



A European investment  
firm with a global  
industrially-driven  
approach

Investindustrial™



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COVER IMAGE:  
Avincis' rescue operations in the Northern Sea



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“Portfolio Company”, “Team”, “Professionals”, “Partner”, “Principal”, “Senior Partner” and “Senior Principal” in this document have been used only for practical ease of reading and do not intend to imply any specific reference to an entity or a legal definition of any activity of control by any company with respect to other companies. Terms such as “control”, “ownership” and their synonyms are also used for case of reference and illustrative purposes only and may not imply, from a juridical perspective, full or partial control of certain companies due to limitations by any shareholders' agreements, co-investment vetoes and other third party rights, management stock option and any other incentive scheme. In addition, shares in portfolio companies are held by the applicable investment and/or holding company of the relevant fund and rights over such shares are exercised by the board of directors of the investment and/or holding company in an independent manner. References to “Lugano” or “Switzerland”, “Barcelona” or “Spain”, “London” or “the UK”, “Luxembourg”, “Shanghai” or “China” and “New York” or “the USA” when used in the context of Investindustrial's activities (whether together with the words “team” or “office”) are intended to refer to the respective independently managed advisory or investment companies as applicable. The Investindustrial website and any other company's website, information and links contained therein are not part of this document 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.

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# STRATEGIC COMMENTARY

“In 2013, Investindustrial prepared exits from five portfolio companies, resulting in distributions of more than €1 billion to investors”.

Investindustrial continued to operate at the forefront of its target markets throughout 2013 and further strengthened its position as the leading private mid-market investor in Southern Europe and sector-driven across Europe. We continued our mission to act as a transformational owner for a few selected quality companies by investing to unlock growth and strike long-term global partnerships.

We completed the acquisition of 39% of the share capital with joint controlling rights of Aston Martin Holdings (UK) Limited. The investment in Aston Martin will support an iconic brand in executing the biggest R&D project in its 100-year history. Subsequently, Investindustrial supported Aston Martin in signing a significant strategic partnership with Daimler. The agreement will allow Daimler and Aston Martin to develop bespoke V8 engines, electronic and navigation systems for its next generation of models.

“The investment in Aston Martin will support an iconic brand in executing the biggest R&D investment cycle in its 100-year history”.

Since the second half of 2013, favourable financial markets naturally meant more activity relating to exits of mature investments. In 2013, Investindustrial prepared exits from five portfolio companies, resulting in distributions of more than €1 billion to investors. In addition, Investindustrial completed refinancings for four portfolio companies for a total consideration of €1.2 billion.

Investindustrial's long-standing presence as a preferred mid-market company owner in Italy, Spain, and opportunistically across Europe is built around our philosophy of preparing and managing the investee companies for internal long-term growth. Our team of 60 professionals drives the implementation of an industrially-driven agenda with a high degree of financial discipline, but increasingly our companies benefit from striking external strategic partnerships to acquire game-changing competitive advantage.

“Increasingly our companies benefit from striking external strategic partnerships to acquire game-changing competitive advantage”.

The partnerships that we seek to introduce are classified into three main categories - **industrial, brands and capital**. During 2013 we were active across all three categories and some of the key transactions are highlighted in the next pages.

Investindustrial's long-standing presence as a preferred mid-market company owner in Italy, Spain, and opportunistically across Europe is built around our philosophy of setting up the investee companies for long-term success

Andrea C. Bonomi, Founder of Investindustrial at the Aston Martin Headquarters in Gaydon (UK)



### ◆ Industrial partners

We were instrumental in agreeing two milestone industrial partnerships during the year. Aston Martin entered a strategic collaboration with Daimler, allowing them to jointly develop bespoke V8 engines and electric/electronic architecture to support Aston Martin's launch of a next generation of models. The partnership with Daimler was a fundamental component of Investindustrial's business plan at entry as it is expected to create significant value and reduce execution risk for the business going forward. Furthermore, Daimler has agreed to make Aston Martin a commercial offer for a shared SUV platform, which could represent a transformational event for the company.

Avincis, the world's largest mission-critical aerial services operator, struck a long-term partnership with UK engineering support service leader Babcock International. The two companies initially started collaborating on bidding for new contracts, which evolved into a proposed partial acquisition by Babcock of Avincis. Ultimately, all parties agreed that the best way to crystallise the synergies of the two businesses was by Babcock taking full ownership of Avincis. In early 2014, the sale of Avincis was therefore completed, valuing the company at €2 billion. Under Investindustrial's ownership Avincis underwent a major transformation and we believe that it will continue to thrive under the leadership of its new corporate owner.

### ◆ Brand partners

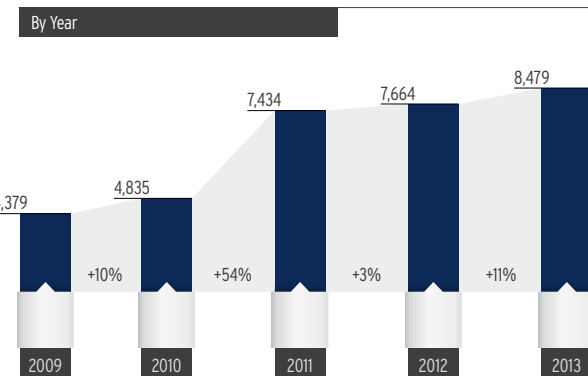
PortAventura, Europe's second largest theme park and destination resort, reached a licensing agreement with Ferrari S.p.A., the iconic Italian sports car maker. PortAventura will establish Ferrari Land, a new park and hotel dedicated to the theme of Ferrari and located within the PortAventura destination resort. The new branded site will be the sole Ferrari theme park in Europe and envisages a total investment of more than €100 million. Expected to open during 2016/2017, Ferrari Land will be built on a total surface area of 75,000 square meters and it is expected to improve PortAventura's position as a leading European destination resort. Together with the major entertainment group Cirque du Soleil performing at PortAventura during the 2014 season, Ferrari Land will significantly increase PortAventura's brand awareness in the premium tourism segment word wide.

### ◆ Capital partners

At the end of 2013 Investindustrial announced that it had entered into an agreement with private equity firm KKR for the sale of a 49.9% shareholding of PortAventura. KKR's entry brought complimentary capital and expertise to help the growth and to execute the next exciting and transformational phase of the PortAventura development. The partial sale of PortAventura was completed at a total enterprise value of approximately €900 million.

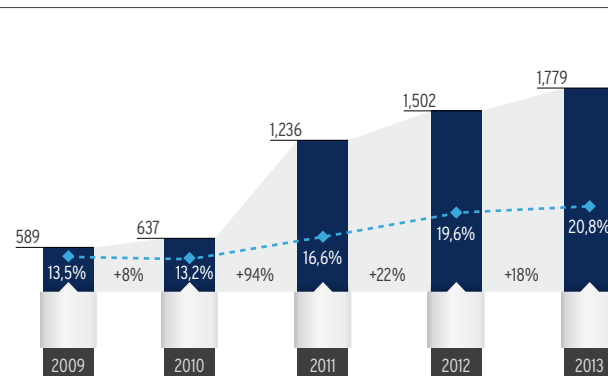
## ► 2013 Portfolio figures

### Sales (€m)



Total investments generated aggregate sales of €8.5 billion in 2013 with an increase of 11% compared to the prior year. During 2013, Investindustrial invested in one new company; excluding this new transaction, portfolio sales grew by 2%.

### Ebitda (€m) and Margin (%)



In 2013, Investindustrial's aggregate investments generated an Ebitda of approximately €1.8 billion, 18% higher than last year. Excluding this new acquisition, Ebitda growth was 11%.

### Total Employees (nr.)



At the end of 2013 the workforce of portfolio companies increased by 8% to reach approximately 50,800 employees.

In 2013, Investindustrial's portfolio showed a strong performance with a like-for-like Ebitda growth of 11%





The intense focus Investindustrial places on long-term portfolio company health remains of paramount importance to both the group's value creation map and its position as a world class investor. Attractive financial investment returns for Investindustrial are easiest achieved by setting up our investee companies for long-term future success after a period of repositioning. Ducati for example, which was sold to the Volkswagen group in 2012, is now thriving at its new home where it is considered a highly-prized asset within an already eminent portfolio.

“Attractive financial investment returns for Investindustrial are easiest achieved by setting up investee companies for long-term future success”.

During 2013 Investindustrial endeavored to identify a suitable long-term path for Banca Popolare di Milano (“BPM”) by reforming its corporate governance structure. BPM is a cooperative bank listed on the Milan stock exchange, meaning that each shareholder is entitled to one vote irrespective of the number of shares held. Investindustrial was the single largest shareholder of the bank for two years, having entered through an agreement to effectively become the cornerstone investor in an €800 million capital increase in 2011 during a critical time for the bank. Investindustrial exited in early 2014, having been unable to convince the balance of shareholders about the benefits of converting into a joint-stock company. Investindustrial made a modest financial return and nevertheless left the bank with a significantly healthier balance sheet and operating performance relative to the pre-entry position.

On 29th November 2013 a police helicopter operated by Bond Aviation Services, the UK operation of Avincis, suffered a tragic accident during an emergency mission as it came down on the roof of a public house in Glasgow, Scotland during a mission. Ten people, including the helicopter's crew of three, lost their lives in the accident. Bond Aviation Services has made every possible effort to support the authorities since the accident occurred. At Investindustrial, our thoughts go out to all the families affected by this very tragic accident.

“The Investindustrial team has been strengthened by debt specialists to increase our ability to source investments and assess relative value across the entire mid-market”.

For 2014, we continue to see strength in the financial markets in anticipation of a European recovery that is still a work in progress. Patience, industrial due diligence and local insight are key attributes to maintaining a disciplined investment approach amidst increased sector valuations and readily available financing. The Investindustrial advisory teams and investment companies have been strengthened by debt specialists to increase our ability to source and assess relative value across the entire mid-market. We have a stronger and more experienced team than ever before in an industry where the relentless drive of talented professionals distinguish the outperformers. As such, we are confident that we will have many positive results and exciting developments to report on again in 2014.

### ► 2013 Key events

€1.2bn

**€1.2 billion of equity for investments**

At the end of 2013 Investindustrial had available approximately €1.2 billion of equity to make further acquisitions. The Group's large capital availability is a strategic advantage in the current market environment.

€1.0bn

**Selective exits completed with €1.0 billion of proceeds**

During 2013 Investindustrial successfully sold 49.9% of PortAventura and at the beginning of 2014 it exited Avincis, Banca Popolare di Milano and Svenson. The four exits achieved €1.0 billion of distributions to investors.

€1.2bn

**Refinancings**

During 2013, Investindustrial supported some of its portfolio companies (PortAventura, Avincis, SNAI, and Cogetech) in significant refinancing transactions for a total consideration of €1.2 billion.

20.8%

**A highly profitable portfolio**

During 2013, Group sales increased by 11% while Ebitda grew by 18%, increasing the margin to 21%. Growth occurred mostly outside Southern Europe.

An Avincis' helicopter during a rescue operation in Spain



# WHO WE ARE

## A leading European investment group

Providing industrial expertise, operational focus and global platforms to accelerate value creation and international expansion.

Investindustrial is one of Europe's leading independent investment groups which provides industrial solutions and capital to medium-size companies that are leaders in their fields. Investindustrial operates through independently managed investment holding and advisory companies with strong sector and industrial expertise, operational focus and global platforms. Founded in 1990 out of an industrial conglomerate, Investindustrial has a team of more than 60 professionals on three continents. Investindustrial's aim is to create long-term value by helping portfolio companies to accelerate international expansion and improve operational efficiency. The general partners and investment managers manage the funds in the interest of the limited partners and therefore in an autonomous and independent manner from the other group companies. Investments and divestments are made (and shares in portfolio companies are held) by the applicable investment or holding company of each fund. Decisions over investments and divestments, including the exercise of the voting rights over the shares of the portfolio companies, are made by the applicable investment or holding company board of directors in an autonomous and independent manner, consistent with the applicable corporate governance rules and by-laws. It is the responsibility of the management of each portfolio company to operate the company on a day-to-day basis.

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

### 2013 Recognitions of Investindustrial excellence

- ♦ European House of the Year (Real Deals)
- ♦ Italian Firm of the Year (Private Equity Exchange)
- ♦ Italian Firm of the Year (PEI)
- ♦ Spanish Firm of the Year (PEI)
- ♦ Southern European Deal of the Year (Ducati - Real Deals)
- ♦ UK - Italy Business Awards (British Government and UK Trade & Investment)

- A history with a consistent strategy



► Originated from a successful industrial group

► Operating as a firm since 1990

► More than 60 professionals on three continents

► Industrially driven approach

35 years of investments in leading brands and companies



- An investment strategy refined from successes and experiences from previous **partnerships** such as...



- ...is being applied to the 2013 portfolio of **leading brands and companies**



The Ducati Diavel was successfully launched at the end of 2010 to enter the high performance sport cruiser segment

## INVEST IN QUALITY BUSINESSES

- ◆ Quality management team
- ◆ Focus on reinforcing research and development
- ◆ Optimisation and rationalisation 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

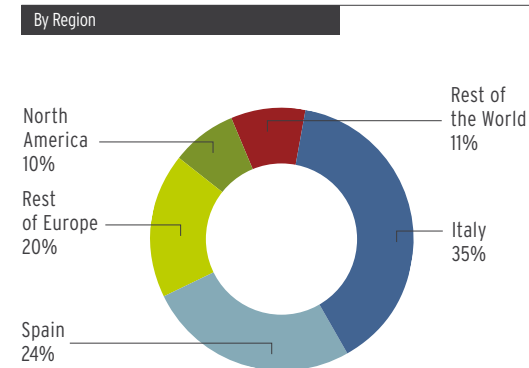




## ► Leading European footprint with a growing international presence

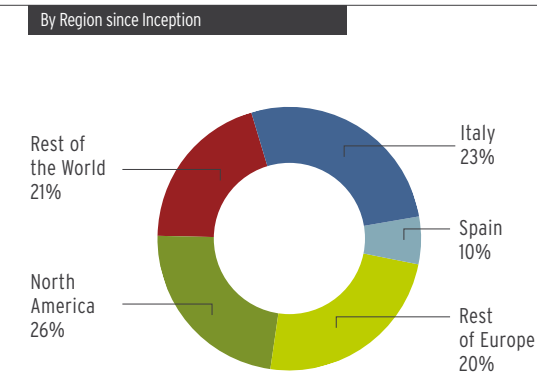
Investindustrial has considerable international exposure and combines a global vision with local insight and capital to offer growth opportunities to its companies. Investindustrial's portfolio companies have a truly global footprint, with 41% of sales coming from outside Southern European markets. In 2013 the most attractive growth opportunities have stemmed from outside of Europe and in particular from North America and Rest of the World with a significant recovery from Spain. Since inception, non-European countries have contributed to 43% of the growth of portfolio companies' sales.

### 2013 Sales<sup>(1)</sup> (%)



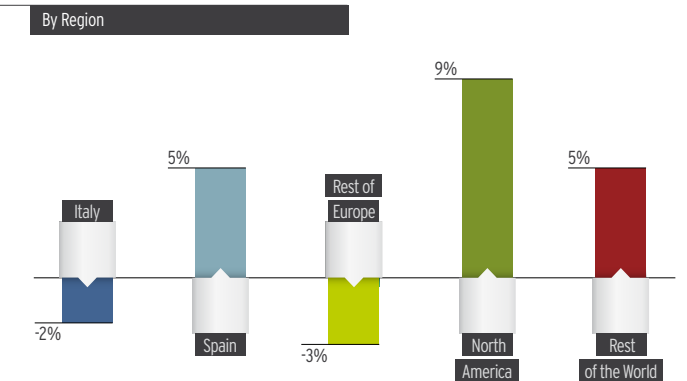
<sup>(1)</sup> Sales weighted by shareholding of the companies present in the portfolio at the end of 2013

### 2013 Sales Variance (%)



More than two thirds of the portfolio growth since inception has come from markets outside of Southern Europe and 47% of this growth has been driven from non-European countries

### 2013 Sales<sup>(1)</sup> Variance (%)



<sup>(1)</sup> Sales weighted by shareholding of the companies present in the portfolio at the end of 2013



- ♦ 1. From left: Luis Valencia (Development Director), Giovanni Modena (Operations Director), Arturo Mas Sarda (Chairman of the Board), Sergio Feder (President), Carlo Umberto Bonomi (Senior Principal at Investindustrial), Fernando Aldecoa (Managing Director) and Gianfranco Bollini (Shows Director), at the opening of the new water park Costa Caribe in PortAventura (Spain)
- ♦ 2. From left: Andrea C. Bonomi (Senior Industrial Advisor at Investindustrial), Simon Rodd (General Manager of Aston Martin Long Island) and John C. Mowinckel (Special Principal

- at Investindustrial) during a visit to the Aston Martin dealer in Long Island (New York, USA)
- ♦ 3. From left: Roberto Maestroni (Principal at Investindustrial), Umberto Magnetti (Vice President at Investindustrial), Peter Hug (General Manager of Aston Martin Zurich), Andrea C. Bonomi (Senior Industrial Advisor at Investindustrial) and Carl Nauckhoff (Principal at Investindustrial) during a visit to the Aston Martin dealer in Zürich (Switzerland)

- ♦ 4. Carlo Umberto Bonomi (Senior Principal at Investindustrial) with Daniel Lamarre (President and CEO of Cirque du Soleil) during a visit in Montreal (Canada)
- ♦ 5. From left: Gabriele Del Torchio (CEO of Ducati) with Rupert Stadler (CEO of Audi) and on the back Dante Razzano (Senior Principal at Investindustrial) during the signing for the sale of Ducati to Audi

- ♦ 6. From left: Dante Razzano (Senior Principal at Investindustrial), Andrea C. Bonomi (Senior Industrial Advisor at Investindustrial), Piero Luigi Montani (CEO of BPM) and Davide Croff (Director) during an operational meeting in BPM



## Investindustrial is a global provider of employment

Investindustrial's portfolio companies employ approximately 50,800 employees, based mostly in Europe, across a wide range of sectors and countries.

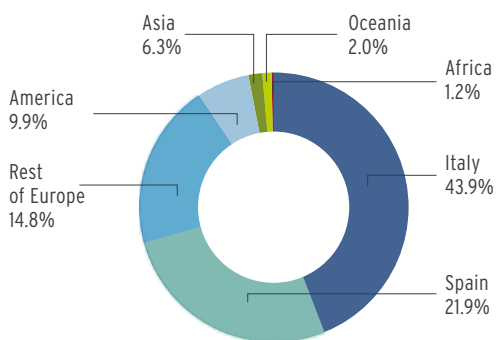
Investindustrial considers the skills of its portfolio companies' employees as an asset to be developed and shared while respecting and safeguarding individuals. Furthermore, the Group is committed to offering equal opportunities in employment and in career development avoiding every form of discrimination,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

The companies in which we invest endeavour to maintain and improve training and further develop the know-how of their employees. In 2013, the total workforce increased to 50,800 employees of which approximately 9,800 are outside of Europe.

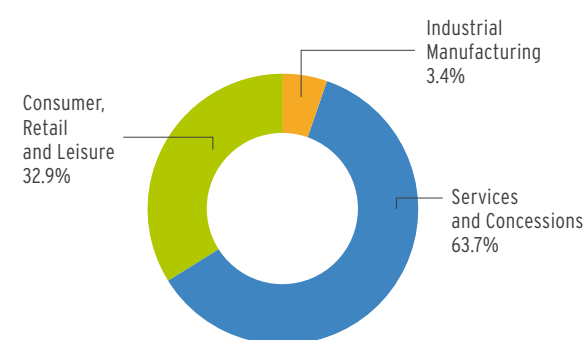
Manufacturing and commercial activities are present across 20 countries and five continents.

### Total Investindustrial Companies Employees (%)

By Region



By Sector



Avincis' maintenance operations in Alicante (Spain)

ARGENTINA  
AUSTRALIA  
BRASIL  
CHILE  
CHINA  
FRANCE  
GERMANY  
ITALY  
MALAYSIA  
NORWAY  
PERU  
POLAND  
PORTUGAL  
RUSSIA  
SWEDEN  
SOUTH AFRICA  
SPAIN  
UAE  
UNITED KINGDOM  
USA

Investindustrial investments have a direct presence through manufacturing facilities or subsidiaries in 20 countries.





## ► A leading investment team in Europe

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

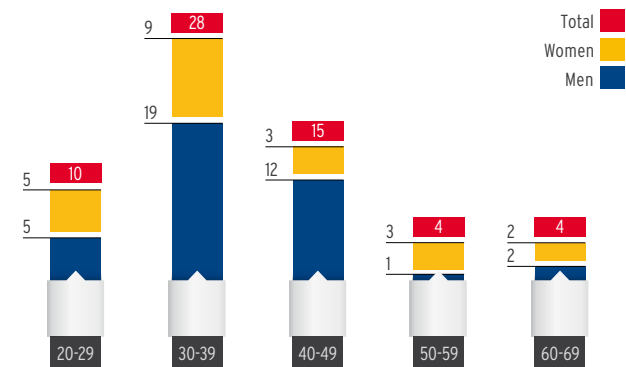
Investindustrial operates through a series of investment funds, holding companies and financial advisory firms, each managed independently and established in the United Kingdom, Spain, Switzerland, Luxembourg, the United States and China. Talent management is a key strategic asset at Investindustrial which has a team of more than 60 professionals combining local insight with a global perspective. Having the right people at the right place at the right time is critical to building successful companies. To recruit and

retain talented people with the highest ethical standards and to create an attractive workplace for them to develop in is vital for Investindustrial. Investindustrial professionals have demonstrated major achievements in their professional and academic past and typically remain with the firm for many years. Investindustrial professionals represent sixteen nationalities, reflecting the importance we place on being a transparent and dynamic organisation with global views and capabilities.

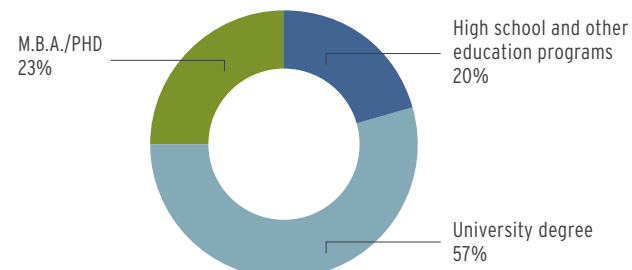
Investindustrial is part of BI-Invest group, which was founded by the Bonomi family. BI-Invest currently has around €4.4bn of assets under management, which are invested in a variety of sectors operated independently and separately with different investment strategies. Some Group companies are authorised and subject to the supervision of the Financial Conduct Authority in the United Kingdom, the Commission de Surveillance du Secteur Financier in Luxembourg and the Federal Authority for Financial Market Supervisory Authority (FINMA) in Switzerland. During 2013, the group has been further strengthened by public investment experts as well as debt specialists to increase its ability to source and assess relative value across the entire mid-market.

### Investindustrial Employees (nr.)

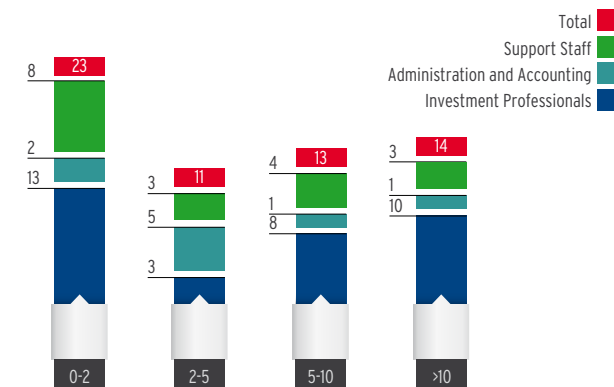
By Age Distribution



By Education Programmes



By Years of Employment at Investindustrial



6 offices  
12 languages  
16 nationalities

## ► An organisation tailor-made for active ownership

Investindustrial provides 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 broad and deep resource base is designed to ensure the successful execution of the industrially-driven approach. As active investors we work closely with key management throughout the ownership phase.

### A unique network of Industrial Advisors.

To help its portfolio companies achieve their full potential, Investindustrial can count on the valuable commitment of its Industrial Advisors led by Andrea C. Bonomi. 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 Advisors concentrate their advice in maintaining best practice corporate governance, stress testing industrial plans and identifying global value creation opportunities.





## ► Investindustrial recognised as “European Buyout House of the Year” at Private Equity Awards 2013

THE  
PRIVATE  
EQUITY  
AWARDS  
2013

### Buyout House of the Year, Mediterranean Deal of the Year

# INVESTINDUSTRIAL

This firm's stellar year saw it romp home in two categories.

#### INVESTINDUSTRIAL, THE WINNER OF BUYOUT

House and Mediterranean Deal of the Year at the 2013 Private Equity Awards, has always been a firm that likes to do things differently.

During the last 12 months the uniqueness of this southern European private equity house has been particularly noticeable, as it has defied convention with its fearless investment approach.

As private equity rivals have abandoned Spain and Italy, spooked by sovereign debt crises, rising unemployment and negative growth, Investindustrial has continued to put money to work in its heartland with confidence, investing in luxury motor vehicle group Aston Martin, theme park PortAventura and telecoms business Euskaltel. Selling a Southern European portfolio company for a decent return has been nigh on impossible, yet Investindustrial has secured the exits of motorcycle manufacturer Ducati and plastic waste container maker Contener.

What's more, at a time when buyout firms in Europe have laboured to raise new funds, some giving up altogether, Investindustrial cantered to a final close of €1.25bn for its fifth fund in just six months. Such was the success of the fundraising that all of Investindustrial's LPs from North America, where euro-scepticism has been at its most intense, re-upped with the same or larger amount.

#### Standing out

So how has Investindustrial managed to overcome the bleak economic conditions in Spain and Italy, and succeed where other private equity firms have failed or fled?

Perhaps the main reason is that it simply isn't like other private equity firms. "Investindustrial's heritage is in industrial ownership. The way it identifies investments and works with portfolio companies is different from other financial owners. It does some very interesting deals that would be difficult for any other firm to execute," says Mounir Guen, the founder of placement agent MVision.

Sticking to Southern Europe is the first way that the firm has set itself apart from others, and although continuing to invest in Italy and Spain may partly be down to the firm's loyalty to its home markets, it is also a savvy contrarian investment strategy.

Andrea Bonomi, a member of the Bonomi

family who founded Investindustrial in 1990, has regularly pointed out that at the same time as banks, corporates and governments are selling assets at cut prices in Southern Europe, other private equity firms are playing it safe and focusing on the steadier markets in Germany and Scandinavia. The upshot is that firms like Investindustrial, which have held their nerve, are buying assets at low valuations with little or no competition to inflate prices.

The firm's new investments in 2012 – Aston Martin, PortAventura and Euskaltel – are all cases in point. The acquisition of 48 per cent of Euskaltel was equivalent to an enterprise value of €857m, only half the value of the company's €1.7bn investments in infrastructure. The 50 per cent share of PortAventura was bought for a multiple of 6.5 times Ebitda. Other companies in the industry fetch between eight and ten times. Aston Martin also looks a bargain, with Investindustrial paying a multiple of 8.4 times Ebitda when luxury car brands like Porsche and Ferrari have fetched multiples running into double digits. When Investindustrial buys, it usually buys well.

But what has impressed the firm's LPs even more than its ability to invest at reasonable prices is what it is able to do with those investments after a deal has closed. "These guys are very hands-on and very commercially focused. They have outstanding industrial networks and when they buy a company they have a very clear operational strategy to improve the business," says a private equity adviser who has worked with the firm.

#### Operations

All GPs like to talk about their "operational capabilities", but Investindustrial genuinely lives and breathes operations. The leverage across its portfolio is a meagre two times Ebitda and operational transformation, rather than capital structure, is always the key driver of returns.

Investindustrial's investment in motorcycle group Ducati, sold to Audi for 2.3 times money and an IRR of 28 per cent, is a good example of its industrial and operational nous. During its hold period Investindustrial oversaw the development and release of 17 new motorbike models, which helped to boost bike sales by 13 per cent and earn a 25 per cent increase in market share.



Investindustrial also opened a new factory in Thailand to lower production costs and brokered a deal to assemble Ducati motorbikes in Brazil.

The firm was equally adept at selling more Ducatis in the emerging markets of China, Vietnam, Thailand, India and Brazil. Sales in Asia (excluding Japan) climbed by 73 per cent between 2010 and 2011.

The Ducati investment has been such a success that Harvard Business School, London Business School and the EVCA all used it for a case study to demonstrate the private equity industry's ability to generate long-term, sustainable value.

This thoroughness and attention to detail carries over to Investindustrial's investor relations function, which LPs describe as "coherent" and "transparent". What its investors like even more are the returns. This year alone the firm's backers received distributions of €500m, bringing total distributions since it was launched to €2.1bn. During the last three years, Investindustrial's assets under management have recorded a compound annual growth rate of 28 per cent. Lifetime returns are running at 2.5 times money. No wonder LPs are impressed.

"Strong results, best-practice private equity standards and a clear strategy enabled the firm to successfully raise their next-generation fund in 2012 with strong backing from existing and new investors," says James Millar, the managing director of the Princeton University Investment Company. "Investindustrial is now in a dominant position in its core markets."

Investindustrial, the buyout firm that has always enjoyed being different, is standing out from the crowd for all the right reasons. ●

## ► An internationally recognised sustainable investment approach

### Investindustrial awarded Investor of the Year at the UK-Italy business awards.

At the beginning of 2014, Investindustrial received the prestigious Investor of the Year award at the seventh edition of the UK-Italy Business Awards, arranged by the British Government and the UK Trade & Investment to showcase Italian excellence and prominent collaboration between Italy and the United Kingdom. The ceremony was held in Milan at the Borsa Italiana, part of the London Stock Exchange Group.



Andrea C. Bonomi (Senior Industrial Advisor at Investindustrial) collected the award from Michael Fallon, (UK Minister of State for Business and Enterprise) in front of more than 100 guests, including the Italian Minister for Economic Development, the UK Ambassador to Italy, and the UK Consul General in Milan

### Investindustrial at the FT Future of Italy Summit

In November 2013, Andrea C. Bonomi has been invited as guest speaker at the event organized by the Financial Times entitled FT Future of Italy Summit: Charting the Way Ahead. This strategic one day conference brought together top level industry leaders, policy-makers and global corporate

investors to discuss the country's political and economic outlook, its amplified role within the region and on the global stage, and the risks, challenges and opportunities facing international business interests in Italy.



From Left: Rachel Sanderson (journalist Financial Times), Alessandro Profumo (Chairman Monte dei Paschi di Siena), Andrea C. Bonomi (Senior Industrial Advisor at Investindustrial), Luigi De Vecchi (Chairman of Continental Europe for Corporate and Investment Banking, Citi)



# CASE STUDY:

## Avincis

### A global helicopter services provider



“The co-operation with Investindustrial has allowed Avincis to implement a successful long-term value creation strategy mainly focused on international build-ups. Today, Avincis is a global leader in emergency helicopter services and represents a unique platform from which to further capture global growth and consolidation opportunities in the sector. Avincis is a leader as a result of its focus on operational safety standards and its strong commitment to invest in innovation, development and fleet renewal”.

James Drummond,  
CEO  
Avincis



Avincis 2013 Ebitda Margin

▶ 25.2%

Developments since entry:

|                      |      |
|----------------------|------|
| Sales growth         | 355% |
| Ebitda growth        | 463% |
| Ebitda Margin growth | 24 % |

Since Investindustrial's entry in late 2005, Avincis has been transformed from a domestic player to the world's largest emergency aerial services company.

Avincis ([www.avincisgroup.com](http://www.avincisgroup.com)) is the world's largest provider of emergency and mission critical aerial 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, Peru, Ireland, Norway, Australia, Denmark, Finland and Sweden and is the most internationally diversified operator in its sector.

Avincis operates the third largest helicopter fleet in the world with approximately 350 aircraft as of the end of 2013, of which 139 are owned by the company. Headquartered in London, UK, the company employs approximately 2,750 pilots, engineers and other staff. With its current size and diversification, Avincis has a clear competitive advantage over its local peers, due to:

- ◆ a large and modern fleet;
- ◆ strong bargaining power with suppliers;
- ◆ long-term public contracts with fixed revenues giving strong visibility of earnings;
- ◆ an extensive network of operating bases;
- ◆ highly trained personnel with its own flight simulators;
- ◆ proprietary maintenance facilities operating to the highest standards of servicing;
- ◆ other economies of scale such as insurance, procurement and leading safety practices.

Avincis provides public clients with services including emergency medical services, fire-fighting, sea and mountain rescue, civil protection customs surveillance and services to Oil and Gas platforms. The company's market-leading position and concession-based revenue profile has enabled Avincis to achieve consistent growth and execute its global acquisition strategy in recent years.



Avincis' rescue operations  
in the Mediterranean sea



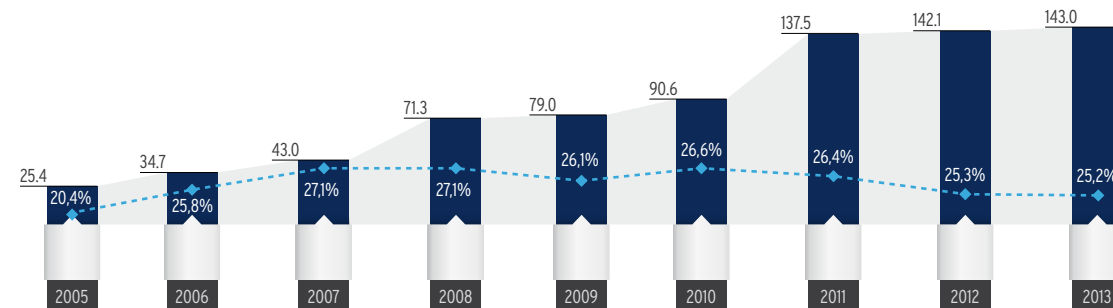
## ► Achieving internationalisation and business diversification while strengthening profitability

Under Investindustrial's ownership Avincis underwent a major transformation: nine add-on acquisitions have been completed allowing the company to strengthen its presence in Italy, France, the UK, Portugal, Chile, Peru, Ireland, Norway, Australia, Denmark, Finland and Sweden. In the first quarter of 2014 Avincis continued its internationalization strategy by reaching an agreement for the acquisition of Scandinavian AirAmbulance the leading provider of air ambulance services in the Nordic region. During 2013 Avincis continued the integration of Bond Aviation Group acquired in 2012, a major independent UK helicopter operator, which provides offshore (Oil & Gas) transportation and mission critical emergency helicopter services under long-term contracts. This acquisition allowed Avincis to enter the heavy fleet segment, in which the company

was not present, providing access to further future growth. In addition, Avincis increased its presence in the strategically attractive segment of the Oil & Gas helicopter services market that strongly resembles Avincis' core business lines, given the mission-critical nature of helicopter transportation in the North Sea, the high component of search & rescue operations, and the structure of Bond's contracts with major Oil & Gas blue-chip operators (long-term, fixed charged revenues). Avincis continues to be well positioned for future growth, both organically and through additional bolt-on acquisitions. In early 2014, Avincis was sold to Babcock International, the UK engineering support service leader, after the two companies initially started collaborating on bidding for new contracts. The sale of Avincis was completed valuing the company at €2 billion.

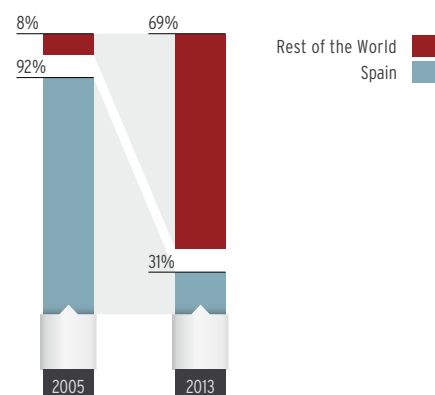
### Ebitda (€m) and Margin (%)

By Year

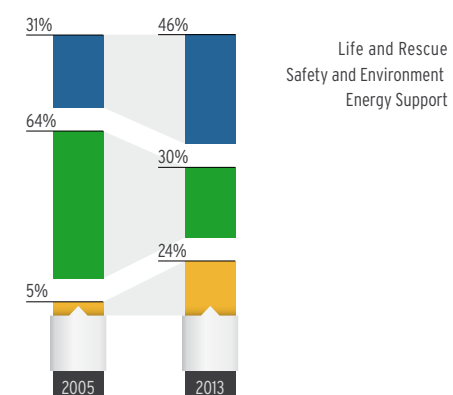


### Sales (%)

By Country



By Category



Since Investindustrial's entry in 2005, an ambitious build-up plan has been executed.





# CASE STUDY: PortAventura

## A European leader in the leisure and entertainment industry



"After the successful experience with the largest Italian theme park Gardaland, it is a great pleasure for me to continue working with Investindustrial in PortAventura. After four years of cooperation with Investindustrial, PortAventura has been transformed from a theme park into Europe's third largest integrated destination resort. A strong repositioning plan has been implemented based on strengthening the product offering, implementing a more accurate commercial strategy and optimising the cost base. The company is today on the right path to meet its long term value creation plan".

**Sergio Feder,**  
President of the Executive Committee  
PortAventura

Building on the successful previous investment in Italian theme park operator Gardaland, Investindustrial acquired PortAventura in 2009.

PortAventura ([www.portaventura.com](http://www.portaventura.com)), established in 1995, is the largest Southern European theme park and third largest in Europe. The site comprises an amusement park with 40 rides, over 100 daily shows, 43 shops and arcades, a water park, four hotels with over 2,000 rooms and a 4,000 person convention and conferencing centre. PortAventura is located in the north-eastern coastal area of Spain (Costa Dorada), by the tourist resort of Salou and less than one hour from Barcelona. The area is a major tourist destination which attracts visitors from across Europe. The park attracts more than 3.7 million local and international visits each year.

The acquisition was made possible through the close relationship with La Caixa, the largest savings bank in Europe, and its majority-owned investment company Criteria Caixa Corp. Since Investindustrial's entry, PortAventura has performed well despite a very difficult economic environment. The company's positive performance is a result of the industrially-driven approach of Investindustrial and the introduction of a proven management team from Gardaland led by Sergio Feder. The key drivers of the outperformance to date are the successfully repositioned commercial strategy, improvements in the park offerings of shops and food, the addition of a new kids area and the tallest rollercoaster in Europe, the launch of aquatic park and an efficiency programme that has significantly increased the profitability. During 2013, Investindustrial selected KKR as a 49.9% partner in PortAventura to help take it to the next exciting level.

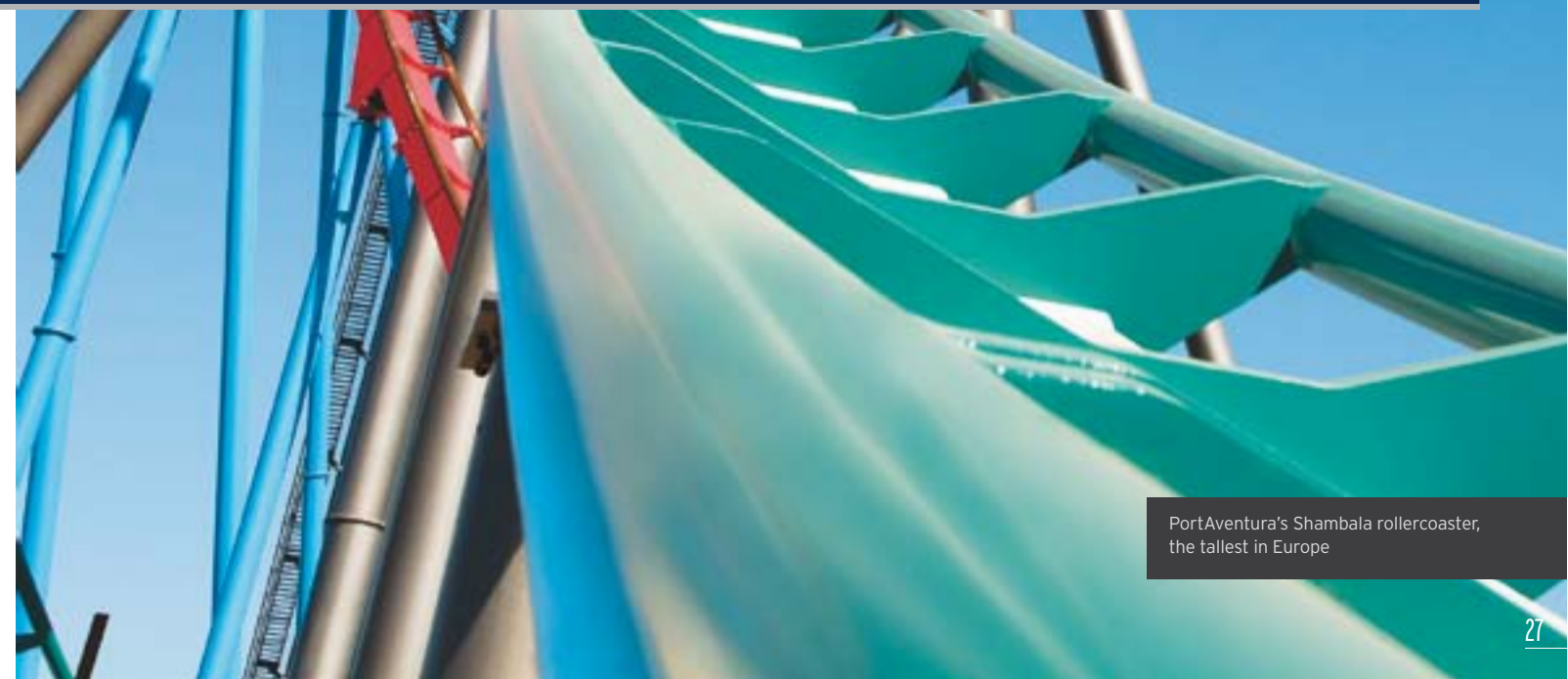


PortAventura 2013 Ebitda Margin

▶ 40.8%

Developments since entry:

|                      |      |
|----------------------|------|
| Sales growth         | 28%  |
| Ebitda growth        | 101% |
| Ebitda Margin growth | 57%  |



PortAventura's Shambala rollercoaster,  
the tallest in Europe



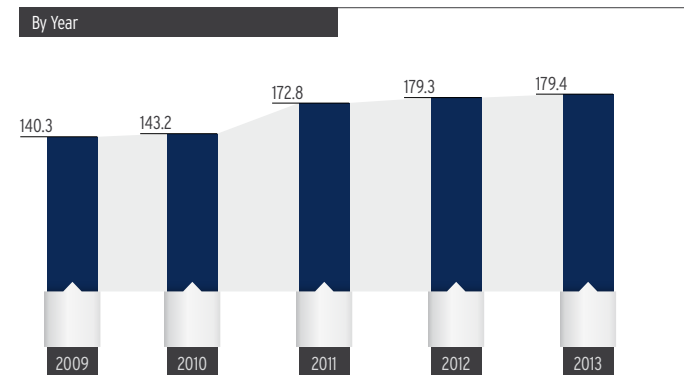
## ► A successful development strategy

Since Investindustrial's entry at the end of 2009, PortAventura has performed well: Ebitda has more than doubled increasing to €73.3 million with a margin of 41% and the number of visitors has increased by 6% as a result of new park offerings and a relaunched commercial strategy. The management of the company has focused on the following areas over the past years:

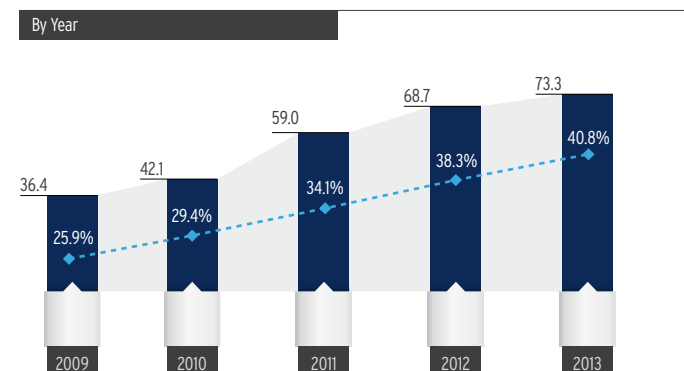
**New park offerings:** The new kids area, SesamoAventura, and the new rollercoaster, Shambhala, which opened in the last two years, have continued to attract both repeat and new visitors throughout 2013. In 2013, PortAventura opened the doors to its refurbished attraction, the Costa Caribe Aquatic Park. The water park is set in more than 50,000 square metres of grounds and offers an extensive range of attractions to cater for the whole family. The new attraction for 2014 is the AngKhor Boat ride, inspired by the famous Asian temple.

**Commercial strategy:** In recent years, supported by the new kids area and the new rollercoaster, the company has refocused its marketing strategy to concentrate on traditional values, entertainment and family. As a result, it has been able to reverse the negative trend in visits prior to Investindustrial's entry, achieving a substantial increase in visitors from abroad. In the hotels business, the company has worked very closely with major tour operators both in Spain and internationally to develop a cohesive marketing strategy to increase hotel bookings since 2009. PortAventura is investing significantly to further diversify its customer base and to attract new customers especially from the promising Russian and Chinese markets. In addition, a new website and booking engine have been implemented, and along with the introduction of call centre best practices, have significantly increased direct bookings from €2 million in 2009 to €25 million in 2013.

Sales (€m)



Ebitda (€m) and Margin (%)



From left: Giovanni Cavalli (Commercial Director), Gianfranco Bollini (Shows Director), Sergio Feder (President), Giovanni Modena (Operations Director), and Fernando Aldecoa (Managing Director)

## ► Brand partnerships with Ferrari and Cirque Du Soleil

**PortAventura** is continuing to strengthen its positioning in the premium tourism segment by increasing the international image and branding of the park. In the first quarter of 2014, PortAventura reached a licensing agreement with **Ferrari** to establish "Ferrari Land", a new theme park dedicated to the global brand of Ferrari within the PortAventura destination resort. The new branded site will be the sole Ferrari theme park in Europe and is expected to open during 2016. Ferrari Land will be built on a total surface area of 75,000 square meters and benefit from several rides (including the highest and fastest vertical accelerator in Europe), a new premium hotel with 250 rooms and 5 star service, restaurants, large simulation areas for car racing and shops. In addition, at the end of 2013 PortAventura signed an agreement with **Cirque du Soleil**, the world's most famous circus show brand, to perform one of its shows (Kooza) at the resort during the months of July and August of 2014.



For the first time ever, Cirque du Soleil will be present at a European holiday resort (PortAventura)



Ferrari Land is the new Ferrari theme park expected for 2016 within the PortAventura destination resort



# PORTFOLIO DEVELOPMENTS

## Investindustrial's business focus

As of the end of 2013, Investindustrial's portfolio comprises of 16 investments and is well balanced across three main industry areas.



PortAventura's convention center seats more than 4,000 people and hosts many blue-chip company events



The CC100 concept car was created to celebrate the centenary of Aston Martin sports car heritage, design capability and excellence

1

Consumer  
Retail  
and Leisure

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.

2

Services  
and  
Concessions

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.

3

Industrial  
Manufacturing

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.



## ► Global drivers and industrial opportunities

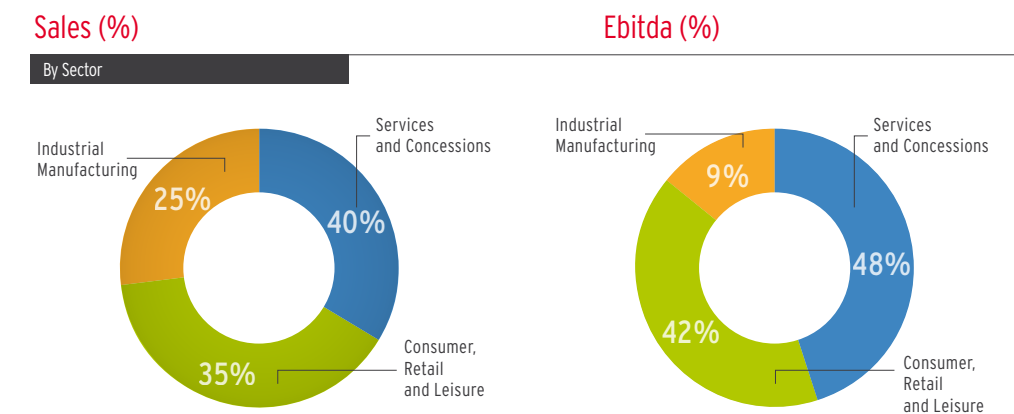
The difficult economic environment has presented significant opportunities for us to strengthen the long-term competitive advantage of our investments.



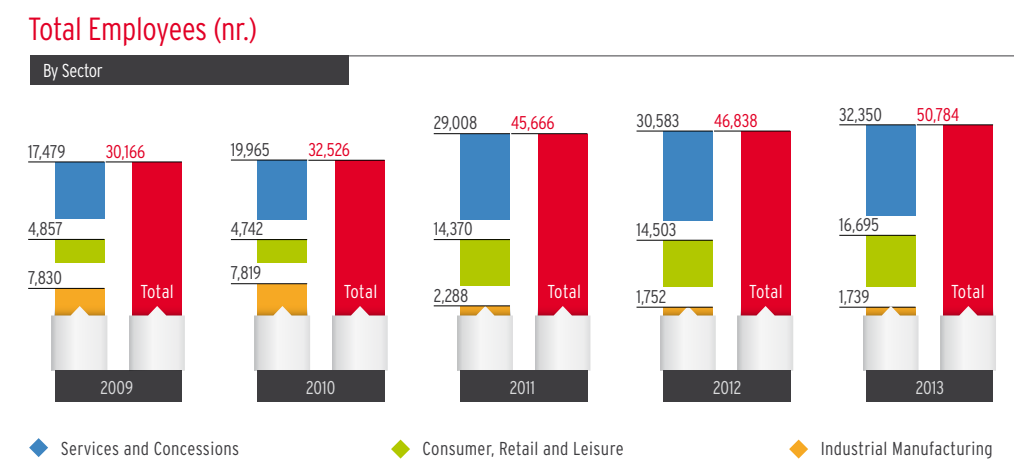
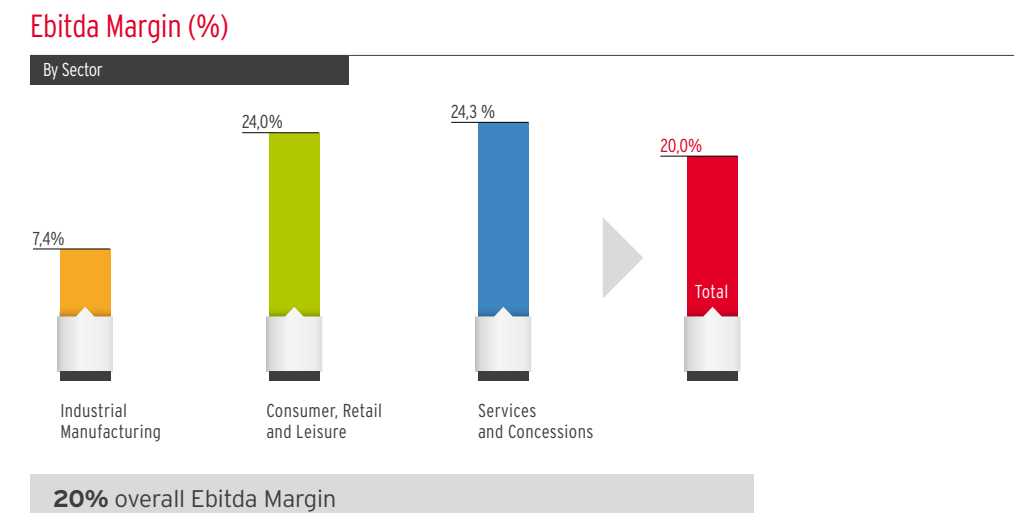
### GLOBAL DRIVERS

### INDUSTRIAL OPPORTUNITIES

As of the end of 2013, Investindustrial's portfolio comprises of 16 investments and is well balanced across the three selected industries.



In this section sales and Ebitda are considered weighted by Investindustrial's shareholding



The 2013 advertising campaign by Stroili Oro the Italian leader in fashion jewelry



# 1 Consumer, Retail and Leisure

Investindustrial's Consumer, Retail and Leisure Sector currently comprises of the following companies:

- ♦ **Aston Martin**, leading luxury sports cars manufacturer
- ♦ **Euskaltel**, leading telecom cable operator
- ♦ **Gruppo Coin**, apparel retail group
- ♦ **Perfume Holding**, leading producer and marketer of perfumes and cosmetics

## Sales (%)

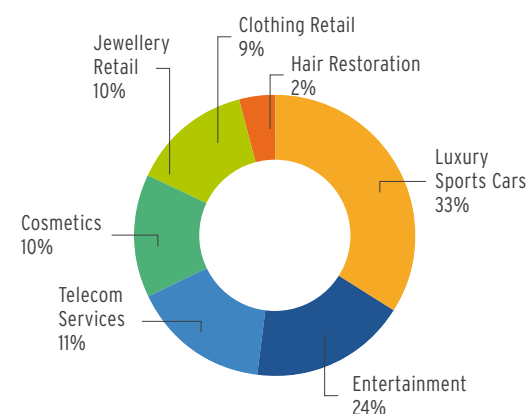
By Segment

### Seven segments

are present in Consumer, Retail and Leisure sector

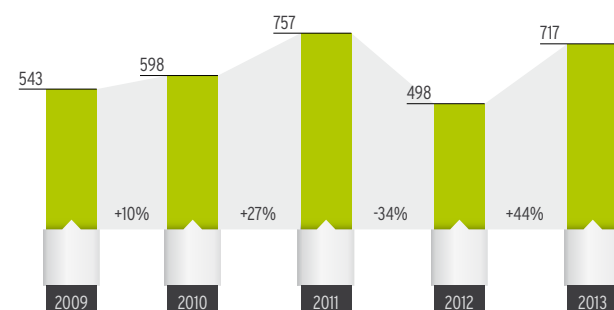
- ♦ **PortAventura**, leading European destination resort and theme park
- ♦ **Stroili Oro**, leading Italian retail chain for jewellery, watches and other gold and silver products
- ♦ **Svenson**, leading European provider of hair restoration treatments and services.

The acquisition of Aston Martin was completed at the beginning of 2013, which explains most of the increase in sales and earnings during the year. In the first quarter of 2014, Investindustrial signed an agreement for the sale of Svenson to a European investment portfolio manager.



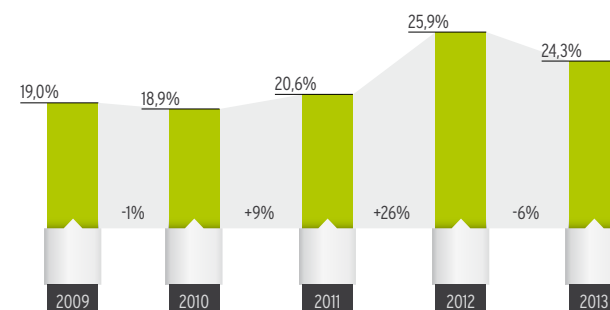
## Sales (€m)

By Year



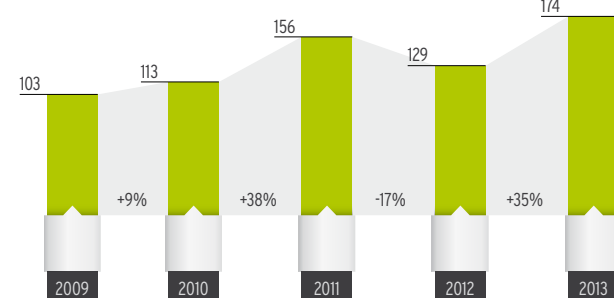
## Ebitda Margin (%)

By Year



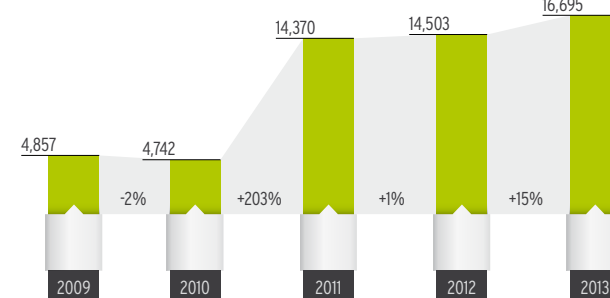
## Ebitda (€m)

By Year



## Employees (nr.)

By Year



In 2013 sales increased by **44%** and earnings by **35%** including the additive of Aston Martin

Earnings margin decreased by **6%** reaching the level of **24.3%** while total employees increased to almost **16,700**

## 2013 main events in Consumer, Retail and Leisure



ASTON MARTIN

**Aston Martin** is a leading luxury car manufacturer and one of the most exclusive sports car brands in the world. Aston Martin's iconic status and global footprint has been built through its performance and elegant design, successfully marketed by featuring as James Bond's car in many 007 movies over the last 50 years. After having achieved an agreement with the former shareholders, Investindustrial completed the investment in the company in the first quarter of 2013. During the year, Aston Martin signed a significant strategic partnership with Daimler AG, the German multinational automotive corporation. The agreement will allow Daimler and Aston Martin to develop bespoke V8 engines, supporting Aston Martin's launch of a next generation of models that will incorporate cutting edge technology and newly-developed engines, combining high performance and fuel efficiency. At the beginning of 2014, Aston Martin closed a financing facility by issuing \$165 million (€120 million) of Senior Subordinated PIK notes to further support its development plans.

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



**Euskaltel** is the leading telecommunications provider and sole cable operator in the Basque Region, one of Spain's richest and most economically stable regions with fiscal autonomy and fiscal surplus. Euskaltel provides fixed line, broadband and pay TV services to consumers and corporates, and also provides mobile services as a Mobile Virtual Network Operator ("MVNO"). The Company has a proprietary state-of-the-art network with over 330,000 km of fiber optic lines fully upgraded to latest standard EuroDOCSIS 3.0. During 2013, the company's management and corporate governance was reinforced by appointing a new General Manager, a new controller and three independent board members with relevant industry and regional experience. The company's leading position and network standard makes it well placed to benefit from Spain catching up with European broadband penetration and increased broadband demand, as well as being in a strategic position to capitalise on a market consolidation trend.

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



The Aston Martin Vanquish was voted Best Car 2013 in the category Imported Sports Car by the German automotive magazine Auto Motor und Sport





**Gruppo Coin** is Italy's leading apparel retail group, successfully operating a network (including franchising) of approximately 1,100 stores in Italy and 162 abroad under three different brand names: OVS Industry (the largest Italian apparel retailer), Coin (the largest Italian department store operator) and UPIM (acquired in 2010 and in the process of being converted into OVS Industry or a younger format named UPIM POP). Gruppo Coin is a quality company with an excellent management team and commands approximately a 7% market share in Italy ahead of groups such as Zara, H&M and Benetton.

In 2013, Gruppo Coin continued to be affected by challenging market conditions and maintained strong cost controls and working capital management while continuing the retail network expansion.

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



Coin store in San Giovanni, Rome (Italy)



**Perfume Holding** produces and markets perfumes for a number of well-known brands. The license portfolio includes Ferrari, La Perla, Iceberg, Liu Jo, Grigio Perla, John Galiano, Ducati and Sergio Tacchini. In addition, the group owns the Atkinsons and I Coloniali brands. The company has a direct presence in Italy, France, Germany, UK and Singapore. The company is consolidating its strategy of creating the first alternative to multinational perfumes companies through the acquisition of small-medium size brands and companies. The build-up strategy has allowed the group to reach a more flexible and integrated structure with a stronger management team able to oversee and direct the entire process. The company is developing its international distribution through selected partnerships with key distributors in order to capture opportunities in the emerging markets. During 2013 a new license has been signed with Liu Jo, one of the most successful Italian fashion brands. At the beginning of 2014 the company strengthened its management team by hiring a new CEO.

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



**PortAventura** is the largest destination resort in Southern Europe and the number two in Europe by number of rooms. Building on the previous successful Investindustrial investment in Gardaland, Investindustrial invested in PortAventura at the end of 2009 and offered the support of the former managers of Gardaland, who now work closely with the company. Over the last four years the company has implemented a development strategy based on product innovation (a new aquatic park, Costa Caribe, a new kids area, Sesamo Adventure, and Shambhala, the tallest rollercoaster in Europe), a new marketing strategy focused on traditional values, entertainment and family and improvement of efficiency. Excellent business results have been achieved since Investindustrial's entry with significant increases in profitability, in numbers of visitors and in hotel occupancy. At the end of 2013, PortAventura successfully completed its debut high-yield bond transaction for a total consideration of €420 million of Senior Secured Notes and 49.9% of the company was sold to KKR. In March 2014, PortAventura reached a licensing agreement with Ferrari to establish Ferrari Land, the sole Ferrari theme park in Europe expected to open during 2016. In addition, at the end of 2013 PortAventura signed an agreement with Cirque du Soleil, a major global entertainment brand, to perform one of its shows (Kooza) at the resort during the months of July and August.

[www.portaventura.es](http://www.portaventura.es)



Ferrari is one of several great brands whose fragrances are managed by Perfume Holdings

## Stroili

**Stroili Oro** is the leading Italian brand in affordable fashion jewelry. Stroili Oro sells its products through approximately 380 directly operated stores (DOS) and 800 wholesale outlets in Italy, Germany, Spain, China, Russia and Middle East located within shopping malls, department stores and city centres. In addition Stroili Oro is present in major airline catalogues such as Qantas, KLM, Emirates and Etihad. The company after having completed its expansion phase through the opening of new points of sale in the shopping centers of the domestic market, is currently consolidating its high street stores presence while continuing to capture expansion opportunities abroad. The company is continuing its process of cost optimisation and profitability improvement by rationalizing the central functions and logistical processes. Furthermore, the company strengthened its management team and implemented significant training programmes to improve the commercial skills of its sales force. Stroili Oro continues to launch national TV media campaigns to heighten store recognition, support private labels and improve overall customer experience.

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



The Stroili Oro flagship store on Corso Vittorio Emanuele, Milan



In 2013 **Svenson** continued to adjust to the new economic environment, with special emphasis on cost reduction, 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 and dermatology treatments. In March 2014, Svenson was exited to a European investment portfolio manager.

[www.svenson.es](http://www.svenson.es)



The 2013 renewed Costa Caribe aquatic park in PortAventura



## 2 Services and Concessions

As at the end of 2013, Investindustrial's Services and Concessions sector comprises of the following companies:

- ◆ **Applus**, leading world-wide inspection, certification and technological services
- ◆ **Avincis**, leading European provider of mission-critical aerial services

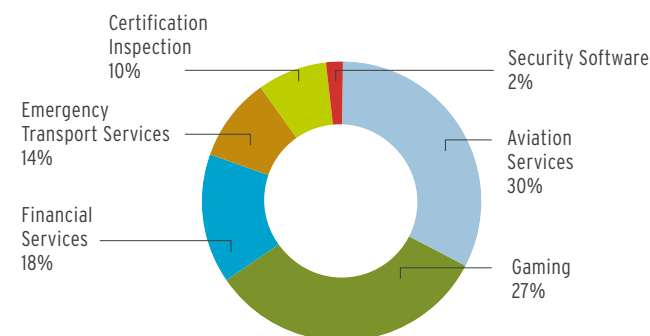
- ◆ **Banca Popolare di Milano**, leading Italian financial institution
- ◆ **Cogetech**, leading Italian technology producer and concession operator in the gaming sector
- ◆ **Panda Security**, global integrated security software provider
- ◆ **SNAI**, leading Italian operator in the gaming industry
- ◆ **Transport Sanitari de Catalunya**, leading Spanish ambulance services company.

During the first quarter of 2014 Investindustrial sold its shareholdings in both Banca Popolare di Milano and Avincis.

### Sales (%)

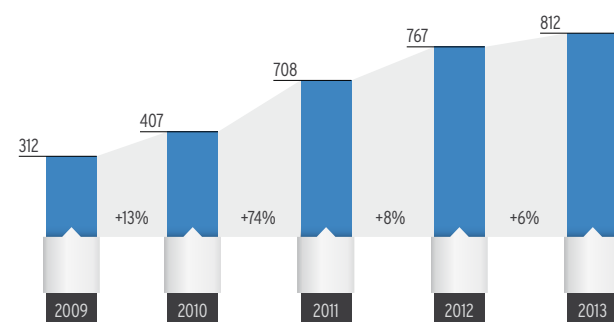
By Segment

**Six segments** are present in the Services and Concessions sector



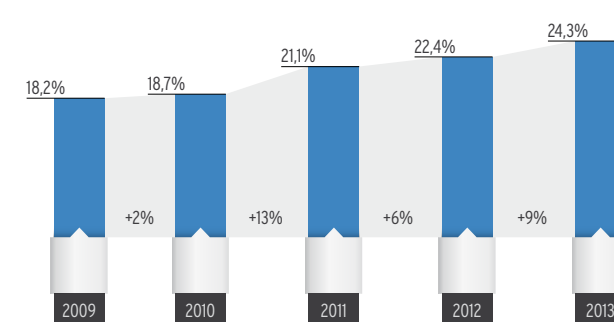
### Sales (€m)

By Year



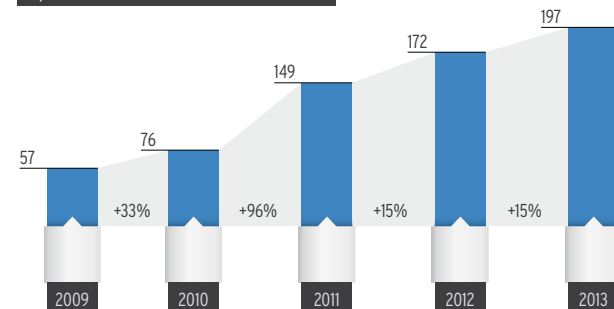
### Ebitda Margin (%)

By Year



### Ebitda (€m)

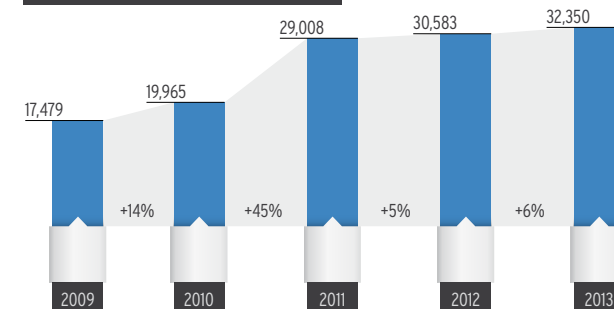
By Year



In 2013 sales increased by **6%** and earnings by **15%**

### Employees (nr.)

By Year



Earnings margin increased by **9%** reaching the level of **24.3%** while total employees increased to **32,350**

### 2013 main events in Services and Concessions



**Applus** is one of the largest leading testing, inspection, certification and technological services company in the world. 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. In 2013 the company delivered substantial organic growth helped by a buoyant Oil and Gas industry and delivered an all-time high Ebitda. Applus continues to be focused on business development through greenfield efforts and selective bolt-on acquisitions such as the successful acquisition of EDI, a Chinese company specialised in automotive design and engineering completed in March 2013. The company has also recently strengthened its management team through the design and implementation of a new organization model. In May 2014 Applus was listed at the Madrid stock exchange. [www.applus.com](http://www.applus.com)



Applus inspection operations in Spain



**Avincis** is the world leading provider of mission-critical emergency aerial services with over 40 years of experience and a presence in Australia, Chile, France, Ireland, Italy, Norway, Peru, Portugal, Spain and the UK. Its services are provided predominantly to public administrations (principally central and regional governments) on concession-type medium to long-term contracts, the majority of which have fixed charge revenue structures. Avincis 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. In early 2014 the Group reached an agreement with Scandinavian AirAmbulance to further expand its business into Denmark, Finland and Sweden. In March 2014 Avincis was sold to Babcock International Group Plc (LSE:BAB), the UK's leading engineering support services company and a FTSE 100 company. [www.avincisgroup.com](http://www.avincisgroup.com)



Avincis' rescue operations in Northern Italy





**Banca Popolare di Milano** is a multi-regional Northern Italian retail bank established in 1865 and serves 1.4 million customers through a network of 770 retail branches and 57 financial centers. BPM is the second largest bank in Milan in terms of branches and is the sixth largest bank in Northern Italy. BPM offers retail and corporate banking products and services, brokerage services, investment banking, insurance and wealth management products. Since Investindustrial invested in the bank, it sought to strengthen its management and a new strategic plan was developed focusing mainly on increasing efficiency, offering more competitive services and maintaining tight internal controls and risk management policies. At the beginning of 2014 the shareholding of BPM was divested through a public market transaction.  
[www.bpm.it](http://www.bpm.it)



**Panda Security** is a leading provider of cloud-based security solutions with products available in more than 23 languages and millions of users located around the world. Panda has been 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, by leveraging its strong proprietary product portfolio and acquiring franchisees to further control the end client. The company is focusing on the expansion of cloud offering for corporate buildings based on the successful cloud product that exists today and on the launch of the next generation of innovative products (white listing/big data/behavior analysis).  
[www.pandasecurity.com](http://www.pandasecurity.com)



**SNAI** is the third largest player in the Italian gaming sector and the market leader in the horse racing and sport betting segments. The company has the largest Italian network of more than 600 shops and owns the rights for 1,900 betting corners and the concession to operate more than 5,000 video lottery terminals. The gaming industry has high barriers to entry arising from its concession nature and hence provides good revenue visibility. During 2013 SNAI successfully settled a litigation with regards to the Corte dei Conti, strengthened its management team and it is now well positioned to capture value from the introduction of new games.  
[www.grupposnai.it](http://www.grupposnai.it)



A SNAI gaming center in Milan (Italy)



Panda Security, product offering

TSC operations in Barcelona (Spain)



**Transport Sanitari de Catalunya - TSC**, with almost 850 ambulances, is the leading provider of outsourced emergency transportation services in Spain and one of the largest in Europe. TSC operates a non-cyclical business with 90% of the market already structured as medium-long term concessions (2 to 8 years). After having invested at the end of 2010, Investindustrial is supporting the company in developing a national and international strategy for consolidating the fragmented outsourced emergency services sector, and in diversifying revenue streams by providing a variety of outsourced emergency services, objectives which are expected to harness growth. In recent months add-on acquisitions have been completed in the UK, Canary Islands and Balearic Islands.  
[www.tscambulancias.com](http://www.tscambulancias.com)

betting segments and to build critical mass to further grow the existing online platform. During 2013 Cogetech successfully settled a litigation with regards to the Corte dei Conti the implementation plan of the video lottery terminals.  
[www.cogetech.it](http://www.cogetech.it)



**Cogetech** 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, both paid amusement machines ("AWP") and video lottery terminals ("VLT") which 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. The acquisition of Ladbrokes Italia contributed to further diversifying operations into the physical sport and horse



A service center of Banca Popolare di Milano, Milan (Italy)



### 3 Industrial Manufacturing

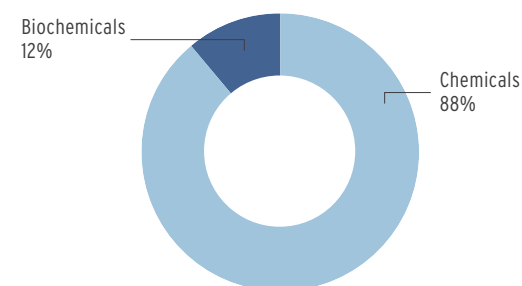
The Industrial Manufacturing Sector comprises of the following companies:

- ♦ **AEB Group**, leading global biochemical producer of food and drink additives
- ♦ **Polynt**, European and American leader in the production of specific polymer intermediates and derivatives.

#### Sales (%)

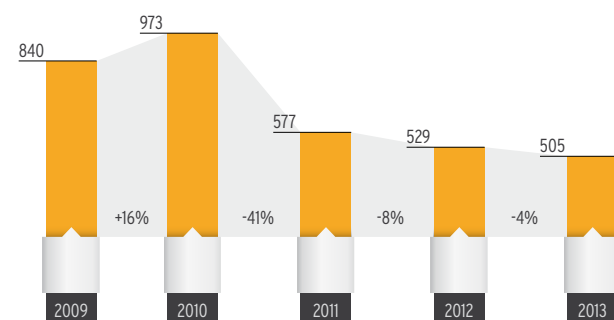
By Segment

**Two segments** are present in the Industrial Manufacturing sector



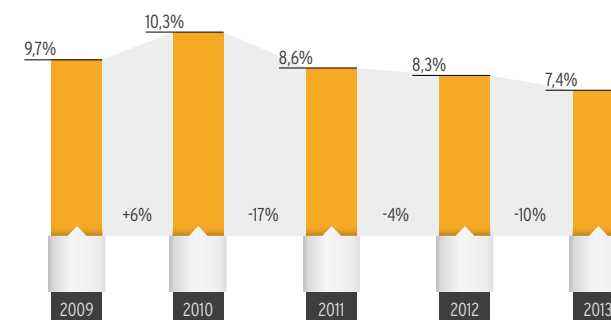
#### Sales (€m)

By Year



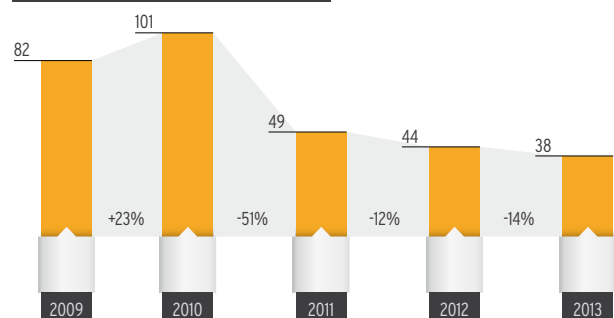
#### Ebitda Margin (%)

By Year



#### Ebitda (€m)

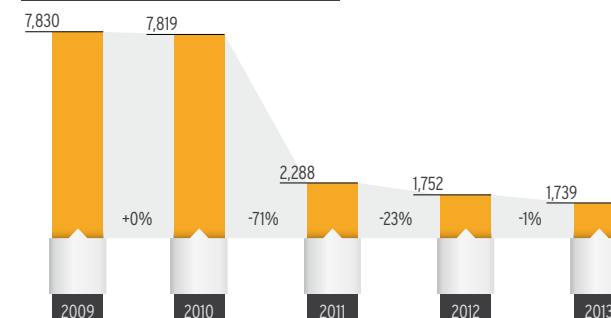
By Year



In 2013 sales decreased by **4%** and earnings by **14%**

#### Employees (nr.)

By Year



Earnings margin decreased by **10%** reaching the level of **7.4%** while total employees decreased to **1,739**

#### 2013 main events in Industrial Manufacturing



**AEB Group** is a leading global biochemical producer of food and drink additives, specifically oenology, beer and juices. The Group 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. AEB has been able to expand outside its traditional European markets (Italy, France and Spain), entering new geographies such as South Africa, China, North and South America. The company initiated sales of bacteria in the dairy and cheese segment in Chile and France and introduced new filtration systems and cartridges for the oenology market and new products for small breweries (new anti-foam products and new detergents). During 2013, several initiatives were undertaken to consolidate geographical diversification, increase the product range and improve the cost efficiency. Expansion into the German market was pursued to target the local wine market, in addition to the establishment of a joint venture in Spain aimed at developing filtration aids and the set up of a JV for the production of tannins in Argentina.

[www.aeb-group.com](http://www.aeb-group.com)



Product testing at one of the AEB Group laboratories, Brescia (Italy)

AEB control operations in one of the warehouses in Brescia (Italy)





**Polynt** is the European and American leader in the production of intermediate and specialty polymers. The Group continues to strengthen its leadership position in Western markets, further expanding into new geographies and also successfully recovering volume sales and profitability in this difficult market environment. Following the acquisition of PCCR, the North American coatings and composites resins business of Momentive Specialty Chemicals, Polynt became a truly global player with manufacturing presence in Europe, Asia and North America and a critical mass from which to further consolidate the market. The North American acquisition is further evidence of portfolio companies' ability to implement international

expansion plans, both organically and through acquisitions. Today Polynt has been repositioned to be a global specialty player with a worldwide footprint and business presence. In a challenging 2013 the Group continued to control fixed costs and efficiency levels and increase exports into higher growth regions. The Group is facing an opportunity to become a consolidator and to create one of the biggest players worldwide in the coating and composite resin market. Polynt is currently evaluating several value-accretive acquisition opportunities in specialty niches in the US and in Europe. [www.polynt.com](http://www.polynt.com)

With the acquisition of PCCR, Polynt is now able to provide a comprehensive product offering in the compounds and resins business on both sides of the Atlantic



Overview of Polynt's manufacturing plant in Scanzorosciate, Bergamo (Italy)





# SOCIAL RESPONSIBILITY

We care about helping people to achieve a better quality of life by offering tangible opportunities.

Investindustrial firmly believes that managing environmental, social and governance issues (ESG) is an increasingly important part of its value proposition. In accordance with this belief, Investindustrial has subscribed to the **Principles for Responsible Investment** (PRI - [www.unpri.org](http://www.unpri.org)), 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.



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

- ▶ Being active owners and incorporating ESG matters into our ownership policies and practices.
- ▶ Promoting acceptance and implementation of the Principles within the investment industry.
- ▶ Reporting on our activities and progress towards implementing.
- ▶ Incorporating ESG matters into the investment analysis and decision-making processes.
- ▶ Seeking appropriate disclosure on ESG matters by the entities in which we invest.
- ▶ Working together to enhance our effectiveness in implementing the Principles.

In 2008 the Group joined the **UN Global Compact** ([www.unglobalcompact.org](http://www.unglobalcompact.org)) 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. Investindustrial has also supported the adoption of these values by its portfolio companies.





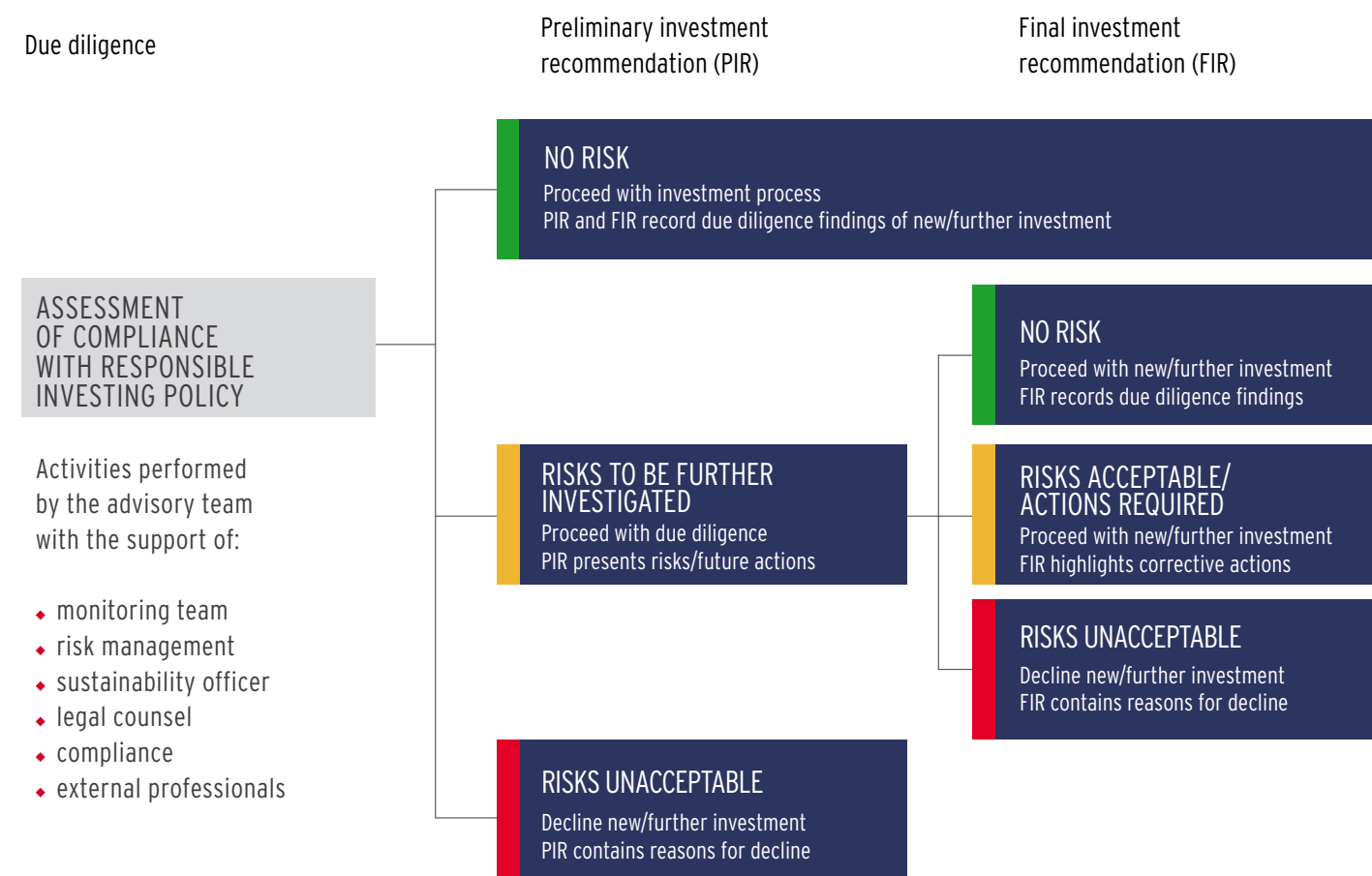
## ► Engaging in corporate social responsibility

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 promoting a culture of sustainable development both with initiatives within the Group and with external stakeholders. In particular, Investindustrial

has 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.



During 2013 our responsible investing guidelines have been reviewed and certain sectors have been excluded from the investment focus while other sectors have been subordinated to respect more stringent requirements prior to executing investments and during the investment holding period. Through these policies, Investindustrial 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 also been actively involved by speaking on sustainability at industry-leading events.

## ► Significant commitment from portfolio companies

Portfolio companies are strongly committed to improving their environmental, social and governance footprint and focus intensely on developing sustainable long-term growth plans.



Investindustrial promoted the creation of a corporate foundation within **PortAventura** ([www.portaventura.co.uk/foundation](http://www.portaventura.co.uk/foundation)) to support differently-abled children and young adults to achieve a better quality of living. Each year PortAventura donates 0.7% of its net profits to the foundation. PortAventura operates in all the facilities that it manages with maximum respect for the environment and produces an environmental report of its activities on a yearly basis in addition to a corporate responsibility report.



In June 2012 **TSC** launched a new project to improve its carbon footprint by reducing the fuel consumption. The project encompasses all vehicles (both PTS and Blue Light) and consists of regular monitoring of consumption by vehicle and by cruise. On a monthly basis the management identify the best performer and after one year the winning cruise will obtain a special recognition. As of the end of 2013, the reduction in average litre consumption every 100km was 1% both in PTS and in Blue Light vehicles.

### Investindustrial, a carbonneutral® company

Investindustrial places significant importance on reducing its carbon footprint and has worked with the CarbonNeutral Company, a world leading provider of carbon reduction solutions, to measure its Greenhouse Gas (GHG) emissions footprint. In recent years, the Group has supported several projects to offset the emissions and achieve carbon neutrality. The last two projects supported were in Turkey (Aydin - Geothermal Energy and Ankara - Landfill Gas to Energy). In addition Investindustrial has undertaken a series of actions to reduce its overall emissions per employee.



**Snai** publishes a detailed social responsibility report with a significant amount of information including improvements made by the company during the year. As an illustrative example, during 2013 the company improved the absenteeism rate by 11% and reduced the accident rate by 30% despite an increase in the number of employees. Additionally the consumption of water per employee in SNAI S.p.A. diminished by 18% and the recycled waste amounts to 68% of total waste.



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



## Promoting acceptance and implementation of responsible investing within the industry

Following the successful sale of Avincis, the European venture Capital Association (EVCA), approached Investindustrial to showcase the investment as an example of sustainable investing. Highlights of the Investindustrial investment thesis and actions include:

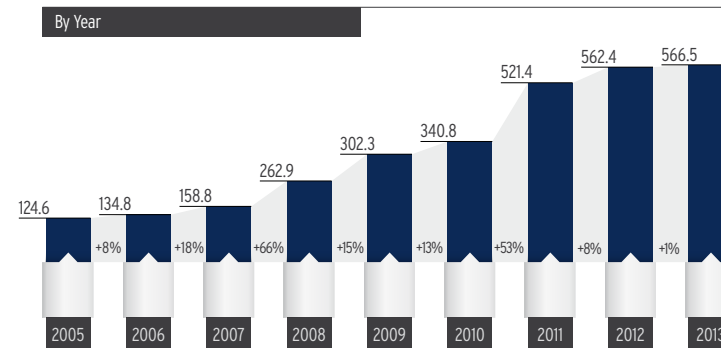
- Development of a company with a solid and sustainable business model, high quality services and strong attention to safety.
- Significant expansion in new markets such as Australia, Chile, Denmark, France, Finland, Ireland, Norway, Peru, UK and Sweden.
- Strengthening of management team and corporate governance.
- Avincis was sold to a solid and reputable industrial partner.
- Strengthening of the financial structure through four refinancings to fund growth.
- Significant increase in the workforce.
- Investindustrial promoted Avincis to adhere to the UN Global Compact initiative and to report on progress.



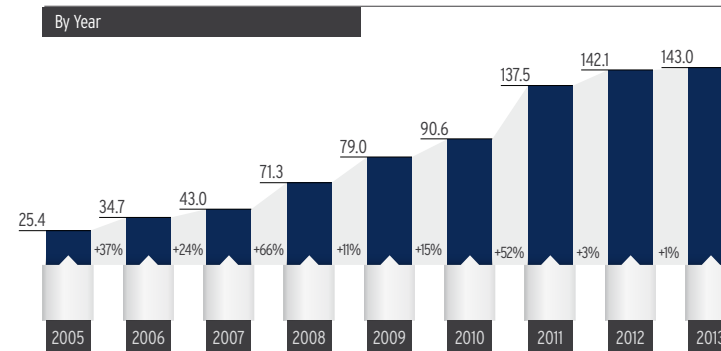
**Dörte Höppner,**  
Secretary-General  
European Venture Capital Association

“Avincis is an excellent example of how Investindustrial has been able to help build a private, European mid-market company into a world leader. Private equity in Europe plays an increasingly important role in creating jobs and raising companies’ global competitiveness”.

### Sales (%)



### Ebitda (€m)



EVCA



## Engaging with leading academic institutions

In March 2014, **Andrea C. Bonomi** gave a keynote speech at the 10th Annual Private Equity and Venture Capital Conference at the **London Business School** on the topic of how the most successful firms have embraced necessary changes and evolved their strategies whilst maintaining their core focus. Recognising that the evolution of the industry is likely to continue for some time, Andrea C. Bonomi illustrated how Investindustrial was one of the successful players in this changing industry.



During 2013, Andrea C. Bonomi gave a keynote speech at the Stern Private Equity Conference at the New York University (USA), discussing strategies for private equity in the current economic climate in Europe and worldwide.



Andrea C. Bonomi (Senior Industrial Advisor at Investindustrial) presenting at the 2013 Stern Private Equity Conference at the New York University (USA)

HARVARD  
BUSINESS SCHOOL

In 2013, **Harvard Business School** completed a case study on Investindustrial's successful turnaround of Ducati, which was sold in 2012 to the German automotive group Volkswagen.



## ► Invest for Children, 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 which are summarised in the following pages.

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



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

Maria Vicente and Urbano Gropello (Invest for Children)



## ► Tangible support to facilitate the **social integration** of differently-abled people



Ruben is working for PortAventura and is one of the many differently-abled people who have been employed by leading corporations in Spain thanks also to the support of Invest for Children.



## ▶ Invest for Children's **Aura foundation** marked a milestone for the foundation



During 2012, **Aura Foundation** became a part of **i4c** to double the size of the foundation over the next five years. The project aims to significantly increase the number of differently-abled people who are able to enter work in the coming years. **Invest for Children** is committed to financially supporting the foundation and to offering managerial and strategic consulting skills to allow the foundation to achieve its mission. Leading companies have already joined the Project Aura initiatives to facilitate the

integration of differently abled people in a working environment. The **Project Aura** ([www.projectaura.org](http://www.projectaura.org)) was established in Barcelona in October 1989, by an initiative of professionals from the area of integration education. Project Aura is the first program of Supported Employment in Spain, a pioneer in the implementation and development of this methodology. The aim of this program is to integrate people with special needs, mostly with Down's Syndrome, to the ordinary labour market via the Supported Employment

methodology. Since 1989 more than 100 young people have joined the ordinary working world. More than 80% of the workers have maintained their positions and have indefinite term contracts. Project Aura is a founding member of **AESE** (Spanish Association of Employment), **ACTAS** (Catalan Association for Supported Employment), a member of **FEISD** (Spanish of Down's Syndrome) and **APPS** (Catalan Federation for protection of people with mental retardation).



From left:  
Gloria Canals (Director of Aura Foundation),  
Carlos Martínez de Campos (Chairman of Barclays Bank SAU),  
Beatriz Morilla (Director Citizenship Barclays Europe)  
and Carlo Umberto Bonomi (Senior Principal at Investindustrial)  
during the signing of the agreement between Barclays  
and Invest for Children to support the activities of Aura Foundation





## ► Some examples of Invest for Children activities



### Education

Invest for Children has created **Los Peces no se mojan**, the first short animation created by children both with and without disabilities. The shortfilm is already being delivered at all Spanish schools to create awareness and improve inclusion of children with Down's Syndrome. This project has taken place thanks to the cooperation with Down España.



### Social Support

**GiGi's Playhouses** are Down Syndrome awareness and educational centers that provide resources, specialized teaching, and support to individuals with Down Syndrome and their families. In just 9 years, 12 Playhouses have opened in the USA and Mexico. i4c has committed to finance the build-out of the proposed teen/young adult center. This collaboration will take about three years.



Invest for Children has committed for the fifth consecutive year to support the work done from the **Fundación Theodora** and its Giggle Doctors. More than 1,500 admitted children in Vall d'Hebron Hospital in Barcelona received a visit from a Giggle Doctor, a specialist entertainer, highly trained to work both in the hospital environment and with children with disabilities.



### Sport

Invest for Children in co-operation with **Fundación FC Barcelona** has organised a video contest for Down TV regarding sport and intellectual disability. The aim of the initiative is to show how sport is vital for personal and social development in particular for people with intellectual disabilities.



### Community

**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. In 2013 Down TV reached 1,000,000 hits, becoming a beacon in the Down's Syndrome online community. Down TV's Facebook page has more than 10,000 followers.



### Medical

Invest for Children initiated a collaboration with the **Hospital Sant Joan de Déu** in Barcelona to develop the program "Non Invasive Ventilation (NIV) at the reach of everyone" whose main objective is to increase the level of scientific knowledge and to promote the use of NIV in Pediatrics. The project is under the leadership of Dr. Martí Pons.



### 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.

On 6th June 2013, Invest for Children held a fund raising event the "Joined Together" Charitable 7-A-Side Football Championship in the Stadium of the RCD Espanyol in Barcelona. Each company had a team, who played against each other during the morning. At the end, the winning team of the championship played a game against a team of former RCD Espanyol football players. The prize giving took place during a gala dinner on the same evening with attendance from more than 900 people. During dinner, there were several performances carried out by artists from PortAventura. In addition a raffle and charity auction were conducted by the Spanish actor Santi Millán. We counted on the support of sponsors such as:



## ► A strong partnership with the Memorial Sloan-Kettering Cancer Center

Invest for Children is co-operating with the Memorial Sloan-Kettering Cancer Center ([www.mskcc.org](http://www.mskcc.org)) to support innovative treatments for retinoblastoma, a tumor that occurs in the retina. The program is under the direction of Mr. David H. Abramson MD which introduced many new treatments for the disease that have been adopted by other centers worldwide, including the novel use of chemotherapy delivered around the eye to prevent systemic toxicity to intravenous medication. The Center with 470 beds, is located in New York City and is the oldest and largest private institution committed to exceptional patient care, leading-edge research, and superb educational programs. Invest for Children is supporting the Center by:

- ♦ offering optical coherence tomography equipment,
- ♦ developing online educational resources for retinoblastoma patients,
- ♦ financing the artificial eye fund,
- ♦ supporting the patient free care program.

Gala Dinner at the Espanyol Football Stadium



Mr. David H. Abramson MD coordinator of the retinoblastoma program



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

- ▶ During 2013, Group sales grew by 11% mainly due to the growth in the Consumer, Retail and Leisure sector impacted by the acquisition of Aston Martin. On a like-for-like basis, excluding extraordinary transactions the Group registered an increase in sales by 2%.
- ▶ In 2013 Group Ebitda increased by 18% mainly due to the contribution of the Services and Concessions sector (in particular Banca Popolare di Milano, Snai and Applus) while the see-through Senior Debt /Ebitda ratio decreased slightly to 3.7x.
- ▶ The number of employees increased by 8% reaching approximately 50,800, mainly due to the growth in investments in the Consumer, Retail and Leisure sector.

<sup>(1)</sup> Aggregate numbers considering 100% of the companies present in the portfolio at the end of each year. Investindustrial's funds typically own a majority position but not always.

- ◆ Services and Concessions
- ◆ Consumer, Retail and Leisure
- ◆ Industrial Manufacturing

Total

## Sales (€m)

| By Sector |       | Variance |      |
|-----------|-------|----------|------|
| 2012      | 2013  | €m       | %    |
| 4,393     | 4,651 | 258      | +6%  |
| 2,333     | 2,934 | 601      | +26% |
| 938       | 894   | (45)     | -5%  |
|           |       |          |      |
| 7,664     | 8,479 | 815      | +11% |

## Ebitda (€m)

| By Sector |       | Variance |      |
|-----------|-------|----------|------|
| 2012      | 2013  | €m       | %    |
| 1,016     | 1,201 | 185      | +18% |
| 412       | 516   | 103      | +25% |
| 74        | 62    | (11)     | -15% |
|           |       |          |      |
| 1,502     | 1,779 | 277      | +18% |

- ◆ Services and Concessions
- ◆ Consumer, Retail and Leisure
- ◆ Industrial Manufacturing

Total

## Net Debt Ratios<sup>(1)</sup>

| By Sector |      | Variance |      |
|-----------|------|----------|------|
| 2012      | 2013 | X        | %    |
| 3,8x      | 3,7x | -0,1x    | -3%  |
| 0,3x      | 0,3x | 0,0x     | -12% |

Senior Debt/Ebitda  
Mezzanine/Ebitda

## Employees (nr.)

| By Sector |        | Variance  |      |
|-----------|--------|-----------|------|
| 2012      | 2013   | Employees | %    |
| 30,583    | 32,350 | 1,767     | +6%  |
| 14,503    | 16,695 | 2,192     | +15% |
| 1,752     | 1,739  | (13)      | -1%  |
|           |        |           |      |
| 46,838    | 50,784 | 3,946     | +8%  |

- ◆ Services and Concessions
- ◆ Consumer, Retail and Leisure
- ◆ Industrial Manufacturing

Total

<sup>(1)</sup> Excluding Banca Popolare di Milano. Aggregate numbers considering 100% of the companies present in the portfolio at the end of each year. Investindustrial's funds typically own a majority position but not always.



The Aston Martin Vanquish



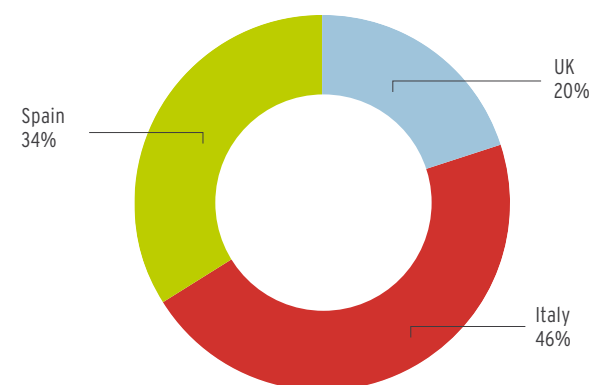
## ► Investments by date for the past five years

Typically in five years, Investindustrial selectively makes ten to twelve investments in leading quality European mid-market companies. As illustrated below, this has been the case over the last five years.



## Total Investments (%)

By Region



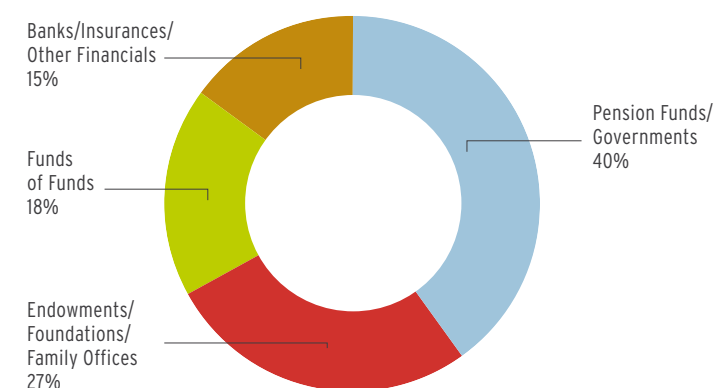
As of the end of 2013 Investindustrial's investments were well balanced across three main countries: UK, Italy and Spain

## ► Our investors

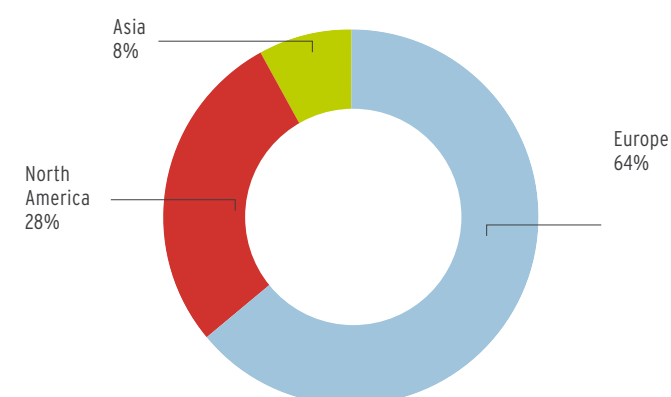
While Investindustrial itself is the single largest provider of capital, more than fifty institutional investors from around the world form the capital and client base of the Group. Investindustrial started the year with €1.3 billion available for investments and following the investment in Aston Martin and supplying further capital to two existing portfolio companies for add-on acquisitions, it ended the year with €1.2 billion available for investments. The firm's objective is to remain active across business cycles by focusing on long term value creation, an approach shared by our high quality investor base. The strong support our investors have shown us throughout the recent recession is expected to be rewarded as Europe slowly returns to growth. The courageous allocation decisions our investors have during the recession has positioned us in a privileged position to jointly take advantage of renewed confidence in the investment environment in our region, of which we ourselves are optimistic and best placed to exploit given the firm's competitive advantages.

## Breakdown of Investors (%)

By Type



By Region



Avicis' rescue operations in France



The partially post-consumer recycled paper used for printing this document has resulted in CO2 emissions of approximately 6.0 tonnes. Since 2009 Investindustrial reviewed its overall carbon footprint and invested in renewable energy projects to offset the emissions and achieve carbon neutrality.



FOR MORE INFORMATION  
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[www.investindustrial.com](http://www.investindustrial.com)