DeaCapital
ITALY \ Financial Services

2Q10 results

BUY *(Unchanged)*
Target: € 1.78 *(prev. 1.71)*
Risk: High

STOCK DATA	
Price €	1.2
Bloomberg code	DEA IM
Market Cap. (€ mn)	354
Free Float	32%
Shares Out. (mn)	306.6
52-week range	1.08 - 1.65
Daily Volumes (mn)	0.06

PERFORMANCE	1M	3M	12M
Absolute	-2.7%	-2.9%	-29.1%
Rel. to FTSE all shares	2.8%	-3.5%	-17.9%

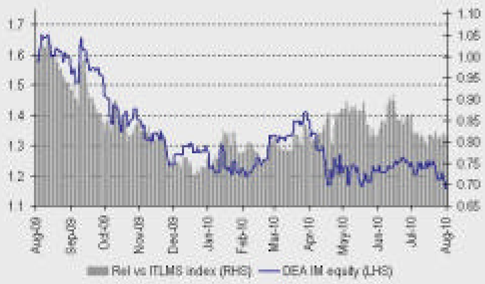
MAIN METRICS	2009	2010E	2011E
EPS - € cents	-10.1	-5.9	-0.2
DPS ord - € cents	0.0	0.0	0.0

NAV	2009	2010E	2011E
Nav (Equita) ps ord - €	2.00	1.98	1.98
Nav (Reported) ps ord -	2.65	2.67	2.67
BVPS - € cents	2.54	2.49	2.49

MULTIPLES	2009	2010E	2011E
P/NAV (Equita)	0.6 x	0.6 x	0.6 x
P/NAV Reported	0.5 x	0.4 x	0.4 x
P/BV	0.5 x	0.5 x	0.5 x

INDEBTNESS	2009	2010E	2011E
NFP	-35	-52	-52
Debt to assets ratio	0.0 x	0.0 x	0.0 x
D/E	0.0 x	0.1 x	0.1 x

PRICE ORD LAST 365 DAYS



ANALYSTS
Luigi de Bellis +39 02 6204 375 – l.debellis@equitasim.it

August 31, 2010 # 298

EQUITA SIM SpA

LAUNCH OF THE REORGANIZATION OF IDeA ALTERNATIVE INVESTMENT

2Q10 results: reported NAV of € 2.67 PS (vs. € 2.68 at end of 1Q10 and € 2.65 at 2009 year-end). Discount to our NAV at 43% (58% vs. reported!). Reorganization of IDeA Alternative Investment with positive impact on our valuation. Continuation of negotiations for FIMIT-FARE merger. GDS confirms a solid trend and the Turkish Migros is continuing to grow at double digit rates.

- **2Q10 results: reported NAV of € 2.67 (vs. € 2.68 at end of 1Q10 and € 2.65 at end of FY09)**

- **Reported NAV = € 2.67 PS** (vs. € 2.68 at end of 1Q10 and 2.65 FY09)
- **Consolidated net debt = € 29.7 mn (vs. € 34.9 mn in 1Q10) vs € 34 mn expected**, thanks to collection of dividends from investee companies

- **Positive effects of reorganization of IDeA Alternative Investment**

The reorganization of IDeA Alternative Investment (44.4% owned by DEA, 6% of NAV) has been approved. The project envisages that, via demerger, DEA gains 100% control of IDeA itself and that Investitori Associati (IA) and Wise SGR management regain control of their respective asset management companies. This is a positive move because (i) it helps to reduce holding costs and (ii) in our estimates we have been assuming reduction of assets managed for IA with a negative bottom-line contribution for the asset-management company from 2012E onwards.

- **Negotiations between FIMIT and First Atlantic (15% of NAV) continue. MoU signed.**

Negotiations for the merger between FARE SGR and FIMIT SGR are continuing. The companies have signed a non-binding Memorandum of Understanding (MoU) that outlines the terms of a possible merger of FARE SGR with FIMIT SGR. The FIMIT-First Atlantic merger would be a positive catalyst for DEA with creation of value estimated by us to be € 0.05 PS.

- **Target price +4% to € 1.78 PS (from € 1.71 PS) also incorporating the positive effects of IDeA reorganization**

The target price increases +4% to 1.78 PS mainly following (a) inclusion of the effects of the IDeA's reorganization (our valuation of IDeA increases from 33mn to 50mn), (b) higher valuation of GDS (2010-12E EBITDA estimates lifted by +8% on average, but (c) reduction of Migros' valuation (reduction of 2010E-12E EBITDA estimates by -6.5% on average).

- **Investment case: focus on asset management should permit closure of discount on NAV (43% on Equita NAV today)**

We believe that in the next 12-24 months:

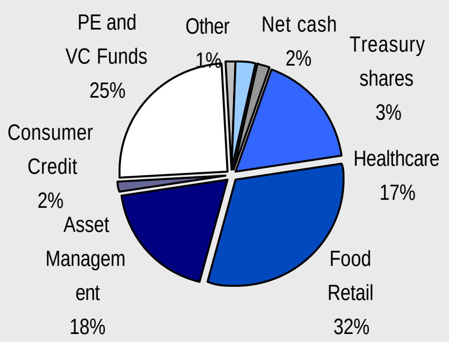
- disposal of the main private equity investments (GDS and Migros, which together account for 50% of NAV, for a value of 308mn vs DEA's mkt cap of 354 mn) with potential distribution of part of cash-in in dividend
- concentration and reorganization of the company in asset management activities, also through further investments, exploitation of cost synergies and the potential FIMIT-First Atlantic merger …

… should permit closure of the discount on NAV and re-rating of the stock. At current prices the implicit valuation of DEA asset management business (which generates €13m of recurring net profit) is zero. Buy confirmed: DEA is trading at high discount on Equita NAV (43% and 58% on reported), with virtually no listed assets (the 2 listed assets have limited free float), and goods exposure to defensive sectors (50% of our NAV).

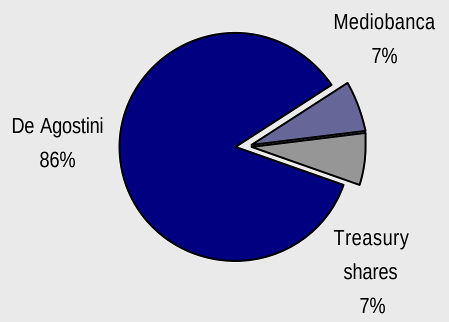
BUSINESS DESCRIPTION

DeA Capital is an investment company (started-up in 2007 through the takeover of a listed entity -CdB Web Tech- by DeAgostini) focusing on direct and indirect private equity investments and alternative asset management.

NAV BUSINESS SEGMENTATION - 2009



SHAREHOLDER STRUCTURE - 2009



MAIN FIGURES € mn	**2007**	**2008**	**2009**	**2010E**	**2011E**	**2012E**
AM Commissions	0.0	3.8	25.3	37.4	37.4	38.0
Profit (Loss) on equity	-7.2	-14.8	-27.9	-14.0	-6.1	-6.8
Other investment income (charges)	2.4	-28.9	-1.8	0.0	0.3	0.3
Other income	0.0	4.8	10.2	0.2	0.2	0.2
Other expenses	-4.1	-10.8	-34.3	-31.5	-24.0	-24.1
Tot. income and expenses	**-8.9**	**-45.9**	**-28.6**	**-8.0**	**7.8**	**7.6**
Growth	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*-2%*
Financial Income	14.4	14.8	-3.6	-3.6	-2.6	-2.6
Profit before tax	**5.4**	**-31.1**	**-32.1**	**-11.6**	**5.2**	**5.0**
Growth	*-51%*	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*-3%*
Results from Discontinued op	1.5	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	-0.1	-0.3	0.0	0.0	0.0
Net Income	**10.7**	**-38.2**	**-29.4**	**-17.1**	**-0.4**	**-0.1**
Growth	*-88%*	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*
Net income adjusted	**10.7**	**-38.2**	**-29.4**	**-17.1**	**-0.4**	**-0.1**
Growth	*-1%*	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*

SHARE DATA	**2007**	**2008**	**2009**	**2010E**	**2011E**	**2012E**
Nav (Reported) ps ord - €	2.78	2.55	2.65	2.67	2.67	2.67
Nav (Equita) ps ord - €	2.40	1.64	2.00	1.98	1.98	1.98
EPS - € cents	5.5	-12.7	-10.1	-5.9	-0.2	0.0
Growth	*-94%*	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*
Adj. EPS - € cents	5.5	-12.7	-10.1	-5.9	-0.2	0.0
Growth	*-49%*	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*
DPS ord - € cents	0.00	0.00	0.00	0.00	0.00	0.00

MARKET RATIOS	**2007**	**2008**	**2009**	**2010E**	**2011E**	**2012E**
P/NAV Reported	0.78 x	0.50 x	0.47 x	0.43 x	0.43 x	0.43 x
P/NAV (Equita)	0.90 x	0.79 x	0.63 x	0.58 x	0.58 x	0.58 x
P/BV	0.8 x	0.5 x	0.5 x	0.5 x	0.5 x	0.5 x
P/E	39.6 x	n.m.	n.m.	n.m.	n.m.	n.m.
P/E Adj	39.6 x	n.m.	n.m.	n.m.	n.m.	n.m.

REMUNERATION	**2007**	**2008**	**2009**	**2010E**	**2011E**	**2012E**
Div. Yield ord	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ROE	1.2%	-5.0%	-3.8%	-2.2%	-0.1%	0.0%

INDEBTNESS - €mn	**2007**	**2008**	**2009**	**2010E**	**2011E**	**2012E**
NFP	415.9	17.2	-34.9	-52.0	-52.4	-52.5
Holding system NFP	399.0	51.3	-10.2	-0.1	-0.6	-0.7
Debt to assets ratio	n.m.	n.m.	1.7%	0.0%	0.1%	0.1%
D/E	n.m.	n.m.	4.5%	6.8%	6.9%	6.9%

Source: company data and EQUITA SIM estimates

2Q10 RESULTS: REPORTED NAV of € 2.67 (vs. € 2.68 at END OF 1Q10 AND € 2.65 AT END OF FY09)

- **Reported NAV = € 2.67 PS** (vs. € 2.68 at end of 1Q10 and 2.65 FY09)
- **Consolidated net debt = € 29.7 mn (vs. € 34.9 mn in 1Q10) vs € 34 mn expected**, thanks to collection of dividends from investee companies
- Consolidated net loss (not very meaningful for a holding company) = € -6.2 mn vs. € -1.9 mn in 2Q09 (1H10 = net profit of €1.5 mn vs. loss of € -11.2 mn in 1H09)
- **Comprehensive income (as per IAS 1, inclusive of earnings in equity) = € -0.5 mn (1H10 = € +8.2 mn).**

POSITIVE EFFECTS OF REORGANIZATION OF IDEA ALTERNATIVE INVESTMENT

The reorganization of IDeA Alternative Investment (44.4% owned by DEA, 6% of NAV) has been approved. The project envisages that, via demerger, DEA gains 100% control of IDeA itself and that Investitori Associati (IA) and Wise SGR management regain control of their respective asset management companies. This is a positive move because (i) it helps to reduce holding costs ((reducing the number of BoDs and also with a few to future integration with the real estate area), (ii) simplifies the structure and (iii) in our estimates we have been assuming reduction of assets managed for IA with a negative bottom-line contribution for the asset-management company from 2012E onwards.

IDEA ALTERNATIVE INVESTMENT – NEW STRUCTURE	2010
Revenues	16-17 mn
Net income pro-forma	5 mn
AUM pro-forma	1,300 mn
P/E	10.0 x
P/AUM	3.8%
IDeA Equity Value (€ mn) 100%	**50 mn**

Source: EQUITA SIM estimates

After demerger IDeA AI will have AUM of € 1.3-1.4 bn. In 2009, considering the post-demerger boundary, IDeA AI achieved revenues of € 16 mn (13 mn IDeA Capital Funds + 3 mn Blue Skye) and pro-forma net profit of over € 5 mn. In 2010 revenues should reach € 16-17 mn with net profit of about € 5 mn.

IDEA ALTERNATIVE INVESTMENT – NEW VS OLD STRUCTURE

IDeA New structure	2008	2009	2010E	2011E
Management fees	9.1	11.4	12.5	13.1
Associates (Blue Skye..)	0.0	4.2	3.0	3.0
Total Revenues	**9.1**	**15.6**	**15.5**	**16.1**
Net income	4.8	4.8	5.2	5.5
AUM	887	1296	1396	1396
IDeA Old structure	**2008**	**2009**	**2010E**	**2011E**
Net income	9.3	12.4	9.5	6.0
Net Income DEA (44.36%)	4.1	5.5	4.2	2.7
% change net income			22%	105%

Source :Company data & EQUITA SIM estimates

The traditionally good relations between the De Agostini group and the other shareholders of IDeA AI continue to be such and not the reason for dissolution of the joint venture, the motives of which are purely of a business and strategic nature.

From the point of view of DeA Capital, the initial plan to create a premier group active in alternative investments remains valid. Given this, the move does not change the prospects of IDeA AI, whose activity will continue to focus on the operation and development of the companies remaining in the group – with the major benefit of significant simplification of the ownership structure, governance, and investment processes.

VALUATION: TARGET PRICE +4% TO € 1.78 PS

Our NAV for DEA rises from € 1.90 to € 1.98 PS (+4%) as we have:

1) Incorporated the positive effects of reorganization of IDeA Alternative Investment, increasing the valuation from € 33 mn to € 50 mn
2) Increased the valuation of GDS from € 105 mn to € 121 mn due to upward revision of estimates (EBITDA +8% on average in the period 2010E-12E)
3) Reduced the valuation of Migros from € 195 mn to € 183 mn due to reduction of estimates (by -6.5% on average at EBITDA level in the 3-year period 2010E-12E)
4) Slightly reduced First Atlantic's valuation from € 84 mn to € 77 mn following slight reduction of estimates.

DEA CAPITAL: NAV (@ TARGET PRICE)

Asset	Sector	Stake %	Shares (mn)	PS	€ mn	%	Valuation method
Santé (Générale de Santé)	Healthcare	43.0%		€ 13.6	121	20%	Equity - Avg.DCF&Multiples (Impl.Ev/Ebitda 10E 7x, PE 24x)
Kenan (Migros Turk)	Food retail	16.7%		LTL 11.9	183	30%	Equity - Multiples (EV/EBITDA 10E 8.8x)
Dea Capital	Treasury shares	4.9%	13.3	€ 1.1	15	2%	Market Price
TOTAL LISTED SHAREHOLDINGS (1)					**319**	**53%**	
First Atlantic Real Estate Holding	Alternative Asset	70.0%			77	13%	P/E 10-11E 10x - P/AUM 3,5%
Sigla	Consumer credit	35.0%			11	2%	P/BV FY09 0.5x
IdeA Alternative Investment	Alternative Asset	44.4%			50	8%	P/E 11E 10x - P/AUM 3,8% - pro-forma post
IdeA I Fund of Funds + ICF II	Fund of Funds	n.m.			77	9%	Book Value 1H10
IdeA CoIF I	Funds	n.m.			29	3%	Book Value 1H10
Venture Capital funds	Funds	n.m.			14	2%	Book Value 1H10
Blue Skye	Funds	n.m.			34	4%	Book Value 1H10
Others partecipations		n.m.			6	1%	Book Value 1H10
TOTAL UNLISTED SHAREHOLDINGS (2)					**283**	**297**	
ATTRIBUTABLE NET CASH / (DEBT) + HLD SEVERANCE INDEMNITY (3)					**0**	**-2%**	**Pro-forma as today**
CAPITALISED HOLDING COSTS					**-29**	**-5%**	**Perpetuity @ 10% net of tax effect**
TAXES / TAX CREDITS (5)					**20**	**4%**	**5yr PV of tax loss carryforwards**
STOCK OPTIONS DILUTION (6)					**0**	**0%**	
TOTAL (1+2+3+4+5+6)					**607**	**100%**	
Nr. Shares (mn)					306.6		
NAV per share					**1.98**		
Current discount / (premium)					43%		
P/NAV					**0.57**		

Source: EQUITA SIM estimates

In fixing out target price we apply a 10% discount to NAV. As a consequence, starting from a NAV of € 1.98 PS our target price is € 1.78.

DEA CAPITAL: NAV (@ target price) - Change in valuation

Asset	Prev. € mn	Curr. € mn	Chng. %	Chng. abs
Santé (Générale de Santé)	105	121	15%	16
Kenan (Migros Turk)	195	183	-6%	-12
Dea Capital	16	15	-9%	-2
TOTAL LISTED SHAREHOLDINGS (1)	**316**	**319**	**1%**	**2**
First Atlantic Real Estate Holding	84	77	-9%	-7
Sigla	11	11	0%	0
IdeA Alternative Investment	33	50	53%	17
IdeA I Fund of Funds	72	77	7%	5
IdeA CoIF I and II	34	29	-17%	-6
Venture Capital funds	14	14	2%	0
Blue Skye	31	34	7%	2
Others partecipations	6	6	-6%	0
TOTAL UNLISTED SHAREHOLDINGS (2)	**285**	**297**	**4%**	**11**
ATTRIBUTABLE NET CASH / (DEBT) + HLD SEVERANCE INDEMNITY (3)	**-10**	**0**	**-99%**	**10**
CAPITALISED HOLDING COSTS (4)	**-29**	**-29**	**0%**	**0**
TAXES / TAX CREDITS (5)	**20**	**20**	**0%**	**0**
STOCK OPTIONS DILUTION (6)	**0**	**0**	**0%**	**0**
TOTAL (1+2+3+4+5+6)	**583**	**607**	**4%**	**24**
Nr. Shares (mn)	306.6	306.6	306.6	306.6
NAV per share	**1.90**	**1.98**	**4%**	**0.08**
Current discount / (premium)		43%		
P/NAV		**0.57**		

Source: EQUITA SIM estimates

The tables below show the current and historical discount (premium) to NAV of the main Italian Holding companies. At the current price, DEA is trading at 58% discount to reported NAV and 43% to Equita NAV, compared to 37% of the Italian holdings (ex Premafin).

ITALIAN HOLDNG COMPANIES: CURRENT AND HISTORICAL NAV AND DISCOUNTS

Company		Val. method listed	NAV (€ PS) *							Disc. / (Prem.) to NAV							
			2004	2005	2006	2007	2008	2009	2010	2004	2005	2006	2007	2008	2009	Avg. **	2010
ASTM		market price	n.a.	n.a.	n.a.	20.9	10.7	14.2	**13.7**	n.a.	n.a.	n.a.	28%	47%	30%	35%	**30%**
COFIDE		**see through**	2.66	2.91	3.05	3.28	2.15	2.50	**2.13**	22%	22%	18%	24%	65%	30%	30%	**36%**
CIR		market price	1.32	1.47	1.52	1.64	1.03	1.21	**1.03**	36%	30%	28%	35%	68%	47%	41%	**39%**
DEA CAPITAL		market price	n.a.	n.a.	2.61	2.40	1.64	2.00	**1.98**	n.a.	n.a.	-8%	22%	50%	53%	29%	**43%**
EXOR ord.	(1)	market price	4.6	5.2	8.2	9.2	15.9	25.2	**25.9**	34%	31%	25%	28%	50%	48%	36%	**44%**
IMMSI		market price	n.a.	n.a.	2.88	2.12	1.21	1.57	**1.60**	n.a.	n.a.	25%	35%	43%	47%	38%	**52%**
ITALMOBILIARE	(2)	market price	77.1	97.4	122.3	93.1	53.1	56.4	**41.2**	37%	42%	36%	32%	49%	47%	41%	**46%**
MEDIOBANCA	(3)	market price	12.8	16.4	17.4	16.4	14.3	11.1	**12.8**	21%	12%	13%	10%	40%	36%	22%	**52%**
MITTEL		market price	n.a.	n.a.	n.a.	5.0	4.52	5.00	**4.40**	n.a.	n.a.	n.a.	-5%	49%	27%	24%	**33%**
CAMFIN		**see through**	0.97	0.86	0.82	0.98	0.44	0.57	**6.31**	12%	10%	10%	20%	41%	25%	19%	**16%**
PIRELLI & C.	(4)	market price	2.39	1.86	1.79	2.37	0.49	0.52	**0.54**	24%	1%	20%	40%	40%	42%	28%	**32%**
PREMAFIN		market price	1.72	2.26	3.29	2.67	0.71	0.16	**0.10**	28%	11%	28%	26%	-81%	-551%	-90%	**-771%**
AVERAGE										**27%**	**20%**	**19%**	**25%**	**38%**	**-10%**	**20%**	**-29%**
AVERAGE excluding PREMAFIN (trading at very high premium)														**49%**	**38%**	**28%**	**37%**

(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)*

INVESTEE COMPANIES' 2Q10

As regards individual investee companies:

- **FARE** (real estate – 13% of NAV): net income 2.4mn vs 2mn expected
- **IDeA** (8% of our NAV): net income € 0.6 mn vs 2.8 mn exp. (higher staff costs)
- **Générale de Santé** (French private healthcare – 20% of our NAV) had already reported good results (released 2/08 with sales +3.3% LFL, EBITDA +0.2%). 1H10 featured revenues down by -4.7% YoY due to the change in consolidation scope (sale of the home care business and of labs completed between the end of 2009 and beginning of 2009) but up by +4.0% on a like-for-like basis. In terms of operating margins, the growth of EBITDA – achieved in a price scenario that remains challenging – was primarily due to optimization of the mix of services provided and to major improvement of operating efficiency. It should be remembered that EBIT and bottom-line growth also reflects the capital gain (€ 30 mn) made on the sale of the French labs, completed at the beginning of 2010.

GÉNÉRALE DE SANTÉ'

	2Q09	2Q10 Exp.	2Q10 Actual	Change abs	Change %	1H10 Exp.	1H10 Actual	2008	2009	2010E	2011E
Revenues (€mn)	526.1	**490**	**498**	**8.0**	**2%**	**996**	**1,004**	1,984	2,046	1,923	1,981
% change		*-6.9%*	*-5.4%*			*-5.4%*	*-4.7%*		*3.1%*	*-6.0%*	*3.0%*
EBITDA	62.2	**61**	**62**	**1.1**	**2%**	**137**	**138**	229.6	237	234	238
% change		*-1.6%*	*0.2%*			*2.8%*	*3.6%*		*3.2%*	*-1.1%*	*1.6%*
Net Profit	11.3	**10**	**13**	**3.4**	**35%**	**56**	**59**	87.2	42	49	34
% change		*-11.9%*	*18.6%*			*133.2%*	*147.5%*		*-51.4%*	*14.5%*	*-30.2%*

Source: EQUITA SIM estimates and company data

- **Migros** (Turkish mass-market retailing – 30% of our NAV): 1Q10 featured a decrease of EBITDA despite top-line growth (+12%). This was mainly due to the impact on margins of the strong growth in the number of stores (+422 stores in 12 months). This has an immediate impact on cost structure, whereas there is a time lag in terms of achievement of full sales potential. The adverse deviation at EBITDA level was less evident at bottom-line level thanks to the favourable impact of the TL/EUR exchange rate on the portion of debt expressed in euros. For 2Q sales are expected to show growth of 10% to TL 1.5 bn, with EBITDA decreasing by -19% to TL 76.8 bn. Notwithstanding Turkish economic recovery (GDP 1Q10 +11.7% yoy), the food sector is not experiencing the same rates of growth. However, Migros' main competitor, BIM, indicated an encouraging outlook for 2H10 following worse-than-expected 2Q10 results. The general message seemed to be that 2Q10 was the worst quarter and that we will see improvement from 3Q10 onwards. Our valuation of Migros implies 2010E-2011E EV/EBITDA = 9x-7.7x, while the main competitor BIM is trading at 17.4x-14.4x.

MIGROS TURK

	2Q09	2Q10 Exp.	2Q10 Actual	Change abs	Change %	1H10 Exp.	1H10 Actual	2008	2009	2010E	2011E
Revenues (YTL mn)	1,397.3	**1,537**	**-**	**-42.3**	**-3%**	**2,971**	**-**	5,074	5,711	6,454	7,260
% change		*10.0%*				*11.0%*			*12.6%*	*13.0%*	*12.5%*
EBITDA	95.2	**77**	**-**	**-30.5**	**-28%**	**158**	**-**	384	397	394	457
% change		*-19.3%*				*-18.0%*			*3.4%*	*-0.9%*	*16.2%*
Net Profit	48.6	**2**	**-**	**-18.1**	**-88%**	**61**	**-**	276	108	112	97
% change		*-95.0%*				*-44.9%*			*-60.8%*	*3.3%*	*-13.2%*

Source: EQUITA SIM estimates and company data

CONCLUSION

We believe that in the next 12-24 months:
- disposal of the main private equity investments (GDS and Migros, which together account for 50% of NAV, for a value of 308mn vs DEA's mkt cap of 354 mn) with potential distribution of part of cash-in in dividend
- concentration and reorganization of the company in asset management activities, also through further investments, exploitation of cost synergies and the potential FIMIT-First Atlantic merger …

… should permit closure of the discount on NAV and re-rating of the stock.

….From a NAV perspective to a P/E based valuation

We believe the stock is trading at high discount to NAV because investors are sceptical on a quick asset disposal by DEA. After the sale of the 2 main Private equity investments (GDS and Migros), DEA will became an alternative Asset Manager able to generate a recurring net profit in excess of some €13m (see table below).

Valuing DEA at 10x PE 2011 (in line with sector multiples) and adding the value of its investments in funds and the Treasury shares, we reach a 1.94 PS valuation (largely in line with its NAV).

We think, after the sales of its main assets, the market will not apply a discount to the DEA valuation, allowing for a re-rating of the stock.

At current prices the implicit valuation of DEA asset management business (which generates €13m of recurring net profit) is zero.

ASSET MANAGERS P/E MULTIPLES

	P/E 2010	P/E 2011
TRADITIONAL ASSET MANAGERS		
SCHRODERS PLC	14.9 x	13.2 x
ABERDEEN ASSET	11.5 x	10.1 x
AZIMUT HOLDING	9.9 x	8.2 x
F&C ASSET MANAGE	10.0 x	8.4 x
HENDERSON GROUP	12.8 x	11.4 x
RATHBONE BROS	15.3 x	13.4 x
AVERAGE	**12.4 x**	**10.8 x**
MEDIAN	**12.2 x**	**10.8 x**
ALTERNATIVE ASSET MANAGERS		
BLACKSTONE GROUP	9.6 x	7.0 x
FORTRESS INVES-A	6.2 x	5.1 x
MAN GROUP PLC	8.3 x	8.1 x
PARTNERS GROUP J	14.9 x	12.7 x
ASHMORE GROUP PL	14.3 x	14.8 x
BLUEBAY ASSET MA	14.6 x	11.4 x
AVERAGE	**11.3 x**	**9.8 x**
MEDIAN	**11.9 x**	**9.7 x**

Source: Company data & EQUITA SIM estimates

DEA: CURRENT STRUCTURE

	2011E Current
DEA holding costs post tax (a)	-4.2
financial charges (b)	-4.0
Holding net income	**-8.2**
IDEA net income	5.0
FARE net income	11.4
Net income Asset Mgmt (c)	**16.4**
consolidated NFP (m)	-43.6

Source: EQUITA SIM estimates

DEA: NEW POTENTIAL STRUCTURE

Cash in from GDS and Migros (n) (€ mn)	**304**
Financial income (d) (1.5% interest)	4.6

	2011E New
Net income asset management (c)	16.4
holding costs (a)	-4.2
Financial income (e = b+d)	0.6
Net income DEA (f = c+a+e)	**12.8**
P/E 2011 (g)	10x
Equity Valuation Recurring business (h = f x g)	**128**
Funds and others assets (i)	190
Treasury shares (l)	16
NFP (o = m+n)	260
DEA Equity Valuation (p = h+i+l+o) (€ mn)	**594**
DEA Equity Valuation (€ PS)	1.94
Current Market cap	354
Upside potential	68%

Source: EQUITA SIM estimates

Buy confirmed: DEA is trading at high discount on Equita NAV (43% and 58% on reported), with virtually no listed assets (the 2 listed assets have limited free float), and goods exposure to defensive sectors (50% of Equita NAV), with the main asset Migros continuing to grow at double-digit rates.

SENSITIVITY

DEA: SENSITIVITY TO GENERALE DE SANTE VALUATION

GDS (€ mn)	% change in GDS Valuation	GDS (€ PS)	Implied GDS EV/EBITDA 10E	DEA NAV	Discount (Premium)	Change	Dea Target Price (€ PS)
261	50.1%	21.0	**8.8 x**	2.44	53%	23.1%	2.19
241	43.0%	20.0	**8.6 x**	2.37	52%	19.8%	2.14
221	35.8%	19.0	**8.3 x**	2.31	50%	16.5%	2.08
201	28.6%	18.0	**8.1 x**	2.24	49%	13.2%	2.02
181	21.5%	17.0	**7.8 x**	2.18	47%	9.9%	1.96
161	14.3%	16.0	**7.6 x**	2.11	46%	6.6%	1.90
141	7.2%	15.0	**7.4 x**	2.05	44%	3.3%	1.84
120	**Current Valuation**	**14.0**	**7.1 x**	**1.98**	**42%**	**0.0%**	**1.78**
100	-7.2%	13.0	**6.9 x**	1.92	40%	-3.3%	1.72
80	-14.3%	12.0	**6.6 x**	1.85	38%	-6.6%	1.67
60	-21.5%	11.0	**6.4 x**	1.79	36%	-9.9%	1.61
0	-28.6%	10.0	**6.2 x**	1.59	28%	-19.9%	1.43
20	-35.8%	9.0	**5.9 x**	1.65	31%	-16.5%	1.49
0	-43.0%	8.0	**5.7 x**	1.59	28%	-19.8%	1.43

Source: EQUITA SIM estimates

DEA: SENSITIVITY ON MIGROS VALUATION

	TRY/€	MIGROS VALUATION (€ mn)
TRY/€	**1.0**	**370**
	1.5	245
	2.0	183
	2.5	146
	3.0	122
	3.5	104

Source: EQUITA SIM estimates

DEA: SENSITIVITY ON MIGROS VALUATION

	TRY/€	DEA NAV
TRY/€	**1.0**	2.59
	1.5	2.18
	2.0	1.98
	2.5	1.86
	3.0	1.78
	3.5	1.72

Source: EQUITA SIM estimates

STATEMENT OF RISK

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

- Significant deterioration in the main assets reference macroeconomic scenario
- Significant increase in short term interest rates
- Eventual participation to rights issue of main controlled assets just to restore
- Financial flexibility.
- Depreciation of the Turkish lira
- Deterioration of private equity and alternative AM portfolio valuations

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 DeaCapital.

EQUITA SIM is distributing this publication via e-mail to more than 700 qualified operators today: Tuesday, 31 August 2010

The prices of the financial instruments shown in the report are the reference prices posted on the day before publication of the same.

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.
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 Dea Capital S.p.A.

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 >= 7.5%	ETR >= 10%	ETR >= 15%
HOLD	-5% <ETR< 7.5%	-5% <ETR< 10%	0% <ETR< 15%
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
1 February 2010	BUY (HOLD)	1.67 (1.83)	High	change in upside/downside potential because of stock performance
29 August 2009	HOLD (BUY)	1.83 (1.40)	High	change in upside/downside potential because of stock performance

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 JUNE 30 2010 *(art. 69-quinquies c. 2 lett. B e c. 3 reg. Consob 11971/99)*

	COMPANIES COVERED	COMPANIES COVERED WITH BANKING RELATIONSHIP
BUY	53.2%	60.0%
HOLD	38.6%	30.0%
REDUCE	7.0%	6.7%
NOT RATED	1.2%	3.3%