

MEDIOBANCA

Banca di Credito Finanziario

Italian medium-size industrial companies

Rome, 12 December 2006

Fulvio Coltorti
(Mediobanca Research
Department)

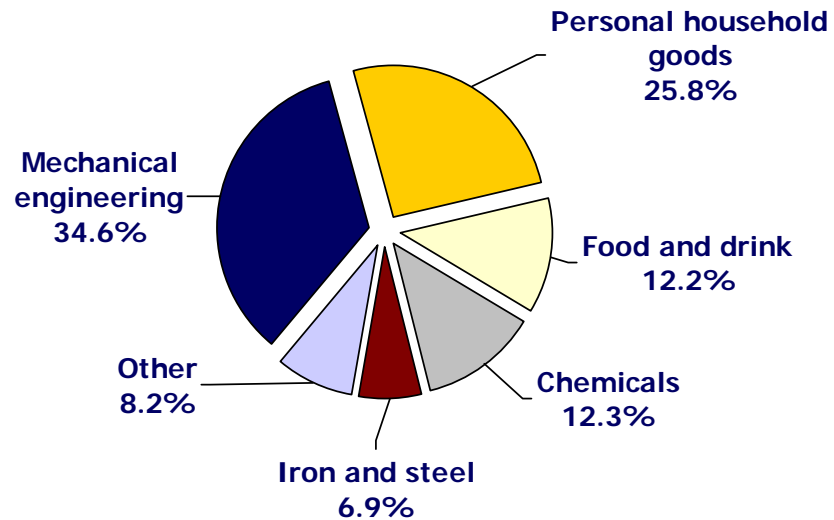


MEDIOBANCA
Banca di Credito Finanziario S.p.A.

Where were they in 2003?

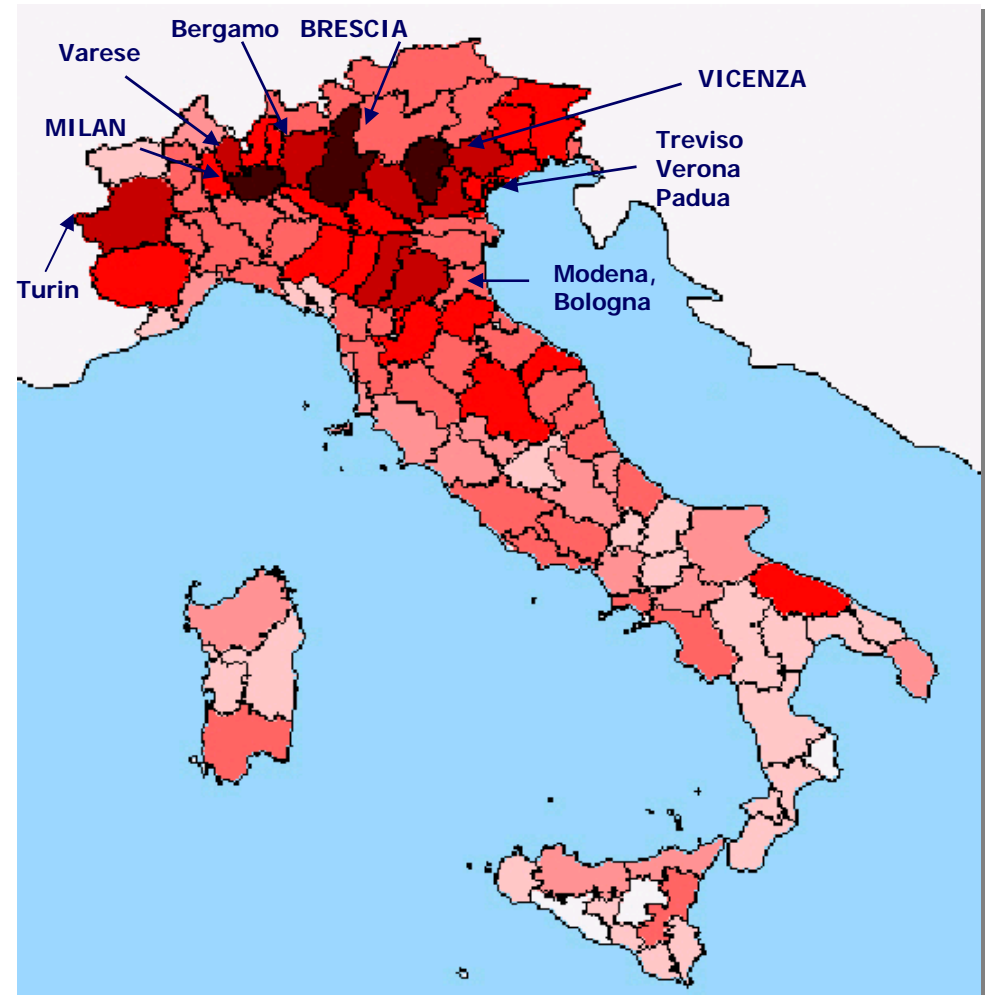
Italian medium-size industrial companies

Value added



50-499 employees
€ 13-290m turnover

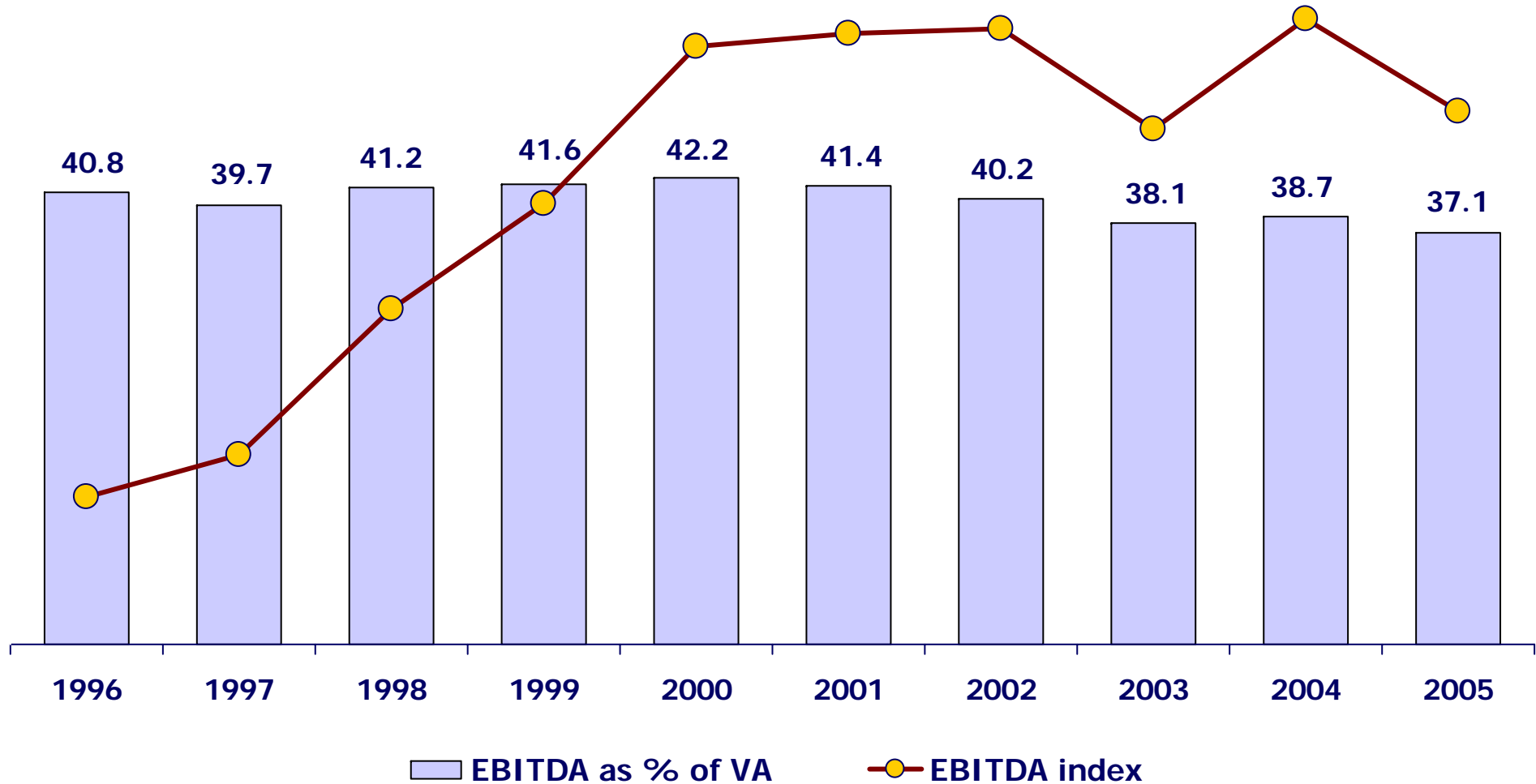
3,973 companies
50% in cities shown



Operating margins

EBITDA 1996-2005 - MB estimates for 2004-2005

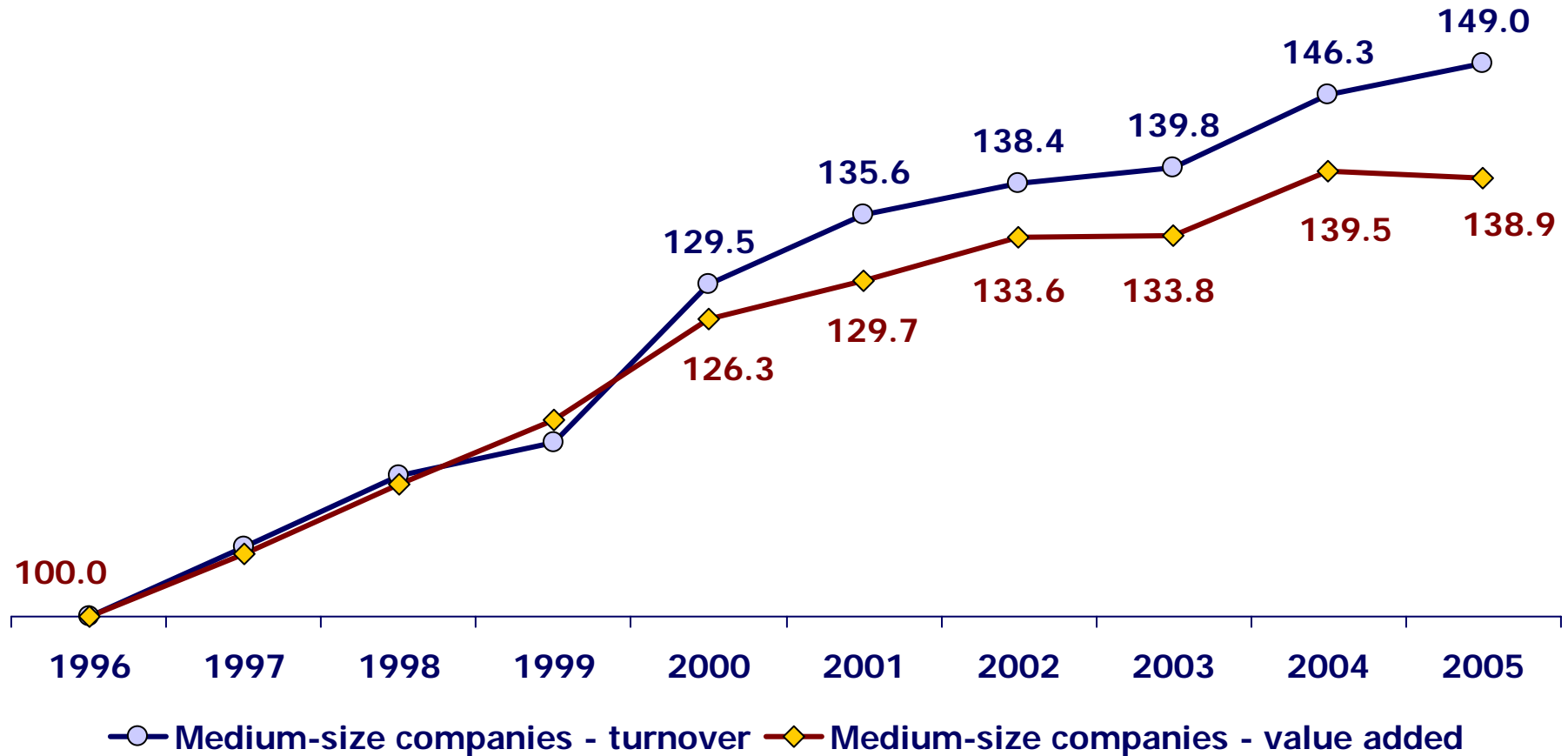
Italian medium-size industrial companies



Turnover and value added: medium-size companies

1996 index = 100; data: Mediobanca and Mediobanca-Unioncamere

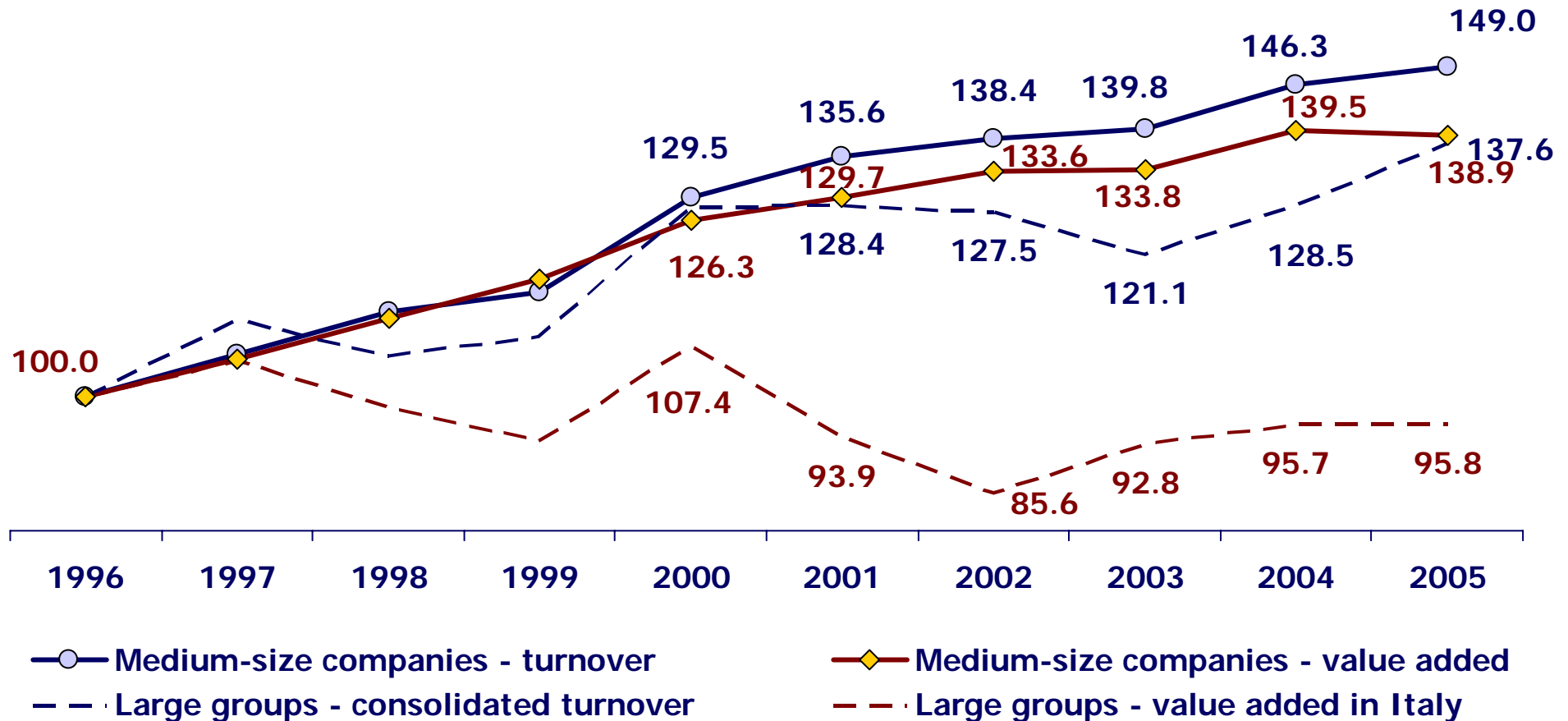
Italian medium-size industrial companies



Turnover and value added: medium-size and large companies

1996 index = 100; data Mediobanca and Mediobanca-Unioncamere

Italian medium-size industrial companies



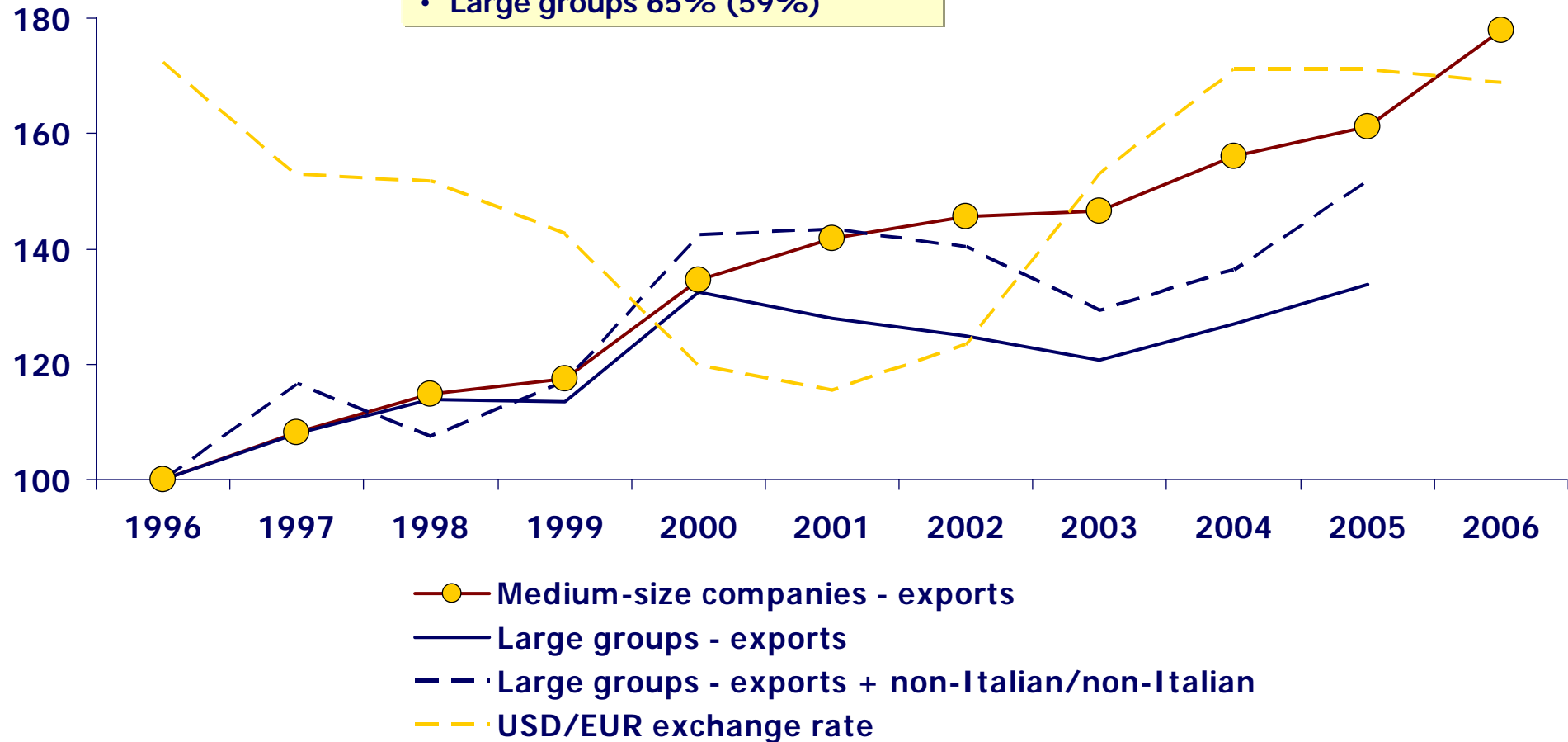
Sales outside Italy: medium-size and large companies

Index 1996 = 100; data Mediobanca and Mediobanca-Unioncamere

Italian medium-size industrial companies

% non-Italian sales, 2005 (1996):

- Medium-size 35% (32%)
- Large groups 65% (59%)



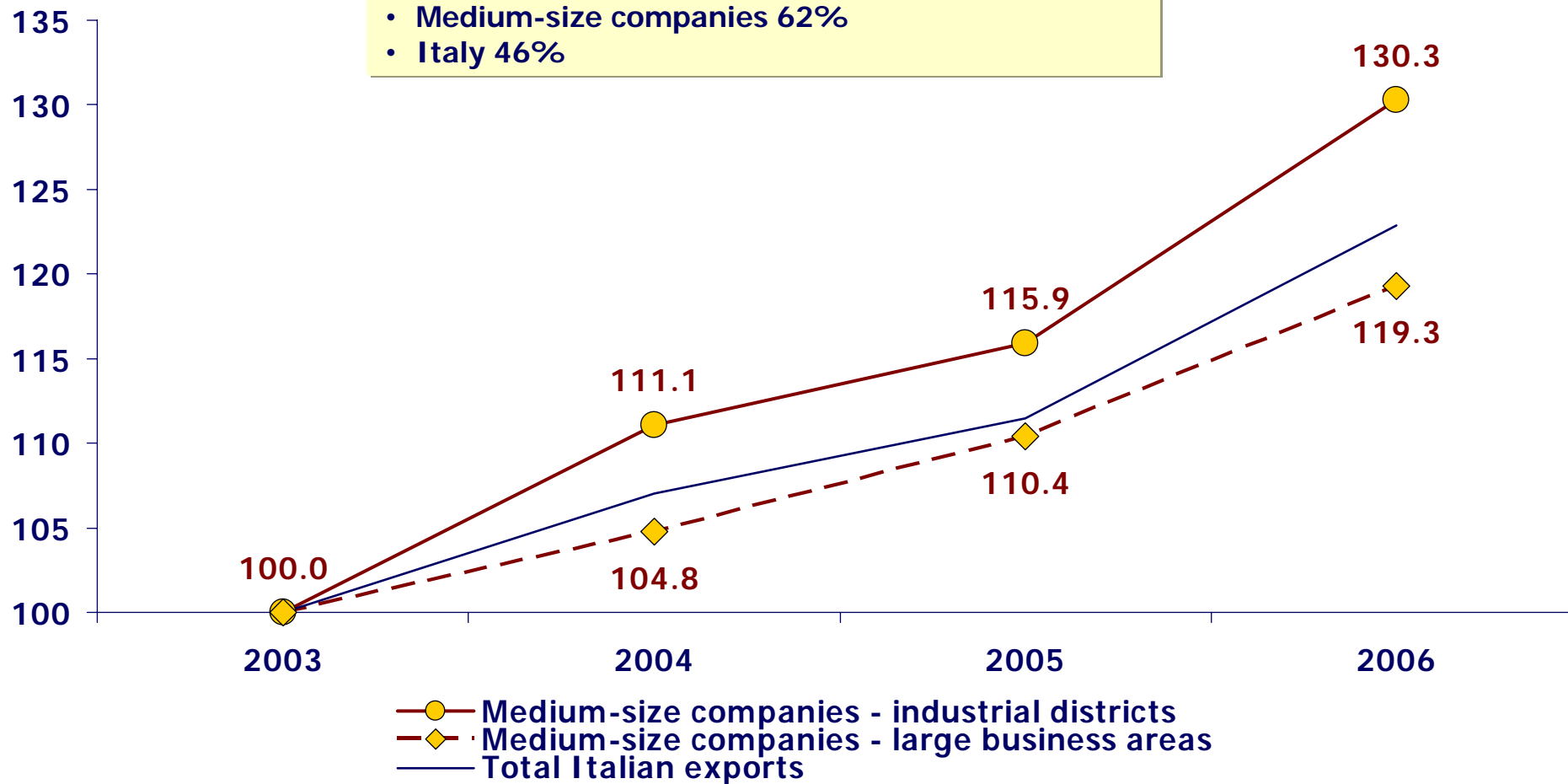
Exports 2003 – Jun. 2006 industrial districts and large business areas

Index 2003 = 100; MB estimates for medium-size companies

Italian medium-size industrial companies

% exports by district areas Jan. – Jun. 2006:

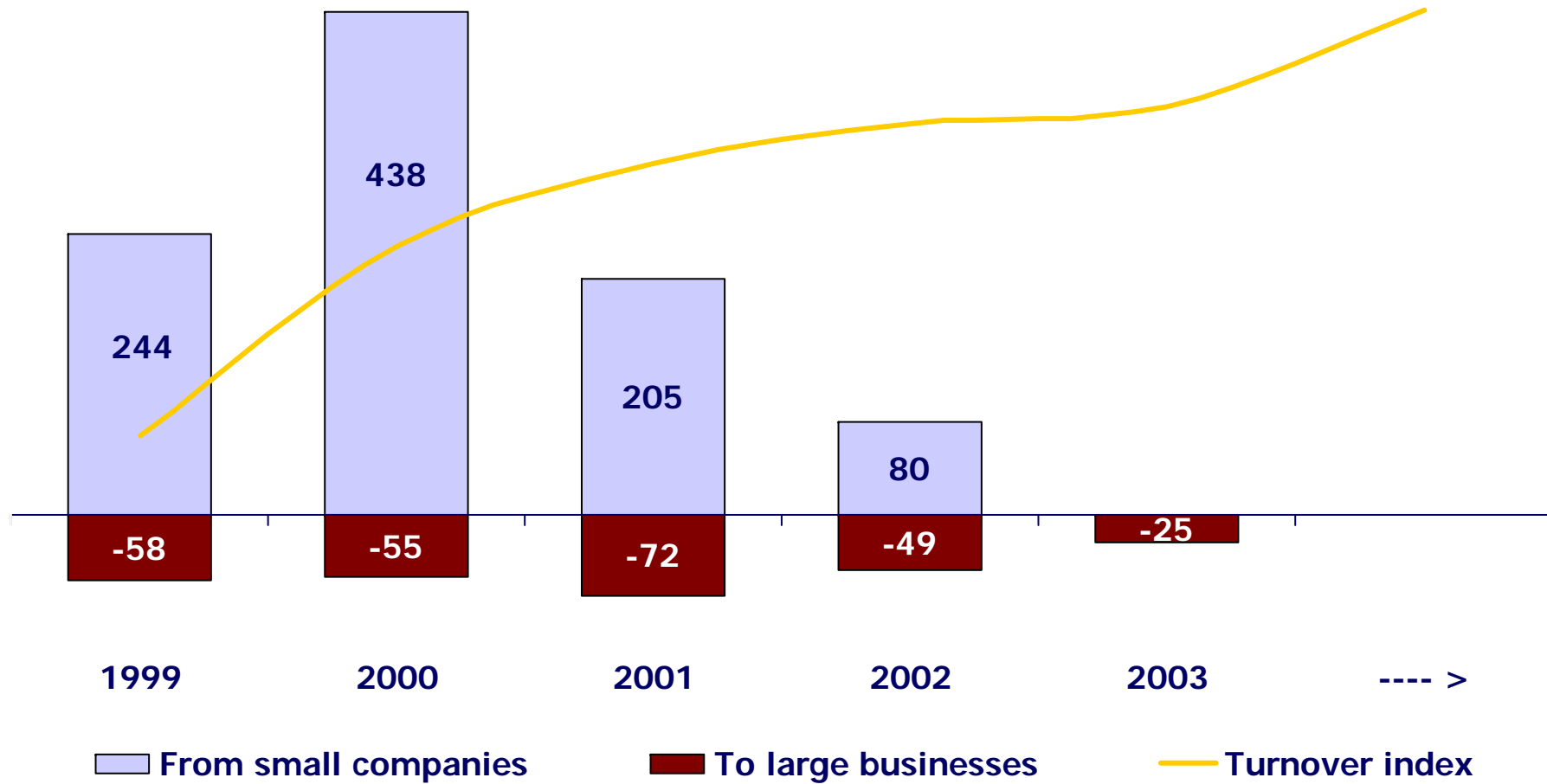
- Medium-size companies 62%
- Italy 46%



Growth

Net changes in number of companies 1998-2003

Italian medium-size industrial companies

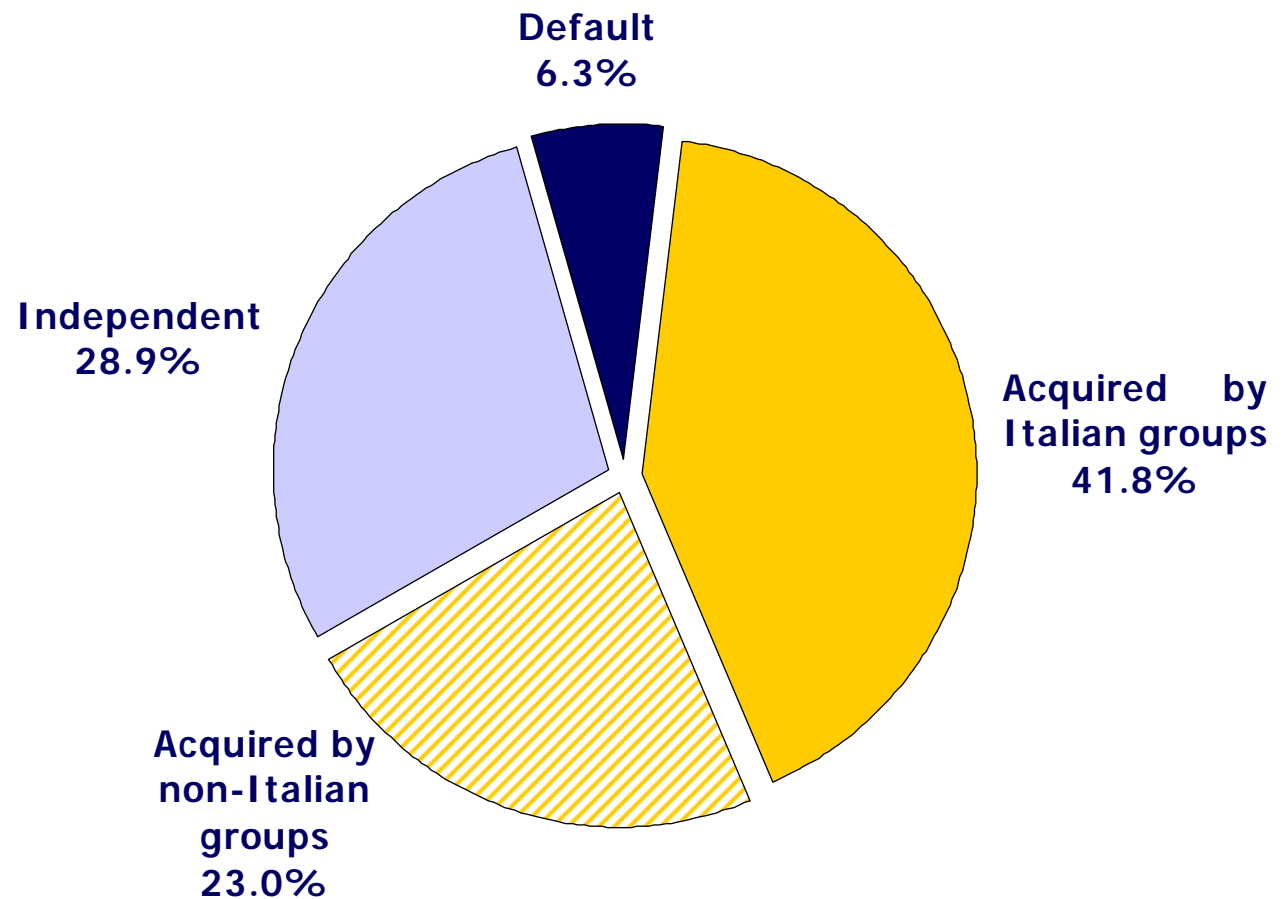


Medium-size companies which became large businesses between 1998 and 2003: where are they now?

Italian medium-size industrial companies

Annual average default rate:

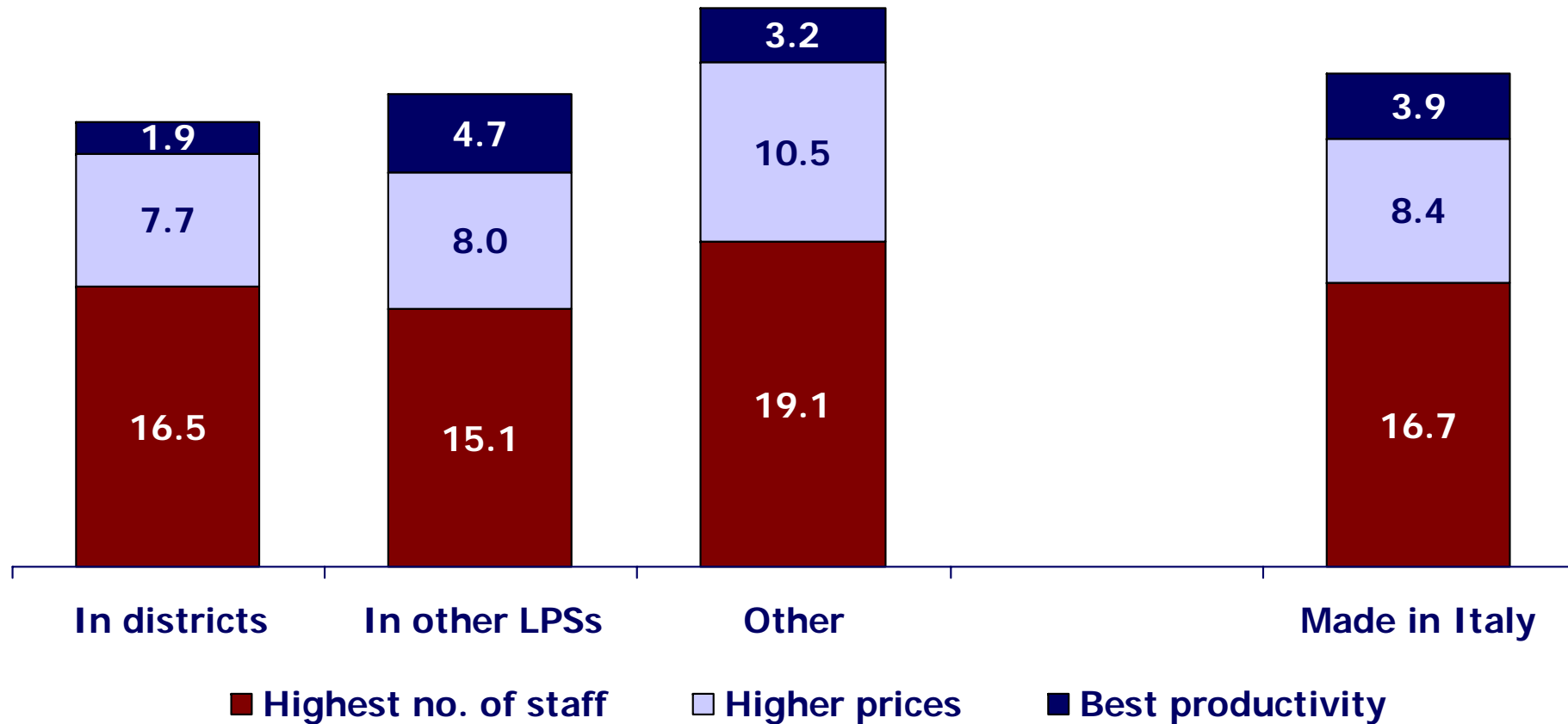
1.3%



Growth by medium-size companies: employment, prices and productivity

Changes in value added between 1996 and 2003

Italian medium-size industrial companies

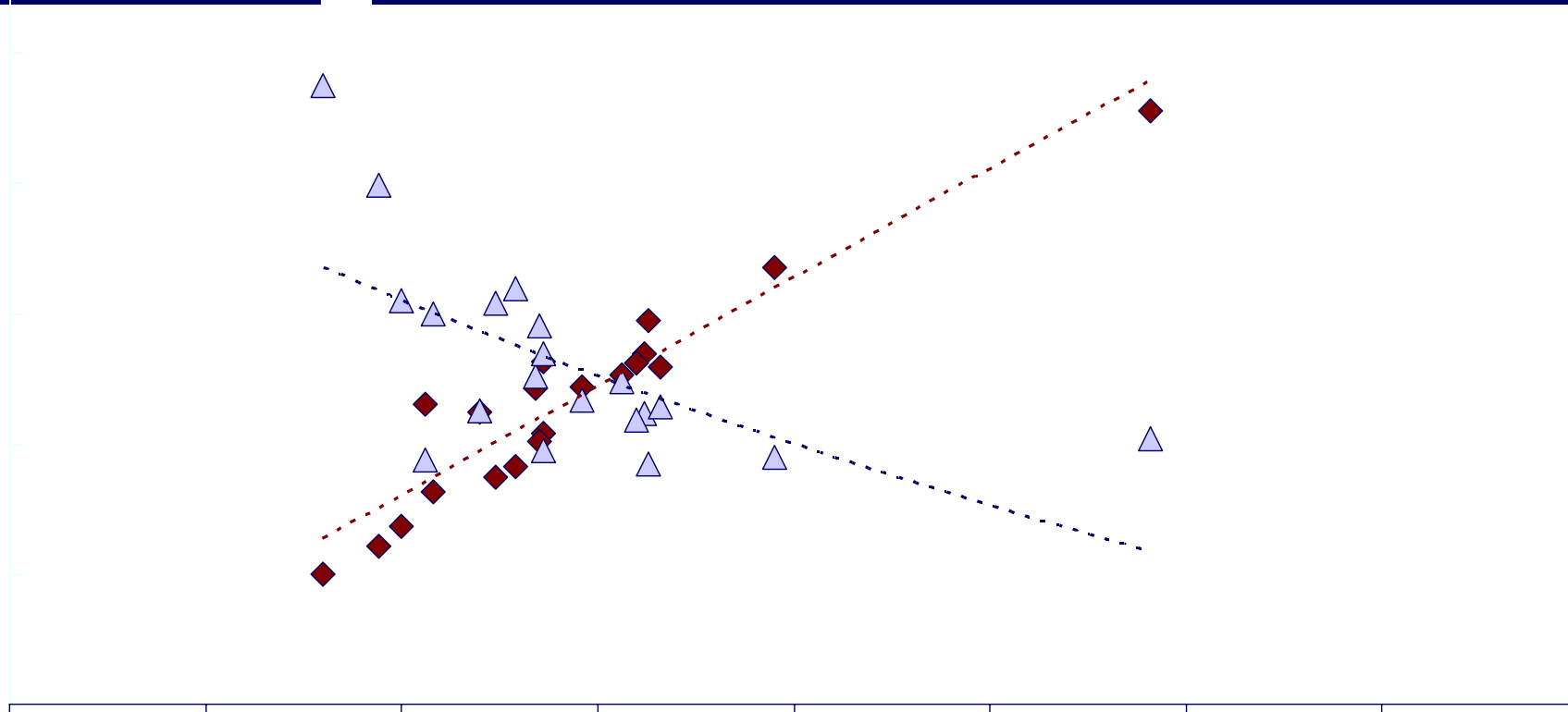


Labour productivity

20 categories of capital invested - 2003

ROI decreases as companies become more capital-intensive

Italian medium-size industrial companies



Labour productivity (per capita value added in € '000)

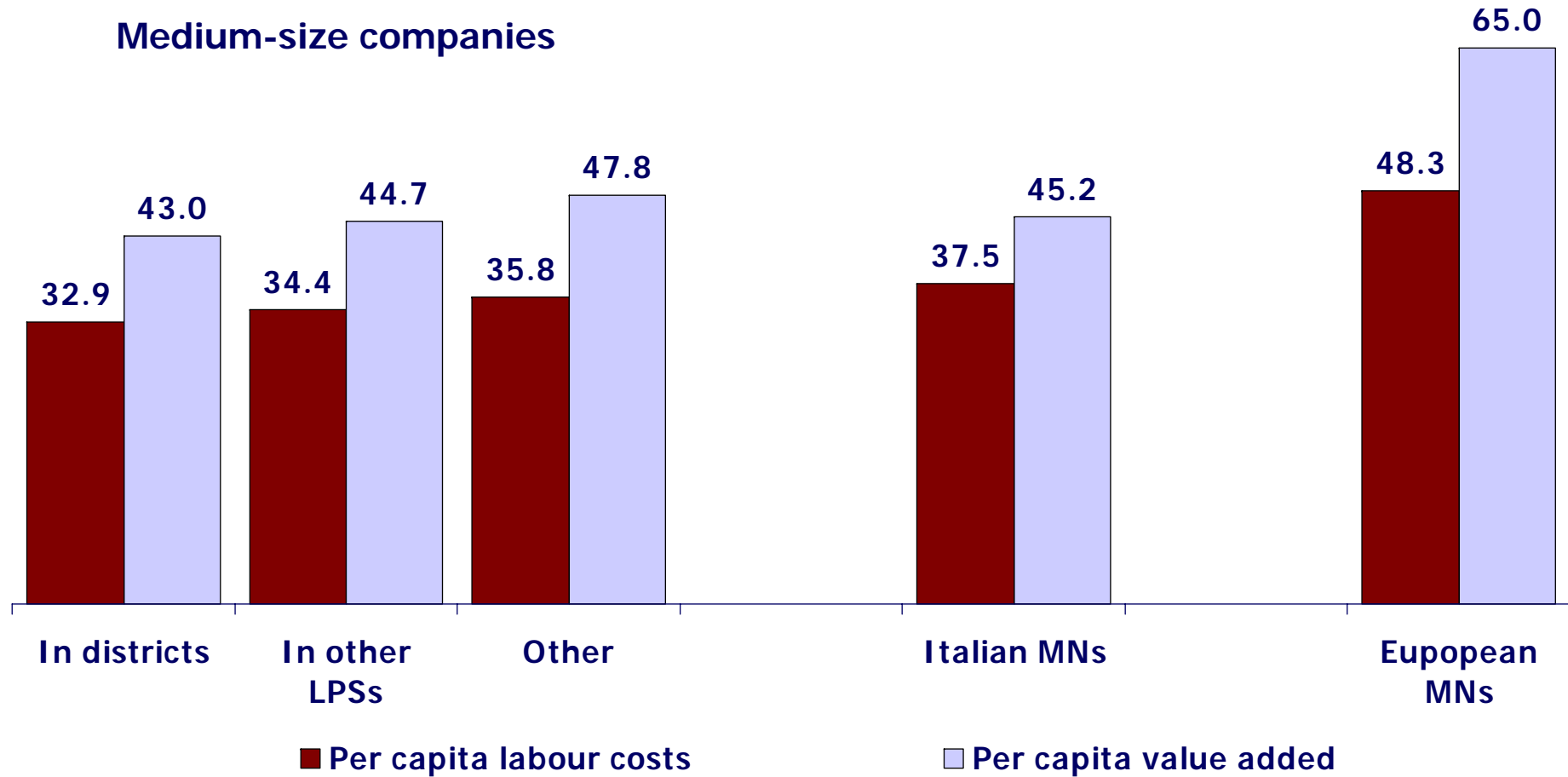
- ◆ Per capita fixed assets
- △ ROI %
- Log. (ROI %)
- Lineare (Per capita fixed assets)

Net value added and cost of labour

€ '000 per-capita in 2003

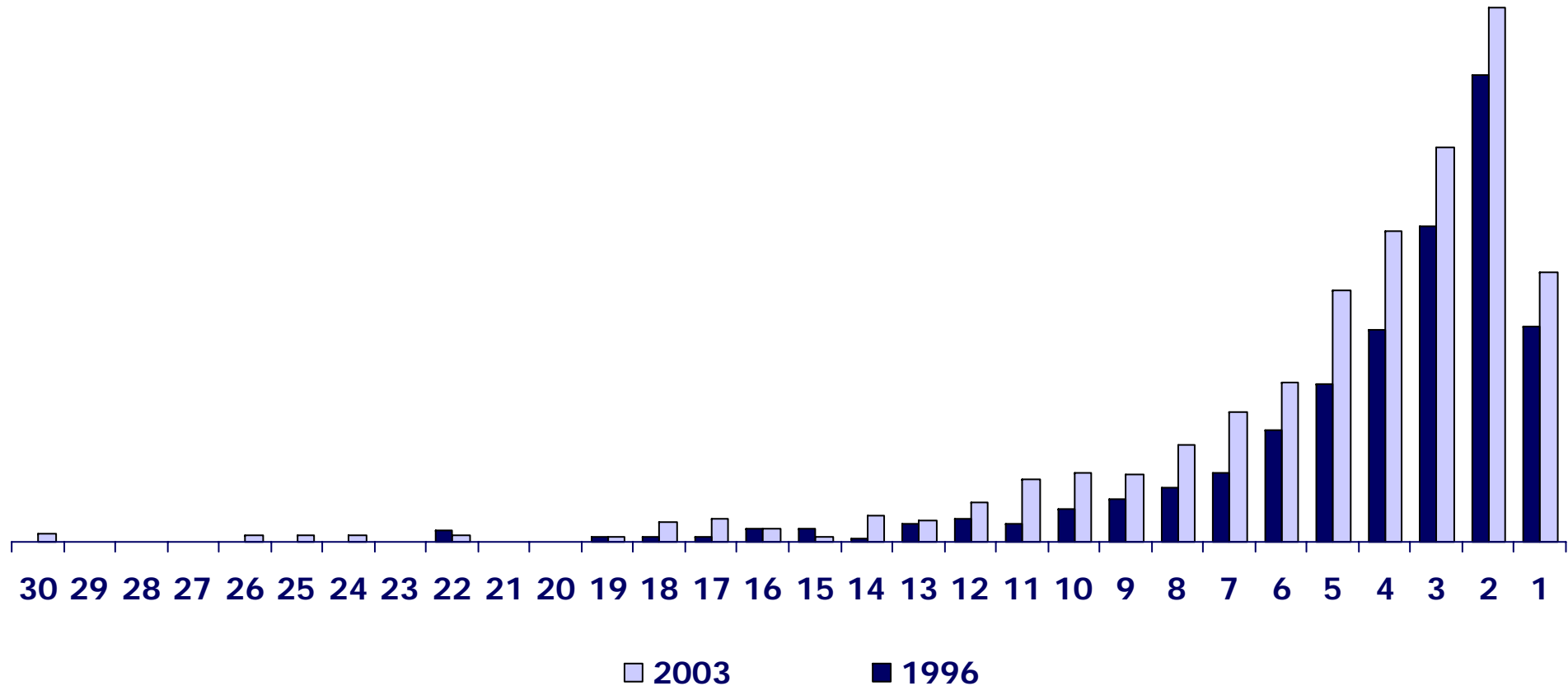
Italian medium-size industrial companies

Medium-size companies



How are they distributed in terms of financial size? % of capital invested - 30 categories – decreasing size

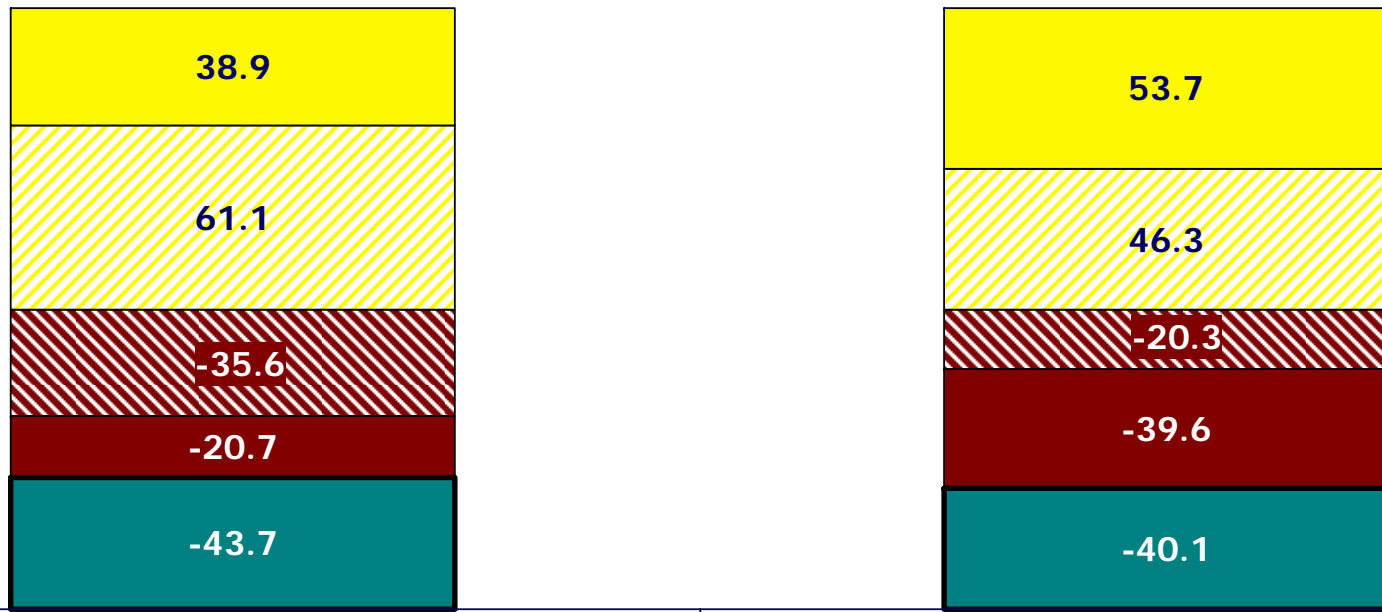
Italian medium-size
industrial companies



Financial structure in 2003

% of tangible capital invested

Italian medium-size industrial companies



Medium-size Italian companies

European multinationals

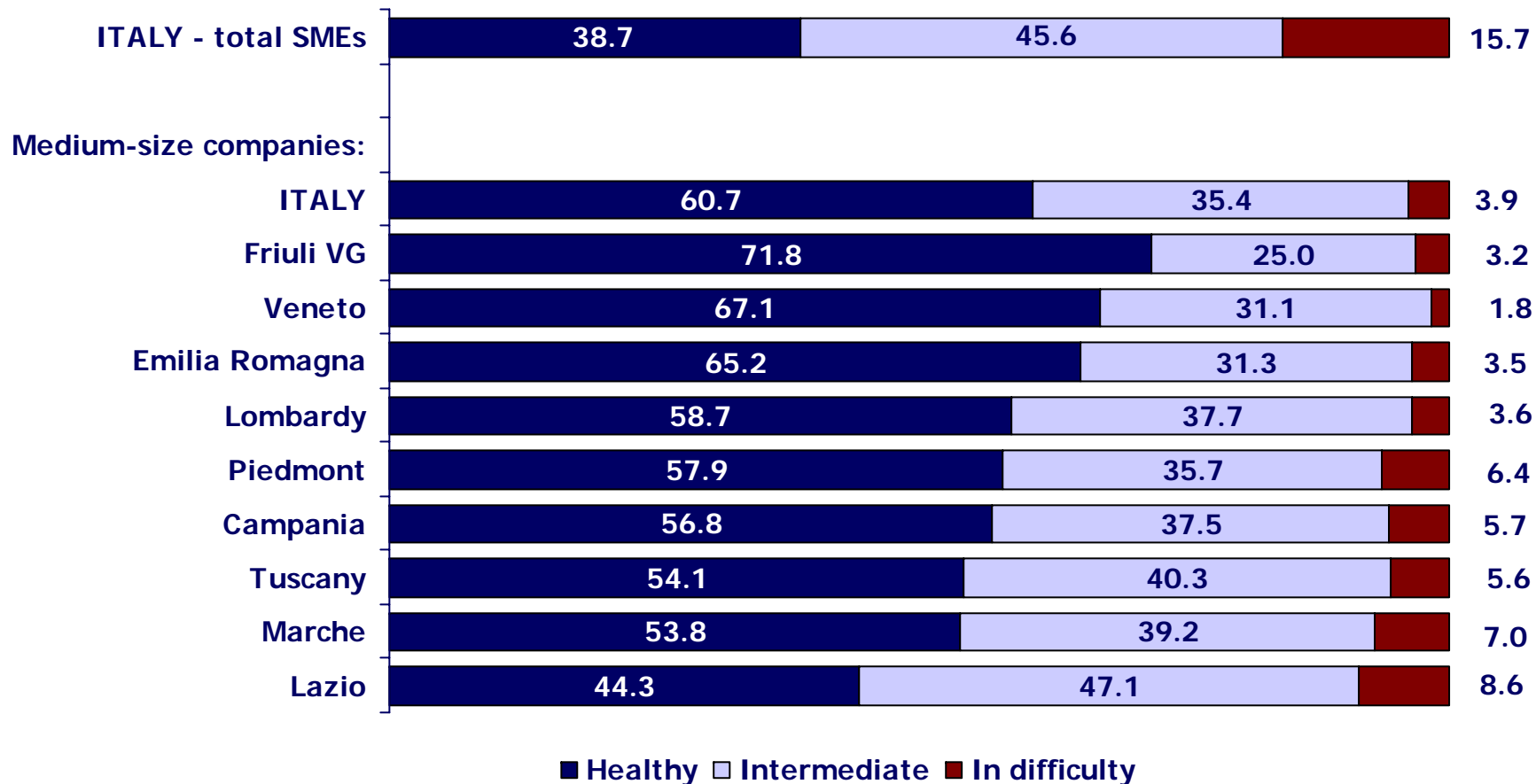
Short-term borrowings
 Working capital

Medium/long-term borrowings Net capital
 Fixed assets

Regional scoring in 2003

% of companies - R&S-Unioncamere scoring model

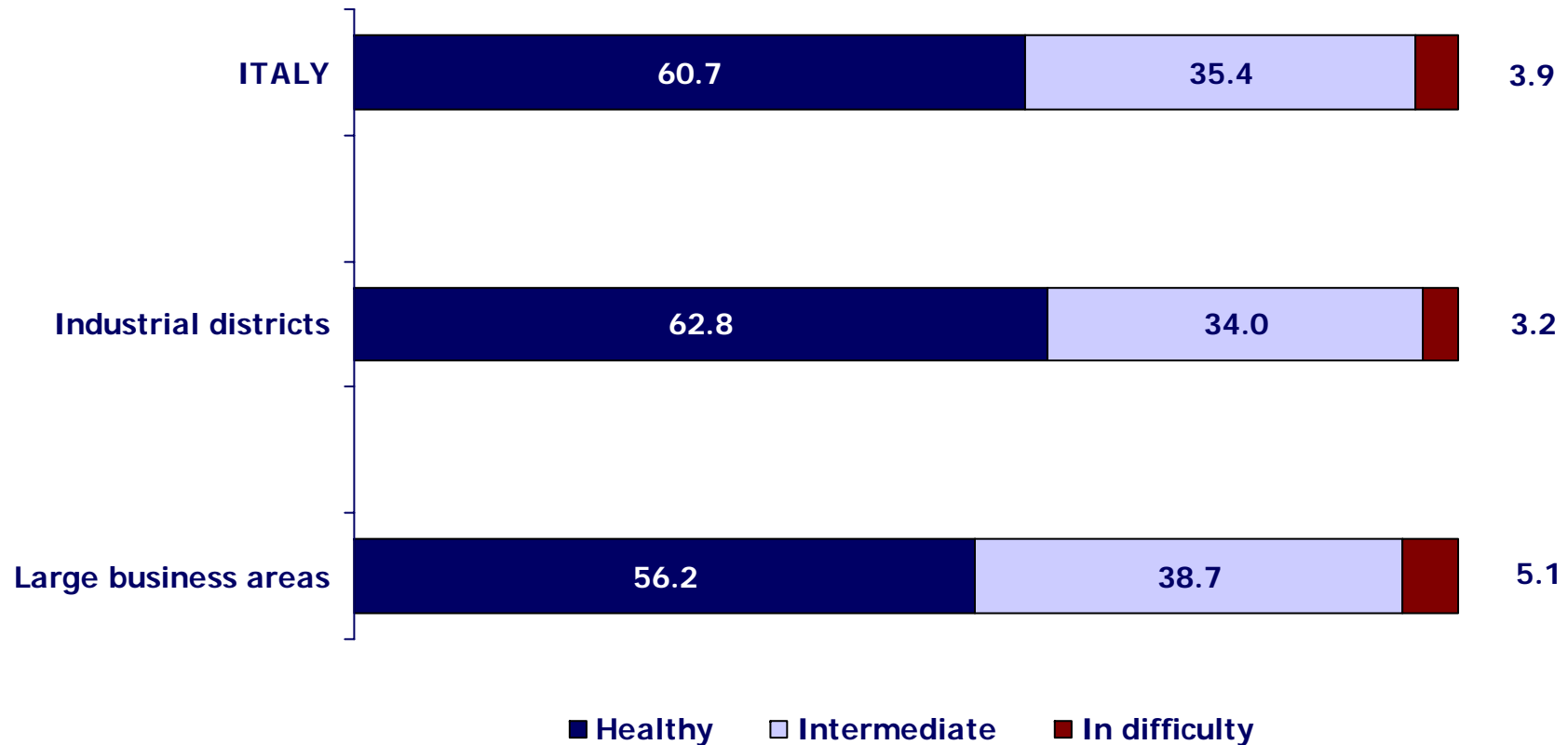
Italian medium-size industrial companies



Medium-size companies scoring in 2003: industrial districts and large business areas

% of companies - R&S-Unioncamere model

Italian medium-size industrial companies



**Focus
Listed medium-size companies**

How many and which?

Italian medium-size industrial companies

- ✓ **22 companies to date:** 18 listed on Italian screen-based market (MTA) and 4 on Expandi segment; 4 form part of industrial districts and 3 to other SPLs; 10 to STAR segment
- ✓ **Period in which listed:** 3 prior to 1990; 11 in late 1990s; 8 since then (3 of which in 2006)
- ✓ **Sector:** mechanical engineering/electronics 36%, personal and household goods 32%, food 9%, others 23%

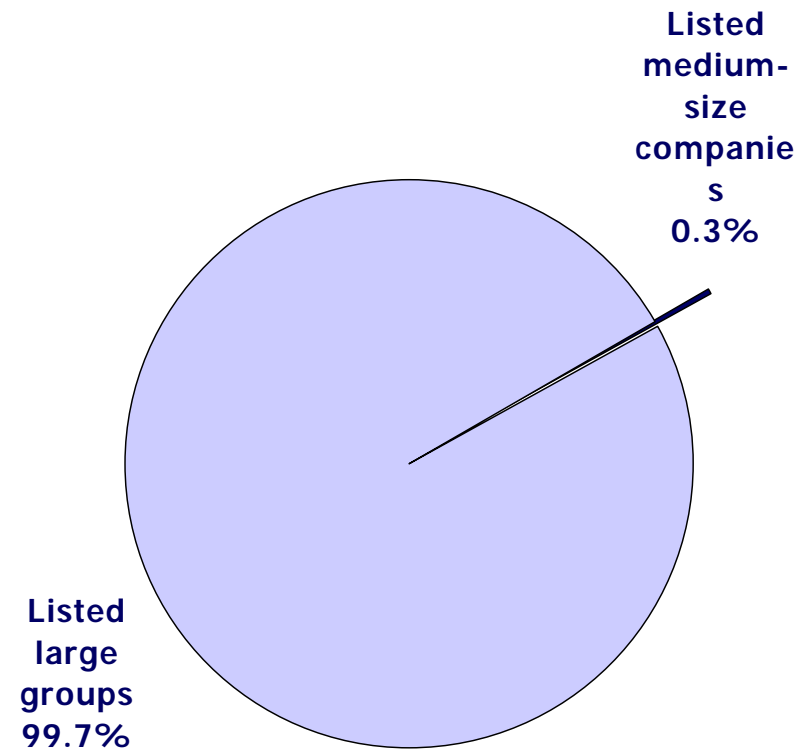
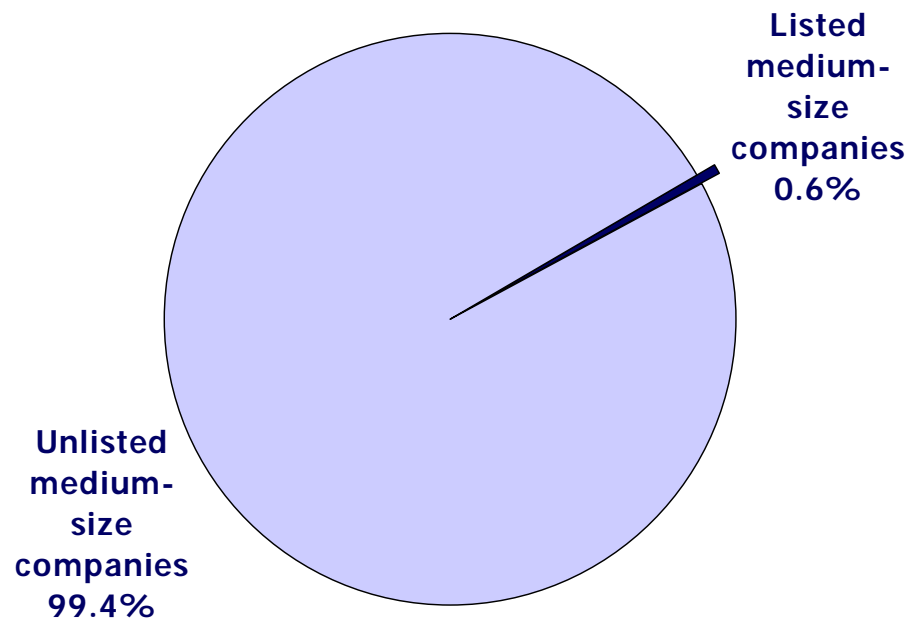
Listed medium-size companies

How many of them are there?

Italian medium-size industrial companies

Medium-size enterprise universe

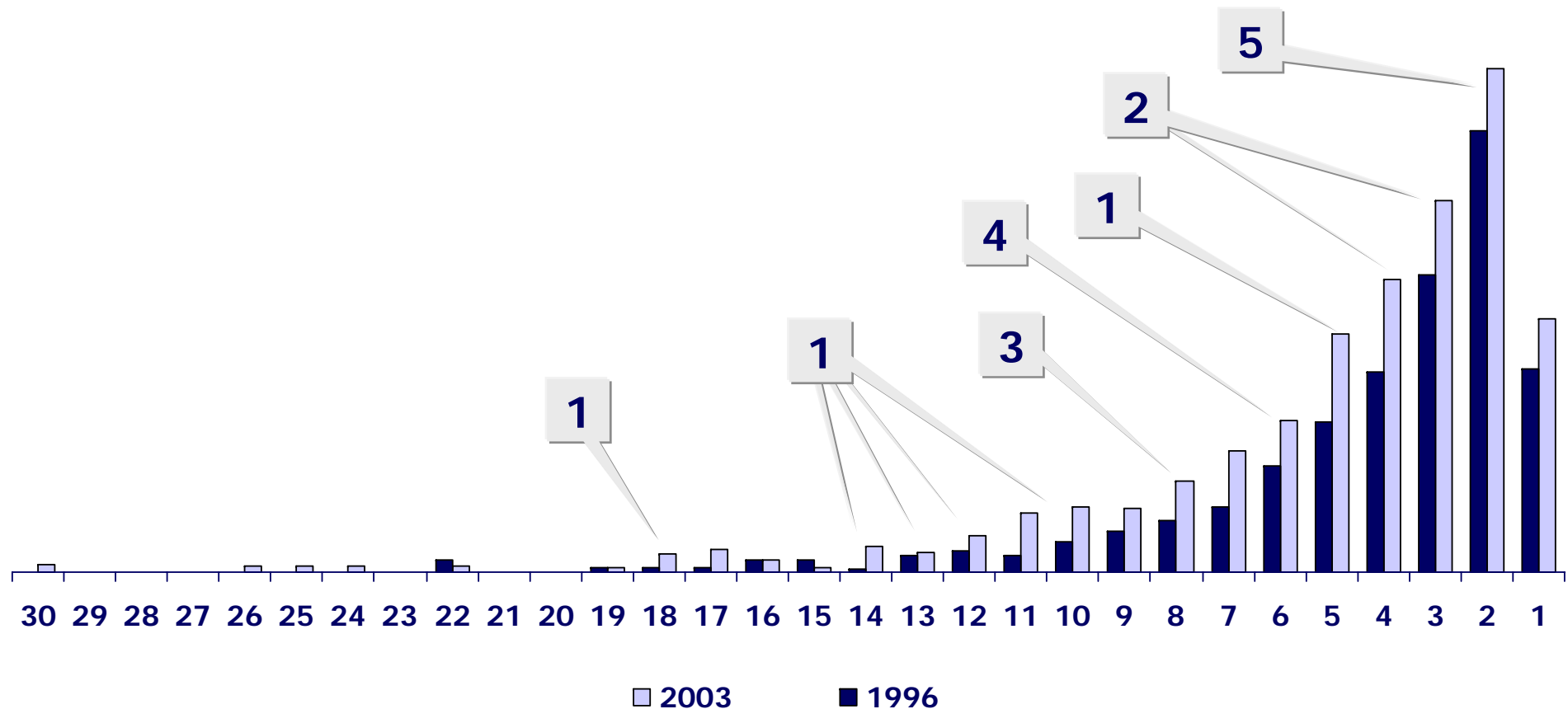
On the stock market



Where have the medium-size listed companies come from? % of capital invested - 30 categories – decreasing size

Italian medium-size industrial companies

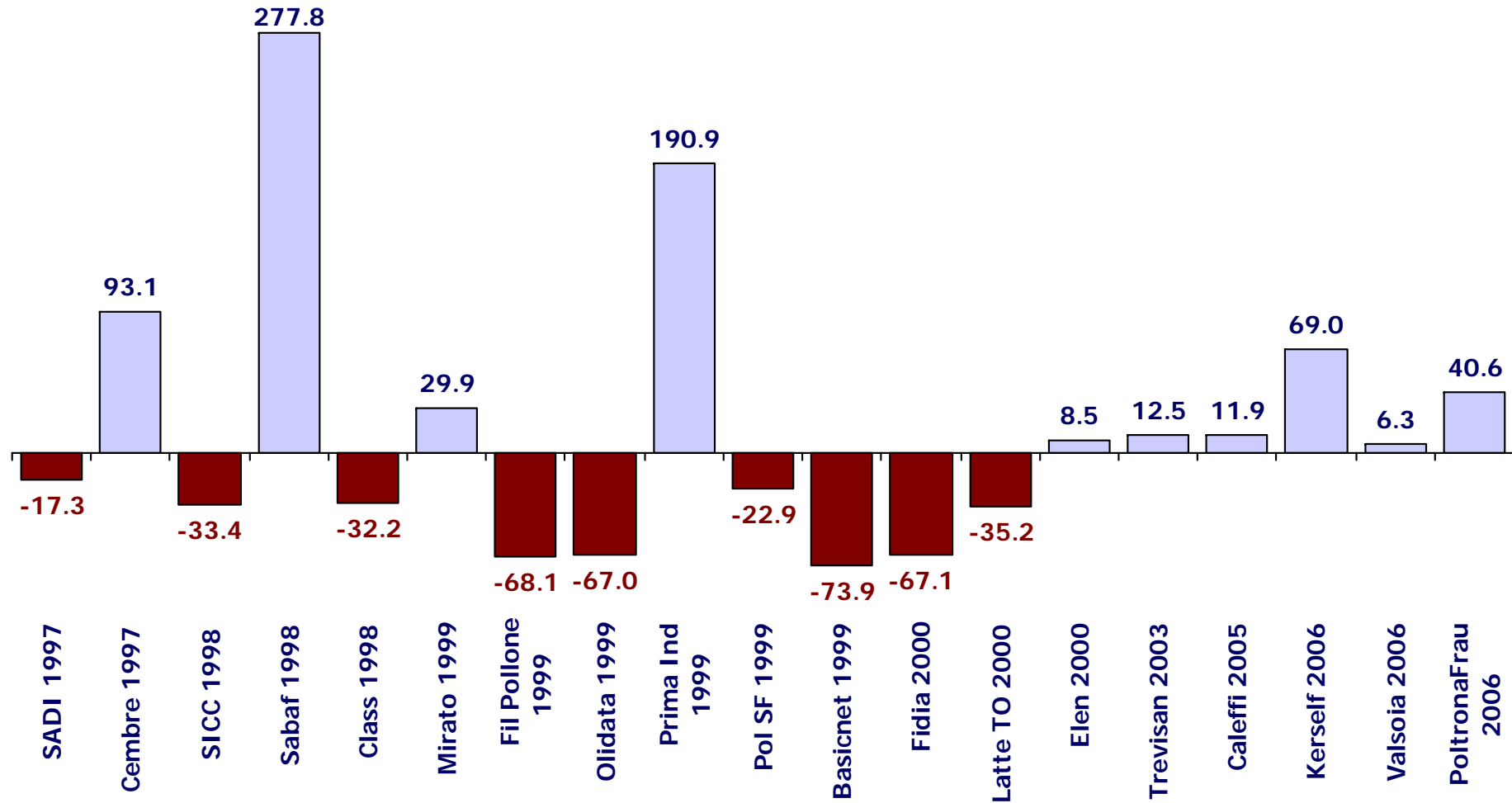
Where have the 22 listed companies come from?



IPOs since 1997: how much have they returned in period to 1 December?

Difference in % terms compared with offering price (different periods)

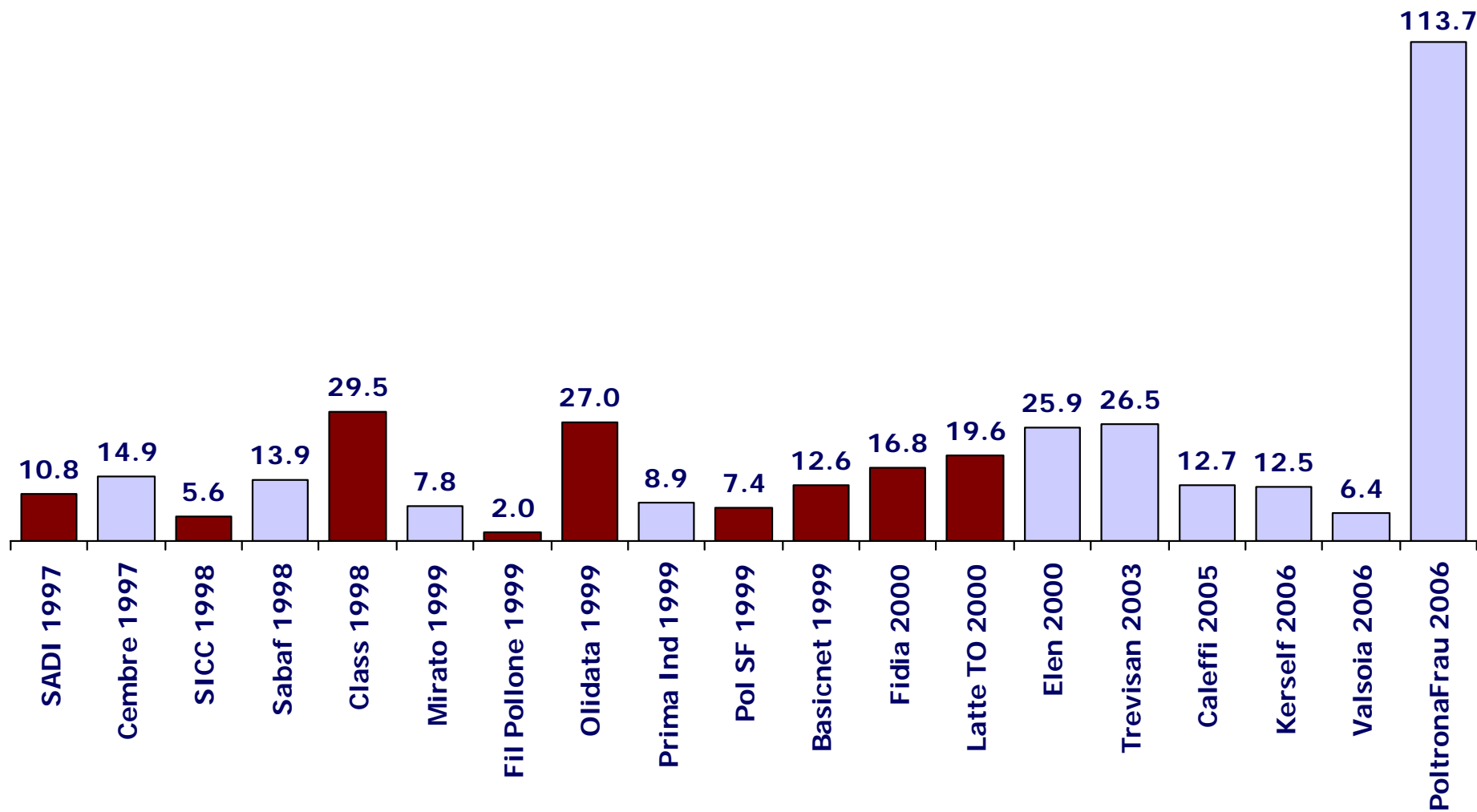
Italian medium-size industrial companies



IPOs since 1997

€m

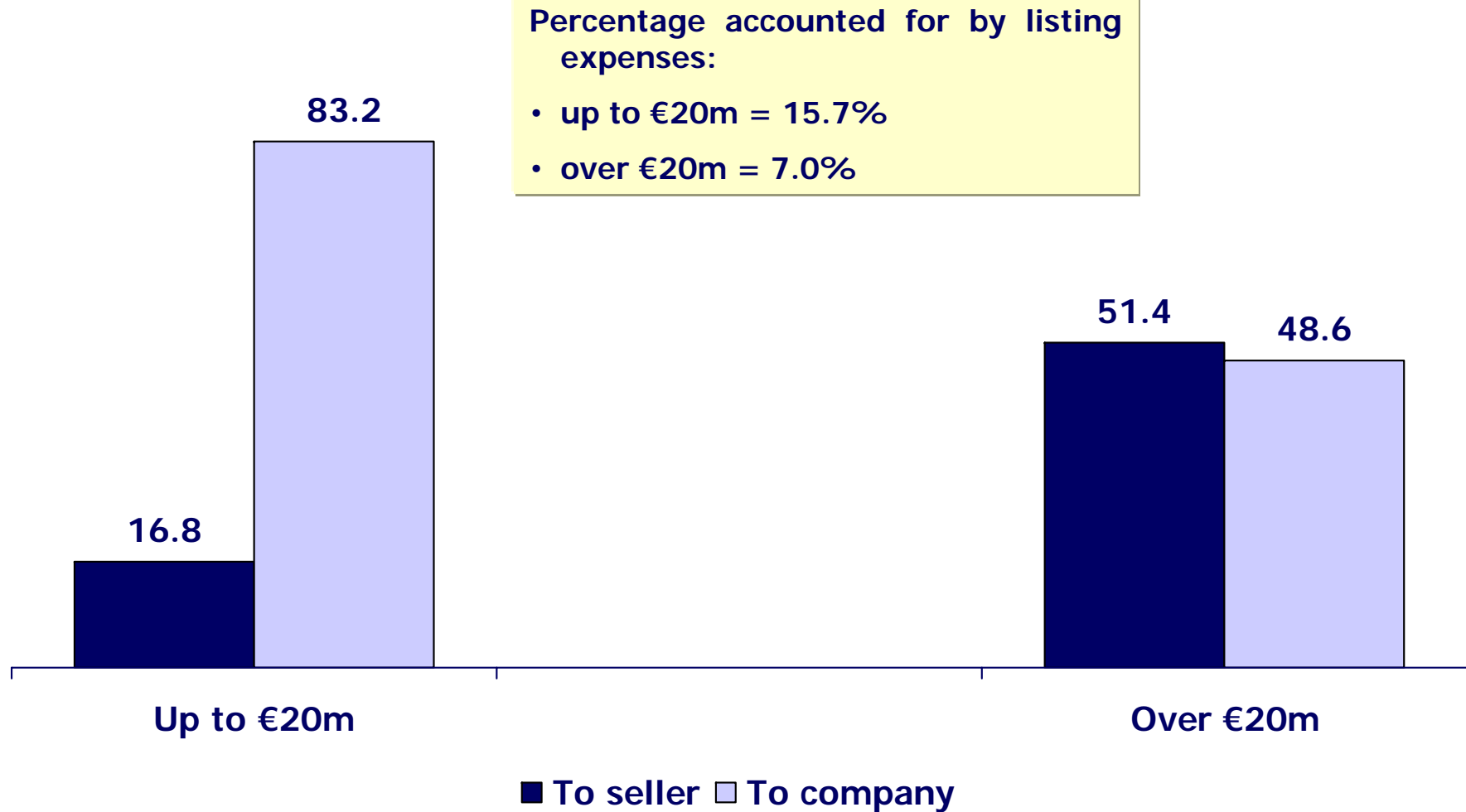
Italian medium-size industrial companies



IPOs since 1997: income and costs

For sellers and company (15 out of 22)

Italian medium-size industrial companies

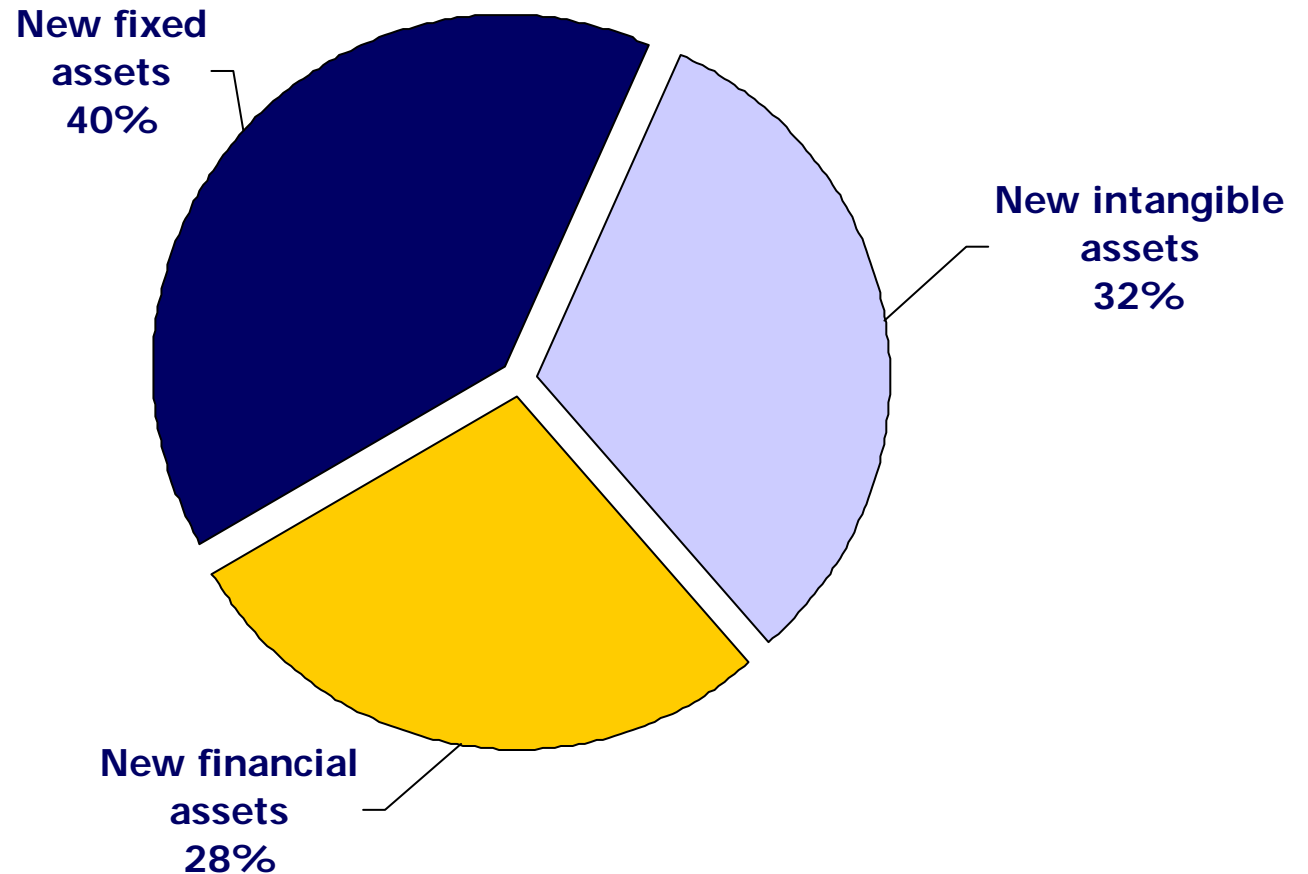


15 listed medium-size companies: 3 years since IPO Funds raised and investments

Italian medium-size
industrial companies

Funds raised = €229m

Investments = €327m



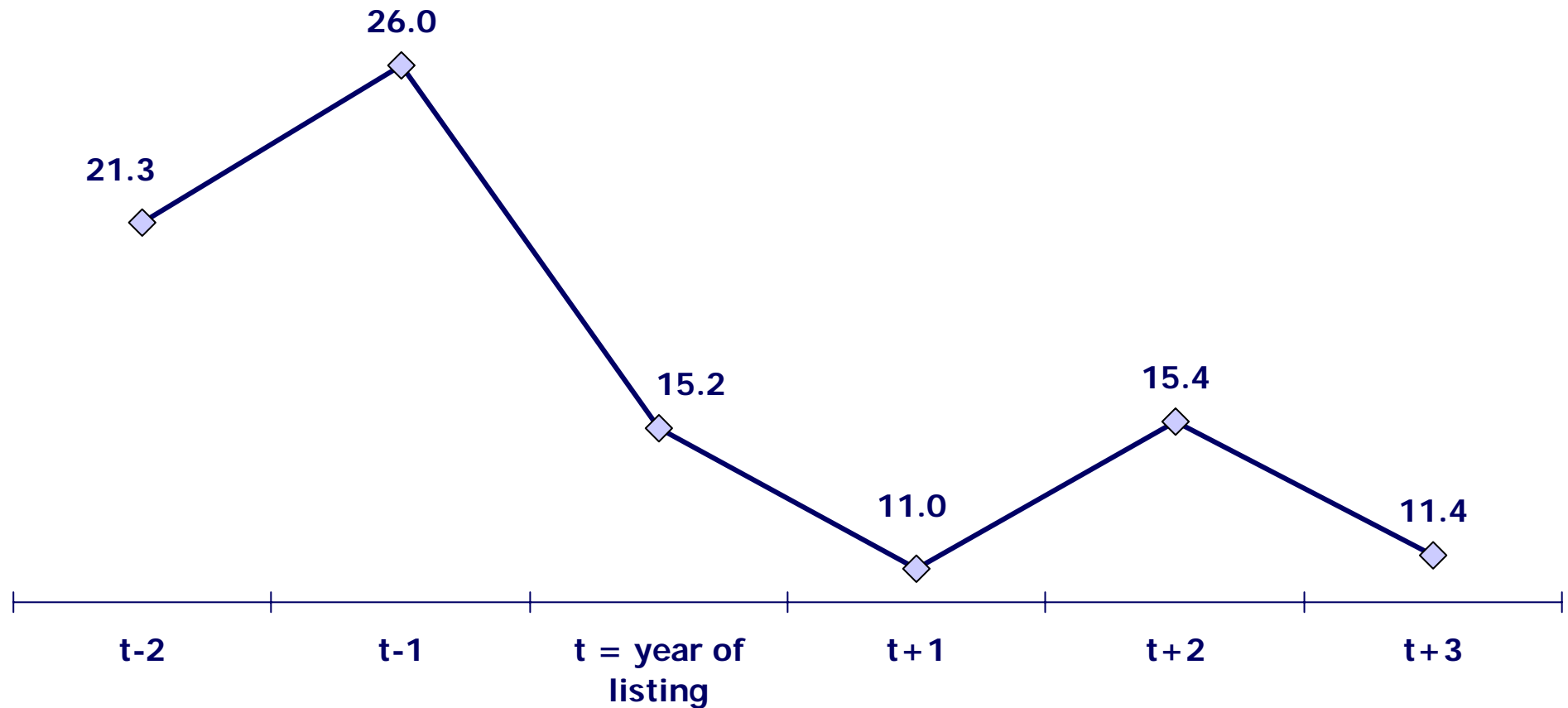
Medium-size companies: listed and unlisted

Italian medium-size
industrial companies

	Listed	Universe
% annual average change 96 – 03		
Total sales	+10.2	+5.2
Exports	+15.8	+6.1
Value added	+9.9	+4.2
No. of staff	+7.5	+2.4
Capital invested	+15.1	+8.4
Profitability and financial health		
Annual average ROI %	12.2	11.8
NOM/annual average value added %	27.3	23.7
Annual average ROE %	7.5	7.8
Debt/tangible capital invested %	48.9	56.3
Scoring	BBB-	BB+

Does the stock market help efficiency? ROI index three years before and three years after

Italian medium-size
industrial companies



Listing premium: 1999-2006 average

Italian medium-size
industrial companies

	Listed medium-size companies	Stock market average
No. of times		
Price/net earnings	19.7	23.7
Price/net earnings	2.0	2.1

Summary

- ✓ **Low in 2003 downturn:** medium-sized companies held up well, with gross margins remaining largely constant
- ✓ **Prospects for 2006:** from the interim data these appear to be very healthy, especially outside Italy
- ✓ **Stock market:** may be used in specific cases to overcome financial barriers where there are well-defined growth plans; question marks over placings that are too small
- ✓ **Model medium-size company:** continues to be the specialist operator with differentiated product offering which generally finances its own growth itself

Mediobanca Research Department

Piazzetta M. Bossi 1,
Milan, Italy

Website: www.mbres.it



MEDIOBANCA
Banca di Credito Finanziario S.p.A.