ITALIAN CAPITAL MARKETS MONITOR
YEAR 2018

Milan, 13th February 2019

Università Bocconi
BAFFI CAREFIN
Centre for Applied Research on International Markets, Banking, Finance, and Regulation

EQUITA

Contents

Executive Summary	**2**
Securities Offerings ▶ Equity	**8**
Securities Offerings ▶ Debt	**20**
Securities Offerings ▶ Minibond	**25**
Intermediaries	**27**
Investors ▶ Equity	**32**
Investors ▶ Debt	**35**

Executive Summary

Securities Offerings: Key trends 2018 vs 2017

Equity Capital Market

Transactions completed on MTA

- **Significant decrease in total issued volumes:** 2018 was characterized by a -84% decrease in volumes
- **Rights Issues and IPOs showed the greatest relative decrease, with ABB decreasing significantly in absolute terms**: Rights Issues decreased by -84%, considering that in 2017 the major contribution came from Unicredit's Rights Issue (€13 bln). IPOs decreased by -84% in volumes (5 IPOs vs 8 in 2017), ABBs decreased by -65%. 0 Convertible offerings in 2018 vs 5 in 2017
- **Volumes in all sectors decreased significantly**: all sectors decreased in volumes in 2018, with particular regard to the Banking sector (-93%), affected by the aforementioned Unicredit's Rights Issue. Industrial offerings decreased by -71%, while Financial sector decreased by -43% (€699 mln in 2018 vs €1,219 mln in 2017). No offerings in the Utilities sector (vs €146 mln in 2017)

Transactions completed on AIM

- **Slight volumes increase on AIM**: in 2018 total issued volumes slightly increased by +4%, moving from €1,311 mln in 2017 to €1,367 mln
- **Increase driven mainly by IPOs (especially SPACs) and Right Issues, with a decrease in ABBs**: IPOs accounted for 97% of all offerings on AIM in 2018, the highest proportion since 2012. This is attributable to an outstanding number of IPOs of SPACs during the year (7 SPACs listed on AIM in 2018, €1.2 bln in volumes). Also the volume of Right Issues increased in 2018 (+99%). On the contrary, ABBs (-24%) and Convertibles (0 issues) decreased in terms of volumes compared to 2017
- **Volumes increased both in the industrial sector and in the financial sector**: issues increased by +15% for industrials and by +3% for the financial sector, the latter driven by SPACs IPO offerings; no issues in banking and utilities sectors

Focus on SPACs

- **7 SPACs were listed in 2018 (all of them on AIM)**, for a total value of €1.2 bln, with a decrease of -27% compared to 2017 (8 SPACs were listed in 2017, 7 on AIM and 1 on MTA, €1.6 bln in total volumes). The major contribution to the SPACs volumes in 2018 came from SPAXS, the largest SPAC issue on the Italian market with a total value of €600 mln. Equity capital raised by SPACs in 2018 made up for 57% of total IPOs (vs 28% in 2017)

Debt Capital Market

- **Decrease in corporate debt issues**: 2018 featured a -53% decrease in volume (€21 bln vs €45 bln in 2017), coupled with a -43% decrease in number (38 issues in 2018, compared to 67 in 2017)
- **The Investment Grade market is the largest in terms of volume (64% of total issues), decreased by -45%**; Not Rated and High Yield issues decreased by -51% and -76% respectively in value, while Crossovers decreased by -12%. By number of issues, 47% of total debt offerings were Investment Grade issues (18 vs 35 in 2017); the second largest category was High Yield (10 vs 22 in 2017). Not Rated (5 vs 6 in 2017) and Crossovers issues (5 vs 4 in 2017) were the smallest ones
- **Sectors including frequent issuers showed a higher activity level**: the Italian corporate DCM showed a prevalence of issues in the Energy & Chemicals (47%), Industrial Manufacturing (16%), ICT and Financial (each 8%) by number of issues
- **Minibond market gained a +45% in volumes:** although the number of issues decreased from 57 in 2017 to 47 in 2018

Executive Summary

Intermediaries[(a)]: Key trends 2018 vs 2017

- **Slight decrease in the number of Equity Research brokers from 2017, with a loss of coverage of mid caps[(b)]**: the number of Equity Research brokers decreased from 23 in 2017 to 20 in 2018, due to the exit of three Foreign players. The coverage of smaller companies (market capitalization <€200 mln) decreased by -7% in 2018, while medium-size companies (market capitalization €200-500 mln) reported a +6% increase in coverage. Overall, the 2009-2018 shift from Italian to global players led to a greater focus on large cap companies, while small and mid caps experienced a reduction in the level of coverage
- **Decrease in the Sales & Trading sector**: the Sales & Trading sector decreased in terms of number of players from 2017 (26 players) to 2018 (19 players), going through a even higher reduction in a larger timeframe (from 38 in 2008 to 19 in 2018). The market share of domestic brokers decreased in 2018 (78% in 2017 vs 72% in 2018)
- **Increase of domestic players in IPOs and of foreign ones in ABBs**: in 2018, foreign brokers accounted for 33% (vs 50% in 2017) of the total number of brokers involved in IPOs as Global Coordinator due to smaller IPOs on MTA and 64% (vs 50% in 2017) of the total number of Bookrunners involved in ABBs
- **Strong positioning of independent players according to Italian and international investors**: as in the previous years, independent players achieved strong positioning in terms of Equity Research coverage and Sales & Trading activities according to Italian and international investors

Investors: Key trends 2018 vs 2017

Equity Capital Market

- **No presence of retail investors on primary market; increasing weight of institutional investors on secondary market**: in 2018 institutional investors represented 100% of the total demand in the IPOs on MTA, even higher than in 2017 (97%). In particular, in 2018 all the 5 IPOs on MTA addressed only institutional investors, while in 2017 they were 1 out of 8. With regard to the secondary market, in 2018 the weight of institutional investors in the share capital of Italian companies included in FTSE All-Share increased from 11% in 2017 to 12%, starting again the trend observed since 2010 of increasing weight of institutional investors. Overall, the negative change of 2018 for investors was provided by the high uncertainty mainly given by the political environment which lowered liquidity in the Italian stock market and contributed to the negative performance of main Italian stock indices
- **Italian equity capital markets strongly rely on foreign investors**: Foreign institutional investors represented 94% of total institutional investors in listed companies included in FTSE All-Share, as well as in 2017. No data available on the institutional investors' breakdown by nationality in the context of IPOs on MTA

Debt Capital Market[(b)]

- **Asset managers remain the main investor category in Italian debt offerings**: in 2018 asset managers weighted the most in debt orders book (56% vs 59% in 2017). Banks have decreased their weight (15% in 2018 vs 20% in 2017), also decreasing with respect to the previous years. The weight of Central Banks showed an increase relative to 2017 (13% in 2018 vs 8% in 2017), proving their support to Italian debt issues
- **Italian debt market strongly dependent on European investors, but less dependent than the previous year**: in 2018 Italian debt issues were mostly underwritten by domestic investors (23% vs 25% in 2017), German investors (22% vs 14% in 2017), French investors (18% vs 16% in 2017)

(a) Focused on Equity; MTA
(b) Data available since 2009

Executive Summary

Overview of Equity and Corporate Bond Offerings since 2008

Equity Capital Market

	(Size in € mln)	2008		2009		2010		2011		2012		2013		2014		2015		2016		2017		2018	
		# trans.	Size	# trans.	Size	# trans.	Size	# trans.	Size	# trans.	Size	# trans.	Size	# trans.	Size	# trans.	Size	# trans.	Size	# trans.	Size	# trans.	Size
MTA	IPOs / Fully Marketed	7	186	1	120	2	2.641	3	535	1	174	3	1.183	7	4.149	9	5.470	3	1.235	8	4.359	5	705
MTA	Rights Issues	15	7.321	25	17.050	18	5.204	19	12.206	15	9.963	14	941	19	11.054	11	4.075	6	4.620	7	14.063	14	2.251
MTA	*o/w FIG* [a]	*5*	*5.776*	*4*	*4.266*	*4*	*4.449*	*7*	*11.633*	*5*	*9.698*	*1*	*100*	*8*	*9.789*	*2*	*3.843*	*1*	*996*	*3*	*13.898*	*2*	*791*
MTA	ABBs	4	327	1	311	12	1.923	6	1.286	5	1.678	20	4.145	12	1.918	23	5.968	9	1.575	24	2.525	8	872
MTA	Convertibiles	-	-	6	1.877	6	2.077	2	365	1	150	11	4.281	9	4.248	5	4.350	2	403	5	2.395	-	-
MTA	**Total Equity Offerings on MTA (A)**	**26**	**7.833**	**33**	**19.358**	**38**	**11.845**	**30**	**14.392**	**22**	**11.965**	**48**	**10.549**	**47**	**21.370**	**48**	**19.863**	**20**	**7.833**	**44**	**23.341**	**27**	**3.827**
MTA	**Total Equity Offerings on MTA excl. FIG Rights Issues (A1)**	**21**	**2.057**	**29**	**15.093**	**34**	**7.396**	**23**	**2.759**	**17**	**2.267**	**47**	**10.449**	**39**	**11.580**	**46**	**16.020**	**19**	**6.837**	**41**	**9.444**	**25**	**3.036**
AIM	IPOs / Fully Marketed	-	-	5	26	6	35	4	69	3	10	15	167	21	205	18	266	11	208	23	1.272	26	1.326
AIM	Rights Issues	-	-	-	-	-	-	-	-	3	3	3	8	6	12	2	5	7	19	4	11	8	22
AIM	ABBs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	0,4	1	23,7	6	26,4	1	20,0
AIM	Convertibiles	-	-	-	-	-	-	-	-	-	-	-	-	4	14	3	13	2	4	1	2	-	-
AIM	**Total Equity Offerings on AIM (B)**	**-**	**-**	**5**	**26**	**6**	**35**	**4**	**69**	**6**	**13**	**18**	**175**	**31**	**231**	**24**	**285**	**21**	**255**	**34**	**1.311**	**35**	**1.367**
	Total Equity Offerings (A+B)	**26**	**7.833**	**38**	**19.385**	**44**	**11.880**	**34**	**14.460**	**28**	**11.977**	**66**	**10.724**	**78**	**21.601**	**72**	**20.148**	**41**	**8.088**	**78**	**24.653**	**62**	**5.194**

Debt Capital Market

(Size in € mln)	2008		2009		2010		2011		2012		2013		2014		2015		2016		2017		2018	
	# trans.	Size	# trans.	Size	# trans.	Size	# trans.	Size	# trans.	Size	# trans.	Size	# trans.	Size	# trans.	Size	# trans.	Size	# trans.	Size	# trans.	Size
Investment Grade	7	3.802	29	25.956	15	11.700	12	9.824	29	24.746	24	13.830	12	7.090	14	9.713	17	10.519	35	24.812	18	13.650
Unrated	-	-	1	350	3	1.200	1	500	1	400	8	1.750	6	1.950	7	2.515	1	500	6	3.095	5	1.505
High Yield	-	-	8	7.565	4	3.456	8	5.516	11	4.639	30	10.925	22	14.207	12	9.152	20	7.988	22	13.594	10	3.205
Crossover	-	-	-	-	-	-	-	-	-	-	4	3.409	7	5.954	5	3.100	4	3.250	4	3.330	5	2.932
Total Corporate Bond Offerings reserved to Institutional Inv. (C)	**7**	**3.802**	**38**	**33.870**	**22**	**16.356**	**21**	**15.840**	**41**	**29.786**	**66**	**29.913**	**47**	**29.201**	**38**	**24.479**	**42**	**22.258**	**67**	**44.831**	**38**	**21.292**
Minibonds (D) [b]	-	-	-	-	-	-	-	-	-	-	14	77	43	521	41	460	53	316	57	281	47	409
Total Corporate Bond Offerings (C+D)	**7**	**3.802**	**38**	**33.870**	**22**	**16.356**	**21**	**15.840**	**41**	**29.786**	**80**	**29.990**	**90**	**29.722**	**79**	**24.939**	**95**	**22.574**	**124**	**45.113**	**85**	**21.701**

Relevant Aggregates

(Size in € mln)	2008		2009		2010		2011		2012		2013		2014		2015		2016		2017		2018	
	# trans.	Size	# trans.	Size	# trans.	Size	# trans.	Size	# trans.	Size	# trans.	Size	# trans.	Size	# trans.	Size	# trans.	Size	# trans.	Size	# trans.	Size
Total "Corporate-Like" Issues (A1+B+C+D)	**28**	**5.859**	**72**	**48.989**	**62**	**23.787**	**48**	**18.667**	**64**	**32.065**	**145**	**40.614**	**160**	**41.533**	**149**	**41.245**	**135**	**29.666**	**199**	**55.868**	**145**	**26.105**
Total SMEs (B+D)	**-**	**-**	**5**	**26**	**6**	**35**	**4**	**69**	**6**	**13**	**32**	**251**	**74**	**752**	**65**	**745**	**74**	**571**	**91**	**1.593**	**82**	**1.776**

(a) Financial Institutions Group (FIG) includes only Banks and Insurance Companies

(b) Listed on Extra MOT Pro; The panel excludes issues promoted by the national branch of global players above € 100 mln

Executive Summary

Methodology

Securities Offerings

- **Period of analysis:** from 2008 to 2018
- **Issue types:**
  - **Equity Issues:** IPOs, Rights Issues, ABBs, Convertibles and Fully Marketed
  - **Debt Issues:** High Yield, Investment Grade, Unrated, Crossover, Minibond
- **Sectors:**
  - **Equity Issues:** Bank, Financial[(a)], Industrial, Utility (accordingly to Dealogic categories)
  - **Debt Issues:** Industrial Manufacturing & Similar, Food & Beverage, ICT, Energy & Chemicals, Consumer Goods, Biotechnology, Financial[(a)], Pharma-Health Care, Transportation-Infrastructure, Other (accordingly to AIFI categories).
    Bank and Government Bonds are not included in the analysis; only corporate bonds included in the analysis
- **Exchange:**
  - **Equity Issues:** MTA[(b)] and AIM
  - **Debt Issues:** various Exchanges in which Corporate Bonds issue by Italian companies are listed
- **Deal value (Equity):**
  - **IPOs:** deal value includes overallotment
  - **Rights Issues**: deal value includes underwriting
- **Deal size (Equity):**
  - **MTA:** small (<€150 mln), medium (€150 - €500 mln), large (>€500 mln)
  - **AIM:** small (<€5 mln), medium (€5 - €25 mln), large (>€25 mln)
- **Sources:** Bloomberg, Bond Radar, Borsa Italiana and Dealogic

Intermediaries

- **Period of analysis:** from 2008 to 2018. Data on equity research brokers only available since 2009. Extel's rankings since 2012
- **Equity Research / Coverage analysis:**
  - **Brokers included in the analysis:** only brokers with significant coverage (coverage of 15 or more companies) were considered
  - **Companies included in the analysis:** all companies of FTSE All-Share since 2009, followed by at least 3 brokers
- **Sales & Trading analysis:** included brokers monitored by Assosim
- **Company size:** based on company's market capitalization. Small (<€200 mln), lower medium (€200-500 mln), upper medium (€500-2,500 mln), large (>€2,500 mln)
- **Deal size:** small (<€50 mln), lower medium (€50-200 mln), upper medium (€200-700 mln), large (>€700 mln)
- **Sources:** Assosim, Borsa Italiana, Dealogic and Extel

Investors

- **Period of analysis:** from 2008 to 2018. Data on investors in debt instruments only available since 2009
- **Investors' nature and nationality on primary market:** based on the number of shares requested during the book-building phase
- **Investors' nature and nationality on secondary market**: based on the institutional investors' holdings (as of 31 December) in companies of FTSE All-Share listed in the 2008 – 2018 period
- **Sources**: Bond Radar, Borsa Italiana and FactSet

(a) Includes REITs, Investment Management companies, Brokerage firms and Insurance Companies
(b) In the context of our analysis MTA also includes MIV, MTF (replaced with MIV in 2009) and EXPANDI (merged with MTA in 2009)

Executive Summary

Glossary

- **ABB:** Accelerated Book Building. It represents a shares offering in a short time period, with little to no marketing to a limited number of investors
- **AIFI:** Associazione Italiana del Private Equity, Venture Capital e Private Debt. It is the Italian Association of Private Equity, Venture Capital and Private Debt
- **AIM (Italia):** Alternative Investment Market. London Stock Exchange's international market for Italian smaller, growing companies
- **Convertible:** Convertible Bond. It is a type of debt security that can be converted into a predetermined amount of the underlying company's equity at certain times and price during the bond's life
- **Crossover:** Crossover Bond. It is a category of bonds including issuers with more than one rating, of which at least one investment grade and one sub investment grade
- **ECB:** European Central Bank
- **Equity Research:** professional term to define the work performed by equity analysts publishing reports on listed stocks
- **Expandi:** it was the market of Borsa Italiana reserved to small-size companies. It was merged with MTA in 2009
- **FIG:** Financial Institutions Group. It includes Banks and Insurance Companies
- **FTSE All-Share:** MTA index including the majority of Italian listed shares
- **Fully Marketed:** offering with similarities to an IPO process but involving an already public company
- **High Yield:** High Yield Bond. It is a high paying bond with a lower credit rating than investment-grade corporate bonds, Treasury bonds and municipal bonds. Issuers of high-yield bonds tend to be startup companies or capital-intensive firms with high debt ratios
- **Investment Grade:** Investment Grade Bond. It is a bond with a relatively low risk of default (ratings from AAA to BBB). Issuers of investment grade bonds tend to be municipalities or corporates with high credit status
- **IPO:** Initial Public Offer
- **MAC:** Mercato Alternativo dei Capitali. It was a stock multilateral trading facility of Borsa Italiana based on simplified access requirements and reserved to institutional investors. It was merged with AIM in 2012
- **Minibond:** Borsa Italiana debt instruments issued by SMEs on ExtraMot Pro
- **MIV:** Mercato degli Investment Vehicles. Italian regulated market reserved to Investment Vehicles. It replaced MTF in 2009
- **MTA:** Mercato Telematico Azionario. It is the London Stock Exchange's electronic stock market for the trading of Italian shares, convertible bonds and warrants
- **MTF:** Mercato Telematico dei Fondi**.** Segment of MTA formerly reserved to Investment Vehicles. Replaced with MIV in 2009
- **Not Rated:** Not Rated Bond. It is a bond with no rating from rating agencies
- **Rights Issue:** new share issue offered to existing shareholders in proportion to their current shareholding, for a specified period and at a specified (usually discounted) price
- **SME:** Small Medium Enterprise

Contents

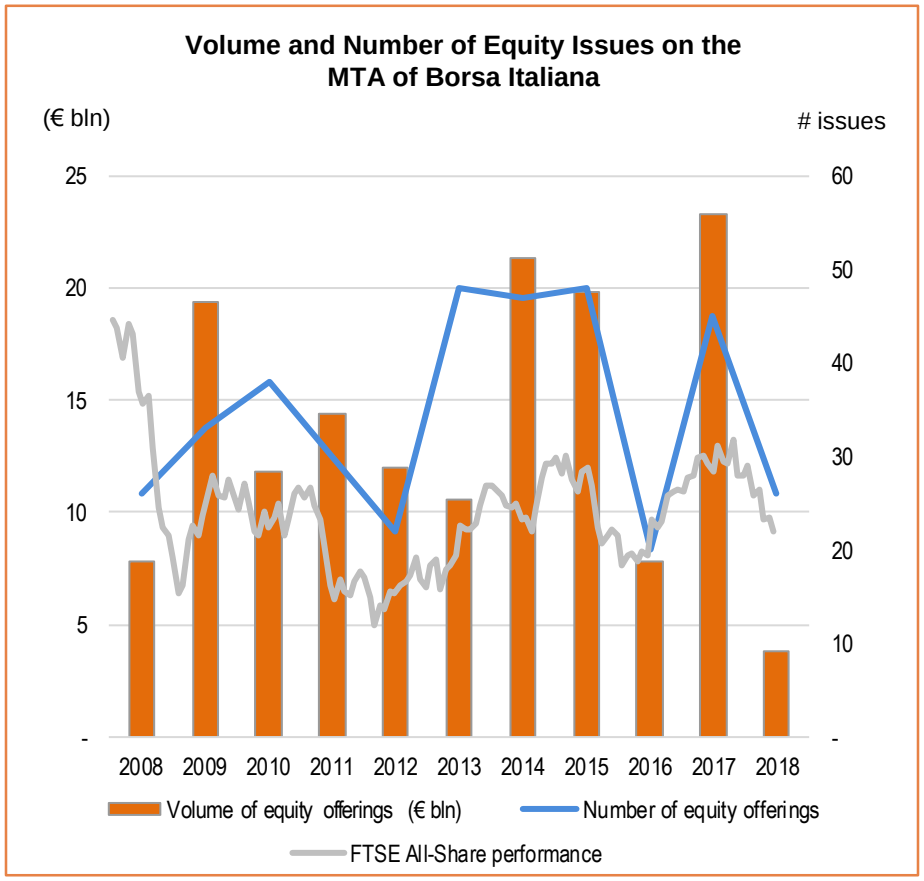
Executive Summary	2
Securities Offerings ▶ Equity	8
Securities Offerings ▶ Debt	20
Securities Offerings ▶ Minibond	25
Intermediaries	27
Investors ▶ Equity	32
Investors ▶ Debt	35

Securities Offerings ▶ Equity

Evolution of equity issues[(a)] on MTA[(b)]

Equity issues down -84% by offering volume; FTSE All-Share showed a negative performance (-22%) in 2018

- **Equity issues down -84% by offering volume**: in 2018 the equity capital markets activity on the MTA totaled €3.8 bln, a -84% decrease compared to 2017 (€23.3 bln)
- By number of issues, 27 new offerings were brought to the market, a -39% decrease compared to 2017 (44 offerings)
- **FTSE All-Share showed a negative performance (-22%) in 2018**: equity offerings were significantly affected by the negative trend of the Italian stock market, in particular due to the uncertainty of political environment



(a) Equity Issues include IPOs, Rights Issues, ABBs, Convertibles and Fully Marketed

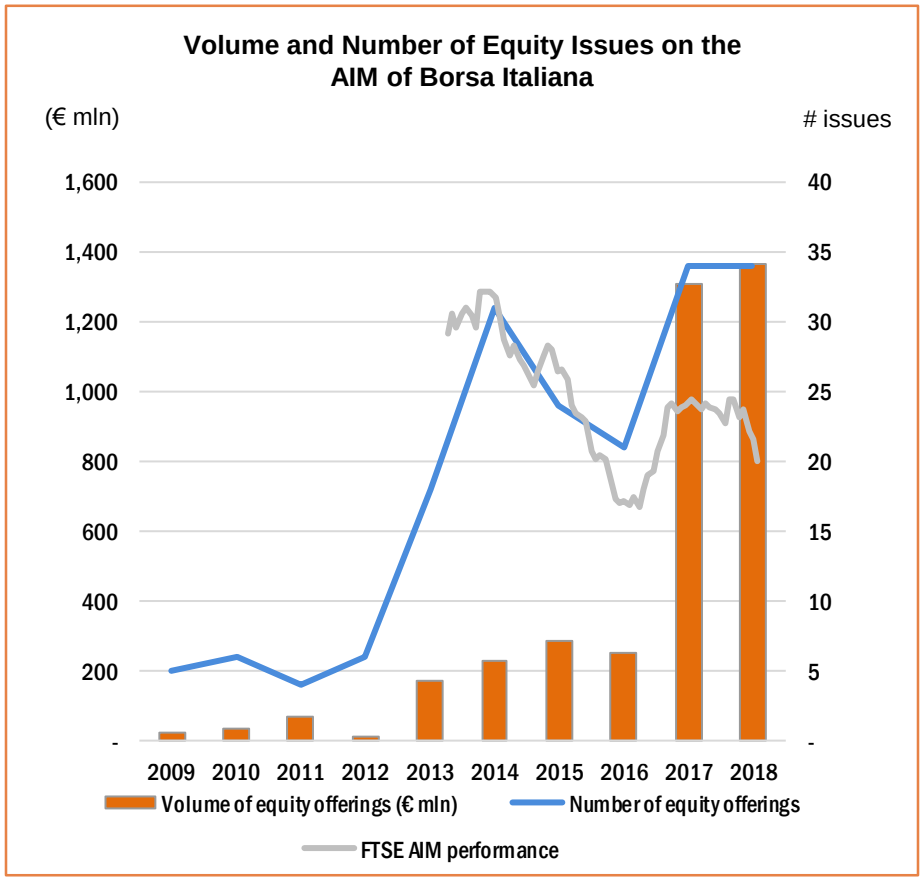
(b) In the context of our analysis MTA also includes MIV, MTF (replaced with MIV in 2009) and EXPANDI (merged with MTA in 2009)

Securities Offerings ▶ Equity

Evolution of equity issues on AIM[(a)]

Equity issues up +4% by offering volume; FTSE AIM[(b)] showed a negative performance (-13%) in 2018

- **Equity issues up by +4% by offering volume**: diverging from the MTA market, the equity capital markets activity on the AIM totaled €1,367 mln in 2018, a +4% increase compared to 2017 (€1,311 mln)
- By number of issues, 35 new offerings were brought to the market, with a slight increase (+3%) compared to 2017 (34 offerings)
- **FTSE AIM[(b)] showed a negative performance (-13%) in 2018**: similarly to the MTA market, the AIM market was negatively influenced by the political environment, mainly in the second half of the year



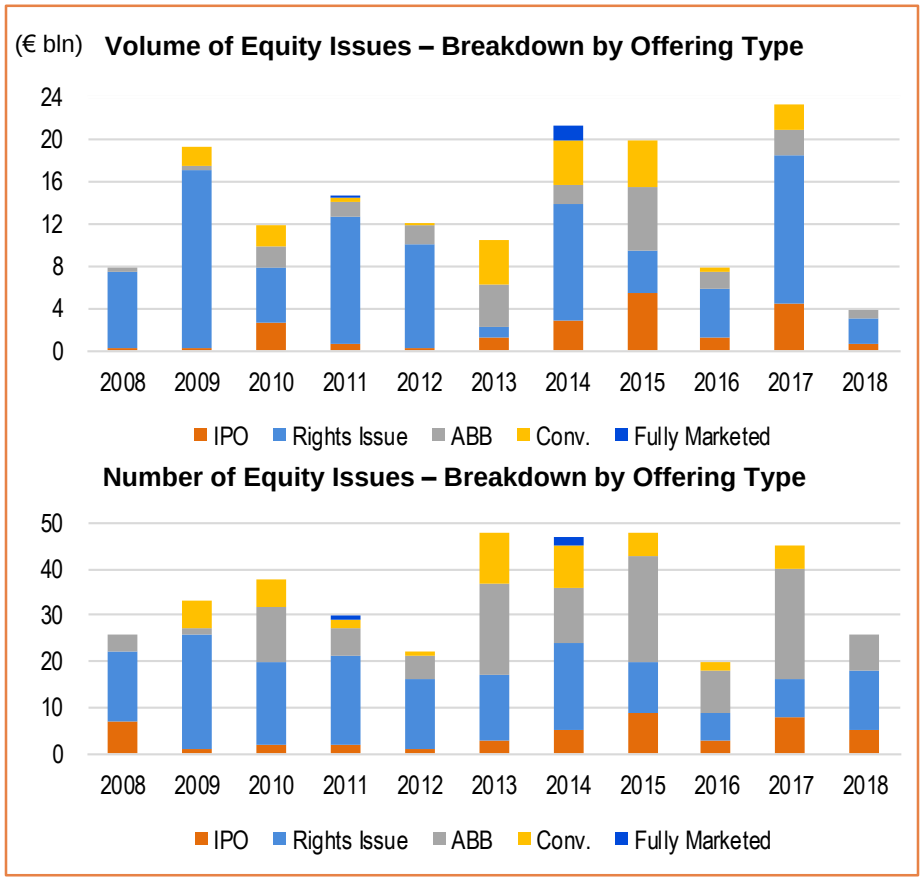
(a) AIM also includes MAC (merged with AIM in 2012)
(b) FTSE AIM performance only available since 2013

Securities Offerings ▶ Equity

Evolution of equity issues by offering type on MTA

Decrease in IPOs volume (-84%), Rights Issues (-84%), ABBs (-65%) and Convertibles (-100%)

- **Decrease in IPOs volume (-84%), Rights Issues (-84%), ABBs (-65%) and Convertibles (-100%)**: IPOs decreased by -84% to €0.7 bln (18% of total equity issues). Rights Issues totaled €2.3 bln, accounting for 59% of total equity issues on MTA, a -84% decrease compared to 2017. ABBs, amounting to €0.9 bln, decreased by -65% in volumes and accounting for 23% of total equity issues. No Convertible bonds were issued in 2018 (compared to €2.4 bln in 2017)
- By number of issues, 52% of equity offerings were accounted for by Rights Issues (14 vs 7 in 2017); ABBs were the second largest category (8 vs 24 in 2017) and IPOs the third with 5 offerings (vs 8 in 2017). No Convertible bonds were issued in 2018 (vs 5 in 2017)

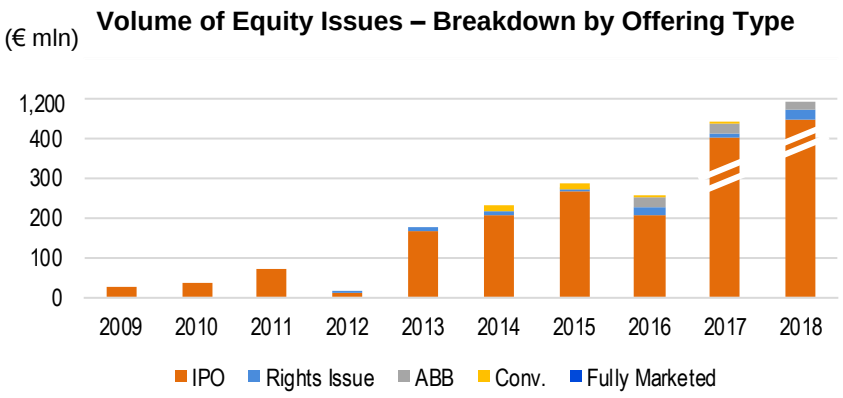


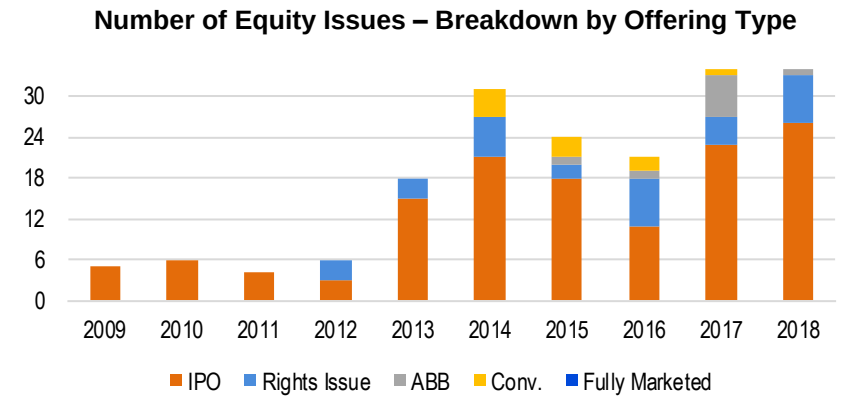
Securities Offerings ▶ Equity

Evolution of equity issues by offering type on AIM

IPOs accounted for almost the full amount of equity issues in 2018 (97% of total equity issues) with an increase of +4%, together with Right Issues (increase equal to +99%); on the contrary, ABBs went down by -24% and no Convertibles were issued

- **IPOs accounted for almost the full amount of equity issues in 2018 (97% of total equity issues) with an increase (+4%) together with Right Issues (increase equal to +99%); on the contrary, ABBs went down by 24% and no Convertibles were issued:** in line with the previous years, AIM was dominated by IPOs, showing an increase in terms of volumes (€1,326 in 2018 vs €1,272 in 2017), thanks to the relevant contribution of SPACs
- 7 SPACs (vs 8 in 2017) have raised equity capital by means of an IPO on the AIM (€1,157 mln, 87% of total equity issues on AIM in 2018, vs €1,083 mln, 85% of total equity issues on AIM in 2017)
- By number of issues, 76% of equity offerings was IPOs (26 vs 23 in 2017). 8 Rights Issues were completed against 4 in 2017. 1 ABBs was carried out in 2018 (vs 6 in 2017) and 0 Convertibles were issued



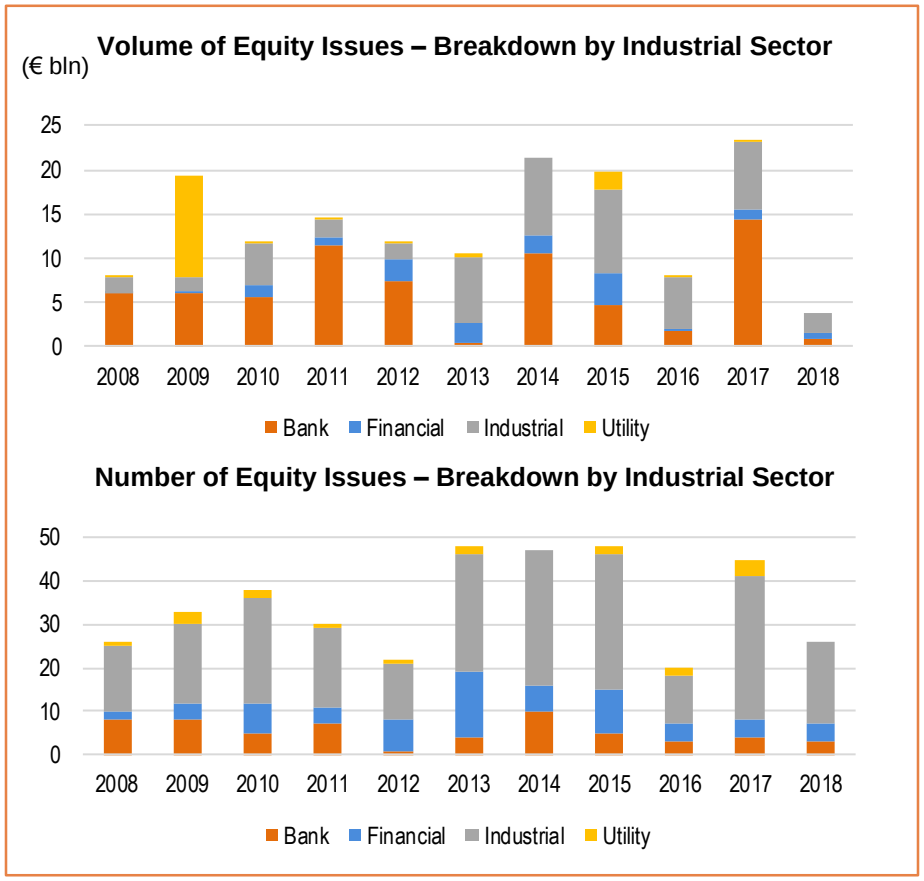


Securities Offerings ▶ Equity

Evolution of equity issues by industrial sector on MTA

Prevalence of offerings in the industrial sector (57% of total equity issues by volume), but showing a strong decrease (-71%) compared to 2017; decrease also in the banking (-93% vs 2017), financial (-43% vs 2017) sectors and no offering occurred in the utility sector compared to 2017

- **Prevalence of offerings in the industrial sector (57% of total equity issues by volume), but showing a strong decrease (-71%) compared to 2017; decrease also in the banking (-93% vs 2017) and financial (-43% vs 2017) sectors and no offering occurred in the utility sector compared to 2017:** 2018 was characterized by a high incidence (57%) of offerings in the industrial sector. 25% was accounted by the banking sector, which totaled €0.9 bln (-93% vs 2017). Issues in the financial sector amounted to €0.7 bln (18% of total equity issues, -43% vs 2017). No offering occurred in the utility sector compared to the previous year (€0.1 bln in 2017)
- In terms of number of issues, industrial issues accounted for 74% (20 vs 32 in 2017). 3 offerings took place in the banking sector and 4 in the financial sector (4 and 4 respectively in 2017). 0 issues were completed in the utility sector, compared to 4 in 2017

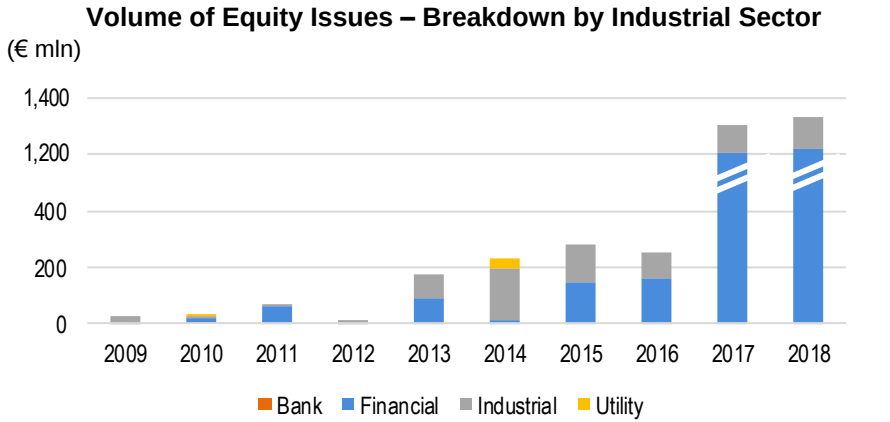


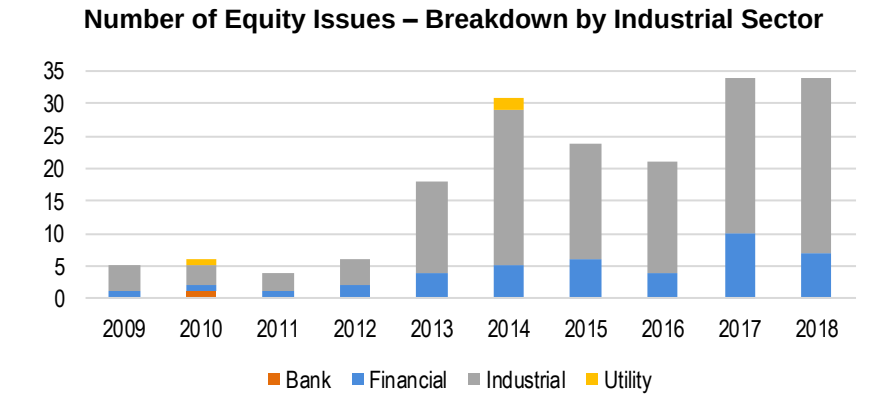
Securities Offerings ▶ Equity

Evolution of equity issues by industrial sector on AIM

Around 85% of equity issues took place in the financial sector, a +3% increase compared to 2017; industrials accounted for the remaining 15% with a +15% increase in value against 2017

- **Around 85% of equity issues took place in the financial sector, a +3% increase compared to 2017; industrials accounted for the remaining 15% with a +15% increase in value against 2017**: by volume of equity offerings, 2018 showed a higher incidence (85%) of issues in the financial sector totaling €1.2 bln, a +3% increase compared to 2017. 15% was accounted for by the industrial sector, amounting to €210 mln (+15% vs 2017). No equity issue was completed in the banking and utility sectors
- In terms of number of issues, the industrial sector (28 vs 24 in 2017) accounted for 80% of issues. 7 offerings took place in the financial sector (20%), against 10 in 2017. No equity offering took place in the banking and utility sectors (the same as in 2017)





Securities Offerings ▶ Equity

Evolution of IPOs, Rights Issues, ABBs and Convertibles by industrial sector on MTA

Industrial and financial IPOs only; slight prevalence of industrial Rights Issues; ABBs mostly in the industrial sector; no Convertibles offerings

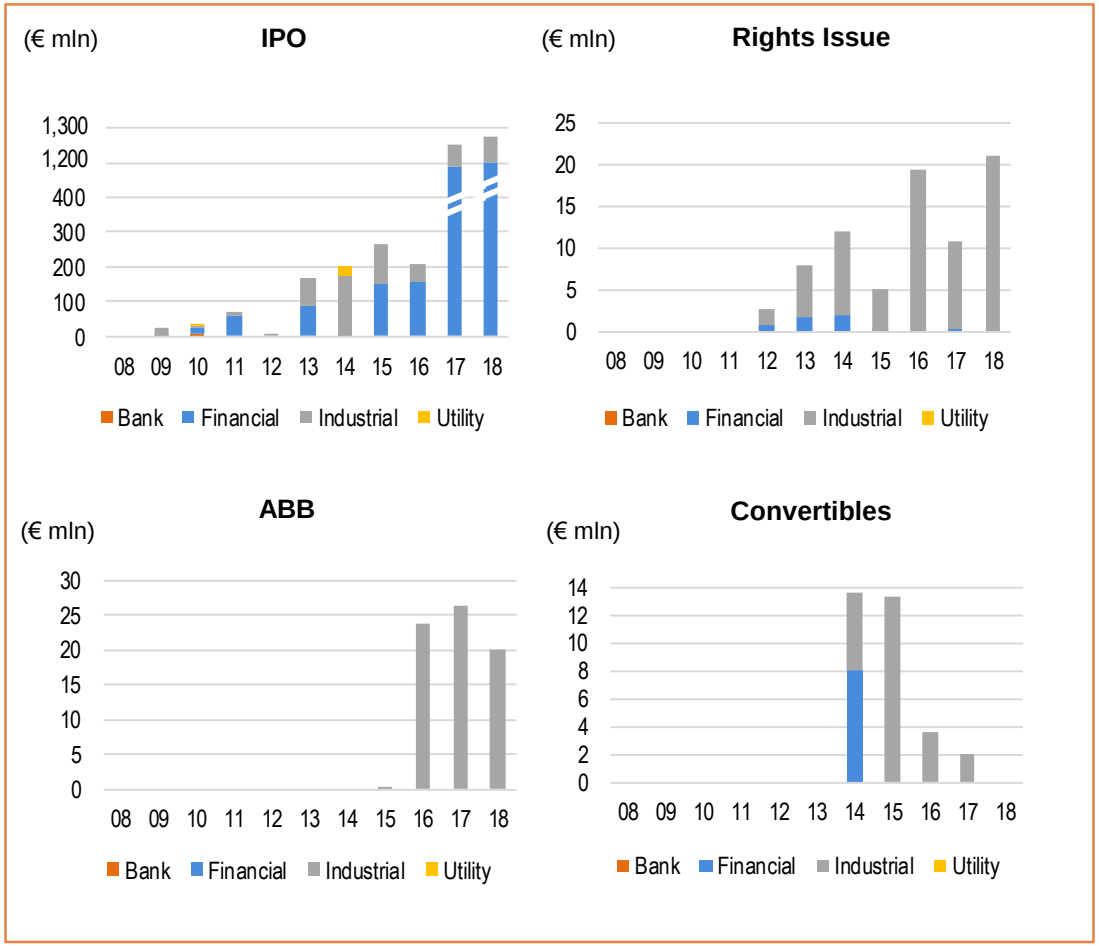
- **Industrial and financial IPOs only**: 4 IPOs took place in the industrial sector: Carel (€290 mln); Piovan (€179 mln); Gruppo Garofalo (€73 mln); Techedge (€13 mln). In the financial sector, 1 IPO took place: NB Aurora (€150 mln)
- **Slight prevalence of industrial Rights Issues**: The most relevant Right Issue was in the banking sector and concerned Creval (€700 mln). Nonetheless, the strong decrease observed in the Rights Issues segment (from €14.1 bln in 2017 to €2.3 bln in 2018) is to be ascribed to the extra-large Unicredit's Right Issue (€13 bln) occurred in 2017
- **ABBs mostly in the industrial sector (71%)**: the main contributors were Saras (€190 mln), Salvatore Ferragamo (€137 mln), ERG (€112 mln), Brunello Cucinelli (€106 mln) in the industrial sector and Mediobanca (€153 mln) in the banking sector
- **0 Convertibles offerings in 2018**, compared to 5 Convertibles in 2017 (€2.4 bln)

Securities Offerings ▶ Equity

Evolution of IPOs, Rights Issue , ABBs and Convertibles by industrial sector on AIM

Large prevalence of financial IPOs and industrial Rights Issues; 1 industrial ABB on AIM; no Convertibles offerings

- **Large prevalence of financial IPOs**: due to the large number of SPACs offerings on AIM in 2018 (7 SPACs for a total value of €1.2 bln), the offerings of IPOs was aligned to 2017. The largest non-SPAC IPO on AIM was Somec (€32 mln), followed by the IPO of Digital Value (€23 mln)
- **Prevalence of industrial Rights Issues**: Rights Issues were completed mainly in the industrial sector. The largest offerings were BOMI (€5.0 mln) and TPS (€5.0 mln)
- **1 industrial ABB on AIM**: the only ABB took place in the industrial sector, that is Abitare In (€20.0 mln)
- **0 Convertibles offerings**

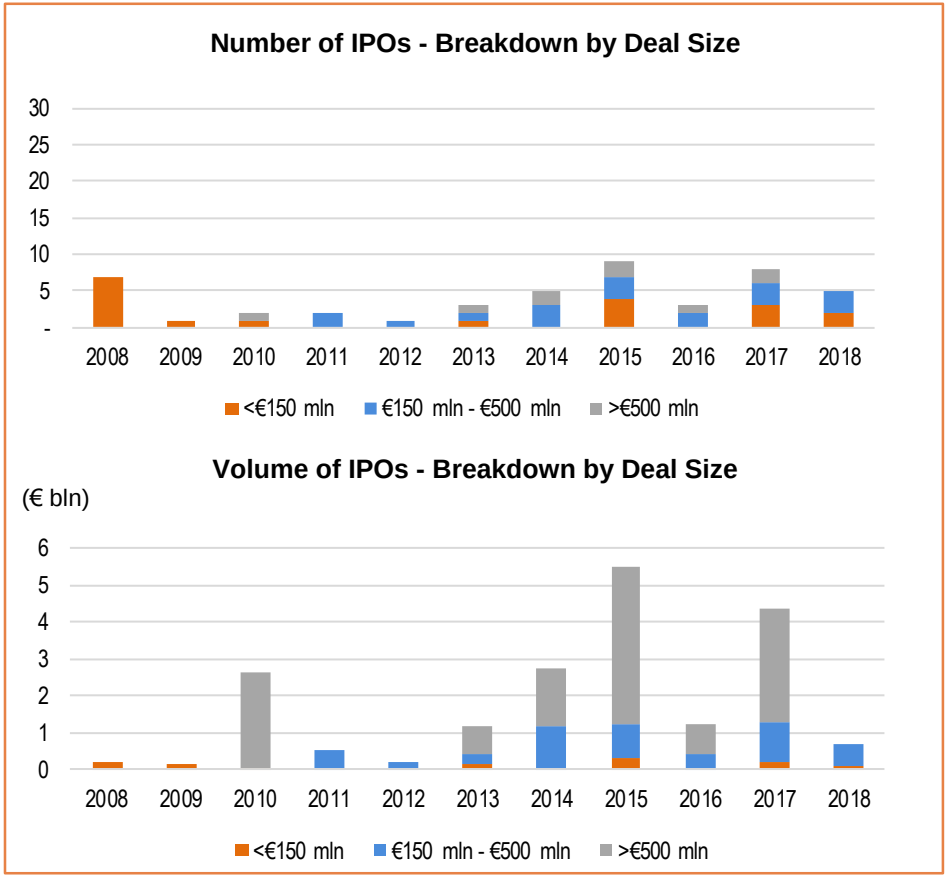


Securities Offerings ▶ Equity

Evolution of IPOs by deal size on MTA

2 IPOs in the small-size range and 3 in the medium-size range. No IPOs above €500 mln

- **2 IPOs in the small-size range and 3 in the medium-size range. 0 IPOs above €500 mln:** 2 IPOs on MTA below €150 mln vs 3 in 2017: Gruppo Garofalo (€73 mln) and Techedge (€13 mln). 3 IPOs in the mid-size range (€150-500 mln) as well as in 2017: Carel (€290 mln), Piovan (€179 mln) and NB Aurora (€150 mln). 0 IPOs above €500 mln, vs 2 in 2017
- In terms of volumes, as aforementioned, no issues occurred in the category of large (>€500 mln) IPOs. The small-size IPOs decreased by 55% while the medium-size IPOs decreased by 42%

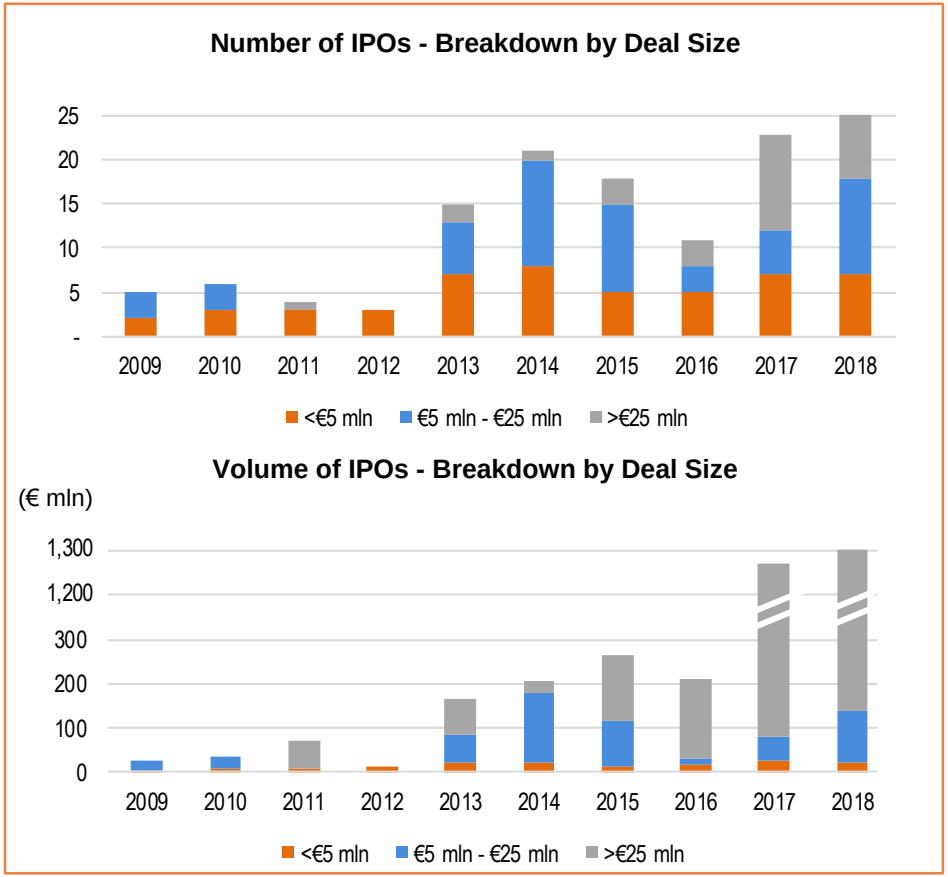


Securities Offerings ▶ Equity

Evolution of IPOs by deal size on AIM

Significant increase in medium-size (€5 mln - €25 mln) IPOs, +120% compared to 2017 in terms of number of IPOs

- **Significant increase in medium-size (€5 mln - €25 mln) IPOs:** 11 out of 26 IPOs fell in the medium-size range (€5 mln - €25 mln), showing a +120% increase compared to 2017. In small-size range the number of IPOs remained flat (7 in 2018 vs 7 in 2017), while in large-size range the number of IPOs decreased by -27% (8 in 2018 vs 11 in 2017). The 2018 large-size range includes 7 IPOs attributable to SPACs.
- The high number of SPACs' offerings in 2018 amplifies the results in terms of volumes, thus reflecting the year 2017. Also mid IPOs increased: €115.2 mln in 2018 vs €54.2 mln in 2017 (+112%), while small IPOs decreased to €21.4 mln in 2018 vs €25.0 mln in 2017 in terms of volumes (-14%)

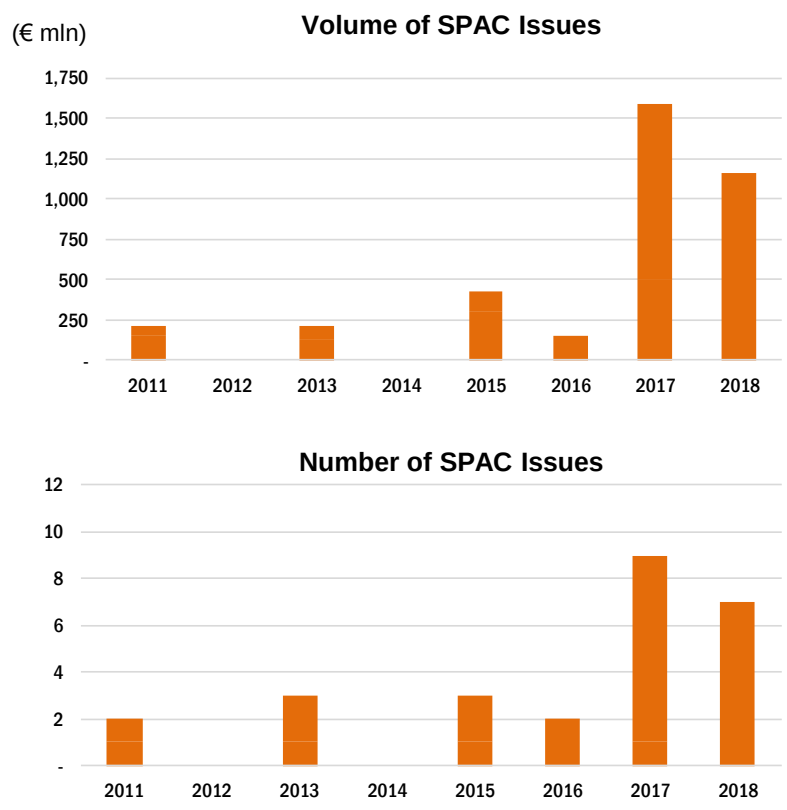


Securities Offerings ▶ Equity

Evolution of equity issues of SPACs

7 SPACs listed on AIM (€1,2 bln vs €1,1 bln in 2017); 6 Business Combinations completed; no SPACs issue on MTA

- **7 SPACs listed on AIM (€1,2 bln vs €1,1 bln in 2017):** 7 SPACs issues on AIM in 2017 (vs 8 in 2017), for a total value of €1,2 bln (+7% vs 2017). In particular, SPAXS, listed in 2018, was the largest SPAC issue on AIM ever (€600 mln). Other SPACs above €100 mln in 2018 were Life Care Capital (€140 mln) and Gabelli Value for Italy (€110 mln)
- **6 Business Combinations completed**: Fine Foods & Pharmaceuticals with Innova Italy 1 (listed in October 2016), Cellularline with Crescita (listed in March 2017), Net Insurance with Archimede (listed in May 2015), CFT with Glenalta (listed in July 2017), ICF with EPS Equita PEP SPAC (listed August 2017), Guala Closures with Space 4 (listed in December 2017)
- **0 SPACs issue on MTA**



Contents

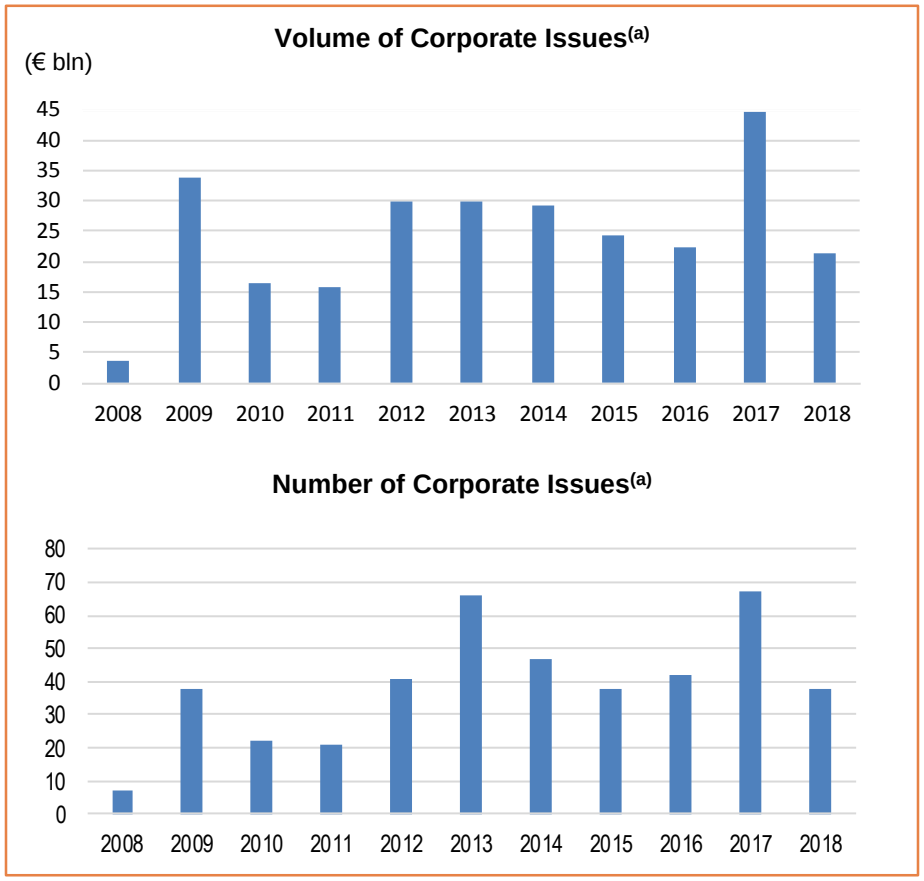
Executive Summary	2
Securities Offerings ▶ Equity	8
Securities Offerings ▶ Debt	20
Securities Offerings ▶ Minibond	25
Intermediaries	27
Investors ▶ Equity	32
Investors ▶ Debt	35

Securities Offerings ▶ Debt

Evolution of Italian Corporate debt issues

Volume of Corporate debt issues decreased by 53%; number of issues decrease by 43%

- **Volume of issues decreased by 53%:** the total amount of corporate issues registered by Italian Corporates was €21 bln (€24 bln less compared to the previous year). Compared to 2017 the volume of issues was negatively influenced by an unfavorable second half of the year, mainly due to the Italian political instability
- **Number of issues decreased by 43%**: the number of new issues reported a decrease of -43%. There were 38 issues in 2018, compared to 67 in 2017



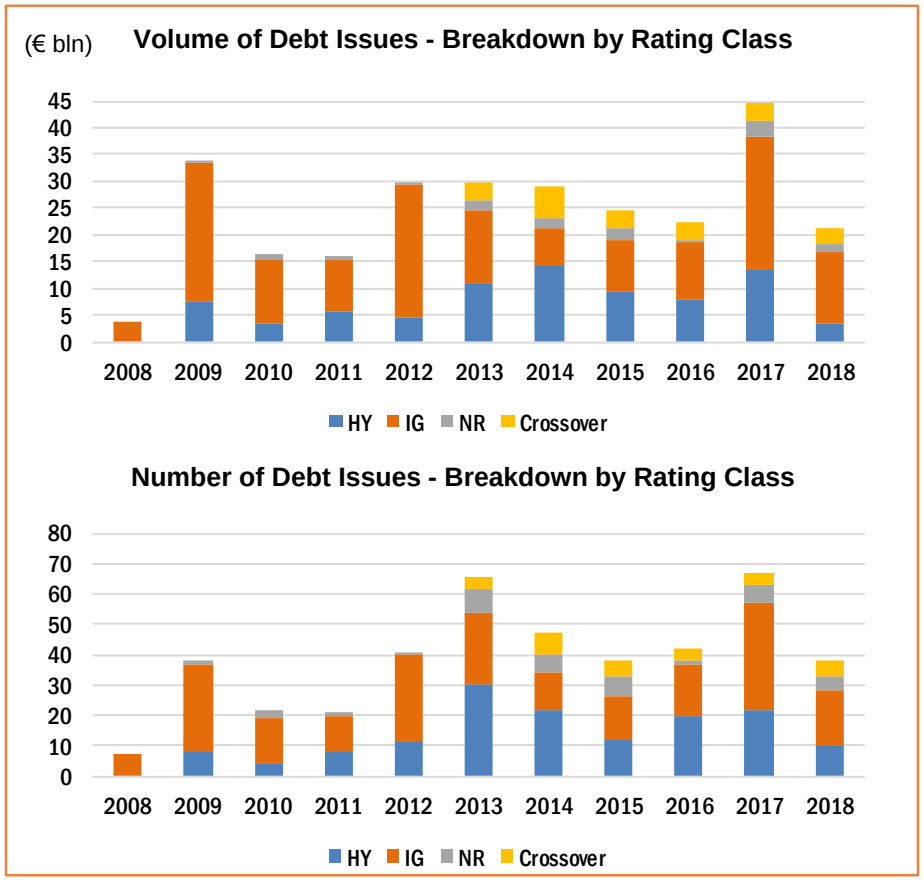
(a) The panel includes all the deals promoted by Italian corporate issuers placed on the institutional market

Securities Offerings ▶ Debt

Evolution of Italian Corporate debt issues by type of rating

Investment Grade issues of €13.7 bln, representing 64% of total issues on the Italian market, showing a -45% decrease compared to 2017

- **Investment Grade issues of €13.7 bln, representing 64% of total issues on the Italian market, showing a -45% decrease compared to 2017:** High Yield totaled €3.2 bln (15% of total issues, -76% vs 2017); Not Rated issues totaled €1.5 bln (7% of total issues, -51% vs 2017); Crossover issues totaled €2.9 bln (14% of total issues, -12% vs 2017)
- By number of issues, 47% of total debt offerings were Investment Grade issues (18 vs 35 in 2017); the second largest category was High Yield (10 vs 22 in 2017). Not Rated (5 vs 6 in 2017) and Crossovers issues (5 vs 4 in 2017) were the smallest ones

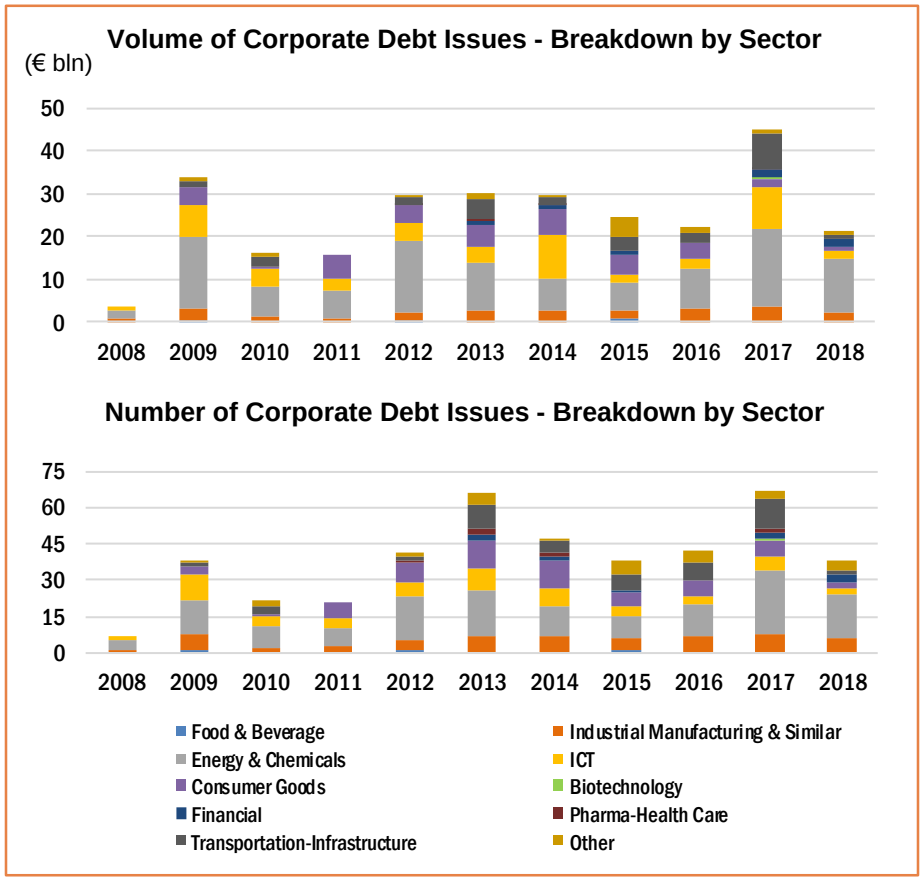


Securities Offerings ▶ Debt

Evolution of Italian Corporate debt issues by sector

The Energy & Chemicals sector represented about 60% of the total volume in 2018, followed by the Industrial Manufacturing & Similar sector accounting for 10% and Financial sectors accounting for 9% of the total volume

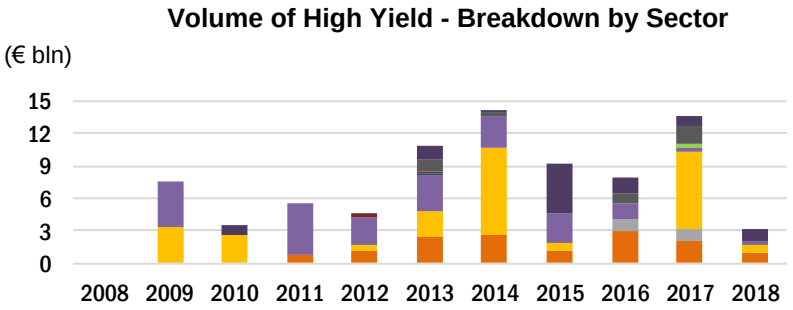
- **The Energy & Chemicals sector represented about 60% of the total volume in 2018**: Italian corporate DCM showed a prevalence of issues in Energy & Chemicals (60%), Industrial Manufacturing & Similar (10%), and Financial (9%) sectors in terms of volumes
- Sectors including frequent issuers (e.g. Enel: € 6,5 bln, Eni: € 2,0 bln, CNH: € 932 mln, Telecom Italia € 750 mln) showed a higher activity level
- **Financial and Other showed an increase in terms of value (+13% and +29% vs 2017 respectively).** while the other sectors decrease compared to 2017 in terms of value
- Also by number of issues, few sectors dominated the market: Energy & Chemicals (47%), Industrial Manufacturing & Similar (16%), ICT and Financial (8%)



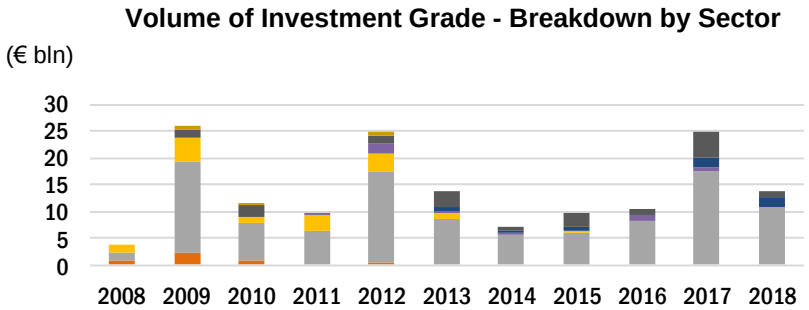
Securities Offerings ▶ Debt

Evolution of Italian Corporate issues by type of rating and sector

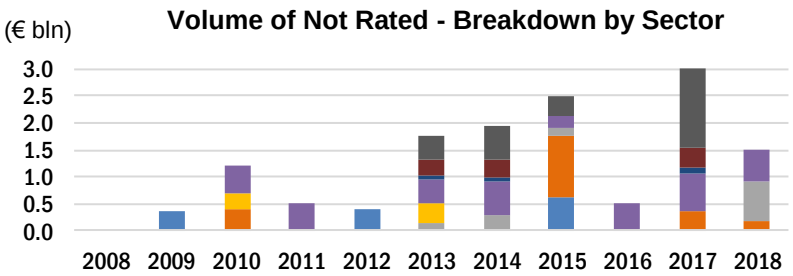
The industry composition changes significantly across different rating classes



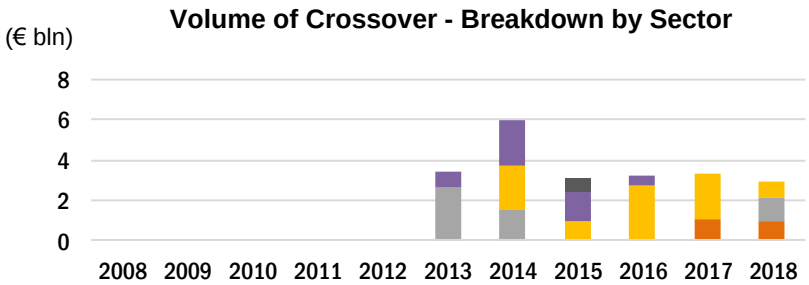
- The leading issuers in the Italian High Yield market for 2018 are Industrial Manufacturing & Similar (€1.0 bln)



- The Investment Grade market is historically dominated by the Energy & Chemicals issuers (€10.9 bln in 2018)



- The main issuers in the Not Rated market for 2018 are Energy & Chemicals (€0.7 bln) and Consumer Goods (€0.6 bln)



- The main issuers for 2018 are in Energy & Chemicals (1.3 bln), Industrial Manufacturing & Similar (€0.9 bln) and ICT (€0.8 bln)

Food & Beverage
Industrial Manufacturing & Similar
Energy & Chemicals
ICT
Consumer Goods
Biotechnology
Financial
Pharma-Health Care
Transportation-Infrastructure
Other

Contents

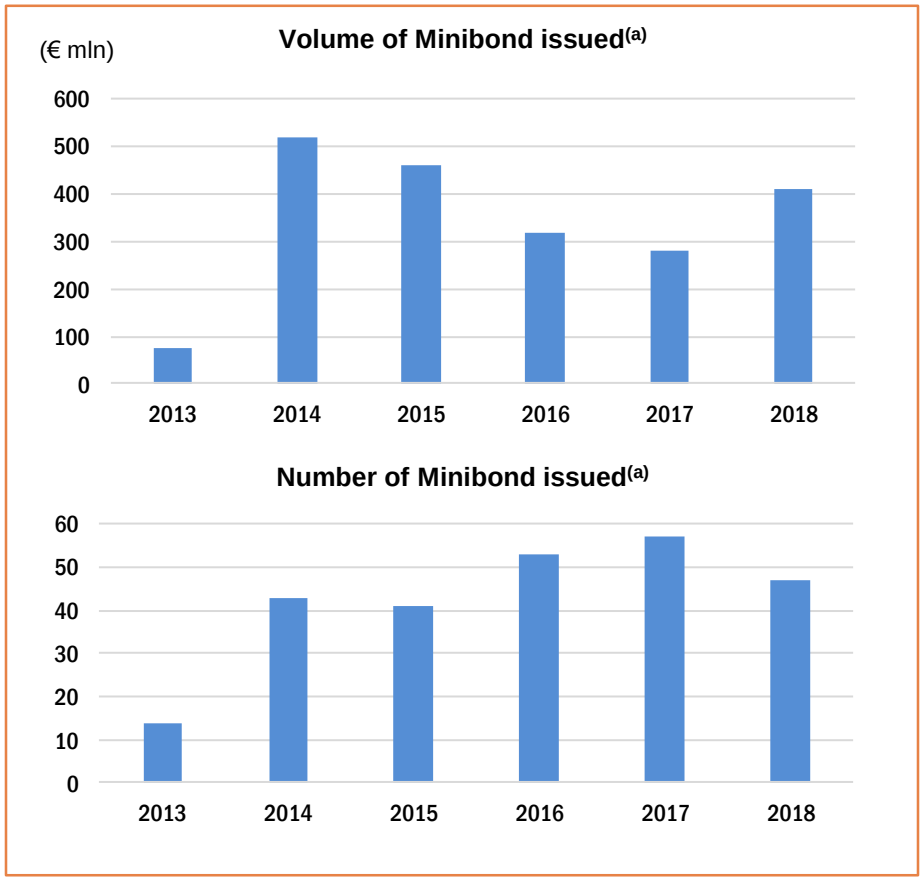
Executive Summary	2
Securities Offerings ▶ Equity	8
Securities Offerings ▶ Debt	20
Securities Offerings ▶ Minibond	25
Intermediaries	27
Investors ▶ Equity	32
Investors ▶ Debt	35

Securities Offerings ▶ Minibond

Evolution of Italian Minibond issues

Volume of Minibond increased by 45%; number of Minibond decreased to 47 (-18%)

- **Volume of Minibond increased by 45%:** The Minibond market still have a positive momentum especially among SMEs. In 2018 the market of Minibond new issues totaled ca. €409 mln, closer to the peak reached in 2014
- **Number of Minibond decreased to 47**: The number of issues decreased to 47 in 2018 (vs 57 in 2017), while the amount increased to €409 mln



(a) The panel excludes issues promoted by the national branch of global players above € 100 mln

Contents

Executive Summary	2
Securities Offerings ▶ Equity	8
Securities Offerings ▶ Debt	20
Securities Offerings ▶ Minibond	25
Intermediaries	27
Investors ▶ Equity	32
Investors ▶ Debt	35

Intermediaries

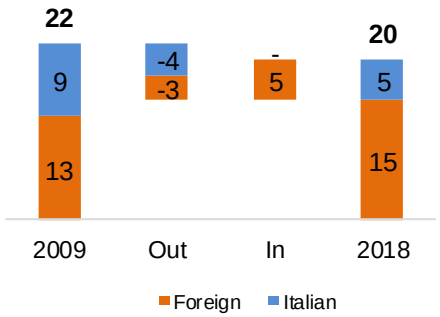
Evolution of players active in Equity Research and Sales & Trading on MTA

Three Foreign players have given up Equity Research in 2018; strong decrease in the number of Sales & Trading brokers in 2018 (-7 brokers)

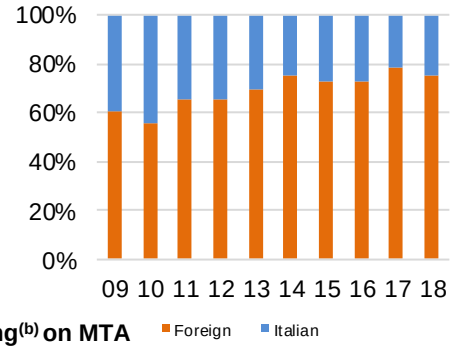
- **Three Foreign players have given up Equity Research in 2018:** three Foreign brokers stopped their Equity Research activity (Natixis, Macquarie and HSBC). Since 2009, the number brokers moved from 22 to 20 in 2018, with a shift in favor of foreign brokers (+2 net increase in number of foreign brokers and -4 net decrease of Italian ones)
- By number of Equity Research brokers, in 2018 the breakdown between Italian and foreign players moved in favor of Italian brokers compared to the previous year
- **Strong decrease in the number of Sales & Trading brokers in 2018 (-7 brokers)**: The number of players performing Sales & Trading activities on the Italian stock decreased from 26 in 2017 to 19 in 2018. It did suffer a substantial reduction (from 38 to 19) 2008 - 2018, with 9 foreign and 15 Italian players discontinuing their business in the period, partially offset by the entrance of 5 new Italian brokers
- As a matter of the relevant decrease of the number of Italian brokers, the market share of foreign players increased compared to 2017

Equity Research[(a)] on MTA

Evolution of Number of Italian and Foreign Equity Research Brokers

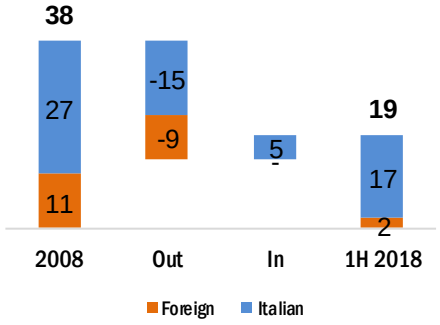


Brokers' Breakdown by Nationality – Based on Brokers' Number

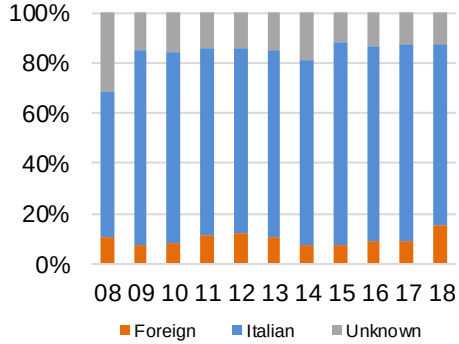


Sales & Trading[(b)] on MTA

Evolution of Number of Italian and Foreign Sales & Trading Brokers



Brokers' Breakdown by Nationality – Based on Traded Volumes



(a) Included in the analysis brokers with significant Equity Research activity (coverage of 15 or more companies)

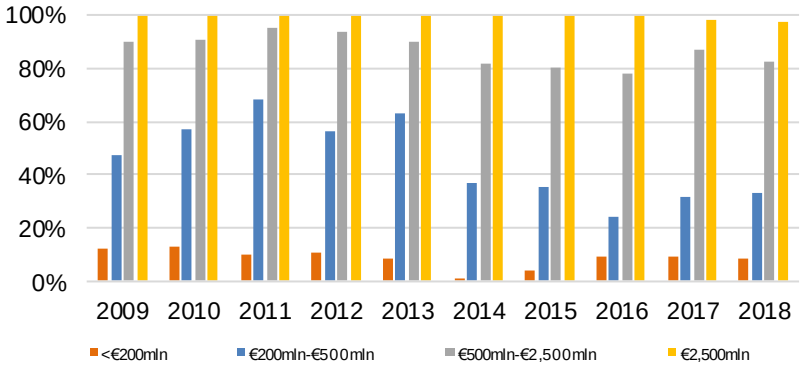
(b) Included in the analysis brokers monitored by Assosim and their relative volumes traded in favour of third parties, updated at last available data (1H 2018)

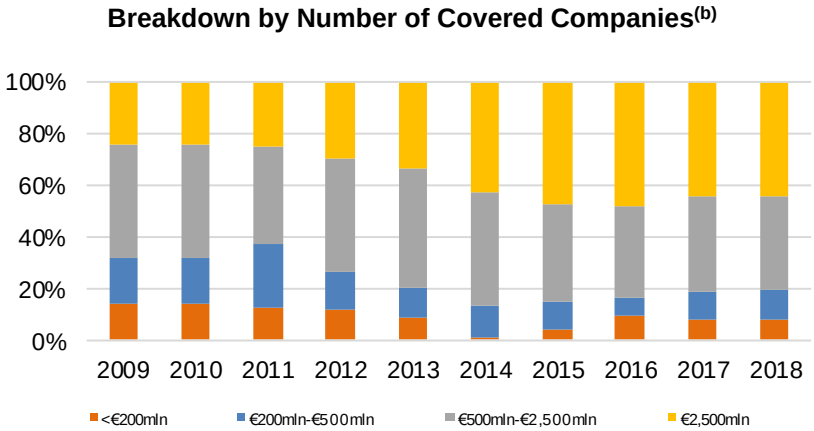
Intermediaries

Evolution of coverage of companies listed on MTA

The coverage of smaller companies (market capitalization <€200 mln) decreased by -7% in 2018, while medium-size companies (market capitalization €200-500 mln) reported a +6% increase in coverage

- **The coverage of smaller companies (market capitalization <€200 mln) decreased by -7% in 2018, while medium-size companies (market capitalization €200-500 mln) reported a +6% increase in coverage**
- The breakdown of covered companies by market capitalization in 2018 shows that the coverage activity was focused mostly on the >€2.5 bln category and on the €500 mln – 2.5 bln one, representing 44% and 37% respectively of total covered companies. At the same time, the coverage of companies with market capitalization between €200 mln and €500 mln or lower than €200 mln accounted for 12% and 8% of the total respectively





(a) Coverage level = Number of covered companies (followed by at least 3 brokers) in a given category divided by the number of companies belonging to the same category

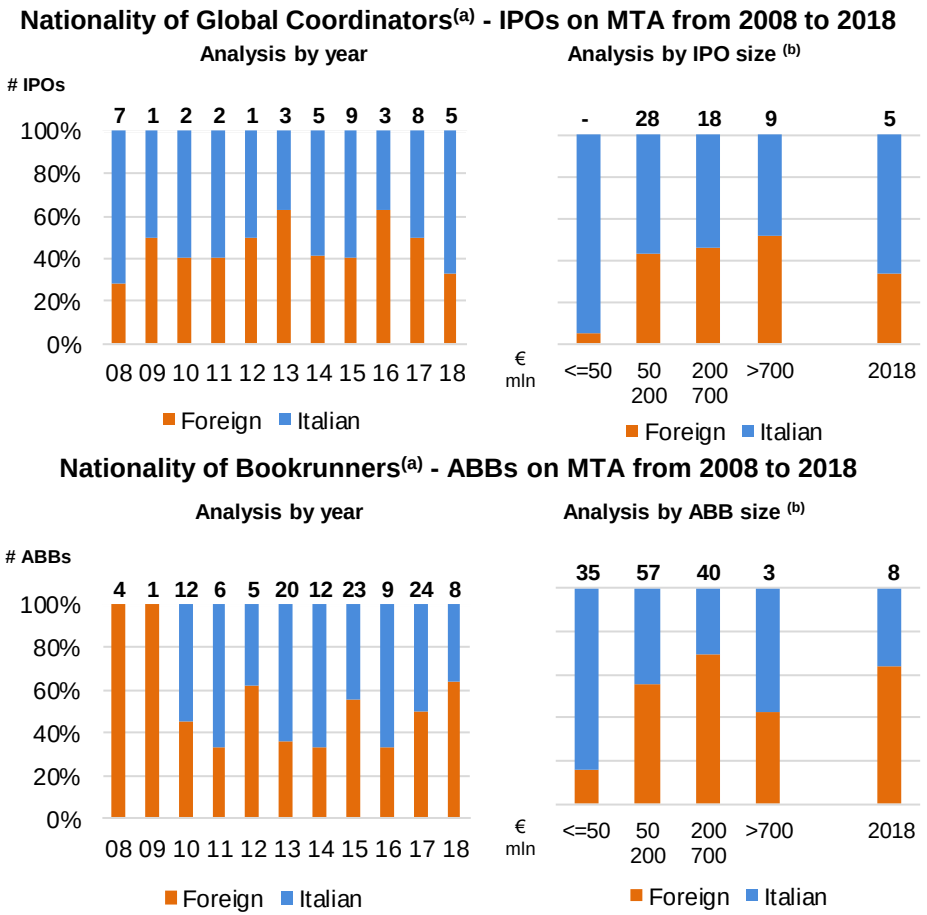
(b) Companies followed by at least 3 brokers

Intermediaries

Evolution of the nationality of brokers involved in IPOs and ABBs on MTA

The presence of Italian brokers acting as Global Coordinators in IPOs increased in 2018; the presence of Italian Bookrunners on ABBs decreased in 2018

- **The presence of Italian brokers acting as Global Coordinators in IPOs increased in 2018**: an increase in the activity of Italian players vis-à-vis foreign ones was observed in relation to the IPOs completed on MTA, with the first category moving up from 50% in 2017 to 67% in 2018
- Foreign players tend to focus on larger IPOs size, while Italian ones play a dominant role in smaller deals. 2018 showed a relative lower presence of foreign Global Coodinators compared to historical average
- **The presence of Italian Bookrunners on ABBs decreased in 2018** (36% in 2018 vs 50% in 2017), with a decreasing market share of domestic Bookrunners compared to 2017
- Foreign Bookrunners tend to prevail on domestic ones in bigger ABBs size, with the exception of deals over €700 mln. 2018 shows a relatively lower presence of Italian Bookrunners compared to historical data



(a) Percentages are based on the number of Italian and foreign brokers acting as Global Coordinator in IPOs and Bookrunners in ABBs divided by the total number of Global Coordinators and Bookrunners involved respectively in IPOs and ABBs

(b) Cumulated on the period 2008-2018

Intermediaries

Extel's Rankings in Equity Research and Sales & Trading

Strong positioning of independent players according to Italian and international investors

- Each year Thomson Extel[(a)] ranks the best teams for Equity research and Sales & Trading based on votes by Italian and international institutional investors
- Extel's rankings show that - as in the previous years - independent players achieved strong positioning in terms of Equity Research coverage and Sales & Trading activities according to Italian and international investors
- In addition, the rankings over the period 2014-2018 show that the closeness of independent brokers to investors does not match the involvement of these brokers in coordinating underwriting syndicates

Country Research

#	2014	2015	2016	2017	2018
1	Indep. Broker	Lending Bank	Lending Bank	Lending Bank	Lending Bank
2	Lending Bank	Indep. Broker	Indep. Broker	Indep. Broker	Indep. Broker
3	Indep. Broker	Indep. Broker	Indep. Broker	Indep. Broker	Indep. Broker

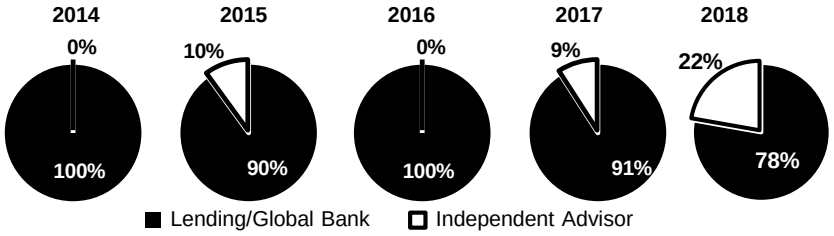
Best Broker in Italy: Trading Execution

#	2014	2015	2016	2017	2018
1	Indep. Broker	Indep. Broker	Indep. Broker	Indep. Broker	Indep. Broker
2	Lending Bank	Indep. Broker	Indep. Broker	Indep. Broker	Indep. Broker
3	Indep. Broker	Lending Bank	Lending Bank	Lending Bank	Lending Bank

Best Broker in Italy: Equity Sales

#	2014	2015	2016	2017	2018
1	Indep. Broker	Lending Bank	Lending Bank	Lending Bank	Lending Bank
2	Indep. Broker	Indep. Broker	Indep. Broker	Indep. Broker	Indep. Broker
3	Lending Bank	Indep. Broker	Indep. Broker	Indep. Broker	Indep. Broker

Nature of Global Coordinators in IPOs on MTA[(b)]



(a) Extel: Thomson Reuters' branch specializing in surveys that measure excellence and performance in the equities investment industry across Europe

(b) Percentages are based on the number of IPOs run by lending Banks or Independent Advisors (acting as Global Coordinators)

Contents

Executive Summary	2
Securities Offerings ▶ Equity	8
Securities Offerings ▶ Debt	20
Securities Offerings ▶ Minibond	25
Intermediaries	27
Investors ▶ Equity	32
Investors ▶ Debt	35

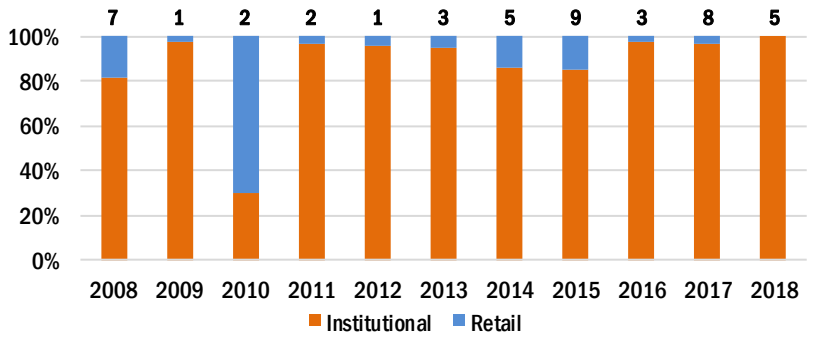
Investors ▶ Equity

Evolution of Investors' nature: retail vs institutional

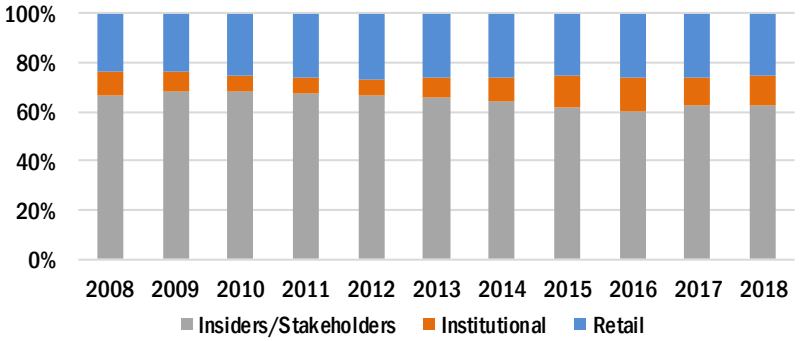
In 2018 institutional investors represented 100% (vs 97% in 2017) of the total demand in the IPOs on MTA (primary market). Looking at the secondary market, an increase of monitored[(a)] institutional investors' weight in the share capital of companies included in FTSE All-Share (12% in 2018 vs 11% in 2017) has occurred

- **In 2018 institutional investors represented 100% (vs 97% in 2017) of the total demand in the IPOs on MTA (primary market)[(b)]**: the level of institutional investors in IPOs demand remains historically high, with a limited incidence of retail investors
- **Looking at the secondary market, an increase of monitored[(a)] institutional investors' weight in the share capital of companies included in FTSE All-Share (12% in 2018 vs 11% in 2017) has occurred[(c)]**: the nature of investors in companies of FTSE All-Share kept generally stable in the period concerned, even if with a slight increase of monitored institutional investors' weight in 2018 compared to 2017

Investors' Breakdown by Nature – Based on the Number of Shares Demanded in the Context of IPOs on MTA



Investors' Breakdown by Nature – Based on the Weight in the Share Capital of Companies Listed on FTSE All-Share



(c)

(a) Monitored institutional investors correspond to the totality of institutional investors tracked by Factset; implied retail is the complement to 100%

(b) Percentages are based on the number of shares requested

(c) Percentages are based on the value of positions held as of 31 December of each year

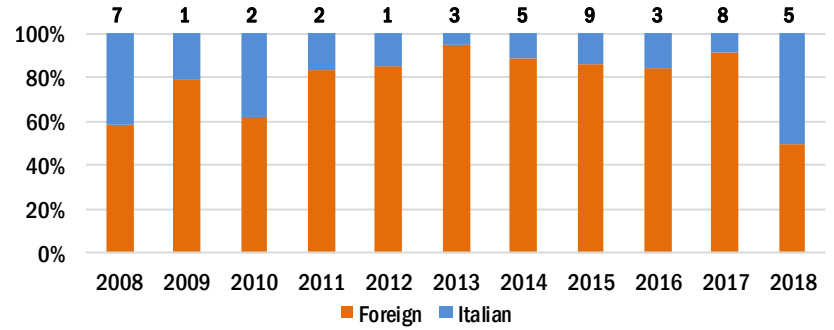
Investors ▶ Equity

Evolution of Institutional Investors' nationality

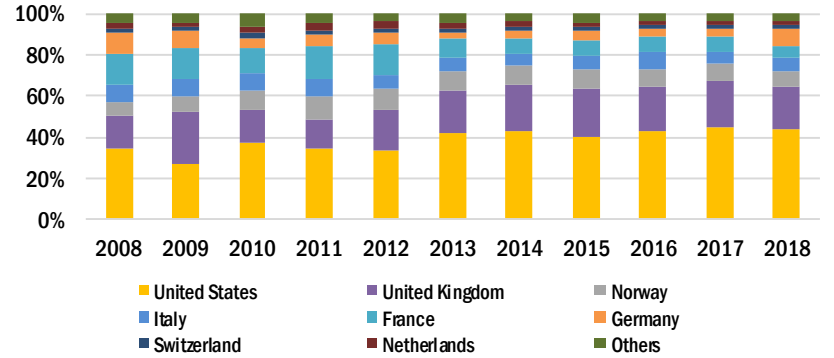
In 2018, there are not sufficient data available in order to analyze the split of institutional demand in the IPOs on MTA (the split of 50% Foreign vs 50% Italian in 2018 is referred to the only one IPO's data available), based on the number of shares demanded in the context of IPO; Nonetheless, as regards the institutional investors' breakdown by nationality, based on the weight in the share capital of companies listed on FTSE All-Share, foreign institutional investors represent 94% of total institutional investors (flat compared to 2017)

- **In 2018, there are not sufficient data available in order to analyze the split of institutional demand in the IPOs on MTA (the split of 50% Foreign vs 50% Italian in 2018 is referred to the only one IPO's data available), based on the number of shares demanded in the context of IPO)[(a)]**
- **Foreign institutional investors represented 94% of total institutional investors in listed companies included in FTSE All-Share, aligned to 2017 (94%)[(b)]**: if we consider the weight of each country in 2017, Italian institutional investors slightly increased from 5.8% in 2017 to 6.4% in 2018; three foreign countries improved their relative weight (US from 45.2% in 2017 to 46.1% in 2018, Germany from 4.0% in 2017 to 8.6% in 2018, Netherlands from 1.4% in 2017 to 1.8% in 2018. All other countries slightly reduced their investments in Italian listed companies

Institutional Investors' Breakdown by Nationality – Based on the Number of Shares Demanded in the Context of IPOs on MTA



Institutional Investors' Breakdown by Nationality – Based on the Weight in the Share Capital of Companies Listed on FTSE All-Share



(a) Percentages are based on the number of shares requested
(b) Percentages are based on the value of holdings held as of 31 December of each year

Contents

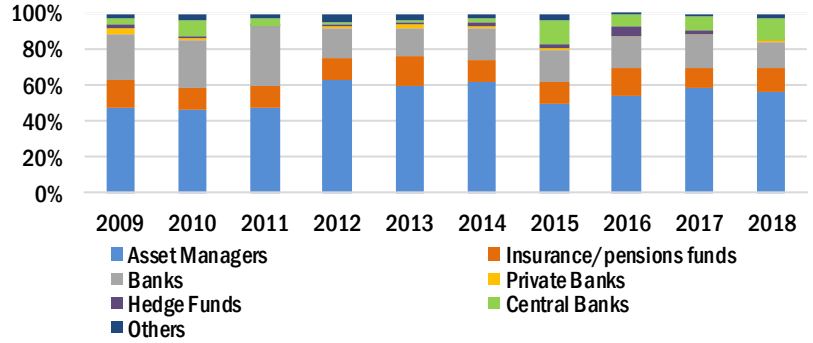
Executive Summary	2
Securities Offerings ▶ Equity	8
Securities Offerings ▶ Debt	20
Securities Offerings ▶ Minibond	25
Intermediaries	27
Investors ▶ Equity	32
Investors ▶ Debt	35

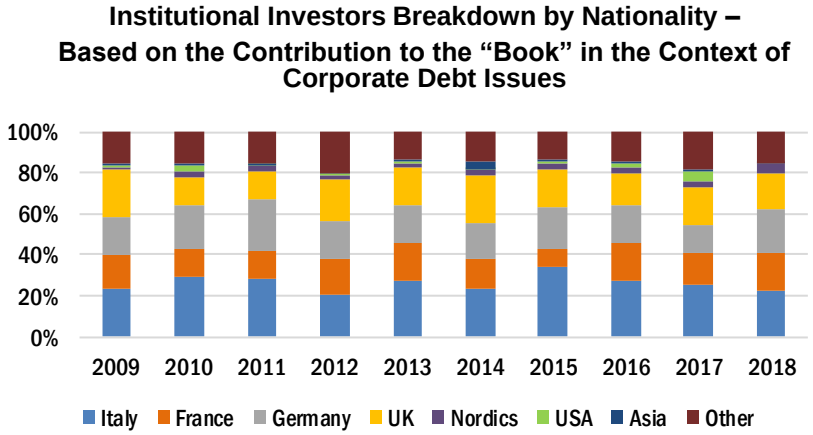
Investors ▶ Debt

Evolution of Investors' nature and nationality as a % of orders book in Italian issues[(a)]

In 2018 Asset managers were the largest investors category with a 56% weight (vs 59% in 2017); domestic investors represented 23% of orders book (vs 25% in 2017)

- **In 2018 Asset managers were the largest investors category with a 56% weight (vs 59% in 2017)**: the second largest category were Banks which accounted for 15% of orders book, lower than 2017 (20%). Central Banks continue to play a big role in the deals promoted by Italian issuers (13%), more than 2017 (8%)
- **Domestic investors represented 23% of orders book (vs 25% in 2017)**: in 2018 Italian debt issues were mostly underwritten by Italian investors (23% vs 25% in 2017), German investors (22% vs 14% in 2017), French investors (18% vs 16% in 2017) and English investors (remaining flat at 18% vs 2017). Overall, the Italian debt market remains strongly dependent on European investors, with a full exit by US ones





(a) The panel is composed by all deals promoted by Italian issuer (Corporate and Financial Institutions); data are public only for few issues

@2018 BAFFI CAREFIN Centre, Bocconi University - Equita SIM All rights reserved