

Company update

BUY (Unchanged)

Target: € 2.90 (Prev. € 2.72)

Risk: High

STOCK DATA

Price €	2.38
Bloomberg code	TIP IM
Market Cap. (€ mn)	327
Free Float	100%
Shares Out. (mn)	137.2
52-week range	1.85 - 2.85
Daily Volumes ('000)	111

PERFORMANCE

	1M	3M	12M
Absolute	-0.5%	-8.2%	21.2%
Rel. to FTSE all shares	-2.4%	-2.2%	8.5%

MAIN METRICS

	2012	2013	2014E
EPS - € cents	6.9	24.7	15.5
DPS ord - € cents	4.1	8.3	6.0

NAV

	2012	2013	2014E
Nav ps Adj - €	1.9	2.3	2.9

MULTIPLES

	2012	2013	2014E
PNAV Adj.	0.8	1.0	0.8
PBV	0.9	1.0	1.1

INDEBTEDNESS

	2012	2013	2014E
NFP	1.9	-38.8	-57.9
D/E	n.m.	0.1	0.2
Debt to assets	n.m.	0.1	0.1

PRICE ORD LAST 365 DAYS



ANALYSTS

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AT THE CROSSROADS OF NEW INVESTMENT OPPORTUNITIES

TIP so far this year has completed 1) some relevant disposals (€ 33.6 mn from Datalogic and other smaller divestments); 2) additional investments in Roche Bobois and Interpump; 3) a new relevant investment in the high-end Italian-food retailer Eataly; 4) the issue of a new €100-mn retail bond and 5) the launch of TIPO, a vehicle for investing in Pre-IPOs which collected € 140-mn capital commitments from 40 different investors. These achievements have positioned TIP as one of the best candidates to play a new round of relevant investment opportunities in the next 18-24 months.

■ A healthy mix of new investments and profitable disposals

TIP in the first 8 months of 2014 completed:

1. **Some relevant disposals** (€ 18.3 mn capital gain gross of pex booked in 1H14, mainly from the sale of the entire stake in Datalogic and from other smaller divestments);
2. **Additional investments in the world's leading retailer of luxury furniture Roche Bobois and in Interpump;**
3. **A new relevant investment in Eataly**, the high-end Italian-food retailer, **and a recently announced investment in Fiat**, not included in our valuation due to lack of details on the size and kind of investment (press articles reported some € 80 mn total exposure on Fiat including bond and stocks built during the summer).

■ New relevant resources for funding a new round of investments

Furthermore, TIP was able to:

1. **Issue of a new € 100-mn 4.75%-coupon 6-year retail bond;**
2. **Launch TIPO, a vehicle for investing in top-quality small enterprises (€ 30-200 mn sales) targeting an IPO in 3-4 years.** TIPO collected capital commitments for € 140 mn from 40 different investors (of which € 40 mn provided by TIP itself).

These resources, on top of the proceeds from 1H14 disposals, **are due to be deployed in a new round of investments in the next 18-24 months.**

■ Net profit and advisory revenues strongly up in 1H14

With regards to the 1H14 results, we highlight:

- **The strong increase in net profit** (€ 21.9 mn in 1H14 from € 1.4 mn in 1H13) mainly boosted by the capital gain on Datalogic; (€ 15.8 mn);
- **The jump in advisory revenues** (€ 4.8 mn in 1H14 vs. € 1 mn in 1H13) which benefited from higher success fees, also generated by the arrangement of Club deals on Eataly and TIPO.

■ BUY confirmed. Target raised to € 2.90

After updating our valuation for the recent investments/divestments, we raised our valuation to € 2.90.

We confirm our BUY rating on the stock, featuring:

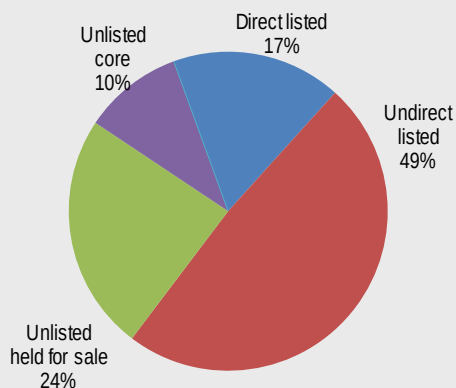
- **Substantial liquidity and managerial skill making it possible to take accretive investment/divestment opportunities**, as confirmed by the excellent investment track record;
- **A very sound portfolio of quality investee companies**, able to stand firm in tough market conditions and to take opportunities for organic and external growth.

We also see a potential **short term catalyst from the partial monetization of the stake in Intercos**, due to be listed soon on the Milan Stock Exchange, one of the most relevant non-listed asset in TIP's portfolio.

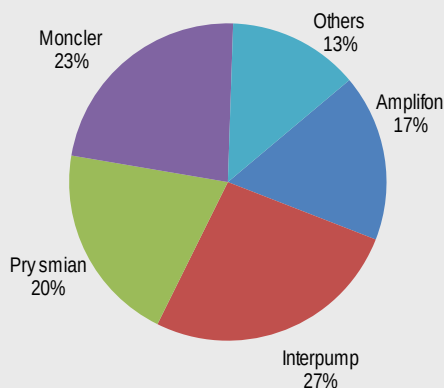
MAIN FIGURES € mn	2009	2010	2011	2012	2013	2014E
Rev from Sales&Serv.	3.2	5.8	5.5	4.7	4.3	6.0
Growth	-47.6%	79.1%	-5.3%	-13.8%	-9.5%	40.0%
EBITDA	-0.7	0.4	0.7	-0.9	-7.6	-2.5
Growth	n.m.	n.m.	55.6%	n.m.	n.m.	n.m.
Adjusted EBITDA	-0.7	0.4	0.7	-0.9	-7.6	-2.5
Growth	n.m.	n.m.	55.6%	n.m.	n.m.	n.m.
EBIT	-0.7	0.4	0.6	-1.0	-7.6	-2.6
Growth	n.m.	n.m.	59.0%	n.m.	n.m.	n.m.
Profit before tax	1.5	11.2	3.4	10.1	31.7	21.5
Growth	n.m.	626.3%	-69.8%	198.7%	213.8%	-32.2%
Taxes	-0.5	-1.0	-0.7	-0.9	0.1	-0.2
Tax rate	-33%	-9%	-22%	-8%	0%	-1%
Minority interests	0	0	0	0	0	0
Net income	1.0	10.2	2.6	9.3	31.9	21.3
Growth	n.m.	898%	-74%	251%	245%	-33%
Margin	28.8%	167.3%	46.4%	190.9%	723.6%	348.4%
Adj. net income	1.0	7.9	2.6	9.3	31.9	21.3
Growth	n.m.	669%	-67%	251%	245%	-33%
Margin	28.8%	128.9%	46.4%	190.9%	723.6%	348.1%
STOCK DATA	2009	2010	2011	2012	2013	2014E
EPS - € cents	1.0	8.8	2.0	6.9	24.7	15.5
Growth	n.m.	n.m.	-78%	255%	256%	-37%
Adj. EPS - € cents	1.0	6.8	2.0	6.9	24.7	15.5
Growth	n.m.	n.m.	-71%	255%	256%	-37%
DPS ord - € cents	3.0	3.5	3.5	4.1	8.3	6.0
Nav ps Adj - €	1.35	1.75	1.89	1.87	2.30	2.90
VARIOUS - € mn	2009	2010	2011	2012	2013	2014E
Capital employed	112	156	178	209	399	430
INDEBTNESS	2009	2010	2011	2012	2013	2014E
NFP	38	42	-3	2	-39	-58
D/E	n.m.	n.m.	0.02	n.m.	0.13	0.19
Debt to assets	n.m.	n.m.	0.0 x	n.m.	0.1 x	0.1 x
MARKET RATIOS	2009	2010	2011	2012	2013	2014E
PNAV Adj.	0.9 x	0.8 x	0.8 x	0.8 x	1.0 x	0.8 x
PBV	0.9 x	0.9 x	1.1 x	0.9 x	1.0 x	1.1 x
P/CF	n.m.	23.6 x	73.5 x	21.5 x	9.5 x	15.3 x
REMUNERATION	2009	2010	2011	2012	2013	2014E
Div. Yield ord	2.4%	2.5%	2.4%	2.8%	3.5%	2.5%
ROE	0.7%	5.9%	1.4%	4.8%	12.7%	7.2%

Source: Equita SIM estimates and company data

CURRENT ASSET BREAKDOWN



CURRENT BREAKDOWN OF LISTED SHAREHOLDINGS



TIP MAIN SHAREHOLDERS

d'Amico Società di Navigazione	11.3%
Gianni Tamburi	6.8%
Francesco Angelini	5.3%
IFM Independent Fund Management	5.2%
Mario Davide Manuli	4.2%
Francesco Baggi Sisini	3.3%
Sandro Alberto Manuli	2.5%
Isabella Seragnoli	2.2%
Carlo Alberto Marsiletti	2.1%
Finconcordia	2.0%

Source: Company data

BUSINESS DESCRIPTION

TIP Group (TIP) is an independent investment / merchant bank focusing on medium-sized Italian companies. TIP is active in:

1. **Minority investments**, as an active investor in **(listed and unlisted) companies able to express "excellence"** in their respective sectors;
2. **Advisory activities** in corporate finance transactions, especially acquisitions and disposals through Tamburi & Associati division (T&A);
3. **Secondary private equity activities**: investing in holdings held by private equity funds, banks, or insurance companies and purchasing stakes of entities that operate in the private equity sector or similar activities.

TIP usually operates as an active minority shareholder, leveraging its financial clout mobilising third-party assets via Club deals.

TIP has recently launched **TIPO (TIP Pre-IPO)** a new initiative to invest in **top quality, growth companies to be floated within 4-5 years**, but with a turnover range of € 30-200 mn, below TIP's minimum investment size. TIPO received capital commitments for €140 mn from 40 different investors (of which €40 mn provided by TIP).

TIP business model is unique in Italy because of:

- the specialisation in "excellent" small-mid caps
- the distinctive skills, experience and network
- the relevant financial resources internally available
- the capacity to leverage the financial resources via co-investments (Club Deals)
- the professional, confidential, flexible and rapid approach.

GROUP STRUCTURE



Source: Company presentation

TIP is a public company. The top management owns an 8% stake in the company. The shareholding structure foresees a significant presence of relevant entrepreneurial Italian families, representing a unique network of competencies and providing an opportunity to leverage TIP's financial resources via Club deals.

VALUATION

TIP: VALUATION

Asset	Stake	# shares	€ PS	€ mn	% of NAV	since	Valuation method
Amplifon	4.3%	9,538,036	4.5	42	11%	2010	market prices
Be (through Data Holding)	46.7%	5,240,550	0.5	10	3%	2007	NAV @ BET mkt price (incl. shareholder loan)
Interpump (through IPG Holding)	25.1%	67,348	10.2	66	16%	2003	market prices
Moncler (through Clubsette)	52.5%	52,500	11.8	57	14%	2003	NAV @ IP mkt prices (incl. shareholder loan)
Prysmian (through ClubTre)	35.0%	42,000	14.4	51	13%	2010	NAV @ PRY mkt prices
MAIN LISTED SHAREHOLDINGS				227	56%		
Dafe4000 (Intercos)	17.9%	956,205		26	7%	2011	mkt multiples (9x T12M EBITDA)
Furn-Invest (Roche Bobois)	38.3%	37,857,773		31	8%	2013	mkt multiples (8x T12M EBITDA)
Eataly (through ClubItaly)	27.5%			33	8%	2014	book value
MAIN UNLISTED SHAREHOLDINGS HELD FOR SALE				90	22%		
Other direct listed shareholdings	n.m.	n.m.	n.m.	23	6%	n.m.	market prices
Other unlisted shareholdings held for sale	n.m.	n.m.	n.m.	1	0%	n.m.	IFRS fair value
OTHER LISTED/UNLISTED SHAREHOLDINGS				24	6%		
Tamburi & Associati (advisory)	100.0%	n.m.		30	7%	2000	15x Adj PE 14E
Palazzari	30.0%	90,000		0	0%	2006	book value
Gatti & Co	30.0%	10,700		0	0%	2012	book value
TIPO	28.6%	n.m.		8	2%	2014	book value
TOTAL OTHER UNLISTED SHAREHOLDINGS (4)				38	10%		
ATTRIBUTABLE NET CASH / (DEBT) (5)*				-36	-9%		
FINANCIAL ASSETS / (LIABILITIES) (6)				0	0%		
CAPITALISED HOLDING COSTS (7)				-8	-2%		
TAXES / TAX CREDITS (7)				-1	0%		
TOTAL NET ASSET VALUE (8) = (1+2+3+4+5+6+7)				334	83%		
Adjusted value of PRY stake (our valuation)				18	5%		
Adjusted value of AMP stake (our valuation)				15	4%		
Adjusted value of IP stake (our valuation)				9	2%		
Adjusted value of BET stake (= 7x ebitda 14)				3	1%		
Adjusted value of Moncler stake (our valuation)				23	6%		
Taxes/Tax credits on Adj fair value				-1	0%		
TOTAL ADJ NET ASSET VALUE				401	100%		
Fully diluted nr. shares outstanding (mn)				139			assuming warrant exercise in June 2015 @ € 2.00
Fully Diluted NAV per ordinary share €				2.41			
Fully Diluted Adj NAV per ordinary share €				2.90			
Current price (€)				2.38			
Current premium (discount) to NAV				-1%			
Current premium (discount) to Adj NAV				-18%			

adjusted for available data on acquisitions/disposals after June 30, 2014
Source: Equita SIM estimates

STATEMENT OF RISKS AND SENSITIVITY

The primary elements that **could impact TIP stock include:**

- Significant change in the main assets reference macroeconomic scenario;
- New accretive/dilutive M&A deals (acquisitions/divestitures);
- Significant change in the value of participations.

SENSITIVITY OF TIP VALUATION TO CHANGE ON MAIN ASSETS' VALUE		
Asset	Change in asset value	Change in TIP value
Prysmian	-20%	-5%
	+20%	+5%
Moncler	-20%	-5%
	+20%	+5%
Interpump	-20%	-4%
	+20%	+4%
Eataly	-20%	-4%
	+20%	+4%
Amplifon	-20%	-3%
	+20%	+3%

Source: EQUITA SIM estimates

INFORMATION PURSUANT TO ARTICLE 69 ET SEQ. OF CONSOB (Italian securities & exchange commission) REGULATION no. 11971/1999

This publication has been prepared by Domenico Ghilotti on behalf of EQUITA SIM SpA (licensed to practice by CONSOB resolution no. 11761 of December 22nd 1998 and registered as no. 67 in the Italian central register of investment service companies and financial intermediaries)

In the past EQUITA SIM has published studies on TIP

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EXPECTED TOTAL RETURN FOR THE VARIOUS CATEGORIES OF RECOMMENDATION AND RISK PROFILE

RECOMMENDATION/RATING	Low Risk	Medium Risk	High Risk
BUY	ETR >= 10%	ETR >= 15%	ETR >= 20%
HOLD	-5% <ETR< 10%	-5% <ETR< 15%	0% <ETR< 20%
REDUCE	ETR <= -5%	ETR <= -5%	ETR <= 0%

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MOST RECENT CHANGES IN RECOMMENDATION AND/OR IN TARGET PRICE (OLD ONES IN BRACKETS):

Date	Rec.	Target Price (€)	Risk	Comment
Nil				

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EQUITY RATING DISPERSION AS OF JUNE 30, 2014 (art. 69-quinquies c. 2 lett. B e c. 3 reg. Consob 11971/99)

	COMPANIES COVERED	COMPANIES COVERED WITH BANKING RELATIONSHIP
BUY	43.8%	55.1%
HOLD	51.1%	42.9%
REDUCE	5.1%	2.0%
NOT RATED	0.0%	0.0%