

Company Update

Buy (maintained)

20 September 2018 – 5:30PM

 MARKET PRICE: **EUR2.84**

 TARGET PRICE: **EUR3.50 (from EUR1.75)**
Entertainment
Data

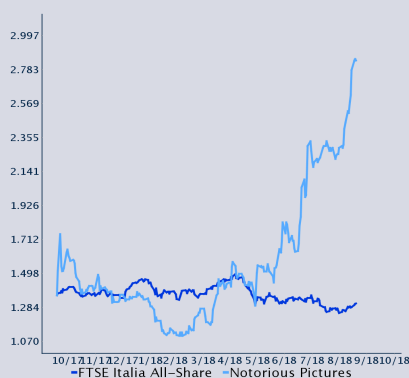
Shares Outstanding (m):	22.5
Market Cap. (EURm):	63.9
Enterprise Value (EURm):	59.4
Free Float (%):	16.9%
Av. Daily Trad. Vol. (m):	0.1
Main Shareholder:	Mr. Marchetti 82.0%
Reuters/Bloomberg:	NPI.MI NPI IM
52-Week Range (EUR)	1.1 2.8

Source: Factset, UbiBanca estimates

Performance

	1m	3m	12m
Absolute	21.9%	97.2%	158.2%
Rel. to FTSE IT	16.9%	103.4%	170.6%

Source: Factset

Graph area Absolute/Relative 12 M

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Stunning first half, bright prospects

We were impressed by the sharp acceleration reported in 1H18: sales were up 113% surpassing the entire 2017, EBITDA reached EUR8 million (more than the double of 1H17 and 32% above the EBITDA of the entire 2017) and net profit increased by 160%. These stunning results were possible thanks to successful movie releases (8 movies for a box office of nearly EUR10 million, +90% vs. 1H17) which pushed up also Pay and Free TV revenues, and the rump up of the executive productions. In addition, Notorious Pictures signed several co-production and international executive production agreements (for nearly EUR20 million of revenues) which significantly increase the visibility for 2018-19 while offering attractive tax credits. The company also finalized important commercial agreements (Sky Italia, an international free TV broadcaster). As a result, we significantly increased our estimates on sales (+18% on average in 2018-20), EBITDA (+28%) and bottom line (+36%) and confirm our positive stance despite the impressive share performance (+100% since our latest report "New activities make 2018 bright", 3 May 2018). In fact, the shares are still trading at an impressive discount to peers (45% on 2018-20 EV/EBITDA, 25% in P/E and 46% on EV/EBIT) leaving room for further outperformance. Moreover, the company is evolving towards a digital media company from a pure distributor diversifying in this way its addressable markets. We increased our target price to EUR3.50 per share (from EUR1.75) offering a potential upside of >20%. Buy.

- > Even if we expected a good first half, we were positively surprised by the EBITDA growth in 1H18, which surpassed our expectations. Sound results in the first half, coupled with an attractive line-up for the rest of the year (11 movies), the rapid development of international executive productions and new co-productions agreement give to Notorious Pictures a greater visibility on sales. We have revised our 2018-20 forecasts, increasing sales and profitability prospects with a positive impact on the bottom line of >35% on average.
- > Our new target price of EUR3.50 per share (from EUR1.75) benefits from our new higher estimates but also from a lower discount applied to peers' multiples (from 30% to 20%) in order to take into account the sharp liquidity growth of the past few months. At the target price, the company trades at 5.5x 2018 EV/EBITDA, well below the median multiple for the industry (7.5x).

Financials

	2017	2018E	2019E	2020E
Revenues (EURm)	18.1	35.7	38.5	39.3
EBITDA (EURm)	6.0	13.4	13.9	14.2
EBITDA margin (%)	33.1%	37.5%	36.1%	36.1%
EBIT (EURm)	1.9	6.6	8.3	8.5
EPS (EUR)	0.07	0.24	0.30	0.31
CFPS (EUR)	0.48	0.30	0.49	0.53
DPS (EUR)	0.05	0.07	0.08	0.10

Source: Company Data, UBI Banca Estimates

Ratios

priced on 19 September 2018

	2017 *	2018E	2019E	2020E
P/E(x)	17.4	11.8	9.4	9.2
P/CF(x)	4.6	5.2	5.2	5.1
P/BV(x)	1.2	2.5	2.1	1.8
Dividend Yield	4.7%	2.5%	2.8%	3.5%
EV/EBITDA(x)	3.3	4.4	4.1	3.9
Debt/Equity (x)	-0.3	-0.2	-0.2	-0.2
Debt/EBITDA (x)	-1.0	-0.4	-0.5	-0.6

Source: UBI Banca Estimates * Based on 2017 average price

Key Financials

(EURm)	2017	2018E	2019E	2020E
Revenues	18.1	35.7	38.5	39.3
EBITDA	6.0	13.4	13.9	14.2
EBIT	1.9	6.6	8.3	8.5
NOPAT	1.3	4.4	5.6	5.7
Free Cash Flow	3.6	-0.3	3.4	4.0
Net Capital Employed	14.8	20.5	23.9	26.8
Shareholders' Equity	21.0	25.2	30.5	35.6
Net Financial Position	-6.2	-4.7	-6.6	-8.8

Source: Company data, UBI Banca estimates

Key Profitability Drivers

	2017	2018E	2019E	2020E
Net Debt/Ebitda (x)	-1.0	-0.4	-0.5	-0.6
Net Debt/Equity (x)	-0.3	-0.2	-0.2	-0.2
Interest Coverage (%)	24.0	330.3	417.2	425.2
Free Cash Flow Yield (%)	14.0%	nm	5.4%	6.3%
ROE (%)	7.0%	21.4%	22.4%	19.5%
ROI (%)	6.0%	19.4%	20.9%	19.7%
ROCE (%)	8.0%	25.1%	25.2%	22.5%

Source: Company data, UBI Banca estimates

Key Valuation Ratios

	2017 *	2018E	2019E	2020E
P/E (x)	17.4	11.8	9.4	9.2
P/BV (x)	1.2	2.5	2.1	1.8
P/CF (x)	4.6	5.2	5.2	5.1
Dividend Yield (%)	4.7%	2.5%	2.8%	3.5%
EV/Sales (x)	1.1	1.7	1.5	1.4
EV/EBITDA (x)	3.3	4.4	4.1	3.9
EV/EBIT (x)	10.4	9.0	6.9	6.5
EV/CE (x)	1.3	2.9	2.4	2.1

Source: Company data, UBI Banca estimates

* Based on average 2017 price

Key Value Drivers

(%)	2017	2018E	2019E	2020E
Payout	82.7%	29.2%	26.4%	32.3%
NWC/Sales	33.8%	32.7%	34.1%	35.5%
Capex/Sales	39.5%	19.3%	19.5%	19.8%

Source: Company data, UBI Banca estimates

Recent Developments

- > Notorious Pictures reported 1H18 sales of EUR21.3 million, well above the revenues of the entire 2017, surpassing by 12% our forecasts. This stunning performance vs. 1H17 could be explained by strong box office results (>EUR9.5 million driven by two blockbusters: “Belle & Sebastien 3” and “Loving Pablo”) and by international executive productions which are starting to bear fruits. Theatrical sales reached EUR4.0 million, implying a box office per movie of EUR1.12 million, well above the result reported in 2017 (EUR0.69 million per movie). Theatrical sales clearly pushed up Pay TV and free revenues (up 32% and 34% respectively). Executive production revenues for EUR6.9 million (first shooting of two International productions: “Lamborghini” and “Bent”) also significantly contributed to the top line growth.
- > EBITDA reached EUR8 million (+110% vs. 1H17) beating our estimates. As expected, the margin slightly decline compared with 1H17 (37.3% vs. 41.5% last year) due to the higher weight of executive productions, an activity which presents no risk but generates a modest EBITDA margin. Despite higher D&A costs (EUR4.6 million compared with EUR2.2 million in 1H17), EBIT more than doubled vs. last year. The bottom line surpassed EUR3 million, more the doubling the net result of the entire 2017 of EUR1.48 million and was 26% above our forecasts also thanks to the sharp decline of the tax rate (11% vs. 25% in 1H17) which benefitted from higher tax credits. Net cash was EUR5.1 million at Jun-18 (vs. EUR6.2 million at Dec-17) after the dividend payment (EUR1.2 million) and capex for EUR2.6 million, which include the acquisition of four movies at the European Film Market and of a library of 300 movies. Notorious Pictures’ library is now of over 950 movies with a book value or around EUR7.4 million.
- > The trend in the movie market was negative in the first half of 2018: admissions declined by 11.8% (even -22.6% vs. 1H16) and box office receipts were down 7.2% (-22.4% vs. 1H16). However, Italian movies performed well with a box office increase of 48.5% (source: *Cinetel*) and a weight on the total box office of 28.9% compared with 18.1% in 1H17.
- > In July 2018, the company signed two important co-production agreements: the first one with the Belgian company Tarantula to produce “The Shift”, a movie with a total budget of EUR3.7 million of which 60% in charge of Notorious Pictures (with the additional benefits of 30% tax credits for the production and 40% for the promotion and distribution costs). The second agreement has been signed with Elio Film and RAI Cinema for the production of a movie with Luca Argentero with a budget of EUR2.1 million. The shooting should be completed by the end of the year and the release is expected in 1Q19.
- > Also in July Notorious Pictures announced an agreement with a Spanish producer (Milburn A.I.E.) for the executive production of “Across the river into the trees”, a movie with Pierce Brosnam and Giancarlo Giannini to be realized this autumn. The contract is worth EUR5.1 million (28% of 2017 revenues) of which 90% to be accounted in 2018. This agreement follows the executive production of “Lamborghini”, a movie with Antonio Banderas to be realized in 2018 and released in 2019 for a total consideration of EUR12.5 million (nearly 70% of 2017 revenues) of which EUR7.2 million in 2018 and the residual part in 1Q19. Executive productions present no risk and a modest EBITDA margin but benefit from the tax credit for international production.
- > On September 6, Notorious Pictures announced an agreement with Sky Italia for the distribution of 22 movies, part coming from the existing library and part DtV (direct to video) for a total consideration of EUR1.56 million (around 9% of

2017 revenues). This agreement follows a similar deal announced in July for the concession of rights to an international broadcaster on 32 movies for free TV with a total consideration of EUR1.9 million.

Figure 1 – 1H18 results

(EURm)	1H17A	1H18A	% Chg.	1H18 UBI	% Chg.
Sales total	9.14	21.32	133.2%	19.00	12.2%
EBITDA	3.79	7.96	109.7%	6.50	22.4%
% margin	41.5%	37.3%		34.2%	
EBIT	1.60	3.41	113.6%	3.00	13.6%
% margin	17.4%	16.0%		15.8%	
Pre tax profit	1.55	3.40	119.6%	3.00	13.2%
Net profit	1.16	3.02	160.4%	2.40	26.0%
Net debt/(cash)	(3.30)	(5.14)		(5.00)	

Source: Company data, UBI Banca estimates

Figure 2 – 1H18 revenues breakdown

(EURm)	1H17A	1H18A	% Chg.
Theatrical	1.5	4.0	155.1%
Pay TV	1.8	3.5	100.0%
Free TV	1.4	3.1	129.6%
New media and others	0.9	0.8	-11.1%
Library & DTV	2.6	0.7	-72.5%
Executive production	0.3	6.9	2183.3%
Totale core business	8.4	19.0	126.9%
Other revues and inventories	0.8	2.4	213.3%
Totale consolidated revenues	9.1	21.3	133.2%

Source: Company data

Figure 3 – Movie releases in 1H18

Movie title	Release	Genre	Country	Box office (000)
A bag of marbles	Jan-18	Drama/Family	France	735
Belle & Sebastien 3	Feb-18	Family	France	2,738
Hostiles	Mar-18	Drama/Western	USA	829
Quanto basta	Apr-18	Comedy	Italy-Brazil	405
Loving Pablo	Apr-18	Thriller/Drama	Spain	2,482
Famiglia allargata	May-18	Comedy/Romance	France	204
The strangers -Prey at night	May-18	Horror	USA	585
#211 (Rapina in corso)	Jun-18	Action	USA	553
Total 1H18				9,571

Source: Cinetel, Company data, UBI Banca estimates

Financial Projections

- > The June-September box office in Italy was not impressive so far (EUR0.7 million receipts at September 17), but Notorious Pictures should distribute 11 movies in the second half of the year, which, excluding any potential blockbuster, could generate around EUR6.3 million of theatrical revenues in the full year (or +40% vs. 2017) based on our estimates. We have revised strongly up our estimates for 2018-20: we expect 20 movies per annum to be released in 2018-20, of which 43 are already in the pipeline (including the recent acquisitions). We have increased our 2018-20 revenues by 18% on average, reflecting higher theatrical and TV revenues while the executive production contracts recently signed provide a good visibility for the rest of 2018 and for 2019. We have to highlight that our forecasts do not include the release of the movies owned by The Weinstein Company (and “The War with Grandpa” could be a blockbuster).
- > As a consequence of the different sales mix and higher tax credits, our EBITDA estimates for 2018-20 have been increased by around 28% on average and we have also upgraded EBIT, although we increased our D&A expectations. Our estimate for the net result is now EUR5.4 million for 2018 (vs. EUR3.9 million before) which should grow to EUR7 million in 2020.
- > Our net cash estimates (EUR4.7 million at Dec-18, EUR6.6 million at Dec-19 and EUR8.8 million at Dec-20) have been reduced in 2018 as a result of the lower operating cash flow. Our estimates include a dividend pay-out ratio of around 30% (compared with a pay-out ratio of 83% in 2017), which gives a dividend yield close to 3% at current market price.
- > Our estimates do not include any external growth although this has not been ruled out by Notorious Pictures, which is currently looking at some film production companies.
- > The company’s strategy points to enrich and expand the product range to TV productions (TV series but also other TV formats) and to develop executive productions exploiting the opportunities offered by the Franceschini law. In other words, Notorious Pictures is becoming a digital media company from the pure film distributor of its origin. As a result, we believe that the coming years should see a gradual but sizeable improvement of the top line and profitability.

Figure 4 – Old vs. New estimates

(EURm)	2017A		2018E		2019E		2020E	
	Old	New	Old	New	Old	New	Old	New
Total Sales	18.1	30.4	35.7	32.5	38.5	34.1	39.3	
% change			17.5%		18.5%		15.2%	
EBITDA	6.0	10.0	13.4	11.3	13.9	11.7	14.2	
% change			33.5%		22.8%		21.1%	
EBIT	1.9	4.8	6.6	6.2	8.3	6.3	8.5	
% change			37.3%		33.6%		34.0%	
Net Profit	1.5	3.9	5.4	5.1	6.8	5.2	7.0	
% change			37.5%		33.7%		34.1%	
Net Debt/(Cash)	(6.2)	(5.5)	(4.7)	(6.4)	(6.6)	(7.4)	(8.8)	
EBIT margin	10.4%	15.8%	18.5%	19.2%	21.7%	18.6%	21.6%	
EBITDA margin	33.1%	33.0%	37.5%	34.8%	36.1%	34.3%	36.1%	

Source: Company data, UBI Banca estimates

Figure 5 – 2H18E estimates

(EURm)	2H17A	2H18E	% Chg.
Sales Theatrical	2.97	2.45	-17.5%
Sales Other	6.02	11.93	98.2%
Sales total	8.99	14.38	59.9%
EBITDA	2.22	5.45	145.7%
% margin	24.7%	37.9%	
EBIT	0.30	3.20	nm
% margin	3.3%	22.2%	
Pre tax profit	0.27	3.19	nm
Net profit	0.31	2.38	nm
Net debt/(cash)	-6.22	-3.71	

Source: Company data, UBI Banca estimates

Figure 6 – 2H18 movie pipeline

Movie title	Release	Genre	Country
The extraordinary journey of the fakir	Jul-18	Action/Drama	India/France/Spain
Bent	Jul-18	Thriller/Crime	USA
Mary Shelley	Aug-18	Bio/Drama	UK
Dog days	Sep-18	Comedy/Family	USA
The glass castle	Oct-18	Bio/Drama	USA
Non è vero ma ci credo	Oct-18	Comedy	Italy
Achille Tarallo	Oct-18	Comedy	Italy
A private war	Oct-18	Drama	USA
#OPS	Nov-18	Bio	Italy
City of lies	Nov-18	Thriller	USA
Ben is back	Dec-18	Drama	USA

Source: Company data, UBI Banca estimates

Figure 7 – 2019 movie pipeline

Movie title	Release	Genre	Country
Asterix and the secret of magic potion	Jan-19	Animation	France
War with gradpa	Jan-19	Comedy	USA
Copperman	Feb-19	Drama	Italy
Heidi – Queen of the mountain	Feb-19	Family	UK/India
Terra Willy	Mar-19	Animation	France
Five feet apart	Mar-19	Drama/Romance	USA
Little Miss Dolittle	Apr-19	Family	Germany
Latte and the magic waterstone	May-19	Animation	Germany
Arkie	Oct-19	Animation	USA
Playmobil	Nov-19	Animation	USA
Richard says goodbye	1Q19	Drama	USA
Extremely wicked, shockingly evil	1Q19	Thriller	USA
Lanborghini	1Q19	Biography	USA
Patrick	2Q19	Comedy/Family	UK
The last full measure	2Q19	Drama/Legal	USA
Light of my life	2Q19	Action/SciFi	USA
The wanting	2Q19	Horror	USA
Keepers	3Q18	Thriller	USA
Teen Spirit	3Q19	Comedy/Romance	USA
Strange but little	3Q19	Thriller	USA
Primal	3Q19	Action	USA
Rambo V	4Q19	Action	USA
Scary stories to tell in the dark	4Q19	Horror	USA
Kung Fury	4Q19	Sci-Fi	USA

Source: Company data, UBI Banca estimates

Valuation

- > Notorious Pictures had a stunning performance in the past few months (+93% in the past three months and +148% in the past twelve months) and the share price doubled since our latest report (*“New activities make 2018 bright”*, 3 May 2018) thanks to the buoyant box office results of its latest releases and the positive news flow on new productions and contracts with TV broadcasters. The company is still trading at a huge discount to peers: 45% on 2018-20 EV/EBITDA, 25% in P/E and 46% on EV/EBIT.
- > Given our new estimates, our DCF valuation has increased to EUR3.38 per share (from EUR1.77), benefitting from a higher EBIT margin and a different financial structure. Our relative valuation grows to EUR3.63 per share (applying a 20% discount vs. 30% before as the company strongly increased its liquidity in the past few months) from EUR1.73 per share thanks to the higher multiples of peers. The simple average of our DCF and the relative valuation gives a price of EUR3.50 per share, which is our new target price (from the previous figure of EUR1.75). The upside potential is >20% and justifies our Buy rating.
- > At the target price, the company trades at 5.5x 2018 EV/EBITDA and 5.2x 2019 EV/EBITDA, both well below the median multiple for the industry (7.5x and 6.6x respectively). There is also a considerable gap in the P/Es: Notorious Pictures at our target price would trade at 14.6x 2018 P/E and 11.5x for 2019 compared with 13.4x 2018 and 14.0x 2019 for its peers.
- > We remind that Notorious Pictures could benefit from the classification as an innovative small company (*“PMI innovativa”*), which increases the appeal of the shares given the associated tax benefits for investors, from the potential listing on the STAR segment (a reiterated management objective), from a solid financial structure (net cash at June-18 is currently equal to 23% of market capitalisation) and from an attractive dividend yield (we estimate around 3% in 2018-20).

Figure 8 – Valuation summary

(EUR)	19 September-18	Weight	3 May-18	Delta
DCF Valuation	3.38	50.0%	1.77	90.7%
Relative Valuation (at 20% discount)	3.63	50.0%	1.73	109.8%
Target Price	3.50		1.75	100.1%
Current price	2.84		1.42	100.0%
Potential upside	23.3%		23.2%	

Source: UBI Banca estimates

Figure 9 – DCF Valuation

Our model incorporates a WACC of 7.0%, a terminal growth rate of 1% and an EBIT margin of 20% at terminal value, which is below the margin we expect for 2019-20. Our DCF valuation implies a 3.1x EV/EBITDA at terminal value.

	(EURm)	(% weight)
Sum of PV 2018-26 FCF	21.1	30%
Terminal value	48.8	70%
Total Enterprise value	69.9	100%
- Pension Provision	(0.2)	
- Net debt (+ cash)	6.2	
Total Equity value	75.9	
Fully diluted number of shares (m)	22.5	
Fair value per share (EUR)	3.38	

Source: UBI Banca estimates

Figure 10 – Peer comparison and valuation based on multiples (priced on 19 September 2018)

Company	Market Cap (EURm)	P/E			EV/EBITDA			EV/EBIT		
		2018E	2019E	2020E	2018E	2019E	2020E	2018E	2019E	2020E
EuropaCorp	67				2.7 x	1.8 x		43.1 x		
Lions Gate Entertainment	3,970	73.3 x	28.4 x	22.0 x	11.8 x	10.4 x	9.1 x	22.7 x	17.7 x	14.7 x
Entertainment One	1,996	16.2 x	14.0 x	12.9 x	11.2 x	9.9 x	9.5 x	11.4 x	9.9 x	10.8 x
Constantin Medien	194		51.8 x		31.4 x	15.3 x		345.5 x	40.9 x	
Leone Film Group	68	10.5 x	8.9 x	7.2 x	3.7 x	3.3 x	2.6 x	16.8 x	11.0 x	8.1 x
Lucisano Media Group	27	3.2 x	3.3 x		2.0 x	1.9 x		3.5 x	3.4 x	
Average		25.8 x	21.3 x	14.0 x	10.5 x	7.1 x	7.1 x	80.0 x	21.0 x	11.2 x
Median		13.4 x	14.0 x	12.9 x	7.5 x	6.6 x	9.1 x	16.8 x	14.3 x	10.8 x
Current market multiples	64	11.8 x	9.4 x	9.2 x	4.4 x	4.1 x	3.9 x	9.0 x	6.9 x	6.5 x
Discount to median		-11.4%	-33.0%	-29.0%	-40.7%	-37.2%	-57.3%	-46.4%	-51.9%	-39.6%

Source: Factset, UBI Banca estimates

Figure 11 – Implicit multiples based on our EUR3.50 target price

(x)	2018E	2019E	2020E
P/E	14.6 x	11.5 x	11.3 x
EV/EBITDA	5.5 x	5.2 x	5.0 x
EV/EBIT	11.2 x	8.7 x	8.3 x
EV/Sales	2.1 x	1.9 x	1.8 x
P/BV	3.1 x	2.6 x	2.2 x
EV/ Capital employed	3.6 x	3.0 x	2.6 x

Source: UBI Banca estimates

Income Statement

(EURm)	2017	2018E	2019E	2020E
Net Revenues	18.1	35.7	38.5	39.3
EBITDA	6.0	13.4	13.9	14.2
EBITDA margin	33.1%	37.5%	36.1%	36.1%
EBIT	1.9	6.6	8.3	8.5
EBIT margin	10.4%	18.5%	21.7%	21.6%
Net financial income /expense	-0.1	-0.0	-0.0	-0.0
Associates & Others	0.0	0.0	0.0	0.0
Profit before taxes	1.8	6.6	8.3	8.5
Taxes	-0.3	-1.2	-1.5	-1.5
Minorities & discontinuing ops	0.0	0.0	0.0	0.0
Net Income	1.5	5.4	6.8	7.0

Source: Company data, UBI Banca estimates

Balance Sheet

(EURm)	2017	2018E	2019E	2020E
Net working capital	6.1	11.7	13.1	14.0
Net Fixed assets	13.8	13.9	14.8	15.8
M/L term funds	-5.2	-5.1	-4.0	-3.0
Capital employed	14.8	20.5	23.9	26.8
Shareholders' equity	21.0	25.2	30.5	35.6
Minorities	0.0	0.0	0.0	0.0
Shareholders' funds	21.0	25.2	30.5	35.6
Net financial debt/(cash)	-6.2	-4.7	-6.6	-8.8

Source: Company data, UBI Banca estimates

Cash Flow Statement

(EURm)	2017	2018E	2019E	2020E
NFP Beginning of Period	-3.8	-6.2	-4.7	-6.6
Group Net Profit	1.5	5.4	6.8	7.0
Minorities	0.0	0.0	0.0	0.0
D&A	4.1	6.8	5.5	5.7
Change in Funds & TFR	0.0	0.0	0.0	0.0
Gross Cash Flow	5.6	12.2	12.4	12.6
Change In Working Capital	5.2	-5.6	-1.5	-0.8
Other	0.0	0.0	0.0	0.0
Operating Cash Flow	10.8	6.6	10.9	11.8
Net Capex	-7.2	-6.9	-7.5	-7.8
Other Investments	0.0	0.0	0.0	0.0
Free Cash Flow	3.6	-0.3	3.4	4.0
Dividends Paid	-1.2	-1.2	-1.6	-1.8
Other & Chg in Consolid. Area	-0.0	0.0	0.0	0.0
Chg in Net Worth & Capital Incr.	0.0	0.0	0.0	0.0
Change in NFP	2.4	-1.5	1.8	2.2
NFP End of Period	-6.2	-4.7	-6.6	-8.8

Source: Company data, UBI Banca estimates

Financial Ratios				
(%)	2017	2018E	2019E	2020E
ROE	7.0%	21.4%	22.4%	19.5%
ROI	6.0%	19.4%	20.9%	19.7%
Net Fin. Debt/Equity (x)	-0.3	-0.2	-0.2	-0.2
Net Fin. Debt/EBITDA (x)	-1.0	-0.4	-0.5	-0.6
Interest Coverage	24.0	330.3	417.2	425.2
NWC/Sales	33.8%	32.7%	34.1%	35.5%
Capex/Sales	39.5%	19.3%	19.5%	19.8%
Pay Out Ratio	82.7%	29.2%	26.4%	32.3%

Source: Company data, UBI Banca estimates

Per Share Data				
(EUR)	2017	2018E	2019E	2020E
EPS	0.07	0.24	0.30	0.31
DPS	0.054	0.070	0.080	0.100
Op. CFPS	0.48	0.30	0.49	0.53
Free CFPS	0.16	-0.01	0.15	0.18
BVPS	0.93	1.12	1.35	1.58

Source: Company data, UBI Banca estimates

Stock Market Ratios				
(x)	2017 *	2018E	2019E	2020E
P/E	17.4	11.8	9.4	9.2
P/OpCFPS	2.4	9.6	5.9	5.4
P/BV	1.2	2.5	2.1	1.8
Dividend Yield (%)	4.7%	2.5%	2.8%	3.5%
Free Cash Flow Yield (%)	14.0%	nm	5.4%	6.3%
EV (EURm)	19.8	59.4	57.6	55.4
EV/Sales	1.1	1.7	1.5	1.4
EV/EBITDA	3.3	4.4	4.1	3.9
EV/EBIT	10.4	9.0	6.9	6.5
EV/Capital Employed	1.3	2.9	2.4	2.1

Source: Company data, UBI Banca estimates

Based on average 2017 price

Growth Rates				
(%)	2017	2018E	2019E	2020E
Growth Group Net Sales	-21.1%	96.9%	7.9%	2.1%
Growth EBITDA	-8.8%	123.0%	3.6%	2.1%
Growth EBIT	-40.3%	248.8%	26.3%	1.9%
Growth Net Profit	-47.4%	265.9%	26.4%	1.9%

Source: Company data, UBI Banca estimates

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100%	100%	-	100%

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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
18 September 2015	BUY	3.43	2.55
4 March 2016	BUY	2.28	1.31
6 April 2016	BUY	2.28	1.33
7 December 2016	BUY	1.16	0.69
3 April 2017	BUY	1.50	0.90
3 May 2018	BUY	1.75	1.42