



IRTOPCONSULTING

OSSERVATORIO AIM ITALIA

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*IR Top, Equity Capital Markets and
IPO strategies*



OSSERVATORIO AIM ITALIA (AIM ITALIA RESEARCH CENTRE)	2
INTRODUCTION (edited by Anna Lambiase)	4
INDIVIDUAL SAVING PLANS (PIR): NEWS INTRODUCED BY THE 2019 BUDGET LAW (Contribution of On. Giulio Centemero, Capogruppo Comm. Finanze, Camera dei Deputati)	5
EXECUTIVE SUMMARY	8
AIM ITALIA MARKET OVERVIEW	10
FY 2018 FINANCIAL RESULTS	16
THE DIGITAL COMPANIES ON AIM ITALIA	19
THE GREEN COMPANIES ON AIM ITALIA	20
THE INDUSTRIAL COMPANIES ON AIM ITALIA	21
COMPANIES TRANSFERRED FROM AIM ITALIA TO THE MAIN MARKET (MTA)	22
THE SPECIAL PURPOSE ACQUISITION COMPANIES (S.P.A.C.s)	23
2018-2019 M&A	26
THE INSTITUTIONAL INVESTORS	27
IR Top-CONSOB SURVEY: «GOVERNANCE AND TRANSPARENCY IN SMALL CAP FIRMS, COMPARISON BETWEEN MTA AND AIM	31
INNOVATIVE SMEs ON AIM ITALIA	36
LIQUIDITY OF THE AIM ITALIA MARKET	37
TAX CREDIT FOR IPOs COSTS	39
PMI CAPITAL DIGITAL PLATFORM "SME GROWTH MARKET"	41
TRANSPARENCY AND DISCLOSURE PRACTICES	43
2018 DIVIDENDS	45
ANALYST COVERAGE	46
BOND LOANS	47
CORPORATE GOVERNANCE	50
ESG DISCLOSURE	55
THE AIM COMPANIES – SUMMARY SHEETS	62
BENEFITS OF LISTING ON AIM ITALIA	295
POTENTIAL FACTORS OF SUCCESS	296
PMI CAPITAL	297
AIMNEWS.IT	299
ABOUT IR TOP CONSULTING	300
IPO ADVISORY	301
EQUITY RESEARCH	302

Osservatorio AIM Italia and Scientific Committee

The Osservatorio AIM Italia by IR Top was born in 2014 to become the reference point for the AIM Italia stock market. It is the Research Centre specialized in statistics development regarding SME's IPO, with a vertical know-how and a deep financial, legislative and investors knowledge. In particular, the Osservatorio AIM Italia by IR Top.

- created the first database for the collection of AIM Italia data in order to monitor the SMEs stock market;
- is the research, processing and analysis centre of the listed companies (financial results and performance);
- is the reference point for the listing of SMEs and for the investors for which it provides sector analysis and market valuation benchmarks to enhance the ECM valuation;
- reduces the equity gap, spreading the IPO culture to Companies;
- encourages the financial culture through debates on the stock market issues for SMEs and market trends;
- contributes to the identification of best practices in terms of financial information for the proper and effective representation of the Equity Story on the market. It also collects opinions, suggestions and stimuli for the development of AIM Italia in the Italian and international financial community, creating a network of constructive relations among SMEs, Institutions, Nomad, Media and Financial Market.

The Osservatorio cooperated to define the Tax Credit for listing process of SMEs, contained in the 2018 Budget Law, entered into force with the Decreto Attuativo of 19 June 2018. The Osservatorio works with the IR Top Research division for the independent analysis (Equity Research) of AIM firms regarding the IPO's feasibility study on AIM Italia.

Osservatorio AIM Italia and Scientific Committee

The Scientific Committee of the AIM Observatory was established in 2019, composed of a team of experts in complementary areas on the capital market.

Through the suggestion of possible improvements, it has proactive aims compared to the main players (listed companies, investors, financial institutions) for the positive evolution of the market and to promote development and efficiency of AIM in support of SME growth.

The Scientific Committee aims to be an important working group that aims to share proposals, discuss strategic lines and action plans to promote the development and efficiency of AIM Italia, SME Growth Market, to support the growth of Italian SMEs .

The key role of listed SMEs in the national economy commits specialized operators to take into account the strengths of the market and raise awareness among all the actors involved, each in their own specialization and role, in providing a positive and constructive contribution aimed at enhancing it.

The Scientific Committee of the Osservatorio AIM Italia is composed of:

Anna Lambiase - **IR TOP Consulting**

Luca Tavano - **Borsa Italiana**

Giulio Centemero - **Capogruppo Lega Commissione FINANZE**

Paolo Maggini - **CONSOB (*)**

Francesco Carpano - **CDP, Cassa Depositi e Prestiti**

Francesca Brunori - **Confindustria**

Paola Castiglioni - **ODCEC Busto Arsizio**

Marcello Bianchi - **ASSONIME**

(*) in their personal capacity

Introduction

AIM Italia, SMEs Growth Market of Borsa Italiana, is the stock market that best meets the financing needs of Italian SMEs. The AIM market has more than tripled in terms of companies, going from 36 in 2014 to 114 at the beginning of June, with an average size in terms of capitalization more than doubled in the last 5 years, consolidating its role as a reference market to accelerate growth SMEs and increase their competitiveness.

For the stock market dedicated to the growth of SMEs, 2018 represented the record year that marked the highest number of quotations and capital collected since its creation, strengthening its strategic role of financial support for the development path of the company and for the internationalization, also thanks to the opportunities of the tax credit on IPO costs for the three-year period 2018-20.

The tax incentives on listing costs for SMEs, formalized by the Implementing Decree of 19 June 2018, represent a driving force for the growth of IPOs on AIM, which last year saw 26 new listings, of which 19 were companies and 7 were SPACs, for a total of 1.32 billion euros collected.

A further innovative and incentive element, which is complementary to the PIR and the tax benefit of IPO costs, is the ELTIF Funds. This tool could open the door for the retail investor to an asset class mainly dealt by institutional investors. ELTIFs can be accessed either through direct purchase or through mutual funds, as they can benefit in both cases from the additional tax bonus that distinguishes these investment vehicles.

AIM Italia, 10 years after its birth, confirms itself as a privileged financing channel for companies that want to grow and internationalize. At the same time, the increase in the number of institutional investors is a signal of confidence in the world of Italian SMEs that has shown great opportunities.

The mission that has defined IR Top Consulting since its foundation is to help SMEs in the capital research for growth through listing. In light of the favorable context conditions, the listing process on AIM Italia is today the most effective financial instrument for raising equity capital in order to support all companies that want to develop in Italy and abroad and expand their market share by investing in innovation and technology.

Anna Lambiase, Founding Partner - IR Top Consulting



Executive Summary

AIM Italia is the Borsa Italiana listing market dedicated to **SMEs with high growth potential** and it allow the admission to equity markets with simplified listing process.

AIM Italia accounts for almost one third of the companies listed on Borsa Italiana. As at June 3th, 2019, **114 companies were listed** on the market (of which 7 IPOs from the beginning of 2019 and 26 in the entire 2018), 2018 **revenues** totaled **Eur 5.6 billion**, with a **market capitalization of Eur 7.1 billion** and a total of **Eur 3,7 billion raised from IPOs (equity)** from 2009, of which Eur 51 million in the first 6 months of 2019. Eur 4.4 billion including capital raised through secondary market. 157 companies, including 24 SPACs have chosen to be listed in 10 years on AIM Italia.

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The industrial companies, with 7 IPOs and 4 business combinations between 2019 and 2018, represent 17% both in terms of number and capitalization. Digital and Green companies, with business model crossing different sectors, are the most representative by number (25% and 21% respectively), while they represent 20% and 25% of the market by capitalization.

The most present regions on AIM Italia are: Lombardy (48% of companies), Emilia Romagna (13%), Lazio (11%), and Veneto (8%). Other key regions are: Tuscany, Piedmont, Marche and Umbria. Also 3 foreign companies are listed, accounting for 4% of the total.

The listed company has the following average figures:

- ✓ Eur 47 million revenues in 2018;
- ✓ 2018 EBITDA margin of 13,2%;
- ✓ capitalization of Eur 36 million (net of SPAC, Business Combination, companies with Cap> 1bn Eu);
- ✓ 22% free float of IPO (excluding SPAC and Business Combination);
- ✓ capital raised of Eur 7.4 million (excluding SPAC and Business Combination).

The distribution of companies by **capitalization** highlights that 2% of companies report values greater than Eur 250 million: the largest is Bio-On (Eur 1.022 million), followed by Antares Vision (Eur 631 million) and Comer Industries (Eur 248 million). 38% of companies have a capitalization lower than Eur 20 million, while 10% have a capitalization between 20 and 30 million euros.

A breakdown of **capital raised** indicates that 46% of 114 companies attracted capital for less than Eur 5 million; 21% for an amount in between Eur 5 and 10 million; 6% between Eur 10 and 15 million; 27% for more than Eur 15 million. 46% of companies have a **free float** lower than 20%; 24% between 20% and 30%; 12% between 30% and 50%; 18% have a free float greater than 50%. The structure of the IPO operation is as follows: 93% as New Share Issues and 7% as Non- Dilutive Offerings. In 2019 further Eur 24 million were collected on the **secondary market** (of which Eur 15 million from capital increases and warrants exercise and Eur 9 million from bond underwriting). In 2018 the secondary fundraising amounted to Eur 258 million (Eur 158 million from capital increases and Eur 100 million from bond underwriting). From 2012 until today the capital collected through secondary fundraising are in the number of Eur 781 million.

Executive Summary

The financial results for 2018 show a growing trend: revenues increased on average by 30%, while the EBITDA registered an average growth of 35%. 84% of companies scored revenues growth: of these, 8% reported a growth in revenues between 50% and 100%, while 9% larger than 100%. As far as the distribution of 2018 revenues is concerned, 12% of companies reported revenues lower than 5 million, while 10% reported between Eur 5 million and 10 million in revenues. Companies listed on AIM Italia employ around 18,000 workers (192 average, 85 median), an increasing figure with respect to 2017 data (+22%).

The Dividend Policy adopted by the market strengthened further in 2017: 36 companies distributed dividends (+20% vs 2018), for a total of 69,6 million euros (+15% vs 2018), with an average of Eur 1.9 million. The gross average dividend amounted to Eur 0.21 per share and the average pay-out ratio to 48%. The average dividend yield was 2.7%.

132 institutional investors, 31 Italian (23%) and 101 international (77%), hold investments in AIM Italia listed companies; as compared to July 2018, the number of investors increased (+29% from 102 investors). Institutional investors hold a total investment of Eur 814 million (12% of market cap). The average total investment value was 6.2 million euros, with a median of 0.8 million euros.

The total number of investments held is 852 (6,5 on average, 1 in median). The median value of the single investment is Eur 0.29 million. 25% of investments is held in companies with a capitalization lying between 61 and 100 million Euro, while 24% in companies with a capitalization lying in the 31-60 million Euro range. Bio-On is the company that counted on the largest number of Institutional Investors (35).

Mediolanum Gestione Fondi SGR is the most active institutional investor with Eur 75 million invested in around 53 different positions. The positions refer to "Mediolanum Flessibile Sviluppo Italia", "Mediolanum Flessibile Futuro Italia" and "Mediolanum Challenge Italian Equity" Funds.

After the PIR's introduction in 2017 in terms of liquidity on AIM Italia, there was a significant increase in the average daily turnover exchanged on AIM Italia, with a value of 120 thousand euros (+ 407%, 5.1 times compared to 24 thousand euros in 2016). In 2018 the CMG stood at 96 thousand euros (4.1 times compared to 2016). From 1 January to June 3, 2019 the CMG is equal to Euro 104 thousand. In 2018 the Total Counter value (CT) traded on AIM Italia amounted to around Euro 2.45 billion, equal to 1.2 times the CT of 2017 (2.0 billion euro) and 8.3 times the value of 2016 (295million). From January 1 to June 3, 2019, the CT amounted to € 1.1 billion (+ 17% compared to € 895 million in the semester 2018).

Between 2018 and the first 6 months of 2019, 62 companies (54%) did at least 1 **extraordinary operation** for a total amount of 151 operations (108 in 2018 and 43 in 2019). Overall Eur 339 million were moved (Eur 130 million in the first 6 months of 2019), the average value of transactions in 2018 is equal to Eur 5.5 million (0.9 in 2019). 67% of operation amounts to Acquisition, 13% to Transfer and 9% to Merger.

AIM Italia Market Overview



Tab. 1 - Size of the AIM Italia market

N. of Companies	114
Market Cap (€billions)	7.1
Capital Raised* (€billions)	3.7

figures as at 03/06/2019

* Cumulative figure since 2009 including the greenhouse

Tab. 2 - Sector Composition for n. of companies

Sector	%
Finance	18%
Manufacturing	17%
Media & Entertainment	15%
Technology	15%
Energy & Renewables	10%
Services	8%
Fashion & Luxury	5%
Healthcare Goods & Services	4%
Food & Beverage	4%
Telco	2%
Chemicals	2%

AIM Italia, launched in 2009 on the example of the success of the English market, is the Borsa Italiana market dedicated to SMEs with high growth potential.

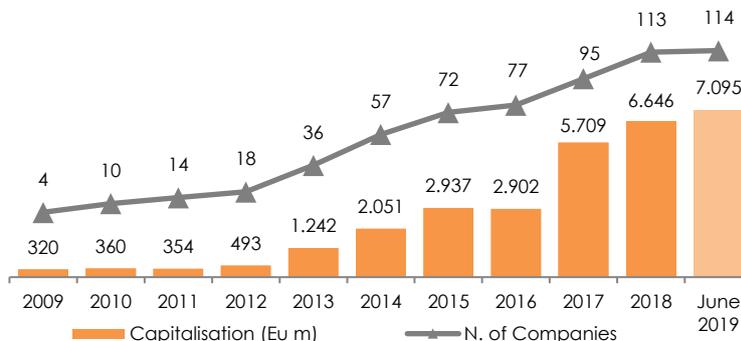
It is characterized by its balanced regulatory approach with a flexible admission process tailor-made for the needs of Italian SME financing and for less stringent governance requirements than the regulated market.

As at June 3th 2019, **114 companies were listed, with a capitalization of Eur 7.1 billion and Eur 3.7 billion capital raised in IPO (Equity)***. Including the capital increases following the IPO, the exercise of warrants and the subscription of bonds is equal to Eur 4.4 billion.

The market has grown significantly since 2017, both in terms of IPOs and size of operations, with the highest level recorded in 2018, due to the PIR and the incentives for the listing of SMEs, following the introduction of the Tax Credit on IPO costs.

In the period 2018 - first sem. 2019, excluding the finance sector (SPAC), the industry is the emerging sector of AIM Italia in terms of IPO (7, excluding 4 business combinations) and represents overall a 17% both in terms of number and in terms of capitalization. The companies in the Digital and Green sector, with a business model that spans across different sectors, represent 24% and 18% respectively in terms of numbers. In terms of capitalization, they represent 22% and 24% of the market.

Graph 1 – Evolution of n. of listed companies and Market Cap



Source: IR Top workings on Borsa Italiana figures at 03/06/2019

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