

Q3 2024

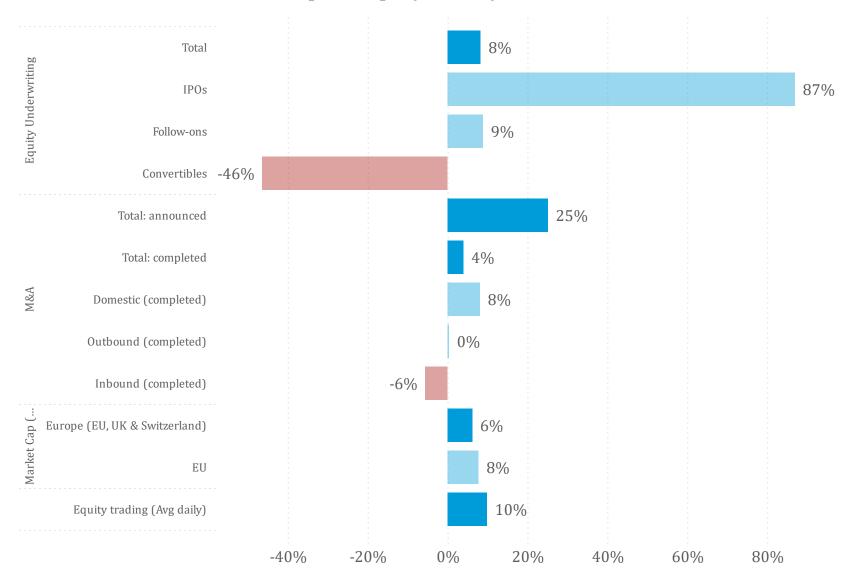
# **Equity Primary Markets and Trading Report**

European market data update





### **Q3 2024 YtD variation of European Equity activity**



### **European equity capital raising** partially recovers in 2024

**Equity underwriting** on European exchanges rose 8% in the first three quarters of 2024 compared to the same period of 2023, on the back of a moderate increase in secondary equity offerings (9% YtD) and a large annual increase in IPOs (87% YtD).

The 87% increase in Initial Public Offerings (IPOs) was mainly driven by a robust rise during the first two quarters of the year. In 3Q 2024, however, IPOs only accumulated €0.15bn in deal value, the lowest quarterly amount since Q3 2009.

Mergers and Acquisitions (M&A) activity rose 25% YtD when measured as announced value, while the completed deal value was up by 4% YtD.

Average daily equity trading on European main markets and MTFs increased by 10% YtD. Recent trends show a deterioration in market liquidity as measured by turnover ratio (turnover value/market cap), with a decline from c150% in 2018 to 110% in 2024.

**Domestic market capitalisation** of European listed shares stood at €17tn in Q3 2024, 6% above the amount observed at the end of 2023.

# afme/ Contents Finance for Europe

Equity issuance	4
IPO and listings tracker	9
Mergers and Acquisitions	19
Secondary markets	25
Equity trading market structure	32
Valuations	38



### **Equity issuance**

# afme/ Equity capital raising

**Equity capital raising on European exchanges** totaled €82.7bn in the first three quarters of 2024, an 8.4% increase from €76.3bn issued in the first three quarters of 2023.

**Secondary offerings** were the largest contributor to total capital raised, with €65.8bn issued YtD representing 79.6% of the overall issuance of the first three quarters of the year. Following a strong first half of the year, Initial Public Offerings (IPOs) accumulated €11.7bn YtD, an 87.2% increase compared to the same period in 2023. However, IPOs totaled only €0.15bn in Q3 2024, the lowest amount since Q3 2009.

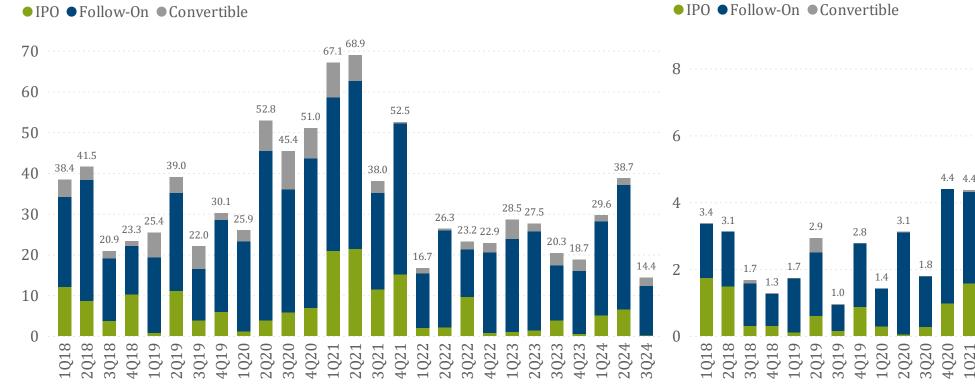
**Equity issuance on Junior exchanges** have accumulated €2.9bn YtD, a 6.5% decrease compared to the first three quarters of 2023. The decline was driven by both lower IPOs issuances and secondary offerings. Junior exchanges are venues with less onerous listing requirements which facilitates equity capital raising by small and medium enterprises and younger companies.

### **Equity Underwriting on European Exchanges**

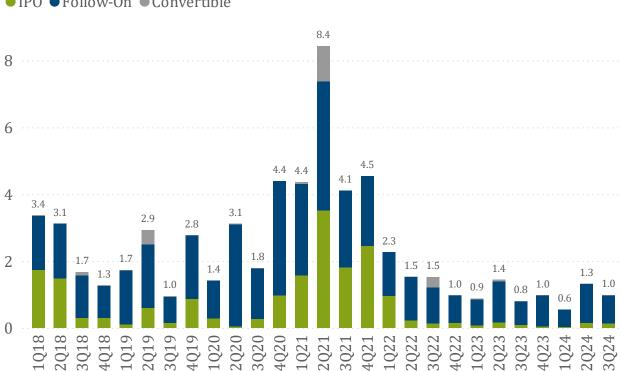
The LSE main market led in total equity underwriting accumulating a total of €23.2bn during the first three quarters of the year, followed by Frankfurt Prime (€8.7bn) and Euronext Paris (€7.9bn).

### **Equity capital raising** Finance for Europe

### **Equity Issuance on European exchanges (EUR bn)**

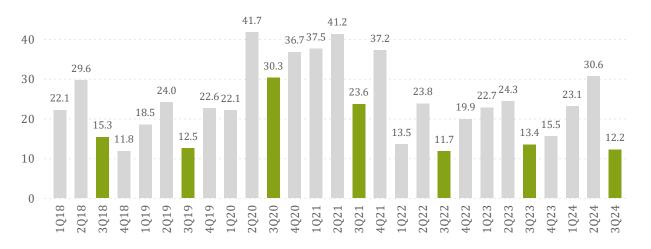


### **Equity issuance on European Junior markets (EUR bn)**

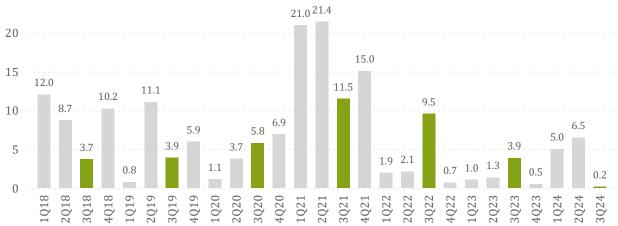


# affine IPOs subdued below historic averages

### Follow-on offerings (EUR bn)



### IPO proceeds (EUR bn)

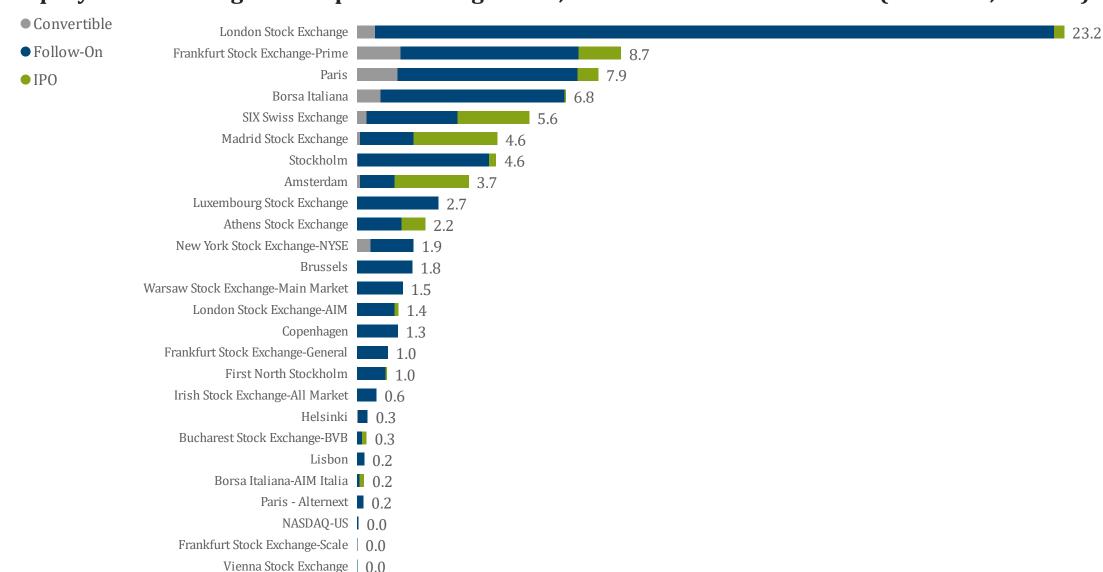


### **Convertibles (EUR bn)**





### Equity underwriting on European exchanges: IPO, follow-ons and convertibles (2024 YtD, EUR bn)





### IPO and listings tracker

# afme / IPO and listings tracker

Across the first three quarters of 2024, a total of 63 IPOs deals were completed on European exchanges, slightly fewer than the 68 deals completed in the same period of 2023. However, the total capital raised in the first three quarters of 2024 ( $\leq$ 11.7bn) reflected an 87.2% increase compared to the amount raised in the first three quarters of 2023 ( $\leq$ 6.23bn).

**No PE-backed IPOs issuances were originated** in Q3 2024, following the strong amount of €6.4bn in proceeds that was accumulated in the first half of the year.

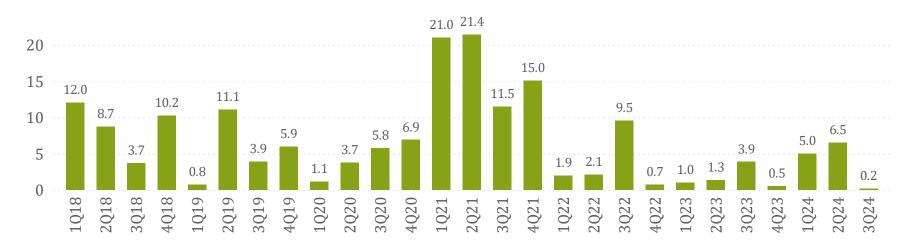
**IPO activity on US exchanges** is in line with the trend observed in the past two years, with almost €11bn raised in Q3 2024 from €8.7bn in Q3 2023. IPO activity on Chinese and Japanese exchanges also stood below historic averages, with a sharp decline in Chinese IPOs raising €1.8bn in Q3 2024, compared to €10.4bn in Q3 2023.

As of Q3 2024, a total of 6,811 domestic companies were listed on European exchanges (EU, UK and Switzerland). This represents a decline from 7,487 companies listed in September 2023.

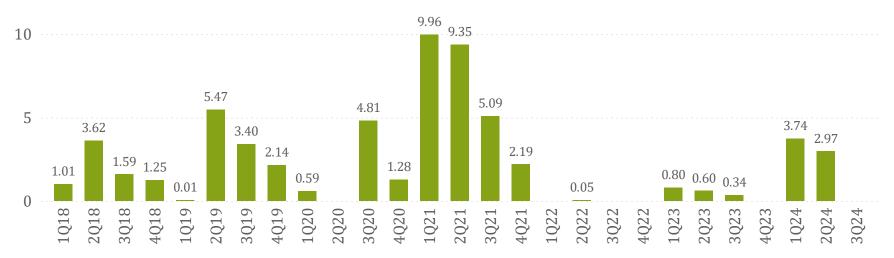
The **FTSE Renaissance IPO Index Series** showed that recently listed companies in EMEA have exhibited a positive price return of c1% since 2019 and 15% YtD. The price return is below the observed since 2019 for the German DAX (47%), French CAC (29%), and FTSE 100 (10%). The price return is also below the observed for recently listed companies in the US (+28%) but above that for HK/China (-38%) recently listed companies.



### **IPO Issuance on European exchanges (EUR bn)**

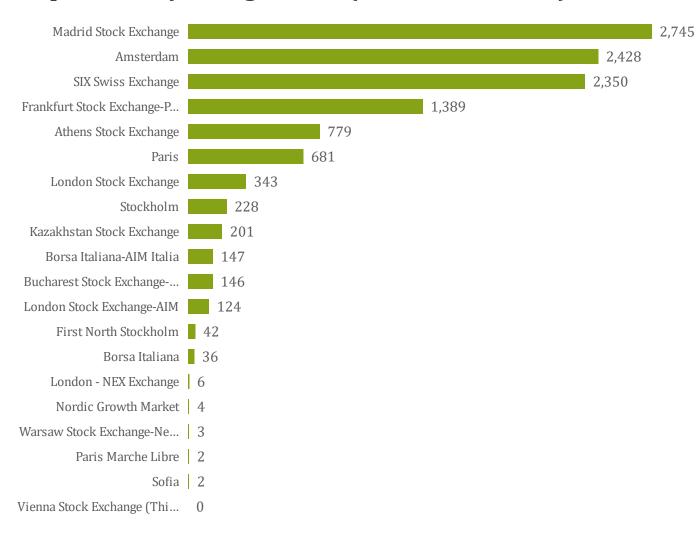


### PE-backed IPO proceeds (EUR bn)

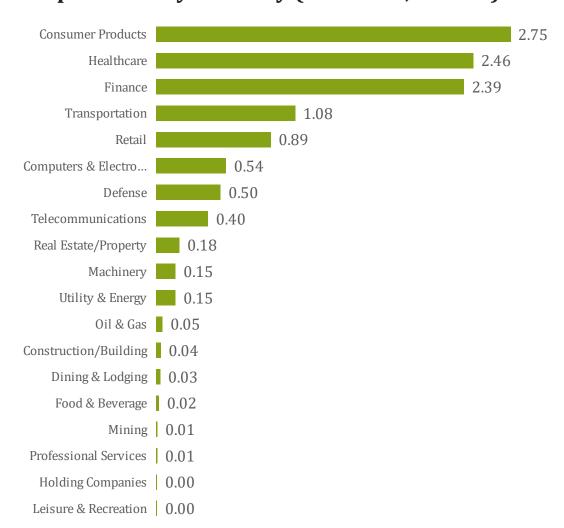




### IPO proceeds by listing market (2024 YtD, EURmm)

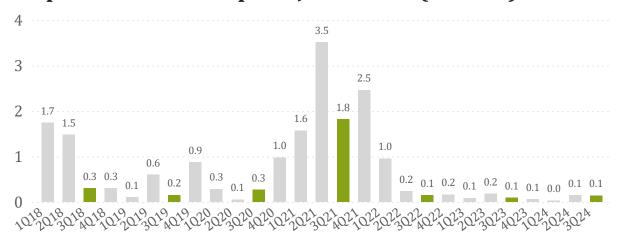


### IPO proceeds by industry (2024 YtD, EURbn)

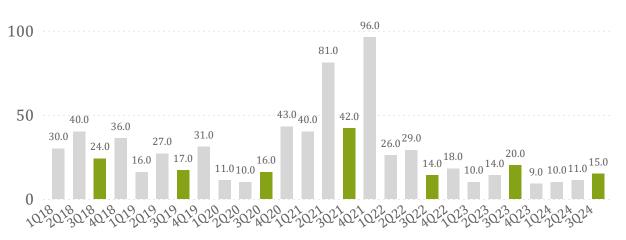


# afne IPO on Junior exchanges

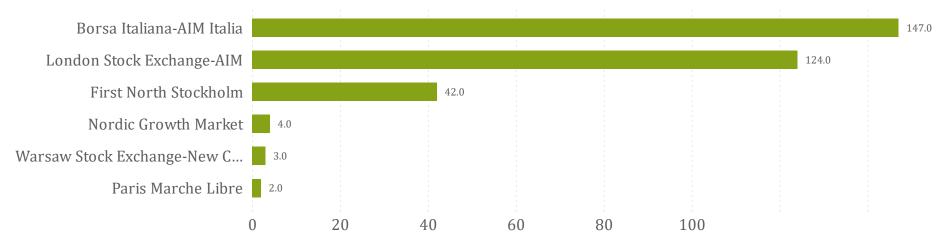
### IPO proceeds on European Jr markets (EUR bn)



### **Numbers of IPOs on European Jr markets**



### IPO proceeds on Jr markets by exchange (2024 YtD, Eur mm)

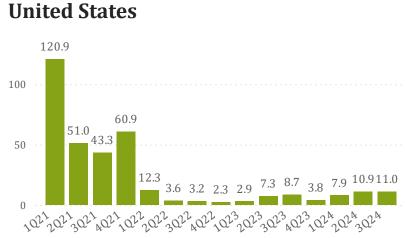


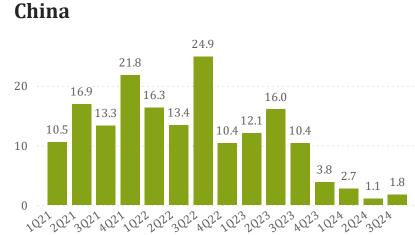
# afme/IPO Global tracker Finance for Europe

### IPO issuance by location of exchange (EUR bn)

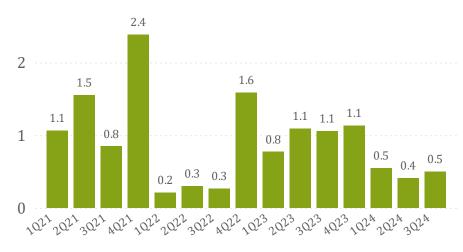
# 21.0 21.4 20 15.0 11.5 10 9.5 3.9 5.0 6.5

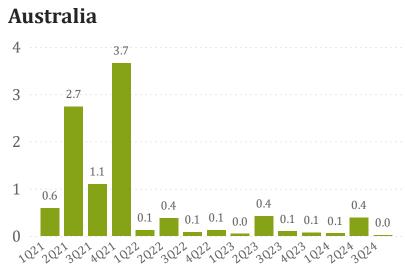
20<sup>1</sup> 30<sup>1</sup> 40<sup>1</sup> 20<sup>1</sup> 20<sup>1</sup> 30<sup>1</sup> 40<sup>1</sup> 20<sup>2</sup> 20<sup>2</sup> 30<sup>2</sup> 40<sup>2</sup> 20<sup>4</sup> 20<sup>4</sup> 30<sup>4</sup>

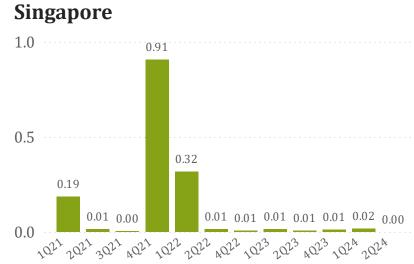




#### Japan

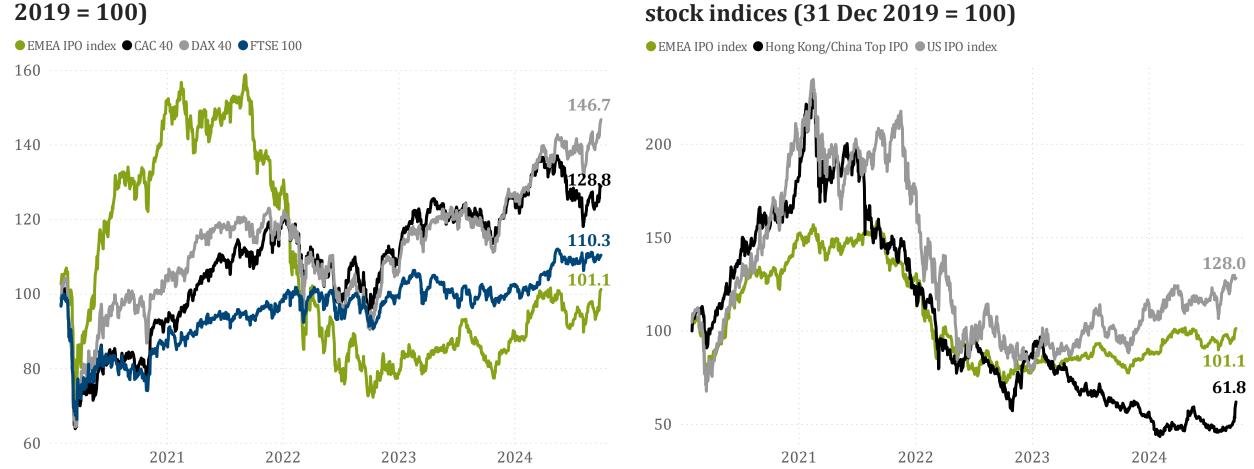








### Price performance of selected stock indices (31 Dec 2019 = 100)



The FTSE Renaissance IPO Index Series tracks the price performance of IPOs in EMEA, the United States and the Asia Pacific region. Qualified IPOs are added to the indexes on a quarterly basis and removed c. 3Y after their first trading day.

**Price performance of selected FTSE Renaissance IPO** 



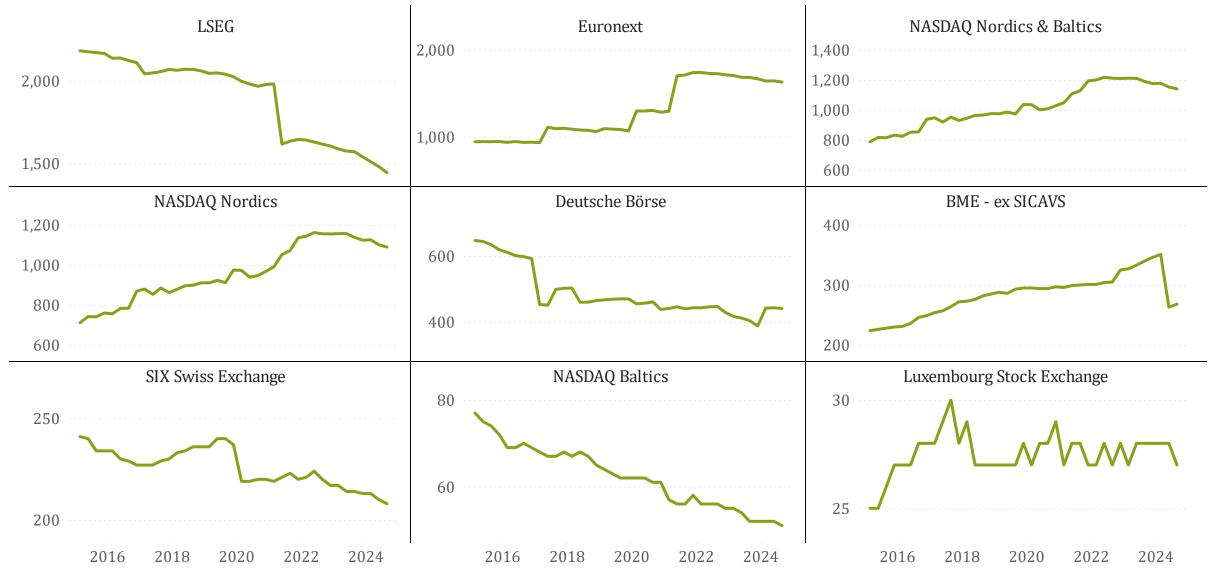
## afme/ Number of domestic listed companies

### **Number of listed companies on European exchanges\***



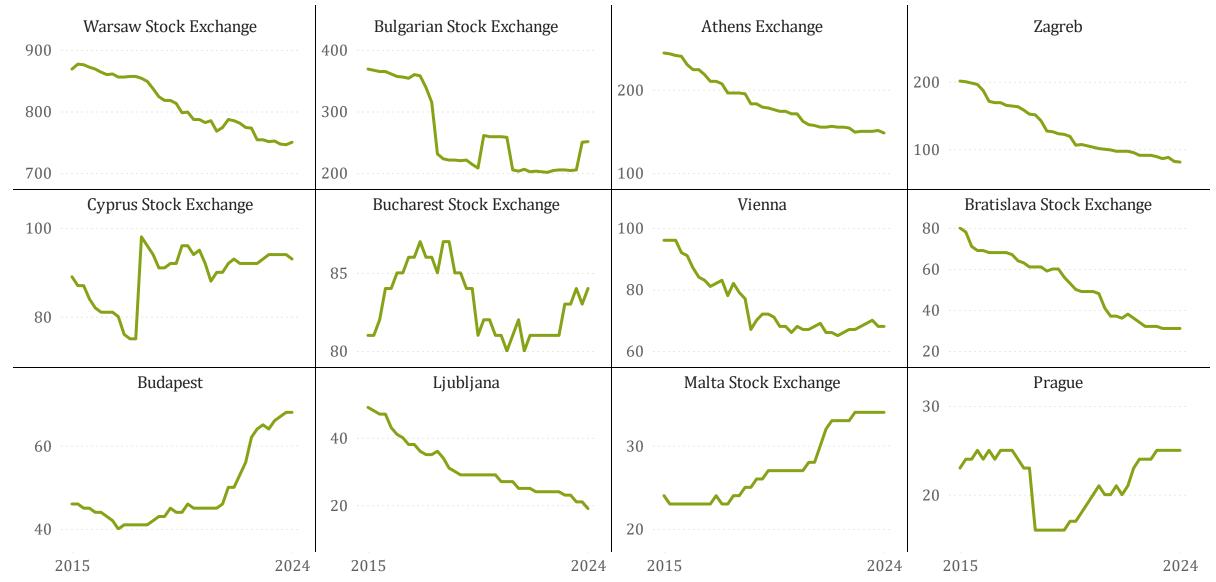
# **afne**/ Number of domestic listed companies

### Number of listed companies on European exchanges



# **afne**/ Number of domestic listed companies

### Number of listed companies on European exchanges





# Mergers and Acquisitions (M&A)

# afme / Mergers and Acquisitions (M&A)

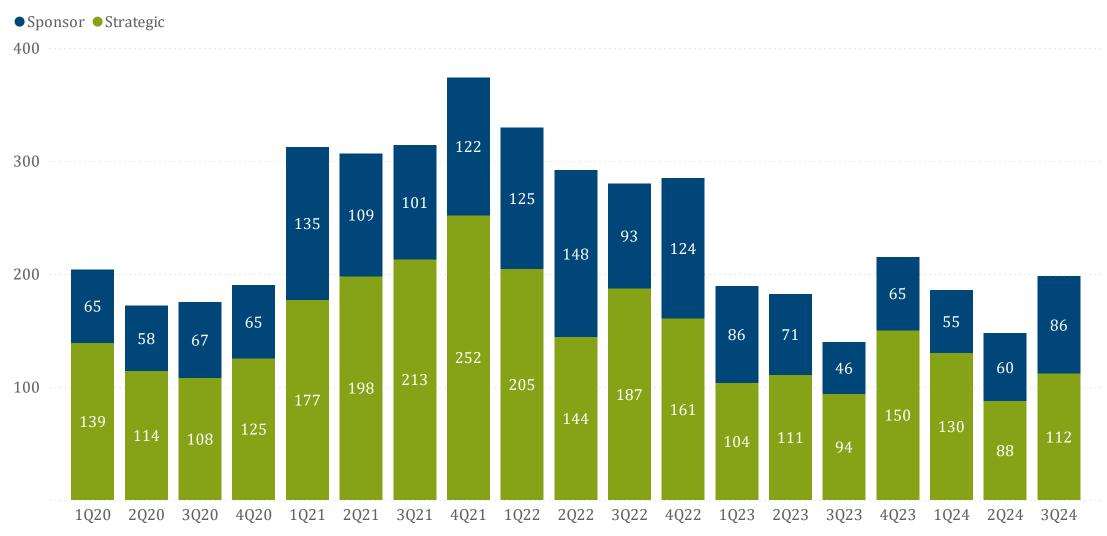
**European completed M&A** totaled €531bn in deal value during the first three quarters of 2024, a 3.7% increase from the deal value of the same period in 2023 (€512bn).

**PE-backed sponsor deals** accumulated €201bn in deal value YtD (37.9% of the total), a 0.9% decrease compared to €203bn issued in the same period of 2023 (39.6% of the total).

In the first three quarters of the year, **announced M&A deals** totaled €627bn, a 25% increase from the €501bn accumulated in the same period in 2023, reflecting a significant recovery from the subdued amount observed in 2023.

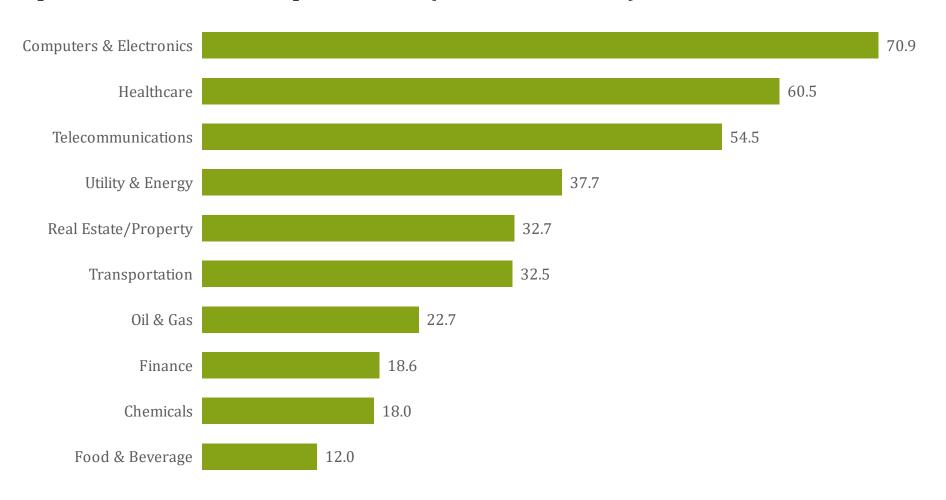


### Completed M&A by type of deal (EUR bn)



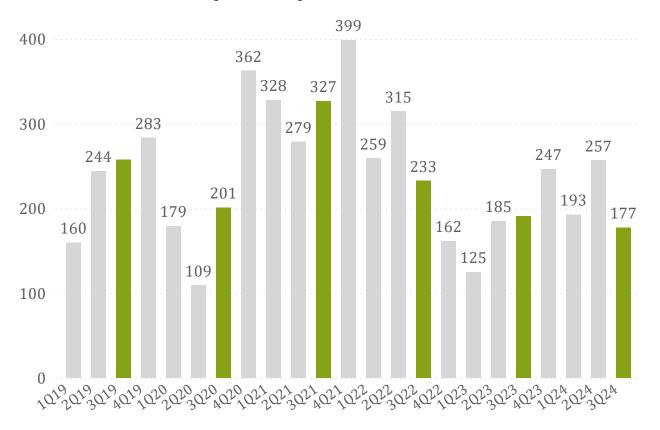


Top 10 industries for completed M&A (2024 YtD, EUR bn)

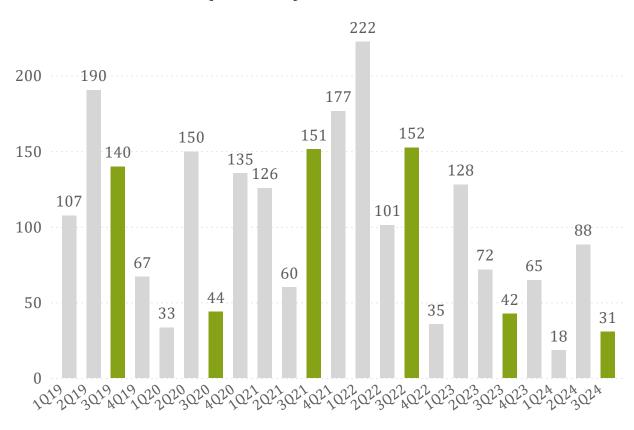




### Announced M&A (EUR bn)



### Withdrawn M&A (EUR bn)





### Regional M&A trends: completed deal value (2024 YtD, EUR bn)





### Secondary markets

# afne / Secondary markets

In Q3 2024, **turnover value of equity products** traded in Europe increased 34% YoY. This includes addressable trading on all venues, systematic internalisers and OTC.

**Turnover ratio**, calculated as annualised turnover value relative to market capitalisation, increased to 111% in Q3 2024 after a record low of 100% observed in the second half of 2023. For the long term trend, market data shows a pronounced deterioration in market liquidity as measured by turnover ratio with a decline from c150% in 2018 to 100-120% observed over the last 12 months.

**Bid-ask spreads** for selected European equity indices marginally tightened in Q3 2024 for CAC40, DAX40 and FTSE100 constituent companies.

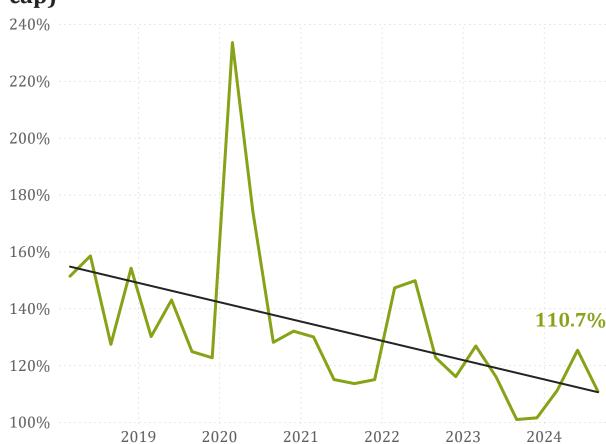
The **market capitalisation** of European listed shares (EU, UK and Switzerland) stood relatively unchanged in Q3 2024 at €17tn, showing no major changes compared to the previous quarter.



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

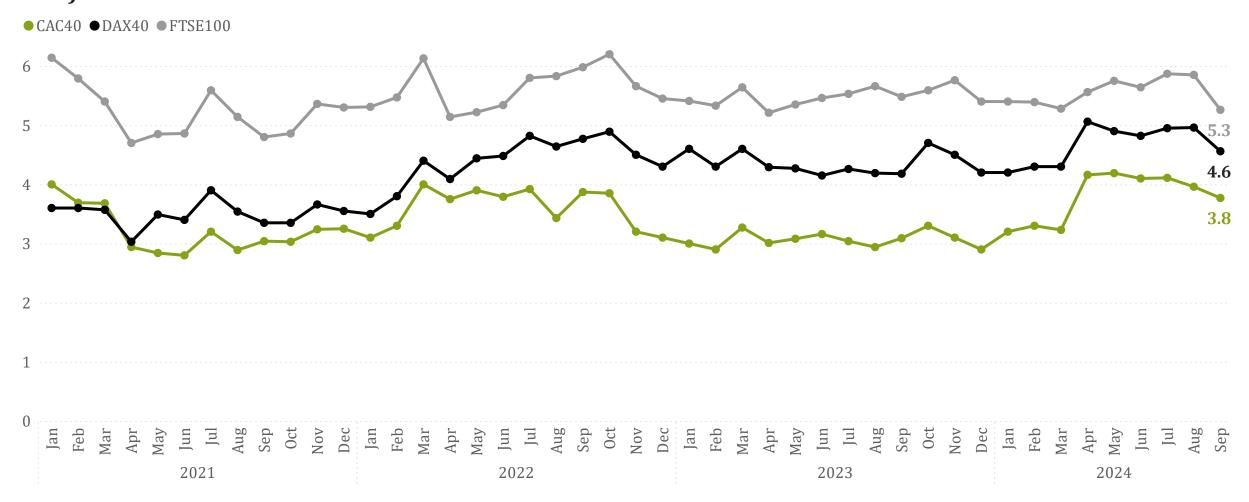


### Turnover ratio (annualised turnover value/ market cap)\*\*



# **afne**/ Bid-ask spreads for selected European indices

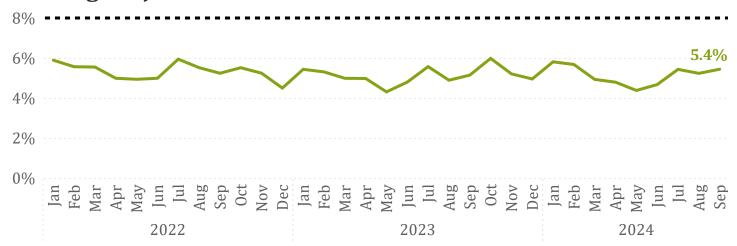
Market spreads in basis point for selected equity indices (Primary venue, value weighted average spread, €5K)



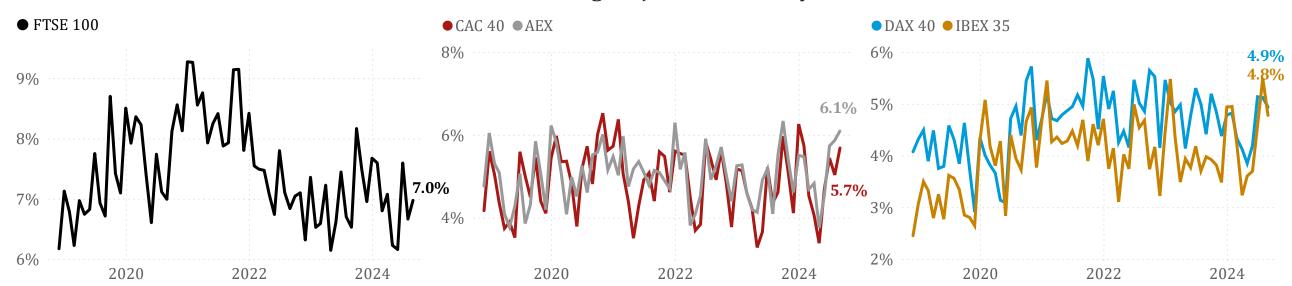


### Proportion of trading subject to the DVC at 5%

### Trading subject to the DVC as % of total turnover\*

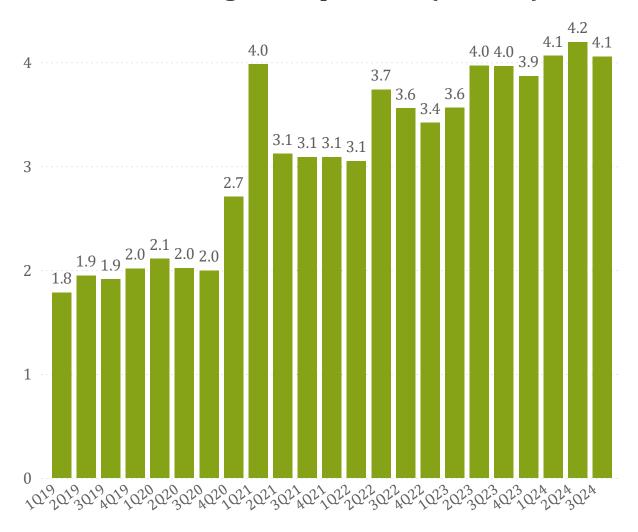


#### % of trading subject to the DVC by indices\*

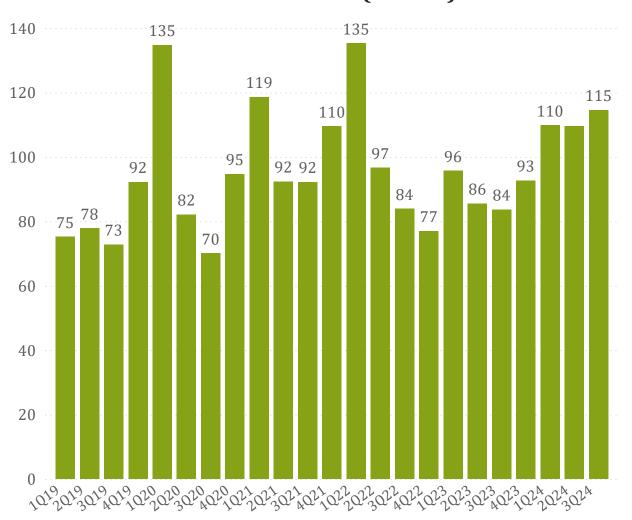




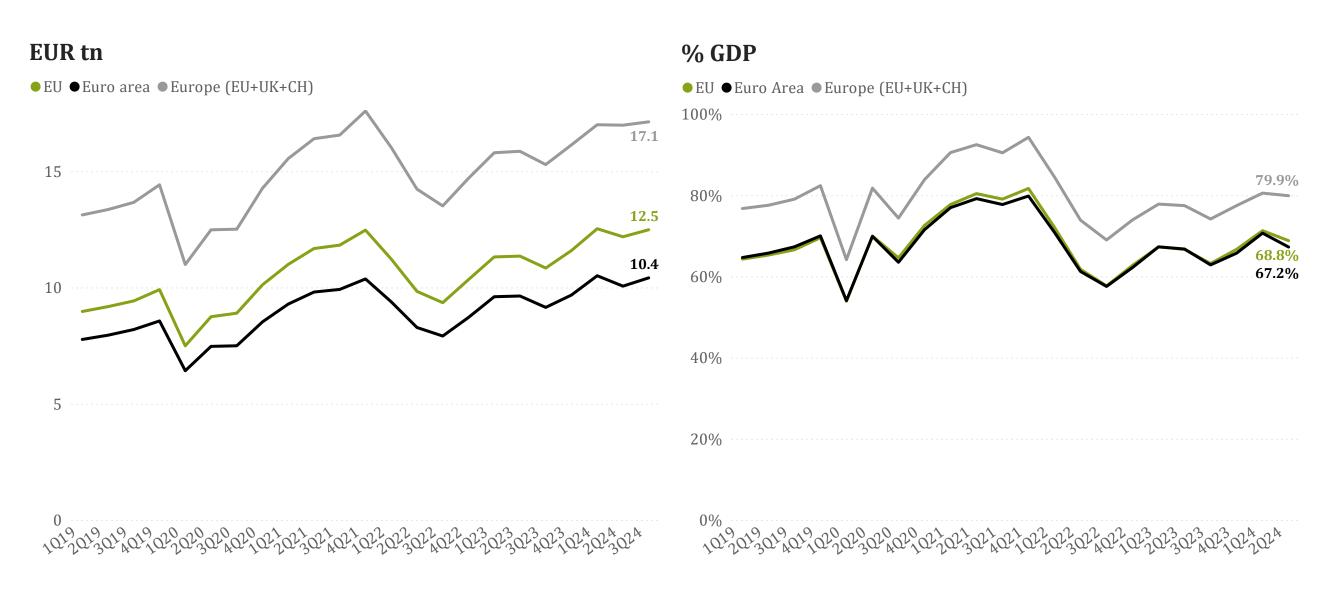
### Block trades: Average value per trade (EUR mm)



### **Block trades: value traded > LIS (EURBn)**



### afme/ Market capitalisation of domestic listed shares





### **Equity trading market structure**

# afme/ Equity trading market structure

According to BigXYTdata, **on-venue trading** represented 71% of the total addressable liquidity in Q3 2024. Volume traded off-venues on systematic internalisers and pure OTC represented the remaining 29% of the total addressable liquidity.

In line with our records since 2018, the proportion of on-venue trading has remained stable above 70% of total addressable liquidity.

### **DVC Update**

The Double Volume Cap (DVC) mechanism seeks to limit equity trading under the reference price waiver and the negotiated transaction waiver on EU venues. According to ESMA, the number of instruments suspended under the DVC has stabilised since March 2023, with 210 suspended instruments (178 at EU Level and 32 at TV level) as of the beginning of October 2024.

The 210 instruments currently suspended under the DVC at the EU or trading venue level represent 0.8% of the equity-like instruments on ESMA's DVC files. The 80% of suspended instruments have EU ISINs.

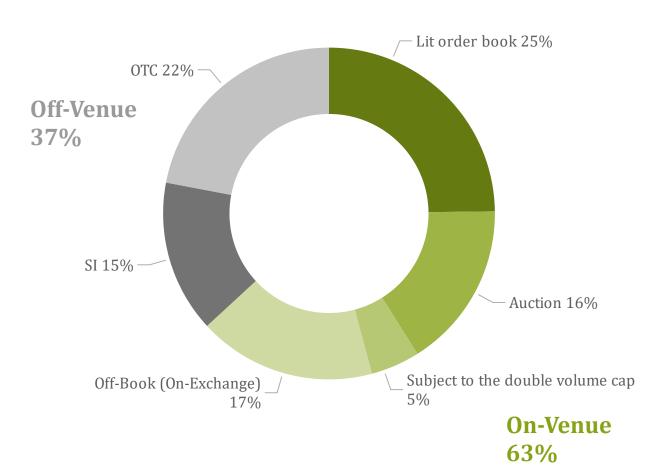


### afme/ Share of Pan-European trading value by trading mechanism

#### Adjusted for transactions not contributing to price formation

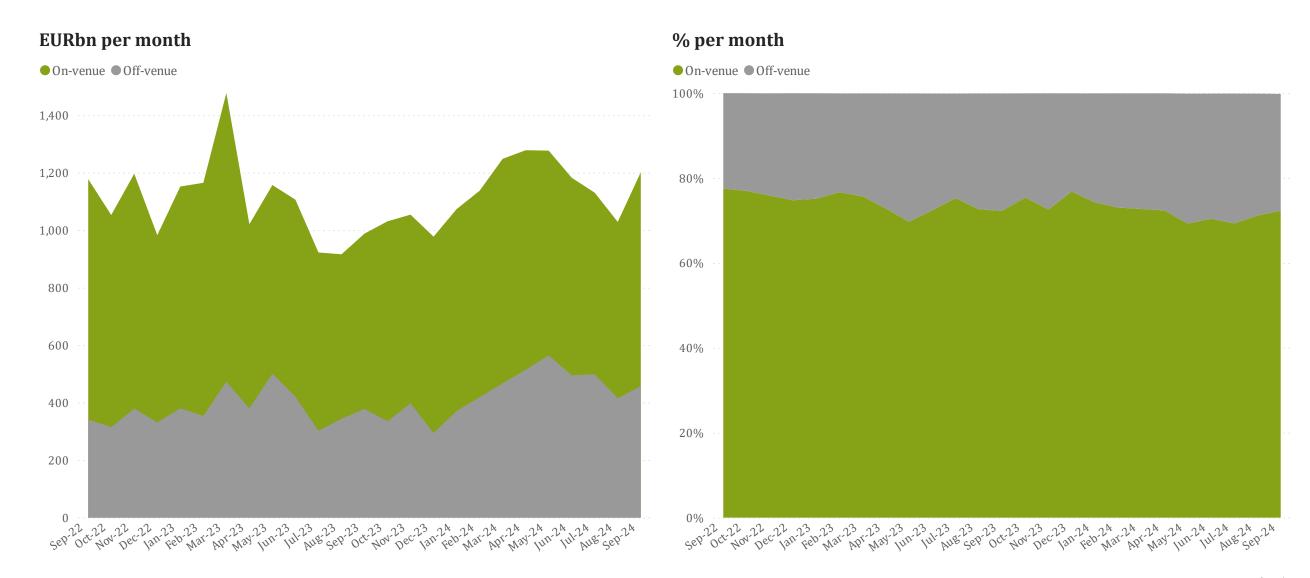
### Off-Venue Lit order book 28% OTC 15% 29% SI 14% On-Venue 71% Auction 18% Off-Book (On-Exchange) 19% Subject to the double volume cap 5%

#### **Unadjusted**



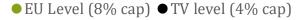


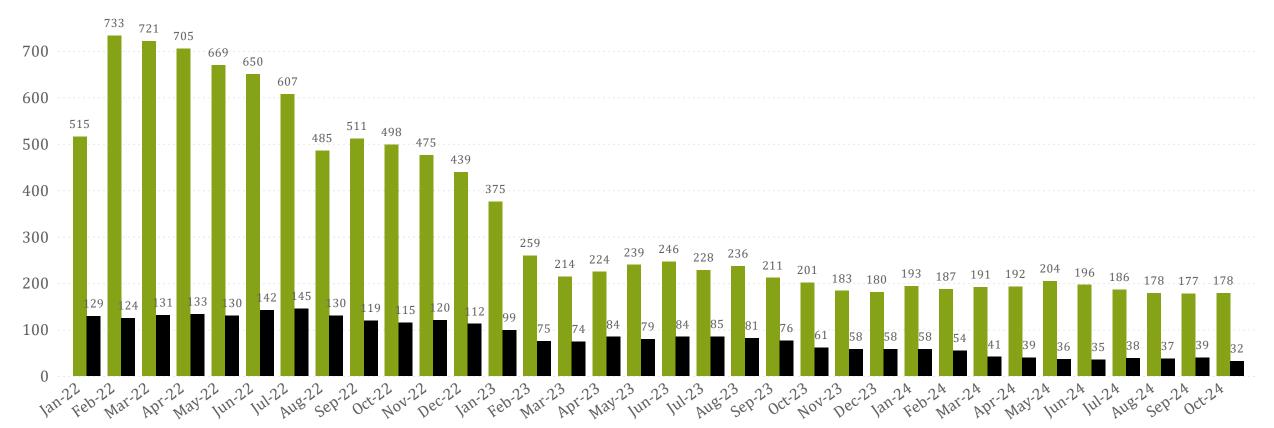
### afme/ Share of Pan-European trading volume by trading mechanism



# **afne**/ MiFID double volume cap (DVC)

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







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

Oct-24

Country ISIN	Universe	Suspended EU level	Suspended TV level	Suspended%
AT	80	1	0	1.25%
BE	229	8	0	3.49%
BG	248	0	0	0.00%
CY	65	2	0	3.08%
CZ	29	0	0	0.00%
DE	1003	21	0	2.09%
DK	687	13	4	2.47%
EE	41	0	0	0.00%
ES	361	4	0	1.11%
FI	220	20	4	10.91%
FR	924	14	7	2.27%
GR	178	0	0	0.00%
HR	102	0	0	0.00%
HU	73	0	0	0.00%
IE	2413	12	5	0.70%
IT	521	8	0	1.54%
LT	28	0	0	0.00%
LU	1239	3	0	0.24%
LV	14	0	0	0.00%
MT	45	0	0	0.00%
NL	251	4	1	1.99%
PL	735	0	0	0.00%
PT	53	0	0	0.00%
RO	353	0	0	0.00%
SE	1677	31	7	2.27%
SI	130	0	0	0.00%
SK	28	0	0	0.00%
Total EU	11727	141	28	1.44%
GB	1179	0	2	0.17%
RoW	14944	4 33	7	2 0.26%
Total	27850	178	32	0.75%



### **Valuations**

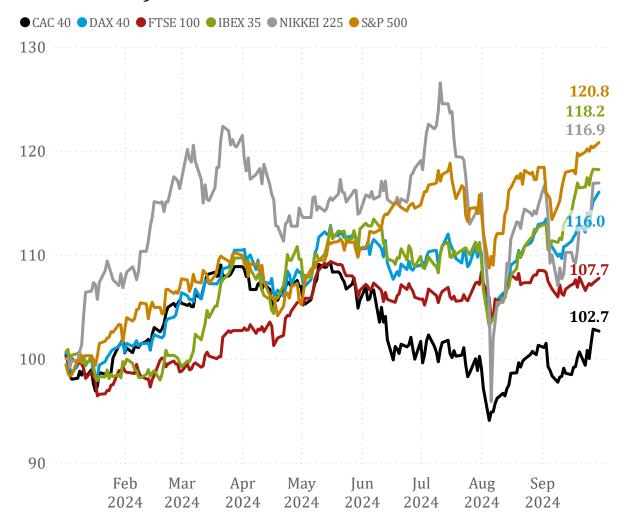
# **afme**/ Market valuations

**EU equity prices** have increased between 0% to 18% year-to-date (YTD, as of September) according to the DAX40, CAC40, IBEX35 price evolution. The FTSE100 gained 8% YtD, while Japanese share prices have stabilised at 17% after the steep fall in August.

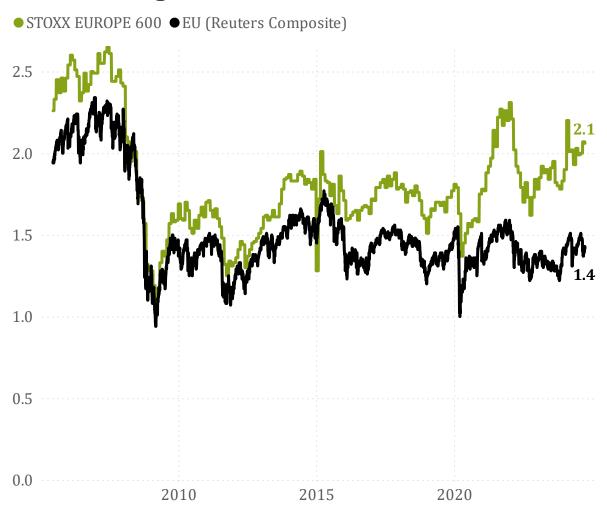
European stock prices volatility, as measured by VSTOXX, has stabilised at low levels between 13 and 22 bps, notwithstanding the peak at the beginning of August.



### Price performance of selected stock indices (31 Dec 2023 = 100)

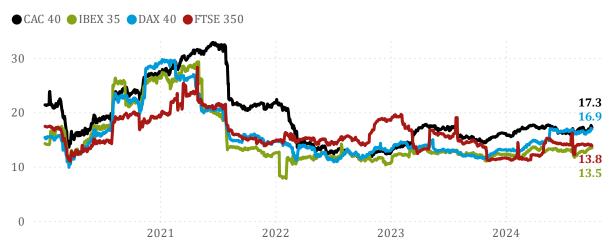


### Price-to-book ratio of Stoxx 600 constituent shares and EU average

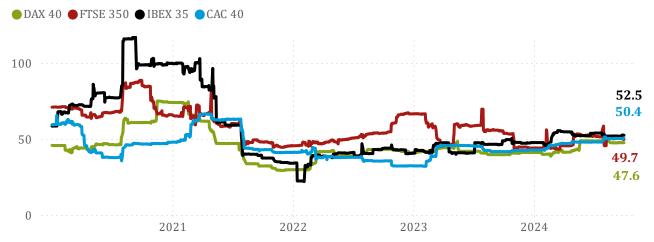


# **afme**/ Valuation ratios and implied volatility

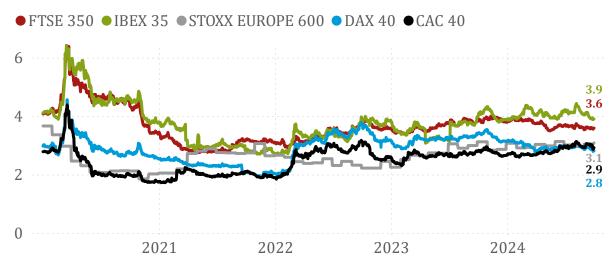
### Price-to-earnings (PE) ratio



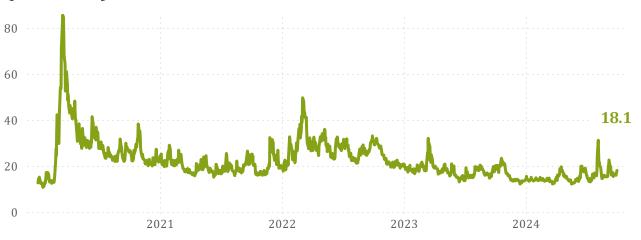
### Dividend payout ratio (Dividends/Earnings per share)



### Dividend yield ratio (Dividend/Price)



### Implied volatility of Euro Stoxx 50 constituent shares (VSTOXX)



#### Contacts

#### Research

#### Virginia Pagliero

Graduate, Research Virginia.Pagliero@afme.eu +32 2 883 55 55

#### Julio Suarez

Director, Research Julio.Suarez@afme.eu +32 2 883 55 50

#### **Equities and ECM**

#### **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





### 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 <a href="https://www.afme.eu/About-Us/Terms-of-use">https://www.afme.eu/About-Us/Terms-of-use</a>) 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

