

## Company update

**BUY** (Unchanged)

**Target: € 3.86** (Prev. € 3.67)

Risk: High

### STOCK DATA

Price €	3.48
Bloomberg code	TIP IM
Market Cap. (€ mn)	510
Free Float	100%
Shares Out. (mn)	146.7
52-week range	2.51 - 3.75

### PERFORMANCE

	1M	3M	12M
Absolute	10.5%	15.6%	1.5%
Rel. to FTSE all shares	9.0%	16.4%	19.9%

### MAIN METRICS

	2014	2015	2016E
EPS - € cents	19.7	17.1	16.2
DPS ord - € cents	6.1	6.1	6.1

### NAV

	2014	2015	2016E
Nav ps Adj - €	2.9	3.8	3.9

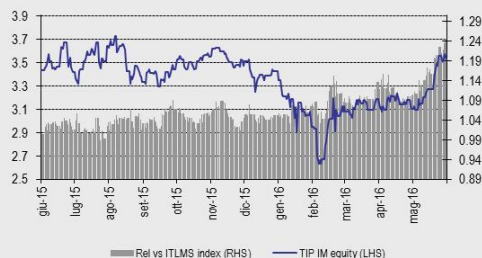
### MULTIPLES

	2014	2015	2016E
PNAV Adj.	0.9	0.9	0.9
PBV	1.2	1.4	1.3

### INDEBTEDNESS

	2014	2015	2016E
NFP	-76.0	-177.4	-209.8
D/E	0.3	0.5	0.6
Debt to assets	0.1	0.3	0.3

### PRICE ORD LAST 365 DAYS



### ANALYSTS

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June 9, 2016

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## ASSET ITALIA STARTED WITH € 550 MN CAPITAL

*The Asset Italia project, announced by TIP in 1Q16, has been started with an endowment capital of € 550 mn, collected by about 30 family offices together with TIP. Target updated to € 3.86.*

### ■ Asset Italia: new strategic initiative to relaunch investment opportunities

**On May 31<sup>st</sup> TIP announced that its BoD had approved the Asset Italia (AI) project. TIP will own 20% of Asset Italia, will subscribe pro-quota to all of the proposed investments and will provide its support for the selection, arrangement and finalization of the investment activity.**

AI saw the acceptance of about 30 family offices, committing together with TIP capital for **€ 550 mn (vs. an initial target of € 300-500 mn and our recent assumption of € 500 mn).**

AI will be established as soon as the TIP Shareholders' meeting, called for July 12 and July 14, will take the necessary resolutions.

We remind that:

- AI shareholders can decide whether or not to invest in individual deals proposed by AI**, in which TIP is obliged to invest.
- At the end of the initiative (5 years), the company will be wound up and **AI shares swapped for TIP shares**, under strict and pre-established conditions.

**In our view, Asset Italia (AI) is the most important strategic initiative for TIP in 2016.** Asset Italia is a vehicle via which TIP aims to **boost its strategy of making investments in high quality companies** (see our note n° 150 published on April 19, 2016).

**The initiative will enable TIP to capitalize on its valuable network of relations with Italy's most important entrepreneurial families and its track record with successful transactions over the last few years by means of what is an innovative channel in many respects.**

### ■ Valuation updated to € 3.86

**We updated our valuation to € 3.86 PS**, mainly reflecting € 3.28 PS market prices of direct and indirect listed assets, € 1.51 PS value of unlisted assets, € 0.57 PS upside potential vs. market prices on listed assets, net of € 1.41 PS of debt and € 0.06 of holding costs and taxes.

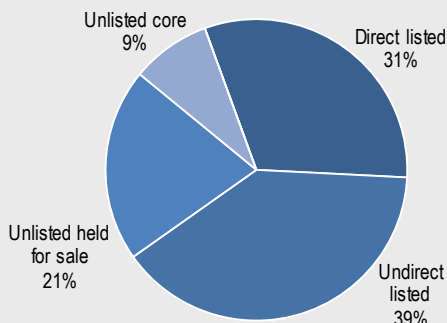
The revision in our valuation is mainly driven by our **upgraded target price and recommendation on Interpump** (raised to BUY on May 13<sup>th</sup>), **higher committed capital in Asset Italia** and fine tuning of investment holdings after 1Q16 results.

On top of this, **one of the most interesting aspects of the stock, despite being hard to quantify, is TIP's availability of new relevant financial resources via Asset Italia, allowing it to continue to be well-positioned for the main investment opportunities in Italy and on international markets.**

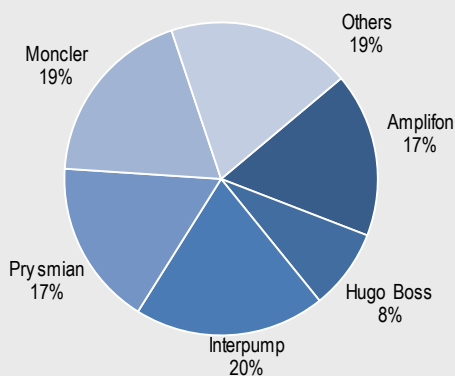
<b>MAIN FIGURES € mn</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016E</b>
<b>Rev from Sales&amp;Serv.</b>	<b>5.5</b>	<b>4.7</b>	<b>4.3</b>	<b>7.7</b>	<b>4.0</b>	<b>5.0</b>
Growth	-5.3%	-13.8%	-9.5%	81.5%	-48.6%	25.7%
<b>EBITDA</b>	<b>0.7</b>	<b>-0.9</b>	<b>-7.6</b>	<b>-2.4</b>	<b>-4.8</b>	<b>-4.1</b>
Growth	55.6%	n.m.	n.m.	n.m.	n.m.	n.m.
<b>Adjusted EBITDA</b>	<b>0.7</b>	<b>-0.9</b>	<b>-7.6</b>	<b>-2.4</b>	<b>-4.8</b>	<b>-4.1</b>
Growth	55.6%	n.m.	n.m.	n.m.	n.m.	n.m.
<b>EBIT</b>	<b>0.6</b>	<b>-1.0</b>	<b>-7.6</b>	<b>-2.5</b>	<b>-4.9</b>	<b>-4.2</b>
Growth	59.0%	n.m.	n.m.	n.m.	n.m.	n.m.
<b>Profit before tax</b>	<b>3.4</b>	<b>10.1</b>	<b>31.7</b>	<b>28.9</b>	<b>26.8</b>	<b>24.0</b>
Growth	-69.8%	198.7%	213.8%	-8.8%	-7.3%	-10.4%
Taxes	-0.7	-0.9	0.1	-0.4	-1.8	-0.2
Tax rate	-22%	-8%	0%	-1%	-7%	-1%
Minority interests	0	0	0	-2	0	0
<b>Net income</b>	<b>2.6</b>	<b>9.3</b>	<b>31.9</b>	<b>26.8</b>	<b>25.2</b>	<b>23.8</b>
Growth	-74%	251%	245%	-16%	-6%	-6%
Margin	46.4%	190.9%	723.6%	340.8%	611.1%	462.2%
<b>Adj. net income</b>	<b>2.6</b>	<b>9.3</b>	<b>31.9</b>	<b>27.3</b>	<b>25.7</b>	<b>24.2</b>
Growth	-67%	251%	245%	-15%	-6%	-6%
Margin	46.4%	190.9%	723.6%	346.5%	622.4%	469.0%
<b>STOCK DATA</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016E</b>
EPS - € cents	2.0	6.9	24.7	19.7	17.1	16.2
Growth	-77.8%	255%	256%	-20%	-13%	-5%
Adj. EPS - € cents	2.0	6.9	24.7	20.1	17.4	16.5
Growth	-71.1%	255%	256%	-19%	-13%	-6%
DPS ord - € cents	3.5	4.1	8.3	6.1	6.1	6.1
Nav ps Adj - €	1.89	1.87	2.30	2.92	3.80	3.86
<b>VARIOUS - € mn</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016E</b>
Capital employed	178	209	399	430	627	684
<b>INDEBTNESS</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016E</b>
NFP	-3	2	-39	-76	-177	-210
D/E	0.02	n.m.	0.13	0.27	0.49	0.55
Debt to assets	0.0 x	n.m.	0.1 x	0.1 x	0.3 x	0.3 x
<b>MARKET RATIOS</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016E</b>
PNAV Adj.	0.8 x	0.8 x	1.0 x	0.9 x	0.9 x	0.9 x
PBV	1.1 x	0.9 x	1.0 x	1.2 x	1.4 x	1.3 x
P/CF	73.5 x	21.5 x	9.5 x	12.8 x	19.4 x	21.1 x
<b>REMUNERATION</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016E</b>
Div. Yield ord	2.4%	2.8%	3.5%	2.4%	1.8%	1.8%
ROE	1.4%	4.8%	12.7%	9.4%	7.8%	6.4%

Source: Equita SIM estimates and company data

**CURRENT ASSET BREAKDOWN**



**CURRENT BREAKDOWN OF LISTED SHAREHOLDINGS**



**TIP MAIN SHAREHOLDERS**

d'Amico Società di Navigazione	11.9%
Francesco Angelini	8.8%
Gianni Tamburi	7.5%
Independent Fund Management	5.6%
Francesco Baggi Sisini	3.4%
Finconcordia	2.2%
Mario Davide Manuli	2.2%
Isabella Seragnoli	2.1%
Carlo Alberto Marsiletti	2.0%

Source: Company data

**BUSINESS DESCRIPTION**

**TIP Group (TIP) is an independent investment / merchant bank focusing on companies expressing “excellence” in the industrial, fashion, design, retail and technology sectors.**

TIP is active in **minority investments**, as an active investor in **(listed and unlisted) companies able to express “excellence”** in their respective sectors. TIP is also providing **advisory activities** in corporate finance transactions, especially acquisitions and disposals. **TIP usually operates as an active minority shareholder, leveraging its financial clout mobilising third-party assets via Club deals.**

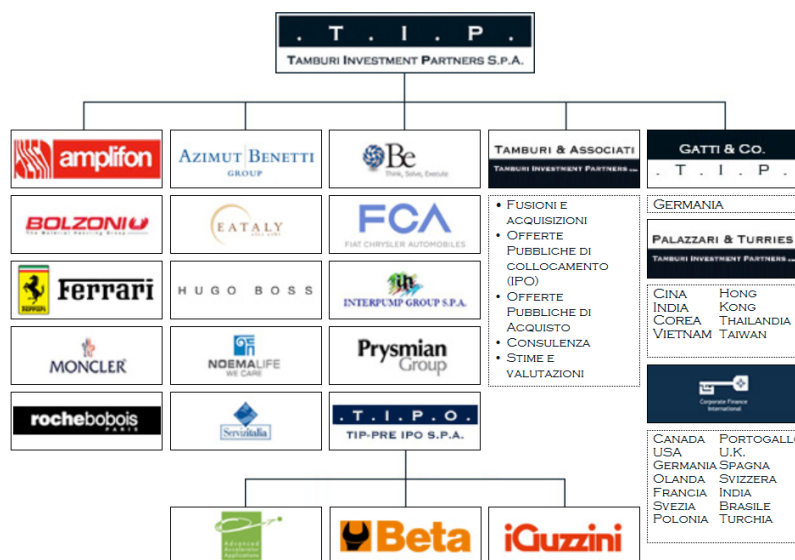
In 2014 TIP launched **TIPO (TIP Pre-IPO)** a new initiative to invest in **top quality, growth companies to be floated within 4-5 years**, but with a turnover range of € 30-200 mn, below TIP’s minimum investment size. TIPO raised € 140 mn capital, of which € 40 mn provided by TIP.

In 2016 TIP has launched **Asset Italia**, a vehicle via which TIP aims to **boost its strategy of making investments in high quality companies. The initiative will enable TIP to capitalize on its valuable network of relations with Italy’s most important entrepreneurial families and its track record with successful transactions over the last few years.** Asset Italia’s **accepted commitments for € 550 mn of capital**, of which 20% to be supplied by TIP itself.

**TIP business model is unique in Italy** because of:

- the specialisation in "excellent" 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 around 10% 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.

## TIP: VALUATION

Asset	Controlling interest	Stake	€ PS	€ mn	% of NAV	since	Valuation method
Amplifon	4.2%	4.2%	8.6	82	14%	2010	market prices
Be	23.4%	23.4%	0.5	16	3%	2007	market prices
FCA	0.1%	0.1%	6.4	11	2%	2014	market prices
Ferrari	0.4%	0.4%	38.4	28	5%	2015	market prices
Hugo Boss	1.0%	1.0%	57.1	40	7%	2015	market prices
Interpump (through IPG Holding)	6.8%	33.7%	14.8	95	17%	2003	NAV @ IP mkt prices
Moncler (through Clubsette)	4.5%	52.5%	15.3	91	16%	2013	NAV @ MONC mkt prices
Prysmian (through Clubtre)	2.5%	43.3%	21.7	82	14%	2010	NAV @ PRY mkt prices
<b>MAIN DIRECT AND UNDERLISTED SHAREHOLDINGS</b>				<b>444</b>	<b>78%</b>		
Azimut Benetti	12.0%	12.0%	39	7%	2015	book value	
Roche Bobois (through TXR)	19.6%	38.3%	39	7%	2013	8x LTM EBITDA	
Eataly (through ClubItaly)	5.5%	27.5%	62	11%	2014	13x EBITDA 2018 discounted to present	
<b>MAIN UNLISTED SHAREHOLDINGS HELD FOR SALE</b>				<b>140</b>	<b>25%</b>		
Other direct listed shareholdings		n.m.	n.m.	37	7%	n.m.	market prices
Other unlisted shareholdings held for sale		n.m.	n.m.	1	0%	n.m.	book value
<b>OTHER LISTED/UNLISTED SHAREHOLDINGS</b>				<b>38</b>	<b>7%</b>		
TIPO (TIP Pre-IPO)		28.6%	19	3%	2014	fair value	
Asset Italia mgmt activity		100.0%	12	2%	2016	Equita Sim estimates	
Tamburi & Associati (advisory)		100.0%	26	5%	2000	15x Adj PE 16E	
Palazzari		30.0%	0	0%	2006	book value	
Gatti & Co		30.0%	0	0%	2012	book value	
<b>TOTAL OTHER UNLISTED SHAREHOLDINGS (4)</b>				<b>58</b>	<b>10%</b>		
<b>ATTRIBUTABLE NET CASH / (DEBT) (5)*</b>				<b>-207</b>	<b>-36%</b>		
<b>FINANCIAL ASSETS / (LIABILITIES) (6)</b>				<b>23</b>	<b>4%</b>		
<b>CAPITALISED HOLDING COSTS (7)</b>				<b>-10</b>	<b>-2%</b>		
<b>TAXES / TAX CREDITS (7)</b>				<b>1</b>	<b>0%</b>		
<b>TOTAL NET ASSET VALUE (8) = (1+2+3+4+5+6+7)</b>				<b>486</b>	<b>85%</b>		
Adjusted value of IP stake (our valuation)			9	2%			
Adjusted value of BET stake (= 7x ebitda 17)			10	2%			
Adjusted value of PRY stake (our valuation)			13	2%			
Adjusted value of AMP stake (our valuation)			1	0%			
Adjusted value of Moncler stake (our valuation)			25	4%			
Adjusted value of FCA stake (our valuation)			8	1%			
Adjusted value of RACE stake (our valuation)			10	2%			
Adjusted value of BOSS stake (our valuation)			9	2%			
Taxes/Tax credits on Adj fair value			-1	0%			
<b>TOTAL ADJ NET ASSET VALUE</b>				<b>569</b>	<b>100%</b>		
Nr. shares outstandings (mn)			147				
Nr. shares from warrant exercise (mn)			37				Assuming warrant exercise in July 2016 @ € 3.79 PS
Nr. shares outstandings Fully Diluted (mn)			184				Assuming warrant exercise in July 2016 @ € 3.79 PS
Cash-in from warrant exercise			140				Assuming warrant exercise in July 2016 @ € 3.79 PS
<b>Fully Diluted NAV per ordinary share €</b>			<b>3.32</b>				
<b>Fully Diluted Adj NAV per ordinary share €</b>			<b>3.86</b>				
Current price (€)			3.48				
<b>Current premium (discount) to NAV</b>			<b>5%</b>				
<b>Current premium (discount) to Adj NAV</b>			<b>-10%</b>				

\*adjusted for acquisition/disposals after March 31, 2016  
Source: Equita SIM estimates and company data

## 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
Moncler	-20%	-3%
	+20%	+3%
Interpump	-20%	-3%
	+20%	+3%
Prysmian	-20%	-3%
	+20%	+3%
Amplifon	-20%	-3%
	+20%	+3%
Hugo Boss	-20%	-1%
	+20%	+1%
Eataly	-20%	-2%
	+20%	+2%

Source: EQUITA SIM estimates

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

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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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Date	Rec.	Target Price (€)	Risk	Comment
Nil				

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	COMPANIES COVERED	COMPANIES COVERED WITH BANKING RELATIONSHIP
BUY	39.7%	61.5%
HOLD	59.2%	38.5%
REDUCE	1.1%	0.0%
NOT RATED	0.0%	0.0%

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