

# Medium-sized industrial companies in North East Italy (2000-2010)

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# Demographics: fewer births, but lots of foreign mothers

(data compiled based on universe of medium-sized enterprises)

Section 1

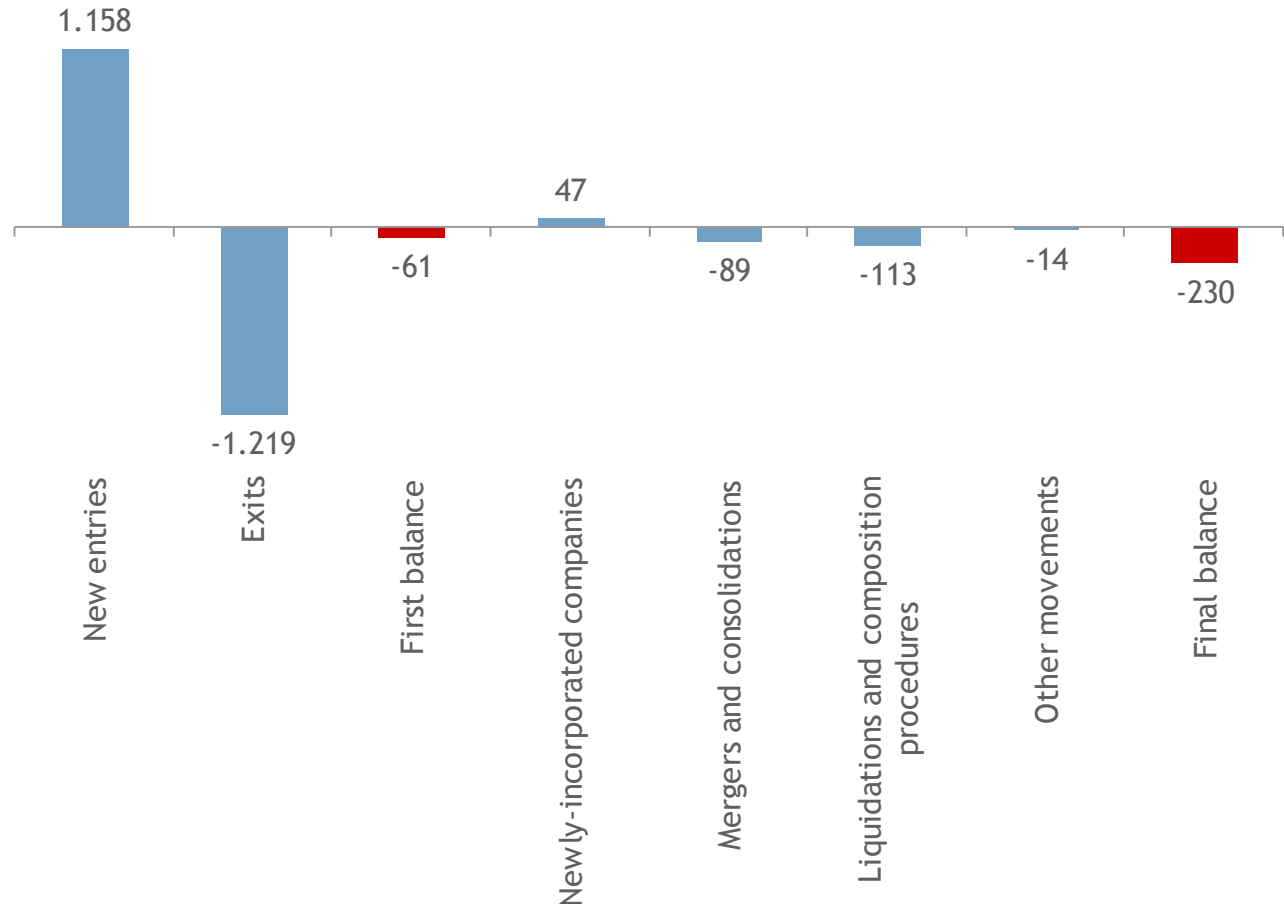
# Number of medium-sized businesses in 2001-2009 down in NI Italy too

Demographics: fewer births, but lots of foreign mothers

Section 1

## Cumulative flows during 2001-2009, in units and as % of stock as at end-2000

- Net outflow 2001-2009 = 4.2% of initial stock
- Performance differs according to sector: personal and household goods down 15.7%, mechanical engineering down 3.1%; chemical/ pharmaceutical up 10.4%, food and drink up 11.0%
- North-east Italy performed better than north-west Italy (which was down 10%), Trentino (up 3%), Emilia-Romagna (down 2%), Friuli and Veneto (both down 6.3%)
- Decisive outflows in 2009: 14.9% of the initial stock for north-East Italy, sharp falls in mechanical engineering (24.3%), whereas chemicals/pharmaceuticals performed better (down 7.6%) and food and drink (up 2.2%)



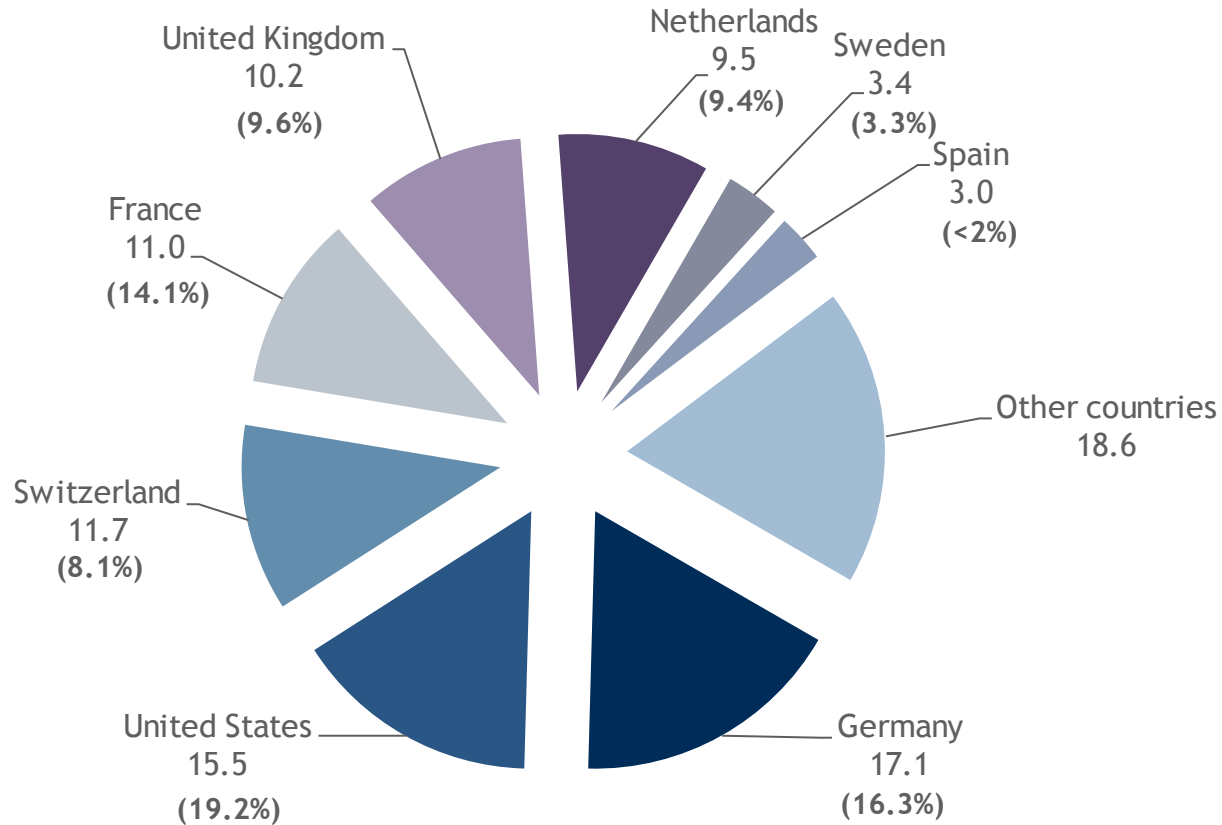
# The long arm of foreign groups in NE Italy

Demographics: fewer births, but lots of foreign mothers

Section 1

## Country of residence for parent companies of the 264 “pseudo” MSEs (national data in brackets)

There were 208 in 2004: up 27% by end-2009 (up 38% by end-2008). Equal in 2009 to 22% of the stock, vs more than 30% for Italy as a whole



# Positioning in 2010 vs pre-crisis: three years lost in terms of revenues, ten in terms of margins

(closed sets of MSEs; unconsolidated accounts; provisional data for 2010)

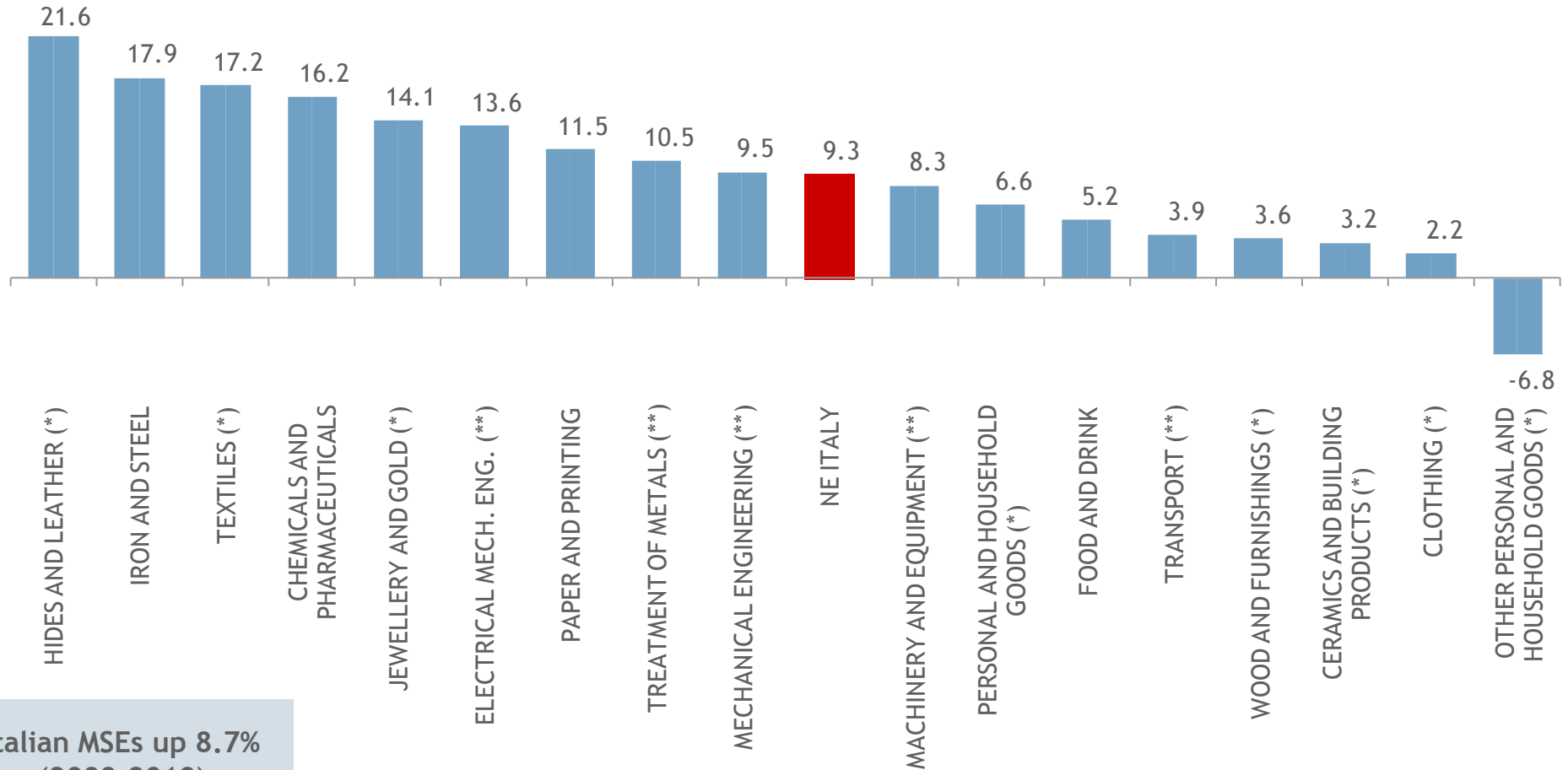
Section 2

# All sectors showed growth in terms of sales

Positioning in 2010 vs pre-crisis: three years lost in terms of revenues, ten in terms of margins

Section 2

% change in turnover, 2010 vs 2009; 1,163 MSEs in NE Italy



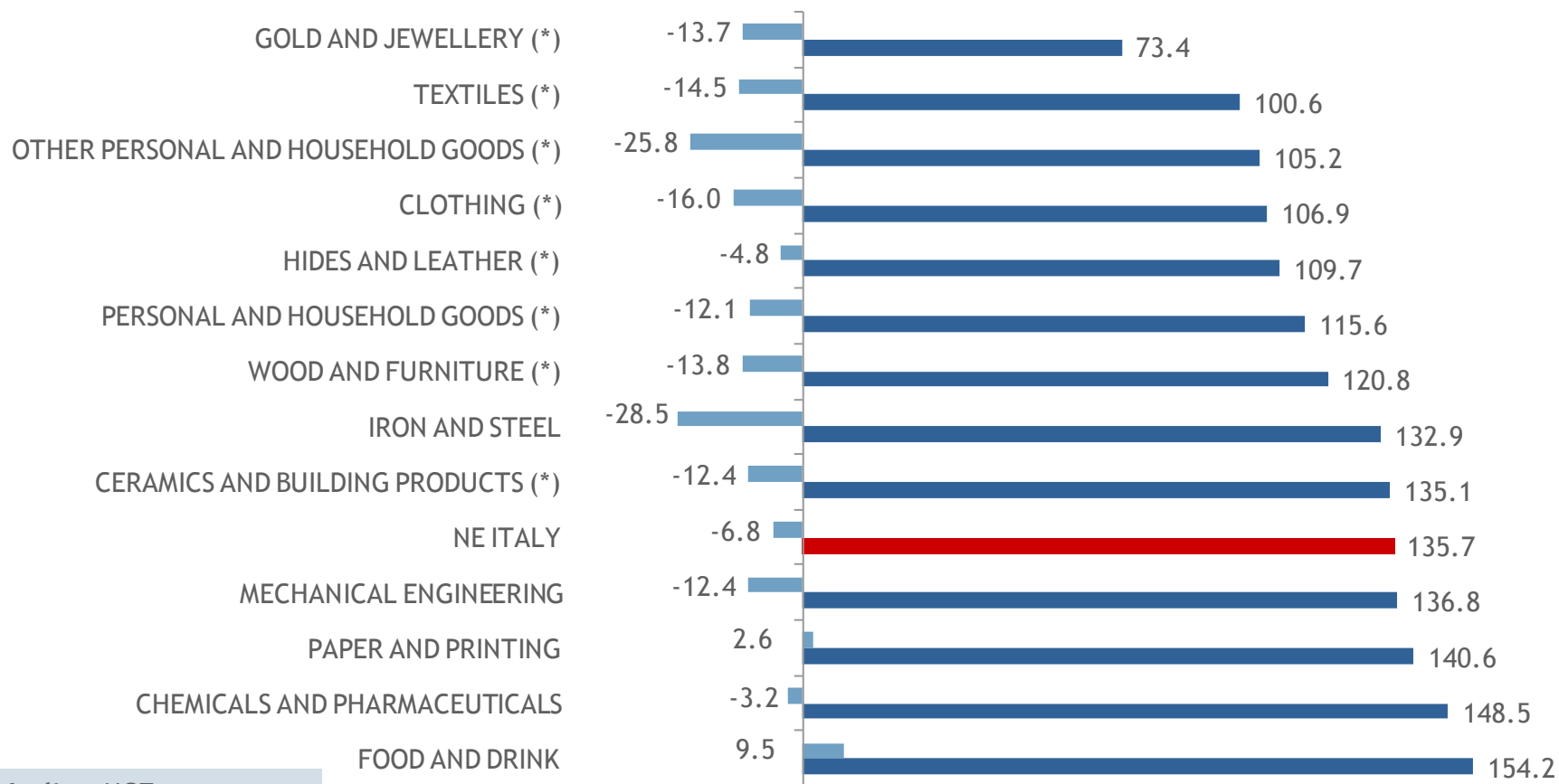
Italian MSEs up 8.7%  
(2009-2010)

# A closer look at sales in NE Italy ...

Positioning in 2010 vs pre-crisis: three years lost in terms of revenues, ten in terms of margins

Section 2

Sales, index no. 2000=100 and % chg. vs 2007; 628 MSEs



Italian MSEs  
 ■ 139.4 (2000-2010)  
 ■ down 7% (2000-07)

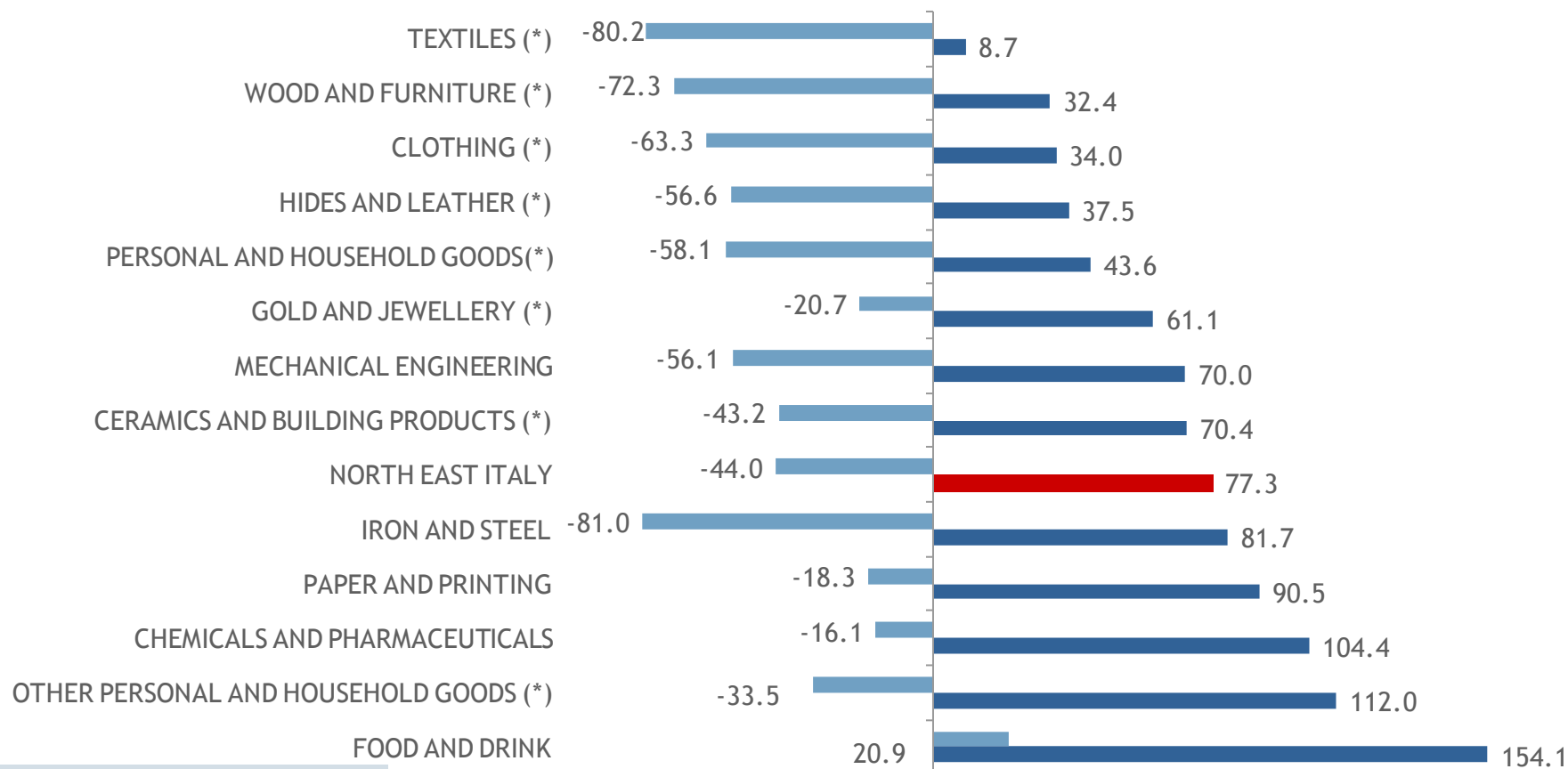
■ % chg. vs 2007   ■ 2010 sales index no. (2000=100)

# ... and industrial margins

Positioning in 2010 vs pre-crisis: three years lost in terms of revenues, ten in terms of margins

Section 2

EBIT, index no. 2000=100 and % chg. vs 2007; 6288 MSEs



Italian MSEs  
 ■ 92.8 (2000-2010)  
 ■ down 37.9% (2000-07)

■ % chg. vs 2007    ■ 2010 EBIT index no. (2000=100)



# **Trends in 2000-2010 compared with larger companies** (data compiled from closed sets of unconsolidated accounts; provisional data for 2010)

Section 3

**“To know a country properly, it is necessary to know at least two” (Alexander Gerschenkron)**

# Capability to penetrate international markets

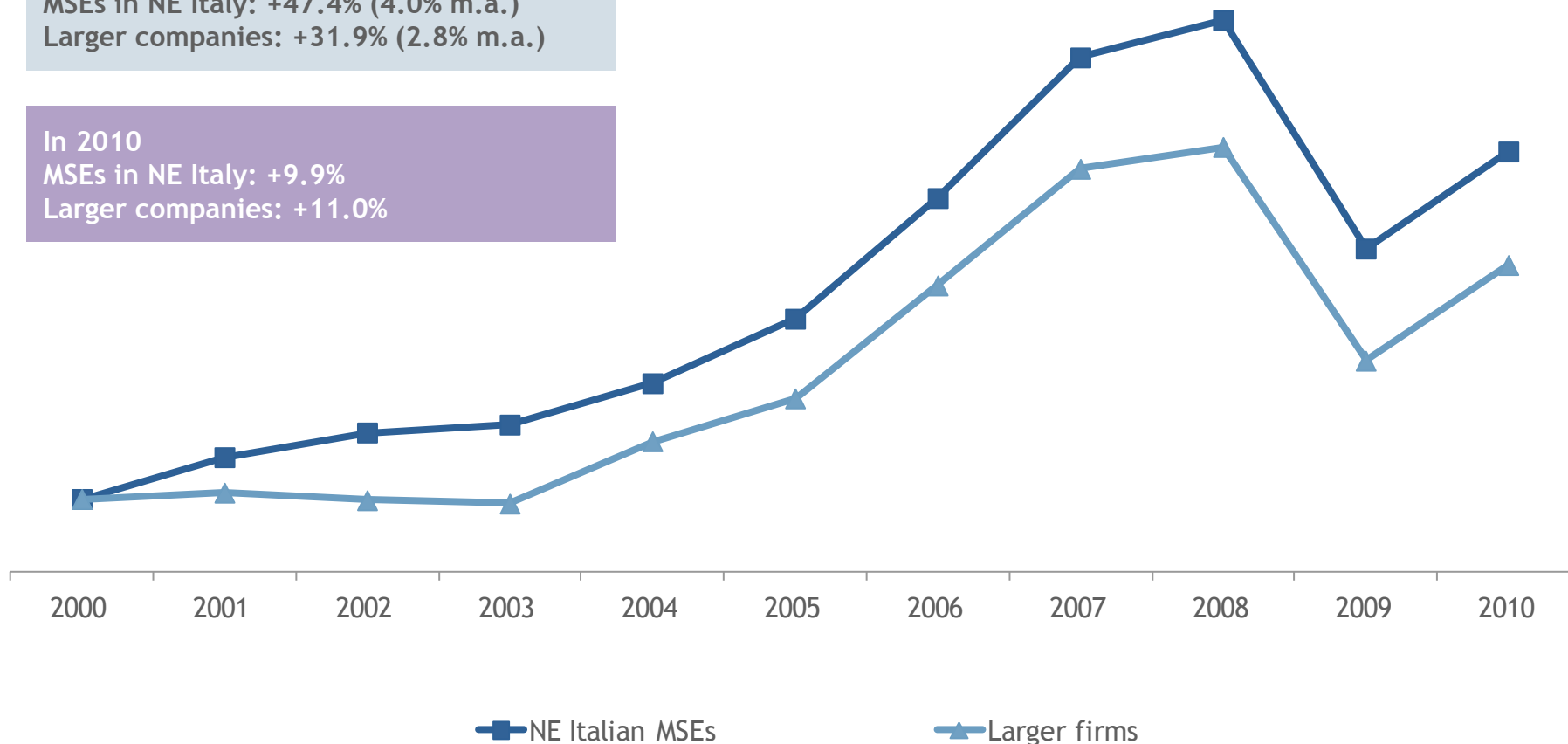
Trends in 2000-2010 compared with larger companies

Section 3

Sales for export, index no. 2000=100; Italian businesses of largest manufacturing groups and MSEs; estimated data for MSEs in 2010

2000-2010:  
MSEs in NE Italy: +47.4% (4.0% m.a.)  
Larger companies: +31.9% (2.8% m.a.)

In 2010  
MSEs in NE Italy: +9.9%  
Larger companies: +11.0%

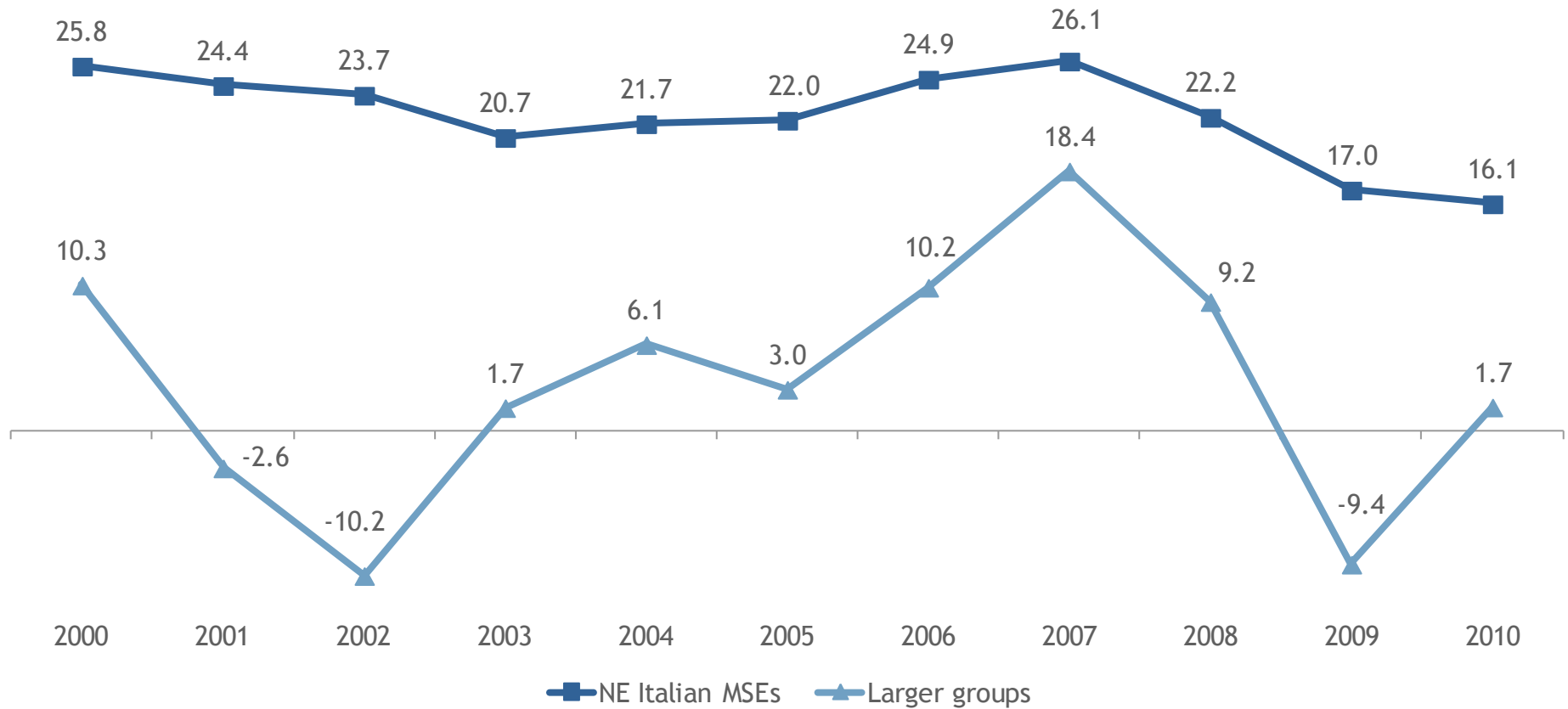


# Industrial margins better for MSEs ...

Trends in 2000-2010 compared with larger companies

Section 3

EBIT as % of value added; Italian businesses of largest manufacturing groups and MSEs

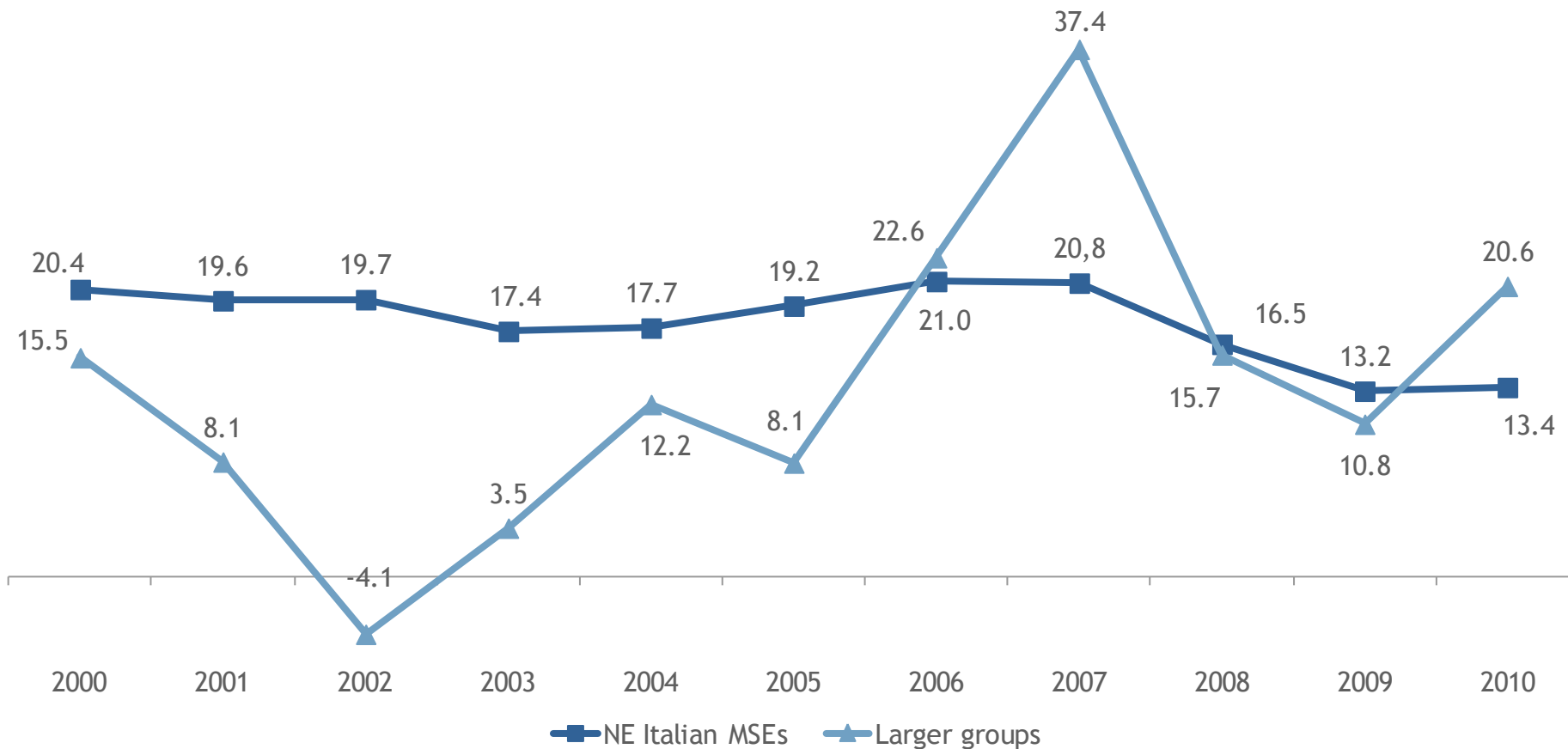


# ... and current profit no worse ...

Trends in 2000-2010 compared with larger companies

Section 3

Current profit as % of value added; Italian businesses of largest manufacturing groups and MSEs

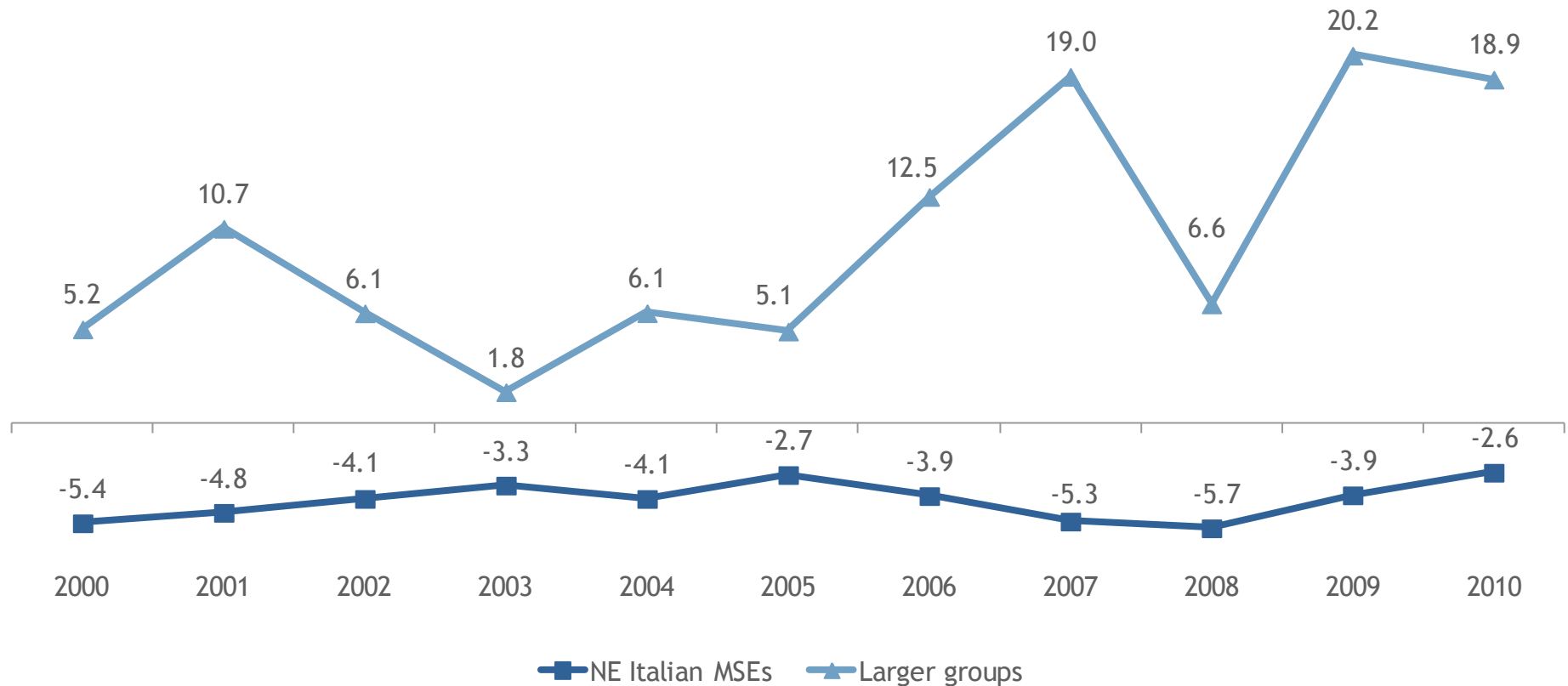


# ... despite negative net result from financial operations

Trends in 2000-2010 compared with larger companies

Section 3

Net result from financial operations as % of value added; larger manufacturing groups, Italian businesses and MSEs

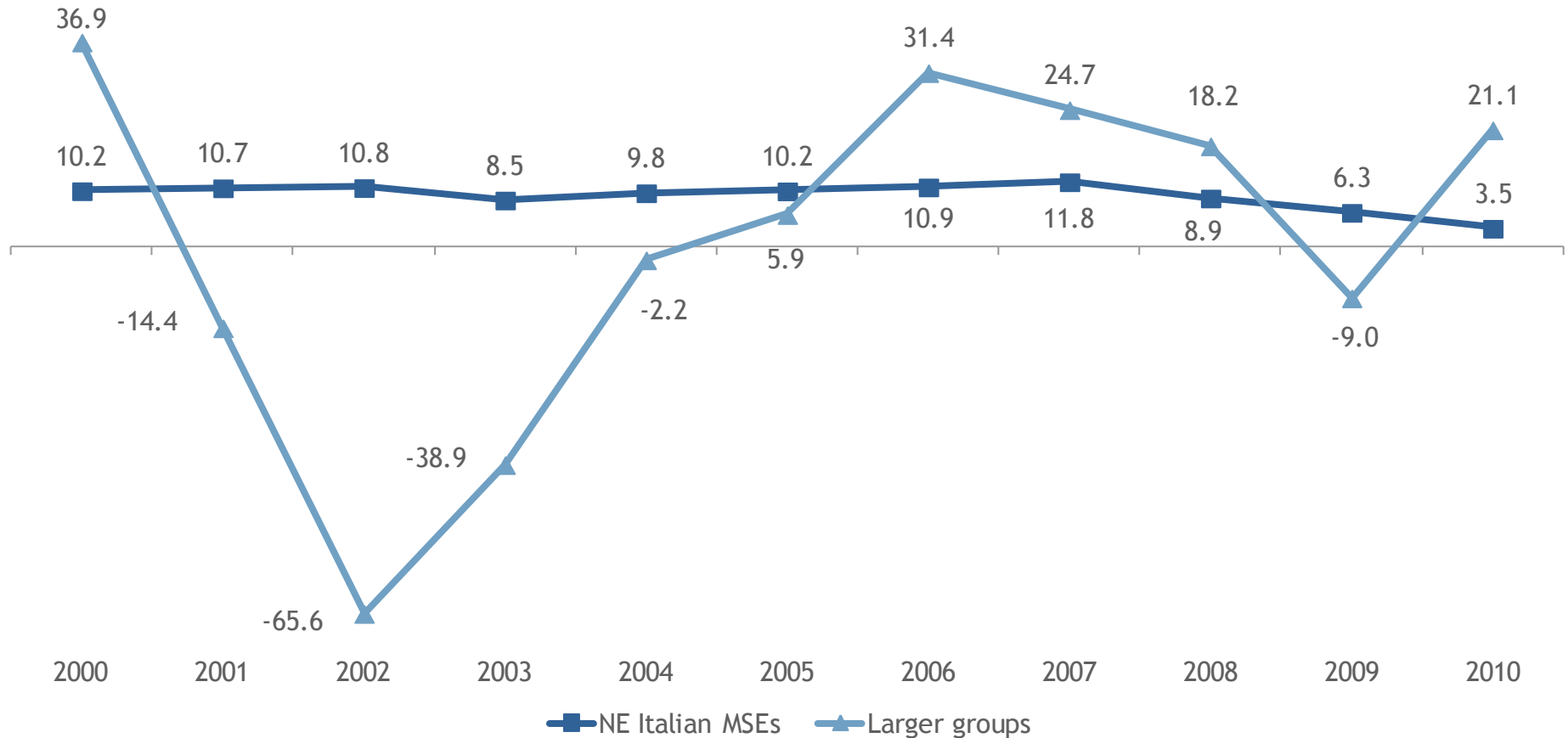


# Net profitability

Trends in 2000-2010 compared with larger companies

Section 3

Net profit as % of value added: Italian businesses of largest manufacturing groups and MSEs

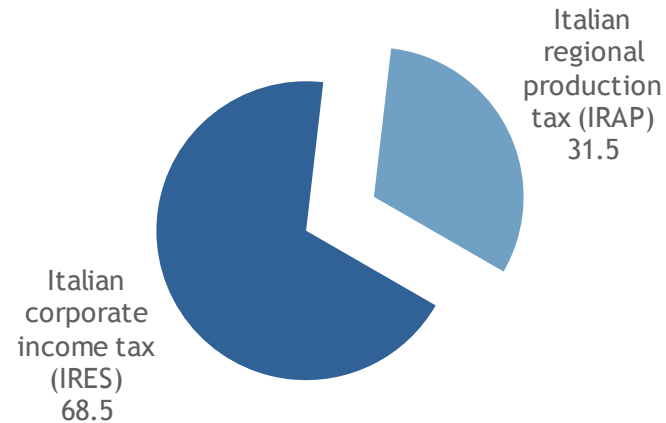
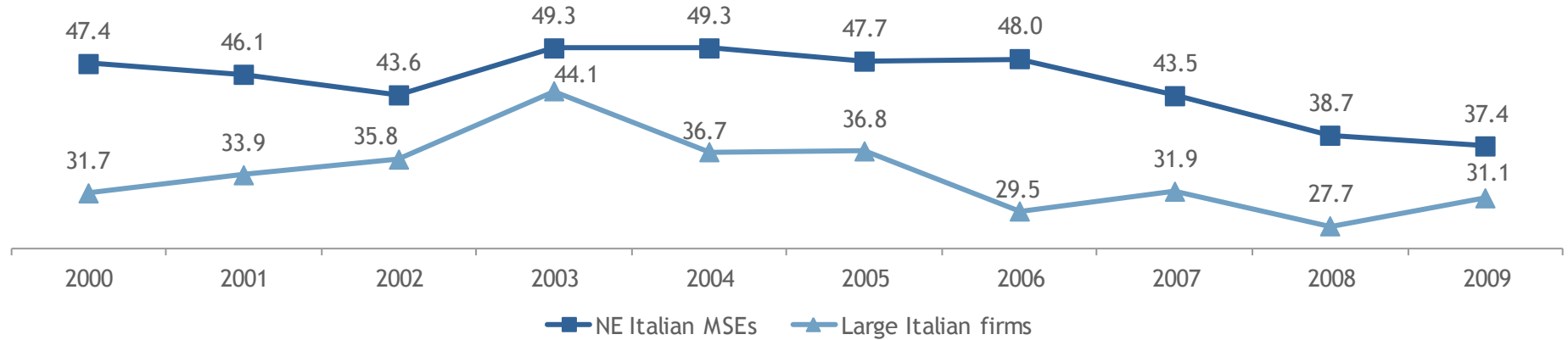


# Tax burden depresses MSEs' net profit

Trends in 2000-2010 compared with larger companies

Section 3

## Tax rate, excluding companies reporting pre-tax losses; census data for MSEs



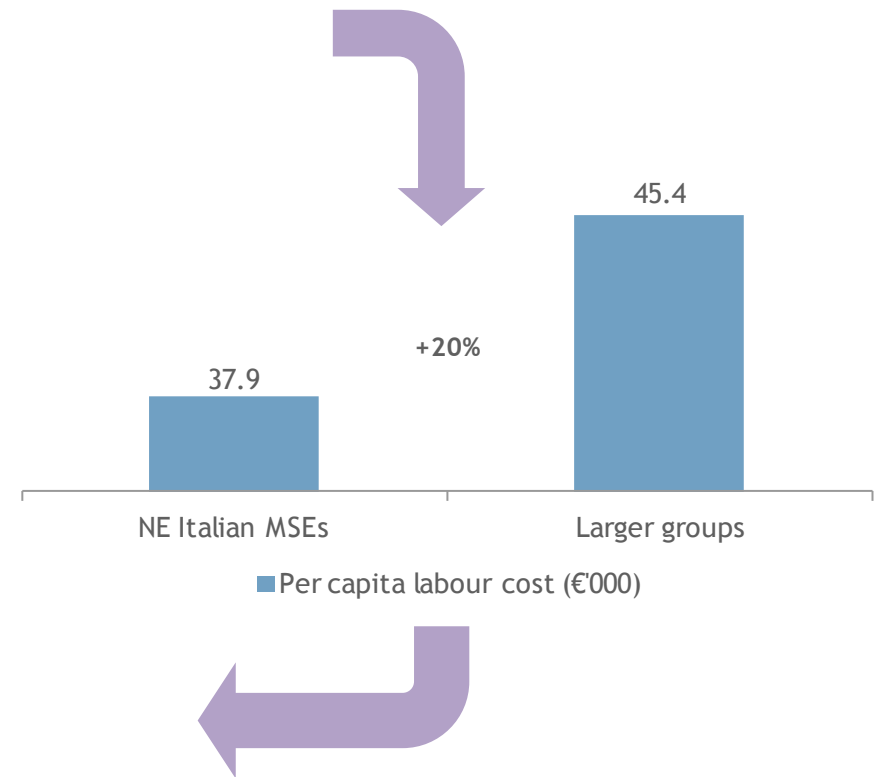
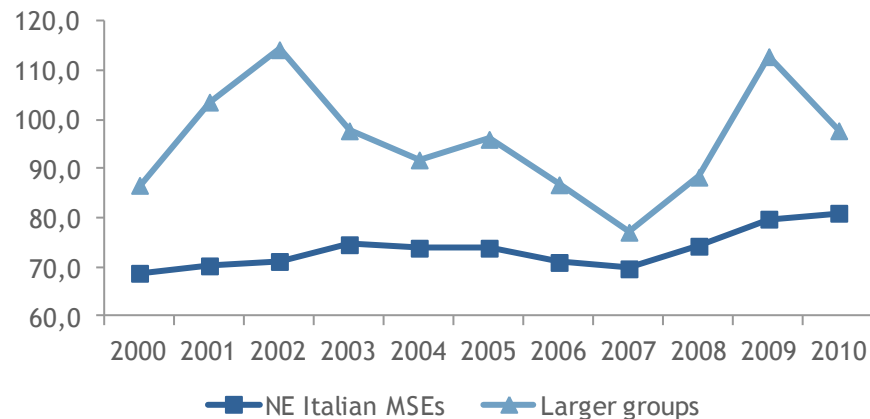
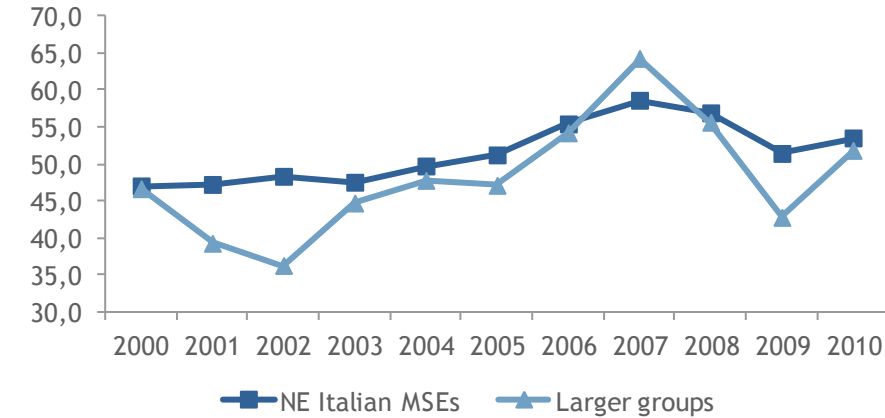
Excluding labour costs from the IRAP tax base would lead to an estimated reduction in the tax rate for MSEs of approx. 6 p.p., from 37% to 31%, and of 5 p.p. for the large companies, from 31% to 26%

# MSEs have high labour productivity ...

Trends in 2000-2010 compared with larger companies

Section 3

Net per capita value added, in €'000 and as % of cost of labour/net value added; Italian businesses of largest manufacturing groups and MSEs



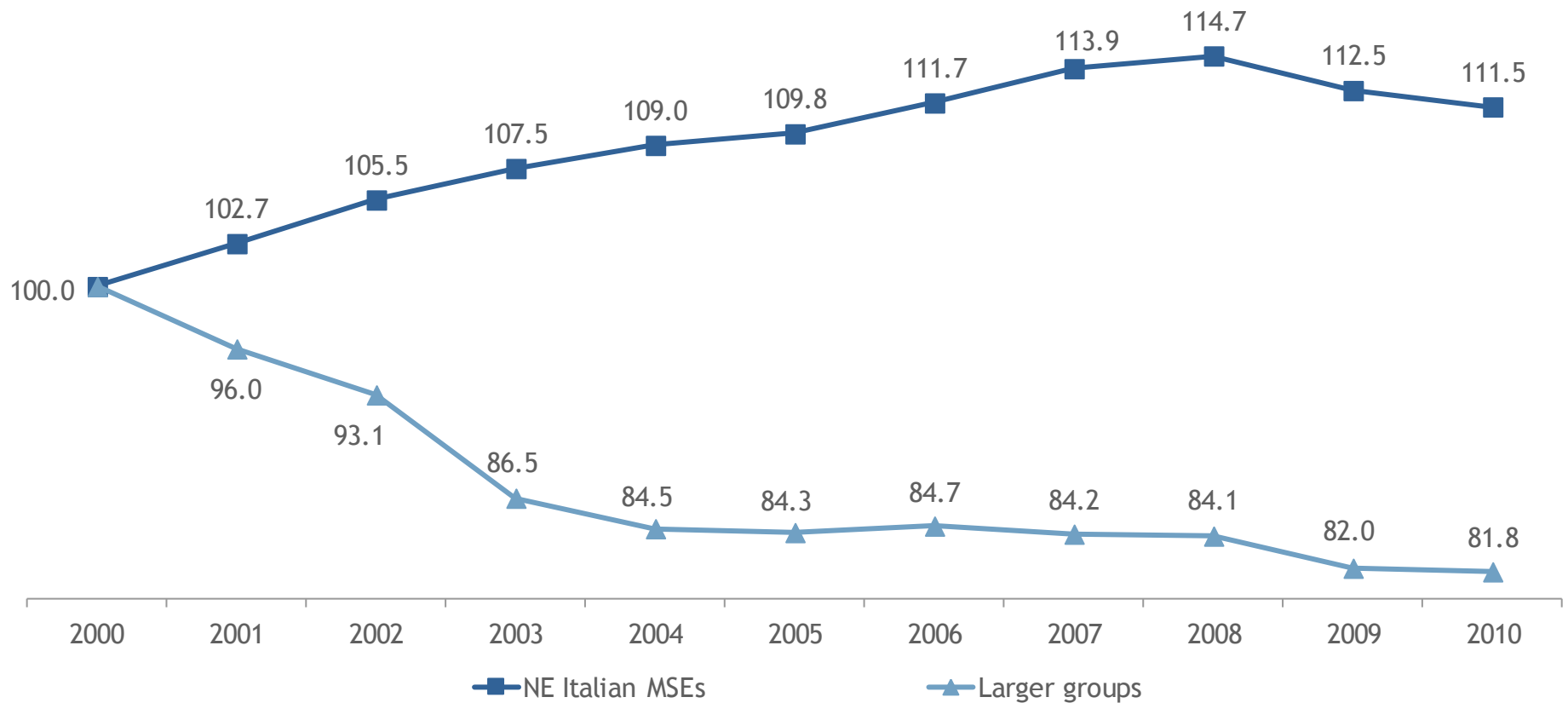


# ... even though staff numbers have increased

Trends in 2000-2010 compared with larger companies

Section 3

No. of staff index no., closed sets

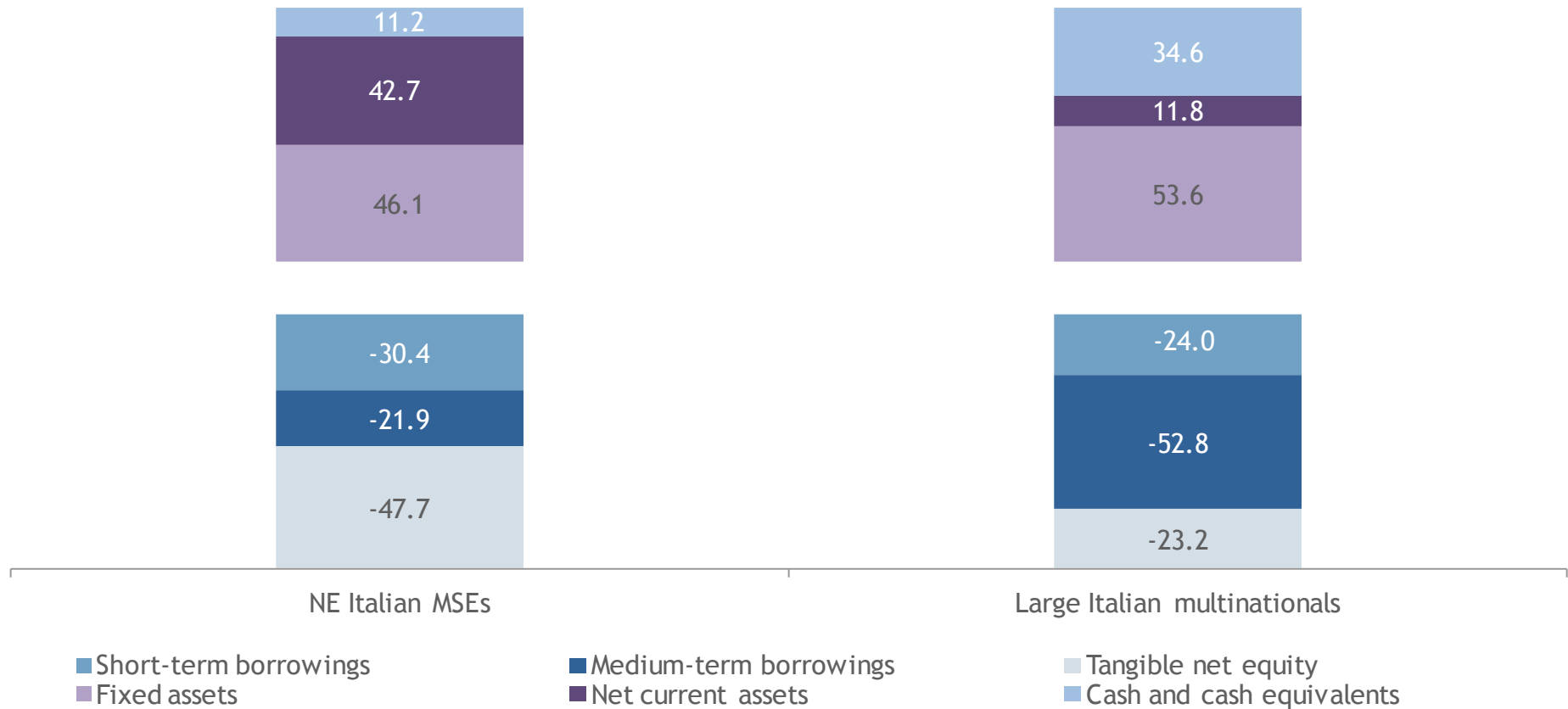


# “Lean production” means “lean finance”

Trends in 2000-2010 compared with larger companies

Section 3

Figures as % of total tangible assets; 2009



# International footprint: sales and production

(2000-2010)

Section 4

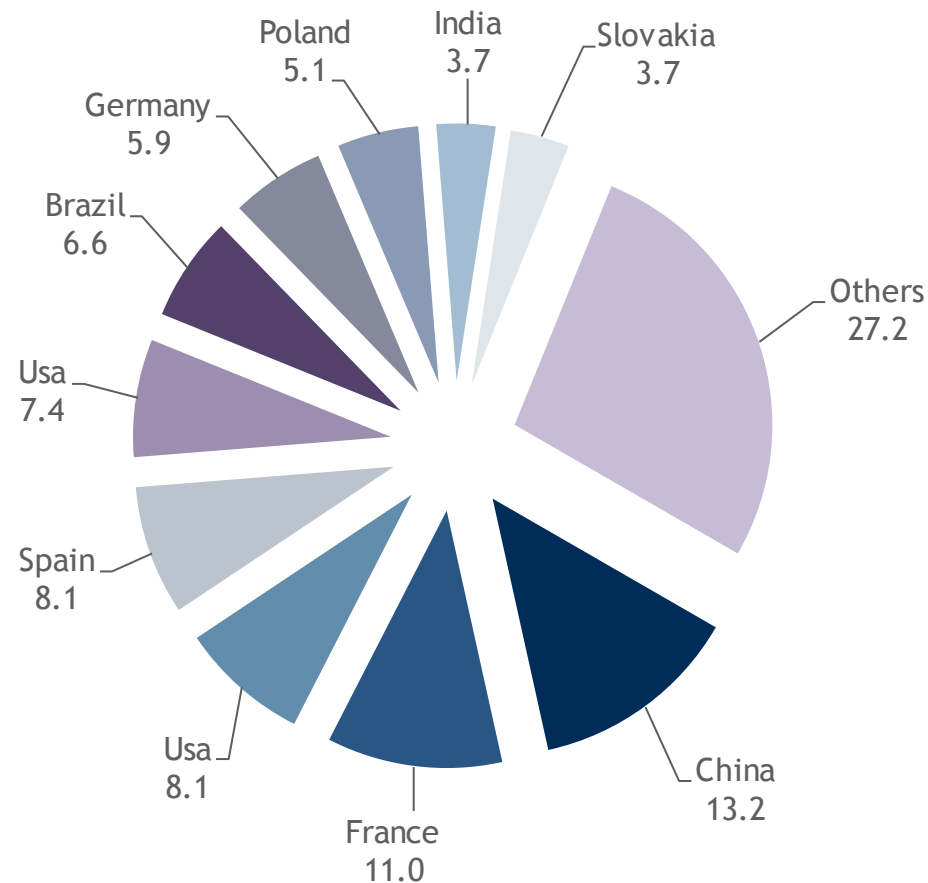
# Medium-sized non-Italian manufacturing companies

International footprint: sales and production

Section 4

Data compiled from universe of MSEs, 2009 data

The 404 MSEs in NE Italy drawing up consolidated accounts control 707 non-Italian companies (32% of the total), 136 of which are manufacturing (19% of the total non-Italian companies) with headquarters in:

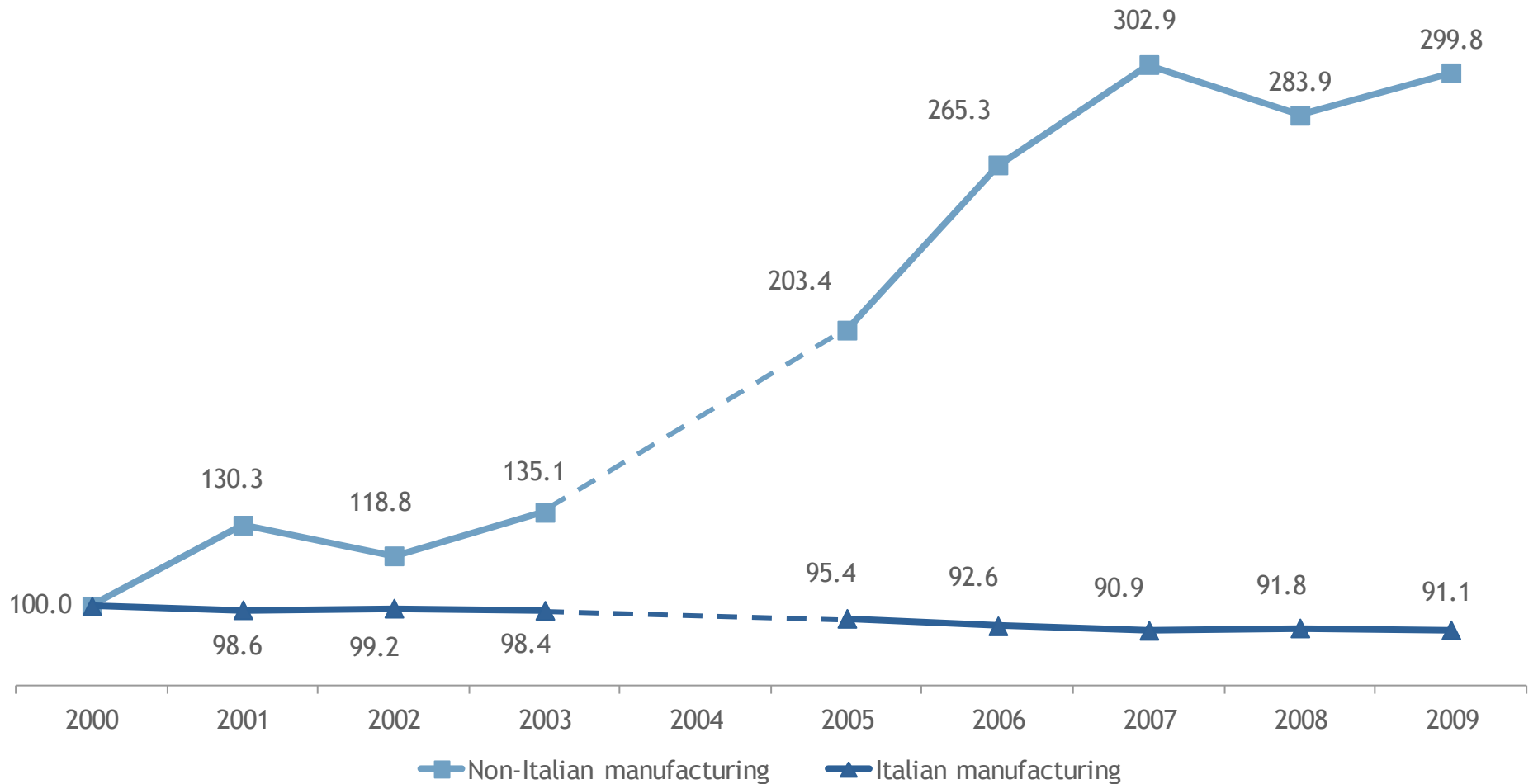


# International growth by manufacturing companies was rapid until 2007: and now?

International footprint: sales and production

Section 4

Index no. of manufacturing subsidiaries as % of total



# Scoring, polarization and differences hidden by averages

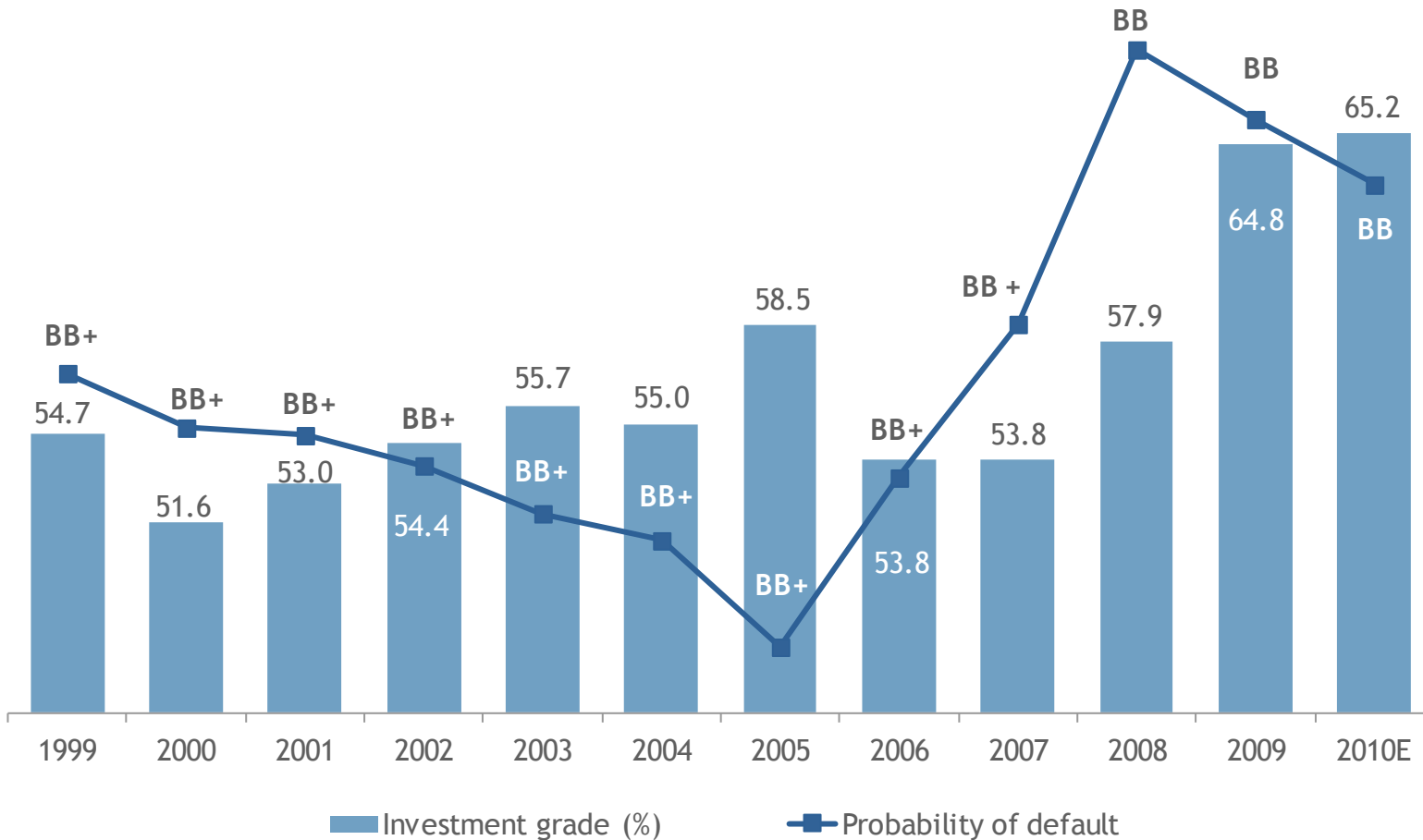
Section 5

# Risk reducing, but 2002-2006 levels far off

Scoring, polarization and differences hidden by averages

Section 5

R&S-Unioncamere scoring model; 2010 estimated data

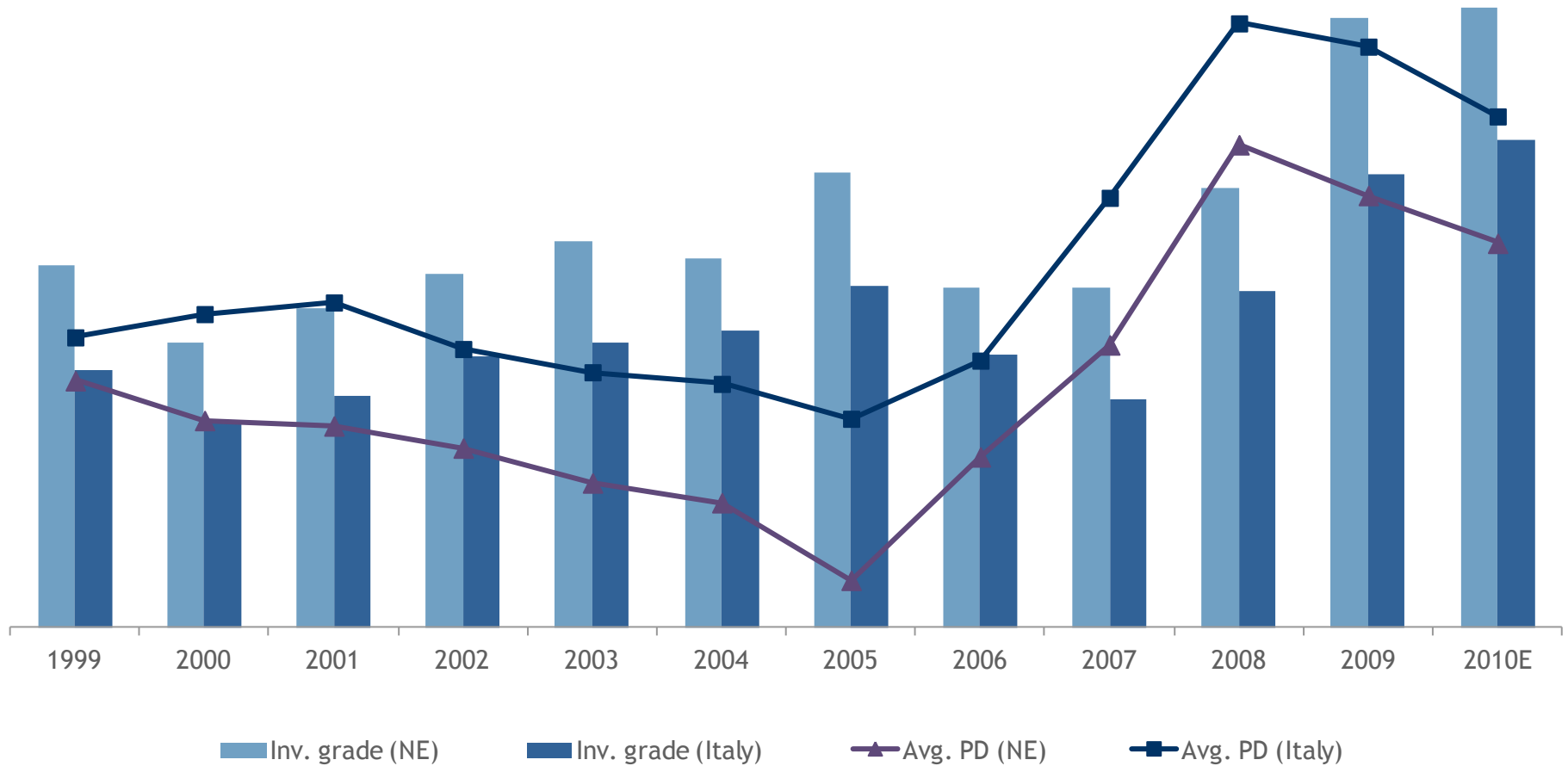


# NE Italian MSEs still more solid in relative terms

Scoring, polarization and differences hidden by averages

Section 5

R&S-Unioncamere scoring model; 2010 estimated data



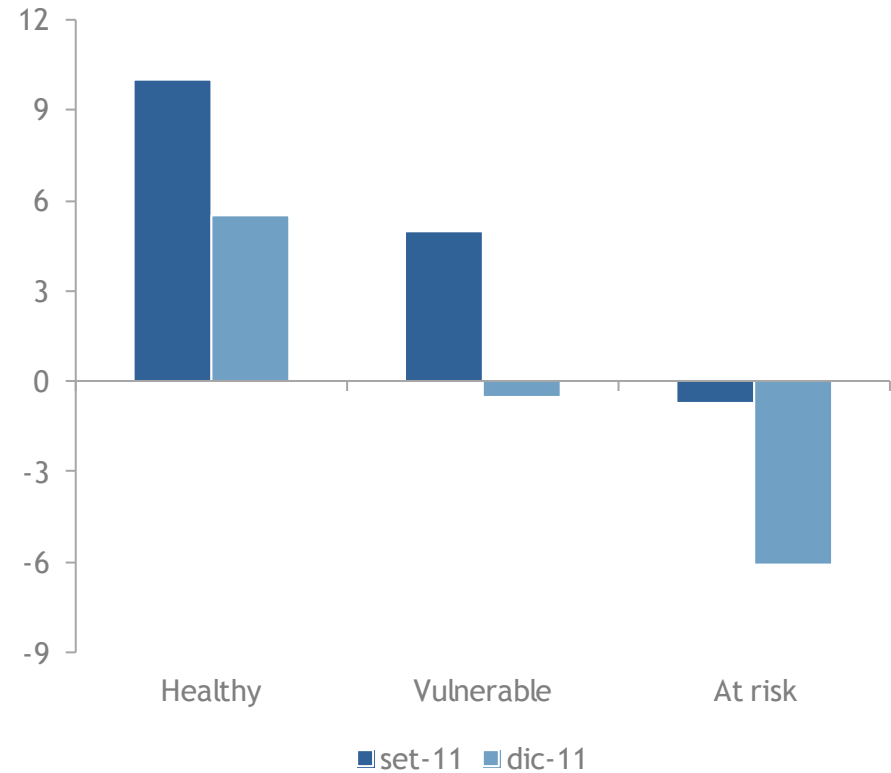
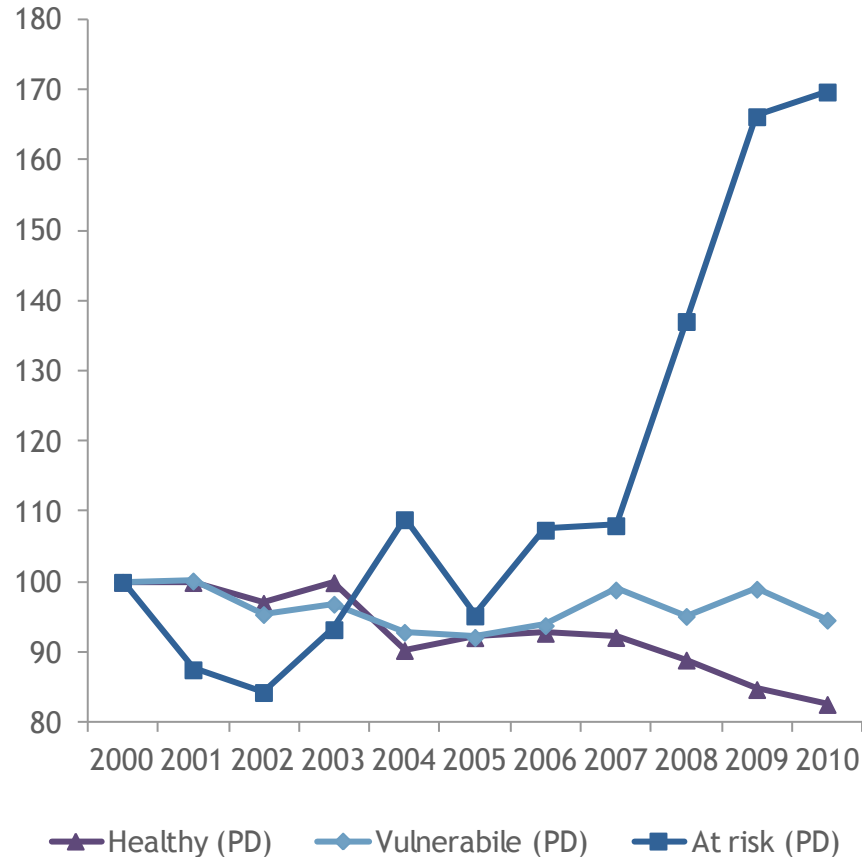


# Polarization and a reading of the credit crunch

Scoring, polarization and differences hidden by averages

Section 5

(Index no. of probability of default and trend in bank loans agreed)



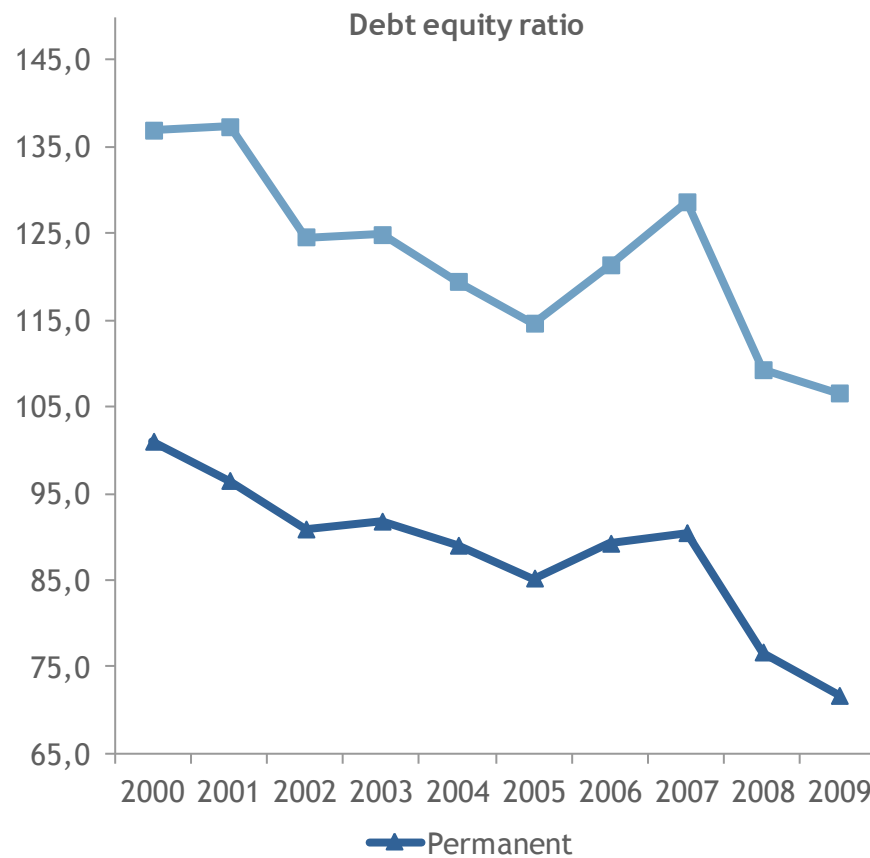
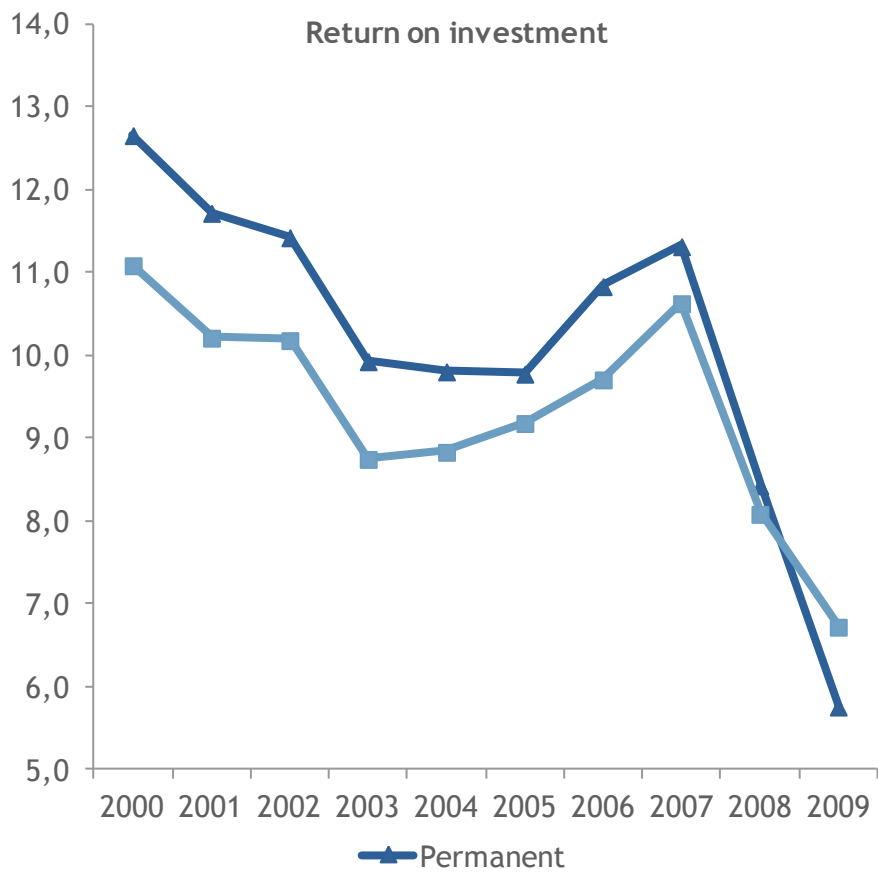
Changes in loans granted to companies in previous 12 months (source: Bank of Italy)

# Behind the aggregate figures

Scoring, polarization and differences hidden by averages

Section 5

“Permanente” and “fluctuating” universe

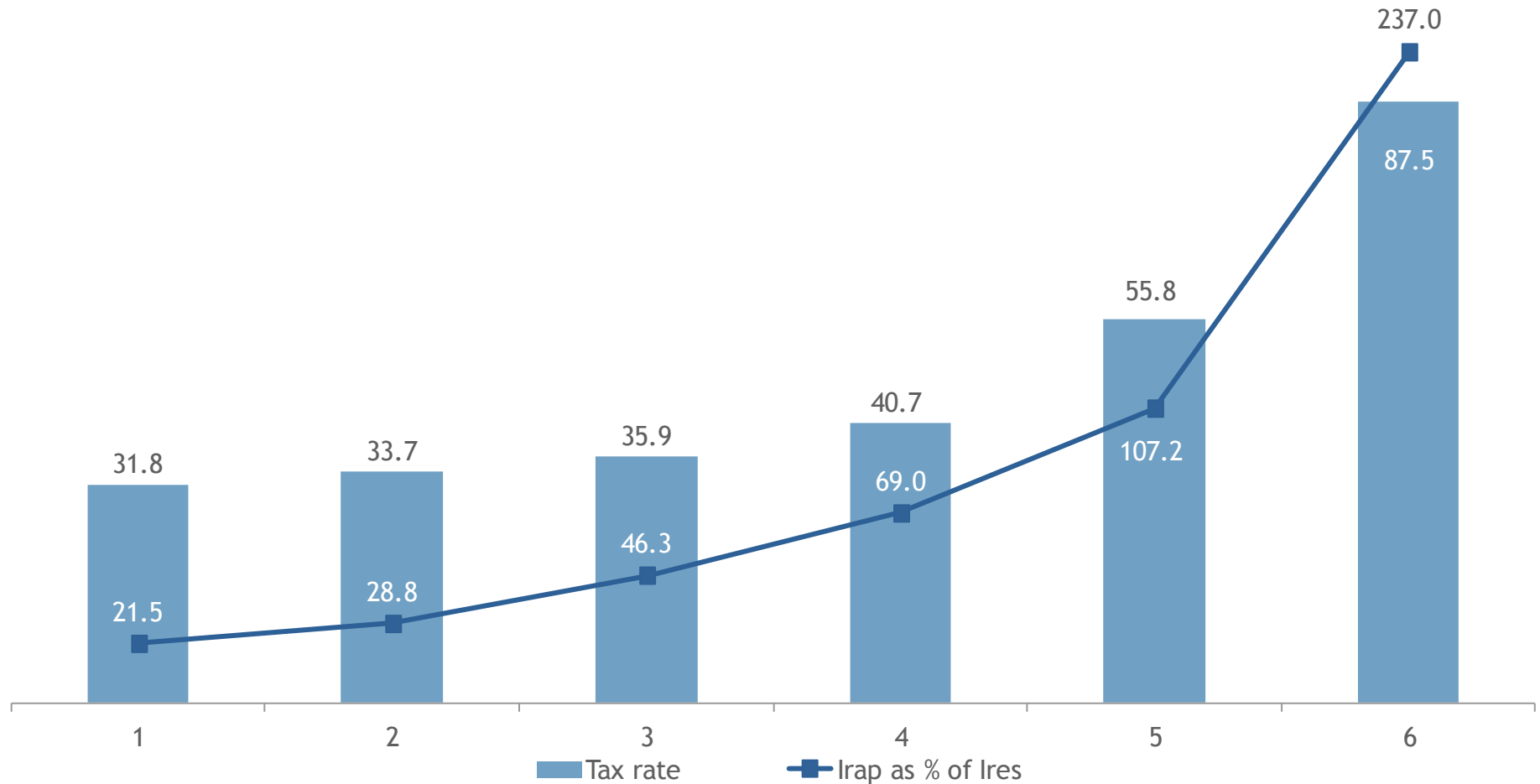


# Behind the aggregate figures (cont.)

Scoring, polarization and differences hidden by averages

Section 5

## Fair vs oppressive taxation



# Under the magnifying glass: MSEs in NE Italy, Emilia-Romagna and Parma

(closed sets of MSEs; unconsolidated accounts; provisional data for 2010)

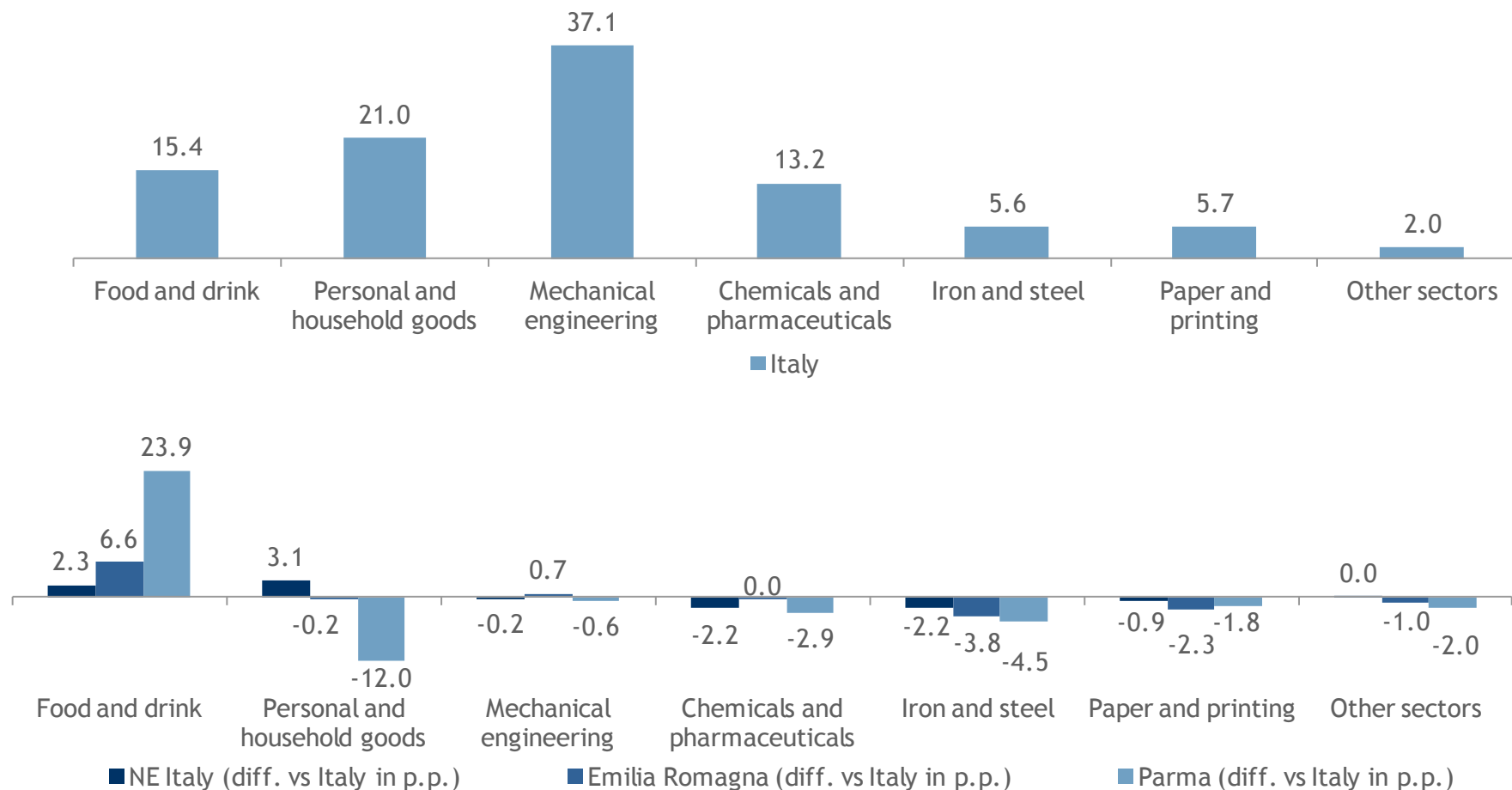
Section 6

# From Italy to NE Italy: changes in trades

Under the magnifying glass: MSEs in NE Italy, Emilia-Romagna and Parma

Section 6

Breakdown in value added in 2010; provisional data

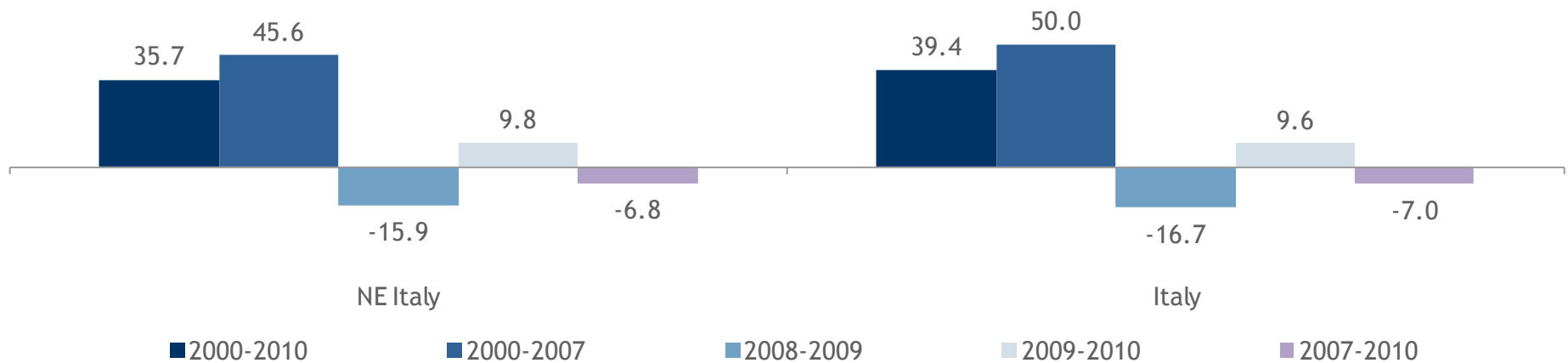
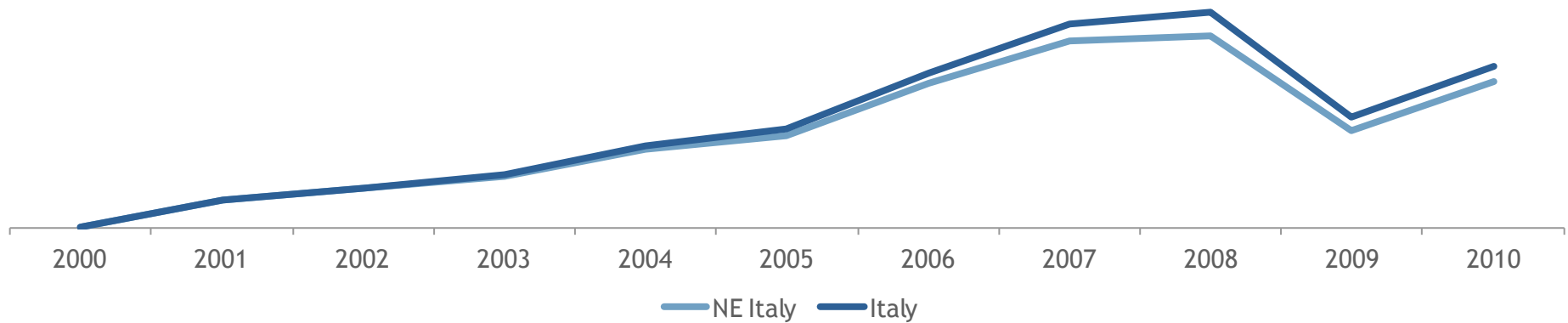


# NE Italy: what happened, and when, to sales ...

Under the magnifying glass: MSEs in NE Italy, Emilia-Romagna and Parma

Section 6

2000-2010, sales index no. 2000=100 and % chg.

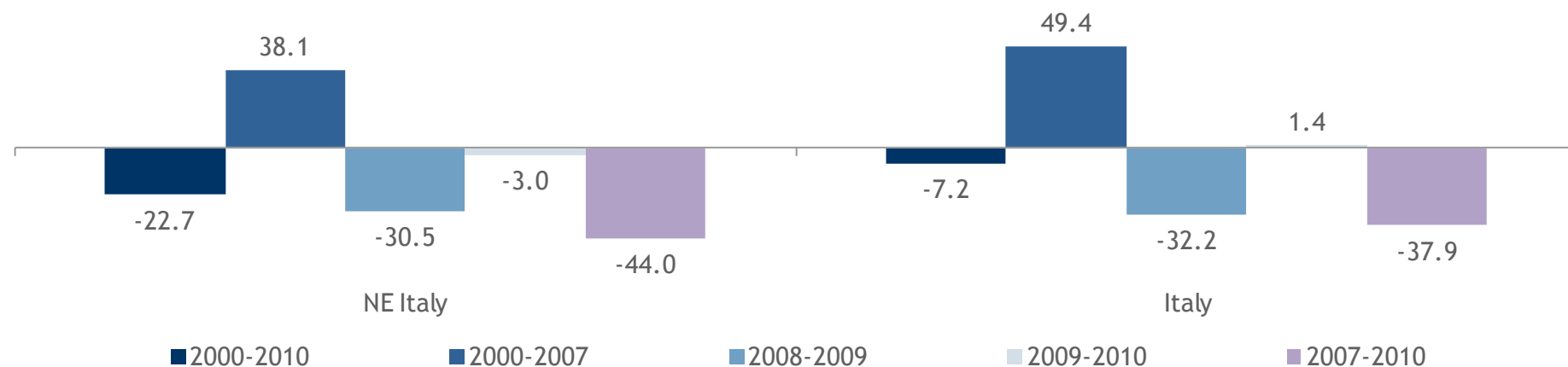
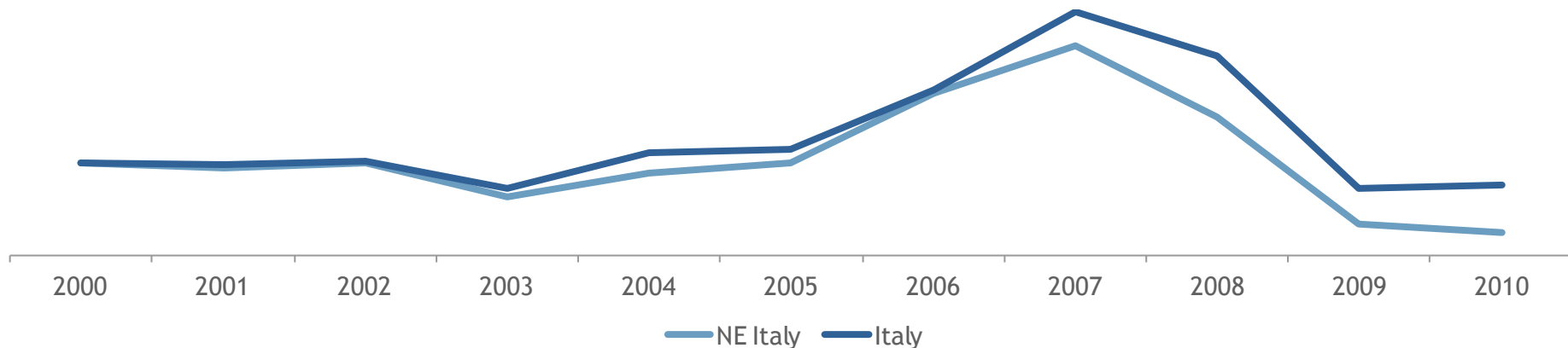


# ... and industrial margins

Under the magnifying glass: MSEs in NE Italy, Emilia-Romagna and Parma

Section 6

2000-2010, sales index no. 2000=100 and % chg.

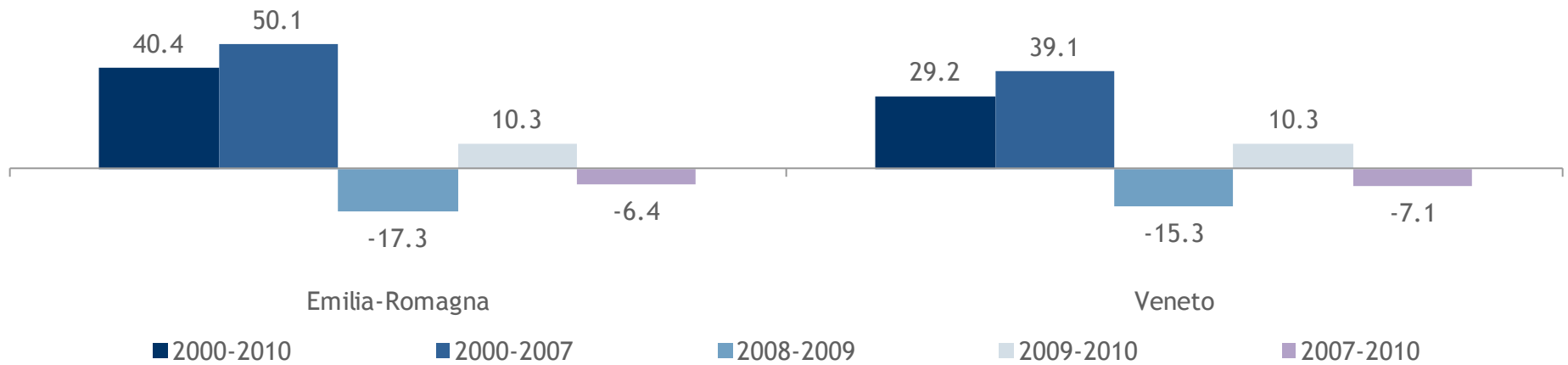
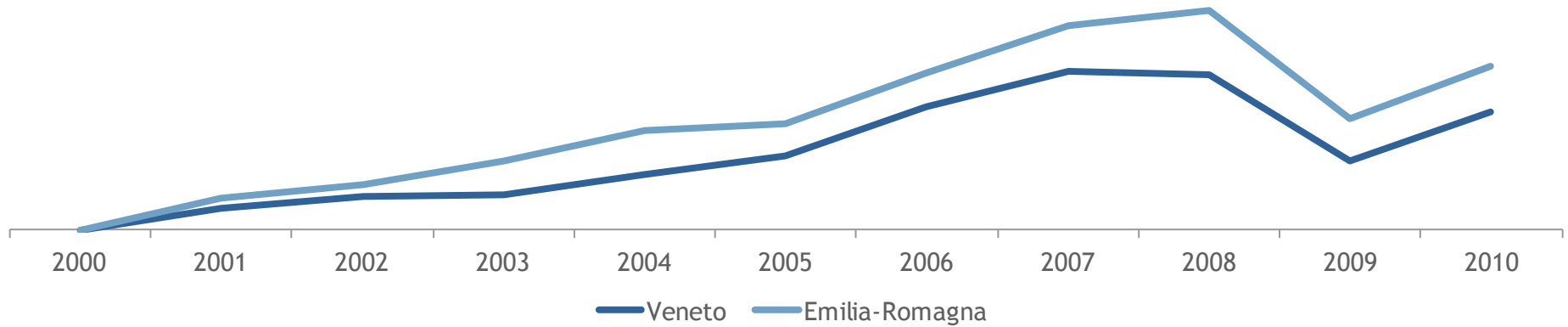


# Emilia-Romagna: healthy trend in sales ...

Under the magnifying glass: MSEs in NE Italy, Emilia-Romagna and Parma

Section 6

2000-2010, index no. 2000=100 and % chg.



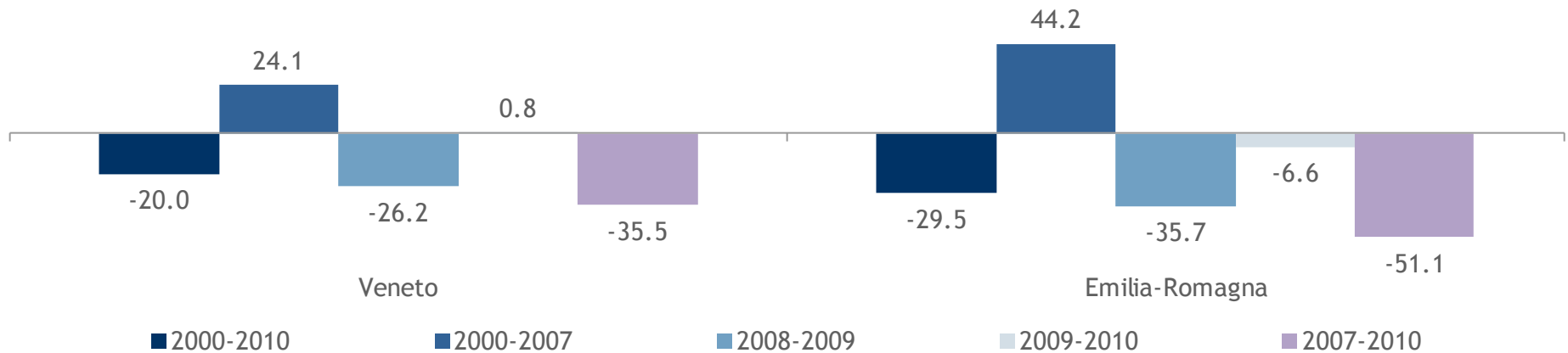
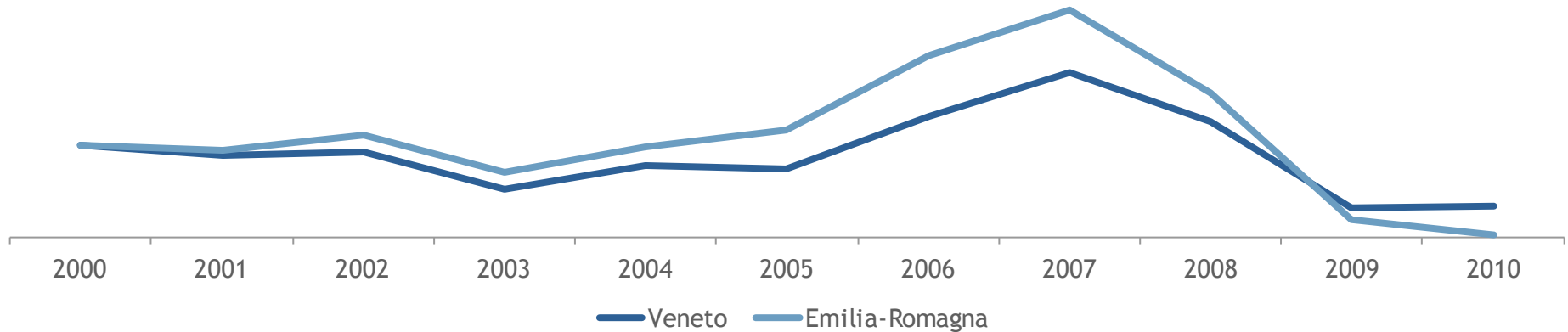


# ... and industrial margins, at least until 2008 ...

Under the magnifying glass: MSEs in NE Italy, Emilia-Romagna and Parma

Section 6

2000-2010, EBIT index no. 2000=100 and % chg.

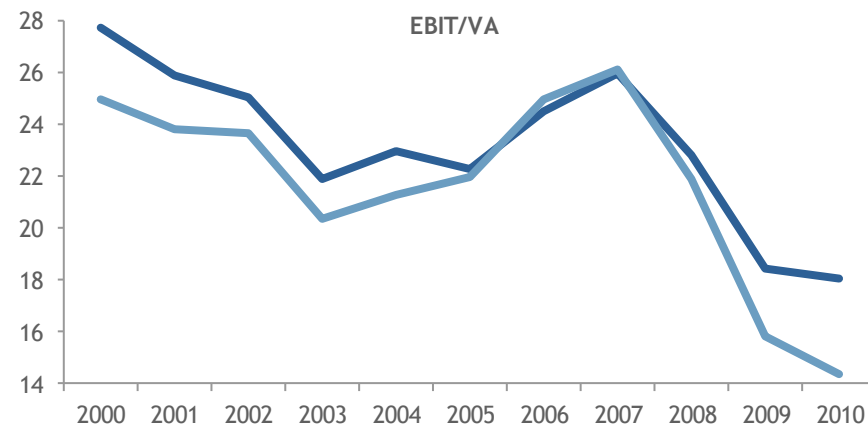
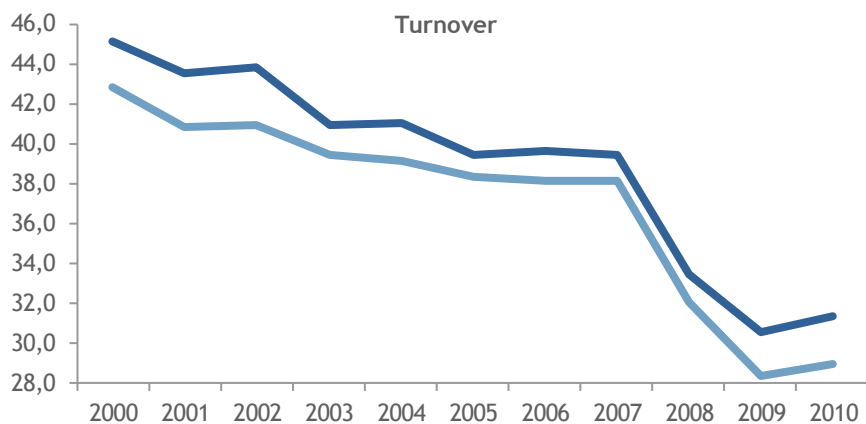
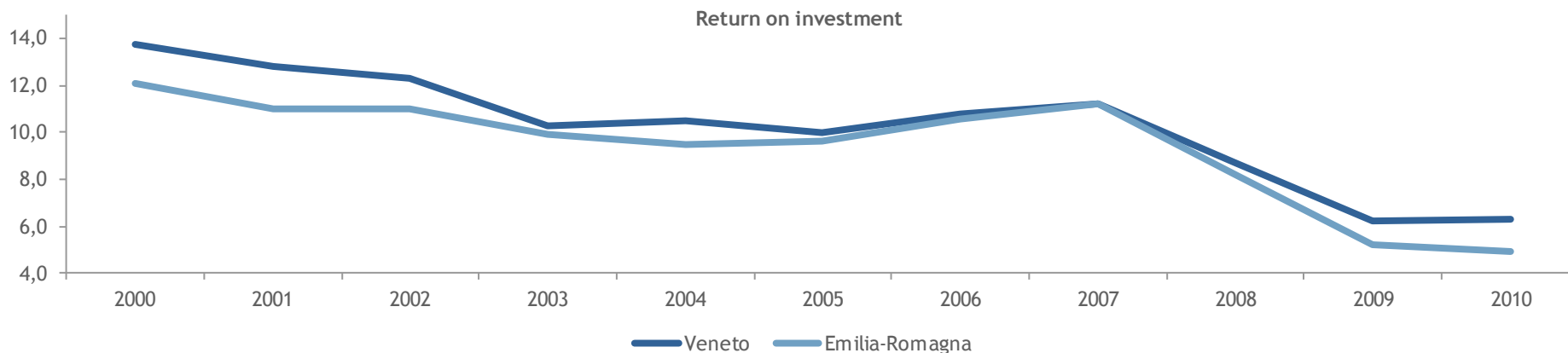


# Crisis has penalized return on capital

Under the magnifying glass: MSEs in NE Italy, Emilia-Romagna and Parma

Section 6

## Emilia-Romagna and Veneto

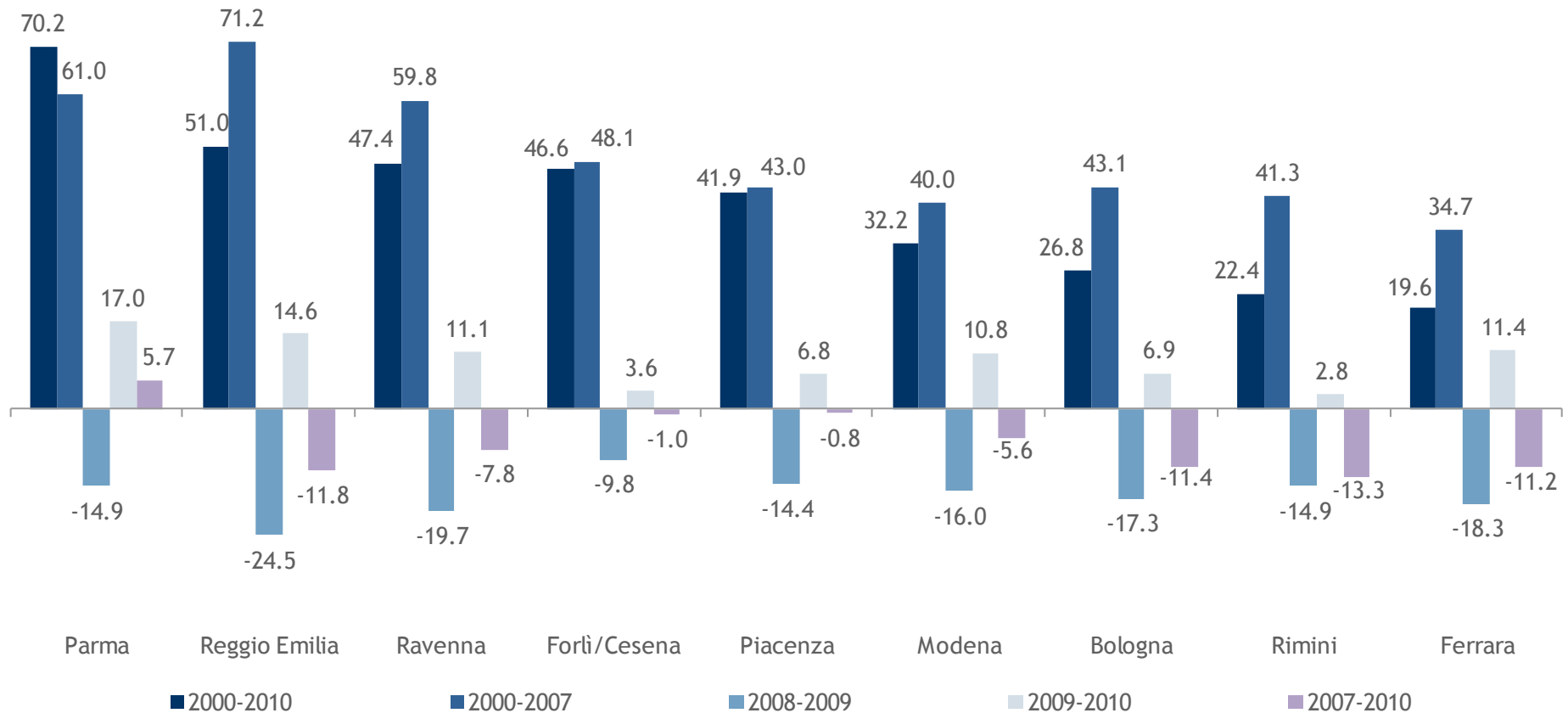


# Parma: buoyant commercial performance – beyond the crisis already?

Under the magnifying glass: MSEs in NE Italy, Emilia-Romagna and Parma

Section 6

## Percentage changes in sales

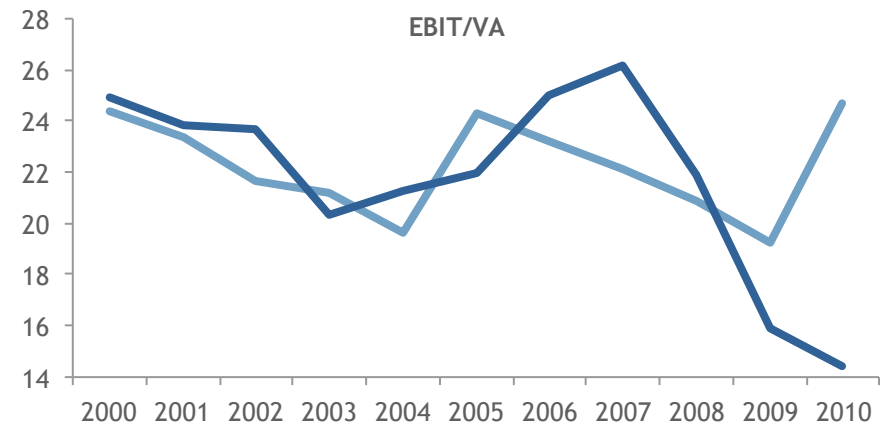
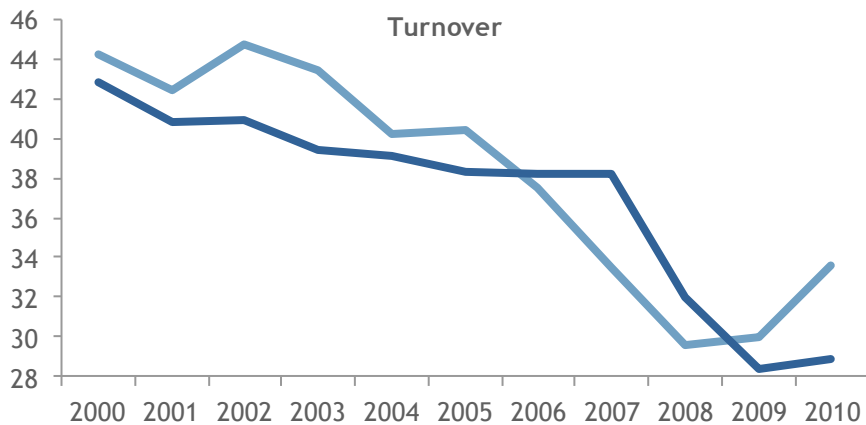
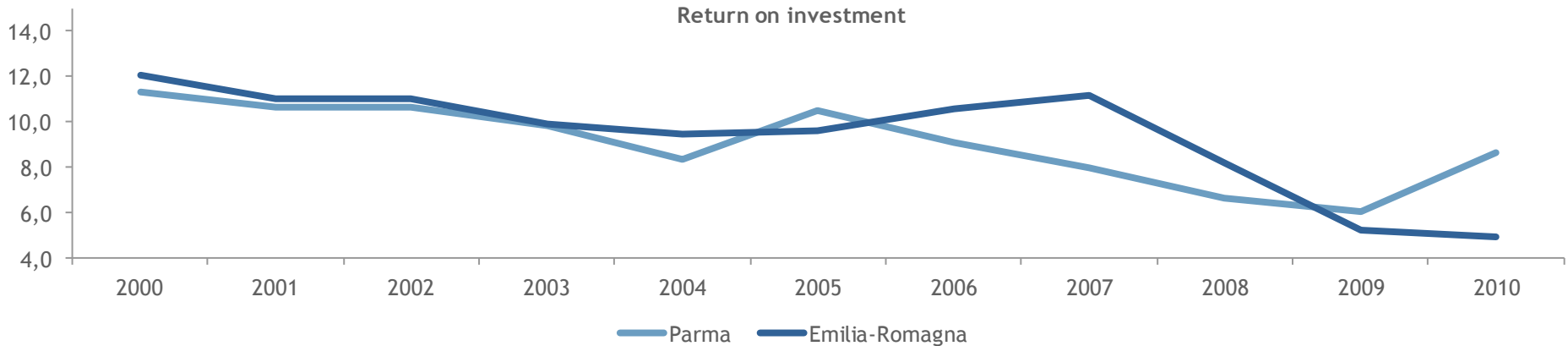


# Hard to say, but ROI has consolidated during the crisis

Under the magnifying glass: MSEs in NE Italy, Emilia-Romagna and Parma

Section 6

## Emilia-Romagna and Parma province





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