



AIM ITALIA RESEARCH CENTRE REPORT July 2015

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



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Introduction

The economic impact of the AIM Italia market, which since 2009 has supported the growth of SME's, is clearly evident in the 11,000 jobs, Euro 3.4 billion of revenues, Euro 536 million of IPO capital raised and the market cap of Euro 2.8 billion which it represents (as at July 10, 2015).

The simplicity - which has been a feature of this Borsa Italiana listing market since its foundation - enables it to attract business talent from a range of Italian market sectors open to a strategic vision and the development of the underlying enterprise culture, with significant benefits also for the business.

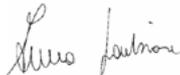
The growing number of listings and the quality of their business models has spiked the interest of strategic Italian and overseas investors with medium/long-term investment objectives.

Thanks also to the media's highlighting of its importance as a market for those small companies which are the engine of the country's economy, restating its societal role, initiatives and support to the AIM Italia from specialist operators in the Equity Capital Markets have developed further.

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

For many business expansion is seen as a strategic choice, 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, accelerating the development process. Today, SME's with less than Euro 5 million of revenues represent a key sector of the economy and thanks to IPO's can compete on a level playing field with the sector leaders.

Anna Lambiase
Founding Partner - IR Top

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

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

At July 10, 2015 **67 companies were listed on the market** (of which 22 were IPO's in 2014 and 12 in the first 7 months of 2015, of a total of 18 Borsa Italia IPO's in the year to date). 2014 **revenues** totalled **Euro 3.4 billion**, with a market **capitalisation of Euro 2.8 billion** and Euro **536 million raised from IPO's** (of which Euro 92 million in the first 7 months of 2015).

The most represented **sector** is the "Green" sector (representing 24% of the number of companies, 28% in terms of capital raised and 29% of capitalisation) and the "Digital" sector (21% of the number of companies, 25% of funding raised and 18% of market capitalisation).

The most represented **regions** are those in the North: in particular Lombardy (34% of companies), Lazio (21%), Emilia Romagna (13%) and Piedmont (6%). The other regions represented are Friuli, Tuscany, Umbria, Veneto and Marche. 5 overseas companies are also present, 7.5% of the total.

The average company profile is as follows:

- 2014 revenues of Euro 33 million;
- 2014 EBITDA margin of 9%;
- capitalisation of Euro 43 million;
- free float of 24%;
- capital raise of Euro 4.6 million (median figure).

The distribution of companies by **capitalisation** highlights that 12% of companies report capitalisation of greater than Euro 100 million: the largest is Bio-on (Euro 226 million), followed by LU-VE (Euro 213 million) and Rosetti Marino (Euro 145 million). 45% of companies have a capitalisation of less than Euro 20 million, while 13% have a capitalisation of between Euro 20 and 30 million.

A breakdown of **capital raised** indicates that 52% of companies attracted capital of less than Euro 5 million; 24% capital of between Euro 5 and 10 million; 6% between Euro 10 and 15 million; 18% greater than Euro 15 million. 56% of companies have a free float of under 20%; 21% of between 20% and 30%; 14% of between 30% and 50%; 9% have a free float of greater than 50%. The type of IPO is as follows: 88% as New Share Issues and 12% as Non-Dilutive Offerings.

Reported results improved in 2014: revenues on average increased 23%, while EBITDA on average was up 9%. 65% of companies saw revenues grow: of these 17% report growth of greater than 50%, while 10% saw growth exceeding 100%. The companies listed on the AIM Italia employ 11,062 employees (184 average, 48 median), with average workforce expansion of 12% in 2014. The distribution of companies by 2014 revenues indicates that 38% had revenues of less than Euro 10 million, while 19% reported revenues of between 10 and 20 million.

The **Dividend Policy** adopted by the market strengthened in 2014: 16 companies distributed dividends totalling Euro 30 million, with an average of Euro 2.0 million. The gross average dividend was Euro 0.231 per share, with an average pay-out ratio of 62.5%. The average dividend yield was 3.2%.

80 institutional investors have undertaken holdings in AIM Italia listed companies, of which 48 Italian (60%) and 32 from overseas (40%). The number of investors (63) has grown since July 2014, in addition to the proportion of overseas investors (35%). They hold total investments of Euro 254 million (9.5% of market cap). The average total investment value was Euro 3.2 million, with a median of Euro 1.5 million.

The total number of **investments** held is 252 (3 on average). The median value of the investments is Euro 0.3 million. 34% of investments were held in companies with capitalisations of between Euro 30-60 million, with 24% in companies in the Euro 60-100 million range. The companies with the most Institutional Investors (15) are Italia Independent Group and Triboo Media.

The principal overseas investor is the Swiss Patrimony 1873 which, through White Fleet III Globes Italy Star, the leading overseas fund dedicated to the AIM Italia, holds 14 investments. The Italian investor with greatest involvement is AcomeA SGR, with 18 investments, followed by Amaranto Investments SIM (17), through Maintower Sicav – Comparto Amaranto Italian Market.

The continuing increase in the number of listed companies, the growth of average capitalisation and increasing investor interest are improving **market liquidity**: the average daily value traded in the first 5 months of 2015 was Euro 101 thousand compared to Euro 45 thousand in H1 2014; the number of active trading days of total trading days was 74% (vs 69%), the Turnover Velocity was 72% (vs 49%), with Volatility of 48% (in line with 44% in H1 2014).

In the first 7 months of 2015 5 **bond loans, minibonds or convertible bonds** as alternative funding sources were issued; the total value of issues was Euro 27.8 million, with an average value of Euro 4.6 million and an average yield of 6.1%. In 2014, 14 bond loans were issued, with a total issue value of Euro 101 million; the average value was Euro 7.2 million, with an average yield of 6.2%.

The study is based on Factset, Italian Stock Exchange and Corporate website data at July 10, 2015

Tab. 1 - Size of the AIM Italia market

N. of Companies	67
Market Cap (€m)	2,827
Capital Raising (€m)	536

Figures at 10/07/2015

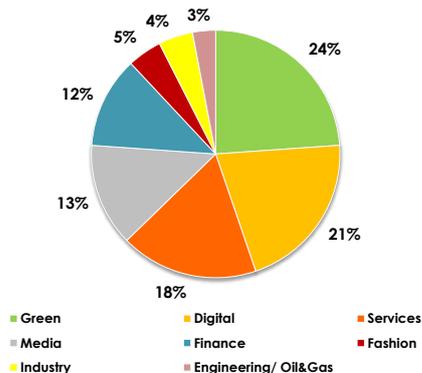
The AIM Italia, launched in 2009 in the wake of the success of the English market of the same name, is the Borsa Italiana market dedicated to SME's seeking to develop growth.

The market features **reduced admission requirements** (a minimum free float of 10%, without minimum capitalisation, corporate governance or years of existence requirements, while the Prospectus is replaced by an Admission Document and the latest Financial Statements, where existing, should be audited) and **post-listing requirements** (the drafting of quarterly reports is not required).

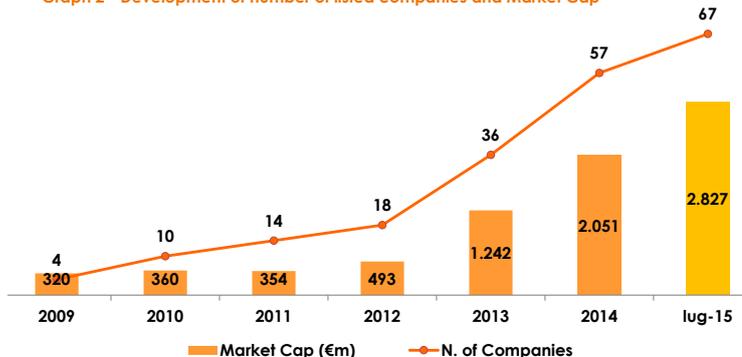
At July 10, 2015, **67 companies were listed, with capitalisation of Euro 2.8 billion and IPO capital raised of Euro 536 million.** The market has developed significantly from 2013, both in terms of IPO's and the size of operations.

The **most represented sectors** in terms of number of listed companies are the Green (24%), Digital (21%) and Service (18%) sectors; in terms of capitalisation these sectors represent 29%, 18%, and 11% respectively of the market.

Graph 1 - Sector breakdown by number of companies



Graph 2 - Development of number of listed companies and Market Cap



IR Top workings on Borsa Italiana figures at 10/07/2015

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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