

From Italy with Value 2016 EDITION

Moderator: Cristiana Brocchetti - AIR

Welcome Speech: Luca Peyrano – Borsa Italiana, London Stock Exchange Group

Guest Speaker: Edward Ramsden, Banor Capital - “Value Investing: different approaches”

Portfolio Managers

Angelo Meda, CFA, Banor SIM
Federico Riggio, Kairos Partners SGR
Paolo Prati, Equilybra Capital Partners

Companies

Cembre
Maria Cristina Bifulco, Prysmian
Giuseppina Marchetti, Vittoria Assicurazioni

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Luca Peyrano

Managing Director ELITE

Head of Continental Europe Primary Markets, Borsa Italiana – LSEG

**Efficient investor relations and shareholders base diversification
in a digital world**

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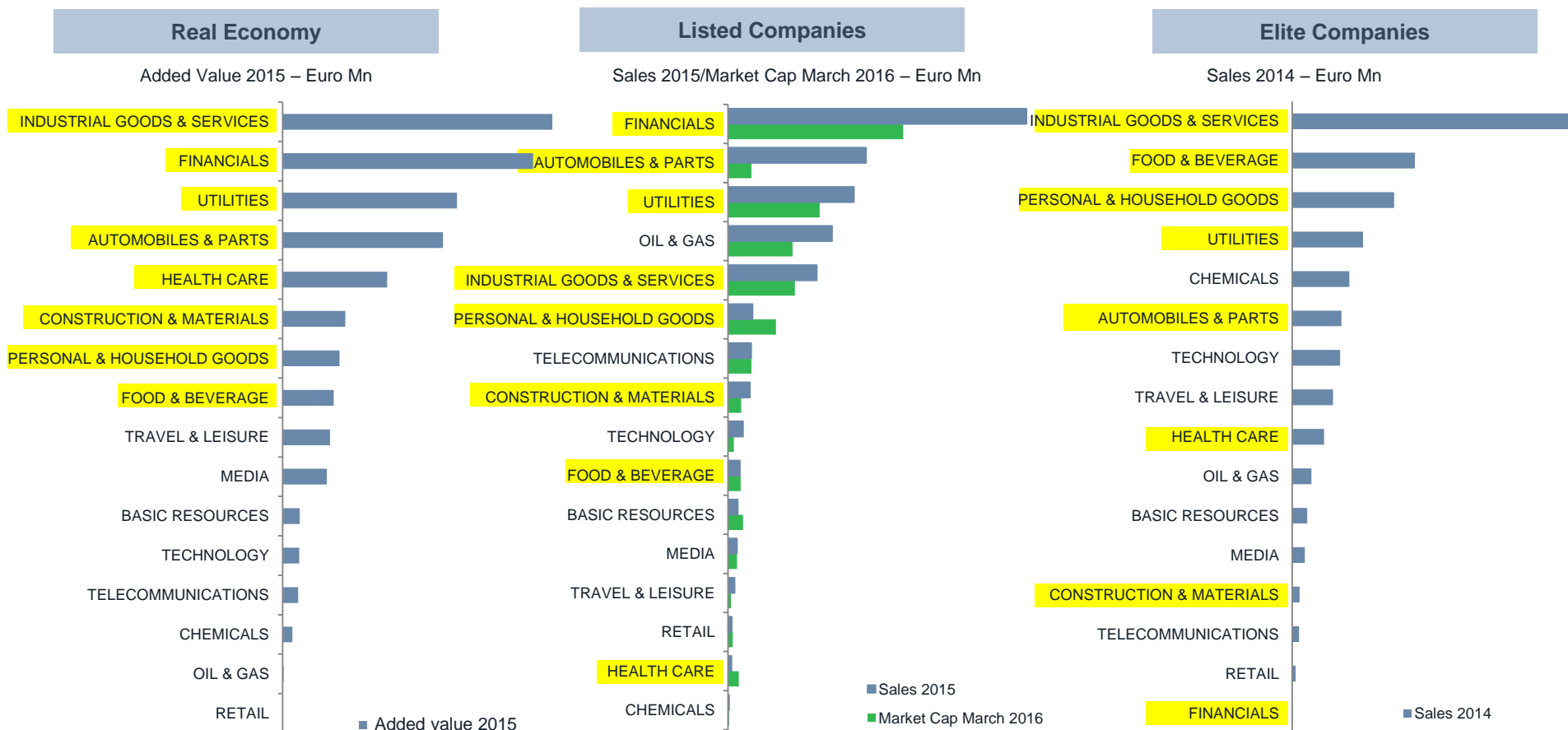


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Listed companies and Elite companies: routes for investing in the Italian Real Economy

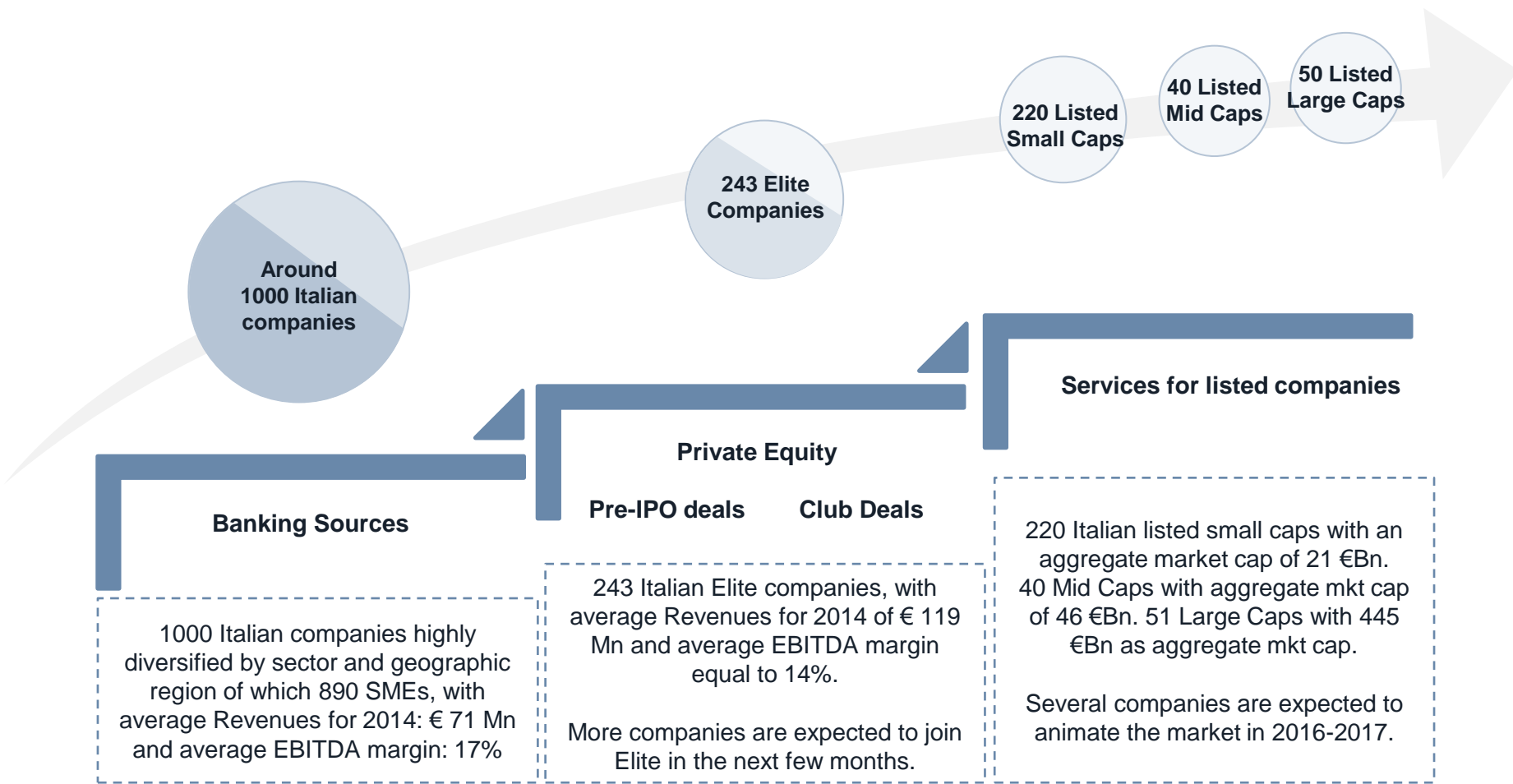


Data in Euro Million. Source: Borsa Italiana, Market Analysis statistics; ISTAT figures on real economy



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Escalator – bridging the gap between private companies and Capital Markets



Source: Borsa Italiana, Market Analysis statistics and Elite statistics.

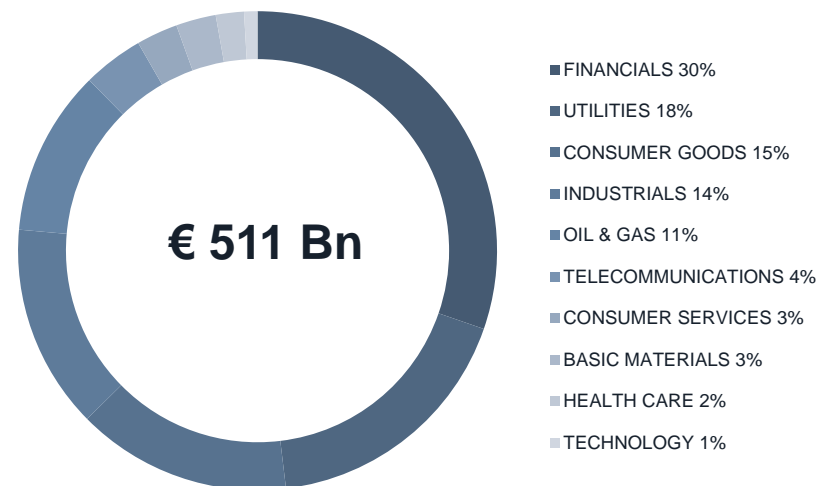
Small Caps with mkt cap < 500 €Mn; Mid Caps with mkt cap: 500 €Mn-2000 €Mn; Large Caps with mkt cap > 2000 €Mn



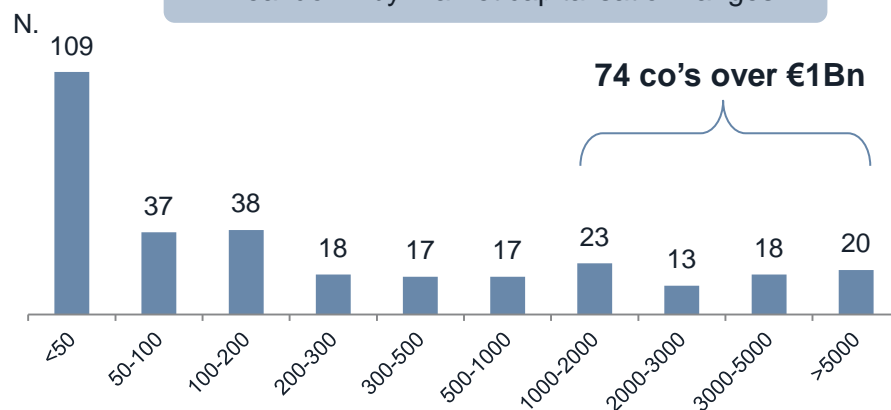
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Listed companies: key figures as of April 2016

N. of listed companies	354
N. of Italian listed companies	309
N. of domestic non financial co's	240
N. of domestic non fin. SMEs	177
N. of Closed-End Funds	24



Breakdown by market capitalisation ranges



Mkt Cap ranges – Data in €M – Italian companies only, not suspended.

Index	N.	Mkt Cap (€Bn)
FTSE MIB	40	407.8
FTSE Italia STAR	71	29.6
FTSE AIM Italia	73	2.9

SMEs listed on Italian markets

N. of Italian SMEs listed companies

220

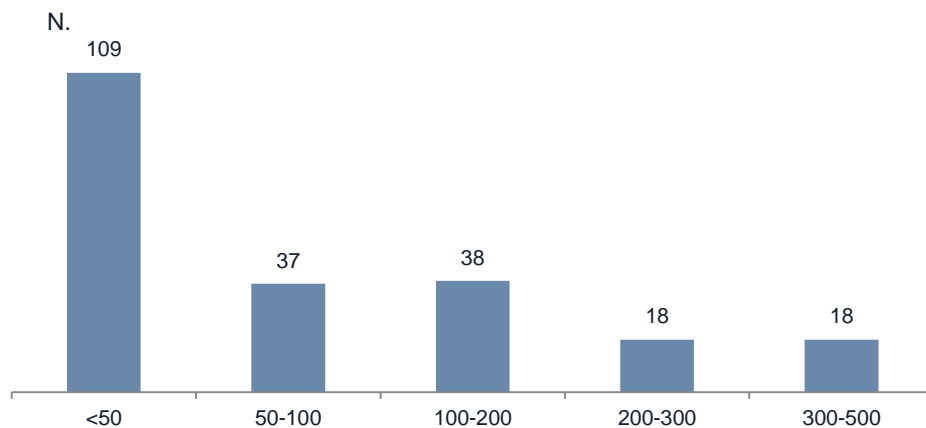
N. of Italian non financial SMEs

177

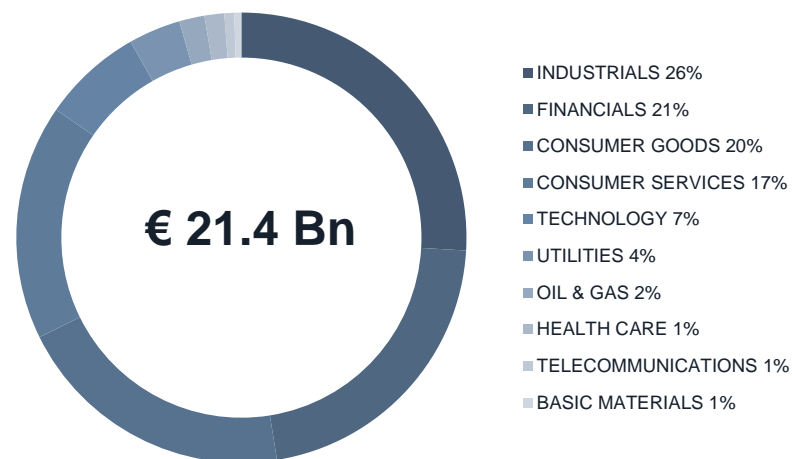
N. of Italian industrial SMEs

45

Breakdown by market capitalisation ranges



Mkt Cap ranges of SMEs – Data in € Mn – Italian companies only, not suspended.



Market	N.	Mkt Cap (€Bn)
MTA	140	18.1
AIM Italia	74	2.9
MIV	6	0.4

Milan offers to listed companies the highest capital rotation among major competitors

Liquid trading post-IPO is fundamental to the long-term success of a listing

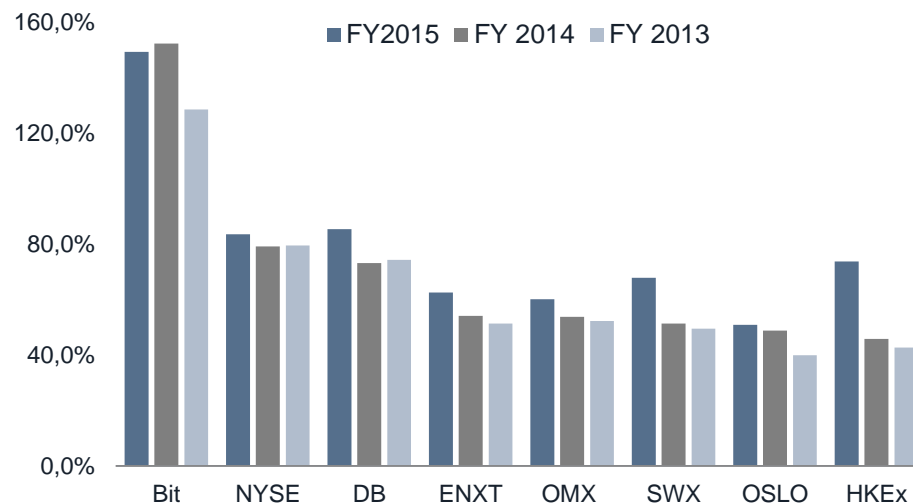
Borsa Italiana offers its listed companies the **highest turnover velocity among competitors**:

- 50%-100% higher than NYSE and Deutsche Boerse
- Over 3x higher than Euronext, Swiss SE and Oslo SE
- In the last 10 years Borsa Italiana was **steadily more liquid than competitors**

The highest liquidity of the Italian market is sustained by a **wide and diversified institutional investor community** and by an **active retail base**, representing at least 30% of the total turnover

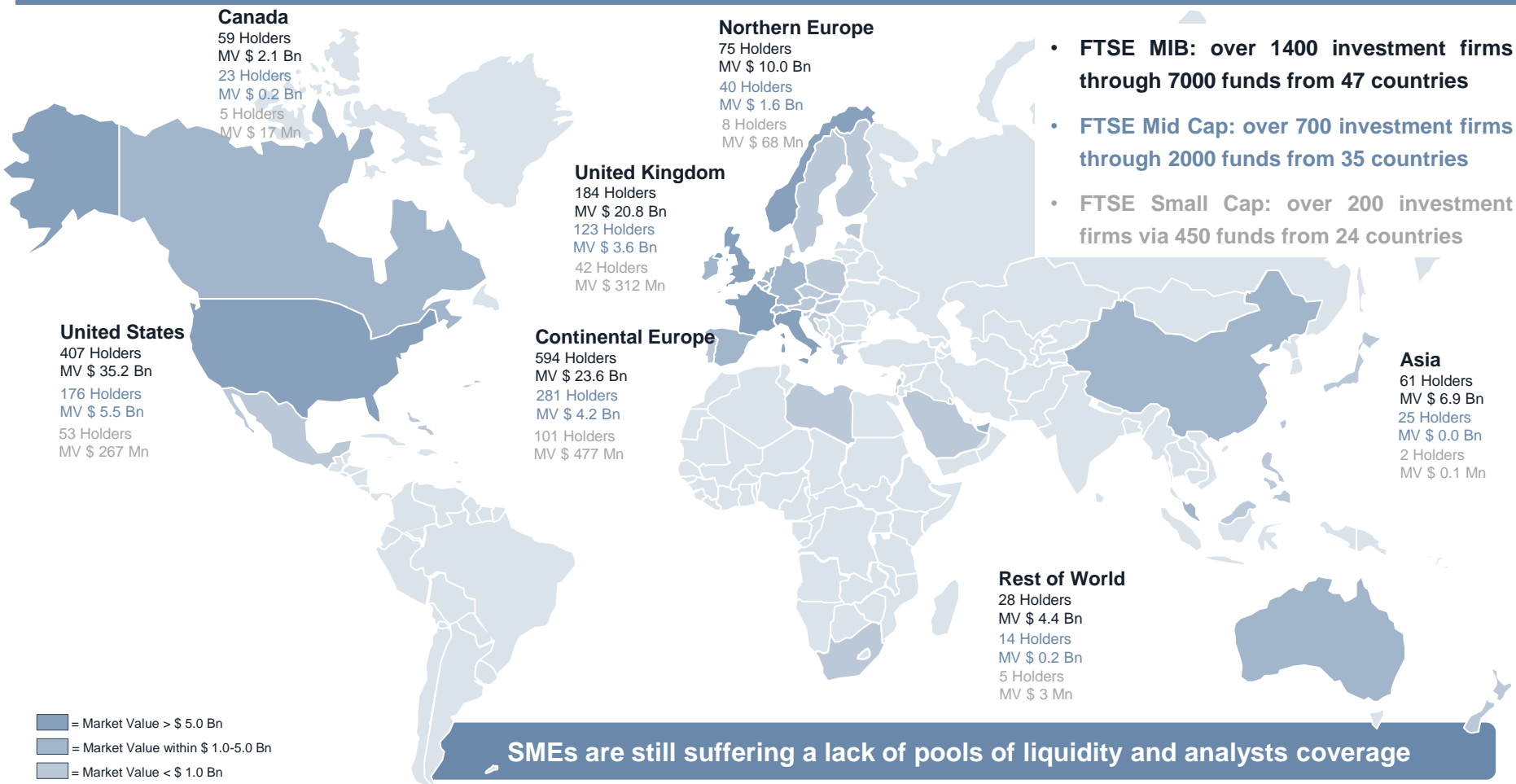
Retail investors actively contribute to IPO subscription and secondary market trading, especially when companies **products & services are well recognised by customers**

Competitors comparison Turnover Velocity 2013 - 2015



Steadily more liquid than competitors, also thanks to an **active retail base**, representing ~ 25 - 30% of the total turnover

Over 1,400 investment firms from all continents invest in FTSE MIB shares, but such presence decreases with companies' size



Source: FactSet, December 2015



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Efficient IR activities and market communication are essential

IR activities' main issues

- Make the investment story impactful and clear
- Lack of information/knowledge of the business
- Lack of good analyst coverage
- Build trust and confidence
- Limited time and budget for meetings

The equity story is the reasoning why the particular stock should be bought by investors.

The aim of investor relations and activities is to communicate a compelling story about the company to win the trust and confidence of potential investors.

What?

- Competitive positioning
- Differences in business segments diversification
- Cash generation and stability in value creation
- M&A potential

How?

- Analysts & investors presentation
- Management discussion
- Conferences, RS and investors day
- Leverage on new digital tools to increase proximity with investors, also under budget constraints

Effective and sound investor relations allow to bridge the gap between fundamentals and market perception

Welcome to Elite Connect.

Investor Relations lack engagement with digital technologies



- Most listed companies use **traditional mechanisms** to inform investors
- **90% of listed companies travel globally** to meet asset managers **for up to one month a year**
- Only 22% of companies use digital/online technologies to meet with investors
- This number is expected to double

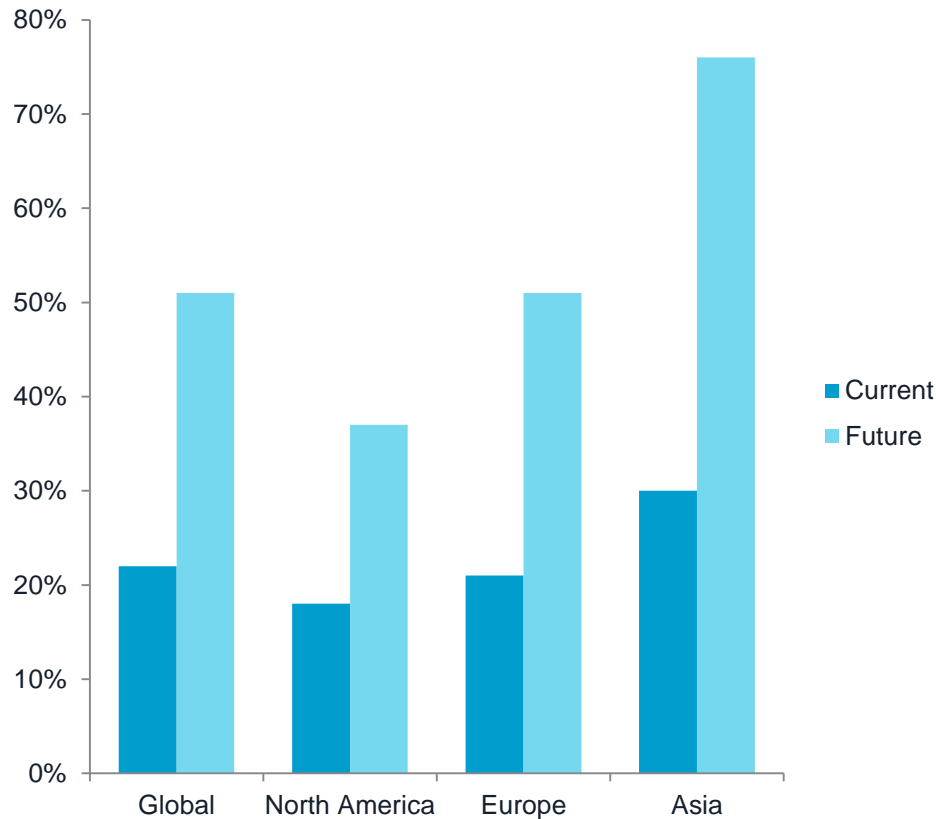
Digital technologies are expected to reshape the industry



- ELITE Connect is a new portal for corporate access and investor relations developed by the London Stock Exchange Group.
- ELITE Connect offers a digital solution to substitute part of the meetings that take place physically, saving time and preventing expensive travel.
- The portal is dedicated to public companies' **IR teams**, **institutional investors** and **intermediaries**.
- The platform was launched in November 2015, following 5 months of successful beta testing.

Use of Technology

Increasing Usage of Online Platforms in all Geographies



Current and Future Use of Digital/Online Technology for Arranging Meetings

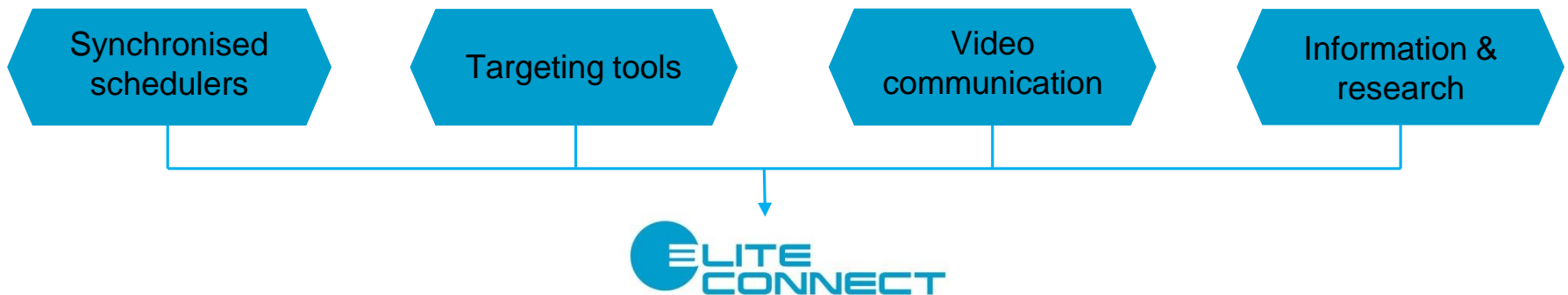
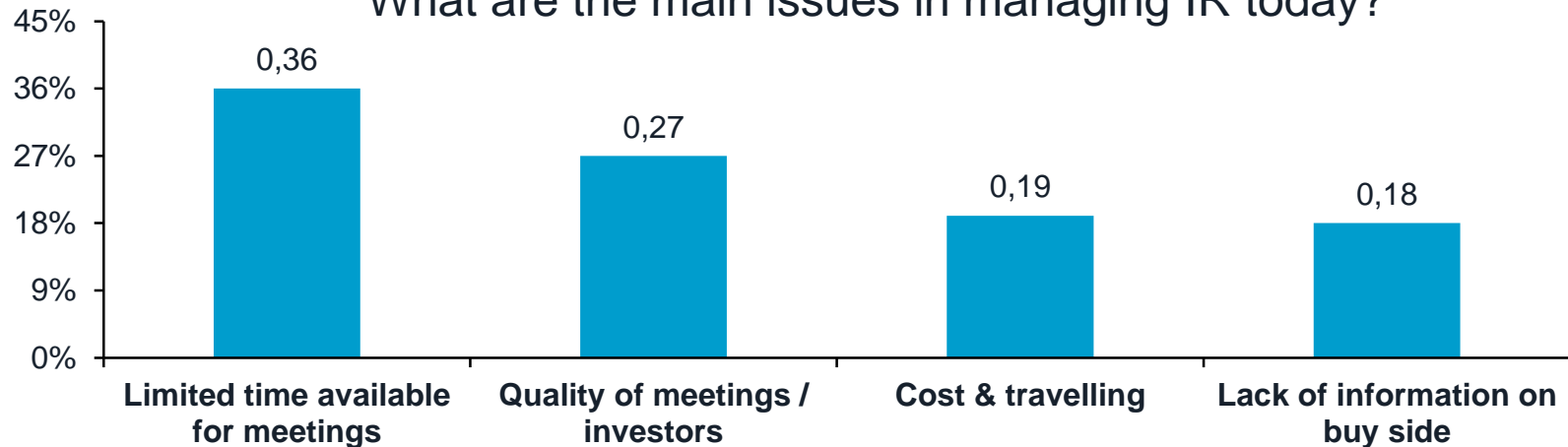
- At present, 22% of companies surveyed currently use digital/online technologies to arrange/manage meetings with investors.
- Asia has the highest current usage, with 30% of companies using digital/online technology to arrange/manage meetings with investors.
- All areas expect usage to more than double in the future, with 76% of Asian companies envisaging using online platforms for IR activity in the future.

Source: IR Magazine and LSEG Survey of IROs

ELITE Connect offers a solution



What are the main issues in managing IR today?



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Global reach

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Professional network

With the click of a mouse

Connect with people, follow companies of interest, send messages and request meetings.

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State-of-the-art tools

Organise digital or physical meetings, share documents, send messages and manage relationships.

Content stream

Automatically

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Search engine

Easy and standard

Companies build and update their profiles with content, including financial data, videos, documents and images

For further information and to join ELITE Connect:

eliteconnect@lseg.com

From Italy with Value 2016 EDITION

Guest Speaker

Edward Ramsden, Banor Capital
Thinking about Returns on Capital

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Return on Capital is seen as a critically important metric in valuing a company

And it is:

- ✓ Saying that a company can grow at a high incremental return on capital is the same thing as saying that it doesn't need much incremental capex to grow.
i.e. the growth in operating profits doesn't cost much in capex and so free cash flow is higher than it would be for a company with a lower incremental return on capital.
- ✓ To the extent that a company's high return on capital reflects sustainable competitive advantages there may be a higher-than-usual level of resilience to the company's profits.



But... many companies with a currently high return on capital do not have sustainable competitive advantages

- ✓ They are simply asset-light businesses, without significant barriers to entry, enjoying a brief period in the sunshine of supernormal profitability before the laws of microeconomics assert themselves and returns compress.
- ✓ Distinguishing between companies whose high returns on capital are the result of strong competitive positioning and those whose aren't is a significant component of the art of value investing. Getting this wrong can be costly.

Rather than assuming that high returns on capital equate to competitive strength, instead **use them as the starting point for thinking about a company's competitive positioning** (I would recommend using a framework like that set out in my friend Bruce Greenwald's *Competition Demystified*)



And remember that competitive moats are not binary, or eternal

- ✓ Companies' competitive strength at any point in time exists on a spectrum from very strong competitive positioning to no barriers to entry.

MOATS VARY IN SIZE

- ✓ Any particular company's competitive positioning will change over time.

MOATS CAN GROW DEEPER & WIDER, OR BE GRADUALLY FILLED IN



THANK YOU



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From Italy with Value 2016 EDITION

Paolo Prati, **Equilybra Capital Partners**
Cembre Investment case

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SUMMARY

WHO WE ARE

OUR MISSION

OUR APPROACH

SOME CASE STUDIES

WHO WE ARE

TWO MANAGERS, AFTER WORKING TOGETHER AND SHARING A SUCCESSFUL INVESTMENT STYLE, LEAVED THE INSTITUTIONAL FINANCIAL INDUSTRY, TO START MAKING MONEY FOR THEMSELVES AND THEIR PARTNERS

TWO SEPARATE INDUSTRIES AND DIFFERENT BACKGROUNDS:

- 1) M&A AND PRIVATE EQUITY**
- 2) FUND MANAGEMENT AND PUBLIC EQUITY**

A UNIQUE APPROACH, A RICH BASE OF PROACTIVE INVESTORS WITH A VERY IMPORTANT NETWORK OF RELATIONSHIPS BOTH IN LISTED AND UNLISTED COMPANIES

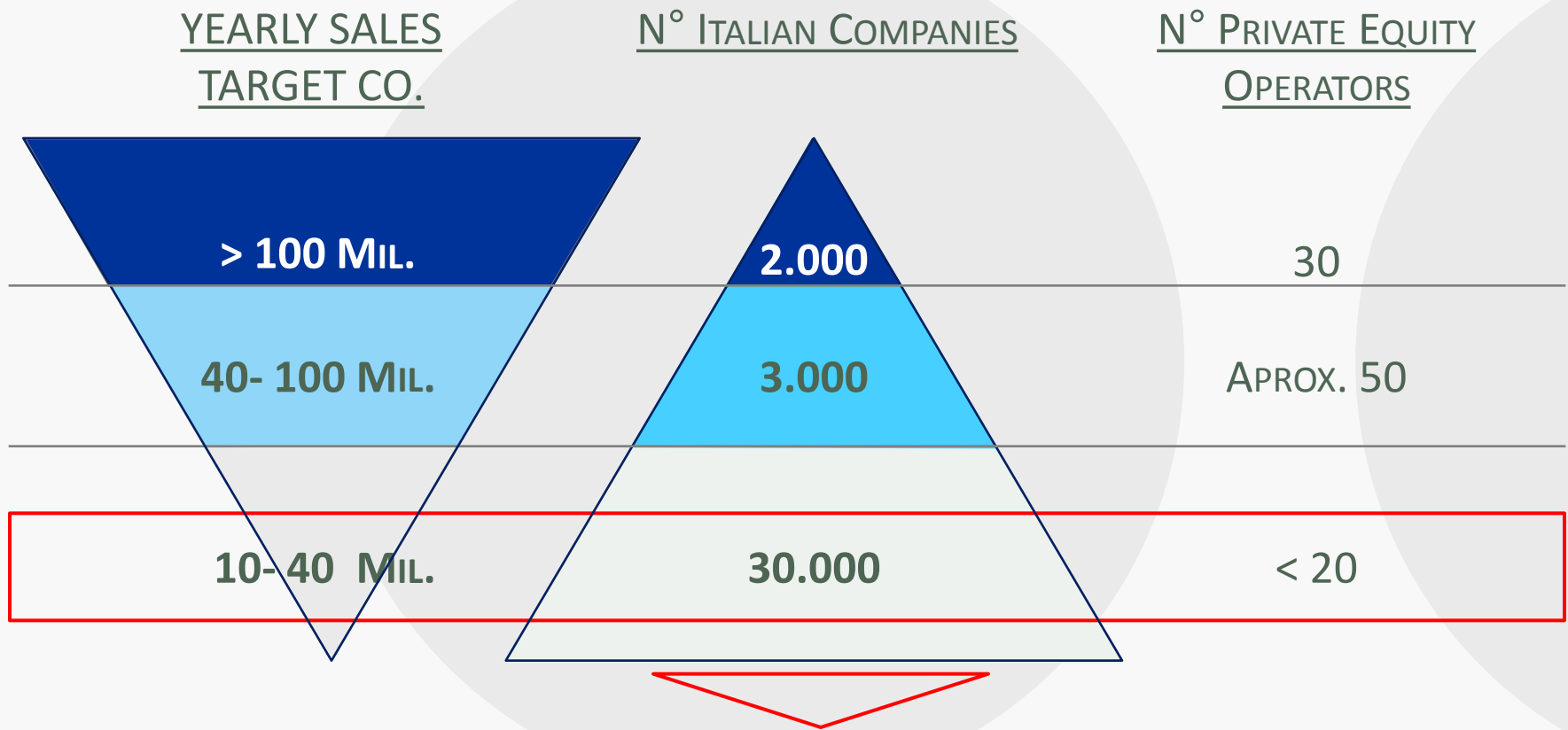
OUR MISSION

WE WANT TO OPERATE IN LESS CROWDED MARKETS BECAUSE THEY ARE LESS EFFICIENT AND GIVE BETTER RISK/REWARD OPPORTUNITIES

WE TARGET A VERY LARGE ITALIAN CLUSTER REPRESENTED BY THE SMALL MEDIUM ENTERPRISES, LISTED AND UNLISTED

WE BELIEVE THAT CONSISTENCY, SELECTIVENESS AND LONG TERM VIEW CAN BE A SAFE WAY TO PLAY A CAPITAL GROWTH STRATEGY

PRIVATE EQUITY MARKET IN ITALY: THE BASICS



Italian companies size distribution is still not matched with the company size targeted by traditional P.E. . The bottom of the market is very interesting due to higher growth, less competition and lower multiples. The higher number of companies gives us the opportunity to be much more selective than bigger P.E. funds.

SMALL CAP EQUITY MARKET : THE BASICS

- SMALL CAPS ARE PERCEIVED BY THE MARKET AS RISKIER ASSETS FOR THEIR LIQUIDITY AND SMALL WEIGHT IN BENCHMARKS
- SMALL CAPS INVESTING IS MORE TIME CONSUMING, ACQUIRING INFORMATION IS NOT ALWAYS EASY, MANAGEMENT MAKES THE DIFFERENCE MORE THAN IN LARGE CAPS
- SMALL CAPS TENDS TO LAG THE CYCLE. THEY RAISE AFTER LARGE CAP INDEXES ARE FULLY PRICED AND THEIR PRICE MOVEMENT IS OFTEN TRIGGERED BY SIZE BUYERS OR SELLERS
- SMALL CAPS SUFFER OR ENJOY CYCLYCALLY THE “DROP/INITIATION OF COVERAGE” EFFECT BY THE BROKER INDUSTRY THAT IS COMMISSION DRIVEN AND NOT VALUE DRIVEN.



THE GAP BETWEEN FUNDAMENTALS AND THE MARKET CAP OF THE COMPANY IS OFTEN PRESENT ONE WAY OR ANOTHER. THIS OFFERS VERY INTERESTING ENTRY AND EXIT POINTS.

OUR APPROACH

OUR 10 “MUST HAVE” BEFORE INVESTING IN A COMPANY:

Exit

Sector

Valuation

Who is selling and why?

Quality

Luck!

Keep it simple!

People

Fear

Numbers

OUR APPROACH

1) Exit

There is only one “closing” of a deal, and is not when you buy a company, but when you have sold it.

Our first criteria of selection in choosing a target is the convincing exit strategy. Sexiest exits are one of the most rentable strategies of value creation.

Think about how, when, and to whom you'll sell your company or your stake before buying it.

2) Fear

Our second criteria is in a simply way: trying not to lose money!

Think about things going wrong and what are the back-up solutions in that case before betting on future business plan or prospects.

OUR APPROACH

3) People

You have to feel good with the management or the entrepreneur of the company, you need trust, empathy, because you'll probably have to pass through good and bad times with them.

It's a little bit like a marriage, is not for everyone.

4) Numbers

We read them in a critical way, after knowing before the company business. Some balance sheets and P&L's speak from themselves but never take them for sure at 100%, do not either take Auditor on blind faith.

Examples: Debts are usually certain, Credits and Receivables are not! Tangible Shareholder Equity may differ a lot from Shareholder Equity, Extraordinary items may be a constant presence, otherwise some current items need to be in a certain way considered extraordinary.

OUR APPROACH

5) Valuation

We try to never fall in love with a company, every sector and positioning has its own price, metrics and multiples, never say “this time is different”, never value a company in a different way to justify huge or not rational premium.

Notwithstanding we think that if you are sit on a very good company you can always recover the mistake of having paid it too much. Time will help you.

6) Sector

Before the company we should know and love the sector.

We look at competitors, we try, taste products and services as user before investors. Much better to buy an average company in a super sector, than a super company in a declining sector. The sector will decide the direction and the rules of the game within our company will win or lose.

OUR APPROACH

7) Who is selling and why?

You should have a credible answer on “Who is selling and why?”

Always think about the fact that most of the time a deal has only a winner within the two side: buyer or seller.

In Private Equity win-win deals are rare, but are the one we look-for, otherwise the asymmetry beyond the seller and the buyer, put always the latter in disadvantage.

8) Quality

No matter what a company does: services, products, food, style.

If you produce something, your product has to be good, or nice, or important/useful for your clients. The same for a service. And your clients have to pay for it. If the price is your selling proposition, a stupid cheaper competitor able to fight on that argument soon or later will always come (i.e. Airlines, Distributors, etc...).

OUR APPROACH

9) Keep it simple!

Investment management is not rocket science, so are best performing companies. Like a car, the more optionals you have, the higher the probability that some of them will not work.

We prefer light and straightforward business models, rather than complicated ones.

and the last one... 10) Luck!

It is the most important of all. It exists and it's the only dimension we cannot manage. Looking for luck does mean that you have to be risk tolerant, accept to risk in a more or less controlled way, and if you'll be luck repeatedly, that's not luck... but talent!

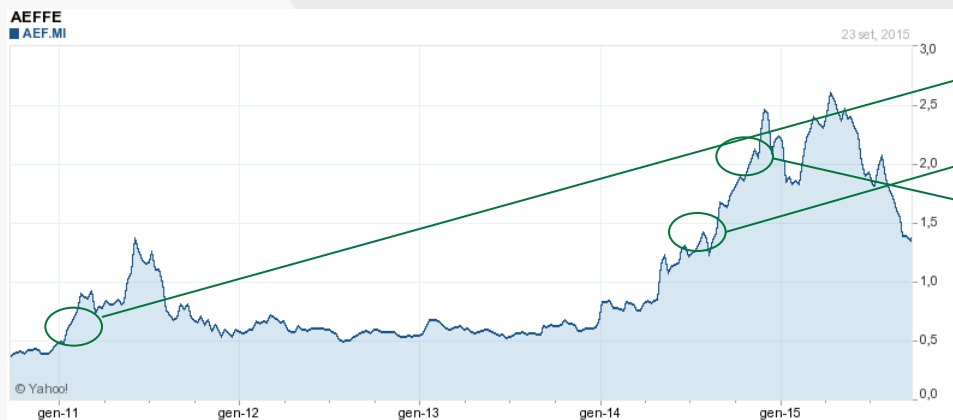
This is what we try to be for us and our partners: Be Lucky.

SOME CASE STUDIES: AEF FE GROUP

> 30% IRR

In Jan 2011 Equilybra invested in a luxury/fashion company who owns brand like Alberta Ferretti, Moschino, Pollini, with a turnover of 220 mln Euro. The company was loss making and after a “Drop of coverage” from Merrill Lynch and a diplomatic “hold” from Mediobanca, was trading at 55 mln euro mkt cap (after an IPO 3 years before at 440 mln euro mkt cap).

Equilybra took a minority stake and started a long process of putting pressure to the management in order to cut costs, leave unprofitable licence contracts and relaunch the core brands. In 2012 an Auditor nominated by Equilybra was elected in the board. A more active stance of Equilybra went public in a shareholder meeting. In 2014 delivery started to come-up in numbers and multiple-expansion finally came up. At 12x EV/Ebitda Equilybra exited the investment with more than 32.8% IRR.



stake built-up

partial exit May 2014

final exit Oct 2014

SOME CASE STUDIES: PANARIA GROUP

2014 ECP Value Conference Pick

In Sep 2009 Equilybra started building a stake in Panaria Group, a company that is the world leader in laminated gres tiles (large format, 3mm ceramic tiles), with production facility in USA, Portugal and Italy and 300 mln euro turnover. At that time the mkt cap was 90 mln euro. Then the stock price went down due to the selling pressure of a big spanish shareholder, Bestinver, that decided to sell its 9% in the company. In 2012 the company mkt cap bottomed at 30 mln Euro, Equita italian broker dropped the coverage, and we got the opportunity to deeply raise our investment just below 5% stake.

Now, notwithstanding the performance (20% IRR and 2.3 x cash on cash on going return), we still see Panaria as a value case, due to its 145 mln mkt cap, that brings to a 5.9 Ev/Ebitda multiple* and 14,5 PE*. Still cheap for a company with growing Ebitda and a good cash generation. For 2016 we still see margin expansion, due to some reorganization of the italian workforce, and good momentum on the top line growth (Italian recovery and NO Asia, Brazil, Russia exposure).



first investment tranche

last investment tranche

Reasonable target:
250 mln euro mkt cap

* 2016 conservative internal estimates

SOME CASE STUDIES: CEMBRE

In Oct 2009 – May 2010 Equilybra acquired, with different block trades, 1,9% of Cembre, the leading Italian manufacturer and one of the largest European manufacturers of electrical compression connectors and related installation tooling. In 6 years time the Ebitda of the company moved from 13 mln euro to the 30 mln euro we are expecting for this year. Each year the company distributes dividends that let us collect until now a 20% cash on the initial investment. Notwithstanding a satisfying return of 3,4 times cash on cash and a >20% IRR, we still believe there is value in the company due to its rentability and ciclycal exposure to the Italian economy recovery, that just started. The founder family is still the controlling shareholder, that manage the company in a very profitable way (>13% net earnings on sales). A net cash position on the balancesheet gives room to acquisitions/buybacks/dividends.



stake purchased

@ 13,3 euro per share:
7 x EV/Ebitda 2016
13,5 x Price/Earning 2016
3,5% recurring div.yield

SOME CASE STUDIES: CEMBRE

The business: A very rich offer in the broad electrical world

Cembre is Europe's leading manufacturer of electrical crimp type connectors and related installation tools.

Electrical Connectors



Tools



Railway Products



Identification Systems



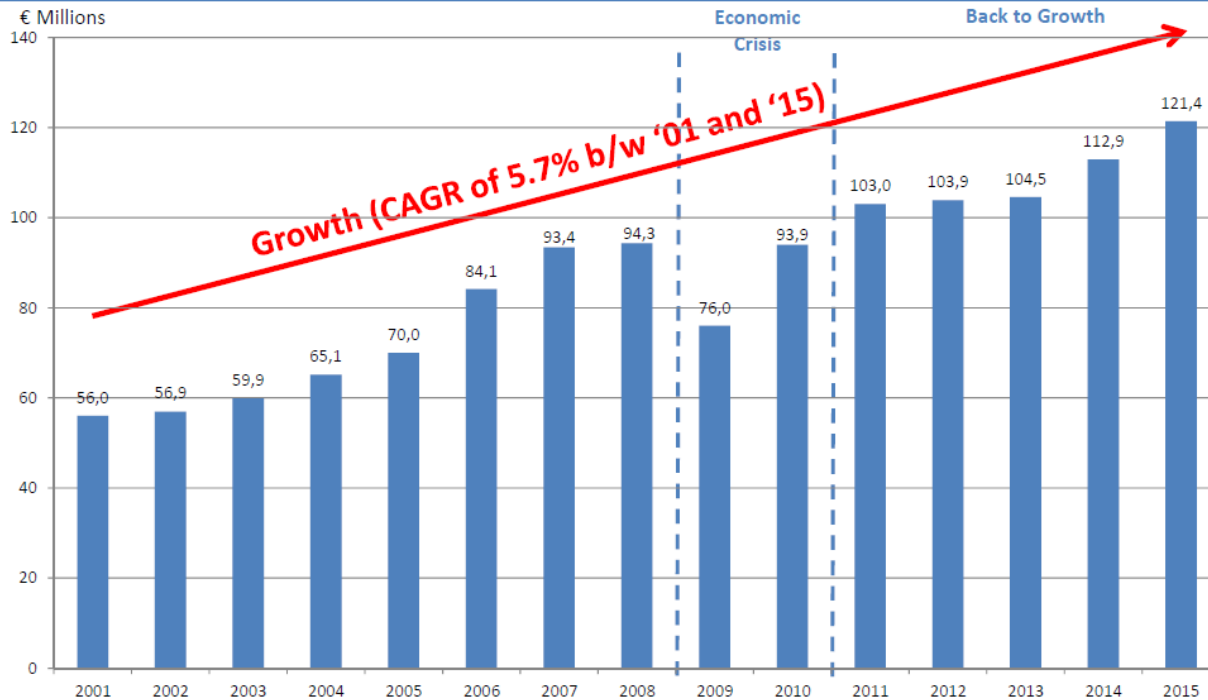
Cable Glands, Accessories and



SOME CASE STUDIES: CEMBRE

A very “boring” sales growth path, with no profit warnings and never skipping a dividend!

15-Year Revenue Evolution



SOME CASE STUDIES: CEMBRE

Multiple deleverage due to the improvement of fundamentals being larger than stock price increase!

Multiples @ annual max stock price



TEAM & TRACK RECORD

WHO WE ARE

MATTEO GATTI 43 -CHAIRMAN AND CO-FOUNDER-



- ❖ Equilybra Capital Partners from 2008, Co-Founder and Chairman. Euro 21 mil. under management invested in Private SMEs and PIPEs.
- ❖ Tamburi Investment Partners from 2000 to 2008, Equity Director (6 people team dedicated to equity investment deals in listed and unlisted companies). Euro 200 mil. directly co-managed with Paolo Prati. Among the main investments: Borletti Group (Printemps), Enervit, Interpump, Datalogic, Danieli, Reply, Umbra Cuscinetti
- ❖ in Advance (advisory company for P.E. Funds) from 1998 to 2000 Analyst and Investment Manager on different Lbo deals (Mab Masellis, Hilary's Pagani, Elcontrol Energy, Icos Impianti, Trevisan)

PAOLO PRATI 45 -CEO AND CO-FOUNDER-



- ❖ Equilybra Capital Partners from 2008, Co-Founder and CEO. Euro 21 mil. under management invested in Private SMEs and PIPEs.
- ❖ Tamburi Investment Partners from 2005 to 2008, Equity Director (6 people team dedicated to equity investment deals in listed and unlisted companies). Euro 200 mil. directly co-managed with Matteo Gatti
- ❖ DWS Investments Sgr (Deutsche Bank) from 2002 to 2005 Senior Equity Fund Manager on European equity and specialist on paneuropean small/mid cap
- ❖ Zurich Investments Sgr from 2001 to 2002 Fund Manager on the mutual fund Zeta Medium Cap (small/mid cap European equity), vice Chief Investment Officer on asset allocation e equity Europa
- ❖ Rasbank (Allianz group) from 2000 to 2001 responsible for european equity portfolio within insitutional and private balanced segregated accounts
- ❖ Prime Investment Management Sim (Fiat/Generali group) Analyst from 1996 to 1999 on global macro strategy in Fund of Funds PFA, responsible for Tactical Asset Allocation for equity investments

TEAM TRACK RECORD 2005-2008

❖ 2005 (Investment: 15 mil. €)

PIPE: Capital Increase in Datalogic

❖ 2006 (Investments: 49 mil. €; Divestments: 13 mil. €)

Investments:

- Private: Icos (pre-IPO build-up), Borletti Group (Printemps dept. stores)
- Secondary Private: Interbanca, Sofipa
- PIPE: Inet, Marr, Sol, Bolzoni, MBFG

Divestments:

- Reply (IRR +39%)
- Danieli, (IRR +43%)
- NH Hoteles, (IRR +23%)

❖ 2007 (Investments: 31 mil. €; Divestments: 42 mil. €)

Investments:

- Private: Umbra Cuscinetti, IP Holding
- PIPE: Zignago, Engineering

Divestments:

- Private: Arkimedica (partial) after IPO
- Secondary Private: Interbanca (IRR +54%), Sofipa (IRR +67%)
- PIPE: Interpump (IRR +30%), Inet (IRR +18%)

❖ 2008 (Divestments: 6 mln di euro)

Divestments:

- Private (post IPO): Arkimedica (IRR +40%)

TEAM TRACK RECORD 2009-NOW

- ❖ **2009 (Investments: 5,9 mil. €; Divestments: 1,05 mil. €)**
Investments:
 - Private: Beeweeb, Primi Sui Motori
 - PIPE: B&C Speakers, Cembre, Mirato, PanariaDivestments:
 - Mirato (IRR +122%)
- ❖ **2010 (Investments: 2,3 mil. €; Divestments: 1,5 mil. €)**
Investments:
 - Public: Cembre, Erg Renew, PanariaDivestments:
 - Erg Renew (IRR +95,6%)
- ❖ **2011 (Investments: 2,9 mil. €; Divestments: 0 mil. €)**
Investments:
 - PIPE: Aeffe, Brioschi, Panaria, Saes Getters
- ❖ **2012 (Investments: 1,2 mil. €; Divestments: 0,6 mil. €)**
Investments:
 - PIPE: Panaria, Saes GettersDivestments:
 - IPO Primi Sui Motori (IRR +20,7%)
- ❖ **2013 (Investments: 1,4 mil. €; Divestments: 1,0 mil. €)**
Investments:
 - Private: MEPDivestments:
 - Primi Sui Motori (IRR +20,7%)
- ❖ **2014 (Investments: 0,9 mil. €; Divestments: 6,3 mil. €)**
Investments:
 - Private: NGW/CMI (Cerniere Meccaniche Industriali)Divestments:
 - Primi Sui Motori (IRR +20,7%)
 - Aeffe (IRR +32,8%)
 - Brioschi (IRR -11.6%)
- ❖ **2015 (Investments: 4,3 mil. €; Divestments: 2,4 mil. €)**
Investments:
 - Private: Bimal
 - Public Tender Offer: Alba P.E.Divestments:
 - B&C Speakers (IRR +29.6%)
 - Beeweeb (IRR +7%)

SECTOR/COMPANY TRACK RECORD (ONLY EQUILYBRA)

FASHION/CONSUMER GOODS

ALBERTA FERRETTI

PHILOSOPHY
DI ALBERTA FERRETTI

POLLINI

MOSCHINO

PANARIAgroup
INDUSTRIE CERAMICHE S.P.A.



CONSUMER STAPLES

BREEZE

Splend'Or

GEOMAR

MIRATO

CLINIANS

BENEFIT

Intesa
POUR HOMME

Malizia
PROFUMO D'INTESA

BIMAL
TESTING MACHINES



C/cmi



B&C SPEAKERS



otov

FINE CHEMICALS

SAMIA

HI-TECH



Solutions for
Organic Electronics

saes
getters



Getter Pumps for
Vacuum Systems and
Instrumentation



Getters for MEMS

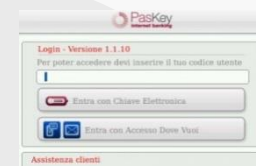


Shape Memory Alloys
Smartflex® Products

MEDIA/DIGITAL SERVICES

primi
sui motori

beeweeb
TECHNOLOGIES



COMPANY PROFILE

Equilybra Capital Partners (“ECP”) is an holding company founded by Matteo Gatti and Paolo Prati in 2008 and focused on investments in small-mid Italian companies.

Matteo and Paolo come from a successful single and joint experience in investing and managing public and private equity portfolios covering relevant positions in some Italian and foreign institutions (Tamburi Investment Partners spa, DWS Investments Italy SGR, Zurich Investments SGR spa, Rasbank spa, Prime Investment Management SIM spa, Europe Capital Partners).

ECP has an opportunistic approach by targeting both unlisted and listed companies, through minority and majority stakes investments. The management has implemented an effective hands-on approach to drive growth and efficiency in Small Medium Enterprises both in service and industrial/consumer sectors. The management’s track record has been one of the most consistent in Italy achieving top returns relative to competitor's results during the same period.

After the very satisfying experience and returns of ECP (>20% IRR), its main shareholders committed new capital in an industrial holding, Equilybra S.p.a., that started its activity in 2016. With Equilybra S.p.a. the management team, along with its shareholders, will continue to build on the success of their proven strategy of balancing public and private equity deals, partnering with growing business.

Contacts

Equilybra S.p.A.

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From Italy with Value 2016 EDITION

Federico Riggio, **Kairos Partners**
Vittoria Assicurazioni Investment case

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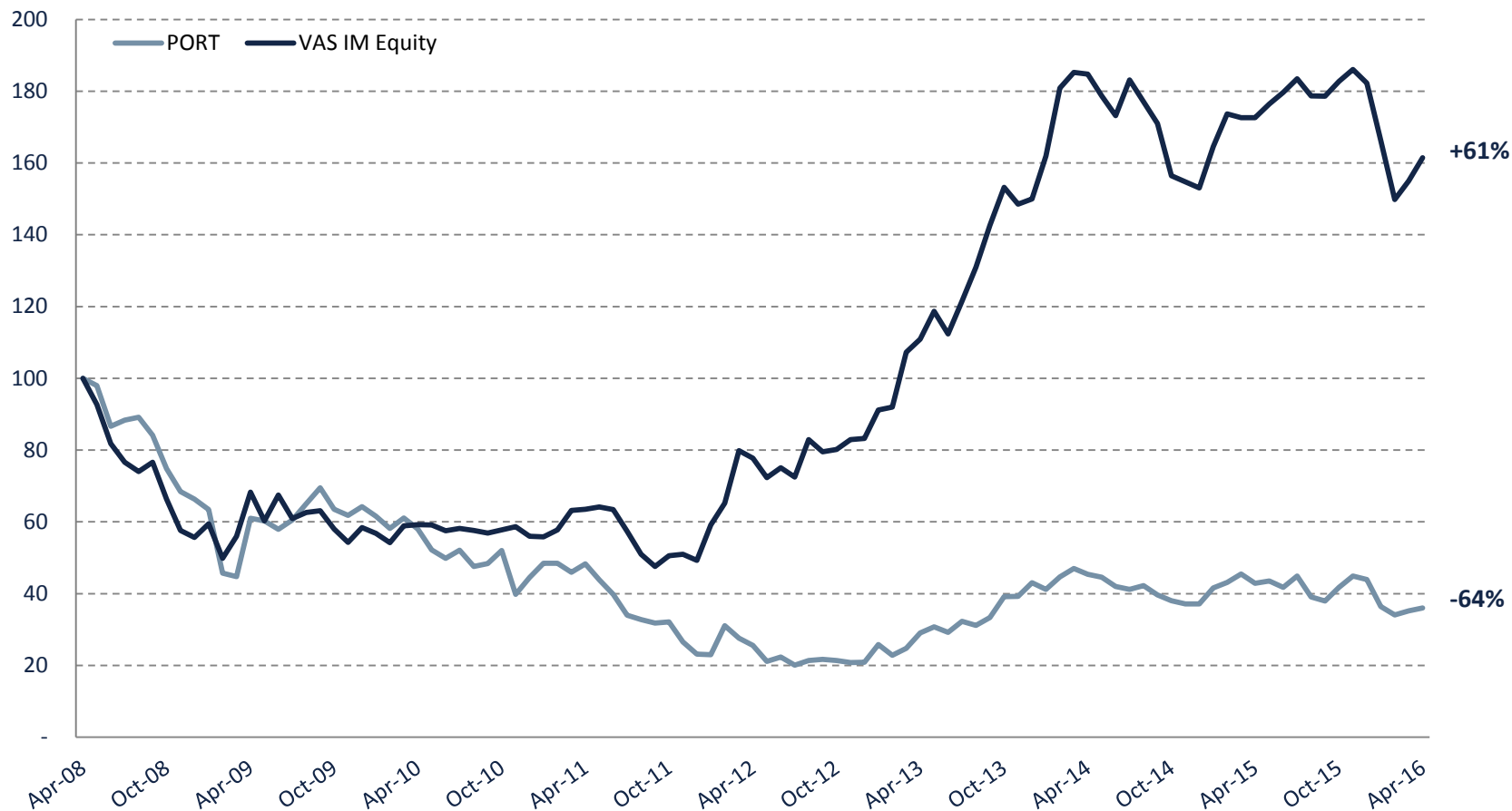


- Kairos was founded in 1999 as the first independent Italian asset management company;
- The project was launched by a team of partners with the same vision to create an Italian excellence independent from the main Industry's logics;
- The ownership, with a significant management participation in share capital, and partners investments in the same products they manage, guarantee the absence of conflicts of interest and the alignment with the clients' interests;
- Excellence is pursued by selecting the best managers and forming a top-tier working team, attracted by the sense of belonging to a big successful project;
- **Proprietary research, constant product and service innovation and an active management approach focusing on total return** are some of the key elements that have laid the foundation for a long series of financial industry firsts;
- Leveraging its strategic presence in major international financial centers, the Kairos Group, which has a staff of more than 150 and manages over 8 billion euro, offers a full, diversified platform of products and services for individuals and institutional clients.



Governance – Insurance

Vittoria Assicurazioni vs. Insurance equally-weighted portfolio (PORT)

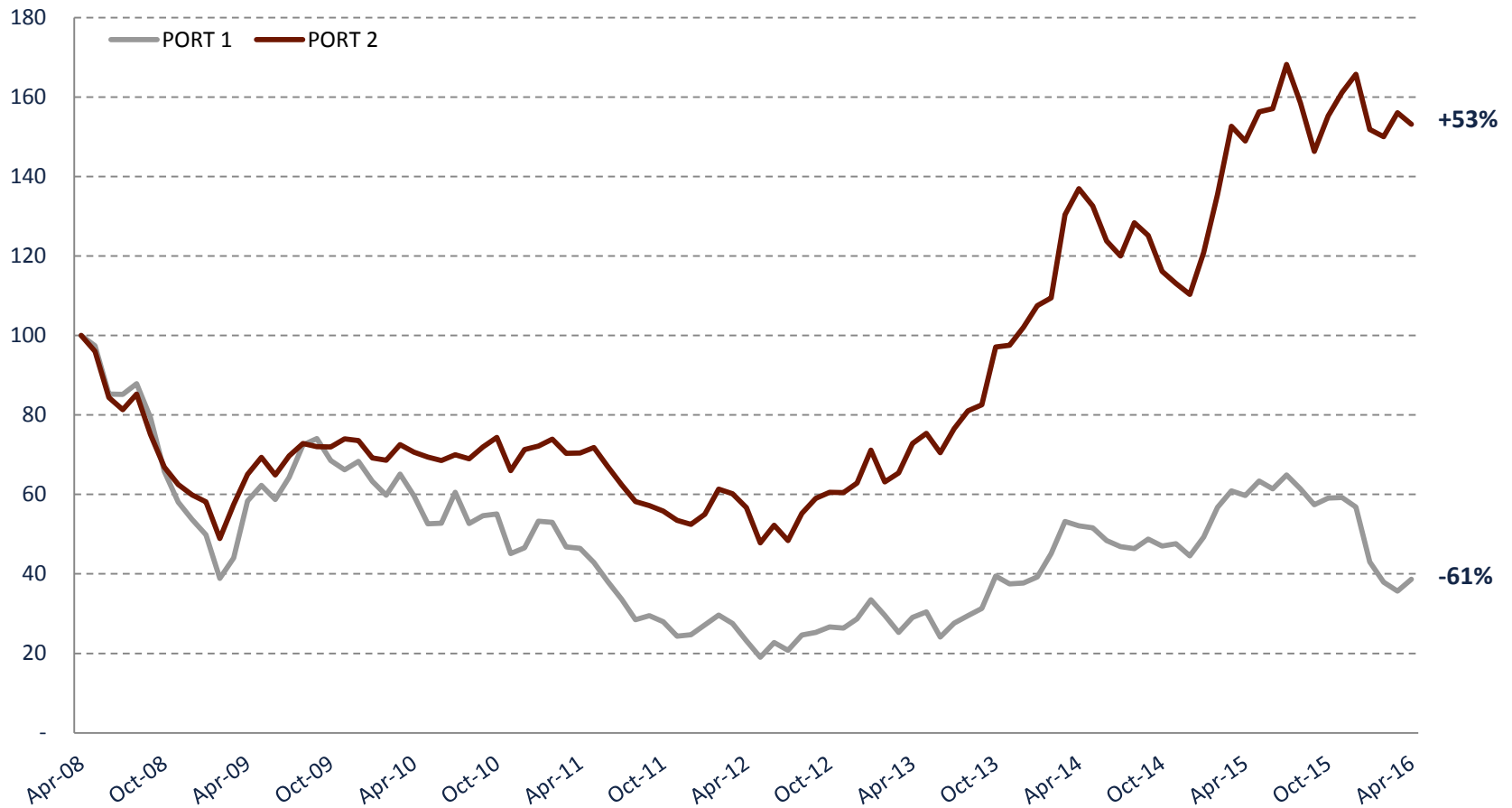


Source: Kairos, Bloomberg. Daily data as of April 29, 2016.



Governance – Banks

Concentrated (PORT 2) vs. Large (PORT 1) Shareholder structure, Banks equally-weighted portfolio

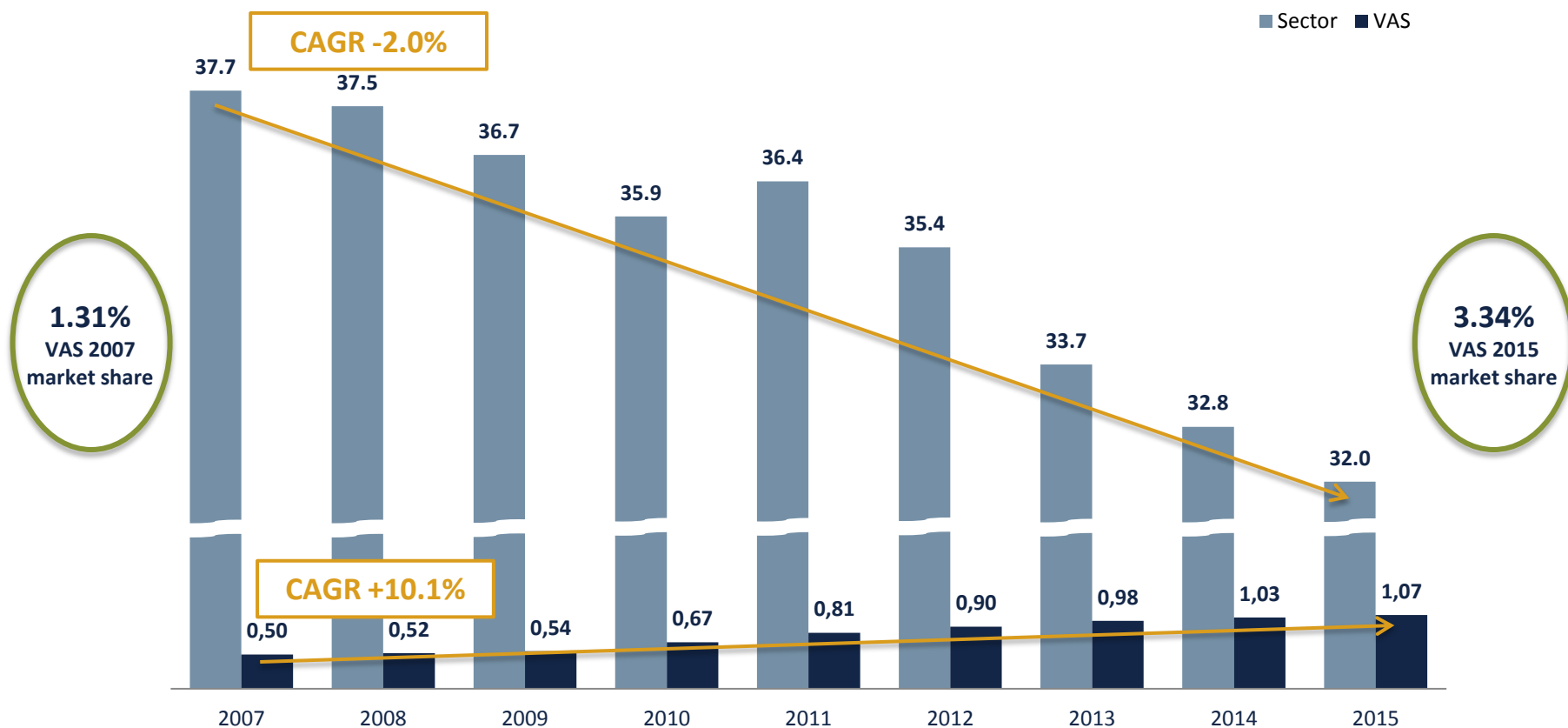


Source: Kairos, Bloomberg. Daily data as of April 29, 2016.



P&C Premiums

Vittoria Assicurazioni vs. Sector P&C Premium (Eur bn)

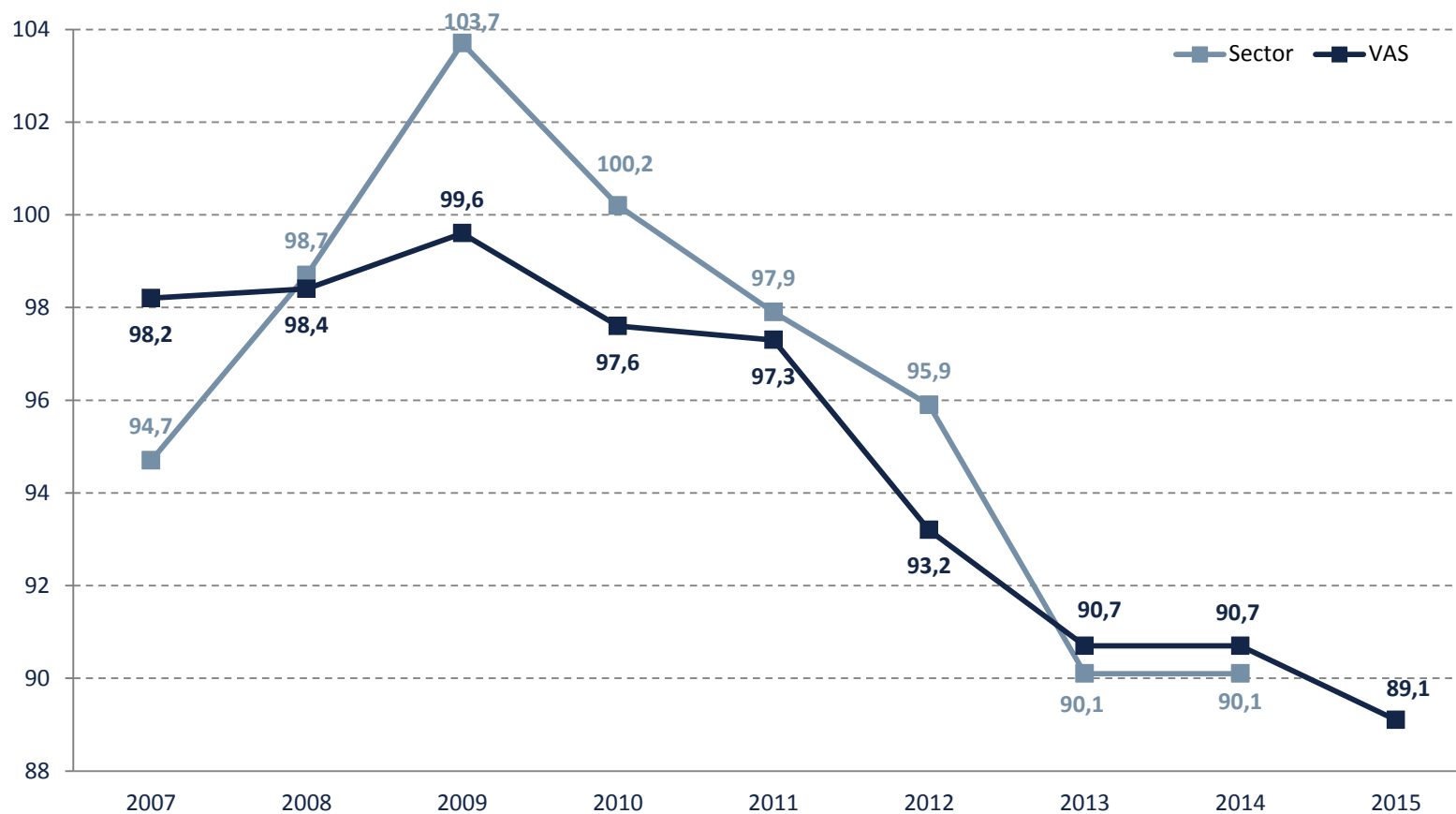


Source: Kairos, VAS company data, ANIA. Data as of December 2015.



Combined ratio

Vittoria Assicurazioni combined ratio vs. Sector (%)

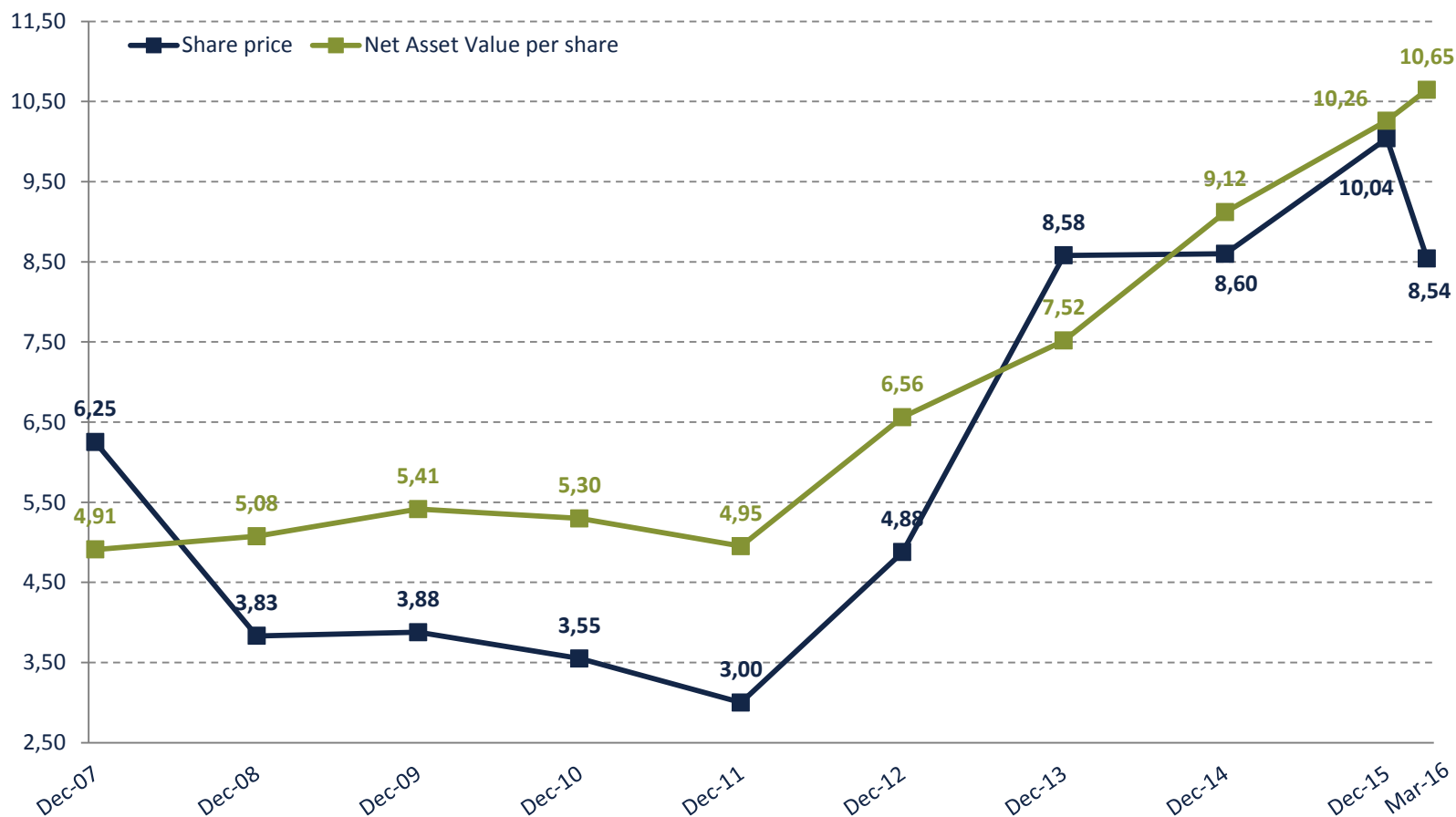


Source: Kairos, VAS company data, ANIA. Data as of December 2015.



Net Asset Value vs. Share price

Vittoria Assicurazioni Net Asset Value vs. Share Price (Eur)



Source: Kairos, VAS company data, Bloomberg. Data as of March 2016.



Current Multiples

P/E 2016e* ***6.4x***

Mkt Cap/PN 2016e ***0.7***

ROE 2016e** ***12%***

Dividend yield ***2.4%***

Solvency I 2016e ***245/250%***

Source: Kairos on VAS company data (as of Q1 results) and Bloomberg data (as of May 2016). *Company guidance as of May 2016. **Including AFS.



Catalysts: when is the stock going to rerate?

- We believe Vittoria Assicurazioni is a company that, in this interest rate environment, should trade at a significant premium to its book value.
- $\text{Roe} > 12\%$ is well above cost of equity of Vittoria Assicurazioni. We understand such a low combined ratio might not be there (for the industry) forever but low interest rate environment compensated this effect in terms of normalized profitability across the cycle. Vittoria was able to achieve double digit ROE even in different economic cycles (higher combined but higher interest rates).
- Why should the stock re-rate in a significant way ?

Solvency I will be ~ 245/250% at the end of 2016. It was ~ 200% at the end of 2014. Company has to build capital before implementation of Solvency 2. Net profit of 2015 and 2016 is only marginally going to shareholders (2.4% dividend yield) → We agree with this prudent approach !!

Once the need to build capital in anticipation of Solvency 2 will be over earnings will be either used to fund additional premium growth (best case!) or to increase shareholders' remuneration. **Once this happen we can bet stock will be trading above book value!**



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Giuseppina Marchetti, **Vittoria Assicurazioni**

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Angelo Meda, **Banor SIM**
Prysmian Group Investment case

Co-organized with



Digital event thanks to:



London
Stock Exchange Group

ABOUT VITTORIA ASSICURAZIONI

THE LAST BUSINESS PLANS

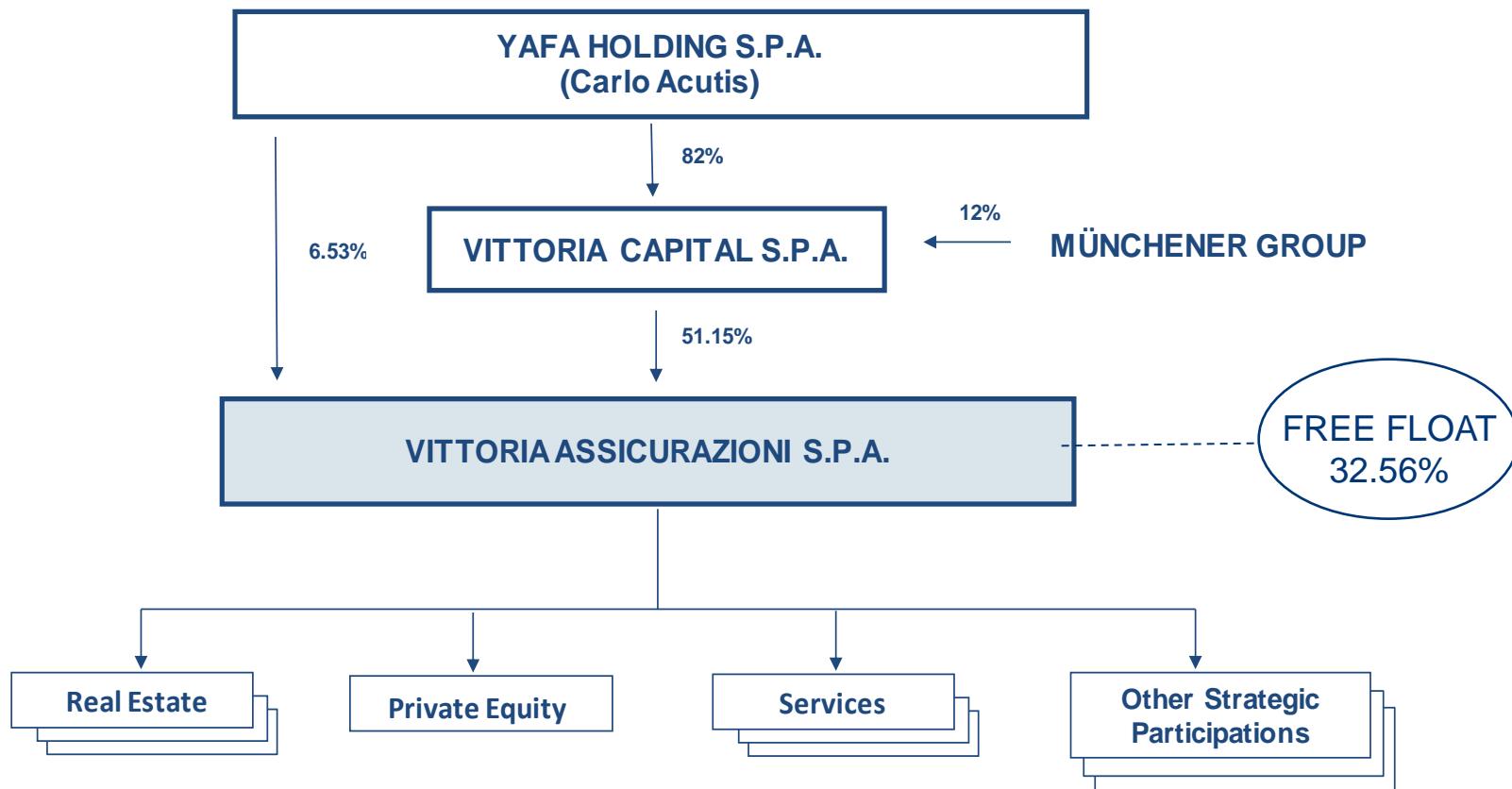
VOLUMES AND SALES NETWORK

RETAINED COMBINED RATIO

INVESTMENTS

FINANCIALS AND KPI

- ✓ Insurers for profession and tradition since 4 generations
- ✓ Vittoria Capital S.p.A. is a non-operating holding Company



- ▶ Consolidated and stable strategy with a long term vision
- ▶ Constant organic growth
- ▶ Steady competitive technical results
- ▶ Stable dividend policy
- ▶ Sound capital position
- ▶ Stable management trained and grown within the company.
- ▶ Employees with strong technical skills and a strong sense of belonging to the company
- ▶ Agents' network with a high level of technical qualifications and a special relationship of trust with the company

PROFITABILITY

- ✓ FOCUS ON TECHNICAL RESULTS
- ✓ DECREASE OF THE COST RATE IN THE MEDIUM TERM

CLIENTS

- ✓ INTERNAL ORGANIC GROWTH
- ✓ TARGET CLIENT: FAMILIES, SMALL/MEDIUM SIZED COMPANIES AND AFFINITY GROUPS

INVESTMENTS

- ✓ LOW RISK INVESTMENT PORTFOLIO
- ✓ STABILIZATION OF REAL ESTATE

CAPITAL POLICY

- ✓ SELF-FINANCING AND CONSOLIDATION OF THE CURRENT SOUND CAPITAL POSITION
- ✓ AVERAGE ANNUAL DIVIDEND GROWTH: +5%

ABOUT VITTORIA ASSICURAZIONI

THE LAST BUSINESS PLANS

VOLUMES AND SALES NETWORK

RETAINED COMBINED RATIO

INVESTMENTS

FINANCIALS AND KPI

✓ Successful execution of business plans

GROWTH

2009-2013 PLAN	TARGETS	ACTUAL
PREMIUMS (€/ML) (L + NL)	1,150 *	1,151
AVERAGE COR	97.5%	95.7%
CONSOLIDATED ROE	12.5%	12.4% ***
SALES NETWORK	955 **	1,159

CONSOLIDATION

2014-2016 PLAN		TARGETS	2014 ACTUAL	2015 ACTUAL	2016 TARGET	AVERAGE 2014-2016
AVERAGE PREMIUM GROWTH	NON LIFE	+5%	5,1%	3,5%	6,1%	+4.9%
	LIFE	+15%	48,9%	-12,9%	-19,7%	+5.4%
AVERAGE COR		92%	90,7%	89,1%	89,8%	89,9%
AVERAGE CONSOLIDATED ROE		13.5%	15,0%	13,1%	14,4%	14,2%
AVERAGE ANNUAL DIVIDEND GROWTH		+5%	5,6%	5,3%	5,0%	+5.3%

(*) 2008: €/ML 631

(**) 2008: 629 agents and sub-agencies

(***) 16% excluding the 2013 one-off increase in income taxes (IRES)

ABOUT VITTORIA ASSICURAZIONI

THE LAST BUSINESS PLANS

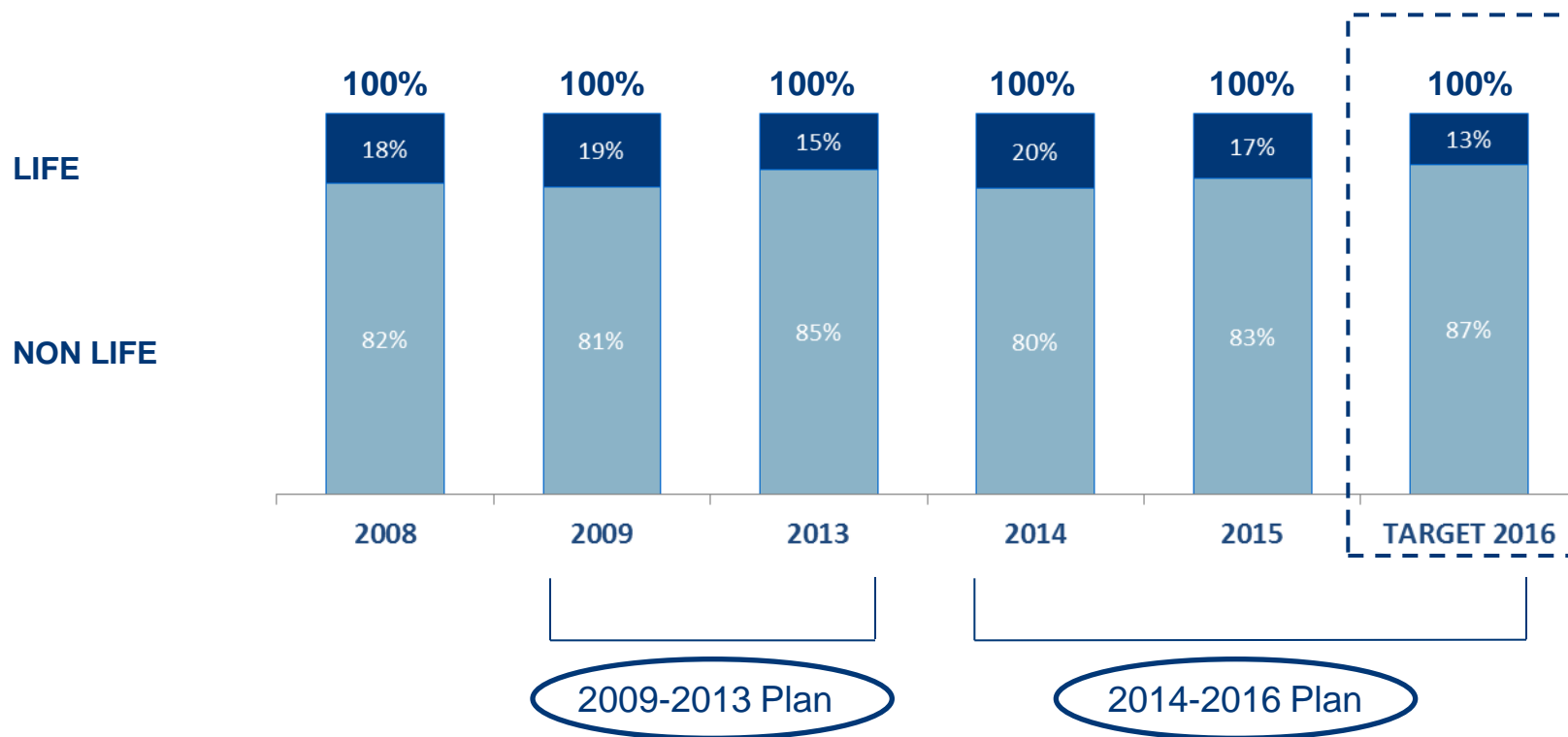
VOLUMES AND SALES NETWORK

RETAINED COMBINED RATIO

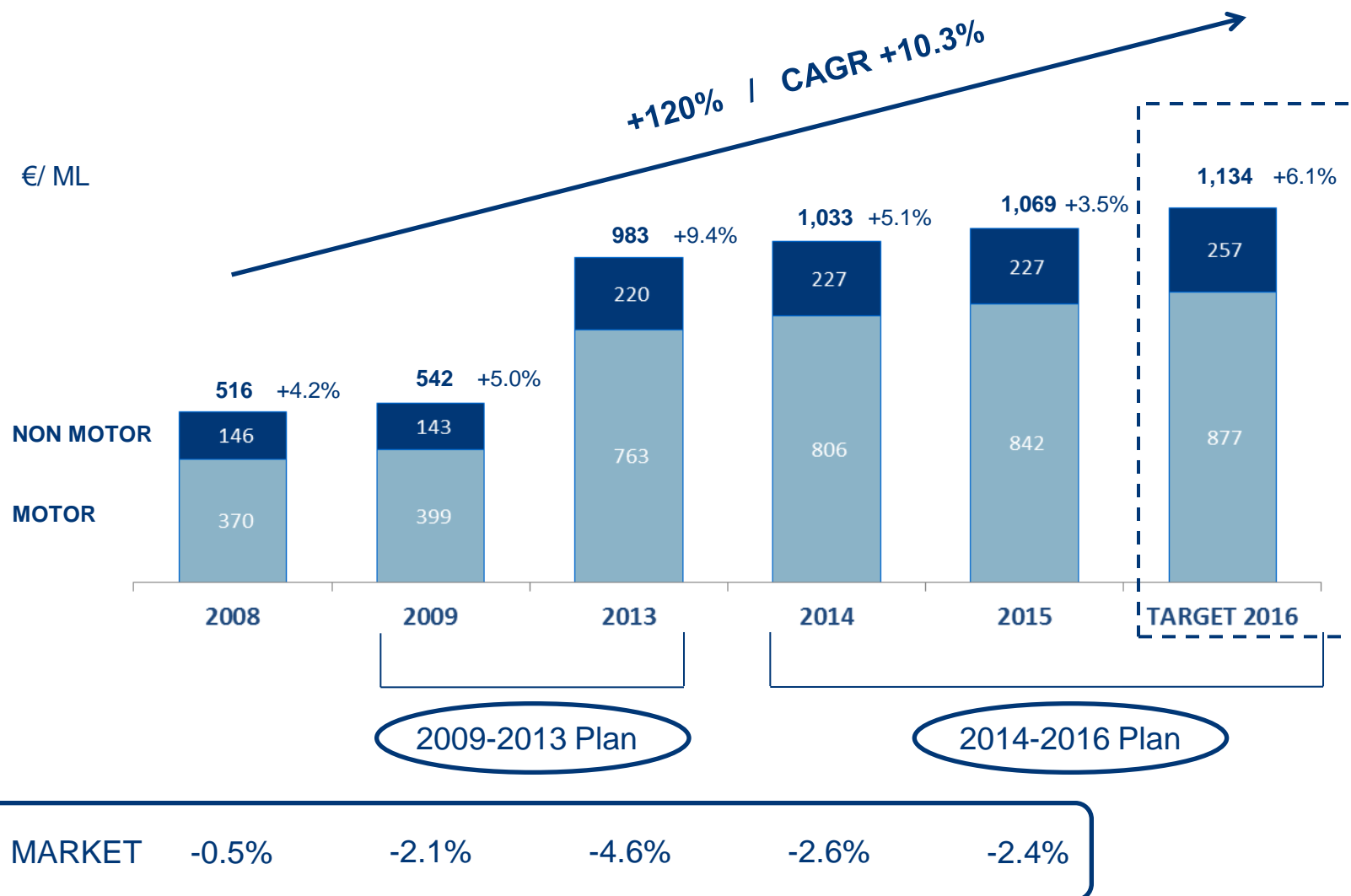
INVESTMENTS

FINANCIALS AND KPI

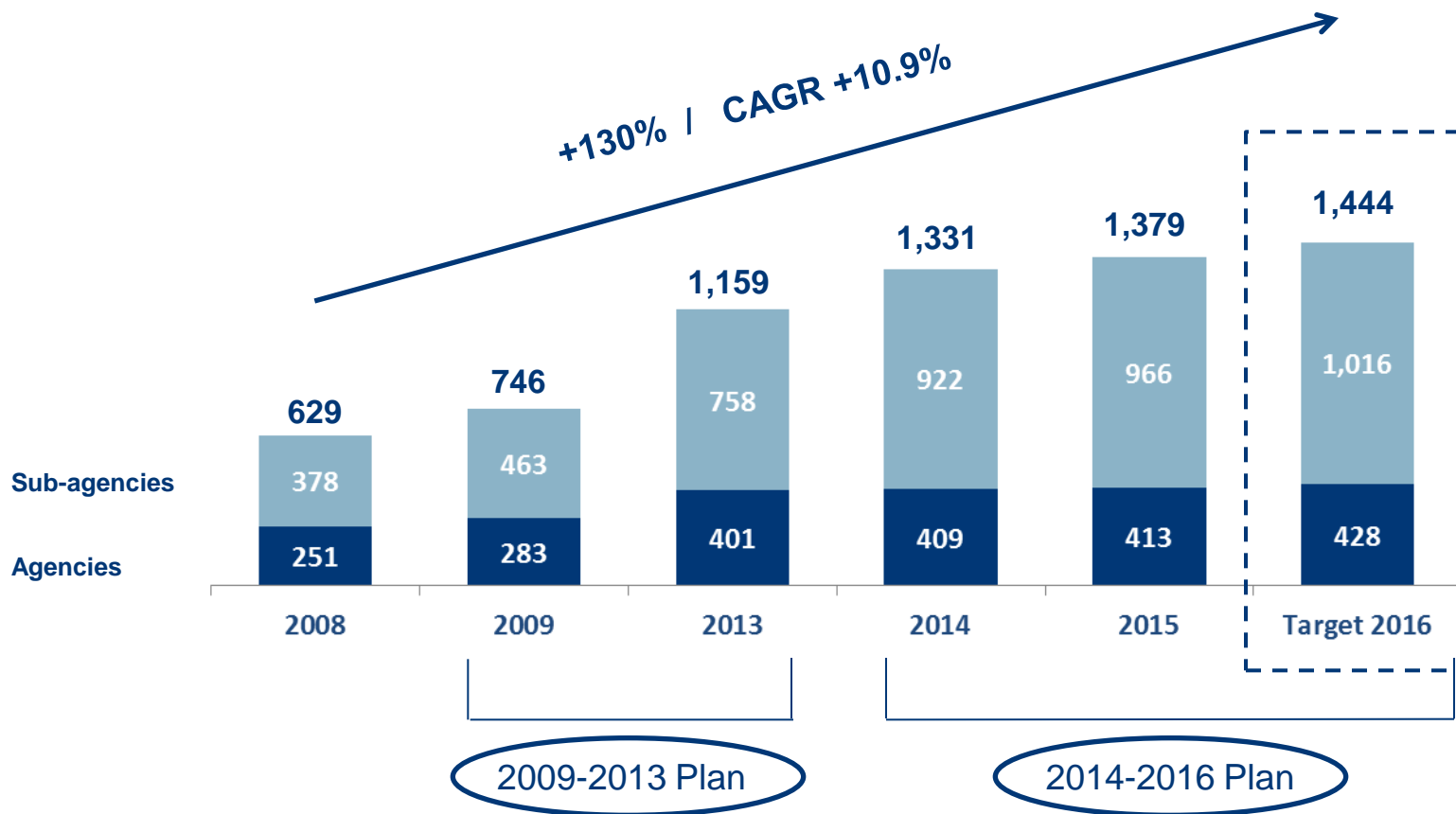
✓ Focus on P&C LoBs



- ✓ Steady increase in volumes and above market trends



- ✓ Since 2008 doubled the sales network



ABOUT VITTORIA ASSICURAZIONI

THE LAST BUSINESS PLANS

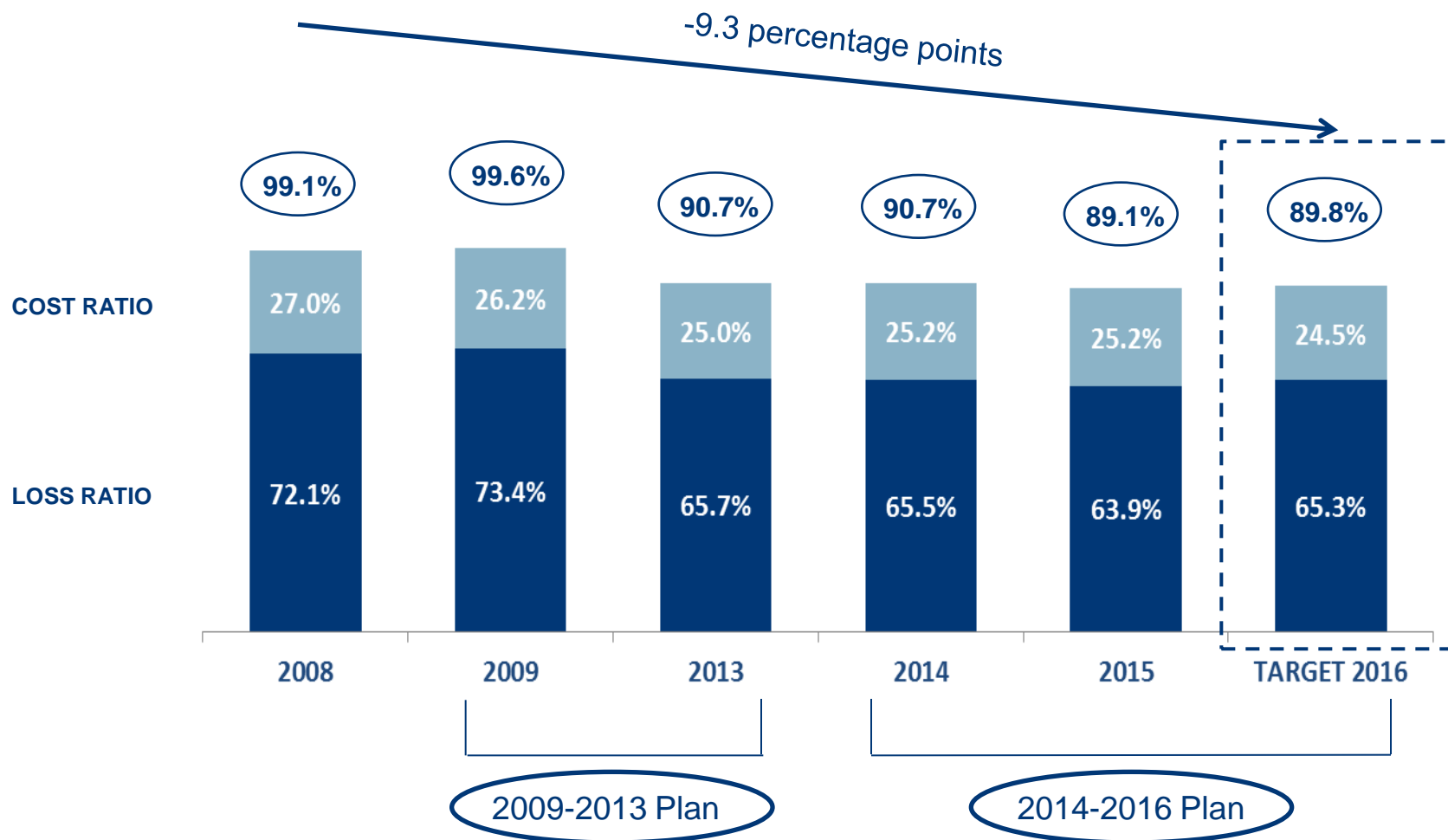
VOLUMES AND SALES NETWORK

RETAINED COMBINED RATIO

INVESTMENTS

FINANCIALS AND KPI

- ✓ Constant improvement of technical performance notwithstanding the steady growth



ABOUT VITTORIA ASSICURAZIONI

THE LAST BUSINESS PLANS

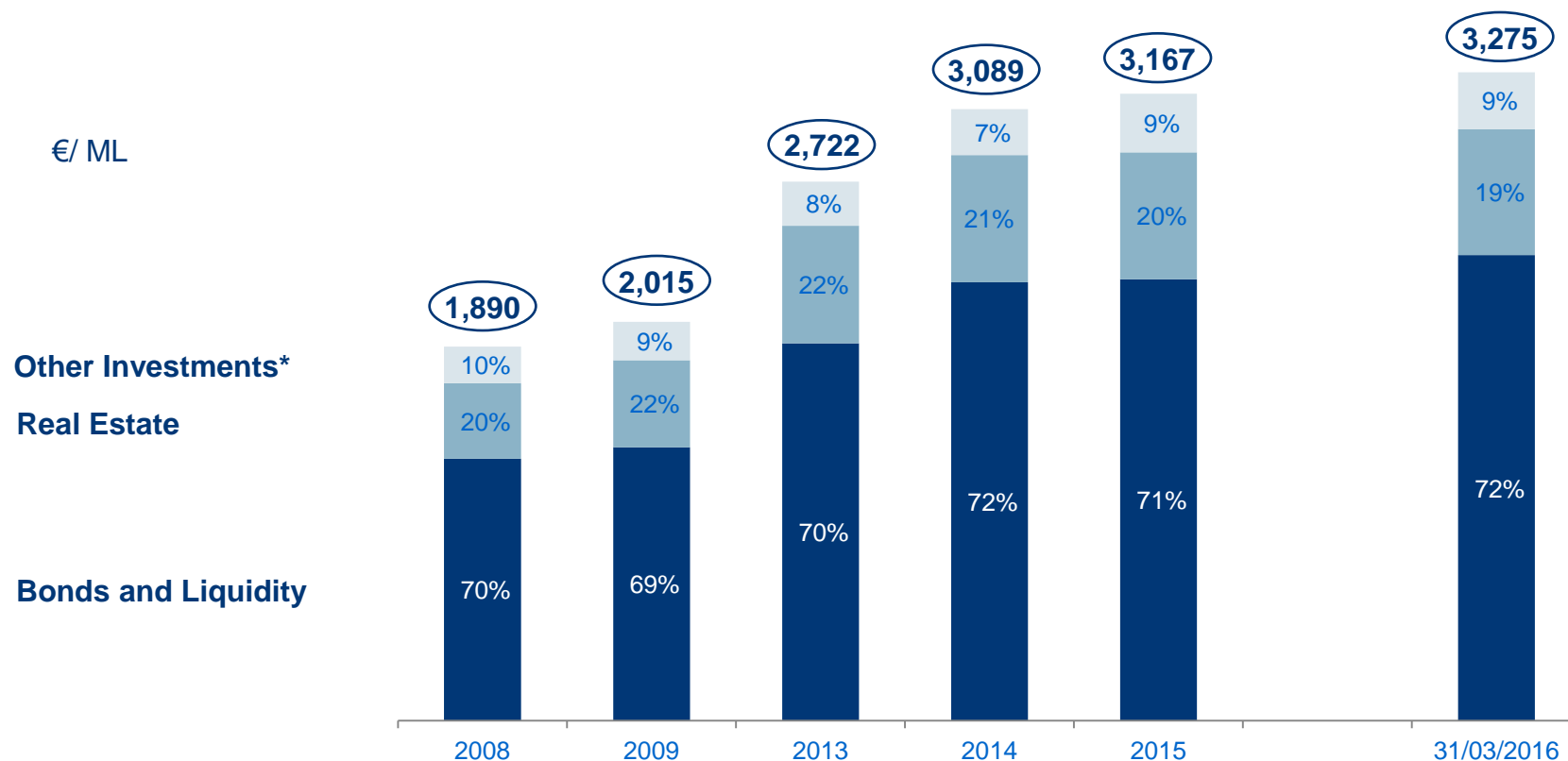
VOLUMES AND SALES NETWORK

RETAINED COMBINED RATIO

INVESTMENTS

FINANCIALS AND KPI

- ✓ Core-satellite strategy
- ✓ Core investment mainly consisting of Government bonds
- ✓ Additional returns sought through satellite investments



* Other Investments: Subsidiaries and associates, Equities, Mutual funds and Loans

ABOUT VITTORIA ASSICURAZIONI

THE LAST BUSINESS PLANS

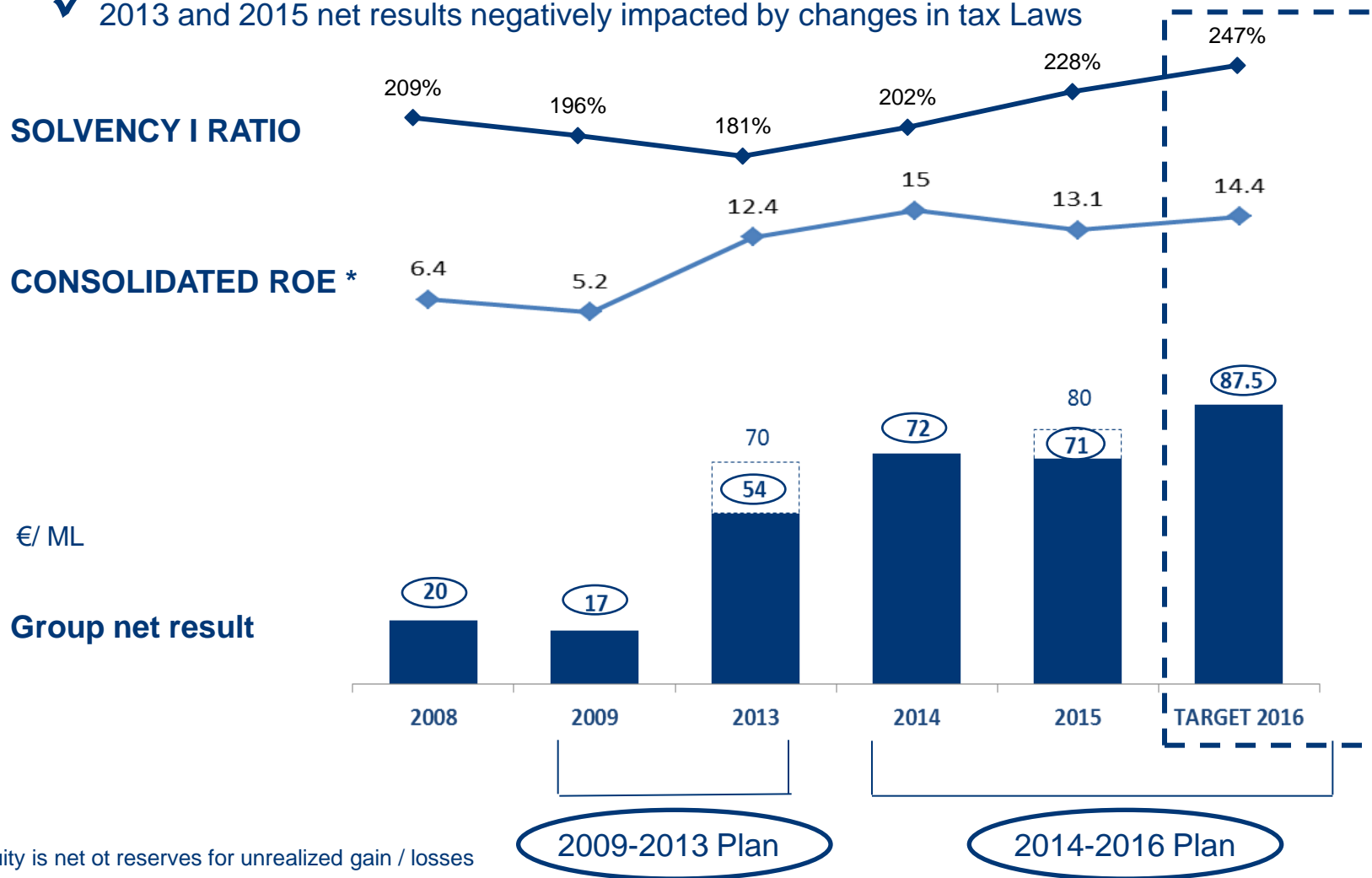
VOLUMES AND SALES NETWORK

RETAINED COMBINED RATIO

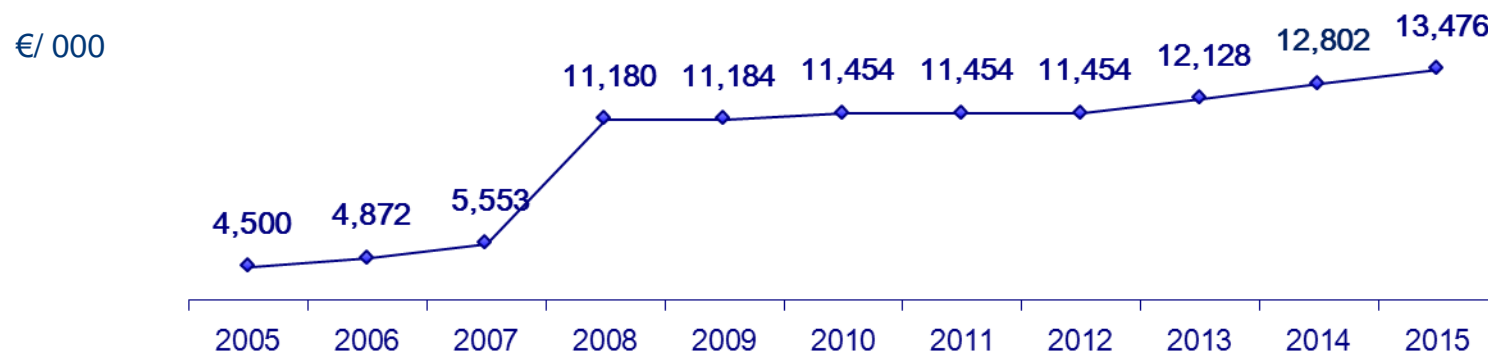
INVESTMENTS

FINANCIALS AND KPI

- ✓ Stable profitability
- ✓ Sound capital position
- ✓ 2013 and 2015 net results negatively impacted by changes in tax Laws



- ✓ Conservative dividend policy with a continuous dividend payment
- ✓ Growth financed internally with no capital injection from shareholders



* Bonus capital increase in 2008

- ✓ **PREMIUM**
Written premium direct business - Classified by internal Line of Business
- ✓ **LOSS RATIO – RETAINED BUSINESS** - Classified by internal Line of Business
Incurred claims / Earned premium
- ✓ **COST RATIO – RETAINED BUSINESS** - Classified by internal Line of Business
Total expenses (no investment and settlement costs) + amortisation + other technical charges / Earned premium
- ✓ **COMBINED RATIO – RETAINED BUSINESS** - Classified by internal Line of Business
(Incurred claims + Total Expenses (no investment) + amortisation + other technical charges) / Earned premium
- ✓ **CONSOLIDATED ROE**
Group net profit for the year / Group average shareholders' equity (group opening shareholders' equity + closing shareholders' equity / 2). Equity is net of reserves for unrealised gains / losses
- ✓ **SOLVENCY RATIO I**
Solvency margin available / Solvency margin required
- ✓ **CAGR (Compound Annual Growth Rate)**
 $(\text{Start value} / \text{finish value})^{1/\text{number of years considered}} - 1$

Our methodology

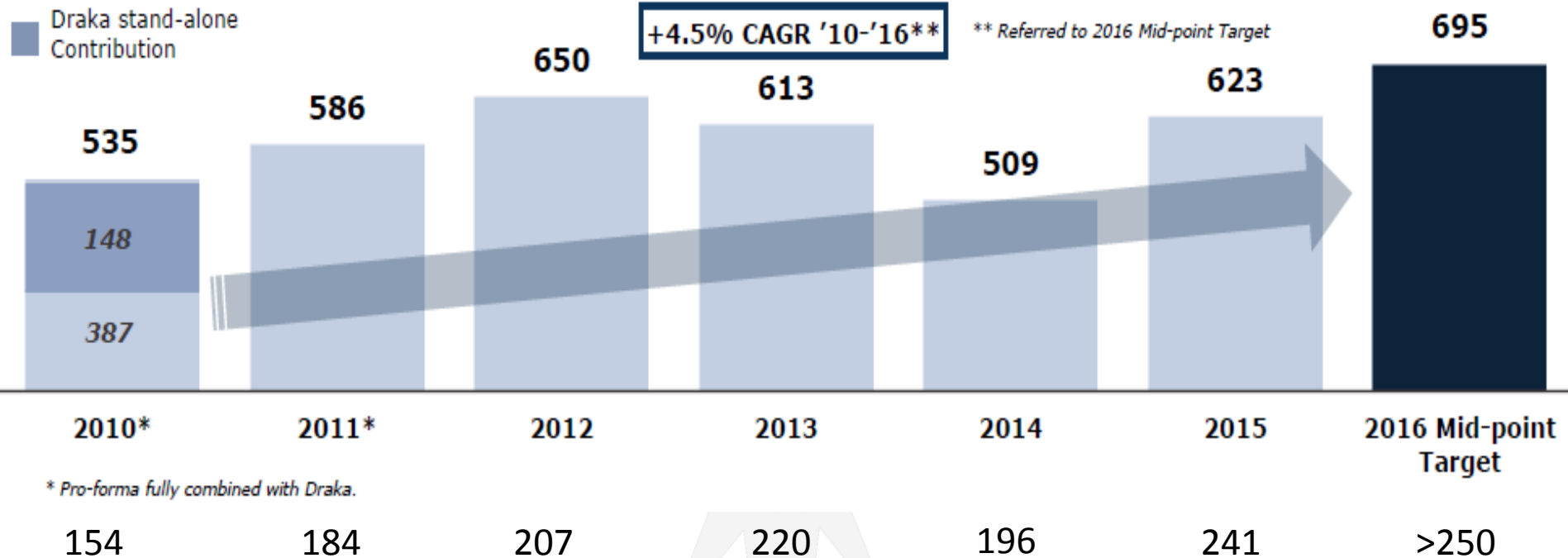
- A 4-stages DDM is the key valuation metric
- DCF, Multiples and Free Cash Flow Analysis are used to support conclusions
- Competitive edges identification is key
- We don't rely on consensus estimates: we build our internal models and check periodically our numbers and assumptions with companies, “good” sell-side analysts, competitors, suppliers, customers.
- Team of 8 analysts (3 CFA Charterholder, 5 Enrolled in the CFA Program) and 4 Portfolio Manager

Why PRYSMIAN?

- Management experience and track record
 - CEO (Mr. Battista) in Prysmian since 2005, > 20 years experience
 - Top managers (CFO, COO, Senior product VP,...) in the business since 10 years
 - Great track record in M&A (not only Draka merger...)
- Strong Leader in Submarine cables, Regional leader in Telecoms
- Business segments diversification (Energy Infrastructure, Oil&Gas, Telecom, Automotive, Elevators,...)
- Strong cash generation
- Low volatility in EBITDA

Cash generation profile

Actual Adj. EBITDA 2010-2015 & Guidance 2016 Mid-point Adj. EBITDA (€ million)



Free cash flow before Exceptionals, M&A and Working capital Change
Very stable and expected above 5%

Company valuation

- Stand alone valuation:
 - DDM fair value: 25 Euro under conservative assumptions (5% long term EPS growth, 50% Payout)
 - DDM Sensitivity: every 1% of EPS Growth is worth 3.00 Euro
 - Implied ROE @ 22 euro: 7.5%; 2016 Expected >20%
- FCF Yield > 5% and Sustainable Dividend Yield > 2%
- M&A (or releverage) upside

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Maria Cristina Bifulco, **Prysmian Group**

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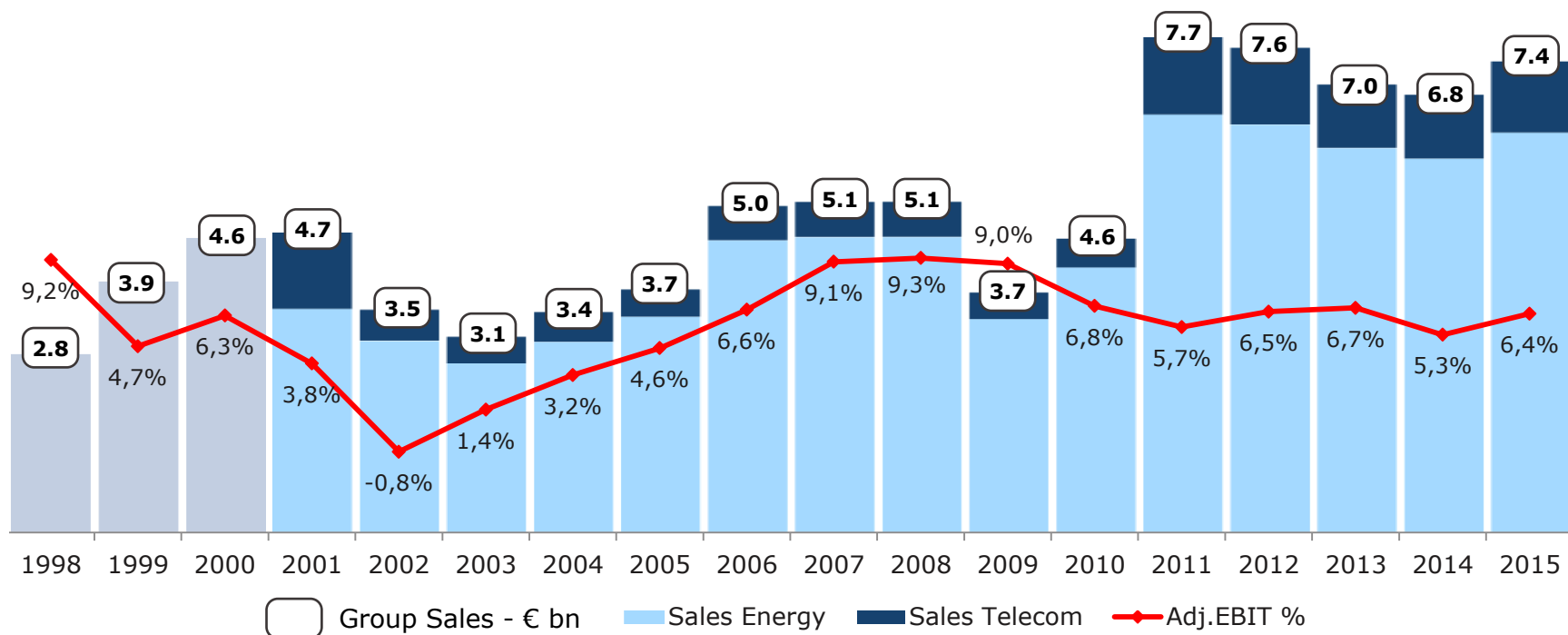
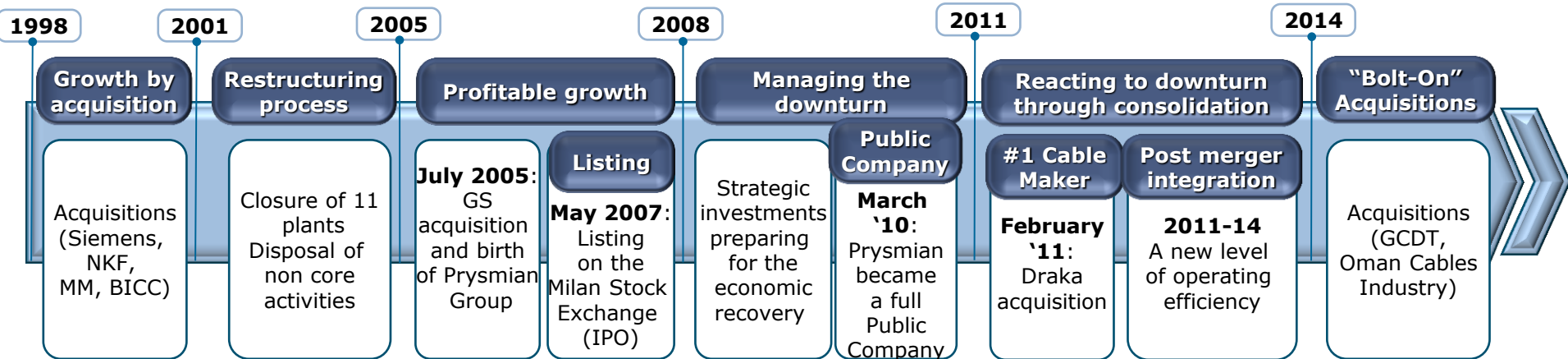
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- **Group overview**
- Focus on Business Segments
- Prysmian in the Industry
- Appendix

Key milestones

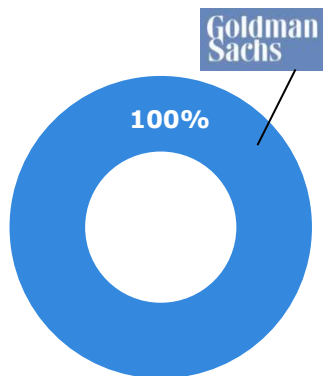


Source: 1998-2003 Pirelli Group Annual Reports, data reported under Italian GAAP; 2004-2010 Prysmian accounts, data reported under IFRS; 2011 Draka full combined; 2011-2013 restated in application of IFRS 10-11 and reclassification of share of net income

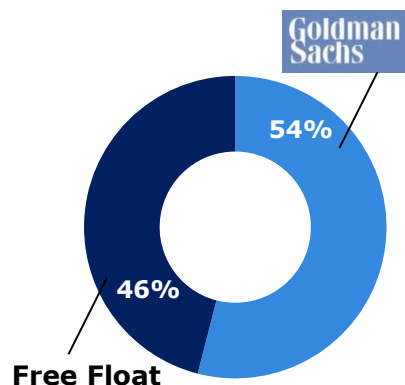
The evolution to Public Company

From Pirelli to Goldman Sachs (2005), IPO (2007) and Public Company (2010)

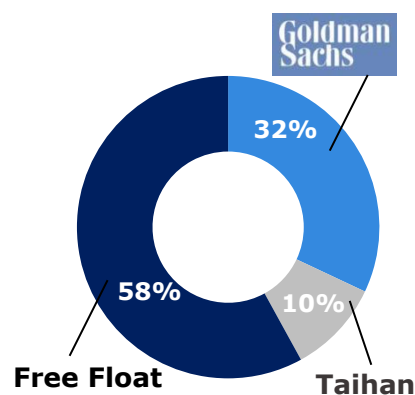
1 Golman Sachs buys 100% (July 2005)



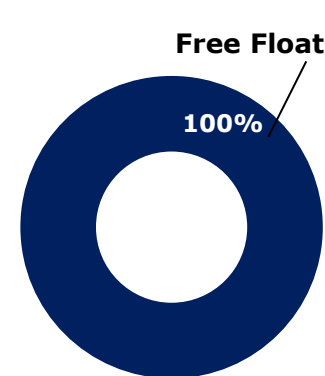
2 IPO May 2007



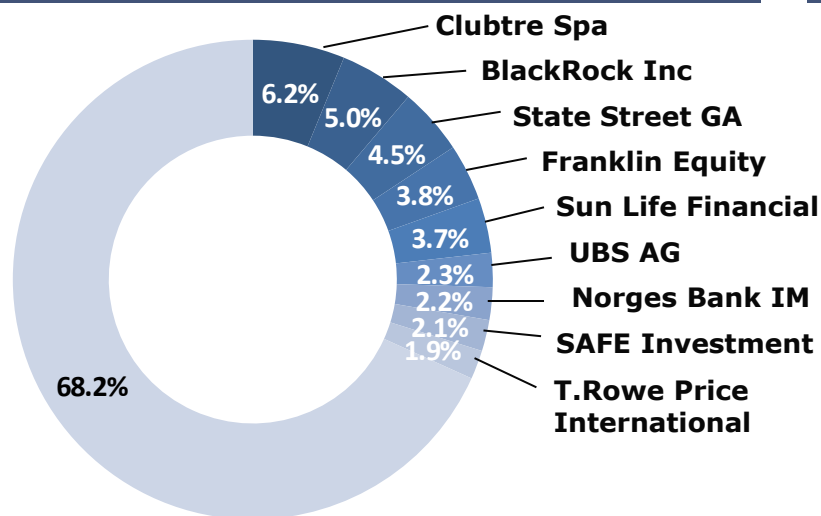
3 GS placement Nov 2007



4 GS placements (Mar '10)

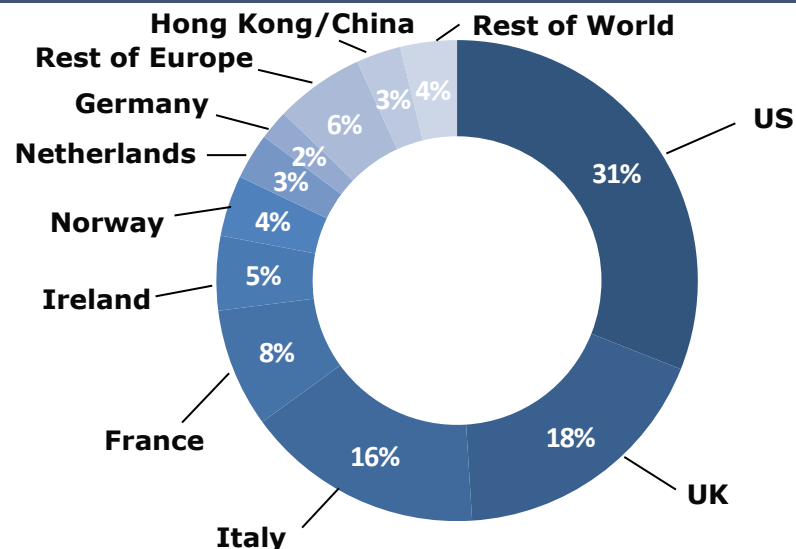


Structure – Main investors



Source: Thomson One (December 2015); CONSOB

Structure – Instit. Investors by geography

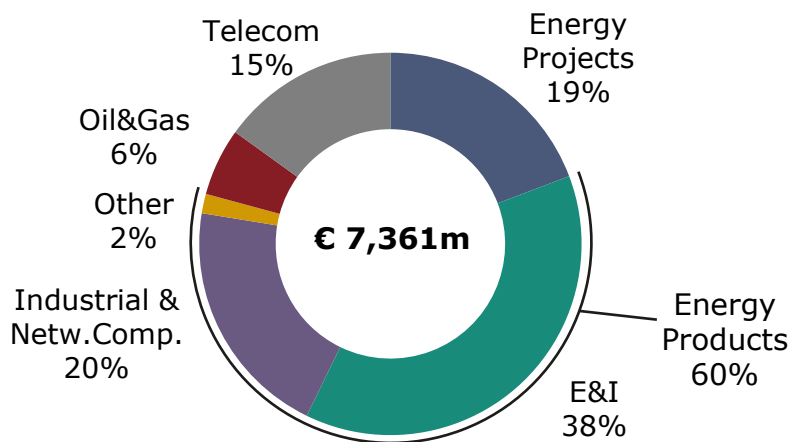


Source: Nasdaq OMX (December 2015)

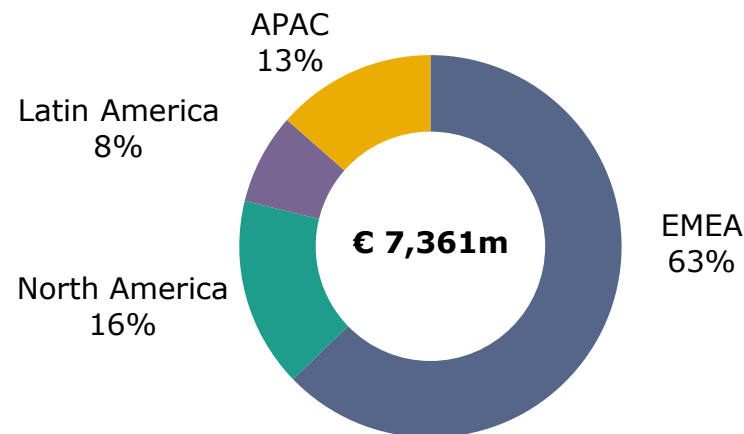
Prysmian group at a glance

FY 2015 Financial Results

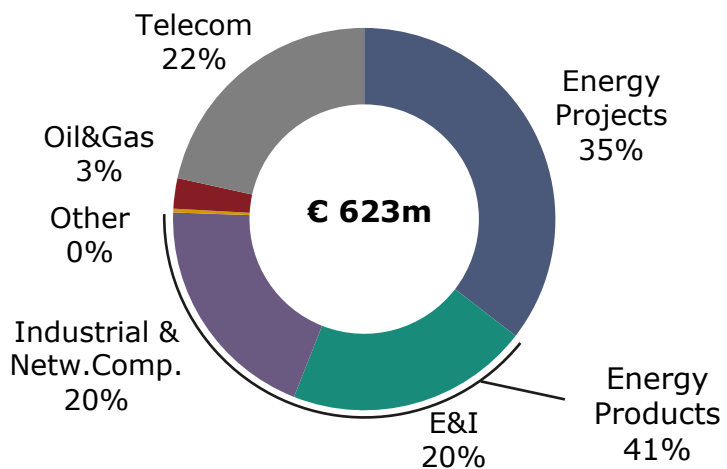
Sales breakdown by business



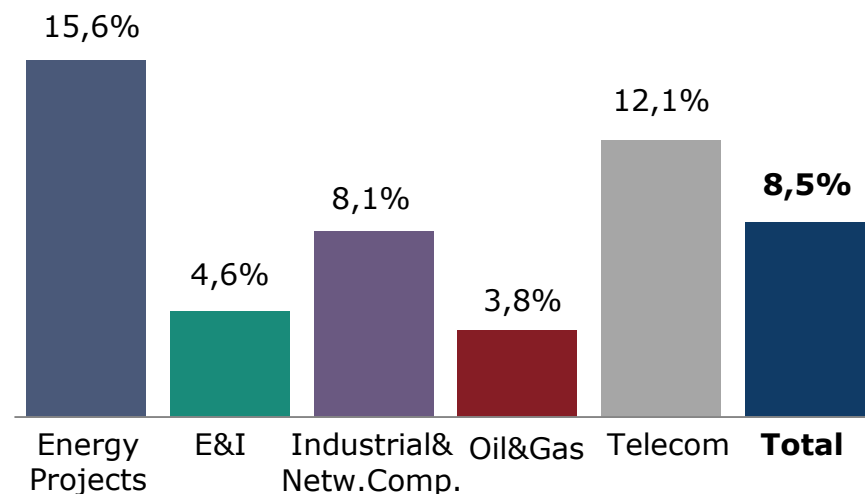
Sales breakdown by geography



Adj. EBITDA by business



Adj. EBITDA margin



FY 2016 Outlook

Margin improvement mainly driven by Energy Projects and Telecom. Negative FX.

2016 Adj.EBITDA Target (€ million)*

670

Mid-point € 695m

720

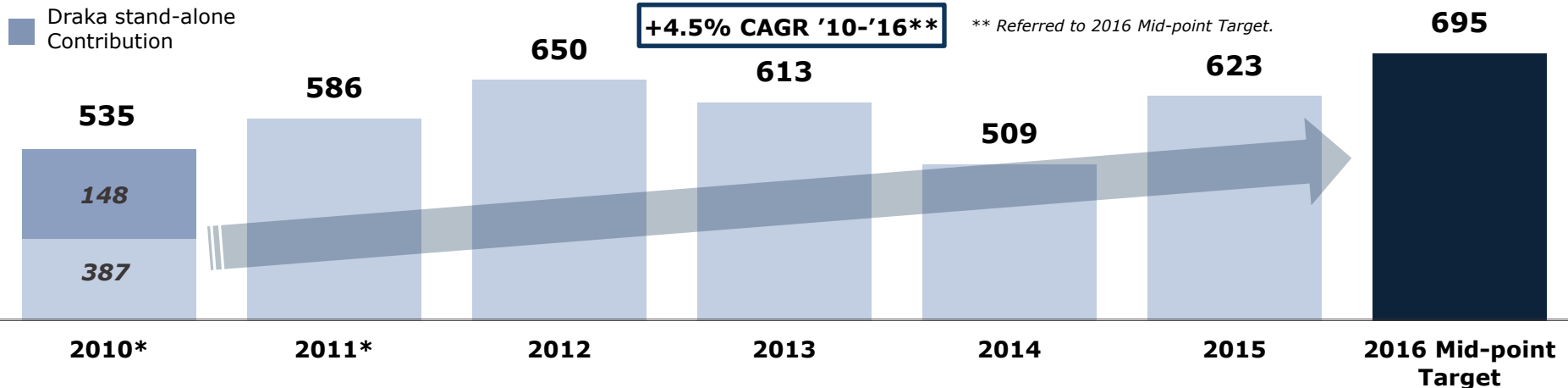
* Includes management expectations on OCI incremental contribution to FY 2016 adjusted EBITDA. Assuming current consolidation perimeter of Prysmian Group.

2016 Adj.EBITDA Target Assumptions (€ million)

Mid-point target assumptions:

- Continued positive trend in Energy Projects and Telecom
- Moderate volumes growth in cyclical businesses with stable prices.
- Negative trend in Oil&Gas, mostly offset by Industrial and Network component.
- Adverse Forex impact.

Actual Adj. EBITDA 2010-2015 & Guidance 2016 Mid-point Adj. EBITDA (€ million)



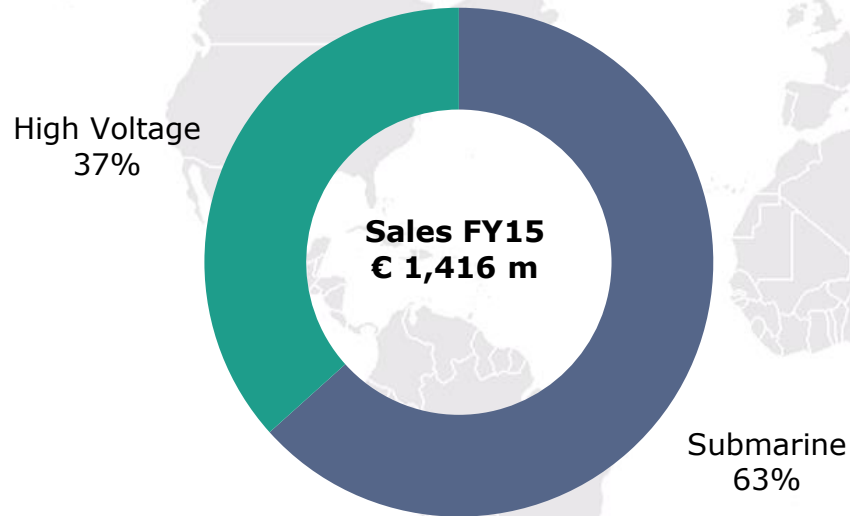
* Pro-forma fully combined with Draka.

- Group overview
- **Focus on Business Segments**
- Prysmian in the Industry
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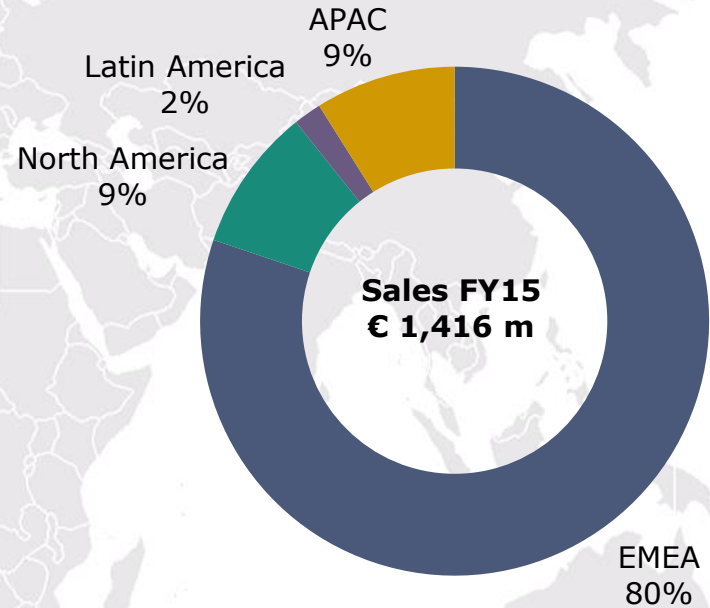
Energy Projects

Sales breakdown

Sales by business



Sales by geographical area



Latest submarine projects awarded

Key success factors

- Track record and reliability
- Ability to design/execute turnkey solution
- Quality of network services
- Product innovation
- State-of-the-art cable laying ships

Action plan

- Cable Enterprise vessel and shallow water installation barge to improve installation capacity and capability
- New investment worth approx. €40m in Pikkala and Arco Felice to enhance the production capability to meet the order backlog requirements
- Leverage on strong off-shore wind-farms trend
- Secure orders to protect long-term growth
- Focus on execution

Latest Key projects

Customers

Period

€m*

COBRA cable	TenneT – Energinet.dk	2016-18	250
Hainan II	China South Grid	2016-19	\$140m
NSN Link	Statnett SF – National Grid	2015-21	550
West of Adlergrund Option	50Hertz Offshore GmbH	2015-18	230
Wikinger	Iberdrola Renovables Offshore	2015-17	60
Philippines	NGCP	2015-16	90
Dardanelles 2	TEIAS	2015-16	64
Cyclades	IPTO	2015-16	95
West of Adlergrund	50Hertz Offshore GmbH	2015-18	480
Shannon River Crossing	ESB	2014-16	40
Zakum offshore oil field	Emirates Holding	2014-15	30
BorWin3	TenneT	2014-17	250
Capri	Terna	2014-15	70
US Offshore platforms	ExxonMobil's	2014-15	\$100m
Balearic Islands	Red Eléctrica de España	2014-15	85
DolWin3	TenneT	2014-16	350
Normandie 3	Jersey Electricity plc	2013-14	45
Mon.Ita	Terna	2013-17	400
Dardanelles	TEIAS	2012-14	67
Phu Quoc	EVNSPC	2012-14	67
Western Link	National Grid-Scottish Power JV	2012-17	800
HelWin2	TenneT	2012-15	200
Hudson Project	Hudson Transm. Partners LLC	2012-13	\$175m
SylWin1	TenneT	2012-15	280

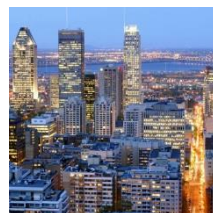
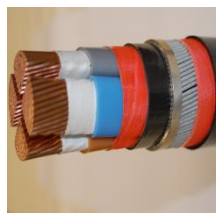
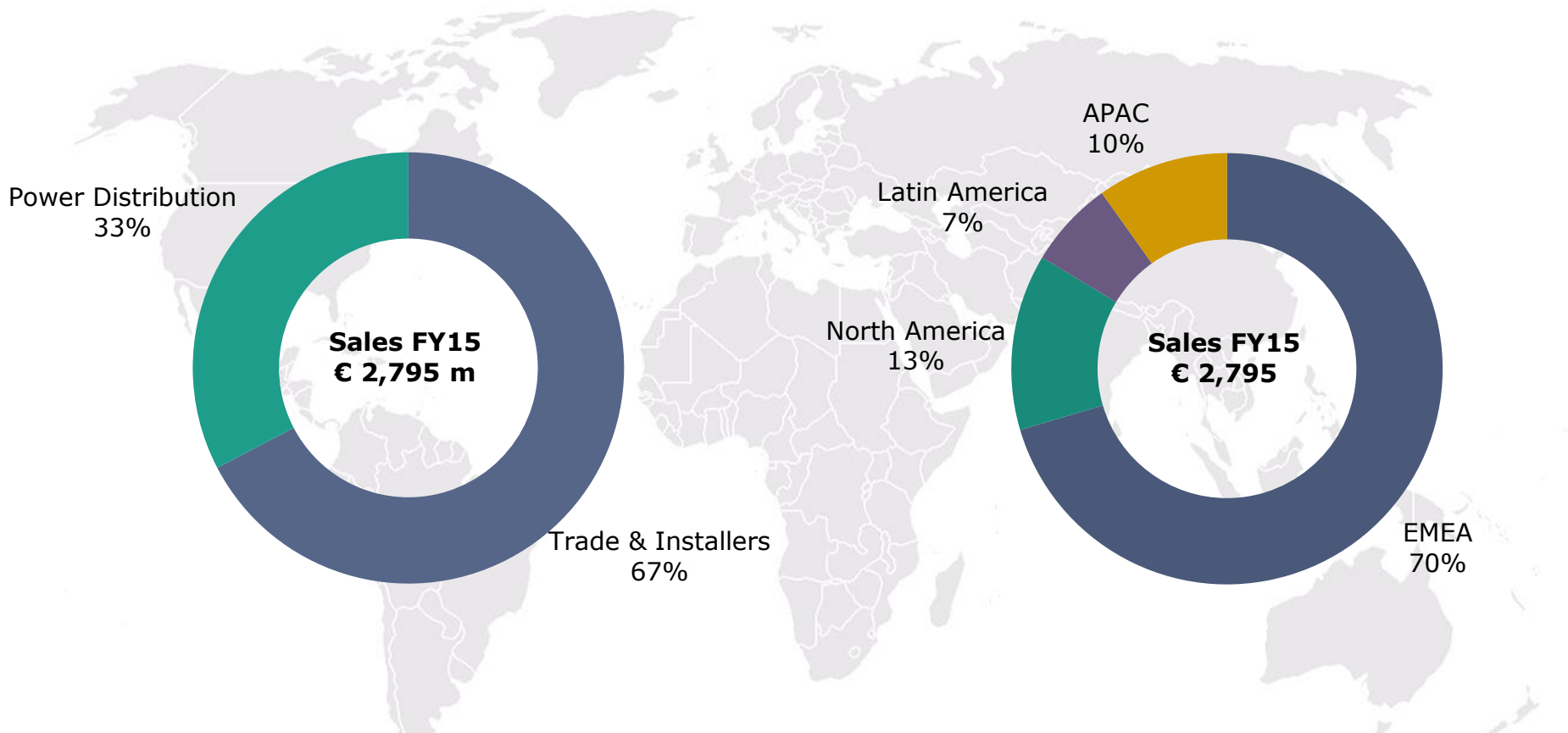
* Prysmian portion of the project

Energy & Infrastructure

Sales breakdown

Sales by business

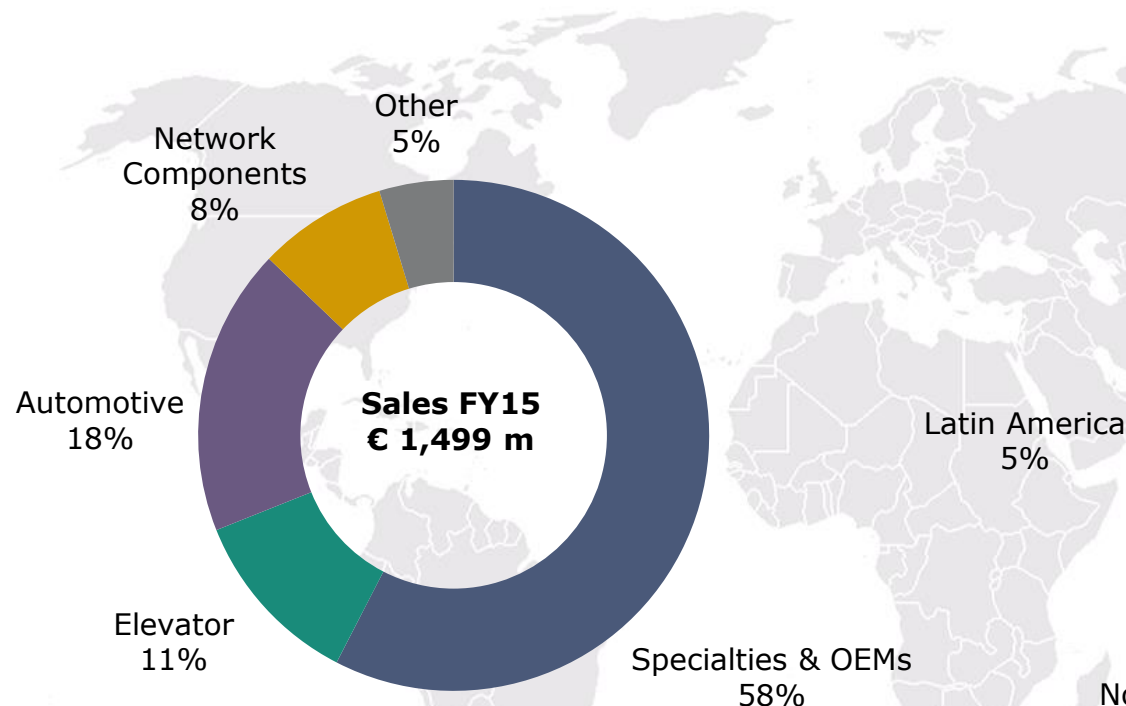
Sales by geographical area



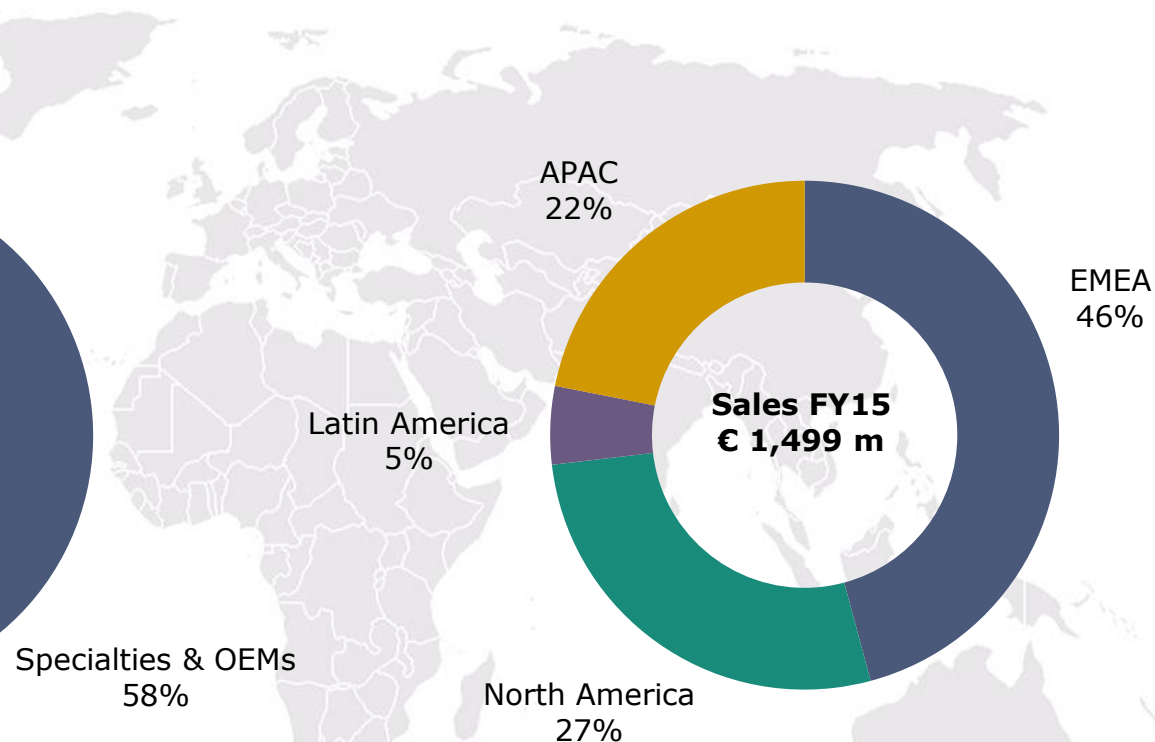
Industrial & Network Components

Sales breakdown

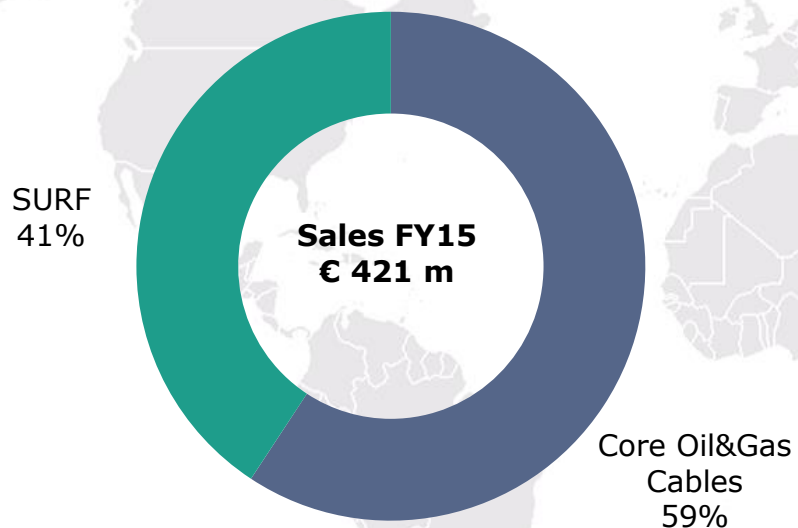
Sales by business



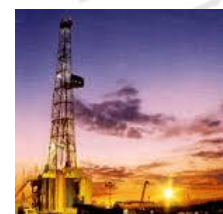
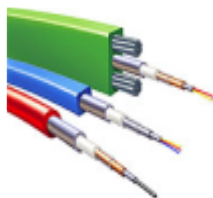
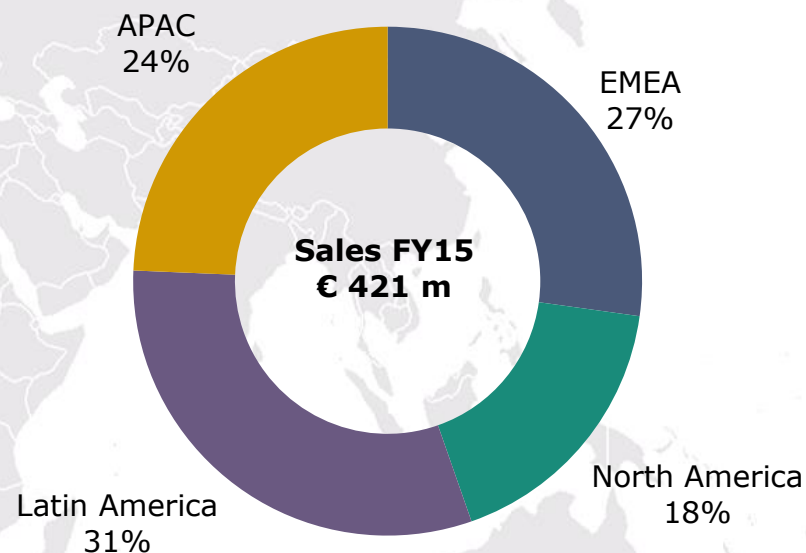
Sales by geographical area



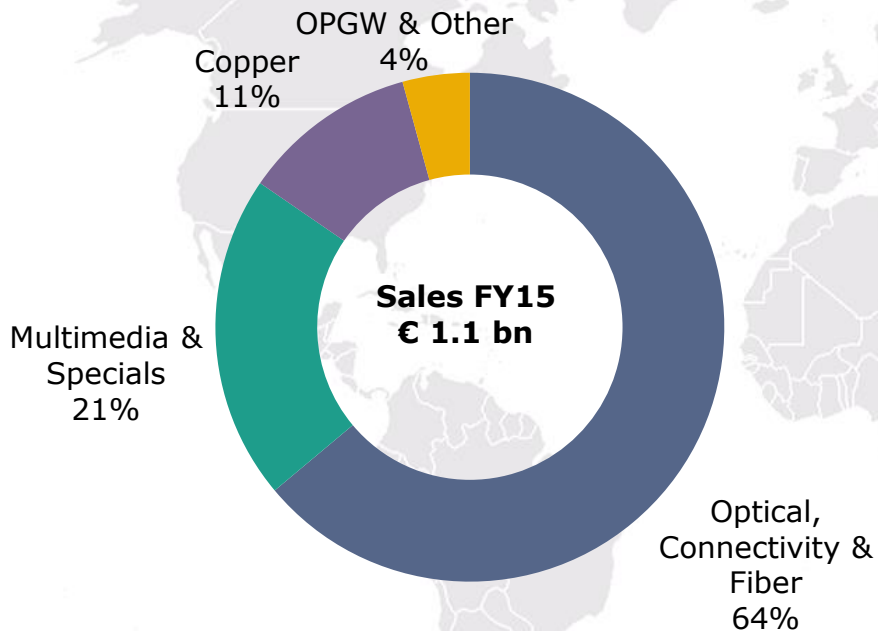
Sales by business



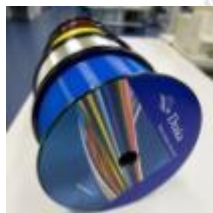
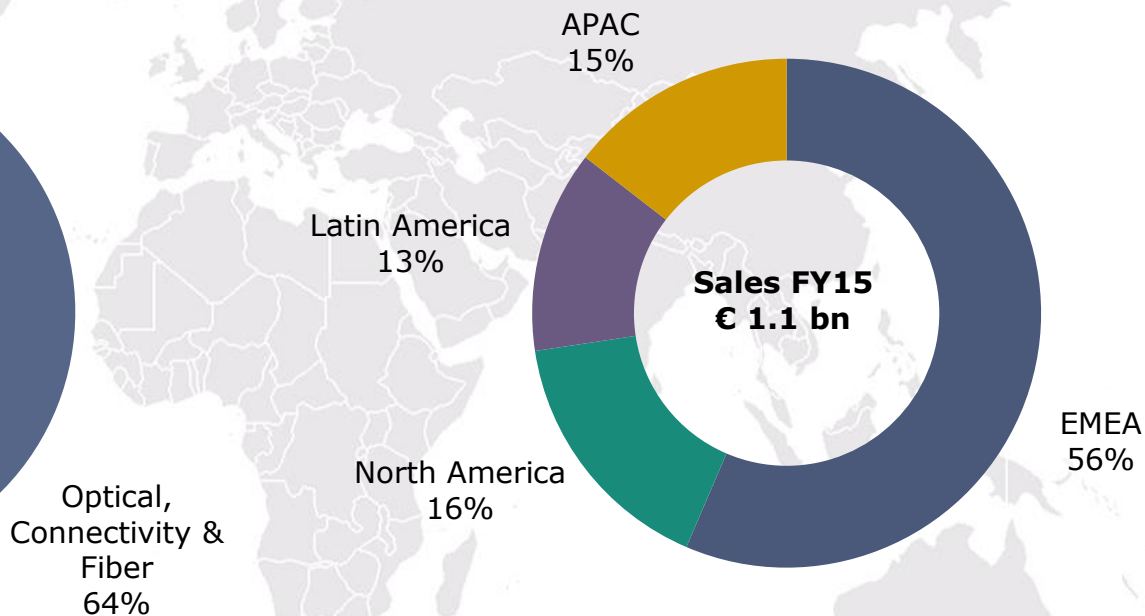
Sales by geographical area



Sales by business



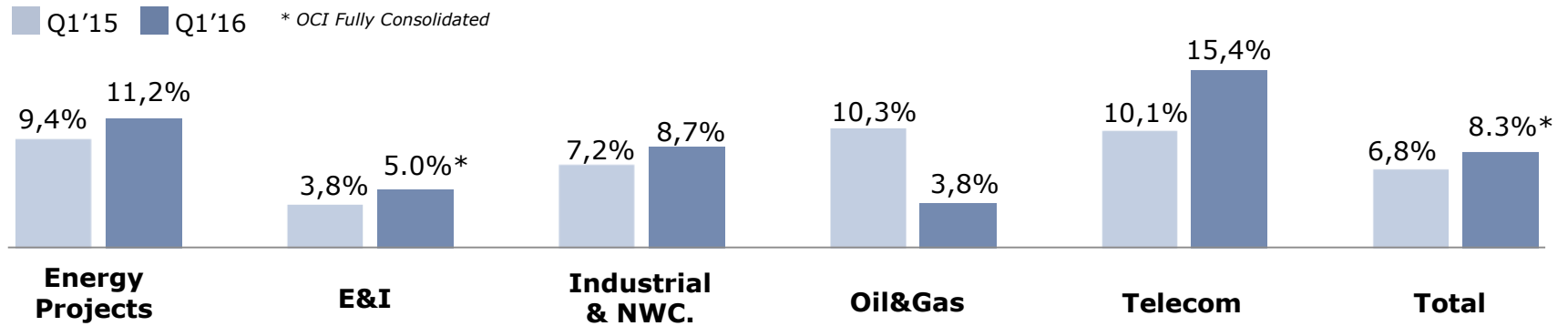
Sales by geographical area



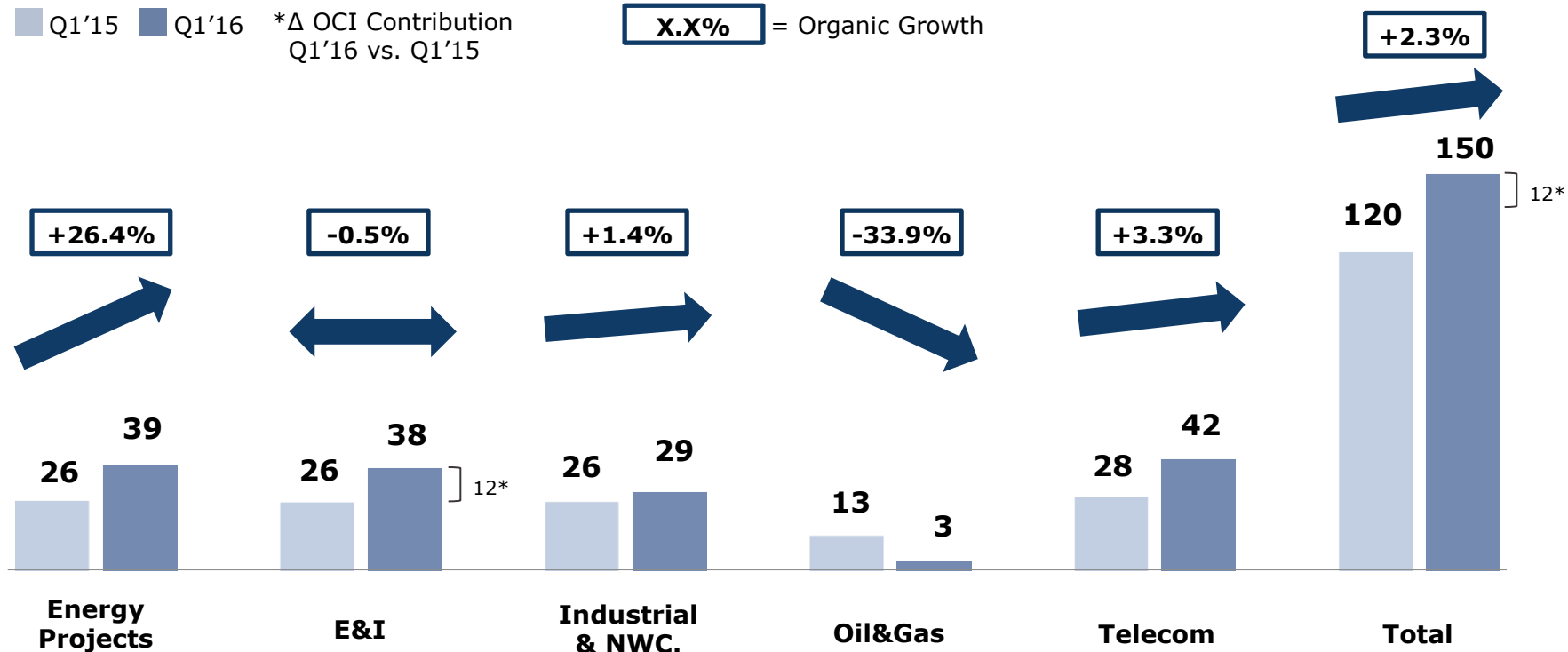
Q1 2016: Continued organic growth and profitability improvement

Margin increase driven by Energy Projects, Telecom & OCI Consolidation.

Adj. EBITDA Margin



Adj. EBITDA (€ million) / % Org. Growth

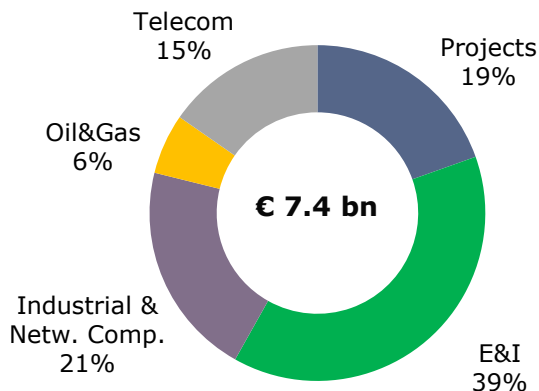


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- Focus on Business Segments
- **Prysmian in the Industry**
- Appendix

PRYSMIAN vs. Pure Cable peers – Key Drivers

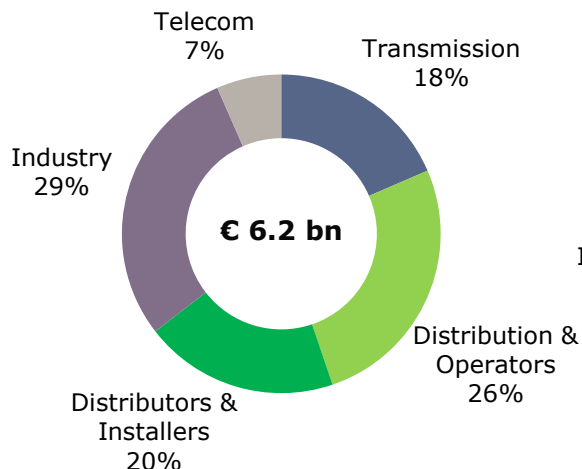
Prysmian 2015 Sales ^{a)}

a) Excl. WL effect



Peer n.1 2015 Sales ^{b)}

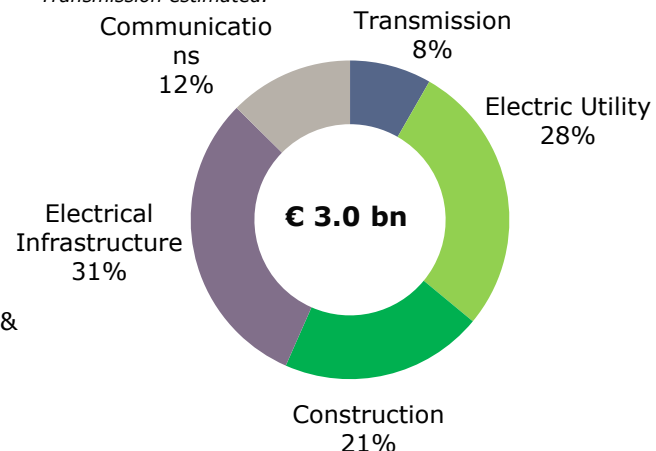
b) Restated figures excluding copper wires. Telecom estimated.



Transmission ≈ Projects. D&O + D&I ≈ E&I.
Industry ≈ Industrial

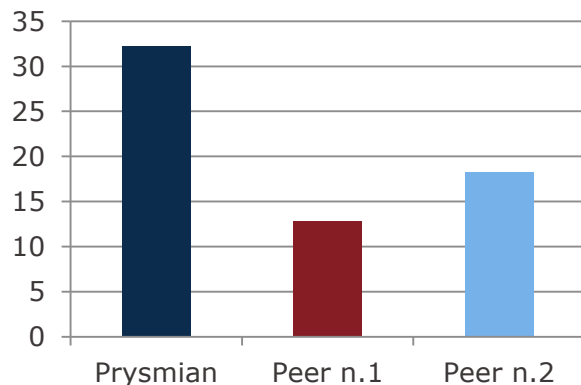
Peer n.2 2015 Sales ^{c)}

c) Excluding Rod Mill (copper rod, aluminum rod).
Transmission estimated.

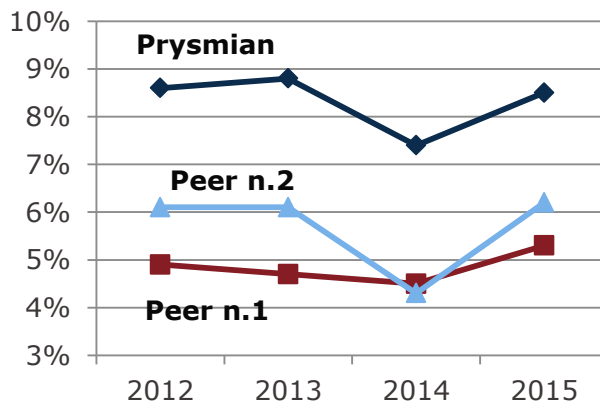


Electric Utility + Construction ≈ E&I + Overhead
Electrical Infrastructure ≈ Industrial. Communications ≈ Telecom

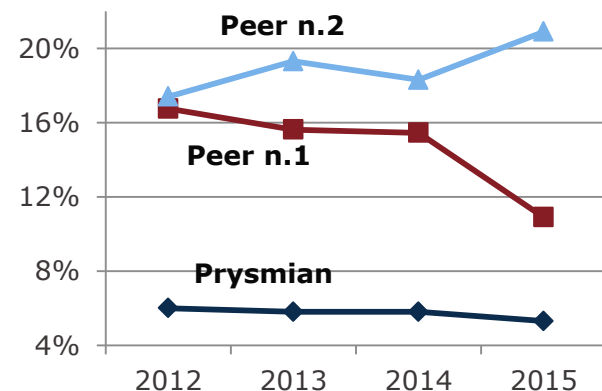
FY'15 Adj.EBITDA x Employee (K Eur)



Adj.EBITDA margin



Operative NWC on Sales



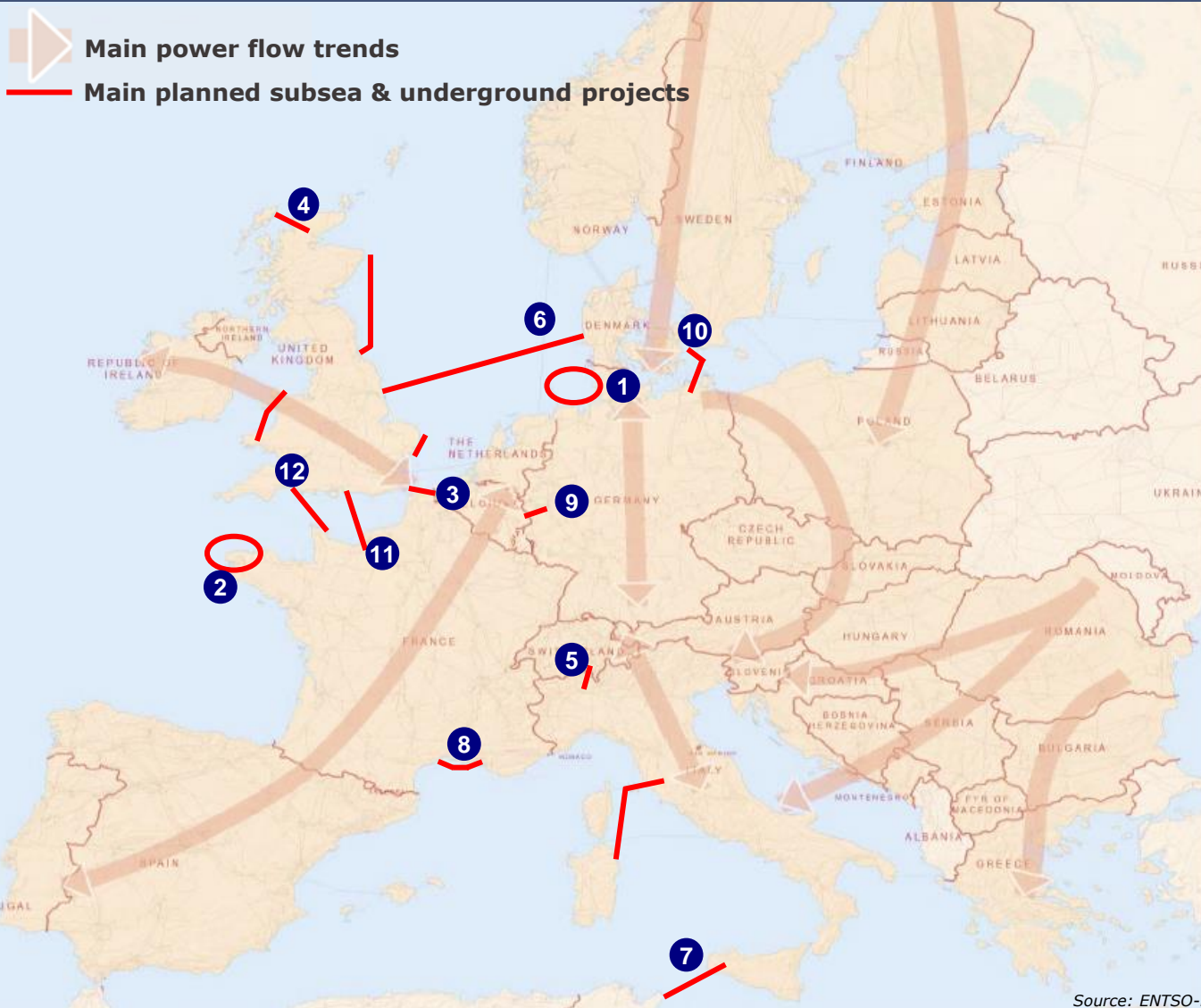
Operative NWC on Sales calculated on last quarter annualized sales

- Group overview
- Focus on Business Segments
- Prysmian in the Industry
- **Appendix**

Major transmission projects to be awarded

Large pipeline of pan-European projects under development

Main subsea and underground projects of pan-European significance



List of main projects

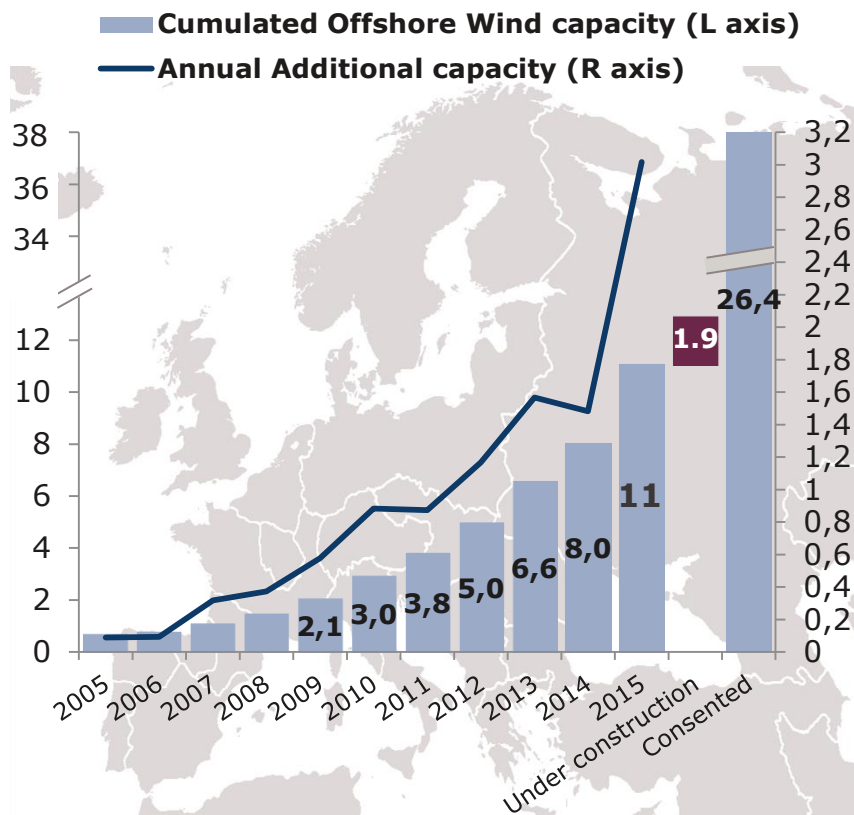
1. Germany (HVDC Grid Offshore)
2. France Off-Shore
3. France – UK (Eurotunnel)
4. Western Isles Link
5. Green Connector
6. Denmark – UK (Viking Link)
7. Tunisia – Italy
8. Marseille – Languedoc
9. ALEGrO (Belgium – Germany Aachen-Liège Electric Grid Overlay)
10. Denmark – Germany
11. France – UK (IFA2)
12. France – UK (FAB)

Other Projects: Spain-France (sub), Ireland-France (sub), Israel-Cyprus-Crete-Greece (sub), Ireland-UK (sub), Egypt-Saudi Arabia (sub), North-South Germany (underground).

Off-shore wind development in Europe

High visibility on new projects to be awarded next quarters

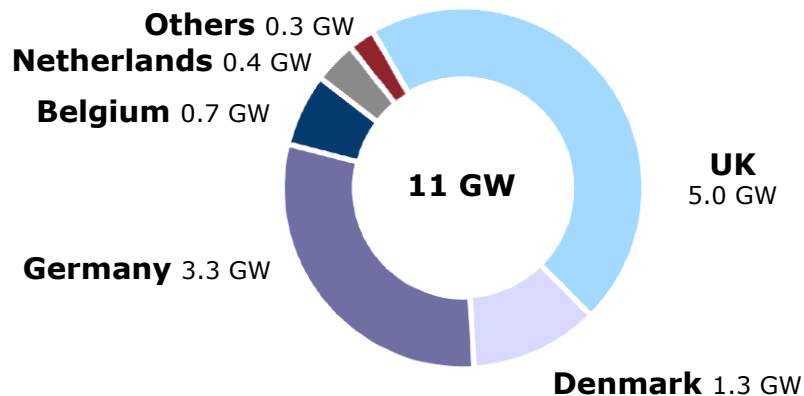
Europe Offshore Wind capacity (GW)



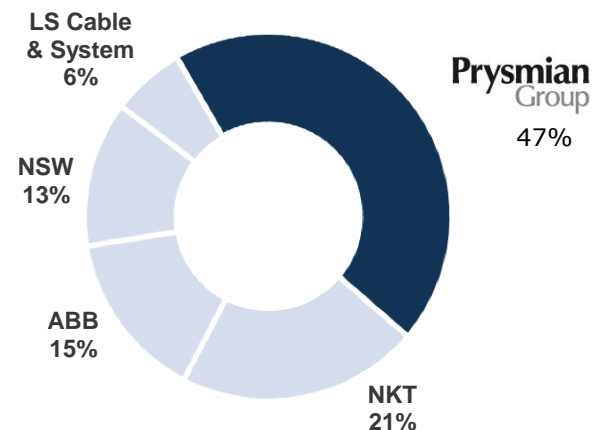
- **Capacity Increase: 3.0 GW** in 2015 (+100% vs. 2014)
- **Total capacity: 11 GW** at end 2015 (+37% vs. 2014)
- **Under construction: 1.9 GW** at end 2015
- **Consented: 26.4 GW**

Source: EWEA (February 2016)

Europe 2015 Cumulated Capacity by Country



Mkt share of export cable suppliers in 2015 *

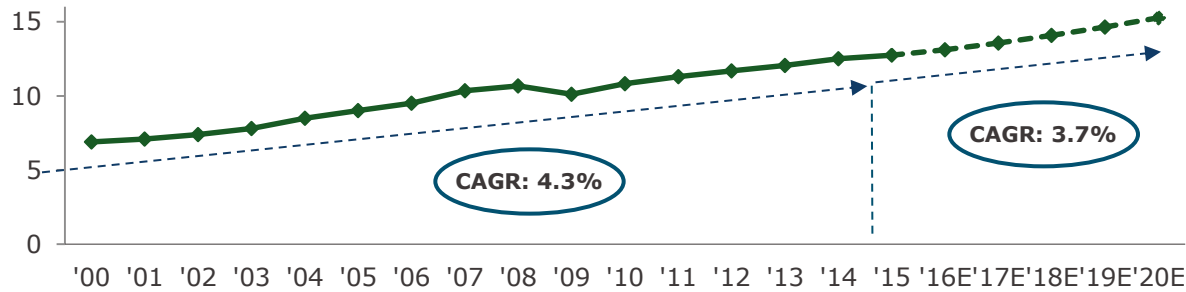


* Calculated on no. of cables fully or partially completed, percentage. EWEA (February 2016)

Market Volumes Trend

Energy Cables Reference Market

Million Tons
Conductor

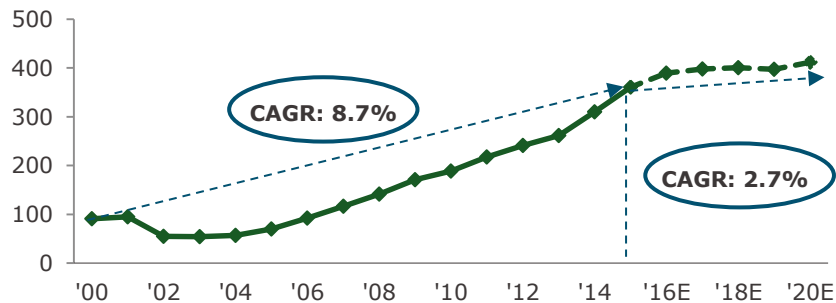


- Long term growth driven by:
 - Energy consumption
 - Investments in power grid interconnections
 - Investments in power transmission and distribution
 - Infrastructure investments
 - Renewable energy

Telecom Cables Reference Market

Optical Fiber Cables

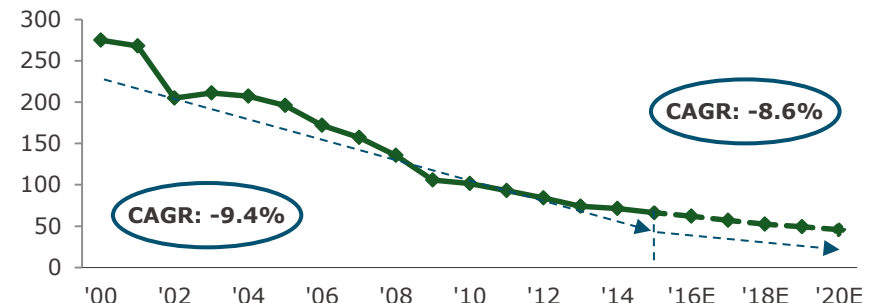
Million Km Fibre



Market growth driven by increased investment in fibre access networks (FTTx) and LTE

Copper Cables

Million Km Pair



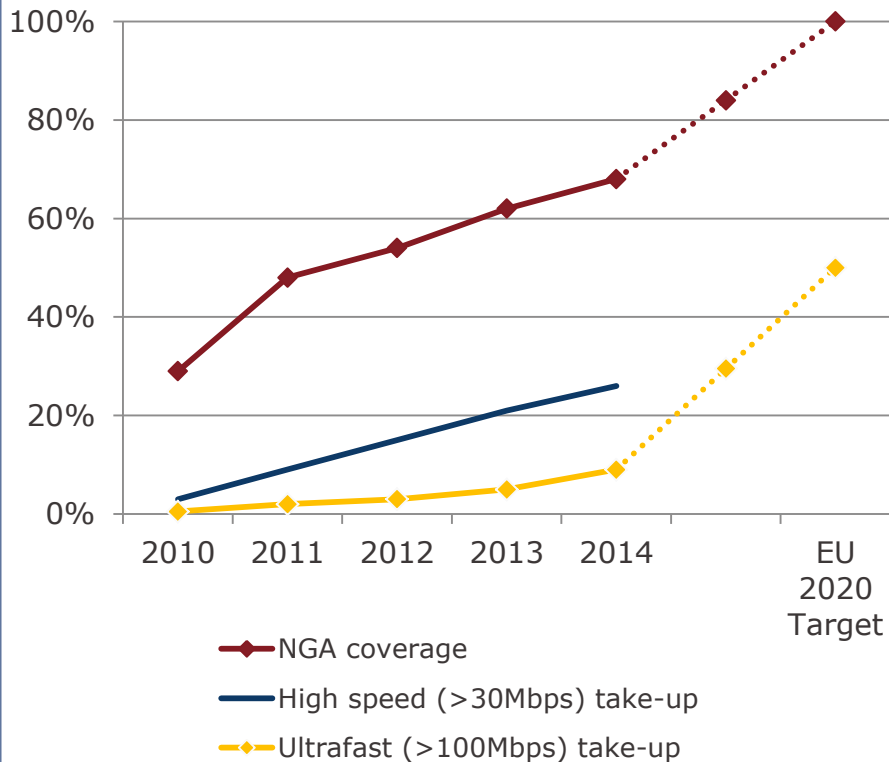
Steady decline of copper cables expected to continue

Source: Company analysis based on January 2016 CRU data. Energy = Low Voltage and Power Cable; TLC = External Copper Tlc Cable, Fibre Optic, Internal Telecom/Data

Telecom – Market trend

Growth opportunities coming from the development of broadband in Europe

Evolution of NGA (Next Generation Access) coverage and high-speed (>30Mbps) / ultrafast (>100Mbps) take-up (% of homes) in the EU



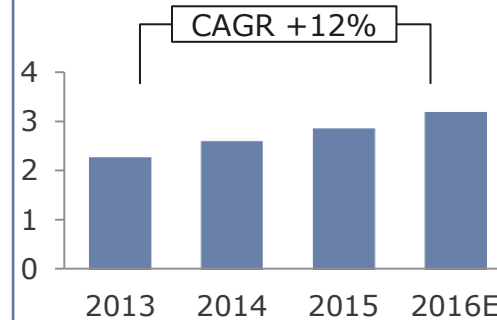
- Coverage of NGA technologies doubled since 2010, but further efforts are requested to meet 2020 target of 100% coverage
- Take-up of ultrafast (>100Mbps) broadband remains marginal (3% of homes) still faraway from 2020 target (50%)

Source: European Commission Digital Agenda Scoreboard 2015

Opportunities coming from national plans to achieve EU 2020 Digital Agenda targets

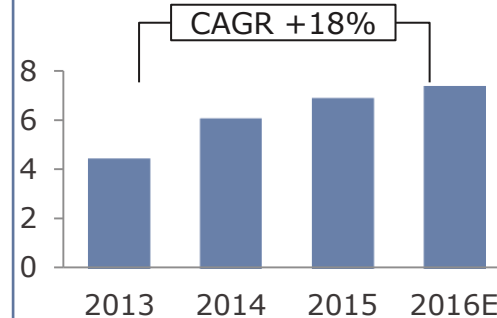
Consumption of fiber optic cable ('000,000 fiber km)

Italy



- NGA coverage at 36% in 2014 Vs EU average of 68%
- More than €10bn investment announced by telecom operators for the development of NGA in the coming years.

France



- Coverage of NGA in France (43%) well below EU average (68%) at end 2014
- THD plan to attract €20bn public/private investments in 2012-22 to develop high speed and ultrafast infrastructures

Source: CRU, January 2016; European Commission Digital Agenda Scoreboard 2015

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Q&A SESSION

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