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Introduction



WHAT ITALY HAS TO OFFER

Italy: A Natural Infrastructure

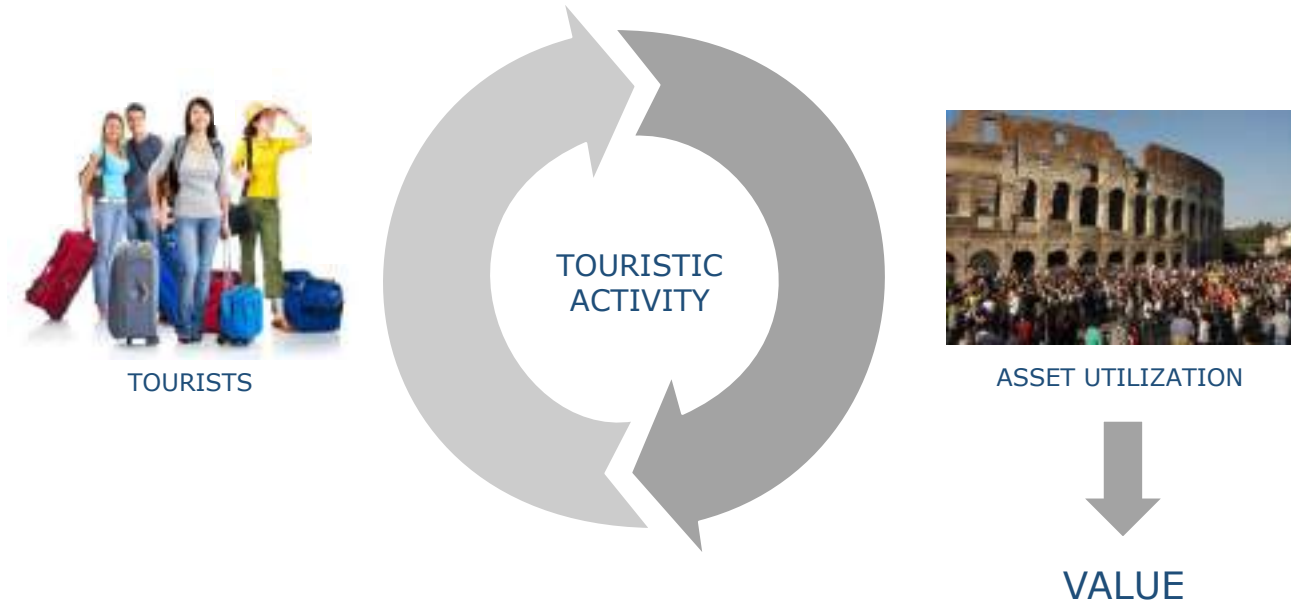
- Italy is home to some of the greatest treasures in the world: museums, archaeological sites, parks
- 51 Unesco sites: the largest number of sites included in the Unesco's World Heritage list
- Lucky to receive one of the most important cultural assets in the world: Ancient Rome, witness of a great civilization from the past



WHAT OTHER COUNTRIES ARE ABLE TO EXPLOIT

Heritage Assets and Economic Value

- Heritage Assets represent a potential economic value
- The increase of their usage creates economic value and visibility for the country
- Tourism is a mean to increase their value



Public-Private Partnership to increase heritage assets utilization

Assets
usage

- Artistic and cultural heritage is not for sale, but needs to be utilized
- Asset utilization generates wealth, employment, a better positioning for the asset for the country

Public-Private
Partnership

- *«Usage finds its accomplishment through actions aimed at promoting knowledge of the cultural heritage as well as ensuring its public use.*
- *Economic and financial sustainability of such actions has always represented a critical issue for the preservation of cultural heritage. Due to the limited availability of public authorities' funds, private contributions are becoming increasingly important to finance assets' development initiatives.*
- *Public-Private Partnerships can increase efficiency and allow to make maintenance and enhancement investments that not always can be carried out by the public sector.»*

Corte dei Conti, August 2016

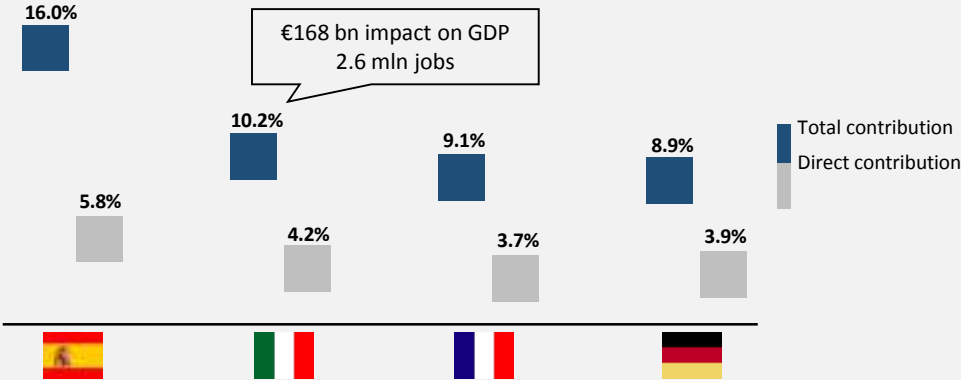
Tourism plays
a central role

- Heritage assets have unexploited economic value
- The increase of their usage generates economic value and visibility for the country
- Tourism is a mean to increase heritage assets usage and, hence, VALUE

Tourism in Italy (1/3)

Tourism is a generator of economic growth

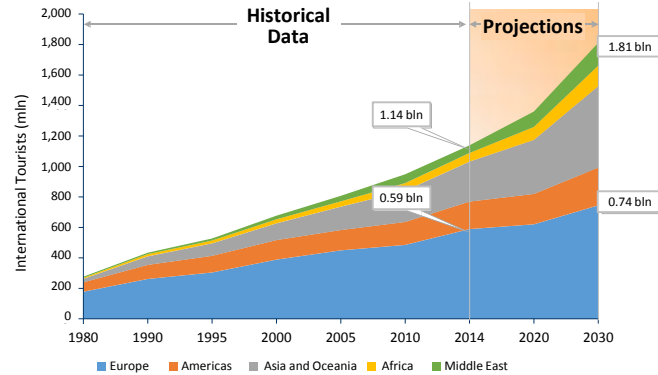
TODAY, TOURISM GENERATES 10% OF ITALY'S GDP: IT COULD BE THE MOST IMPORTANT SECTOR FOR THE COUNTRY'S ECONOMIC GROWTH



Source: World Travel & Tourism Council 2016 (based on 2015 data)

Tourism in Italy (2/3)

Tourists by destination area (# persons)



Source: elaboration on World Tourism Organization (UNWTO) data

International tourists arriving in Italy (# persons)



Source: World Bank, Enit

Market Share of International Tourism Revenues



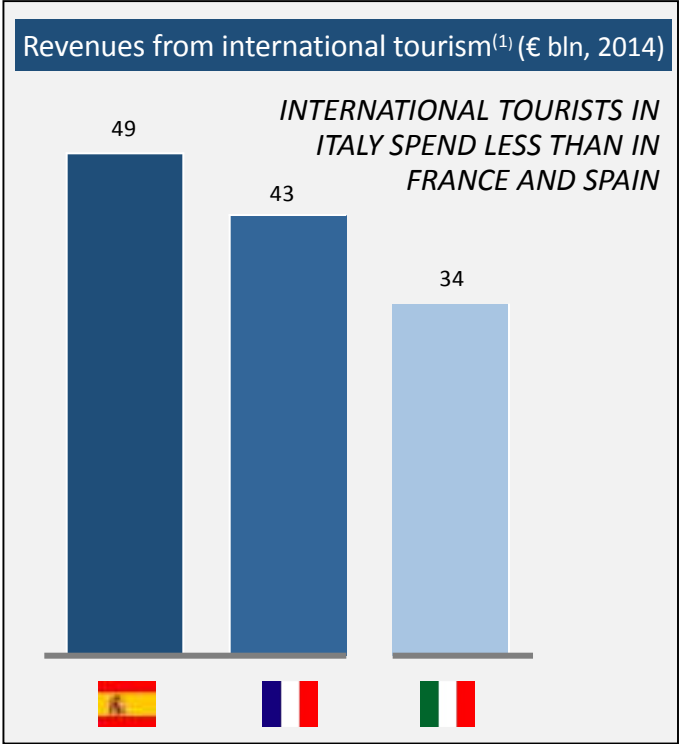
Source: based on Boston Consulting Group and World Tourism Organization (UNWTO) data, World Bank

Comment

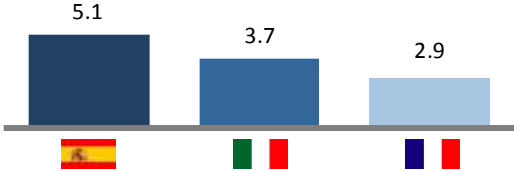
During the last decade, Italy suffered from:

- reduction of public resources for the promotion and valorization of its cultural heritage
- slowdown of actions to enable investments toward a radical transformation of the sector
- less innovation compared to other countries, leading to a greater market share loss

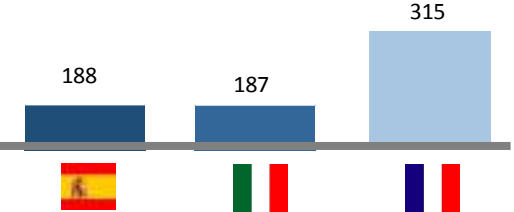
Tourism in Italy (3/3)



Average stay (# days, 2014)



Average spending (€, 2014)



- Today, Italy lags behind France and Spain in terms of tourism attractiveness.
- Other countries grant better touristic offers thanks to more efficient, innovative and higher quality services

(1) Includes revenues of traditional tourism operators (i.e. airlines, hotel, restaurants, museums, etc.), suppliers (i.e. catering, cleaning companies, etc.) and the contribution of international tourism to other industries (i.e. manufacturing, constructions)

Source: Confturismo, Banca d'Italia, Banco de España, Banque de France; Eurostat; McKinsey & Company

Possible Solutions

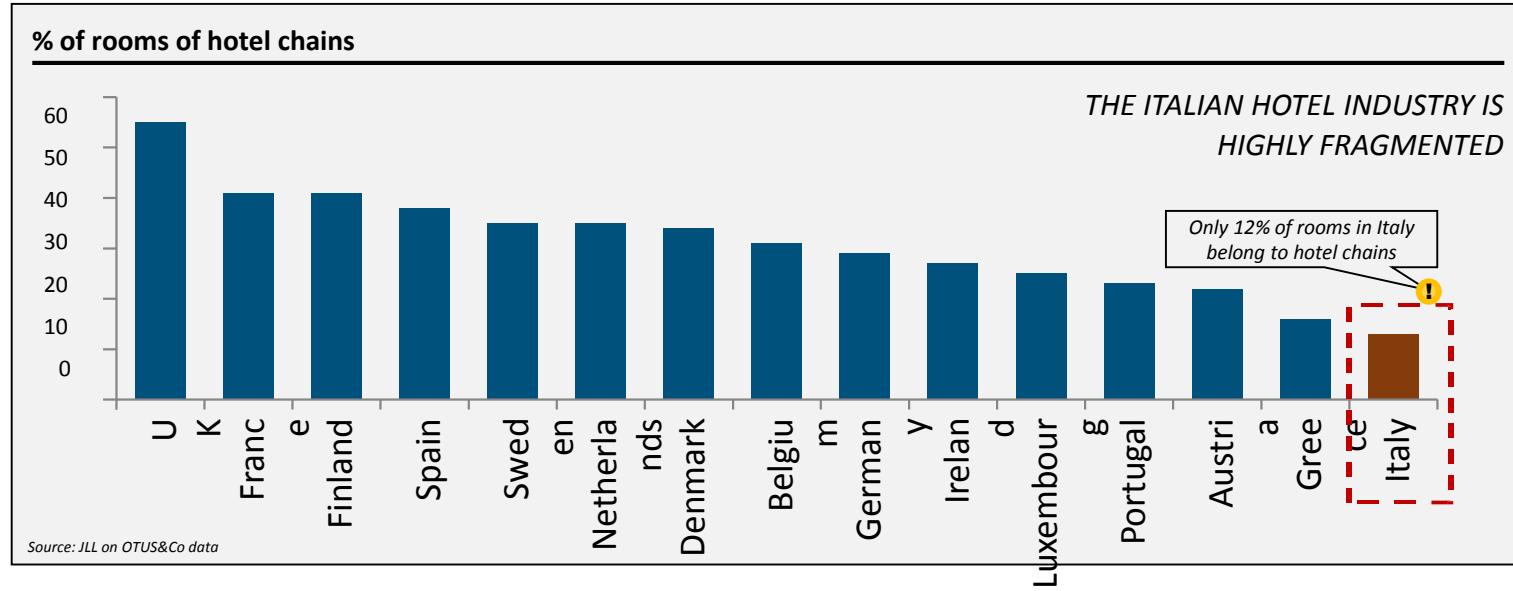
Governance

- Coordination of functions and accountability between State and local authorities to promote our cultural and artistic heritage
- Public-Private Partnership to increase usage of our cultural assets

Industrial Policy

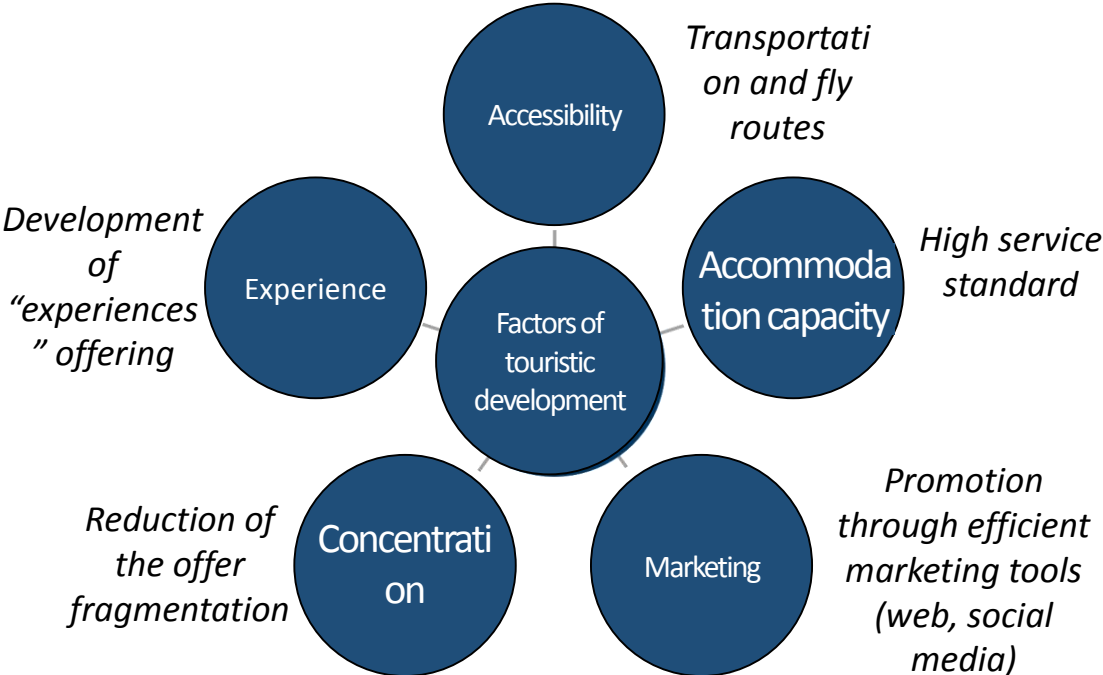
- Reorganization of the offer side, now spread across a multitude of private and public operators

Focus on the Italian touristic offer



- Stimulate innovative incoming platforms, also in partnership with private operators: merge culture and technology
- Attract tourist flows from distant geographies: promote locations – even the less known – and help hotels with lower visibility
- Promote the export of our goods and services: wine, food, fashion, design, art and craftsmanship, opera and other events
- Invest to reorganize the currently fragmented offer system

Tourism ecosystem



Team approach: the tourism sector – more than others – has a mosaic-like composition
Interdependence between the operators: every operator is responsible towards the other

CDP Equity and tourism

Tourism is a pillar of CDP Group business plan

CDP Equity – as part of the group – is ready to invest in companies of this industry

- Specialization drives competitiveness (es: REITs)
- Size drives competitiveness

An example of how CDP will work:

- CDP Equity can provide equity to hotel management operators
- CDP Immobiliare can provide equity to REITs to invest in real estate properties
- CDP Equity is focused on the incoming, to attract international long-distance tourists
- CDP Equity understands the importance of innovation

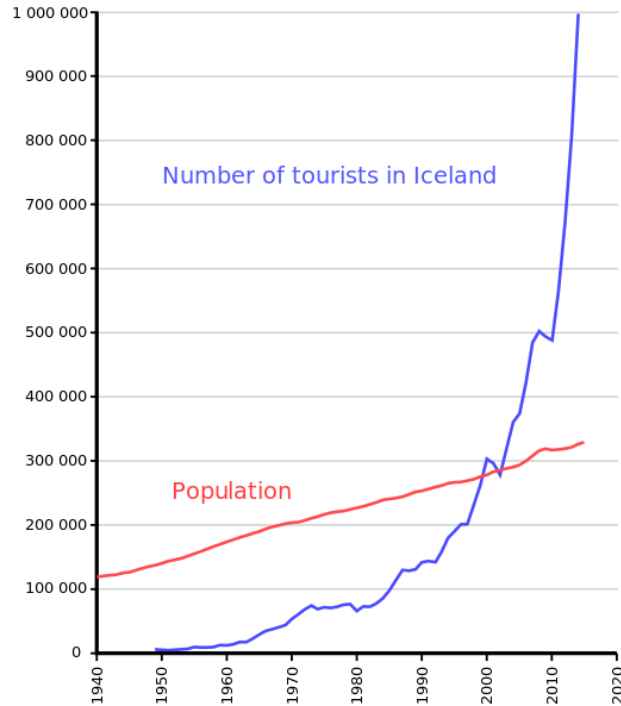
Role of foreign operators



(1) Based on a 5-day holiday of tourists coming from medium-long haul destinations

Sources: Euromonitor; Schedule Dynamic Table Report for all Airlines for nonstop Passenger flights between all and Domestically flights, 2015; Annual Report 2013 Alpitour, Veratour and Settemari; Rapporto sul Sistema Alberghiero Italiano, Federalberghi, 2013

Case-study: Iceland



The «Iceland Model»

- Successful “hub and spoke” model introduced by Icelandair in 1998 using Keflavik airport as its main hub
- Offer of direct flights to an increasing number of destinations
- Currency devaluation
- Improved marketing: award-winning “Inspired by Iceland” campaign
- Raised awareness of the country and stimulated people’s appetite to visit Iceland, leading to a dramatic increase in visiting tourists
- Capability to respond to political, social, environmental and technological changes and trends (e.g. financial crisis in 2008, eruption of Eyjafjallajökull in 2010)

Thank you



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