

# How Listing is developing: companies and securities listed

The figures for 2001 were influenced by the trend in the international business cycle and the reactions of the financial markets to the economic and political situation: overall capitalisation fell to 592.3 billion euro from 818.4 in 2000 (-27.6%). The level of the ratio to Gross Domestic Product consequently dropped to 48.7%. Despite the setback, common to all the main international stock markets, it is nevertheless important to emphasise the results obtained by Borsa Italiana. There were 18 admissions to the equities market in 2001. The total of admissions in the last four years, since Borsa Italiana Spa began operating, is 125 which is more than the recorded number during the 10 years previous (101). The STAR segment, launched in April 2001, already includes 37 new companies.

## THE STOCK EXCHANGE: LISTED COMPANY DYNAMICS

As in 2000, the number of listed companies in 2001 was down by 5 to reach 237 at the end of the year (242 at the end of 2000, 247 at the end of 1999). Shares listed at the end of December totalled 293, below the figures for the end of 1999 (305) and 2000 (328). Five of the companies listed were foreign (two German companies: Bayer and Volkswagen, two Spanish: Banco Bilbao Vizcaya Argentaria and Banco Santander Central Hispano, one Dutch: STMicrolronics).

*Over the last 4 years, since Borsa Italiana Spa started operating, 125 companies have been admitted to listing, more than the number listed during the previous 10 years*

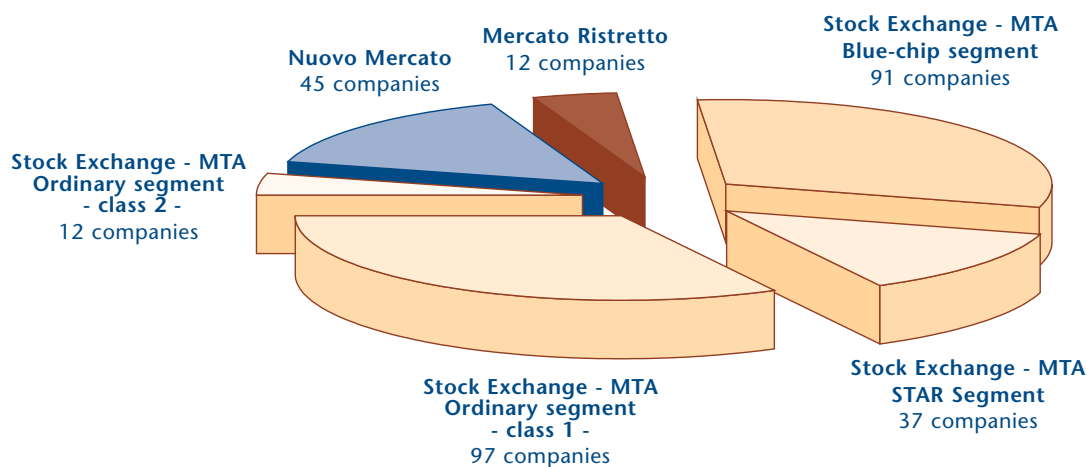
- In 2001, 13 companies were admitted to listing on the Stock Exchange, while 18 were delisted. In 2000, 21 companies left the Stock Exchange against 16 entries. In 1999 the delistings numbered 7, compared to 31 new admissions.
- The 13 admissions all occurred as a result of placement through public offering. It is important to note that during the last four years the Stock Exchange has recorded a positive balance of 24 between companies entering and leaving. Net of transfers to the Mercato Ristretto, 79 companies listed and only 55 delisted. If we consider only the economically significant admissions and delistings, in other words excluding operations as a result of mergers and demergers, the comparison changes to 65 admissions compared to just 38 delistings.
- The delistings were the result of the following: 12 residual take-over bids on the part of the controlling shareholder on companies typically characterised by small floats (Aeroporti di Roma, Allianz Subalpina, Banca di Legnano, Credito Fondiario e Industriale, Falck, Gruppo Buffetti, Immobiliare Metanopoli, Italfondionario, Simint, Safilo, Sondel and Toro

Assicurazioni); 6 mergers by absorption into another listed company (Ansaldo Trasporti into Finmeccanica, Banca Commerciale Italiana into Banca Intesa, Bassetti into Zucchi, Cementeria di Barletta into Cementeria di Augusta, Ina into Assicurazioni Generali, Tecnost into Olivetti); 2 mergers by absorption resulting in a change of the name of the company resulting from the operation (Banca Intesa took the name of IntesaBCI and Cementeria di Augusta took the name of Unimed). In the case of Banco di Napoli (whose ordinary shares were delisted from trading following the SanPaolo IMI residual take-over bid) the company remained listed with only its savings shares.

- The distribution of the number of listed companies by segment, as at year-end, saw 91 companies (38.4%) in the blue-chips segment, 37 companies in the STAR segment (15.6%), 97 (40.9%) in the class 1 and 12 (5.1%) in the class 2 of the ordinary segment. The chart 2 gives evidence of the companies' allotment between the different equity markets of Borsa Italiana: Borsa - MTA (blue-chip, STAR and Ordinary segments), Nuovo Mercato and Mercato Ristretto.
- The 13 newly-listed companies were in 3 cases admitted to listing in the blue-chips segment, in 4 cases in the STAR segment and in 6 cases in the class 1 of the ordinary segment.
- Looking more in detail at the group of newly-listed companies, we note that two may be considered large-sized companies (capitalisation at year-end above 800 million euro), four medium-large (between 300 and 800 million euro), four medium (between 100 and 300 million euro) and three small (less than 100 euro). From a sector standpoint, the new admissions concerned in 6 cases industrial companies, in 6 cases services companies, in

*During 2001 the listed companies and new admissions showed considerable interest in the STAR segment, which at the end of 2001, just 8 months after the project's launch, has 37 companies listed*

**CHART 2 - COMPOSITION OF BORSA ITALIANA EQUITY OFFICIAL LIST**



Update: 28 December 2001.

1 case financial companies. The sectors with the greatest number of admissions were Machinery-Mechanical (3) followed by Transportation and Public Utilities (2 new companies each). Other sectors with new admissions were Food, Publishing, Chemicals, Holding Companies, Electronics and Miscellaneous Services (one each).

- Also 2001, as was the case in 2000, saw the listing of some typical examples of the average successful medium-sized Italian business, including Campari, De Longhi, Granitifiandre, Amplifon. Alongside these, privatisation activities continued through the placement of quotas of municipalised (Acegas) or indirectly State-controlled (Snam Rete Gas) companies. Smaller-sized independent companies also found space in the listing (including Biesse, Negri Bossi, I Viaggi del Ventaglio, Giacomelli Sport, Air Dolomiti) as well as concerns well-known to the general public (Lottomatica, Juventus Football Club), which have found in the market a means of raising capital to support company growth or manage ownership structure reorganisation processes.

### STOCK EXCHANGE: THE TREND IN CAPITALISATION

The overall level of the share capital of Italian companies listed on the Stock Exchange amounted to 78.3 billion euro, which is practically the same as the 2000 year-end value (+0.1%). Bearing in mind the marginal fall-off in the number of listed companies, this situation means that the average share capital of listed Italian companies increased slightly (+2.3%) compared to the previous year, to reach 338 million euro.

- Owing to the negative performance of the international financial markets, the overall Stock Exchange capitalisation has dropped by 27.2%, settling at 575.0 billion euro. It should be remembered that the figure for 2000 (790.3 billion euro) was the highest value

*At the end of 2001, the Stock Exchange capitalisation consisted of 95.8% blue-chip segment, 1.5% STAR segment, 2.6% class 1 e 0.1% class 2 of the ordinary segment*

ever recorded at year-end for Borsa Italiana markets (the all-time high came at the end of February 2001, equal to 849.4 billion euro). As regards year-end data, the level of 2001 ranks third place in the history of Borsa Italiana, after 2000 and 1999.

- As regards the distribution by sector of overall capitalisation, after several years of alternating in first place for Financials and Services, in 2001 the figures for the two macrosectors are basically similar (38.9% Financials, 38.5% Services). The figure for the Industrial macrosector was lower, at 22.6%. The result reflects differentiated performances: the percentage relating to the Industrial securities showed a growth of 2 percentage points compared to the previous year, while the contribution of the Financials macrosector was down by 3.5 percentage points. Moreover, the incidence of the Services macrosector was up by 1.5%.
- In terms of individual sectors, the relative positioning recorded at the end of 2000 is confirmed. Ranking in first place is Public Utilities (30.8%, at over 177.2 billion euro), with a growth of 3 percentage points. In second place is the Banking sector (down to 22.5% from 24.6% in 2000, with an absolute value of 129.5 billion euro), followed by Insurance (13.1%), Minerals-Metals-Petroleum (9.9%), Publishing (4.4%) and Electronics-Electrotechnics (4.3%).
- After several years of decline, the level of concentration of the listing, calculated for different indices, has risen marginally. At the end of 2001, the accumulated capitalisation



of the top ten listed companies (considered with respect to the total Stock Exchange) equalled 57.8% of the total (54.1% in 2000, 55.7% in 1999). The same index, calculated on the top thirty companies, amounted to 82.4% (80.7% in 2000 and 81.0% in 1999). The index on the top fifty companies equalled 90.0% compared to 86.7% at the end of 2000 and 89.3% in 1999.

- The newly-listed companies accounted for 1.7% of overall Stock Exchange capitalisation. The contribution was less than in 2000 (amounting to 2.1%) and considerably below the figure for 1999 (equal to 11.9% taking into account the contribution of Enel and 4.9% excluding the privatised company).
- In the course of 2001 the average capitalisation of the newly-listed companies, measured in terms of capitalisation on the official price recorded at the end of the first day of trading, amounted to 777 million euro: on the other hand, the median value (making it possible to obtain a more significant figure, since Snam Rete Gas, with a capitalisation of 5,726 million euro, is considerably larger in size compared to the other new admissions) is equal to 364 million euro.
- The loss of capitalisation due to delisting from trading of 18 companies in the course of 2001 equalled the additional contribution from newly-admitted companies (1.7% of the total, calculated on the 2000 year-end figure). The figure is determined excluding delistings due to absorptions into listed companies, which do not lead to loss of capitalisation for the market overall.

## THE NUOVO MERCATO

Along the lines of what occurred on the main international markets, during 2001 there was a sharp fall off in the growth process of the market dedicated to high growth companies.

- Five companies were admitted to listing during the year, compared to the 13 new entries as regards the Stock Exchange. The 5 companies, which joined the 40 listed as at the end of 2000, were all admitted to listing as a result of public offering and simultaneous private placement of shares. One of the new listed companies - Algol - was already listed on foreign markets (Nasdaq Europe). During the year there were no delistings.
- Despite the listing of 5 new companies, the negative performance of share prices brought capitalisation as at the end of December down to 12,489 million euro, compared to 22,166 million euro at the end of 2000 (-43.7%). Listed share capital, on the other hand, rose by 59.3% with respect to 2000 year-end, to reach 766 million euro (481 million euro as the end of the previous year).
- The new listed companies were of medium-small size: average capitalisation at the start of trading amounted to 98 million euro. The listing's concentration of capitalisation hence remained similar to the previous years values: the top three domestic companies for capitalisation (Tiscali, e.Biscom and Finmatica) account for 56.1% of total value (56.6% in 2000). The top two companies for capitalisation rank just after the top thirty companies listed on all the Borsa Italiana stock markets considered as a whole (respectively in 30<sup>th</sup>

*The difficult market conditions characterising the year 2001 held back the growth process of Nuovo Mercato in terms of number of new admissions and overall market capitalisation*

and 39<sup>th</sup> position); Finmatica on the other hand is in 80<sup>th</sup> position. Overall, based on the year-end data, two companies have a capitalisation in excess of one billion euro, four of between 300 million and one billion; the capitalisation of the other 38 is less than 300 million. One company (BBBiotech) was incorporated under foreign law.

### THE MERCATO RISTRETTO

Following a downward trend in the number of listed companies underway since 1994, also in 2001 the balance between admissions and delistings on the Mercato Ristretto was negative. In terms of size, the Mercato Ristretto now accounts for just 0.8% of capitalisation and 4.4% in terms of number of companies listed on all the markets organised and managed by Borsa Italiana.

- The number of companies with securities traded showed a further decline: this number fell from 26 companies in 1997, to 20 in 1998, to 17 in 1999, down to 15 in 2000 and 12 in 2001. During the past 2 years no new companies applied for admission, while 5 companies were delisted. There were three delistings in 2001: one due to lack of requisites for listing (Vauban) and 2 as a result of residual take-over bids on the part of companies listed on the Stock Exchange (Banca Popolare di Crema and Italiana Assicurazioni). Ordinary Ifis shares were admitted to listing, following the conversion of the said company's preference shares.
- Overall market capitalisation was down, to reach 4,852 million euro (-18.3% with respect to 5,941 million euro in 2000), while the listed nominal capital, owing to some capital increase operations, rose by 23.0%, from 773 million euro in 2000 to 950 million in 2001. This increase follows a basically similar value recorded in 2000, equal to +21.5%.

### CONVERTIBLE BONDS

Convertible bonds are listed and traded on the stock markets of the respective issuers. In the course of 2001, the number of convertible bonds traded on the Stock Exchange started to grow again: following the fall off by 7 units in 2000 (just one admission and 8 delistings), in 2001, with no delistings, 5 new bonds were admitted, bringing to 21 the number of listed convertible bonds. On the other hand, there was no change in the number of convertible bonds on the Mercato Ristretto, where the number is still 2.

The nominal capital of the 23 convertible bonds amounted to 5,638.3 million euro, up by 192.8% with respect to 1,926.7 million euro in 2000. At the same time, the average size of the convertible bonds has more than doubled (+129.1%), to reach 245 million euro.



During 2001 Borsa Italiana continued its segmentation of products and services for the markets, in order to improve and, where necessary, to integrate the offering in favour of the different categories of financial instrument. The establishment of new markets/segments, apart from creating trading environments suitable for offering innovative instruments, has extended the opportunities available to companies, investors and intermediaries.



---

Following the creation of the Nuovo Mercato, which opened the opportunity for potential listing to young companies with strong growth prospects and belonging to sectors of the new economy, the creation of the STAR segment is enabling quality medium-small sized Italian companies to use listing as an instrument of corporate growth. The falloff in the levels of activity and the lower number of companies admitted to listing during the year must not cause to be overlooked the currently high number of Italian companies (more than 1,800, according to recent studies carried out by Borsa Italiana) with characteristics that would permit listing, wherever sufficient motivations exist. These companies represent an important asset for the development of the Italian market and, in more propitious market conditions, following the trend shown in recent years, should make their return to the official list, contributing towards the enhancement of its qualitative and quantitative consistency.