



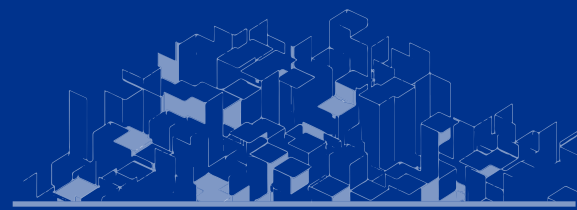
Equity market update and IPO compass

Equity Capital Markets Advisory

—
June 2024



Executive summary



In May, US equity indices rebounded from a sluggish April and concluded higher, mirroring the performance of European markets, where bullish sentiment drove the STOXX 600 to achieve a new record peak. Analysts additionally observed that the discrepancy in rate cut expectations between the ECB and the Fed this month has proven advantageous for European assets.

As May unfolded, the EV/EBITDA multiples for the DAX and STOXX 600 held steady at 8.4 and 9.0, respectively. Meanwhile, NASDAQ's valuation rose from 16.0 to 16.4 and the S&P 500 gained from 13.8 to 14.1, while SMI's also rose from 12.0 to 12.7. The ATX remained relatively constant at 5.0.

In early May, Puig, a Spanish cosmetics manufacturer, debuted on the Madrid stock exchange with what is anticipated to be Europe's largest IPO of the year. The majority of new issuances in May, totaling \$11.3bn, came from follow-on offerings and convertibles with \$10.0bn and \$0.3bn, respectively, while IPOs^{a)} contributed a volume of \$1.0bn.

The contrast in rate cut anticipations between ECB, BoE, and Fed observed last month persisted throughout May. European central banks maintained their gradual approach towards rate cuts. Meanwhile, the Fed also predominantly leaned towards the hawkish side but emphasized the importance of patience.



Jens Voss

Partner, Head of Equity
Capital Markets Advisory



The IPO pipeline in Europe for 2024 remains robust, featuring a diverse array of companies poised for public offerings.



Note: a) IPO volume > \$150 million excluding Greenshoe

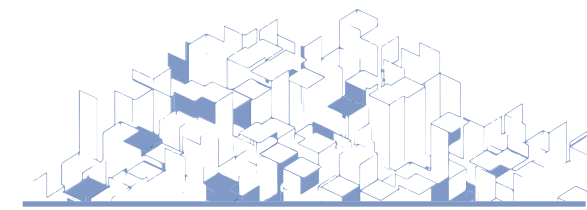
Source: Dealogic; IFR, Refinitiv, FactSet, 03-June-24



© 2024 KPMG AG Wirtschaftsprüfungsgesellschaft, a corporation under German law and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

Document Classification: KPMG Public

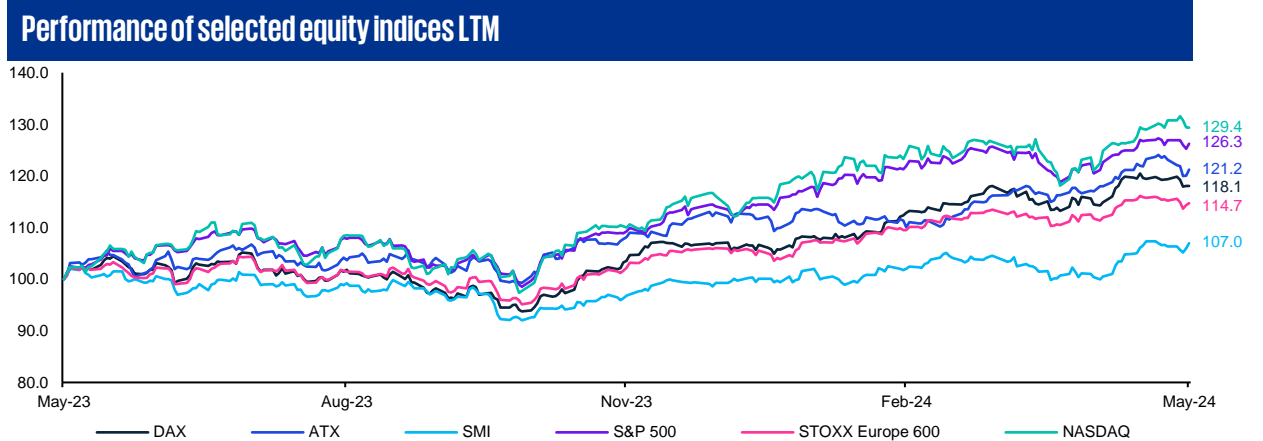
Equity market environment



In May, US equity indices rebounded from a sluggish April and concluded higher, mirroring the performance of European markets, where bullish sentiment drove the STOXX 600 to achieve a new record peak. Analysts additionally observed that the discrepancy in rate cut expectations between the ECB and the Fed this month has proven advantageous for European assets.

The Fed advocated patience for sustainable inflation movement towards the 2% target, with high bars for further hikes noted by speakers including Powell. Meanwhile, ECB officials discussed a June easing and BoE moved towards a rate cut. The consensus among analysts and policymakers is that disinflation will persist in H2, albeit with potential fluctuations

- In its latest forecast, the European Commission offers a more positive scenario for the EU economy. Inflation is expected to keep falling, and the economy should see gradual growth in 2024, mainly fueled by higher consumer spending driven by wage increases and better employment prospects.
- The upcoming weeks are crucial for European markets, as the possibility of the ECB cutting interest rates for the first time in eight years coincides with the EU elections at the start of June, which are expected to influence the regional political landscape.
- Despite recent data from Germany indicating some economic relief and a rise in consumer confidence in recent months, the upturn in Germany continues to be elusive, primarily due to the uncertain international situation characterized by multiple crises.
- Notwithstanding these uncertainties, the STOXX 600 is trading on record-levels, with banks, media and financials among other industries outperforming the index.

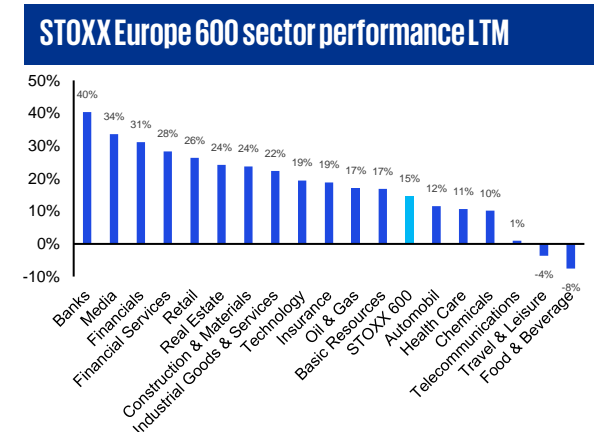


Source: FactSet as of 03-June-24

Performance of selected equity indices

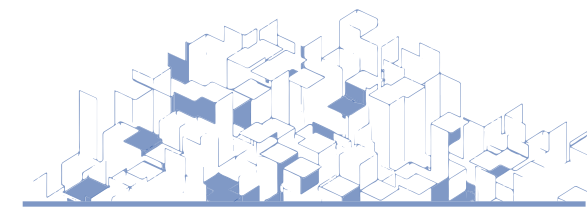
	Value	12 Months Low	12 Months High	L3M	L6M	LTM
DAX	18,498	14,630	18,893	4.6%	14.1%	18.1%
MDAX	26,717	23,627	28,890	3.5%	2.0%	0.7%
SDAX	15,123	11,974	15,337	9.8%	15.6%	15.3%
TecDAX	3,336	2,788	3,490	(1.5%)	4.4%	4.3%
ATX	3,688	3,007	3,778	10.2%	12.1%	21.2%
SMI	12,001	10,324	12,038	4.9%	10.6%	7.0%
STOXX 600	518	429	525	4.8%	12.3%	14.7%
FTSE 100	8,275	7,216	8,474	8.5%	11.0%	11.1%
NASDAQ	16,735	12,544	17,033	4.0%	17.6%	29.4%
S&P 500	5,278	4,104	5,342	3.6%	15.5%	26.3%

Note: The equity index values are shown in their respective local currency
Source: FactSet as of 03-June-24



Source: FactSet as of 03-June-24

Volatility, risk appetite and fund flows



Volatility

- In May, volatility indices VDAX and VIX experienced slight decreases. Thus, with 12.3 and 14.5 both the VDAX and the VIX continued to level significantly below their 10-year average of 20.6 and 18.1, respectively.

Valuation

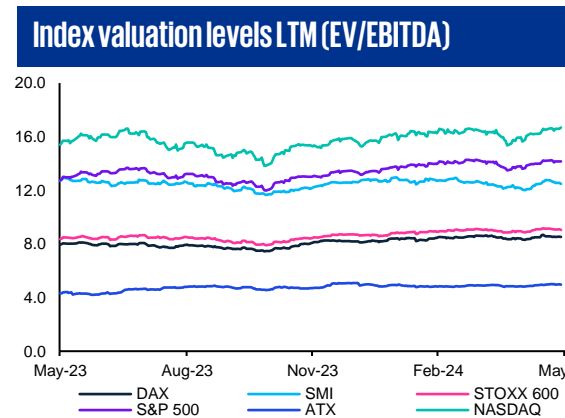
- As May unfolded, the EV/EBITDA multiples for the DAX and STOXX 600 held steady at 8.4 and 9.0, respectively. Meanwhile, NASDAQ's valuation rose from 16.0 to 16.4 and the S&P 500 gained from 13.8 to 14.1, while SMI's also rose from 12.0 to 12.7. The ATX remained relatively constant at 5.0.

Exchange-traded fund flows

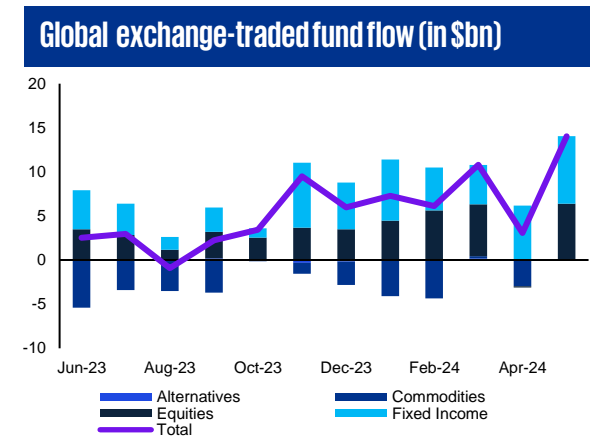
- Throughout May, investors globally experienced net inflows of \$14.1bn. Equity and fixed income exchange-traded funds accounted for inflows of \$6.3bn and \$7.7bn, respectively. Inflows for alternatives amounted to \$0.1bn, while commodities experienced minimal outflows of \$2.7m.



Source: FactSet as of 03-June-24



Source: FactSet as of 03-June-24



Source: FactSet as of 03-June-24

Note: a) VIX: The Chicago Board Options Exchange (Cboe) Volatility Index (VIX) is a real-time index that represents the market's expectations for the relative strength of near-term price changes of the S&P 500 Index. It is derived from the prices of S&P500 index options with near-term expiration dates, it generates a 30-day forward projection of volatility; The VDAX-NEW index represents the market's expectations – i.e. the implied volatility – for the DAX index; Volatility indices are often seen as a way to gauge market sentiment, and in particular the degree of fear among market participants

Issuance activity

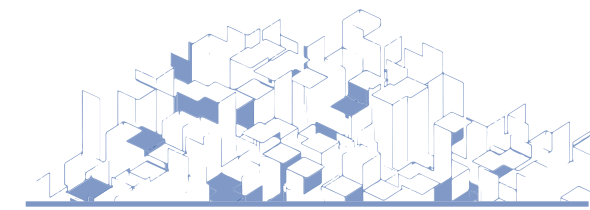
In early May, Puig, a Spanish cosmetics manufacturer, debuted on the Madrid stock exchange with what is anticipated to be Europe's largest IPO of the year. The majority of new issuances in May, totaling \$11.3bn, came from follow-on offerings and convertibles with \$10.0bn and \$0.3bn, respectively, while IPOs ^{a)} contributed a volume of \$1.0bn.

- The consumer products sector leads issuance activity with \$10.8bn in May, showing a year-over-year growth of approximately seven times. Additionally, the majority of significant European sectors experienced a year-over-year increase in issuance activity.
- Sunrise Medical, a global leader in mobility aids, plans a summer 2024 listing on the Frankfurt Stock Exchange, subject to market conditions. The company aims to raise €240m through a private placement to repay financial liabilities, while the Swedish financial investor Nordic Capital also plans to sell shares.
- On May 3, 2024, the Spanish cosmetics manufacturer Puig successfully launched its IPO on the Madrid stock exchange. The share opened at €25.5, surpassing the initial offering price of €24.5, which was at the higher end of the company's price range of €22.0 to €24.5. The IPO, boasting gross proceeds of €2.6bn, marked Spain's largest since 2015.
- The IPO pipeline in Europe for 2024 remains robust, featuring a diverse array of companies poised for public offerings. Key players include Flix, a prominent transportation firm, and ABB E-mobility, which could go public through a spin-off. Additionally, the financial sector shows strong representation with N26, a dynamic neobank; OLB, a well-established universal bank; and Sterling Bank, a significant player in the commercial banking arena.

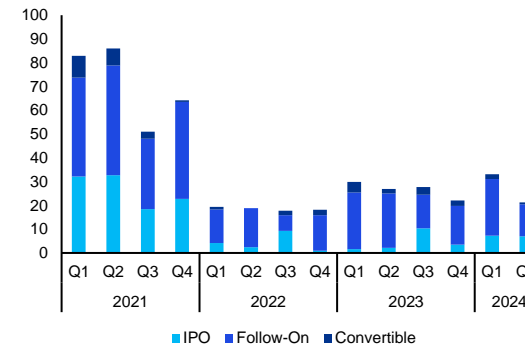
Note: a) IPO volume > \$150 million excluding Greenshoe
Source: Dealogic; IFR



© 2024 KPMG AG Wirtschaftsprüfungsgesellschaft, a corporation under German law and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

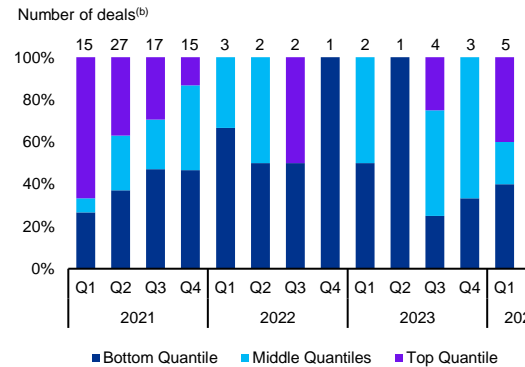


European equity issuance by type (in \$bn)



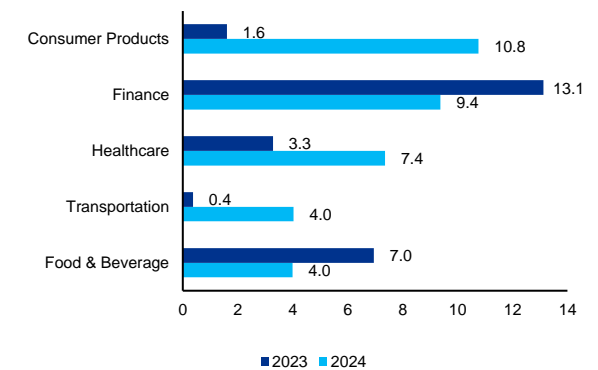
Source: Dealogic as of 03-June-24

IPO pricing performance (Pricing vs Book Building Range): European IPOs (>\$150m)



Note: (b) Number of deals excluding SPACs and fixed-price deals
Source: Dealogic as of 03-June-24

European top sectors YoY (in \$bn)



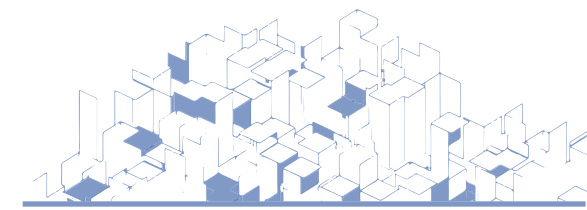
Source: Dealogic as of 03-June-24

IPO pipeline Europe (selection)

Issuer	Exchange	Sector	Comment
1KOMMAS*	Frankfurt	Utilities	Likely to go public in 2025
ABB E-mobility	Zurich	Industrials	ABB's electric vehicle charging unit spin-off possible in 2024
Sunrise Medical	Frankfurt	Healthcare	Potential summer 2024 listing envisaged.
Flix	Frankfurt	Transportation	German mobility provider; expected in 2024
lcade Sante	Paris	Healthcare	Postponed until market conditions improve
Innomotics	Frankfurt	Industrials	Parent company Siemens announced IPO considerations
N26	London	Finance	German digital bank expected to go public in 2024
Neptune Energy	London	Oil & Gas	Private equity-backed British oil firm still plans an IPO
OK Mobility	Madrid	Services	Spanish car rental company is preparing IPO with Rothschild
OLB	Frankfurt	Finance	IPO expected in Q2/Q3 2024
Plenitude	Milan	Energy	Eni seeks to reboot stalled Plenitude spin off flotation
PowerCo	Frankfurt	Industrials	IPO plans postponed due to cooling industry dynamics
Revolut	London	Finance	Most likely to go public in 2024
Starling Bank	London	Finance	Digital lender expected to go public in 2024
Stepstone	Frankfurt	Services	Postponed IPO plans.
Tendám	Madrid	Consumer Retail	IPO expected before Feb 2025
Virgin Atlantic	London	Airlines	Seeking to list, expected to benefit from recovery in travelling

Source: KPMG, Germany 2024; IFR

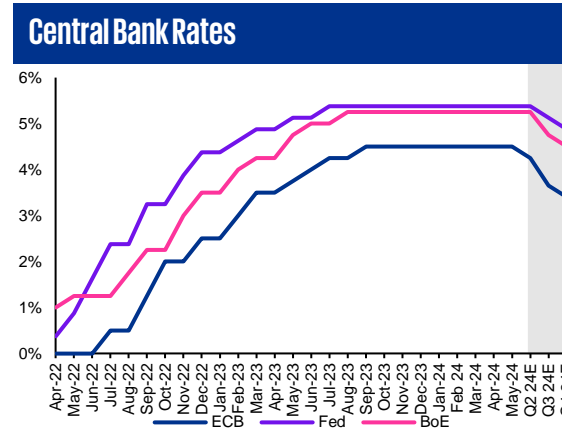
Macro environment and outlook



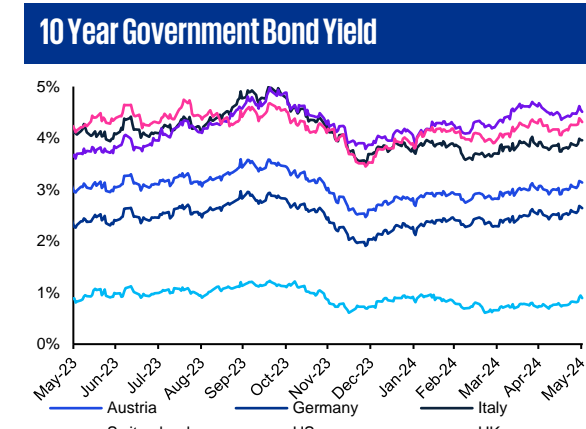
The contrast in rate cut anticipations between ECB, BoE, and Fed observed last month persisted throughout May. European central banks maintained their gradual approach towards rate cuts. Meanwhile, the Fed also predominantly leaned towards the hawkish side but emphasized the importance of patience.

The ECB is anticipated to implement a 25bps rate cut, lowering the main refinancing rate to 4.25% on June 7, amidst a persistent disinflationary trend in the euro area. May's headline CPI is anticipated to reach 2.6%, marking the eighth consecutive month below 3%, slightly exceeding the estimated 2.5%. The Fed leaned hawkish, urging patience for increased confidence in sustainable inflation towards the 2% target. However, several speakers, including Powell, noted the high threshold for further rate hikes.

- Despite recent indications of economic improvement and heightened consumer confidence in Germany, the anticipated recovery remains delicate. Overall, the German economy shows signs of progress, with the trade and construction sectors rebounding, yet achieving growth across all industries has proven challenging.
- Surveys indicated that German business sentiment remained stagnant in May, failing to meet expectations for improvement and indicating that the economic recovery in Germany this year will likely proceed at a sluggish pace. Despite this, the economy is poised to gather momentum, driven by robust wage growth stimulating a cautious rebound in private consumption. Additionally, the inventory cycle is anticipated to gradually shift towards a positive trajectory.



Source: Refinitiv as of 03-June-24 Estimated data



Source: Refinitiv as of 03-June-24

	2023	2024E	2025E
Austria	-0.7%	0.2%	1.6%
France	0.9%	0.8%	1.4%
Germany	-0.1%	0.2%	1.3%
Italy	0.7%	0.8%	1.1%
Switzerland	0.7%	1.2%	1.5%
United Kingdom	0.5%	0.5%	1.2%
United States	2.5%	2.4%	1.8%
China	5.2%	4.8%	4.3%
Japan	1.9%	0.6%	1.0%
Eurozone	0.5%	0.6%	1.4%

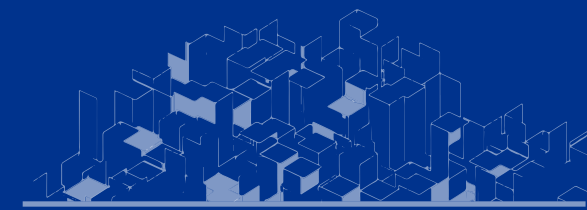
Source: FactSet as of 03-June-24

	2023	2024E	2025E
Austria	7.7%	3.4%	2.5%
France	5.7%	2.3%	2.0%
Germany	6.0%	2.5%	2.2%
Italy	5.9%	1.5%	2.0%
Switzerland	2.1%	1.5%	1.3%
United Kingdom	7.3%	2.6%	2.1%
United States	4.1%	3.1%	2.4%
China	0.2%	0.7%	1.7%
Japan	3.3%	2.3%	1.7%
Eurozone	5.4%	2.4%	2.1%

Source: FactSet as of 03-June-24

Note: a) GDP growth: Annual percentage growth rate of gross domestic products (GDP) at market prices based on constant local currency; CPI Inflation: Consumer Price Index (CPI) measures the year-over-year change in prices paid by consumers. The CPI is calculated as a weighted average of prices for a basket of goods and services representative of aggregate consumer spending; Central Bank Rates: The interest rate on the main refinancing.

ECM Advisory Team, DACH



Jens Voss

Partner, Head of Equity Capital Markets Advisory

T +49 69 9587 4147
M +49 175 226 8046
jensvoss@kpmg.com



Cord Kunze

Senior Manager

T +49 69 9587 4684
M +49 174 300 5536
cordkunze@kpmg.com



Sharon Schäfers

Senior Managerin

T +49 69 9587 6234
M +49 170 381 1993
sharonschaefers@kpmg.com



Amin Qazi

Manager

T +49 69 9587 2395
M +49 160 948 36734
aminqazi1@kpmg.com



Fabian Rönsdorf

T +49 69 9587 1840
M +49 151 185 15559
froensdorf@kpmg.com



Giro Knoll

T +49 69 9587 1310
M +49 151 261 41873
ciroknoll@kpmg.com



Alexander Bonnes

T +49 69 9587 3933
M +49 151 724 10215
alexanderbonnes@kpmg.com



Dylan Wildenhof

T +49 69 9587 2990
M +49 174 396 8182
dwildenhof@kpmg.com



Philip Evermann

T +49 69 9587 0
M +49 151 414 06208
pevermann@kpmg.com



Your KPMG Contacts

Legal notice:

Author:

Jens Voss

Partner, Head of ECM Advisory DACH

T +49 69 9587 4147

jensvoss@kpmg.com

Publisher:

KPMG AG Wirtschaftsprüfungsgesellschaft

THE SQUAIRE / Am Flughafen

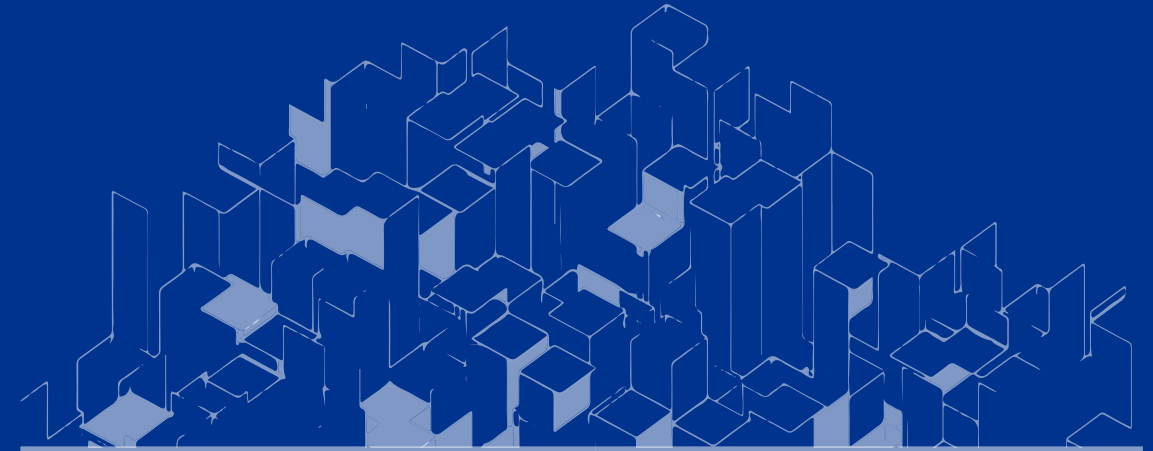
60549 Frankfurt am Main

Germany



kpmg.de/socialmedia

kpmg.de



The information contained is of a general nature and is not intended to address the specific situation of any individual or entity. Although we endeavor to provide reliable and up-to-date information, we cannot guarantee that this information is as accurate as it was at the time it was received or that it will be as accurate in the future. No one should act on this information without appropriate professional advice and a thorough analysis of the situation in question.

© 2024 KPMG AG Wirtschaftsprüfungsgesellschaft, a corporation under German law and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

Document Classification: KPMG Public