



IPO Market analysis in Italy

We sat down with Eugenio Morpurgo CEO and Founding Partner of [Fineurop Soditic](#) ahead of the [10th Annual Italian M&A and Private Equity Forum](#) to find out what opportunities he sees in the Italian IPO market and to provide some advice for how companies can prepare for the regulatory scrutiny that come with an IPO.

Elisa Basili: Will we see an increase of IPO's in the future? And do you think it will become a trend in Italy?

Eugenio Morpurgo: The number of IPOs in the Italian market in 2017 (currently 27) is very close to the record level reached in 2007. I believe that this upward trend will continue over the next years. The Italian industrial system, made of many successful SMEs, is so far extremely underrepresented in the stock market. Succession problems, fragmentation of shareholders base, undercapitalization are structural factors that will determine an growing interest to going public, along with the need for top quality companies to keep the same pace of their direct competitors.

Furthermore, the rapid emergence of PIR ("Piani Individuali di Risparmio") has given a relevant boost to the market and will accelerate this development. The diffusion of SPAC, an instrument which seems to be tailormade to the Italian market, will also contribute to increasing the number of IPO, acting as a useful accelerator. By the end of 2017 the number of SPAC created over the last 6 years will be close to 20, with a sharp increase registered over the last months. The "structural" number of SPAC operating at the same time will be around 10, which will guarantee an important fuel for the IPO market.

EB: Where do you see the main opportunities in the Italian IPO market over the next 12 months?

EM: I believe that many Italian companies in the manufacturing industry have now the right figures to go public and that the new generations of entrepreneurs are more inclined to consider an IPO, especially as a boost for internationalization and acquisitions. The debate on the "cost of listing" was in the past more of a pretext than a real reason not to go public, now the focus is on how an IPO can contribute to the desired growth. The stock market performance of many mid-large caps such as IMA, Interpump, Campari, Brembo, Amplifon, Recordati etc. has given a very good example and shown that being listed is a great plus for the "serial acquirors". Also private equity players will become increasingly more interested in IPO as an exit strategy, in particular for the portfolio companies which have still much of their potential to be exploited and for which only a

partial dismissal is contemplated at this stage. In general, strong liquidity, high valuations multiples and good average fundamentals of many SMEs constitute a favourable star alignment and an ideal window of opportunity for the next months.

EB: Can you give an example of a successful IPO strategy and why it was successful?

EM: As a recent example I would mention the case of Technogym stock, reasonably priced and which was able to show a high increase for the benefit of all shareholders. In general the 2017 IPO vintage is performing very well, considering Unieuro, Do-bank, Indel B. and many others. The positive stock market trend has played an important role but, along with a convincing equity story, a well engineered deal structure and pricing were of key importance.

EB: How can companies prepare for regulatory scrutiny that come with an IPO?

EM: No doubt that Elite is playing a key role in the coaching of the firms who are aiming at an IPO. I believe this platform will become more and more important, the number of associated companies is already over 600. Elite is preparing companies not only for the formal part of the scrutiny and of the listing procedure, but is giving a key contribution in training about corporate governance, communication strategy, reporting systems etc. Thanks to a more accurate preparatory work the listing procedure will become for most companies easier and quicker, both through the role of Elite and also, in some cases, of the SPAC. The good quality of local global coordinators and Nomad (recently the financial community has invested more resources than in the past on this) also constitutes a very good base for the future developments.

As a critical factor for success, I would mention also the fact that during the listing procedure (and of course also afterwards) the objectives of the owners and managers (if they are separated) are perfectly aligned.



Eugenio Morpurgo

Chief Executive Officer and Founding Partner

Fineurop Soditic

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Eugenio will be speaking on the [IPO Market Analysis panel](#) at the 10th Annual Italian M&A and Private Equity Forum on 19 October in Milan. To find out more about the other speakers, agenda and how to attend, [visit the website](#).

Written by



Elisa Basili
Speakers
Acuris

Elisa is responsible for speakers and event programmes at Acuris. She supports Debtwire's European restructuring, leveraged finance and direct lending conferences. Elisa sources content for Mergermarket's M&A events in Benelux, France, Ireland, Israel and the Middle East.