

NOTORIOUS PICTURES OUTPERFORM

Price (Eu): **2.85**

Target Price (Eu): **3.80**

SECTOR: Media

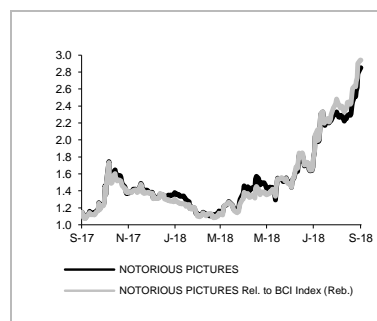
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1H18 Results Lead Us to Almost Double Our Estimates: Positive View Confirmed

- 1H18 results well above expectations and even better than for all of FY17.** Notorious Pictures delivered a great set of 1H18 results, beating expectations thanks to strong growth of the top-line, up +133% YoY to Eu21mn, driven by both the core businesses: the Cinema division, and Executive Production, a newer business line that benefits from the tax credits introduced by the Franceschini law. As regards Cinema, Notorious distributed 8 films during the first semester of 2018, generating Eu9.6mn at the box office (1.56mn tickets). At the same time, the significant increase at the Executive Production business led to a decrease in the EBITDA margin, as the division has lower operating margins. EBITDA thus grew by +110% YoY to Eu8mn and, after an increase in D&A justified by the substantial business developments, EBIT reached Eu3.4mn (vs. Eu1.6mn in 1H17). After fairly insignificant financial expenditure and an 11% tax rate, net profit recorded a strong performance to reach Eu3mn (vs Eu1.2mn in 1H17). The net financial position was positive at Eu5mn, slightly down from Eu6mn as at YE17.
- Support for our positive view is materialising ahead of schedule.** The massive increase in the core business in 1H18 is a positive reflection of the company's ambition of raising the quality of the Cinema offering, the movie "Escobar" being an example. The positive outcomes are: i) good visibility for this division, with a full 2019 line-up providing reasonable expectations of future revenue growth, and ii) the traction that box office revenues exert on the FTA and PPV businesses. In 2H18, the company's distribution line-up comprises 12 films. At the same time, international executive production has given a foretaste of its high potential: the Franceschini law provides incentives for international producers shooting films in Italy; to do so they need Italian partners, and NPI boasts a very good international reputation, making the company an ideal candidate. Finally, the agreement recently signed with Mediaset RTI is expected to produce further positive results in terms of both new business and client base diversification.
- We have raised our estimates, taking the excellent results this year as a sustainable starting point for the future.** On the back of surprisingly strong financial results delivered in 1H18, and thanks to good visibility on the year provided by the business, we think 2H18 will perform broadly along the same lines as 1H18. We have therefore significantly increased our estimates on FY18 by 48% at top-line level and 91% for EPS. Taking 2018 as the starting point, we forecast mid-to-high single-digit growth for 2019 and 2020.
- OUTPERFORM reiterated, target price lifted to Eu3.80 from Eu1.80.** Our new target is the product of a radical estimate upgrade and glimpses of management's ability to deliver simultaneously on a number of promising opportunities that are at an initial stage. From a broader perspective, content producers are the heart of a global convergence trend between telcos and media, and we therefore expect further newsflow since NPI is a valuable player in this market.

NOTORIOUS PICTURES - 12m Performance



RATING: Unchanged

TARGET PRICE (Eu): from 1.80 to 3.80

Change in EPS est:	2018E	2019E
	90.9%	77.5%

STOCK DATA

Reuters code: NPI.MI
Bloomberg code: NPI IM

Performance	1m	3m	12m
Absolute	22.3%	92.6%	148.3%
Relative	19.0%	95.8%	151.3%
12 months H/L:	2.85/1.08		

SHAREHOLDER DATA

No. of Ord. shares (mn):	22
Total No. of shares (mn):	22
Mkt Cap Ord (Eu mn):	64
Total Mkt Cap (Eu mn):	64
Mkt Float - ord (Eu mn):	11
Mkt Float (in %):	16.9%
Main shareholder:	
Marchetti Guglielmo	80.9%

BALANCE SHEET DATA

	2018
Book value (Eu mn):	24
BVPS (Eu):	1.08
P/BV:	2.6
Net Financial Position (Eu mn):	4
Enterprise value (Eu mn):	60

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on the last page of this report

Key Figures	2016A	2017A	2018E	2019E	2020E
Sales (Eu mn)	23	18	37	40	42
Ebitda (Eu mn)	7	6	12	13	14
Net profit (Eu mn)	3	1	6	6	7
EPS - New (Eu)	0.125	0.066	0.267	0.280	0.295
EPS - Old (Eu)	0.125	0.061	0.140	0.158	0.171
DPS (Eu)	0.053	0.054	0.071	0.080	0.080

Ratios & Multiples	2016A	2017A	2018E	2019E	2020E
P/E	22.9	43.3	10.7	10.2	9.7
Div. Yield	1.9%	1.9%	2.5%	2.8%	2.8%
EV/Ebitda	9.1	9.8	4.9	4.6	4.2
ROCE	20.5%	12.0%	37.2%	30.2%	27.5%

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NOTORIOUS PICTURES - KEY FIGURES

		2016A	2017A	2018E	2019E	2020E
	Fiscal year end	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020
PROFIT & LOSS (Eu mn)	Sales	23	18	37	40	42
	EBITDA	7	6	12	13	14
	EBIT	3	2	7	7	8
	Financial income (charges)	(0)	(0)	0	0	0
	Associates & Others	0	0	0	0	0
	Pre-tax profit (Loss)	3	2	7	7	8
	Taxes	(0)	(0)	(1)	(1)	(1)
	Tax rate (%)	11.5%	18.6%	9.0%	11.0%	13.0%
	Minorities & discontinue activities	0	0	0	0	0
	Net profit	3	1	6	6	7
	Total extraordinary items	0	0	0	0	0
	Ebitda excl. extraordinary items	7	6	12	13	14
Ebit excl. extraordinary items	3	2	7	7	8	
Net profit restated	3	1	6	6	7	
PER SHARE DATA (Eu)	Total shares out (mn) - average fd	22	22	22	22	22
	EPS stated fd	0.125	0.066	0.267	0.280	0.295
	EPS restated fd	0.125	0.066	0.267	0.280	0.295
	BVPS fd	0.923	0.935	1.082	1.361	1.603
	Dividend per share (ord)	0.053	0.054	0.071	0.080	0.080
	Dividend per share (sav)	0.000	0.000	0.000	0.000	0.000
	Dividend pay out ratio (%)	42.5%	82.6%	26.6%	28.6%	27.2%
CASH FLOW (Eu mn)	Gross cash flow	7	6	13	15	15
	Change in NWC	(0)	5	(3)	(2)	(0)
	Capital expenditure	(7)	(7)	(10)	(11)	(11)
	Other cash items	0	(0)	(1)	1	0
	Free cash flow (FCF)	(1)	4	(1)	3	4
	Acquisitions, divestments & others	0	0	0	0	0
	Dividend	(2)	(1)	(1)	(2)	(2)
	Equity financing/Buy-back	0	0	0	0	0
Change in Net Financial Position	(3)	2	(3)	1	2	
BALANCE SHEET (Eu mn)	Total fixed assets	11	14	17	21	24
	Net working capital	11	6	9	11	11
	Long term liabilities	(5)	(5)	(5)	(6)	(6)
	Net capital employed	17	15	21	26	29
	Net financial position	4	6	4	5	7
	Group equity	21	21	24	31	36
	Minorities	0	0	0	0	0
Net equity	21	21	24	31	36	
ENTERPRISE VALUE (Eu mn)	Average mkt cap - current	64	64	64	64	64
	Adjustments (associate & minorities)	0	0	0	0	0
	Net financial position	4	6	4	5	7
	Enterprise value	60	58	60	59	57
RATIOS(%)	EBITDA margin*	28.7%	32.5%	33.5%	32.7%	32.5%
	EBIT margin*	13.8%	10.5%	17.8%	17.8%	18.1%
	Gearing - Debt/equity	-18.5%	-29.6%	-14.9%	-15.1%	-18.8%
	Interest cover on EBIT	825.8	23.9	nm	nm	nm
	Debt/Ebitda	nm	nm	nm	nm	nm
	ROCE*	20.5%	12.0%	37.2%	30.2%	27.5%
	ROE*	13.6%	7.1%	26.5%	22.9%	19.9%
	EV/CE	3.9	3.7	3.4	2.5	2.1
	EV/Sales	2.6	3.2	1.6	1.5	1.4
	EV/Ebit	19.0	30.5	9.2	8.4	7.5
Free Cash Flow Yield	-0.8%	5.6%	-2.1%	4.0%	6.2%	
GROWTH RATES (%)	Sales	-10.0%	-21.1%	105.0%	6.8%	5.9%
	EBITDA*	-49.7%	-10.5%	111.0%	4.4%	5.2%
	EBIT*	-68.8%	-40.1%	248.2%	6.8%	7.8%
	Net profit	-60.4%	-47.2%	306.4%	4.6%	5.4%
	EPS restated	-60.4%	-47.2%	306.4%	4.6%	5.4%

* Excluding extraordinary items

Source: Intermonte SIM estimates

1H18 Results

1H18 results well above expectations and even better than for all of FY17. Notorious Pictures delivered a great set of 1H18 results, beating expectations thanks to strong growth of the top-line, up +133% YoY to Eu21mn, driven by both the core businesses: the Cinema division, and Executive Production, a newer business line that benefits from the tax credits introduced by the Franceschini law. As regards Cinema, Notorious distributed 8 films during the first semester of 2018, generating Eu9.6mn at the box office (1.56mn tickets). At the same time, the significant increase at the Executive Production business led to a decrease in the EBITDA margin, as the division has lower operating margins. EBITDA thus grew by +110% YoY to Eu8mn and, after an increase in D&A justified by the substantial business developments, EBIT reached Eu3.4mn (vs. Eu1.6mn in 1H17). After fairly insignificant financial expenditure and an 11% tax rate, net profit recorded a strong performance to reach Eu3mn (vs Eu1.2mn in 1H17). The net financial position was positive at Eu5mn, slightly down from Eu6mn as at YE17.

Notorious Pictures – 1H18 results

(Eu mn)	1H17A	1H18A	YoY chg %	2017A	2018E	YoY chg %
Value of production	9.1	21.3	133%	18.1	25.2	39%
EBITDA	3.8	8.0	110%	5.9	9.2	56%
margin %	41.5%	37.3%		32.5%	36.6%	
DA	(2.2)	(4.5)		(4.1)	(5.3)	
EBIT	1.6	3.4	114%	1.9	3.9	107%
margin %	17.4%	16.0%		10.5%	15.6%	
Net financial income/expense	(0.0)	(0.0)		(0.1)	0.0	
Pretax Profit	1.5	3.4	119%	1.8	3.9	116%
margin %	16.9%	15.9%		10.0%	15.6%	
Taxes	(0.4)	(0.4)		(0.3)	(0.8)	
Net profit	1.2	3.0	160%	1.5	3.1	113%
margin %	12.7%	14.2%		8.2%	12.5%	
minorities	0.0	0.0		0.0	0.0	
Group net profit	1.2	3.0	160%	1.5	3.1	113%
margin %	12.7%	14.2%				
Extraordinary items	0.0	0.0		0.0	0.0	
Net profit Adjusted	1.2	3.0	160%	1.5	3.1	113%
margin %	12.7%	14.2%		8.2%	12.5%	

Source: Company data and Intermonte SIM

Change in estimates

Notorious Pictures – Change in estimates

(Eu mn)	2017A	2018E	2019E	2020E
Value of production new	18.14	37.19	39.72	42.06
Value of production old		25.15	26.90	28.40
% change		47.9%	47.7%	48.1%
% YoY		105%	7%	6%
EBITDA new	6.02	13.49	14.12	14.88
EBITDA old		9.21	9.89	10.44
% change		46.5%	42.8%	42.6%
% YoY		124%	5%	5%
EBIT new	1.90	6.61	7.05	7.61
EBIT old		3.93	4.40	4.79
% change		68.3%	60.3%	58.9%
% YoY		248%	7%	8%
Pretax profit new	1.82	6.61	7.06	7.62
Pretax profit old		3.93	4.40	4.79
% change		68.3%	60.5%	59.1%
% YoY		263%	7%	8%
Net profit new	1.48	6.01	6.29	6.63
Net profit old		3.15	3.54	3.86
% change		90.9%	77.5%	71.9%
% YoY		306%	5%	5%

Source: Company data and Intermonte SIM

Notorious Pictures – Revenue breakdown

(Eu mn)	2017A	2018E	2019E	2020E
	16.0	20.0	20.0	20.0
o/w Internal Productions	-	2.00	2.00	2.00
Avg Revenues per film	0.28	0.32	0.35	0.36
Revenues from Cinema	4.47	6.49	7.02	7.11
YoY %	(6.4%)	45.1%	8.2%	1.3%
Revenues from PAY TV	5.68	6.50	6.90	7.05
YoY %	(4.1%)	14.5%	6.2%	2.2%
Revenues from FTA	3.39	5.20	5.30	5.40
YoY %	68.7%	53.5%	1.9%	1.9%
Revenues from OTT	1.26	2.20	2.50	3.30
YoY %	(45.2%)	74.2%	13.6%	32.0%
N° of exec. Productions	-	3.0	3.0	3.0
Net revenues per production	-	4.6	5.0	5.4
Executive Production	1.53	13.80	15.00	16.20
YoY %	(62.3%)	803.1%	8.7%	8.0%
Others	0.54	1.00	1.00	1.00
YoY %	(63.6%)	84.0%	0.0%	0.0%
Revenue from sales	16.87	35.19	37.72	40.06
YoY %	(17.9%)	108.6%	7.2%	6.2%

Source: Company data and Intermonte SIM

SWOT Analysis

Strengths

- **Management team** with strong international relationships in the industry;
- **Synergies from production & distribution**;
- **Multi-year contracts** with the main Free-to-Air and Pay-TV players;
- **Full-range distribution oversight**;
- **Well-structured to benefit from incentive schemes introduced by Franceschini law**;
- **Solid balance sheet**;
- **Recognized as an Innovative SME**.

Opportunities

- **Expansion of the production business**;
- **Entry to New Media and TV series production** with a Direct-to-Video approach;
- **Expansion of the client base**. The film industry is witnessing the entry of new players (Amazon, Netflix) interested in enriching the content offering;
- **M&A** can enhance group know-how.

Weaknesses

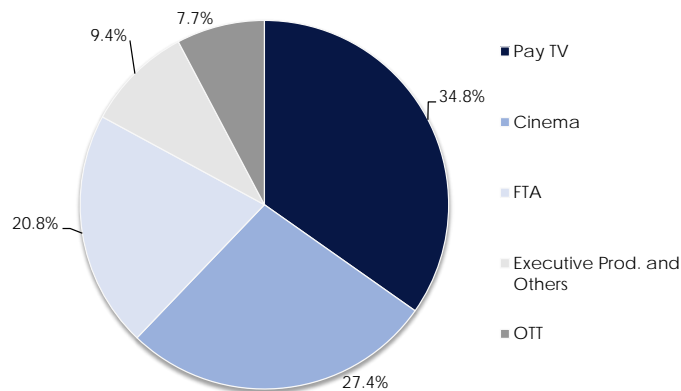
- **Heavily dependent on personnel expertise**;
- **Limited diversification** from the film distribution business;
- **High client base concentration in Pay-TV**;
- **Limited scale** compared to international competitors;
- **Limited appeal of Italian movies** on international markets.

Threats

- **Reduction of tax credits**;
- **Structural changes in consumers' habits**;
- **Piracy**;

Source: Intermonte SIM

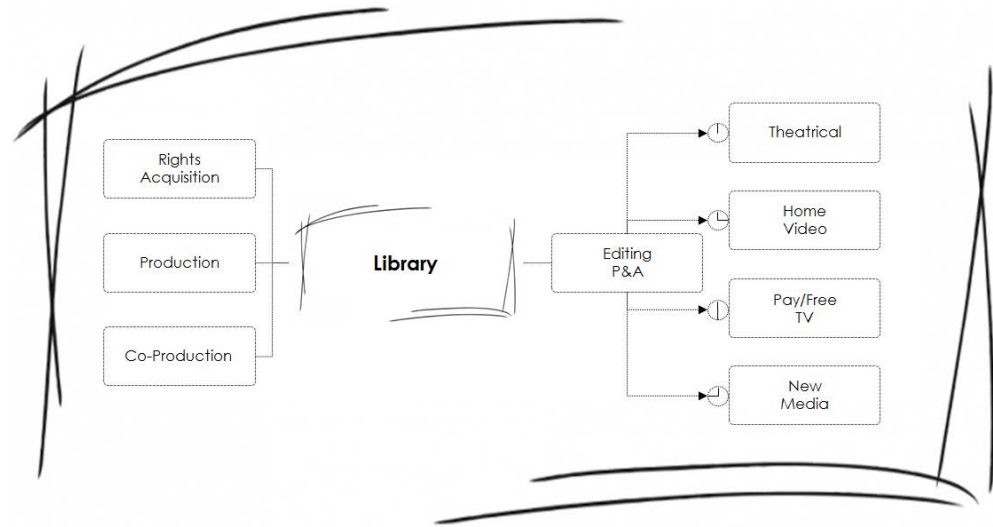
Notorious Pictures – Revenue breakdown by distribution channel (2017)



Source: Intermonte SIM

Business model and activities

The main activities currently performed by Notorious are shown in the following figure:



The core of the business is the Library, which is the catalogue of movie rights owned by the company. Whether a movie is owned because the rights were purchased from a third party or the movie was produced by the company itself is not relevant for the purpose of distribution, as it follows the same process.

Distribution

As an independent content provider, NPI has operated on the Italian market since the end of 2012. The company has become a major player on the national scene in very short time thanks to the expertise of a management team that has been together for a very long time and which exploits both internal resources and external relationships with industry players.

The process is composed of the following phases:

1. **Rights Acquisition.** The company acquires the audiovisual utilization rights from sales companies and producers, primarily from international markets. International movies are marketed at four main fairs: three festivals (Cannes, Toronto and Berlin) and the American Film Market. Utilization rights typically last 18-20 years and are related to the Italian market.
2. **Editing.** International movies need to be processed to be distributed in Italy. This step is often limited to dubbing into Italian; to perform this activity, NPI makes use of external companies. In other cases, the process also involves adapting the marketing material to the local market.
3. **P&A.** This activity stands for Print & Advertising (i.e. copies and marketing costs). NPI manages this activity through internal resources, as it is considered to be a core operation: advertising benefits Box Office performance, which in turn drives revenue from subsequent distribution channels. The general manager directly oversees this phase before it is approved by the licensor for publication. P&A accounts for a major part of the cost base, amounting to approximately 80% net of the costs incurred for the production business. The Italian government has introduced significant tax benefits to foster the activity.
4. **Distribution.** The industry recognizes a general "timing rule" when distributing movies through the various channels, which follows a waterfall structure that sets launch priorities.
 - a. **Theatrical.** Cinema has always been the prime channel for a movie release, except for the singular case of television series and recent Direct-To-Video productions. The success of this step, namely the box office (BO) proceeds, is the main parameter on which revenues from Pay and Free-to-air TV are contractually set, as it represents an approximation of the film's success. In this channel, NPI mainly distributes to UCI Cinema and The Space, which are the top two clients, accounting for almost half of this business.
 - b. **Home Video.** After 15 weeks, the movie is sold to traditional retail and newsstand channels by rental and/or sale in both digital and physical forms. To do this, NPI

reaches agreements with other distributors, such as RAI Cinema (physical) and Mondadori (newsstand), which account for the vast majority of the client base for this business. This revenue line has become less important.

- c. Pay-per-View. 28 weeks after theatrical release, the movie is distributed to the pay-per-view channel, mainly represented by Sky.
- d. Pay-TV and Free-to-air TV. 12 months from theatrical release, movies go on Pay-TV, and after 12-24 months on free-to-air TV. NPI sells movie rights defining licensing agreements with the main Free-to-air (FTA) and Pay-TV players. In this sense, NPI boasts active contracts with Sky, RAI Cinema, Viacom, Tele Svizzera and Turner, with Rai and Sky representing the lion's share.
- e. OTT. Last comes the new media segment, which is covered through agreements with provider such as Sky, Apple, Google, Sony, Chili, Netflix, and TimVision. This covers video on-demand and electronic sell-through on platforms. Netflix, TimVision and Vodafone represent the majority; Under The Milky Way is the digital distributor covering the Apple, Sony and Google platforms.

Production and co-production

In 2015 Notorious entered the production and co-production business as a major strategic move in order to face up to the changing environment in the entertainment and media industry. Digitalization has brought many improvements in the last decade, leading to significant structural changes to the business model at the same time.

An additional benefit from producing movies is related to licensing dynamics: typically, acquiring movie rights from third parties implies a time frame of 18-20 years and a predetermined geographic area for exploiting the license, whereas the rights of a proprietary movie are valid in any circumstance.

Distribution vs Production

	Distribution	Production and Co-production
Rights Ownership	License	Ownership
Duration	15-20 years	Unlimited
Market	Italy	Global (ex co-producer's country)
Procurement	Third-party Rights	Autonomous

NPI started to develop experience in this new area gradually: the initial move was a co-production intended as a remake of the French film "Plan de table", while the first production arrived last year with the movie "La coppia dei campioni". The first movie produced entirely by the company was "La verità, vi spiego, sull'amore", released in March 2017.

The recent entry of Over the Top and Telecoms into the content market has generated a boom in growth for TV series production. Notorious considers this new market an attractive opportunity, including for the production business; having acquired a number of rights options related to recently published books, the group is now developing pilot projects and screenplays.

Tax Credits and forms of Contribution

The cinematographic industry, in both the distribution and production sectors, benefits from a series of subsidies. These are offered by different sources and in both direct and indirect forms.

Tax Credits. Automatic contribution. This public aid is the most significant and essential for film production. This measure is periodically reviewed by the government and, in recent years, has been increased (25% tax credit for production last year, probably 30% this year) and put on a more stable footing in order to promote the cinematographic business and its positive impact on the country. This public incentive is targeted at specific activities to varying degrees, as shown in the table below.

Type of subsidy	Rate
Internal tax credit for production	30%
Internal tax credit for P&A	15%
External tax credit	15%
Film commission (regional)	7%
Product placement	3%
Box Office subsidy	
from 0 to 1 million Euro	22.5%
from 1.1 to 2 million Euro	20%
from 2.01 to 2.4 million Euro	17.5%

Source: Company data

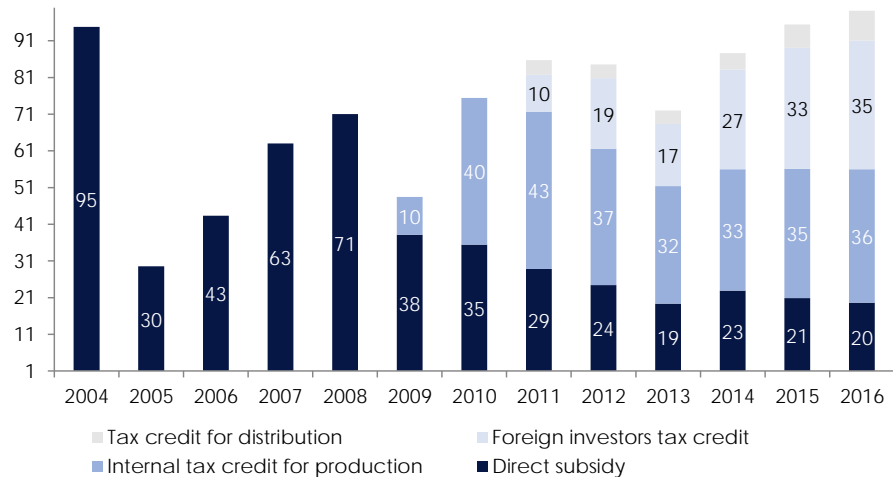
Production activity benefits from a higher contribution, with a tax credit of 30%, while distribution is fostered with 15% on P&A activities. It is worth noting that combining production and distribution means an additional effect, implying an overall tax credit of 40%.

Film commissions and community aid. Automatic contribution. Each Italian region has a film commission (or other similar agency) which allocates a specific budget to finance cinematographic activities considered to benefit the region, both in terms of image/reputation or economically by providing work for local suppliers.

Selective aid. The ones listed above can be considered automatic contributions, since all that is needed to obtain the benefit is to satisfy certain requirements. Selective forms of financing exist, based on additional variables, often focused on performance (i.e. Box Office revenue). This is the case for contributions to executive productions: an Italian producer selected by a foreign producer to conduct activities on site benefits from higher tax credits. As an example, "Black Butterfly" is a Spanish movie on which NPI has collaborated as executive producer.

All in all, these forms of financing are an essential factor for ensuring the existence of independent producers and distributors. In this regard, the Franceschini Law has played an important role in establishing solid support for the industry.

National public contribution for Italian cinema production (2004-2016; Eu mn)



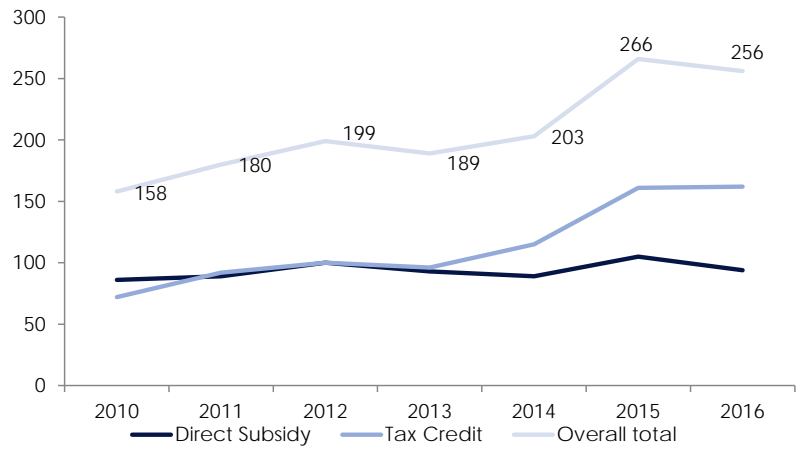
Source: MiBACT, "Tutti I numeri del cinema italiano 2016"

The overall contribution level is increasing, with a rise in support through tax credits. Direct subsidies decreased in recent years, although this has now levelled off, leaving space for the other forms of support.

Focus on the Franceschini Law: named after the Minister of Cultural Heritage, the law came into force on January 12th 2018, and envisages four key elements:

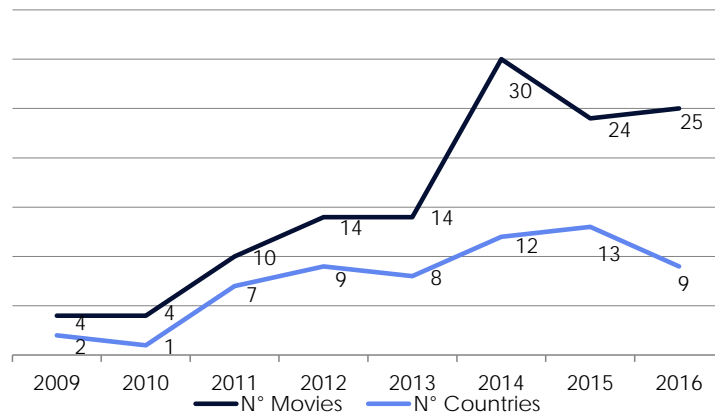
- the creation of a fund to finance the cinema and audiovisual industry, which will be funded by an 11 percent slice of the VAT and IRES tax paid by companies in the communications industry (in a broad sense). Inflows to the fund will be no lower than Eu400mn per year.
- a reduction in the percentage of selective contributions and the introduction of automatic contributions in favour of production companies and companies distributing Italian cinematographic or audiovisual work abroad. Selective contributions will be between 15 percent and 18 percent of the fund mentioned above and will be devoted to debut films, second films, films by young directors, etc.
- six different tax credits will be provided, in order to foster cinematographic and audiovisual production and distribution, post-production companies, etc.
- development of movie theatres and digitalisation of the artistic heritage. Renovating existing theatres and opening new ones will be funded by an extraordinary plan worth Eur 120 million over five years. A plan also exists for the digitisation of the cinematographic and audiovisual heritage.

National public contributions for Production-Distribution-Promotion-Entities in the form of direct subsidies and tax credits in the sector (2010-2016)



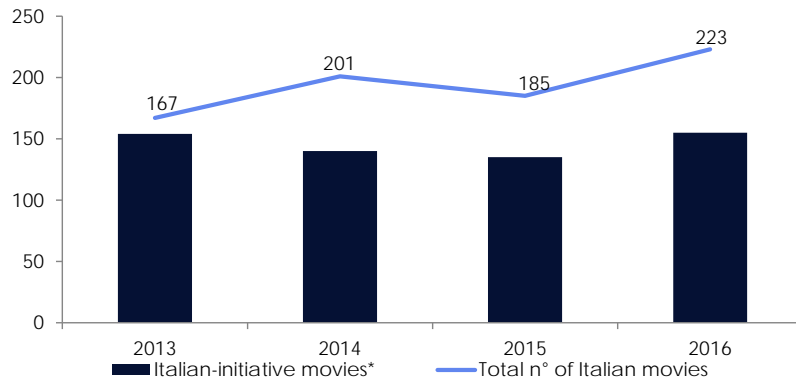
Source: MiBACT, "Tutti I numeri del cinema italiano 2016"

Number of movies and countries that applied for the tax credit for foreign movies (2009-2016)



Source: MiBACT, "Tutti I numeri del cinema italiano 2016"

Italian-initiative* movies versus total number of movies (2013-2016)



Source: MiBACT, "Tutti I numeri del cinema italiano 2016"

*An Italian-initiative movie is one produced entirely with Italian capital, or co-produced with Italian capital representing the majority share or at least 50% of the total.

NOTORIOUS PICTURES Peer Group - Absolute Performances

Stock	Price	Ccy	Mkt cap	1M	3M	6M	YTD	1Y	2Y
NOTORIOUS PICTURES	2.85	EUR	64	22.3%	92.6%	144.6%	109.1%	148.3%	187.0%
ENTERTAINMENT ONE	3.84	GBP	1,778	7.9%	6.7%	30.2%	18.1%	51.0%	87.4%
EROS INT'L	12.60	USD	772	4.6%	-8.7%	-3.4%	30.6%	-14.0%	-19.2%
LEONE FILM	4.78	EUR	67	-1.6%	-4.4%	-2.4%	3.9%	5.1%	136.6%
LIONS GATE ENTERT.	22.70	USD	4,858	-1.1%	-15.1%	-19.2%	-32.9%	-28.6%	5.2%
LUCISANO MEDIA	1.83	EUR	27	-1.1%	-14.7%	-18.2%	-24.3%	-29.5%	76.3%
MONDO TV	4.05	EUR	125	2.5%	2.0%	-20.4%	-36.5%	3.8%	-8.4%
Mean performance				4.8%	8.3%	15.9%	9.7%	19.4%	66.4%
Italy FTSE Mib	21,228.2	EUR		4.0%	-3.9%	-7.1%	-2.9%	-5.1%	31.1%

Source: FactSet

NOTORIOUS PICTURES Peer Group - Multiple Comparison

Stock	Price	Ccy	Mkt cap	EV/Sales	EV/Sales	EV/Ebitda	EV/Ebitda	EV/Ebit	EV/Ebit	P/E	P/E	Div Yield	Div Yield
				2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
NOTORIOUS PICTURES	2.85	EUR	64	1.6	1.5	4.9	4.6	9.2	8.4	10.7	10.2	2.5%	2.8%
ENTERTAINMENT ONE	3.84	GBP	1,778	1.8	1.6	11.3	10.0	11.4	10.0	16.2	14.0	0.4%	0.4%
EROS INT'L	12.60	USD	772	3.0	2.5	9.5	7.4	11.7	8.9	193.4	37.2	0.0%	0.0%
LEONE FILM	4.78	EUR	67	1.0	0.8	3.7	3.3	16.7	10.9	10.5	8.9	3.1%	4.2%
LIONS GATE ENTERT.	22.70	USD	4,858	1.7	1.6	11.9	10.4	22.8	17.8	74.0	28.7	1.4%	1.6%
LUCISANO MEDIA	1.83	EUR	27										
MONDO TV	4.05	EUR	125	3.1	2.5	4.0	3.2	6.3	4.7	8.3	6.8	0.0%	3.7%
Median				1.8	1.6	9.5	7.4	11.7	10.0	16.2	14.0	0.4%	1.6%

Source: Intermonte SIM estimates for covered companies, FactSet consensus estimates for peer group

DETAILS ON STOCKS RECOMMENDATION

Stock NAME	NOTORIOUS PICTURES		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	3.80	Previous Target (Eu):	1.80
Current Price (Eu):	2.85	Previous Price (Eu):	1.30
Date of report:	19/09/2018	Date of last report:	16/04/2018

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- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period ;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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OUTPERFORM:	41,67 %
NEUTRAL:	39,10 %
UNDERPERFORM	05,13 %
SELL:	00,00 %

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UNDERPERFORM	00,00 %
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OLIDATA	0,88	SHORT
WASTE ITALIA	0,61	SHORT

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