EFFAS SUMMER SCHOOL 2023. Lisbon
6th & 7th of July.

SME equity and credit markets in Europe

‘’SME equity markets in Europe”

KEYNOTE – Thorsten Müller,
Chair DVFA and MP of Lighthouse Corportate Finance GmbH

The European Federation of Financial Analyst Societies

Sophienstraße 44,

60487 Frankfurt am Main

office@effas.com

www.effas.com

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

Capital Markets Union

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 ist having a competitive edge in nano and micro caps
- Germany and France have a bigger footstep 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

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
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
*Asumption Market Cap EFFAS Capital Markets Commission, June 2023

Red: does not function / low liiquidity / limited investor demand
Green: does function / high liquidity / high investor demand

Capital Markets Union

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

Capital Markets Union

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

→ SME with market cap of up to €1bn.

Overregulation

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

→ No proper investment ecosystem

Capital Markets Union

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)