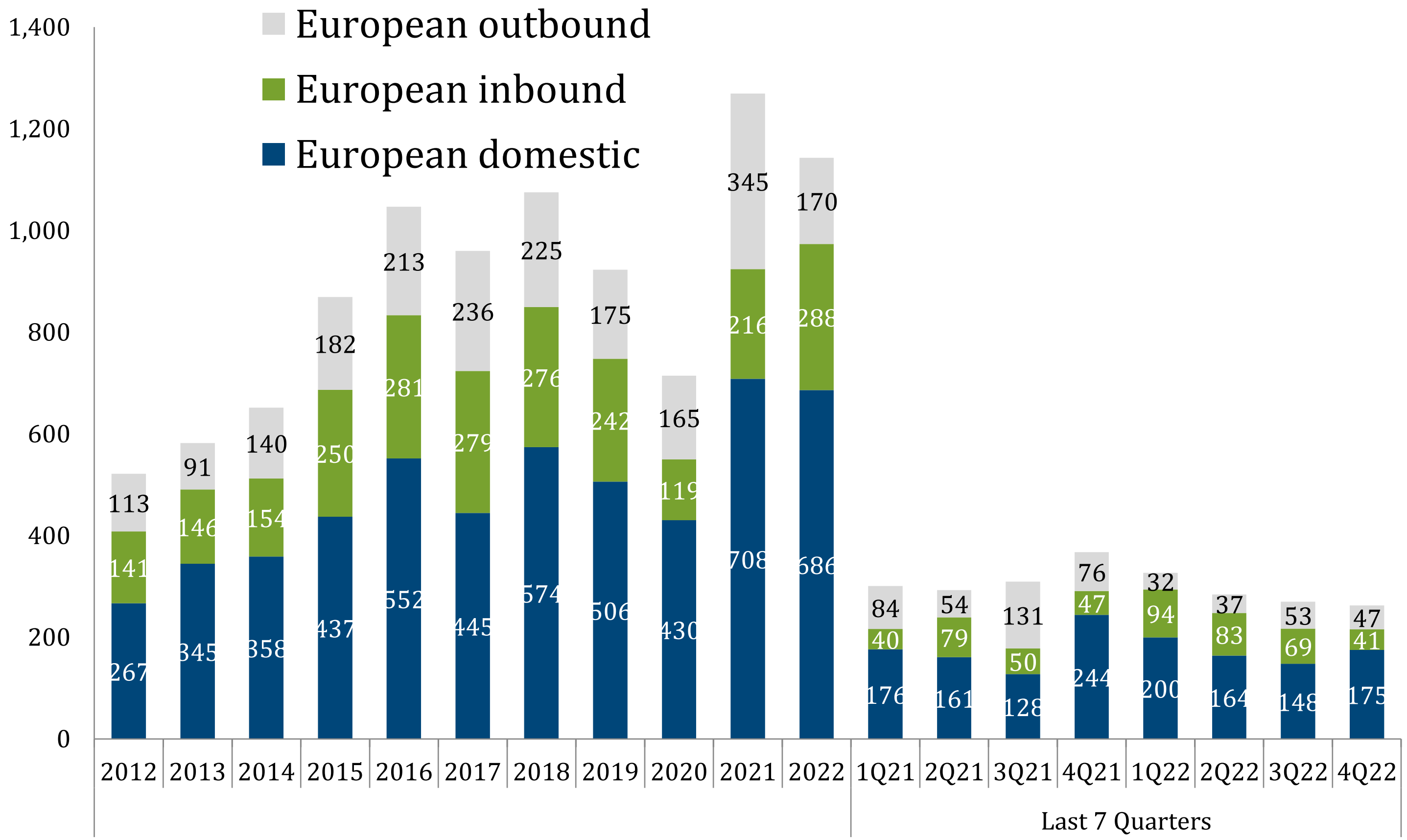
The most visible decline was observed in the amount of Strategic M&A (i.e. without the intermediation of a sponsor Private Equity company) from €211bn in Q1’22 to €148bn in Q4’22

As shown on page 18, the significant decline in announced M&A (€158bn in 4Q’22, the lowest since the COVID outbreak in 2Q’22), anticipates postponement of deals for the first part of 2023.

*EU27, UK and Switzerland

M&A by acquiring party

Completed M&A by acquiring party (EUR bn)



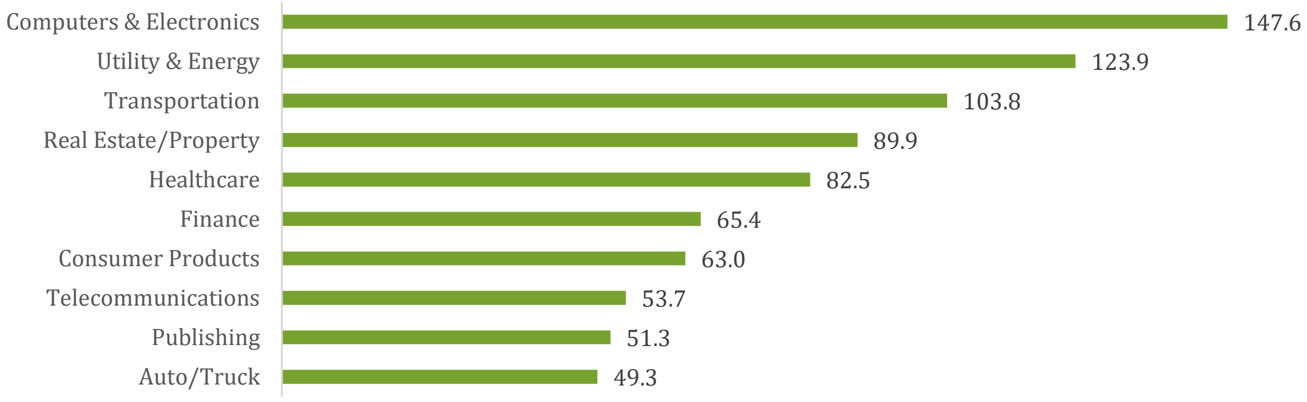
Source: Dealogic

All forms of M&A by acquiring party declined during the year

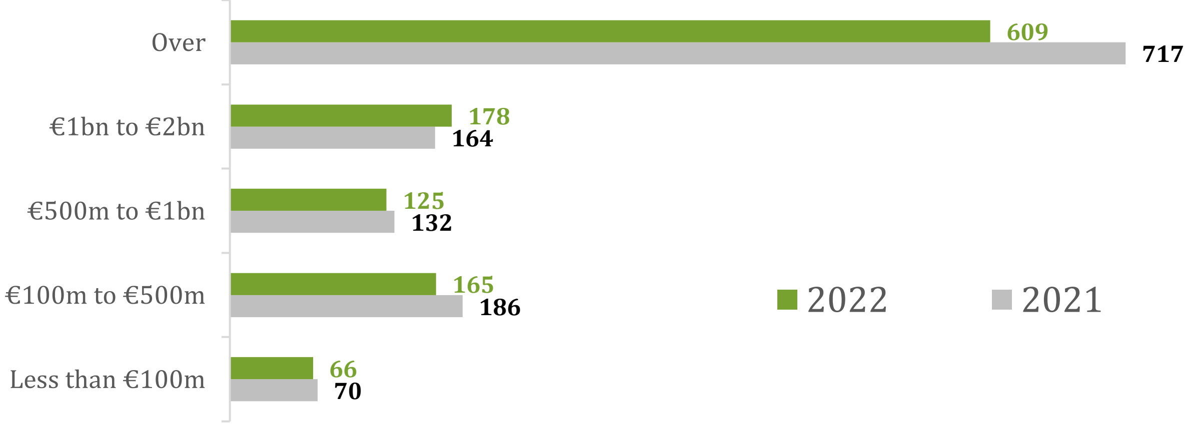
Inbound M&A (i.e., acquisition of a European company by a non-European company) more than halved during the year, from €94bn in 1Q'22 to €41bn in 4Q'22.

Tech and energy lead by deal value

Top 10 industries for completed M&A (2022, EUR bn)



Completed M&A transactions by deal value (2022, EURbn)



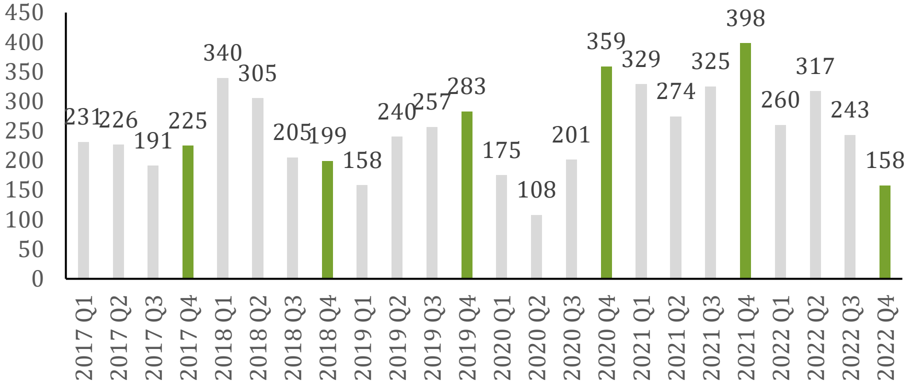
Source: Dealogic

During 2022, 11 “megadeals” (deal value above €10bn) were completed:

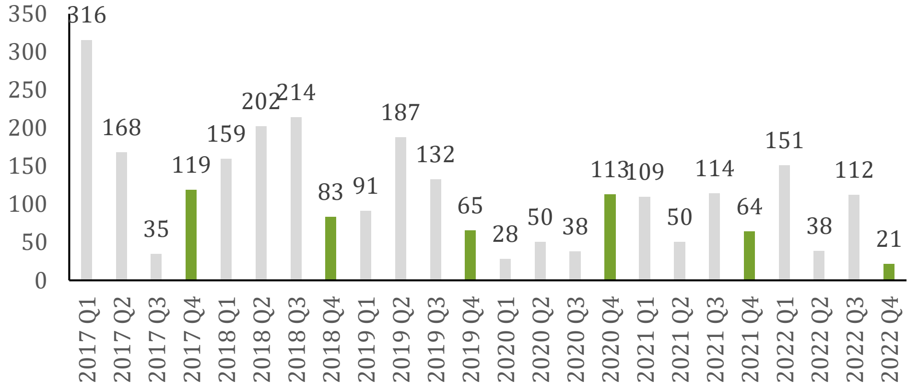
- Acquisition of IHS Markit by S&P Global.
- Acquisition of Suez SA by Veolia Environment.
- Divestment of GlaxoSmithKline consumer healthcare holding (Haleon) to existing shareholders
- Acquisition of Mileway BV by Blackstone
- The De-SPAC of US-based Gores Guggenheim SPAC with the acquisition of Swedish manufacturer Polestar performance
- Acquisition of Atlantia SpA by a group of investors led by the Cassa Depositi e Prestiti
- Acquisition of the remaining 67% of Atlantia SpA by Blackstone and Edizione SpA
- Acquisition of Lundin energy by Aker BP
- Acquisition Vifor Pharma AG by CSL
- Acquisition of Swedish Match AB by Phillip Morris
- Acquisition of Uniper SE by the Federal Government of Germany

Americas continues as main M&A European partner

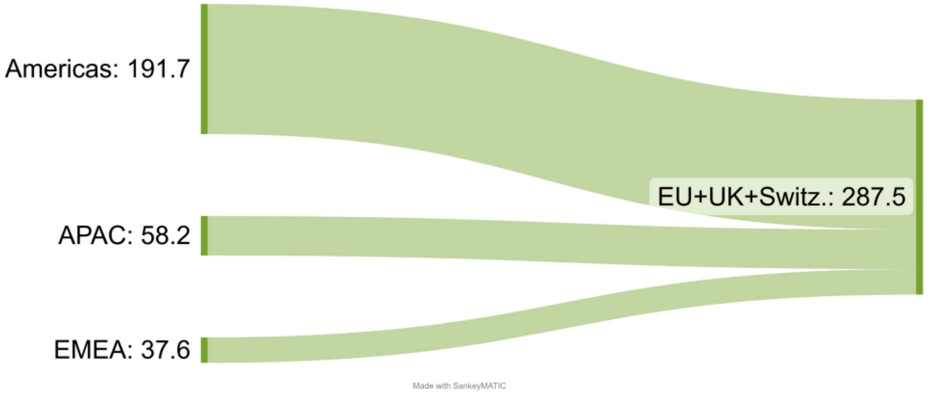
Announced M&A (EUR bn)



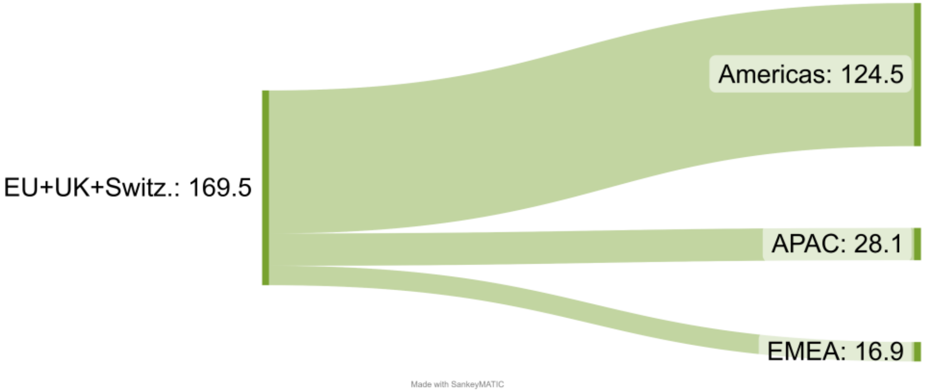
Withdrawn M&A (EUR bn)



Completed inbound M&A by acquiring region (EUR bn, 2022)



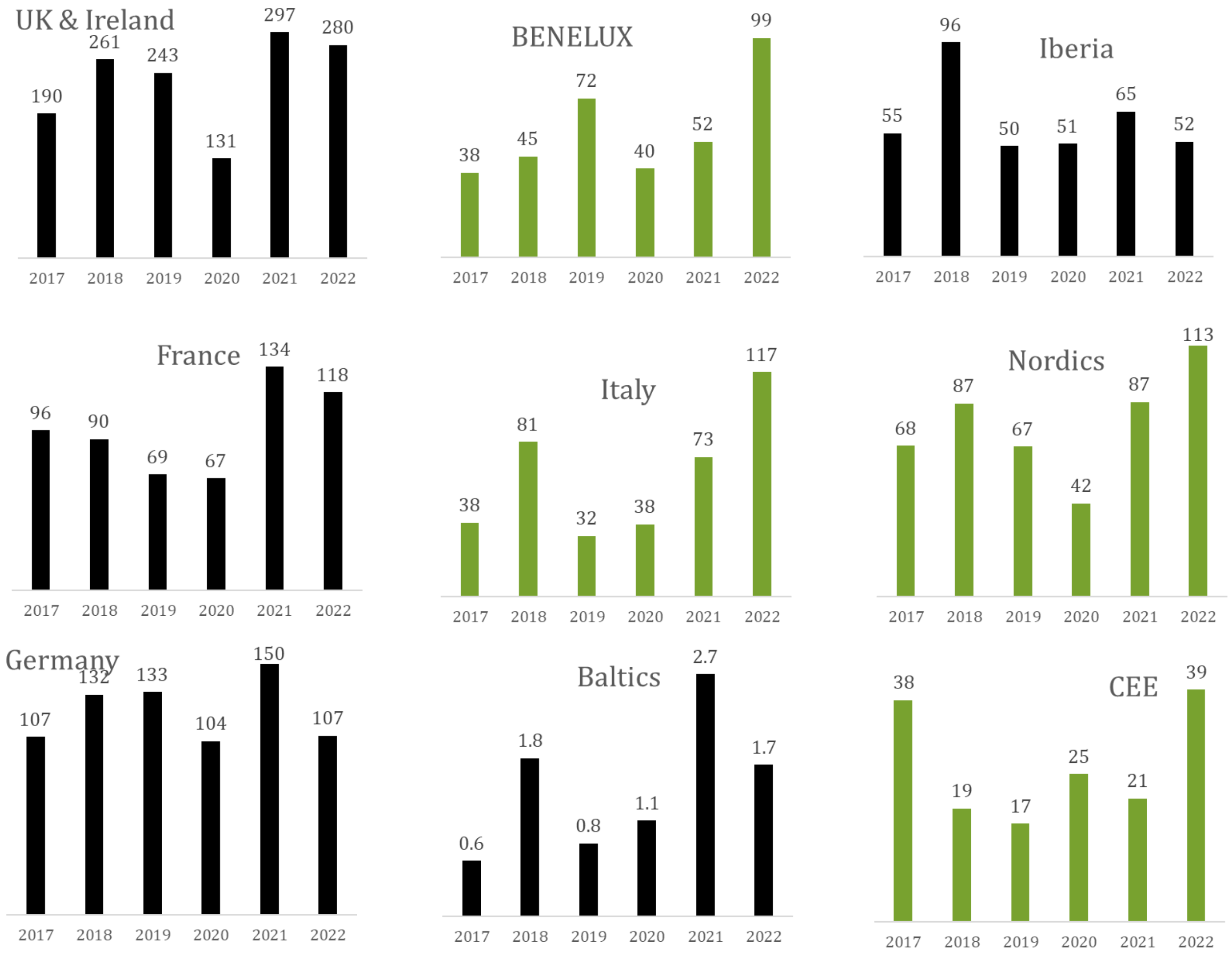
Completed outbound M&A by target region (EUR bn, 2022)



Source: Dealogic

M&A regional growth

Regional M&A trends: completed deal value (2022, EURbn)



Source: Dealogic

Regional heterogeneity in M&A activity within Europe.

M&A continued resilient in Benelux, Italy, the Nordics and CEE

European integration: M&A between European firms

Completed intra-European M&A activity (2022, EUR bn)

Target Nationality

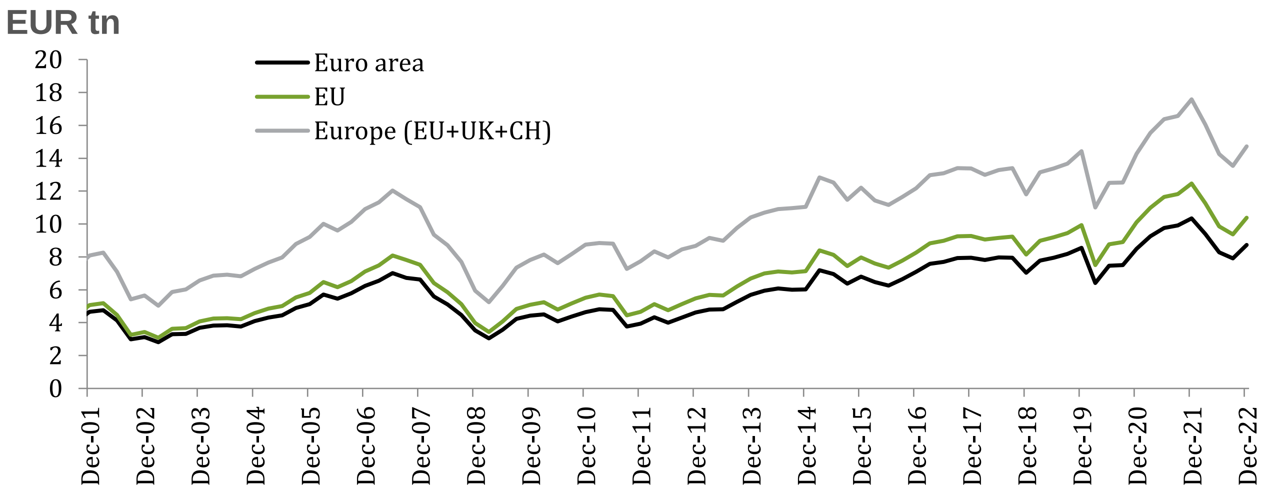
Acquiror Nationality

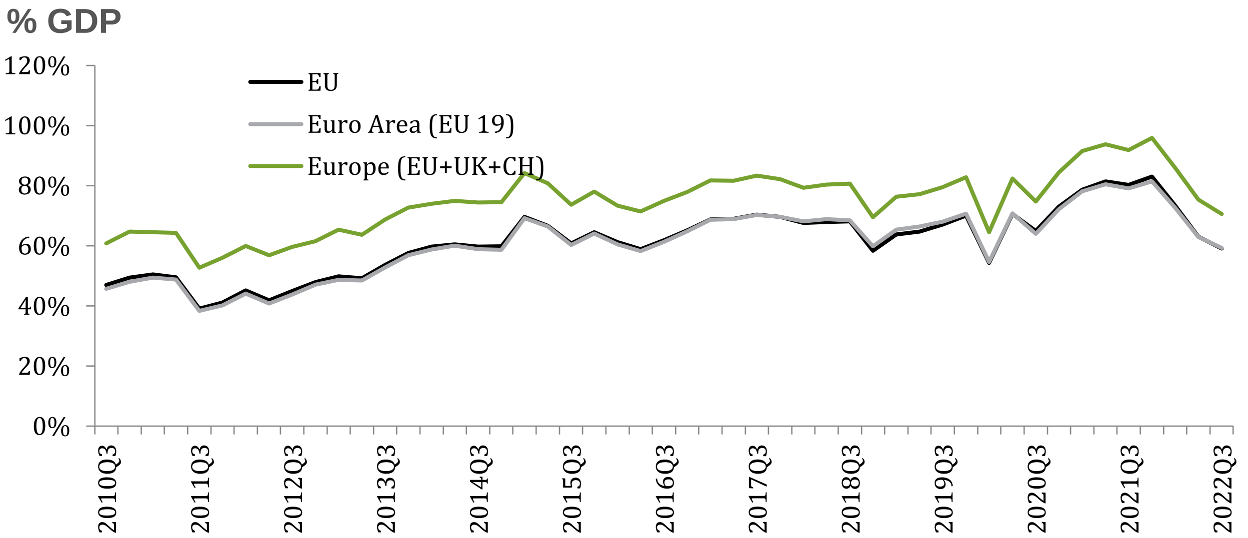
	AT	BE	BG	HR	CY	CZ	DK	EE	FI	FR	DE	GR	HU	IE	IT	LV	LT	LU	MT	NL	PL	PT	RO	SK	SI	ES	SE	CH	UK	TOTAL
Austria	474												830								6					1,000				2,310
Belgium		5,533	1,009			220	43			1,851	280									1,989	95				164	1,082	209	750	1,164	14,389
Bulgaria			100																											100
Croatia				229																										229
Cyprus					81																5									86
Czechia	6,152			50		793					999		61								172				20					8,245
Denmark						8	4,573				1,642						0										2,159		460	8,843
Estonia								898			26																21			945
Finland		130					100		4,298		44			2	190		20										307		6	5,098
France	479	744					1			74,025	5,977	256			233					8,027	1,852	450				2,332		100	4,315	98,790
Germany	101	75					184			2,820	33,152		150		198					194	659	70				2,430	1,285	785	1,121	43,224
Greece												4,692																		4,692
Hungary													2,420												319					2,739
Ireland										550	233			2,220	1,913					60	10					108			503	5,597
Italy	9	72				16			7	439	1,611	921			54,019	2				1,326			45		5	1,112		19	1,581	61,184
Latvia																24														24
Lithuania											30						172										406			609
Luxembourg										51	70	42						8			137								1,100	1,407
Malta																			33							110				143
Netherlands	300									4,765	442	95								45,207	584					300			233	51,926
Poland						930					118		82	84						9	5,652								26	6,901
Portugal		122													49							781	203			152				1,307
Romania																							1,948							1,948
Slovakia																								118						118
Slovenia																									68					68
Spain							21			1,050	2,924				30	13				19		153				18,676	1,000		298	24,184
Sweden		335					136		338	2,776	801			29	97		29		340	715	498	16				436	17,003		1,192	24,932
Switzerland	54	1,865					78				691			30	431											772		6,777	3,241	13,956
United Kingdom	6	238	49	38		174	303		135	729	3,538				359			26		1,210		22				937	1,783	45	104,748	114,738
Total	7,576	9,114	1,158	317	81	2,141	5,438	936	4,779	89,070	52,578	6,005	3,543	2,700	57,518	40	248	33	373	58,754	9,670	1,491	2,196	118	576	29,448	24,173	8,668	119,989	498,731

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

Secondary markets

Market capitalisation of domestic listed shares



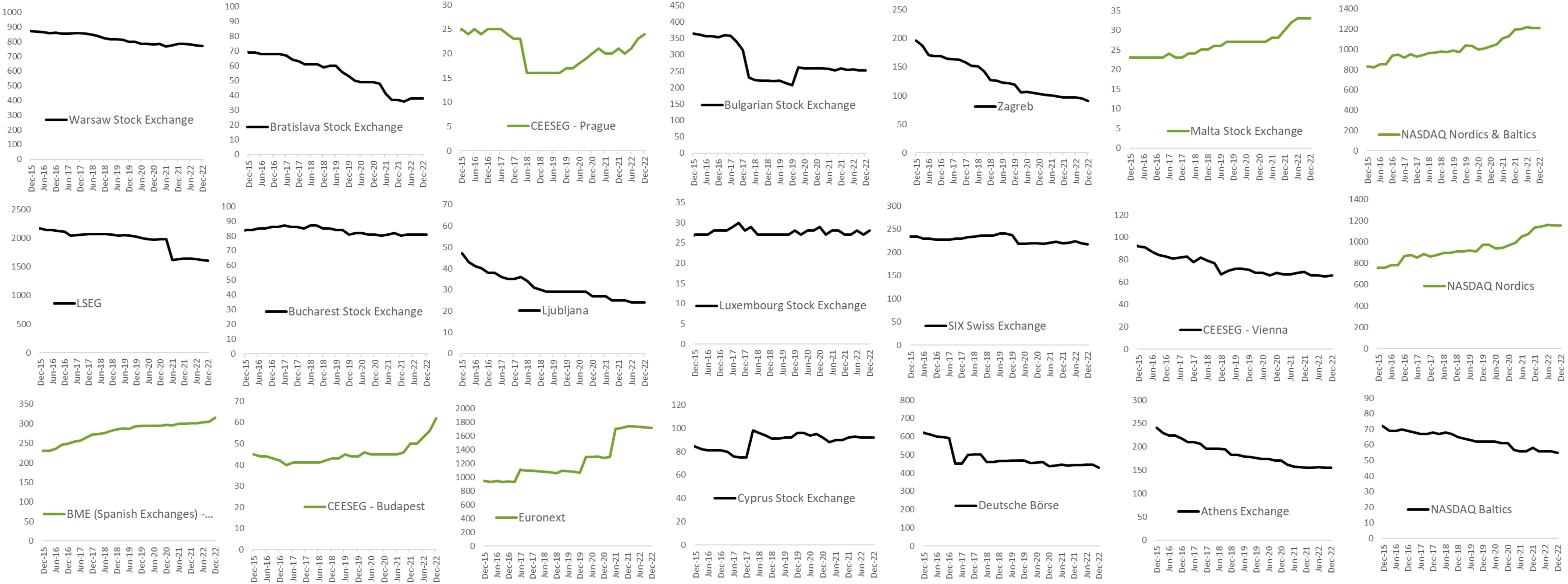


Source: ECB, Datastream, FESE, NASDAQ OMX, LSEG, WFE, CEESEG, Bucharest SE, WSE. Europe includes EU members states, United Kingdom and Switzerland.

Market capitalisation of European listed shares (EU, UK and Switzerland) declined 16% during the year on the back of lower equity valuations compared to those observed at the end of 2021, company delistings and fewer new listings during the year.

afme/
Finance for Europe

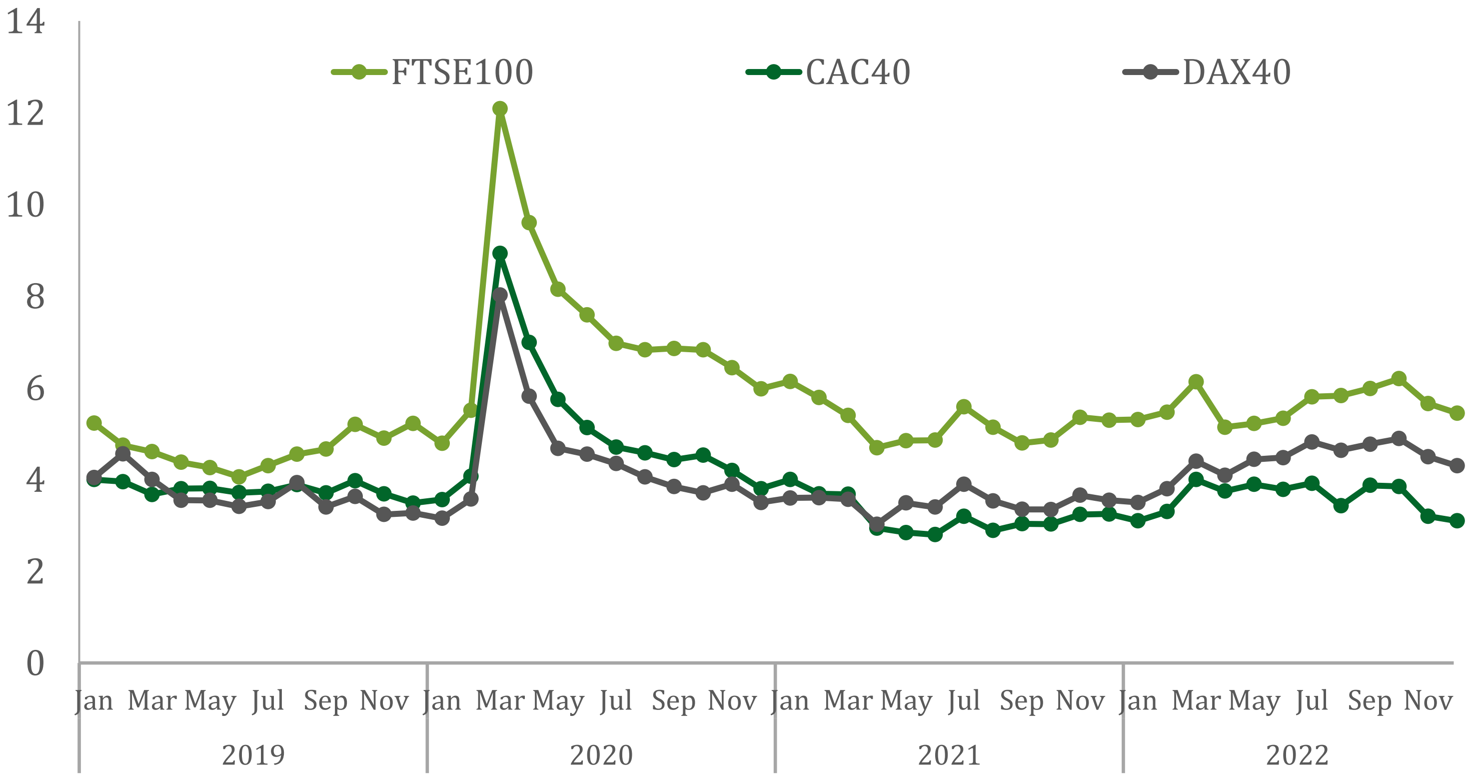
Number of listed companies on European exchanges



Source: FESE, WFE and European exchanges. Listed companies excludes Vienna’s global segment and Spanish SICAVs

Bid-ask spreads for selected European indices

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

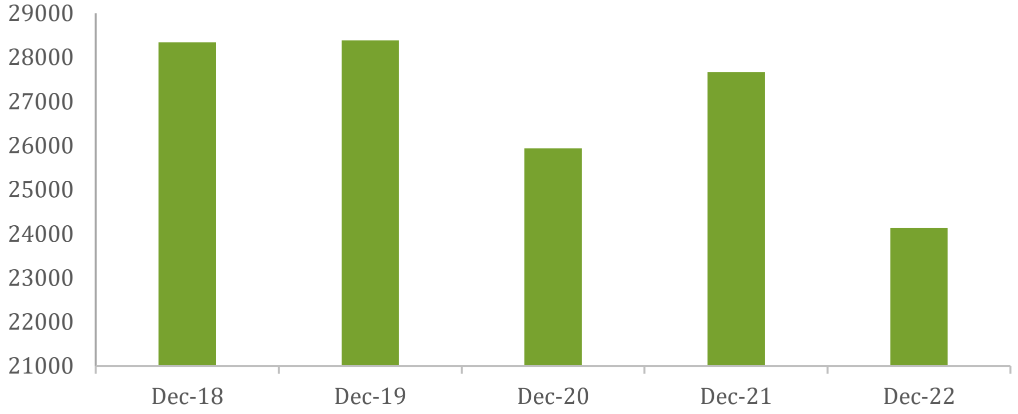


Source: BigXYT

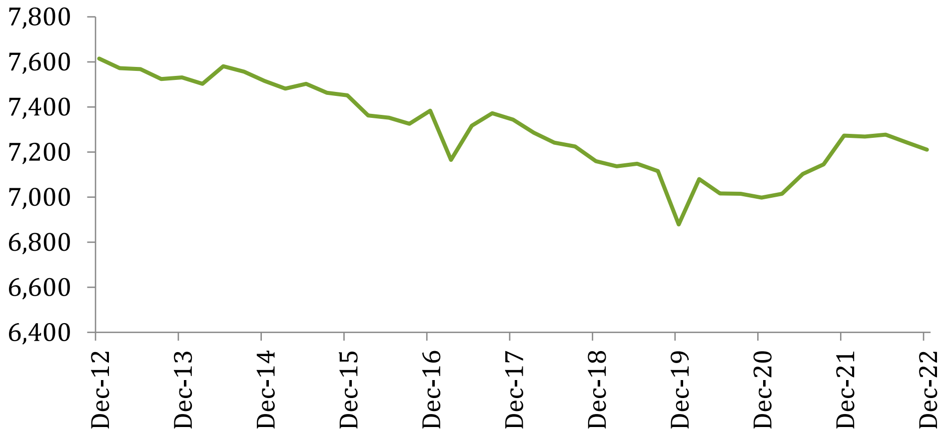
Bid-ask spreads for selected European equity indices generally widened in the first three quarters of the year but tightened in Q4’22 to levels observed in February 2022 on the back of more stable financial conditions

Number of listed companies stabilizes in 2022

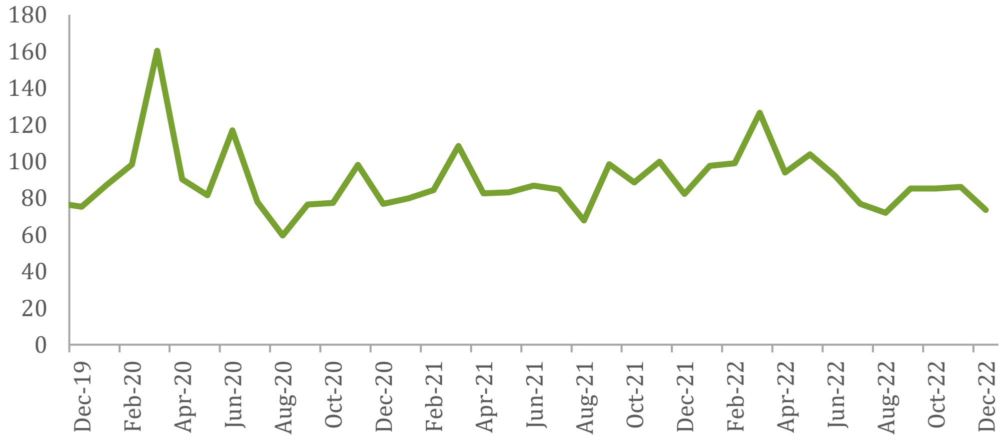
Number of equity-like instruments (ISINs) registered on ESMA's DVC files



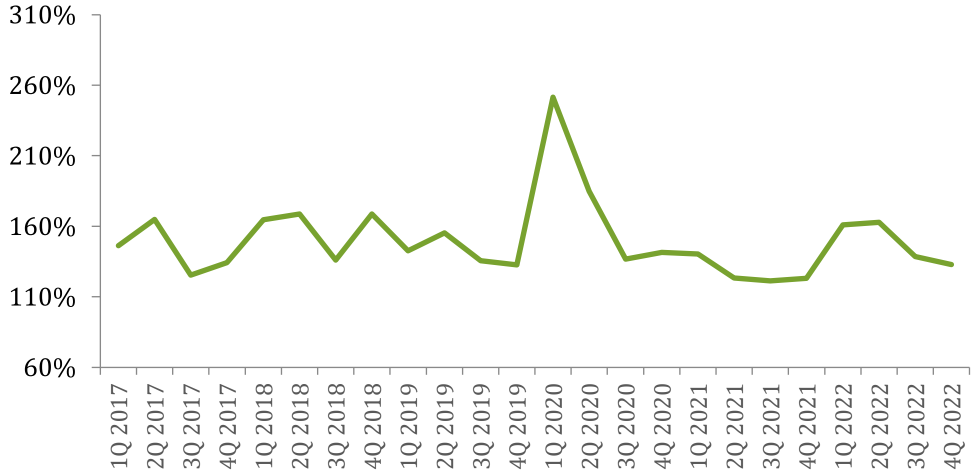
Number of listed companies on European exchanges*



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



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



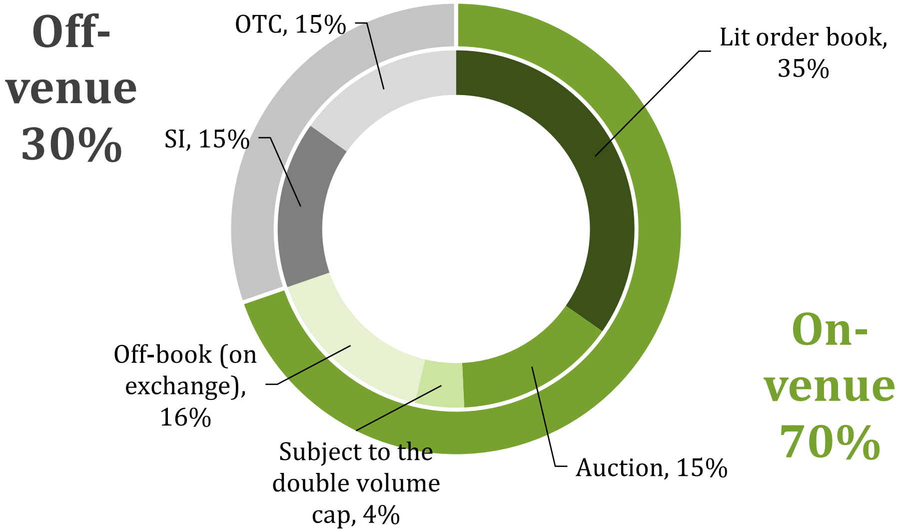
Source: BigXYT, FESE, WFE, ECB and local exchanges. *Listed companies excludes Vienna's global segment and Spanish SICAVs. **Adjusted for transactions not contributing to price formation

Equity market structure

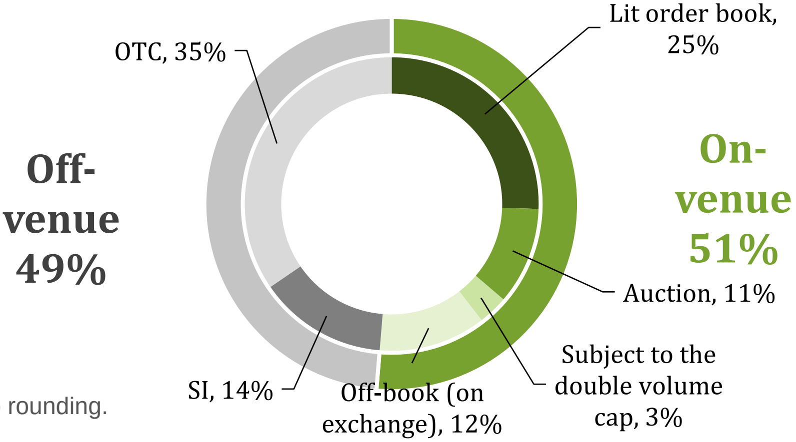
Equity market liquidity landscape

Share of Pan-European trading volume (EU, UK, Switzerland, Norway) by trading mechanism, Q4 2022

Adjusted for transactions not contributing to price formation



Unadjusted



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

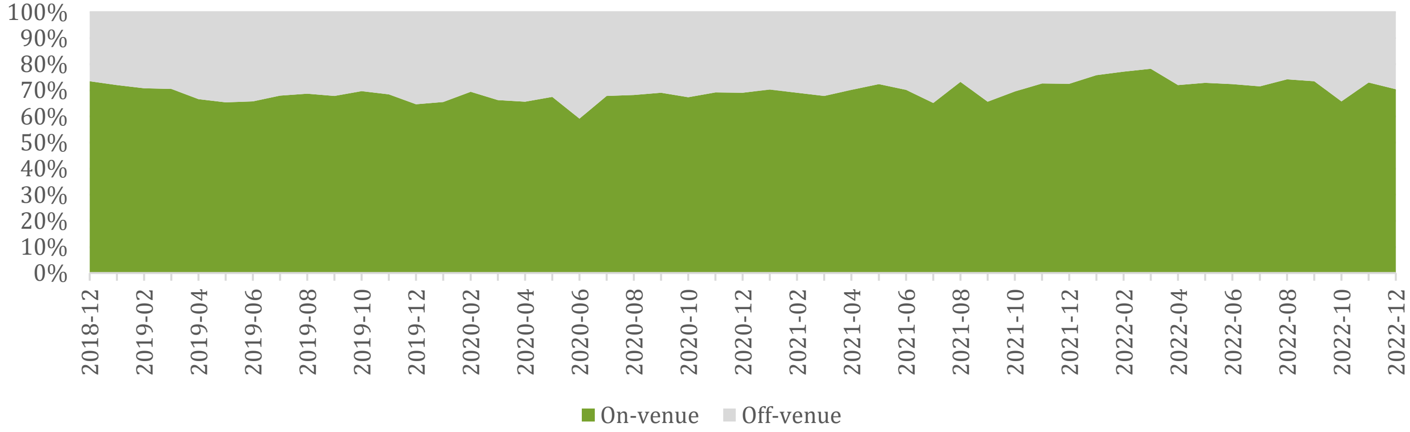
According to BigXYT data, on-venue trading represented 70% of the total addressable liquidity in Q4 2022.

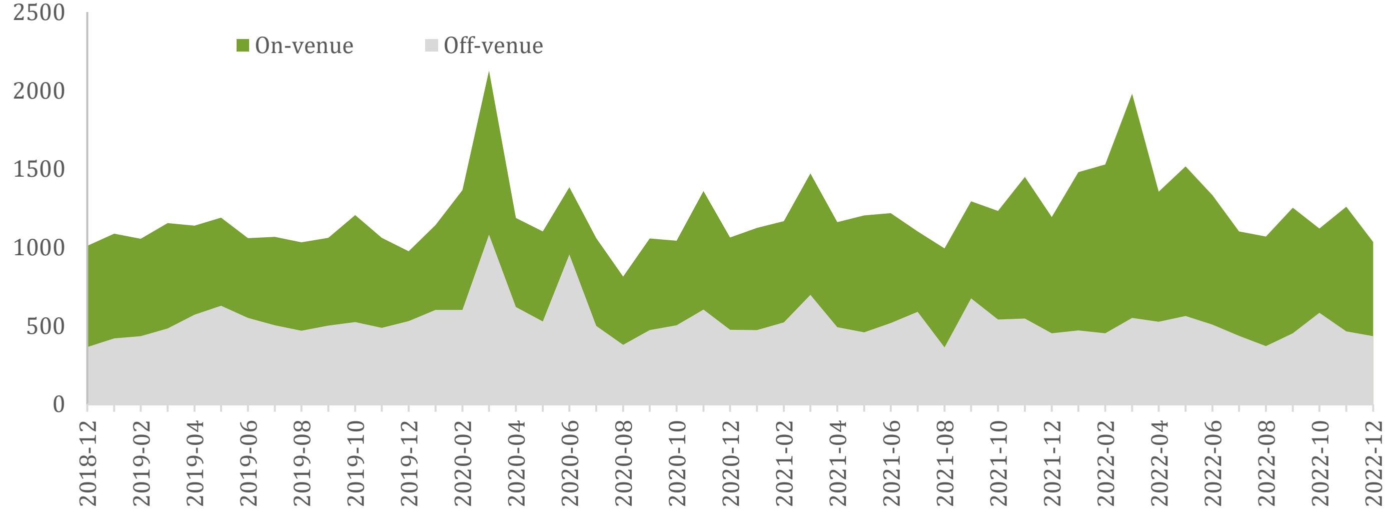
Volume traded off-venues, on systematic internalisers and pure OTC, represent the remaining 30% of the volume of the total addressable liquidity. See top chart.

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)



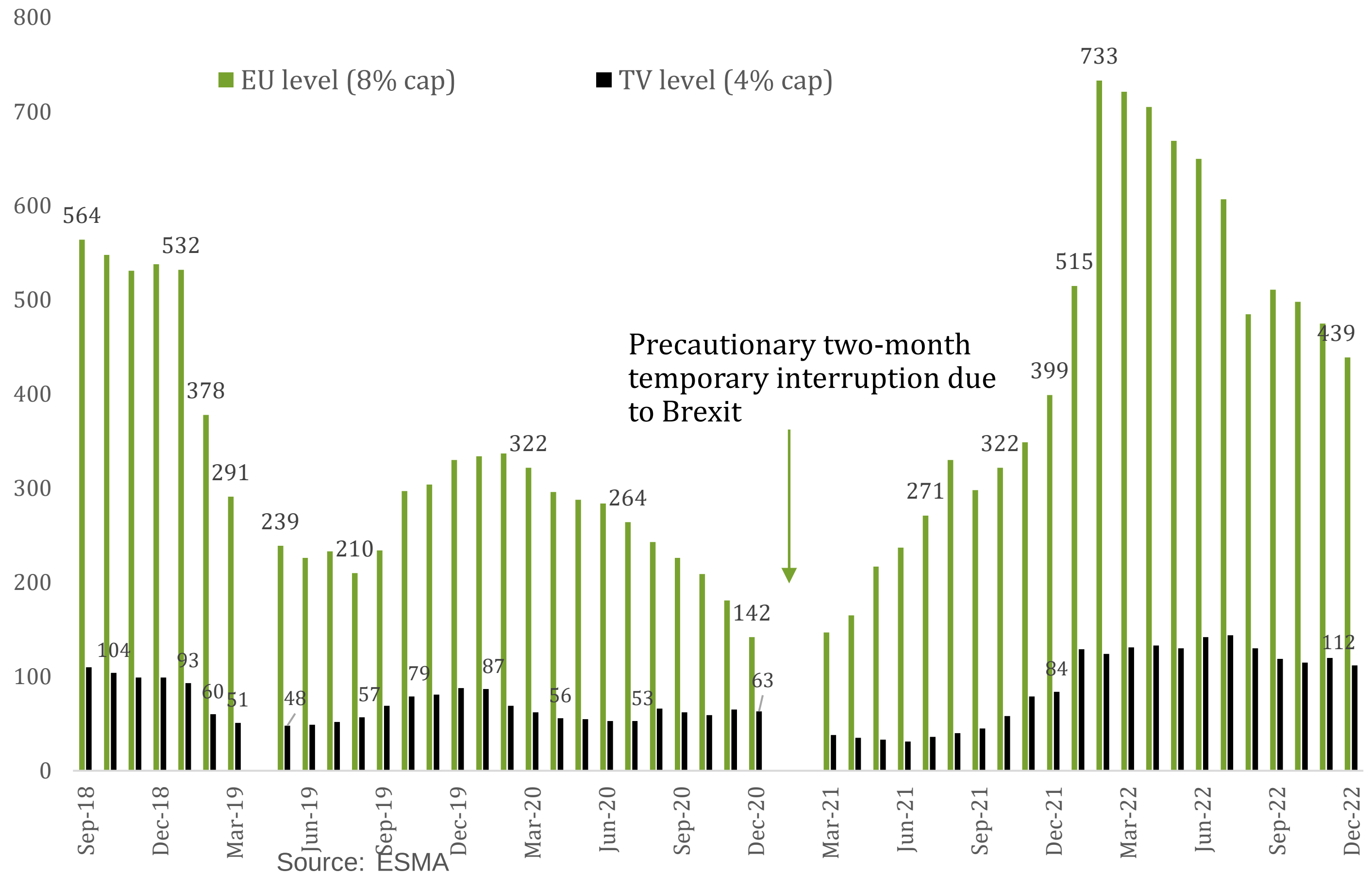


Source: BigXYT. Adjusting for transactions not-contributing to price formation.
On-venue: Lit order book, Auction, trading subject to the double volume cap, and off-book (on-exchange).
Off-venue: OTC and SI

The proportion of on-venue trading relative to total addressable remained virtually unchanged during the year at c70% of total trading.

MiFID double volume cap (DVC)

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



Precautionary two-month temporary interruption due to Brexit

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 declined to 551 (439 at EU Level and 112 at TV level) with 36 new suspensions identified in December 2022 (27 at EU Level and 9 at TV level). This includes 1 ISIN for which the suspension level changed from TV level to EU level.

MiFID double volume cap (DVC)

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

December-22

Country ISIN	Universe	Suspended EU level	Suspended TV level	Suspended (% country universe)
AT	79	2	1	4%
BE	181	2	1	2%
BG	286	0	0	0%
CY	82	2	0	2%
CZ	31	0	0	0%
DE	912	15	3	2%
DK	344	4	5	3%
EE	31	0	0	0%
ES	230	2	3	2%
FI	220	4	1	2%
FR	960	17	3	2%
GR	173	0	0	0%
HR	107	0	0	0%
HU	53	2	1	6%
IE	1825	5	2	0%
IT	476	6	1	1%
LT	28	0	0	0%
LU	1130	5	3	1%
LV	16	0	0	0%
MT	10	0	0	0%
NL	252	4	5	4%
PL	759	0	0	0%
PT	54	0	0	0%
RO	378	0	0	0%
SE	1633	21	6	2%
SI	31	0	0	0%
SK	30	0	0	0%
Total EU	10311	91	35	1%
GB	988	233	54	29%
RoW	13817	115	23	1%
Total	**24128**	**439**	**112**	**2%**

Source: ESMA

The 551 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 December 2022 DVC files (24,128).

By regions and countries, 126 of the 551 suspended instruments have EU ISINs (or 23% of the total number of suspended instruments).

287 of the 551 suspended instruments have UK ISINs (or 52% of the suspended instruments). This also represents 29% of the 988 UK ISINs registered on the ESMA DVC files.

138 of the suspended instruments have non-EU+UK ISINs, or 25% of all suspended instruments at the EU and trading venue level.

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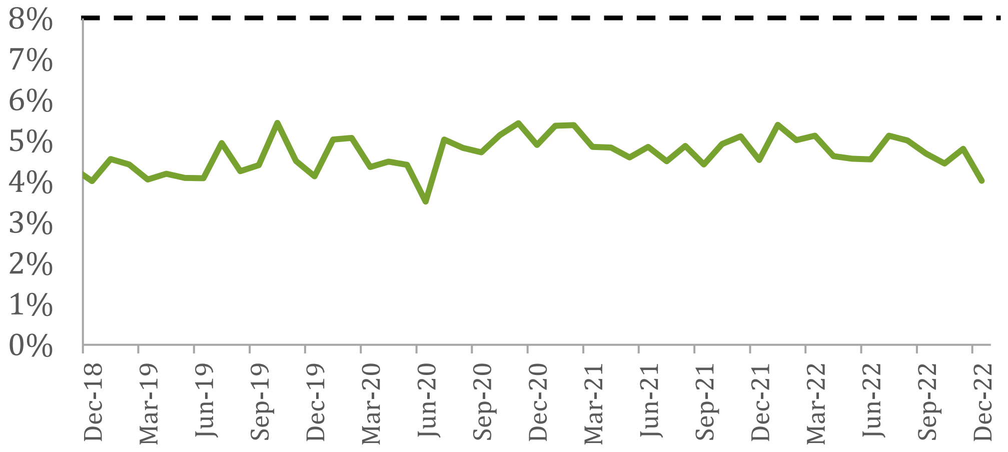
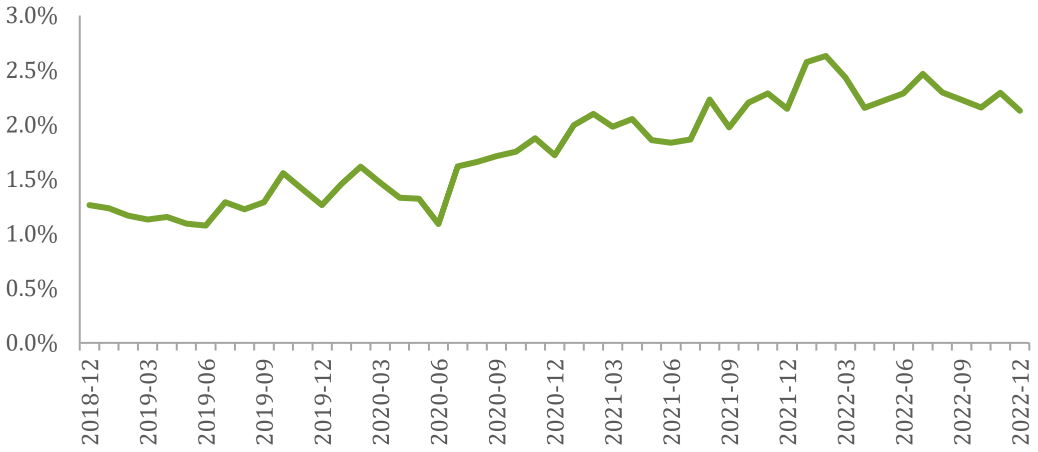
Proportion of trading subject to the double volume cap (DVC) stable and below 8%

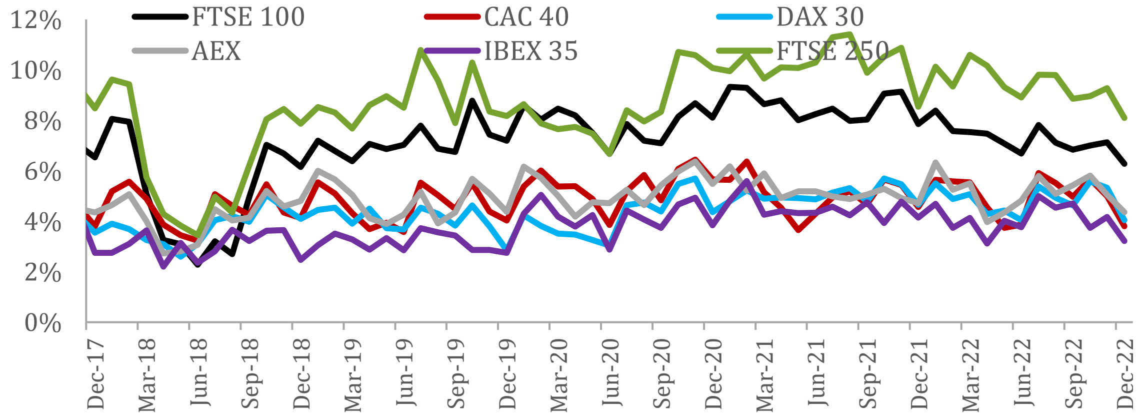
Trading subject to the DVC as % of total turnover*



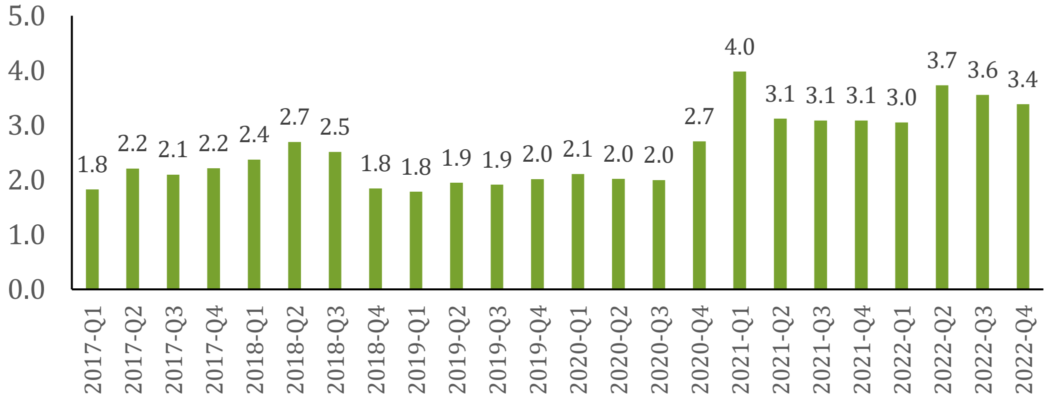
Lit/Auction periodic as % of total monthly trading*



% of trading subject to the DVC by indices*



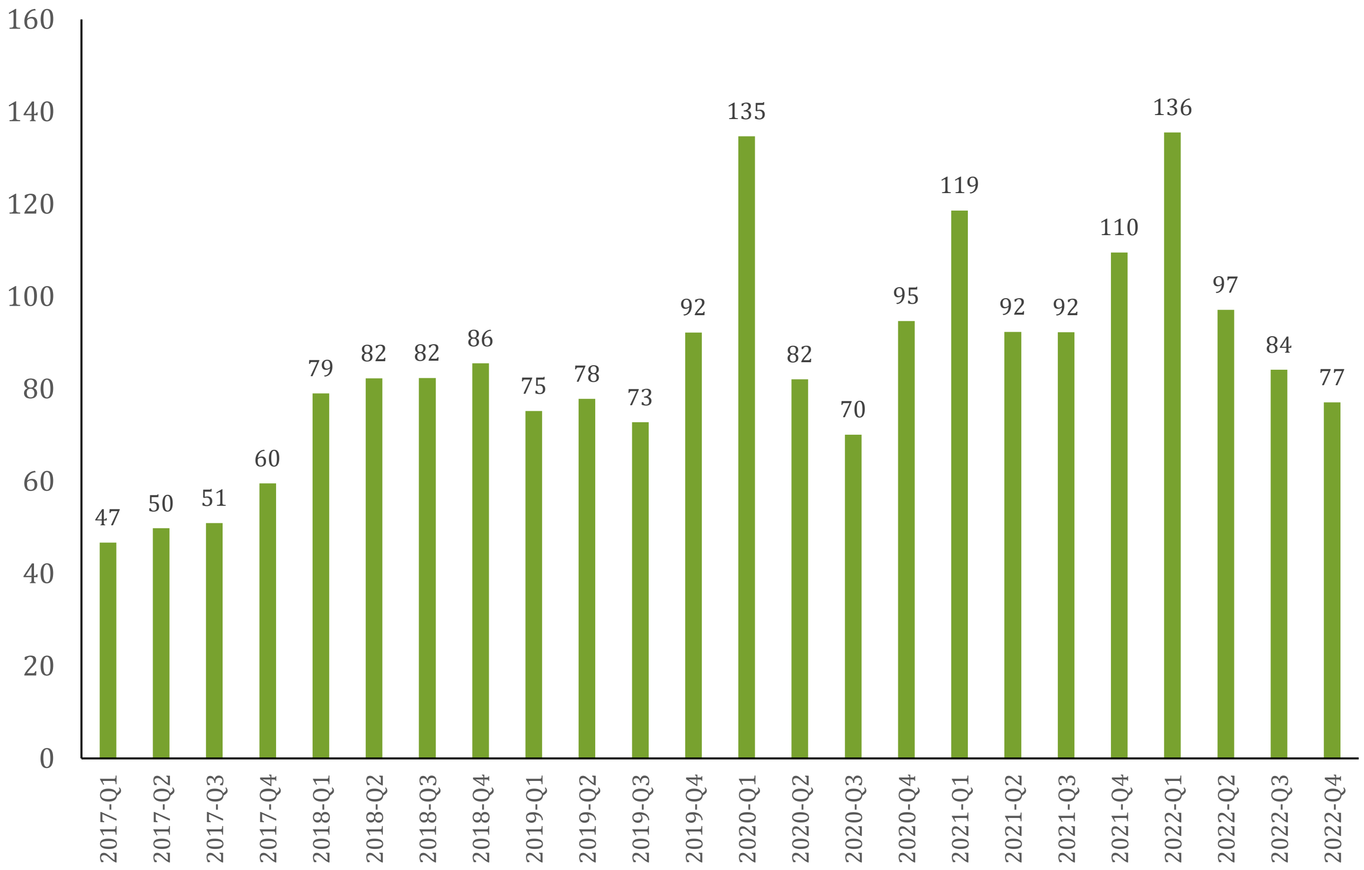
Block trades: Average value per trade (EUR mm)



Source: ESMA and BigXYT
*Includes EU, UK, NO, and Swiss venues. Adjusted for non-price forming trades

Block trades

Block trades: value traded ≥ LIS (EURbn)



Source: BigXYT

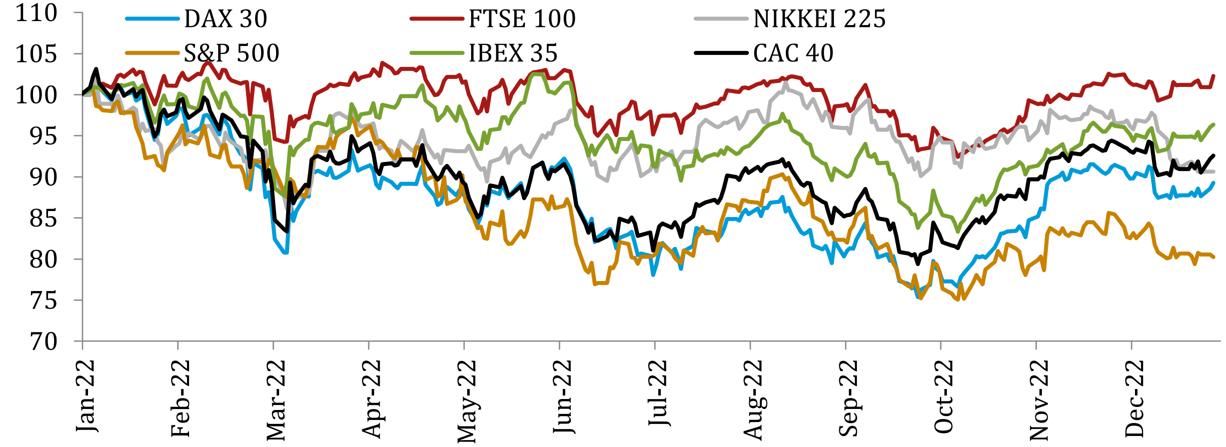
Equity trading in the form of block trades (traded above the large in scale threshold) stood at €84bn in Q4’22, €7bn below the level observed in Q3’22.

Episodes of high block trading volumes have coincided with rising market volatility levels.

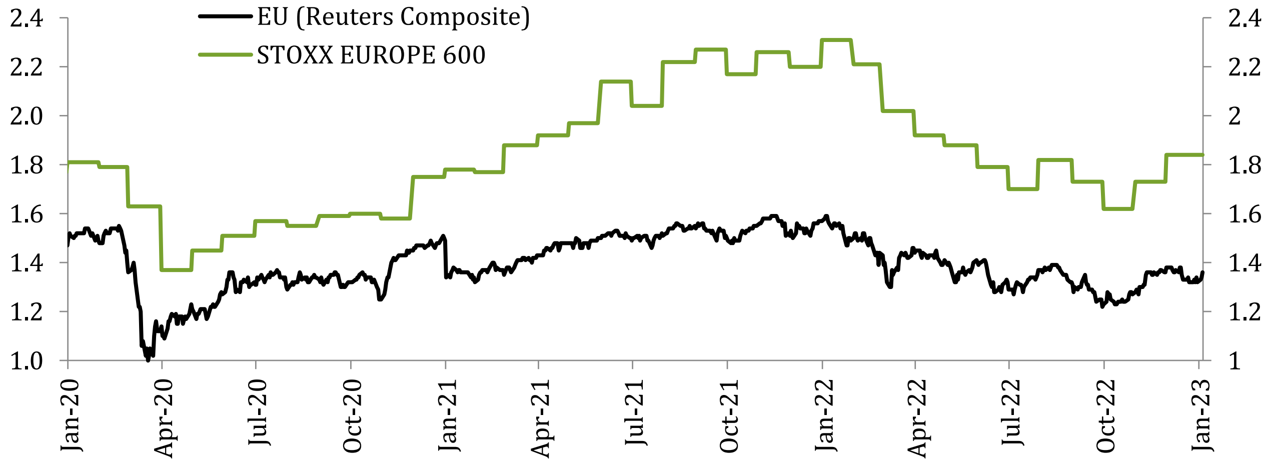
Valuations

Price indices and valuation multiples

Price indices of selected stock exchanges (31 Dec 2021 = 100)



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



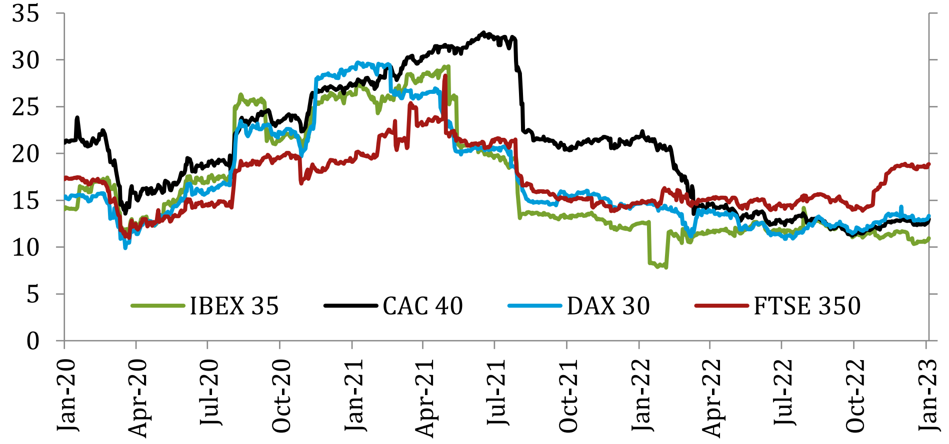
Source: Datastream

Continental European equity prices declined between 4% (IBEX) and 12% (DAX) during 2022.

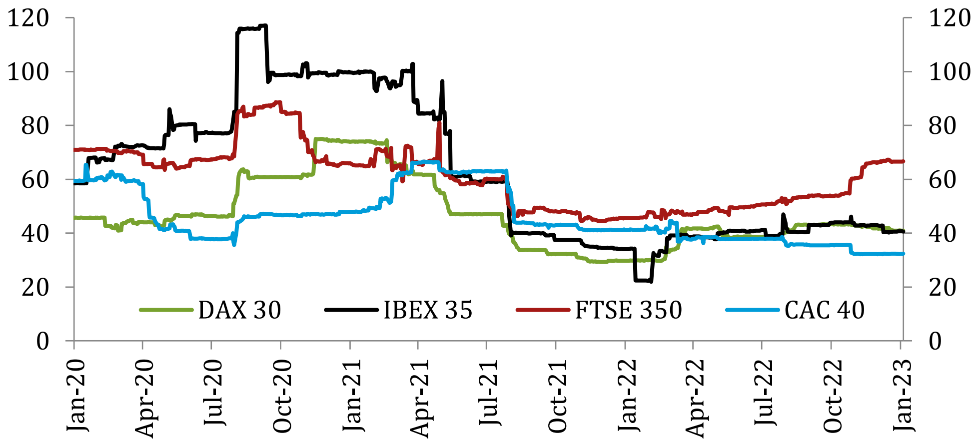
During the last quarter of the year, equity prices partially reversed losses observed during the first three quarters of the year on the back of expectations that inflation may have peaked in Europe.

Valuation ratios and implied volatility

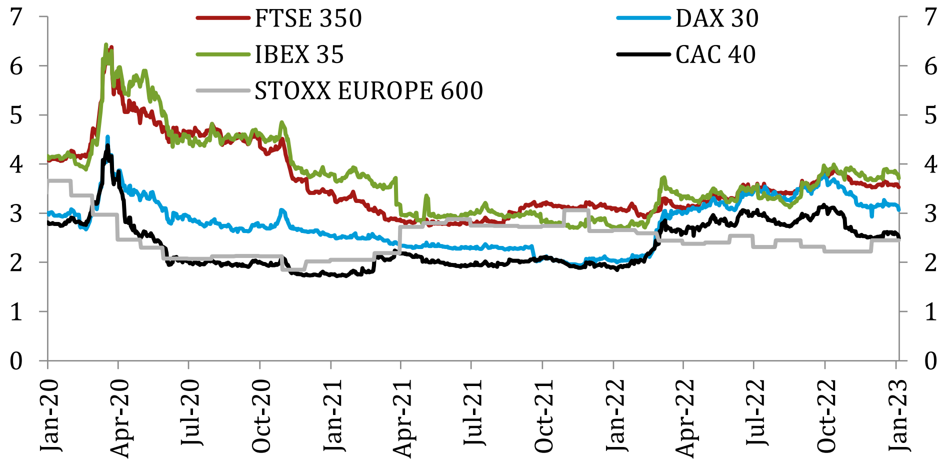
Price-to-earnings (PE) ratio



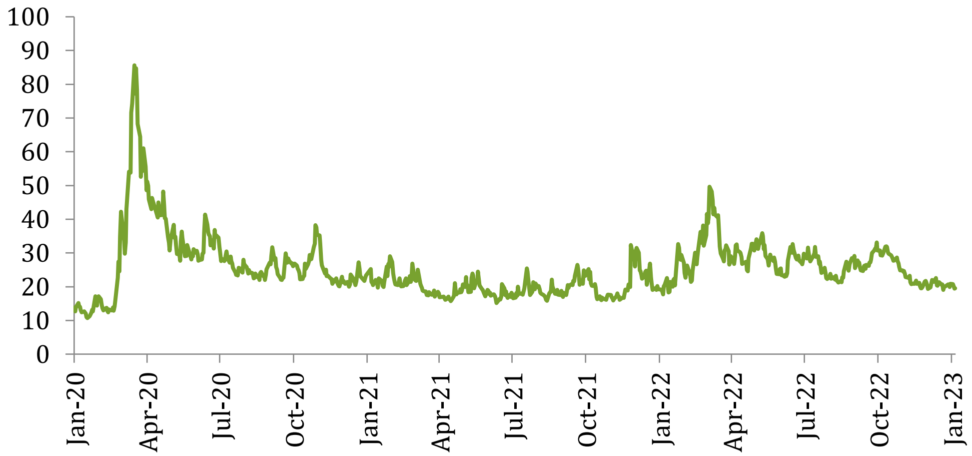
Dividend payout ratio (Dividends/ Earnings per share)



Dividend yield ratio (Dividend/Price)



Implied volatility of Euro Stoxx 50 constituent shares (VSTOXX)



Source: Datastream and Stoxx

Appendix

	1Q 22	2Q 22	3Q 22	4Q 22	2022	1Q 21	2Q 21	3Q 21	4Q 21	2021	% Change YoY
Equity underwriting (€ bn)	**16.7**	**26.2**	**23.1**	**22.9**	**88.9**	**67.0**	**68.9**	**38.0**	**52.5**	**226.3**	**-61%**
IPOs	1.9	2.1	9.5	0.7	14.3	21.0	21.4	11.5	15.0	68.9	**-79%**
Follow-on offerings	13.5	23.6	11.6	19.9	68.7	37.5	41.2	23.6	37.2	139.5	**-51%**
Convertible securities	1.3	0.4	1.9	2.3	5.9	8.6	6.3	2.9	0.3	18.0	**-67%**
Mergers and Acquisitions (€ bn): completed	**326.4**	**284.3**	**270.0**	**262.6**	**1,143.3**	**300.6**	**292.8**	**309.4**	**367.0**	**1,269.7**	**-10%**
European outbound	32.4	36.8	53.2	47.1	169.5	84.3	53.5	131.4	76.2	345.4	**-51%**
European inbound	94.4	83.4	69.1	40.7	287.6	40.2	78.6	50.5	46.7	216.0	**33%**
Intra European	199.6	164.0	147.6	174.9	686.1	176.0	160.6	127.5	244.1	708.2	**-3%**
Mergers and Acquisitions (€ bn): announced	**260.1**	**316.9**	**243.3**	**158.0**	**978.3**	**328.6**	**274.1**	**324.8**	**398.2**	**1,325.8**	**-26%**
Equity turnover value											
Average Daily (€ bn)	107.7	96.7	78.0	81.6	**91.0**	90.9	84.2	83.6	90.2	**87.2**	**9%**
Market Capitalisation of domestic listed shares (€ tn)											
European (EU, UK and Switzerland)	16.1	14.3	13.5	14.7	**14.7**	15.5	16.4	16.6	17.6	**17.6**	**-16%**
EU	11.3	9.9	9.4	10.4	**10.4**	11.0	11.7	11.8	12.5	**12.5**	**-17%**
Euro Zone	9.4	8.3	7.9	8.7	**8.7**	9.3	9.8	9.9	10.3	**10.3**	**-16%**

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

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