

DEA CAPITAL

BUY

Price (Eu):

1.27

Target Price (Eu):

1.70

SECTOR: Holdings & RE

Micaela Ferruta +39-02-77115.428
e-mail: ferruta@intermonte.it

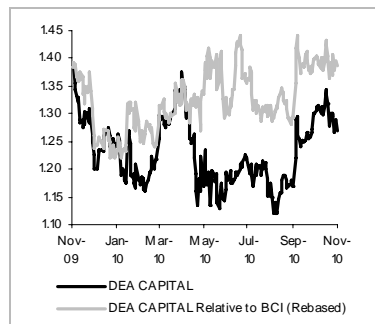
Still at a 50% Discount to Investment Value; AAM Comes for Free

- DeA Capital NAV stands at Eu2.58 p.s. as of September 2010, vs. Eu2.55 expected and Eu2.67 as at the end of June; the reduction is related to adjustments to the book value of Migros due to the dividend distribution. Net debt dropped to Eu16.7mn thanks to the cash-in of the Migros dividend. The company booked a net loss of Eu8.4mn in 3Q10, vs. the Eu7mn loss expected; this is the sum of a Eu9.9mn loss in the private equity division, Eu2.3mn profit for asset management and Eu0.8mn of holding costs.

Operating companies' results:

- Générale de Santé** (38% of DeA Capital's pro-forma NAV and 20% of our valuation) reported 3Q10 revenues in line with our estimates, but profitability was better than expected with EBITDA coming to Eu30mn for the quarter, +37% YoY pro-forma, beating our Eu23mn estimate. Current trading supports our FY10 estimates, which point to EBITDA of Eu233mn.
- Migros Turk** (23% of the pro-forma NAV and 30% of our valuation) reported 3Q10 revenues up to YTL1,790mn (+14% YoY) and EBITDA down to YTL97.4mn (-9% YoY), due to the cost of opening new points of sale (the total has now reached 1,900). In light of these results, we are revising our estimates to take into account a more aggressive schedule of new openings. We believe that controlling shareholder BC Partners might be seeking an exit in 2H11, likely to be through the sale to an industrial buyer, by 2011-12. Recent transaction multiples support our valuation of Migros, at 8 x EBITDA 2012.
- IDEA AI** (Eu2.2bn in AuM as at end September, or Eu1.5bn after reorganisation) recorded Eu3.8mn in net profit, beating expectations. IDEA AI is undergoing a restructuring (Investitori Associati and Wise will be demerged) and DEA Capital will increase its stake from 44.3% to 95%. No cash is involved, and the move greatly simplifies corporate governance. The valuation used was the book value of Eu61mn, i.e. around 4.5% of AUM.
- FARE** (Eu2.98bn of AuM as at end June) posted Eu2.2mn in net profit, ahead of forecasts. The most important newsflow regards the dealings with FIMIT, which according to press rumours could be nearing a successful end, giving birth to the leading Italian independent real estate SGR with over Eu8bn in AuM and 19 managed funds, and which could be worth Eu350mn (refer to our 23rd April report for details). According to press rumours, FARE and FIMIT could be merged and FIMIT could be valued at 1.5x FARE; DeA Capital would get a 30-35% stake, although we believe that DEA Capital could end up with a higher share, by purchasing an additional stake for cash.
- BUY confirmed, target price to Eu1.70.** DeA Capital is trading at a 50% discount to the total value of its investments, which is Eu2.58 per share. We would like to highlight that over the next 2-3 years DeA Capital will probably seek an exit from private equity investments (Migros Turk and then GDS), and the proceeds will be returned to shareholders and/or reinvested in alternative asset management (AAM) activities, which are seen as core. If we were to strip out the value of Keenan (Migros) and Santé (GDS) from current market prices, the implied value of AAM activities would be zero.

DEA CAPITAL - 12m Performance



RATING: Unchanged

TARGET PRICE (Eu): from 1.75 to 1.70

Change in EPS est: 2010E 2011E
227.4% 115.9%

STOCK DATA

Reuters code: DEA.MI
Bloomberg code: DEA IM

Performance	1m	3m	12m
Absolute	-2.1%	10.2%	-8.2%
Relative	-0.9%	6.8%	0.2%
12 months H/L:	1.39/1.12		

SHAREHOLDER DATA

No. of Ord. shares (mn):	307
Total No. of shares (mn):	307
Mkt Cap Ord (Eu mn):	389
Total Mkt Cap (Eu mn):	389
Mkt Float - ord (Eu mn):	131
Mkt Float (in %):	33.7%
Main shareholder:	
De Agostini	58.3%

BALANCE SHEET DATA

Book value (Eu mn):	788
BVPS (Eu):	2.57
P/BV:	0.5
Net Debt (Eu mn):	35
NAV (Eu mn)	788

Key Figures	2008A	2009A	2010E	2011E	2012E
EBIT (Eu mn)	(2)	(1)	(2)	3	6
Net profit (Eu mn)	-39	-29	8	1	1
EPS - New (Eu)	-0.12	-0.10	0.03	0.00	0.00
EPS - Old (Eu)	-0.12	-0.10	0.01	0.00	0.00
DPS (Eu)	0.00	0.00	0.00	0.00	0.00
NAVPS (Eu)	2.43	2.66	2.57	2.57	2.58
Ratios & Multiples	2008A	2009A	2010E	2011E	2012E
P/E	nm	nm	48.6	nm	nm
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
P/NAVPS	0.5	0.5	0.5	0.5	0.5
ROCE					

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DEA CAPITAL - KEY FIGURES

		2008A	2009A	2010E	2011E	2012E
Fiscal year end		31/12/2008	31/12/2009	31/12/2010	31/12/2011	31/12/2012
PROFIT & LOSS (Eu mn)	Sales	9	31	35	40	44
	EBITDA	(2)	(1)	(2)	3	6
	EBIT	(2)	(1)	(2)	3	6
	Financial income (charges)	15	(4)	(2)	(1)	(0)
	Associates & Others	(15)	(28)	12	(0)	4
	Pre-tax profit (loss)	(31)	(32)	8	2	10
	Taxes	(7)	3	0	0	(7)
	Tax rate (%)	-22.7%	9.6%	0.0%	0.0%	67.6%
	Minorities & discontinue activities	(0)	(0)	(0)	(1)	(2)
	Net profit	-39	-29	8	1	1
	Total extraordinary items					
	Ebitda excl. extraordinary items	(2)	(1)	(2)	3	6
	Ebit excl. extraordinary items					
	Net profit restated	(38)	(29)	8	1	1
PER SHARE DATA (Eu)	Total shares out (mn) - average fd	307	307	307	307	307
	EPS stated fd	-0.13	-0.10	0.03	0.00	0.00
	EPS restated fd	-0.12	-0.10	0.03	0.00	0.00
	BVPS fd	2.49	2.54	2.57	2.57	2.58
	NAVPS fd	2.43	2.66	2.57	2.57	2.58
	Dividend per share (ord)	0.00	0.00	0.00	0.00	0.00
	Dividend pay out ratio (%)	0.0%	0.0%	0.0%	0.0%	0.0%
CASH FLOW (Eu mn)	Change in NWC	0	0	1		
	Capital expenditure	0	0	0	0	0
	Other cash items	0	0	0	0	0
	Free cash flow (FCF)	0	0	1		
	Acquisitions, divestments & other					
	Dividend					
	Change in Net Financial Position	(399)	(52)	0	10	11
BALANCE SHEET (Eu mn)	Total fixed assets	746	815	823	814	804
	Net working capital	0	0	0	0	0
	Long term liabilities					
	Net capital employed	746	815	823	814	804
	Net financial position	(17)	35	35	25	14
	Group equity	764	780	788	789	790
	Minorities	0	0	0	0	0
	Net equity	764	780	788	789	790
NAV DATA (Eu mn)	Properties and other assets - Book value					
	Properties and other assets - Market value					
	NAV	746	815	788	789	790
RATIOS(%)	EBITDA margin*	nm	nm	nm	7.3%	13.7%
	EBIT margin*					
	Gearing - Debt/equity	2.3%	-4.5%	-4.4%	-3.2%	-1.7%
	Interest cover on EBIT	0.1	nm	nm	3.6	18.3
	Debt/Ebitda	nm	48.07	18.43	nm	nm
	Capex as % sales	0.0%	0.0%	0.0%	0.0%	0.0%
	ROCE*					
	ROE*					
GROWTH RATES (%)	Sales	23905.6%	262.8%	11.2%	14.9%	10.5%
	EBITDA*	nm	nm	nm	nm	108.4%
	EBIT*					
	Net profit	nm	nm	nm	-90.7%	51.7%
	EPS restated	nm	nm	nm	-90.7%	51.7%

* Excluding extraordinary items

Source: Intermonte SIM estimates

DEA CAPITAL NAV at Pro Forma Book Value

DeA Capital's NAV stood at Eu2.58 p.s. as of September 2010, 3% down vs. Eu2.67 p.s. as at the end of June 2010. The change mostly relates to the Eu18.5mn dividend distribution from Migros, which constitutes an equity distribution and is based on a lower book value than the one assumed by DeA Capital and is in line with the value determined by the Kenan BoD. Our FY10 group estimates assume that the cash payment received from Migros will be booked in Q4 as a dividend, which was already cashed in 3Q10, but didn't appear on the P&L.

DeA Capital NAV at Pro-forma Book Value as of:				30/09/2010			30/06/2010
Asset	Activity	Stake	Value (€ mn)	per share €	% of NAV	Valuation method	vs. OLD Value
Santè SA	Healthcare	42.9%	287.9	0.98	37.8%	Net equity	-1.6%
Kenan (Migros TURK)	Food Retailer	17.1%	176.1	0.60	23.1%	9.1x 2010 Ebitda Fair value*	-15.3%
FARE (ATLANTIC) SGR***	Alternative AM	100.0%	89.6	0.30	11.8%	9x 2010 Ebitda Net equity/Fair Value	1.4%
IDeA Alternative Inv. SGR	Alternative AM	95.0%	62.5	0.21	8.2%	3.0% P/AUM Net equity	2.5%
Sigla	Consumer Credit	41.4%	22.0	0.07	2.9%	4.5% P/AUM Net equity	0.5%
IDeA Funds (FOF & CoInv)	Private Equity	n.m.	105.4	0.36	13.9%	Fair value*	0.4%
Blue Skye	Alternative AM	n.m.	33.7	0.11	4.4%	Equity	0.0%
Venture Cap. Funds	Private Equity	n.m.	13.1	0.04	1.7%	Fair value*	-9.7%
Minor participations/other			0.8	0.00	0.1%	Fair value*	n.m.
Fiscal Credit			0.0	0.00	0.0%		n.m.
Cash, credits and marketable sec. (treas)			-30.4	-0.10	-4.0%		n.m.
Total ex treasury Shares			761	2.58	100.0%		-3.4%
# shares (mln) net of Buy Back				294.5			

*** including the exercise of 30% option

* updated quarterly by fund managers

Current price 1.27

Discount to NAV -51%

Discount to investment value -49%

Source: Intermonte SIM and Company Data

DEA CAPITAL NAV: Our Valuation

We confirm our BUY recommendation, adjusting our target price from Eu1.75 to Eu1.70.

Our positive stance is based on the huge discount to NAV, which is much higher than for peers. Our valuation is based on a NAV which takes the average of our target valuation and the market cap (GDS and MIGROS) or pro-forma book value (alternative asset management).

We would like to highlight that over the next 2-3 years DeACapital will probably seek an exit from private equity investments (first Migros Turk and then GDS), and the proceeds will be returned to shareholders and/or reinvested in alternative asset management (AAM) activities, which are seen as core. If we were strip out the value of Kenan (Migros) and Santè (GDS) from current market prices, the implied value of AAM activities would be zero!

DeA Capital Valuation - Adjusted NAV

DeA Capital Valuation - Adjusted NAV					DeA Capital Valuation - NAV with assets at target valuation					% change vs OLD target Val
Asset	Value (€ mn)	per share €	%	Valuation method	Value (€ mn)	per share €	%	Valuation method		
Santè SA	135	0.46	20.3%	DCF & Market Price@ Eu13	205	0.69	25.6%	DCF (@ 8.1x 2010 EBITDA)	1%	
Kenan (Migros TURK)	203	0.69	30.4%	Fair value and EXIT @ 8.5x EV/EBITDA	229	0.78	28.7%	EXIT @ 8.5x 2012 EV/EBITDA	-6%	
FARE (ATLANTIC) SGR***	107.4	0.36	16.1%	2010 MULTIPLE & NAV	125	0.43	15.7%	2010 MULTIPLE	-1%	
IDeA Alternative Inv. SGR	66.6	0.23	10.0%	2010 MULTIPLE & NAV	71	0.24	8.9%	2010 MULTIPLE	-5%	
Sigla	10.5	0.04	1.6%	2010 MULTIPLE & NAV	10	0.04	1.3%	2010 MULTIPLE	0%	
IDeA Funds (FOF & Colnv)	105.4	0.36	15.8%	Fair value*	105	0.36	13.2%	Fair value*	0%	
Blue Skye	33.7	0.11	5.1%	Equity	34	0.11	4.2%	Equity	0%	
Venture Cap. Funds	13.1	0.04	2.0%	Fair value*	13	0.04	1.6%	Fair value*	-10%	
Minor participations	7.0	0.02	1.1%	Fair value	7	0.02	0.9%	Fair value	0%	
Fiscal Credit	15.1	0.05	2.3%	5Y DCF & zero	30	0.10	3.8%	5Y DCF	0%	
Cash, credits and marketable sec. 2008	-30.4	-0.10	-4.6%		-30	-0.10	-3.8%		2%	
Total ex treasury Shares	666	2.26	100%		799	2.71	100%		-3%	
% discount		25%				-37%		Discount of TP vs. Fair value		
Target price (Eu p.s.)		1.70				1.70				
Current Mkt Price		1.27				1.27				
% Upside/downside		33.6%				-53.2%		% Upside/downside vs. market price		
# shares (mln) net of Buy Back		294.51								

* quarterly updated by fund managers

Current price	1.27	1.27
Discount to NAV	-44%	-53%
Discount to investment value	-43%	-53%

Source: Intermonte SIM and Company Data

Recent transaction multiples and peers support our valuation of Migros, at 8x EBITDA 2012 and GDS. Pertaining to Migros, Massmart (South Africa) was recently acquired by Wal-Mart for US\$4.3bn, equal to 12.7x 2010E EBITDA or 27x 2010E earnings. On 15th November, Carrefour indicated its intention to sell its 42 outlets in Thailand to rival Big C, part of the French casino group, for USD1.9bn, or around 1.2x 09/10 Sales and 13x 09/10 EV/EBITDA. As for GDS, 2008 transactions on clinics and GDS's own clinic disposals in 2008 point to a going rate of around 12x EBITDA, while GDS's disposals of home care units and labs have fetched around 9x EBITDA.

At current prices, DeA Capital is trading at a 34% discount to our Eu1.70 per share target price and at a 50% discount to the total value of its investments, which is Eu2.58/share.

On average, Italian holding companies trade at a 46% discount, while DeA's international peers are generally trading at a 10% discount to NAV. DeA Capital's huge discount comes despite exposure to defensive businesses (50% comes from Food Retail and Healthcare) and a sound financial position.

We remind that the NAV per share used in calculating our target price does not include the potential value creation from the Fare-FIMIT deal.

**DEA Capital
Peer group**

16/11/2010

	Price	YTD % change	Volume (EUR k)	P/NAV (reported)	Mkt Cap (EUR mln)
Deutsche Beteiligungs	22.00	32.97%	129	1.12	316.8
Dinamia	9.00	-4.36%	163	0.66	107.7
Eurazeo	55.45	19.22%	2216	0.84	2990.8
GIMV	41.02	12.29%	265	0.96	950.7
Wendel	60.96	42.43%	9206	1.07	3067.1
3i (GBp)	317.10	12.05%	6716	0.96	1447.8
Candover (GBp)	730	74.85%	144	0.70	187.4
SVG Capital (GBp)	210.00	65.35%	69	0.94	365.9
			avg.	0.91	
	Price	YTD % change	Volume (EUR k)	P/NAV (reported)	Mkt Cap (EUR mln)
M&Capitali	0.19	31.94%	86	0.19	104.7
Tamburi	1.37	10.63%	138	0.63	150.7
Mid Industry Capital	10.06	-34.25%	1	0.52	50.3
Cape Live	0.25	-23.55%	46	0.24	12.8
Sopaf	0.09	-29.14%	96	0.12	43.4
Gemina	0.50	-12.63%	436	0.33	731.7
Mittel	3.21	-19.35%	5	0.51	211.9
			avg.	0.36	
DeA Capital	1.27	0.87%	106	0.45	390.3
<i>LPX Europe (-1 day)</i>	256.45	31.64%			
<i>S&P/MIB</i>	20714.44	-10.90%			

Source: Bloomberg

Italian Holdings - NAV & Ratings

Stock	Price (Eu)	Mkt cap (Eu mn)	% Change YTD as of Now	NAV (Eu ps)*	Premium (Discount)
EXOR S.p.A.	20.71	4,715	52.5%	32.2	-35.7%
Compagnie Industriali Riunite S.p.A.	1.55	1,224	-14.9%	2.5	-38.4%
Italmobiliare S.p.A.	23.35	798	-24.6%	47.0	-50.3%
Gemina S.p.A.	0.50	743	-11.8%	1.2	-56.6%
Premafin Finanziaria S.p.A. Holding di Partec	0.90	369	-15.1%	0.2	308.5%
Cofide-Compagnia Finanziaria de Benedet	0.62	445	-6.2%	1.3	-50.6%
IMMSI S.p.A.	0.85	290	0.6%	1.9	-54.4%
Average Italian Holdings			-2.8%		-47.7%
Median avg. excl. see-trough NAV			-6.2%		-50.3%
Median avg. excl. see-trough NAV & at-premium NAV			-5.6%		-46.9%

*Note: see-trough NAV for Cofide and Camfin

Source: Intermonte SIM

Operating Companies' Results:

Générale de Santé

GDS results were released on 28th October. GDS reported 3Q10 revenues in line with our estimates, but profitability was better than expected. Revenues came in at Eu425mn, +1.5% YoY pro-forma, adjusted for the disposals which took place in 2009.

For 9M10, the YoY growth rate came to 3.5%, above the company's 2-3% FY guidance, thanks to both a 3% rise in volumes (of which 1ppt is due to an increase in the number of working days) and a 0.2% pricing effect. EBITDA amounted to Eu30mn for the quarter, +37% YoY pro-forma, beating our Eu23mn estimate.

The net result was a loss of Eu14.5mn, vs. our estimate for a Eu12.8mn profit. Net debt came to Eu937mn.

Générale De Santé

NEW

P&L consolidato					IFRS								IFRS
(Eu mn)	1Q09 A PF	2Q09 A PF	3Q09 PF	4Q09 PF	2009	1Q10 A	2Q10 A	3Q10 E	3Q10 A	A-E	9M10 A	4Q10	2010 E
Sales	480.7	481.8	418.5	486.0	2,047.0	506.2	497.8	424.8	425.0	0.1%	1,429.0	491.1	1,920.1
YoY growth					3.2%	-3.9%	-5.4%	-7.2%	-7.1%		-5.4%	-8.4%	2.8%
YoY growth PF						5.3%	3.3%	1.5%	1.5%		3.5%	1.1%	2.8%
EBITDAR	96.7	91.3	53.0	111.6	372.5	107.9	92.9	51.0	51.0	0.1%	251.8	103.4	355.2
YoY growth					7.5%	11.6%	1.8%	-3.8%	-3.8%		4.5%	-7.4%	0.7%
on sales	20.1%	18.9%	12.7%	23.0%	18.2%	21.3%	18.7%	12.0%	12.0%		17.6%	21.1%	18.5%
Ebitda before extraord	64.2	56.0	22.0	76.1	237.8	75.3	62.3	23.1	30.1	30.5%	167.7	65.4	233.1
YoY growth					3.6%	6.7%	0.2%	-30.9%	-9.9%		0.9%	-8.6%	3.6%
YoY growth PF						17.3%	11.3%	4.9%	36.8%		12.6%	-14.0%	
ebitda margin	13.4%	11.6%	5.3%	15.7%	11.6%	14.9%	12.5%	5.4%	7.1%		11.7%	13.3%	12.1%
EBITDA IFRS	64.2	62.8	22.0	76.1	237.8	75.3	62.3	23.1	30.1	30.5%	167.7	65.4	233.1
YoY growth					3.6%	6.7%	0.2%	-30.9%	-9.9%		0.9%	-8.6%	3.6%
ebitda margin	13%	13%	5%	16%	11.6%	15%	13%	5%	7%		12%	13%	12.1%
D&A					(120.9)	(28.4)	(28.8)	(31.0)	(29.7)	-4.2%	(86.9)	(33.1)	(120.0)
YoY growth					5.3%	-0.2%	-6.5%	1.0%	1.0%		-3.0%	5.8%	n.a.
Bad Debt					29.0								0.0
					0.0%								0.0%
EBIT before extraord	38.4	33.6			145.9	46.9	33.5	(7.9)	0.4	n.m.	80.8	32.3	113.1
YoY growth					-19.1%	n.a.	6.7%	-393.8%	-85.2%		5.5%	-19.8%	n.a.
ebit margin					7.1%	9.3%	6.7%	-1.9%	0.1%		5.7%	6.6%	5.9%
Exceptionals					(14.5)	29.3	(3.8)	0.0	0.0		21.8	0.0	21.8
EBIT IFRS	n.a.				131.4	76.2	29.7	(7.9)	(3.5)	-55.9%	102.4	32.3	134.9
ebit margin					6.4%	15.1%	6.0%	-1.9%	-0.8%		7.2%	6.6%	n.a.
Financial Charges					(55.3)	(11.8)	(13.1)	(13.4)	(12.4)	-7.5%	(37.3)	(13.6)	(50.9)
Extraord. Fin Charges					(4.3)	(1.2)	0.0						0.0
Pretax					71.8	63.2	17.8	(21.3)	(15.9)	-25.5%	65.1	22.7	84.1
YoY growth					-15.1%	166.7%	-10.8%	16.9%	-12.9%		132.5%	-25.0%	17.1%
Net income					42.3	46.4	13.0	(12.8)	(14.5)	13.6%	44.9	(7.9)	37.0
YoY growth					-51.2%	265.4%	15.0%	79.7%	104.2%		165.7%	-153.1%	-12.5%
NFP					885.5	836.5	885.0	924.7	932.7	0.9%	932.7	873.4	873.4

Source: Company Data & Intermonte SIM

We believe that these results underpin our FY2010 EBITDA forecast of Eu230mn, in line with company targets, which remains substantially confirmed, as highlighted below.

Generale De Santé							% change vs OLD EST.		
EU mn	2008A	2009 A	2009 PF*	2010E	2011E	2012E	2010 E	2011 E	2012 E
MSO	1,504	1,606	1,562	1,608	1,656	1,704	0.3%	0.2%	0.2%
Rehab	143	158		164	172	180	0.0%	0.0%	0.0%
Psychiatry	109	115		119	128	139	0.0%	0.0%	0.0%
Diagnostics	47	52		0	0	0			
Home Care	47	48		0	0	0			
Italy	107	53		29	31	33	0.0%	0.0%	0.0%
Revenues	1,984	2,047	1,867	1,920	1,984	2,052	0.2%	0.2%	0.2%
YoY	4%	3%	n.m.	2.8%	3.4%	3.4%			
Purchase of Cons.	-397	-394		-386	-390	-394			
Labour Cost	-894	-927		-869	-898	-929			
Taxes and duties	-108	-106	-91	-85	-88	-91			
G&A	-239	-247		-225	-230	-238			
OPEX	-1,637	-1,675	-1,515	-1,565	-1,606	-1,652	0.3%	0.1%	0.1%
YoY	5%	2%		3%	3%	3%			
EBITDAR	347	373	352	355	378	400	-0.1%	0.3%	0.3%
% margin	17%	18%		18%	19%	20%			
Rental expenses	-117	-135	-125	-122	-126	-129			
Ebitda IFRS	230	237	227	233	252	271	-0.1%	0.5%	0.4%
YoY	-3.9%	3.2%		2.7%	8.3%	7.3%			
% margin	11.6%	11.6%		12.1%	12.7%	13.2%			
D&A	-69	-106	n.a.	-98	-120	-120			
YoY	-47.7%	52.6%		n.a.	22.2%	0.0%			
Ebit IFRS	160.4	131.4	n.a.	135	132	151	-5.9%	0.9%	0.8%
YoY	50.2%	-18.1%		n.a.	-1.8%	13.9%			
% margin	8%	6%		7%	7%	7%			
Net Income	87.2	42.4	n.a.	37	41	51	-11.0%	-6.6%	-11.7%
YoY	91.2%	-51.4%		n.a.	10.5%	24.1%			
CAPEX	-163.3	-168.8		-135.0	-134.4	-99.2			
NFP	-913.0	-885.5	-885.5	-873.4	-849.0	-828.9	1.9%	2.0%	2.1%

*excluding activities sold in 2009/1Q10 and adjusting OPEX for Eu 15mn lower Taxes and Duties

SOURCE: Company accounts and Intermonte SIM

MIGROS

Migros (17% of DeA Capital and 23% of the pro-forma NAV) reported 3Q10 results that were more or less in line with our operating expectations, with 3Q10 revenues up to YTL 1,790mn (+14% YoY) and EBITDA down to YTL 97.4mn (-9% YoY), due to the cost of opening new points of sale, which should have reached a total of 1,900 in September.

MIGROS TURK													
YTL mn	1Q09	2Q09 A	3Q09 A	4Q09 A	2009 E	1Q10 A	2Q10 A	3Q10 E	3Q10 A	A-E	9M10	4Q10	2010E
	post merger												
Revenues	1,279	1,397	1,575	1,460	5,711	1,434	1,538	1,811	1,790	-1.2%	4,762	1,698	6,460
YoY	11%	15%	11%	13%	13%	12%	10%	15%	14%		12%	16%	13%
Costs	-1182.0	-1301.6	-1468.4	-1362.0	-5,314	-1353.0	-1460.8	-1715.3	-1692.7		-4506.5	-1598	-6,105
YoY						14%	12%	17%	15%		14%	17%	15%
Ebitda IFRS	97.0	95.4	106.6	98	397	81.0	77.1	96.0	97.4	1.4%	255.5	100	355
YOY	26%	142%	-42%	27%	5.6%	-16%	-19%	-10%	-9%		-15%	2%	-10.5%
% margin	7.6%	6.8%	6.8%	6.7%	7.0%	5.6%	5.0%	5.3%	5.3%		5.4%	5.9%	5.5%
D&A	-35.0	-20.4	-40.6	-36.0	-132	-30.0	-34.8	-25.0	-31.7	1.4%	-96.6	-33.4	-130
YoY	-55%	-48%	24%	89%	65.0%	-14%		-74%	-67%		1%	-7%	-1.5%
Ebit	62	75	66	62	265	51.0	42.3	71.0	65.7	-7.5%	159.0	66.3	225
YoY	n.a.	n.a.	n.a.	7%	-10%	-18%	-44%	8%	-1%		-22%	7%	-15%
% margin	5%	5%	4%		5%	3%	3%	4%	4%		3%	4%	3%
Financial Charges					-131	22.2	50.5	-30.0	-102.2		-29.5	44	-74
Tax					-27	-14.2	-19.0	-8.2	6.9		-26.3	4	-30
Net income	62	57	-22	62	110	59	74	33	-30	n.m.	103.2	18	121
YoY	n.a.	n.a.			-58.0%	-5%	30%	-249%	35%		6%		10.4%
NFP					1,307	1,367	1,170	1,490	1,530				1,405

* adj for the sale of Russian activities

Source: Company Data, consensus and Intermonte SIM estimates

Below EBITDA, results were hit by higher financial charges linked to exchange rates, which led to a net loss of YTL30mn in the quarter. In light of 9M10 results, we are revising our estimates to take into account the fact that a more aggressive development plan in terms of new openings is causing the company to incur more costs in the short term. The shift was also driven by the acceleration in roll-out plans for competitors in the Turkish market, such as Bim and Carrefour.

We point out that the group is undergoing a strategic review in order to identify areas with the potential for improved efficiency. More importantly, we believe that controlling shareholder BC Partners might be seeking an exit in 2H11, probably through a sale to a player in the industry.

MIGROS TURK						% change vs OLD EST.		
YTL mn	2008A	2009 A	2010E	2011E	2012E ^E	2009E	2010E	2011E
# of Shops	950	1590	2010	2310	2410			
YoY	6%	67%	26%	15%	4%			
Rev/Shop	5.5	4.5	3.6	3.4	3.6			
Revenues	5,074	5,711	6,460	7,344	8,500	-4%	-10%	-6%
YoY	14%	13%	13%	14%	16%			
OPEX	-4,698	-5,314	-6,105	-6,903	-7,922			
YoY	13%	13%	15%	13%	15%			
Ebitda IFRS	376	397	355	441	578	-19%	-24%	-15%
YOY	36%	6%	-11%	24%	31%			
% margin	7%	7%	5.5%	6%	7%			
D&A	-80	-110	-130	-140	-155			
YoY	-25%	38%	18%	7%	11%			
Ebit	296	265	225	301	423	-27%	-31%	-19%
YoY	45%	-10%	-15%	34%	41%			
% margin	6%	5%	3%	4%	5%			
Net income	262	110	121	82	204	-27%	-31%	-19%
YoY		-58%	10%	-33%	149%			
TOTAL CAPEX	156	180	249	164	120	0%	0%	0%
NFP	-861	1,307	1,405	1,348	1,109	-3%	5%	15%

* adj for the sale of Russian activities

Source: Company Data, consensus and Intermonte SIM estimates

Recent transaction multiples and peers support our valuation of Migros, at 8x EBITDA 2012. Recently, Massmart (South Africa) was acquired by Wal-Mart for US\$4.3bn, equal to 12.7x 2010E EBITDA or 27x 2010E earnings. On 15th November, Carrefour indicated its intention to sell its 42 outlets in Thailand to rival Big C, part of the French casino group, for USD1.9bn, or around 1.2x 09/10 Sales and 13x 09/10 EV/EBITDA.

IDEA AI

IDEA, which counted Eu2.2bn in AuM as at the end of September, or Eu1.5bn under the new organisation, net of Investitori Associati and Wise), recorded Eu3.8mn in net profit, higher than expected.

We remind that at the end of 1H10 a restructuring of IDEA AI was approved: Investitori Associati (Eu700mn AuM) and Wise (Eu180mn AuM) will be demerged, and go back to being fully controlled by the respective management teams.

In exchange, DeA Capital is set to increase its stake from 44.3% to full control of IDEA AI (i.e. COIF, FoF, etc., with Eu1.3bn in AuM) to 95%. No cash will be involved, and the move will greatly simplify corporate governance. The valuation used was the book value of Eu61mn, i.e. around 4.5% of AuM. (see our 30/08/2010 report for details). DeA Capital could go up to 100%, purchasing additional stakes.

IDEA ALTERNATIVE INV					Still including IA and WISE					New Struct			
EU mn	1Q09 A	2Q09 A	3Q09 A	4Q09 A	2009A	1Q10 A	2Q10 A	3Q10 E	3Q10 A	A-E	9M10	4Q10*	2010E
AUM	1768	2209	2174	2174	2174	2214	2227	2209	2209		2209	1588	1588
YoY					21%								-27%
Commissions	2.1	3.3	3.0	3.0	11.40	2.7	2.7	4.0	9.3	132.5%	14.7	4.6	19.3
YoY	n.a.	n.a.	15%	114%	39%	29%	-18%	-52%	210%		75%	52%	19%
of which IDEA (2.1	3.3	3.0	3.0	11.4	2.7	2.7	4.00	4.60	15.0%	10.0	3.6	13.6
YoY	n.a.	n.a.	15%	114%	39%	29%	-18%	-52%	210%		19%	21%	19%
of which OTHER	-						-	n.a.	4.70	100.0%	4.7	0.9	5.6
YOY													n.m.
Associates (IA, Wise, other)	2.7	n.a.	n.a.	n.a.	12.5	4.3	n.a.	n.a.	n.a.		1.3	n.a.	0.0
YoY					136%								-55%
Net income	1.5	1.8	3.4	5.7	12.4	1.6	0.6	1.2	3.8	216.7%	6.0	0.8	5.5
YoY	n.a.	n.a.	183%	54%	33%	7%	-67%	-77%	-27%			-86%	-56%
* IA and WISE de-consolidated from 4Q10													
Source: Company Data and Intermonte SIM estimates													

We have increased our estimates to take into account evidence from 3Q10; we remind that we already account for IDEA AI reorganization, which should happen in 4Q10.

IDEA ALTERNATIVE INV					New structure, net of IA and Wise					% change vs OLD EST.		
EU mn	2008A	2009PF	2010PF	2011E	2012 E	2010 E	2011 E	2012 E				
AUM	1797	1274	1588	1738	1788	14%	10%	14%				
YoY		-29%	25%	9%	3%							
Commissions	8.20	11.40	13.62	14.72	14.72	0%	-10%	-15%				
YoY		39%	19%	8%	0%							
Associates (IA, Wise)	5.30	0.00	0.00	0.00	0.00	0%	0%	0%				
YoY		-100%	n.m.	n.m.	n.m.							
Associates (Soprano, Blue Skye, etc)	0.00	4.86	4.43	4.63	4.86	30%	51%	59%				
YoY		-9%	4%	5%								
Net income	9.30	5.00	5.45	6.12	6.09	18%	11%	2%				
YoY		-46%	9%	12%	-1%							
Of which DeA Capital		5.00	5.45	6.12	6.09	18%	11%	2%				

Source: Company Data and Intermonte SIM estimates

IDEA ALTERNATIVE INV							
Asset Under Management	2008A	2009 A	2010E	2011E	2012E		
Eu mn							
IDEA Capital Funds SGR	887	1088	1288	1388	1388	-7%	-12%
Investitori Associati SGR	700	700	0	0	0	0%	0%
Wise SGR	210	180	0	0	0	0%	0%
SOPRANO	0	208	300	350	400	44%	68%
Totale "Aggregato"	1797	2176	1588	1738	1788		

Source: Company Data and Intermonte SIM estimates

FARE

FARE (Eu2.98bn of AuM as at the end of September) posted Eu2.2mn in net profit, ahead of forecasts. We have revised our FY2010 net income estimates slightly upward, in light of 3Q10 results. We point out the 2010 estimates are burdened by about Eu2mn in one-offs, related to the attempted launch of a new fund (now postponed) and consultancy fees on the FIMIT deal.

First Atlantic R.E. cons.													
EU mn	1Q09 A	2Q09 A	3Q09 A	4Q09 A	2009 A	1Q10 A	2Q10 A	3Q10 E	3Q10 A	A-E	9M10	4Q10	2010E
AUM	2823	2768	2768	3012	3012	2980	2981	2980	2935	-1.5%	2935	3189	3189
YoY					20%								6%
SGR	4.6	4.5	4.5	4.5	18.1	4.9	4.3	4.8	5.4	12.5%	14.6	5.7	20.3
YoY					21%	7%	-4%						12%
Property	2.1	1.5	1.3	3.3	8.2	1.7	1.9	2.2	2.7	22.7%	6.3	2.2	8.5
YoY					-20%	-19%	27%						4%
Revenues	6.7	6.0	5.8	7.8	26.3	6.6	6.2	7.0	8.1	15.7%	20.9	7.9	28.8
YoY					6%	-1%	3%						10%
Net income	3.1	0.7	3.5	3.2	10.5	1.2	2.4	1.5	2.2	46.7%	5.8	2.2	8.0
YoY					12%	-61%	243%						-24%

Source: Company Data and Intermonte SIM estimates

The most important newsflow relates in fact to the dealings with FIMIT, which according to rumours could be nearing a successful end, giving birth to the leading Italian independent real estate SGR, with over Eu8bn in AuM and 19 managed funds, and which could be worth Eu350mn (refer to our 23rd April report for details).

According to press rumours, FARE and FIMIT could be merged and FIMIT could be valued at 1.5x FARE; if confirmed. If the book value of FARE is established according to DeA Capital's NAV, then the valuation of Fimit could be around Eu135mn, or 2.5% of AuM. According to the same press report, DeA Capital would get a 30-35% stake, although we believe that in the end DEA Capital could take a higher share and gain control of the merged entity, by buying additional stakes for cash.

First Atlantic R.E. cons.						% change vs OLD EST.		
EU mn	2008A	2009A	2010E	2011E	2012 E ¹	2009E	2010E	2009E
AUM Avg	2512	2959	3189	3309	3479			
YoY		9%	8%	3%	3%			
SGR	15.0	18.1	20.3	22.5	22.8	0%	0%	0%
YoY	45%	21%	12%	11%	2%			
Property	10.2	8.2	8.5	10.1	12.9	0%	0%	0%
YoY	-9%	-20%	4%	18%	28%			
Revenues	24.8	26.3	28.8	32.6	35.8	0%	0%	0%
YoY	15%	6%	10%	13%	10%			
Net income	9.4	10.5	8.0	11.0	12.7	9%	0%	0%
YoY	11%	12%	-24%	38%	15%			

Source: Company Data and Intermonte SIM estimates

First Atlantic R.E. cons.								
Eu mn	2008A	2009A	2010E	2011E	2012E			
Atlantic 1	644	744	694	594	494	0%	0%	0%
Atlantic 2	705	643	523	343	163	0%	0%	0%
Atlantic 6-8	0	75	135	135	135	0%	0%	0%
Ippocrate	1137	1497	1697	2097	2497	0%	0%	0%
Value Added Fund	0	0	100	100	150	0%	0%	0%
NPL		0	40	40	40	0%	0%	0%
Total AUM	2512	2959	3189	3309	3479	0%	0%	0%

Source: Company Data and Intermonte SIM estimates

OPERATING COMPANIES' PEER GROUPS

Peer group Générale de Santé

Minibase in EUR as of 14/10/10

Company	Crcy	Price	Mkt Cap (Eu mn)	EV/EBITDA			PE		
				2010	2011	2012	2010	2011	2012
Generale De Sante (INTERMONTE)	EUR - Euro	11.2	628	6.4x	5.9x	5.4x	17.0x	15.3x	12.4x
Generale De Sante (consensus)	EUR - Euro	11.2	628	6.1x	5.6x	4.6x	15.4x	13.0x	11.6x
Care UK PLC	GBP - UK Pound Sterling								
Curanum AG	EUR - Euro	2.2	73	8.4x	6.7x	6.4x	25.4x	10.0x	9.5x
Orpea S.A.	EUR - Euro	33.5	1,296	14.9x	13.0x	10.9x	19.2x	16.1x	13.2x
Rhoen-Klinikum AG	EUR - Euro	17.0	2,341	9.0x	8.2x	7.1x	16.3x	14.6x	12.8x
Netcare Ltd.	ZAR - South African Rand	1.5	2,114	9.3x	8.8x	7.4x	15.3x	12.6x	10.4x
Athens Medical Centre S.A.	EUR - Euro	0.7	56	7.4x	9.4x	6.9x			
MediClin AG	EUR - Euro	4.0	190	8.2x	7.6x	6.8x	16.4x	14.6x	12.8x
Marseille-Kliniken AG	EUR - Euro	2.8	34	7.8x	6.4x	6.5x		15.4x	5.5x
Southern Cross Healthcare Group PLC	GBP - UK Pound Sterling	0.3	62	1.1x	1.3x	0.9x	3.3x	4.8x	6.7x
IASO S.A.	EUR - Euro	1.8	97	8.5x	9.1x	8.6x	31.8x	31.3x	14.5x
Euromedica S.A.	EUR - Euro	1.8	79	10.8x	10.1x		12.9x	60.0x	
Medi-Clinic Corp. Ltd.	ZAR - South African Rand	2.8	1,834	8.9x	8.2x	7.7x	16.1x	12.7x	10.6x
Medica S.A.	EUR - Euro	13.3	634	10.8x	9.4x	8.1x	22.3x	14.5x	12.4x
Source: JCF Consensus									
Total									
				8.4x	7.8x	6.7x	17.6x	18.1x	11.0x
Average				8.5x	8.2x	6.9x	16.4x	14.6x	12.0x
Median									
Generale De Sante @ TP (INTERMONTE)	EUR - Euro	19.5x	1,022	8.1x	7.4x	6.8x	17.0x	15.3x	12.4x

Source: JCF Consensus

MIGROS TURK

Peer group

Minibase in EUR as of 15/11/10

Company	Crcy	Price	Mkt Cap l.c.	EV / EBITDA			P / E		
				2010	2011	2012	2010	2011	2012
Koninklijke Ahold N.V.	EUR - Euro	9.81	11,691	5.7x	5.3x	4.8x	11.7x	10.4x	9.7x
Carrefour S.A.	EUR - Euro	37.95	26,751	6.9x	6.1x	5.3x	16.7x	13.5x	11.4x
Casino Guichard-Perrachon S.A.	EUR - Euro	67.99	7,503	5.9x	5.2x	4.8x	13.7x	12.2x	10.8x
Etablissements Franz Colruyt N.V.	EUR - Euro	39.90	6,686	9.7x	9.0x	8.3x	17.4x	16.2x	15.2x
Delhaize Group	EUR - Euro	53.91	5,467	4.8x	4.6x	4.3x	10.2x	9.9x	9.3x
Metro AG	EUR - Euro	54.70	17,822	6.1x	5.5x	4.9x	18.1x	14.8x	12.3x
Tesco PLC	GBP - UK Pound	4.99	40,099	7.9x	7.1x	6.4x	12.9x	11.6x	10.4x
Wal-Mart Stores Inc.	USD - US Dollar	39.68	144,311	7.1x	6.6x	6.1x	13.4x	12.2x	11.2x
Costco Wholesale Corp.	USD - US Dollar	48.2	20,823	9.4x	8.6x	7.8x	22.4x	19.9x	17.5x
Jeronimo Martins SGPS S/A	EUR - Euro	11.06	6,957	11.5x	9.8x	8.5x	24.8x	20.0x	17.0x
Total									
				7.5x	6.8x	6.1x	16.1x	14.1x	12.5x
Average				7.0x	6.4x	5.7x	15.2x	12.8x	11.3x
Median									
Wal-Mart de Mexico S.A.B. de C.V.	MXN - Mexican	2.01	35,889	17.7x	14.6x	12.3x	25.5x	21.3x	19.2x
Grupo Famsa S.A.B. de C.V.	MXN - Mexican	1.1	480	8.6x	7.3x	6.3x	18.2x	14.7x	11.8x
X5 Retail Group N.V.	USD - US Dollar	29.55	8,026	13.4x	9.8x	7.8x	22.2x	16.4x	12.3x
Seventh Continent Russia	USD - US Dollar	4.1	309	5.8x	4.8x	4.1x	8.2x	9.3x	3.3x
Magnit	USD - US Dollar	82.53	7,343	16.6x	12.5x	9.4x	22.0x	15.7x	9.8x
Organizacion Soriana S.A.B. de C.V.	MXN - Mexican	2.22	3,995	10.2x	9.0x	7.8x	21.3x	18.4x	15.5x
Total									
				12.0x	9.7x	7.9x	19.6x	15.9x	12.0x
Average				11.8x	9.4x	7.8x	21.6x	16.0x	12.0x
Median									
Migros Ticaret A.S.	TRY - New Turkish Lira	15.18	2,702	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
BİM Bırlık Magazalar A.S.	TRY - New Turkish Lira	26.91	4,084	22.6x	18.0x	14.7x	33.6x	27.6x	22.3x
Total									
				22.6x	18.0x	14.7x	33.6x	27.6x	22.3x
Average				22.6x	18.0x	14.7x	33.6x	27.6x	22.3x
Median									

Source: Intermonte SIM estimates, JCF consensus

ALTERNATIVE AM PEERS
IDEA AI & FARE
Peer group

		Mkt Cap	P/AUM	EV/EBITDA			PE		
Company	Price	I.c.		2010	2011	2012	2010	2011	2012
Traditional Asset Managers									
Aberdeen Asset Management PLC	180.0	2,060	2.0%	10.9x	10.0x	8.8x	15.2x	13.0x	11.0x
Anima Sgr Eur0.05									
Azimut Holding S.p.A.	7.3	1,058	7.2%	12.1x	10.2x	10.6x	11.1x	9.0x	8.1x
F&C Asset Management PLC	72.0	369	0.4%	4.7x	3.9x	3.1x	12.8x	9.6x	8.0x
Henderson Group PLC	131.7	1,088	11.5%	10.1x	8.9x	7.8x	13.8x	12.1x	10.6x
Rathbone Brothers PLC	988.5	428	3.3%	5.9x	6.6x	0.6x	16.8x	14.2x	12.4x
Schroders Plc Vtg	1619.0	4,423	3.2%	7.5x	5.4x	4.3x	16.5x	14.0x	12.2x
Alternative Asset Managers									
Blackstone Group L.P.	13.7	15,395	16.5%	6.8x	6.5x	12.2x	12.5x	9.4x	6.2x
Fortress Investment Group L.L.C. (CI A)	5.0	2,268	7.3%	4.3x	3.8x	3.1x	9.3x	7.7x	6.4x
Man Group PLC	293.7	5,509	13.3%	11.1x	7.0x	5.6x	18.1x	11.5x	9.1x
Partners Group Holding AG	177.0	4,726	18.9%	33.0x	14.3x	11.9x	16.1x	14.8x	13.4x
Ashmore Group PLC	363.1	2,555	13.0%	10.6x	9.6x	8.2x	16.4x	15.3x	13.8x
Charlemagne Capital Ltd.	19.0	53	0.4%	8.5x	6.2x	4.1x	13.7x	12.2x	9.0x
Hargreaves Lansdown PLC	494.8	2,347	67.1%	25.2x	18.3x	14.7x	35.8x	26.6x	21.9x
RAB Capital PLC	13.5	64	0.6%			0.0x			18.0x
Colliers International UK PLC	14.0	21	1.2%	9.5x	3.0x		46.7x	3.8x	2.4x
Average				13.5x	9.3x	6.8x	28.1x	14.5x	13.0x
Median				10.0x	7.9x	6.2x	26.1x	13.8x	13.8x
RE service Co									
Bluebay Asset Management PLC	481.5	956		17.1x	11.7x	8.8x	26.7x	18.6x	14.2x
Savills PLC	354.1	467		7.6x	8.0x	6.5x	14.1x	15.5x	12.6x
DTZ Holdings PLC	42.0	112		8.6x	6.0x	5.1x	16.8x	9.3x	7.8x
ROK PLC	18.0	32		3.6x	2.7x	2.6x	3.4x	3.0x	2.9x
		1,567							
Average				9.2x	7.1x	5.7x	15.3x	11.6x	9.4x
Median				8.1x	7.0x	5.8x	15.5x	12.4x	10.2x

Source: Intermonte SIM estimates, JCF consensus

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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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Stock NAME	DEA CAPITAL		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	1.70	Previous Target (Eu):	1.75
Current Price (Eu):	1.27	Previous Price (Eu):	1.15
Date of report:	17/11/2010	Date of last report:	30/08/2010

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