

IJGlobal Regional Report – Europe, FY 2023

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Infrastructure finance across Europe dipped by 6.2% over the course of the 2023 calendar year, marking a slight drop against performance achieved in full-year 2022, according to the IJGlobal database.

Meanwhile, deal count has remained fairly consistent over that period, commercial lending is down, the capital markets have been more active, DFI lending has shot up, primary financing is up and refinancing down, while M&A fell by almost one-third.

From 1 January to 31 December 2023, a total of \$542.2 billion of infrastructure finance transactions closed across Europe, down 6.2% on activity levels in FY 2022 when \$578 billion was achieved, worse when held against 2021 when \$591.3 billion made it over the line. However, infra finance stats were bolstered by project finance which marked a 20% increase from \$166.5 billion in FY 2022 to \$199.9 billion in the last calendar year.

For clarity, “infrastructure finance” is a catch-all category from the IJGlobal database that is designed to incorporate all private investment into infrastructure and energy, including primary finance, refinance and restructuring. It takes in all project finance, broader debt vehicles as well as all equity invested or lent across the global infra / energy sectors.

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The number of transactions closing has remained fairly steady over the last 3 years with 1,504 deals closing in 2023 against a total of 1,461 in 2022, and 1,400 from 2021.

Commercial lending marked a sharp decline of 15.5% from \$271.4 billion in 2022 against \$229.3 billion arranged last year. However, capital markets rose by an impressive 30.6% from \$106 billion of bonds written in 2022 against \$138.5 billion in 2023.

Development finance institution (DFI) involvement in the financing of infrastructure and energy across Europe – never a very active sector in this region – shot up by 35.6% from \$17.3 billion in 2022 to \$23.5 billion in the last calendar year.

In a positive development for the European greenfield sector, primary finance deals in FY 2023 logged a 37% increase from \$69.9 billion in 2022 to \$95.8 billion in 2023. However, refinancing activity was down by 15.4% with \$117.7 billion closed in 2023 against \$139.1 billion in 2022.

European M&A activity witnessed a 30% drop from \$185.7 billion of business closed in 2022 to just \$130 billion in 2023. Drilling down into the European M&A results, this trend is matched by deal flow with 630 closes in 2023, compared to 784 in 2022. Company acquisitions represent \$107.1 billion of the M&A mix, while asset acquisitions amounted to \$22.9



billion in 2023.

Looking across the European sectors, Renewable Energy and Telecoms were the most active in 2023, recording \$117.6 billion and \$117.2 billion in infra values, respectively.

The capital markets overall performed well, but specialist bonds were less active in 2023. The European commercial bonds market in infra / energy in the last full year amounted to \$79.5 billion, an impressive increase of 52% on 2022 when \$52.3 billion was written. Green Bonds showed a downward trend with \$45 billion in 2023 against \$51.8 billion the year before. It was a similar story for sustainability-linked bonds which achieved \$13.7 billion in 2023, against \$16.2 billion in 2022.

The European public-private partnership (PPP) sector continues to under-perform, this year logging a 39% drop by deal value with financial close on \$6.5 billion in 2023, compared to \$10.7 billion in 2022. This is matched by deal flow with 21 PPPs closing in 2023 compared to 50 in 2022 and 66 in 2021.

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