THE INDUSTRY OF MACHINERY, ACCESSORIES AND SPECIAL PRODUCTS FOR GLASS PROCESSING IN 2010

Italian Manufacturers' Association of Machinery and Accessories for Glass Processing

GIMAV: scope and representation

Established in 1980 by a small group of businessmen, GIMAV -- the Association of Italian manufacturers and suppliers of machinery, accessories and special products for glass processing – is recognized today as a guiding force for the entire glass processing industry in Italy and abroad. Its underlying goals include safeguarding the best interests of the industry, fostering the growth and expansion of its business culture, and carrying out activities that boost and support promotion of Italian processed glass products around the globe. As a member of Confindustria, Federvarie and Federmacchine, in over 30 years of business activity, GIMAV has considerably strengthened its representative presence throughout the industry's entire supply chain. The sales volume of GIMAV member companies makes up more than 70% of the overall turnover of Italian manufacturers of machinery, accessories and special glass-processing products. The value and reliability of the Association's core initiatives are evidenced by the exceptionally high level of member loyalty and constant growth of the membership base over the years. GIMAV's initial, founding members have been joined by some of the industry's giants, but the true 'face' of the industry is represented by the small and medium-sized businesses which form the backbone of the industry. Recognizing the importance of each member nurtures mutual respect and gives everyone the opportunity to participate in and contribute to the Association's strategic and management decisions -- a philosophy that has forged a cohesive group capable of exercising strong international influence, known and respected worldwide.

THE INDUSTRY: statistical survey and research methodology

As always, GIMAV conducted its annual statistical survey of the industry, with the aim of providing a complete picture of the sector and information about its structure, sales, production and export markets. A time-tested research methodology was employed for data collection, making it possible to capture a reliable image of a sector that is homogeneous in terms of final product destination, but heterogeneous in terms of the categories of the companies that work in it. In fact, sales in the "GLASS PROCESSING" category are generated by firms operating in the areas of machinery, chemistry, plastics, rubber and many more. The common denominator, upon which the entire chain hinges, is the end customer, the one who makes and processes glass. Given the complexity of the situation, the only official source – the Italian Institute of Statistics (ISTAT) – understandably provides incomplete data since it is limited to imports and exports identified by only five Customs codes -- two for flat glass and three for hollow glass:

for flat glass

1) Code 84642011 - Glass processing machinery for grinding or polishing (optical glass)
2) Code 84642019 - Glass processing machinery for grinding or polishing (optical glass excl.)

for hollow glass

1) Code 847529 - Machines for manufacturing or hot working glass or glassware
2) Code 847590 - Parts of machines for assembling lamps, electric or electronic tubes or valves or machines for manufacturing or hot working glass or glassware
3) Code 84805000 - Glass molds (except those made of graphite or other carbon material or ceramics)

Even greater difficulties arise in the collection of data regarding domestic sales, due to the lack of reliable institutional sources. To bridge this information gap, GIMAV distributes a detailed questionnaire to all of its members and to any major non-member firms. The return rate of completed questionnaires by members is high, of course, and quite respectable from the others.

ITALY'S MACHINE-BUILDING INDUSTRY IN 2010

Data shows that 2010 was a year of solid growth for the machine-building and industrial equipment sector in general, which partially recovered from the severe economic crisis of 2009. Exports were a driving factor, while domestic sales proved to be much less dynamic. Imports on the other hand, after suffering considerably during 2009, posted a positive upturn.

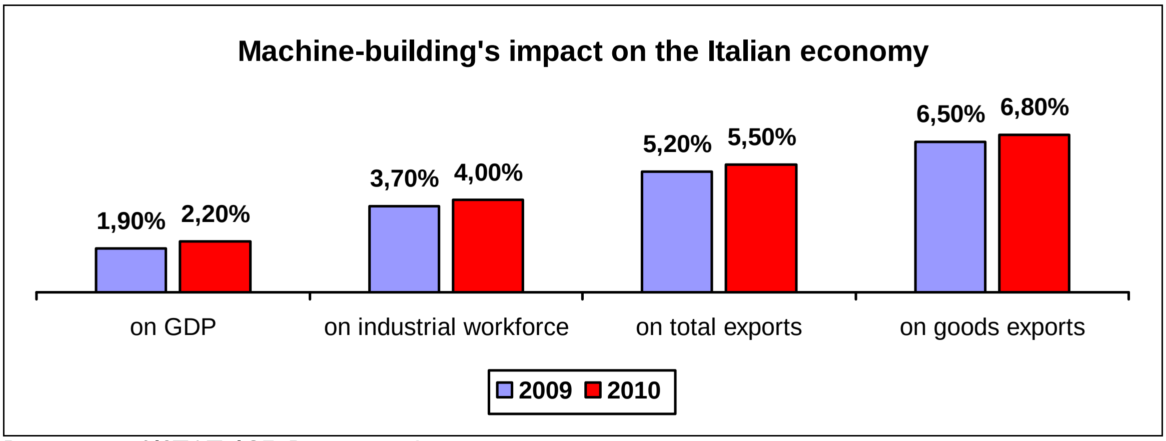
2008 – 2010 Performance of the industry (millions of euros)

	2008	**2009**	**2010**	***09/08***	***10/09***
Production	42,356	29,945	33,987	-29.3%	+13.5%
Exports	27,799	19,677	22,873	-29.2%	+16.2%
Domestic consumption	14,557	10,268	11,114	-29.5%	+8.2%
Imports	7,530	4,822	5,788	-36.0%	+20.0%
Apparent consumption	22,087	15,090	16,902	-31.7%	+12.0%

Production value has grown by 13.5%, topping the € 34 billion mark. All the member associations of Federmacchine saw their sales growing. Exports reached 22.9 billion euros (+16.2% vs. the previous year), approaching 2005 levels.
Domestic consumption recovered only 8.2%: even though it exceeded 11 billion euros, it remains at record lows for the past decade. The Italian market revival (+12%) has allowed importers to increase sales by 20% (for a value of 5.8 billion euros).
The share of imports returned to 34%, similar to 2008.
The overall workforce of the machine-building industry included 182,000 employees in 2010 (+0.6% compared to the previous year).
The assessment of the 2010 results would be incomplete without an examination of the lingering effects of the 2009 crisis and just how much still needs to be recovered. With respect to the maximum values achieved in 2008, the slump is more than apparent: production is down by 20%, exports by 18% and domestic consumption by 24% (in line with the decline in the Italian demand for investment goods).

Machine-building's impact on the Italian economy

The production of the nearly 6,300 firms belonging to the 13 categories currently forming Federmacchine has grown, as stated previously, to a value of 34 billion euros in 2010, i.e. 2.2% of the Gross Domestic Product.
The machine-building industry's largest contribution to the Italian economy is its exports. With 22.9 billion euros, the sales of machinery abroad account for 5.5% of all Italian exports, and this share increases to 6.8% when considering exports of goods only.
Strictly speaking, its employment accounts for 4% of the total workforce in the Italian industry.



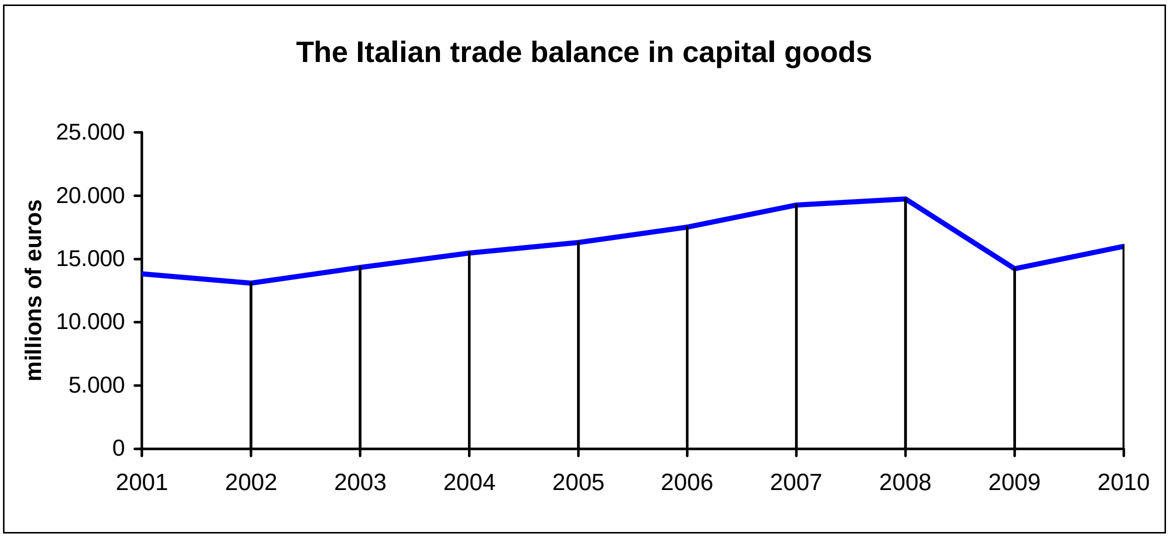
Processing of ISTAT, ICE, Prometeia data.

It should be noted that all the indicators have grown compared to 2009, proof of the greater dynamism of the capital goods sector with respect to the economy as a whole.

Propensity to export and foreign balance

One of the distinguishing features of the Italian capital goods manufacturing industry is its high propensity to export which, in 2010, reached 67.3% of the sales.
All sectors have an exports-to-sales ratio of more than 55%, with peaks bordering on 90%.

In 2010, the overall trade balance of the Federmacchine sectors posted a surplus of 17.1 billion euros (+15% vs. 2009). After the nosedive caused by the crisis (-26.7%), this is the first important sign of the sector's buoyancy, bringing the trade balance back up to 2005 levels.



Overall, the Italian economy suffered a trade deficit of 29.3 billion euros in 2010, with a heavy setback over 2009 (a deficit of 5.9 billion euros).
Following a multi-year trend, the only two sectors in the black were Furnishing and Clothing (+22.5 billion euros) and Machines and Mechanical Equipment (+37.7 billion euros).

The geographic destination of sales

The leading outlet market is confirmed to be the domestic marketplace, the destination of about 33% of total sales followed by other EU countries -- with almost 28% of sales -- bringing the EU area as a whole to 60% of the total.

This, on the one hand, is not surprising given the geographic nearness of the customers to the manufacturers and the considerable importance of the European manufacturing industry.

On the other hand, in 2007 the overall export share to the European Union was over 66%. In just a few years the Italian firms have profoundly redirected their export efforts, with an important growth of Asia and Latin America and moderate progress in the Middle East and Africa as well. As commonly reported, the areas with the best outlook for future development are in fact the emerging countries, and Italian manufacturers have focused their efforts precisely on these markets.

In 2010 a positive trend was recorded for the sales of Italian machinery in almost all areas. Although the overall trend is +16.2%,, it should be noted that some regions are recovering much faster (Asia, South America), while the European Union gains only 7.4%. Sales in Africa are stationary, bordering on 2007 levels, since Africa withstood the crisis better than other countries.

Sales of Italian manufacturing equipment in **EU** countries increased to 9.4 billion euros (+7.4% compared to 2009). The German market, number one in size with a value of 1,905 million euros, grew by only 1.9%; sales in France also remained practically stationary (1,764 million euros, +1.8%). Spain performed better (869 million euros, +9.9%) along with some smaller markets: United Kingdom (738 million euros, +24.5%), Poland (731 million euros, +16.8%), Austria (470 million euros, +18.8%).

Italian exports to **non-EU** countries rose by 16.3% vs. 2009, for a value of 2.6 billion euros. Turkey ranks first in sales (+46% for 774 million euros), followed by Russia (738 million euros, +21%) and Switzerland (518 million euros, +11%).

Africa purchased Italian machinery for 1.5 billion euros, similar to the previous year (-0.1%). The leading customer is Egypt (330 million euros, +3.5%), followed by South Africa (231 million euros, +37%), Algeria (220 million euros, -5.6%) and Tunisia (183 million euros, +25%).

Sales in the **Middle East** grew by 17.6%, totaling 1,201 million euros. The #1 Middle Eastern country is Iran, with purchases for 389 million euros (+42.5%), followed by Saudi Arabia (263 million euros) and the United Arab Emirates (138 million euros).

Eastern and southern Asia enjoyed a consolidated second-place ranking among the destinations of Italian machinery in 2010, with a value of 4.1 billion euros (+38.3%). Sales in China performed quite well (+50%, over two billion euros), with India in second place (660 million euros, +40%), followed by Japan (220 million euros), Hong Kong (165 million euros), Indonesia (165 million euros) and South Korea (160 million euros).

North America increased its purchases of Italian production machinery (+11.1%, for a value of 1,988 million euros). Sales in the United States were stable (1,326 million euros, +4.1%), and Mexico performed well (+24%) along with Canada (+39%).

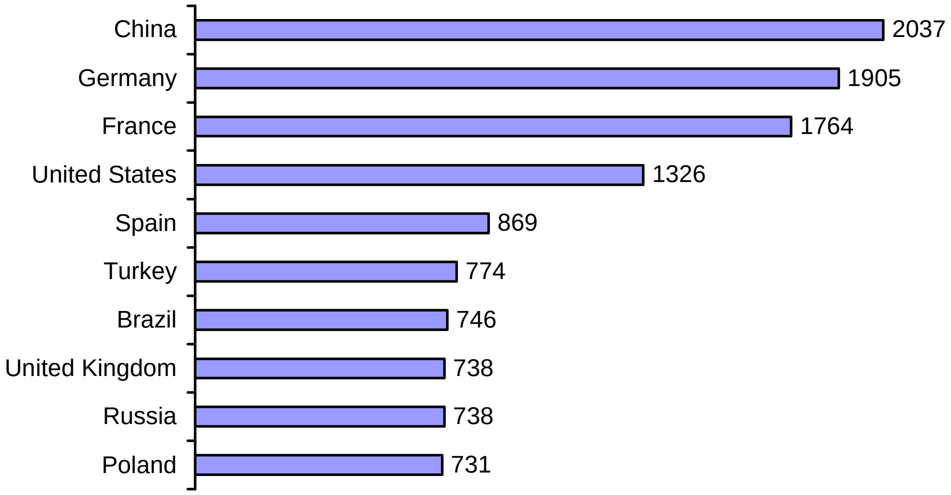
South America imported machinery for over 1,700 million euros, 54.6% more than in 2009. Brazil (746 million euros, +65%) is followed by Argentina (212 million euros, +69%), Venezuela (137 million euros, +13.4%) and Chile (133 million euros, +34%).

Sales in **Oceania** bordered on 343 million euros (236 million euros for Australia).

The emerging country markets are now of primary importance for Italian manufacturers of production equipment.

China ranks first among outlet markets in 2010, and Turkey, Brazil, Russia and Poland all place among the top ten.

Top 10 customers in 2010
(values in millions of euros)



Foreign trade performance in 2010

During 2010, after yet another negative first quarter, exports and imports of the sector reversed the trend and recovered part of the ground lost over the previous year.
Exports exhibited a progressively improving performance and closed the year with a growth trend of over 20%.

The import data reflects the consequences of the expiration of the "Tremonti ter", government tax breaks on new investments, which encouraged many firms to make investments during the second quarter.
Afterwards the imports grew at more moderate rates, equal to half the growth rate of exports. This data confirms the weakness of the demand expressed by Italian manufacturing firms: without the incentives, the recovery just isn't strong enough to bring the market back up to its pre-crisis levels.

THE ITALIAN INDUSTRY OF MACHINERY, ACCESSORIES, AND SPECIAL PRODUCTS FOR GLASS PROCESSING

In line with the entire machine-building industry, the glass-processing machinery, accessories and special products sector also showed promising signs of growth, although still characterized by a boom-and-bust trend.

Imports

In 2010, imports scored an **overall increase of 2.64%** compared to 2009, but with contrasting performance of the two sectors comprising the glass processing industry:

⇒ **Cold working machines and accessories (flat glass): +39.01%**

⇒ **Hot working machines and accessories (hollow glass): - 4.27%.**

Sector	2009 euros	2010 euros	% Diff. 2010/2009
Flat Glass	8,307,915	11,548,493	39.01
Hollow Glass	43,767,406	41,899,840	- 4.27
Total Flat + Hollow	**52,075,321**	**53,448,333**	**2.64**

GIMAV processing of ISTAT data.

Imports: leading countries of origin for the entire industry

Origin		Entire Industry			
Geographic area	Country	2009 euros	2010 euros	% Diff. 2010/2009	% Share of total imports 2010
Europe EU	Sweden	13,381,378	8,818,037	- 34.10	16.50
	Germany	6,433,076	7,678,500	19.36	14.37
	France	5,843,762	6,651,669	13.83	12.45
	United Kingdom	2,798,092	3,546,455	26.75	6.64
Europe non-EU	Croatia	4,638,597	5,288,539	14.01	9.89
	Turkey	1,259,176	1,705,336	35.43	3.19
America	United States	5,963,616	6,005,528	0.70	11.24
Asia	China	1,500,605	2,507,922	67.13	4.69
	Iran	-	869,856	100.00	1.63

GIMAV processing of ISTAT data.

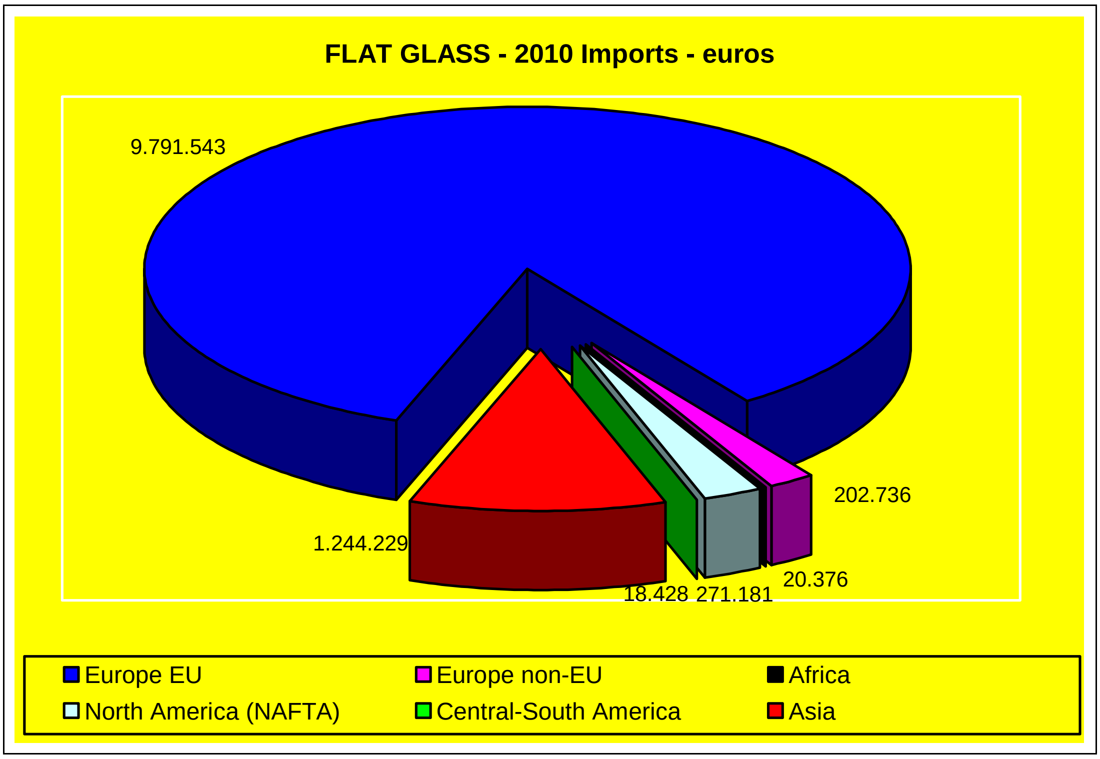
Imports for the flat glass sector

Out of 53.45 million euro imports, the flat glass processing sector claimed 11.5 million euros, i.e. an over 39% increase over 2009. This boost basically returned the values to pre-2008 levels.
As usual, the primary area of origin was the European Union with little less than 10 million euros. France remains the leading supplier with 4 million euros, followed by Germany with 3.4. The United Kingdom exhibited outstanding growth, quadrupling its exports to Italy and reaching a share of over 10%.
Among non-EU countries, Turkey is also worthy of note as supplies from this country, even though remaining modest in terms of absolute values, actually grew by 450%.
Imports from China took an upswing (+167%) after the downward plunge in 2009, similar to those of Japan (73.74%) which appeared to be slowly but steadily rising.

The following tables provide a detailed picture of the imports of machinery, accessories and special products for the processing of flat glass, broken down into geographic areas and ranking the leading countries of origin.

IMPORTS OF MACHINERY, ACCESSORIES AND SPECIAL PRODUCTS FOR FLAT GLASS PROCESSING				
Area of origin	2008 euros	2009 euros	2010 euros	% Diff. 2010/2009
Europe EU	7,377,803	7,223,199	9,791,543	35.56
Europe non-EU	273,976	188,791	202,736	7.39
Africa	55,331	11,505	20,376	77.11
North America (NAFTA)	428,481	152,635	271,181	77.67
Central and South America	-	36,549	18,428	- 49.58
Asia	2,062,640	540,548	1,244,229	130.18
Oceania	60,201	154,688	-	- 100.00
Total Imports for Flat Glass	**10,258,432**	**8,307,915**	**11,548,493**	**39.01**

GIMAV processing of ISTAT data.



FLAT GLASS SECTOR IMPORTS: leading countries of origin					
Geographic area	**Country**	**2009 euros**	**2010 euros**	**% Diff. 2010/2009**	**% Share of € 11,548,493**
Europe EU	France	3,319,556	3,979,342	19.88	34.46
	Germany	2,497,478	3,411,507	36.60	29.54
	United Kingdom	306,894	1,170,172	281.30	10.13
	Austria	1,004,341	534,291	- 46.80	4.63
Europe non-EU	Belarus	-	122,459	100.00	1.06
	Turkey	9,334	52,177	459.00	0.45
America	United States	152,635	271,181	77.67	2.35
Asia	China	250,914	670,783	167.34	5.81
	Japan	223,426	388,170	73.74	3.36

GIMAV processing of ISTAT data.

Imports for the hollow glass sector

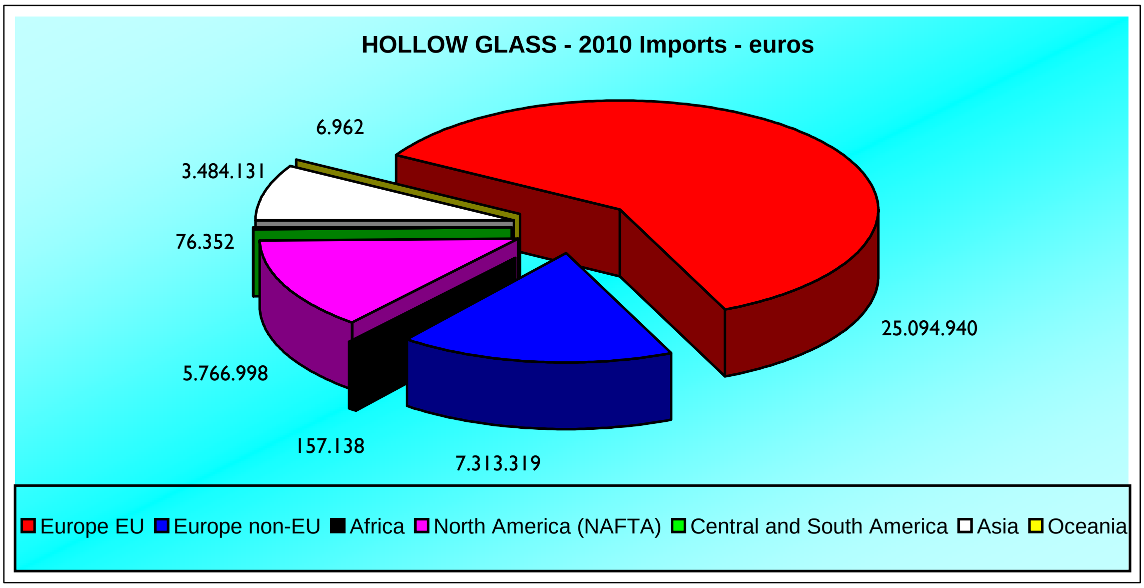
Out of total imports of 53.45 million euros, the machinery, accessories and special products for hollow glass processing accounted for 41.89 million euros, suffering an additional decline of 4.27% (on the heels of the -42.16% drop in 2009). Sweden remained the leading supplier with 8.8 million euros but plunged by over 30% to a 21.05% share of total imports for hollow glass (compared to last year's 29.9%), while Germany, even though holding on to its second-place standing, increased its share from 9.1% in 2009 to the current 10.18%, corresponding to a value of 4.3 million euros.

With regard to the countries outside the European Union, imports from Croatia grew from 4.6 million euros to 5.3, and those from Turkey reached the 1.65 million euro mark.

The statistics regarding the rest of the world basically indicate stability in the flows from the United States (5.8 million euros in 2009 versus 5.7 in 2010), while imports from China posted an upsurge (+46.76%) along with those from Iran which, with a value of 869 thousand euros, reached a 2.08% share of hollow glass imports.

The tables below illustrate the performance of imports over the last three years by geographic area of origin of the goods, while the ranking of leading countries of origin shows 2010 vs. 2009 differences.

IMPORTS OF MACHINERY, ACCESSORIES AND SPECIAL PRODUCTS FOR HOLLOW GLASS PROCESSING				
Area of origin	2008 euros	2009 euros	2010 euros	% Diff. 2010/2009
Europe EU	53,535,168	27,750,907	25,094,940	- 9.57
Europe non-EU	10,958,278	6,697,809	7,313,319	9.19
Africa	279,022	688,700	157,138	- 77.18
North America (NAFTA)	5,284,486	5,835,046	5,766,998	- 1.17
Central and South America	733,324	308,846	76,352	- 75.28
Asia	3,853,475	2,486,098	3,484,131	40.14
Oceania	-	-	6,962	100.00
Total Imports for Hollow Glas	**74,643,753**	**43,767,406**	**41,899,840**	**- 4.27**



HOLLOW GLASS SECTOR IMPORTS: leading countries of origin					
Geographic area	**Country**	**2009 euros**	**2010 euros**	**% Diff. 2010/2009**	**% Share of 41,899,840**
Europe EU	Sweden	12,910,224	8,818,037	- 31.70	21.05
	Germany	3,930,032	4,266,993	8.57	10.18
	United Kingdom	2,477,602	2,376,283	- 4.09	5.67
	France	2,423,892	2,672,327	10.25	6.38
Europe non-EU	Croatia	4,624,197	5,288,539	14.37	12.62
	Turkey	1,249,842	1,653,159	32.27	3.95
America	United States	5,815,490	5,734,347	- 1.40	13.69
Asia	China	1,251,766	1,837,139	46.76	4.38
	Iran	-	869,856	100.00	2.08

GIMAV processing of ISTAT data.

The Italian market

Despite the strong tendency to export, Italian companies are by far the preferred suppliers of the domestic market for this industry, especially for the flat glass-processing sector.
The table below shows domestic consumption values of the Italian market, which like the rest of world has shown signs of a slight recovery in investments for purchasing machinery, equipment, accessories and special products for glass processing. The amounts refer to the last three years, while the right-hand column provides the percentage difference between 2010 and 2009.

DOMESTIC CONSUMPTION				
Sector Product Origin	2008 euros	2009 euros	2010 euros	% Diff. 2010/2009
FLAT GLASS				
Imports	10,258,432	8,307,915	11,548,493	39.01
Domestic production	275,025,538	196,277,979	198,305,552	1.03
Total Flat Glass	**285,283,970**	**204,858,894**	**209,854,045**	**2.58**
HOLLOW GLASS				
Imports	74,643,753	43,767,406	41,899,840	- 4.27
Domestic production	92,586,119	67,610,461	67,902,523	0.43
Total Hollow Glass	**167,229,872**	**111,377,867**	**109,802,363**	**- 1.41**
Total Flat + Hollow	**452,513,842**	**315,963,761**	**319,656,408**	**1.17**

Exports

After the heavy setback of 2009 exports, which have always been the industry's feather in the cap, slowly started climbing again, but with periods of promising vitality dotted with moments of market stagnation. The sector closed 2010 on positive ground, especially due to the hollow glass component which witnessed the revival of some of those investment projects that had been abruptly put on hold between 2008 and 2009.
Flat glass exports also rose, but seemed to be struggling more due to the continued crisis of the outlet sectors for some of its products, with the building industry being the most striking example.

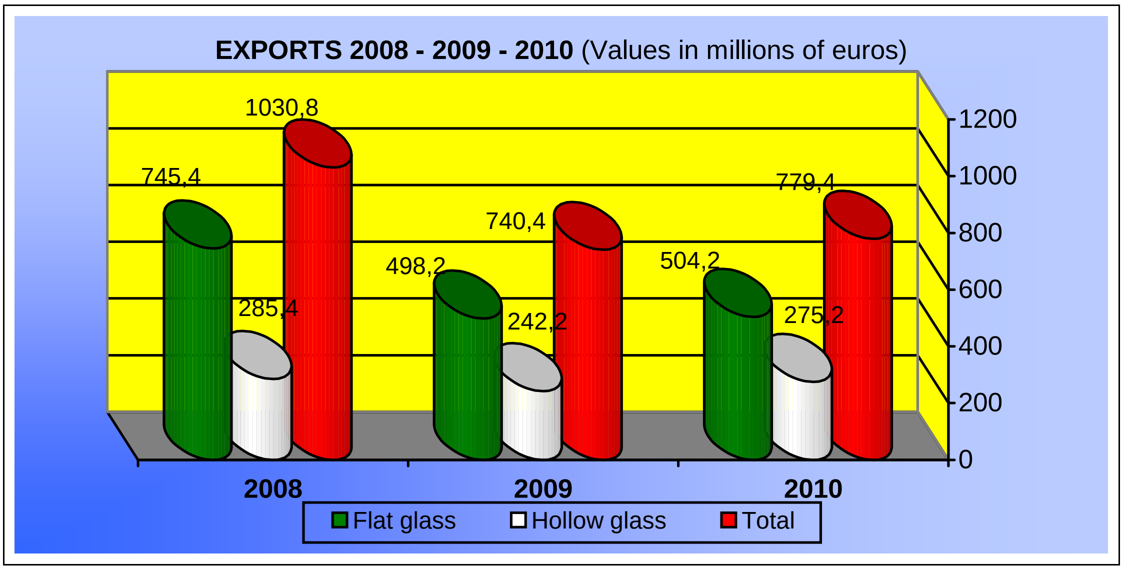
As of 31 December 2010, the statistical surveys for exports indicate an overall growth of **+5.28%**, more specifically:

- **machinery, accessories and special products for flat glass + 1.20%**
- **machinery, accessories and special products for hollow glass + 13.67%**

Entire industry exports

Sector	**2008** **euros**	**2009** **euros**	**2100** **euros**	**% Diff.** **2010/2009**
Flat glass	745,391,768	498,199,622	504,155,775	1.20
Hollow glass	285,406,507	242,117,418	275,226,150	13.67
Total Flat + Hollow	**1,030,798,275**	**740,317,040**	**779,381,925**	**5.28**

GIMAV processing of ISTAT data.

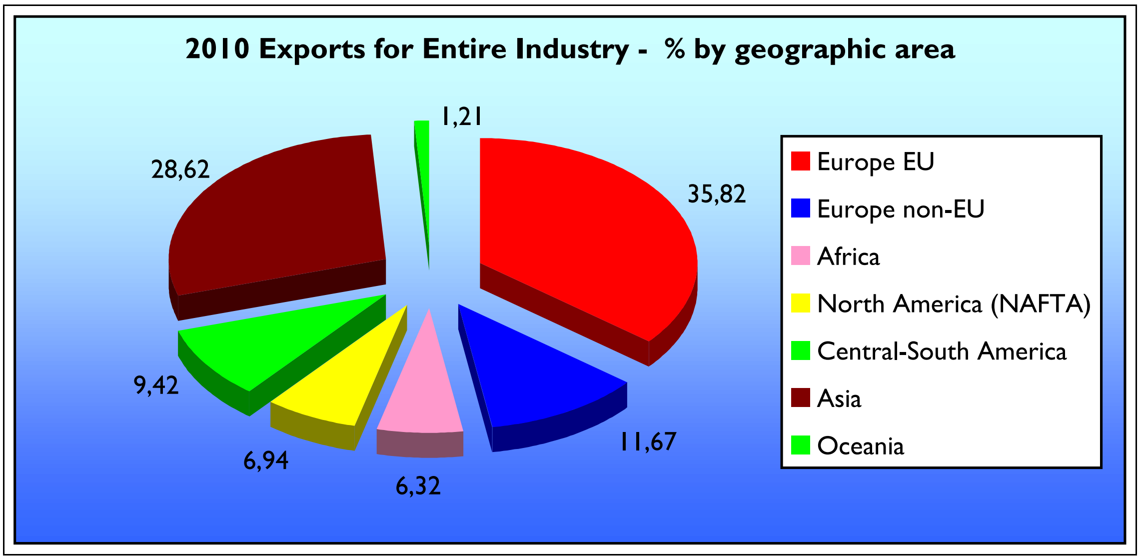


The geographical breakdown of export flows demonstrates that the European Union remained the main outlet area in 2010 (35.82% share of total exports). Thus, the EU confirms its standing as the preferential market outlet, which, if added to the 11.67% share held by the rest of Europe, confirms that the Old Continent is the destination of over 47% of Italian production.
When analyzing the overall data for the past three years, however, it becomes apparent that demand from industrialized economies is inevitably declining, forcing the export flows to shift towards the emerging areas of Asia and Latin America.
The recent economic-financial crisis, however, may have accelerated this process by bringing important markets like Spain and Russia to a standstill. Thus, while it would be best to adopt a wait-and-see approach in order to assess the true magnitude of this decline, the wind is undoubtedly changing.

EXPORTS FOR ENTIRE INDUSTRY
% SHARE BY GEOGRAPHIC AREA

Destination area	2008	2009	2010	% Diff. 2010/2009
Europe EU	37.31	44.95	35.82	- 20.31
Europe non-EU	26.27	15.11	11.67	- 22.77
Africa	4.55	7.6	6.32	- 16.84
North America (NAFTA countries)	7.34	7.94	6.94	- 12.59
Central and South America	6.76	7.65	9.42	23.14
Asia	15.44	15.52	28.62	84.41
Oceania and free ports	2.33	1.23	1.21	- 1.63
Total Exports for Entire Industry	**100.00**	**100.00**	**100.00**	

GIMAV processing of ISTAT data.



The table below shows, in the first column, the ranking of the top 15 client countries by % share of total exports and, in the second column, the 2009 ranking of the same countries, while the third column indicates the difference between the 2010 and 2009 sales made by Italian companies in these countries.

The domineering rise of China, by far the leading outlet market for our products, is accompanied by the remarkable growth of Iran, rising from 25th to 5th place in this special ranking. On the other hand, Bulgaria fell below the 15th position (dropping from 5th to 17th place) along with Great Britain and South Africa.

ENTIRE INDUSTRY EXPORTS: ranking of leading destination countries					
2010 Exports			2009 Exports		% Diff. in values
Rank	Country	% Share	Rank	% Share	2010/2009
1	China	10.18	3	6.19	+ 49.39
2	France	6.13	1	9.75	- 43.97
3	Germany	5.99	4	5.49	- 2.46
4	Russia	5.59	2	8.76	- 42.82
5	Iran	4.97	25	0.82	+443.47
6	Spain	4.9	7	4.17	+3.55
7	Mexico	4.13	10	3.55	+ 3.94
8	Brazil	3.93	6	4.95	- 29.03
9	Egypt	3.56	13	2.16	+48.61
10	Belgium	3.41	11	3.17	- 3.86
11	Poland	2.56	8	3.79	-39.72
12	United States	2.55	9	3.76	-39.45
13	Turkey	2.39	17	1.77	+20.57
14	Austria	2.13	16	1.99	- 8.38
15	India	2.12	12	2.49	- 24.12

Exports for the flat glass sector

Out of total exports of 780 million euros, the machinery, accessories and special products for flat glass claimed over 504 million euros, i.e. an 1.20 % growth vs. 2009. Even though still far below the record values achieved during the two-year period from 2007 to 2008, this positive result indicates that our exports have finally stopped their free fall and, even though with great difficulty, are actually starting an upswing. In line with the trend exhibited by the entire industry, the flat glass sector has also registered a progressive decline in the share of European countries, against an increase in the flows to emerging economies.

The **European Union** claimed 39.65% of our exports of machines, accessories and special products for flat glass, a share which increases to 48% when considering **the whole of Europe**. There was a general decline in absolute value, except for Turkey (+52.5) and Spain (+16.6%) which, despite their recovery, remain far below their pre-crisis shares. In fact, Spain's purchases from Italy plummeted by almost 50% in 2009. Germany, even though rising to 2nd position among the top 15 client countries, suffered a 10.23% drop in absolute value. Unfortunately the downward plunge of Russia continued, adding -68.49% in 2010 to the already devastating -37.5% of 2009 vs. 2008.

Africa, after Algeria's good performance in 2009, has returned to its usual moderate levels.

North America (NAFTA area) reached a share of almost 6%, exclusively due to the excellent growth of Mexico which climbed from 18th to 11th position with a 79% increase in absolute value. Even though holding on to its 9th place position, the United States showed clear signs that it was struggling, plummeting by more than 41% in value.

Central-South America suffered a slight decline. Nevertheless Brazil, its leading market, maintained its good position and, more importantly, the area continues to show signs of remarkable buoyancy.

Asia, with its 31% share, absorbed almost one third of the sector's worldwide exports in 2010. China is now solidly our industry's best customer and alone claims just over 50% of export sales in Asia. After a period of great difficulty, the Middle East seems to show signs of recovery, mainly in Saudi Arabia (+54%) and Iran (+144%), thus confirming a highly unstable market with moments of major investments alternating with sudden drops in demand.

Oceania practically held its share constant and Australia, even though it showed a slight falloff in the value of its purchases from Italy, has managed to remain among our top 15 client countries.

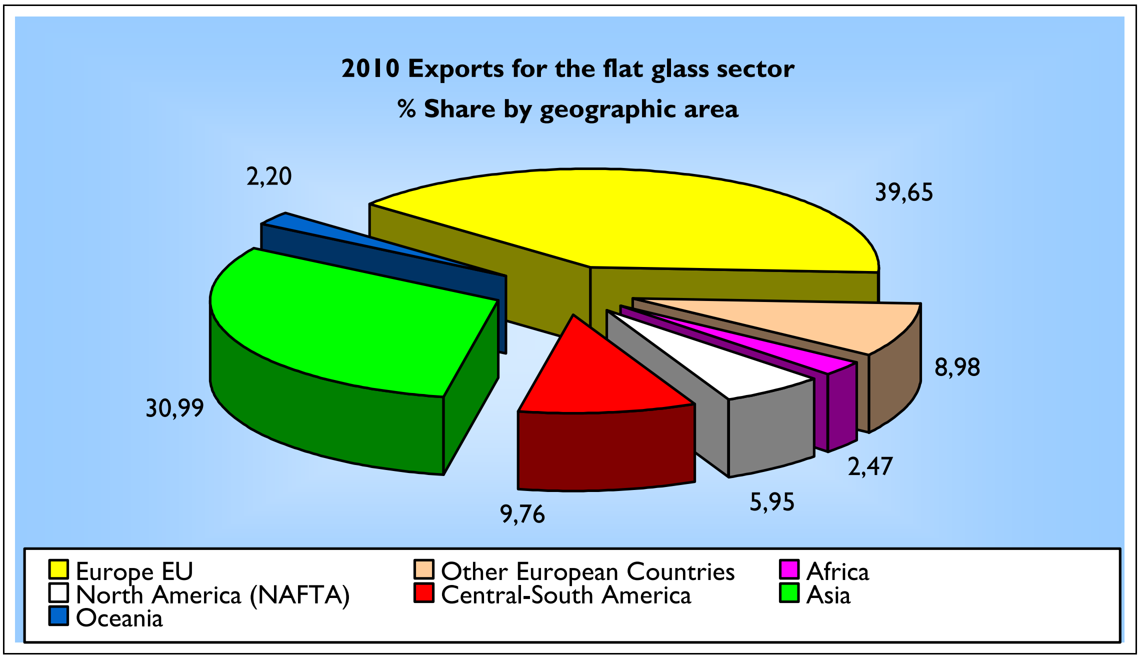
The following tables provide a detailed picture of the 2010 exports broken down into geographic areas and leading destination countries.

EXPORTS OF MACHINERY, ACCESSORIES AND PRODUCTS FOR FLAT

% Share by geographic area

Destination area	2009	2010	% Difference 2010/2009
Europe EU	47.39	39.65	- 16.33
Europe non-EU	10.85	8.98	- 17.24
Africa	5.53	2.47	- 55.33
North America (NAFTA countries)	6.22	5.95	- 4.34
Central and South America	10.59	9.76	- 7.84
Asia	17.16	30.99	80.59
Oceania and free ports	2.26	2.2	- 2.65
Total Exports for Flat Glass	**100.00**	**100.00**	

GIMAV processing of ISTAT data.



FLAT GLASS EXPORTS: ranking of leading destination countries					
2010 Exports			2009 Exports		% Diff. in values
Rank	Country	% Share	Rank	% Share	2010/2009
1	China	15.16	1	9.34	+46.84
2	Germany	7.5	3	7.45	- 10.23
3	Brazil	6.89	2	7.67	- 19.84
4	Belgium	6.6	5	5.93	- 0.71
5	Spain	6.01	7	4.59	+16.66
6	Turkey	3.93	12	2.3	+52.48
7	France	3.7	6	5.75	- 42.55
8	Poland	3.07	4	7.08	- 61.38
9	United States	2.81	9	4.26	- 41.24
10	United Kingdom	2.77	10	2.9	- 14.65
11	Mexico	2.64	18	1.32	+78.98
12	Saudia Arabia	2.21	19	1.28	+54.26
13	Iran	2.16	29	0.79	+143.99
14	Australia	2.09	15	2.04	- 8.47
15	Austria	2.05	13	2.18	- 16.08

GIMAV processing of ISTAT data.

Exports for the hollow glass sector

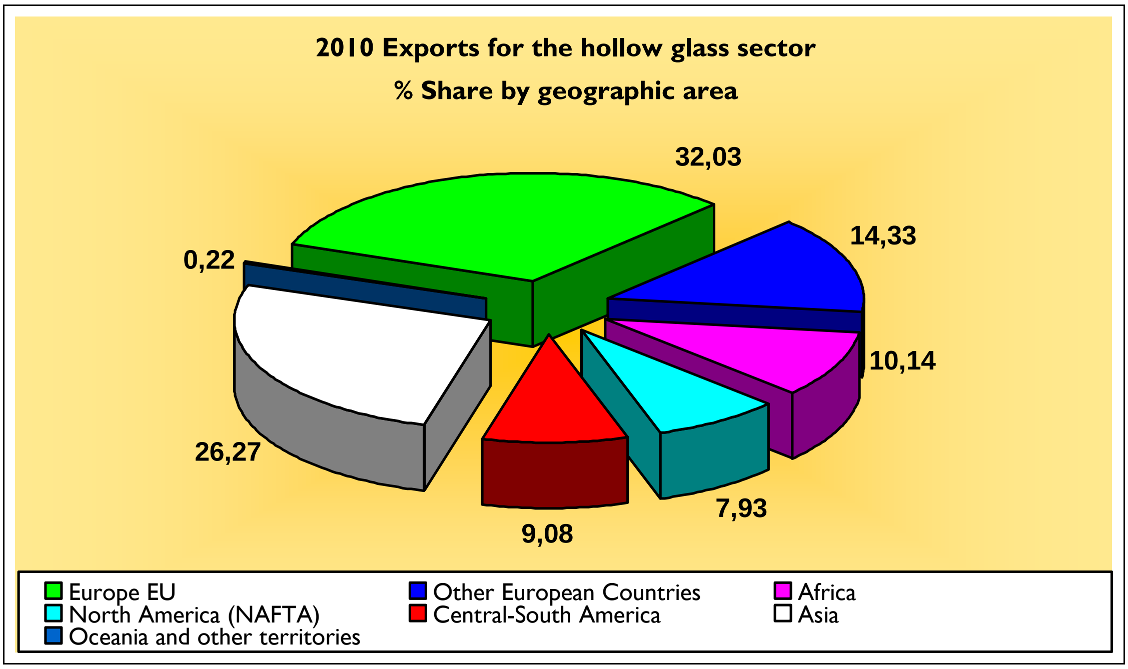
Of total exports amounting to 780 million euros in 2010, the machinery, accessories and special products for hollow glass totaled 275.23 million euros, corresponding to a 13.67% increase compared to 2009. The sector showed signs of extraordinarily dynamic vitality which led to the almost complete recovery of the 15% lost in 2009 vs. the previous year.
In line with almost the entire machine-building industry, this sector also experienced a progressive decline in terms of market shares held by European countries, mainly in favor of Asia and Latin America.

Exports to the 26 countries of the **European Union** made up 32.03% of the hollow glass exports which, when added to the 14.33% of the rest of Europe, brings the share of the European continent to 46.36%, versus 62% in 2009.
The top-ranking country was Russia, which increased its percentage share, but in terms of absolute value continued along the downhill course it started in 2009.
All the western countries exhibited a general decline of variable magnitude, with the exception of Germany and Austria which grew in both percentage share and absolute value. A similar situation was found in the East where demand appeared to follow a boom-and-bust trend.
Africa closed the year with a positive sign, mainly due to the excellent performance of Egypt, which rose from 10th to 4th place in the ranking of best customers, but above all it grew by 74% in absolute value.
The **Americas** exhibited contrasting trends: the northern NAFTA area fell, while the southern area was on an upswing. The main player in the climb was Argentina, with an impressive jump from 42nd to 9th place and an exceptional 844% increase in value.
Overall, **Asia** posted a positive result compared to 2009 in both percentage share and absolute value, due to an upsurge in the flow of our exports to Iran (+722%) and China (+57%).

EXPORTS OF MACHINERY, ACCESSORIES AND PRODUCTS FOR HOLLOW GLASS
% Share by geographic area

Destination area	2009	2010	% Diff. 2010/2009
Europe EU	42.54	32.03	- 24.71
Europe non-EU	19.34	14.33	- 25.90
Africa	9.66	10.14	4.97
North America (NAFTA countries)	9.64	7.93	- 17.74
Central and South America	4.72	9.08	92.37
Asia	13.89	26.27	89.13
Oceania and free ports	0.21	0.22	4.76
Total Exports for Hollow Glass	**100.00**	**100.00**	

GIMAV processing of ISTAT data.



HOLLOW GLASS EXPORTS: ranking of leading destination countries					
2010 Exports			2009 Exports		% Diff. in values
Rank	Country	% Share	Rank	% Share	2010/2009
1	Russia	9.62	2	13.19	- 34.77
2	France	8.54	1	13.72	- 44.40
3	Iran	7.75	26	0.84	+722.19
4	Egypt	6.24	10	3.21	+73.87
5	Mexico	5.61	4	5.77	- 13.03
6	China	5.25	11	3.06	+57.19
7	Germany	4.51	8	3.54	+13.75
8	Spain	3.81	7	3.76	- 9.34
9	Argentina	3.64	42	0.34	+844.23
10	Bulgaria	3.57	3	9.91	- 67.84
11	India	2.7	5	4.5	- 46.38
12	United States	2.29	9	3.26	- 37.12
13	Austria	2.21	14	1.81	+9.60
14	Poland	2.06	33	0.53	+248.81
15	Czech Republic	1.97	43	0.34	+415.94

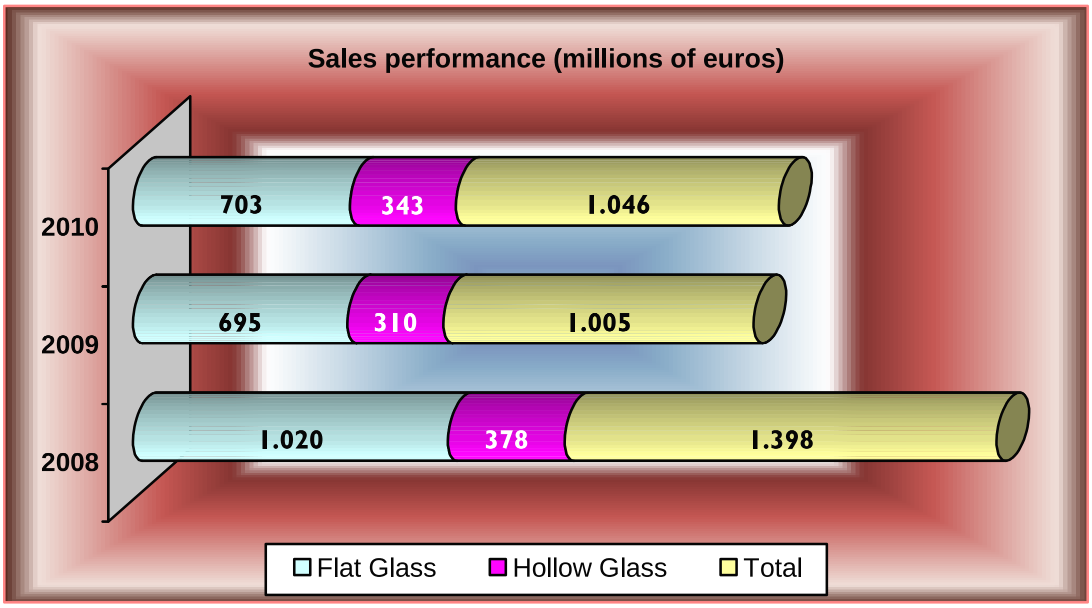
GIMAV processing of ISTAT data.

Industry sales

After the negative result suffered in 2009, the Italian industry of glass-processing machinery, accessories and special products resumed its journey towards growth in 2010. The stride of the hollow glass sector proves to be swifter and more confident, while that of the flat glass sector is still indecisive, but both are founded on an industrial fabric of remarkable solidity, experience and tradition.

ITALIAN INDUSTRY SALES MACHINERY, ACCESSORIES AND SPECIAL PRODUCTS FOR GLASS				
Sector	2008 euros	2009 euros	2010 euros	% Diff. 2010/2009
FLAT GLASS SECTOR				
Domestic sales	275,025,538	196,277,979	198,305,552	1.03
Exports	745,391,768	498,199,622	504,155,775	1.20
Tot. Flat Glass sales	**1,020,,417,306**	**694,477,601**	**702,461,327**	**1.15**
HOLLOW GLASS SECTOR				
Domestic sales	92,586,119	67,610,461	67,902,523	0.43
Exports	285,406,507	242,117,418	275,226,150	13.67
Tot. Hollow Glass sales	**377,992,626**	**309,727,879**	**343,128,673**	**10.78**
Total Flat + Hollow	**1,398,409,932**	**1,004,205,480**	**1,045,590,000**	**4.12**
% SHARE OF 2010 SALES BY DESTINATION				
Destination area	**Flat Glass**	**Hollow Glas**	**SECTOR TOTALS**	
Domestic sales	28.23	19.79	**25.46**	
Exports	71.77	80.21	**74.54**	
TOTAL	100.00	100.00	**100.00**	

GIMAV processing of ISTAT data.



Summary Machinery, accessories and special products for the glass processing industry Years 2008 - 2009 - 2010				
Variables	**Unit of measure**	**2008**	**2009**	**2010**
Industry sales	euro	1,398,409,932	1,004,205,480	1,045,590,000
Exports	euro	1,030,798,275	740,317,040	779,381,925
Imports	euro	83,583,150	52,075,321	53,448,333
Trade surplus	euro	947,215,125	688,241,719	725,933,592
Domestic orders	euro	367,611,657	263,888,440	266,208,075
	% Difference	5.56	- 28.22	0.08
Foreign orders	euro	1,030,798,275	740,317,040	779,381,925
	% Difference	12.60	- 28.18	5.28
Workforce	No. Employed	4,500	4,000	4,000

GIMAV processing of ISTAT data.

Even though the industry is made up mainly of small and medium-sized firms, it is distinguished for its high propensity to export, actually exporting more than 74% of its production. An extensive, spread-out sales network, the ability to promote customer loyalty, operational flexibility to meet the demand and prompt technical service are the key elements that have made our industry a constant leader in this sector.
After the significant contraction suffered at the end of 2009 due to the profound economic-financial crisis that shook the entire world, the sector has begun to thrive again. Yet the up-and-down performance of many markets, in some cases caused by rising political tensions, widespread fears among the clientele and hard-to-find financing have hindered a more decisive upswing, preventing the achievement of a better bottom line result for the year. It should also be taken into consideration that in an ideal chain of use of materials, the glass product almost always constitutes one of the last links. Since this helped to delay the impact of the crisis on our sector (the first strong signs became apparent only at the end of 2008), it may be reasonably assumed that the demand for capital goods for glass processing will be revived as the initial part of the chain consolidates its own growth.
The statistical findings of the first months of 2011 seem to confirm this assumption. The unstable performance of the markets, however, remains worrisome since it prevents companies from starting any far-reaching projects.

ITALY'S GLASS INDUSTRY
(Source: Assovetro)

FLAT GLASS (in tons)				
Items	**2008**	**2009**	**2010**	**% Diff. 2010/2009**
Production	1,067,817	850,120	921,619	8.41
Exports	202,423	159,356	161,043	1.06
Imports	448,474	341,622	360,477	5.52

HOLLOW GLASS (in tons)				
Items	**2008**	**2009**	**2010**	**% Diff. 2010/2009**
Production	3,835,239	3,468,094	3,656,582	5.43
Exports	558,079	448,022	501,820	12.01
Imports	530,928	479,926	623,108	29.83

BOTTLES (in tons)				
Items	**2008**	**2009**	**2010**	**% Diff. 2010/2009**
Production	3,266,982	2,961,671	3,118,593	5.30
Exports	311,900	227,966	252,660	10.83
Imports	293,510	261,368	386,538	47.89

VASES (in tons)				
Items	**2008**	**2009**	**2010**	**% Diff. 2010/2009**
Production	258,788	231,747	232,555	0.35
Exports	24,909	28,582	28,794	0.74
Imports	80,065	83,219	95,781	15.10

SMALL BOTTLES AND VIALS (in tons)				
Items	**2008**	**2009**	**2010**	**% Diff. 2010/2009**
Production	148,577	138,996	155,384	11.79
Exports	101,550	92,956	112,225	20.73
Imports	58,345	52,747	54,747	3.79

HOUSEWARES (in tons)				
Items	**2008**	**2009**	**2010**	**% Diff. 2010/2009**
Production	160,892	135,680	150,050	10.59
Exports	119,720	98,518	108,141	9.77
Imports	99,008	82,592	86,043	4.18

GLASS YARNS - (in tons)			
Items	**2009**	**2010**	**% Diff. 2010/2009**
Production	67,858	115,332	69.96
Exports	53,633	97,183	81.20
Imports	115,971	157,192	35.54