Report 2011

AUB Observatory on all the medium and large Italian Family firms

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CAMERA DI COMMERCIO MILANO

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The third edition of the Observatory on Family Firms, promoted by AIdAF (Italian Association of Family Firms), UniCredit Group, AIdAF – Alberto Falck Chair of Strategic Management in Family Business (Bocconi University), and by Milan Chamber of Commerce, aims to realize the most comprehensive monitoring of the family controlled firms in Italy. Consistent with the previous edition, the population includes all the family firms which have exceeded the threshold of 50 million Eur in 2009.

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Part I

Stability and change in the AUB Observatory: the impact of crisis

Population (1/4)

A comparison with the population of the previous edition of the Observatory

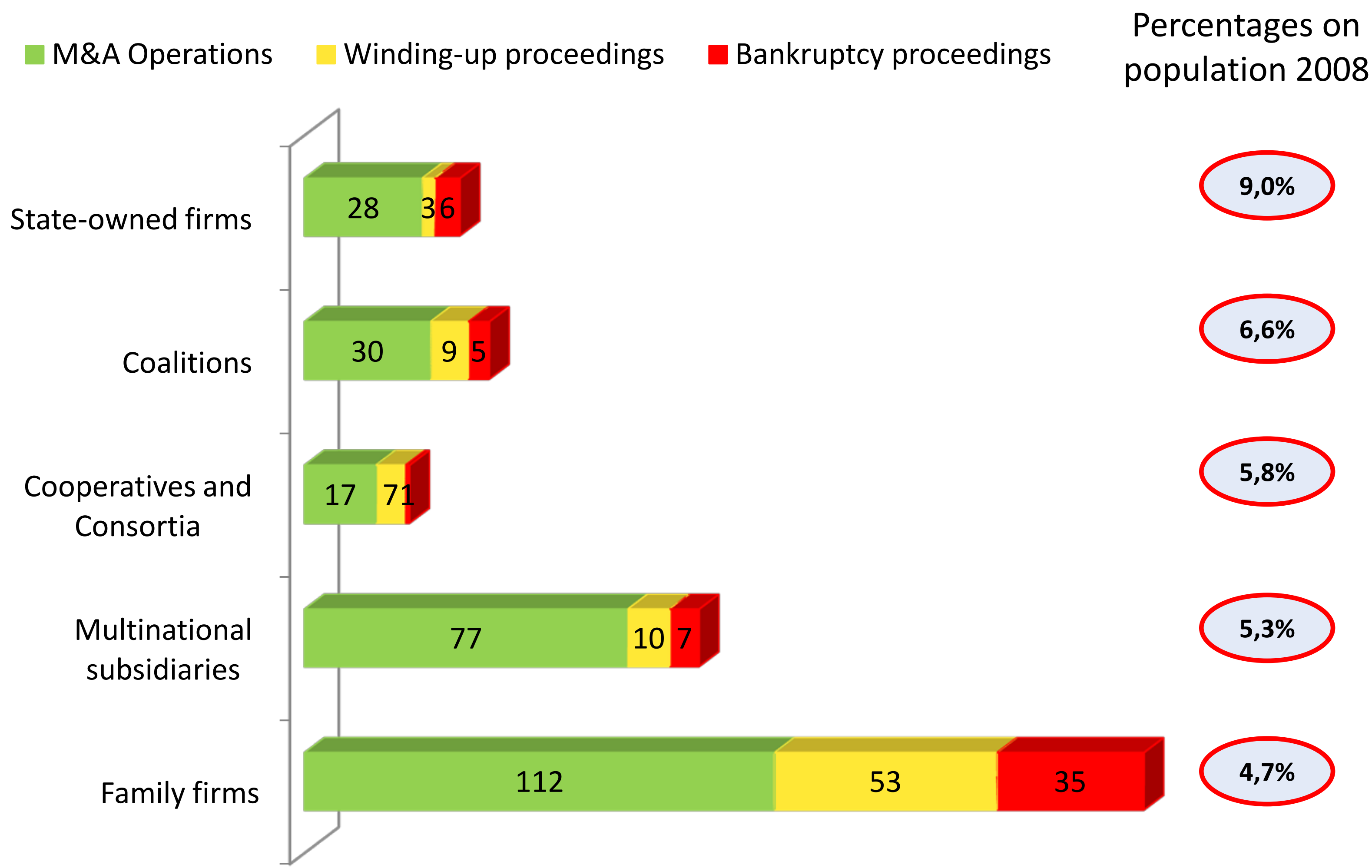
Ownership structure	2008		2009	
	N	%	N (*)	%
Family firms	**4.221**	55,1%	**3.893**	57,1%
Multinational subsidiaries	**1.779**	23,2%	**1.449**	21,3%
Coalitions	**662**	8,6%	**596**	8,7%
Cooperatives and Consortia	**428**	5,6%	**396**	5,8%
State-owned firms	**411**	5,4%	**349**	5,1%
Controlled by PE (**)	**84**	1,1%	**93**	1,4%
Controlled by banks	**75**	1,0%	**40**	0,6%
Total	**7.660**	**100,0%**	**6.816**	**100,0%**

(*) Percentages calculated on 6.816 firms out of 6.915 for which information about ownership structure is available (Source: Aida).

(**) The estimation of firms controlled by a Private Equity in 2008 is based on operations still active at the end of 2009.

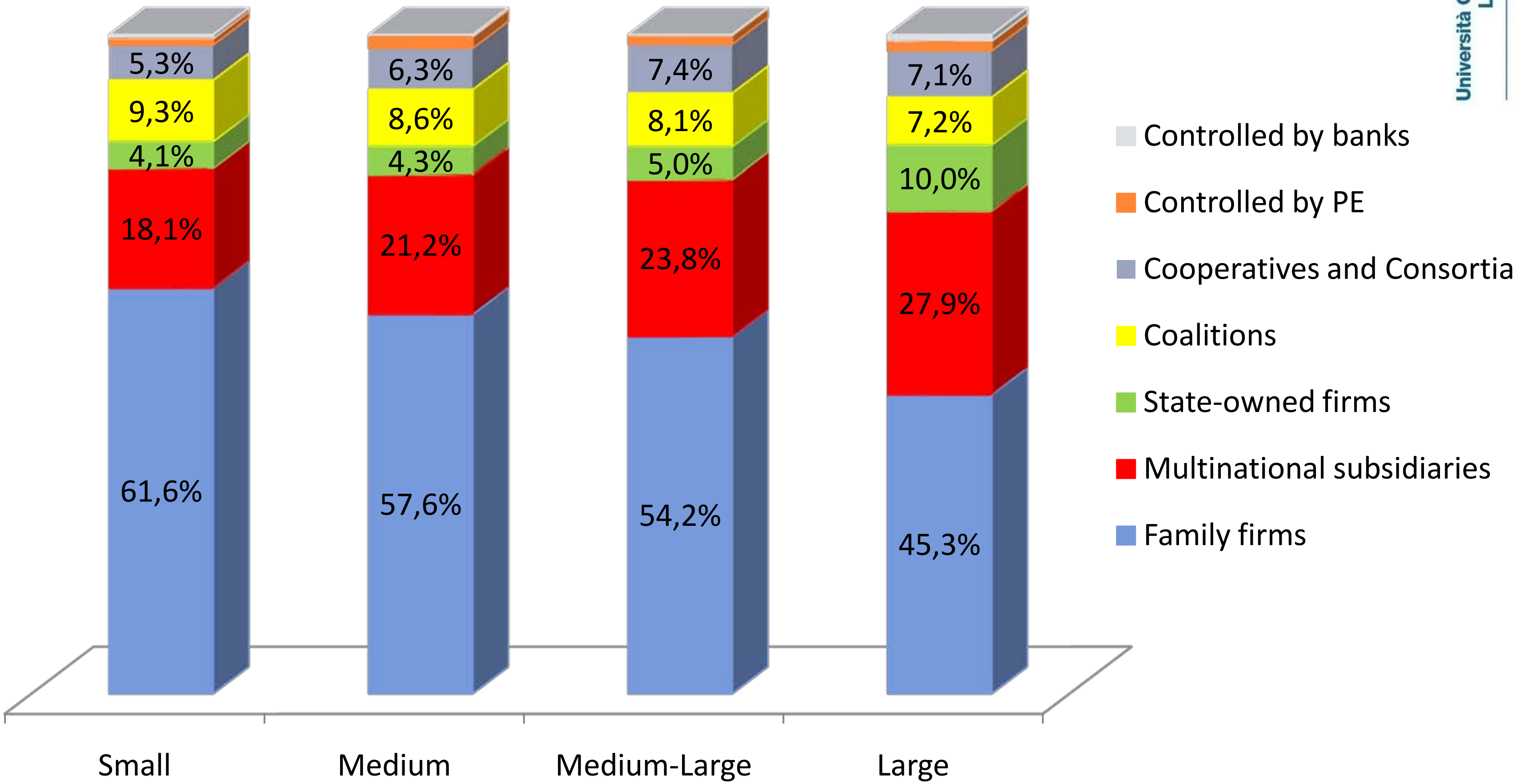
Population (2/4)

Family firms of the previous edition subject to extraordinary proceedings (*)



(*) Percentages calculated as a division between the numbers of exit firms from the population of the last edition and the firms monitored in 2008 (Source: Aida).

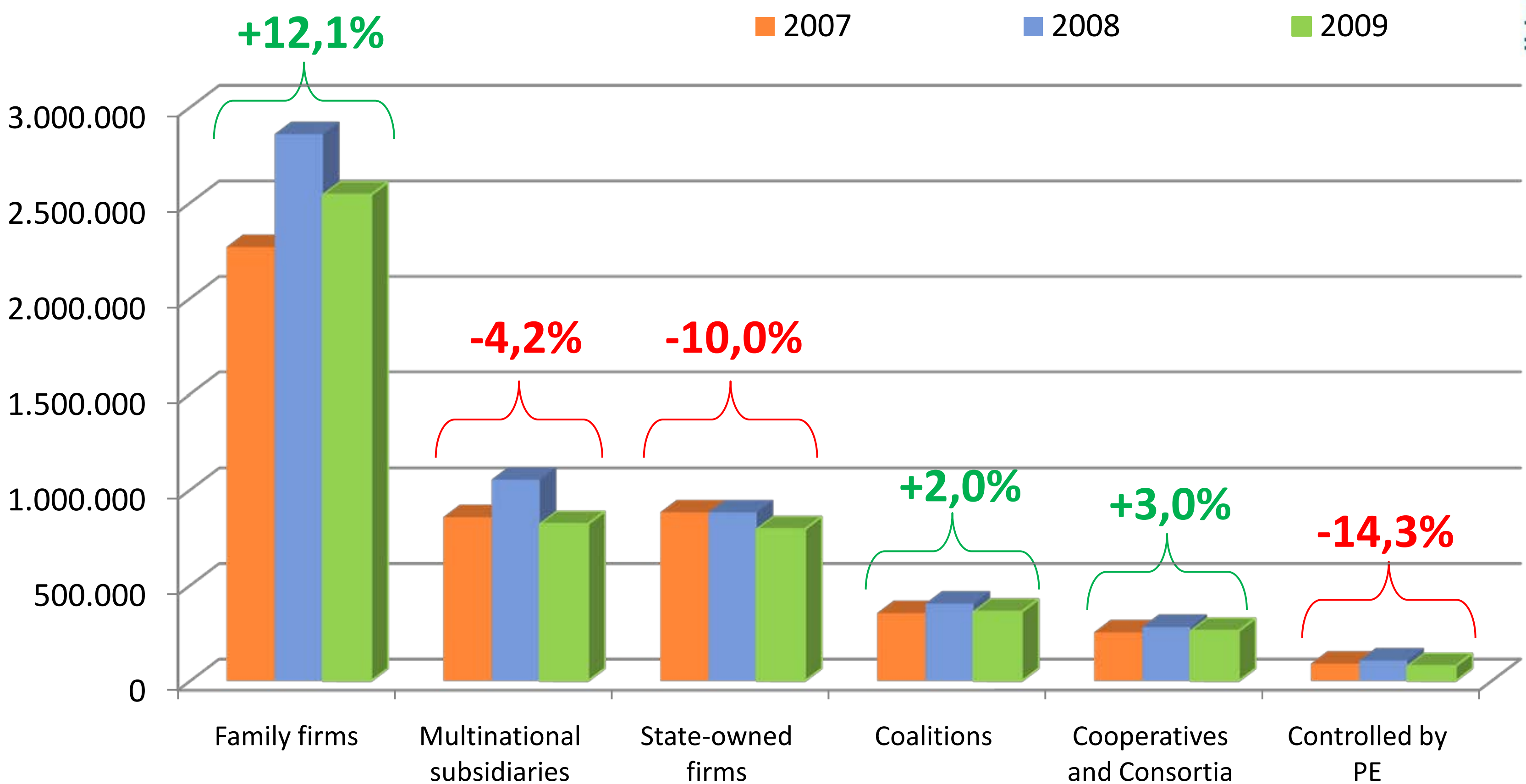
The population and the firm size (*)



(*) The firm size is based on sales revenues. In particular:
Small = turnover between 50 and 100 Million Eur; **Medium** = turnover between 100 and 150 Million Eur; **Medium-Large** = turnover between 150 and 250 Million Eur; **Large** = turnover above 250 Million Eur.

Population (4/4)

The total number of employees



(Source: Aida)

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Part II

The 2.423 family firms included in the AUB Observatory 2011

- See the methodological note for the inclusion criteria

Population change (1/5)

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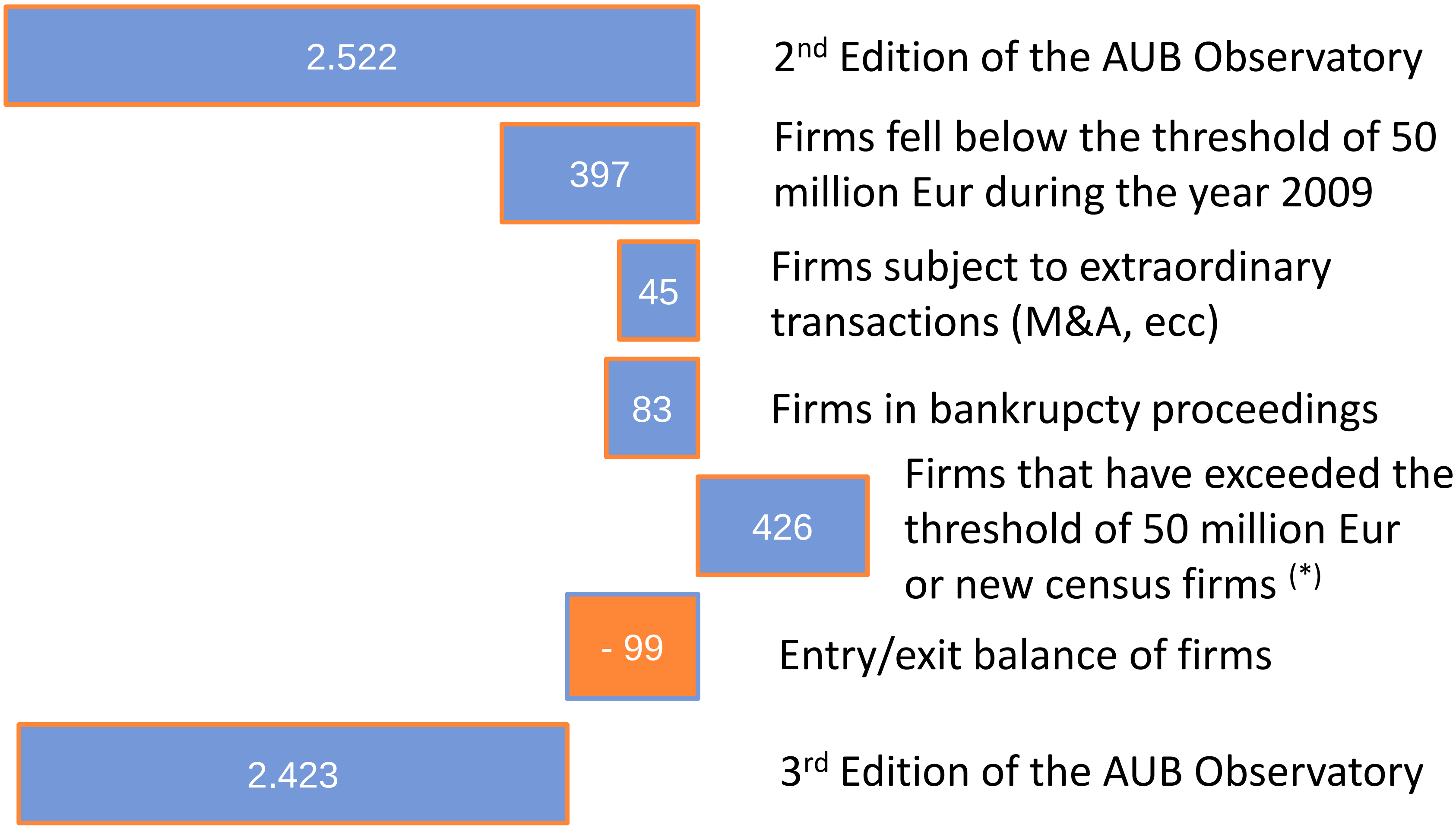
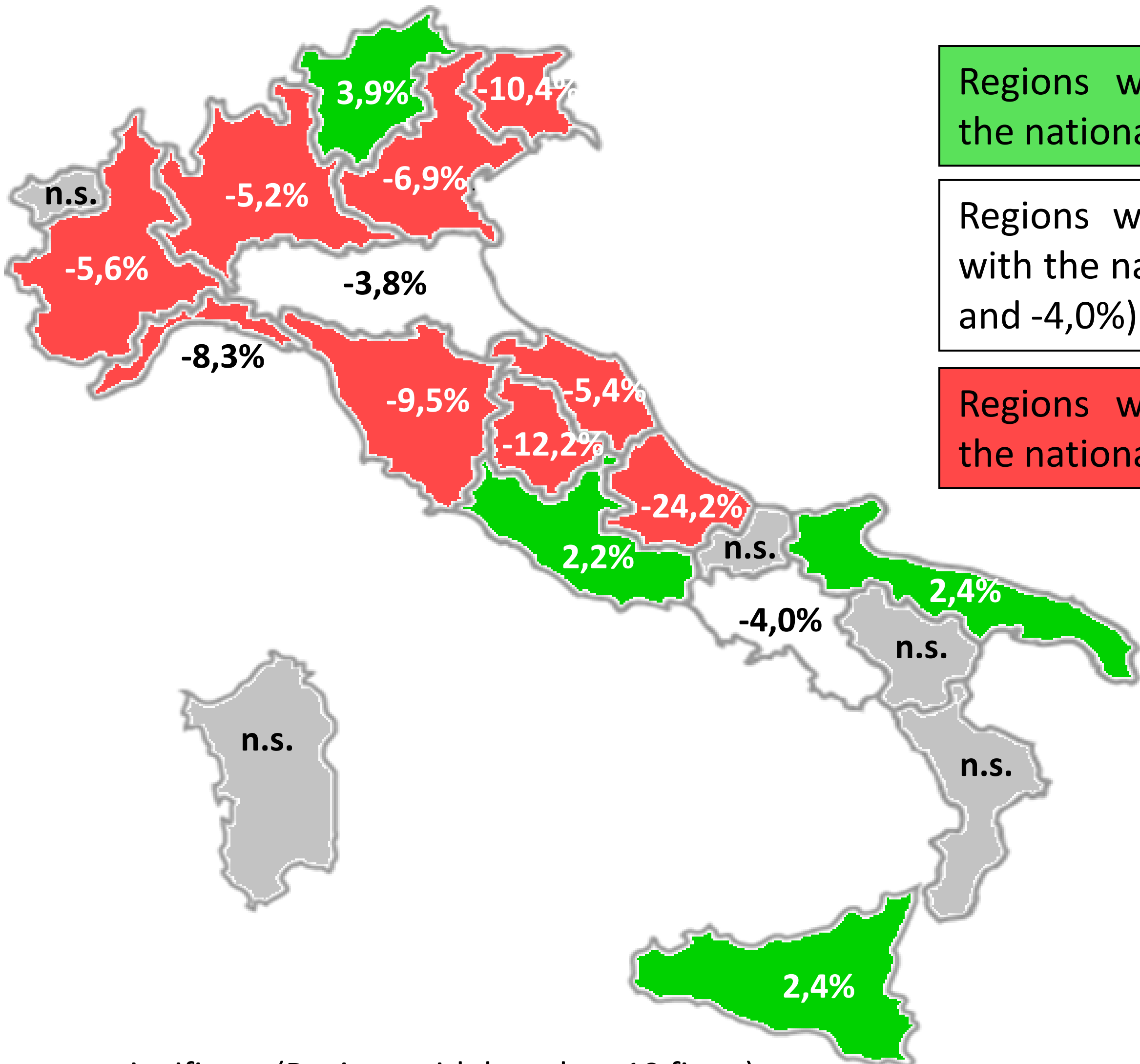
From 2.522 Family firms in the second edition of the AUB Observatory to 2.423 of the current edition



(*) In the third edition, the new census firms are 154. These firms are founded in 2009 (or in previous years but monitored for the first time by AIDA database).

Population change (2/5)

Entry/exit balance of firms in the population (*)



Regions with entry/exit balance above the national average

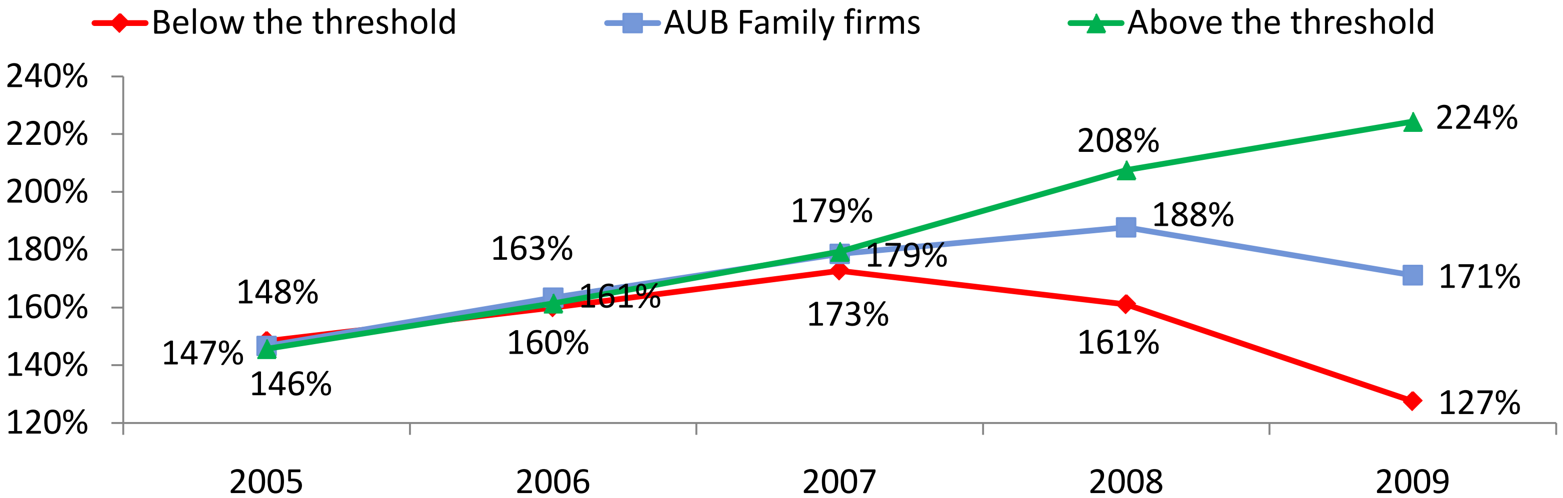
Regions with entry/exit balance in line with the national average (between -3,8% and -4,0%)

Regions with entry/exit balance below the national average

n.s. = not significant (Regions with less than 10 firms).
(*) The national balance between entry and exit firms is equal to -3,9% in 2009.

Population change (3/5)

Rate of revenue growth (*)



(*) Compound growth 100-based (year 2000), calculated on sales revenues (Source: Aida).

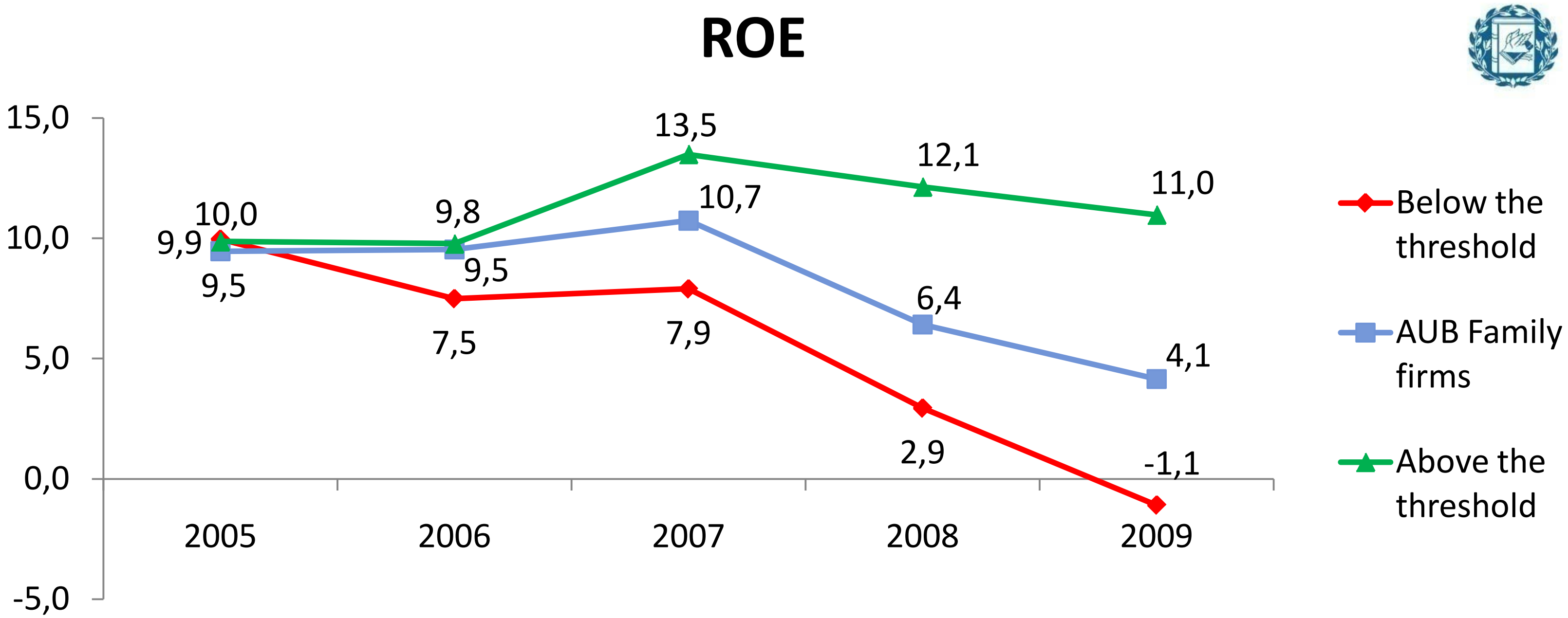
Debt level

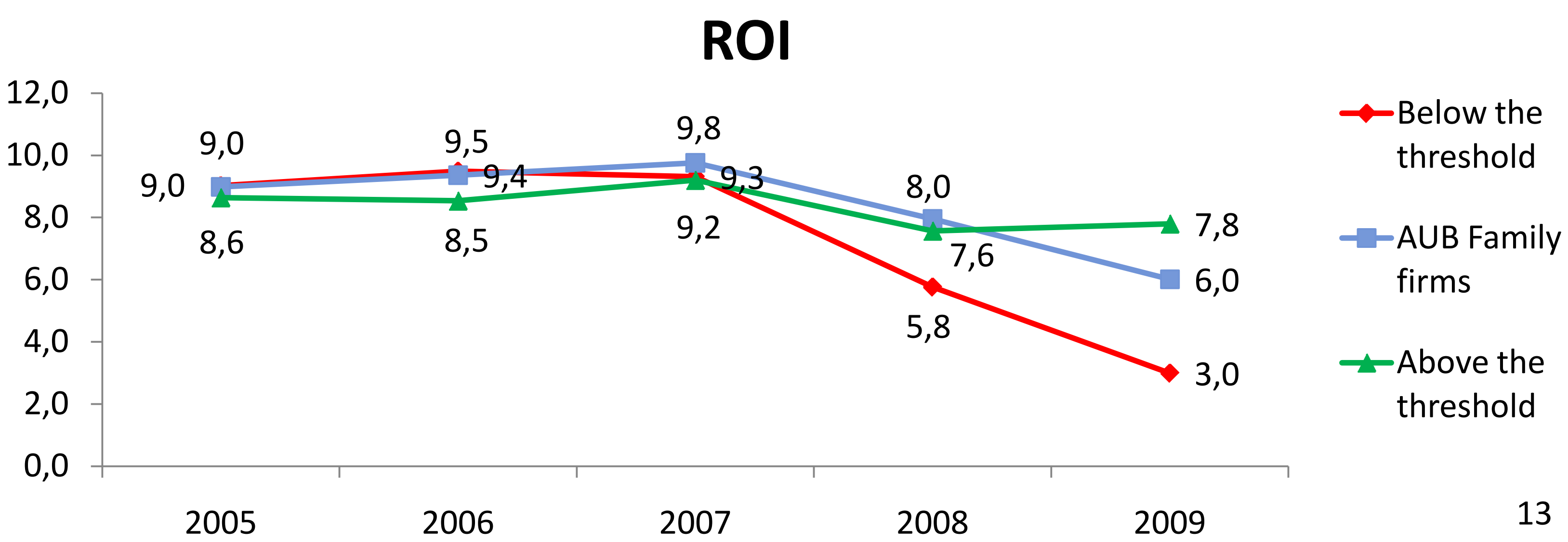
NFP/EBITDA (*)	2005	2006	2007	2008	2009
Below the threshold	5,4	5,7	5,6	7,5	8,7
AUB Family firms	4,8	4,9	5,1	5,6	6,5
Above the threshold	5,0	6,0	5,6	5,0	5,9

Net Financial Position = Due to banks + Due to other lenders – Liquid funds.

(*) Percentages are based only on those firms with both positive values of NFP and EBITDA.

Population change (4/5)



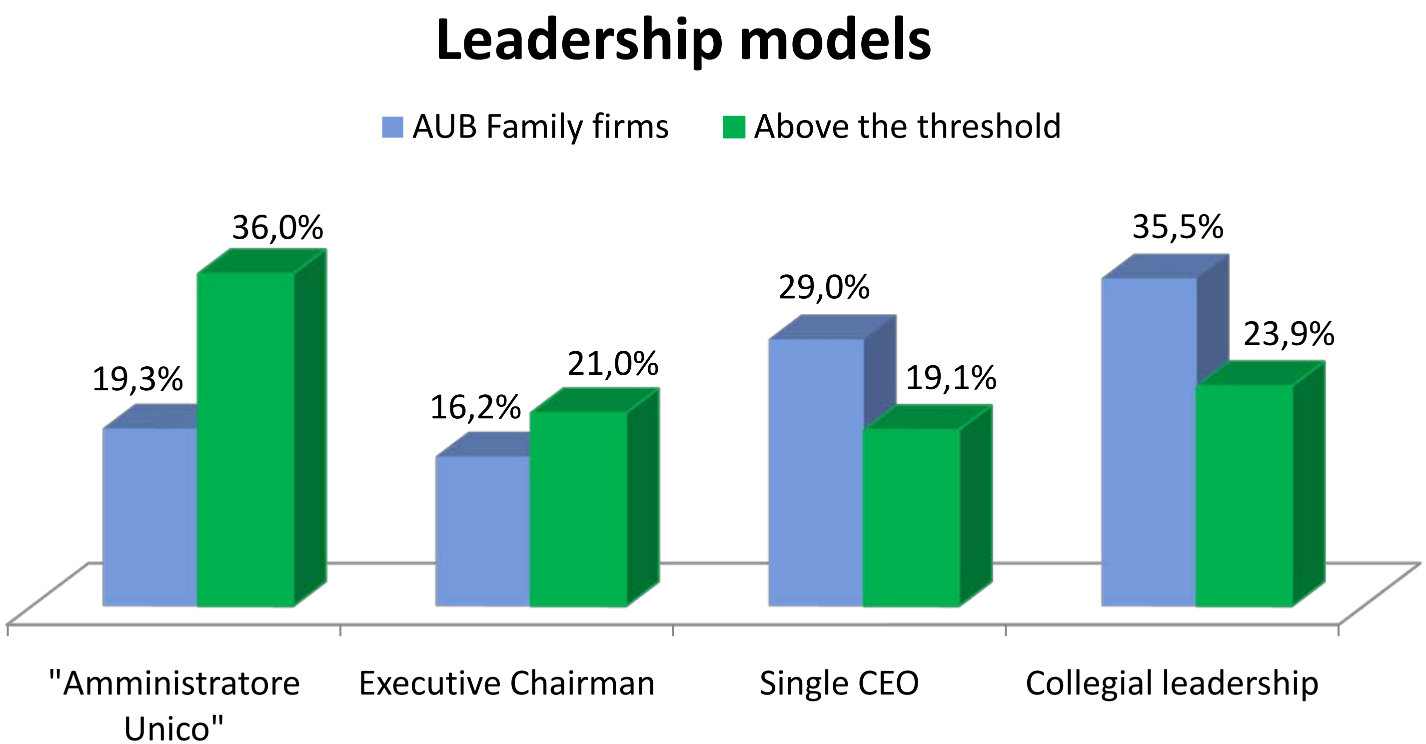


Population change (5/5)

The 272 firms above the threshold of 50 million Eur:

✓ are younger than others (28% have less than 10 years, compared with 14% of the national average);

✓ are run by younger leaders (43% have less than 50 years, compared with 28% of the national average).

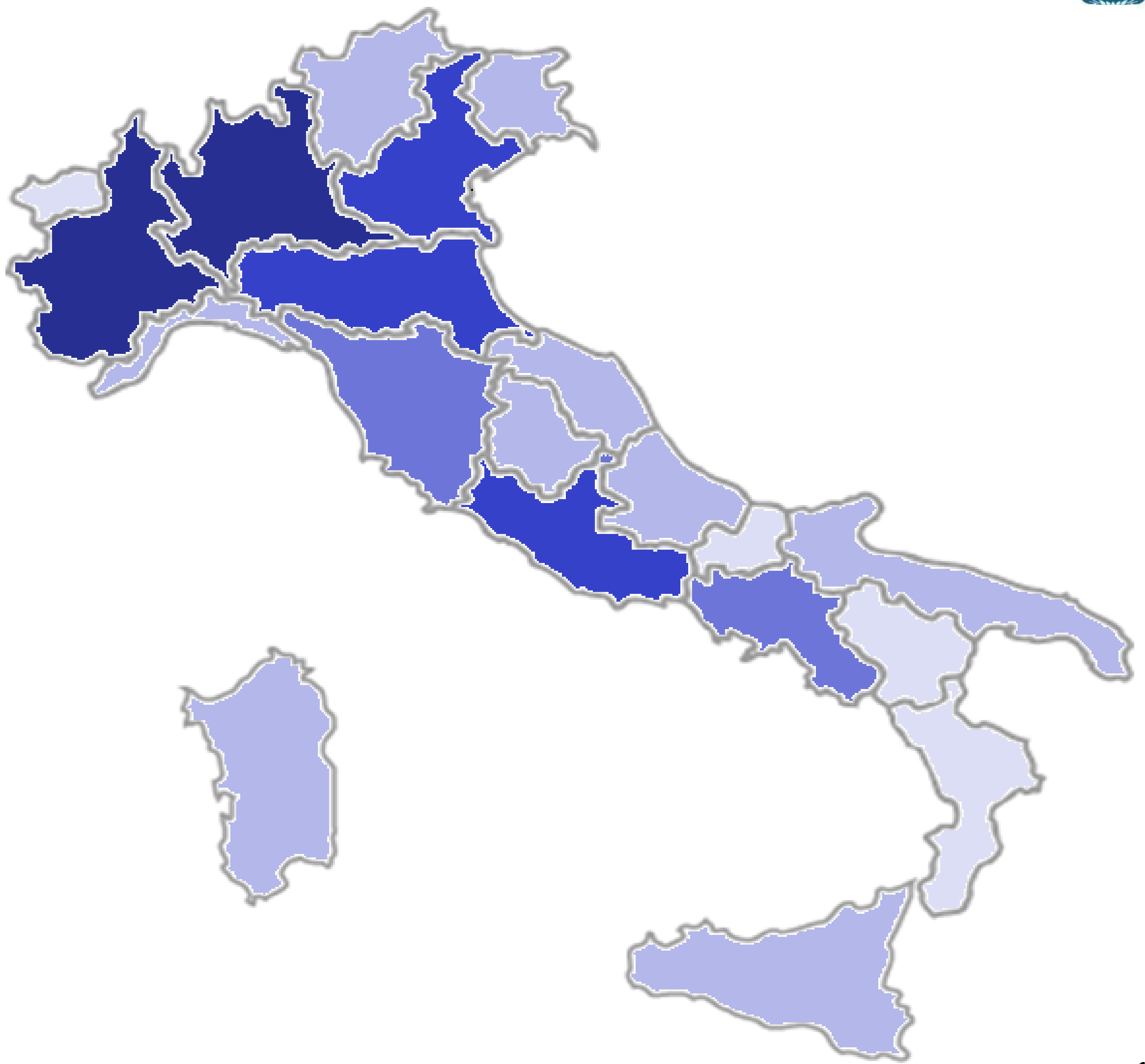


Firms investigated (1/4)

Family Firms	2008 (*)		2009		Turnover 2008 (*)		Turnover 2009	
	N	%	N	%	Bn €	%	Bn €	%
AUB Observatory	**2.522**	100%	**2.423**	100%	**499**	100%	**437**	100%
(of which) listed firms	**103**	4,1%	**102**	4,2%	**144**	28,9%	**131**	30,4%
(of which) firms with a Private Equity(**)	**32**	1,3%	**34**	1,4%	**12,4**	2,5%	**7,9**	1,8%

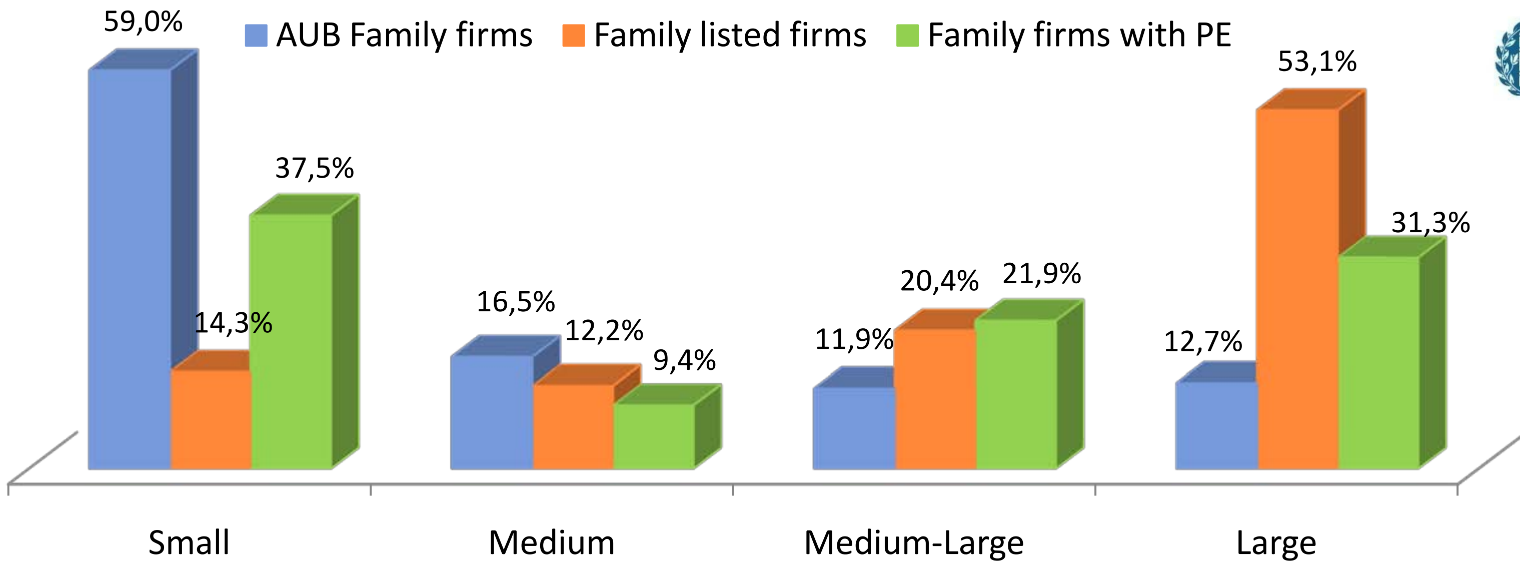
(*) Data processing is related to the 2nd Edition of the AUB Observatory (Source: Aida).
(**) At the end of 2009 there were also 50 family firms below the threshold of 50 Million Eur participated by a Private Equity (Source: PEM).

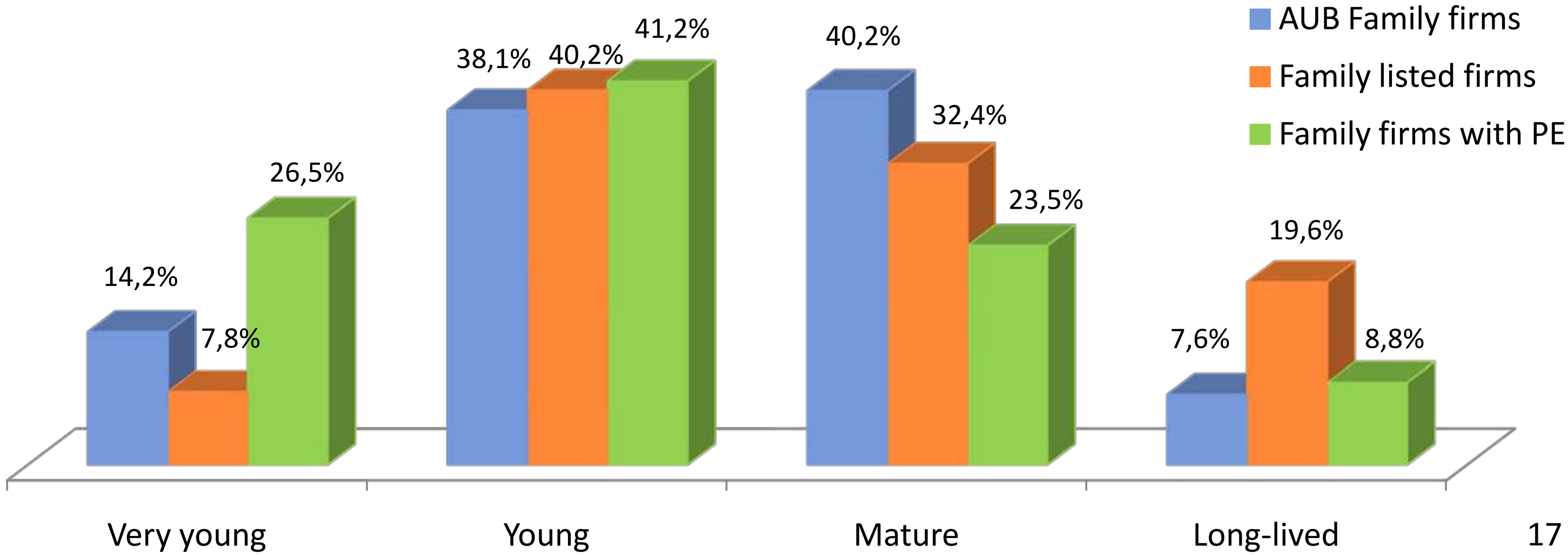
Turnover of Family firms and geographical area



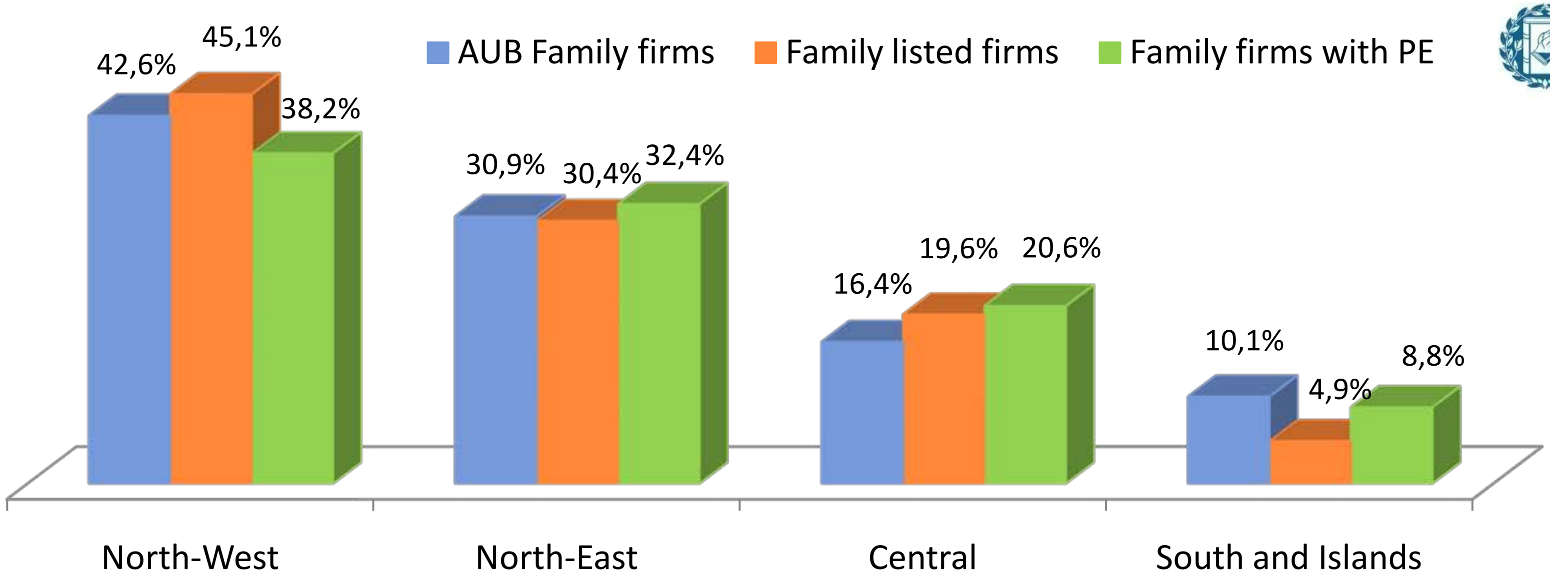
- > 50 Bn €
- 25 Bn € - 50 Bn €
- 10 Bn € - 25 Bn €
- 1 Bn € - 10 Bn €
- < 1 Bn €

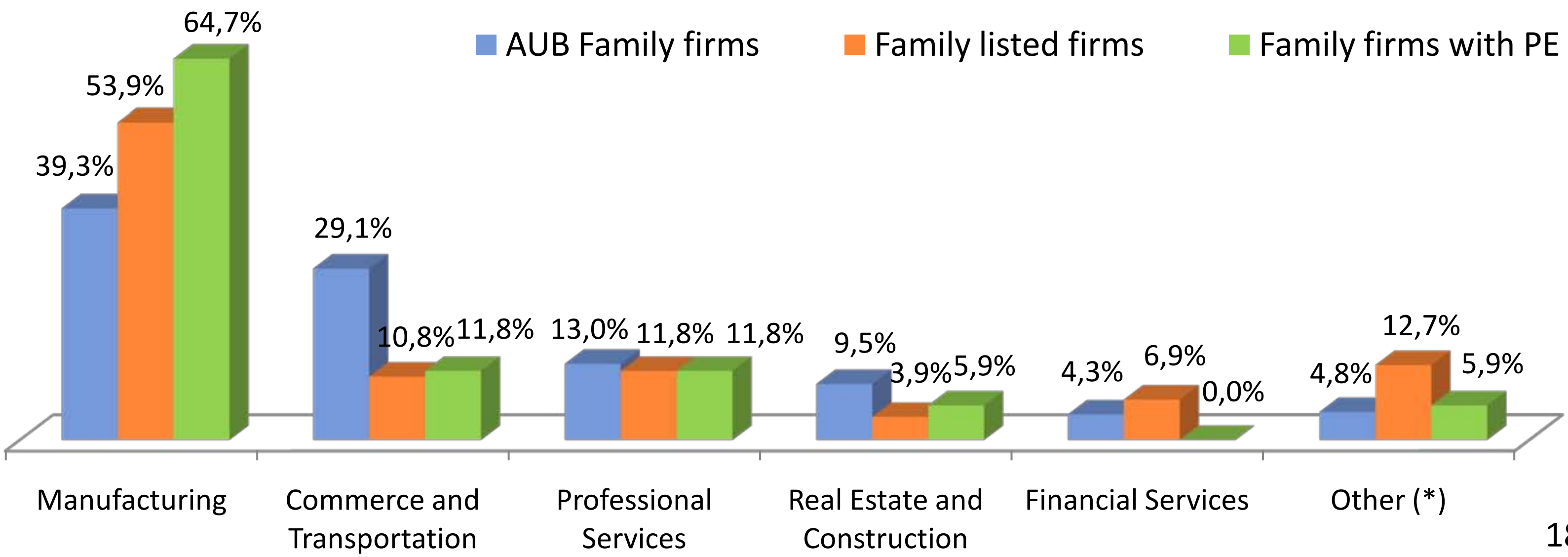
Firms investigated (3/4)





Firms investigated (4/4)





(*) Media and Communication, Public Services, Health Services, Catering and Other Services.

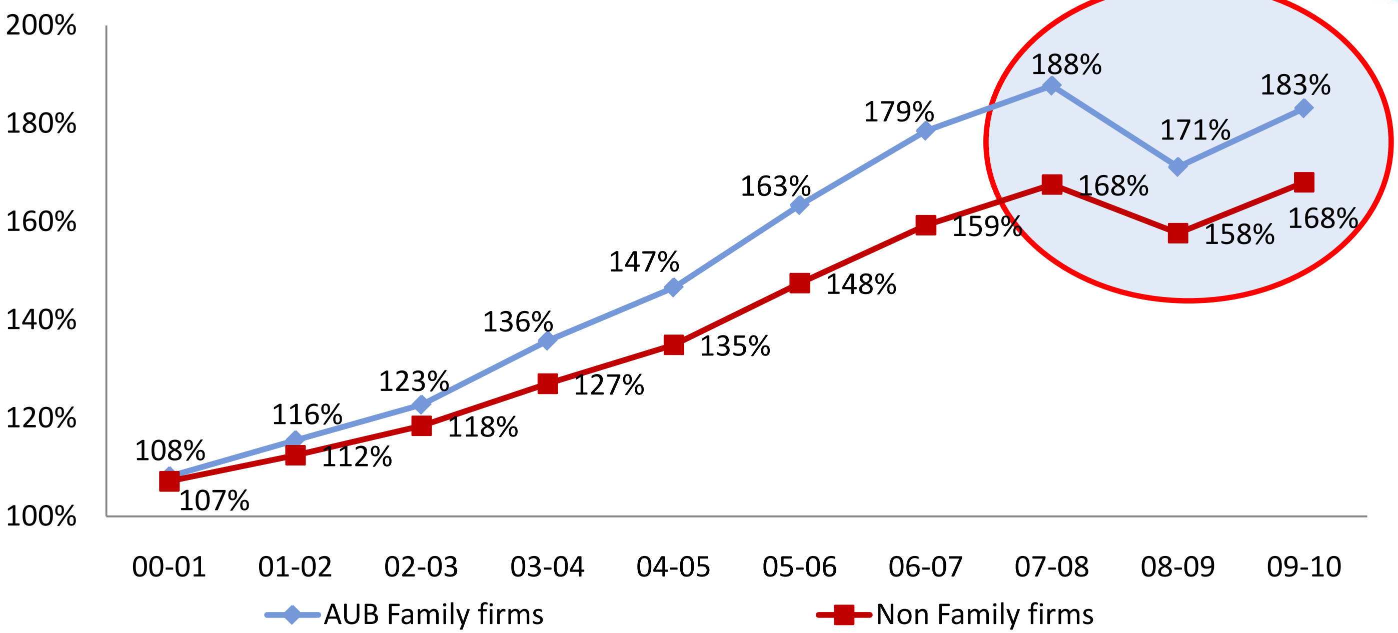
Part III

The Italian firms through (and beyond) the crisis: which role for family firms?

❖ The 2010 data is an estimate based on 75% of the population in 2009 (Source: Aida).

Growth (1/2)

Growth of Family and non Family firms (*)



Non Family firms	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10
State-owned firms	108%	111%	122%	132%	145%	158%	168%	184%	182%	193%
Cooperatives and Consortia	108%	115%	127%	136%	141%	151%	166%	180%	180%	188%
Coalitions	106%	113%	119%	131%	143%	161%	175%	185%	174%	186%
Controlled by PE	107%	126%	131%	142%	149%	168%	185%	190%	171%	184%
Multinational subsidiaries	107%	111%	116%	123%	129%	141%	151%	156%	143%	153%

(*) Compound growth 100-based (year 2000), calculated on sales revenues (Source: Aida).

Growth of Italian Family firms in front of the financial crisis

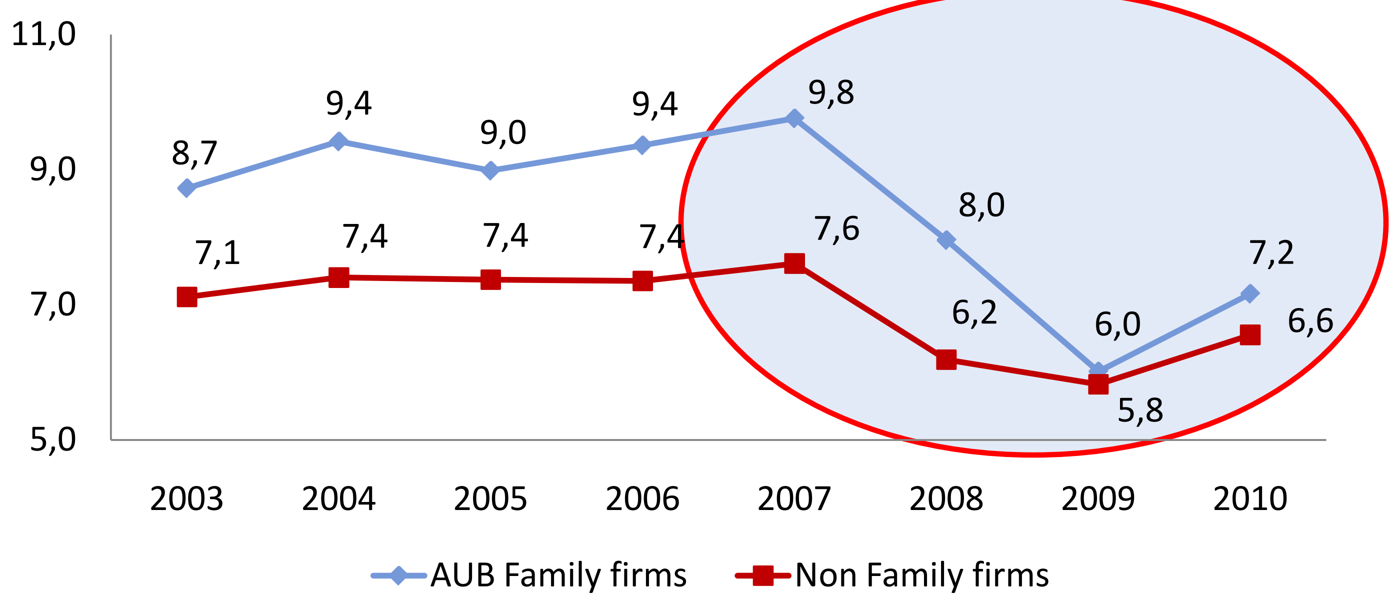
Ownership structure	Growth 2007-08	Growth 2008-09	Growth 2009-10
AUB Family firms	5,1%	-8,8%	7,0%
Non Family firms	5,2%	-5,9%	6,6%

In particular, among non Family firms:

Non Family firms	Growth 2007-08	Growth 2008-09	Growth 2009-10
Controlled by PE	2,7%	-9,9%	7,3%
Multinational subsidiaries	3,1%	-8,5%	7,0%
Coalitions	5,6%	-6,0%	6,9%
State-owned firms	9,8%	-1,4%	6,1%
Cooperatives and Consortia	8,7%	-0,1%	4,6%

Profitability (1/5)

ROI of Family and non Family firms (*)



Non Family firms	2003	2004	2005	2006	2007	2008	2009	2010
State-owned firms	12,5	8,5	7,7	7,0	7,0	7,5	7,8	8,9
Multinational subsidiaries	7,5	8,1	8,0	8,2	8,8	6,6	6,2	7,6
Coalitions	6,4	7,6	8,2	8,1	8,1	6,7	5,4	6,7
Controlled by PE	n.a.	2,5	3,0	3,5	7,3	3,9	2,2	3,2
Cooperatives and Consortia	2,4	4,6	4,9	4,8	4,6	3,8	4,0	2,7

(*) ROI = Operating Profit/Total Assets (Source: Aida).

Profitability (2/5)

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Ownership structure	Δ ROI 2000-10	Δ ROI 2008	Δ ROI 2009	Δ ROI 2010
AUB Family firms	+1,2***	+1,4***	+0,3	+0,6*
Non Family firms	-1,3***	-1,5***	-0,1	-0,4

In particular, among non Family firms:

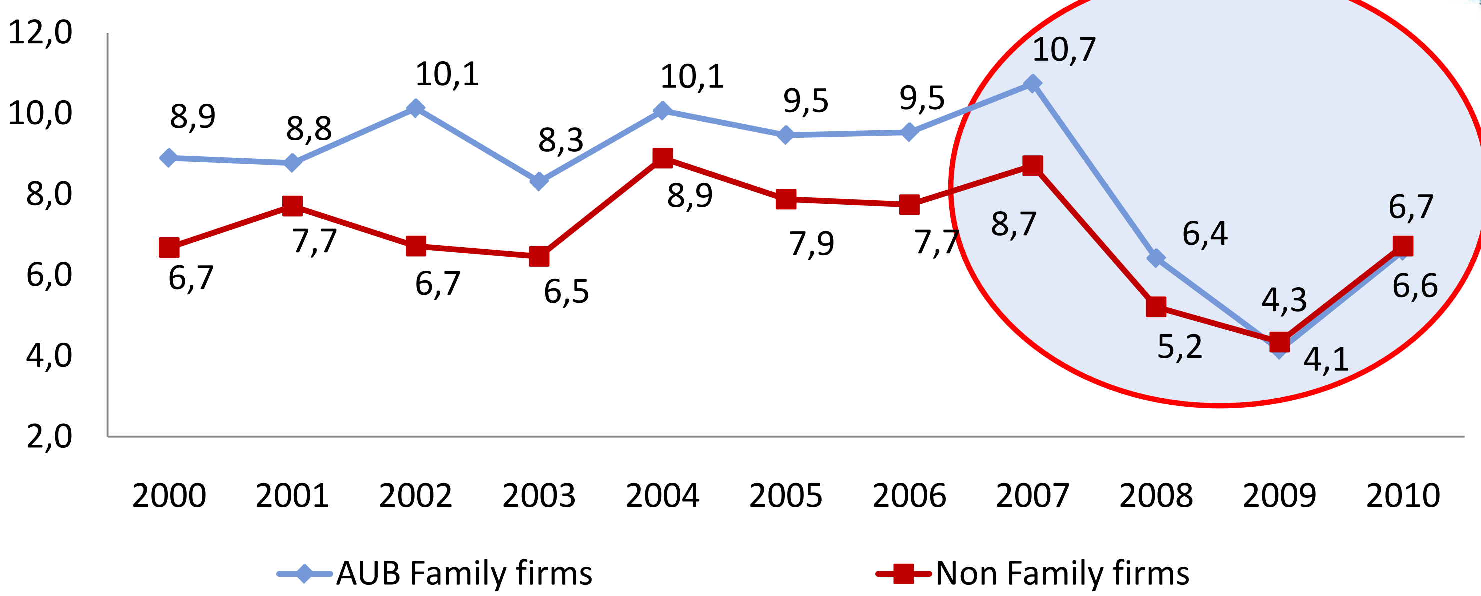
Ownership structure	Δ ROI 2000-10	Δ ROI 2008	Δ ROI 2009	Δ ROI 2010
Multinational subsidiaries	=0,0	-0,7	+0,5	+1,0*
Coalitions	-0,5*	-0,5	-0,5	-0,1
Cooperatives and Consortia	-3,7***	-3,5***	-2,0***	-4,4***
State-owned firms	+0,1	+0,4	+2,1**	+2,2**
Controlled by PE	-4,0***	-3,3**	-3,7**	-3,7**

***ROI** in the table show that firm performances are **positively (+)** or **negatively (-)** affected by the different configuration of ownership structure compared to the national average and the figure is statistically significant with:*

**** High significance (p<.001) ** Medium significance (p<.01) * Acceptable significance (p<.10) (Source: Aida).*

Profitability (3/5)

ROE of Family and non Family firms (*)



Non Family firms	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
State-owned firms	7,5	12,0	8,5	7,3	9,9	8,9	8,7	9,7	7,8	10,6	10,7
Multinational subsidiaries	7,5	8,5	6,6	6,8	9,2	8,6	8,5	9,9	6,4	4,0	9,5
Coalitions	6,5	4,2	6,2	6,5	11,3	9,5	10,3	10,0	5,5	4,5	5,5
Cooperatives and Consortia	3,8	6,0	5,7	3,9	5,3	4,7	2,5	4,4	1,3	4,0	0,1
Controlled by PE	4,3	10,8	4,7	6,0	-1,7	-1,1	-2,4	-1,5	-5,4	-5,9	-5,9

(*) ROE = Net Income/Shareholder's funds (Source: Aida).

Profitability (4/5)

Ownership structure	Δ ROE 2000-10	Δ ROE 2008	Δ ROE 2009	Δ ROE 2010
AUB Family firms	+1,0***	+0,4	-0,2	=0,0
Non Family firms	-1,2***	-1,6*	+0,1	+0,4

In particular, among non Family firms:

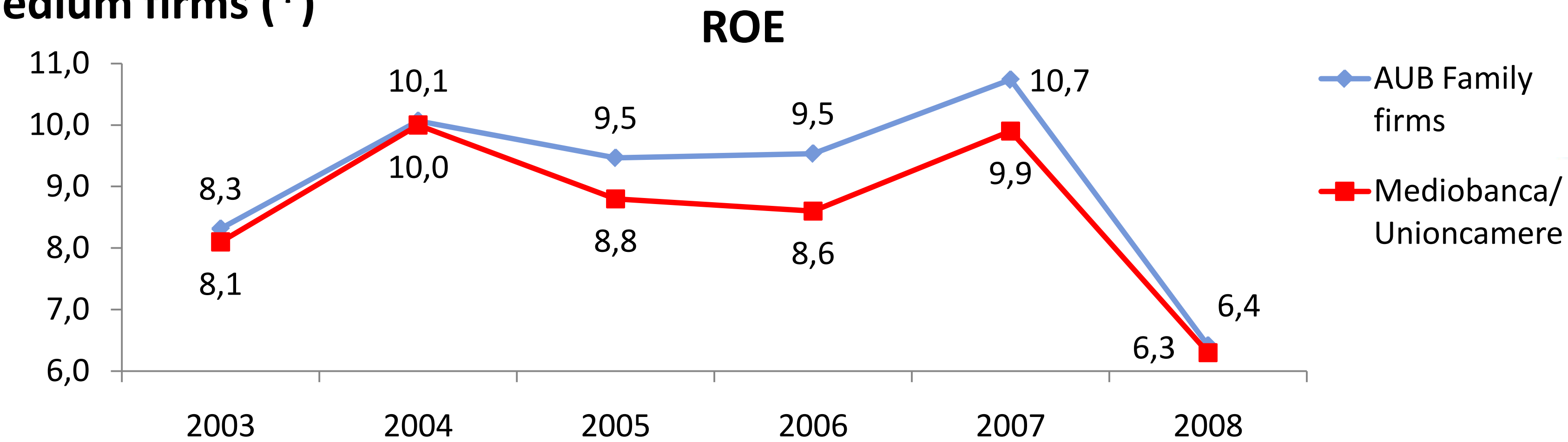
Ownership structure	Δ ROE 2000-10	Δ ROE 2008	Δ ROE 2009	Δ ROE 2010
Multinational subsidiaries	+0,1	+0,4	-0,3	+3,8***
Coalitions	-0,3	-0,7	+0,3	-1,1
Cooperatives and Consortia	-4,4***	-5,1***	-0,3	-6,9***
State-owned firms	+1,8**	+1,8	+6,7***	+4,4**
Controlled by PE	-10,1***	-11,8***	-10,4**	-12,6***

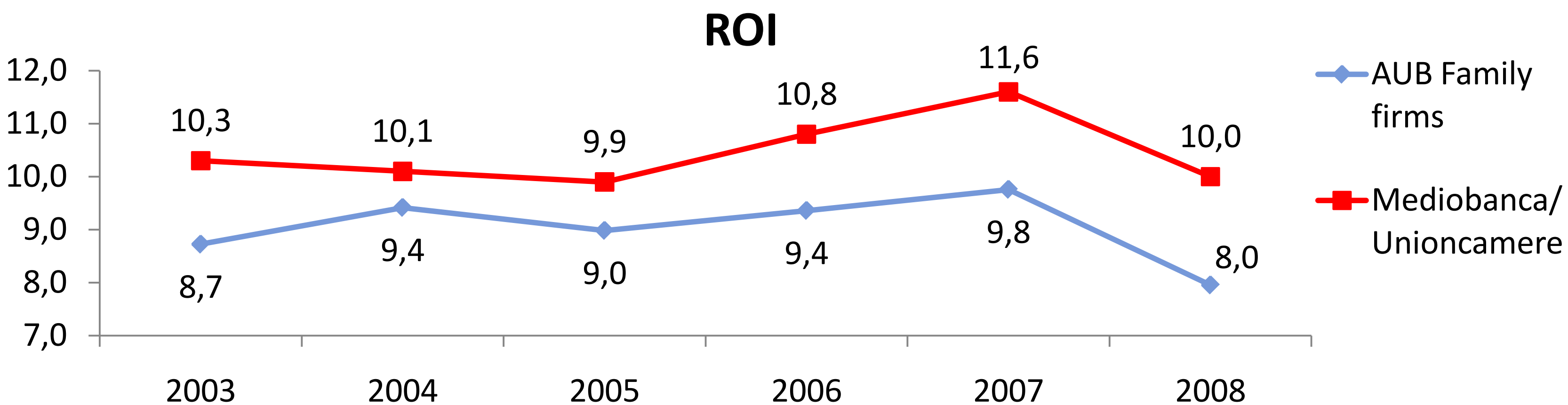
***ROE** in the table show that firm performances are **positively (+)** or **negatively (-)** affected by the different configuration of ownership structure compared to the national average and the figure is statistically significant with:*

**** High significance (p<.001) ** Medium significance (p<.01) * Acceptable significance (p<.10) (Source: Aida).*

Profitability (5/5)

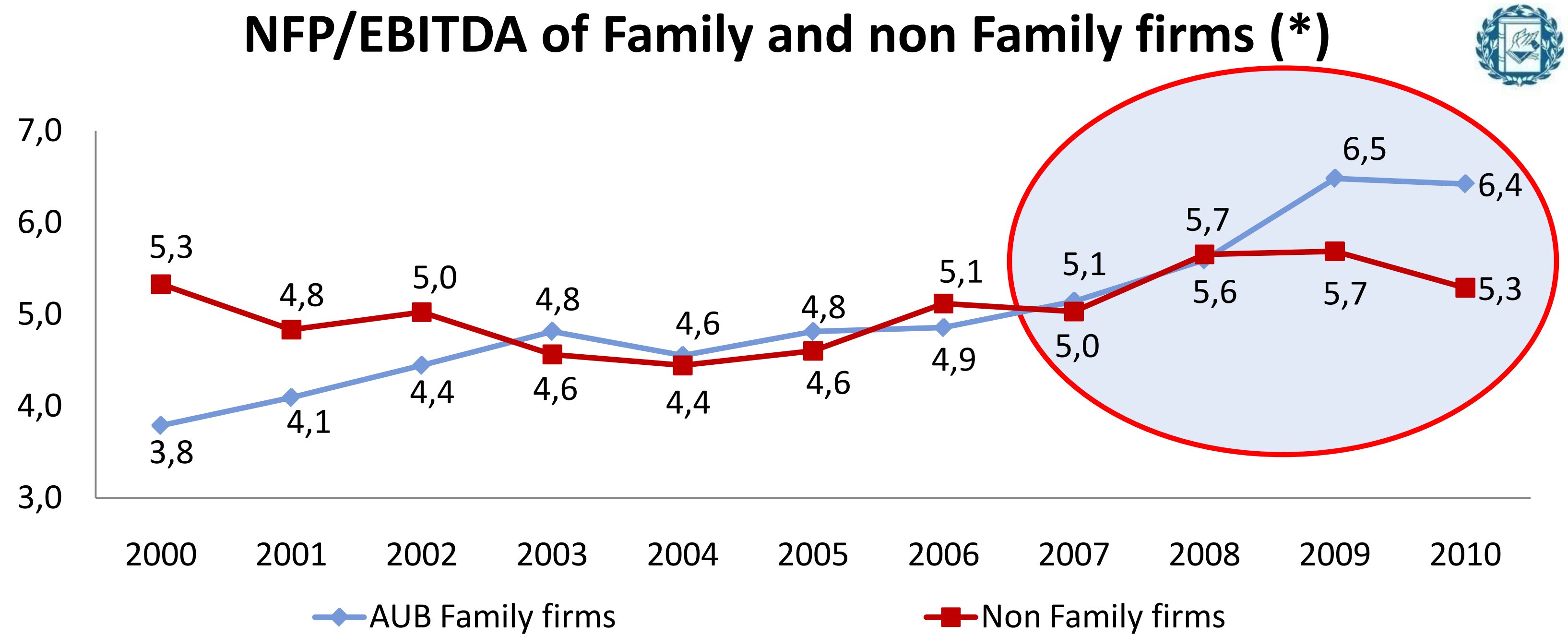
Comparison between AUB Family firms and Mediobanca/Unioncamere medium firms (*)





(*) The comparison is realized with all medium firms included in the report of Mediobanca/Unioncamere. The survey covers the universe of 3.921 companies (in 2008) that have a turnover between 15 and 330 million Eur and employ between 50 and 499 employees. The report excludes all the firms affiliated with other large companies or under foreign control.

Leverage (1/5)



Non Family firms	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Cooperatives and Consortia	9,8	7,7	8,0	7,7	7,6	8,7	8,7	9,3	8,7	7,9	9,4
Controlled by PE	2,6	2,5	3,5	4,4	5,8	5,3	4,2	4,9	6,9	5,6	6,1
State-owned firms	4,2	3,4	5,3	3,9	3,3	3,9	4,7	4,5	4,4	5,0	5,1
Coalitions	5,3	5,4	5,8	5,4	4,5	4,4	5,0	4,9	5,9	6,5	5,0
Multinational subsidiaries	4,1	4,1	3,7	3,4	3,6	3,3	3,9	3,5	4,5	4,3	3,3

Net Financial Position = Due to banks + Due to other lenders – Liquid funds.

(*) Percentages are based only on those firms with both positive values of NFP and EBITDA (Source: Aida).

Leverage (2/5)

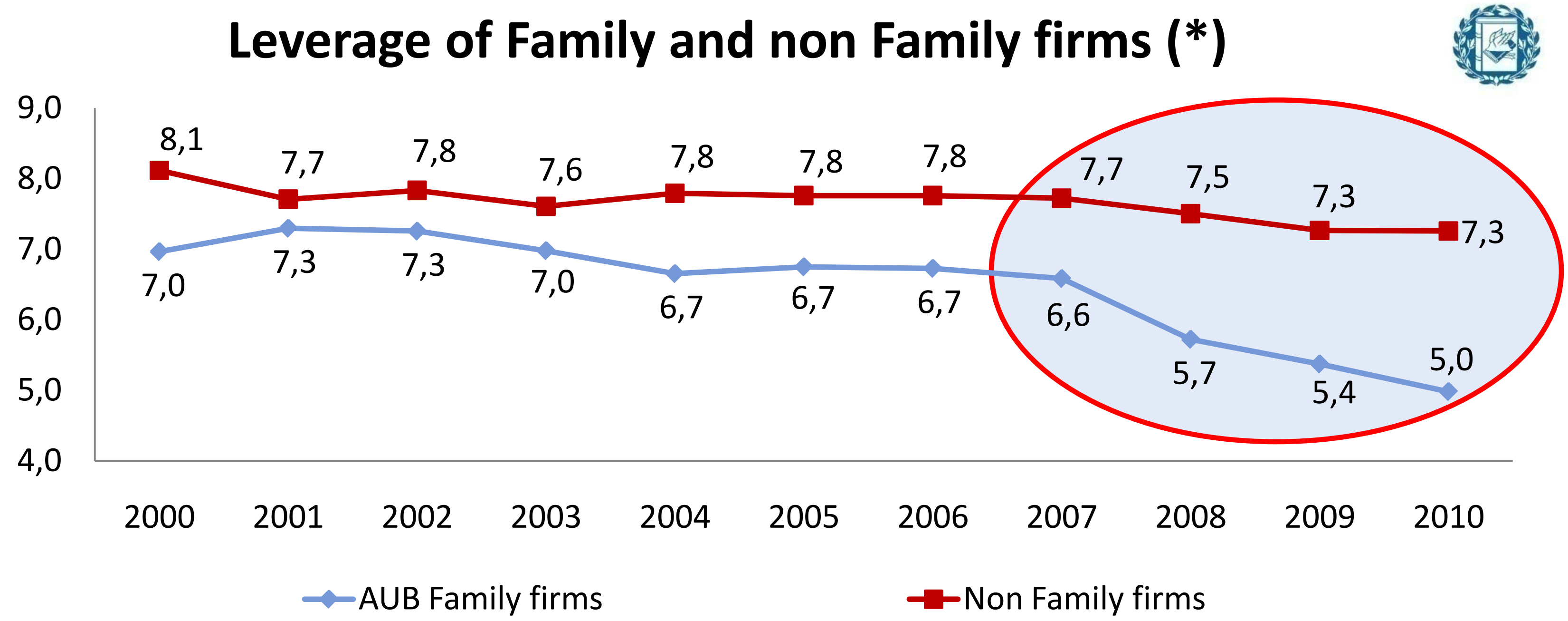
NFP/EBITDA: Italian Family firms in front of the financial crisis (*)

2008		2009		2010	
NFP < 0	16,3%	NFP < 0	18,4%	NFP < 0	19,4%
EBITDA < 0	4,4%	EBITDA < 0	7,2%	EBITDA < 0	4,1%
NFP/EBITDA (*)	**5,6**	NFP/EBITDA (*)	**6,5**	NFP/EBITDA (*)	**6,4**

2008		2009		2010	
NFP/EBITDA > 2	73,6%	NFP/EBITDA > 2	74,0%	NFP/EBITDA >2	74,5%
NFP/EBITDA > 3	59,0%	NFP/EBITDA > 3	61,8%	NFP/EBITDA >3	61,6%
NFP/EBITDA > 4	47,6%	NFP/EBITDA > 4	52,4%	NFP/EBITDA >4	52,5%

(*) Percentages are based only on those firms with both positive values of NFP and EBITDA (Source: Aida).

Leverage (3/5)



Non Family firms	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Cooperatives and Consortia	11,2	10,0	10,3	9,2	10,6	11,8	10,9	12,0	11,1	11,2	11,0
State-owned firms	6,5	8,4	7,7	8,0	8,6	9,2	8,9	9,3	9,1	8,8	7,4
Coalitions	8,1	8,5	7,4	9,0	7,9	7,5	7,9	7,4	6,9	6,7	6,9
Multinational subsidiaries	7,6	6,9	7,5	7,0	6,9	6,7	6,7	6,5	6,6	6,2	6,4
Controlled by PE	7,6	5,8	9,4	4,2	6,7	4,6	7,9	6,0	6,9	5,8	6,2

(*) Leverage = Total Assets/Shareholders’ Funds (Source: Aida).

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Leverage determinants (*)

Ownership structure	Δ Leverage 2007-08	Δ Assets	Δ Equity	Δ Leverage 2008-09	Δ Assets	Δ Equity	Δ Leverage 2009-10	Δ Assets	Δ Equity
AUB Family firms	-0,9	11,0%	27,6%	-0,3	-0,1%	5,5%	-0,4	5,8%	6,8%
Non Family firms	-0,2	7,4%	10,8%	-0,2	-0,5%	4,0%	0,0	4,5%	4,6%

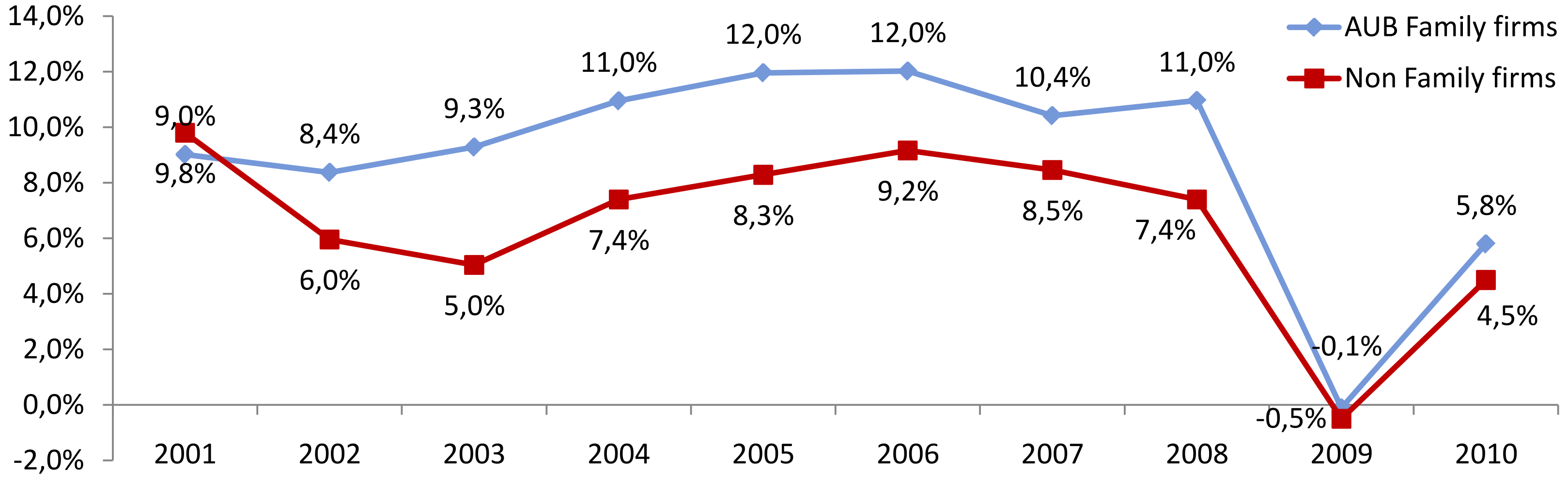
In particular, among non Family firms:

Non Family firms	Δ Leverage 2007-08	Δ Assets	Δ Equity	Δ Leverage 2008-09	Δ Assets	Δ Equity	Δ Leverage 2009-10	Δ Assets	Δ Equity
Multinational subsidiaries	0,1	4,7%	4,6%	-0,4	-2,3%	3,3%	0,2	4,6%	3,7%
State-owned firms	-0,2	8,5%	9,3%	-0,3	1,9%	4,8%	-1,4	5,1%	10,4%
Coalitions	-0,5	10,5%	21,9%	-0,2	-0,8%	4,2%	0,2	5,7%	5,2%
Cooperatives and Consortia	-0,9	11,9%	17,5%	0,1	4,9%	4,7%	-0,2	2,7%	2,9%
Controlled by PE	0,9	3,5%	2,0%	-1,1	-5,8%	-1,0%	0,4	1,1%	0,8%

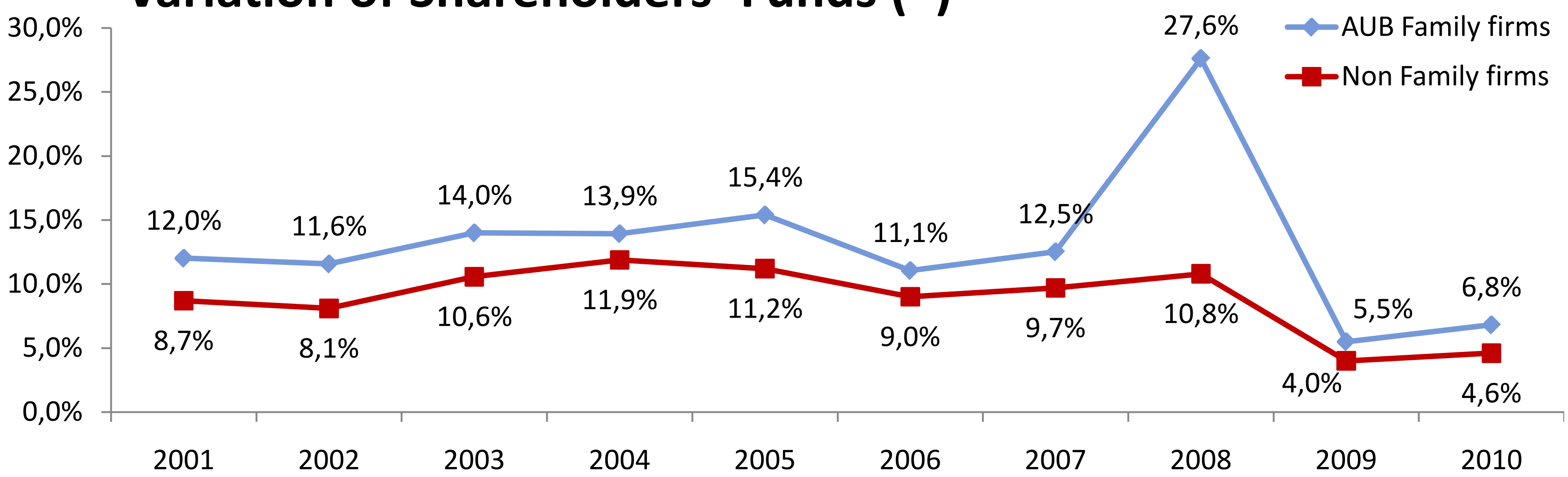
(*) Percentages of Leverage determinants are related to all firms for which figures are available, so they may not coincide exactly with the resulting variation.

Leverage (5/5)

Variation of Total Assets (*)



Variation of Shareholders' Funds (*)



(*) Percentages of Total Assets and Shareholder's Fund variation are related to all firms for which figures are available, so they may not coincide exactly with the resulting variation.

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Part IV

The successful Family firms

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Family firms have been more profitable over the last decade

Ownership structure	Δ Growth	Δ ROI	Δ ROE	Δ Leverage
AUB Family firms	+0,8***	+1,2***	+1,0***	-0,9***
Non Family firms	-0,5**	-1,3***	-1,2***	+1,2***

In particular, among non Family firms:

Ownership structure	Δ Growth	Δ ROI	Δ ROE	Δ Leverage
Multinational subsidiaries	-1,7***	=0,0	+0,1	-0,3**
Coalitions	+0,8*	-0,5*	-0,3	+0,6***
Cooperatives and Consortia	+1,0**	-3,7***	-4,4***	+4,2***
State-owned firms	+1,3**	+0,1	+1,8**	+1,7***
Controlled by PE	-0,8	-4,0***	-15,5***	-0,6

Growth, ROI, ROE and Leverage *(Total Assets/Shareholder's funds) in the table show that firm performances are* ***positively (+)*** *or* ***negatively (-)*** *affected by the different configuration of ownership structure compared to the national average and the figure is statistically significant with:*

**** High significance (p<.001) ** Medium significance (p<.01) * Acceptable significance (p<.10)*

Data processing is related to the period 2000-2010 (Source: Aida).

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ROI and industry

Industry	Δ ROI 2000-10	ROI 2007	ROI 2008	ROI 2009	ROI 2010	Δ ROI 2007-10
Commerce	**0,8*** **	9,9%	8,1%	6,9%	**7,8%**	-2,1
Construction	**0,4**	9,4%	9,1%	8,4%	**7,6%**	-1,8
Manufacturing	**0,0**	10,1%	7,7%	5,7%	**7,0%**	-3,1
Professional Services	**-1,0*** **	8,7%	7,9%	4,8%	**6,9%**	-1,8
Trasportation	**1,1***	11,7%	10,9%	6,7%	**6,3%**	-5,4
Real Estate	**-1,0***	9,4%	7,7%	5,2%	**6,0%**	-3,4
Financial Services	**-1,0***	8,9%	7,8%	4,5%	**5,5%**	-3,4

***ROI** in the table show that firm performances are **positively (+)** or **negatively (-)** affected by the different industry compared to the national average and the figure is statistically significant with:*

**** High significance (p<.001) ** Medium significance (p<.01) * Acceptable significance (p<.10)*

Data processing is related to the period 2000-2010 (Source: Aida).

Firm size, ownership structure and performance

Ownership concentration and firm size (*)

Firm size	Δ ROE
Small	+1,1***
Medium	-0,7*
Medium-Large	-0,8*
Large	-0,9*

Ownership concentration	Δ ROE
Loose concentration	-2,1***
Medium concentration	-0,2
Medium-high concentration	+1,9***
Strong concentration	+0,1

FIRM SIZE

	Low	High
Large	-1,8***	-0,3
Small	-0,4	+2,4***

OWNERSHIP CONCENTRATION

ROE *in the table show that firm performances are **positively (+)** or **negatively (-)** affected by the different ownership concentration and firm size compared to the national average and the figure is statistically significant with:*

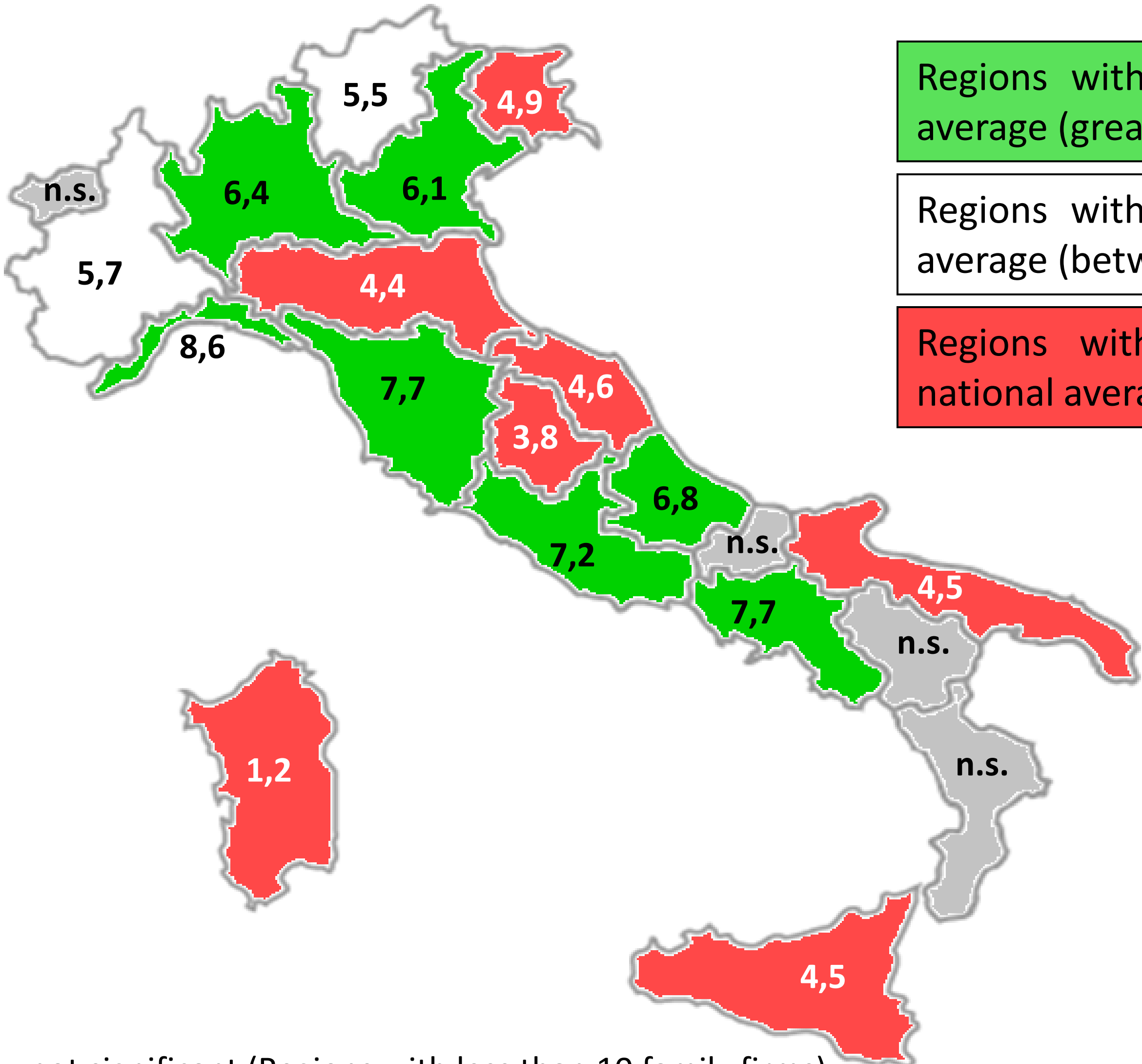
**** High significance (p<.001) ** Medium significance (p<.01) * Acceptable significance (p<.10)*

Data processing is related to the period 2000-2009 (Source: Aida).

(*)The division into four parts was made taking, respectively, the median of sales revenues and the concentration of ownership structure. Data processing is related to the period 2000-2009 (Source:Aida).

Profitability (1/2)

ROI of Family firms and geographical area (*)



Regions with ROI above the national average (greater than 6,0)

Regions with ROI below the national average (between 6,0 and 5,5)

Regions with ROI much below the national average (less than 5,5)

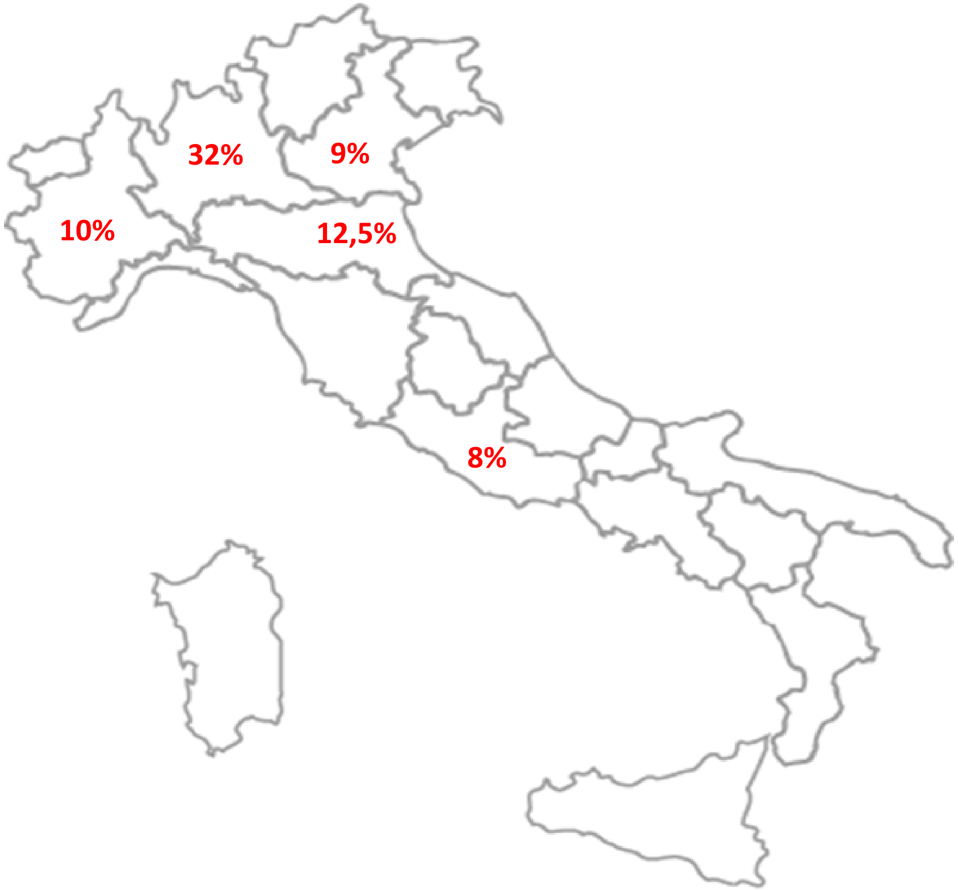
n.s. = not significant (Regions with less than 10 family firms).

(*) Average ROI (Operating Profit/Total Assets) is equal to 6,0 in 2009 (Source: Aida).

Profitability (2/2)

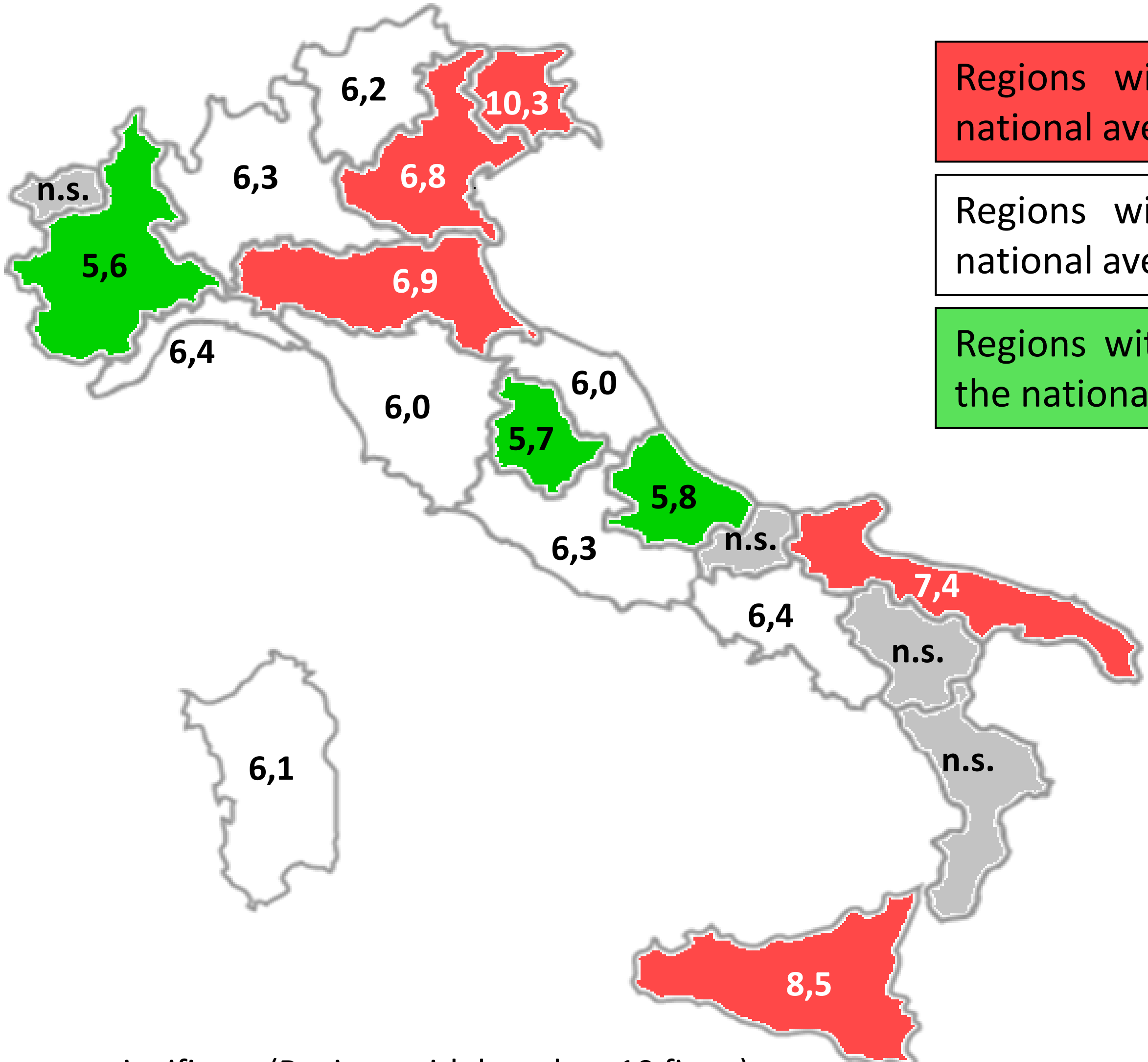
In the AUB Observatory population have been identified **223 excellent family firms** (about 9,2%), defined as firms with the highest growth rates in the period 2007-2009 and, at the same time, a ROE above 10% in all three years considered.

71,5% of the excellent Italian firms is concentrated in five Regions:



Leverage (1/3)

NFP/EBITDA of Family firms and geographical area (*)

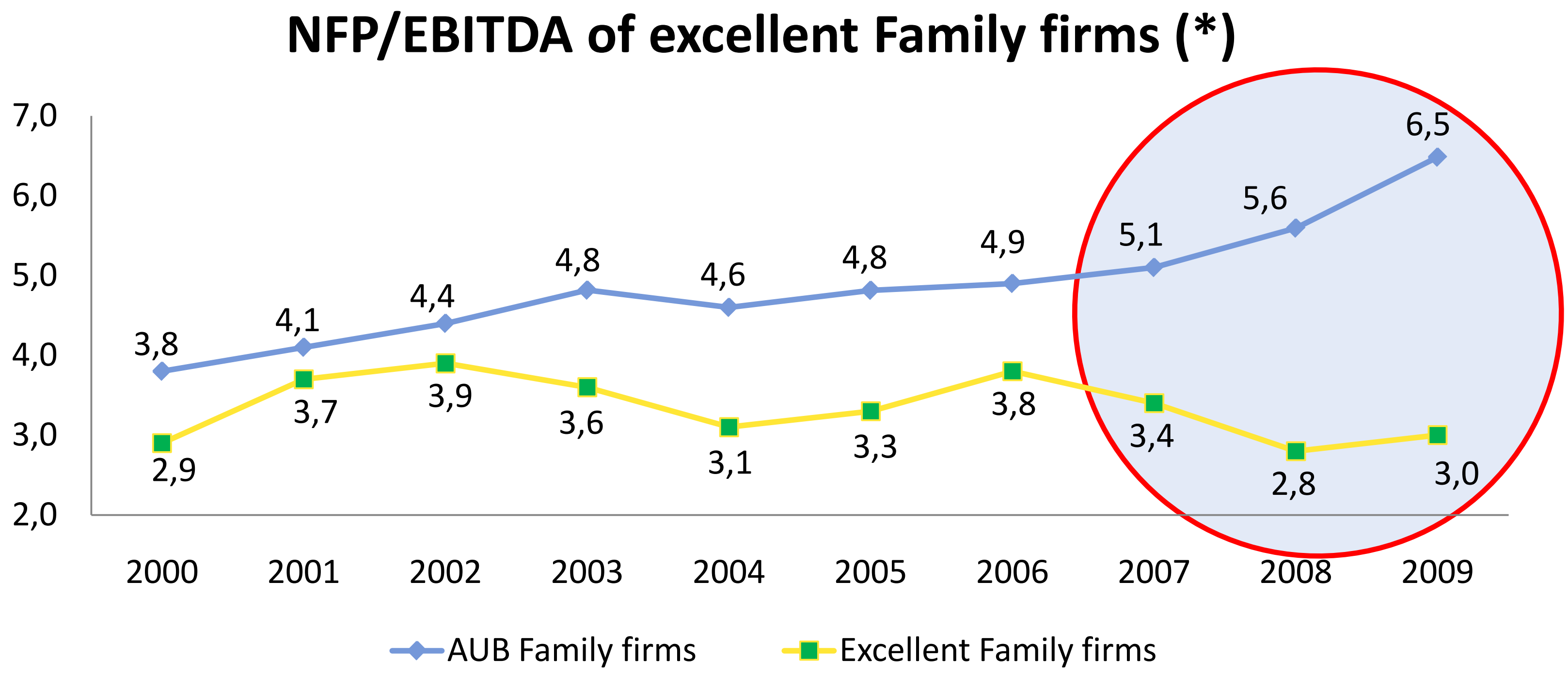


Regions with NFP/EBITDA above the national average (greater than 6,5)
Regions with NFP/EBITDA below the national average (between 6,5 and 6,0)
Regions with NFP/EBITDA much below the national average (less than 6,0)

n.s. = not significant (Regions with less than 10 firms).

(*) Average NFP/EBITDA is equal to 6,5 in 2009 (Source: Aida).

Leverage (2/3)

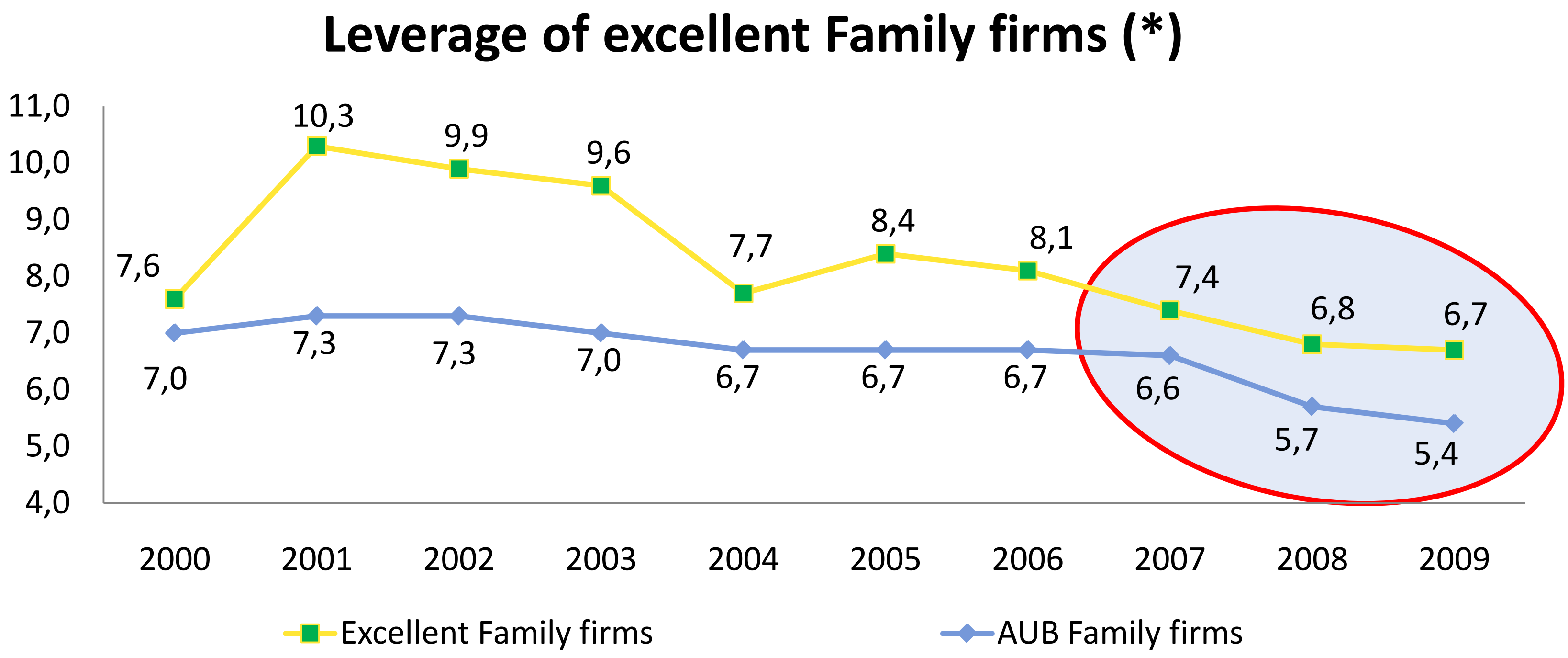


Ownership structure	Δ NFP / EBITDA 2007-08	Δ NFP	Δ EBITDA	Δ NFP / EBITDA 2008-09	Δ NFP	Δ EBITDA
Excellent Family firms	**-0,6**	**+11,0%**	**+14,9%**	**+0,2**	**+11,4%**	**+10,6%**
AUB Family firms	**+0,5**	**+14,7%**	**-1,5%**	**+0,9**	**-2,0%**	**-9,5%**

Net Financial Position = Due to banks + Due to other lenders – Liquid funds.

(*) Percentages are based only on those firms with both positive values of NFP and EBITDA (Source: Aida).

Leverage (3/3)

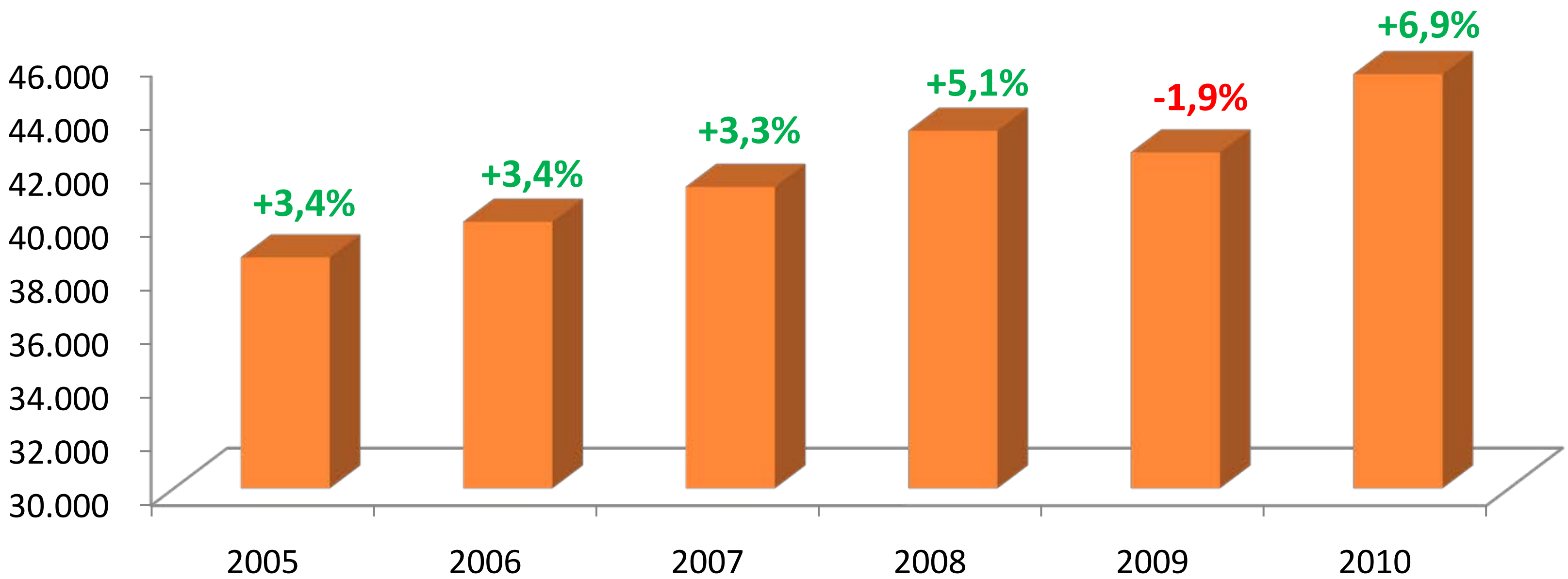


Leverage	Δ Leverage 2007-08	Δ Assets	Δ Equity	Δ Leverage 2008-09	Δ Assets	Δ Equity
Excellent Family firms	**-0,6**	**+17,4%**	**+33,3%**	**-0,1**	**+13,5%**	**+19,3%**
AUB Family firms	**-0,9**	**+11,0%**	**+27,6%**	**-0,3**	**-0,1%**	**+5,5%**

(*) Leverage = Total Assets/Shareholders' Funds (Source: Aida).
Percentages of Leverage determinants are related to all firms for which figures are available.

Average annual remuneration of employees

Average annual remuneration in the Family firms has grown by 21,8% (18,0% for non Family firms) in the period 2004-2010. It has increased from 37.311 € to 45.456 € (**).



Average annual remuneration	2005	2006	2007	2008
AUB Family firms	38.605	39.936	41.243	43.339
Mediobanca/Unioncamere (***)	36.754	37.690	38.869	40.435

(*) Average annual remuneration = (Wages and salaries + Social security charges + Severance indemnities + Pensions and similar obligations + Other costs)/Number of employees at 31/12/2009.

(**) Average annual remuneration of non family firms has increased from 47.300 € in 2004 to 55.800 € in 2010 (Source: Aida).

(***) Comparison is realized with all medium firms included in the report of Mediobanca/Unioncamere.

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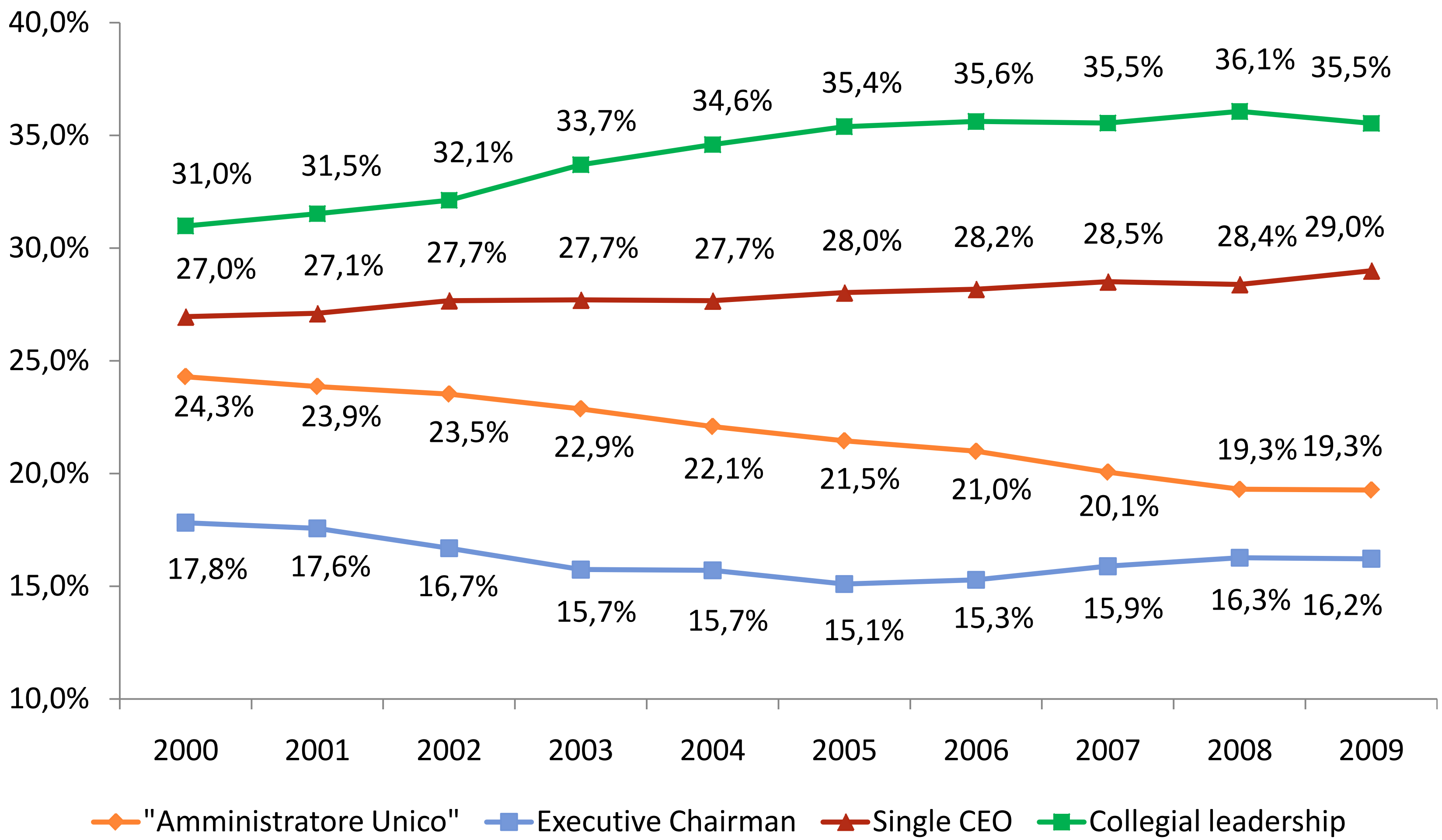
Part V

The challenge of opening to the outside: leadership models

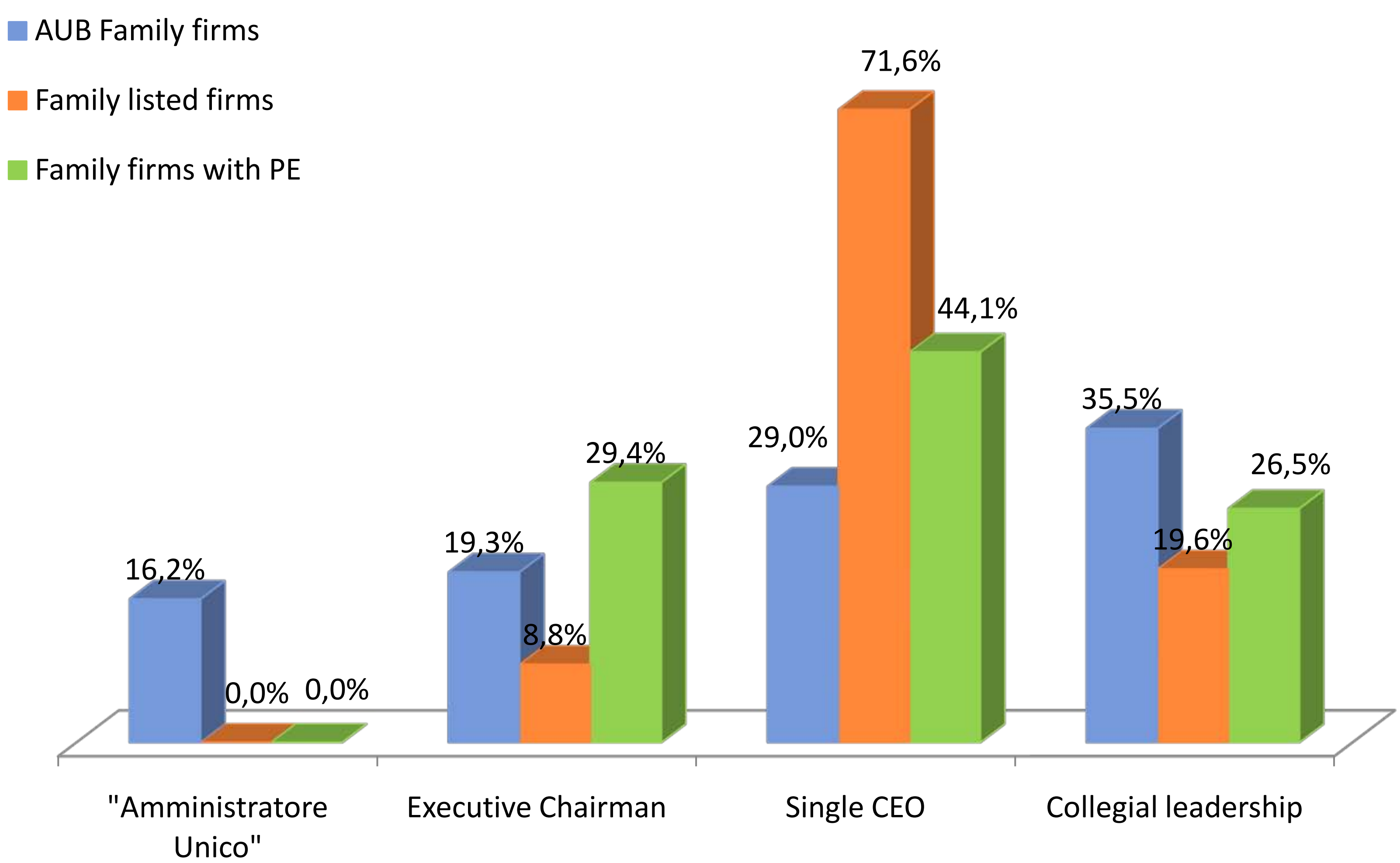
Leadership models (1/2)

The evolution of leadership models in the last decade (*)

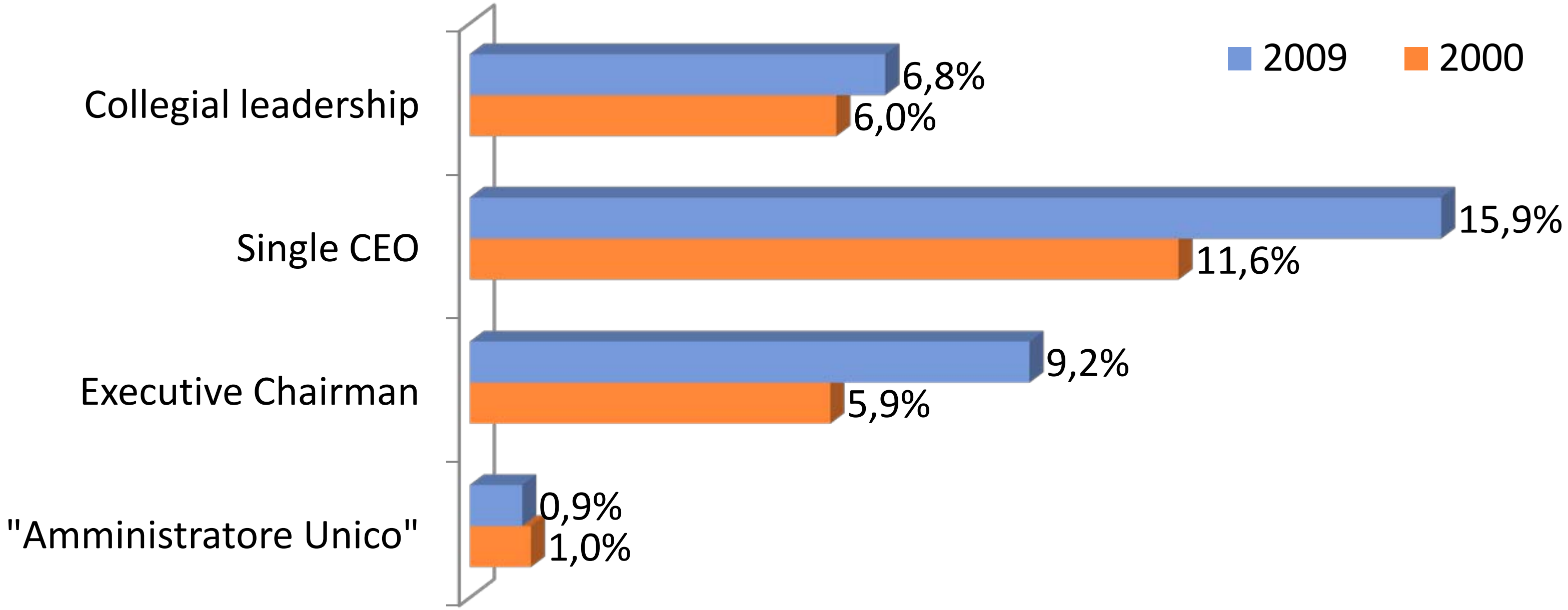


(*) The "Amministratore Unico" is a unipersonal governance form in which a sole person is in charge for all the firms' responsibilities. In this form the board of directors does not exist.

Leadership models (2/2)



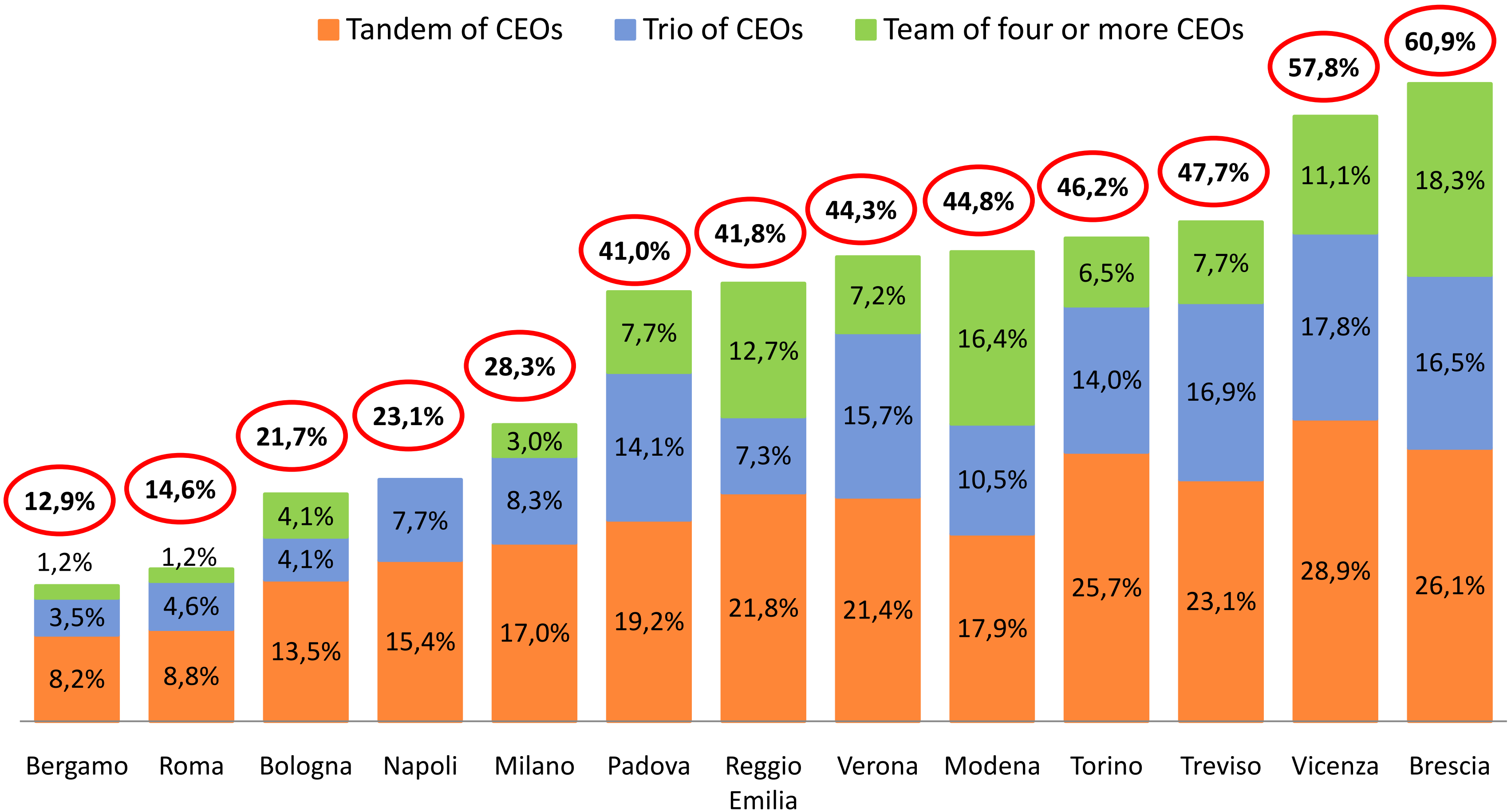
The General Manager in the leadership models



- **8,7%** of AUB Family firms has a General Manager (which is a family member in 23,8% of cases);
- The presence of General Manager rises to 32,4% in **listed Family firms** (and the General Manager is a family member in 18,2% of cases);
- The presence of General Manager is affected by firm size, passing from 6% in the small firms to 19% in the large firms.

Collegial leadership models

Collegial leadership models in the Provinces where Family firms are more present (*)



(*) Provinces with more than 50 family firms in the area.

Leadership models and performance (1/2)

Collegial leadership models have lower performance than individual leadership models

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Leadership models	%	Δ Growth	Δ ROE	Δ Leverage
Individual leadership	**64,5%**	+0,7**	+1,4***	**+1,1*** **
Collegial leadership	**35,5%**	-0,7**	-1,4***	**-1,1*** **

Growth, ROI, ROE and Leverage *(Total Assets/Shareholder's funds) in the table show that firm performances are* ***positively (+)*** *or* ***negatively (-)*** *affected by the different leadership models compared to the national average and the figure is statistically significant with:*

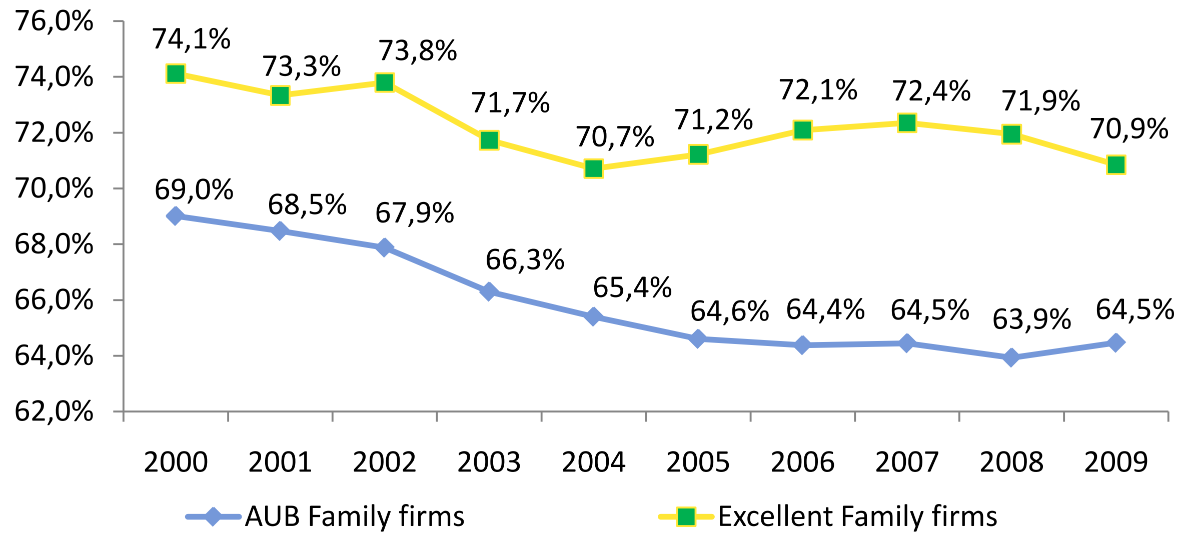
**** High significance (p<.001) ** Medium significance (p<.01)*

** Acceptable significance (p<.10)*

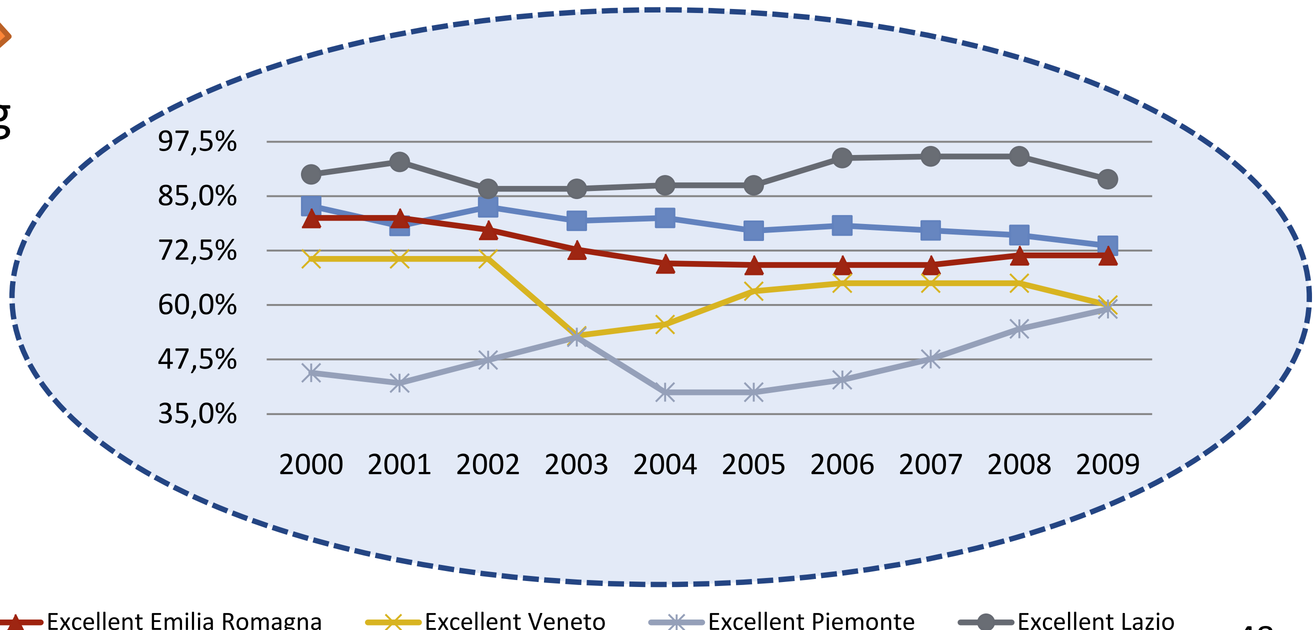
Data processing is related to the period 2000-2009 (Source: Aida).

Leadership models and performance (2/2)

- The individual leadership model is more common in the excellent Family firms than national average...



- ... but even among excellent Family firms there are different leadership models on a territorial basis.



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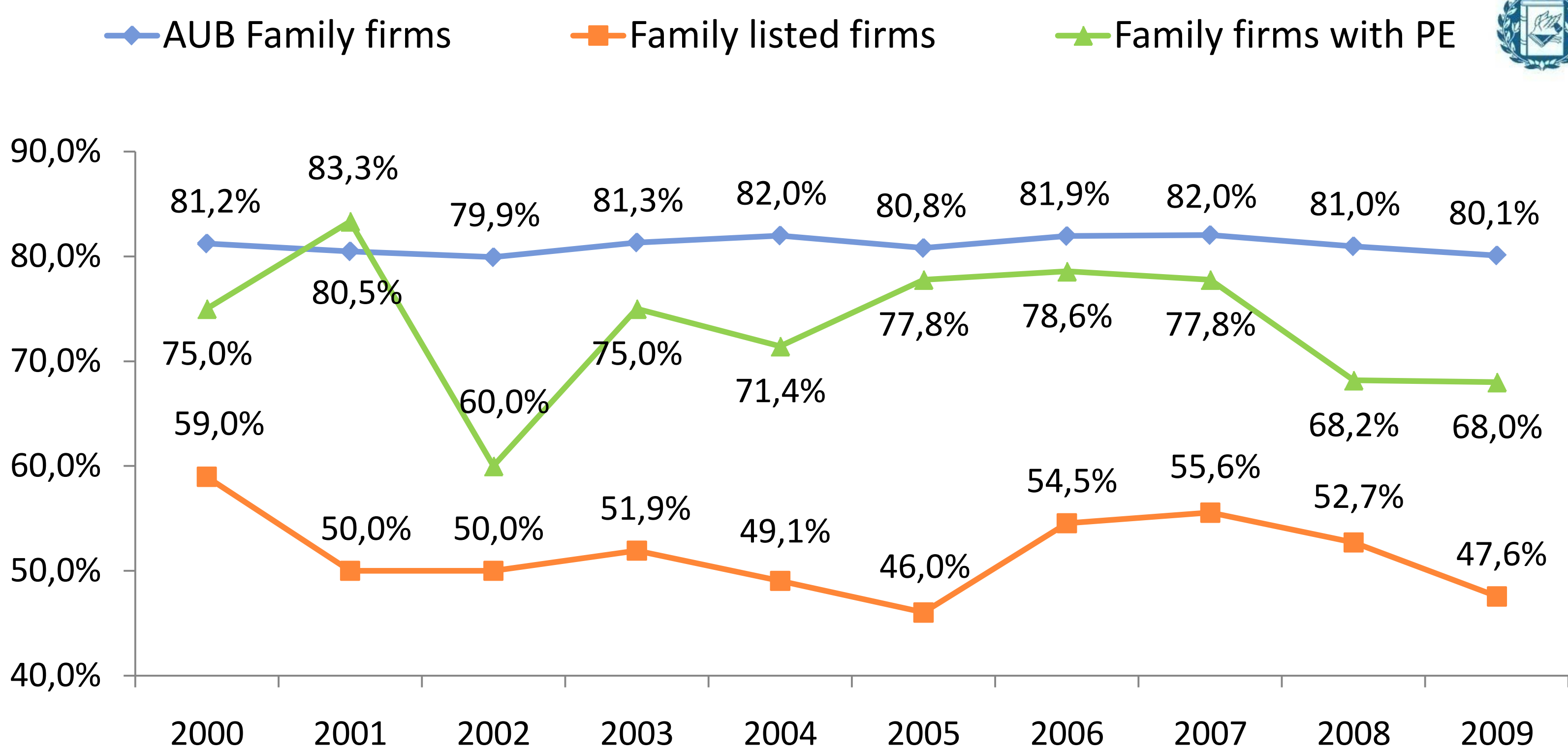
Individual leadership (1/2)



The familiarity of the firm leader is affected by:

- Firm size: family leadership is bigger in small (84,4%) and medium (81,9%) firms than in the large firms (62,7%).
- Age firm: family leadership increases from 67,2% in long-lived firms to 83% in very young firms.

Individual leadership (2/2)

Since 2007 there is a turnaround in favor of incoming leaders not belonging to the controlling family

Year	Family			Non family		
	Outgoing	Ingoing	Balance	Outgoing	Ingoing	Balance
2000	17	15	-2	22	24	2
2001	42	40	-2	41	43	2
2002	48	49	1	32	31	-1
2003	39	51	12	43	31	-12
2004	51	60	9	42	33	-9
2005	54	56	2	41	39	-2
2006	41	42	1	42	41	-1
2007	48	46	-2	28	30	2
2008	53	39	-14	32	46	14
2009	58	47	-11	42	53	11
Total	451	445	-6	365	371	6

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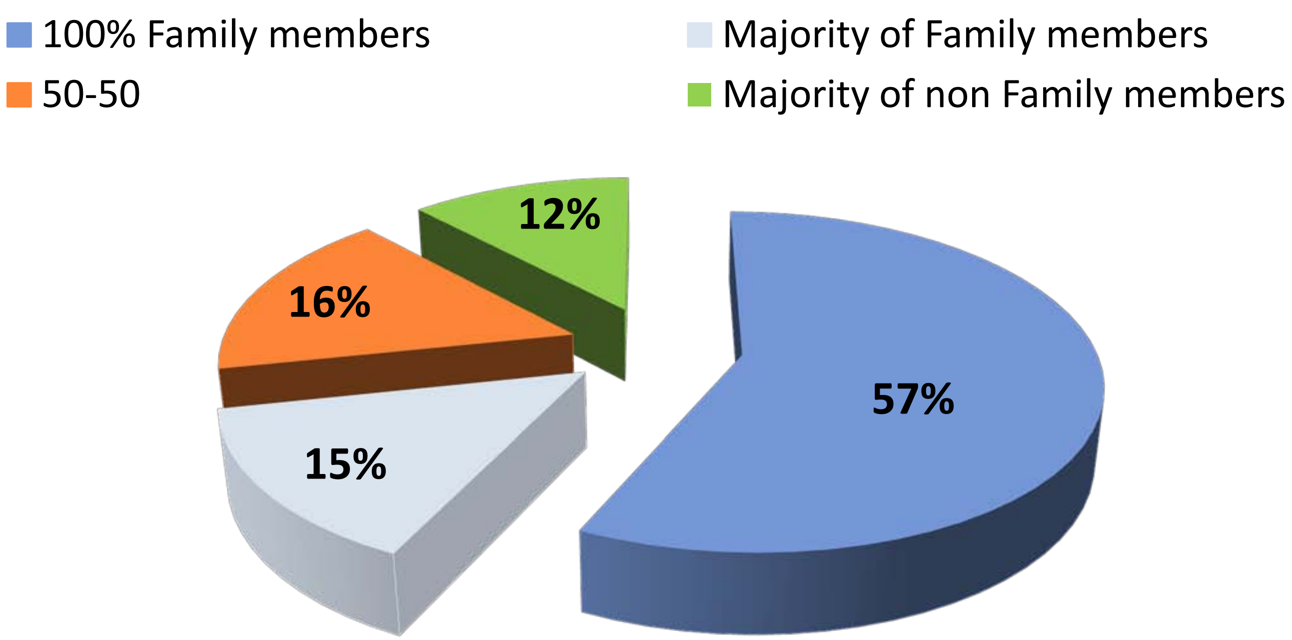
Collegial leadership (1/2)

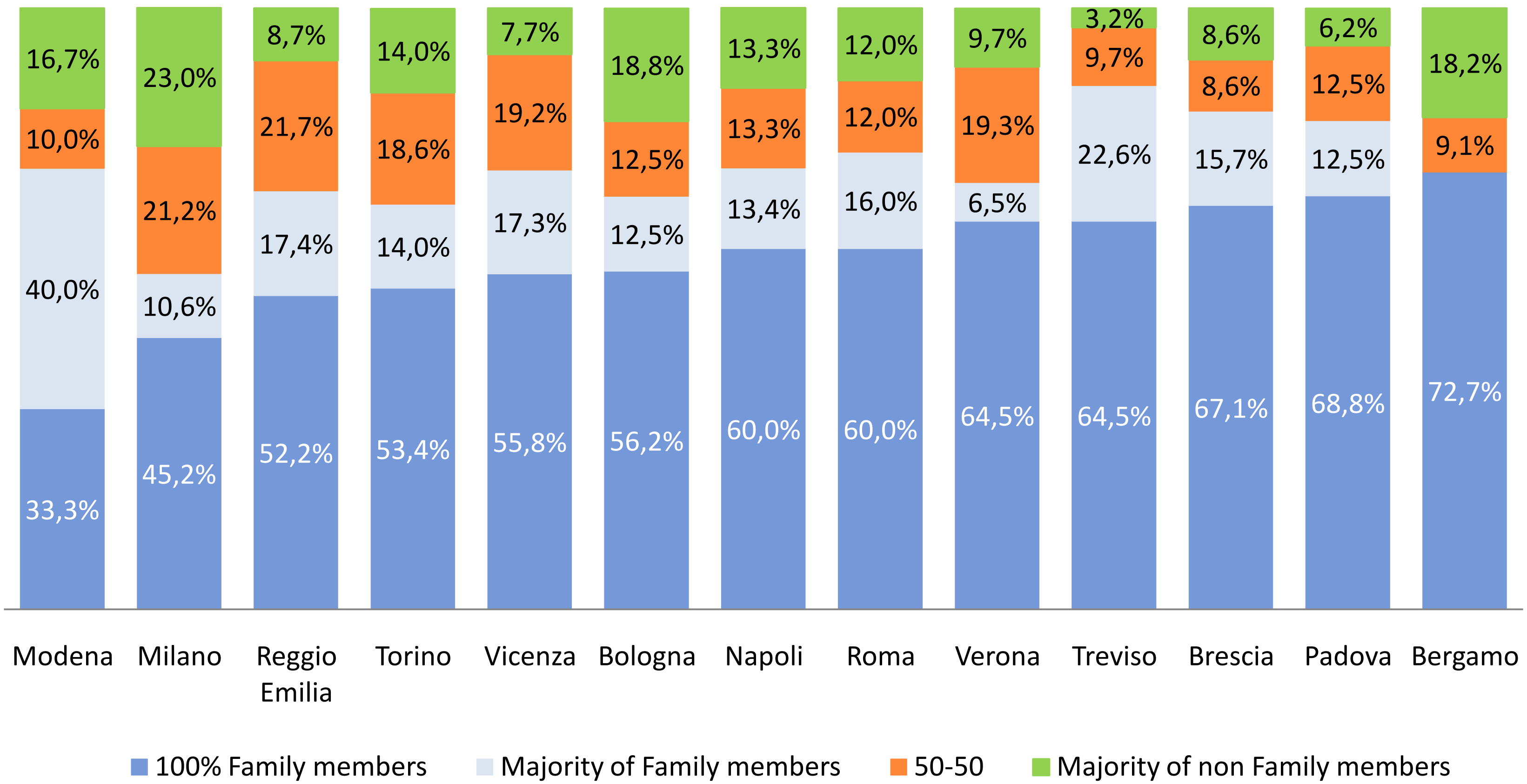


The familiarity of the firm leadership is affected by:

- <u>Firm size</u>: the collegial leadership, composed exclusively by Family members, increases from 47,3% in large firms to 58,5% in small firms.
- <u>Age firm</u>: the collegial leadership, composed exclusively by Family members, increases from 49% in very young firms to 62,3% in long-lived firms.

Collegial leadership (2/2)

Collegial and Family leadership in the Provinces where Family firms are more present (*)



(*) Provinces with more than 50 family firms in the area.

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Family leadership and performance (1/4)

Individual leadership	%	Δ Growth	Δ ROE	Δ Leverage
Family leader	**80,1%**	**+1,2*****	**+2,1*****	**+0,8*****
Non Family leader	**19,9%**	**-1,3****	**-1,9*****	**+0,6****

Growth, ROE and Leverage *(Total Assets/Shareholder's funds) in the table show that firm performances are* ***positively (+)*** *or* ***negatively (-)*** *affected by the different individual leadership compared to the national average and the figure is statistically significant with:*

**** High significance (p<.001) ** Medium significance (p<.01)*

** Acceptable significance (p<.10)*

Data processing is related to the period 2000-2009 (Source: Aida).

Family leadership and performance (2/4)

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Family leadership in the tandem of CEOs (54,1% of cases):

Tandem of CEOs	%	Δ ROI	Δ ROE	Δ Leverage
2 CEOs F	**35,2%**	**+0,3**	**-0,2**	**-0,2**
1 CEO F – 1 CEO NF	**14,7%**	**-0,8****	**-1,6****	**-0,8*****
2 CEOs NF	**4,2%**	**-0,2**	**-3,6****	**-1,3***

Family leadership in the trio of CEOs (28,7% of cases):

Trio of CEOs	%	Δ ROI	Δ ROE	Δ Leverage
3 CEOs F	**14,9%**	**+0,6***	**-0,8**	**-1,3*****
2 CEOs F – 1 CEO NF	**8,1%**	**+0,1**	**-1,3***	**-1,0*****
1 CEO F – 2 CEOs NF	**4,5%**	**+0,7**	**+1,7**	**-0,4**
3 CEOs NF	**1,2%**	**-1,2**	**-6,0***	**+2,4***

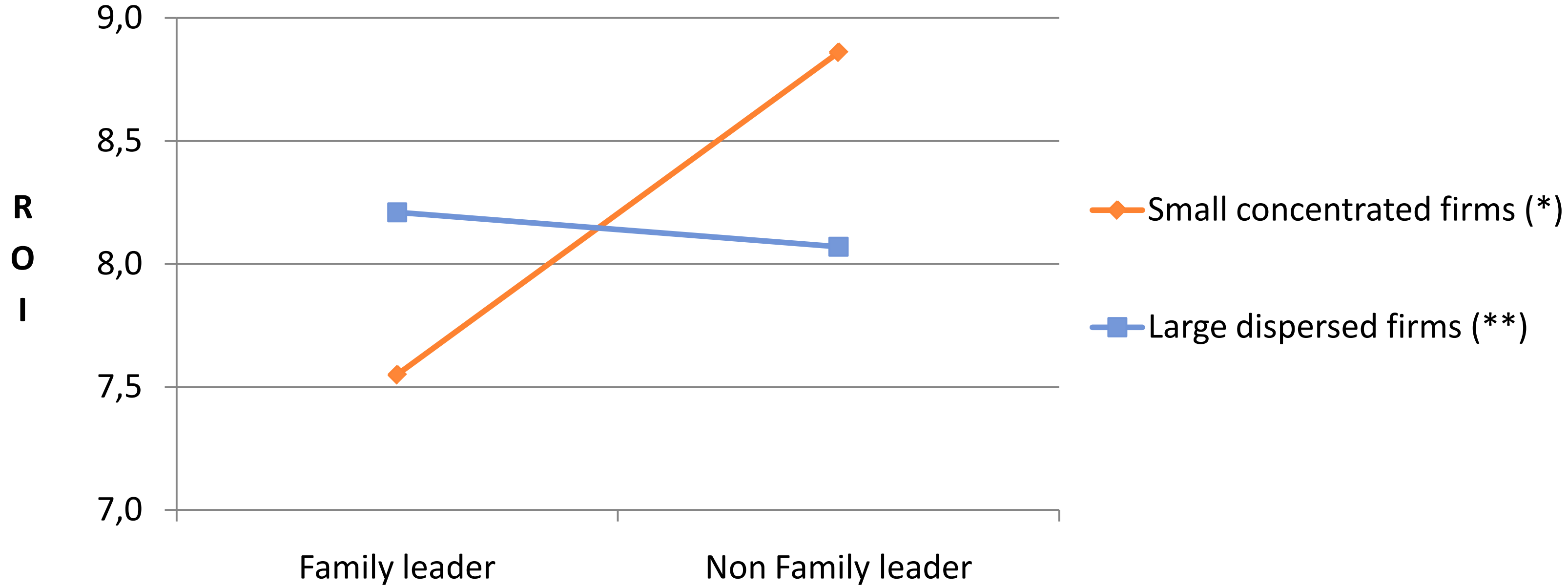
ROI, ROE and Leverage *(Total Assets/Shareholder's funds) in the table show that firm performances are* ***positively (+)*** *or* ***negatively (-)*** *affected by the different CEOs' combinations compared to the national average and the figure is statistically significant with:*

**** High significance (p<.001) ** Medium significance (p<.01) * Acceptable significance (p<.10)*

Data processing is related to the period 2000-2009 (Source: Aida).

Family leadership and performance (3/4)

Family leadership in firms of different sizes and ownership concentration



(*) Small concentrated firms: sales revenues lower than the median and index of ownership concentration higher than the median.

(**) Large dispersed firms: sales revenues higher than the median and index of ownership concentration lower than the median.

Family leadership and performance (4/4)

Firm performance before and after the leadership succession (*)

CEO Familiarity	ROE T-2	ROE T-1	ROE T	ROE T+1	ROE T+2	Δ Pre - Post
Outgoing F – Ingoing F	7,4	10,2	6,1	10,7	10,8	⇧
Outgoing F – Ingoing NF	9,3	3,9	1,2	4,3	3,3	⇩
Outgoing NF – Ingoing F	-1,9	-3,1	1,5	2,6	9,6	⇧
Outgoing NF – Ingoing NF	-0,4	-3,1	-1,4	-0,6	4,6	⇧

<u>Ingoing CEOs not belonging to the family</u> have negative effects on the firm performance also in the subsequent years.

(*) Arrow Up (down) indicates that the average ROE in the two years following the succession is higher (lower) than the average ROE in the previous two years.

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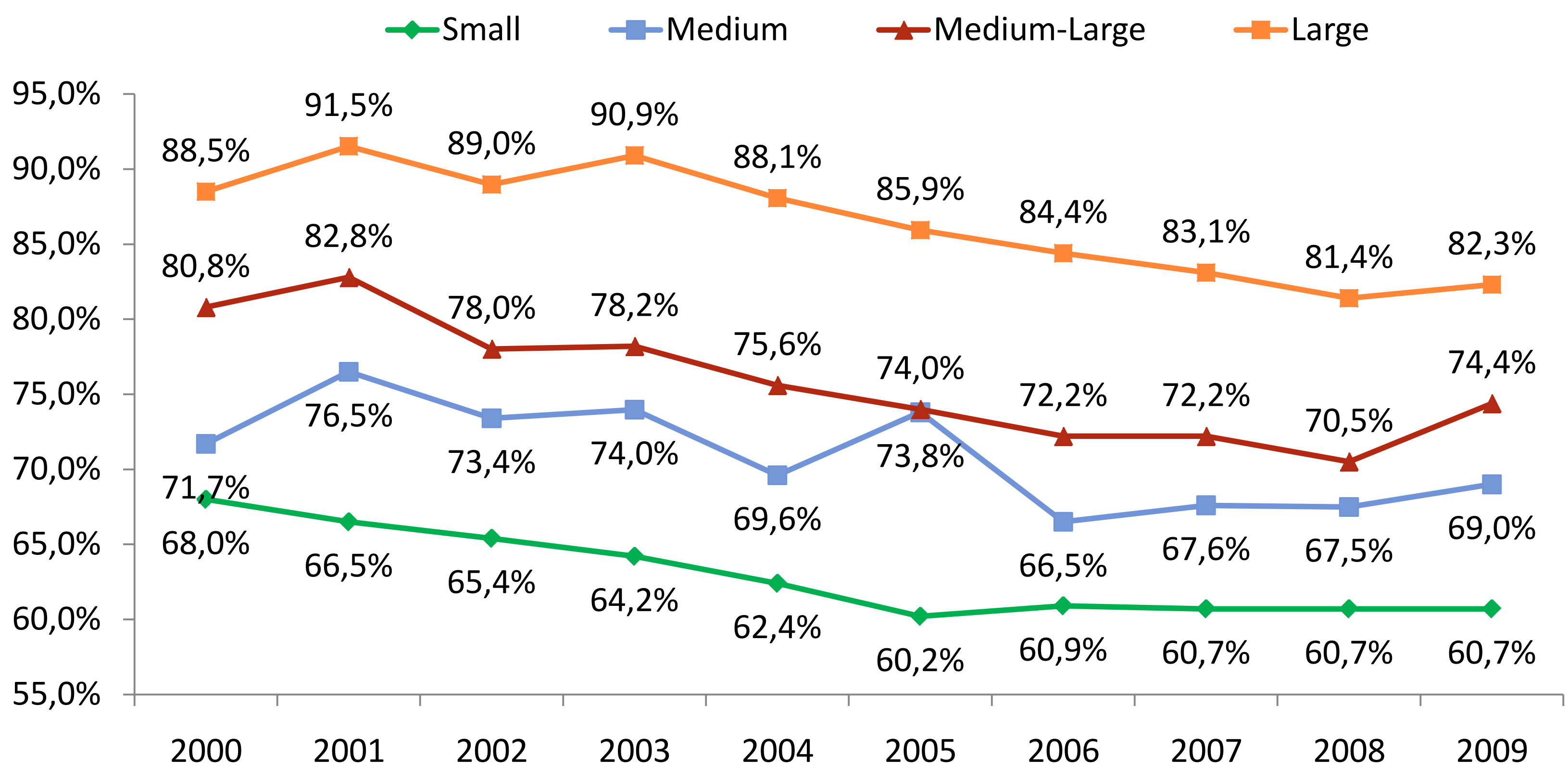
Part VI

The challenge of opening to the outside: what is the role of non Family directors?

- The familiarity of board members has been detected on the affinity with the family name of the ownership family.

Non Family directors (1/2)

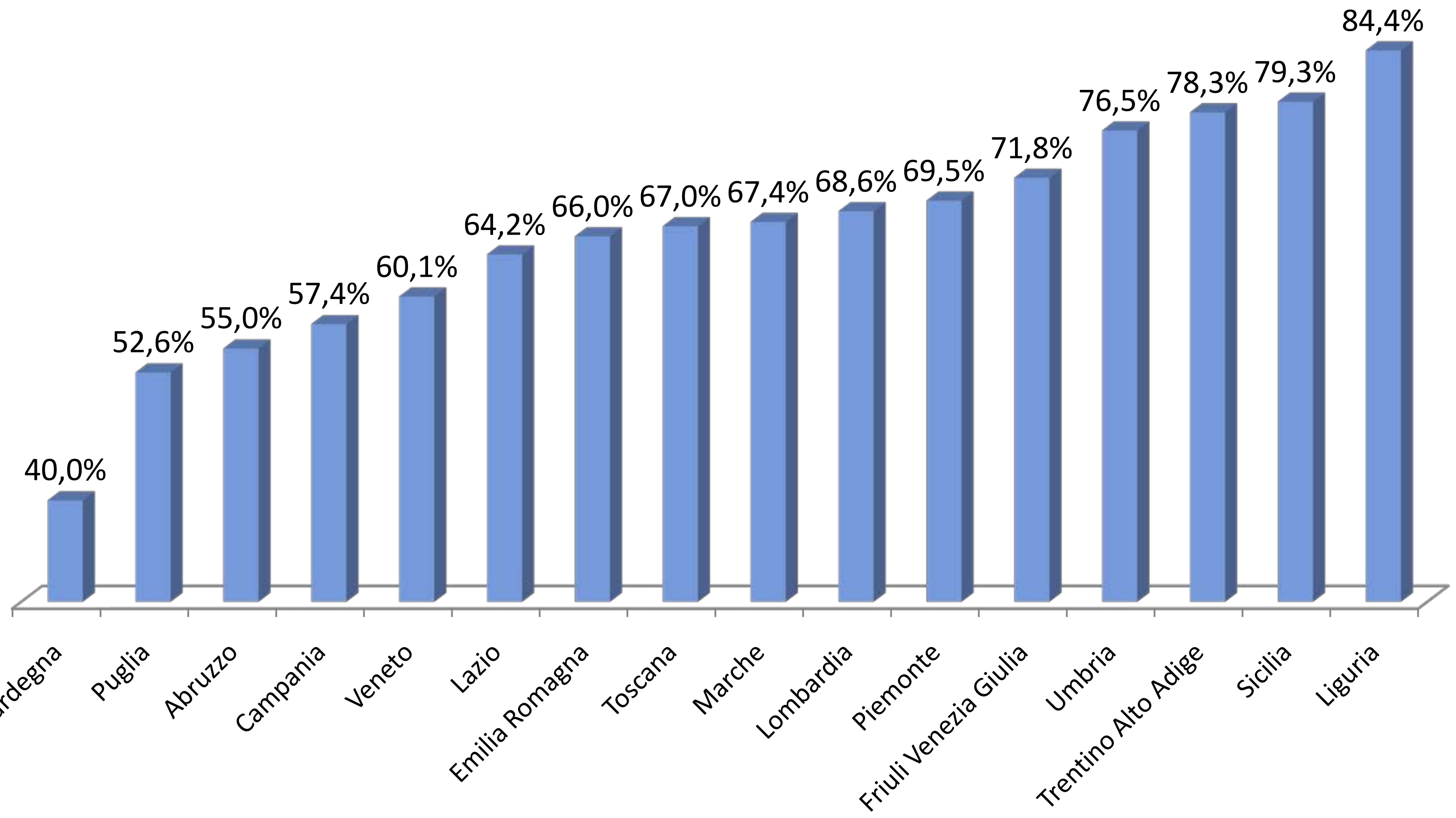
Firms with <u>at least one non Family director</u> have increased from 72,2% in 2000 to 66,8% in 2009, but there are significant differences in firms of different sizes (*)



(*) Data on the presence of at least one non Family director refer only to firms for which information on sales revenues is available (Source: Aida).

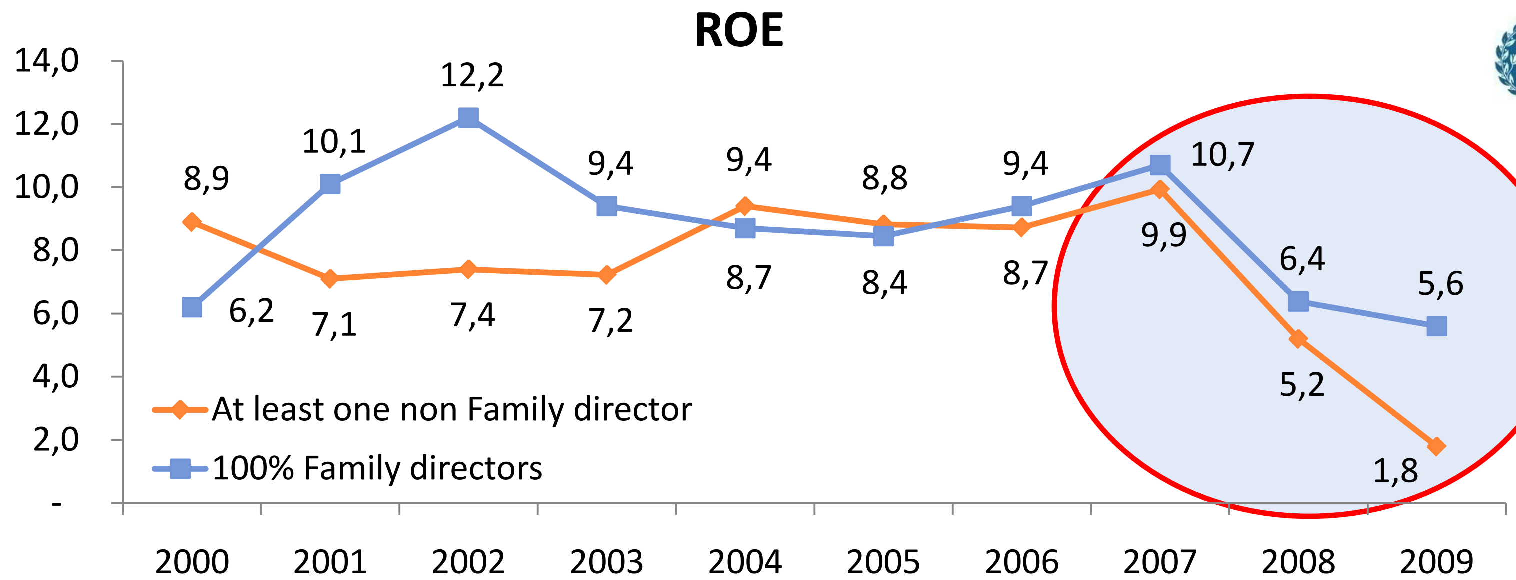
Non Family directors (2/2)

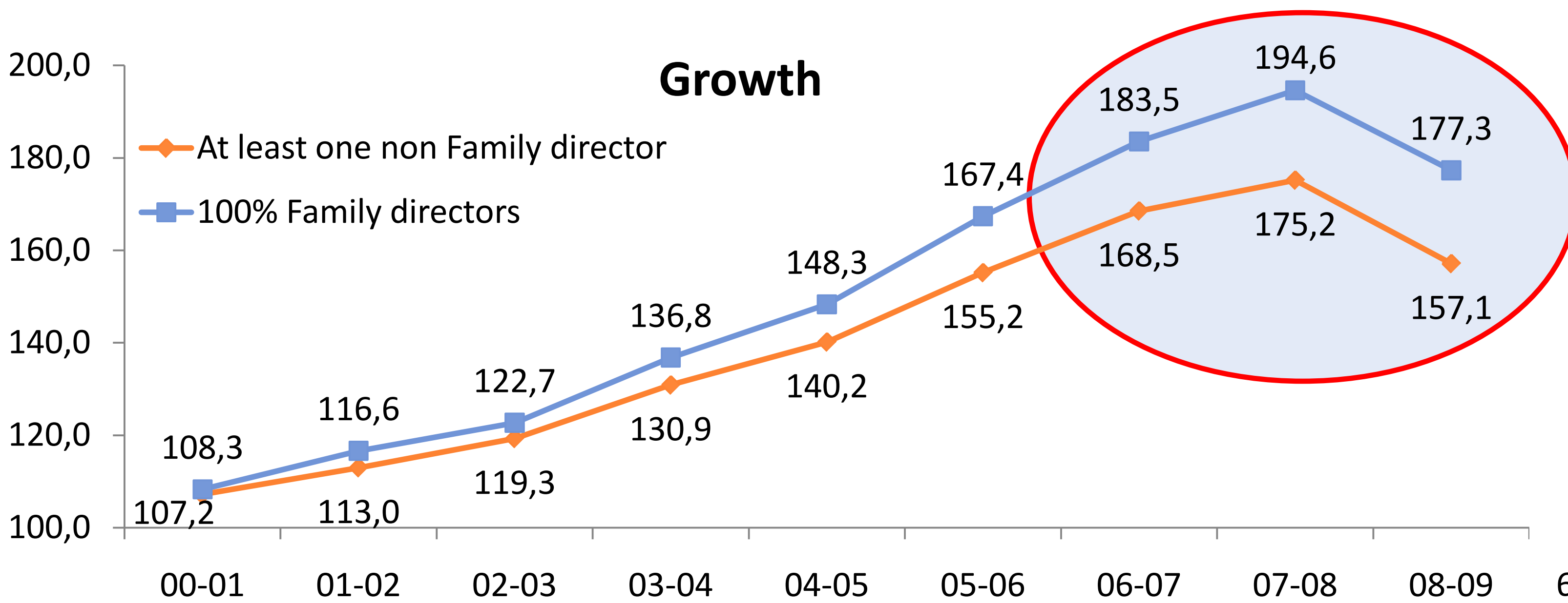
Firms with at least one non Family director in the Italian Regions



(*) Regions with more than 10 family firms in the area.

Non Family directors and performance (1/5)





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Non Family directors and performance (2/5)

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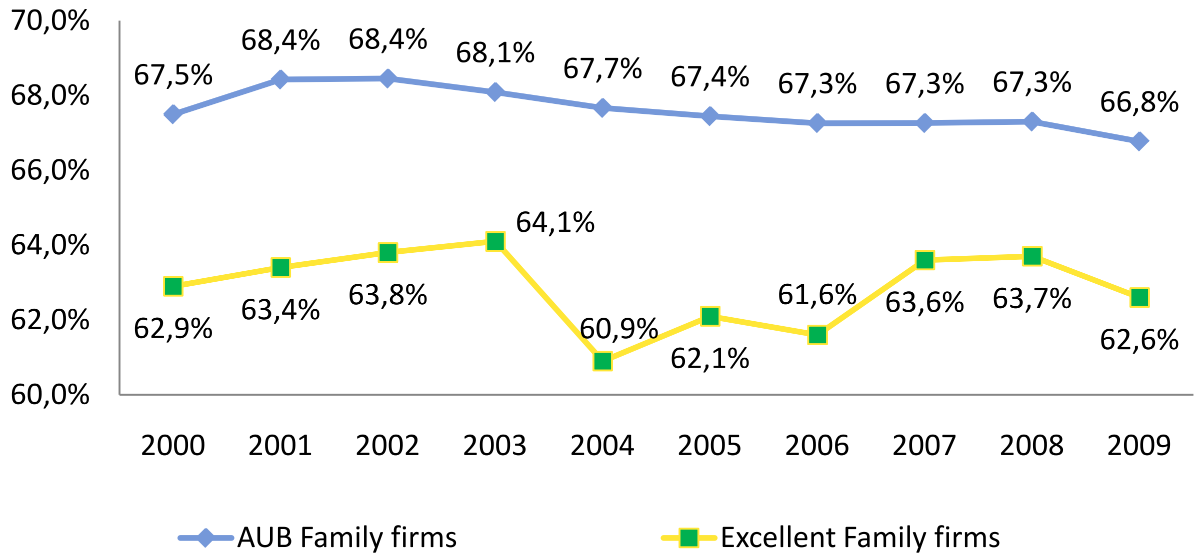
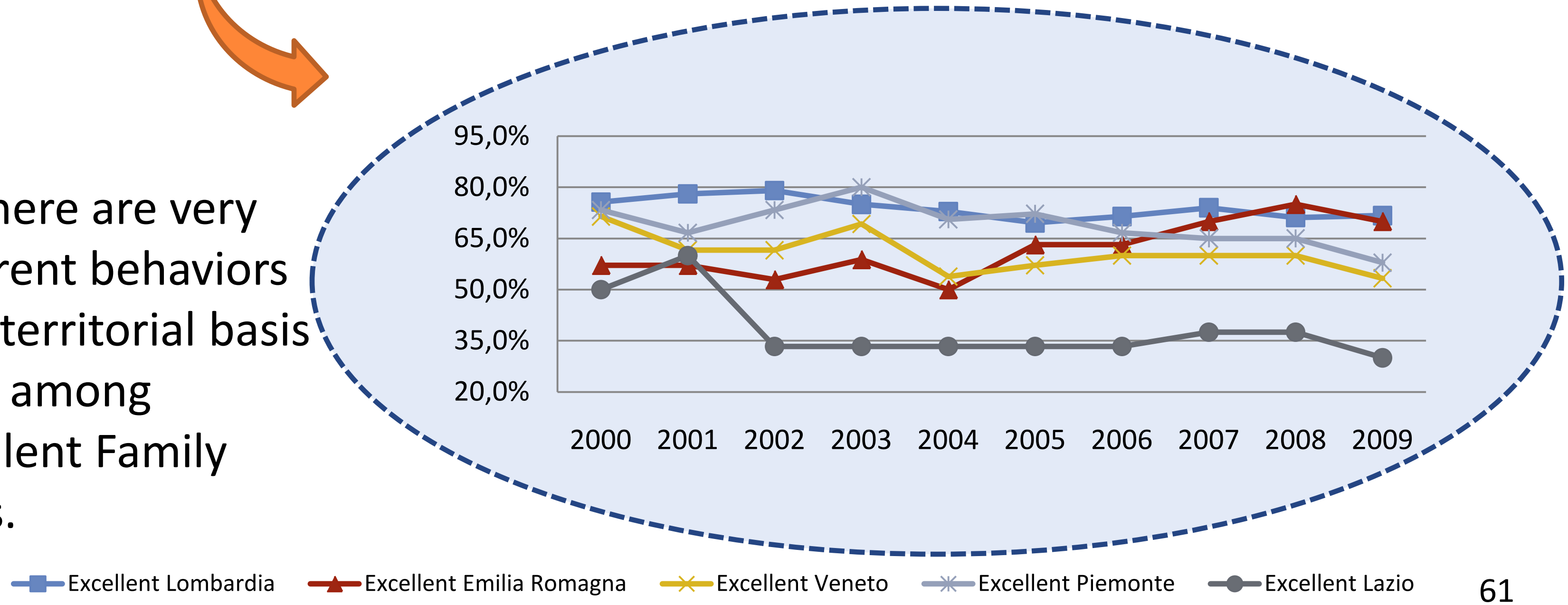
- Although firms with <u>at least one non Family director</u> are less spread than the national average…



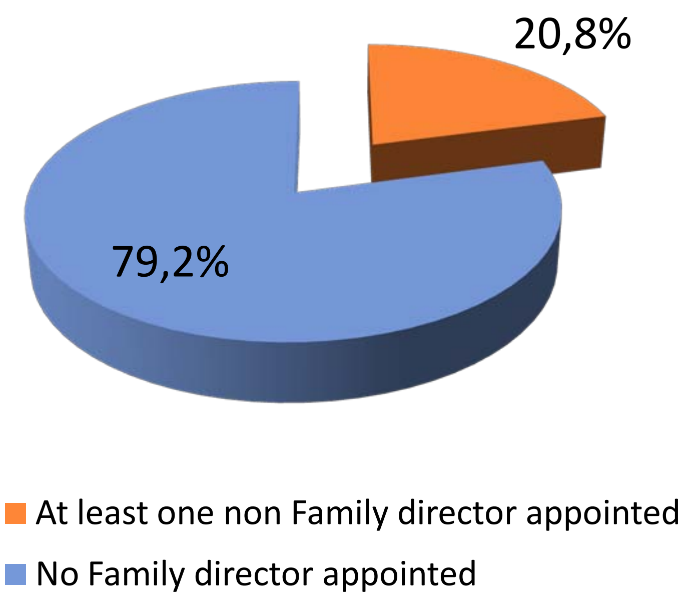
- …there are very different behaviors on a territorial basis even among excellent Family firms.



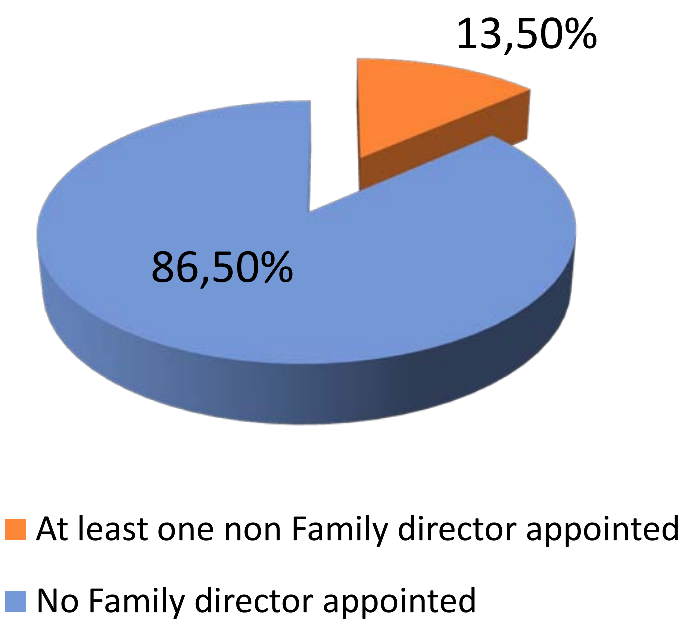
Non Family directors and performance (3/5)

Firms with worse performance show a greater openness towards non Family directors at the renewal of the Board of Directors

Firms with worse performance (*)



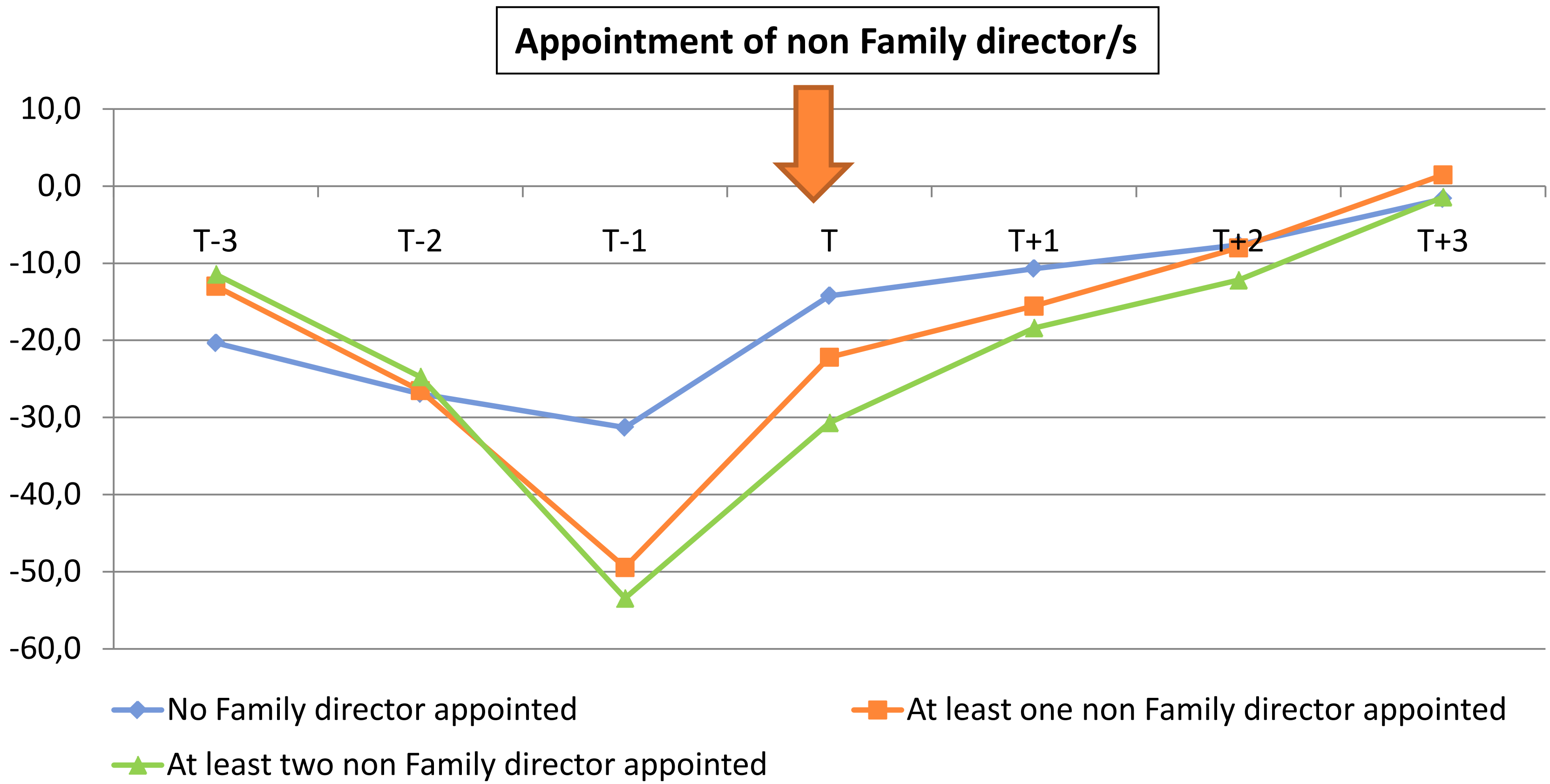
Firms with better performance



(*) Firms with worse performance are those with a ROE below the threshold of -10% in the three years before the Board of Directors renewal.

Non Family directors and performance (4/5)

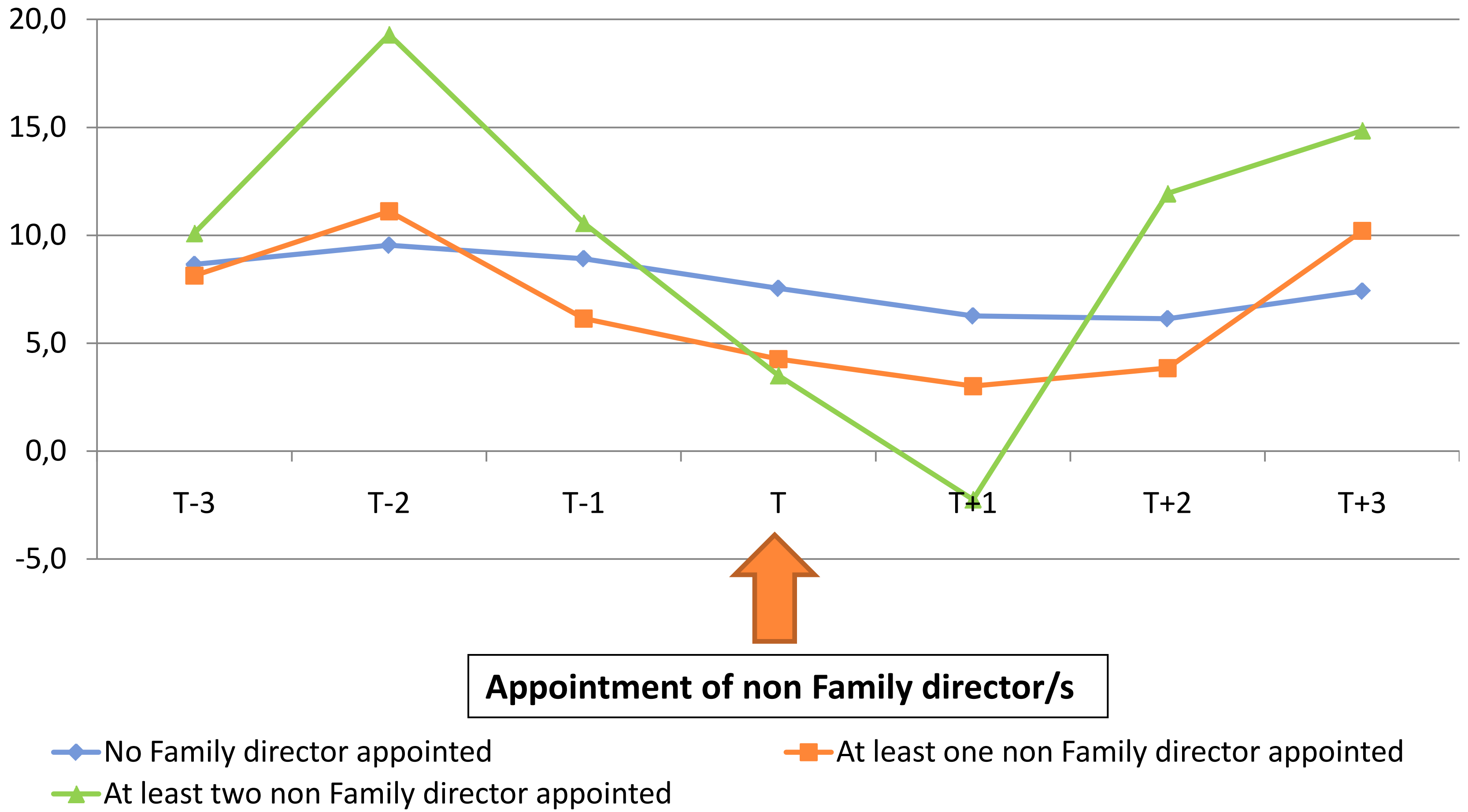
The profitability of <u>firms with worse performance</u> which have appointed since 2007 at least one more non Family director (*)



(*) Firms with worse performance are those with a ROE, on average, below the threshold of -10% in the previous three years. Data related to firms that have appointed a director in 2008 are not available for T+3 period, while for directors appointed in 2009 data are not available for T+2 e T+3 periods.

Non Family directors and performance (5/5)

The profitability of firms which have appointed since 2007 for the first time one non Family director (*)



(*) Data related to firms that have appointed a non Family director in 2008 are not available for T+3 period, while for non Family directors appointed in 2009 data are not available for T+2 e T+3 periods.

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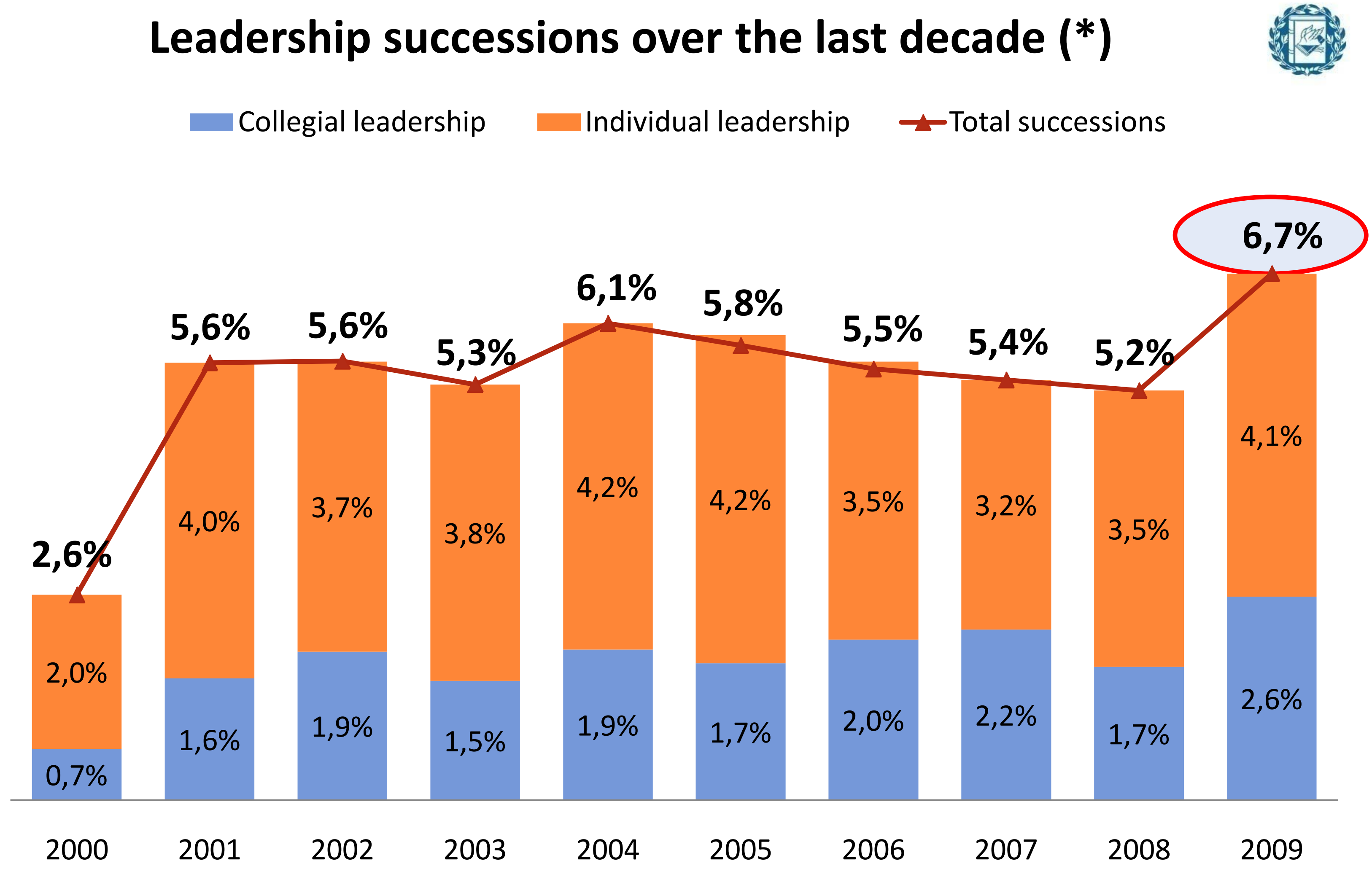
Part VII

Young leaders as engine for economic recovery

Leadership succession



(*) Percentages are calculated for each year as the percentage of successions (over the total number of firms) occurred in both individual leadership ("Amministratore Unico", Executive Chairman and single CEO), and collegial leadership models.

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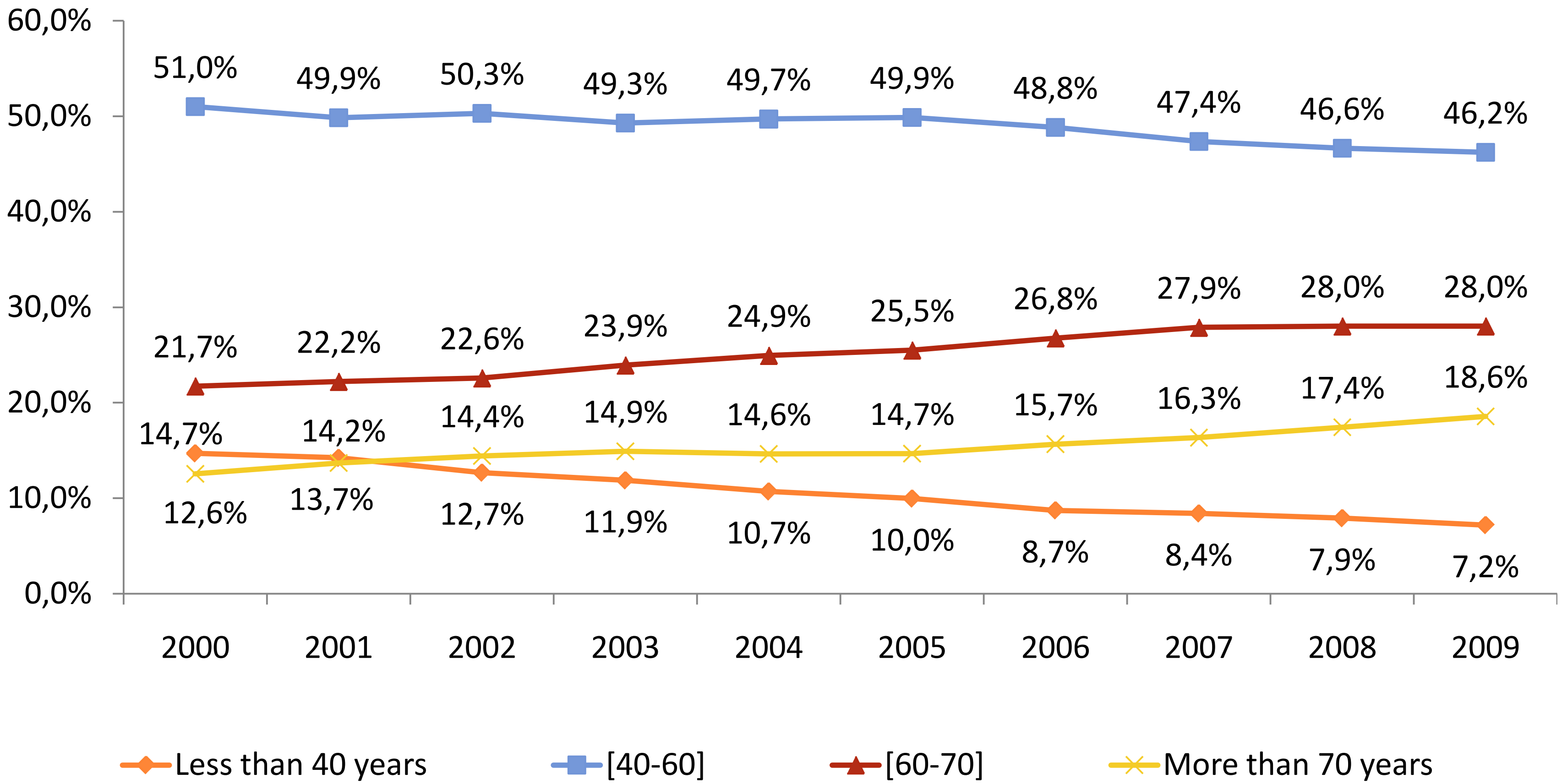
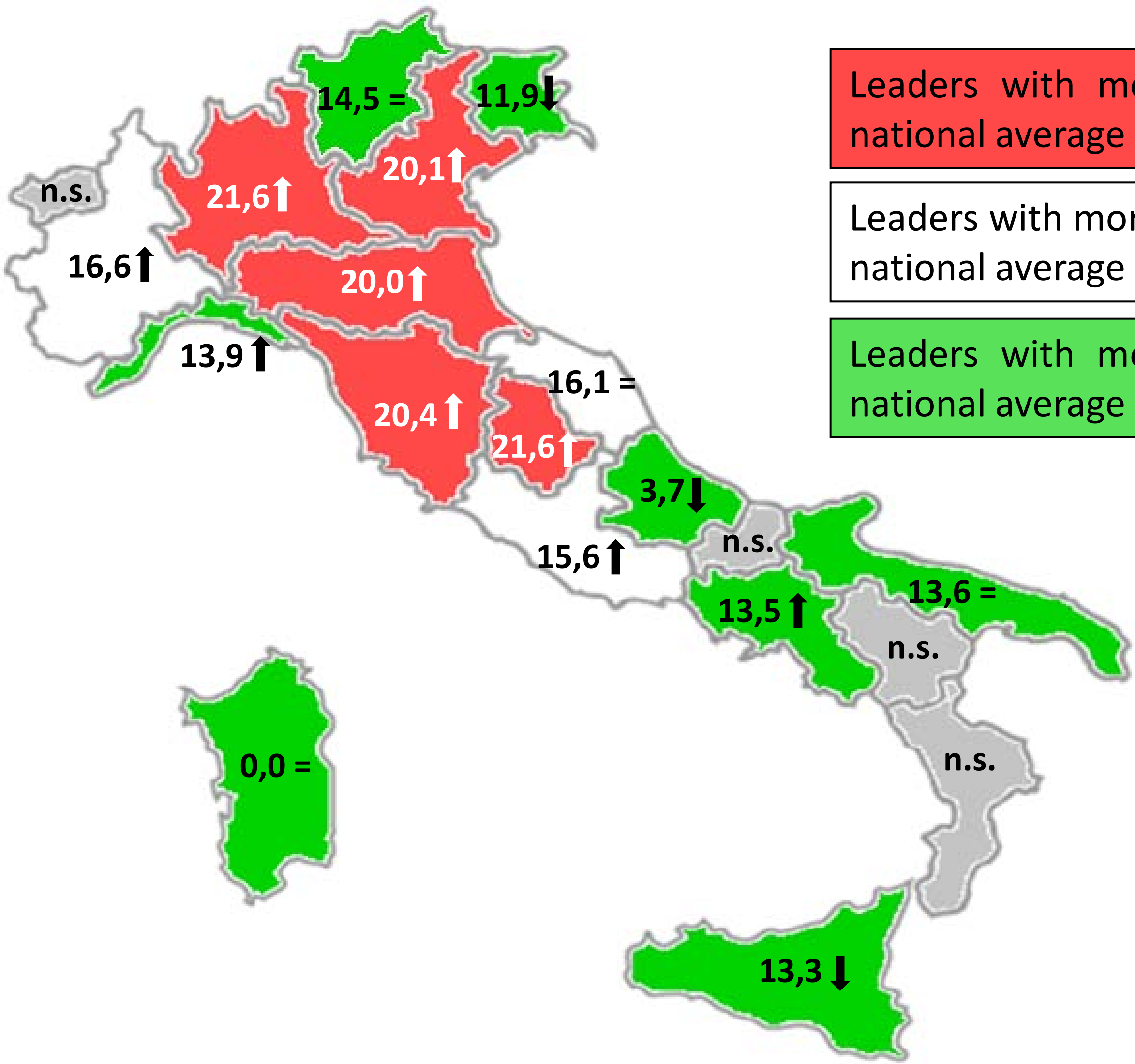
Leader age (1/4)

If the age increase with the same pace of the last decade, in 2015 <u>almost 25% of firms will be lead by leaders with more than 70 years</u>



Leader age (2/4)

Leaders with more than 70 years and geographical area



Leaders with more than 70 years above the national average (greater than 18,6%)

Leaders with more than 70 years in line with the national average (between 18,6% and 15,1%)

Leaders with more than 70 years below the national average (less than 15,1%)

⬆ Leaders with more than 70 years increasing over the last year

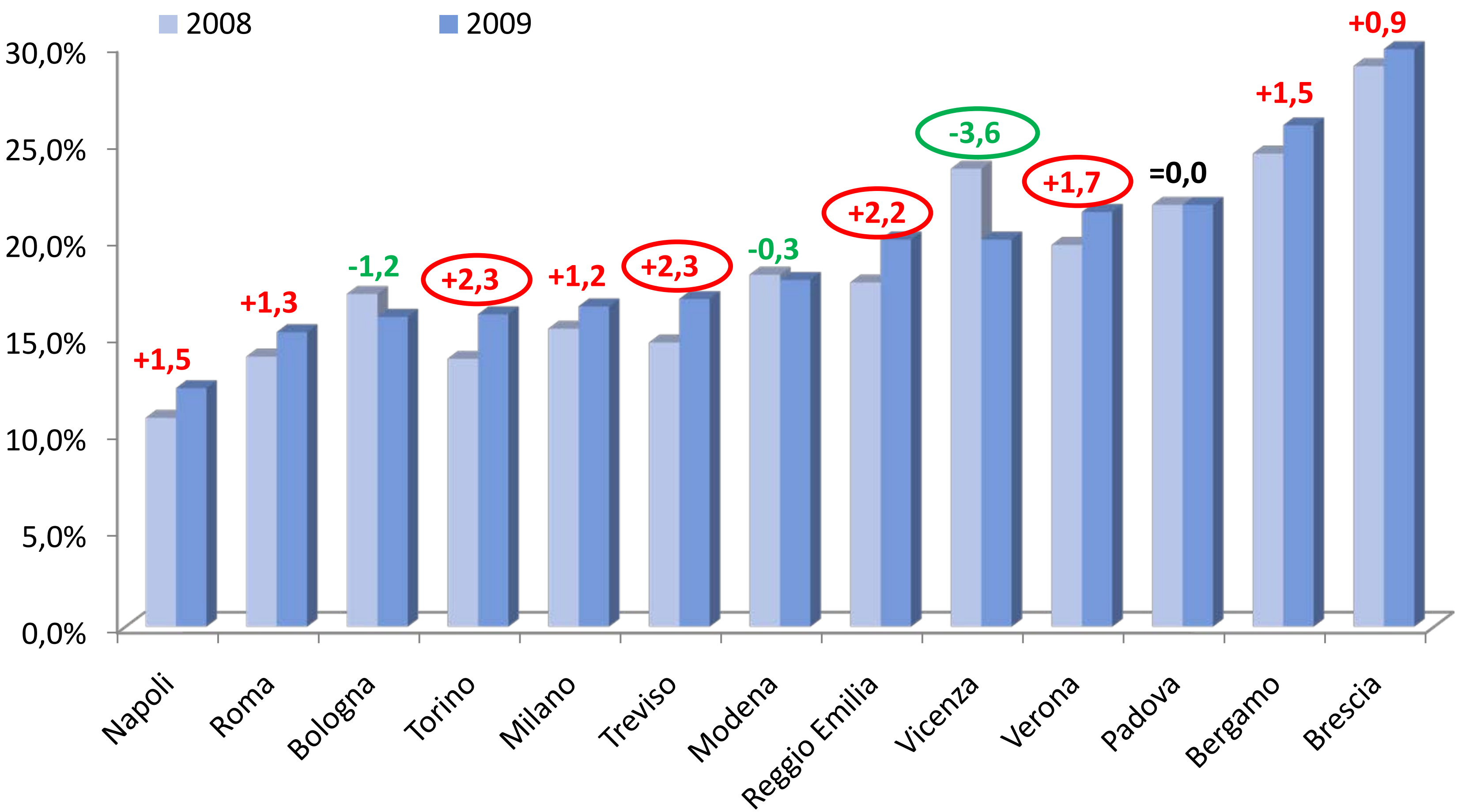
(=) Leaders with more than 70 years stable over the last year

⬇ Leaders with more than 70 years decreasing over the last year

n.s. = not significant (Regions with less than 10 family firms).

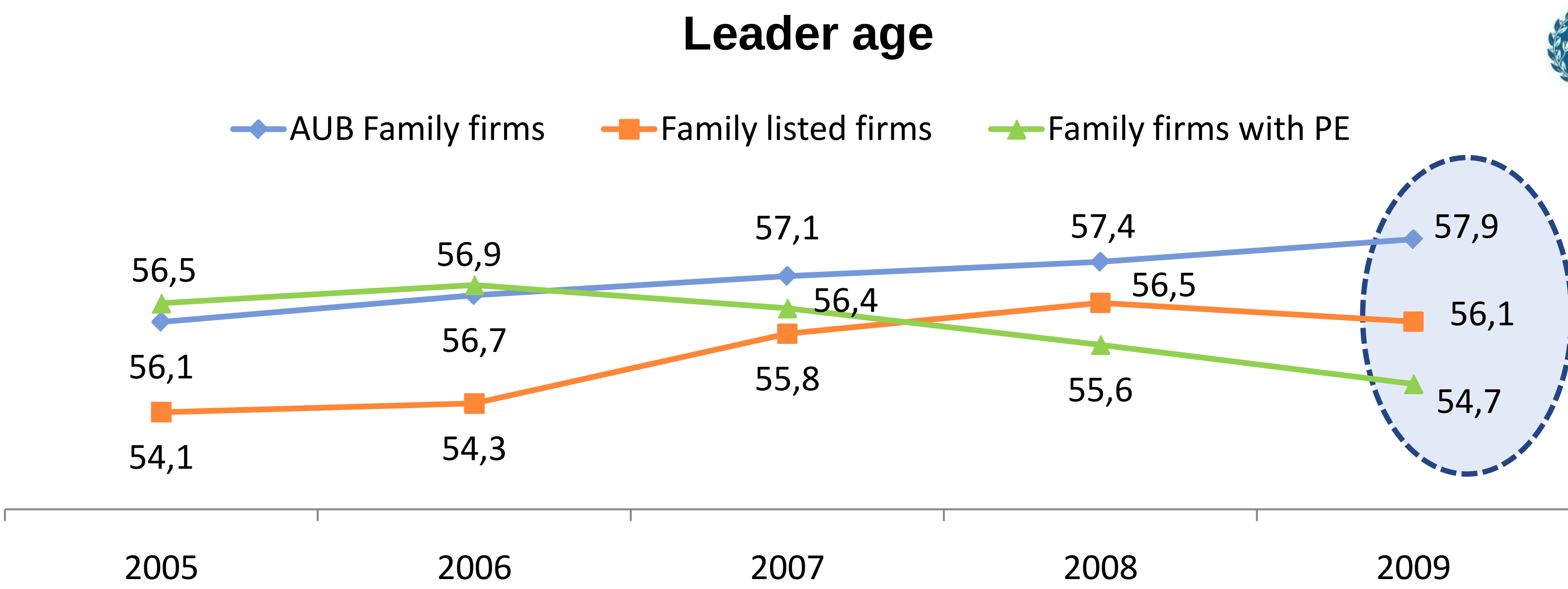
Leader age (3/4)

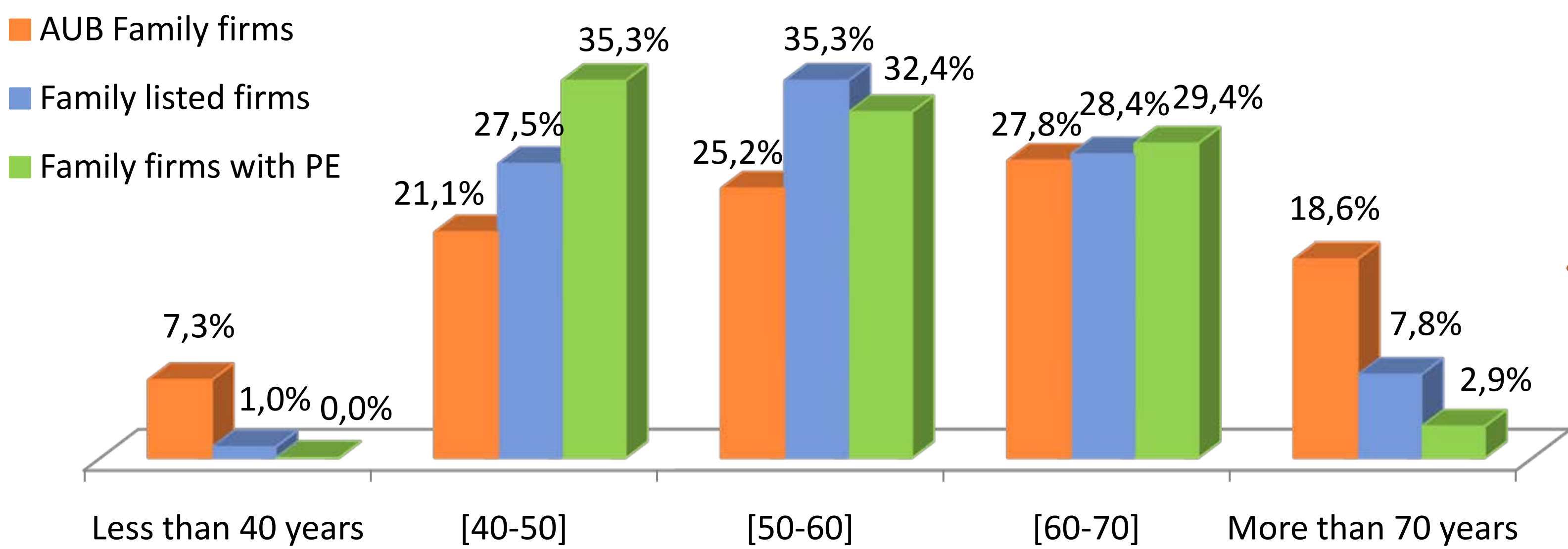
Leaders with more than 70 years in the Provinces where Family firms are more present (*)



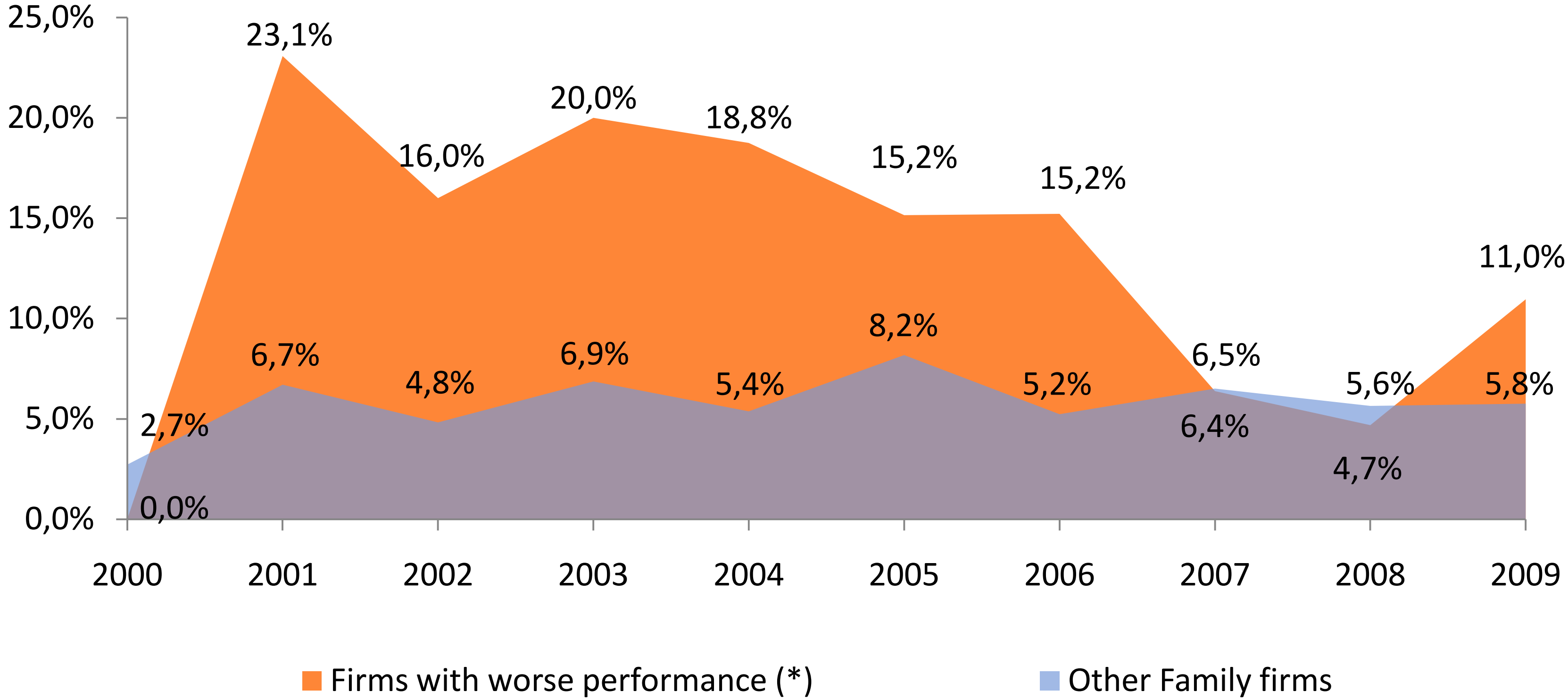
(*) Provinces with more than 50 family firms in the area.

Leader age (4/4)





Successions are concentrated in firms with worse performance



(*) *Firms with worse performance are those with a ROE below the threshold of -10%*;
(It has been considered only successions occurred in firms with a single CEO).

Leader age and performance (1/2)

Leader age	Δ Growth		Δ ROE		Δ Leverage	
Founder	No	Yes	No	Yes	No	Yes
Less than 40 years	+3,2***	+5,7***	+2,5***	+8,4***	+2,4***	+4,8***
[40-50]	+0,8**	+3,6***	+0,6*	+1,9**	+0,8***	+1,3***
[50-60]	+0,4	+1,0*	=0,0	-0,9	+0,7***	+1,3***
[60-70]	-0,8**	-1,4*	-0,3	-0,6	-1,2***	-1,5***
More than 70 years	-2,2***	-3,5***	-1,8***	-2,7***	-1,8***	-2,5***

Growth, ROE and Leverage *(Total Assets/Shareholder's funds) in the table show that firm performances are* ***positively (+)*** *or* ***negatively (-)*** *affected by the different leader age compared to the national average and the figure is statistically significant with:*

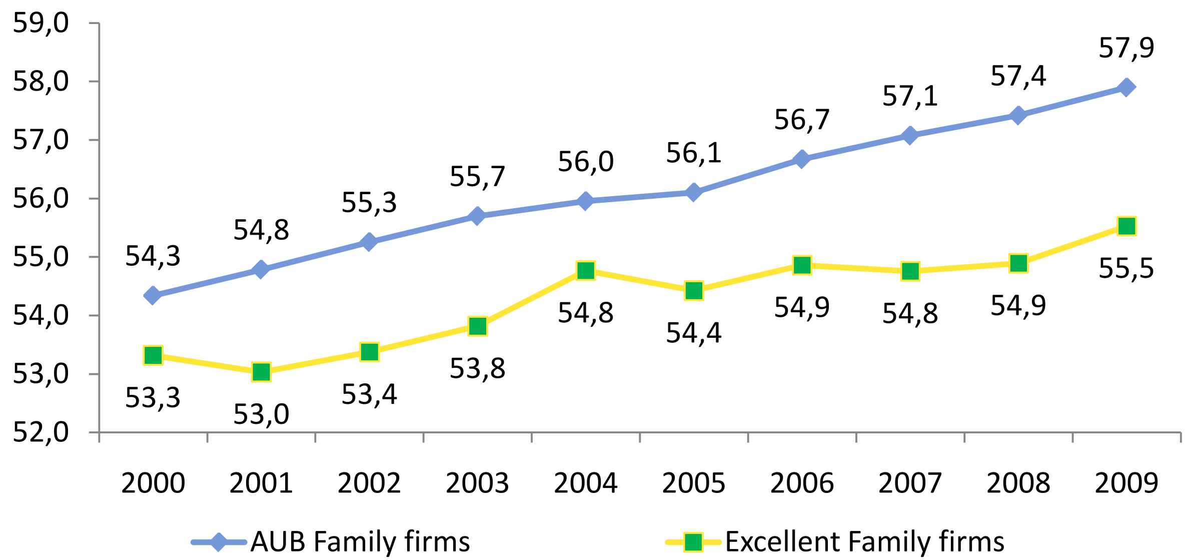
**** High significance (p<.001) ** Medium significance (p<.01)*

** Acceptable significance (p<.10)*

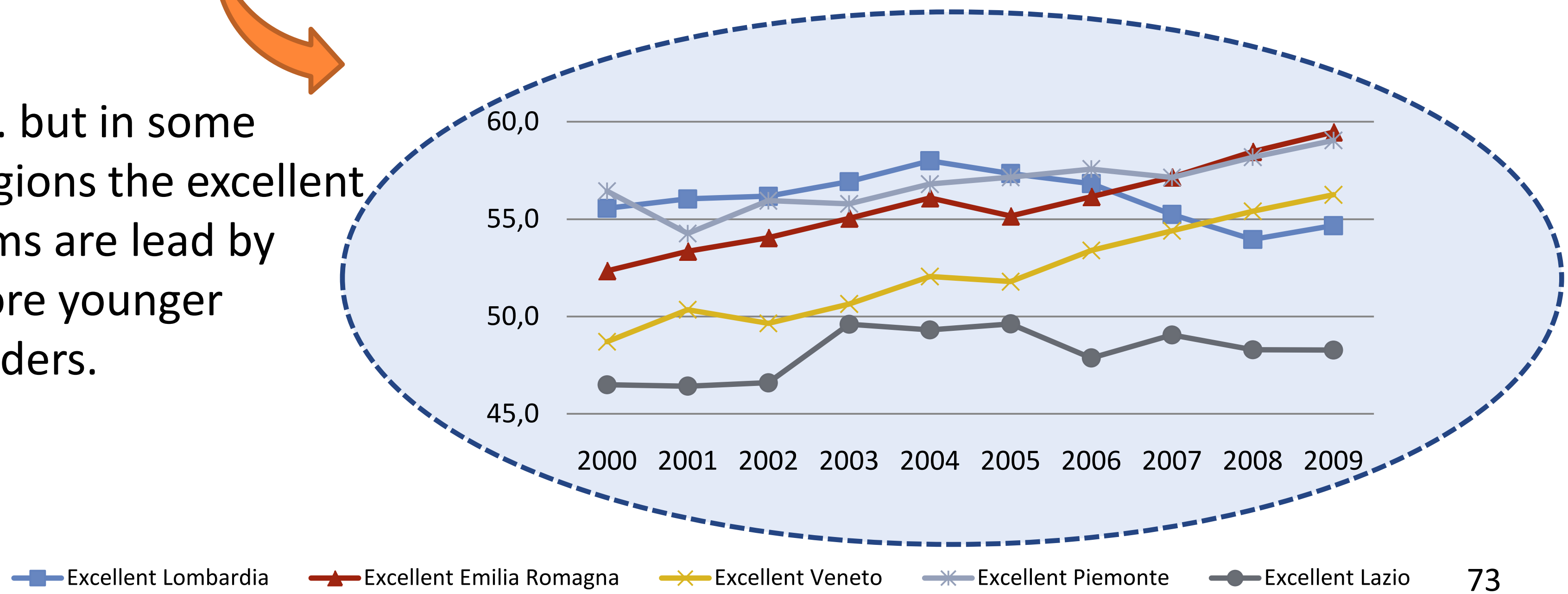
Data processing is related to the period 2000-2009 (Source: Aida).

Leader age and performance (2/2)

- Leader age in the excellent firms is not much lower than the national average…

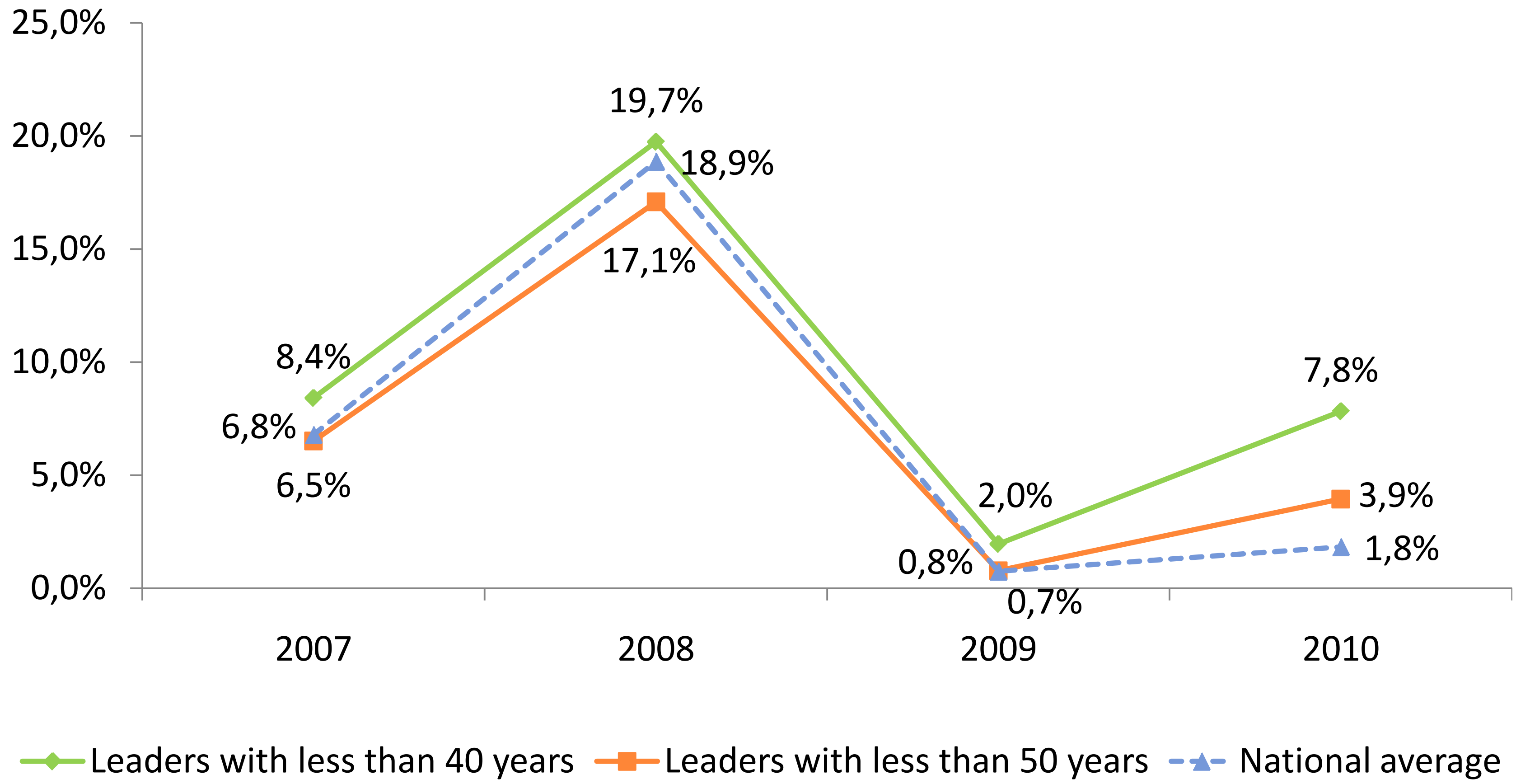


- … but in some Regions the excellent firms are lead by more younger leaders.



Young leader and performance (1/2)

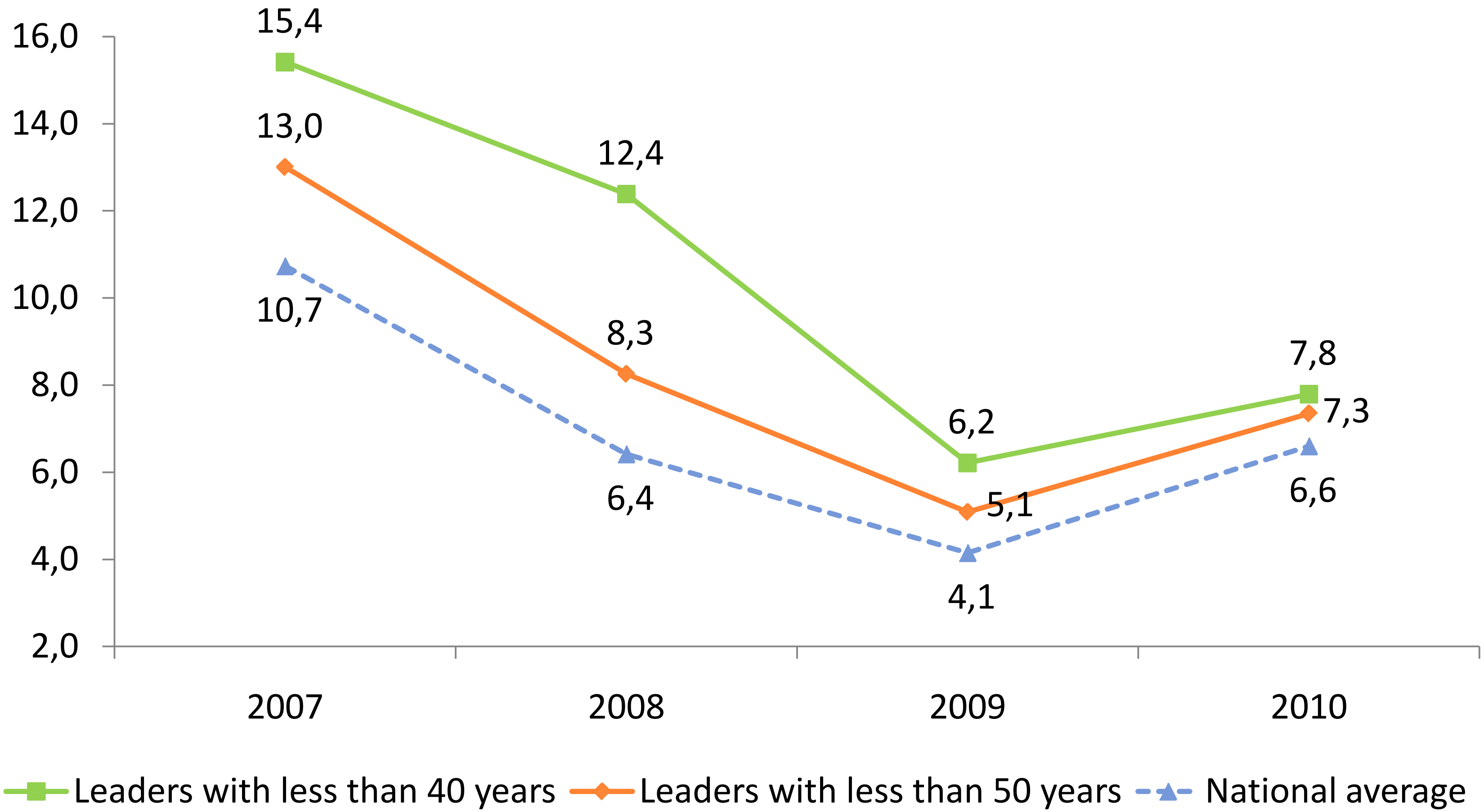
Investments of young leaders in front of the financial crisis (*)



(*) Investments are calculated as a variation of the Net Fixed Asset (Source: Aida).

Young leader and performance (2/2)

Performance of young leaders in front of the financial crisis (*)



ROE = Net Income/Shareholder’s Fund (Source: Aida).

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Part VIII

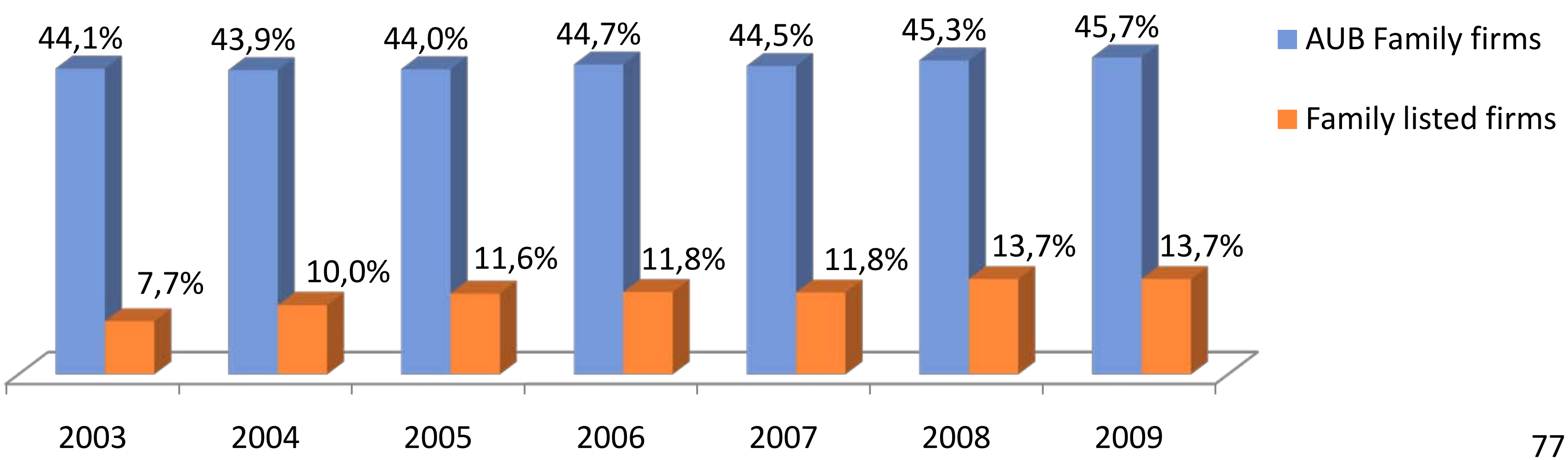
Women in firm leadership: gender quotas or business opportunity?

Women on Boards

About 14% of Family listed firms at the end of 2009 (against 46% of national average) comply with 20% threshold – mandatory from 2012 – that will be reserved for women on the board of directors:

- from next year about **115 new seats** must be reserved for women on Boards in the Family listed firms.
- if the threshold was extended to unlisted firms, it would take a total of **210 women on Boards.**

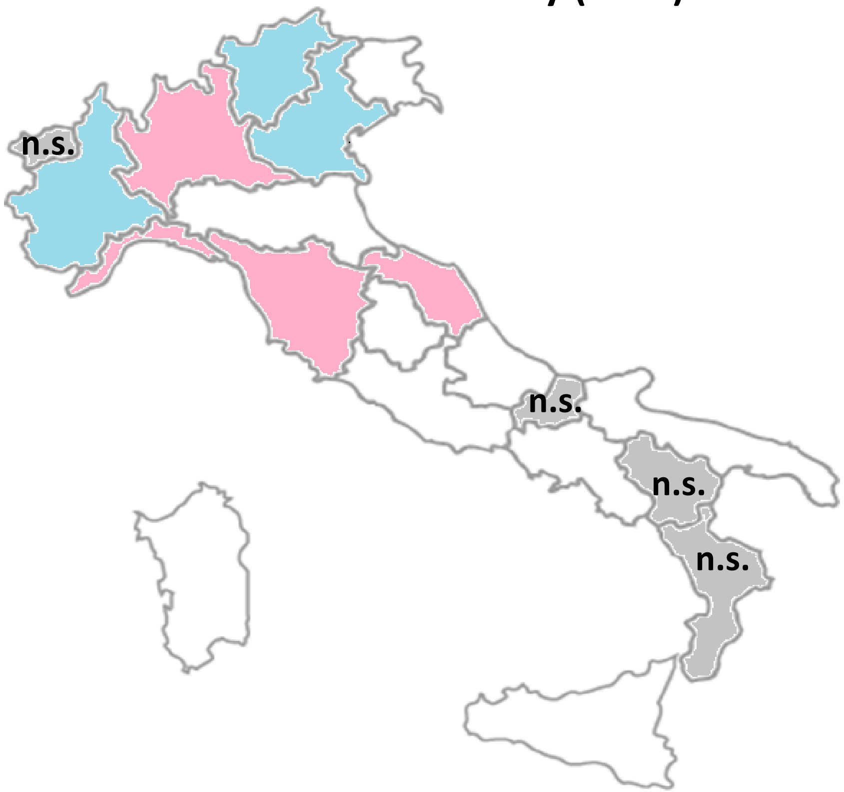
Family firms with at least 20% of women on Boards



“Pink” Regions

Regions with a presence of women shareholders and women leaders higher than national average (*)

II Edition of the AUB Observatory (2008)



III Edition of the AUB Observatory (2009)

Presence of women shareholders and women leaders above the national average	Presence of women leaders above the national average and women shareholders below the national average (and viceversa)	Presence of women shareholders and women leaders below the national average

n.s. = not significant (Regions with less than 10 family firms).

(*) The presence of women shareholders and women leaders are equal, respectively, to 9,8% and 24,9% in 2008.

(*) The presence of women shareholders and women leaders are equal, respectively, to 9,4% and 29,1% in 2009.

"Pink" Provinces

Regions with a presence of women shareholders and women leaders higher than national average (*)

II Edition of the AUB Observatory (2008)

Higher	Bologna; Napoli; Torino; Treviso	Milano; Roma
Lower	Bergamo; Brescia	Modena; Padova; Reggio Emilia; Verona; Vicenza
	Higher	**Lower**

WOMEN LEADERS (compared with the national average)

WOMEN SHAREHOLDERS (compared with the national average)

III Edition of the AUB Observatory (2009)

Higher	Bologna; Milano; Roma; Treviso; Verona	Modena
Lower	Brescia; Napoli; Torino	Bergamo; Padova; Reggio Emilia; Vicenza
	Higher	**Lower**

WOMEN LEADERS (compared with the national average)

WOMEN SHAREHOLDERS (compared with the national average)

(*) Provinces with more than 50 family firms in the area.

Women on Boards and performance (1/2)

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Women on Boards	%	Δ Growth	Δ ROE	Δ Leverage
None	45,4%	+0,6	**-0,9******	**+1,0*******
1% - 33%	24,6%	**-1,2******	**-0,7***	**-1,1*******
33% - 49%	17,7%	**+0,8***	**+1,7*******	+0,2
50% and more	12,3%	=0,0	**+1,1***	**-0,6******

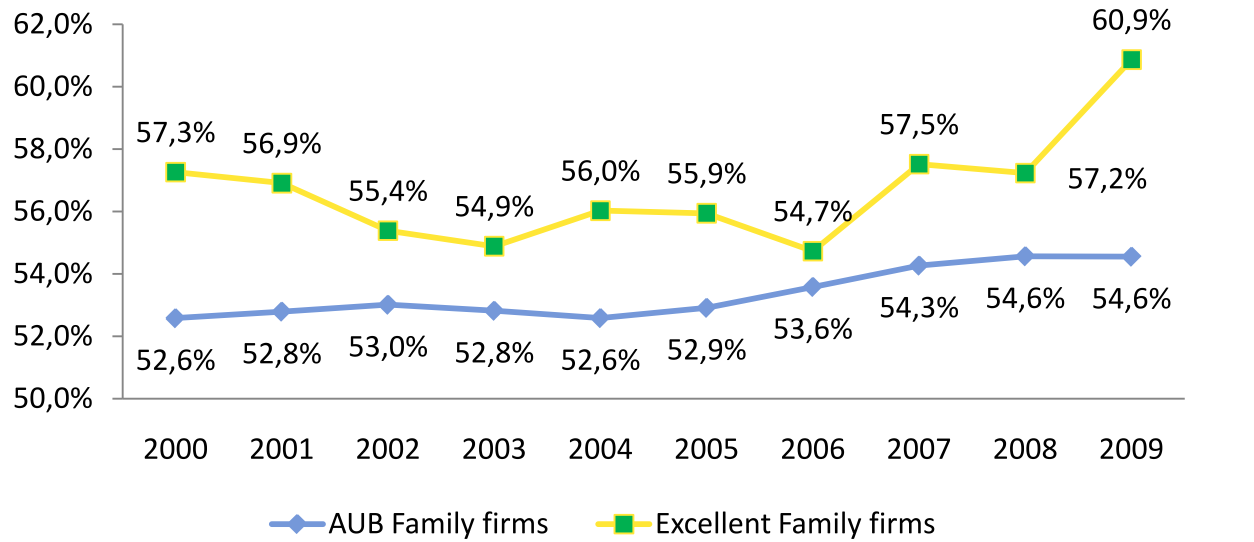
Growth, ROI, ROE and Leverage *(Total Assets/Shareholder's funds) in the table show that firm performances are* ***positively (+)*** *or* ***negatively (-)*** *affected by the different presence of women on Board compared to the national average and the figure is statistically significant with:*

**** High significance (p<.001) ** Medium significance (p<.01) * Acceptable significance (p<.10)*

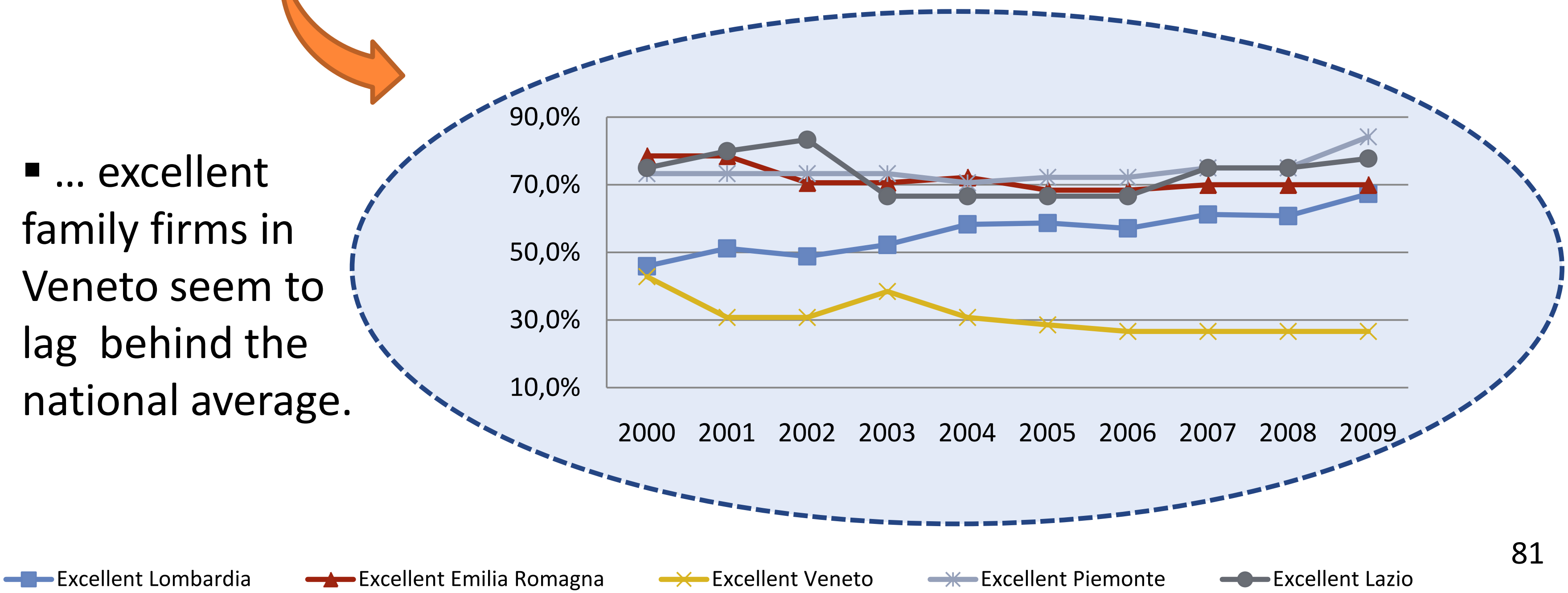
Data processing is related to the period 2000-2009 (Source: Aida).

Women on Boards and performance (2/2)

- Although excellent firms with at least one woman are growing compared to the national average…



- … excellent family firms in Veneto seem to lag behind the national average.



Methodological note (1/3)

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A company is considered as a family-controlled firm if:

- One or two families hold at least 50% of the capital (if not listed);
- One or two families hold at least 25% of the capital (if listed);
- The firm is controlled by another legal entity which satisfy one of the two criteria stated above.

In case of mono-business groups:

It was considered to include the controlling company if:

i) the controlling firm is just a financial holding;

ii) there is only one relevant (operating) subsidiary to our aims (revenues higher than 50 million €)

iii) the consolidation area of the controlling company substantially concur with the dimension of the major controlled firm.

All the controlling firms were excluded, both on the first level (in case of inclusion of the parent company in the list) and on the subsequent levels.

In case of multi-business groups:

The parent companies were excluded (often holding)

- The controlled operating companies on the second level of the control chain have been included.
- Financial holding on the second level (sub-holding, identified through the 2007 ATECORI code) were included in the following cases:

  i) companies controlled by them at least at 50% and with revenues higher than 50 million €, which operate in the same business sector

  ii) there is only one company controlled at least at 50% and with revenues higher than 50 million €.

- It was decided to exclude also the controlled firms at third and higher level of the control chain, since the information are comprised in the consolidated balance-sheet of their second-level controlling company, included in the list according to the above criteria.

Methodological note (3/3)

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Data and information collection about the governing bodies and firm leaders was conducted through encoding the "Company Profile", which is an official document registered at the Italian Chamber of Commerce (Source: Chamber of Commerce, Industry, Agriculture and Artisanship of Milan). For this reason, it was necessary to effect methodology choices in order to ensure the data comprehension. In particular:

- The familiarity of the "Amministratore Unico", Chairman, CEOs, and all members of the Board of Directors has been detected on the affinity with the owner family surname. As a matter of fact, data could be slightly underestimated;
- The same procedure was followed for the individuals belonging to the family owner that hold stock shares.

Legend

Firm longevity:

- **Very young** = firms with less than 10 years;
- **Young** = firms between 10 and 25 years;
- **Mature** = firms between 25 and 50 years;
- **Long-lived** = firms with more than 50 years.

Firm size:

- **Small** = turnover between 50 and 100 million €;
- **Medium** = turnover between 100 e 150 million €;
- **Medium-Large** = turnover between 150 e 250 million €;
- **Large** = turnover above 250 million €.