MITTEL S.p.A.

Strategic Business Plan 2016 – 2019: Guidelines

Press conference

Milan, March 30th 2016

11,30 am

Mittel today

THE GROUP **RELIANCE ON A STRONG BALANCE SHEET** RECORDING **TOTAL EQUITY** FOR MORE THAN **EURO 290 M** *(31.12.2015)*

DURING THE LAST THREE YEARS, THE **CONSOLIDATED NET FINANCIAL POSITION IMPROVED SIGNIFICANTLY** FROM MORE THAN **EURO 200 M TO ABOUT EURO 80 M** *(31.12.2015)*

IN A MARKET CRISIS CONTEXT, **THE GROUP CONFIRMED ITS FINANCIAL SOLIDITY** THANKS TO, AMONG OTHERS, THE FOLLOWING **MAIN TRANSACTIONS**

- **MONCLER**: INVESTMENT IN 2005 THROUGH A LBO DEAL WITH EXIT IN DECEMBER 2014 THROUGH TARGET IPO/MARKET SALE OF RESIDUAL SHARES IN THE MONTHS FOLLOWING THE IPO
- **LIVANOVA** (EX SORIN): ACQUISITION IN PARTNERSHIP WITH THE PRIVATE EQUITY FUND EQUINOX TWO IN 2008; CROSS BORDER MERGE TO CREATE A NEW GLOBAL LEADER IN MEDICAL TECHNOLOGIES (ANNOUNCEMENT DATE FEBRUARY 2015); THE STAKE OWNED IS STILL IN PORTFOLIO

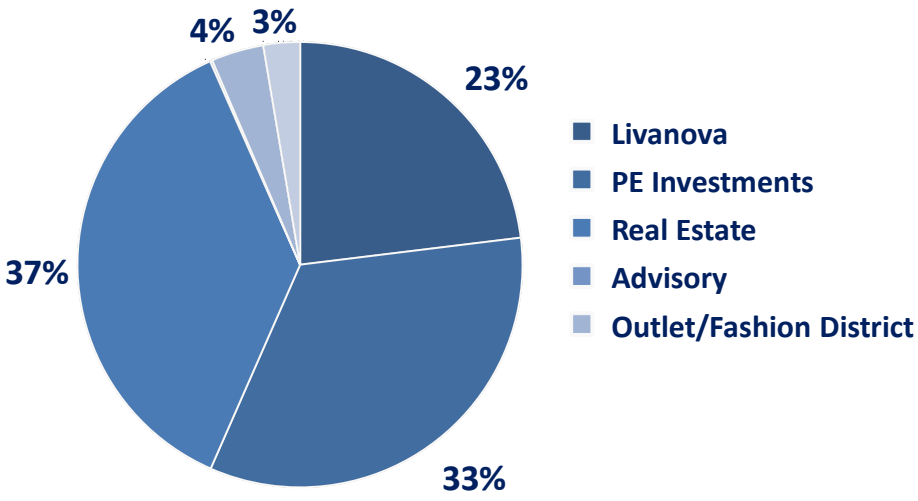
MAJOR **SHAREHOLDERS** OF MITTEL ARE **ENTREPRENEURS AND INSTITUTIONAL INVESTORS**. THANKS TO THEM, MITTEL ENVISAGES A **CONSOLIDATED RELATIONSHIP WITH THE ITALIAN INDUSTRIAL SYSTEM** AND IS A WELL ESTABLISHED AND TRUSTED BRAND IN THE ITALIAN FINANCIAL MARKET

DURING NOVEMBER 2015, MR. **ROSARIO BIFULCO** JOINED THE GROUP AS **CEO** OF THE HOLDING COMPANY AS WELL AS **SHAREHOLDER WITH A STAKE OF ABOUT 7.0% OF SHARE CAPITAL**

NAV as of 31.12.2015

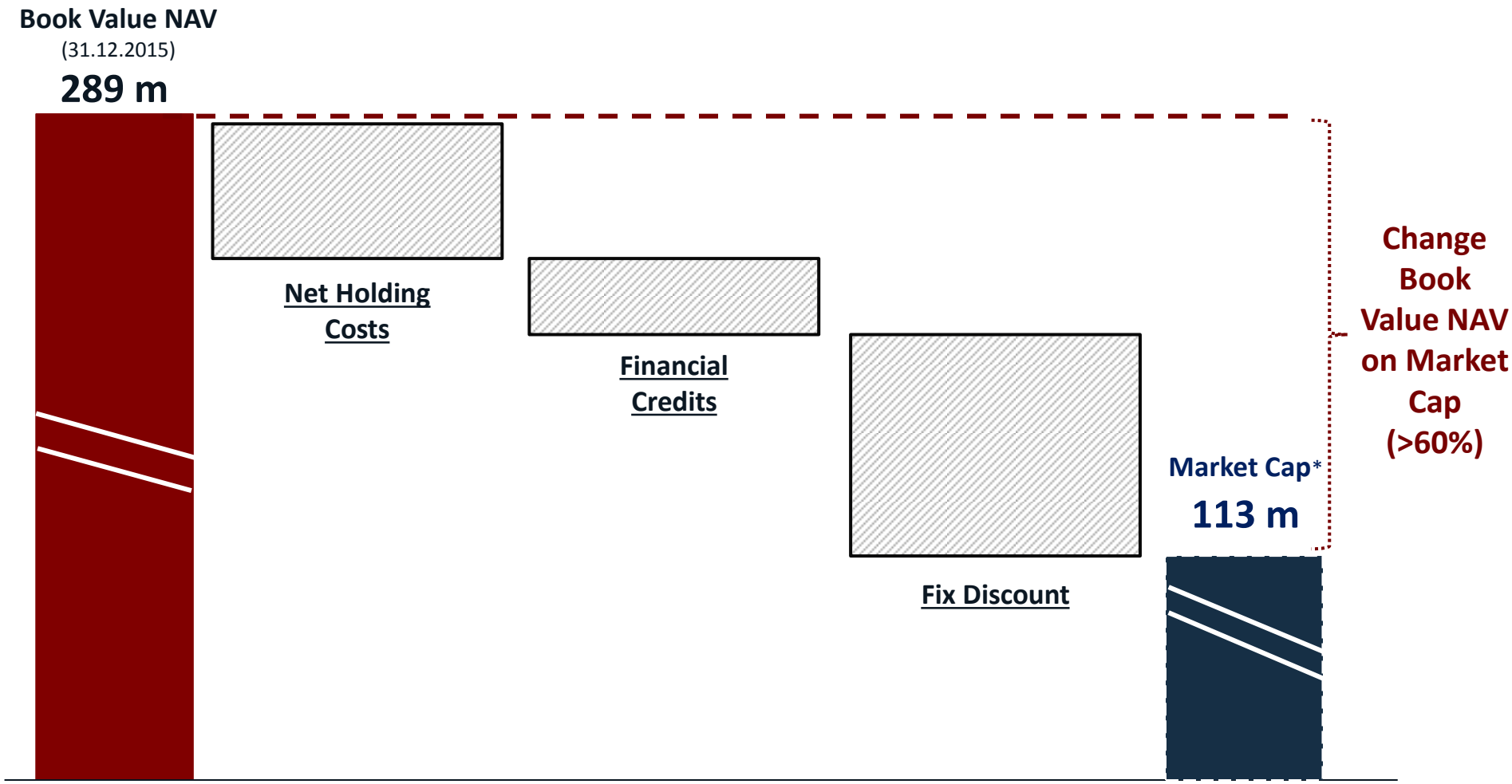
Mittel S.p.A. (*)	31.12.2015
Million of Euro	
A) Portfolio	**387**
B) Financial liabilities	**(117)**
C) Listed assets	**19**
BOOK VALUE NAV (A+B+C)	**289**
Outstanding shares *(n., m)*	77,9
BOOK VALUE NAV PER SHARE (Euro)	**3.71**
Note: treasury shares are not valued in	
Treasury shares *(n., m)*	10.0

- Industry breakdown of the Portfolio -



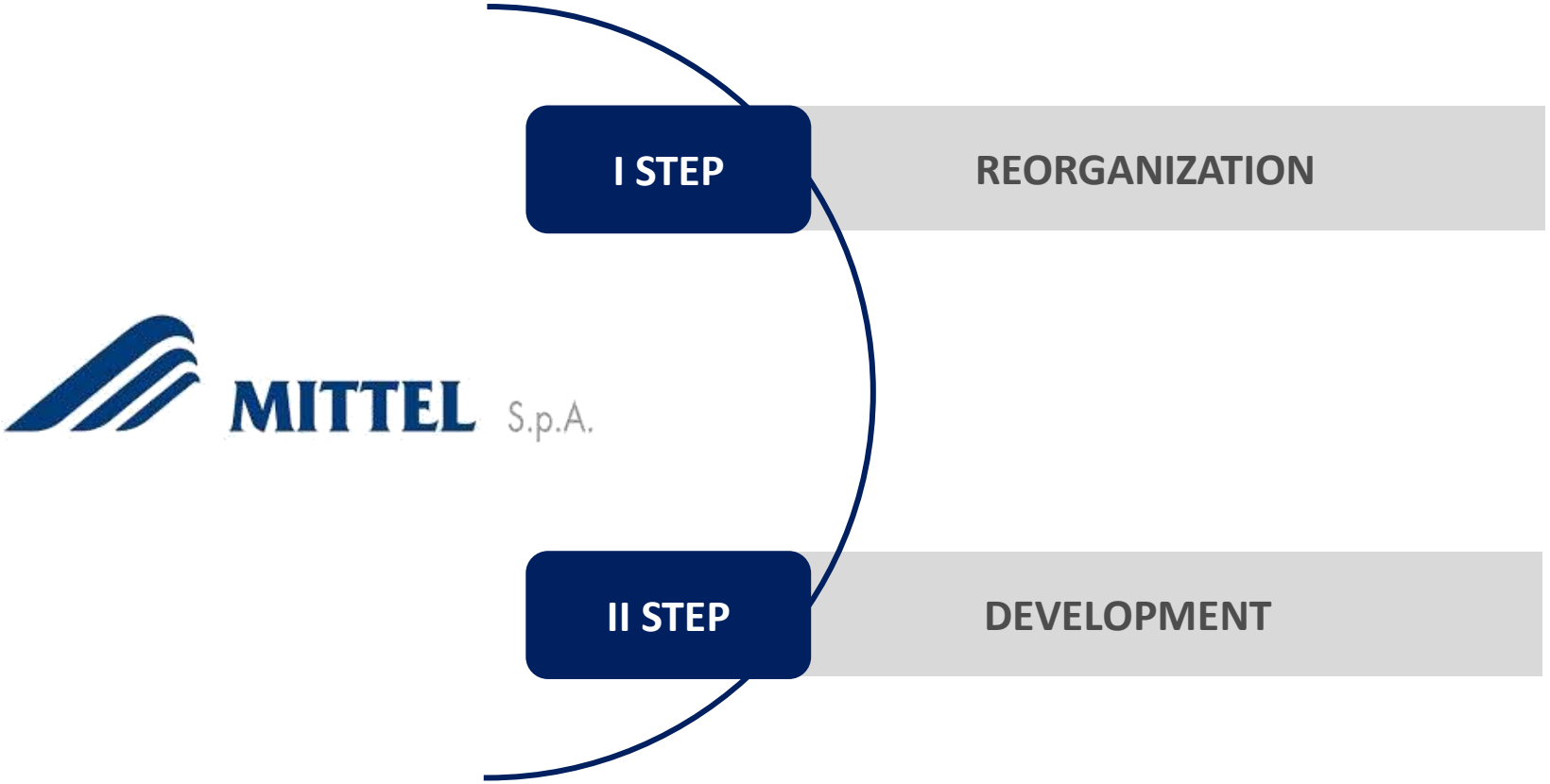
(*) Adjusted Financial Statement of the holding company Mittel S.p.A. as of 31.12.2015

From the Book Value NAV to Market Cap



(*) 77.9m of outstanding shares (treasury shares are not valued in) at Euro 1.45 per share (24.03.2016)

Mittel Strategic Business Plan 2016 - 2019



Reorganization (I STEP)

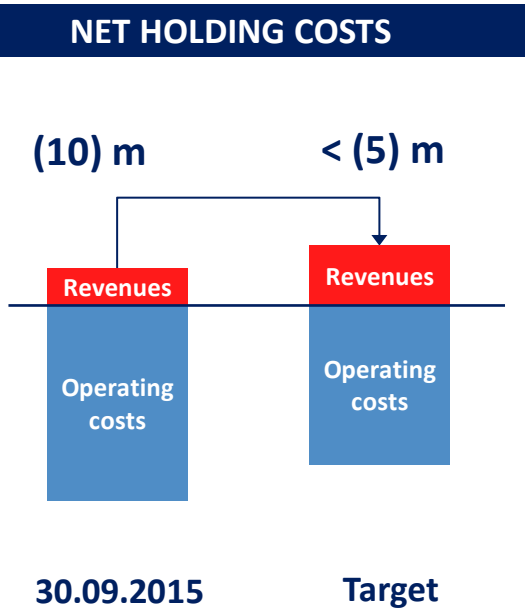
- Net Holding Costs effectiveness
- Streamline the structure
- Enhance the value of real estate business
- Exiting from the financial lending activity
- Cash in of financial credits
- Disinvestment of non strategic assets

Net Holding Costs effectiveness

NET HOLDING COSTS

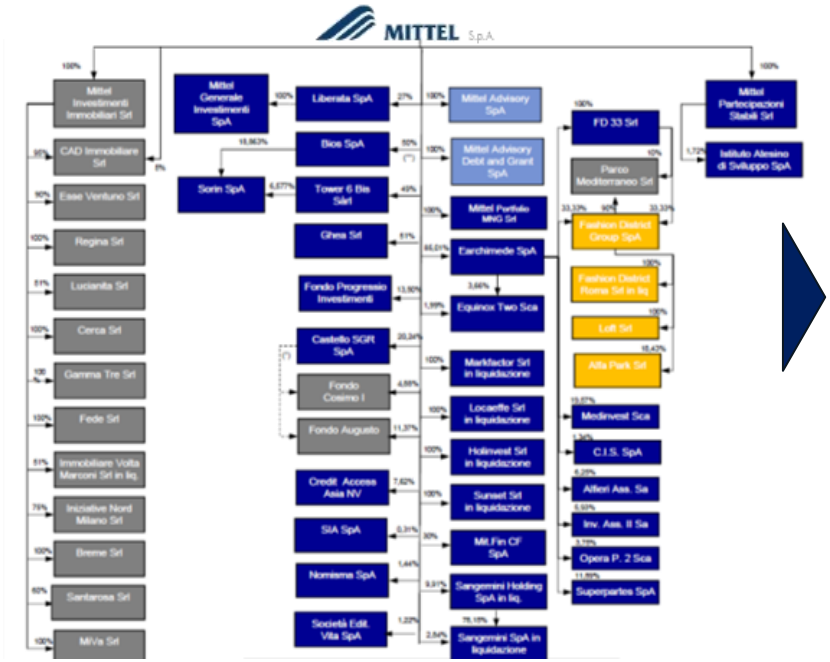
LOWER THAN EURO 5 m

- Operating costs cutting actions
- Increase revenues (management fees, etc…)



Streamline the structure

GROUP STRUCTURE AS OF 30.09.2015

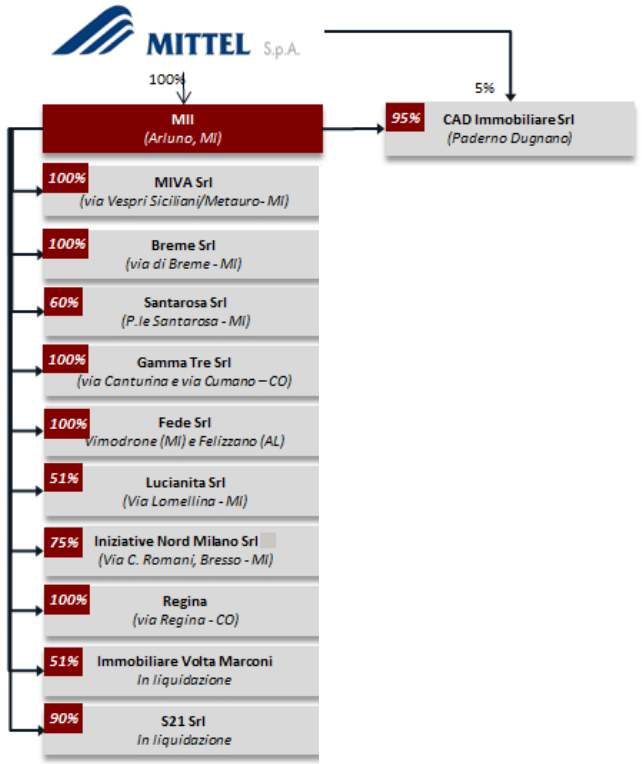


STREAMLINE THE STRUCTURE OF THE COMPANY AND LIMIT THE NUMBER OF OWNED SUBSIDIARIES INTO 5/6

- Merge some fully owned vehicles
- Winding up of non operating/dormant companies
- Boost to execute the winding up already in place

Enhance the value of real estate business

MITTEL INVESTIMENTI IMMOBILIARI



- **EXPLOIT THE OPPORTUNITY TO SALE TO ONE BUYER REAL ESTATE ASSETS (BLOCK SALE)**
- **PROMOTE AND BOOST THE APARTMENTS' SALE TO RETAIL MARKET**

Cash in of financial credits

FINANCIAL CREDITS

- Vendor loan (Mittel Generale Investimenti, etc…)
- Current credits of intragroup debts
- Other financial credits

DEFINITIVELY EXIT FROM THE FINANCIAL LENDING ACTIVITY AND RECOVER FINANCIAL RESOURCES

Divestment of non strategic assets

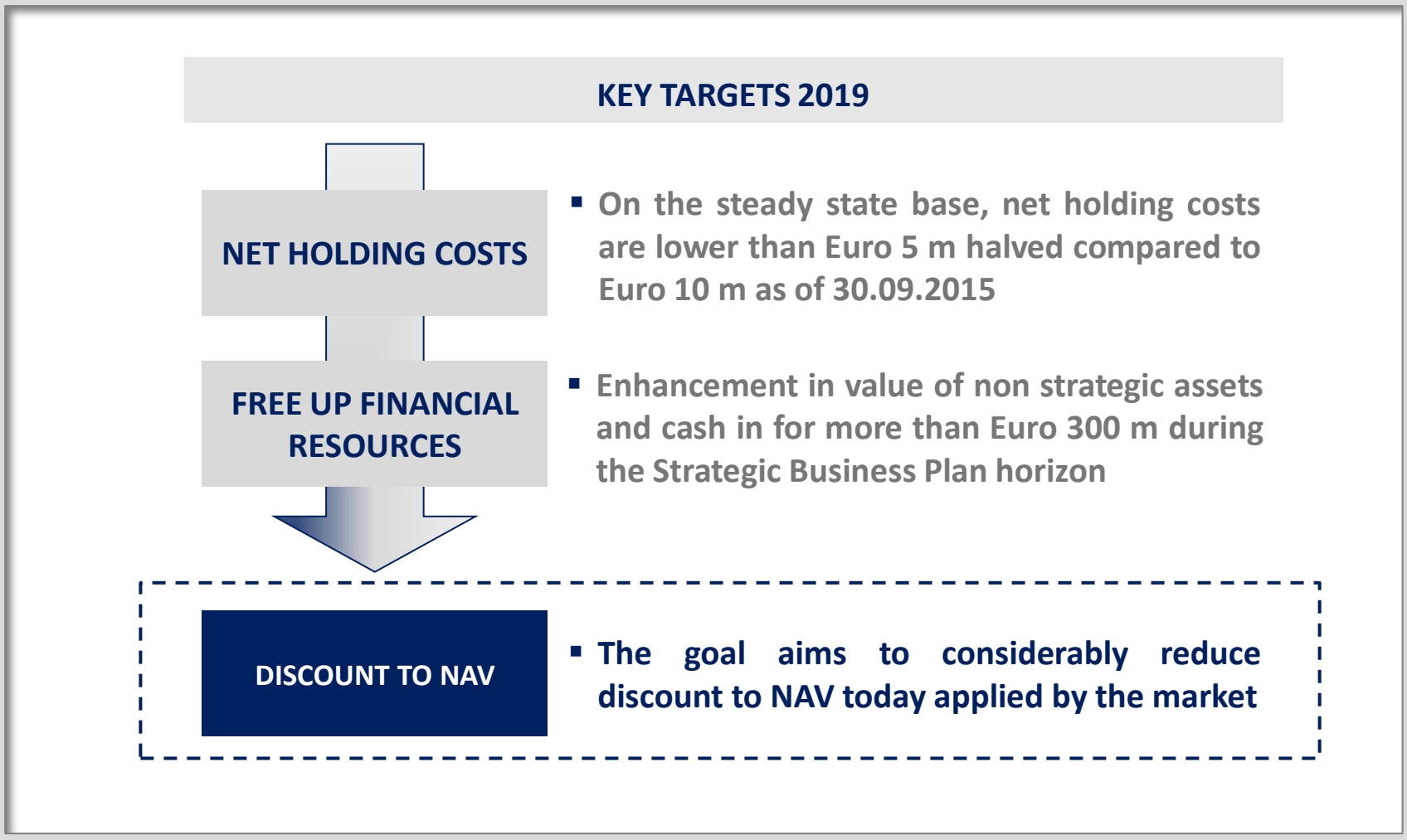
DIVESTMENT ASSETS NON CORE

- Listed assets
- Minority stakes
- Private Equity closed end funds
- Real Estate closed end funds

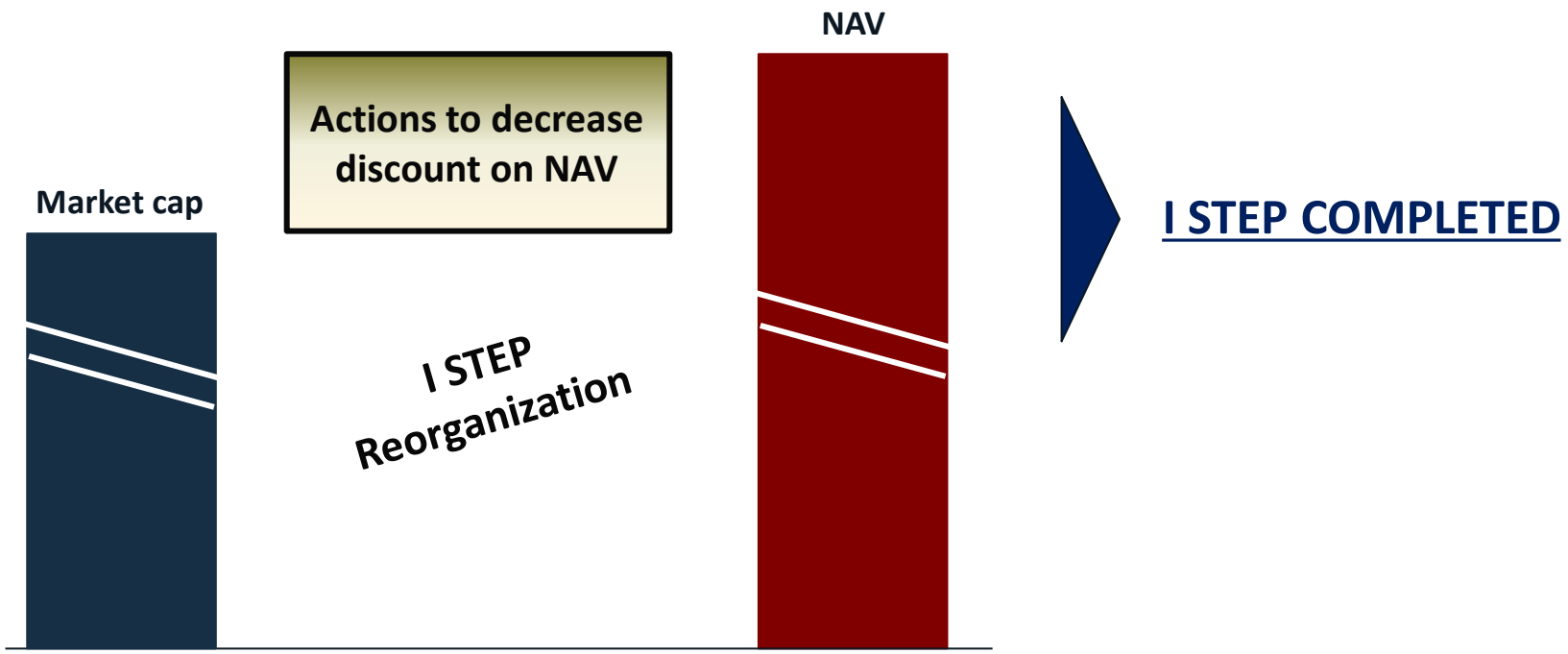
EHNANCE THE VALUE OF ALL NON STRATEGIC ASSETS

(minority stakes and assets with no dividends/return)

Key Targets (I STEP)



Discount on NAV (I STEP)



Development (II STEP)

Mittel to be

MITTEL IS GOING TO BE A **DYNAMIC INVESTMENT - MERCHANT BANK** THAT INVESTS IN **HIGH CASH GENERATING ITALIAN SMALL MEDIUM ENTERPRISES** (SMEs) **ACQUIRING MAJORITY STAKES**

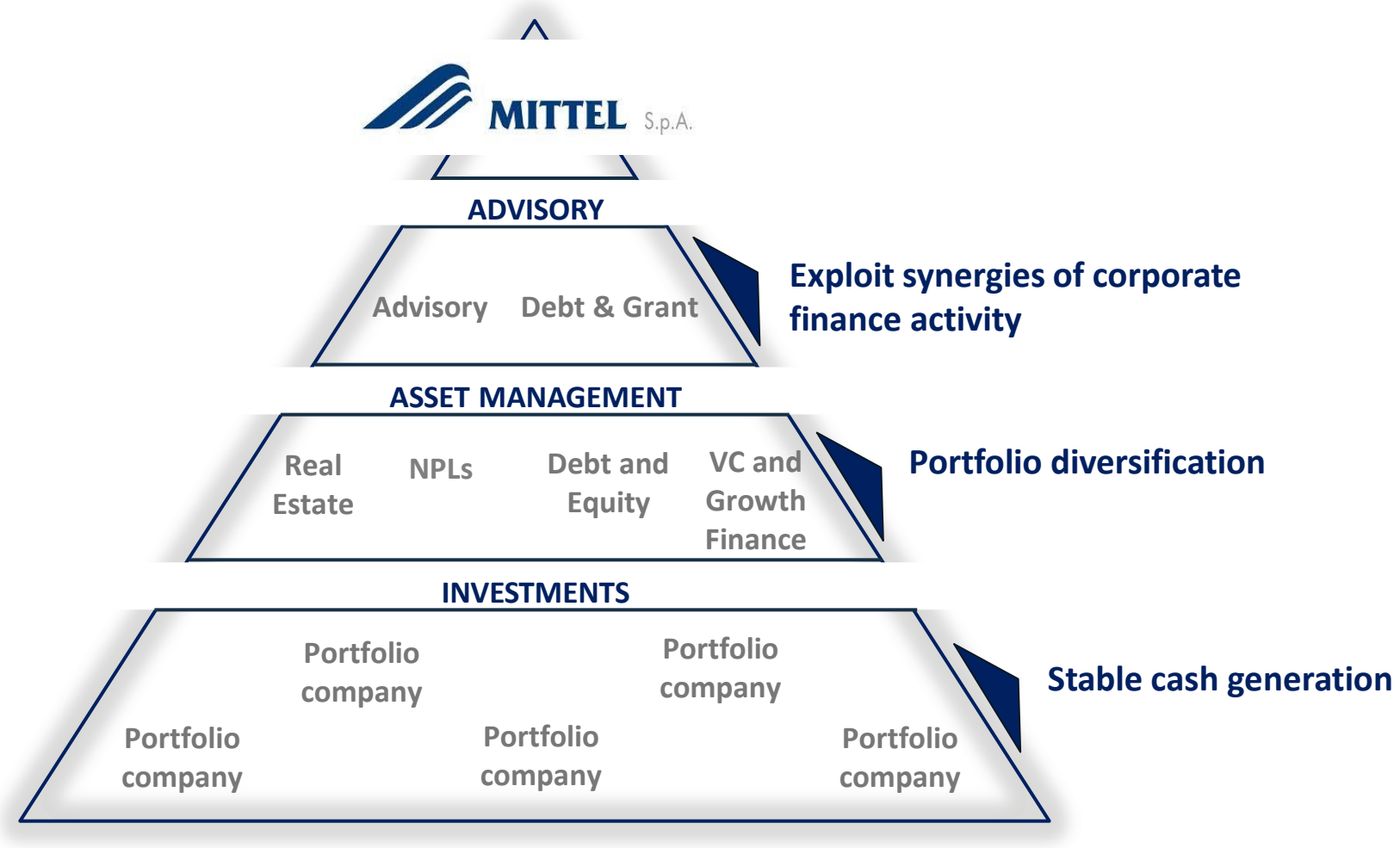
INVESTMENT STRATEGY:

- MEDIUM/LONG TERM INVESTOR
- STRONG INDUSTRIAL APPROACH
- HANDS ON APPROACH THANKS TO CORPORATE FINANCE ADVISORY SERVICES

LONG RUN PARTNER WITH A SPECIAL **FOCUS ON BUILD UP DEALS** AIMS TO **SUPPORT GROWTH AND VALUE CREATION OF TARGET COMPANIES**

CLUB DEAL TRANSACTIONS WITH **QUALIFIED INVESTORS** WILL **ENLARGE** MITTEL'S **FINANCIAL CAPABILITY** AS WELL AS **EXPAND INVESTMENT OPPORTUNITIES**

Business model



Private Equity Investments

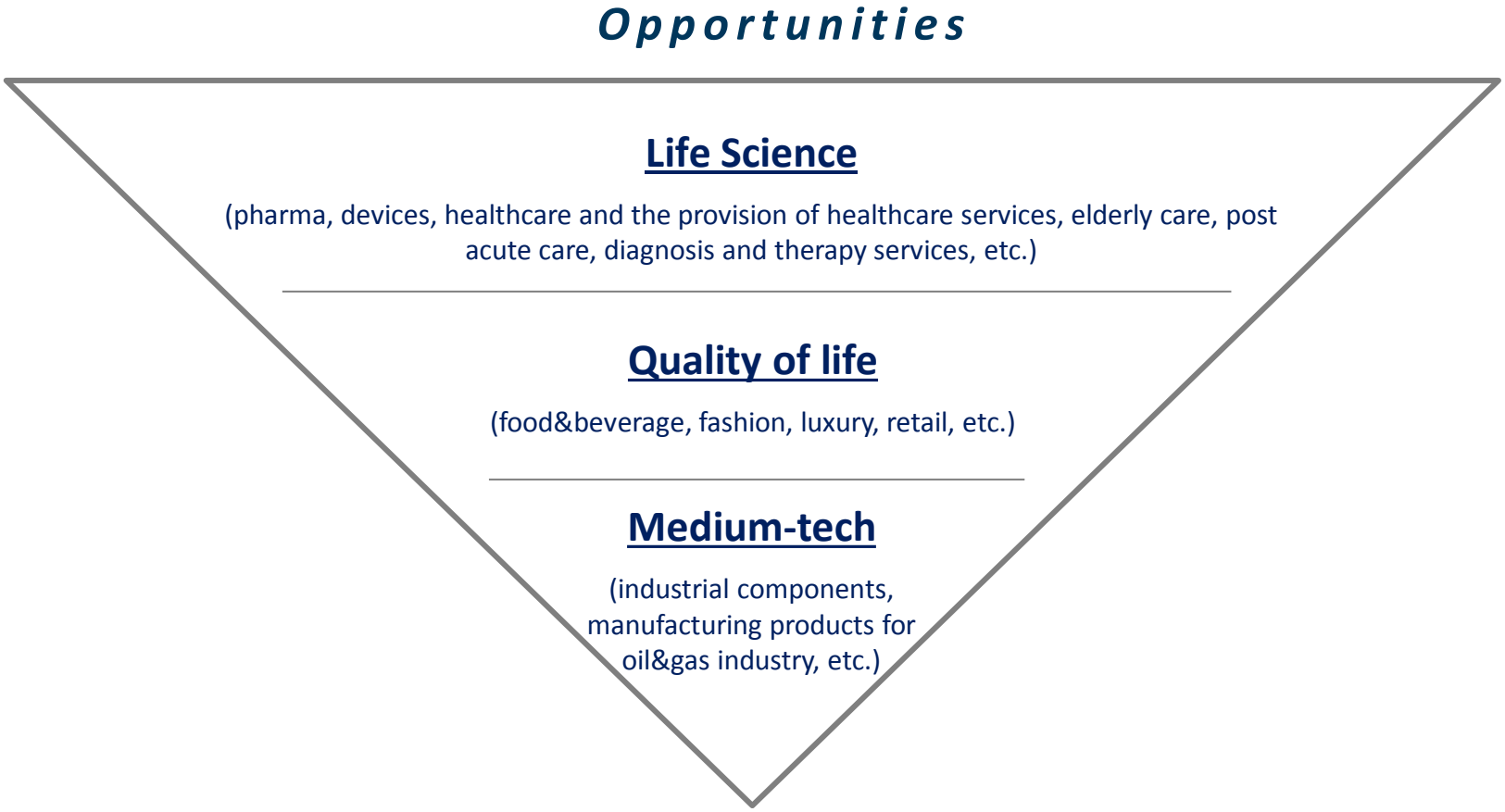
- The investment strategy is based on buy **majority stakes/controlling interests** in **Italian SMEs**

- Mittel's **critical success factors** compared to a classic Private Equity Fund are:
  - ✓ **long term investor** («Permanent capital»)
  - ✓ **industrial approach**
  - ✓ **hands on** approach exploiting **synergies** with Group's advisory activities
  - ✓ **low financial leverage**

- Potential deals are characterized by the following features:
  - ✓ **high cash generating Italian SMEs**
  - ✓ focus on **build up projects**
  - ✓ **investment ticket about Euro 20 m on average and a target double digit IRR**

- The sponsorship of **Club Deal** transactions with other **qualified investors** is going to **enlarge** Mittel's **financial capability** as well as **expand investment opportunities**

Reference market of target companies



Deal flow & pipeline

Since November 2015:

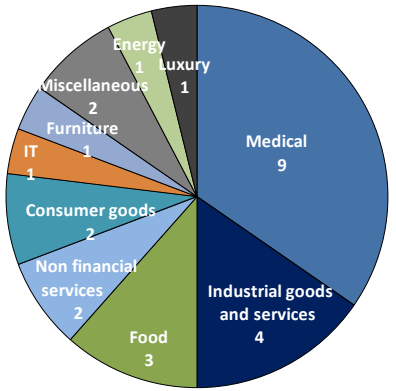
STRONG SCOUTING ACTIVITY

26 PRELIMINARY ANALYSIS

15 DEALS IN PROGRESS

2 IN DEPTH ANALYSIS

- Industry breakdown -



- Type of deal -

Asset Management

- Consider potential investments in the Asset Management market by leveraging Mittel Group's deal flow in the following business areas:
  - **Real Estate** (Castello SGR)
  - **NPLs**
  - **Debt and Equity**
  - **Venture Capital/Growth Finance**

Advisory

- Alongside the Private Equity investments, the advisory services represent a value added business for the Group

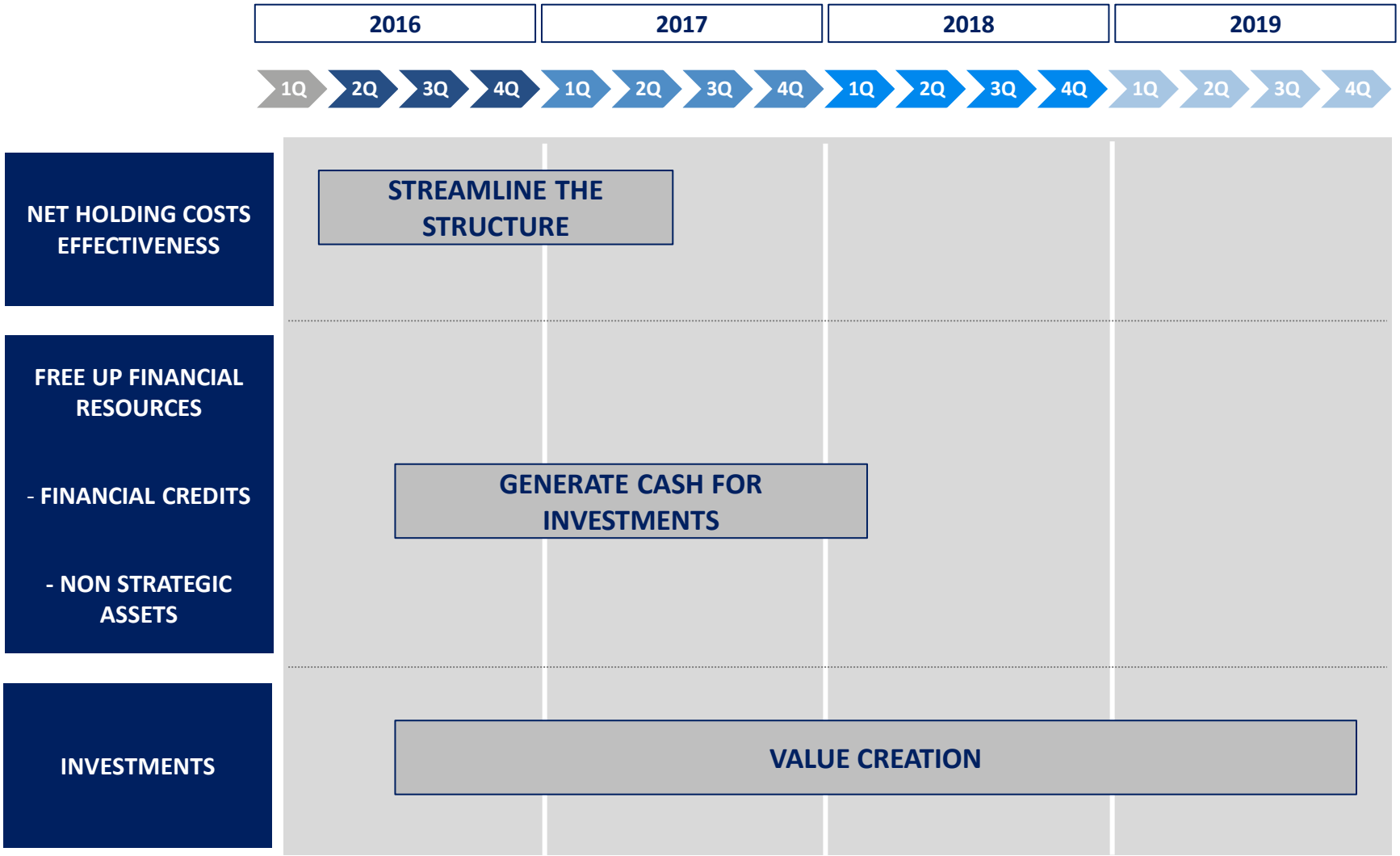
- The Group offers **advisory services to the Italian SMEs market** through the sub holding:
  - **Mittel Advisory**: company dedicated to Advisory, M&A and debt restructuring (Debt Advisory, IPO advisory, Strategic Consultancy)
  - **Mittel Advisory Debt and Grant**: company specialized in Structured and Grant Finance assisting and supporting SMEs to gather available national and international funding to develop business

- The advisory services support the value creation in:
  - scouting activities of target companies and potential add-on investments
  - manage the exit strategy and corporate finance/M&A transactions
  - grant the range of services to all the Group (subsidiaries and newco)

Target of investment activity

GOALS AND OBJECTIVES	2019
PRIVATE EQUITY INVESTMENTS	> 200m
N° of direct investments	*more than 10*
IRR	*Double digit*
ASSET MANAGEMENT INVESTMENTS	about 50m

Timeline


2016
2017
2018
2019
1Q
2Q
3Q
4Q
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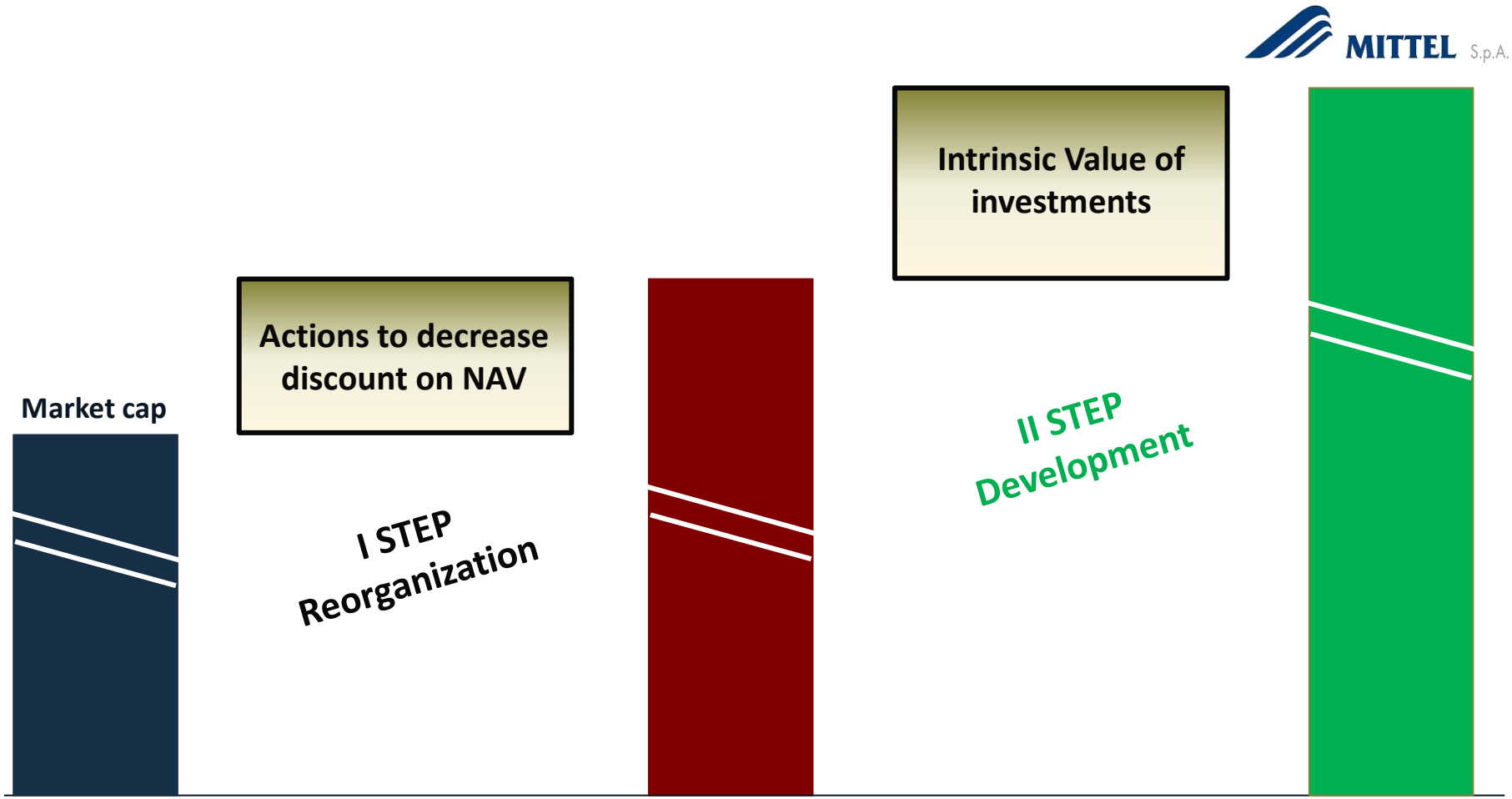
NET HOLDING COSTS EFFECTIVENESS
STREAMLINE THE STRUCTURE
FREE UP FINANCIAL RESOURCES
- FINANCIAL CREDITS
- NON STRATEGIC ASSETS
GENERATE CASH FOR INVESTMENTS
INVESTMENTS
VALUE CREATION

Value creation



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