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## Buffett Leans on Italian Guide for Europe Investment (Update2)

By Josh P. Hamilton



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April 23 (Bloomberg) -- Billionaire **Warren Buffett**, who will embark on a four-city European trip next month to meet with owners of family businesses, has for years been laying the groundwork for an acquisition in Europe.

At the center of that effort is **Angelo Moratti**, scion of the founding family of Italian energy company Saras SpA. Moratti is helping organize a tour scheduled to take the **Berkshire Hathaway Inc.** chairman to Milan, Madrid, Frankfurt and Lausanne in the third week of May. Buffett's assistant, **Debbie Bosanek**, confirmed the visit.

"The purpose of the trip is to meet family-owned companies, owners of family companies, the typical European dynasties," said **Moratti**, vice president of Milan-based **Saras**, in a telephone interview. "His idea is that sooner or later one of these great businesses will fall into his hands."

Buffett, 77, has been looking outside the U.S. to put his company's more than \$40 billion in **cash** to work. Moratti is organizing the tour along with **Eitan Wertheimer**, president of Israel-based Iscar Metalworking Cos., acquired by Berkshire for \$4 billion in 2006 in Buffett's first non-U.S. acquisition.

Moratti is a "bird dog" who may be able to point Buffett to profitable ventures in Europe, said **Tom Russo**, who helps manage more than \$3 billion, including Berkshire shares.

"Buffett was underrepresented in Europe because he doesn't use the investment bankers, so he needed to develop his own profile," Russo, a partner in Gardner Russo & Gardner in Lancaster, Pennsylvania, said in an interview.

'Carefully Choosing'

Buffett declined to comment yesterday. Moratti named the Italian and Spanish destinations, and Wertheimer named the Swiss and German cities. Neither would name business owners who will be sitting down with the American investor. "Dozens" will attend in each city, Wertheimer said in an interview today.

"We're carefully choosing who he's going to meet with," Moratti said. "They may not be ready to sell now, but they may be ready in five years."

Buffett built Omaha, Nebraska-based Berkshire over four decades from a failing textile maker into a \$200 billion holding company with **businesses** ranging from candy making to insurance. He is the world's richest person, according to Forbes magazine.

The European story began seven years ago.

**Richard Santulli**, founder of fractional jet ownership company **NetJets**, which he sold to Berkshire in 1998, approached Moratti to arrange a dinner for Buffett.

Question Time

About 50 people came to Moratti's house in Milan in early 2001 to meet the man who at the time was little known in Europe outside of financial circles, Moratti said. Attendees included members of the Barilla family, owners of the Italian pasta company of the same name, Spain's Arango family, the head of **Telecom Italia**, and heads of Italian banks.

Buffett sat on Moratti's couch for an hour and a half fielding questions ranging from why he counts Microsoft Corp. founder **Bill Gates** a close friend to what he thought of the U.S. dollar. The guests' reaction was "fantastic," Moratti said.

With the euro fetching less than a dollar at the time, Buffett predicted the currency would get "a lot stronger in the next few years," Moratti said. "I should be interested a lot more in investing in Europe in the future" Buffett said, according to Moratti.

The euro yesterday traded at \$1.59.

Buffett began betting against the dollar with forward currency contracts in 2002, and held as much as \$21.8 billion of them in 2005. The following year, he said he would prefer to buy interests in companies outside the U.S.

#### Pressure on the Dollar

"Americans like buying products made elsewhere more than the rest of the world likes buying products made in the U.S.," Buffett wrote in his annual **letter** to Berkshire shareholders in February. "Inevitably, that causes America to ship about \$2 billion of IOUs and assets daily to the rest of the world. And over time, that puts pressure on the dollar."

One of Buffett's mantras is to invest in what he knows. After the 2001 dinner in Milan, Buffett asked Moratti to be his eyes and ears in Europe.

"He realized European culture was very different from what he was used to," Moratti said.

Since then, Moratti says he's been trekking to Omaha at least four times a year to brief Buffett on companies and issues in Europe. "I do it as a friend," says Moratti, who, in addition to helping run Saras, describes himself as an investor who had studied Buffett before meeting him.

#### Wise Counsel

In exchange, Moratti says he gets frequent access to the man he calls the wisest and happiest person he's ever met. Buffett counseled Moratti when his family was considering whether to go public in 2005. The **Saras IPO** raised more than 2 billion euros and the Morattis still own about two-thirds of the company, according to Bloomberg data.

The trip will help educate Europeans about Buffett and his methods, Moratti said. Buffett has a history of leaving entrepreneurs -- like Santulli at NetJets -- in control of their companies after buying them.

Buffett also offers access to capital and financial expertise, all of which has appeal to Europe's family dynasties, Moratti said.

Wertheimer, who still runs Iscar, summed up why he sold to Buffett.

"He lets people do what they want to do," said Wertheimer. "He's written the bible on how business should be conducted -- the balance between the heart, brain and pocket. If you want to run a family in a decent way, a business in a decent way, there's no other bible maker better than Warren."

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