

Company update

HOLD (Unchanged)

Target: € 2.5 (Prev. € 2.6)

Risk: High

STOCK DATA

Price €	1.7
Bloomberg code	MIT IM
Market Cap. (€ mn)	147
Free Float	48%
Shares Out. (mn)	87.9
52-week range	1.07 - 1.68
Daily Volumes (000)	62.59

PERFORMANCE

	1M	3M	12M
Absolute	9.5%	17.7%	44.5%
Rel. to FTSE all shares	-2.0%	14.3%	23.1%

MAIN METRICS

	2011	2012	2013E
EPS - € cents	-74	-20	-7
DPS ord - € cents	0	0	0

NAV

	2011	2012	2013E
Nav ps ord - €	3.3	3.4	3.4
Listed assets	17%	22%	22%
Controlling	73%	38%	32%

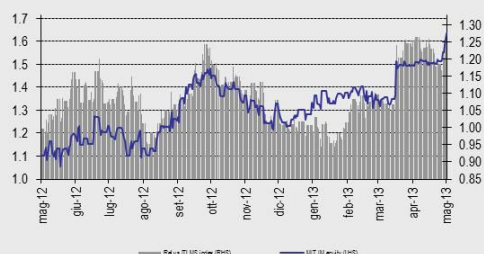
MULTIPLES

	2011	2012	2013E
P/E ord	n.m.	n.m.	n.m.
P/E ord Adj	n.m.	n.m.	n.m.
PBV	0.4 x	0.3 x	0.4 x

INDEBTNESS

	2011	2012	2013E
NFP holding	-87.4	-86.1	-84.6
D/E	0.4	0.5	0.5
Debt to assets ratio	0.2	0.3	0.3

PRICE ORD LAST 365 DAYS



ANALYSTS

Luigi de Bellis - +39026204375 - l.debellis@equitasim.it

May 8, 2013

148

DELEVERAGING BEGINS

The new management team has decided to concentrate, among other things, on reducing the company's debt and rebalancing the debt structure, thus dictating the strategic decision to shift the focal point of its activity towards less capital intensive businesses, lowering the company's risk profile. To this end, MIT sold Mittel Generali Investimenti in July 2012 and decided not to increase exposure to the Real Estate sector and expand in the businesses of advisory and private equity. The stock trades at a 51% discount to NAV.

■ Growth strategy guidelines: focus on Private Equity, Advisory and further reduction in leverage

Mittel approved its growth strategy for 2013-2015 on 10 January 2013. The Group will focus on:

1. **Expanding in the Private Equity business**
2. **Expansion in advisory**
3. **Further enhancement of assets in the portfolio**
4. **Further debt reduction** (-86.1mn for the holding out of 495.5mn of Total Assets or LTV = 17%)

We believe that the switch to low capital intensive assets that are able to generate cash and a ROE > cost of capital (10%), as well as further downsizing of the holding structure (partly by monetising non-current financial credits, at €150mn or 51% of NAV) may allow for a reduction in the discount to NAV (currently at roughly 51% vs roughly 40% of the main listed holdings).

■ A new deal: buy-back and refinancing

Mittel (MIT) has announced:

- **A Public Exchange Offer** on MIT shares for newly issued MIT bonds. The offer price will be €1.75 ps (26% premium on the closing price on the day prior to the announcement) and will involve 17mn shares, or **19.4% of capital**, with a **maximum counter-value of around €30mn**.
- **A Public issue** of MIT bonds (up to a maximum of €70mn), with the same characteristics as the bonds used in the Public Exchange Offer.

Treasury shares gained will not be cancelled but will be used for potential future M&A deals. The move will allow MIT to:

- Refinance the debt
- Diversify its sources of financing at competitive cost
- Significantly extend the duration of debt
- Buy back treasury shares at a 50% discount to NAV and BVPS.

■ NAV updated to € 3.4ps (from 3.5). Target € 2.5ps (from 2.6).

We have updated our NAV to € 3.4 (from 3.5ps) in order to factor in the performance of listed assets offset by a more cautious approach on the financial credits. **Target at € 2.5ps applying a 25% discount to the NAV.**

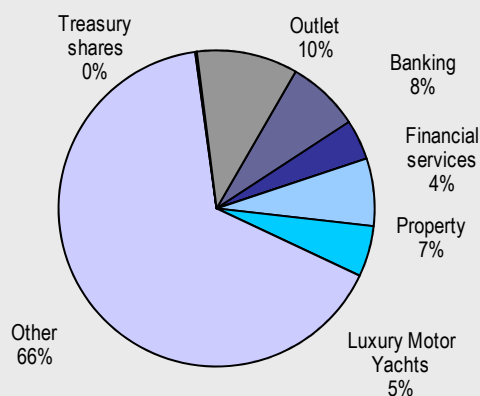
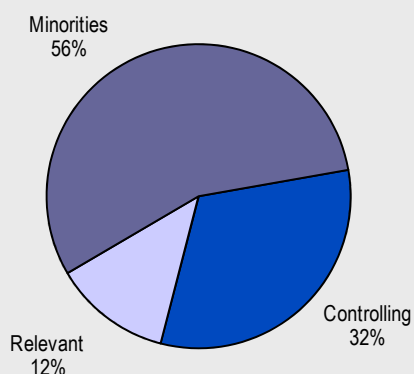
■ HOLD rating confirmed

We maintain our **neutral recommendation** for MIT based on the following considerations:

- **Prevalence of non-listed assets** (which account for 80% of TA);
- Greater **portfolio diversification** than the main Italian holding companies;
- Solid track record in private equity transactions (e.g. Moncler IRR 36%); ...set against:
 - Low stock liquidity;
 - Low visibility on the recurring business's capacity to create value;
 - Needs of further simplification of the group structure.

BUSINESS DESCRIPTION

Mittel (MIT) is an investment/merchant bank that is simultaneously and complementarily active in: i) Private equity as an active shareholder in both listed and unlisted companies; ii) Advisory services for extraordinary finance operations; iii) Real estate investment

NAV – BUSINESS SEGMENTATION - 2013**CONTROLLING STAKE - 2013**

MAIN FIGURES € mn	2011	2012	2013E	2014E	2015E	2016E
Revenues	48	66	60	65	70	73
Growth	-	36%	-10%	8%	8%	5%
Total opex	-52	-68	-53	-54	-53	-55
Growth	-	32%	-22%	2%	-1%	2%
EBITDA	3	4	10	14	21	24
Growth	-	35%	130%	47%	49%	13%
Margin	6%	6%	16%	22%	30%	32%
EBIT	-49	-10	-5	-1	6	9
Growth	-	n.m.	n.m.	n.m.	n.m.	45%
Margin	n.m.	-16%	-9%	-1%	9%	12%
Adj. EBIT	-49	-10	-5	-1	6	9
Growth	-	n.m.	n.m.	n.m.	n.m.	45%
Margin	n.m.	-16%	-9%	-1%	9%	12%
Profit before tax	-56	-17	-9	-5	2	5
Growth	-	n.m.	n.m.	n.m.	n.m.	116%
Margin	n.m.	-25%	-15%	-7%	3%	7%
Net income	-52	-18	-6	-3	2	3
Growth	-	n.m.	n.m.	n.m.	n.m.	116%
Margin	n.m.	-27%	-10%	-5%	2%	5%
Adj. net income	-52	-18	-6	-3	2	3
Growth	-	n.m.	n.m.	n.m.	n.m.	116%
Margin	n.m.	-27%	-10%	-5%	2%	5%

STOCK DATA	2011	2012	2013E	2014E	2015E	2016E
EPS - € cents	-73.7	-20.4	-7.1	-3.6	1.8	4.0
Growth	n.m.	n.m.	n.m.	n.m.	n.m.	116%
Adj. EPS - € cents	-0.7	-0.2	-0.1	0.0	0.0	0.0
Growth	n.m.	n.m.	n.m.	n.m.	n.m.	116%
DPS ord - € cents	0.0	0.0	0.0	0.0	0.0	0.0
Nav ps ord - €	3.30	3.37	3.37	3.37	3.37	3.37

VARIOUS - € mn	2011	2012	2013E	2014E	2015E	2016E
Capital employed	664	594	594	594	594	594

INDEBTNESS	2011	2012	2013E	2014E	2015E	2016E
NFP	-182	-197	-188	-176	-160	-141
NFP holding	-87	-86	-85	-84	-82	-80
D/E	0.4 x	0.5 x	0.5 x	0.5 x	0.4 x	0.4 x
Interests cov	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

MARKET RATIOS	2011	2012	2013E	2014E	2015E	2016E
PNAV ord	0.5 x	0.4 x	0.5 x	0.5 x	0.5 x	0.5 x
PBV	0.4 x	0.3 x	0.4 x	0.4 x	0.4 x	0.4 x
P/E ord	n.m.	n.m.	n.m.	n.m.	91.1 x	42.1 x
P/E ord Adj	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
P/CF	n.m.	7.7 x	16.8 x	12.4 x	8.8 x	7.9 x

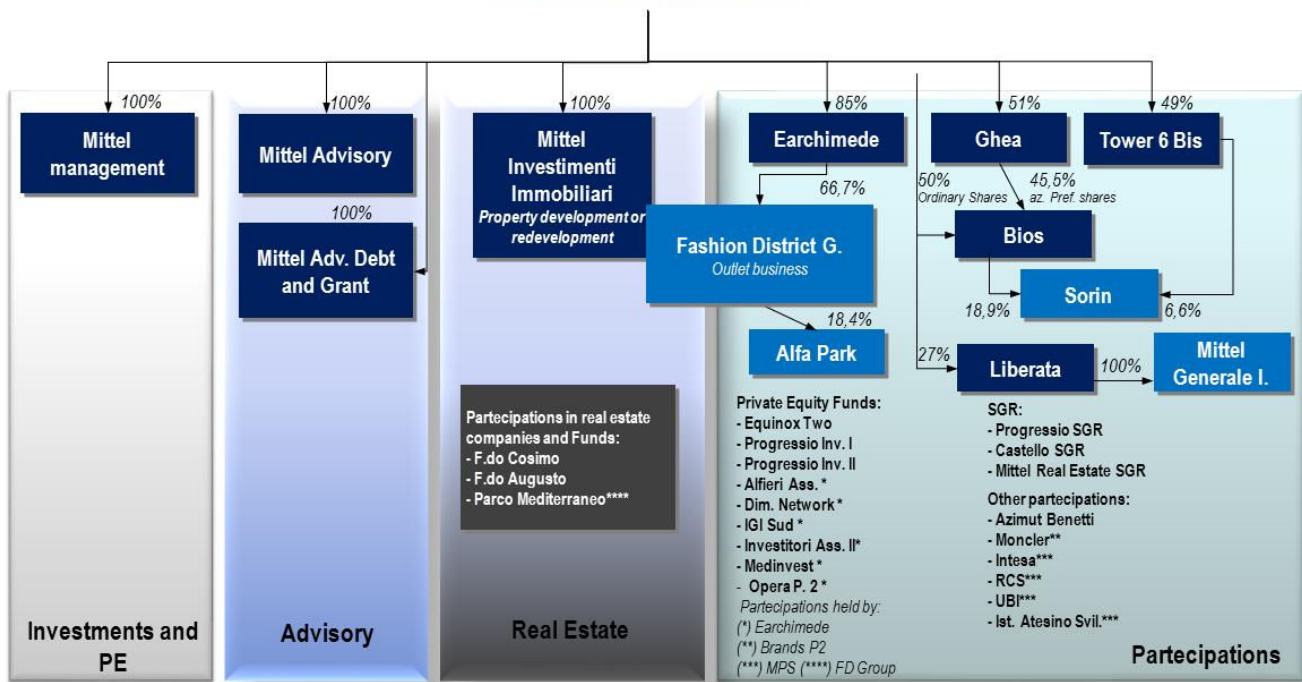
REMUNERATION	2011	2012	2013E	2014E	2015E	2016E
Div. Yield ord	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Roe	-17.7%	-5.2%	-1.9%	-1.0%	0.5%	1.0%
ROCE	-7.3%	-1.7%	-1.1%	-0.5%	0.3%	0.6%

Source: EQUITA SIM estimates & company data

MITTEL: A QUICK OVERVIEW

MITTEL: SHAREHOLDING AND SIMPLIFIED GROUP STRUCTURE

Carlo Tassara	15.3%
Fond. Cassa di Risp. Trento e Rovereto	10.9%
Italmobiliare Spa	10.0%
Ist. Atesino Di Sviluppo Spa	8.8%
Opera per l'Educazione Cristiana	3.7%
Manuli Realtor	3.4%
Borghesi A.	2.8%
Treasury Shares	0.6%
Free Float	43.9%



Source: Equita SIM elaborations on company data

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 (0.5% stake), RCS (1.3% stake) and Sorin (10.2% through Tower 6 Bis and Bios);
 - **Investments in non-listed companies:** Azimut-Benetti (5.5% stake), Moncler (1.3%) and Istituto Atesino di Sviluppo (1.7%);
 - **Participations in PE management companies:** Progressio SGR (15%);
 - **Stakes in PE funds:** Equinox 2, Progresso Investimenti I & II etc.

Management aims to increase this activity and exposure to Private Equity Management in the medium term. In this regard, MIT and Roland Berger Strategy Consultants have recently signed a partnership aimed at launching a PE fund (named “Rixelera”) focused on Restructuring and Turnaround of Italian manufacturing companies.

- **Advisory and Grant Finance:** Via Mittel Advisory Debt and Grant, and Borghesi Advisory (acquired in January 2013 and renamed Mittel Advisory SpA), MIT has a team of around 28 staff active mainly in:
 1. Investment Banking activities (i.e. M&A, DCM, ECM);
 2. Debt Advisory and Restructuring;
 3. Grant Finance – assistance to obtain grant financing for research, development or other initiatives.

By merging its activities and thanks to Borghesi Advisory’s portfolio and its currently sound market positioning, management expects to generate turnover of roughly €10mn from this division at full capacity (€1.8mn in 2012).

- **Outlet business:** Mittel designs, constructs, markets and manages large retail areas for use as outlets via **Fashion District Group** (56.6% stake).

The Fashion District network is composed of 3 large retail areas (totalling about 120k sqm) for use as Outlets (with over 11mn visitors per year), located in Mantua, Valmontone (Rome) and Molfetta (Bari).

The Fashion District Group owns and manages the Factory Outlet Centers in Mantua and Molfetta (BV of real estate assets at roughly €140mn) whereas it manages the Valmontone Factory Outlet Center.

The Factory Outlet Center business is composed of two areas:

- Real estate: design, construction and subsequent maintenance of a real estate complex for retail purposes;
- Retail: optimising recurring profit of a retail complex via an optimal merchandising mix;

FASHION DISTRICT OUTLETS: MAIN FIGURES

Outlet	Region	Opening	Stores	Commercial Area (sqm)	Annual visitors
Fashion District Mantua Outlet	Lombardy	2003	100	33,000	2,700,000
Fashion District Valmontone Outlet	Lazio	2003	175	45,000	6,000,000
Fashion District Molfetta Outlet	Puglia	2008	140	40,000	2,400,000
TOTAL				118,000	11,100,000

Source: Company data

In 2012, Fashion District reported revenues to the amount of €35.4mn (+2% YoY) EBITDA of €8.0mn (-7% YoY) and net loss of €-5.8mn (-26% YoY). We expect operating and income results to improve in 2013.

Fashion District is reporting a negative bottom-line mainly because one of the three outlets (Molfetta Outlet) is in a start-up phase, with a high level of investments and a relatively high vacancy rates.

FASHION DISTRICT: MAIN FIGURES (€ mn)						
	2011A	%	2012A	%	2013E	%
Revenues	34.7		35.4		35.8	
change%	2.9%		2.0%		1.0%	
EBITDA	8.6	24.9%	8.0	22.7%	9.0	25.3%
change%	12%		-7%		13%	
Depreciation & Amortisation	-11.4	-32.9%	-9.7	-27.4%	-9.3	-26.0%
EBIT	-2.8	-8.0%	-1.7	-4.7%	-0.3	-0.7%
change%	63%		n.m.		85%	
Financial revenues (charges)	-7.0	-20.3%	-6.3	-17.7%	-4.2	-11.8%
Extraordinary	3.7	10.6%	0.8	2.2%	0.0	0.0%
Pre Tax Profit	-6.1	-17.6%	-7.2	-20.2%	-4.5	-12.5%
change%	164%		-17%		38%	
Taxes	1.5	4.2%	1.3	3.7%	1.5	4.1%
Minorities	0.0	0.0%	0.0	0.0%	0.0	0.0%
Net Profit	-4.6	-13.4%	-5.8	-16.5%	-3.0	-8.4%
change%	-2%		-26%		49%	
<i>NFP</i>	-81.7		-80.5		-68.9	

- 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;
Below are some details on the subsidiaries and related real estate developments:

MITTEL MAIN REAL ESTATE ASSETS (SEPT.2012)						
Company	City	SQM	Type	% Stake	Real Estate Inventories (€mn)	
Mittel Investimenti Immobiliari Srl	Arluno (MI)	9561	Housing Estate – to be completed by end 2013	100	14.1	
Gamma Tre	Como	17600	Housing Estate - not yet started	80	9.1	
CAD Srl	Paderno (MI)	15848	Housing estate (149 flats) - sales at an advanced stage	100	23.1	
Fede Srl	Vimodrone (MI)	5000	Industrial buildings - ready to sale	51	8.5	
Fede Srl	Felizzano (AL)	46500	Industrial building	51		
Immobiliare Volta Marconi Srl	Bresso (MI)	na	Abandoned industrial building - preliminary sale contract with LIDL SpA	51	3.8	
Iniziative Nord Milano Srl	Bresso (MI)	9212	Refurbished industrial buildings (3 sites) - on sale	50	na	
Breme Srl	Milan	4010	Construction of an office building (8 floors) - final testing phase	60	23.0	
Santarosa Srl	Milan	6700	n.a.	60		
Miva Srl	Milan	5983	Housing Estate (47 flats) - Outskirts - end of work 30/04/2014	51	11.8	
Lucianita Srl	Milan	4800	Housing Estate (43 flats) - Close to the city center	51	12.4	
Regina Srl	Como	2200	Housing Estate - ongoing design	100	1.5	
Total					107.4	

Source: Company data

- **Participations in Real Estate management companies and PE funds:** The company owns a stake in Mittel Real Estate SGR (35%) and Castello SGR (21.3%) and interests in some funds managed by the latter.
Castello SGR currently manages 10 institutional funds and 2 retail funds with total assets of roughly €1.39bn. The funds are both ordinary and hedge funds and are involved in development and investment in various sectors (i.e. tertiary, hospitality, residential)

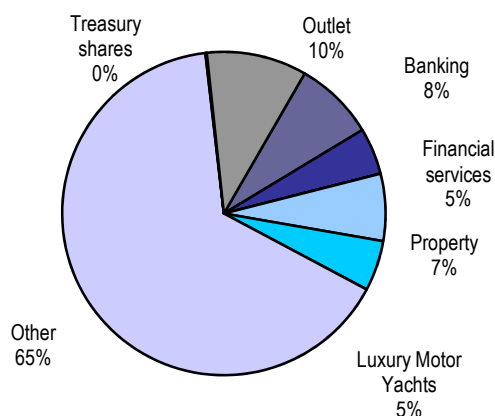
Castello SGR reported a net profit of €1.5mn at the end of 2012 (vs €1.4mn in 2011).

VALUATION: UPDATED NAV TO € 3.4ps (unchanged)

We have updated our NAV to € 3.4 (from 3.5ps) in order to factor in the performance of listed assets offset by a more cautious approach on the financial credits (we est. now 90% of recovery rate on the non-current financial credits).
Target at € 2.5ps applying a 25% discount to the NAV.

MITTEL - NAV							
Asset	Sector	Stake %	# shares	€ PS	€ mn	%	Valuation method
Intesa Sanpaolo	Banking	0.10%	15.0	1.4	21	7%	Market Value
UBI Banca ScpA	Banking	0.48%	4.3	3.4	15	5%	Market Value
RCS Media Group SpA	Media	1.31%	9.6	0.7	7	2%	Market Value
Sorin	Biomedical	10.2%****		2.1	60	20%	Net equity (Market Value)
Mittel	Treasury shares	0.57%	0.5	1.7	1	0%	Market Value
TOTAL LISTED SHAREHOLDINGS (1)					104	35%	
Mittel Generale Investimenti (Liberata spa)	Financial Services	27%		5	2%		M&A deal - P/BV 0.9x
Mittel Investimenti Immobiliare (Property Assets)	Real Estate	100%		29	10%		Book Value Sept-12
Earchimede	Financial Services	85.0%		113	38%		Book Value Sept-12
Funds (Progressio I/II, Cosimo I, Augusto, Equinox II)	PE and RE Funds	n.m.		30	10%		Book Value Sept-12
Azimut-Benetti	Luxury Motor Yachts	6.21%**		25	8%		EV/EBITDA 2011E = 11.5x
Brands Partners 2 (Moncler)	Retail	1.3%		12	4%		EV/EBITDA 2012E = 8x
Istituto Atesino di Sviluppo S.p.A.	Holding	1.7%		3	1%		Book Value Sept-12
Borghesi Advisory***	Financial Services	100%		11	4%		M&A deal price
Progressio SGR	Financial Services	15%		1	0%		Book Value Sept-12
Castello SGR	Real Estate	21%		5	2%		Book Value Sept-12
Microventures	Financial Services	15.0%		3	1%		Book Value Sept-12
Financial credits Mittel SpA	Miscellaneous	n.m.		150	51%		Book Value Sept-12
Others participations and other assets/liabilities*	Miscellaneous	100.0%		-9	-3%		Book Value Sept-12
TOTAL UNLISTED SHAREHOLDINGS (2)					377	127%	
ATTRIBUTABLE NFP (3)					-127	-42%	Adj. NFP as today
HOLDING COSTS (4)					-58	-20%	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)					296	100%	
Nr. of Shares (mn)					87.9		
NAV per Ord share €					3.4		
Current discount (premium)					51%		
P/NAV					0.49		

Source: EQUITA SIM estimates *Others participations and receivables; ** considering treasury shares; *** including Mittel Advisory and Mittel Advisory Debt and Grant; **** via Tower 6 Bis and Bios

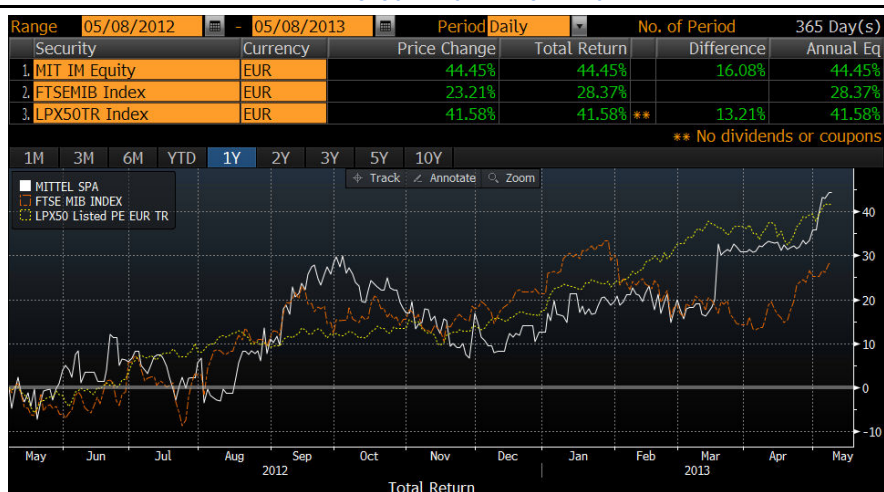
MITTEL - BUSINESS SEGMENTATION

Source: EQUITA SIM estimates *based on total assets

SECTOR PERFORMANCE

MIT has posted a positive performance in the last 12 months (+44%), outperforming the FTSEMIB index by 16% and the LPX50 (index of main EU private equity companies) by 3%.

MITTEL: STOCK PRICE PERFORMANCE



Source: Bloomberg

The main Italian listed holdings have posted a positive performance in the last 12 months (on average +36%, but mainly thanks to the strong performance of Camfin due to lever effect on Pirelli and to the speculative appeal in the last 6 months), slightly better than the Italian market as a whole.

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	9.4	829	2.2	10.8	19.4	141.5	20.6
CIR SPA	EUR	0.9	709	19.2	6.9	5.2	-2.6	12.5
COFIDE SPA	EUR	0.5	325	18.9	7.6	10.9	1.2	12.3
DEA CAPITAL SPA	EUR	1.4	426	11.1	-0.8	11.7	9.4	3.7
EXOR	EUR	23.6	5,804	10.3	8.2	19.2	41.7	24.4
IMMSI SPA	EUR	0.5	165	9.1	-8.9	23.8	-8.4	7.2
ITALMOBILIARE	EUR	15.3	502	5.4	1.9	31.8	11.3	19.8
MEDIOBANCA	EUR	5.0	4,331	26.3	-2.0	11.6	44.8	7.9
CAM FINANZIARA	EUR	0.8	637	8.3	1.8	73.0	144.4	49.0
TAMBURI INVESTME	EUR	1.6	219	-0.1	7.9	7.2	2.1	6.6
VIANINI LAVORI	EUR	3.4	149	1.7	-0.9	7.2	3.3	11.3
MITTEL SPA	EUR	1.7	147	9.5	17.7	22.6	44.5	28.2
Average				10.2	4.2	20.3	36.1	16.9
Median				9.3	4.4	15.4	10.3	12.4

Source: EQUITA SIM estimates

EUROPEAN PRIVATE EQUITY AND INVESTMENT COMPANIES: PERFORMANCE AND DISCOUNT TO REPORTED NAV

Company	DESCRIPTION			PERFORMANCE				NAV		Last reported
	Currency	Price	Mkt cap (€ mn)	1 m	3 m	6 m	1 y	NAV PS (Reported)	Discount (Premium) to NAV	
DEA CAPITAL	EUR	1.39	426	11.1	-0.8	11.7	9.4	2.63	47%	Dec 31, 2012
MITTEL	EUR	1.67	147	9.5	17.7	22.6	44.5	3.40	51%	as today
TAMBURI INVEST.	EUR	1.61	219	-0.1	7.9	7.2	2.1	1.82	12%	as today
3I GROUP PLC	GBp	342.9	3,928	12.6	22.0	59.0	84.1	286	-20%	Dec 31, 2012
CANDOVER INVEST.	GBp	385.0	99	-2.2	-8.1	7.7	-8.9	608	37%	Dec 31, 2012
ELECTRA PRIVATE	GBp	2,280.0	952	0.2	7.0	26.2	36.1	2,468	8%	Dec 31, 2012
SVG CAPITAL PLC	GBp	399.8	1,191	2.1	20.0	50.2	58.7	391	-2%	Dec 31, 2012
EURAZEO	EUR	41.8	2,758	7.6	4.1	15.1	21.7	57	26%	Dec 31, 2012
GIMV NV	EUR	39.5	946	3.9	-4.5	4.8	7.6	41	4%	Dec 31, 2012
RATOS AB-B SHS	SEK	60.4	2,388	-9.8	-3.8	3.0	-13.6	39	-55%	Dec 31, 2012
WENDEL	EUR	84.8	4,200	5.8	5.8	25.6	46.5	107	21%	Nov 27, 2012
AVERAGE			1,569	3.7	6.1	21.2	26.2		12%	
MEDIAN			952	3.9	5.8	15.1	21.7		12%	

Source: EQUITA SIM estimates, 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 51% discount to NAV, compared to the 38% of Italian holding companies.

ITALIAN HOLDING COMPANIES: CURRENT AND HISTORICAL NAV AND DISCOUNTS

Company	Val. method	NAV (€ PS) *									Disc. / (Prem.) to NAV							
		2006	2007	2008	2009	2010	2011	2012	2013	2006	2007	2008	2009	2010	2011	2012	Avg.**	2013
ASTM	market price	n.a.	20.9	10.7	12.5	14.5	11.7	14.5	15.9	n.a.	31%	50%	23%	33%	38%	48%	37%	41%
CAMFIN	(1) market price	1.79	2.37	0.49	0.65	0.56	0.56	0.90	0.78	20%	40%	40%	54%	34%	58%	39%	36%	-1%
CIR	market price	3.05	3.28	2.15	2.50	2.18	2.20	1.75	1.64	18%	24%	65%	30%	36%	44%	54%	37%	30%
COFIDE	see through	1.52	1.64	1.03	1.21	1.06	1.08	0.81	0.85	28%	35%	68%	48%	38%	49%	51%	43%	47%
DEA CAPITAL	market price	2.61	2.40	1.64	1.88	1.99	2.10	2.15	2.04	-8%	10%	22%	33%	43%	39%	38%	25%	32%
EXOR ord.	(2) market price	8.2	9.2	15.9	25.2	36.6	25.8	31.8	33.4	25%	28%	50%	48%	36%	42%	40%	37%	29%
IMMSI	market price	2.88	2.12	1.12	1.57	1.86	1.30	0.87	0.90	25%	35%	38%	47%	55%	56%	50%	44%	47%
ITALMOBILIARE	(3) market price	122.3	93.1	53.1	56.4	42.3	27.0	25.8	28.6	36%	32%	49%	47%	41%	46%	44%	42%	46%
MEDIOBANCA	(4) market price	17.4	16.4	14.3	11.1	11.6	7.9	6.0	7.7	13%	10%	40%	36%	44%	15%	10%	23%	35%
MITTEL	market price	n.a.	5.0	4.5	5.0	4.2	3.3	3.6	3.5	n.a.	-5%	49%	27%	20%	51%	64%	34%	51%
PREMAFIN	market price	3.29	2.67	0.71	0.53	0.33	n.a.	n.a.	n.a.	28%	26%	-81%	-98%	-124%	n.a.	n.a.	-40%	-
VIANINI LAVORI	market price	0.00	13.44	10.86	11.22	11.32	8.29	7.69	9.19	n.a.	n.a.	63%	58%	65%	52%	57%	59%	63%
AVERAGE										20%	24%	38%	29%	27%	45%	45%	31%	38%
AVERAGE ex PREMAFIN														48%	41%	40%	-	-

(1) IFIL ord. until 2007 (assuming total n. shares ord+sav), EXOR ord. (IFIL+IFI) since merger announcement (Sep-08), assuming 30% pref. discount vs ord.

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

(3) year-end: June

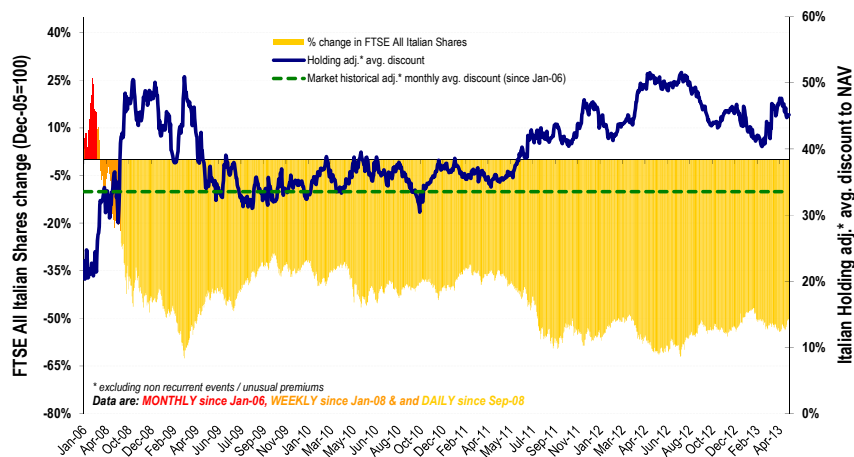
(4) using total n. of shares (ord. + sav.)

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

** historical 6-year arithmetical average (2004-09 where available)

Source: EQUITA SIM estimates

ITALIAN HOLDING ADJ. AVERAGE DISCOUNT TREND



Source: Equita SIM estimates

VOLUNTARY PUBLIC EXCHANGE OFFER ON MIT SHARES WITH CONSIDERATION IN BONDS AND SIMULTANEOUS PUBLIC OFFERING OF MIT BONDS

Mittel (MIT) has announced:

- A **Public Exchange Offer** on MIT shares for **newly issued MIT bonds**. The offer price will be €1.75 ps (26% premium on the closing price on the day prior to the announcement) and will involve 17mn shares, or **19.4% of capital**, with a **maximum counter-value of around €30mn**.
- A **Public issue** of MIT bonds (**from €20mn to a maximum of €70mn**), with the same characteristics as the bonds underlying in the Public Exchange Offer.

MITTEL BOND MAIN CHARACTERISTICS	
Size (€ mn)	50-100
Maturity (# years)*	6
Face Value (€)	1.75
Issue Price (%)	TBD
Annual Coupon (%)	Min 6% - semi-annual payment
Call schedule	equal to 102% of the nominal value at the 4 th year and to 101% at the 5 th year
Covenants	NFP/BV < 1x (0.26x at set-2012) Dividends paid < 5% of BV Negative pledge on future bond issue
Rating	Not Rated
Market Exchange	Italian Stock Exchange – MOT

Source: Company data

*6 years callable as of the 4th year/or 5th year on up to 25% or 50% of the amount of the issued bond

The tenor of the bond will be 6 years, with an annual coupon of at least 6%, callable as of the 4th year and 5th year for either 25% and 50% – max 50% in the 2 years – of the nominal amount of the bond issued, and will be listed on the MOT segment of the Italian Stock Exchange;

Treasury shares gained will not be cancelled but will be used for potential future M&A deals.

The move will allow MIT to:

- **Refinance the debt that expires in 2013** (€101mn debt expiring over the next 12 months at the holding level, of which €35mn owed to companies controlled by the group);

MITTEL – DEBT MATURITIES PRE/POST DEAL							
	2013E	2014E	2015E	2016E	2017E	2018E	2019E
Maturity schedule	101.1	0	43.8	0	0	0	0
% on total debt	70%	0%	30%	0%	0%	0%	0%
Maturity schedule post deal*	31.1	0	43.8	0	0	0	70
% on total debt	18%	0%	25%	0%	0%	0%	40%

Source: EQUITA SIM estimates *we assume €70mn of new issued bond will be used to repay debt expiring in 2013

- **Diversify its sources of financing at a competitive cost** (6% coupon compared to a banking cost of debt of 4.9%, the slight premium being justified by the lengthy duration of the bond).

FINANCIAL STRUCTURE AS OF SEP-2012			
	Amount (€ mn)	Maturity	Cost
Bank loans	43.8		
Banco di Brescia	15.0	Oct-15	4%
MPS	28.8	Dec-15	4.875%
Short-term bank overdraft	61.2	within 4 months	Euribor 1/3m + spread
Other loans	35.1		
Earchimede	20.0	Jun-13	4.50%
Earchimede	15.1	within the year	3.50%
Other short-term debt	4.8		
Other debts	1.4	within the year	n.a.
Mittel Advisory Debt and Grant	3.4	within the year	n.a.
Total GROSS DEBT	144.9		
Short-term	101.2	70%	
Long-term	43.8	30%	
Cash and cash equivalent	4.1		
Current financial credits	54.8		
Mittel Partecipazioni Stabili	21.0		
Mittel Investimenti Immobiliari	18.3		
Markfactor (winding-up)	5.1		
Locaefte (winding-up)	3.7		
Sofimar	4.3		
Others	2.4		
Net financial position (Holding)	-86.1		

Source: EQUITA SIM estimates

- **Significantly extend the duration of debt**, optimising the balance between the duration of loans and expiry of financial sources, allowing the company to better enhance the value of potentially saleable assets;
- **Buy back treasury shares at a 50% discount to NAV and BVPS.**

POST TRANSACTION FINANCIAL STRUCTURE IS STILL SOUND

The holding's net debt was at €-86.1mn at the end of Sep-2012 (-€127mn including the NFP of the sub-holding Mittel Partecipazioni Stabili and other adjustments), of which €145mn gross debt and €55mn cash and financial credits. The LTV (Net Debt/Total Asset ratio) is currently at 0.18x (or 0.26x including the NFP adjustments), in line with the average of the main listed Italian holdings (0.17x), whereas the net debt/BV ratio is at 0.26x (Italian holding average 0.22x). Holdings that do not have a steady flow of dividends typically have very low leverage (CIR) or are cash positive (Italmobiliare).

ITALIAN HOLDING LTV			
	Holding system net cash/(debt)	LTV (Net debt / Assets)	Total assets
Mittel	-127	0.26	494
Immsi	-268	0.45	601
Camfin	-384	0.37	1,030
Cofide	-38	0.06	598
DEA Capital	-150	0.19	776
Cir	-68	0.05	1,447
Exor	-439	0.05	8,810
ASTM	-318	0.20	1,577
Italmobiliare	61	-0.07	914
Average		0.17	

Source: EQUITA SIM estimates

Assuming that the public exchange offer on 19.4% of capital is fully subscribed, the company's debt level will remain sound, although slightly above the level of the main Italian holdings:

- The holding's net debt will increase from €-86.1mn to €-116.8mn
- LTV will rise from 0.18x to 0.24x (or from 0.26x to 0.32x including the adjustments to the NFP)
- Net debt/BV will grow from 0.26x to 0.39x

We point out, however, that the treasury shares will not be cancelled and will offset the Net Debt increase.

MITTEL – PRE AND POST LTV			
	Pre-deal	Offer	Post-deal
NFP Holding	-86.1	-30.7	-116.8
NFP Holding with adjustments	-126.8	-30.7	-157.5
Book Value	327.8	-30.7	297.1
NAV	296.1		296.1
Total Asset (@ BV)	495.5		495.5
Total Asset (Equita)	480.9		480.9
o/w listed assets	103.1		103.1
# of shares (mn)	87.9		87.9
Treasury shares (mn)	0.5	17.1	17.6
# of outs. Shares (mn)	87.4		70.3
NAV PS	3.4		3.4
BVPS	3.7		4.2
LTV (NFP/Total Asset)	0.18 x		0.24 x
LTV (NFP adj./Total Asset)	0.26 x		0.33 x
NFP/NAV	0.29 x		0.39 x
NFP adj./NAV	0.43 x		0.53 x
NFP/BV	0.26 x		0.39 x

Source: EQUITA SIM estimates

We think the capital structure seems compatible with MIT's structure, which reduced its risk profile and exposure to capital intensive businesses following the disposal of MGI (company that operates in the lending business) in July 2013.

Over the coming years, debt may be further reduced thanks to another increase in the value of assets in the company's portfolio and repayment of financial credits.

Moreover, **in the Real Estate business** (focused on property development), the company has also put **new initiatives on hold** due to the challenging sector scenario; exposure to the sector should be reduced in the coming years thanks to the sale of initiatives currently in the portfolio.

MITTEL MAIN REAL ESTATE ASSETS (SEPT.2012)

Company	City	SQM	Type	% Stake	Real Estate Inventories (€mn)
Mittel Investimenti Immobiliari Srl	Arluno (MI)	9561	Housing Estate – to be completed by end 2013	100	14.1
Gamma Tre	Como	17600	Housing Estate – not yet started	80	9.1
CAD Srl	Paderno (MI)	15848	Housing estate (149 flats) – sales at an advanced stage	100	23.1
Fede Srl	Vimodrone (MI)	5000	Industrial buildings – ready to sale	51	8.5
Fede Srl	Felizzano (AL)	46500	Industrial building	51	
Immobiliare Volta Marconi Srl	Bresso (MI)	na	Abandoned industrial building – preliminary sale contract with LIDL SpA	51	3.8
Iniziativa Nord Milano Srl	Bresso (MI)	9212	Refurbished industrial buildings (3 sites) – on sale	50	na
Breme Srl	Milan	4010	Construction of an office building (8 floors) – final testing phase	60	23.0
Santarosa Srl	Milan	6700	n.a.	60	
Miva Srl	Milan	5983	Housing Estate (47 flats) – Outskirts – end of work 30/04/2014	51	11.8
Lucianita Srl	Milan	4800	Housing Estate (43 flats) – Close to the city center	51	12.4
Regina Srl	Como	2200	Housing Estate – ongoing design	100	1.5
Total					107.4

Source: Company data

On the other hand, as regards **the bond issue (up to a maximum of €100mn)**, this **should not affect Mittel's net debt or NAV as with new debt the company**

will have fresh financial resources at its disposal. Following the transaction, debt expiring after over 3 years will account for 82% of the total.

CASH FLOW MAINLY ARISING FROM DIVIDENDS OF SUBSIDIARIES

Mittel's is active in the following operating sectors:

- **Investments and Private Equity:** equity investment in listed and non-listed companies (some of the most important being Intesa, UBI, Sorin, Azimut Benetti, Moncler);
- **Advisory services:** M&A and grant finance;
- **Outlet business**
- **Real Estate:** real estate transactions mainly of a residential/tertiary nature and with limited risk profile;

MIT's cash flow mainly comes in the form of:

- Dividend payments from subsidiaries and/or affiliates;
- Interest income on financial credits (amounting to €205mn at the end of September – see following table for further details);
- Repayment of debts to MIT from companies belonging to the MIT group;
- Asset disposals;
- Cost of debt;
- Holding costs.

MITTEL REVENUES AND OPERATING COSTS (2012-2015)				
	Sep-12	Sep-13E	Sep-14E	Sep-15E
Interest income	2.9	3.9	3.8	3.7
Financial expenses	-6.5	-6.5	-7.8	-7.7
Net financial expenses	-3.6	-2.6	-4.0	-4.1
Dividends from participations	68.5	2.7	3.4	4.4
Other revenues	3.6	2.5	2.5	2.5
Total recurring income	68.5	2.7	1.9	2.8
Operating costs	-13.3	-7.8	-7.8	-7.8
Total revenues	55.2	-5.1	-5.9	-5.0

Source: EQUITA SIM estimates

The item “dividends” was worthy of note in 2012, a year in which the company cashed in roughly €68.5mn in dividends compared to €13.5mn in 2011. “Dividends” refer to:

- €40mn from the distribution of MGI reserves;
- €14.7mn of dividends received from Brands Partners 2 following the disposal of Moncler;
- €10mn in dividends from Mittel Private Equity.

We expect dividends to amount to €2.7-4.4mn in 2013-15E, mainly from stable investments (Intesa and UBI) and to the contribution from the advisory business, excluding dividends from other assets.

As for net interest charges, we estimate a slight increase as of 2014 due to the impact of the new bond (average cost of debt from 4.5% to 5.5%).

MITTEL FCF (2013-2015E; € mn)			
	Sep-13E	Sep-14E	Sep-15E
Operating Cash Flow	-3.5	-4.0	-3.4
Change in financial credit	5.0	5.0	5.0
Investments	0.0	0.0	0.0
Change in participations	0.0	0.0	0.0
FCF	1.5	1.0	1.6

Source: EQUITA SIM estimates

Operating cash flow is negative at ~€4mn per year, but FCF is still positive incorporating a reduction of just €5mn per year in financial credits and excluding disposals.

FINANCIAL CREDITS AS OF SEP-2012		
	Amount (€ mn)	% of total
Financial Credits	205.0	100%
Short-term (included in NFP)	54.8	27%
Long-term	150.2	73%
o/w from controlled/participated company	124.4	61%
Long-term financial credits	150.2	73%
Mittel Partecipazioni Stabili	29.3	14%
Mittel Investimenti Immobiliari	0.5	0%
Ghea (Sorin)	21.4	10%
Fondo Augusto	30.0	15%
Liberata	3.6	2%
Vendor loans Liberata for MGI disposal	30.3	15%
Equinox Two (from disposal of Bios stake)	3.6	2%
Others	31.6	15%
Current financial credits	54.8	27%
Mittel Partecipazioni Stabili	21.0	10%
Mittel Investimenti Immobiliari	18.3	9%
Markfactor (winding-up)	5.1	2%
Locaeffe (winding-up)	3.7	2%
Sofimar	4.3	2%
Others	2.4	1%

Source: EQUITA SIM estimates

The main risk for the company's cash generation is a capital increase by the subsidiaries or affiliates, which may require fresh capital to expand or revive their business (e.g. RCS – even though the investment in the company amounts to just 1.3% - and Fashion District – where the company owns over €140mn of real estate assets) or cash outlays due to legal disputes and litigations underway.

Our cash generation estimates point to a slight improvement in the holding's net debt in the next 3 years (from €-86mn in September 2012 to €-82mn at the end of 2015) and consequently in the net debt/total asset ratio and net debt/BV, which will be reduced from 0.18x/0.24x in 2012 to 0.17x/0.23x in 2015.

MITTEL NFP DEVELOPMENT (12-15, € mn)				
	Sep-12	Sep-13E	Sep-14E	Sep-15E
NFP holding pre-deal	-86.1	-84.6	-83.6	-82.0
NFP holding post-deal	-116.8	-115.3	-114.3	-112.7
NFP/Total Assets pre-deal	0.18 x	0.17 x	0.17 x	0.17 x
NFP/Total Assets post-deal	0.24 x	0.24 x	0.23 x	0.23 x

Source: EQUITA SIM estimates

Our estimates do not include any extraordinary disposals or credit repayments (our conservative estimate is €5mn in financial credit repayments out of a total of €205mn, of which €150mn medium term), which could significantly reduce net debt.

CONCLUSION

We maintain our **neutral recommendation** for MIT based on the following considerations:

- **Prevalence of non-listed assets** (which account for 80% of TA);
 - Greater **portfolio diversification** than the main Italian holding companies;
 - Solid track record in private equity transactions (e.g. Moncler IRR 36%);
- ...set against:
- Low stock liquidity;
 - Low visibility on the recurring business's capacity to create value;
 - Needs of further simplification of the group structure.

SENSITIVITY

MITTEL NAV: SENSITIVITY (€ PS)								
SORIN	EARCHIMEDE	-25.0%	-15.0%	-10.0%	TODAY	10.0%	15.0%	25.0%
	€ mn	85	96	102	113	124	130	141
-25.0%	45	2.9	3.0	3.1	3.2	3.3	3.4	3.5
-15.0%	51	2.9	3.1	3.1	3.3	3.4	3.5	3.6
-10.0%	54	3.0	3.1	3.2	3.3	3.4	3.5	3.6
TODAY	60	3.0	3.2	3.2	3.4	3.5	3.6	3.7
10.0%	66	3.1	3.2	3.3	3.4	3.6	3.6	3.8
15.0%	69	3.1	3.3	3.3	3.5	3.6	3.7	3.8
25.0%	75	3.2	3.3	3.4	3.5	3.7	3.7	3.9

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	€ ps	2.1	2.4	2.7	3.4	4.1	4.4	4.8
-40.0%	0.8	3.2	3.2	3.2	3.3	3.3	3.3	3.3
-30.0%	1.0	3.2	3.2	3.3	3.3	3.3	3.3	3.4
-20.0%	1.1	3.3	3.3	3.3	3.3	3.4	3.4	3.4
TODAY	1.4	3.3	3.3	3.3	3.4	3.4	3.4	3.4
20.0%	1.7	3.3	3.4	3.4	3.4	3.4	3.5	3.5
30.0%	1.8	3.4	3.4	3.4	3.4	3.5	3.5	3.5
40.0%	2.0	3.4	3.4	3.4	3.5	3.5	3.5	3.5

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 and Sorin
- Significant improvement of luxury motor yachts market conditions affecting Azimut Benetti
- Significant improvement of consumer retail

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 and Sorin
- Potential write-downs on loans following a difficult market environment
- Significant deterioration of luxury motor yachts market conditions affecting Azimut Benetti
- Significant deterioration of consumer retail

BOND ISSUE

MITTEL BOND MAIN CHARACTERISTICS

Size (€ mn)	50-100
Maturity (# years)*	6
Face Value (€)	1.75
Issue Price (%)	TBD
Annual Coupon (%)	Min 6% - semi-annual payment equal to 102% of the nominal value at the 4th year and to 101% at the 5th year
Call Schedule	
Covenants	NFP/BV < 1x (0.26x at set-2012) Dividends paid < 5% of BV Negative pledge on future bond issue
Rating	Not Rated
Market Exchange	Italian Stock Exchange - MOT

Source: Company data

*6 years callable as of the 4th year/or 5th year on up to 25% or 50% of the amount of the issued bond.

MITTEL BOND: MAIN CHARACTERISTICS

Mittel (MIT) has announced:

- A **Public Exchange Offer** on MIT shares for **newly issued MIT bonds**. The offer price will be €1.75 ps (26% premium on the closing price on the day prior to the announcement) and will involve 17mn shares, or **19.4% of capital**, with a **maximum counter-value of around €30mn**.
- A **Public issue** of MIT bonds (**from €20mn to a maximum of €70mn**), with the same characteristics as the bonds underlying in the Public Exchange Offer.

The bond will have the following characteristics:

- Principal amount: up to a maximum of €100mn;
- Issue Price: TBD;
- Tenor: 6 years;
- Annual coupon: Min 6% (semi-annual payment);
- Callable on the 4th year and 5th year for either 25% and 50% – max 50% in the 2 years - of the nominal amount of the bond issued;
- Call Schedule: callable at 102% of the nominal value at the 4th year and at 101% at the 5th year;
- Covenants:
 - NFP/BV < 1x (0.26x at set-2012);
 - Dividends paid < 5% of BV
 - Negative pledge on future bond issue
- Rating: not rated;
- Listing on the MOT segment of the Italian Stock Exchange.

The bond issue will allow MIT to:

- **Refinance the debt that expires in 2013** (€101mn debt expiring over the next 12 months at the holding level, of which €35mn owed to companies controlled by the group);

MITTEL – DEBT MATURITIES PRE/POST DEAL

	2013E	2014E	2015E	2016E	2017E	2018E	2019E
Maturity schedule	101.1	0	43.8	0	0	0	0
% on total debt	70%	0%	30%	0%	0%	0%	0%
Maturity schedule post deal*	31.1	0	43.8	0	0	0	70
% on total debt	18%	0%	25%	0%	0%	0%	40%

Source: EQUITA SIM estimates *we assume €70mn of new issued bond will be used to repay debt expiring in 2013

- **Diversify its sources of financing at a competitive cost** (6% coupon compared to a banking cost of debt of 4.9%, the slight premium being justified by the lengthy duration of the bond).

FINANCIAL STRUCTURE AS OF SEP-2012

	Amount (€ mn)	Maturity	Cost
Bank loans	43.8		
Banco di Brescia	15.0	Oct-15	4%
MPS	28.8	Dec-15	4.875%
Short-term bank overdraft	61.2	within 4 months	Euribor 1/3m + spread
Other loans	35.1		
Earchimede	20.0	Jun-13	4.50%
Earchimede	15.1	within the year	3.50%
Other short-term debt	4.8		
Other debts	1.4	within the year	n.a.
Mittel Advisory Debt and Grant	3.4	within the year	n.a.
Total GROSS DEBT	144.9		
Short-term	101.2	70%	
Long-term	43.8	30%	
Cash and cash equivalent	4.1		
Current financial credits	54.8		
Mittel Partecipazioni Stabili	21.0		
Mittel Investimenti Immobiliari	18.3		
Markfactor (winding-up)	5.1		
Locaefte (winding-up)	3.7		
Sofimar	4.3		
Others	2.4		
Net financial position (Holding)	-86.1		

Source: EQUITA SIM estimates

- **Significantly extend the duration of debt**, optimising the balance between the duration of loans and expiry of financial sources, allowing the company to better enhance the value of potentially saleable assets

We point out, however, that the treasury shares will not be cancelled and will offset the Net Debt increase.

The MIT holding's net debt was at €-86.1mn at the end of Sep-2012 (-124mn including the NFP of the sub-holding Mittel Partecipazioni Stabili and other adjustments), of which €145mn gross debt and €55mn cash and financial credits. The LTV (Net Debt/Total Asset ratio) is currently at 0.18x (or 0.26x including the NFP adjustments), in line with the average of the main listed Italian holdings (0.17x), whereas the net debt/BV ratio is at 0.26x (Italian holding average 0.22x). Holdings that do not have a steady flow of dividends typically have very low leverage (CIR) or are cash positive (Italmobiliare).

ITALIAN HOLDING LTV

	Holding system net cash/(debt)	LTV (Net debt / Assets)	Total assets
Mittel	-127	0.26	494
Immsi	-268	0.45	601
Camfin	-384	0.37	1,030
Cofide	-38	0.06	598
DEA Capital	-150	0.19	776
Cir	-68	0.05	1,447
Exor	-439	0.05	8,810
ASTM	-318	0.20	1,577
Italmobiliare	61	-0.07	914
Average		0.17	

Source: EQUITA SIM estimates

MITTEL – PRE AND POST LTV			
	Pre-deal	Offer	Post-deal
NFP Holding	-86.1	-30.7	-116.8
NFP Holding with adjustments	-126.8	-30.7	-157.5
Book Value	327.8	-30.7	297.1
NAV	296.1		296.1
Total Asset (@ BV)	495.5		495.5
Total Asset (Equita)	480.9		480.9
o/w listed assets	103.1		103.1
# of shares (mn)	87.9		87.9
Treasury shares (mn)	0.5	17.1	17.6
# of outs. Shares (mn)	87.4		70.3
NAV PS	3.4		3.4
BVPS	3.7		4.2
LTV (NFP/Total Asset)	0.18 x		0.24 x
LTV (NFP adj./Total Asset)	0.26 x		0.33 x
NFP/NAV	0.29 x		0.39 x
NFP adj. /NAV	0.43 x		0.53 x
NFP/BV	0.26 x		0.39 x

Source: EQUITA SIM estimates

About the holding's cash flows, we expect dividends to amount to €2.7-4.4mn in 2013-15E, mainly from stable investments (Intesa and UBI) and to the contribution from the advisory business, excluding dividends from other assets.

As for net interest charges, we estimate a slight increase as of 2014 due to the impact of the new bond (average cost of debt from 4.5% to 5.5%).

MITTEL FCF (2013-2015E; € mn)			
	Sep-13E	Sep-14E	Sep-15E
Operating Cash Flow	-3.5	-4.0	-3.4
Change in financial credit	5.0	5.0	5.0
Investments	0.0	0.0	0.0
Change in participations	0.0	0.0	0.0
FCF	1.5	1.0	1.6

Source: EQUITA SIM estimates

Operating cash flow is negative at ~€4mn per year, but FCF is still positive incorporating a reduction of just €5mn per year in financial credits and excluding disposals.

The main risk for the company's cash generation is a capital increase by the subsidiaries or affiliates, which may require fresh capital to expand or revive their business (e.g. RCS – even though the investment in the company amounts to just 1.3% - and Fashion District – where the company owns over €140mn of real estate assets) or cash outlays due to legal disputes and litigations underway.

Our cash generation estimates point to a slight improvement in the holding's net debt in the next 3 years (from €-86mn in September 2012 to €-82mn at the end of 2015) and consequently in the net debt/total asset ratio and net debt/BV, which will be reduced from 0.18x/0.24x in 2012 to 0.17x/0.23x in 2015.

MITTEL NFP DEVELOPMENT (12-15; € mn)				
	Sep-12	Sep-13E	Sep-14E	Sep-15E
NFP holding pre-deal	-86.1	-84.6	-83.6	-82.0
NFP holding post-deal	-116.8	-115.3	-114.3	-112.7
NFP/Total Assets pre-deal	0.18 x	0.17 x	0.17 x	0.17 x
NFP/Total Assets post-deal	0.24 x	0.24 x	0.23 x	0.23 x

Source: EQUITA SIM estimates

Our estimates do not include any extraordinary disposals or credit repayments (our conservative estimate is €5mn in financial credit repayments out of a total of €205mn, of which €150mn medium term), which could significantly reduce net debt.

LISTED ASSETS GUARANTEE THAT PAYMENTS DUE UNDER THE BOND ARE LARGELY COVERED

Listed assets valued at market price alone account for roughly 93% of the total nominal amount of the bond issued, or 67% excluding treasury shares.

By valuing the investments at our target price, coverage rises to 126% or 81% net of treasury shares. **This implies that listed assets alone guarantee significant coverage of the commitments related to the bond, in terms of both payment of the coupon and repayment of capital.**

MITTEL LISTED ASSETS		
	@ mkt price (€ mn)	@ Equita target price (€ mn)
Mittel Partecipazioni Stabili	7	9
Intesa Sanpaolo	21	24
UBI Banca ScpA	15	16
RCS Media Group SpA	7	4
NFP MPS	-36	-36
Sorin	60	72
Mittel treasury shares	26	46
Total	93	126
Bond		
Nominal Amount (€ mn) – (OPSC + OPSO)	100	
Coverage from listed assets	93%	126%
Coverage from listed assets (ex treasury shares)	67%	81%

Source: EQUITA SIM estimates

BOND COMPARISON

The following tables show a comparison between the Mittel bond and what we see as comparable bonds listed on the market.

We have grouped the bonds that we see as most comparable into “Tier 1” according to the Sector – Holding (Exor and CIR), Private Equity (3i Group) and Investment Banking (Mediobanca) - and “Tier 2” which includes a series of generic listed Italian High Yield industrial bonds

MAIN COMPARABLE BONDS									
Issuer	Coupon (%)	Yield (%)	Maturity date	Rating	Industry	Curr.	Size (€ mn)	OAS (bp)	Payment Rank
Tier 1 - Main comparable bonds									
EXOR SPA	5.38	2.4	12/06/2017	BBB+	Diversified Operations	EUR	750	203	Senior unsecured
EXOR SPA	4.75	3.2	16/10/2019	BBB+	Diversified Operations	EUR	150	235	Senior unsecured
EXOR SPA	5.25	4.4	31/01/2025	BBB+	Diversified Operations	EUR	100	n.a.	Senior unsecured
CIR SPA	5.75	6.0	16/12/2024	BB	Diversified Operations	EUR	300	437	Senior unsecured
3I GROUP PLC	5.63	2.6	17/03/2017	BBB	Private Equity	EUR	350	220	Senior unsecured
3I GROUP PLC	6.88	4.0	09/03/2023	BBB	Private Equity	GBP	200	225	Senior unsecured
3I GROUP PLC	5.75	5.0	03/12/2032	BBB	Private Equity	GBP	400	245	Senior unsecured
MEDIOBANCA	3.80	3.0	20/06/2018	BBB+	Commer Banks Non-US	EUR	375	237	Senior unsecured
MEDIOBANCA	5.00	4.3	15/11/2020	BBB	Commer Banks Non-US	EUR	750	328	Subordinated
Average	5.35	3.9					375	266	
Min	3.80	2.4					100	203	
Max	6.88	6.0					750	437	

Source: EQUITA SIM estimates on Bloomberg data

HIGH YIELD BONDS

Issuer	Coupon (%)	Yield (%)	Maturity date	Rating	Industry	Curr.	Size (€ mn)	OAS (bp)	Payment Rank
Tier 2 - Italian High Yield Bond									
ITALCEMENTI FIN	6.13	4.0	21/02/2018	BB	Bldg&Construct Prod-Misc	EUR	350	346	Senior unsecured
ITALCEMENTI FIN	6.63	5.0	19/03/2020	BB	Bldg&Construct Prod-Misc	EUR	750	411	Senior unsecured
BUZZI UNICEM	5.13	3.0	09/12/2016	BB+	Bldg Prod-Cement/Aggreg	EUR	350	263	Senior unsecured
BUZZI UNICEM	6.25	3.9	28/09/2018	BB+	Bldg Prod-Cement/Aggreg	EUR	350	322	Senior unsecured
FIAT FIN & TRADE	6.63	4.7	15/03/2018	B+	Auto-Cars/Light Trucks	EUR	1250	409	Senior unsecured
FIAT FIN & TRADE	7.75	4.2	17/10/2016	B+	Auto-Cars/Light Trucks	EUR	1000	385	Senior unsecured
FIAT IND FIN	5.25	1.6	11/03/2015	BB	Auto-Cars/Light Trucks	EUR	1000	151	Senior unsecured
FIAT IND FIN	6.25	3.0	09/03/2018	BB	Auto-Cars/Light Trucks	EUR	1200	243	Senior unsecured
PIAGGIO & C	7.0	0.2	01/12/2016	BB-	Motorcycle/Motor Scooter	EUR	150	19	Senior unsecured
BORMIOLI ROC HDG	10.0	7.5	01/08/2018	B	Housewares	EUR	250	689	n.a.
ZOBELE HOLDING	7.88	5.8	01/02/2018	B	Consumer Products-Misc	EUR	180	534	Senior unsecured
IVS GROUP	7.13	6.7	01/04/2020	BB-	Commercial Services	EUR	200	580	Senior unsecured
GRUPPO ESPRESSO	5.13	2.3	27/10/2014	BB-	Publishing-Newspapers	EUR	300	223	Senior unsecured
GUALA CLOSURES	5.60	na	15/11/2019	B	Containers-Metal/Glass	EUR	275	na	Secured
ROTTAPHARM LTD	6.13	5.3	15/11/2019	BB-	Medical-Drugs	EUR	400	451	Senior unsecured
TITAN LUXCO (TeamSystem)	7.38	7.4	15/05/2020	B	Computer Software	EUR	300	642	Secured
Average	6.6	4.3					519	378	
Min	5.1	0.2					150	19	
Max	10.0	7.5					1,250	689	
MITTEL	6+	6+	2019	NR	Diversified Financial Services	EUR	50-100	n.a.	Senior unsecured

Source: EQUITA SIM estimates on Bloomberg data

GOOD MOMENTUM FOR HIGH YIELD BONDS

By looking at the “Markit I-TRAXX Europe Crossover¹” index we can see that, with the easing of the crisis in the Eurozone, there has been a downward trend as from mid-2012 (last price = 376bps).

MARKIT I-TRAXX EUROPE CROSSOVER (5-YEAR HORIZON)



Source: Bloomberg Data

¹ The Markit iTRAXX Europe Crossover Index comprises 50 equally weighted credit default swaps on the most liquid sub investment grade European corporate entities.

Considering some recent High Yield issues, we may see for example the 5-yrs Fiat bond, issued on March 12, 2013 for a total amount of €1.25bn but enjoying a request for a total of €7.25bn, with orders taken in just a few hours and books closed quickly. Since the issue day, the bond has continued to show a nice performance, with the yield falling to roughly 4.7% from 6.4% in mid-March.

Moreover, in the last month, high yield bonds issued by Cerved Technologies to finance the buyout of Cerved from the fund Cvc Capital Partners announced last January have also appreciated: the 2021 subordinate bond yield is now at around 7.7% from mid-March peak of 8.6%, whereas the bond at 2020 now offers 6% from 6.7% in mid-March.

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

EQUITA SIM is distributing this publication via e-mail to more than 700 qualified operators from May 9, 2013

The prices of the financial instruments shown in the report are the reference prices posted on the day prior to the date indicated on cover page.

EQUITA SIM intends to provide continuous coverage of the financial instrument forming the subject of the present publication, with a semi-annual frequency and, in any case, with a frequency consistent with the timing of the issuer's periodical financial reporting and of any exceptional event occurring in the issuer's sphere of activity.

The information contained in this publication is based on sources believed to be reliable. Although EQUITA SIM makes every reasonable endeavour to obtain information from sources that it deems to be reliable, it accepts no responsibility or liability as to the completeness, accuracy or exactitude of such information. If there are doubts in this respect, EQUITA SIM clearly highlights this circumstance. The most important sources of information used are the issuer's public corporate documentation (such as, for example, annual and interim reports, press releases, and presentations) besides information made available by financial service companies (such as, for example, Bloomberg and Reuters) and domestic and international business publications. It is EQUITA SIM's practice to submit a pre-publication draft of its reports for review to the Investor Relations Department of the issuer forming the subject of the report, solely for the purpose of correcting any inadvertent material inaccuracies. This note has been submitted to the issuer.

EQUITA SIM has adopted internal procedures able to assure the independence of its financial analysts and that establish appropriate rules of conduct for them.

Furthermore, it is pointed out that EQUITA SIM SpA is an intermediary licensed to provide all investment services as per Italian Legislative Decree no. 58/1998. Given this, EQUITA SIM might hold positions in and execute transactions concerning the financial instruments covered by the present publication, or could provide, or wish to provide, investment and/or related services to the issuers of the financial instruments covered by this publication. Consequently, it might have a potential conflict of interest concerning the issuers, financial issuers and transactions forming the subject of the present publication.

Equita SIM S.p.A. provides, or has provided in the last 12 months investment banking services for Mittel S.p.A.

Equita SIM S.p.A. performs, or has performed in the last 12 months, the role of intermediary in charge for coordinating and the collecting acceptances in the OPSC and global coordinator and bookrunner in the OPSO for financial instruments issued by Mittel S.p.A. as well as financial advisor to Mittel S.p.A. for the deal

In addition, it is also pointed out that, within the constraints of current internal procedures, EQUITA SIM's directors, employees and/or outside professionals might hold long or short positions in the financial instruments covered by this publication and buy or sell them at any time, both on their own account and that of third parties.

The remuneration of the financial analysts who have produced the publication is not directly linked to corporate finance transactions undertaken by EQUITA SIM.

The recommendations to BUY, HOLD and REDUCE are based on Expected Total Return (ETR – expected absolute performance in the next 12 months inclusive of the dividend paid out by the stock's issuer) and on the degree of risk associated with the stock, as per the matrix shown in the table. The level of risk is based on the stock's liquidity and volatility and on the analyst's opinion of the business model of the company being analysed. Due to fluctuations of the stock, the ETR might temporarily fall outside the ranges shown in the table.

EXPECTED TOTAL RETURN FOR THE VARIOUS CATEGORIES OF RECOMMENDATION AND RISK PROFILE

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%

The methods preferred by EQUITA SIM to evaluate and set a value on the stocks forming the subject of the publication, and therefore the Expected Total Return in 12 months, are those most commonly used in market practice, i.e. multiples comparison (comparison with market ratios, e.g. P/E, EV/EBITDA, and others, expressed by stocks belonging to the same or similar sectors), or classical financial methods such as discounted cash flow (DCF) models, or others based on similar concepts. For financial stocks, EQUITA SIM also uses valuation methods based on comparison of ROE (ROEV – return on embedded value – in the case of insurance companies), cost of capital and P/BV (P/EV – ratio of price to embedded value – in the case of insurance companies).

MOST RECENT CHANGES IN RECOMMENDATION AND/OR IN TARGET PRICE (OLD ONES IN BRACKETS):

Date	Rec.	Target Price (€)	Risk	Comment
nil				

DISCLAIMER

The purpose of this publication is merely to provide information that is up to date and as accurate as possible. The publication does not represent to be, nor can it be construed as being, an offer or solicitation to buy, subscribe or sell financial products or instruments, or to execute any operation whatsoever concerning such products or instruments.

EQUITA SIM does not guarantee any specific result as regards the information contained in the present publication, and accepts no responsibility or liability for the outcome of the transactions recommended therein or for the results produced by such transactions. Each and every investment/divestiture decision is the sole responsibility of the party receiving the advice and recommendations, who is free to decide whether or not to implement them. Therefore, EQUITA SIM and/or the author of the present publication cannot in any way be held liable for any losses, damage or lower earnings that the party using the publication might suffer following execution of transactions on the basis of the information and/or recommendations contained therein.

The estimates and opinions expressed in the publication may be subject to change without notice.

EQUITY RATING DISPERSION AS OF MARCH 31, 2013 (art. 69-quinquies c. 2 lett. B e c. 3 reg. Consob 11971/99)

	COMPANIES COVERED	COMPANIES COVERED WITH BANKING RELATIONSHIP
BUY	40.9%	41.2%
HOLD	50.9%	52.9%
REDUCE	7.6%	5.9%
NOT RATED	0.0%	0.0%