

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

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PRESS RELEASE

Half-yearly financial report as at 31 March 2014 approved

- In the first half of the 2013-2014 financial year, the Group achieved consolidated profit of EUR 0.2 million. The improvement compared to the EUR 9.2 million loss recorded in the corresponding period of last year was mainly attributable to the major contribution from the results of investments, partly offset by impairment of financial assets, receivables and goodwill.
- Shareholders' equity pertaining to the Group was EUR 334.7 million higher than the EUR 327.0 million of 30 September 2013, largely because of the adjustment to market values of the investment in listed securities held directly and indirectly (UBI, Intesa, Sorin) and reflected in the valuation reserve
- The negative net financial position for the half year recorded a EUR 34.8 million improvement to EUR 191.6 million, benefiting mainly from the distribution of dividends by private equity funds and by Brands Partners 2 S.p.A., also as a result of the capital gain realised on the Moncler S.p.A. investment.

(Thousands of Euro)	31.03.2014	31.03.2013(*)	30.09.2013(*)
Revenues	25.742	29.558	59.036
Purchases, provision of services, sundry costs	(23.872)	(27.118)	(51.114)
Personnel costs	(5.536)	(4.770)	(11.698)
Operating costs	(29.409)	(31.888)	(62.812)
Income (expenses) from investments	6.586	1.932	4.295
Operating margin (EBITDA)	2.920	(398)	518
<i>EBITDA %</i>	<i>11,34%</i>	<i>(1,35)%</i>	<i>0,81%</i>
Amortisation/depreciation, allocations and adjustments to non-current assets	(13.081)	(7.004)	(19.649)
Value adjustments to financial assets and receivables	(10.819)	(1.723)	(28.836)
Share of income (loss) of investments	18.480	(5)	325
Operating result (EBIT)	(2.501)	(9.131)	(47.642)
<i>EBIT %</i>	<i>(9,72)%</i>	<i>(30,89)%</i>	<i>(80,89)%</i>
Income (loss) from financial management	(6.764)	9	11.399
Income (loss) from trading of financial assets	2.781	(1.462)	(1.178)
Income (loss) before taxes	(6.484)	(10.584)	(37.421)
Taxes	1.314	(297)	(3.747)
Income (loss) from continuing operations	(5.170)	(10.881)	(41.168)
Income (loss) from discontinued operations	-	290	143
Net income (loss) for the year	(5.170)	(10.590)	(41.025)
Income (loss) pertaining to non controlling interests	5.321	1.397	3.013
Income (loss) pertaining to the Group	151	(9.193)	(38.012)

(*) Following the implementation of the IAS 19 amendment as of October 1 2013 (with retrospective effect), comparable data at 31 March 2013 and of the fiscal year ending on September 30 2013 have been restated according to the provisions of IAS 1.

(Thousands of Euro)	31.03.2014	31.03.2013	30.09.2013
Intangible assets	26.048	29.889	29.943
Property, plant and equipment	130.838	143.613	137.659
Investments	79.697	52.577	77.301
Non-current financial assets	253.152	253.554	274.917
Non-current assets (liabilities) held for sale	(9.832)	(4.465)	(8.095)
Provisions for risks, employee severance indemnity and employee benefits	(3.055)	(1.853)	(2.639)
Other non-current assets (liabilities)	(12.959)	(9.963)	(14.625)
Tax assets (liabilities)			
	113.009	112.607	115.377
Net working capital (*)	576.898	575.959	609.838
Net invested capital	(334.746)	(343.065)	(327.046)
Equity	(50.545)	(56.584)	(56.389)
Non controlling interests	(385.291)	(399.649)	(383.435)
Total equity	(191.607)	(176.310)	(226.403)

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

Milan, 28 May 2014 - At its meeting today chaired by Franco Dalla Sega, the Board of Directors of Mittel S.p.A. examined and approved the Consolidated Financial Report for the first six months of the 2013-2014 financial year, prepared in accordance with IAS/IFRS.

In terms of the consolidated economic result, in the first half of the year, 1 October 2013 - 30 September 2014 (129th year since the foundation of Mittel S.p.A.), the Mittel Group posted a **consolidated profit of EUR 0.15 million**, compared to a consolidated loss of EUR 9.2 million in the corresponding period in the previous year and a consolidated loss of EUR 38.1 million recorded as at 30 September 2013.

The half-year result was mainly influenced by:

- a drop in **revenues** of EUR 3.8 million to EUR 25.7 million resulting from the EUR 9 million increase in typical revenues to EUR 28.9 million (of which EUR 8.0 million in higher property sales), other income that has remained essentially unchanged (amounting to EUR 1.4 million) and the decrease in property inventories of EUR 4.6 million (compared to an EUR 8.1 million in the same period of the previous year), reflecting property sales higher than new property constructions;
- a decrease in **operating costs** of EUR 2.5 million to EUR 29.4 million, reflecting the reduction in costs for purchases by EUR 6.3 million to EUR 1.2 million, costs for services up EUR 3.6 million to EUR 19.7 million, other costs that have remained more or less unchanged at EUR 3.0 million (EUR 3.5 million in the previous period) and personnel costs which rose by EUR 0.7 million to EUR 5.5 million. The decrease in costs for purchases is largely attributable to the reduced building activity in the Real Estate sector following completion of a number of real estate initiatives during the current year. Of the higher costs for services, EUR 3.3 million refer to the cost of the agreement with the Managing Director, Arnaldo Borghesi. The increase in personnel costs is due entirely to the full contribution of the Advisory sector, which in the previous year had been consolidated only from 1 January 2013;
- a EUR 4.7 million increase in income from investments to EUR 6.6 million, mainly resulting from the contribution of partial disinvestment for EUR 5.4 million of listed securities held by the subsidiary Mittel Partecipazioni Stabili S.r.l. in UBI Banca S.c.p.A. and Intesa Sanpaolo S.p.A.;
- the resulting improvement in **EBITDA** of EUR 3.3 million to EUR 2.9 million compared to the negative EUR 0.4 million in the same period of the previous year;

- an increase in **amortisation/depreciation, allocations and adjustments to non-current assets** of EUR 6.1 million to EUR 13.1 million, of which EUR 4.0 million due to the impairment of goodwill recognised on acquiring full control of Borghesi Advisory S.r.l. (now Mittel Advisory S.p.A.) and recorded in the consolidated financial statements as at 30 September 2013, and EUR 2.0 million in allocations for contractual disputes the amount and settlement date of which are still not known;
- a EUR 9.1 million increase to EUR 10.8 million in **impairment of financial assets and receivables**. This item includes i) write-down of the investment in Alfa Park S.r.l. for EUR 6.5 million, ii) write-down of receivables for EUR 1.5 million, of which EUR 1.1 million relating to the lower earn-out price for business transfer of the Valmontone Rome outlet, iii) write-down of investments in private equity funds and foreign investment vehicles for EUR 0.5 million by Mittel S.p.A. and EUR 1.5 million by Earchimede S.p.A., and lastly iv) write-down of receivables for EUR 0.5 million by Mittel Advisory S.p.A.;
- a **share of income from investments** of EUR 18.5 million, mainly attributable to the pro rata profit of the investee Brands Partners 2 S.p.A. (now in liquidation) following the partial placement during an initial public offering of a 3.73% interest in Moncler S.p.A. in December (as at 30 September 2013 the interest in Moncler S.p.A. held by Brands Partners 2 S.p.A. was 4.99% of the share capital);
- a resulting negative **EBIT** of EUR 2.5 million, though up on the EUR 9.1 million loss of the corresponding half of last year;
- lastly, a **loss from financial management** for EUR 6.8 million and **income from trading of financial assets** of EUR 2.8 million.

Shareholders' equity pertaining to the Group amounted to EUR 334.7 million as at 31 March 2014, recording an increase of EUR 7.7 million for the half-year, whilst non-controlling interests came to EUR 50.5 million, down EUR 5.8 million. Consolidated shareholders' equity therefore stood at EUR 385.3 million, up EUR 1.9 million on the EUR 383.4 million as at 30 September 2013.

The negative net financial position amounts to EUR 191.6 million, recording a decrease compared to the EUR 34.8 million over the half year, mainly due to the distribution of dividends by private equity funds held and by Brands Partners 2 S.p.A. following the major capital gain achieved from placement of the 3.73% interest in Moncler S.p.A. in an initial public offering, and to the reclassification among current receivables of the amount due on the deferred price component of the sale of the Valmontone outlet (Rome).

At sector level, revenues in the Real Estate sector stood at EUR 9.2 million, compared to EUR 1.3 million seen in the first half of the previous year, the result of the sale of property initiatives and in particular that in Via Lomellina, Milan, which contributed EUR 7.9 million. At statement of financial position level, property inventories stood at EUR 117.6 million as at 31 March 2014, compared to EUR 122.0 million as at 30 September 2013.

Advisory sector revenues amounted to EUR 2.4 million (EUR 1.9 million in the same period of the previous year) due to the increase in business volume of Mittel Advisory Debt and Grant S.p.A. (EUR 1.8 million) and the contribution from Mittel Advisory S.p.A. of EUR 0.7 million (value equal to consolidated revenues of last year and referring to an operating period of just 3 months).

The Private Equity sector recorded a fixed assets total of EUR 315.0 million (down EUR 12.8 million on the position at the end of the previous tax year), including EUR 168.4 million (from EUR 170.5 million) in investments consolidated using the equity method and other financial assets, EUR 145.7 million in financial receivables (from EUR 156.4 million, including the credit position of Ghea S.r.l. with Bios S.p.A.) and EUR 0.9 million in other assets (essentially unchanged).

Revenues in the Outlet/Entertainment sector, in a market that is still weak, saw a 2% increase to EUR 17.9 million, with EBITDA of EUR 3.9 million (from EUR 4.2 million). However, a net loss of EUR 12.9 million was recorded, partly due to the complete write-down of the investment in Alfa Park S.r.l. for EUR 6.5 million.

The previous forecasts for the consolidated net income for the year were based not only on the assumption of improvement in the Italian economic and financial situation in 2014, and no change in the current investment portfolio, but also ruled out potential extraordinary transactions, disposals and/or acquisitions (except those

occurred in the first quarter of the year and already known at the date of approval of the financial statements), as well as any value adjustments to investments or receivables.

The half-yearly results are comforting as regards the forecasts for improvement over the entire year at operating margin level. However, as indicated above, it is not possible to predict adjustments to asset items in the statement of financial position, which in this first half year had a material effect on consolidated net income, which essentially closed at break even.

The Half-yearly Financial Report, accompanied by the limited review report of Deloitte & Touche S.p.A., will be filed with the registered office and the offices of Borsa Italiana S.p.A. on 30 May 2014 and will be available on the company website at www.mittel.it/investors/bilanci_relazioni.php.

MITTEL S.p.A.

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Milan, 28 May 2014

Consolidated statement of financial position

(Thousands of Euro)	31.03.2014	30.09.2013 (*)	01.10.2012 (*)
Non-current assets			
Intangible assets	26.048	29.943	21.751
Property, plant and equipment	130.838	137.659	147.376
Investments accounted for using the equity method	79.697	77.301	39.099
Financial receivables	144.689	105.362	156.971
Other financial assets	108.463	119.594	143.249
Sundry receivables and other assets	329	295	330
Prepaid tax assets	9.046	8.526	9.456
Total non-current assets	499.109	478.680	518.232
Current assets			
Property inventories	117.616	122.012	117.641
Financial receivables	40.730	83.500	48.621
Other financial assets	9.206	17.826	-
Tax assets	15.390	15.935	16.581
Sundry receivables and other assets	24.617	26.910	18.214
Cash and cash equivalents	59.577	45.617	14.890
Total current assets	267.136	311.800	215.947
Assets held for sale	-	-	2.550
Total assets	766.245	790.480	736.729
Equity			
Share capital	87.907	87.907	87.907
Share premium	53.716	53.716	53.716
Treasury shares	(26.515)	(26.515)	(9.875)
Reserves	219.486	249.950	210.261
Profit (loss) for the year	151	(38.012)	-
Equity pertaining to the Group	334.746	327.046	342.009
Non controlling interests	50.545	56.389	55.525
Total equity	385.291	383.435	397.534
Non-current liabilities			
Bond issue	96.386	96.103	-
Financial payables	93.366	103.794	109.923
Other financial liabilities	-	-	402
Provisions for personnel	2.544	2.407	1.501
Deferred tax liabilities	36.631	37.746	34.998
Provisions for risks and charges	7.288	5.688	4.510
Sundry payables and other liabilities	3.384	2.934	1.900
Total non-current liabilities	239.600	248.672	153.234
Current liabilities			
Bond issue	1.280	1.321	-
Financial payables	106.303	117.428	142.992
Other financial liabilities	3.785	4.741	7.049
Tax liabilities	763	1.340	740
Sundry payables and other liabilities	29.224	33.543	34.985
Total current liabilities	141.354	158.373	185.766
Liabilities held for sale	-	-	195
Total equity and liabilities	766.245	790.480	736.729

(*) Following the implementation of the IAS 19 amendment as of October 1 2013 (with retroactive effect), comparable data as at October 1 2012 and as at September 30 2013 have been restated in accordance with the provisions of IAS 1.

Consolidated income statement

(Thousands of Euro)	01.10.2013 31.03.2014	01.10.2012 31.03.2013 (*)	01.10.2012 30.09.2013 (*)
Revenues	28.942	19.898	49.748
Other income	1.397	1.595	3.647
Variations in property inventories	(4.597)	8.065	5.640
Costs for purchases	(1.171)	(7.544)	(11.542)
Costs for services	(19.670)	(16.090)	(33.742)
Personnel costs	(5.536)	(4.770)	(11.698)
Other costs	(3.032)	(3.484)	(5.830)
Dividends	1.037	736	1.947
Profit (loss) from management of financial activities and investments	5.549	1.196	2.348
Gross operating margin (EBITDA)	2.920	(398)	518
Amortisation and value adjustments to intangible assets	(11.083)	(6.979)	(14.656)
Allocations to the provision for risks	(1.997)	(25)	(4.993)
Value adjustments to financial assets and receivables	(10.819)	(1.723)	(28.836)
Share of income (loss) of investments accounted for using the equity method	18.480	(5)	325
Operating result (EBIT)	(2.501)	(9.131)	(47.642)
Financial income	4.177	5.936	24.124
Financial expenses	(10.941)	(5.927)	(12.725)
Profit (loss) from trading of financial assets	2.781	(1.462)	(1.177)
Income (loss) before taxes	(6.484)	(10.584)	(37.420)
<i>Income taxes</i>	1.314	(297)	(3.747)
Income (loss) from continuing operations	(5.170)	(10.881)	(41.168)
Income (loss) from assets held for sale	-	290	143
Profit (loss) for the year	(5.170)	(10.590)	(41.025)
Attributable to:			
Income (loss) pertaining to non controlling interests	5.321	(1.397)	(3.013)
Income (loss) pertaining to the Group	151	(9.193)	(38.012)

(*) Following the implementation of the IAS 19 amendment as of October 1 2013 (with retroactive effect), comparable half year data as at March 2013 and comparable data for the year ended as at 30 September 2013 have been restated in accordance with the provisions of IAS 1.

Pursuant to art. 154-bis, paragraph 2, Italian Legislative Decree 58/98, it is hereby confirmed that the accounting data contained in this document matches that of the company's documents, books and accounting records. Manager responsible for preparing the company's financial reports – Pietro Santicoli