

TIP**BUY****Price (Eu):****3.14****Target Price (Eu):****3.65**

SECTOR: Holdings & RE

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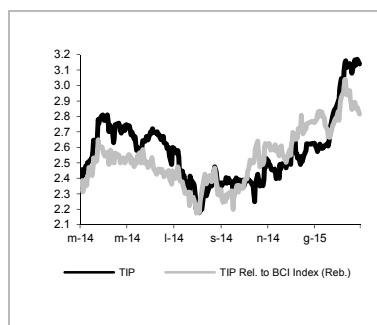
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More Hidden Value in the Portfolio

- Expecting a strong end to 2014 and a solid start to 2015; raising our dividend estimate.** We are expecting TIP to report another solid quarter on 11th March, underpinning a very strong performance last year, which should close only slightly short of the record year of 2013. Good growth in advisory revenues probably accompanied the capital gain generation from last year. On top of that, 2015 is likely to have started strongly again, on the back of a fizzling M&A pipeline in the advisory business and helped by a capital gain on the sale of Interco's cashed in at the beginning of the year. Given the strong performance last year, we have increased our 2014E DPS from Eu0.055 to Eu0.06 and have lifted 2015 estimates significantly as well.
- Strong performance from all underlying assets.** The average performance of listed assets in the last 3 months has been around +16%, beating the brilliant Italian market by a good margin. Recent investments in FCA, Hugo Boss, as well as an increased position in Interpump, are all offering very strong returns, underlying the quality of TIP's listed portfolio.
- Focus on Eataly value ahead of EXPO 2015.** We have focused our attention on Eataly, one of TIP's most interesting non-listed assets that entered the company's portfolio last year. Eataly is a high-end Italian food retailer engaged in the distribution of some of the very best Italian food and wine products and enjoying a unique standing as the only truly global Italian food retailer, acting as a symbol of the high quality of Italian-made food products. Eataly is growing at a very fast pace ahead of the EXPO (World's Fair), which will start in Milan in May. Because Eataly will play a major role in the exhibitions, we see this as a major opportunity to focus investors' attention on its value, which could benefit TIP. We are assuming that the company intends to float in 2016 or 2017, and based on our estimates, the embedded capital gain for TIP in a listing scenario is at least 100%, or 7% of current NAV.
- BUY confirmed, TP lifted from Eu3.0 to Eu3.65.** We are revising our fair value on TIP on the back of: 1) its revised static NAV (worth Eu3.60 per share), which has benefited from the strong performance of its listed assets, including most recently FCA and Hugo Boss; 2) our updated asset gatherer-based valuation (Eu3.40ps), which also benefits from the strong re-rating that the sector has enjoyed. As a reminder, this valuation is aimed at gauging the value of TIP's ability to attract fresh new money thanks to its unique model; and 3) we have also introduced a dynamic NAV (Eu4.10ps), taking into account our estimated fair value for both the listed assets and some of the non-listed ones (Eataly). This approach should incorporate part of the prospective value generation from TIP's diversified portfolio. We continue to recommend TIP as a high quality, low volatility exposure to best-in-class Italian companies.

TIP - 12m Performance

**RATING: Unchanged****TARGET PRICE (Eu): from 3.00 to 3.65**

Change in EPS est:	2014E	2015E
	11.8%	200.7%

STOCK DATA

Reuters code:	TIP.MI
Bloomberg code:	TIP IM

Performance	1m	3m	12m
Absolute	8.3%	26.1%	31.7%
Relative	-0.7%	11.9%	22.1%
12 months H/L:	3.17/2.18		

SHAREHOLDER DATA

No. of Ord. shares (mn):	136
Total No. of shares (mn):	143
Mkt Cap Ord (Eu mn):	427
Total Mkt Cap (Eu mn):	427
Mkt Float - ord (Eu mn):	332
Mkt Float (in %):	77.6%
Main shareholder:	
D'Amico SdN	11.3%

BALANCE SHEET DATA

	2015
Book value (Eu mn):	384
BVPS (Eu):	2.81
P/BV:	1.1
Net Debt:	-34
NAV (Eu mn)	512

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on the last page of this report

Key Figures	2011A	2012A	2013A	2014E	2015E
Net profit (Eu mn)	3	9	32	28	13
EPS - New (Eu)	0.020	0.069	0.220	0.200	0.090
EPS - Old (Eu)			0.220	0.179	0.030
DPS (Eu)	0.035	0.041	0.083	0.060	0.045
NAVPS (Eu)	1.437	1.597	3.962	3.586	3.586

Ratios & Multiples	2011A	2012A	2013A	2014E	2015E
P/E	nm	45.2	14.3	15.7	34.8
Div. Yield	1.1%	1.3%	2.6%	1.9%	1.4%
P/NAVPS	2.2	2.0	0.8	0.9	0.9

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Our estimates for 2014/2015

We are expecting TIP to report another solid quarter on 11th March, underpinning a very strong performance last year, which should close only slightly short of the record year of 2013. Good growth in advisory revenues probably accompanied the capital gain generation from last year.

On top of that, 2015 is likely to have started strongly again, on the back of a fizzling M&A pipeline in the advisory business and helped by a capital gain on the sale of Intercos cashed in at the beginning of the year.

Given the strong performance last year, we have increased our 2014E DPS from Eu0.055 to Eu0.06 and have lifted 2015 estimates significantly as well.

Tamburi Investment Partners S.p.A. - Quarterly P&L						
(Eu 000)	FY13	1Q14A	2Q14A	3Q14A	4Q14E	FY14E
Revenue from sales and services	4,263	2,233	2,536	1,397	2,418	8,585
<i>YoY growth</i>	-10%	460%	320%	-53%	849%	101%
Other revenue	151	18	47	22	10	97
<i>YoY growth</i>	14%	33%	404%	-22%	-82%	-36%
Total revenue	4,414	2,251	2,583	1,419	2,428	8,682
<i>YoY growth</i>	-9%	398%	319%	-53.2%	678%	97%
Costs for materials, services and other costs	-2,009	-625	-827	-640	-666	-2,758
<i>YoY growth</i>	23%	69%	42.3%	27%	20%	37%
Personnel expense	-9,983	-4,303	-996	-1,321	-1,979	-8,599
<i>YoY growth</i>	141%	560%	5.7%	-76%	-29%	-14%
Depreciation, amortisation and impairment loss	-66	-7	-39	-15	-8	-69
<i>YoY growth</i>	-17%	-17%	378%	98%	-81%	5%
Operating profit	-7,644	-2,684	722	-558	-224	-2,744
<i>YoY growth</i>	655%	365%	-179%	-82%	-93%	-64%
Financial income	39,240	18,367	3,964	759	6,660	29,751
<i>YoY growth</i>	423%	3170%	89%	-98%	66%	-24%
Financial expense	-2,137	-460	-3,913	335	-1,122	-5,160
<i>YoY growth</i>	239%	-13%	499%	-151%	272%	141%
Profit before adjustments to investments	29,459	15,224	773	537	5,314	21,847
<i>YoY growth</i>	403%	-2910%	47%	-98%	745%	-26%
Share of profit (loss) of equity-accounted investees	4,738	-213	2,368	955	560	3,670
<i>YoY growth</i>	9%	80%	32%	-6%	-73%	-23%
Net impairment losses on available-for-sale financial assets	-2,500	0	5,010	0	0	5,010
<i>YoY growth</i>	2759%	-100%	-434252%	-100%	-100%	-300%
Profit before tax	31,697	15,011	8,151	1,492	5,873	30,528
<i>YoY growth</i>	214%	-2367%	251%	-95%	715%	-4%
Current and deferred taxes	142	-524	45	168	-468	-779
<i>Tax rate</i>	0%	-3%	-1%	-11%	8%	-3%
<i>Minorities</i>		-20	-734	331	-827	-1,250
Profit for the year	31,839	14,468	7,462	1,991	4,578	28,499
<i>YoY growth</i>	244%					-10%

Tamburi Investment Partners S.p.A. - Yearly P&L estimates (Eu 000)	New Estimates				Old Estimates		% change	
	FY12	FY13	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E
Revenue from sales and services	4,712	4,263	8,585	9,444	8,585	9,444	0%	0%
<i>YoY growth</i>	-14%	-10%	101%	10%	101%	10%		
Other revenue	133	151	97	99	97	99	0%	0%
<i>YoY growth</i>	-34%	14%	-36%	2%	101%	2%		
Total revenue	4,845	4,414	8,682	9,542	8,682	9,542	0%	0%
<i>YoY growth</i>	-15%	-9%	97%	10%	97%	10%		
Costs for materials, services and other costs	-1,636	-2,009	-2,758	-1,761	-2,758	-1,761	0%	0%
<i>YoY growth</i>	6%	23%	-36%	37%	37%	-36%		
Personnel expense	-4,143	-9,983	-8,599	-11,731	-8,599	-11,731	0%	0%
<i>YoY growth</i>	20%	141%	-14%	0%	-14%	0%		
Depreciation, amortisation and impairment loss	-79	-66	-69	-72	-69	-72	0%	0%
<i>YoY growth</i>	72%	-17%	5%	5%	5%	5%		
Operating profit	-1,013	-7,644	-2,744	-4,022	-2,744	-4,022	0%	0%
<i>YoY growth</i>	-265%	655%	-64%	47%	-64%	47%		
Financial income	7,497	39,240	29,751	20,095	26,751	10,095	11%	99%
<i>YoY growth</i>	93%	423%	-24%	-32%	-32%	-62%		
Financial expense	-631	-2,137	-5,160	-5,567	-5,160	-5,567	0%	0%
<i>YoY growth</i>	-53%	239%	141%	8%	141%	8%		
Profit before adjustments to investments	5,854	29,459	21,847	10,506	18,847	506	16%	1976%
<i>YoY growth</i>	84%	403%	-26%	-52%	-36%	-97%		
Share of profit (loss) of equity-accounted investees	4,334	4,738	3,670	4,194	3,670	4,194	0%	0%
<i>YoY growth</i>	213%	9%	-23%	14%	-23%	14%		
Net impairment losses on available-for-sale financial assets	-87	-2,500	5,010	808	5,010	808	0%	0%
<i>YoY growth</i>	-93%	2759%	-300%	-84%	-300%	-84%		
Profit before tax	10,100	31,697	30,528	15,507	27,528	5,507	11%	182%
<i>YoY growth</i>	199%	214%	-4%	-49%	-13%	-80%		
Current and deferred taxes	-850	142	-779	-2,171	-779	-771	0%	182%
<i>Tax rate</i>	8%	0%	-3%	14%	-3%	14%		
<i>Minorities</i>			-1,250	-451	-125000%	-45100%		
Profit for the year	9,251	31,839	28,499	12,885	25,499	4,285	11.8%	200.7%
<i>YoY growth</i>	251%	244%	-10%	-55%	-20%	-83%		

Underlying assets: performance analysis

The average performance of listed assets in the last 3 months has been around +16%, beating the brilliant Italian market by a good margin. Recent investments in FCA, Hugo Boss, as well as an increased position in Interpump, are all offering very strong returns, underlying the quality of TIP's listed portfolio.

Tamburi Investments Partners - Main Listed Asset Performance (ranked by weight on NAV)

Stock	Price (Eu)	Mkt cap (Eu mn)	% 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.	3.14	451		12.0%	27.2%	29.9%	20.8%	32.1%	111.3%
Interpump Group S.p.A.	13.72	1,494	19.2%	8.3%	22.9%	32.8%	16.1%	34.1%	127.2%
Moncler SpA	13.28	3,320	16.0%	3.6%	14.6%	11.3%	21.1%	0.8%	
Prysmian S.p.A.	17.70	3,836	15.1%	10.3%	21.1%	13.7%	18.0%	-3.6%	9.9%
HUGO BOSS AG	116.60	8,209	11.2%	1.9%	8.2%	6.1%	13.1%	20.3%	30.2%
Amplifon S.p.A.	5.70	1,281	10.7%	6.3%	14.4%	28.1%	16.2%	27.5%	39.5%
Fiat Chrysler Automobiles N.V.	14.13	23,805	6.3%	19.1%	36.9%	82.2%	43.6%	80.9%	235.4%
Be Think, Solve, Execute S.p.A.	0.53	71	2.2%	-3.6%	4.5%	0.6%	8.8%	45.2%	176.3%
Bolzoni S.p.A.	3.25	85	1.3%	23.1%	21.0%	-5.1%	17.7%	0.7%	35.2%
NoemaLife S.p.A.	4.73	36	1.2%	1.7%	1.1%	-7.3%	3.3%	24.0%	38.3%
Monrif S.p.A.	0.35	52	0.8%	22.8%	15.5%	9.7%	22.9%	-33.3%	30.5%
Servizi Italia S.p.A.	4.85	137	0.5%	12.8%	10.1%	6.5%	20.1%	-0.1%	32.5%
M&C S.p.A.	0.11	51	0.4%	16.9%	13.5%	0.3%	22.1%	-31.6%	-35.7%
Average performance				10.3%	15.3%	14.9%	18.6%	13.7%	65.4%
FTSE Italia All-Share				8.5%	12.0%	7.8%	17.9%	9.6%	41.4%
FTSE MIB				8.2%	11.1%	7.6%	17.5%	9.9%	41.1%
FTSE Star Italy				9.1%	21.6%	23.1%	20.9%	18.7%	98.7%
FTSE Mid Cap Italy				11.7%	15.1%	12.4%	22.9%	9.6%	58.5%
FTSE Small Cap Italy				11.0%	22.3%	11.8%	24.2%	2.9%	53.6%
TIP - Relative performance vs Italian indexes				1M	3M	6M	YTD	1Y	2Y
FTSE Italia All-Share				3.5%	15.2%	22.1%	2.9%	22.5%	69.9%
FTSE MIB				3.8%	16.1%	22.3%	3.3%	22.2%	70.2%
FTSE Star Italy				2.9%	5.6%	6.8%	-0.1%	13.4%	12.6%
FTSE Mid Cap Italy				0.3%	12.1%	17.6%	-2.1%	22.4%	52.9%
FTSE Small Cap Italy				1.0%	4.9%	18.1%	-3.4%	29.2%	57.7%

Source: Intermonte SIM and Factset

Valuation Update

We are revising our fair value on TIP on the back of: 1) a revised static NAV (worth Eu3.60 per share); 2) an updated asset gatherer-based valuation (Eu3.40ps); 3) a dynamic NAV (Eu4.10ps).

1) Static NAV update

Static NAV has benefited from the strong performances of its listed assets, including most recently FCA and Hugo Boss.

TIP - Net Asset Value

(Eu mn)	Value	Stake (%)	% on NAV	Valuation method	Sector
LISTED COMPANIES	167.8		32.8%		
Amplifon S.p.A.	54.7	4.3%	10.7%	Market value	Hearing aids
Monrif S.p.A.	4.2	8.0%	0.8%	Market value	Publishing
NoemaLife S.p.A.	5.9	16.3%	1.2%	Market value	Healthcare
Servizi Italia S.p.A.	2.5	1.8%	0.5%	Market value	Healthcare
Bolzoni S.p.A.	6.6	7.7%	1.3%	Market value	Fork Lift
M&C S.p.A.	1.8	3.5%	0.4%	Market value	Financial Holding
Fiat Chrysler Automobiles N.V.	32.1	0.1%	6.3%	Market value	Auto
HUGO BOSS AG	57.1	0.7%	11.2%	Market value	Fashion/Luxury
Other listed companies	2.9	n.a.	0.6%	Book Value	Various
NON LISTED COMPANIES	71.3		13.9%		
Furn Invest S.a.S. (Roche Bobois)	33.5	38.3%	6.6%	0.7x EV/Sales	Furniture
Clubitaly (Eataty)	36.0	27.5%	7.0%	Book Value	Food Retailer
Borletti	0.9	n.a.	0.2%	Book Value	Real estate
Other non listed companies	0.9	n.a.	0.2%	Book Value	Various
ASSOCIATES	290.5		56.8%		
Club 3 S.r.l. (5.8% of Prysmian)	77.5	35.0%	15.1%	Market value	Cables
Club 7 S.r.l. (14% of Ruffini-32% Moncler)	82.0	52.5%	16.0%	Market value	Luxury
Data Holding 2007 S.r.l. (34.2% of B.E.E. Team)	11.1	46.7%	2.2%	Market value	IT Banking
Gruppo IPG Holding (26.294% of Interpump)	98.4	25.1%	19.2%	Market value	Hydraulic
Palazzari & Turries Limited	0.3	30.0%	0.1%	Book Value	Finance
Gatti & Co	0.3	30.0%	0.1%	Book Value	Finance
TIP advisory business	20.8	100.0%	4.1%	15x adj. PE	Finance
Net Financial Position	-33.6		-6.6%	Including recent transactions	
Holding costs	-6.8		-1.3%		
Treasury shares (5.039%)	22.7		4.4%	@ Feb 9, 2015	
Total NAV	511.9				
<i>N. of shares (f.d.)</i>	<i>142.8</i>				
Total NAV ps (Eu)	3.59				
TIP Market price (Eu)	3.14				
<i>Current premium (discount) on NAVPS</i>	<i>-12.4%</i>				

Source: Intermonte SIM estimates

2) *Asset gatherer-based valuation*

Our asset gatherer-based valuation has also benefited from the strong re-rating that the sector has enjoyed. This valuation is aimed at gauging the value of TIP's ability to attract fresh new money thanks to its unique model.

Asset Management Valuation (Eu mn)		
	Value (Eu mn)	Multiple Applied
Shareholders' equity (FY14E)	383.3	
Goodwill	(9.8)	
Tangible Equity	373.5	
o/w Associates	1,021.5	
o/w Not-listed companies	71.3	
o/w Listed companies	167.8	
Total Funds Under Management	1,260.6	
FuM valuation	127.1	10.1%
Advisory segment	20.8	15x PE
NFP	(33.6)	
Holding costs	(6.8)	
Fair Value	481.1	
<i>Fair Value per share (Eu)</i>	<i>3.37</i>	

Source: Intermonte SIM estimates

3) Dynamic NAV

We have introduced a dynamic NAV that takes into account our estimated fair value for both the listed assets and some of the non-listed ones (Eataly). This approach should incorporate part of the prospective value generation from TIP's diversified portfolio.

TIP - Dynamic Net Asset Value

(Eu mn)	Value	Stake (%)	% on NAV	Valuation method	Sector
LISTED COMPANIES	173.7		29.9%		
Amplifon S.p.A.	54.7	4.3%	9.4%	NAV @ fair value	Hearing aids
Monrif S.p.A.	4.2	8.0%	0.7%	Market value	Publishing
NoemaLife S.p.A.	5.9	16.3%	1.0%	Market value	Healthcare
Servizi Italia S.p.A.	2.9	1.8%	0.5%	NAV @ fair value	Healthcare
Bolzoni S.p.A.	7.4	7.7%	1.3%	NAV @ fair value	Fork Lift
M&C S.p.A.	1.8	3.5%	0.3%	Market value	Financial Holding
Fiat Chrysler Automobiles N.V.	36.9	0.1%	6.3%	NAV @ fair value	Auto
HUGO BOSS AG	57.1	0.7%	9.8%	Market value	Fashion/Luxury
Other listed companies	2.9	n.a.	0.5%	Book Value	Various
NON LISTED COMPANIES	107.2		18.4%		
Furn Invest S.a.S. (Roche Bobois)	33.5	38.3%	5.8%	0.7x EV/Sales	Furniture
ClubItaly (Eataly)	71.9	27.5%	12.4%	NAV @ fair value	Food Retailer
Borletti	0.9	n.a.	0.2%	Book Value	Real estate
Other non listed companies	0.9	n.a.	0.2%	Book Value	Various
ASSOCIATES	318.5		54.8%		
Club 3 S.r.l. (5.8% of Prysmian)	89.1	35.0%	15.3%	NAV @ fair value	Cables
Club 7 S.r.l. (14% of Ruffini-32% Moncler)	91.1	52.5%	15.7%	NAV @ fair value	Luxury
Data Holding 2007 S.r.l. (34.2% of B.E.E. Team)	13.5	46.7%	2.3%	NAV @ fair value	IT Banking
Gruppo IPG Holding (26.294% of Interpump)	103.3	25.1%	17.8%	NAV @ fair value	Hydraulic
Palazzari & Turries Limited	0.3	30.0%	0.0%	Book Value	Finance
Gatti & Co	0.3	30.0%	0.1%	Book Value	Finance
TIP advisory business	20.8	100.0%	3.6%	15x adj. PE	Finance
Net Financial Position	-33.6		-5.8%	Including recent transactions	
Holding costs	-6.8		-1.2%		
Treasury shares (5.039%)	22.7		3.9%	@ Feb 9, 2015	
Total NAV	581.8				
<i>N. of shares (f.d.)</i>	<i>142.8</i>				
Total NAV ps (Eu)	4.07				
TIP Market price (Eu)	3.14				
<i>Current premium (discount) on NAVPS</i>	<i>-22.9%</i>				

Source: Intermonte SIM estimates

Summary of our fair value calculation

Our target price of Eu3.65ps for TIP is the weighted average of our static NAV (weighted 50% weight) and our dynamic asset value and asset gathering franchise valuations (weighted 25% each).

TIP - Fair Value Calculation (Eu mn)

Valuation method	Value	P.S. (Eu)	Weight
Adjusted Net Asset Value	512	3.59	50%
Dinamic Net Asset Value	582	4.07	25%
Asset management	481	3.37	25%
Fair valuation	522	3.65	
<i>Fair value p.s. (Eu)</i>	<i>3.65</i>		

Source: Intermonte SIM estimates

Eataly – Company Profile

Eataly is a high-end Italian food retailer engaged in the distribution of some of the very best Italian food and wine products. Its offer brings together production, distribution, catering and education. It has a unique standing as the only truly global Italian food retailer, acting as a symbol of the high quality of products made in Italy in general, and Italian food and wine in particular.

Eataly's brand was born out of the aggregation of a number of small food and wine companies. It encompasses the famous durum wheat pasta from Gragnano, fresh egg pasta, fine wines and *fassone* beef from Piedmont, olive oil from the Ligurian Riviera and a range of traditional Italian cheeses and cold cuts. Since the opening of its first store in Turin, Eataly has successfully brought together the best artisanal products at reasonable prices by establishing direct relationships with producers and distributors, inspired by the concepts of sustainability, responsibility and sharing ideas.

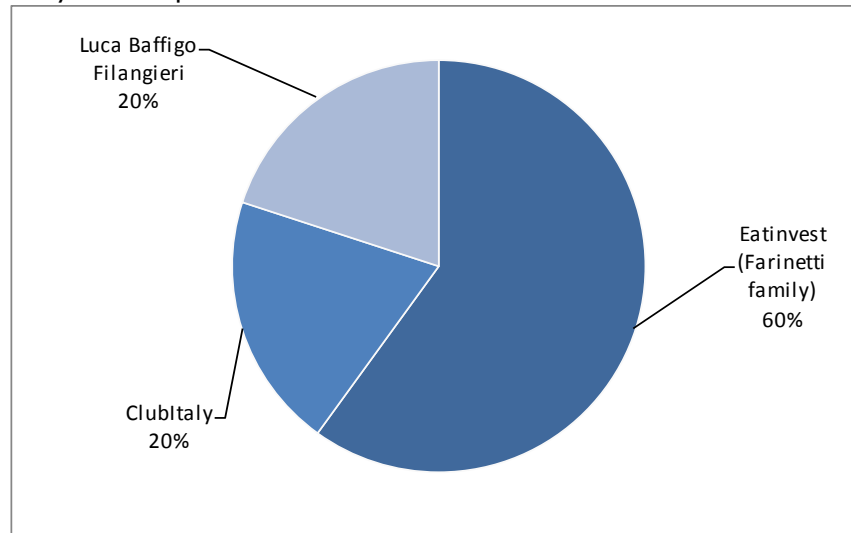
The company is based in Monticello d'Alba in Piedmont, Italy, and currently runs 29 stores in 5 different countries (Italy, Japan, USA, UAE, Turkey), with future openings planned in Germany, Russia, UK, Brazil, Hong Kong and Singapore. Contracts have already been signed to open new stores in Moscow, Sao Paulo, and London. In the USA, the company plans to open stores over the next three years in Los Angeles, Washington DC, Boston and New York (World Trade Center).

Furthermore, Eataly currently distributes meals on NTV's high speed trains in Italy, and also has 4 restaurants on board cruise ships owned by MSC Crociere. As of 2015 the company will also manage the restaurants belonging to the Starhotels chain.

Shareholders

As at the end of 2014 the company's shareholders were Eatinvest (the Farinetti family holding company) with 60% of the share capital, CEO and co-founder Luca Baffigo Filangieri with a 20% stake, and Clubitaly with the remaining 20%.

Eataly - Ownership structure



Source: Company data

▪ Oscar Farinetti

Natale Farinetti, known as Oscar (born in Alba on 24th September 1954), is the founder, Chairman and majority shareholder of Eataly and previous owner of consumer electronics chain Unieuro. In 1978 he was appointed as a Director of Unieuro (founded by his father), then acted as CEO & Chairman until 2003, when he sold the chain to Dixons Retail for GBP230mn. In 2004 he founded the high-end Italian food retailer Eataly.

- **Clubitaly**

Clubitaly S.r.l. is a special purpose vehicle established specifically for the acquisition of a 20% stake in Eataly. Tamburi Investment Partners has a 27.5% stake in the vehicle, followed by leading Italian entrepreneurial families such as Angelini (7.5%), D'Amico (7.5%), and Ferrero (5%), among others.

Eataly and the Expo 2015



Eataly will be present at EXPO 2015, which will be held in Milan. The company will have 8,000m² of space that will host 20 different regional restaurants and a variety of events, ranging from tastings, dinners and events to shows related to food education and healthy nutrition. The proximity of Eataly's space to the thematic areas dedicated to the relationship between food and art and food and the future will build a bridge between the history of Italian food culture and the production systems and consumption patterns of tomorrow. During the 184 days of the exhibition Eataly will serve about 2.2 million meals and collaborate with the University of Gastronomic Sciences of Pollenzo to contribute to the development of the Expo's key themes. The company aims to provide an aesthetically attractive and engaging environment for the public.

Eataly World

In January works began on the construction of the first Italian theme park based on the agrifood business. The park will be called F.I.C.O. Eataly World.

This venture, developed by Eataly in conjunction with the Bologna City Council, will see the creation of a theme park dedicated to food. The 80,000m² park will be constructed on a site provided by city-controlled Centro Agro Alimentare, which currently houses a number of unused warehouses. It will feature restaurants, grocery stores, food labs and an aquarium, among other initiatives. The promoters of F.I.C.O. Eataly World, which will cost about €40 million to develop, describe it as the "Disneyland of Food".

Eataly – Eataly World Project



Source: Eatalyworld's website

Prelios SGR and the constructors have confirmed that the contractual deadline for completion of exterior works is 15th October 2015, after which work on the interiors will be carried out.

F.I.C.O. Eataly World is scheduled to open at the end of 2015, and works are currently proceeding according to plan. So far the company has already met with over 300 entrepreneurs and potential project partners, including companies of all sizes and various Italian regional organisations. The focus will now turn to setting up the catering areas, which will be dedicated to street food and theme restaurants.

Our 2014-2017 Estimates

We estimate the company will register a 39% revenue CAGR for 2013-2017, going from around Eu220mn in 2013 to Eu815mn in 2017. In terms of EBITDA, we forecast a 43% CAGR for the same period (from around Eu25mn in 2013 to Eu105mn in 2017).

The number of stores operated by the company is expected to increase from the current 29 to 55 by 2017, with the annual sales per store ratio increasing from Eu12.1mn in 2014 to Eu14.8mn in 2017.

Eataly - Income statement

	2013	2014E	2015E	2016E	2017E	13-17 CAGR
Sales	220	350	500	650	815	39%
YoY Growth		59%	43%	30%	25%	
EBITDA	25	40	60	80	105	43%
% margin	11.4%	11.4%	12.0%	12.3%	12.9%	
YoY growth		60%	50%	33%	31%	
Number of stores		29	35	45	55	
Sales per store		12.1	14.3	14.4	14.8	

Source: Intermonte SIM Estimates

Valuation

We have selected two companies that operate in high-end food retail, both based in the US, as peers.

We notice, however, that the expected growth for Eataly is well above the growth forecast for its US peers, as shown in the table below.

Eataly - Peers' Key Figures

Company	Sales				EBITDA			
	2014	2015	2016	2017	2014	2015	2016	2017
Whole Foods Market, Inc.	11,730.0	14,031.1	15,618.6	17,634.3	1,084.8	1,279.0	1,419.2	1,620.2
<i>Growth</i>		20%	11%	13%		17.9%	11.0%	14.2%
Sprouts Farmers Markets, Inc.	2,452.3	3,228.4	3,797.4	4,500.6	217.9	284.8	342.5	424.1
<i>Growth</i>		31.6%	17.6%	18.5%		31%	20%	24%
Average Growth		26%	14%	16%		24%	16%	19%
Eataly's Growth		43%	30%	25%		50%	33%	31%

Eataly - Peers' multiples

Company	Country	Currency	Market Cap	EV/EBITDA				EV/Sales			
				2014	2015	2016	2017	2014	2015	2016	2017
Whole Foods Market, Inc.	Usa	USD	20497	13.2 x	13.6 x	12.2 x	11.2 x	1.2 x	1.2 x	1.1 x	1.0 x
Sprouts Farmers Markets, Inc.	Usa	USD	5611	20.5 x	17.3 x	14.2 x	11.3 x	1.8 x	1.5 x	1.3 x	1.1 x
Average				16.9 x	15.5 x	13.2 x	11.2 x	1.5 x	1.4 x	1.2 x	1.0 x

Source: FactSet and Intermonte SIM estimates

comparison is based on the peer group's average 2016 EV/EBITDA and 2017 EV/sales ratios. This yields a fair equity value of Eu1.3bn by 2016/17, or the most likely IPO period for the company.

Based on the pro-quota valuation of Eatly, this valuation represents a potential capital gain for TIP of roughly 100% over its carry price.

Eatly - Valuation		
	2016	2017
EBITDA	80	105
EV/EBITDA	13.2 x	13.2 x
EV	1056	1386
Net Cash	100	125
Equity Value on EV/EBITDA	1,156	1,511
Sales	650	815
EV/Sales	1.2 x	1.2 x
EV	778	978
Net Cash	100	125
Equity Value on EV/Sales	878	1,103
Average 2017 valuation	1,307	

Source: Intermonte SIM estimates

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Stock NAME	TIP		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	3.65	Previous Target (Eu):	3.00
Current Price (Eu):	3.14	Previous Price (Eu):	2.40
Date of report:	04/03/2015	Date of last report:	13/11/2014

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