

Company Update

Buy (maintained)

18 September 2015

MARKET PRICE: EUR2.55

TARGET PRICE: EUR3.43 (from EUR3.73)

Entertainment

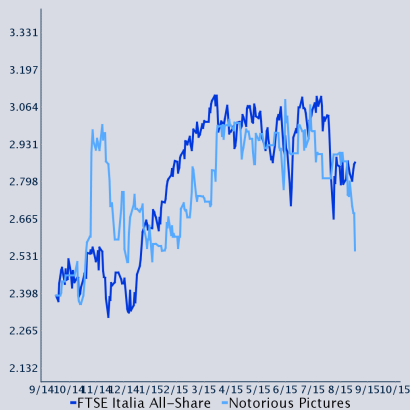
Data

Shares Outstanding (m):	22.5	
Market Cap. (EURm):	57.4	
Enterprise Value (EURm):	48.9	
Free Float (%):	10.4%	
Av. Daily Trad. Vol. (m):	0.01	
Main Shareholder:	Mr. Marchetti 81.5%	
Reuters/Bloomberg:	NPI.MI	NPI.IM
52-Week Range (EUR)	2.4	3.1

Performance

	1m	3m	12m
Absolute	-9.2%	-12.8%	-1.8%
Rel. to FTSE IT	-3.8%	-12.8%	-7.6%

Graph area Absolute/Relative 12 M



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Unexciting first half, but better 2H15 ahead

We believe that weaker than expected results in 1H15 (sales down 23%, EBITDA down 39%) should be easily recovered: 1) the company has already fulfilled its pipeline for 2H15 (11 movies) and for 2016 (21 movies) and further new films should be acquired shortly; 2) the postponement of some pay TV deliveries (negative impact of EUR1.5 million on EBITDA in 1H15) should be recovered in the second half; 3) Notorious signed a coproduction agreement in May to enter into international movie production. We remain positive about Notorious Pictures which has attractive upside (around 34%) based on our new target price (EUR3.43) and is trading at a significant discount to the multiples of its direct peers (44% on average). Potential acquisitions and the listing at MTA should add further appeal.

- > Revenues and EBITDA were below our expectations in the first half of the year, due to the lack of movies with outstanding box office success (theatrical sales declined to EUR0.45 million per movie from EUR0.90 million in 1H14) and lower Pay TV sales, which were affected by the postponement of some movie deliveries. The net result consequently fell 45% compared to 1H14. Net cash was EUR6.2 million at June-15.
- > The company confirmed its 2015-17 business plan and expects to distribute 21 new movies this year (all of them already acquired) anticipating revenues close to EUR29 million and an EBITDA margin of >61%. However we doubt the achievability of these targets in view of weak 1H15 results and we have slightly downgraded our estimates (2015-17 EPS down 5% on average). Our estimates are below the business plan targets for both EBITDA and net profit.
- > In July, the company distributed 0.175 million bonus shares increasing the total number of shares to 22.5 million while Mr. Marchetti sold 1.65 million shares for EUR4.95 million (average price of EUR3.0) increasing the free float to 18.5% (from 10.4%).
- > We have lowered our target price to EUR3.43 per share (from EUR3.73) on the basis of our new estimates and the lower multiples of our peer sample. However, potential upside remains close to 35%. Buy reiterated.

Financials

	2014	2015E	2016E	2017E
Revenues (EURm)	26.8	28.1	36.0	39.0
EBITDA (EURm)	14.3	16.5	21.4	24.6
EBITDA margin (%)	53.6%	58.6%	59.3%	63.1%
EBIT (EURm)	10.0	12.0	14.9	18.3
EPS (EUR)	0,29	0,37	0,46	0,58
CFPS (EUR)	0,28	0,46	0,67	0,78
DPS (EUR)	0.1	0.1	0.1	0.1

Source: Company Data, UBI Banca Estimates

Ratios

	2014	2015E	2016E	2017E
P/E(x)	9.0	7.3	5.8	4.7
P/CF(x)	5.4	4.6	3.5	3.1
P/BV(x)	4.0	2.8	2.0	1.5
Dividend Yield	3.1%	3.4%	4.3%	5.3%
EV/EBITDA(x)	3.5	3.0	2.1	1.6
Debt/Equity (x)	-0.5	-0.4	-0.4	-0.5
Debt/EBITDA (x)	-0.5	-0.5	-0.6	-0.7

Source: Company Data, UBI Banca Estimates

Key Financials

(EURm)	2014	2015E	2016E	2017E
Revenues	26.8	28.1	36.0	39.0
EBITDA	14.3	16.5	21.4	24.6
EBIT	10.0	12.0	14.9	18.3
NOPAT	6.7	8.1	10.0	12.3
Free Cash Flow	-1.3	3.0	6.5	8.4
Net Capital Employed	7.1	12.1	16.6	20.4
Shareholders' Equity	14.6	20.8	28.7	38.5
Net Financial Position	-7.5	-8.7	-12.2	-18.1

Source: Company data, UBI Banca estimates

Key Profitability Drivers

	2014	2015E	2016E	2017E
Net Debt/Ebitda (x)	-0.5	-0.5	-0.6	-0.7
Net Debt/Equity (x)	-0.5	-0.4	-0.4	-0.5
Interest Coverage (%)	333.4	300.7	373.0	457.3
Free Cash Flow Yield (%)	-2.3%	5.1%	11.3%	14.6%
ROE (%)	44.2%	38.1%	34.7%	31.8%
ROI (%)	112.1%	64.6%	59.4%	59.5%
ROCE (%)	158.6%	85.0%	69.8%	66.3%

Source: Company data, UBI Banca estimates

Key Valuation Ratios

	2014	2015E	2016E	2017E
P/E (x)	9.0	7.3	5.8	4.7
P/BV (x)	4.0	2.8	2.0	1.5
P/CF (x)	5.4	4.6	3.5	3.1
Dividend Yield (%)	3.1%	3.4%	4.3%	5.3%
EV/Sales (x)	1.9	1.7	1.3	1.0
EV/EBITDA (x)	3.5	3.0	2.1	1.6
EV/EBIT (x)	5.1	4.1	3.0	2.2
EV/CE (x)	7.1	4.0	2.7	1.9

Source: Company data, UBI Banca estimates

Key Value Drivers

(%)	2014	2015E	2016E	2017E
Payout	27.8%	25.0%	25.0%	25.0%
Cost of Equity	9.4%	9.4%	9.4%	9.4%
WACC	9.4%	9.4%	9.4%	9.4%
NWC/Sales	18.3%	27.7%	25.2%	26.5%
Capex/Sales	28.2%	23.2%	24.1%	22.7%

Source: Company data, UBI Banca estimates

Recent Developments

- > In the first half of the year Notorious Pictures distributed 8 movies (equal to 1H14) but theatrical sales nearly halved vs. 1H14 which was assisted by the box office success of “Belle and Sebastien” and “Beauty and the Beast”. In particular, box office sales of “Selma” and “Black Sea” were disappointing while “Wolf” performed above expectations. Pay TV revenues (EUR2.85 million vs. EUR4.7 million in 1H14) were adversely impacted by the postponement of the deliveries of some movies in the second half (and therefore should recover in the second part of the year) while free TV performed well (sales at EUR3.3 million vs. EUR1.4 million last year). Other revenues (home video, new media, barter contracts) were broadly in line with our forecasts. Overall revenues were down 23.5% and represent around 40% of the sales expected by the company in 2015.
- > EBITDA margin was directly in line with our forecast although lower in absolute terms. EBITDA margin declined compared with 1H14 due to the postponement of the Pay TV deliveries (for EUR1.5 million) and to barter contracts that have no impact on EBITDA (sales being equal to the cost of production). D&A slightly declined, resulting in EBIT of EUR3.8 million. The net result was 46% lower than in 1H14 but well above the second half of 2014. Net cash declined to EUR6.2 million (from EUR7.5 million at Dec-14) after the dividend payment (EUR1.8 million), capex of EUR2.2 million and NWC absorption of EUR1.7 million. The company's film library reached EUR5.2 million net value at June-15 (+5.6%).
- > The company signed a co-production agreement in July with Tempo Entertainment (UK) and Bloom (US) for the production of one movie (remake of “Plan de table”, a French comedy distributed by Notorious Pictures 2013) to be released in 2017, which took it into international production. The production budget is expected to be USD8-10 million of which at least 10% (up to 20%) subscribed by Notorious Pictures.
- > In May the company acquired the full rights to 5 new movies at the Cannes Festival, including “50 shades of black”, “Journey to Samarkand” and “Short caller” all to be released in 2016. Further acquisitions are expected at the Toronto Film Festival (lasting up to September 20).
- > At the end of July, the company distributed 0.175 million bonus shares (1 new share for every 10 shares held for a period of 12 months following first trading day), increasing the total share number to 22.49 million.
- > Also in July, just after the lock up period, Mr. Marchetti sold 1.65 million shares for EUR4.95 million (average price of EUR3.0, or equal to the listing price but 15% above the current market price) increasing the free float to 18.5% (from 10.4%). Mr. Marchetti stated that the deal is aimed at increasing the free float, partly in anticipation of the possible listing on the Italian main stock market (MTA), or for potential acquisitions.

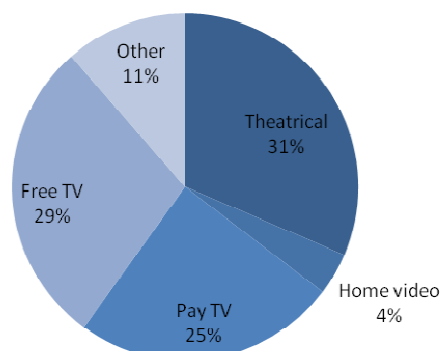
Figure 1 – 1H15 results

While sales were below our estimates due to lower than expected theatrical sales and to the postponement of some movies for Pay TV in 2H15, EBITDA margin was in line.

(EURm)	1H14A	1H15A	% Chg.
Sales Theatrical	7.13	3.65	-48.8%
Sales Other	8.07	7.97	-1.2%
Sales total	15.20	11.62	-23.5%
EBITDA	9.33	5.69	-39.0%
% margin	61.4%	49.0%	
EBIT	7.11	3.85	-45.9%
% margin	46.8%	33.1%	
Pre tax profit	7.10	3.85	-45.8%
Net profit	4.74	2.58	-45.6%
Net debt/(cash)	-8.76	-6.21	

Source: Company data

Figure 2 – Revenues breakdown in 1H15



Source: Company data

Figure 3 – Movie releases in 1H15

“Selma” and “Black Sea” box office revenues were below our estimates while “Wolf” was above our expectations.

Movie title	Release	Genre	Country	Cluster	Box office (000)	Revenues TH (000)
Italo	Jan-15	Family	Italy	C	675	286
Mune	Feb-15	Animation	France	B	1.754	667
Selma	Feb-15	Drama	USA	B	1.972	776
Wolf	Mar-15	Family	France	A-B	3.334	1.219
Ci devo Pensare	Apr-15	Comedy	Italy	D	171	60
Black Sea	Apr-15	Thriller	UK	C	1.029	421
The Lazarus effect	May-15	Thriller/Horror	USA	C	804	144
Albert	Jun-15	Animation	Germany	D	435	31
Total					10.174	3.604

Source: Company data, UBI Banca estimates

Financial Projections

- > Given the existing line-up for the second half of 2015, Notorious Pictures confirmed its full year targets published in the 2015-17 business plan (sales of EUR28.7 million, EBITDA of EUR17.6 million, net result of EUR8.9 million).
- > However, following 1H15 results, we are sceptical that Notorious Pictures will achieve its 2015 targets. Targets imply revenues of >EUR17 million in 2H15 (+48% vs. 2H14) with theatrical sales of nearly EUR10 million (or EUR0.90 million per movie compared with EUR0.46 million reported in the first half) which will be hard to reach, even incorporating the potential of the sequel of “Belle and Sebastien” and given the modest box office results of the four movies (out of 11 expected in 2H15) already released (EUR2.2 million, thus implying less than EUR1 million of theatrical sales). Also implied EBITDA margin (70%) is too high in our view, even taking into account higher pay TV revenues.
- > We have consequently reduced our 2015 revenues estimates by 3% (with lower theatrical and pay TV sales partially offset by higher free TV and other sales) and EBITDA by 5% and our forecasts are now 7% below the company’s business plan. The impact on net result is lower (-4%) as we have also factored in slightly lower D&A expenses.
- > We have fine-tuned our projections for 2016-17 incorporating a higher number of movies (21 in 2016 and 19 in 2017 vs. 18 in both years before) and stronger free TV revenues resulting in a total increase of 5% for 2016 and 2% for 2017 of our consolidated revenues estimates. We have slightly reduced our EBITDA margin estimates, due to higher direct costs, with a negative impact on net profit of almost 5%. Our estimates are below the targets stated in the company’s business plan both for EBITDA and net profit. Our net cash estimates (EUR12.2 million at Dec-16 and EUR18.1 million at Dec-17 including dividends with a pay-out ratio of 25%) remain mostly unchanged.
- > There are now 21 movies in the pipeline for 2016 and the budget is therefore totally covered and even exceeds the company’s business plan. The company has also 5 titles currently lined up for 2017. New films should be added shortly (after the end of the Toronto Film Festival).
- > Our estimates do not incorporate external growth, which, however, has not been ruled out by Notorious Pictures which is scouting some film production companies.

Figure 4 – Old vs. New estimates

(EURm)	2014A	2015E		2016E		2017E	
		Old	New	Old	New	Old	New
Total Sales	26.8	29.0	28.1	34.4	36.0	38.2	39.0
% change			-3.1%		4.8%		2.0%
EBITDA	14.3	17.4	16.5	21.9	21.4	25.1	24.6
% change			-5.3%		-2.5%		-2.0%
EBIT	10.0	12.4	12.0	15.5	14.9	19.1	18.3
% change			-3.3%		-3.8%		-4.2%
Net Profit	6.5	8.2	7.9	10.4	10.0	13.0	12.2
% change			-3.3%		-3.8%		-5.6%
Net Debt/(Cash)	(7.5)	(8.5)	(8.7)	(11.3)	(12.2)	(17.7)	(18.1)

Source: Company data, UBI Banca estimates

Figure 5 - Detailed P&L estimates

In preparing our forecasts we have divided the number of forthcoming movies over the next three years into clusters based on expected box office revenues (on which all other sales are dependent). Our cost projections assume that the MG could range from EUR1.0 million for an A movie to EUR16K for a D movie and P&A costs can range from EUR0.73 million for an A movie to EUR150K for a D movie.

	2013A	2014A	2015E	2016E	2017E
Movies A	1	2	2	3	3
Movies B	2	2	6	7	8
Movies C	4	10	9	7	5
Movies D	7	3	5	5	3
Total movies	14	17	21	21	19
Theatrical	4.19	9.77	10.93	12.15	13.36
Pay TV	3.55	8.66	8.60	10.90	11.40
Free TV	0.00	4.48	5.25	5.65	5.43
Home video	0.62	1.09	0.83	0.70	0.52
Vod, PPV, Kiosk	0.12	0.49	0.48	1.14	1.28
Production	0.00	0.00	0.00	3.16	4.74
Other	0.54	2.28	2.00	2.33	2.26
Total sales	9.01	26.76	28.09	36.03	38.99
Direct costs (P&A and other)	(5.15)	(9.63)	(9.80)	(12.49)	(12.14)
Gross margin	3.86	17.13	18.29	23.53	26.85
Gross margin (%)	42.8%	64.0%	65.1%	65.3%	68.9%
Labour and other structure costs	(1.05)	(1.50)	(1.82)	(2.15)	(2.26)
EBITDA	2.82	15.63	16.47	21.38	24.58
% margin	31.2%	58.4%	58.6%	59.3%	63.1%
D&A on the library	(0.75)	(4.19)	(4.29)	(6.30)	(6.12)
Other D&A	(0.07)	(0.15)	(0.16)	(0.16)	(0.17)
EBIT	1.99	11.29	12.03	14.92	18.29
% margin	22.1%	42.2%	42.8%	41.4%	46.9%

Source: Company data, UBI Banca estimates

Figure 6 – 2H14 results and 2H15 estimates

2H15 should be significantly better than the second half of 2014, although our estimates are below the company's plan

(EURm)	2H14A	2H15E	% Chg.
Sales Theatrical	2.64	7.28	175.8%
Sales Other	8.92	9.19	3.0%
Sales total	11.56	16.47	42.5%
EBITDA	5.02	10.78	115.0%
% margin	43.4%	65.5%	
EBIT	2.89	8.18	183.0%
% margin	25.0%	49.7%	
Pre tax profit	2.88	8.14	182.8%
Net profit	1.73	5.33	208.5%
Net debt/(cash)	-7.52	-9.04	

Source: Company data, UBI Banca estimates

Figure 7 – 2H15 movies pipeline (Box office at September 11)

11 movies will be released in 2H15, compared with 9 in 2H14

Movie title	Release	Genre	Country	Cluster	Box office (000)
Predestination	Jul-15	Thriller/Action	USA	B	841
The Reach	Jul-15	Thriller	USA	C	244
Left behind	Jul-15	Thriller/Action	USA	B	887
Nothing but the truth	Aug-15	Drama	USA	C	180
We are your friends	Sep-15	Comedy	USA	C	
Reversal	Oct-15	Thriller	USA	C	
Ghost hunters	Oct-15	Animation	Germany	B-C	
Garm wars	Nov-15	Action/Sci-Fi	Canada	D	
Let it snow	Nov-15	Comedy	USA	B	
In fondo al bosco	Nov-15	Thriller	Italy	D	
Belle et Sebastien 2	Dec-15	Family	France	A	

Source: Company data, Mymovies

Figure 8 - 2016 movies pipeline

Three movies were postponed from 2015 pipeline ("Cell", "Bleed for this" and "My bakery in Brooklyn"). "La verità che vi spiego sull'amore" is Notorious Pictures' first direct production.

Movie title	Release	Genre	Country	Cluster
Norm of the north	Jan-16	Animation	USA	C
50 shades of black	Jan-16	Comedy	USA	B-C
Robinson Crusoe	Feb-16	Animation	Belgium	C
Cell	Feb-16	Thriller/Horror	USA	C
Bleed for this	1Q16	Biopic	USA	C
Criminal	Apr-16	Thriller/Action	USA/UK	B
Unlocked	1/2Q16	Thriller/Action	UK	B
Shut in	1/2Q16	Thriller	USA	B
My bakery in Brooklyn	2Q16	Comedy	Spain	C
Coconut the little dragon	2Q16	Animation	Germany	D
Sleepless night	2Q16	Thriller/Action	USA	C
That's what I'm talking about	2Q16	Thriller/Action	USA	C
Rambo	3/4Q16	Action	USA	C
The statistical probability of love at first sight	3/4Q16	Comedy/Romance	USA	C
Shot caller	3/4Q16	Thriller	USA	C
This men, this woman	3/4Q16	Romance/Drama	USA	B-C
Manou the swift	Nov-16	Animation	Germany	C
The goodmother	4Q16	Thriller/Bio	USA	C
Journey to Samarkand	4Q16	Thriller	USA	C
La verità che vi spiego sull'amore	4Q16	Comedy/Drama	Italy	C
Belle et Sebastien 3	Dec-16	Family	France	A

Source: Company data, UBI Banca estimates

Valuation

- > Given the downgrade to our estimates, our DCF valuation has fallen to EUR3.59 per share (from EUR3.88) and our relative valuation has decreased to EUR3.27 per share (applying a 30% discount to take into account the limited free float of Notorious Pictures and its modest size) from EUR3.57 per share, also due to the decline in the multiples of our peer sample related to recent share price underperformance (our peers sample was down 5% last month and 13% in the past three months). The simple average of our DCF and a relative valuation gives EUR3.43 which is our new target price (from EUR3.73 previously) offering nearly 35% upside potential prompting us to confirm our Buy rating.
- > At the target price, the company would trade at 4.2x 2015 EV/EBITDA, which is still below the average multiple for the industry (5.1x) and on 9.8x P/E (11.0x for peers).

Figure 9 – Valuation summary

(EUR)		Weight
DCF Valuation	3.59	50.0%
Relative Valuation (at 30% discount)	3.27	50.0%
Target Price	3.43	
Current price	2.55	
Potential upside	34.5%	

Source: UBI Banca estimates

Figure 10 – DCF Valuation

Our model incorporates a terminal growth rate of 1% and an operating margin of 38% at terminal value, which is below the 42.8% EBIT margin expected for 2015. Our DCF valuation implies 2.7x EV/EBITDA at terminal value.

	(EUR m)	(% weight)
Sum of PV 2015-23 FCF	36.3	49%
Terminal value	38.4	51%
Total Enterprise value	74.8	100%
- minorities	0.0	
- Pension Provision	(0.1)	
- Net debt (+ cash)	6.2	
Total Equity value	80.8	
Fully diluted number of shares (m)	22.5	
Fair value per share (EUR)	3.59	

Source: UBI Banca estimates

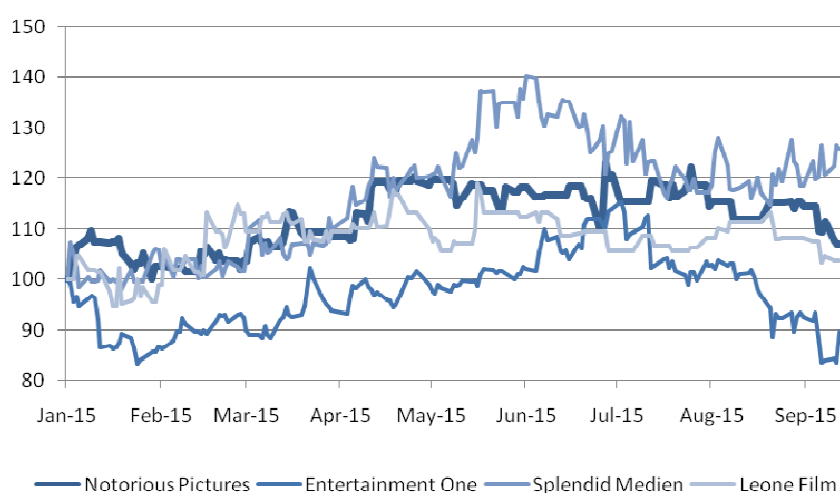
Figure 11 - Peers comparison and valuation based on multiples

Our sample does not include DreamWorks Animation and Lions Gate whose multiples are well above other companies due to their leading worldwide position and their large size. Neither did we include Lucisano Media Group due to the lack of a reliable consensus. Notorious Pictures is trading at a significant discount to its direct peers (44% on average), mainly due to its modest size compared to other competitors and its short history. However, this gap has declined since our latest report (3 March 2015) when it was 49%.

Company	Market Cap (EURm)	P/E		EV/EBITDA		EV/EBIT	
		2015	2016	2015	2016	2015	2016
Leone Film Group	39	17.2 x	10.8 x	5.0 x	2.3 x	13.5 x	12.2 x
EuropaCorp	119	6.6 x	5.1 x	3.0 x	0.0 x	6.0 x	3.3 x
Splendid Medien	23	8.1 x	6.7 x	2.7 x	2.4 x	9.5 x	7.9 x
Entertainment One	1.157	12.0 x	10.4 x	9.7 x	8.7 x	10.4 x	9.3 x
Average		11.0 x	8.2 x	5.1 x	3.4 x	9.8 x	8.2 x
Median		10.1 x	8.5 x	4.0 x	2.4 x	9.9 x	8.6 x
Notorious Pictures valuation							
Based on simple average		3.86	3.65	4.12	4.82	5.64	5.95
Based on median		3.54	3.78	3.29	2.85	5.70	6.25
Current market multiples		7.3 x	5.8 x	3.0 x	2.1 x	4.1 x	3.0 x
Discount to Average		-33.9%	-30.0%	-41.8%	-37.1%	-58.7%	-62.7%
Discount to Median		-28.0%	-32.5%	-25.2%	-10.8%	-59.1%	-64.7%

Source: Factset, UBI Banca estimates

Figure 12 – Share performance of Notorious Pictures and our peer sample (rebased at 100) since the beginning of the year



Source: Factset

Income Statement

(EURm)	2014	2015E	2016E	2017E
Net Revenues	26.8	28.1	36.0	39.0
EBITDA	14.3	16.5	21.4	24.6
EBITDA margin	53.6%	58.6%	59.3%	63.1%
EBIT	10.0	12.0	14.9	18.3
EBIT margin	37.4%	42.8%	41.4%	46.9%
Net financial income /expense	-0.0	-0.0	-0.0	-0.0
Associates & Others	0.0	0.0	0.0	0.0
Profit before taxes	10.0	12.0	14.9	18.3
Taxes	-3.5	-4.1	-4.9	-6.0
Minorities & discontinuing ops	0.0	0.0	0.0	0.0
Net Income	6.5	7.9	10.0	12.2

Source: Company data, UBI Banca estimates

Balance Sheet

(EURm)	2014	2015E	2016E	2017E
Net working capital	4.9	7.8	9.1	10.3
Net Fixed assets	5.0	7.2	9.6	12.2
M/L term funds	-2.8	-2.9	-2.1	-2.2
Capital employed	7.1	12.1	16.6	20.4
Shareholders' equity	14.6	20.8	28.7	38.5
Minorities	0.0	0.0	0.0	0.0
Shareholders' funds	14.6	20.8	28.7	38.5
Net financial debt/(cash)	-7.5	-8.7	-12.2	-18.1

Source: Company data, UBI Banca estimates

Cash Flow Statement

(EURm)	2014	2015E	2016E	2017E
NFP Beginning of Period	-0.3	-7.5	-8.7	-12.2
Group Net Profit	6.5	7.9	10.0	12.2
Minorities	0.0	0.0	0.0	0.0
D&A	4.3	4.4	6.5	6.3
Change in Funds & TFR	0.0	0.0	0.0	0.0
Gross Cash Flow	10.8	12.4	16.4	18.5
Change In Working Capital	-4.6	-2.9	-1.3	-1.3
Other	0.0	0.0	0.0	0.0
Operating Cash Flow	6.2	9.5	15.2	17.2
Net Capex	-7.6	-6.5	-8.7	-8.8
Other Investments	0.0	0.0	0.0	0.0
Free Cash Flow	-1.3	3.0	6.5	8.4
Dividends Paid	0.0	-1.8	-2.0	-2.5
Other & Chg in Consolid. Area	2.0	0.0	-1.0	0.0
Chg in Net Worth & Capital Incr.	6.5	0.0	0.0	0.0
Change in NFP	7.2	1.2	3.5	5.9
NFP End of Period	-7.5	-8.7	-12.2	-18.1

Source: Company data, UBI Banca estimates

Financial Ratios

(%)	2014	2015E	2016E	2017E
ROE	44.2%	38.1%	34.7%	31.8%
ROI	112.1%	64.6%	59.4%	59.5%
Net Fin. Debt/Equity (x)	-0.5	-0.4	-0.4	-0.5
Net Fin. Debt/EBITDA (x)	-0.5	-0.5	-0.6	-0.7
Interest Coverage	333.4	300.7	373.0	457.3
NWC/Sales	18.3%	27.7%	25.2%	26.5%
Capex/Sales	28.2%	23.2%	24.1%	22.7%
Pay Out Ratio	27.8%	25.0%	25.0%	25.0%

Source: Company data, UBI Banca estimates

Per Share Data

(EUR)	2014	2015E	2016E	2017E
EPS	0,29	0,37	0,46	0,58
DPS	0,08	0,09	0,12	0,15
Op. CFPS	0,28	0,46	0,67	0,78
Free CFPS	-0,06	0,13	0,26	0,40
BVPS	0,66	0,94	1,32	1,78

Source: Company data, UBI Banca estimates

Stock Market Ratios

(x)	2014	2015E	2016E	2017E
P/E	9.0	7.3	5.8	4.7
P/OpCFPS	9.3	6.1	3.8	3.3
P/BV	4.0	2.8	2.0	1.5
Dividend Yield (%)	3.1%	3.4%	4.3%	5.3%
Free Cash Flow Yield (%)	-2.3%	5.1%	11.3%	14.6%
EV (EURm)	50.6	48.9	45.4	39.5
EV/Sales	1.9	1.7	1.3	1.0
EV/EBITDA	3.5	3.0	2.1	1.6
EV/EBIT	5.1	4.1	3.0	2.2
EV/Capital Employed	7.1	4.0	2.7	1.9

Source: Company data, UBI Banca estimates

Growth Rates

(%)	2014	2015E	2016E	2017E
Growth Group Net Sales	196.9%	5.0%	28.2%	8.2%
Growth EBITDA	409.6%	14.8%	29.8%	15.0%
Growth EBIT	402.7%	20.2%	24.0%	22.6%
Growth Net Profit	413.7%	22.2%	26.0%	22.7%

Source: Company data, UBI Banca estimates

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Historical ratings and target prices

Date	Rating	Target Price (EUR)	Market Price (EUR)
22 September 2014	BUY	3.48	2.58
5 December 2014	BUY	3.33	2.92
3 March 2015	BUY	3.73	2.60