



EFFAS SUMMER SCHOOL 2023. Lisbon

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SME equity and credit markets in Europe

“SME equity markets in Europe”

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**The European
Federation of
Financial Analyst
Societies**

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Capital Markets Union

Structure of european equity markets by market capitalization

	SME €0.2bn		SME €0.2- €0.5bn		SME €0.5- €1.0bn		> €1.0bn < € 20bn		> € 20bn	TOTAL # listed
Austria	41		11		6		30		0	88
Belgium	145		20		15		42		2	224
France	607		72		54		152		34	919
Germany	587		81		62		150		35	915
Italy	306		54		28		69		6	463
Spain	209		25		24		62		10	330
Sweden	1.112		92		66		100		9	1.379
Other										
EU TOTAL	5.624		562		376		866		133	7.628

Source: OXERA Report, Nov. 2020, page 15, ESMA FITRS and FIRDS systems

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Structure of European Equity Markets / Key Findings

- 74% of listed companies are having a market cap less than €200m
- 81% of listed companies are having a market cap less than € 500m
- 86% of listed companies are having a market cap less than € 1,000m
- Sweden is having a competitive edge in nano and micro caps
- Germany and France have a bigger footprint in blue chips (>€20bn)
- Companies with a market cap less than € 1bn are usually not interesting and not investable for international investors



Our Focus
SMEs

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Structure of European Equity Markets by Market Capitalization

	SME €0.2bn		SME €0.2- €0.5bn		SME €0.5- €1.0bn		> €1.0bn < € 20bn		> € 20bn	TOTAL # listed
EU TOTAL #	5.624		562		376		866		133	7,628
Average Market Cap. *	€50m		350m		€750m		€5bn		€50bn	
Market Cap total*	€281,1bn		€196.7bn		€282bn		€4,330bn		€6.650bn	11,740bn
Market Cap in %	2,3%		1,6%		2,4%		36,8%		56,6%	100%
Number of companies	75%		7%		5%		11%		2%	100%

Source: OXERA Report, Nov. 2020, page 15, ESMA FITRS and FIRDS systems

*Assumption Market Cap EFFAS Capital Markets Commission, June 2023

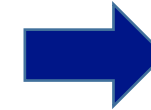
Red: does not function / low liquidity / limited investor demand

Green: does function / high liquidity / high investor demand

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Structure of European SME equity markets / key findings

- 74% of listed companies account for approx 2.3% of total market cap in the EU
- 81% of listed companies account for approx. 3.9% of total market cap in the EU
- 87% of listed companies account for approx 6.3% of total market cap in the EU



Our focus
SMEs
6.3% of market cap in Europe
87% of companies

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Structure of European SME equity markets / key findings

Insufficient market liquidity

- No International investment flows
- No ETF investments
- SME markets remain local markets
- Insufficient research coverage

Overregulation

- Full size ESG data set requested (CSDR)
- Insufficient ESG Data available
- Suffer from overall regulation within the asset management industry
 - Bigger ticket size



SME with
market cap of
up to €1bn.



No proper
investment
ecosystem

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Potential Solutions

Suspension of withholding tax for SMEs

- Suspension of taxing dividends
- Suspension of capital gains taxes on SMEs

PIR Programm (Italy)

- Programm for equity based pension scheme with special emphasis on SME investments (equity and debt)