

AIFI

**Italian Private Equity, Venture Capital
and Private Debt Association**

**YEARBOOK
2018**



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Introduction

The AIFI Yearbook, which is now at its twenty-first edition, intends to be a simple guide on the main features and trends related to the Italian private equity, venture capital and private debt markets.

In 2017, the investment activity in the Italian private equity and venture capital market reached the third highest amount of the last 10 years, despite the lack of mega deals. The number of deals was in line with the previous years. Excluding the activity of some institutional funds that reached significant closings in 2017, fundraising made by private players saw a slowdown and remains the most difficult part of the activity. Divestments continued to grow both in terms of amount and of number of exits and were characterized by a new exit channel, the sale to SPAC (special purpose acquisition vehicles).

The private debt market now represents a well-established funding instrument for Italian companies, complementary to private equity: 2017, in particular, saw a strong investment activity, after some years mostly dedicated to fundraising.

The Yearbook, after a description of AIFI's activities, presents the results of the 2017 Italian private equity and venture capital analysis (realised in cooperation with PricewaterhouseCoopers – Transaction Services), followed by the description of the Italian private debt industry and its characteristics (conducted with the support of Deloitte) and by an analysis of the main tax and legal issues.

In addition, the Yearbook contains three different researches: the first one about the aggregate performance (IRR) of the private equity and venture capital market (carried out with KPMG Corporate Finance), the second one about the European lending market (conducted by Deloitte Financial Advisory Services) and the third one about the private equity environment and the value creation in target companies (conducted by EY Financial Business Advisors).

Enjoy reading.

Milan, June 2018

AIFI



FROM IDEA
TO STARTUP

WWW.VENTUREUP.IT

The institutional website for startups aimed at connecting them with venture capital investors

In cooperation with:



BonelliErede





About AIFI

AIFI – Italian Private Equity, Venture Capital and Private Debt Association was founded in May 1986 and is internationally recognised for its activity of institutionally representing and promoting the private equity, venture capital and private debt activity in Italy. AIFI associates and represents financial institutions that professionally invest in companies and has developed a significant network of institutions, investors and professionals.

In particular, the objectives AIFI wants to pursue are the following:

- supporting and facilitating the development of private equity, venture capital and private debt activity in Italy and abroad;
- working with institutional bodies to improve the legal environment of the private capital investment activity;
- increasing awareness and understanding, within the Italian context, of the asset classes it represents;
- supporting the constitution of qualified managerial groups both in associated companies and connected firms;
- collecting and presenting information about the industry;
- acting as interface and link to Italian and international financial players;
- creating a network between research centres, incubators, accelerators, universities and venture capitalists, in order to promote successful entrepreneurial ideas;
- maintaining ethical and professional standards in the private equity, venture capital and private debt industry.

The association is a non-profit organisation that comprises 115 full members and 136 associate members (at May 2018).

Full membership is open to private equity players and venture capitalists, whose main task is to take equity participations in enterprises, and to private debt players, whose main activity is to subscribe different types of financial instruments. Full members' matrix is quite heterogeneous, including Italian banks and their subsidiaries, private investment companies, Italian closed-end funds, international closed-end funds, advisory companies as well as public players and financial institutions linked to the co-operative system.

Associate membership applies to organisations providing services to the private equity industry, such as accountancy firms, law firms, banks, consultancy groups, institutions as well as Italian and foreign associations.



In order to reach its objectives, AIFI's main activities are:

Institutional and lobbying

The association plays an active role within the legislative and institutional process by cooperating with the Italian supervisory and regulatory authorities in order to create a favourable environment for the private equity, venture capital and private debt investment activity.

Research

The association periodically analyses the Italian private equity and private debt markets, collecting statistics on investment, divestment and fundraising activity as well as on the performance realised by the Italian private equity players. Moreover, the association also studies in depth specific industry related issues and the relationship between demand and supply of private capital.

Information and publishing

AIFI participates and organises several meetings. Once a year the association attracts the most important Italian and foreign players in a symposium opened to AIFI members and all those interested in the industry. Furthermore, AIFI organises meetings with international investors in order to promote discussions and to share views and ideas on the private equity, venture capital and private debt industries' main issues and challenges. AIFI also arranges business events on selected items and publishes research papers regarding specific topics.

Information for members

For its members AIFI highlights useful legal news and information through circular letters, a monthly newsletter that collects information on private capital and a flash tax & legal that each quarter focuses on fiscal and regulatory subjects. In addition, AIFI website includes a special section reserved to members where relevant information are posted and updated on a regular basis.

Educational programmes

AIFI, through AIFI Ricerca e Formazione, organises specialised courses addressed to professionals and to people interested in working within the industry. Once a year the association coordinates a course that covers a wide range of subjects, including a general and institutional overview of the private equity, venture capital and private debt markets as

well as case histories of the investment activity in Italy. An important role played by AIFI is the analysis and the updating of the sector through the organisation of technical meetings and refresher courses.

Networking

AIFI represents a reference point for all the Italian players and it is strongly committed in building up a stable relationship with other national venture capital associations and key players in the international private equity market, in order to promote private equity and venture capital within the international financial community. Furthermore, the association facilitates contacts with policy-makers, investors, research institutions, universities, industrial associations and other relevant organisations.

AIFI Institutional Investors Club

The initiative brings together a group of representatives of investment institutions such as (*inter alia*) pension funds, insurance companies and family offices interested in strengthening contacts with AIFI members with the aim of developing an ongoing dialogue on institutional topics and regulatory issues. The Institutional Investors Club is committed to enhance understanding and awareness of investment opportunities in private equity, venture capital and private debt that might suit their long-term investment needs.

Private Capital Today

Private Capital Today, promoted by AIFI and PwC, is a daily newsletter concerning private equity, venture capital and private debt industries. This communication channel aims at spreading news about fundraising, investment and divestment activities, describing the most important news closely related to these industries, in the national and international context.

VentureUp

VentureUp is an institutional website, sponsored by AIFI and Fondo Italiano d'Investimento, with the aim of catalysing and bringing together startupperes with the venture capital world (venture capitalists, business angels, crowdfunding platforms) and the players supporting startups (universities, technology and science parks, accelerators, incubators). The website offers a service to entrepreneurs by providing guidance and information about the legal framework, the subjects involved within the venture capital chain and how to develop and present business ideas. Moreover, the website includes a marketplace dedicated to those who wish to meet venture capital investors and to upload their projects.



Corporate Venture Capital project

AIFI has launched a new project dedicated to Corporate Venture Capital (CVC). To date, many important actors of the Italian economic landscape have already joined the association. In the CVC context, medium and large enterprises contribute to innovation both through the participation to business accelerators and via the management of genuine venture capital activities. All around the world, the interest of companies towards the innovative startup phenomenon is progressively growing. In fact, real innovation grows easily within contexts not influenced by existing structures which are, for their intrinsic nature, "change adverse". Through this initiative, AIFI wants CVC to gain space in Italy as a tool for companies to develop in innovative ways and, at the same time, to support new entrepreneurship.

In order to perform the above-mentioned activities, AIFI relies on its permanent staff. Moreover, a number of technical committees are established in order to carry out activities of study on specific matters and projects and to elaborate reform proposals related to the private equity, venture capital and private debt industry.

Code of Conduct

Participating to the Association, Members are committed:

Art. 1. To conduct their own activity in a professionally correct way, keeping away from any action that could result in a reputation damage for the asset classes, the Association and the members.

Art. 2. Not to disclose to third parties any confidential information gained in the exercise of their activity, unless they receive an expressed authorisation.

In particular, Full Members are committed:

Art. 3. To adopt a long term vision of the economy in general and, in particular, of the private equity, venture capital and private debt investment activity, in order to create value in target companies, rather than to commit to short run speculation.

Art. 4. Not to discredit or criticise other Full Members during their negotiations with potential target companies and during the conduction of their activity in general.

Art. 5. Not to accept in their fund capital any money coming from an uncertain source, not to represent any investor group with an unknown composition and to strictly respect the anti-money laundering provisions.

Art. 6. To have towards direct investors and subscribers of the fund, both management companies and management teams, an honest conduct not in conflict of interests, with the only aim to maximise performance for investors.

Art. 7. To provide their investors a clear, complete and updated information on a regular basis.

Art. 8. To provide AIFI the information requested to support the Association institutional activity.

Members are committed:

Art. 9. To respect this Code of Conduct and ensuring compliance from their managers, employees and staff in general.

AIFI has strengthened the Code of Conduct with a new set of recommendations in order to better regulate the behaviours of Members within the Association and third parties. This will guarantee more transparency and will avoid harmful behaviours by the Members and will preserve the image of the industry to the general public.

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Bancaria Editrice
ABIServizi Spa
Via delle Botteghe Oscure, 4
00186 Roma
Tel. (06) 6767.391-2-3-4-5
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www.bancariaeditrice.it
ordiniclienti@abiservizi.it

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e-mail: autorizzazioni@clearedi.org

sito web: www.clearedi.org

Grafica e impaginazione: Valeria Fontana



AIFFI

Italian Private Equity, Venture Capital
and Private Debt Association

Via Pietro Mascagni, 7
20122 Milano
Tel. +39 02 7607531
Fax +39 02 76398044
e-mail: info@aifi.it
web site: www.aifi.it