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**ITALMOBILIARE**  
INVESTMENT HOLDING

NEWSLETTER #3 | November 2020



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# SUSTAINABILITY

## THE COMMITMENT OF ITALMOBILIARE AND ITS PORTFOLIO COMPANIES

Our **mission** is to play a pro-active role in the increase of our portfolio companies' competitiveness through a constant **innovation** of their offering, effective governance implementation, risks monitoring and full integration of **sustainability** principles.

We exclude from the investment lines sectors and activities that can directly or indirectly hinder sustainable development or violate human rights, such as the arms trade or production of goods harmful to health and the environment. In the process of **due diligence** on potential investments, we take carefully into account **ESG performance** and the level of exposure to related business risks.

Moreover, convinced that a holistic approach embedding social and environmental dimensions helps strengthening the effectiveness and reliability of our investment strategies over time, we fully endorse our role of **responsible investors** and **active asset managers**.

But all of this may not be enough.

The world has seen an extraordinary level of social, environmental and economic upheaval in **2020** – from worldwide protests for racial justice to the collapse of the last fully intact Arctic ice shelves to a global health crisis unlike any in living memory.

But the pandemic we are facing is just the latest event in a series of **interconnected global challenges**, from the economic crises at the turn of 2010, to the almost continuous migration and inequality crisis that also directly affects our country; from the worsening of the environmental-climatic crisis with frequent extreme phenomena even in our latitudes, to the countless conflicts and tensions in many parts of the world, also linked to our national economy, more and more global.

This is the new starting line: the set of global crises must generate in all systems, including the economic one, environmental sensitivity and social responsibility combined with the creation of jobs and market value. The **balanced management of financial, social and natural capitals** remains the fundamental driver to restart economic activities and society in the best way.





**Shared valued creation is the new paradigm.** To do this today we can count on more references, tools, awareness and skills to use.

The Agenda 2030, through the **Sustainable Development Goals**, effectively integrates this vision: not only with governments, but also business and civil society are accountable for the reconstruction.

The **Italmobiliare Group**, in its sphere of influence, has the privilege and the burden of participating to the **United Nations Global Compact**, playing this challenge in the front row.

Companies, large or small, are essential components of the economic system, but also of the society. And they have effects, large or small, but never negligible on the environment. The emergency has collected, also among our **portfolio companies**, many stories of corporate integrity, responsibility, ingenuity and energy.

For two decades, the **UN Global Compact** has encouraged businesses to embrace a wide view of their social and environmental impact, reaching well beyond financial success. Today, this approach is more important than ever. Companies must become more resilient and deliver better societal outcomes alongside enhanced business performance, embracing ambitious benchmarks for sustainability and to advance the integration of the SDGs into their core business operations and management.

**The next one must be the decade of action**, outcomes, corporate ambitions aligned with societal and planetary needs, of a new definition of corporate objectives.

From incremental goals based on feasibility to absolute goals based on science and aligned with the global challenges defined by the SDGs.

From the single positive output to the shared benefits for businesses, society and the environment.

From the philanthropic approach to the positive impact of global products, services and value chains.

From business-unrelated objectives to total integration and tracking.





This is the challenge taken up by Italmobiliare for its portfolio companies: connecting the dots of the many excellences to raise the level, beyond natural incremental progress, to achieve the transformative change we need, for the future we all want.

by **Stefano Gardi – Chief Sustainability Officer Italmobiliare**

In Italmobiliare since 2020. Previously Chief Sustainability Officer at Itelyum and for over 10 years Sustainable Development Officer for the Italcementi Group. Degree in Industrial Chemistry at the State University of Milan. Thirty years of international sustainability experience with the World Business Council for Sustainable Development and UN Global Compact. Thirty years' experience in the main organisations of industrial representation at national and European level. Lecturer for university degree and Masters courses.



## IN ITALY (AND BEYOND) RECOVERY DEPENDS ON A VACCINE

**Good and bad news for the economy. The recovery looks like beginning with one of the last letters of the alphabet. A new relay race is underway between the USA and Europe. Asia felix. Financial markets between surprises and confirmations.**

*A Tale of Two Cities:* in Charles Dickens' famous book, the two cities were London and Paris. Today, in an imaginary **Tale of Two Worlds**, the two worlds would be the **West** on the one hand and **Asia** on the other. The former is staggering under the shockwave of a virus it cannot tame, while the Asian continent has managed to keep **COVID-19** under control.

The numbers are merciless: combining the US and Europe, coronavirus cases are now more than 20 thousand per million inhabitants, and rising. The corresponding number in Asia is just over 3 thousand, and stable.

**Cultural factors** matter, but **efficiency and severity of the response** matter too: in Australia and New Zealand – Western countries *ad honorem* – that number is even lower than in Asia. Sooner or later the virus will be defeated, thanks to science (a vaccine is coming), but in the meantime the damage to the economy has been and will be huge.

In **America, the outcome of the presidential elections is positive** for the economy, even if Trump's heated resistance brings a certain amount of uncertainty to the handover period. The US locomotive still has to bear the weight of further **unavoidable health restrictions** even if, thanks to generous transfers, the indefatigable American consumer still has plenty more room to open the purse strings (the household savings rate is approximately double the historical average) and the “honeymoon” traditionally granted to the new President may **catalyse this spending power**.

**What are the differences and what are the similarities between the current phase of the economic situation and that of last March-April?**

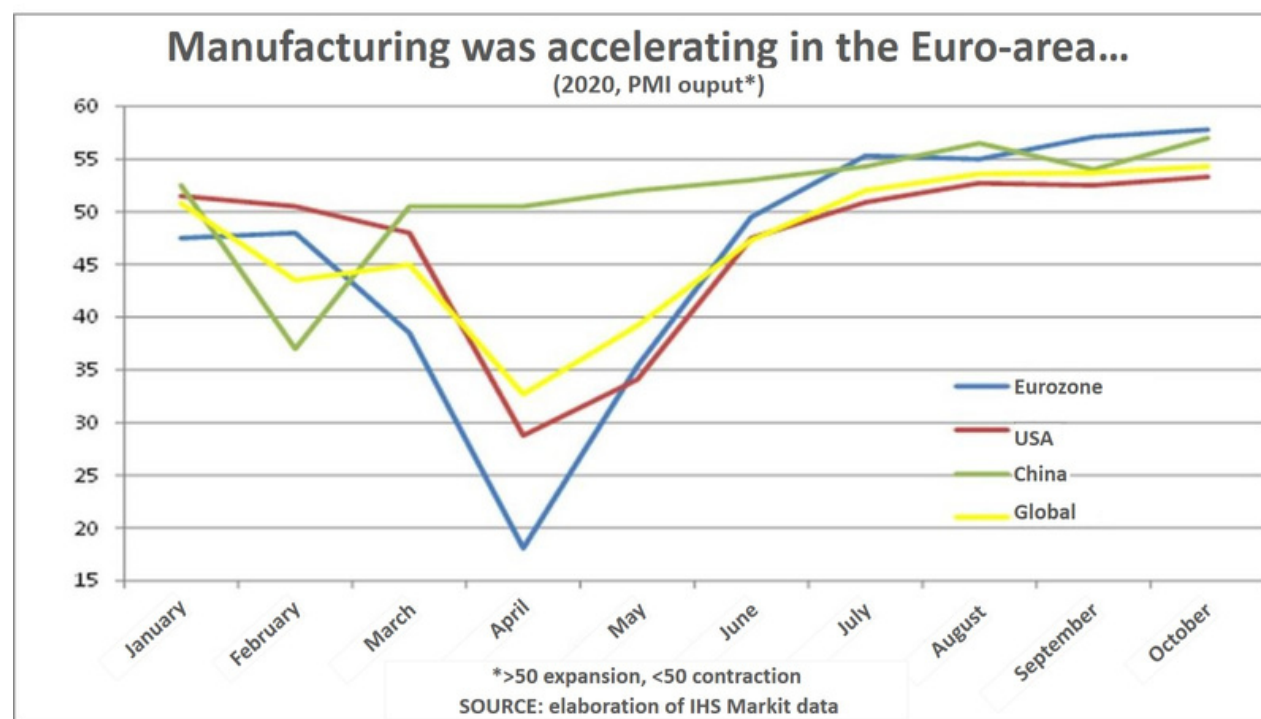
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LUCA PAOLAZZI



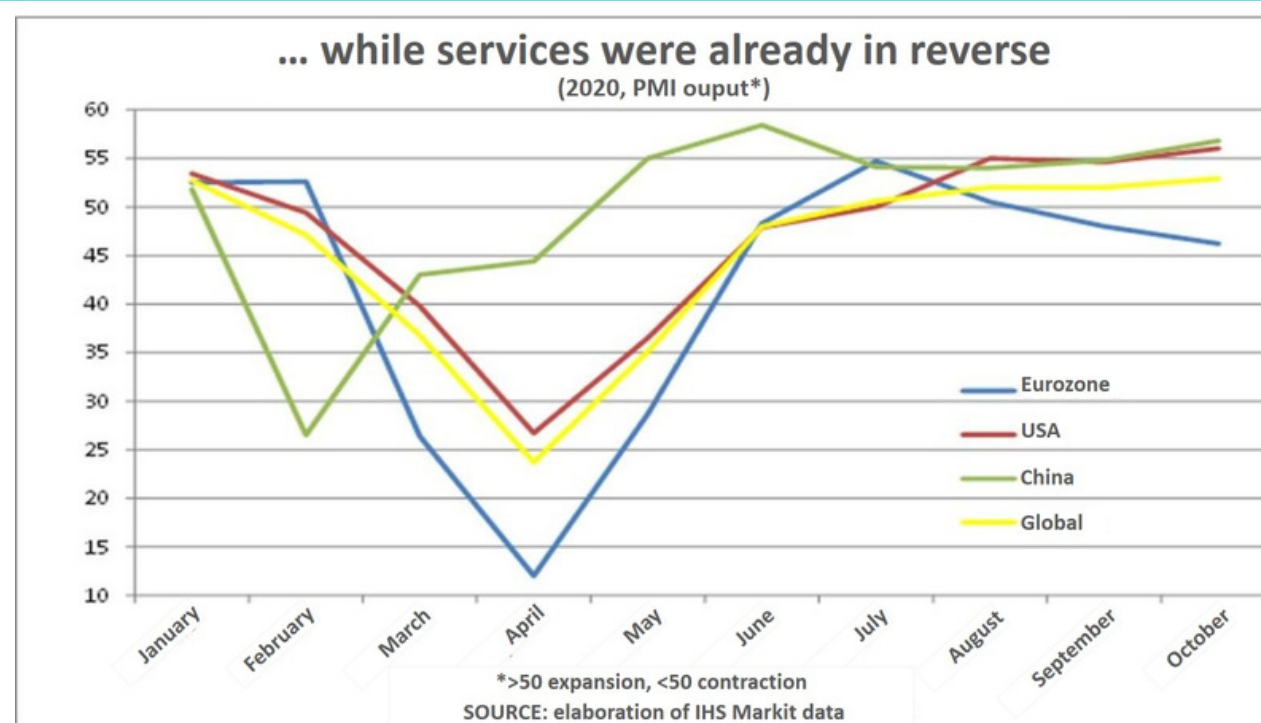
In **Italy** too, even if consumers are not as indefatigable as in America, they seemed to be holding up (retail sales in September were back to pre-virus levels), but even here we must take into account that **the consequences of the new restrictions, which are not yet reflected in the data, will be heavy.**

We had already remarked that the contagion was spreading, even more so in **Europe** than in **America**. Now the **relay race has reversed**, and it's **America** that has **taken up the baton** (the elections, with rallies, crowds and various gatherings, played a large part in this). In **Europe** (though not in Italy) there are signs of **stabilisation in the trend of infections**; in our country we have to settle for a slowdown in the rise of the **positivity rate**, which is high.

Economic data everywhere age prematurely in the face of a sudden and acute resurgence of the virus. In the era of *Big Data*, a remedy to this rapid obsolescence is being sought in **real-time monitoring** based on keywords in Google, credit card spending data, restaurant reservations... And this type of monitoring resulted in **bad news** from the second half of October.



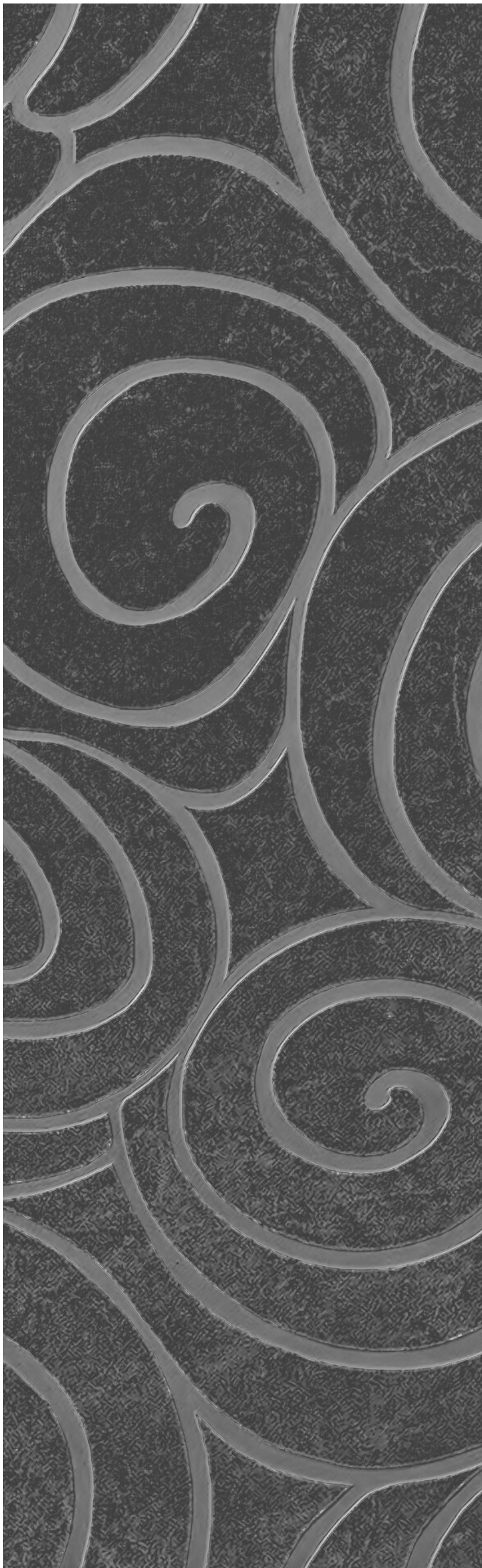
Commenting on the economic data available today is an almost useless exercise. Because they all pre-date the new pandemic wave. If not for one thing: **manufacturing was still going flat out**. There is no way that it can carry on this way; it will inevitably be affected by lower demand. However, between the shift in demand towards goods and continued Asian growth, it will still have plenty wind in its sails.



The **tertiary sector**, on the other hand, was in recession in the Euro-area even before the new restrictions. And in Germany, Angela Merkel has already begun to say that they will last beyond Christmas. Whereas in Italy we will continue to paint the regions different colours at least until the winter of 2021 comes to an end.



## Will the dynamics of consumer prices go up or not? The contrast between the wishes of central bankers and the fears of investors.



**Inflation** continues to **slide**, both in **consumer prices** and **producer prices**. The only exception is **USA**, as befits a country where the economy is less weak than elsewhere (**China** should also be an exception, but inflation there was affected by a slump in pork prices).

The Chinese economy, which continues to be the world's largest user of **raw materials**, has pushed up commodity prices, with **oil** also remaining above 40\$/b.

Has the pandemic affected the way we **measure inflation**? A weighty analysis by the IMF has recalculated the **weightings of the various categories of expenditure** (during lockdowns, the share of spending on essential goods has increased, while the share spent on discretionary goods has decreased). Using credit card data and recalculating the indices, it turns out that during the lockdown **“true” inflation, understood as the erosion of purchasing power, was a few decimal points higher** in all the main areas of the world, except in Southern Europe (where we are...).

**Long-term rates** haven't changed much from last month, except for **T-Bonds**, where 10-year yields came **close to 1%** and then dropped quickly again, in connection with the slight rise in inflation (in any case still below the famous level of 2%) and with the real economy staying quite resilient (so far).

**Bunds have remained stable, while BTPs** have repeated the good performance shown previously, even reaching a yield of 0.60% before settling at a slightly higher level, though it was still lower than US Treasury bonds.

Of course, many will say it is thanks to the **ECB**, which is buying **BTPs** like hot cakes. But the **Fed** is doing the same with American bonds, and in any case the Fed and the ECB are only doing their duty: since the inflation dragon has long been dormant, **central banks act according to their by-laws, which means supporting the economy.**



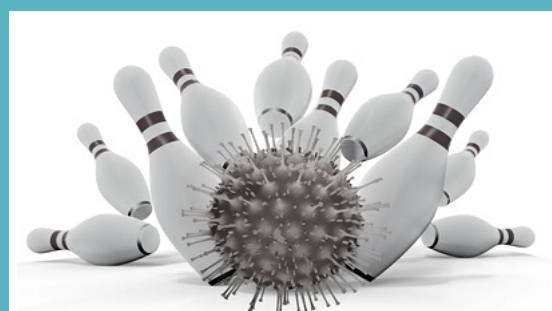
Compared with the previous month, **real rates** remained stable (using the core CPI, which excludes food and energy). They should be much lower to really help the economy recover, but that's the way it is...

There has been little change in the exchange rate of the **euro** against the dollar. The US elections did not have much effect on the **greenback** and the dollar/euro exchange rate stayed within the 1.17-1.19 range, where it has been since August, after a sharp rise since the beginning of the year.

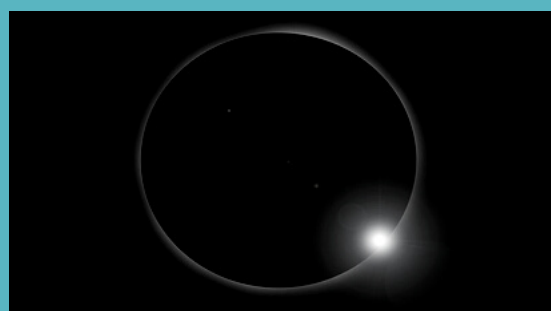
On the other hand, there has been a **sharp rise** in the exchange rate of Chinese currency: the **yuan**, which a month ago quoted 6.71 against the dollar, has **strengthened** to 6.56. As befits the currency of an economy that has done better than anyone else: according to the latest forecasts, which still did not consider the recent effects of the second wave of the pandemic, at the end of next year the US economy will still be at the same level as in 2019, while the Chinese economy will be 10% larger.

And what about the **stock markets**? The **correction** in the second half of October **did not last long** and in November stock market prices, enlivened by the US elections and the news on vaccines, returned **close to all-time highs**. Trump had declared that, if he was re-elected, Wall Street would take off like a rocket. Wall Street has taken off, but for other reasons...

The “odd couple” of **stock markets and gold** no longer dance *cheek-to-cheek* like they used to. From August to the present day, **gold** has lost something and **stock markets** have gone up. As is meant to happen in a well-tempered world.



THIS TIME IT WILL BE  
DIFFERENT FOR THE ECONOMY,  
BUT NOT BY MUCH.



ALL-TIME LOWS FOR BTP  
YIELDS. STOCK MARKETS  
CAUTIOUS BUT CONTENT.



THE MARKETS  
ARE TURNING A DEAF EAR  
TO INFLATION.

Read more on

**LE LANCETTE DELL'ECONOMIA**

[www.firstonline.info/in-italia-e-non-solo-ripresa-appesa-al-vaccino/](http://www.firstonline.info/in-italia-e-non-solo-ripresa-appesa-al-vaccino/)

**Fabrizio Galimberti** was born in Rome in 1941. After graduating from the Bocconi University in Milan, he studied at Columbia University in New York, and subsequently taught Public Economics in Rome and Ferrara. Later he worked at the OECD Economics Department. In Rome, he was an economic advisor to the Treasury, with Beniamino Andreatta and Giovanni Goria. In later years, he was FIAT Chief Economist and most recently a leader writer with Il Sole 24 Ore.

**Luca Paolazzi** is an economist and partner at REF Ricerche. From October 2007 to February 2018 he headed the Confindustria Studies Center. From September 1986 to September 2007 he worked at Il Sole 24 Ore, latterly as a leader column editor. From March 1984 to August 1986 he was an economist at the FIAT Studies Office. He is the author of many publications on economics, and a winner of the Q8, Brizio and Lingotto awards for economic journalism.



## LUXURY IS SMART

Luca Paolazzi | Ref Ricerche

There are about 1.4 billion people in the world who are well-off. In other words, people with sufficient income to afford Italian products. Until ten years ago, 90% of them lived in developed countries and only 10% in emerging ones. Now the proportion has clearly changed, thanks to the stronger economic growth of the latter compared with the former, so that just under 25% reside in emerging nations, starting with China. And the trend will continue, with the Chinese giant becoming more and more important.

What is the competitive advantage of Italian products in the world-wide consumption of manufactured goods? What attracts these wealthy consumers to things Made in Italy? In a word: beauty. Meant not only as an object's external appearance, but also in its content, in its intrinsic elements: the quality of the materials, the care taken in manufacturing it. So much so that they can be considered the result of industrial craftsmanship, which is only apparently a contradiction in terms. Because within them there is the almost maniacal attention to detail of the craftsman and the organisation and quantities typical of industry. To coin a phrase: they are goods that are beautiful and well-made.

These are medium-to-high range products, not luxury and therefore accessible (British analysts call it "affordable luxury"), for the individual and for the home: clothes and accessories, footwear, jewellery, furniture and decorative items, foodstuffs, eyewear, tiles, perfumes and cosmetics. Those that, improperly, are considered traditional segments of Italy's commercial and production specialisation.

In fact, one can be innovative in the manufacture of almost anything, even buttons (Cesare Romiti, during a seminar for Fiat executives, said: "If I invent a new way of making buttons, that button becomes high-tech"). As a great historian of the Italian economy, Carlo Cipolla, wrote so well, the important thing is to continue "inventing new things that people like". And beautiful, well-made Italian goods are very popular.

Global imports of these products come to over one trillion euro. Split two thirds in mature markets and one third in new and faster growing ones. Italy's share is around 8%, i.e. 2.5 times the share of Italian exports versus world-wide exports of manufactured goods.



## ... AND RESPONSIBLE, TOO

Italy is recognised for beauty generally. For the extraordinary series of varied and stupendous landscapes and historical monuments of which every corner of the peninsula is rich. A beauty that is the identity and inspiring value of those firms that produce beautiful, well-made goods. And at the same time a sort of “trademark” of these goods, in the sense that they are sought after precisely because they are produced in Italy. Just think of the numerous imitations and the sly references made by so-called “Italian sounding” products.

In this context, perfumery and cosmetics are an interesting exception. In fact, if you asked which nation was market leader in this sector, the response would inevitably be a chorus of “France”! Yet, in both origins and current productions, Italy is second to none.

In fact, when Catherine de Medici married the future King Henry II in the first half of the 16th century, it was she who brought to the French court the art and fashion of refining natural body odour with perfume. Thus it was her trusted perfumer, Renato Bianco, immediately renamed René le Florentin, who taught the French how to use distilling to extract perfumes with flower and animal aromas.

At the time, almost every Italian city had perfume producers, connoisseurs of the chemical transformation of natural ingredients. In Florence, they were the friars of Santa Maria Novella. However, in the 17th century, and especially in the 18th century, it was the tanners of Grasse, a famous town in Provence, who became large-scale perfumers,

**What is the competitive advantage of Italian products in the world-wide consumption of manufactured goods? What attracts wealthy consumers to things Made in Italy?**

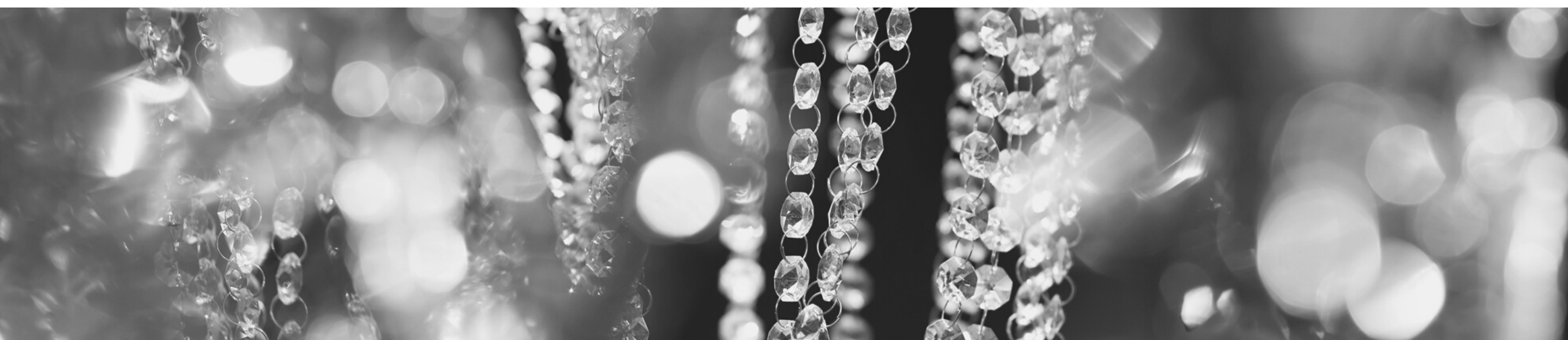
**In a word: beauty. Meant as the result of industrial craftsmanship: the almost maniacal attention of the craftsman and the organisation and quantities typical of industry.**

thanks to the large domestic market provided by the growing demand of the French nobility.

Today, many fashion brands have their perfumes made by the Italians, who can claim a genuine leadership in cosmetics.

According to the latest annual report by Cosmetica Italia (the business association that brings together companies in this sector), the total value of production in 2019 was 12 billion euro, of which 41% was exported. The trade surplus was 2.8 billion euro.

Globally, Europe remains the leading market for cosmetics, with sales of 79.9 billion in 2019, followed by the USA with 73.7 billion, China with 54.9 billion, Japan with 32.6 billion and Brazil with 23.4 billion. Taking into account the huge demographic differences, it is clear even from this ranking that China constitutes an outlet with enormous growth potential. And beautiful, well-made Italian goods have all the cards to play this important game well, also in the field of cosmetics.





# OFFICINA PROFUMO-FARMACEUTICA DI SANTA MARIA NOVELLA



## The charm of an ancient history

### *The origins*

Officina Profumo-Farmaceutica di Santa Maria Novella was born “officially” in the heart of Florence in 1612 and with over 400 years of tradition represents the oldest pharmacy in the world still in business: a history of spices, perfumes, aromas and ointments that spans the centuries. But the origins of the Officina date back to a few centuries earlier: the Dominican fathers founded the monastery as early as 1221, at which point they started producing medicines, balms and ointments for their small infirmary.

### *Brand ambassador ante litteram: Catherine de' Medici*

It is here in Santa Maria Novella that it all began. This is the origin of the magnificent story of modern perfume to which this fragrance is inspired and pays homage. It was in the cloisters and laboratories of Santa Maria Novella that the Dominican friars of the Officina (though it was not yet called “Officina”) refined the creation of essences, excelling in the study of nature and technical innovation.



When, in 1533, a very young Catherine de' Medici left Florence to marry the future king of France, she wanted in her entourage – along with the pages, guards and ladies-in-waiting – a perfumer as well. His name was Renato Bianco, though in Paris he became René le Florentin. And it was thus that the noble art of perfume spread throughout the world from the ancient know-how of Santa Maria Novella's essence producers.

Among the officinal notes of Tuscan gardens and the citrus freshness of the great Mediterranean tradition, here is an elegant and powerful foundation that tells of voyages, curiosities, opulence: like a queen, like the Queen of Florence and of Paris, thanks to whom it all began.







### *The founding of the Officina*

On October 15, 1612, the council of the Dominican monastery officially started the activity of the Officina Profumo-Farmaceutica di Santa Maria Novella under the direction of Fra' Angiolo Marchissi, opening the apothecary to the public and, when choosing its name, putting the word “perfume” before “pharmaceutical”, as if to highlight the more aesthetic side of their work. Over the centuries, the Dominican friars constantly expanded and refined the patrimony of formulas and preparations inherited from their predecessors, enriching them with new components, healing principles and products required by new fashions, especially cosmetics, and by the arrival of new exotic raw materials imported into Europe from hitherto unknown lands.

### *The new custodians of the Officina's tradition*

The ancient tradition of the Dominican friars dating back to the 13th century was jealously guarded and handed down under the aegis of the brothers superior who followed one another over the centuries. Until 1867, when the running of the Officina passed to the Stefani family, which marked the transfer of Santa Maria Novella from the Dominicans to a private company.

### *International prestige*

In 1900 the Officina consecrated its international fame by participating in the Universal Exposition in Paris. Then, in 1908, through the intercession of Queen Margherita of Savoy, it was granted the right to adorn its sign with the coat-of-arms of the Royal House of Savoy.

### *2020 – Italmobiliare with Santa Maria Novella relaunches the beauty and tradition of “Made in Italy”*

“We feel the historical responsibility of a company that is part of Florence's heritage and a symbol of ‘Made in Italy’ in the world” – points out Italmobiliare CEO, Carlo Pesenti, as he takes on the role of new Chairman of Officina Profumo-Farmaceutica di Santa Maria Novella –. “Italmobiliare's commitment is to preserve the authenticity of the products and to further develop the value generated by the company, not only for shareholders and employees, but also for the entire city, which has managed to preserve and enhance such a unique and prestigious business over the years. Florence and Santa Maria Novella are names that recall the best of our country in the world and what it is loved for: beauty, the Renaissance, its extraordinary artisans. Italmobiliare has development, internationalisation and innovation as part of its mission and the enhancement of ‘Made in Italy’ is in its DNA. We are convinced that Officina Profumo Farmaceutica di Santa Maria Novella will play an extraordinary role in this process.”





## LET'S TALK ABOUT IT WITH...

**Yours is a path of successful entrepreneurship, characterised by exclusivity, quality in research and raw materials, and internationalisation. What do you find now in Santa Maria Novella?**

My family has been involved in this wonderful world of perfumes for two generations. So for me, heading up Santa Maria Novella is an honour and a challenge that I face with the deepest respect that is due to those who up to now have been able to choose and enhance the finest raw materials; and with the ambition to further increase the pleasure of introducing the world to an Italy and a Florence represented by peerless charm, quality and history.

Respect for tradition, innovation and the ability to communicate clearly and directly to customers who are becoming increasingly aware. These are the values that have characterised my experience and that I find as key elements of Officina Profumo-Farmaceutica di Santa Maria Novella.



**Gianluca Perris**

CEO Officina Profumo-Farmaceutica di Santa Maria Novella

**What are the business lines of Santa Maria Novella?**

Santa Maria Novella produces and markets a wide range of products belonging mainly to five business lines: perfumes (personal and ambient), cosmetics, wax products, liqueurs and food specialities.

These products are available through a network of around 70 single-brand stores or corners and several hundred multi-brand stores, as well as the e-commerce channel.

**What characterises customers who know and choose Santa Maria Novella around the world?**

The typical customer of Santa Maria Novella is someone who embraces the typical canons of sustainable luxury, who appreciates and knows how to recognize the value and authenticity of products “Made in Italy” and the ancient traditions of the Officina, someone who is informed, mature and sophisticated, someone who loves to research products and make their purchasing decisions with a critical spirit.

The world of perfume has been cryptic for too long. A mistake, in my opinion. I firmly believe that by sharing what we know, the underlying values, we will be able to meet, more and more, the tastes of aware, discerning customers.

**What are the key factors behind the success of Santa Maria Novella?**

The history of the Officina, the vocation for natural components in a way that is consistent with tradition, the quality of the formulations and of the basic materials are the fundamental values.

It is a combination of quality and timeless values: the experience of a journey into the past when the customer encounters our products, starting from the historic store in Florence to the online channels, while we strive with constant innovation to ensure uniqueness in the product being purchased and in the buying experience.

All over the world, demand is increasing for natural products and more and more attention is being paid to care and health using traditional methods. This confirms the very high potential of a brand that boasts eight centuries of history in this direction.



## THE FLORENCE PROJECT

### Italmobiliare participates in the founding of FLORENCE, THE FIRST LUXURY CLOTHING PRODUCTION HUB IN ITALY

**Florence** is an industrial project that aims to develop a leading international platform in the supply of **high-quality products** for the primary fashion brands, leveraging on the characteristics that have always defined the success of the Italian artisan tradition family businesses, such as high-quality products offered at competitive prices, and the ability to guarantee flexibility in delivery times and in the solutions used.

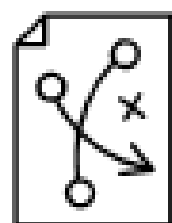
The ambitious goal of creating the **first production platform for luxury apparel in Italy** initially involves **Giuntini**, leader in the production of outerwear, **Ciommeci Fashion**, which specialises in the production of leather clothing, and **Mely's**, Italian excellence in knitwear. These are companies that have over fifty years of experience in the production of **“smart luxury”** clothing, combining tradition and innovation, and representing a reference point, even in the creative phase, for designers from all over the world who rely on their know-how and research capabilities on new materials, colours and trends to design their collections.

Florence will own 100% of the three companies and will be 65% controlled by the consortium led by **VAM Investments** and **Fondo Italiano d'Investimento** (through Fondo Italiano Consolidamento e Crescita – FICC), while the remaining 35% stake will be controlled by the **founding families of the three companies** (Giuntini, Capezzuoli, Maltinti, Ciampolini, and Sanarelli), who will significantly reinvest in the project. Another investor in the consortium is **Italmobiliare**, which has pursued the project's development from its early stages.

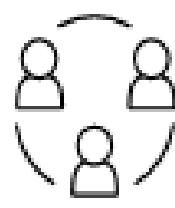
Another important goal of Florence, with an estimated turnover at the end of the year of more than 150 million euro and 700 employees, is to make available to Italian and international fashion designers, at a **showroom soon to open in Milan**, the Group's vast archive of products, covering **over 50 years of fashion history**.



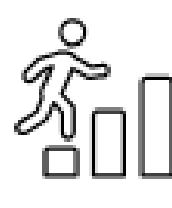
One-stop-shop



Best in class  
in services



Focus on sustainability



Best in class  
in the supply chain

*To become the centre of excellence and the reference point in the supply of clothing for high-end luxury brands, creating a best-in-class “one-stop-shop” platform in the services offered and at the forefront in terms of sustainability and certification of the supply chain.*





## BUSINESS EXCELLENCE AWARD FOR CAFFÈ BORBONE

**How does one become a champion in the business world?** The laboratory of ideas and innovation for Italian SMEs “Eccellenze d’Impresa” wanted to submit the question to a panel of experts at a meeting held on 15 October at the Manzoni Theatre in Milan.

The ceremony for the winners of the Award was held during the event “Eccellenze d’Impresa 2020”, selected by the jury composed of **Gabriele Galateri, Patrizia Grieco, Marco Fortis, Raffaele Jerusalemi and Luisa Todini**. The results of the Champions of Italy Research were then presented, which analysed the success factors of 10 thousand Italian companies.

**Caffè Borbone won the Business Excellence Award 2020 as the overall winner, as well as the prize for “Growth and Sustainability”.** On the occasion of the award, the Harvard Business Review Italia dedicated a “case history” to Caffè Borbone entitled “Stellar coffee, the success story of Caffè Borbone”, in which it analysed the strategy and performance of the company's success (follow the link for the complete article: [www.caffeborbone.it/wp-content/uploads/2020/11/Case-Study-CaffeI%CC%80-Borbone.pdf](http://www.caffeborbone.it/wp-content/uploads/2020/11/Case-Study-CaffeI%CC%80-Borbone.pdf)).

The company has grown amazingly in recent years, with revenue up 36% per year and margins getting better at the same time, becoming the second top-of-mind brand in Italy in its sector, establishing itself as a major brand with further opportunities for growth in the future.

The award, now in its seventh edition, is **sponsored by Borsa Italiana and organised by Eccellenze d’Impresa**, the project born from the collaboration between GEA-Management Consultants, Harvard Business Review Italia and Arca Fondi Sgr.

On the sidelines of the event, coordinated by Federico Fubini, deputy editor of Corriere della Sera, there was the presentation of the book “Champions of Italy – How the best companies emerge and win over world markets”. There was also a round table on the topic entitled “How the capital market can accelerate the growth of the national champions”. The day was closed by the **keynote speech by Urbano Cairo**, Chairman of the RCS Media Group.





# AGN ENERGIA ESSENTIAL SERVICES AND SUSTAINABILITY

During this present health emergency, which has severely affected us all, **Gruppo Autogas**, with its brand **AGN ENERGIA**, has remained at the forefront, continuing to work nationwide to guarantee all essential services, in particular **LPG** distribution, the Group's core business.

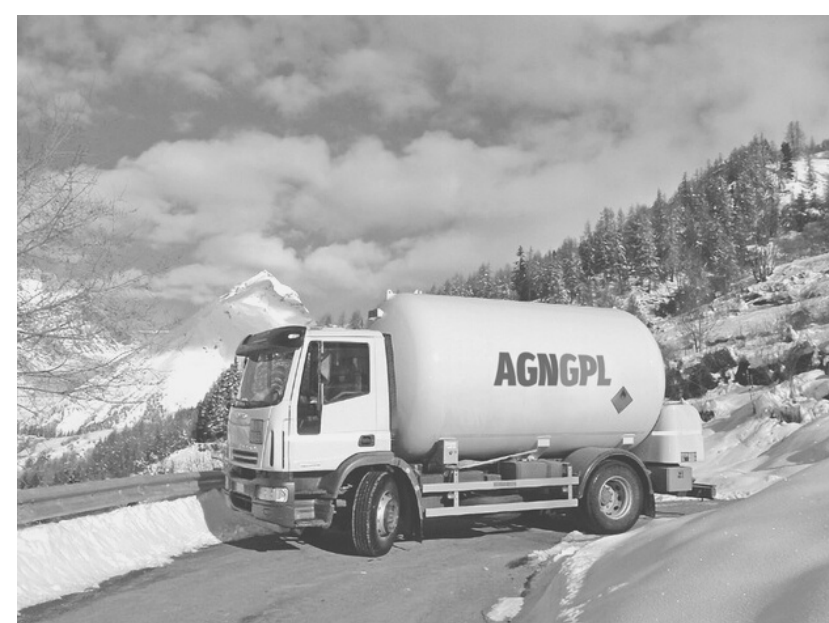
LPG, considered an environmentally friendly fuel and one of the best choices for the environment, has the requisites required by the **2030 Climate and Energy Framework** defined by the European Union, which aims to protect the environment by reducing climate-changing emissions. LPG is one of the energy carriers of fundamental importance that play the role of "bridge" towards renewable sources and for achieving previously set decarbonization targets.

In total safety, this versatile and convenient fuel meets heating, hot water and cooking needs with a single source in areas of Italy where natural gas cannot be delivered.

The strong focus on sustainable activities is increasingly seen throughout the sectors of **renewable energy** and **energy efficiency** solutions, activities that the Group has developed alongside the historic LPG.

In the current situation, which places particular emphasis on the relevance of topics linked to **sustainability**, a subject that is increasingly important for the community and for the economic and financial system of businesses, the commitment of the Group is therefore directed at strengthening relationships with key partners who develop sound social projects and address the now urgent environmental concerns, in line with its mission of paying particular attention to world of young people.

Accessible and sustainable tourism projects, good rules of conduct for saving the planet and tree planting projects are just some of the initiatives gathered in the **Città dell'Energia (City of Energy)**, the platform where all social responsibility activities promoted by the brand AGN ENERGIA are discussed, shared and disseminated.



## LET'S JOIN ENERGIES: SHALL WE PLANT A TREE TOGETHER?

Join us and help reduce CO<sub>2</sub>  
by ADOPTING a tree in "La Città dell'Energia".

### HOW? IT'S VERY SIMPLE

VISIT US



ADOPT



BREATHE!



LA CITTÀ  
DELL'ENERGIA

Go to the website  
[www.lacittadellenergia.com](http://www.lacittadellenergia.com)

Select the virtual tree  
you like best

We'll turn them  
into real trees!

LPG, Electricity, Gas, Energy Efficiency: AGN ENERGIA has been a centre-stage player in the LPG sector for over 60 years offering reliability and quality guarantees in all energy sectors.



# CLESSIDRA WORLD



Clessidra SGR is one of the main managers of Private Equity Funds dedicated to the Italian market.

It currently manages the Clessidra Capital Partners II and Clessidra Capital Partners 3 funds, of which Italmobiliare is an anchor investor. Among the holdings of the Clessidra funds: Nexi, L&S, Scrigno, Harmont & Blaine.

The fourth fund, Clessidra Capital Partners 4, will be launched in 2021.

The investment in Scrigno S.p.A. by the Clessidra Capital Partners 3 Fund was finalised in June 2018, buying a 100% stake in the company.

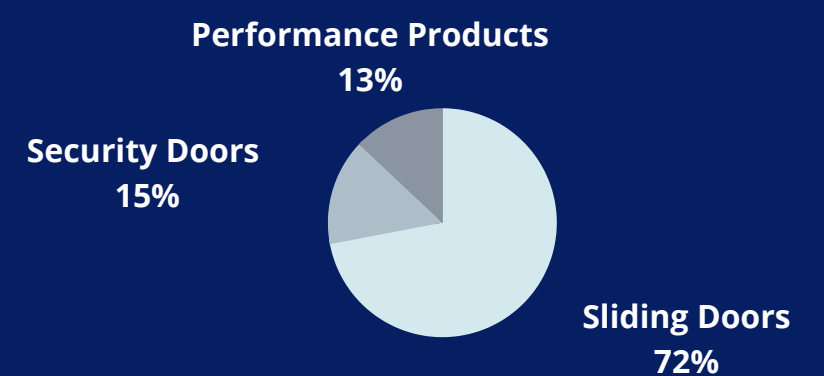
Scrigno is a leader in the design, manufacturing and marketing of exclusive counter frames for disappearing sliding doors and windows, 100% Made in Italy.

Scrigno also operates in the security sector, through its subsidiary Master, producing over 30,000 security doors per year, and in the sector



## THE NUMBERS

2019 turnover	+€87m
Export	50%
CAGR 15-19PF	6.1%
Factories in Italy	5
Persons	300



An important step in the diversification of the company's activities was the launch of the CRF fund which, through the contribution by 10 Italian banking institutions of UTP receivables and the availability of new finance, will support about fifteen Italian companies undergoing restructuring and recovery of their respective businesses.

The recent acquisition of a financial intermediary operating in the factoring sector, which has taken the name of Clessidra Factoring, is also significant. The company will allow Clessidra to take the first step towards starting the process of creating an integrated platform dedicated to distressed companies, able to offer solutions designed to rebalance their financial situation and relaunch the business, entering the development plan for the positioning strategy of the SGR in the credit management sector.

of seals and accessories able to increase the technical performance of frames, thanks to the acquisition in October 2019 of 100% of CCE (Costruzioni Chiusure Ermetiche srl).

Scrigno has been part of Clessidra's ESG Plan since the beginning of 2019. The main objectives of Scrigno's ESG Plan are to strengthen controls over the supply chain, new training initiatives for personnel and a packaging review to increase the use of recyclable materials.

Scrigno promotes sustainable forest management through the certification of wood-based productions according to the principles laid down by PEFC (Programme for the Endorsement of Forest Certification), the leading global forest certification system.



## QUARTERLY FINANCIAL RESULTS AT SEPTEMBER 30, 2020

During the first nine months of the year, the **portfolio companies** as a whole recorded a **significant increase in EBITDA** (aggregate pro forma figure +16.4%) compared with the same period of 2019. Looking only at the third quarter, the gross operating margin comes to 76.8 million euro, 18.8% up on 2019.

A good third quarter therefore consolidates **a 2020 in marked growth compared with the previous year**, despite the impact of the Covid-19 health emergency which is reflected in a limited decline in revenue.

The investment portfolio, built up in recent years, has demonstrated a balance that should be able to cope with a period of severe economic crisis, with the preponderant part of the portfolio represented by companies operating in sectors linked to the food supply chain and the energy sector, with particularly positive results achieved by Caffè Borbone.

**Net Asset Value** at September 30 amounts to 1,656.1 million euro, stable compared with June 30, 2020 (1,629.3 million euro).

The **net financial position of Italmobiliare S.p.A.**, positive for 389.3 million euro, is down by 180.3 million euro compared with December 31, 2019, mainly due to the acquisition of 80% Officina Profumo-Farmaceutica di Santa Maria Novella.

Due to this acquisition, the portion represented by the portfolio companies registered a further increase of 161.7 million euro (of which about 120 million in the third quarter).

### PERFORMANCE OF THE MAIN GROUP COMPANIES

#### YTD RESULTS AT SEPTEMBER 30, 2020

(in millions of euro)	Revenue			EBITDA		
	30 September, 2020	30 September, 2019	Change %	30 September, 2020	30 September, 2019	Change %
Italmobiliare	50.7	58.7	(13.6)	(7.4)	29.0	n.s.
<b>Portfolio companies</b>						
Caffè Borbone	155.8	126.6	23.0	52.4	38.2	37.2
Sirap	183.4	203.1	(9.7)	18.9	12.8	47.7
Italgen	21.6	25.1	(13.8)	9.3	9.8	(5.1)
Capitelli	10.7	10.3	3.7	2.8	2.9	(1.8)
Officina SMN	16.4	21.1	(21.6)	3.8	6.8	(43.3)
Tecnica Group	260.2	290.8	(10.5)	37.2	31.9	16.7
Iseo	89.7	104.8	(14.4)	8.8	12.0	(26.7)
Autogas-AGN Energia	301.4	355.0	(15.1)	32.9	28.3	16.3
<b>Total portfolio companies</b>	<b>1,039.2</b>	<b>1,136.8</b>	<b>(8.6)</b>	<b>166.1</b>	<b>142.7</b>	<b>16.4</b>

n.s. not significant

### KEY CONSOLIDATED FIGURES AT SEPTEMBER 30, 2020

#### THIRD QUARTER

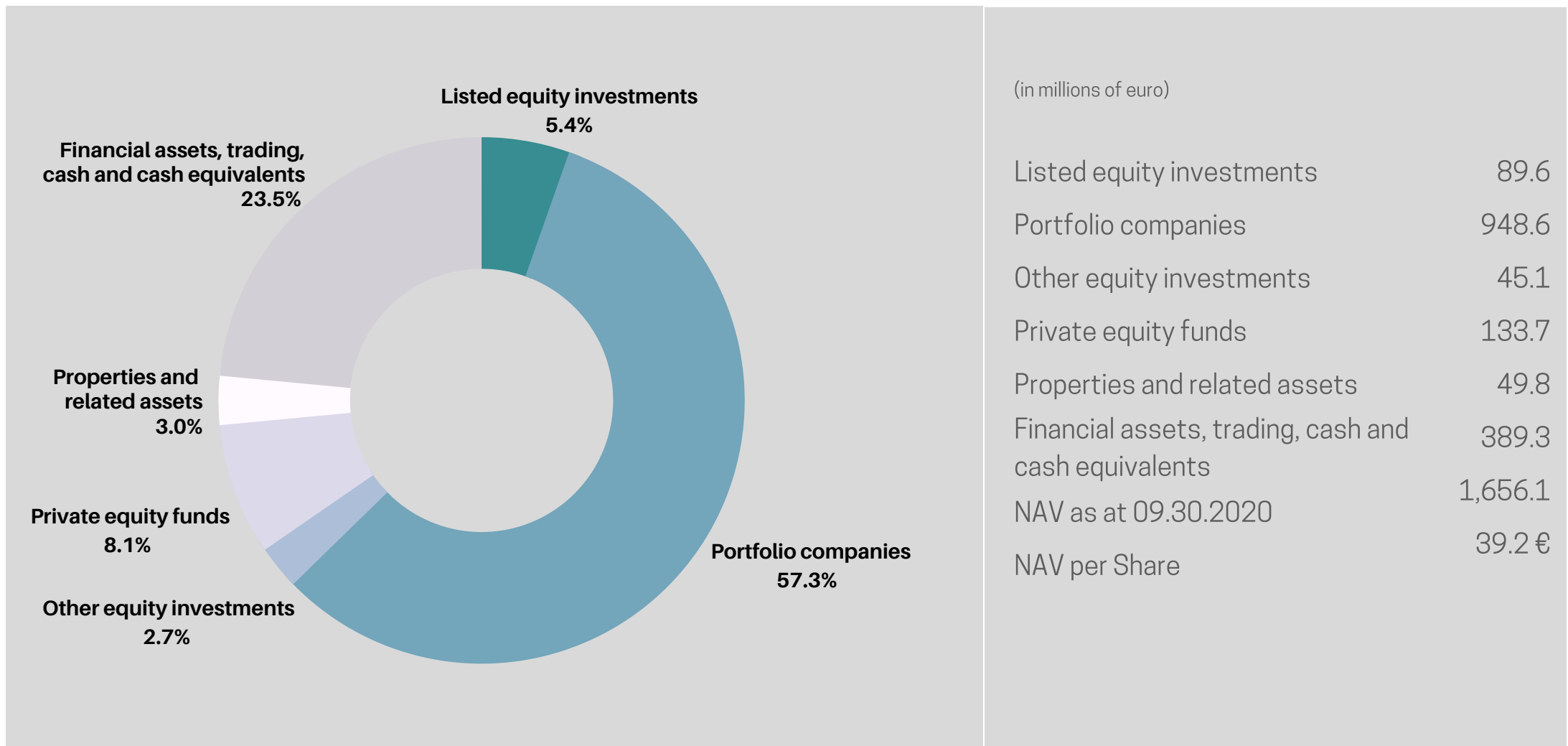
(in millions of euro)	3rd QUARTER 2020	3rd QUARTER 2019	Change %
<b>Revenue</b>	<b>131.3</b>	<b>135.0</b>	<b>(3.7)</b>
<b>EBITDA</b>	<b>24.0</b>	<b>31.9</b>	<b>(7.9)</b>
% of revenue	18.3	26.3	
<b>EBIT</b>	<b>16.8</b>	<b>24.0</b>	<b>(30.0)</b>
% of revenue	12.8	17.8	

#### YTD TO SEPTEMBER 30

(in millions of euro)	YTD TO 09.30.2020	YTD TO 09.30.2019	Change %
<b>Revenue</b>	<b>407.4</b>	<b>413.2</b>	<b>(1.4)</b>
<b>EBITDA</b>	<b>51.7</b>	<b>84.0</b>	<b>(38.5)</b>
% of revenue	12.7	20.3	
<b>EBIT</b>	<b>30.0</b>	<b>62.3</b>	<b>(51.9)</b>
% of revenue	7.4	15.1	

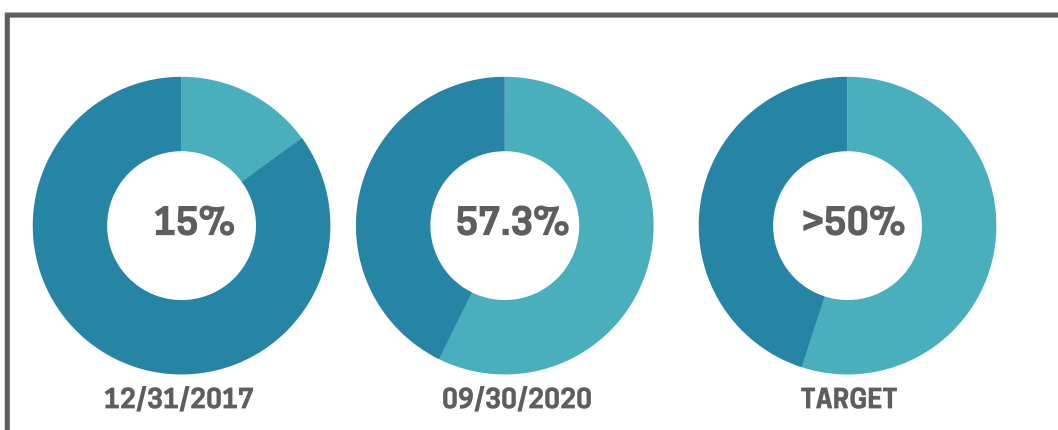


# NAV OF 1,656.1 BILLIONS EURO as at 30 September, 2020

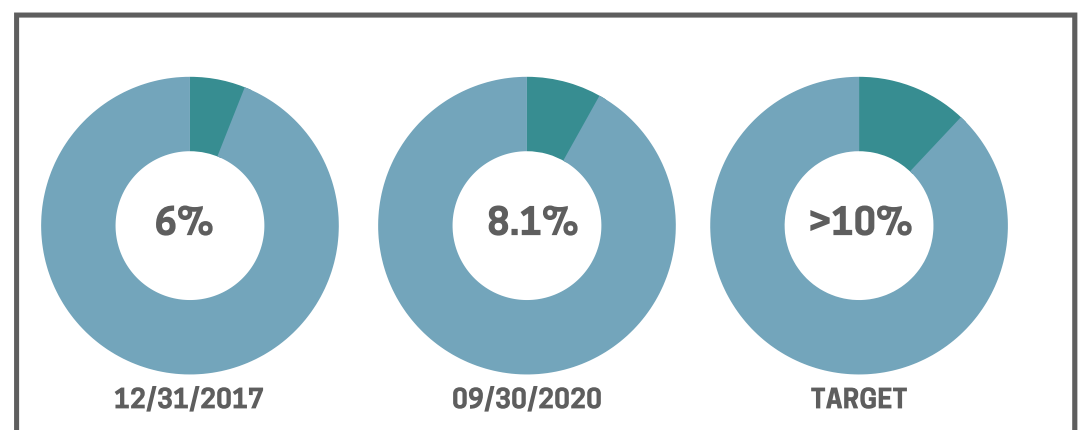


## NAV TRANSITION

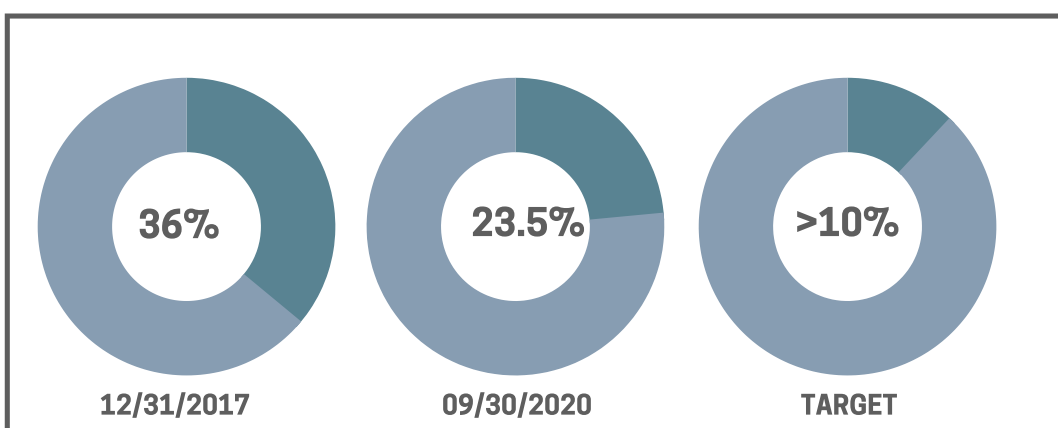
**Portfolio companies  
% of total**



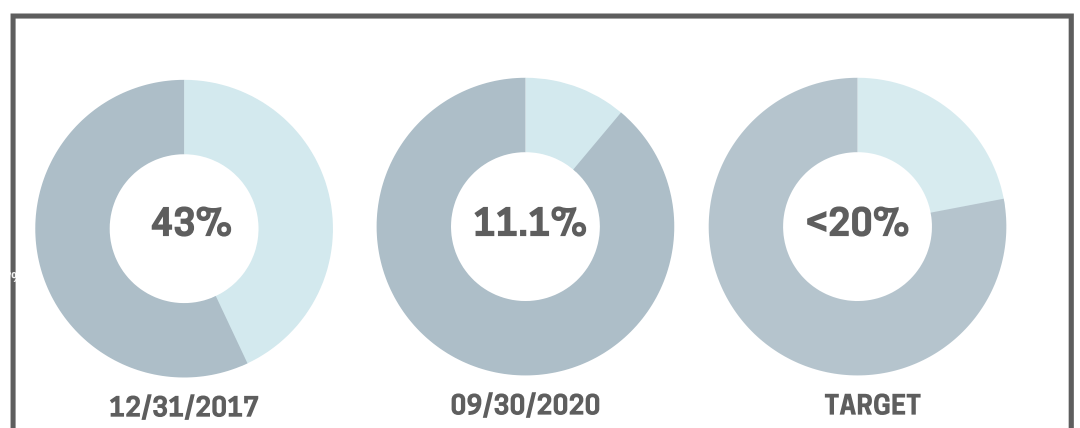
**Private equity funds  
% of total**



**Financial assets, trading, cash and cash equivalents  
% of total**



**Listed equity investments and other assets  
% of total**





# ITALMOBILIARE: EFFECTIVE RISK MANAGEMENT

An effective risk management model is inherent to the very mission of Italmobiliare and the Holding Company's objective to play an active, ongoing role in the process of expanding and enhancing the value of its portfolio.

Italmobiliare's investment activity seeks a balanced composition of the portfolio through some guiding criteria: **accurate risk management** also vis-à-vis the phase of the economic cycle and the dynamics of evaluating investment and divestment opportunities; **assessment of the degree of portfolio concentration** and **correlation between the various investments**; **complementarity of the equity investments** held through direct investments and through private equity funds, minimising potential risk concentrations and, where possible, maximising synergies in terms of know-how, skills, relationships and co-investment opportunities.

The emergence and persistence of an exogenous shock such as the Covid-19 pandemic has exemplified the importance of a periodic **integrated analysis of the main risk factors and related mitigation measures** to provide the Control and Risk Committee and Board of Directors of Italmobiliare adequate valuation elements according to various different points of view.

I. Quantitative analysis of the level of risk and correlation of the various components of Italmobiliare's investment portfolio as a whole.

II. Bottom-up analysis of the specific risk factors for the Group and related mitigation measures.

III. Specific analysis of the investment portfolio's exposure to the different geographical areas.

In particular, the context also confirmed the significance of the methodological changes made in recent years:

- **Strengthening the bottom-up approach**, through direct involvement of management of all portfolio companies in the risk assessment process.
- **Evolution of the method for consolidating the results** of the risk assessment, in order to obtain an assessment at Group level, starting from an assessment of the risks at individual company level, taking into account the individual company's weight on Italmobiliare's NAV.

The very structuring of a "**Committee for Sustainability and Social Responsibility**" also highlights the extreme attention being paid by Italmobiliare to an integration of ESG risks and principles in the investment and portfolio management processes, also in the face of an international context where for the first time, environmental and climate concerns dominate the ranking of global risks.

### Top 5 Global Risks in Terms of Likelihood

	2015	2016	2017	2018	2019	2020	
1	Interstate conflict	Involuntary migration	Extreme weather	Extreme weather	Extreme weather	Extreme weather	=
2	Extreme weather	Extreme weather	Involuntary migration	Natural disasters	Climate action failure	Climate action failure	=
3	Failure of national governance	Climate action failure	Natural disasters	Cyberattacks	Natural disasters	Natural disasters	=
4	State collapse or crisis	Interstate conflict	Terrorist attacks	Data fraud or theft	Data fraud or theft	Biodiversity loss	↑
5	Unemployment	Natural catastrophes	Data fraud or theft	Climate action failure	Cyberattacks	Human-made environmental disasters	↑

The reference macro framework: for the first time, environmental and climate concerns dominate the ranking of global risks

### Top 5 Global Risks in Terms of Impact

	2015	2016	2017	2018	2019	2020	
1	Water crises	Climate action failure	Weapons of mass destruction	Weapons of mass destruction	Weapons of mass destruction	Climate action failure	↑
2	Infectious disease	Weapons of mass destruction	Extreme weather	Extreme weather	Climate action failure	Weapons of mass destruction	↓
3	Weapons of mass destruction	Water crises	Water crises	Natural disasters	Extreme weather	Biodiversity loss	↑
4	Interstate conflict	Involuntary migration	Natural disasters	Climate action failure	Water crises	Extreme weather	↓
5	Climate action failure	Energy price stock	Climate action failure	Water crises	Natural disasters	Water crises	↓

The top 5 long-term risks in terms of probability are all related to the environment, as are 3 of the top 5 risks in terms of impact

■ Economic    
 ■ Environmental    
 ■ Geopolitical    
 ■ Societal    
 ■ Technological

Source: World Economic Forum 2010-2020, Global Risks Reports



## SHARING IDEAS: LEGAL AND CORPORATE AFFAIRS TEAM



**E. Noto**

- In Italmobiliare since 2018, Head of Legal and Corporate Affairs Dept.
- Previous experience in Luxottica Group, Fastweb, Montedison.
- Degree in Law from Milan's Catholic University of the Sacred Heart



**S. Seccamani Mazzoli**

- In Italmobiliare since 2020, Head of Legal Affairs
- Previous experience in Chiomenti and doValue
- Master (LL.M.) at Fordham University School of Law in New York and degree in Law from Milan's Catholic University of the Sacred Heart
- Qualified to practise as a lawyer in Italy and New York

**Italmobiliare** plays an active, ongoing role in the process of expanding and enhancing the value of its portfolio, combining development, internationalisation and innovation with an effective governance and risk management model. The company applies a **traditional governance model** with a Board of Directors and a Board of Statutory Auditors, both appointed by the Shareholders' Meeting, as this system of corporate governance is deemed to be the most suitable to combine **efficient management** and **effective controls**, while at the same time pursuing the interests of its shareholders and making full use of management's skills. In its role as a holding company, Italmobiliare is firmly convinced that the continuous modernisation of the Corporate Governance rules favours and strengthens the sharing of its values and the dissemination of entrepreneurial culture and managerial skills.

The Italmobiliare **Legal and Corporate Affairs Department**, which reports hierarchically to the Chief Executive Officer and General Manager, plays a central role in supporting the definition of **Corporate Governance processes** and in implementing the rules applicable to listed companies, inspired by principles of efficiency and effectiveness, as well as helping the corporate structures with the various legal issues, of an ordinary or extraordinary nature, which may involve the company.

The **Corporate Affairs Department** is, among other things, responsible for managing **corporate obligations** and for preparing and updating the documents and procedures required by the provisions applicable to listed companies. The Function also takes part in the organisation of meetings of the corporate bodies as a **genuine "internal consultant"**, collecting and preparing the supporting documentation and collaborating with Senior Management and the Human Resources Department in defining the system of proxies and powers of attorney to be attributed to management.

The **Legal Affairs Department**, on the other hand, provides **legal advice to all business areas** and in the various areas of interest for the company, as well as dealing with any litigation under civil law. In this context, in line with Italmobiliare's core business, the Legal Affairs Function ensures key support in the various **special projects of the holding company**. With consolidated experience in the field of M&A, it guarantees constant assistance to those involved in the many investment and divestment projects (including the Development and Investments Team and the Equity Management Team). It also handles the relationship with the external legal consultants who assist Italmobiliare – coordinating and supervising their activities and favouring the exchange between the central corporate structure and the law firms – and facilitates the **development of decision-making and management processes** within the company.

Lastly, the Italmobiliare **Legal and Corporate Affairs Department** regularly **collaborates with the companies in the holding company's portfolio**, providing corporate and legal assistance of a strategic nature, coordination and support to the various activities, also with regard to M&A projects and corporate reorganisations that may affect them.

edited by the Communication Department @ ITALMOBILIARE

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