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The Italian security market



Technologies and solutions for professional security



informare e formare

FORMAZIONE IN MATERIA DI SECURITY E SAFETY

Una scuola di formazione che rappresenta uno dei più validi punti di riferimento per la formazione e l'aggiornamento di professionisti, uomini d'azienda, pubblica amministrazione.



Guarda i corsi attivi!
Non puoi mancare!



editorial

IHS Markit has stated that the demand for professional video-surveillance cameras – which rose from 10 million units globally in 2006 to more than 100 million in 2016 – will continue to increase throughout 2018. Sales forecasts exceed 130 million units, in fact. Italy is no exception; the market is there and fully visible. We need only look at the success of the specialized exhibitions for the sector to see that security represents a unique point of excellence on the electrical and electronic industrial scene. There is no doubt that the market is ever-expanding, with do-it-yourself raging even in the business world, while various figures from other areas are attracted by the high profitability of the security sector. To differentiate yourself from the others has now become a must in this scenario. But how?

We believe that the norm is the best guideline for operating on a fair and secure competitive basis. But, to do this, you first have to train. Professional growth, in fact, is a fundamental element for those wishing to take advantage of the changing situation and the opportunities deriving from it. Much is being said today about the GDPR and the impact European regulations on privacy and data protection will have on the Italian security and surveillance market. Some will take to the trenches under the threat of new limits and tax hikes, while others will prefer to master the subject and metabolize it in order to transform it into a competitive advantage, not just in terms of production that is compliant by design, but also in terms of consultancy. This, moreover, is something you can certify today and exploit at once. But every certification presupposes serious and reliable training. That is why this issue centres upon the GDPR: because it's the seriousness of the training that reveals professional standing in a sector in which we, for the first and the millionth time, feel ready to take up the challenge.

We believe that the norm is the best guideline for operating on a fair and secure competitive basis.

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TOP 25

The Editorial Staff

Old faces and new entries: inside the Italian security market



Here we are at our sixth appointment with Italian Security Leaders, Top 25, the financial survey developed annually by a&s Italy magazine together with the analyst KF Economics (K Finance Group). The picture is one of substantial stability, bearing witness to a market that is by now mature and ready to launch itself towards new targets.

Indeed, while the six years under analysis were not, as a whole, particularly brilliant ones for the Italian economy, the picture emerging from our inquiry is that of a sector that is leaving behind its years of turbulent growth to achieve – and this goes not only for the Top 25 but for the entire sample – increasing stability and maturity.

1.77 billion of euro

In this edition, the total income of the sample has further increased: from the 1.52 billion euro of the previous edition (2015 Financial Statements) to the present 1.77 billion. In part, this is due to the addition of new entities that had not previously appeared in our analysis: the sample has enlarged, in fact, from 368 to 397 entities in the sector. This perimetral expansion is the result of increasing focus on the security sector by a number of entities that had not addressed this sector in the past, or not to the extent that it could be considered their core business. There has in any case been an increase, this year as in 2016, in the average revenue of the entities making up the sample, with respect to the previous year's Financial Statements. This year's increase amounts to 12%. The companies were whittled down using the following criteria: presence on Italian territory (Italian VAT number); availability of financial statement in databanks as of 30 November 2017.



TOP 25 by income - 2016 financial statements

2017 Income Classification (16 financial Statement)	2016 Income Classification (15 financial Statement)	Company name	Region	2016 income	Growth of income 16 on 17	EBITDA	EBITDA sales margin	EBIT	EBT	No. employees	Sector
1	n.a.	COMELIT GROUP S.P.A.	Lombardia	75.000	12%	12.982	17%	11.488	11.658	234	Producer
2	1	NOTIFIER ITALIA SRL	Lombardia	50.515	9%	8.132	16%	7.588	7.529	86	Producer
3	n.a.	ALLNET.ITALIA S.P.A.	Emilia-Romagna	49.929	25%	2.250	5%	2.017	1.735	50	Distributor
4	3	HESA SPA	Lombardia	36.983	-6%	984	3%	511	443	69	Distributor
5	4	CIMA S.P.A.	Emilia-Romagna	36.072	0%	8.270	23%	7.975	7.970	108	Producer
6	9	AIKOM TECHNOLOGY S.R.L.	Emilia-Romagna	35.752	40%	1.996	6%	1.882	1.560	17	Distributor
7	5	TECNOALARM SRL	Piemonte	34.964	7%	9.872	28%	8.899	8.915	125	Producer
8	8	HIKVISION ITALY S.R.L.	Lombardia	34.784	33%	881	3%	9	11	35	Producer
9	2	PROJECT AUTOMATION SPA	Lombardia	34.671	-19%	2.041	6%	1.397	1.306	202	System Integrator
10	6	SAIMA SICUREZZA SPA	Toscana	33.081	4%	3.421	10%	3.035	3.072	128	Producer
11	7	BENTEL SECURITY SRL	Abruzzo	32.555	7%	5.795	18%	5.352	5.134	135	Producer
12	10	INIM ELECTRONICS SRL	Marche	25.304	11%	9.480	37%	8.857	8.844	84	Producer
13	11	SELESTA INGEGNERIA SPA	Liguria	21.918	5%	4.447	20%	1.877	897	184	Producer
14	n.a.	UTC FIRE & SECURITY ITALIA S.R.L.	Lombardia	21.776	-1%	272	1%	229	228	39	Producer
15	15	GUNNEBO ITALIA SPA	Lombardia	21.010	11%	699	3%	612	597	81	Prod/Distr
16	16	EL.MO. SPA	Veneto	20.477	11%	1.246	6%	916	851	73	Producer
17	23	VIDEOTREND S.R.L.	Lombardia	19.809	40%	2.629	13%	2.427	2.020	46	Prod/Distr
18	14	DISTRIBUZIONE APPARECCHIATURE SICUREZZA DIAS SRL	Lombardia	19.324	-3%	1.484	8%	1.128	1.127	7	Distributor
19	13	ATRAL ITALIA SRL	Emilia-Romagna	17.959	-10%	5	0%	-445	-448	54	Producer
20	17	ELECTRONIC'S TIME S.R.L.	Puglia	17.821	3%	1.189	7%	955	386	50	Distributor
21	20	SICURTEC SRL	Lombardia	17.140	14%	594	3%	372	140	52	Distributor
22	12	VIDEOTEC SPA	Veneto	17.112	-17%	602	4%	107	94	95	Producer
23	19	DAB SISTEMI INTEGRATI SRL	Lazio	16.293	2%	421	3%	259	180	70	System Integrator
24	18	HONEYWELL SECURITY ITALIA SPA	Lombardia	15.599	-9%	-1.636	-10%	-1.756	-1.754	40	Prod/Distr
25	n.a.	ELMAT S.P.A.	Veneto	14.775	-6%	357	2%	294	135	21	Distributor
Average TOP 25				28.825	6%	3.137	9%	2.639	2.505	83	
SMES AND CORP AVERAGE				13.805	4%	1.362	8%	1.078	1.093	44	
AVERAGE TOTAL SAMPLE				4.818	12%	426	3%	306	297	19	

Table 1. TOP 25 of all sectors by revenue (data in thousands of euro). The average revenue in 2016 of the Top 25 amounts to 29 million – six times the average for the entire sample, which stands at 4.8 million.

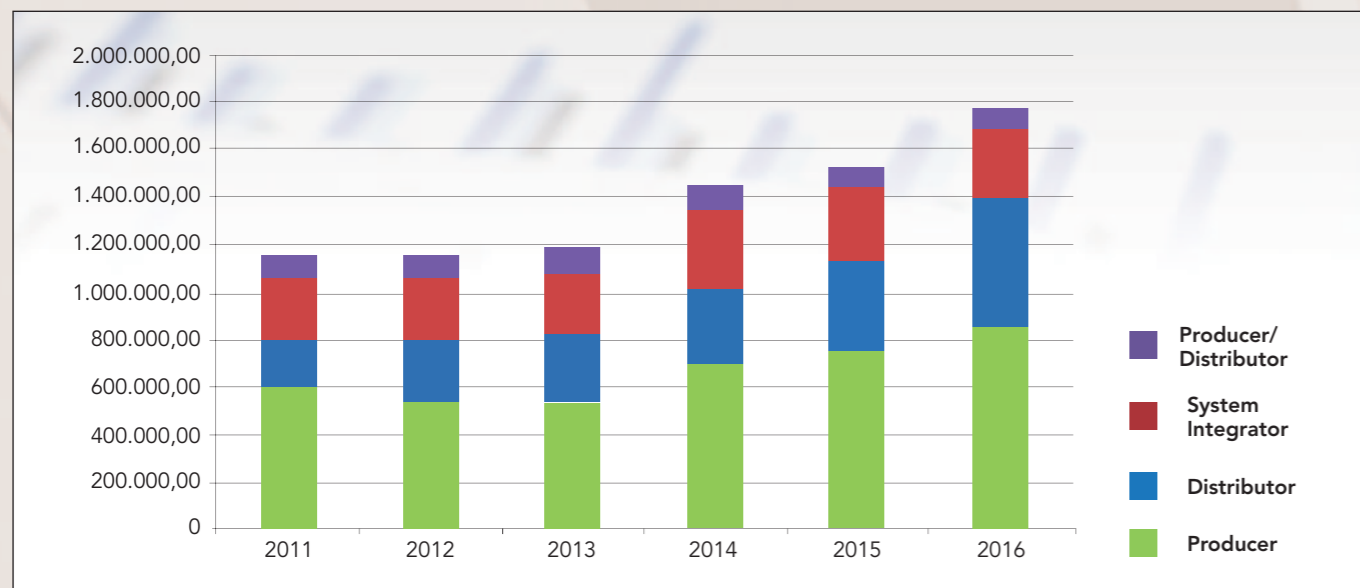


Figure 1. Distribution of earnings within the total sample. There is still a net prevalence of producers, at nearly 50%.

	Income	Growth of income	EBITDA	EBITDA/V	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

Table 2. Evolution of the TOP 25 during the last six years under analysis.

	Income	Growth of income	EBITDA	EBITDA/V	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	6,5%	276	235	19
2016	4.818	12%	426	3%	306	297	19

Table 3. Evolution of the sample over the years.

The gap widens

Having stated all this, Table Zero (referring to the big companies in the sector as a whole) shows – as we already saw in the 2016 edition – an ever-widening gap between the “top” and the rest of the sample. The average income of the Top 25 companies is by now six times that of the sample as a whole (last year it was 5 times larger, and this itself was an increase with respect to the 2014 Financial Statements).

Another recurring feature is the stability of the presences: as in previous years, in fact, the 2017 rating continues to include more or less the same players (21 of the 25 present by income in 2017 were present in the 2016 Top 25). With regard to the distribution of income over the entire sample, wealth is still prevalently produced – as is natural – by that part of the sector industries that accounts for almost 50% of the total income. It is interesting to note an increase in distributors’ capacity to generate income (this may also be due to the extension of the sample analysed). The categories of systems integrators and producers/distributors remain substantially stable, on the other hand.

Towards consolidation

If we look at the trends registered on average by the companies in the Top 25 classification by earnings over the six years (Table 2), we note that the leaders by earning, after a 2014 and 2015 notable for their strong growth, declared a substantial consolidation in 2016, both in terms of growth (on average a slight increase of 6% compared with 2015) and of EBITDA/V (stable at 9%, as in 2015). An important statistic is the growth in the average number of employees in the Top 25: the average of 74 collaborators has risen to 83.

Margins are falling

If we look at the entire sample (Table 3), we note that growth was already slowing in 2015 and that the EBITDA/V margin has contracted, passing from the excellent (as a statistic for the sector) 7% in 2011 to the less encouraging 3% of 2016. While the average number of employees has risen in the Top 25, it has remained stable in the sample as a whole.

This is because, when growth is expressed in percentage terms, a growth that is small in an absolute sense, registered by a company with a small revenue, has a very different meaning with respect to a similar percentage growth recorded by a small-medium company or a corporation. From the 2017 edition of this report, it emerges that small-medium companies and corporations have registered an average growth of 4%, while in the previous rating they showed more than double this average growth, with a percentage increase of 9% compared with the 2014 revenues. This is, by its nature, the most “dynamic” rating of our research. Only seven entities, in fact, were present in last year’s Top 25, and only four of these were also present in the previous year’s rating: VIDEOTREND, AIKOM TECHNOLOGY, HIK VISION ITALY and TELEVISTA.

Less growth, more profit

The Top 25 by growth in 2016 showed a less marked average growth (22% as compared with 31% recorded in 2015) but, unlike previous years, they showed a profitability (11% of EBITDA/sales) above the average for the small-medium companies and corporations in the sample (8%), and also higher than the overall average for the companies in the sample (3%). This, combined with the fact that no fewer than four of the leaders in this rating have been present for several years, shows that certain entities in the sample have built a business model and skills that are able to promote high growth (both in terms of acquisitions and in terms of internal growth), while at the same time conserving their profitability.

Rating by profitability expressed by the EBITDA margin

A third and last rating criterion used (once again, with small-medium companies and corporations) is that of the EBITDA, expressed as a percentage on sales (the so-called EBITDA margin: EBITDA/sales or EBITDA%). We should remember that the EBITDA – which represents the profits gross of payable interest, taxes and depreciation on tangible and intangible assets – is a fundamental indicator of profitability. The relevance of this indicator lies in the fact that it shows a company’s capacity to produce value for its ownership starting from its core business. Unlike other indicators, such as net profit on sales, it is not affected by aspects linked to the ordinary and extraordinary financial management of the company. For this reason, too, the EBITDA multiplied by a multiple (depending principally upon the goods sector and the activities performed), net of financial debt, is a starting point with which to assess a company’s economic value.

Stability over time

The overall picture remains fairly “stable” over time: many of the leaders were already in top positions in previous editions of this research. This reflects the fact that the creation of high profit margins is a slow process that begins from constant care over cost reduction and extends to focus on greater value products and services, in order to implement a brand that enables high profitability to be



TOP 25 classification by growth

2017 Growth Classification (16 financial Statement)	2016 Growth Classification (15 financial Statement)	Company name	Region	2016 income	Growth of income 16 on 17	EBITDA	EBITDA sales margin	EBIT	EBT	No. employees	Sector
1	84	CONSIAG S.P.A.	Toscana	10.203	80%	8.180	80%	3.352	13.472	4	System Integrator
2	11	VIDEOTREND S.R.L.	Lombardia	19.809	40%	2.629	13%	2.427	2.020	46	Prod/Distr
3	2	AIKOM TECHNOLOGY S.R.L.	Emilia-Romagna	35.752	40%	1.996	6%	1.882	1.560	17	Distributor
4	1	HIKVISION ITALY S.R.L.	Lombardia	34.784	33%	881	3%	9	11	35	Producer
5	n.a.	FUTURTEC S.R.L.	Lombardia	11.550	29%	153	1%	123	119	35	Distributor
6	78	PILOMAT SRL	Lombardia	8.620	28%	3.150	37%	2.984	4.366	41	Producer
7	n.a.	SMITHS DETECTION ITALIA SRL	Lombardia	6.307	27%	461	7%	446	454	19	Producer
8	n.a.	TSI SYSTEM SPA	Lombardia	5.127	26%	165	3%	67	-57	28	System Integrator
9	n.a.	ALLNET.ITALIA S.P.A.	Emilia-Romagna	49.929	25%	2.250	5%	2.017	1.735	50	Distributor
10	20	KABA SRL	Lombardia	9.098	24%	354	4%	274	271	33	Producer
11	n.a.	OMEGA S.R.L.	Veneto	5.442	20%	289	5%	253	223	18	Distributor
12	40	ADVANTEC S.R.L.	Piemonte	9.992	20%	675	7%	626	606	16	System Integrator
13	n.a.	DSA MED S.R.L.	Emilia-Romagna	6.174	17%	254	4%	210	125	15	Distributor
14	57	NAI S.R.L.	Veneto	8.354	16%	176	2%	85	60	18	Producer
15	62	TELEIMPIANTI SPA	Emilia-Romagna	7.724	15%	935	12%	856	861	40	System Integrator
16	56	SICURTEC SRL	Lombardia	17.140	14%	594	3%	372	140	52	Distributor
17	35	TELEFONIA E SICUREZZA SPA	Lombardia	6.963	13%	340	5%	261	250	44	System Integrator
18	48	SECURITY TRUST.IT SRL	Lombardia	7.954	12%	587	7%	439	374	34	System Integrator
19	n.a.	COMELIT GROUP S.P.A.	Lombardia	75.000	12%	12.982	17%	11.488	11.658	234	Producer
20	13	GIUDICI & POLIDORI	Marche	8.420	12%	927	11%	883	882	15	Distributor
21	38	GUNNEBO ITALIA SPA	Lombardia	21.010	11%	699	3%	612	597	81	Prod/Distr
22	47	EL.MO. SPA	Veneto	20.477	11%	1.246	6%	916	851	73	Producer
23	14	TELEVISTA S.R.L.	Veneto	7.938	11%	157	2%	133	104	19	Distributor
24	22	INIM ELECTRONICS SRL	Marche	25.304	11%	9.480	37%	8.857	8.844	84	Producer
25	n.a.	G.F.O. EUROPE S.R.L.	Piemonte	6.129	10%	235	4%	187	56	16	Distributor
Average TOP 25 for growth				17.008	22,4%	1.992	11,4%	1.590	1.983	43	
PMI and CORP AVERAGE				13.805	4%	1.362	8%	1.078	1.093	44	
AVERAGE TOTAL SAMPLE				4.818	12%	426	3%	306	297	19	

Table 4. TOP 25 of the whole sector by growth of income (small-medium enterprises and corporations). The small-medium enterprises and corporations in the sample show an average growth of 4% compared with 2016 revenues.

TOP 25 by EBITDA/SALES 2016

2017 EBITDA/V Classification (16 financial Statement)	2016 EBITDA/V Classification (15 financial Statement)	Company name	Region	2016 income	Growth of income 16 on 17	EBITDA	EBITDA sales margin	EBIT	EBT	No. employees	Sector
1	1	CONSIAG S.P.A.	Toscana	10.203	80%	8.180	80%	3.352	13.472	4	System Integrator
2	2	INIM ELECTRONICS SRL	Marche	25.304	11%	9.480	37%	8.857	8.844	84	Producer
3	12	PILOMAT SRL	Lombardia	8.620	28%	3.150	37%	2.984	4.366	41	Producer
4	4	TECNOALARM SRL	Piemonte	34.964	7%	9.872	28%	8.899	8.915	125	Producer
5	3	COMBIVOX SRL	Puglia	8.821	1%	2.302	26%	1.979	1.978	40	Producer
6	5	VENITEM SRL	Veneto	8.633	1%	2.180	25%	2.085	2.218	22	Producer
7	6	AVS ELECTRONICS SPA	Veneto	10.518	2%	2.465	23%	2.306	2.300	47	Producer
8	18	CIMA S.P.A.	Emilia-Romagna	36.072	0%	8.270	23%	7.975	7.970	108	Producer
9	24	ZUCCHETTI AXESS SPA	Lombardia	13.444	7%	2.918	22%	2.796	2.817	56	Producer
10	8	SELESTA INGEGNERIA SPA	Liguria	21.918	5%	4.447	20%	1.877	897	184	Producer
11	9	S.C.A.M.E. SISTEMI S.R.L.	Lombardia	7.391	-19%	1.475	20%	865	805	24	System Integrator
12	11	BENTEL SECURITY SRL	Abruzzo	32.555	7%	5.795	18%	5.352	5.134	135	Producer
13		COMELIT GROUP S.P.A.	Lombardia	75.000	12%	12.982	17%	11.488	11.658	234	Producer
14	7	SILENTRON SPA	Piemonte	7.042	-8%	1.189	17%	633	608	25	Producer
15	13	SERTEC SRL	Veneto	5.736	-9%	954	17%	915	919	11	Distributor
16	16	NOTIFIER ITALIA SRL	Lombardia	50.515	9%	8.132	16%	7.588	7.529	86	Producer
17	22	SAET I.S. - S.R.L.	Piemonte	5.422	5%	867	16%	668	673	15	Pro/distr
18	20	VAGO SPA	Lombardia	7.356	0%	1.138	15%	754	758	40	System Integrator
19	21	SENSITRON SRL	Lombardia	7.241	4%	1.021	14%	919	907	18	Producer
20	42	VIDEOTREND S.R.L.	Lombardia	19.809	40%	2.629	13%	2.427	2.020	46	Prod/Distr
21	35	TELEIMPIANTI SPA	Emilia-Romagna	7.724	15%	935	12%	856	861	40	System Integrator
22	17	SICEP SPA	Toscana	7.290	0%	868	12%	530	285	39	Producer
23	30	GIUDICI & POLIDORI	Marche	8.420	12%	927	11%	883	882	15	Distributor
24	57	SAIMA SICUREZZA SPA	Toscana	33.081	4%	3.421	10%	3.035	3.072	128	Producer
25	27	CIAS ELETTRONICA SRL	Lombardia	5.501	1%	523	10%	105	150	40	Producer
Average TOP 25 for EBITDA/V				18.343	8,6%	3.845	21,6%	3.205	3.602	64	
PMI and CORP AVERAGE				13.805	4%	1.362	8%	1.078	1.093	44	
AVERAGE TOTAL SAMPLE				4.818	12%	426	3%	306	297	19	

Table 5. TOP 25 of the whole sector by ebitda/sales (small-medium enterprises and corporations). The profitability figures in this classification are of absolute excellence, confirming that this is a high revenue sector.

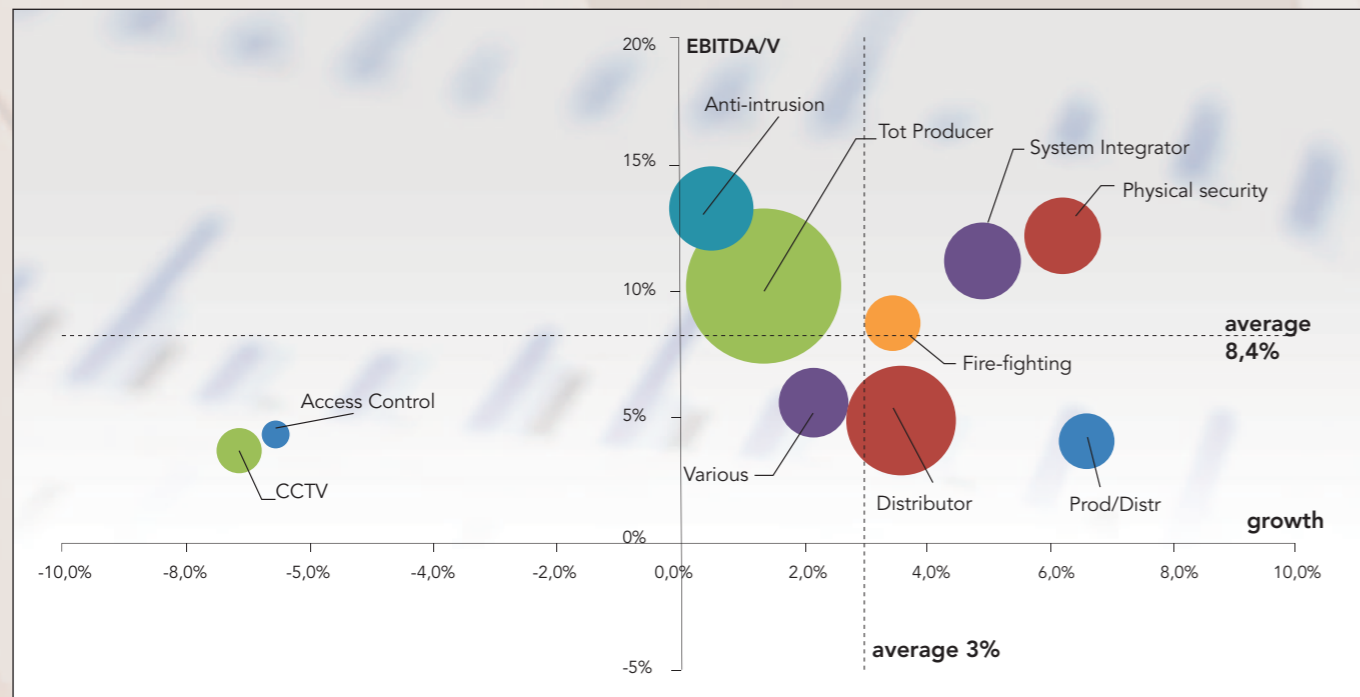


Figure 1. The dimension of the bubbles is equal to the turnover of the sector. This figure expresses the distribution of EBITDA/Sales and income growth 2015-16 (only SMEs/Corporate).

drawn even from a strongly competitive market (see Box 2).

It must be stressed, nevertheless, that EBITDA/sales is by its nature, in the face of “equal performance”, higher for producer companies (characterized by high amortisements to be repaid using part of the EBITDA before obtaining before-tax and before-interest profits), as compared with companies active in distribution (for which amortisements are less relevant, with the result that the EBITDA proves very similar to before-tax and before-interest profits).

Old faces

While the growth rating is the most “dynamic” in our annual analysis, that for EBITDA/sales is “historically” the most stable. 20 entities out of 25 present in the rating for the 2016 economic statement, were already present in last year’s Top 25. The “top six” in the last two editions of the report are still among this year’s “top seven”! For the third year running, first place goes to CONSIAG SPA which this year, as we have seen, is also the leader for growth. This is a very unusual situation, but may perhaps be explained by the fact that, while its profit margins have been constantly at the top over these three years, the excellent growth from 2015 to 2016 also derives from a significant drop in revenue from 2014 to 2015. As always, it has to be borne

in mind that producers can boast a higher EBITDA/sales than distributors: generally speaking, a manufacturing company enjoying a unique and sustainable competitive advantage can achieve over 25%, while an equally excellent distributor will not reach 10%. This observation confirms the fact that, once again, the profitability values we find in this rating are of unquestionable excellence, bearing witness to a highly profitable sector.

Who goes up, who goes down

Though anti-intruder system producers have notably diminished compared with the previous rating, it proves to be the leader of the profit margin ratings with 13.4% (as against last year’s 17.8%). It nevertheless confirms the trend towards a slower growth rate (from the previous average growth rate of +3,9% to this edition’s +0,5%); the champions of the previous rating, TVCC systems producers, which had increased by +17.2% in 2016, have registered a sharp fall (-7.1%). At the top of the growth rating, instead, we find producers/distributors (+6.6%) and physical defence systems producers (+6.2%), which also register one of the best average profitability results (12.3%). Figure 1 bis shows that ratings by profitability and growth are fairly stable, if we except the leap in systems integrators between 2013 and 2014, which was due, however, to the introduction into the sample of a “significant” operator

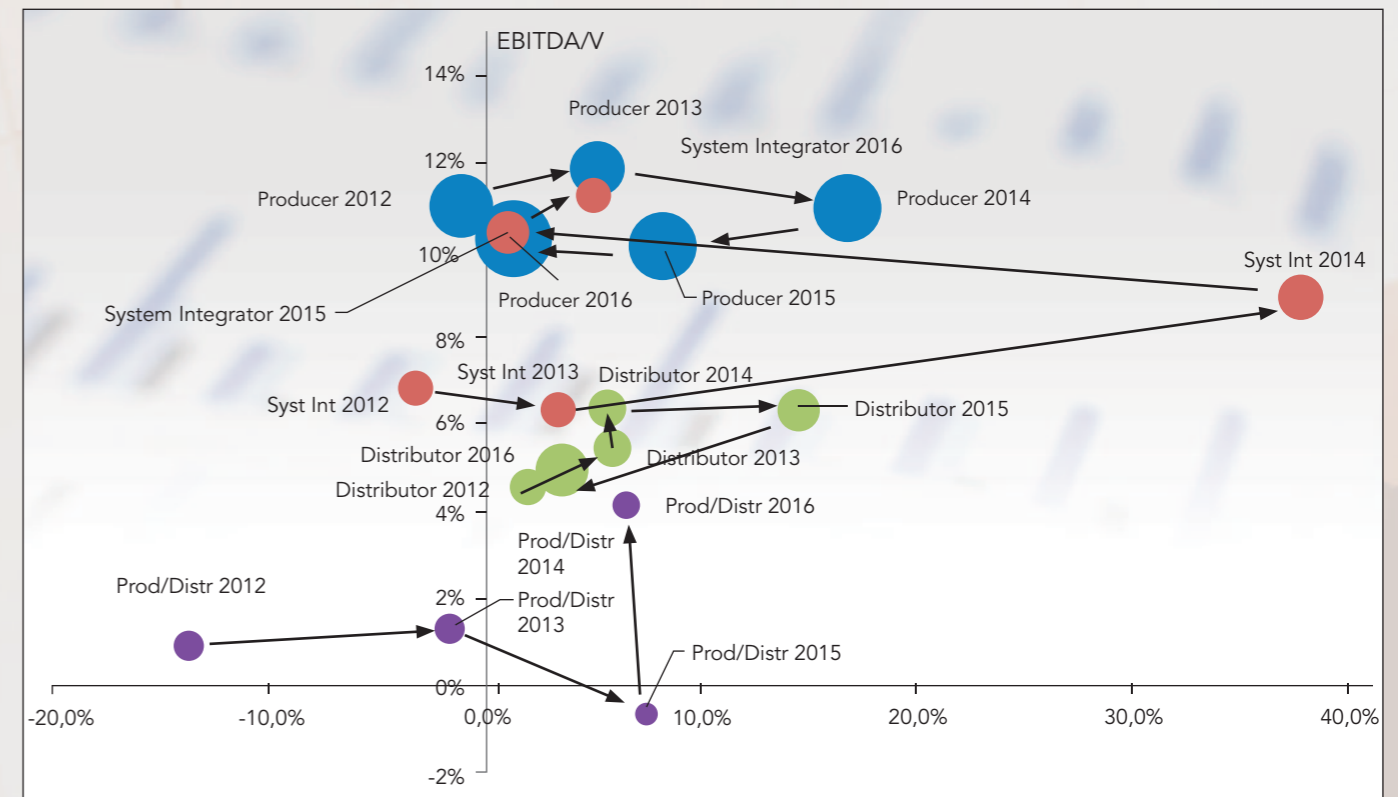


Figure 1 bis. Historic trend: growth and profitability.

EBITDA/INCOME %		
COMPETITIVE POSITION	Manufacturing company	Distribution company
SAD - Sex, Alcohol, Drugs	>50%	
monopoly/oligopoly	40%	>10% are not distributors
Single, sustainable competitive advantage	25%	8%
Recognizable competitive advantage	20%	7%
Modest competitive advantage	15%	6%
“me too” efficient	12%	5%
“me too”	10%	4%
mediocrity	8%	3,5%
survival	6%	3%
default	<6%	<3%

Box 1. Table showing comparison between EBITDA/V values and competitive position.

Sectors	Income	EBITDA/Sales average	Average income growth
Anti-intrusion	191.964	13,4%	0,5%
Fire-fighting	86.588	8,8%	3,4%
Access Control	20.593	4,4%	-6,5%
Physical security	163.254	12,3%	6,2%
CCTV	58.831	3,8%	-7,1%
Various	149.415	5,6%	2,2%
Tot producers	670.644	10,2%	1,3%
Distributor	350.254	4,9%	3,6%
Prod/Distr	81.508	4,1%	6,6%
Systems integrator	159.344	11,2%	4,9%
Total	1.261.750	8,4%	3,0%

Box 2. Distribution of EBITDA/Sales and income growth 2015-16 (only SMEs/Corporate).

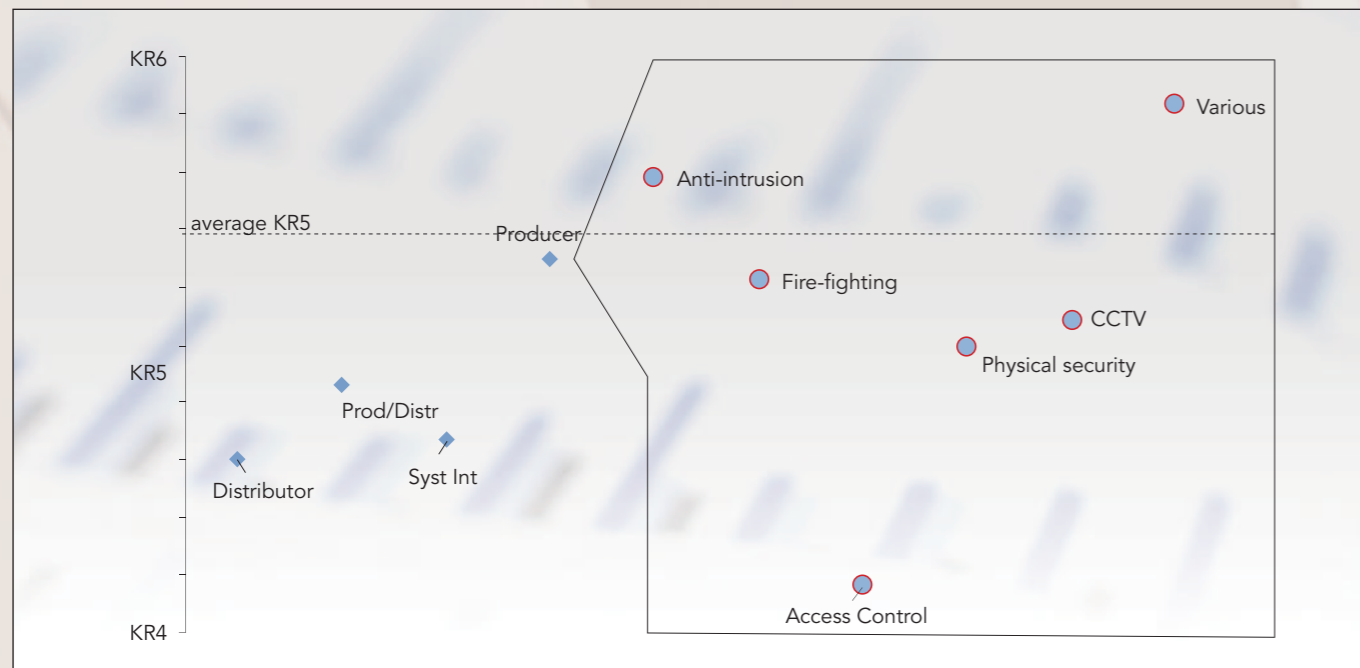


Figure 2 - rating. Rating distribution. In terms of financial stability, the security sector (average KR5) is still ranking higher above the national average (average KR3).

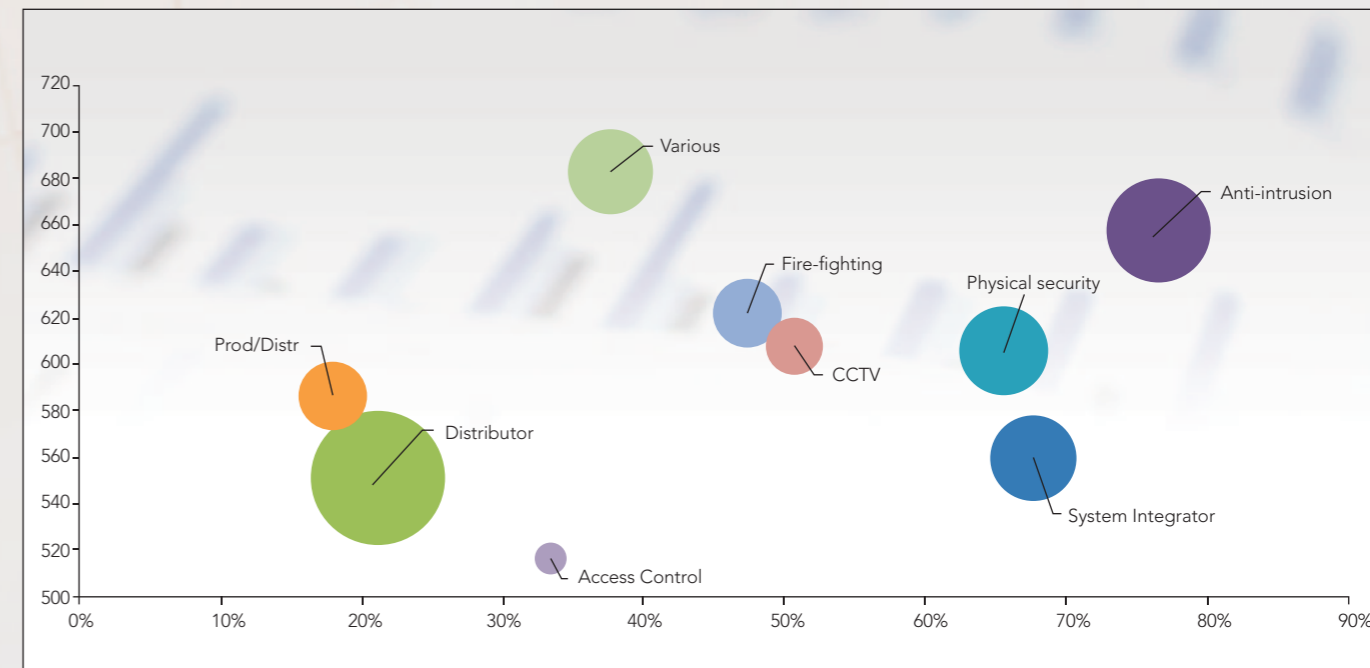


Figure 2 bis. Rating Distribution and Financial Value Index (FVI%). The group leader is that of the anti-intruder systems producers while the least excellent group is that of access control.

not present in the previous rating. In general, we observe a notable stability in profitability, while some movements can be seen in the average growth of the different sectors.

Excellent rating

So far, we have analysed income and profitability (EBIT-DA/sales). In this paragraph, we focus on the other dimension with which we measure the performance of a company and a sector: its rating. The rating is an indicator that shows the capacity of an entity (or a sector) to resist negative pressures deriving from any adverse conditions in which it may find itself. Consequently, while not all companies with a low rating automatically reach insolvency, they are more exposed to insolvency in the case of a slowing of the economic cycle, crises of the sector and internal crises. The rating of the security sector has once again proved excellent, registering an average value of around KR5, a couple of steps above the average for Italian manufacturing (KR3). In the KF Economics scale, which goes from KR1 (maximum risk) to KR7, KR5 corresponds on average to an insolvency risk of 0.2%, that is to say, around two companies per thousand in this sector declare insolvency within 12 months of the rating. The most solid group this year proves to be that of “various” producers, those not focused on a single technology. In second place, we find anti-intruder system producers. It should nevertheless be emphasized that all groups are placed in thoroughly solid zones.

Rating and value creation capacity

Our experience has taught us that, if we want to assess how “good” an operator is, it is not enough to look – as so often happens – only at their revenue and their profitability (EBITDA/sales), because these latter do not take into consideration their volume of debt and their exposure to financial risk. At the same time, looking only at their level of debt and their financial solidity can be a reasonable course of action where it is necessary to know the solvency of a company customer (or supplier), even when this latter does not provide information on its strategic positioning. Careful readers of previous editions will recall that we have introduced an index that brings together profitability and level of debt – the Financial Value Index (FVI%), which is obtained from a combination of profitability (EBITDA/sales), revenue (sales) and Net Financial Position (NFP).

¹ The formula that expresses most simply the financial value generated by a company is $Financial\ Value = EBITDA * M - NFP$, where M is a multiplier specific to each company, enclosing “strategic” aspects such as dimension, growth rate, trademarks, patents or know-how. For a first analysis, however, multipliers typical of the family to which the subject belongs – such as M=6 for a manufacturer or M=8 for a distributor – may be used. These typical multipliers derive from observation of hundreds of financial transactions by comparable companies. This Financial Value, in fact, is the economic starting point for almost all negotiations for the acquisition of a company. The NFP (Net Financial Performance) is the net debt towards financial institutions.

Rating class	Description	Implications for Customers	PD %
KR7	Solvent and financially solid company able to resist even serious worsening of economic/market conditions	Very solid supplier, maximum capacity to obtain operational financial resources with consequent low risk for continuity of supplies	0,1
KR6	Company able to honour its debts regularly with good coverage capacity; this could deteriorate in the case of an extreme worsening of economic/market conditions		0,6
KR5	Company able to honour its debts but exposed to worsening of economic/market conditions	Solid supplier, high capacity to obtain operational financial resources. Limited risks for operative continuity	2,1
KR4	Company with modest financial solidity but currently able to honour its debts	Supplier with normal capacity to obtain financial resources. Operational risks in the case of economic crisis	5,8
KR3	Financially weak company, exposed to insolvency risk	Supplier with limited capacity to obtain financial resources. Risky if it has urgent financial needs in order to operate	13,7
KR2	Company with significant insolvency risk	Supplier with financial difficulties (including payment of its suppliers) that make it difficult to guarantee effective operations such as punctual delivery and quality	30,5
KR1	Company with high insolvency risk		74,7

Box 3. KF Economics rating classes.

Average levels of financial debt in the security sector

By analysing value (synthesized by the FVI) and Rating, we find that the leading group is once again that of producers and, in particular, anti-intruder systems producers. From a study of the evolution of the value/rating placement, we note that the producers/distributors group, after several difficult years that had brought them into the low

Categories	Average NFP/R 2016	Average NFP/R 2015	Average NFP/R 2014	Average NFP/R 2013	Average NFP/R 2012	Average NFP/R 2011
Distributor	5%	11%	8%	10%	9%	8%
Producer/Distributor	10%	4%	8%	3%	3%	20%
Producer	-8%	7%	6%	8%	10%	9%
System Integrator	5%	3%	-3%	7%	9%	6%
Total	0%	7%	5%	8%		

Box 4. Debt has always been within sustainability values: in 2016 it achieved figures close to zero, that is to say zero debt with the financial system, encouraged by the producers’ -8%.

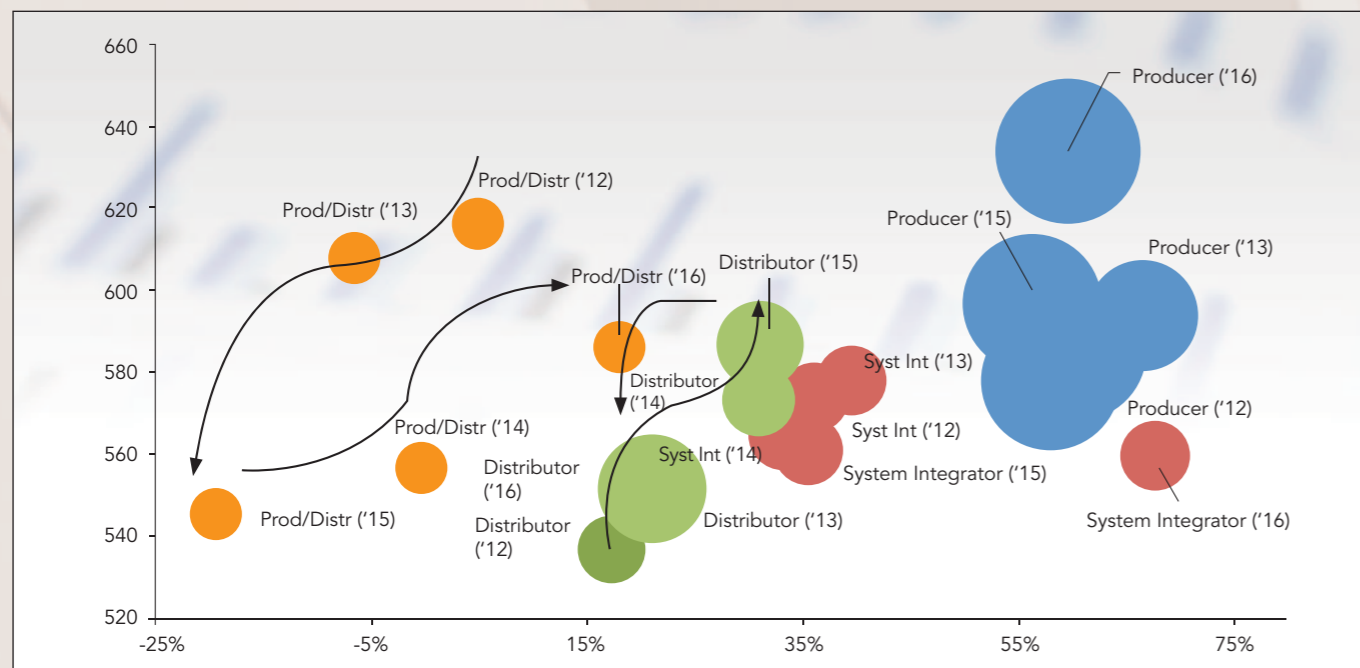


Figure 2 historic comparison. Rating Distribution and Financial Value Index (FVI%) Historic comparison (only SMEs/Corporate).

Sector	Average IVF%	Income	CS Average	Classe Rating Average
Distributor	21%	329.824	552	KR5-
System integrator	68%	137.464	560	KR5-
Prod/Distr	18%	81.508	586	KR5
Tot producer	60%	659.120	634	KR5+
Anti-intrusion	77%	191.713	658	KR6-
Physical security	66%	150.977	606	KR5
Fire-fighting	47%	92.895	622	KR5
CCTV	51%	58.831	608	KR5
Access Control	34%	20.593	517	KR4
Various	38%	144.111	684	KR6
Total	47%	1.207.916	596	KR5

Tabella 6. Rating Distribution and Financial Value Index (FVI%) (only SMEs/Corporate).

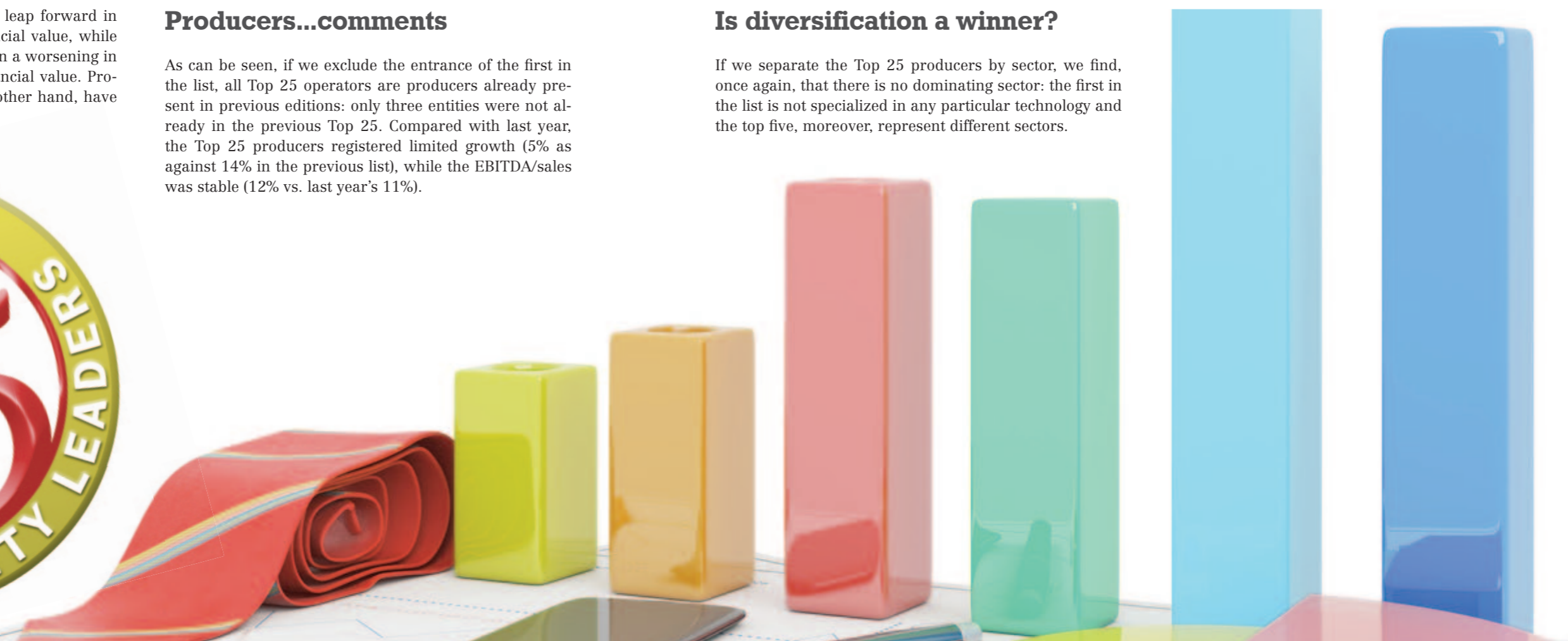
rating and negative value zone, made a leap forward in 2016, both in terms of risk and of financial value, while distributors, on the other hand, have seen a worsening in their rating and a slight dip in their financial value. Producers and systems integrators, on the other hand, have remained stable.

Producers...comments

As can be seen, if we exclude the entrance of the first in the list, all Top 25 operators are producers already present in previous editions: only three entities were not already in the previous Top 25. Compared with last year, the Top 25 producers registered limited growth (5% as against 14% in the previous list), while the EBITDA/sales was stable (12% vs. last year's 11%).

Is diversification a winner?

If we separate the Top 25 producers by sector, we find, once again, that there is no dominating sector: the first in the list is not specialized in any particular technology and the top five, moreover, represent different sectors.



TOP 25 Producers

2017 Producers Classification (16 financial Statement)	2016 Producers Classification (15 financial Statement)	Company name	Region	2016 income	Growth of income 16 on 17	EBITDA	EBITDA sales margin	EBIT	EBT	No. employees	Sector
1	n.a.	COMELIT GROUP S.P.A.	Lombardia	75.000	12%	12.982	17%	11.488	11.658	234	Various
2	1	NOTIFIER ITALIA SRL	Lombardia	50.515	9%	8.132	16%	7.588	7.529	86	Fire-fighting
3	2	CIMA S.P.A.	Emilia-Romagna	36.072	0%	8.270	23%	7.975	7.970	108	Physical security
4	3	TECNOALARM SRL	Piemonte	34.964	7%	9.872	28%	8.899	8.915	125	Anti-intrusion
5	6	HIKVISION ITALY S.R.L.	Lombardia	34.784	33%	881	3%	9	11	35	CCTV
6	4	SAIMA SICUREZZA SPA	Toscana	33.081	4%	3.421	10%	3.035	3.072	128	Physical security
7	5	BENTEL SECURITY SRL	Abruzzo	32.555	7%	5.795	18%	5.352	5.134	135	Anti-intrusion
8	7	INIM ELECTRONICS SRL	Marche	25.304	11%	9.480	37%	8.857	8.844	84	Anti-intrusion
9	8	SELESTA INGEGNERIA SPA	Liguria	21.918	5%	4.447	20%	1.877	897	184	Physical security
10	n.a.	UTC FIRE & SECURITY ITALIA S.R.L.	Lombardia	21.776	-1%	272	1%	229	228	39	Various
11	11	EL.MO. SPA	Veneto	20.477	11%	1.246	6%	916	851	73	Various
12	10	ATRAL ITALIA SRL	Emilia-Romagna	17.959	-10%	5	0%	-445	-448	54	Anti-intrusion
13	9	VIDEOTEC SPA	Veneto	17.112	-17%	602	4%	107	94	95	CCTV
14	15	ZUCCHETTI AXESS SPA	Lombardia	13.444	7%	2.918	22%	2.796	2.817	56	Access Control
15	13	COOPER CSA SRL	Lombardia	13.276	4%	849	6%	794	-3.212	24	Anti-intrusion
16	12	BOSCH SECURITY SYSTEMS S.P.A.	Lombardia	13.256	-3%	592	4%	571	571	18	Various
17	14	CESPRO SRL	Toscana	13.086	4%	499	4%	380	415	68	Physical security
18	16	COMETA - S.P.A.	Toscana	12.276	5%	627	5%	441	390	43	Physical security
19	18	ARGUS SECURITY SRL	Lombardia	12.095	9%	807	7%	225	6	77	Fire-fighting
20	17	TECHNOMAX SRL	Lombardia	11.958	5%	1.111	9%	1.075	1.016	35	Physical security
21	21	AVS ELECTRONICS SPA	Veneto	10.518	2%	2.465	23%	2.306	2.300	47	Anti-intrusion
22	20	CIODUE S.P.A.	Lombardia	10.407	0%	865	8%	747	742	47	Fire-fighting
23	22	CONFORTI S.P.A.	Veneto	9.490	1%	610	6%	266	28	46	Physical security
24	31	KABA SRL	Lombardia	9.098	24%	354	4%	274	271	33	Physical security
25	25	COMBIVOX SRL	Puglia	8.821	1%	2.302	26%	1.979	1.978	40	Anti-intrusion
		TOP25 Average (producers)		22.370	5%	3.176	12%	2.710	2.483	77	
		PMI and Corporate Average (producers)		15.865	2%	2.072	10%	1.721	1.609	59	
		Average total (producers)		5.980	3%	712	0%	524	477	25	

Table 7. Classification of producers by revenue 2016. The producers' rating according to income sees COMELIT GROUP at the top (€75M). In second place is NOTIFIER ITALIA (€50M), which was in first place in the previous editions. In third place, we find CIMA SPA, which last year came second, confirming its previous year's result (€36M).

TOP 25 Producers by technology

2017 Producers Classification (16 financial Statement)	2016 Producers Classification (15 financial Statement)	Company name	Region	2016 income	Growth of income 16 on 17	EBITDA	EBITDA/V	EBIT	EBT	No. employees	
Various											
1	n.a.	COMELIT GROUP S.P.A.	Lombardia	75.000	12%	12.982	17%	11.488	11.658	234	
10	n.a.	UTC FIRE & SECURITY ITALIA S.R.L.	Lombardia	21.776	-1%	272	1%	229	228	39	
11	11	EL.MO. SPA	Veneto	20.477	11%	1.246	6%	916	851	73	
16	12	BOSCH SECURITY SYSTEMS S.P.A.	Lombardia	13.256	-3%	592	4%	571	571	18	
Fire-fighting											
2	1	NOTIFIER ITALIA SRL	Lombardia	50.515	9%	8.132	16%	7.588	7.529	86	
19	18	ARGUS SECURITY SRL	Lombardia	12.095	9%	807	7%	225	6	77	
22	20	CIODUE S.P.A.	Lombardia	10.407	0%	865	8%	747	742	47	
Physical security											
3	2	CIMA S.P.A.	Emilia-Romagna	36.072	0%	8.270	23%	7.975	7.970	108	
6	4	SAIMA SICUREZZA SPA	Toscana	33.081	4%	3.421	10%	3.035	3.072	128	
9	8	SELESTA INGEGNERIA SPA	Liguria	21.918	5%	4.447	20%	1.877	897	184	
17	14	CESPRO SRL	Toscana	13.086	4%	499	4%	380	415	68	
18	16	COMETA - S.P.A.	Toscana	12.276	5%	627	5%	441	390	43	
20	17	TECHNOMAX SRL	Lombardia	11.958	5%	1.111	9%	1.075	1.016	35	
23	22	CONFORTI S.P.A.	Veneto	9.490	1%	610	6%	266	28	46	
24	31	KABA SRL	Lombardia	9.098	24%	354	4%	274	271	33	
Anti-intrusion											
4	3	TECNOALARM SRL	Piemonte	34.964	7%	9.872	28%	8.899	8.915	125	
7	5	BENTEL SECURITY SRL	Abruzzo	32.555	7%	5.795	18%	5.352	5.134	135	
8	7	INIM ELECTRONICS SRL	Marche	25.304	11%	9.480	37%	8.857	8.844	84	
12	10	ATRAL ITALIA SRL	Emilia-Romagna	17.959	-10%	5	0%	-445	-448	54	
15	13	COOPER CSA SRL	Lombardia	13.276	4%	849	6%	794	-3.212	24	
21	21	AVS ELECTRONICS SPA	Veneto	10.518	2%	2.465	23%	2.306	2.300	47	
25	25	COMBIVOX SRL	Puglia	8.821	1%	2.302	26%	1.979	1.978	40	
CCTV											
5	6	HIKVISION ITALY S.R.L.	Lombardia	34.784	33%	881	3%	9	11	35	
13	9	VIDEOTEC SPA	Veneto	17.112	-17%	602	4%	107	94	95	
Access Control											
14	15	ZUCCHETTI AXESS SPA	Lombardia	13.444	7%	2.918	22%	2.796	2.817	56	
TOP25 Average (producers)											
				22.370	5%	3.176	12%	2.710	2.483	77	
PMI and Corporate Average (producers)											
				15.865	2%	2.072	10%	1.721	1.609	59	
Average total (producers)											
				5.980	3%	712	0%	524	477	25	

Table 8. TOP 25 producers by technology.

Cable Producers

2017 Classification (16 financial Statement)	2016 Classification (15 financial Statement)	Company name	Region	2016 income	Growth of income 16 on 17	EBITDA	EBITDA/V	EBIT	EBT	No. employees
1	1	RAMCRO SPA	Lombardia	31.568	29%	2.905	9%	2.349	2.024	60
2	3	CAVICEL S.P.A.	Lombardia	25.780	48%	3.514	14%	2.625	2.495	76
3	2	CEAM CAVI SPECIALI S.P.A.	Veneto	22.090	1%	3.730	17%	2.737	2.669	103
4	8	ITALIANA CONDUTTORI Srl (CAVEL)	Lombardia	13.234	5%	794	6%	368	383	68
5	4	PROSPECTA CAVI SPECIALI SRL	Emilia-Romagna	8.578	-9%	515	6%	298	175	30
6	5	BETA CAVI SRL	Campania	8.228	6%	1.222	15%	795	686	35
7	6	ELAN SRL	Marche	6.409	-2%	73	1%	66	42	10
8	7	MICRO TEK S.R.L.	Lombardia	6.038	3%	584	10%	542	523	9
		Cable Producers Average		15.241	10%	1.667	10%	1.223	1.125	49

Table 9. Main cable producers also working in the security sector.

Cable producers

As in previous editions, we have kept cable producers separate from the others, since they habitually supply a range of sectors (from telephone systems to the electrical sector and broadcasting), and security is not their principal reference market.

This year, as in all previous editions, Ramcro is in first place among cable producers by revenue. Among other things, it has seen a notable increase in income: +29%. In second place, we find CAVICEL, which has overtaken CEAM CAVI SPECIALI as the result of a 48% growth.



Distributors: new entities

This year, we have identified several entities which, though they have distributed security sector technology in the past, only now appear to have focused on the sector sufficiently pervasively as to qualify according to our parameters as specialists. For this reason, we find no fewer than seven new entities in our rating.

It may be noted, however, that the remaining players were all present in the Top 25 and that their order has not substantially changed. This division consists, therefore, of entities that have created a market for themselves which is both stable and loyal. The only variation, in fact, is due to an opening towards new markets set in motion by new entities arriving from the distribution of technologies "neighbouring" those of the security sector.

ALLNET ITALIA is an entity that has joined our listings this year on account of its recognized focus on our sector, but which nevertheless maintains a very strong placing among non-security technologies. In the following positions we find the five players already occupying the first five places last year: HESA, AIKOM TECHNOLOGY, DIAS, ELECTRONIC'S TIME and SICURTEC.

TOP 25 Distributors

2017 Distributors Classification (16 financial Statement)	2016 Distributors Classification (15 financial Statement)	Company name	Region	2016 income	Growth of income 16 on 17	EBITDA	EBITDA/V	EBIT	EBT	No. employees
1	n.a.	ALLNET ITALIA S.P.A.	Emilia-Romagna	49.929	25%	2.250	5%	2.017	1.735	50
2	1	HESA SPA	Lombardia	36.983	-6%	984	3%	511	443	69
3	2	AIKOM TECHNOLOGY S.R.L.	Emilia-Romagna	35.752	40%	1.996	6%	1.882	1.560	17
4	3	DISTRIBUZIONE APPARECCHIATURE SICUREZZA DIAS SRL	Lombardia	19.324	-3%	1.484	8%	1.128	1.127	7
5	4	ELECTRONIC'S TIME S.R.L.	Puglia	17.821	3%	1.189	7%	955	386	50
6	5	SICURTEC SRL	Lombardia	17.140	14%	594	3%	372	140	52
7	n.a.	ELMAT S.P.A.	Veneto	14.775	-6%	357	2%	294	135	21
8	n.a.	ANIXTER ITALIA S.R.L.	Lombardia	13.872	-66%	595	4%	560	516	23
9	9	TRANS AUDIO VIDEO	Campania	12.980	9%	836	6%	793	760	21
10	8	S. & A. SRL	Lombardia	12.228	0%	589	5%	509	305	29
11	n.a.	FUTURTEC S.R.L.	Lombardia	11.550	29%	153	1%	123	119	35
12	10	DOPPLER SRL	Piemonte	9.852	1%	202	2%	73	67	32
13	11	SICURTEC BRESCIA SRL	Lombardia	9.352	6%	334	4%	252	64	19
14	14	GIUDICI & POLIDORI	Marche	8.420	12%	927	11%	883	882	15
15	12	LASERLINE SAFETY AND SECURITY SYSTEMS SRL	Lombardia	8.122	-1%	731	9%	543	453	23
16	15	TELEVISTA S.R.L.	Veneto	7.938	11%	157	2%	133	104	19
17	n.a.	MAC SYSTEM SRL	Friuli-Venezia Giulia	7.478	4%	344	5%	292	243	28
18	17	ITS ITALELETRONICA S.R.L.	Abruzzo	6.994	5%	252	4%	164	129	27
19	18	D.S.T. DISTRIBUZIONE SISTEMI TECNOLOGICI S.R.L., IN BREVE D.S.T. S.R.L.	Lazio	6.911	5%	315	5%	255	224	21
20	16	DODIC ELETTRONICA S.R.L.	Lazio	6.756	-4%	155	2%	77	78	19
21	19	TROLESE S.R.L.	Veneto	6.428	2%	161	2%	122	92	25
22	n.a.	DSA MED S.R.L.	Emilia-Romagna	6.174	17%	254	4%	210	125	15
23	n.a.	G.F.O. EUROPE S.R.L.	Piemonte	6.129	10%	235	4%	187	56	16
24	21	ASCANI ELETTRCOMM S.R.L.	Marche	5.921	-2%	212	4%	193	56	21
25	20	SERTEC SRL	Veneto	5.736	-9%	954	17%	915	919	11
		TOP25 Average (distributors)		13.783	3,8%	650	4,9%	538	429	27
		PMI and Corporate Average (distributors)		13.174	4,2%	624	5,0%	515	412	26
		Average total (distributors)		4.241	31%	215	5,5%	172	135	11

Table 10. TOP 25 distributors by revenue. The first ranking ALLNET ITALIA SPA is a new entry.

Producers/Distributors

2017 Prod/Distr Classification (16 financial Statement)	2016 Prod/Distr Classification (15 financial Statement)	Company name	Region	2016 income	Growth of income 16 on 17	EBITDA	EBITDA sales margin	EBIT	EBT	No. employees	Sector
1		GUNNEBO ITALIA SPA	Lombardia	21.010	11%	699	3%	612	597	81	Physical security
3		VIDEOTREND S.R.L.	Lombardia	19.809	40%	2.629	13%	2.427	2.020	46	CCTV
2		HONEYWELL SECURITY ITALIA SPA	Lombardia	15.599	-9%	-1.636	-10%	-1.756	-1.754	40	Various
4		SICURIT ALARMITALIA SPA	Lombardia	12.228	-5%	147	1%	88	110	42	Various
5		BETTINI SRL	Lombardia	7.441	-4%	104	1%	-14	-60	42	CCTV
6		SAET I.S. - S.R.L.	Piemonte	5.422	5%	867	16%	668	673	15	Anti-intrusion
7		GSG INTERNATIONAL SRL	Lombardia	2.635	-14%	159	6%	112	20	12	CCTV
8		SAET SERVICE S.R.L.	Piemonte	2.194	-18%	419	19%	363	351	13	Anti-intrusion
9		TECNOPOST SPA	Lombardia	2.185	-14%	170	8%	73	91	21	Physical security
10		MESA SRL	Toscana	1.965	-23%	-1.122	-57%	-1.443	-1.588	12	Various
11		SIQR SRL	Lombardia	781	-4%	27	4%	21	10	2	CCTV
TOP25 Average (Prod/Distr)				8.297	-3,2%	224	0,4%	105	43	30	
PMI and Corporate Average (Prod/Distr)				13.585	6,6%	468	4,1%	338	264	44	

Table 11. TOP Producers/Distributors.

Producers/distributors

Producers/distributors are entities that produce some components and integrate their offer by acting as distributor for other producers. The 2017 rating consists essentially of the same entities as in the previous edition. They have maintained almost identical positions, moreover. The first in the list is GUNNEBO ITALIA (€18M), which has grown by a further 11%. In second place, we find VIDEOTREND (€20M), which has overtaken HONEYWELL SECURITY ITALIA (€16M) with a growth of 40%.

System integrator: slight growth

The first thing that springs to the eye is that the top three companies were already among the top four in the previous edition. Missing, on the other hand, is an entity that was in third place last year, but whose financial statement was not yet available in the principal databanks as of 30 November 2017, and which therefore had to be excluded from this inquiry. PROJECT AUTOMATION (€35M) confirms its first place, though with a notable reduction in its revenue. With stable income, second place is taken, as last year, by DAB SISTEMI INTEGRATI (€16M), followed by CONSORZIO NAZIONALE SICUREZZA (€11M). Altogether, systems integrators have grown slightly (average operators' growth of +1% compared with the 2015 financial statements).

TOP 25 System Integrator

2017 System Integrator Classification (16 financial Statement)	2016 System Integrator Classification (15 financial Statement)	Company name	Region	2016 income	Growth of income 16 on 17	EBITDA	EBITDA/V	EBIT	EBT	No. employees
1	1	PROJECT AUTOMATION SPA	Lombardia	34.671	-19%	2.041	6%	1.397	1.306	202
2	2	DAB SISTEMI INTEGRATI SRL	Lazio	16.293	2%	421	3%	259	180	70
3	4	CONSORZIO NAZIONALE SICUREZZA SCARL	Campania	10.507	2%	652	6%	552	499	5
4	16	CONSIAG S.P.A.	Toscana	10.203	80%	8.180	80%	3.352	13.472	4
5	8	ADVANTEC S.R.L.	Piemonte	9.992	20%	675	7%	626	606	16
6	7	TELETRONICA SPA	Friuli-Venezia Giulia	8.387	-2%	681	8%	468	414	43
7	12	SECURITY TRUST.IT SRL	Lombardia	7.954	12%	587	7%	439	374	34
8	13	TELEIMPIANTI SPA	Emilia-Romagna	7.724	15%	935	12%	856	861	40
9	5	S.C.A.M.E. SISTEMI S.R.L.	Lombardia	7.391	-19%	1.475	20%	865	805	24
10	9	VAGO SPA	Lombardia	7.356	0%	1.138	15%	754	758	40
11	10	C.I.S.A.- COSTRUZIONI IMPIANTI SPECIALI ANTIFURTO SRL	Lombardia	7.341	2%	196	3%	168	184	28
12	11	SAIET TELECOMUNICAZIONI SPA	Emilia-Romagna	7.255	2%	273	4%	200	87	10
13	14	TELEFONIA E SICUREZZA SPA	Lombardia	6.963	13%	340	5%	261	250	44
14	6	DATA GENERAL SECURITY S.R.L.	Lazio	6.631	-25%	15	0%	-63	-52	3
15	17	F.G.S. BRESCIA SRL	Lombardia	5.434	8%	148	3%	67	42	36
16	15	CONSORZIO GOSS ITALIA	Veneto	5.242	-12%	13	0%	11	10	1
17	24	TSI SYSTEM SPA	Lombardia	5.127	26%	165	3%	67	-57	28
18	21	DAGO ELETTRONICA SRL	Marche	4.889	11%	241	5%	113	92	41
19	22	CENTRUM SRL	Emilia-Romagna	4.643	8%	46	1%	28	30	23
20	20	COGEN SPA	Lombardia	4.516	3%	288	6%	219	98	34
21	19	SPEE SRL	Abruzzo	4.156	-13%	598	14%	264	194	37
22	30	TECHNOGROUP INTERNATIONAL SRL	Marche	4.011	23%	248	6%	185	144	35
23	18	UMBRA CONTROL S.R.L.	Umbria	3.923	-20%	-279	-7%	-338	-371	34
24	26	LAIS S.R.L.	Lombardia	3.750	-1%	164	4%	111	47	29
25	31	DUEMMEGI S.R.L.	Lombardia	3.566	11%	365	10%	286	287	14
TOP25 Average (System integrator)				7.917	5%	784	8,9%	446	810	35
PMI and Corporate Average (System integrator)				9.675	6%	1.055	10,7%	605	1.161	37
Average total (System integrator)				3.309	1%	299	5,4%	173	275	18

Table 12. TOP 25 Systems Integrators.

Geographical distribution

Sector	North-West		North-East		Centre		South		Total Italy	
	Income	Num.	Income	Num.	Income	Num.	Income	Num.	Income	Num.
Producer	484.964	76	169.672	36	139.019	22	55.511	8	849.167	142
Distributor	227.183	54	179.338	27	59.167	25	85.673	24	551.360	130
System Integrator	134.287	35	60.864	23	63.410	20	22.743	7	281.305	85
Prod/Distr	89.302	10			1.965	1			91.267	11
Total	935.737	175	409.875	86	263.561	68	163.927	39	1.773.099	368

Table 13. Geographical distribution by typology of operator.

The sample remains strongly concentrated, both in numbers and by revenue, on the north-west, which represents 48%, though with a growth that is slower than that in the centre and the north-east.

The growth rate registered in the south in previous years has fallen sharply (from 11% last year to the present 2%).

Location	Average income growth	EBITDA/Sales Average
Centre	5%	11%
North-East	5%	8%
North-West	3%	8%
South	2%	9%
Total	4%	8%

Table 12. Geographical distribution of EBITDA/Sales and income growth. Corporate and SME.

Multinationals active in Italy in the security sector and excluded from the analysis

(alphabetical order)

Assa Abloy Italia	Physical defence
Bosch Security Systems Italia	Various
Canon Italia	CCTV
CBC Europe	CCTV
D-Link Mediterraneo	CCTV
Fujitsu Technology Solution	CCTV
JVC Professional Europe	CCTV
Panasonic Italia	CCTV
Pelco by Schneider Electric	CCTV
Samsung	CCTV
Siemens Italia	Various
Sony Italia	CCTV

The table shows multinationals that, under the vast umbrella of their business units, include some dealings with security in Italy (Video-surveillance, Fire prevention, Management Software, Building Automation, Anti-shoplifting devices, RFID, etc). Since it is not possible in most cases (as declared by the groups addressed themselves) to break down the security data from those of their activities as a whole or to separate the volumes produced in Italy from those produced in Europe or globally, we have decided to keep the sample separate, simply listing them in alphabetical order. The list considers only multinationals present in Italy with a direct outpost and an Italian VAT number.

THE SAMPLE ANALYZED

The sample analysed in this financial survey includes 397 companies:

- Italian or foreign, provided they have an Italian VAT number
- with a 2016 balance sheet (to be compared with the 2015 balance sheet) available in the principal databanks on 30 November 2017.
- operating exclusively or mainly in the security sector on the basis of the criterion of their *main activity in the Italian security market*.

The sample analysed in this financial survey does not include:

- Italian or foreign companies whose 2016 balance sheet could not be viewed in the most common databanks (Cerved - Infocamere, Aida – Bureau Van Dijk) on the date of 30 November 2016
- foreign companies which, though active on Italian territory, do not have an Italian VAT number (and whose balance sheet therefore could not be viewed)
- companies which, though active in the Italian security market, have their core business in other productive sectors (e.g. building, door and window fixtures, electronics, IT, spare parts, security services' providers, cables, telephone systems, time & attendance, telecommunications, consumer areas, automation, broadcasting, etc).

We have therefore excluded multinationals not specifically dedicated to security, since it was not possible (if not in mere percentage terms or with approximate estimates of the division) to separate the volume produced by the business units dedicated to security nor to separate the Italian figures from the European or worldwide ones.

Methodology

In any investigative work, it is necessary to establish a method, even at the cost of taking up uncomfortable positions. First of all, we have limited our analysis to companies – including foreign ones – with an Italian VAT number. It must be noted that, as of 30 November 2017, some companies' financial statements were not yet available in the principal databanks, so 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 there-

fore: production, distribution, integration, production/distribution. This classification has now been stable over several editions of the report and we believe that it still provides the best way of representing the market, since it offers a good balance between representational capacity and the need not to create excessive fragmentation.

Main activity

The companies were classified under the respective categories on the basis of the main activity, or core business, declared by themselves. The same assessment was made for the constantly increasing units providing both technologies and services for security (e.g. security services' providers), or offering security only as part of a much broader trading context (mainly electrics, construction, information systems, automations, doors and windows, spare parts, telephone systems, networking, time & attendance). A similar decision was made for units for which security is a marginal or in any case minority component of the overall business revenue. We have, for example, kept separate from the general category the producers of cables serving several sectors as well as security (telephone systems, broadcasting, the electrical sector, etc.).

Multinationals

The question of the “core business” concerns most 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 is undoubtedly dominated by the multinationals, the

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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, however, such a separation 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, a&s Italy and KF economics have opted to exclude from the survey those multinationals which do not have a security-dedicated company in Italy and simply to list them in alphabetical order in a separate box. You should note that this box refers only to multinationals that are present in Italy with a company and an Italian VAT number.

The sample analyzed

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 2017; 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.

Conclusion

This analysis is declaredly journalistic in its format. It derives from a deep, unbroken knowledge of the market, from its beginnings in the 1970s through to more recent evolutions. Rather than a “value” assessment, it aims to give a

“sector” assessment of an industry that is becoming increasingly dynamic and integrated. This evaluation becomes even more interesting at a moment of technological transition, which sees physical security converging towards logical security, networking, telephone systems, broadcasting and building. In such a situation, physical security therefore has to measure itself against new, robust competitors, operators used to working in highly competitive climates, with gigantic investments and far smaller margins than our own. This is why it is important to identify, classify and index the security players and analyse their responses to the new and pressing market challenges. This, too, is why it is fundamental to provide tools for company analysis and consequently – we believe – for growth. We are of course well aware that we have made decisions bordering on the radical and that this survey leaves ample space for improvement. We are counting on sector operators’ comments and opinions. These have already helped us in the past to focus better the sample and they are the most precious keys to a correct interpretation of a market.

GLOSSARY

- EBT (Earnings Before Taxes):** the income the company is able to generate before taxes and net of financial costs.
- EBIT (Earnings Before Interest And Taxes):** the company’s operative income, or the income it is able to generate before taxes and financial costs.
- EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization):** the profit gross of payable interest, taxes and depreciation on tangible and intangible assets; a fundamental indicator of profitability.
- EBITDA/Sales:** also known as the **EBITDA margin**; the ratio between EBITDA and sales, showing the gross profitability of the sales; this parameter helps us to understand better the incidence of costs over time. A higher value indicates a more efficient and better performing company.

What snapshot emerges of the security sector?

N.B. The last few years have not been particularly brilliant for the Italian economy!

A sector of greater stability and maturity emerges from the survey



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