

Company Update

Reason: Company Newsflow

18 April 2017

Accumulate

Recommendation unchanged

Share price: EUR 1.03

closing price as of 17/04/2017

Target price: EUR 1.40

from Target Price: EUR 1.30

Upside/Downside Potential 35.9%

Reuters/Bloomberg NPI.MI/NPI IM

Market capitalisation (EURm) 23

Current N° of shares (m) 22

Free float 18%

Daily avg. no. trad. sh. 12 mth

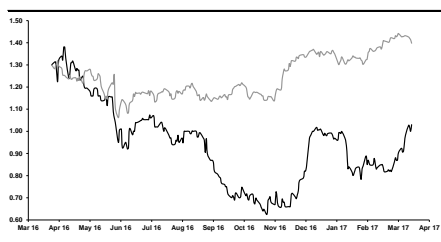
Daily avg. trad. vol. 12 mth (m)

Price high/low 12 months 0.63 / 1.38

Abs Perfs 1/3/12 mths (%) 25.99/3.88/-20.77

Key financials (EUR)	12/16	12/17e	12/18e
Sales (m)	23	28	27
EBITDA (m)	7	12	13
EBITDA margin	28.7%	43.8%	47.3%
EBIT (m)	3	6	7
EBIT margin	13.8%	21.9%	24.8%
Net Profit (adj.)(m)	3	4	4
ROCE	11.2%	21.7%	21.7%
Net debt/(cash) (m)	(4)	(6)	(9)
Net Debt Equity	-0.2	-0.3	-0.3
Net Debt/EBITDA	-0.6	-0.5	-0.7
Int. cover(EBITDA/Fin.int)	1,717.6	high	high
EV/Sales	0.7	0.6	0.5
EV/EBITDA	2.3	1.3	1.1
EV/EBITDA (adj.)	2.3	1.3	1.1
EV/EBIT	4.7	2.7	2.2
P/E (adj.)	6.7	5.6	5.2
P/BV	0.9	1.0	0.9
OpFCF yield	-5.9%	15.7%	19.1%
Dividend yield	5.1%	4.5%	4.8%
EPS (adj.)	0.12	0.18	0.20
BVPS	0.92	1.05	1.20
DPS	0.05	0.05	0.05

Shareholders



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Back to growth in 2017

Following a weak H1 set of results, in September 2016 NPI had deeply cut its estimates for 2016 and 2017. FY 2016 results actually exceeded the revised budget in terms of profitability, in spite of revenues just in line with the targets. The Box Office (BO) performance was not exciting last year, however the company entered the production business and undertook an executive production project, extending and strengthening its business model. While significantly scaled down versus the initial business plan, the FY 2017 budget is still challenging requiring a 120% and 133% growth in EBITDA and EBIT respectively. We are not significantly changing our estimates and we remain 14% and 10% below NPI's target respectively. We maintain a positive recommendation on the stock and increase our TP by 7.7% to EUR 1.4.

✓ FY 2016 was a difficult year for Notorious which was affected by organizational review, key personnel changes and delays in some movies' release, on top of the disappointing performance of some titles which were promising on paper. The TV segment was also affected by delays in contract executions. Last September NPI had deeply reviewed its 2016/2017 targets with a large cut (66%) in expected Box Office revenues which determined the EBITDA forecast coming at one quarter of the original plan. We had not moved our estimates since October 2016. The actual results beat these revised targets and our estimates at the EBITDA and EBIT level, while net cash was slightly lower than expected and below the plan.

✓ In detail, revenues were broadly in line with estimates; NPI said that theatrical and new media were EUR 0.6m and EUR 1.3m better than the budget respectively. In the New Media segment, the company signed a distribution agreement with Netflix in mid-December that had been probably not included in the budget. In the TV area, the Pay segment, as expected, reflected the BO performances, while the "Free TV" segment was affected by the postponement of EUR 2.5m contract. The contribution of Black Butterfly was EUR 5.3m, vs. EUR 7.9m total contract value, as the production is being completed in 2017. The positive surprise in EBITDA and EBIT, against the revised budget and our estimates, is related to better revenue mix, more efficient theatrical distribution as well as to a prudent budgeting. The profitability was diluted by the inclusion of the PE activity which produced an EBITDA margin of around 5% vs. 36% underlying margin. The EBIT was 69% lower Y/Y but 27% better than the budget and 40% on our estimates. Net income was better than expected; the lower fiscal charge is also due to the utilization of tax credits on distribution and production.

✓ According to the revised budget, the company should return to growth in revenues and margins in 2017, thanks to stronger BO performance translating in higher Pay TV revenue and the shift of Free TV revenues into this year. NPI aims at EUR 28.6m revenues (+24% Y/Y), EUR 14.5m EBITDA (+120%) and EUR 7.4m EBIT (+133%). Our estimates for FY 2017/19 are basically unchanged and for the current year are broadly in line with NPI's target at the revenue level, but 14% and 10% below NPI's target at the EBITDA and EBIT level respectively.



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Financial Performance FY 2016

FY 2016 was a difficult year for Notorious which was affected by organizational review, key personnel changes and delays in some movies' release, on top of the disappointing performance of some titles which were promising on paper. The TV segment was also affected by delays in planned contract executions. With the release of H1 2016 results, last September Notorious had deeply reviewed its 2016/2017 targets with a large cut (66%) in expected Box Office revenues which determined the EBITDA forecast coming at one quarter of the original plan. To cope with the volatility and the challenges of the distribution business Notorious has started changing its business model, in line with the strategic guidelines disclosed at the time of the IPO.

Indeed, the first half marked the entry of Notorious in the co-production business, with the movie comedy "La Coppia dei Campioni", which met modest success at the Box Office (EUR 420K). NPI also produced "La Verità vi spiego sull'amore" which has been released to Cinemas on March 31. Finally, NPI entered the Executive Production (EP) activity, which involves very low business and financial risk being the agent of third party productions, but offers a very low EBIT margin, along with fiscal benefits. The EP of the thriller "Black Butterfly" (BB) was due to provide EUR 7.9m contribution revenues, EUR 0.4m to the EBITDA and EUR 1m to the bottom line.

We had not moved our estimates since October 2016. The actual results beat these revised targets and our estimates at the EBITDA and EBIT level, while net cash was slightly lower than expected and below the plan.

Notorius Pictures: key financials (EUR m)

	FY 2015	FY 2016 revised Bdg	FY 2016e	FY 2016a	FY 2016 w/o EP	Y/Y
Sales	22.7	22.4	21.9	20.6		-9.3%
O/w theatrical	7.35	4.2	4.40	4.77	=	-35%
O/w TV	14.4	8.0	8.20	8.46	=	-41%
Pay	7.89	5.7	5.80	5.92	=	-25%
Free	5.06	1.9	2.00	2.01	=	-60%
PPV	0.39	0.4	0.40	0.53	=	36%
new Media	1.02	1.0	1.30	2.31	=	126%
O/w HV	1.00	1.2	0.95	0.96	=	-4.0%
O/w PE	0.0	6.0	7.00	4.05	0	nm
O/w Other revs	2.85	2.9	1.50	2.44	1.20	-58%
Total Turnover	25.6	23.3	23.4	23.0	17.7	-31%
EBITDA	13.1	5.1	5.27	6.59	6.3	-52%
Margin	51.2%	21.9%	22.6%	28.7%	35.8%	-15%
EBIT	10.1	2.5	2.25	3.17	2.9	-71%
Margin	39.7%	10.7%	9.6%	13.8%	16.5%	-23%
EBT	10.14	na	2.25	3.17	na	na
Net Income	7.09	na	1.89	2.80	2.4	-66%

Source: Company data, Banca Akros estimates

Revenues were broadly in line with estimates; NPI said that theatrical and new media were EUR 0.6m and EUR 1.3m better than the budget respectively. The theatrical segment was down by 35% Y/Y as the company released fewer movies (14 vs. 18) with lower BO revenues (-20%). In the new media segment, the company signed a distribution agreement with Netflix in mid-December that had been probably not included in the budget. In the TV area, the Pay segment, as expected, reflected the BO performances, while the "free" segment was affected by the postponement of EUR 2.5m contract.

The company was able to strengthen the business and decouple it from the theatrical results through an opportunistic trading activity of "Direct to Video" titles which were sold across the different platforms (mainly in the New Media). The contribution of Black Butterfly was EUR 5.3m (partially included in "other revenues") in the year, vs. EUR 7.9m total contract value, as the production is being completed in 2017.

The positive surprise in EBITDA and EBIT, against the revised budget and our estimates, is then related to better revenue mix, more efficient theatrical distribution as well as to a prudent budgeting by the management. The profitability was diluted by the inclusion of the PE activity which produced an EBITDA margin of around 5%. The underlying margin was almost 36%, down by 15pp Y/Y as the P&A (promotion/distribution) costs were down by EUR 1m (to EUR 8.3m) and other costs were broadly stable against around EUR 8m decline in revenues (ex EP). The company also reinforced the management with the appointment of new directors in the theatrical and marketing areas.

The EBIT was 69% lower Y/Y as D&A were 13% higher Y/Y in spite of fewer releases and lower BO revenues; the figure was in any case 27% better than the budget and 40% on our estimates. Net income was better than expected; the lower fiscal charge is also due to the utilization of tax credits on distribution and production.

Notorius Pictures: key financials (EUR m)

	FY 2013	FY 2014	FY 2015	FY 2016a
Capex	(1.96)	(7.55)	(4.88)	(6.90)
Fixed Assets	1.69	5.04	7.08	10.9
O/w net Library	1.57	4.59	4.69	5.80
NWC	0.2	4.9	11.2	11.3
Net Invested Capital	1.2	7.1	13.6	16.9
Net Debt (cash)	(0.32)	(7.52)	(6.35)	(3.85)
Shareholders' Equity	1.65	14.6	19.9	20.7
Dividends (accrued)	-	(1.80)	(1.80)	(1.19)

Source: Company data, Banca Akros estimates

The net cash position was lower than the revised budget (EUR 7m) and our expectations, mainly due to higher investments (EUR 6.9m vs. EUR 2.8m) which included EUR 4.2m for the acquisition and EUR 2.4m for co-production. As a consequence of accelerated content acquisition, the NWC was EUR 4m higher than budget. The NFP also reflects EUR 1.8m dividend payment and EUR 0.2m share buy-back.

The board proposed for FY 2016 a payment of EUR 5.29c, which implies a pay-out ratio of 42% (vs. the official policy of "above 25% pay-out") and offers above 5% yield at the current share price level.

Business Analysis

Box Office Performance

In 2015, having released 18 movies, Notorious was the 8-largest Italian distributor with EUR 17m Box Office and the second among independent players. Last year, NPI ranked #10 (4th among independents) with EUR 10.4m (Cinetel) as it distributed 14 titles (plus one technical release) with only 5 movies surpassing the EUR 1m mark. The average BO performance was EUR 740K per movie, which was in line with NPI's revised budget but 10% lower Y/Y and compared with the national average of EUR 1.2m.

NPI: FY 2016 movies results and KPIs

Date Release	Title	Genre	Country	BO results (EUR K)
18 Jan	Garm wars: the last druid	Action/sci-fi/thriller	CAN	15
04 Feb	Il Viaggio di Norm (Norm of the North)	Animation	USA	1,336
18 Feb	50 Sbavature di nero	Comedy	USA	1,348
24 Mar	Land of Mine	Drama	Den	587
14 Apr	Criminal	Thriller/Sci-fi/Action	USA	1,048
21 Apr	Robinson Crusoe	Animation	BE	1,194
28 Apr-	La Coppia Dei Campioni	Comedy	ITA	412
16 Jun	Tutti vogliono qualcosa	Comedy	USA	492
30 Jun	My Bakery in Brooklyn	Comedy	ES	532
14 Jul	Cell	Horror/thriller	USA	338
28 Jul	Skip trace	Action	HK	275
16 Nov	A Spasso con Bob	Drama	UK	1,088
24 Nov	Palle di Neve	Animation	CAN	380
7 Dec	Shut-in	Thriller	USA	514
22 Dec	Paw Patrol	Animation	USA	284

Source: Cinetel, Banca Akros estimates

Last year, the Italian movie market (Cinetel data) was up by 3.9% Y/Y to EUR 661m (105m, tickets sold, +8.2%), with an increasing polarization of the audience base between the block-busters and a large number of small productions. The growth was basically driven by just one title (Quo Vado, a Medusa production) which grossed above EUR 65m and other ten titles surpassing the EUR 10m BO result. On the other hand, the number of new titles increased by 15% Y/Y to 554, the highest level in the past 15 years so that the average BO per movie declined by 10%, to the lower level in the same period.

New acquisitions and movies' line-up

Notorious has acquired 11 titles in the Cannes Festival in May 2016, including Snowtime (released in Q4 2016), "Escobar", "Il Piccolo Vampiro" and "Il Sacchetto di Biglie" (all in 2017) and "Black Butterfly" for which it served as executive producer. In the Toronto Festival (September 2016), it bought further 4 movies namely "Labyrinth", "Invisible", "The man who invented Christmas" and "La marcia dei pinguini: il richiamo". In the American Film market (November 2016) it acquired 8 movies including "Playmobil: the movie", the comedy "war with Granpa" starring De Niro the sequel of the horror "Amityville" and the cartoon "Nut Job 2". In the FY 2016, Notorious invested EUR 4.2m in rights acquisition for 23 movies in total, exceeding the revised budget of EUR 2.8m.

In 2017 NPI has acquired 6 titles in the European Film Market (Berlin), including the third chapter of the franchise "Belle & Sebastien" and a new "Heidi" movie. As of April, the total line-up of movies to be distributed includes 37 titles which cover more than two years.

As per December 31, 2016 Notorious had a library of 362 movies, including around 300 titles from the acquired library of Indaco and 2 co-productions, whose net book value was EUR 5.7m vs. EUR 16.8m gross investment (implying 66% amortization on average).

Including ex-Cinetel revenues, NPI broadly met its goal of EUR 11m BO for the FY 2016, which had been revised from previous expectation of EUR 31m.

In Q1 2017, the company distributed three titles with a total BO of around EUR 1.5m; at the very end of the quarter it released its second (co) production "La verità..." which is still in theaters and has grossed around EUR 0.45m to date (broadly in line with the budget).

The company is confirming its (revised) target for FY 2017 of EUR 19.2m Box Office results, which includes the release of 18 movies with a higher average BO (+44% to around EUR 1.1m). In September 2016 NIP also changed its assumptions on rights acquisition and promotion, which imply more conservative ratios between the BO result and the minimum guaranteed (<4x from above 6.5x of the previous plan) and has increased its budget for promotions by EUR 1.2m.

The 2017 line-up is basically complete (see table in the appendix); our BO estimates are 13% lower than NPI's target, taking into account the actual performance of the first releases and our reading of the recent performances and ongoing trends in the Italian market.

For 2018, the preliminary line-up and schedule is also defined, with 16 titles already identified, including the release of three co-productions (of which one still to be identified). We note the first release "Un sacchetto di biglie" had a good success in France with 940K admissions in three weeks. Our estimates include a higher BO performance, based on the higher investments sustained in 2016/17. The schedule is clearly subject to significant variation, which can largely affect the actual BO result. In particular, some higher-budget movie (such as Playmobil) can boost a certain year's performance.

NPI: distribution results, plan and estimates (EUR m)

	2014	2015	2016 plan	2016a	2017 plan	2017e	2018e
No of Movies out	17	18	13 (+2)	14	18	18	18
BO Total	25.08	16.95	11.00	10.38	19.2	16.7	16.7
Inv in Min Gar	7.08	2.69	2.70	2.62	4.88	3.52	4.5
No of movies acquired	11	22	na	23	18	16	18
PPA	8.24	8.78	6.89	8.29	10.31	10.0	10.5
Per movie (EUR K)							
BO	1,475	942	733	742	1,067	928	1,000
Inv Min Gar**	393	149	180	187	271	220	250
PPA	485	488	460	592	573	556	583

Source: Notorious, Banca Akros estimates (*) Cinetel (**) per movie ACQUIRED

PRODUCTION

A key pillar of Notorious' strategy and development plan is the entry into the production/co-production business, which is expected to provide several benefits in terms of risk diversification, revenue predictability and fiscal optimization. With produced or co-produced titles, NPI owns the perpetual rights (vs. limited license regime in the distribution business) on a global scale (vs. domestic-only rights) from autonomous supply, not dependent on third party sales companies. The fiscal benefits include internal (25%) and external (15%) tax credits on production costs and on P&A (15%), along with regional contributions from film commissions (usually 7% of costs) and the possibility to generate further revenues (3%) with product placement. The original business plan targets included revenues from production (contributions, international sales) at EUR 3.16m in 2016, EUR 4.74m in 2017, against investments of EUR 2.4m (2 titles) and EUR 3.6m (3 titles) respectively.

Notorious entered the co-production business with a first agreement back in 2015 involving the remake of the French movie "Plan de table" (released in 2012) which is however still to be shot and is going to be released in cinemas in the final quarter of 2018. The first movie produced and distributed was the Italian comedy "La Coppia dei Campioni" whose TV rights were pre-sold to RAI Cinema. The BO results were modest with 420K, however these should have been enough to cover the estimated 50K net financial commitment by Notorious.

The first project fully developed and produced by NPI is the comedy "La verità vi spiego sull'amore" which is based on a successful blog and later book of which NPI directly acquired the movie rights. NPI has already pre-sold the TV rights to Sky and has been released to cinemas on March 31, 2017. In May 2016 NPI entered into an Executive Production (EP) agreement with a Spanish operator for the shooting of the thriller "Black Butterfly". EP is based on a peculiar business model which NPI operates as an agent with no business or financial risk and gets a mark-up (around 5%) on production costs along with the tax benefits. The EP activity was not included in the NPI's original business plan; the revised budget 2016 assumed EUR 7.9m revenues, EUR 0.4m EBITDA and EUR 1m contribution to the bottom line. The actual results were EUR 5.3m, EUR 0.2m and EUR 0.5m respectively, as the movie is being completed in 2017. In June 2016 NPI announced the acquisition of the rights for the cinematographic development on the book "Il prezzo della fedeltà" (based on a true story) which should result in a TV-movie. NPI believes that TV-movies can become an interesting area of activity, including fiction and mini-series.

NPI invested in production c EUR 2.4m in FY 2016, mostly for "La verità.." and has committed EUR 4m in 2017. NPI should release a new co-production in early 2018, and another co-production in Q3, while "plan the table" should come out by end-2018.

NPI: Co-production line-up

Date ann	Budget	NPI share	Covered costs	Title	Partners	Date shooting	Date release
July 2015	USD 8/10m	20%	80%	Plan de table (remake)	Tempo Entertainment Bloom (sales agent)	2017	Q4 2018
Nov 2015	EUR 2m	40%	80%	La Coppia dei Campioni	Combo Produzioni	2016	April 2016
June 2016	EUR 2.3m	100%	60%	La verità vi spiego...	none	June 2016	Mar 2017
May 2016	EUR 7.9m (Executive Prod)		nm	Black Butterfly	Zipser Production	May 2016	July 2017
na	na		na	TBD	na	2017	Q1 2018
na	na			TBD	TBD	2017?	Q3 2018

Source: Notorious, Banca Akros estimates

TV down but in line with expectations, strong contribution of "new media"

Television represents the second pillar for NPI's revenue generation (around 50% in both FY 2014 and 2015, 35% last year due to the EP business) and the key real driver for profitability, given that the incremental sales from TV rights contribute almost directly to the EBITDA line. Notorious works with both Pay TV (Sky) and Free to Air television (basically RAI, Mediaset).

NPI has in place an output deal with Sky since 2013, which originally included 37 movies until June 2016. In December 2015, NPI renewed the commercial agreement for the concession of Pay per View, Pay TV and VOD rights of most of the titles that have been distributed and will be distributed between July 2015 and June 30, 2018. The agreement includes the first year in exclusive and a second non-exclusive one-year period. In July 2016, NPI announced another agreement with Sky related to 46 movies, which includes titles belonging to the existing library but mostly related to Direct-to-Video trading business recently put in place by the company. The value of the contract is EUR 2.2m, which was booked in H1 2016 accounts. The relationship with RAI and Mediaset is usually on a spot basis; in January 2015 the company had announced agreements with the two broadcasters worth a total of EUR 9m and covering 120 movies of which 40 current works and 80 belonging the NOP library (mostly from Indaco). We understand this contract has been fully completed by the end of last year.

The company was originally expecting EUR 10.6m and EUR 4.7m in Pay and Free TV respectively in 2016, EUR 11.4m/4.0m in 2017. In H1 2016 release NPI mentioned that the sale of rights to Free TV has experienced some delays as contract of EUR 2.5m originally due in 2016 would be finalized in 2017. NPI was not significantly changing its expectations for the total Free TV revenues between 2016 and 2017; rather it changed the revenue distribution between the two years. In Pay-TV, the estimates were cut by almost 50% for 2016 and we estimate by least 20% in 2017 to account for the much lower Box Office expectations (given the contract parameters). The actual results come slightly better than the revised targets as provided last September.

In FY 2017, we consider the revenue shift in Free TV along with the impact of increasing BO performance on the Pay-TV revenues forecast. For this reason, Free TV revenues should slightly decline the following year, while, in Pay TV, growth should be driven by the increasing quality of the movie line-up.

NPI: TV/new media revenues (EUR m)

	FY 2014	FY 2015	FY 2016a	FY2016 plan	FY 2017e	FY 2018e
TV/New Media	13.49	14.36	10.77	9.1	16.4	16.1
o/w Pay TV	8.66	7.89	5.92	5.7	8.0	8.2
o/w Free TV	4.48	5.06	2.01	1.9	5.0	4.0
o/w PPV	0.33	0.39	0.53	0.4	0.6	0.7
o/w new Media	0.02	1.02	2.31	1.0	2.8	3.2

Source: Notorious, Banca Akros estimates

In the **new media space**, NPI has long-standing agreements in place with Sky, Apple iTunes Store, Google Play and Sony Entertainment. These contracts are usually based on a revenue sharing model. At the end of 2015, NPI announced an agreement with Telecom Italia for the distribution of 39 movies on the TIMVision platform. In December 2016, NPI announced an agreement with Netflix which covers three types of content to be distributed on sVoD basis (subscription Video on Demand), including new movies in the Second Pay window, movies in the existing library of Notorious and other Direct to Video titles. The value of the contract was not disclosed; however the contribution of Netflix (not in the budget) basically explains the EUR 1.3m outperformance on the new/media revenue line vs. the plan. Notorious also disclosed an agreement with Vodafone for its new TV product (targeting 2.1m fixed broadband customers). The company was originally targeting EUR 1.1m new media revenues in 2017, a figure which was not revised in September 2016. With the new contracts in place and the increasing traction of fiber TV distribution, we estimate that the 2016 performance can be actually improved this year and onwards.

Estimates review

Our estimates were already more conservative than the initial NPI's plan, and were considerably cut following the revision in September 2016. FY 2016 results came out better than expected in terms of margins and new media revenues; we believe that the change in the mix between Theatrical and New Media is an ongoing process which has recently accelerated and will offer higher profitability and a more solid business mode. Our estimates for FY 2017/19 are basically unchanged and are broadly in line with NPI's target at the revenue level (where we now include EUR 2.5m still coming from EP), but 14% and 10% below NPI's target at the EBITDA and EBIT level respectively.

NPI: results and estimates revision (EUR m)

	FY 2014	FY 2015e	FY 2016	FY 2017e	FY 2018e
Sales	24.5	22.7	20.6	26.3	24.0
O/w theatrical	9.8	7.3	4.8	6.7	7.2
O/w TV	13.1	12.9	7.9	13.0	12.2
O/w HV	1.2	1.0	1.0	0.7	0.6
O/w New Media	0.4	1.4	6.9	5.9	4.1
Other revenues	2.30	2.8	2.4	2.2	3.0
Total Turnover	26.8	25.6	23.0	28.5	27.0
Product Costs	-10.3	-8.2	-13.8	-13.0	-11.0
Structure Costs	-0.6	-1.0	-1.0	-1.3	-1.5
Personnel Costs	-1.1	-1.4	-1.5	-1.7	-1.8
EBITDA	14.3	13.1	6.6	12.5	12.8
Margin	53.6%	51.2%	28.7%	43.8%	47.3%
D&A	-4.2	-2.9	-3.3	-6.0	-5.5
Other Provisions	-0.1	0.0	-0.1	-0.3	-0.4
EBIT	10.0	10.1	3.2	6.2	6.9
Margin	37.4%	39.7%	13.8%	21.9%	25.5%
Net Income	6.5	7.1	2.8	4.1	4.6

Source: Notorious, Banca Akros estimates (*) extrapolated from dividend estimate

Valuation and conclusions

DCF analysis

We build a three stage DCF; outside the business plan period, we assume inertial growth and EBITDA margin ranging from 45/50%. The terminal value is calculated based on a conventional EBIT margin of 15/25%. The company is characterized by a positive cash position, and is likely to remain unlevered; we adopt the cost of equity (10%) as discount rate. We also assume a terminal growth (g) of 1.0% and a normative tax rate of 40%.

NPI DCF valuation: sensitivity to EBIT margin and WACC

WACC	Terminal EBIT margin						
	7.5%	10.0%	12.5%	15.0%	17.5%	20.0%	22.5%
8.5%	1.32	1.46	1.60	1.74	1.89	2.03	2.17
9.0%	1.27	1.40	1.53	1.66	1.79	1.92	2.05
9.5%	1.23	1.35	1.47	1.59	1.70	1.82	1.94
10.0%	1.20	1.31	1.41	1.52	1.63	1.73	1.84
10.5%	1.17	1.26	1.36	1.46	1.56	1.65	1.75
11.0%	1.14	1.23	1.32	1.41	1.49	1.58	1.67
11.5%	1.11	1.19	1.27	1.36	1.44	1.52	1.60

Source: Banca Akros estimates

The **DCF valuation**, rolled over by one year, provides fair values in the region of **EUR 1.5** per share (from EUR 1.4). Peers comparison signals a clear undervaluation on FY 2017 ratios. We keep a discount on the FV to account the tiny size and the low liquidity of the stock. **We increase our Target Price to EUR 1.4 and maintain a positive recommendation.**

Peers comparison

International Audio-visual players: ID Cards

	Rep Cur	Market Cap (m)	Sales 2016	Country	Geographical Revenue Split	Activities
Constantin Medien	EUR	171	561.6	Germany	(*) 31% Germany, Other Europe 64%	Films 58% revenues, Sports 30%
Entertainment One	GBP	1,058	1,021	UK/USA/CAN	Can 24%, UK 21%, US 29%, EU 16%	World's largest independent movie distributor
Eros Intl	USD	321	273.3	USA/India	India 51%, EU 8%, North America 1%, Other 40%	Co-production and distribution of India films globally
EuropaCorp	EUR	147	116	France	(*) France 30%, West EU 20%, North America 19%, Asia 14%	Integrated film Company
Leone FG	EUR	58	54.7	Italy	Italy>90%	Intl co-production and distribution
Lionsgate	USD	2,076	3,132	USA	US 66%, Canada 2%, Other 32%	Multi-platform/genre (Twilight, Hunger Games)
Lucisano MG	EUR	29	38.1	Italy	Italy 100%	Production/distribution/Theatres
Mondo TV	EUR	119	29.2	Italy	(*) Italy 15%, Other EU 24%, Asia 55%	cartoons, distribution and production

Source: Company data, Bloomberg, Reuters, financial accounts, Banca Akros estimates (*) FY 2015

International Audio-visual players: economics 2015/17e

	ND/EBITDA		ROI		Sales growth			EBITDA Margin			EBIT Margin		
	2016	2015	2016	2017e	2015	2016	2017e	2015	2016	2017e	2015	2016	2017e
Constantin Film	0.7	7.5%	6.1%	7.1%	-1.3%	16.6%	0.4%	23.5%	19.6%	20.6%	8.4%	5.9%	6.9%
Entertainment One	1.9	6.8%	8.2%	8.9%	2.2%	27.2%	9.9%	16.1%	15.3%	15.9%	13.9%	14.7%	15.4%
Eros International	1.8	3.6%	4.1%	6.6%	-3.4%	-0.4%	21.1%	25.8%	23.2%	28.7%	13.7%	15.8%	25.6%
Europacorp	13.5	-3.3%	-5.0%	3.2%	-35%	-21.3%	91.4%	32.0%	15.5%	59.1%	-15.1%	-36.7%	16.3%
Leone FG	1.3	6.9%	6.2%	2.8%	24.8%	41.0%	11.3%	49.5%	43.1%	47.8%	11.3%	5.5%	8.9%
Lions Gate	9.1	-0.6%	0.2%	5.5%	-2.2%	33.4%	41.5%	6.9%	8.5%	14.7%	-1.1%	0.4%	10%
Lucisano MG	1.5	8.2%	6.4%	15.6%	14.5%	-24.5%	94.5%	40.0%	39.3%	39.5%	15.0%	16.1%	20.0%
Mondo TV	0.04	9.8%	17.0%	27.5%	3.6%	54.4%	33.2%	49.1%	66.4%	69.4%	29.5%	43.5%	33.4%

Source: Company data, Bloomberg, Reuters, Banca Akros estimates

International Audio-visual players: economics

	Revenue Mix				Channel					
	Content Production	Content Distribution	D2C/ merchandising	Other	Theatre	HV	TV	New Media	Intl' rights	Other
Constantin Film	na	na	na	na	na	na	na	na	na	na
Entertainment One	na	na	na	na	11%	15%	37%	20%	15%	3%
Eros Intl (**)	Co-Production + distribution (proportion not disclosed)				44%	na	33%	23%	na	na
EuropaCorp	C 100%	0%	nm	Disposed Mux	(*) 12%	10%	31%	na	38%	9%
Leone FG	42%	58%	na	na	(***)15%	15%	44%	15%	na	na
Lions Gate*	71%	29%	na	na	18.7%	34.6%	12.2%	na	32.7%	1.8%
Lucisano MG	(*) 65%	10%	na	25%	(*) 46%	1%	15%	na	na	38%
Mondo TV	(*) 40%	50%	na	10%	0	0	> 80%e	na	na	c. 20%

Source: Co data, Bloomberg, Reuters, Banca Akros estimates (*) FY 2015 (**) 9m 2016; (***) on distr revs.

Notorious definitely underperformed its peers on a 12 month basis; in the first six months the stock lost around 50% of its value, exacerbated the profit warning of September 2016. Since the trough of EUR 0.67, it recovered almost 50% to date, with a 6m performance in line with the one of Leone Media Group and compared with +60% for Lucisano. We note that the former also benefitted from the entry of a new shareholder at a premium (announced in September 2016). We note that speculative appeal of E1 was exhausted with ITV withdrawing its bid in August 2016.

NPI peer group: stock market performance*

Company	Perf 1M	Perf 3M	Perf 6M	Perf 12M
Constantin Medien	-3.1%	-6.4%	-12.6%	-9.3%
Entertainment One	6.3%	6.4%	9.3%	37.2%
Eros International Cl.A	-6.1%	-12.2%	-37.2%	-10.2%
Europacorp	5.0%	2.3%	-10.0%	-16.9%
Leone Film Group	12.0%	52.6%	37.7%	59.5%
Lions Gate Ent.	1.6%	-9.2%	37.8%	26.8%
Lucisano Media Group	4.6%	34.7%	61.3%	-7.7%
Mondo TV	0.6%	-10.3%	-7.2%	0.8%
Notorious Pictures	26.0%	3.9%	47.0%	-20.8%

Source: Factset (*) as of April 17

NPI appears clearly undervalued vis-à-vis its peers on 2017 ratios, with the only exception of Lucisano Media Group which also trades at similarly very low ratios.

NPI: Peers comparison (local currencies)

	Mkt Cap	EV/Sales		EV/EBITDA		EV/EBIT		P/E	
		2017e	2018e	2017e	2018e	2017e	2018e	2017e	2018e
Constantin M	171	0.4	0.4	2.0	1.5	6.0	4.7	10.9	8.4
Ent-One	1,058	1.2	1.1	7.4	6.7	7.7	6.9	14.4	12.5
Eros Intern.	321	1.5	1.4	5.3	4.2	6.0	4.3	6.0	4.9
Europacorp	147	1.8	2.0	3.1	4.6	11.3	46.3	49.0	-23.4
Leone Film G	58	1.6	1.5	3.4	2.7	18.2	11.5	20.4	12.4
Lions Gate	2,076	0.9	0.8	6.4	5.2	9.4	7.6	8.4	6.6
Lucisano MG	29	0.9	0.7	2.3	1.8	4.5	3.1	3.3	2.5
Mondo TV	119	3.3	3.0	4.7	4.2	9.8	8.3	14.9	11.9
Median		1.4	1.2	4.0	4.2	8.6	7.3	12.7	7.5
NPI	23	0.6	0.5	1.3	1.1	2.7	2.2	5.6	5.2

Source: Banca Akros estimates, Bloomberg, Datastream

APPENDIX

MOVIE LINE-UP

NPI: FY 2017/18 movies' line-up

Date Release	Title	Genre	Country	Budget
2017				
Feb 23	La marcia dei Pinguini	Animation	FRA	na
Feb 2	Sleepless	Action/Thriller	USA	na
Mar 8	Bleed for this	Biopic	USA	na
Mar 30	PROD: La Verità vi spiego sull'amore	Comedy	ITA (PROD)	EUR 2.3m
April 20	Lasciami per sempre		ITA	na
May 4	Unlocked	Action/Thriller	UK	na
May 18	La Fratellanza	Thriller	USA	na
June 12	Noce Di Cocco il Piccolo Drago	Animation	Ger	na
June 29	2:22	Thriller	AUS	na
July 7	Revenger (Tomboy)	Thriller	USA	USD 5m
July	Black Butterfly	Thriller	SPA/ITA	EUR 8m
Aug 24	Amityville: il risveglio	Horror	-	<USD1m
Oct 26	Il Piccolo Vampiro	Animation	-	na
Nov 9	Nut Job 2	Animation	USA	na
Nov 30	L'uomo che inventò il Natale	Biopic	-	na
Q4	Pablo Escobar	Biography, Drama	Spain	na
Q4	The war with Granpa	Comedy	USA	na
2018				
January	Un Sacchetto di Biglie	Drama/family	FRA	EUR 18.2m
Feb 14	B&S: Amici per sempre	Family/adventure	FRA	na
Q1	Labyrinth	Thriller	USA	USD 45m
Q1	(CO) PROD	Comedy	ITA (PROD)	na
Q1	Hostiles	Drama	USA	USD 40m
Q1	Polaroid	Horror	USA	na
March	Light of my life	Drama	USA	na
March 29	Heidi	Family	UK/India	na
Q2	Amy Winehouse	Biopic	USA	na
Q2/Q3	Keepers	Thriller	UK/India	na
Q3	PRODUCTION	na	PROD	na
Q3	Teen Spirit	Teen/Music	USA	na
Q3/Q4	Rambo V	Action/Drama	USA	na
Q3/Q4	The man who made it snow	Bio, thriller	USA	na
Q4	PROD Plan de table	Comedy	PROD	USD 8/10m
Q4	Undying	Romance/Sci-Fi		na
2019/onwards				
na	Playmobil: the movie	Animation		USD 75m
na	211	Drama		na
na	latte and the magic waterstone	Animation		na
na	anna vestita di sangue	Horror		na
na	official secrets	Political Thriller		na
na	snow ponies	Action Western		na
na	Arkie	Animation		na
na	Invisible	Drama		na

Source: Notorious, Banca Akros

Notorious Pictures : Summary tables

PROFIT & LOSS (EURm)	12/2013	12/2014	12/2015	12/2016	12/2017e	12/2018e
Sales	9.0	26.8	25.6	23.0	28.5	27.0
Cost of Sales & Operating Costs	-6.2	-12.4	-12.5	-16.4	-16.0	-14.2
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	2.8	14.3	13.1	6.6	12.5	12.8
EBITDA (adj.)*	2.8	14.3	13.1	6.6	12.5	12.8
Depreciation	-0.8	-4.2	-2.9	-3.3	-6.0	-5.7
EBITA	2.0	10.1	10.2	3.3	6.5	7.1
EBITA (adj)*	2.0	10.1	10.2	3.3	6.5	7.1
Amortisations and Write Downs	-0.1	-0.1	0.0	-0.1	-0.3	-0.4
EBIT	2.0	10.0	10.1	3.2	6.2	6.7
EBIT (adj.)*	2.0	10.0	10.1	3.2	6.2	6.7
Net Financial Interest	0.0	0.0	0.0	0.0	0.0	0.0
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	2.0	10.0	10.1	3.2	6.2	6.7
Tax	-0.7	-3.5	-3.1	-0.4	-2.1	-2.3
<i>Tax rate</i>	<i>35.6%</i>	<i>35.1%</i>	<i>30.1%</i>	<i>11.5%</i>	<i>33.7%</i>	<i>33.7%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit (reported)	1.3	6.5	7.1	2.8	4.1	4.4
Net Profit (adj.)	1.0	6.5	7.1	2.8	4.1	4.4
CASH FLOW (EURm)	12/2013	12/2014	12/2015	12/2016	12/2017e	12/2018e
Cash Flow from Operations before change in NWC	2.1	10.8	10.0	6.2	10.4	10.5
Change in Net Working Capital	0.0	2.4	4.4	-0.4	-0.2	0.4
Cash Flow from Operations	2.1	13.3	14.5	5.8	10.1	10.9
Capex	-2.0	-7.6	-4.9	-6.9	-6.5	-6.5
Net Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	0.1	5.7	9.6	-1.1	3.6	4.4
Dividends	0.0	0.0	-1.8	-1.8	-1.2	-1.0
Other (incl. Capital Increase & share buy backs)	0.0	0.0	0.0	0.0	0.0	0.0
Change in Net Debt	0.1	5.7	7.8	-2.9	2.4	3.4
NOPLAT	1.2	6.0	6.1	1.9	3.7	4.0
BALANCE SHEET & OTHER ITEMS (EURm)	12/2013	12/2014	12/2015	12/2016	12/2017e	12/2018e
Net Tangible Assets	0.1	0.1	0.1	0.1	0.7	1.4
Net Intangible Assets (incl. Goodwill)	1.6	4.9	4.9	10.6	10.6	10.6
Net Financial Assets & Other	0.0	0.1	2.1	0.2	0.2	0.2
Total Fixed Assets	1.7	5.0	7.1	10.9	11.5	12.3
Inventories	0.0	0.1	0.1	0.0	0.0	0.0
Trade receivables	4.8	14.0	17.0	16.6	14.0	14.5
Other current assets	0.2	0.1	0.2	0.7	1.0	1.0
Cash (-)	-0.6	-7.5	-6.4	-3.8	-6.5	-8.7
Total Current Assets	5.7	21.8	23.8	21.2	21.5	24.2
Total Assets	7.4	26.8	30.8	32.1	33.0	36.5
Shareholders Equity	1.7	14.6	19.9	20.7	23.7	27.1
Minority	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	1.7	14.6	19.9	20.7	23.7	27.1
Long term interest bearing debt	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.1	0.1	0.2	0.3	0.3	0.3
Other long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Total Long Term Liabilities	0.1	0.1	0.2	0.3	0.3	0.3
Short term interest bearing debt	0.3	0.0	0.0	0.0	0.0	0.0
Trade payables	3.8	8.2	6.0	6.3	6.0	6.2
Other current liabilities	1.6	3.8	4.8	4.8	3.0	2.9
Total Current Liabilities	5.6	12.0	10.7	11.1	9.0	9.1
Total Liabilities and Shareholders' Equity	7.4	26.8	30.8	32.1	33.0	36.5
Net Capital Employed	1.4	7.2	13.7	17.1	17.5	18.7
Net Working Capital	-0.2	2.2	6.7	6.2	6.0	6.4
GROWTH & MARGINS	12/2013	12/2014	12/2015	12/2016	12/2017e	12/2018e
<i>Sales growth</i>	<i>11798.7%</i>	<i>195.9%</i>	<i>-4.5%</i>	<i>-10.0%</i>	<i>23.7%</i>	<i>-5.1%</i>
EBITDA (adj.)* growth	n.m.	409.1%	-8.7%	-49.7%	89.1%	2.5%
<i>EBITA (adj.)* growth</i>	<i>n.m.</i>	<i>395.2%</i>	<i>0.2%</i>	<i>-67.8%</i>	<i>98.9%</i>	<i>8.4%</i>
<i>EBIT (adj)* growth</i>	<i>n.m.</i>	<i>402.2%</i>	<i>1.4%</i>	<i>-68.8%</i>	<i>96.9%</i>	<i>7.2%</i>

Notorious Pictures : Summary tables

GROWTH & MARGINS	12/2013	12/2014	12/2015	12/2016	12/2017e	12/2018e
Net Profit growth	n.m.	529.7%	9.5%	-60.4%	47.6%	7.3%
EPS adj. growth	n.m.	464.3%	8.6%	-60.4%	47.6%	7.3%
DPS adj. growth		n.m.	0.0%	-33.9%	-13.1%	7.3%
EBITDA (adj)* margin	31.2%	53.6%	51.2%	28.7%	43.8%	47.3%
EBITA (adj)* margin	22.6%	37.9%	39.7%	14.2%	22.9%	26.1%
EBIT (adj)* margin	22.0%	37.4%	39.7%	13.8%	21.9%	24.8%
RATIOS	12/2013	12/2014	12/2015	12/2016	12/2017e	12/2018e
Net Debt/Equity	-0.2	-0.5	-0.3	-0.2	-0.3	-0.3
Net Debt/EBITDA	-0.1	-0.5	-0.5	-0.6	-0.5	-0.7
Interest cover (EBITDA/Fin.interest)	83.3	n.m.	n.m.	n.m.	high	high
Capex/D&A	237.9%	173.9%	165.5%	201.7%	104.7%	106.8%
Capex/Sales	21.7%	28.2%	19.1%	30.0%	22.9%	24.1%
NWC/Sales	-2.7%	8.2%	26.0%	27.0%	21.1%	23.7%
ROE (average)	100.9%	79.5%	41.0%	13.8%	18.6%	17.5%
ROCE (adj.)	84.9%	83.5%	52.2%	11.2%	21.7%	21.7%
WACC	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
ROCE (adj.)/WACC	8.5	8.3	5.2	1.1	2.2	2.2
PER SHARE DATA (EUR)***	12/2013	12/2014	12/2015	12/2016	12/2017e	12/2018e
Average diluted number of shares	20.0	22.3	22.5	22.5	22.5	22.5
EPS (reported)	0.06	0.29	0.32	0.12	0.18	0.20
EPS (adj.)	0.05	0.29	0.32	0.12	0.18	0.20
BVPS	0.08	0.66	0.89	0.92	1.05	1.20
DPS	0.00	0.08	0.08	0.05	0.05	0.05
VALUATION	12/2013	12/2014	12/2015	12/2016	12/2017e	12/2018e
EV/Sales		2.0	1.5	0.7	0.6	0.5
EV/EBITDA		3.8	2.9	2.3	1.3	1.1
EV/EBITDA (adj.)*		3.8	2.9	2.3	1.3	1.1
EV/EBITA		5.3	3.8	4.6	2.6	2.0
EV/EBITA (adj.)*		5.3	3.8	4.6	2.6	2.0
EV/EBIT		5.4	3.8	4.7	2.7	2.2
EV/EBIT (adj.)*		5.4	3.8	4.7	2.7	2.2
P/E (adj.)		9.5	6.6	6.7	5.6	5.2
P/BV		4.2	2.3	0.9	1.0	0.9
Total Yield Ratio		2.9%	3.9%	5.1%	4.5%	4.8%
EV/CE		7.5	3.3	0.9	1.0	0.8
OpFCF yield		9.3%	20.7%	-5.9%	15.7%	19.1%
OpFCF/EV		10.6%	25.2%	-7.4%	21.8%	30.7%
Payout ratio	0.0%	27.6%	25.4%	42.5%	25.0%	25.0%
Dividend yield (gross)		2.9%	3.9%	5.1%	4.5%	4.8%
EV AND MKT CAP (EURm)	12/2013	12/2014	12/2015	12/2016	12/2017e	12/2018e
Price** (EUR)		2.76	2.07	0.84	1.03	1.03
Outstanding number of shares for main stock	20.0	22.3	22.5	22.5	22.5	22.5
Total Market Cap		62	46	19	23	23
Net Debt	0	-8	-6	-4	-6	-9
<i>o/w Cash & Marketable Securities (-)</i>	<i>-1</i>	<i>-8</i>	<i>-6</i>	<i>-4</i>	<i>-6</i>	<i>-9</i>
<i>o/w Gross Debt (+)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Other EV components	0	0	-2	0	0	0
Enterprise Value (EV adj.)		54	38	15	17	14

Source: Company, Banca Akros estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj.)= EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj.)= EBIT -/+ Non Recurrent Expenses/Income - PPA amortisation

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

Sector: Media/Broadcasting & Entertainment

Company Description: Notorious Pictures (NP) is an independent operator in the Italian cinematographic sector, specialized in the acquisition of the full range of movie rights and the commercialization/distribution through all the available channels. The company was founded in 2012 by a veteran of the Italian Home Video and movie industry Guglielmo Marchetti and started operations in early 2013. In its first year of activity, NP entered the Italian top-10 of movie distributors, as the 14 titles released grossed EUR 11.1m with 1.9m presences in the Italian theatres (2% share).



European Coverage of the Members of ESN

Aerospace & Defense	Mem(*)	Bpi	CBI	Areva	CIC	Forfarmers	NIBC
Airbus Group	CIC	Caixabank	GVC	Euromicro n Ag	EQB	Heineken	NIBC
Dassault Aviation	CIC	Commerzbank	EQB	Legrand	CIC	Hkscan	OPG
Latecoere	CIC	Credem	BAK	Neways Electronics	NIBC	La Doria	BAK
Leonardo	BAK	Credit Agricole Sa	CIC	Nexans	CIC	Lanson-Bcc	CIC
Lisi	CIC	Creval	BAK	Pkc Group	OPG	Laurent Perrier	CIC
Ohb Se	EQB	Deutsche Bank	EQB	Rexel	CIC	Ldc	CIC
Safran	CIC	Deutsche Pfandbriefbank	EQB	Schneider Electric Se	CIC	Naturex	CIC
Thales	CIC	Eurobank	IBG	Vaisala	OPG	Olvi	OPG
Zodiac Aerospace	CIC	Intesa Sanpaolo	BAK	Viscom	EQB	Pernod Ricard	CIC
Alternative Energy	Mem(*)	Mediobanca	BAK	Financial Services	Mem(*)	Raisio	OPG
Daldrup & Soehne	EQB	Merkur Bank	EQB	Anima	BAK	Refresco Group	NIBC
Gamesa	GVC	National Bank Of Greece	IBG	Athex Group	IBG	Remy Cointreau	CIC
Automobiles & Parts	Mem(*)	Natixis	CIC	Azimut	BAK	Suedzucker	EQB
Bitium Corporation	OPG	Nordea	OPG	Banca Generali	BAK	Vidrala	GVC
Bmw	EQB	Piraeus Bank	IBG	Banca Ifis	BAK	Vilmorin	CIC
Brembo	BAK	Poste Italiane	BAK	Banca Sistema	BAK	Viscofan	GVC
Continental	EQB	Procredit Holding	EQB	Bb Biotech	EQB	Vranken Pommery Monopole	CIC
Daimler Ag	EQB	Rothschild & Co	CIC	Bolsas Y Mercados Espanoles Sa	GVC	Wessanen	NIBC
Eirringklinger	EQB	Societe Generale	CIC	Capman	OPG	Food & Drug Retailers	Mem(*)
Faurecia	CIC	Ubi Banca	BAK	Christian Dior	CIC	AholdDelhaize	NIBC
Ferrari	BAK	Unicredit	BAK	Cir	BAK	Carrefour	CIC
Fiat Chrysler Automobiles	BAK	Basic Resources	Mem(*)	Comdirect	EQB	Casino Guichard-Perrachon	CIC
Groupe Psa	CIC	Acerinox	GVC	Corestate Capital Holding S.A.	EQB	Dia	GVC
Landi Renzo	BAK	Altri	CBI	Corp. Financiera Alba	GVC	Jeronimo Martins	CBI
Leoni	EQB	ArceLormittal	GVC	Deutsche Boerse	EQB	Kesko	OPG
Michelin	CIC	Corticeira Amorim	CBI	Deutsche Forfait	EQB	Marr	BAK
Nokian Tyres	OPG	Ence	GVC	Eq	OPG	Metro	EQB
Norma Group	EQB	Europac	GVC	Euronext	CIC	Sligro	NIBC
Piaggio	BAK	Metka	IBG	Ferratum	EQB	Sonae	CBI
Plastic Omnium	CIC	Metsä Board	OPG	Fincobank	BAK	General Industrials	Mem(*)
Sogefi	BAK	Mytilineos	IBG	Grenke	EQB	2G Energy	EQB
Stern Groep	NIBC	Outokumpu	OPG	Hypoport Ag	EQB	Aalberts	NIBC
Valeo	CIC	Semapa	CBI	Mlp	EQB	Accell Group	NIBC
Volkswagen	EQB	Ssab	OPG	Ovb Holding Ag	EQB	Ahlstrom	OPG
Banks	Mem(*)	Stora Enso	OPG	Patrizia	EQB	Arcadis	NIBC
Aareal Bank	EQB	Surteco	EQB	Rallye	CIC	Aspo	OPG
Aktia	OPG	The Navigator Company	CBI	Tip Tamburi Investment Partners	BAK	Huhtamäki	OPG
Alpha Bank	IBG	Tubacex	GVC	Unipol Gruppo Finanziario	BAK	Kendrion	NIBC
Banca Carige	BAK	Upm-Kymmene	OPG	Food & Beverage	Mem(*)	Nedap	NIBC
Banca Mps	BAK	Chemicals	Mem(*)	Acomo	NIBC	Pöyry	OPG
Banco Popular	GVC	Air Liquide	CIC	Atria	OPG	Prelios	BAK
Banco Sabadell	GVC	Fuchs Petrolub	EQB	Bonduelle	CIC	Saf-Holland	EQB
Banco Santander	GVC	Holland Colours	NIBC	Campari	BAK	Serge Ferrari Group	CIC
Bankia	GVC	Kemira	OPG	Coca Cola Hbc Ag	IBG	Tkh Group	NIBC
Bankinter	GVC	Kws Saat	EQB	Corbion	NIBC	Wendel	CIC
Bbva	GVC	Linde	EQB	Dano ne	CIC		
Bcp	CBI	Siegfried Holding Ag	EQB	Ebro Foods	GVC		
Bnp Paribas	CIC	Tikkurila	OPG	Enervit	BAK		
Bper	BAK	Electronic & Electrical Equipment	Mem(*)	Fleury Michon	CIC		



General Retailers	Mem(*)	Duro Felguera	GVC	Ellaktor	IBG	Mediaset	BAK
Beter Bed Holding	NIBC	Emak	BAK	Eltel	OPG	Mediaset Espana	GVC
Elumeo Se	EQB	Exel Composites	OPG	Ezentis	GVC	Notorious Pictures	BAK
Fielmann	EQB	Gesco	EQB	Fcc	GVC	Nrj Group	CIC
Folli Follie Group	IBG	Ima	BAK	Ferrovia	GVC	Publicis	CIC
Fourlis Holdings	IBG	Interpump	BAK	Heidelberg Cement Ag	CIC	Rcs Mediagroup	BAK
Groupe Fnac Sa	CIC	Kone	OPG	Heijmans	NIBC	Relx	NIBC
Hornbach Holding	EQB	Konecranes	OPG	Imerys	CIC	Rtl Group	EQB
Inditex	GVC	Manz Ag	EQB	Lafargeholcim	CIC	Sanoma	OPG
Jumbo	IBG	Max Automation Ag	EQB	Lehto	OPG	Solocal Group	CIC
Rapala	OPG	Metso Corporation	OPG	Lemminkäinen	OPG	Spir Communication	CIC
Stockmann	OPG	Outotec	OPG	Maire Tecnimont	BAK	Syzygy Ag	EQB
Tokmanni	OPG	Pfeiffer Vacuum	EQB	Mota Engil	CBI	Telegraaf Media Groep	NIBC
Windeln.De	EQB	Ponsse	OPG	Obrascon Huarte Lain	GVC	Tf1	CIC
Yoox Net-A-Porter	BAK	Prima Industrie	BAK	Ramirent	OPG	Ubisoft	CIC
Healthcare	Mem(*)	Prysmian	BAK	Royal Bam Group	NIBC	Vivendi	CIC
4Sc	EQB	Smt Scharf Ag	EQB	Sacyr	GVC	Wolters Kluwer	NIBC
Amplifon	BAK	Technotrans	EQB	Saint Gobain	CIC	Oil & Gas Producers	Mem(*)
Bayer	EQB	Valmet	OPG	Salini Impregilo	BAK	Eni	BAK
Biotest	EQB	Wärtsilä	OPG	Sias	BAK	Galp Energia	CBI
Cytotools Ag	EQB	Zardoya Otis	GVC	Sonae Industria	CBI	Gas Plus	BAK
Diasorin	BAK	Industrial Transportation	Mem(*)	Srv	OPG	Hellenic Petroleum	IBG
Epigenomics Ag	EQB	Bollore	CIC	Tarkett	CIC	Maurel Et Prom	CIC
Genfit	CIC	Caf	GVC	Thermador Groupe	CIC	Motor Oil	IBG
Guerbet	CIC	Ctt	CBI	Titan Cement	IBG	Neste Corporation	OPG
Korian	CIC	Logwin	EQB	Trevi	BAK	Petrobras	CBI
Merck	EQB	Insurance	Mem(*)	Uponor	OPG	Qgep	CBI
Oriola-Kd	OPG	Allianz	EQB	Vicat	CIC	Repsol	GVC
Orion	OPG	Axa	CIC	Vinci	CIC	Total	CIC
Orpea	CIC	Banca Mediolanum	BAK	Yit	OPG	Oil Services	Mem(*)
Pihlajalinna	OPG	Cattolica Assicurazioni	BAK	Media	Mem(*)	Bourbon	CIC
Recordati	BAK	Generali	BAK	Ad Pepper	EQB	Cgg	CIC
Wilex	EQB	Hannover Re	EQB	Alma Media	OPG	Fugro	NIBC
Household Goods	Mem(*)	Mapfre Sa	GVC	Atresmedia	GVC	Rubis	CIC
Bic	CIC	Munich Re	EQB	Axel Springer	EQB	Saipem	BAK
De Longhi	BAK	Sampo	OPG	Axelero	BAK	Sbm Offshore	NIBC
Fila	BAK	Talanx Group	EQB	Brill	NIBC	Technip	CIC
Philips Lighting	NIBC	Unipolsai	BAK	Cairo Communication	BAK	Technipfmc Plc	CIC
Seb Sa	CIC	Materials, Construction & Infrastructure	Mem(*)	Cofina	CBI	Tecnicas Reunidas	GVC
Industrial Engineering	Mem(*)	Abertis	GVC	Cts Eventim	EQB	Tenaris	BAK
Accsys Technologies	NIBC	Acs	GVC	Digital Bros	BAK	Vallourec	CIC
Aixtron	EQB	Aena	GVC	Editoriale L'Espresso	BAK	Vopak	NIBC
Alstom	CIC	Aeroports De Paris	CIC	Gl Events	CIC		
Ansaldo Sts	BAK	Astaldi	BAK	Havas	CIC		
Biesse	BAK	Atlantia	BAK	Impresa	CBI		
Cargotec Corp	OPG	Boskalis Westminster	NIBC	lol	BAK		
Cnh Industrial	BAK	Buzzi Unicem	BAK	Ipsos	CIC		
Danieli	BAK	Caverion	OPG	Jcdecaux	CIC		
Datalogic	BAK	Cramo	OPG	Lagardere	CIC		
Deutz Ag	EQB	Eiffage	CIC	M6-Metropole Television	CIC		



Personal Goods	Mem(*)						
		Digia	OPG	Roodmicrotec	NIBC	Acciona	GVC
Adidas	EQB	Docdata	NIBC	Slm Solutions	EQB	Acea	BAK
Adler Modemaerkte	EQB	Econocom	CIC	Stmicroelectronics	BAK	Albioma	CIC
Amer Sports	OPG	Ekinops	CIC	Suess Microtec	EQB	Direct Energie	CIC
Basic Net	BAK	Esi Group	CIC	Teleste	OPG	Edp	CBI
Cie Fin. Richemont	CIC	Exprivia	BAK	Va-Q-Tec	EQB	Edp Renováveis	CBI
Geox	BAK	F-Secure	OPG	Telecommunications	Mem(*)	Enagas	GVC
Gerry Weber	EQB	Gemalto	CIC	Acotel	BAK	Endesa	GVC
Hermes Intl.	CIC	Gft Technologies	EQB	Bouygues	CIC	Enel	BAK
Hugo Boss	EQB	Ict Group	NIBC	Deutsche Telekom	EQB	Erg	BAK
Interparfums	CIC	Indra Sistemas	GVC	Dna	OPG	Eydap	IBG
Kering	CIC	Nemetschek Se	EQB	Drillisch	EQB	Falck Renewables	BAK
L'Oreal	CIC	Neuronos	CIC	Elisa	OPG	Fortum	OPG
Luxottica	BAK	Nexus Ag	EQB	Euskaltel	GVC	Gas Natural Fenosa	GVC
Lvmh	CIC	Novabase	CBI	Freenet	EQB	Hera	BAK
Marimekko	OPG	Ordina	NIBC	Kpn Telecom	NIBC	Iberdrola	GVC
Moncler	BAK	Psi	EQB	Masmovil	GVC	Iren	BAK
Puma	EQB	Reply	BAK	Nos	CBI	Italgas	BAK
Safilo	BAK	Rib Software	EQB	Oi	CBI	Public Power Corp	IBG
Salvatore Ferragamo	BAK	Seven Principles Ag	EQB	Orange	CIC	Red Eléctrica De Espana	GVC
Sarantis	IBG	Software Ag	EQB	Ote	IBG	Ren	CBI
Technogym	BAK	Sopra Steria Group	CIC	Tele Columbus	EQB	Snam	BAK
Tod'S	BAK	Tie Kinetix	NIBC	Telecom Italia	BAK	Terna	BAK
Real Estate	Mem(*)	Tieto	OPG	Telefonica		GVC	
Adler Real Estate	EQB	Tomtom	NIBC	Telefonica Deutschland	EQB		
Beni Stabili	BAK	United Internet	EQB	Telia	OPG		
Citycon	OPG	Visiativ	CIC	Tiscali	BAK		
Demire	EQB	Wincor Nixdorf	EQB	Vodafone	BAK		
Deutsche Euroshop	EQB	Support Services	Mem(*)	Travel & Leisure	Mem(*)		
Grand City Properties	EQB	Amadeus	GVC	Accor	CIC		
Hispania Activos Inmobiliarios	GVC	Asiakastieto Group	OPG	Air France Klm	CIC		
Igd	BAK	Batenburg	NIBC	Autogrill	BAK		
Lar España	GVC	Cellnex Telecom	GVC	Beneteau	CIC		
Merlin Properties	GVC	Dpa	NIBC	Elior	CIC		
Realia	GVC	Edenred	CIC	Europcar	CIC		
Sponda	OPG	Ei Towers	BAK	Finnair	OPG		
Technopolis	OPG	Enav	BAK	I Grandi Viaggi	BAK		
Vib Vermoegen	EQB	Fiera Milano	BAK	Ibersol	CBI		
Wcm Ag	EQB	Lassila & Tikanoja	OPG	Int. Airlines Group	GVC		
Software & Computer Services	Mem(*)	Openjobmetis	BAK	Intralot	IBG		
Affecto	OPG	Teleperformance	CIC	Kotipizza	OPG		
Akka Technologies	CIC	Technology Hardware & Equipment	Mem(*)	Melia Hotels International	GVC		
Alten	CIC	Asm International	NIBC	Nh Hotel Group	GVC		
Altran	CIC	Asml	NIBC	Opap	IBG		
Assystem	CIC	Besi	NIBC	Snowworld	NIBC		
Atos	CIC	Ericsson	OPG	Sodexo	CIC		
Basware	OPG	Gigaset	EQB	Sonae Capital	CBI		
Cenit	EQB	Ingenico	CIC	Trigano	CIC		
Comptel	OPG	Kontron	EQB	Utilities	Mem(*)		
Ctac	NIBC	Nokia	OPG	A2A	BAK		

LEGEND: BAK: Banca Akros; CIC: CM CIC Market Solutions; CBI: Caixa-Banco de Investimento; GVC: GVC Gaesco Beksa, SV, SA; EQB: Equinet bank; IBG: Investment Bank of Greece, NIBC: NIBC Markets N.V.; OPG: OP Corporate Bank; as of 30th March 2017

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(**) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts



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Recommendation history for NOTORIOUS PICTURES

Date	Recommendation	Target price	Price at change date
18-Apr-17	Accumulate	1.40	1.03
23-Sep-16	Accumulate	1.30	0.90
27-Jan-16	Accumulate	2.55	1.75
09-Sep-15	Accumulate	3.05	2.75
28-Nov-14	Accumulate	3.15	2.94
05-Sep-14	Not rated	0.00	2.55

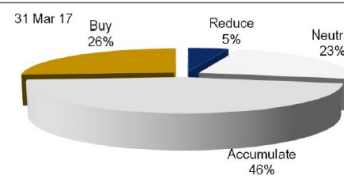
Source: Factset & ESN, price data adjusted for stock splits.

This chart shows Banca Akros continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Andrea Devita, CFA (since 30/06/2014)

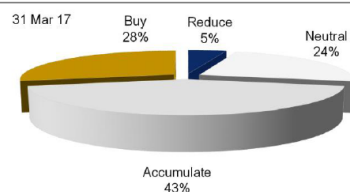


Percentuale delle raccomandazioni al 31 marzo 2017

Tutte le raccomandazioni



Raccomandazioni su titoli in conflitto di interessi (*)



(*) Si informa che la percentuale degli emittenti in potenziale conflitto di interessi con Banca Akros è pari al 21% del totale degli emittenti oggetto di copertura

ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B)**, **Accumulate (A)**, **Neutral (N)**, **Reduce (R)** and **Sell (S)**.

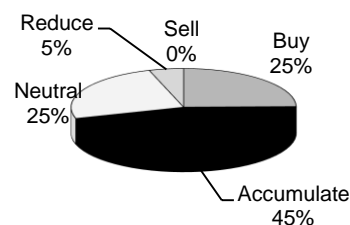
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a change of analyst covering the stock or a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved
- **Not Rated:** there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

Banca Akros Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

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