

Company update

HOLD (Unchanged)

Target: € 2.17 (Prev. € 2.0)

Risk: High

STOCK DATA

Price €	1.5
Bloomberg code	MIT IM
Market Cap. (€ mn)	134
Free Float	35%
Shares Out. (mn)	87.9
52-week range	1.07 - 1.75
Daily Volumes (000)	114.71

PERFORMANCE

	1M	3M	12M
Absolute	-10.6%	11.3%	-11.5%
Rel. to FTSE all shares	-6.7%	1.8%	-20.6%

MAIN METRICS

	2014	2015	2016E
EPS - € cents	-46	-13	-9
DPS ord - € cents	0	0	0

NAV

	2014	2015E	2016E
Nav ps ord - €	2.5	2.9	2.9
Listed assets	25%	33%	33%
Controlling	24%	17%	17%

MULTIPLES

	2014	2015E	2016E
P/E ord	n.m.	n.m.	n.m.
P/E ord Adj	n.m.	n.m.	n.m.
PBV	0.3 x	0.4 x	0.4 x

INDEBTNESS

	2014	2015E	2016E
NFP holding	-90.7	-94.1	-92.4
D/E	0.6	0.4	0.4
Debt to assets ratio	0.4	0.4	0.4

PRICE ORD LAST 365 DAYS



ANALYSTS

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May 13, 2015

201

READY FOR A NEW PHASE

On January 28th a new General Manager, Mr. Casertano, was appointed with the clear goal of maximising the company potential and promoting a new business model, from holding company to listed financial platform for investments and services. NAV updated to € 2.9ps (from € 2.6) and target at € 2.17ps (from € 2.0) mainly thanks to Sorin's staggering performance (38% of NAV) following the announcement of its merger with the US Cyberonics. We appreciate the change of strategy brought about by the new management, we however maintain HOLD, pending the materialisation of the initial effects of the new approach. The stock is trading at 48% discount to NAV vs. 31% of the main Italian holdings. Catalyst: presentation of a new industrial plan to the market by September 2015.

■ First phase of rationalisation complete

Following the disposal of Fashion District, the most delicate phase of the Mittel portfolio rationalisation has been completed, leading to a **significant reduction in the company's financial risk profile** (post-disposal consolidated NFP decreased to € -107mn from € -202mn at the end of Sept-2014, with LTV now at 37%). In the Mittel portfolio there are other non-strategic assets that can be freed up thus using that cash for new investments.

■ New business model: from holding company to listed financial platform for investments and services

In a recent interview to Il Sole 24 ore, the new General Manager Mr. Casertano has highlighted the following: i) **the guidelines of the new industrial plan will be presented in September**, focusing on services (advisory, debt & grant, real estate management and portfolio management) and investments (in mid-caps and real estate in a medium-long time horizon with a permanent capital logic); ii) **1H15** (closed in March 2015) **will be affected by past difficulties**, whereas positive results will emerge once the business and managerial reorganisation is completed (scheduled to take place shortly); iii) **Real Estate assets** (21% of assets): **the aim is to sell them to the market**, perhaps resorting to a fund. We think a more active portfolio management, combined with a more streamlined holding structure, will result in a reduction of discount to NAV.

■ Fine-tuning of valuation: NAV at €2.9ps (from €2.6)

NAV updated to €2.9ps (from €2.6ps), mainly thanks to Sorin's staggering performance (38% of NAV) following the announcement of its merger with the US Cyberonics, partially offset by the reduction of some non-listed assets (particularly Mittel Investimenti Immobiliari, fund units, Azimut Benetti, Mittel Advisory), partially offset by the performance of some listed assets. **Target at €2.17ps** (from €2.0) by applying a 25% discount on NAV.

■ Investment case

We confirm our HOLD view on the stock, since on the positive side:

- **The discount on NAV is high** (48% vs. 31% of the main Italian holdings), and it features **some good quality assets** (e.g. Sorin 38% of NAV, Moncler 5%, Intesa 7%);
- **Financial structure is sound**;
- **NAV mainly features unlisted assets.**

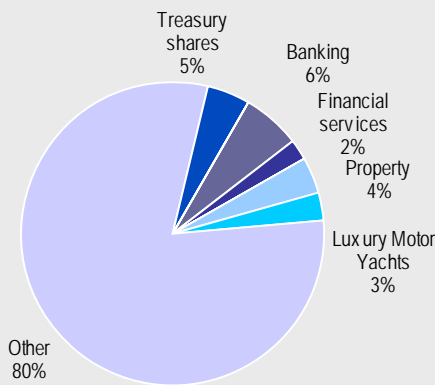
offset by the following factors:

- **The stock liquidity is low** and the **holding structure is complex**;
- **The first effects of the new approach has still to materialise.**

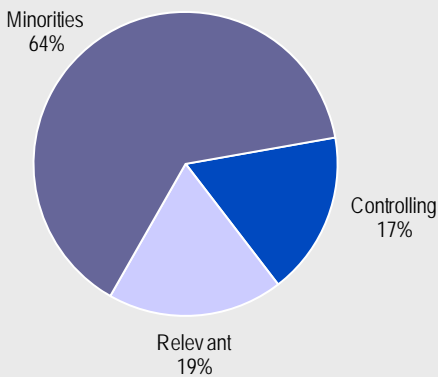
MAIN FIGURES € mn	2012	2013	2014	2015E	2016E	2017E
Revenues	66	59	41	28	16	16
Growth	36%	-11%	-30%	-34%	-44%	0%
Total opex	-68	-63	-58	-37	-24	-23
Growth	32%	-8%	-9%	-36%	-35%	-4%
EBITDA	4	0	-3	-2	-1	0
Growth	35%	-90%	n.m.	n.m.	n.m.	n.m.
Margin	6%	1%	-6%	-6%	-5%	2%
EBIT	-10	-48	-32	-1	-2	-1
Growth	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Margin	-16%	-81%	-77%	-3%	-11%	-5%
Adj. EBIT	-10	-48	-32	-1	-2	-1
Growth	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Margin	-16%	-81%	-77%	-3%	-11%	-5%
Profit before tax	-17	-38	-58	-7	-8	-7
Growth	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Margin	-25%	-64%	-139%	-25%	-53%	-44%
Net income	-18	-38	-34	-9	-7	-5
Growth	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Margin	-27%	-65%	-81%	-33%	-42%	-35%
Adj. net income	-18	-38	-34	-9	-7	-5
Growth	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Margin	-27%	-65%	-81%	-33%	-42%	-35%
STOCK DATA	2012	2013	2014	2015E	2016E	2017E
EPS - € cents	-20.5	-52.4	-46.3	-12.6	-9.1	-7.6
Growth	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Adj. EPS - € cents	-20.5	-52.4	-46.3	-12.6	-9.1	-7.6
Growth	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
DPS ord - € cents	0.0	0.0	0.0	0.0	0.0	0.0
Nav ps ord - €	3.3	3.4	2.5	2.9	2.9	2.9
VARIOUS - € mn	2012	2013	2014	2015E	2016E	2017E
Capital employed	594	610	401	423	417	411
INDEBTNESS	2012	2013	2014	2015E	2016E	2017E
NFP	-197	-226	-202	-112	-113	-112
NFP holding	-86	-122	-91	-94	-92	-90
D/E	0.5 x	0.6 x	0.6 x	0.4 x	0.4 x	0.4 x
Interests cov	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
MARKET RATIOS	2012	2013	2014	2015E	2016E	2017E
PNAV ord	0.4 x	0.5 x	0.5 x	0.5 x	0.5 x	0.5 x
PBV	0.3 x	0.4 x	0.3 x	0.4 x	0.4 x	0.4 x
P/E ord	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
P/E ord Adj	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
P/CF	7.7 x	14.5 x	4.8 x	n.m.	n.m.	n.m.
REMUNERATION	2012	2013	2014	2015E	2016E	2017E
Div. Yield ord	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Roe	-5.2%	-11.6%	-12.0%	-3.4%	-2.5%	-2.1%
ROCE	-1.7%	-8.6%	-7.1%	-2.2%	-1.6%	-1.3%

Source: EQUITA SIM estimates & company data

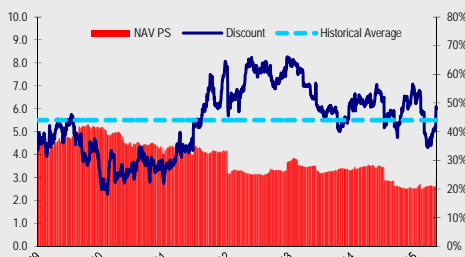
NAV BUSINESS SEGMENTATION – 2015E



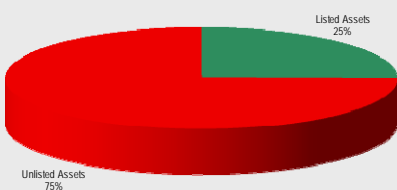
CONTROLLING STAKE – 2015E



NAV & DISCOUNT



UN / LISTED ASSETS WEIGHT



BUSINESS DESCRIPTION

Mittel is active in the following sectors:

- **Investments and Private Equity;** MIT invests in the capital of listed and non-listed companies directly or indirectly via specialised closed end funds, with the aim of enhancing value in the medium term. In more detail:
 - **Investments in listed companies:** Intesa SanPaolo (0.1% stake), Ubi Banca (0.2% stake), RCS (1.1% stake), Sorin (10.2% through Tower 6 Bis and Bios) and Moncler (0.3% stake)
 - **Investments in non-listed companies:** Azimut-Benetti (5.5% stake) and Istituto Atesino di Sviluppo (1.7%);
 - **Stakes in PE funds:** Equinox 2, Progressio Investimenti I & II etc.

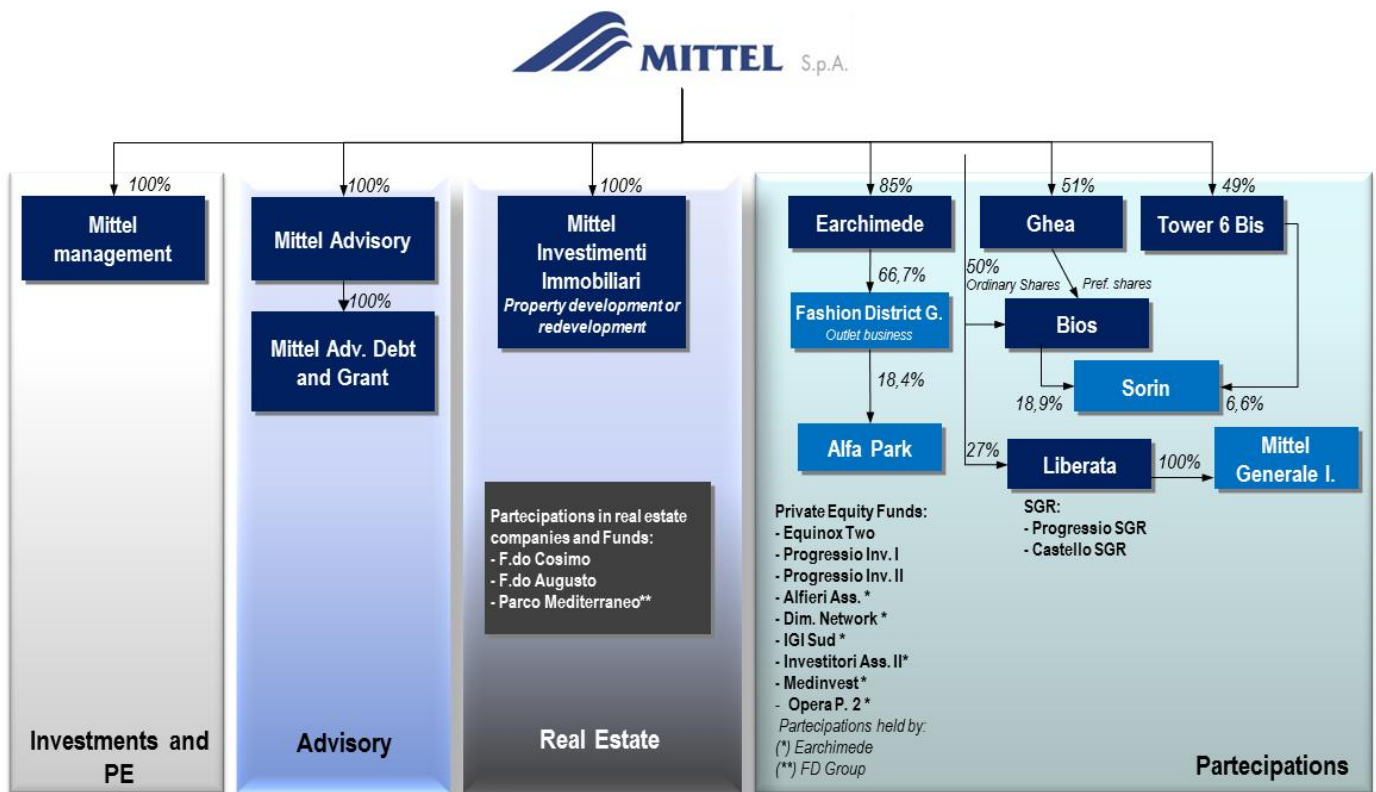
Management aims to increase this activity and exposure to Private Equity Management in the medium term.

- **Advisory and Grant Finance:** main services:
 - Investment Banking activities (i.e. M&A, DCM, ECM);
 - Debt Advisory and Restructuring;
 - Grant Finance – assistance to obtain grant financing for research, development or other initiatives.
 - Real Estate management
 - Portfolio management
- In the **Real Estate sector**, Mittel operates in the following businesses:
 - **Property development or redevelopment** via the group Mittel Investimenti Immobiliari, focusing mainly on mid-level residential/tertiary real estate deals in Lombardy;
 - **Participations in Real Estate management companies and PE funds:** The company owns a stake in Castello SGR (20%) and interests in some funds managed by the latter.

MITTEL: A QUICK OVERVIEW

MITTEL: SHAREHOLDING AND SIMPLIFIED GROUP STRUCTURE

SHAREHOLDERS STRUCTURE		
	% on total shares	% on voting shares
Seconda Navigazione Srl (Stocchi F.)	15.5%	18.7%
Fondazione Cassa di Risparmio Trento e Rovereto	10.9%	13.2%
Istituto Atesino di Sviluppo Spa	8.8%	10.7%
La Scuola S.p.A.	3.7%	4.5%
Manuli Realtor Srl	3.4%	4.1%
Borghesi A.	2.9%	3.5%
Ge Capital S.p.A.	2.0%	2.4%
Treasury shares	17.4%	-
Free Float	35.4%	-



Source: Equita SIM elaborations on company data

1Q15 RESULTS: STRONG REDUCTION OF NFP THANKS TO FASHION DISTRICT

In 1Q15 the consolidated NFP has improved significantly – moving down from €-201.8mn at the end of September 2014 to €-107mn – thanks to the € 120.1mn proceeds from the **sale of the real estate assets and the two management companies Fashion District Mantova and Fashion District Molfetta S.r.l.** The MIT's consolidated **net equity amounts to €271.4mn** from €280.6mn at the end of September 2014, whereas the **bottom-line was negative for €3.2mn** against the € 19mn profit in 1Q14, which benefited however by the result of € 21.8mn coming from the Moncler IPO.

MITTEL: CONSOLIDATED 1Q15 RESULTS (€mn)			
	FY14	1Q14	1Q15
Revenues	41.5	13.8	11.5
change YoY	-	-2.0%	-16.8%
Operating Costs	-57.6	-11.9	-12.3
Income (loss) from participations	13.6	2.2	0.0
EBITDA	-2.5	4.1	-0.8
change YoY	-	n.m.	n.m.
EBIT	-45.0	20.6	0.8
change YoY	-	n.m.	-96.0%
Pre-tax profit	-57.8	18.3	-0.9
change YoY	-	n.m.	n.m.
Group Net Income	-33.6	19.0	-3.2
change YoY	-	n.m.	n.m.
NFP Consolidated	-201.8	-218.2	-107.0

More in detail:

- **Revenues: € 11.5mn, -17% YoY or €-2.3mn.** This variation is the combined result of lower revenues for € 7.2mn partially offset by the positive change in real asset inventories for €5.1mn;
- **EBITDA: € -0.8mn vs. €+4.1 mn in 1Q14**, ensuing mostly from lower revenues;
- **Net Loss: €-3.2mn vs. €+19.1mn in 1Q14.**

FY14 RESULTS IMPACTED BY WRITE-DOWNS

- **Revenues = €41.5mn (-30% YoY);**
- **EBITDA = €-2.5mn (from €0.5mn in FY13);**
- **Net Loss = €-33.6mn (from €-38mn);**
- **NFP consolidated = €201.8mn** (from €226.4mn FY13). Including the Fashion District disposal (on November 18th, 2014) with associated costs, **NFP at €--100mn.**

MITTEL: CONSOLIDATED RESULTS (€ mn)			
	FY12	FY13	FY14
Revenues	66.1	59.0	41.5
change YoY	36.5%	-10.7%	-29.8%
Operating Costs	-68.1	-62.9	-57.6
Income (loss) from participations	6.2	4.3	13.6
EBITDA	4.2	0.4	-2.5
change YoY	34.6%	-90.3%	n.m.
EBIT	-10.3	-47.8	-31.9
change YoY	n.m.	n.m.	n.m.
Pre-Tax	-16.6	-37.5	-57.8
change YoY	n.m.	n.m.	n.m.
Group Net Income	-17.9	-38.1	-33.6
change YoY	n.m.	n.m.	n.m.
NFP Consolidated	-196.9	-226.4	-201.8

Source: Company data

P&L was impacted by:

- **Losses on investment, receivable and intangible asset write-downs** (€ 38mn, of which € 11mn relating to Alfa Park, € 9mn to Azimut Benetti, € 8mn to Mittel Advisory);
- **Real estate asset write-downs** (€ 10.9mn);
- **Extraordinary costs relating to the former CEO's severance package** (€ 3.3mn);
- **Losses on the disposal of Mantova and Molfetta outlets** to Idea Fimit SGR on November 18th, 2014 (€ 7.5mn).

These trends more than offset the **positive impact from the disposal of Moncler shares** (€ 25.8mn) and income from participations (€ 13.6mn).

MITTEL: REVENUES BREAKDOWN BY SECTOR (€ mn)					
Revenues	FY13	FY14	Change	FY15	FY15
		<i>Actual</i>	<i>YoY</i>	<i>Expected</i>	<i>Actual</i>
Real Estate*	13.4	-2.8	n.m.	15.0	17.0
Rental activities (Outlet sector)	35.5	36.3	2%	0.0	2.5
Advisory	8.1	4.4	-46%	7.5	5.5
Other Revenues	2.0	3.6	75%	0.5	2.5
Revenues	59.0	41.5	-30%	23.0	27.5

Source: Company data and Equita SIM *Real Estate includes change in inventories

MITTEL: EBITDA BREAKDOWN BY SECTOR (€ mn)					
EBITDA	FY13	FY14	Change	FY15	FY15
		<i>Actual</i>	<i>YoY</i>	<i>Expected</i>	<i>Actual</i>
Real Estate*	-0.6	-7.4	n.m.	5.2	2.7
Rental activities (Outlet sector)	7.4	8.0	8%	0.0	0.5
Advisory	1.8	-1.8	n.m.	1.5	0.5
Others	-8.2	-1.3	n.m.	-5.4	-5.4
EBITDA	0.4	-2.5	n.m.	1.3	-1.7

Source: Company data and Equita SIM estimates; *Real Estate includes change in inventories

Below the breakdown of NFP and Book Value at sub-holding level

MITTEL: BREAKDOWN BY SECTOR (€ mn)				
	FY13		FY14	
	NFP	Book Value	NFP	Book Value
Real Estate	-94.1	43.7	-101.6	33.4
Rental activities (Outlet sector)	-71.4	45.9	-62.1	25.5
Advisory	-5.0	9.1	-3.1	1.9
Others (including intercompany eliminations)	-55.9	228.3	-62.1	219.8
Total	-226.4	327.0	-201.8	280.6

Source: Company Data

Real Estate: acceleration in sales overshadowed by write-downs

- **Real estate FY14 sales = €13.1mn (+68.6% YoY);**
- **EBITDA = €-7.4mn;**
- **NFP = €-101.6mn (or €-94mn after adjustments for debt relating to Parco Mediterraneo) from €-94.1mn in FY13;**
- **Book Value of assets = €115.8mn (vs. €122mn in FY13).**

Real estate sales were up significantly on FY13, but slightly below our estimates, whereas EBITDA was impacted by real estate asset impairment amounting to roughly €10.9mn. The Real Estate sector showed some signs of recovery in 2014 as of 3Q, thanks in particular to transactions involving residential properties in Milan.

Real estate sales for Mittel Investimenti Immobiliari mainly involved:

- Property in 12 Via Lomellina (Lucianita Srl) in Milan for €10.5mn;
- Residential complex in Paderno Dugnano for €1mn;
- Arluno initiative and others for €1.6mn.

Inventory changes (€ -15.9mn) were impacted by sales (€ 8.9mn reduction in existing real estate portfolio), new builds (€ 3.9mn) and significant write-downs amounting to €10.9mn.

Real estate assets (€115.8mn) mainly comprise residential and office property developments in Lombardy, represented by new builds and, to a lesser extent, renovations. Real estate NFP (€ -94mn) is 73% intragroup and 27% with banks. For 2015, we expect real estate sales to be up on 2014 to roughly €15mn.

Advisory and Debt and Grant Services: results fall short of estimates

- **Revenues = €4.4mn (-45% YoY);**
- **EBITDA = €-1.8mn**

The Advisory sector performance fell short of expectations in 2014, with an improvement for the Advisory Debt and Grant business (€ 2.8mn revenues, or +19.6% YoY), and a decline for Mittel Advisory (from € 5.7mn to € 1.5mn) due to an internal management reshuffle following the departure of the former CEO, Mr. Borghesi. Our 2015 estimates do not include a significant improvement in this business as we are waiting for better visibility on the strategy plan.

VALUATION: UPDATED NAV TO €2.9ps (from prev. 2.6ps)

NAV updated to €2.9ps (from €2.6ps), **mainly thanks to Sorin's staggering performance (38% of NAV)** following the announcement of its merger with the US Cyberonics, partially offset by the reduction of some non-listed assets (particularly Mittel Investimenti Immobiliari, fund units, Azimut Benetti, Mittel Advisory). **Target price at €2.17ps** (from 2.0) by applying a 25% discount on NAV.

Regarding the stake in Sorin, **MIT has granted its support to the Sorin / Cyberonics integration project**. MIT and Equinox, with an indirectly held 25.4% stake in Sorin, have signed a Support Agreement with Cyberonics pledging to support the Sorin integration deal and in particular to do the following:

- voting in its favour during the Sorin's shareholders extraordinary meeting;
- not selling their shares until the deal is completed.

MITTEL - NAV								
Asset	Sector	Stake %	# shares	€ PS	€ mn	%	Valuation method	
Intesa Sanpaolo	Banking	0.04%	6.0	3.2	19	8%	Market Value	
UBI Banca ScpA	Banking	0.20%	1.7	7.1	12	5%	Market Value	
RCS Media Group SpA	Media	1.08%	5.6	1.2	7	3%	Market Value	
Sorin*	Biomedical	12.7%	60.9	2.6	95	37%	Net equity (Market Value)	
Moncler	Fashion	0.3%	0.8	16.2	13	5%	Market Value	
Mittel	Treasury shares	17.4%	15.3	1.5	23	9%	Market Value	
TOTAL LISTED SHAREHOLDINGS (1)					169	66%		
Mittel Generale Investimenti (Liberata spa)	Financial Services	27%			5	2%	M&A deal - P/BV 0.9x	
Mittel Investimenti Immobiliari (Property Assets)	Real Estate	100%			14	6%	Book Value Dec-14	
Property Assets Valuation	Real Estate	100%			108	49%	Book Value Dec-14	
Attributable NFP MII	Real Estate	100%			-94	-43%	As of Dec-14	
Earchimede	Holding	85.0%			72	33%	Book Value Sept-14	
Fashion District Group/Alfa Park/Parco Med.	Outlet	56.7%			27	12%	Book Value Sept-14	
NFP Earchimede	Holding	85.0%			45	21%	As of today	
Funds (i.e Progressio I/II, Cosimo I, Augusto, Equinox)	PE and RE Funds	n.m.			37	17%	Book Value Sept-14	
Azimut-Benetti	Luxury Motor Yachts	6.21%			15	7%	EV/EBITDA 2015E = 11x	
Istituto Atesino di Sviluppo S.p.A.	Holding	1.7%			3	2%	Book Value Sept-14	
Mittel Advisory**	Financial Services	100%			2	1%	P/E 2015E = 9x	
Castello SGR	Real Estate	20%			5	2%	P/E 2015E = 11x, P/AUM = -2%	
CreditAccess Asia N.V.	Financial Services	15.0%			4	2%	Book Value Sept-14	
Financial credits Mittel SpA (st/lt)	Miscellaneous	n.m.			170	78%	Equita SIM estimates and Company data	
Others participations and other assets/liabilities	Miscellaneous	100.0%			10	4%	Equita SIM estimates and Company data	
TOTAL UNLISTED SHAREHOLDINGS (2)					338	155%		
ATTRIBUTABLE NFP (3)					-194	-87%	Adj. NFP as today	
HOLDING COSTS (4)					-58	-27%	Normalised cash costs net of taxes capitalised @ 10%	
TAXES ON POTENTIAL CAPITAL GAINS (5)					0	0%		
STOCK OPTIONS DILUTION (6)					0	0%		
TOTAL NET ASSET VALUE (1+2+3+4+5+6)					255	100%		
Nr. of Shares (mn)					87.9			
NAV per Ord share €					2.9			
Current discount (premium)					48%			
P/NAV					0.52			

Source: EQUITA SIM estimates * via Tower 6 Bis, Bios and Ghea: ** including Mittel Advisory and Mittel Advisory Debt and Grant.

MITTEL: NAV - Change in valuation

Asset	Previous € mn	Current € mn	Change %	Change abs
Intesa Sanpaolo	15	19	25%	4
UBI Banca ScpA	11	12	19%	2
RCS Media Group SpA	6	7	11%	1
Sorin	53	95	85%	45
Moncler	9	13	53%	5
Mittel	23	23	1%	0
TOTAL LISTED SHAREHOLDINGS (1)	118	169	46%	55
Mittel Generale Investimenti (Liberata spa)	2	5	n.m.	4
Mittel Investimenti Immobiliare (Property Assets)	22	14	-35%	-8
Earchimede	79	72	-9%	-7
Funds (Progressio I/II, Cosimo I, Augusto, Equinox II)	45	37	-17%	-7
Azimut-Benetti	19	15	-21%	-4
Istituto Atesino di Sviluppo S.p.A.	3	3	14%	0
Mittel Advisory	7	2	-74%	-5
Castello SGR	4	5	49%	2
CreditAccess Asia N.V.	4	4	0%	0
Financial credits Mittel SpA	158	170	7%	11
Others participations and other assets/liabilities*	19	10	-50%	-9
TOTAL UNLISTED SHAREHOLDINGS (2)	360	338	-6%	-23
ATTRIBUTABLE NFP (3)	-191	-194	2%	-3
HOLDING COSTS (4)	-58	-58	0%	0
TAXES ON POTENTIAL CAPITAL GAINS (5)	0	0	n.m.	0
STOCK OPTIONS DILUTION (6)	0	0	n.m.	0
TOTAL NET ASSET VALUE (1+2+3+4+5+6)	229	255	13%	29
Nr. of Shares (mn)	88	88		
NAV per Ord share €	2.6	2.9		
Current discount (premium)		48%		
P/NAV		0.52		

Source: EQUITA SIM estimates

Below there are some details on the subsidiaries and related **real estate developments**, and **financial credits**:

MITTEL MAIN REAL ESTATE ASSETS (SEPT.2014)

Company	City	SQM	Type	% Stake	Real Estate Inventories (€mn)
Mittel Investimenti Immobiliari Srl	Arluno (MI)	9,561	Housing Estate	100	14.1
Gamma Tre	Como	17,600	Housing Estate - not yet started	100	6.0
CAD Srl	Paderno (MI)	15,848	Housing estate (149 flats) - sales at an advanced stage	100	20.1
Fede Srl	Vimodrone (MI)	5,000	Industrial buildings - ready to sale	100	8.3
Fede Srl	Felizzano (AL)	46,500	Industrial building	100	8.3
Iniziativa Nord Milano Srl	Bresso (MI)	9,212	Refurbished industrial buildings (3 sites) - on sale	75	8.3
Breme Srl	Milan	4,010	Construction of an office building (8 floors) - final testing phase	100	11.5
Santarosa Srl	Milan	6,700	Under construction (residential)	60	13.5
Miva Srl	Milan	5,983	Housing Estate (47 flats) - Outskirts - end of work 30/04/2014	100	16.3
Lucianita Srl	Milan	4,800	Housing Estate (43 flats) - Close to the city center (Via Lomellina Milan)	51	8.0
Regina Srl	Como	2,200	Housing Estate - ongoing design	100	1.6
Total					108

Source: EQUITA SIM estimates



Our NAV includes financial credits at book value (totalling roughly €200mn between short and medium-long term financial credits), **with a recovery rate of 85%** (€170mn). 54% of loans are composed of intragroup debts. The main positions are as follows:

FINANCIAL CREDITS AS OF SEP-2014		
	Amount (€ mn)	% of total
Financial Credits	199.9	100%
Short-term (included in NFP)	77.0	39%
Long-term	122.8	61%
o/w to controlled/participated company	107.5	54%
Long-term financial credits	122.8	61%
Ghea	22.8	11%
Mittel Partecipazioni Stabili	4.8	2%
Fondo Augusto	30.0	15%
Liberata	33.7	17%
Sofimar	13.4	7%
Others	18.1	9%
Current financial credits	77.0	39%
Mittel Investimenti Immobiliari	69.0	35%
Others	8.0	4%

Source: EQUITA SIM estimates and company data

Financial structure

Following the disposal of Fashion District assets and the simultaneous repayment of bank debts, group consolidated NFP is fairly similar to that of the holding. **The financial structure is relatively sound, with LTV at 37% and roughly €170mn of easily disposable listed assets.**

At the end of September 2014, the holding's NFP was at € -90.7mn (we est. € -95mn at December 2014), of which:

- Gross Debt = € -183mn
- Cash and cash equivalents = € 14.9mn
- Current financial credits = € 77mn (of which €69mn intragroup loans to Mittel Investimenti Immobiliari)

In our NAV, our attributable NFP is at €-194mn, calculated as follows:

- Holding Gross Debt = € -187mn
- Cash = € 5.6mn
- Sub-holding debt = € -13mn

Regarding current financial credits, which are included in reported NFP, we prefer to show them clearly in our NAV (alongside non-current financial credits).

The breakdown of financial debt is as follows:

- "Mittel S.p.A. 2013-2019" TF 6% bonds = € 98mn
- Short term bank loans = €50.3mn
- Medium term bank loans = €34.3mn

The improvement of the risk profile following the Fashion District assets disposal and the simultaneous market interest rates decline, allowed an increase of Mittel bond price.

MITTEL S.p.A. 2013-2019 TF 6% BOND: PRICE



Source: Bloomberg

MITTEL S.p.A. 2013-2019 TF 6% BOND: YIELD TO MATURITY



Source: Bloomberg

SECTOR AND STOCK PERFORMANCE

ITALIAN HOLDING COMPANIES: STOCK PERFORMANCE

Company	DESCRIPTION			PERFORMANCE				
	Currency	Price	Mkt cap (€ mn)	1 m	3 m	6 m	1 y	YTD
ASTM SPA	EUR	12.3	1,082	-7.1	3.7	30.9	5.5	28.6
CIR SPA	EUR	1.0	827	-6.9	3.1	29.3	-6.2	20.3
COFIDE SPA	EUR	0.5	354	-5.3	2.7	32.2	-6.3	14.0
DEA CAPITAL SPA	EUR	1.9	583	0.2	7.8	26.2	39.9	17.4
EXOR	EUR	42.4	10,430	-0.3	16.3	28.7	33.0	24.4
IMMSI SPA	EUR	0.6	216	-7.7	-2.3	29.2	-12.9	17.2
ITALMOBILIARE	EUR	29.9	938	-3.5	27.5	56.6	-10.5	58.9
MEDIOBANCA	EUR	9.0	7,753	0.1	16.7	31.1	17.7	32.3
VIANINI LAVORI	EUR	5.8	253	-3.6	11.6	22.2	-4.7	3.3
MITTEL SPA	EUR	1.5	134	-11.5	16.0	23.6	-14.9	30.5
Average				-4.6	10.3	31.0	4.1	24.7
Median				-4.5	9.7	29.3	-5.5	22.4
FTSE MIB INDEX				-1.1	12.3	22.1	7.3	22.6
LPX50 Listed PE EUR TR				-2.1	4.8	20.9	31.5	15.3

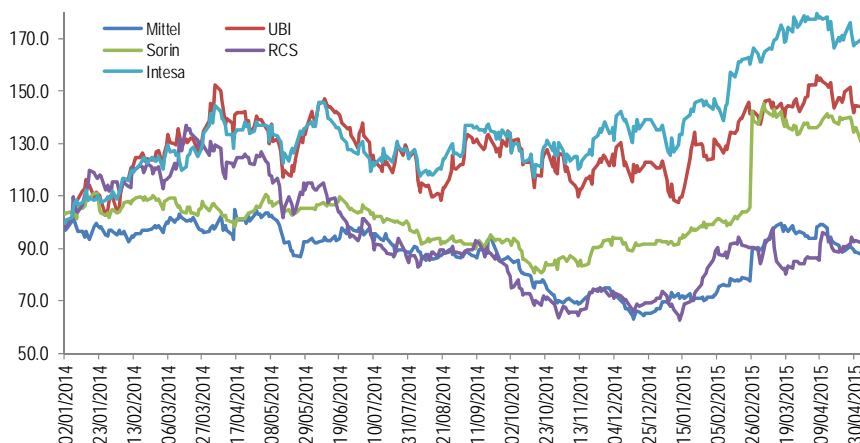
Source: Bloomberg prices

PERFORMANCE OF LISTED ASSETS

Mittel listed assets	% of NAV	DESCRIPTION			PERFORMANCE				
		Currency	Price	Mkt cap (€ mn)	1 m	3 m	6 m	1 y	YTD
INTESA SANPAOLO	7%	EUR	3.1	52,463	-1.5	22.2	42.4	28.2	29.9
UBI BANCA SCPA	5%	EUR	7.2	6,493	-5.3	12.7	25.9	6.1	20.8
RCS MEDIAGROUP	3%	EUR	1.2	619	5.3	2.5	36.5	-23.6	26.9
SORIN SPA	38%	EUR	2.7	1,283	-5.5	27.6	48.1	19.5	39.1
MONCLER SPA	5%	EUR	16.5	4,123	3.1	27.5	56.2	29.9	48.3

Source: Bloomberg prices

PERFORMANCE OF LISTED ASSETS SINCE JAN-2014



Source: Bloomberg prices

The tables below show the current and historical discount (premium) to NAV of the main Italian holding companies. At the current price, **MIT is trading at a 48% discount to NAV, compared to the 31% of Italian holding companies**, and it's not far from the historical average of the last 5 years (44% in the 2008-2014 time period).

ITALIAN HOLDING COMPANIES: CURRENT AND HISTORICAL NAV AND DISCOUNTS

Company	Val. method	NAV (€ PS) *									Disc. / (Prem.) to NAV							
		2008	2009	2010	2011	2012	2013	2014	2015	2008	2009	2010	2011	2012	2013	2014	Avg.**	2015
ASTM	market price	10.7	12.5	14.5	11.7	14.5	17.5	22.7	21.6	50%	23%	33%	38%	48%	36%	44%	39%	44%
CAMFIN	(1) market price	0.49	0.65	0.56	0.56	0.90	1.02	-	n.a.	40%	54%	34%	58%	39%	n.a.	n.a.	45%	-
CIR	market price	2.15	2.50	2.18	2.20	1.75	1.85	1.30	1.41	65%	30%	36%	44%	54%	38%	34%	43%	27%
COFIDE	see through	1.03	1.21	1.06	1.08	0.81	0.87	0.60	0.65	68%	48%	38%	49%	51%	38%	32%	46%	26%
DEA CAPITAL	market price	1.64	1.88	1.99	2.10	2.15	1.95	2.26	2.10	22%	33%	43%	39%	38%	34%	29%	34%	11%
EXOR ord.	(2) market price	15.9	25.2	36.6	25.8	31.8	33.0	39.0	49.4	50%	48%	36%	42%	40%	16%	12%	35%	16%
IMMSI	market price	1.25	1.57	1.86	1.30	0.87	0.87	0.98	1.17	44%	47%	55%	56%	50%	46%	47%	49%	47%
ITALMOBILIARE	(3) market price	53.1	56.4	42.3	30.8	25.8	34.1	32.1	41.4	49%	47%	41%	53%	53%	29%	41%	47%	30%
MEDIOBANCA	(4) market price	14.3	11.1	10.1	7.9	6.0	8.2	9.4	9.4	40%	36%	35%	15%	32%	43%	7%	31%	8%
MITTEL	market price	4.5	5.0	4.2	3.3	3.3	3.4	2.5	2.9	49%	27%	20%	51%	61%	49%	53%	44%	48%
VIANINI LAVORI	market price	10.86	11.22	11.32	8.29	7.69	11.42	12.6	14.8	63%	58%	65%	60%	60%	58%	56%	60%	61%
AVERAGE										49%	41%	40%	46%	48%	39%	35%	37%	31%

(1) see-through until 2009; at market price starting from 2010

(2) IFIL ord. until 2007 (assuming total n. shares ord+sav), EXOR ord. (IFIL+IFI) since merger announcement (Sep-08)

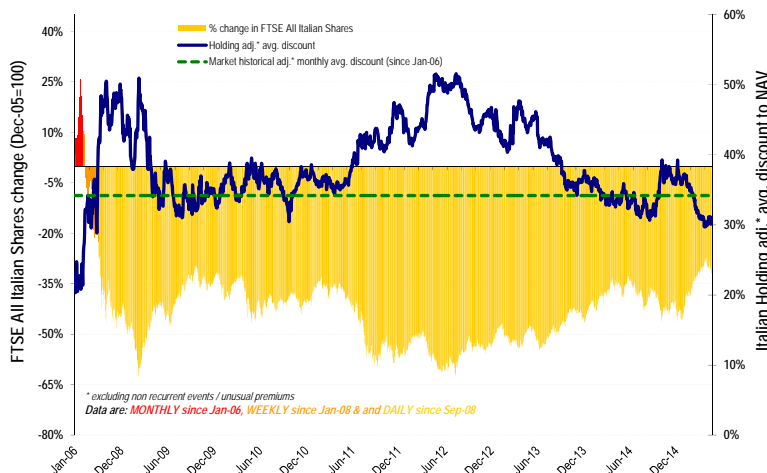
(3) adj. number shares: before Nov-07 based on market discount; after Nov-07 applying avg. between 3-year and market discounts

(4) year-end: June

* based on estimated year-end net debt and listed assets valued at December avg. market price

** 9-year historical arithmetic average (2004-12 when available); Source: EQUITA SIM estimates

ITALIAN HOLDING ADJ. AVERAGE DISCOUNT TREND



Source: Equita SIM estimates

SENSITIVITY

		MITTEL NAV: SENSITIVITY (€ PS)						
SORIN / FIN. CREDITS (€mn)		-25.0%	-15.0%	-10.0%	TODAY	10.0%	15.0%	25.0%
		127	144	153	170	187	195	212
-25.0%	48	2.1	2.3	2.4	2.6	2.8	2.9	3.1
-15.0%	54	2.3	2.4	2.5	2.7	2.9	3.0	3.2
-10.0%	57	2.3	2.5	2.6	2.8	3.0	3.1	3.3
TODAY	64	2.4	2.6	2.7	2.9	3.1	3.2	3.4
10.0%	70	2.5	2.7	2.8	3.0	3.2	3.3	3.5
15.0%	73	2.6	2.8	2.9	3.1	3.3	3.4	3.5
25.0%	79	2.7	2.9	3.0	3.2	3.4	3.5	3.7

Source: EQUITA SIM estimates

		MITTEL NAV: SENSITIVITY (€ PS)						
INTESA	UBI	-40.0%	-30.0%	-20.0%	TODAY	20.0%	30.0%	40.0%
SAN PAOLO		3.8	4.5	5.1	6.4	7.7	8.3	8.9
-40.0%	1.5	2.8	2.8	2.8	2.8	2.8	2.9	2.9
-30.0%	1.8	2.8	2.8	2.8	2.8	2.9	2.9	2.9
-20.0%	2.1	2.8	2.8	2.8	2.9	2.9	2.9	2.9
TODAY	2.6	2.8	2.9	2.9	2.9	2.9	2.9	3.0
20.0%	3.1	2.9	2.9	2.9	2.9	3.0	3.0	3.0
30.0%	3.3	2.9	2.9	2.9	3.0	3.0	3.0	3.0
40.0%	3.6	2.9	2.9	3.0	3.0	3.0	3.0	3.0

Source: EQUITA SIM estimates

STATEMENT OF RISK

The primary elements that **could positively impact MITTEL include:**

- Significant improvement in the main assets reference macroeconomic scenario
- Increase in valuation for property development projects
- Positive share price performance of Intesa Sanpaolo, UBI Banca, RCS, Sorin and Moncler
- Significant improvement of luxury motor yachts market conditions affecting Azimut Benetti

The primary elements that **could negatively impact MITTEL include:**

- Significant deterioration in the main assets reference macroeconomic scenario
- Valuation risk for property development projects
- Negative share price performance of Intesa Sanpaolo, UBI Banca, RCS, Sorin and Moncler
- Potential write-downs on loans following a difficult market environment
- Significant deterioration of luxury motor yachts market conditions affecting Azimut Benetti

INFORMATION PURSUANT TO ARTICLE 69 ET SEQ. OF CONSOB (Italian securities & exchange commission) REGULATION no. 11971/1999

This publication has been prepared by Luigi de Bellis on behalf of EQUITA SIM SpA (licensed to practice by CONSOB resolution no. 11761 of December 22nd 1998 and registered as no. 67 in the Italian central register of investment service companies and financial intermediaries)

In the past EQUITA SIM has published studies on Mittel

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RECOMMENDATION/RATING	Low Risk	Medium Risk	High Risk
BUY	ETR >= 10%	ETR >= 15%	ETR >= 20%
HOLD	-5% <ETR< 10%	-5% <ETR< 15%	0% <ETR< 20%
REDUCE	ETR <= -5%	ETR <= -5%	ETR <= 0%

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Date	Rec.	Target Price (€)	Risk	Comment
nil				

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EQUITY RATING DISPERSION AS OF MARCH 31, 2015 (art. 69-quinquies c. 2 lett. B e c. 3 reg. Consob 11971/99)

	COMPANIES COVERED	COMPANIES COVERED WITH BANKING RELATIONSHIP
BUY	38.3%	57.9%
HOLD	57.9%	42.1%
REDUCE	3.8%	0.0%
NOT RATED	0.0%	0.0%