



# EGM Analysis – 2024

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20 January 2025

## **Banca Profilo Research**

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# Agenda

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**EGM ALL COMPANIES**

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2024 NEW LISTINGS

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Euronext Growth Milan is dedicated to dynamic and competitive listed SMEs seeking capital to finance growth through a balanced regulatory approach. Euronext Growth Milan offers a simplified path to listing, compared to the Euronext Milan, with minimum access requirements and fulfilments tailored to SMEs.

## 2024 Facts & Figures

- As of the end of December 2024, the number of **EGM companies rose** to 210 from 200 a year earlier
- Over the year, the number of **new EGM listings declined** to 21 from 34 in 2023 with **IPO proceeds** falling to €172mIn from €339mIn and the average cash raised dropping to €8.2mIn vs 10.0mIn
- The **number of delistings decreased** from 17 in 2023 to 11 in 2024
- As of the end of December 2024, EGM total market capitalization stood at €9.4bn (vs €9.3bn in 2023) whereas its **average market capitalization** was €45.8mIn (vs €48.1mIn yoy) throughout the year

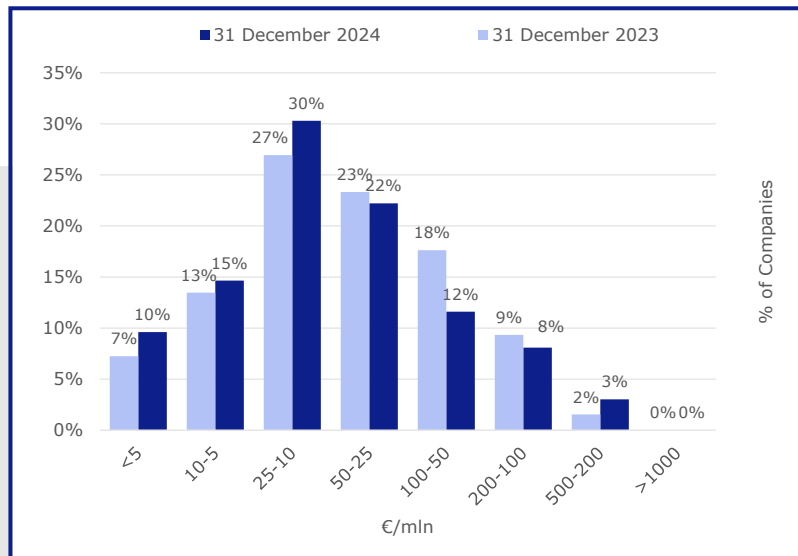


# EGM - From Small to Micro caps

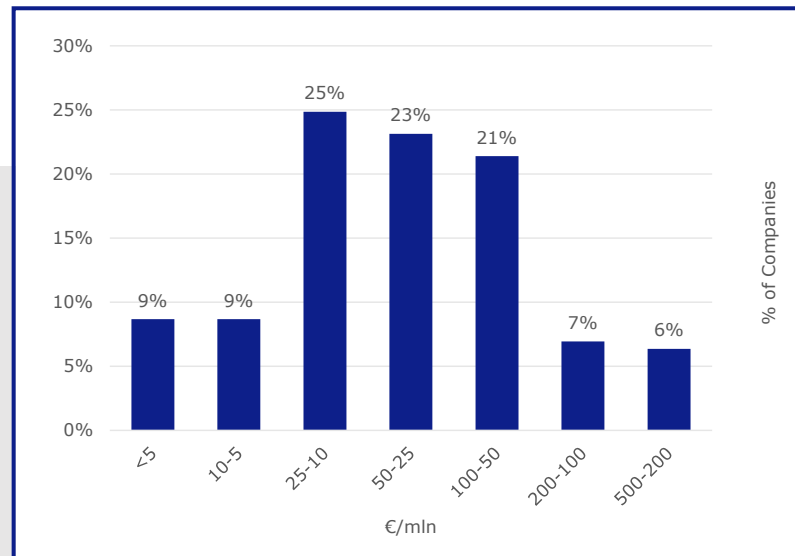


At the end of December, 88% of EGM (vs 89% yoy) companies had a **market capitalization below €100m**, with 55% (vs 48% yoy) falling below the €25m threshold.

A similar distribution in terms of revenue: in FY23, 87% of EGM companies reported **revenue below €100m**, with 42% operating below the €25m mark.



EGM segment by market capitalization  
(as of December 31, 2024)



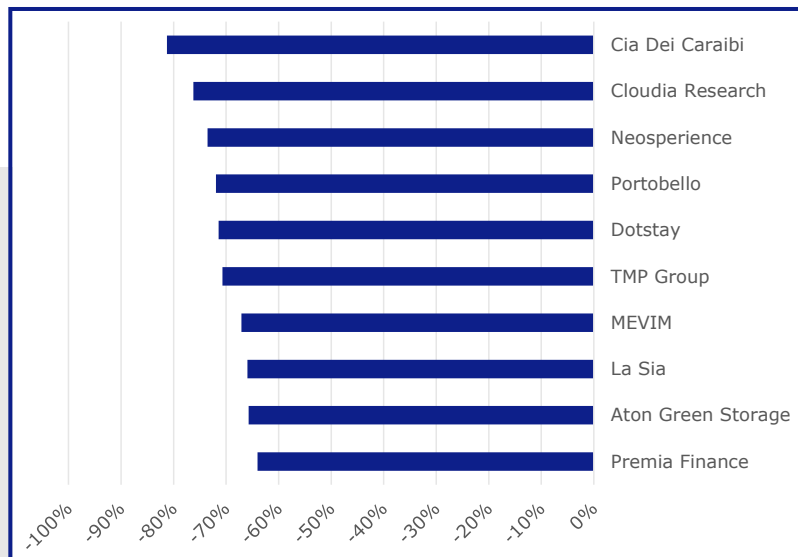
EGM\* segment by FY23 Revenues

# EGM - Best and worst performers

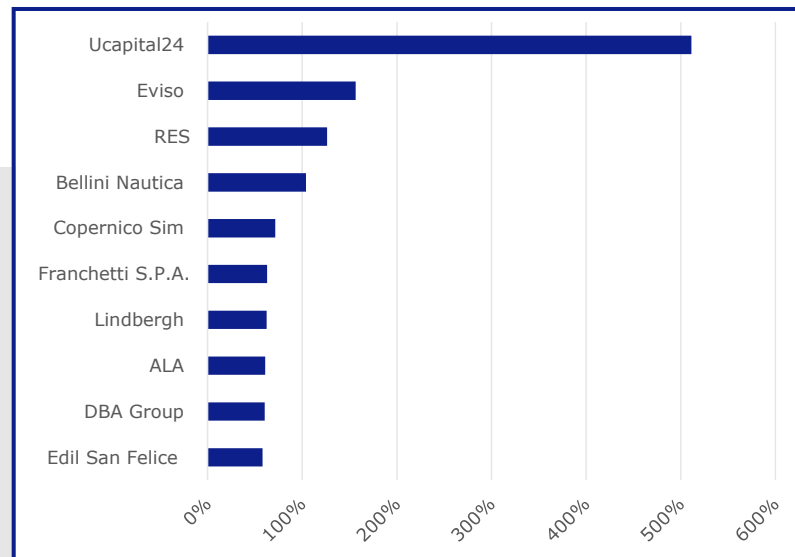


In 2024, the **average performance** of EGM-listed companies was **negative by almost 9%**.

Ucapital24 was the best performers whereas Cia Dei Caraibi showed the biggest decline.



12M worst performers  
(as of December 31, 2024)



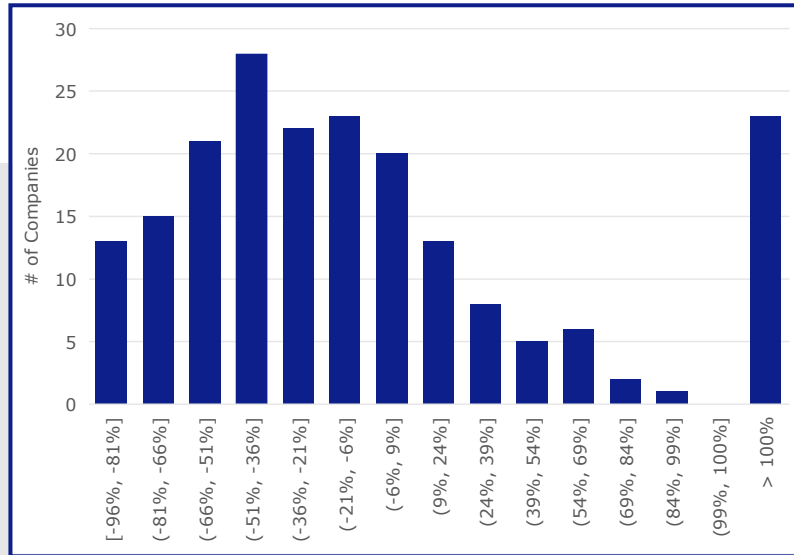
12M best performers  
(as of December 31, 2024)

# EGM - Performance since IPO

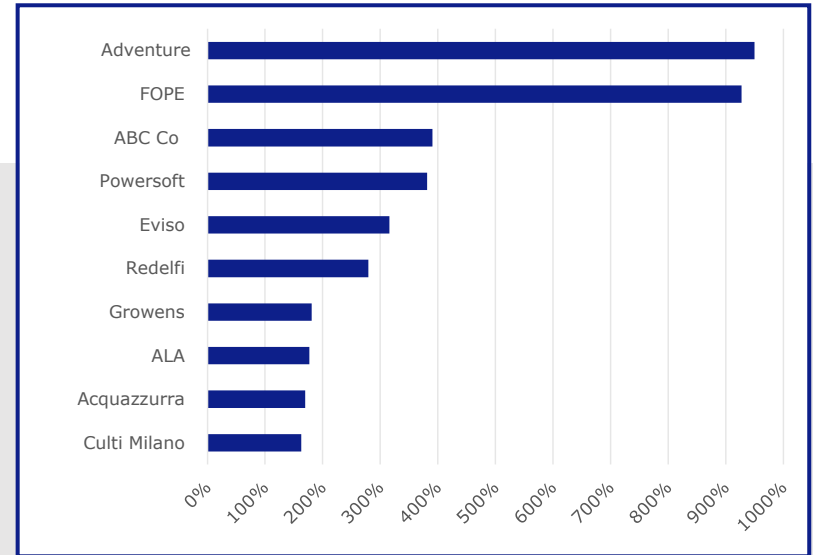


Since their IPO, over 60% of EGM companies have experienced negative performance.

Adventure, which debuted last August, FOPE and ABC Co are among top performers since their IPO.



Performance since IPO  
(as of December 31, 2024)



Best performers since IPO  
(as of December 31, 2024)

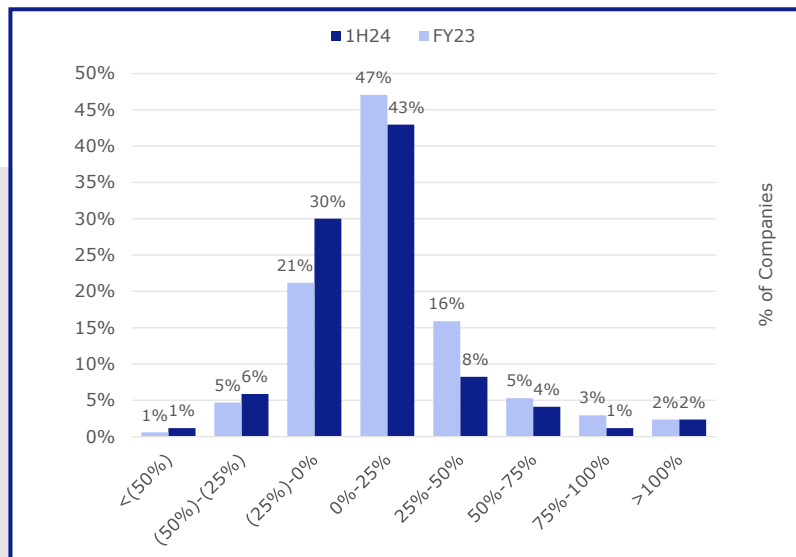
# EGM - Growth and profitability



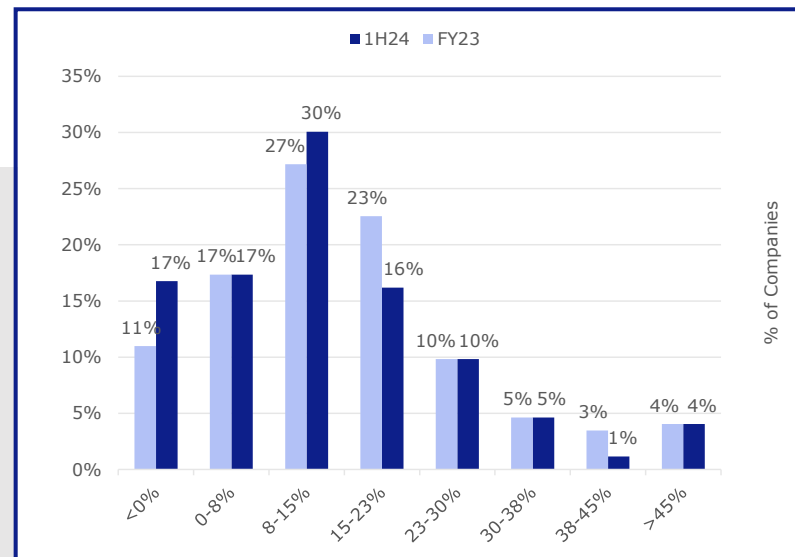
In 1H24, 59% of EGM (vs 74% in FY23) companies reported a **yoy Revenue growth**.

The **average revenue growth was 7%** (vs 14% in FY23).

36% (vs 45% in FY23) of them showed an **EBITDA margin exceeding 15%**.



EGM\* segment by FY23 and 1H24 Revenue growth yoy

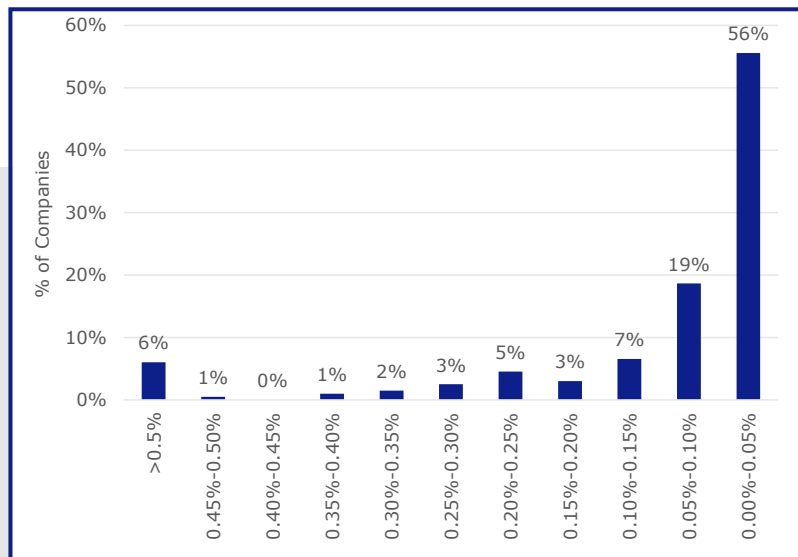


EGM\* segment by FY23 & 1H24 EBITDA margin

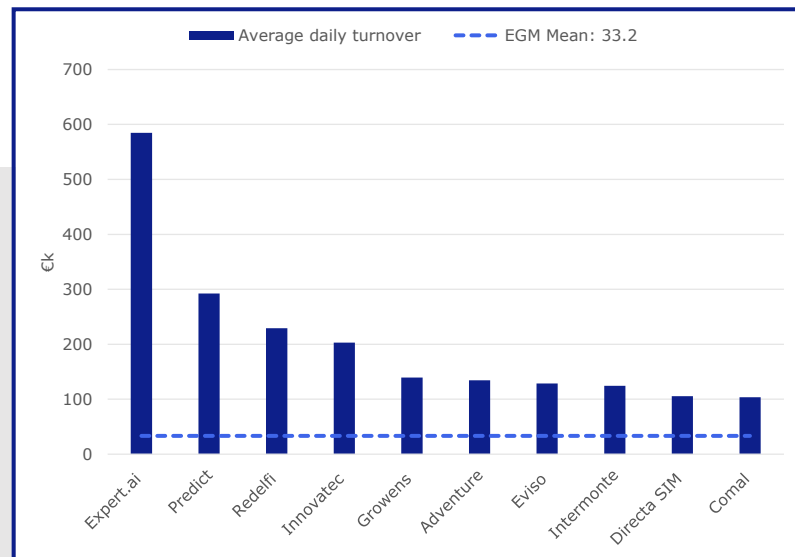


**Liquidity remains the central concern** for the EGM.

In 2024, liquidity deteriorated further, with **74% of companies** trading **less than 0.1% of their market capitalization** (vs 51% in 2023). In 4Q24, the average daily traded value dropped to €33.2k, from €48.3k over the full year.



FY24 daily traded volume ratio to market capitalization



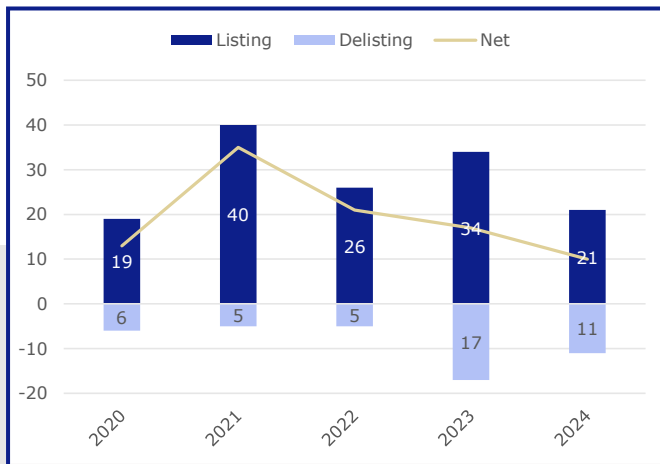
Top 10 for daily turnover in 4Q24



# EGM – Tender offers and delistings



Market net growth in issuers has slowed since 2021, with **just 10 new companies in 2024**. **Delistings have increased**, with 28 companies leaving the EGM in the past two years, compared to 16 in the previous three. This highlights the reduced appeal of EGM, where the costs of staying listed now outweigh the benefits of listing at these discounted valuations, which rather fuel a **rise in takeovers**, with 17 OPAs in the last two years.



IPO, delisting and net change of companies in EGM



Tender offers

Current macro scenario with declining interest rates, bottoming valuations, greater political stability in Italy and **new measures which are now ready to support EGM liquidity will likely make the EGM more attractive for national and international investors.**

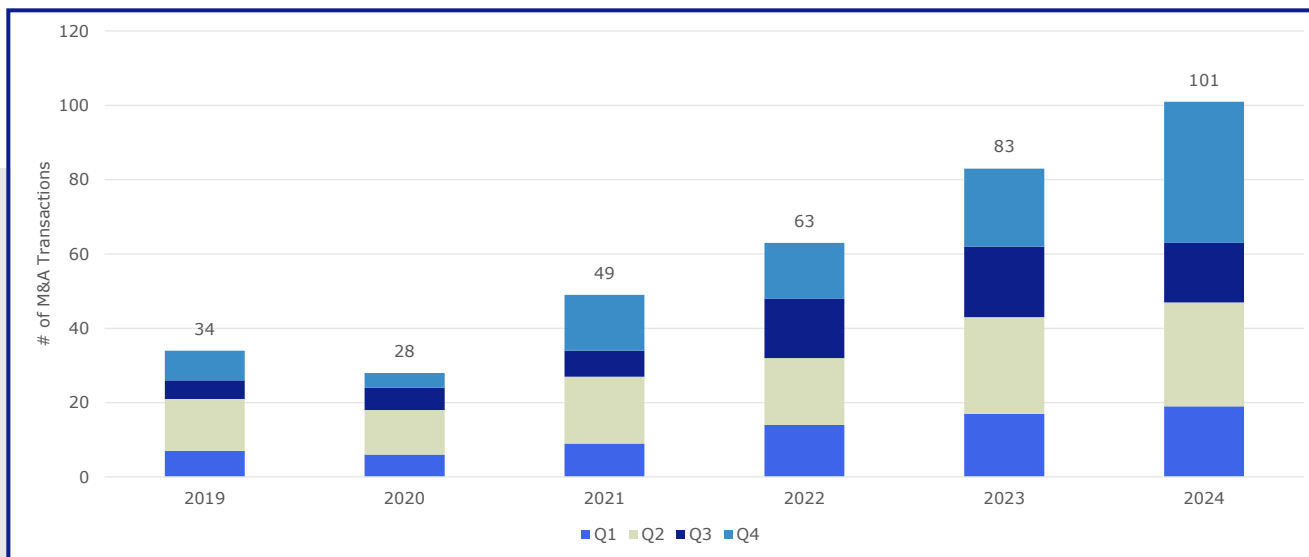
More in details, from Q1 2025, the **Indirect National Strategic Fund (FNSI)**, a closed-end fund of funds entirely subscribed by the MEF and managed by CDP, will be able to **co-invest** (with private institutional or retail investors) up to a maximum of 49% of the capital of newly established OICRs, which must invest predominantly **in companies listed outside the FTSEMIB**. It can also act as an anchor investor in IPOs. Additionally, the **fiscal credit** covering 50% of advisory costs (up to €500k) for the **listing process** of Mid and Small Caps on regulated stock markets, introduced in 2017, has been **extended to December 2027**.

# EGM – Record M&A deals in 2024



Over the past 5 years, aside from the pandemic-related downturn, **M&A activity has grown steadily, reaching a record 101 deals in 2024.** This trend highlights the **dynamism of EGM companies**, which continue to expand through acquisitions.

Notably, the **4Q24** marked **the most active quarter in recent history**, with 38 transactions, signalling strong momentum heading into 2025.



# of M&A transactions in EGM\* from 2019 to 2024

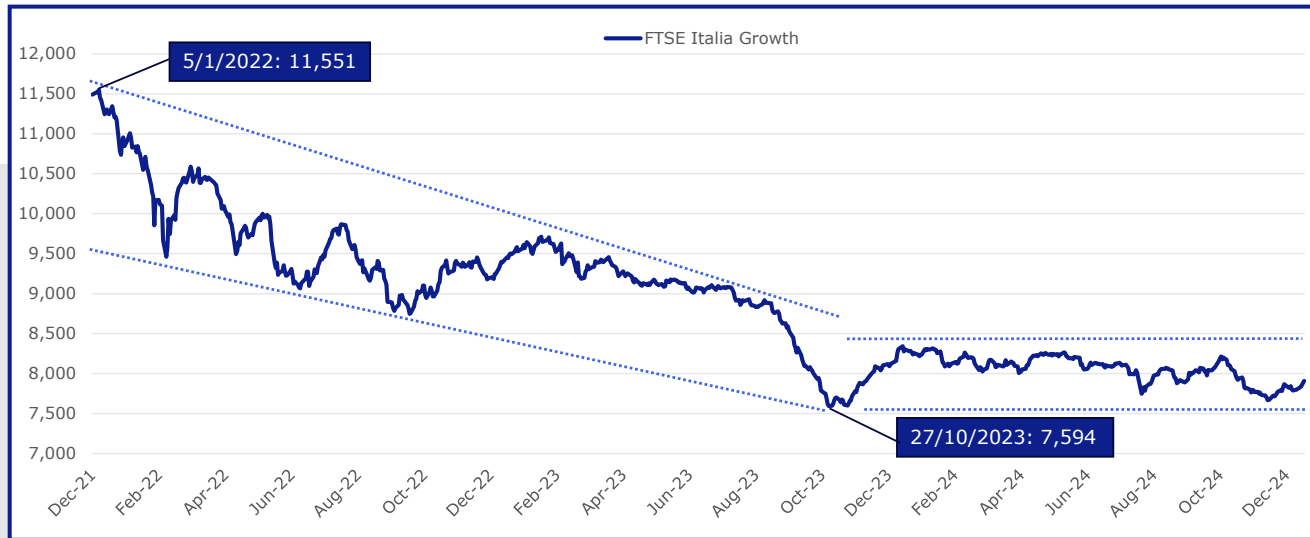
# EGM - Signs of stabilization



After reaching a **record high** of 11,551 in **January 2022**, the **FTSE Italia Growth Index** experienced a **liquidity crisis, bottoming out** at 7,594 in late **October 2023**.

Since then, it has **partially recovered** and **recently stabilized** around 8,000 points for: (i) undemanding valuations; (ii) the ECB easing monetary policy; and (iii) optimism regarding new specific stimulus measures expected to be activated in 1H25.

In fact, in 2024 the EGM index has lost 4.8% only.



FTSE Italia Growth Index 2022 – 2024

# EGM – Overperforming Euronext Growth indexes



Not only has the **FTSE Italia Growth** index has outperformed the **Euronext Growth All Shares** index over the past three years (-31.2% vs -40.1% respectively) but it also confirmed its superior performance in 2024 (-4.8% vs -10.6% respectively) when its European peers have hit new lows.

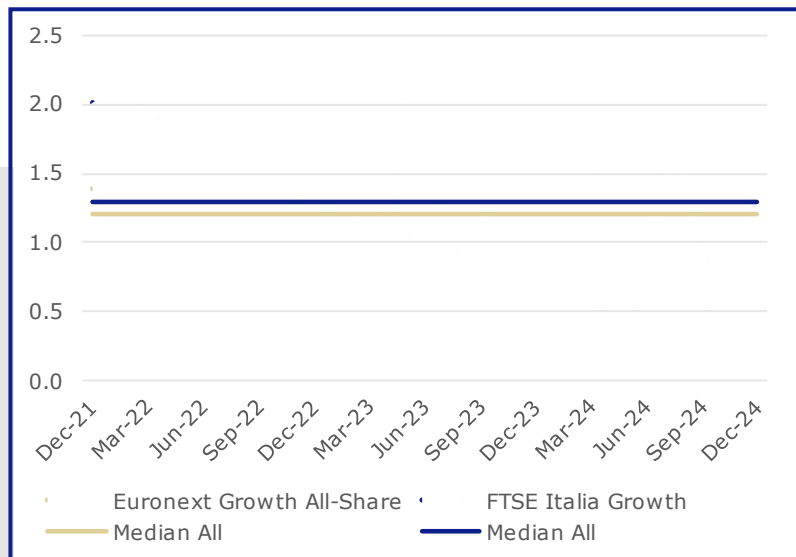


The Euronext Growth All Shares is a full market capitalization based index consisting of companies listed on the Euronext Growth markets (Italy, France, Belgium Ireland, Norway). In October 2024, its capitalization was over €30bn with an average of €60m and a median of €20m.

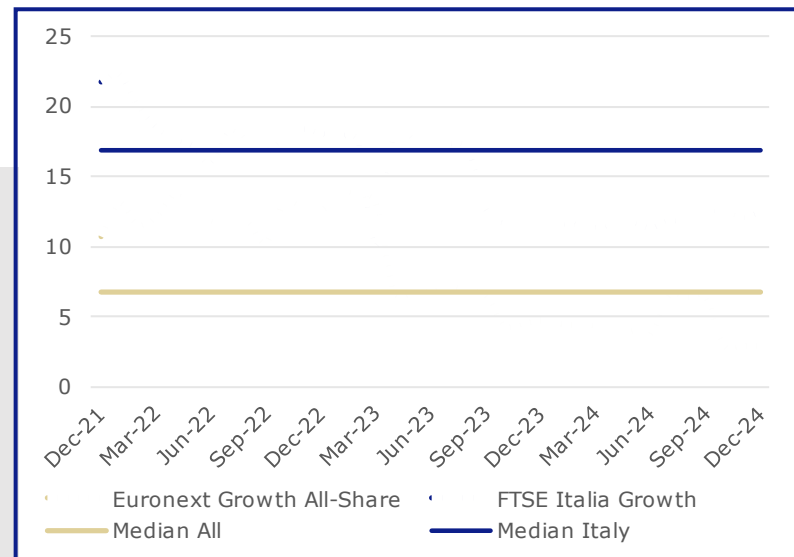
# Euronext Growth in Europe - Comparing market multiples



Even in terms of **valuations**, over the **past three years** the **FTSE Italia Growth** has showed a **median EV/Sales** and **P/E higher** than those of the Euronext Growth All-Share.



EV/Sales FTSE Italia Growth and Euronext Growth All-Share

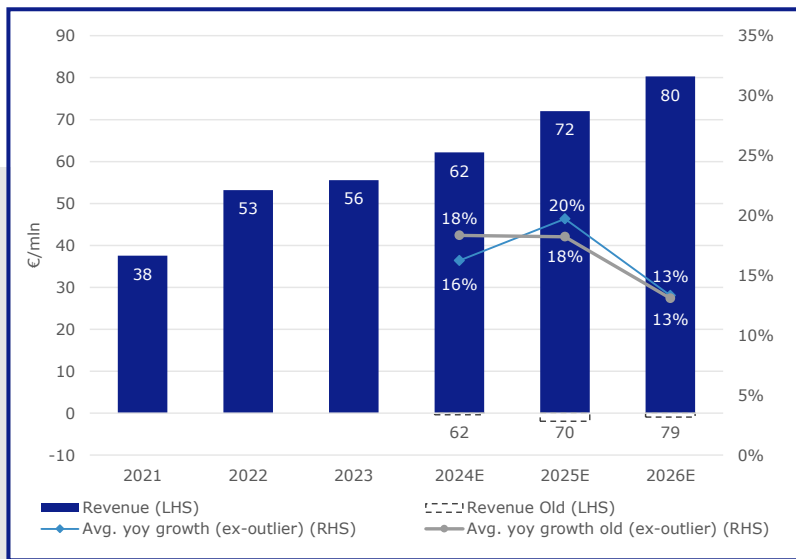


P/E excl. negative FTSE Italia Growth and Euronext Growth All-Share

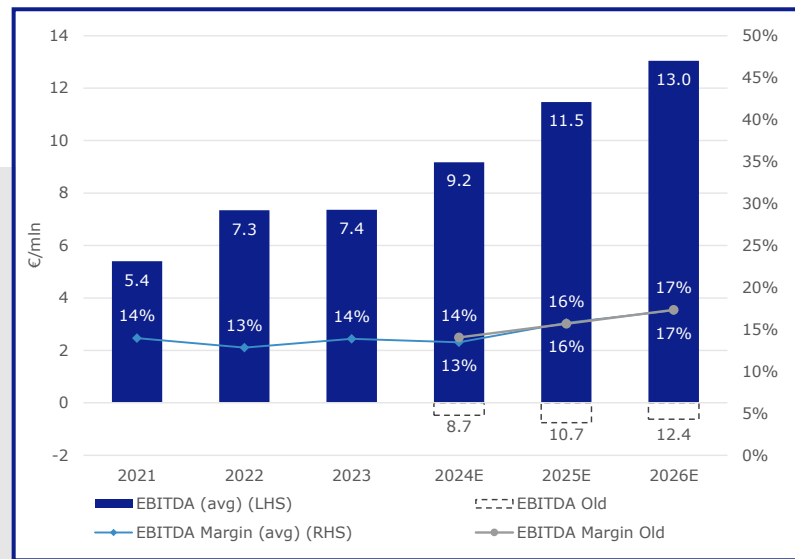
# EGM - Estimates unchanged



In our October EGM report, consensus estimates for 2024-2026 revenue and EBITDA were revised downward after weak 1H24 results. Since then, projections have **remained steady**, with **revenue** expected **to grow at a 13% 2023-26 CAGR** and **margins** forecast **to improve by 300bps** on average over the same period.



EGM\* segment by Average Revenue



EGM\* segment by Average EBITDA

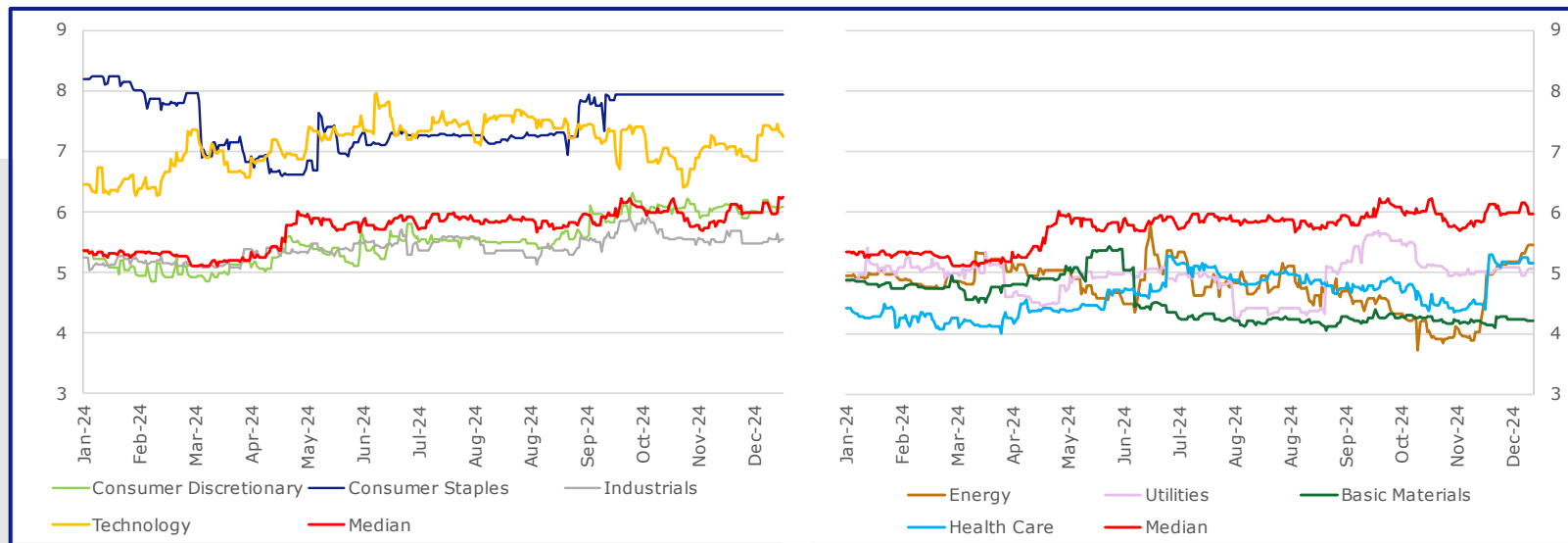
# EGM - Sectors market multiples 1-year trend



In the last 12 months, the **median EGM EV/EBITDA 1-year forward increased** from 5.4x to 5.7x.

Health Care saw **the largest 12M re-rating, from 4.4x to 5.4x**, followed by Consumer Discretionary up from 5.3x to 6.1x

The sectors which saw a **de-rating** were Basic Materials down from 4.9x to 4.2x and Consumer Staples, down from 8.2x to 7.9x.



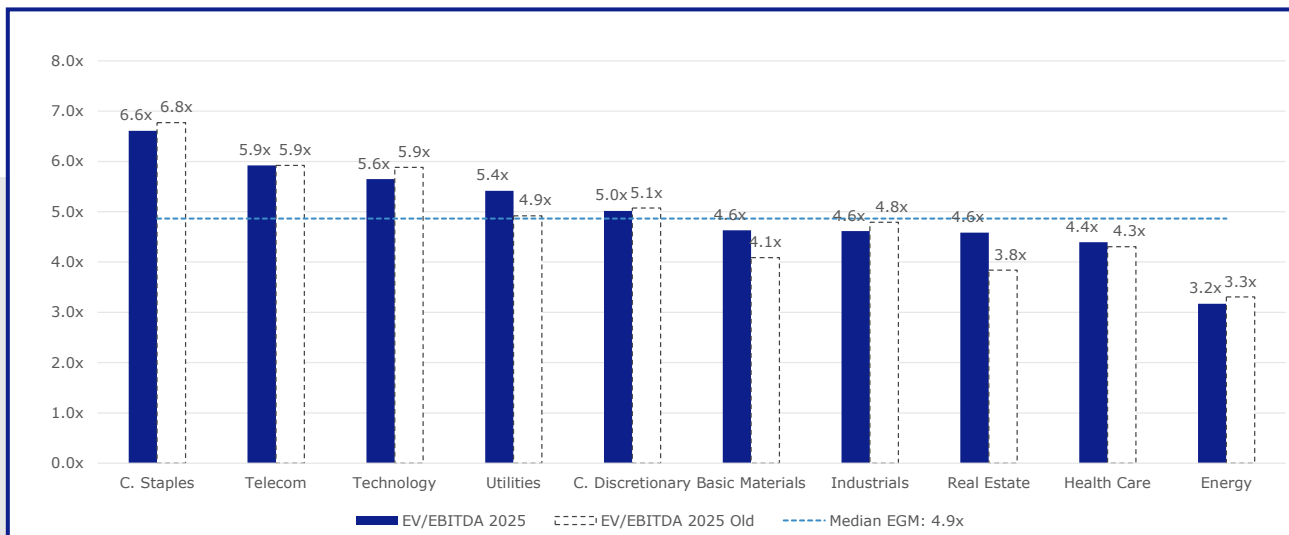
Median EV/EBITDA 1FY by sector (as of 9 January)

# EGM - Sector market multiples. Moving towards 2025



As of end December 2024, EGM shows a median EV/EBITDA 2024E of 6.1x (vs previous 6.0x). While awaiting issuers' FY24 results, we turn our attention to the market's EV/EBITDA 2025E multiple, which remains unchanged at a median of 4.9x since October.

Among sectors, **Energy** stands out as **the cheapest** while **Consumer Staples** is the priciest, followed closely by **Telecommunications** and **Technology**.







# Agenda

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EGM ALL COMPANIES

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**2024 NEW LISTINGS**

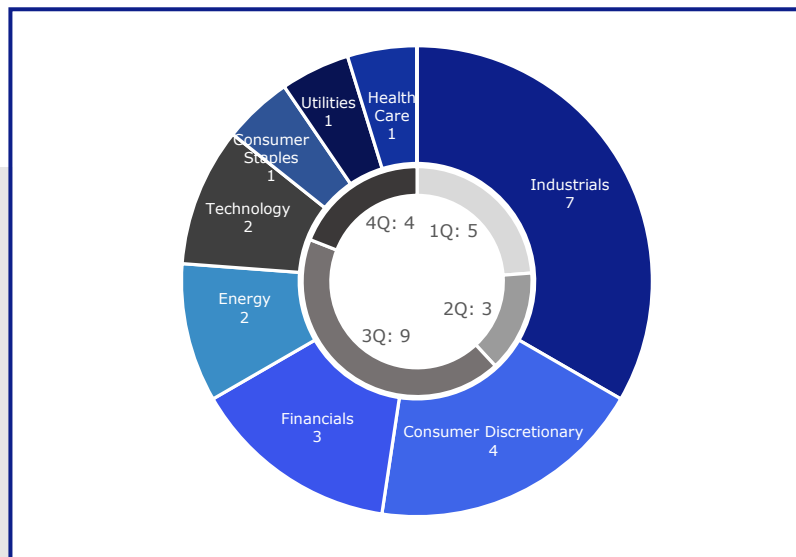
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# EGM - New listings by sector and market cap

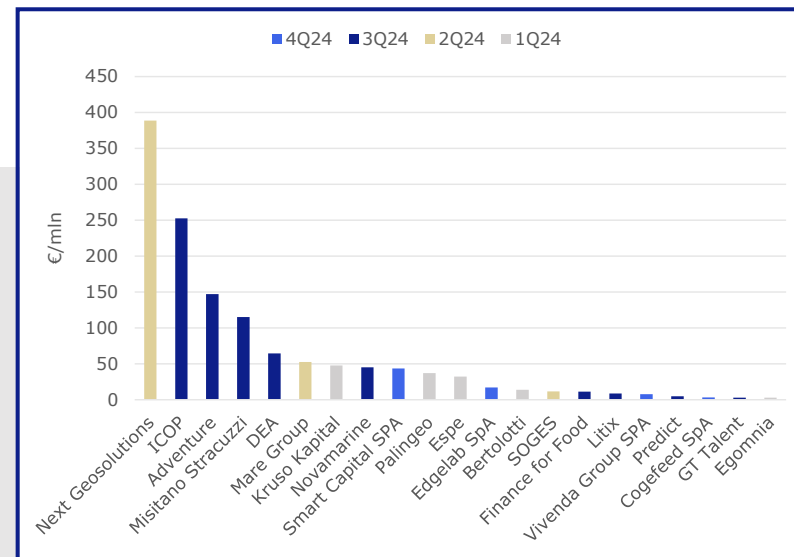


In 2024 there have been **21 IPOs** on the EGM market, down from 34 in 2023.

Industrials remained as the dominant sector.

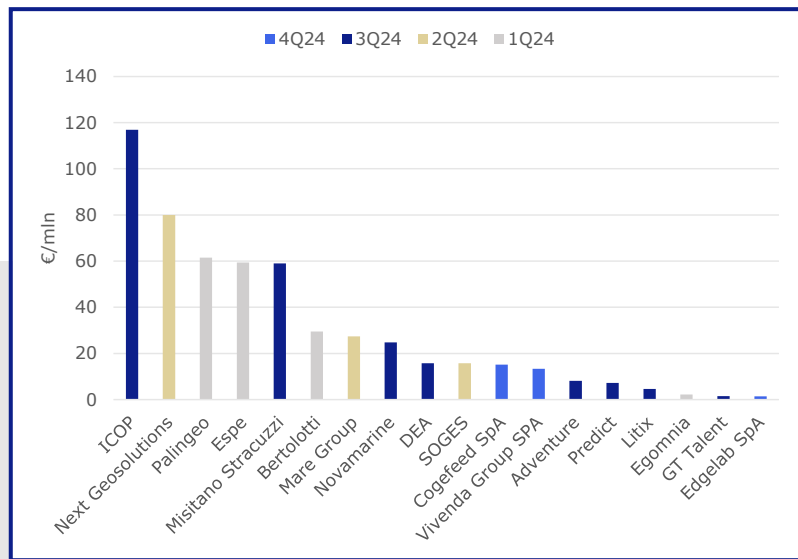


2024 New Listings by Sector

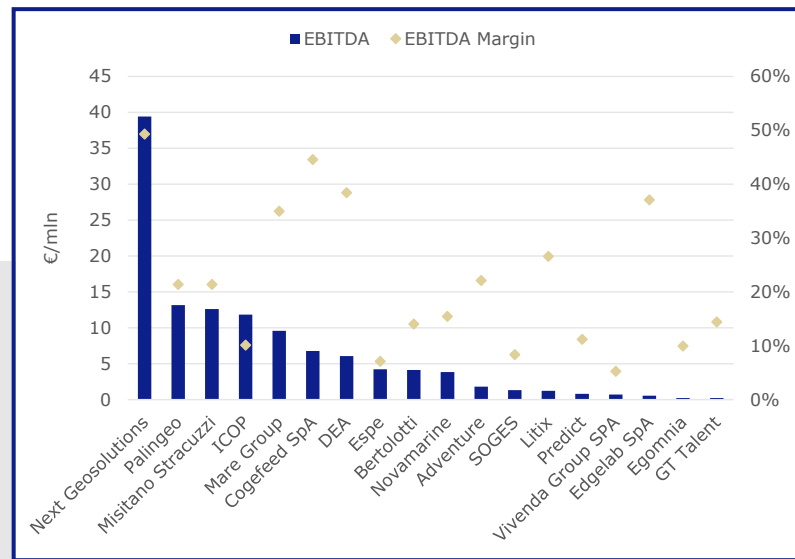


2024 New Listings by Market Capitalization

# EGM - New listings by revenue and margin

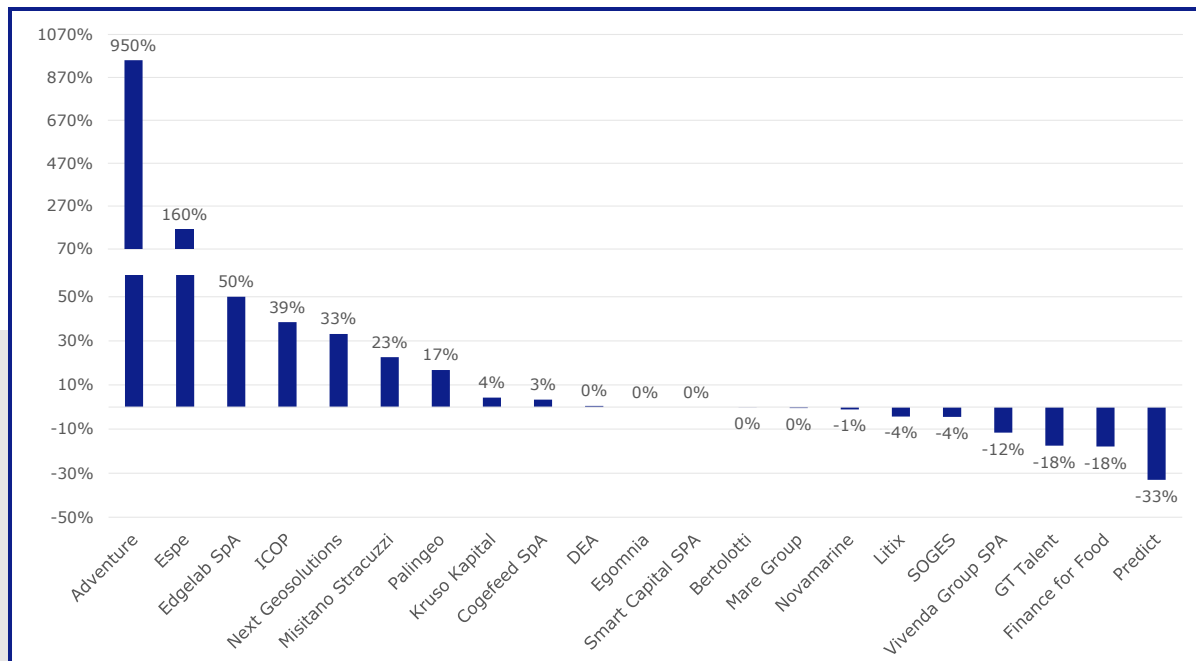


2024 IPOs by FY23 sales



2024 IPOs by 2023 EBITDA and EBITDA margin

# EGM - Best performers since IPO



Performance since IPO



# References



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Report written on 17/01/2025 at 18:00

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