

AIFI

**The Italian Private Equity Market: an
attractive investment opportunity?**



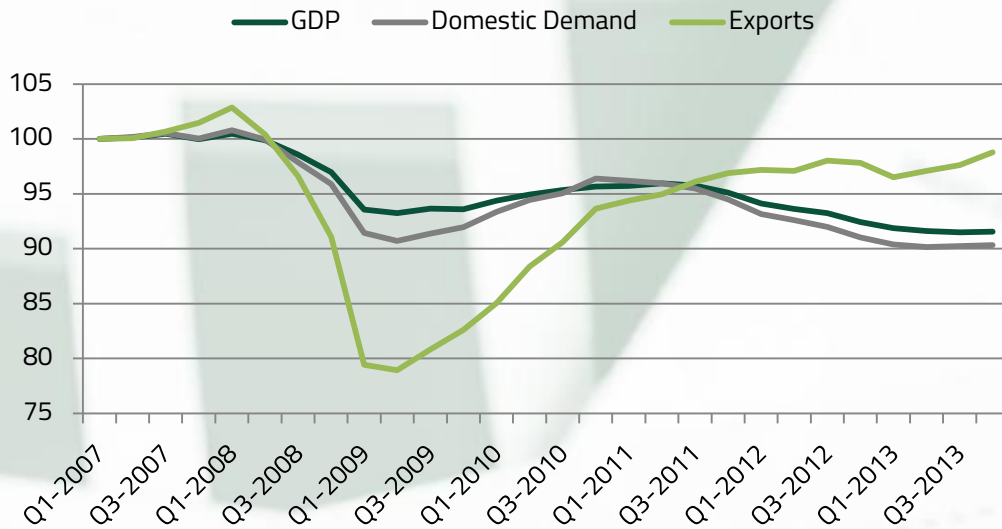
Overview of key sectors of excellence within the Italian industry

Innocenzo Cipolletta

AIFI Chairman and UBS Italia SIM Chairman

London, 26th June, 2014

The Italian macroeconomic scenario



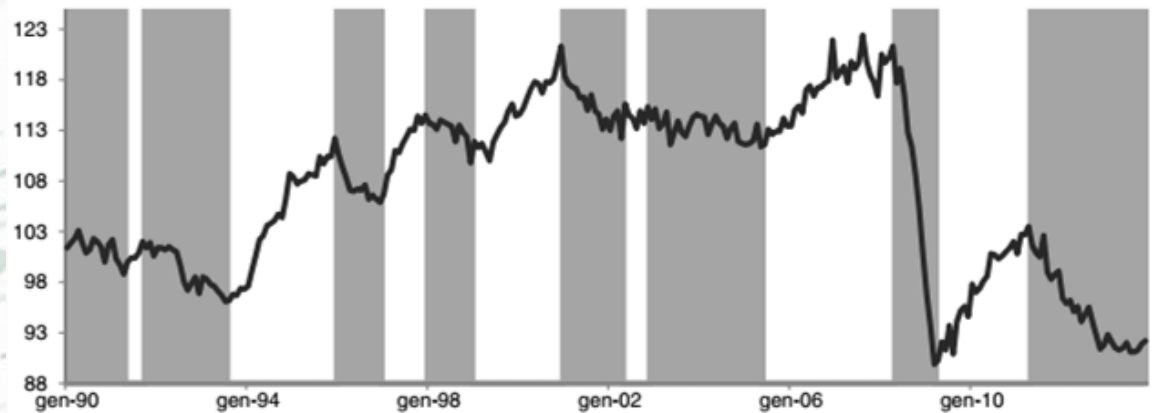
GDP forecasts for the next years (IMF):
2014 → 0.7
2015 → 1.1

In Italy the performance of industrial production indicates that economic activity has continued to expand at a moderate pace in the first few months of the year.

The strength of the recovery differs by category of firm and geographical area, but it appears to be spreading gradually.

(Bank of Italy, Economic Bulletin, April 2014).

Italian industrial production index (2010=100)



Some features of the Italian economy

In spite of the difficult economic scenario, Italy:

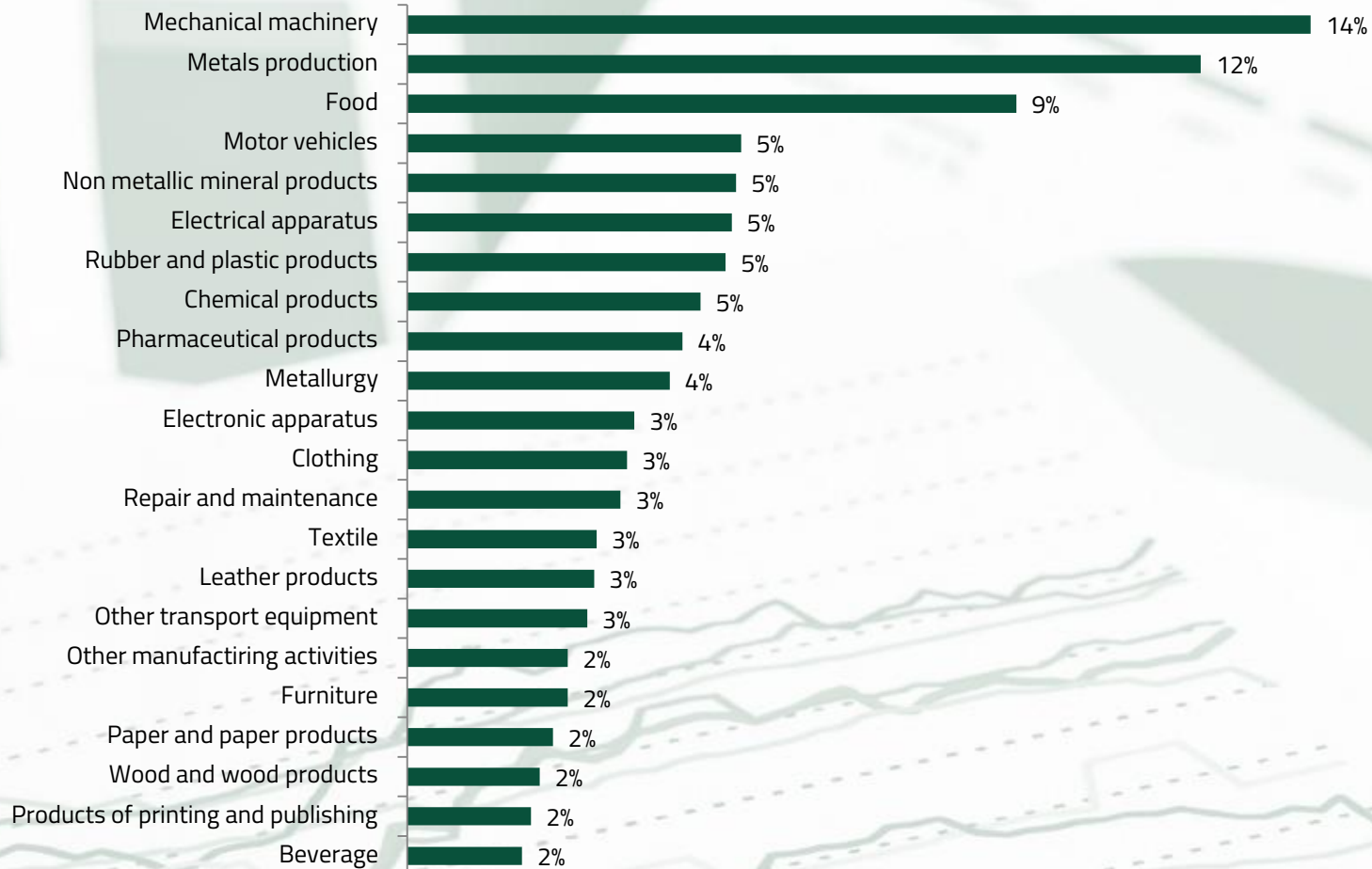
- Is the 8th **manufacturing** economy in the world and the 2nd largest one in Euro Area
- Is an **export-led** economy: the trade performance index ranks Italy as 2nd best after Germany for number of best placings in its sector tables
- Has about 140 **districts** fostering innovation and counterbalancing SMEs weaknesses
- Has well known-brands and excellent firms in “**4F**” **sectors**

The first manufacturing countries

| Ranking | Country | Share % on the global industrial production in 2013 |
|----------|---------------|---|
| 1 | China | 30.3 |
| 2 | United States | 14.3 |
| 3 | Japan | 7.0 |
| 4 | Germany | 5.4 |
| 5 | South Korea | 3.6 |
| 6 | India | 3.0 |
| 7 | Brazil | 2.8 |
| 8 | Italy | 2.6 |
| 9 | France | 2.6 |
| 10 | Russia | 2.2 |

The major sectors of the Italian manufacturing industry

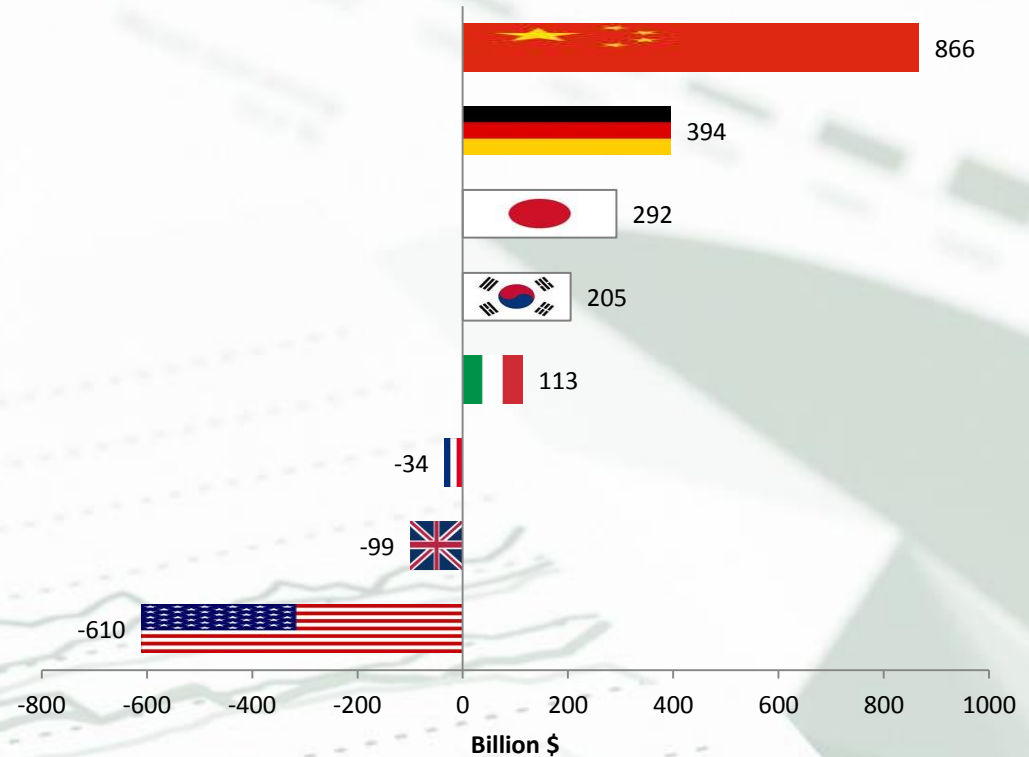
Distribution of value added at factor cost (2010)



The leading exporters in world merchandise trade

| Ranking | Country | Share % (value added, 2011) |
|----------|---------------|-----------------------------|
| 1 | China | 16.7 |
| 2 | United States | 11.2 |
| 3 | Germany | 10.8 |
| 4 | Japan | 7.7 |
| 5 | South Korea | 4.2 |
| 6 | Italy | 3.6 |
| 7 | UK | 3.1 |
| 8 | France | 3.1 |
| 9 | Canada | 2.6 |
| 10 | Spain | 1.9 |

Manufacturing trade surplus (2012)



The role of Italy in the international trade

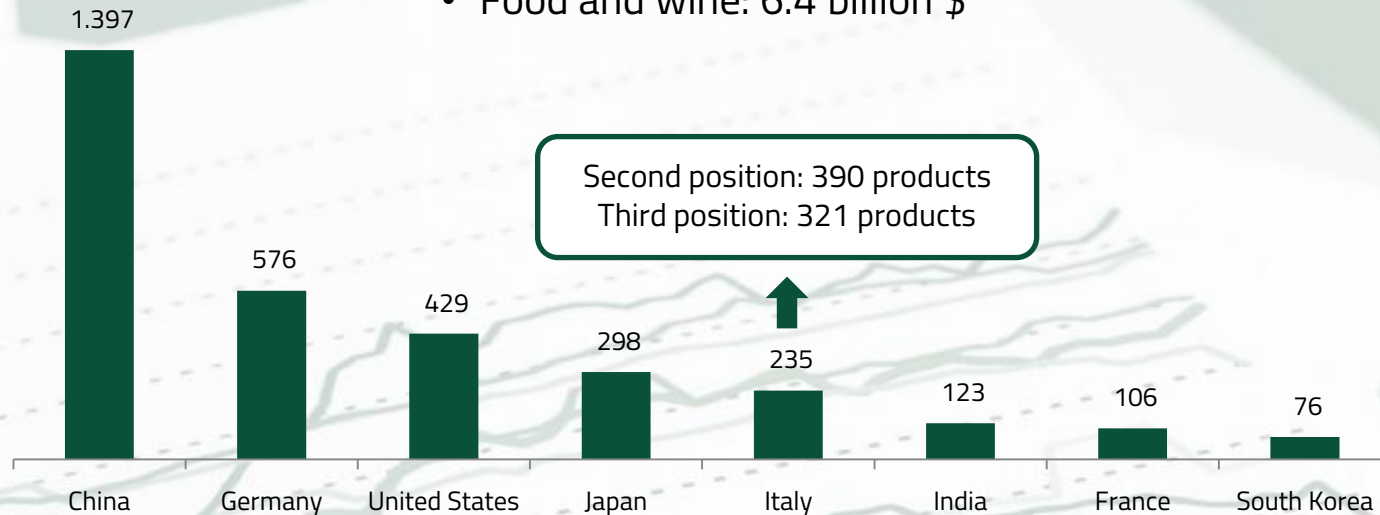
Number of products in which a country holds the first position in the world for trade surplus
(out of a total of 5,117; 2011)

Trade surplus (first, second, third positions): **183 billion \$**

Trade surplus (first positions): **63 billion \$**



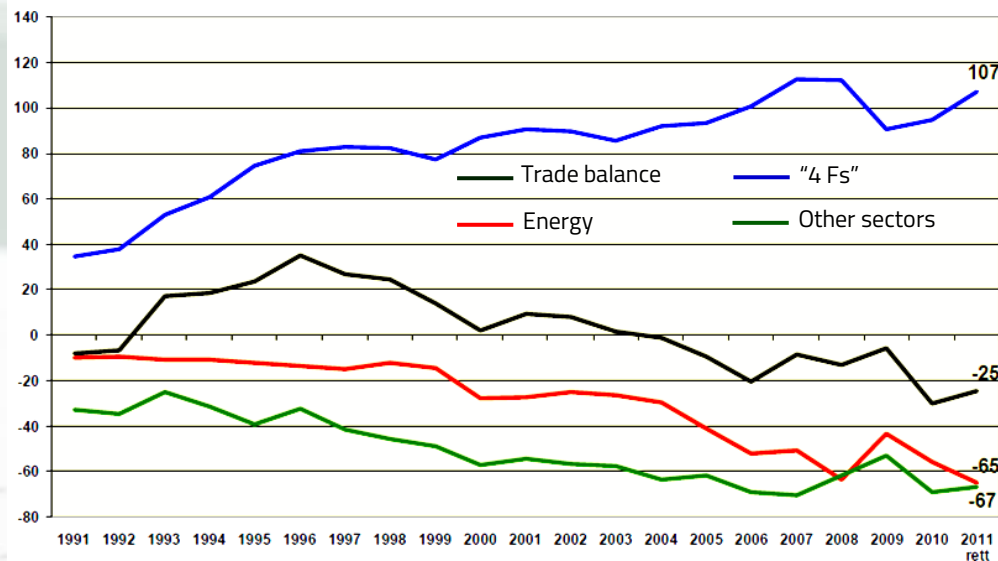
- Automotive, mechanical automation, rubber and plastic: 31.6 billion \$
- Fashion and apparel: 18.1 billion \$
- Food and wine: 6.4 billion \$



Some key industrial sectors: the so-called 4Fs of "Made in Italy"

The sectors where Italy is most specialized and a substantial foreign trade surplus is recorded, can be listed under the so-called "4 Fs"

Role of "4 Fs" in trade balance (Euro Bln)



Food and wine:

- ✓ 58,095 companies
- ✓ 431,960 employees
- ✓ Value added (% of manufacturing): 10.9

Fashion:

- ✓ 71,422 companies
- ✓ 505,905 employees
- ✓ Value added (% of manufacturing): 9.5

Fabricated metal products and machinery:

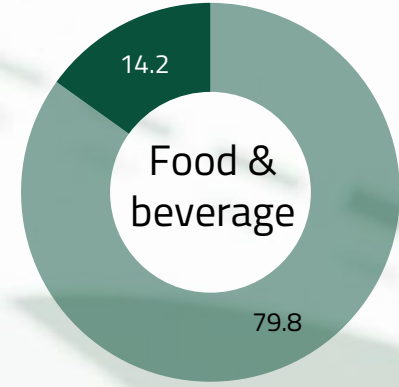
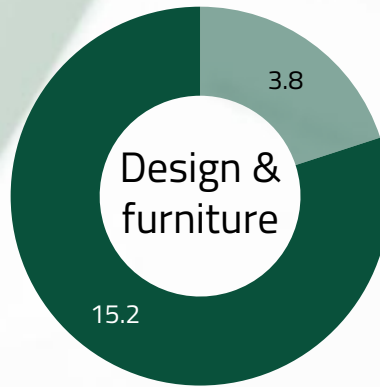
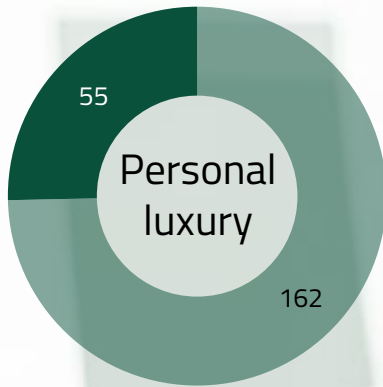
- ✓ 96,534 companies
- ✓ 1,006,434 employees
- ✓ Value added (% of manufacturing): 26.2

Furniture and building materials:

- ✓ 18,879 companies
- ✓ 149,832 employees
- ✓ Value added (% of manufacturing): 2.6

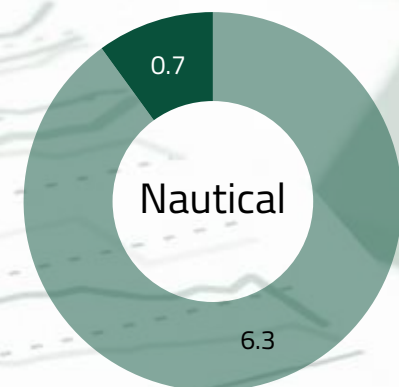
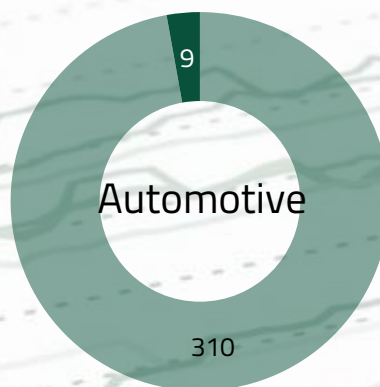
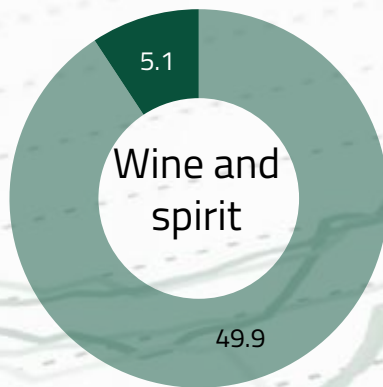
The importance of "Made in Italy" brands

Italian and foreign brands (2013)



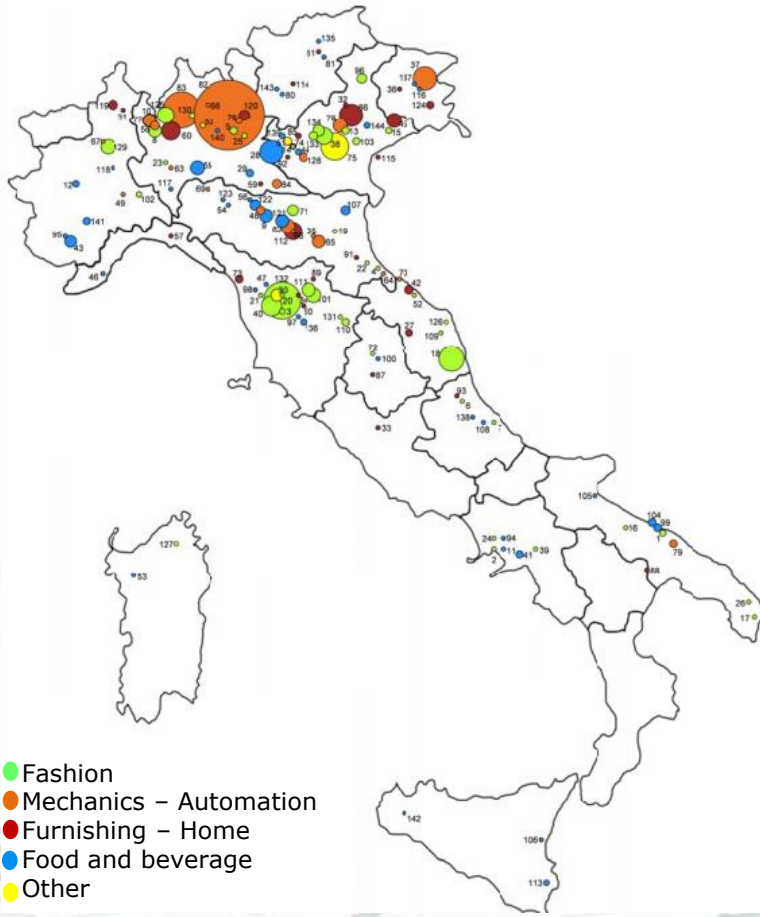
● Italian brands

● Foreign brands



The industrial districts fostering innovation

144 districts



Internationalisation

45.2



% of exporting firms

35.3



N. of FDI OUT every 100 firms

Innovation

54.8



N. of patents every 100 firms

7.0



% of firms with patent

Brands

42.1



N. of brands every 100 firms

12.2



% of firms with brands

Key strengths of the Italian companies

Dynamic and flexible small and medium sized companies

Excellent market niches, characterised by high quality products

Strong manufacturing sector

Export-oriented industry

Originality, creativity and style



Traditional sectors together with product and process innovation

Districts with co-operative and competitive relationships between firms and local knowledge spillover

Some of the most famous Italian companies

FERRERO

 **FINMECCANICA**


Poltrona
Frau
Fondata nel 1912

calligaris 

Safilo[®]

GUCCI

BVLGARI

 **brembo**




VALENTINO

PRADA

GIORGIO ARMANI

LUXOTICA[®]

The Barilla logo, featuring the word "Barilla" in white script inside a red oval with a white border.

The Illy logo, featuring the word "illy" in white script on a red background.

 **amplifon**

PIRELLI


PIAGGIO[®]

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