

Innocenzo Cipolletta

AIFI Chairman

24th May 2023

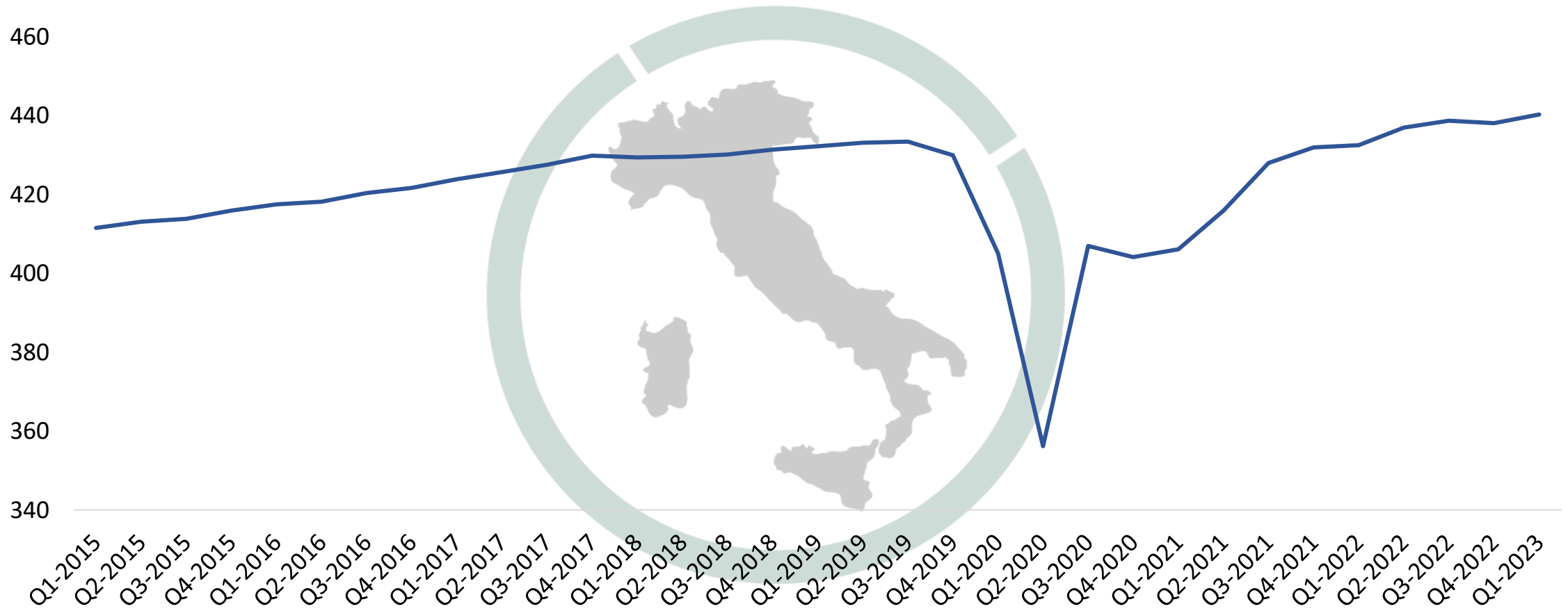
Italy 2023: outlook on Italian private capital landscape

AIFI

**Italian Private Equity, Venture Capital
and Private Debt Association**

Gross domestic product at market prices, data seasonally adjusted

(chain linked volumes, reference year = 2015)



Forecasts made by the Italian Government in unchanged legislation

	2022	2023	2024	2025	2026
Real GDP (% change)	3.7	0.9	1.4	1.3	1.1
Consumption deflator	7.4	5.7	2.7	2.0	2.0
Current account balance (GDP %)	-0.7	0.8	1.3	1.6	1.6
Net debt	-8.0	-4.4	-3.5	-3.0	-2.5
Government debt (net of support)	141.5	139.2	138.5	138.3	137.9

(% changes in Real GDP)	Forecast date	2023	2024
EU	23.05	1.2	1.1
REF	23.04	0.9	1.2
DEF	23.04	1.0	1.4
FMI	23.04	0.7	0.8
Fitch	23.03	0.5	1.3
S&P	23.03	0.4	1.0
OCSE	23.03	0.6	1.0
UPB	23.02	0.6	1.4
Bank of Italy	23.01	0.6	1.2

Manufacturing companies

Second largest manufacturing country in Europe

Export of manufacturing companies **594 billion** euro (**95%** of the total)

+51% export from 2015 to 2022 (Germany and France +29%)

Source: Fondazione Edison

Family businesses

Turnover 730 billion euro of, **42%** of total, **employees 2.4 millions** (**46%** of the total)

In ten years, the number of over-70s leaders has grown from 17% to 25,5%

Source: AUB Observatory, AIDAF

SMEs

99.9% out of a total of 4.4 million companies, **64%** of turnover, **77%** of employees, **65%** of total added value

Source: Rapporto sulle Imprese 2021, ISTAT (SMEs considered as companies with less than 250 employees)

Undercapitalization of SMEs

From 2019 to 2021 increase of **leverage** (from **65.8%** to **74.2%**), as a result of an increase of financial debts higher than that of net assets

Source: Rapporto regionale PMI 2022, Confindustria - Cerved



Prominent role worldwide in the field of **renewable energy**



Second in Europe for turnover-to-GDP ratio in the **design sector**



Wood industry: second in the world for trade surplus and first for exports in this sector among European countries



“Made in Italy” is a **fashion** industry leader in Europe, both in terms of productions and of generated added value



1st country for **medicines/drugs** production in the EU



Among the first 10 global exporters in the **agri-food** sector



Machineries: among the top world leaders for trade surplus and for technological standards

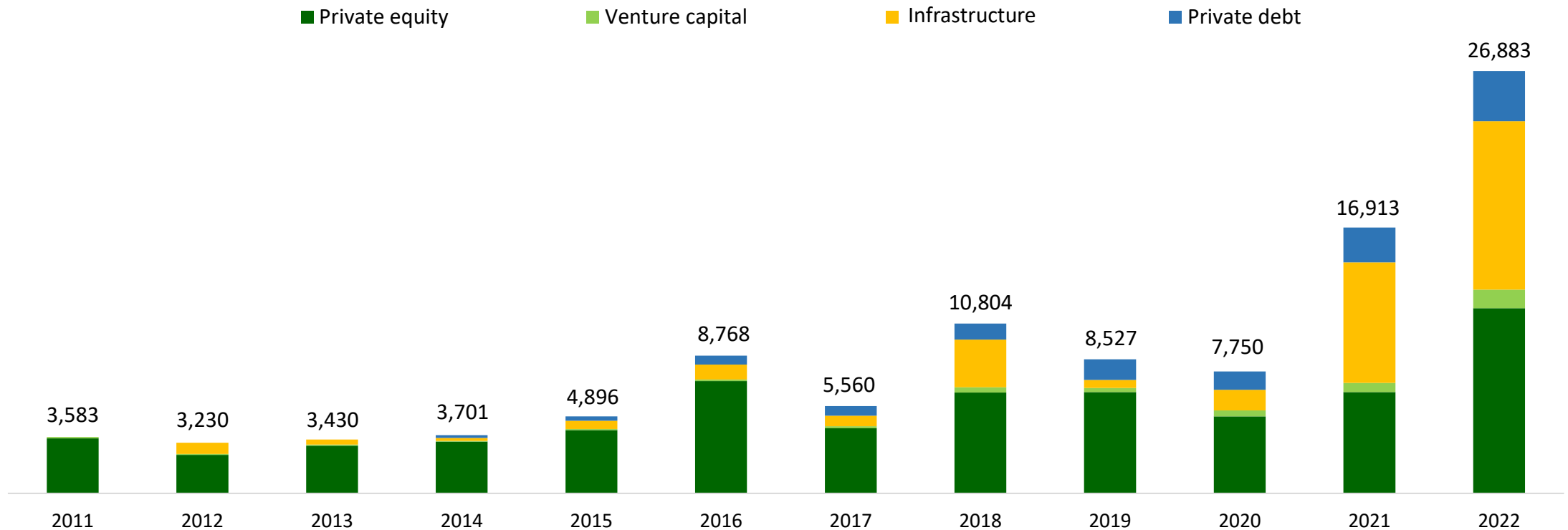


Absolute player of the **shipbuilding** sector in the world, for motorboats and luxury yachts

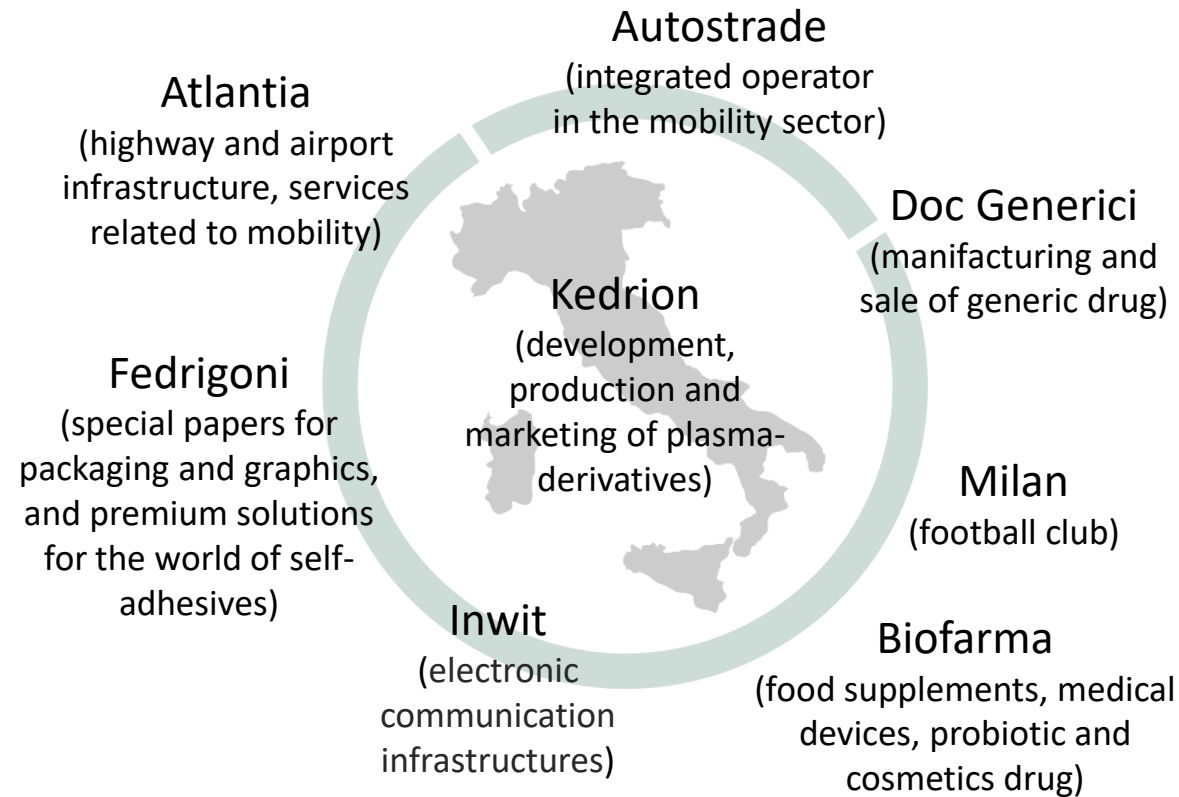


One of the main world **car** producers

Evolution of amount invested in the Italian private capital market (Euro Mln)



Some of the largest private capital deals in Italy in 2022



The contribution of private capital to the companies:

GROWTH

Comparing the divestment year with the next 3 years, revenues increased by 10% and employees by 11%

M&A & BUILD UP

In 10 years 586 add-on deals have been made in Italy and 288 abroad

INTERNATIONALIZATION

During the holding period the weight of foreign turnover increased in 82% of cases

INNOVATION

Companies that patent are over 25% of the PE sample, against a national average of less than 5%

MANAGERIALIZATION & GOVERNANCE

In most cases new managers and incentive plans are introduced

GENERATIONAL CHANGE

PE facilitates the business succession and helps to solve the patrimonial issues between the family branches with different goals

SUSTAINABILITY

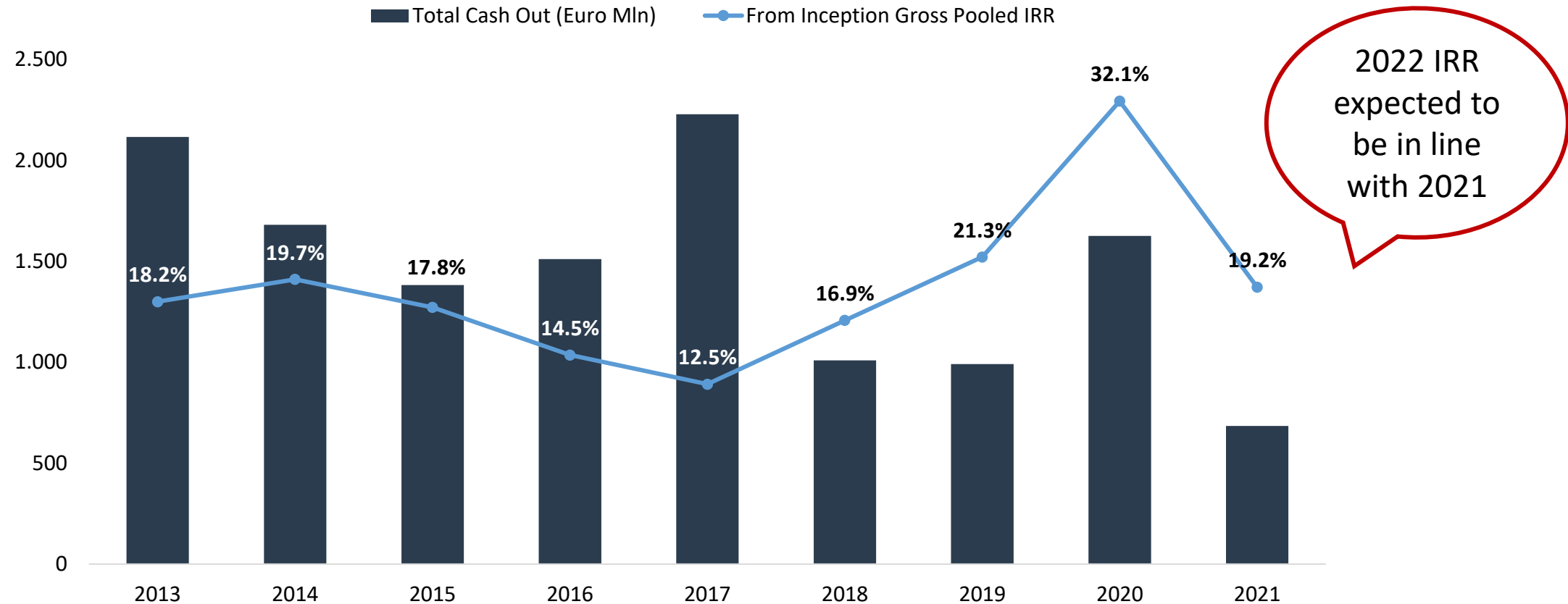
PE firms are increasingly active in implementing ESG policies in the portfolio companies

TRANSPARENCY

The internal reporting improves, with a positive impact in terms of market reputation

The Italian private equity and venture capital performance: IRR

Performance of divestments realised in the year, regardless of when the initial investment was made

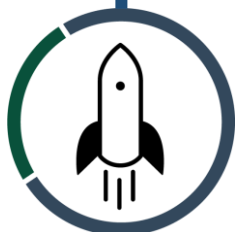




The macroeconomic remains highly uncertain and could determine very different trajectories for the Italian economy in the coming years.



Italy has a huge number of high quality, innovative, export-oriented SMEs. For this reason, it is crucial to ensure that Italian companies receive capital to grow and become international.



Private equity, venture capital and private debt can play a very important role to support Italian companies and the real economy.