

Company Update

Buy (maintained)

04 April 2019 – 5:30PM

MARKET PRICE: EUR3.12

TARGET PRICE: EUR4.30 (from EUR3.82)

Entertainment
Data

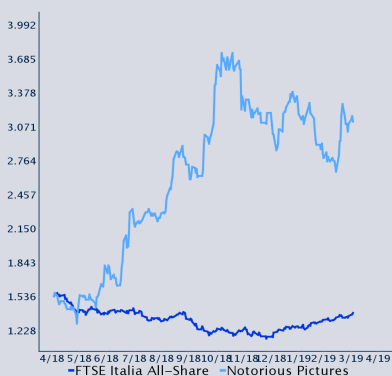
Shares Outstanding (m):	22.5
Market Cap. (EURm):	70.2
Enterprise Value (EURm):	70.6
Free Float (%):	16.9%
Av. Daily Trad. Vol. (m):	0.1
Main Shareholder:	Mr. Marchetti 82.0%
Reuters/Bloomberg:	NPI.MI NPI IM
52-Week Range (EUR)	1.2 3.7

Source: Factset, UBIBanca estimates

Performance

	1m	3m	12m
Absolute	11.8%	3.7%	153.7%
Rel. to FTSE	6.7%	-12.6%	163.6%

IT
Source: Factset

Graph area Absolute/Relative 12 M

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Better than expected 2018 results, further growth ahead

Despite a stunning share performance (+146% in the past 12 months) we remain buyers of Notorious Pictures: 1) 2018 results were above our estimates with revenues up 74%, EBITDA margin growing to 35.3% (from 33.1%) and net result nearly tripling. In particular, 2H18 saw a 13% sales increase with EBITDA up 30% and EBIT more than doubling; 2) 2019 kickoff was strongly positive with EUR5.4 million box office takings to date (>35% of the box office reported in the whole 2018); 3) the company has entered the multiplex business which should moderate the relative unpredictability of the results of the production and distribution activities, thus lowering the overall risk of the company; 4) the development of executive productions could strongly increase revenues in the future while offering attractive tax credits; 5) Notorious Pictures presents an attractive line up with the release of 18 movies scheduled this year, including some blockbusters ("Five Feet Apart" already reached a box office of EUR3.0 million); 6) the company has a solid financial structure (net cash was EUR3.4 million at Dec-18) and remains open to possible acquisitions; 7) the shares are still trading at an impressive discount to peers (43% on 2019-20 EV/EBITDA, 40% in P/E and 41% on EV/EBIT) leaving room for further outperformance. We confirm our Buy rating with a new target price of EUR4.30 per share (from EUR3.82).

- > 2018 was a true turning point for Notorious Pictures: the company developed internal and executive productions, started to work on TV series and landed in the multiplex business with 10 screens already acquired. Therefore, despite the challenging environment for the Italian movie industry, we believe Notorious Pictures will be able to grow also in 2019 while 2020 should see the first results of its multiplex activity.
- > We have fine tuned our 2019-20 forecasts (and added 2021), slightly increasing EBITDA prospects but reducing EBIT due to higher D&A with a negative impact on the bottom line close to 9% on average.
- > Our new target price of EUR4.30 per share (from EUR3.82) offers a potential upside of nearly 40%. At the target price, the company trades at 6.8x 2019 EV/EBITDA, well below the average multiple for the industry (8.9x). Buy reiterated.

Financials

	2018	2019E	2020E	2021E
Revenues (EURm)	31.5	40.6	51.0	60.6
EBITDA (EURm)	11.1	14.2	15.4	18.3
EBITDA margin (%)	35.3%	35.0%	30.1%	30.1%
EBIT (EURm)	4.1	7.4	8.5	10.7
EPS (EUR)	0.18	0.27	0.31	0.39
CFPS (EUR)	0.36	0.39	0.49	0.63
DPS (EUR)	0.08	0.09	0.10	0.12

Source: Company Data, UBI Banca Estimates

Ratios

	priced on 3 April 2019			
	2018 *	2019E	2020E	2021E
P/E(x)	11.0	11.6	10.1	8.0
P/CF(x)	4.1	5.5	5.1	4.3
P/BV(x)	1.9	2.5	2.1	1.8
Dividend Yield	4.0%	2.9%	3.2%	3.8%
EV/EBITDA(x)	3.8	5.0	4.8	4.2
Debt/Equity (x)	-0.1	0.0	0.1	0.1
Debt/EBITDA (x)	-0.3	0.0	0.2	0.3

Source: UBI Banca Estimates * Based on 2018 average price

Key Financials

(EURm)	2018	2019E	2020E	2021E
Revenues	31.5	40.6	51.0	60.6
EBITDA	11.1	14.2	15.4	18.3
EBIT	4.1	7.4	8.5	10.7
NOPAT	2.8	4.9	5.7	7.2
Free Cash Flow	0.6	-1.7	-1.6	0.7
Net Capital Employed	20.1	27.9	36.4	44.5
Shareholders' Equity	23.6	27.7	32.7	39.2
Net Financial Position	-3.4	0.1	3.8	5.3

Source: Company data, UBI Banca estimates

Key Profitability Drivers

	2018	2019E	2020E	2021E
Net Debt/Ebitda (x)	-0.3	0.0	0.2	0.3
Net Debt/Equity (x)	-0.1	0.0	0.1	0.1
Interest Coverage (%)	143.0	368.9	424.0	536.1
Free Cash Flow Yield (%)	1.2%	nm	nm	1.0%
ROE (%)	17.6%	21.7%	21.2%	22.4%
ROI (%)	12.7%	17.9%	16.0%	16.6%
ROCE (%)	15.9%	20.6%	17.7%	17.8%

Source: Company data, UBI Banca estimates

Key Valuation Ratios

	2018 *	2019E	2020E	2021E
P/E (x)	11.0	11.6	10.1	8.0
P/BV (x)	1.9	2.5	2.1	1.8
P/CF (x)	4.1	5.5	5.1	4.3
Dividend Yield (%)	4.0%	2.9%	3.2%	3.8%
EV/Sales (x)	1.4	1.7	1.5	1.3
EV/EBITDA (x)	3.8	5.0	4.8	4.2
EV/EBIT (x)	10.3	9.6	8.8	7.1
EV/CE (x)	2.1	2.5	2.0	1.7

Source: Company data, UBI Banca estimates

* Based on average 2018 price

Key Value Drivers

(%)	2018	2019E	2020E	2021E
Payout	44.4%	33.6%	32.4%	30.8%
NWC/Sales	29.2%	32.6%	31.2%	29.9%
Capex/Sales	23.7%	25.9%	25.0%	22.3%

Source: Company data, UBI Banca estimates

Recent Developments

- > Notorious Pictures reported 2018 sales of EUR31.5 million, broadly in line with our estimates, with an increase of 74% compared to 2017. This stunning performance could be explained by strong box office results (>EUR14 million, up 30% with 2.3 million admissions) and by international executive productions which also benefitted from the postponement of some executive productions from 2017. Theatrical sales, with the distribution of 19 movies in 2018 (vs. 16 in 2017), reached EUR5.9 million, implying a box office per movie of EUR0.74 million, well above the result reported in 2017 (EUR0.44 million per movie) making Notorious Pictures the third independent distributor in Italy with a market share around 2.7%. Theatrical sales clearly pushed up Pay TV and free TV revenues (up 34% and 22% respectively). Executive production revenues for EUR8.8 million (first shooting of two International productions: “Lamborghini”, partially delayed to 2019, and “Bent”) also significantly contributed to the top line growth. The second half of the year reported sales up 13.6%.
- > In 2018 EBITDA reached EUR11.1 million (+85% vs. 2017) beating our estimates by 7%. The margin increased also in the second half of the year growing to 31% compared with 24.7% in 2H17. Despite higher D&A costs (EUR7.0 million compared with EUR4.1 million in 2017), EBIT more than doubled vs. last year. The bottom line surpassed EUR4 million, nearly tripling the net result of 2017 and was 38% above our forecasts also thanks to the lack of taxes (vs. a tax rate of 19% in 2017) as tax credits offset the tax due. Net cash was EUR3.4 million at Dec-18 (vs. EUR6.2 million at Dec-17) after the dividend payment (EUR1.2 million) and capex for EUR7.5 million, which include the acquisition of six new movies and of a library of 178 movies.
- > The company announced a DPS of EUR0.082 (+51% vs. 2017, payable on April 25) implying a dividend yield of 2.6% at the current market price and corresponding to a payout ratio of 44%, which is above the stated minimum 25% policy of the company.
- > The trend in the movie market was negative in 2018: with 528 movies distributed, of which 210 Italian productions, admissions declined by 6.9% and box office receipts were down 5.0% (source: *Cinetel*) with a decrease of average theatrical sales per movie (-3.6% at EUR1.05 million). The first three months of 2019 were also not bright.
- > Notorious Pictures signed significant commercial agreements during 2018 including SKY Italia (up to 2021) and Mediaset. In addition, the company signed (in January 2019) the contract for the executive production of 10 web series for a total consideration of EUR7 million and a preliminary agreement for the acquisition of a second multiplex in Veneto.
- > Notorious Pictures' buyback program reached 539k shares or 2.4% of the share capital at February-19, corresponding to 22,491,480 shares. The buyback is for possible M&A activity, to enhance the liquidity of the shares and support the stock option plan of the firm.

Figure 1 – 2018 results

(EURm)	2017A	2018A	% Chg.	2018E UBI	% Chg.
Sales total	18.14	31.53	73.9%	31.09	1.4%
EBITDA	6.01	11.11	84.9%	10.39	7.0%
% margin	33.1%	35.3%		33.4%	
EBIT	1.89	4.14	118.8%	3.69	12.4%
% margin	10.4%	13.1%		11.9%	
Net profit	1.48	4.15	181.1%	3.01	38.0%
Net debt/(cash)	(6.22)	(4.00)	-35.7%	(3.44)	16.1%

Source: Company data, UBI Banca estimates

Figure 2 – Revenues breakdown

(EURm)	2017A	2018A	% Chg.
Theatrical sales	4.47	5.90	+32%
Pay TV sales	5.68	7.60	+34%
Free TV sales	3.39	4.13	+22%
Production sales	1.53	11.23	nm
Other sales	3.08	6.67	+117%
Total sales	18.14	31.53	+74%
Box office	11.05	14.10	+28%

Source: Company data

Figure 3 – 2H18 results

(EURm)	2H17A	2H18A	% Chg.	2H18E UBI	% Chg.
Sales Theatrical	3.02	1.92	-36.4%	1.89	1.8%
Sales Other	5.97	8.29	38.8%	7.89	5.1%
Sales total	8.99	10.21	13.6%	9.77	4.5%
EBITDA	2.22	3.16	42.4%	2.44	29.7%
% margin	24.7%	30.9%		24.9%	
EBIT	0.30	0.74	146.5%	0.28	163.6%
% margin	3.3%	7.2%		2.9%	
Pre tax profit	0.27	0.72	167.9%	0.27	166.3%
Net profit	0.31	1.13	257.5%	-0.02	nm

Source: Company data, UBI Banca estimates

Figure 4 – Movie releases in 2018

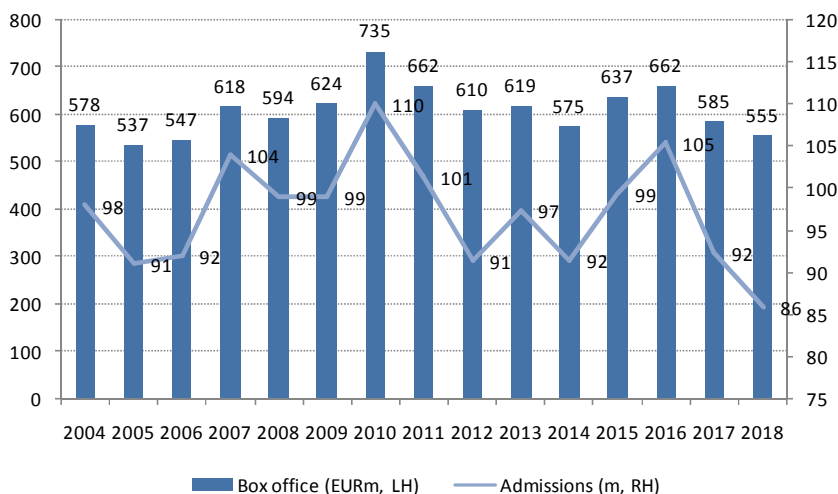
The second half of the year was weaker than the first half with EUR4.6 million box office vs. EUR9.5 million in 1H18.

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	2,754
Hostiles	Mar-18	Drama/Western	USA	829
Quanto basta	Apr-18	Comedy	Italy-Brazil	405
Escobar -Il fascino del male	Apr-18	Thriller/Drama	Spain	3,453
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
The extraordinary journey of the fakir	Jul-18	Action/Drama	India/France/Spain	208
Bent - Polizia criminale	Jul-18	Thriller/Crime	USA	48
Mary Shelley	Aug-18	Bio/Drama	UK	308
Dog days	Sep-18	Comedy/Family	USA	219
Achille Tarallo	Oct-18	Comedy	Italy	275
A private war	Oct-18	Drama	USA	309
Hell Fest	Oct-18	Horror	USA	723
Non è vero ma ci credo	Oct-18	Comedy	Italy	232
#OPS	Nov-18	Bio	Italy	
The glass castle	Dec-18	Bio/Drama	USA	200
Ben is back	Dec-18	Drama	USA	1,745
Total 2018				14,130

Source: Cinetel, Mymovies

Figure 5 – Box office and admissions in Italy

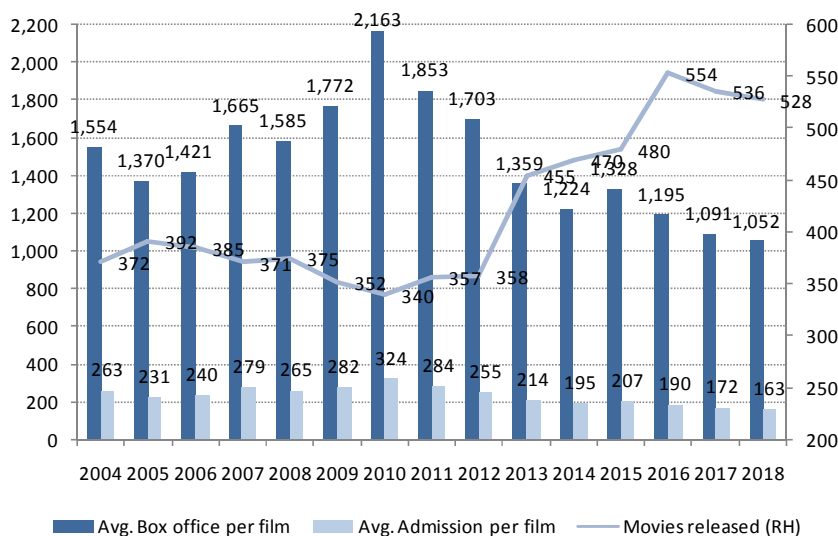
Admissions and box office were significantly down in the past two years, also due to the lack of significant blockbusters. 2019 is expected to improve significantly.



Source: UBI Banca on Cinetel data

Figure 6 – Movies released, box office and admissions in Italy – average per movie (000)

There was a strong increase in movies released in the past three years (>500 vs. >400 on average in the past ten years). However, box office take declined by 5% and admissions were down 7% in 2018. Therefore, the average box office per movie fell 3.6% and the average admission per movie 5.6%.



Source: UBI Banca on Cinetel data

Financial Projections

- > Notorious Pictures had a positive start of the year with a box office which surpassed EUR5.2 million despite the challenging market environment with an increase of around 21% based on our calculations. In particular, two movies surpassed expectations: "City of Lies" (EUR1.4 million) and "Five Feet Apart" which already reached EUR3 million receipts since the release on March 21th and could overcome EUR4 million. Other blockbusters could follow in the coming months (we refer to "Richard Says Goodbye" with Johnny Depp, "Playmobil", "Rambo V" and "War with Grandpa" with Robert De Niro) and we expect >10% growth for theatrical sales. We also expect a sizable contribution from executive production, also due to the postponement of "Lamborghini" this year. Altogether, revenues should surpass EUR40 million in 2019 while 2020-21 should benefit from the revenues generated by the multiplex business which is already included in our estimates. We expect 20 movies per annum to be released in 2020-21, of which 25 are already in the pipeline.
- > We have fine tuned our forecast with a slight increase of EBITDA margin but we increased D&A expectations with a negative impact on EBIT (-8% on average in 2019-20). We remind that margins should decline in 2020 due to the higher weight of multiplex business which typically has a margin of 8-15%. Our estimate for the net result is now EUR6.0 million for 2019 growing to EUR6.9 million in 2020 and EUR8.8 million in 2021.
- > 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. A significant acquisition could see the company list on the main Italian stock market (STAR segment), which remains one of the company's targets.

Figure 7 – Old vs. New estimates

(EURm)	2018A	2019E		2020E		2021E
		Old	New	Old	New	
Total Sales	31.5	40.9	40.6	50.1	51.0	60.6
% change			-0.7%		1.8%	
EBITDA	11.1	14.0	14.2	15.2	15.4	18.3
% change			1.8%		1.1%	
EBIT	4.1	8.3	7.4	8.9	8.5	10.7
% change			-11.0%		-5.0%	
Net Profit	4.1	6.8	6.0	7.3	6.9	8.8
% change			-11.0%		-5.0%	
Net Debt/(Cash)	(3.4)	(3.3)	0.1	(3.8)	3.8	5.3
EBIT margin	13.1%	20.3%	18.2%	17.8%	16.6%	17.7%
EBITDA margin	35.3%	34.1%	35.0%	30.3%	30.1%	30.1%

Source: Company data, UBI Banca estimates

Figure 8 - Detailed P&L estimates

(EURm)	2017A	2018A	2019E	2020E	2021E
Total movies	16	19	18	20	20
Theatrical	4.47	5.90	6.60	7.57	7.84
Pay TV	5.68	7.60	8.42	8.75	8.97
Free TV	3.39	4.13	4.79	5.08	5.23
Home video	0.19	0.10	0.06	0.05	0.04
Vod, PPV, Kiosk	1.89	1.44	1.98	2.08	2.18
Production	1.53	2.40	5.70	5.70	5.70
Executive production		8.83	8.75	9.50	9.50
Other	0.99		2.38	10.79	19.31
Multiplex		1.13	1.92	1.50	1.80
Total sales	18.14	31.53	40.60	51.02	60.57
Direct costs (P&A and other)	(10.45)	(18.51)	(24.40)	(33.60)	(40.24)
Gross margin	7.69	13.02	16.20	17.42	20.33
Gross margin (%)	42.4%	41.3%	39.9%	34.1%	33.6%
Labour and other structure costs	(1.69)	(1.94)	(2.00)	(2.06)	(2.08)
EBITDA	6.00	11.08	14.20	15.36	18.25
% margin	33.1%	35.1%	35.0%	30.1%	30.1%
D&A on the library	(3.99)	(6.97)	(6.82)	(6.88)	(7.53)
EBIT	1.88	7.38	8.48	10.72	7.38
% margin	10.4%	18.2%	16.6%	17.7%	18.2%

Source: Company data, UBI Banca estimates

Figure 9 – 2019 movie pipeline

Movie title	Release	Genre	Country
City of lies - L'ora della verità	Jan-19	Thriller	USA
Copperman	Feb-19	Drama	Italy
The Vanishing - Il mistero del faro	Feb-19	Thriller	USA
Asterix e la pozione magica	Mar-19	Animation	France
Five feet apart - A un metro da te	Mar-19	Drama/Romance	USA
Terra Willy	Apr-19	Animation	France
Extremely wicked, shockingly evil	May-19	Thriller	USA
Polaroid	May-19	Horror	USA
Richard says goodbye	Jun-19	Drama	USA
Strange but true	Jul-19	Thriller	USA
Isabelle	Aug-19	Horror	USA
Teen Spirit	Aug-19	Comedy/Romance	USA
Playmobil	Sep-19	Animation	USA
Scary stories to tell in the dark	Oct-19	Horror	USA
Arctic Justice	Nov-19	Animation	USA
Rambo V	4Q19	Action	USA
War with grandpa	4Q19	Comedy	USA
Primal	4Q19	Action	USA
The last full measure	4Q19	Drama/Legal	USA

Source: Company data, UBI Banca estimates

Figure 10 – 2020 movie pipeline

Movie title	Release	Genre	Country
Love, Wedding, Repeat	1Q20	Comedy	UK/Italy
Judy	1Q20	Biopic/Drama	USA
Al Capone	1Q20	Drama	USA
Kung Fury	1Q20	Sci-Fi	USA
Latte and the magic waterstone	1Q20	Animation	Germany
Cats and pechtopia	1Q20	Animation	China
Synchronic	1Q20	Sci-Fi	USA
Light of my life	TBC	Action/SciFI	USA
Lamborghini	TBC	Biography	USA
Heidi - Regina della montagna	TBC	Family	UK/India
Patrick	TBC	Comedy/Family	UK
Little Miss Dolittle	TBC	Family	Germany
Arkie	TBC	Animation	Australia
Mrs Lowry and son	TBC		UK

Source: Company data, UBI Banca estimates

Valuation

- > Notorious Pictures performed well in the past twelve months, outperforming both the Italian stock index and the movie industry. From a minimum of around EUR1.1 at the beginning of March-18 the share has nearly tripled. However, the company is still trading at a huge discount to peers: 39% on 2019-20 EV/EBITDA, 50% in P/E and 57% on EV/EBIT.
- > Given our new estimates, our DCF valuation has increased to EUR4.32 per share (from EUR4.19). Our relative valuation grows to EUR4.26 per share (applying a 20% discount to take into account the limited free float of Notorious Pictures) from EUR2.97 per share thanks to the higher multiples of peers. Applying 70% weight to our DCF valuation and 30% to peer valuation we obtain a target price of EUR4.30 (from EUR3.82) which offers 38% upside potential justifying our Buy rating.
- > At the target price, the company trades at 6.8x 2019 EV/EBITDA and 6.6x 2020 EV/EBITDA, both well below the average multiple for the industry (8.9x and 7.4x respectively). There is also a considerable gap in the P/Es.
- > 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 and from an attractive dividend yield (we estimate around 3% in 2018-20).

Figure 11 – Valuation summary

(EUR)	4 April-19	Weight	19 Jan-19	Delta
DCF Valuation	4.32	70.0%	4.19	3.1%
Relative Valuation (at 20% discount)	4.26	30.0%	2.97	43.4%
Target Price	4.30		3.82	12.5%
Current price	3.12		3.19	-2.2%
Potential upside	37.8%		19.8%	

Source: UBI Banca estimates

Figure 12 – DCF Valuation

Our model incorporates a WACC of 8.0%, a terminal growth rate of 1% and an EBIT margin of 17% at terminal value, which is below the margin we expect for 2019. Our DCF valuation implies a 2.9x EV/EBITDA at terminal value.

	(EURm)	(% weight)
Sum of PV 2019-27 FCF	24.8	26%
Terminal value	69.1	74%
Total Enterprise value	93.9	100%
- minorities	0.0	
- Pension Provision	(0.3)	
- Net debt (+ cash)	3.4	
Total Equity value	97.1	
Fully diluted number of shares (m)	22.5	
Fair value per share (EUR)	4.32	

Source: UBI Banca estimates

Figure 13 – Peer comparison and valuation based on multiples (priced on 3 April 2019)

Company	Market Cap (EURm)	P/E		EV/EBITDA		EV/EBIT	
		2019E	2020E	2019E	2020E	2019E	2020E
EuropaCorp SA	39			2.3 x	1.8 x	38.3 x	24.4 x
Lions Gate	2,976	22.1 x	18.1 x	9.1 x	8.2 x	16.5 x	13.7 x
Entertainment One Ltd.	2,420	19.9 x	16.2 x	11.2 x	10.0 x	11.7 x	10.2 x
Constantin Medien AG	159	85.0 x	42.5 x	24.5 x	19.5 x	73.5 x	41.7 x
Leone Film Group	65	8.5 x	6.5 x	3.2 x	2.6 x	10.4 x	8.2 x
Lucisano Media Group	27	5.4 x	5.4 x	2.9 x	2.5 x	7.7 x	7.4 x
Average		28.2 x	17.7 x	8.9 x	7.4 x	26.3 x	17.6 x
Median		19.9 x	16.2 x	6.2 x	5.4 x	14.1 x	12.0 x
Current market multiples	70	11.6 x	10.1 x	5.0 x	4.8 x	9.6 x	8.8 x
Discount to median		-58.7%	-43.0%	-43.9%	-35.0%	-63.7%	-50.2%

Source: Factset, UBI Banca estimates

Figure 14 – Implicit multiples based on our EUR4.30 target price

(x)	2019E	2020E	2021E
P/E	16.0 x	13.9 x	11.0 x
EV/EBITDA	6.8 x	6.6 x	5.6 x
EV/EBIT	13.2 x	11.9 x	9.5 x
EV/Sales	2.4 x	2.0 x	1.7 x
P/BV	3.5 x	3.0 x	2.5 x
EV/ Capital employed	3.5 x	2.8 x	2.3 x

Source: UBI Banca estimates

Income Statement

(EURm)	2018	2019E	2020E	2021E
Net Revenues	31.5	40.6	51.0	60.6
EBITDA	11.1	14.2	15.4	18.3
EBITDA margin	35.3%	35.0%	30.1%	30.1%
EBIT	4.1	7.4	8.5	10.7
EBIT margin	13.2%	18.2%	16.6%	17.7%
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	4.1	7.4	8.5	10.7
Taxes	0.0	-1.3	-1.5	-1.9
Minorities & discontinuing ops	0.0	0.0	0.0	0.0
Net Income	4.2	6.0	6.9	8.8

Source: Company data, UBI Banca estimates

Balance Sheet

(EURm)	2018	2019E	2020E	2021E
Net working capital	9.2	13.2	15.9	18.1
Net Fixed assets	14.6	18.2	23.4	29.2
M/L term funds	-3.7	-3.6	-2.9	-2.7
Capital employed	20.1	27.9	36.4	44.5
Shareholders' equity	23.6	27.7	32.7	39.2
Minorities	0.0	0.0	0.0	0.0
Shareholders' funds	23.6	27.7	32.7	39.2
Net financial debt/(cash)	-3.4	0.1	3.8	5.3

Source: Company data, UBI Banca estimates

Cash Flow Statement

(EURm)	2018	2019E	2020E	2021E
NFP Beginning of Period	-6.2	-3.4	0.1	3.8
Group Net Profit	4.2	6.0	6.9	8.8
Minorities	0.0	0.0	0.0	0.0
D&A	7.0	6.8	6.9	7.5
Change in Funds & TFR	0.0	0.0	0.0	0.0
Gross Cash Flow	11.1	12.9	13.8	16.3
Change In Working Capital	-3.1	-4.0	-2.7	-2.1
Other	0.0	0.0	0.0	0.0
Operating Cash Flow	8.0	8.8	11.1	14.2
Net Capex	-7.5	-10.5	-12.7	-13.5
Other Investments	0.0	0.0	0.0	0.0
Free Cash Flow	0.6	-1.7	-1.6	0.7
Dividends Paid	-1.2	-1.8	-2.0	-2.2
Other & Chg in Consolid. Area	-2.2	0.0	0.0	0.0
Chg in Net Worth & Capital Incr.	0.0	0.0	0.0	0.0
Change in NFP	-2.8	-3.5	-3.6	-1.6
NFP End of Period	-3.4	0.1	3.8	5.3

Source: Company data, UBI Banca estimates

Financial Ratios

(%)	2018	2019E	2020E	2021E
ROE	17.6%	21.7%	21.2%	22.4%
ROI	12.7%	17.9%	16.0%	16.6%
Net Fin. Debt/Equity (x)	-0.1	0.0	0.1	0.1
Net Fin. Debt/EBITDA (x)	-0.3	0.0	0.2	0.3
Interest Coverage	143.0	368.9	424.0	536.1
NWC/Sales	29.2%	32.6%	31.2%	29.9%
Capex/Sales	23.7%	25.9%	25.0%	22.3%
Pay Out Ratio	44.4%	33.6%	32.4%	30.8%

Source: Company data, UBI Banca estimates

Per Share Data

(EUR)	2018	2019E	2020E	2021E
EPS	0.18	0.27	0.31	0.39
DPS	0.082	0.090	0.100	0.120
Op. CFPS	0.36	0.39	0.49	0.63
Free CFPS	0.03	-0.07	-0.07	0.03
BVPS	1.05	1.23	1.45	1.74

Source: Company data, UBI Banca estimates

Stock Market Ratios

(x)	2018 *	2019E	2020E	2021E
P/E	11.0	11.6	10.1	8.0
P/OpCFPS	5.7	8.0	6.3	5.0
P/BV	1.9	2.5	2.1	1.8
Dividend Yield (%)	4.0%	2.9%	3.2%	3.8%
Free Cash Flow Yield (%)	1.2%	nm	nm	1.0%
EV (EURm)	42.6	70.6	74.2	75.8
EV/Sales	1.4	1.7	1.5	1.3
EV/EBITDA	3.8	5.0	4.8	4.2
EV/EBIT	10.3	9.6	8.8	7.1
EV/Capital Employed	2.1	2.5	2.0	1.7

Source: Company data, UBI Banca estimates

Based on average 2018 price

Growth Rates

(%)	2018	2019E	2020E	2021E
Growth Group Net Sales	73.9%	28.7%	25.7%	18.7%
Growth EBITDA	84.9%	27.7%	8.2%	18.8%
Growth EBIT	119.0%	77.9%	14.9%	26.4%
Growth Net Profit	181.4%	45.3%	15.0%	26.5%

Source: Company data, UBI Banca estimates

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Date	Rating	Target Price (EUR)	Market Price (EUR)
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
20 September 2018	BUY	3.50	2.84
16 January 2019	BUY	3.82	3.19