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Italian Security Leaders **Top 25:** The Italian **security** market under the microscope

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editorial

Italian Security Leaders, Top 25: still growing (but not uniformly)

The new edition of the annual economic-financial survey published by Secsolution Magazine is implemented this year in collaboration with the authoritative analyst Plimsoll Publishing Ltd. It shows that the Italian security market has reached a value of 1.85 billion euro during this last year, thanks to the input of 179 companies that increased their revenue in 2017.

In its study of the results obtained in the last seven years by the 363 leading companies in the Italian security segment, the "Italian Security Leaders, Top 25" study has noted an expansion in the sector of 4.5% compared with 2016.

Nevertheless, this growth has involved just under 50% of the sample investigated. In other words, most companies have decreased their market share and faced 2018 in a relatively weak position, emphasizing the polarization (already noted during the last two years) between commercially dynamic enterprises and those that are struggling to make a profit and find new customers.

A self-knowledge that goes beyond the merely emotive and personal, an ability to analyse market trends correctly and a capacity to examine the strategies and results of the competition are therefore increasingly essential elements for company success (or survival). Happy reading.

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Italian Security Leaders **Top 25:** The Italian **security** market under the microscope

“The long-awaited “Italian Security Leaders, Top 25” is back, bearing the signature of *secsolution* magazine in collaboration with Plimsoll Publishing. In 2018, the Italian security market achieved 1.88 billion euro, driven by 179 companies that improved their performance in 2017 (+ 6.2%). This growth, though, affected less than 50% of the sample and this could open up new scenarios in the competitive panorama of 2019.

The new edition of “Italian Security Leaders, Top 25” notes that the market achieved 1.88 billion euro last year, driven by 179 companies that increased their revenue in 2017. The survey examines the results obtained during the last seven years by the 363 leader companies in the Italian security sector and finds that the sector has expanded by 6.2% compared with 2016.

The growth is not uniform, however, and has affected slightly less than 50% of the sample examined. In other words, most companies have seen a falling market share and opened 2018 in a relatively weak position. This has accentuated the polarization (already seen during the last two years) between commercially dynamic, innovative companies and those that struggle to achieve a profit and find new customers. Compared with our previous survey, the number of leaders in the Italian sector is reduced by 34 players. Many companies have closed and others have been bought up. This trend is expected to increase over the next two years. The security sector has embarked inexorably upon a consolidation process that will see a gradual reduction in the number of companies, to the advantages of those that succeed in identifying opportunities for development and adapting their business model. The cause of this increasing gap between successful companies and those in difficulty is attributable to increased competition, new technological challenges and the difficulties experienced by some managers in interpreting market trends and successfully analysing the end consumer’s needs and requirements.

The principal sources of concern raised by those involved in the sector are linked to the availability over the counter and at reduced prices of do-it-yourself anti-intruder devices and to the commercial policies practiced by some players in

the sector, using unconventional sales channels (door-to-door salesmanship, social media or in partnership with installers).

The new technologies will have a notable impact, moreover, on the entire supply chain over the next 3-4 years. The dissemination of artificial intelligence, the implementation of tools compatible with 5G and the introduction of chemical or acoustic sensors could alter power relationships in the security sector, levelling the road for new successful Italian and foreign operators.

The “Italian Security Leaders, Top 25” survey, made in collaboration with Plimsoll Publishing, therefore aims to provide managers of the sector with an analytical tool as a support for their strategic investment decisions. Through an examination of the market trends and the figures of the companies dominating the security sector in Italy, the publication illustrates the resources on which competitors may draw as they face 2019 and the companies worth watching over the next few months.

Situation and prospects for the sector

For the second year running, the security sector in Italy is expanding, with a value of 1.88 billion euro (as against 1.77 billion registered 12 months ago). The increase is due, not to the number of companies operating in the supply chain (363 compared with the 397 mapped in 2018), but to a general increase in business volumes.

The 363 companies included in the sample have seen, in fact a 7.3% increase in revenue, continuing a path of expansion that has lasted for six years running, though at lower levels compared with

The Italian security market has grown by 6.2% and is now worth 1.88 billion euro. Average profitability in the sector has increased, but only a little under 50% of the security companies have succeeded in increasing their revenue compared with the previous year.

TOP 25 by income - 2017 financial statements

2018 Income Classification (17 financial Statement)	2017 Income Classification (16 financial Statement)	Company name	Region	2017 income	Growth of income 17 on 16	EBITDA	EBITDA sales margin	EBIT	EBT	No. employees	Sector
1	1	COMELIT GROUP S.P.A.	Lombardia	79.666	6%	14.364	18%	12.836	11.630	266	Producer
2	3	ALLNET.ITALIA S.P.A.	Emilia-Romagna	59.377	19%	1.991	3%	1.706	1.734	53	Distributor
3	N.A.	BETAFENCE ITALIA S.P.A	Abruzzo	55.730	23%	4.136	7%	2.466	3.528	172	Producer
4	2	NOTIFIER ITALIA SRL	Lombardia	54.375	8%	9.675	18%	8.991	9.151	87	Producer
5	6	AIKOM TECHNOLOGY SRL	Emilia-Romagna	42.627	19%	2.688	6%	2.638	2.757	20	Distributor
6	8	HIKVISION ITALY S.R.L.	Lombardia	40.443	16%	2.375	6%	1.480	1.480	47	Producer
7	5	CIMA S.P.A.	Emilia-Romagna	36.641	-1%	7.767	21%	7.383	7.383	110	Producer
8	8	TECNOALARM SRL	Piemonte	35.637	2%	10.198	29%	9.456	9.468	127	Producer
9	4	HESA S.P.A.	Lombardia	33.307	-10%	606	2%	387	328	67	Distributor
10	9	PROJECT AUTOMATION S.P.A.	Lombardia	31.766	-8%	1.970	6%	1.287	1.567	197	System Integrator
11	11	BENTEL SECURITY S.R.L.	Abruzzo	31.295	-4%	5.099	16%	4.691	4.353	137	Producer
12	10	SAIMA SICUREZZA S.P.A.	Toscana	26.709	-20%	1.309	5%	916	997	131	Producer
13	17	DAHUA TECHNOLOGY ITALY S.R.L.	Lombardia	25.494	4%	1.386	5%	542	1.731	46	Producer
14	12	INIM ELECTRONICS S.R.L.	Marche	24.842	-2%	8.860	36%	8.169	8.183	87	Producer
15	18	KEYLINE S.P.A.	Veneto	23.861	12%	2.062	9%	1.393	1.026	108	Producer
16	13	SELESTA INGEGNERIA S.P.A.	Liguria	23.343	7%	5.210	22%	2.655	1.846	186	Producer
17	14	DORMAKABA ITALIA S.R.L.	Lombardia	21.909	-4%	528	2%	200	168	70	Producer
18	15	GUNNEBO ITALIA S.P.A.	Lombardia	19.872	-5%	341	2%	261	238	79	Prod/Distr
19	29	ANIXTER ITALIA S.R.L.	Lombardia	19.794	43%	470	2%	447	213	23	Distributor
20	25	EL.MO. S.P.A.	Veneto	19.171	-7%	987	5%	686	612	173	Producer
21	16	UTC FIRE & SECURITY ITALIA S.R.L.	Lombardia	18.575	-15%	929	5%	807	807	40	Producer
22	22	VIDEOTEC SPA	Veneto	18.220	5%	1.114	6%	594	316	98	Producer
23	20	ELECTRONIC'S TIME S.R.L.	Puglia	17.727	-1%	1.255	7%	1.060	474	51	Distributor
24	18	DISTRIBUZIONE APPARECCHIATURE SICUREZZA D.I.A.S. SRL	Lombardia	17.230	-11%	1.094	6%	1.035	1.034	6	Distributor
25	21	SICURTEC S.R.L.	Lombardia	16.494	-4%	519	3%	288	65	55	Distributor
Average TOP 25				31.764	3%	3.477	10%	2.895	2.844	93	
AVERAGE TOTAL SAMPLE				5.107	7%	442	5%	340	338	19	

Table 1. © Copyright Ethos Media Group - Plimsoll.

Year	2017 Income	Growth of income	EBITDA	EBITDA Sales	EBIT	EBT	No. employees
2011	23.871	6%	2.028	8%	1.454	1.325	66
2012	20.429	-4%	1.876	8%	1.294	-242	81
2013	20.644	8%	2.106	9%	1.624	1.457	73
2014	21.485	19%	2.315	10%	1.827	1.466	72
2015	23.549	15%	2.339	9%	1.784	1.762	74
2016	28.825	6%	3.137	9%	2.639	2.505	83
2017	31.764	3%	3.477	10%	2.895	2.844	93

Table 2. Evolution of the TOP 25 in the last six years analysed. © Copyright Ethos Media Group - Plimsoll.

Year	2017 Income	Growth of income	EBITDA	EBITDA Sales	EBIT	EBT	No. employees
2011	5.539	26%	460	7%	325	283	34
2012	4.191	19%	317	4%	203	45	22
2013	4.451	10%	373	6%	268	233	19
2014	4.406	39%	387	-4%	266	219	18
2015	4.713	8%	403	7%	276	235	19
2016	4.818	12%	426	3%	306	297	19
2017	5.107	7%	442	5%	340	338	19

Table 3. Evolution of the sample over the years. © Copyright Ethos Media Group - Plimsoll.

those shown in the balance sheets for 2016 (+12%) and 2015 (+8%).

The average company in the sector has a business turnover of 5.1 million euro, has 93 employees and makes 338 thousand euro in before-tax profit. In other words, for every 100 euro of revenue, almost 7 euro are created in profit gross of tax. The average profit margins are 8% higher than the previous year.

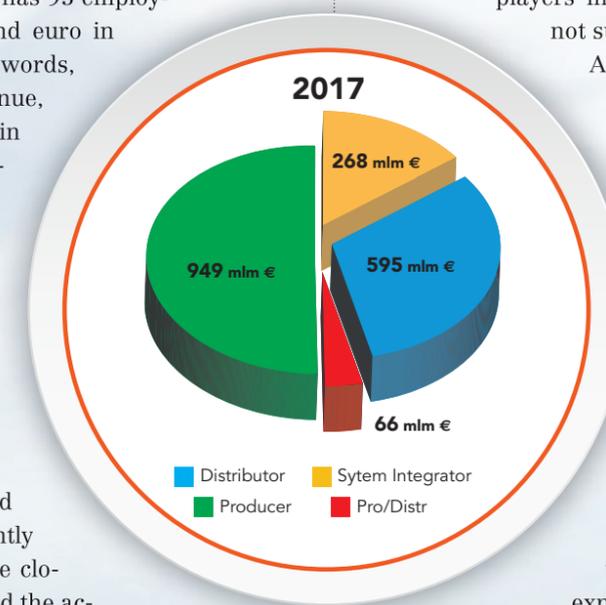
The Italian security sector is therefore on the upturn, both in terms of aggregate and average revenue and in terms of general profitability. The number of subjects sampled and considered relevant, however, has slightly fallen (-34), as a result of the closure of several companies and the acquisition of others. In conclusion, the sector, taking into account the volumes registered in 2018 and despite the companies exiting the market, has shown a real growth of 6.2%.

This phenomenon of market concentration is destined to become more acute over the next few months. 181

companies (50% of the sample) have reduced their revenue and 46 of these are making a loss. In the absence of profound strategic and operative changes, many players in this category may unfortunately not survive until 2020.

As a result of the ongoing technological changes and the large-scale operators that are investing heavily in innovation and new marketing channels, it is envisaged that the number of leader companies in the Italian security sector will diminish by a further 20-30 units over the next 12 months.

But some clouds have silver linings. The reduction in the number of leading operators on the market will strengthen those companies that succeed in expanding where others have failed.



Top 25

An important key to interpreting the state of health of the sector may be obtained from an examination of the results achieved by the principal players.

As in previous editions, the Top 25 were selected on the basis of the availability of their 2017 balance sheets in the Chamber of Commerce (as of 30 November 2018), of their core business (relevant to the security sector) and of their having an Italian VAT number.

With a collective revenue of around 794 million euro, the Top 25 of the sector now represent 42.4% of the total market, an increase of 10% compared with last year's figures. This level of concentration, though increasing notably, is still below the average found in countries such as Germany, France and the United Kingdom, where the Top 25 constitute over 50% of the national market.

The average dimension of the Top 25 is six times greater than that of the 363 sampled companies. Nevertheless, the fact that the business turnover in the last quintile of the top classification (from the 21st position to the 25th) is equal on average to 17.6 million euro, means that this category is not inaccessible to new entries during the next year.

In this edition, Anixter Italia Srl (a distributor) has displaced a rival in the Top 25 and is now in 19th position. Entering the Top 10, on the other hand, is Betafence Italia which – with a revenue of 55.7 million euro – is third in the sector, behind Comelit Group and Allnet.Italia.

The Top 10 represent 24% of the market and, with a few exceptions, have a growth rate of over 7%, while maintaining positive profit margins. The revenue achieved by the group of companies placed tenth to twentieth, though, has remained stationary (from 18.5 to 31.5 million euro).

In general, the Top 25 have an annual growth rate of 3%, lower than that registered in the three previous years and below the average of the sample of 363 companies in the security sector (7%). The average number of employees in the Top 25 (from 83 to 93) has continued to grow, while the number in the total sector is stationary (19).

Profit margins in the Top 25 remain positive and have increased slightly, with an EBITDA/Sales ratio reaching 10%: an income of 100 euro is therefore translated into a gross operative result of 10 euro. This improved capacity of the leading companies to generate significant cash flows will hopefully result in improved investment opportunities for the sector and will facilitate management of seasonal and crisis-related liquidity problems.

Concentration in the sector is increasing. The Top 25 Security Leaders represent 42% of the total market. A security company in Italy has an average revenue of 5 million euro and 19 employees.

The best in the sector

This edition on Italian security leaders must of necessity start with an analysis of the companies that obtained the best results in 2017. The 25 companies classified as the “best in the sector” are those which have grown significantly, strengthening their financial solidity and achieving particularly high returns on their investments and equity.

The Top 25 “best of the sector” grew by 16%, enjoy an average ROI of 9%, an ROE of 17% and are classified by Plimsoll as financially “solid” or “good”. In reality, the sample is extremely varied and includes subjects such as Vitekna Distribuzione Srl (with a modest growth of 2%, but with profit margins in double figures) and operators such as Surveye Srl (which has expanded its revenue by more than a quarter, but which has an EBITDA/Sales ratio in line with the average for the sector). Nevertheless, it is these companies that should be closely monitored over the next year. By adopting strategies that are not always conventional and by offering a different portfolio of products and services, in fact, the “best of the sector” dictate trends and influence – more or less significantly – competitive dynamics and the consumer habits of the end user.

It is easy to understand, by examining the results shown in the table, the market positioning each operator is achieving. Betafence Italia has undertaken a strongly expansive path aimed at increasing its market share, with reduced focus on returns. Producers such as Cooper Csa Srl, Tecnosicurezza Srl and Urmet Ate Srl, on the other hand, are subjects in good health, commercially dynamic, but above all with high profitability and efficient operative structures.

Companies with the biggest growth

The list of the Top 25 subjects in the security sector that have grown most rapidly has changed significantly over the last 12 months, as might reasonably have been expected. To maintain growth levels of over 10% for two years running is, in fact, a goal that few are able to achieve, especially when certain company dimensions have been reached.

The obstacles to be overcome in order to sustain a

TOP 25 classification by growth

2018 Growth Classification (17 financial Statement)	2017 Growth Classification (16 financial Statement)	Company name	Region	2017 income	Growth of income 17 on 16	EBITDA	EBITDA sales margin	EBIT	EBT	No. employees	Sector
1	94	S.C.A.M.E. SISTEMI S.R.L.	Lombardia	13.188	78%	2.782	21%	2.520	2.291	25	System Integrator
2	9	SMITHS DETECTION ITALIA S.R.L.	Lombardia	10.737	70%	454	4%	434	429	17	Producer
3	101	ANIXTER ITALIA S.R.L.	Lombardia	19.794	43%	470	2%	447	213	23	Distributor
4	3	KSENIA SECURITY S.R.L.	Marche	5.847	30%	1.195	20%	1.075	1.054	26	Producer
5	8	FUTURTEC S.R.L.	Lombardia	14.829	28%	154	1%	70	65	53	Distributor
6	21	SECURITY TRUST.IT S.R.L.	Lombardia	10.146	27%	1.022	10%	840	795	46	System Integrator
7	32	SURVEYE SRL	Lombardia	6.897	27%	232	3%	164	153	41	System Integrator
8	28	TRANS AUDIO VIDEO S.R.L.	Campania	16.414	26%	1.117	7%	1.056	1.003	21	Distributor
9	69	BETAFENCE ITALIA S.P.A.	Abruzzo	55.730	23%	4.136	7%	2.466	3.528	172	Producer
10	99	MICROCONTROL ELECTRONIC S.R.L.	Lombardia	5.786	21%	228	4%	158	158	16	Distributor
11	49	CO.GEN. S.P.A.	Lombardia	5.435	20%	341	6%	245	92	37	System Integrator
12	4	AIKOM TECHNOLOGY SRL	Emilia-Romagna	42.627	19%	2.688	6%	2.638	2.757	20	Distributor
13	11	ALLNET.ITALIA S.P.A.	Emilia-Romagna	59.377	19%	1.991	3%	1.706	1.734	53	Distributor
14	5	HIKVISION ITALY S.R.L.	Lombardia	40.443	16%	2.375	6%	1.480	1.480	47	Producer
15	57	SAIET TELECOMUNICAZIONI S.R.L.	Emilia-Romagna	8.426	16%	370	4%	264	5	11	System Integrator
16	13	ADVANTEC S.R.L.	Piemonte	11.565	16%	261	2%	215	191	15	System Integrator
17	77	BOSCH SECURITY SYSTEMS S.P.A.	Lombardia	15.032	13%	530	4%	463	465	17	Producer
18	64	MICRONTEL SOCIETA' PER AZIONI	Piemonte	5.489	13%	1.223	22%	884	834	26	Producer
19	62	CIAS ELETTRONICA S.R.L.	Lombardia	6.225	13%	686	11%	523	514	42	Producer
20	81	BETTINI S.R.L.	Lombardia	8.403	13%	189	2%	136	126	43	Pro/Distr
21	40	KEYLINE S.P.A.	Veneto	23.861	12%	2.062	9%	1.393	1.026	108	Producer
22	83	ELMAT S.P.A.	Veneto	16.465	11%	313	2%	201	113	27	Distributor
23	68	CIODUE S.P.A.	Lombardia	11.476	10%	1.089	9%	972	982	25	Producer
24	35	ZUCCHETTI AXESS S.P.A.	Lombardia	14.680	9%	3.819	26%	3.639	3.601	57	Producer
25	12	OMEGA S.R.L.	Veneto	5.876	8%	211	4%	172	148	18	Distributor
Average TOP 25 for growth				17.390	23%	1.198	8%	966	950	39	
AVERAGE TOTAL SAMPLE				5.107	7%	442	5%	340	338	19	

Table 4. - Top 25 security companies that have increased their revenue significantly from 2016 to 2017. © Copyright Ethos Media Group - Plimsoll.

growth in double figures over time are of various natures, in fact: loss of the novelty effect, price wars with local or national competitors, difficulties met when attempting to expand in geographical markets unexplored but already occupied, problems obtaining the necessary resources (in terms of personnel, warehousing and machinery) with which to handle increased orders, finding the necessary skills to make suitable investments in order to finance ongoing operations.

Just how difficult it is to maintain impetus in the sector, is demonstrated by the fact that only 9 companies listed in the previous publication have remained in the Top 25 for growth. Smiths Detection Italia Srl, Ksenia Security Srl and Futurtec Srl are tangible examples of organizations that have faced the aforementioned difficulties with extreme success. They have grown by over 25% for the second year running.

Growth is not always accompanied by high profit margins. In some cases, expansion in the market has been dictated by a strategy aimed at grasping larger market shares in the short term and gathering the fruit (i.e. the financial return) in the medium/long term. We not infrequently find companies in the security sector showing strong growth but poor profitability, thereby proving the intrinsic difficulty of aligning their organizational processes with the increased business volumes. Among the Top 25 companies in this category, no fewer than 12 have an EBITDA/Sales ratio below the sector average (5%). The others are all in a positive zone, with four of them exceeding 20%.

In conclusion, the analysis of the Top 25 by growth shows that the security sector is not lacking in opportunities for development for those adopting farsighted decisions and using their available resources efficiently. Increasing sales in 2017 has not been easy for everyone (let us remember that 50% of the leaders in the sector have reported diminished revenue). Remaining at the top for the second year running has been harder still (only 9 subjects have kept their place in the Top 25 by growth).

Companies with the highest market value

An estimate of the market values of the leaders in the security market offers an alternative key to interpreting the 2017 results.

Quantifying the values of the 363 companies in the sector has helped to assess their development prospects, as well as to foresee their potential for generating cash flows and to provide an indicative price for those wishing to enter the market or purchase a rival.

The Top 25 classification by market value lists the security companies in Italy with the highest rating and takes into account two measurements: market value and economic value. The Plimsoll model calculates the market value by multiplying the EBIT by five and adding the total activities. It illustrates, therefore, the company's capacity to produce income in the mid-term, added to the resources effectively invested. This calculation method is comparable to estimation of the value of a real estate unit net of any loan or mortgage weighing upon it. The economic value, on the other hand, takes total liabilities into account. Subjects using a high financial lever are therefore penalized by this form of measurement, while companies with high profit margins and few liabilities are at an advantage.

The difference between market value and economic value is therefore a measurement of a security company's debt exposure. A small gap implies low recourse to third company capital to finance the company's activities, while companies with a revenue/total liabilities coefficient less than one have a significantly lower economic value. As might be imagined, the Top 25 companies by market value are dominated by the producers, which lead the classification on account of their assets. The sixteen companies from this category listed in the Top 25 have a combined market value of 849 million euro and an economic value of 632 million.

An analysis of the market value is one of the first steps for anyone wishing to identify potential acquisition targets in the security sector. The economic value, in fact, provides a benchmark with which to estimate the investment needed to buy up 100% of a company's shares. At a second stage, a contextual examination of a company's growth levels and profitability, as well as of the differential between market value and economic value, helps to identify the most financially attractive companies in the sector. Growing companies, which generate profits but with considerable debt, are easier to purchase than subjects with low financial lever and high assets. For a relatively small amount, an investor can obtain 51% control of the targeted company (even though it is indebted), and lower the liabilities with short/medium-term cash flows.

Financial health

Our analysis of the financial solidity of the leading companies in the Italian security sector evaluated the state of health of the 363 sampled companies by applying the Plimsoll model for each entity and attributing a judgement on their economic risk levels. Examining the trend of five performance indicators (trading stability, profit-

TOP 25 by EBITDA Sales

2018 EBITDA/V Classification (16 financial Statement)	2017 EBITDA/V Classification (15 financial Statement)	Company name	Region	2017 income	Growth of income 17 on 16	EBITDA	EBITDA sales margin	EBIT	EBT	No. employees	Sector
1	1	CONSIAG S.P.A.	Toscana	6.188	-41%	3.798	61%	452	9.181	4	System Integrator
2	2	INIM ELECTRONICS S.R.L.	Marche	24.842	-2%	8.860	36%	8.169	8.183	87	Producer
3	3	PILOMAT S.R.L.	Lombardia	8.965	3%	3.028	34%	2.911	2.907	47	Producer
4	4	TECNOALARM SRL	Piemonte	35.637	2%	10.198	29%	9.456	9.468	127	Producer
5	6	VENITEM S.R.L.	Veneto	7.678	-11%	2.052	27%	1.972	2.164	21	Producer
6	9	ZUCCHETTI AXESS S.P.A.	Lombardia	14.680	9%	3.819	26%	3.639	3.601	57	Producer
7	5	COMBIVOX - SOCIETA' A RESPONSABILITA' LIMITATA	Puglia	8.603	-2%	1.970	23%	1.632	1.632	42	Producer
8	10	SELESTA INGEGNERIA S.P.A.	Liguria	23.343	7%	5.210	22%	2.655	1.846	186	Producer
9	12	MICRONTEL SOCIETA' PER AZIONI	Piemonte	5.489	13%	1.223	22%	884	834	26	Producer
10	7	AVS ELECTRONICS S.P.A.	Veneto	9.679	-8%	2.109	22%	1.897	1.898	47	Producer
11	8	CIMA S.P.A.	Emilia-Romagna	36.641	-1%	7.767	21%	7.383	7.383	110	Producer
12	11	S.C.A.M.E. SISTEMI S.R.L.	Lombardia	13.188	78%	2.782	21%	2.520	2.291	25	System Integrator
13	20	KSENIA SECURITY S.R.L.	Marche	5.847	30%	1.195	20%	1.075	1.054	26	Producer
14	14	COMELIT GROUP S.P.A.	Lombardia	79.666	6%	14.364	18%	12.836	11.630	266	Producer
15	17	NOTIFIER ITALIA SRL	Lombardia	54.375	8%	9.675	18%	8.991	9.151	87	Producer
16	16	SERTEC S.R.L.	Veneto	5.767	0%	941	16%	908	911	11	Distributor
17	13	BENTEL SECURITY S.R.L.	Abruzzo	31.295	-4%	5.099	16%	4.691	4.353	137	Producer
18	22	SENSITRON S.R.L.	Lombardia	7.149	-1%	1.137	16%	966	962	20	Producer
19	25	GIUDICI & POLIDORI S.R.L.	Marche	8.213	-2%	959	12%	905	895	15	Distributor
20	19	VAGO S.P.A.	Lombardia	7.416	1%	831	11%	388	386	42	System Integrator
21	27	CIAS ELETTRONICA S.R.L.	Lombardia	6.225	13%	686	11%	523	514	42	Producer
22	58	VITEKNA DISTRIBUZIONE S.R.L.	Campania	5.022	2%	553	11%	532	532	15	Distributor
23	24	SICEP S.R.L.	Toscana	7.295	0%	789	11%	462	215	39	Producer
24	36	SECURITY TRUST.IT S.R.L.	Lombardia	10.146	27%	1.022	10%	840	795	46	System Integrator
25	51	LINCE ITALIA S.P.A.	Lazio	5.945	-6%	566	10%	338	166	42	Producer
Average TOP 25 fo EBITDA Sales				17.172	5%	3.625	21%	3.081	3.318	63	
AVERAGE TOTAL SAMPLE				5.107	7%	442	5%	340	338	19	

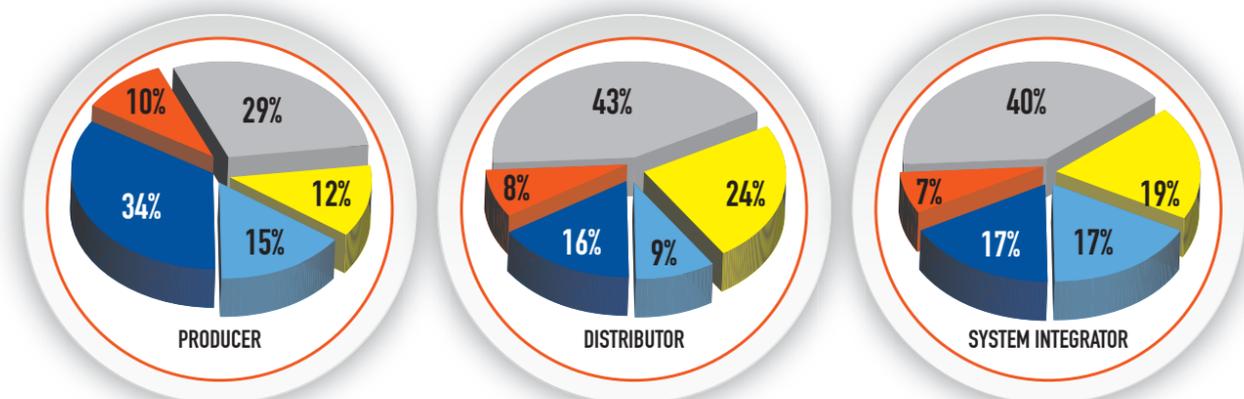
Table 5. Top 25 security companies with the highest EBITDA/Sales ratio. © Copyright Ethos Media Group - Plimsoll.

ability, working capital, gearing and immediate liquidity), the Plimsoll model has assigned to each company in the sector a financial evaluation ranging from Solid through Good, Average and Mediocre to Low. The rating received is illustrated with a Plimsoll line (a floating line) and compared with the industry average. A line below zero identifies companies with a “Low” evaluation, that is to say companies with low profitability or making a loss, with negative working capital, low return of sales on investments and poor liquidity. Nine companies out of ten which come under this category for three years running and which have a Plimsoll line falling by 30% are destined to exit from the market or change ownership. Companies evaluated as “Solid”, on the other hand, are subjects with little dependence on third party capital, are growing, show significant profits and have good working capital.

Forty-eight out of 363 companies in the security sector are classified as “at risk” in this edition of the Top 25. A little over 13% of the sample. These figures are slightly more positive than those of similar sectors in Italy (electronics, IT systems or telecommunications). They are affected by the negative results of 41 companies with a negative EBITDA and 29 with debt levels to be settled within the year that can hardly be sustained without significant increases of immediate liquidity. 69% of the sample, on the other hand, is at low risk of failure during 2019. 249 companies have a Plimsoll Line

at the safety level and, saving sharp falls in revenue, unexpected cost increases or loss of key customers, they will still be operating on the market in 2020. Eighty-four companies, in particular, are classed as “Solid”. These are mainly medium-large producers of security devices (45), while a smaller number are distributors (22), systems integrators (14) and producers/distributors (3). Compared with the previous year, a significant improvement has been noted in the financial solidity levels of the 363 companies sampled. As indicated above, more than 30 companies that were producing little and operating at a loss have left the market, while those remaining have shown, on average, an improved capacity to produce profits and to grow (let us remember that the growth rate of the companies examined in this edition is 7%, while the EBITDA/Sales ratio is 5%, as against the 3% registered the previous year). Over the next two years, the most critical economic indicator to keep monitored, in order to understand how the rating of the leading companies of the sector is evolving, is the revenue. 50% of the companies are showing zero growth but are maintaining satisfactory profitability levels. Nevertheless, a considerable slowdown in the sector’s growth could compromise a significant number of companies, compress the EBITDA and result in insufficient immediate liquidity to sustain their operations and enable them to repay their debts in the short term.

Plimsoll financial rating	Producer	Distributor	Pro/Distr.	System Integrator	Total
Solid	45	22	3	14	84
Good	14	12	2	6	34
Average	39	60	1	32	132
Mediocre	16	34	0	15	65
Low	20	12	2	14	48
Total	134	140	8	81	363



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Methodological notes on the financial rating of a company (Plimsoll Model)

The state of financial health of a company is rated using the Plimsoll Model, a tool adopted by analysts all over the world to examine the level of financial solidity of a company and to identify its weak points.

The Plimsoll rating method observes 5 performance factors: trading stability, profitability, working capital, gearing and immediate liquidity.

Trading stability: this measures the rate of return on sales in relation to assets. In the Plimsoll model, a descending line of trading stability indicates a contraction of sales in relation to assets. The reasons for deteriorated trading stability may be sought in products/services that are no longer attractive to the market or in excessive investments which have not yet produced the hoped-for returns.

Profitability: this is calculated as the return on pre-tax profits on the total assets and provides a clear indication of a company’s capacity to generate immediate liquidity and to keep its operative costs under control.

Working capital: this measures a company’s capacity to repay its liabilities, using the following formula: (total current assets – long-term liabilities – current liabilities).

Gearing: Gearing measures the composition of the capital invested by shareholders and third parties. A Plimsoll line at 0 indicates an investment level that is contained with respect to the net assets.

Immediate liquidity: this measures the immediate level of coverage of liabilities towards creditors.

Plimsoll Chart: the Plimsoll Chart measures the general financial health of the company and represents a weighted combination of the preceding indicators.

The score resulting from the Plimsoll Chart determines the financial rating assigned to a company. A score below 0 identifies companies at high risk, with “Low” rating. 9 companies out of 10 with a Plimsoll score below zero and falling for three years running have gone bankrupt or been wound up.

Companies with a “Mediocre” financial evaluation are subjects with debt levels that are typically higher than average for the sector. A modest fall in revenue or an increase in costs from one year to another could put at risk their immediate liquidity and their operations.

Companies with an “Average” financial rating are at low risk of bankruptcy but struggle to make significant profits and to reduce their financial burdens. These are companies with a low growth rate while maintaining a constant return, or companies with a high growth rate that make recourse to third party capital to sustain their expansion.

Companies with a “Good” rating are in positive territory. They have excellent assets and financial management and their goal is to increase their revenue and/or increase their profitability.

The companies receiving the highest Plimsoll score are those with the “Solid” rating. They are companies with very low levels of debt and high returns on investments and on their capital. Many companies coming under this category have internal resources with which to increase their investments, handle situations of temporary difficulty and consolidate their market position. In a rapidly changing market and with new players waiting to pounce, it is nevertheless advisable for a company not to rest on its laurels. Rather, it should identify new opportunities for growth and monitor its competitors’ actions.

Sector analyses, see those already available:



Producers

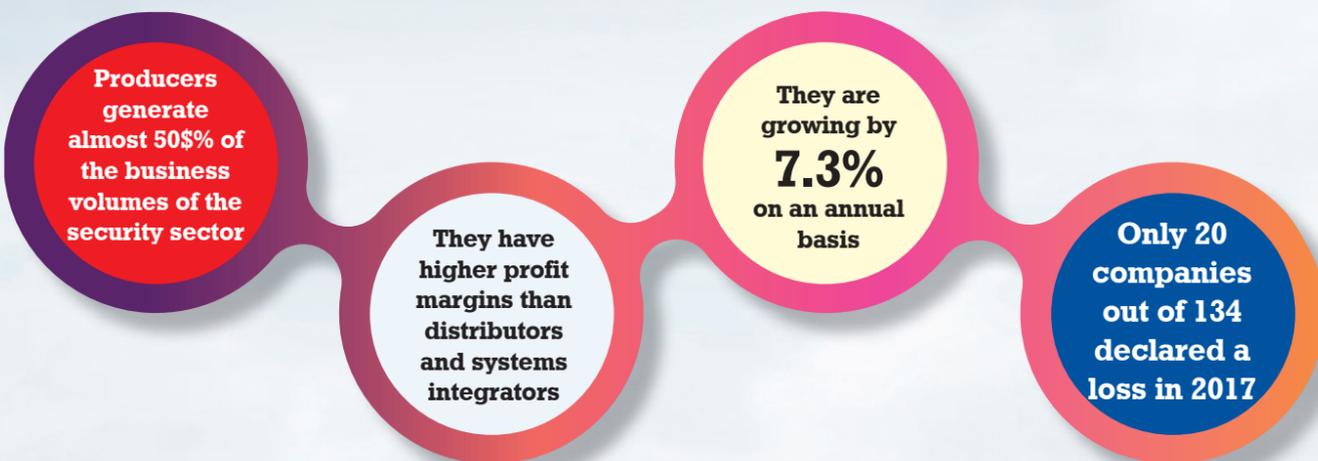
With an aggregate revenue of 949 million euro, producers represent almost 50% of the security sector in Italy. They occupy the first positions in the classification of the largest companies and dictate the growth rhythms of the sector. The classification of the Top 25 producers in this edition shows interesting changes with respect to the previous year. There have been a few alternations among the first positions (with Betafence leaping to second place and Hikvision Italy to fourth), as well as the entry of Dahua Technology Italy Srl (which has absorbed Videotrend), Keyline Spa (with a growth of 12%) and Smiths Detection Italia Srl (with revenue up by 70%) in the list of principal security producers in Italy. The average growth level of the Top 25 (4%) neverthe-

less disguises a notable differential between the commercial results achieved by the sample. Ten producers have a lower revenue and no fewer than six of these have reported more than 8% fall in sales. Conversely, seven of them have increased by more than 10%.

Going into greater detail and examining the results by product category, particularly positive results emerge in the fire prevention and video surveillance sectors, and a small growth (+1.7%) in the anti-intruder category (with two Top producers out of three reporting lower sales). The sample shows greater uniformity with regard to return on investments and general profitability. Whatever the product line or the dimensions of the producer, profitability levels are increasing and are higher on average by 11%. Only one operator out of 25 is showing a loss.

Sector	Income 2017 (migl. euro)	Average growth	Average EBITDA Sales	No. employees	Average income per employee (migl. euro)	Companies with profits
Anti-intrusion	307.336	1,7%	6,4%	1.262	244	25 out of 33
Fire-fighting	108.289	10,6%	10,5%	334	324	9 out of 9
Access Control	38.818	7,9%	15,3%	207	188	4 out of 5
Physical security	206.332	5,3%	11,5%	972	212	10 out of 11
CCTV	126.746	10,9%	10,1%	432	293	14 out of 17
Various	161.569	9,2%	3,6%	514	314	50 out of 59
Tot. Produces	949.090	7,3%	6,6%	3.721	263	114 out of 134
Distributor	595.225	12,2%	4,2%	1.521	391	116 out of 140
Prod/Distr	66.201	-1,3%	5,6%	259	255	8 out of 8
System Integrator	268.863	-0,5%	5,4%	1.509	178	66 out of 81
Total	1.879.379	7,3%	5,5%	7.010	266	301 out of 363

Table 6 - General trend and trends by category of the security sector in Italy. © Copyright Ethos Media Group - Plimsoll.



TOP 25 Producer

2018 Producers Classification (17 financial Statement)	2017 Producers Classification (16 financial Statement)	Company name	Region	2017 income	Growth of income 17 on 16	EBITDA	EBITDA sales margin	EBIT	EBT	No. employees	Sector
1	1	COMELIT GROUP S.P.A.	Lombardia	79.666	6%	14.364	18%	12.836	11.630	266	Various
2	N.A.	BETAFENCE ITALIA S.P.A.	Abruzzo	55.730	23%	4.136	7%	2.466	3.528	172	Physical security
3	2	NOTIFIER ITALIA SRL	Lombardia	54.375	8%	9.675	18%	8.991	9.151	87	Fire-fighting
4	5	HIKVISION ITALY S.R.L.	Lombardia	40.443	16%	2.375	6%	1.480	1.480	47	CCTV
5	3	CIMA S.P.A.	Emilia-Romagna	36.641	-1%	7.767	21%	7.383	7.383	110	Physical security
6	4	TECNOALARM SRL	Piemonte	35.637	2%	10.198	29%	9.456	9.468	127	Anti-intrusion
7	7	BENTEL SECURITY S.R.L.	Abruzzo	31.295	-4%	5.099	16%	4.691	4.353	137	Anti-intrusion
8	6	SAIMA SICUREZZA S.P.A.	Toscana	26.709	-20%	1.309	5%	916	997	131	Physical security
9	N.A.	DAHUA TECHNOLOGY ITALY S.R.L.	Lombardia	25.494	4%	1.386	5%	542	1.731	46	CCTV
10	8	INIM ELECTRONICS S.R.L.	Marche	24.842	-2%	8.860	36%	8.169	8.183	87	Anti-intrusion
11	N.A.	KEYLINE S.P.A.	Veneto	23.861	12%	2.062	9%	1.393	1.026	108	Physical security
12	9	SELESTA INGEGNERIA S.P.A.	Liguria	23.343	7%	5.210	22%	2.655	1.846	186	Physical security
13	n.d	DORMAKABA ITALIA S.R.L.	Lombardia	21.909	-4%	528	2%	200	168	70	Physical security
14	11	EL.MO. S.P.A.	Veneto	19.171	-7%	987	5%	686	612	73	Various
15	10	UTC FIRE & SECURITY ITALIA S.R.L.	Lombardia	18.575	-15%	929	5%	807	807	40	Various
16	13	VIDEOTEC SPA	Veneto	18.220	5%	1.114	6%	594	316	98	CCTV
17	16	BOSCH SECURITY SYSTEMS S.P.A.	Lombardia	15.032	13%	530	4%	463	465	17	Various
18	14	ZUCCHETTI AXESS S.P.A.	Lombardia	14.680	9%	3.819	26%	3.639	3.601	57	Controllo accessi
19	15	COOPER CSA SRL	Lombardia	13.895	5%	816	6%	721	718	18	Anti-intrusion
20	12	ATRAL ITALIA SRL	Emilia-Romagna	13.413	-25%	-1.706	-13%	-1.838	-1.841	46	Anti-intrusion
21	20	TECHNOMAX S.R.L.	Lombardia	12.697	6%	1.191	9%	1.130	1.264	36	Physical security
22	17	CESPRO SRL	Toscana	11.881	-9%	297	3%	221	277	66	Physical security
23	22	CIODUE S.P.A.	Lombardia	11.476	10%	1.089	9%	972	982	25	Fire-fighting
24	18	COMETA - S.P.A.	Toscana	11.088	-10%	628	6%	460	411	47	Physical security
25	38	SMITHS DETECTION ITALIA S.R.L.	Lombardia	10.737	70%	454	4%	434	429	17	Fire-fighting
TOP25 Average (producers)				26.032	4%	3.325	11%	2.779	2.759	85	
Average total (producers)				5.107	7%	442	5%	340	338	19	

Table 7 - The Top 25 companies in the "Producers" category with the highest revenue in 2017. © Copyright Ethos Media Group - Plimsoll.

TOP 25 Producers by technology

TOP 25 Prod for technology	2017 Producers Classification (16 financial Statement)	Company name	Region	2017 income	Growth of income 17 on 16	EBITDA	EBITDA/V	EBIT	EBT	No. employees
VARIOUS										
1	1	COMELIT GROUP S.P.A.	Lombardia	79.666	6%	14.364	18%	12.836	11.630	266
14	11	EL.MO. S.P.A.	Veneto	19.171	-7%	987	5%	686	612	73
15	10	UTC FIRE & SECURITY ITALIA S.R.L.	Lombardia	18.575	-15%	929	5%	807	807	40
17	16	BOSCH SECURITY SYSTEMS S.P.A.	Lombardia	15.032	13%	530	4%	463	465	17
FIRE-FIGHTING										
3	2	NOTIFIER ITALIA SRL	Lombardia	54.375	8%	9.675	18%	8.991	9.151	87
23	22	CIODUE S.P.A.	Lombardia	11.476	10%	1.089	9%	972	982	25
25	38	SMITHS DETECTION ITALIA S.R.L.	Lombardia	10.737	70%	454	4%	434	429	17
PHYSICAL SECURITY										
2	3	BETAFENCE ITALIA S.P.A	Abruzzo	55.730	23%	4.136	7%	2.466	3.528	172
5	3	CIMA S.P.A.	Emilia-Romagna	36.641	-1%	7.767	21%	7.383	7.383	110
8	6	SAIMA SICUREZZA S.P.A.	Toscana	26.709	-20%	1.309	5%	916	997	131
11	n.d	KEYLINE S.P.A.	Veneto	23.861	12%	2.062	9%	1.393	1.026	108
12	9	SELESTA INGEGNERIA S.P.A.	Liguria	23.343	7%	5.210	22%	2.655	1.846	186
13	n.d	DORMAKABA ITALIA S.R.L.	Lombardia	21.909	-4%	528	2%	200	168	70
21	20	TECHNOMAX S.R.L.	Lombardia	12.697	6%	1.191	9%	1.130	1.264	36
22	17	CESPRO SRL	Toscana	11.881	-9%	297	3%	221	277	66
24	18	COMETA - S.P.A.	Toscana	11.088	-10%	628	6%	460	411	47
ANTI-INTRUSION										
6	4	TECNOALARM SRL	Piemonte	35.637	2%	10.198	29%	9.456	9.468	127
7	7	BENTEL SECURITY S.R.L.	Abruzzo	31.295	-4%	5.099	16%	4.691	4.353	137
10	8	INIM ELECTRONICS S.R.L.	Marche	24.842	-2%	8.860	36%	8.169	8.183	87
19	15	COOPER CSA SRL	Lombardia	13.895	5%	816	6%	721	718	18
20	12	ATRAL ITALIA SRL	Emilia-Romagna	13.413	-25%	-1.706	-13%	-1.838	-1.841	46
CCTV										
4	5	HIKVISION ITALY S.R.L.	Lombardia	40.443	16%	2.375	6%	1.480	1.480	47
9	N.A.	DAHUA TECHNOLOGY ITALY S.R.L.	Lombardia	25.494	4%	1.386	5%	542	1.731	46
16	13	VIDEOTEC SPA	Veneto	18.220	5%	1.114	6%	594	316	98
ACCESS CONTROL										
18	14	ZUCCHETTI AXESS S.P.A.	Lombardia	14.680	9%	3.819	26%	3.639	3.601	57
TOP25 Average (producers)				25.400	3%	3.354	11%	2.833	2.766	85
Average total (producers)				5.107	7%	442	5%	340	338	19

Table 8 - The Top 25 producers in the security sector subdivided by category. © Copyright Ethos Media Group - Plimsoll.

Producers/distributors

Maintaining the same categorization as that adopted in the previous edition, we have classified eight subjects as producers/distributors. These are companies that make parts and also act as distributors on behalf of other producers. The companies identified all have their registered offices in Lombardy and Piedmont. They generate an overall revenue of 66.2 million euro, but are struggling to grow. Five out of eight have reported diminished sales by over 5% and this is the second year running for four of them.

With respect to the 2018 edition of the Top 25, three operators have left the market: Siqr Srl and Mesa Srl (both in receivership) and Videotrend (now operating under the trademark of Dahua Technology Italia). In terms of positioning, Gunnebo Italia SpA maintains first place in the category, though with diminished revenue (-5%).

2018 Classification (17 financial Statement)	2017 Classification (16 financial Statement)	Company name	Region	2017 income	Growth of income 17 on 16	EBITDA	EBITDA/V	EBIT	EBT	No. employees	Sector
1	1	GUNNEBO ITALIA S.P.A.	Lombardia	19.872	-5%	341	2%	261	238	79	Physical security
2	3	HONEYWELL SECURITY ITALIA S.R.L.	Lombardia	14.750	-5%	-2.004	-14%	-2.012	-2.000	39	Various
3	4	SICURIT ALARMITALIA S.P.A.	Lombardia	11.214	-8%	127	1%	50	231	40	Various
4	5	BETTINI S.R.L.	Lombardia	8.403	13%	189	2%	136	126	43	CCTV
5	6	SAET I.S. - S.R.L.	Piemonte	4.830	-11%	503	10%	322	355	15	Anti-intrusion
6	7	GSG INTERNATIONAL S.R.L.	Lombardia	2.463	-7%	142	6%	95	15	11	CCTV
7	8	SAET SERVICE S.R.L.	Piemonte	2.398	9%	538	22%	462	475	12	Anti-intrusion
8	9	TECNOPOST SPA	Lombardia	2.271	4%	338	15%	240	240	20	Various
Average TOP Producers/Distributors				8.275	-1,30%	22	6%	-56	-40	32	

Table 9 - The companies in the "Producers/Distributors" category with the highest revenue in 2017. © Copyright Ethos Media Group - Plimsoll.

The category of producers/distributors in Italy has ground to a halt. Only 3 companies out of 8 succeeded in increasing sales

The sector diminished by 1.3% in 2017

Two previously mapped companies - Siqr Srl and Mesa Srl - are now in receivership

Cable producers

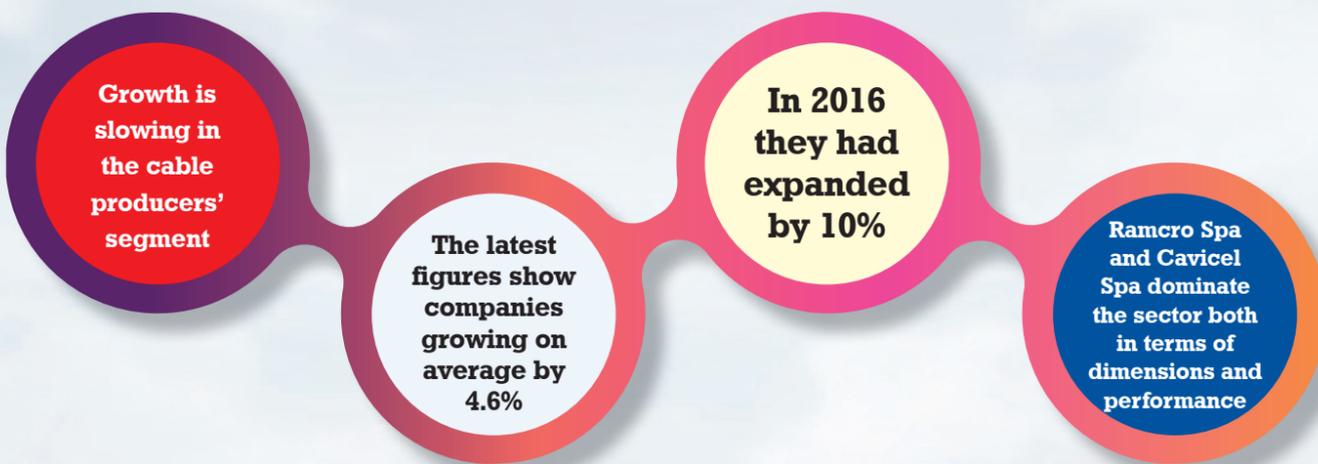
In this edition, too, cable producers have been analyzed separately from the other producers, given that they prevalently serve sectors other than security (telecommunications, electronics, transmissions).

The composition of the nine companies examined has not changed since last year. The first two positions are still held by Ramcro Spa (with a growth of 13%), Cavicel Spa (+12%). Three cable producers out of eight have re-

ported reduced revenue, but altogether the sample has seen an average growth of 4.6% and an aggregate one of 5.8%. The level of expansion of this segment, while positive, shows signs of slowing down with respect to the surprising 10% registered in the previous edition. Average profit margins are at 8%.

2018 Classification (17 financial Statement)	2017 Classification (16 financial Statement)	Company name	Region	2017 income	Growth of income 17 on 16	EBITDA	EBITDA/V	EBIT	EBT	No. employees
1	1	RAMCRO S.P.A.	Lombardia	35.733	13%	1.807	5%	1.058	754	68
2	2	CAVICEL S.P.A.	Lombardia	28.841	12%	3.543	12%	2.696	2.545	80
3	3	CEAM CAVI SPECIALI S.R.L.	Veneto	20.024	-9%	3.476	17%	2.790	2.759	108
4	4	ITALIANA CONDUTTORI SRL	Lombardia	14.311	8%	648	4%	226	215	67
5	6	BETA CAVI - S.R.L.	Campania	8.906	8%	1.223	14%	770	701	35
6	5	PROSPECTA S.R.L.	Emilia-Romagna	8.032	-6%	351	4%	136	56	31
7	7	ELAN - S.R.L.	Marche	7.288	14%	46	1%	36	35	12
8	8	MICRO TEK S.R.L.	Lombardia	5.860	-3%	366	6%	337	314	10
Average TOP25 Cable Producers				16.124	4,6%	1.432	8%	1.006	922	51

Table 10 - The companies in the "Cable Producers" category with the highest revenue. © Copyright Ethos Media Group - Plimsoll.



Distributors

The distributors active in the security sector have an aggregate revenue of 595 million euro. They represent 32% of the total market and have 1,521 employees in Italy. In this edition, the 141 companies belonging to this category have grown by 12% and are continuing the strongly expansive path already registered the previous year (31%). The Top 25 classification sees the presence of new companies, Omega Srl and Microcontrol Electronic Srl, which grew by 8% and 21% respectively. First position is maintained by Allnet Italia Spa, with almost 60 million euro, while Anixter Italia Srl has leapt from eighth position to fourth (with a revenue boom of 43%).

Distributors' average profitability is substantially in line with that of producers, but the number of companies with a "Low" financial rating is decidedly lower. Only 12 companies out of 141 (less than 9%) are at moderate or high risk of bankruptcy – a clear signal that the distribution market is strengthening and offers important opportunities for development.

The distributors are 140 profit-making companies. Systems integrators are going at two speeds: companies with revenue higher than 3.5 million euro grew by almost 6%, while smaller companies' market share slipped.

Systems Integrators

The total business of the 81 systems integrators analysed in this edition amounts to 14.5% of the Italian security sector. With an average revenue of just over five million euro and a negative growth rate (-0.5%), this category seems to have taken a step backwards compared with last year. Their trading problems seem, in reality, to affect mainly small/medium subjects operating in provincial contexts. The largest companies

(the Top 25), on the other hand, are growing steadily (+6%) and are maintaining good profitability levels. 14 companies out of 25 have increased their revenue and only two are working at a loss.

Among the first places, noteworthy is the leap to third position by Scame Sistemi (which has almost doubled its revenue) and by Saiet Telecomunicazioni Srl.

There are no fewer than seven new entries in the Top 25 classification of systems integrators:

Surveye Srl, Consiag Spa, Co.Gen. Spa, Consorzio Stabile Goss Italia, Tonalì Spa, Elettronica Cortesi and Consorzio

Secap. The first two places are again occupied by Project Automation Spa and Dab Sistemi Integrati Srl, with results slightly lower than those of the previous edition.

See the tables on the following pages.

THE SAMPLE ANALYSED

The 363 enterprises evaluated in this edition are:

- Italian companies or foreign companies with an Italian VAT number;
- companies declaring a profit;
- companies with a 2017 balance sheet (to be set aside the 2016 balance sheet) published in the Official Company Register no later than 30 November 2018;
- companies operating significantly in the security sector on the basis of their main activity.

The sample analysed in this financial survey does not include:

- Italian companies that had not deposited their 2017 balance sheet by 30 November;
- partnerships and sole traders not required to present a balance sheet;
- foreign companies without registered offices and VAT registration in Italy;
- organizations and enterprises that, while active in the Italian security market, have their main activities in other productive sectors (e.g. building, telecommunications, consultancy services, software development, mechanical parts, electronics, automations, heavy goods, private surveillance, IT security, broadcasting, IT infrastructures, etc.);
- multinationals not specifically dedicated to security, since it was not possible (except very approximately) to separate the volumes produced by the business units dedicated to security, or to separate the Italian data from the European or global figures.

TOP 25 Distributors

2018 Distributors Classification (17 financial Statement)	2017 Distributors Classification (16 financial Statement)	Company name	Region	2017 income	Growth of income 17 on 16	EBITDA	EBITDA/V	EBIT	EBT	No. employees
1	1	ALLNET.ITALIA S.P.A.	Emilia-Romagna	59.377	19%	1.991	3%	1.706	1.734	53
2	3	AIKOM TECHNOLOGY SRL	Emilia-Romagna	42.627	19%	2.688	6%	2.638	2.757	20
3	2	HESA S.P.A.	Lombardia	33.307	-10%	606	2%	387	328	67
4	8	ANIXTER ITALIA SRL	Lombardia	19.794	43%	470	2%	447	213	23
5	5	ELECTRONIC'S TIME SRL	Puglia	17.727	-1%	1.255	7%	1.060	474	51
6	4	DISTRIBUZIONE APPARECCHIATURE SICUREZZA D.I.A.S. SRL	Lombardia	17.230	-11%	1.094	6%	1.035	1.034	6
7	6	SICURTEC SRL	Lombardia	16.494	-4%	519	3%	288	65	55
8	7	ELMAT S.P.A.	Veneto	16.465	11%	313	2%	201	113	27
9	9	TRANS AUDIO VIDEO SRL	Campania	16.414	26%	1.117	7%	1.056	1.003	21
10	11	FUTURTEC SRL	Lombardia	14.829	28%	154	1%	70	65	53
11	10	S. & A. SRL	Lombardia	12.246	0%	367	3%	306	304	34
12	12	DOPPLER SRL	Piemonte	10.176	3%	429	4%	283	276	35
13	13	SICURTEC BRESCIA SRL	Lombardia	8.410	-10%	299	4%	230	34	24
14	14	GIUDICI & POLIDORI SRL	Marche	8.213	-2%	959	12%	905	895	15
15	16	TELEVISTA S.R.L.	Veneto	7.950	0%	155	2%	130	107	21
16	15	LASERLINE SAFETY AND SECURITY SYSTEMS SRL	Lombardia	7.873	-3%	560	7%	444	406	23
17	17	MAC SYSTEM SRL	Friuli-Venezia Giulia	7.808	4%	371	5%	280	231	28
18	19	D.S.T. DISTRIBUZIONE SISTEMI TECNOLOGICI S.R.L.	Lazio	7.440	8%	317	4%	233	163	22
19	18	ITS ITALELETRONICA SRL	Abruzzo	7.040	1%	278	4%	182	153	33
20	21	TROLESE SRL	Veneto	6.343	-1%	199	3%	159	127	20
21	20	DODIC ELETTRONICA SRL	Lazio	6.151	-9%	102	2%	20	27	17
22	N.A.	OMEGA SRL	Veneto	5.876	8%	211	4%	172	148	18
23	N.A.	MICROCONTROL ELECTRONIC SRL	Lombardia	5.786	21%	228	4%	158	158	16
24	25	SERTEC SRL	Veneto	5.767	0%	941	16%	908	911	11
25	22	DSA MED SRL	Emilia-Romagna	5.715	-8%	130	2%	90	68	18
TOP25 Average (distributors)				14.682	5%	630	5%	535	472	28
Average total (distributors)				4.221	12%	189	4%	150	123	11

Table 11 - The Top 25 companies in the "Distributors" category with the highest revenue. © Copyright Ethos Media Group - Plimsoll.

TOP 25 System Integrators

2018 System Integrator Classification (17 financial Statement)	2017 System Integrator Classification (16 financial Statement)	Company name	Region	2017 income	Growth of income 17 on 16	EBITDA	EBITDA/V	EBIT	EBT	No. employees
1	1	PROJECT AUTOMATION S.P.A.	Lombardia	31.766	-8%	1.970	6%	1.287	1.567	197
2	2	DAB SISTEMI INTEGRATI SRL	Lazio	14.701	-10%	520	4%	332	264	79
3	9	S.C.A.M.E. SISTEMI S.R.L.	Lombardia	13.188	78%	2.782	21%	2.520	2.291	25
4	5	ADVANTEC S.R.L.	Piemonte	11.565	16%	261	2%	215	191	15
5	7	SECURITY TRUST.IT S.R.L.	Lombardia	10.146	27%	1.022	10%	840	795	46
6	3	CONSORZIO NAZIONALE SICUREZZA SOC. CONS. A R.L.	Campania	9.943	-5%	395	4%	320	262	17
7	12	SAIET TELECOMUNICAZIONI S.R.L.	Emilia-Romagna	8.426	16%	370	4%	264	5	11
8	8	TELEIMPIANTI - S.P.A.	Emilia-Romagna	7.993	3%	674	8%	589	593	41
9	10	VAGO S.P.A.	Lombardia	7.416	1%	831	11%	388	386	42
10	11	C.I.S.A. S.R.L.	Lombardia	6.906	-6%	186	3%	156	163	28
11	N.A.	SURVEYE SRL	Lombardia	6.897	27%	232	3%	164	153	41
12	13	TELEFONIA E SICUREZZA S.P.A.	Lombardia	6.617	-5%	325	5%	244	232	43
13	N.A.	CONSIAG S.P.A.	Toscana	6.188	-41%	3.798	61%	452	9.181	4
14	N.A.	CO.GEN. S.P.A.	Lombardia	5.435	20%	341	6%	245	92	37
15	N.A.	CONSORZIO STABILE GOSS ITALIA	Veneto	4.746	-9%	10	0%	9	7	1
16	19	CENTRUM S.R.L.	Emilia-Romagna	4.636	0%	275	6%	213	216	23
17	18	DAGO ELETTRONICA S.R.L.	Marche	4.404	-10%	341	8%	214	201	45
18	24	LAIS S.R.L.	Lombardia	4.402	17%	173	4%	120	54	31
19	23	UMBRA CONTROL S.R.L.	Umbria	4.320	6%	118	3%	60	25	33
20	17	TSI SYSTEM SPA	Lombardia	4.156	-19%	-285	-7%	-376	-490	27
21	25	DUEMMEGI S.R.L.	Lombardia	4.019	13%	454	11%	384	388	14
22	29	TONALI - S.P.A.	Lombardia	3.959	14%	409	10%	328	324	19
23	34	ELETTRONICA CORTESI SRL	Emilia-Romagna	3.868	20%	-12	0%	-81	-108	44
24	28	CONSORZIO SECAP S.C.A R.L.	Campania	3.814	12%	46	1%	34	31	14
25	21	SPEE S.R.L.	Abruzzo	3.795	-9%	409	11%	156	122	36
Average TOP25 (System Integrators)				7.732	5,9%	626	8%	363	678	37
Average Total (System Integrators)				5.164	-0,5%	451	6%	350	348	19

Table 12 - The Top 25 companies in the "System Integrators" category with the highest revenue. © Copyright Ethos Media Group - Plimsoll.

Geographical distribution

46% of the leading companies in the Italian security sector have their registered offices in the North-West (chiefly Lombardy and Piedmont) and contribute 51.3% of the total market revenue. With a strong prevalence of producers and a company mortality rate of 3.4%, the companies in this geographical area are growing by an average of 4% and maintain average profit margin levels above 9%.

Considerably better trading results were obtained by the companies in the North-East (Emilia Romagna and Triveneto), which grew by 6% and have become more numerous since the previous data collection (+2). It must be noted, though, that their operative margins have fallen slightly since the previous year.

The relative weight of the companies in the sample from Central Italy. With an aggregate revenue of 340.5 million euro, these companies have grown by 4%, maintaining the excellent income results registered in 2018 (Ebitda/Sales at almost 11%). They now represent over 18% of the total market (compared with the modest 15% observed at the last data collection). Two enterprises from Abruzzo – Betafence Italia Spa and Bentel Security Srl – are now the first companies in the sector by business volumes in Central Southern Italy.

More complex and disturbing is the situation in Southern Italy, where the number of subjects active in the sector has fallen to 32 (from 39 observed in 2018). With average dimensions of 3.5 million euro and a strong prevalence of distributors on the territory, the Southern companies are a minus point in this edition. The security sector in the South is now worth less than 118 million euro, 15 companies out of 32 are contracting and, of the entities with a revenue superior to three million euro,

only five have increased sales by more than 2%. Among virtuous examples, the name stands out of Trans Audio Video Srl of Caserta, which reached 16.4 million euro, with a growth of 26.5%.

Multinationals

In order to provide a complete picture of the security sector in Italy, it is important to take into consideration the activities of multinationals and foreign entities in our territory.

These companies, strongly present in Europe, typically operate in several sectors (installation of electric and electronic equipment, systems, telecommunications, hardware systems, home automation tools) and distribute security devices (typically, video-surveillance equipment, burglar alarms and fire prevention devices) through intermediaries active in the retail or wholesale

Geographical distribution

	Average income growth	Average EBITDA Sales
Centre	4,2%	10,9%
North-East	6,1%	6,3%
North-West	4,3%	9,1%
South	-0,5%	8,7%
Total Italy	7,2%	8,7%

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Distribution sector

Location	North-West		North-East		Centre		South		Total Italy	
	Income	Num	Income	Num	Income	Num	Income	Num	Income	Num
Sector										
Producer	527.078	70	196.367	37	210.469	23	15.176	4	949.090	134
Distributor	230.506	55	206.817	31	73.231	32	84.671	22	595.225	140
System Integrator	141.821	34	51.779	20	56.821	21	18.442	6	268.863	81
Prod/Distr	66.201	8							66.201	8
Total	965.606	167	454.963	88	340.521	76	118.289	32	1.879.379	363

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segment. Although in many cases, security does not represent these multinationals' core business, the business volumes arising from the presence on the national market is highly significant.

Conclusions

The data observed and the analyses made in this edition of Italian Security Leaders, Top 25, show that the security sector grew by 6.2% in 2017, reaching market dimensions of 1.88 billion euro. The number of Italian enterprises currently mapped has fallen to 363 (from 397 in the previous survey) and a slight strengthening has been observed in terms of the profitability levels and average financial solidity in the sector. This is in line with trends towards consolidation noted in other similar industries in Italy and abroad. The leading security companies in Italy are now on average larger than last year (5.1 million euro), more productive (266 thousand euro of revenue per employee) and more profitable (EBITDA/Sales equal to 5% as against 3% the previous year).

Among the segments expanding particularly strongly, we note those of distributors (+12.2%) and of producers of video-surveillance devices (+10.9%) and fire prevention equipment (+10.6%). The number of distributors active in Italy, moreover, runs against the general trend

for the sector (+10 compared with the previous survey), testifying to the interesting development opportunities existing in this sector.

Nevertheless, the growth observed in the security sector this year is not uniform and concerns only 50% of the companies sampled. Eighty-four companies (23% of the total) saw declining revenue for the second year running and deteriorating levels of financial solidity.

The segments most affected by declining growth are those of systems integrators (-0.5%), producers/distributors (-1.3%) and enterprises in Southern Italy (-0.5% and in sharp numerical decline).

The security sector seems, therefore, to have set in motion for the next 24 months a further reduction in active enterprises and a greater polarization between companies that are financially solid and growing and those that are struggling to remain in the market. It is not unlikely that, as in the past, further mergers and acquisitions will take place over the next few months, with the goal of strengthening synergies and competitiveness and optimizing investments.

With new players and technologies on the threshold, the security industry in Italy is heading for major changes over the next five years. Innovation, strategic alliances, understanding of market trends and wise management of resources are all factors that will determine the success or the decline of the 363 security leaders.

The Figures of the Security Sector in Italy

	2017	2016
Market dimensions	1,88 Bil. Euro	1,77 Bil. Euro
Market growth	6,2%	16,4%
Number of leading companies	363	397
Number of employees in the market	7.010	6.815
Companies growing	182	213
Companies contracting	181	184
Companies making a profit.	301 out of 363	296 out of 397
Financially solid companies	84	82
Companies at high financial risk	48	65
Average company dimensions.	5,1 Mil. Euro	4,8 Mil. Euro
Average growth of leading companies	7,3%	4,3%
Average sales per employee	266,000 euro	254,000 euro
Average EBITDA/sales	5%	3%
Number of producers	134	142
Number of distributors	140	130
Number of systems integrators	81	85

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METHODOLOGY

In any investigative work, it is necessary to establish a method.

First of all, for evident reasons of availability, we have been able to analyse only the balance sheets deposited in Italy by companies – including foreign ones – with an Italian VAT number. It must be noted that, as of 30 November 2018, some companies' financial statements were not yet available in the principal databanks, so as of today their data could not be included in the analysis.

OPERATIONAL CATEGORIES

A problem common to all market surveys is the choice of criteria with which to calculate the overall revenue of a sector. In professional supply chains with a double (or even triple, as in our case) distribution process, there is a risk of doubling or even tripling the value by spreading it from production to distribution and, lastly, to installation/integration – with their respective margins and mark-ups. We therefore decided, from our first edition, to subdivide our "Top 25" according to the three principal operative categories: production, distribution and integration. This field choice gave rise to a further, and delicate, problem of assessment: how do we classify entities that produce, but at the same time integrate or distribute? In view of the frequent mix between production, integration and distribution, the problem was not a secondary one. After crosschecking our assessments of greater volume with those of greater prevalence of the production/distribution combination compared with the other "mixed" typology (that is to say, the production/systems integration category), we chose to insert a fourth category, which we added to the three originally identified: production/distribution. The categories on which our Top 25 is based are therefore: production, distribution, integration, production/distribution. A compromise that enables us to represent the different typologies of players without creating excessive fragmentation.

MAIN ACTIVITY

The companies in the sector were classified under the respective categories on the basis of the main activity, or core business, declared by themselves (for example, physical security, anti-intruder devices, fire prevention or CCTV). Since our aim was to represent a sample of entities focused on the security sector, we have excluded those subjects – which are nevertheless constantly increasing – that offer both technologies and services for security (e.g. private surveillance institutes), or which

provide security only as part of a much broader trading context (mainly electrical equipment, construction, information systems, automations, doors and windows, spare parts, telephone systems, networking or time & attendance). A similar decision was made for units where security is a marginal or in any case minority component of the overall business revenue. Following this direction, we have always kept separate from the general category producers of cables serving several sectors as well as security (telephone systems, broadcasting, the electrical sector, etc.). We have provided a separate classification of these operators.

MULTINATIONALS

Another difficult choice for the definition of the sample was whether or not to include multinationals, for which security is often no more than a marginal business unit compared with the volumes produced by the consumer departments. Given that the Italian security market, and the CCTV segment in particular, is undoubtedly dominated by the multinationals, the problem here is to separate the figures produced by "security" from those of the other units, and the Italian figures from the European or even global ones. In many cases, such a separation by market segment or geographical area proved impracticable, as the multinationals themselves were the first to admit. To avoid falsifying the Top 25 data by comparing official figures with estimated incomes and costs, we have opted to exclude from the survey those multinationals which do not have a security-dedicated company in Italy.

THE SAMPLE

As a consequence, in order to identify our sample, we primarily selected limited companies listed with ATECO [Classification of Economic Activities] codes compatible with the security sector. From this first sample, the companies were further whittled down using the following criteria: presence on Italian territory (Italian VAT number); availability of financial statement in databanks as of 30 November 2018; focus on the Italian security market; core business in the security sector; prevalent activity (operative category within the supply chain). We added to this first sample entities which those drawing up the study knew to be focussed on the security sector but which, for generally historical reasons, were not registered in the Chamber of Commerce with a "correct" ATECO. This group includes companies originally created to operate in different sectors, but which have gradually focused on security.



This edition of Top Security Leaders was made in collaboration with Plimsoll Publishing Ltd, a leading British company in the sector of commercial information and balance sheet analysis. The Plimsoll team was coordinated by Domenico Panetta, who is in charge of the department for Italy and Spain.

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Plimsoll Publishing is a British company operating at international level in the publication of sector studies and financial analyses. With over 5,000 market segments examined and updated every month, Plimsoll Publishing is the ideal partner with which to monitor the competition, identify new growth opportunities on the market, evaluate the strengths and weaknesses of a company's organization and assess potential subjects for acquisition. Founded in 1987, Plimsoll Publishing issues 750 sector studies in Italy every year, identifies the market potential of limited companies and provides monitoring services on the competition and on its customer portfolio in Italy and abroad. Using an effective, easily-interpreted rating model applied to millions of Italian and foreign companies, Plimsoll provides information on the development prospects of an organization and separates growing businesses from those in difficulty. Empirically, nine out of ten companies with a Plimsoll rating that is negative and has worsened for three years running, have exited from the market or have been acquired.

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GLOSSARY

We give here fuller details concerning the economic-financial values used in this survey.

Revenue: calculated by adding together the entries in the Financial Statement under section A "Revenue from sales and services" and under "Other revenue"

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): the profit gross of payable interest, taxes, depreciation, devaluation, extraordinary financial results and rectifications. It is calculated by adding the entry in the Financial Statement under B10 "Total amortizations and depreciations" to the difference between the "Total Production Value" and the "Total Production Costs".

EBIT (Earnings Before Interest And Taxes): the company's operative income, that is to say the income generated by the company before tax and financial burdens and gross of extraordinary operations.

EBT (Earnings Before Taxes): the result before taxes, corresponding to the entry in the Financial Report under "Result Before Tax".

Total Assets: the result before taxes, corresponding to the entry in the Financial Report under "Result Before Tax".

Market Value: The market value of a company measures its capacity to generate income in the medium term and considers the value of the assets in the balance sheet. The formula adopted to calculate is the following $(EBIT \times 5) + \text{Total Assets} - \text{Immediate liquidity}$.

Economic Value: the selling price of 100% of a company's shares. It is calculated as follows: $(EBIT \times 5) + \text{Total Net Assets}$.

Total Assets: the total assets listed under the entry of that name in the State of Assets in the Balance Sheet.

Revenue against Total Liabilities: the ratio between revenue (see above) and total debts (total under item "D" of Liabilities in the State of Assets).

ROA (%): the total profitability of the assets. It measures the results generated per 100 euro of resources used (total assets).

ROS (%): the income generated per 100 euro of revenue.

ROE (%): measures the return on shareholders' equity. It measures the results generated per 100 euro of net assets.

What snapshot emerges of the security sector?

The Italian security sector is expanding for the sixth year running, even though the increase in sales volumes is lower than in 2016 and 2015

Sector analyses: see those already available



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