UNIONCAMERE EMILIA-ROMAGNA

Meeting with the INTERNATIONAL MONETARY FUND

Introducing strengths and weakness of Italian businesses

Bologna
12th, November 2013

Guido Caselli - Matteo Beghelli, Centre for Economic Research, Unioncamere Emilia-Romagna

Unioncamere Emilia-Romagna

Who we are, What we do

Unioncamere Emilia-Romagna is the Regional Association of the Chambers of Commerce of Emilia-Romagna: we bring together all nine Chambers of our region (Bologna, Ferrara, Forlì-Cesena, Modena, Parma, Piacenza, Ravenna, Reggio Emilia and Rimini).

Our aim is the promotion of the region's economic strength, in cooperation with all local policy-makers.

We:

- **provide institutional representation of Chambers;**
- **coordinate the activities of the Chambers;**
- **we analyze and monitor the regional economy.**

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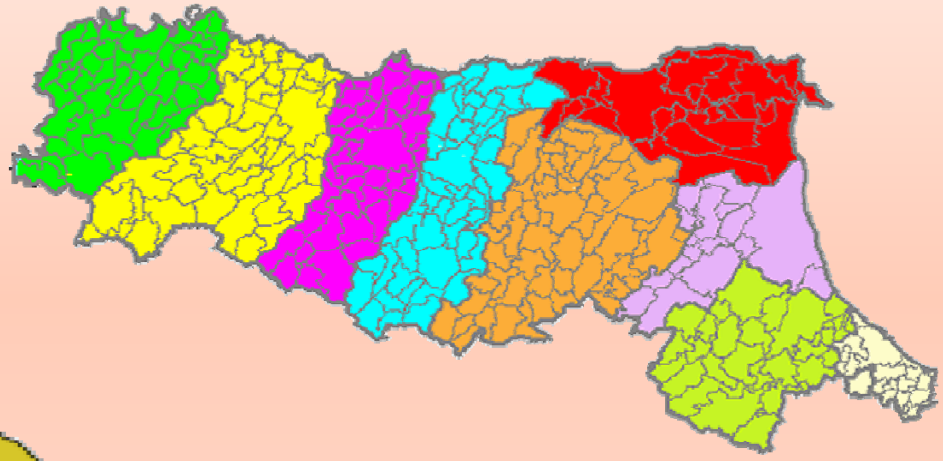
Italy and Emilia-Romagna region



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Regional Economy

	Italy	Emilia-Romagna	E.R./ Italy
Population	59.773.117	4.384.458	7,3%
Active Businesses	5.199.030	420.537	8,1%
GDP (€ mn)	1.579.659	140.943	8,9%
p.c. GDP (€)	26.002	31.689	121,9%
Active population (15-64)	64,1%	73,5%	114,7%
Unemployment rate	12,2%	8,2%	70,7%
Export Value (€ mn)	389.726	49.462	12,7%

Data source: Unioncamere Emilia-Romagna , Centre for Economic Research on Tagliacarne institute gross data

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Regional Economy

The structure of our economy: the weight of the macro-sectors (added value)

	Emilia-Romagna		Italy		E.R. / Italy
	€ millions	relative weight	€ millions	relative weight	
Agriculture	2.900	2,30%	27.655	2,00%	10,50%
Industry	37.941	30,10%	349.413	24,70%	10,90%
Services	85.231	67,60%	1.036.480	73,30%	8,20%
Total Added Value	126.072	100,00%	1.413.548	100,00%	8,90%

Data source: Unioncamere Emilia-Romagna , Centre for Economic Research on Tagliacarne institute gross data

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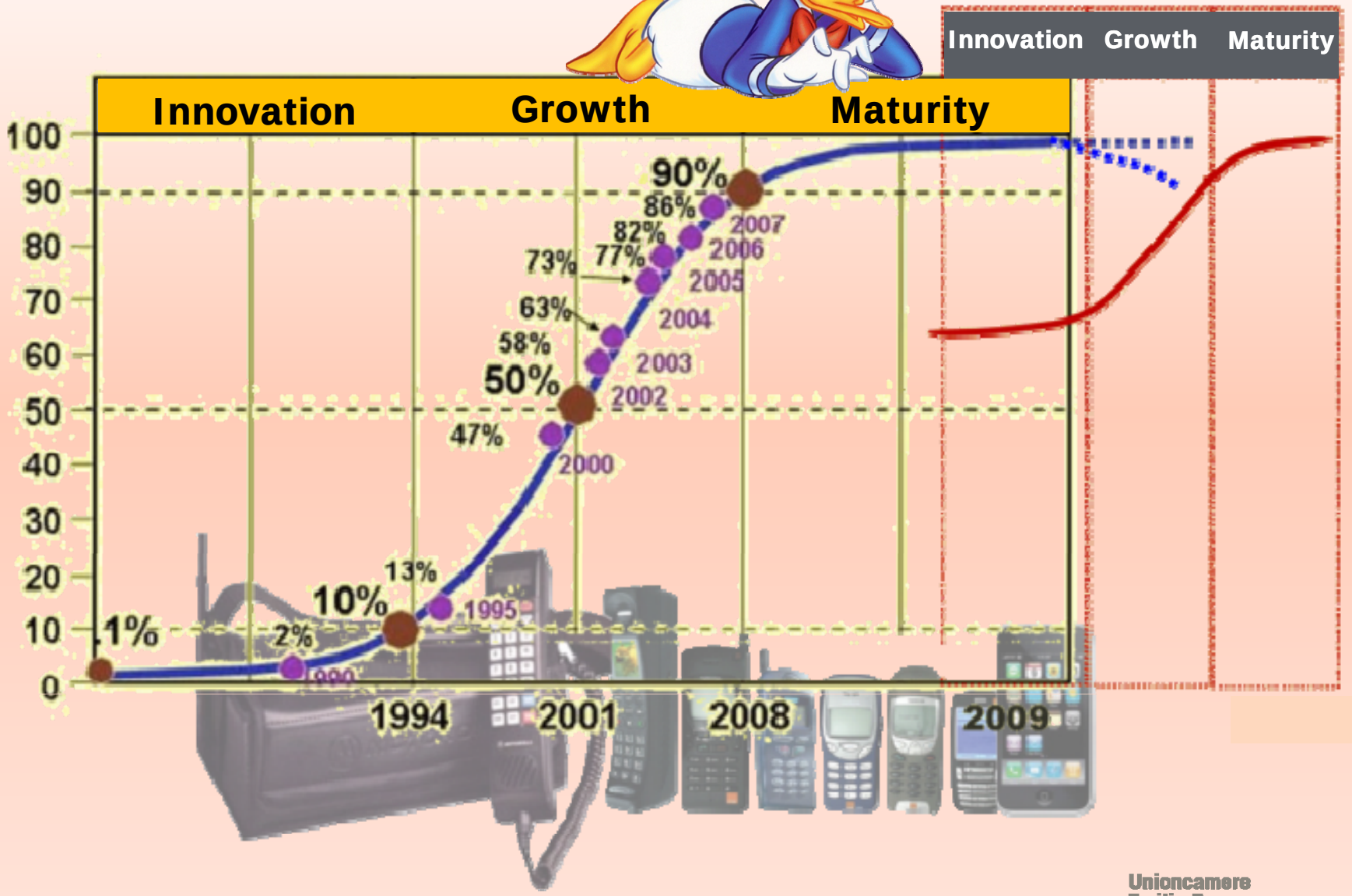
The S-shaped curve of our region



Innovation Growth Maturity

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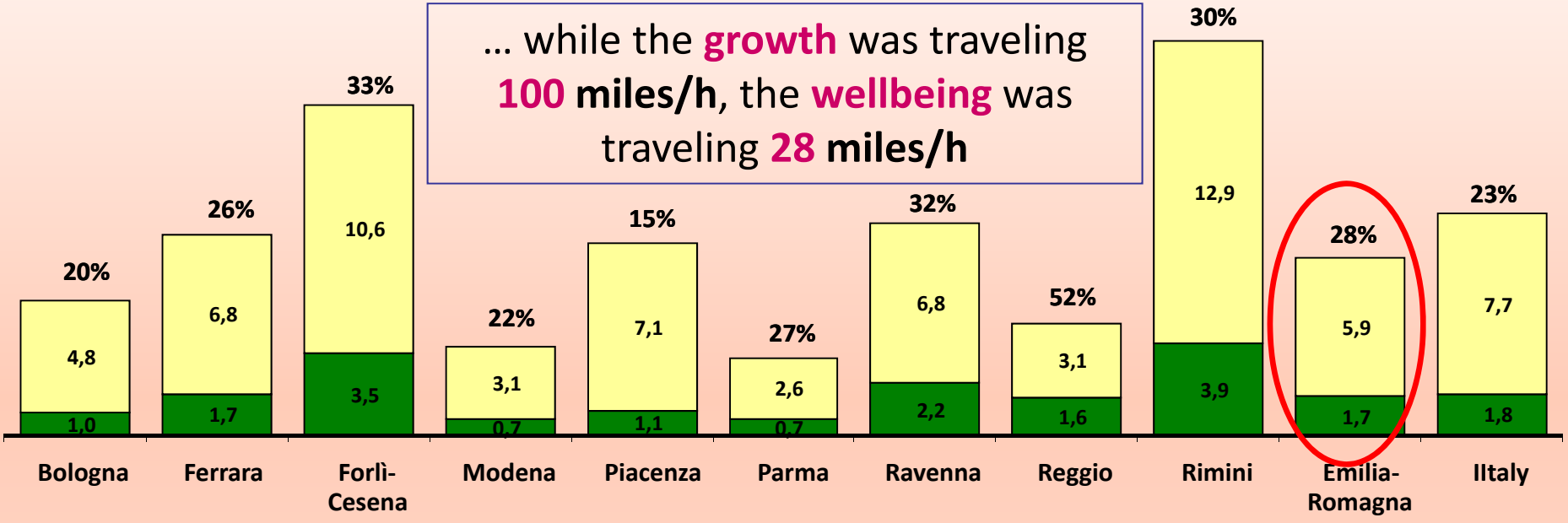
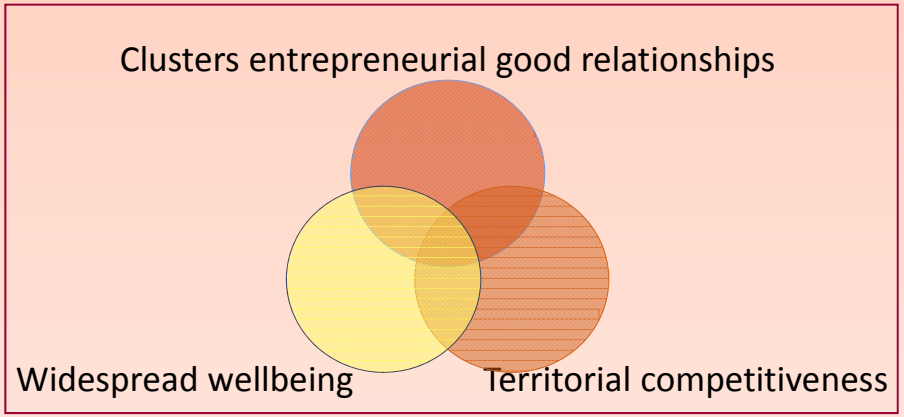
The virtuous circle is weakening

… while the **growth** was traveling **100 miles/h**, the **wellbeing** was traveling **28 miles/h**





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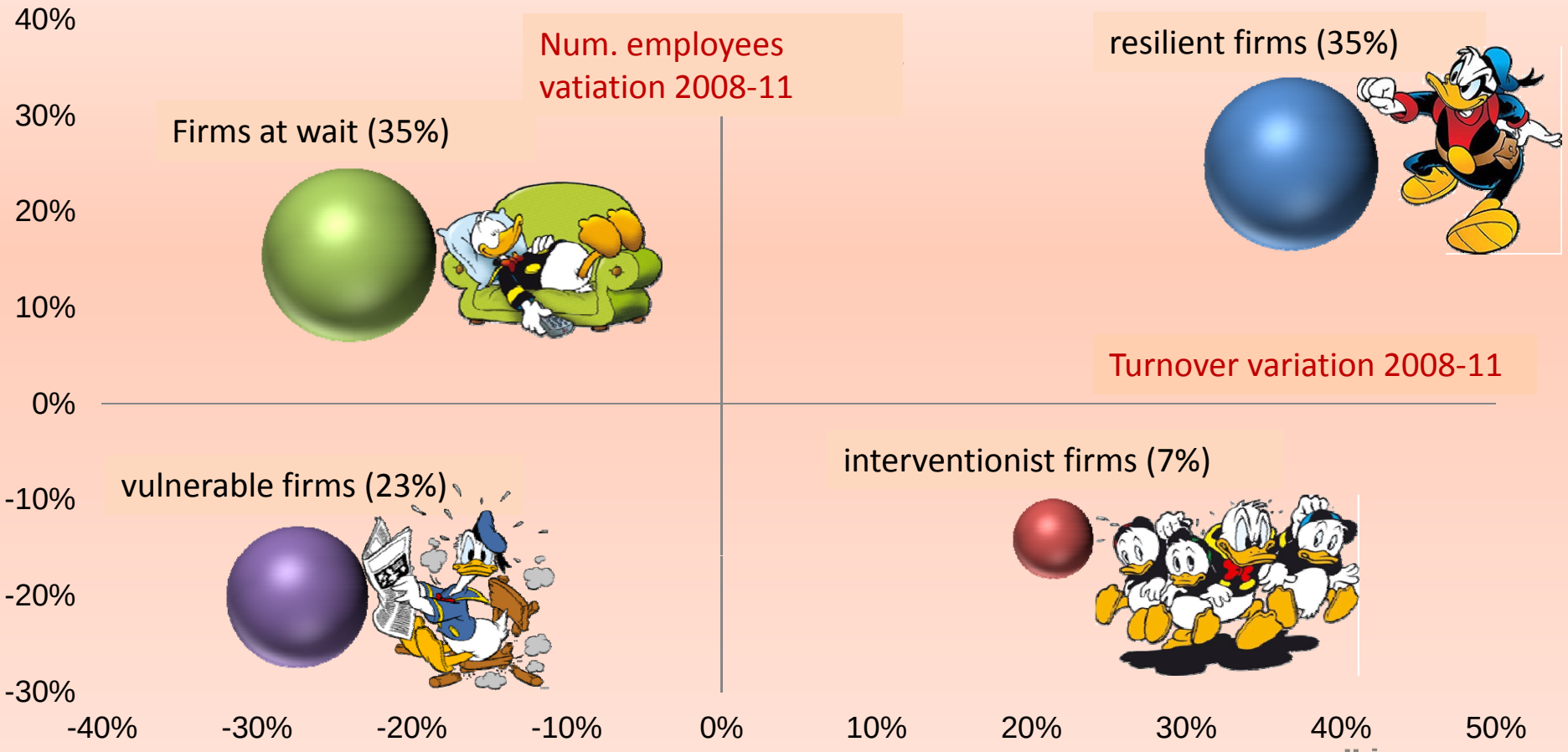
Resilient and vulnerable firms

Joint-stock companies classified by economic results and employment change (period 2008-2011)



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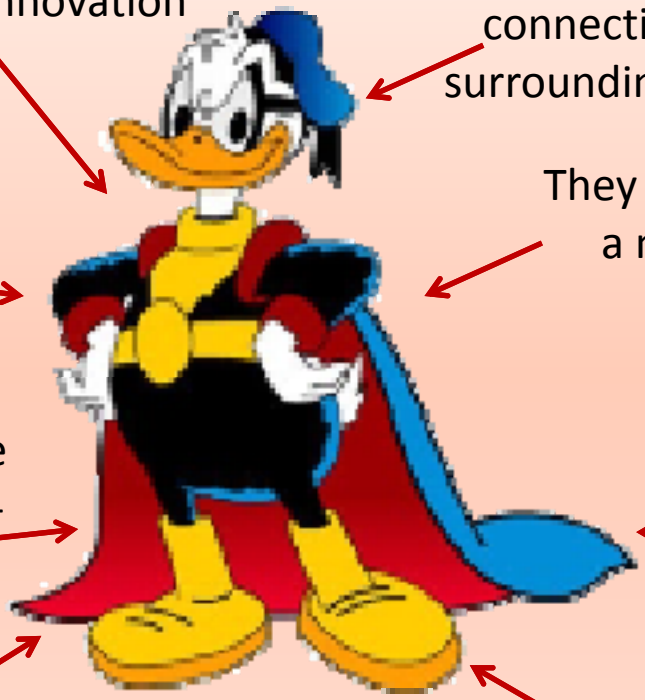
Identikit of the resilient firms



They Invest in organizational innovation

They have strong connection with the surrounding community

They Invest in training for employees

They have a vision and follow a medium-to-long term strategies

They invest to improve the business climate, the well-being of employees

They employ more graduates

Their ownership is younger

They have more female employees

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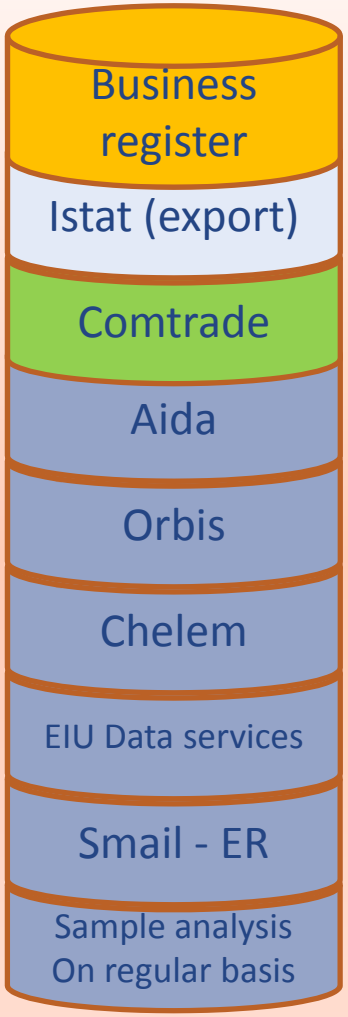
How we have identified these features

Databases:



Data available:

Data of all Italian firms

Import – export data for every Italian province

Import – export data for all countries about 5.000 products

Balance sheets for all Italian (joint-stock) firms

Balance sheets for more than 100 millions firms of the world

Shareholding about firms from all over the world

Country reports with economic indicators and forecasts

Social security contribution info for every employee

Firms habits: credit supply, innovation & ICT, internationalization

Indentify the distinctive competences for the territory

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Design export policies for different sectors

Compare business structure and export performances

STRONG SECTOR TO CONSOLIDATE

Few firms but export-oriented. Drivers for new subcontracting chains?

		BUSINESS STRUCTURE		
		STRONG	AVERAGE	WEAK
EXPORT	STRONG	mechanics for general use; Ceramics; Clothing; mechanics for agriculture; Other mechanics for special applications; Appliances for household	Other metal products, dairy products, tubes, pipes, hollow profiles and related accessories in steel	Other food products Wiring devices
	AVERAGE	Plastic products Processed and preserved meat and meat products	Parts and accessories for motor vehicles and their engines, motors, generators, transformers, App for electricity distribution; made garments; Beverages; Commodity Chemicals	Soaps and detergents; Machine tools; electronic products, Fabrics, Paints, varnishes, Luggage, handbags, Pulp, paper, Tanks, containers of metal; Vehicles; measuring instruments; Footwear
	WEAK	Metal made construction elements	Prod. of wood, cork, bakery and farinaceous products; Prod. of the press; Articles of paper and paperboard; furniture; live animals; Other Electrical Equipment, Concrete Productions, Cutlery, prod. of agricultural crops Electronic components; Prod. feeding anim	

Sectors to promote on the international markets

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1) Check the competitiveness of a specific product: pumps and compressors

1. MARKETS ALREADY IMPORTANT FOR ITALIAN EXPORTS OF THE PRODUCT

variation of italian export

MARKETS TO DEFEND	MARKET TO INVEST
Germany, United Kingdom, Austria, Belgium, Saudi Arabia, Sweden	China, India, Brazil, Turkey, United Arab Emirates, South Africa, Slovakia
AT RISK MARKETS	**PUZZLING MARKETS**
France, Spain, Hungary, Switzerland, Egypt	United States, Russia, Netherlands, Poland, Australia, Iran, Algeria

variation of World export

2. BIG MARKETS FOR THE PRODUCT WHERE ITALY IS ABSENT

DECREASING	GROWING
South Korea, Japan, Singapore	Canada, Mexico, Thailand, Indonesia, Czech Republic

3. EMERGING MARKETS TO INVEST IN

Malaysia, Argentina, Colombia, Denmark, Finland ,Hong Kong, Venezuela, Norway

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…detailed country raports

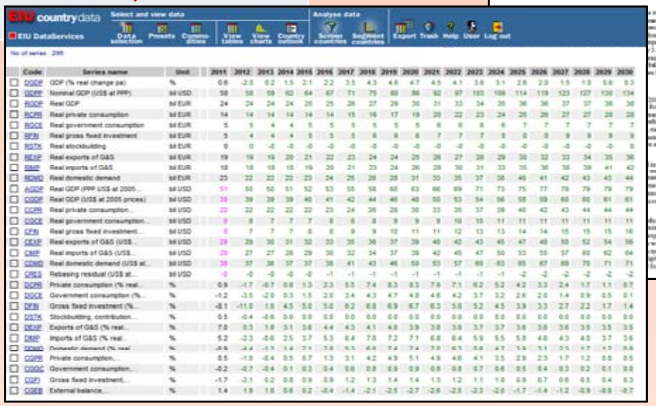
1. Through the world import-export data is possible to assess the degree of exportability of a product
2. Through some balance-sheet indicators (only for joint-stock companies) you can assess the sustainability of overseas activity for the firm
3. Through the dynamics of world exports is possible to drop the map of the competitiveness

MARKETS TO DEFEND	MARKETS TO INVEST
Francia Belgio Repubblica Ceca	Germania Svizzera **Serbia**
AT RISK MARKETS	**AT RISK MARKETS**
Stati Uniti Russia Regno Unito Paesi Bassi Polonia Spagna Grecia Svezia Danimarca Norvegia	Canada

Economist Intelligence Unit

Country Outlook: Serbia

September 2012



4. Detailed country reports with useful commercial information

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2) map the competition

Rank	Company name	Country	Turnover	Evaluation Class
1.	PERNOD RICARD SA	FR	7.764.000	BB
2.	LION PTY LTD	AU	3.739.568	B
3.	D.E MASTER BLENDERS 1753 N.V.	NL	2.601.556	
4.	YIBIN WULIANGYE CO., LTD.	CN	2.299.713	A
5.	CONSTELLATION BRANDS, INC.	US	1.974.485	BB
6.	KWEICHOW MOUTAI CO., LTD	CN	1.953.328	AA
7.	NESTLE AUSTRALIA LTD	AU	1.921.905	BB
8.	TAKARA HOLDINGS INC	JP	1.810.890	BB
9.	FOOD INVESTMENTS PTY LIMITED	AU	1.644.390	BB
10.	BEAM INC.	US	1.786.150	BBB
11.	KRAFT AUSTRALIA HOLDINGS PTY LTD	AU	1.524.152	BBB
12.	M H C S	FR	1.462.971	A
13.	COCA COLA ICECEK A.S.	TR	1.400.256	BBB
14.	DISTELL GROUP LIMITED	ZA	1.251.340	A
15.	UNILEVER AUSTRALIA (HOLDINGS) PROPRIETARY LIMITED	AU	1.258.263	AA
16.	DIAGEO NORTH AMERICA INC.	US	991.576	
17.	HEINZ WATTIE'S PTY LTD	AU	858.335	AA
18.	SIMPLOT AUSTRALIA (HOLDINGS) PTY LIMITED	AU	873.194	BBB
19.	LUZHOU LAOJIAO CO., LTD.	CN	948.477	A
20.	MANILDRA MILLING PTY LTD	AU	817.332	

5 List of International and Italian firms operating in the specified sector with balance sheet indicators

6 Positioning in Italian and international market

7 Comparision with business of the same size operating in the spec. sector

8 list of Italian and International firms investing abroad and where they invest

		IMPRESA PAPERINIK	VALORI DEL SETTORE	
			Mediana	Media
Ricavi delle vendite	migl.EUR	395.561	32.390	86.062
EBITDA	migl.EUR	-16.348	2.238	9.283
EBITDA/Vendite	%	-4,11	7	8,17
Redditività delle venditite (ROS)	%	-8,03	3,32	4,03
Utile Netto	migl.EUR	-50.002	190	2.497
Totale Attività	migl.EUR	349.019	37.204	107.012
Patrimonio Netto	migl.EUR	42.120	10.337	38.833
Posizione finanziaria netta	migl.EUR	153.266	6.595	18.019
Redditività del totale attivo (ROA)	%	-9,14	2,92	3,9
Redditività del capitale proprio (ROE)	%	-118,71	3,73	2,98
Rotaz. cap. investito (volte)	-	1,13	0,93	1,01
Debt/Equity ratio	X	3,76	0,98	1,71
Debiti v/banche su fatt.	%	38,48	25,44	26,53
Debt/EBITDA ratio	X	-9,7	3,26	5,76

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..... List of distributors

9

List of companies operating in the country chosen distributing the product marketed by the company

Economic and financial indicators are also provided to help the company to assess the trustworthiness of potential partners

Rank	Company name	Country	Turnover	Evaluation Class
1.	VINO ZUPA	RS	54.735	BB
2.	VINOPRODUKT-COKA	RS	6.896	-
3.	VRSACKI VINOGRADI - U RESTRUKTURIRANJU	RS	5.560	-
4.	VINEX LEVACKI GROZD	RS	1.816	A
5.	SWEET HOME	RS	1.671	BB
6.	PODRUM RADOVANOVIC	RS	1.288	-
7.	DIONIS D.N.D.	RS	1.131	B
8.	KUCA VINA ZIVKOVIC	RS	520	CC
9.	NAVIP-VINARSTVO	RS	238	C
10.	VINO BUDIMIR	RS	145	BB
11.	DILER	RS	123	A
12.	PODRUM DO KRAJA SVETA	RS	122	BBB
13.	VINARIJA KIS	RS	88	CC
14.	TOPLICKI VINOGRADI	RS	77	C
15.	VINARSKA KUCA SPASIC MILAN SPASIC PR	RS	74	B

modeFinance credit risk analysis

	2011	2010	2009	2008	2007	2006	2005	2004
MORE evaluation								
Class	A	A	BBB	A	AA	A	BBB	A
Probability of default (%)	0.25	0.25	0.45	0.25	0.15	0.25	0.45	0.25
Confidence level (%)	100	100	100	100	100	100	100	100
Click here to hide the explanatory ratios								
Solvency ratios								
Leverage ratio	●	●	●	●	●	●	●	●
Assets to debt	●	●	●	●	●	●	●	●
Liquidity ratios								
Current ratio	●	●	●	●	●	●	●	●
Quick ratio	●	●	●	●	●	●	●	●
Profitability and economic ratios								
Return on Investment (ROI)	●	●	●	●	●	●	●	●
Return on Equity (ROE)	●	●	●	●	●	●	●	●
Asset turnover	●	●	●	●	●	●	●	●
Profit margin	●	●	●	●	●	●	●	●
Interest coverage ratio								
Interest Paid coverage	●	●	●	●	●	●	●	●
Evaluation scale:								

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FURTHER INFO:

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