



# Rome Investment Forum 2019

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Finance for Europe

9-10 December 2019, Scuderie di Palazzo Altieri, Rome

#RIF2019



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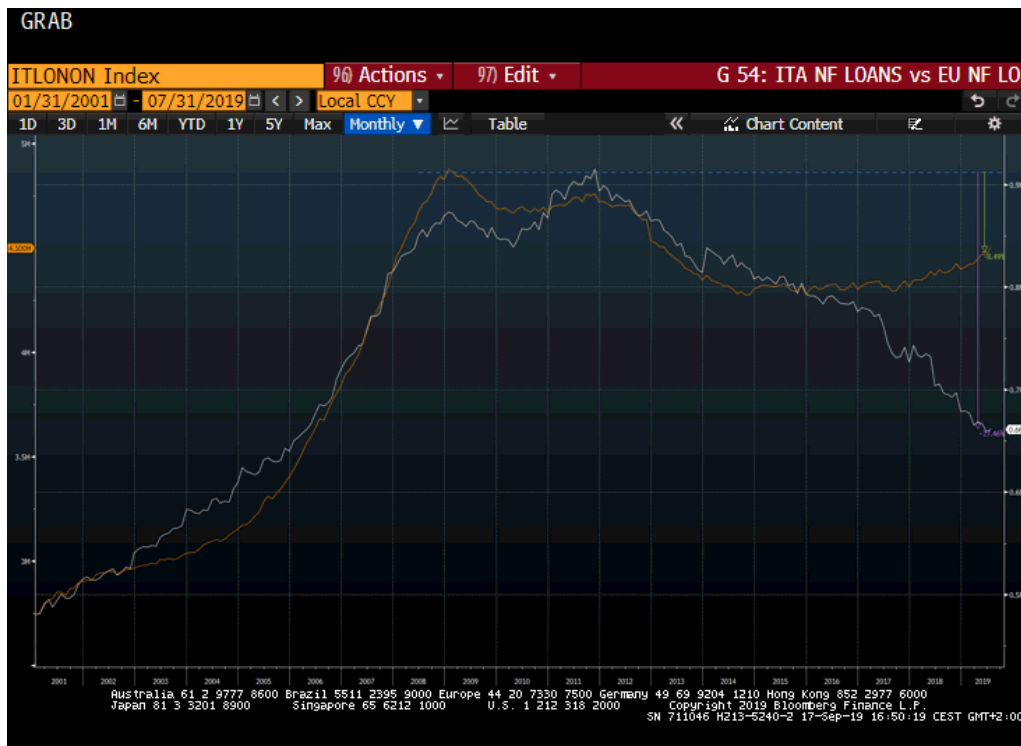


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# Alternative Finance: The Potential Italian market

Flows of bank loans to companies (non-financial) from 2001 to 2019: Euro area vs Italy (Normalized - Base year 2001) \*



\*Source: Bloomberg

- The amount of bank loans to euro area companies (shown in orange) appears to have decreased by less than 10% since the crisis at the beginning of 2009 to the reporting date (July 2019);
- in Italy the decrease in the amount of bank loans to businesses (shown in white) was more pronounced than in the Euro Area, standing at over 25%, equal to a decrease of approximately Euro 250 billion (from Euro 910 to Euro 660 billion);
- alternative solutions of financial support for business development plans are therefore a topical issue not only in Italy but also throughout Europe.

# Alternative Finance: The Potential Italian Market

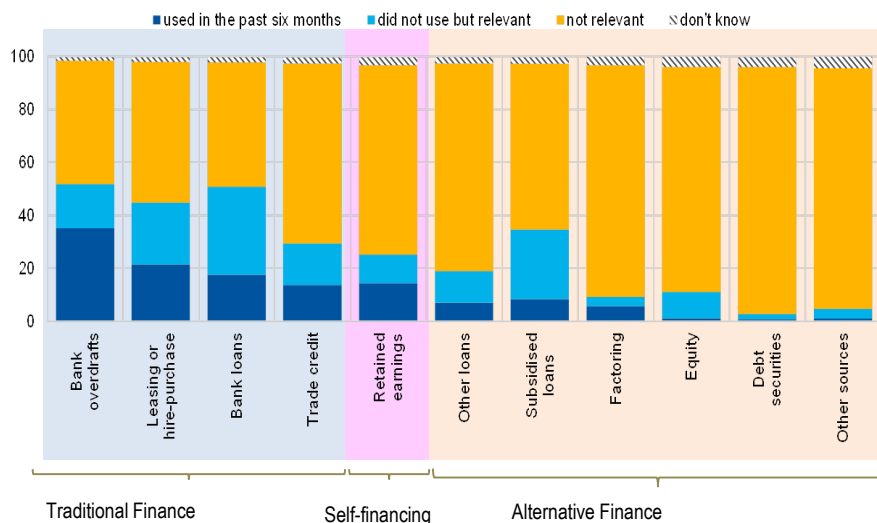
Industrial Production Trend from 2001 to 2019:  
Euro area vs Italy  
(Normalized - Base year 2001) \*



- After the deep slowdown recorded in 2009, the Industrial Production of the Euro Area (shown in orange) - to which Italy also contributes significantly - has systematically resumed growth;
- at the end of 2017, the level recorded in the Industrial Production of the Euro Area almost equaled that reached before the crisis. Signs of a slowdown have been seen since the second half of 2018, mainly due to the contraction in Germany;
- the Italian Industrial Production (shown in white) has not yet recovered the levels recorded in the period before the crisis (a gap of about 20% remains).

\*Source: Bloomberg

# Funding sources for European SMEs - Development



## Funding sources for European SMEs (compared to the previous six months) \*

\*Survey on the Access to Finance of Enterprises in the euro area – April to September 2018.  
European Central Bank

- The European SME system continues to be based on a logic of supplying financial resources from the banking system;
- the process of bank deleveraging - also connected to compliance with the constraints of the evolution of supervisory regulations (Basel 3) - required a greater contribution from the self-financing produced to support the company development programs;
- alternative financing instruments (Equity, Minibond, Factoring) are still used to a limited extent by European SMEs.

# Italian Alternative Finance Industry Development

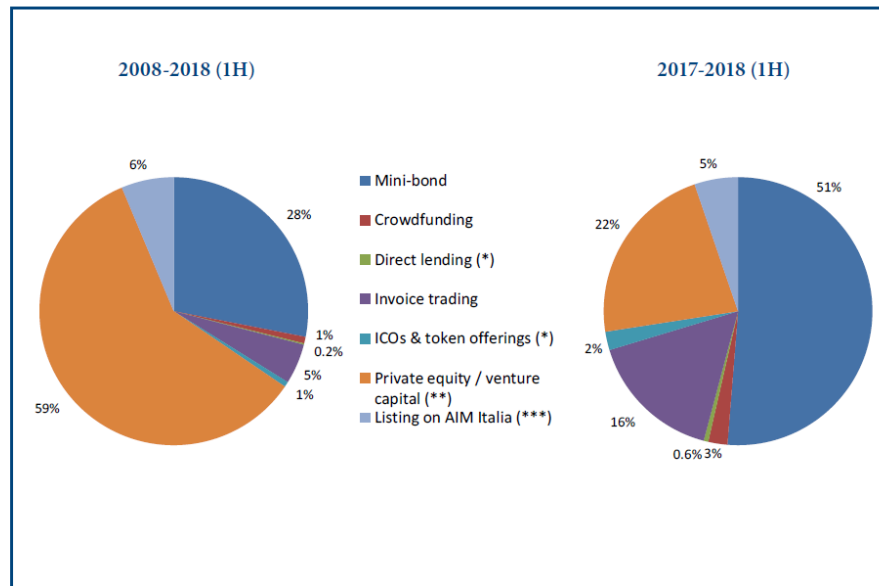


Figure 0.1

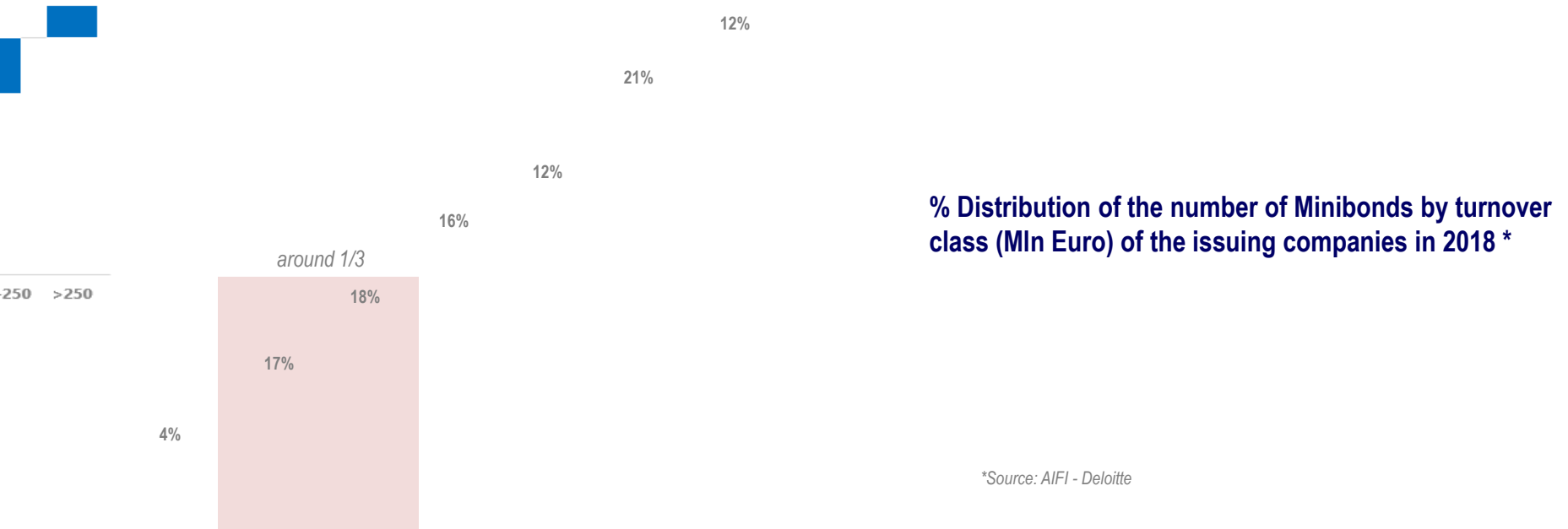
The flow of money to Italian SMEs from the alternative finance industry, in the last decade and in the last 18 months.

(\*) = estimates  
 (\*\*) = only early stage and expansion capital  
 (\*\*\*) = excluding SPACs

Source: Politecnico Survey

- In the last decade private equity and venture capital represented the main source of cash, while in the last 18 months mini-bond and invoice trading represent the most relevant opportunities
- Politecnico Survey estimate that only 1.800 Italian SMEs (representing 1% of the potential number of SMEs) took the opportunity to raise money from alternative channels

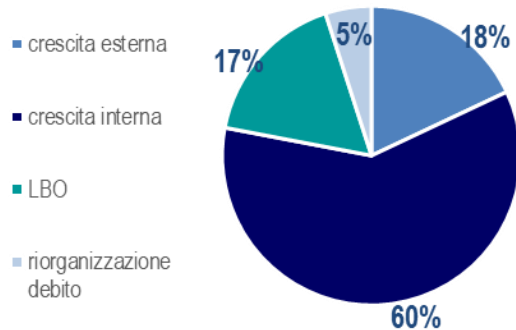
# Funding sources for Italian SMEs - Development



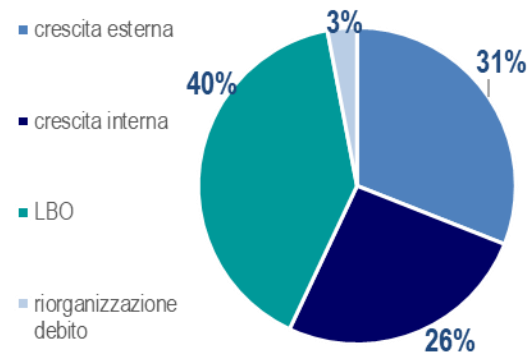
- In Italy the Minibond market registered issues for Euro 25.2 billion in 2018, of which issued by SMEs for Euro 4.6 billion;
- the analyzes conducted by AIFI (Italian Association of Private Equity, Venture Capital and Private Debt) show that minibond issues have affected SMEs belonging to various size classes;
- over one third of the issues completed during 2018 concerned SMEs with turnover of less than Euro 30 million.

# MINIBOND – Market Focus 2018

Distribution of the number of investments sorted by the purposes pursued by the issuer



Distribution of the amount invested sorted by the purposes pursued by the issuer

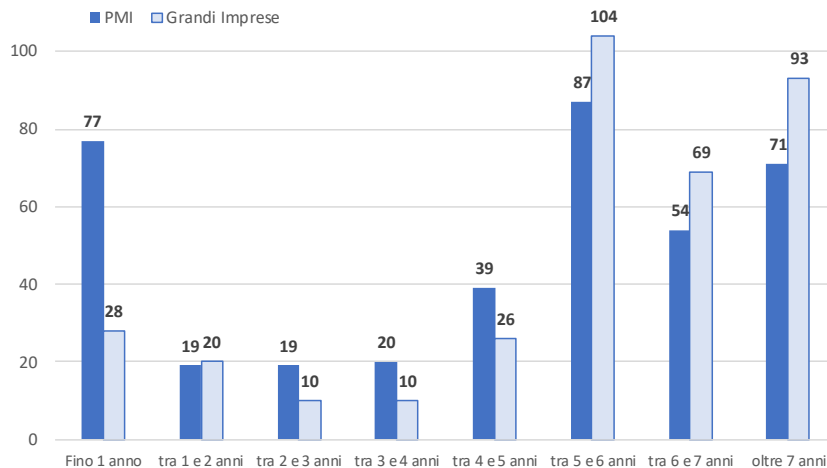


Source: AIFI - Deloitte

- Growth financing is the main objective pursued with funding raised through the issue of Minibonds;
- the internal growth (dark blue) records the greatest number of emissions but not the highest sum of the capitals;
- external growth involves significant capital raising.

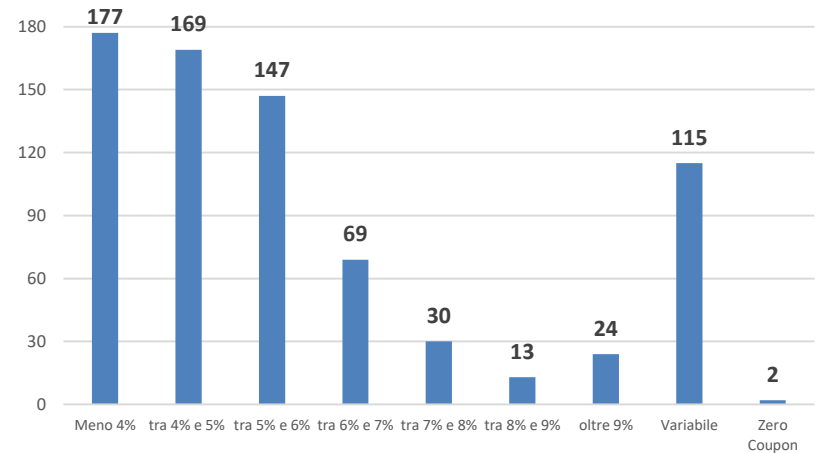
# MINIBOND – Market Focus 2018

**Distribution of the Minibond maturity: difference between SMEs and large companies \*\***



\*\* Source: Osservatorio Politecnico Milano

**Distribution of the Minibond coupon \*\***



Valore medio complessivo dei titoli a cedola fissa: 5,10%

- No significant differences emerged in the choice of the duration of the Minibonds between SMEs compared and Large Companies;
- SMEs also use the tool to support short-term planning (including net working capital)





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