

DeA Capital

FY16 results

Expanding asset management platform

FY16 saw good growth in its alternative AUM, positive performance from fund investments, offsetting weakness at Migros, the retailer quoted in Turkey, and a robust holding company net financial position after €31.6m in dividends (€0.12 per share), a level that DeA will maintain in 2017. The shares continue to trade at a wide discount to both NAV and our assessment of fair value. Returning momentum to asset management and a diverse investment portfolio have the potential to create further value, while the prospect of cash inflows as private equity fund investments mature provides a measure of protection against any rise in market volatility.

Year end	Ave. AUM (€bn)*	Fees from AAM (€m)**	NAV/share (€)	DPS (€)	P/NAV (x)	Yield (%)
12/15	10.2	64.7	2.07	0.30**	0.65	22.2
12/16	9.9	61.0	2.03	0.12	0.67	8.9
12/17e	10.8	60.6	1.98	0.12	0.68	8.9
12/18e	11.0	62.8	1.94	0.12	0.70	8.9

Note: NAV is stated NAV, including goodwill. *AUM is ex-SPC. **Before inter-company eliminations. **Special return of capital.

AUM growth accelerates in Q4

DeA's AUM returned to growth with real estate up by a healthy €0.7bn in Q4, taking overall AUM for its existing alternative asset management activities to €10.6bn compared with €9.5bn at end FY15. The SPC (debt recovery) business acquired in July adds €0.7bn. Adjusted for the €0.12 of dividends paid during the year, NAV per share grew from €1.95 to €2.03, driven by asset management profits and gains in the fair value of the IDeA I and IDeA EESS funds, in particular offsetting year-end weakness in the value of the Turkish retailer, Migros.

A healthy net investment balance supports dividends

Continuing high dividend distributions are supported by a holding company financial position of €80m at end FY16 or c 15% of NAV. The €31.6m cost of the dividend in FY16 is well ahead of recurring asset management profits and is additionally supported by portfolio investments/distributions net of costs. Management expects net divestment from maturing private equity funds (c €10m in FY16) to accelerate and, subject to market conditions, looks for a potential c €130-150m over the next three to four years. This is a potentially significant sum available for reinvestment in further new fund launches, co-investments or distribution to shareholders, even after meeting outstanding investment commitments.

Valuation: Discount persists

Our updated sum-of-the-parts (SOP) valuation (€1.97 v €2.01) lends support to the end-FY16 NAV; it replaces the book value of asset management with our slightly reduced estimated fair market value based on a peer comparison (see page 6) and it values the stake in quoted Migros at market. The c 33% share price discount appears conservative given the new momentum in asset management, the diversity of its investment portfolio and the potential for investment realisations.

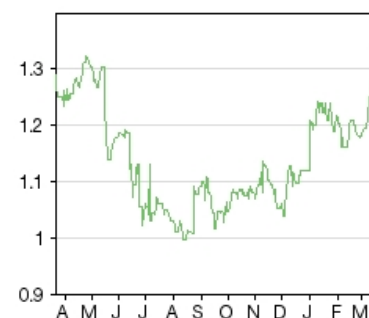
Financial services

20 March 2017

Price €1.35
Market cap €414m

Holding company net financial position (€m) at 31 December 2016	79.7
Shares in issue (incl. 45.9m shares held in treasury)	307.1m
Free float	27%
Code	DEA
Primary exchange	BIT
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	11.6	23.2	5.0
Rel (local)	5.5	15.4	(3.6)
52-week high/low		€1.4	€1.0

Business description

DeA Capital, a De Agostini group company, is one of Italy's leading players in alternative investments and asset management. At end December 2016 it had an investment portfolio of c €450m and assets under management of c €11.3bn, including €0.7bn in the recently acquired SPC debt recovery business.

Next events

Annual shareholder meeting	20 April 2017
----------------------------	---------------

Analysts

Andrew Mitchell	+44 (0)20 3681 2500
Julian Roberts	+44 (0)20 3077 5748

financials@edisongroup.com

[Edison profile page](#)

DeA Capital is a research client of Edison Investment Research Limited

Company description: Alternative asset manager

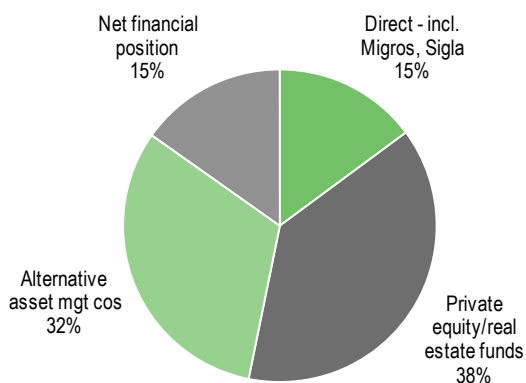
DeA Capital (DeA) is a leading participant in the fragmented Italian alternative asset management industry with total assets under management of €11.3bn including SPC at end FY16 and an historical focus on real estate and private equity, to which it has recently added non-performing loan management. The latter is currently small, but the sector has good potential for further development and management seeks to grow this activity into a third leg to the asset management platform. DeA was previously more of an investment company with a remaining investment portfolio of direct and fund investments valued at a little more than €280m.

De Agostini, a group with other investments in the media, gaming and services sectors, is the major shareholder with a 58.3% stake; De Agostini is in turn owned by the Boroli and Drago families.

The alternative asset management platform comprises 64.3%-owned IDeA FIMIT, which manages €8.7bn in real estate funds, fully owned IDeA Capital Funds, which manages €1.9bn of private equity funds and, since June 2016, a 71.5% (initially 66.3%) stake in SPC Credit Management, a restructuring and outsourced manager of non-performing loans (NPLs). The IRE business, formerly a subsidiary, is now 45% owned and provides property management and brokerage services.

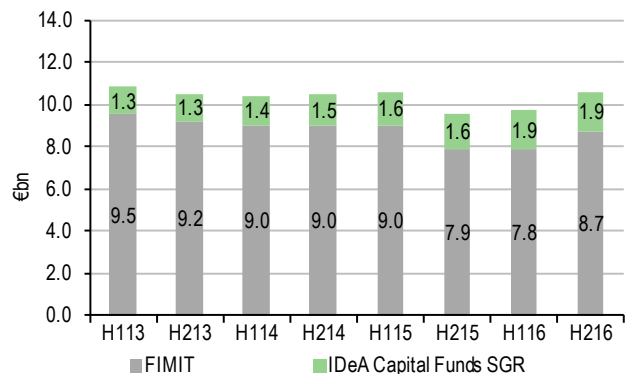
DeA's net asset value at 31 December 2016 was €529.2m, or €2.03 per share, comprising the net assets of the alternative asset management business (32%), investments in private equity and real estate funds (38%), direct investments (15%), and with a significant net financial position accounting for almost all of the balance (15%).

Exhibit 1: DeA Capital NAV analysis



Source: DeA Capital. Note: As at 31 December 2016.

Exhibit 2: Asset management AUM*



Source: DeA Capital. Note: *AUM excludes €0.7bn of NPLs managed by SPC.

FY16 results

The consolidated financial statements and the draft financial statements for the year ending 31 December 2016 were approved by the board on 10 March 2017. On 20 April 2017 shareholders will meet to approve the annual report, which should be available later in March 2017. The year saw good growth in AUM, especially in IDeA FIMIT, a positive performance from the fund investments, sufficient to offset a decline in the value of DeA's investment in the large Turkish food retailer Migros, and a robust holding company net financial position despite the payment of €31.6m in dividends (€0.12 per share) in May 2016, a level that DeA will maintain in respect of 2016 to be paid on 17 May 2017.

Asset management results and forecasts

Within the alternative asset management activities, a feature of 2016 has been the return to growth in AUM, which began in Q216. As a result, average AUM rose in H216 and, combined with a stabilisation of fee margin at IDeA FIMIT and improvement at IDeA Capital Funds, fee revenue also began to increase in H2. Much of the H216 growth in IDeA FIMIT AUM came late in Q4 – too late to make any material contribution to fee revenue in the period – but it will contribute fully in FY17. In particular, we note c €0.5bn of new AUM added in late December on behalf of a new fund launched by the leading Italian bank, Intesa San Paolo, targeting the attractive yield available from investment in properties acquired from and then leased back to corporate owners.

Exhibit 3: Analysis of assets under management and forecasts*

	2015	H116	H216	2016	2017e	2018e
FIMIT AUMs (€bn) - end period	7.9	7.8	8.7	8.7	9.0	9.3
FIMIT AUMs (€bn) - average	8.6	7.9	8.3	8.1	8.9	9.2
Cap Funds AUMs (€bn) - end period	1.6	1.9	1.9	1.9	1.9	1.7
Cap Funds AUMs (€bn) - average	1.6	1.8	1.9	1.8	1.9	1.8
FIMIT mgt fees/Av AUM bp	55	52	48	50	47	47
Cap Funds mgt fees/Av AUM bp	107	102	122	112	100	110
FIMIT fees	47,725	20,401	19,860	40,261	41,595	43,005
Cap Funds fees	16,947	9,020	11,704	20,724	19,000	19,800
Alternative asset management fees	64,672	29,421	31,564	60,985	60,595	62,805

Source: DeA Capital, Edison Investment Research. Note:*AUM excludes €0.7bn of NPLs managed by SPC

Management expects the renewed growth in IDeA FIMIT AUM to be a sustainable recovery from the pressures experienced in FY14/15 including the liquidation of maturing fixed-term funds and a reduction in the property investment weighting of Italian pension funds. The fee margin (48bp of average AUM in Q4) was also negatively affected by market conditions, including increased competition and the introduction of fee caps on some funds to protect AUM, but this has recently shown signs of stabilisation and is expected to remain broadly around the end FY16 levels.

IDeA Capital Funds also increased AUM during FY16 by a net c €0.3bn, similar to the c €263m of gross assets added by the IDeA Corporate Credit Recovery Fund I that launched mid-year. The IDeA Taste of Italy fund also grew further to reach €218m (from €140m at the end of FY15), exceeding management's target of €200m. Issue-related fees, triggered by the closing of the Taste of Italy fund, benefited FY16 and as these drop out in FY17 we expect the overall fee margin to fall back. We had not fully allowed for this impact previously and this has had a negative impact on our forecasts for FY17. More generally, IDeA Capital Funds looks to the tighter focus of recently launched funds compared to the historical Fund of Funds (FoF) to support and maintain underlying fee margin. These older FoF still represent more half of IDeA Capital Funds' AUM, but are expected to mature and run off at an accelerating pace, with maturities of a potential c €200-300m over the next two to three years. Management will seek to offset these maturities with new fund launches and second credit recovery fund launch is currently being considered, possibly for later in FY17. We have not included this in our forecast at this stage, which is the reason for the FY17-18 decline in AUM.

Exhibit 4 shows a summary of the profit and loss account for the alternative asset management segment.

Exhibit 4: Alternative asset management P&L analysis and forecasts

	2015	2016	2017e	2018e
Alternative asset management fees	64,672	60,985	60,595	62,805
Income/(loss) from equity investments	(359)	531	1,297	1,348
Other investment income/expense	(88)	1,088	350	350
Income from services	18,549	8,336	0	0
Other expenses	(120,285)	(60,245)	(44,739)	(45,083)
Financial income & expense	616	19	35	35
PBT	(36,895)	10,714	17,538	19,455
Tax	(409)	(3,405)	(4,914)	(6,135)
Profit/(loss) for the period	(37,304)	7,309	12,624	13,320
Minority	16,631	1,178	(2,881)	(2,989)
Attributable profit/(loss) for the period	(20,673)	8,487	9,743	10,331

Source: DeA Capital, Edison Investment Research. Note: Divisional fee revenues before inter-company group eliminations.

Full year average AUM and fee revenues remained below the FY15 level for FY16 as a whole and management fees declined. Average AUM should increase in FY17 and despite the non-repeat of issue related fees overall asset management fees should remain at a similar level before increasing in FY18. The significant decrease in other expenses between FY15 and FY16 mainly reflects the non-repeat of €62.4m in intangible amortisation and impairment charges in FY15. This resulted from a reassessment of the carrying value of these assets on its balance sheet in light of reduced revenue and profit expectations for these businesses. FY16 other expenses were reduced by the mid-year non-consolidation of IRE Advisory, which is now accounted for as an associate following the sale of 55% of the business, but also included €5.0m of additional intangible impairment that was substantially offset by minority interests. The forecast decline in other expenses in FY17 reflects the assumption of no further intangible impairments and allows for the H116 IRE pre-deconsolidation costs to drop out altogether. Management indicates that investment in the new credit platform and the IDeA Corporate Credit Recovery Fund I issue costs had a negative impact on FY16 costs of between €0.5m and €1.0m, but these are unlikely to fall away in the near term.

In Q316 DeA acquired a majority stake (initially 66.3% but since increased to 71.5%) in SPC Credit Management, which has operated for 15 years as a restructuring and outsourced manager of non-performing loans (NPLs). It focuses on banking, leasing, consumer and commercial loans, mainly secured ones, and has €0.7bn under management. The contribution to earnings and AUM is currently small, but management plans to further develop its activities in the broad NPL segment with a view to creating a third leg (in addition to real estate and private equity) to its integrated alternative asset management platform.

Income from services relates to IRE and the reductions in FY16 and FY17 reflect the deconsolidation. It is hoped that third-party sales at IRE will improve with its increased independence from DeA, reflected in the growing contribution from associates through FY17 (full year) and FY18.

NAV development

An analysis of net asset value changes, adjusted for the 12c dividend paid in May 2016, is shown in Exhibit 5. Net assets increased by 2.7% during FY16 and NAV per share by 4.1%. The latter benefited from ongoing share repurchases at a discount to NAV. NAV per share was unchanged in Q416, with gains in the value of funds offsetting a lower value for the stake in Migros.

Exhibit 5: Net asset value analysis

	Net assets (€m)			% of total NAV			% change in assets	
	Q316	FY15	FY16	Q316	FY15	FY16	Q416/Q316	FY16/FY15
Private equity investments	Q316	FY15	FY16	Q316	FY15	FY16	Q416/Q316	FY16/FY15
Kenan (Migros)	75.3	76.3	66.9	14%	15%	13%	-11.2%	-12.3%
Private equity/real estate funds	192.4	194.1	202.9	36%	38%	38%	5.5%	4.5%
Sigla & other	11.7	11.7	11.7	2%	2%	2%	0.0%	0.0%
Total	279.4	282.1	281.5	53%	55%	53%	0.8%	-0.2%
Alternative asset management								
IDeA FIMIT SGR	123.4	121.7	122.7	23%	24%	23%	-0.6%	0.8%
IDeA Capital Funds SGR	38.7	39.7	37.7	7%	8%	7%	-2.6%	-5.0%
IRE	5.9	11.3	6.9	1%	2%	1%	16.9%	-38.9%
Total	168.0	172.7	167.3	32%	34%	32%	-0.4%	-3.1%
Investment portfolio	447.4	454.8	448.8	84%	88%	85%	0.3%	-1.3%
Other	-0.3	2.2	0.7	0%	0%	0%	-333.3%	-68.2%
Net financial positions	83.7	58.4	79.7	16%	11%	15%	-4.8%	36.5%
Net asset value	530.8	515.4	529.2	100%	100%	100%	-0.3%	2.7%
NAV per share	2.03	1.95	2.03				0.0%	4.1%

Source: DeA Capital. Note: FY15 figures adjusted for a dividend of 12c per share (€31.6m) paid in May 2016.

The adjusted holding company's net financial position increased by €21.3m to €79.7m from €58.4m, indicating that dividends were two-thirds covered by the movement in the net financial position and well supported by this strong level of liquidity. Net investment in/reimbursement from funds in the private equity segment of the portfolio were €9.9m during the year, with €21.8m of gross investment and €31.7m in reimbursements. In Q416 €15.0m gross was invested, including €5.35m into the energy efficiency fund, IDeA EESS, compared with €13.9m in reimbursements.

Financials

Exhibit 6 summarises the FY16 results compared with our forecasts, updates our forecasts for the current year and introduces FY18 estimates for the first time.

FY16 AUM was higher than we had forecast but, as much of the new assets came too late in the period to contribute to earnings, this faster AUM growth benefits our FY17 forecast. As we note above, FY16 included non-recurring, issue-related fees in respect of the closing of the Taste of Italy fund. Our previous estimates had not adequately allowed for this, which explains the reduction in FY17 forecast asset management fees despite higher average AUM.

The end-FY16 NAV was slightly below our forecast and we will undertake a full reconciliation when the annual report is published. For now we can see that it results in part from an increase in alternative asset management costs, which management indicates is to some extent driven by investment in credit fund management infrastructure (within IDeA Cap Funds) and impairment of real estate assets held within IDeA FIMIT. With respect to investment values, we note that the Q4 decline in the value of the Migros investment was not contained in our previously published forecast.

Exhibit 6: Performance versus forecast and changes in forecast.

	Ave. AUM (€ bn)			Fees from AAM* (€m)			NAV/Share (€)			Dividend (€)		
	Forecast	Actual	% diff.	Forecast	Actual	% diff.	Forecast	Actual	% diff.	Forecast	Actual	% diff.
2016	9.6	9.9	3.2	61.9	61.0	-1.5	2.05	2.03	-1.2	0.12	0.12	0.0
	Old	New	% chg.	Old	New	% chg.	Old	New	% chg.	Old	New	% chg.
2017e	10.1	10.8	6.4	65.1	60.6	-6.9	2.02	1.98	-2.0	0.12	0.12	0.0
2018e	N/A	11.0	N/A	N/A	62.8	N/A	N/A	1.94	N/A	0.12	N/A	N/A

Source: Edison Investment Research. Note: *Before intercompany eliminations.

As we have noted previously, the recurring earnings from the alternative asset management division are not on their own sufficient to cover the dividend, maintained at €0.12 per share in

respect of FY16 with a cash cost of c €31m. In setting the dividend, management pays close attention to the holding company net financial balance (effectively the group net financial balance adjusted for balances held in consolidated funds). In addition to the alternative asset management earnings and cash flow contribution, a key driver to this is the net balance of fund reimbursement and other divestments over new investment. Our forecasts assume a similar positive inflow from net reimbursements in FY17 to FY16, with an acceleration of reimbursements from maturing funds in FY18. We have not assumed in our forecasts that DeA will exercise its option covering an effective c 25% of its interest in Migros, even though this seems likely as long as the share price remains significantly below the option price. As a reminder, DeA owns c 17.11% of Kenan Investments, which in turn owns 40.25% of Migros (giving DeA an interest of c 6.9%). Of the 40.25%, 30.5% is a direct shareholding and 9.75% is under a put/call option agreed with a Turkish conglomerate, Anadolu Holdings. The option is at a strike price of TRY26.0 plus 7.5% pa from 30 April 2015 for each share in Migros and is exercisable for six months from April 2017. Migros has recently been trading at c TRY21. As we show in the valuation section, at the current TRY/EUR exchange rate, we estimate the current value of this option to DeA, and the potential additional cash inflow into the holding company net financial balance, to be c €22m. The remaining interest in Migros has a current value of c €50m and we believe there is a good possibility that DeA and its partners will seek to exit this stake over the next two to three years.

A summary of our forecasts and the historical consolidated results are shown in Exhibit 10 at the end of this note.

Valuation

To capture both the net asset value of DeA's investment portfolio and a fair trading value for the alternative asset management activities, we use a sum-of-the-parts (SOP) approach to value DeA. This is very similar to the company's own NAV analysis shown in Exhibit 5, but also makes mark-to-market value adjustment to the investment in the quoted Migros as well as replacing the book value of the asset management activities with a P/E-derived valuation based on the AAM divisional earnings. Our SOP value is unchanged at €2.01 per share, very similar to the FY16 NAV per share of €2.03. The Migros share price has risen since end FY16 and so too the Turkish lira versus the euro; we have valued the Migros stake using a share price of TRY21.6 and an exchange rate of TRY/€0.25 (as at 14 March 2017).

Exhibit 7: Sum-of-the-parts valuation

Sum-of-the-parts valuation	Value (€m)	Comment
€m except where stated		
Kenan 17.11% (Migros option value on 9.75% of share cap)	22.1	Anadolu bid
Kenan 17.11% (Migros 30.5% of share capital)	50.2	Share price (14 March 2017)
Sigla and other direct investments	11.7	From FY16 report - FV/net equity
Private equity/real estate funds	202.9	From FY16 report - FV/net equity
Direct and fund investments	286.9	
FIMIT and Cap. Funds	140.1	14.3x FY17 earnings
IRE & SPC	6.9	From FY16 report - net equity
Other assets	0.7	From FY16 report
Net financial positions	79.7	From FY16 report
Group total	514.2	
Shares outstanding (m)	261.2	
Sum-of-the-parts per share (€)	1.97	

Source: DeA Capital, Edison Investment Research

Our valuation of the alternative asset management business is based on the application of what we believe to be a suitable earnings multiple to forecast net income after minority interests. To establish a suitable multiple, we consider the consensus P/E multiples for a number of private equity, specialist and conventional asset managers in Europe and North America. The range of

consensus multiples for private equity managers continues to be very wide (5.8x to 27.7x for the current year), which most likely includes distortions from performance fees and one-off effects. The average multiples across all categories are 13.6x current year earnings and 13.0x next year earnings. When we last wrote in [November 2016](#), the average multiple of “current year” FY16 earnings was 14.7x. We are now using a multiple of 14.3x current year earnings in our fair value, somewhere between the updated average peer multiple and the previously used 14.7x. We have arrived at this by adjusting the FY17/18 forecast attributable earnings by €0.5m in each year to allow for the investment cost described above. This results in a value of €140.1m (previously €160m), which we note is a little below the balance sheet net asset value of €159.4m. The balance sheet value is equivalent to 16.4x FY17 earnings (with no adjustment for investment cost), which would position DeA’s alternative asset management business a little above the average for private equity fund managers but well within the range of 5.8x to 27.7x.

Exhibit 8: Asset manager average consensus earnings and book multiples by category

Averages	Market cap	Current year P/E	Next year P/E	P/BV	Dividend yield (%)
Private equity	15,401	14.5	15.1	5.4	3.6
Specialist	5,238	12.5	11.2	3.6	5.7
Conventional	4,519	13.7	12.8	2.5	4.2
All	8,870	13.6	13.0	3.6	4.4

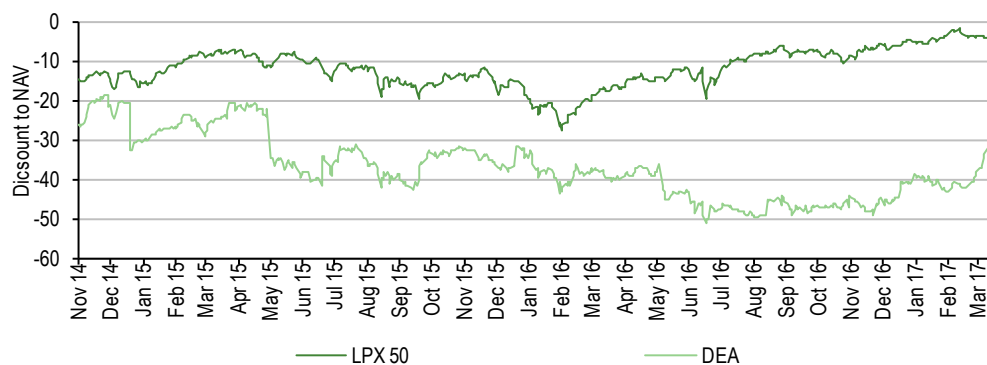
Source: Bloomberg, Edison Investment Research

DeA’s share price has risen by c 14% in the 12 months to 14 March 2017 (€1.18 to €1.35) during which time the company has also paid €0.12 per share in dividends, yet its discount to NAV of 33% continues to be above that of the broader private equity fund sector, as represented by the LPX50 index of 50 leading listed private equity funds (see Exhibit 9). Although DeA’s discount to NAV has narrowed slightly in recent months, it has shown a clear tendency to widen over the past two years, against the trend of the broader private equity fund sector, perhaps reflecting concerns over the Italian economy and difficulties in its banking sector.

We note DeA’s ongoing share repurchase programme aimed at managing this discount. It has increased its treasury shareholdings from 11.6% of the issued share capital at the end of FY14 to 15% today and will ask the AGM to renew authorisation to increase this to 20%.

More fundamentally, the renewed momentum and longer-term growth potential of the alternative asset management business, and the likely future net distributions from the relatively diverse and mature investments in private equity funds, are both supportive of continued value generation as well as distributions to shareholders.

Exhibit 9: DeA and LPX50 discounts to NAV



Source: Bloomberg, Edison Investment Research

Exhibit 10: Financial summary

Year to 31 December (€000s)	2014	2015	2016	2017e	2018e
PROFIT & LOSS					
Alternative Asset Management fees	66,045	62,416	59,114	58,595	60,805
Income (loss) from equity investments	(786)	(539)	524	1,459	1,511
Other investment income/expense	(56,149)	72,464	12,338	9,676	10,256
Income from services	19,176	21,700	8,509	0	0
Other income					
Revenue	28,286	156,041	80,485	69,730	72,572
Expenses	(87,957)	(128,514)	(66,888)	(51,515)	(51,995)
Net Interest	2,905	4,982	(1,220)	35	35
Profit Before Tax (norm)	(56,766)	32,509	12,377	18,250	20,612
Tax	1,720	6,452	(199)	(2,600)	(3,789)
Profit After Tax (norm)	(55,046)	38,961	12,178	15,651	16,824
Profit from discontinued operations	(887)	286	0	0	0
Profit after tax (inc. discontinued operations)	(55,933)	39,247	12,178	15,651	16,824
Minority interests	(1,668)	1,825	39	(6,676)	(7,069)
Net income (FRS 3)	(57,601)	41,072	12,217	8,974	9,754
Profit after tax breakdown					
Private equity	(60,739)	78,322	7,859	7,324	7,861
Alternative asset management	9,464	(37,304)	7,309	12,624	13,320
Holdings/Eliminations	(4,658)	(1,771)	(2,702)	(4,297)	(4,357)
Total	(55,933)	39,247	12,466	15,651	16,824
Average Number of Shares Outstanding (m)	273.8	266.6	262.6	261.2	261.2
EPS (FRS 3) (c)	(21.0)	15.4	4.7	3.4	3.7
Dividend per share (c)	0.0	0.0	12.0	12.0	12.0
Exceptional capital distribution per share (c)	0.0	30.0	0.0	0.0	0.0
BALANCE SHEET					
Fixed Assets	786,141	558,086	559,335	565,478	547,491
Intangible Assets (inc. goodwill)	229,711	167,134	156,583	150,397	144,216
Other assets	39,988	38,590	35,244	35,244	35,244
Investments	516,442	352,362	367,508	379,837	368,031
Current Assets	117,585	173,882	141,521	129,615	143,220
Debtors	50,711	20,694	15,167	15,167	15,167
Cash	55,583	123,468	96,438	84,532	98,136
Other	11,291	29,720	29,916	29,916	29,917
Current Liabilities	(36,193)	(31,294)	(26,979)	(26,979)	(26,979)
Creditors	(35,833)	(30,643)	(25,757)	(25,757)	(25,757)
Short term borrowings	(360)	(651)	(1,222)	(1,222)	(1,222)
Long Term Liabilities	(40,911)	(15,514)	(12,830)	(12,830)	(12,830)
Long term borrowings	(5,201)	0	(19)	(19)	(19)
Other long term liabilities	(35,710)	(15,514)	(12,811)	(12,811)	(12,811)
Net Assets	826,622	685,160	661,047	655,285	650,902
Minorities	(173,109)	(138,172)	(131,844)	(138,520)	(145,590)
Shareholders' equity	653,513	546,988	529,203	516,764	505,312
Year-end number of shares m	271.6	263.9	262.6	261.2	261.2
NAV per share	2.41	2.07	2.03	1.98	1.94
CASH FLOW					
Operating Cash Flow	188,419	188,492	19,148	19,439	44,948
Acquisitions/disposals	(1,476)	70	(290)	0	0
Financing	(157,756)	(38,148)	(6,299)	0	0
Dividends	0	(82,432)	(31,557)	(31,345)	(31,345)
Other					
Cash flow	29,187	67,982	(18,998)	(11,906)	13,604
Other items	0	(97)	(8,032)	0	0
Opening net debt/(cash)	163,220	(50,022)	(122,817)	(95,197)	(83,291)
Movement in debt	(184,055)	(4,910)	590	0	0
Closing net debt/(cash)	(50,022)	(122,817)	(95,197)	(83,291)	(96,895)

Source: DeA Capital, Edison Investment Research

Edison is an investment research and advisory company, with offices in North America, Europe, the Middle East and AsiaPac. The heart of Edison is our world-renowned equity research platform and deep multi-sector expertise. At Edison Investment Research, our research is widely read by international investors, advisers and stakeholders. Edison Advisors leverages our core research platform to provide differentiated services including investor relations and strategic consulting. Edison is authorised and regulated by the [Financial Conduct Authority](#). Edison Investment Research (NZ) Limited (Edison NZ) is the New Zealand subsidiary of Edison. Edison NZ is registered on the New Zealand Financial Service Providers Register (FSP number 247505) and is registered to provide wholesale and/or generic financial adviser services only. Edison Investment Research Inc (Edison US) is the US subsidiary of Edison and is regulated by the Securities and Exchange Commission. Edison Investment Research Limited (Edison Aus) [46085869] is the Australian subsidiary of Edison and is not regulated by the Australian Securities and Investment Commission. Edison Germany is a branch entity of Edison Investment Research Limited [4794244]. www.edisongroup.com

DISCLAIMER

Copyright 2017 Edison Investment Research Limited. All rights reserved. This report has been commissioned by DeA Capital and prepared and issued by Edison for publication globally. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the research department of Edison at the time of publication. The securities described in the Investment Research may not be eligible for sale in all jurisdictions or to certain categories of investors. This research is issued in Australia by Edison Aus and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act. The Investment Research is distributed in the United States by Edison US to major US institutional investors only. Edison US is registered as an investment adviser with the Securities and Exchange Commission. Edison US relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. As such, Edison does not offer or provide personalised advice. We publish information about companies in which we believe our readers may be interested and this information reflects our sincere opinions. The information that we provide or that is derived from our website is not intended to be, and should not be construed in any manner whatsoever as, personalised advice. Also, our website and the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. This document is provided for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. Edison has a restrictive policy relating to personal dealing. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report. Edison or its affiliates may perform services or solicit business from any of the companies mentioned in this report. The value of securities mentioned in this report can fall as well as rise and are subject to large and sudden swings. In addition it may be difficult or not possible to buy, sell or obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (ie without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision. To the maximum extent permitted by law, Edison, its affiliates and contractors, and their respective directors, officers and employees will not be liable for any loss or damage arising as a result of reliance being placed on any of the information contained in this report and do not guarantee the returns on investments in the products discussed in this publication. FTSE International Limited ("FTSE") © FTSE 2017. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under license. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.