

How Listing is developing: companies and securities listed

In the course of 2000, due also to Borsa Italiana's new projects, the trend as regards the dimensional and qualitative growth of the equity securities and bonds listing was confirmed. A new all-time high was recorded in the number of admissions to listing on the stock markets (49, more than either the 42 in 1986 or the 46 in 1905, the previous record), making it possible to reach a new all-time high in the number of listed companies, which totalled 297 in December. The level of capitalisation achieved by the markets managed by Borsa Italiana and the ratio of same to GDP, now more than 70%, bring the Italian market firmly into line with the level of the other major continental financial markets.

STOCK EXCHANGE: LISTED COMPANY DYNAMICS

- The process of listing re-qualification, which has been underway for several years, in 2000 led to a negative balance of 5 units with respect to 1999. Corresponding to a total of 242 companies listed on the Stock Exchange were 305 shares, less than in 1999 (328), but almost identical to the 1998 year-end figure (304). Of the companies listed at the end of 2000, five were foreign and one was suspended from trading.
In 2000, 16 companies were listed on the Stock Exchange, against 21 delistings. In 1999, 7 companies had left the Stock Exchange and 31 had been admitted, whilst in 1998 the delisted companies were 15, against 25 new admissions.
- The 16 admissions brought 14 new companies to the Stock Exchange, in 13 cases as a result of placement through public offers and in one case following listing of a company with existing float (Cattolica Assicurazioni). The other two cases concerned the split of a listed company (Immsi from Sirti) and a merger with simultaneous change of name (Domus Italica, which absorbed Risanamento Napoli and took its name).
- The delistings were the result of public offers, on the part of the controlling shareholder, to acquire the small residual quantities of companies' floats (Assitalia, Cartiere Burgo, Castelgarden, Ciga, Comau, Deroma Holding, Fiar, Magneti Marelli, Unim), mergers with other listed companies (Caffaro in Snia, Calceamento and Montedison in Compart, Riva Finanziaria in Intek, Risanamento Napoli in Domus Italica and Sorin Biomedica in Snia) or unlisted companies (Banca Nazionale dell'Agricoltura in Banca Antoniana Popolare Veneta), lack of requisites for listing (Finrex, Logitalia Gestioni, Roma Vetus Finanziaria),

Since Borsa Italiana started operating in 1998, there have been 66 companies listed on the Stock Exchange compared to 43 delistings; excluding mergers and splits, admissions become 52 compared to 26 delistings

a request for delisting on the part of a foreign issuer (Mannesmann) and transfers between markets (Finmatica, from the Stock Exchange to the Nuovo Mercato). In each case, the companies concerned were usually small and generated a limited amount of trading: the incidence on overall 1999 year-end capitalisation of the companies delisted in the course of 2000 (excluding delistings due to mergers with listed companies, which do not imply a loss of capitalisation for the market) amounted to 1.1%.

Delistings in 2000 primarily concerned small companies which generated limited turnover

- The new admissions were generally smaller than the companies present on the market: the average capitalisation of the newly-listed companies, valued at the official price of the first day of trading, amounted to 1,155 million euro in 2000, compared to 2,942 million in 1999 (this figure was strongly influenced by the ENEL listing) and was in any case above the 793 million for 1998. The average size of the Italian companies listed, on the other hand, was 3,334 million euro, compared to 2,963 recorded in 1999 and 2,197 in 1998. In terms of size, the largest company admitted in 2000 was Luxottica - in dual listing with the NYSE - with an initial capitalisation of 7,900 million euro. As regards numbers, in 7 cases new admissions concerned industrial companies, in 5 cases services companies, in 4 cases financial companies. The sectors with the highest number of listings were the textiles-clothing-accessories sector (3), followed by media, banking and real estate (2 new companies each). The newly-listed companies showed a balanced distribution between medium-large (6, with capitalisation of more than 800 million euro), medium (4, with capitalisation between 300 and 800 million euro) and small (6, with capitalisation of less than 300 million euro) companies. Also as a result of the generally high dimensional levels achieved by the market, the contribution of the new admissions to the increase in total capitalisation

The year 2000 saw the listing of important companies representing the “made in Italy” and the new economy and the prosecution of the privatisation process of the companies still controlled by the State

- (equal to 2.1%) was notably below the figure for 1999, which amounted to 11.9% taking into account the contribution of ENEL and 4.9% excluding the company privatised by the Treasury. A higher value had also been recorded in 1998 (3.0%).
- The characteristics of the companies listed in 2000 show the prosecution of the trend emerged during the previous two-year period, demonstrating the continuous development of the financial culture of the Italian economic reality. The year 2000 was in fact distinguished by the listing of companies representing important “made in Italy” trademarks, which had in the past shown little propensity to listing (Tod’s, Luxottica, Mariella Burani Fashion Group, Ferretti), of municipalized companies or

companies belonging to banking foundations (AEM Torino, Cassa di Risparmio di Firenze, Aeroporto di Firenze) and of independent companies. Through this process, the Stock Exchange listing is becoming more and more representative of the true composition of the Italian real economy.

STOCK EXCHANGE: THE TREND IN LISTED NOMINAL SHARE CAPITAL AND CAPITALISATION

The nominal share capital of companies listed on the Stock Exchange reached the value of 78,229 million euro, showing a rise of +7.8% with respect to the value at 1999 year-end. The

average listed capital for the Italian companies amounted to 330 million euro, up by 9.6% on the value recorded at the end of 1999 (301 million euro).

- The level reached by capitalisation represents the highest value ever recorded at year-end by Borsa Italiana markets (790.3 billion euro, compared to 714.1 at the end of 1999). However, this value does not constitute an all-time high, since during the year, driven by the upward trend in prices, Stock Exchange capitalisation at the end of February had risen to 849.4 billion euro.
- As a result of the trend in prices, distinguished by good performances in the sectors of banking, insurance and financial services, the Financials macrosector exceeded the threshold of 40% of overall capitalisation (42.4%), earning back the role of most representative macrosector; the remaining percentage is divided between Services (37.0%) and Industrials (20.6%). During 1999, in fact, owing to the ENEL listing and to the exceptional performances recorded by the telecommunications and public utilities sectors, the most representative macrosector had for the first time been that of services (42.5%, which was distinctly ahead of financials (37.3%) and industrials (20.2%). Considered by individual sector, public utilities (27.8%), for over 219.6 billion euro) remain in top position, despite a 5.3% falloff in percentage terms and a drop in absolute terms of almost 16.7 billion euro. In second place is the banking sector (up from 22.9% to 24.6%, representing an absolute value of 194.4 billion euro), followed by insurance (14.4%), minerals-metals-petroleum (7.3%), media (6.3%) and electronics-electrotechnics (5.8%).
- There has been a substantial reduction in the level of concentration of the official list compared to the values for the previous two-year period. At the end of 2000, the capitalisation of the top ten listed companies amounted to 52.3% of the total, against 55.7% in 1999 and 56.2% at the end of 1998. The same index, calculated based on the top thirty companies, amounted to 77.9% (81.0% in 1999 and 80.6% in 1998); the index on the top fifty companies also showed a downward trend, amounting to 86.7% compared to 89.3% at the end of 1999 (89.1% in 1998).

The increase in capitalisation during 2000 relates 24% to price revaluation, 59% to changes in capital of the already listed companies and 17% to the inflow of new companies to the Stock Exchange

THE NUOVO MERCATO

The year 2000 represented a period of rapid growth for the Nuovo Mercato, which had a major success right from its first year of operation, substantially contributing to the listing enlargement process. The importance of the success of the Nuovo Mercato should be considered also in the light of market conditions during the latter part of the year, which did not favour the inflow of new companies.

- 34 companies were admitted to listing in 2000, more than double the number of companies admitted to the Stock Exchange during the same period: in addition to the 6 companies listed in 1999, 32 companies were added as a result of public offers and/or simultaneous private placement of shares (2 of which, Aisoftw@re and BB-Biotech were already listed on foreign markets), one company as a result of a split from a company listed on the Stock Exchange (Cdb Web Tech following the split from Aedes) and one company following

transfer from the Stock Exchange (Finmatica). There were no delistings during the year.

- Due to the high flow of admissions the overall capitalisation of the market, at the end of December, amounted to 22,166 million euro compared to 6,981 at the end of 1999. The

The high number of companies listed on the Nuovo Mercato in 2000 made it possible to achieve an all-time peak in the number of admissions to listing on the Italian stock markets

listed nominal capital rose more than nine times compared to the end of 1999, reaching 481 million euro (48 million in 1999).

- For the time being, the capitalisation of the official list is still highly concentrated: the top three domestic companies for capitalisation (Tiscali, e.Biscom and Finmatica) account for 56.6% of total value; if compared to the companies listed on the Stock Exchange, the first two companies would be placed just behind the top 30 companies for capitalisation (respectively in 32nd and 33rd position) whereas Finmatica would be in 62nd place. Overall, based on year-end data, there are 6 companies with capitalisation of more than 800 million euro and 9 between 300 and 800 million euro; the capitalisation of the other 25 companies is less than 300 million euro.

THE MERCATO RISTRETTO

Also in 2000 the downward trend continued in the number of companies traded on the Mercato Ristretto, which now accounts for only 5.1% of the total number of companies listed on the markets of Borsa Italiana, compared to 12.5% in 1996.

- The number of companies with securities traded showed a further decline, falling from 26 companies in 1997, to 15 in 2000. During the last year no new companies were admitted, while two companies were delisted: one due to the lack of requisites for listing (Base Holding) and one following a residual public offer for purchase (Frette). In 1999 there had been one new admission (one also in 1998) and 4 delistings; in 2 cases the companies had been delisted as a result of transfer to the Stock Exchange.
- Due to the positive trend in prices and notwithstanding the gradual decline in the listing, for the second consecutive year capitalisation was up, reaching 5,941 million euro (+9.2% compared to 5,438 million euro in 1999). The listed nominal capital was also up by 21.5%, increasing from 636 million euro in 1999 to 773 million in 2000. This interrupted the downward trend which, with the sole exception of a very slight rise in 1997 (+0.6%), had been characterising the market from 1996 onwards.

THE COVERED WARRANTS MARKET

The year 2000 confirmed the strong interest on the part of investors and intermediaries in new forms of investment carried out through innovative financial instruments.

- The number of covered warrants listed at the end of December amounted to 3,107, up by over 1,500 units compared to 1999 (1,565). At the end of 1998, the first year in which the instrument was traded at Borsa Italiana, the number of covered warrants listed was just 122. In 2000 there were 3,342 admissions and 1,800 delistings.
- There was an increase in the number of covered warrants issuers: 15 at the end of 2000, compared to 9 at the end of 1999. The market concentration based on issuers, measured

according to the number of instruments traded, has fallen drastically: it is 57.9% if we consider the top three issuers (Unicredito Italiano, Citibank, Société Générale), 71.9% if we consider the top 5 (Abn Amro and Credit Lyonnais rank respectively 4th and 5th). In 1999 the top three issuers (which in 2000 maintained their respective positions) accounted for 78.8% of the market; the top 5 issuers (Caboto Sim and Deutsche Bank ranked 4th and 5th position) accounted for 94.2%.

- The range of instruments underlying the listed covered warrants has also increased: the instruments traded at the end of 2000 offer the possibility to invest on 210 different underlying instruments, compared to 148 in 1999. These include 30 indices (MIB30, NIKKEI and NASDAQ100 are the most represented), 61 Italian companies (including all MIB30 companies, 20 MIDEX companies and 2 companies of the Nuovo Mercato; the most represented shares are Tim, Olivetti and ENI), 109 foreign companies (Nokia, France Telecom and Deutsche Telecom the most represented), 4 exchange rates, 3 commodities and 3 fixed income instruments. In 1999, 17 indices were represented, 46 Italian companies, 78 foreign companies and 6 exchange rates.
- Considering the number of different instruments listed (and hence the different typologies, expires and strike prices), at the end of 2000 there were 443 covered warrants on indices (+86 compared to 1999), 2,204 on Italian shares (+1,353), 395 on foreign shares (+69), 28 on exchange rates (-2), 25 on commodities and 12 on fixed income instruments.

The creation of a dedicated trading platform for covered warrants has provided a flexible environment, suitable for supporting the continuous growth in volumes

THE FIXED-INCOME MARKETS

The fixed-income markets showed a slight falloff in the number of securities listed and consequent greater concentration of issues. The process to curtail the fragmentation of the listing into a high number of issues for small amounts and scarcely standardised, especially as regards the corporate bonds issued by the private sector, takes on a positive significance if we consider the resulting simplification of bond portfolio management policies on the part of institutional investors and enhancement of the market image.

- The number of convertible bonds listed on the Stock Exchange has been substantially reduced, dropping to 16 (with 1 admission and 8 delistings) compared to 23 in 1999 and 27 in 1998. Added to this value are 2 convertible bonds listed on the Mercato Ristretto (one more than 1999 year-end). The number of Government securities, following the financing policies implemented by the Treasury, went from 154 in 1998 to 139 in 1999, to reach 128 at the end of 2000. The year's trend was the result of 54 admissions and 69 delistings. The number of bonds has dropped by a few units and was 466 (there were 469 in 1999 and 468 in 1998), following 79 new listings and 82 delistings. On the EuroMOT, on the other hand, thirteen new securities were listed, against no delistings.
- The listed nominal value for Government securities was up by 1.4% (from 962,434 to 976,169 million euro), a variation almost identical to that recorded for the previous year (+1.3%). On the other hand, as regards bonds, the listed nominal value increased from 66,054 million euro in 1999 to 70,472 million in 2000, with a rise of 6.7% (+26.3% in 1999

The upward trend continued as regards listed nominal capital and the average size of corporate bonds

and +13.4% in 1998). If we also consider the EuroMOT, the listed nominal capital for bonds totalled 88,695 million euro. As a result of the number of delistings during the year,

convertible bonds showed an opposing trend, with an overall listed nominal capital down by 11.9% to 1,926 million euro.

- The average size of convertible bonds was up by 17.5% (107.0 million euro); the average size of loans went from 140.8 million euro to 151.2 million euro (+7.4%), while for Government securities it rose from 6,924.0 million euro to 7,626.3 million euro, showing an increase of 10.1%. The average size of

securities listed on the EuroMOT was high: in fact, it amounted to 1,402 million euro, over 9 times more than that of the bonds listed on the MOT.



Since 1998, the year of Borsa Italiana's privatisation, the composition of the equity and bond official lists has shown considerable dynamism. The ratio between capitalisation and GDP at year-end exceeded 70%, after touching on peaks of almost 80% during the early months of 2000. An all-time high of companies listed was achieved, through the record number of 49 new admissions.

During the 1998-2000 period the listing expanded by 31%, in terms of the number of companies, compared to the end of 1997. Over a quarter of the number of companies listed at the end of 2000 (27%) was admitted to listing after the privatisation of Borsa Italiana. The annualised turnover, measured in terms of total admissions and delistings in relation to the number of companies present on the Stock Exchange at the beginning of 1998, was equal to 16%.

Through the setting up of new markets and the offer of innovative instruments, the opportunities available to businesses, investors and intermediaries have been enhanced. The consolidation of the Nuovo Mercato has brought to the market young companies with strong growth potential, belonging to the sector of the new economy, making it possible for the Italian economy to improve its competitive position in the technologically advanced sectors, for investors to exploit risk-return profiles hitherto difficult to access, for Borsa Italiana to expand its offer with regard to companies. In addition to the newly-listed companies belonging to the new economy, on the main market there were independent industrial and services companies. The enormous success of covered warrants, for both issuers and investors, confirms the good reception given to the new projects undertaken.

The bond market, also due to the setting-up of the EuroMOT, continued its re-qualification process, while the space occupied by the Mercato Ristretto has been gradually eroded by the greater flexibility of the main market and the launch of the Nuovo Mercato.