

Bit Market Services

Informazione Regolamentata n. 1597-72-2016	Data/Ora Ricezione 15 Novembre 2016 11:21:57	MTA
--	--	-----

Societa' : CERVED INFORMATION SOLUTIONS

Identificativo : 81587

Informazione

Regolamentata

Nome utilizzatore : CERVEDN04 - Sartor

Tipologia : AVVI 16

Data/Ora Ricezione : 15 Novembre 2016 11:21:57

Data/Ora Inizio : 15 Novembre 2016 12:30:20

Diffusione presunta

Oggetto : Cerved SME Report 2016

Testo del comunicato

Vedi allegato.

PRESS RELEASE

THE 2016 CERVED SME REPORT

THE NUMBER OF ITALIAN SMEs HAS REBOUNDED AFTER A FIVE-YEAR SLUMP

ITALY HAS ABOUT 10,000 START-UPS AND INNOVATIVE SMEs BEYOND THOSE IDENTIFIED BY THE OFFICIAL REGISTERS

- **SME REVENUE GROWTH SPED UP TO 3% IN 2015, FROM 1% IN '14**
- **20% DROP IN THE NUMBER OF SME BANKRUPTCIES FROM 2015 TO '16**
- **NEW DOUBTFUL LOAN RATE FORECAST TO FALL FROM 4.8% IN 2015 TO 3.7% IN 2018, BUT STILL WELL ABOVE THE PRE-CRISIS LEVEL**
- **THE 16,000 START-UPS AND INNOVATIVE SMES IDENTIFIED, WHETHER REGISTERED AS SUCH OR NOT, GENERATE €26 BILLION IN REVENUE AND EMPLOY 150,000 WORKERS**
- **TRENTO IS THE BOOT'S "MOST INNOVATIVE" PROVINCE**

Milan, 15 November 2016 – Cerved, the Italian leader in credit risk analysis and non-performing loan management, presented highlights of the **Cerved 2016 SME Report** today at the annual [Osservitalia event](#). This annual publication provides detailed analysis of the financial well-being of Italian businesses classified as small and medium-sized enterprises¹.

The report compiled by Cerved shows that, based on all indicators monitored, SMEs' business growth and profitability gained strength, with improvements even in the sectors hit hardest during the recession such as construction. For the first time in five years, the total number of Italian SMEs increased in 2015, by about 500 (or 0.4% year-on-year) to over 137,000. These improvements were fostered by renewed confidence, as credit granted to SMEs by banks and by other companies began rising again. Deleveraging continued, with SMEs shifting towards less risky credit profiles.

Marco Nespolo, Cerved's Chief Executive Officer, commented: *"The 2016 Cerved SME Report shows that the phase of natural selection – where the weakest companies were forced out of business – has come to an end. It underlines how for 2015 and the first half of 2016, all indicators we monitor are showing clear signals of improvement. Revenues rose by 3.1% last year, triple the growth rate seen the year before, and about half of all Italian SMEs have balance sheets that we classify as at least 'solvent'; that's nearly ten percentage points more than in 2007, the year before the economic crisis broke out. SMEs therefore look more solid than before, although there is still a long road ahead in order to get back to the pre-crisis profitability levels. Even though EBITDA recovered by 3.9% in 2015 and is projected to rise even faster, reaching a 6.5% growth rate in 2018, this item is still expected to be a full 24% below the pre-crisis level at the end of our forecasting period."*

¹ **Profile of SMEs in Italy.** According to the European Commission classification, SMEs are companies with annual revenue between €2 and €50 million and between 10 and 250 employees. SMEs are the real engine of the Italian economy; they make up more than one-fifth (22%) of all Italian companies that turned a profit and have about 4 million workers combined. These companies achieved €852 billion in revenue, €196 billion in value added (equivalent to 12% of GDP) and had €240 billion in debts on their books. With respect to all non-financial companies in the country, SMEs account for 37% of revenue, 41% of value added and 29% of debt.

An improving economy has not resolved Italy's structural disparities, which are well summed up by the trend in labour productivity: this indicator is 8 percentage points worse than it was when the economic crisis began. Turning this trend around will depend on SMEs' ability to innovate, which is precisely the topic of the Report's in-depth focus. *"Thanks to big data and semantic analysis techniques developed by SpazioDati², a company we've invested in"*, continued Mr Nespolo, *"we have drawn an original map of Italian start-ups and innovative SMEs, by searching for Italian businesses that produce innovative content but are not registered in the special section of the Business Register. In this way, we have identified a total of 16,000 start-ups and innovative SMEs, about 6,500 of which are registered start-ups. These companies combined employ 150,000 workers, generated €26 billion in sales and invested €1.7 billion."*

FEWER BANKRUPTCIES IN 2015, BRINGING THE NUMBER OF SMEs BACK UP

From 2008 to 2014, the protracted economic crisis caused an outflow of SMEs in Italy, reducing the total number by 9%, from about 150,000 to 136,000. **In 2015, the trend inverted as the number of SMEs rose by about 500 (or 0.4% year-on-year) to 137,000.** There were more SME births than deaths, while there was a negligible difference between the number of companies that shrank from SMEs into micro-businesses and those that went in the opposite direction.

There was also a clear decrease in business closures among SMEs in 2015. **About 6,000 of them went out of business through either insolvency proceedings or voluntary liquidation;** this is 22% fewer closures than in 2014, and it is an optimistic trend that continued in the first half of 2016. **For the first time since the crisis began, the number of SME bankruptcies went down year-on-year (by 20%),** and this decrease continued in the first half of 2016 (-15%). Substantial improvements were also recorded in non-bankruptcy insolvency proceedings and voluntary liquidations: a 21% drop in the numbers of these proceedings has brought them below pre-crisis levels.

ITALIAN SMEs EXPERIENCE BETTER SALES GROWTH AND PROFIT MARGINS, AND INVEST MORE, WITH IMPROVEMENTS SEEN EVEN IN THE CONSTRUCTION SECTOR

Following early signs of a trend inversion in 2014, the financial statements of Italian SMEs improved decisively in 2015. **Revenue grew three times as fast (3% vs. 1% in 2014),** bringing value added up by nearly 4%. Gross earnings also grew by about 4%, with small businesses outpacing medium-sized ones. The industrial sector, which drove the 2014 trend inversion, continued to recover; it was joined by the service sector, where revenue grew by around 4% on average and EBITDA increased by a few tenths of a point more. **For the first time since the lengthy economic crisis, even the construction sector improved: revenue grew by 1.8% and gross profits grew by a more sizeable 4.4%.**

Rising profitability and successful tax incentives pushed investments upward as well: **having reached a low point in 2013, investments by SMEs rose to 6.7% of their tangible fixed assets** (from 5.4% in 2013 and 5.6% in 2014). Thanks in part to an extremely low cost of debt, SMEs' net profitability returned close to 2008 levels. Return on equity (ROE) went up from 8% to 8.6%.

BANKS AND BUSINESSES MORE CONFIDENT IN A COLLECTION OF SMES MOVING TOWARDS SAFER CREDIT RISK PROFILES

The long economic crisis that dealt blows to Italian SMEs coincided with ever more stringent credit selection, not only from banks, but also from other businesses, in the form of trade credit granted to clients. From 2010 to 2014, the amount of debt held by Italian SMEs fell by 2%, and the amount of trade payables fell by 7%. In 2015, both of these trends inverted significantly. **Thanks to expansionary monetary policy, SMEs' average cost of debt dropped by 40 basis points, from 4.6% to 4.2%, and debt deflation ended as**

² SpazioDati is a start-up that specialises in handling big data and in semantic analysis of both open and private data gathered from the web and social media networks. In 2014, Cerved Group and SpazioDati signed a partnership agreement.

total debts rose by a slight 0.3% year-on-year. In this climate of renewed confidence, trade payables also increased (by an even larger 1.7%) and invoice payment deadlines for SMEs have slackened.

Despite the increase in debt, the Report's findings highlight how SMEs on the whole are moving towards less unfavourable credit risk profiles. They have **strengthened their equity by 5% on aggregate**, continuing a trend that has remained constant since 2008; consequently, the average debt to equity ratio has been further reduced. In 2015, **more than half of Italian SMEs had at least a 'solvent' credit risk score** (51.5%, compared to 48.3% in 2014) and only 16.6% were classified in the 'risky' category (vs. 17.7% in 2014).

With regard to trade payables as well, sales growth has not deterred SMEs from good payment behaviour. As of June 2016, SMEs have in fact been paying their suppliers faster: on average, **invoices were paid 11.5 days past due, two days fewer than a year ago, and overall days payables outstanding stood at 72.2 days, 1.4 days fewer than a year ago; both of these figures are the lowest seen since 2012.**

FORECASTS TO 2018: MORE GROWTH, FEWER NEW DOUBTFUL LOANS

According to Cerved's macroeconomic scenario forecast, Italy's GDP will grow by 0.8% in 2016 and then slightly faster for the next two years (+1.1% in 2018), nevertheless well below the country's growth potential. Based on this scenario, **it is projected that the revenue and value added of SMEs will grow faster, by respective rates of 4.2% and 5.1% up to 2018.**

From a credit risk profile perspective, the Cerved Group Score³ indicates a decrease in default risk among Italian businesses. Over the period from September 2015 to September 2016, there was an amply positive difference of 8% between the number of companies whose credit scores were upgraded and those whose scores were downgraded. This decrease in default risk, along with an improving macroeconomic scenario, should lead to a **gradual decrease in the new doubtful loan rate among SMEs**, in terms of both loan amount (from 4.8% to 3.7%) and number (from 3.1% to 2.6%), although these figures will still be well above the pre-crisis levels of 1.6% in value and 1.3% in number.

GDP and Key Financial Indicators for SMEs: Forecasts to 2018

	2015	2016	2017	2018	2018 vs 2007*
GDP (% change)	0.7%	0.8%	0.9%	1.1%	-5.7%
Revenue (% change)	3.1%	3.6%	3.8%	4.2%	-3.8%
EBITDA (% change)	3.9%	4.7%	5.5%	6.5%	-23.6%
ROE	8.6%	8.8%	9.2%	9.7%	13.9%

(*) inflation-adjusted comparisons for GDP, revenue and EBITDA

³ Cerved's statistical models calculate partial credit scores for each factor analysed; these partial scores are then combined to form the Cerved Group Score (CGS), an integrated assessment of a company's creditworthiness that takes into account all the partial variable assessments.

THE ITALIAN ECOSYSTEM OF INNOVATION

The 2016 edition of the Cerved SME Report examines start-ups and innovative SMEs in considerable depth. This in-depth examination draws an unprecedented map of innovation within the Italian business world, thanks to a partnership with SpazioDati and big data and semantic web technology.

Over the past few decades, Italy has experienced a gradual yet constant decline in productivity; this long-term trend accentuated during the recent economic crisis. According to many observers, one reason for this decline lies in a weak capacity for innovation in the Italian economic system. In an effort to buck the trend, a series of new laws have recently been introduced to encourage the formation of new start-ups and innovative SMEs, and a special section of the Business Register was even created for such companies.

The 2016 Cerved SME Report has taken a snapshot of the Italian ecosystem of innovative business, focusing on start-ups and SMEs beyond just the companies that appear in the 'innovative' section of the official registers. As a matter of fact, there are many new companies that produce innovative products or provide innovative services but are not on those registers because they do not fit the specific criteria set out in legislation, or perhaps because they are unaware of the advantages of being on the register or do not believe they would gain any advantage in their particular case.

The method applied by Cerved was to combine data from the special 'innovative start-up' section of the Italian Business Register (which contains about 6,500 business names) with data on two other sets of businesses. The first set is businesses that are part-owned by investors that specialise in innovative investments (i.e., incubators or venture capital funds); this type of company has been dubbed 'chrysalis' because they have already evolved past the initial stages of development. The second set is businesses that can be considered innovative based on the content of their web pages, by means of big data and semantic web search methodologies developed by SpazioDati; this second type has been dubbed 'groundhog', because it is a company with innovative potential that has yet to explicitly declare its innovative vocation in the Business Register.

Based on conservative estimates, a further 6,000 start-ups and 4,000 innovative SMEs have thus been identified, with the 'groundhogs' far outnumbering the 'chrysalises'. In all, **the 12,000-plus start-ups (whether registered as such or not) had combined revenue of about €2 billion last year and employed about 24,000 workers. There are only about one-third as many innovative SMEs (about 4,000), but they generated €24 billion in revenue last year and employ 126,000 people.** On the whole, the fact that there are many more start-ups than innovative SMEs indicates that innovation is more common among newer companies than "older" ones, which is consistent with recent theories that innovation is concentrated in new companies.

For further analysis, these innovative companies were grouped into eight clusters based on the type of business they run. **The most prevalent clusters turned out to be mobile/smartphones** (with 2,800 start-ups and 1,200 innovative SMEs) **and ecological sustainability** (1,500 and 1,000, respectively).

The start-ups and innovative SMEs identified (16,000 companies in all) can also be analysed from a geographical perspective in order to locate potential tech districts.

More than a quarter of Italy's innovative businesses are headquartered in either the province of Milan (2,675, of which nearly 2,000 are start-ups) **or Rome** (1,806, of which 1,468 start-ups). They are followed by

Turin (798), Naples (520) and Bologna (450). Even though the raw number of businesses is important because it indicates critical mass, it is equally important to pinpoint where the relative concentration of innovative businesses is highest. In this sense, **Trento is by far the “most innovative” province of Italy, coming in first for relative concentration of start-ups and second for innovative SMEs.** It is followed by Trieste, Ancona and Pordenone, which all have high percentages of start-ups compared to the national average, whereas Turin has the highest for innovative SMEs and comes in seventh for start-ups. In general geographically, innovative businesses seem to gravitate towards the Adriatic North-East, with a similar arrangement to the territorial distribution by district. It is interesting to note that this pattern is more pronounced among start-ups than innovative SMEs, which are equally widespread in the North-West. Southern Italy appears to be behind, with a few isolated exceptions such as the Sardinian capital of Cagliari.

The Italian provinces that are home to the most start-ups and innovative SMEs

Innovative start-ups		
1	Trento	2.30
2	Trieste	1.63
3	Ancona	1.26
4	Pordenone	1.05
5	Ascoli Piceno	0.86
6	Bologna	0.79
7	Turin	0.72
8	Novara	0.68
9	Ravenna	0.58
10	Macerata	0.58

Innovative SMEs		
1	Turin	0.93
2	Trento	0.90
3	Trieste	0.59
4	Genoa	0.44
5	Milan	0.40
6	Ancona	0.39
7	Piacenza	0.37
8	Padua	0.27
9	Perugia	0.24
10	Pordenone	0.23

N.B. This index measures the concentration of start-ups and innovative SMEs in each province by comparing the percentage of such businesses within the province to the national average

Cerved is the leader in Italy for credit risk analysis and one of the major credit rating agencies in Europe. It offers the most comprehensive range of products and services used by over 30,000 businesses and financial institutions to assess the solvency and creditworthiness of their stakeholders, to monitor and manage credit risks in all its phases, and to pinpoint appropriate marketing strategies. Furthermore, through Cerved Credit Management, Cerved is the leading independent provider of services for the evaluation and management of credit exposures.

Contact info: Community – Strategic Communication Advisers
 Tel. +39 02 89404231
cerved@communitygroup.it
 Marco Rubino Tel. +39 335 6509552
 Camilla Mastellari Tel. +39 342 0866293
 Marco Pedrazzini Tel. +39 347 0369222

Fine Comunicato n.1597-72

Numero di Pagine: 7