

TIP

OUTPERFORM

SECTOR: Holdings & RE

Price (Eu): **3.53**
 Target Price (Eu): **4.30**

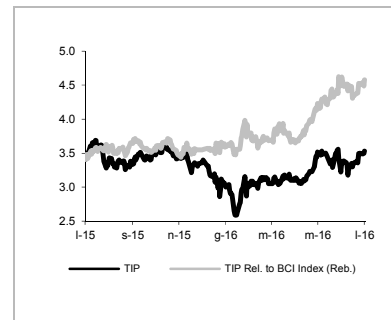
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Good Harvesting Ahead in '16, Striving To Find New Investment Opportunities

- TIP to achieve record capital gain from Moncler and other deals in 2016.** On 5 August 2013, Clubsette, of which TIP owns 52,5%, acquired a 14% stake in Ruffini Partecipazioni, a company controlled by Remo Ruffini, which in turn owns 31.9% of Moncler. Clubsette invested Eu103mn, just a few months before Moncler's IPO. On 28th July, 2016, Ruffini Partecipazioni announced that, in exchange for its 14% stake, Clubsette will receive a direct 5.125% stake in Moncler. Clubsette is receiving more Moncler shares in relation to the positive cash position of Ruffini Partecipazioni. Clubsette will be liquidated in September, and each shareholder will receive Moncler shares pro-quota. TIP will thus directly own 2.69% of Moncler (we were previously calculating an indirect 2.34% stake), which at current prices adds Eu13-14mn to TIP's NAV (or about Eu0.10ps or 3% of its market cap). On top of that, TIP will record a capital gain of Eu80mn, or Eu42mn net of minorities. TIP has already recorded other capital gains in 2Q16 from the disposal of Bolzoni (Eu6mn) and from the recent tender offer launched on Noemalife (Eu4mn).
- Update on Asset Italia initiative.** On 14 July this year, TIP's shareholders granted the Board powers to carry out a reserved rights issue of up to Eu1.5bn, to service the contribution in Asset Italia shares by its own shareholders (except TIP) for a five-year period. We expect TIP to collect about Eu7-8mn in fees from the creation of Asset Italia (established on 21 July 2016) combined with annual management fees, which could grow if new investments are announced. We expect Asset Italia's first deals to be announced late this year or early next year.
- IPO pipeline.** TIP has recently updated its expected IPO pipeline. For 2016, TIP expects to realise its investment (a convertible bond of about Eu8mn) in Octo Telematics, a "black box" producer for the auto insurance sector. There have been press rumours of a potential outright sale of Octo alongside preparations for an IPO. We estimate a further potential capital gain of Eu12-15mn from this divestment, which we are not currently including in our estimates. Within the next 1-2 years, we think the potential IPO of Furla could raise a lot of interest and the offering would probably be for around Eu120-150mn, assuming a 10x EBITDA multiple and 30% float. As regards IPOs for Eataly, we think that sometime in 2018 would be a reasonable date as things stand, while Roche Bobois could be listed later in 2019. Lastly, IGuzzini could be another IPO in the pipeline for 2018 (TIPO increased its exposure to the company in June).
- OUTPERFORM confirmed, TP from Eu3.80 to Eu4.30.** We continue to appreciate TIP's ability to gain the trust of the owners of many high quality companies in Italy, to offer innovative solutions to investors and to implement good stock selection, focused on high-quality stocks. We are lifting our net profit estimates for this year to take into account the aforementioned capital gains, raising our TP from Eu3.80 to Eu4.30 per share based on our dynamic NAV valuation. At its current market price, TIP is trading at a 17.6% discount to our dynamic NAV. We are not considering the potential impact of TIP's 2015-2020 warrants, which are currently out of the money and may be exercised from 15 July until 13 August 2016 at Eu3.79ps and would allow TIP to raise additional financial resources to fund future growth opportunities for up to about Eu140mn (or Eu200mn at expiry in 2020). TIP has performed fairly well in relative terms but we think that there is still significant value to be unlocked thanks to its unique strategy and skills on the funding and investment side.

 Next event: 2Q16 Results out 7th September

TIP - 12m Performance


RATING: Unchanged
TARGET PRICE (Eu): from 3.80 to 4.30

Change in EPS est:	2016E	2017E
	267.1%	27.8%

STOCK DATA

Reuters code: TIP.MI
 Bloomberg code: TIP IM

Performance	1m	3m	12m
Absolute	4.7%	13.8%	3.5%
Relative	-1.0%	22.9%	26.4%
12 months H/L:	3.69/2.59		

SHAREHOLDER DATA

No. of Ord. shares (mn): 148
 Total No. of shares (mn): 148
 Mkt Cap Ord (Eu mn): 522
 Total Mkt Cap (Eu mn): 522
 Mkt Float - ord (Eu mn): 405
 Mkt Float (in %): 77.6%
 Main shareholder:
 D'Amico SdN 11.3%

BALANCE SHEET DATA

	2016
Book value (Eu mn):	493
BVPS (Eu):	2.53
P/BV:	1.4
Net Debt (#BadKeyword mn):	200
NAV (Eu mn)	460

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Key Figures	2014A	2015A	2016E	2017E	2018E
EBIT (Eu mn)					
Net profit (Eu mn)	27	25	52	18	18
EPS - New (Eu)	0.188	0.171	0.354	0.123	0.123
EPS - Old (Eu)		0.171	0.096	0.096	0.097
DPS (Eu)	0.061	0.061	0.061	0.061	0.050
NAVPS (Eu)	3.865	3.111	3.111	3.111	3.111
Ratios & Multiples	2014A	2015A	2016E	2017E	2018E
P/E	18.8	20.6	10.0	28.6	28.8
Div. Yield	1.7%	1.7%	1.7%	1.7%	1.4%
P/NAVPS	0.9	1.1	1.1	1.1	1.1
ROCE					

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TIP- Change in Estimates

(Eu 000)	FY15A	FY16E	FY17E	FY18E	FY16E	FY17E	FY18E
Total revenue	4,130	13,155	9,159	9,162	84%	20%	12%
Costs for materials, services and other	-2,197	-2,400	-2,500	-2,600	0%	0%	0%
Personnel expense	-6,782	-8,000	-7,500	-7,500	11%	-1%	-5%
D&A and impairment loss	-45	-50	-53	-55	0%	0%	0%
Operating profit	-4,894	2,705	-894	-993	-209%	-63%	-59%
Financial income	33,353	120,000	27,000	27,000	345%	0%	0%
Financial expense	-9,738	-20,738	-10,000	-10,000	109%	0%	0%
Profit before adjustments to investments	18,721	101,968	16,106	16,007	598%	11%	10%
Equity-accounted investees	8,361	12,000	8,000	8,000	189%	90%	90%
Net impairment losses on AFS assets	-289	409	415	415	0%	0%	0%
Profit before tax	26,793	114,377	24,521	24,422	496%	28%	27%
Current and deferred taxes	-1,798	-22,875	-4,904	-4,884	496%	28%	27%
<i>Tax rate</i>	-7%	-20%	-20%	-20%			
<i>Minorities</i>	239	-39,400	-1,471	-1,465			
Profit for the year	25,234	52,101	18,146	18,072	267%	28%	27%
<i>YoY growth</i>	-6%	106%	-65%	0%			

Source: Intermonte SIM Estimates

TIP- Quarterly Estimates

(Eu 000)	FY15A	1Q16A	2Q16E	1H16E	3Q16E	9M16E	4Q16E	2H16E	FY16E
Total revenue	4,130	1,197	2,530	3,727	4,559	8,286	4,870	9,429	13,155
Costs for materials, services and other	-2,197	-440	-700	-1,140	-653	-1,793	-607	-1,260	-2,400
Personnel expense	-6,782	-1,235	-2,000	-3,235	-1,100	-4,335	-3,665	-4,765	-8,000
D&A and impairment loss	-45	-44	-7	-51	-7	-58	8	1	-50
Operating profit	-4,894	-522	-177.0	-699	2,799	2,100	605	3,404	2,705
Financial income	33,353	16,833	10,200	27,033	80,500	107,533	12,467	92,967	120,000
Financial expense	-9,738	-13,257	-1,500	-14,757	-2,100	-16,857	-3,880	-5,980	-20,738
Profit before adjustments to investments	18,721	3,054	8,523	11,577	81,199	92,776	9,192	90,391	101,968
Equity-accounted investees	8,361	495	3,701	4,196	2,576	6,772	5,228	7,804	12,000
Net impairment losses on AFS assets	-289	-851	-93	-944	0	-944	1,353	1,353	409
Profit before tax	26,793	2,698	12,131	14,829	83,775	98,604	15,772	99,547	114,377
Current and deferred taxes	-1,798	-596	-3,500	-4,096	-15,000	-19,096	-3,780	-18,780	-22,875
<i>Tax rate</i>	-7%	-22%	-29%	-28%	18%	19%	24%	19%	-20%
<i>Minorities</i>	239	78	-76	100	-38,000	-37,900	-1,500	-39,500	-39,400
Profit for the year	25,234	2,181	8,555	10,834	30,775	41,609	10,493	41,268	52,101
<i>YoY growth</i>	-6%	-84%	59%	-44%	-81271%	115%	78%	604%	106%

Source: Intermonte SIM Estimates

TIP- Capital Gain Estimates from Moncler Deal

Moncler market valuation

Nr. of shares (mn)	250
Share price (Eu)	15.7
Market Cap. (Eu mn)	3915

Source: Intermonte SIM estimates and company data

Club 7 - Structure of the deal

Ruffini Partecipazioni stake in Moncler (%)	32.0%
Club 7 stake in Ruffini Partecipazioni (%)	14.0%
Club 7 indirect stake in Moncler (%)	4.5%
TIP stake in Club 7 (%)	52.5%
TIP indirect stake in Moncler (%)	2.4%

Club 7 - Acquisition of 14% of Ruffini Partec. (32% of Moncler + Liquidity)

Total acquisition cost (Eu mn)	103
TIP pro-quota (52.5%) investment (Eu mn)	54

Source: Intermonte SIM estimates and company data

Club 7/TIP - Capital gain scenarios

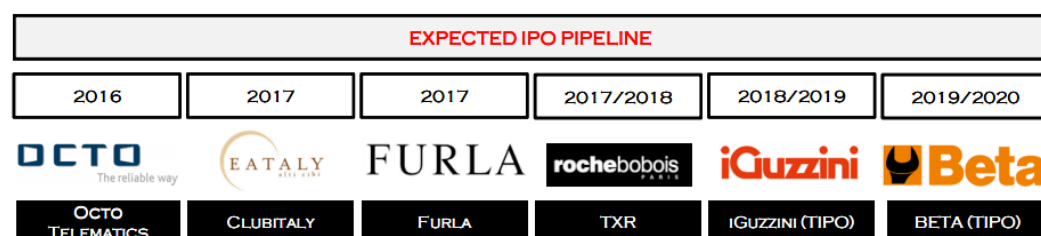
	HP1	HP2	HP3
HPs of liquidity weight on Ruffini stake (%)	5%	10%	15%
HPs of liquidity weight on Ruffini stake (Eu mn)	5	10	15
Moncler stake implied cost for Club 7	98	93	88
Moncler stake implied cost per share	8.74	8.28	7.82
Plus/Minus at current Moncler mkt price for Clu	78	83	88
Plus/Minus at current Moncler mkt price for TIP	41	43	46

Source: Intermonte SIM Estimates

TIP - Dynamic NAV @ Intermonte SIM and Consensus Fair value

(Eu mn)	Value	Stake (%)	% on NAV	Valuation method	Sector
LISTED COMPANIES	238.6		37.7%		
Amplifon S.p.A.	95.8	4.2%	15.1%	Intermonte Fair Value	Hearing aids
FCA (equity & MCS)	34.3	0.1%	5.4%	Intermonte Fair Value	Auto
HUGO BOSS AG	50.0	1.3%	7.9%	Consensus Fair Value	Fashion/Luxury
Ferrari NV	32.6	0.4%	5.2%	Intermonte Fair Value	Luxury cars
Dedalus	9.3	14.9%	1.5%	Book Value	Healthcare
Other listed companies	5.4	n.a.	0.9%	Book Value	Various
Digital Magics S.p.A.	3.8	19.0%	0.6%	Market value	Web incubator
Servizi Italia S.p.A.	2.9	1.9%	0.5%	Intermonte Fair Value	Healthcare
Monrif S.p.A.	2.5	8.4%	0.4%	Market value	Publishing
M&C S.p.A.	2.0	2.7%	0.3%	Market value	Financial Holding
NON LISTED COMPANIES	299.9		47.4%		
Club 7 S.r.l. (14% of Ruffini - 32% Moncler)	134.6	52.5%	21.3%	Intermonte Fair Value	Luxury
Azimut Benetti	50.0	12.0%	7.9%	12x EV/EBITDA FY16E	Yacht/ Luxury
TXR S.r.l (51% Furn Invest - 38% Roche Bobois)	50.0	51.0%	7.9%	10x EV/EBITDA FY16E	Furniture
TIP advisory business	21.5	100.0%	3.4%	14x adj. PE	Finance
Furla	20.0	n.a.	3.2%	10x EV/EBITDA FY17E	Luxury
Octo Telematics	23.0	n.a.	3.6%	10x EV/EBITDA FY16E	Telematics
Other non listed companies	0.8	n.a.	0.1%	Book Value	Various
ASSOCIATES	296.4		46.8%		
Club 3 SpA (5.8% of Prysmian)	89.0	43.3%	14.1%	Intermonte Fair Value	Cables
Gruppo IPG Holding (20.23% of Interpump)	92.3	33.7%	14.6%	Market value	Hydraulic
Clubitaly SpA (20% Eataly)	55.0	27.5%	8.7%	10x EV/EBITDA FY18E	Food Retailer
Be, Think, Solve, Execute	26.8	23.4%	4.2%	Intermonte Fair Value	IT Banking
TIPO	20.0	28.6%	3.2%	Book Value	Finance
Asset Italia	12.6	20.0%	2.0%	Intermonte Fair Value	Finance
Palazzari & Turries Limited	0.4	30.0%	0.1%	Book Value	Finance
Gatti & Co	0.2	30.0%	0.0%	Book Value	Finance
Net Financial Position	-200.0		-31.6%	Including recent transactions	
Holding costs	-6.0		-0.9%	Est 1% of total assets	
Treasury shares (0.76%)	4.0		0.6%	@ May 13, 2016	
Total NAV	632.8				
<i>N. of shares</i>	<i>147.8</i>				
Total NAV ps (Eu)	4.28				
TIP Market price (Eu)	3.53				
Current premium (discount) on NAVPS	-17.6%				

Source: Intermonte SIM estimates & Factset



Source: Company Presentation

TIP - Static NAV

(Eu mn)	Value	Stake (%)	% on NAV	Valuation method	Sector
LISTED COMPANIES	210.5		45.8%		
Amplifon S.p.A.	83.8	4.2%	18.2%	Market value	Hearing aids
FCA (equity & MCS)	25.4	0.1%	5.5%	Market value	Auto
HUGO BOSS AG	47.2	1.3%	10.3%	Market value	Fashion/Luxury
Ferrari NV	28.8	0.4%	6.3%	Market value	Auto/Luxury
Dedalus	9.3	14.9%	2.0%	Market value	Healthcare
Other listed companies	5.4	n.a.	1.2%	Book Value	Various
Digital Magics S.p.A.	3.8	19.0%	0.8%	Market value	Web incubator
Monrif S.p.A.	2.5	8.4%	0.6%	Market value	Publishing
Servizi Italia S.p.A.	2.2	1.9%	0.5%	Market value	Healthcare
M&C S.p.A.	2.0	2.7%	0.4%	Market value	Financial Holding
NON LISTED COMPANIES	205.9		44.8%		
Club 7 S.r.l. (14% of Ruffini - 32% Moncler)	105.4	52.5%	22.9%	Market value	Luxury
Azimut Benetti	40.0	12.0%	8.7%	Book Value	Yacht/ Luxury
TXR S.r.l (51% Furn Invest - 38% Roche Bobois)	15.2	51.0%	3.3%	Book Value	Furniture
TIP advisory business	21.5	100.0%	4.7%	14x adj. PE	Finance
Furla	15.0	n.a.	3.3%	Book Value	Luxury
Octo Telematics	8.0	n.a.	1.7%	Book Value	Telematics
Other non listed companies	0.8	n.a.	0.2%	Book Value	Various
ASSOCIATES	239.5		52.1%		
Club 3 SpA (5.8% of Prysmian)	79.1	43.3%	17.2%	Market value (net of debt)	Cables
Gruppo IPG Holding (20.23% of Interpump)	92.3	33.7%	20.1%	Market value (net of debt)	Hydraulic
Clubitaly SpA (20% Eataly)	33.2	27.5%	7.2%	Book Value	Food Retailer
Be, Think, Solve, Execute	14.3	23.4%	3.1%	Market value	IT Banking
TIPO	20.0	28.6%	4.3%	Book Value	Finance
Palazzari & Turries Limited	0.4	30.0%	0.1%	Book Value	Finance
Gatti & Co	0.2	30.0%	0.1%	Book Value	Finance
Net Financial Position	-200.0		-43.5%	Including recent transactions	
Treasury shares (0.76%)	4.0	0.76%	0.86%	@ May 13, 2016	
Total NAV	459.8				
<i>N. of shares</i>	<i>147.8</i>				
Total NAV ps (Eu)	3.11				
TIP Market price (Eu)	3.53				
Current premium (discount) on NAVPS	13.5%				

Source: Intermonte SIM estimates & Factset

TIP – Main Listed Asset Performance

Stock	Price (Local ccy)	Mkt cap (Local ccy)	% weight on NAV	% Change 1 Month	% Change 3 Months	% Change 6 Months	% Change YTD	% Change 1 Year	% Change 2 Years
Tamburi Investment Partners S.p.A.	3.53	522		4.7%	13.8%	17.7%	4.2%	3.5%	48.9%
Moncler SpA	15.66	3,918	22.9%	10.7%	11.4%	18.8%	21.2%	-9.2%	31.0%
Prismian S.p.A.	20.70	4,486	52.1%	13.1%	0.0%	14.6%	2.2%	2.8%	28.8%
Interpump Group S.p.A.	14.48	1,577	17.2%	9.4%	14.5%	28.3%	1.1%	-3.6%	50.8%
Amplifon S.p.A.	8.75	1,976	18.2%	6.1%	9.9%	14.0%	9.4%	16.5%	89.1%
HUGO BOSS AG	52.47	3,694	10.3%	7.7%	-7.0%	-27.7%	-31.5%	-51.2%	-51.6%
Ferrari NV	39.76	7,512	6.3%	9.9%	0.0%	9.5%	-11.0%		
Fiat Chrysler Automobiles N.V.	5.71	7,360	5.5%	5.1%	-21.6%	-11.0%	-32.5%	-35.1%	14.0%
Be Think, Solve, Execute S.p.A.	0.45	61	7.2%	-0.5%	-13.7%	3.5%	-12.1%	-16.9%	-13.7%
NoemaLife S.p.A.	7.45	62	2.0%	-0.2%	1.2%	6.8%	10.8%	31.0%	47.8%
Digital Magics S.p.A.	4.03	20	0.8%	-1.4%	-10.4%	-11.8%	-29.9%	-25.2%	-27.4%
Monrif S.p.A.	0.20	30	0.6%	17.8%	-4.3%	-13.7%	-24.2%	-32.3%	-40.7%
Servizi Italia S.p.A.	3.53	112	0.5%	-0.8%	-1.5%	-4.1%	-7.2%	-24.8%	-23.9%
M&C S.p.A.	0.16	76	0.4%	1.8%	16.3%	26.9%	18.7%	37.4%	28.3%
Bolzoni S.p.A.	4.29			0.3%	0.0%	18.3%	9.6%	22.7%	28.2%
Average performance				5.6%	-0.4%	5.2%	-5.4%	-6.8%	12.4%
FTSE Italia All-Share				6.0%	-11.9%	-8.4%	-21.7%	-27.1%	-18.1%
FTSE MIB				5.9%	-12.9%	-9.2%	-22.9%	-29.2%	-21.1%
FTSE Star Italy				0.0%	0.0%	0.0%	-5.5%	0.0%	0.0%
FTSE Mid Cap Italy				5.4%	-12.0%	-6.1%	-24.7%	-31.0%	-17.8%
FTSE Small Cap Italy				8.0%	-10.6%	-8.0%	-20.4%	-20.0%	-2.8%
TIP - Relative performance vs Italian indexes				1M	3M	6M	YTD	1Y	2Y
FTSE Italia All-Share				-1.3%	25.7%	26.1%	25.9%	30.6%	67.0%
FTSE MIB				-1.2%	26.7%	26.8%	27.0%	32.7%	70.0%
FTSE Star Italy				4.7%	13.8%	17.7%	9.7%	3.5%	48.9%
FTSE Mid Cap Italy				-0.8%	25.8%	23.7%	28.9%	34.6%	66.8%
FTSE Small Cap Italy				-3.3%	24.4%	25.7%	24.6%	23.5%	51.8%

Source: Factset

Italian Holdings - Performance

Stock	Price (Eu)	Mkt cap (Eu mn)	% Change 1 Month	% Change 3 Months	% Change 6 Months	% Change YTD	% Change 1 Year	% Change 2 Years
Tamburi Investment Partners S.p.A.	3.53	522	4.7%	13.8%	17.7%	4.2%	3.5%	48.9%
EXOR S.p.A.	33.63	8,105	4.6%	-0.4%	15.4%	-20.1%	-25.3%	13.6%
Compagnie Industriali Riunite S.p.A.	1.01	801	6.2%	-4.9%	16.2%	4.0%	2.5%	-4.9%
ASTM S.p.A.	9.88	875	1.8%	-12.7%	0.2%	-14.5%	-19.7%	-13.8%
Italmobiliare S.p.A.	38.70	1,344	23.6%	1.2%	16.4%	-8.1%	27.9%	23.2%
DeA Capital S.p.A.	1.03	316	-1.0%	-13.7%	-11.4%	-19.9%	-23.8%	-5.2%
COFIDE-Gruppo De Benedetti S.p.A.	0.37	269	5.8%	-9.9%	2.7%	-10.1%	-19.6%	-29.1%
Immsi S.p.A.	0.41	139	0.4%	-4.2%	18.6%	-13.1%	-32.8%	-35.1%
Caltagirone S.p.A.	2.14	257	11.0%	-6.1%	13.8%	-9.3%	-10.1%	-15.4%
Average performance			6.6%	-6.3%	9.0%	-11.4%	-12.6%	-8.3%
FTSE Italia All-Share			6.0%	-11.9%	-8.4%	-21.7%	-27.1%	-18.1%
FTSE MIB			5.9%	-12.9%	-9.2%	-22.9%	-29.2%	-21.1%
FTSE Star Italy			0.0%	0.0%	0.0%	-5.5%	0.0%	0.0%
FTSE Mid Cap Italy			5.4%	-12.0%	-6.1%	-24.7%	-31.0%	-17.8%
FTSE Small Cap Italy			8.0%	-10.6%	-8.0%	-20.4%	-20.0%	-2.8%

Source: Factset

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Frequency of research: quarterly
 Reports on all companies listed on the S&P/MIB40 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.
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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;
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DETAILS ON STOCKS RECOMMENDATION

Stock NAME	TIP		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	4.30	Previous Target (Eu):	3.80
Current Price (Eu):	3.53	Previous Price (Eu):	3.23
Date of report:	29/07/2016	Date of last report:	19/05/2016

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