

Italy

Political stability leads to strong economic growth

In the early days of the pandemic Italy was one of the hardest-hit countries, but since last year the European Union nation has been firmly looking to its future, while aiming to put behind it decades of slow growth and perceived economic stagnation.

Mario Draghi, the country's prime minister, pointed to the fact that Italy's economic growth was expected to hit roughly 6% in 2021, following a drop of almost 9% in 2020. "Employment has also begun to grow again: in the third quarter of this year, there were 500,000 more people in work, and 308,000 less unemployed people compared with the same period in 2020," he said.

A former head of the European Central Bank, Draghi became Italy's prime minister in February 2021, and has guided the country through the latter part of the pandemic with a steadfastness and competent manner that has been appreciated both at home and abroad. Draghi is now being touted as a potential replacement for Sergio Mattarella, Italy's outgoing president, though many in Italy would prefer to see him stay in his current more day-to-day role.

Italy is currently the world's eighth largest economy, with a GDP of \$1.85 trillion in 2020, and GDP per capita reaching \$31,360. The country has a strong manufacturing sector, the second-largest in Europe, operating in sectors as varied as industrial equipment, fashion, pharmaceuticals and automotive manufacturing.

In November 2021 Italy's manufacturing sector recorded its strongest growth for more than 24 years, with the IHS Markit Purchasing Managers' Index (PMI) for Italian manufacturing rising to 62.8, its highest level on record. It is estimated that manufacturing revenue in Italy will reach more than \$140 billion by 2025.

The country also has a strong and internationalized financial services sector, as well as strong export-driven industries. According to the United Nations Conference on Trade and Development (UNCTD), Italian merchandise exports rose by more than 30% between 2005 and 2020, hitting \$496 billion in 2020, despite the effects of the global pandemic.



Mario Draghi
Prime Minister of Italy

"It's important to consider that in the Emilia-Romagna region - and Bologna in particular - the tradition of creating and designing automatic machines has been consolidated for centuries," says Alberto Vacchi, chairman and CEO of IMA, a world leader in high-tech packaging "In general, our area in Italy and Europe is called the 'Packaging Valley'; it is a great location for production, process and packaging in different commercial sectors."

In late December, Italy's parliament formally approved a €32 billion budget for 2022, aimed at boosting economic growth. The country expects to see a strong coronavirus recovery, aided by around €200 billion in EU funds, with economic growth for 2022 expected to be 4.7%, according to Italy's national statistics bureau ISTAT. Significant investment is expected to flow into infrastructure, energy transition and digitalisation of the economy.

That same month, Fitch Ratings upgraded Italy's sovereign rating to BBB, two months after S&P

improved its outlook for the country from stable to positive, linked to the government's ongoing reform agenda.

Giulio Pedrollo, CEO of Pedrollo SpA and Pedrollo Group, one of the global leaders in water pump technology and production, stresses the importance of governmental policies in Italy aligning closely with the interests of Italian businesses. "If our values are connected with right policies and the government, the country will start to fly," he says. "Italian politics must guarantee greater continuity of action in its choices, for example ensuring structural modernisation of the fiscal policies linked to investment in modernisation, Industry 4.0 etc, in such a way as to permit entrepreneurs to model a cycle of investment and returns on long-term invested capital."

In recent years Italian manufacturers have invested strongly in advanced manufacturing activities. In 2019, advanced manufacturing solutions in Italy, otherwise known as Industry 4.0,

grew by 22% year on year, to reach €3.9 billion, according to the International Trade Administration, almost tripling in value over the four years previous.

"In Italy we have a very efficient system. It costs less, and we produce a lot," says Fausto Manzana, chairman and CEO of GPI, a leading Italian provider of ICT solutions, administrative and social healthcare services for public and private healthcare providers. "Italy has some advantages: average life expectancy, life quality at old age. The cost of our system is lower than average in the EU or the USA, and virtual care remains the key element," he adds.

As well as managing the pandemic response, a top priority for Draghi and his government has been economic reforms to attract foreign direct investment and to prove to the international community that Italy is and can be a European economic powerhouse.

While Italy's public debt remains the second-highest in the eurozone, after Greece, it is expected to drop to 149% of GDP this year, from more than 153% in 2021, with the deficit predicted to fall from 9.4% to 5.6% year on year.

"The recovery has also allowed us to improve public finances," Draghi added.

"We are expecting the public debt to GDP ratio to begin dropping already from this year. The Government stands ready to support the economy in the event of a slowdown...the main challenge remains that of increasing the long-term growth rate and resolving our economy's structural weaknesses, starting with geographical, gender and generational inequalities."

Some are now pointing to the ability of Italy to take a leading role in areas like sustainability. "Today, recycling is needed to take care of the environment and to provide advantages of using plastics without disadvantages. Thanks to our know-how, it is possible to have high-performance post-consumer materials that can be used in even the most demanding sectors and applications," says Massimo Pavin, president of Sirmax, a global leader in thermoplastic compounds.

"For us sustainability means helping people maintain and grow," says Pedrollo. "We helped people during the pandemic, and now it pays back. Being a social company is one of the reasons why we are a reliable partner. Also, there are a lot of good engineers in Italy, and our engineers are one of [our] main assets."

Still, in order to truly thrive Italian businesses need to be able to rely

on a stable political landscape back home, which hasn't always been possible in recent years. Many business leaders are hopeful that this situation has now changed for the good.

"It is really important that we create a different image of Italy, and Mario Draghi is creating that now," says IMA's Vacchi. "During these months many companies have decided to invest in our region because the image of Italy has completely changed, and this is very important for all the businesses - not only consumer brands but for all business brands that produce high-technology in Italy."

Discussions with the country's international partners are also going well under the current government, with a strong sense that the country is looking towards the future.

This December, Draghi highlighted his country's National Recovery and Resilience Plan as a key aspect to improving Italy's long-term growth rate and resolving structural weaknesses. "Today, I can tell you that we have achieved all 51 of our objectives. The signing of the so-called 'operational arrangement' is now being discussed at the European Commission, which is the next step after completion of these 51 objectives."

BCUBE - Italian integrated logistics company growing in strategic sectors

As global industrial supply chains become longer and more complicated, the role of integrated logistics operators is only going to rise; in 2020, the global logistics market was worth almost \$8.6tr, according to market and consumer data company Statista.

At the same time, the sector is increasingly being led by companies like Casale Monferrato-headquartered BCUBE, which focuses on end-to-end integrated logistics-related service activities and has more than 4,000 employees in over 100 operational sites worldwide.

"BCUBE has strong experience, with more than 70 years within the sector. We come from the industry so we do understand our partners and we speak the same language. We also understand the logistics chain and thanks to our know-how-driven approach based on cross-sectorial experience we are able to bring solutions with high added value by redesigning the production flows of our customer's and realizing them," says Piero Carlo Bonzano, BCUBE's president.

Founded in 1952, BCUBE began operating in the wood sector, before moving into the integrated logistics sector, where it has since become one of the global leaders. Over the years it has established operations across different countries and economic sectors, including energy, industrial, automotive, consumer, global transport services, thermo-



Piero Carlo Bonzano
President - BCUBE

packaging and air cargo, which remains one of the most strategic areas of the business.

Still, Bonzano believes that BCUBE has strong growth potential, with opportunities to expand in every sector it operates in, as well as four or five new ones. "We can change a lot of things in key sectors such as pharmaceutical, healthcare, or naval ones for example, within a short period of time, and bring value and significant advantages to the sector," he says.

Meanwhile, BCUBE was able to transform the pandemic momentum into opportunity, focusing on reorganization and development of strategic goals for the next 5 years. "It was an important

moment to evolve our ideas for the future," says Bonzano. "During the pandemic we worked a lot in particular in our air cargo facilities, handling pharmaceuticals and medical protection devices . We're proud to have contributed to life-saving missions in Italy and in Ostend (Belgium) where our dedicated team and air cargo facilities - including pharma centers - played crucial role. It also let us see the opportunities in e-commerce, which keeps on growing significantly" he adds.

BCUBE now plans to further expand geographically. "In particular we are going to expand in automotive in Germany and across different sectors in Poland," says Bonzano. "We are also considering going to new countries and are focusing on strategic partnerships with our customers globally, as part of our 5PL approach. Our strategy is strongly international but our heart remains Italian. Italy is still our main focus and the entire expansion and development starts from here."

Bonzano also sees strong potential, and opportunities for outside investors. "Italian companies are used to stronger competition," he says. "I believe this is a good moment for investors to come in. The country is strong in every area, including in the logistics ."



IMA - Italy's innovation leader

Praising the government's "ambitious reform programme", ratings agency S&P Global raised Italy's outlook to "positive" in late October. The company noted that the government is on track to implement 51 "milestones" related to reform and investment by the end of 2021, and said that a strong investment-led recovery would bring the Italian economy back to pre-pandemic levels a year earlier than previously forecast. In April, the government presented the European Union with a plan for infrastructure investments and reforms targeted at raising Italy's growth potential and securing more than \$230bn in EU funding. Growth should reach 6% this year, according to official forecasts, supported by both domestic measures and the European Central Bank's efforts to achieve a unified monetary policy across the eurozone.

Italy's manufacturing industry is a major engine of this growth. Manufacturing activity rose for the sixteenth straight month in October 2021, with business information service IHS Markit saying that the sector had achieved "stellar performance during October, opening the final quarter of the year with a near record improvement in conditions amid further steep rises in output and new orders". Purchasing managers report strong demand on both the domestic and international markets.

The innovative, international outlook of Italian manufacturers is typified by IMA Group, a world leader in the design and manufacture of machines for the processing and packaging of goods as diverse as pharmaceuticals, cosmetics, food, tea and coffee, and tobacco. The company expects to achieve around \$2bn in worldwide sales in 2021, nearly 85% of which came from outside Italy. Some 18% came from North America - where IMA sees particular potential for growth.

"It's key for us to have presence in the US market," says Alberto Vacchi, chairman and CEO of IMA. "We already have a presence in states from Massachusetts to Arkansas, but we are keen further to integrate our presence there. We have the technology, and are identifying possible synergies with big companies that have market access."

IMA has production facilities in the US manufacturing machines for pharmaceutical and food products. These are among its 48 production plants worldwide, in countries ranging from Argentina to the UK to Italy. For the next phase of its development, IMA is eyeing mergers and acquisitions as well as joint ventures in promising markets, particularly the United States. Potential partners can benefit from IMA's 60 years of experience and its technical capacity; the company has always placed an emphasis on innovation.

"Our company has enjoyed consistent growth, and is known for its skills and precision in mechanical engineering," says Vacchi. "Doing business with us is facilitated



Alberto Vacchi
Chairman and CEO - IMA

by our people, who have great skills in machine production. We believe that our competitive strength is based on two things: our well-established tradition, and our obsession towards innovation. We learned from all the sectors in which we operate, and pay close attention to our customers."

This emphasis has brought IMA a share of almost 75% in the tea bag machinery market, worth an estimated \$140m annually, and a 70% share in the packaging market for soup cubes, processed cheese, butter, margarine and yeast.

IMA's ahead-of-the-curve thinking is securing the company a presence in the growing demand for electric motors. With sales of electric vehicles expected to reach 50m globally by 2030, IMA is perfectly placed to benefit. The company is a leading player in the design and manufacturing of automated lines for the production of stators and rotors for electric motors, and is focused in the highest value-added segment of e-traction. It

has top class proprietary IP and technology in the segment, with more than 500 patents.

With its leading presence in the pharmaceutical sector, IMA has also taken a front line role in the fight against covid-19, accelerating its processes to speed packaging and production of vaccines and anti-viral medicines.

IMA's successes in supporting the battle against the pandemic dovetail with its wider commitments to looking after life on earth, as Vacchi sees it.

"We believe in supporting what is essential for the quality of life in the territories where we operate and, more generally, for life on our planet," he says.

The company is committed to greater sustainability throughout its supply chain, and is investing in R&D to support conscious usage of wrapping materials and the development of flexible, eco-sustainable primary packaging.

IMA is committed to rational consumption of energy resources favouring the supply from renewable sources with a low environmental impact; the rational consumption of energy resources favouring the supply from renewable sources with a low environmental impact; the conservation of limited natural resources and the use of raw materials and products that are preferable because of their reduced environment impact, encouraging recycling or reuse; and the prevention of pollution generated by atmospheric emissions, through the use of the best available technologies.

While looking globally for new sources of growth, with a particular focus on the US, IMA is rooted in the values of its homeland, Italy, and specifically Emilia-Romagna, which has produced some of the world's best-known brands.

"The technology that Italy produces is important to the world," says Vacchi. "We hope to realise that through ambitious projects with partners around the world."



IMA SPA

Sanlorenzo - Italian luxury yacht builder gliding past its competitors

The global yachting market is thriving, with high-net-worth individuals showing clear sign of increasing their spending. Overall, the market for yachts was estimated at \$64.1 billion in 2020, and is projected to reach \$84.7 billion by 2027. This is good news for Italy, which accounts for the production of more than half of all yachts over 24 meters in length, both in operation and those currently being built worldwide.

Located between the Italian regions of Liguria and Tuscany, cradle of a longstanding nautical district, Sanlorenzo is one of the leading companies in the world when it comes to high-end yachts; the shipbuilder was the second largest in the world in 2020 (first as mono-brand) in terms of number of active projects and combined length of boats over 24 meters being built.

"Yachting in the last 10 years has changed completely," says Massimo Perotti, Sanlorenzo's chairman and CEO. "This business is very much related to the excellence of Italians. It's a microcosm that is doing really well, is well organized, with artisan touch, history, style and Italian design," he adds.

Perotti spent over two decades working at Azimut-Benetti, another Italian shipbuilder, before seizing the opportunity to acquire Sanlorenzo in 2005. At the time, Sanlorenzo's revenue was €42 million, relatively small for the industry. "From 2005 to 2020 we grew the company more

place all over the world, as we increased our penetration in the Americas and the Asia-Pacific region, as well as further strengthening our position in Europe, our core market."

Despite its once relatively small size, Sanlorenzo has long had a reputation as luxury maison in the yachting industry, a high-quality brand building customised boats for connoisseurs - individuals who buy yachts because they love yachting rather than just showing off. "This was a characteristic of Sanlorenzo. My intention when I first took over was not only to significantly grow the company but to do it maintaining its main characteristics: a sartorial approach, building a limited number of yachts with a timeless design and the utmost care for details" Perotti says.

"One important thing for me was to keep the concepts of tradition and innovation," he adds. "The product at the time was a bit outdated, so I pushed a lot of innovation in the yachts with style and technology, but always preserving our heritage



than tenfold, and we are expecting revenue exceeding €570 million in 2021," he says.

By focusing on yachts of more than 20 meters, Sanlorenzo has been largely insulated from any financial impact of the pandemic, with its clients wealthy enough that one bad year isn't going to make them cancel or pull back from an order. In fact, 2021 has been Sanlorenzo's best year to date, with the company now eyeing growth opportunities and looking at potential acquisitions both domestically and overseas.

"When you buy a yacht, you buy it with the heart, not the head," says Perotti. "After the pandemic, people feel that life is fleeting, so now they want to change their boat or buy one for the first time. That feeling and emotion took

as well as establishing a close liaison with art and design. We forged strong partnerships with world-renowned designers, including Piero Lissoni, our art director since 2018, Rodolfo Dordoni, Patricia Urquiola, Antonio Citterio and Patricia Viel and we are Art Basel's exclusive global partner."

Even now the company is not resting on its laurels, with investment in the business more than doubling year on year, with the acquisition of three new production facilities in the third quarter of 2021 alone, for a total of €17.9 million. R&D, sustainability and product development also grew by 14.5% year on year in the third quarter, leading to new ranges and models; the company launched five new models in 2021, and is targeting three new ranges for the



Massimo Perotti
Chairman and CEO - Sanlorenzo

next year, all entering new market segments.

Between its founding in 1958 and 2004, Sanlorenzo was producing fewer than 10 yachts a year, now it is making over five times that number. Since the arrival of Massimo Perotti in 2005, the company has in fact continued to expand its product lines, including the entry in the market of metal superyachts in 2007 and in the segment of sport utility yachts in 2018, while staying true to its concept of yachts built in limited quantities and rigorously made-to-measure. The company is also growing its share of the market in the fast-growing Asia-Pacific region, as well as in the Americas, each generating between 15% and 25% of the total revenue and considered highly strategic as it looks to the future.

When it comes to yachting, America has changed considerably over the last decade. While the country is still the number one consumer of yachts in the world there has been a sizeable change on the supply side. "A lot of brands that existed before 2008 don't exist anymore. It makes sense for us to move to America and do something locally," says Perotti.

The company also launched its first non-financial statement this year and entered into an exclusive partnership with Siemens Energy aimed at developing innovative solutions to reduce the environmental impact of yachts, highlighting its increased awareness of sustainability issues. The announcement of the agreement was warmly welcomed by the financial market, one of Sanlorenzo's main stakeholders as the company is listed in the Euronext STAR Milan segment.

During the pandemic the world's ultra-high net worth population grew in both numbers and wealth. Still, Perotti says that the rate of luxury yacht penetration in the billionaire population is around 3%. "If that moves to 4% or 4.5% we can increase our business between 33% and 50%."

Yacht-building is a perfect industry for Italy, which values luxury goods and the creation of high-end artisanal products. It's also an industry that can help to further the reputation of the country. "When we talk about Italian design and style of living, it all comes from our history," says Perotti. "We are surrounded by endless beauty that allows our creativity to flourish, a condition existing only where there is a longstanding, consolidated tradition with a touch of genius. This characteristic of Italian excellence is the main reason to invest in our companies and access a boundless, unique richness of knowledge and expertise, recognized globally."

GCF - Italian railway infrastructure company aiming to expand around the world

Italy's economy is set to grow by around 6% in 2021, according to official estimates, with the country expected to see strong growth over the coming years as it looks to invest over €220bn in its economy, with €191.5bn in grants and loans coming from the European Union's pandemic recovery fund; the Mediterranean nation is forecast to spend the highest sum in the EU on rebuilding its economy over the next five years.

One area that could see significant funding is the transportation network, in particular roads and rail, with billions of euros set to be spent on new rail links and improvements to existing infrastructure. This is part of a larger trend being seen across much of Europe and the world, a trend which should benefit companies like Generale Costruzioni Ferroviarie SpA (GCF), a major Italian company working in the railway infrastructures, electrification and signaling sector.

A family-owned company founded back in 1950, over the last seven decades GCF has consolidated its role in the Italian railway market, while also strengthening its presence on a European and international level. "The key strategy of the company has always been to develop, grow and to invest our profits back into our work, our people and our machinery. That's why we have reached such a high level of specialization," says Edoardo Rossi, president of GCF. The company is involved in the construction of new lines, renewal and ballast cleaning projects and significant maintenance tasks.

The Rome-headquartered company currently has four offices in Italy and works in seven countries in Europe, with strong expansion plans across the continent and beyond. "Italy is always our main market, and we think there will be a lot of opportunities here," says Rossi.

At the same time, GCF recently bought Platinum Track Service, a company headquartered in Canada, to begin the process of entering the North American market, which it believes will be an important area for future growth. "We saw an opportunity, and we are looking forward to investing money and spreading in the North American market."

The level of infrastructure spending being pushed by the current American government, as well as other governments around the world, is expected to strongly benefit existing rail companies, with GCF well positioned thanks to its strategic growth in recent years. "We've made very fruitful joint ventures in Turkey, Switzerland, France," says Rossi. "There's always a need for local partnerships, because that way you grow up together. Good partnerships, investments and people are our main strategy."

The pandemic caused some initial



Attilio Rossi (the founder), Alessandro Rossi, Edoardo Rossi with his two sons

challenges, with GCF closing many of its operations for the first two months in order to keep its employees safe. "We prepared a very strict procedure in order to keep working in the same structure and now I can say that we did everything possible to maintain safety and keep the business running," Rossi says. "We learned that we need to adapt and make our own opportunities."

Despite the challenges, the company has remained profitable every year, even during the pandemic, and is in a strong position economically. "We are increasing our turnover every year, we have a strong liquidity, and we are very specialized in what we do," he adds.

The last few years have seen key company developments, with GCF investing strongly in high production efficiency machinery and technology, organization and training, as well as the acquisition of companies operating in areas such as infrastructures, electric traction and signalling. The company currently employs around 1100 people, many highly specialised professionals.

Rossi describes the main characteristics of GCF as efficiency and passion for the work. "Our employees love their work and they are very devoted," he says. "Many of our employees are here for ten or twenty

years, and we consider them family."

Rossi also sees strong benefits when it comes to being an Italian company, as well as some downsides. Internationally focused Italian companies are invariably strong and committed, he says. "We have 95% Italian employees, and we are very proud of that. The big advantage, and at the same time a big disadvantage, is that Italians are too flexible," he adds. "We're not as strong with schedules and timing as Germans, but we always have the capacity to solve problems. The Italian market is very complex, with changes in the political situation all the time, and this has bred a very creative side to most Italians, who are very strong at problem solving."

Rossi also sees important changes happening in his home country, and believes that the Italian market is an increasingly exciting one for investors. "Investing in Italy is a bit complicated, there is a need for a local partner and a bit more time to adapt to the local market, but once you're settled in and have learnt to deal with the bureaucracy, the market is full of possibilities and opportunities," he says.



Gruppo Sapiro - European leader in industrial and medical gases eyes billion euro turnover

Italy's economy grew by 2.6% in the third quarter of 2021, according to the country's national statistics bureau, with growth up 3.8% year on year. In another positive sign, both industry and services expanded. The government is predicting a GDP rebound of 6% for the full year, with future growth likely aided by more than €200 billion in Covid-19 recovery money from the European Union, which is set to help transform the country's economy.

Italy is already home to a wealth of global champions. These include Gruppo Sapiro, a leading producer and supplier of industrial and medical gases as well as home-care and integrated support services. The global medical gas equipment market exceeded \$2.4 billion in 2020, and is forecast to grow by around 6.4% a year until 2027.

Over the years Gruppo Sapiro has produced, developed and distributed gases and other services for sectors including chemical, petrochemical, farming and foods, surgical, electronics, welding gas and medical gases. Now approaching its centenary, it has more than 40 subsidiaries, production sites and commercial offices, and over 2200 employees. In 2020 the group recorded a turnover of €629.1 million.

"Our success is based on two main aspects," says Alberto Dossi, chairman of Gruppo Sapiro. "The first one is innovation and research - we have always tried to apply our gases in industrial sectors where they weren't normally used, connecting with clients to solve their problems - and the second is people. We believe in our people and truly value them, because we think they are the reason why our business thrives."

Gruppo Sapiro has come to the fore at other times of challenge. After the Second World War the group became a key contributor to the recovery of the Italian economy.

Dossi believes the group has come out stronger from the pandemic. "The first thing we did was make sure our people were safe, isolating them properly and providing protection, and then we thought about providing continuity to the business. We are heavily involved in the oxygen business, which has increased by 20% compared to 2019 figures, and by 37% in terms of supplying to hospitals," he says.

Medical gases currently account for 59% of the group's business, with Sapiro supplying gases and technologies to hospitals as well as to support patients in their homes. Industrial usage makes up the remaining 41%.

The pandemic has also led to changes in the way Sapiro operates. "If we look at the company now, compared to two years ago, it's totally different," says Mario Paterlini, group CEO. "In this crisis we've really learned the difference between middling people and really good people. Looking at it now, we're more agile, involved and aware, determined, and certainly stronger," he adds.

Gruppo Sapiro could also play a role in the global energy transition. "It's very important to follow this, and we are particularly



Alberto Dossi
Chairman - Gruppo Sapiro



Mario Paterlini
CEO - Gruppo Sapiro

focused on hydrogen and biomethane as clean fuels that can be used to offset the emissions of carbon dioxide," says Dossi.

The group now supplies advanced biomethane from agricultural companies and industries, and is pioneering the application of hydrogen as a fuel for sustainable mobility.

In 1990 Gruppo Sapiro opened up to foreign capital, creating a joint venture with Air Products and Chemicals, an American firm listed on the New York Stock Exchange, while retaining a 51% stake.

At present, 80% of group revenue comes from the Italian market. However, it plans to gradually increase the remaining 20%, mainly in existing markets through a combination of acquisitions and organic growth, targeting expansion in all segments and markets in which it operates.

While the group is focused on its existing markets - Italy, Spain, Germany, Slovenia, Turkey and France - it is also looking at opportunities further afield. "We are very much aware that, in the light of the present crisis, what is becoming more important is that we remain focused, because the world is becoming more and more complex," says Dossi.

In November 2022 Gruppo Sapiro will celebrate its centennial. The company is currently run by the third generation of the family,

and is firmly looking towards the future. It's rolled out a sustainable growth plan, known as NEXT, that aims to transform the ethos and overall working methods of the group, in order to pave the way for the next hundred years. The plan targets turnover of one billion euros within the next 2 years. "We believe this is a very important signal for international markets," says Dossi.

"I think what is most important for Sapiro is that we are really founded on strong values - to be honest, humble, listen, and to be determined," he adds. "We understand now more than ever that good business happens with strong values."

When it comes to Italy, Dossi sees a strong future. "We know that the growth in Italy has several challenges but we also know that the image of Italy must change," he says. "Hopefully now, with the recovery fund, we are on a good path. If we manage to do all the things we need to, the image of Italy will improve and it'll have a positive impact on the entire industry."

"There's an awareness of Italian pride that wasn't there before, but now is emerging," adds Paterlini. "We're seeing that there are new generations that can really improve the image of the country."



Breaking the future

Sirmax Group - Supplying the world with sustainable high-performing plastics

As the Italian economy looks to move beyond the pandemic, confidence in the Italian manufacturing sector is growing, with IHS Markit's Purchasing Managers Index (PMI) for Italy's manufacturing reaching 61.1 points in October, up from 59.7 the month before, and following a steady rise throughout the last year.

There is also an increased demand for plastics around the world, especially across sectors like construction, automotive and electronics. The global plastic market was valued at \$579.7 billion in 2020, according to Grand View Research, and is expected to grow by a compound annual growth rate of 3.4% to reach \$750 billion by 2028.

This will strongly benefit companies like Italy's Sirmax Group, a global leader in thermoplastic compounds and the largest non-integrated polypropylene compound producer in Europe, fifth in the world. Sirmax operates in the compounding segment which is worth \$60B and expected to grow to \$100 billion in 2028.

"Sirmax designs and develops customized and high-quality products for different markets in 37 countries around the globe. We have strong relationships with our customers, so when the game becomes more difficult, we don't just survive, we also take market share," says Sirmax Group's CEO, Massimo Pavin. "That's exactly what happened over the last couple of years. When our customers started calling us in February 2020 asking how events in China could affect us, we were relaxed, as it is our strategy to localize supply chains everywhere we work," he adds.

Sirmax, which specializes in polypropylene compounds, engineering plastics compound, thermoplastic elastomers (TPE), post-consumer compounds and bio-compounds, works with industry world leaders, with its products used across sectors including automotive, household appliances, power tools, household, construction and furniture, and bases its stability and its vision precisely on the concept of proximity to the customer, in all possible forms: with a wide range of products, with personalized service, with a loyal supply chain, with flexibility and speed. So much, so that "Proximity compounding" has become the company's tag line, its value proposition, its recognizable identity.

In recent years Sirmax has expanded heavily, opening sales offices and production plants across the world. The group, founded in 1964, now has 13 production facilities, including in Poland, Brazil, the USA and India, as well as five R&D centres. "We have chosen to never stop investing. We have expanded both from a geographical point of view but also from the product range. We have invested in sustainable production. And today Sirmax is an all-round sustainable group - says Pavin - on the one hand we are able to support our customers globally, working with them and not just supplying goods; on the other side the investments we made in the last two years have given us the capacity



Massimo Pavin
CEO - Sirmax Group

to treat up to 45,000 tons of polypropylene and polyethylene from post-consumer packaging, turning this waste into compounds that the household appliance and automotive industries will transform into components with a life cycle of many years. Our goal is to create valuable cycles using knowledge entirely developed by Sirmax and shared with end clients".

After earning a record €315 million in 2020, 2021 is set to be the best year ever for Sirmax, with revenue predicted to hit €450 million by the end of this year.

When there was a shortage of raw materials in early 2021, Sirmax's strategy of using local supply chains aided the company. "We have long-term relationships with our suppliers; some of them have worked with us for over 20 years. That helped us to reap the benefits of a correct strategic positioning: a regionalized and loyal supply chain that did not make us depend on a single area of the world and that allowed us to produce at full speed without missing our commitments with customers, so much so that in the first nine months of this year, sales volumes grew by 22% compared to the same period in 2020 and by 19% compared to the first nine months of 2019".

This focus on the long-term also underpins the group's approach to its customers. The company

is launching new initiatives to increase its capacity to support customers, and is firmly investing in the future, partnering with two universities and investing €80 million over the last two years, mostly in green initiatives. Not only in the circular economy and in the bio-compound, but also in the thermoplastic elastomers (TPE), specific bio-based grades of compounds with particular characteristics of elasticity and resilience. Green by nature, thanks to their thermoplastic recyclability, Sirmax TPE offer a valid and sustainable alternative to vulcanized rubber.

"Also in recent months we have invested in machinery, which will increase our production capacity by 27,000 tons from 2022. We put a lot of focus on sustainability, in compliance with all ESG criteria, by bringing innovative products to the market," says Pavin.

Like other plastics producers, Sirmax is indeed keenly aware that sustainability is a fundamental issue going forward. The group does not only produce enhanced plastic derived from the mechanical recycling of post-consumer waste, but also offers molding solutions that reduce the use of virgin plastic (with Smart Mold, a company of Sirmax Group). "We take used plastics and make new plastics that can be used in our compounds, co-designed with customers," says Pavin. Regarding molding, Smart Mold truly expresses highly advanced engineering: its design solutions make the performance of molded applications insensitive to the larger property variations that naturally affect mechanically recycled plastics.

Sirmax also produces 100% biodegradable and compostable bio-compounds. The group has developed Biocomp, an innovative family of bioplastics obtained from raw materials of both renewable and fossil origin. These granules can be used to make products with similar or even improved characteristics compared to traditional plastics, although completely biodegradable and compostable as required by the EN 13432 standard. "We have closed the loop with bioplastics made from sugar cane, starch and other natural raw material; you can now compost these plastics and use them as fertilizer."

When it comes to Italy, Pavin is a strong believer in the strength of the country. "I love not just my country but my village. I have never thought of moving from here," he says. "When we break the initial barrier internationally, being Italian is an advantage. We are creative and flexible. We can really take advantage of this flexibility and creativity."



Pedrollo Group Italian water pump giant eyes further expansion

Italy is not exactly known for attracting foreign investment, but there are strong signs that this could be changing, aided by the country's Resilience and Recovery Plan, which could see €205 billion invested in Italy over the next five years, targeted towards a greener, more digital and more sustainable economy. This would benefit Italian companies already operating in globally important, sustainable sectors, or who have made important strides when it comes to investing in digitalization and vertical integration.

At the same time, the European water pump market is expected to reach \$848 million in revenue by 2030, according to P&S Intelligence, with the global market worth many multiples of that.

"We represent "Made in Italy", which is an efficient, beautiful product of high quality at the right price," says Giulio Pedrollo, chief executive of Pedrollo Group and Pedrollo SpA, recognized as among the key global players when it comes to electric water pump technology and production.

For almost 50 years Pedrollo has been expanding worldwide, and continues to design and build pumps that help carry water where it is needed most, including to homes, agricultural fields or industrial facilities. "Treating water with respect is the best way of understanding our group," says Giulio Pedrollo. "We want to respect water, which means a lot of things in relation to our products: including using stainless steel, better materials, and overall how we produce water pumps."

Pedrollo Group is now made up of six companies, over 1,200 employees and 10 commercial branches worldwide. It has doubled in size over the last five years, through acquisitions and internal growth, and now produces more than 2.5 million pumps a year. Over the years the group has grown to include complementary businesses like Linz Electric, which produces alternators and generators, and Panelli, which creates submersible pumps and motors.

For 2021, Pedrollo forecasts revenue of €330 million, with the group planning to continue with its growth strategy based around a combination of acquisitions and organic growth.

Giulio Pedrollo points out that his father, Silvano, the founder of Pedrollo SpA in 1974, started by selling pumps in developing nations, and in poorer countries where the right balance between quality and price is very important. The company now sells its products in over 160 countries, which means needing to understand many different



Giulio Pedrollo
CEO - Pedrollo Group

cultures, policies, tax systems and languages. "We are a medium-size company with the culture of a multinational holding," he says.

While the group's main market is Europe, it continues to grow in Asia and the Americas. In 2020, Pedrollo made an important step, acquiring 70% of Superior Pump, based in Minneapolis, MN, which is active in the design, manufacture and marketing of pumps, with a particular focus on the USA and Canadian markets. Importantly, Pedrollo was joined in the acquisition by a member of the company's founding family, Charlie Michel III, who continues in his role of President, maintaining his capable team in charge of the company's activities. "This acquisition was the most important one in our history, as it opened the door to this large market."

The group is now looking for companies to acquire in China, India and obviously in Europe. "These areas will be important at the next stage of acquisitions," says Pedrollo. "We want to continue investing in

family-owned companies that stay with us in the process of developing the company." The group is also open to partnerships, with the end goal always around providing basic needs to people through clean water.

Financially, Pedrollo Group is in a strong position, with earnings before interest, taxes, depreciation, and amortization of about 25%, which has helped it to continue to grow strongly. "Covid did not affect our performance, because we had been already investing in digitalization and vertical integration," says Pedrollo. "Resilience is the key word for our future."

At the same time, there is a strong push towards balancing sustainability - both in the group's overall philosophy and in the pumps it manufactures - with beautifully crafted technology and high levels of innovation. The company invests more than 15% of its revenue in innovation and R&D. "As a family-owned company we can do what we want, we are not oriented towards paying dividends, we prefer to reinvest in our development," says Pedrollo. The group now gets 60% of its energy consumption from green energy, with a medium-term target of 100%.

Meanwhile, next year the group is moving ahead with plans to set up its own foundation, that will be managed by Alessandra Pedrollo, Giulio's sister, having already invested in various social projects such as a school in India and an orphanage in Tanzania. "We do it for our values and culture, not for business reasons," he says.

Closer to home, Pedrollo says that when it comes to Italy the best way to help the country is for companies like his to continue to create cutting edge products that are admired around the world. "We are proud of being Italians. We believe that every product we manufacture must combine beauty and high quality, and we believe that through such products we can bring credibility to the country."



GPI - Digital transformation for sustainable healthcare systems across the globe

The Italian economy could be set for a period of sustained growth, aided by more than €200 billion in Covid-19 recovery money from the European Union, which will be used to help transform the country's economy, especially in areas like digitalization and sustainability. Italy's National Recovery and Resilience Plan calls for €5 billion to be spent on digitizing healthcare, of which €1 billion is being set aside for telemedicine.

As the population worldwide ages, the cost of healthcare is rising, and the digital transformation of healthcare is increasingly important. It's also a booming market: the global market for healthcare software and IT services was valued at \$67.7 billion in 2020, up 7.3% in the last year alone, with the Italian market worth more than \$1 billion.

GPI, a leading Italian provider of ICT solutions, administrative and social-healthcare services for public and private healthcare providers, has focused on responding to the rising global needs of healthcare digital systems. They furnish transformative healthcare services not just in Italy but across the world. The global coronavirus pandemic has only increased the need of digital healthcare, with a significant rise in the number of doctors working part of the time online, GPI has dedicated teams developing and bringing services in these areas. Fausto Manzana, chairman and chief executive of GPI says: "We help doctors on a daily basis thanks to our software, services, technologies and accumulated knowledge and expertise".

Founded in 1988, GPI was one of the first companies in Italy to digitalize hospital systems. "Our first products came from Germany; it was a software for hospital managers adapted to the Italian system in the Trentino region" says Manzana. Since then, GPI has grown to cover much of Italy and beyond; its solutions are now used by over 2,500 healthcare providers in more than 70 countries. From 2016 GPI started to float on the AIM Italia stock market and two years later graduated to the main market of Borsa Italiana.

GPI recently invested in the largest Software for Healthcare market in the World: The United States of America. In 2020, GPI acquired the Donor Management Assets of Haemonetics for almost \$30M. This acquisition led to the merger of previous US based operations of GPI, under the name of Hemasoft. Thanks to these operations, GPI USA is now clearly positioned as one of the two major players on the North American market when it comes to solutions for Blood Donor Centers and Hospital Blood Centers.



Fausto Manzana
Chairman and CEO - GPI

Manzana says: "Being a leader on a market such as the US, is pushing us to come-up with competitive solutions that bring significant savings to the Healthcare Industry while providing the best-of-bread products. We are extremely confident with the future of our operations in North America where we will soon introduce brand new products and solutions to our clients. Many of them are converting to our cloud solutions, allowing to reduce the cost of ownership, while guaranteeing a high level of availability".

An important factor to consider on the US market is that all GPI solutions are regulated, considered as medical devices, and therefore need to be cleared by the Food and Drug Administration. Thanks to a long experience with regulatory affairs and multiple ISO certifications, in the Blood Management System GPI is now providing solutions that are CE marked in Europe and FDA cleared in the US.

"Apart from US, over the last four years we bought three companies in Blood Management System sector in France and Spain. We value the US market to represent about half our total market in Blood Management, across the world. We now support all our 110 clients in the US from

the US (no outsourced or off-shore support) which our customers really appreciate. The global market for Blood Management System software is valued around \$400 million, and half of it is in the US, that's why we invest strongly in this market", says Manzana.

Thinking of the important investments made in the field of Telemedicine, where the software for remote patient management is joined by wearable systems, with which from the beginning of the pandemic, GPI monitored digitally and in "real time" more than 100,000 Covid-19 and sick chronic patients. These technologies will be brought to the US market with which blood donor citizens will be monitored first, with whom current customers work, and later also patients with particular chronic conditions.

So thanks to this operations and starting from the US Market over the coming years GPI plans to strongly grow its international operations. It also continues to focus heavily on research and machine learning, as well as areas like Blood Management, Telemedicine and robotics. GPI also manufactures automated warehouses for retail and hospital pharmacies. "We have a good, fast and efficient solution to manufacture the robotic core. We manufacture in Germany and work in many different countries. We sold our solution in Israel, which is a difficult market to be certified in," says Manzana.

GPI's purpose is to bring sustainability to healthcare systems via a balanced mix of innovative and efficient product and service solutions. With a patient centered approach of bringing quality of life and reduced costs to the end user, GPI created its Virtual Care solution, which bundles technological components, software, and care management services.

Evidence that GPI is going in the right direction, the company revenue grew by 29.6% year on year in the first half of 2021, to reach over €150 million and a guidance of more than €315 million at year end. Net profits for full year 2020 with a total growth of 25.6% compared to 2019 figures.



Fratelli Brazzale - The revolution of Italian tradition Italy's oldest dairy company embraces changes and modern approaches.

The dairy sector achieved a turnover of 16,2bnl euro in Italy in 2020, according to Assolatte, Italy's leading association for the dairy industry. Imports amounted to 1,67bnl euro, while total exports reached 3,5bnl euro, of which cheese represented 3,19bnl euro.

The company that has experienced the expansion and innovation of the dairy industry over the years is Brazzale, Italy's oldest dairy company, which has been producing cheese and butter at least since 1784.

Nowadays, Brazzale employs more than 900 people across 10 production facilities in Italy, the Czech Republic, Brazil and China. It exports towards more than 60 countries. In addition, the company has opened 25 flagship stores. That is the result of the revolutionary vision of the three Brazzale brothers since the beginning of the nineties.

The demand of Italian products is huge all over the world and is strongly increasing. However, in Italy, the shortage of agricultural land and the hot summer climate reduce the availability of milk and curb Italian dairy production. We estimate around 150 bln € turnover of "Italian sounding" over the world and that means that the domestic dairy sector is not able to satisfy the whole Italian style products demand because of this structural lack of raw milk. So how can we respond to growing demand despite these limitations?

"Our generation had amazing opportunities to overcome these limitations: after the fall of the Berlin wall we established an innovative, eco-sustainable supply chain over the border, in the heart of Europe, in Moravia, Czech Republic, the perfect region for the production of high quality milk. From the beginning we were excited at how much better the cheese produced in Moravia was than the one produced in Italy. The uniqueness of Italian food lies in its ancient culture!" says Roberto Brazzale, president of the Brazzale Group.

And so, in 2003 the company began to produce Gran Moravia hard cheese in its own production plant in the Moravia region, using traditional Italian artisanal techniques and ripening it in Italy in the new robotized ripening warehouse, which is the biggest in the world for hard cheese with 10.000 tons of capacity. From the beginning the growth of Gran Moravia has been impressive.

The company's key mindset has been the choice to do everything in the best location for that operation, even if it is



Roberto, Gian Battista and Piercristiano Brazzale

not in Italy. "You have to remove borders from your mind. The best location for ripening, packaging, marketing, logistics and administration, is Italy. The best location for producing high quality milk is Czech Republic. We put together all the best practices to enhance this strong production chain," adds Roberto Brazzale.

Mr. Roberto Brazzale says that the potential for company's products is huge. The Moravian supply chain offers almost no limitations and allows to meet the strong growth of the global demand. Thank being independent, out from PDO over-regulated system, the company is capable of diversifying and adapting its products to customers expectations. Last May the company launched the first R&D Centre in Italy in collaboration with the Milan University, which is a powerful source of knowledge and innovation of products and processes.

The traditional Italian specialties can achieve a new level of quality. "Five years ago we created the "Rolls Royce of butter": Burro Superiore Fratelli Brazzale. We have dusted off the ancient secrets of our ancestors and it has been unexpected success. "It is a fabulous product both for gourmand and for bakeries: all the top-awarded artisanal Panettone are produced with this first-class butter."

In 2002 Brazzale merged with the Zaupa family, complementing the product range with other typical Italian cheeses

such as Provolone and Scamorza. Roberto Brazzale points out that nowadays focus is on organic growth globally.

"Twenty years ago, we planted 1,5 million of trees in our farm in Brasil. The reforestation of pastures allows the capture of CO2 emissions of the Group, thanks to the natural process of Photosynthesis. In year 2018, the group becomes the first dairy industry in the world carbon neutral.

We are 10 years ahead! Our innovative concept is taken as model so much that my brother, Piercristiano, has been elected president of the International Dairy Federation.

Innovation keeps tradition alive! Innovation and growth set apart our company: new technologies and automation of processes are implemented keeping cheese production artisanal.

We believe in milk, cheese and butter: alternative foods cannot substitute them in a healthy way. We are convinced that dairy products can be ameliorated to meet a new generation of consumers that look for healthy and environmentally-friendly products of various kind: sustainable, vegetarian, enriched, functional.

We are at the eight generation and we are living the most exciting era ever. Today, every four hours, eight billion people all over the world are hungry again: it depends on us to produce enough and affordable products they love the most".