

3Q 2023

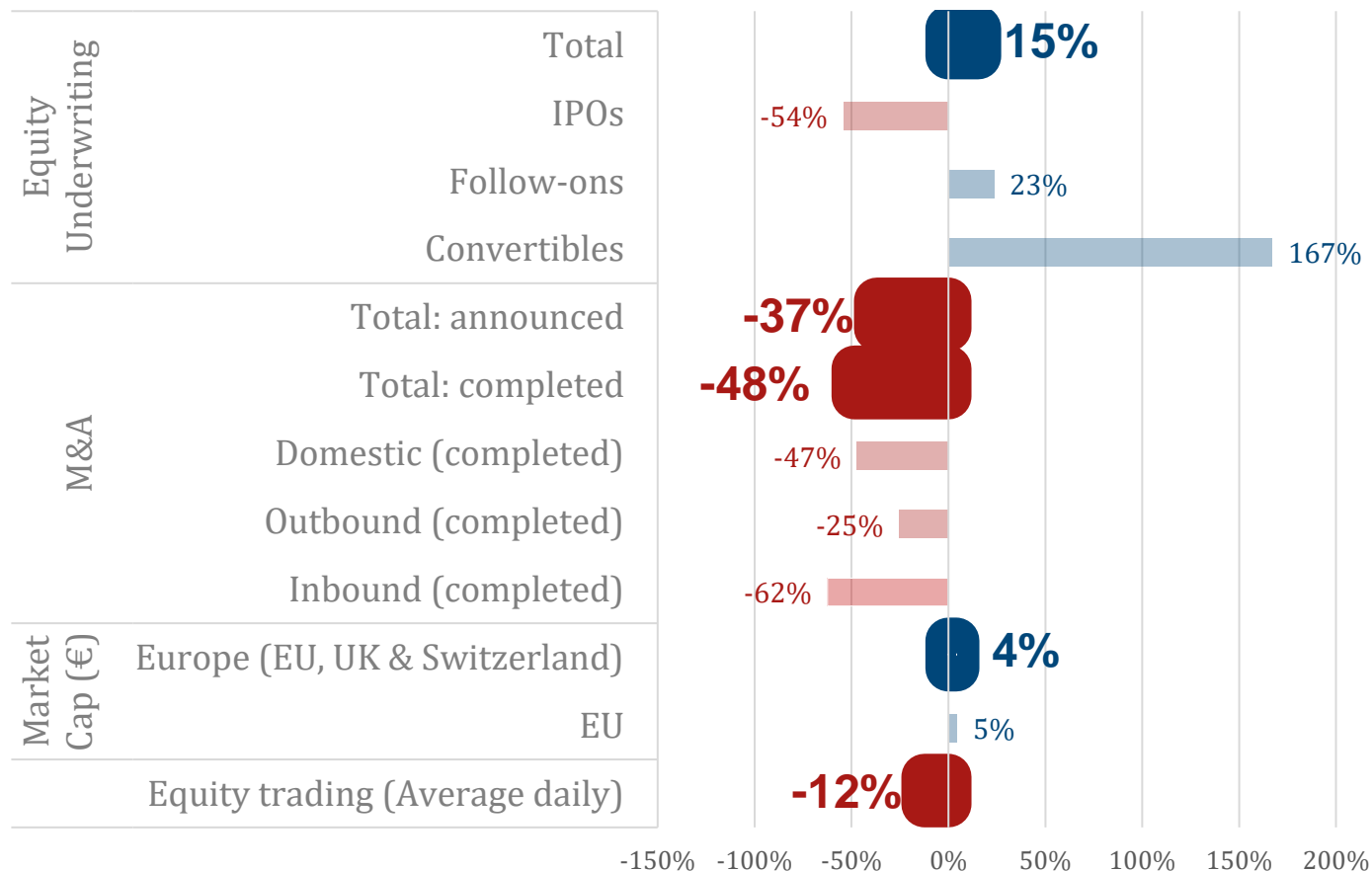
Equity Primary Markets and Trading Report

European market data
update



2023 YtD variation of European Equity activity

EU member countries, UK and Switzerland



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

European IPOs and M&A remain subdued

Equity underwriting on European exchanges for the first three quarters of 2023 rose 15% year-to-date (YtD) on the back of stronger secondary equity offerings and issuance of convertible securities.

The large percentage increase in convertibles, however, is relative to a record-low year as 2022 exhibited the lowest issued amount on records. The issued amount for 2023YtD stands as the third lowest in over a decade.

IPOs continued subdued with €6.2bn issued in the first three quarters of 2023. This represents a decline of 54% against the same period of 2022 and the lowest year-to-date (YtD) since 2012.

Mergers and Acquisitions (M&A) during the first three quarters of the year declined when measured as announced value (-37% YtD) and when measured as completed value (-48% YtD).

Average daily equity trading on European main markets and MTFs stood at €74.6bn in the first three quarters of 2023, a 12% decrease compared to the same period of 2022. Q3'23 saw the second-lowest quarterly turnover ratio in our records (since records began in 2017).

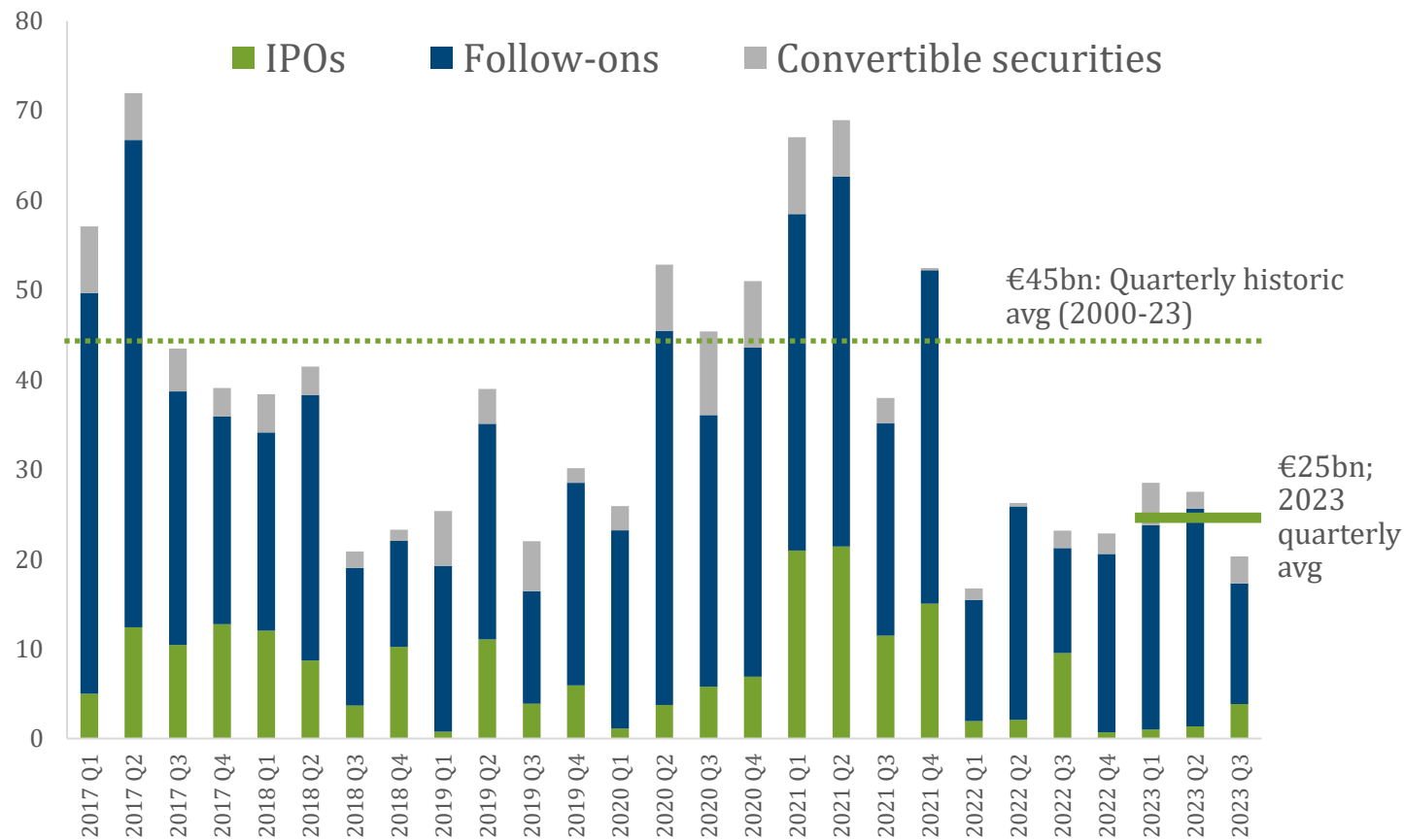
Domestic market capitalisation of European listed shares stood at €15.3tn at the end of Q3'23, a 4% increase from the value observed at the end of 2022 €14.7bn).

Equity issuance	4
European SPACs and D-SPACs	11
Mergers & Acquisitions	14
Secondary Markets	21
Equity market structure	26
Valuations	33
Appendix	36

Equity issuance

Equity capital raising

Equity Issuance on European exchanges (EUR bn)



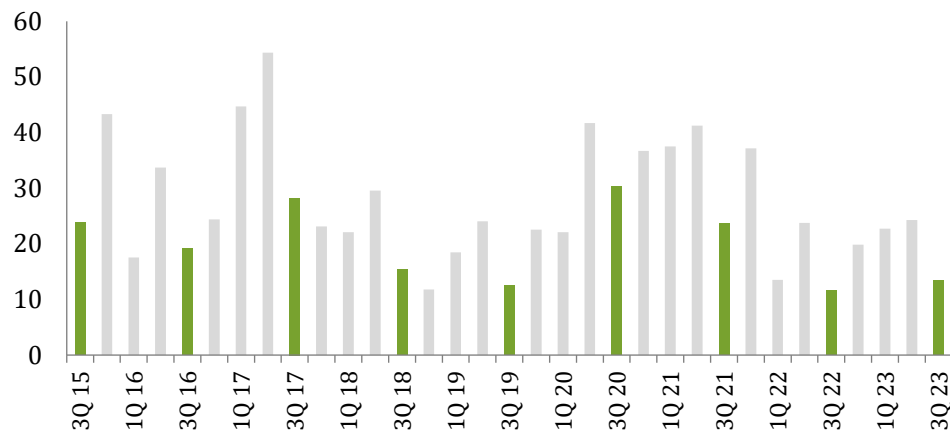
Equity capital raising on European exchanges totalled €20.3bn in Q3'23, a 12% decline from €23.2bn in Q3'22 and a 26% decline compared to Q2'23.

On a year-to-date basis, equity issuance has increased 15% on the back of stronger secondary offerings. The increase, however, is relative to a year of low equity capital raising as the issued amount in 2022 was a record low for Europe. As observed on the right-hand chart, quarterly equity capital raising in 2023 continues significantly below historic averages (€25bn in 2023 vs €45bn historic).

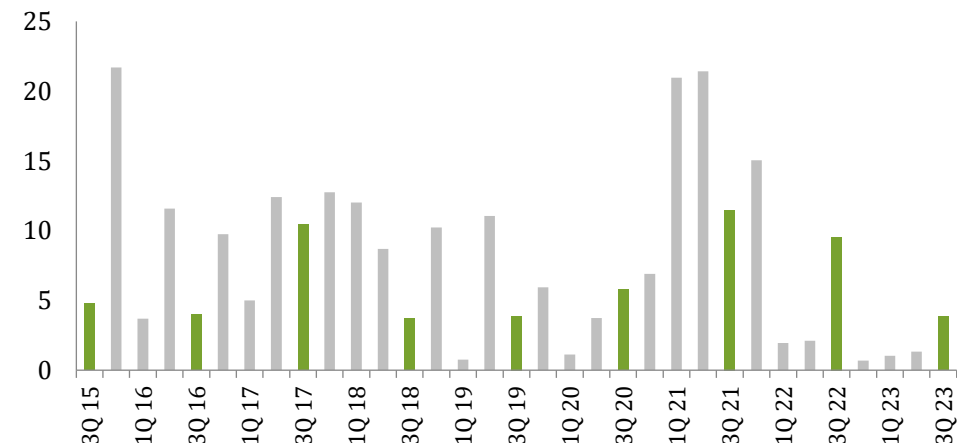
IPOs accumulated €3.8bn in deal value in Q3'23, of which 47% was from a single deal. Notwithstanding this abnormal deal, IPOs in Q3'23 declined 60% YoY and accumulate a year-to-date decline of 54% compared to the first three quarters of 2022.

PE-backed IPOs continue subdued

Follow-on offerings (EUR bn)



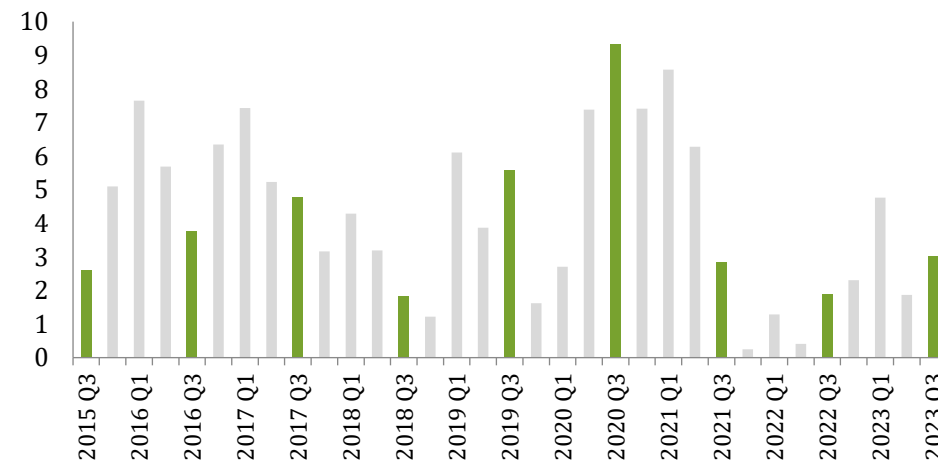
IPO proceeds (EUR bn)



PE-backed IPO proceeds: (YtD:3Q, EUR bn)



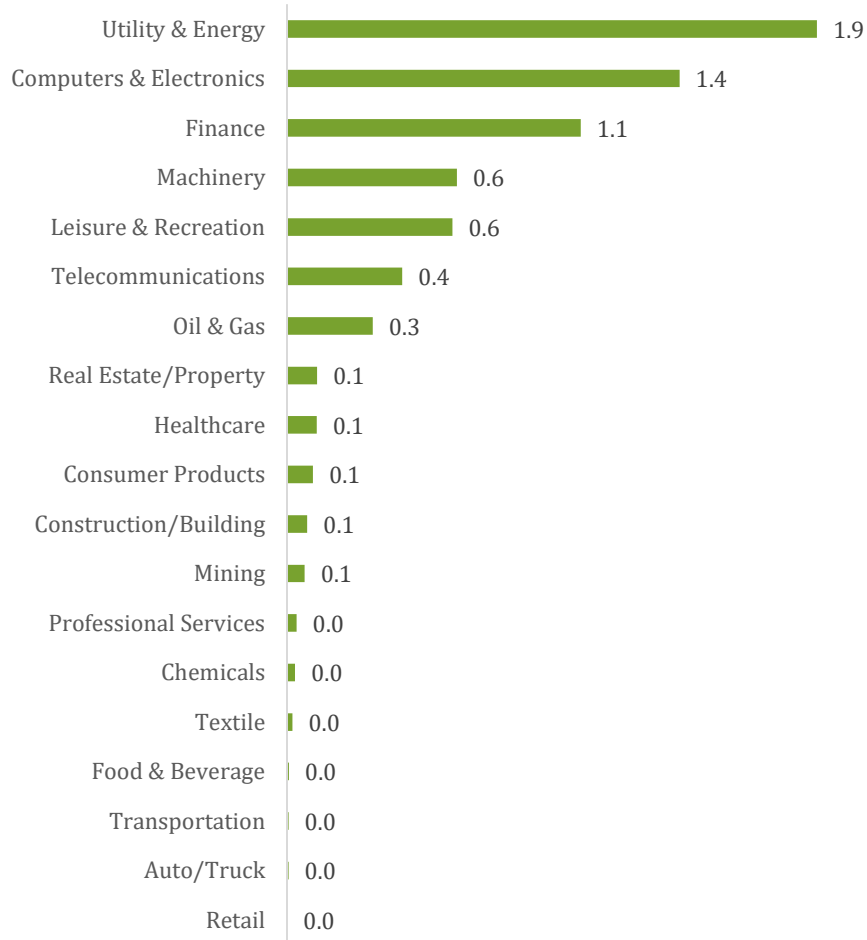
Convertibles (EUR bn)



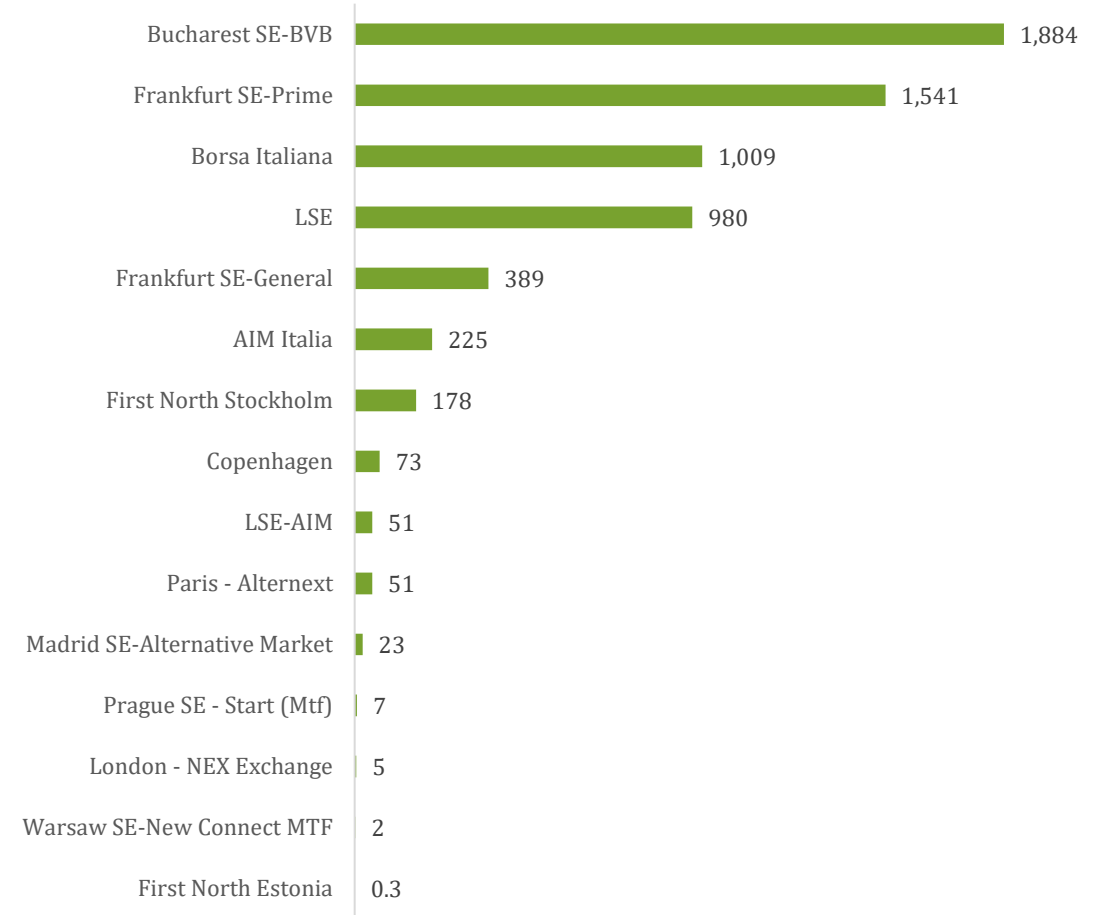
Source: Dealogic

Three sectors represent 63% of YtD IPO proceeds

IPO proceeds by industry (YtD:Q3, EURbn)



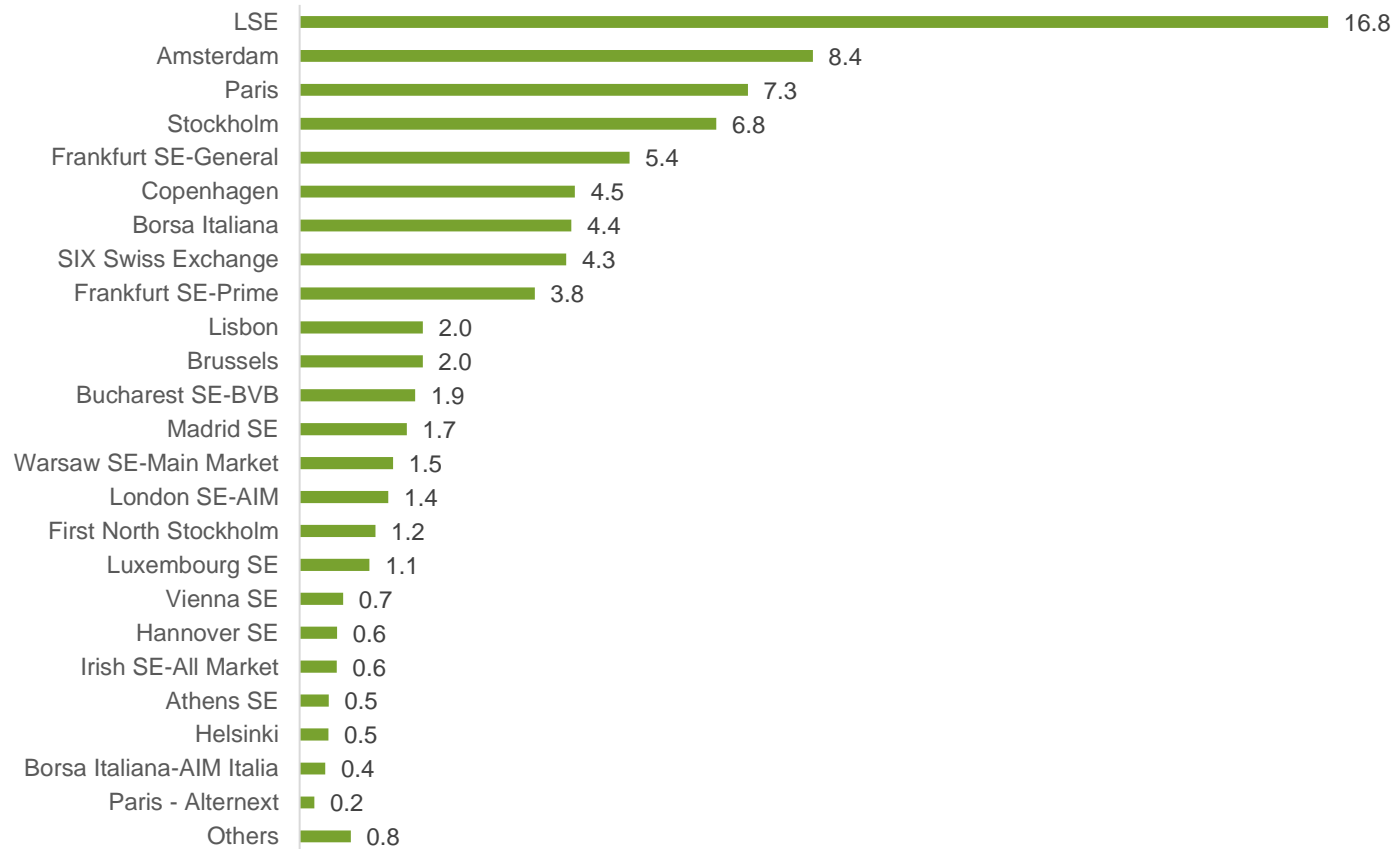
IPO proceeds by listing market (YtD: Q3 EURmm)



Dealogic. Finance includes SPVs and SPACs

LSE leads in equity issuance

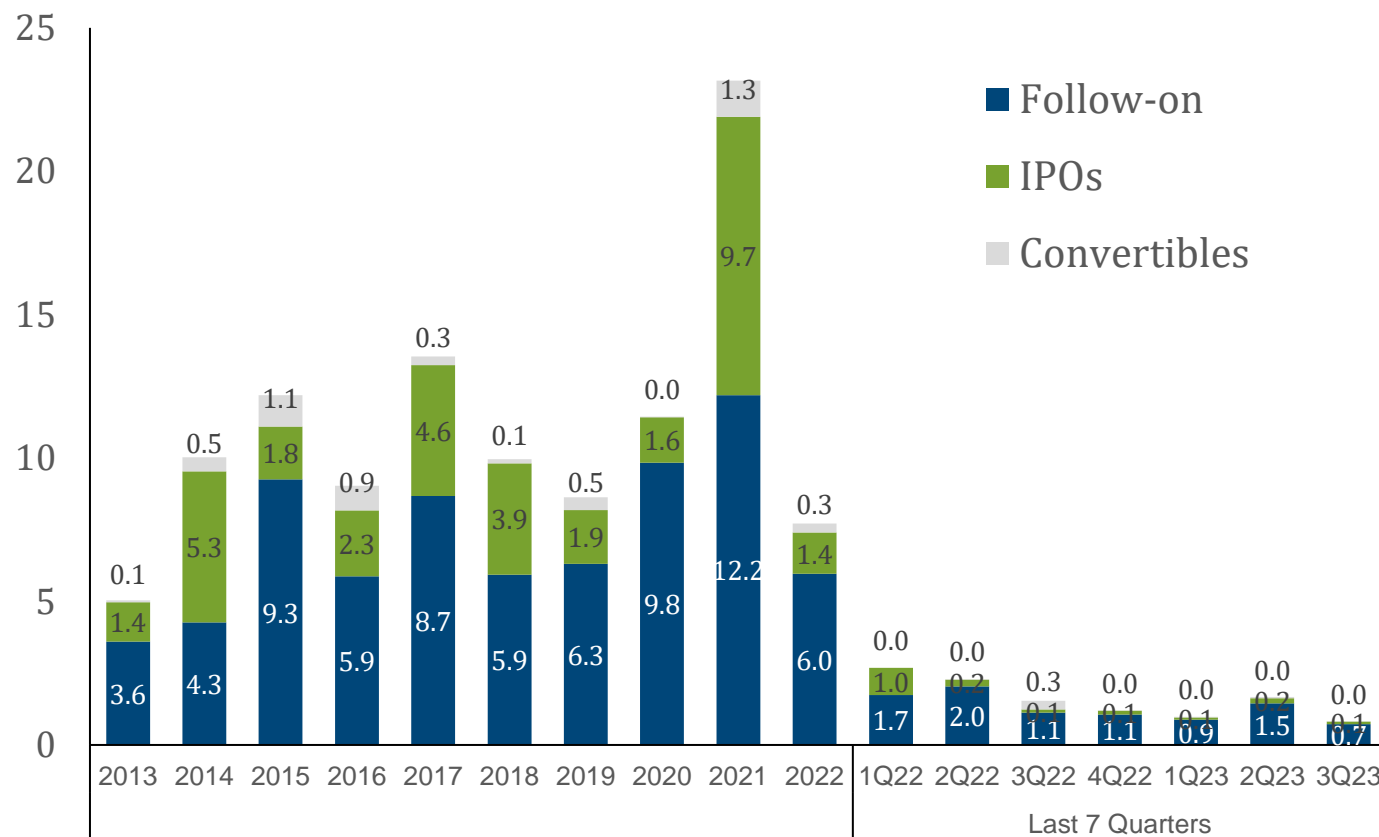
Equity underwriting on European exchanges: IPO, follow-ons and convertibles
(YtD: Q3 EUR bn)



The LSE main market led in total equity underwriting by accumulating a total of €16.8bn during the first three quarters of the year, followed by Euronext Amsterdam (€8.4bn) and Euronext Paris (€7.3bn).

Equity issuance on Junior markets

Equity underwriting on European Junior markets (EUR bn)



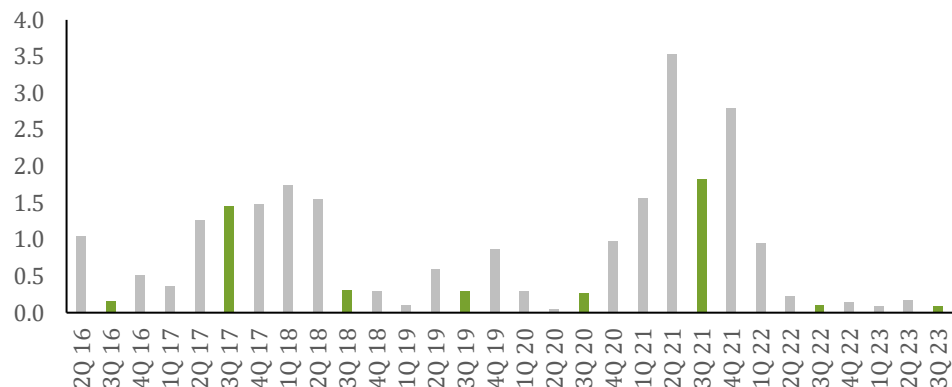
Source: Dealogic

Equity issuance on Junior exchanges accumulated a total of €0.8bn in total equity capital raised during Q3'23, a 46% decline from €1.5bn in Q2'22.

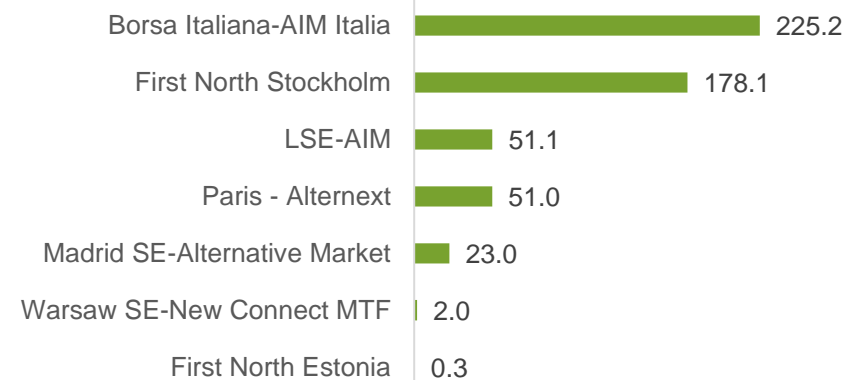
Junior exchanges are venues with less onerous listing requirements which facilitates equity capital raising by small and medium enterprises and younger companies.

Subdued primary listings on Jr markets in 2023

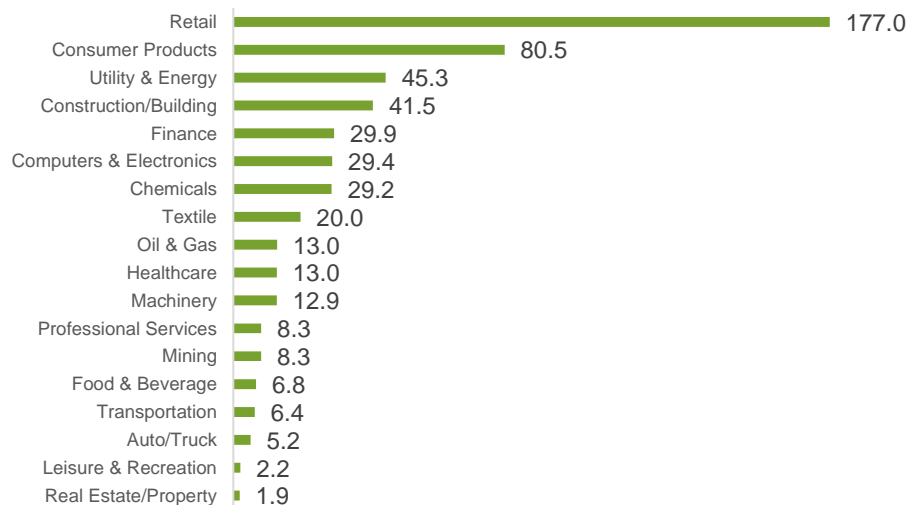
IPO proceeds on European Jr markets (EUR bn)



IPO proceeds on Jr markets by exchange (YtD, Q3, EUR mm)



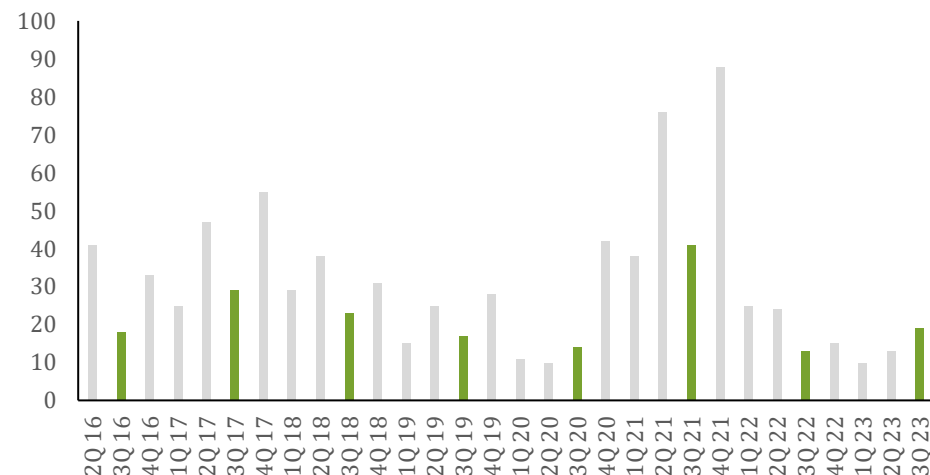
IPO proceeds on Jr markets by industry YtD, Q3, (EUR mm)



Source: Dealogic

*Finance includes SPVs and SPACs

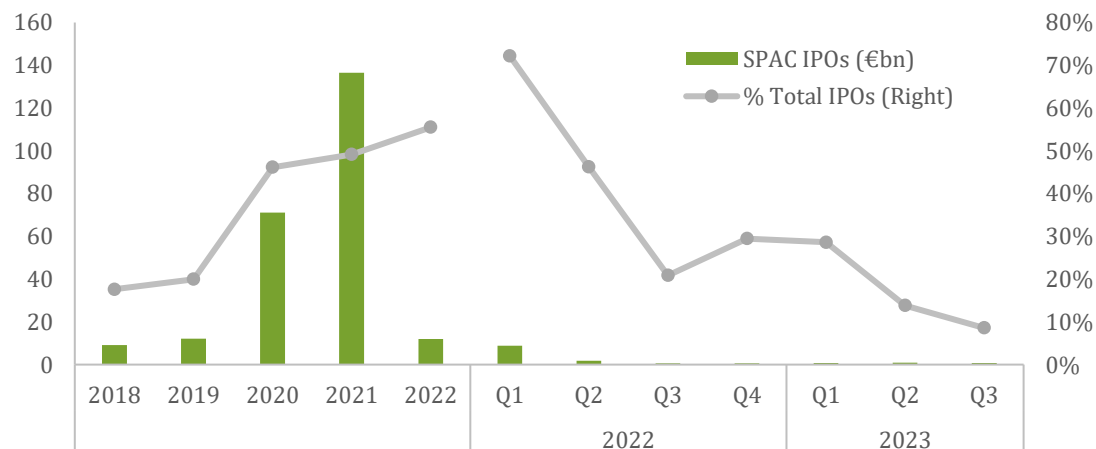
Number of IPOs on European Jr markets



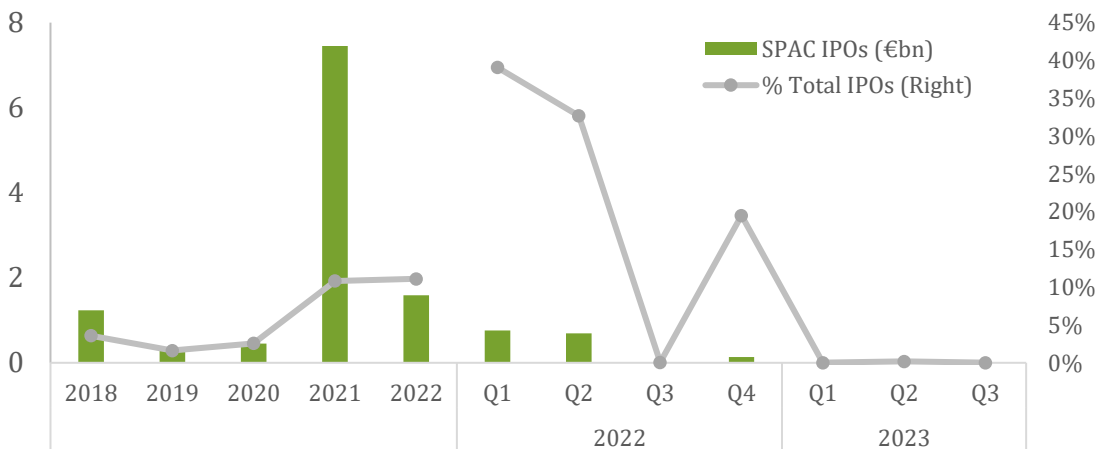
European SPACs: market update

SPAC IPOs: Europe and the US in numbers

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



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



Source: Dealogic

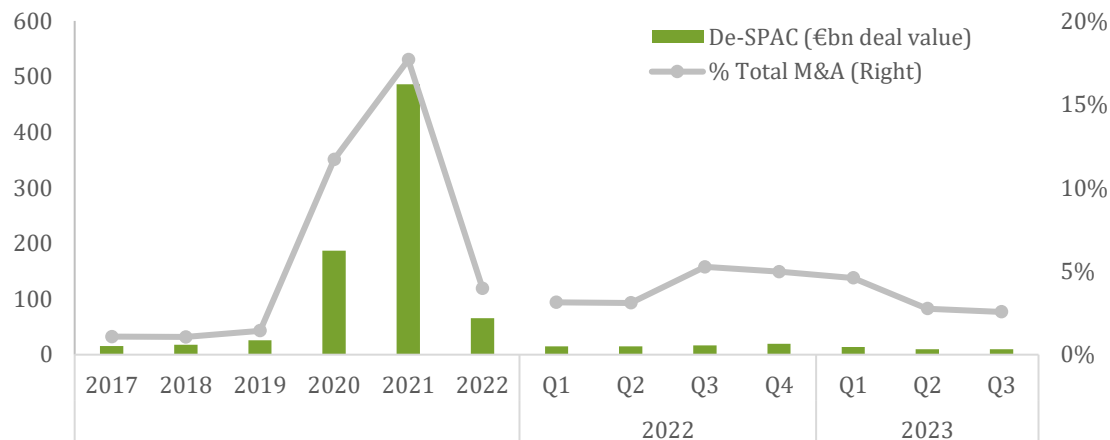
Special Purpose Acquisition Companies (“SPACs”) are companies formed to raise capital in an initial public offering (“IPO”) with the purpose of using the proceeds to acquire an unspecified business or asset to be identified after the IPO. A SPAC is generally intended to permit the target company to go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

SPAC IPOs have significantly declined globally in volume and value.

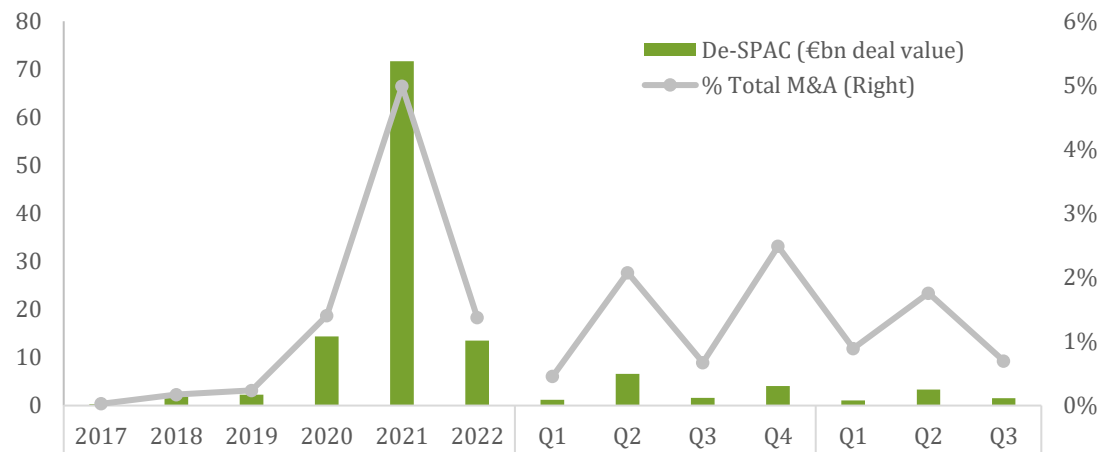
In Europe, SPAC IPOs have visibly declined from €3.2bn in Q2’21 to no deals in Q1’23 and €0.003bn in Q2’23 and no deals in Q3’23.

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.

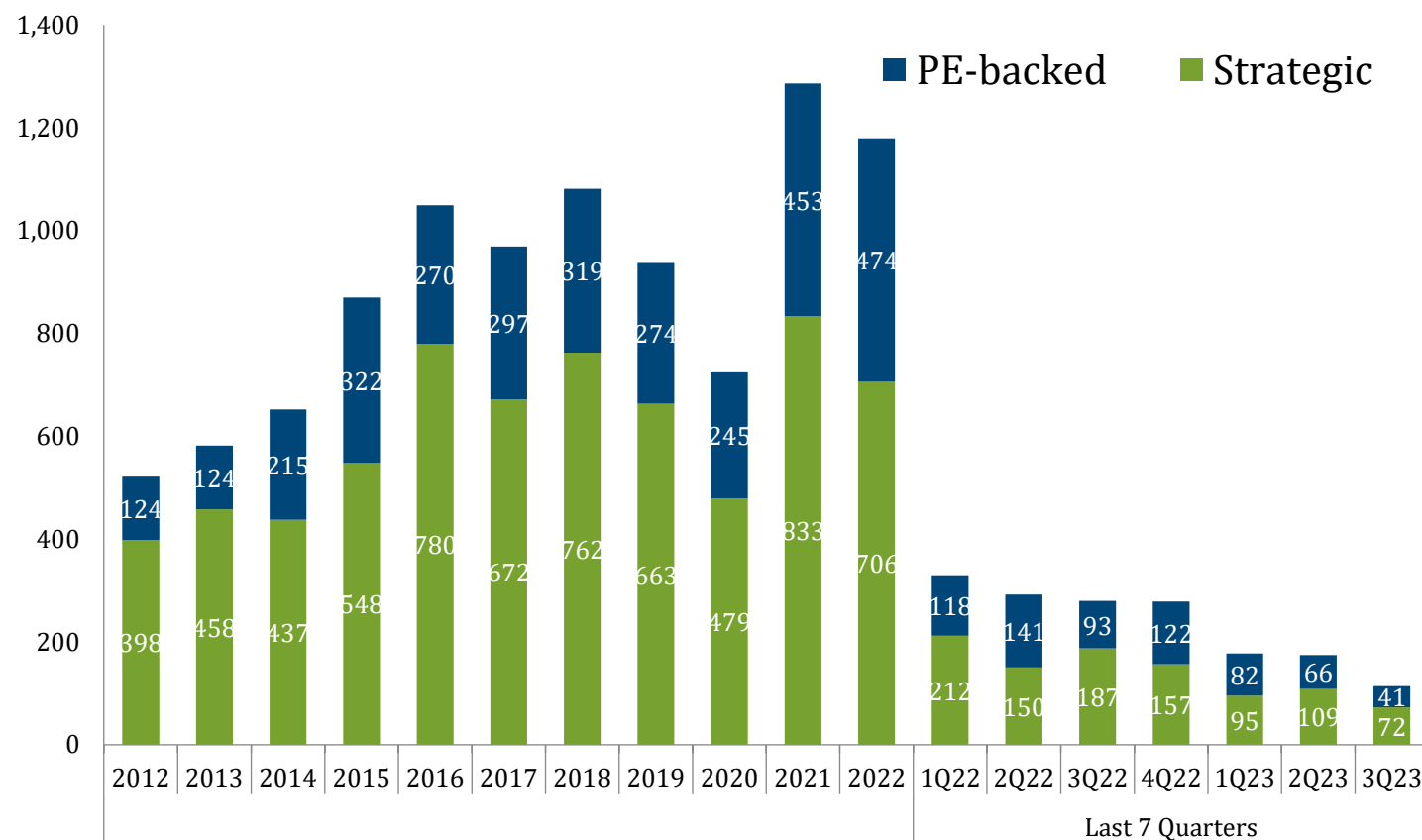
De-SPACs have also decelerated globally both in volume and as a proportion of total M&A.

In Europe, de-SPACs represented 0.7% of the total M&A value announced during Q3'23, below the proportion observed during 2021 (5%) and below the 2022FY average (1.4%).

Mergers and Acquisitions (M&A)

M&A continued to decelerate during the quarter

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



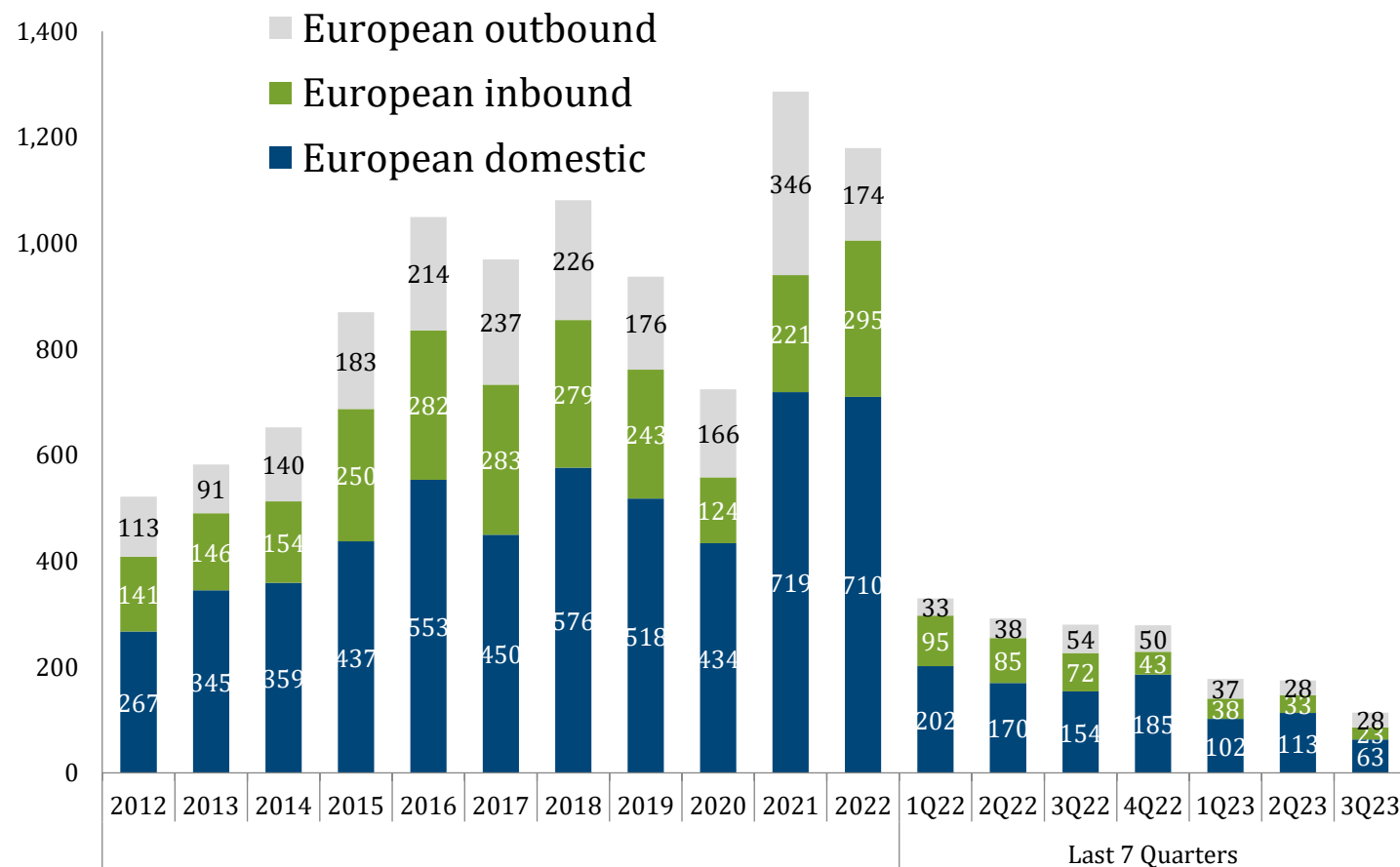
European* M&A activity continued the gradual decline during Q3'23 accumulating €113bn in deal value (from €279bn in Q3'22).

The completed deal amount represents the quarterly lowest since Q1'12 and the lowest on records for the third quarter of the year.

*EU, UK and Switzerland

M&A by acquiring party

Completed M&A by acquiring party (EUR bn)



Source: Dealogic

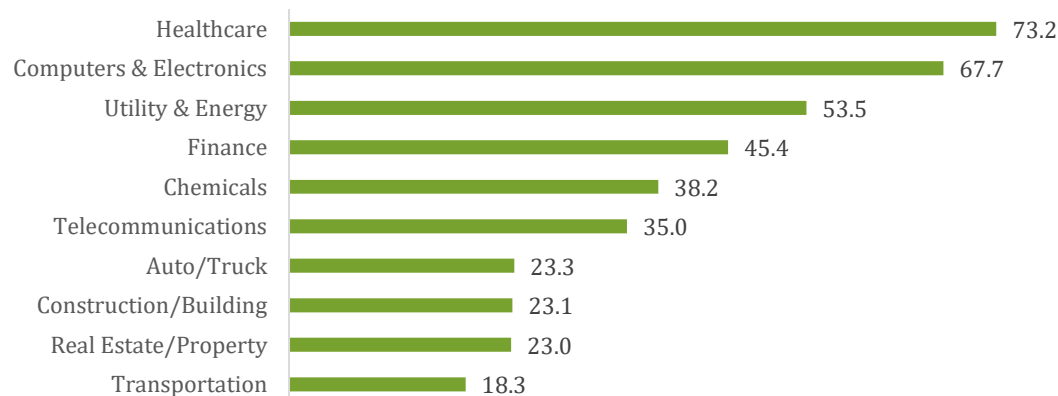
The decline in inbound M&A (i.e., acquisition of a European company by a non-European company) has been particularly pronounced.

Inbound M&A accumulated a year-to-date total of €95bn in deal value as of Q3'23, a 62% decline from the first three quarters of 2022.

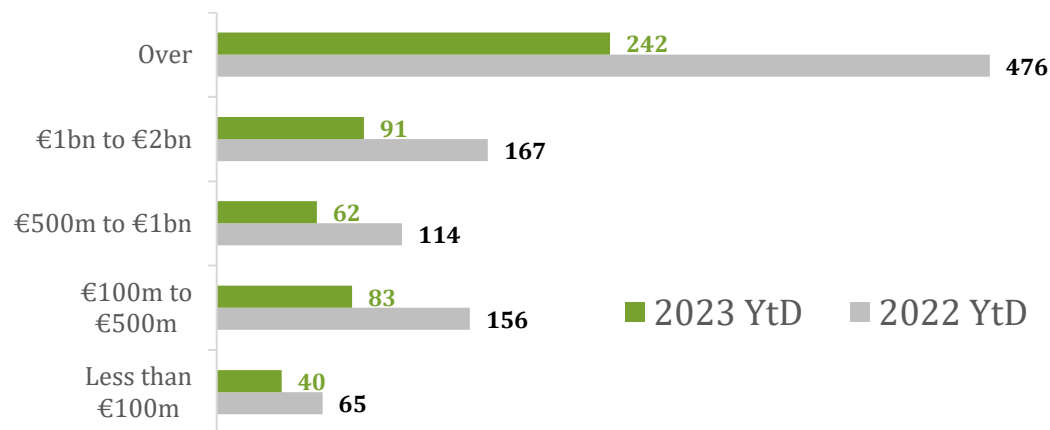
Domestic M&A also exhibited a large decline during the first three quarters of the year accumulating a total of €277bn in deal value as of Q3'23, a 47% decline from the first three quarters of 2022.

Tech and energy lead by deal value

Top 10 industries for completed M&A (2023 YtD, EUR bn)



Completed M&A transactions by deal value (2023 YtD, EURbn)



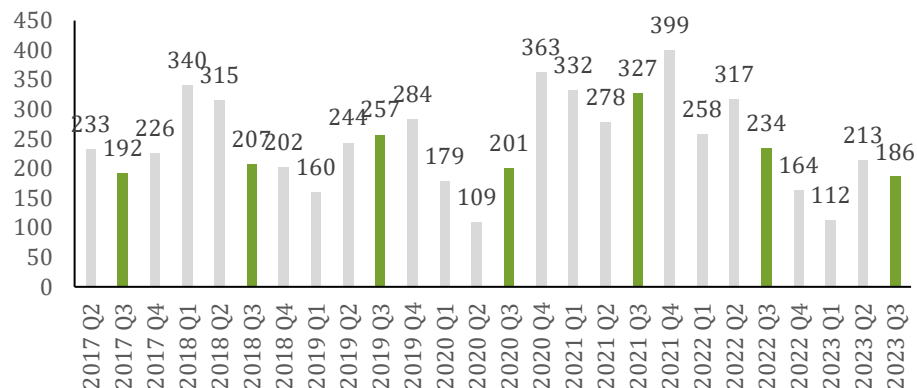
Source: Dealogic

During the first three quarters of the year, four “megadeals” (deal value above €10bn) were completed. All these deals were completed in the first four months of the year:

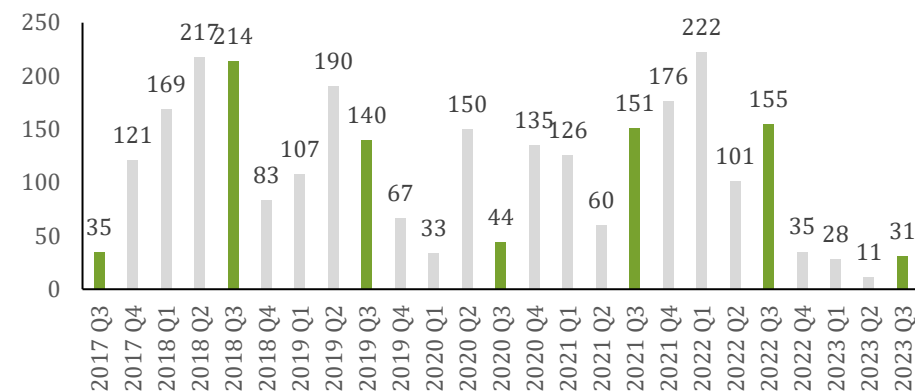
- Acquisition of LeasePlan Corp NV, the Dutch vehicle leasing and fleet management company, by French vehicle leasing provider ALD SA.
- Koninklijke DSM NV acquisition of Firmenich International SA, the Switzerland based manufacturer of fragrances and flavours.
- Acquisition of 25% Porsche AG from Volkswagen by Porsche Automobil SE holding company.
- Acquisition of GD Towers, the mobile telecommunications tower business from Deutsche Telekom AG, by DigitalBridge Group Inc and Brookfield Infrastructure Partners LP.

Annual decline in announced M&A

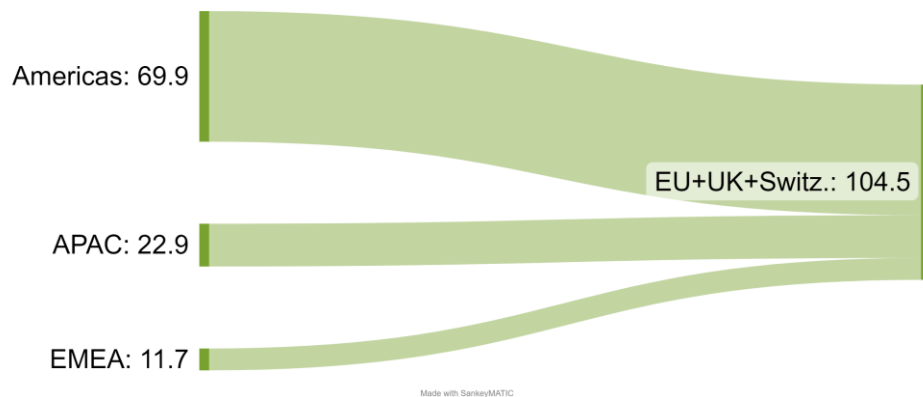
Announced M&A (EUR bn)



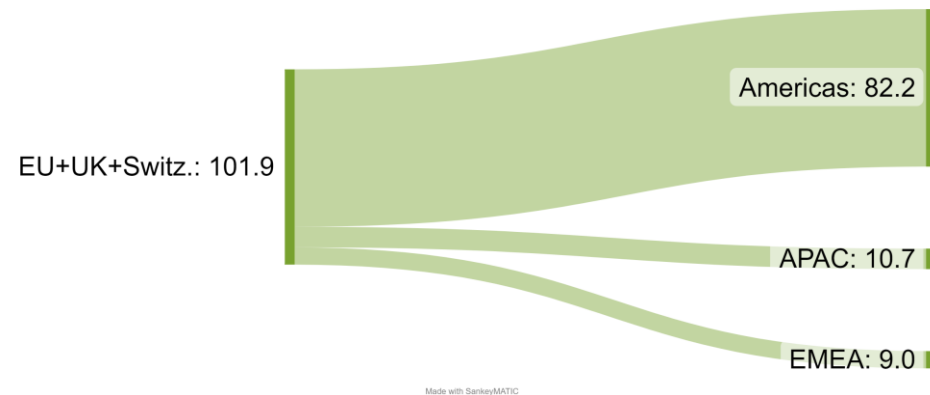
Withdrawn M&A (EUR bn)



**Completed inbound M&A by acquiring region
(EUR bn, YtD 2023)**

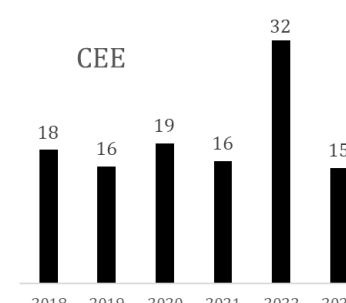
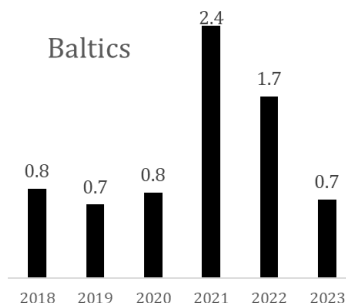
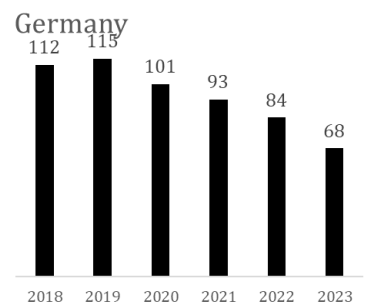
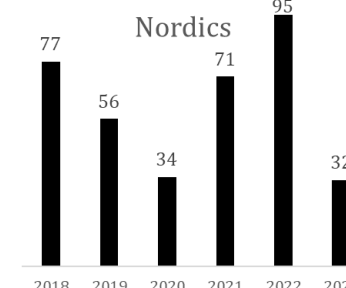
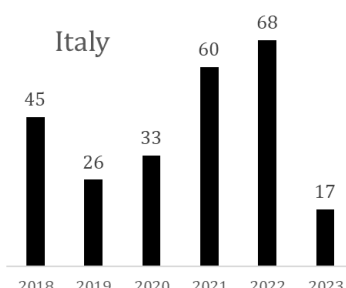
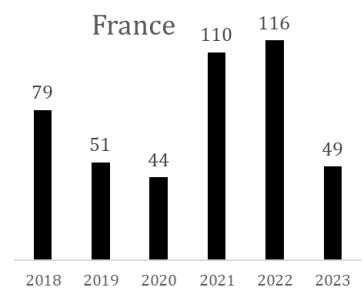
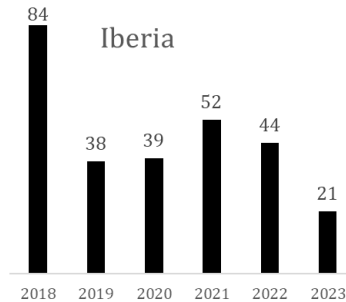
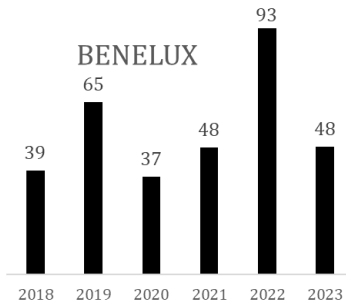
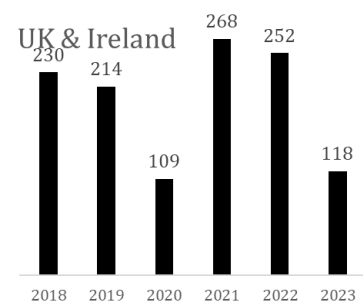


**Completed outbound M&A by target region
(EUR bn, YtD 2023)**



Source: Dealogic

Regional M&A trends: completed deal value (YtD, Q3, EURbn)



Annual decline in M&A activity across all European subregions.

European integration: M&A between European firms

Completed intra-European M&A activity (2023 H1, EUR bn)

Target Nationality

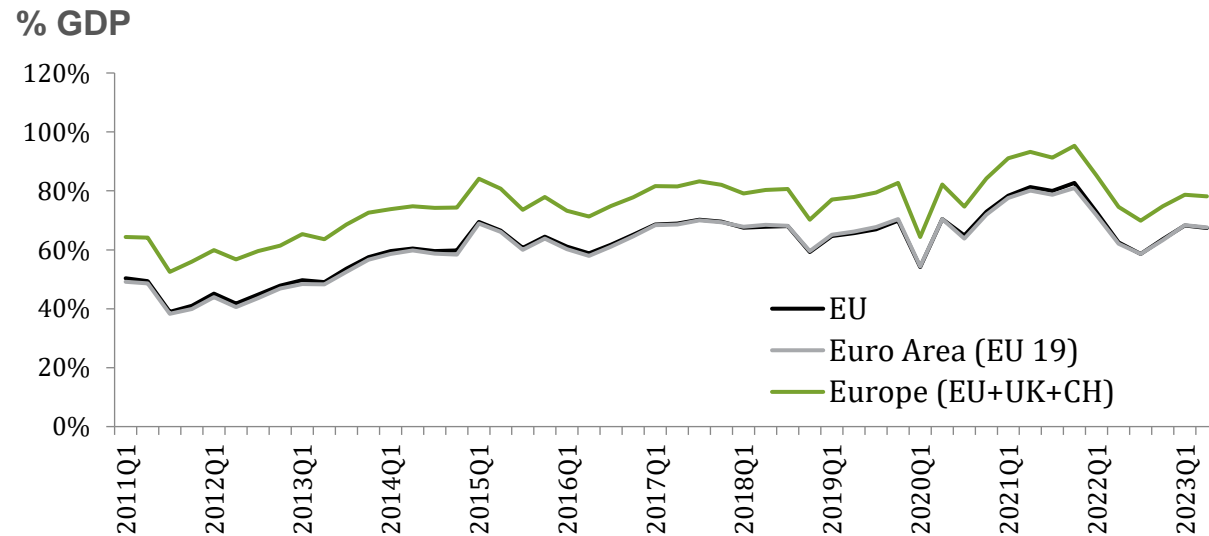
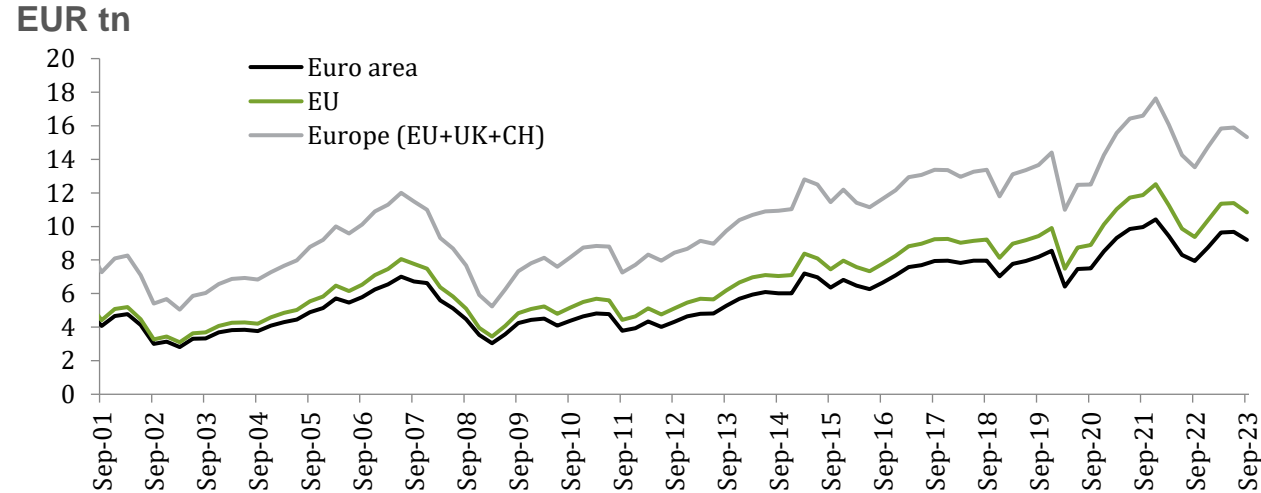
Acquirer Nationality

	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	CH	UK	TOTAL	
Austria	3,065										504		830										12			460				4,870	
Belgium	12	4,468												8																4,487	
Bulgaria			35																											35	
Croatia				31				11																						42	
Cyprus					74																									74	
Czechia	810					706					9									150	1,057								115	2,846	
Denmark							3,685														236		10			12	265	30	1,145	5,383	
Estonia								136								11													9	155	
Finland							154		4,118		37									1,065							411	24	13	5,822	
France		60					28		88	35,488	1,000			650	1,734				175	20,840	75	5				490	134	25	11,150	71,939	
Germany	100						4,037	108	1	450	30,631						7			4,200						1,703	1,014		2,272	44,522	
Greece					70							1,208											1,372							2,650	
Hungary													1,733	36						30	4				900					2,703	
Ireland										34				1,447	19					5									559	2,064	
Italy				180					228	256	1,113	84		1,843	7,659											671		5	21	12,059	
Latvia																57														57	
Lithuania																	234													234	
Luxembourg										110				12	194			70			125	113							129	753	
Malta																														0	
Netherlands		47								1,629	46										9,048	358		200			209	5	16,695	242	28,480
Poland	4																				3,500	10							70	3,584	
Portugal		9												25	13							678								724	
Romania																	3						245							248	
Slovakia																								29						29	
Slovenia																									24					24	
Spain	14	1									38		4	145	13						519	1				9,712		218	79	10,745	
Sweden	29	120					31		90	54	8	63	38	2				163		678						436	7,477	74	222	9,484	
Switzerland									3	8	5,580				4,140					160	4		17			2,000	19	21,084	1	33,016	
United Kingdom		942		2	150		1,960	30	23	772	4,152	27		583	713				7	124	863	39		53		280	687	78	52,909	64,393	
Total	4,034	5,646	35	212	294	706	9,895	285	4,551	38,800	43,116	1,382	2,606	4,750	14,485	57	255	233	182	36,426	6,729	733	1,856	81	924	15,973	10,011	38,233	68,936	311,425	

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

Secondary markets

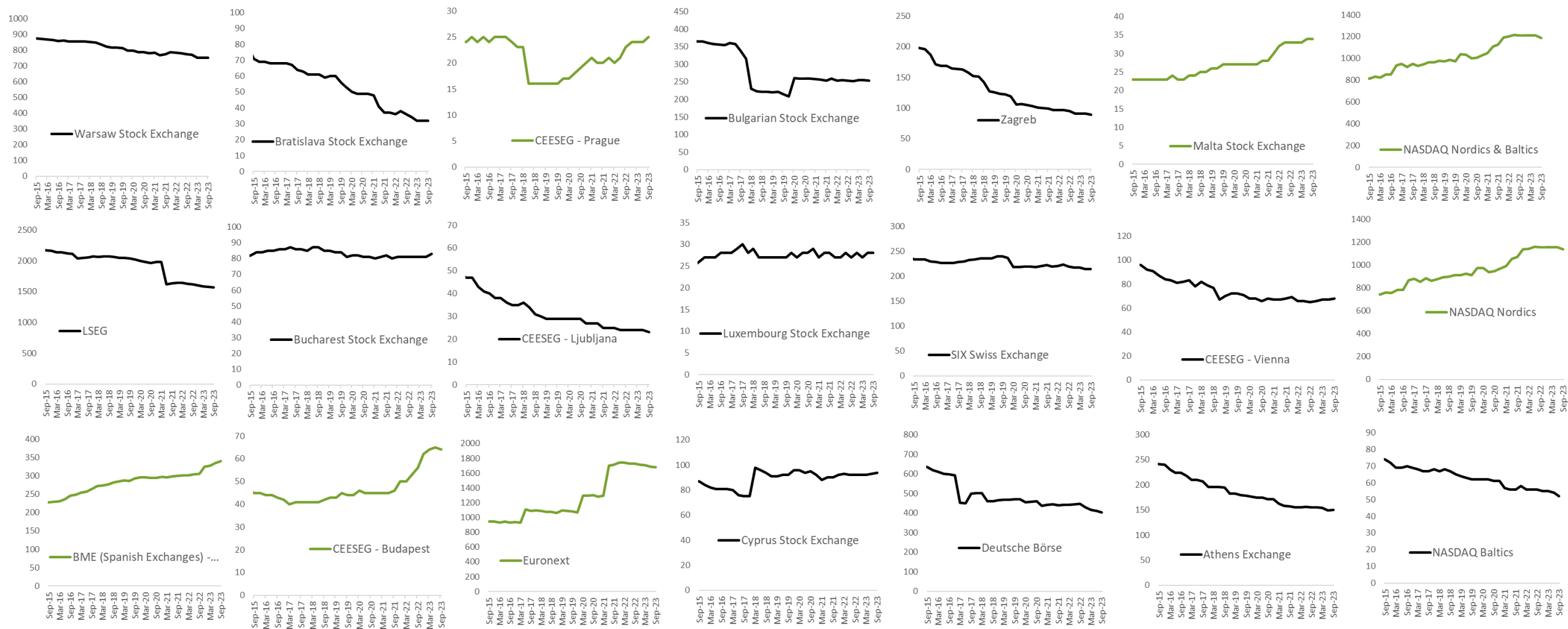
Market capitalisation of domestic listed shares



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

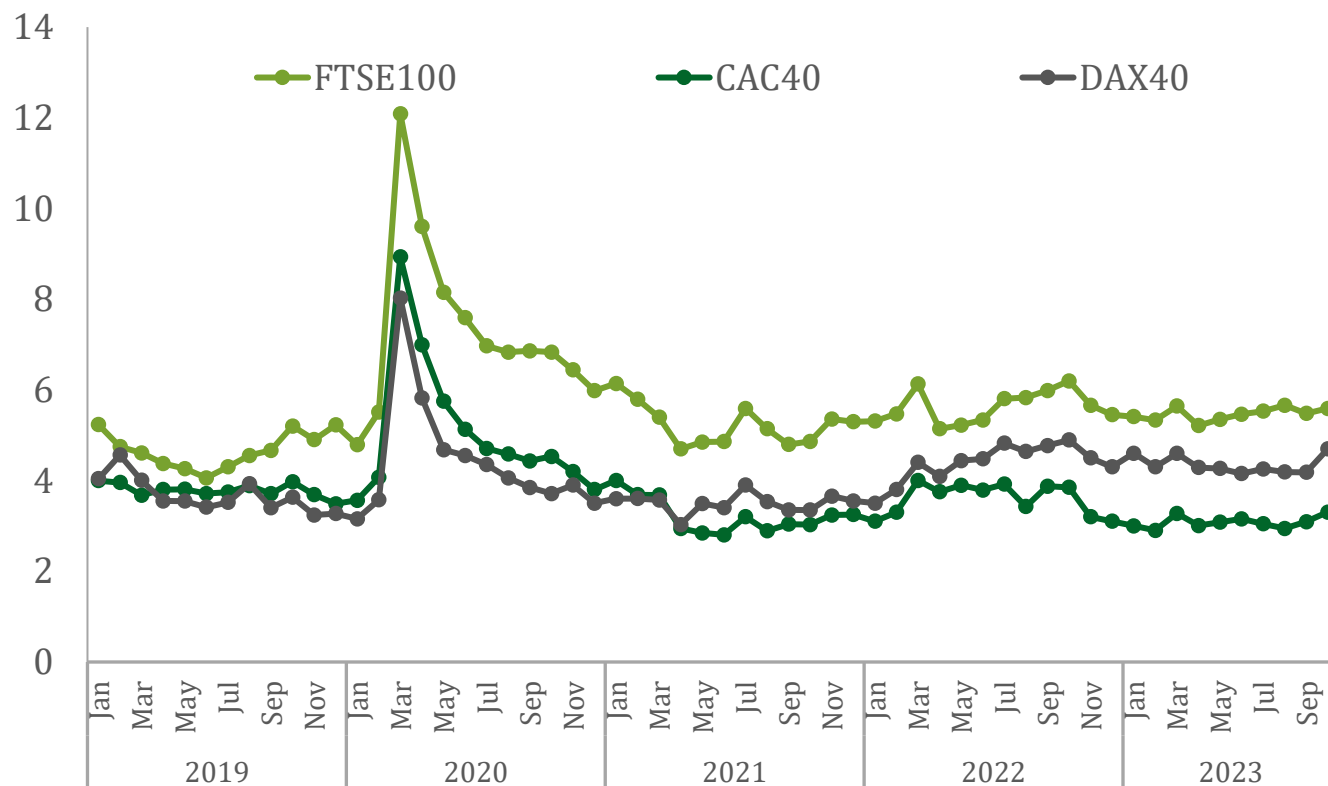
Market capitalisation of European listed shares (EU, UK and Switzerland) marginally declined in Q3 2023 standing at €15.3tn (from €15.9tn in Q2 2023)

Number of listed companies on European exchanges



Bid-ask spreads for selected European indices

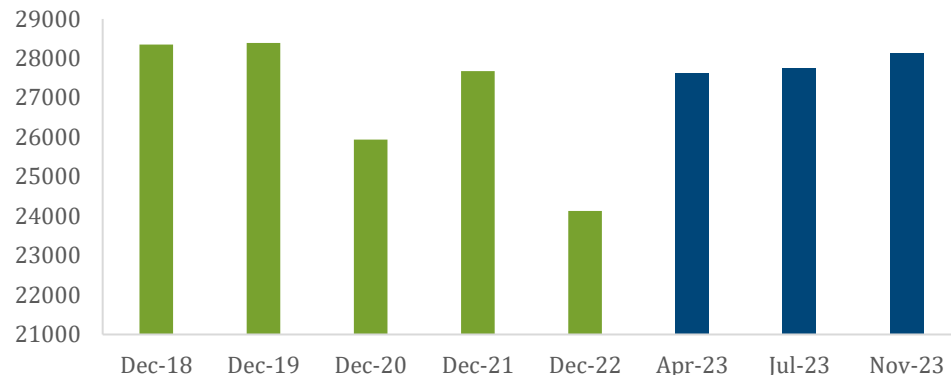
Market spreads in basis points for selected equity indices (Primary venue, value weighted average spread, €5k)



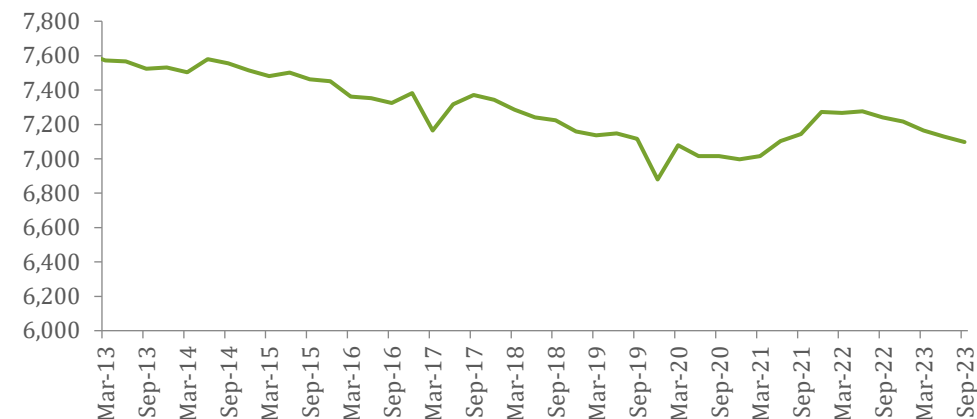
Bid-ask spreads for selected European equity indices continued to fluctuate around the levels observed since the start of the year.

Fewer listed companies and medium-term decline in turnover ratio

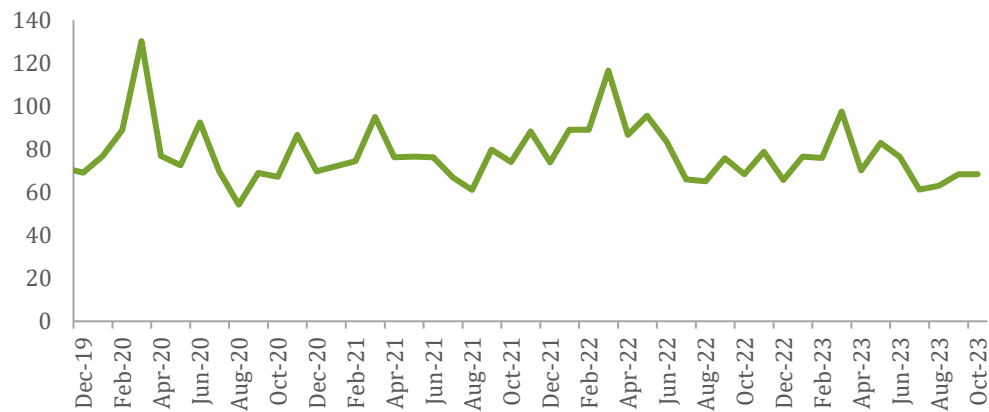
Number of equity-like instruments (ISINs) registered on ESMA's DVC files



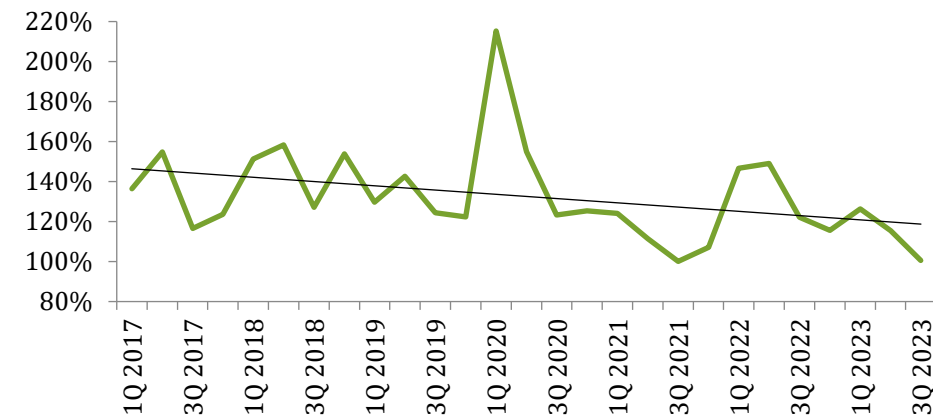
Number of listed companies on European exchanges*



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



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



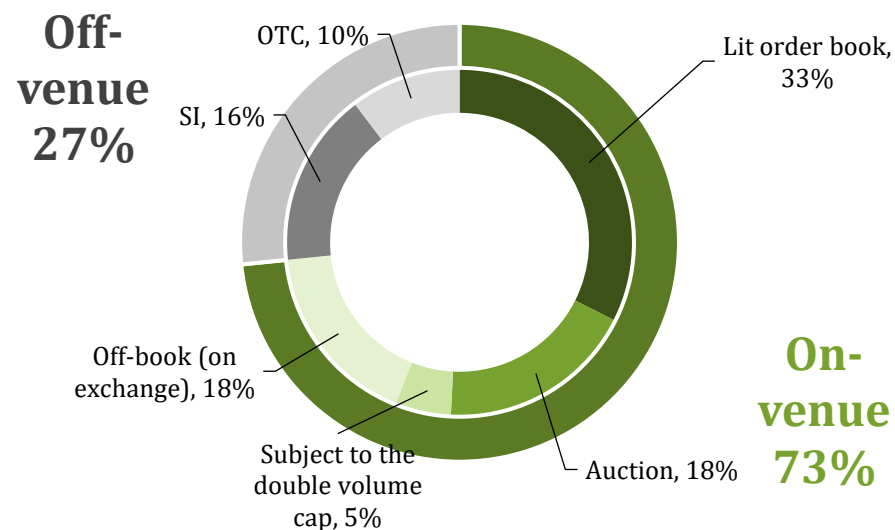
Source: BigXYT, FESE, WFE, ECB and local exchanges. *Listed companies excludes Vienna's global segment and Spanish SICAVs. **Adjusted for transactions not contributing to price formation

Equity market structure

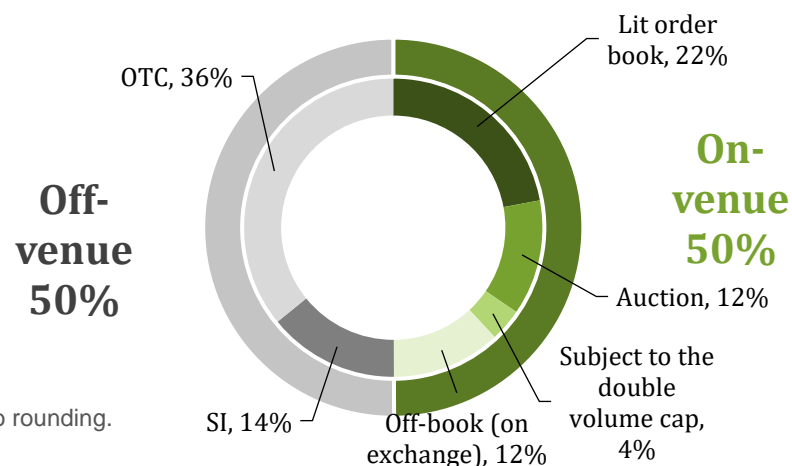
Equity market liquidity landscape

Share of Pan-European trading volume (EU, UK, Switzerland, Norway) by trading mechanism, Q3 2023

Adjusted for transactions not contributing to price formation



Unadjusted



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

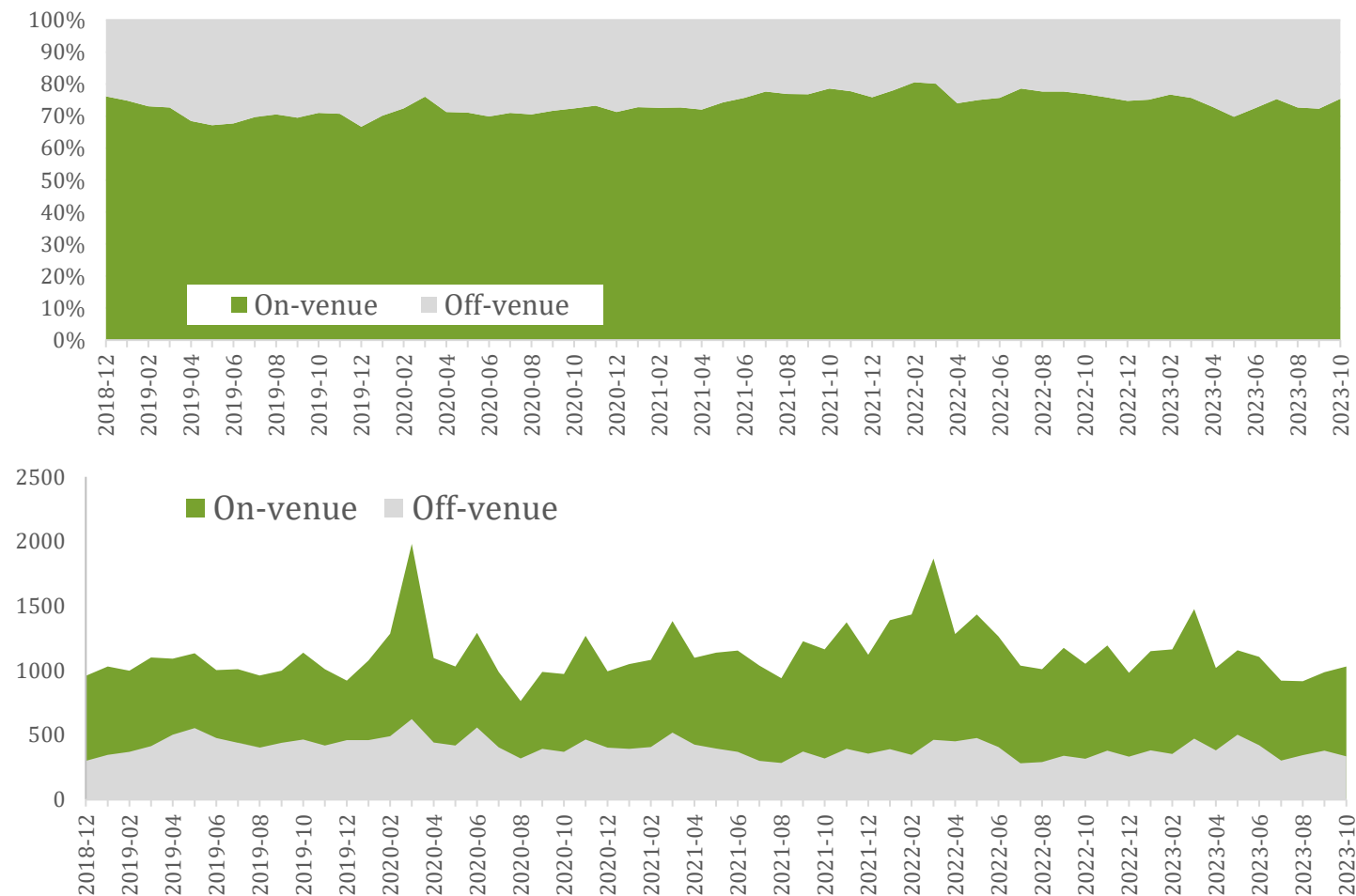
According to BigXYT data, on-venue trading represented 73% of the total addressable liquidity in Q3 2023.

Volume traded off-venues, on systematic internalisers and pure OTC, represent the remaining 27% 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.

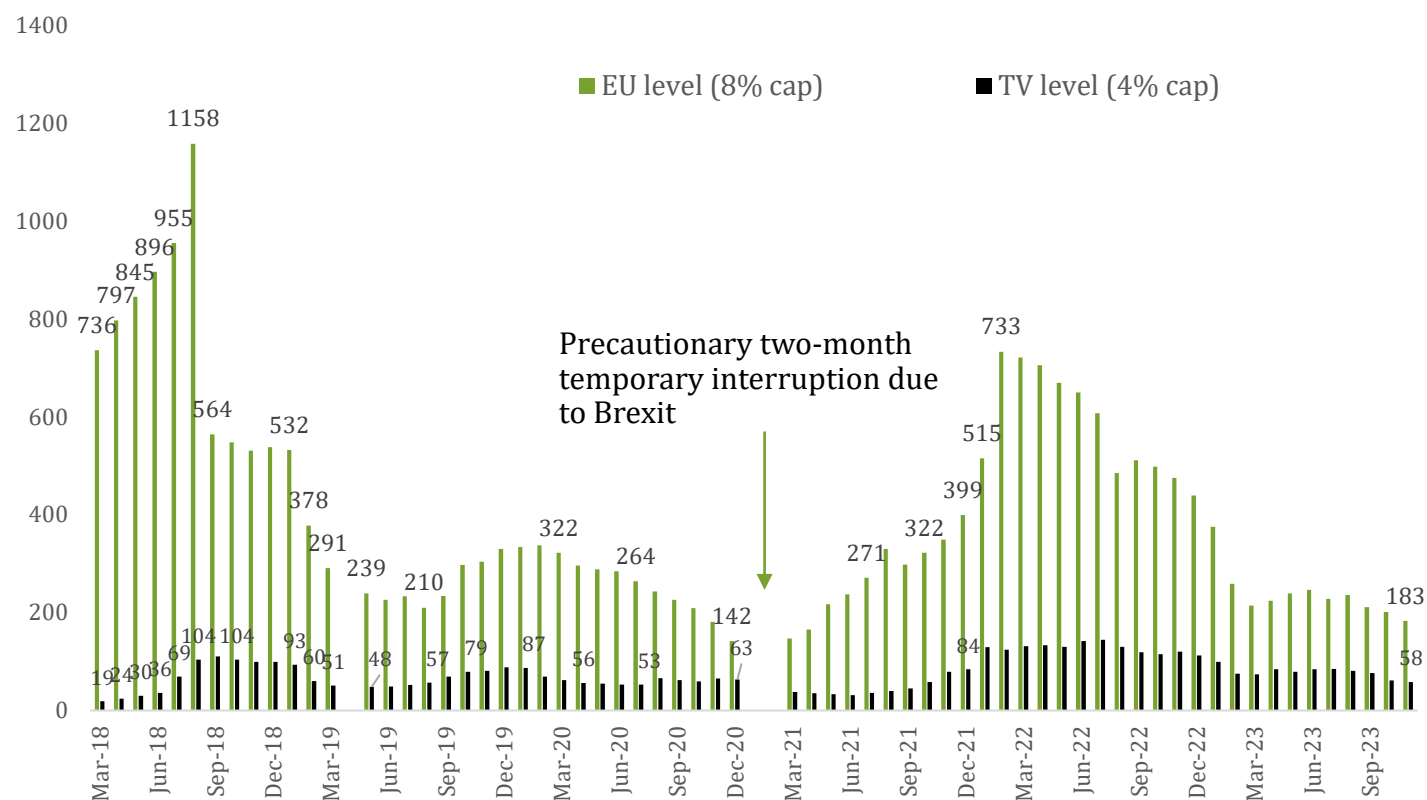
On-venue: Lit order book, Auction, trading subject to the double volume cap, and off-book (on-exchange).

Off-venue: OTC and SI

The proportion of on-venue trading has continued to fluctuate at around 70% relative to total addressable 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



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 continued to decline in the course of the year, to 241 suspended instruments (183 at EU Level and 58 at TV level) as of November 2023.

The number of suspended instruments is the lowest since April 2021 and the 4th lowest since the inception of the DVC mechanism.

afme / MiFID double volume cap (DVC)

Finance for Europe

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

Nov-23

Country ISIN	Universe	Suspended EU level	Suspended TV level	Suspended (% country universe)
AT	81	2	1	4%
BE	237	3	0	1%
BG	256	0	0	0%
CY	107	2	0	2%
CZ	30	0	0	0%
DE	1023	15	0	1%
DK	694	9	12	3%
EE	41	0	0	0%
ES	349	2	1	1%
FI	218	10	5	7%
FR	997	12	5	2%
GR	181	0	0	0%
HR	104	0	0	0%
HU	75	0	0	0%
IE	2128	11	3	1%
IT	516	5	0	1%
LT	28	0	0	0%
LU	1187	3	0	0%
LV	15	0	0	0%
MT	45	1	0	2%
NL	256	5	3	3%
PL	764	0	0	0%
PT	53	1	0	2%
RO	358	0	0	0%
SE	1852	45	10	3%
SI	134	0	0	0%
SK	29	0	0	0%
Total EU	11758	126	40	1%
GB	1250	0	2	0%
RoW	16366	57	16	0%
Total	28124	183	58	1%

Source: ESMA

The 241 instruments currently suspended under the DVC at the EU or trading venue level represent 1% of the equity-like instruments on ESMA's July 2023 DVC files (28,124).

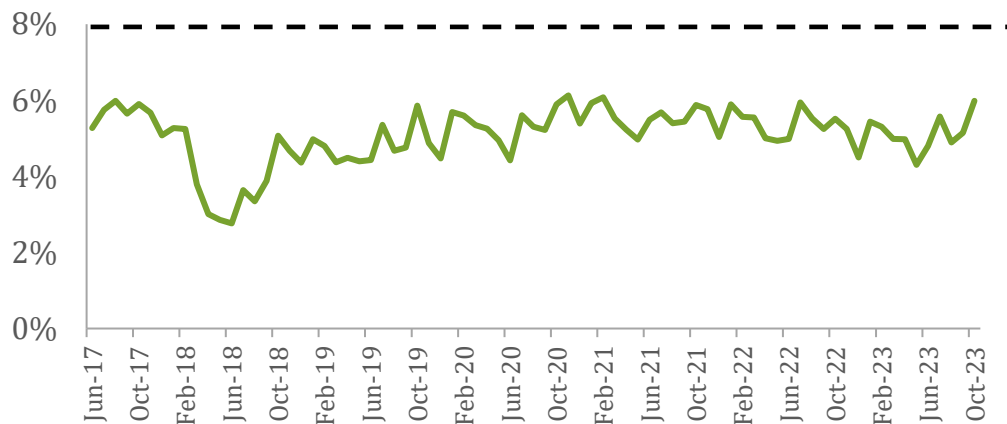
166 of the 241 suspended instruments have EU ISINs (or 69% of the total number of suspended instruments). This represents an increase from 126 instruments suspended in December 2022 (23% of the total).

2 (or 1%) of the 241 suspended instruments have UK ISINs. This also represents the fewest UK ISINs DVC suspended since 2018, which compares with 596 UK instruments suspended in February 2022.

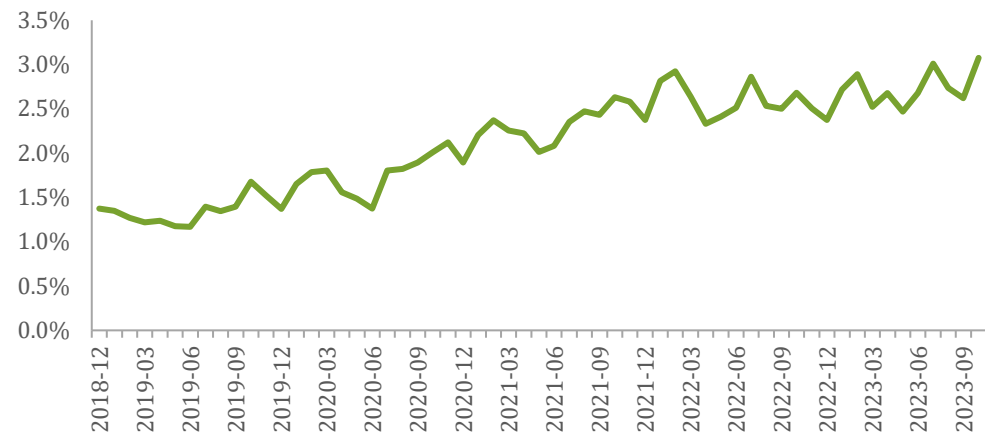
73 (or 30%) of the suspended instruments have non-EU+UK ISINs at the EU and trading venue level.

Proportion of trading subject to the double volume cap (DVC) at 5%

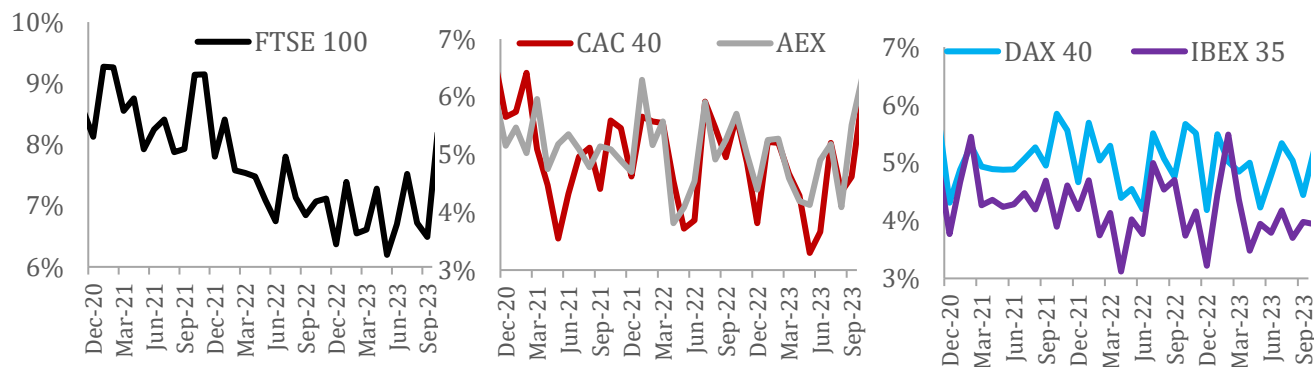
Trading subject to the DVC as % of total turnover*



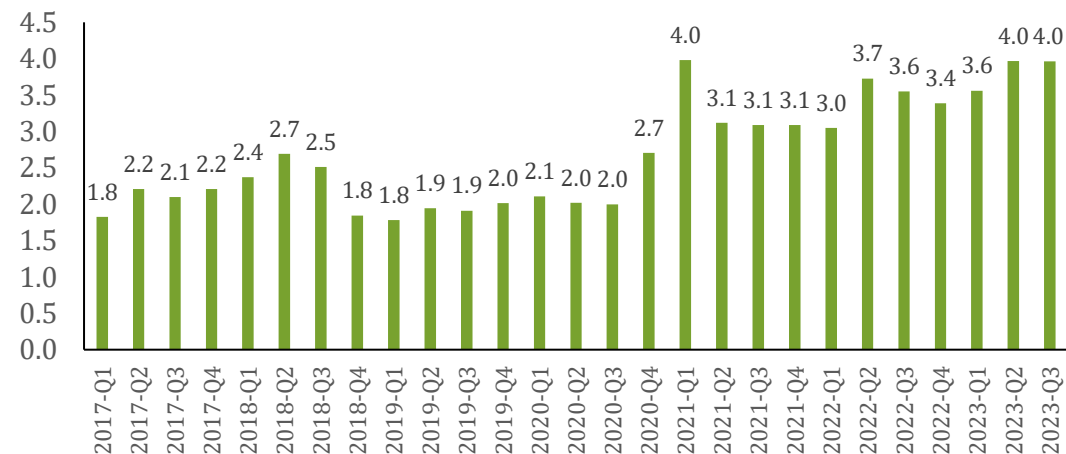
Lit/Auction periodic as % of total monthly trading*



% of trading subject to the DVC by indices*



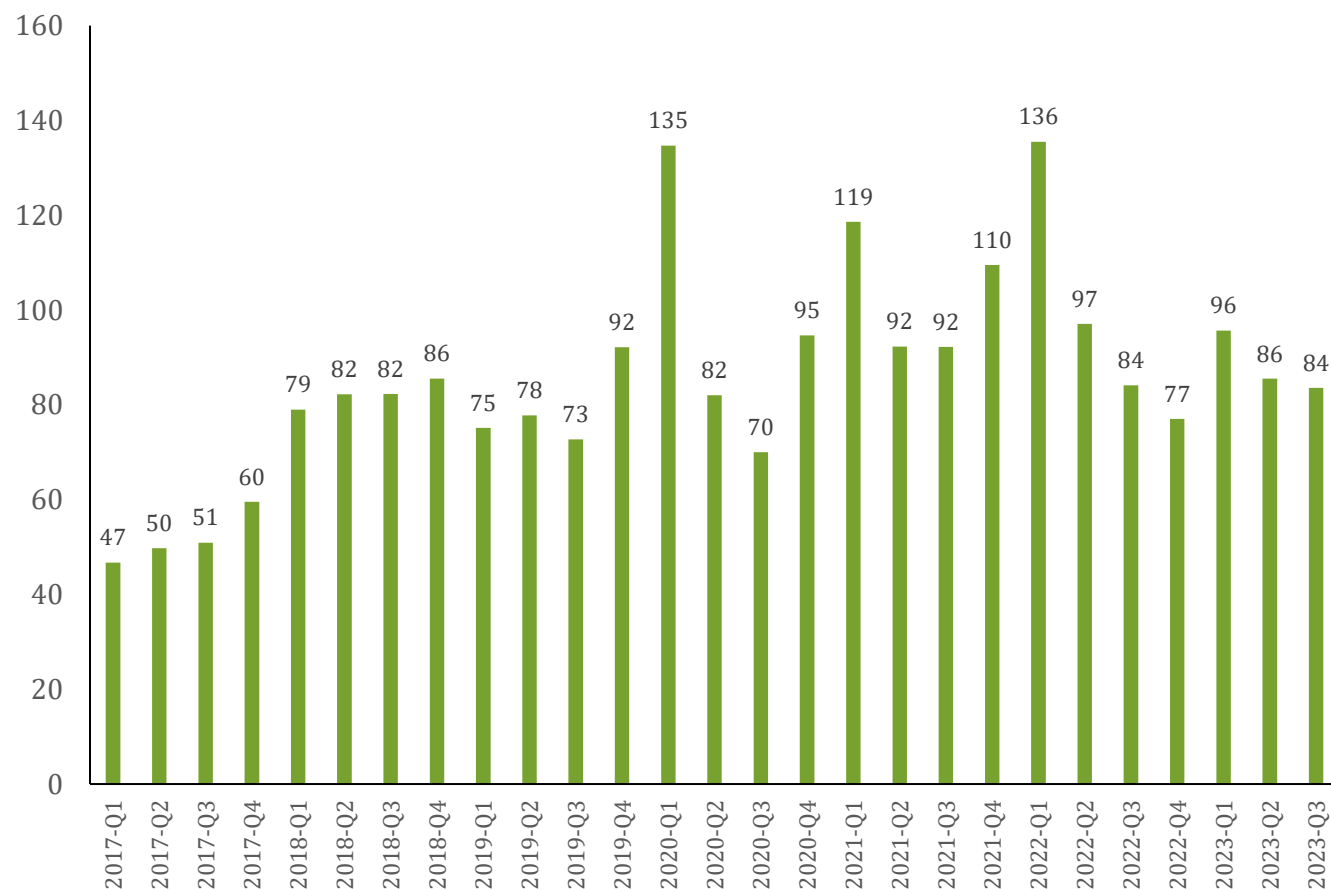
Block trades: Average value per trade (EUR mm)



Source: ESMA and BigXYT

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

Block trades: value traded \geq LIS (EURbn)



Source: BigXYT

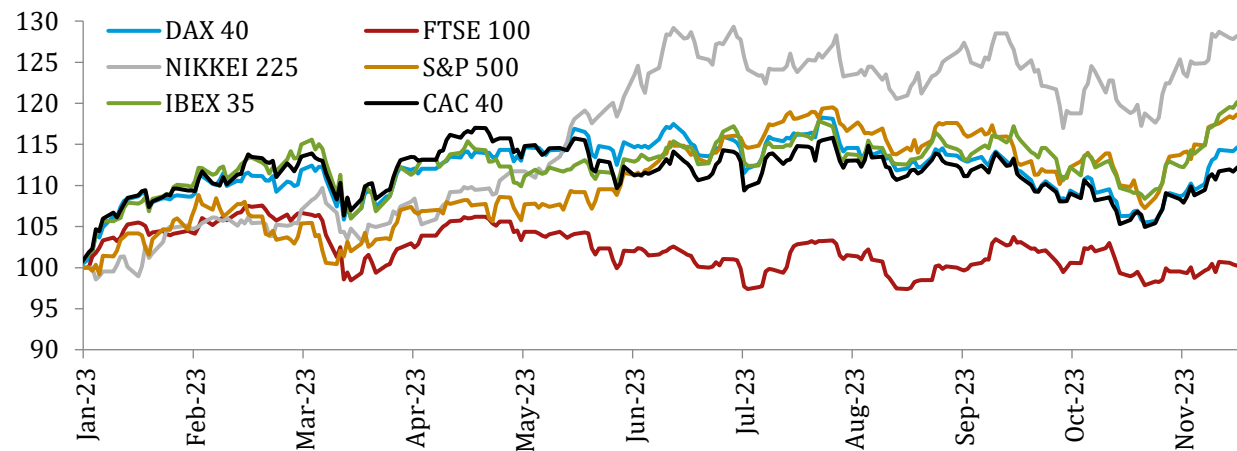
Equity trading in the form of block trades (traded above the large in scale threshold) stood at €84bn in Q3'23, around the same level observed in Q2'23.

Temporary increases in trading in the form of blocktrades coincide with periods of abnormal market volatility.

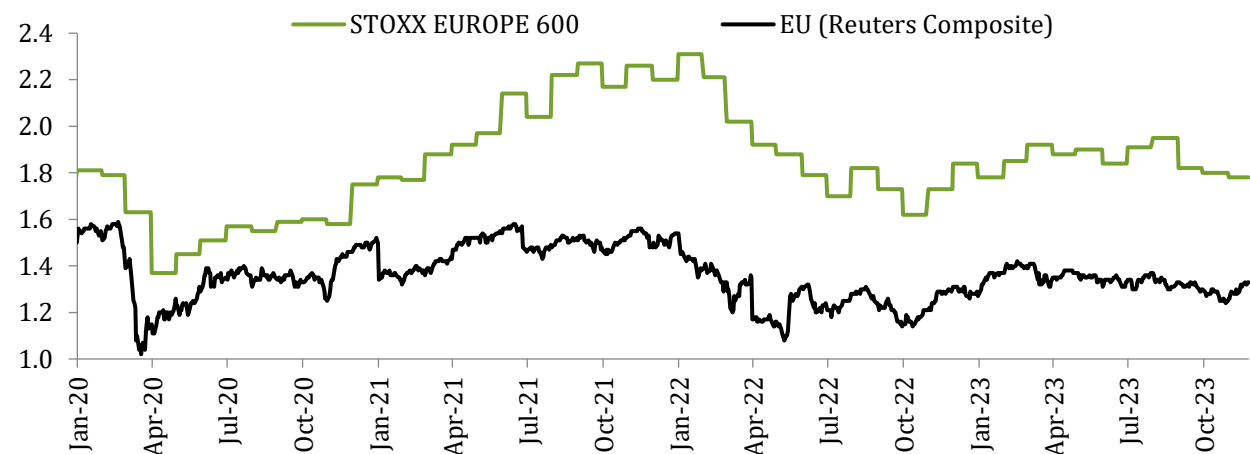
Valuations

Price indices and valuation multiples

Price indices of selected stock exchanges (31 Dec 2022 = 100)



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



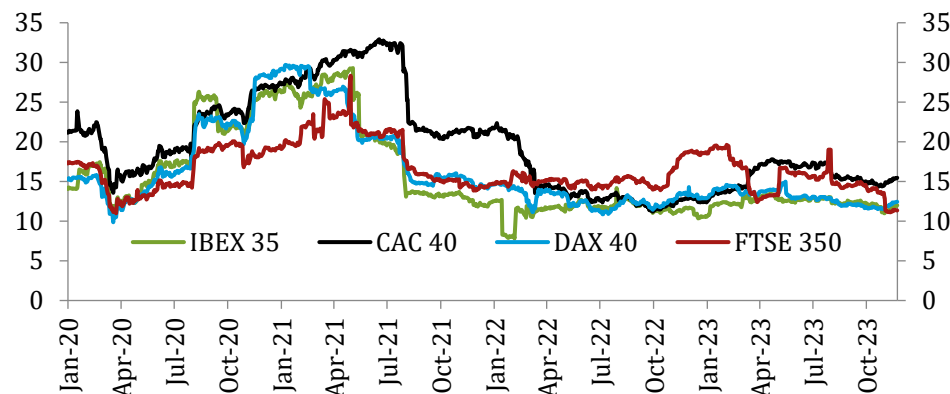
Source: Datastream

EU equity prices have increased between 12% (CAC40) and 20% (IBEX35) year-to-date (as of late November).

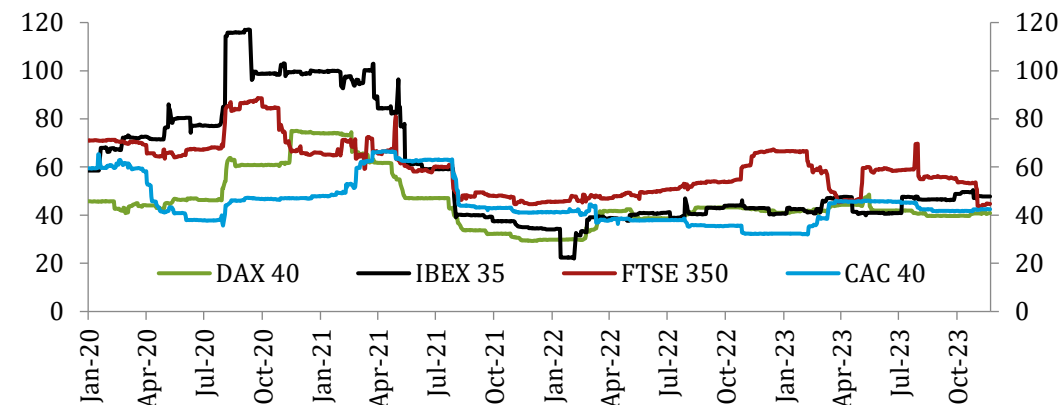
FTSE100 has exhibited a YtD decline of 1% in the course of the year, unlike other global and regional peers (S&P500: 19%YtD; NIKKEI225: 28%YtD).

Valuation ratios and implied volatility

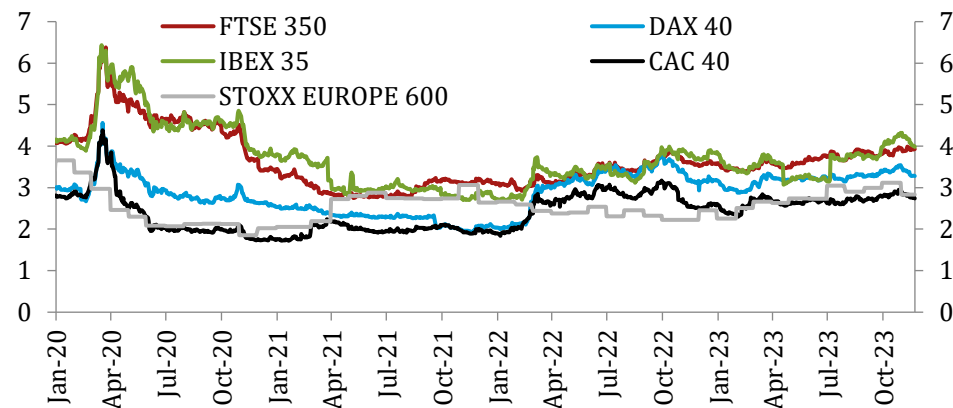
Price-to-earnings (PE) ratio



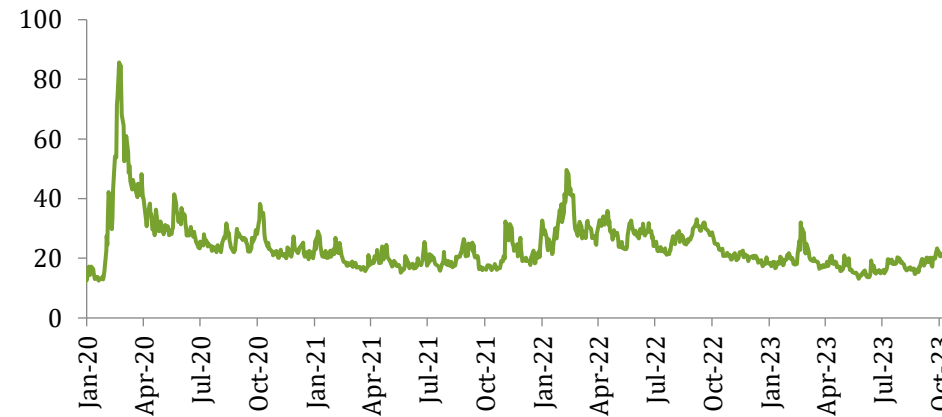
Dividend payout ratio (Dividends/ Earnings per share)



Dividend yield ratio (Dividend/Price)



Implied volatility of Euro Stoxx 50 constituent shares (VSTOXX)



Source: Datastream and Stoxx

	1Q 23	2Q 23	3Q 23	4Q 23	2023 YtD	1Q 22	2Q 22	3Q 22	4Q 22	2022	% Change YtD
Equity underwriting (€ bn)	28.5	27.5	20.3		76.3	16.7	26.3	23.2	22.9	89.1	15%
IPOs	1.0	1.3	3.9		6.2	1.9	2.1	9.5	0.7	14.3	-54%
Follow-on offerings	22.7	24.3	13.4		60.5	13.5	23.8	11.7	19.9	68.9	23%
Convertible securities	4.8	1.9	3.0		9.6	1.3	0.4	1.9	2.3	5.9	167%
Mergers and Acquisitions (€ bn): completed	177.0	174.5	113.6		465.2	329.5	291.8	279.7	278.6	1,179.6	-48%
European outbound	37.0	28.0	27.6		92.6	32.6	37.6	53.7	50.4	174.3	-25%
European inbound	38.5	33.5	23.1		95.1	95.4	84.6	72.4	43.0	295.5	-62%
Intra European	101.5	113.0	63.0		277.5	201.5	169.6	153.6	185.2	709.9	-47%
Mergers and Acquisitions (€ bn): announced	112.0	213.0	185.9		511.0	258.2	316.8	234.1	163.6	972.7	-37%
Equity turnover value											
Average Daily (€ bn)	83.3	76.4	64.2		74.6	98.1	88.6	68.9	70.9	81.6	-12%
Market Capitalisation of domestic listed shares (€ tn)											
European (EU, UK and Switzerland)	15.8	15.9	15.3		15.3	16.1	14.3	13.5	14.7	14.7	4%
EU	11.4	11.4	10.8		10.8	11.3	9.9	9.4	10.4	10.4	5%
Euro Zone	9.6	9.7	9.2		9.2	9.4	8.3	7.9	8.7	8.7	5%

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

Contacts

Research

Julio Suarez

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

Equities, ECM and Corporate Finance

April Day

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

Gary Simmons

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

David Wiseley

Manager, Equities Market Structure Policy
David.Wiseley@afme.eu
+44 (0)20 3828 2710

Oscar Newman

Associate, ECM and High Yield
Oscar.Newman@afme.eu
+44 (0)20 3828 2743

London Office

Level 10, 20 Churchill Place,
London
E14 5HJ
United Kingdom
+44 (0)20 3828 2700

Brussels Office

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

Frankfurt Office

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



Follow AFME on Twitter
@AFME_EU



Disclaimer and Methodology

Your receipt of this document is subject to paragraphs 3, 4, 5, 9, 10, 11 and 13 of the Terms of Use which are applicable to AFME's website (available at <http://www.afme.eu/About-Us/Terms-of-Use>) and, for the purposes of such Terms of Use, this document shall be considered a "Material" (regardless of whether you have received or accessed it via AFME's website or otherwise).

AFME is registered on the EU Transparency Register, registration number 65110063986-76



Association for Financial Markets in Europe
www.afme.eu