

# Investindustrial



SOUTHERN EUROPEAN LEADER WITH A  
GLOBAL INDUSTRIALLY-DRIVEN APPROACH

2010 ANNUAL REVIEW & SUSTAINABILITY REPORT

## Investindustrial™

Investindustrial is a group of independently managed investment and financial advisory companies.

Investindustrial is a registered trademark.

All trademarks, brand names and logos (including any word, name, symbol, design, colors or combination thereof) reproduced in this report are protected by applicable national and international laws and should not be used or copied without the legitimate owners' permission.

This document has been prepared for information purposes only on the basis of a series of conditions. Neither the whole nor any of the information in this report may be used for any other purpose without the prior written consent of Investindustrial. While it has been prepared in good faith, no representation is given as to the accuracy or achievability of any values applied herein, nor should any valuations be treated as the Investindustrial's estimate of the eventual investment out-turn. The assumptions on which these values have been prepared are necessarily subjective and have not been subject to third party verification. By your receipt of this document, you

acknowledge that you are aware of the restrictions imposed by the laws of various countries on the purchase and sale of securities by any person who has received such information and on the communication of this information to others. We are not in the position to determine whether any of the information in this report is insider information within the meaning of the laws of any country, as such determination could be made only in the light of the circumstances in which any disclosure was considered. Nothing in this report should be construed as advice or solicitation to buy or sell any securities. The information and opinions in the report are given in good faith.

However, we do not make any warranty as to their completeness or accuracy. They are also subject to change without notice. The term "group" in this document has been used only for practical ease of reading and does not intend to imply any specific reference to a legal definition or any activity of control by any company with respect to other companies. Please note that the Investindustrial website, information and links contained therein are not part of this Presentation and should not be considered as incorporated by reference herein. For any queries on the information contained within this report, the reader should contact Investindustrial.



## TABLE OF CONTENTS

4	About Investindustrial
6	Chairman's Report
12	Global Footprint
16	Strategies for Value Creation
36	Management and Culture
42	Sectors and Companies
58	Social Responsibility
68	Group Financial Information

# A LEADER IN GLOBAL INDUSTRIALLY-DRIVEN INVESTING

Investindustrial is one of Europe's leading independent investment groups focused on taking control positions in medium-size companies that are leaders in their fields.

Investindustrial's companies, while remaining independently managed, benefit from the advantages of the relationship with a large advisory group with sector and industrial expertise, operational focus and global platforms.

Founded in 1990 out of an industrial conglomerate, Investindustrial has a team of more than 50 professionals on three continents divided across independently managed investment and advisory companies that provide capital and industrial solutions.

Our aim is to create long-term value by helping portfolio companies to accelerate international expansion and improve operational efficiency.

[www.investindustrial.com](http://www.investindustrial.com)

**PROVIDING INDUSTRIAL EXPERTISE, OPERATIONAL FOCUS AND GLOBAL PLATFORMS TO ACCELERATE VALUE CREATION AND INTERNATIONAL EXPANSION**

Origins from  
a successful  
industrial  
group

Investing as  
a firm  
since 1990

More than 50  
professionals  
on three  
continents

Industrially  
driven  
approach

# A HISTORY WITH A CONSISTENT STRATEGY



1978 - The Financial Times

Started in Italy but now throughout the world.

## "Invest" Group: 50 Companies, one philosophy

The Group has a long history, because it is formed of some companies founded over a century ago.

But the concept behind the Group was born early this century and has been developed over the years to a Group philosophy based on three main principles.

### Diversification

The Group philosophy, while based on growth, aims to spread investment risks by diversification through various areas of industry and commerce. The companies which make up the Group operate in five different fields: finance and banking, manufacturing, trading, real estate and building, farming.

### Leadership rather than size

In order to avoid the usual risks and inefficiencies of giant organizations, the second principle of the Group philosophy is to acquire companies of medium size, provided they are

leaders in their fields, and technically advanced.

Mira Lanza (detergents, household and chemical products), Postal Market (mail order) and Saffia (cardboards, wood panels, matches and lighters) are examples of such companies.

### Flexible structure

Each company benefits from the advantages of belonging to a large, strong Group without sacrificing any of the management advantages of a medium size company. Group HQ sets the financial requirements for each

company within its development plans for each sector respecting the operating autonomy of the individual companies which are run by experienced and proven managers.

These principles may sound like part of management theory, but the "Invest" Group really do put them into practice with positive results.

So the Group has made a big contribution to economic development both in Italy and internationally.

"Invest" Group				
Finance and banking	Manufacturing	Trading	Real estate and building	Farming
<ul style="list-style-type: none"> <li>Invest</li> <li>Invest International</li> <li>Finanziaria Milanese</li> <li>Société Holding de Groupement Bancaire</li> </ul>	<ul style="list-style-type: none"> <li>Mira Lanza</li> <li>Saffia</li> <li>Selfplast</li> <li>Perfobibicali Sacco</li> </ul>	<ul style="list-style-type: none"> <li>Postal Market</li> <li>Comestor It.</li> <li>Comestor Estro</li> <li>Sani Abboni Rialto</li> </ul>	<ul style="list-style-type: none"> <li>Bent Immobili Italia</li> <li>Cal</li> <li>Sociemex</li> <li>Parc S. Roman</li> </ul>	<ul style="list-style-type: none"> <li>Imm. Agricola Vittoria</li> <li>Agro American</li> </ul>

These are the most important companies forming the "Invest" Group.

**"Invest" Group: \$ 570 million dollars (U.S.) of assets invested.**

For more information about "Invest" Group, write to: P.R.P. Service, via Turati 25 - Milan Italy.

**MORE THAN 30 YEARS OF INVESTMENTS IN  
LEADING BRANDS AND COMPANIES**

# CHAIRMAN'S REPORT

## ***“Improving leadership positions and entering new markets with determination”***

Those were the most important factors explaining the growth in sales by 10% and EBITDA by 8% for our companies in 2010.

2010 was another critical year for our portfolio companies to build market share. We saw in most of our industries that some competitors were unable to adapt, and our managers were given the right backing to exploit that industrial opportunity, including capital for acquisitions. The moderate leverage

level across our group of companies also meant that our companies had room to manoeuvre.

Growth in emerging markets was strong during the year, and occurred broadly across Asia and Latin America for most of the portfolio. Companies such as AEB Group, Ducati, Grupo Inaer, Polynt and Stroili Oro carried out important projects to increase their sales and distribution networks in high-growth markets.

## ***“Our industrially-driven approach and active ownership made us take the right decisions for our companies to come out of the recession stronger”***

And that is what started to happen during 2010. Across Europe, where most of the aggregate €4.8 billion sales of our companies are, we saw a modest but robust market improvement. Companies such as Polynt, Portaventura, Stroili Oro and Ducati started to benefit from a recovery that is continuing into 2011. We found 2010 to be a good time to use

part of the significant capital we have available to make two new investments in leading Southern European companies. We completed the take private of Permasteelisa, the global leader in curtain walls for bespoke buildings, and we agreed to buy TSC, the leading emergency transport services operator in Spain.





THE 2010 RESULTS OF THE INTERNATIONAL EXPANSION INITIATIVES THAT INVESTINDUSTRIAL AND ITS COMPANIES HAVE AS A TOP PRIORITY, WERE VERY POSITIVE.

***“International expansion has always been a key driver for Investindustrial, and during 2010 it was our number one corporate goal”***

Supporting our management teams to urgently capture growth in new markets is currently the single most important activity where Investindustrial can add value. We help to identify and evaluate add-on acquisitions in new markets. Last year another eight of them were completed across the portfolio, strengthening our presence in markets such as Australia, Brazil, China and North America. The acquisition of Australian Helicopters, to name one, opened up a large new market in Asia-Pacific for Grupo Inaer.

We are also working closely with management to expand organically into high-growth geographies. For example, during 2010 Stroili Oro completed the opening of four stores in China and is planning to reach 15 stores before the end of 2011. Ducati opened new stores in Asia and began constructing a factory in Thailand, and Permasteelisa reinforced its presence in China with a second manufacturing facility and increased sales by more than one third.

***“Most of our companies had their best year ever in developing markets”***

In Asia and South America, business was exceptionally good for our branded companies. The new middle class that is fast emerging in those regions is aspiring to many of the European, in particular Italian, brands that we own. Asia-Pacific has grown to represent 14% of combined sales in 2010, a significant increase from 9% four years ago. We ex-

pect the trend to continue and as highlighted last year, we believe that we can achieve €1.0 billion of sales in Asia as a group by 2015. China represents the main market for us in the region (36% of sales), but countries such as India, Indonesia, Malaysia, Thailand and the Philippines are growing rapidly.



## 2010 KEY EVENTS

### €700 MILLION OF EQUITY FOR INVESTMENTS

At the end of 2010 Investindustrial had available approximately €700 million of equity to make further acquisitions. The Group's large capital availability is a strategic advantage in the current market environment.

€700 m

### 2 NEW INVESTMENTS AND 8 ADD-ON ACQUISITIONS

In 2010, the Group made two new investments and a further 8 add-on acquisitions to four of its portfolio companies.

2+8

By supporting growth through acquisitions, Investindustrial strengthened the international footprint of its investments in such markets as Australia, Brazil, Canada, China, Italy and the United States.

### SELECTIVE EXITS COMPLETED WITH €1 BILLION OF VALUE

During 2010, Investindustrial successfully exited companies with a combined enterprise value of €1 billion.

€1 bn

### PROFITABLE PORTFOLIO WITH A STABLE EBITDA MARGIN

Group sales grew by 10% and EBITDA grew by 8%, maintaining a stable profitability margin at 13.2%. Growth in emerging markets was strong during the year, and occurred broadly across Asia and Latin America for most of the portfolio.

13.2%

***“Investindustrial continues its efforts in the areas of sustainability and socially responsible investing”***

We continue to encourage a responsible Environmental, Social and Corporate Governance approach to investing, and we were the first Southern European investment firm to subscribe to the two United Nations programmes for responsible investing. Our industry can significantly improve its image as a responsible and transparent member of society, and we are committed to help drive that change. In 2010 the group continued to be carbon neutral by working with the Carbon Neu-

tral Company to reduce and offset CO<sub>2</sub> emissions. Our corporate foundation Invest for Children ([www.investforchildren.org](http://www.investforchildren.org)), which was founded in 2000, carries out important work in favour of differently-abled people and underprivileged children. During 2010 our theme park operator PortAventura, which is managed by the CEO of our previous holding Gardaland, set a great example by formalising a significant annual donation to its foundation for children.

***“Investindustrial is in a stronger position than ever in its core markets”***

Investindustrial can today count on a group of more than 50 professionals from eight nationalities with a well-diversified skill set. This resourcefulness and expertise proved crucial to providing stability during the latest economic downturn and to position our companies

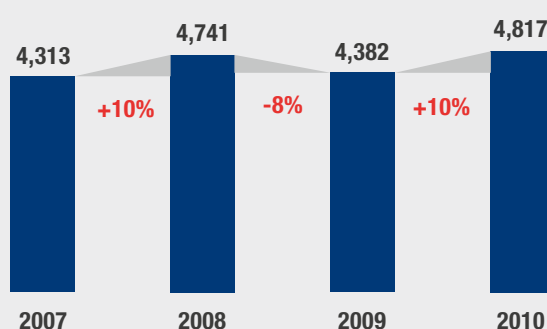
for a strong initial recovery. We are passionate about what we do, and with continued hard work I am certain that Investindustrial has the right ingredients to continue to be a responsible and successful long-term owner of companies.

ANDREA C. BONOMI



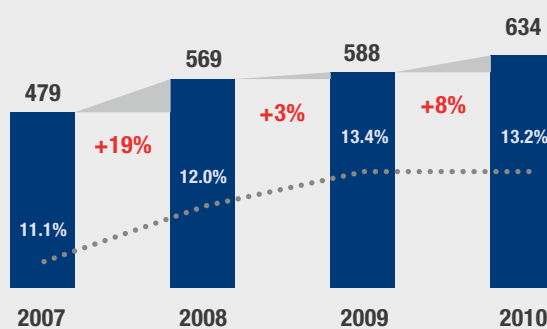
# 2010 PORTFOLIO FIGURES

## TOTAL SALES (€M)



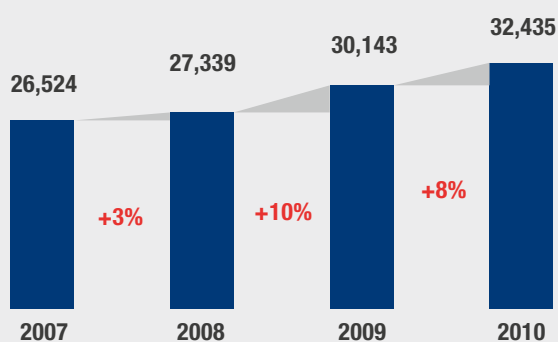
Total investments generated aggregate sales of €4.8 billion in 2010 with an increase of 10% compared to the prior year.

## EBITDA (€M) AND MARGIN (%)



In 2010, Investindustrial's aggregate investments generated an EBITDA of €634 million, 8% higher than last year. Since 2007, the portfolio's EBITDA margin has improved from 11.1% to 13.2% in 2010.

## TOTAL EMPLOYEES



In line with sales and EBITDA growth, the workforce of the portfolio companies increased by 8% reaching almost 32,500 employees in 2010.

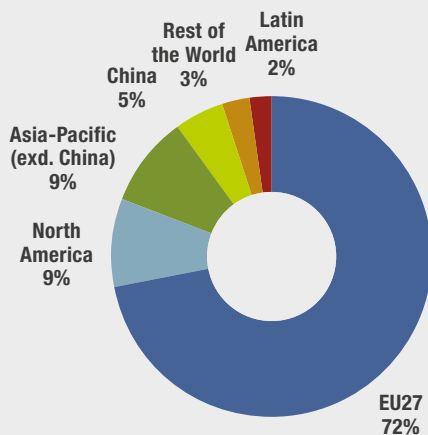
Aggregate numbers considering 100% of the companies present in the portfolio at the end of each year

# LEADING SOUTHERN EUROPEAN FOOTPRINT WITH A GROWING INTERNATIONAL PRESENCE

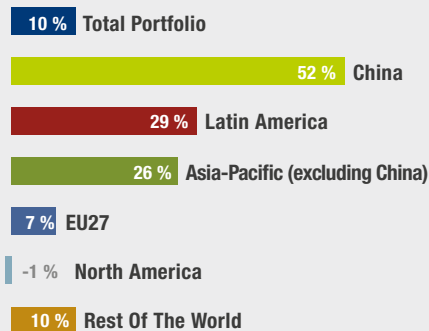
Investindustrial has a considerable international exposure and combines a global vision with local insight offering growth opportunities to its companies. The Group has a pan-European industrial footprint (72% of total 2010 sales) with a major focus on the Southern European home markets and growth opportunities in Asia. In the last four years, the Group experienced an average annual

growth in the Asia-Pacific region of 22% and the relative weight of sales in the region compared to overall sales increased from 9% in 2007 to 14% in 2010. Latin America also presents attractive growth opportunities and the Group, already present in the area through companies such as Grupo Inaer and AEB, intends to further increase its presence in the region in the near future.

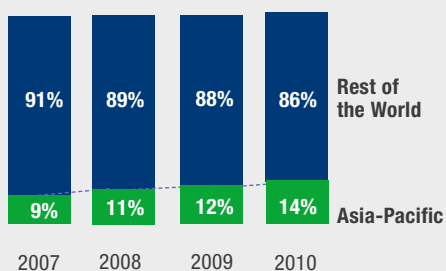
## 2010 SALES BY REGION



## 2010 SALES VARIANCE BY REGION (%)



## TOTAL SALES (%)



ASSUMING THE SAME GROWTH OF 2010, THE SALES CONTRIBUTION OF ASIA-PACIFIC AND LATIN AMERICA REGIONS IN 2015 WILL BE AROUND 40% COMPARED TO THE CURRENT 16%



In the center Carlo U. Bonomi (Senior Principal at Investindustrial) with Australian Helicopters' management Neil Shea and Bob Millar in Brisbane (Australia)



Filippo Aleotti (Senior Principal at Investindustrial) with Rosario Valido (CEO of Polynt) and Paolo Carugati (CFO of Polynt) in the Investindustrial's office in New York (USA)



Andrea C. Bonomi  
(Chairman at Investindustrial)  
giving a speech in Shanghai



During a ceremony in Madrid (Spain), Carlo U. Bonomi (Senior Principal at Investindustrial) had the honour to be received by His Majesty Juan Carlos I (King of Spain) and His Excellency Sebastián Piñera (President of the Republic of Chile)



Stone laying for the new Ducati manufacturing plant in Thailand



Carl Nauckhoff (Principal at Investindustrial) with Ducati management and distributor at the opening of the Ducati Beijing store



Filippo Aleotti (Senior Principal at Investindustrial) with Zhang Qingmin (General Manager of China Development Bank, Guizhou Branch)

# INVESTINDUSTRIAL IS A GLOBAL PROVIDER OF EMPLOYMENT

**Investindustrial's companies employ approximately 32,500 Employees, with the majority based in Europe, across a wide range of sectors and countries.**

Investindustrial considers the skills of its employees as an asset to be developed and shared while respecting and safeguarding individuals. Furthermore, the Group is committed to offering equal opportunities in employment and in career development avoiding every form of discrimination, in particular discrimination based on race, sex, sexual orientation, age, nationality, religion and personal beliefs.

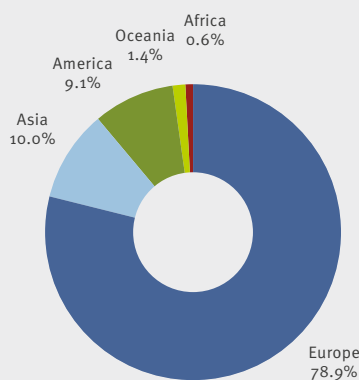
Our companies endeavour to maintain and improve training and further develop the know-how of their employees.

Despite the difficult economic environment in 2010, the total workforce of the portfolio companies increased 8% to reach almost 32,500 employees.

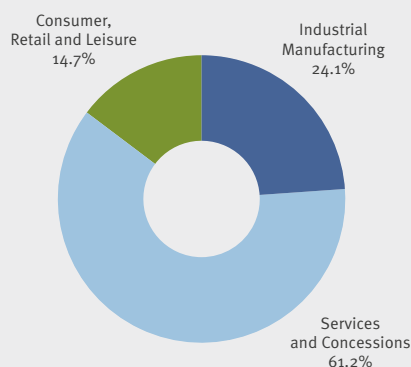
Group companies have widespread manufacturing and commercial activities across Italy and Spain with 13 manufacturing plants and more than 580 points of presence.

Through Grupo Inaer's acquisition of Australian Helicopters and Ducati's new manufacturing facility in Thailand, the footprint in Asia-Pacific increased significantly during the year.

## TOTAL INVESTINDUSTRIAL COMPANIES EMPLOYEES



**By Region (%)**



**By Sector (%)**

# INDUSTRIAL INVESTMENTS HAVE A MANUFACTURING PRESENCE IN 14 COUNTRIES

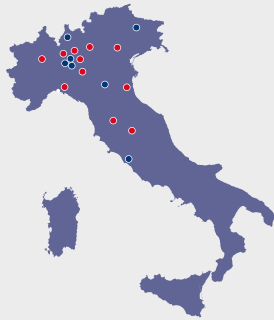
ARGENTINA, BRASIL, CHINA, FRANCE, GERMANY, ITALY, POLAND, PORTUGAL, SINGAPORE, SOUTH AFRICA, SPAIN, THAILAND, UNITED KINGDOM, USA

## STRONG SOUTHERN EUROPEAN PRESENCE ...



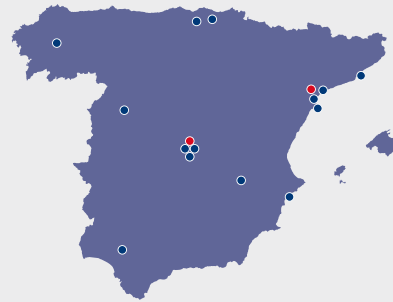
### ITALY

11 manufacturing plants and more than 370 points of presence



### SPAIN

2 manufacturing plants and more than 210 points of presence



## ... WITH INCREASING MANUFACTURING CAPABILITIES IN EMERGING MARKETS

Company HQ

Manufacturing Plant



### CHINA



**Kunming (Yunnan)**  
Italphos Chemicals  
Manufacturing

**Xundian (Yunnan)**  
Italphos YP Chemicals  
Manufacturing

**Changzhou (Jiangsu)**  
Polynt Chemical  
Manufacturing and sales

**Nantong (Jiangsu)**  
Italmatch Chemicals  
Manufacturing and sales

**Suzhou (Jiangsu)**  
Josef Gartner CW  
Manufacturing

**Dongguan City (Guangdong)**  
Dongguan Permasteelisa CW  
Manufacturing



#### Companies with a presence in China



Polynt, Italmatch and Permasteelisa manufacturing plants in China



### THAILAND



The new under construction Ducati manufacturing plant in Thailand

## AN INVESTMENT STRATEGY REFINED FROM SUCCESSES AND EXPERIENCES FROM PREVIOUS PARTNERSHIPS SUCH AS ...



## ... ARE BEING APPLIED TO THE CURRENT PORTFOLIO OF LEADING BRANDS AND COMPANIES.



## INVEST IN QUALITY BUSINESSES

Quality management team

Focus on reinforcing research and development

Optimization and rationalization of product mix

Improvement of working capital management

## DRIVE MARKET LEADERSHIP

Create international leaders through organic growth and new acquisitions

Maximize profitability by leveraging synergies and developing restructuring or cost-cutting plans

Capture international growth opportunities

Business line diversification

## CAPTURE GLOBAL OPPORTUNITIES

Capture international sales growth opportunities that are not easily accessible for mid-market companies

Use the group's global network to facilitate access to new markets

Relocate manufacturing to low-cost countries with growing domestic consumption

## CREATE TOMORROW'S LEADERS

Integrate product development, production and supply chain capabilities with international distribution capacity

Capture growth opportunities both geographical and product

Become an attractive business opportunity for international players

# A SUCCESSFUL LONG-TERM COOPERATION WITH MANAGEMENT

"The strong partnership with Investindustrial has allowed Ducati to fully exploit the potentials of the brand. The Group is supporting the company to expand its international network, increase market share and profitability, diversify product offering and capture global growth opportunities with a particular focus on the emerging markets."

GABRIELE DEL TORCHIO, CEO

**DUCATI**



"Grupo Inaer has found a reliable and effective partner in Investindustrial. During the year our partner has allowed Grupo Inaer to reinforce further its international leadership after having successfully completed an acquisition in Australia. Inaer has been transformed from a local operator to an international well diversified emergency helicopter services player and is ready to compete on a global level to further capture the consolidation opportunities in the sector."

LUIS MIÑANO SANVALERO, PRESIDENT

**GRUPO INAER**





"It is a great pleasure for me to work with such an industrial and entrepreneurial partner as Investindustrial. Their active ownership and support in creating a clear strategic vision and implementing operational actions has been key to further exploiting the significant potential of a leading consumer brand like Stroili Oro."

MAURIZIO MERENDA, CEO

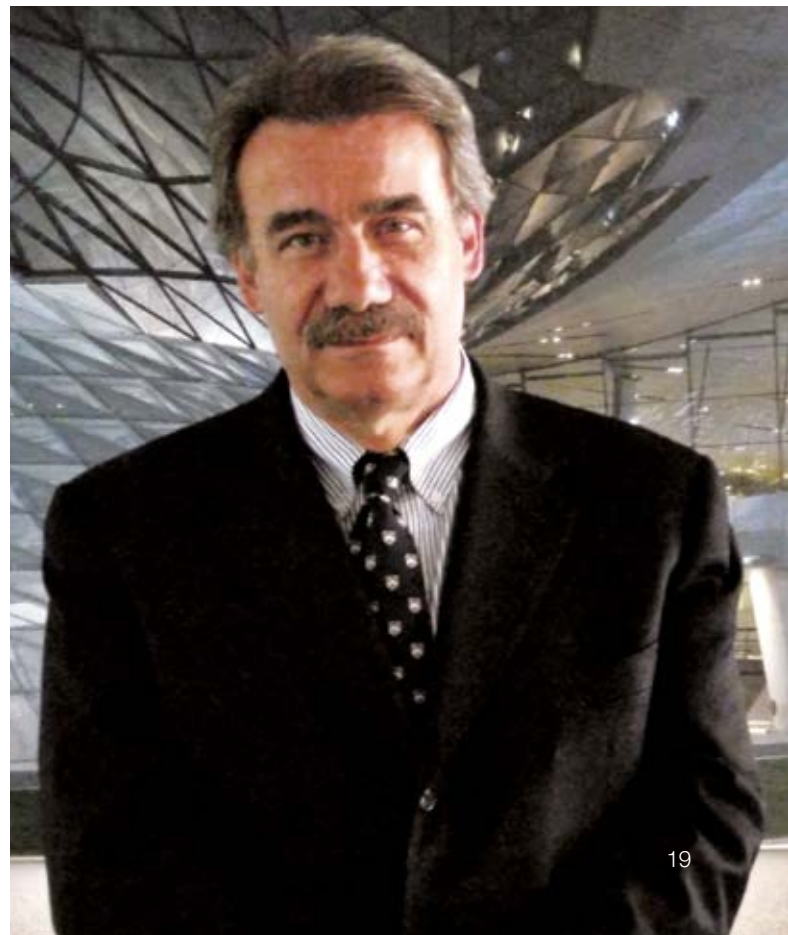
**STROILI ORO**



"The long-term co-operation with Investindustrial has allowed Permasteelisa to implement a successful long-term value creation strategy with a focus on larger and more profitable projects. As a result, today Permasteelisa is in a great financial and commercial position to help create many of the most iconic buildings around the globe."

NICOLA GRECO, CEO

**PERMASTEELISA**



# DUCATI GLOBALISATION OF A GREAT BRAND

**Investindustrial has implemented a successful operational turnaround in Ducati and has significantly improved the company's profitability and strengthened its international footprint.**

Ducati ([www.ducati.com](http://www.ducati.com)) is a leading manufacturer of sports and performance motorcycles. The company sells motorcycles throughout the world and operates a global network of distributors and direct shops in Italy, the US, France, Germany, the UK, Japan, China, India and the Benelux countries. Ducati produces and sells approximately 40,000 motorcycles per year and has approximately a 9% market share in the sports motorcycle segment. In March 2006, Investindustrial led the acquisition of 29.9% of Ducati. In December 2008, as a result of the tender offer launched in April 2008, Investindustrial and its co-investors increased their shareholding to 100% and the company was subsequently delisted. Ducati was identified as a company in need of refo-

cusing and an ideal opportunity to further develop a strong, well known brand. Together with an experienced management team, Investindustrial has been able to significantly increase profitability by investing in research and development, improving working capital, streamlining production, implementing cost cutting actions and developing a more suitable sales mix. These actions enabled Ducati to weather the economic downturn well and to more than double its market share over the last five years. During 2010, Ducati reinforced its distribution network and further enlarged its international footprint: new exclusive stores and multi-franchise dealers were opened and the company also reinforced its presence in selected emerging markets.

## DUCATI 2010 EBITDA MARGIN

# 18.1%

### Developments since entry

Sales growth	<b>29%</b>
EBITDA growth	<b>163%</b>
EBITDA margin growth	<b>105%</b>



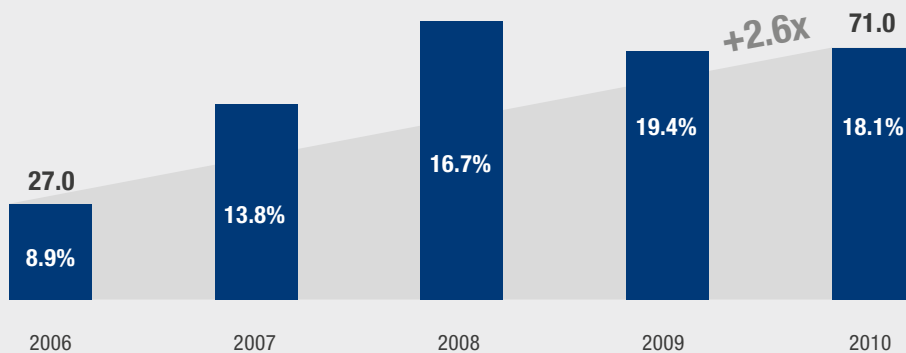
THE DIAVEL MARKS ANOTHER MILESTONE IN  
DUCATI'S RICH R&D HISTORY.



The Diavel was launched on 1st November 2010 and represents the entrance of Ducati in the high performance sport cruiser segment

## SUCCESSFUL DEVELOPMENT STRATEGY DEMONSTRATED BY SIGNIFICANT PROFITABILITY IMPROVEMENT

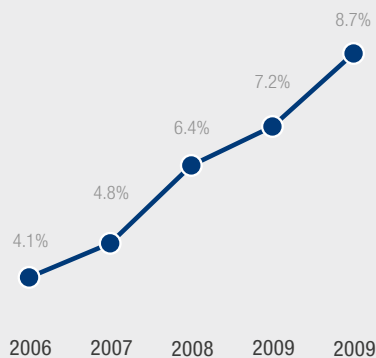
EBITDA (€M) and Margin (%)



## CONTINUOUS STRENGTHENING OF MARKET LEADERSHIP

The success of the development strategy can be read in the 2010 results: despite a market decrease of 15%, Ducati registered an increase in the number of motorbikes sold of 1% resulting in a 21% increase in market share during 2010. Ducati is also continuing to consolidate its profitability, reaching an average EBITDA margin of 18% over the last three years compared to 9% at entry.

Ducati Global Market Share (%)  
(Sport performance motorcycles)



## A UNIQUE “MADE IN ITALY” COMBINATION

During 2010 Ducati reached an agreement with Valentino Rossi, the most successful MotoGP driver in history, to

race for the Ducati Team. Rossi has won 9 world championships during in his career.



Gabriele Del Torchio (CEO of Ducati)  
together with rider Valentino Rossi



## FOCUS ON CAPTURING GLOBAL VALUE CREATION OPPORTUNITIES

In the current market environment Ducati has shown both its resilience and the ability to expand its market share. The company is focused on capturing further growth opportunities through a number of global actions that the management is currently implementing:

- **Continuous expansion of product offering:** since 2007 Ducati introduced 14 new models. In April 2010 Ducati has launched the Multistrada, a new motorcycle to penetrate the dual segment. The Multistrada has been a great success to date with a 14% market share at the end of 2010;

- **Launch of the Diavel in November 2010:** the Diavel represents the entrance of Ducati in the high performance sport cruiser segment. Initial sales have been very encouraging and it has received great reviews.

- **Opening of a new factory in Thailand** in order to capture cost production benefits and sales potential in the Asian markets. The new manufacturing plant is expected to generate additional volumes of approximately 8.000 bikes by 2015;

- **Expansion of commercial presence** with particular focus on emerging markets (China, India, Thailand, Vietnam and Brazil). These markets represent a unique opportunity for the company. Ducati's relevant market in Asia is expected to grow from approximately 8.000 units to 120.000 units in the next 5 years. In 2010 Ducati in Asia (excluding Japan) showed a growth of 50% versus 2009. Ducati's current relevant market in Brazil is approximately 40.000 units and is expected to grow to 60.000 units in the next five years.



Ducati Multistrada model successfully launched at the end of 2010



Ducati's first Asia Ducati week was organized in Malaysia in 2010 with over 2,000 participants

“DUCATI'S RELEVANT MARKET IN ASIA IS EXPECTED TO GROW TO 120.000 UNITS IN THE NEXT 5 YEARS”.

# GRUPO INAER A GLOBAL HELICOPTER SERVICES PROVIDER

Since Investindustrial's entry in late 2005, Grupo Inaer has been transformed from a leading Spanish player to the world's largest on-shore emergency helicopter services company.

Grupo Inaer ([www.inaer.com](http://www.inaer.com)) is the world's largest provider of emergency and mission critical on-shore helicopter services contracted on a long-term basis with public administrations. The Company has over 40 years of experience with operations in Spain, Italy, France, The UK, Portugal, Chile, Perú and Australia.

Grupo Inaer operates the fourth largest helicopter fleet in the world with 300 aircraft as of the end of 2010, of which 178 are owned by the company. Headquartered in Alicante, Spain, the company employs more than 1,900 pilots, engineers and other staff.

At its current size, Grupo Inaer has a clear competitive advantage over its local peers:

- a large and modern fleet;

- strong bargaining power with suppliers;
- long-term public contracts giving strong visibility of earnings;
- extensive network of operating bases;
- highly trained personnel with its own flight simulator;
- own maintenance facilities operating to superior quality standards in services;
- other economies of scale such as in insurance and purchasing.

Grupo Inaer provided public clients with services including emergency medical services, fire-fighting, sea and mountain rescue, civil protection and customs surveillance. The company's market-leading position and concession-based revenue profile has enabled Grupo Inaer to achieve consistent growth and execute on its global (pan-European) acquisition strategy in recent years.

## GRUPO INAER 2010 EBITDA MARGIN

# 26.6%

### Developments since entry

Sales growth	174%
EBITDA growth	257%
EBITDA margin growth	30%





Grupo Inaer's crew during a search and rescue operation in Northern Italy

## CONSOLIDATION OF GLOBAL LEADERSHIP AND BUSINESS DIVERSIFICATION

During 2010, Grupo Inaer continued its strategy of consolidation and build-up by acquiring Australian Helicopters, a leading Australian provider of mission-critical helicopter services, including EMS, SAR and surveillance operations. The acquisition represents the seventh add-on completed by Inaer since Investindustrial's entry in December 2005 and strengthens the continued transformation of Inaer into a geographically diversified operator with

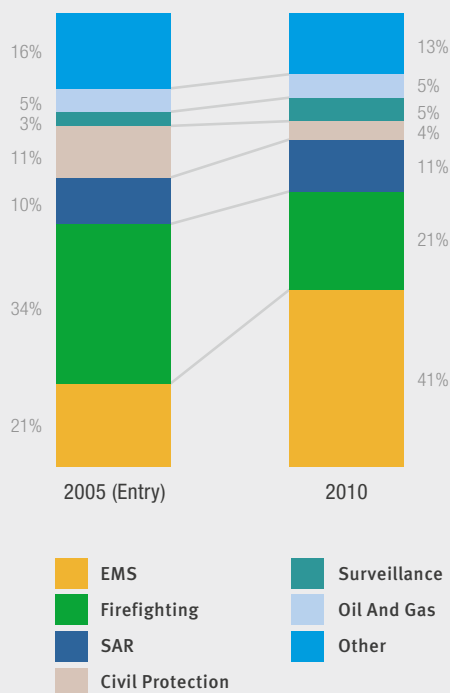
competitive size advantages. Australian Helicopters creates a solid platform for Inaer to seize further buy and build opportunities in the fragmented and growing Australian market and in the broader Asia-Pacific region.

In 2010 Grupo Inaer secured a major new contract for the management of the fixed-Wing fleet for the Italian Civil Protection firefighting services.

**Sales  
by Country (%)**



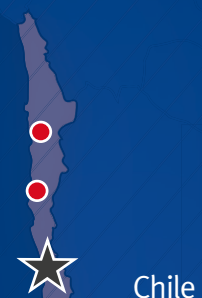
**Sales  
by Category (%)**



## SUPPORTING THE GROWTH THROUGH FINANCING

Despite the market conditions of the Spanish economy, in 2010 Grupo Inaer successfully completed a €470 million offering of senior secured notes, together with a revolving credit facility for a further €100 million. The issuance provided Inaer with a valuable

long-term and flexible debt structure and allows the group to continue its build-up acquisition strategy for future growth. The international high-yield institutional investor base was attracted by Inaer's resilient business model and the concession profile of its contracts.



## GRUPO INAER'S GEOGRAPHICAL PRESENCE AS OF DECEMBER 31, 2010

UNDER INVESTINDUSTRIAL'S  
CONTROL, AN AMBITIOUS BUILD-UP  
PLAN HAS BEEN EXECUTED.

- ★ Global Headquarter
- ★ Local Country Headquarter
- Base
- Aeronautical Maintenance Centre

### Cegisa, Spain Acquired in 2007

Fixed-wing aircraft acquisition that consolidated Spanish firefighting leadership.



### Helicasa, Spain Acquired in 2007

Entry into the Catalan market.



### Aeromaritime, UK Acquired in 2008

Maintenance expertise and entry into the British market.



### Proteus, France Acquired in 2008

Turned Grupo Inaer into number 2 in France.



### Elitario, Italy Acquired in 2008

Turned Grupo Inaer into number 1 in emergency helicopter services in Italy.



### Helitalia, Italy Acquired in 2009

Consolidation of EMS leadership in Italy.



### SOREM, Italy Acquired in 2011

Rent agreement for the Italian Civil Protection firefighting services.



### Australian Helicopters Acquired in 2010

Entry into the Australian market with a leading EMS/SAR operator



Canary Islands

Australia

# STROILI ORO TURNING A RETAILER INTO A BRAND

**Under Investindustrial's ownership, Stroili Oro has developed a brand name in affordable jewelry with significant expansion opportunities.**

Stroili Oro ([www.stroilioro.com](http://www.stroilioro.com)) is the leading Italian retail chain for jewellery, watches and other affordable gold and silver accessories. Stroili Oro has more than 340 stores located within shopping centres and major department stores. Investindustrial invested in the company in 2006 after having identified in Stroili Oro a brand with a significant potential for further development and international expansion. Stroili Oro has a series of key attributes which have consistently created value notwithstanding a challenging economic environment. It is the national leader in terms of direct points of sales and turnover, and it has a strong brand awareness and competitive pricing thanks to an advanced logistics and purchasing model. Under Investindustrial's control the company improved its profitability through a series of actions which include:

- strengthening of the management team with professionals with a proven track record and significant industry expertise
- rationalization of the sales network with closure of non-performing stores and restructuring or conversion of less profitable stores
- increase the Stroili Oro brand awareness through an effective media advertising campaign
- roll-out of stores in China

The success of this strategy is demonstrated by a significant increase in sales and profitability. Today Stroili Oro represents the market leader in the jewelry retailers located in shopping malls having a size more than three times the nearest competitor.

## STROILI ORO 2010 EBITDA MARGIN

# 17.1%

### Developments since entry

Sales growth	<b>103%</b>
EBITDA growth	<b>123%</b>
EBITDA margin growth	<b>10%</b>





Collezione Glam Jewels



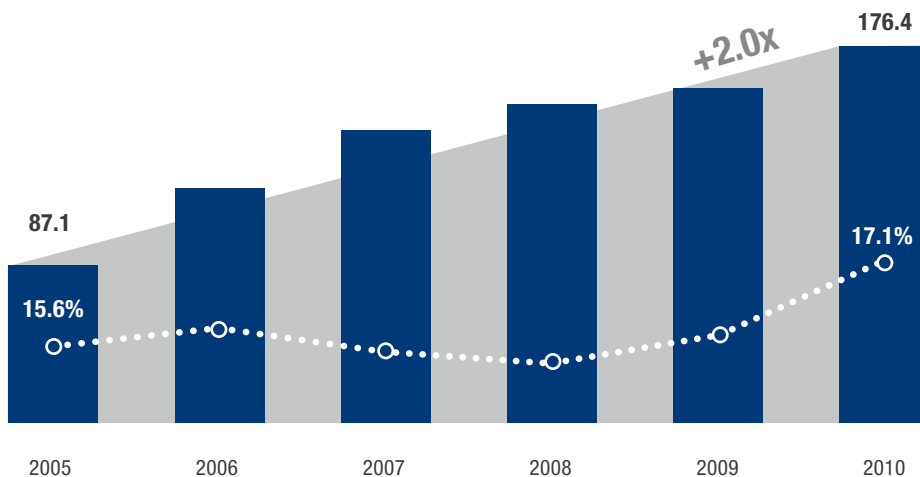
*Puoi  
permetterti  
di tutto!!  
Ilary*

## SIGNIFICANT GROWTH OF SALES AND EARNINGS

In the last five years, Stroili Oro has been able to more than double sales and increase profitability by further consolidating its domestic leadership and initiating the development of an international expansion

strategy. The company showed organic growth throughout the crisis despite a low consumer confidence, and has steadily increased its profitability from 15.6% EBITDA margin to 17.0% in 2010.

Sales (€M) and EBITDA margin (%)

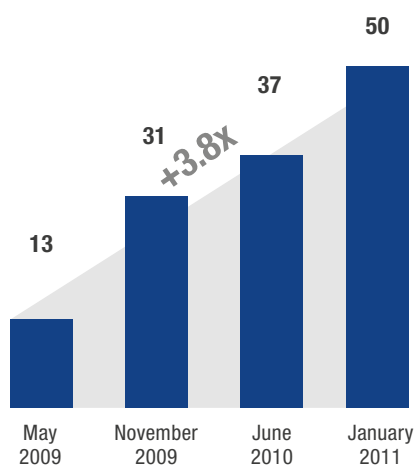


## SIGNIFICANT GROWTH OF SALES AND EARNINGS

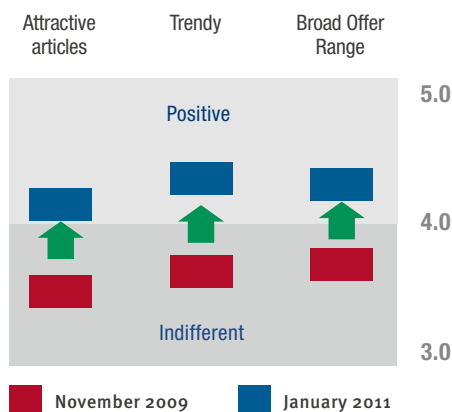
During 2010, Stroili Oro continued its determined marketing and communication campaign to heighten brand recognition and position the company together with leading international jewelry brands. A recent

research project shows the success of this strategy both in terms of brand recognition and overall enhancement of its positioning as an attractive and trendy brand with a broad offer range.

Stroili Oro Brand Recognition <sup>(1)</sup>



Stroili Brand Positioning (Score 1-5)



**Stroili**  
GIOIELLI

## INTERNATIONAL EXPANSION OF A LEADING ITALIAN BRAND

During 2010, Stroili Oro started the roll-out of up to 90 directly owned stores on China. During the year the company recruited its Chinese management team and started operations in four stores in leading commercial locations in Shanghai, Suzhou and Shenyang. Investindustrial, with its Shanghai office, has been able to provide full support during the expansion phase. The Chinese jewellery market distinguishes between gold and precious jewellers focusing mainly on

the product and costume jewellers pushing a brand concept. The gold and precious jewellery and costume jewellery segments have been growing at a combined rate of 14% during the last years and are expected to continue growth. China represents a huge market with significant growth opportunities for Stroili Oro and so the Group has developed a tailor made product offering to meet the needs of Chinese customers and preliminary results are very satisfying.



Warren K. Liu (Investindustrial Shanghai) with Stroili Oro business development team in Amaro (Italy)

## NEW CONCEPT FOR CITY CENTRE STORES

During 2010, the Group also implemented a development plan focused on expanding in major Italian city centres in high fast-traffic locations and the potential for significantly higher sales per square meter. This has become possible

as a result of the increased brand recognition achieved over the last couple of years. Currently Stroili Oro operates city center store in Rome, Udine, Padua and Livorno with highly satisfactory initial results.



Stroili Oro high street store in Udine

**Stroili Oro**  
JEWELLERIE

The new Stroili Oro TV and press campaign with Ilary Blasi

# PERMASTEELISA CAPTURING GLOBAL GROWTH OPPORTUNITIES

**Permasteelisa continues to lead the global curtain wall industry and is in an excellent financial position**

Permasteelisa ([www.permasteelisa.com](http://www.permasteelisa.com)) has been part of the Investindustrial group since 2002. Permasteelisa is the world's largest player in the engineering, manufacture and installation of architectural envelopes ("curtain walls"). The company works with the most important contemporary architects to develop and offer high tech solutions in the construction industry. Permasteelisa has operations in four continents (Europe, Asia, USA and Australia) through a network of more than 60 companies located in over 25 countries. The geographically well-balanced revenues help to mitigate downturns in single markets.

Under Investindustrial's control, the group has taken a series of initiatives focused on recovering profitability and capturing growth opportunities with particular focus on emerging markets. In parallel with

the reorganization of the US operations and the introduction of new risk management tools, management implemented a new policy for project selection aimed at minimizing the number of loss-making contracts and focusing on more profitable business opportunities.

Permasteelisa has a long history of cutting-edge innovation. Currently the company is prioritising research on environmental sustainability themes and in its architectural projects implements new energy saving strategies. So called intelligent façades are custom made for the largest world projects. Those are façades filtering light, reducing noise levels and saving heat from the sun for winter heating or summer ventilation through photovoltaic cells. Permasteelisa is at the forefront of creating buildings able to withstand the strongest seismic events or explosions.

## PERMASTEELISA 2010 EBITDA MARGIN

# 8.2%

Developments since entry

Sales growth	<b>14%</b>
EBITDA growth	<b>113%</b>
EBITDA margin growth	<b>87%</b>

Permasteelisa, The Beekman Tower, New York (USA)

The 267 meter tall New York building by Frank Gehry, is the tallest residential tower in the Western hemisphere and a recent Permasteelisa's project

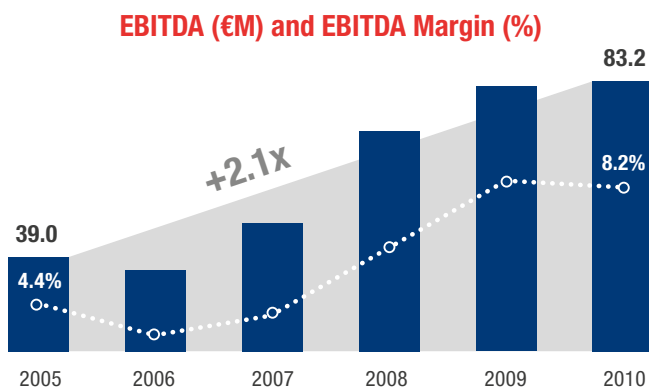
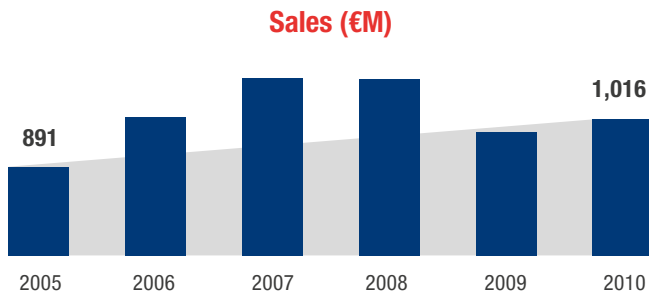


PERMASTEELISA IS A GLOBAL COMPANY WITH  
A SIGNIFICANT PRESENCE IN EUROPE,  
THE MIDDLE EAST, NORTH AMERICA AND ASIA.

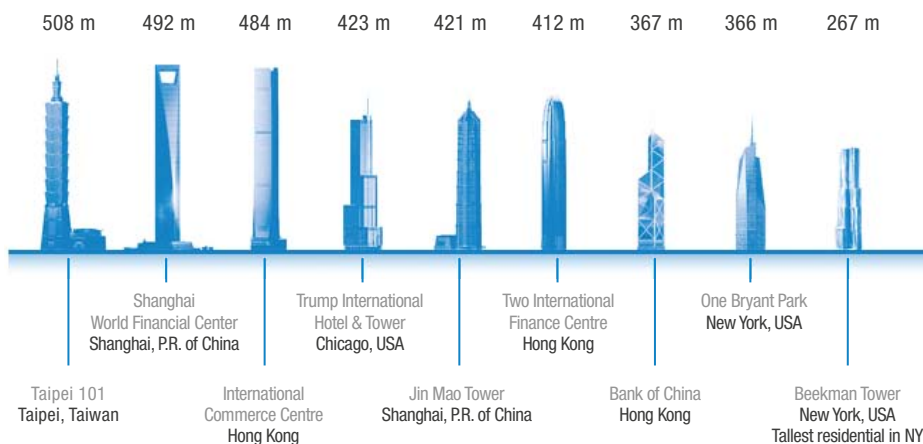
## A SUCCESSFUL REPOSITIONING STRATEGY

Under Investindustrial's control, Permasteelisa has shown stability of sales of around €1 billion despite a difficult economic period. This has been achieved in spite of an increased discipline of only taking on larger and more profitable projects. The company's profitability has been significantly improved over the same period through several ac-

tions carried out by Investindustrial and management which include strengthening of the management team, introducing new control procedures, new project monitoring tools and budgeting procedures. The result has been a recovery of Permasteelisa's profitability to an acceptable level, still with room for further improvement in the future.



## PERMASTEELISA HAS CONTRIBUTED TO BUILDING MOST OF THE TALLEST BUILDING IN THE WORLD...

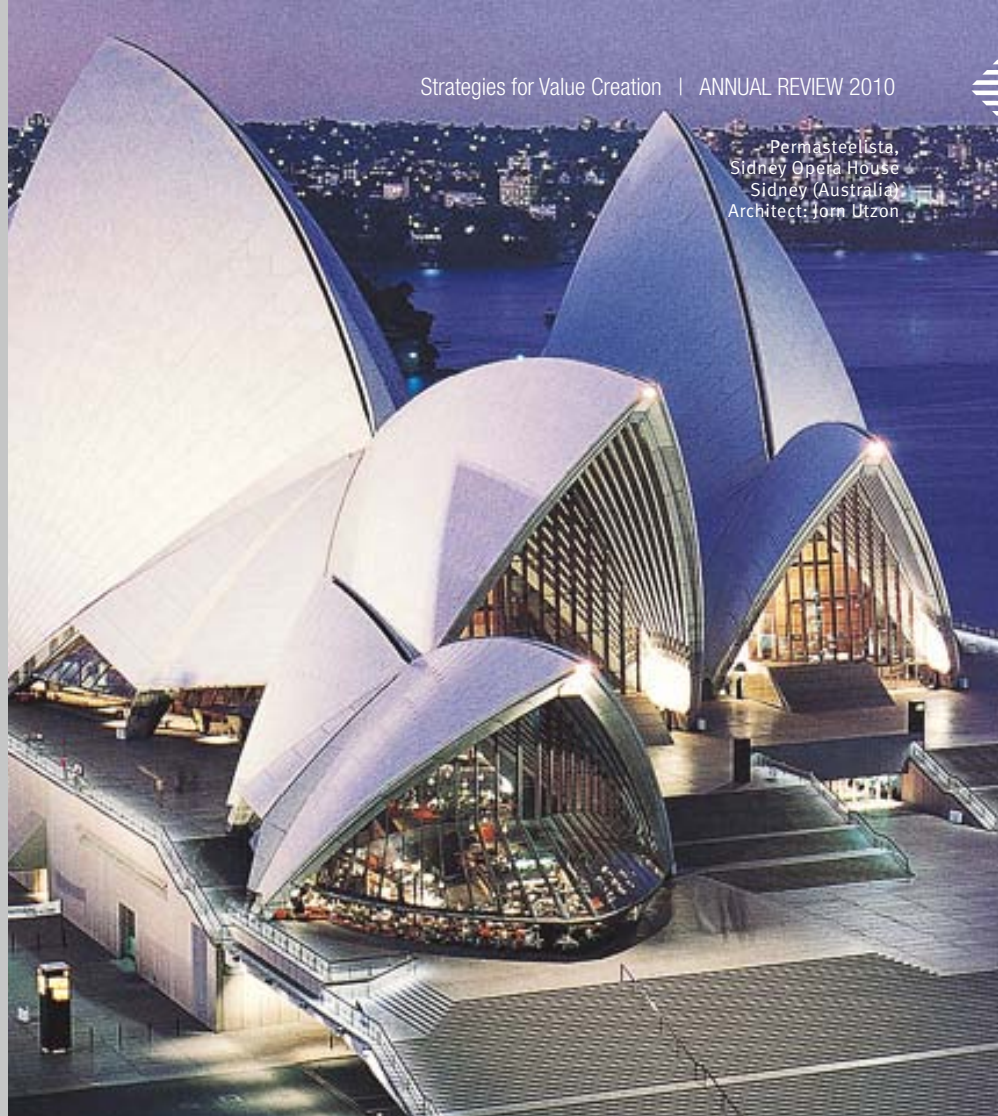


## ... AND HAS ALSO BEEN VERY ACTIVE IN THE CONSTRUCTION OF SPECIAL STRUCTURES.

Permasteelista,  
Taipei 101  
Taipei (Taiwan)  
Architect: C.Y. Lee & Partners

Permasteelista,  
Walt Disney Concert Hall  
Los Angeles (USA)  
Architect: Frank O. Gehry  
& Associates

Portaventura  
rollercoaster



Permasteelista,  
Sydney Opera House  
Sydney (Australia)  
Architect: Jørn Utzon



Ph.: ©Michael Goodman Photography



Ph.: ©Bjorn Moerman Photography

Permasteelista,  
Yas Hotel  
Abu Dhabi (UAE)  
Architect: Asymptote Architecture

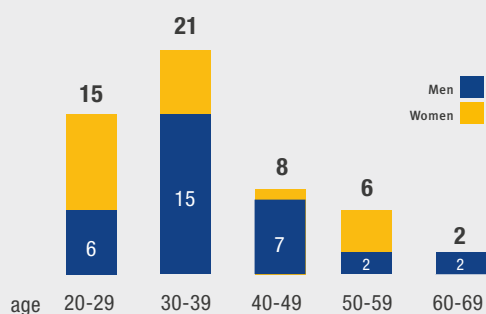
# THE LARGEST INVESTMENT TEAM IN SOUTHERN EUROPE

**Investindustrial has the largest and one of the most experienced groups of investment professionals focused on Southern Europe.**

Talent management is a key strategic asset at Investindustrial. Founded in 1990 and with a team of more than 50 people, Investindustrial carries out central functions such as investment decisions, strategy, business development, monitoring and accounting from offices in Luxembourg, Switzerland, the UK, China and USA. Advisory offices are situated in London, Milan and Barcelona. Having the right people at the right place at the right time is critical in order to build successful companies. To recruit

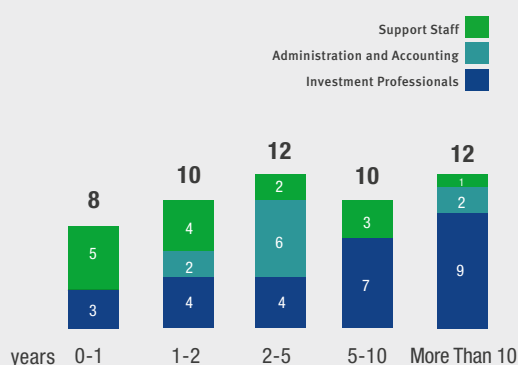
and retain talented people with the highest ethical standard and to create an attractive workplace for them to develop-in is strategic for Investindustrial. The Investindustrial professionals have demonstrated achievements in their professional and academic past and have on average a long experience in the group. Investindustrial professionals come from eight nationalities, reflecting the importance we put in being a transparent and dynamic organisation with a global view and capabilities.

## AGE DISTRIBUTION

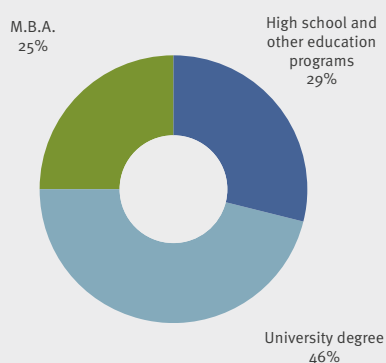


7 OFFICES  
8 LANGUAGES  
10 NATIONALITIES

## YEARS OF EMPLOYMENT AT INVESTINDUSTRIAL



## EMPLOYEES BY EDUCATION PROGRAMMES



Filippo Aleotti  
Senior Principal  
at Investindustrial  
since 1998

# A STRONG AND EXPERIENCED LEADERSHIP.



Andrea C. Bonomi  
Chairman and founder  
of Investindustrial  
since 1990

Standing: Dante Razzano  
Senior Principal  
at Investindustrial  
since 2004

Carlo Umberto Bonomi  
Senior Principal  
at Investindustrial  
since 1994

# AN ORGANIZATION TAILOR-MADE FOR ACTIVE OWNERSHIP

**Investindustrial is passionate about providing hands-on support to its companies which is fully reflected in the team's depth and wealth of expertise.**

The team's experience combines strong local investment insight with a global perspective, and the firm's large resources are designed to ensure the execution of

the industrially-driven approach. As control investors we work closely with experienced key management throughout the ownership phase.

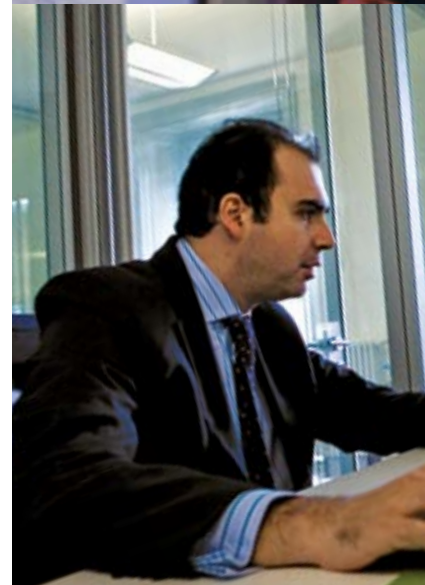
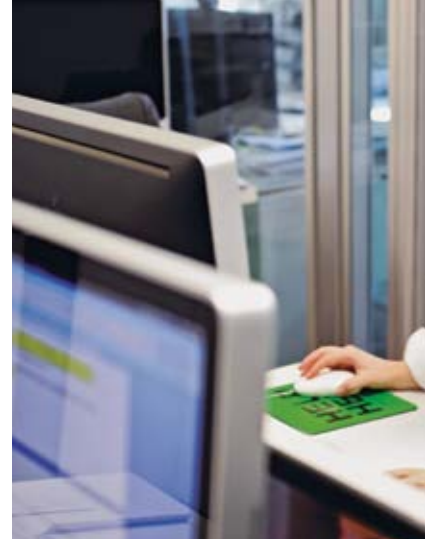
## A SUCCESSFUL REPOSITIONING STRATEGY

During 2010 the Group further reinforced its business development group, which is focused on supporting the portfolio companies to identify and implement value creation strategies with particular focus on

internationalization and add-on acquisitions. The business development group has significant experience in general management, consulting, financing and long-term direct investments.



Professionals of the Business Development Group and IR Team in Lugano





# GLOBAL REACH WITH A COMMON CORPORATE GOAL

For a leading mid-sized Southern European company, penetrating new markets is often on top of the strategic agenda and a key value driver for a successful investment. With its offices in New York and Shanghai, Investindustrial is organised to provide active support throughout that process and to maximise the chances of success. Whether it be the developed markets in Europe or North America, or the emerging markets in Asia, the Group's office network and local teams are available to meet the specific company's needs.



John C. Mowinckel (Special Principal at Investindustrial) in the New York office

The Investindustrial internationalisation model is driven both by add-on acquisitions and organic growth. During 2010, eight add-on acquisitions were completed across Europe and Asia-Pacific, and a transaction in North America was initiated and subsequently completed in early 2011. With

regards to organic growth, two of the most important that Investindustrial is working with its companies on in Asia are the roll-out of jewelry stores in China for Stroili Oro and the expansion of Ducati's Asian distribution network and manufacturing presence through a plant in Thailand.



Andrea C. Bonomi (Chairman at Investindustrial) with Warren K. Liu (Chairman Investindustrial Shanghai) during a meeting in the Shanghai office



Investindustrial's office in Shanghai (PRC) is one of its seven carbon neutral offices

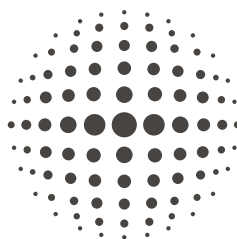
# A UNIQUE NETWORK OF INDUSTRIAL PARTNERS

To help its portfolio companies achieve full potential, Investindustrial can count on the valuable commitment of its Industrial Partners. These seasoned executives bring valuable industrial expertise in a wide range of sectors and are closely linked to the Group's industrially-driven operational model. The Industrial Partners form members of the extended Investindustrial organization to assist with maintaining best practice corporate governance, pressure testing industrial plans and identifying global value creation opportunities. During the 2010, two new executives joined the Industrial Partners network:

Luca Garavoglia is Chairman of Gruppo Campari, the sixth largest player in the global wine & spirits industry with sales of € 1.2 billion. Mr. Garavoglia is also Chairman of the technical committee for fiscal affairs and corporate governance of Confindustria and is a member of the board of several companies and institutions including FIAT, Assonime, Federvini and FAI.

Gabriele Del Torchio is Chairman and CEO of Ducati Motor Holding. Prior to that he held CEO positions in several companies including Ferretti Group, Carraro Group, APS, CIFA, Fai Komatsu and Ford New Holland.

## 2010 AWARDS



PRIVATE EQUITY INTERNATIONAL  
**AWARDS 2010**

Firm of the year  
in Italy  
**Investindustrial**



PRIVATE EQUITY INTERNATIONAL  
**AWARDS 2010**

Firm of the year  
in Iberia  
**Investindustrial**



# INVESTINDUSTRIAL'S BUSINESS FOCUS

INVESTINDUSTRIAL'S CURRENT PORTFOLIO COMPRISES 16 COMPANIES  
AND IS WELL BALANCED ACROSS THREE SELECTED SECTORS



Inaer's maintenance operations  
in Alicante (Spain)

Leading providers of critical or high value-added services. The companies are typically beneficiaries of a growing global outsourcing trend. Their asset-light capital structures gives them a high cash conversion rate and an ability to expand internationally without undertaking major capital investments. The client base can be made up of larger corporations and government entities, or have a focus on small and medium-sized enterprises.

---

## SERVICES AND CONCESSIONS

Leading companies which operate in markets with long-term growth underpinned by positive trends in demographics and consumption patterns. The underlying industries need to be mature but are often still fragmented, giving the company an attractive opportunity to consolidate the market. Growth is typically scalable on an international level.

---

## CONSUMER RETAIL AND LEISURE

Global leaders in the design and manufacturing of specialty products. The underlying markets are mature and often consolidated with high barriers to entry for new competition. Developing economies are key in offering future growth opportunities and possibilities for operational improvement.

## INDUSTRIAL MANUFACTURING

# GLOBAL DRIVERS AND INDUSTRIAL OPPORTUNITIES

The current economic environment presents a unique opportunity for our companies to strengthen their long-term value creation strategy.

## SERVICES AND CONCESSIONS

## CONSUMER, RETAIL AND LEISURE

## INDUSTRIAL MANUFACTURING

Economies of scale  
Outsourcing  
Increased need for information and communication technology  
Global need for infrastructure investments

Globalisation of consumer trends  
Aging population  
Changing consumer purchasing behaviour

Globalisation  
Growth of Asian markets  
Cost efficiency

## GLOBAL DRIVERS

Expanding service offering into adjacent fields  
Synergistic add-on acquisitions  
Capturing growth in developing markets  
High visibility on concessions

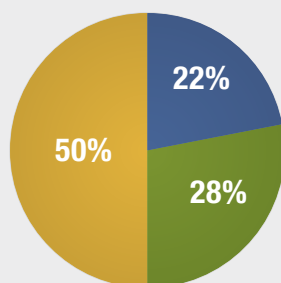
Add-on acquisitions  
Capturing growth opportunities in new markets  
Improving the marketing mix

Improving operational efficiency of mid-market companies  
Relocation of manufacturing to Asia  
Add-on acquisitions

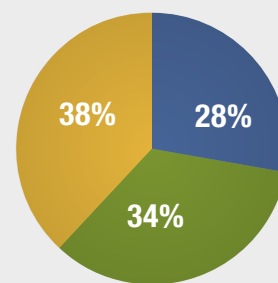
## INDUSTRIAL OPPORTUNITIES

INVESTINDUSTRIAL'S CURRENT  
PORTFOLIO COMPRISES 16\* COMPANIES  
AND IS WELL BALANCED ACROSS THE  
THREE SELECTED INDUSTRIES.

SALES (%)



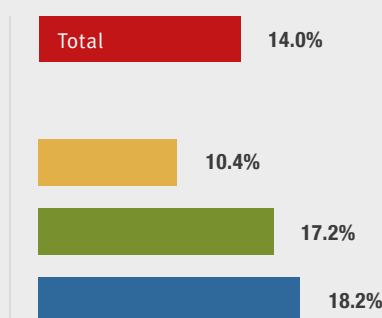
EBITDA (%)



*Note: from this point on sales and EBITDA are considered weighted by Investindustrial's shareholding*

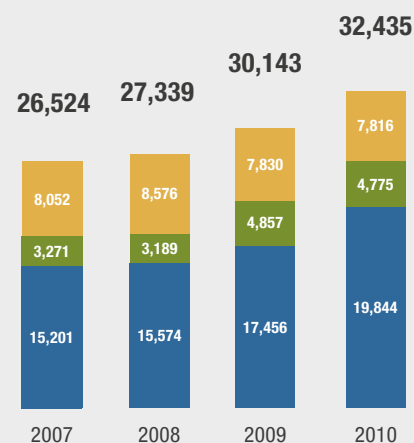
Services and Concessions    Consumer, Retail and Leisure    Industrial Manufacturing

EBITDA MARGIN (%)



**14.0% overall  
EBITDA margin**

NUMBER OF EMPLOYEES



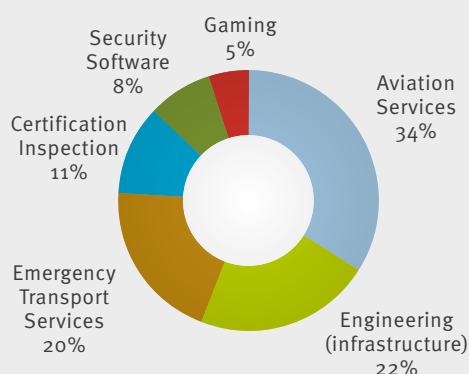
**Double-digit employee growth in  
service-oriented sectors**

\* As at December 2010, Investindustrial had a direct majority control in nine companies, indirect majority control in six companies and a minority investment in one company

# SERVICES AND CONCESSIONS

Investindustrial's Services and Concessions Sector currently comprises the following companies: Applus (leading world-wide inspection, certification and technological services), Cogetech (leading Italian technology producer and commission operator in the gaming sector), Grupo Inaer (leading European provider of

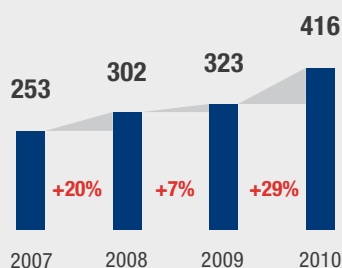
on-shore helicopter services), Panda Security (global integrated security software provider), Sirti (Italian leader and one of the major European systems integrators of networking and engineering solutions), and transport Sanitari de Catalunya (Spanish leading ambulance services company).



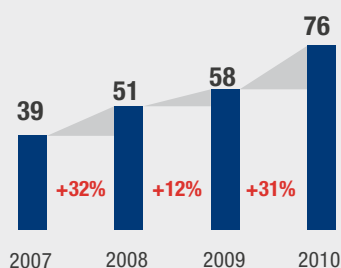
## SALES BY SEGMENT (%)

Six segments are present in the Services and Concessions Sector

### SALES (€M)

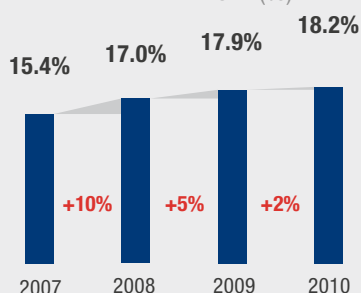


### EBITDA (€M)

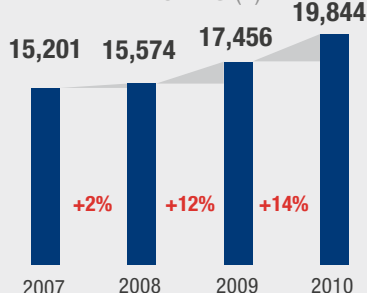


In 2010 sales increased by **29%** and earnings by **31%**

### EBITDA MARGIN (%)



### EMPLOYEES (#)



Earnings margin increased by **2%** reaching the level of **18.2%** while total employees grew by **14%**

## 2010 MAIN EVENTS IN SERVICES AND CONCESSIONS



**Applus** ([www.applus.com](http://www.applus.com)) is one of the largest leading testing, inspection, certification and technological services company in the world. It is the only minority investment among Investindustrial portfolio companies. The company is continuing to reinforce its presence in emerging markets, broadening its service portfolio to the energy industry and further diversifying its geographical footprint. During 2010 Applus successfully

completed two acquisitions in the USA and one in Canada. In addition, in December 2010 the Group launched a public tender cash offer for Velosi, a leading provider of inspection, quality assurance, certification and testing services to the oil and gas industry listed on the London AIM and with a presence in Asia, the Middle East, Africa, Europe and North America. Applus is continuing its shift to higher margin business areas.



**Cogetech** ([www.cogetech.it](http://www.cogetech.it)) is one of the leading technology providers and concession operators in the fast growing Italian gaming sector and operates one of ten gaming concessions in Italy. The company's primary business is the operation and management of a network of amusement machines, which allow the possibility to win cash prizes (AWP) and are typically located in bars and betting shops across Italy. Cogetech is a solid platform to implement a growth strategy in a fragmented market with strong potential for consolidation. During 2010, Cogetech acquired Ladbrokes Italia with the objective to diversify into the physical sport and horse betting seg-

ments and build critical mass to further grow the existing online platform. During 2010 Cogetech started the implementation plan of the Video Lotteries Terminals (VLT), which is expected to significantly contribute to the future growth of the group. At the beginning of 2011, Investindustrial acquired a majority stat in Snai, the Italian leader in horse and sport betting. The combination of Cogetech and Snai could create the Italian leader in sport and horse betting as well as the second largest player in the AWP & VLT segments. In 2010 the company reinforced also the management structure and achieved a suitable capital structure to further support growth.



Grupo Inaer's rescue operations in Spain



Applus vehicle inspection operations in Spain



**Grupo Inaer** ([www.inaer.com](http://www.inaer.com)) is consolidating its global leadership in the emergency and mission critical helicopter services market both by reinforcing organic growth in the domestic market and by implementing selective international bolt-on acquisitions. During 2010, Grupo Inaer completed the acquisition of Helitalia (Italy) which allowed Inaer to become the dominant EMS provider in that region and realized a strategic acquisition in Australia by purchasing Australian Helicopters, a leading Australian provider of mission-critical helicopter services. Subsequently in 2011, Grupo Inaer announced the acquisition of Bond Helicopters, the leading independent UK mission-critical helicopter operator. At the beginning of 2011 Grupo Inaer secured a new contract for the management of the Canadair

fleet for the Italian Civil Protection firefighting services making it the world's largest operator of fixed-wing firefighting aircraft. The company operates a non-cyclical business with strong visibility and resiliency of the revenue base. Inaer's concession-based revenue profile is primarily characterised by medium to long-term contracts (4 to 20 years) with public administrations with over 95% historical renewal rate. In July 2010, Inaer successfully completed a €470 million offering of senior secured high-yield notes, together with a revolving credit facility of another €100 million. The issuance provides Inaer with a valuable long-term and flexible debt structure to support its build-up strategy. The group has also been able to significantly reduce the average fleet age by modernizing its helicopters.



**Panda Security** ([www.pandasecurity.com](http://www.pandasecurity.com)) is being transformed from a local operator into a multinational company by repositioning its product offering towards a more focused yet global customer base and through an improved geographical presence. The management has been focusing on repositioning the company as a multinational IT cloud security services provider, leveraging off its strong proprietary product portfolio and acquiring franchisees to further control the end client. During 2010, the Company announced the acquisition of the Brazilian and Canadian distributors gaining a direct presence in these two strategic markets. In 2010 Panda

successfully integrated the recent acquisitions of the UK and Swedish distributors. After having launched the Cloud Antivirus in November 2009, the product has attracted millions of downloads and new users with no signs of cannibalisation with the existing customer base. The Group is also continuing to focus on improvement in profitability driven by operating cost control. The company has received numerous awards from governments, organizations and the specialist press including the "Runner Up" distinction from the Wall Street Journal Technology Innovation in October 2010.



**Transport Sanitari de Catalunya - TSC** ([www.tscambulancias.com](http://www.tscambulancias.com)) with almost 500 ambulances is the leading provider of outsourced emergency transportation services in the Catalunya region of Spain. TSC operates a non-cyclical business with 70% of the market already structured as medium-long term concessions (2 to 10 years) and the trend is for this propor-

tion to increase. Investindustrial invested in the company at the end of 2010. The company's main opportunity for growth is represented by developing an international strategy of consolidation in the fragmented outsourced emergency services sector, and to diversify the revenue stream by providing a variety of outsourced emergency services.

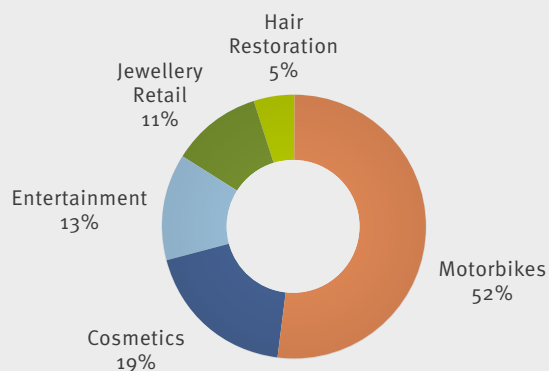




# CONSUMER, RETAIL AND LEISURE

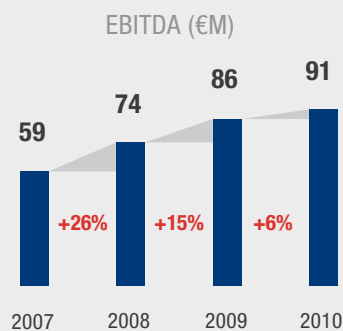
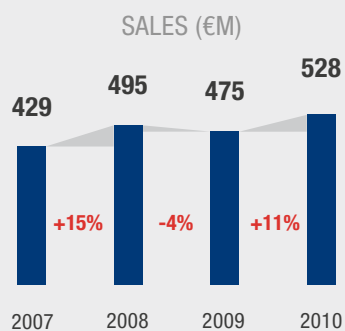
Investindustrial's Consumer, Retail and Leisure Sector currently comprises the following companies: Ducati (leading manufacturer of motorcycles), Morris Profumi (leading producer and marketer of perfumes and cosmetics), PortAven-

tura (leading European theme park), Stroili Oro (leading Italian retail chain for jewellery, watches and other gold and silver products) and Svenson (leading European provider of hair restoration treatments and services).

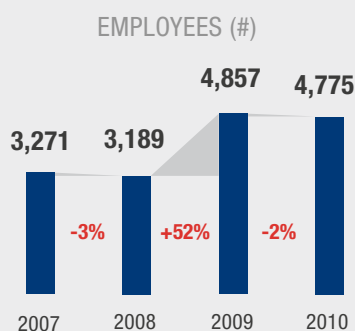
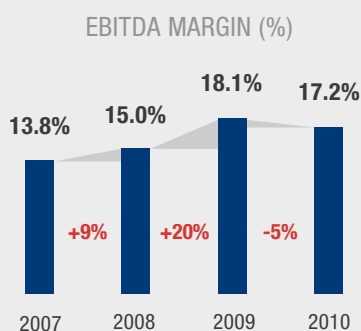


## SALES BY SEGMENT (%)

Five segments are present in Consumer, Retail and Leisure Sector



In 2010 sales increased by **11%** and earnings increased by **6%**



Earnings margin decreased by **5%** reaching the level of **17%** and total employees decreased by **2%**

## 2010 MAIN EVENTS IN CONSUMER, RETAIL AND LEISURE



**Ducati** ([www.ducati.com](http://www.ducati.com)) continues to benefit from the clear value creation plan implemented when Investindustrial first invested in the company, and is focused on product development and cost optimization. The company continues to simplify its product range and introduced four new products in 2010: the Multistrada 1200, the new Hypermotard 796, the Diavel and the SBK 848 EVO. In 2010 Ducati continued the process of improving its distribution network through the replacement

of under-performing distributors and strengthened its presence in fast-growing markets such as China, India, Thailand, Vietnam and Brazil. In order to fully capture market growth opportunities in Asia, Ducati began the construction of an assembly factory in Thailand. Ducati was the only motorbikes manufacturer at the 2010 Beijing International Automotive Exhibition. In 2010 Ducati secured a two year contract with Valentino Rossi, the most successful MotoGP driver today.



**Morris Profumi** ([www.perfumeholding.com](http://www.perfumeholding.com)) is consolidating its strategy of creating the first alternative to multinational perfumes companies through the acquisition of small-medium size brands and companies. After having completed the acquisition of the brand Atkinsons, Morris Profumi acquired Selective Beauty and implemented the turnaround of this multi-brand company. The build-up strategy has allowed the Group to reach a more flexible and integrated structure with a stronger management team able to manage the entire process. In the meantime the company continued to consolidate its market position by securing new licenses (e.g. Ducati), launching new products and rationaliz-

ing its brand portfolio. The group is developing its international distribution through selected partnerships with key distributors in order to capture market opportunities in the emerging markets. A key milestone of the implementation of the new distribution model has been recently achieved establishing a joint venture with the leading player in Asia, LuxAsia. The joint venture is based in Singapore and operates in all Asian markets leveraging on local distribution partners. During 2010 Perfume Holding also opened a new regional commercial office in New York to coordinate sales and marketing activities of Perfume Holding in both the US and Canada.



Morris Profumi,  
product offering



Rollecoaster of PortAventura  
theme park in Tarragona, Spain



**PortAventura** ([www.portaventura.es](http://www.portaventura.es)) is the leading theme park in Spain, the largest in Southern Europe and the number three in Europe in terms of visits. Building on the successful previous investment in Gardaland, Investindustrial invested in PortAventura at the end of 2009 and the management of the company is supported by former managers of Gardaland, a previous successful Investindustrial investment. Management is showing positive initial results in improving efficiency and profitability. During 2010 the company ini-

tiated the review of its commercial strategy by diversifying product offering, attracting more international customers, developing alternative hotel sales channels, reviewing the pricing policy and signing of new collective bargaining agreement. During the year, PortAventura also opened a new hotel, launched the convention center and started the construction of the new kids area, was subsequently opened to the public in 2011. The company is focused on implementing a strategy of improvement in efficiency and profitability.



**Stroili Oro Group**

**Stroili Oro** ([www.stroilioro.com](http://www.stroilioro.com)), after having completed its expansion phase through the opening of new points of sale in the domestic market, is currently consolidating its leadership and achieving a growth of 11% in sales and 20% in EBITDA in 2010. During the year the company started an international development plan in the fast growing Chinese market to capture expansion opportunities and designed an implementation plan to penetrate the high street shops segment. The company is continuing its

process of cost optimization and profitability improvement by rationalizing the central functions and logistics processes. Furthermore, the company strengthened its management team and implemented significant training programmes to improve the commercial skills of its sales force. Stroili launched a national TV media campaign to heighten store recognition, support private labels and improve overall customer experience. Many new more appealing collections have been introduced during 2010.



**Svenson** ([www.svenson.es](http://www.svenson.es)) is reinforcing its leadership position in the pan-European hair care industry by increasing the depth of its operations in the different markets. In 2010 Svenson continued its cost reduction plan initiated in the past, including a more efficient use of human resources, the monitoring of workload per individual, the closing of non-profitable centres and the optimization of the acquisition cost per new client. The company is operating

under difficult economic conditions with consumer spending down significantly. Nevertheless, it is continuing to diversify its product offering towards a more profitable mix: growth in the medical division based in micrographs, dermatology treatments and the incorporation of the genetic tests (HairDX) as part of the diagnosis process. According with the new capital structure negotiated, the company has the necessary flexibility to recover past growth.



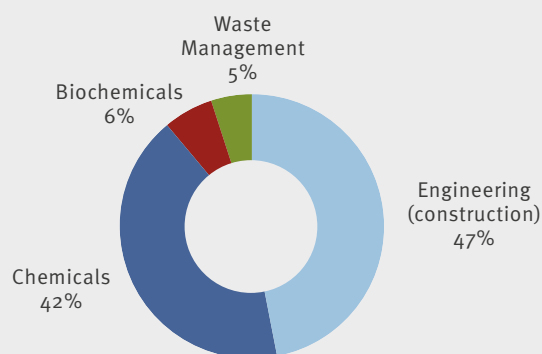


The new kids area  
of PortAventura (Spain)

# INDUSTRIAL MANUFACTURING

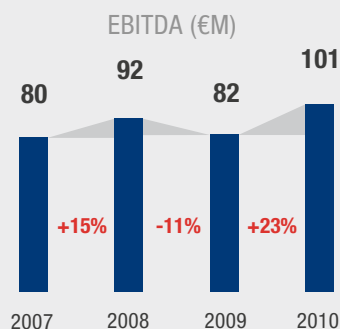
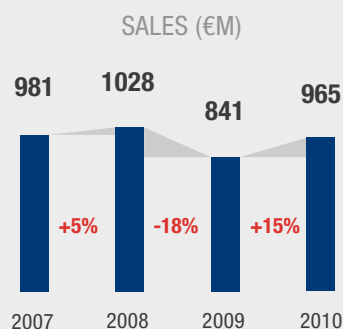
The Industrial Manufacturing Sector comprises the following companies: AEB Group (leading global biochemical producer of food and drink additives), Contenur (leading Southern European manufacturer of urban plastic waste containers and related services), Italmatch Chemicals (leading

European manufacturer of phosphorous based specialty chemicals), Permasteelisa (world's largest player in the engineering, manufacturing and installation of curtain walls) and Polynt (European leader in the production of specific polymer intermediates and derivatives).

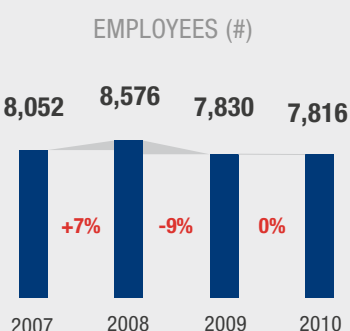
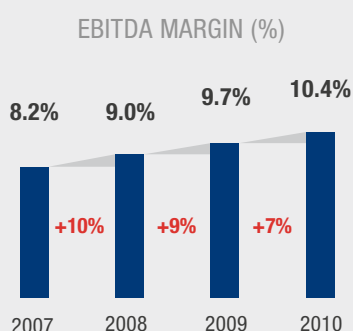


## SALES BY SEGMENT (%)

Four segments are present in the Industrial Manufacturing Sector



In 2010 sales increased by **15%** and increased earnings by **23%**



Earnings margin increased by **7%** to a level above **10%** while total employees remained stable

## 2010 MAIN EVENTS IN INDUSTRIAL MANUFACTURING



**AEB Group** ([www.aeb-group.com](http://www.aeb-group.com)) is continuing its strategy of becoming a leading worldwide provider of value added services and biotechnologies to the beverage and agro-alimentary industries. After having established a direct presence in Australia, Chile and USA, AEB Group is continuing its international growth and product diversification. The company initiated sales of bacteria in the dairy and cheese segment in Chile and France and launched new products for

“spumante” (oenology) in Italy, France and Spain, leveraging on the know-how in this segment through the acquisition of Oenologie Immele. The group introduced new filtration systems and cartridges for the oenology market and new products for small breweries (new anti-foam products and new detergents). AEB Group is also improving its operational efficiency and profitability through the rationalization of its headquarter costs.



**Contenur** ([www.contenur.com](http://www.contenur.com)) is consolidating its leadership in the Iberian urban solid waste services and plastic containers markets. The company is continuing the rationalization of operations and the improvement of production efficiency. In 2010 Contenur Initiated the construction of a new manufacturing facility in Poland, which is expected to be ready for 2011 and will allow the company to compete more efficiently and benefit from the posi-

tive market conditions of Eastern Europe. During 2010 Contenur launched a proprietary “buried container” solution and was awarded with largest “buried container” contracts in Spain. The company improved its efficiency also by sourcing accessories from China, which resulted in significant savings. Contenur also improved profitability through an increase in product prices and a stronger focus on higher margin contracts.



**Italmatch Chemicals** ([www.italmatch.it](http://www.italmatch.it)) was in Investindustrial’s portfolio until the end of 2010 when the company was sold to a Chinese strategic financial investor and a diversified industrial group. Under Investindustrial’s control since 2004, the company increased sales by 190% and EBITDA by 270% both through organic and add-on acquisitions. The company strengthened its international footprint re-

inforcing its industrial presence in the fast growing Chinese market and its commercial presence in many attractive emerging markets. Despite a challenging economic environment, Italmatch counts on strong commercial relationships with key global customers which allowed the company to perform well during the global economic downturn.



## PERMASTEELISA GROUP

**Permasteelisa** ([www.permasteelisa.com](http://www.permasteelisa.com)) is continuing to refocus on its core business activities which are allowing the company to significantly increase its profitability. During 2010 Investindustrial delisted the company after having launched and completed a tender offer of 100% of the share capital of the company. During 2010 the company benefited from a more selective approach in new orders, more efficient risk management and a stronger effort to optimize fixed costs in response

to the current economic environment. The company has also improved its working capital management through the implementation of structured project control tools and processes. Significant results have been achieved also in the installation of a new integrated IT system and in the simplification of central functions to reduce overall administration costs. The company has started an important initiative for the development of photovoltaic panels for use in facades.



**Polynt** ([www.polynt.it](http://www.polynt.it)) continues to strengthen its leadership position in Western European markets, further expanding into new geographies and also successfully recovering volume sales and profitability in this difficult market environment. During 2010 the investment in the new special anhydrides plant in China was completed, and several new specialty products were developed. After having reorganised its financing package

in 2009, the company has the necessary flexibility to take appropriate actions to recover profitability without pressure for short-term results. Nevertheless, during 2010 the company achieved significant improvements by increasing EBITDA by more than 80% compared to 2009. Polynt is currently valuing several value-accretive acquisition opportunities in specialty niches in the US and in Europe.





# SOCIAL RESPONSIBILITY

WE CARE ABOUT HELPING PEOPLE TO ACHIEVE A BETTER QUALITY OF  
LIFE BY OFFERING TANGIBLE OPPORTUNITIES!

The six interconnected Principles aim to  
act a framework for global best practices  
in responsible investment:

Incorporating ESG issues into  
the investment analysis and  
decision-making processes.

Promoting acceptance and  
implementation of the Principles  
within the investment industry.

Being active owners and  
incorporating ESG issues into our  
ownership policies and practices.

Working together to enhance our  
effectiveness in implementing  
the Principles.

Seeking appropriate disclosure  
on ESG issues by the entities in  
which we invest.

Reporting on our activities and  
progress towards implementing  
the Principles.

## PART OF A GLOBAL SUSTAINABILITY NETWORK

Investindustrial firmly believes that managing environmental, social and governance issues (ESG) is an increasingly important part of its value proposition. As a result, in 2008 the Group joined the UN Global Compact by adhering to its ten principles. These principles are key guidelines in making business decisions for Investindustrial and include respect for human rights, ensuring appropriate labour conditions, respect for the environment and the application of anti-corruption measures. Investindus-

trial has also supported the adoption of these values by its portfolio companies and all the companies have successfully subscribed to the initiative.

In accordance with this belief, Investindustrial has also subscribed to the Principles for Responsible Investment (PRI), an initiative launched in April 2006 at the New York Stock Exchange by the UN Secretary-General and coordinated by the United Nations Environment Programme (UNEP) and the UN Global Compact.



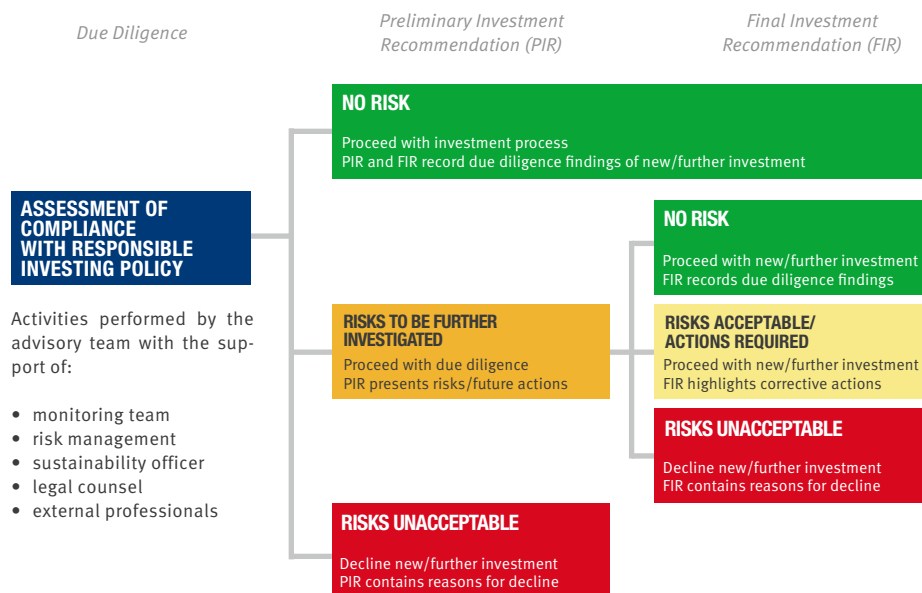
# ENGAGING IN CORPORATE SOCIAL RESPONSIBILITY

With a vision to create enduring value for its portfolio companies, its stakeholders and its investors, Investindustrial works closely with management to build a more sustainable future.

Investindustrial is strongly committed to promote a culture of sustainable development both with initiatives within the Group and with external stakeholders. In particular Investindustrial has recently

strengthened its corporate social responsibility footprint by developing two policies on Environmental, Social and Corporate Governance issues and on Responsible Investing.

## CORPORATE RESPONSIBILITY MAP FOR NEW INVESTMENTS & ADD-ONS



In 2008 Investindustrial was the first private equity operator with focus on Southern Europe to subscribe to the UN Global Compact Ten Principles ([www.unglobalcompact.org](http://www.unglobalcompact.org)) program and in 2009 it also subscribed to the Principle for Responsible Investments ([www.unpri.org](http://www.unpri.org)) initiative. Through these policies, In-

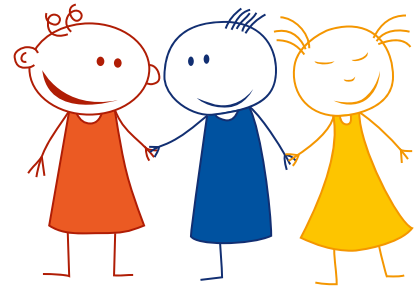
vestindustrial is also developing tools and processes to strengthen the engagement of its portfolio companies towards ESG matters and is expecting even stronger involvement in the future. Investindustrial management has been also actively involved as speakers on sustainability at industry-leading events.



Investindustrial's office in Milan (Italy) is one of its seven carbon neutral offices

After the investment in PortAventura at the end of 2009, Investindustrial promoted the creation of a corporate Foundation within the company which was established during 2010. The scope of PortAventura Foundation is to support

differently-abled children and young adults to achieve a better quality of living. To achieve this goal PortAventura will donate on an annual basis 0,7% of its net profits to the foundation.



PortAventura Foundation

## SOUTHERN EUROPE'S FIRST CARBON NEUTRAL INVESTMENT TEAM

Investindustrial places significant importance on reducing its carbon footprint and has worked with the Carbon Neutral Company, a world leading provider of carbon reduction solutions, to measure its Greenhouse Gas (GHG) emissions footprint. The Group has invested in a

renewable energy project to offset the emissions and achieve carbon neutrality for its 2010 emissions. Furthermore, Investindustrial has undertaken a series of actions to reduce its overall emissions per employee.



**CarbonNeutral.com**

CO<sub>2</sub> emissions reduced to net zero in accordance with The CarbonNeutral Protocol



## INTEGRATION TO THE WORKFORCE OF DISABLED PEOPLE

"I HAVE A LOT OF FRIENDS AT INAER AND  
EVERY DAY I GO HOME SATISFIED WITH MY WORK."

**COLLABORATION WITH THE AASD:** Integration is a fundamental part of the company's human resources policy and in this sense INAER works with the Asociación Alicantina Síndrome de Down (AASD), a charitable association that since 1996 has carried out

programmes and services for the people with intellectual handicaps. Alejandro Espi has been working for INAER for a year and is now considered one more colleague amongst the 1,702 people that work for the company.

# AN ACTIVE CORPORATE FOUNDATION

IN 2000 INVESTINDUSTRIAL ESTABLISHED INVEST FOR CHILDREN, A CORPORATE FOUNDATION WHOSE MISSION IS TO HELP DIFFERENTLY ABLED PEOPLE AND UNDERPRIVILEGED CHILDREN ACHIEVE A BETTER QUALITY OF LIFE

Invest for children operates in Europe with a special focus on Southern Europe (Spain, Italy, Portugal and Switzerland) and is a full member of EVPA (European Venture Philanthropy Association), Private Equity Foundation and is audited by KPMG.

Investindustrial believes that financial and industrial investors should have a major role in making the world a better place to live in. Invest for children aims

to understand diversity and work towards integration and represents a useful vehicle to help disabled people to achieve a better quality of living.

Invest for children has sponsored several projects in a series of different fields (sport, work, education, medical, community and other); some of these projects are summarized in next pages.

[www.investforchildren.org](http://www.investforchildren.org)



The President of Invest for Children (Investindustrial's corporate foundation) Carlo Umberto Bonomi is donating a Caja Navarra savings plan to a worker with Down's syndrome

## SOME EXAMPLES OF INVEST FOR CHILDREN ACTIVITIES



### COMMUNITY

Invest for Children is supporting youth with Down's syndrome and other learning disorders to live with other University students for a defined period of time. This project began in November 2002 and consists in a financial support offered by Invest for Children to pay the rent of Aura-Habitat's apartment.

### EDUCATION

In December 2010 in cooperation with TESIS (the American School in Switzerland), Invest for children raised financial resources and educational material to support the Center Mate Escura located in Salvador De Bahia, Brazil. The center cares for children whose parents are imprisoned and that otherwise are destined to live in the streets. Currently over 40 children receive the support of the center and its founder, sister Adele.

### SPORT

Invest for children together with the Foundation Rafa Nadal, has organized a philanthropic tennis event by involving the management of more than 35 companies and international tennis champions.

## DOWN TV



Down TV ([www.downtv.org](http://www.downtv.org)) is the first worldwide online interactive video library fully dedicated to people with Down's syndrome. Videos are classified in different areas and cover all aspects of living with Down's syndrome. In this interactive platform, users can upload their videos and documents related to Down's syndrome and share their experience. Down TV aims to increase interaction between people with this disability. Investindustrial portfolio companies Grupo Inaer, Panda Security and Ducati were among the companies sponsoring the initiative.



From left: Inés Vilallonga and Urbano Gropello (Invest for Children)



## WORK

Invest for children has donated five additional Caja Navarra savings plans to five workers with Down's syndrome, all of them members of Foundation Project Aura.

## MEDICAL

We have provided the Children's Hospital Gaslini in Genova with the necessary resources to acquire some equipments needed from the laboratory of immunology for rheumatic diseases. At the Hospital Gaslini there are all pediatric specialties, 15 scientific laboratories, professorships, 500 beds with approximately 24,000 patients admissions per year, of which 50% are from other Italian regions and abroad.

## OTHER

Invest for children is a full member of the Private Equity Foundation whose mission is to empower young people to reach their full potential. The foundation invests both money and expertise from the private equity community, to help excellent charities achieve a step-change in their impact.

Invest for children is also a full member of EVPA (European Venture Philanthropy Association).

## SOCIAL SUPPORT

i4c encourages a culture of cooperation and support towards other communities. After the destructive earthquake in Haiti in January 2010, i4c developed an initiative to support the Saint Damien Hospital, the sole pediatric hospital of the island managed by the Fondazione Rava ([www.nphitalia.org](http://www.nphitalia.org)). The initiative raised €75,000 from Investindustrial's employees and portfolio companies.



Saint Damien  
Hospital in Haiti

## DUCATI & INVESTINDUSTRIAL: A CASE STUDY ON OPERATIONAL IMPROVEMENT AT THE LONDON BUSINESS SCHOOL

From January 2011, London Business School started to teach the Ducati & Investindustrial case study to its more than 300 MBA students. London Business School ([www.london.edu](http://www.london.edu)) was recently ranked the number one full-time global MBA programme for the second year

running by the Financial Times Global MBA Rankings survey. This cooperation is part of the strong commitment of Investindustrial towards developing strong relationship with leading international universities.



During a ceremony in Castelgandolfo (the Pope's summer residence), Andrea C. Bonomi (President of Investindustrial), Carlo C. Bonomi (Industrial Advisor) and Gabriele Del Torchio (President of Ducati Motor Holding) had the honour of presenting the keys of the Ducati motorcycles personally to the Pontiff, and to greet him on behalf of the entire Ducati Company

A photograph showing Pope Benedict XVI in his white papal attire, including a zucchetto and a pectoral cross, standing outdoors in a sunny, landscaped area. He is smiling and looking towards a group of men. In the center, a man in a dark suit and sunglasses (likely Gabriele Del Torchio) is gesturing towards a white and yellow Ducati Multistrada motorcycle. To the right, another man in a dark suit (likely Andrea C. Bonomi) is looking at the motorcycle. A third man in a dark suit is partially visible behind them. The motorcycle has 'DUCATI' written on its side. The background shows green lawns and tall, thin trees.

In the presence of His Holiness Pope Benedictus XVI, Ducati Motor Holding gave two Ducati Multistrada specially prepared as escort vehicles for the Corps of Gendarmerie of Vatican City during official security duties for the Pontiff.

# GROUP FINANCIAL INFORMATION <sup>(1)</sup>

During 2010, the Group increased sales by 10% with the highest growth rate coming from Asia-Pacific.

The Industrial Manufacturing sector saw the strongest growth with an increase of 14% largely driven by well-positioned companies benefiting from a recovering economy.

The profitability of the Group increased by 8% mainly driven by the Industrial Manufacturing sector.

The see-through net debt / EBITDA ratio improved compared to 2009 both in terms of senior debt and mezzanine.

Employees increased by 8% reaching almost 32,500 employees due to the contribution of the Services and Concessions sector.



### Sales by Region (€M)

			Variance	
	2009	2010	€M	%
Italy	1,311	1,378	66	5%
Spain	870	964	93	11%
Rest of Europe	1,137	1,244	107	9%
Asia	414	555	142	34%
America	524	541	17	3%
Oceania	77	99	22	29%
Africa	48	35	(12)	-26%
TOTAL	4,382	4,817	435	10%

### Sales by Sector (€M)

			Variance	
	2009	2010	€M	%
Consumer Retail and Leisure	810	888	78	10%
Industrial Manufacturing	1,622	1,850	228	14%
Services and Concessions	1,949	2,078	129	7%
TOTAL	4,382	4,817	435	10%

### EBITDA by Sector (€M)

			Variance	
	2009	2010	€M	%
Consumer Retail and Leisure	146	158	12	8%
Industrial Manufacturing	145	177	32	22%
Services and Concessions	297	298	1	0%
TOTAL	588	634	45	8%

### See-through Net Debt Ratios

			Variance	
	2009	2010	X	%
Senior Debt/EBITDA	3.1x	2.9x	0.2x	5%
Mezzanine/EBITDA	0.4x	0.3x	0.1x	23%

### Employees by Sector

			Variance	
	2009	2010	Employees	%
Consumer Retail and Leisure	4,857	4,775	(82)	-2%
Industrial Manufacturing	7,830	7,816	(14)	0%
Services and Concessions	17,456	19,844	2,388	14%
TOTAL	30,143	32,435	2,292	8%

### Five largest holdings by value in alphabetical order

Company	Country	Sector	Web-Site
Ducati	Italy	Motorbikes	www.ducati.com
Grupo Inaer	Spain	Helicopter Services	www.grupoinaer.com
Permasteelisa	Italy	Engineering (Construction)	www.permasteelisa.com
PortAventura	Spain	Theme Park	www.portaventura.com
Stroili Oro	Italy	Retail Jewellery	www.stroilioro.com

The partially post-consumer paper used for printing this document has resulted in CO<sub>2</sub> emissions of approximately 4.5 tonnes. Since 2009 Investindustrial reviewed its overall carbon footprint and invested in renewable energy projects to offset the emissions and achieve carbon neutrality.





## GROUP COMPANIES CAN BE REACHED AT

51 Avenue JF Kennedy  
L-1855 Luxembourg  
Tel: +352 2609 531  
Fax: +352 2609 5340

1 Duchess Street  
London W1W 6AN – United Kingdom  
Tel: +44 20 7631 2777  
Fax: +44 20 7631 2778

Via Nassa, 5  
6900 Lugano – Switzerland  
Tel: +41 91 260 8300  
Fax: +41 91 260 8329

Via dei Bossi, 4  
Milan 20121 – Italy  
Tel: +39 02 802 7761  
Fax: +39 02 8901 1223

Edificio Zurich, Via Augusta, 200  
Barcelona 08021 – Spain  
Tel: +34 93 240 5750  
Fax: +34 93 240 5755

Unit 2608, 26F Park Place  
1601 West Nanjing Road  
Jing'An District  
Shanghai 200040 P.R.C. - China  
Tel. +86 21 6136 7988  
Fax: +86 21 6136 7998

375 Park Avenue, Suite 1904  
New York, NY 10152 - USA  
Tel: +1 212 926 6000  
Fax: +1 212 872 1550

For more information please email us at  
**[info@investindustrial.com](mailto:info@investindustrial.com)**

