

DEA CAPITAL

OUTPERFORM

Price (Eu): 1.37

Target Price (Eu): 1.85

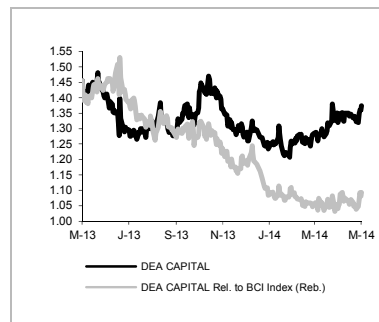
SECTOR: Holdings & RE

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In Exclusive Talks To Sell Générale de Santé Stake

- **Santé SA, part-owned by DeA Capital, is in exclusive talks to sell its 83.43% stake in Générale de Santé, for Eu16.75 per share.** Holding company Santé announced this morning that it has begun exclusive talks with Australian group Ramsay Santé (which already bought out GDS's psychiatry business) and Crédit Agricole to sell its 83.43% stake in Générale de Santé SA. The exclusive negotiation period will run until 6th June.
- **The offer values GDS at 7.3-7.5x EV/EBITDA 2014 based on our estimates, and DeA Capital's stake would be worth around Eu180mn** net of Santé SA's debt of around Eu370mn. By comparison, DeA Capital reports the NAV of its stake at Eu221mn (Eu18.75/share), whereas our valuation of the stake prior to this announcement was Eu135mn, calculated by averaging our DCF valuation with the GDS market price at the time (Eu14.50).
- **We expect DeA Capital to accept the offer and use the Eu180mn cash-in to lower its net debt (around Eu130mn) and distribute a significant dividend to shareholders** of up to Eu80-100mn according to our estimates. This takes into account that the company will also dispose of its stake in Migros sometime in the medium term.
- **Positive impact on valuation: our adjusted NAV would increase from Eu2.02 to Eu2.30 per share, and our TP would go from Eu1.60 to Eu1.85 p.s.,** after applying a 20% discount as usual. We note that at current prices, the AAM business is implicitly considered to have a negative value. Our valuation is based on:
 - Santé SA stake valued at the offer price, or Eu180mn (33% higher than our previous valuation);
 - Migros stake valued at around Eu180mn (the average between the current TRY19.80 market value and our fair value, which accounts for improved FOREX);
 - alternative asset management (AAM) and other remaining activities valued at fair value/ reported NAV.
- **We confirm our positive view on the stock, raising our TP from Eu1.60 to Eu1.85,** taking GDS at Eu16.75ps, i.e. at the offer price, assuming that the company will accept it. This is despite the fact that the implicit bid for DeA Capital's stake (Eu180mn) is about 18% lower than the amount DeA Capital reported (Eu221mn) as the NAV of this stake as of 31/12/2013. Further positive newsflow could help close the 40% discount to NAV, including: 1) potential sale of the remaining 17% stake in Kenan (Migros holding), valued at around Eu180mn; 2) positive newsflow from AAM activities, as some of the funds owned by DeA Capital may be nearing distribution; and 3) a re-launch of IDEa Fimit's activities by the new management. We note that at current prices, the AAM business is implicitly considered to have a negative value. DeA Capital has postponed the approval of its 1Q14 results to 15th May.

DEA CAPITAL - 12m Performance



RATING: Unchanged

TARGET PRICE (Eu): from 1.60 to 1.85

Change in EPS est:	2014E	2015E
	0.0%	0.0%

STOCK DATA

Reuters code: DEA.MI
Bloomberg code: DEA IM

Performance	1m	3m	12m
Absolute	2.2%	10.0%	-5.6%
Relative	3.4%	0.5%	-31.3%
12 months H/L:	1.48/1.21		

SHAREHOLDER DATA

No. of Ord. shares (mn): 307
Total No. of shares (mn): 307
Mkt Cap Ord (Eu mn): 421
Total Mkt Cap (Eu mn): 421
Mkt Float - ord (Eu mn): 111
Mkt Float (in %): 26.3%
Main shareholder:
De Agostini 58.3%

BALANCE SHEET DATA

	2014
Book value (Eu mn):	622
BVPS (Eu):	2.03
P/BV:	0.7
Net Debt (#BadKeyword mn):	132
NAV (Eu mn)	622

Key Figures	2012A	2013A	2014E	2015E	2016E
EBIT (Eu mn)	5	(27)	14	19	28
Net profit (Eu mn)	-26	-69	-7	-2	6
EPS - New (Eu)	-0.048	-0.019	0.009	0.027	0.053
EPS - Old (Eu)		-0.019	0.009	0.027	0.053
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
NAVPS (Eu)	2.358	2.053	2.030	2.024	2.046
Ratios & Multiples	2012A	2013A	2014E	2015E	2016E
P/E	nm	nm	nm	50.6	25.7
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
P/NAVPS	0.6	0.7	0.7	0.7	0.7
ROCE					

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DEA CAPITAL - KEY FIGURES

		2012A	2013A	2014E	2015E	2016E
	Fiscal year end	31/12/2012	31/12/2013	31/12/2014	31/12/2015	31/12/2016
PROFIT & LOSS (Eu mn)	Sales	82	99	94	97	102
	EBITDA	5	(27)	14	19	28
	EBIT	5	(27)	14	19	28
	Financial income (charges)	(7)	(0)	(7)	(7)	(6)
	Associates & Others	(18)	(18)	(8)	(7)	(7)
	Pre-tax profit (loss)	(20)	(46)	(2)	5	16
	Taxes	2	(4)	(4)	(4)	(4)
	Tax rate (%)	8.2%	-9.5%	-225.9%	70.9%	23.8%
	Minorities & discontinue activities	(8)	(19)	(2)	(3)	(6)
	Net profit	-26	-69	-7	-2	6
	Total extraordinary items					
PER SHARE DATA (Eu)	Ebitda excl. extraordinary items	5	(27)	14	19	28
	Ebit excl. extraordinary items					
	Net profit restated	(15)	(6)	3	8	16
	Net profit restated	(15)	(6)	3	8	16
CASH FLOW (Eu mn)	Total shares out (mn) - average fd	307	307	307	307	307
	EPS stated fd	-0.086	-0.227	-0.023	-0.005	0.021
	EPS restated fd	-0.048	-0.019	0.009	0.027	0.053
	BVPS fd	2.358	2.053	2.030	2.024	2.046
	NAVPS fd	2.358	2.053	2.030	2.024	2.046
	Dividend per share (ord)	0.000	0.000	0.000	0.000	0.000
	Dividend pay out ratio (%)	0.0%	0.0%	0.0%	0.0%	0.0%
	Dividend					
BALANCE SHEET (Eu mn)	Change in NWC	0	0	0	0	0
	Capital expenditure	0	0	0	0	0
	Other cash items	0	0	0	0	0
	Free cash flow (FCF)	0		0		0
	Acquisitions, divestments & other					
NAV DATA (Eu mn)	Dividend					
	Change in Net Financial Position	(21)	(4)	(5)	11	23
	Total fixed assets	846	756	753	741	724
	Net working capital	1	1	1	1	1
	Long term liabilities					
	Net capital employed	847	757	755	742	726
	Net financial position	124	128	132	121	98
	Group equity	723	629	622	621	627
RATIOS(%)	Minorities	0	0	0	0	0
	Net equity	723	629	622	621	627
	Properties and other assets - Book value					
	Properties and other assets - Market value					
	NAV	723	629	622	621	627
	EBITDA margin*	6.5%	nm	14.5%	19.7%	27.5%
	EBIT margin*					
GROWTH RATES (%)	Gearing - Debt/equity	-17.1%	-20.3%	-21.3%	-19.5%	-15.7%
	Interest cover on EBIT	0.8	nm	2.0	2.9	5.0
	Debt/Ebitda	nm	4.68	nm	nm	nm
	Capex as % sales	0.0%	0.0%	0.0%	0.0%	0.0%
	ROCE*					
	ROE*					
	Sales	41.1%	20.7%	-5.3%	3.2%	5.8%
GROWTH RATES (%)	EBITDA*	nm	nm	nm	40.1%	48.0%
	EBIT*					
	Net profit	nm	nm	nm	nm	nm
	EPS restated	nm	nm	nm	208.9%	96.9%

* Excluding extraordinary items

Source: Intermonte SIM estimates

DeA Capital Valuation - Adjusted NAV

Asset	Stake	Value (€ mn)	per share €	%	Valuation method
Santè SA	42.9%	180	0.66	28.3%	Disposal Price
Kenan (Migros)	17.1%	177	0.65	27.8%	2014 Multiple and Mkt price (TRY 19.8)
Idea-FIMIT sgr	64.3%	135	0.49	21.2%	2014 MULTIPLE & NAV
Innovation RE	100.0%	5.7	0.02	0.9%	NAV
IDeA Capital Funds SGR	100.0%	53.5	0.20	8.4%	2014 MULTIPLE & NAV
Sigla	41.4%	11.6	0.04	1.8%	2014 MULTIPLE & NAV
IDeA Funds (FoF & CoInv)		191.3	0.70	30.0%	Fair value*
NFP and other		-117.3	-0.43	-18.4%	
Total ex treasury Shares		637	2.33	102%	
% discount			20%		
Target price (Eu p.s.)			1.86		
Current Mkt Price			1.37		
% Upside/downside			35.9%		
# shares (mln) net of Buy Back			273.7		

* quarterly updated by fund managers

Price as of 9/5/14 1.37

Discount to NAV -41%

Discount to investment value -35%

Source: Intermonte SIM and Company Data

AAM implied valuation @ Eu 1.37 (price as of 9/5/2014)

375.0 Mkt cap as of 9/5/2014
-180.0 Santè SA at GDS disposal price
-167.7 Kenan (Migros) at TRY 19.80
-191.3 PE Funds (IDeA FOF and Coinv) as of 31/12/13
-19.3 other
132.4 Net debt as of Dec 2013
-50.9 =implied value of AAM

Source: Intermonte SIM

Générale de Santé SA - Peer Group

GDS Peer Group - Absolute Performances

Multiple Entities Report (Local Currency) as of 09/05/14

Stock	Price	Ccy	Mkt cap	1M	3M	6M	YTD	1Y	2Y
Generale de Sante SA	15.50	Euro	875	8.8%	14.4%	11.1%	19.7%	40.9%	70.3%
Curanum AG	2.9	Euro	124	0.4%	-1.1%	-4.0%	2.5%	6.2%	65.8%
Orpea SA	53.7	Euro	2,977	13.3%	28.7%	34.4%	27.1%	58.8%	118.2%
RHON-KLINIKUM AG	23.5	Euro	3,248	1.6%	4.1%	15.5%	10.6%	41.0%	9.8%
Netcare Limited	25.5	S. Afr	37,647	6.1%	13.3%	2.7%	-2.0%	24.5%	82.1%
MEDICLIN AG	4.3	Euro	202	-3.4%	-3.4%	-0.8%	-1.0%	4.7%	4.9%
Marseille-Kliniken AG	3.4	Euro	50	-7.3%	-28.4%	-35.8%	-28.6%	-36.4%	24.6%
Mediclinic Intl Ltd	75.5	S. Afr	62,460	4.1%	6.7%	6.4%	-0.6%	13.6%	113.9%
Medica SA	22.8	Euro		0.0%	4.4%	15.2%	20.1%	62.4%	91.1%
Simple mean performance				1.8%	3.0%	4.2%	3.5%	21.8%	63.8%
FTSE 350 / Health Care - SS -	509.7			10.6%	4.2%	13.4%	10.7%	15.8%	36.2%
STOXX 600 / Health Care - SS -	635.8			6.7%	3.8%	9.9%	8.2%	10.8%	44.4%
STOXX 600 - Price	338.5			3.0%	2.0%	5.2%	3.1%	11.0%	34.4%

Source: Factset

GDS Peer Group - Multiple Comparison

Stock	Price	Ccy	Mkt cap	EV/Sales 2014	EV/Sales 2015	EV/Ebitda 2014	EV/Ebitda 2015	P/E 2014	P/E 2015	Div Yield 2014
Generale de Sante S.A. Our	15.5	Euro	875	0.9	0.8	7.3	7.0	42.3	28.6	5.8%
Generale de Sante SA	15.5	Euro	875					21.2	20.7	5.8%
Orpea SA	53.7	Euro	2,977	2.5	2.1	13.7	11.8	21.6	19.2	1.6%
RHON-KLINIKUM AG	23.5	Euro	3,248	1.7	1.2	24.6	25.1	29.3	19.5	1.6%
Netcare Limited	25.5	S. Afr	37,647	1.4	1.2	9.6	8.4	16.1	14.0	3.0%
Mediclinic Intl Ltd	75.5	S. Afr	62,460	2.6	2.4	12.2	11.1	17.8	16.3	1.8%
Medica SA	22.8	Euro		1.7		10.5		15.7		2.5%
Median				1.7	1.7	12.9	11.4	17.8	16.3	1.7%

Source: Intermonte SIM estimates for DEA and Factset consensus estimates for peer group

DEA CAPITAL Peer Group - Absolute Performances

Stock	Price	Ccy	Mkt cap	1M	3M	6M	YTD	1Y	2Y
DEA CAPITAL	1.4	EUR	421.3	2.2%	10.0%	0.7%	8.2%	-5.6%	9.0%
3I	3.8	GBP	3,707.7	-0.4%	-1.5%	0.6%	-0.9%	8.7%	107.2%
CIR	1.1	EUR	873.7	-9.8%	3.2%	-10.9%	-3.8%	26.1%	21.1%
COFIDE	0.5	EUR	382.3	-4.5%	-2.5%	-8.4%	-5.0%	21.2%	23.4%
DEUTSCHE BETE	19.5	EUR	266.7	1.3%	-10.0%	-1.9%	-6.0%	3.9%	19.0%
DINAMIA	8.0	EUR	129.8	6.1%	10.0%	14.3%	14.3%	65.0%	189.7%
EURAZEO	64.5	EUR	4,040.6	0.1%	19.1%	14.7%	13.2%	68.0%	102.1%
EXOR	31.5	EUR	9,865.6	-4.7%	9.3%	10.4%	8.9%	33.6%	91.3%
GEMINA	---	EUR	---	---	---	---	---	---	---
IMMSI	0.7	EUR	242.3	-7.9%	43.3%	54.4%	52.7%	45.5%	37.5%
ITALMOBILIARE	33.4	EUR	1,100.1	-4.5%	15.2%	34.2%	36.0%	116.6%	142.6%
PREMAFIN	0.2	EUR	71.0	0.0%	0.0%	6.8%	-8.9%	-6.9%	-13.4%
SVG	4.2	GBP	988.9	-0.5%	-1.4%	5.8%	-3.0%	3.9%	65.6%
TIP	2.7	EUR	367.1	-0.1%	18.2%	22.9%	17.8%	66.9%	71.8%
Mean performance				-1.8%	8.7%	11.1%	9.5%	34.4%	66.7%
Italy Fixed	21,390.1	EUR	273,604	-1.5%	8.6%	12.8%	12.8%	25.2%	55.3%

Source: FactSet

DEA CAPITAL Peer Group - Multiple Comparison

Stock	Price	Ccy	Mkt cap	EV/Sales 2014	EV/Sales 2015	EV/Ebitda 2014	EV/Ebitda 2015	EV/Ebit 2014	EV/Ebit 2015	P/E 2014	P/E 2015	Div Yield 2014	Div Yield 2015
DEA CAPITAL	1.4	EUR	421.3	5.9	5.6	40.8	28.5	40.8	28.5	156.3	50.6	0.0%	0.0%
3I	3.8	GBP	3,707.7	5.4	4.8	8.1	5.8	8.2	5.8	8.3	6.5	2.2%	2.6%
CIR	1.1	EUR	873.7	0.5	0.5	7.1	6.0	15.5	11.2	29.8	17.9	2.9%	4.0%
COFIDE	0.5	EUR	382.3										
DEUTSCHE BETE	19.5	EUR	266.7	6.9	6.7	10.2	7.4	10.3	7.4	11.4	8.6	4.6%	5.7%
DINAMIA	8.0	EUR	129.8	8.0	8.2	9.4	9.6	9.4	9.6	11.1	11.4	7.3%	7.3%
EURAZEO	64.5	EUR	4,040.6	2.1	2.1	11.4	11.2	17.7	17.0	77.8	51.9	1.9%	2.0%
EXOR	31.5	EUR	9,865.6									1.1%	1.2%
GEMINA		EUR											
IMMSI	0.7	EUR	242.3										
ITALMOBILIARE	33.4	EUR	1,100.1										
PREMAFIN	0.2	EUR	71.0										
SVG	4.2	GBP	988.9	96.4	100.5					15.6	8.8		
TIP	2.7	EUR	367.1							25.5	100.8	1.9%	1.9%
Median				5.9	5.6	9.8	8.5	12.9	10.4	20.5	14.7	2.1%	2.3%

Source: Intermonte SIM estimates for covered companies, FactSet consensus estimates for peer group

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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.
The stock price indicated is the reference price on the day prior to the publication of the report.

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Intermonte's distribution of stock ratings is as follows:

BUY: 18.49%
OUTPERFORM: 36.99%
NEUTRAL: 41.10%
UNDERPERFORM: 3.42%
SELL: 0.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (32 in total) is as follows:

BUY: 21.88%
OUTPERFORM: 43.75%
NEUTRAL: 34.37%
UNDERPERFORM: 0.00%
SELL: 0.00%

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- o Intermonte SIM SpA acts as Financial Advisor to the following companies: Carraro, Saes Getters

DETAILS ON STOCKS RECOMMENDATION

Stock NAME	DEA CAPITAL		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	1.85	Previous Target (Eu):	1.60
Current Price (Eu):	1.37	Previous Price (Eu):	1.28
Date of report:	12/05/2014	Date of last report:	17/03/2014

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