

DEA CAPITAL

OUTPERFORM

SECTOR: Holdings & RE

Price (Eu):

1.28

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Target Price (Eu):

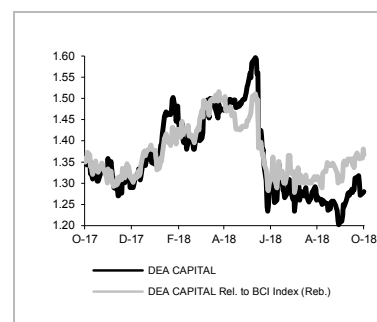
1.65

Dynamic Investment Management not Adequately Reflected in Stock Price

- 1H results benefitted from capital gains on asset disposal; AuM and NAV stable.** 1H18 NAV was broadly stable at €1.87ps (or €473.4mn) compared to YE17 despite the payment of a dividend of €0.12ps, and consolidated net profit in 1H18 was €17mn following first-time adoption of IFRS9. The net financial position at holding company level was €86.9mn, broadly stable despite the payment of a €30.5mn (€12c ps) extraordinary dividend and the treasury share buy-back for Eu3.2mn, thanks to the liquidity generated from the disposal of investments for Eu31mn. 1H18 saw the use of IFRS9 for the first time, making a YoY comparison of results difficult as the new accounting standard requires the booking of all changes to investment fair values on the P/L. 1H18 results were adversely affected by the Migros stake, which lost almost 30% due to the depreciation of the Turkish Lira; a negative impact is also expected in 3Q.
- Focus continues to increase on the development of alternative asset management funds.** DeA Capital posted €11.2bn in AuM as at the end of 1H18, €9.0bn in real estate (down 4% YoY), and €2.2bn in alternative funds (up 12.8% YoY). The alternative asset management platform reported revenues of €10mn and net profit of €2mn, while DeA Real Estate generated revenues of €20.8mn and an adj. net profit of €4.8mn. The group confirmed it is positioned as one of the main players in the real estate segment, and has developed unique expertise in structuring complex deals involving major trophy assets in the main Italian markets of Milan and Rome. Investments in private equity funds amounted to €180.7mn, €62.6mn directly in companies and SPAC, and €143.8mn in alternative asset management companies. The evidence of the recent disposals of La Piadineria and Corin shows that the group is able to generate significant positive returns on investments and we estimate that the group today has positive return on almost all the funds in which the company has invested.
- Update on NAV, NFP and new initiatives.** Following the cash-in from the disposal of Corin, the current NFP has risen to €120mn. DeA Capital has also entered an agreement to develop its real estate management business in France with established professionals, which should allow a broadening of the DeA Real Estate business reach. Our NAV has been updated to include the latest movements in investments, the payment of the dividend, and the updated fair value of the AAM and real estate platforms in light of revised estimates.
- OUTPERFORM; target €1.65 confirmed as discount remains wide and excessive.** DeA Capital's discount on our NAV at 29% is excessive, in our view. We have looked at other European listed companies operating in both AAM and direct investing such as Tikehau, Deutsche Beteiligungs AG, 3i, ICG and Onex Corporation. Most of these are larger than DeA Capital but trade at significant premiums to their NAV. We think investors are not yet fully focusing on the new company structure or appreciating the transformation from a diversified holding with sizable direct investments into a company that is increasingly exposed to alternative asset management. Its distinctive skill in structuring complex deals in credit recovery, real estate and club deals places DeA Capital at the heart of this business in Italy, acting as the interface between institutional investors, Italian corporate entities, and banks. Delivery on expectations for active portfolio management and growth in AAM and RE platforms is expected to act as a positive catalyst for the stock. Finally, the company is expected to continue to pay high dividends (yield around 8/9%); we therefore confirm our OUTPERFORM rating and target of €1.65ps.

Next event:
Results out 8 Nov 2018

DEA CAPITAL - 12m Performance



RATING: Unchanged

TARGET PRICE (Eu): Unchanged

Ch. in Adj.EPS est:	2017A	2018E
	-19.2%	1.5%

STOCK DATA

Reuters code: DEA.MI
Bloomberg code: DEA IM

Performance	1m	3m	12m
Absolute	5.4%	-0.3%	-5.2%
Relative	3.8%	2.8%	1.2%
12 months H/L:	1.60/1.20		

SHAREHOLDER DATA

No. of Ord. shares (mn): 307
Total No. of shares (mn): 307
Mkt Cap Ord (Eu mn): 392
Total Mkt Cap (Eu mn): 392
Mkt Float - ord (Eu mn): 96
Mkt Float (in %): 24.5%
Main shareholder:
De Agostini 58.3%

BALANCE SHEET DATA

	2018
Book value (Eu mn):	470
BVPS (Eu):	1.53
P/BV:	0.8
Net Debt (Eu mn):	-121
NAV (Eu mn)	461

1H18 key facts

During 1H18, DeA group increased investment in alternative asset management by Eu4.3mn, while booked a distribution of Eu27.8mn, leading to a net balance of Eu23.5mn in private equity funds.

In January 2018, DeA Capital Real Estate launched a €200mn fund, Special Opportunities I, devoted to investing in secured non-performing loans. DeA has invested €20mn in the fund while international investor Apollo has contributed €180mn. In April, the general meeting approved a share repurchase plan of up to 20% - the company holds around 17.17% in treasury shares.

Looking at investments, DeA Capital Alternative, through its funds has made the following investments/disposals:

- in March, the company disposed of its stake in Elemaster for Eu10mn, in line with the book value;
- Also in March, the company sold 100% of La Piadineria for Eu104.2mn, following which, DeA reinvested Eu20mn in the same company for a 8.82% stake, as established in the agreement;
- in May, the company signed binding agreements for the sale of its stake in Corin for Eu65.6mn, at 4.0x the investment made and a Eu51mn capital gain;
- In July, the company sold the final stake in SMRE, bringing in Eu11mn for a total of Eu25mn, meaning a 7.0x multiple on the investment made.

Whereas the group as also made the following investments:

- also in May, IRE completed the merger with the other real estate company YARD;
- in June, it completed the business combination of Crescita SPAC and Cellular Group to form Cellularline S.p.A.. DeA Capital now has a 3.8% stake in the combined entity; also in June, DeA Capital signed the closing on the credit division of IDeA CCR II Fund for Eu25.3mn and a total fund commitment of Eu326.5mn.

Last but not least, during 1H18 the Alternative Asset Management activities distributed Eu7.5mn in dividends to group holding companies.

Alternative Asset Management

DeA Capital Alternative Funds SGR

Active in managing private equity funds, i.e. fund of funds, co-investment funds, and thematic funds. The company currently manages 10 private equity closed-end funds as shown in the table below. The evidence of the recent disposals of La Piadineria and Corin shows that the group is able to generate significant positive returns on investments and we estimate that the group today has positive return on almost all the funds in which the company has invested.

DeA Capital Alternative Funds SGR

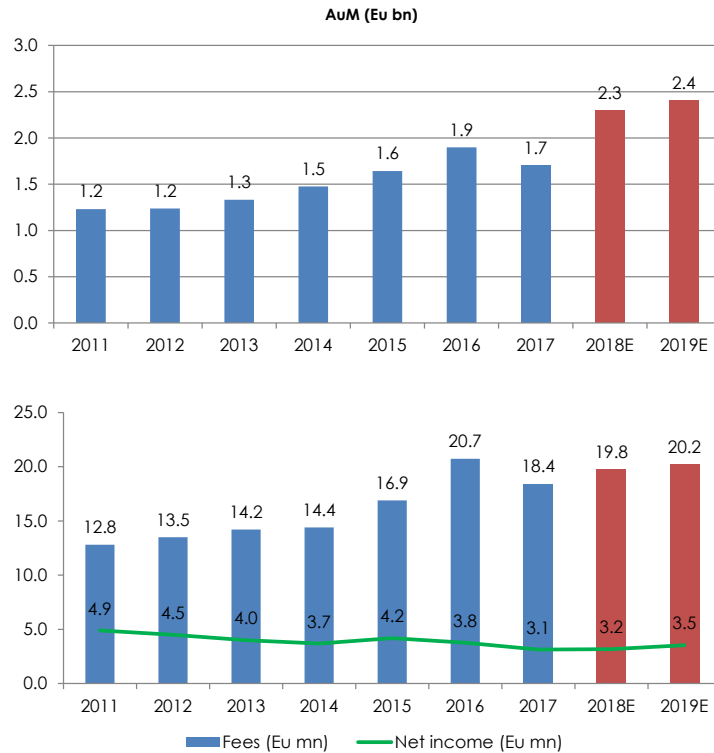
	Fund	Description	Vintage	Commitment (Eu mn)
	IDeA I FoF		2007	646
Multi Manager	ICF II	Italian closed end funds of private equity funds with a global focus	2009	281
	IDeA Crescita Globale		2013	55
	ICF III		2014	67
	Total Multi Manager			1049
	Fund	Description	Vintage	Commitment (Eu mn)
	IDeA OF I		2008	217
Single Manager	IDeA EESS	Thematic Italian Closed end funds	2011	100
	Investitori associati		2004	53
	IDeA Taste of Italy		2014	218.1
	Total Multi Manager			588.1
	Fund	Description	Vintage	Commitment (Eu mn)
Credit Funds	IDeA CCR I		2016	221.8
	IDeA CCR II		2017	326.5
	Total Credit Funds			548.3
	Total AuM			2185.4

source: Intermonte SIM on company data

Total AuM were almost €2.2bn as at end-1H18, up 13% YoY thanks to the launch of IDeA CCR II. Commissions were up YoY to €9.8mn from €8.5mn with better net profit (€2.0mn vs €1.2mn).

We think the company's experience in credit funds is a unique feature, and the strong relationships with Italian retail banks on the one hand as well as international institutional investors on the other will be a key driver of success for the company in this promising sector. In aggregate, the credit funding business exceeds €0.5bn, and we expect it to contribute to revenues and operating margin in this segment in the years to come. In terms of estimates, we expect a flattish trend in 2018 with an acceleration expected to materialise from 2019 onward.

DeA Capital Alternative Funds SGR – AuM & Operating Trends



Source: Intermonte SIM estimates & company data

DeA Capital Real Estate SGR

By far the largest Italian real estate asset management company, DeA Capital RE SGR manages 42 funds, of which 3 are listed. Established in October 2011 as a result of the merger of the main Italian market players, FIMIT SGR and FARE SGR, the company is one of the top European players with €9.0bn in assets under management. DeA Capital Real Estate SGR has a wide spectrum of investors and is the privileged partner of the most important Italian pension funds: it has approximately 80 institutional investors. The presence of institutional partners in the shareholding base provides significant support for the development of new products, allowing DeA Capital Real Estate SGR to position itself as a privileged counterparty for Italian and international institutional investors in the promotion, creation and management of real estate investment funds.

The company has been involved in some of the most important real estate portfolio developments in Italy, such as the Scarpellini property assets in Rome, and a number of iconic properties in Milan such as the Edison headquarters and the Broggi Building.

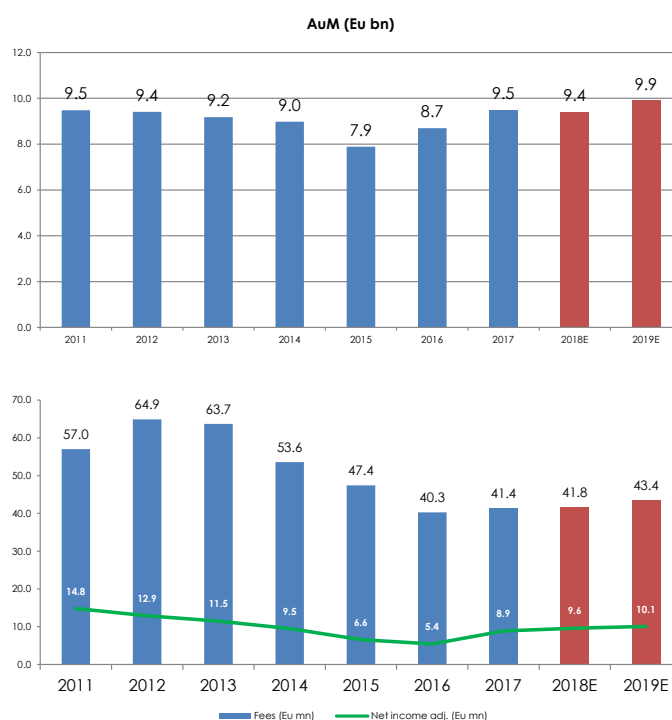
The company mostly invests in Italian real estate with significant exposure to the core markets of Milan and Rome.

The sector is experiencing significant margin pressure triggered by intense competition and exacerbated by the prolonged downturn in the Italian real estate market. Revenues were slightly higher YoY at €30mn.

The company has improved its personnel expenses, which fell slightly YoY from Eu14.8mn to Eu14.1m, and credit write-offs were lower compared to the same period of the previous year.

Our estimates point to a single-digit increase in revenues and EBITDA for the rest of the year. Margin pressure is unlikely to fade but we think that the development of the funds portfolio towards more sophisticated and complex products will limit the negative impact of competitive pressure on margins.

DeA Capital Real Estate SGR – AuM & Operating Trend



Source: Intermonte SIM estimates & company data

Private Equity Investments

As at the end of 1H18, DeA Capital held the following direct and indirect stakes in its portfolio:

- Migros, fully diluted at 4%, (fair value Eu30.2mn)
- Crescita/Cellularline at 3.8% (fair value Eu7.6mn);
- IDeAMI SPAC at 9.7% (fair value Eu24.6mn);
- Other Private Equity/Real estate funds (fair value Eu180.7mn).

A significant portion of the NAV consists of FoFs, which are expected to become cash in the next few years; this will allow an acceleration in the repositioning of the investment portfolio and increase visibility on cash to sustain cash repatriation through dividends and share buybacks, as well as allowing the aforementioned strategy to sponsor new initiatives for the AAM business, with the average size expected not to exceed €25-35mn.

Capital Management

DeA closed 1H18 with net cash at holding level of €86.9mn (19.7% of NAV) and slightly down from the Eu92.3mn as at year-end FY17. Net cash was impacted by a one-time dividend of Eu30.5mn and a share buyback for Eu3.2mn, and only partially offset by non-core disposals.

As concerns the plan for purchasing treasury shares up to the regulatory limit of 20% of outstanding capital, DeA now owns 17.17% of its own capital. Furthermore, the company has indicated a net financial position at €120mn in September further increasing visibility on future capital management actions.

Peer Analysis

We have carried out a peer analysis based on the key comparables provided by Bloomberg:

Tikehau Capital

Tikehau Capital Partners SAS is a long-term strategy fund that invests primarily in the service and real estate industries. The fund can invest between Eu5mn and Eu60mn per company. It invests through growth or buyout operations and mostly as a majority shareholder.

Key fund figures

AuM (Eu Bn)	NAV (Eu mn)	NAV Per Share (Eu)	Premium
14.8	2530	24.53	4.8%

Deutsche Beteiligungs AG

Deutsche Beteiligungs AG is a private equity company that provides equity and financial instruments, predominantly to non-quoted companies. It operates in the private equity investment and fund investment services segments. Its investments include funds in companies operating in automotive supplies, industrial services, and industrial components as well as mechanical and plant engineering, information technology, media and telecommunications, and consumer goods.

Key fund figures

AuM (Eu Bn)	NAV (Eu mn)	NAV Per Share (Eu)	Premium
n.a.	460	29.78	18.7%

Intermediate Capital Group

Intermediate Capital Group Plc is a fund management and investment company, which provides mezzanine finance, leveraged credit, minority equity, and management of third-party funds. It operates in the following segments: corporate investments, capital market investments, real asset investments, and secondary investments.

Key fund figures

AuM (GBP Bn)	NAV (GBP mn)	NAV Per Share (P)	Premium
29.2	664	970.00	14.7%

3i Group PLC

3i Group Plc is an investment manager providing private equity and infrastructure. It operates in the following segments: private equity, infrastructure, and others. The private equity segment involves investment and asset management to generate capital returns. The infrastructure segment includes investing in economic infrastructure and greenfield projects in developed economies. The others segment refers to the residual debt management investments.

Key fund figure

AuM (GBP Bn)	NAV (GBP mn)	NAV Per Share (P)	Premium
11.7	762	724.00	31.5%

Onex Corporation

ONEX Corp. is a private equity company with investments in other industries. The company operates in the following: electronics manufacturing services, healthcare imaging, and health & human services. The electronics manufacturing services segment consists of Celestica Inc.

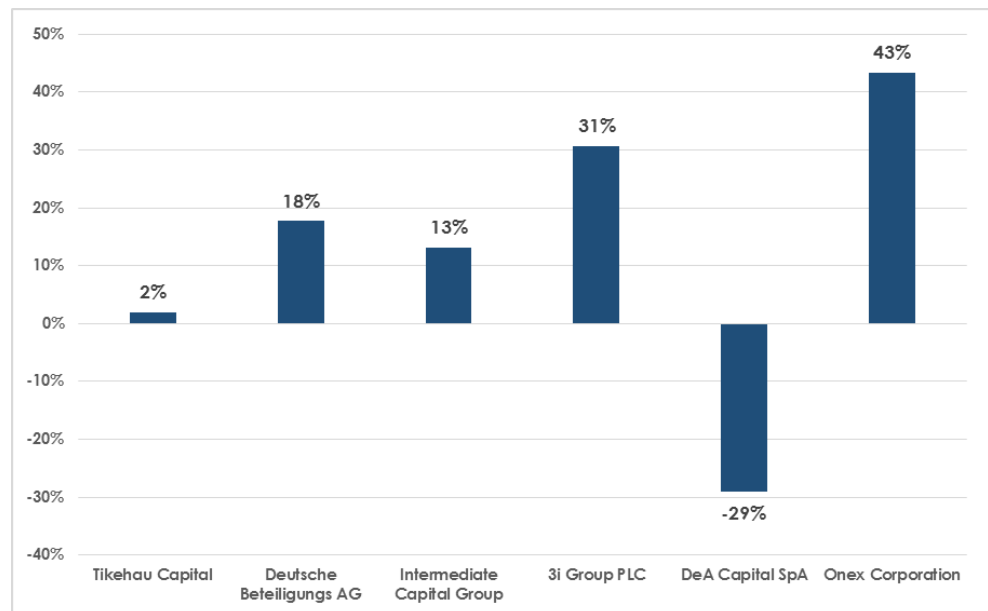
and its subsidiaries. Celestica is a global provider of manufacturing services for electronic. The healthcare imaging segment consists of Carestream Health, a global provider of medical and dental imaging, and healthcare information technology solutions.

Key fund figures

AuM (USD Bn)	NAV (USD mn)	NAV Per Share (USD)	Premium
33	6763	60.00	43.5%

Peer analysis indicates that DeA Capital is trading at a discount to the NAV per share while the comparable companies are trading at premiums of between 2% and 43% with an average of 25% as shown in the figure below compared to a discount of 29% on DeA Capital based on our adjusted NAV. This is probably due to their size and liquidity compared to DeA Capital.

Premium/Discount on NAV



Source: Intermonte on the last data available

Services Platforms Valuation : 45% of NAV ex cash

We have approached the valuation of the Private Equity and Real Estate platforms by using average sector market multiples. We have moved our selection of peers from the traditional asset managers' panel towards a more specialised selection of alternative asset managers. It is also worth noting that some competitors are much bigger and more diversified than DeA, and feature higher margins; for this reason, we are not expecting DeA to close the price-to-book gap on this peer group. The new peer group includes Intermediate Capital Group PLC, Tikehau Capital SA, 3i Group PLC, Deutsche Beteiligungs AG, Partners Group Holding AG. and Onex Corporation.

Dea Capital Real Estate SGR			
		2018 E	2019 E
Peers PE	x	12.3x	11.6x
Net income (adj. PPA)	Eu mn	9.6	10.1
Dea RE SGR valuation	Eu mn	118	117
DeA Capital stake	%	64.3%	64.3%
DeA Capital stake net of minorities	Eu mn	76.2	75.1
DeA Capital stake average valuation	Eu mn	76.2	75.1
Investment in funds	Eu mn	50.0	50.0
Discount		-30%	-30%
Estimated value		35.0	35.0
Fair Value net of minorities		22.5	22.5
DeA RE SGR	Eu mn	98.7	97.6

Dea Capital Alternative Funds SGR			
		2018 E	2019 E
AUM	Eu mn	2,294	2,409
Peers P/AUM	x	3.3%	3.2%
DeA Capital stake	%	100.0%	100.0%
DeA Capital stake	Eu mn	75.7	77.1
Peers PE	x	14.0x	12.6x
Net income	Eu mn	3.2	3.5
DeA Capital stake	%	100.0%	100.0%
DeA Capital stake	Eu mn	44.5	44.6
Average Valuation	Eu mn	60.1	60.8

Source: Factset and Intermonte SIM Estimates

Private Equity Investments Valuation: 55% of NAV ex cash

The valuation of private equity assets is mostly based on the updated quarterly valuation of DeA investments in FoF and co-investments, while the Kenan (Migros) stake value is based on its market value.

Investment Conclusion

The prospects for the alternative asset management platform are appealing, although some obstacles stand in the way of improving margins in real estate. Portfolio management of non-core investments is expected to continue. New initiatives, such as the launch of a new real estate platform in France, are expected to work towards sustaining AM platform revenues and operating margins.

DeA is trading at a discount of around 29% to our adjusted NAV. We think that in the future investors will increasingly look at the company as an alternative asset management player rather than as a holding company, following the ongoing business repositioning by the group.

Considering the hefty dividend yield - above 8/9% at the current stock price – the buyback plan, and the expected increase in DeA NAV, we expect an attractive total return for investors.

We confirm our positive view of the stock: OUTPERFORM, TP €1.65

DeA Capital Valuation - Adjusted NAV

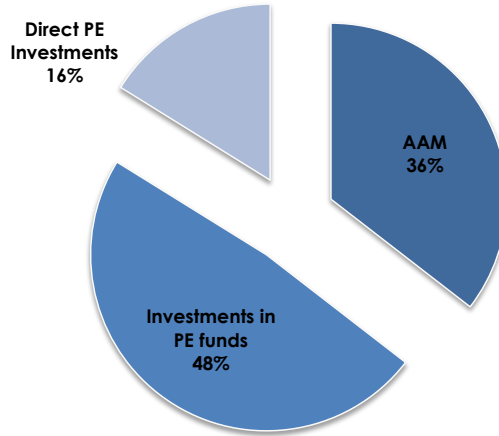
Asset	Stake	Value (€ mn)	per share €	%	Valuation Method
DeA Capital Real Estate SGR	64.3%	98.1	0.39	30.0%	Intermonte Fair Value
DeA Capital Alternative Funds SGR	100.0%	48.0	0.19	14.7%	Intermonte Fair Value
YARD SpA	n.m.	6.0	0.02	1.8%	NAV
Other minor investments	n.m.	0.2	0.00	0.1%	NAV
IDeA Funds (FoF & Colnv)	n.m.	146.7	0.58	44.9%	Fair Value*
Others (SPAC: IDeaMI, Crescita)	n.m.	33.4	0.13	10.2%	NAV
Kenan (Migros)	4.0%	14.6	0.06	4.5%	Market Price
Holding Costs and Tax Assets		-20.0	-0.08	-6.1%	Intermonte Estimates
* quarterly updated by fund managers					
Adjusted NAV ex cash		327.0	1.29	100%	
Fair % discount			10%		
Discounted Adjusted NAV ex cash			1.16		
NFP		120.9	0.48		
Intermonte Fair Value per share		447.9	1.63		

DeA Capital in a Nutshell

The group basically operates in two segments.

- 1) Private Equity Investing
- 2) Alternative Asset Management

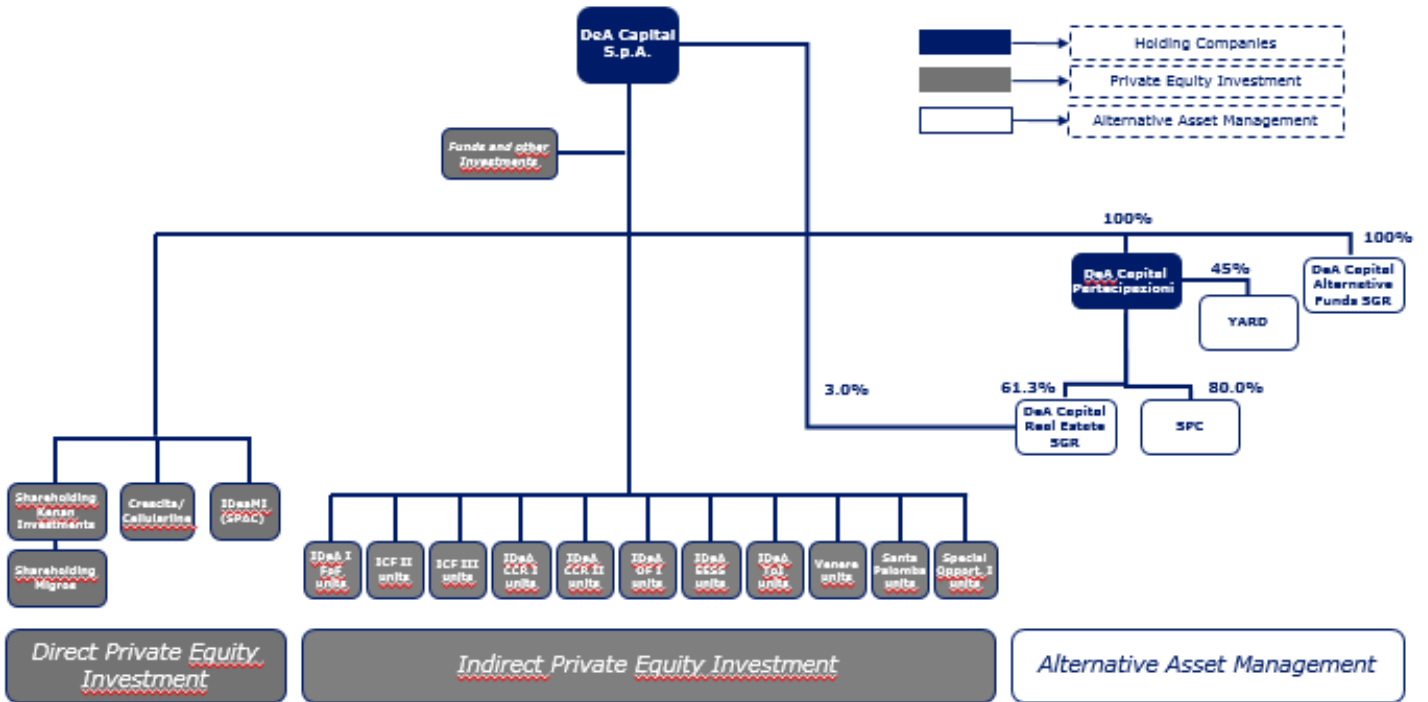
Weight on NAV excluding NFP - as of 30/06/2018



Source: Intermonte SIM on company data

The group structure is shown below

Group Structure as 30/06/2018



Source: Intermonte SIM on corporate website

Dea Capital AAM Business - Peer Group - Absolute Performances

Stock	Price	Ccy	Mkt cap	1M	3M	6M	YTD	1Y	2Y
DeA Capital S.p.A.	1.29	Euro	396	2.7%	1.9%	-4.9%	3.8%	2.2%	45.1%
Alternative Asset Managers									
Tikehau Capital SCA	26.9	Euro	2,775	-4.6%	-1.5%	7.2%	22.6%	21.8%	na
Intermediate Capital Group plc	11.0	GBP	3,200	6.7%	-0.5%	10.9%	-3.8%	25.2%	89.0%
3i Group plc	9.5	GBP	9,286	4.9%	2.4%	10.8%	4.5%	4.1%	48.0%
Partners Group Holding AG	776.0	CHF	20,719	2.9%	6.7%	9.1%	16.2%	18.0%	58.4%
Traditional Asset Managers									
Azimet Holding Spa	13.8	EU	1,973	-4.2%	1.0%	-17.4%	-9.0%	-20.2%	13.2%
Janus Henderson Group PLC Registered Shs Chess Depository Interests repr 1 Shs	38.5	GBP	7,715	-0.9%	-11.4%	-9.8%	-21.8%	-8.8%	-5.9%
Rathbone Brothers Plc	25.1	GBP	1,384	0.2%	-5.4%	1.3%	-1.8%	-2.3%	37.0%
Schroders PLC	31.0	GBP	8,437	-0.4%	-1.7%	-3.6%	-11.7%	-5.6%	13.2%
Blackstone Group L.P.	39.7	USD	26,479	8.1%	22.0%	24.5%	24.0%	19.7%	53.7%
Man Group Plc	1.8	GBP	2,873	3.9%	-3.1%	5.7%	-12.3%	8.8%	57.7%
Partners Group Holding AG	776.0	CH	20,719	2.9%	6.7%	9.1%	16.2%	18.0%	58.4%
Ashmore Group plc	3.6	GBP	2,575	3.0%	-2.2%	-3.4%	-10.1%	5.5%	5.9%
Hargreaves Lansdown plc	22.5	GBP	10,682	3.5%	12.7%	35.5%	25.0%	54.9%	75.0%
Simple mean performance				4.3%	2.1%	4.7%	-0.2%	7.8%	34.2%
RE service Co									
Savills plc	8.0	GBP	1,138	-0.4%	-12.5%	-18.3%	-19.8%	-10.2%	9.9%
CBRE Group, Inc. Class A	45.3	CHF	15,376	-4.9%	-7.3%	0.1%	4.5%	21.7%	55.3%
Euro STOXX	381.4	EU		0.0%	1.7%	3.5%	-1.1%	-0.5%	16.3%

Source: Factset

Dea Capital AAM Business - Multiple Comparison

Stock	Price	Ccy	Mkt cap	EV/Ebitda 2017	EV/Ebitda 2018	P/E 2018	P/E 2019	Div Yield 2017	Div Yield 2018
Alternative Asset Managers									
Tikehau Capital SCA	26	Euro	2,702	na	na		16.81	1.0%	3.9%
Intermediate Capital Group plc	11	GBP	3,237	42.4	32.2	15.51	14.13	3.1%	3.6%
3i Group plc	10	GBP	9,301	5.3	7.3	7.56	7.84	3.3%	3.5%
Partners Group Holding AG	774	CH	20,666	20.9	23.0	27.13	25.51	2.7%	2.9%
Traditional Asset Managers									
Azimet Holding Spa	13.6	EU	1,945	8.0	8.3	13.9	11.2	7.7%	8.5%
Janus Henderson Group PLC Registr	37.5	GBP	7,502	10.2	6.3	9.6	9.3	5.3%	5.8%
Rathbone Brothers Plc	24.2	GBP	1,335	5.9	-1.7	17.1	15.0	2.7%	2.9%
Schroders PLC	31.0	GBP	8,456	9.5	8.5	13.9	13.3	3.7%	3.9%
Blackstone Group L.P.	38.6	USD	25,732	6.9	8.6	12.5	11.9	5.9%	6.7%
Man Group Plc	1.8	GBP	2,819	11.7	10.1	14.0	11.2	5.2%	5.7%
Partners Group Holding AG	774.0	CH	20,666	20.9	23.0	27.1	25.5	2.7%	2.9%
Ashmore Group plc	3.7	GBP	2,588	14.5	11.6	17.2	15.6	4.5%	4.6%
Median Alternative and Traditional AM				10.2	8.6	14.0	12.6	4.9%	5.1%
RE service Co									
Savills plc	7.7	GBP	1,098	8.9	6.9	10.6	10.1	3.9%	4.1%
CBRE Group, Inc. Class A	44	CH	15,063	9.6	8.7	14.0	13.1	0.0%	0.0%
Average RE Services				9.3	7.8	12.3	11.6	2.0%	2.0%

DETAILS ON STOCKS RECOMMENDATION

Stock NAME	DEA CAPITAL		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	1.65	Previous Target (Eu):	1.65
Current Price (Eu):	1.28	Previous Price (Eu):	1.47
Date of report:	05/10/2018	Date of last report:	26/03/2018

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GUIDE TO FUNDAMENTAL RESEARCH

The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 2.5% and a risk premium of 5.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&PMB40 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period ;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms. As at 29 Giugno 2018 Intermonte's Research Department covered 160 companies.

Intermonte's distribution of stock ratings is as follows:

BUY:	13,07 %
OUTPERFORM:	45,75 %
NEUTRAL:	33,99 %
UNDERPERFORM	07,19 %
SELL:	00,00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (51 in total) is as follows:

BUY:	18,87 %
OUTPERFORM:	50,94 %
NEUTRAL:	30,19 %
UNDERPERFORM	00,00 %
SELL:	00,00 %

CONFLICT OF INTEREST

In order to disclose its possible conflicts of interest Intermonte SIM states that:

within the last year, **Intermonte SIM** managed or co-managed/is managing or is co-managing an Institutional Offering and/or managed or co-managed/is managing or is co-managing an offering with firm commitment underwriting of the securities of the following Companies: Alkemy, Banca Ifis, Banca Sistema, Cattolica Assicurazioni, Capital For Progress 2, Emak, Nova RE, Space4, Somec.

Intermonte SIM is acting as placement agent in Il Sole 24 Ore's capital increase with an agreement with the company for the publication of an equity research regarding the company and the transaction. Intermonte will receive fees from the company for its activity as placement agent.

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Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

Emittente	%	Long/Short
CAPITAL FOR PROGRESS 2	1,69	LONG
FULLSIX	0,73	LONG
OLIDATA	0,88	SHORT
SOFTEC	0,74	LONG
WASTE ITALIA	0,61	SHORT

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