

# DeA Capital

## Strategic delivery

Assets under management (AUM) grew by over 10% during FY17, with the positive trend continuing in Q4. Further progress was made with recycling capital from mature direct investments towards supporting the growth of the alternative asset management platform, two new SPAC investments, and strong distributions. The holding company financial position reached €92.3m (19% of NAV) providing significant further flexibility, and a distribution of €0.12 per share has again been confirmed. Underlying NAV total return for the year (adjusted for the €0.12 per share dividend and goodwill impairment of €0.09) was 4.6%, ahead of our forecast. The shares have responded to this progress but continue to trade at a 23% discount to NAV and our sum-of-the-parts value of €1.92 per share.

| Year end | AUM (€bn) | Fees from AAM* (€m) | Net financial position** (€) | NAV/share (€) | DPS (declared) (€) | P/NAV (x) | Yield (%) |
|----------|-----------|---------------------|------------------------------|---------------|--------------------|-----------|-----------|
| 12/15    | 9.5       | 64.7                | 90.0                         | 2.07          | 0.12               | 0.71      | 8.1       |
| 12/16    | 10.6      | 61.0                | 79.7                         | 2.03          | 0.12               | 0.73      | 8.1       |
| 12/17    | 11.7      | 59.8                | 92.3                         | 1.91          | 0.12               | 0.77      | 8.1       |
| 12/18e   | 12.0      | 63.5                | 87.0                         | 1.87          | 0.12               | 0.79      | 8.1       |

Note: NAV is stated including goodwill. \*Before inter-company eliminations. \*\*Holding company, excluding subsidiaries.

## Strong capital generation to fund future growth

AUM grew to c €11.7bn (FY16: c €9.5bn), the private equity investment portfolio was reduced to c €250m (FY16: c €282m) despite €33m of new SPAC investment (Crescita and IDeaMI), and the holding cash position increased to €92.3m (FY16: €48.5m). An impairment of €34.2m relating to historical goodwill at DeA Capital Real Estate reflects a recognition that fee levels are unlikely to return to those seen before the impact of the global financial crisis, rather than current performance, with real estate AUM increasing from €8.7bn to €9.5bn and underlying attributable earnings increasing.

## Further plans to grow alternative asset management

DeA Capital (DeA) will continue to focus on developing its alternative asset management platform and activities in 2018, consolidating its strong position in Italy (leader in real estate), and selectively exploring opportunities for expansion in Europe. Outwardly, it targets a broader customer base and a wider product range, including expansion of its non-performing loan management activities. Internal measures will see the existing platform, re-branded in 2017, further integrated to raise investor awareness of its private equity, real estate and NPL capabilities.

## Valuation: Strong yield and attractive discount to NAV

Our sum-of-the-parts (SOP) valuation is not affected by the goodwill impairment and increases by c €6m to €1.92 per share from €1.87, similar to the published NAV per share of €1.91. At c 23%, the share price discount to our SOP has narrowed but continues to appear conservative given the continuing shift towards recurring alternative asset management earnings and away from balance sheet returns.

## 2017 preliminary results

### Financial services

26 March 2018

**Price** €1.48  
**Market cap** €376m

|   |        |
|---|--------|
| Holding company net financial position (€m) at 31 December 2017 | 92.3   |
| Shares in issue (excluding 52.7m shares held in treasury)       | 253.9m |
| Free float  | 26%    |
| Code  | DEA    |
| Primary exchange  | BIT    |
| Secondary exchange  | N/A    |

### Share price performance



| %                | 1m   | 3m   | 12m    |
|------------------|------|------|--------|
| Abs              | 6.7  | 8.7  | (1.2)  |
| Rel (local)      | 8.2  | 8.7  | (10.5) |
| 52-week high/low | €1.6 | €1.2 |        |

### Business description

DeA Capital, a De Agostini group company, is one of Italy's leading players in alternative investments and asset management. At 31 December 2017 it had an investment portfolio of c €397m and assets under management of c €11.7bn.

### Next events

|                         |               |
|-------------------------|---------------|
| AGM/ final 2017 results | 19 April 2018 |
|-------------------------|---------------|

### Analysts

|                 |                     |
|-----------------|---------------------|
| Martyn King     | +44 (0)20 3077 5745 |
| Andrew Mitchell | +44 (0)20 3681 2500 |

[financials@edisongroup.com](mailto:financials@edisongroup.com)

[Edison profile page](#)

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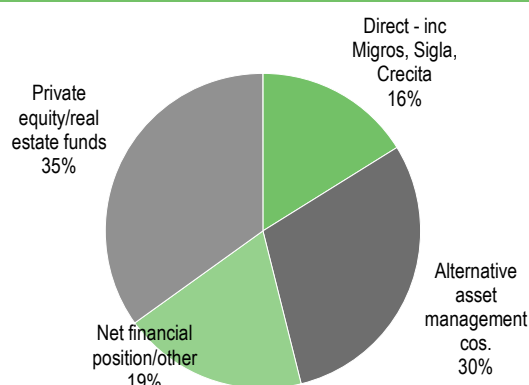
## Company description: Alternative asset manager

DeA is a leading participant in the fragmented Italian alternative asset management industry with total alternative assets under management of c €11.7bn at 31 December 2017. It has historically focused on real estate and private equity, to which non-performing loan (NPL) management has more recently been added, and which management intends to expand further. The investment division invests the group's own permanent capital both directly via strategic stakes in companies and indirectly via funds, overwhelmingly managed by the group's asset management division. The investment portfolio amounts to c €250m as at 31 December 2017. In recent years, it has been DeA's strategy to reduce its direct private equity investments and deploy the capital in support of the growth of its alternative asset management (AAM) activities, while also returning significant amounts of excess cash to shareholders. AAM has stronger growth prospects, greater earnings visibility and more stable cash flows than direct private equity investment, and has the potential to be more highly valued by the market; 2017 saw further good progress in this strategy. The alternative asset management businesses were recently rebranded to underline its close working relationship within an integrated platform that seeks to grow its activities and broaden its reach outside of Italy. The platform comprises DeA Capital Real Estate SGR (formerly known as IDeA FIMIT), a 64.3%-owned subsidiary managing €9.5bn in real estate funds, and DeA Capital Alternative Funds SGR (formerly known as IDeA Capital Funds), which manages €2.2bn of private equity funds.

De Agostini, a group with other investments in the media, gaming and services sectors, is the major shareholder with a 58.3% stake, and 73.7% of the voting rights; De Agostini is in turn owned by the Boroli and Drago families.

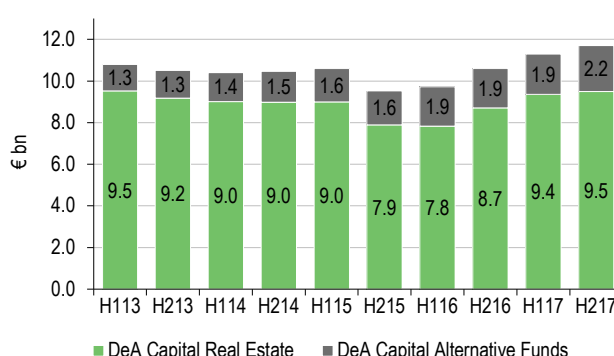
DeA's net asset value at 31 December 2017 was €489.4m, or €1.91 per share, comprising the net assets of the alternative asset management business (30%), investments in private equity and real estate funds (35%), and direct investments (16%), with a significant net financial position accounting for almost all of the balance (19%).

**Exhibit 1: DeA NAV analysis**



Source: DeA Capital. Note: As at 31 December 2017.

**Exhibit 2: Asset management AUM**



Source: DeA Capital. Note: As at 31 December 2017.

## Significant capital recycling in 2017

### Exhibit 3: NAV analysis

|  | Net assets (€m) |              |              | Net assets per share (€) |             |             | % of total NAV |             |             |
|--|-----------------|--------------|--------------|--------------------------|-------------|-------------|----------------|-------------|-------------|
|  | Dec-2017        | Sep-2017     | Dec-2016     | Dec-2017                 | Sep-2017    | Dec-2016    | Dec-2017       | Sep-2017    | Dec-2016    |
| Private equity investments                           |                 |              |              |                          |             |             |                |             |             |
| Kenan (Migros)                                       | 45.6            | 60.0         | 66.9         | 0.18                     | 0.23        | 0.26        | 9%             | 12%         | 13%         |
| Private equity/real estate funds                     | 170.9           | 188.9        | 202.9        | 0.67                     | 0.74        | 0.78        | 35%            | 38%         | 41%         |
| Sigla, Crescita, IDeAIMI                             | 33.4            | 20.0         | 11.7         | 0.13                     | 0.08        | 0.04        | 7%             | 4%          | 2%          |
| <b>Total private equity investment</b>               | <b>249.9</b>    | <b>268.9</b> | <b>281.5</b> | <b>0.98</b>              | <b>1.05</b> | <b>1.08</b> | <b>51%</b>     | <b>54%</b>  | <b>57%</b>  |
| Alternative asset management                         |                 |              |              |                          |             |             |                |             |             |
| DeA Capital Real Estate                              | 101.2           | 121.9        | 122.7        | 0.40                     | 0.48        | 0.47        | 21%            | 24%         | 25%         |
| DeA Capital Alternative Funds                        | 39.4            | 38.2         | 37.7         | 0.15                     | 0.15        | 0.14        | 8%             | 8%          | 8%          |
| IRE  | 6.0             | 5.6          | 6.9          | 0.02                     | 0.02        | 0.03        | 1%             | 1%          | 1%          |
| <b>Total alternative asset management investment</b> | <b>146.6</b>    | <b>165.7</b> | <b>167.3</b> | <b>0.57</b>              | <b>0.65</b> | <b>0.64</b> | <b>30%</b>     | <b>33%</b>  | <b>34%</b>  |
| <b>Investment portfolio</b>                          | <b>396.5</b>    | <b>434.6</b> | <b>448.8</b> | <b>1.55</b>              | <b>1.69</b> | <b>1.72</b> | <b>81%</b>     | <b>87%</b>  | <b>90%</b>  |
| Other net assets/(liabilities)                       | 0.6             | 0.0          | 0.7          | 0.00                     | 0.00        | 0.00        | 0%             | 0%          | 0%          |
| Holding company net financial positions              | 92.3            | 67.7         | 48.5         | 0.36                     | 0.26        | 0.19        | 19%            | 13%         | 10%         |
| <b>Net asset value</b>                               | <b>489.4</b>    | <b>502.3</b> | <b>498.0</b> | <b>1.91</b>              | <b>1.96</b> | <b>1.91</b> | <b>100%</b>    | <b>100%</b> | <b>100%</b> |

Source: Company data

The investment portfolio at end FY17 was valued at €396.5m compared with €448.8m at end FY16. The main reduction was seen in the private equity investment portfolio (€249.9m at end FY17 compared with €281.5m at end FY16) while the reduced investment in the alternative asset management platform largely reflects the goodwill impairment.

The investment Migros, held through DeA's 17.11% investment in Kenan investments, was reduced twice during the year. In May, Kenan exercised an option to sell 9.75%, generating cash proceeds of €17.8m (with the equivalent of €4.0m retained within Kenan, in escrow, until 2020 to cover potential tax liabilities), and in November an additional 7.3% was sold by way of an accelerated book-building, generating proceeds of €12.2m. The sales reduced Kenan's holding in Migros from 40.25% to 23.2%. Migros continues to trade well and fair value gains, including FX effects, added €8.7m in the year.

### Exhibit 4: Change in Migros investment (via Kenan Investments) (€m)

|                                   |             |
|-----------------------------------|-------------|
| 01-Jan-17                         | 66.9        |
| Exercise of put option (May 2017) | (17.8)      |
| Sale of shares (November 2017)    | (12.2)      |
| Increase in fair value            | 8.7         |
| <b>31-Dec-17</b>                  | <b>45.6</b> |

Source: Edison Investment Research

During Q117, DeA made its first direct investment for several years, co-investing c €8m in a 5.8% stake in a newly formed and listed special purpose acquisition company (SPAC) named Crescita. In Q417 c €25m was co-invested in another newly listed Italian SPAC (IDeaMI), jointly sponsored by DeA and Banca IMI, and jointly owning c 16% of the share capital. In addition to ordinary shares in the SPAC's, DeA owns special shares that may be converted to ordinary shares on beneficial terms following a business combination with a suitable target.

### Exhibit 5: Movement in other direct investments (€m)

|                  |             |
|------------------|-------------|
| 01-Jan-17        | 11.7        |
| Crescita         | 8.2         |
| IDeaMI           | 25.0        |
| Sigla            | (11.5)      |
| <b>31-Dec-17</b> | <b>33.4</b> |

Source: Edison Investment Research

The value of investments in private equity and real estate funds, almost entirely managed by DeA's own alternative asset management platform, reduced from c €203m to c €171m during the year,

with anticipated capital reimbursements from mature funds significantly offsetting the drawing of outstanding commitments. Capital reimbursements were €52.7m for the year (€32.1m in Q4) while DeA invested a total of €11.7m (€4.8m in Q4), making a net positive balance of €41.0m. The underlying value of the fund holdings increased, driven by the Taste of Italy fund.

## Further growth in AUM

While AUM grew c 10% to €11.7bn, average AUM grew 13% to €11.2bn, implying some benefit still to follow through into 2018 from 2017 AUM growth. This growth in AUM continues the trend that began in Q216 after a period of weakness in real estate funds in particular, which included the liquidation of maturing fixed-term real estate funds and a reduction in the property investment weighting of Italian pension funds. Fee margins were also pressured during this period. 2017 has been something of a transition year, as the trend in average AUM and revenues takes time to adjust. The division has also been affected by the reduction in DeA's ownership (from 96.3% to 45.0%) and deconsolidation of the property management and brokerage company (now an associate), IRE. Our forecasts for the division in 2018 are little changed overall (higher revenues and higher costs), with underlying earnings forecast to grow strongly.

2017 AUM growth was seen in both private equity and real estate AUM, with the former benefitting from the launch of the €300m Corporate Credit Recovery Fund II (CCR II) in December 2017. During Q4, two new real estate funds were also launched (a total of six during the year) but the Q4 AUM impact of the two funds launched was neutralised by the liquidation of a mature fund (Delta Fund). In January 2018, DeA capital Real Estate completed the closing of the Special Opportunities I fund, which has assets of €200m that will be allocated to the purchase on non-performing secured loans via securitisation vehicles.

The divisional results appear largely in line with our expectations other than for the additional fee impact from the CCR II closing that we had not allowed for, and a goodwill impairment of €34.2m in respect of the goodwill established some years ago by the corporate merger that established DeA's real estate asset management business. In 2011, DeA's First Atlantic Real Estate was merged into FIMIT, to form IDeA FIMIT, which has since become DeA Capital Real Estate. After minority interests, the impact was to reduce stated NAV by c €0.09 per share. The impairment reflects an acceptance that fee levels are unlikely to return to historical levels rather than any change in current trading performance or immediate prospects. Remaining goodwill in respect of the real estate business is €62.4m, of which €40.1m is attributable to DeA shareholders, and DeA believes this is conservatively struck. Certainly, our own estimated valuation for the alternative asset management platform as a whole (see below) is ahead of the new carried value, and unaffected by the non-cash goodwill adjustment. Including private equity, total group goodwill is €93.7m, of which €71.4m is attributable to DeA shareholders.

The goodwill impairment has a significant impact on the reported AAM earnings, and in Exhibit 6 we show a reconciliation to underlying earnings. In addition to goodwill impairment, we adjust for the result on the financial equity instruments that were acquired with FIMIT. These represent the carried interest in the funds that FIMIT had previously managed and were acquired separately, with DeA taking a 35% stake, lower than the 64.3% it took in the ongoing activities. The 2017 result on the financial equity instruments was a negative €7m after tax (DeA's share c €2.5m) and we exclude this from the underlying result that is the basis for our valuation. DeA has a remaining exposure of c €8m, which it hopes to receive over time, depending on the associated fund returns. The final adjustment that we make is to add back the non-cash amortisation (purchase price allocation amortisation or PPA) in relation to the intangible value of customer relationships recognised at the 2011 merger.

**Exhibit 6: Alternative asset management (AAM) summary**

|   | 2016            | 2017            | 2017/2016    | 2018e           |
|---|-----------------|-----------------|--------------|-----------------|
| <b>AuMs (€bn) – end period</b>                          |                 |                 |              |                 |
| DeA Capital Alternative Funds                           | 1.9             | 2.2             | 16%          | 2.0             |
| DeA Capital Real Estate                                 | 8.7             | 9.5             | 9%           | 9.9             |
| <b>Total AuM (€bn) – end period</b>                     | <b>10.6</b>     | <b>11.7</b>     | <b>10%</b>   | <b>11.9</b>     |
| <b>AuMs (€bn) – average</b>                             |                 |                 |              |                 |
| DeA Capital Alternative Funds                           | 1.8             | 1.9             | 5%           | 2.1             |
| DeA Capital Real Estate                                 | 8.1             | 9.3             | 15%          | 9.7             |
| <b>Total AuM (€bn) – average</b>                        | <b>9.9</b>      | <b>11.2</b>     | <b>13%</b>   | <b>11.8</b>     |
| <b>Management fees/AuM bps</b>                          |                 |                 |              |                 |
| DeA Capital Alternative Funds                           | 112             | 95              |              | 94              |
| DeA Capital Real Estate                                 | 50              | 45              |              | 45              |
| Figures in €000s  |                 |                 |              |                 |
| DeA Capital Real Estate                                 | 40,261          | 41,381          | 3%           | 43,763          |
| DeA Capital Alternative Funds                           | 20,724          | 18,438          | (11%)        | 19,740          |
| <b>Total alternative asset management fees</b>          | <b>60,985</b>   | <b>59,819</b>   | <b>(2%)</b>  | <b>63,503</b>   |
| Income from equity investments                          | 531             | 822             | 55%          | 1,603           |
| Other inv income/expense                                | 1,088           | 1,676           | 54%          | 0               |
| Income from services                                    | 8,336           | 703             | (92%)        | 800             |
| <b>Total revenue</b>                                    | <b>70,940</b>   | <b>63,020</b>   | <b>(11%)</b> | <b>65,906</b>   |
| <b>Total expenses</b>                                   | <b>(60,245)</b> | <b>(91,116)</b> | <b>51%</b>   | <b>(45,814)</b> |
| Finance income/expense                                  | 19              | 13              |              | 0               |
| <b>Profit before tax</b>                                | <b>10,714</b>   | <b>(28,083)</b> |              | <b>20,092</b>   |
| Taxation  | (3,405)         | (2,991)         |              | (6,085)         |
| <b>Profit after tax</b>                                 | <b>7,309</b>    | <b>(31,074)</b> |              | <b>14,007</b>   |
| Minority interests                                      | 1,178           | 13,575          |              | (3,173)         |
| <b>Attributable profits</b>                             | <b>8,487</b>    | <b>(17,499)</b> |              | <b>10,834</b>   |
| <b>Adjustments</b>                                      |                 |                 |              |                 |
| Add back financial equity instruments (net of tax)      | 4,250           | 6,996           |              | 0               |
| Minority impact of financial equity instrument add-back | (2,756)         | (4,537)         |              | 0               |
| Add back PPA (pre-tax)                                  | 2,422           | 1,308           |              | 1,000           |
| Tax related to PPA add-back                             | (801)           | (387)           |              | (386)           |
| Minority impact of PPA add-back                         | (579)           | (329)           |              | (219)           |
| Add-back goodwill impairment (non-tax deductible)       | 0               | 34,178          |              | 0               |
| Minority impact of goodwill add-back                    | 0               | (12,202)        |              | 0               |
| <b>Adjusted earnings</b>                                | <b>11,023</b>   | <b>7,529</b>    |              | <b>11,229</b>   |

Source: Company data, Edison Investment Research

## Forecasts and valuation

Without the goodwill impairment (€0.09 per share), end FY17 would have been above our forecast, benefitting from higher returns from the investment portfolio than we had allowed for. Closing AUM and alternative asset management fees were also above our forecasts. The holding company cash position was lower than in our forecast as we had not factored in the c €25m Q417 investment in IDEaMI.

We have edged up our expectation for 2018 closing AUM and also the fee margin, which on an underlying basis were higher within DeA Capital Alternative Funds (private equity) than we had allowed for. The additional revenue assumed within AAM for 2018 is partly offset by higher assumed costs but increase by 2%.

We will review our estimates with the publication of the annual report, and introduce a 2019 estimate at that time.

**Exhibit 7: Forecast changes**

|       | AUM (€bn) |        |         | Fees from AAM* (€m) |        |         | Net financial position** (€m) |        |         | NAV/share (€) |        |         | Dividend (€) |        |         |
|-------|-----------|--------|---------|---------------------|--------|---------|-------------------------------|--------|---------|---------------|--------|---------|--------------|--------|---------|
|       | Est       | Actual | % diff. | Est                 | Actual | % diff. | Est                           | Actual | % diff. | Est           | Actual | % diff. | Est          | Actual | % diff. |
| 2017  | 11.5      | 11.7   | 1.3     | 58.6                | 59.8   | 2.1     | 114.8                         | 92.3   | -10.2   | 1.96          | 1.91   | -2.3    | 0.12         | 0.12   | 0.0     |
|       | Old       | New    | % chg.  | Old                 | New    | % chg.  | Old                           | New    | % chg.  | Old           | New    | % chg.  | Old          | New    | % chg.  |
| 2018e | 11.6      | 12.0   | 3.0     | 61.6                | 63.5   | 3.1     | 109.1                         | 87.0   | -10.4   | 1.90          | 1.87   | -1.7    | 0.12         | 0.12   | 0.0     |

Source: Edison Investment Research. \*Before inter-company eliminations. \*\*Holding company, excluding cash within subsidiaries.

## Our SOP valuation increases

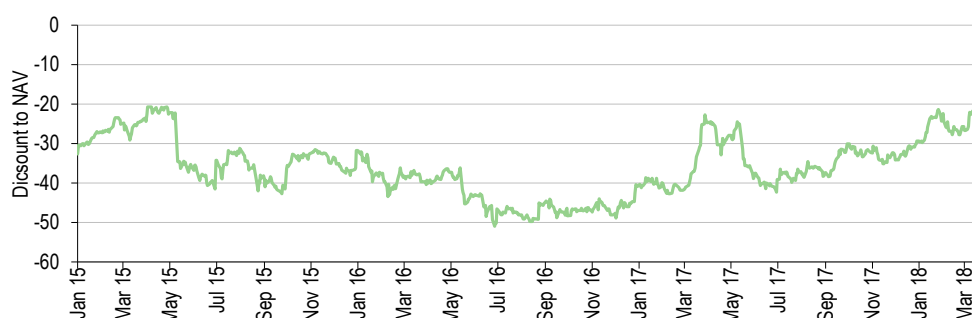
We have updated our SOP valuation, which replaces the book value of DeA's investment in the alternative asset management business (including goodwill) with our estimate of fair value, and also marks to market the investment in Migros. The SOP valuation is not affected by the goodwill impairment and benefits from the slight increase in expected AAM earnings. The Migros share price is now a little lower than at end FY17 (€24.2 as at 22 March 2018 compared with €27.6 at end FY17), representing a small negative adjustment compared with the end FY17 NAV shown above. For the alternative asset management business we use an unchanged 13.7x multiple of FY18 adjusted earnings (derived from a peer comparison analysis), giving a value of €153.8m, slightly ahead of the end FY17 book value of €146.6m. The SOP value per share, now €1.92 compared with our last published €1.87 following the Q317 results, continues to closely track the published NAV per share.

**Exhibit 8: Sum-of-the-parts valuation**

| €m except where stated                | Value (€m)  | Comment   |
|---------------------------------------|-------------|---|
| Kenan (Migros)                        | 38.5        | Market price (22 March 2018)                      |
| Crescita, IDEAIMI, other              | 33.4        | From FY17 report - FV/net equity                  |
| Private equity/real estate funds      | 170.9       | From FY17 report - FV/net equity                  |
| Direct and fund investments           | 242.8       |   |
| Alternative asset management          | 153.8       | 13.7x FY18 earnings                               |
| Other assets                          | 0.6         | From FY17 report - FV/net equity                  |
| Net financial positions               | 89.7        | From FY17 report - adjusted for share repurchases |
| Group total                           | 486.9       |   |
| Shares outstanding (m)                | 253.9       |   |
| <b>Sum-of-the-parts per share (€)</b> | <b>1.92</b> |   |

Source: Company data, Edison Investment Research

The discount to the last published NAV has narrowed to a three-year low, but at 23% still provides potential for further revaluation, particularly considering the continuing shift towards asset alternative management over the period and the continuing attractive dividend yield. The discount on the LPX50 index of European private equity funds is c 6%.

**Exhibit 9: Discount to NAV at three-year low – but still more than 20%**


Source: Bloomberg

**Exhibit 10: Financial summary**

|   | €000s | 2014     | 2015      | 2016     | 2017     | 2018e    |
|---|-------|----------|-----------|----------|----------|----------|
| December  |       | IFRS     | IFRS      | IFRS     | IFRS     | IFRS     |
| <b>PROFIT &amp; LOSS</b>                        |       |          |           |          |          |          |
| Alternative Asset Management fees               |       | 66,045   | 62,416    | 59,114   | 57,944   | 61,513   |
| Income (loss) from equity investments           |       | (786)    | (539)     | 524      | 3,898    | 2,748    |
| Other investment income/expense                 |       | (56,149) | 72,464    | 12,338   | 8,633    | 0        |
| Income from services                            |       | 19,176   | 21,700    | 8,509    | 2,208    | 800      |
| Other income                                    |       |          |           |          |          |          |
| Revenue   |       | 28,286   | 156,041   | 80,485   | 72,683   | 65,060   |
| Expenses  |       | (87,957) | (128,514) | (66,888) | (98,616) | (52,614) |
| Net Interest                                    |       | 2,905    | 4,982     | (1,220)  | (84)     | 0        |
| Profit Before Tax (norm)                        |       | (56,766) | 32,509    | 12,377   | (26,017) | 12,446   |
| Tax   |       | 1,720    | 6,452     | (199)    | (420)    | (3,708)  |
| Profit After Tax (norm)                         |       | (55,046) | 38,961    | 12,178   | (26,437) | 8,738    |
| Profit from discontinued operations             |       | (887)    | 286       | 0        | 0        | 0        |
| Profit after tax (inc. discontinued operations) |       | (55,933) | 39,247    | 12,178   | (26,437) | 8,738    |
| Minority interests                              |       | (1,668)  | 1,825     | 39       | (13,959) | (3,173)  |
| Net income (FRS 3)                              |       | (57,601) | 41,072    | 12,217   | (40,396) | 5,565    |
| Profit after tax breakdown                      |       |          |           |          |          |          |
| Private equity                                  |       | (60,739) | 78,322    | 7,859    | 8,327    | (856)    |
| Alternative asset management                    |       | 9,464    | (37,304)  | 7,309    | (31,073) | 14,007   |
| Holdings/Eliminations                           |       | (4,658)  | (1,771)   | (2,702)  | (2,865)  | (4,414)  |
| Total   |       | (55,933) | 39,247    | 12,466   | (25,611) | 8,738    |
| Average Number of Shares Outstanding (m)        |       | 273.8    | 266.6     | 263.1    | 256.8    | 253.9    |
| EPS - normalised (c)                            |       | (21.0)   | 15.4      | 4.6      | (15.7)   | 2.2      |
| Dividend per share - declared basis             |       | 0.00     | 0.12      | 0.12     | 0.12     | 0.12     |
| Exceptional capital distribution per share      |       | 0.30     | 0.00      | 0.00     | 0.00     | 0.00     |

**BALANCE SHEET**

|                                 |           |           |           |          |           |
|---------------------------------|-----------|-----------|-----------|----------|-----------|
| Fixed Assets                    | 786,141   | 558,086   | 559,335   | 453,569  | 448,574   |
| Intangible Assets (inc. g.will) | 229,711   | 167,134   | 156,583   | 117,233  | 115,277   |
| Other assets                    | 39,988    | 38,590    | 35,244    | 9,718    | 9,718     |
| Investments                     | 516,442   | 352,362   | 367,508   | 326,618  | 323,579   |
| Current Assets                  | 117,585   | 173,882   | 141,521   | 178,161  | 172,845   |
| Debtors                         | 50,711    | 20,694    | 15,167    | 32,955   | 32,955    |
| Cash                            | 55,583    | 123,468   | 96,438    | 127,916  | 122,600   |
| Other                           | 11,291    | 29,720    | 29,916    | 17,290   | 17,290    |
| Current Liabilities             | (36,193)  | (31,294)  | (26,979)  | (34,783) | (34,783)  |
| Creditors                       | (35,833)  | (30,643)  | (25,757)  | (34,583) | (34,583)  |
| Short term borrowings           | (360)     | (651)     | (1,222)   | (200)    | (200)     |
| Long Term Liabilities           | (40,911)  | (15,514)  | (12,830)  | (12,334) | (12,334)  |
| Long term borrowings            | (5,201)   | 0         | (19)      | 0        | 0         |
| Other long term liabilities     | (35,710)  | (15,514)  | (12,811)  | (12,334) | (12,334)  |
| Net Assets                      | 826,622   | 685,160   | 661,047   | 584,613  | 574,302   |
| Minorities                      | (173,109) | (138,172) | (131,844) | (95,182) | (100,207) |
| Shareholders' equity            | 653,513   | 546,988   | 529,203   | 489,431  | 474,095   |
| Year-end number of shares m     | 271.6     | 263.9     | 261.2     | 255.7    | 253.9     |
| NAV per share                   | 2.41      | 2.07      | 2.03      | 1.91     | 1.87      |

**CASH FLOW**

|                         |           |          |          |          |          |
|-------------------------|-----------|----------|----------|----------|----------|
| Operating Cash Flow     | 188,419   | 188,492  | 19,148   | 91,146   | 25,951   |
| Acquisitions/disposals  | (1,476)   | 70       | (290)    | (633)    | (800)    |
| Financing               | (157,756) | (38,148) | (4,362)  | (26,073) | 0        |
| Dividends               | 0         | (82,432) | (33,494) | (32,962) | (30,467) |
| Other                   |           |          |          |          |          |
| Cash flow               | 29,187    | 67,982   | (18,998) | 31,478   | (5,316)  |
| Other items             | 0         | (97)     | (8,032)  | 0        | 0        |
| Opening cash            | 26,396    | 55,583   | 123,468  | 96,438   | 127,916  |
| Closing cash            | 55,583    | 123,468  | 96,438   | 127,916  | 122,600  |
| Financial debt          | (5,561)   | (651)    | (1,241)  | (200)    | (200)    |
| Closing net (debt)/cash | 50,022    | 122,817  | 95,197   | 127,716  | 122,400  |

Source: Company accounts, Edison Investment Research



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