

PRESS RELEASE**The Textiles/Clothing clusters of Prato, Biella, Como and Carpi:
production and export recovery expected for 2010 after *annus horribilis***

A study conducted by the Research and Intelligence Area of the Banca Monte dei Paschi di Siena compares the historical evolution and economic outlook of the Prato, Biella, Carpi and Como clusters with those of the "Fashion System" in general and the Textiles/Clothing sector in particular.

More in detail, the study highlighted the following:

- ❑ Against the backdrop of the **negative cycle affecting the Italian manufacturing industry in general**, which is a trait in common with the other industrialized countries, the **"Fashion System"** is **holding up relatively better** than the sector on average.
- ❑ Focusing on the **Textiles/Clothing (T&C) 'macro' supply chain**, the recent, **severe contraction in domestic and international demand** fits within the already critical context of an exacerbated global competition which is penalizing **"upstream" processing** in particular: between 2005 and 2008, the textile share of total T&C production and exports dropped by over 4 percentage points.
- ❑ The cumulative **export propensity** of the four **clusters** -and of the entire business sector- has shown a **progressive downturn** over the last few years, with the slowdown being relatively more pronounced when considering the clusters' aggregated data; a substantial stabilization on this year's forecasted levels is expected in 2010.
- ❑ The four aggregated clusters in question account for approximately **16% of overall T&C production** and almost **18% of total exports** thanks to their stronger presence in the foreign markets.
- ❑ A **2006-2010 comparison between individual clusters and the overall T&C segment** reveals that **Carpi is the best performing cluster**; **export** recovery should be relatively faster in the clusters of **Como and Biella** in 2010.
- ❑ Similarly to the evidence obtained at macro level, an analysis of the **KPIs of leading companies in these clusters** also highlighted that **textile production is "suffering" more than clothing and garments** are and this is all the more so for production that is mainly targeted towards lower quality textile products.
- ❑ In terms of KPIs in particular, **Carpi's top players stand out for their profitability** (which is favoured, among other things, by a production focused mainly on clothing), **Biella's** more active investment phase accounts for a **higher cost of debt** and **Prato is still affected by too high a level of financial leveraging**, due to a lower amount of ownership equity than available in the other clusters.
- ❑ In the **provinces of reference for the clusters in question**, when considering **T&C businesses only**, the **turnover rate** remained in **negative territory** in three cases out of four **during the 2005-2008 period**; in the course of the **first 7 months**

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of 2009, applications for **ordinary and extraordinary unemployment benefits**, in terms of multiples, recorded just slightly less than a **twofold increase in Prato**, almost a **threefold increase in Modena and Biella** and approximately a **sevenfold increase in Como**.

- In addition, **lending to the manufacturing business segments** (particularly to **smaller companies and to the “Textiles, Leather/Footware and Clothing” sector**) has been **slowing down** in the referenced cluster provinces since the second half of 2008.

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