

CMU KPI Report and Pre-IPO Risk Capital



Wednesday 13 March 2019
Berlin

Association for Financial Markets in Europe
www.afme.eu



CMU: Measuring progress and planning for success

- Third anniversary of CMU: timely opportunity to review the progress on achieving the CMU's vital aims
- Produced by AFME with the support of nine trade associations and international organisations representing various Global and European capital markets stakeholders

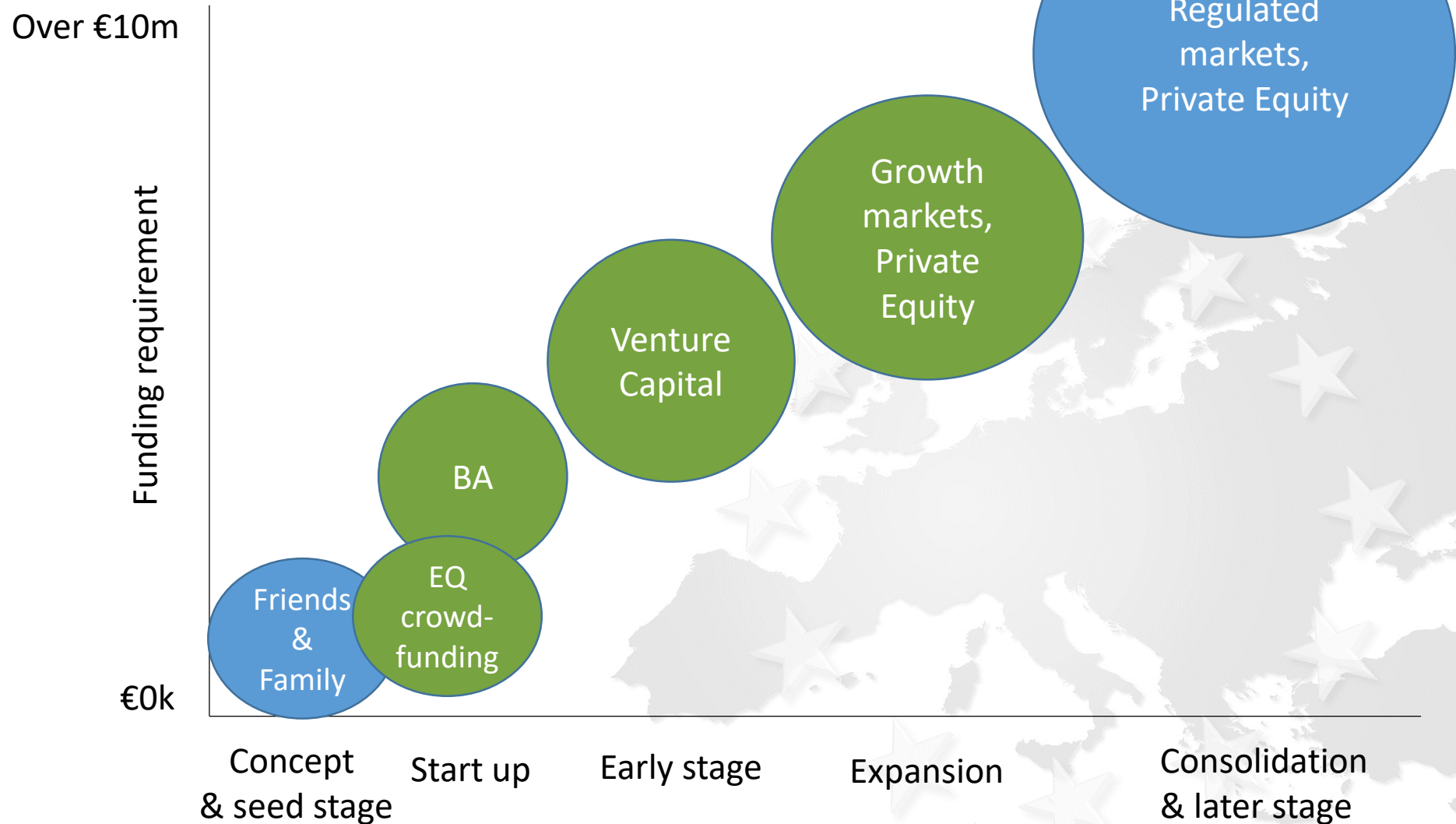


Seven Key Performance Indicators

- Seven KPIs to assess progress at the EU and Member State level across the seven political priorities of the CMU Action Plan

KPI	What it measures
Market Finance	How easy it is for companies to raise capital on public markets
Household Market Investment	To what extent retail investment is being fostered
Loan Transfer	Capacity to transform bank loans into capital markets instruments (securitisation, covered bonds or loan transactions)
Sustainable Finance	Labelling of sustainable bond markets
Pre-IPO Risk Capital	How well start-ups and non-listed companies can access finance for innovation
Cross-border Finance	Capital markets integration within the EU and the rest of the world
Market Depth	Measuring the capacity of EU capital markets

Equity finance gaps

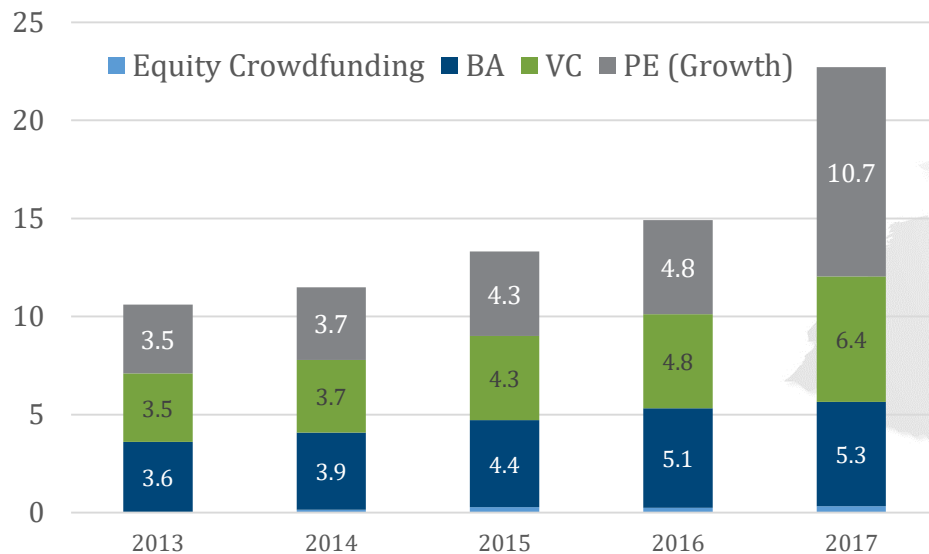


Pre-IPO Risk Capital indicator:

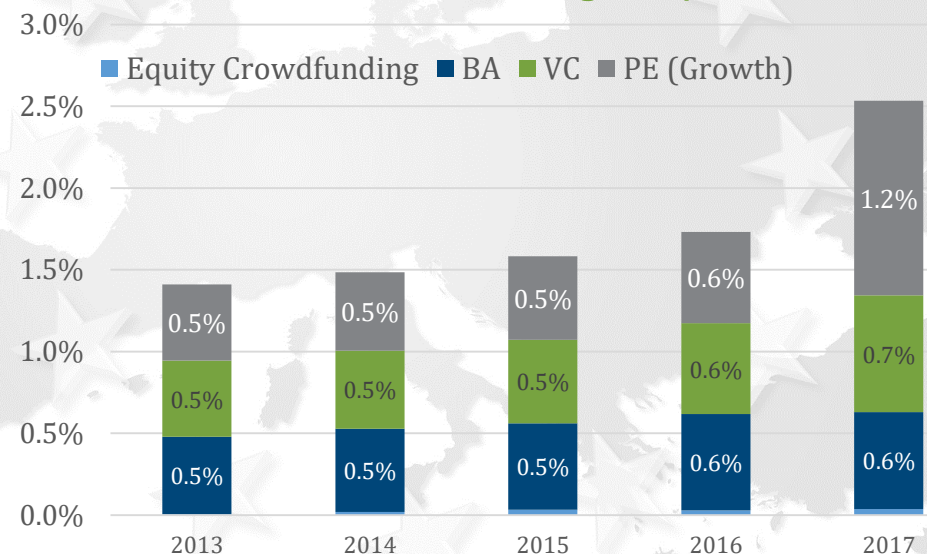
Increase in annual risk capital investment for SMEs

- Measures availability of risk capital finance for non-listed companies
- Indicator defined as annual investment through **equity crowdfunding, business angels, and private equity growth funds and venture capital funds** as % of loan and risk capital investment to SMEs
- Recent increase in the amount of risk capital, from EUR 10.6bn in 2013 to EUR 22.7bn in 2017

Pre-IPO risk capital investment (EU, €bn)



Pre-IPO risk capital indicator (EU, risk capital as % of total SME annual financing flow)

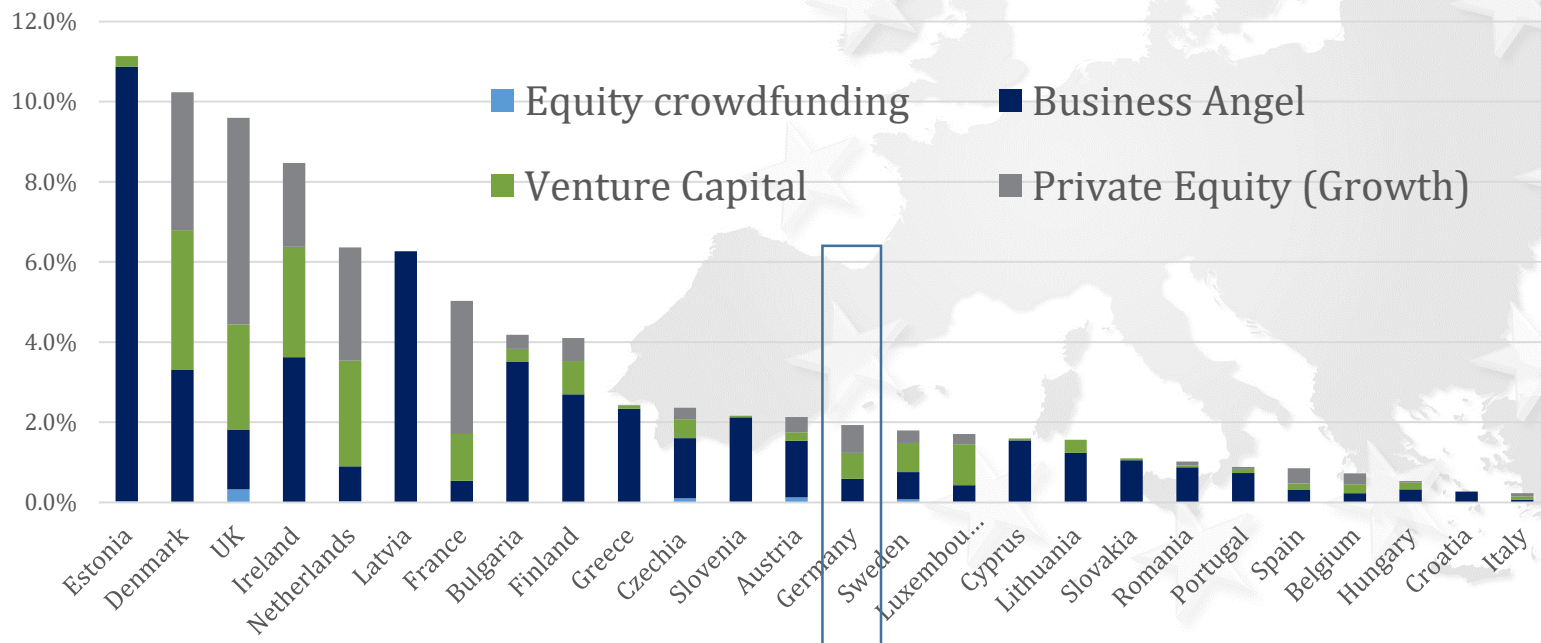


Pre-IPO Risk Capital indicator:

Increase in annual risk capital investment for SMEs

- Estonia, Denmark and the UK lead by availability of risk capital for SMEs. Germany ranks 14th among the EU28 countries
- Estonia, UK, NL and DK also among the countries that have improved the most in availability of pre-IPO risk capital since 2014
- Relevance of diversification of sources. Challenge of tracking BA activity

Pre-IPO risk capital index: 2017 (venture capital, growth private equity, business angel and equity crowdfunding as % of risk capital and bank lending)

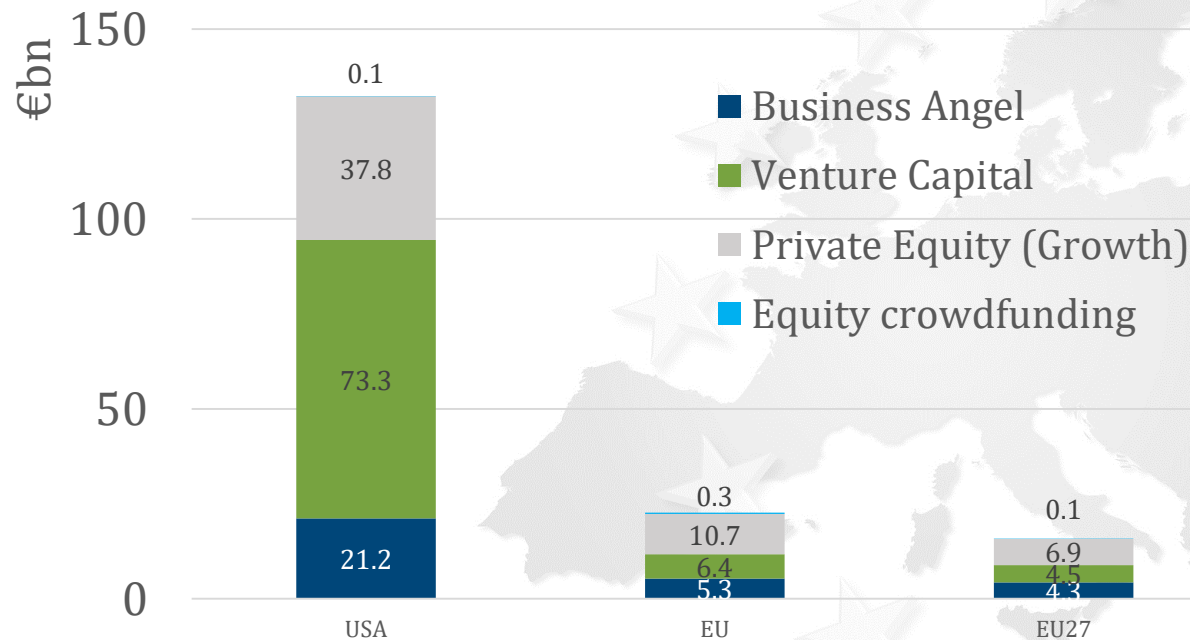


Pre-IPO Risk Capital indicator:

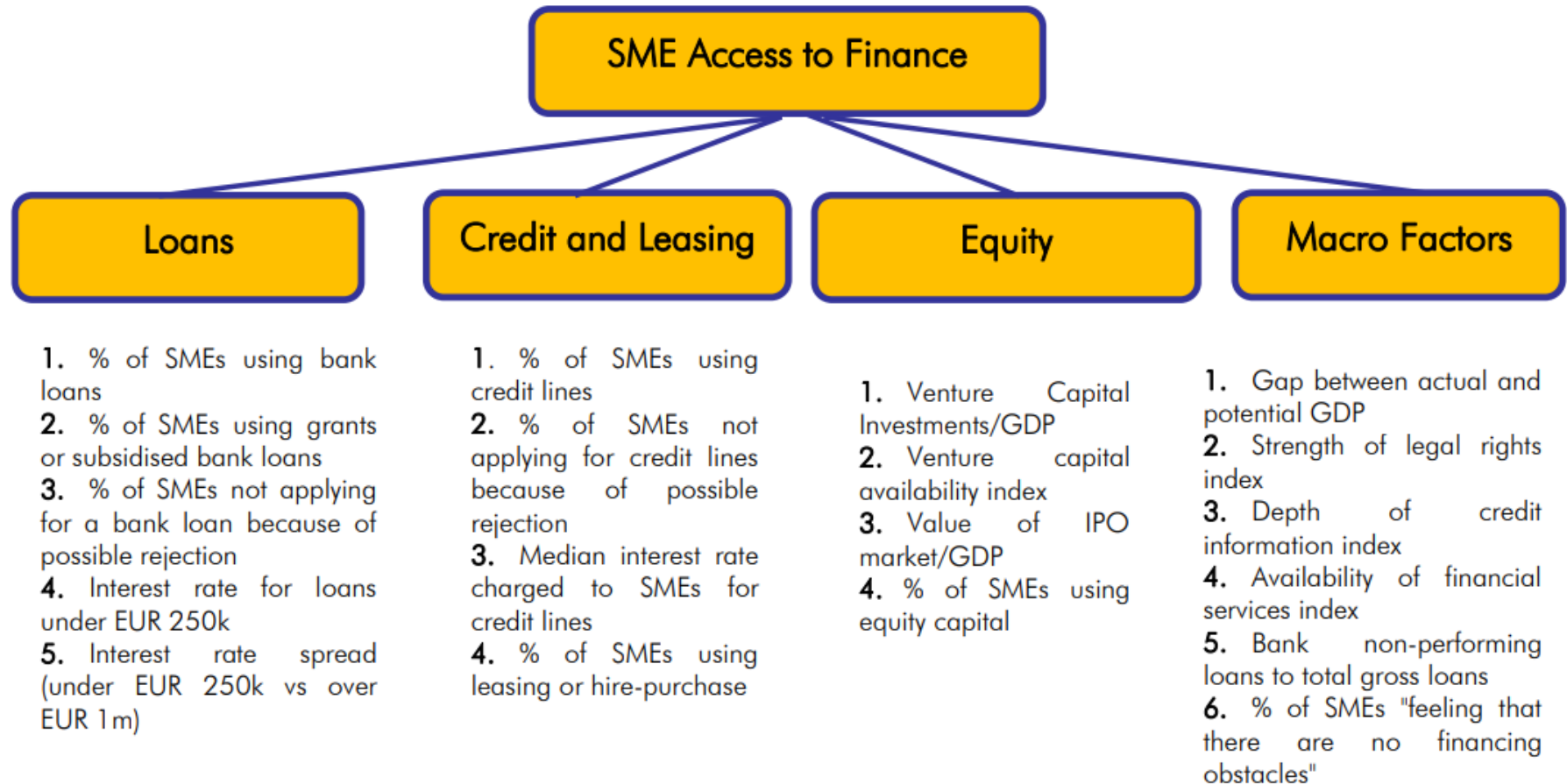
Increase in annual risk capital investment for SMEs

- The absolute amount of risk capital in Europe, however, is still significantly below that of the US. €22.7bn in the EU and €132.4bn in the US.

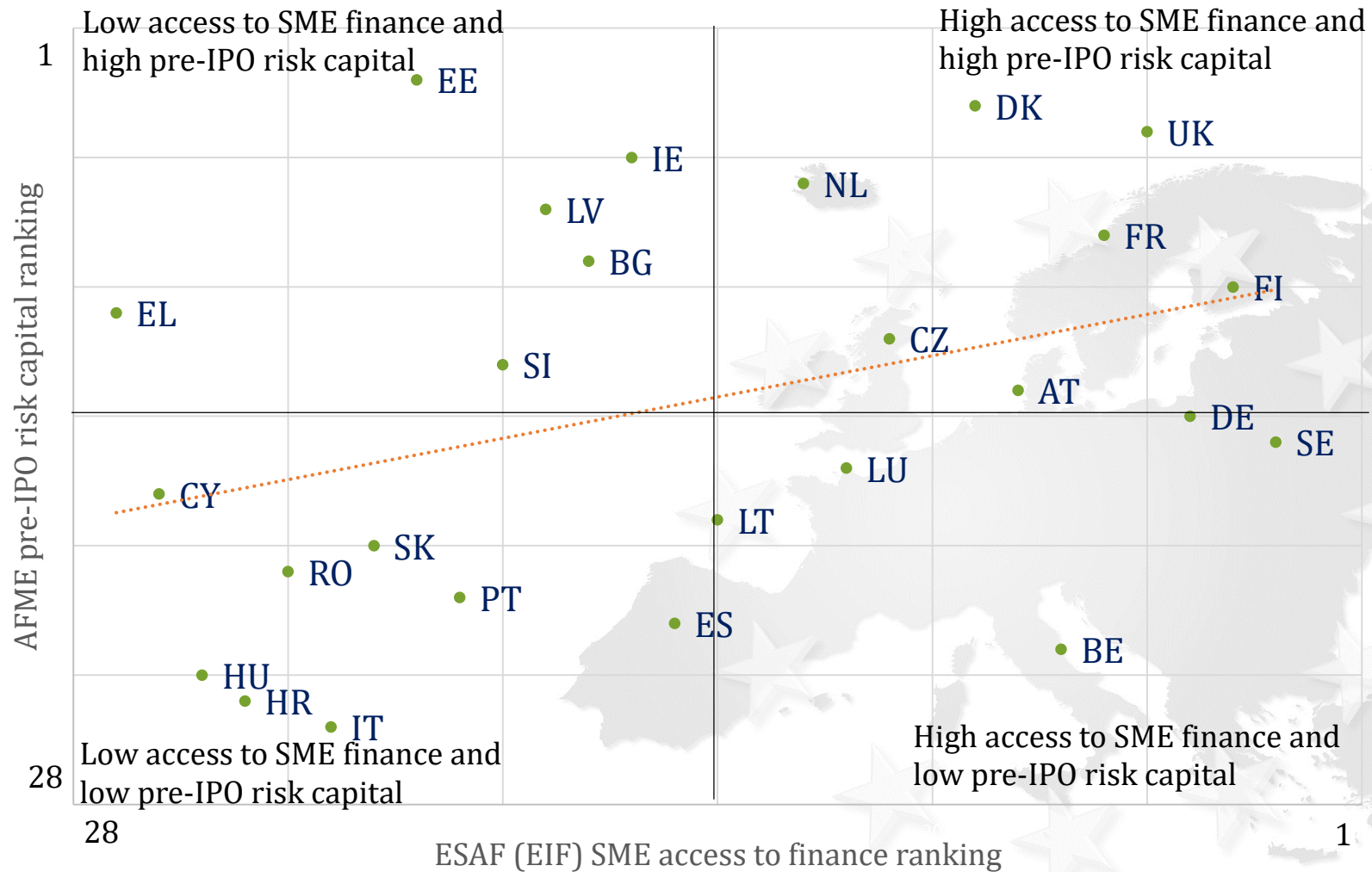
Pre-IPO risk capital investment in the US and Europe by asset classes: 2017



The SME finance ecosystem: wider than pre-IPO equity capital

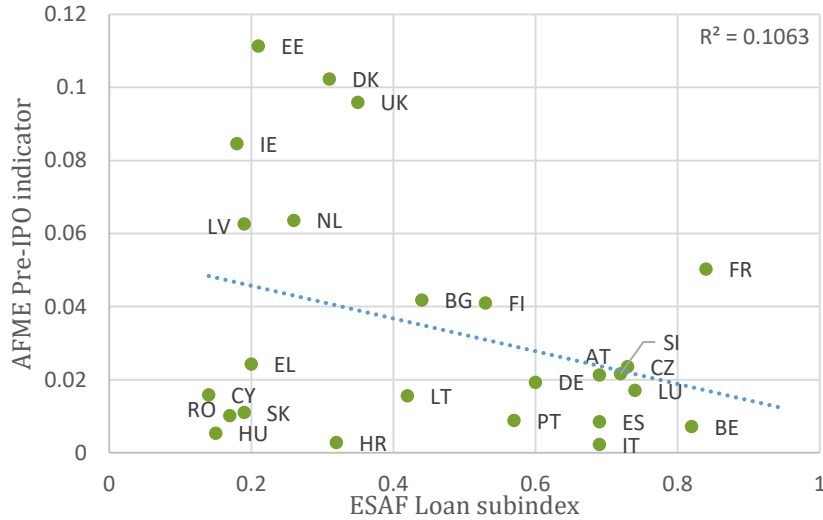


SME access to finance and Pre-IPO finance gaps

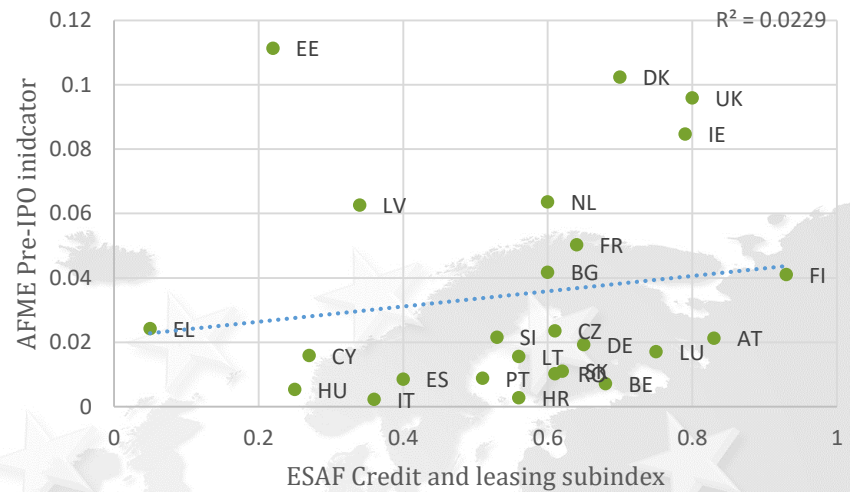


Strong correlation between equity EIF finance subindex and Pre-IPO indicator

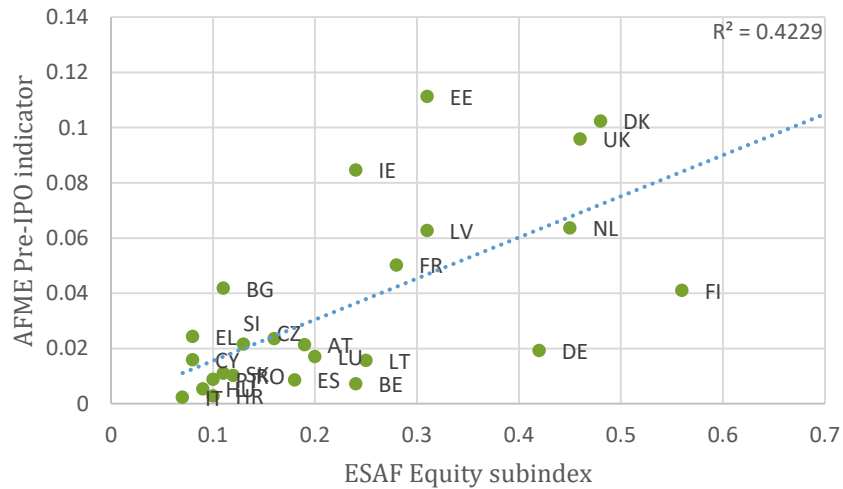
Pre-IPO indicator and ESAF loan subindex



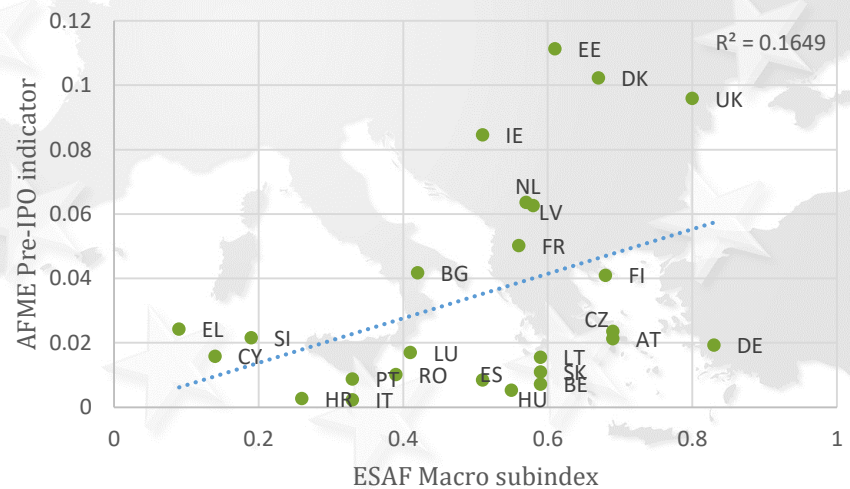
Pre-IPO indicator and ESAF credit & lease subindex



Pre-IPO indicator and ESAF Equity subindex

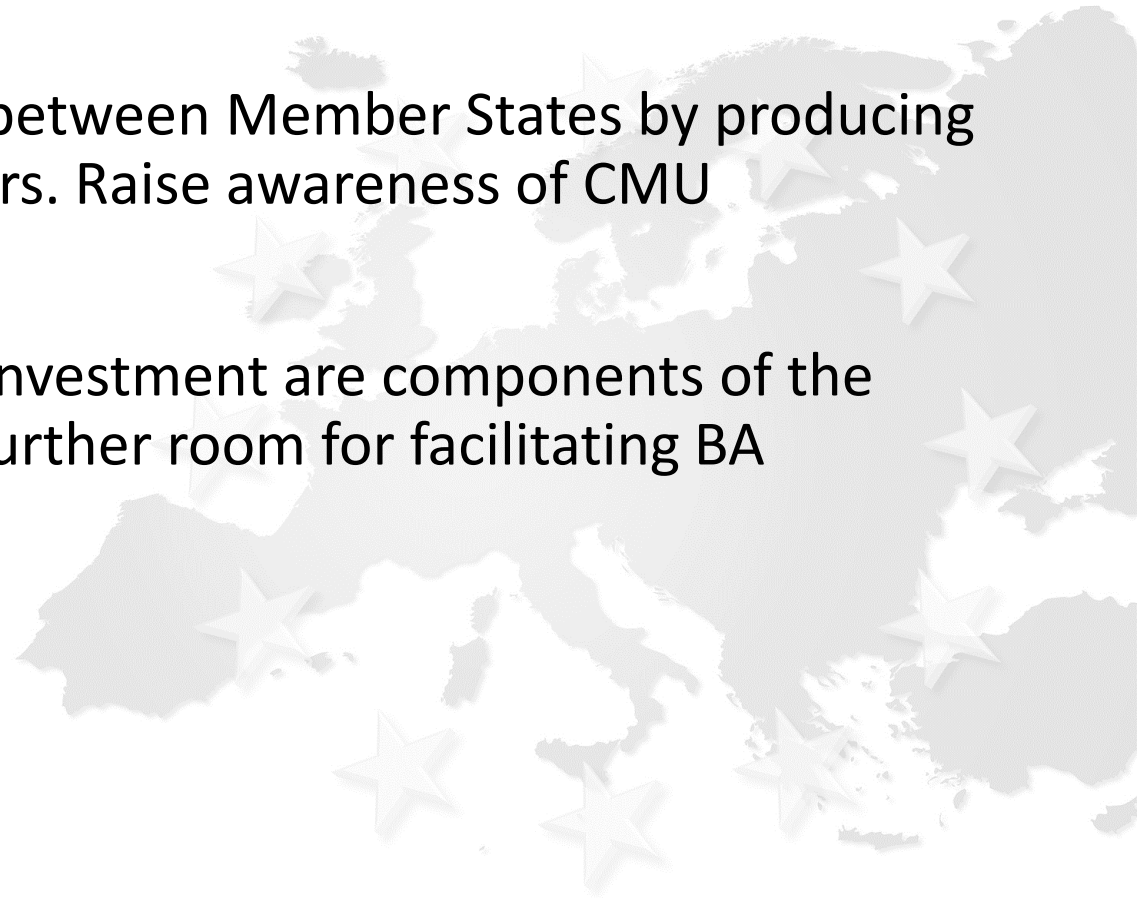


Pre-IPO indicator and ESAF Macro subindex



Conclusions

- SME indicators and quantitative analysis help identify where the funding gaps are at the EU and Member State level.
- Pro-competitive effects between Member States by producing country-specific indicators. Raise awareness of CMU
- Pre-IPO finance and BA investment are components of the wider SME ecosystem. Further room for facilitating BA investment



Country rankings

- Country rankings to facilitate comparison against peers and recent years (Appendix 1 in the report)

	Market Finance Indicator	Household Market Investment	Loan Transfer Indicator	Sustainable Finance	Risk Capital Indicator	Intra-EU Integration (EU)	Integration with the rest of the world	Market depth indicator
Austria	17	11	17	9	13	7	14	11
Belgium	18	5	8	28	23	5	5	6
Bulgaria	28	24	19	28	8	12	21	24
Croatia	20	16	28	28	25	28	27	27
Cyprus	28	18	28	28	17	22	3	28
Czech Republic	12	19	9	28	11	14	24	15
Denmark	13	3	1	10	2	16	8	3
Estonia	22	28	28	28	1	3	26	18
Finland	5	13	14	7	9	6	12	8
France	4	6	16	3	7	19	11	5
Germany	9	8	16	6	14	23	9	18
Greece	3	26	4	28	18	26	15	16
Hungary	21	17	11	28	24	11	17	22
Ireland	2	12	5	28	4	9	10	7
Italy	10	7	7	11	26	15	16	13
Latvia	23	25	28	8	6	4	25	25
Lithuania	16	27	28	1	18	16	22	23
Luxembourg	19	14	29	28	16	1	2	9
Malta	28	9	28	28	na	18	7	17
Netherlands	6	1	13	2	5	8	4	2
Poland	15	21	18	13	na	27	20	21
Portugal	11	15	6	28	21	28	18	14
Romania	8	28	21	28	28	24	23	28
Slovakia	28	20	15	28	19	17	28	26
Slovenia	28	22	28	14	12	25	19	19
Spain	14	18	2	5	22	21	13	12
Sweden	7	4	3	6	15	13	6	4
UE	1	2	14	12	3	2	1	1

■ Top 5 countries
■ Ranked 6-19
■ Ranked 20-28
■ na data not available to produce the indicator



The Association for Financial Markets in Europe advocates stable, competitive and sustainable European financial markets that support economic growth and benefit society.

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