

MITTEL S.P.A.
Offices in Milan - Piazza A. Diaz 7
Share Capital EUR 87.907.017 fully paid-in
Tax code - Milan Register of Companies - VAT no. 00742640154
Economic Administrative Index no. 52219

PRESS RELEASE

**MITTEL S.p.A's Board of Directors has examined and approved the Interim Report
for the period 1 October 2015-30 June 2016**

- **The consolidated economic result of the Mittel Group for the quarter 1 April 2016-30 June 2016 posted a loss of EUR 0,7 million, compared to the considerably higher loss of EUR 6,4 million in the third quarter of the previous year. The consolidated economic result of the Mittel Group for the first nine months of 2015/2016 posted a loss of EUR 8,9 million, a strong decrease on the loss of EUR 14,5 million (-39%) for the same period of the previous year (loss of EUR 22,3 million for the entire year 2014/2015).**
- **Equity pertaining to the Group, including the result for the period, stood at EUR 246,1 million, compared to EUR 283,8 million as at 30 September 2015, marking a decrease of EUR 37,7 million, attributable mainly to the decrease deriving from the lower value of the asset Livanova Plc, held through the investees Tower 6 Bis S.à.r.l. and Bios S.p.A.**
- **The net financial position stood at EUR 102,8 million, compared to EUR 81,5 million as at 30 September 2015, an improvement of EUR 21,3 million. The increase is mainly attributable to the distribution to non-controlling interests of part of the available reserves of a number of the subsidiaries and to the downturn in the listed prices of securities held by Mittel Partecipazioni Stabili S.r.l.**
- **Following the Board of Directors' approval, on 30 March 2016, of the 2016-2019 Strategic Plan, the Group began a structural rationalisation and simplification process with the aim of significantly reducing holding costs and focusing resources on the development of private equity activities. The results of these activities are expected to be fully visible from next year, as at present they are still affected by necessary restructuring costs.**

Milan, 28 July 2016 - The meeting held today by the Board of Directors of Mittel S.p.A., chaired by Franco Dalla Sega, has examined and approved the Interim Report for the period 1 October 2015-30 June 2016.

Main economic, financial and equity figures of the Group

(thousands of Euro)	30.06.2016	30.06.2015	30.09.2015
Revenues	5.571	19.527	16.980
Purchases, provision of services, sundry costs	(11.846)	(22.411)	(29.087)
Personnel costs	(5.279)	(7.187)	(9.363)
Operating costs	(17.125)	(29.597)	(38.450)
Income (expenses) from investments	2.587	6.529	4.547
Operating margin (EBITDA)	(8.967)	(3.542)	(16.923)
Amortisation/depreciation, allocations and adjustments to non-current assets	(389)	(7.368)	(3.078)
Value adjustments to financial assets, receivables and investments	(12.370)	(5.372)	(3.757)
Share of income (loss) from investments	5.504	(422)	(1.362)

Income (loss) from non-recurring transactions after taxes	-	253	176
Operating result (EBIT)	(16.221)	(16.450)	(24.944)
Income (loss) from financial management	(2.533)	(2.859)	(2.094)
Income (loss) from trading of financial assets	(209)	5.032	5.357
Income (loss) before taxes	(18.962)	(14.277)	(21.682)
Taxes	5.398	(640)	(1.524)
Net income (loss) for the year	(13.565)	(14.917)	(23.205)
Income (loss) pertaining to non-controlling interests	(4.708)	(460)	(887)
Income (loss) pertaining to the Group	(8.857)	(14.456)	(22.318)

Details on the most significant items mentioned above are shown below:

- **Revenues:** the item includes revenues, other income and the change in property inventories and amounted to EUR 5,6 million, compared to EUR 19,5 million as at 30 June 2015, marking a decrease of EUR 13,9 million due mainly to there no longer being a contribution from the outlet sector;
- **Purchases, provision of services, sundry costs:** these amounted to EUR 11,8 million compared to EUR 22,4 million as at 30 June 2015, marking a decrease of EUR 10,6 million (of which EUR 5,1 million attributable to the decrease resulting from the lower contribution of the outlet sector). They comprise costs for purchases of EUR 1,9 million, costs for services of EUR 7,2 million and sundry costs of EUR 2,7 million;
- **Personnel costs:** this item amounted to EUR 5,3 million, posting a decrease of EUR 1,9 million compared to the previous period of the year, due mainly to the decreased contribution from the outlet sector;
- **Income from investments:** this item, a positive EUR 2,6 million, suffered a decrease of EUR 3,9 million compared to the same figure in the previous period. This item is mainly composed of the Mittel S.p.A. contribution of EUR 1,2 million and by the Mittel Partecipazioni Stabili S.r.l. contribution of EUR 1,1 million;
- **Operating margin (EBITDA):** a negative EUR 9,0 million, compared to EUR 3,5 million as at 30 June 2015, marking a decrease of EUR 5,5 million compared to the same period in the previous year, due to the combined effect of the above;
- **Amortisation/depreciation, allocations and adjustments to non-current assets:** EUR 0,4 million, compared to EUR 7,4 million as at 30 June 2015. The balance for the previous year included EUR 6,8 million as the provision for contractual disputes, allocated in that period by the Parent Company Mittel S.p.A.;
- **Value adjustments to financial assets and receivables:** amounting to EUR 12,4 million (EUR 5,4 million at 30 June 2015) refer to the lower value of receivables recorded by Ghea S.r.l. as due from Bios S.p.A. This adjustment affects the income statement for this interim report, net of the effect of income (loss) pertaining to non-controlling interests, for EUR 6,1 million, offset for EUR 6,0 million by the positive effect of the profit of the investee Bios S.p.A. recorded under "Share of income (loss) of investments".
- **Share of income (loss) of investments:** this item, amounting to a positive EUR 5,5 million compares to a negative EUR 0,4 million in the previous period, marking an increase of EUR 5,9 million. The item comprises the profit (loss) of companies valued using the equity method and is largely influenced by the profit of the investee Bios S.p.A. for EUR 6,0 million due to the reduced payables recognised as due to Ghea S.r.l. for a total of EUR 12,0 million;
- **Operating result (EBIT):** the result was a negative EUR 16,2 million, compared to a negative EUR 16,5 million in the corresponding period of the previous year;

- **Income (loss) from financial management:** amounting to a loss of EUR 2,5 million compared to a loss of EUR 2,9 million in the previous period, marking an improvement of EUR 0,4 million affected mainly by the negative contribution of the Parent Company Mittel S.p.A.;
- **Income (loss) from trading of financial assets:** a loss of EUR 0,2 million, compared to income of EUR 5,0 million in the previous period. Note that in the previous year this value included the effect of disposal of the listed securities held in the Mittel S.p.A. portfolio;
- **Taxes:** amounting to a positive EUR 5,4 million compared to a negative EUR 0,6 million in the previous period, marking a EUR 6,0 million improvement, were mainly influenced by the contribution from the subsidiary Ghea S.r.l. of EUR 3,6 million, in turn determined by the release of deferred tax liabilities allocated on the receivable due from Bios S.p.A., which was reduced by EUR 12,0 million during the period, and by the positive effect for EUR 0,9 million of the parent company Mittel S.p.A.'s reversal of its own tax losses.

Main financial and equity figures of the Group

(thousands of Euro)	30.06.2016	30.09.2015
Intangible assets	68	147
Property, plant and equipment	3.829	854
Investments	64.940	87.968
Non-current financial assets	192.152	207.969
Provisions for risks, employee severance indemnity and employee benefits	(4.734)	(7.148)
Other non-current assets (liabilities)	(259)	(475)
Tax assets (liabilities)	3.416	139
Net working capital (*)	112.394	114.337
Net invested capital	371.806	403.791
Equity pertaining to the Group	(246.122)	(283.805)
Non-controlling interests	(22.886)	(38.483)
Total equity	(269.008)	(322.288)
Net financial position	(102.798)	(81.504)

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

- **Intangible assets** amounted to EUR 0,1 million, almost unchanged with respect to the figure as at 30 September 2015;
- **Property, plant and equipment** totalled EUR 3,8 million compared to EUR 0,9 million in 2014-2015, representing an increase of EUR 2,8 million, attributable mostly to purchase of the 12th floor of the property at Piazza Diaz 7, used as Management Offices by the parent company Mittel S.p.A.;
- **Investments valued using the equity method** totalled EUR 64,9 million, compared to EUR 88,0 million in 2014-2015, marking a decrease of EUR 23,1 million. The decrease is mainly due to the lower value of the investee Livanova Plc held through the Bios S.p.A. vehicles, which recorded a decrease of EUR 16,4 million (from EUR 49,9 million to EUR 33,5 million), and Tower 6 Bis S.à.r.l., which decreased by EUR 7,1 million (from EUR 29,2 million to EUR 22,1 million);
- **Non-current financial assets** amounted to EUR 192,2 million, compared to EUR 208,0 million in 2014-2015, marking a decrease of EUR 15,8 million. This item is mainly composed of financial receivables of EUR 149,6 million (EUR 163,5 million as at 30 September 2015) and other financial assets of EUR 42,6 million (EUR 44,4 million as at 30 September 2015). The decrease in financial

receivables refers to: EUR 12,0 million as the reduction in the receivable due to Ghea S.r.l. from Bios S.p.A. following the decisions made at the latter's extraordinary shareholders' meeting, which amended art. 26 of the articles of association to reduce the entitlement to reimbursement of class B shareholders (Ghea S.r.l.); EUR 5,0 million as the reclassification among current assets of the escrow account set up by Fashion District Group S.r.l. (in liquidation) to take into account the approaching due date of the receivable. This guarantee item refers to property sales made in November 2014 in favour of the MoMa Fund and will be released in May 2017;

- **Provisions for risks, employee severance indemnity and employee benefits** amounted to EUR 4,7 million, compared to EUR 7,1 million in 2014-2015, marking a decrease of EUR 2,4 million. In particular, as at 30 June 2016, this item is composed, for EUR 1,4 million, of *Provisions for personnel* (EUR 1,7 million as at 30 September 2015) and, for EUR 3,4 million, of *Provisions for risks and charges* (EUR 5,4 million as at 30 September 2015). The decrease was due to the use of restructuring funds and of provisions for personnel associated with the cessation of business activities of Fashion District Group S.r.l. (in liquidation);
- The item **other non-current liabilities** amounted to EUR 0,3 million, compared to EUR 0,5 million for the year ending 30 September 2015;
- The item **tax assets** amounted to EUR 3,4 million, compared to EUR 0,1 million as at 30 September 2015, marking an increase of EUR 3,3 million, most of which due to the partial release of deferred tax liabilities recorded by the subsidiary Ghea S.r.l., reduced from EUR 9,2 million to EUR 5,6 million as a result of taxation calculated on the EUR 12,0 million decrease in the period of the receivable due from Bios S.p.A.;
- **Net working capital** amounted to EUR 112,4 million, compared to EUR 114,3 million as at 30 September 2015. The item net working capital is composed of the value of property inventories of EUR 109,5 million (EUR 109,8 million in the financial statements of the previous year), sundry receivables and other current assets totalling EUR 12,8 million (EUR 16,1 million in the financial statements of the previous year) and sundry payables and other current liabilities amounting to EUR 9,9 million (EUR 11,6 million in last year's financial statements);
- **Net invested capital**, amounting to EUR 371,8 million, fell by EUR 32,0 million as a result of the above, financed by equity for EUR 269,0 million and by the net financial position for EUR 102,8 million;
- **Equity pertaining to the Group** amounted to EUR 246,1 million, compared to EUR 283,8 million as at 30 September 2015, marking a decrease of EUR 37,7 million, while non-controlling interests came to EUR 22,9 million, compared to EUR 38,5 million in the financial statements of the previous year. Total equity amounted to EUR 269,0 million, compared to EUR 322,3 million in the previous year, marking a decrease of EUR 53,3 million. This significant decrease in equity pertaining to the Group is attributable primarily to the lower value of the valuation reserve of the vehicles through which Mittel S.p.A. holds an interest in Livanova Plc, i.e. Bios S.p.A. and Tower 6 bis S.à.r.l., valued at equity and which in the period recorded a total decrease in the value of the reserve of EUR 29,5 million, EUR 7,0 million due to the lower value of the valuation reserve of Mittel Partecipazioni Stabili S.r.l. for the decrease associated with the valuation of listed Intesa and UBI Banca shares, added to which is the effect of the loss for the period of EUR 8,9 million. These effects were partly offset by the disposal of treasury shares during the period for EUR 9,2 million;
- The **net financial position** came to a negative EUR 102,8 million, compared to a negative EUR 81,5 million as at 30 September 2015, a decline totalling EUR 21,3 million. In addition to the cash flows absorbed by ordinary management, this decline is mainly attributable (for EUR 10,8 million) to the distribution to non-controlling interests of part of the available reserves against surplus liquidity by the subsidiary Earchimede S.p.A. and Fashion District Group S.r.l. (in liquidation), for EUR 7,0 million to the downturn in the listed prices of securities held by Mittel Partecipazioni Stabili S.r.l. and for EUR 3,1 million to purchase of the property at Piazza A. Diaz, the Management Offices of Mittel S.p.A.

Statement relating to the net financial position

(thousands of Euro)	30.06.2016	30.09.2015
Cash	19	15
Other cash equivalents	65.028	100.583
Securities held for trading (*)	10.065	20.074
Current liquidity	75.112	120.673
Current financial receivables	5.514	911
Bank payables	(80.264)	(96.870)
Bond loans	(100.501)	(98.553)
Other financial payables	(2.659)	(7.664)
Financial debt	(183.424)	(203.087)
Net financial position	(102.798)	(81.504)

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

Significant events in the third quarter of the year

On 2 May the Mittel S.p.A. Board of Directors resolved, pursuant to art. 2502 and art. 2505, paragraph 2 of the Italian Civil Code, on the merger into Mittel S.p.A. of Mittel Portfolio Management S.r.l. and Mittel Partecipazioni Stabili S.r.l.

After verifying all the prerequisites and completing all the preliminary formalities, the Board of Directors resolved to approve the aforementioned merger plan, and consequently to merge the two companies Mittel Portfolio Management S.r.l. and Mittel Partecipazioni Stabili S.r.l. into the merging company Mittel S.p.A. The merger approval resolution of 2 May 2016 was recorded in the Register of Companies on 3 May 2016 and, therefore, from that date the terms of art. 2503 of the Italian Civil Code applied to any objection raised by creditors.

Significant events after 30 June 2016

After the deadline passed pursuant to art. 2503 of the Italian Civil Code, on 8 July the deed was signed for the merger of Mittel Portfolio Management S.r.l. and Mittel Partecipazioni Stabili S.r.l. The legal effects will enter into force from 30 July 2016. The Merger will not lead to any change in the Merging Entity's Articles of Association. With regard to transactions performed by the merged entities, these will be recognised in Mittel financial statements with effect from 1 October 2015. The tax effects of the Merger, pursuant to art. 172, paragraph 9 of Italian Presidential Decree 917/1986, will apply from that same date.

On 25 July, following the outcome of the option right and pre-emption right offered on the shares withdrawn and in view of the share price performances, the parent company did not offer the 2.348.696 shares withdrawn but remaining unoptioned on the MTA market operated by Borsa Italiana S.p.A. On that date, therefore, arrangements were made to credit the parties entitled with the total value pursuant to art. 2437-quater, paragraph 5 of the Italian Civil Code.

As a result of the repurchase transaction, Mittel share capital remains unchanged and comprises 87.907.017 ordinary shares with a nominal value of EUR 1,00 each, of which 12.357.402 ordinary treasury shares equal to 14,057% of the share capital.

Business outlook for the year

As disclosed in the half-yearly financial report, on 30 March 2016 the Mittel S.p.A. Board of Directors approved the 2016-2019 Strategic Plan, whose guidelines focus on the development of private equity with a view to permanent capital, investing resources to be generated from the valuation of non-core assets in the portfolio (exit from real estate and lending activities).

In the next few months the Group will be committed to implementing the Strategic Plan, the aim of which is to transform Mittel S.p.A. into an Investment-Merchant Bank, shifting the centre of gravity towards high

prospective income activities and creating value for shareholders, through a process which, on the one hand, frees up resources for new investments and, on the other, allows the Group to achieve current economic balance through a significant reduction in holding costs.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in thousands of Euro

	<u>30.06.2016</u>	<u>30.09.2015</u>
Non-current assets		
Intangible assets	68	147
Property, plant and equipment	3.829	854
Investments accounted for using the equity method	64.940	87.968
Financial receivables	149.598	163.546
Other financial assets	42.554	44.424
Sundry receivables and other assets	309	244
Prepaid tax assets	2.163	4.608
Total Non-current assets	263.461	301.791
Current assets		
Property inventories	109.534	109.830
Financial receivables	5.514	911
Other financial assets	10.065	20.074
Current tax assets	11.036	14.721
Sundry receivables and other assets	12.784	16.136
Cash and cash equivalents	65.047	100.598
Total Current assets	213.980	262.269
Total Assets	477.441	564.060
Equity		
Share capital	87.907	87.907
Share premium	53.716	53.716
Treasury shares	(17.335)	(26.515)
Reserves	130.691	191.015
Profit (loss) for the year	(8.857)	(22.318)
Equity pertaining to the Group	246.122	283.805
Equity pertaining to non-controlling interests	22.886	38.483
Total equity	269.008	322.288
Non-current liabilities		
Bond loans	97.703	97.239
Financial payables	4.650	2.919
Provisions for personnel	1.366	1.751
Deferred tax liabilities	9.770	17.698
Provisions for risks and charges	3.368	5.397
Sundry payables and other liabilities	568	719
Total Non-current liabilities	117.424	125.722
Current liabilities		
Bond loans	2.798	1.313
Financial payables	78.273	101.370
Other financial liabilities	-	246
Current tax liabilities	14	1.492
Sundry payables and other liabilities	9.924	11.628
Total Current liabilities	91.009	116.050
Total equity and liabilities	477.441	564.060

CONSOLIDATED INCOME STATEMENT

Amounts in thousands of Euro

	3 months	9 months	3 months	9 months	12 months
	01.04.2016	01.10.2015	01.04.2015	01.10.2014	01.10.2014
	30.06.2016	30.06.2016	30.06.2015	30.06.2015	30.09.2015
Revenues	1.791	4.888	3.645	16.317	18.740
Other income	392	807	167	742	1.538
Variations in property inventories	(989)	(123)	1.262	2.469	(3.298)
Costs for purchases	(259)	(1.907)	(2.133)	(5.243)	(6.342)
Costs for services	(2.039)	(7.197)	(3.588)	(13.943)	(17.006)
Personnel costs	(1.450)	(5.279)	(2.680)	(7.187)	(9.363)
Other costs	(838)	(2.742)	(1.220)	(3.225)	(5.738)
Dividends	472	493	1.294	1.888	1.958
Profit (loss) from management of financial activities and investments	985	2.094	3.120	4.640	2.589
Gross operating margin (EBITDA)	(1.934)	(8.967)	(134)	(3.542)	(16.923)
Amortisation and value adjustments to intangible assets	(84)	(239)	(214)	(528)	(705)
Allocations to the provision for risks	-	(150)	(3.849)	(6.840)	(2.373)
Value adjustments to financial assets and receivables	(12.103)	(12.370)	(1.680)	(5.372)	(3.757)
Share of income (loss) of investments accounted for using the equity method	6.153	5.504	44	(422)	(1.362)
Income (loss) from non-recurring transactions	-	-	541	253	176
Operating result (EBIT)	(7.968)	(16.221)	(5.292)	(16.450)	(24.944)
Financial income	902	4.228	1.622	6.105	9.600
Financial expenses	(2.144)	(6.761)	(2.481)	(8.964)	(11.694)
Profit (loss) from trading of financial assets	(120)	(209)	371	5.032	5.357
Income (loss) before taxes	(9.331)	(18.962)	(5.780)	(14.277)	(21.682)
Income taxes	4.348	5.398	(492)	(640)	(1.524)
Profit (loss) for the year	(4.984)	(13.565)	(6.272)	(14.917)	(23.205)
Attributable to:					
Income (loss) pertaining to non-controlling interests	(4.278)	(4.708)	163	(461)	(887)
Income (loss) pertaining to the Group	(706)	(8.857)	(6.435)	(14.456)	(22.318)

The Manager responsible for preparing the company's financial reports, Pietro Santicoli, hereby declares pursuant to art. 154-bis, paragraph 2 of the Consolidated Law on Finance that the accounting data contained in this press release corresponds with the book results and accounting records.