

MEDIOBANCA

Banca di Credito Finanziario

Medium-size Italian businesses

Milan, 18 November 2005

Fulvio Coltorti
(Mediobanca Research Department)

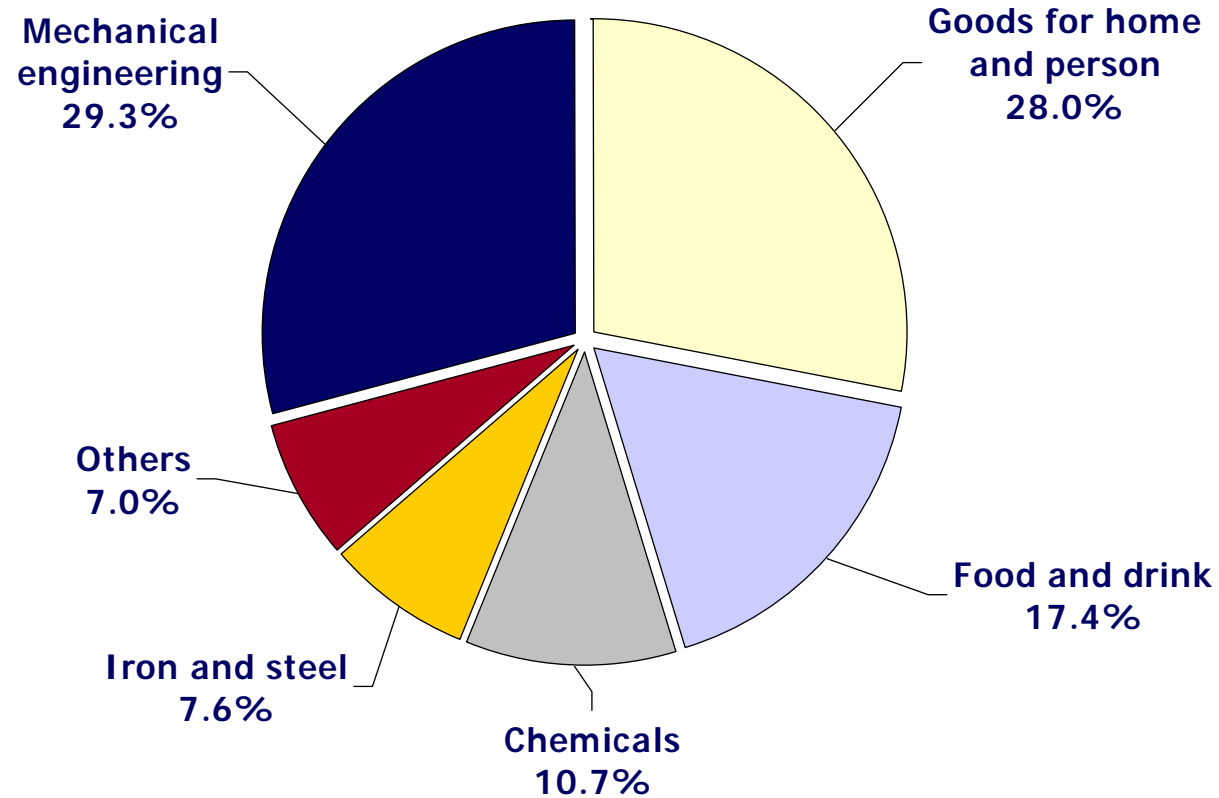


MEDIOBANCA
Banca di Credito Finanziario S.p.A.

Medium-size businesses

% of turnover in 2002

Medium-size Italian
businesses



Made in Italy:
64.2% of sales
71.1% of exports

Growth in value added 1996-2002

% change, manufacturing, closed aggregates, nominal prices

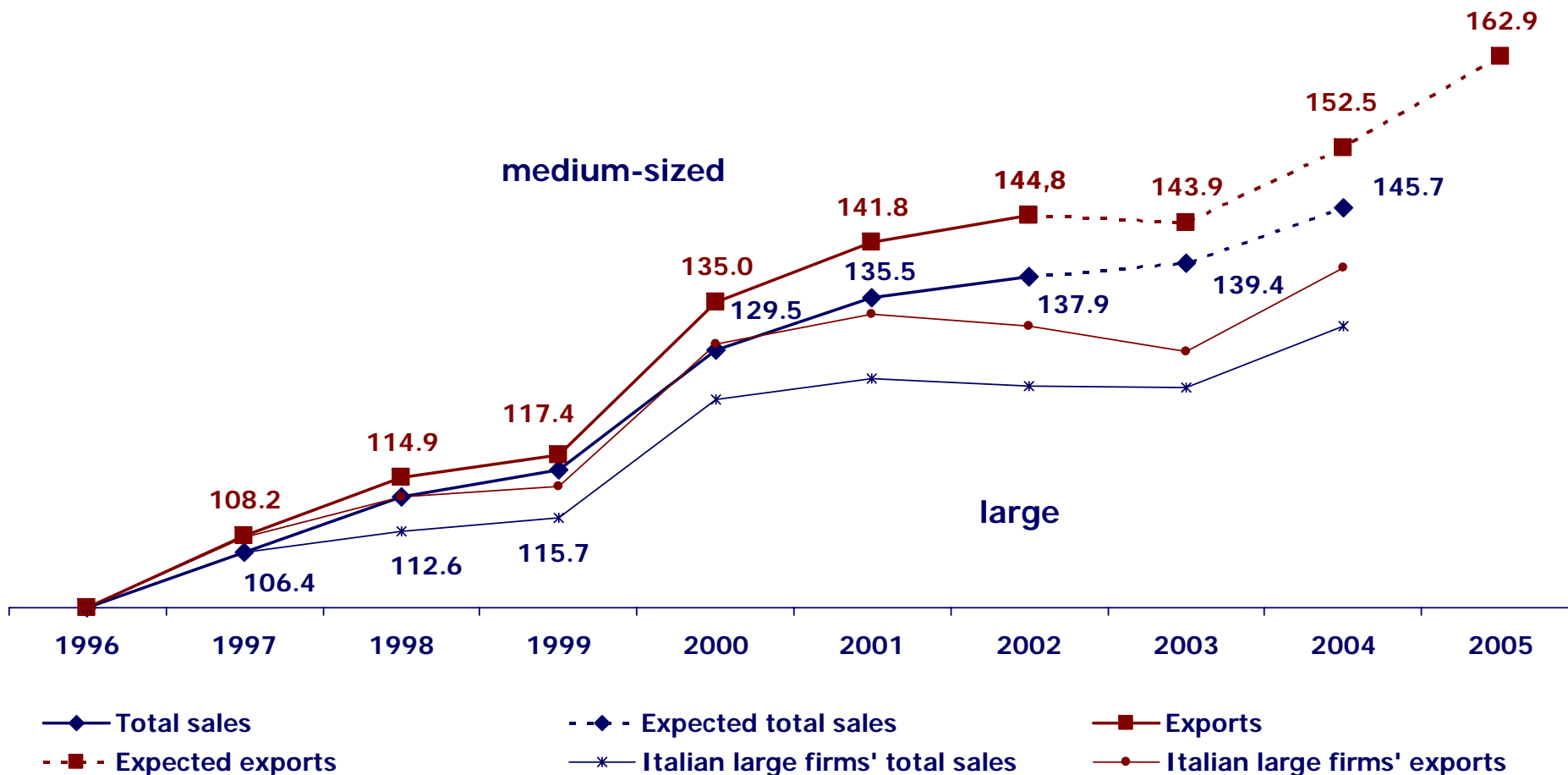
Medium-size Italian
businesses

Medium-size businesses	32.3
- <i>North-West Italy</i>	28.0
- <i>NEC (North-East/Central Italy)</i>	36.1
- <i>Lombardy</i>	27.4
- <i>Piedmont/Valle d'Aosta</i>	27.7
- <i>Liguria</i>	65.3
Large firms	9.8
- <i>Italian-owned</i>	4.2
- <i>Non-Italian owned</i>	17.7
Italy	
- <i>Value added by manufacturing industry*</i>	11.7

* *Factor cost*

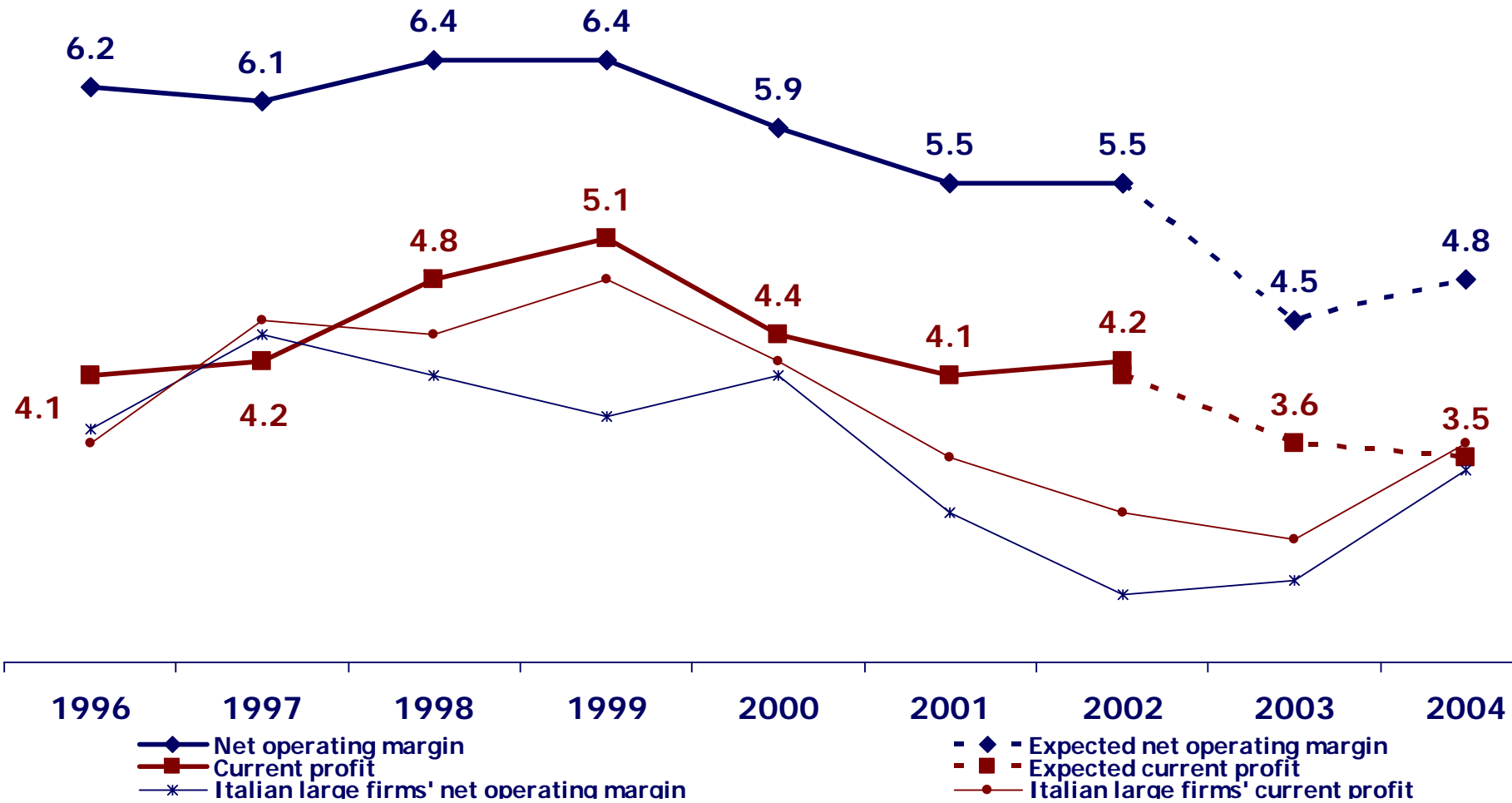
Sales: medium-size and large manufacturing businesses

Medium-size Italian businesses



Margins on sales: medium-size and large businesses

Medium-size Italian businesses



Medium-size businesses headquarters

Medium-size Italian businesses

Where are new medium-size firms located?

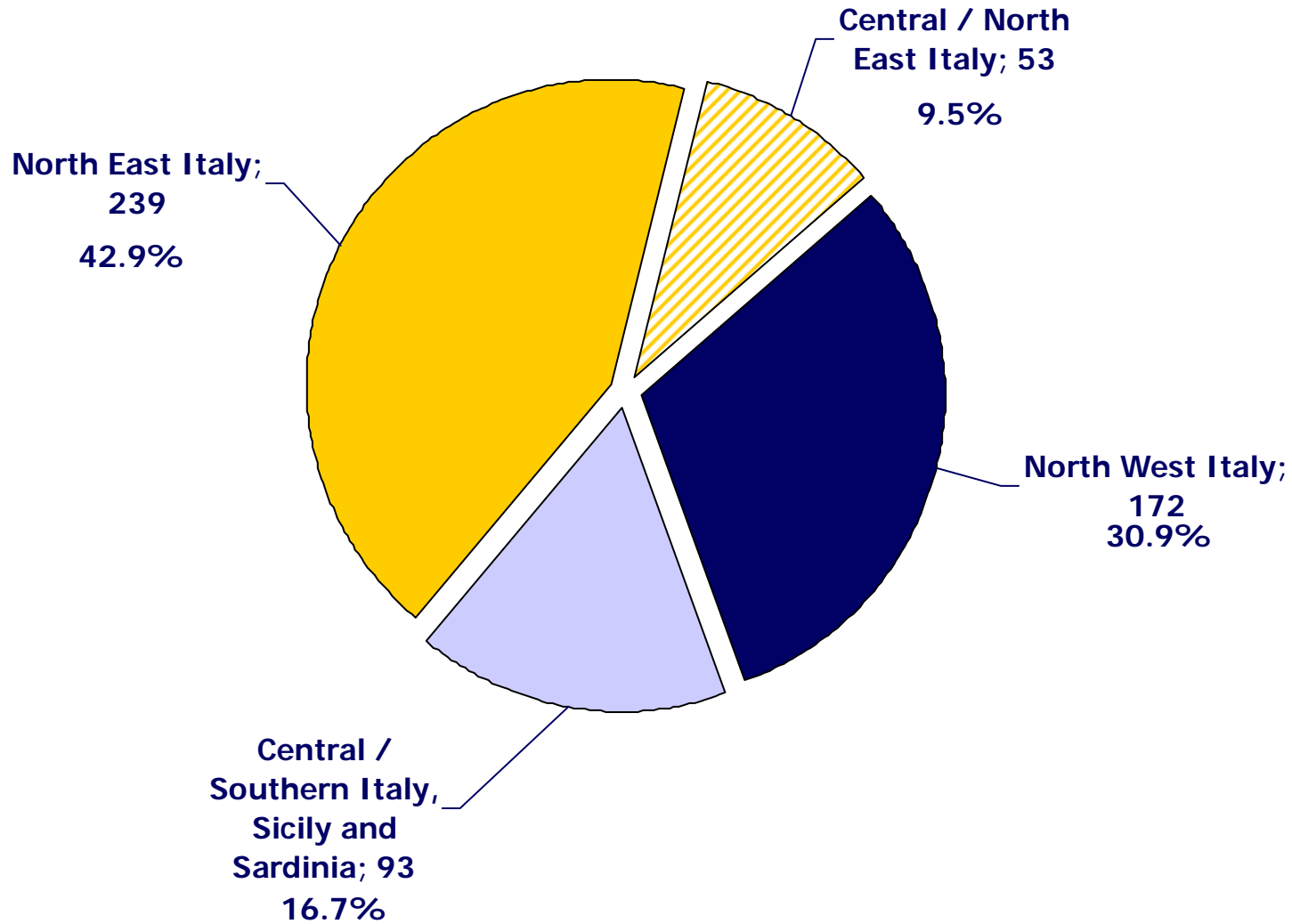


3,966 companies



Medium-size firms: where are they growing? Net change in number of businesses in 1996-2002 period=557

Medium-size Italian
businesses



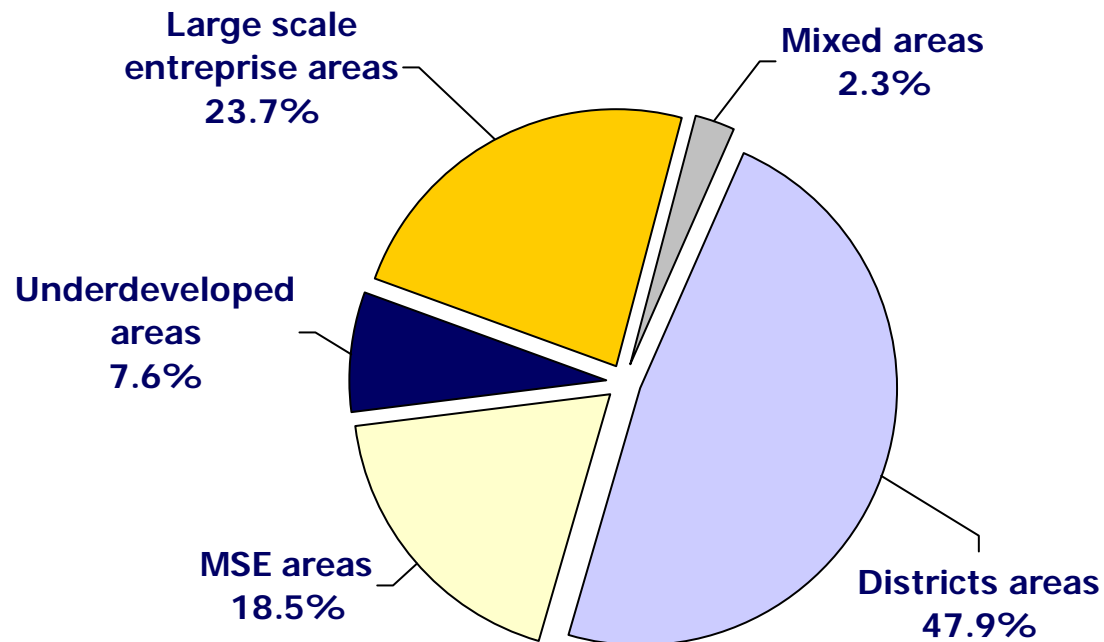
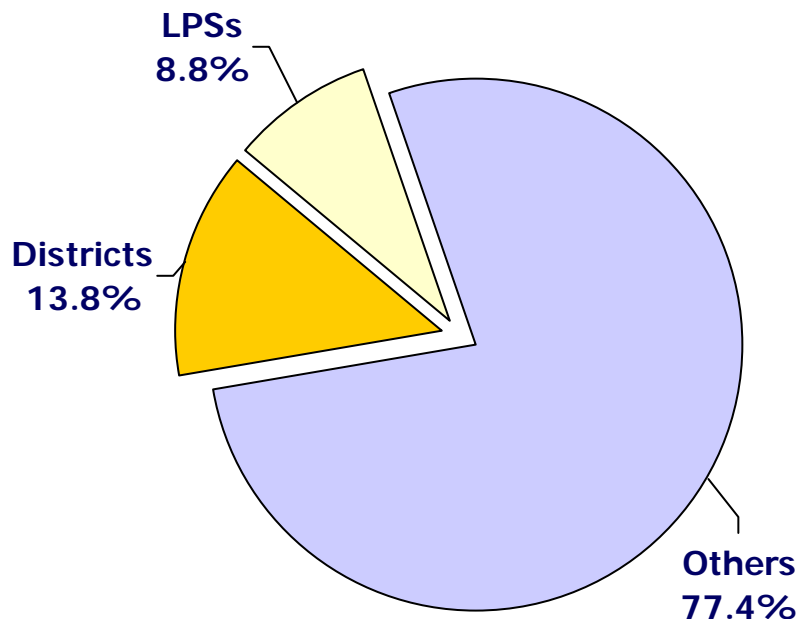
Changes from 1996 to 2002

557 new medium-sized firms in industrial districts and elsewhere

Medium-size Italian businesses

Inside and outside districts and local production systems

Nature of areas

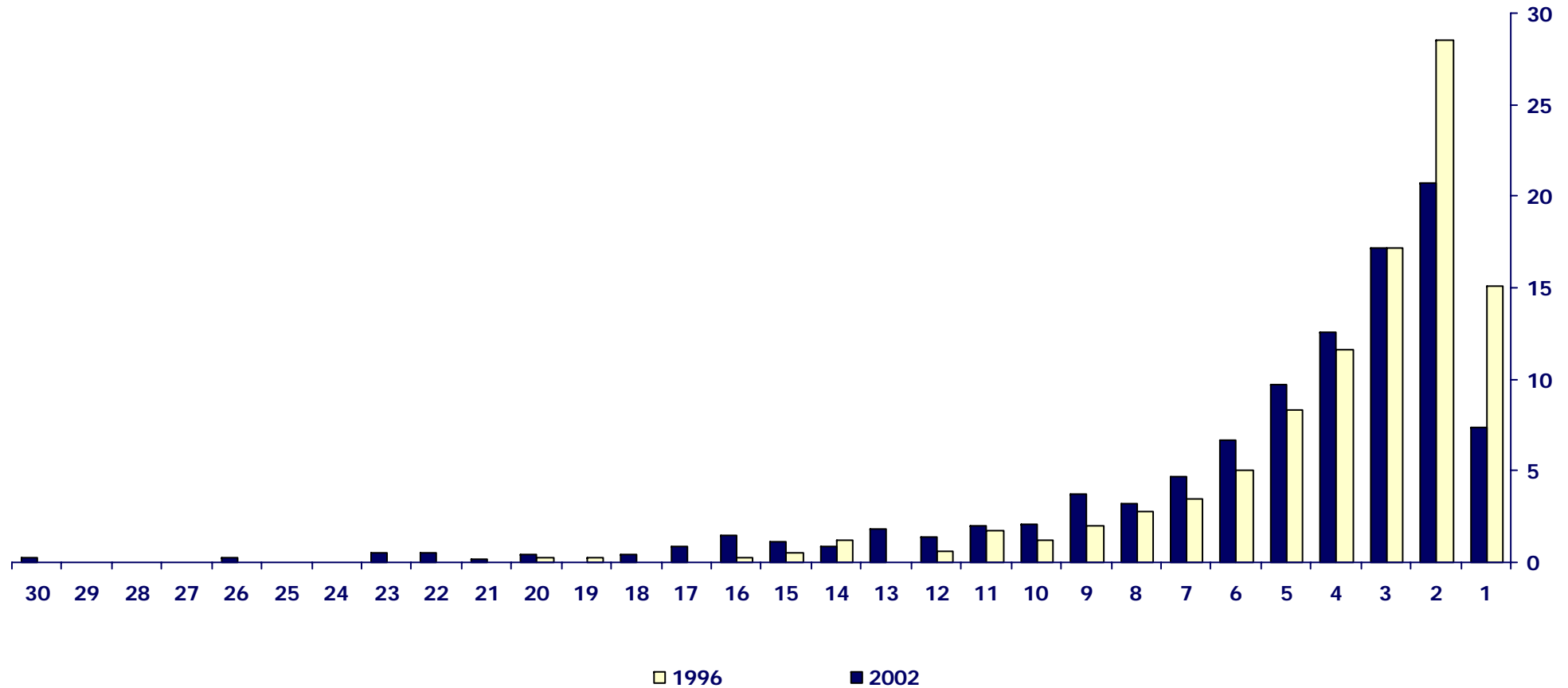


Made in Italy
54%

MSEs: capital invested from 1996 to 2002

% distribution over 30 categories

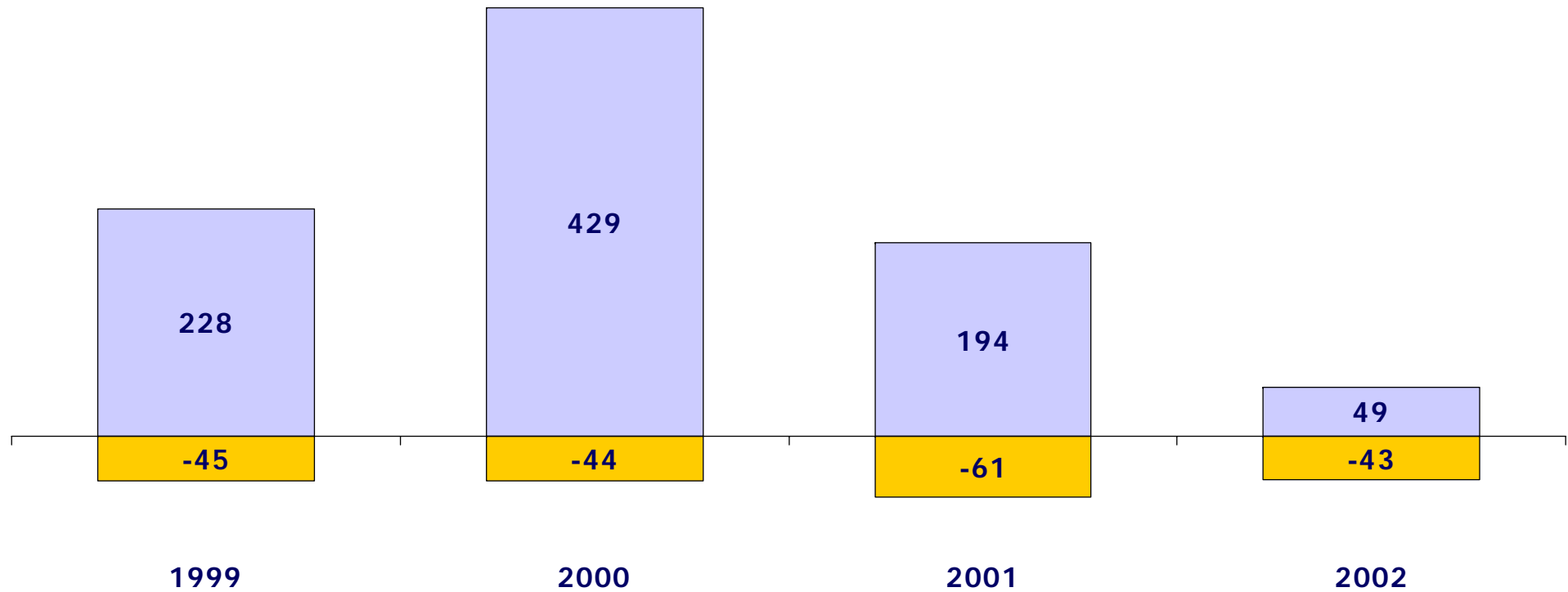
Medium-size Italian businesses



Growth

Net changes in number of companies

Medium-size Italian
businesses



■ Small companies now medium-size ■ Medium-size companies now large

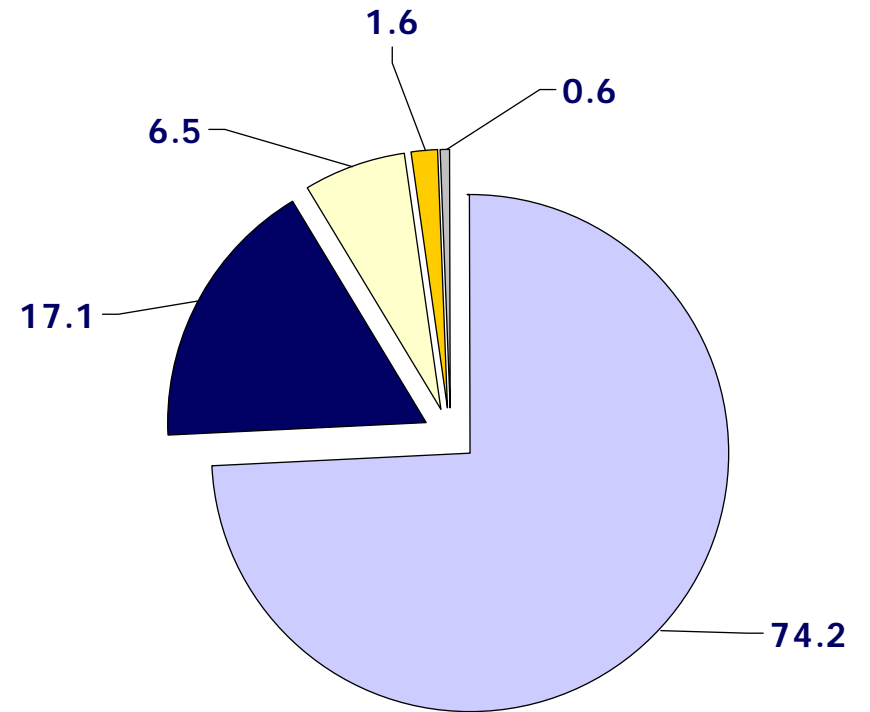
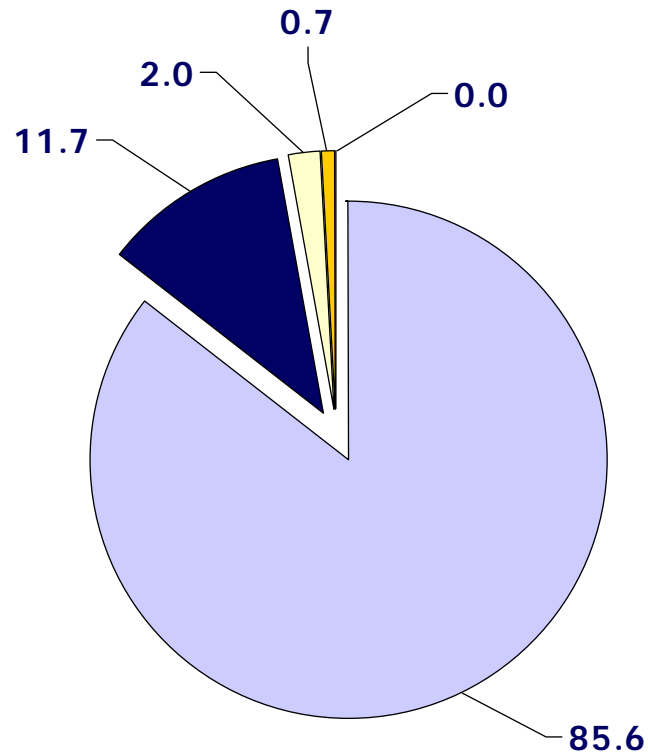
MSEs: capital invested from 1996 to 2002

Cumulative % for group of 6 categories (first category = € 8m; last category > € 240m)

Medium-size Italian businesses

1996

2002



1 - 6
 7 - 12
 13 - 18
 19 - 24
 25 - 30

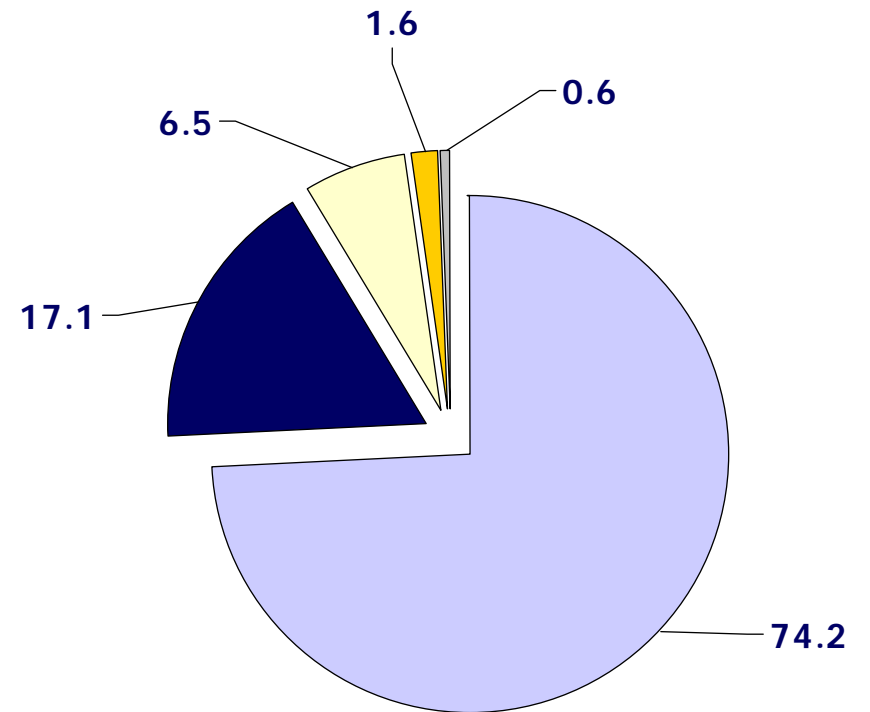
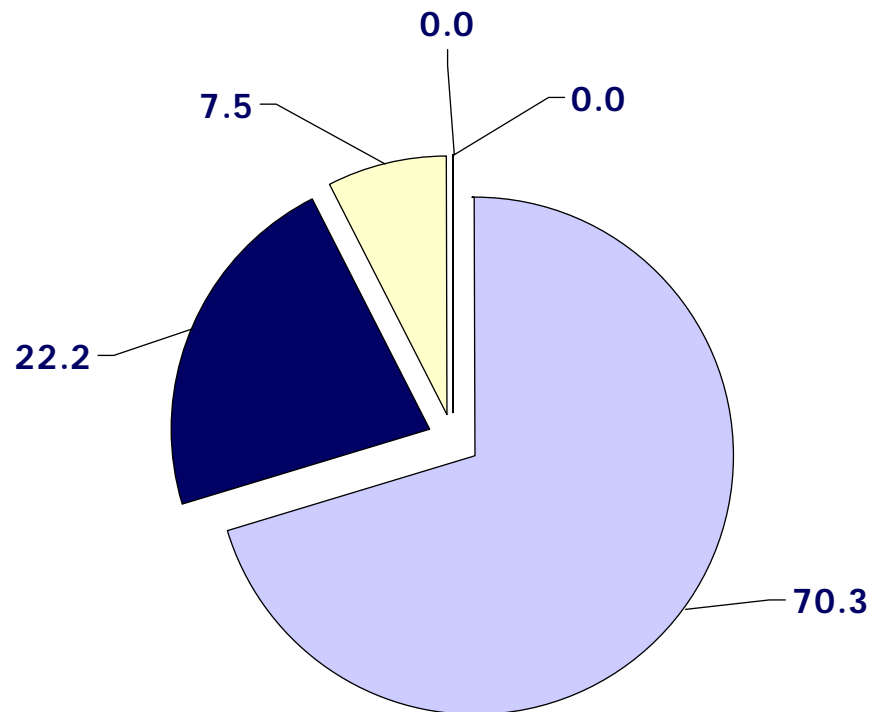
MSEs: capital invested in 2002

Cumulative % for groups of 6 categories (first category = € 8m; last category > € 240m)

Medium-size Italian businesses

Lombardy

Italy

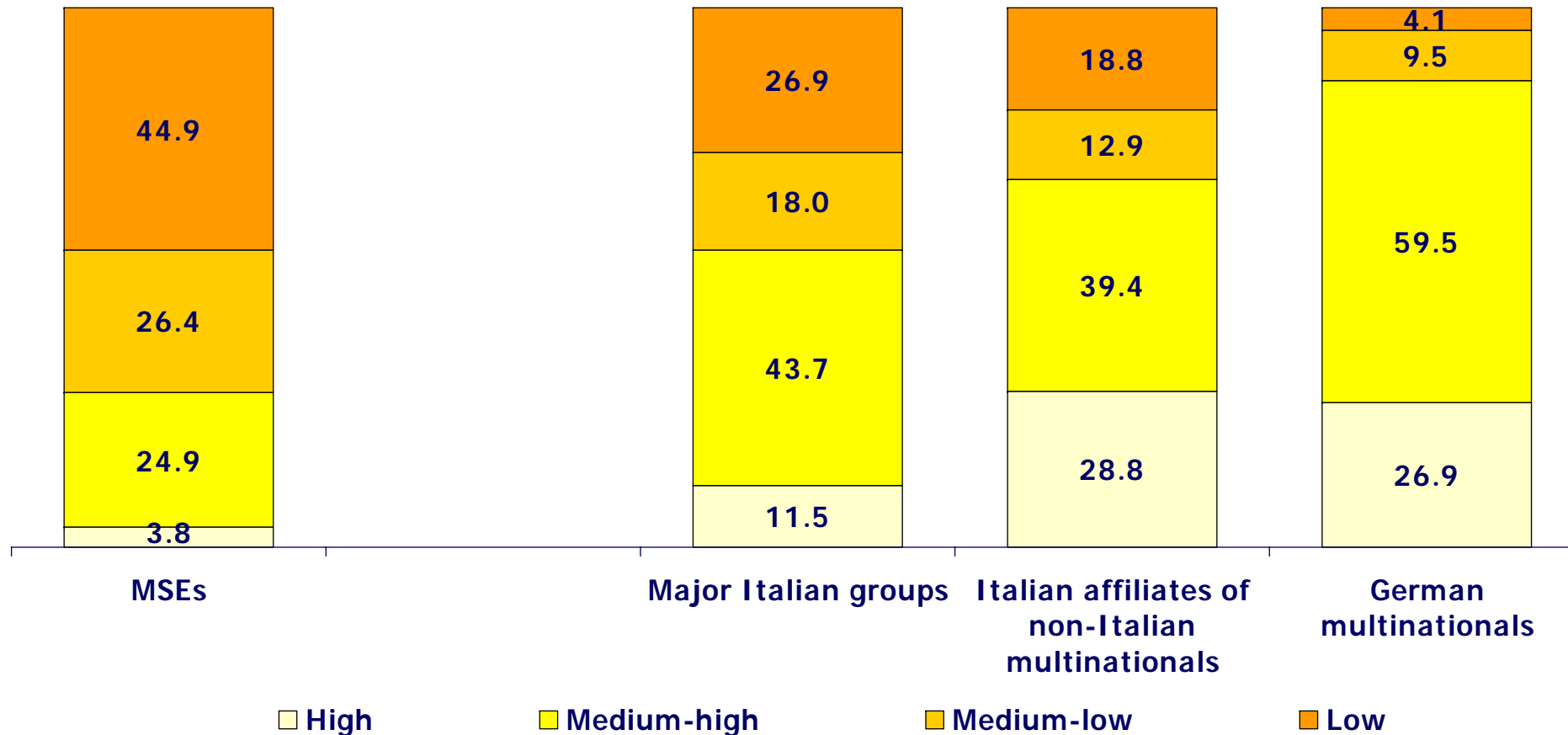


1 - 6
 7 - 12
 13 - 18
 19 - 24
 25 - 30

Technology

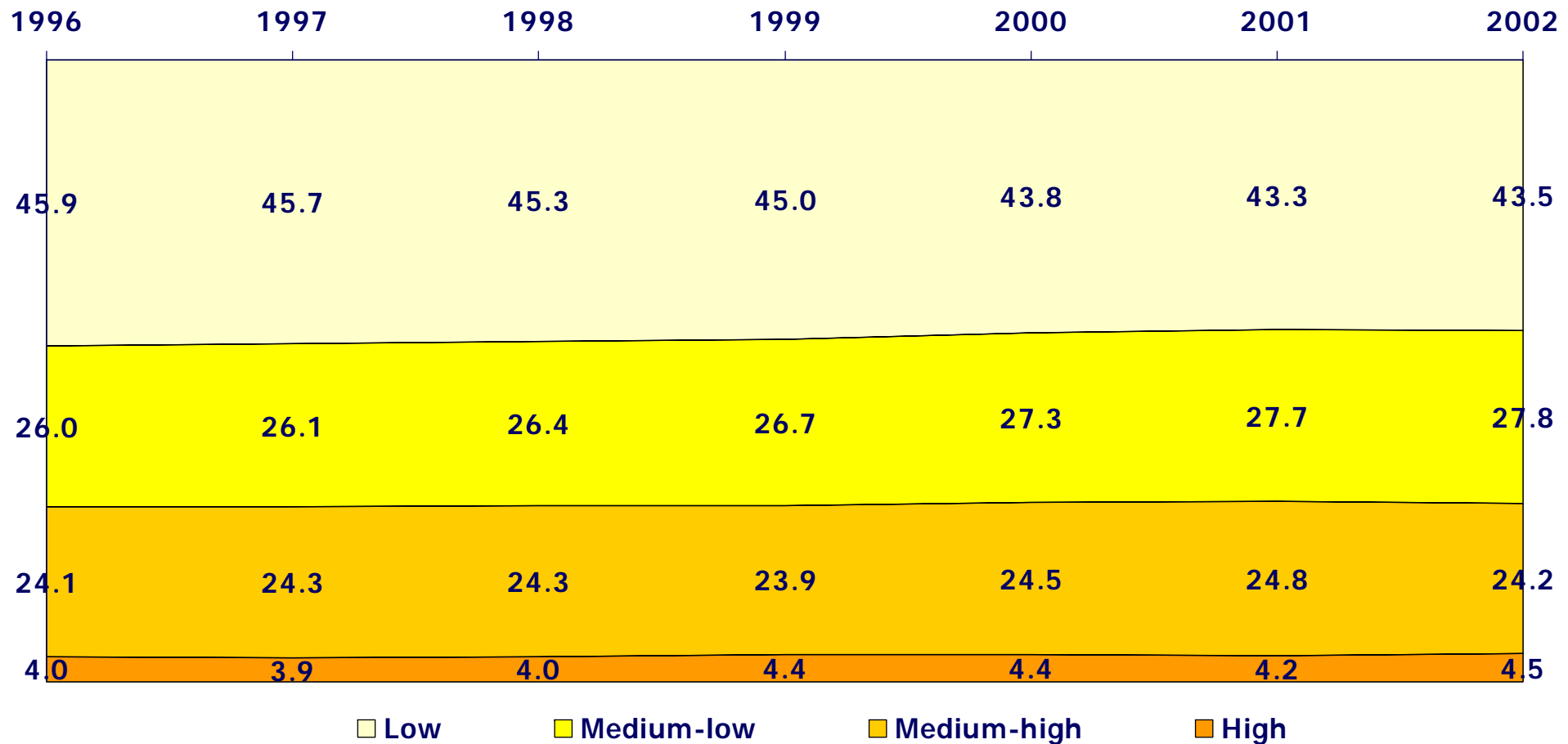
% of turnover in 2002 (OECD principles)

Medium-size Italian businesses



Changes in medium-size firms' technology % of capital invested

Medium-size Italian
businesses



Rate of technology

% indicators – all medium-size businesses in 2002

Medium-size Italian
businesses

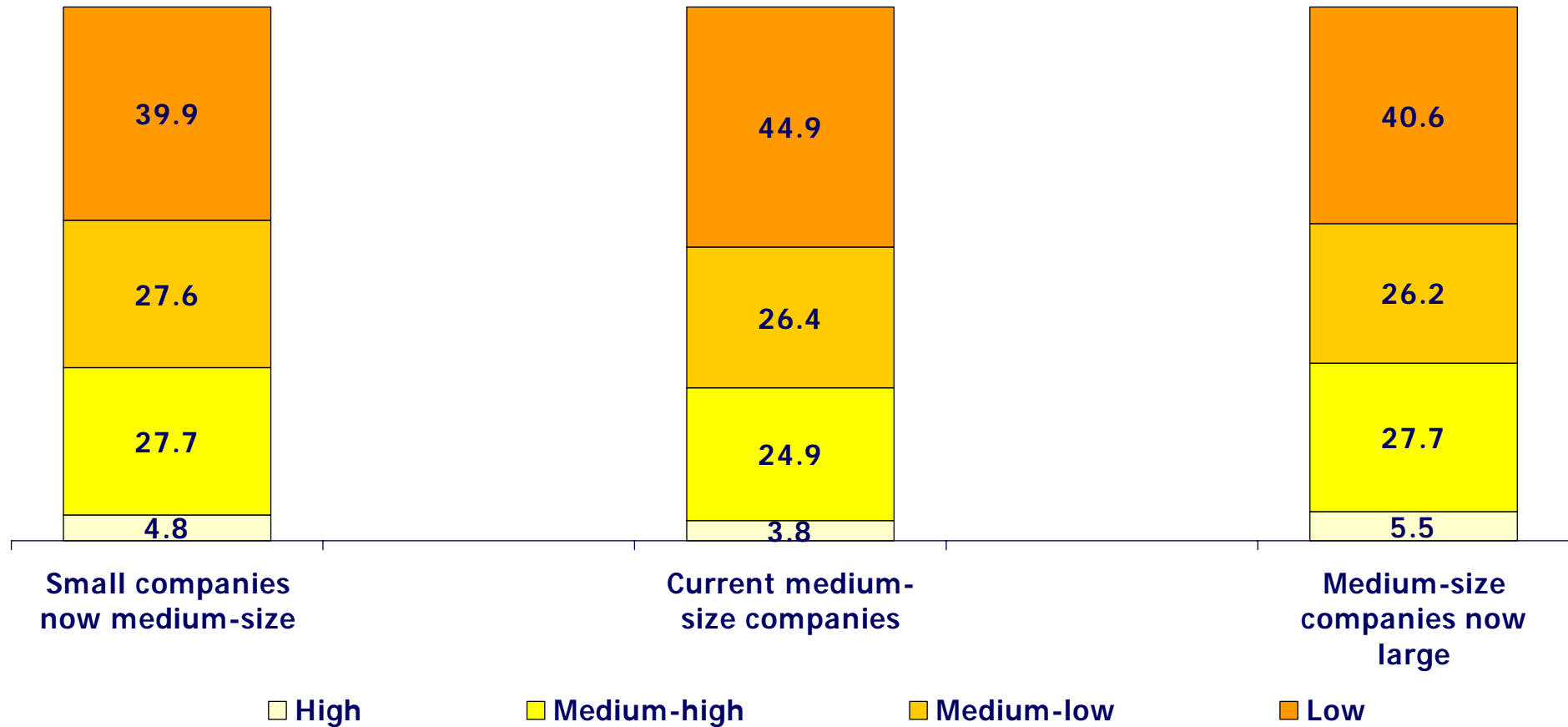
	High	Medium-high	Medium-Low	Low
Value added (VA) as % of turnover	30.0	26.6	25.6	19.7
Labour cost as % of VA	57.8	62.7	57.8	59.5
VA as % of tangible fixed assets	63.4	57.9	38.5	43.1
VA as % of total capital	45.2	48.4	43.0	36.0
Current profit as % of VA	20.3	19.5	18.3	17.8
R O I	12.2	12.8	10.8	9.7
Net worth as % of total capital*	47.1	49.4	47.7	42.9
As % of total capital*	4.5	24.2	27.8	43.5

* *Tangible*

Growth did not come from technology

% of turnover in 2002

Medium-size Italian businesses



Growth without tears

Individual companies

Medium-size Italian
businesses

		Capital invested per firm € m	Capital invested per employee € '000	VA per employee € '000
Small businesses now medium size	1999	9.2	100.0	50.6
	2000	8.3	92.9	48.8
	2001	8.9	103.9	49.5
	2002	10.4	119.8	52.6
	2002	17.8	137.2	56.7
Medium-size now large	1999	31.7	105.2	50.5
	2000	32.8	109.3	52.7
	2001	47.2	168.0	55.4
	2002	43.5	153.3	59.2

Small businesses grew by means of profits, medium-size businesses became large on markets

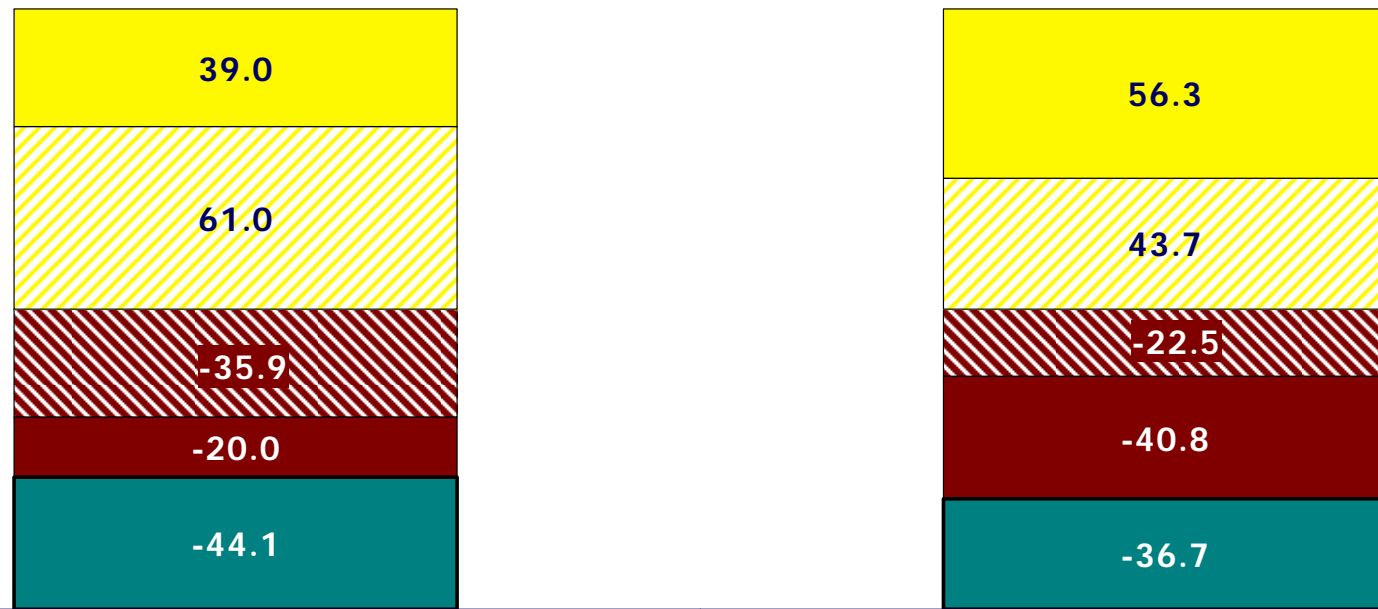
Medium-size Italian
businesses

		Sales generated outside Italy (%)	Current profit as % of VA	ROI %
Small businesses now medium size	1999	31.3	24.1	16.1
	2000	32.1	19.3	14.6
	2001	31.8	18.9	13.3
	2002	28.8	20.7	12.3
	2002	32.8	18.5	10.9
Medium-size now large	1999	41.7	23.7	15.5
	2000	45.0	22.7	14.7
	2001	38.4	16.6	10.0
	2002	42.3	17.2	10.6

Financial structure in 2002

% of tangible invested capital

Medium-size Italian
businesses



Italian medium-size businesses

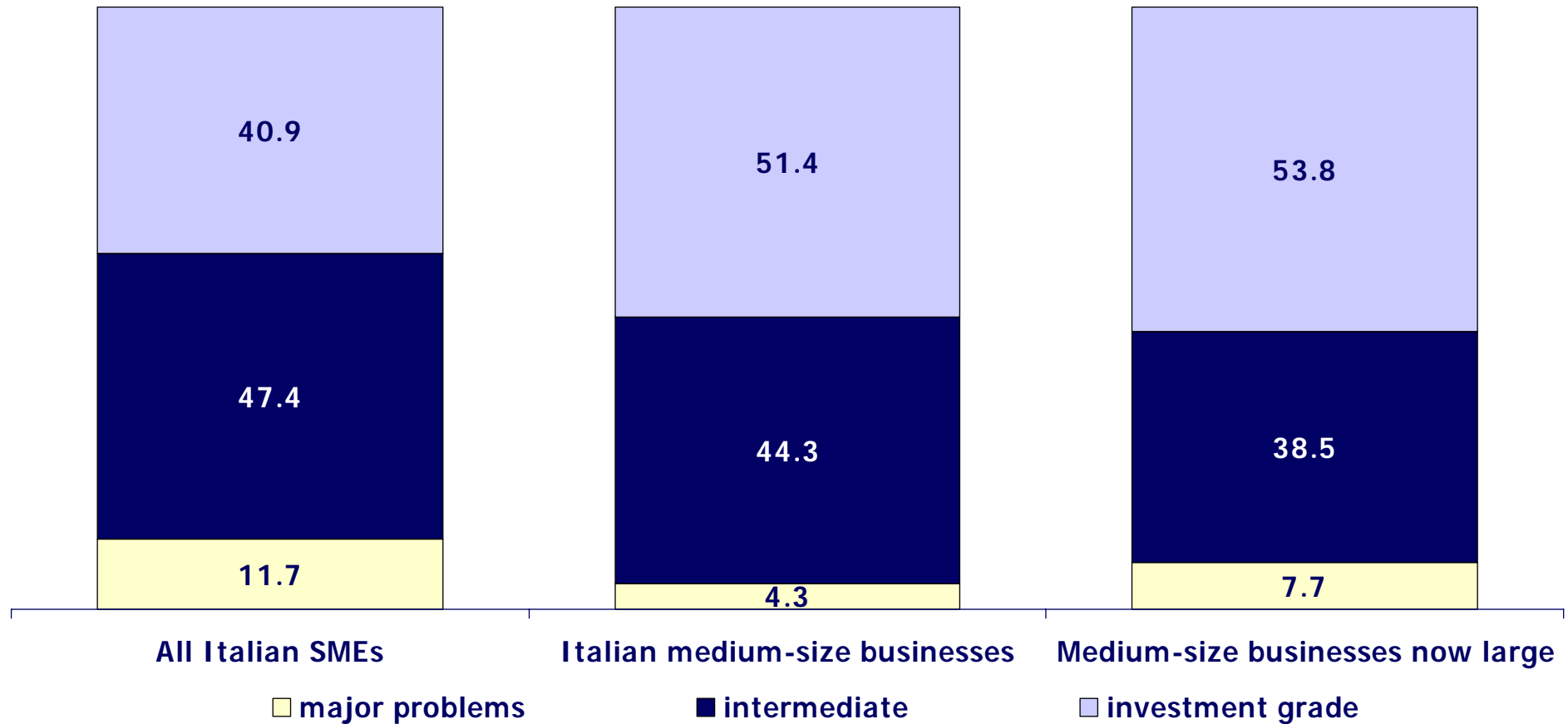
European multinationals

■ Short-term borrowings
 ■ M/I term borrowings
 ■ Net worth
 Working capital
 Fixed assets

Financial strength in 2000

R&S-Unioncamere scoring model (%)

Medium-size Italian
businesses



Annual average default rates 1999-2002

Medium-size Italian
businesses

Medium-size businesses:

North-East Italy	0.13%
North-West Italy	0.25%
Italy	0.22%

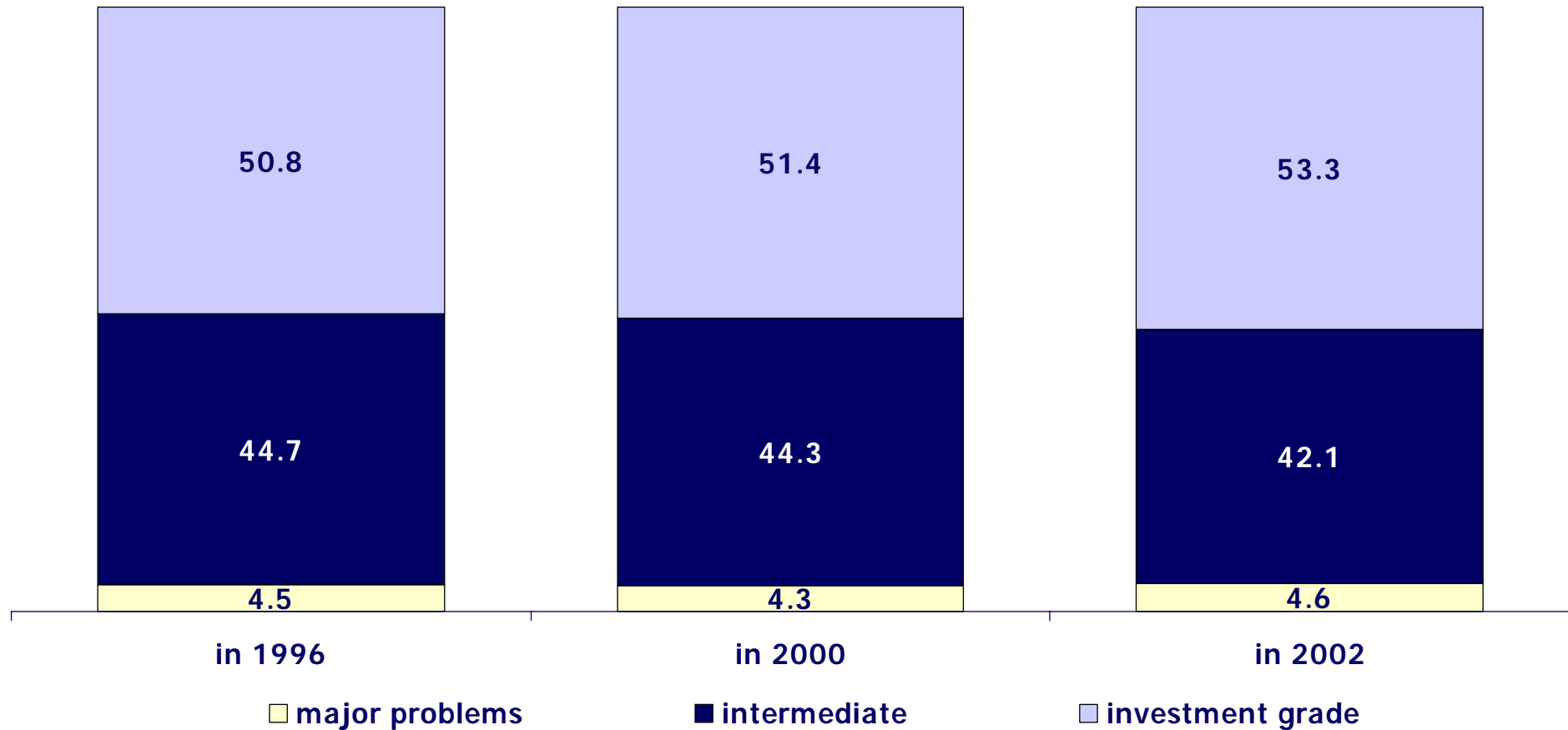
National average of Italian
manufacturing companies

1.37%

Financial strength in 1996-2002

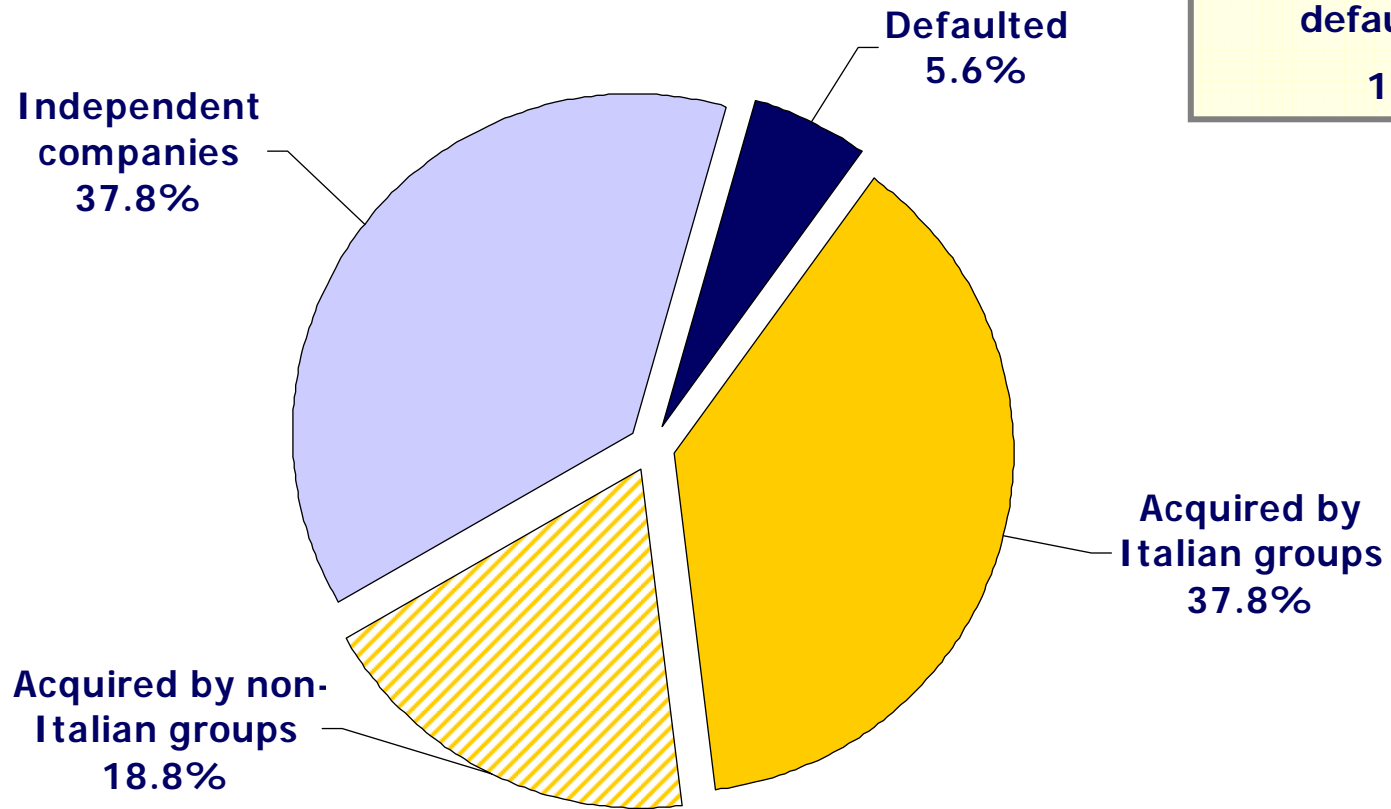
Medium-size businesses – R&S-Unioncamere scoring model (%)

Medium-size Italian
businesses



Medium-size businesses which became large: where are they now?

Medium-size Italian businesses



Annual average default rate:
1.4%

Mediobanca Reseach Department
Piazzetta M. Bossi 1, Milan, Italy

Website: www.mbres.it



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