of reconciling fluctuating private spending with continuously expanding public investment. Because of debt-management problems, the British authorities were forced to resort to a variety of special monetary and fiscal measures between 1955 and 1957 in their attempts to keep demand in the private sector under control. In April 1960, they also introduced special credit-control measures to check the 1959–60 business expansion. During the business expansion in 1955–1957 and during earlier postwar years, the British experience has been that public investment had eventually to be cut back substantially, often in the midst of a foreign-exchange crisis. The Committee’s view was that such action was “a confession of failure: it may entail wasteful disruption of plans, as when investment in the public sector was cut for this kind of reason in 1957” (p. 207).

Is it not time for all of us — economists, political leaders and the public — to recognize that the only cheap money the Treasury can (and should be expected to) depend upon is tax money? Tax receipts carry no interest burden, create no maturity problems and cannot become a source of cash for the private sector. Many cheap-money advocates who propose added credit creation to accelerate growth in our Western economies seem to forget that the Russian fiscal system depends upon high turnover taxes to curtail consumption and free resources for expanding government investment. A policy of high yields is only second best because it creates debt-handling problems for the authorities and provides the private sector with a floating mass of liquidity which immensely complicates monetary and fiscal management during booms. Yet acceptance by the Treasury of high rates on its securities is unquestionably a step in the right direction. The Committee’s recommendation on rates is in fact the line of policy now accepted in Britain by policy-makers and by the public. For all its limitations, and they are considerable, the distinctive contribution of the Radcliffe Report and its principal claim to be a distinguished monetary document and a guide to policy-making may well prove to rest on the Committee’s unqualified assertion that high rates on securities “will probably in the long run be the easiest on the taxpayer, despite the superficial appearance of a high interest charge on the debt” (p. 213).

Washington

Samuel I. Katz

The Structure of the Italian Stock Market

An article published in an earlier issue of this journal dealt with post-war developments in the Italian equity market. Now we propose to discuss its structure, in terms of the composition of the stock exchange lists and of a brief review of the most representative items in it.

The first thing that hits the eye of the observer is how short the lists of Italian Stock Exchanges are in comparison with those of other Western countries. Several thousand equity shares are quoted on the London stock exchange, 2,000 on the New York stock exchange alone and in Paris, and very nearly a thousand in Frankfurt and Brussels, but on the Milan stock exchange, Italy’s largest, only 137 shares are quoted, and on all Italian stock exchanges together barely 220 (without duplications, of course).

There are in Italy altogether ten stock exchanges (Table 1), but the volume of business is very unevenly distributed among them. The Milan stock market is far and away the most important, with about 60 per cent of total business; next in order, but a long way behind, are Turin and Rome, with 14 and 13 per cent of total business, respectively, and then Genoa, with 8 per cent. These four stock exchanges between them account for 94 per cent of all Italian business in equity shares. In 1955, total turnover in all stock markets together amounted to some 900 billion lire, which was more than three times as much as in 1948, but still fell short of the 1953 record figure of 698 billion lire. This is about as much as is traded on the New York stock exchange in a week.

These brief preliminary remarks may serve to show how the size of the Italian equity market compares with major European and American markets. There is clearly much room for expansion, and it is to be hoped that our country will make use of its opportunities in this respect, so as not to find itself at a disadvantage when progressive European integration and diminishing world tension in time allow of freer international capital movements.
### Table 1

<table>
<thead>
<tr>
<th>Stock exchange</th>
<th>Number of shares quoted</th>
<th>Number of shares traded (million)</th>
<th>Value of transactions (million lire)</th>
<th>(per share)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bologna</td>
<td>11</td>
<td>23</td>
<td>4.1</td>
<td>0.4</td>
</tr>
<tr>
<td>Florence</td>
<td>38</td>
<td>16.9</td>
<td>27.6</td>
<td>5.1</td>
</tr>
<tr>
<td>Genoa</td>
<td>74</td>
<td>14.9</td>
<td>72.3</td>
<td>8.2</td>
</tr>
<tr>
<td>Milan</td>
<td>137</td>
<td>212.5</td>
<td>59.2</td>
<td>58.3</td>
</tr>
<tr>
<td>Naples</td>
<td>32</td>
<td>11.0</td>
<td>17.9</td>
<td>2.0</td>
</tr>
<tr>
<td>Palermo</td>
<td>15</td>
<td>01</td>
<td>0.2</td>
<td>—</td>
</tr>
<tr>
<td>Rome</td>
<td>79</td>
<td>73.0</td>
<td>17.9</td>
<td>12.2</td>
</tr>
<tr>
<td>Turin</td>
<td>79</td>
<td>78.3</td>
<td>11.0</td>
<td>14.1</td>
</tr>
<tr>
<td>Trieste</td>
<td>25</td>
<td>14.1</td>
<td>2.3</td>
<td>0.3</td>
</tr>
<tr>
<td>Venice</td>
<td>16</td>
<td>21.4</td>
<td>1.3</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total 1959</strong></td>
<td>210</td>
<td>321.0</td>
<td>899.2</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total 1958</strong></td>
<td>200</td>
<td>206.9</td>
<td>297.7</td>
<td>—</td>
</tr>
</tbody>
</table>

### Financial groups on Italian stock markets

Table 2 presents a synthetic picture of the largest industrial and financial holding companies and of the total capital under their control. These companies and their subsidiaries together account for a large part of Italian industry, as well as for the bulk of the more important stocks with exchange quotations.

Part A of the Table lists the five large financial companies of the Iri group, part B private purely financial companies, and part C the major industrial holding companies — that is, companies whose main activities are industrial but which also control many affiliates. All these companies except Finmeccanica were quoted on the stock exchange. Finmeccanica was included partly to give a complete picture of the Iri group, and partly because some of the company's more important subsidiaries, as will be seen, have their own stock exchange quotations.

The financial companies of the Iri group are true holding companies in that practically all their interests in other companies are controlling ones. The same is true of the companies listed under C, while those listed under B are less homogeneous. The first two of the latter, GIM and Industrie Agricole, are to all intents and purposes financial holding companies.

### Table 2

<table>
<thead>
<tr>
<th>Company</th>
<th>Capital stock (mil. lire)</th>
<th>Investment holdings (book value mil. lire)</th>
<th>Capital stock of company controlled chiefly or indirectly (mil. lire)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A - IRI Group</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federatico</td>
<td>45,000</td>
<td>51,851*</td>
<td>149,886</td>
</tr>
<tr>
<td>Finmarce</td>
<td>15,000</td>
<td>29,856*</td>
<td>1,700</td>
</tr>
<tr>
<td>Finmasi</td>
<td>70,685</td>
<td>79,691*</td>
<td>164,126</td>
</tr>
<tr>
<td>Finmeccanica</td>
<td>50,000</td>
<td>35,490*</td>
<td>53,533</td>
</tr>
<tr>
<td>STEE</td>
<td>140,000</td>
<td>133,381*</td>
<td>153,800</td>
</tr>
<tr>
<td>B - Financial companies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GIM</td>
<td>4,000</td>
<td>5,850*</td>
<td>7,680</td>
</tr>
<tr>
<td>Industrie Agricole</td>
<td>6,885</td>
<td>13,351*</td>
<td>41,938</td>
</tr>
<tr>
<td>La Credito</td>
<td>45,000</td>
<td>44,000</td>
<td>116,140</td>
</tr>
<tr>
<td>Banca</td>
<td>45,000</td>
<td>18,481</td>
<td>35,452</td>
</tr>
<tr>
<td>Fire &amp; C.</td>
<td>6,000</td>
<td>2,473*</td>
<td>4,725</td>
</tr>
<tr>
<td>Sviluppo</td>
<td>13,500</td>
<td>3,011*</td>
<td>8,950</td>
</tr>
<tr>
<td>INVEST</td>
<td>15,000</td>
<td>—</td>
<td>15,660</td>
</tr>
<tr>
<td>C - Industrial groups</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Edison</td>
<td>200,000</td>
<td>190,562*</td>
<td>338,440</td>
</tr>
<tr>
<td>Montecatini</td>
<td>100,000</td>
<td>50,763*</td>
<td>338,249</td>
</tr>
<tr>
<td>FIAT</td>
<td>100,000</td>
<td>56,813*</td>
<td>...</td>
</tr>
<tr>
<td>SNIA-Vidale</td>
<td>27,450</td>
<td>32,513*</td>
<td>...</td>
</tr>
<tr>
<td>Balbonini</td>
<td>13,000</td>
<td>12,216*</td>
<td>23,072</td>
</tr>
<tr>
<td>SAPI</td>
<td>25,000</td>
<td>20,536*</td>
<td>23,072</td>
</tr>
<tr>
<td>Italgrame</td>
<td>25,000</td>
<td>10,704*</td>
<td>...</td>
</tr>
<tr>
<td>Grand total</td>
<td>535,330</td>
<td>565,606*</td>
<td>1,097,512</td>
</tr>
</tbody>
</table>

* Mainly controlling interests.
the great bulk of their interests being in companies under their control. The next four, La Centrale, Bausetti, Pirelli & C., and Sviluppo, have controlling interests in some important affiliates, but also minority interests in other companies, so that they are a blend of financial holdings and investments companies. The last company listed under B, Invest, is a pure investment company, indeed a proper investment trust of the closed end type and the only one of its kind in Italy.

The capital stock of the holding and industrial companies with stock exchange quotations and the capital stock of the companies they control, amount up to 2,200 billion lire, or 48 per cent of the capital stock of all Italian joint stock companies together. However, these are gross figures which, from an economic point of view, contain a lot of duplications. The percentage would turn out to be much lower if it were possible to calculate it on capital net of duplications, that is to say, on capital in a physical sense.

Let us now look in more detail at the composition of the various financial companies and groups listed in Table 2, with particular reference to those of their affiliates which have stock exchange quotations.

The IRI Group

The Institute for Industrial Reconstruction (Istituto per la Ricostruzione Industriale - IRI) is an institution under public law (or in plain words, a government agency) set up in 1933 to relieve some of the largest Italian banks of the stock holdings frozen in their portfolios. The complex operations of IRI ended up with the de facto nationalization not only of the then existing biggest commercial banks, but also of large parts of heavy industry and of important public utilities and engineering concerns. After IRI's intervention however, all the companies concerned continued to operate as normal joint stock companies and as such remained subject to ordinary company law. This was the origin of the so-called "mixed" companies, which are in fact controlled by the government, through IRI, but are, legally, ordinary joint stock companies with minority holdings in private hands. Many of them are quoted on the stock exchange. Subsequently, IRI's activities went on expanding, mostly within the institutional framework of public utilities and heavy industry, until today the companies of the IRI group constitute a by no means negligible part of the whole of Italian industry. In terms of the capital stock of companies quoted on the stock exchange, the IRI group accounts for no less than one-third of the total (see Table 3).
Iri exercises its control either through the five large holding companies listed in Table 2 — which themselves are mixed companies and therefore in part privately owned and quoted on the stock exchange — or directly in the case of a number of firms which are in no way connected with any of these five holding companies. In some cases there is a mixture of direct and indirect control, in so far as Iri itself may hold blocks of shares of firms controlled by one of its holding companies. This kind of split control has, of course, no practical significance, but it obscures the formal relationships within the group and might perhaps better be done without. In most cases Iri possesses, directly or indirectly, an absolute majority in the controlled companies, but in some cases, which will be mentioned later, Iri exercises its control with only a large minority holding.

Table 3 contains a complete list of all the companies of the Iri group which are quoted on the stock exchange, together with an indication of the internal investment situation.

The Società Finanziaria Elettrica (Finelettrica) represents Iri interests in the electricity sector. It directly controls Società Idroeléctrica Piemonte (Sip) and Società Meridionale di Elettricità (Sme), both of which in turn are the mother companies of important groups of electricity generating and distributing firms. In both these companies Iri's total holdings are less than 50 per cent, namely, 47.2 per cent in Sip and barely 30 per cent in Sme; nevertheless, Iri's control is undisputed in the case of Sme, in which private financial groups have sizeable interests. This is possible because the remaining shares of both companies are widely distributed among the investing public at large.

From the investor's point of view, Finelettrica is a good stock with a safe return but no immediate growth potential. We have collected particulars of the company's position and results for the last three years in a synthetic table of a form which we have found convenient and useful and which we shall use subsequently in other cases. The item "net worth" includes the year's profits.

The book value of the shares is not much in excess of their nominal value, but this understates the position, in so far as the company's investments are entered at well below their current market price. The actual composition and current value of Finelettrica's investments on June 30, 1959, are shown in a separate table below, from which it will be seen that their market value at that time was almost twice as much as shown in the

<table>
<thead>
<tr>
<th>Income data</th>
<th>Business year (billion lire)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955/56</td>
<td>1956/57</td>
</tr>
<tr>
<td>Gross receipts</td>
<td>4.3</td>
</tr>
<tr>
<td>Net profit</td>
<td>2.4</td>
</tr>
<tr>
<td>Dividends paid out</td>
<td>2.3</td>
</tr>
<tr>
<td>Dividends per share (lire)</td>
<td>75</td>
</tr>
</tbody>
</table>

accounts. On this basis, Finelettrica's own shares at that date should have been worth rather more than 2,000 lire, and were in fact quoted at around that level.

<table>
<thead>
<tr>
<th>Finelettrica Holdings on June 30, 1959</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares</td>
</tr>
<tr>
<td>Sip</td>
</tr>
<tr>
<td>Sme</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Other not quoted</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
Gross receipts consist largely of dividends on the company’s equity holdings. During the last two years profits represented more than 65 per cent of gross receipts and dividends absorbed about 90 per cent of profits. However, it should be noted in this context that owing to certain imperfections in Italian company law, the profits and loss accounts leave much to be desired and their figures cannot be trusted entirely. It will be seen, for instance, in this and in other cases subsequently illustrated, that net profit is hardly ever shown as much higher than dividend distribution, even when dividends have remained constant for some years—although it is well known that profits fluctuate with the ups and downs of general economic conditions, given the greater rigidity of costs. Although we shall continue, in the subsequent analyses, to quote the figures for profits and dividend distribution, we would warn the reader not to rely too much on their accuracy.

The Società Idroellettrica Piemonte (Sip) produces electricity and distributes it in Piedmont and adjacent areas. It is one of the largest Italian electricity companies; its 41 hydroelectric power stations have a combined capacity of 4,700 million Kwh, and it also owns a few thermal power stations with a combined capacity of 1,000 million Kwh. As will be seen from the company’s particulars as set out in the accompanying table, plant is written off by about 35 per cent, investments cover a good part of outstanding bonds, and current claims largely exceed current liabilities.

The dividend on Sip shares has been held constant at 84 lire for ten years, while the capital has more than tripled, in part by bonus issues. This, together with the group’s overall position, makes Sip one of the blue chips of the Italian stock market.

Of Sip’s many subsidiaries, Viazola and Piemonte Centrale di Elettricità have their own stock exchange quotations. Sip also has interests in both the electro-nuclear companies set up lately in Italy, namely Senn (Società Elettronucleare Nazionale) of the Iri-Eni group, and the private Selai (Società Elettronucleare Italiana).

The Società Meridionale di Elettricità (Sme) heads an important group of electricity companies which have practically a monopoly of electricity production and distribution in the whole of Central and Southern Italy (from the Abruzzi to Calabria, but not in the Islands). Sme itself owns ten hydroelectric power stations with an installed capacity of 700,000 Kwh and one thermal power station at Naples with an installed capacity of 220,000 Kwh. The principal subsidiaries of Sme, as listed in Table 3, are quoted on the stock exchange, but Sme also controls a good many other smaller companies and has an interest in nuclear power through Senn. The company’s accounts have a certain resemblance with those of Sip.

From the investor’s point of view, Sme is one of Italy’s leading stocks and, being quoted on Swiss stock exchanges, also enjoys a certain international reputation. Major stockholders include Bastogi with 35.7 per cent and Finandere Italia-Suisse with 4.8 per cent of the stock; the rest of the shares are widely distributed among private investors. The dividend is 75 lire per share and has not changed since 1951.
The Società Finanziaria Siderurgica (Finsider) is the holding company for Iri's interests in heavy industry. Iri owns 62 per cent of the stock of this company, which has absolute majority holdings in a number of important firms, including two big steel concerns Cornigliano and Ilva, Dalmine (mainly tube-makers), Terani (heavy machinery and elec-

<table>
<thead>
<tr>
<th>Statement of condition</th>
<th>31/12/57</th>
<th>31/12/58</th>
<th>31/12/59</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets . . . . . .</td>
<td>167.9</td>
<td>175.2</td>
<td>183.4</td>
</tr>
<tr>
<td>less: depreciation . . .</td>
<td>43.7</td>
<td>53.7</td>
<td>57.5</td>
</tr>
<tr>
<td></td>
<td>+ 119.2</td>
<td>+ 121.5</td>
<td>+ 125.9</td>
</tr>
<tr>
<td></td>
<td>+ 5.5</td>
<td>+ 3.4</td>
<td>+ 2.2</td>
</tr>
<tr>
<td>Inventories . . . . . .</td>
<td>24.6</td>
<td>35.7</td>
<td>45.9</td>
</tr>
<tr>
<td>Investment holdings . .</td>
<td>36.0</td>
<td>35.3</td>
<td>41.5</td>
</tr>
<tr>
<td>less: long-term debt .</td>
<td>36.0</td>
<td>35.3</td>
<td>41.5</td>
</tr>
<tr>
<td>Current claims . . . .</td>
<td>21.8</td>
<td>21.8</td>
<td>21.8</td>
</tr>
<tr>
<td>less: current liabilities</td>
<td>2.8</td>
<td>24.5</td>
<td></td>
</tr>
<tr>
<td>Cash and bank . . . . .</td>
<td>1.0</td>
<td>4.6</td>
<td></td>
</tr>
<tr>
<td>Net worth . . . . . . .</td>
<td>110.5</td>
<td>110.9</td>
<td></td>
</tr>
<tr>
<td>of which: capital stock</td>
<td>75.0</td>
<td>75.0</td>
<td></td>
</tr>
<tr>
<td>Ratio of net worth to capital stock</td>
<td>1.47</td>
<td>1.48</td>
<td>1.48</td>
</tr>
<tr>
<td>Nomininal value of share (lire)</td>
<td>1,000</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>Book value of share (lire)</td>
<td>1,475</td>
<td>1,482</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income data</th>
<th>1957/58</th>
<th>1957/58</th>
<th>1958(*)</th>
<th>1959</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales . . . . . . .</td>
<td>22.4</td>
<td>23.0</td>
<td>23.3(*)</td>
<td>22.4</td>
</tr>
<tr>
<td>Net profit . . . .</td>
<td>5.2</td>
<td>5.6</td>
<td>5.9(*)</td>
<td>6.8</td>
</tr>
<tr>
<td>Dividends paid out</td>
<td>0.9</td>
<td>1.3</td>
<td>1.7</td>
<td></td>
</tr>
<tr>
<td>Dividend per share (lire)</td>
<td>75</td>
<td>75</td>
<td>75(*)</td>
<td>75</td>
</tr>
</tbody>
</table>

(*) Nine-months results extrapolated for a full year.

The Società Finanziaria Marittima (Finnare) represents Iri's shipping interests. It is almost wholly (96.6 per cent) owned by Iri and in its turn owns almost the entire stock of the four shipping companies under its control. These are the Società "Italia", which runs the big transatlantic lines to North and South America, the Lloyd Triestino, which operates the Suez Canal lines to Africa, Asia and Australia, and the two smaller companies Adriatica and Tirrenia, which concentrate on Mediterranean shipping. These companies are not quoted on the stock exchange and the market for Finnare itself is somewhat narrow.

<table>
<thead>
<tr>
<th>Statement of condition</th>
<th>(billion lire)</th>
<th>30/4/57</th>
<th>30/4/58</th>
<th>30/4/59</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment holdings . .</td>
<td>57.4</td>
<td>77.5</td>
<td>79.4</td>
<td></td>
</tr>
<tr>
<td>less: long-term debt .</td>
<td>0.3</td>
<td>0.3</td>
<td>0.4</td>
<td></td>
</tr>
<tr>
<td>Current claims . . . .</td>
<td>11.0</td>
<td>22.9</td>
<td>27.3</td>
<td></td>
</tr>
<tr>
<td>less: current liabilities</td>
<td>9.3</td>
<td>19.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and bank . . . . .</td>
<td>+ 0.2</td>
<td>+ 3.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net worth . . . . . . .</td>
<td>95.6</td>
<td>81.1</td>
<td>81.0</td>
<td></td>
</tr>
<tr>
<td>of which: capital stock</td>
<td>50.5</td>
<td>70.7</td>
<td>70.7</td>
<td></td>
</tr>
<tr>
<td>Ratio of net worth to capital stock</td>
<td>1-17</td>
<td>1-47</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nomininal value of share (lire)</td>
<td>500</td>
<td>500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Book value of share (lire)</td>
<td>500</td>
<td>575</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income data</th>
<th>(billion lire)</th>
<th>1957/57</th>
<th>1957/58</th>
<th>1958/59</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross receipts . . . .</td>
<td>7.9</td>
<td>6.8</td>
<td>8.4</td>
<td></td>
</tr>
<tr>
<td>Net profit . . . . . .</td>
<td>3.8</td>
<td>4.8</td>
<td>6.1</td>
<td></td>
</tr>
<tr>
<td>Dividends paid out</td>
<td>3.2</td>
<td>4.5</td>
<td>6.1</td>
<td></td>
</tr>
<tr>
<td>Dividend per share (lire)</td>
<td>45</td>
<td>45</td>
<td>45</td>
<td></td>
</tr>
</tbody>
</table>

The book value of Finsider shares is just under 500 lire, whereas their current market price is much higher. One of the reasons for the
discrepancy is that the company's investment portfolio is greatly under-valued in the books, as is seen from the table below:

**FINISIDER HOLDINGS ON APRIL 30, 1959**

<table>
<thead>
<tr>
<th>Shares</th>
<th>Number (million)</th>
<th>Market value of June 30, 1959</th>
</tr>
</thead>
<tbody>
<tr>
<td>ILVA</td>
<td>71.3</td>
<td>197</td>
</tr>
<tr>
<td>Terni</td>
<td>41.1</td>
<td>94</td>
</tr>
<tr>
<td>Dalmine</td>
<td>12.2</td>
<td>5.8</td>
</tr>
<tr>
<td>Cornigliano</td>
<td>32.9</td>
<td>31.6</td>
</tr>
<tr>
<td>Cementi</td>
<td>6.4</td>
<td>2.1</td>
</tr>
<tr>
<td>Others not quoted</td>
<td>1.8</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>79.4</strong></td>
<td><strong>191.8</strong></td>
</tr>
</tbody>
</table>

The market value of *Finisider* investments at the end of December, 1959, was 140 per cent higher than their accounting value, and has further increased since then. There is then the rather high dividend of 45 lire, which still makes *Finisider* one of the best yielding shares on the market and finally the very good results in the Italian steel industry in 1959 and the first months of 1960.

**ILVA - *Abiti* e acciaierie d'Italia,** is one of the two biggest iron and steel concerns in Italy. The other is *Cornigliano*, which, however, introduced its stock on the market only last year.

*Ilva* has three smelting works, at Bagnolet (Naples), Piombino and Trieste, respectively, and fifteen processing and engineering works. It employs 25,000 people and its annual output runs to about 1.5 million tons of pig iron, 2 million tons of steel and 1.5 million tons of rolled sections.

The company's reserves amount to more than half its capital stock. Recently, however, the capital has been increased to 65 billion lire, half for new money and half as a bonus issue and the surplus has fallen to 20 per cent. The figures show a sharp drop in sales during 1958, but the brisk recovery in the second half of 1959, which was particularly marked in the Italian steel industry has brought an improvement in 1959 and must have established new records in the company's order books. Discounting this, the price of *Ilva* shares has gone recently well above its book value.

**Terni - Società per l'industria e l'eletricità,** is one of the largest industrial concerns in Central and Southern Italy. Its activities have a wide range—apart from owning fourteen hydroelectric power stations, it operates huge steel works at Terni with specialized foundries for heavy machinery, two electrochemical factories (for the production of calcium
The Società Finanziaria Telefonica (Sefi), of whose capital Iri owns 66 per cent, controls the entire Italian telephone network through five affiliated companies. Of these, four are wholly owned by Sefi and are not quoted on the stock exchange; the fifth, Teri, which is the telephone company for Latium (incl. Rome) and Tuscany, and in its turn controls the Società Impianti Telefonici (Stet), is government-owned to the extent of 82 per cent and is quoted on the stock exchange. Stet is counted among the Italian blue chips. The book value of the stock is well below its current market price, but this, however, does not appear unreasonable in the light of the steady return (the dividend of 190 lire per share has been maintained for more than ten years on continuously growing capital) and the still fairly good yield of the stock.

### Teri

#### Statement of condition

<table>
<thead>
<tr>
<th></th>
<th>(billion lire)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31/12/56</td>
<td>31/12/57</td>
<td>31/12/58</td>
<td>31/12/59</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>143</td>
<td>153.4</td>
<td>162.5</td>
<td>172.0</td>
</tr>
<tr>
<td>less: depreciation</td>
<td>3.3</td>
<td>3.7</td>
<td>4.1</td>
<td>4.9</td>
</tr>
<tr>
<td>Inventories</td>
<td>+ 1.8</td>
<td>+ 8.1</td>
<td>+ 9.9</td>
<td>+ 10.4</td>
</tr>
<tr>
<td>Investment holdings</td>
<td>2.5</td>
<td>3.2</td>
<td>4.6</td>
<td>5.5</td>
</tr>
<tr>
<td>less: long-term debts</td>
<td>- 30.2</td>
<td>- 31.6</td>
<td>- 32.6</td>
<td>- 33.3</td>
</tr>
<tr>
<td>Current claims</td>
<td>28.0</td>
<td>28.6</td>
<td>32.4</td>
<td>34.2</td>
</tr>
<tr>
<td>less: current liabilities</td>
<td>- 54.1</td>
<td>- 55.3</td>
<td>- 58.1</td>
<td>- 60.5</td>
</tr>
<tr>
<td>Cash and bank</td>
<td>- 26.1</td>
<td>- 24.6</td>
<td>- 24.9</td>
<td>- 26.3</td>
</tr>
<tr>
<td>Nominal worth</td>
<td>62.0</td>
<td>72.4</td>
<td>74.1</td>
<td>75.6</td>
</tr>
<tr>
<td>of which capital stock</td>
<td>26.2</td>
<td>32.2</td>
<td>33.2</td>
<td>33.2</td>
</tr>
<tr>
<td>Ratio of net worth to capital stock</td>
<td>2.32</td>
<td>2.18</td>
<td>2.31</td>
<td>2.32</td>
</tr>
<tr>
<td>Nominal value of share (lire)</td>
<td>250</td>
<td>250</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>Book value of share (lire)</td>
<td>590</td>
<td>545</td>
<td>572</td>
<td>555</td>
</tr>
</tbody>
</table>

#### Income data

<table>
<thead>
<tr>
<th></th>
<th>1956</th>
<th>1957</th>
<th>1958</th>
<th>1959</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>40.7</td>
<td>43.5</td>
<td>44.4</td>
<td>...</td>
</tr>
<tr>
<td>Net profit</td>
<td>0.9</td>
<td>2.4</td>
<td>2.3</td>
<td>2.3</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>1.3</td>
<td>2.8</td>
<td>2.2</td>
<td>2.4</td>
</tr>
<tr>
<td>Dividend per share (lire)</td>
<td>16.50</td>
<td>16.50</td>
<td>16.50</td>
<td>16.5</td>
</tr>
</tbody>
</table>

### Stet

#### Statement of condition

<table>
<thead>
<tr>
<th></th>
<th>(billion lire)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31/12/57</td>
<td>31/12/58</td>
<td>31/12/59</td>
<td></td>
</tr>
<tr>
<td>Investment holdings</td>
<td>32.6</td>
<td>36.2</td>
<td>37.9</td>
<td></td>
</tr>
<tr>
<td>less: long-term debts</td>
<td>- 15.5</td>
<td>- 16.5</td>
<td>- 17.4</td>
<td></td>
</tr>
<tr>
<td>Current claims</td>
<td>14.7</td>
<td>15.6</td>
<td>16.5</td>
<td></td>
</tr>
<tr>
<td>less: current liabilities</td>
<td>- 1.1</td>
<td>- 1.4</td>
<td>- 1.7</td>
<td></td>
</tr>
<tr>
<td>Cash and bank</td>
<td>- 12.6</td>
<td>- 13.6</td>
<td>- 14.3</td>
<td></td>
</tr>
<tr>
<td>Nominal worth</td>
<td>68.6</td>
<td>71.2</td>
<td>73.8</td>
<td></td>
</tr>
<tr>
<td>of which capital stock</td>
<td>25.8</td>
<td>28.4</td>
<td>30.3</td>
<td></td>
</tr>
<tr>
<td>Ratio of net worth to capital stock</td>
<td>2.67</td>
<td>2.46</td>
<td>2.43</td>
<td></td>
</tr>
<tr>
<td>Nominal value of share (lire)</td>
<td>2,500</td>
<td>2,500</td>
<td>2,500</td>
<td></td>
</tr>
<tr>
<td>Book value of share (lire)</td>
<td>2,200</td>
<td>2,265</td>
<td>2,372</td>
<td></td>
</tr>
</tbody>
</table>

#### Income data

<table>
<thead>
<tr>
<th></th>
<th>1956/57</th>
<th>1957/58</th>
<th>1958/59</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross receipts</td>
<td>5.1</td>
<td>6.3</td>
<td>7.5</td>
</tr>
<tr>
<td>Net profit</td>
<td>4.2</td>
<td>5.2</td>
<td>6.3</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>3.3</td>
<td>4.9</td>
<td>5.9</td>
</tr>
<tr>
<td>Dividend per share (lire)</td>
<td>1.50</td>
<td>1.50</td>
<td>1.50</td>
</tr>
</tbody>
</table>

Teri has experienced some difficulties in recent years, as for one reason or another not all its activities always paid their way. The company has ample reserves, but also large debts. There has been, however, some improvement lately, and when the reorganization which, like all Iri companies, Teri is now undergoing yields its fruits, the company's stock ought to become more attractive.

carboride, calcium cyanamide, ammonia, sulphuric acid, etc.), a cement mill and a few brown coal mines.

The structure of the Italian Stock Market
The fifth and last of Irì's financial holding companies, Finmeccanica, which represents government investment in engineering and shipbuilding, is not quoted on the stock exchange. Two of the biggest shipbuilding yards it controls, Ansaldo and Cantieri Riuniti dell'Adriatico, are quoted independently, but the stocks are friendless since they have paid no dividends for some years. Finmeccanica controls a very great number of firms, among which we may mention Alfa Romeo, the car makers (1).

Irì furthermore owns almost the entire capital stock of the three nation-wide banks Banca Commerciale Italiana, Credito Italiano and Banco di Roma. These in turn hold a majority in Mediobanca, the only banking share quoted on Italian stock exchanges.

Finally, Irì directly controls very many other firms, but only three of them are quoted on the stock exchange, namely, Monte Amiata (mercury mining and production), Strade Ferrate Secondarie Meridionali (a small company running a secondary railway line on the outskirts of Naples), and Manifatture Cotoniere Meridionali, a large Neapolitan textile firm labouring under severe and prolonged difficulties. In the first and third of these companies Irì has no absolute majority holding, but only a minority control.

Other "mixed" companies quoted on the stock exchange

To complete our catalogue of the "mixed" companies quoted on Italian stock markets, we have to mention: Società Finanziaria E. Breda, in which the government itself holds directly a majority; Anic, where the majority holdings belong to Eni (Ente Nazionale Idrocarburi); and Larderello, which is controlled by the National Railways.

E. Breda is a holding company which controls a number of firms in heavy engineering and electro-engineering. Anic is the only Italian oil company with a stock exchange quotation; while it used in the past to concentrate on oil refining, it has now ventured also into the chemical and petrochemical field. During the last few years it set up a factory at Ravello for the production of synthetic rubber and chemical fertilizers from methane gas, and is now on the point of building another like it at Gela, Sicily, where it will use the local oil. Larderello is mainly concerned with the exploitation of the natural energy and the chemical products of the borax spring vapours in certain areas of Tuscany.

Private Financial Companies

In parts B and C of Table 2, at the beginning, we have listed the major Italian financial companies and industrial holdings. Now in Table 4, the entire list of companies belonging to private financial or industrial groups and whose shares are quoted on the Stock Exchange is shown.

<table>
<thead>
<tr>
<th>COMPANIES BELONGING TO PRIVATE FINANCIAL OR INDUSTRIAL GROUPS QUOTED ON ITALIAN STOCK EXCHANGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. GIM</td>
</tr>
<tr>
<td>1.1 Broggi Italia</td>
</tr>
<tr>
<td>1.2 Metalurgica Italiana</td>
</tr>
<tr>
<td>1.3 S.A.G.I.</td>
</tr>
<tr>
<td>2. Industrie Agricole</td>
</tr>
<tr>
<td>2.1 Erkiania</td>
</tr>
<tr>
<td>2.2 Distillerie</td>
</tr>
<tr>
<td>3. La Centrale</td>
</tr>
<tr>
<td>3.1 Sieti Valdrana</td>
</tr>
<tr>
<td>3.2 Romana Eletr.</td>
</tr>
<tr>
<td>3.3 Lezzer</td>
</tr>
<tr>
<td>3.4 SIPR</td>
</tr>
<tr>
<td>4. Banca</td>
</tr>
<tr>
<td>4.1 Elettrica Sara</td>
</tr>
<tr>
<td>4.2 SESG</td>
</tr>
<tr>
<td>4.3 Beni Stabil</td>
</tr>
<tr>
<td>5. Industriale C. &amp; C.</td>
</tr>
<tr>
<td>5.1 Fossati S.p.A.</td>
</tr>
<tr>
<td>— Incot</td>
</tr>
<tr>
<td>— Lianam</td>
</tr>
<tr>
<td>5.2 Azaia</td>
</tr>
<tr>
<td>6. Stabil</td>
</tr>
<tr>
<td>6.1 C.I.G.A.</td>
</tr>
<tr>
<td>7. Edison</td>
</tr>
<tr>
<td>7.1 Mittel</td>
</tr>
<tr>
<td>— Nord Milano</td>
</tr>
<tr>
<td>7.2 Cifilin</td>
</tr>
<tr>
<td>7.3 Elettraweb</td>
</tr>
<tr>
<td>7.4 Idolettrica Subalpina</td>
</tr>
<tr>
<td>7.5 Stelar</td>
</tr>
<tr>
<td>7.6 Ref. Brescia</td>
</tr>
<tr>
<td>7.7 Orsola</td>
</tr>
<tr>
<td>7.8 Fabris</td>
</tr>
<tr>
<td>7.9 C.E.L.</td>
</tr>
<tr>
<td>7.10 O.E.G.</td>
</tr>
<tr>
<td>8. S.A.D.E.</td>
</tr>
<tr>
<td>8.1 Acqua Maresi</td>
</tr>
<tr>
<td>9. Steia-Vallut</td>
</tr>
<tr>
<td>9.1 Comaff. Ocone</td>
</tr>
<tr>
<td>9.2 Casamari Sett.</td>
</tr>
<tr>
<td>10. Italia</td>
</tr>
<tr>
<td>10.1 Condotte Acqua Potabili</td>
</tr>
<tr>
<td>10.2 Nicolò</td>
</tr>
</tbody>
</table>

We will first examine the financial companies and then the industrial groups.
Eridania is the leading sugar concern in Italy. It has 26 sugar refineries, mostly in Northern Italy, and is planning the construction of another large one in Sardinia, to process the local sugar beets. The company has 82,000 tons of sugar per year. The company has excellent traditions and, on careful examination, its position will be seen to be extremely sound, despite the sugar industry's recent difficulties which have not entirely spent themselves. More than three-quarters of fixed assets are written off, but stocks and current liabilities, while not nearly as burdensome as at the end of 1956, are still heavy. Sales receipts appear surprisingly high in relation to the combined capacity of all these factories is more than 250,000 tons of sugar per year.

La Centrale

Investment holdings on Oct. 31, 1959 and market value of Dec. 31, 1959

<table>
<thead>
<tr>
<th>Stock</th>
<th>Number of units (thousand)</th>
<th>Book value (million lire)</th>
<th>Stock market Dec. 31, 1959 (million lire)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Uldarco</td>
<td>13</td>
<td>17.1</td>
<td>17.1</td>
</tr>
<tr>
<td>Brenna Caffr.</td>
<td>9.5</td>
<td>17.1</td>
<td>17.1</td>
</tr>
<tr>
<td>Others</td>
<td>10</td>
<td>1.8</td>
<td>1.8</td>
</tr>
<tr>
<td>Total stock</td>
<td></td>
<td>36.3</td>
<td>38.8</td>
</tr>
<tr>
<td>Sibar</td>
<td>3.0</td>
<td>11.0</td>
<td>11.0</td>
</tr>
<tr>
<td>Invesi</td>
<td>0.8</td>
<td>1.9</td>
<td>1.6</td>
</tr>
<tr>
<td>Banaghi</td>
<td>0.25</td>
<td>0.3</td>
<td>0.8</td>
</tr>
<tr>
<td>STET</td>
<td>0.11</td>
<td>0.3</td>
<td>0.4</td>
</tr>
<tr>
<td>Others</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Total shares</td>
<td></td>
<td>8.4</td>
<td>17.5</td>
</tr>
<tr>
<td>Mancinelli</td>
<td>1.3</td>
<td>1.4</td>
<td>1.3</td>
</tr>
<tr>
<td>Pellei</td>
<td>0.3</td>
<td>0.2</td>
<td>0.3</td>
</tr>
<tr>
<td>Insect</td>
<td>0.3</td>
<td>1.2</td>
<td>1.2</td>
</tr>
<tr>
<td>Consalumi</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Others</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Total value</td>
<td></td>
<td>7.2</td>
<td>10.8</td>
</tr>
<tr>
<td>Grand total</td>
<td></td>
<td>51.8</td>
<td>111.1</td>
</tr>
</tbody>
</table>

but more than half of them represent the excise tax on sugar, which, as is known, in Italy is as high as 100 lire per kg.

La Centrale is a large financial company which controls a great number of subsidiaries in various sectors. Its largest interests are in elec-
tricity (70 per cent according to the latest accounts) the finance sector comes next (16.3%) and the remaining 13.7% are scattered in various other branches.

Until 1957 La Centrale also controlled one of the large telephone companies (Società Telefonica Tirrena - Tet), but this has since been natio-

**L A C E N T R A L E**

<table>
<thead>
<tr>
<th>Statement of condition</th>
<th>31/10/57</th>
<th>30/9/58</th>
<th>31/10/59</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment holdings</td>
<td>51.4</td>
<td>46.0</td>
<td>57.3</td>
</tr>
<tr>
<td>less: long-term debt</td>
<td>2.7</td>
<td>2.7</td>
<td>5.0</td>
</tr>
<tr>
<td>Current claims</td>
<td>48.7</td>
<td>43.3</td>
<td>52.3</td>
</tr>
<tr>
<td>less: current liabilities</td>
<td>7.9</td>
<td>11.6</td>
<td>7.7</td>
</tr>
<tr>
<td>Cash and bank</td>
<td>-3.1</td>
<td>-3.8</td>
<td>-14.1</td>
</tr>
<tr>
<td>Net worth</td>
<td>45.6</td>
<td>47.3</td>
<td>53.3</td>
</tr>
<tr>
<td>of which: capital stock</td>
<td>35.0</td>
<td>35.0</td>
<td>42.0</td>
</tr>
<tr>
<td>Ratio of net worth to capital stock</td>
<td>1.30</td>
<td>1.35</td>
<td>1.25</td>
</tr>
<tr>
<td>Nominal value of share (lire)</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Book value of share (lire)</td>
<td>6,500</td>
<td>6,750</td>
<td>6,500</td>
</tr>
</tbody>
</table>

**Income data**

<table>
<thead>
<tr>
<th>Business year (billon lire)</th>
<th>1956/57</th>
<th>1957/58</th>
<th>1958/59</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross receipts</td>
<td>6.0</td>
<td>6.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Net profit</td>
<td>2.8</td>
<td>4.6</td>
<td>6.4</td>
</tr>
<tr>
<td>Dividends paid out</td>
<td>2.3</td>
<td>2.8</td>
<td>3.9</td>
</tr>
<tr>
<td>Dividend per share (lire)</td>
<td>400</td>
<td>400</td>
<td>500</td>
</tr>
</tbody>
</table>

(c) For 8 Months.  
(d) For 16 months.

Italy with investment "plans" for small savers on the instalment system, and in Sipp (and important newcomer among finance houses). The reason for the exceptionally high liquidity shown in the company's latest accounts is that not all the funds obtained from the compulsory sale of Tet have yet found adequate reemployment.

At current market prices of those of La Centrale's investments which are quoted on the stock exchange, the company's holdings should be worth 120 per cent more than their book value of 52 billion lire. Details are given in a separate table above.

The Società per le Strade Ferrate Meridionali, known on the stock exchange as Bastogi, is one of the oldest of Italian financial companies. Its original business was the construction and operation of railway lines in

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of units (thousands)</td>
</tr>
<tr>
<td>S.M.I.</td>
<td>3,247</td>
</tr>
<tr>
<td>SESO</td>
<td>4,328</td>
</tr>
<tr>
<td>SESO 5/10</td>
<td>1,931</td>
</tr>
<tr>
<td>Edison</td>
<td>3,066</td>
</tr>
<tr>
<td>Volta</td>
<td>61.4</td>
</tr>
<tr>
<td>S. A. E.</td>
<td>6,417</td>
</tr>
<tr>
<td>Sarda</td>
<td>1,147</td>
</tr>
<tr>
<td>Valturano</td>
<td>956</td>
</tr>
<tr>
<td>Beni Stabili</td>
<td>2,237</td>
</tr>
<tr>
<td>Ceilai</td>
<td>2,237</td>
</tr>
<tr>
<td>Forlì S.P.A.</td>
<td>108</td>
</tr>
<tr>
<td>Lambruzzi</td>
<td>633</td>
</tr>
<tr>
<td>Condotti</td>
<td>469</td>
</tr>
<tr>
<td>De Angeli-Frau</td>
<td>334</td>
</tr>
<tr>
<td>Forlì &amp; C.</td>
<td>122</td>
</tr>
<tr>
<td>Others quoted</td>
<td>762</td>
</tr>
<tr>
<td>Total</td>
<td>46,316</td>
</tr>
<tr>
<td>Stock without quotation</td>
<td>6,447</td>
</tr>
<tr>
<td>Total</td>
<td>52,773</td>
</tr>
</tbody>
</table>
were worth 130 billion at market prices of December 31, 1959. After a dividend of 80 lire per share had been paid for eight years on repeatedly increased capital, the dividend was raised to 85 lire for 1959, when there was also another free capital issue, raising the capital stock from 42 to 49 billion lire. In view of all this, Bastogi is one of the finest shares on the Italian stock market.

Pirelli & C. has its main interests in the rubber industry, and Sviluppo (Società per lo Sviluppo delle Imprese Industriali) in the hotel industry, through its majority holding in the largest Italian hotel company, Compagnia Italiana Grandi Albergheri - Ciga, which owns and runs 18 luxury hotels in all the largest towns of Italy.

Both companies also have important minority holdings, and, as in the case of Bastogi, their investments are entered in the books at well below market price.

Among the subsidiaries of Pirelli & C., the outstanding one is Pirelli S.p.A., producer of automobile tyres, electric cables and rubber articles in general. Pirelli S.p.A. is one of the most important companies in Europe. It owns 28 factories in Italy, including the ultra-modern Biscocca at Milan, and has numerous subsidiaries in Italy and abroad. The foreign subsidiaries are controlled by the Société Internationale Pirelli, S.A., at Basel, which in its turn is owned by the two Italian Pirelli companies.

Pirelli S.p.A. is an exceptionally sound company. Plant is written off to a large extent, investment holdings comfortably cover long-term debts, and current claims exceed current liabilities by well over one-third. Cash and bank balances are ample. Pirelli shares are very popular with investors. Notwithstanding the fact that sales results were not too brilliant in 1959, the company was able to increase its 1958 dividend from 120 to 140 lire. This has been maintained for 1959.

Invest, finally as has already been noted, is an investment trust of the closed end type. Its invested capital amounts to 35 billion lire, and its investments are well scattered throughout all sections of the stock exchange list. As of December 31, 1959, the market value of the investments was more than twice their cost.

Southern Italy; when its railways were subsequently nationalized, it became a general finance company.

Bastogi now controls the largest electricity companies in Sicily and in Sardinia, i.e., the Società Generale Elettrica Sicilia and the Elettrica Sarda, a large Rome real estate company called Istituto Romano dei Beni Stabilii, and a number of smaller firms. But Bastogi is also — and perhaps we should say above all, if we look at the composition of its investment portfolio — an investment company with strong minority holdings in many other concerns.

Bastogi's investment holdings at the end of 1959 were valued in the books at 52.8 billion lire; as will be seen in the accompanying table, they
### SVILUPPO

**Investment holdings on March 31, 1959 and market value of December 31, 1959**

<table>
<thead>
<tr>
<th>Stock</th>
<th>Number of shares (thousands)</th>
<th>Book value (mil. lire)</th>
<th>Stock market value Dec. 31, 1959 (mil. lire)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amac, Genovese</td>
<td>5,4</td>
<td>129</td>
<td>415</td>
</tr>
<tr>
<td>Banca</td>
<td>896,0</td>
<td>982</td>
<td>2,900</td>
</tr>
<tr>
<td>CGA</td>
<td>2,396,5</td>
<td>1,680</td>
<td>16,000</td>
</tr>
<tr>
<td>PIAT</td>
<td>1,000</td>
<td>1,157</td>
<td>2,700</td>
</tr>
<tr>
<td>Trudges</td>
<td>265</td>
<td>123</td>
<td>550</td>
</tr>
<tr>
<td>Star</td>
<td>111</td>
<td>123</td>
<td>330</td>
</tr>
<tr>
<td>Carini</td>
<td>1,850</td>
<td>2,318</td>
<td>16,100</td>
</tr>
<tr>
<td>Perelli</td>
<td>75</td>
<td>312</td>
<td>600</td>
</tr>
<tr>
<td>S.I.A.</td>
<td>2,355</td>
<td>2,358</td>
<td>5,850</td>
</tr>
<tr>
<td>Others</td>
<td>2,565</td>
<td>298</td>
<td>580</td>
</tr>
<tr>
<td>Total stocks quoted</td>
<td></td>
<td>9,078</td>
<td>35,072</td>
</tr>
<tr>
<td>Stocks</td>
<td></td>
<td>2,359</td>
<td>5,800</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>11,457</td>
<td>38,874</td>
</tr>
</tbody>
</table>

### PIRELLI & C.

**Investment holdings on December 31, 1958 and market value of December 31, 1959**

<table>
<thead>
<tr>
<th>Stock</th>
<th>Number of shares (thousands)</th>
<th>Book value (mil. lire)</th>
<th>Stock market value Dec. 31, 1959 (mil. lire)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mediolinera</td>
<td>12</td>
<td>176</td>
<td>475</td>
</tr>
<tr>
<td>La Cintura</td>
<td>59</td>
<td>128</td>
<td>1,100</td>
</tr>
<tr>
<td>Banca</td>
<td>58</td>
<td>67</td>
<td>310</td>
</tr>
<tr>
<td>Cot. Cantoni</td>
<td>1,000</td>
<td>101</td>
<td>540</td>
</tr>
<tr>
<td>Edison</td>
<td>30</td>
<td>223</td>
<td>370</td>
</tr>
<tr>
<td>STEI</td>
<td>1,549</td>
<td>2,393</td>
<td>6,950</td>
</tr>
<tr>
<td>Montecatini</td>
<td>2,795</td>
<td>1,138</td>
<td>7,400</td>
</tr>
<tr>
<td>Fiat</td>
<td>265</td>
<td>265</td>
<td>1,050</td>
</tr>
<tr>
<td>A. Soci</td>
<td>265</td>
<td>265</td>
<td>1,050</td>
</tr>
<tr>
<td>Issic</td>
<td>1,824</td>
<td>1,644</td>
<td>12,750</td>
</tr>
<tr>
<td>Perelli &amp; Co.</td>
<td>756</td>
<td>706</td>
<td>1,650</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>7,999</td>
<td>33,000</td>
</tr>
</tbody>
</table>

### PIRELLI S.P.A.

**Statement of condition**

<table>
<thead>
<tr>
<th>Statement of condition</th>
<th>31/12/56</th>
<th>31/12/57</th>
<th>31/12/58</th>
<th>31/12/59</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td>66,0</td>
<td>70,2</td>
<td>74,0</td>
<td>78,2</td>
</tr>
<tr>
<td>Fixed assets less: deprecation</td>
<td>+ 25,4</td>
<td>+ 35,0</td>
<td>+ 35,1</td>
<td>+ 35,6</td>
</tr>
<tr>
<td>Inventories</td>
<td>+ 20,3</td>
<td>+ 19,8</td>
<td>+ 18,1</td>
<td>+ 18,1</td>
</tr>
<tr>
<td>Investment holdings</td>
<td>- 35,3</td>
<td>- 35,9</td>
<td>- 37,8</td>
<td>- 37,8</td>
</tr>
<tr>
<td>Current assets</td>
<td>- 20,3</td>
<td>- 17,8</td>
<td>- 17,2</td>
<td>- 16,6</td>
</tr>
<tr>
<td>Net worth</td>
<td>53,8</td>
<td>53,6</td>
<td>54,5</td>
<td>54,5</td>
</tr>
<tr>
<td>Cash and bank</td>
<td>+ 5,6</td>
<td>+ 6,3</td>
<td>+ 6,8</td>
<td>+ 7,3</td>
</tr>
<tr>
<td>Net worth - cash and bank</td>
<td>- 21,1</td>
<td>- 18,3</td>
<td>- 20,5</td>
<td>- 20,1</td>
</tr>
<tr>
<td>of which: capital stock</td>
<td>2,170</td>
<td>2,150</td>
<td>2,140</td>
<td>2,130</td>
</tr>
<tr>
<td>Nominal value of share (lire)</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Book value of share (lire)</td>
<td>2,170</td>
<td>2,150</td>
<td>2,140</td>
<td>2,130</td>
</tr>
</tbody>
</table>

**Income data**

<table>
<thead>
<tr>
<th>Business year</th>
<th>1956</th>
<th>1957</th>
<th>1958</th>
<th>1959</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>976</td>
<td>963</td>
<td>909</td>
<td>1012</td>
</tr>
<tr>
<td>Net profit</td>
<td>35</td>
<td>36</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td>Dividends paid out</td>
<td>3,1</td>
<td>3,1</td>
<td>3,1</td>
<td>3,1</td>
</tr>
<tr>
<td>Dividend per share (lire)</td>
<td>130</td>
<td>130</td>
<td>140</td>
<td>140</td>
</tr>
</tbody>
</table>

**Private Industrial Groups**

The companies listed in Part C of Table 2 are both industrial and holding companies. With the exception, perhaps, of Edison, their industrial activities are their primary concern. In all cases their subsidiaries are mainly smaller firms operating in fields related or complementary to the mother company's.

The most important industrial holdings are Edison, Montecatini and Fiat. Edison recently ventured out of its main field, which is electricity,

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*In the original document, the text is not fully visible due to the quality of the scan. The above representation is based on the visible text and the context provided.*
into other branches, including especially the chemical industry and man-made fibres; its original electricity business was handed over to Edisonvolta, a new firm specially set up for this purpose in 1935. In terms of its own capital stock and the capital stock of its associates Edison is today

**EDISON**

<table>
<thead>
<tr>
<th>Statement of condition</th>
<th>1956</th>
<th>1957</th>
<th>1958</th>
<th>1959</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td>96.8</td>
<td>85.1</td>
<td>90.5</td>
<td>94.9</td>
</tr>
<tr>
<td>less: current liabilities</td>
<td>34.4</td>
<td>35.6</td>
<td>40.5</td>
<td>45.3</td>
</tr>
<tr>
<td>Inventories</td>
<td>+ 62.4</td>
<td>+ 49.5</td>
<td>+ 50.0</td>
<td>+ 49.5</td>
</tr>
<tr>
<td>Investment holdings</td>
<td>+ 6.6</td>
<td>+ 7.8</td>
<td>+ 8.0</td>
<td>+ 8.5</td>
</tr>
<tr>
<td>less: long-term debt</td>
<td>154.4</td>
<td>127.4</td>
<td>190.4</td>
<td>200.3</td>
</tr>
<tr>
<td>Current claims</td>
<td>151.0</td>
<td>157.3</td>
<td>171.7</td>
<td>180.0</td>
</tr>
<tr>
<td>less: current liabilities</td>
<td>151.0</td>
<td>157.3</td>
<td>171.7</td>
<td>180.0</td>
</tr>
<tr>
<td>Cash and bank</td>
<td>+ 8.4</td>
<td>+ 14.5</td>
<td>+ 8.4</td>
<td>+ 16.6</td>
</tr>
<tr>
<td>Net worth</td>
<td>216.4</td>
<td>235.1</td>
<td>238.8</td>
<td>268.8</td>
</tr>
<tr>
<td>of which: capital stock</td>
<td>160.0</td>
<td>180.0</td>
<td>180.0</td>
<td>200.0</td>
</tr>
</tbody>
</table>

| Ratio of net worth to capital stock | 1.35 | 1.31 | 1.33 | 1.34 |
| Nominal value of share (lire)      | 2,000 | 2,000 | 2,000 | 2,000 |
| Bank value of share (lire)         | 2,700 | 2,630 | 2,660 | 2,680 |

<table>
<thead>
<tr>
<th>Income data</th>
<th>1956</th>
<th>1957</th>
<th>1958</th>
<th>1959</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Net profit</td>
<td>11.0</td>
<td>13.4</td>
<td>12.6</td>
<td>13.2</td>
</tr>
<tr>
<td>Dividends paid out (lire)</td>
<td>10.4</td>
<td>10.5</td>
<td>11.7</td>
<td>13.5</td>
</tr>
<tr>
<td>Dividend per share (lire)</td>
<td>130</td>
<td>130</td>
<td>130</td>
<td>135</td>
</tr>
</tbody>
</table>

the largest private industrial group in Italy. While its interests are widespread, electricity still predominates by a wide margin.

As the company's particulars show, investment holdings are the largest item in the assets, though industrial plant also stands at a very high figure. The financial situation is sound and well-balanced. From the investor's point of view, Edison is a first class stock; it is also one of the few which never once missed a dividend ever since the company was founded in 1889.

Eleven companies of the Edison group are quoted on the stock exchange, as shown in Table 4 above. Two of these, Mittel and Nord Milano, are railway companies; one, Chidillia, is in the artificial textiles branch, and eight are in the electricity sector. Among companies not quoted on the stock exchange we may mention Siedison, a large chemical and petrochemical concern in which Monsanto Chemical C. has an interest; Celene, also in the chemical industry, in which Union Carbide and Carbon C. have an interest; and Sincat, which is at present putting up a compound fertilizer factory at Syracuse, in Sicily.

Edison furthermore controls Selini (Società Elettronucleare Italiana), in which other groups also have interests, and has started a great number of other ventures in the electricity sector. Finally, it has the distribution of gas for the city of Milan.

In 1959 Edison's capital stock was raised to 300 billion lire, and early in 1960 the company issued bonds in the amount of 50 billion lire. The dividend was increased from 130 to 135 lire.

Montecatini, società generale per l'industria mineraria e chimica, is the largest chemical and mining concern in Italy and one of the largest in Europe. Montecatini has 170 works in Italy, mainly in mining and quarrying (limestone, pyrites, sulphur, marble), in aluminium production and in the petrochemical and chemical industries (nitrogen, sulphuric acid, chemical fertilizers, resins, miscellaneous chemical products). It also has power stations of its own, with an annual capacity of 3,000 million Kwh. Montecatini is very well known abroad, partly because of its own factories and activities, and partly through its widely used industrial patents. Montecatini stock is quoted in New York and Paris, and on German stock exchanges.

A look at the company's accounts shows a high percentage of amortization and a very satisfactory ratio of current claims to current liabilities. Liquid funds in bank deposits are high. The company's results have improved considerably in 1959.

Recently Montecatini raised a 70 million dollar loan in the United States and 30 billion lire in Italy. The first is to be used for the construction of a chemical factory in Virginia, and the second to finance a large petrochemical plant at Brindisi, in Southern Italy.
The Structure of the Italian Stock Market

Fiat’s balance sheet position is very satisfactory. Of the company’s 472 billion lire’s worth of fixed assets, about half is written off. Current liabilities exceed current claims by more than 20 per cent, but the difference is comfortably covered by the very liquid cash position. Net worth is 2.5 times as much as capital stock. The dividend was 80 lire per share during the last three years, having previously increased continuously since 1948 on successively growing capital. In 1959 it has been again raised to 85 lire. It may be worth mentioning that, given the low nominal value of the shares, Fiat distributes more in dividends than any other

<table>
<thead>
<tr>
<th>MONTECATINI</th>
<th>Business year (billion lire)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of condition</td>
<td>31/12/56</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>250.0</td>
</tr>
<tr>
<td>less: depreciation</td>
<td>+ 94.8</td>
</tr>
<tr>
<td>Net worth</td>
<td>155.2</td>
</tr>
<tr>
<td>Inventories</td>
<td>41.1</td>
</tr>
<tr>
<td>Investment holdings</td>
<td>- 66.9</td>
</tr>
<tr>
<td>Current claims</td>
<td>54.1</td>
</tr>
<tr>
<td>less: current liabilities</td>
<td>25.2</td>
</tr>
<tr>
<td>Cash and bank</td>
<td>30.0</td>
</tr>
<tr>
<td>Net worth (of which: capital stock)</td>
<td>151.9</td>
</tr>
<tr>
<td>Ratio of net worth to capital stock</td>
<td>34.0</td>
</tr>
<tr>
<td>Valuation of share (billion lire)</td>
<td>1.83</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fiat</th>
<th>(billion lire)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of condition</td>
<td>31/12/56</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>3375</td>
</tr>
<tr>
<td>less: depreciation</td>
<td>149.3</td>
</tr>
<tr>
<td>Inventories</td>
<td>+ 178.2</td>
</tr>
<tr>
<td>Investment holdings</td>
<td>+ 42.6</td>
</tr>
<tr>
<td>less: long-term debt</td>
<td>45.4</td>
</tr>
<tr>
<td>Net worth</td>
<td>243.5</td>
</tr>
<tr>
<td>of which: capital stock</td>
<td>198.6</td>
</tr>
<tr>
<td>Current claims</td>
<td>75.1</td>
</tr>
<tr>
<td>less: current liabilities</td>
<td>94.8</td>
</tr>
<tr>
<td>Cash and bank</td>
<td>19.7</td>
</tr>
<tr>
<td>Net worth (of which: capital stock)</td>
<td>198.6</td>
</tr>
<tr>
<td>Valuation of share (billion lire)</td>
<td>1430</td>
</tr>
</tbody>
</table>

Although none of Montecatini’s subsidiaries is quoted on the stock exchange, some of them are quite important firms, including, for instance, ACO, Coffitalia, Farinatiat, Monteccechio, Rhodiato, and others. Finally, Montecatini has interests in many foreign companies.

Fiat is the largest engineering concern in Italy. While its main business is the manufacture of cars, it is also active in many and important related fields, such as the manufacture of electrical household appliances, aeroplanes, motors in general, agricultural machines, rolling stock, etc. Altogether, Fiat’s secondary activities account for 30 per cent of its sales.
related chemical sector and elsewhere, most recently in oil prospecting — which, if successful, should provide the company with a valuable raw materials supply of its own. The company has very strong reserves, its net worth being 2.5 times its capital stock. Investment holdings are twice as much as long-term debt and current claims nearly 1.5 current liabilities. In 1959 Snia Viscosa raised its capital to 27.4 billion lire, partly by a free scrip issue and partly against new money. The dividend was increased from 100 to 120 lire.

Two of the companies controlled by Snia Viscosa are quoted on the stock exchange: Cotomificio Oleoce and Filature Cavini di Siena, which latter is a recent acquisition. Snia Viscosa has many interests in foreign companies, especially in Spain and Latin America.

Italcementi — Fabbriche Riunite di Cemento — is the largest Italian producer of cement and related construction materials. The company has 21 factories of its own and its subsidiaries have another 8. While most of Italcementi’s own factories are in Northern Italy, its subsidiaries operate in Southern Italy, Sicily and Sardinia. In recent years the company has been progressively spreading into many other fields; not long ago it acquired control of the old automobile firm of Lancia, which is to be reorganized and its output increased.

The company’s position is very sound. Fixed assets are written off by 2/3, investments largely exceed long-term debts and current claims and liabilities are well balanced. Recently, Italcementi has doubled its capital (from 12.0 to 24.0 billion lire) half by increasing the nominal value of its shares to 3,000 lire and half for cash. The dividend for 1959 has been increased to 600 lire. None of Italcementi’s subsidiaries are quoted on the stock exchange.

Sade, Società Adriatica per l’Elettricità, is an important concern mainly engaged in electricity generation and distribution in North-East Italy (especially Veneto and Emilia). It controls many other companies, again mostly in the electricity sector and also in water distribution, including Acqua Marcia, which owns the aqueducts supplying large parts of Rome and has its own stock exchange quotation. The company is also connected with the finance company Sviluppo, which was discussed a little earlier.

Sade owns 25 hydroelectric power stations, of which ten were built since the last war, and has an interest in nuclear power through Selni. It also has a few thermal power stations with a combined capacity of
The Structure of the Italian Stock Market

**ITALCIMENTI**

<table>
<thead>
<tr>
<th>Statement of condition</th>
<th>31/12/57</th>
<th>31/12/58</th>
<th>31/12/59</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td>51.6</td>
<td>56.0</td>
<td>58.6</td>
</tr>
<tr>
<td>less: depreciation</td>
<td>3.4</td>
<td>3.6</td>
<td>3.9</td>
</tr>
<tr>
<td></td>
<td>48.2</td>
<td>52.4</td>
<td>54.7</td>
</tr>
<tr>
<td>Inventories</td>
<td>11.1</td>
<td>11.3</td>
<td>11.3</td>
</tr>
<tr>
<td>Investment holdings</td>
<td>10.9</td>
<td>10.8</td>
<td>10.8</td>
</tr>
<tr>
<td>less: long-term debt</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Current claims</td>
<td>6.9</td>
<td>8.8</td>
<td>7.8</td>
</tr>
<tr>
<td>less: current liabilities</td>
<td>1.4</td>
<td>1.4</td>
<td>1.4</td>
</tr>
<tr>
<td>Cash and bank</td>
<td>3.7</td>
<td>3.7</td>
<td>3.7</td>
</tr>
<tr>
<td>Net worth</td>
<td>35.8</td>
<td>36.8</td>
<td>36.7</td>
</tr>
<tr>
<td>of which: capital stock</td>
<td>13.0</td>
<td>13.0</td>
<td>13.0</td>
</tr>
<tr>
<td>Ratio of net worth to capital stock</td>
<td>2.75</td>
<td>2.33</td>
<td>2.41</td>
</tr>
<tr>
<td>Nominal value of share (lire)</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Book value of share (lire)</td>
<td>4,780</td>
<td>4,780</td>
<td>4,780</td>
</tr>
</tbody>
</table>

**SADE**

<table>
<thead>
<tr>
<th>Statement of condition</th>
<th>31/12/57</th>
<th>31/12/58</th>
<th>31/12/59</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td>155.7</td>
<td>171.0</td>
<td>181.6</td>
</tr>
<tr>
<td>less: depreciation</td>
<td>15.2</td>
<td>17.9</td>
<td>18.6</td>
</tr>
<tr>
<td>Investments</td>
<td>18.2</td>
<td>20.2</td>
<td>21.5</td>
</tr>
<tr>
<td>Investment holdings</td>
<td>27.6</td>
<td>31.0</td>
<td>30.0</td>
</tr>
<tr>
<td>less: long-term debt</td>
<td>7.4</td>
<td>12.8</td>
<td>11.5</td>
</tr>
<tr>
<td>Current claims</td>
<td>14.7</td>
<td>17.2</td>
<td>15.7</td>
</tr>
<tr>
<td>less: current liabilities</td>
<td>23.6</td>
<td>22.3</td>
<td>24.0</td>
</tr>
<tr>
<td>Cash and bank</td>
<td>1.5</td>
<td>11.6</td>
<td>9.0</td>
</tr>
<tr>
<td>Net worth</td>
<td>88.4</td>
<td>104.3</td>
<td>109.9</td>
</tr>
<tr>
<td>of which: capital stock</td>
<td>31.0</td>
<td>72.0</td>
<td>72.0</td>
</tr>
<tr>
<td>Ratio of net worth to capital stock</td>
<td>1.65</td>
<td>1.45</td>
<td>1.44</td>
</tr>
<tr>
<td>Nominal value of share (lire)</td>
<td>1,200</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Book value of share (lire)</td>
<td>1,570</td>
<td>1,570</td>
<td>1,570</td>
</tr>
</tbody>
</table>

**Income data**

<table>
<thead>
<tr>
<th>Business year (billion lire)</th>
<th>1955/56</th>
<th>1957/58</th>
<th>1958</th>
<th>1959</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>32.3</td>
<td>43.3</td>
<td>47.1</td>
<td>34.5</td>
</tr>
<tr>
<td>Net profit</td>
<td>3.0</td>
<td>3.2</td>
<td>3.6</td>
<td>3.8</td>
</tr>
<tr>
<td>Dividends paid out</td>
<td>3.0</td>
<td>0.9</td>
<td>1.5</td>
<td>3.6</td>
</tr>
<tr>
<td>Dividend per share (lire)</td>
<td>500</td>
<td>500</td>
<td>510</td>
<td>500</td>
</tr>
</tbody>
</table>

230,000 Kw. The company's net worth is very considerable, far and away the main item being fixed assets. Current items show a rather marked excess of debits on claims. Sade shares are widely traded on Italian stock exchanges and are a very safe investment. Their dividend has been maintained at 70 lire ever since 1948, although capital was increased on more than one occasion, partly by free issues and partly against new money.

The Società Italiana per il Gas, Italgas, is a gas producer and has the household distribution of gas in something like 40 Italian towns,

including Rome, Turin, Florence, Venice and Leghorn. It owns a great number of subsidiaries in related industrial fields, such as coal, liquid gas, and aqueducts.

The company's position is very sound and steady. In the public utilities field, which accounts for the bulk of the company's business, one can expect a steady income but neither windfall profits nor rapid growth. This no doubt accounts for the quiet life the stock usually leads on the market.

(*) Nine months.
Of the many subsidiaries of Italgas, two are quoted on the stock exchange; they are Piëgas, distributors of liquid gas in cylinders for domestic use, and Società per la Condotta di Acque, a Turin water company.

### ITALGAS

<table>
<thead>
<tr>
<th>Statement of condition</th>
<th>(billion lire)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1/1/37/57</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>52.7</td>
</tr>
<tr>
<td>less depreciation</td>
<td>28.8</td>
</tr>
<tr>
<td>Investments</td>
<td>+ 23.0</td>
</tr>
<tr>
<td>Investment holdings</td>
<td>+ 4.6</td>
</tr>
<tr>
<td>less: long-term debt</td>
<td>10.7</td>
</tr>
<tr>
<td>Current claims</td>
<td>+ 9.3</td>
</tr>
<tr>
<td>less: current liabilities</td>
<td>5.4</td>
</tr>
<tr>
<td>Cash and bank</td>
<td>10.9</td>
</tr>
<tr>
<td>Net worth</td>
<td>57.5</td>
</tr>
<tr>
<td>of which: capital stock</td>
<td>15.9</td>
</tr>
<tr>
<td>Ratio of net worth to capital stock</td>
<td>1.60</td>
</tr>
<tr>
<td>Nominal value of share (lire)</td>
<td>1,200</td>
</tr>
<tr>
<td>Book value of share (lire)</td>
<td>1,200</td>
</tr>
</tbody>
</table>

#### Income data

<table>
<thead>
<tr>
<th>Business year (billion lire)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955/57</td>
</tr>
<tr>
<td>1957/58</td>
</tr>
<tr>
<td>1958/59</td>
</tr>
<tr>
<td>Sales</td>
</tr>
<tr>
<td>Net profit</td>
</tr>
<tr>
<td>Dividends paid out</td>
</tr>
<tr>
<td>Dividend per share (lire)</td>
</tr>
</tbody>
</table>

Other stocks on Italian stock exchanges

We are getting to the end of our brief survey. While the financial groups we have discussed encompass very nearly all the major companies quoted on the stock exchange, there are a few others outside these groups which would well merit an analysis. The difficulty is where to stop. One stock which certainly should be mentioned is the highly popular one of Assicurazioni Generali of Trieste, the largest Italian insurance company. This well over centenarian firm, which was founded in 1831, operates directly or indirectly in 59 countries, through more than 70 subsidiaries. Its fixed assets, which are valued at 40 billion lire, include something like 300 urban buildings, of which 200 in Italy and 100 abroad; its investment holdings, entered in the books at about 60 billion lire, are probably worth 3 or 4 times as much, given the rise in share prices during these last few years. For all these reasons, Assicurazioni Generali have always been popular — so much so that currently the shares are quoted at about 100,000 lire, which, at a dividend of only 700 lire, means a yield of less than 1 per cent.

Other companies which might be mentioned are Carriere Burgo, the largest Italian pulp and paper manufacturers; Rinascita, which owns the department store chains of Rinascita and Upin (the Italian equivalent of Woolworths) and whose shares have given investors much satisfaction over the last five or six years; Olivetti, known the world over for its typewriters and calculating machines; Motta, the Milan confectioners and makers of the famous panettone; Società Generale Immobiliare of Rome, which is engaged mainly in residential building, but is equipped to handle any other kind of construction and public works. This list could well be continued.

In conclusion, we thought it well to provide an overall picture of the leading stocks traded on Italian stock exchanges. To this end we have listed, in Table 5, the 25 companies ranking highest by seven different standards, namely:

1) Capital stock;
2) Net worth;
3) Sales;
4) Number of employees;
5) Stock market valuation of capital stock;
6) Stock exchange turnover;
7) Number of shareholders.

While the first four of these criteria are purely economic and concern the company as such, the last three are of technical stock exchange interest. Such a table cannot, of course, do anything like establish an absolute hierarchy, but taken as a whole, it may perhaps form the background for an informed subjective assessment of the relative position of leading shares on Italian stock markets, and as such may provide some guidance to would-be investors.
## Twenty-Five Leading Stocks

<table>
<thead>
<tr>
<th>Capital stock (milioni lire)</th>
<th>Net worth (milioni lire)</th>
<th>Sales (milioni lire)</th>
<th>Number of employees</th>
<th>Stock market valuation of capital stock (milioni lire)</th>
<th>Stock exchange turnover (milioni lire)</th>
<th>Number of shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Edison</td>
<td>200,000</td>
<td>Edison</td>
<td>225,440</td>
<td>FIAT</td>
<td>355,000</td>
<td>FIAT</td>
</tr>
<tr>
<td>Edisonvolta</td>
<td>120,000</td>
<td>FIAT</td>
<td>214,543</td>
<td>Montecatini</td>
<td>146,631</td>
<td>Montecatini</td>
</tr>
<tr>
<td>STEET</td>
<td>149,000</td>
<td>Montecatini</td>
<td>157,639</td>
<td>ILVA</td>
<td>216,340</td>
<td>ITALIA</td>
</tr>
<tr>
<td>SIP</td>
<td>193,423</td>
<td>Pirelli S.P.A.</td>
<td>149,425</td>
<td>Cornigliano</td>
<td>31,883</td>
<td>Pirelli S.P.A.</td>
</tr>
<tr>
<td>FIAT</td>
<td>100,000</td>
<td>SIME</td>
<td>118,739</td>
<td>Eridania</td>
<td>90,484</td>
<td>SIME</td>
</tr>
<tr>
<td>Montecatini</td>
<td>200,000</td>
<td>Terni</td>
<td>107,720</td>
<td>SIME</td>
<td>70,490</td>
<td>Terni</td>
</tr>
<tr>
<td>SME</td>
<td>94,047</td>
<td>SAIE</td>
<td>95,438</td>
<td>Ass. Generali</td>
<td>70,999</td>
<td>Ass. Generali</td>
</tr>
<tr>
<td>SADIE</td>
<td>72,000</td>
<td>STEET</td>
<td>84,914</td>
<td>Dalmine</td>
<td>66,499</td>
<td>Dalmine</td>
</tr>
<tr>
<td>Finme</td>
<td>70,086</td>
<td>Finmeider</td>
<td>74,578</td>
<td>Edisonvolta</td>
<td>65,597</td>
<td>Edisonvolta</td>
</tr>
<tr>
<td>Cornigliano</td>
<td>90,000</td>
<td>Generali</td>
<td>66,643</td>
<td>Giro di San Pietro</td>
<td>59,196</td>
<td>Giro di San Pietro</td>
</tr>
<tr>
<td>Finelettrica</td>
<td>95,000</td>
<td>ILVA</td>
<td>55,552</td>
<td>Eridania</td>
<td>48,000</td>
<td>Eridania</td>
</tr>
<tr>
<td>Romana EI</td>
<td>45,000</td>
<td>SIME</td>
<td>25,558</td>
<td>Acc. e Ferr. F. Lack</td>
<td>45,214</td>
<td>Acc. e Ferr. F. Lack</td>
</tr>
<tr>
<td>Selv-Valdarno</td>
<td>45,000</td>
<td>Vizzola</td>
<td>51,848</td>
<td>Industriani</td>
<td>53,155</td>
<td>Industriani</td>
</tr>
<tr>
<td>ILVA</td>
<td>45,000</td>
<td>Corigliano</td>
<td>50,280</td>
<td>SIME</td>
<td>60,000</td>
<td>SIME</td>
</tr>
<tr>
<td>Vinzola</td>
<td>62,030</td>
<td>Pirelli S.P.A.</td>
<td>50,287</td>
<td>Cant. di R. Adriano</td>
<td>40,000</td>
<td>Cant. di R. Adriano</td>
</tr>
<tr>
<td>Battisti</td>
<td>42,000</td>
<td>R.A.S.*</td>
<td>47,945</td>
<td>Terni</td>
<td>32,000</td>
<td>Terni</td>
</tr>
<tr>
<td>La Centrale</td>
<td>42,000</td>
<td>Finmelettrica</td>
<td>46,651</td>
<td>Carriere Burgo</td>
<td>37,900</td>
<td>Carriere Burgo</td>
</tr>
<tr>
<td>CEMI</td>
<td>35,000</td>
<td>Selv-Valdarno</td>
<td>45,834</td>
<td>SIME</td>
<td>27,566</td>
<td>SIME</td>
</tr>
<tr>
<td>Terni</td>
<td>35,000</td>
<td>Romana EI</td>
<td>65,649</td>
<td>Italgas</td>
<td>35,216</td>
<td>Italgas</td>
</tr>
<tr>
<td>SESO</td>
<td>35,000</td>
<td>SESO</td>
<td>45,955</td>
<td>SESO</td>
<td>40,000</td>
<td>SESO</td>
</tr>
<tr>
<td>TETI</td>
<td>30,000</td>
<td>La Centrale</td>
<td>43,000</td>
<td>SAIE</td>
<td>24,000</td>
<td>SAIE</td>
</tr>
<tr>
<td>SIME-Viarese</td>
<td>27,450</td>
<td>CEMI</td>
<td>38,336</td>
<td>CEMI</td>
<td>24,000</td>
<td>CEMI</td>
</tr>
<tr>
<td>Pirelli S.P.A.</td>
<td>24,000</td>
<td>Italgas</td>
<td>34,975</td>
<td>Viarese</td>
<td>26,000</td>
<td>Viarese</td>
</tr>
<tr>
<td>Eredania</td>
<td>24,000</td>
<td>Mota</td>
<td>31,016</td>
<td>Eredania</td>
<td>18,460</td>
<td>Eredania</td>
</tr>
<tr>
<td>Italgas</td>
<td>25,000</td>
<td>TETI</td>
<td>31,016</td>
<td>Eredania</td>
<td>18,460</td>
<td>Eredania</td>
</tr>
</tbody>
</table>

* Inclusion premiums.

(1) Sales, number of employees and number of shareholders are based on 1958 reports. As we use them here. Capital stock, net worth and stock market valuation of capital stock are as at December 31, 1958.
Table 5 includes, in all, 71 companies. We have set out in a separate table the frequency with which each of them appears among the leading 25 by our seven standards.

### DISTRIBUTION OF THE 71 COMPANIES LISTED IN TABLE 5

<table>
<thead>
<tr>
<th>Number</th>
<th>Companies Listed in Table 5</th>
<th>Number of Holdings under Which Listed</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Monzegali, Piatt, Sahh, ILVA, Picelli S.p.A., Suisse</td>
<td>7</td>
</tr>
<tr>
<td>4</td>
<td>SMER, Smed, Ellerasa, Italsis</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>SIET, Finister, Riganti, SPF, La Centrale, Anicent Foti Generali, Cornigliano</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Emison, Finisetti, Istramenti, Romana Elettrica, TICIT</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>Valvano, Vizzini, Polka, La Giornale, Generale Immobiliare, Laureat</td>
<td>3</td>
</tr>
<tr>
<td>13</td>
<td>Pircheri &amp; Co., SESS, Cerisini, Baisch, Foris, CER, L其他的名字, SAPP, FRAS, MOTT</td>
<td>2</td>
</tr>
<tr>
<td>10</td>
<td>Spillo, Rambas, Philex, Ossolaza, Morelli, E. Manelli, Cottini, AFA, Tonemarco, Chabillon, Nebilo</td>
<td>1</td>
</tr>
</tbody>
</table>

* Edison would almost certainly figure under all the seven headings, if its sales figures, staff and number of shareholders were known.

Six companies are among the leaders on all seven counts; they are Monzegali, Piatt, Sahh, IIVA, Picelli S.p.A. and Suisse. Four companies are shown six times, seven five times, etc. We should add, though, that while the data on capital stock, net worth, stock exchange valuation of capital and turnover are known for all the companies, data on sales, personnel and number of shareholders are not known for all of them, and these latter classifications are therefore incomplete. To give an example, if the figures were known, Edison would almost certainly appear seven times in our table. Finally, the category "sales" does not, of course, exist for financial companies and their personnel is in the nature of things very small. For this reason any financial company which figures under five headings is of comparable importance with an industrial company figuring under all seven.

### BANCA NAZIONALE DEL LAVORO

#### HEAD OFFICE: ROME

**Via Vittorio Veneto, 119**

**Condensed Statement of Condition, March 31, 1969**

<table>
<thead>
<tr>
<th>Assets</th>
<th>(Million Lire)</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, Balance with Bank of Italy</td>
<td>20,000.0</td>
<td>Capitals</td>
</tr>
<tr>
<td>Money at call</td>
<td>11,000.0</td>
<td>Ordinary Reserve Fund</td>
</tr>
<tr>
<td>Treasury Bills</td>
<td>31,465.7</td>
<td>Staff Retirement Funds &amp; Provident Fund</td>
</tr>
<tr>
<td>Govt. or Govt.-guaranteed Securities</td>
<td>6,000.0</td>
<td>23,700.4</td>
</tr>
<tr>
<td>Other Securities</td>
<td>31,465.7</td>
<td>23,700.4</td>
</tr>
<tr>
<td>Bills discounted</td>
<td>57,950.0</td>
<td>Deposit &amp; Current Accounts</td>
</tr>
<tr>
<td>Advances and Loans</td>
<td>57,950.0</td>
<td>57,950.0</td>
</tr>
<tr>
<td>Current accounts with Annexed Sections</td>
<td>104,927.7</td>
<td>Correspondents</td>
</tr>
<tr>
<td>Guarantors</td>
<td>2,111.9</td>
<td>2,111.9</td>
</tr>
<tr>
<td>Due from Correspondents</td>
<td>2,111.9</td>
<td>2,111.9</td>
</tr>
<tr>
<td>Current accounts with Annexed Sections</td>
<td>46,966.3</td>
<td>Advances taken</td>
</tr>
<tr>
<td>Customers' Liabilities for guarantees, Acceptances, etc.</td>
<td>135,772.1</td>
<td>135,772.1</td>
</tr>
<tr>
<td>Miscellaneous accounts</td>
<td>135,772.1</td>
<td>135,772.1</td>
</tr>
<tr>
<td>Due from capital subscribers</td>
<td>135,772.1</td>
<td>135,772.1</td>
</tr>
<tr>
<td>Participations</td>
<td>916.0</td>
<td>916.0</td>
</tr>
<tr>
<td>Premises, Furniture and Equipment</td>
<td>1,333,781.8</td>
<td>1,333,781.8</td>
</tr>
<tr>
<td>Total</td>
<td>1,333,781.8</td>
<td>Total</td>
</tr>
<tr>
<td>Securities deposited by third parties</td>
<td>459,600.7</td>
<td>Depositors of securities</td>
</tr>
<tr>
<td>Staff Retirement Funds &amp; Provident Fund: Bank's securities guaranteeing Staff Retirement Funds &amp; Provident Fund</td>
<td>23,383.6</td>
<td>Bank's securities guaranteeing Staff Retirement Funds &amp; Provident Fund</td>
</tr>
<tr>
<td>Staff Retirement Funds &amp; Provident Fund</td>
<td>23,383.6</td>
<td>23,383.6</td>
</tr>
<tr>
<td>Other</td>
<td>1,810,791.4</td>
<td>1,810,791.4</td>
</tr>
</tbody>
</table>

### AUTONOMOUS SECTIONS FOR SPECIAL CREDITS

**SECTION FOR CREDIT TO MEDIUM AND MINOR INDUSTRIES**

| Capital, Reserves and Government Guarantee Fund L. 3,500,821,259 |

**SECTION FOR HOTEL AND TOURIST CREDIT**

| Aggregate Capital and Reserve L. 4,900,821,259 |

**SECTION FOR CO-OPERATIVE CREDIT**

| Capital and Reserve L. 3,500,821,259 & Government Guarantee L. 2,000,000,000 |

**SECTION FOR MORTGAGE CREDIT**

| Aggregate Capital and Reserve L. 4,900,821,259 |

**SECTION FOR CINEMA CREDIT**

| Aggregate Capital and Reserve L. 2,500,821,259 |

**SECTION FOR THE FINANCING OF PUBLIC WORKS AND PUBLIC UTILITY PLANTS**

| Aggregate Capital and Reserve L. 1,200,000,000 |

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**Rome**

Pietro Manes