

1Q 2022

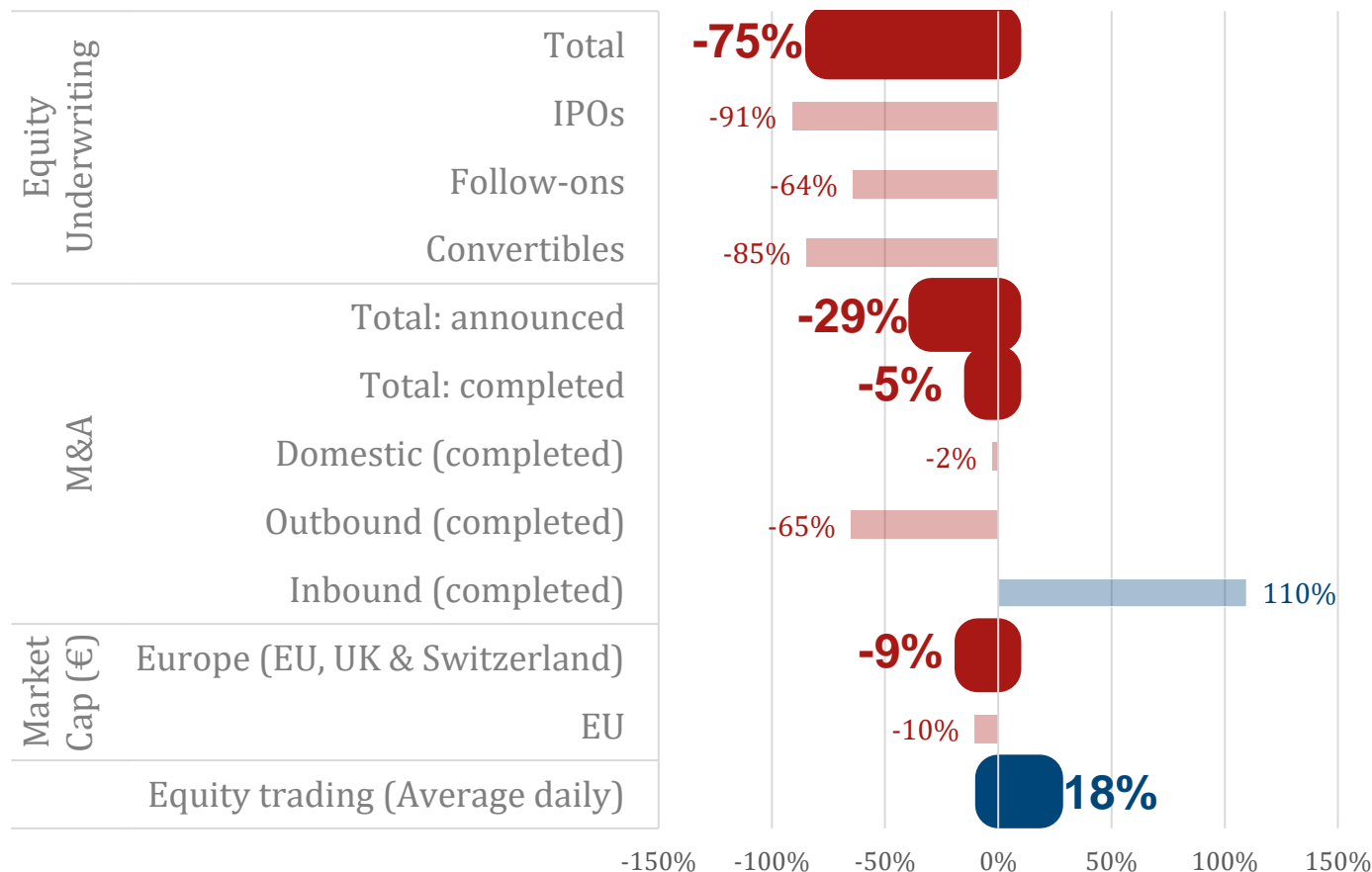
Equity Primary Markets and Trading Report

European market data
update



Q1 2022 YoY variation of European Equity activity

EU member countries, UK and Switzerland



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

A sharp slowdown in European equity capital raising in Q1'22

Equity underwriting on European exchanges declined 75% in Q1'22 compared to the same quarter of 2021.

All forms of equity capital raising declined during the quarter. IPO activity was exceptionally weak, with a 91% decline compared to Q1'21.

SPAC IPOs reached €0.8bn in Q1'22, representing 40% of total IPO volume (11% in 2021, 3% in 2020).

Completed Mergers and Acquisitions (M&A) exhibited a decline when measured as announced value (-29% YoY) and when measured as completed value (-5% YoY).

De-SPACS represented 5% of the total M&A value announced during Q1'22, around the same proportion observed during 2021FY. 91% of the announced SPAC acquisitions were De-SPACs of US-headquartered SPACs.

Average daily equity trading on European main markets and MTFs stood at €107.6bn in Q1'22, 18% above the observed in Q1'21.

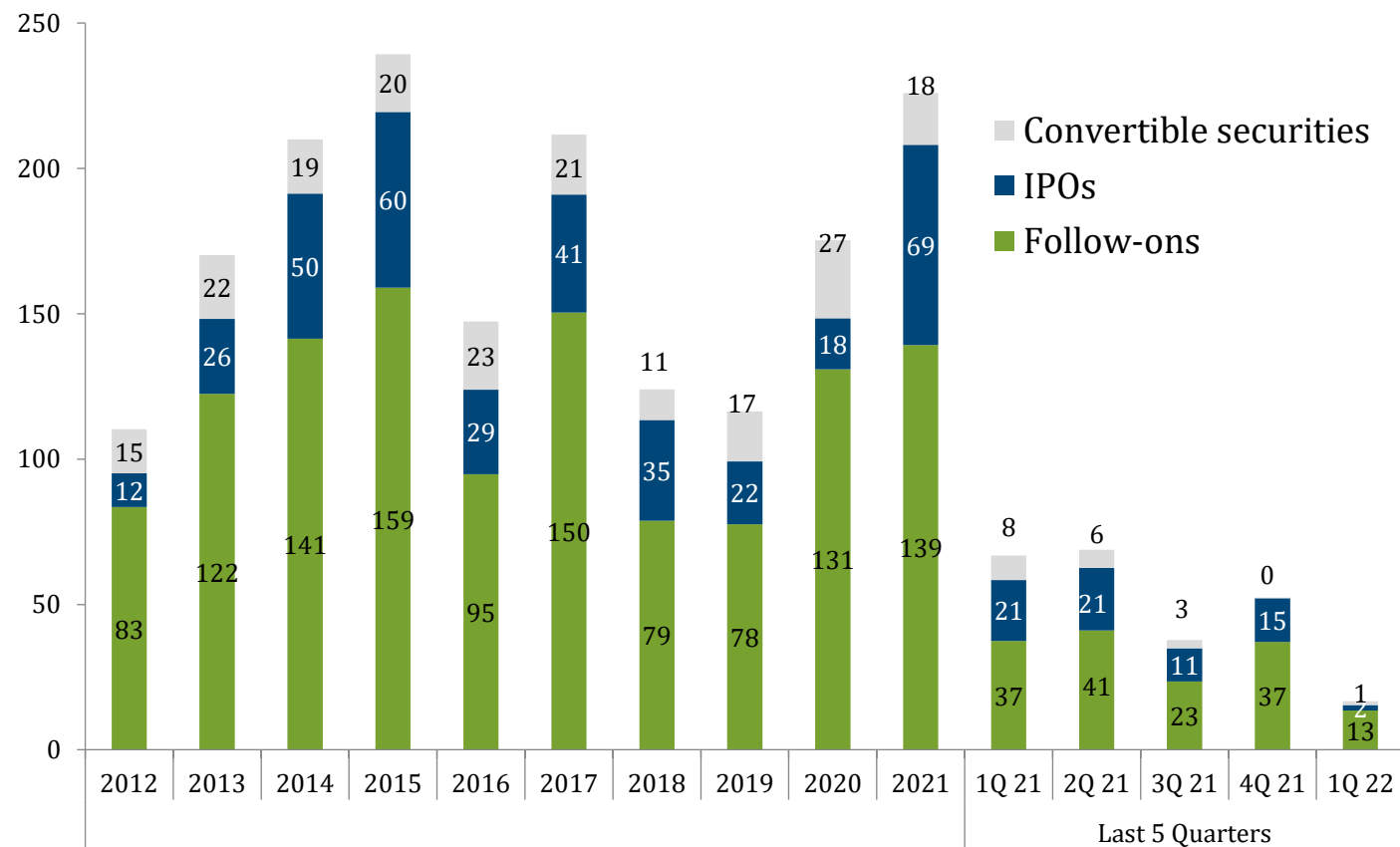
Domestic market capitalisation of European listed shares stood at €16tn at the end of March 2022, a 9% decrease from €17.6 at the end of 2021.

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Equity issuance

Sharp decline in equity capital raising

Equity Issuance on European exchanges (EUR bn)



Source: Dealogic

Equity capital raising on European exchanges totalled €16bn in Q1'22, the lowest quarterly amount since Q2'12.

IPOs accumulated €1.9bn in deal value, the lowest quarterly amount since the Q1'20 COVID outbreak.

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

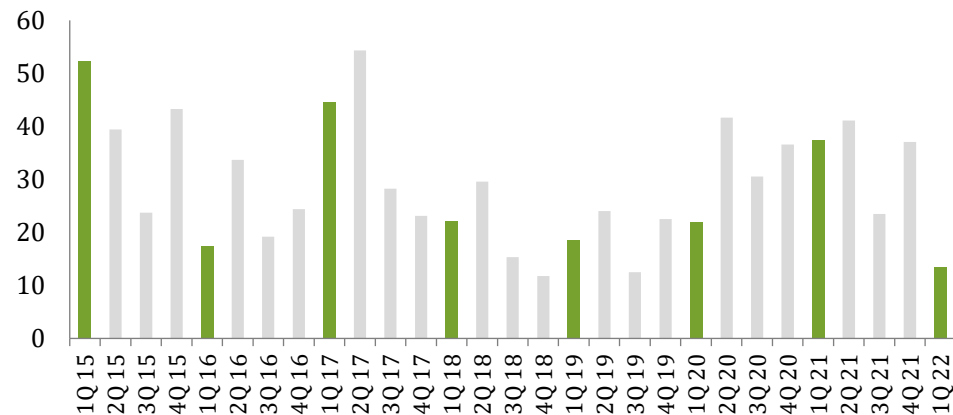
The ongoing geopolitical tensions in Eastern Europe have generated stress on markets which may have prevented the continuation of a sequence of robust quarters for European equity capital raising.

Prior to the Russian invasion of Ukraine, markets were already dealing with a number of negative factors, such as surging inflation, supply chain issues, and ongoing risks related to the COVID pandemic, which were affecting primary markets.

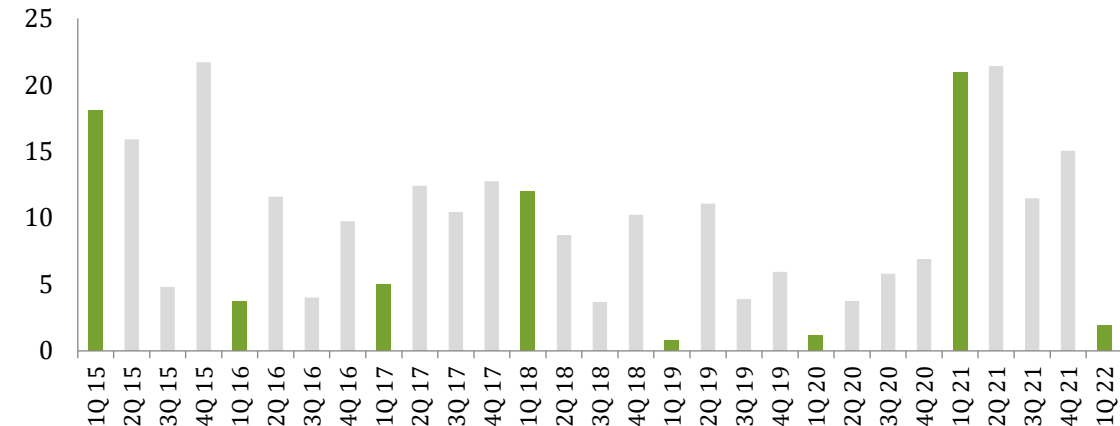
Most recently, in April 2022, equity issuance has slightly recovered accumulating €9bn during the month, almost exclusively from secondary offerings.

Sharp decline in IPOs and follow-on proceeds

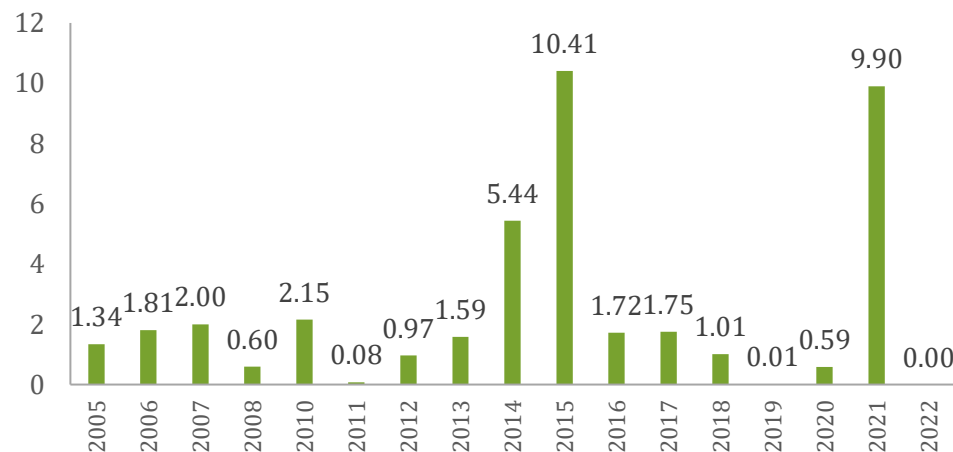
Follow-on offerings (EUR bn)



IPO proceeds (EUR bn)

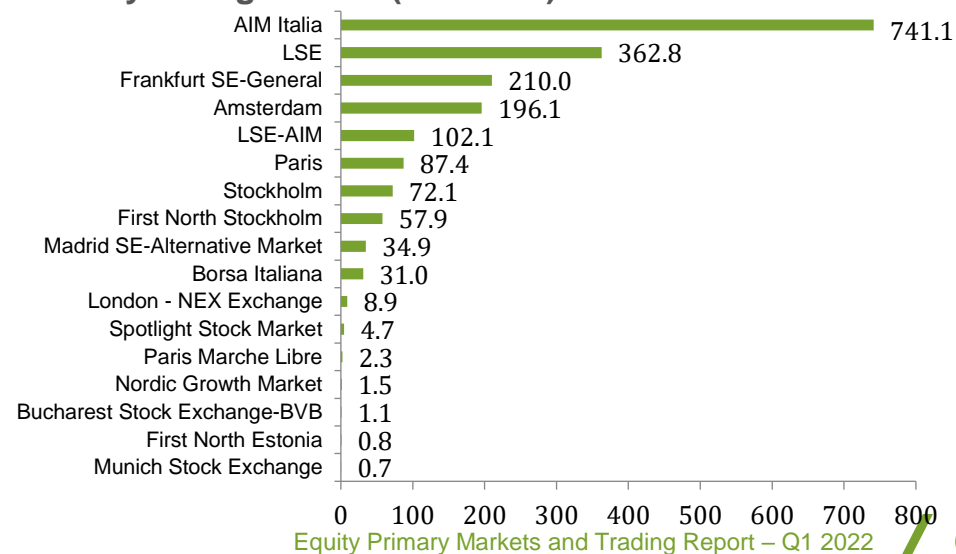


PE-backed IPO proceeds: (YtD, Q1, EUR bn)



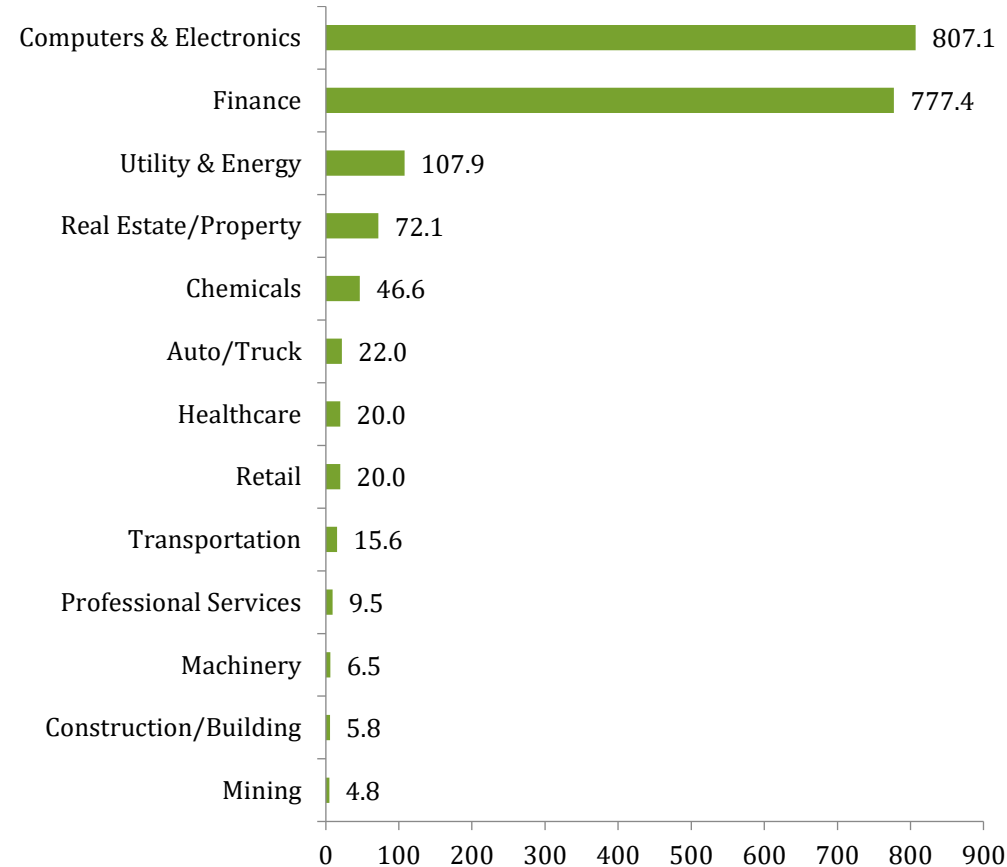
Source: Dealogic

IPO proceeds by listing market (EUR mm): 1Q'22



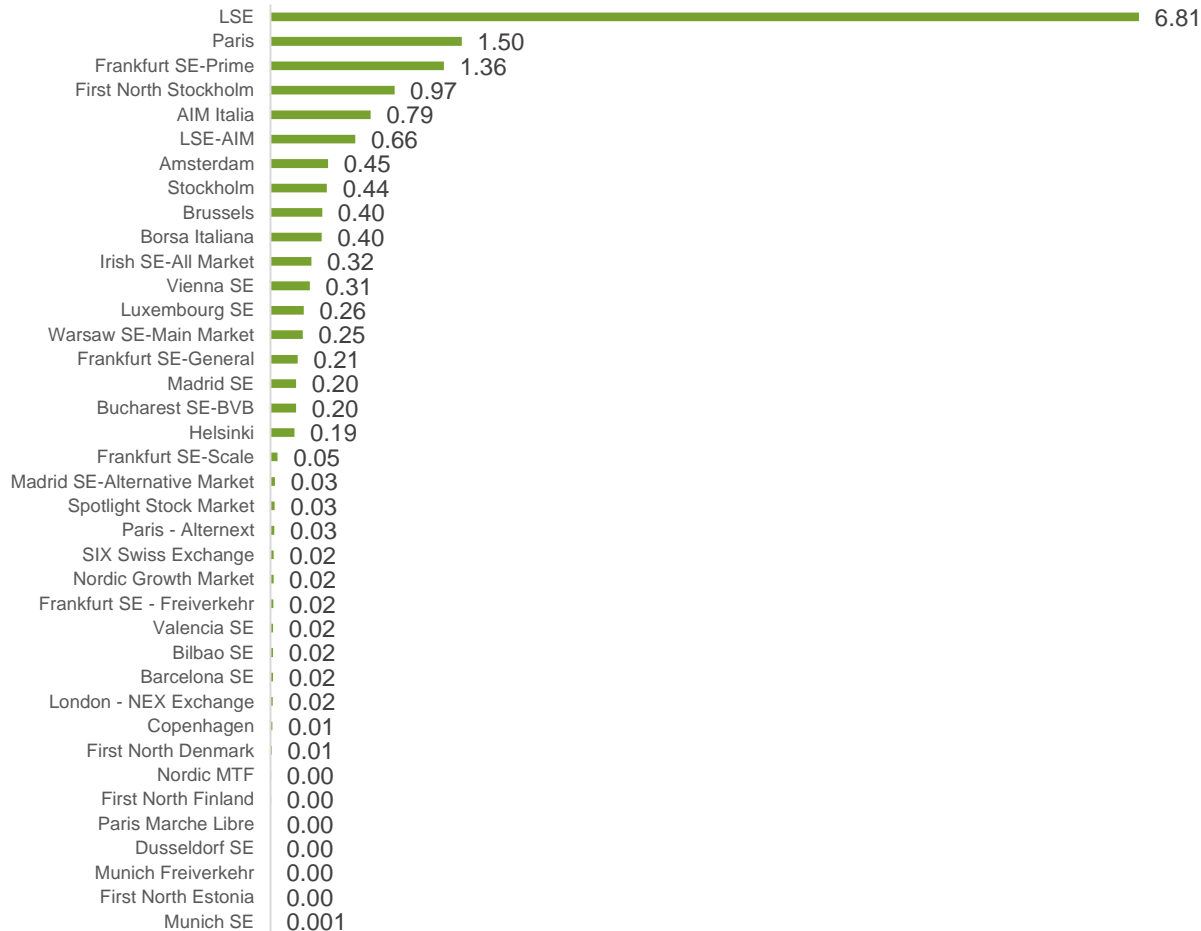
Technology and Finance (predominantly SPACs) lead by IPO proceeds

IPO proceeds by industry (EUR mm): Q1 2022



LSE Main market leads in equity issuance

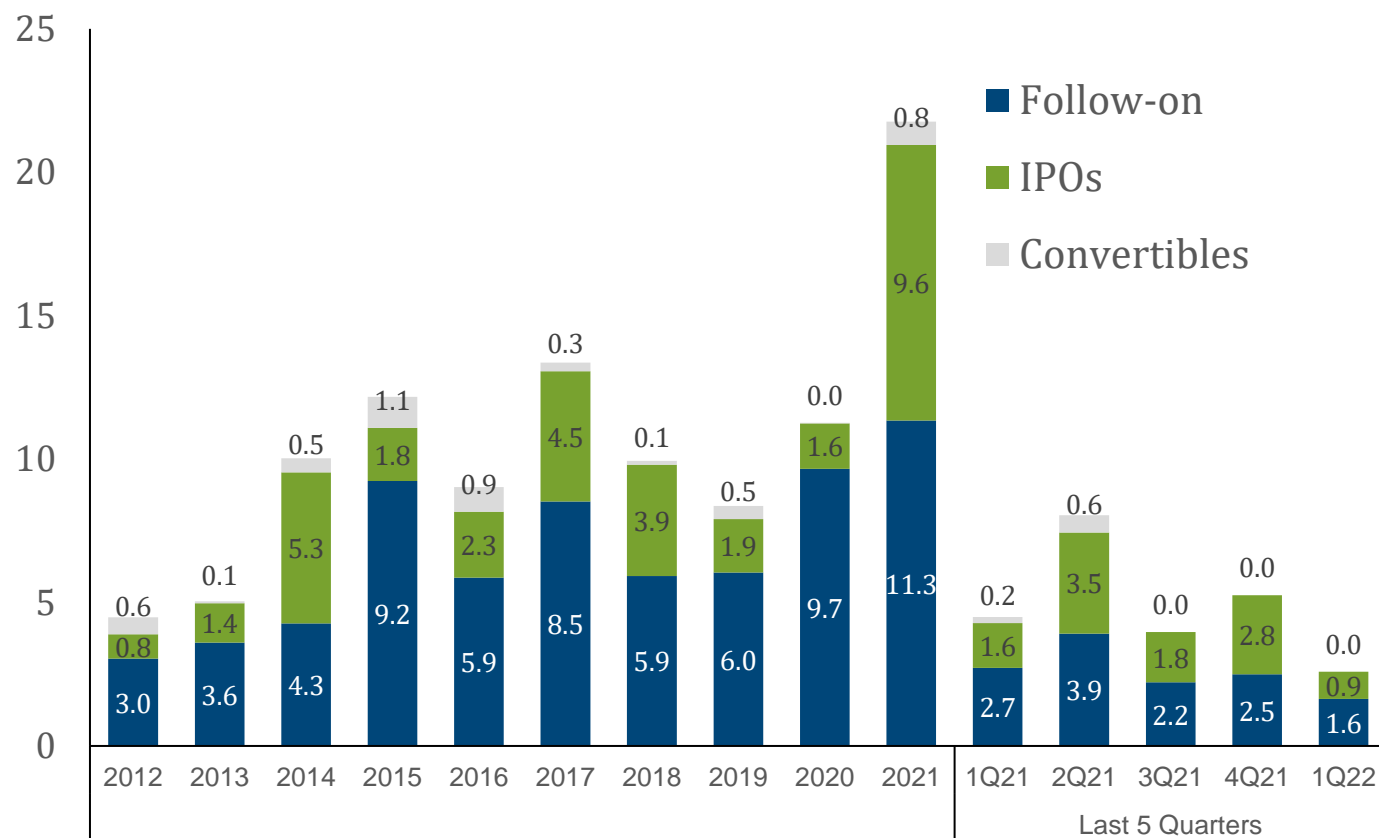
Equity underwriting on European exchanges: IPO, follow-ons and convertibles (EUR bn): Q1'22



The LSE Main Market led by total equity underwriting accumulating a total of €6.8bn during the quarter, followed by Euronext Paris (€1.5bn) and Frankfurt Prime (€1.4bn).

Equity issuance on Junior markets

Equity underwriting on European Junior markets (EUR bn)



Source: Dealogic

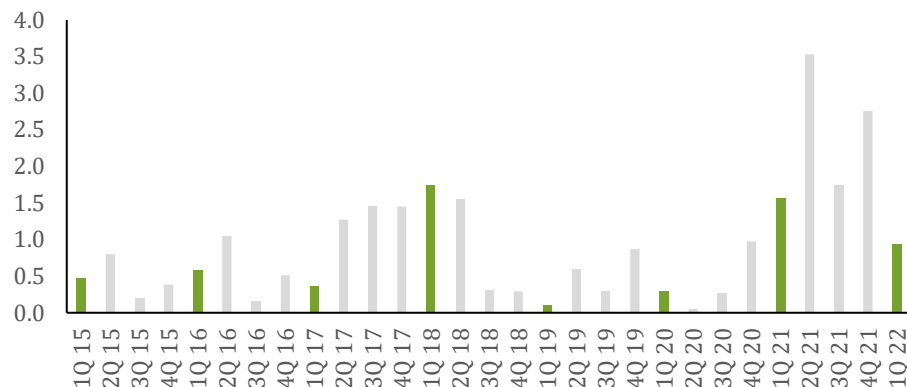
Equity issuance on Jr exchanges decelerated during the quarter, with €2.5bn in total equity capital raised, the lowest quarterly amount since Q2'20.

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

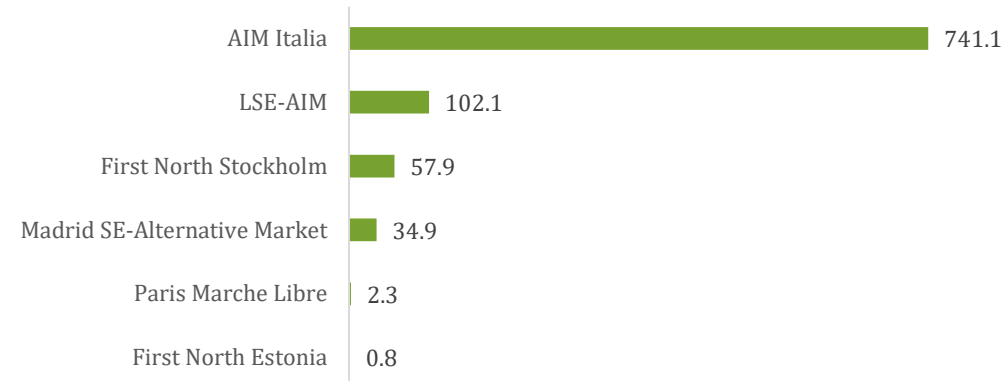
All forms of equity capital raising (IPOs, follow-ons, and convertibles) declined during the quarter.

Tech companies lead IPO issuance on Jr markets

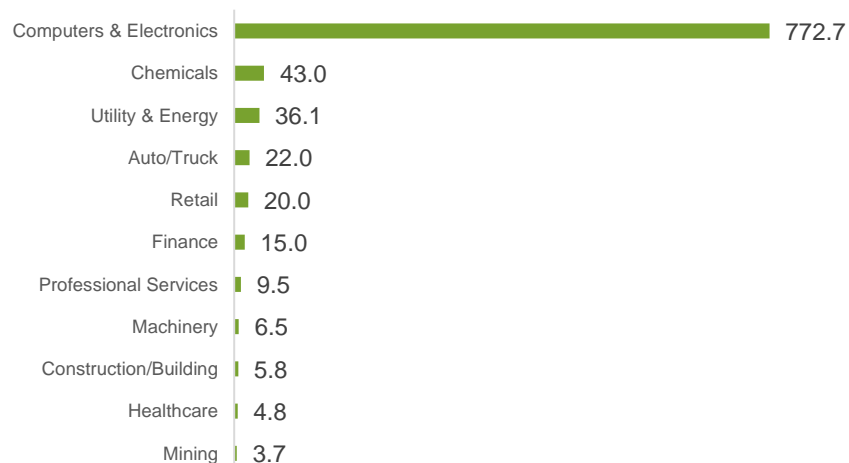
IPO proceeds on European Jr markets (EUR bn)



IPO proceeds on Jr markets by exchange (EUR mm, Q1'22)



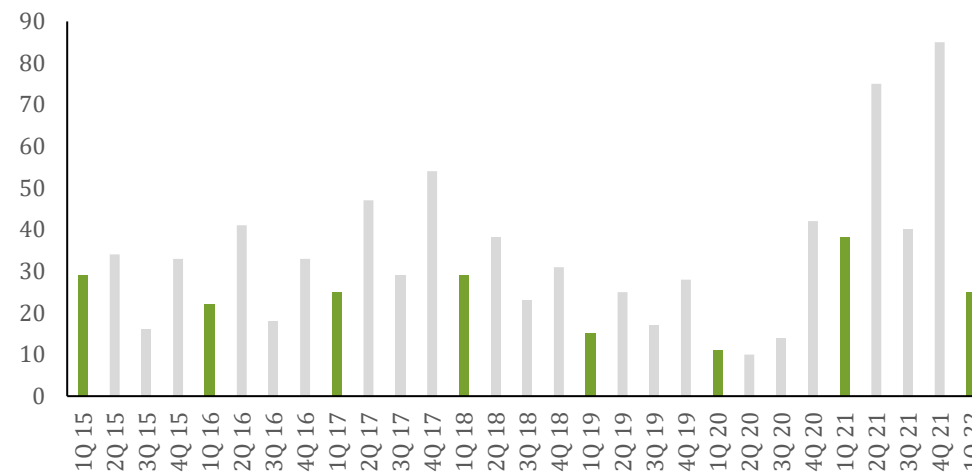
IPO proceeds on Jr markets by industry (EUR mm, Q1'22)



Source: Dealogic

*Finance includes SPVs and SPACs

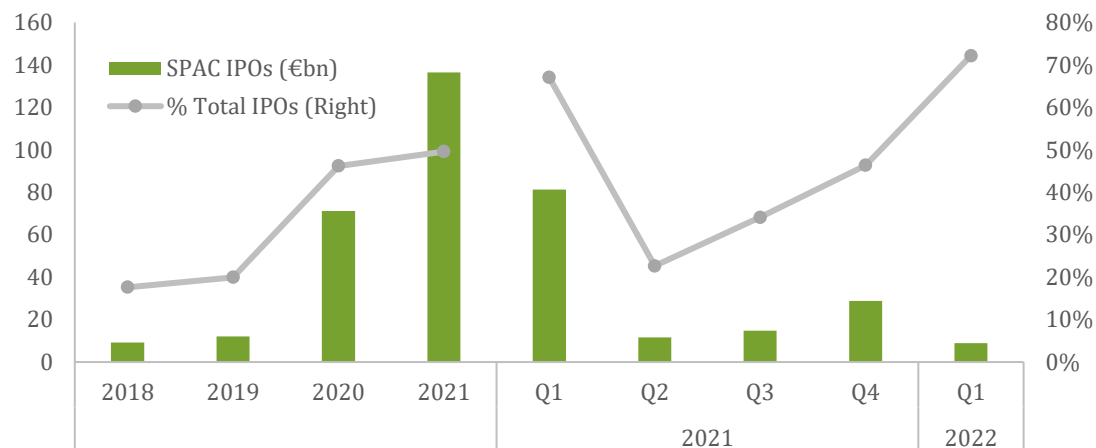
Number of IPOs on European Jr markets



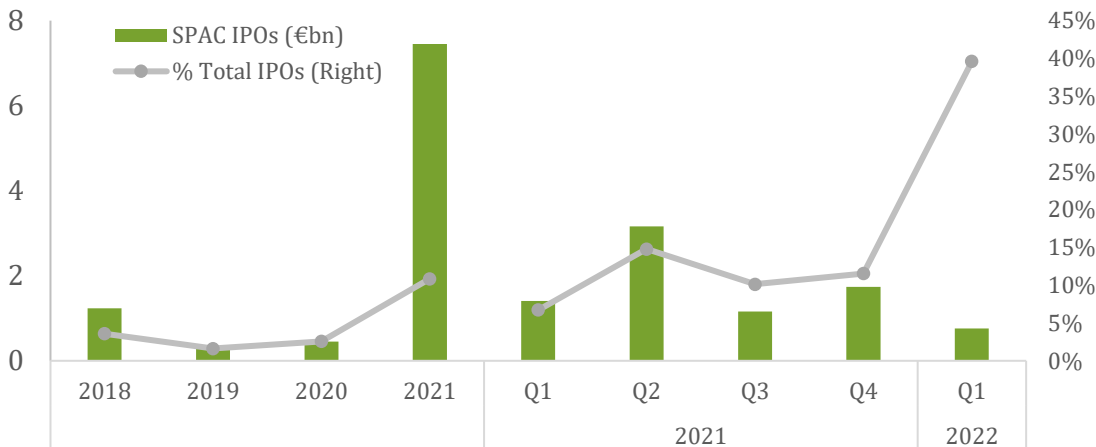
European SPACs: market update

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

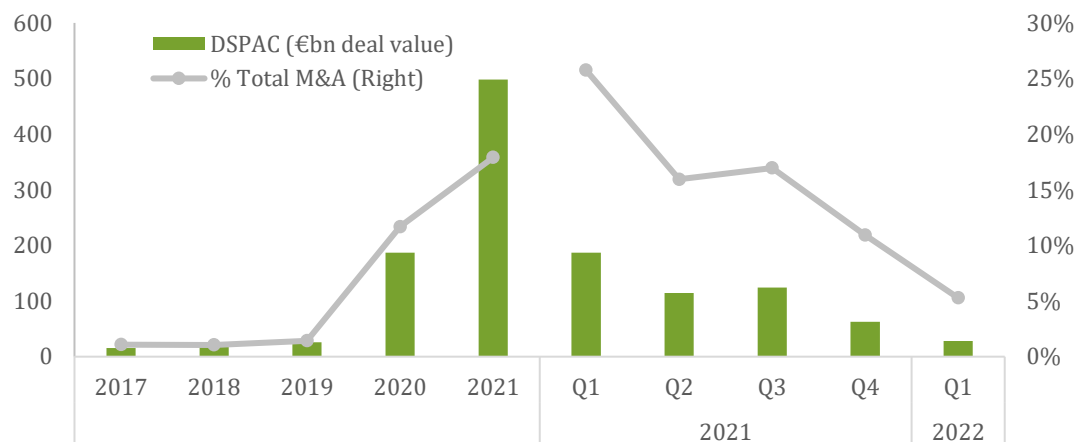
Special Purpose Acquisition Companies (“SPACs”) are companies formed to raise capital in an initial public offering (“IPO”) with the purpose of using the proceeds to acquire an unspecified business or asset to be identified after the IPO. A SPAC is generally intended to permit the target company to go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

SPAC IPOs significantly declined in volume during Q1’22, both in Europe and the US.

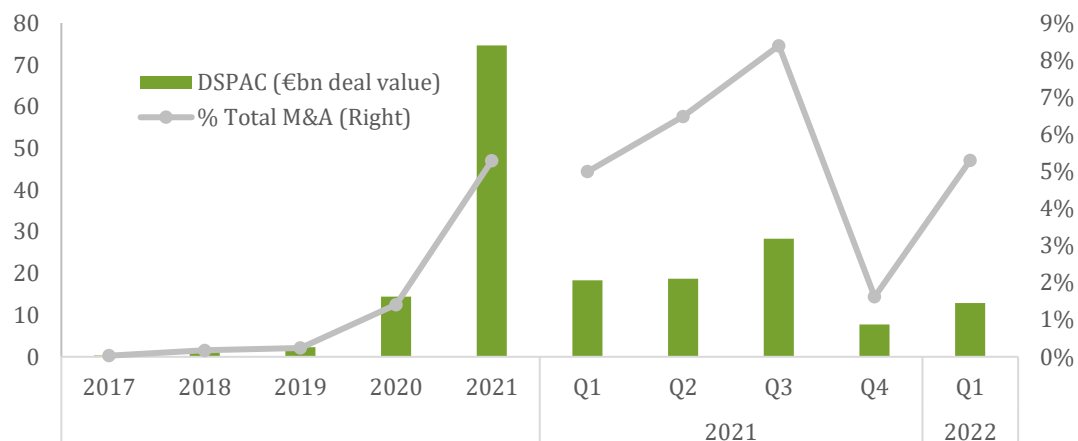
In Europe, SPAC IPOs represented 40% of European IPOs by value, the highest proportion on records which however is relative to an abnormal low-base following the 90% YoY decline in IPOs.

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: 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 steadily decelerated over the last 5 quarters representing in Q1'22 only 5% of total US M&A (from 26% in Q1'21).

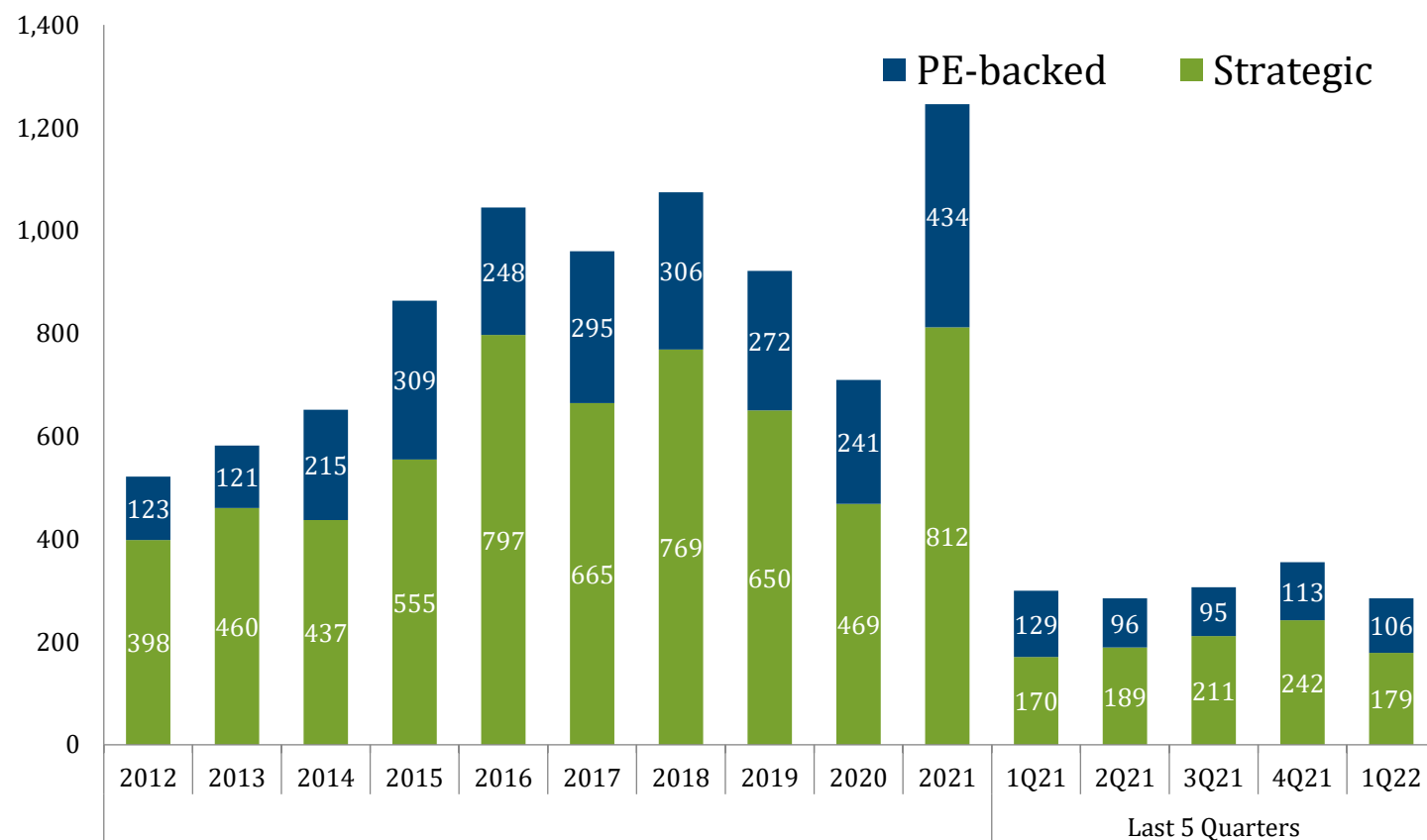
In Europe, De-SPACS represented 5% of the total M&A value announced during Q1'22, around the same proportion observed during 2021FY.

91% of the announced SPAC acquisitions of European companies during Q1'22 were De-SPACs of US-headquartered SPACs.

Mergers and Acquisitions (M&A)

M&A decelerates during the quarter

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



Source: Dealogic

European* M&A activity exhibited an annual and quarterly decline in Q1'22.

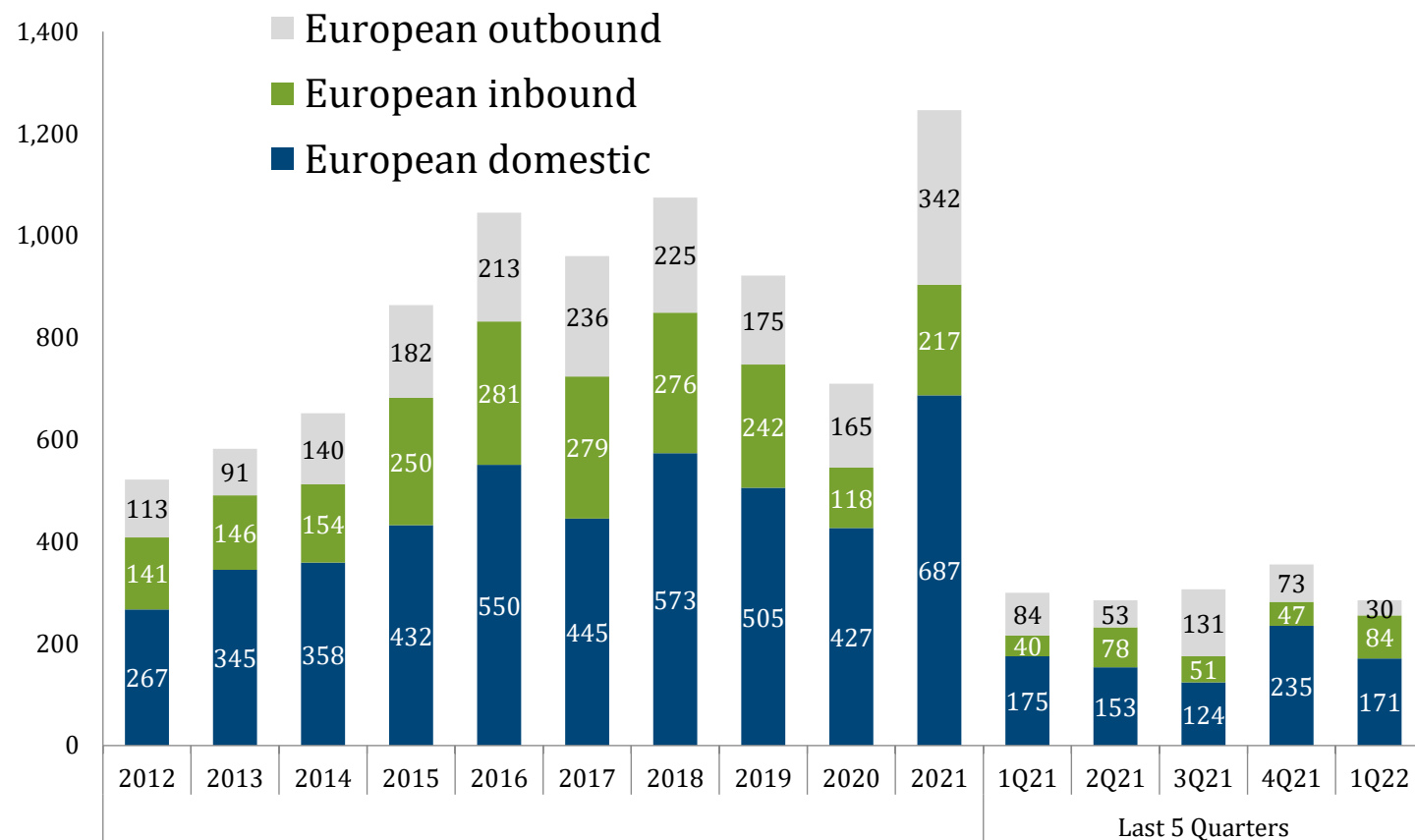
Private Equity-backed M&A activity ("Sponsor" deals) totalled €106bn in Q1'22, a decline of €7bn compared to Q4'21.

Strategic deals continue to represent the largest portion of total M&A activity.

*EU27, UK and Switzerland

M&A by acquiring party

Completed M&A by acquiring party (EUR bn)



Source: Dealogic

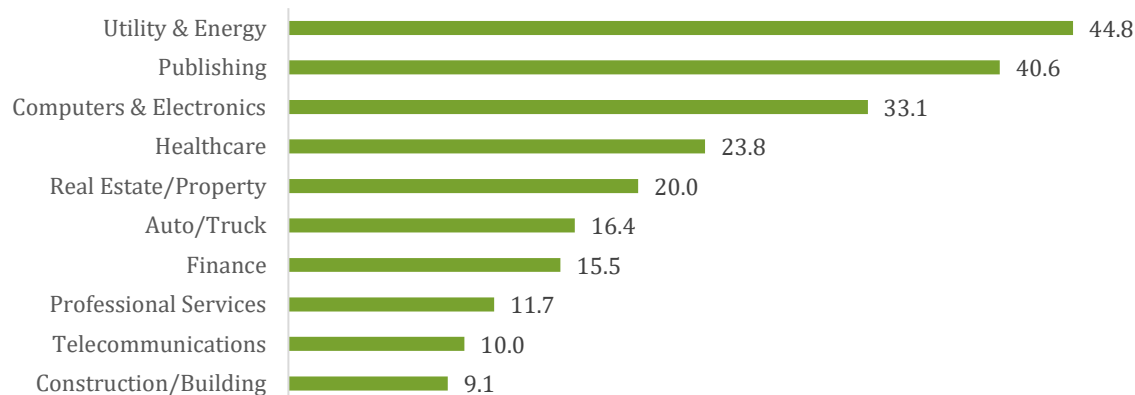
European companies exhibited a significant decline in foreign acquisitions (“outbound deals”) with a total of €30bn in deal value, the lowest quarterly amount since Q4’17.

Acquisition of European firms by companies headquartered in the Americas represented 79% of the Q1’22 inbound deal value. See page 18 for further details.

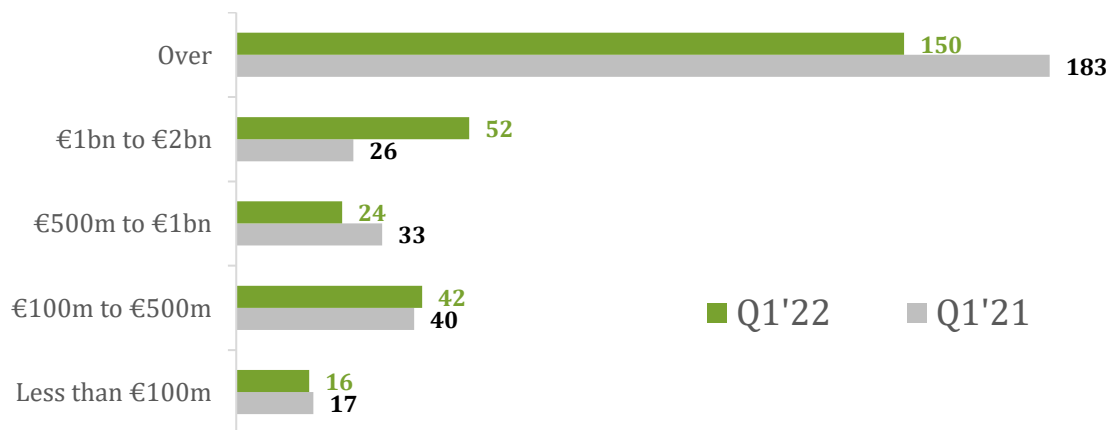
Domestic deals (i.e., M&A between European companies) represented the largest portion of total completed M&A with €171bn in deal value.

Utilities and energy led by deal value

Top 10 industries for completed M&A (Q1'22, EUR bn)



Completed M&A transactions by deal value (Q1'22, EURbn)



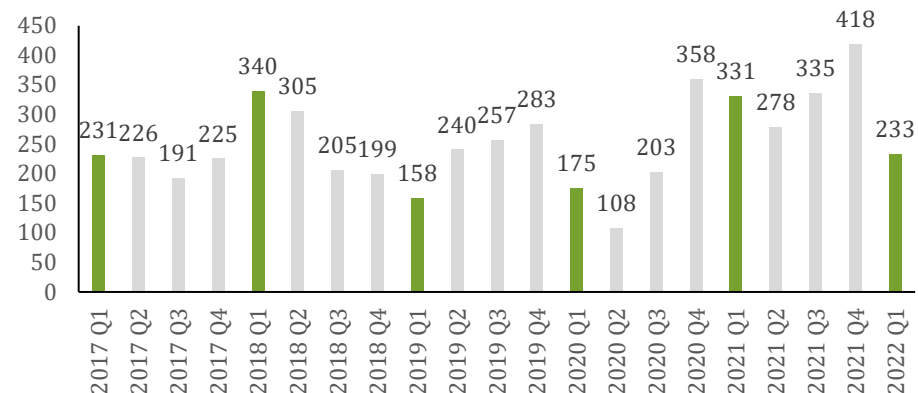
Source: Dealogic

During Q1'22, two “megadeals” (deal value above €10bn) were completed:

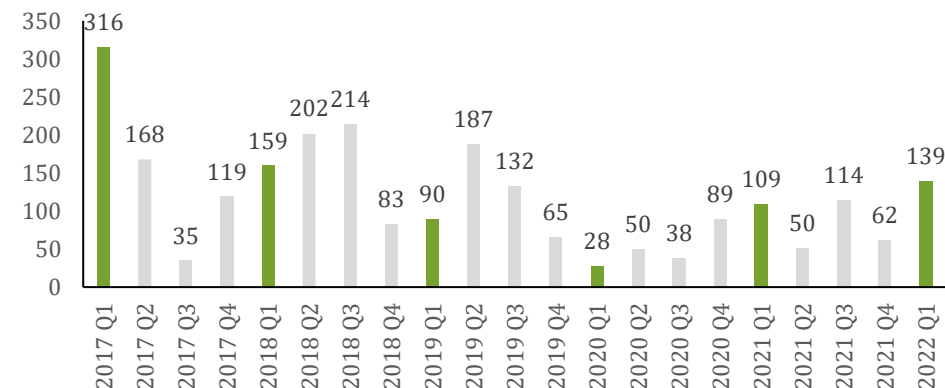
- Acquisition of IHS Markit by S&P Global.
- Acquisition of Suez SA by Veolia Environment.

Decline in announced M&A and increase in withdrawn offers

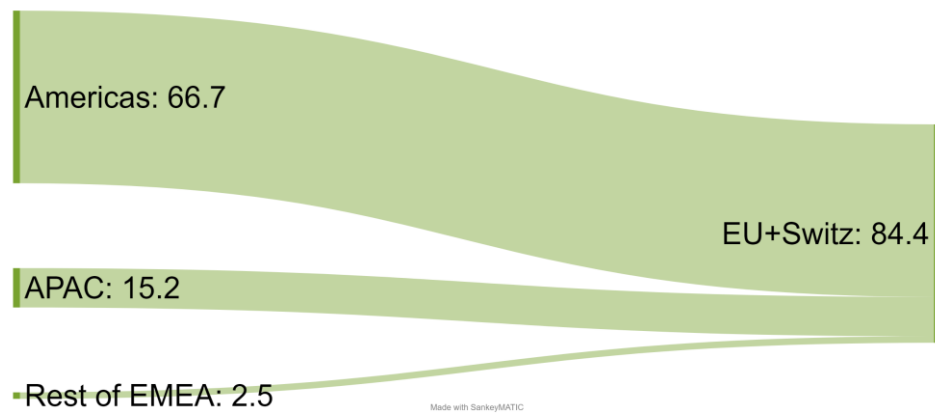
Announced M&A (EUR bn)



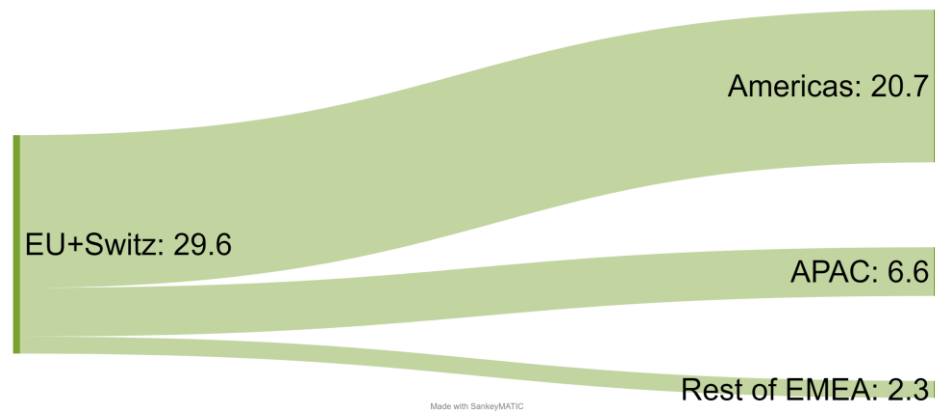
Withdrawn M&A (EUR bn)



Completed inbound M&A by acquiring region (EUR bn, Q1'22)



Completed outbound M&A by target region (EUR bn, Q1'22)



Source: Dealogic

Heterogeneous M&A across regions

Regional M&A trends: completed deal value (Q1, EURbn)



Regional heterogeneity in M&A activity within Europe.

French, Italian, CEE and Nordic M&A activity lead the European decline.

European integration: M&A between European firms

Completed intra-European M&A activity (Q1'22, EUR bn)

Target Nationality

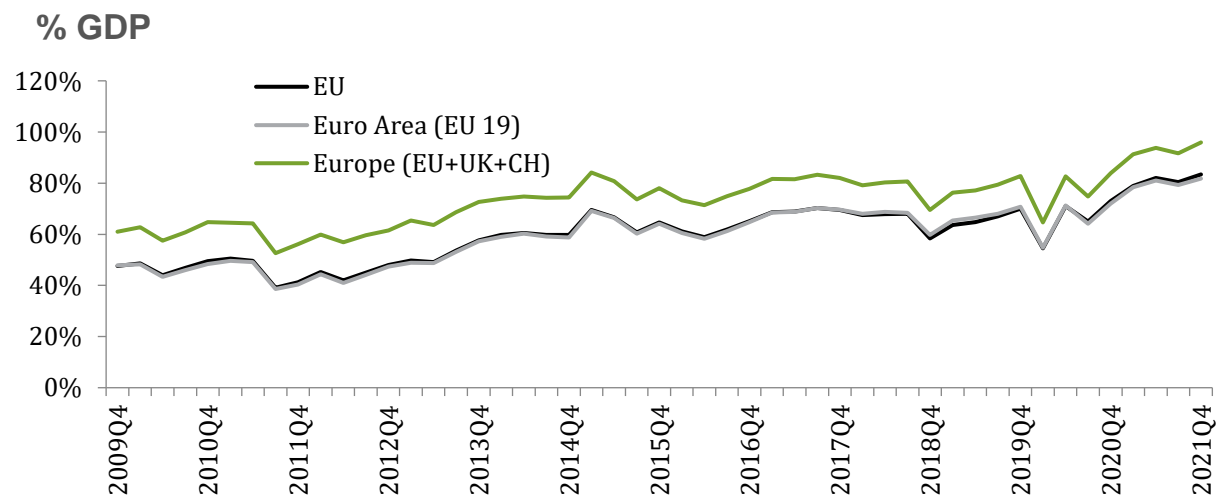
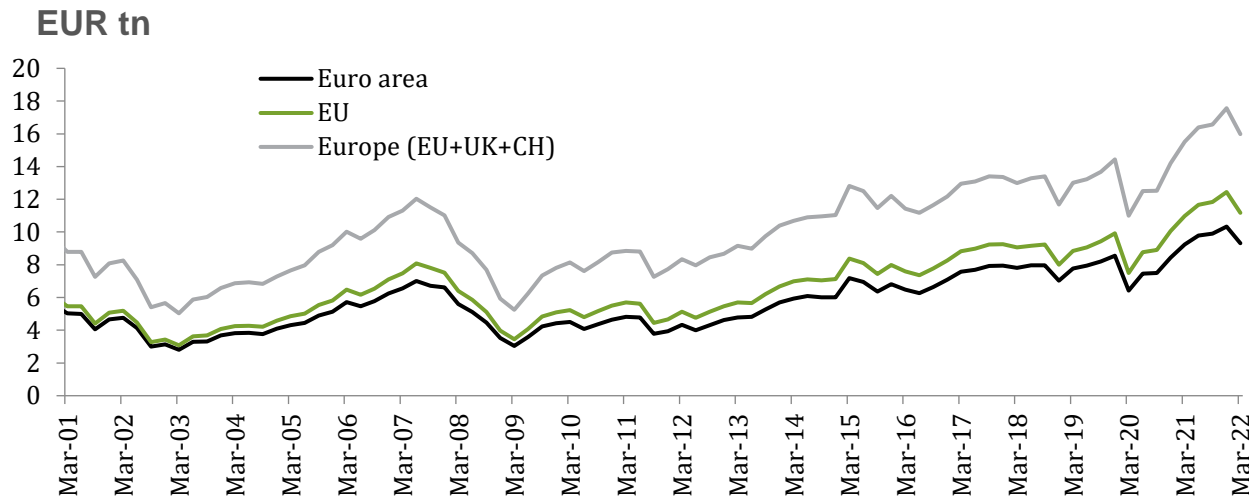
Acquirer Nationality

	AT	BE	BG	HR	CY	CZ	DK	EE	FI	FR	DE	GR	HU	IE	IT	LV	LT	LU	MT	NL	PL	PT	RO	SI	SK	ES	SE	CH	UK	TOTAL
Austria	68																			6										74
Belgium		1,178								150																122			86	1,536
Bulgaria																														96
Croatia				96																										96
Cyprus																														139
Czechia						139																								139
Denmark						8	1,702																			2,155				3,865
Estonia								724																		21				746
Finland							15		2,308																	30		6		2,359
France	479	5								38,390	5,347				176					8,027	1,549					2,081		100	18	56,172
Germany	17										13,507									4	61					300	767	785		15,440
Greece												1,564																		1,564
Hungary													625											319						944
Ireland											137				223					60								478		898
Italy		72				16				609					18,629								38			400			1,302	21,066
Latvia																14														14
Lithuania																														
Luxembourg											70																			70
Malta																														
Netherlands	300									102										13,257									233	13,892
Poland						5															101									106
Portugal		122																				162	120							404
Romania																														
Slovenia																														
Slovakia																														
Spain															30					19						5,920			298	6,267
Sweden		300					62		2	2,750	54			29	48					578	56					111	2,699	192	291	7,172
Switzerland		1,865								500				30	350											576		2,333	215	5,870
United Kingdom						174	303	38		100	2,785				302			24		255						80	1,665		26,300	32,024
Total	865	3,542		96		343	2,081	762	2,310	41,390	23,110	1,564	625	282	19,535	14		24		22,198	1,772	162	158	319		9,591	7,337	3,411	29,227	170,718

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

Secondary markets

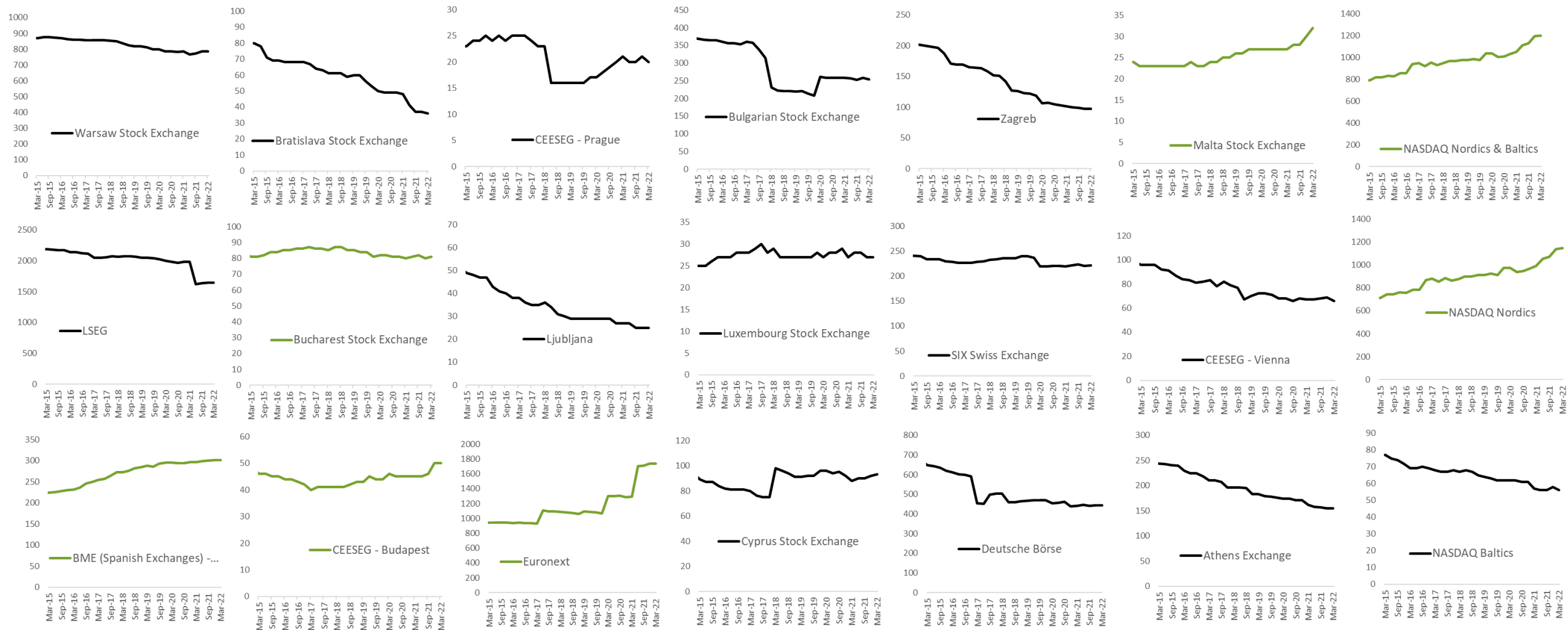
Market capitalisation of domestic listed shares



Source: ECB, Datastream, FESE, NASDAQ OMX, LSEG, WFE, FESE, CEESEG, Bucharest SE, WSE. Europe includes EU members states, United Kingdom and Switzerland. Market cap as % of GDP available as of 4Q21

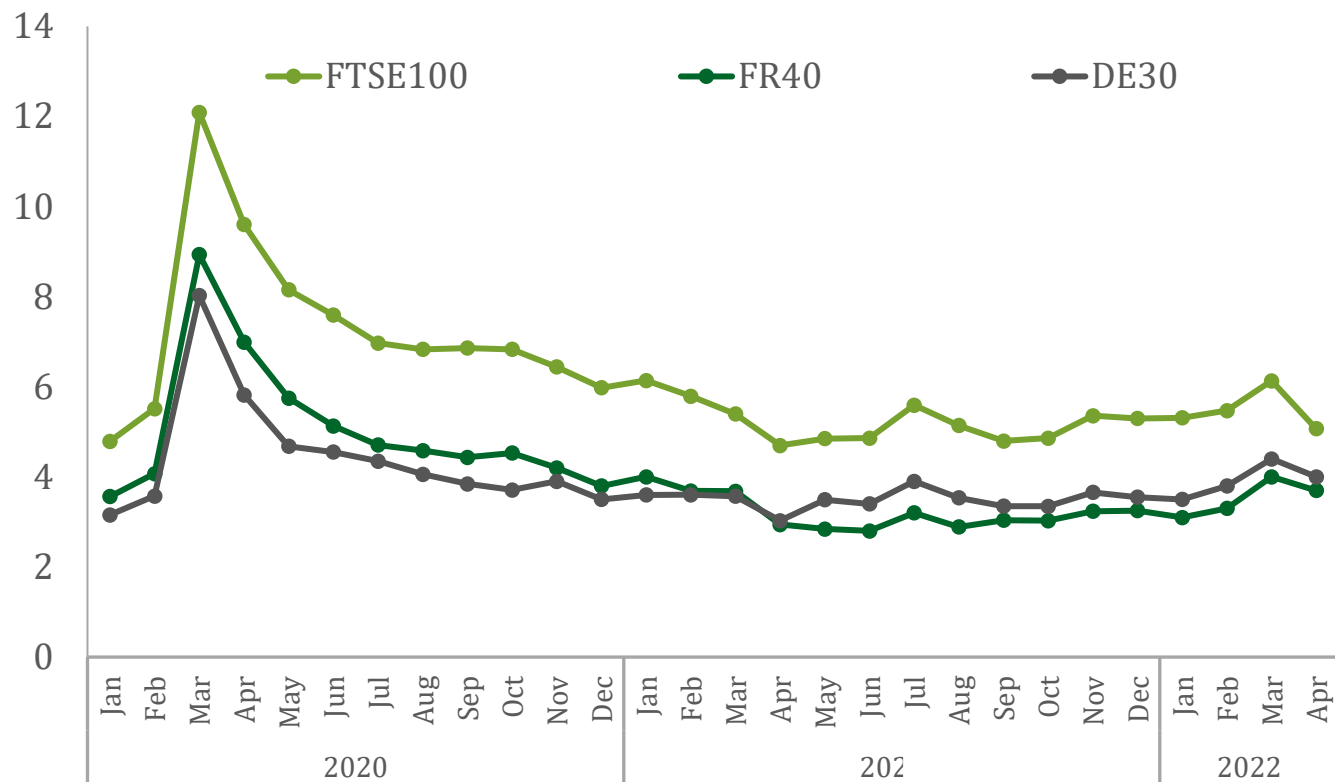
Market capitalisation of listed shares declined during Q1'22 on the back of lower equity valuations compared to those observed at the end of 2021.

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)

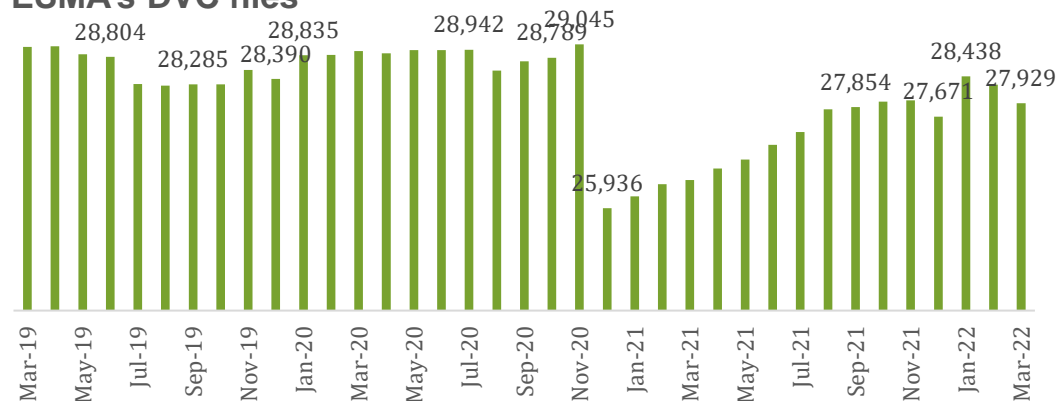


Bid-ask spreads for selected European equity indices rose during Q1'22 in tandem with rising market volatility.

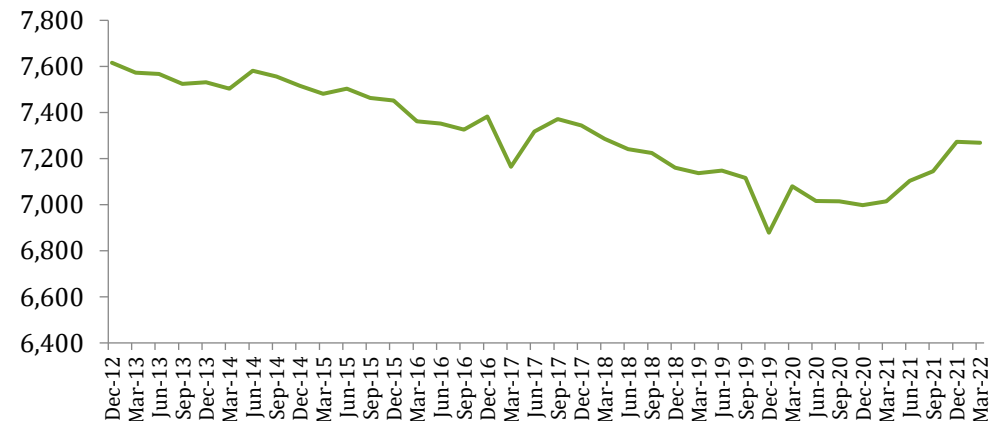
Market spreads continued significantly below the peak levels observed during the 2020 COVID-19 outbreak.

Number of listed companies stabilizes in Q1'22

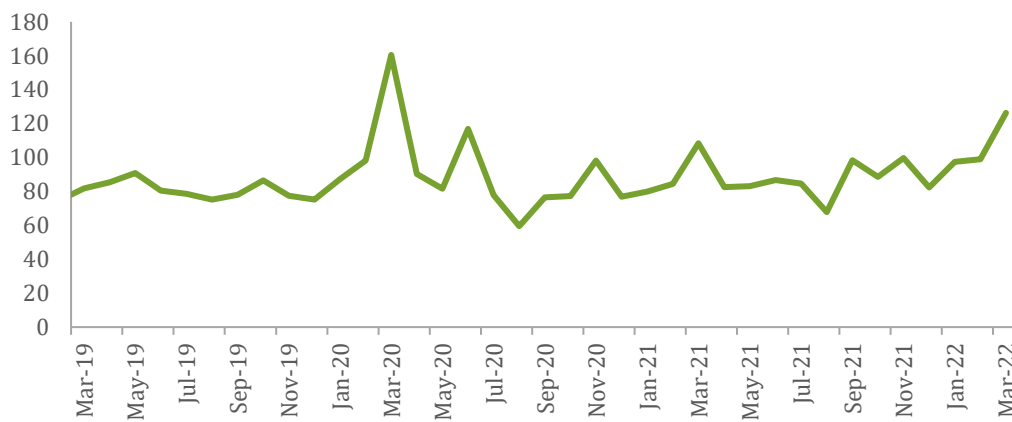
Number of equity-like instruments (ISINs) registered on ESMA's DVC files



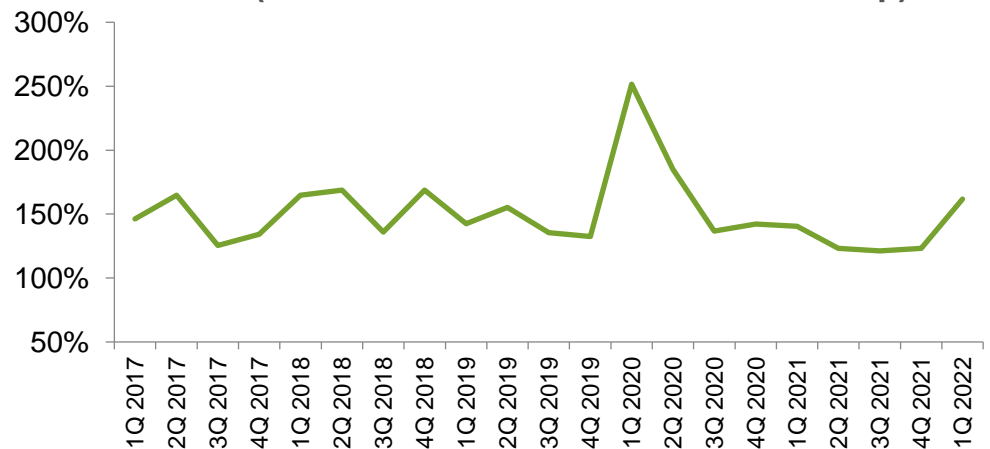
Number of listed companies on European exchanges*



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



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



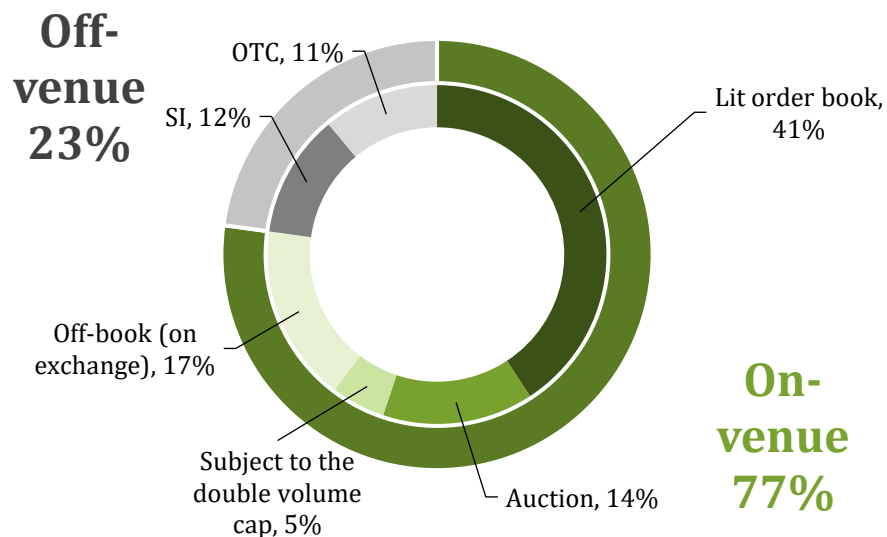
Source: BigXYT, FESE, WFE, ECB and local exchanges. *Listed companies excludes Vienna's global segment and Spanish SICAVs. **Adjusted for transactions not contributing to price formation

Equity market structure

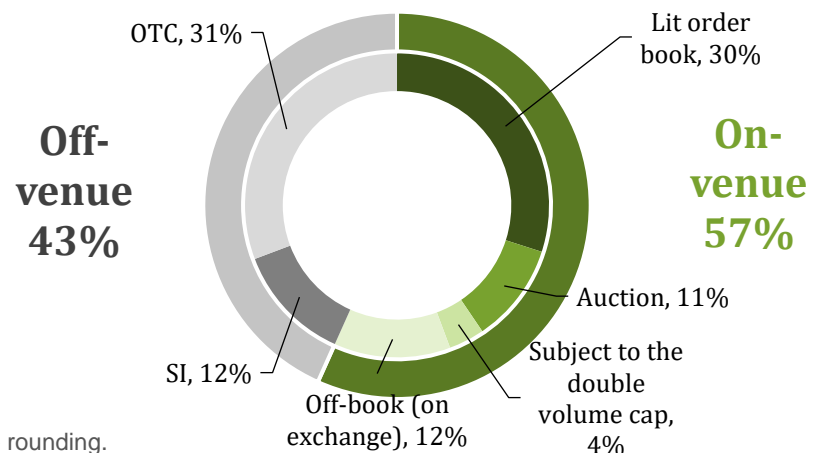
Equity market liquidity landscape

Share of Pan-European trading volume (EU, UK, Switzerland, Norway) by trading mechanism, Q1 2022

Adjusted for transactions not contributing to price formation



Unadjusted



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

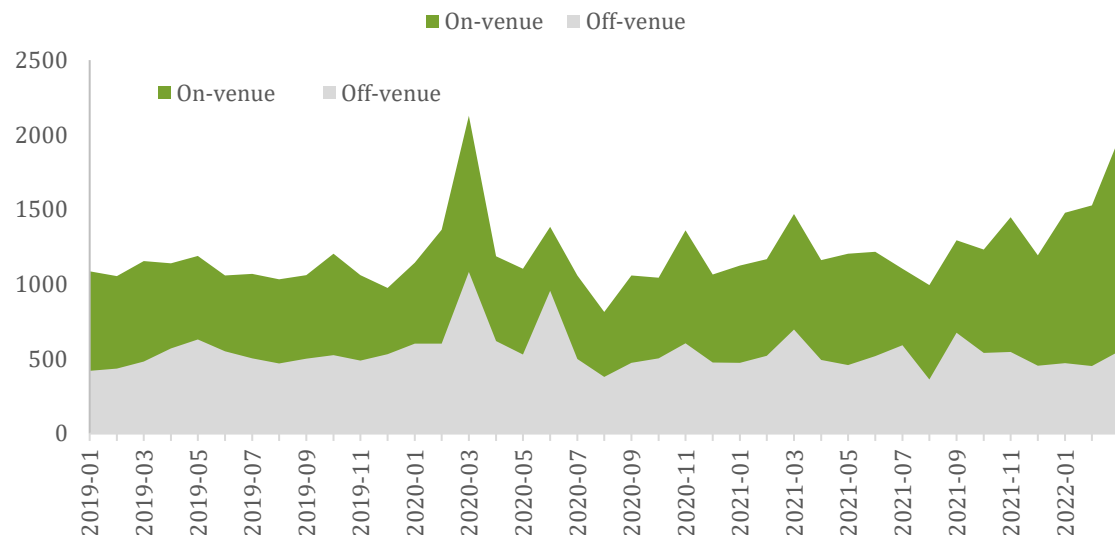
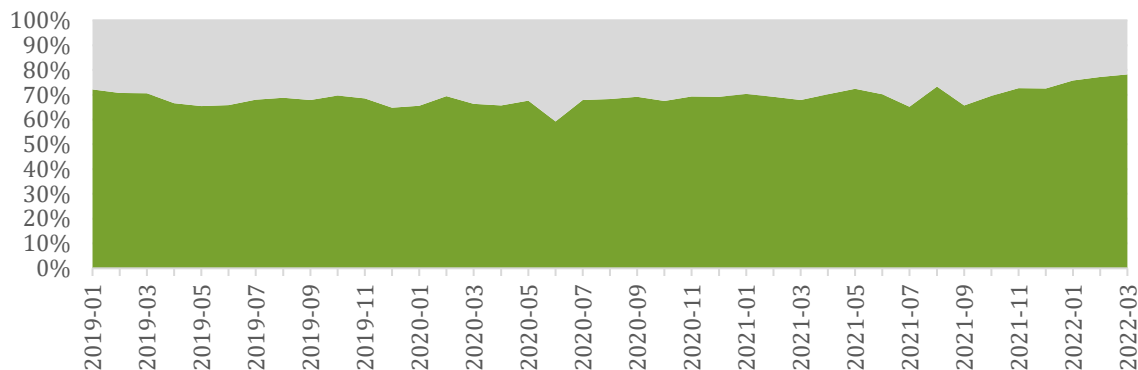
According to BigXYT data, on-venue trading represented 77% of the total addressable liquidity in Q1 2022.

Volume traded off-venues, on systematic internalisers and pure OTC, represent the remaining 23% 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)



The proportion of on-venue trading relative to total addressable liquidity has increased in the course of the year.

This is likely due to market participants seeking immediacy of execution (as opposed to minimal price impact) during periods of heightened volatility.

The proportion of Lit-order book trading increased from 37% of the total in Q4'21 to 41% in Q1'22. The proportion of OTC trading declined from 16% to 11% in the same period.

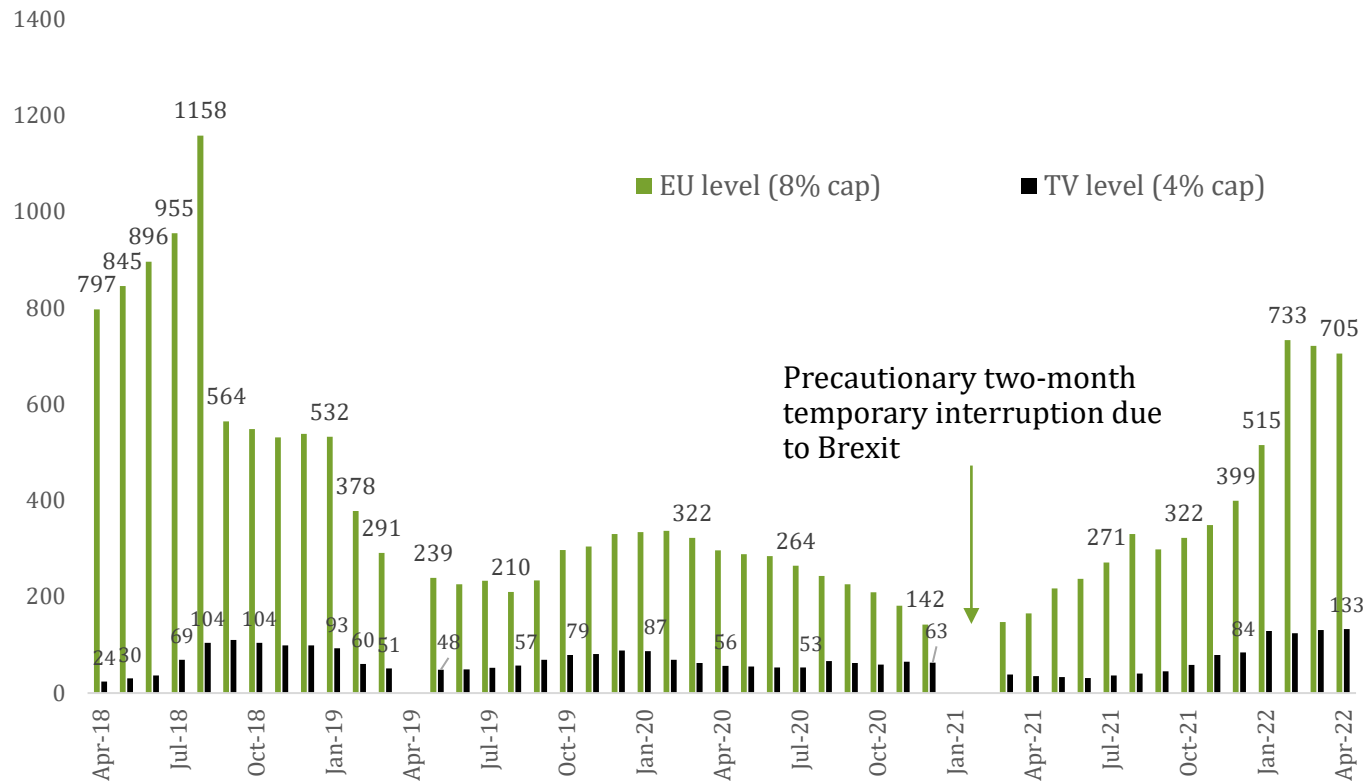
Source: BigXYT. Adjusting for transactions not-contributing to price formation.

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

Off-venue: OTC and SI

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 recently increased to 838 (705 at EU Level and 133 at TV level) with 62 new suspensions identified in April 2022 (46 at EU Level and 16 at TV level). This includes 6 ISINs for which the suspension level changed from TV level to EU level.

afme / MiFID double volume cap (DVC)

Finance for Europe

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

April-22

Country ISIN	Universe	Suspended EU level	Suspended TV level	Suspended (% Universe)
AT	78	0	0	0%
BE	239	4	0	2%
BG	268	0	0	0%
CY	112	2	0	2%
CZ	27	0	0	0%
DE	1079	4	3	1%
DK	689	5	2	1%
EE	37	0	0	0%
ES	335	2	2	1%
FI	213	4	1	2%
FR	1001	10	2	1%
GB	1655	476	86	34%
GR	189	0	0	0%
HR	111	0	0	0%
HU	59	3	0	5%
IE	1664	9	6	1%
IT	474	2	0	0%
LT	29	0	0	0%
LU	1145	2	2	0%
LV	23	0	0	0%
MT	43	0	0	0%
NL	257	8	2	4%
PL	775	0	0	0%
PT	58	0	0	0%
RO	384	0	0	0%
SE	1627	9	3	1%
SI	149	0	0	0%
SK	38	0	0	0%
Others	15171	165	24	1%
Total	27929	705	133	3%

Source: ESMA

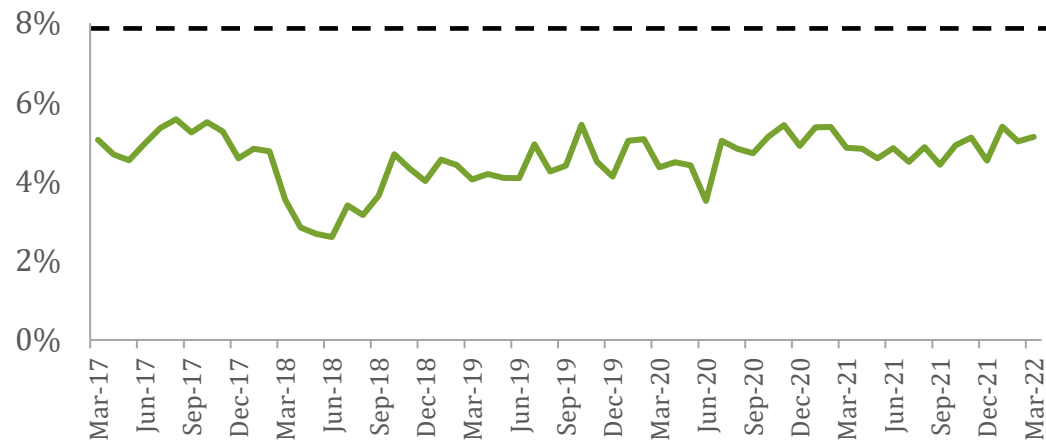
The 838 instruments currently suspended under the DVC at the EU or trading venue level represent 3% of the Universe of equity-like instruments on ESMA's January 2022 DVC files (27,929).

By countries, 562 of the 838 suspended instruments have UK ISINs (i.e. UK as the issuing country), which represent 34% of the 1,655 UK ISINs registered on the ESMA DVC files.

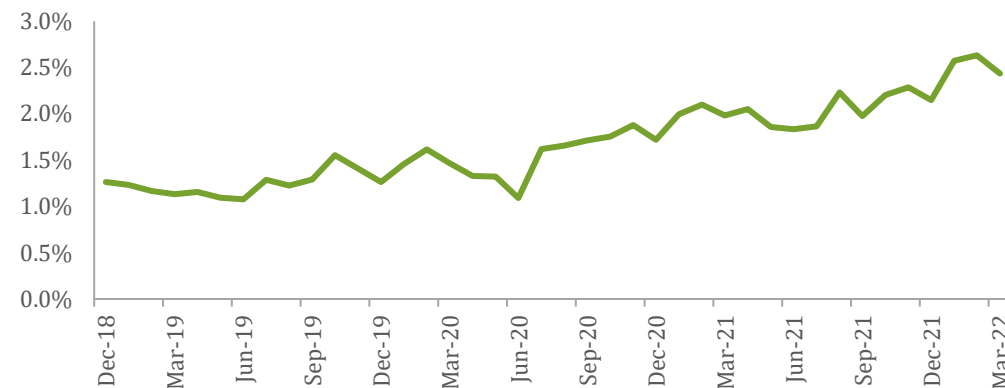
189 of the suspended instruments have non-EU+UK ISINs, or 23% of all suspended instruments at the EU and trading venue level.

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

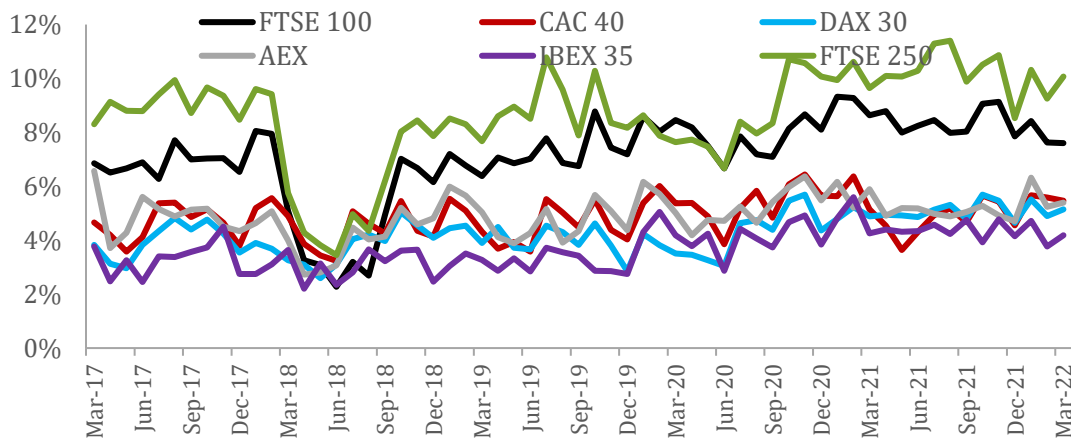
Trading subject to the DVC as % of total turnover*



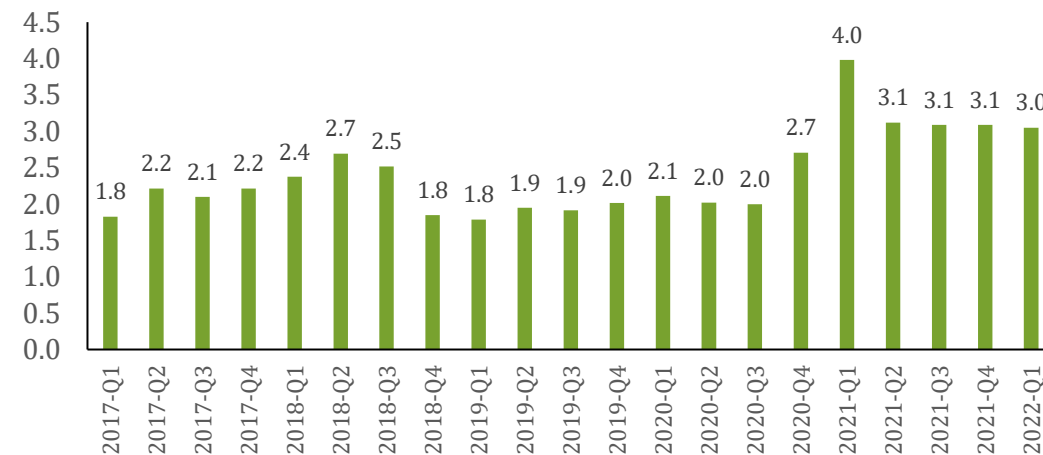
Lit/Auction periodic as % of total monthly trading*



% of trading subject to the DVC by indices*



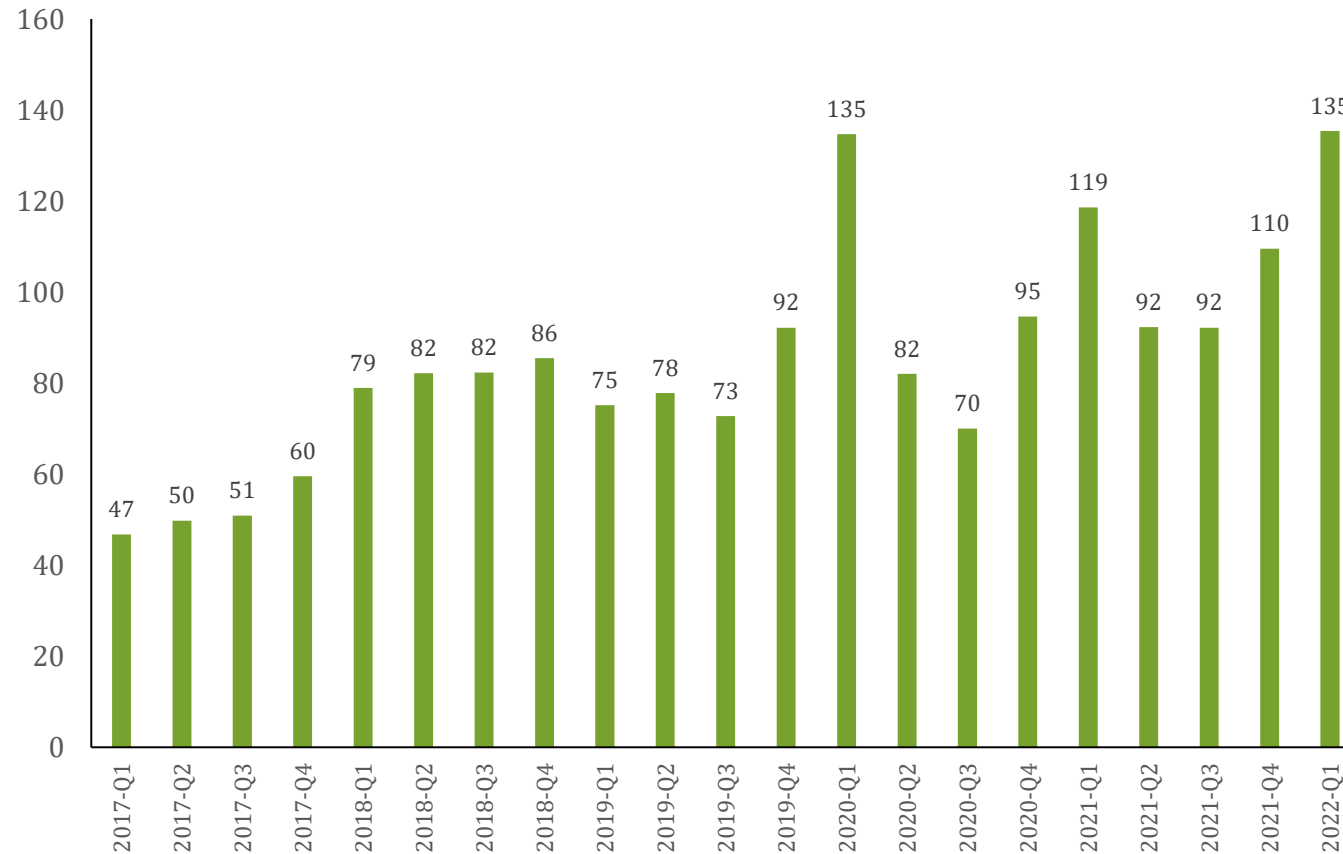
Block trades: Average value per trade (EUR mm)



Source: ESMA and BigXYT

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

Block trades: value traded \geq LIS (EURbn)



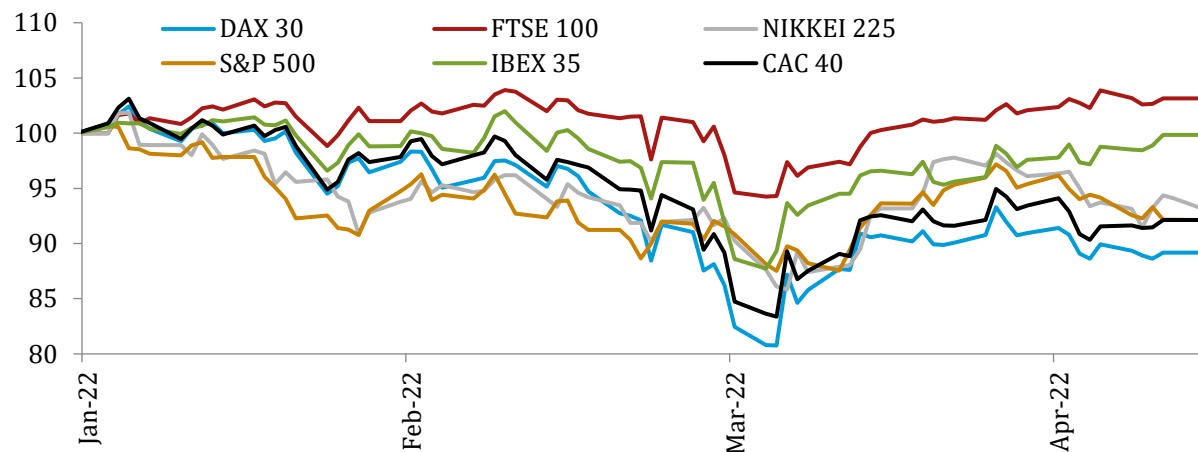
Source: BigXYT

Equity trading in the form of block trades (traded above the large in scale threshold) stood at €135bn in Q1 2022, €25bn above the level observed in Q4'22 and virtually the same value observed during Q1'20 following the outbreak of the COVID-19 pandemic.

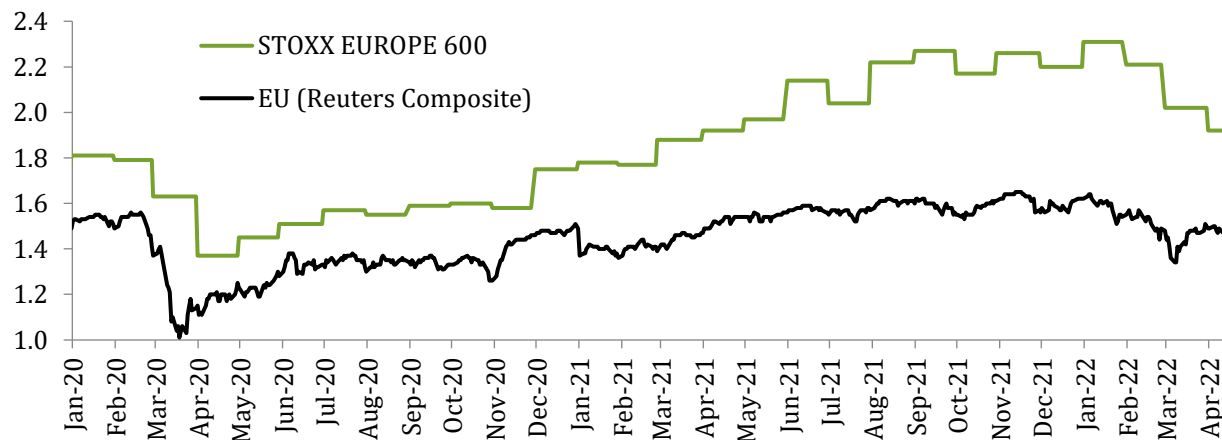
Valuations

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



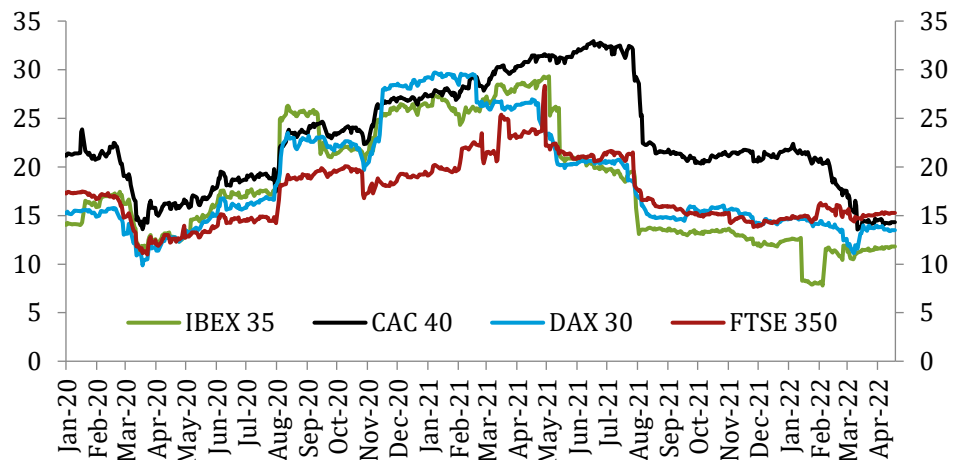
Source: Datastream

Continental European equity prices declined between -3% (IBEX) and -9% (DAX) during Q1'22.

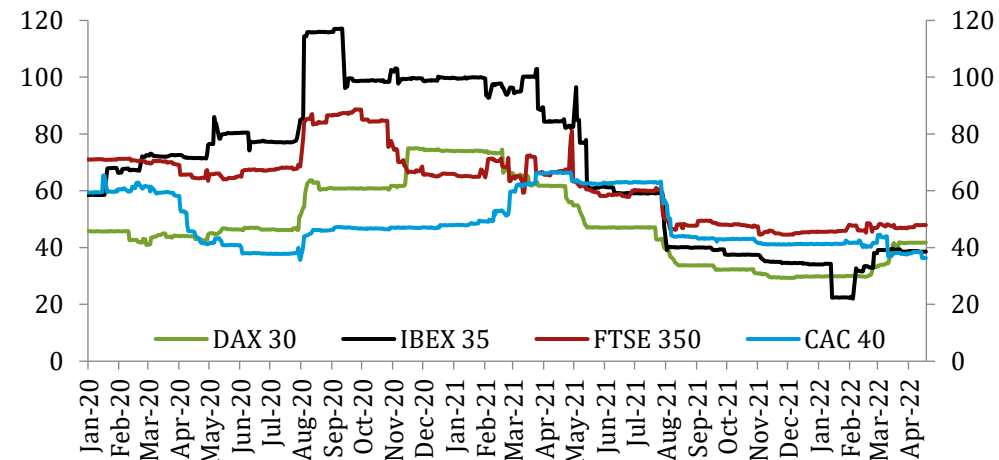
The ongoing geopolitical tensions in Eastern Europe generated losses in equity prices and continues to contribute to the current market volatility levels.

Valuation ratios and implied volatility

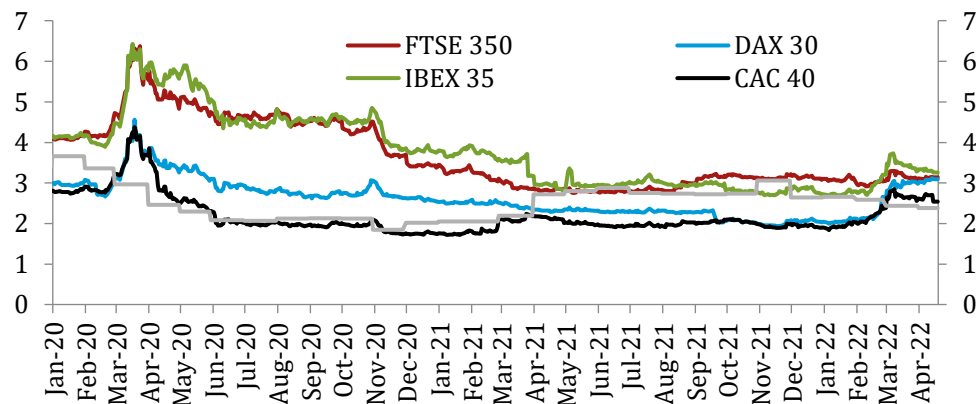
Price-to-earnings (PE) ratio



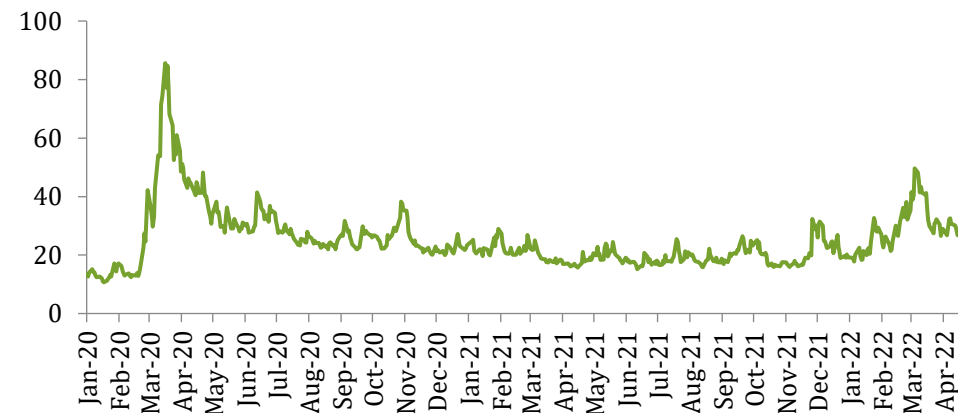
Dividend payout ratio (Dividends/ Earnings per share)



Dividend yield ratio (Dividend/Price)



Implied volatility of Euro Stoxx 50 constituent shares (VSTOXX)



Source: Datastream and Stoxx

	1Q 22	2Q 22	3Q 22	4Q 22	2022	1Q 21	2Q 21	3Q 21	4Q 21	2021	% Change YtD
Equity underwriting (€ bn)	16.7				16.7	66.8	68.8	37.8	52.4	225.9	-75%
IPOs	1.9				1.9	21.0	21.4	11.5	15.0	68.9	-91%
Follow-on offerings	13.5				13.5	37.5	41.1	23.5	37.1	139.2	-64%
Convertible securities	1.3				1.3	8.4	6.3	2.9	0.3	17.8	-85%
Mergers and Acquisitions (€ bn): completed	284.8				284.8	299.6	284.9	306.3	355.2	1,246.0	-5%
European outbound	29.6				29.6	84.3	53.5	131.2	73.3	342.3	-65%
European inbound	84.4				84.4	40.3	78.2	51.3	47.2	217.1	110%
Intra European	170.7				170.7	175.0	153.2	123.7	234.6	686.6	-2%
Mergers and Acquisitions (€ bn): announced	233.1				233.1	330.6	277.7	335.4	418.0	1,361.7	-29%
Equity turnover value											
Average Daily (€ bn)	107.6				107.6	90.9	84.2	83.6	90.2	87.2	18%
Market Capitalisation of domestic listed shares (€ tn)											
European (EU, UK and Switzerland)	16.0				16.0	15.5	16.4	16.6	17.6	17.6	-9%
EU	11.2				11.2	11.0	11.7	11.8	12.4	12.4	-10%
Euro Zone	9.3				9.3	9.2	9.8	9.9	10.3	10.3	-10%

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

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