MITTEL S.p.A.
Offices in Milan - Piazza A. Diaz 7
Share Capital EUR 87.907.017 fully paid-in
Listed in the Milan Register of Companies at no. 00742640154
www.mittel.it

PRESS RELEASE

The Board of Directors of MITTEL S.p.A. has examined and approved the Consolidated Half-yearly Financial Report for 2016-2017 and resolved to issue the "Mittel 2017-2023" bond

- **Group revenue for the half-year reaches EUR 14,1 million (EUR 4,4 million in the same period last year) with EBITDA positive again for EUR 1,1 million (from a negative EUR 7,0 million), benefiting from the acquisition of Gruppo Zaffiro S.r.l. and the results of the Group rationalisation process and disposal of the non-controlling interests**
- **Significant improvement in Group profit (loss), which at 31 March 2017 showed a loss of EUR 1,1 million, down on the loss of EUR 8,2 million recorded as at 31 March 2016**
- **The consolidated net financial position came to EUR 62,5 million, up due to the investment in Gruppo Zaffiro S.r.l., compared to EUR 54,5 million as at 30 September 2016 (EUR 99,2 million as at 31 March 2016). Group strength is confirmed with Group equity standing at EUR 235,0 million**
- **Following the disclosure of 15 May, the Mittel Board of Directors resolved on a bond issue for a maximum EUR 175 million**

****

Milan, 24 May 2017 - At its meeting today, the Board of Directors of Mittel S.p.A. examined and approved the Consolidated Half-yearly Financial Report for the period 1 October 2016 - 31 March 2017.

Operating performance overview

Following approval of the 2016-2019 Strategic Plan, whose guidelines envisage the enhancement of non-core assets in the portfolio and a focus on developing investments vith a view to permanent capital, action began already in the year ended 30 September 2016 to implement the strategies indicated, involving the start of the streamlining process for the corporate structure of the Group and the disposal of non-core assets.

During the first half of 2016/2017, particularly in November 2016, an acquisition was completed with a total investment of around EUR 21,5 million (including a loan for EUR 8,0 million by Mittel S.p.A.) for 75% of Gruppo Zaffiro S.r.l., a major player in the Italian healthcare industry. This transaction formed part of a much broader Mittel S.p.A. project in this sector, in which the Zaffiro Group investment is consistent with and complementary to other opportunities being studied. The Zaffiro Group, in fact, represents a solid platform on which to build a business combination process with other local operators in the healthcare sector, with the aim of becoming a reference point for the sector within a few year, a clear structural growth trend associated with demographic and social factors, and a still highly fragmented services structure with significant room for combination.

In parallel, the operating cost containment measures and the enhancement of non-core assets in the portfolio in order to generate new funding for investments have continued. In particular, two agreements for a total of EUR 7,7 million were signed in December 2016. In detail:

- a binding agreement was signed for disposal of the 21,81% interest in the share capital of Castello SGR S.p.A. for a total of EUR 6,7 million (sale finalised on 19 April 2017);
- the disposal of the investment in Credit Access Asia NV was finalised, with the sale of the residual interest held for EUR 1,0 million.

Main consolidated income statement figures

(Thousands of Euro)	31.03.2017	31.03.2016
Revenue	**14.107**	**4.377**
Purchases, provision of services, sundry costs	(9.933)	(8.710)
Personnel costs	(7.320)	(3.829)
Operating costs	**(17.253)**	**(12.539)**
Gains (losses) from investments	4.231	1.130
Operating margin (EBITDA)	**1.085**	**(7.033)**
Amortization/depreciation, allocations and adjustments to non-current assets	(423)	(305)
Value adjustments to financial assets, loans and receivables	(1.109)	(267)
Share of income (loss) of investments	142	(649)
Operating result (EBIT)	**(304)**	**(8.253)**
Profit (loss) from financial management	(1.675)	(1.290)
Profit (loss) from trading of financial assets	227	(88)
Profit (loss) before taxes	**(1.753)**	**(9.631)**
Taxes	588	1.050
Profit (loss) from continuing operations	**(1.165)**	**(8.581)**
Profit (loss) from assets held for sale	-	-
Net Profit (loss) for the year	**(1.165)**	**(8.581)**
Profit (loss) pertaining to non-controlling interests	80	430
Profit (loss) pertaining to the Group	**(1.085)**	**(8.151)**

Net revenue: this item in the reclassified statement includes the financial statement items revenue, other income and variations in property inventories and amounted to EUR 14,1 million as at 31 March 2017, compared to EUR 4,4 million as at 31 March 2016, marking an increase of EUR 9,7 million. This variation was the combined result of the following factors:

(i) revenue recognition for EUR 19,7 million (EUR 3,1 million as at 31 March 2016), marking an increase of EUR 16,6 million, mainly due to the effect of initial consolidation of the healthcare segment (which as at 31 March 2017 had contributed EUR 10,3 million to this item). An increase of EUR 6,2 million was also seen in revenue from the Real Estate segment (from EUR 1,6 million in the first half of last year to EUR 7,8 million recorded as at 31 March 2017);

(ii) other income for EUR 0,6 million (up by EUR 0,2 million versus the comparison period);

(iii) negative variation in property inventories for EUR 6,2 million (positive for EUR 0,9 million as at 31 March 2016).

Costs for purchases, provision of services, sundry costs: this item totalling EUR 9,9 million (EUR 8,7 million in the first half of the previous year) includes costs for purchases of EUR 1,6 million (in line with the comparison period), costs for services of EUR 7,1 million (EUR 5,2 million as at 31 March 2016), sundry costs of EUR 1,2 million (EUR 1,9 million in the first half of the previous year). Net of EUR 4,7 million in costs due to the initial consolidation of the healthcare segment, the item reflects a consistent reduction in operating costs for the operating segments already included in the Group consolidation (quantifiable as a total of EUR 3,5 million).

Personnel costs: this item amounted to EUR 7,3 million, compared EUR 3,8 million in the same period of last year, marking an overall increase of EUR 2,8 million. Net of EUR 4,8 million in personnel costs for the healthcare business acquired during the half-year, absent in the comparison period, this item therefore saw a considerable decrease of EUR 1,3 million.

Income and expenses from investments: this item totalling EUR 4,2 million (EUR 1,1 million in the previous year) is comprised entirely of profit from management of financial activities and investments.
During the half-year in particular, this item included profit for around EUR 3,3 million from the deconsolidation of the investment in Castello SGR S.p.A. (up to that point consolidated at equity). This deconsolidation result is in addition to the pro-rata profit recorded on the same investment in the final period of consolidation (October 2016-December 2016), amounting to around EUR 0,2 million (classified under "share of income (loss) of investments" in the income statement), with a total contribution to the consolidated income statement by the investee that was positive for EUR 3,5 million.
A further significant contribution to the item is attributable to the disposal during the half-year of the residual interest in Credit Access Asia NV, a microfinance multinational, which led to recognition in the income statement of profit for EUR 0,6 million.

Operating margin (EBITDA): the positive result for EUR 1,1 million marks an improvement of EUR 8,1 million compared to the negative EUR 7,0 million of the previous year.

Amortization/depreciation, allocations and adjustments to non-current assets: these amounted to EUR 0,4 million compared to EUR 0,3 million in the corresponding period of the previous year.

Adjustments to financial assets, loans and receivables: this item amounts to EUR 1,1 million (EUR 0,3 million as at 31 March 2016).

Share of income (loss) of investments: this item, amounting to a positive EUR 0,1 million, recorded an improvement of EUR 0,7 million compared to the negative EUR 0,6 million in the corresponding period of the previous year.

Profit (loss) from financial management: negative for EUR 1,7 million (EUR 1,3 million as at 31 March 2016). The item is mostly attributable to the negative contribution of EUR 2,5 million from the Parent Company Mittel S.p.A., influenced by interest accrued on the bond and on bank loans, in contrast to the positive contribution of EUR 0,8 million from the subsidiary Ghea S.r.l.

Taxes: this item has a positive effect for EUR 0,6 million on the consolidated income statement (a positive contribution of EUR 1,1 million in the comparison period), mainly due to the release of deferred tax assets and liabilities previously recognised in the consolidated financial statements of Fashion District Group S.r.l. in liquidation.

Main consolidated financial and equity figures

(Thousands of Euro)	31.03.2017	30.09.2016
Intangible assets	40.479	41
Property, plant and equipment	5.639	3.764
Investments	58.223	88.133
Non-current financial assets	126.082	137.958
Non-current assets (liabilities) held for sale	6.700	-
Provisions for risks, employee severance indemnity and employee benefits	(4.371)	(3.185)
Other non-current assets (liabilities)	964	(163)
Tax assets (liabilities)	1.785	2.590
Net working capital (*)	84.757	98.100
Net invested capital	**320.258**	**327.239**
Equity pertaining to the Group	(235.022)	(252.971)
Non-controlling interests	(22.709)	(19.782)
Total equity	**(257.732)**	**(272.754)**
Net financial position	**(62.527)**	**(54.485)**

(*) Comprised of the sum of property inventories, sundry receivables (payables) and other current assets (liabilities)

Intangible assets amounted to EUR 40,5 million, up compared to EUR 0,1 million in the year ended as at 30 September 2016. The considerable increase of EUR 40,4 million is due to the goodwill recognised on the acquisition, through an SPV in which Mittel S.p.A. has a 75% interest, of 100% of Gruppo Zaffiro S.r.l., the company headed by the Zaffiro Group operating in the healthcare sector. A prime component of the goodwill, amounting to approximately EUR 28,0 million, refers to the provisional recognition, in compliance with IFRS 3 and pending completion of the purchase price allocation process within 12 months of the acquisition, of the positive difference between the spot price paid and the net value of the amounts at the acquisition date of assets and liabilities taken over by the Group as part of the business combination. The additional component of goodwill, totalling EUR 12,4 million, is attributable to the best estimate at the acquisition date of the fair value of the potential deferred price contractually agreed with the seller.

Property, plant and equipment amounted to EUR 5,6 million compared to EUR 3,8 million as at 30 September 2016, marking an increase of EUR 1,8 million attributable mainly to the initial consolidation of the Zaffiro Group, which as at 31 March 2017 contributed EUR 2,0 million to the consolidated figure.

Investments valued using the equity method totalled EUR 58,2 million, compared to EUR 88,1 million as at 30 September 2016, marking a decrease of EUR 29,9 million. The decrease is mainly due to:

i. the lower market value of the Livanova Plc share held through the vehicles Bios S.p.A., which recorded a decrease of EUR 15,4 million (from EUR 50,7 million to EUR 35,3 million) and Tower 6 Bis S.a.r.l., which decreased by EUR 11,1 million (from EUR 28,1 million to EUR 17,0 million);
ii. the deconsolidation of the investment in Castello SGR S.p.A. for EUR 3,3 million (due to the loss of significant influence) and subsequent classification as a financial asset (held for sale as at the close of the half-year).

Non-current financial assets amounted to EUR 126,1 million, compared to EUR 138,0 million in the year ended 30 September 2016, marking a decrease of EUR 11,9 million. This change is attributable for EUR 8,5 million to the decrease in non-current financial receivables from EUR 100,2 million to EUR 91,6 million as a result of collections during the half-year on a credit position of the Parent Company (for EUR 10,2 million), for

EUR 3,4 million to other non-current financial assets down from EUR 37,8 million to EUR 34,4 million mainly due to the effect of the disposal described previously (for EUR 1,0 million) of the residual interest in Credit Access Asia NV held as at 30 September 2016, and to the fair value adjustments (for EUR 1,2 million and EUR 0,7 million, respectively) to the financial assets Equinox Two and Fondo Augusto.

The **assets held for sale** total EUR 6,7 million and refer entirely to the fair value implicit in the sale agreement for the financial asset held in Castello SGR S.p.A., which was deconsolidated (as an investment consolidated at equity) due to the loss of significant influence. As it was still held as at 31 March 2017 pending finalisation of the sale in the days that immediately followed the close of the half-year, this financial asset was classified among assets held for sale.

Provisions for risks, employee severance indemnity and employee benefits amounted to EUR 4,4 million, compared to EUR 3,2 million as at 30 September 2016, marking an increase of EUR 1,2 million. In particular, as at 31 March 2017, this item is composed, for EUR 2,7 million, of *Provisions for personnel* (EUR 1,4 million as at 30 September 2016) and, for EUR 1,7 million, of *Provisions for risks and charges* (EUR 1,8 million as at 30 September 2016). The increase in provisions for personnel is mainly due to the effects of initial consolidation of the Zaffiro Group.

The item **other non-current tax assets (liabilities)** changed from a negative EUR 0,2 million to a positive EUR 1,0 million, marking an increase of approximately EUR 1,2 million. The balance as at 31 March 2017 is explained by the difference between sundry payables and other non-current liabilities for EUR 0,1 million (EUR 0,5 million in the comparison period) and sundry receivables and other non-current assets for EUR 1,1 million (EUR 0,3 million in the comparison period), the latter increasing as a result of the EUR 0,8 million contribution of the Zaffiro Group.

Net tax assets totalled EUR 1,8 million (EUR 2,6 million in the comparison period).

Net working capital amounted to EUR 84,8 million, compared to EUR 98,1 million as at 30 September 2016. The item is composed of the value of property inventories of EUR 93,4 million (EUR 99,6 million in the previous year), sundry receivables and other current assets totalling EUR 9,5 million (EUR 8,5 million in the previous year) and sundry payables and other current liabilities amounting to EUR 18,2 million (EUR 10,0 million in the comparison period).
The EUR 8,2 million increase in sundry payables was significantly affected by the balancing entry for this item of EUR 6,3 million collected by Mittel S.p.A. from a tax dispute. This amount was suspended in equity pending confirmation of the collection in the final judicial decision.

As a result, **net invested capital** decreased by around EUR 6,8 million to EUR 320,3 million, compared to EUR 327,2 million in the previous year, financed by equity for EUR 257,7 million and by the net financial position for EUR 62,5 million.

Equity pertaining to the Group amounted to EUR 235,0 million, marking a decrease of EUR 18,0 million compared to the EUR 253,0 million of 30 September 2016, while non-controlling interests, amounting to EUR 22,7 million, increased by EUR 2,9 million. Total equity thus amounted to EUR 257,7 million, marking a decrease amounting to EUR 15,1 million on the EUR 272,8 million in the previous year.
The decrease in equity pertaining to the Group is mainly due to the negative variation in the valuation reserve for a total of EUR 16,9 million, in turn largely explained by:

- the EUR 18,3 million reduction in the valuation reserve of investees consolidated at equity, Bios S.p.A. and Tower 6 Bis S.à.r.l. (against the decrease in the market value of the share of Livanova Plc held through these two companies);
- the EUR 2,8 million increase in the valuation reserve on UBI Banca and Intesa Sanpaolo shares held by the Parent Company Mittel S.p.A.;
- the zeroing out of the positive valuation reserve (for EUR 0,7 million) recorded as at 30 September 2016 on the Equinox Two S.c.a. financial asset;
- the release (due to realisation of the related profit in the income statement) of the positive reserve recorded as at 30 September on the residual interest in Credit Access sold during the half-year.

The further change in equity pertaining to the Group is due to the effect of recognition of the loss for the period of EUR 1,1 million.

Given the performance of consolidated equity and profit figures described above, the negative **net financial position** increased by EUR 8,0 million to reach EUR 62,5 million.
The most significant factors explaining this increase are:

- the liquidity used in November by the Mittel Group to acquire the Zaffiro Group (around EUR 21,5 million), along with the recognition of financial liabilities (for a total of approximately EUR 12,4 million) against the estimated fair value of the potential deferred price of that acquisition transaction;
- the collections totalling EUR 10,2 million during the half-year on a non-current credit position;
- the collection by Mittel S.p.A. of EUR 6,3 million from a tax dispute;
- the collections totalling EUR 7,7 million from sales of property inventories during the half-year.

As regards the detailed breakdown of the net financial position, however, reference should be made to the table below which primarily shows the increases of EUR 11,0 million and EUR 1,7 million, respectively, in bank cash and cash equivalents and securities, and the decrease of EUR 4,2 million in bank loans and borrowings, countered by the EUR 10,7 million decrease in current financial receivables and the EUR 13,9 million increase in other financial payables.

Statement relating to the consolidated net financial position

(Thousands of Euro)	**31.03.2017**	**30.09.2016**	**Variation**
Cash	34	15	18
Other cash equivalents	95.977	84.974	11.002
Securities held for trading (*)	8.589	6.909	1.679
Current liquidity	**104.599**	**91.899**	**12.700**
Current financial receivables	**22.294**	**32.951**	**(10.656)**
Bank loans and borrowings	(73.722)	(77.872)	4.150
Bonds	(99.477)	(99.183)	(294)
Other loans and borrowings	(16.221)	(2.280)	(13.942)
Financial debt	**(189.420)**	**(179.335)**	**(10.085)**
Net financial position	**(62.527)**	**(54.485)**	**(8.042)**

(*) Available-for-sale assets posted under current assets and financial assets held for trading were reclassified to this item.

Main significant events in the first half of the year

Governance

On 18 November 2016 the Mittel S.p.A. Shareholders' Meeting was held on single call, unanimously resolving to change the closing date of the company year from 30 September to 31 December each year with effect from the year in progress as at the date of the Meeting, which will consequently last from 1 October 2016 to 31 December 2017.

On 27 January 2017, the resolutions of the ordinary Shareholders' Meeting of Mittel S.p.A. included, amongst others:

- to approve the Directors' Report on Operations and the Financial Statements for the year ended as at 30 September 2016, and the proposal for the coverage of the loss for the year of EUR 30.770.032 from available reserves;
- to establish the number of members of the Board of Directors at 7;

- to call upon the following to form the Board of Directors, which shall remain in office for three financial years, i.e. until the date of the Shareholders' Meeting called to approve the financial statements for the year ended as at 31 September 2019: Rosario Bifulco, Marco Giovanni Colacicco, Michele Iori, Anna Cremascoli, Anna Maria Tarantola, Anna Gervasoni (nominated by the shareholder Seconda Navigazione S.r.l.); Giovanni Raimondi (nominated by the shareholder Istituto Atesino di Sviluppo - ISA S.p.A.)

The Shareholders' Meeting also resolved in favour of the first section of the Report on Remuneration, prepared in accordance with art. 123-ter, Italian Legislative Decree no. 58 of 24 February 1998.
The Board of Directors of Mittel S.p.A., which met at the end of the above Shareholders' Meeting, appointed Rosario Bifulco as Chairman and Marco Giovanni Colacicco and Michele Iori as Deputy Chairmen. The same Board meeting also appointed the members of the Board's internal committees.

Implementation of the 2016-2019 Strategic Plan guidelines

On 28 October 2016, through the integration of their respective Debt Advisory businesses, the Mittel Group and Ethica Corporate Finance S.p.A. established the newco Ethica & Mittel Debt Advisory S.r.l., 51% indirectly owned by Mittel S.p.A. and 49% by Ethica Corporate Finance S.p.A. Ethica & Mittel Debt Advisory S.r.l. is the first Italian integrated platform for all debt advisory services. In fact, the new company will support medium and large companies and private equity funds in structuring projects, organisation projects and bank, alternative, subsidised and structured funding projects, as well as the remodelling of existing bank borrowings.

On 9 November 2016, Mittel S.p.A. acquired 75% of the Zaffiro Group, a major player in the Italian healthcare industry. Dr. Gabriele Ritossa, one of Zaffiro's founders, remains a shareholder in the initiative with a 25% in the share capital and in the role of Chief Executive Officer.
Zaffiro, established in 1992 by Dr. Gabriele Ritossa and Dr. Riccardo del Sabato, operates in the healthcare sector by offering long-term care services to elderly patients who are no longer self-sufficient or have serious illnesses. The group currently has eight properties - four in Friuli-Venezia-Giulia and four in Marche - totalling around 900 beds. The structures are characterised by a high degree of internalisation and high quality of the services offered.
Mittel S.p.A.'s total investment is around EUR 21,5 million, including a loan disbursed for the transaction of EUR 8,0 million.

On 30 November 2016, following Liberata S.r.l.'s request to postpone the maturity date and reduce the interest rate on the outstanding Vendor Loan, due on 30 November 2016, the Board of Directors of Mittel S.p.A. extended the final deadline to 31 December 2018 and reduced the spread from 5% to 4,75%.
Mittel S.p.A.'s interest in carrying out the transaction was assessed in the light of the contingent situation of Mittel Generale Investimenti, the only asset in the Liberata portfolio, following its cancellation from the general and special lists of Financial Intermediaries pursuant to articles 106 and 107 of Italian Legislative Decree 385/1993, arranged by the Bank of Italy in acceptance of the related application submitted by Mittel Generale Investimenti, based on strategic assessments performed by its administrative body on receiving confirmation that there were no real prospects for relaunching its business activities.
Cancellation from the list led to the winding-up of the core business previously carried out by Mittel Generale Investimenti, which is now limited to managing the assets that make up its loan portfolio.
Mittel S.p.A. consequently decided it was in its interest to allow rescheduling of the Vendor Loan repayment, also with a view to maximising the valuation of the total investment held in Liberata, which includes 27% of Liberata share capital.
In relation to the additional request from Liberata to reduce the interest rate applied to date, in view of the non-deferral of the Vendor Loan to the bank loan, the interest rate spread on which constituted a form of consideration, Mittel S.p.A. reduced the spread applied by 25 bps.
The transaction qualifies as a related party transaction in accordance with the Procedures as the counterparty is an associate of Mittel S.p.A. in which Mittel has a 27% interest. In addition (i) the ownership structure of Liberata includes other related parties or in any event significant shareholders, such as Fondazione Caritro, which has a 10,9% interest in the share capital, and Istituto Atesino di Sviluppo S.p.A. with 8,8%, and (ii) a key manager of Mittel S.p.A. is a member of the company's administrative body and holds the office of Chief Executive Officer.
The transactions was therefore decided as subordinate to obtaining a binding opinion from the Related Party Transactions Committee, as it qualifies as a transaction of greater importance pursuant to art. 3.1, paragraph a) of the Related Party Procedures.

Continuing the valuation of non-core assets in the portfolio in order to generate new funding for investments, in December 2016 Mittel S.p.A. signed new agreements for a total of EUR 7,7 million. Specifically:

- a binding agreement was signed for disposal of the 21,81% interest in the share capital of Castello SGR S.p.A. for a total of EUR 6,7 million;
- the disposal of the investment in Credit Access Asia NV was finalised, with the sale of the residual interest held for EUR 1,0 million.

Main significant events after 31 March 2017

Mittel 2017-2023 bond subscription public offer, voluntary and partial early redemption of Mittel 2013-2019 bonds and voluntary and global public exchange offer on Mittel 2013-2019 bonds

On 15 May 2017, Mittel S.p.A. announced a transaction involving the promotion of a 6-year bond subscription public offer ("Subscription Offer" and "2017 Bonds") with an approximate gross annual return of 3,75%, for a total of around EUR 99 million, which can be increased by the Issuer to approximately EUR 124 million.
If the number of 2017 Bonds issued as part of the Subscription Offer is for a total value of at least EUR 99 million (a condition that can be waived by the Issuer), Mittel will:

i. exercise the right of voluntary and partial early redemption for 50% of their nominal value on all the 2013 Bonds (at present equal to around EUR 100 million), and after the voluntary and partial redemption will,
ii. promote a voluntary and global public exchange offer on 2013 Bonds outstanding ("Exchange Offer" and, with the Subscription Offer also the "Offers"), issued by Mittel, listed on the MOT Screen-based Bond Market organised and operated by Borsa Italiana S.p.A., at a price that is represented by additional bonds issued by the Issuer.

To service the Offers, Mittel intends to arrange a single issue of 2017 Bonds for a maximum of around EUR 175 million, of which EUR 51 million for the Exchange Offer, to be listed on the MOT market.
The Subscription Offer will target the public in Italy, qualified investors in Italy and institutional investors. The fixed nominal annual rate of the 2017 Bonds, to be determined according to market conditions, will be disclosed to the public at the end of the period relating to the Subscription Offer.
At the date of issue, the 2017 Bonds will be listed on the MOT market. The 2017 Bonds are not backed by collateral or personal guarantees. There is no subscription commitment, and no underwriting syndicate has been set up or is planned.
Equita SIM S.p.A. will act as Placement Agent.
The Subscription Offer will be subject to conditions in line with market practices.
If the Subscription Offer is successful (the "Minimum Quantity Condition"), i.e. the issue referring to the Subscription Offer is a number of 2017 Bonds with a total nominal value of at least EUR 99 million, the Issuer will exercise the right to voluntary and partial early redemption of the 2013 Bonds (nominal value of around EUR 100 million) for 50% of their nominal value, pursuant to article 6 of the regulation for the related bond loan. Early redemption, if the Minimum Quantity Condition is met or the Issuer waives that condition, will be at the redemption price of 102% of the nominal value of the 2013 Bonds. In this case, the Issuer will arrange the early redemption of the 2013 Bonds subject to notice published on the Issuer's website, and by other methods envisaged in applicable regulations, at least 15 business days prior to the early redemption date.
Again, providing the Minimum Quantity Condition is met or the Issuer waives that condition, and subject to exercise of the right of partial early redemption, Mittel will promote the Exchange Offer on all 57.059.155 2013 Bonds outstanding and listed on the MOT.
To each subscriber to the Exchange Offer, the Issuer will pay a consideration represented by 2017 Bonds, with a nominal unit value to be recognised to bondholders of a premium for at least 2% of the nominal value of 2013 Bonds, as reduced following the exercise of voluntary and partial early redemption. In relation to the 2013 Bonds subscribed to the Exchange Offer, interest accrued up to the date of settlement of the consideration for the 2013 Bonds will also be paid.
The 2013 Bonds subscribed to the Exchange Offer and bought back by the Issuer will be cancelled in accordance with article 6 of the related bond loan regulation.
The Exchange Offer will be subject to conditions in line with market practices.
Equita SIM S.p.A. will act as coordinating intermediary for the collection of subscriptions to the Exchange Offer.
The Exchange Offer will be promoted under the terms of exemption from the application of legal and regulatory provisions on public offers for subscription or exchange pursuant to article 101-bis, paragraph 3-bis, Italian Legislative Decree no. 58 of 24 February 1998, as amended, and in compliance with article 35-bis, paragraph 4 of the Consob Issuers' Regulation.
The issue of 2017 Bonds for an approximate maximum of EUR 175 million aims to refinance the bonds currently outstanding, issued by Mittel in 2013 for around EUR 100 million, optimising the debt structure in terms of costs and maturity and, at the same time, potentially increasing the funds available for the development of investment activities.

It should be remembered that the 2016-19 Strategic Plan envisages Mittel's focus on investment activities in majority interests in Italian SMEs with high cash flow generation, with the aim of achieving business strategies that contribute to the creation of long-term value. In this context, the preference is for build-up and value chain projects with a long-term investment strategy and active investment management.
Consistent with the strategy identified, the issue will allow Mittel to increase the average maturity of its debt by optimising the balance between the duration of commitments and the maturity of funding sources.
Compatible with obtaining the necessary authorisations, it is expected that the Subscription Offer and Exchange Offer - to be carried out one after the other by Mittel - will be completed by the end of 2017.

Other significant events after the close of the half-year

On 11 April 2017, having accepted the resignation with immediate effect on 7 April by the Director Anna Maria Tarantola, the Board of Directors of Mittel S.p.A. resolved to co-opt Valentina Dragoni as Independent Director, who will remain in office until the first possible Shareholders' Meeting at which confirmation of her appointment can be proposed.

Again on 11 April 2017, through a specially established SPV, Gruppo Zaffiro S.r.l. acquired a new initiative in the care homes for the elderly sector in Rivignano, in the province of Udine. The new structure, for which a total investment of around EUR 9,0 million is expected, will have around 120 beds and was financed through a property leasing facility.

In implementation of the preliminary agreement signed in December 2016 between Mittel S.p.A. and Maire Investments S.p.A., on 19 April 2017 the transaction was finalised for the sale of the entire 21,81% investment held by Mittel S.p.A. in Castello SGR S.p.A. The transaction led to the collection of EUR 6,7 million.

Lastly, on 8 May 2017, with the strategic goal of achieving full control of the property vehicle Santarosa S.r.l., the sole asset of which is a property contract in Milan (Piazzale Santorre di Santarosa), Mittel Investimenti Immobiliari S.r.l. purchased 40% of Santarosa S.r.l. share capital from Residenza Altaguardia 11 S.r.l. for a total of EUR 890 thousand. As a result of this acquisition, Residenza Altaguardia 11 S.r.l. (or its appointed representatives) signed three preliminary purchase contracts for property units owned by Santarosa S.r.l. for a total value of EUR 963 thousand. This transaction, which qualifies as a related party transaction pursuant to Mittel S.p.A. Related Party Procedures, was carried out after obtaining opinion in favour (not binding as the transaction is of lesser importance) of the Parent Company's Related Party Transactions Committee.

Business outlook for the year

In the coming months, implementation of the 2016-19 Strategic Plan will continue, aiming to transform Mittel S.p.A. into a dynamic, efficient company focusing on majority investments in Italian small and medium enterprises with a high cash-generating capacity.
Consistent with the Strategic Plan guidelines, which identified Life Science as one of the most interesting sectors for investment, in the first half of this year - on 9 November 2016 - Mittel S.p.A. acquired 75% of the Zaffiro Group, a major player in the Italian healthcare industry.
In the next few months, Management aims to make new investments also in other areas of business excellence, combined with a long-term industrial grant, that present opportunities for the creation of value for the Group and the investees. For this purpose, the funding recovery process will continue through disposals, credit collection action and cost reductions.
Lastly, the bond issue aims to optimise the debt structure in terms of costs and maturity and, at the same time, potentially increase the funds available for the development of investment activities. The issue will allow Mittel to increase the average maturity of its debt by optimising the balance between the duration of commitments and the maturity of funding sources.

****

Issue of a bond for a maximum EUR 175 million

The Board of Directors of Mittel S.p.A. also resolved the issue of a bond pursuant to and in accordance with art. 2410 of the Italian Civil Code, in line with the announcement to the market by means of the press release circulated on 15 May.
The bond issue, due to be listed on the MOT market organised and operated by Borsa Italian S.p.A., comprises a maximum of 195.059.155 bonds with a unit nominal value of EUR 0,895, for a total maximum value of EUR 174.577.943,73, of which:

(i) 111.000.000 bonds in the subscription offer announced on 15 May, targeting the general public in Italy, professional investors in Italy and institutional investors abroad, for a total value of EUR 99.345.000 that can be increased to a maximum 138.000.000 bonds for a maximum value of EUR 123.510.000 (the “OPSO”);

(ii) a maximum 57.059.155 bonds in the exchange offer to Mittel 2013-19 bondholders subscribing to the voluntary exchange offer announced on 15 May, subject to the success of the OPSO and after exercise of the right to partial early redemption of 50% of the nominal value of Mittel 2013-19 bonds, for a maximum value of EUR 51.067.943,73 (the “OPSC”).

The following table summarises the main characteristics of the bonds:

<table>
<tr><td>Maturity</td><td>6 years (seventy-two months) from the date of issue of the bonds (dividend entitlement date) up to the date corresponding to the seventy-second month after the dividend entitlement date (maturity date).</td></tr>
<tr><td>Interest rate</td><td>Minimum fixed nominal annual rate of 3,75% with half-yearly payment of interest in arrears.</td></tr>
<tr><td>Redemption</td><td>36 (thirty-six) months after the dividend entitlement date, Mittel will have the right - at its own discretion - to arrange total or partial redemption of the bond issue
<table>
<tr><td>Exercise period for the early redemption option</td><td>Redemption price</td></tr>
<tr><td>Between the third year and fourth year due dates</td><td>Equal to the nominal value redeemed plus an amount equal to half the coupon</td></tr>
<tr><td>Between the fourth year and fifth year due dates</td><td>Equal to the nominal value redeemed plus an amount equal to a quarter of the coupon</td></tr>
<tr><td>After the fifth year due date</td><td>Equal to the nominal value</td></tr>
</table></td></tr>
<tr><td>Distribution of dividends</td><td>Undertaking not to distribute dividends or income related reserves exceeding 5% of equity resulting from the financial statements of Mittel approved during each year of the duration of the bond.</td></tr>
<tr><td>Covenants</td><td>Compliance with one covenant (Mittel S.p.A. debt/equity ratio of not more than 1).</td></tr>
</table>

Other commitments	*Negative pledge on future bond issues.*
Issue price OPSC bonds	*Equal to 100% of the nominal value.*
Issue price OPSO bonds	*To be determined on the basis of market conditions but not more than 100% of the nominal value.*
Unit value	*EUR 0,895.*

The fixed nominal annual effective rate of the bonds, to be determined according to market conditions, will be disclosed to the public by the settlement date of the OPSO price.
The bond issue is not backed by collateral or personal guarantees.
No rating has been assigned, or is planned, for the bonds deriving from this bond issue.

* * * * * *

Contacts at MITTEL S.p.A.

Paolo Facchi – Investor Relator

tel. 02.721411, fax 02.72002311, e-mail investor.relations@mittel.it

Moccagatta Associati (Media)

Tel. 02.86451419 / 02.86451695, e-mail segreteria@moccagatta.it

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in thousands of Euro

	31.03.2017	30.09.2016
Non-current assets		
Intangible assets	40.479	41
Property, plant and equipment	5.639	3.764
Investments accounted for using the equity method	58.223	88.133
Financial receivables	91.648	100.176
Other financial assets	34.434	37.782
Sundry receivables and other assets	1.089	315
Deferred tax assets	231	1.256
Total non-current assets	**231.743**	**231.468**
Current assets		
Property inventories	93.410	99.591
Financial receivables	22.294	32.951
Other financial assets	8.589	6.909
Current tax assets	9.530	10.841
Sundry receivables and other assets	9.527	8.504
Cash and cash equivalents	96.010	84.990
Total current assets	**239.360**	**243.785**
Assets held for sale	6.700	-
Total assets	**477.804**	**475.254**
Equity		
Share capital	87.907	87.907
Share premium	53.716	53.716
Treasury shares	(21.554)	(21.554)
Reserves	116.038	137.408
Profit (loss) for the period	(1.085)	(4.506)
Equity pertaining to the Group	**235.022**	**252.971**
Non-controlling interests	22.709	19.782
Total equity	**257.732**	**272.754**
Non-current liabilities		
Bond issue	98.179	97.873
Financial payables	3.133	2.280
Other financial liabilities	7.442	-
Provisions for personnel	2.669	1.430
Deferred tax liabilities	7.722	9.495
Provisions for risks and charges	1.702	1.756
Sundry payables and other liabilities	125	478
Total non-current liabilities	**120.971**	**113.311**
Current liabilities		
Bond issue	1.298	1.310
Financial payables	74.369	77.872
Other financial liabilities	5.000	-
Current tax liabilities	254	13
Sundry payables and other liabilities	18.180	9.994
Total current liabilities	**99.101**	**89.189**
Liabilities held for sale	-	-
Total equity and liabilities	**477.804**	**475.254**

CONSOLIDATED INCOME STATEMENT

Amounts in thousands of Euro

	31.03.2017	31.03.2016	30.09.2016
Revenue	19.711	3.096	7.985
Other income	577	415	1.732
Variations in property inventories	(6.181)	865	(10.030)
Costs for purchases	(1.568)	(1.648)	(2.304)
Costs for services	(7.120)	(5.158)	(9.638)
Personnel costs	(7.320)	(3.829)	(6.627)
Other costs	(1.245)	(1.904)	(4.938)
Dividends	-	21	900
Profit (loss) from management of financial activities and investments	4.231	1.109	7.825
Gross operating margin (EBITDA)	**1.085**	**(7.033)**	**(15.095)**
Amortization and value adjustments to intangible assets	(426)	(155)	(321)
Allocations to the provision for risks	3	(150)	(365)
Value adjustments to financial assets, loans and receivables	(1.109)	(267)	(23.533)
Reversals/impairment losses on equity	-	-	-
Value adjustments to intangible assets	-	-	-
Share of income (loss) of investments accounted for using the equity method	142	(649)	25.242
Profit (loss) from non-recurring transactions	-	-	-
Operating result (EBIT)	**(304)**	**(8.253)**	**(14.072)**
Financial income	2.456	3.327	6.642
Financial expenses	(4.131)	(4.616)	(8.973)
Profit (loss) from trading of financial assets	227	(88)	61
Profit (loss) before taxes	**(1.753)**	**(9.631)**	**(16.342)**
Income taxes	588	1.050	4.739
Income (loss) from continuing operations	**(1.165)**	**(8.581)**	**(11.603)**
Income (loss) from assets held for sale	-	-	-
Profit (loss) for the period	**(1.165)**	**(8.581)**	**(11.603)**
Attributable to:			
Income (loss) pertaining to non-controlling interests	(80)	(430)	(7.098)
Income (loss) pertaining to the Group	**(1.085)**	**(8.151)**	**(4.506)**

The Manager in charge of financial reporting, Pietro Santicoli, hereby declares, pursuant to paragraph 2, art. 154-bis of the Consolidated Law on Finance, that the accounting information disclosed in this press release corresponds to the documentary results, books and accounting records.