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XI AUB Observatory FAMILY FIRMS AND THE WORLD

NOVEMBER 25, 2019

by Guido Corbetta and Fabio Quarato

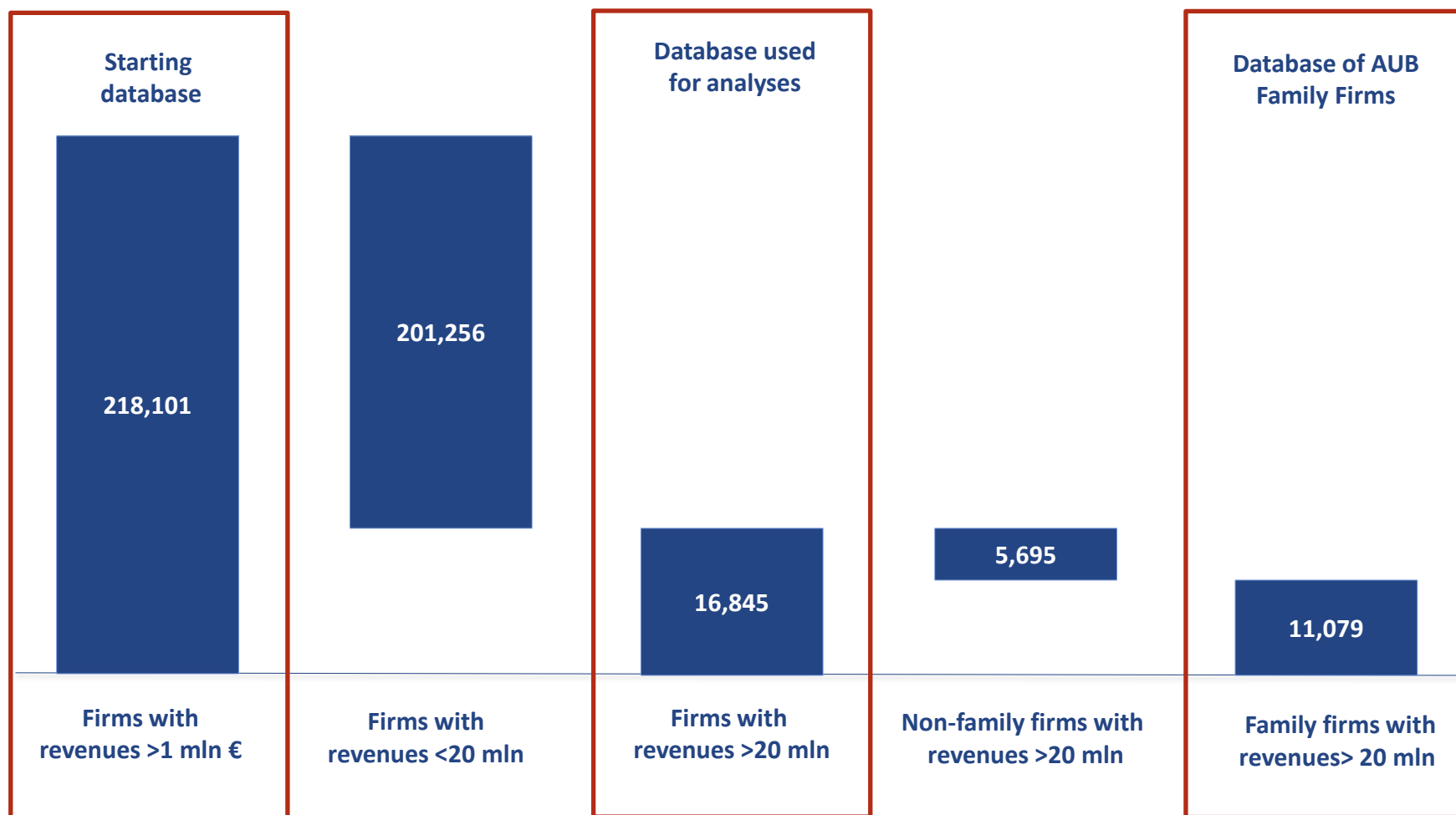
- I. The population
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The population



The population is composed by all the 218,000 active firms with revenues > 1 mln €*

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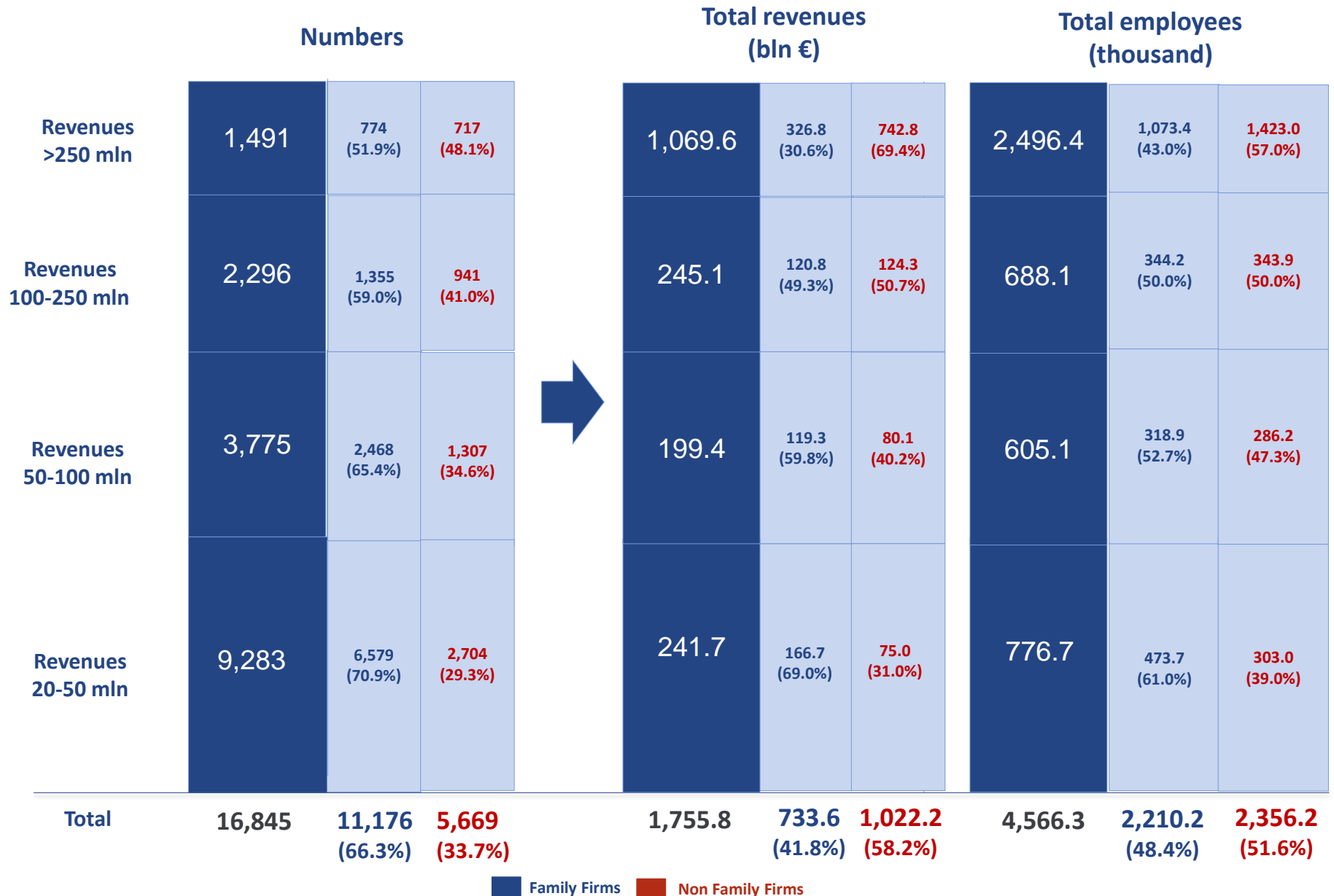


(*) Active firms with with revenues > 20 mln € at the beginning of 2017.

**Family firms with revenues > 20 mln € in XI edition
were 65.8% of the total**

Ownership Structure	XI edition	
	N	%
Family Firms	11,079	65.8%
Branches of Foreign Companies	3,065	18.2%
Cooperatives and Consortia	926	5.5%
Coalitions	667	4.0%
State Owned / Local Authorities	606	3.6%
Controlled by Investment Funds / P.E.	371	2.2%
Controlled by Banks / Insurance Companies	107	0.6%
Controlled by Foundations	19	0.1%
Public Companies	8	0.0%
<i>Total</i>	16,845	100.0%

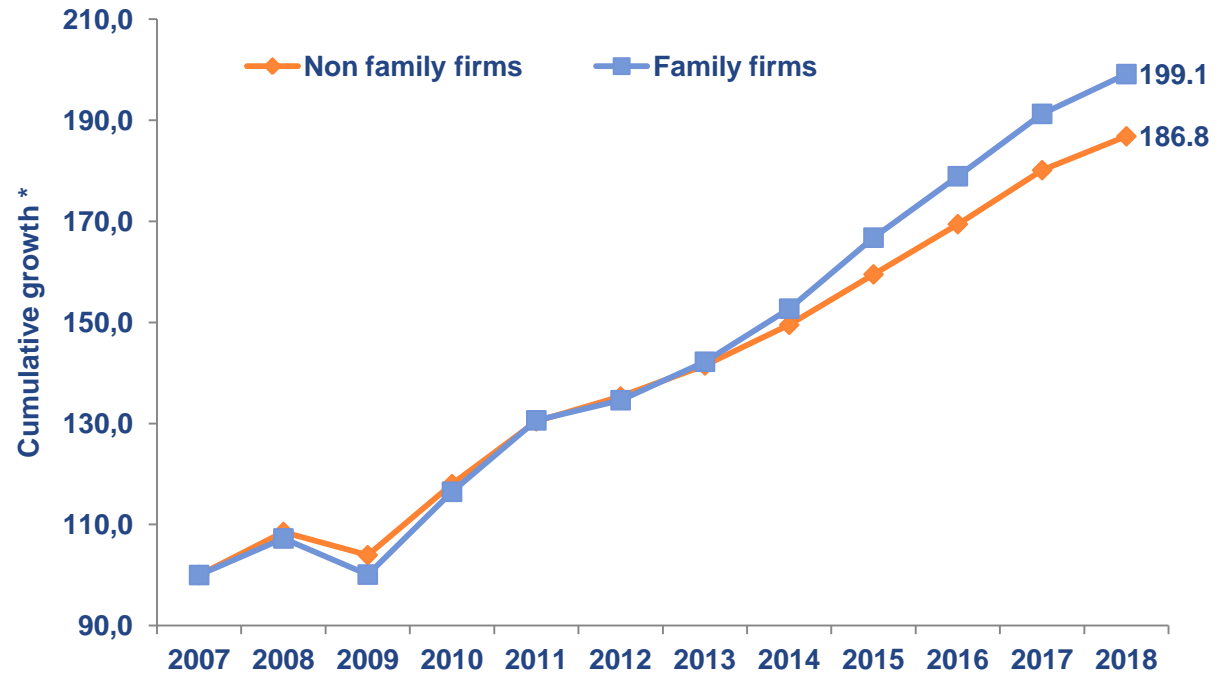
The AUB population by size



The financial performance of AUB family firms*

* Financial data coverage for 2018 is about 70% of the entire population of the AUB Observatory.

Revenues of family firms have grown by 12 points more than those of non-family firms over the last decade.

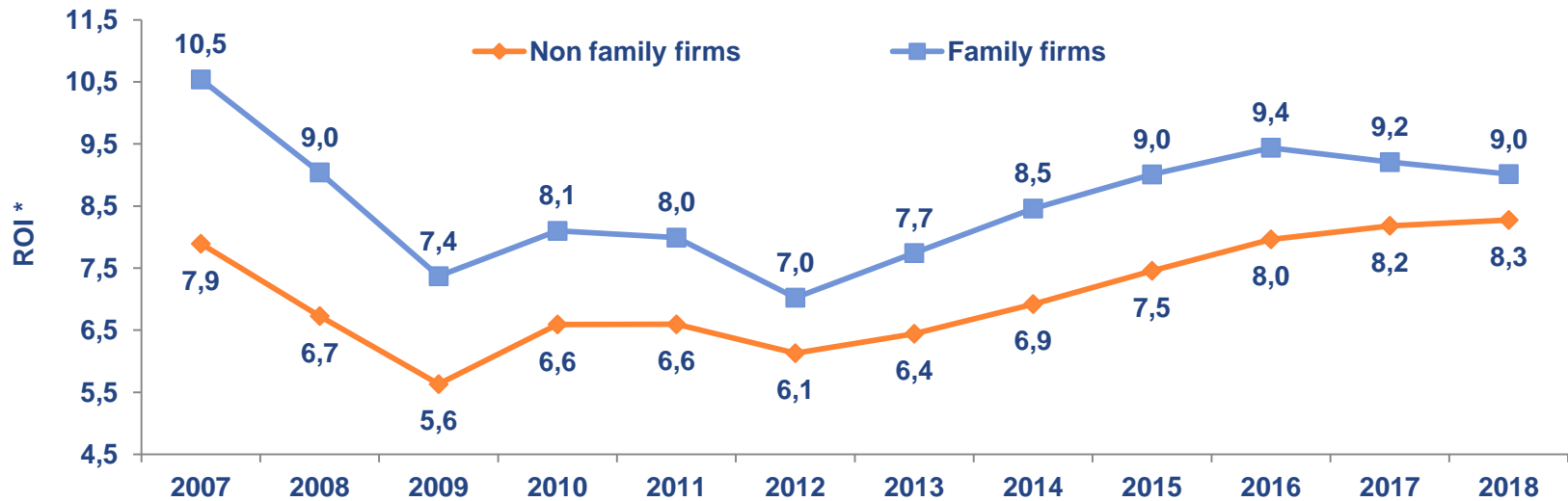


Non family firms	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Controlled by Investment Funds / P.E.	100.0	103.1	101.7	118.8	136.4	142.0	147.9	157.7	172.7	190.3	207.3	223.5
Coalitions	100.0	110.5	106.3	125.1	141.6	146.0	155.3	166.7	179.4	194.9	209.0	218.8
AUB Family Firms	100.0	107.2	100.1	116.5	130.6	134.6	142.2	152.7	166.8	178.9	191.3	199.1
Cooperatives and Consortia	100.0	113.1	115.0	125.6	139.0	147.6	156.6	165.4	176.4	185.2	192.6	195.3
Branches of Foreign Companies	100.0	106.5	98.5	112.9	124.7	128.4	133.2	140.9	150.3	160.0	171.0	177.7
State Owned / Local Authorities	100.0	111.6	116.6	126.0	131.3	137.3	141.9	142.3	145.6	148.5	152.6	158.5

(*) Cumulative growth in base 100 (year 2007) measured on sales revenues (source: Aida). Cumulative growth of non family firms is a weighted average of revenue growth rates of firms with non family ownership structures.

The positive gap of Return on Investment between family and non family firms goes on, but it is reducing.

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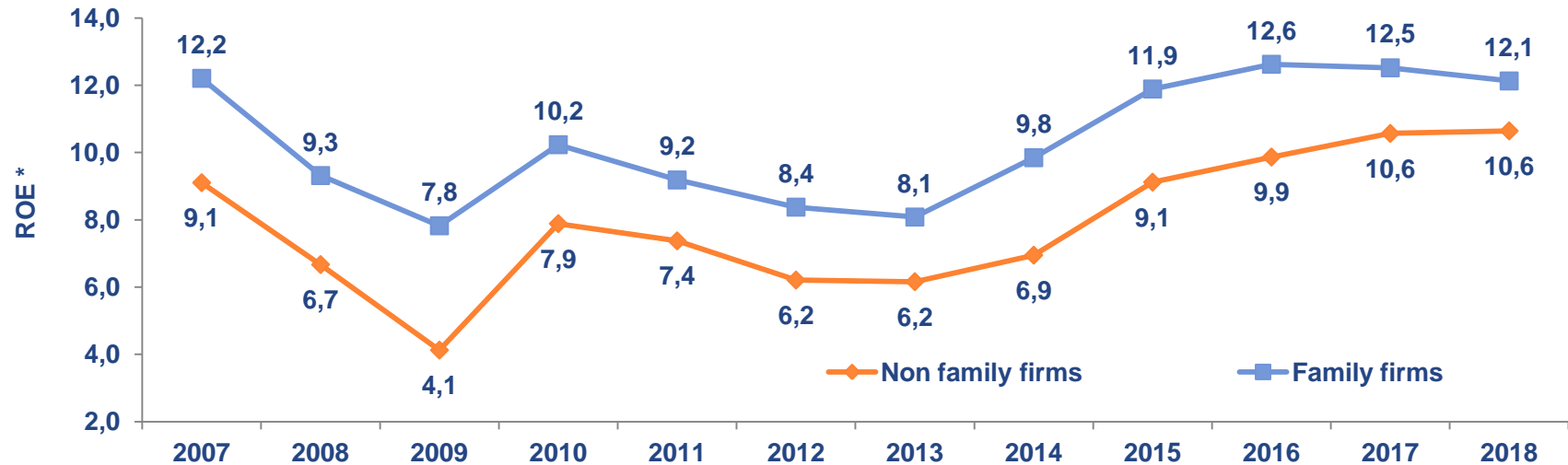


Non Family firms	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Branches of Foreign Companies	9.0	7.5	5.8	7.4	7.4	7.2	7.4	7.9	8.7	9.5	10.1	9.9
Coalitions	9.4	8.4	7.2	8.0	7.6	6.7	7.0	7.9	8.3	8.9	8.8	9.3
AUB Family Firms	10.5	9.0	7.4	8.1	8.0	7.0	7.7	8.5	9.0	9.4	9.2	9.0
Controlled by Investment Funds / P.E.	7.4	5.5	4.6	7.1	6.3	5.3	5.6	5.9	6.9	6.3	5.8	8.2
State Owned / Local Authorities	5.1	4.7	5.3	5.6	5.3	4.4	5.5	6.3	6.3	7.0	6.8	6.8
Cooperatives and Consortia	5.6	4.7	4.3	3.9	4.3	3.8	4.0	4.2	3.9	4.1	4.0	3.5

(*) ROI: Operating Income / Invested Capital (Source: Aida). The return on investment of non family firms is a weighted average of growth rates of firms with non family ownership structures.

The positive gap of Return on Equity between family and non family firms goes on, but it is reducing.

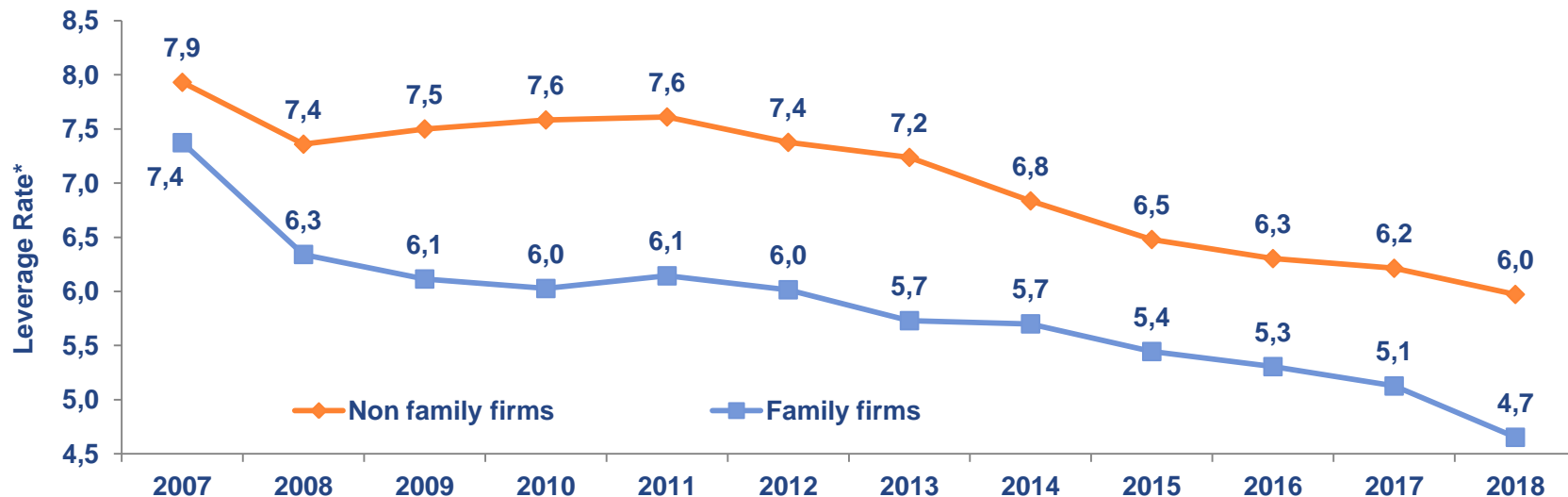
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Non Family Firms	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Branches of Foreign Companies	9.9	6.7	3.2	8.5	8.0	6.9	6.9	7.5	10.5	11.8	13.3	12.8
Coalitions	14.7	12.5	8.9	12.0	10.3	8.9	8.3	10.2	10.0	11.4	11.8	12.2
AUB Family Firms	12.2	9.3	7.8	10.2	9.2	8.4	8.1	9.8	11.9	12.6	12.5	12.1
Controlled by Investment Funds / P.E.	4.5	1.2	-2.9	4.7	6.5	1.1	1.4	5.5	6.2	6.4	5.3	9.5
State Owned / Local Authorities	2.6	4.0	4.5	4.7	2.8	3.0	4.5	4.3	7.5	7.0	6.4	8.9
Cooperatives and Consortia	5.3	3.7	4.4	4.6	5.0	3.8	3.6	3.6	4.6	4.1	3.5	2.7

(*) ROE: Net Income / Equity (Source: Aida). The return on equity of non family firms is a weighted average of growth rates of firms with non family ownership structures.

If compared with 2007 the leverage rate of family firms has reduced by nearly 40 %



Non Family Firms	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
AUB Family Firms	7.4	6.3	6.1	6.0	6.1	6.0	5.7	5.7	5.4	5.3	5.1	4.7
Branches of Foreign Companies	7.2	6.6	6.7	6.7	6.9	6.6	6.3	5.9	5.6	5.3	5.1	5.0
Controlled by Investment Funds / P.E.	7.6	7.8	6.9	7.4	6.5	6.3	6.8	6.1	5.5	5.5	5.0	5.2
State Owned / Local Authorities	7.9	8.2	7.8	7.4	7.4	7.3	7.2	6.7	6.1	5.7	5.3	5.2
Coalitions	7.7	6.4	6.7	6.9	6.8	6.2	6.6	6.2	6.4	6.4	6.3	5.8
Cooperatives and Consortia	11.2	10.5	11.3	11.6	11.4	11.7	11.6	11.4	10.9	10.9	11.3	10.6

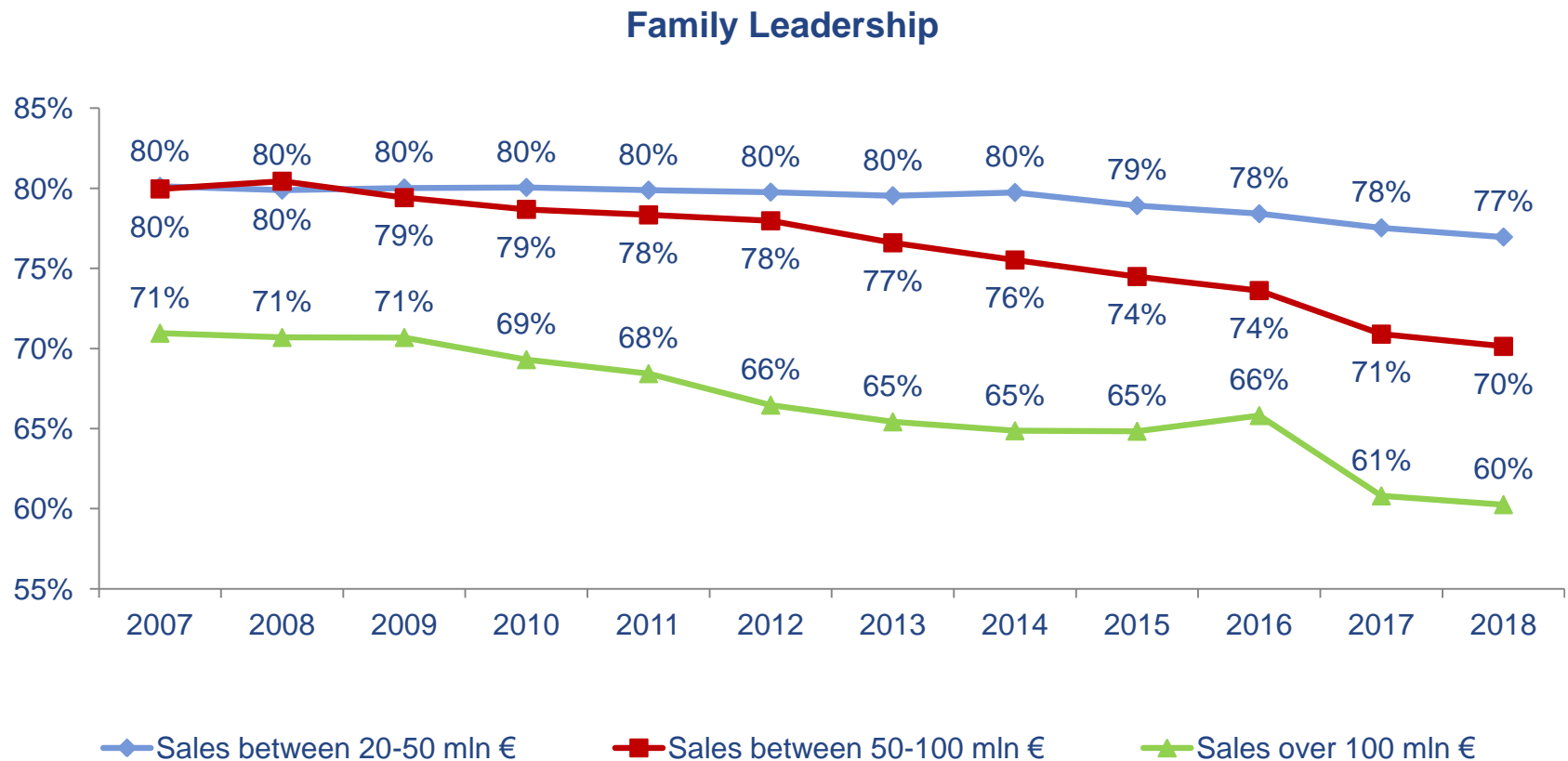
(*) Leverage Rate = Total Assets / Equity (Source: Aida). The leverage rate of non family firms is a weighted average of those of firms with non family ownership structures.

The shift towards non family management: the speeding up of the process*

*** All the data in this section refers to the year 2018**

Over the last ten years the percentage of firms with a family leadership has reduced by 10 points in firms with revenues > 50 mln €

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Starting from 2015, the involvement of non-family leaders is growing, also in smaller firms.

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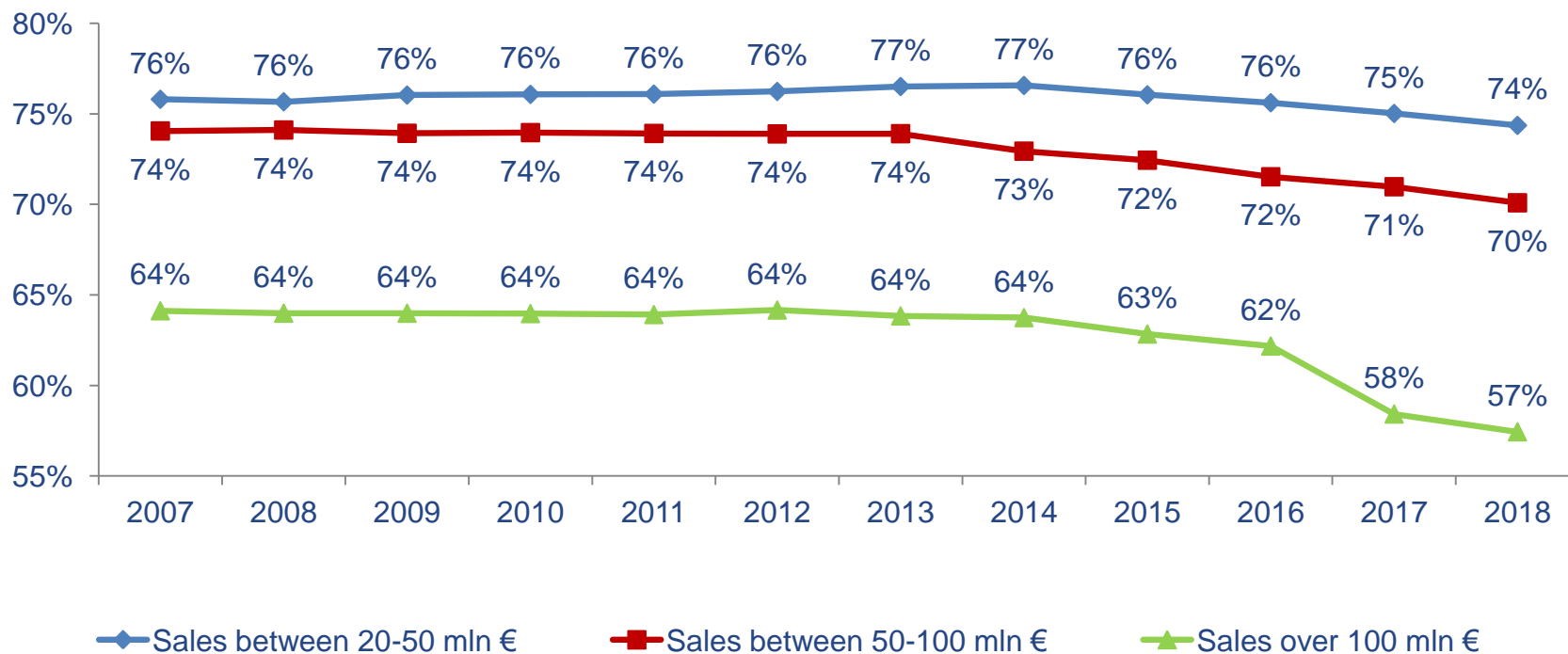
	AUB Family Firms 20-50			AUB Family Firms >50		
Year	F LEAVING	F INCOMING	F BALANCE	F LEAVING	F INCOMING	F BALANCE
2009	80	90	10	50	46	-4
2010	79	93	14	44	37	-7
2011	112	108	-4	59	49	-10
2012	96	100	4	54	38	-16
2013	113	115	2	66	50	-16
2014	106	107	1	99	76	-23
2015	139	106	-33	56	50	-6
2016	139	107	-32	65	47	-18
2017	161	102	-59	50	37	-13
2018	111	76	-35	59	29	-30
Total	1,136	1,004	-132	705	459	-143

(*) The data refer to the four leadership models analyzed: Sole Administrator, Executive Chairman, Single CEO and Co-CEOs

The percentage of family board members is reducing too, even though at a slower pace

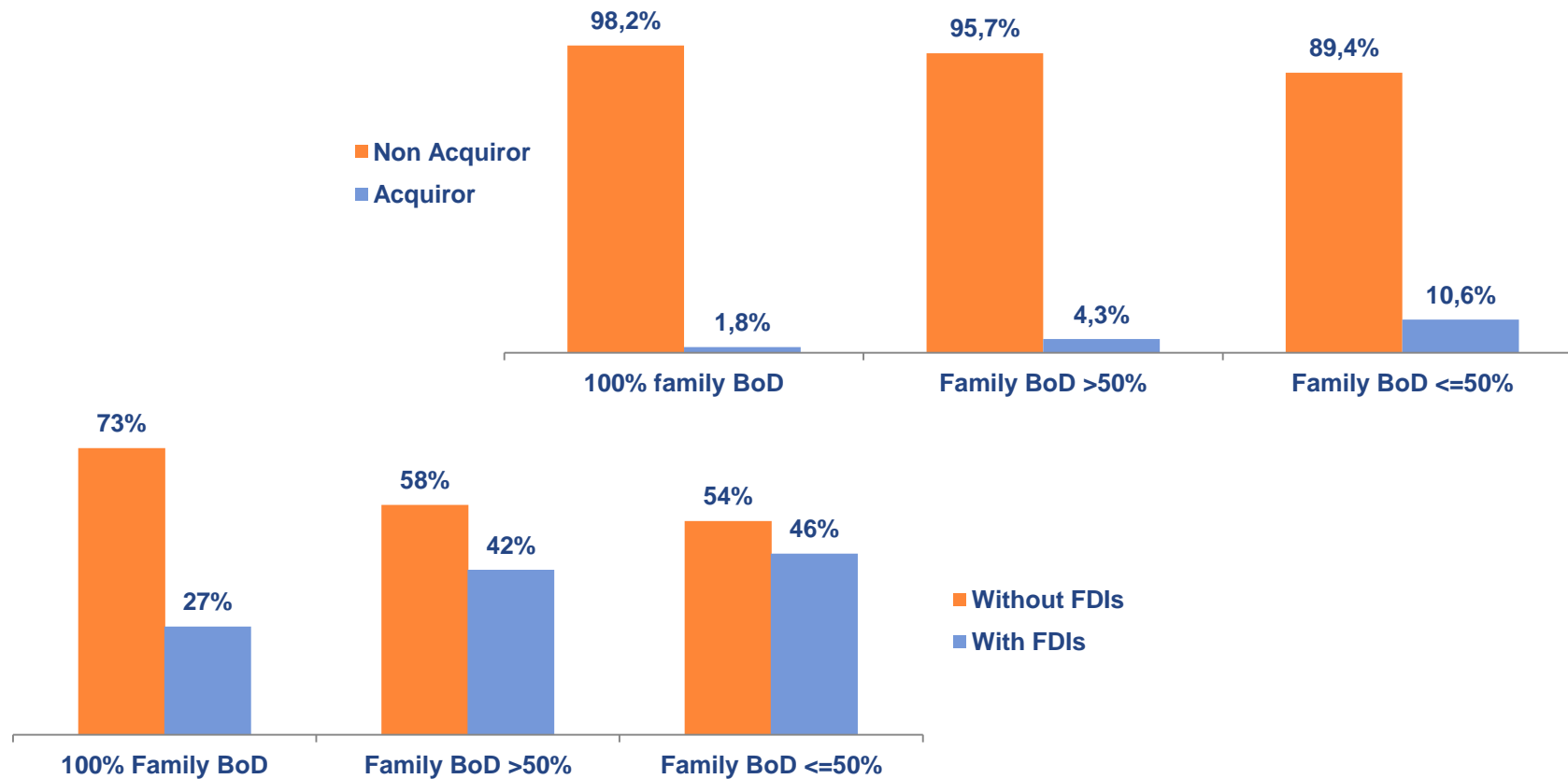
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% of family board members



The **governance structure** of companies which make acquisitions and Foreign Direct Investments (FDIs) is **more open towards non family members**

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France, Germany and Italy: a comparison of 500 firms



The 500 largest companies (without considering banks and insurance companies) in France, Germany and Italy

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OWNERSHIP STRUCTURE	FRANCE		GERMANY		ITALY	
	N	%	N	%	N	%
Family Firms	119	23.8%	176	35.2%	205	41.0%
Branches of Foreign Companies	157	31.4%	143	28.6%	194	38.8%
State Owned / Local Authorities	54	10.8%	41	8.2%	31	6.2%
Cooperatives and Consortia	51	10.2%	19	3.8%	36	7.2%
Coalitions	22	4.4%	38	7.6%	11	2.2%
Controlled by Investment Funds / P.E.	28	5.6%	8	1.6%	14	2.8%
Controlled by Banks / Insurance Companies	19	3.8%	13	2.6%	8	1.6%
Public Companies	48	9.6%	26	5.2%	1	0.2%
Foundations	2	0.4%	36	7.2%	0	0.0%
Total	500	100.0%	500	100.0%	500	100.0%

The size of the 500 largest companies **(both family and non family firms)** in France, Germany and Italy

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SIZE CLASS	FRANCE		GERMANY		ITALY	
	N	%	N	%	N	%
> 10 bln	45	9.0%	57	11.4%	13	2.6%
Between 5 and 10 bln	37	7.4%	44	8.8%	19	3.8%
Between 2.5 and 5 bln	82	16.4%	104	20.8%	42	8.4%
Between 1 and 2.5 bln	208	41.6%	291	58.2%	170	34.0%
< 1 bln	128	25.6%	4	0.8%	256	51.2%
Total	500	100.0%	500	100.0%	500	100.0%

The size of the 500 largest **family firms** in France, Germany and Italy

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SIZE CLASS	FRANCE		GERMANY		ITALY	
	<i>N</i>	%	<i>N</i>	%	<i>N</i>	%
> 10 bln	11	9.2%	18	10.2%	4	2.0%
Between 5 and 10 bln	10	8.4%	16	9.1%	5	2.4%
Between 2.5 and 5 bln	28	23.5%	36	20.5%	19	9.3%
Between 1 and 2.5 bln	46	38.7%	103	58.5%	62	30.2%
< 1 bln	24	20.2%	3	1.7%	115	56.1%
Total	119	100.0%	176	100.0%	205	100.0%

The size of the 500 largest **family firms** in France, Germany and Italy

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SIZE CLASS	FRANCE			GERMANY			ITALY		
	N	F	%	N	F	%	N	F	%
> 10 bln	45	11	24.4%	57	18	31.6%	13	4	30.8%
Between 5 and 10 bln	37	10	27.0%	44	16	36.4%	19	5	26.3%
Between 2.5 and 5 bln	82	28	34.1%	104	36	34.6%	42	19	45.2%
Between 1 and 2.5 bln	208	46	22.1%	291	103	35.4%	170	62	36.5%
< 1 bln	128	24	18.8%	4	3	75.0%	256	115	44.9%
Total	500	119	23.8%	500	176	35.2%	500	205	41.0%

The revenues of the largest 500 companies are equal or higher than the GDP in France and Germany, while they are roughly 60% of the GDP in Italy

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Ownership Model	FRANCE		GERMANY		ITALY	
	<i>Bln €</i>	%	<i>Bln €</i>	%	<i>Bln €</i>	%
Family Firms	568.7	23.0%	1,146.0	35.2%	335.3	32.7%
Non Family Firms	1,902.1	77.0%	2,114.1	64.8%	690.5	67.3%
Total	2,470.8	100.0%	3,260.1	100.0%	1,025.8	100.0%
GDP	2,291.7		3,277.3		1,725.0	

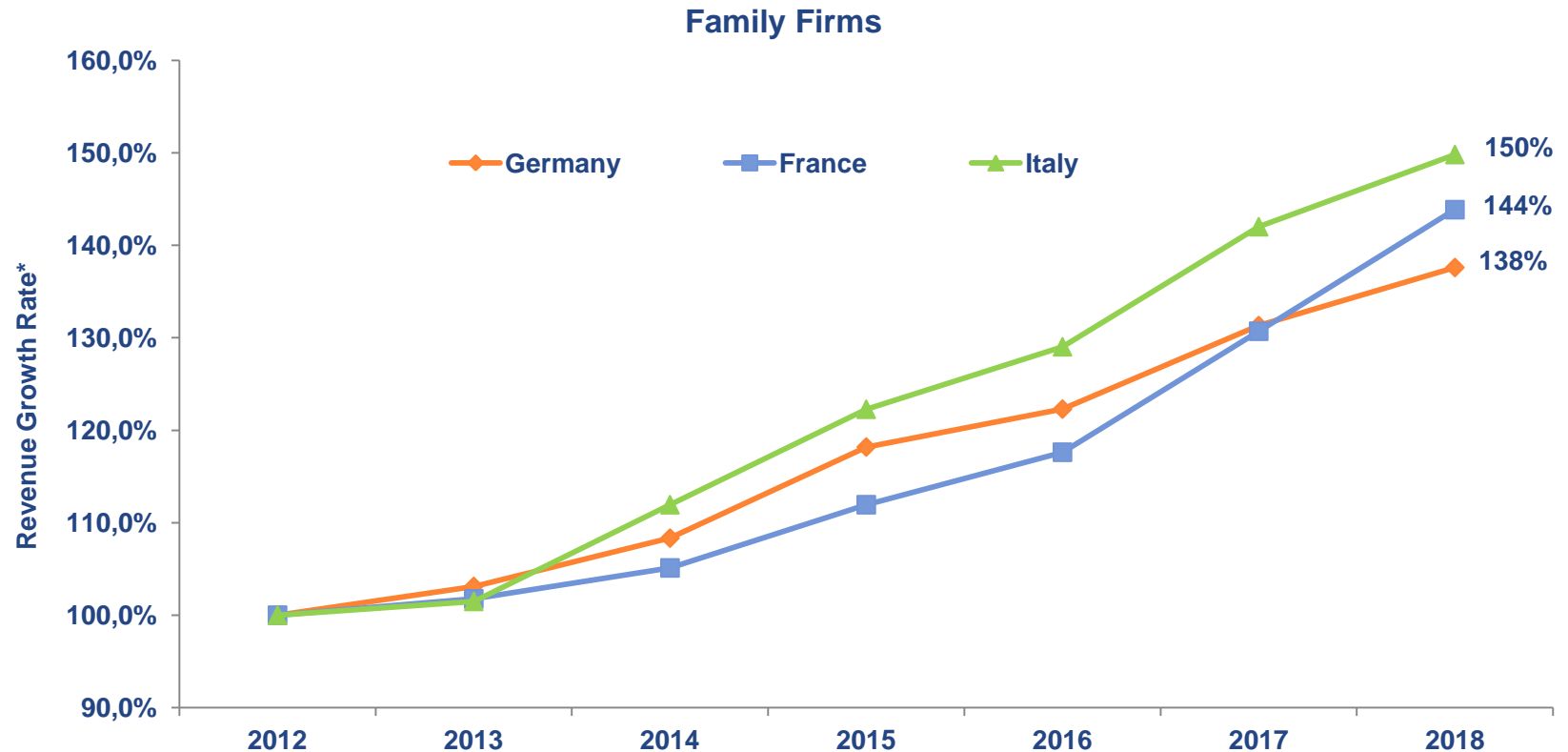
The 10 largest companies in France, Germany and Italy*

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	FRANCE			GERMANY			ITALY		
N	NAME	F / NF	REVENUES*	NAME	F / NF	REVENUES*	NAME	F / NF	REVENUES*
1	Total S.A.	NF	161.3	Volkswagen AG	F	243.7	EXOR	F	143.3
2	Carrefour SA	NF	77.9	Daimler AG	NF	169.6	ENI S.P.A.	NF	75.8
3	Electricite De France SA	NF	76.0	Bayerische Motoren Werke Aktiengesellschaft	F	98.0	ENEL – SPA	NF	73.1
4	Peugeot S.A.	NF	74.0	Uniper SE	NF	84.5	GESTORE DEI SERVIZI ENERGETICI - GSE S.P.A.	NF	32.3
5	Engie	NF	65.6	Siemens AG	NF	83.4	TELECOM ITALIA SPA O TIM S.P.A.	NF	18.9
6	Airbus	NF	60.1	Robert Bosch GMBH	F	79.5	EDIZIONE S.R.L.	F	13.6
7	Renault	NF	57.4	Deutsche Telekom AG	NF	76.9	ESSO ITALIANA S.R.L.	NF	13.3
8	Auchan Holding	F	51.0	Basf SE	NF	68.1	LEONARDO - SOCIETA' PER AZIONI	NF	12.0
9	Lvmh Moet Hennessy - Louis Vuitton SE	F	46.8	Airbus Defence and Space GmbH	NF	67.7	KUWAIT PETROLEUM ITALIA S.P.A.	NF	11.9
10	Finatis SA	F	44.3	Deutsche Post AG	NF	62.9	FERROVIE DELLO STATO ITALIANE S.P.A.	NF	10.7

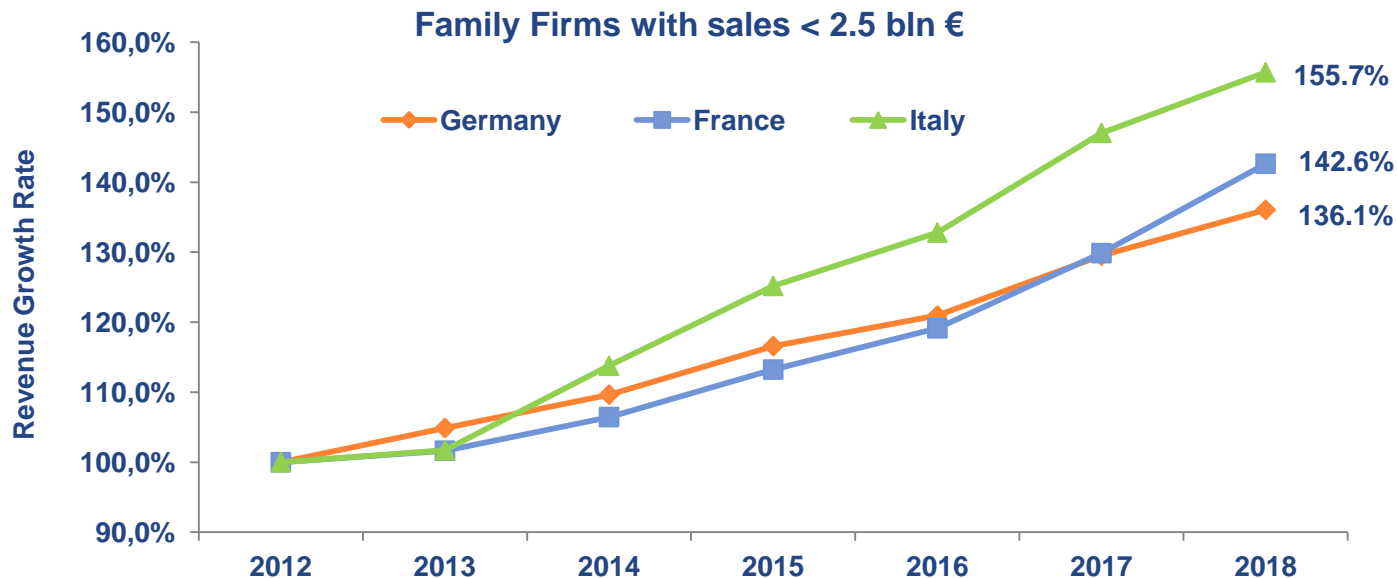
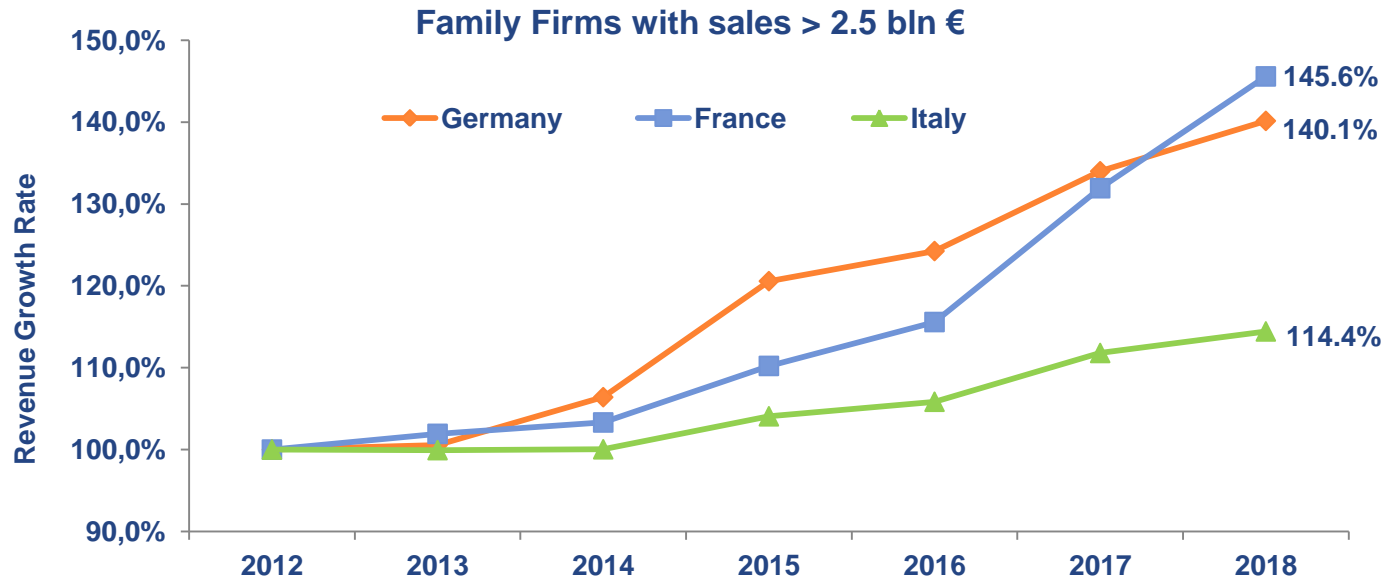
* Revenues are expressed as bln €

Family firms in Italy have grown by 6 points more than in France and 12 more than in Germany over the last 6 years.



(*) Cumulative growth on base 100 (year 2012) measured on the «operating revenue» (: Orbis).

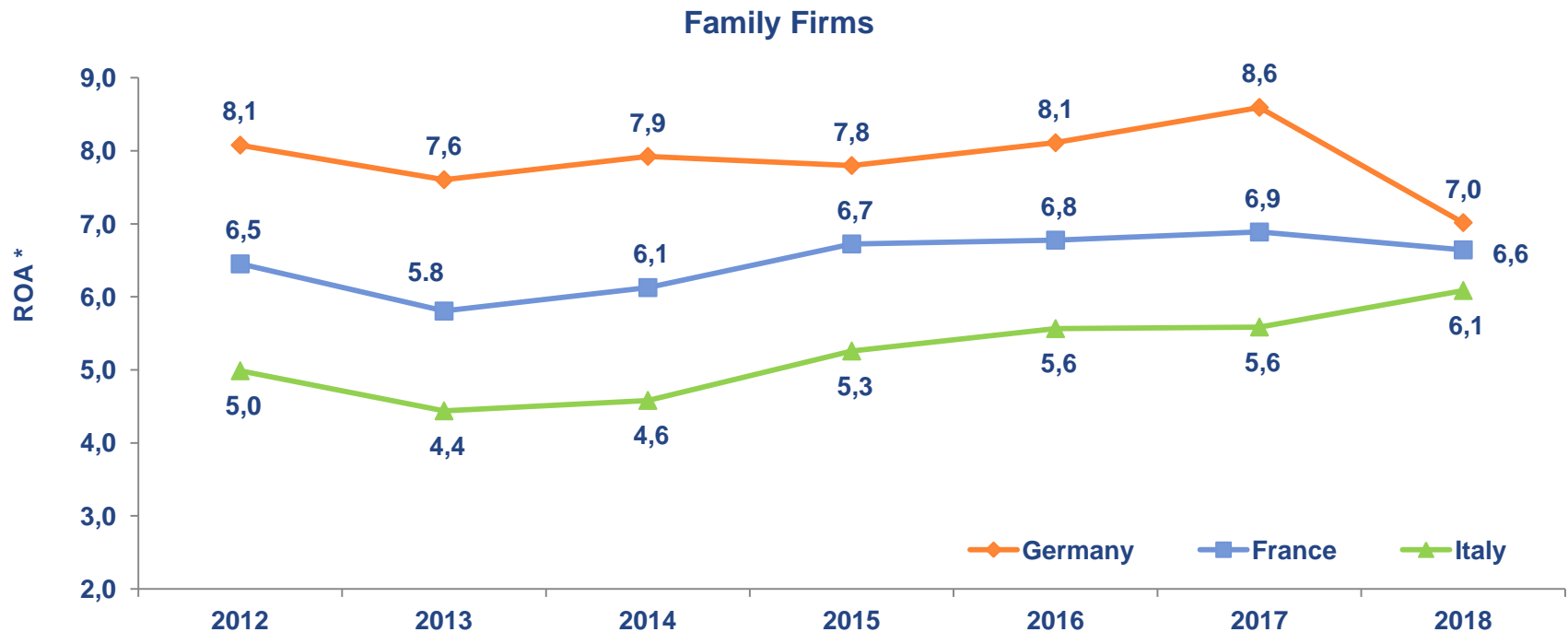
The revenue growth rate trend in family firms



The gap of Return on Assets :

- **has reduced by 1 point between Italy and France in the period 2012-2018***
- **has reduced by 2.2 points between Italy and Germany in the period 2012-2018***

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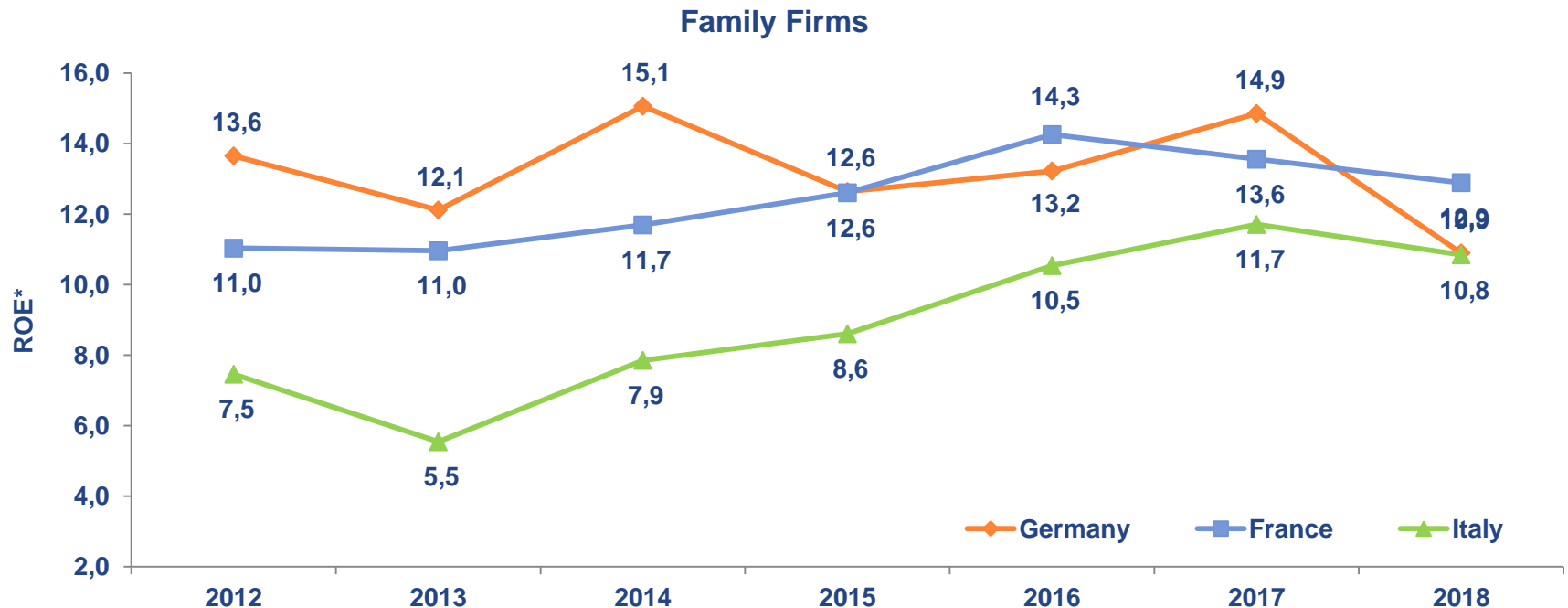


(*) ROA: Profit/Loss before tax / Total assets (Source: Orbis).

The gap in Return on Equity:

- **has reduced by 1.4 points between Italy and France in the period 2012-2018***
- **is basically disappeared between Italy and Germany in 2018, while in 2012 it was of 6.2 points***

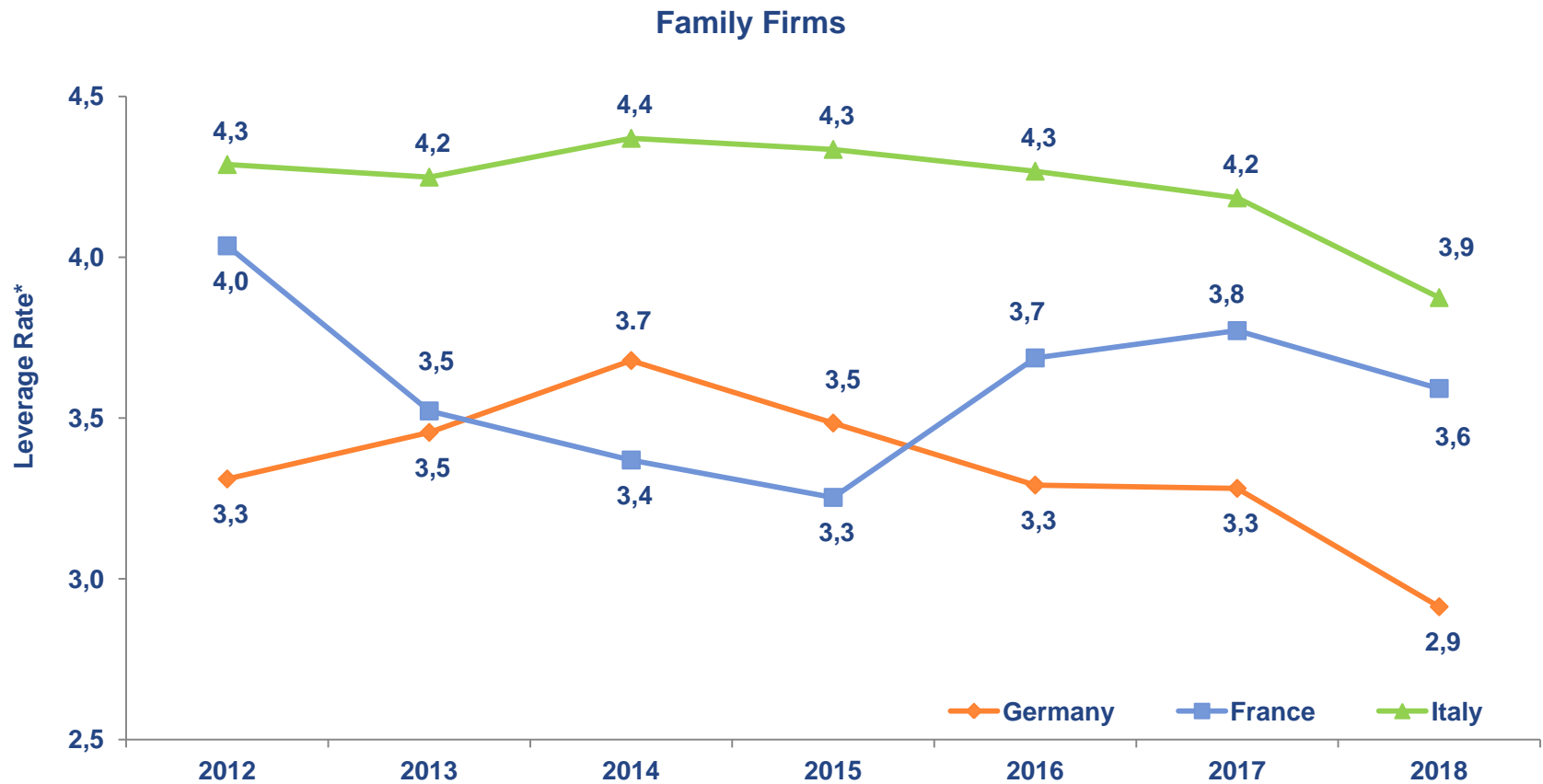
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(*) ROE: Net Income / Equity (Source: Orbis).

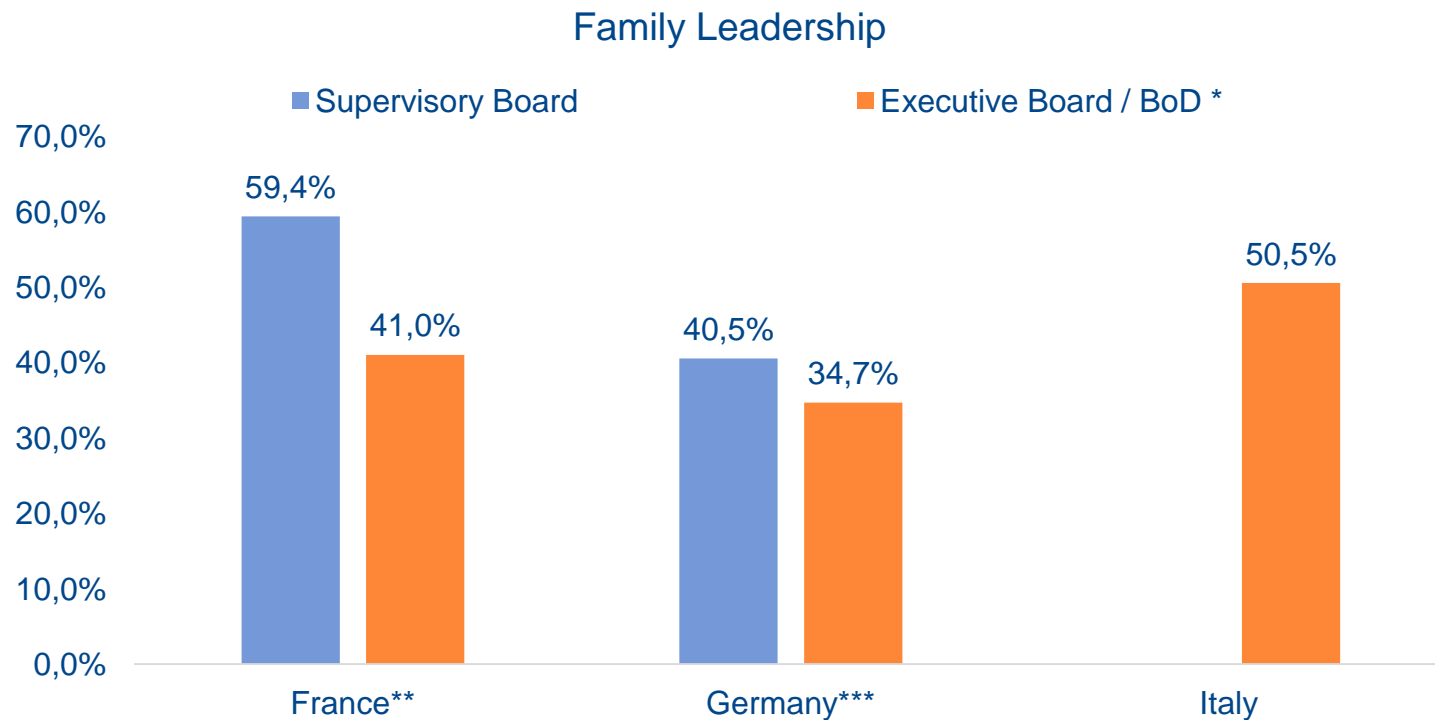
The leverage rate has reduced by 0.4 points in all three Countries, but in Italy it is 0.3 points higher than in France and 1 point higher than in Germany in 2018

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(*) Leverage rate = Total Assets / Equity (Source: Orbis).

The percentage of family leaders is high also in France and Germany

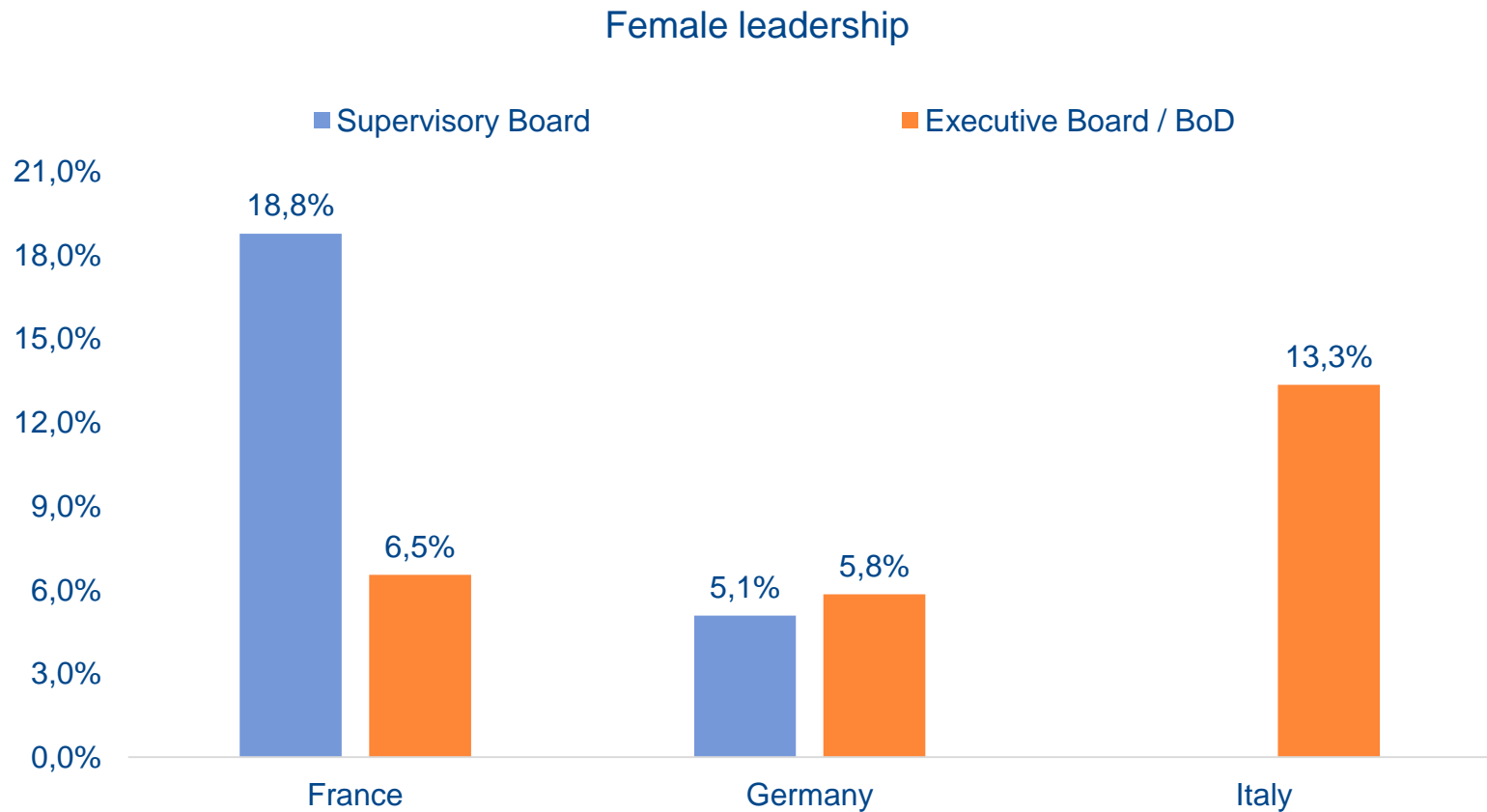


* The leader is either the CEO, when existing, or the Chairman

** N: 100 companies, of which 32 adopt the two-tier system (Source: Orbis)

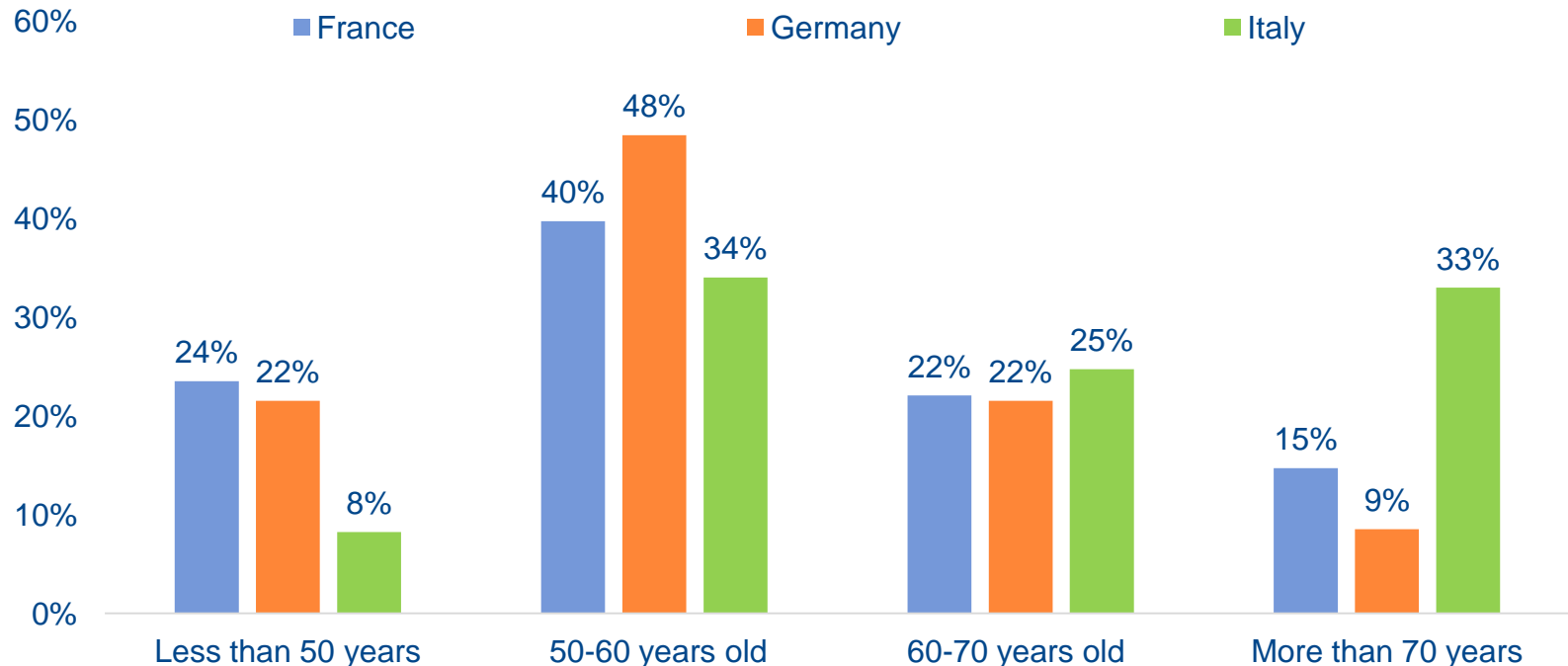
*** N: 92 companies, and all of them adopt the two-tier system (Source: Orbis).

As far as gender is concerned, Italy has a higher percentage of female leaders than France and Germany



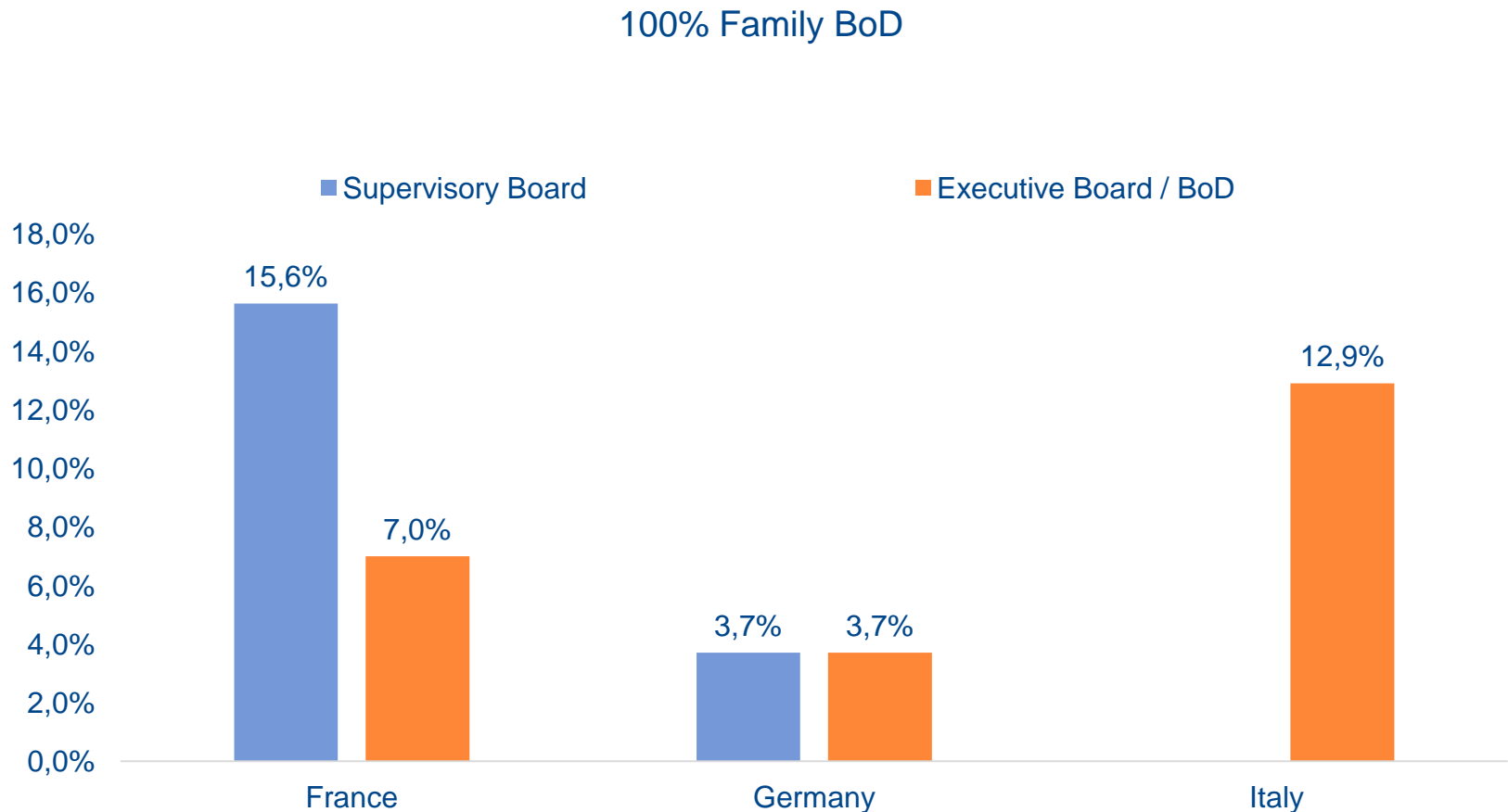
As far as the leader's age is concerned, the difference between BoDs in Italy, France and Germany is very remarkable

Average age of Executive Board / BoD leaders

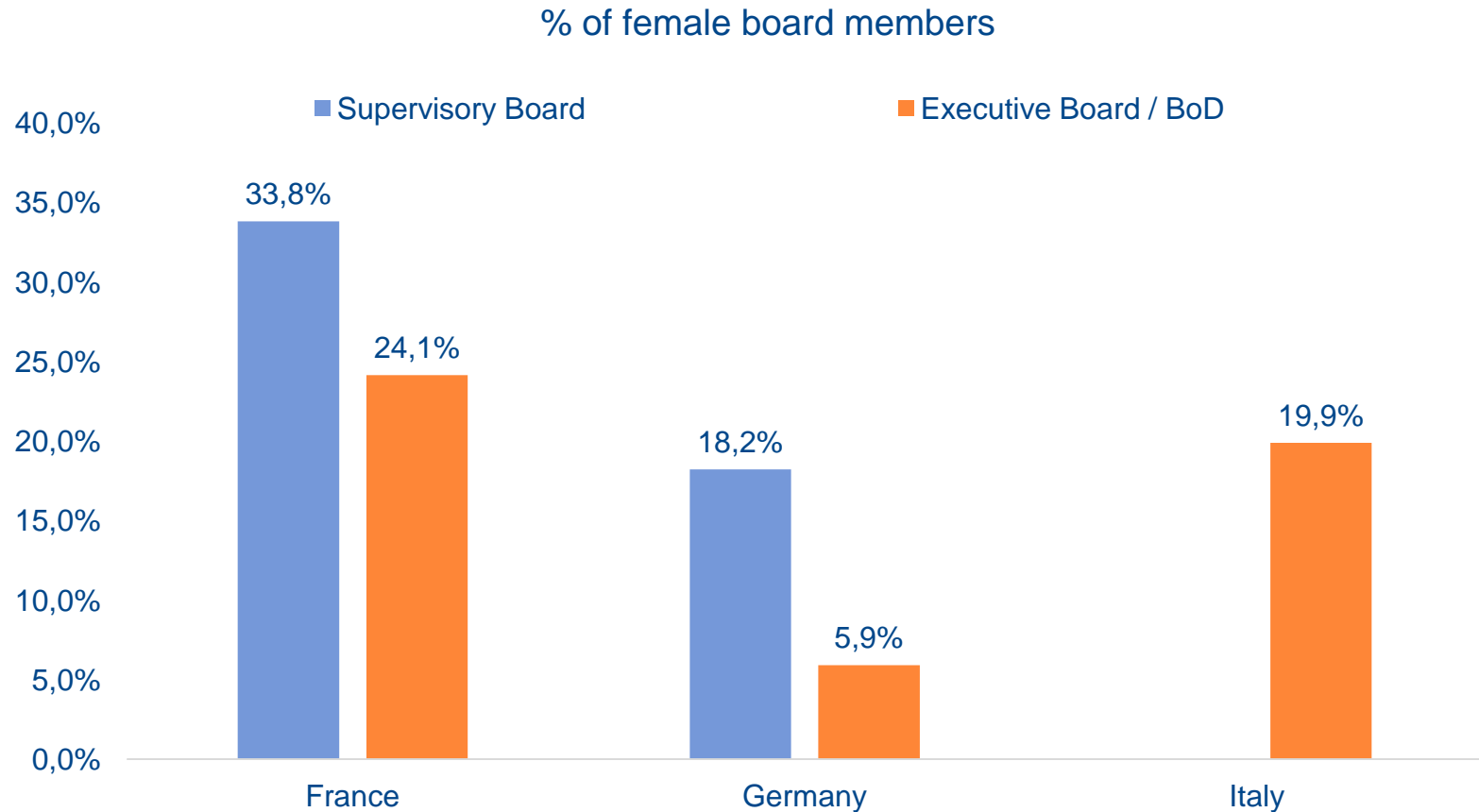


The percentage of 100% family BoD in Italy is not so high if compared with France and Germany

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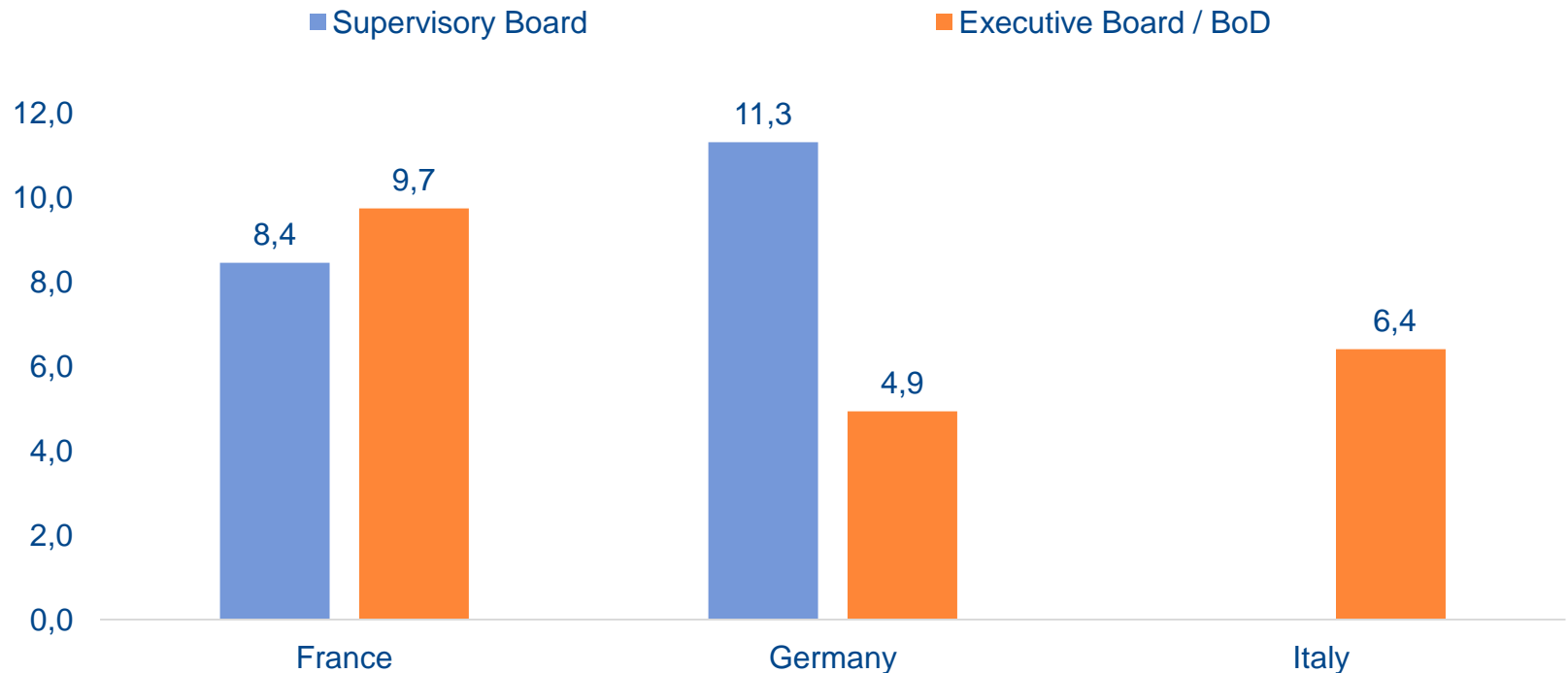


As far as gender is concerned, Italy has a higher percentage of female Board members than Germany, but it is still lower than France



As far as size is concerned, Italy has a lower average number of board members than France. Germany is a particular case due to the adoption of the two-tier system.

Average number of board members



Germany and Italy: a comparison of listed firms



Listed family firms with revenues > 20 mln € (without considering banks and insurance companies) in Italy and Germany

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OWNERSHIP STRUCTURE	ITALY		GERMANY	
	N	%	N	%
Family Firms	162	69.2%	236	51.0%
State Owned / Local Authorities	22	9.4%	12	2.6%
Branches of Foreign Companies	20	8.5%	142	30.7%
Coalitions	12	5.1%	1	0.2%
Controlled by Investment Funds / P.E.	11	4.7%	11	2.4%
Cooperatives and Consortia	3	1.3%	1	0.2%
Public Companies	3	1.3%	56	12.1%
Foundations	1	0.4%	4	0.9%
Total	234	100.0%	463	100.0%

The size of listed companies (both family and non family firms) in Italy and Germany

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SIZE CLASS	ITALY		GERMANY	
	N	%	N	%
> 10 bln	7	3.0%	44	9.1%
Between 1 and 10 bln	50	21.4%	88	18.1%
Between 100 mln and 1 bln	93	39.7%	205	42.3%
< 100 mln	84	35.9%	148	30.5%
Total	234	100.0%	485	100.0%

* Companies with revenues > 20 mln €

The size of listed family firms in Italy and Germany*

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SIZE CLASS	ITALY		GERMANY	
	N	%	N	%
> 10 bln	2	1%	14	6%
Between 1 and 10 bln	31	19%	35	15%
Between 100 mln and 1 bln	65	40%	111	47%
< 100 mln	65	40%	76	32%
Total	163	100%	236	100%

* Companies with revenues > 20 mln €

The revenues of listed companies* are equal to 68% of GDP in Germany, while in Italy they are roughly 31% of GDP

Ownership Structure	ITALY		GERMANY	
	<i>Bln €</i>	%	<i>Bln €</i>	%
Family Firms	258.7	49.1%	790.3	35.5%
Non Family Firms	268.6	50.9%	1,434.6	64.5%
Total	527.2	100.0%	2,224.8	100.0%
GDP	1,725.0		3,277.3	

* Companies with revenues > 20 mln €

The 10 largest listed companies in Italy and Germany

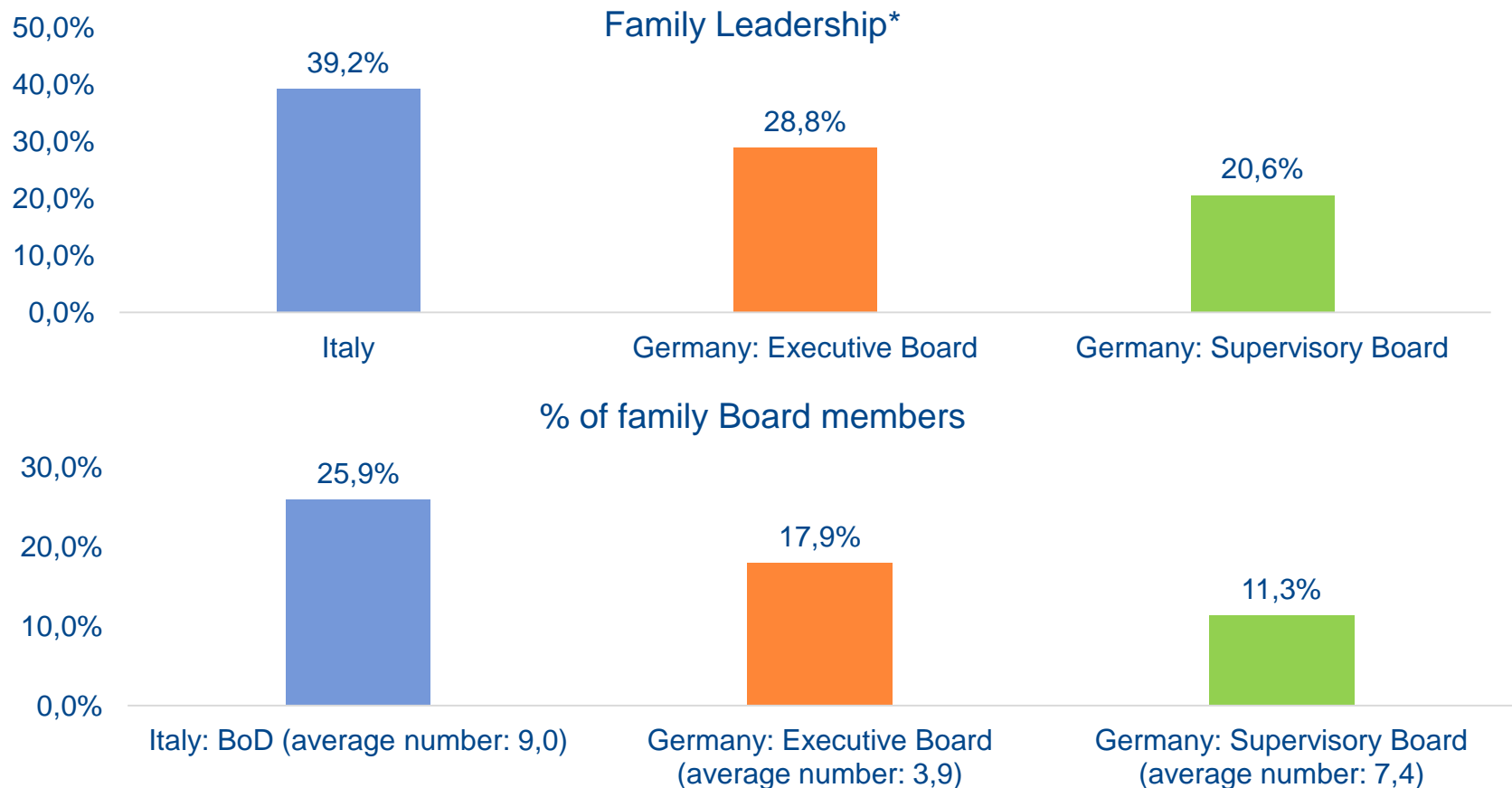
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	ITALY			GERMANY		
N	NAME	REVENUES*	F / NF	NAME	REVENUES*	F / NF
1	EXOR S.P.A.	F	143.2	Volkswagen AG	F	243.7
2	ENI S.P.A.	NF	75.8	Daimler AG	NF	169.6
3	ENEL - SPA	NF	73.1	Bayerische Motoren Werke Aktiengesellschaft	F	98.0
4	TELECOM ITALIA SPA O TIM S.P.A.	NF	18.9	Uniper SE	NF	84.5
5	LEONARDO - SOCIETA' PER AZIONI	NF	12.0	Siemens AG	NF	83.4
6	SARAS S.P.A.	F	10.3	Deutsche Telekom AG	NF	76.9
7	PRYSMIAN S.P.A.	NF	10.1	Basf SE	NF	68.1
8	LUXOTTICA GROUP SPA	F	8.9	Deutsche Post AG	NF	62.9
9	SAIPEM S.P.A.	NF	8.5	Audi AG	F	60.7
10	POSTE ITALIANE - SOCIETA' PER AZIONI	NF	7.0	RWE AG	NF	49.3

* Revenues are expressed in bln €

The family involvement in the governance structure between the two countries is closer than that found in other researches

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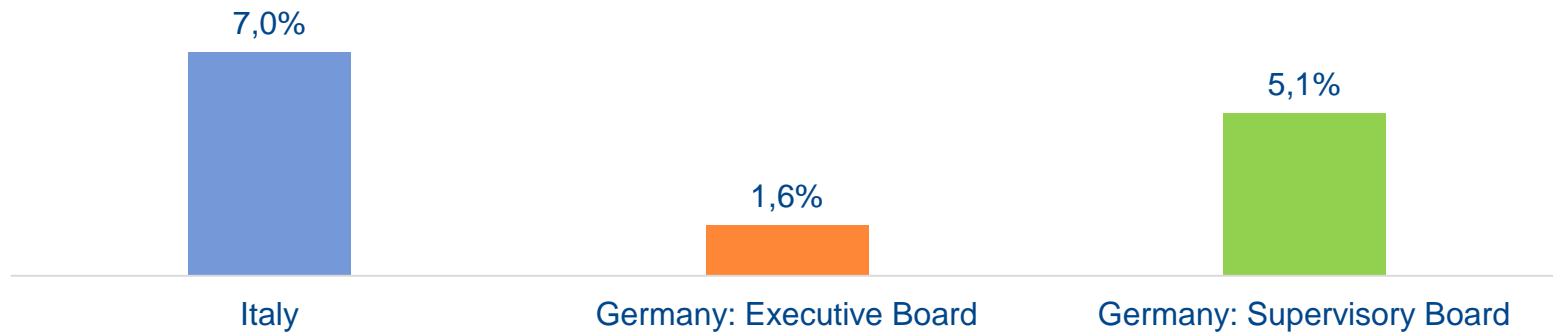


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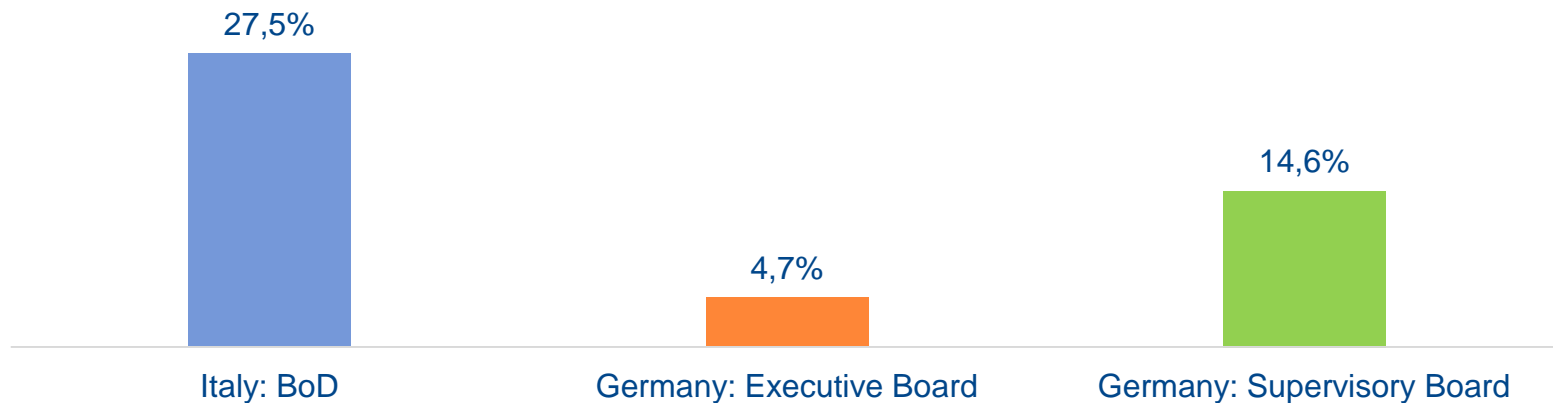
As far as **gender equality** is concerned, **Italy is ahead of Germany**

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Female Leadership

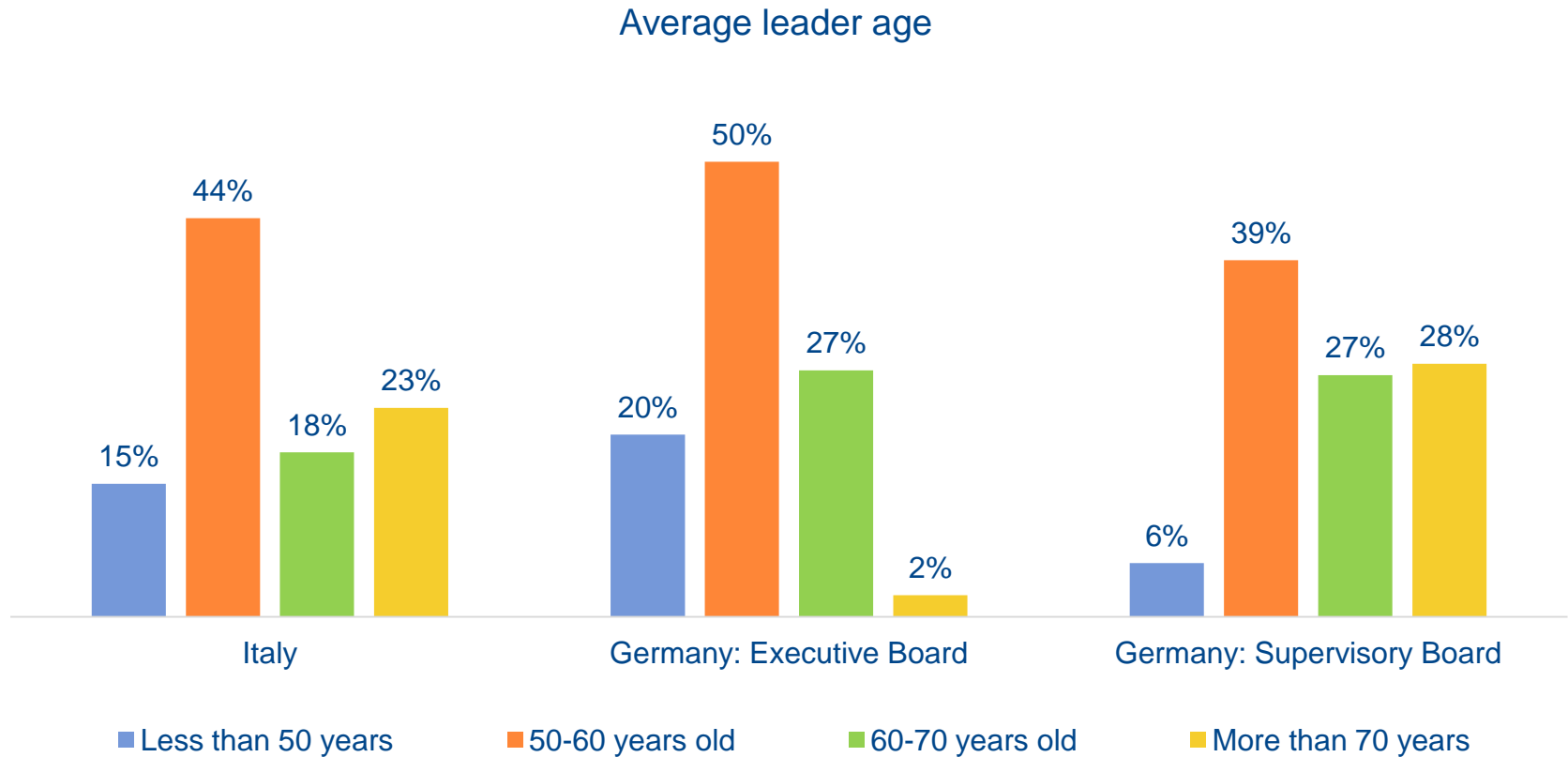


% of female board members

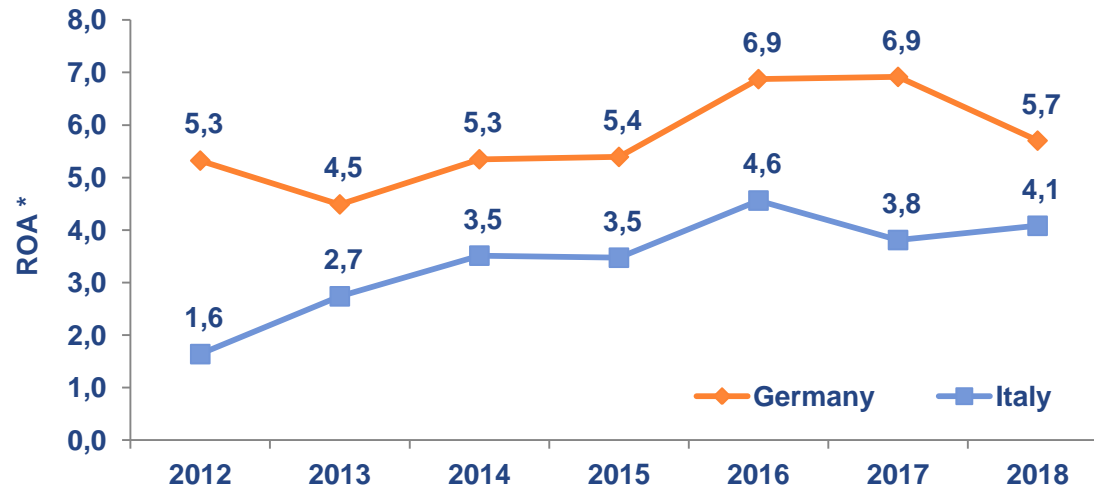
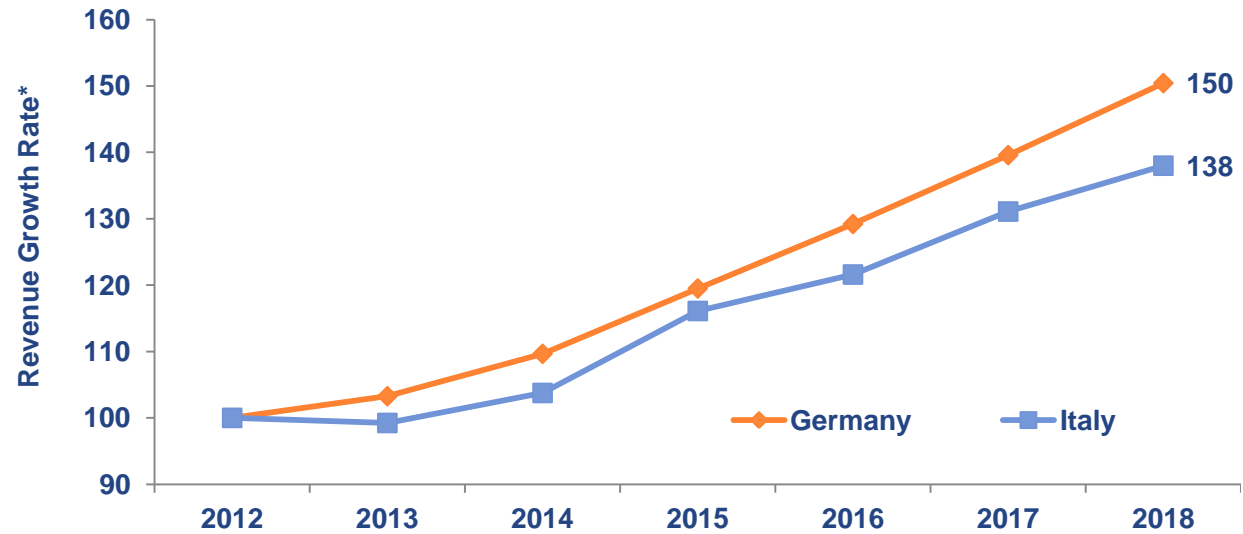


As far as age is concerned, the difference between Italian and German BoDs is very remarkable

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The revenues of German family firms have grown at higher rates than those of Italian family firms

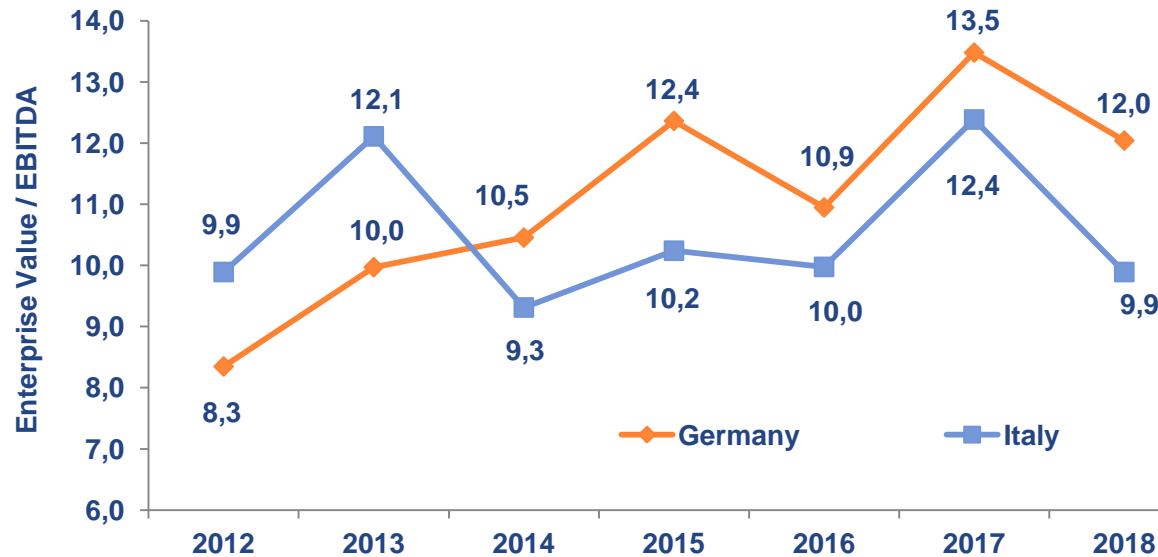
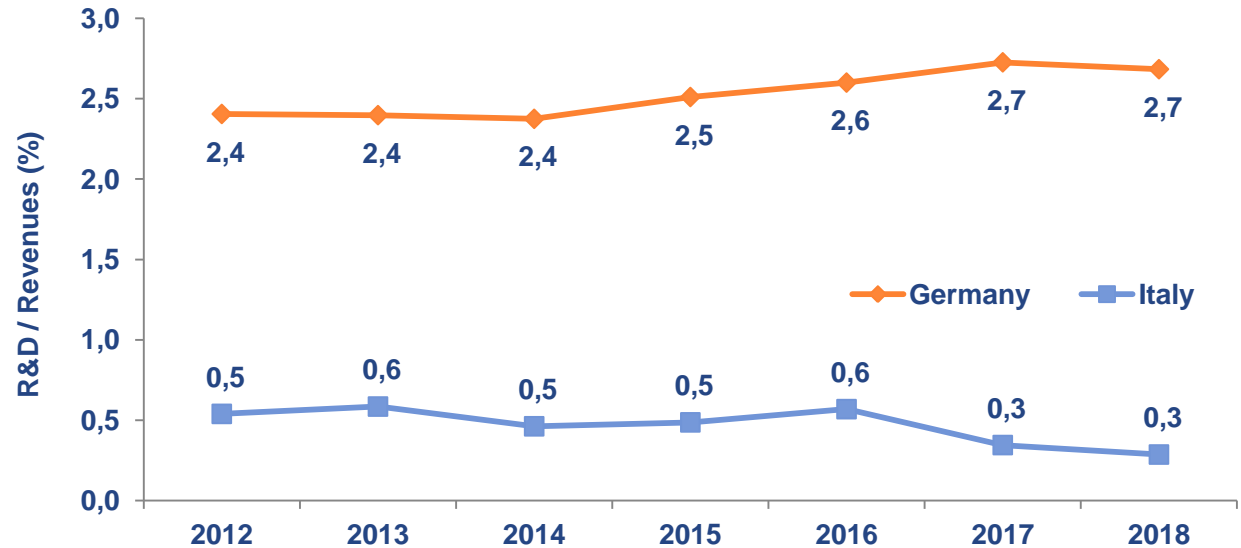


The gap of Return on Assets between Germany and Italy, though, has reduced by half

(*) Cumulative growth in base 100 (year 2012) measured on the «operating revenue» (Source: Orbis).

(**) ROA: Profit/Loss before tax / Total assets (Source: Orbis).

R&D expense of German family firms are almost 10 times those of Italian family firms



On the other hand, the multiples of Italian family firms are far more interesting

A background image showing several chess pieces, including a king, queen, and pawns, on a checkered board. The image is dimly lit and has a blue tint, with the text overlaid on the left side.

Bocconi Foreign Direct Investments*

* Branches of foreign companies have been excluded from the population of Italian firms with revenues > 20 mln

The Foreign Direct Investments (FDIs) undertaken by firms in the AUB Observatory **reduced their number by 6.6% but increased their total value by 63.2%**

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Italian subsidiaries in foreign companies	AUB Observatory VIII edition	AUB Observatory XI edition*
FDIs	25,933	24,228
Revenues generated in foreign countries (referring only to FDIs with shares > 50%)	363.7 (bln €)	593.4 (bln €)

*Foreign Direct Investments are holdings in which Italian firms own **more than 10%** of the shares of the foreign company. Branches of foreign companies have been excluded, as well as holdings in mono-business groups and subsidiaries of multi-business groups.*

() In this edition the Exor group has not been included, because it is no longer considered in major Italian databases*

Family firms with the highest number of FDIs

N	NAME	N° FDIs
1	DE AGOSTINI	245
2	SALINI IMPREGILO	236
3	BUZZI UNICEM S.P.A.	221
4	AUTOGRILL	181
5	ALI HOLDING	163
6	TRASPORTI INTERNAZIONALI AGENZIA MARITTIMA SAVINO DEL BENE	137
7	TREVI FINANZIARIA INDUSTRIALE	119
8	LUXOTTICA GROUP	116
9	S.E.C.I. SOCIETA' ESERCIZI COMMERCIALI INDUSTRIALI S.P.A.	115
10	AMPLIFON	112
11	ILLVA SARONNO HOLDING S.P.A.	111
12	A. MENARINI - INDUSTRIE FARMACEUTICHE RIUNITE - S.R.L.	108
13	MEDIASET S.P.A.	105
14	D'AMICO SOCIETA' DI NAVIGAZIONE S.P.A.	100
15	COESIA S.P.A.	93
16	PRADA SPA	92
17	ASTALDI S.P.A.	89
18	REPLY S.P.A.	87
19	DANIELI & C. OFFICINE MECCANICHE SPA	86
20	MAPEI S.P.A.	85

Family firms of medium-large size have a stronger tendency towards internationalization compared to the smaller ones

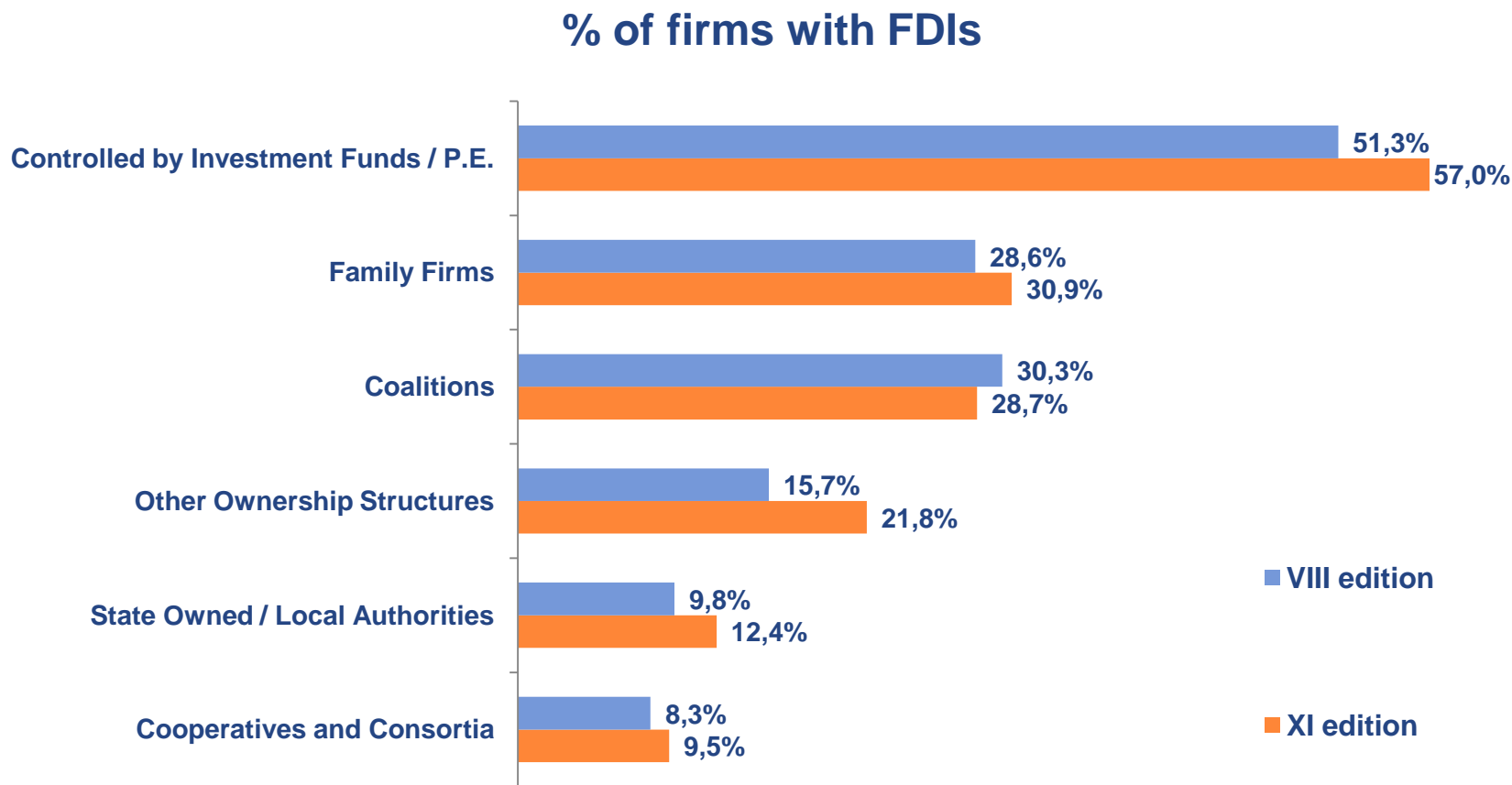
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Family Firms	N. Firms with FDIs	N. Firms Total	% of firms with FDIs
Revenues 20-50	1,237	5,411	22.9%
Revenues 50-100	634	1,706	37.2%
Revenues 100-250	425	799	53.2%
Revenues >250	274	405	67.7%
Total	2,570	8,321	30.9%

* Branches of foreign companies have been excluded from the population of non family firms

Companies controlled by Private Equity funds are the most internationalized, with an upward trend

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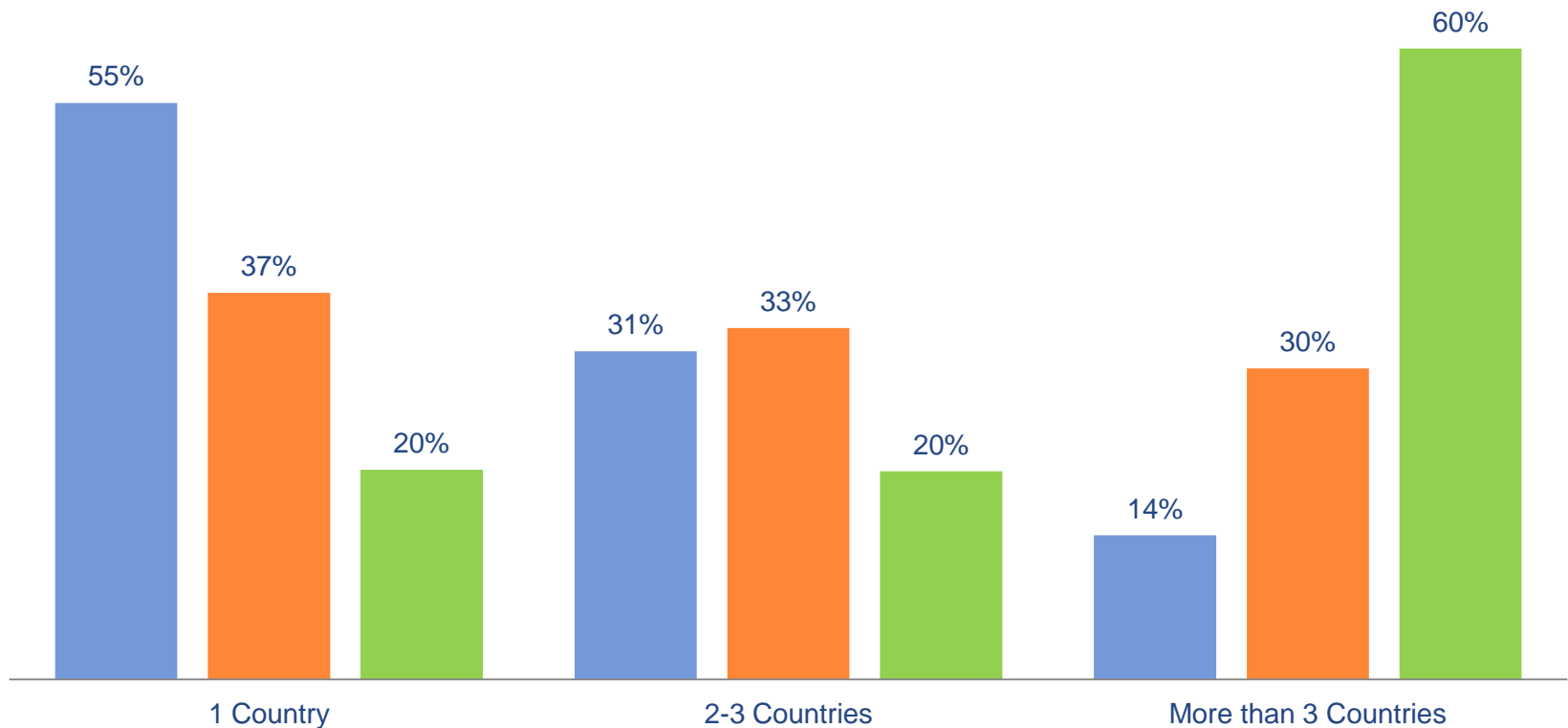


(*) Firms controlled by Banks / Insurance Companies + Public Companies + Foundations

Larger companies are able to expand in more Countries than smaller firms

■ Sales between 20-50 mln € ■ Sales between 50-100 mln € ■ Sales over 100 mln €

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Roughly **3/4** of about **24 thousand FDIs** tracked by the AUB Observatory have been undertaken by family firms

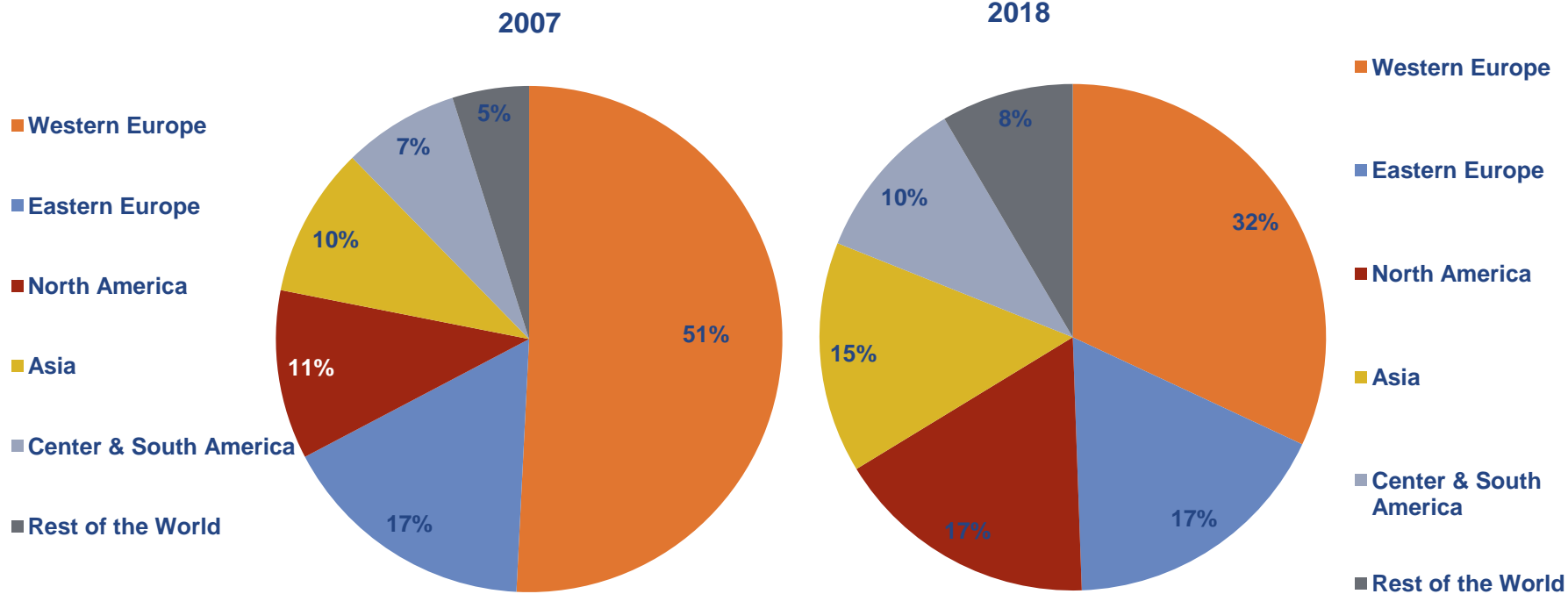
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Ownership structure	20-50		50-100		> 100		Total	
	N	%	N	%	N	%	N	%
Family Firms	3,450	83.8%	2,773	85.3%	12,225	72.5%	18,448	76.1%
State Owned / Local Authorities	16	0.4%	14	0.4%	2,017	12.0%	2,047	8.4%
Controlled by Investment Funds / P.E.	187	4.5%	294	9.0%	828	4.9%	1,309	5.4%
Controlled by Banks / Insurance companies	62	1.5%	0	0.0%	923	5.5%	985	4.1%
Coalitions	346	8.4%	132	4.1%	306	1.8%	784	3.2%
Cooperatives and Consortia	41	1.0%	37	1.1%	277	1.6%	355	1.5%
Other ownership structures*	15	0.4%	0	0.0%	285	1.7%	300	1.2%
Total	4,117	100.0%	3,250	100.0%	16,861	100.0%	24,228	100.0%

(*) Public companies + foundations.

Starting from 2007 family firms' FDIs in Western Europe have reduced by 20 points, and they have grown in other areas of the World

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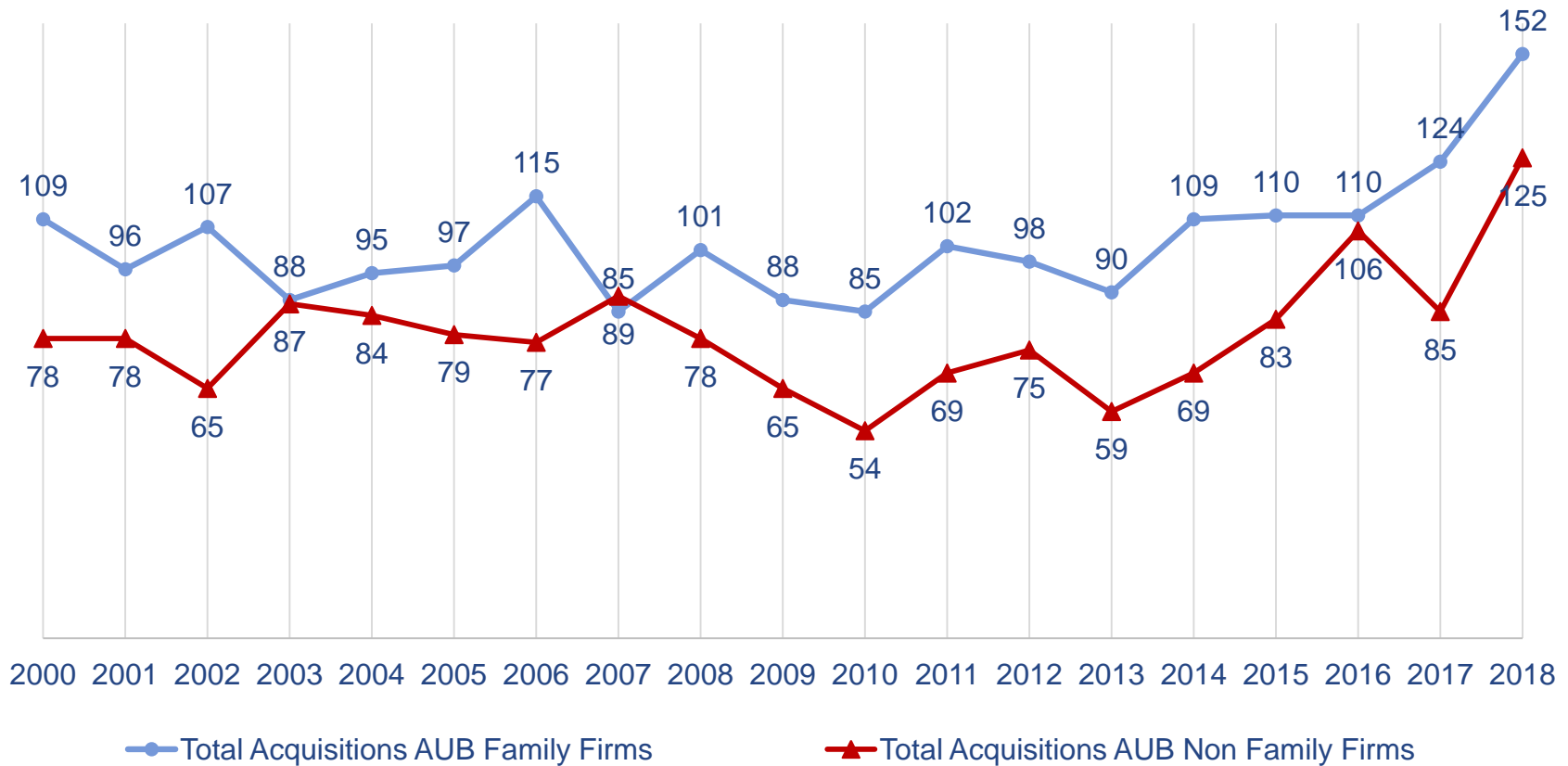
Acquisitions



The acquisitions undertaken by AUB family firms confirm their strong growth

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Comparison between Family Firms and Non Family Firms



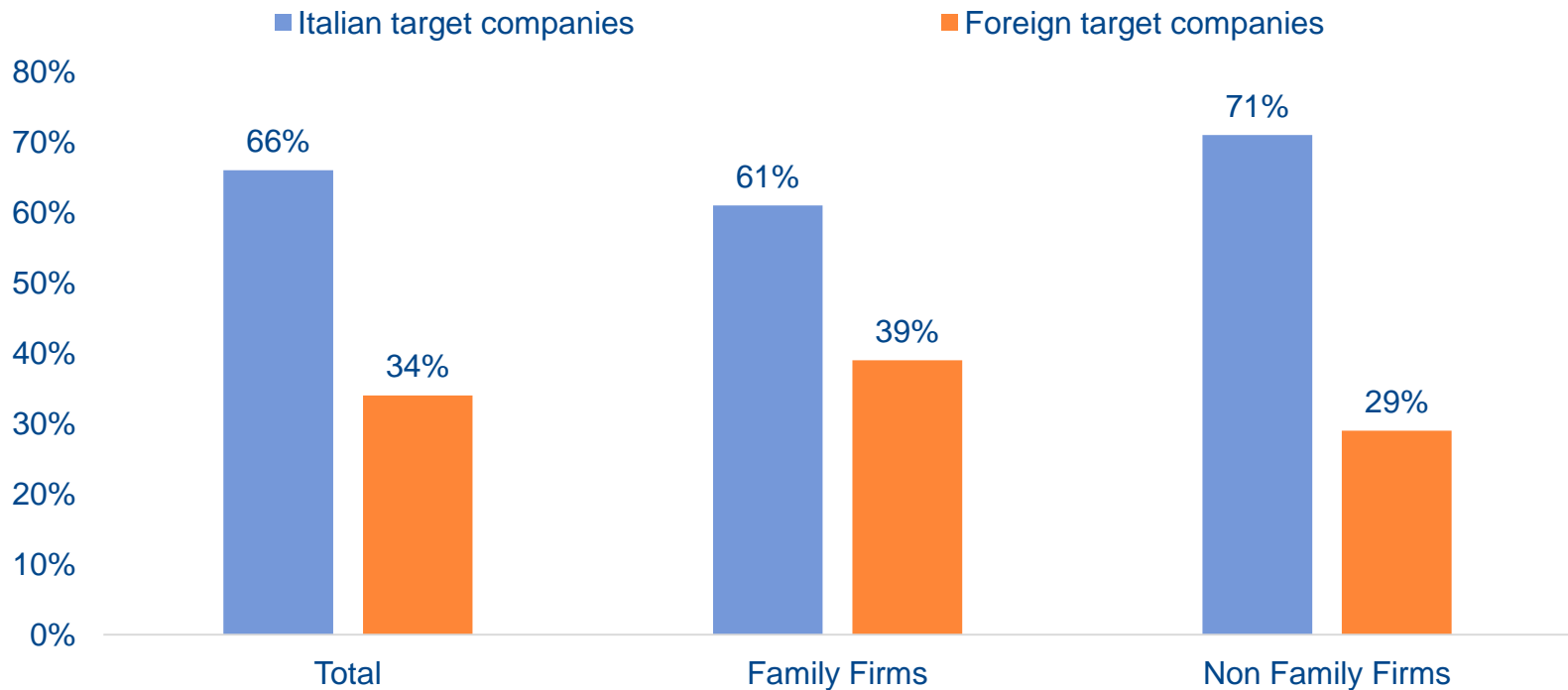
Family firms with the highest number of acquisitions

	Years 2009-2013		Years 2014-2018	
N	NAME	N. ACQUISITIONS	NAME	N. ACQUISITIONS
1	TERNIENERGIA SPA	22	INTERPUMP GROUP SPA	11
2	REPLY SPA	10	ZUCCHETTI GROUP SPA*	11
3	LUXOTTICA GROUP SPA	8	CRIF SPA	10
4	DAVIDE CAMPARI-MILANO SPA	8	VIASAT GROUP SPA	8
5	CRIF SPA	7	ARNOLDO MONDADORI EDITORE SPA	8
6	GRUPPO WASTE ITALIA	6	GPI SPA	8
7	EXPRIVIA SPA	6	LUIGI LAVAZZA SPA	7
8	IMA INDUSTRIA MACCHINE AUTOMATICHE SPA	4	IMA INDUSTRIA MACCHINE AUTOMATICHE SPA	6
9	UVET VIAGGI TURISMO SPA	4	ASSITECA SPA	6
10	INTERPUMP GROUP SPA	4	ERG POWER GENERATION SPA	6
11	SOFIDEL SPA	4	TERNIENERGIA SPA	5
12	MEDIOLANUM FARMACEUTICI SPA	4	VAR GROUP SPA	5
13	NICE SPA	4	UVET VIAGGI TURISMO SPA	5
14	AMPLIFON SPA	4	REPLY SPA	5
15	ERMENEGILDO ZEGNA HOLDITALIA SPA	4	LUXOTTICA GROUP SPA	5

* It Includes acquisitions made by the subsidiary "Zucchetti Centro Sistemi SpA".

Family firms tracked by the AUB Observatory made more foreign acquisitions compared to non family firms

Localization of target companies



Family firms of medium-large size have a stronger tendency towards acquisitions compared to smaller ones

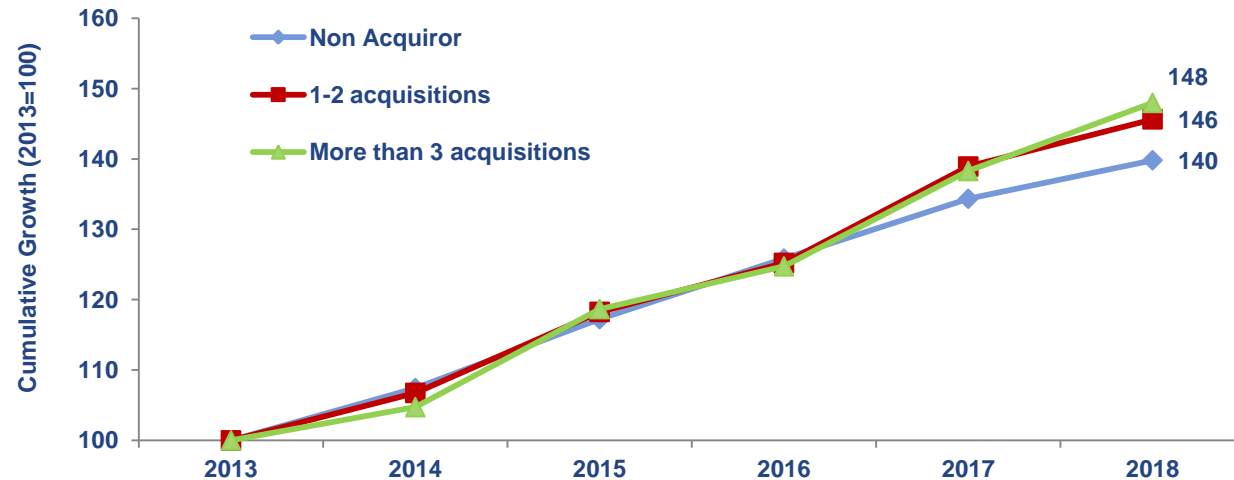
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Family Firms Over 20	N. Acquiring Companies	N. Companies	% Acquiring Companies	N. Deal	Average N. Deal
Revenues 20-50	135	6,504	2.1%	218	1.6
Revenues 50-100	171	2,448	7.0%	343	2.0
Revenues 100-250	205	1,351	15.2%	463	2.3
Revenues >250	260	775	33.5%	937	3.6
Total	771	11,078	7.0%	1961	2.5

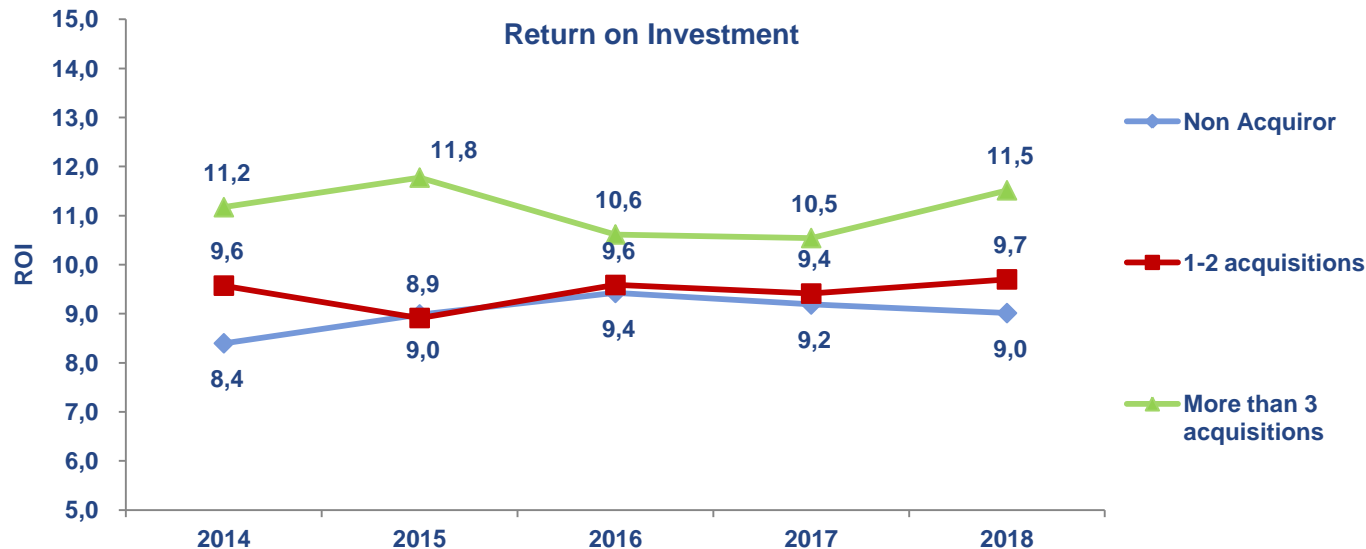
* It includes acquisitions aiming to acquire more than 50% of the target's equity capital and 100% acquisitions in joint ventures.

Companies who made more than 1 acquisition have grown more and are more profitable

Revenue Growth Rate



Return on Investment



(*) Only family firms who made acquisitions in the last 5 years were considered.

Methodological Note



Companies were classified as family businesses 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 satisfies one of the two criteria stated above

In case of monobusiness groups:

Parent companies were considered if:

- i) the company is a financial holding company;
- ii) there is only one relevant (operating) subsidiary with revenues exceeding 20 million €);
- iii) the consolidation area of the controlling company substantially equals the dimension of the larger controlled firm.

In case of inclusion of the parent company in the list, all subsidiaries have been excluded from the analyses, both on the first level and on subsequent levels.

In case of multibusiness groups:

- Parent companies have been excluded (in many cases financial holding companies).
- Operating subsidiaries from the second level of the control chain have been included.
- Financial holding companies on the second level (sub-holding, identified through the 2007 ATECO code) were included in the following cases:
 - i) if companies controlled by them by at least 50% and with revenues higher than 20 million € operate in the same industry;
 - ii) if there is only one company, controlled by at least 50% and with revenues higher than 20 million €.
- Controlled firms at third and higher levels of the control chain were excluded from the analysis, since information about them is already comprised in the consolidated balance-sheets of the second-level controlling companies.

Data and information about the governing bodies and firm leaders was collected through the encoding of the “Company Profile”- an official filing registered at the Italian Chamber of Commerce (Source: Chamber of Commerce, Industry, Agriculture and Artisanhip of Milan).

For this reason, it was necessary to make some methodological choices to guarantee the analyzability of the data:

- The “familiarity” all Board of Directors’ members has been detected based on the affinity with the family name of the controlling owner. As a matter of fact, data could be slightly underestimated.
- It was only possible to partially mitigate the underestimation problem in case of spouses who share the controlling owner’s permanent address.
- The same methodology was used to assess the “familiarity” of the shareholders.