The Italian Private Equity and Venture Capital market in 2007

Survey AIFI - PricewaterhouseCoopers
The Italian Private Equity and Venture Capital market in 2007

- **Players**
  - Fund Raising
  - Investments
  - Private equity and small and medium enterprises
  - Divestments
AIFI Full Members and Players

AIFI Full Members

Players analysed

2003 2004 2005 2006 2007 March 2008

AIFI Full Members

Players analysed

2003 2004 2005 2006 2007 March 2008

2003 2004 2005 2006 2007 March 2008

AIFI

AIFI

AIFI

AIFI

PricewaterhouseCoopers

AIFI

AIFI

AIFI

AIFI

AIFI

AIFI

AIFI

AIFI

AIFI

AIFI
Italian market players in 2007

- Early stage funds: 31%
- Regional/pub. players: 25%
- Country fund: 18%
- Italian banks: 11%
- Pan-European players: 8%
- Italian closed end funds (SGR): 10%
- Pan-European players: 7%
- Italian banks: 8%
- Pan-European players: 15%
- Italian closed end funds (SGR): 11%
- Pan-European players: 35%
- Italian banks: 25%
Evolution of Italian market players

Early stage funds
Region/publ. Players
Italian closed end funds (SGR)

Italian banks
Pan-european players

2003
2007

69
35
15
11
10
10
15
22
14
15
10

+47%
+59%
Players distribution by investment stage

- **Replacement**: 2006 - 17, 2007 - 9
- **Early stage**: 2006 - 21, 2007 - 26
- **Expansion**: 2006 - 47, 2007 - 49
- **Buy out**: 2006 - 54, 2007 - 50

(AIFI)
Portfolio at 31st December 2007

- Companies: 1,120
- Portfolio at 31st December: 12,603
- Funds available for investments: 5,955

*Not considering Pan-European funds, captive and public players*
Portfolio structure: distribution by target companies turnover (Euro mln)

- Total companies: 1,120
- Foreign companies: 123
- Italian companies with turnover >50: 269
- Italian companies with turnover 30-50: 110
- Italian companies with turnover 10-30: 189
- Italian companies with turnover 10-30: 419
- NA: 10
The Italian Private Equity and Venture Capital market in 2007

- Players
- **Fund Raising**
- Investments
- Private equity and small and medium enterprises
- Divestments
Annual funds raising activity (Euro Mln)

<table>
<thead>
<tr>
<th>Year</th>
<th>Funds Raising (Euro Mln)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>1,937</td>
</tr>
<tr>
<td>2004</td>
<td>1,663</td>
</tr>
<tr>
<td>2005</td>
<td>1,345</td>
</tr>
<tr>
<td>2006</td>
<td>2,275</td>
</tr>
<tr>
<td>2007</td>
<td>3,028</td>
</tr>
</tbody>
</table>

+33%
Funds raising activity by source in 2007 (Euro Mln)

- Capital gains: 175
- Amount raised by captives: 516
- Independent funds raised: 2,337
- New funds raised: 3,028
New funds raised on the market (Euro Mln)

<table>
<thead>
<tr>
<th>Year</th>
<th>Funds Raised (Euro Mln)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>1,478</td>
</tr>
<tr>
<td>2004</td>
<td>1,252</td>
</tr>
<tr>
<td>2005</td>
<td>894</td>
</tr>
<tr>
<td>2006</td>
<td>SGR 861, Other 593, Other 900</td>
</tr>
<tr>
<td>2007</td>
<td>SGR 1,437, Other 900</td>
</tr>
</tbody>
</table>
Funds raised by geographical distribution

<table>
<thead>
<tr>
<th>Year</th>
<th>Italy</th>
<th>Abroad</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>51%</td>
<td>49%</td>
</tr>
<tr>
<td>2004</td>
<td>38%</td>
<td>62%</td>
</tr>
<tr>
<td>2005</td>
<td>61%</td>
<td>39%</td>
</tr>
<tr>
<td>2006</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>2007</td>
<td>43%</td>
<td>57%</td>
</tr>
</tbody>
</table>
Distribution by sources of new funds raised

- **Funds of funds**: 41.9% (2006), 30.2% (2007)
- **Banks**: 26.5% (2006), 22.2% (2007)
- **Individual inv.**: 16.3% (2006), 12.2% (2007)
- **Pension funds**: 7.9% (2006), 6.9% (2007)
- **Insurance comp.**: 2.9% (2006), 6.6% (2007)
- **Endowments and Found.**: 2.2% (2006), 6.8% (2007)
- **Public sector**: 1.3% (2006), 0.7% (2007)
- **Capital marjet**: 4.8% (2006), 0.4% (2007)
- **Industrial groups**: 3.9% (2006), 4.9% (2007)
- **Other**: 4.9% (2006), 1.3% (2007)
Geographical Breakdown of funds raised

<table>
<thead>
<tr>
<th>Category</th>
<th>Italy</th>
<th>Abroad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks</td>
<td>66.2%</td>
<td>33.8%</td>
</tr>
<tr>
<td>Pension Funds</td>
<td>92.3%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Insurance comp.</td>
<td>69.1%</td>
<td>30.9%</td>
</tr>
<tr>
<td>Funds of funds</td>
<td>0.3%</td>
<td>99.7%</td>
</tr>
<tr>
<td>Industrial group</td>
<td>75.7%</td>
<td>24.3%</td>
</tr>
<tr>
<td>Individual inv.</td>
<td>65.4%</td>
<td>34.6%</td>
</tr>
<tr>
<td>Public sector</td>
<td>98.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Endowments and found.</td>
<td>68.4%</td>
<td>31.6%</td>
</tr>
<tr>
<td>Capital market</td>
<td>63.4%</td>
<td>36.6%</td>
</tr>
<tr>
<td>Other</td>
<td>92.7%</td>
<td>7.3%</td>
</tr>
</tbody>
</table>
The Italian Private Equity and Venture Capital market in 2007

- Players
- Fund Raising
  - Investments
    - Private Equity and small and medium enterprises
    - Divestments
Investment activity

*The figure concerning the amount invested includes (above the broken line) the activity of players not based in Italy*
Investments distribution by stage in 2007

- **Amount (Euro Mln)**
  - Buy out: 3,295
  - Expansion: 786
  - Early stage: 66
  - Replacement: 14

- **Number**
  - Buy out: 87
  - Expansion: 113
  - Early stage: 88
  - Replacement: 50
Average invested amount by stage in 2007

- Total market: 13.9
- Buy out: 37.9
- Expansion: 7.0
- Replacement: 3.5
- Early stage: 0.7

*Amount invested between 150 and 300 euro million (large deals) or larger than 300 euro million (mega deal)*
Investments distribution by type of investor in 2007

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount (Euro Mln)</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pan-European players</td>
<td>2,742</td>
<td>22</td>
</tr>
<tr>
<td>Italian banks</td>
<td>443</td>
<td>38</td>
</tr>
<tr>
<td>SGR</td>
<td>749</td>
<td>99</td>
</tr>
<tr>
<td>Country funds</td>
<td>189</td>
<td>25</td>
</tr>
<tr>
<td>Regional/pub. Investors</td>
<td>51</td>
<td>77</td>
</tr>
<tr>
<td>Early stage funds</td>
<td>23</td>
<td>41</td>
</tr>
</tbody>
</table>
Invested amount by deal size

- Amounts of large e mega deals (Euro Mln)*
- Amount of small e medium deals (Euro Mln)

*Investments with an amount included between 150 and 300 million of Euro (large deals) or larger than 300 million of Euro (mega deals)
Early stage investments

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
<th>Companies</th>
<th>Amount (Euro Mln)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>65</td>
<td>54</td>
<td>59</td>
</tr>
<tr>
<td>2004</td>
<td>50</td>
<td>36</td>
<td>23</td>
</tr>
<tr>
<td>2005</td>
<td>56</td>
<td>43</td>
<td>30</td>
</tr>
<tr>
<td>2006</td>
<td>62</td>
<td>57</td>
<td>28</td>
</tr>
<tr>
<td>2007</td>
<td>88</td>
<td>57</td>
<td>66</td>
</tr>
<tr>
<td>Category</td>
<td>Percentage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------</td>
<td>------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Country funds</td>
<td>2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Italian banks</td>
<td>7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SGR</td>
<td>7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Early stage funds</td>
<td>42%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reg./Pub. players</td>
<td>42%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Expansion investments

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
<th>Companies</th>
<th>Amount (Euro Mln)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>175</td>
<td>139</td>
<td>583</td>
</tr>
<tr>
<td>2004</td>
<td>126</td>
<td>111</td>
<td>458</td>
</tr>
<tr>
<td>2005</td>
<td>135</td>
<td>121</td>
<td>413</td>
</tr>
<tr>
<td>2006</td>
<td>105</td>
<td>94</td>
<td>1,094</td>
</tr>
<tr>
<td>2007</td>
<td>113</td>
<td>102</td>
<td>786</td>
</tr>
</tbody>
</table>
Distribution of expansion investments by investor type in 2007 (number)

- Early stage funds: 4%
- Pan-European players: 6%
- Country funds: 13%
- Italian banks: 20%
- SGR: 22%
- Reg./Pub. players: 35%
Buy out investments

- **Number**
- **Companies**
- **Amount (Euro Mln)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
<th>Companies</th>
<th>Amount (Euro Mln)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>59</td>
<td>48</td>
<td>2,258</td>
</tr>
<tr>
<td>2004</td>
<td>48</td>
<td>40</td>
<td>916</td>
</tr>
<tr>
<td>2005</td>
<td>75</td>
<td>64</td>
<td>2,401</td>
</tr>
<tr>
<td>2006</td>
<td>100</td>
<td>69</td>
<td>2,444</td>
</tr>
<tr>
<td>2007</td>
<td>87</td>
<td>70</td>
<td>3,295</td>
</tr>
</tbody>
</table>
Distribution of buy out investments by investor type in 2007 (number)

- **Country funds**: 8%
- **Italian banks**: 8%
- **Pan-European players**: 17%
- **SGR**: 67%
Distribution of buy out investments by size (number)

- Small (0-14.9 Euro Mln):
  - 2005: 58%
  - 2006: 70%
  - 2007: 64%

- Medium (15.0-150.0 Euro Mln):
  - 2005: 36%
  - 2006: 28%
  - 2007: 30%

- Large e Mega (>150.0 Euro Mln):
  - 2005: 6%
  - 2006: 6%
  - 2007: 2%
Distribution of initial and follow on investments by number

* Secondary buy out included
Distribution of initial investments by stage and target company turnover (number)

- Expansion: 26%
- Buy out: 32%
- Replacement: 11%
- Early stage: 3%

- 0 - 2: 39%
- 2 - 10: 12%
- 10 - 30: 4%
- 30 - 50: 15%
- 50 - 250: 21%
- 250 +: 15%
- 0 - 2: 37%
Geographical distribution of investments in 2007 (number)

- South and Islands: 6%
- Centre: 19%
- North: 64%
- Abroad: 11%

Italy 89%
Geographical distribution of investments in 2007 (amount)

- South and Islands: 2%
- Centre: 8%
- North: 78%
- Abroad: 12%

Italy 88%
Regional distribution by number of investments in 2007

<table>
<thead>
<tr>
<th>Region</th>
<th>Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lombardia</td>
<td>81</td>
</tr>
<tr>
<td>Emilia R.</td>
<td>38</td>
</tr>
<tr>
<td>Lazio</td>
<td>27</td>
</tr>
<tr>
<td>Friuli V. G.</td>
<td>25</td>
</tr>
<tr>
<td>Veneto</td>
<td>22</td>
</tr>
<tr>
<td>Piemonte</td>
<td>18</td>
</tr>
<tr>
<td>Toscana</td>
<td>14</td>
</tr>
<tr>
<td>Umbria</td>
<td>9</td>
</tr>
<tr>
<td>Sardegna</td>
<td>8</td>
</tr>
<tr>
<td>Campania</td>
<td>7</td>
</tr>
<tr>
<td>Trentino A. A.</td>
<td>6</td>
</tr>
<tr>
<td>Marche</td>
<td>4</td>
</tr>
<tr>
<td>Abruzzo</td>
<td>3</td>
</tr>
<tr>
<td>Liguria</td>
<td>3</td>
</tr>
<tr>
<td>Calabria</td>
<td>1</td>
</tr>
<tr>
<td>Molise</td>
<td>1</td>
</tr>
<tr>
<td>Sicilia</td>
<td>1</td>
</tr>
</tbody>
</table>
Sectoral distribution by number 2007
Investments distribution in high tech companies

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>31%</td>
<td>7%</td>
</tr>
<tr>
<td>2004</td>
<td>27%</td>
<td>5%</td>
</tr>
<tr>
<td>2005</td>
<td>22%</td>
<td>10%</td>
</tr>
<tr>
<td>2006</td>
<td>28%</td>
<td>7%</td>
</tr>
<tr>
<td>2007</td>
<td>30%</td>
<td>4%</td>
</tr>
</tbody>
</table>
Sectoral distribution of investments in high tech companies in 2007 (number)

- Computer: 32.6%
- Medical: 19.1%
- Biotech: 15.7%
- Electronics: 7.9%
- Media & Entertainment: 5.6%
- Ener. & Util.: 4.5%
- Aerospace: 3.4%
- Manufacturing: 2.3%
- Ind. Products: 2.2%
- Retail: 1.1%
- Other: 5.6%
The Italian Private Equity and Venture Capital market in 2007

- Players
- Fund Raising
- Investments
- Private equity and small and medium enterprises
- Divestments
Distribution of investments (number) by target companies employees

- 0 - 19: 34%
- 20 - 99: 28%
- 100 - 199: 12%
- 200 - 249: 4%
- 250 - 499: 8%
- 500 - 999: 5%
- > 1,000: 9%

PMI: 78%
Distribuzione of investments (number) by target companies turnover (Euro Mln)

<table>
<thead>
<tr>
<th>Turnover Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 2</td>
<td>35%</td>
</tr>
<tr>
<td>2 - 10</td>
<td>10%</td>
</tr>
<tr>
<td>10 - 30</td>
<td>20%</td>
</tr>
<tr>
<td>30 - 50</td>
<td>10%</td>
</tr>
<tr>
<td>50 - 250</td>
<td>16%</td>
</tr>
<tr>
<td>&gt; 250</td>
<td>9%</td>
</tr>
<tr>
<td>PMI</td>
<td>75%</td>
</tr>
</tbody>
</table>
Distribution of investments (number) by stage financing and geographical area (companies < 250 employees)

- Expansion: 37%
- Buy out: 36%
- Replacement: 24%
- Early stage: 3%

Geographical area:
- North: 20%
- Centre: 12%
- South and Islands: 6%
- Abroad: 62%
The Italian Private Equity and Venture Capital market in 2007

- Players
- Fund Raising
- Investments
- Private equity and small and medium enterprises
  - Divestments
Divestment activity

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
<th>Companies</th>
<th>Amount (Euro Mln)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>222</td>
<td>868</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>137</td>
<td>110</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>150</td>
<td>131</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>181</td>
<td>151</td>
<td>1,763</td>
</tr>
<tr>
<td>2007</td>
<td>207</td>
<td>184</td>
<td>2,633 (+49%)</td>
</tr>
</tbody>
</table>
Distribution of divestments by way out (number)

- **Trade sale**
  - 2006: 38%
  - 2007: 51%

- **Sale to VC-Fin. Inv.**
  - 2006: 22%
  - 2007: 17%

- **IPO - post IPO**
  - 2006: 13%
  - 2007: 8%

- **Write off**
  - 2006: 10%
  - 2007: 4%

- **Other**
  - 2006: 17%
  - 2007: 20%
Distribution of divestments by way out (amount)

- Trade sale: 31% (2006), 40% (2007)
- Sale to VC/Fi Inst: 49% (2006), 39% (2007)
- IPO - post IPO: 11% (2006), 16% (2007)
- Write off: 4% (2006), 1% (2007)
- Other: 5% (2006), 4% (2007)
Distribution of divestments by type of investor (number)

<table>
<thead>
<tr>
<th>Type of Investor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early stage funds</td>
<td>2%</td>
</tr>
<tr>
<td>Country funds</td>
<td>6%</td>
</tr>
<tr>
<td>Pan-European funds</td>
<td>9%</td>
</tr>
<tr>
<td>Italian banks</td>
<td>9%</td>
</tr>
<tr>
<td>Reg./Pub. players</td>
<td>20%</td>
</tr>
<tr>
<td>SGR</td>
<td>29%</td>
</tr>
<tr>
<td>Total</td>
<td>34%</td>
</tr>
</tbody>
</table>
Distribution of divestments by way out and type of investor (number)

<table>
<thead>
<tr>
<th>Type of Divestment</th>
<th>Italian banks</th>
<th>Pan-European funds</th>
<th>Country funds</th>
<th>Reg./Pub. players</th>
<th>Early stage funds</th>
<th>SGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade sale</td>
<td>32.4%</td>
<td>36.2%</td>
<td>8.3%</td>
<td>22.2%</td>
<td>34.1%</td>
<td></td>
</tr>
<tr>
<td>Sale to VC-Fin.</td>
<td>6.7%</td>
<td>1.9%</td>
<td>8.3%</td>
<td>22.2%</td>
<td>11.1%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Inst.</td>
<td>16.7%</td>
<td>6.7%</td>
<td>43.7%</td>
<td>12.5%</td>
<td>55.6%</td>
<td>7.3%</td>
</tr>
<tr>
<td>IPO - post IPO</td>
<td></td>
<td></td>
<td>25.0%</td>
<td>12.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Write off</td>
<td></td>
<td></td>
<td></td>
<td>22.2%</td>
<td>55.6%</td>
<td>9.8%</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Distribution of divestments by way out and type of investor (amount)

- **Italian banks**
  - Trade sale: 21.7%
  - Sale to VC-Fin. Inst.: 1.3%
  - IPO - Post IPO: 40.5%
  - Write off: 4.7%
  - Other: 53.3%

- **Pan-European funds**
  - Trade sale: 0.1%
  - Sale to VC-Fin. Inst.: 2.5%
  - IPO - Post IPO: 4.5%

- **Country fund**
  - Trade sale: 21.1%
  - Sale to VC-Fin. Inst.: 50.0%
  - IPO - Post IPO: 81.8%
  - Write off: 3.9%
  - Other: 1.7%

- **Reg./Pub. players**
  - Trade sale: 9.0%
  - Sale to VC-Fin. Inst.: 0.3%
  - IPO - Post IPO: 50.0%
  - Write off: 0.01%
  - Other: 6.94%

- **Early stage funds**
  - Trade sale: 0.3%
  - Sale to VC-Fin. Inst.: 65.7%
  - IPO - Post IPO: 3.9%
  - Write off: 16.9%
  - Other: 11.8%

- **SGR**
  - Trade sale: 16.9%
  - Sale to VC-Fin. Inst.: 11.8%
  - IPO - Post IPO: 11.8%
  - Write off: 11.8%
  - Other: 11.8%
Distribution of divestments by original investment (number)

- Replacement: 10%
- Early stage: 23%
- Buy out: 51%
- Expansion: 16%
The Italian Private Equity and Venture Capital market in 2007

Survey AIFI - PricewaterhouseCoopers