

discover automotive



Observatory report on the Italian automotive sector

2011



CAMERA DI COMMERCIO
INDUSTRIA ARTIGIANATO E AGRICOLTURA
DI TORINO



Torino Chamber of Commerce Industry Crafts and Agriculture
in collaboration with ANFIA (Associazione Nazionale Filiera Industria Automobilistica)

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We thank the following for the use of photographs: ANFIA (Associazione Nazionale Filiera Industria Automobilistica);
Ceipiemonte; FIAT Group Automobiles; SAET Group

Editorial coordination: Studies, Statistics and Documentation Department of the Torino Chamber of Commerce

Graphic coordination: External Communications Department of the Torino Chamber of Commerce

Graphic design and layout: Bussolino - Sitcap

Printing: MCL srl

Printed in: november 2011

Printed with: ecological paper Certificated FSC.



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Camera di commercio di Torino



The Observatory

The Observatory on the Italian automobile supply chain is implemented by Turin Chamber of Commerce with the collaboration of ANFIA (Associazione Nazionale Filiera Industria Automobilistica – National Association of the Automobile Industry Supply chain), which represents the Italian companies operating at the very highest levels of the construction, transformation and equipment of vehicles for individual and collective transport of people and freight, and is the point of relational and strategic reference between the vehicle supply chain and the Italian and international political-institutional sphere.

Set up in 1997 with the aim of filling a gap in terms of publicising such an important sector for Piedmont's economy, the Observatory has gradually expanded its activities, to the point where it now comprises the whole Italian motor vehicle supply chain becoming a valuable reference point for scholars, decision-makers, public administrators and those who operate in various capacities in the automotive sector.

The last edition of the study is based on interviews - through a questionnaire filled in online - of 290 Italian and Piedmontese representing a universe of about 2,700 capital companies which make up the Italian motor vehicle supply chain.

The recovery of the markets and the automotive industry in the world, new and strong relationships between mature and

emerging markets, the active and passive internationalisation of firms in the Italian and Piedmontese supply chain, competitive levers, the M&A processes that have involved them in recent years, non-equity collaborations, the performance of domestic and foreign orders in the first quarter of 2011: these are main issues examined in the Observatory on the motor vehicle supply chain, where, in addition to the final totals for 2010, some of the possible future scenarios regarding this industry in Italy and the rest of the world are traced.

Particular attention has been focused on the Brazilian industry and market. Within this market, the Fiat Group and the Italian and Piedmontese supply chain play a leading role: Fiat is market leader both for motor vehicles and commercial vehicles



and our component manufacturers exported parts and systems in 2010 worth 667 million euros, two thirds of which from Piedmont. This figure makes Brazil the first non-European destination for Piedmontese automotive parts and components. For the accomplishment of the Observatory, Turin Chamber of Commerce works in conjunction with Step Ricerche S.r.l.

An overview of the Observatory data

After two consecutive drops (in 2008 and 2009), last year the car industry started growing again (+26%) producing 16 million more motor vehicles than in 2009. The annualised figure for Western Europe is positive too: +12.9%.

For the first time this year, the annual investigation of the Observatory, between the end of April and the beginning of May 2011, was based on 290 questionnaires filled in online directly by the businesses in the Italian automotive supply chain (176 of which based in Piedmont).

The declarations of those interviewed, pondered and projected onto a universe of 2,327 capital companies with financial statements acquired by the Observatory, described an Italian supply chain with an overall turnover of 42.2 billion euros, employing about 169,000 operators. About 900 of the businesses are in Piedmont and they have a turnover of 22.8 billion with 90,000 operators. Compared to 2009, Italian turnover has risen 11.1%, recovering 86% of the pre-crisis revenues, while Pied-



montese turnover is up 16.4% recovering 90.6%.

Among the various players in the supply chain, those belonging to the engineering and design sector (E&D) recorded the best performance (+19.2%), followed by specialists and sub-suppliers, up a total 14.4%. The suppliers of modules and systems (OEM) on the other hand suffered as a result of the rather flat trend in domestic final production, recording -4% compared to the previous year.



The Italian motor vehicle supply chain¹ 2010²

ITALY	Businesses	Employees 2010 <i>(Estimate)</i>	Turnover 2010 <i>(Estimate in bil.)</i>	Turnover 2009 ³ <i>(Book value in bil.)</i>	Turnover 2008 <i>(Book value in bil.)</i>	Change % 2010/9	Auto turn- over 2010 <i>(Estimate in bil.)</i>
TOTALS	2,327 ⁴	168,903	€ 42.25	€ 38.03	€ 49.31	11.1%	€ 32.65
Piedmont	905	90,286	€ 22.85	€ 19.63	€ 25.22	16.4%	€ 16.99
Rest of Italy	1,422	78,617	€ 19.40	€ 18.40	€ 24.10	5.4%	€ 15.66
ED	264	17,767	€ 3.87	€ 3.25	€ 4.79	19.2%	€ 3.26
OEM	60	33,695	€ 7.41	€ 7.72	€ 9.75	-4.0%	€ 7.34
SS	2,003	117,441	€ 30.97	€ 27.06	€ 34.77	14.4%	€ 22.05

PIEDMONT	Businesses	Employees 2010 <i>(Estimate)</i>	Turnover 2010 <i>(Estimate in bil.)</i>	Turnover 2009 ³ <i>(Book value in bil.)</i>	Turnover 2008 <i>(Book value in bil.)</i>	Change % 2010/9	Auto turn- over 2010 <i>(Estimate in bil.)</i>
Piedmont	905	90,286	€ 22.85	€ 19.63	€ 25.22	16.4%	€ 16.99
ED	139	14,162	€ 2.80	€ 2.31	€ 3.50	21.1%	€ 2.46
OEM	34	22,641	€ 4.68	€ 4.94	€ 5.38	-5.3%	€ 4.65
SS	732	53,483	€ 15.38	€ 12.38	€ 16.33	24.2%	€ 9.89

Source: Step Ricerche processing of figures obtained from interviews and financial statements

¹ The supply chain consists of engineering & design (E&D), OEM (modulists/systemists), SS (specialist and sub-suppliers).

² The 2009 figure was recalculated this year on the basis of the 2009 financial statements (deposited) and the new businesses that have joined the chain, excluding those off target or which have ceased operation. The overall turnover for 2009 differs from that supplied last year for two reasons. The first is that they are no longer estimates: last year we estimated the value starting from the 2008 book value and applying the 2009 change to 2008 declared by the respondents, overestimating the supply chain turnover by 7.1 percentage points. The second is that, in the meantime, the reference universe (businesses in the supply chain for which the book value is available) has changed: between 2009 and the beginning of 2011 we have updated the database taking into account the 58 businesses that are no longer active, the 61 that are no longer part of the motor vehicle supply chain and the 166 new additions (firms that were not previously present in the database). Adding together the turnovers of the 2,327 companies for which the Observatory possesses the turnover for 2009, we obtain a total turnover of 2009 (automotive and non-automotive) equating to 38 billion euros.

³ Like every other year, the researchers have recalculated the figures for the year prior to that examined (and estimated last year) using the deposited financial statements.

⁴ These are the firms for which the Observatory has book values. These figures are taken from the AIDA database produced and marketed by Bureau VanDijk Electronic Publishing, which comprises the financial statements (consolidated and non-consolidated) deposited by the capital companies based in Italy.

The recovery is led by exports and orders for the domestic production of commercial and industrial vehicles. Moreover, observing the flow of E&D, we could state that design commissions and the engineering of new models to produce and launch on the market are also playing an important role.

The most important engine is definitely export: a total 73% of businesses declare that part of their turnover is accounted for by foreign customers (75% of businesses in Piedmont). This is also confirmed by the Istat figures, that quantify the value of Italian exports for 2010 as 16.4 billion euros, +25% on 2009, with a recovery of about 88% compared to the pre-crisis level. Also according to the ISTAT, Piedmont's component manufacturers, which account for 41% of total exports, have recorded a 25% increase in exports and a recovery of 91% compared to 2008.

Internationalisation also means the opening of establishments, mainly in India, China and Brazil. Dependence on Fiat is down, from 63.2 to 56 euros out of 100 for Italy and from 78.1 euros to 59 for Piedmont, following the Group's less brilliant results in 2010. Italian businesses are capable of beating off international competition by leveraging on the quality of their products (49% of respondents), on productive flexibility (41%) and on innovation (17%), rather than price (13%). If the average size of businesses continues to be small-medium (over 70% of businesses in the universe are micro or small), there has been considerable growth in membership of industrial groups (59% of the sample is an individually controlled business; 7.3% with a group of

shareholders; against percentages of around 75% recorded in previous years), M&A operations (17% of the sample has been involved since 2009) and the search for non-equity collaboration; only a third of respondents since 2009 have not worked on subjects in common with other businesses.

The international picture

In 2010 the global automobile industry began growing again, clocking up record sales (74.5 million registrations, +3.4% compared to 2007) and production (77.8 million units, +26%). The breakdown of the figures reveals how initially the crisis and then the recovery have speeded up the change in relationships of strength between the various markets. China is now the leading market and first automobile industry on a stable basis, but countries like Brazil (in fourth place as a market, in sixth for the number of motor vehicles produced) and India (in sixth and seventh place respectively) have grown alongside it. The first fifteen producers in the world now include Mexico, Thailand, Iran and Russia.

What about Italy? The crisis in recent years has pushed it down to nineteenth place in the international ranking.

The production systems of the emerging economies are now perfectly capable of taking on a growing demand for mobility alone. This demand seems to continue to have important growth margins.

To get a clearer idea, all you have to do is compare the growth

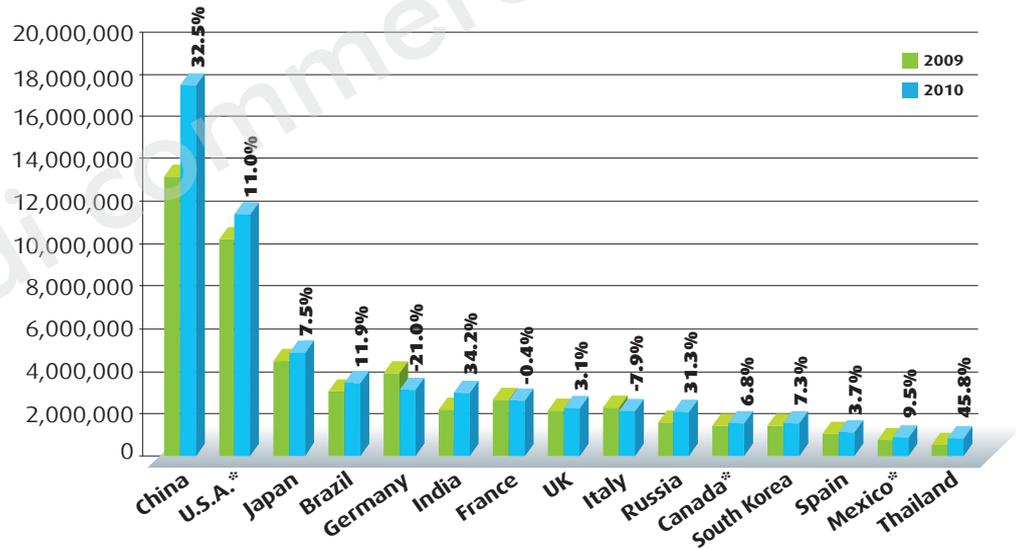


rates in gross domestic product (on average between 5 and 10% in the last ten years) and the rate of motorisation of these countries. The latter figure in China has just passed 20 cars for every 1,000 residents, against 500 out of 1,000 inhabitants in Europe. In the older industrialised countries on the other hand there is now a demand for replacement, which comes on a delayed basis with respect to pre-crisis levels both in registrations (2 million units in Western Europe, 3 million in the United States) and in production (over 3 million in Europe and over 3 million in the United States). The presence of these differentials might mean

that we are lagging behind with respect to the rebalance on the figures for 2007 or that we are facing a more lasting change. Probably the change is still not due to a structural change in peoples' choices regarding mobility (they can decide, for example, to prefer public transport to private). What seems certain is that the consumer model of one car every two inhabitants, to be changed every eight years, is under pressure. The main reasons for this are income restrictions and more stringent legislations, with governments becoming increasingly worried about issues such as urban congestion and atmospheric pollution.

Motor vehicle registrations by country⁵, 2009 and 2010 (absolute values and change in 2010 from 2009)

⁵ For countries marked with a star, the figures are related to sales and not registrations.



Source: National associations of motor vehicle manufacturers/Fourin/Ward's



New models of car, with increasingly efficient engines or new electric drive systems could offer tangible responses to this situation and even represent a relaunch factor, even on mature markets. It's no mere coincidence that, between 2011 and 2012, more than ten of the major automobile companies in the world envisaged the launch of completely electrical systems (about twenty altogether). For the moment, the intention of these innovations isn't so much that of gaining market shares (in 2010 hybrids account for 1.6% and completely electric vehicles for just 0.02%), as to create an image as being a brand positioned on the technological frontier.

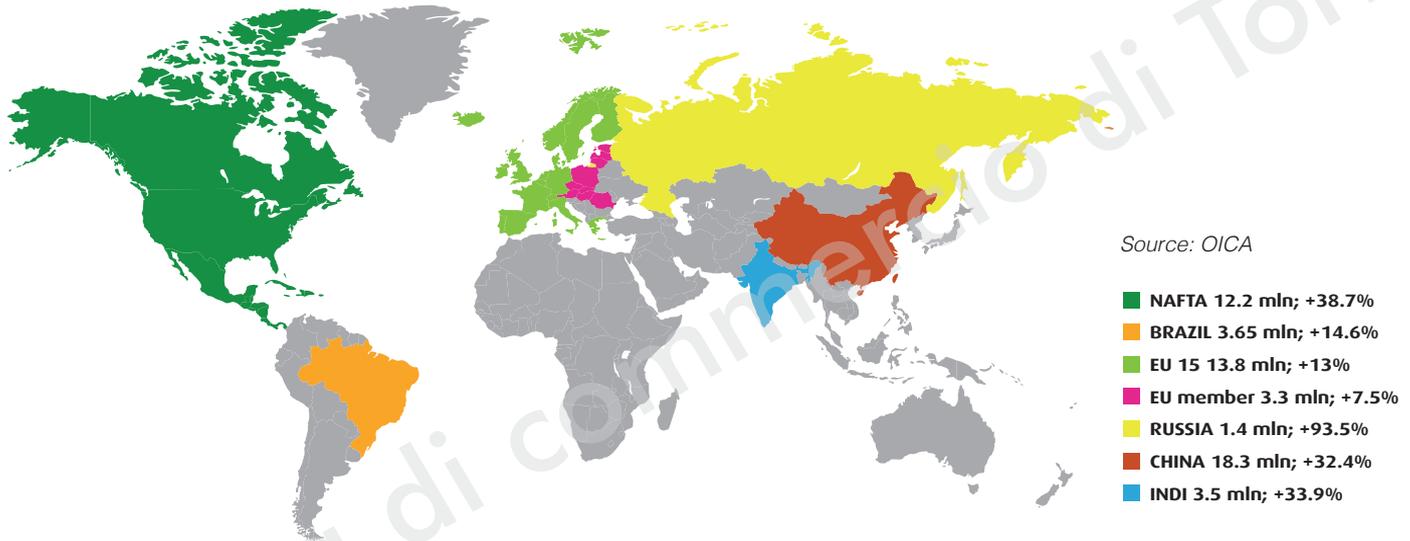
Investments in green technologies are not only necessary in order to stay in line with the competition, but are now also favoured by a renewed profitability of the automobile industry. In 2010, all the major automobile manufacturers succeeded in intercepting the growth, increasing sales, turnover and profits. The top 12 automobile groups increased sales by 12.5%, with profits reaching several billions: the best group was Volkswagen, with 6.8 billion euros.

The levers that favoured the success of the car manufacturers – new products, global positioning on the major markets, including emerging markets, restructuring of costs – are the same that guaranteed positive results to their level one suppliers. In 2010, the first 25 component manufacturers in the world recorded a total turnover of 275 billion euros, with an overall growth of 58 billion euros (+26.8% on the previous year).

Now those suppliers who are better able to sustain the tendency of end customers to prefer vehicles with advanced technological content, low consumption and new drive models stand to gain, benefiting in terms of turnover and added value.



Breakdown of 2010 global production into macro-areas (mln motor vehicles assembled and percentage change compared to 2009)



The italian picture

Like every other year, the analysis of what has happened to the Italian automobile industry is moved by its main player: the Fiat Group. Since 2009, the group from Lingotto has accelerated towards its complete development as an international

and globalised organisation. The integration with Chrysler, of which it has progressively purchased the majority shareholding, means that it is capable of conceiving and producing cars in different parts of the world, with the declared goal (for 2014) of selling between 5.5 and 6 million on the international markets. A better corporate organisation (with the separation



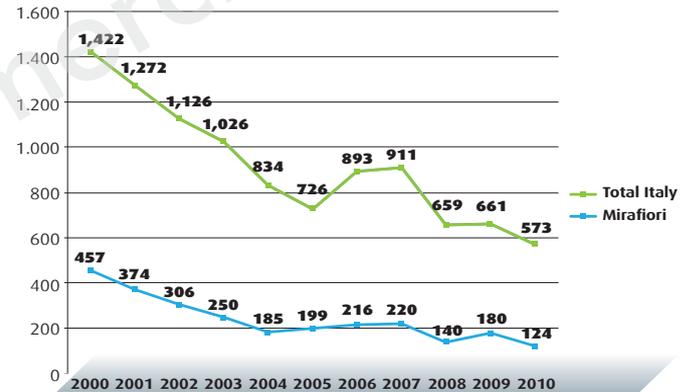
of cars and industrial vehicles and earth moving machinery), increased productivity by the plants (with world class manufacturing) and an articulated product portfolio based upon profitable economies of scale, should guarantee a rise in net profits to 4.8-5 billion euros.

If the group has laid the foundations for achieving these goals in the past two years, it now has to deliver. In 2010 it began producing net profits again (520 million euros for Fiat Spa, 378 million euros for Fiat Industrial), but suffered - in terms of sales and market shares – the deceleration of the launch of new models. In the years to come, Lingotto will have to convince international consumers to buy utility vehicles, as well as its SUVs and saloons, also reaching that growing mass of buyers in countries like China, India and Russia.

At the same time, given the lack of alternative assemblers to the Turin group within the country, the final production of Italian automobiles continues to depend largely on Fiat. After a 2009 characterised by the crisis which brought the number of automobiles produced in Italy below 900 thousand (-17.6% total annual change in terms of units produced), in 2010 things remained quite stable (losing about 5 thousand vehicles), as the result of a decline in automobiles assembled (-13.3%) and a recovery in industrial vehicles (+25%) and commercial vehicles (+50%). The trend recorded in recent years by Italian final production is in contrast with the rest of the world, where it has grown altogether by 20 million units in the last 10 years. The result is

a loss of positions in the world, where Italy has fallen from eleventh place in 2000 (with 1.7 million automobiles produced) to nineteenth place in 2010. The decline also occurred in Europe: after fifth place in 2000, Italy has gradually been overtaken by Russia, Turkey, the Czech Republic and Poland.

Total production of motor vehicles in Italy and at Mirafiori 2000-2010⁶ (figures in thousands of units)



Source: Step processing of figures obtained from Anfia, Fiom, Fim, Automotive News

⁶ The figures for 2010 are updated to May 2011.

Component manufacturers: growing thanks to exports

As mentioned earlier, among the engines that have enabled the recovery of the businesses interviewed, the most important was that relating to exports. The growth of exports involved almost half the respondents to the Observatory's survey. A total 73% of businesses declare that part of their turnover is accounted for by foreign customers (75% of businesses in Piedmont), and this percentage is higher than that observed in previous years, when it was around 63%. For almost half the exporters of the sample, foreign order represent half or more of their total turnover.

Destination markets

If the European market continues to be the most important area for the destination of parts and components of the regional supply chain, over the last decade countries of historical importance like Germany, France, the United Kingdom and Spain have gradually diminished in importance, falling from 55% of the total to the current 40%. However, the rebalance has not benefited a rise in Piedmontese exports to Asian countries or North America, where exports have remained largely stable in recent years (160 million and 60 million euros respectively). The growth of Piedmontese exports has implicated

other destinations, i.e.: Turkey, Poland, Brazil, Russia, Serbia and the Czech Republic. In 2010, this group of countries represented 38% of Piedmontese exports (1.6 billion euros, almost 900 million more in ten years) and just under a quarter of the exports of the rest of Italy (2.5 billion, with a growth of almost 1.4 billion in ten years). They are all countries (apart from the Czech Republic) where there is a significant presence of the Fiat Group.

Brazil: emerging economy where Fiat and the Italian supply chain have caught onto the growth

This year, the Observatory dedicates a specific analysis to one of the main emerging economies: Brazil. From 2004 to 2008, Brazil's gross domestic product has grown at an average of just below 5%. The car industry, which employs 450 thousand people, has been one of the engines of this growth: registrations have more than doubled in five years, taking Brazil, with 3.5 million units, to overtake Germany. This volume of sales in 2010 exceeded that of all the countries of Central Eastern Europe put together (including Russia). The total of automobiles produced is even higher: 3.6 million units.

The Fiat group and the rest of the Italian supply chain play a leading role here. In 2010 the Turin group realised revenue of 11.9 billion euros in Brazil – a figure equal to the turnover

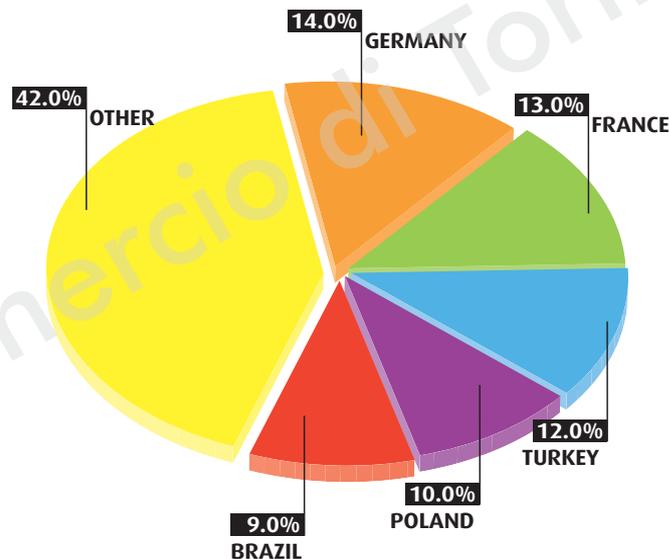


generated in Italy. In the same year, Fiat sold 611 thousand cars (which become about 761 thousand if we also include industrial and commercial vehicles), confirming its position as market leader, with a 23.1% share (against the 22.7% of Volkswagen and the 21.2% of General Motors). The Group's biggest plant (in terms of automobiles produced) is here, in Betim, in the state of Minas Gerais. In this plant, in 2009, 751 thousand automobiles were assembled: 30.5% of the group's total in the world and 24.5% of the whole Brazilian industry.

For the near future, estimates indicate further growth: for 2014, Fiat envisages the sale on all the Latin American markets of more than 1.1 million automobiles, 1 million of which in Brazil. Alongside Fiat, there is an important series of Italian accessory companies.

For the Italian supply chain, Brazil represents the most important emerging company outside of Europe: the value of exports towards this country of car parts and components is almost double that of Russia and triple that of China and India. The share of exports of automobile parts towards Brazil out of the national total for the sector has grown from 2.9% in 2009 to 4.1% in 2010. Piedmontese exports of automobile parts and components are about two thirds of the national total (667 million euros in 2010⁷), so much so that, in terms of value, Brazil represents the fifth destination country for exports by the regional automobile supply chain.

Breakdown of Piedmontese exports of parts and accessories⁸ (detail of first 5 destinations), 2010.



Source: Istat

⁷ 667 million euros when calculated with the combined nomenclature, SH4 (source: ANFIA), 605 million euros if we take into consideration the less merchandise-detailed universe, richer in information on the regions of origin of the exports.

⁸ Ateco code 2007 CL293 "Parts and accessories for automobiles and their engines".



Opening of plants

To reach the markets furthest away, the more structured businesses now prefer to open production plants directly on-site, joining the local supply chains. If we look at the country ranking by number of opening of plants abroad from 2009 to the present day, first place is occupied by India, then China and

Brazil, followed by countries belonging to Central Europe and the NAFTA area.

The importance of Brazil is confirmed: a market where 30% of respondents declare that they export and which arouses the interest of another third of the sample which doesn't export at the moment.

Plants opened abroad from 2009 to 2011 (26 plants opened, 2 closed)



*** 2 USA
1 Mexico

*1 Czech Republic, 1 Romania

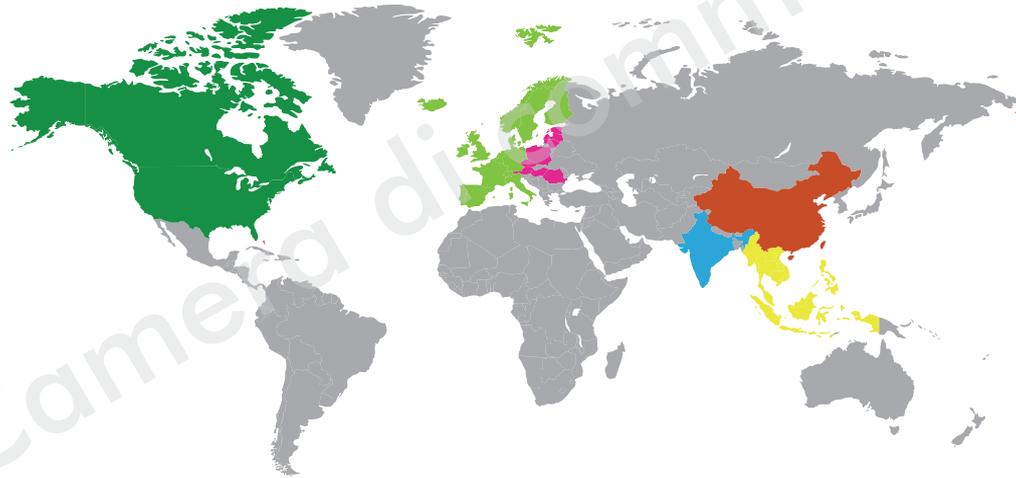
**2 Tunisia, 1 Morocco

2 closed: UK and USA
6 opened without any indication
of the location***

Passive internationalisation: 74% of the sample purchases supplies abroad

Relations between members of the local supply chain are solid, 95% of Piedmontese businesses declare that they have at least one supplier active in the region, but at the same time, globalisation is implicating purchases from component manufacturers more and more. About 74% of the sample now has supply chains generated (beforehand) in foreign countries. Out of 100 euros spent by the chain to procure raw materials and unfini-

The breakdown of imports by area of origin



shed products, 42 are now invoiced abroad, 24 in Piedmont and the remaining 34 in the rest of Italy.

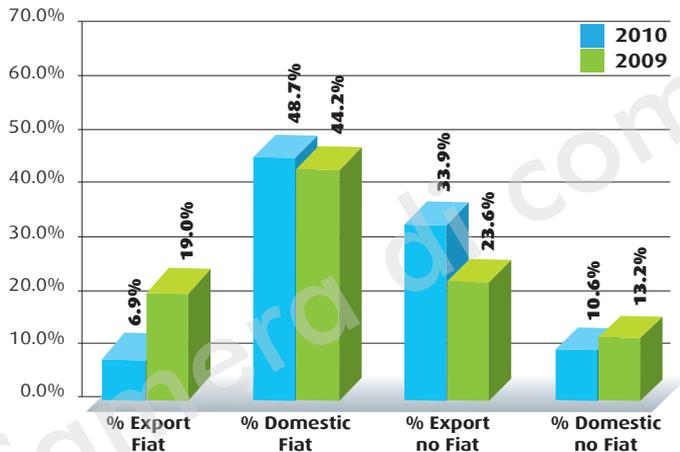
Imports come not only from Europe, but more and more from the emerging markets. Out of the total purchases of the sample, Germany (the leading country) is followed immediately by China. Then comes France and, in fourth place, South Korea. Overall, imports from Asian countries are now worth more than 35.4% of the foreign purchases of those interviewed, a share substantially equivalent to that of Western Europe.

Source: Step Ricerche processing of figures obtained from interviews and financial statements

Dependence on Fiat

The dependence on Fiat appears to be slightly redimensioned compared to the previous year, following the less brilliant results of the Group: while in 2009, out of 100 euros of revenues, 63.2 were from (direct or indirect) orders from the Fiat Group, in 2010 this figure fell to 56 euros.

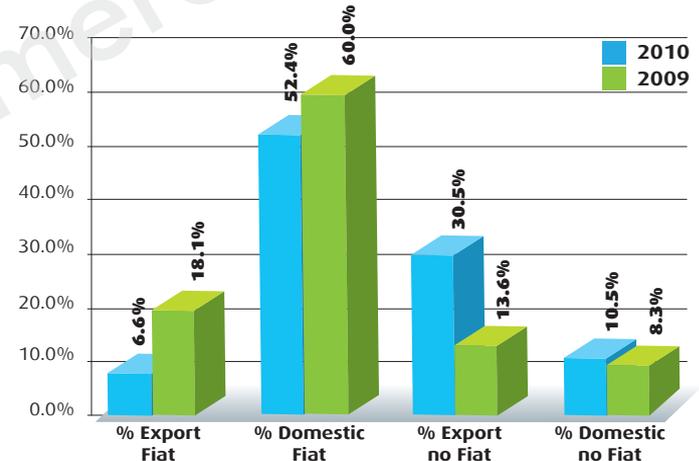
Breakdown of the 2010 turnover by end customer and comparison with the previous year (Fiat group and non-Fiat group, Italy and abroad)



Source: Step Ricerche processing of figures obtained from interviews and financial statements

This trend is even more obvious for Piedmontese companies, where the turnover generated by Fiat orders falls from 78.1 euros to 59 euros (-24.5% compared to 2009 against -11.4% recorded at national level).

Breakdown of the Piedmontese 2010 turnover by customer and comparison with 2009 (Fiat group and non-Fiat group, Italy and abroad)



Source: Step Ricerche processing of figures obtained from interviews and financial statements



Other sources of revenue: aftermarket and diversification towards other segments

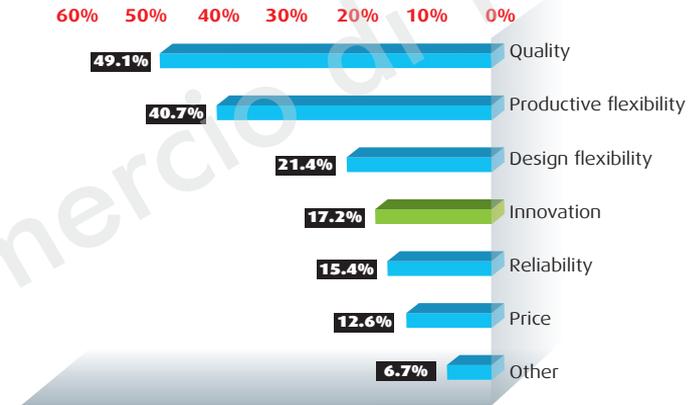
The productions of the aftermarket involve, with varying levels of importance, 72% of the sample and account for just under 14% of the automotive turnover measured; however the figure recorded by businesses with offices outside Piedmont is higher (17% of the automobile turnover) and of the total of sub-suppliers (19% of the automobile turnover).

As regards diversification towards other sectors, the total of the sample acquired 20% of its turnover from segments other than the automotive sector, with a peak of 35% for sub-suppliers, which are historically the most flexible and diversified segment due to their specific characteristics.

Competitive levers: quality and flexibility

To tackle increasingly global competition, our businesses lever on products and services characterised by high levels of quality (for almost 50% of the sample), and on the capacity to quickly vary the quantity of output, coping with productive peaks (about 41% of the sample), or on the speed of alterations with respect to the product specification (more than one interviewee in five). The lever of the lower price than the competition is the method that has fewest preferences: indicated by 13% of the sample.

Percentages of businesses by distinctive feature of the product/service with respect to the direct competitors (two possible answers, 285 respondents)



Source: Step Ricerche processing of figures obtained from interviews

Research and development: fundamental involvement of universities and green technologies

Half of the respondents invest more than 2% of their turnover in this type of activity. Despite the growth of relations with university and research structures (39 businesses, i.e.: 14% of respondents, 23 of which in Piedmont), most of the research is

Businesses that have promoted projects in the field of “cleaner” technologies for automobiles in the last 3 years (from 2009 to 2011 inclusive)

CLEAN TECHNOLOGIES	E&D		OEM		SPEC		SUB		Total	
	bus.	%	bus.	%	bus.	%	bus.	%	bus.	%
Alternative engines	29	52.7%	6	42.9%	10	24.4%	36	26.9%	81	33.2%
“Traditional” but “more efficient and clean” components	5	9.1%	2	14.3%	6	14.6%	20	14.9%	33	13.5%
Adoption of clean energies or propellants	4	7.3%	1	7.1%	1	2.4%	3	2.2%	9	3.7%
alternative materials (to those used traditionally)	4	7.3%	1	7.1%	1	2.4%	16	11.9%	22	9.0%
Regeneration of materials, parts and components	2	3.6%	1	7.1%	2	4.9%	7	5.2%	12	4.9%
Other	4	7.3%	0	0.0%	8	19.5%	9	6.7%	21	8.6%
We have not yet invested in this field	17	30.9%	5	35.7%	17	41.5%	62	46.3%	101	41.4%
Non-respondents	8	12.7%	1	6.7%	9	18.0%	28	17.3%	46	15.9%
Respondents	55	87.3%	14	93.3%	41	82.0%	134	82.7%	244	84.1%
Total interviewees	63		15		50		162		290	

still carried out within the single companies.

The path to the formalisation of the results through patents is still given little consideration. Lastly, despite cooperation with other businesses growing visibly, these are mainly commercial (20% of the sample is involved in projects of this type) and productive (18%), regarding research and development activities to a lesser extent (about 13% of the sample).

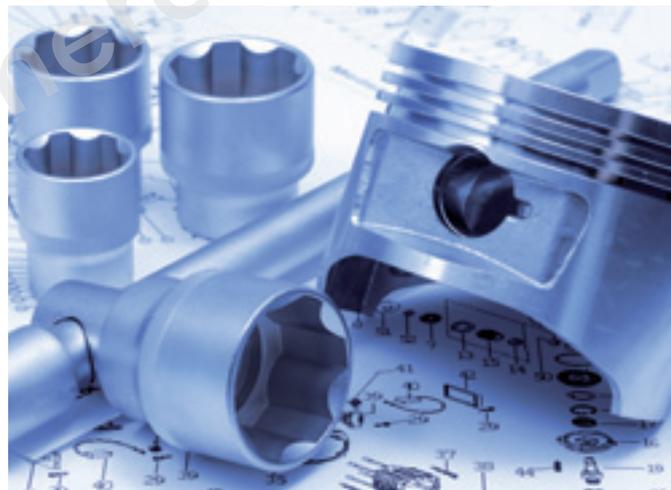
Activism has grown with respect to innovative products and services. The crisis has been contrasted with an improvement in the productive process (56%) and the organisational-managerial process (37%), but also with the launch of products not previously contained in the company catalogue (28%).

As regards the frontier of innovation, one of the sectors that has recorded the greatest dynamism compared to previous years is undoubtedly clean tech. During the last 3 years, the respondents to the questionnaire active on this front have gone from 10 to 50%. The part of turnover averagely due to these productions is still limited (usually being contained below 5%) but is destined to grow.

Dimensions of businesses still limited, but membership of groups and collaborations are growing

The average structure of Italian businesses is still characterised by small or micro dimensions (about 3 out of 4 businesses in Italy and 63% in Piedmont belong to this category), but the widespread difficulties on the market have generated significant moments of M&A (involving just under 1 business out of 5); moreover, on the basis of that declared by the interviewees, the volume of operations could rise in the next 3 years. Also by

virtue of these trends, the number of companies independent from industrial groups has fallen from 75-80% in recent years to 66% in 2011⁹.



⁹ The data refer to the survey which was completed in May 2011.

Collaborations with other business in the last 3 years (from 2009 to 2011¹⁰ inclusive)

COLLABORATIONS	E&D		OEM		SPEC		SUB		Total	
	bus.	%	bus.	%	bus.	%	bus.	%	bus.	%
Has activated collaborations with other commercial businesses	15	28.3%	1	10.0%	10	25.6%	20	16.1%	46	20.4%
productive collaborations regarding R&D projects	10	18.9%	3	30.0%	10	25.6%	17	13.7%	40	17.7%
Has become part of a consortium or network of businesses	5	9.4%	1	10.0%	3	7.7%	5	4.0%	14	6.2%
Other types of collaboration	10	18.9%	2	20.0%	10	25.6%	20	16.1%	42	18.6%
None of the above	12	22.6%	3	30.0%	9	23.1%	59	47.6%	83	36.7%
Non-respondents	10	15.9%	5	33.3%	11	22.0%	38	23.5%	64	22.1%
Respondents	53	84.1%	10	66.7%	39	78.0%	124	76.5%	226	77.9%
Total interviewees	63		15		50		162		290	

¹⁰ Also collaborations already started in the first five months of the year or collaborations already finalized for the same year are included.

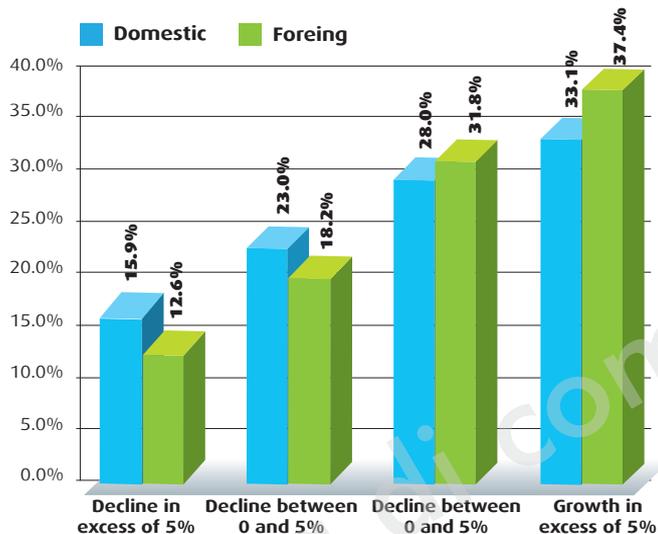
The recovery continues in 2011 dragged by the foreign market

Having asked the sample to inform us of the results of the collection of orders for the first quarter of 2011, we are able to confirm how the recovery has continued in the first part

of this year, thanks to domestic orders and, even more so, to foreign orders: 61% of those interviewed declared growth of domestic orders and a higher percentage (69%) witnessed increases in foreign on the same period of the previous year. With respect to the first three months of 2011, Piedmont and the Rest of Italy present similar figures.



The collection of orders from the first quarter of 2011, by domestic or foreign origin. Breakdown of the sample interviewed on the basis of the relative declarations



Source: Step Ricerche processing of figures obtained from interviews

To sustain and strengthen the recovery begun in 2010 and continued in the early months of 2011, the Italian car component supply chain will have to continue to lever on the competitive factors activated in recent years. These are characterised by major attention to research, development and its fruits in terms of in-

novation, an approach to places of knowledge and technological transferral, renewed attention to the dynamics of the foreign markets and of the different product segments, for a more convinced and structured search for collaborations with the other businesses and an increase in mergers and takeovers.

Alongside these actions, we think that, for a relevant number of them, an increase in size is necessary, with a view to increase the possibilities of investment in research, development, innovation and the commercial presence on foreign markets. These elements are much more necessary on globalised markets and supply chains and those aimed at end customers called upon to respond to growing problems (in terms of number and complexity), ranging from the reduction of polluting emissions to safety and infomobility. It's no mere coincidence that last year the turnovers of the leading 25 international groups that produce systems and components for cars succeeded in growing by a total of just under 17%, thanks to these ingredients.

To strengthen the competitive edge of the Italian cluster an endogenous element given by the growth of the domestic financial production is necessary. The hope is that the investments envisaged by the plan of the Fiat Group launched in Pomigliano and confirmed for the former Bertone workshops involve other Italian plants and provide a fundamental opportunity for revenues (thanks partly to the launch of models that aim to strengthen or inaugurate the Italian presence on markets outside of Europe or in market segments, such as saloons and SUVs) for domestic supply businesses.

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Monday to Thursday 2.30 pm to 3.45 pm



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