

The great challenge of the **AIM**

With 16 **IPOs** in the first eight months of this year, the segment of the stock market for **small** and **mid-sized** companies proved to be the most appealing **tool** to get financing for **growth**. And **green economy** players took performance to the forefront

by Claudia Cervini

They are small, but they can grow very quickly. This is the hope of the investors – most of whom are professionals – in the dozens of companies that have livened up Italy's Alternative Investment Market (AIM) in the last two and a half years. Furthermore, since the start of 2015 there have been strong overall signs of vitality and a desire and capacity to grow on the part of the firms listed in AIM Italia, which is run by Borsa Italiana. «The AIM now has a capitalization of nearly €3 bn – with more than €600 mn raised – and a turnover of €3.4 bn. In the first eight months of 2015, it saw 16 IPOs and on the whole, it is showing increasing signs of maturity, as emphasized by the growth in the key figures (revenues were up 24% in 2014),» explained **Anna Lambiase**, the CEO of IR Top, an investor relations and executive consultancy firm. Through the AIM Italia Research Centre, IR Top constantly monitors the SME market and reports on the main patterns, investment trends, IPOs, financial results, stock market performances and stakes held by institutional investors. The overview presented by IR

Top highlighted the fact that revenues are not the only indicator of growth. Liquidity has always been the AIM's Achilles heel, but it too is improving in terms of average daily value, the ratio of days with trade to the total number of business days and the speed of turnover. «The poor communication capabilities of many companies still have



Right, Giovanni Natali of Ambromobiliare. Above: Rinaldo Denti of Frendy Energy, best company by revenue growth, and (right) Marco Astorri, CEO of

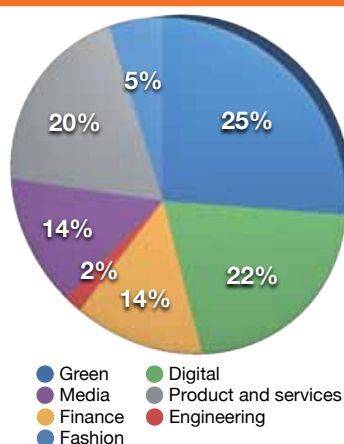


Bio-on, best performer by price since the IPO. On top, Anna Lambiase, the CEO of IR Top, the investor relations and executive consultancy firm

an excessive impact, limiting trade and resulting in poor visibility, especially among potential foreign investors,» stated Lambiase. The green sector is the most heavily represented area, with 23% of the companies and 28% of the capitalization. It is followed by the digital industry, with 20% of the companies and 17% of the capitalization. The average AIM company has revenues of €32.2 mn, EBITDA of €4.7 mn (with an EBITDA margin of 10%) and a capitalization of €42 mn.

The green economy's positive trend in AIM Italia is reflected in the revenue rankings: four of the top ten companies are from the green sector (Frendy Energy, TE Wind, Bio-on and Enertronica). In the EBITDA rankings, there are two

AIM breakdown by sectors



green companies among the top five. The number increases to three out of five for the EBITDA margin (Iniziativa Bresciane, Frendy Energy and Ecosuntek).

The same field also leads the way in IPO performances: three of the top six companies that have successfully made their debut in the market are from the green sector (Bio-on, Fintel Energia Group

Top listed companies by revenue growth in 2014...

Rank	Company	Sector	IPO date	Revenues € mn	1y Ch %
1	Frendy Energy	Green	22-06-2012	4.0	239%
2	Notorious Pictures	Media	23-06-2014	26.8	196%
3	IKF	Finance	8-05-2009	30.6	117%
4	Ambromobiliare	Finance	23-12-2011	7.0	112%
5	TE Wind	Green	11-10-2013	0.2	92%
6	Bio-on	Green	24-10-2014	2.7	80%
7	Neurosoft	Digital	8-05-2009	10.3	76%
8	Caleido Group*	Services	24-03-2015	8.2	68%
9	Enertronica	Green	15-03-2013	10.2	66%
10	Digital Magics	Digital	31-07-2013	2.7	61%

Source: IR Top; * Proforma

... and by EBITDA growth...

Rank	Company	Sector	EBITDA	CH %
1	Notorious Pictures	Media	14.3	409%
2	Moby (dati proforma)	Digital	1.8	371%
3	Frendy Energy	Green	2.7	270%
4	Bio-on	Green	1.0	131%
5	Neurosoft	Digital	3.1	110%

Source: IR Top

... and by EBITDA amount (% on revenues)

Rank	Company	Sector	IPO date	EBITDA %
1	Iniziativa Bresciane	Green	15-07-2014	78%
2	Frendy Energy	Green	22-06-2012	68%
3	Leone Film Group	Media	18-12-2013	61%
4	Ecosuntek	Green	8-05-2014	56%
5	Notorious Pictures	Media	23-06-2014	54%

Source: IR Top

Best listed companies by IPO performance

Rank	Company	Sector	IPO date	Performance
1	Bio-on	Green	24-10-2014	206%
2	Giorgio Fedon	Fashion	18-12-2014	141%
3	Modelleria Brambilla	Industry	5-12-2014	116%
4	BioDue	Services	20-05-2015	79%
5	Fintel Energia Group	Green	23-03-2010	76%

Source: IR Top as of September 2

and Enertronica). It can be a good area in which to invest, as long as a little discretion is shown. Bio-on is a bio-sustainable chemicals company that has patented a number of systems for making products such as 100% biodegradable plastics that are suitable for numerous purposes, including the manufacturing of cars. It has seen an increase of 206% in its share

price in the year since its IPO in October 2014, despite the fact that some big brokers failed to see its growth and stock market potential and classified it as unlistable. «This underlines that the figures involved must show insight and organizational skills in the listing process, although that in itself is not enough to guarantee success,» noted **Giovanni Natali**, the CEO

The green economy's positive trend in the Italian Alternative Market is reflected in the revenue rankings: four of the top ten companies are from the green sector

of Ambromobiliare, who decided with the company president Alberto Franceschini to accompany Bio-on during the listing procedures. Another interesting example is Fintel Energia Group, which has seen an increase of 76% since it was listed on 23 March 2010. Meanwhile, the share price for the renewable energy and energy saving company Enertronica has gone up 37% since 15 March 2013. In other fields, one of the stand-out performers is the eyewear and leather goods company Giorgio Fedon, which has seen an increase of 141% since its market debut on 18 December 2014. Modelleria Brambilla has also hit the ground running. The Emilian manufacturer of cylinder heads and engine blocks for the automotive industry comes third in the rankings for post-listing market performance: since 5 December 2014, its share price has increased by 116%. Pushing for a place on the podium is BioDue, which develops, makes and sells cosmetics, dietary supplements and medical devices. Since its IPO in May this year, it has gained 79%.

Despite these results, many analysts and potential investors still believe that the lack of liquidity among AIM stocks means that they are too risky to offer good deals. «It is not the markets that are illiquid but the individual stocks,» explained Natali. For investors of all kinds, including retail investors, it is a big mistake to generalize, because in the AIM at the moment there are lots of stocks that are traded much more than the majority of the stocks in the STAR index.» Nonetheless, there is a golden rule that investors must always bear in mind: regardless of where they are listed, small caps can experience substantial fluctuations precisely because of their small capitalizations. Therefore, the exceptional returns seen in the AIM and elsewhere in the last year should not give rise to over-exuberance but to prudence, which should be backed by sound risk diversification in portfolio composition.

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The listed companies on Italian AIM

company	Sector	IPO date	Flottante %	Funding*	Capitaliz°	Perf. YTD %
Giglio Group	Media	7-08-2015	23	6	23.5	
Capital for Progress	Finance	4-08-2015	na	51.1	49.1	
Piteco	Servuces	31-07-2015	17	11.5	60.4	
Assiteca	Services	27-07-2015	13	7.35	60.2	
Masi Agricola	Food	30-06-2015	20	29.6	157.5	
Bomi Italia	Prod.&serv.	26-06-2015	27	12.1	39.2	
Bio Due	Services	20-05-2015	10	4	70.8	97.1
Cover 50	Fashion	13-05-2015	24	19.3	76.3	-5.5
Elettra Investimenti	Green	21-04-2015	21	4.7	20.4	-2.8
Mondo TV Suisse	Media	13-04-2015	11	0	24.4	-0.3
Clabo	prod.&serv.	31-03-2015	33	7.4	16.2	-1.6
Caleido Group	prod.&serv.	24-03-2015	19	1.5	7.1	-30.2
DigiTouch	Digital	16-03-2015	28	8.9	30.6	-1
Mobyt	Digital	5-03-2015	15	4.5	25.9	-7.8
Italian Wine Brands	prod.&serv.	29-01-2015	61	0	51.4	-5.6
Giorgio Fedon	Fashion	18-12-2014	21	0	35.2	155.3
Axelero	Digital	11-12-2014	33	24.8	65.3	-7.3
Modelleria Brambilla	prod.&serv.	5-12-2014	18	1.5	20.5	47.4
Bio-on	Green	24-10-2014	10	6.9	222.1	152.6
Tecnoinvestimenti	Digital	6-08-2014	21	22.8	109.1	17.5
GO Internet	Digital	6-08-2014	30	5	20.8	25.1
Tech-Value	Digital	5-08-2014	13	1.7	8.3	-36.3
Mailup	Digital	28-07-2014	15	3	23.8	8.9
Blue Note	prod.&serv.	22-07-2014	22	1	4.4	2.1
Lucisano Media Group	Media	16-07-2014	12	6.4	29.8	-14.8
Mp7 Italia	Media	7-07-2014	28	3.9	73.3	1.1
Iniziativa Bresciane	Green	15-07-2014	26	20.2	12.0	-4.9
Notorious Pictures	Media	23-06-2014	10	7	64.7	7.5
PLT Energia	Green	4-06-2014	16	10.5	45.4	-4.3
Energy Lab	Green	20-05-2014	17	3.7	18.6	-13.8
Ecosuntek	Green	8-05-2014	17	5.3	23.5	-27.2
Agronomia	Green	6-05-2014	19	6.2	11.1	-23.5
Triboo Media	Digital	11-03-2014	38	27.6	57.3	9.2
Gala	Green	10-03-2014	12	24.9	119.6	-17.5
Expert System	Digital	18-02-2014	43	17.1	46.9	17.6
Sunshine Capital Inv.	Finanza	24-01-2014	100	3.2	n.d.	-10.7
Gruppo Green Power	Green	22-01-2014	11	3.3	15.5	-14.8
Greenitaly1	Green	27-12-2013	100	35	35.9	1.9
WM Capital	prod.&serv.	23-12-2013	12	1.4	9.3	25.7
Innovatec	Green	20-12-2013	30	5.3	8.6	74.7
Net Insurance	Finanza	19-12-2013	9	13	136.5	-1.3
Leone Film Group	Media	18-12-2013	25	16.1	40.4	7.2
Ki Group	Green	18-11-2013	14	5	19.5	8.8
TE Wind	Green	11-10-2013	42	3.7	6.8	-21.8
Safe Bag	prod.&serv.	12-09-2013	12	3.5	13.1	42.4
Digital Magics	Digital	31-07-2013	18	4.6	25.8	23.9
Industrial Stars of Italy	Finanza	22-07-2013	n.s.	50.1	210.0	22.3
Italia Independent Group	Fashion	28-06-2013	27	15.7	61.7	-2.2
Enertronica	Green	15-03-2013	10	0.9	16.3	-9.2
Mondo TV France	Media	1-03-2013	25	3	12.3	54.2
Mc Link	Digital	22-02-2013	10	2.6	20.0	9.7
Compagnia Della Ruota	Finanza	30-07-2012	52	3.5	8.8	-0.9
Primi sui Motori	Digital	26-07-2012	14	3.5	16.8	-53.9
Frendy Energy	Green	22-06-2012	15	2.7	36.7	-2.9
Softec	Digital	5-03-2012	3	0.3	5.8	-10.6
Ambromobiliare	Finanza	23-12-2011	13	1.9	12.9	-10.1
Soft Strategy	prod.&serv.	9-08-2011	4	0.3	3.2	-19.2
Valore Italia	Finanza	27-04-2011	3	0.7	2.4	-67.5
Imvest	prod.&serv.	29-03-2011	0	0.05	13.3	-15.3
HI Real	prod.&serv.	19-01-2011	39	3	1.6	-13
First Capital	Finanza	22-12-2010	59	14.1	22.8	16.4
Vita Società Editoriale	Media	22-10-2010	31	2.5	1.6	-4.6
Methorios Capital	Finanza	14-07-2010	11	7.9	50.7	-25.4
Fintel Energia Group	Green	23-03-2010	11	5.6	103.5	13.1
Visibilia Editore	prod.&serv.	16-03-2010	10	1.5	6.8	-42.4
Poligrafici Printing	Media	16-03-2010	10	3.2	8.4	39.9
Rosetti Marino	Ingegneria	12-03-2010	5	6	144.9	3
Tbs Group	prod.&serv.	23-12-2009	7	6.3	62.9	6.8
Vrway Communication	Media	23-07-2009	n.s.	0	0.0	6.8
IKF	Finanza	8-05-2009	98	8	5.8	19.2
Neurosoft	Digital	8-05-2009	17	7.6	42.6	44.8
Average			24	7.6	39.7	6.64
Total				494.5	2582.6	

Source: IR Top - * in € mn - ° as of 2 September 2015