

DEA CAPITAL

OUTPERFORM

Price (Eu): 1.36

Target Price (Eu): 1.60

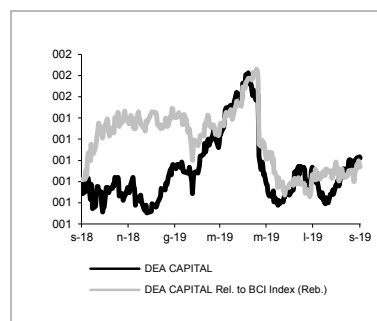
SECTOR: Holdings & RE

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Deal with Quaestio Another Strategic Building Block

- 1H results showed growing AuM in alternative investments.** AuM reached Eu11.7bn, up 5.1% compared to June 2018 supported by increases in both the Real Estate platform (Eu9.2bn) and in Alternative Funds (Eu2.5bn) while fee-paying assets amounted to Eu10.4bn (up 4.7% YoY). Consequently, commissions and profit improved on both platforms. During 1H DeA Capital completed the announced cancellation of 40mn treasury shares and paid a Eu0.12 DPS to shareholders, while on the operating side the company continued with the launch of specialised products in the alternative funds arena as well as in real estate.
- Quaestio deal to boost alternative asset management activities.** On 31st July the company reached a series of agreements with the Quaestio group and its main shareholders. In detail: 1) purchase of Quaestio SGR's NPL management division, linked to the management of Atlante and the Italian Recovery Fund, with total NPLs of Eu2.5bn for Eu12.2mn. The deal is expected to add Eu7mn revenues to 2020 AAM platform; 2) DeA Capital entering the capital of Quaestio Holding with a relative majority stake of up to 44%. DeA Capital will pay around Eu13.2mn (valuing 100% of the company at Eu30mn). This stake will be consolidated at equity. The transaction announced with Quaestio enables a major leap in size for the group in the alternative asset management business, bringing total AuM to around Eu20bn. The deal will be financed through the use of available resources, and the overall size is limited (total cash-out of around Eu25.4mn). The benefits are clearly linked to the expansion of the alternative asset management business in the NPL segment and other capital allocation opportunities through the partnership with Quaestio. This deal should mark a further step in the group transition towards alternative asset management vs the past exposure to direct investments.
- 22% discount to NAV: OUTPERFORM; target Eu1.60.** We appreciate the progress in AuM and at operating level, especially for the alternative AM platform. This comes on the back of the initiatives launched in recent quarters and in light of the implications of the Quaestio deal that will definitely contribute to redefine DeA Capital among the most prominent players in the Italian alternative asset management universe. We expect investors to appreciate this transition greatly as in the future the company should entirely focus on capital light AAM initiatives and to co-investments. As regards capital management, we expect the company to maintain a generous dividend policy, with DPS forecast to remain stable at Eu0.12, just below a double-digit yield, while management may also consider reactivate buybacks following the cancellation of 40mn shares. We value the company at its NAV of around Eu1.60ps, which still offers an upside in excess of 20% on the current stock price.

DEA CAPITAL - 12m Performance



RATING: Unchanged

TARGET PRICE (Eu): from Eu1.65 to 1.60

STOCK DATA

Reuters code: DEA.MI
Bloomberg code: DEA IM

Performance	1m	3m	12m
Absolute	5,1%	6,6%	4,0%
Relative	0,8%	3,1%	2,4%
12 months H/L:	1.56/1.23		

SHAREHOLDER DATA

No. of Ord. shares (mn):	267
Total No. of shares (mn):	267
Mkt Cap Ord (Eu mn):	362
Total Mkt Cap (Eu mn):	362
Mkt Float - ord (Eu mn):	109
Mkt Float (in %):	30,1%
Main shareholder:	
De Agostini	67,1%

BALANCE SHEET DATA

	2019
Book value (Eu mn):	440
BVPS (Eu):	1,65
P/BV:	0,8
Net Debt (Eu mn):	0
NAV (Eu mn)	416

1H19 Results

Group AuM reached Eu11.7bn, up 5.1% compared to June 2018 supported by increases in both the Real Estate platform (Eu9.2bn) and in Alternative Funds (Eu2.5bn), while fee-paying assets amounted to Eu10.4bn (up 4.7% YoY). Commissions increased by 2.3% YoY to Eu31.3mn while the net contribution from the management platform before PPA, impairments and other non-recurring assets grew 8.8% YoY to Eu7.4mn. DeA Capital reported 1H19 results that showed a group net loss of Eu3.9mn, vs. a Eu17mn net profit in 1H18, which benefited from the distribution from private equity funds. The NFP at the end of June came to Eu81.5mn (vs. Eu93mn at the end of 1Q19 and Eu65mn at the end of December 2018). Specifically, the AAM division generated Eu31.5mn in fees (+5% YoY) and net profit of Eu7.4mn, up from Eu6.8mn in 1H18.

NAV, as reported by the company, came to Eu439mn at the end of June (Eu1.69 per share, from Eu1.72 per share at the end of December 2018, adjusted for the Eu0.12 extraordinary DPS), of which Eu184mn related to AAM (-3.6% since YE18) and Eu170mn from Private Equity investments (from Eu176mn at the end of 2018).

Below we show recent quarterly trends for the alternative asset management and real estate platforms.

DeA Capital Real Estate SGR managed Eu9.2bn at the end of June 2019. It reported a Eu1.5mn YoY decrease in commissions following the impairment on IDeA Fimit Sviluppo, partially offset by a positive cash-in related to the disposal of the Omicron Plus fund. Net profit was Eu3.9mn.

Dea Capital Alternative Funds SGR manages Eu2.5bn of assets at the end of June, of which Eu1.16bn in FoF, Eu635mn in direct funds and Eu734mn in credit recovery funds. The increase in AuM is linked to: 1) the launch of the Shipping segment with more than Eu170mn AuM; 2) the ramp-up of the IDeA Agro fund (Eu80mn AuM) in 2H18; 3) the start, in early 2019, of the DeA Endowment Fund (Eu73mn) and Azimut Private Debt (a mandate worth Eu41mn). The increase in assets translated into higher commissions at Eu12mn (up from Eu9.8mn last year). Net profit was Eu3.1mn, up from Eu2mn last year.

DeA Capital – AAM 1H19 results

Alternative Funds SGR (Eu mn)				Real Estate SGR (Eu mn)			
	1H18	1H19	YoY %		1H18	1H19	YoY %
Alternative Asset Management fees	9.8	12.0	22.9%	Alternative Asset Management fees	20.8	19.3	(6.9%)
Other investment income/expense	0.0	0.0		Other investment income/expense	-1.7	0.3	
Personnel costs	-4.4	-4.7	6.8%	Personnel costs	-8.0	-7.7	(4.4%)
Service costs	-2.6	-2.2		Service costs	-4.3	-2.9	(32.7%)
Depreciation and amortization	-0.1	-0.1		Depreciation and amortization	-1.1	-0.9	(20.6%)
Depreciation and amortization IFRS 16	n.a.	-0.2		Depreciation and amortization IFRS 16	n.a.	-0.8	
Impairment	0.0	0.0		Impairment	0.0	0.0	
Provision	0.0	0.0		Provision	-0.3	-0.2	
Other expenses	-0.1	-0.1	(7.8%)	Other expenses	-1.6	-0.7	
Financial income and expenses	0.0	0.0		Financial income and expenses	0.0	-0.1	
PROFIT/(LOSS) BEFORE TAX	2.7	4.7	75.8%	PROFIT/(LOSS) BEFORE TAX	3.8	5.9	55.6%
Income tax	-0.6	-1.6		Income tax	-1.4	-1.9	
Tax rate	24.1%	33.3%	9.2%	Tax rate	36.3%	32.8%	(3.5%)
PROFIT/(LOSS) FOR THE PERIOD	2.0	3.1	54.6%	PROFIT/(LOSS) FOR THE PERIOD	2.4	3.9	64.2%

Source: Company data

Recent Newsflow

Alternative Asset Management: launch and management of new funds.

During the first half of the year, DeA Capital Alternative Funds launched the new DeA Endowment Fund, a closed-end FoFs dedicated to banking foundations, and obtained a management delegation of a portion of the closed-end (non-reserved) AIF Azimut Private Debt (fund total AuM Eu114mn).

Alternative Asset Management: Agreement with Quaestio Group a big boost to AuM growth.

DeA Capital has announced a series of agreements with the Quaestio group and its main shareholders.

1) **purchase of Quaestio SGR's NPL management division**, linked to the management of Atlante and the Italian Recovery Fund, with total NPLs of Eu2.5bn. The purchase is through DeA Capital Alternative Funds SGR and will cost Eu12.2mn. Quaestio SGR (100% controlled by the holding company) provides specialist solutions for institutional investors, and had roughly Eu10bn of AuM at the end of 2018 with revenues of Eu37mn, of which around Eu7mn for the NPL business, and net profit of Eu2.9mn. The acquisition should be finalized by YE'19 and contribute with additional revenues to the tune of Eu7mn in 2020. The deal involves a restructuring of the Quaestio group with the aim of refocusing on AM business and cashing in on the NPL business; restructuring of the shareholder structure and governance with DeA Capital appointing the next CEO of Quaestio Holding;

2) **DeA Capital entering the capital of Quaestio Holding with a relative majority stake of up to 44%**. DeA Capital will pay around Eu13.2mn (valuing 100% of the company at Eu30mn), buying out Alessandro Penati and the remainder of the management team as well as part of the stake held by Fondazione Cariplo, which will remain a shareholder with a stake no lower than 24%. The value of the JV between Quaestio and Cerved in the NPL Servicing sector, in which Quaestio has a 49% stake, is still to be defined. Quaestio Holding stake will be consolidated at equity and therefore contribute to profits considering the dividend distributed overtime by the company. Finally, the deal also envisages that upon the actual execution of the agreements a new five-year agreement between Quaestio Holding shareholders, aimed at regulating the new corporate governance of the Quaestio Group, will come into force.

The complex transaction announced with Quaestio enables a major leap in size for the group in the alternative asset management business, bringing total AuM to around Eu20bn. The deal will be financed through the use of available resources, and the overall size is limited (total cash-out of around Eu25.4mn). The benefits of the deal can be identified in the expansion of the alternative asset management business in the NPL segment and other capital allocation opportunities through the partnership with Quaestio.

Real Estate: internationalization push gaining momentum

DeA Capital has initiated the internationalisation process of the real estate division by setting up new companies abroad in which it holds control and shares ownership with local senior management. To this end, DeA Capital Real Estate **France** and DeA Capital Real Estate **Iberia** were established at the end of September 2018 and in February 2019 respectively. These companies will develop real estate advisory activities for fundraising, as well as management and consultancy on properties in the French, Spanish and Portuguese markets. In particular, DeA Capital Real Estate France, acting as advisor for a leading institutional investor, completed the structuring of its first transaction, which included the acquisition and management of a building for office use in Paris.

Finally, this month (September 2019) the company has further expanded its presence in Europe, opening a DeA Capital Real Estate office in **Poland**. The formula, along the lines of the recent openings in France and Spain, includes the formation of a company in which local managers committed to developing the project take a stake of up to 30%. Furthermore, DeA is aiming to open a **German** branch in the near future, which will also oversee the Dutch market, and one in **Luxembourg** to facilitate capital raising activity. The aim is to create a pan-European investment platform and to drive significant growth in assets managed under the real estate strategy by expanding with local branches in other European countries, consolidating a strong, well-recognised brand.

Between the end of 2018 and the beginning of 2019, the Group acquired the remainder of the stake in DeA Capital Real Estate SGR in two steps: on 21st November 2018, the company increased its stake from 64.3% to 94% for Eu40mn, and on 1st March 2019 it spent Eu8mn to reach 100%. The first transaction was paid in cash, while the second was paid in DeA shares (5,174,172), implying a valuation of Eu1.55, on which the seller (Fondazione Carispezia) has a six-month lock-up. Both transactions include an earn-out clause linked to company AuM targets for the 2019-2021 period.

Cancellation of shares

As announced on 8th November 2018, the company cancelled 40,000,000 shares on 16th August in order to comply with the STAR Index requirement in terms of minimum float, which is equal to 20%. The cancellation of treasury shares (13% of the share capital) through the reduction of equity capital will not affect NAV and NFP.

Buyback programme

The buyback programme, which expired at the end of 2018, was renewed but it has yet to be reactivated. The plan approved enables the buyback of a maximum of 20% of the share capital (post-cancellation), or 53.5mn ordinary shares. After the above-mentioned cancellation, treasury shares now make up 2.5% of the share capital.

DeA Capital in a nutshell

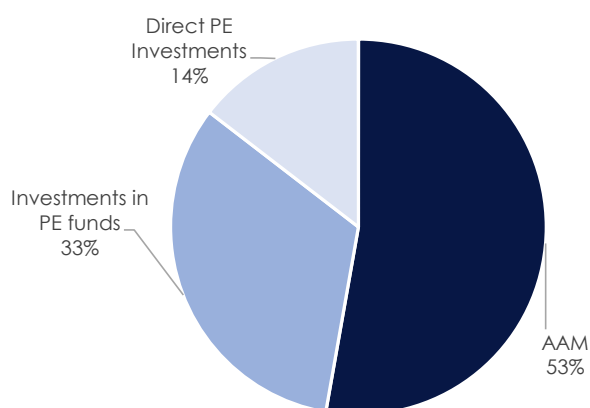
The group operates in two main segments:

1. Alternative asset management
2. Private equity

The graphs below show the relevance of each segment in terms of company NAV and the group structure.

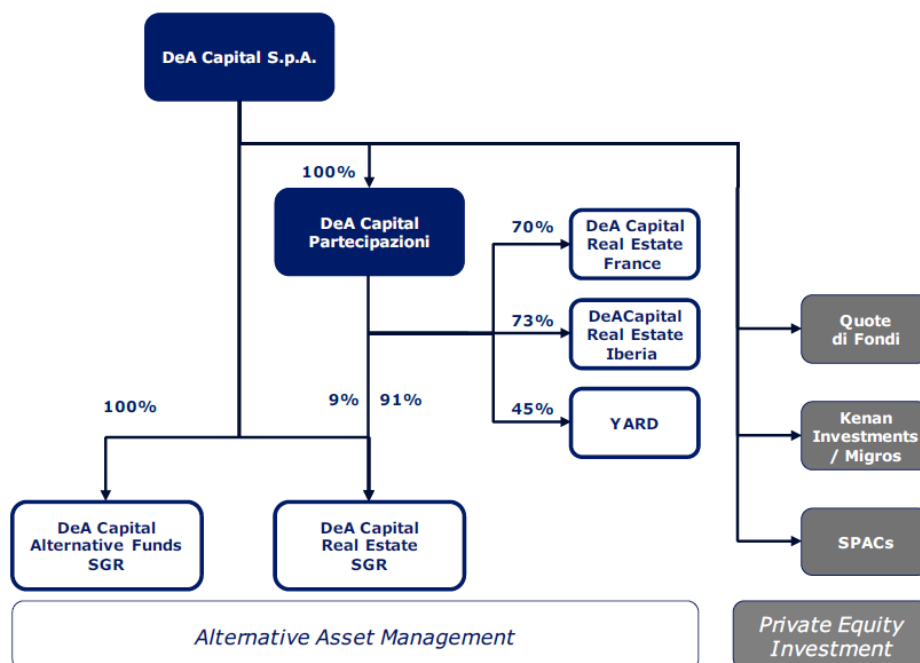
The recent deal with Quaestio has yet to be reflected in the group structure. It entails a yet to be definite stake in Quaestio Holding with a stake of up to 44% depending on the final deal conditions.

DeA Capital – NAV breakdown by business (ex-NFP)



Source: Intermonte SIM

DeA Capital – Group structure (as of March 31st)



Source: Company data

Alternative Asset Management

DeA Capital Alternative Funds SGR

Active in managing private equity funds, i.e. funds of funds, co-investment funds, and thematic funds. The company currently manages 12 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 returns on almost all the funds in which the company has invested.

DeA Capital Alternative Funds SGR – Funds description

	Fund	Description	Vintage	Commitment (Eu mn)
Multi Manager	IDeA FoF I		2007	646
	ICF II	<i>Italian closed end funds of private equity funds</i>	2009	281
	IDeA Global Growth	<i>with a global focus</i>	2013	55
	ICF III		2014	67
	Endowment Fund		2019	73
	Azimut Private Debt		2019	41
	Total Multi Manager			1,163
Single Manager	IDeA OF I		2008	210
	IDeA EESS		2011	100
	IDeA Taste of Italy	<i>Thematic Italian Closed end funds</i>	2014	210
	Inv. Ass. IV		2004	40
	IDeA Agro		2018	75
	Total Single Manager			635
Credit Funds	Corporate Credit Recovery I	<i>Italian Closed end funds investing in UTP from mid-sized Italian companies and in Debtor-in-possession proceedings</i>	2016	217
	Corporate Credit Recovery II		2017	517
	Total Single Manager			734
	Total AuM			2,532

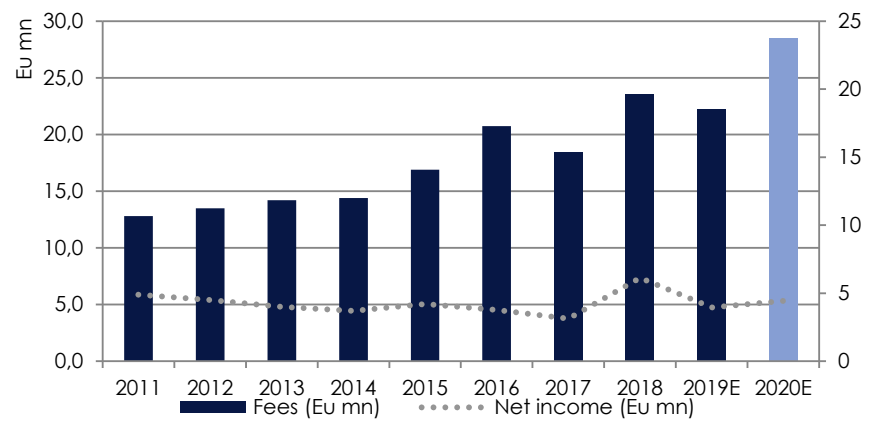
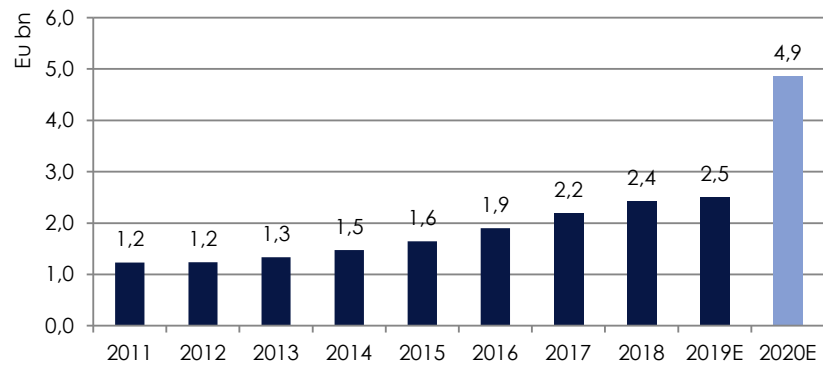
Source: Intermonte SIM estimates

Total AuM were €2.5bn as at the end of June 2019, up +16% YoY thanks to the launch of new funds (e.g. IDeA CCR II, its Shipping sub-fund that accounts for €170mn; IDeA Agro fund: Endowment Fund). Commissions were up YoY to €12mn from €9.8mn with increased net profit at €3.1mn from €2mn for 1H18.

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 success driver for the company in this promising sector. In aggregate, the credit funding business exceeds €0.7bn, and we expect it to contribute to revenues and operating margins in this segment in the years to come, especially once the activities acquired from Quaestio (NPL management) are up to speed.

Below we show the expected evolution of assets and financial results for the AAM platform including the expected positive impact from the inclusion of the consolidation of the Quaestio NPLs division acquisition in 2020.

DeA Capital Alternative Funds SGR– AuM (above) and operating trend (below)



Source: Intermonte SIM and company data

DeA Capital Real Estate SGR

By far the largest Italian real estate asset management company, DeA Capital RE SGR manages 48 funds, of which 2 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 €9.2bn 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 provides significant support for the development of new products, enabling 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.

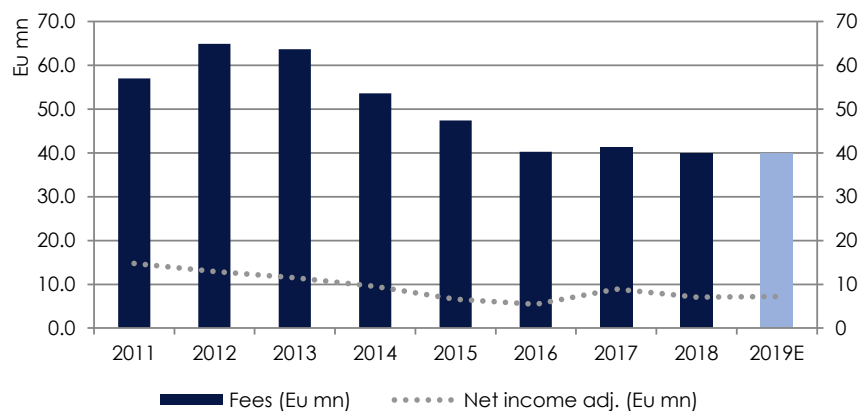
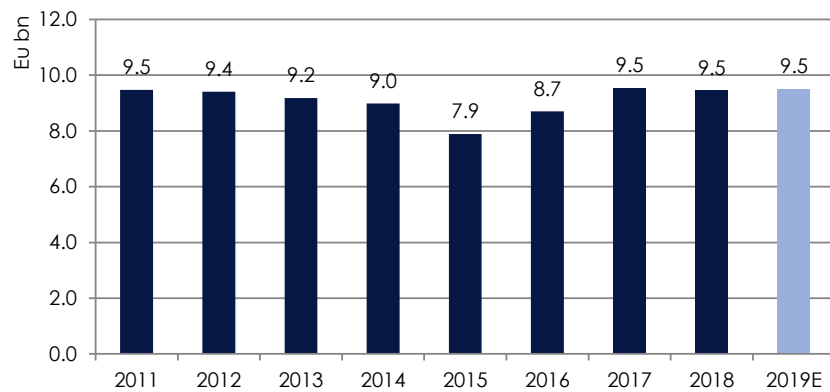
The company has been involved in some of the most important real estate portfolio developments in Italy, such as the Scarpellini property assets in Rome, and a number of iconic properties in Milan, including the Edison headquarters and the Broggi Building.

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

As at the end of June 2019, AuM were €9bn, down slightly from YE18. In full-year terms, total assets remained stable in 2017 and 2018 at ca. €9.5bn, and are expected to do so again in 2019. Looking at fees, 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 therefore slightly lower YoY at €19.3mn, from €20.8mn in 1H18, nevertheless the company generated €3.9mn in net profit from €2.4mn thanks to cost efficiency actions.

Margin pressure is unlikely to fade but we think that the development of the fund portfolio towards more sophisticated and complex products will limit the negative impact of competitive pressure on margins.

DeA Capital Real Estate SGR – AuM and operating trend



Source: Intermonte SIM and company data

Private equity

As at the end of June 2019, DeA Capital held the following direct and indirect stakes in its portfolio, valued at a total of Eu56mn:

- Migros;
- Cellularline;
- IDeAMI SPAC;

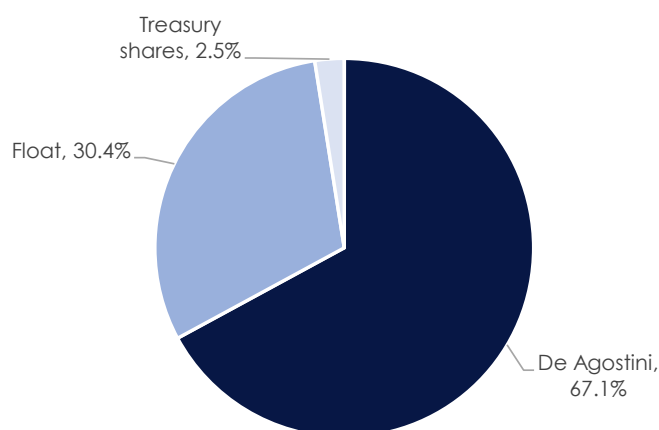
It also has investments in other private equity/real estate funds (fair value Eu125mn).

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

Capital Management

DeA closed 1H19 with net cash at holding level of €82mn (23% of NAV), down from €93mn in March after the payment of a Eu31mn dividend. DeA now owns 2.5% of its own capital following the cancellation of 40mn shares in November 2018. DeA Capital has approved a buyback plan which has not been activated so far. The company is set to maintain a very generous dividend policy, as we consider the current Eu0.12 DPS to be sustainable given the cash position notwithstanding the cash out related to the Quaestio deal.

DeA Capital – Ownership post-cancellation



Source: Intermonte SIM estimates

Peer analysis

We have carried out a peer analysis based on key comparable companies.

Tikehau Capital

Tikehau Capital is a French alternative asset manager, mainly identified as a leading European pioneer in the global private debt sector, with AuM of €8.4bn in this area. In addition, it is active in real estate (AuM €8bn), private equity (AuM €3.6bn) and liquid strategies (AuM €3.3bn).

AuM (Eu Bn)	NAV (Eu mn)	NAV Per Share (Eu)	Premium
23.4	2,474	18	1.4%

Deutsche Beteiligungs AG

Deutsche Beteiligungs AG is a private equity company that provides equity and financial instruments, predominantly to non-listed 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.

AuM (Eu Bn)	NAV (Eu mn)	NAV Per Share (Eu)	Premium
1.8	430	29	9.6%

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.

AuM (GBP Bn)	NAV (GBP mn)	NAV Per Share (P)	Premium
35.2	1,394	5	187.2%

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.

AuM (GBP Bn)	NAV (GBP mn)	NAV Per Share (P)	Premium
11.7	7,804	8	41.8%

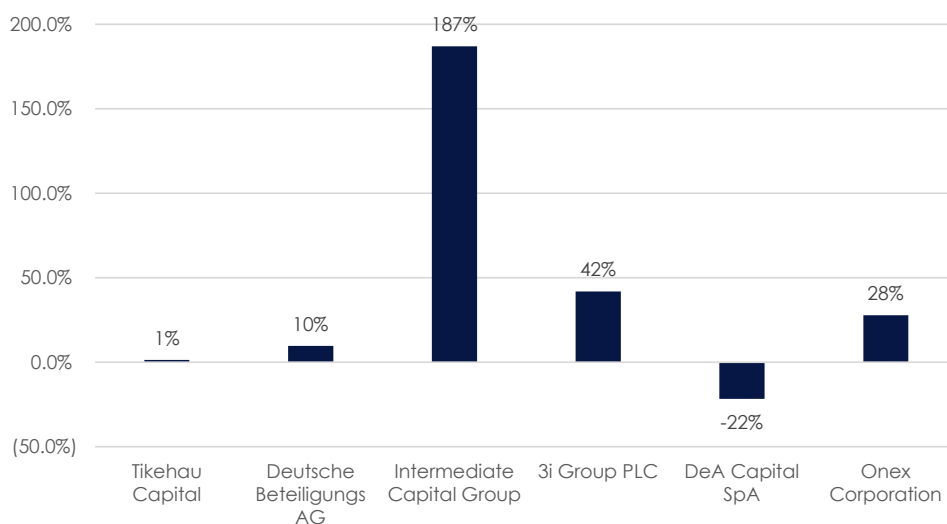
Onex Corporation

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 the electronics industry. The healthcare imaging segment consists of Carestream Health, a global provider of medical and dental imaging, and healthcare information technology solutions.

AuM (USD Bn)	NAV (USD mn)	NAV Per Share (USD)	Premium
33	6,863	62	27.8%

Peer analysis indicates while the comparable companies are trading at an **average premium of 41%** to NAV per share, DeA Capital is trading at a **discount of 22%** based on our adjusted NAV, as shown in the graph below. This is probably due to peers' size and liquidity compared to DeA Capital.

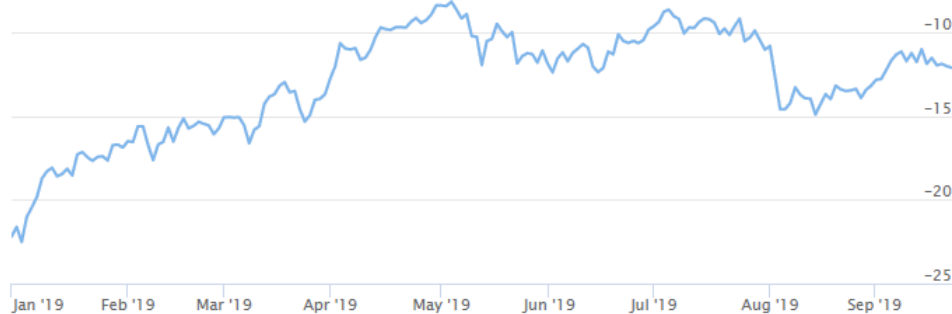
DeA Capital – Premium/discount to NAV vs. peers



Source: Intermonte SIM on public data

The discount to NAV for current listed European private equities is more aligned to DeA Capital at around 12%, as shown in the graph below (source: LPX Group).

LPX - Listed Private Equity Index – Europe NAV (premium/discount % rhs)



Source: LPX group

Valuation

Services Platform: 55% 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 Alternative Funds SGR

		2019E
AUM	Eu mn	2.503
Peers P/AUM	x	2,8%
DeA Capital stake	%	100,0%
DeA Capital stake	Eu mn	70,1
Peers PE	x	17,0x
Net income	Eu mn	4,0
DeA Capital stake	%	100,0%
DeA Capital stake	Eu mn	67,3
Average Valuation	Eu mn	68,7

Source: Intermonte SIM and company data

DeA Capital – DeA Capital Real Estate SGR

		2019E
AUM	Eu mn	9.593
Peers P/AUM	x	1,0%
Dea RE SGR valuation	Eu mn	95,9
DeA Capital stake	%	100,0%
Peers PE	x	12,5x
Net income (adj. PPA)	Eu mn	8,3
Dea RE SGR valuation	Eu mn	104
DeA Capital stake	%	100,0%
DeA Capital stake net of minorities	Eu mn	104,2
DeA Capital stake average valuation	Eu mn	100,0
Investment in funds	Eu mn	50,0
Discount		-30%
Estimated value		35
Fair Value net of minorities		35
DeA RE SGR	Eu mn	135,0

Source: Intermonte SIM and company data

Private equity investments: 49% 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), Cellularline and IDEaMI stake values are based on the 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 entry into the NPL business (through the Quaestio deal) and 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 22% 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 - 9% at the current stock price – the buyback plan, and the expected increase in DeA's NAV, we expect an attractive total return for investors. We confirm our positive view of the stock: OUTPERFORM, TP €1.60.

DeA Capital – Valuation, adjusted NAV

DeA Capital Valuation - Adjusted NAV					
Asset	Stake	Value (€ mn)	per share €	%	Valuation Method
DeA Capital Real Estate SGR	100,0%	135,0	0,52	36,4%	Intermonte Fair Value
DeA Capital Alternative Funds SGR	100,0%	68,7	0,26	18,5%	Intermonte Fair Value
YARD SpA	n.m.	6,0	0,02	1,6%	NAV
Other minor investments	n.m.	0,2	0,00	0,1%	NAV
IDeA Funds (FoF & ColInv)	n.m.	125,0	0,48	33,7%	Fair Value*
Others (Cellularline; SPAC: IDeaMI)	n.m.	32,4	0,12	8,7%	Market Price
Kenan (Migros)	4,0%	23,6	0,09	6,4%	Market Price
Holding Costs and Tax Assets		-20,0	-0,08	-5,4%	Intermonte Estimates
* quarterly updated by fund managers					
Adjusted NAV ex cash		370,9	1,43	100%	
Fair % discount		10%	10%		
Discounted Adjusted NAV ex cash		333,9	1,29		
NFP		82,0	0,32		
Intermonte Fair Value		415,9	1,60		
# shares (mln) net of Buy Back			260		

Source: Intermonte SIM and company data

DeA Capital Alternative AM business – Absolute performance of the peer group

Stock	Price	Ccy	Mkt cap	1M	3M	6M	YTD	1Y	2Y
DeA Capital S.p.A.	1,36	Euro	362	5,1%	6,6%	4,5%	18,2%	13,2%	18,1%
Alternative Asset Managers									
Tikehau Capital SCA	21,0	Euro	2.862	18,3%	1,0%	1,9%	6,9%	(19,2%)	(4,5%)
Intermediate Capital Group plc	14,6	GBP	4.240	9,6%	7,2%	38,4%	56,1%	32,1%	61,1%
3i Group plc	11,8	GBP	11.526	9,8%	6,9%	22,0%	53,2%	23,1%	30,2%
Partners Group Holding AG	768,8	CHF	20.527	(3,1%)	2,2%	9,7%	29,0%	(1,4%)	19,4%
Traditional Asset Managers									
Azimut Holding Spa	17,2	EU	2.512	7,1%	2,0%	17,6%	83,9%	28,9%	2,8%
Janus Henderson Group PLC Shs Cf	32,7	GBP	6.259	19,9%	8,7%	(5,4%)	12,7%	(12,7%)	(23,4%)
Rathbone Brothers Plc	22,4	GBP	1.257	(4,1%)	1,4%	0,2%	(4,4%)	(8,3%)	(12,2%)
Schroders PLC	30,6	GBP	8.284	14,7%	0,4%	12,9%	25,4%	(1,8%)	(6,7%)
Blackstone Group Inc. Class A	50,2	USD	59.590	1,1%	13,3%	45,9%	68,5%	31,8%	52,5%
Man Group PLC	1,8	GBP	2.678	1,5%	12,4%	32,8%	31,7%	(1,0%)	5,0%
Partners Group Holding AG	768,8	CH	20.527	(3,1%)	2,2%	9,7%	29,0%	(1,4%)	19,4%
Ashmore Group plc	5,0	GBP	3.592	7,6%	(0,2%)	20,2%	37,9%	37,8%	49,2%
Hargreaves Lansdown plc	20,8	GBP	9.852	8,8%	8,4%	16,7%	12,3%	(7,1%)	38,4%
Simple mean performance				3,2%	5,4%	16,7%	33,0%	7,4%	13,9%
RE service Co									
Savills plc	8,8	GBP	1.256	2,9%	(1,3%)	(2,9%)	24,2%	13,7%	(1,0%)
CBRE Group, Inc. Class A	52,9	CHF	17.792	7,2%	4,1%	8,8%	32,1%	19,7%	39,6%
Euro STOXX	382,3	EU		4,8%	2,6%	4,9%	16,4%	(0,2%)	(0,8%)

Source: Factset

Source: Intermonte SIM and company data

DeA Capital Alternative AM business – Multiple comparison

Stock	Price	Ccy	Mkt cap	EV/Ebitda 2019	EV/Ebitda 2020	P/E 2019	P/E 2020	Div Yield 2019	Div Yield 2020
Alternative Asset Managers									
Tikehau Capital SCA	21.20	Euro	2,890	12.4x	12.8x	17.7x	15.0x	3.3%	3.4%
Intermediate Capital Group plc	14.44	GBP	4,194	19.8x	19.1x	16.0x	15.5x	3.4%	3.7%
3i Group plc	11.18	GBP	10,879	7.4x	8.1x	7.3x	7.8x	3.2%	3.4%
Partners Group Holding AG	763.20	CHF	20,377	21.7x	19.4x	25.2x	22.9x	3.1%	3.4%
Traditional Asset Managers									
Azimut Holding Spa	17.22	EU	2,512	7.3x	8.1x	9.2x	11.1x	6.8%	6.5%
Janus Henderson Group PLC Shs C	32.27	GBP	6,178	5.6x	5.5x	9.0x	8.8x	6.6%	6.9%
Rathbone Brothers Plc	23.40	GBP	1,313	0.0x	-1.2x	17.9x	16.1x	2.9%	3.1%
Schroders PLC	30.22	GBP	8,170	7.2x	6.4x	15.7x	14.2x	3.7%	3.8%
Blackstone Group Inc. Class A	53.30	USD	63,245	21.8x	16.7x			3.6%	4.9%
Man Group PLC	1.69	GBP	2,588	8.1x	7.3x	11.6x	10.8x	4.5%	5.2%
Partners Group Holding AG	763.20	CH	20,377	21.7x	19.4x	25.2x	22.9x	3.1%	3.4%
Ashmore Group plc	4.85	GBP	3,457	14.5x	11.6x	20.1x	16.9x	3.4%	3.7%
Hargreaves Lansdown plc	20.31	GBP	9,633	27.4x	25.1x	39.0x	34.5x	2.0%	2.3%
Median Alternative and Traditional AM				12.4	11.6	16.9	15.2	3.6%	3.8%
RE service Co									
Savills plc	9.1	GBP	1,302	6.8	6.2	12.8	12.1	3.5%	3.6%
CBRE Group, Inc. Class A	52.8	CHF	17,752	8.8	7.7			0.0%	0.0%
Average RE Services				7.8	7.0	12.8	12.1	1.7%	1.8%

Source: Intermonte SIM and company data

DETAILS ON STOCKS RECOMMENDATION

Stock NAME	DEA CAPITAL		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	1.60	Previous Target (Eu):	1.65
Current Price (Eu):	1.36	Previous Price (Eu):	1.41
Date of report:	30/09/2019	Date of last report:	19/03/2019

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- 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.

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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;

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

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OUTPERFORM:	46,27 %
NEUTRAL:	35,82 %
UNDERPERFORM	03,73 %
SELL:	00,00 %

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OUTPERFORM:	54,17 %
NEUTRAL:	22,91 %
UNDERPERFORM	00,00 %
SELL:	00,00 %

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SPACTIV	0,64	LONG
THESPAC	0,91	LONG
VEI 1	0,65	LONG
WASTE ITALIA	0,65	SHORT

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