

Analysers

17 February 2021

Accumulate

Recommendation unchanged

Share price: EUR 3.98

closing price as of 16/02/2021

Target price: EUR 6.70

Target Price unchanged

Upside/Downside Potential 68.3%

Reuters/Bloomberg DMG.MI/DM IM

Market capitalisation (EURm)

Current N° of shares (m)

Free float 37%

Daily avg. no. trad. sh. 12 mth (k) 4

Daily avg. trad. vol. 12 mth (k) 30.56

Price high/low 12 months 5.82 / 3.05

Abs Perfs 1/3/12 mths (%) 5.85/17.75/-31.14

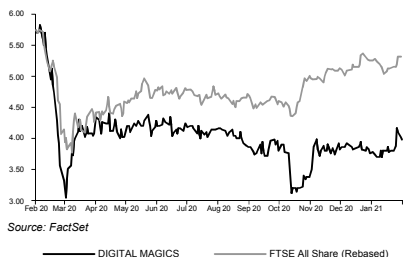
Total Net Asset Value 0.0 0%

NAVPS (EUR) nm

Share price: EUR 3.98

Shareholders

StarTIP 23%; Innogest 6%;



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Italian VC funding recovers in H2 and closes the year at parity

The facts: according to Venture Capital Monitor, the investment in Italian start-ups was EUR 650m in 2020, broadly stable Y/Y.

Our analysis: This release confirms an earlier estimate by the “Start-Up Observatory” of Politecnico di Milano which assessed the total funding in 2020 down by 1.6% to EUR 683m. For sure, the second half of the year was characterized by a strong recovery as H1, according to the PoliMI estimate, was down by around 30%. VeM also found out that the total number of deals actually increased Y/Y from 236 to 330, implying a reduction of the average deal size. The impact of the pandemic was probably to postpone the largest transactions. On the total EUR 650m funding pool, EUR 270m came from VC investors, down from EUR 366m in 2019, while the portion funded jointly by VC and “Business Angels” rose from EUR 230m to EUR 325m. The funding by the sole Business Angeles was stable Y/Y at EUR 51m. The Y/Y stability is a positive result taking into account the pandemic, and was achieved also thanks to the contribution of CDP Venture Capital, through its Fondo Italia Venture II -Fondo Imprese Sud and Fondo Acceleratori. The total financial capacity of CDP is EUR 1bn.

Conclusion & Action: The start-ups’ funding 2020 is way lower than initial expectations pointing to the EUR 1bn mark, however the end-of-year result is encouraging taking into account the H1 performance. The implementation of European and domestic measures to support the ecosystem including new public VC funds could help reach this target in 2021. Positive implications for start-ups. Digital Magics is one of the main players in this landscape with a specialization on digital services.