

The Venture Backed IPOs Market¹

In recent years, publicly traded venture backed companies have gained increased significance on financial markets. The birth and the fast development of those markets organized to facilitate the listing of high growth enterprises (Nasdaq, Easdaq, Euro.NM) gives clear evidence of this economic phenomenon.

Analyzing the European situation reveals that at the beginning of 2000, 282 enterprises, equal to 71.5% of the total number of companies listed on the Euro.Nm network are enterprises that were, or still are, participated by institutional investors. At *Nuovo Mercato*, the Italian segment of the network, the 40% of the 10 listed companies are *Venture Backed*.

Venture backed companies on “Nuovo Mercato”

Company	Venture Backed	Capitalisation in Euro Mln (at 26/04/00)
Opengate	no	541.70
Prima Industrie	yes	93.75
Tiscali	yes	8,704.74
Poligrafica S. Faustino	no	111.77
Tecnodiffusione	no	277.84
Gandalf	yes	132.99
CDB Web Tech	no	2,238.77
e.Biscom	no	10,292.23
I.Net	no	1,703.43
Freedomland	yes	1,071.18
Total capitalisation		25,168.40

Source: data processed by Ernst & Young-Corporate Finance

With reference to the Italian market, from 1995 to April 2000, a total of 72 companies joined the Milan MTA (Mercato Telematico Azionario), 36% of which are venture backed. While the number of IPOs has remained relatively constant (35 companies in the first three years, and 16 in 1998), venture backed company IPOs peaked in 1995 and 1996 with a total of 11. In the following two years (1997 and 1998) only 8 venture backed IPOs took place. From January 1999 to April 2000, further 21 companies were listed, 7 of which were venture backed.

In this contest E&Y decided to launch (October 1999) an index **EYVBI**® on venture backed stock in order to create a benchmark for this specific category of enterprises and to support the analyses carried out by financial analysts and private equity investors. The index included enterprises listed on the main segment of *Borsa Italiana*.

The base of the index is 300, started from April 30th, 1996. The composition of the index will be reviewed twice yearly at the end of April and October.

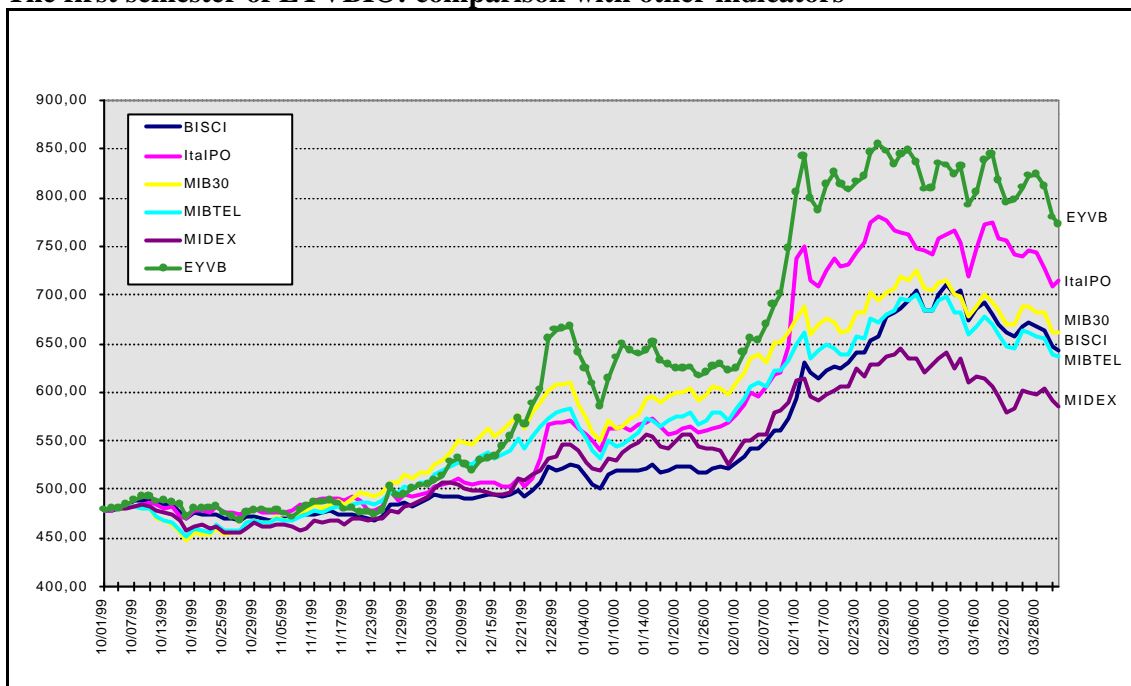
¹ The analysis has been realised by Ernst & Young-Corporate Finance.

Composition of Ernst & Young Venture Backed Index (EYVBI®)

Company	Entrance date	Exit date	Weight (at 30/04/00)
I.M.A. S.p.A.	30/04/96	31/10/98	-
Brembo S.p.A.	30/04/96	31/10/98	-
Bulgari S.p.A.	30/04/96	31/10/98	-
Stayer S.p.A.	30/04/96	31/10/98	-
La Giovanni Crespi S.p.A.	30/04/96	31/10/98	-
Carraro S.p.A.	30/04/96	30/04/99	-
Esaote S.p.A.	31/10/96	31/10/99	-
Gruppo Ceramiche Ricchetti S.p.A.	30/04/97	31/10/99	-
Zucchini S.p.A.	30/04/97	30/12/99	-
Interpump Group S.p.A.	30/04/97	-	10.195%
Irce S.p.A.	30/04/97	-	2.419%
CSP Intl. Industria Calze S.p.A.	31/10/97	-	2.787%
Sadi S.p.A.	30/04/98	-	0.416%
Buffetti S.p.A.	31/10/98	-	19.458%
Castelgarden S.p.A.	31/10/98	-	3.964%
Emak S.p.A.	31/10/98	-	1.216%
I Grandi Viaggi S.p.A.	31/10/98	-	1.459%
Class Editori S.p.A.	30/04/99	-	35.045%
Cremonini S.p.A.	30/04/99	-	7.248%
Ducati Motor Holding S.p.A.	31/10/99	-	10.115%
Mirato S.p.A.	31/10/99	-	2.242%
Marcolin S.p.A.	31/10/99	-	2.002%
Vemer Elettronica S.p.A.	31/10/99	-	1.444%
No. Companies (at 30/04/00)	14		100.000%

Source: data processed by Ernst & Young-Corporate Finance

During the period October 1999 - March 2000, the **EYVBI®** outperformed all the other indexes of Borsa Italiana. As shown in the following graph, the index had, in the period analyzed, a better performance than the Mib30 (stocks of companies with the largest capitalization), and the Mibtel (all the listed companies on the Milan MTA) and the Iipo (performance of stocks during their first publicly traded year on the MTA). Moreover, if **EYVBI®** is compared with other indexes of the “middle market” (Midex, Bisci), the **EYVBI®** still results as the best performer.

The first semester of EYVBI®: comparison with other indicators

Source: data processed by Ernst & Young-Corporate Finance

Following the success of the first index, within the first semester of 2000, Ernst & Young-Corporate Finance with the involvement of AIFI, as far as the Italian segment, will give birth to a second index **EYENMVBI®** on the Euro.NM network composed (at 30/04/2000) of 166 enterprises listed on the different markets of the network, the characteristics of which are illustrated in the following table:

Euro.NM market statistics (updated at 31/03/2000)

Market	No. Listed Companies	Market Capitalisation (Euro Mln)	VB Companies (at 31/01/2000)
Germany	242	193,677.3	201
France	117	31,106.1	70
Italy	8	28,036.6	3
Netherlands	14	1,690.5	4
Belgium	13	564.3	4
Total	394	255,074.8	282

Source: data processed by Ernst & Young-Corporate Finance