

## AIM ITALIA FACTS

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*Year End 2016*

### 2016 IPO activity:

AIM Italia slowed down and faced lack of liquidity

- 11 new listings (vs 20 in FY2015)
- €208m money raised in IPO (-27% vs FY2015)

AIM UK increased market cap, while the number of listed companies decreased

- 64 new listings and 126 delistings
- GBP1.1bn money raised in IPO (-11% vs FY2015)

### 2017 growing confidence based on:

- Tax benefits for individuals investing in individual saving plans (PIR)
- Possible new measures to increase the appeal of AIM Italia, encourage SMEs to access capital markets and attract long-term investors focused on Italian small caps

Will AIM Italia benefit from the launch of PIR compliant funds with tax exemption?

The official forecasts of the Italian Government on PIR indicate some €10bn funds available in four years: will these funds include also a few investments in small caps listed on AIM Italia?

## FY 2016 OVERVIEW

### AIM ITALIA

- AIM Italia is the Italian stock market of Borsa Italiana launched in 2009 and **dedicated to small and medium-sized companies** with high growth potential. AIM Italia is a MTF (Multilateral Trading Facility) with a more flexible regulation in comparison to Borsa Italiana's main market MTA (regulated market), offering a simplified procedure for the IPO.
- The Nominated Adviser – Nomad – is a corporate finance broker approved by the Italian Stock Exchange. The Nomad plays a key role in the listing process, being responsible for advising and guiding a company on its responsibilities in relation to its admission to AIM, as well as on its continuing obligations once on the market. The listing company will be working closely together with the Nomad at the admission and on an ongoing basis. In this choice, the company has to ensure that the Nomad: understands its business, has appropriate experience in the sector and shares the company's vision for the future.

### MARKET CAP OF €2.9BN AND FUNDS COLLECTED OF €1BN

- **At December 2016 companies listed on AIM Italia were 77 (CAGR 2009-2016: 53%), with a market capitalization of €2.9bn (CAGR 2009-2016: 37%).**
- **11 new comers in 2016** (11 IPOs) vs 20 in 2015 (18 IPOs and 2 Admission), **7 delistings, 1 admission** to the main market (Tecnoinvestimenti S.p.A.) and **1 business combination** (incorporation of Capital For Progress 1 in GPI S.p.A).
- **Total funds collected in IPO** since 2009 amounted to almost to **€1bn**: €922m by newly issued shares and €69m by sale of existing shares.
- **Almost 60% of companies have a float in IPO between 10-25%** of the share capital. Out of total 80 companies listed on AIM Italia through IPO, 60 companies raised an average amount of less than €10m. At the end of 2016, over 70% of companies have a market capitalization below €50m.
- In 2016 AIM Italia companies collected **additional funds** through further capital raises and corporate bonds (mainly convertible bonds) for **€84m (+60% vs 2015)** for a **total amount since 2009 of €297m**.

### COMPARISON WITH AIM UK

- AIM UK of London Stock Exchange, with a 20-year history, is now well-established as the leading growth market for small and medium-sized companies. AIM UK includes companies from a wide range of industries and shows higher trading volumes in comparison to AIM Italia.
- AIM UK counted 982 listed companies at the end of 2016 with a total market cap of around GBP81bn.
- In 2016 AIM UK market index rose by 14%, while AIM Italia market index declined by 16%.

### OUTLOOK

- In 2017 the growth of AIM Italia could be driven by the introduction of funds compliant with **individual saving plans (Piani Individuali di Risparmio)** for retail investors to enjoy capital gains in tax exemption regime (Legge di Bilancio 2017). Overall, in the next year, the market growth should be driven by a favorable tax regime and by the launch of investment funds dedicated to small caps.
- The **Market Abuse Regulation** introduced on AIM Italia from July 2016 to enhance market integrity and investor protection should attract the interest of institutional investors for long-term investments in companies with a strong equity story and a promising development plan. In the meanwhile companies with attractive growth strategies and with an organization compliant to an increasingly strict regulation could increase their interest to join AIM Italia.

## REGULATORY SNAPSHOT - PIR AND ISA

In the attempt to channel resources to real economy and reduce dependence on banks, the **Italian 2017 Stability Law** introduced the so called PIR, individual savings plans (**Piani Individuali di Risparmio a lungo termine**), a tax-exempt measure for individuals entering into investment plans managed by dedicated funds.

**With effect from January 1<sup>st</sup> 2017**, PIR are investment products designed for small and mid-sized companies, **with a tax exemption on investments of €30,000 a year, up to a combined €150,000**, for long-term investments maintained for at least five years.

A PIR is a tax-shielded box in which retail investors can put any kind of financial instruments (savings accounts, stocks, bonds, investment funds) and take benefit of a complete tax exemption (26% rate) for the capital gains obtained.

Beneficiaries are **retail investors resident in Italy**

**Each individual** can own **one plan** where to invest **maximum €30,000 a year**, up to a combined **€150,000 in 5 years**

**Investment limited to 10% in a single company**, security or instrument, to grant portfolio diversification

**Assets have to be held for at least 5 years**, to guarantee a stability of the resources available to SMEs

- In each year of the plan, **minimum 70%** of the investment portfolio has to be invested in **financial instruments** (equity or debt) issued **by Italian or EU companies** having a branch in Italy (listed or not)
- At least **30% of this 70%** (21% of the total) **has to be invested in companies not listed on the main stock index (FTSE MIB)**

PIR **not applicable** to investors holding **qualifying interests** (shareholdings over 25% or 5% in the case of listed companies)

The underlying assets of a PIR can also be **shares or units of collective investment undertakings** (OICR in Italy) based in Italy or EU, which comply to PIR regulation

Some countries in Europe in the past have already granted retail investors a tax relief when entering into long-term investments: Individual Saving Accounts (ISA) in the UK, introduced in 1999, and Plan d'Épargne en Actions (PEA) in France are two major examples.

Comparison between ISAs and PIR:

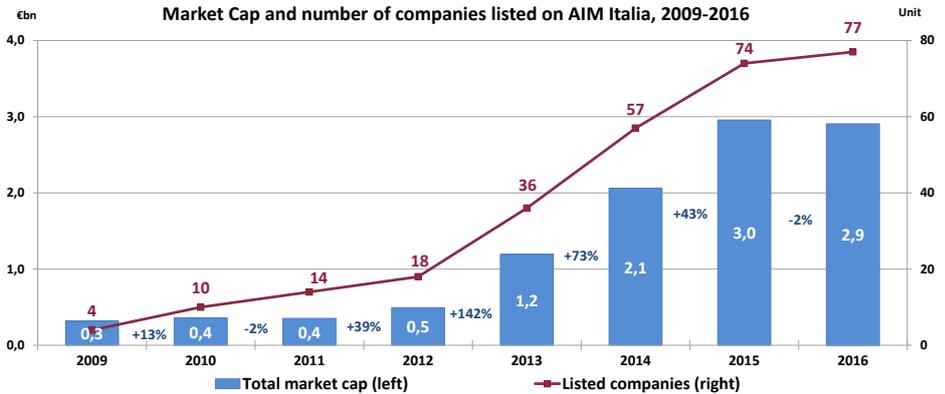
- Three types of ISAs: cash, stock and shares, innovative finance
- The **maximum amount that is possible to save in an ISA is £15,240 for the 2016/17 fiscal year** (adjusted every year by the government), splittable among two or all three types of ISA
- While the cash ISA and the stock and shares ISA can contain classic products like bank savings, or shares and bonds (strictly traded on a regular stock market), **the innovative finance ISA, introduced in 2016, is aimed to contain peer-to-peer loans** (loans issued to people or businesses without using a bank)
- **ISAs aren't specifically designed to fund SMEs** as the Italian PIR and the French PEA
- Like Italian PIR, **all the capital gains**, dividends and interests obtained in the ISAs **are tax free**
- The tax shield is active as long as the retail investor keeps the money inside the ISA, but in case of a "Flexible ISA" the investor can withdrawal the money and still take advantage of the tax shield if the money is returned during the same fiscal year: quite a big difference compared to Italian PIR
- **No minimum investment period**

## 2016 AIM Italia Key Facts

**77 AIM Italia companies, 11 new comers (vs 20 in 2015), 7 delistings (vs 3 in 2015) and 1 transfer to the main market**

**One business combination (Capital For Progress 1 was merged by incorporation into GPI)**

**Total market cap €2.9bn, -2% vs year-end 2015**



Source: EnVent on public data, Borsa Italiana, Bloomberg

**€208m funds collected in IPO in 2016 (-27% vs FY2015) of which around 97% from newly issued shares (-20% vs FY2015) and 3% from vendor placing (-82% vs FY2015)**



Note: Money raised include funds collected by the companies from new issued shares. Vendor placing includes funds collected by existing shareholders from the sale of existing shares, including greenshoe option exercise. Both the figures include also funds collected in IPO by delisted entities. The comparability of above figures with previous publications may be impracticable due to a restatement in the representation of money raised and vendor placing.

Source: EnVent on public data, Borsa Italiana, Bloomberg, companies' websites and Admission Documents

**Over 70% of funds collected in IPO in 2016 attributable to the SPACs Industrial Stars of Italy 2 and Innova Italy 1**

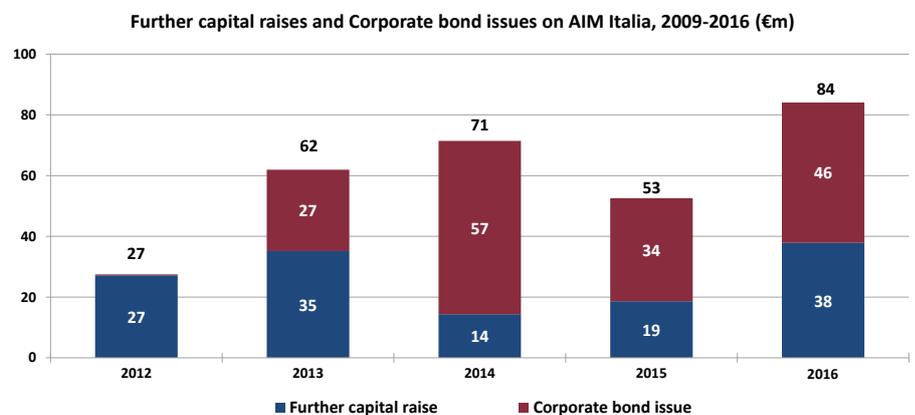
**Average funds collected in IPO by new comers (excluding SPACs) in 2016 at €6m**

**Almost €1bn of total proceeds from IPO since 2009**

**€84m of additional resources collected in 2016 (+60% vs 2015), 55% from corporate bonds and 45% from further capital raises**

**Over half of additional funds collected since 2009 comes from Energy & Cleantech and Financial and Investment Companies**

**Convertible bonds the most used alternative lending source (51% of subscribed amount) with an average interest rate of 6%**



Note: Further capital raises include rights issues, reserved rights issues and warrants exercise. Corporate bond issues include convertible, non-convertible bonds and mini-bonds. No further capital raises and corporate bond issues in 2009-2011.

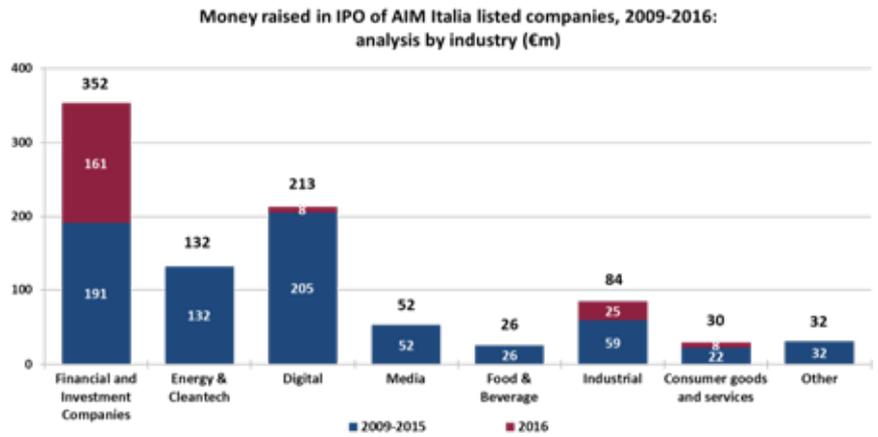
Source: EnVent on public data, Borsa Italiana, companies' websites and Admission Documents

**Market Statistics**

**Financial and Investment companies collected 80% of the total amount raised in IPO in 2016 following to the listing of 2 SPACs**

**Money raised by the Digital segment increased by almost €60m mainly due to the merger of Capital for Progress 1 (€51m money raised in IPO in 2015) with GPI S.p.A.**

**Industrial companies grew by 260% vs 2015 and represent almost 50% of the entire money raised in IPO during 2009-2015**

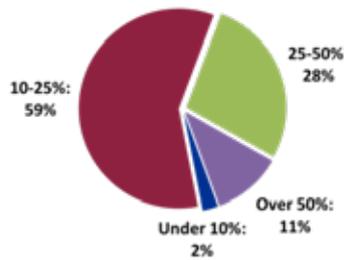


Source: EnVent on public data, Borsa Italiana, Bloomberg, companies' websites and Admission Documents  
 Note: Funds collected in IPO by Financial and Investment Companies decrease by €51m vs FY2015 due to the allocation of IPO proceeds in the Digital after the merger through incorporation of Capital for Progress 1 in GPI S.p.A.

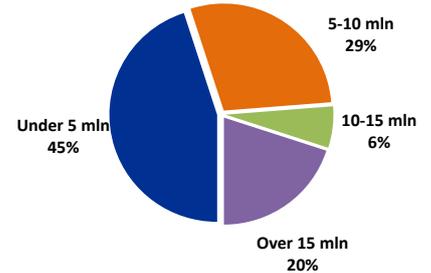
**Average float in IPO almost 23% (excluding SPACs)**

**Out of total 80 companies listed on AIM Italia by IPO, 60 raised money under €10m, for a total of €258m (28% of IPO proceeds in 2009-2016) and an average of €4.4m**

Float in IPO of AIM Italia listed companies



Money Raised in IPO of AIM Italia listed companies

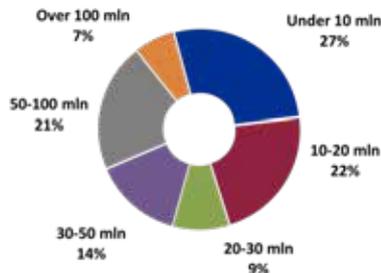


Source: EnVent on public data, Borsa Italiana, Bloomberg, companies' websites

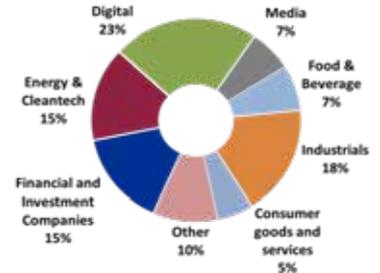
**Over 70% of AIM Italia companies with a market cap lower than €50m**

**Financials, Energy & Cleantech and Digital segments account for half of total market capitalization at December 31, 2016**

Market Cap of AIM Italia listed companies at 31.12.2016



Market Cap of AIM Italia listed companies by industry (€ m) at 31.12.2016



Source: EnVent on public data, Borsa Italiana, Bloomberg, companies' websites

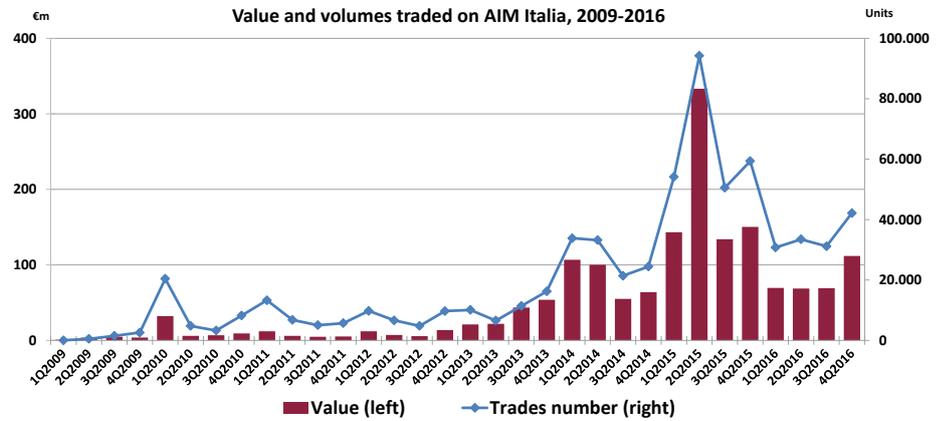
**Liquidity Analysis**

**Decreasing market liquidity, -47% and -58% in number and value of trades vs FY2015**

**AIM Italia velocity turnover of nearly 25% at year-end 2016, falling behind the reference stock indexes again**

**Food & Beverage, Energy & Cleantech the most traded stocks (velocity turnover over 60% and 30% respectively)**

**Higher turnover velocity for smaller companies (<€25m market cap) although slowed down significantly compared to 2015 (63%)**



Source: EnVent on Borsa Italiana Monthly Update

Trading Period: 01/01/2016 - 31/12/2016

Liquidity analysis 2016	VELOCITY TURNOVER*	Tot. Volumes / Free Float
<b>INDUSTRY</b>		
Financial and Inv. Companies	22,0%	69,6%
Digital	22,1%	75,4%
Media	26,0%	117,2%
Energy & Cleantech	31,8%	71,7%
Food & Beverage	64,1%	157,1%
Industrials	10,3%	50,7%
Consumer goods and services	20,6%	87,1%
Other	13,2%	95,9%
<b>Mean</b>	<b>24,6%</b>	<b>83,9%</b>
<b>MARKET CAP</b>		
< €10m	41,3%	116,9%
€10-25m	22,6%	91,4%
€25-50m	18,7%	83,1%
> €50m	9,9%	36,4%
<b>Mean</b>	<b>24,6%</b>	<b>83,9%</b>

\*Tot. Volumes / Num. Ordinary Shares, average last twelve months  
Source: EnVent on public data, Borsa Italiana, Bloomberg, websites and Admission Documents

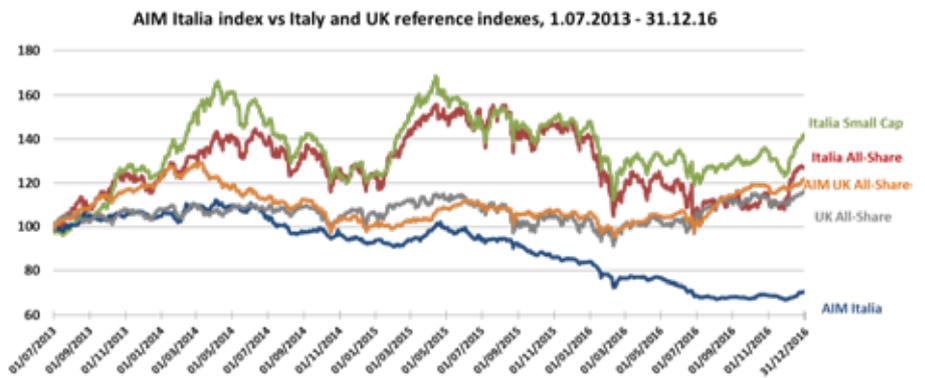
**Velocity turnover of companies listed on AIM Italia vs companies listed on other Italian reference markets: 2016**



Source: EnVent on public data, Borsa Italiana, Bloomberg, companies 'websites and Admission Documents

**AIM Italia index still below Italy and UK reference indexes (-16% vs FY2015)**

**High volatility and low liquidity of AIM Italia make the market less attractive for institutional investors due to both the uncertainty on the investment return and the difficult to implement a successful exit strategy**



Note: AIM Italia index launched on July the 7<sup>th</sup>, 2013  
Source: EnVent on Bloomberg

**AIM Italia 2016 new listings**

New listings (IPOs and Admissions)							
€m							
Companies	Business	Type	Date	Money Raised	Vendor Placing	Market Cap at listing	Float at listing
 Energica Motor Company	Electric motorbikes	IPO	29/01/2016	5,3	0,0	37,3	12,0%
 Siti B&T	Plants for ceramic tile manufacturers	IPO	31/03/2016	20,0	5,5	100,0	23,0%
 Abitare In	Real estate projects for residential use	IPO	08/04/2016	2,8	0,0	17,8	15,6%
 S.M.R.E.	Manufacturing solutions	IPO	20/04/2016	5,3	0,0	48,1	11,1%
 Industrial Stars of Italy 2	SPAC focused on industrials	IPO	27/05/2016	50,5	0,0	50,5	100,0%
 DHH S.p.A.	Network of Hosting Companies	IPO	27/07/2016	4,2	0,0	14,2	29,6%
 SCM SIM S.p.A.	Private Banking and Wealth Management	IPO	28/07/2016	2,2	0,0	20,2	11,0%
 4AIM SICAF	Investing Company	IPO	29/07/2016	6,0	0,0	6,0	100,0%
 Vetrya S.p.A.	Cloud computing platforms	IPO	29/07/2016	3,8	0,0	33,8	11,3%
 Innova Italy 1 S.p.A.	Investing Company	IPO	19/10/2016	100,0	0,0	100,0	100,0%
 Fope S.p.A.	Italian fine jewellery	IPO	30/11/2016	2,2	0,0	13,3	16,6%
 GPI S.p.A.	Software company	Admission (Incorporation of Capital for Progress 1)	29/12/2016	n.a.	n.a.	n.a.	n.a.

Source: EnVent on public data, Borsa Italiana, Bloomberg, websites and Admission Documents

Note 1: data include, when applicable, the exercise of greenshoe options

Note 2: Siti B&T vendor placing includes funds raised through the exercise of greenshoe option in April 2016

Note 3: 2016 delistings – IKF, Soft Strategy, Valore Italia, Sunshine Capital Investment, Agronomia, Bridge Management and Moby

## 2016 AIM UK Snapshot

**982 listed companies as of December 2016, -6% vs FY2015**

**In 2016 the number of companies on AIM UK decreased: 64 new comers were offset by 126 delistings**

**Total AIM UK market capitalization increased at GBP81bn (vs GBP73bn in FY2015)**

**Since 1995 total money raised in IPO amounted to GBP42bn**

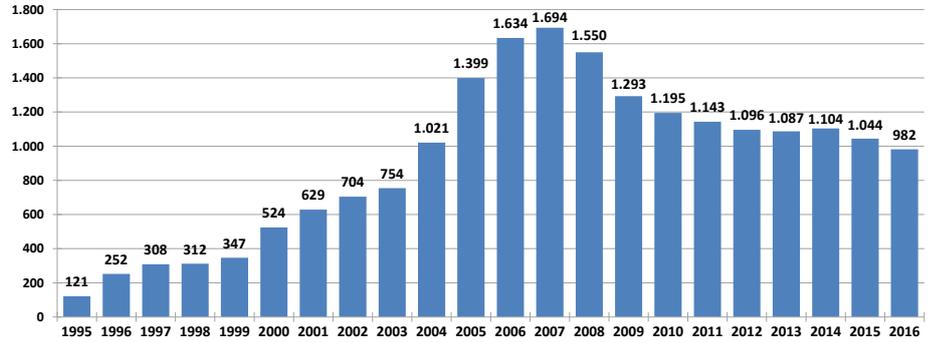
**As in 2015, IPO activity was mild, with a substantial stability in the number and value of IPO, despite the uncertainties caused by Brexit**

**GBP1.1bn money raised in IPO in 2016, -11% vs FY2015**

**Total further capital raises since 1995: GBP58bn**

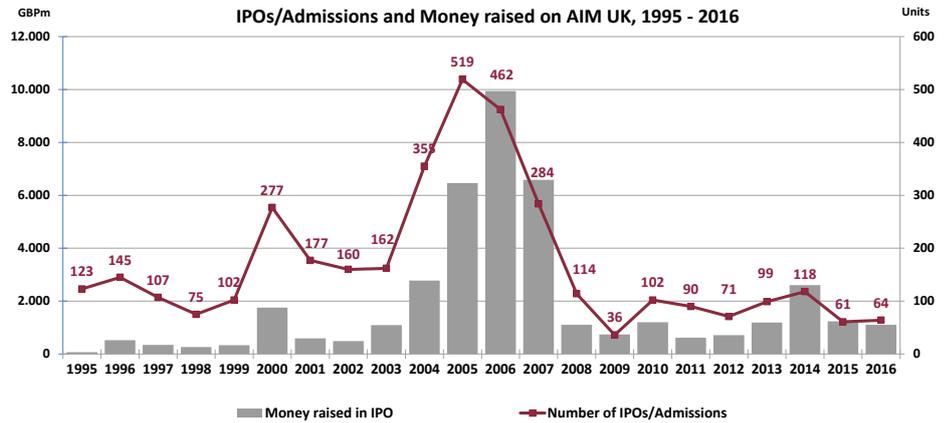
**2016 further capital raises for GBP3.7bn (-13% vs 2015)**

AIM UK listed companies, 1995 - 2016



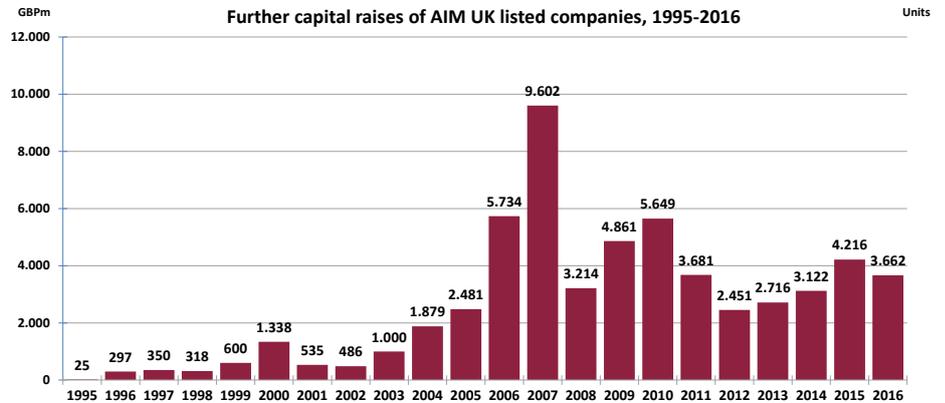
Source: London Stock Exchange, AIM UK Market Statistics, Dec. 2016

IPOs/Admissions and Money raised on AIM UK, 1995 - 2016



Source: London Stock Exchange, AIM UK Market Statistics, Dec. 2016

Further capital raises of AIM UK listed companies, 1995-2016

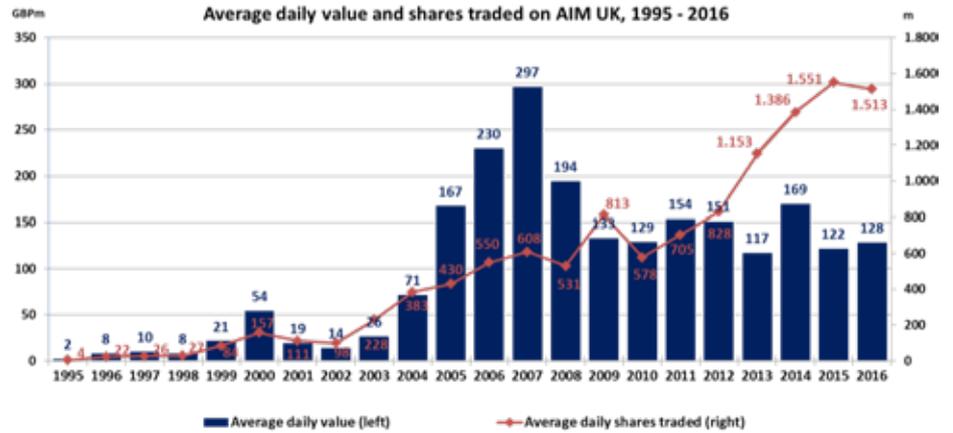


Source: London Stock Exchange, AIM UK Market Statistics, Dec. 2016

Average daily shares traded around 1,500m as of December 2016, basically unchanged vs FY2015

Average daily value around GBP128m, +5% vs FY2015

In 2016 value of shares traded accounted for 36% of total market capitalization (vs 42% in 2015)



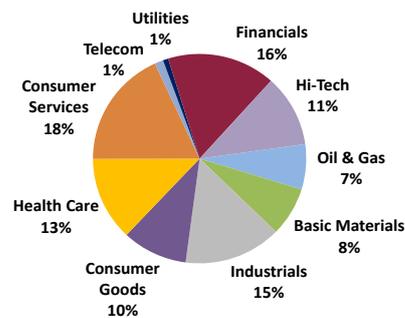
Source: London Stock Exchange, AIM UK Market Statistics, Dec. 2016

Financials has been replaced by Consumer Services as the largest contributor with a market cap of GBP14.7bn (+19% vs FY2015)

Boom of Oil and Gas and Basic Materials with market caps of respectively GBP5.6bn (+54% vs FY2015) and GBP6.1bn (+61% vs FY2015)

Telecom and Financials the worst performers in 2016, market caps dropped down by 25% and 20% respectively vs FY2015, due to the share prices decline and some delistings for the Financial industry

Market Cap of AIM UK listed companies at 31.12.2016: analysis by industry



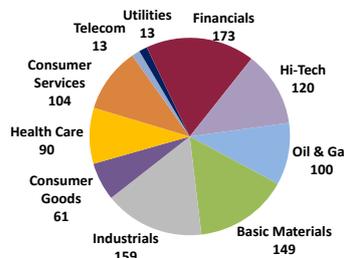
Source: London Stock Exchange, AIM UK Market Statistics, Dec. 2016

Increase in the number of listed companies with market cap between GBP50m and GBP250m

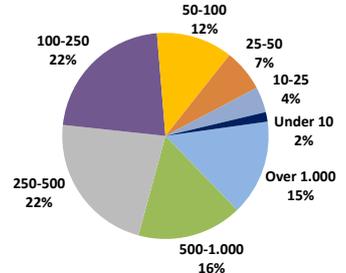
Nearly 80% of market cap of AIM UK concentrated in 192 companies (out of total 982) with a market cap above GBP100m

The substitution process where small companies are replaced by larger and well-established companies is confirmed by the number of delistings of especially small cap companies (market cap GBP0-50m)

Number of AIM UK listed companies at 31.12.2016: analysis by industry



Market Cap of AIM UK listed companies at 31.12.2016: analysis by market value range (GBP m)



Source: London Stock Exchange, AIM UK Market Statistics, Dec. 2016

## Glossary

<b>ADMISSION</b>	Transfers and just listings from other markets
<b>CAPITAL RAISE/INCREASE</b>	Money raised by a company through a right assigned to existing shareholders or reserved to new shareholders to underwrite additional new issued shares at a determined price
<b>CORPORATE BOND</b>	Debt securities issued by a company
<b>FLOAT</b>	Ordinary shares available for trading on the market, owned by non-significant shareholders (stakes under 5% of share capital on AIM Italia)
<b>GREENSHOE OPTION</b>	Also referred to as over-allotment option, it is granted by the Issuer to the Global Coordinator, giving the faculty to increase the size of the IPO by the sale of additional existing shares
<b>IPO</b>	Initial Public Offer: sale of ordinary shares of a private company on the equity capital market within the listing process on a stock exchange
<b>MARKET CAPITALIZATION/CAP</b>	Total market value of 100% Equity of a company listed on a stock exchange
<b>MONEY RAISED</b>	Funds collected in IPO by a private company from the underwriting of new issued shares
<b>SPAC (Special Purpose Acquisition Company)</b>	New company usually formed for the sole purpose of raising capital to identify and acquire a suitable business opportunity
<b>VELOCITY TURNOVER</b>	Ratio of total traded shares to total ordinary shares in a given period
<b>VENDOR PLACING</b>	Funds collected in IPO (or in other placement) by existing shareholders of a company from the sale of existing shares and from the greenshoe option exercise
<b>VOLUMES</b>	Number of financial instruments traded in a certain period
<b>WARRANT</b>	Derivative financial instrument giving the holder the right to underwrite new issued shares of a company at a determined price within a certain time frame

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