

# Rosetti Marino

## Volumes Up, but Profitability Down

Rosetti Marino - Key estimates and data					
Y/E December		2012A	2013E	2014E	2015E
Revenues	EUR M	396.4	435.6	396.4	411.5
EBITDA	EUR M	39.2	13.6	21.3	28.2
EBIT	EUR M	28.3	6.9	14.2	17.8
Net Income	EUR M	19.3	7.4	9.3	11.7
Net debt (-cash)	EUR M	-46.2	-25.0	-21.6	-24.5

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

- Revenues up, but...** In 1H13, Rosetti Marino reported consolidated revenues at EUR 202.9M, +11.3% yoy, confirming the positive trend in volumes started in 2012 (1H12A was up by 34.9% yoy and 2H12A by 61.9% yoy). In particular: 1) revenues from the Oil & Gas unit increased by around 16% to EUR 151M (EUR 130M in 1H12A), mainly thanks the pursuance of important contracts in place as those related to activities in the North Sea; 2) revenues from shipbuilding activities were down by around 16% to EUR 36M (EUR 43M in 1H12); and 3) the Process Plants segment reported a revenues growth of around 78% to EUR 16M (EUR 9M in 1H12A), entirely attributable to the Fores Engineering subsidiary.
- ...profitability down.** EBITDA was EUR 7.5M, -59.3% yoy, with a margin of 3.7%, down by around 640bps yoy. The sharp decrease in profitability was mainly due to a lower profitability deriving from the Italian Oil & Gas contracts in place, which resulted from higher competition and greater attention to costs by customers, according to management. Net profit was EUR 4.9M (EUR 8.6M in 1H12A). The net cash position stood at EUR 89.1M vs. EUR 46.2M in FY12A (EUR 42.2M in 1H12A) mainly thanks the reduction in working capital, attributable to a different timing of the sales, linked to the trend of the individual contracts on the basis of their percentage of completion.
- Outlook.** The order backlog amounted to EUR 421M, of which around EUR 347M related to the Oil & Gas business unit, EUR 44M related to the shipbuilding segment and EUR 30M from the Process Plants division. The Oil & Gas division has orders that guarantee a good workload until 2H14. Management is confident about the growth prospects of the business unit and states that investments in Oil & Gas Upstream should grow at a rate of 3% per annum for the next three years. The shipbuilding sector collected an order backlog of EUR 44M, that provides a satisfactory workload throughout 2013 and the first part of 2014. The company has recently delivered the new "Highland Knight" Platform Supply Vessel to the Scottish company Gulf Offshore North Sea Ltd, the first of two vessels ordered by the same company in 2011. The delivery of this vessel is particularly significant because it was the first built in Ravenna for an important foreign company. In the Process Plants segment, the order backlog of EUR 30M was acquired by the subsidiary Fores Engineering.
- Estimates and valuation** We revised our estimates after 1H13 results. While we simply fine-tuned our FY13E top-line estimate, we decreased our FY13E EBITDA by around 38.5%, implying an EBITDA margin of 3.1% (5.2% previously) more in line with 1H13 results. Our FY13E net profit estimate now stands at EUR 7.4M vs. EUR 13.5M previously. On the valuation front, we highlight that the EV/EBIT median multiple for selected peers is 10.8x in 2013E and 9.3x in 2014E. The P/E median multiple is 16.5x in 2013E and 13.7x 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 could be a risk both for the operations and the exposure to the country risk (currency and/or inflation). Lastly, the small size of the company, compared to that of peers, could be a risk in the presence of competitive pressures.

See page 9 for full disclosures and analyst certification

Banca IMI is Specialist to Rosetti Marino

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**NO RATING**

Oil&Gas  
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## 1H13A Results

In 1H13A, Rosetti Marino reported consolidated revenues at EUR 202.9M, +11.3% yoy, confirming the positive trend in volumes started in 2012A (1H12A was up by 34.9% yoy and 2H12A by 61.9% yoy).

The volumes increase was mainly driven by Oil&Gas activities, which have grown by around 16% and the Process Plants segment, that reported a revenue growth of around 78%. According to management, Oil&Gas and Process Plants markets benefited from a recovery in the level of investments and company believes that this upward trend should be confirmed in 2H14. Shipbuilding activities were down by around 16% yoy.

Management is cautiously optimistic in light of the pre-qualification activities and offers underway and despite the current order backlog decrease to EUR 421M from EUR 532M in FY12A.

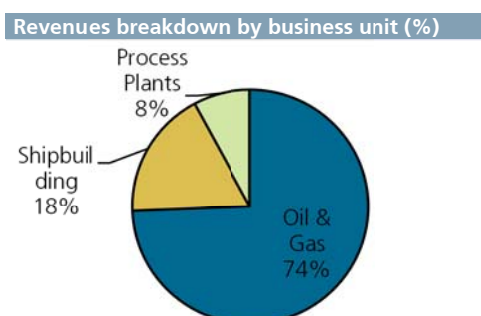
Rosetti Marino – 1H13A results						
EUR M	1H12A	yoy %	2H12A	yoy %	1H13A	yoy %
Revenues	182.3	34.9	214.1	61.9	202.9	11.3
EBITDA	18.4	108.2	20.8	21.8	7.5	-59.3
EBITDA margin (%)	10.1		9.7		3.7	
EBIT	14.9	137.6	13.4	-2.5	3.7	-75.2
EBIT margin (%)	8.2		6.2		1.8	
Net profit	8.6	136.7	10.7	4.0	4.9	-43.2
Net debt (- cash)	-42.2		-46.2		-89.1	

A: actual; Source: Company data

In particular:

- Revenues from the Oil&Gas unit increased by around 16% to EUR 151M (EUR 130M in 1H12A), mainly thanks the continuation of important contracts in place, such as those related to activities in the North Sea. In particular the delivery of two platforms committed by Total UK, "West Franklin" and "Elkin B" was particularly significant, also because it was the Rosetti's first EPCI contract. The company has also started building a new platform to be delivered to Foxtrot International in Ivory Coast;
- Shipbuilding activities were down by around 16% to EUR 36M (EUR 43M in 1H12A). According to management, this sector was affected by a drop in demand from shipping companies, due to the difficulty in obtaining the necessary funding to proceed with new investments;
- The Process Plants segment reported a revenue growth of around 78% to EUR 16M (EUR 9M in 1H12A), entirely attributable to the Fores Engineering subsidiary.

Revenues breakdown by business unit			
EUR M	1H12A	1H13A	yoy %
Oil & Gas	130	151	16
Shipbuilding	43	36	-16
Process Plants	9	16	78
<b>Total Revenues</b>	<b>182.3</b>	<b>202.9</b>	<b>11.3</b>



Source: Company data

Source: Company data

EBITDA was EUR 7.5M, -59.3% yoy, with a margin of 3.7%, down by around 640bps yoy. The sharp decrease in profitability was mainly due to a lower profitability deriving from the Italian Oil&Gas contracts in place, which resulted from higher competition and greater attention to costs by customers, according to management.

EBIT was EUR 3.7M, vs. EUR 14.9M in 1H12A, while net profit came in at EUR 4.9M (EUR 8.6M in 1H12A).

In 1H13A investments in technical assets came to EUR 3.6M. The primary investments involved the acquisition of a new 500-ton Terex crawler crane and the phase two of the investments regarding the yard of the Kazakhstan Caspian Offshore Industries in Aktua, Kazakhstan, in which Rosetti Marino holds a 50% interest.

The net cash position stood at EUR 89.1M vs. EUR 46.2M in FY12A (EUR 42.2M in 1H12A) mainly thanks to the reduction in working capital, attributable to a different timing of the sales, linked to the trend of the individual contracts on the basis of their percentage of completion.

### Dividends

In May 2012, it paid 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.

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

## Earnings Outlook

As previously mentioned, the order backlog amounted to EUR 421M, of which around EUR 347M related to the Oil & Gas business unit, EUR 44M related to the shipbuilding segment and EUR 30M from the Process Plants division.

The Oil & Gas has orders that guarantee a good workload until 2H14. Management is confident about the growth prospects of the business unit and states that investments in Oil & Gas Upstream should grow at a rate of 3% per annum for the next three years.

### Oil & Gas

Rosetti Marino expects to continue the group's internationalisation process mainly through:

- Increasing its market position in the North Sea by developing new initiatives and opportunities in that area (e.g. qualifications are underway for the Gannet and Hold projects);
- Trying to reach a larger market share in North Africa, Mozambique and the Gulf Area, also pursuing a programme of insertion in the field of Onshore work;
- Strengthening its involvement in two important projects in Kazakhstan (TCO FGP-and Karachaganak).

In addition to this, management disclosed that the Group should acquire some Italian offshore activities related to ENI and Edison in 2013.

The shipbuilding sector collected an order backlog of EUR 44M, that provides a satisfactory workload throughout 2013 and the first part of 2014.

### Shipbuilding activities

The company recently delivered the new "Highland Knight" Platform Supply Vessel to the Scottish company, Gulf Offshore North Sea Ltd, the first of two vessels ordered by the same company in 2011. The delivery of this vessel is particularly significant, because it was the first built in Ravenna for an important foreign company: in our belief, this shows that Rosetti Marino's reliability as a builder of these technologically advanced kind of ships, is recognised at an international level.

Lastly, we highlight that 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 a financial offer to the commercial offer.

In the Process Plants segment the order backlog of EUR 30M was acquired by the subsidiary Fores Engineering.

### Process Plant

## Estimates Revision

We revised our estimates after the 1H13A results. While we simply fine-tuned our FY13E top-line estimate, we decreased our FY13E EBITDA by around 38.5%, implying an EBITDA margin of 3.1% (5.2% previously) more in line with 1H13A results. Our FY13E net profit estimate now stands at EUR 7.4M vs. EUR 13.5M previously.

### FY13E estimates

Rosetti Marino - Estimates revision									
EUR M	2013E			2014E			2015E		
	New	Old	chg %	New	Old	chg %	New	Old	chg %
Revenues	435.6	426.1	2.2	396.4	404.8	-2.1	411.5	421.0	-2.3
EBITDA	13.6	22.0	-38.5	21.3	20.9	1.5	28.2	25.6	10.2
EBITDA margin%	3.1	5.2		5.4	5.2		6.9	6.1	
Net Profit	7.4	13.5	-45.0	9.3	10.6	-11.7	11.7	13.7	-14.2
Net debt (-cash)	-25.0	-26.3		-21.6	-23.6		-24.5	-24.9	

Source: Intesa Sanpaolo Research estimates

In FY14E, we now expect turnover to decline by around 9% vs. FY13E (and by 2.1% vs. previous estimates) to EUR 396.4M, due to the lower value of contract backlog, while we assumed a recovery in profitability, then confirmed in FY15E (EBITDA margin at 5.4% in FY14E and 6.9% in FY15E). We highlight that the average group 2010-12 EBITDA margin was around 11%.

### FY14E-15E estimates

We see net profit at EUR 9.3M in FY14E and EUR 11.7M in FY15E, respectively down by 11.7% and 14.2% vs. previous estimates, due to the expected lower impact of net financial charges.

## 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	7,813	5.9	7.9	-2.7	4.2
Trevi Finanziaria Industriale	456	11.1	7.3	1.6	2.8
Tenaris SA	19,680	25.9	21.3	14.7	15.3
Tecnicas Reunidas SA	2,200	5.6	5.3	4.8	4.7
Technip SA	8,821	11.5	10.0	6.1	6.9
Petrofac	4,847	15.6	13.2	9.9	9.7
Amec	4,193	8.5	8.2	5.8	6.2
Foster Wheeler AG	2,102	8.8	6.9	5.0	4.9
National Oilwell Varco	26,322	18.4	16.2	10.1	11.0
Cameron International Corp.	9,610	14.9	12.2	7.9	8.1
<b>Average</b>		<b>12.6</b>	<b>10.8</b>	<b>6.3</b>	<b>7.4</b>
Rosetti Marino*		1.6	3.6	1.7	2.4

Note: (\*\*) data priced on 19-11-2013. Source: Factset and (\*) Intesa Sanpaolo Research

In terms of FY13E EV/EBIT, the multiple of the selected companies is between 8.7-12.8x, with a median at 10.8x, while the FY14E EV/EBIT is between 8.1-12.4x, with a median at 9.3x.

**EV/EBIT multiples**

Regarding the FY13E P/E, the peers' multiple is included in a 10.1-24.0x range, with a median at 16.5x, while the FY14E P/E is between 9.8-14.9x, with a median at 13.7x.

**P/E multiple**

Rosetti Marino - Multiples comparison					
x	Price (EUR)**	EV/EBIT FY13E	EV/EBIT FY14E	P/E FY13E	P/E FY14E
Saipem SpA	17.70		12.4		14.9
Trevi Finanziaria Industriale	6.49	12.8	10.1	24.0	13.2
Tenaris SA	16.67	11.9	10.3	16.7	14.7
Tecnicas Reunidas SA	39.35	10.7	8.5	16.0	14.2
Technip SA	78.03	10.3	8.1	16.5	13.2
Petrofac	14.01	8.7	8.1	10.1	9.8
Amec	14.10	10.8	9.5	14.1	12.8
Foster Wheeler AG	21.37	11.2	9.2	17.9	14.8
National Oilwell Varco	61.49	10.8	8.8	15.5	13.2
Cameron International Corp.	40.40	11.9	10.0	16.8	14.6
<b>Median</b>		<b>10.8</b>	<b>9.3</b>	<b>16.5</b>	<b>13.7</b>
Rosetti Marino* (EUR M)					
EBIT 2013E	6.9				
EBIT 2014E	14.2				
Net profit FY13E	7.4				
Net profit FY14E	9.3				

Note: (\*\*) data priced on 19-11-2013. 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 123-128M on the P/E multiple and of EUR 99-154M on the EV/EBIT multiple.

Rosetti Marino - Multiples comparison results		
EUR M	2013E	2014E
EBIT	6.9	14.2
EV/EBIT	10.8	9.3
EV	74.4	132.1
Net debt (Cash)	-25.0	-21.6
<b>Equity value</b>	<b>99</b>	<b>154</b>
Net income	7.4	9.3
P/E	16.5	13.7
<b>Equity value</b>	<b>123</b>	<b>128</b>

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	55.54
Saipem	20.0
Cosmi Holding	17.5
Treasury shares	5.0
Argentario S.p.A.	1.25
Others	0.71

Source: Company data (27.09.2013)

## DCF model

We also ran 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%;
- 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
<b>WACC</b>	<b>10.25</b>

NA = not applicable; Source: Intesa Sanpaolo Research estimates

Rosetti Marino - Key figures

Sector	Oil & Gas	Mkt price EUR/Share	Ordinary		
REUTERS CODE	YRM.MI		37.85		
Values per share (EUR)	2011A	2012A	2013E	2014E	2015E
No. ordinary shares (M)	4.00	4.00	4.00	4.00	4.00
No. NC saving/preferred shares (M)	-	-	-	-	-
Total no. of shares (M)	4.00	4.00	4.00	4.00	4.00
Adj. EPS	3.47	4.82	1.86	2.34	2.93
CFPS	4.94	7.56	3.53	4.10	5.53
BVPS	43.09	46.98	48.21	49.59	51.48
Dividend Ord	0.95	0.63	0.95	1.05	1.17
Dividend SAV Nc	-	-	-	-	-
<b>Income statement (EUR M)</b>	<b>2011A</b>	<b>2012A</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>
Sales	267.4	396.4	435.6	396.4	411.5
EBITDA	25.9	39.2	13.6	21.3	28.2
EBIT	20.0	28.3	6.9	14.2	17.8
Pre-tax income	21.4	26.3	11.2	14.4	18.0
Net income	13.9	19.3	7.4	9.3	11.7
Adj. net income	13.9	19.3	7.4	9.3	11.7
<b>Cash flow (EUR M)</b>	<b>2011A</b>	<b>2012A</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>
Net income before minorities	13.9	19.3	7.4	9.3	11.7
Depreciation and provisions	5.9	10.9	6.7	7.1	10.4
Change in working capital	17.3	-12.7	-16.8	-6.8	-4.3
Operating cash flow	37.1	17.5	-2.7	9.6	17.8
Capital expenditure	-16.0	-10.2	-16.0	-9.2	-10.7
Other (uses of Funds)	-6.5	0.0	0.0	0.0	0.0
Free cash flow	14.6	7.3	-18.7	0.4	7.1
Dividends and equity changes	-7.1	-7.7	-2.5	-3.8	-4.2
Net cash flow	7.5	-0.4	-21.2	-3.4	2.9
<b>Balance sheet (EUR M)</b>	<b>2011A</b>	<b>2012A</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>
Net capital employed	125.7	141.7	167.8	176.8	181.4
of which associates	-	-	-	-	-
Net debt/-cash	-46.6	-46.2	-25.0	-21.6	-24.5
Minorities	-	-	-	-	-
Net equity	172.3	187.9	192.8	198.4	205.9
Market cap	151.4	151.4	151.4	151.4	151.4
Minorities value	-	-	-	-	-
Enterprise value (*)	104.8	105.2	126.4	129.8	126.9
<b>Stock market ratios (x)</b>	<b>2011A</b>	<b>2012A</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>
Adj. P/E	10.9	7.8	20.4	16.2	12.9
P/CEPS	7.7	5.0	10.7	9.2	6.8
P/BVPS	0.9	0.8	0.8	0.8	0.7
Dividend yield (% ord)	2.5	1.7	2.5	2.8	3.1
Dividend yield (% sav)	-	-	-	-	-
EV/sales	0.4	0.3	0.29	0.33	0.31
EV/EBITDA	4.0	2.7	9.32	6.11	4.49
EV/EBIT	5.2	3.7	18.40	9.16	7.11
EV/CE	0.8	0.7	0.75	0.73	0.70
D/EBITDA	-1.8	-1.2	-1.84	-1.02	-0.87
D/EBIT	-2.3	-1.6	-3.64	-1.52	-1.37
<b>Profitability &amp; financial ratios (%)</b>	<b>2011A</b>	<b>2012A</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>
EBITDA margin	9.7	9.9	3.1	5.4	6.9
EBIT margin	7.5	7.1	1.6	3.6	4.3
Tax rate	35.1	26.6	33.5	35.0	35.0
Net income margin	5.2	4.9	1.7	2.4	2.9
ROE	8.1	10.3	3.9	4.7	5.7
Debt/equity ratio	-0.3	-0.2	-0.1	-0.1	-0.1
<b>Growth (%)</b>		<b>2012A</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>
Sales		48.3	9.9	-9.0	3.8
EBITDA		51.4	-65.4	56.7	32.9
EBIT		41.2	-75.7	106.3	25.9
Pre-tax income		22.7	-57.5	28.7	25.6
Net income		38.8	-61.5	25.8	25.6
Adj. net income		38.8	-61.5	25.8	25.6

(\*) EV = Mkt cap+ Net Debt + Minorities Value - Associates A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research



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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](http://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 November 2013)					
Number of companies considered: 91	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage %	27	36	31	3	2
of which Intesa Sanpaolo's Clients % (*)	100	67	64	33	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

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- 3 Banca IMI is a Specialist and a Nominated Adviser relative to securities issued by ROSETTI MARINO S.p.A.

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