



# AIM ITALIA RESEARCH CENTRE REPORT

## July 2016

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AIMnews.it - Periodic online updates from the research centre

*IR Top, Equity Capital Markets and  
Investor Relations strategies*



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## The AIM Italia Research Centre

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The AIM Italia Research Centre by IR Top was born to become the reference point for the AIM Italia stock market, able to generate and spread knowledge about the practices related to the listing of Italian SME's.

In particular, the AIM Italia Research Centre aims at:

- spreading knowledge about the rules, the operators, the benefits, the limits and the costs of the listing to firms and investors, in a systematic way;
- operating as a research centre able to provide accurate analysis of financial results and performance of listed companies;
- providing sector analysis and valuation benchmarks through the ECM valuation tools;
- encouraging debates on the most relevant stock market issues and market prospects;
- collecting suggestions and stimuli coming from the Italian and the international financial community for the development and improvement of the market;
- serving as a trait d'union connecting SME's, Institutions, Nomad, Media and the Financial Market, while establishing a network of constructive relationships;
- contributing, in direct cooperation with the listed companies, to the identification of best practices in terms of financial information and communication designed to achieve a proper and effective representation of the Equity Story of the company on the market throughout all the phases of the information activity.

The AIM Italia Research Centre addresses to all the actors that play a relevant role in the AIM Italia listing process together with those that deal with finance, governance and control, both within the companies and on the market.

## Introduction

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The 13,000 jobs offered, the Euro 4.2 billion of revenues generated, the more than Euro 800 million of IPO capital raised and the Euro 2.6 billion market cap represented (as at July 1, 2016) show how relevant the economic impact of the AIM Italia market prove to be, supporting the growth of SME's since 2009.

Since its birth, AIM Italia has been able to provide a valid alternative to the banking credit system, providing more than 1 billion euros to listed companies, actively contributing to their capitalization and strengthening their growth. It is widely recognized that the AIM Italia market actually enables SME's to realize their growth potential in the present global economy.

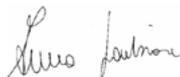
The main challenges that AIM listed companies need to face are related to the increase in their scale, the quality of their governance and the management of investors relations. Going from private to public requires companies to get to learn the communication and transparency practices which are decisive in order to benefit from Investors' trust in the medium and long run.

The IV edition of the AIM Italia Research Centre Report, based on official market data and information made public by listed companies, provides an updated picture of the market in terms of financial results, stock performances, analyst coverage, governance, institutional investors and capital raised.

The crucial role the Italian SME's play for the recovery of the country economy makes it imperative, on one side, to gain awareness of the strengths of the AIM Italia market, on the other side, to stimulate the positive contribution of all market players, in their specific field and role, for the valorization and improvement of the market.

The expansion of the business represents a strategic choice for the companies as well as the main goal of the founder; the AIM market facilitates the reaching of such growth objectives, providing a source of external funding for companies in their various stages of growth and accelerating the development process. Today, SME's with less than Euro 5 million of revenues hold a relevant market share and, thanks to the IPO, can compete with the big players of the sectors.

Anna Lambiase, Founding Partner & CEO - IR Top

A handwritten signature in black ink, appearing to read 'Anna Lambiase'.

## Executive summary

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**A**IM Italia is the Borsa Italiana listing market dedicated to **SME's seeking to grow**. The market features reduced admission requirements and lower post-listing obligations.

**A**IM Italia accounts for almost one fifth of the companies listed on Borsa Italiana. As at July 1st, 2016, **76 companies were listed** on the market (of which 5 IPO's in the first semester of 2016 and 22 in 2015). 2015 **revenues totaled Euro 4.2 billion**, with a **market capitalization of Euro 2.6 billion** and Euro **805 million raised from IPO's** (of which Euro 90 million in the first 6 months of 2015).

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Milan, July 2016

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**T**he Green **sector** (24% of total companies, 20% in terms of capital raised and 30% in terms of capitalization) and the Digital sector (20% of total companies, 18% of capital raised and 18% of market capitalization) are the most represented ones.

**T**he Northern regions are the most represented: in particular Lombardy (42% of companies), Lazio (17%), Emilia Romagna (13%) and Piedmont (5%). Other key regions are: Friuli, Tuscany, Umbria, Veneto and Marche. 4 foreign companies are also listed, accounting for 5% of the total.

**T**he average company profile is as follows:

- Euro 38 million revenues in 2015;
- 2015 EBITDA margin of 13%;
- capitalization of Euro 34 million;
- 25% free float (22% excluding SPAC);
- capital raised of Euro 5.3 million (median figure) and Euro 10.6 million (mean figure).

**T**he distribution of companies by **capitalization** highlights that 8% of companies report values greater than Euro 100 million: the largest is LU-VE (Euro 179.9 million), followed by Bio-on (Euro 171.5 million) and Rosetti Marino (Euro 141.5 million). 47% of companies have a capitalization lower than Euro 20 million, while 16% have a capitalization between 20 and 30 million euros.

**A** breakdown of **capital raised** indicates that 43% of companies attracted capital for less than Euro 5 million; 28% for an amount in between Euro 5 and 10 million; 7% between Euro 10 and 15 million; 22% for more than Euro 15 million. 55% of companies have a **free float** lower than 20%; 22% between 20% and 30%; 12% between 30% and 50%; 11% have a free float greater than 50%. The structure of the IPO operation is as follows: 91% as New Share Issues and 9% as Non-Dilutive Offerings. In 2016 further Euro 16 million were collected on the **secondary market** (of which Euro 5 million from capital increases and Euro 11 million from bond underwriting). In 2015 the secondary fundraising amounted to Euro 53 million (Euro 19 million from capital increases and Euro 34 million from bond underwriting). From 2012 until today the capital collected through secondary fundraising are in the amount of Euro 229 million.

**The financial results for 2015** show a growing trend: revenues increased on average by 19%, while the EBITDA registered an average growth of 10%. 75% of companies scored revenues growth: of these, 14% reported a growth in revenues larger than 50%, while 11% larger than 100%. As far as the distribution of revenues is concerned, 20% of companies reported revenues lower than 5 million, while 13% reported between 5 million and 10 million euros in revenues. Companies listed on AIM Italia employ around 13,000 workers (209 average, 74 median), an increasing figure with respect to 2015 data.

**The Dividend Policy** adopted by the market strengthened further in 2015: 25 companies distributed dividends for a total of 33.2 million euros, with an average of 1.3 million euros. The gross average dividend amounted to Euro 0.13 per share and the average pay-out ratio to 56%. The average dividend yield was 2.7%.

**74 institutional investors**, 40 Italian (54%) and 34 international (46%), hold investments in AIM Italia listed companies; as compared to July 2015, the number of investors has decreased (80), but the proportion of international investors has increased (40%). Institutional investors hold a total investment of Euro 274 million (10.5% of market cap). The average total investment value was 3.7 million euros, with a median of 2.4 million euros.

The total number of investments held is 336 (4.5 on average, 1 in median). The median value of the single investment is Euro 0.35 million. 25% of investments were held in companies with a capitalization lying between 31 and 60 million euros, while 22% in companies with a capitalization lying in the 61-100 million euros range. Glanalta Food and LU-VE were the companies that counted on the largest number of Institutional Investors (16).

**A**rca SGR and Mediolanum Gestione Fondi (essentially through the "Mediolanum Possibile Sviluppo Italia" fund) were the most active institutional investors with more than 15 million euros invested in around 20 different positions. The principal international investor in terms of number of positions held (22) was the Swiss Patrimony 1873 through White Fleet III Globes Italy Equity Star, the leading international fund dedicated to AIM Italia.

In 2015 and during the first semester of 2016, 43 companies (57%) have undertaken at least one extraordinary operation for a total of 119 transactions (80 in 2015 and 39 in 2016). Overall, 192 million euros were mobilized (89 in the first semester of 2016); the average value of transactions in 2016 amounted to Euro 5.0 million (3.7 in 2015), the median value amounted to Euro 2.1 million (2.7 in 2015). 61% of operations were acquisitions, 14% divestitures and 12% mergers.

**A**round one third of listed companies issue stocks in conjunction with warrants. When it comes to market liquidity, the average daily value traded in the first 5 months of 2016 was Euro 15 thousands (101 thousands in the first 5 months of 2015); 66% of total trading days were active trading days (vs 74%).

The degree of information transparency on the market affects the convergence of stock prices to efficient values. In the 2015-2016 period 1,086 press releases were disclosed (46% of companies released less than 10). In 2015 21 companies realized 53 business presentations for the investors (39 in the first semester of 2016). 21% of companies communicate in English.

*The study is based on Factset, Italian Stock Exchange and Corporate website data at July 1st, 2016*

Tab. 1 - Size of the AIM Italia market

N. of Companies	76
Market Cap (€m)	2,614
Capital Raising (€m)	805

Figures at 01/07/2016

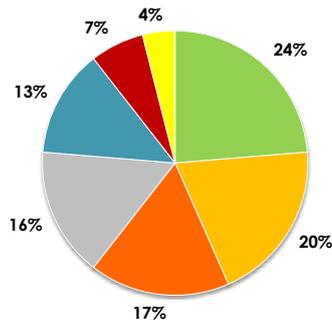
AIM Italia, launched in 2009 in the wake of the success of the English market, is the Borsa Italiana market dedicated to SME's seeking to invest for their growth.

The market features **reduced admission requirements** (a minimum free float of 10%, with no requirements in terms of minimum capitalization, corporate governance or number of years of existence; the Prospectus is replaced by an Admission Document and the latest Financial Statements, where existing, should be audited. **Post-listing** requirements are less demanding as well (the drafting of quarterly reports is not required).

At July 1st, 2015, **76 companies were listed, with a capitalization of Euro 2.6 billion and Euro 805 million capital raised in IPO.** The market has grown significantly since 2013, both in terms of IPO's and size of operations.

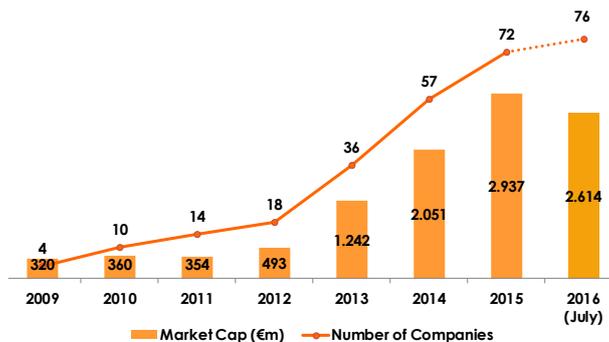
Most listed companies operate in the Green (24%), the Digital (20%) and the Service (17%) sectors; in terms of capitalization these sectors represent 30%, 18%, and 11% of the market respectively.

Graph 1 - Company breakdown by sector (%)



Green Digital Services Finance Media Industrial Fashion

Graph 2 - Number of listed companies and Market Cap trend



IR Top workings on Borsa Italiana figures at July 1, 2016

IR Top, founded in Milan in 2001, Equity markets partner of Borsa Italiana-LSE, operates on the financial markets with particular specialisation in the Capital Markets and Investor Relations for listed and listing companies, both in terms of Strategic Financial Consultancy and Media Relations.

The company has supported business owners and the Top Management of numerous companies throughout the Stock Market listing process. IR TOP has led the way in the Investor Relations field in Italy and works on an ongoing basis with the Academy division, the Borsa Italiana School of Excellence, with Il Sole 24 Ore for the publication of specialised Stock Market listing Courses and with the major Italian Universities.

IR Top has developed strategic Investor and Media Relation plans for the listing of companies belonging to the wide range of sectors; the company has collaborated with Top Management on institutional and financial communication projects, also in terms of corporate operations (IPO's, Share Capital increases and M&A's) and provides consultancy for brand re-positioning on the capital markets.

The company has supported the entry of qualified Italian and international investors into enterprises, has established close relationships with the major Italian stock market investors and has developed a network with investment funds and international brokerage analyst firms.

IRTop carries out Road-shows, Analyst presentations, Company Visits and one-on-one meetings between investors and Top Management of listed and listing companies and particularly organises Investor Days sponsored by Borsa Italiana.

The company works alongside listed companies in fulfilling their day-to-day regulated information obligations - engaging directly, where necessary, with the Market Oversight and Operational Authorities.

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