

Rosetti Marino

Strong Growth in 2012

Rosetti Marino – Key estimates and data					
Y/E December		2012A	2013E	2014E	2015E
Revenues	EUR M	396.4	426.1	404.8	421.0
EBITDA	EUR M	39.2	22.0	20.9	25.6
EBIT	EUR M	28.3	15.5	14.1	18.5
Net Income	EUR M	19.3	13.5	10.6	13.7

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

- FY12 results.** In FY12A consolidated revenues increased by 48.3% yoy to EUR 396.4M, around 3% better than our estimates and confirming the 1H12A positive trend (+34.9% vs. 1H11A). In particular: 1) revenues from the Oil & Gas unit increased by 75% to EUR 280M, mainly thanks to the important contracts in place for the activities in the North Sea and the development of business in the Caspian Sea area; 2) revenues from shipbuilding activities were up by 8% to EUR 82M, thanks to the order backlog arising from previous years; and 3) the Process Plants segment reported a revenues growth of around 13% to EUR 34M, entirely attributable to the subsidiary Fores Engineering. EBITDA was EUR 39.2M, (+51.4% yoy), approx. 10% better than our estimates, with a margin of 9.9%, up by around 20bps yoy. Net profit came in at EUR 19.3M, increasing by 38.8% yoy. In 2012, investments in intangible assets came to EUR 0.3M and investments in technical assets to EUR 9.9M, for a total of EUR 10.2M. The net cash position stood at EUR 46.2M, broadly in line with FY11 (EUR 46.6M) and better than our estimates (EUR 36.6M).
- Outlook.** The order backlog amounted to EUR 532M, of which approx. EUR 424M related to the Oil & Gas segment, EUR 79M related to shipbuilding activities and EUR 29M to the Process Plants unit. The Oil & Gas segment has orders that should ensure a full workload for the entire 2013 and for the first part of 2014. According to management, investments in the Oil & Gas Upstream sector at the global level are expected to grow at a rate of 3% per annum for the next three years. The shipbuilding sector collected an order backlog of EUR 79M, which should provide a satisfactory workload throughout 2013 and the first part of 2014. In the month of July 2012, an order was received for the construction of an anchor handling tug supply vessel to be delivered in 2014. In the Process Plants segment, the order backlog of EUR 29M was acquired by the subsidiary Fores Engineering.
- Estimates and valuation.** In FY13E, we expect revenues of EUR 426.1M, increasing by 7.5% vs. FY12A, and EBITDA at EUR 22M, with an EBITDA margin at 5.2%. The expected strong contraction in profitability (-470bps vs. FY12A) is mainly due to the higher costs of production. In FY14E we expect a turnover decline by 5.0% vs. FY13E to EUR 404.8M, due to the lower value of the contracts backlog, while maintaining margins stable (EBITDA margin at 5.2%). We expect a gradual recovery both in volumes and profitability in FY15E (revenues up 4% vs. FY14E; EBITDA margin of 6.1% increasing by 90bps yoy). On the valuation front, we highlight that the EV/EBIT median multiple for selected peers is 9.8x in 2013E and 7.9x in 2014E. The P/E median multiple is 15.3x in 2013E and 13.0x in 2014E.
- Key risks.** The global economic performance and the oil price could adversely affect the company's future results. Geographically, the return on the investment in Kazakhstan (EUR 50M set for the various phases of the project) could be a risk both for the operations and for the exposure to the country risk (currency and/or inflation). In conclusion, the small size of the company, compared to that of peers, could be a risk in the presence of competitive pressures.

7 June 2013

NO RATING

Oil&Gas
Company Update

AIM Italia

Intesa Sanpaolo
Research Department

Alberto Francese
Research Analyst
+39 02 8794 9815

Gabriele Berti
Research Analyst
+39 02 8794 9821

Corporate Broking Team
Alberto Francese
Gabriele Berti
Marta Caprini

See page 9 for full disclosures and analyst certification

Banca IMI is Specialist and Nominated Adviser to Rosetti Marino

Banca IMI distributes this report issued by

INTESA  **SANPAOLO**

FY12 Results

In FY12A consolidated revenues increased by 48.3% yoy to EUR 396.4M, around 3% better than our estimates and confirming the 1H12A positive trend (+34.9% vs. 1H11A).

**Consolidated revenues up
48.3% yoy**

The sharp revenues increase was mainly due to the higher volumes generated by the Oil & Gas activities and the shipbuilding sector, which have grown respectively by 75% and 8%. We highlight the recovery in the shipbuilding sector, which was down by 7% yoy in 1H12.

Despite the still-difficult economic environment, management is cautiously optimistic due to the unlocking of investments in important projects (above all, TCO - FGP in Kazakhstan), which could provide large volumes and workload for 2014-2016. Rosetti Marino's order backlog amounts to EUR 532M, which should ensure a satisfactory workload for the entire 2013.

**Unlocked investments cause
for optimism**

Rosetti Marino – FY12A results				
EUR M	FY11A	FY12E	FY12A	yoy %
Revenues	267.4	385.0	396.4	48.3
EBITDA	25.9	35.5	39.2	51.4
EBITDA margin (%)	9.7	9.2	9.9	
EBIT	20.0	27.0	28.3	41.2
Net Income	13.9	17.5	19.3	38.8
Net debt (-cash)	-46.6	-36.6	-46.2	-0.9

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research estimates

In particular:

- Revenues from the Oil & Gas unit increased by 75% to EUR 280M, mainly thanks to important contracts in place for the activities in the North Sea and the development of business in the Caspian Sea area. The activities carried out by the investee companies in Kazakhstan were particularly significant, continuing the mechanical and electrical hook up work on island D, in the Caspian Sea area. Lastly, two jackets were delivered, destined to be installed in the North Sea;
- Revenues from shipbuilding activities were up by 8% to EUR 82M, thanks to the order backlog arising from previous years. Two supply vessels and one anchor handling supply vessel were completed. Works continued for the accomplishment of four additional supply vessels. Moreover, Rosetti has obtained a new order for one anchor handling tug supply vessel to be delivered in 2014;
- The Process Plants segment reported a revenues growth of around 13% to EUR 34M, entirely attributable to the Fores Engineering subsidiary.

**Revenue breakdown by
business**

Rosetti Marino – Revenues Breakdown by Business Unit				
EUR M	FY11A	FY12A		yoy %
Oil & Gas	160	280		75.0
Shipbuilding	76	82		7.9
Process Plants	30	34		13.3
Total revenues	267.4	396.4		48.3

A: actual; Source: Company data

EBITDA at EUR 39.2M

EBITDA was EUR 39.2M, (+51.4% yoy), approx. 10% better than our estimates, with a margin of 9.9%, up by around 20bps yoy.

Net profit came in at EUR 19.3M, increasing by 38.8% yoy.

Net profit at EUR 19.3M

In 2012 investments in intangible assets came to EUR 0.3M and investments in technical assets to EUR 9.9M, for a total of EUR 10.2M.

The primary investments involved the yard of the Kazakhstan Caspian Offshore Industries subsidiary and the three production sites of the parent company, in order to reinforce production capacity and infrastructure, including a new office building and the acquisition of a 500-ton Terex crawler crane.

The net cash position stood at EUR 46.2M, broadly in line with FY11 (EUR 46.6M) and better than our estimate (EUR 36.6M).

Dividends

The Shareholders' Meeting approved a dividend for 2012 of EUR 0.65/share, for a total amount of EUR 2.47M, with a 25.4% dividend pay-out on S.p.A. net profit.

Dividend of EUR 0.65/share approved for 2012

Rosetti Marino - 2005A-12A dividends								
EUR M	2005A	2006A	2007A	2008A	2009A	2010A	2011A	2012A
Consolidated net profit	9.0	12.2	14.9	36.1	48.1	19.6	13.9	19.3
S.p.A. net profit	1.8	4.9	6.5	28.1	33.3	32.7	21.3	9.7
Dividend	0.7	1.0	12.0	6.4	7.6	6.7	3.8	2.5
Consolidated Pay-out (%)	8.0	8.2	80.7	17.8	15.8	33.9	27.3	12.8
S.p.A. Pay-out (%)	40.9	20.3	186.0*	22.9	22.8	20.3	17.8	25.4

Note:* Includes payment of an extraordinary dividend (approx. EUR 5M) through the distribution of reserves. A: actual; Source: Company data

Outlook

As stated, the order backlog amounted to EUR 532M, of which approx. EUR 424M related to the Oil & Gas segment, EUR 79M related to shipbuilding activities and EUR 29M from the Process Plants unit.

The Oil & Gas segment has orders which should ensure a full workload for the entire 2013 and for the first part of 2014.

Oil & Gas

According to management, investments in the Oil & Gas Upstream sector at the global level are expected to grow at a rate of 3% per annum for the next three years.

Rosetti Marino plans to continue the group's internationalisation process. In particular, management is confident that the already satisfactory market position in the North Sea will be strengthened by new initiatives and opportunities in that area (e.g. the awarding process is underway for the Gannet and Hold projects). The group is also trying to reach a larger market share in North Africa, Mozambique and Kazakhstan, where investments in two major projects have been unlocked (TCO FGP-and Karachaganak).

Management has also stated that initial results in terms of new contracts in the field of onshore work in North Africa, Mozambique and the Gulf area should be achieved by 2014.

The shipbuilding sector collected an order backlog of EUR 79M, which should provide a satisfactory workload throughout 2013 and the first part of 2014.

Shipbuilding activities

To cope with the drop in demand from shipping companies, due to the difficulty in obtaining the necessary funding to proceed with new investments, the group is considering the possibility of supporting the commercial offer with a financial one.

In July 2012, an order was received for the construction of an anchor handling tug supply vessel to be delivered in 2014, confirming management's view that this type of ship represents the way forward for activities in the naval sector.

In the Process Plants segment the order backlog of EUR 29M was acquired by the Fores Engineering subsidiary.

Process Plant

2013E-15E Estimates

The long-term contracts obtained in previous years should support volumes growth in FY13E vs. FY12A.

In FY13E we expect revenues of EUR 426.1M, increasing by 7.5% vs. FY12A, EBITDA at EUR 22M, with an EBITDA margin at 5.2%. The expected strong contraction in profitability (-470bps vs. FY12A) is mainly due to the higher costs of production. We expect the company to close the year with a net profit of EUR 13.5M.

FY13E estimates

We also estimate a strong increase in investment expenditures (capex at EUR 36.2M) with a consequent cash reduction to EUR 26.3M vs. EUR 46.2M in FY12.

Rosetti Marino - 2013E-15E estimates			
EUR M	2013E	2014E	2015E
Revenues	426.1	404.8	421.0
EBITDA	22.0	20.9	25.6
EBITDA margin (%)	5.2	5.2	6.1
EBIT	15.5	14.1	18.5
EBIT margin (%)	3.6	3.5	4.4
Net profit	13.5	10.6	13.7

E: estimates; Source: Intesa Sanpaolo Research estimates

In FY14E, we expect turnover to decline by 5.0% vs. FY13E to EUR 404.8M, due to the lower value of the contracts backlog, while maintaining margins stable (EBITDA margin at 5.2%).

FY14E-15E estimates

We assume a gradual recovery both in volumes and profitability in FY15E (revenues up 4% vs. FY14E; EBITDA margin at 6.1% increasing by 90bps yoy).

Our estimates see net profit at EUR 10.6M in FY14E and EUR 13.7M in 2015E.

We project a positive net cash position of around EUR 23.6M in 2014E and approx. EUR 24.9M in 2015E.

Valuation

We based our valuation for Rosetti Marino on a multiples comparison and a DCF model.

Multiples comparison

In our multiples comparison, we identified a sample of comparable companies as reported in the following tables.

We highlight that the profitability of Rosetti Marino, in terms of EBIT margin and net income margin, is sharply below the peers' average.

Profitability below peers' average

Rosetti Marino - 2013E-14E margins comparison					
	Mkt cap (EUR M)**	EBIT margin FY13E %	EBIT margin FY14E %	Net income margin FY13E %	Net income margin FY14E %
Saipem SpA	9,425	11.3	8.4	3.3	5.1
Trevi Finanziaria Industriale	503	10.5	6.9	2.2	2.8
Tenaris SA	19,715	26.2	22.5	15.8	16.8
Tecnicas Reunidas SA	2,156	5.9	5.7	5.0	5.1
Technip SA	10,015	12.4	11.2	6.9	7.8
Petrofac	5,619	16.1	14.3	10.2	10.9
Amec	3,682	8.8	8.1	6.1	6.4
Foster Wheeler AG	1,771	7.1	6.6	3.8	4.7
National Oilwell Varco	23,761	19.2	17.1	10.6	11.5
Cameron International Corp.	12,268	16.1	15.4	9.0	10.6
Average		13.4	11.6	7.3	8.2
Rosetti Marino*		3.6	3.5	3.2	2.6

Note: (**) data priced on 29-05-2013. Source: Factset and (*) Intesa Sanpaolo Research;

In terms of FY13E EV/EBIT, the multiple of the selected companies is between 8.6-17.8x, with a median at 9.8x, while the FY14E EV/EBIT is between 6.6-11.3x, with a median at 7.9x.

EV/EBIT multiple

Regarding the FY13E P/E, the peers' multiple is included in a 10.9-21.4x range, with a median at 15.3x, while the FY14E P/E is between 9.0-14.2x, with a median at 13.0x.

P/E multiple

Rosetti Marino - Multiples comparison					
x	Price (EUR)**	EV/EBIT FY13E	EV/EBIT FY14E	P/E FY13E	P/E FY14E
Saipem SpA	21.35	17.8	11.3	21.4	13.7
Trevi Finanziaria Industriale	7.17	12.5	10.4	19.4	14.2
Tenaris SA	16.70	10.4	9.0	14.6	13.1
Tecnicas Reunidas SA	38.58	8.7	7.5	14.6	13.3
Technip SA	88.60	10.2	7.9	16.7	13.3
Petrofac	16.25	8.6	7.2	10.9	9.0
Amec	12.39	8.9	8.0	12.1	11.1
Foster Wheeler AG	17.69	9.5	6.6	16.1	11.6
National Oilwell Varco	55.61	8.7	6.9	12.8	10.8
Cameron International Corp.	49.48	12.0	8.5	17.4	13.0
Median		9.8	7.9	15.3	13.0
Rosetti Marino* (EUR M)					
EBIT 2013E	15.5				
EBIT 2014E	14.1				
Net profit FY13E	13.5				
Net profit FY14E	10.6				

Note: (**) data priced on 29-05-2013. Source: Factset and (*) Intesa Sanpaolo Research;

Applying the average EV/EBIT and P/E to Rosetti Marino's FY13E and FY14E results, we obtain an equity value of EUR 138-207M on the P/E multiple and of EUR 135-179M on the EV/EBIT multiple.

Rosetti Marino - Multiples comparison results		
EUR M	2013E	2014E
EBIT	15.5	14.1
EV/EBIT	9.8	7.9
EV	152.5	111.9
Net debt (Cash)	-26.3	-23.6
Equity value	179	135
Net income	13.5	10.6
P/E	15.3	13.0
Equity value	207	138

E: estimates; Source: Intesa Sanpaolo Research

We highlight that the valuation range indicated above does not incorporate a discount in the company's valuation, considering the smaller size (in terms of market cap) compared to comparable companies, the lower profitability and the limited free float.

No discount applied

Considering the stable shareholders' structure, shown by the limited trading volumes, we do not assign a rating or target price to the company.

No rating or target price

Rosetti Marino – Shareholders' structure	
Rosfin	54.29
Saipem	20.0
Cosmi Holding	17.5
Treasury shares	5.0
Argentario S.p.A.	2.5
Others	0.71

Source: Company data (10.05.2013)

DCF model

We have also run a valuation on a DCF model, to better reflect the company's specific long-term prospects. Our key DCF assumptions are:

Key DCF assumptions

- Explicit forecasts through 2015E;
- An equity risk premium at 6%;
- A risk-free rate at 4.25% (vs. 5.25% used in our previous research report);
- A gearing ratio (D/Invested Capital) of 0.0%;

We derived a WACC at 10.25%.

To calculate terminal value we used two approaches:

- We discount to perpetuity the 2015E FCFO (operating free cash flow) at a WACC of 10.25% and a 2% terminal value (TV) growth;
- We discount to perpetuity the EBIT mid-cycle 2013E-15E at a WACC of 10.25% and a 2% TV growth.

Rosetti Marino - WACC calculation	
Gross debt rate	NA
Tax rate	NA
Net debt rate	NA
Beta levered	NA
Gearing	0.0
Beta re-levered	NA
Risk free rate	4.25
Equity risk premium	6.0
Cost of equity	10.25
WACC	10.25

NA = not applicable; Source: Intesa Sanpaolo Research estimates

Financials

Rosetti Marino - 2011A-15E income statement					
EUR M	2011A	2012A	2013E	2014E	2015E
Revenues	267.4	396.4	426.1	404.8	421.0
Raw materials	-63.4	-114.4	-128.0	-121.6	-125.2
Other Operating costs	-136.1	-192.3	-211.7	-201.2	-207.2
Cost of labour	-46.5	-49.5	-58.2	-55.3	-56.9
Others	1.8	-2.7	-8.0	-7.6	-7.8
EBITDA	25.9	39.2	22.0	20.9	25.6
EBITDA margin (%)	9.7	9.9	5.2	5.2	6.1
D&A	-5.9	-10.9	-6.5	-6.8	-7.1
EBIT	20.0	28.3	15.5	14.1	18.5
EBIT margin (%)	7.5	7.1	3.6	3.5	4.4
Net interest	1.6	-3.2	4.8	1.0	1.0
Others	-0.2	1.2	0.0	0.0	0.0
Pre-tax profit	21.4	26.3	20.3	15.1	19.5
Tax	-7.5	-7.0	-6.8	-4.5	-5.9
Minorities	0.0	0.0	0.0	0.0	0.0
Net profit	13.9	19.3	13.5	10.6	13.7

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research estimates

Rosetti Marino - 2011A-15E balance sheet					
EUR M	2011A	2012A	2013E	2014E	2015E
Net fixed assets	103.4	106.7	136.3	146.9	155.3
Net working capital	22.3	35.0	36.2	36.4	37.9
Net capital employed	125.7	141.7	172.6	183.4	193.2
Net equity	172.3	187.9	198.9	207.0	218.1
Net financial position (-cash)	-46.6	-46.2	-26.3	-23.6	-24.9
Total cover	125.7	141.7	172.6	183.4	193.2

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research estimates

Rosetti Marino - 2011A-15E cash flows					
EUR M	2011A	2012A	2013E	2014E	2015E
Net debt (-cash) beg of year	-39.1	-46.6	-46.2	-26.3	-23.6
Net income before minorities	13.9	19.3	13.5	10.6	13.7
D&A	5.9	10.9	6.5	6.8	7.1
Change in working capital	17.3	-12.7	-1.2	-0.2	-1.5
Operating cash flow	37.1	17.5	18.8	17.2	19.3
Capex	-16.0	-10.2	-36.2	-17.4	-15.5
Other Investments	-6.5	-	-	-	-
Disposals	-	-	-	-	-
Free cash flow	14.6	7.3	-17.4	-0.2	3.8
Dividends	-6.7	-3.8	-2.5	-2.5	-2.5
Other movements	-0.4	-3.9	-	-	-
Cash flow	7.5	-0.4	-19.9	-2.7	1.3
Net debt (-cash) end of year	-46.6	-46.2	-26.3	-23.6	-24.9

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research estimates

Notes

Disclaimer

Analyst certification

The financial analysts who prepared this report, and whose names and roles appear on the first page, certify that:

(1) The views expressed on companies mentioned herein accurately reflect independent, fair and balanced personal views; (2) No direct or indirect compensation has been or will be received in exchange for any views expressed.

Specific disclosures

1. Neither the analysts nor any member of the analysts' households have a financial interest in the securities of the Company.
2. Neither the analysts nor any member of the analysts' households serve as an officer, director or advisory board member of the Company.
3. One of the analysts named in the document is a member of AIAF (Alberto Francese).
4. The analysts named in this document are not registered with or qualified by FINRA, the U.S. regulatory body with oversight over Banca IMI Securities Corp. Accordingly, the analysts may not be subject to NASD Rule 2711 and NYSE Rule 472 with respect to communicates with a subject company, public appearances and trading securities in a personal account. For additional information, please contact the Compliance Department of Banca IMI Securities Corp at 212-326-1133.
5. The analysts of this report do not receive bonuses, salaries, or any other form of compensation that is based upon specific investment banking transactions.
6. The research department supervisors do not have a financial interest in the securities of the Company.

This research has been prepared by Intesa Sanpaolo SpA and distributed by Banca IMI SpA Milan, Banca IMI SpA-London Branch (a member of the London Stock Exchange) and Banca IMI Securities Corp (a member of the NYSE and NASD). Intesa Sanpaolo SpA accepts full responsibility for the contents of this report and also reserves the right to issue this document to its own clients. Banca IMI SpA and Intesa Sanpaolo SpA, which are both part of the Intesa Sanpaolo Group, are both authorised by the Banca d'Italia and are both regulated by the Financial Services Authority in the conduct of designated investment business in the UK and by the SEC for the conduct of US business.

Opinions and estimates in this research are as at the date of this material and are subject to change without notice to the recipient. Information and opinions have been obtained from sources believed to be reliable, but no representation or warranty is made as to their accuracy or correctness. Past performance is not a guarantee of future results. The investments and strategies discussed in this research may not be suitable for all investors. If you are in any doubt you should consult your investment advisor.

This report has been prepared solely for information purposes and is not intended as an offer or solicitation with respect to the purchase or sale of any financial products. It should not be regarded as a substitute for the exercise of the recipient's own judgment. No Intesa Sanpaolo SpA or Banca IMI SpA entities accept any liability whatsoever for any direct, consequential or indirect loss arising from any use of material contained in this report. This document may only be reproduced or published together with the name of Intesa Sanpaolo SpA and Banca IMI SpA.

Intesa Sanpaolo SpA and Banca IMI SpA have in place a Joint Conflicts Management Policy for managing effectively the conflicts of interest which might affect the impartiality of all investment research which is held out, or where it is reasonable for the user to rely on the research, as being an impartial assessment of the value or prospects of its subject matter. A copy of this Policy is available to the recipient of this research upon making a written request to the Compliance Officer, Intesa Sanpaolo SpA, 90 Queen Street, London EC4N 1SA. Intesa Sanpaolo SpA has formalised a set of principles and procedures for dealing with conflicts of interest ("Research Policy"). The Research Policy is clearly explained in the relevant section of Intesa Sanpaolo's web site (www.intesasanpaolo.com).

Member companies of the Intesa Sanpaolo Group, or their directors and/or representatives and/or employees and/or members of their households, may have a long or short position in any securities mentioned at any time, and may make a purchase and/or sale, or offer to make a purchase and/or sale, of any of the securities from time to time in the open market or otherwise.

Intesa Sanpaolo SpA issues and circulates research to Major Institutional Investors in the USA only through Banca IMI Securities Corp., 1 William Street, New York, NY 10004, USA, Tel: (1) 212 326 1230.

Residents in Italy: This document is intended for distribution only to professional clients and qualified counterparties as defined in Consob Regulation no. 16190 of 29.10.2007 either as a printed document and/or in electronic form.

Person and residents in the UK: This document is not for distribution in the United Kingdom to persons who would be defined as private customers under rules of the FSA.

US persons: This document is intended for distribution in the United States only to Major Institutional Investors as defined in SEC Rule 15a-6. US Customers wishing to effect a transaction should do so only by contacting a representative at Banca IMI Securities Corp. in the US (see contact details above).

Coverage policy and frequency of research reports

The list of companies covered by the Research Department is available upon request. Intesa Sanpaolo SpA aims to provide continuous coverage of the companies on the list in conjunction with the timing of periodical accounting reports and any exceptional event that affects the issuer's operations. The companies for which Banca IMI acts as sponsor or specialist or other regulated roles are covered in compliance with regulations issued by regulatory bodies with jurisdiction. In the case of a short note, we advise investors to refer to the most recent company report published by Intesa Sanpaolo SpA's Research Department for a full analysis of valuation methodology, earnings assumptions, risks and the historical of recommendation and target price. Research is available on Banca IMI's web site (www.bancaimi.com) or by contacting your sales representative.

Valuation methodology (long-term horizon: 12M)

The Intesa Sanpaolo SpA Equity Research Department values the companies for which it assigns recommendations as follows:

We obtain a fair value using a number of valuation methodologies including: discounted cash flow method (DCF), dividend discount model (DDM), embedded value methodology, return on allocated capital, break-up value, asset-based valuation method, sum-of-the-parts, and multiples-based models (for example PE, P/BV, PCF, EV/Sales, EV/EBITDA, EV/EBIT, etc.). The financial analysts use the above valuation methods alternatively and/or jointly at their discretion. The assigned target price may differ from the fair value, as it also takes into account overall market/sector conditions, corporate/market events, and corporate specifics (ie, holding discounts) reasonably considered to be possible drivers of the company's share price performance. These factors may also be assessed using the methodologies indicated above.

Equity rating key: (long-term horizon: 12M)

In its recommendations, Intesa Sanpaolo SpA uses an "absolute" rating system, which is not related to market performance and whose key is reported below:

Equity rating key (long-term horizon: 12M)	
Long-term rating	Definition
BUY	If the target price is 20% higher than the market price
ADD	If the target price is 10%-20% higher than the market price
HOLD	If the target price is 10% below or 10% above the market price
REDUCE	If the target price is 10%-20% lower than the market price
SELL	If the target price is 20% lower than the market price
RATING SUSPENDED	The investment rating and target price for this stock have been suspended as there is not a sufficient fundamental basis for determining an investment rating or target. The previous investment rating and target price, if any, are no longer in effect for this stock.
NO RATING	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulations and/or firm policies in certain circumstances, including when Intesa Sanpaolo is acting in an advisory capacity in a merger or strategic transaction involving the company.
TARGET PRICE	The market price that the analyst believes the share may reach within a one-year time horizon
MARKET PRICE	Closing price on the day before the issue date of the report, as indicated on the first page, except where otherwise indicated

Historical recommendations and target price trends (long-term horizon: 12M)

Target price and market price trend (-1Y)	Historical recommendations and target price trend (-1Y)
NOT AVAILABLE	NOT AVAILABLE

Equity rating allocations (long-term horizon: 12M)

Intesa Sanpaolo Research Rating Distribution (at May 2013)					
Number of companies covered: 94	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage %	28	30	36	4	2
of which Intesa Sanpaolo's Clients % (*)	77	61	65	50	100

(*) Companies on behalf of whom Intesa Sanpaolo and the other companies of the Intesa Sanpaolo Group have provided corporate and Investment banking services in the last 12 months; percentage of clients in each rating category

Valuation methodology (short-term horizon: 3M)

Our short-term investment ideas are based on ongoing special market situations, including among others: spreads between share categories; holding companies vs. subsidiaries; stub; control chain reshuffling; stressed capital situations; potential extraordinary deals (including capital increase/delisting/extraordinary dividends); and preys and predators. Investment ideas are presented either in relative terms (e.g. spread ordinary vs. savings; holding vs. subsidiaries) or in absolute terms (e.g. preys).

The companies to which we assign short-term ratings are under regular coverage by our research analysts and, as such, are subject to fundamental analysis and long-term recommendations. The main differences attain to the time horizon considered (monthly vs. yearly) and definitions (short-term 'long/short' vs. long-term 'buy/sell'). Note that the short-term relative recommendations of these investment ideas may differ from our long-term recommendations. We monitor the monthly performance of our short-term investment ideas and follow them until their closure.

Equity rating key (short-term horizon: 3M)

Equity rating key (short-term horizon: 3M)	
Short-term rating	Definition
LONG	Stock price expected to rise or outperform within three months from the time the rating was assigned due to a specific catalyst or event
SHORT	Stock price expected to fall or underperform within three months from the time the rating was assigned due to a specific catalyst or event

Company specific disclosures

Banca IMI discloses interests and conflicts of interest, as defined by: Articles 69-quater and 69-quinquies, of Consob Resolution No.11971 of 14.05.1999, as subsequently amended and supplemented; the NYSE's Rule 472 and the NASD's Rule 2711; the FSA Policy Statement 04/06 "Conflicts of Interest in Investment Research – March 2004 and the Policy Statement 05/03 "Implementation of Market Abuse Directive", March 2005. The Intesa Sanpaolo Group maintains procedures and organisational mechanisms (Information barriers) to professionally manage conflicts of interest in relation to investment research. We provide the following information on Intesa Sanpaolo Group's conflicts of interest:

- 1 The Intesa Sanpaolo Group has a conflict of interest inasmuch as it plans to solicit investment banking business or intends to seek compensation from the Company in the next three months.
- 2 The Intesa Sanpaolo Group has made significant financing to ROSETTI MARINO S.p.A. and its parent and group companies.
- 3 Banca IMI is a Specialist and a Nominated Adviser relative to securities issued by ROSETTI MARINO S.p.A.

Intesa Sanpaolo Research Department – Head of Research Gregorio De Felice**Head of Equity & Credit Research**

Giampaolo Trasi	+39 02 8794 9803	giampaolo.trasi@intesaspaolo.com
-----------------	------------------	----------------------------------

Equity Research

Monica Bosio	+39 02 8794 9809	monica.bosio@intesaspaolo.com
Luca Bacoccoli	+39 02 8794 9810	luca.bacoccoli@intesaspaolo.com
Laura Carmignani	+39 02 8794 9813	laura.carmignani@intesaspaolo.com
Manuela Meroni	+39 02 8794 9817	manuela.meroni@intesaspaolo.com
Gian Luca Pacini	+39 02 8794 9818	gianluca.pacini@intesaspaolo.com
Elena Perini	+39 02 8794 9814	elena.perini@intesaspaolo.com
Bruno Permutti	+39 02 8794 9819	bruno.permutti@intesaspaolo.com
Roberto Ranieri	+39 02 8794 9822	roberto.ranieri@intesaspaolo.com

Corporate Broking Research

Alberto Francese	+39 02 8794 9815	alberto.francese@intesaspaolo.com
Gabriele Berti	+39 02 8794 9821	gabriele.berti@intesaspaolo.com
Marta Caprini	+39 02 8794 9812	marta.caprini@intesaspaolo.com

Research Production

Anna Whatley	+39 02 8794 9824	anna.whatley@intesaspaolo.com
Bruce Marshall	+39 02 8794 9816	robert.marshall@intesaspaolo.com
Annita Ricci	+39 02 8794 9823	annita.ricci@intesaspaolo.com
Wendy Ruggeri	+39 02 8794 9811	wendy.ruggeri@intesaspaolo.com

Banca IMI SpA**Institutional Sales**

Catherine d'Aragon	+39 02 7261 5929	catherine.daragon@bancaimi.com
Carlo Cavaliere	+39 02 7261 2722	carlo.cavaliere@bancaimi.com
Francesca Guadagni	+39 02 7261 5817	francesca.guadagni@bancaimi.com
Daniela Stucchi	+39 02 7261 5708	daniela.stucchi@bancaimi.com
Mark Wilson	+39 02 7261 2758	mark.wilson@bancaimi.com

Corporate Broking

Carlo Castellari	+39 02 7261 2122	carlo.castellari@bancaimi.com
Laura Spinella	+39 02 7261 5782	laura.spinella@bancaimi.com

Sales Trading

Emanuele Mastroddi	+39 02 7261 5880	emanuele.mastroddi@bancaimi.com
Lorenzo Pennati	+39 02 7261 5647	lorenzo.pennati@bancaimi.com

Equity Derivatives Institutional Sales

Andrea Martini	+39 02 7261 5977	andrea.martini@bancaimi.com
Emanuele Manini	+39 02 7261 5936	emanuele.manini@bancaimi.com
Massimiliano Murgino	+39 02 7261 2247	massimiliano.murgino@bancaimi.com

Market Hub – Brokerage & Execution

Italian Equities - Sergio Francolini	+39 02 7261 5859	sergio.francolini@bancaimi.com
Foreign Equities - Francesco Riccardi	+39 02 7261 2901	francesco.riccardi@bancaimi.com

Market Hub – @ sales

Giovanni Spotti	+39 02 7261 2339	giovanni.spotti@bancaimi.com
-----------------	------------------	------------------------------

Banca IMI Securities Corp.**US Institutional Sales**

Stephane Ventilato	+1 212 326 1233	stephane.ventilato@bancaimi.com
Barbara Leonardi	+1 212 326 1232	barbara.leonardi@bancaimi.com

Banca IMI SpA

Largo Mattioli, 3
20121 Milan, Italy
Tel: +39 02 7261 1

Banca IMI Securities Corp.

1 William Street
10004 New York, NY, USA
Tel: (1) 212 326 1230

Banca IMI London Branch

90 Queen Street
London EC4N 1SA, UK
Tel +44 207 894 2600