

# Helping Italian SMEs access to capital markets: the role of Borsa Italiana

**Financial Engineering and Banking Society  
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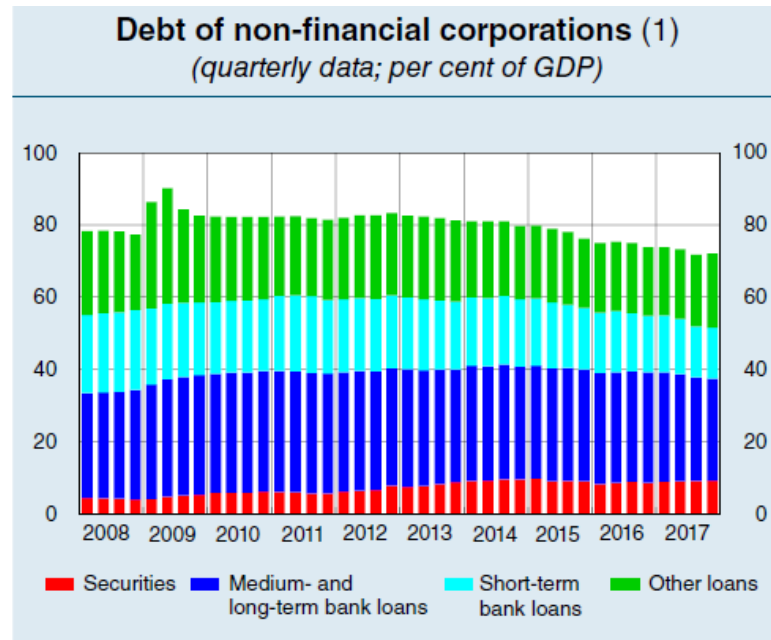
***Andrea Sironi***  
***Chairman of Borsa Italiana***  
***Independent Non-Executive Director LSEG***  
***Bocconi University***



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# Italy: Historically a bank centric economy

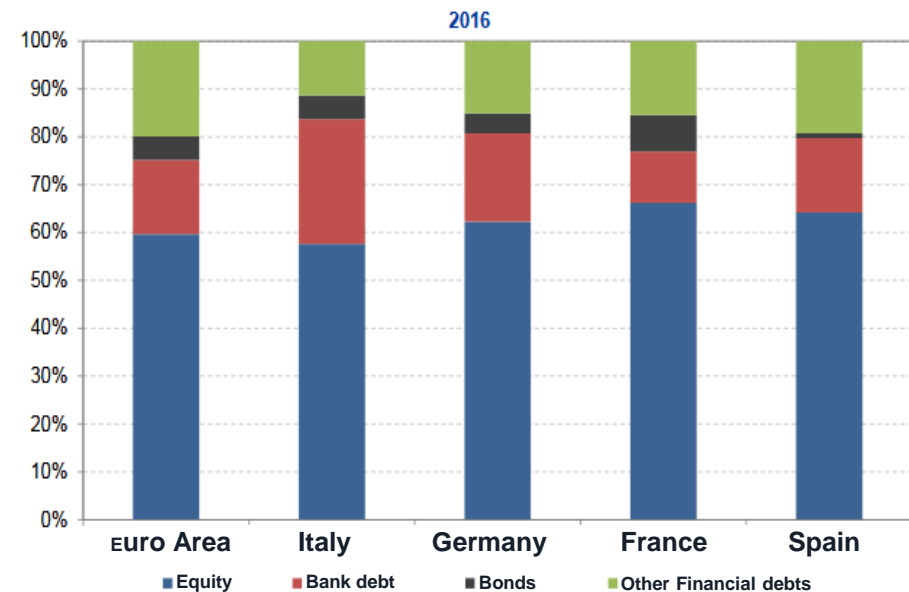
Leverage has decreased but there's still a gap with other EU countries



Sources: Based on Bank of Italy and Istat data.

(1) The data relate to the 12 months ending in the quarter in question. Debt includes securitized loans. The data for the last quarter are provisional.

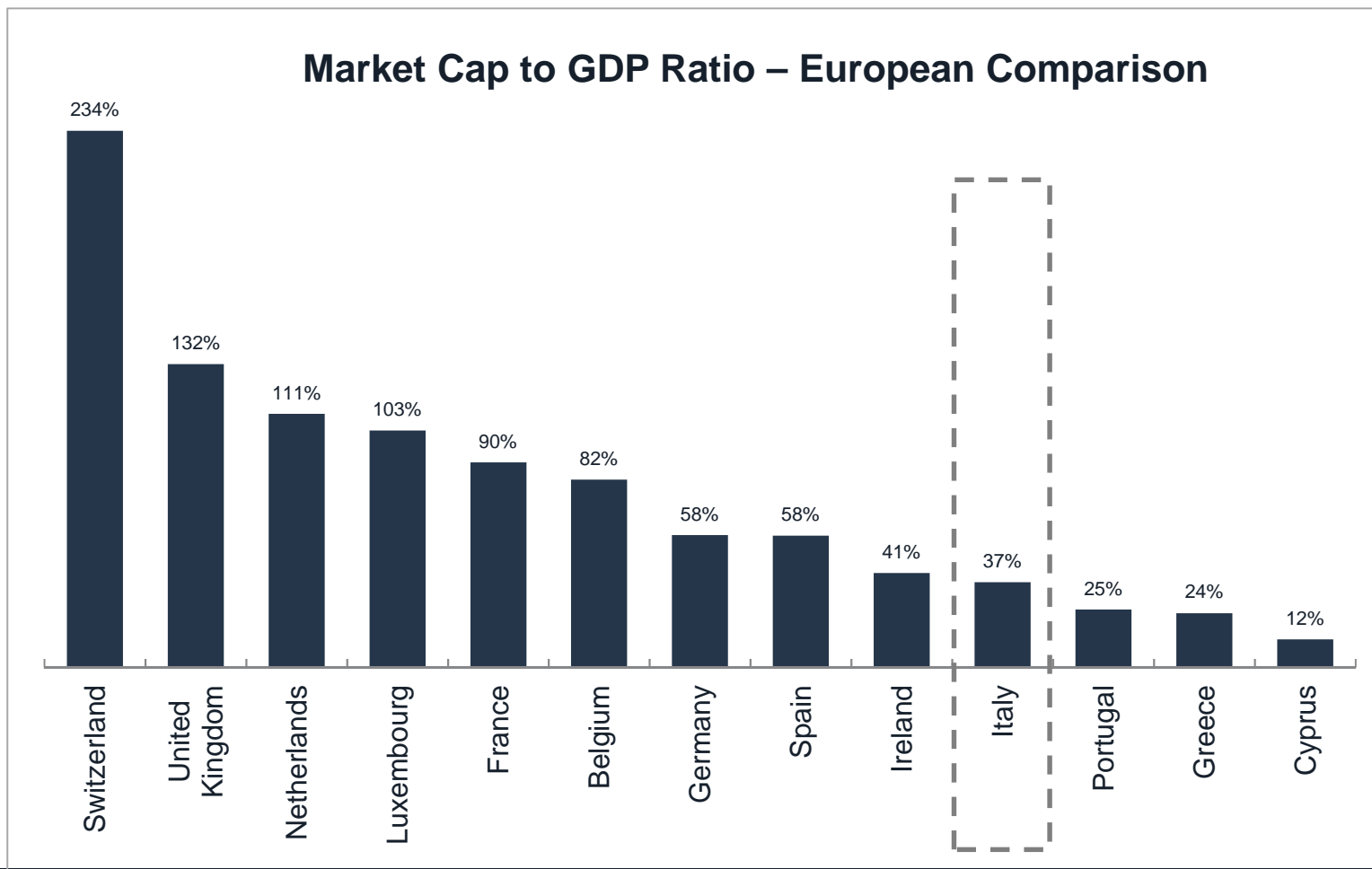
## Financial structure of EU firms (%)



**Italian firms still suffer from a lower level of equity compared to European countries**  
**Firms leverage has been slightly decreasing since 2011**

# An international comparison

The weight of the Italian market on Italian economy could increase



Source: Eurostat GDP 2017, Market Cap of domestic equities European Central Bank

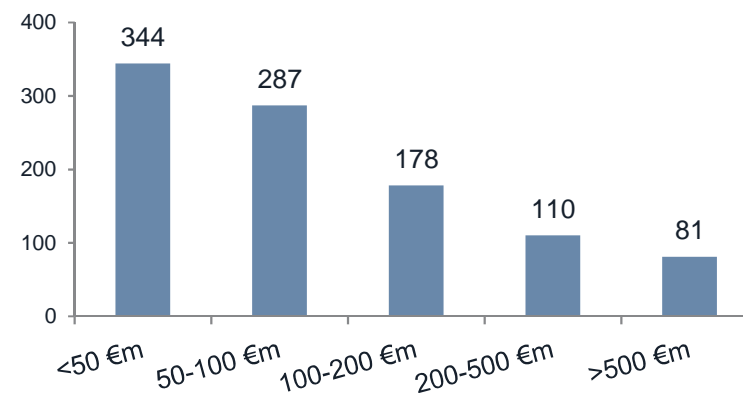
# The Italian potential

1.000 companies (mainly SMEs) could be ready for listing

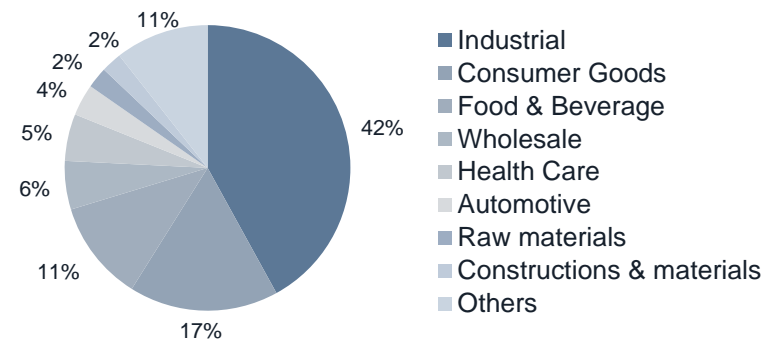
## Key stats and geographical distribution



## Range of sales distribution



## Sector distribution



Source: Borsa Italiana internal records, based on Amadeus Database, integrated by confidential and public information.



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# Italian Equity Markets

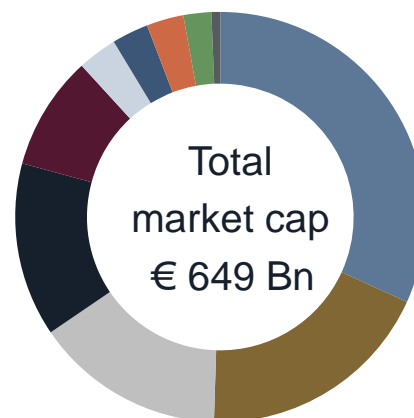
A large number of SMEs on the market

N. of listed issuers

357

N.SMEs

233



32%

Financials

14%

Industrials

3%

Basic Materials

19%

Consumer Goods

9%

Oil & Gas

3%

Consumer Services

15%

Utilities

3%

Telecomms

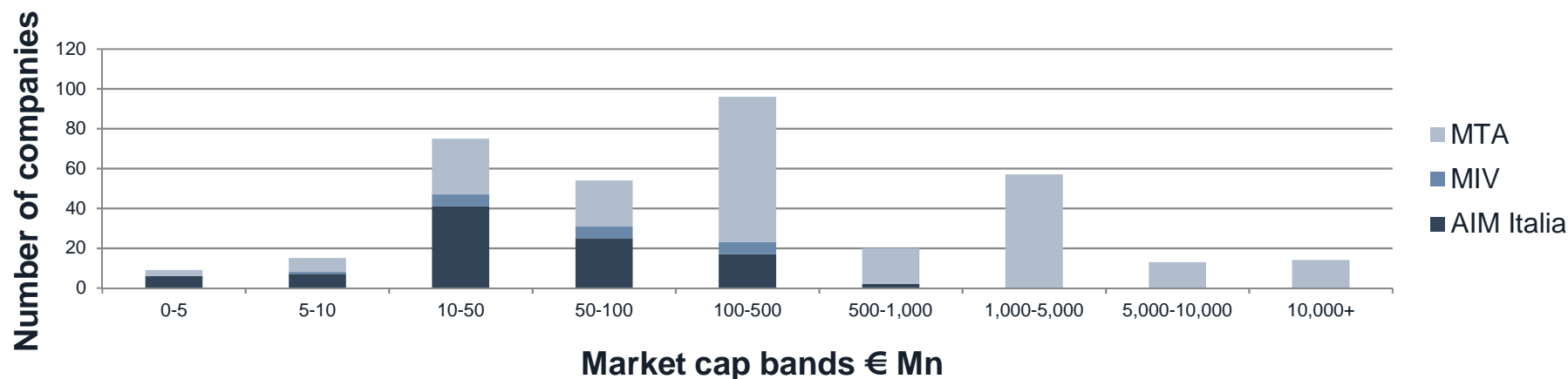
2%

Health Care

1%

Technology

## Breakdown of companies by market cap



Source: Borsa Italiana, Market Analysis. April 2018

\* Company geography based on country of incorporation



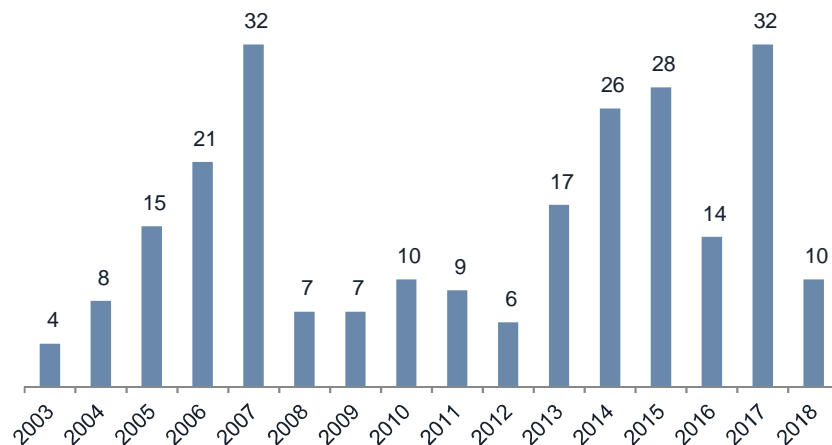
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# Borsa Italiana role within capital markets

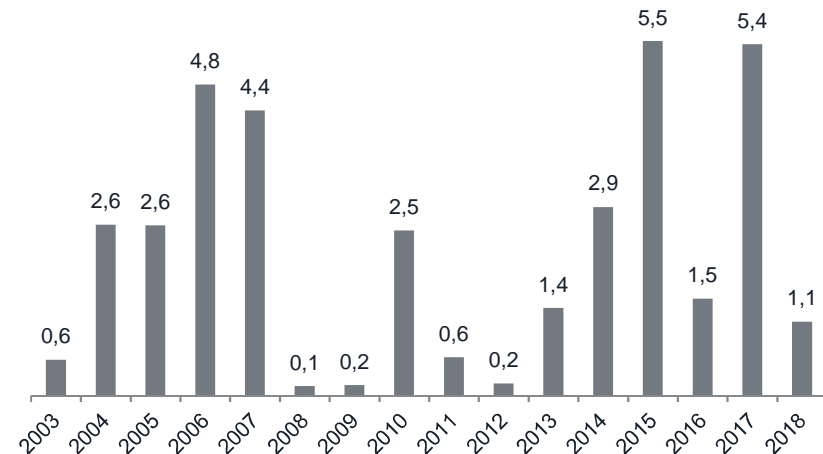


Canalizing national and international investments on Italian firms

## 246 IPOs from 2003 to 2018



## 36.4 € Bn: Money raised at IPO from 2003 to 2018



### National and international investments

- in order to increase **companies competitiveness**
- In order to sustain **italian entrepreneurial initiatives**

### Money raised by listed companies

- **amounts to € 161 Bn**, including follow on

Source: Borsa Italiana, Market Analysis. Figures as of 04.06.2018

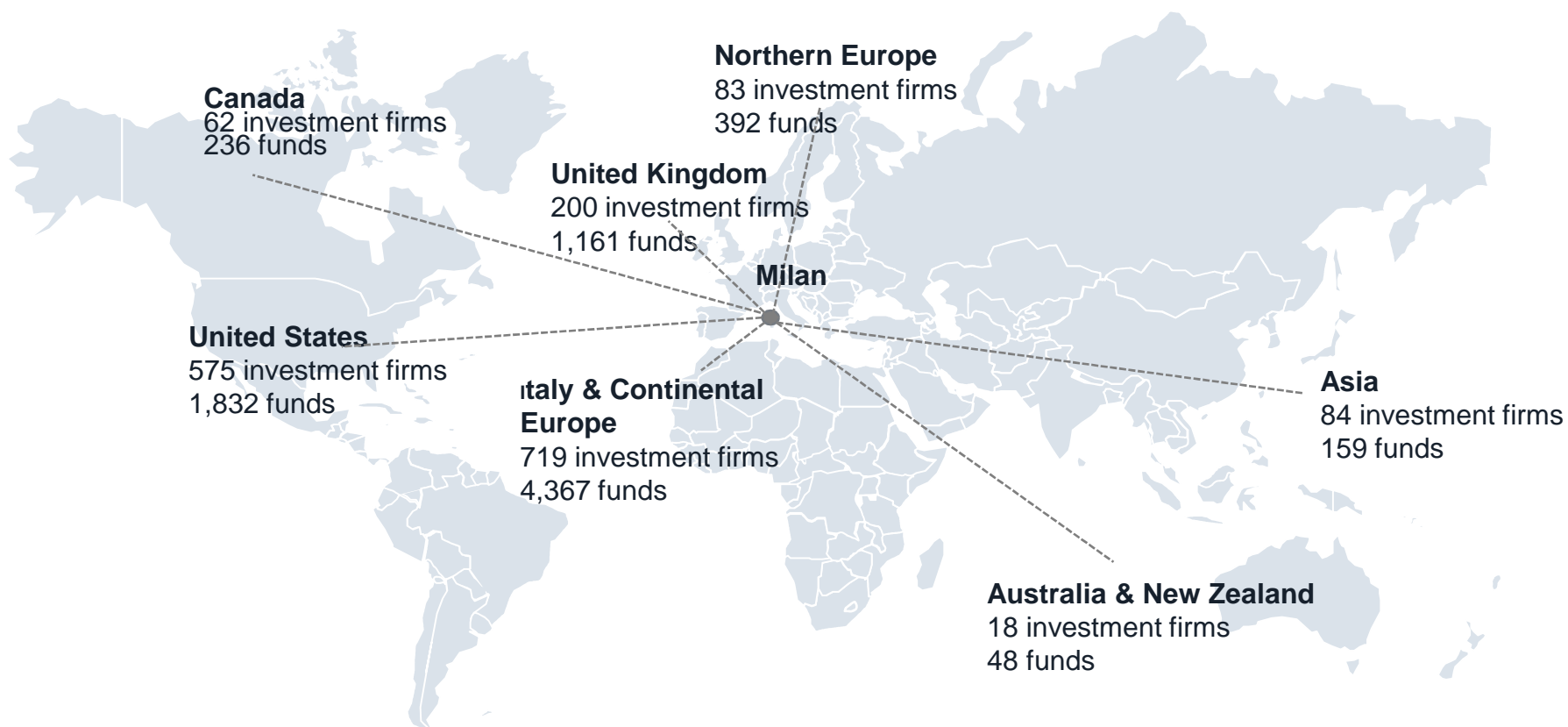


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# Borsa Italiana investor base

Access to a wide and diversified international investor base

**Over 8,200 funds and 1,700 investment firms** from all continents invest in Italian listed companies



Source: Factset December 2017

# Helping SMEs access to capital markets

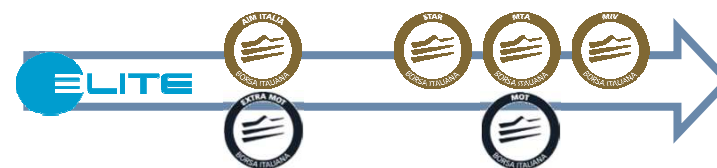


Borsa Italiana has developed a dedicated approach to SMEs

## A dedicated and complete product offering

- ✓ designed to **meet Italian SMEs needs**
- ✓ proposing a **gradual approach to the market**

Borsa Italiana offering



## A wide calendar of initiatives dedicated to SMEs

- ✓ to raise **SMEs visibility with international investors**
- ✓ proposing robust calendar of **Italian Equity Roadshow**

+ **4.000 one to one meetings in 2017**

between companies and investors

## Commitment to spread capital markets culture

- ✓ in order to **build consensus**
- ✓ involving **opinion leaders, policy makers, stakeholders groups, entrepreneurs**

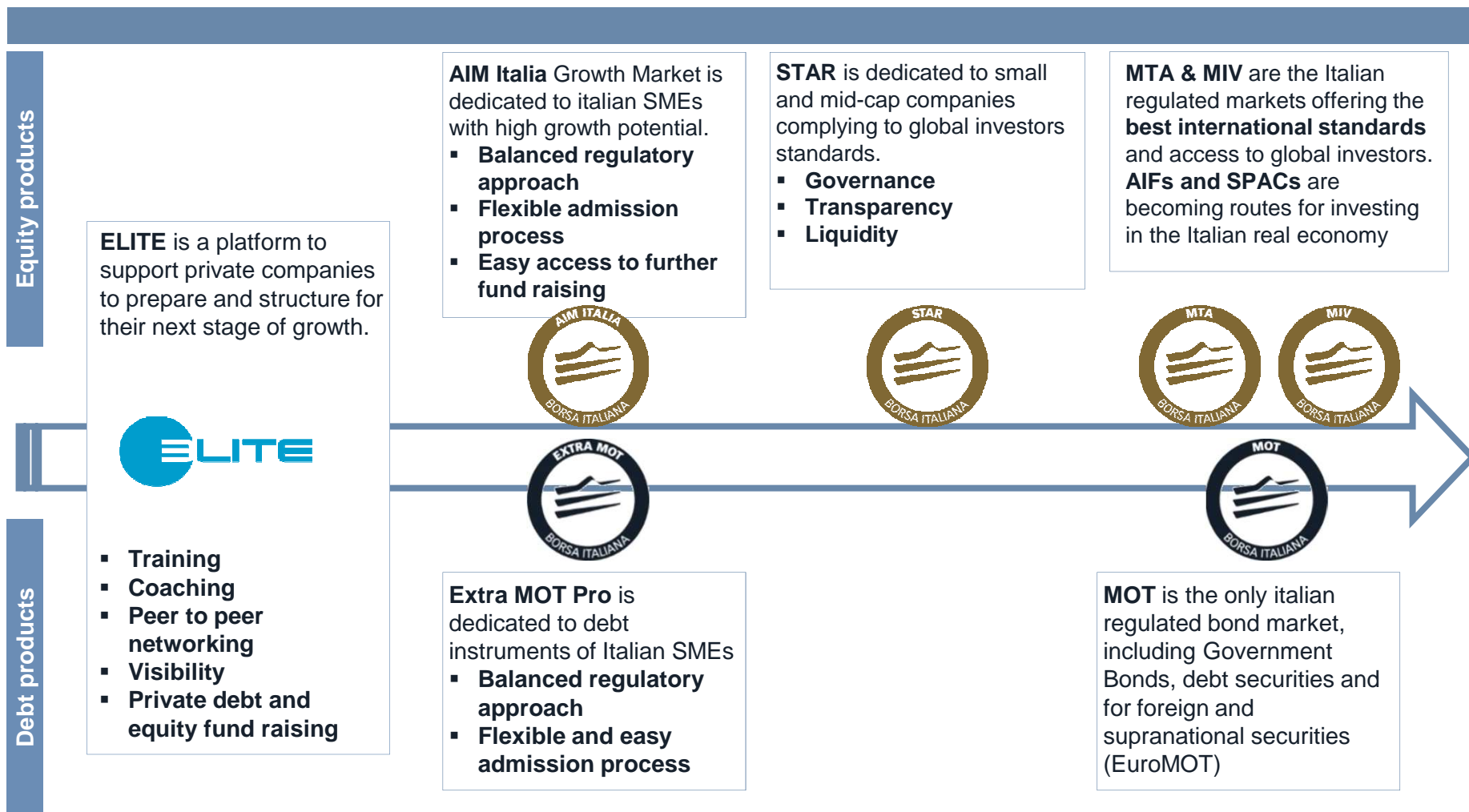
**Permanent origination roadshows** around Italy





# Borsa Italiana offering for SMEs

## Gradual approach to capital markets



Source: Borsa Italiana, PMK Italy, April 2018



### What?

ELITE is a programme that **helps** fast-growing private companies prepare and structure for further growth



### Who?

ELITE **serves** the most exciting and ambitious businesses with a strong business model, clear growth strategy and the commitment to implement useful changes for development.



### How?

ELITE **offers** an innovative approach through training and access to a diverse community of companies, entrepreneurs, investors and corporate advisers.



851

COMPANIES



36

COUNTRIES



62

AGG. SALES



300,000

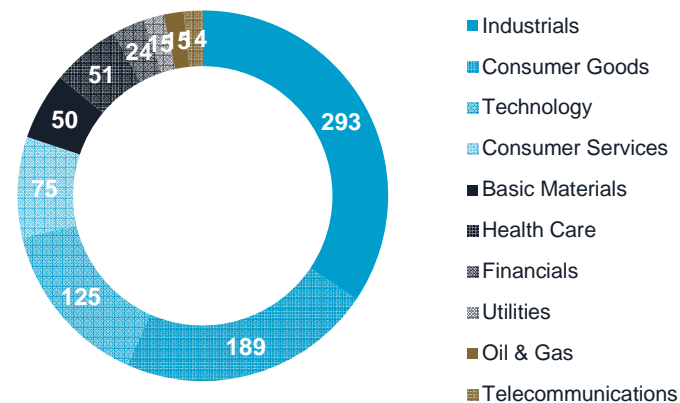
EMPLOYEES



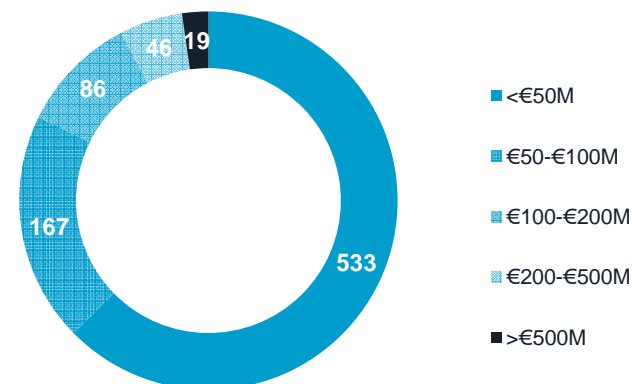
35

SECTORS

### Industry Breakdown



### Sales Breakdown



# ELITE Club Deal

Connecting companies with capital



## What?

ELITE Club Deal offers **different financial instruments** and **different financing options** (equity, convertible, CBO)

## How?

Simple access and **integrated approach** in one single environment (company profile, digital data room , self-promotion, selection of advisor)

## How?

Simple process to raise capital (standardized documents and workflows), through an innovative web portal, with a «2-click» investment process

## Costs?

Success fee for the companies – one off  
No fee for investors

# AIM Italia

## The Italian Equity Growth Market

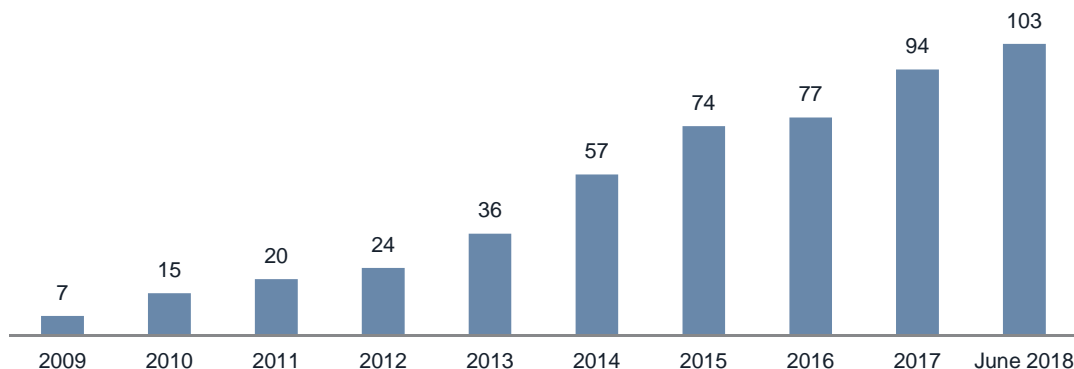
### AIM Italia

- **103 companies, 13 sectors** represented
- **13 admissions** on AIM Italia since January 2018
- **€ 6.7 Bn** total market cap, **€ 67 Mn** average market cap, **€ 43 Mn** median market cap
- **€ 3.5 Bn** raised at IPO, of which:
  - **€ 3.3 Bn** raised in capital increase (93%)
  - **€ 0.2 Bn** raised by sale of existing shareholders (7%)
- **34.3%** average free float at IPO

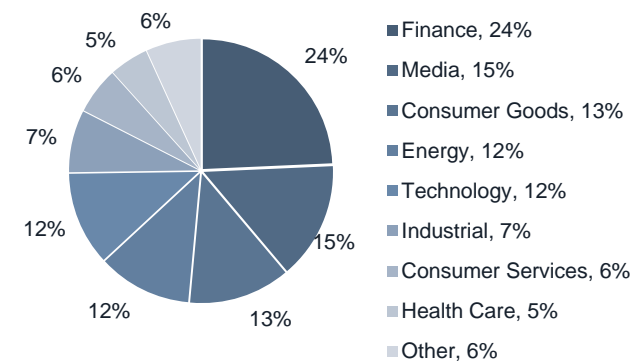
### AIM Italia Growth Market is dedicated to SMEs

- with **high growth potential**
- offering a **balanced regulatory approach**,
- **flexible admission process**,
- **easy access to further fund raising**

### Listed companies on AIM Italia\*\*



### Industry breakdown

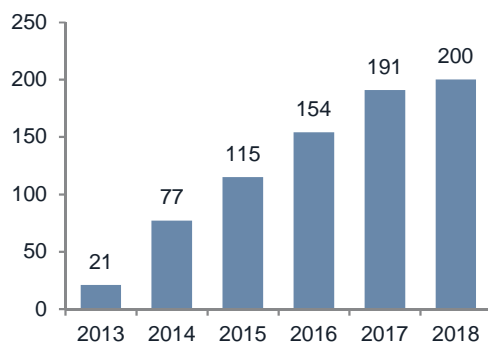


Source: Borsa Italiana, PMK Italy, Mkt Cap as of April 2018, \*\* figures updated as of 04.06.2018

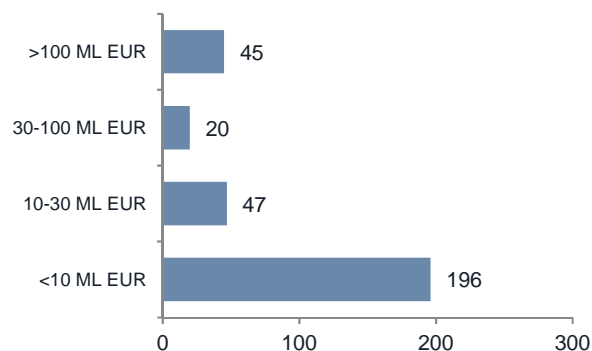
# ExtraMOT PRO

## The market for SMEs debt instruments

**Number of issuers**



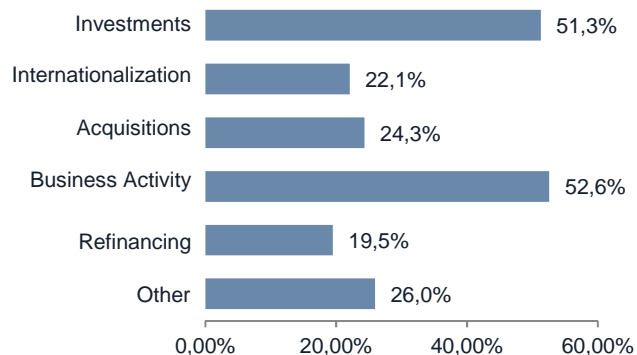
**Number of instruments per class**



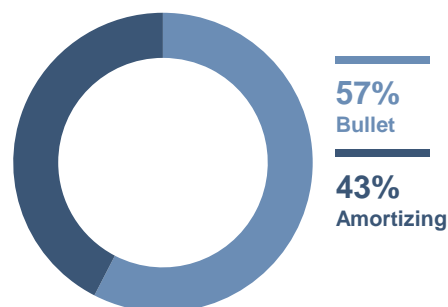
**Issuers geographical distribution**



**Use of proceeds**



**Redemption**



Source: Borsa Italiana, PMK Italy, May 2018

# STAR

## SMEs meeting global investor standards

### Key stats on STAR segment:

- **75 companies, 17 sectors** represented
- **90% of foreign investors** out of market value owned by institutional investors
- **€ 42.4 Bn** total market cap, **€ 572.8 Mn** average market cap
- **€ 4.7 Bn** raised at IPO, of which **€ 2.2 Bn** raised through capital increase\*, and **€ 2.6 Bn** raised through follow on

*\*related to all companies listed on the STAR Segment since 2001*

### STAR is dedicated to SMEs complying to

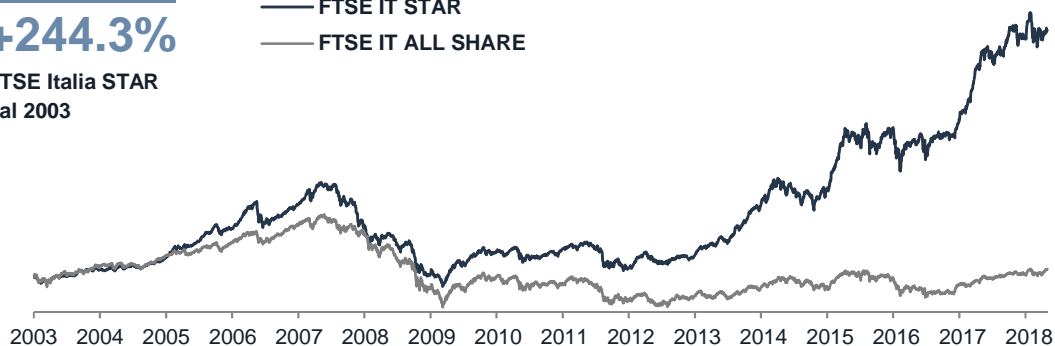
- **Global investors standards in terms of:**
  - **Governance**
  - **Transparency**
  - **Liquidity**

### Performance FTSE Italia STAR vs FTSE Italia All Share

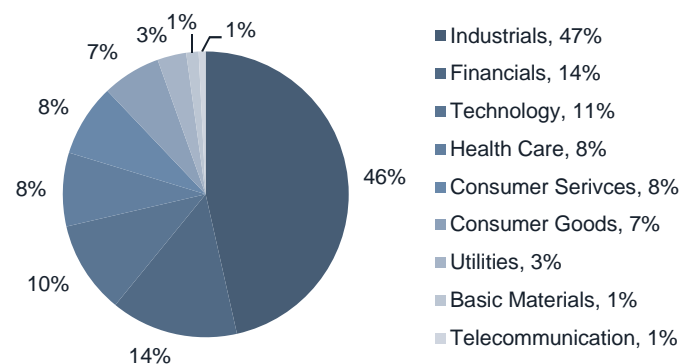
**+244.3%**

FTSE Italia STAR  
dal 2003

— FTSE IT STAR  
— FTSE IT ALL SHARE



### Industry breakdown by market cap



Source: Borsa Italiana, PMK Italy, April 2018

# Alternative Investment Funds and SPACs



## Routes for investing in the Italian Real Economy

After an increasing number of SPACs joining the market, a higher number of promoters are now looking at the AIFs model with investment strategies spanning from private equity, private debt to real estate and green assets

### 17 Closed-Ended Funds

- 17 closed-ended funds are listed on MIV – Market for Investment Vehicles

### 15 SPACs

- 14 SPACs currently listed on AIM Italia
- 1 SPAC is listed on MIV
- 12 SPACs have already completed a Business Combination

### 3 REITs

- 3 Real Estate Investment Trusts listed on the main market MTA

### 3 Permanent Capital Vehicles

- 2 Reserved Alternative Investment Companies listed on MIV and AIM Italia
- 1 Specialty Investment Company listed on MIV



# SPACs within Italian Markets

## Routes for investing in the Italian Real Economy

### Statistics on SPACs

- **27 SPACs** admitted on Borsa Italiana markets since 2001
  - **5 SPACs** on MIV
  - **22 SPAC** on AIM Italia
- **12 SPACs concluded the Business Combination**
  - 6 Targets are now listed on MTA (3 of which on STAR segment)
  - 6 Targets are now listed on AIM Italia
- **15 SPACs have to conclude the Business Combination**
  - 3 SPACs announced it (i.e. Glenalta with CFT, Spaxs with Interprovinciale, Space 4 with Guala Closures)

### Statistics on money raised

- **€ 3.7 B total money raised**, of which:
  - **€ 1,1 B** on MIV
  - **€ 2,4 B** on AIM Italia
- **MIV:**
  - **€ 216 M** average money raised
  - **€ 150 M** median money raised
- **AIM Italia:**
  - **€ 118 M** average money raised
  - **€ 100 M** median money raised

### SPAC “serial promoters”

- Space - MIV
- Space 2 - MIV
- Space 3 - MIV
- Space 4 - MIV
- Industrial Stars of Italy 1 – AIM Italia
- Industrial Stars of Italy 2 – AIM Italia
- Industrial Stars of Italy 3 – AIM Italia
- Glenalta Food – AIM Italia
- Glenalta – AIM Italia
- Capital for Progress – AIM Italia
- Capital for Progress 2 – AIM Italia

Money raised by SPACs that have to conclude the Business Combination amounts to € 2.5 Bn



# Recent Government initiatives

## PIR and Tax credit on IPO costs

### Incentives to investors – PIR (Individual Saving Plans)

- **68 PIR Compliant Funds**, of which:
  - 43 new funds
  - 25 existing funds
- **€ 10.9 Bn of money raised in 2017**, of which
  - € 7.9 Bn coming from new funds
  - € 3.0 Bn coming from existing funds
- **€ 2.0 Bn of money raised in 2018**, of which
  - € 1.8 Bn coming from new funds
  - € 0.2 Bn coming from existing funds
- **Total Asset Under Management** (including funds performance) : **€ 17.5 Bn**

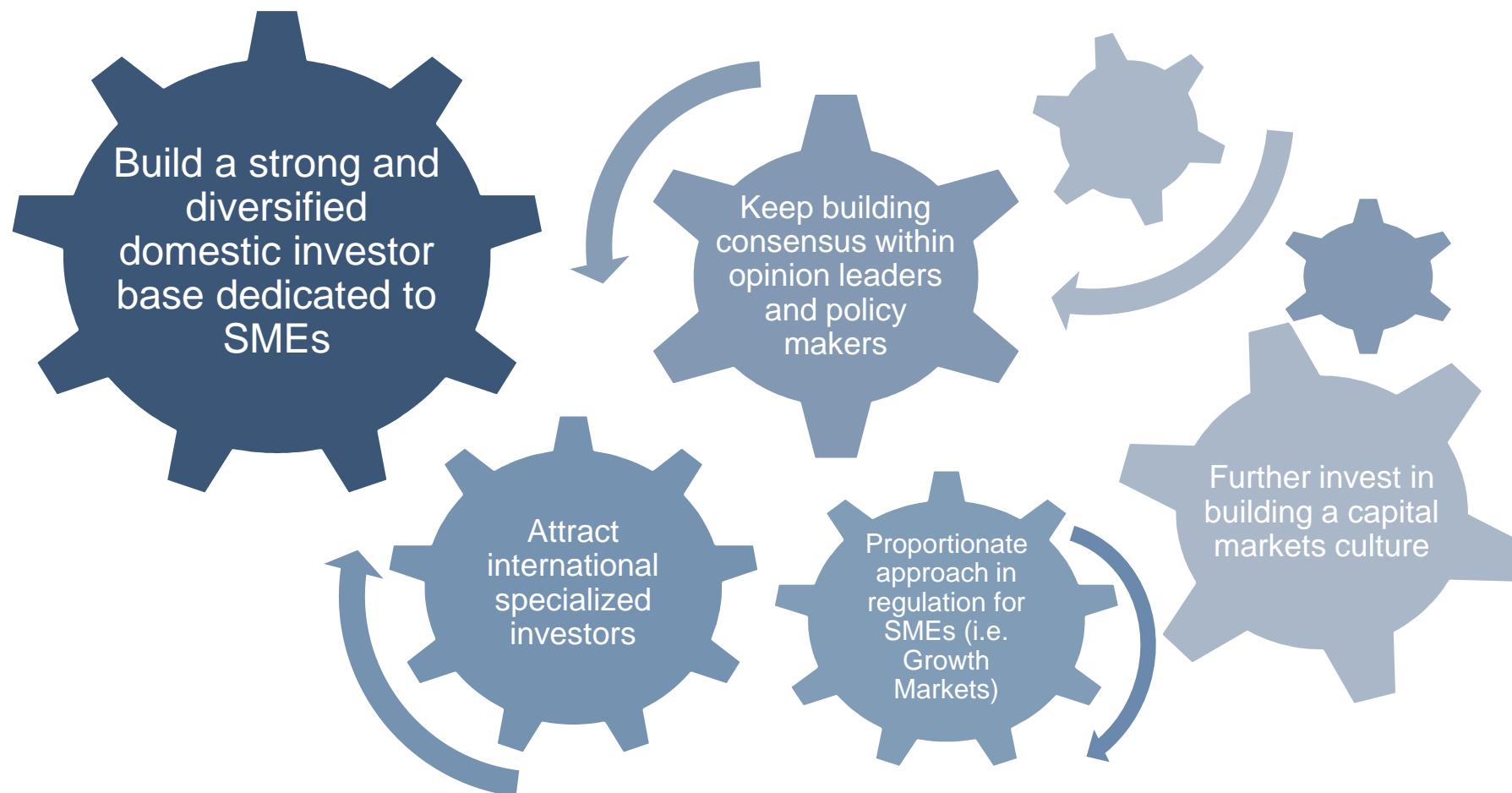
### Incentives to SMEs - Tax credit on IPO costs

- **Tax credit on IPO costs:**
  - dedicated to SMEs, by european definition
    - «firms with **less than 250 employees**, **annual sales less than € 50 million** or (alternatively to sales parameter) **active less than € 43 milion**
  - consist of a **50% tax credit**, in the maximum measure of **€ 500.000 for advisory costs sustained from 1 January 2018 to 31 December 2020**

Source: Borsa Italiana, PMK Italy, June 2018

# What's next

An integrated approach between public and private stakeholders



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