

“My ambition has always been to be stronger than my regional competitor, then national and today even international.”

Giuseppe Miroglio, “Cavaliere del Lavoro” (1972)

Milan, October, the 19 th, 2011

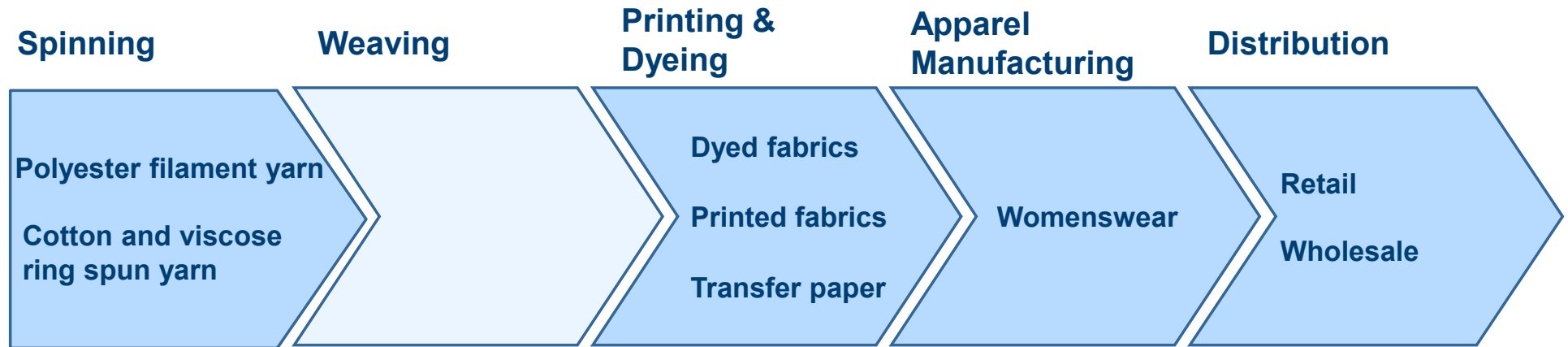
“MBAs and Family Business: is there a fit?”

Paolo Matteini

Miroglio Group CFO
BAA CFO Topic Leader

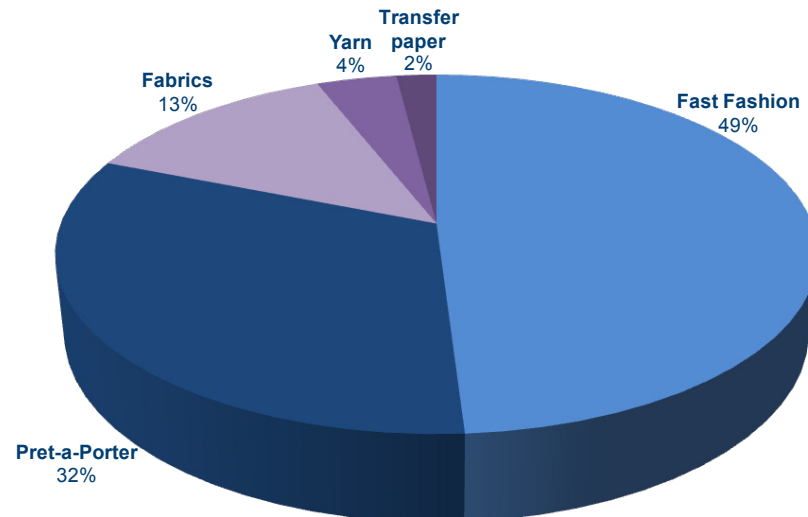


Miroglio Group operates throughout the whole textile and apparel value chain



Key 2010 figures

- 997 million euros turnover
- 7.3% growth rate
- 10.5% EBITDA
- More than 12,000 employees



Filature Miroglio is an international leader in the production of polyester filament and spun yarns with specific technical characteristics:

- Comfort & stretch
- Moisture management
- Photodegradation resistant
- Antibacterial
- Thermal Insulation
- Sun Protection
- Flame retardant
- PET recycling



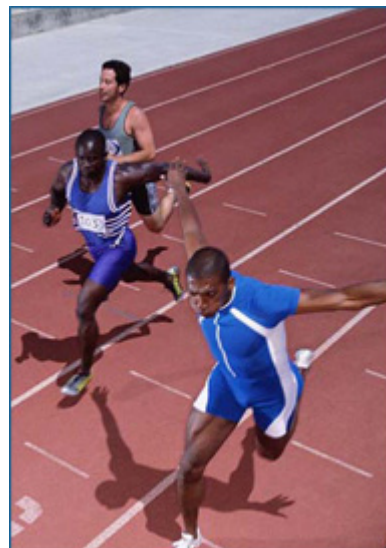
Fashion



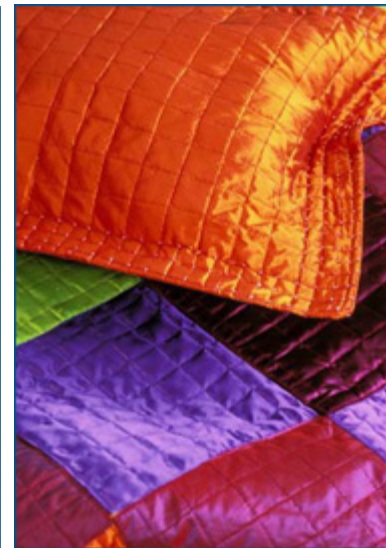
Technical Clothing



Sportswear



Furnishing

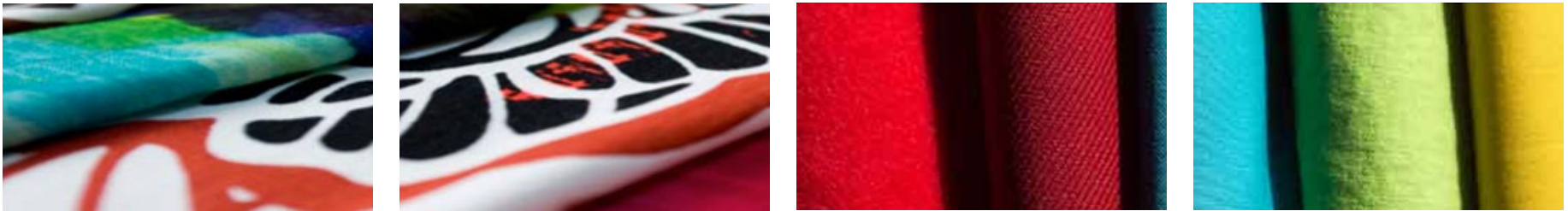


Outdoor Clothes



We produce dyed and printed fabrics for the women fashion market

- Creation of 3.500 new sketches every year and more than 37.000 patterns on record
- Production capacity of 30 million meters of fabrics every year
- European leadership in printed fabrics
- Close relation with the major European brands and retailers



elena miro

mötivi

caractère

UNITED COLORS
OF BENETTON.

GERRY WEBER

evans

ZARA

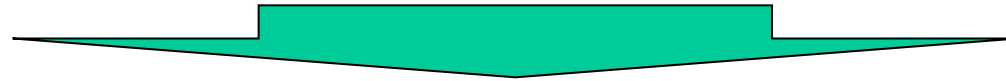
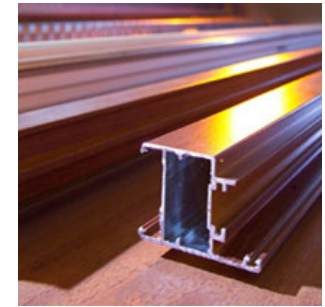
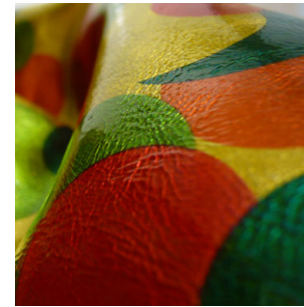
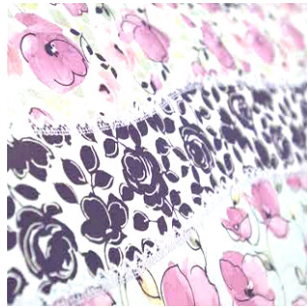
wallis

MANGO



Sublitex designs and creates paper transfer technologies for the decoration and ennobling surfaces and materials of all kind:

- fabrics
- leather
- plastic
- wood
- glass
- aluminium



Fashion



Accessories



Interior design



Architecture



mötivi oltre FIORELLA RUBINO

- 12% average growth rate from 2005 to 2010
- 430 million euros turnover in 2010
- 18.3% EBITDA in 2010
- More than 1.000 mono-brand stores
- Quick, fashionable and affordable



elena miro • caractère

DIANA
GALLESI

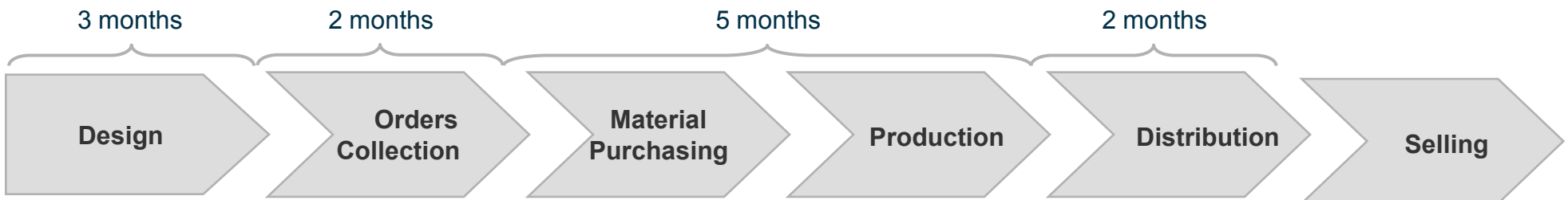
Luisa Viola

PER TE BY KRIZIA

- Traditional fashion
- Medium-high level
- Style, innovation, exclusivity
- Leadership in shapely-size sector
- 8.000 wholesale customers
- 500 mono or multi-branded stores



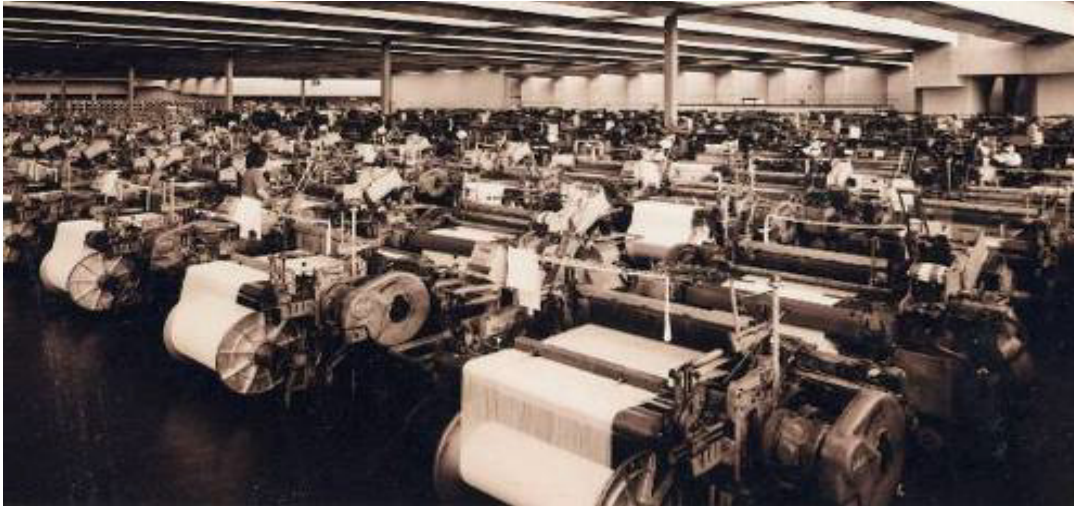
Pret-a-porter model



A bit of history...



The entrepreneurial story of Miroglio dates back at the end of the **19th century**, when Carlo Miroglio and his wife Angela were working as **itinerant traders** in the area near a small town in North-western Italy, Alba.



After some years of trading together with his father Carlo, **Giuseppe Miroglio** decided to move directly into **weaving**, installing the first four looms and setting up in **1947** the **Tessiture Miroglio** company.



In **1955** Giuseppe Miroglio established a **clothing manufacturing** company he called **Vestebene**.

The first garment was a pretty dress which was sold at 1.000 lire (50 euro cents).

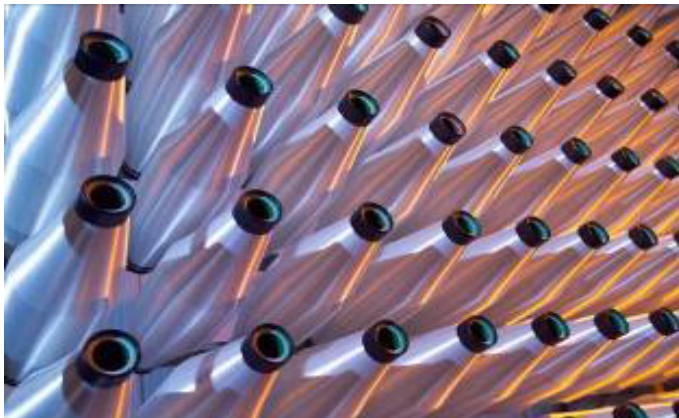




In **1958** Giuseppe Miroglio started a modern **dyeing and printing plant**.

In the '70s the demand for polyester yarns and fabrics was growing fast.

Miroglio was one of the first European players to move into the production of polyester yarns, setting up a state of the art spinning plant.





In **1977** Miroglio seized a new growth opportunity, developing the **transfer paper** business for **printing and decorating fabrics and other surfaces.**

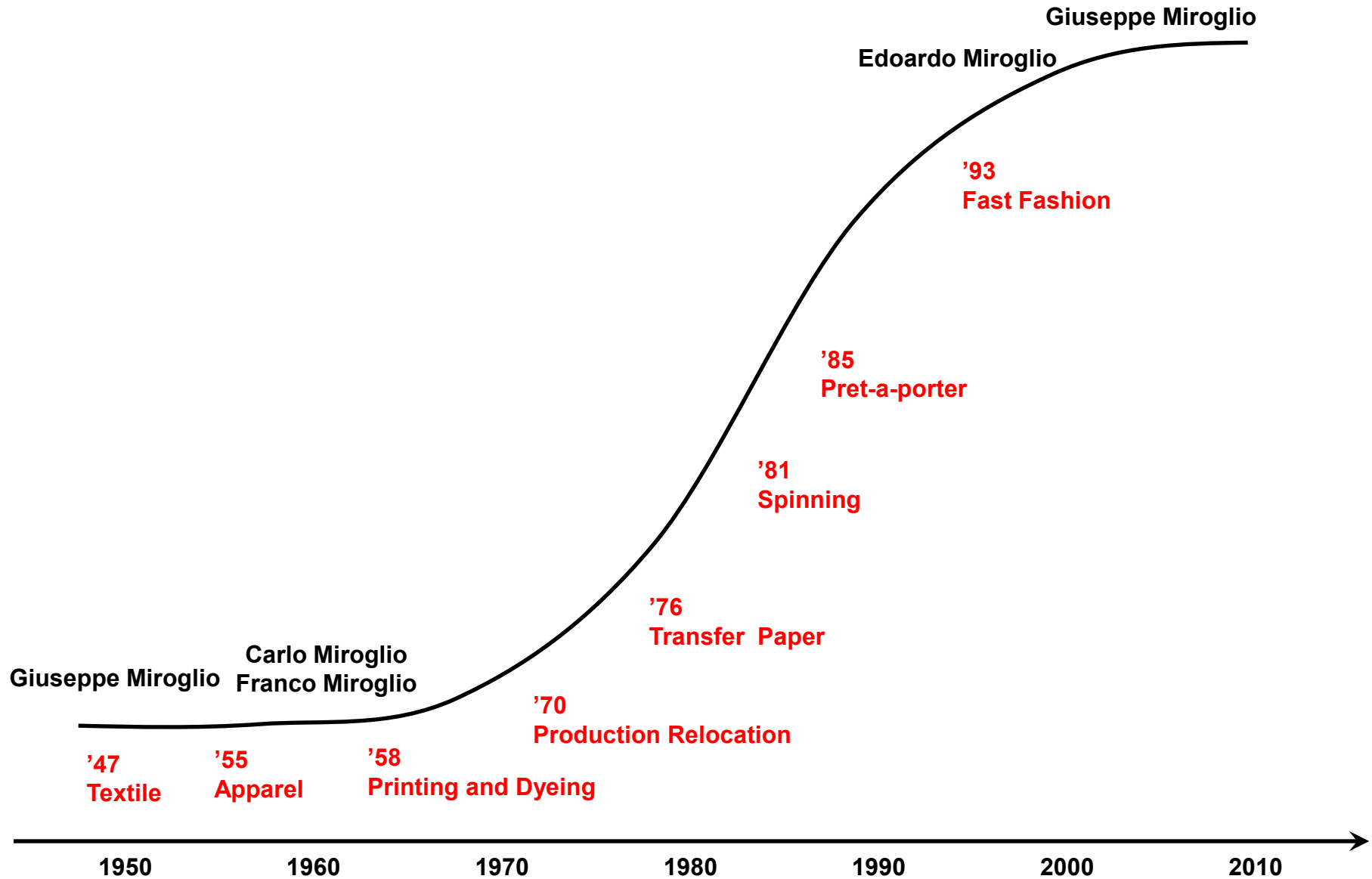


In **the '80s** Miroglio, since then manufacturing and selling single product categories, started proposing collections with a new structure based on total look and emphasizing **style and fashion**.

In **1993** Miroglio launched the **fast fashion brand Motivi** by opening two stand-alone stores in the North of Italy.



Miroglio Group – Family and Company's evolution process



Mid-2000 represented a critical phase for Miroglio Group, that led in 2006 to a change of the *governance* system and in 2009 in the shareholding reorganization.

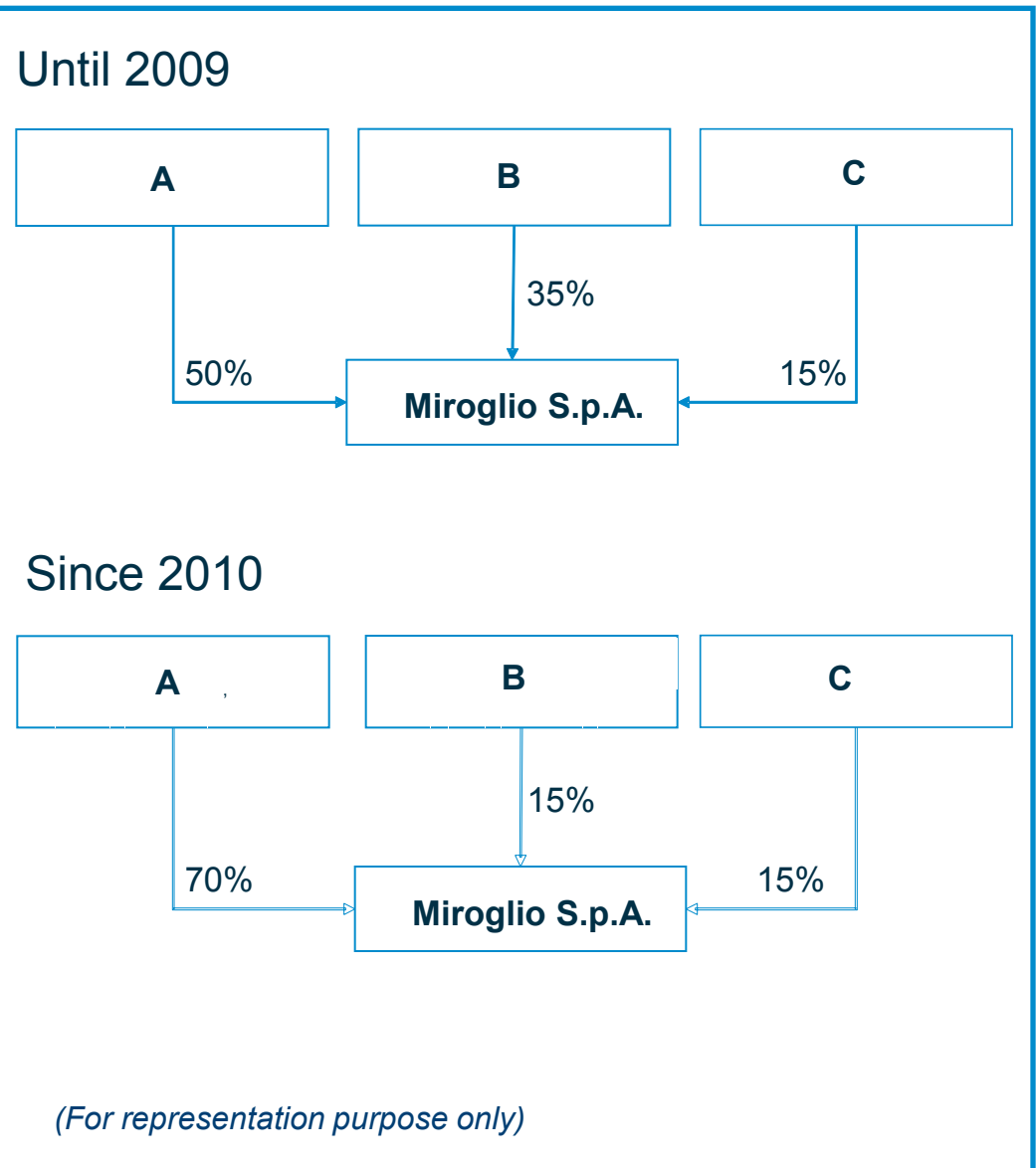
Relevant issues were:

- Generation succession.
- Difficult situation of the textile area and the need of a *turnaround*.
- Substantial change of the Company's business platform.
- Lack of delegation model, not in line with the Group future development ambitions.
- **Need to raise the Company's professionalism by entering first level management team with specific delegation of authority and competencies.**

The essential items of the new governance system are:

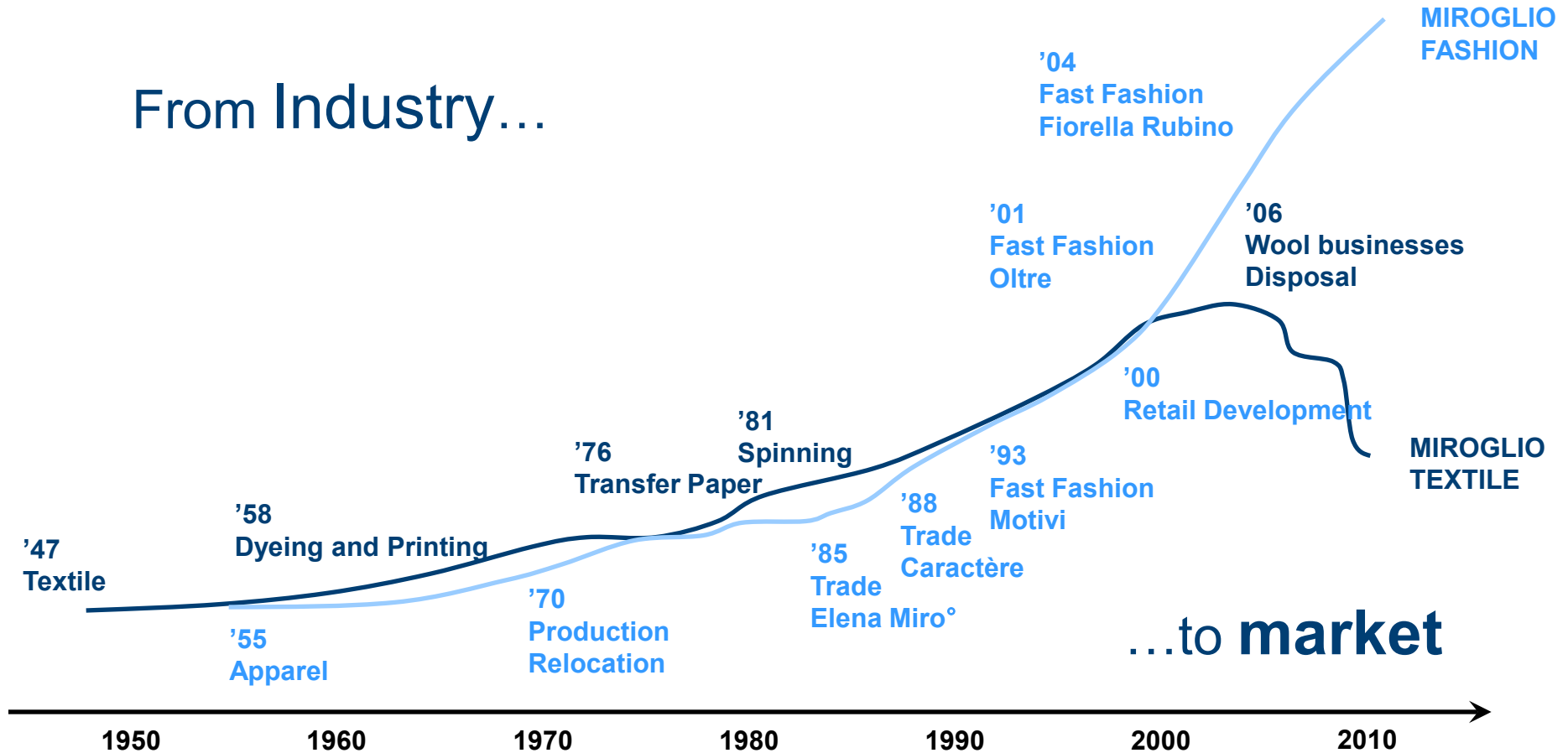
- Proportional Directors' appointment in order to guarantee the representativeness of all shareholders.
- Appointment of independent Directors with a high standing in order to guarantee a balanced and strategic vision to the Board of Directors.
- Sharp disjunction between Board of Directors and management.
- Clear delegation division among Board of Directors, Executive Committee, Chief Executive Officer and General Managers.

This operation guaranteed Miroglio Group a primary stability and continuity and allowed the Group to express a univocal business reference that is necessary for the Group to trace clear and strategic paths.



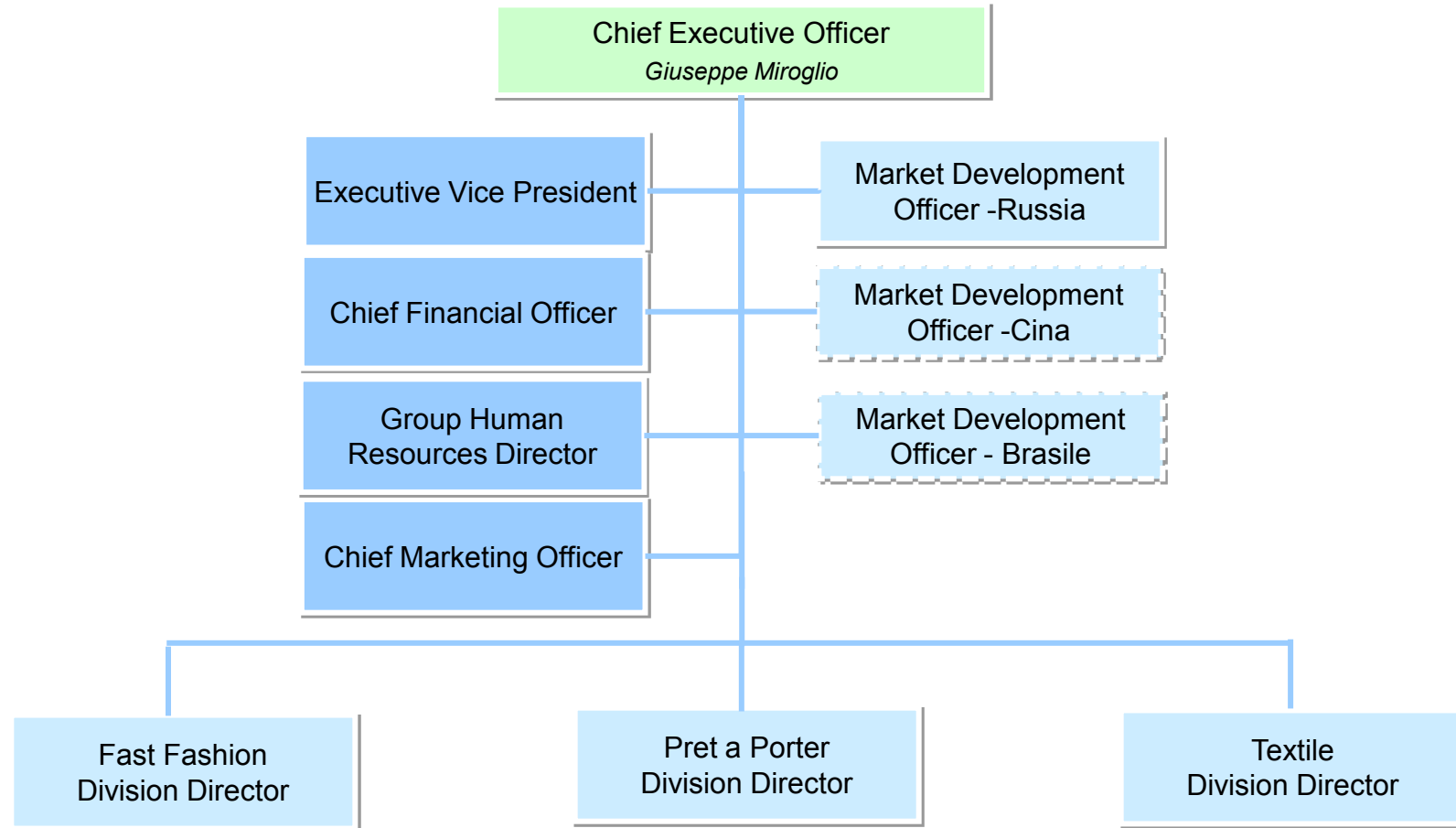
In the last decade an unconscious transformation occurred

From Industry...



Miroglio Group: a company projected in the future

The new chart organization in Miroglio Group



- Managerial style evolution
- Talent and resources development
- Responsibility and results-orientation
- Openness to the outside
- International culture
- Ambition for success

Education level in Miroglio Group (Italy):

1.849 employees (Italy)

- **673** Primary School Certificate
- **844** Secondary School Certificate
- **332** Degree

During last 5 years:

369 employees have been recruited :

- **33** Primary School Certificate
- **162** Secondary School Certificate
- **174** Degree (most of them in Economics, Engineering, Languages)
out of which 13 MBAs

Store Personnel in Italy:

4.053 employees

Foreign Operations:

2911 employees

<p>S</p> <ul style="list-style-type: none"> • Decision “making process exposure” • See the “big picture” • Contribution to write a new piece of the “company history” • “Hands- on” management approach (less bureaucracy, less political games) 	<p>W</p> <ul style="list-style-type: none"> • Robust confrontation about options • “Real” picture or “dream”? • Cultural change willingness • Process/Project/Strategic management approach and capabilities
<p>O</p> <ul style="list-style-type: none"> • Career Opportunity • “ Real job” vs. • Risk taking (trial & error freedom) • Build your own and company’s success • Work life balance 	<p>T</p> <ul style="list-style-type: none"> • Succession process • Personal conflict • People management / delegation / valuation • Openess to the outside (“not invented here” syndrome) • Career opportunity

DIFFICULT TO BALANCE RISKS & OPPS... STRONGLY DEPENDING FROM “PERSONAL DRIVE”

**MANY COMPANIES WERE BORN AS FAMILY BUSINESSES ... WHY HAVE
SOME OF THEM DEVELOPED AS TOP PLAYERS IN THEIR INDUSTRY ...
AND OTHERS HAVE NOT?**

Why some companies make the leap ...and others don't

“GOOD TO GREAT”

Jim Collins, co- author of bestselling BUILT TO LAST

Why?

To facilitate the evolution of Italian Family Businesses by increasing the percentage of quality talents in the companies.

How?

- **Keeping Familiar Culture, but updating it through a deep awareness of the contemporary context (market, financial institution, etc...) and of the challenges for the future.**
- **Industry Associations and Business Schools should contribute with their professional support and stimulus to the evolution (i.e. “up-dating”) of Family Businesses.**
- **MBAs’ education programmes should include more exposure to Family Business through modules and stages.**

POSSIBLE MARRIAGE ... BUT HANDLE WITH CARE !!!