

# DeA Capital update

Milan - July 2014





## Private Equity Investments

- GDS: sold to Ramsay – closing expected by end Sept
- Migros: targeting an exit in the short term, depending on the Turkish market conditions
- PE Funds: distributions now exceed capital calls; positive contribution to NAV

## Focus on Alternative Asset Mgmt

- Confirming Italian leadership, reshaping business models
- Pushing on product innovation
- Enhancing IR/marketing capabilities
- Further external growth/consolidation

## Total return for shareholders

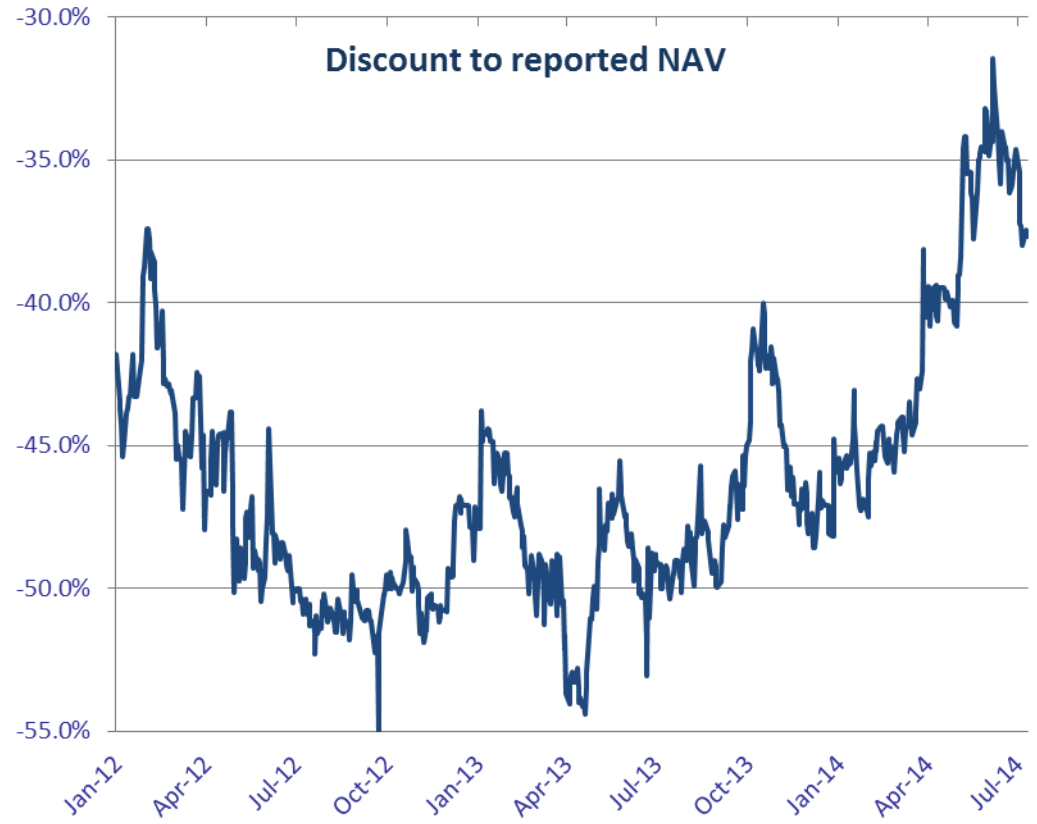
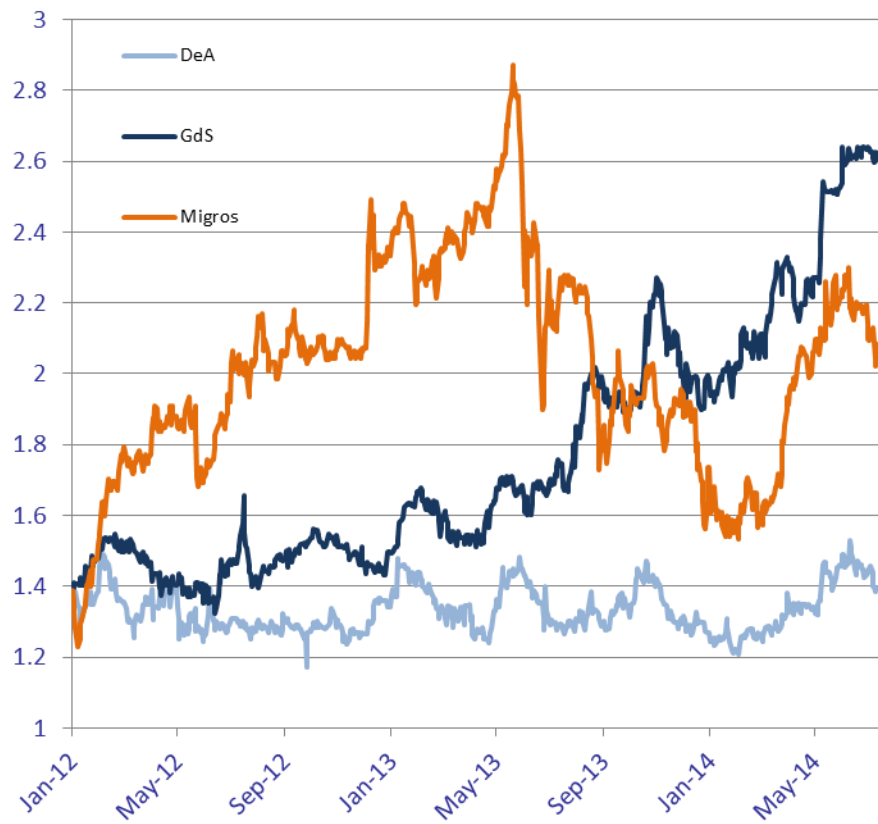
- Gradual elimination of NAV discount
- Dividend distribution, balanced with debt repayment, using the proceeds from PE investment realizations
- Going forward, profits from AAM will provide a further, stable source for distribution

# DeA Capital NAV per share at € 2.23 - March 2014

€ mln	Stake	Book value	Valuation method	Implied 2014E multiple*	
Santè SA (GdS)	43.0%	177.2	Net equity	7.6	x EBITDA
Kenan Inv. (Migros)	17.0%	145.8	Fair value	9.7	x EBITDA
Other PE inv.	nm	13.3	Net equity	nm	
IDeA Capital Funds SGR	100%	52.3	Net equity	11.6	P/E
IDeA Fimit SGR	64.3%	147.8	Net equity	14.8	P/E
Innovation RE	93.3%	7.3	Net equity	2.9	P/E
PE Funds	nm	203.9	Fair Value		
<i>Investment portfolio</i>		<i>747.6</i>			
Treasury stock		47.7			
Other net assets/liabilities		7.1			
Net financial debt (holding)		-142.7			
NAV		659.7			
NAV ex treasury stock		612.0			
NAV p.s. €	€	2.23			

(\*) Based on company data and consensus estimates.  
Source: Bloomberg, analyst reports, internal data

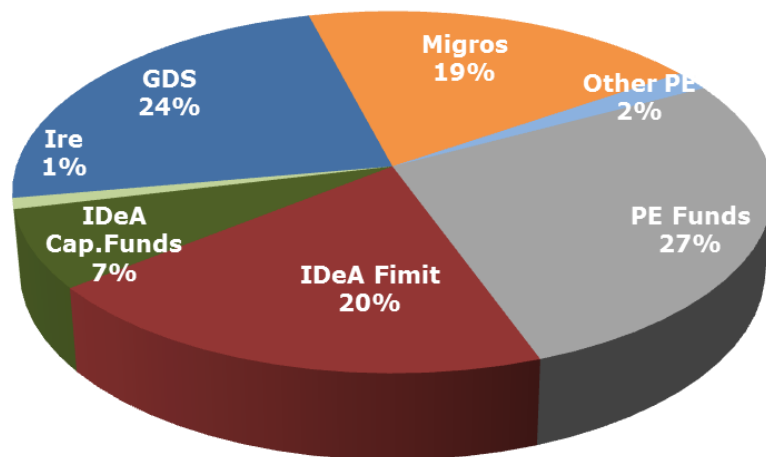
# Share price performance: DeA Capital vs. its main investments



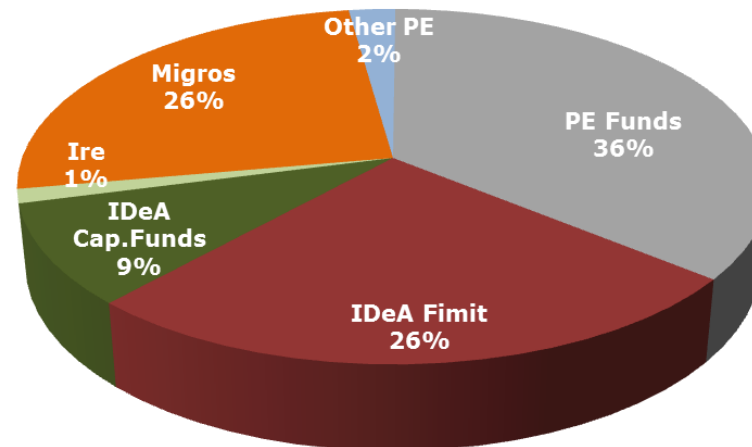
Data to 15 July 2014

## Investment portfolio breakdown

March 2014



After disposal of GdS



Asset management and fund investment account for over half of the portfolio size;  
going up to 72% after disposal of GDS

## MIGROS



- **Largest supermarket chain in Turkey**
- **Turkey:** 55% of sales still made via traditional retail; few international operators with a significant presence
- **Competitors:** Metro, Sabanci-Carrefour (hyper), Tesco (supermarkets), BIM (discount)
- **Migros:** Leader in a fast growing market; main entry point for large investors, sector players.
- **Non-replicable asset:** valuation premium justifiable on an industrial basis
- **DeA Capital:** co-investor (17%) with BC Partners in Kenan (which owns 80.5% stake), with tag-along right

### Actions - To date:

- Store openings and build-up of #2 position in the discount segment with Şok
- Placement of 17% stake
- First distributions to shareholders by Kenan (71 mln € cash-in by DeA)
- Disposal of Şok (600 mn YTL)

### Next:

- Removal of political instability to exploit the full potential of Turkey's economy
- Accelerate supermarket network expansion (150 openings/year vs 100)
- Cost cutting initiatives and supply chain upgrade

# Private Equity Fund Investments



Capital Funds

These 3 funds generated a 19 mln € positive fair value change in DeA's equity since 1/1/2013

<b>IDeA I FoF</b> 2007	<ul style="list-style-type: none"> <li>Italy's largest PE FoF (€ 681 mln)</li> <li>DeA Capital commitment: € 173 mln</li> <li>Invested*: € 100.9 mln</li> </ul>	Investment multiple (TVPI) to date:  <b>1.19x</b>
<b>ICF II</b> 2009	<ul style="list-style-type: none"> <li>2nd FoF of IDeA's program (€ 281 mln)</li> <li>DeA Capital commitment: € 51 mln</li> <li>Invested*: € 25.4 mln</li> </ul>	<b>1.13x</b>
<b>Opportunity Fund</b> 2008	<ul style="list-style-type: none"> <li>Mid-sized LBO co-inv. fund (€ 217 mln)</li> <li>DeA Capital commitment: € 102 mln</li> <li>Invested*: € 60.2 mln</li> </ul>	<b>0.8x</b>
<b>Energy Efficiency and Sustainable Growth</b> 2011	<ul style="list-style-type: none"> <li>Focused on services and technologies for energy saving (€ 100 mln)</li> <li>DeA Capital commitment: € 15 mln</li> <li>Invested*: € 4.1 mln</li> </ul>	<b>n.m.</b>

\* Book value as of 31 march 2014



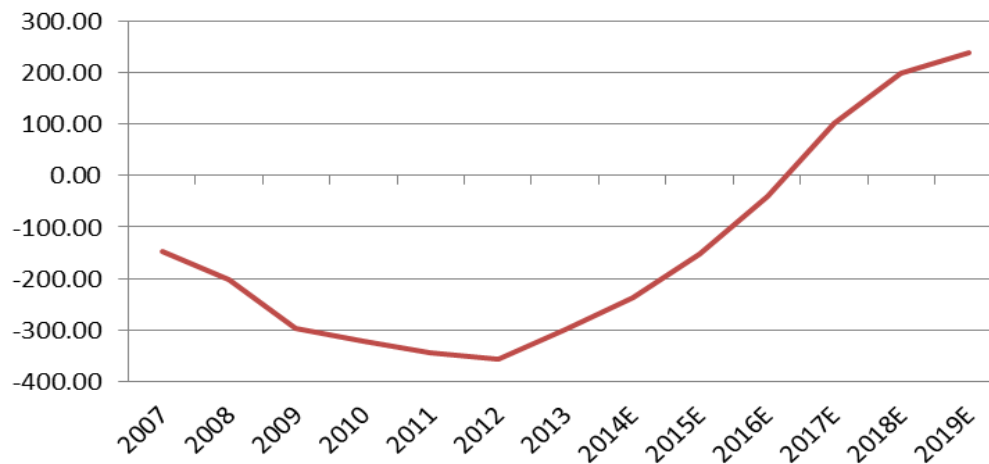
# Private Equity Fund Investments



Capital Funds

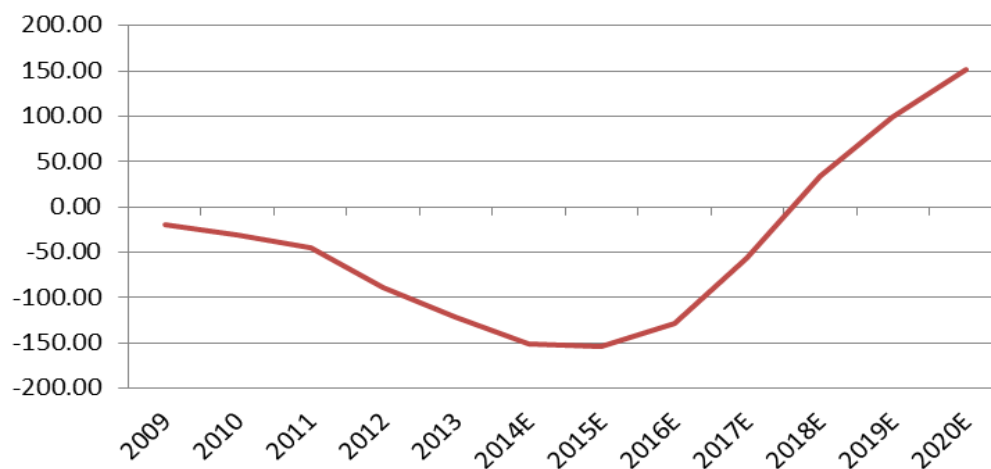
Around 70% of distributions received to date were at a TVPI of >2x

## IDeA FoF I - Cumulated net cash flow



**Targets:**  
TVPI 1.4x  
IRR ~7%

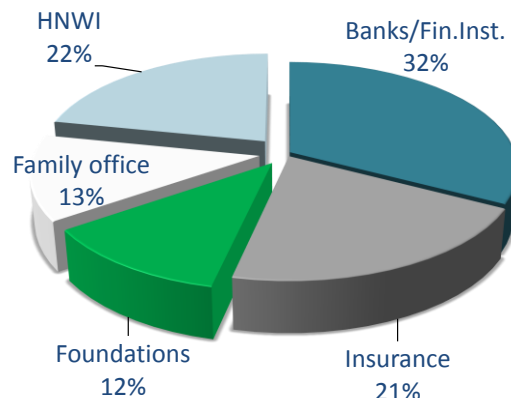
## IDeA ICF II - Cumulated net cash flow



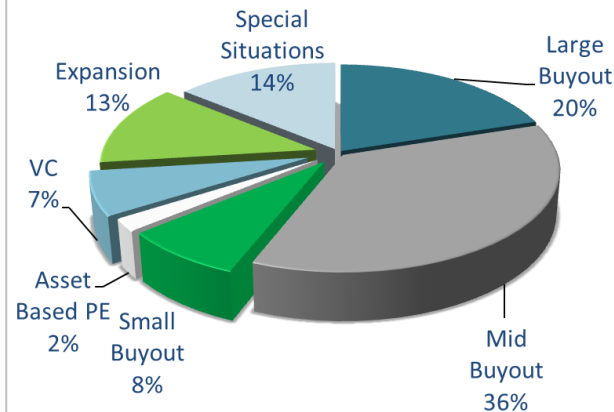
**Targets:**  
TVPI 1.6X  
IRR ~12%

# Fund investments: IDeA 1 – Italy's largest PE fund of funds

## LP Breakdown after final closing



## Current Asset Allocation by Type



- Final closing at €681 million in April 2008
- Part of **Italy's largest FoF program**, that also includes the **ICF 2** fund, worth 281 mln € and **ICF 3**, that made a first closing in March 2014
- Commitments in **42 funds**, with exposure to **438 companies** and 32 distressed debt positions. ~50% acquired on the secondary mkt
- Wide vintage, sector and style **diversification** (vintage ranges from 2000 to 2013; Europe 37%)
- € 239 mln **distributions** made to LPs since launch
- **IRR** since inception: 7.0% gross, 4.7% net
- DeA Capital investment: 100.9 mln € (book value)

## Access to top-performing private equity funds

### European Private Equity



### US Private Equity



### Rest of the World Private Equity/VC



# Why Alternative Asset Management

## Italian Market features

- Still high savings rate; stable number of HNWI
- AAM industry highly fragmented and inefficient
- Lack of multi-asset platforms
- Large institutional investors lack a structured approach to alternative investments

## Market Discontinuity

- Financial crisis shifted investor focus on independence, absolute return objectives, risk management
- Regulations drive separation of asset managers from banks
- Private pension system increasingly important and able to diversify portfolio through alternative investments
- Properties held by PA, banks and institutional investors in need of professional management

## Private equity in Italy

- 29 bln € AuM with >120 operators
- Largest asset managers have 2-5 bln AuM
- Institutional investors and HNWI underinvested vs European countries

## Real estate in Italy

- Ca 49 bln € AuM with 372 funds at the end of 2013\*
- Gap vs EU countries: ~100 bln AuM in Germany. No REITs

\* Scenari immobiliari 2013

# AAM: achievements and next steps



## To date:

- FARE-FIMIT merger effective from 3 Oct. 2011
- Integration of merged entities
- Acquisition of Duemme SGR RE fund mandates
- Launch of RE services (iRE)

## To date:

- AuM 1.3 bln €
- 2013: Revenues 14 mln €; Net profit 4 mln €
- Demerger of Investitori Associati and Wise completed, DeA Capital achieves 100% stake

## Next:

- Focus on domestic sector consolidation
- Bidding for new mandates
- Launch of new products
- Company reorganization

## Next:

- Launching new funds to enrich offer: thematic funds (**Energy Efficiency; Taste of Italy**), managed account
- Continuing with the FoF program: ICF 3 (1st closing made in March '14)

# IDeA FIMIT in a nutshell

FIRST ATLANTIC  
REAL ESTATE SGR



 FIMIT<sub>sgr</sub>  
Fondi Immobiliari Italiani

 IDeA FIMIT<sub>sgr</sub>

# 1 in Italy   32 funds   9.2 bln € AuM   21% mkt share   65 mln € fees

- The largest Italian player, followed by Generali RE with 5.6 bn €
- A **high quality fund portfolio**, focused on large Italian cities (60% in Milan and Rome) and on offices/bank branches (~70% of total). 85% of space is rented
- A **diversified investor base**: over 80 institutional investors, 70,000 retail investors. Pension funds and institutions account for >80% of invested capital
- A **profitable company**: in 2013 the company reported a pretax profit of over 30 mln € (before impairments)

# IDEA Capital Funds – launching the new “Taste of Italy” fund

## IDEA TASTE OF ITALY

Closed-end thematic private equity fund launched in February 2014

- Focus: food and beverage industry
- Fund target size: € 200 mn
- Investments strategy: 10-12 portfolio companies mainly through capital increase

## INVESTMENT RATIONALE

The Italian food and beverage sector is attractive for private equity investors thanks to its potential for consolidation, international growth and sector resiliency, as well as family-run related management issues

### BUILD UP OPPORTUNITIES

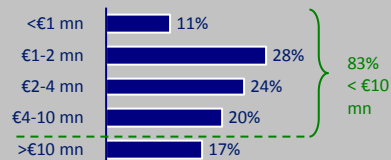
Revenues: €133 bn

Employees: 2.6 mn

Companies: 550,000

Avg. FTEs/Company: 4.7

#### F&B companies distribution (by revenues)



Mainly family-owned and family-run companies

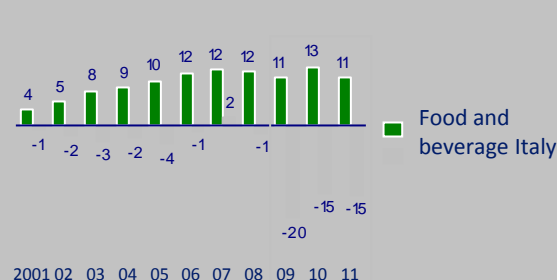
### RESILIENCY

Food&Beverage vs. Italian production index:

✓ +26% (2011 vs. 2000)

✓ +13% (2008 vs. 2000)

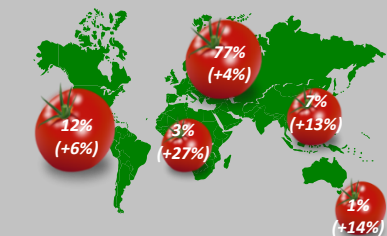
#### Italian Production Index 2000-11 (Base Index 100: 2000)



### INTERNATIONAL GROWTH

Compared to the export of the fashion industry – 76% -, the F&B exposure to international markets is still limited, with export accounting for almost 20% in 2013

#### F&B export by continent (2012)



Italian export by continent (%)  
(Export growth % 2012 vs. 2011)

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