

# THE OIL & GAS VALVE INDUSTRY IN ITALY

BUSINESS STRUCTURE  
AND COMPETITIVE POSITIONING



CONFINDUSTRIA BERGAMO

MAY 24<sup>TH</sup> > 25<sup>TH</sup> 2017 - BERGAMO - ITALY



BERGAMO, MAY 24th 2017



## » Business structure







» Italy's role in the European oil & gas valve industry

» The Italian firms' performance

» International trade and Italy's export performance

# The Italian industry of tapes and valves

A core sector of Made in Italy IM&E industry (2015)

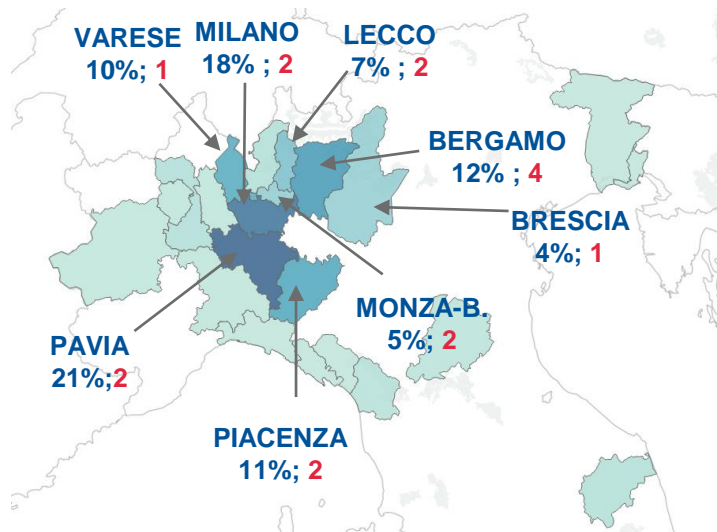
	Number of enterprises 	Production value (€ billion) 	Number of employees 
<b>TAPES AND VALVES</b> <i>(% share of Machinery and Equipment industry)</i>	<b>1 352</b> <i>(5.8%)</i>	<b>8.4</b> <i>(7.6%)</i>	<b>30 480</b> <i>(7.2%)</i>
<b>Oil &amp; Gas valves</b> 	<b>303</b>	<b>3.5</b>	<b>11 292</b>
<b>Other industrial valves*</b> 	<b>704</b>	<b>3.7</b>	<b>13 962</b>
<b>Household taps</b> 	<b>345</b>	<b>1.2</b>	<b>5 226</b>

\* Hydraulic valves, valves for food & beverage industry, valves for pharmaceutical industry, etc.

# The oil & gas valves industry in Italy

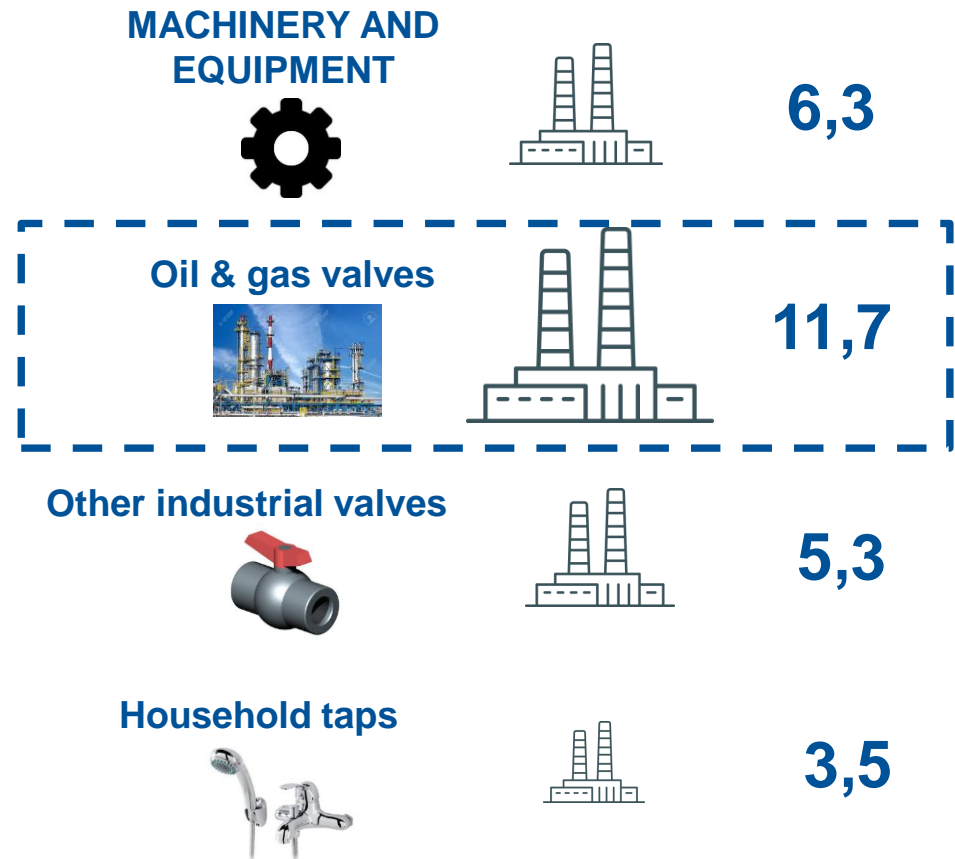
## Main Italian production areas and companies size

The main Italian production areas (% share over total) and number of enterprises with turnover >50 € mln (marked in red)



**Nearly 90% of the Italian production is concentrated within a 100 km radius around Bergamo**

Total turnover by firm (€ million)





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# Oil & gas valve industry in Europe

Italy is the European leading manufacturer of oil & gas valves

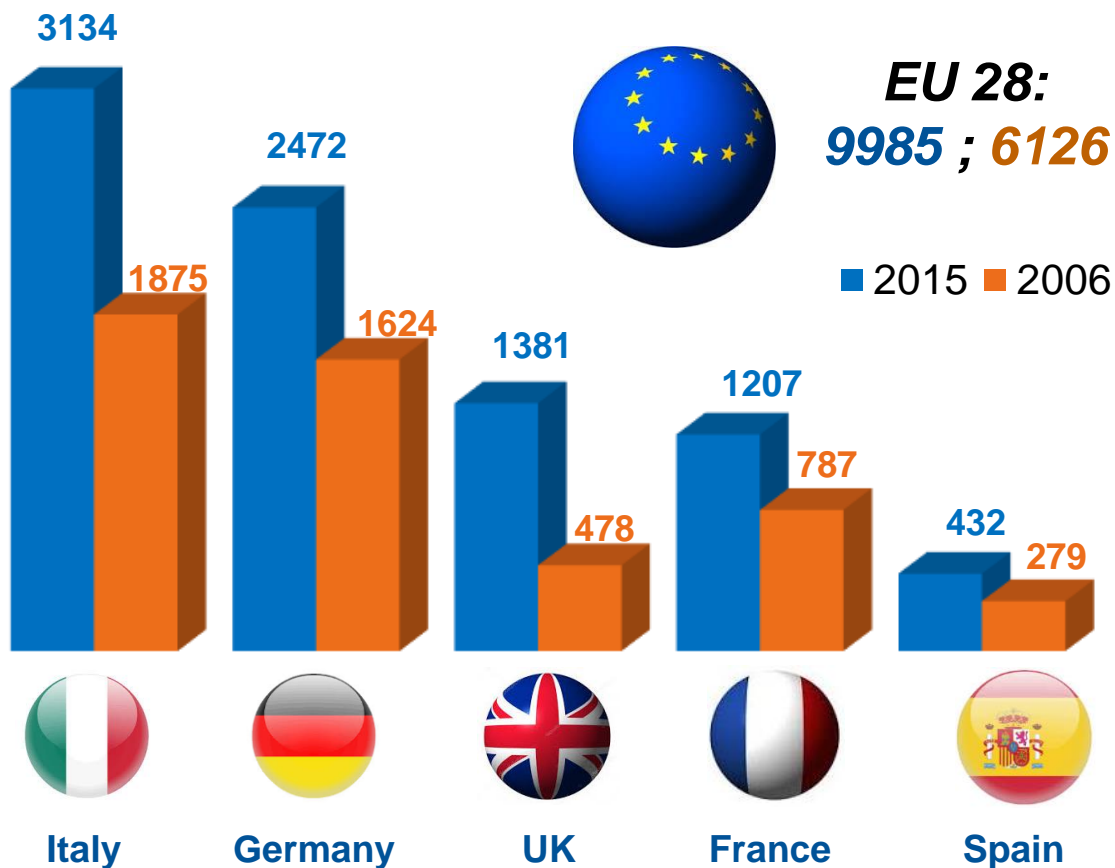
*Italy is the largest oil and gas valves producing country in Europe*

*3.1 over a total of 3.5 billions invoiced by Italian companies are generated at national production plants*

\* Production value generated at national production plants

Source: Prometeia's calculation on Eurostat data (PRODCOM)

The main European production countries: sold production value\* (€ million)



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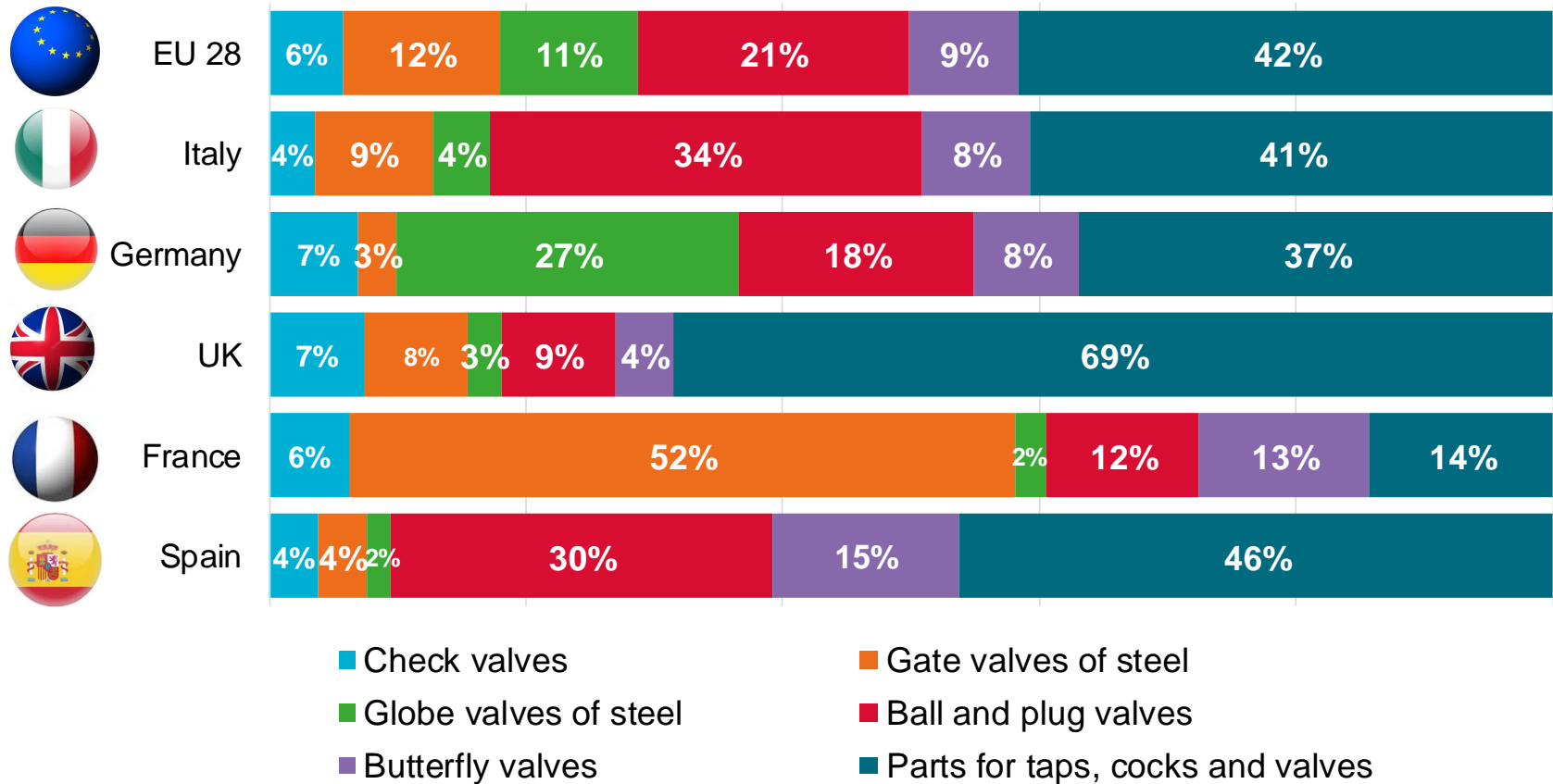


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# Specialization by product

Italy's specialization is the highest in ball and plug valves

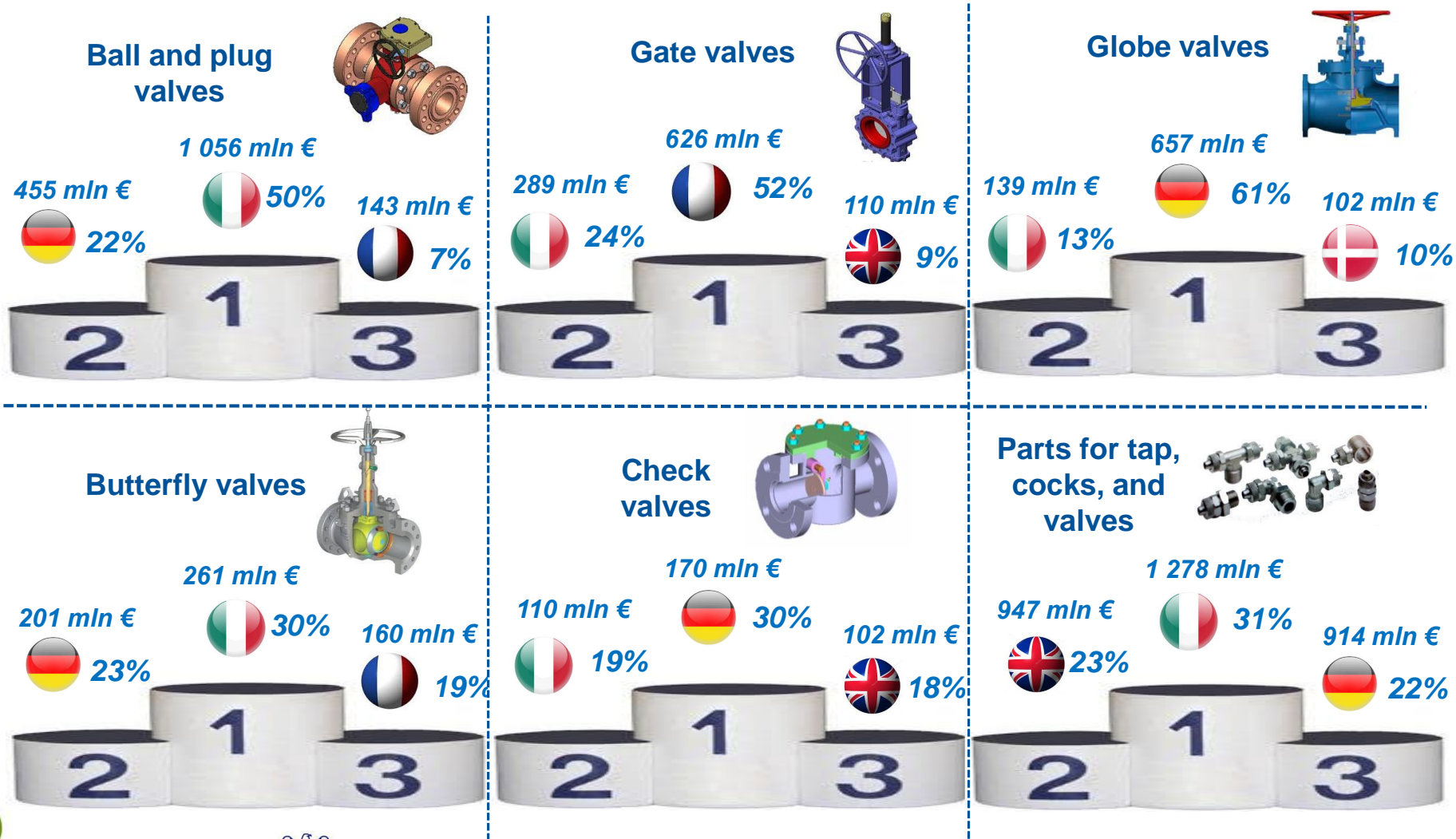
Sold production value by product (%)



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# One out of two ball valves produced in EU is Made in Italy

## Italian share on EU production and competitors by product



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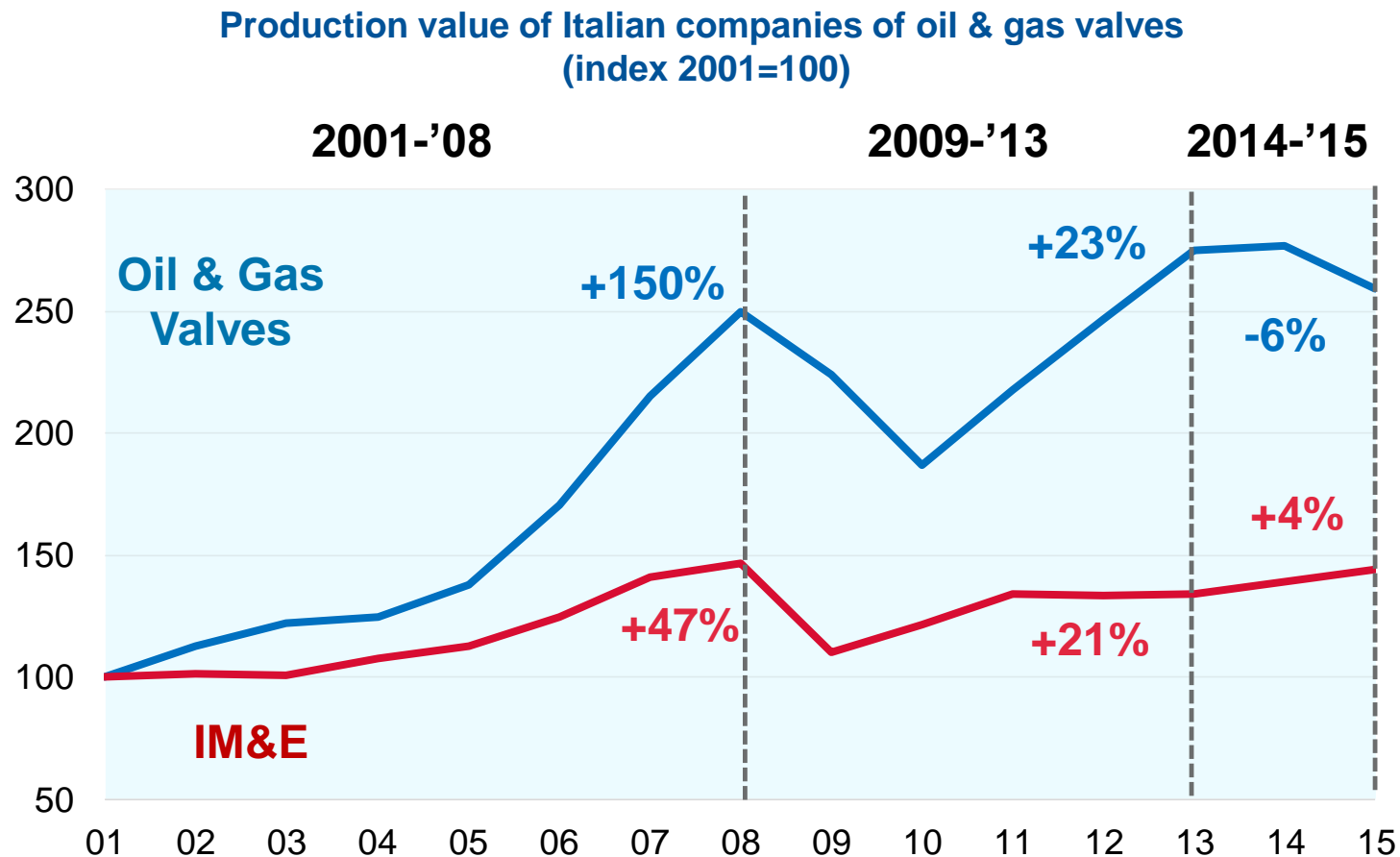
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# The growth of Italian companies of oil & gas valves

A far more dynamic growth pattern than the IM&E Italian industry...

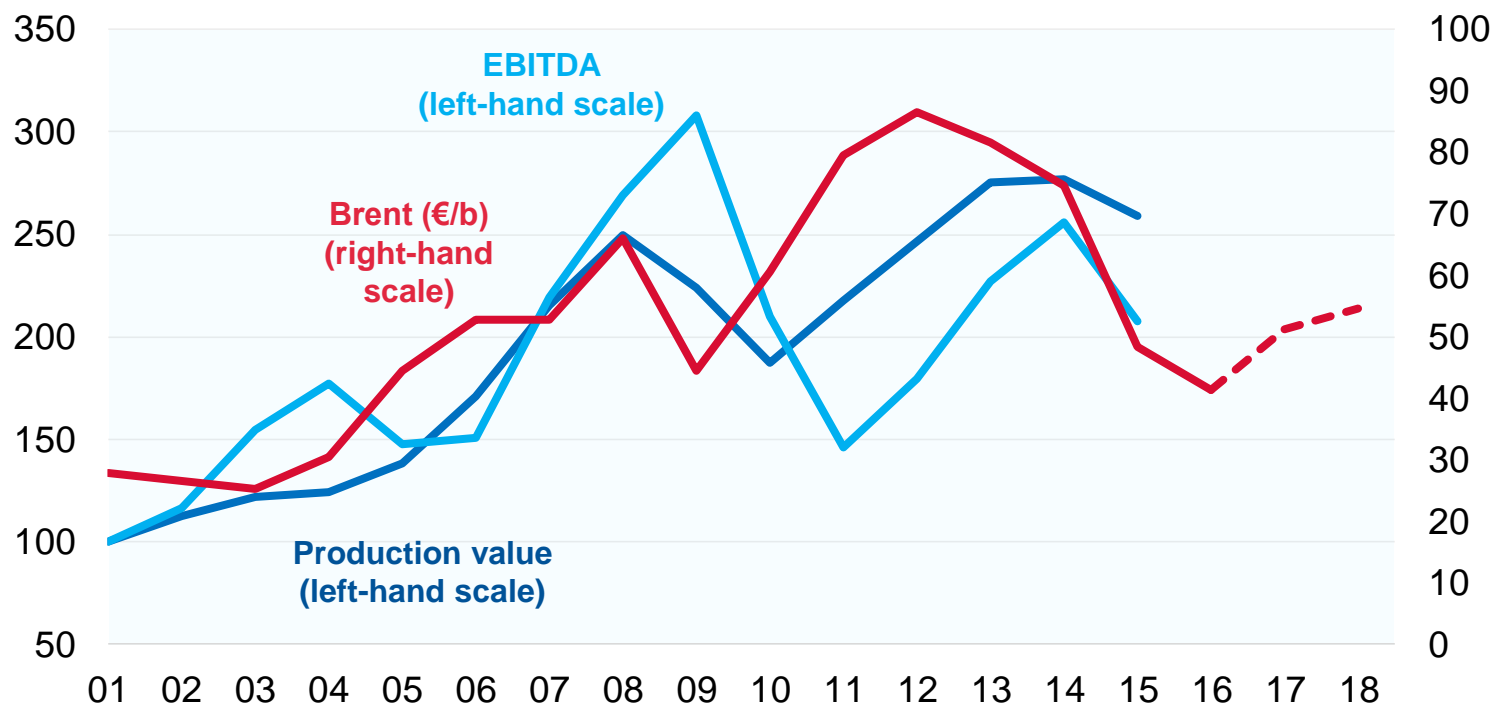


Source: oil & gas valves: Prometeia's calculation on balance sheet of a sample of 96 firms for a production value of 3.1 € billion in 2015, IM&E: Prometeia, Analisi dei settori industriali

# Growth and Brent price

...tied to the oil price dynamics

Production value and EBITDA of Italian companies of oil & gas valves  
(index 2001=100) and Brent price (€/b)



Source: Oil & gas valves: Prometeia's calculation on balance sheet of a sample of 96 firms for a production value of 3.1 € billion in 2015, IM&E; ; Brent: Prometeia, Analisi e previsioni dei prezzi delle commodity

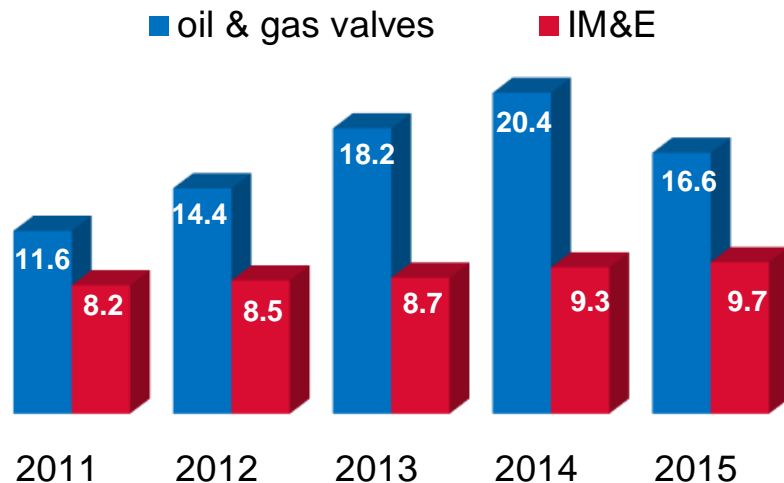
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# Profitability and investments

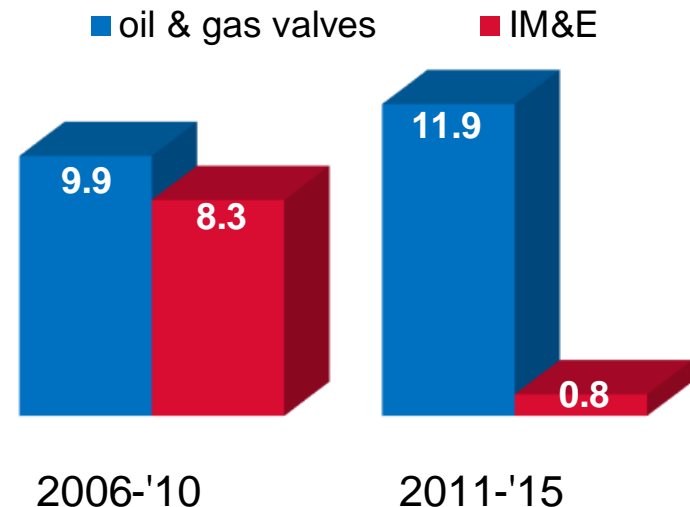
Double-digit EBITDA and high propensity to invest

*the Italian oil & gas valve industry shines as for profitability, even though the 2015 Brent price collapse has had a relevant impact on margins*

EBITDA (% share of the production value)



Fixed capital investments: C.A.G.R.

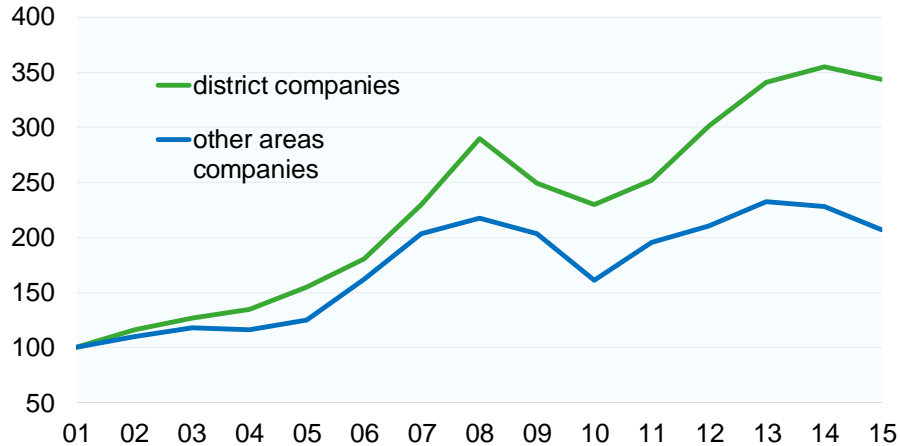


Source: oil & gas valves: Prometeia's calculation on balance sheet of a sample of 96 firms for a production value of 3.1 € billion in 2015, IM&E: Prometeia, Analisi dei settori industriali

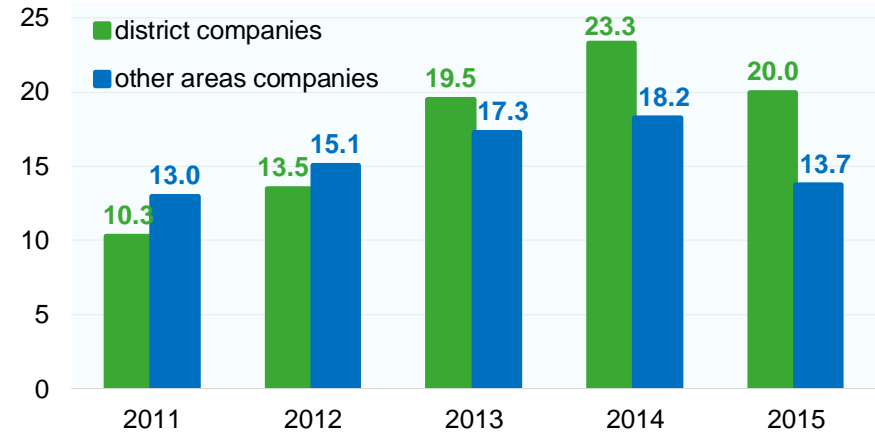
# The district effects

Better results on average compared to other areas in Italy

Total turnover (index 2001=100)



EBITDA (% share of the production value)



***In the last years, district companies (within a 60-mile radius from Bergamo) have shown a more dynamic growth profile than the average of the other areas and a structurally higher EBITDA.***

***Even in a challenging year as 2015, district companies have shown better performance both in terms of turnover and profitability.***

Source: Prometeia's calculation on balance sheet of a sample of 96 firms for a production value of 3.1 € billion in 2015,



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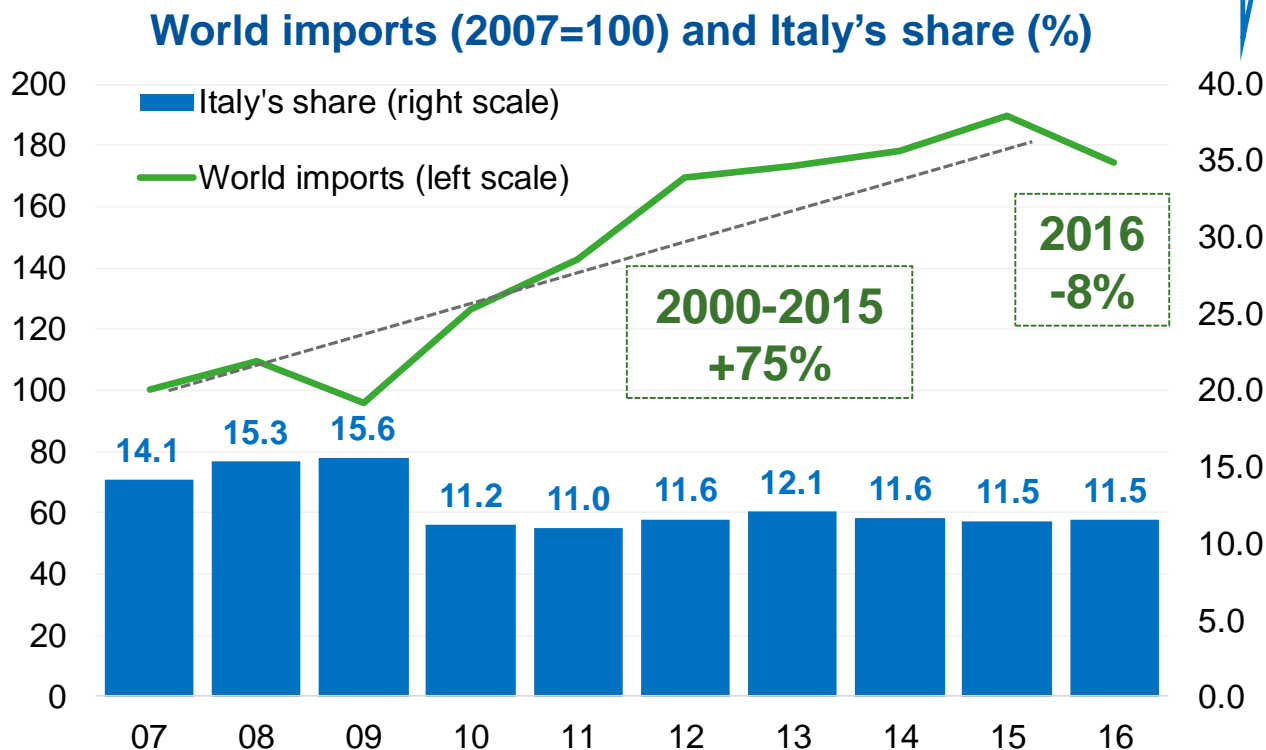
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# Oil & gas valve international trade

## World imports and Italy's share

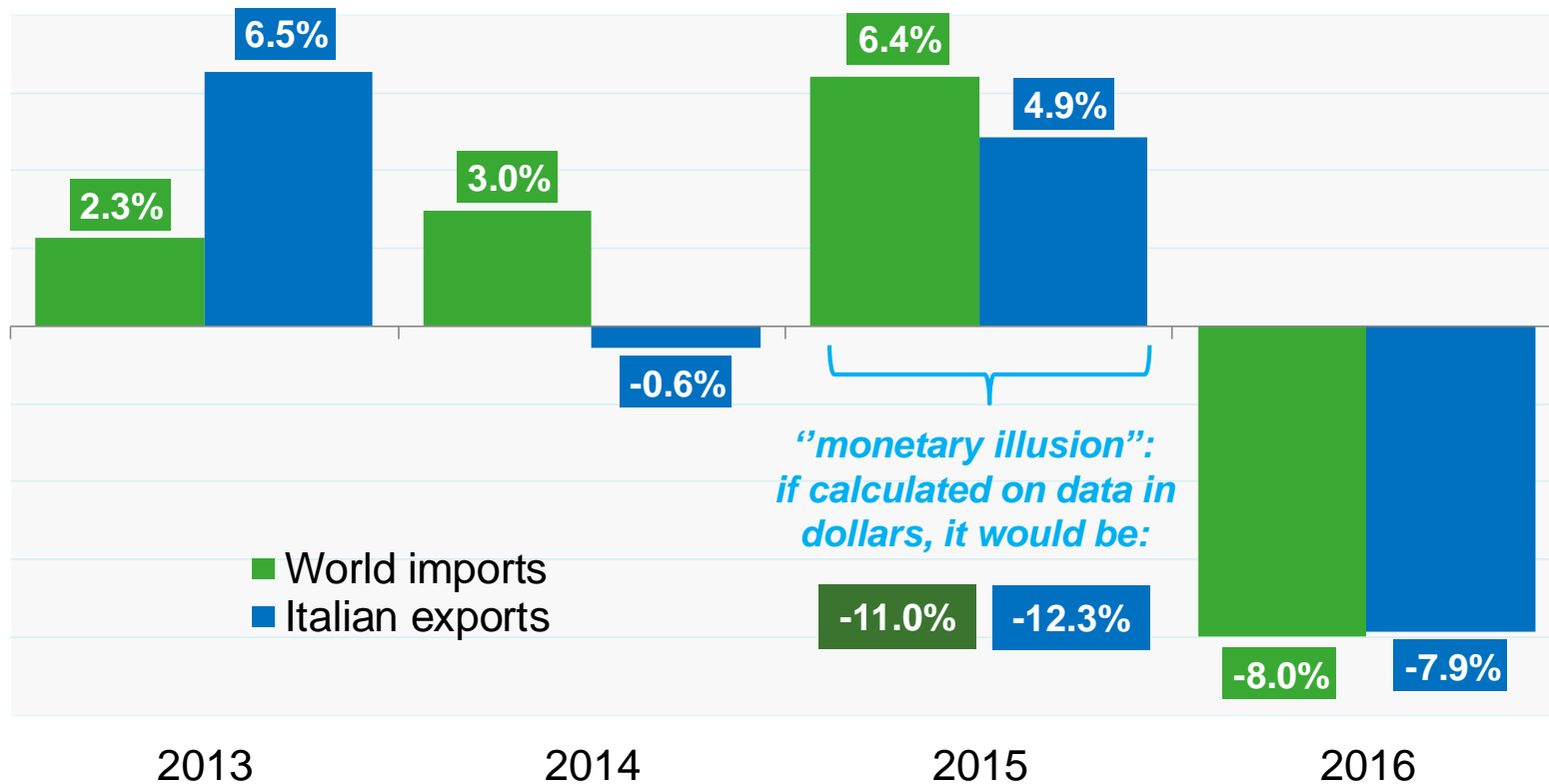


Source: Prometeia's calculation on ITC data

# World imports and Italian exports

Recent results: 4 years of ups and downs for the Italian export

World imports and Italian exports of oil & gas industrial valves (% change on euro data)

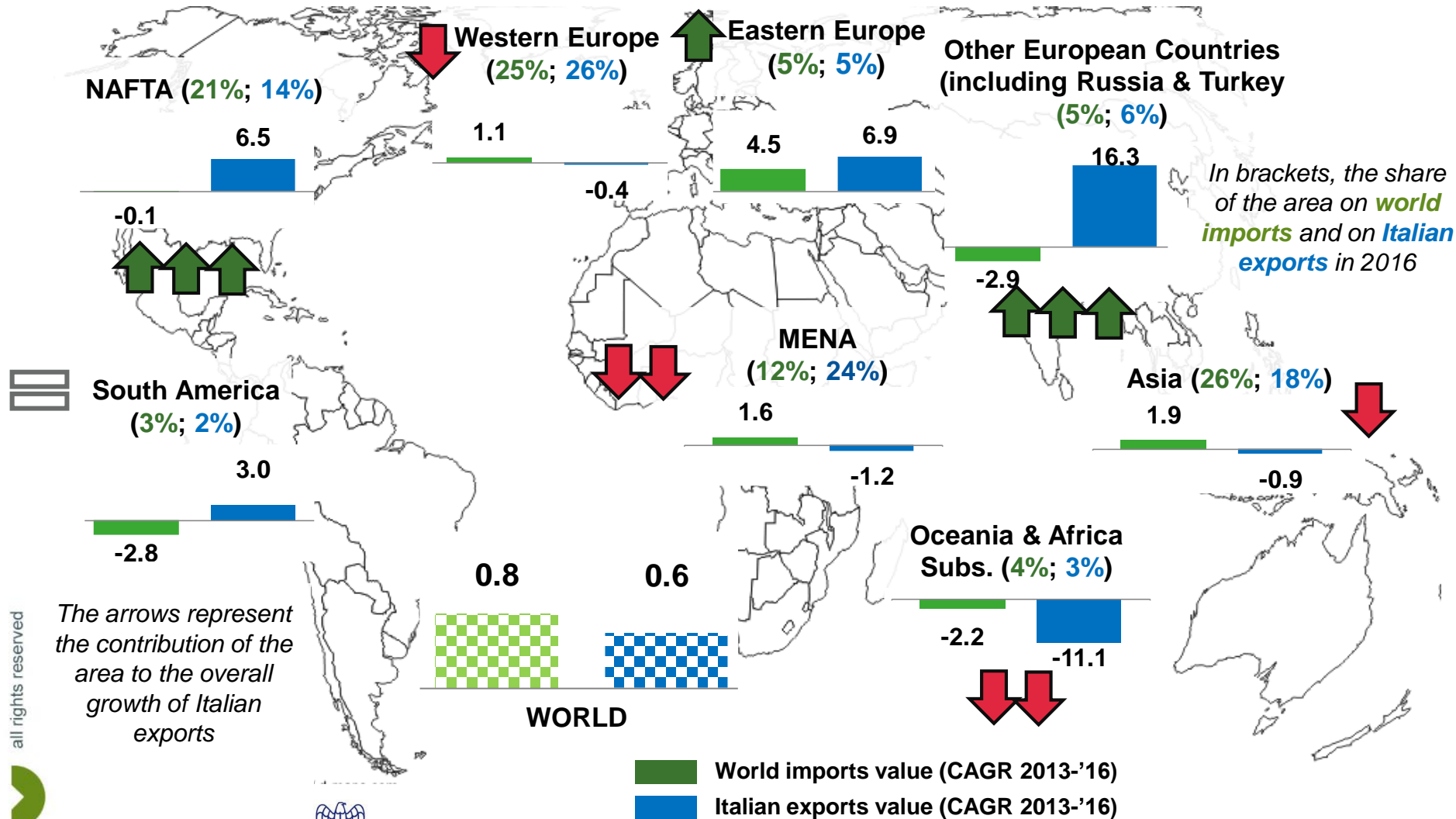


Source: Prometeia's calculation on ITC data



# International trade map 2013-'16

## A two-speed Europe, Italy grows in NAFTA



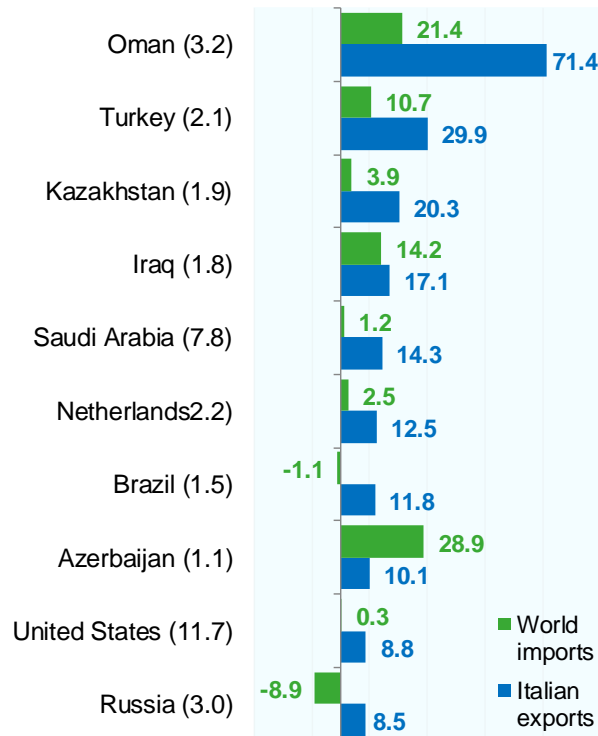
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# Best and worst performing markets

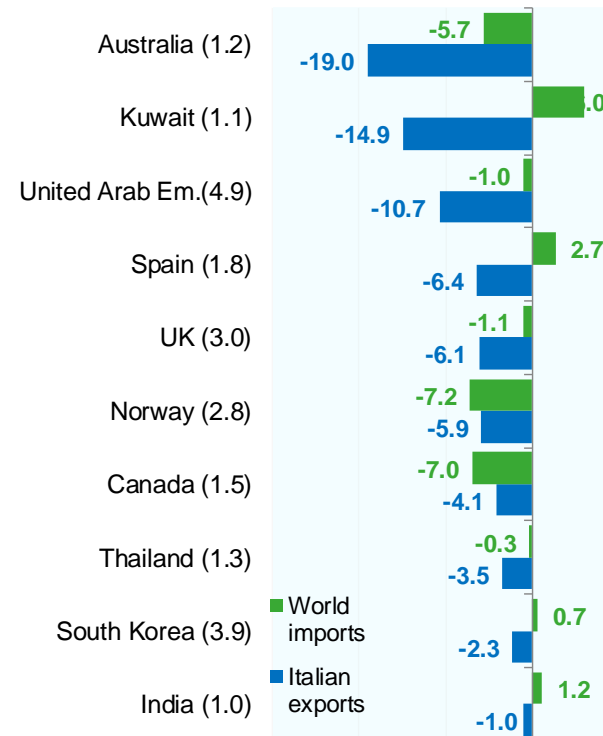
Significant growth in the Middle East... but not in every market

Italian exports and World imports in the main markets for Italy: CAGR 2013-'16; in brackets, the share of market on Italian exports in 2016

## Best performing markets



## Worst performing markets



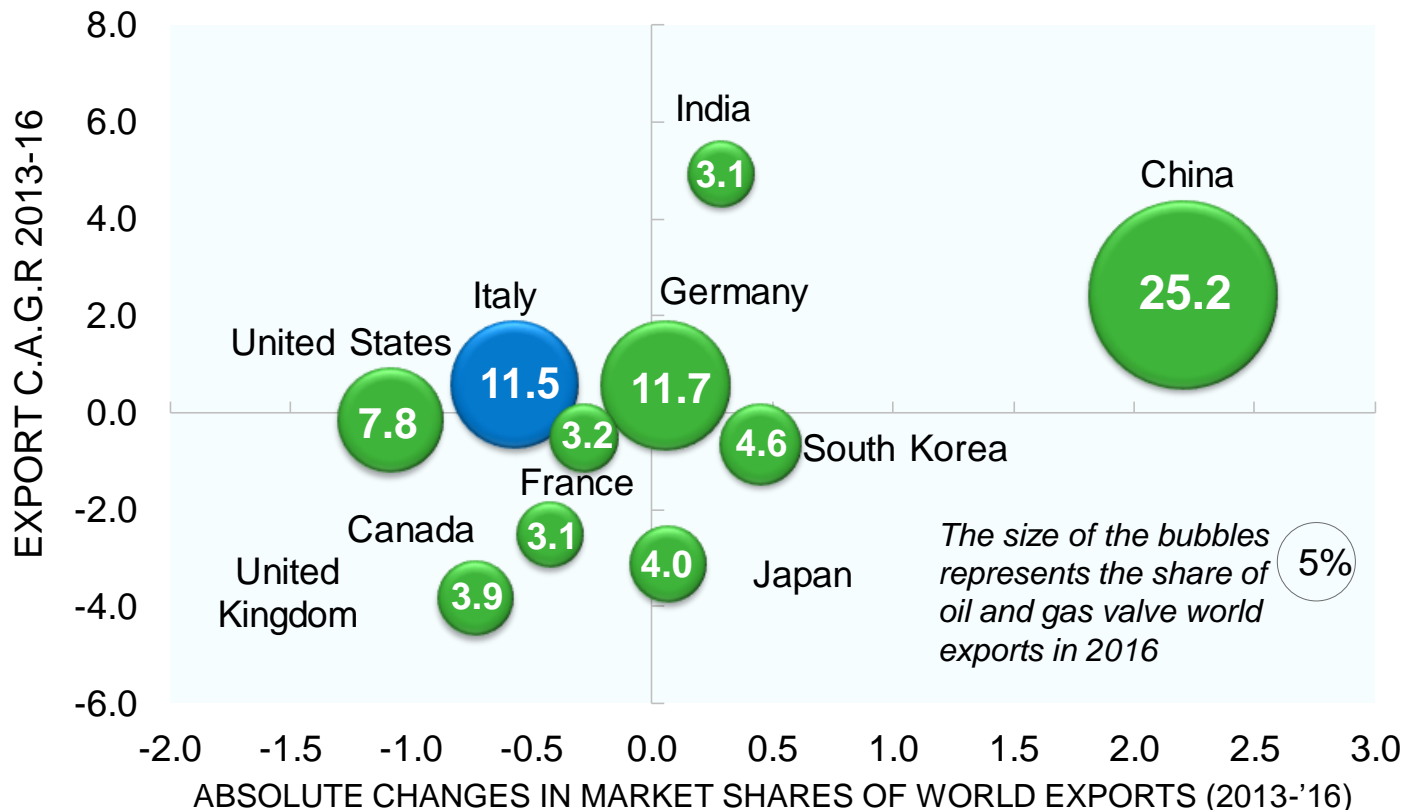
The markets listed in the two charts (sorted by the growth rate of Italian exports) account for 59% of Italian exports in 2016 and 48% of world imports.

Source: Prometeia's calculation on ITC data

# Italy's and its competitors' performance

The rise of China challenge the western producers... but Italy

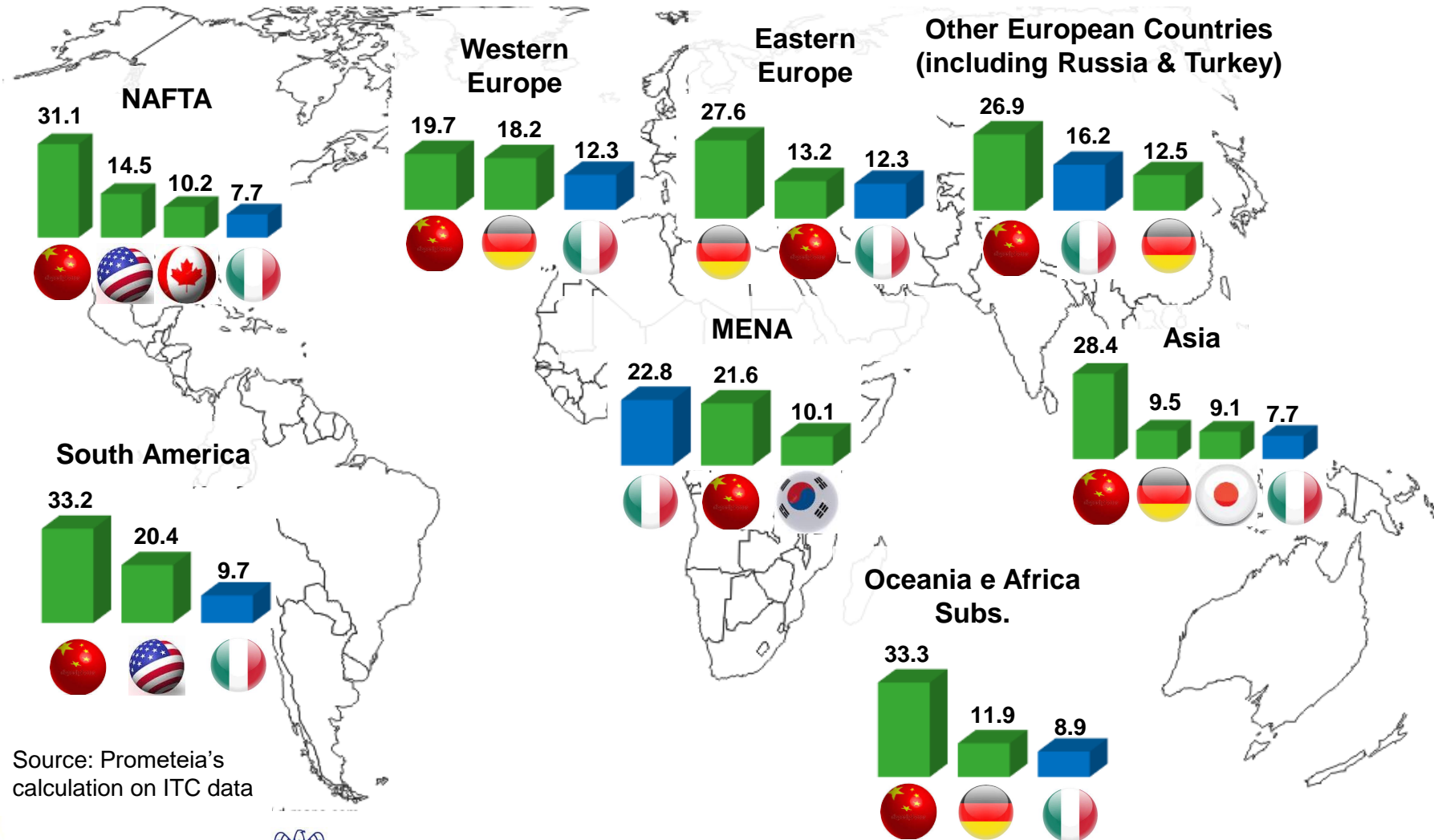
Export growth and world market shares by world leading exporters



Source: Prometeia's calculation on ITC data

# Italian positioning by region

Italy leads in the MENA and is well positioned in Europe



Source: Prometeia's calculation on ITC data

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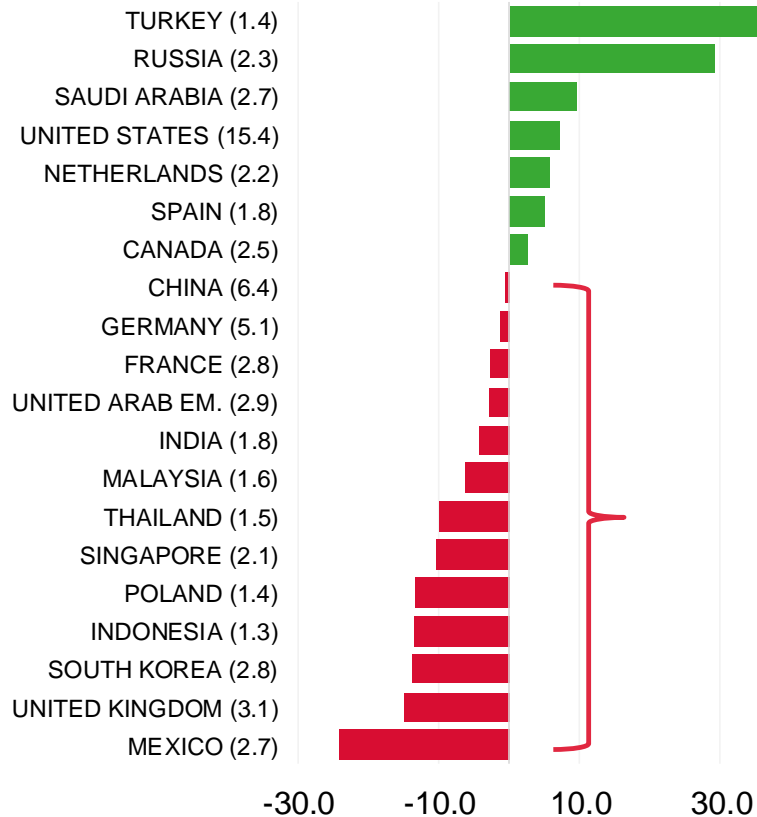
# The potential of Italian exports

1.2 billion higher in 4 years without export gap

Difference between Italian exports growth and world imports growth in top-20 world markets (2013-'16); in brackets the share on world imports

top-20 markets share on world imports

64%



*In the last four years, Italian exports underperformed with respect to the total import growth in 13 out of 20 main valves import markets. Without this export gap, Italian foreign turnover would have been € 300 million higher each year.*

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