

Company Update

Buy (maintained)

09 October 2018 – 12:30PM

 MARKET PRICE: **EUR4.78**

 TARGET PRICE: **EUR6.48 (from EUR6.58)**
**Entertainment**
**Data**

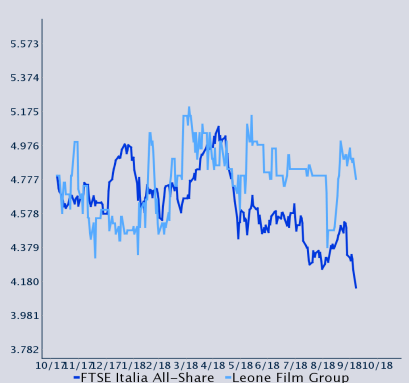
Shares Outstanding (m):	14.20
Market Cap. (EURm):	67.87
Enterprise Value (EURm):	105.85
Free Float (%):	24.2%
Av. Daily Trad. Vol. (m):	0.01
Main Shareholder:	Leone family 58.1%
Reuters/Bloomberg:	LFG.MI LFG IM
52-Week Range (EUR)	4.3 5.2

Source: Factset, UbiBanca estimates

**Performance**

	1m	3m	12m
Absolute	6.7%	-3.6%	-4.4%
Rel. to FTSE IT	10.6%	6.2%	8.0%

Source: Factset

**Graph area Absolute/Relative 12 M**

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## Well on track

1H18 results confirm that LFG is well on track to achieve its business plan targets for 2018: revenues were up 47%, with sales from production increasing by 144% (three productions including the blockbuster “A Casa Tutti Bene” and four executive productions) and a significant increase of tax credits (+125%), while sales from distribution declined by 42% due to different distribution of theatrical releases throughout the year (4 in 1H18 vs. 14 in 1H17). In the first half LFG was the first Italian distributor with a market share of 8.4% compared with 7.9% in 1H17. The EBITDA margin fell to 17.8% from 31.8% due to the different product mix (executive productions generate lower profitability than distribution) but net profit more than doubled thanks to EUR1.9 million of non-recurring financial income. We also highlight the cash generation of the first half which allowed an improvement of the net financial position. The company substantially confirmed its business plan which anticipates sales of EUR108 million and EBITDA of EUR30 million in 2018, thus implying a buoyant second half of the year with the release of 18 movies, two productions and two international executive productions. We confirm our positive stance on LFG, which should benefit from a wide range of long-term contracts with content providers, broadcasters and highly respected Italian directors, potential acquisitions or partnerships to expand outside Italy, an attractive line-up, a wide film library, growing tax credits and possible future blockbusters. Our new target price of EUR6.48 per share (from EUR6.58) offers 35% upside.

- > 1H18 results were broadly in line with our expectations and with the business plan presented in July: the strong growth in production revenues, with development of new content and a raising number of international executive productions should prevent LFG from the impact of a challenging movie market (admissions declined by 11.8% and box office receipts dropped by 7.2% in 1H18).
- > Our 2018-20 estimates have been fine tuned and are substantially in line with LFG's business plan. We expect a sales CAGR of 8.4% until 2020 with an EBITDA which could exceed EUR38 million in 2020 and a bottom line of >EUR10 million.
- > Our new target price of EUR6.48 per share (from EUR6.58) reflects our higher free risk rate assumption (3.5% vs. 2.5% before) partially offset by our estimates increase. The shares are now trading at a discount of about 50% to peers on EV/EBITDA multiples. Buy.

**Financials**

	2017	2018E	2019E	2020E
Revenues (EURm)	105.79	108.13	127.69	134.91
EBITDA (EURm)	29.42	30.63	33.48	38.70
EBITDA margin (%)	25.1%	25.8%	24.1%	26.3%
EBIT (EURm)	5.42	6.57	10.20	12.45
EPS (EUR)	0.28	0.40	0.58	0.77
CFPS (EUR)	2.07	1.89	2.29	2.60
DPS (EUR)	0.00	0.15	0.18	0.24

Source: Company Data, UBI Banca Estimates

**Ratios**

priced on 8 October 2018

	2017 *	2018E	2019E	2020E
P/E(x)	15.5	12.0	8.2	6.2
P/CF(x)	2.2	2.3	2.2	1.8
P/BV(x)	1.7	1.6	1.4	1.2
Dividend Yield	0.0%	3.1%	3.8%	5.0%
EV/EBITDA(x)	3.4	3.7	3.2	2.6
Debt/Equity (x)	1.1	1.1	0.8	0.6
Debt/EBITDA (x)	1.4	1.4	1.1	0.9

Source: UBI Banca Estimates \* Based on 2017 average price

**Key Financials**

(EURm)	2017	2018E	2019E	2020E
Revenues	105.79	108.13	127.69	134.91
EBITDA	29.42	30.63	33.48	38.70
EBIT	5.42	6.57	10.20	12.45
NOPAT	3.69	4.47	6.94	8.46
Free Cash Flow	-4.53	-0.43	11.22	9.88
Net Capital Employed	76.33	85.12	85.11	89.41
Shareholders' Equity	35.79	41.44	47.56	55.91
Net Financial Position	40.54	43.67	37.56	33.50

Source: Company data, UBI Banca estimates

**Key Profitability Drivers**

	2017	2018E	2019E	2020E
Net Debt/Ebitda (x)	1.4	1.4	1.1	0.9
Net Debt/Equity (x)	1.1	1.1	0.8	0.6
Interest Coverage (%)	1.9	4.6	4.8	7.1
Free Cash Flow Yield (%)	-7.5%	nm	16.5%	14.6%
ROE (%)	10.9%	13.6%	17.3%	19.5%
ROI pre-tax (%)	5.1%	5.5%	8.1%	9.6%
ROCE (%)	5.2%	5.6%	8.2%	9.7%

Source: Company data, UBI Banca estimates

**Key Valuation Ratios**

	2017 *	2018E	2019E	2020E
P/E (x)	15.5	12.0	8.2	6.2
P/BV (x)	1.7	1.6	1.4	1.2
P/CF (x)	2.2	2.3	2.2	1.8
Dividend Yield (%)	0.0%	3.1%	3.8%	5.0%
EV/Sales (x)	0.9	0.9	0.8	0.7
EV/EBITDA (x)	3.4	3.7	3.2	2.6
EV/EBIT (x)	18.7	17.0	10.4	8.2
EV/CE (x)	1.3	1.3	1.2	1.1

Source: Company data, UBI Banca estimates

\* Based on 2017 average price

**Key Value Drivers**

(%)	2017	2018E	2019E	2020E
Payout	0.0%	37.7%	31.0%	31.2%
NWC/Sales	1.2%	3.6%	2.3%	2.3%
Capex/Sales	28.7%	23.0%	15.3%	18.4%

Source: Company data, UBI Banca estimates

### Recent Developments

- > LFG reported 1H18 results broadly in line with our estimates and with the business plan presented last July. In the first half of 2018 the company distributed 3 movies, including one blockbuster (“The Post” which generated box office receipts of EUR6.4 million) contributing to total box office receipts of about EUR8.1 million, representing an average of EUR2.8 million per movie, well above the average Italian box office figure, which was around EUR0.1 million per movie in 1H17, but sales from distribution decreased by 42% compared with 1H17 when LFG distributed 14 movies and reported higher Pay and Free TV revenues. LFG’s market share (calculated on pro-forma basis, as LFG does not distribute movies directly but signs distribution agreements with major distributors in Italy) in the first half was 8.4% (from 7.9% in 1H17), ranking first amongst the Italian distributors (in full year 2017 LFG also scored first surpassing historical leaders RAI and Mediaset).
- > Production revenues more than doubled to EUR32.9 million with two movies released (“A Casa Tutti Bene” which reported a box office of EUR9.1 million ranking fifth amongst the top movies seen in Italy in 1H18 and “Hotel Gagarin” with EUR0.3 million box office), one movie production already completed (“Notti Magiche” directed by Paolo Virzì, which should be distributed in November) and four executive productions for foreign international clients (two movies and two TV series). Total revenues were up 47% at EUR52.0 million of which EUR7.9 million related to tax credits (vs. EUR3.5 million of 1H17); sales in 1H18 represented approximately 48% of 2018 expected sales in LFG’s business plan (31% for distribution and 56% for production).
- > As expected the EBITDA margin declined to 17.8% (with Productions division at 20.1% and Distribution division at 27.2%) in 1H18 from 31.8% in 1H17 for two main reasons: 1) the different sales mix, reflecting a higher proportion of international executive productions, which have lower profitability, and 2) the increase in labour costs (at 24% of revenues vs. 18.7% in 1H17) coupled with lower production costs capitalized. However, lower D&A costs, the positive impact of the mark-to-market of derivatives (EUR1.8 million) and further tax credits increased the bottom line to EUR2.6 million (from EUR1.3 million in 1H17).
- > Net debt was EUR39.9 million, slightly down compared with Dec-17 (EUR40.5 million), thanks to lower investments (about EUR9.3 million) and the lack of dividends (vs. EUR1.2 million paid in 1H17). The company’s film library of >400 movies had a net value of EUR58 million at June-18 (amortized at 69%) vs. EUR52.7 million at Dec-17, corresponding to 85% of the current market cap.
- > We believe that the announced share capital increase of up to EUR30 million in one or more tranches, without share option rights and reserved for institutional investors, would not take place within the end of the year (the last term approved by EGM) given current difficult market conditions exacerbated by political instability and BPT/Bund spread enlargement. The rights issue was solely aimed to sustain an accelerated growth strategy and a potential expansion abroad while increasing the free float of the company.

Figure 1 – 1H18 results

(EURm)	1H17A	1H18A	% Chg.
<b>Sales total</b>	<b>35.33</b>	<b>51.95</b>	<b>47.0%</b>
<b>EBITDA</b>	<b>11.24</b>	<b>9.23</b>	<b>-17.8%</b>
<b>% margin</b>	<b>31.8%</b>	<b>17.8%</b>	
EBIT	2.86	1.97	-31.1%
% margin	8.1%	3.8%	
Pre tax profit	1.72	2.12	23.1%
<b>Net profit</b>	<b>1.26</b>	<b>2.65</b>	<b>110.7%</b>
Net debt/(cash)	35.66	39.90	

Source: Company data

Figure 2 – 1H18 results by division

(EURm)	1H17A	1H18A	% Chg.
Sales Distribution	16.65	9.63	-42.2%
Sales Production	13.47	32.88	144.0%
<b>EBITDA Distribution</b>	<b>8.84</b>	<b>2.62</b>	<b>-70.4%</b>
<b>% margin</b>	<b>53.1%</b>	<b>27.2%</b>	
<b>EBITDA Production</b>	<b>2.41</b>	<b>6.62</b>	<b>174.5%</b>
<b>% margin</b>	<b>17.9%</b>	<b>20.1%</b>	
EBIT Distribution	1.55	(0.74)	-147.7%
% margin	9.3%	-7.7%	
EBIT Production	1.32	2.72	106.1%
% margin	9.8%	8.3%	

Source: Company data

Figure 3 – Movie releases in 1H18

Movie title	Release	Box office (EUR000)
THE POST	Feb-18	6,400
A CASA TUTTI BENE	Feb-18	9,051
BASED ON A TRUE STORY	Mar-18	388
WIND RIVER	Apr-18	1,100
HOTEL GAGARIN	May-18	272

Source: Cinetel

**Financial Projections**

- > The company released its business plan on July 2018 and its numbers are confirmed as of today (EUR107.6 million sales expected in 2018 with EUR30.3 million EBITDA and a bottom line at EUR5.0 million). In the second half of the year should finalize two productions (“Un Anno in Italia” directed by Francesca Archibugi and “Quasi Quasi ci Riprovo”) and two international executive productions (“Murder and Mystery” with Jennifer Aniston and “Catch 22” with George Clooney). The company should also distribute 18 movies, of which 7 movies already released in 3Q18 with a box office of nearly EUR5.5 million (in particular with one blockbuster, “Adrift”, which reported a box office of EUR3.2 million).
- > Several movies which were postponed from 2017 will be DTV distributed and therefore will not be released in cinemas. We refer to “Rebel in the Rye”, “Marrowbone”, “The Shack” and “Les Nouvelles Aventures d’Aladin”.
- > The business plan implies a buoyant second half in 2018 with revenues of about EUR56 million (-21% vs. 2H17 which was boosted by several international executive productions) and an EBITDA margin of 37.9% compared with 25.8% in the second half of 2017. We believe that the company’s EBITDA target could be reached given the release of several movies and production activity already ongoing and therefore we have substantially confirmed our sales and EBITDA forecasts for 2018. We just increase by 13% our net profit estimate to reflect the financial profit reported in 1H18. Net debt is expected to be EUR43.7 million, broadly in line with our previous expectations.
- > 2019 and 2020 estimates for revenues and EBITDA were just fine-tuned with a minimal impact to our bottom line forecast (+5.6% in 2019 and +1.9% in 2020).

Figure 4 – Old vs. New estimates

(EURm)	2017A		2018E		2019E		2020E	
	New	Old	New	Old	New	Old	New	
Total Sales	105.8	107.4	108.1	127.9	127.7	135.2	134.9	
% change			0.7%		-0.2%		-0.2%	
<b>EBITDA</b>	<b>29.4</b>	<b>30.7</b>	<b>30.6</b>	<b>33.1</b>	<b>33.5</b>	<b>39.1</b>	<b>38.7</b>	
% change			-0.1%		1.1%		-1.1%	
EBIT	5.4	6.5	6.6	9.8	10.2	12.3	12.4	
% change			1.4%		4.1%		1.0%	
<b>Net Profit</b>	<b>3.9</b>	<b>5.0</b>	<b>5.7</b>	<b>7.8</b>	<b>8.2</b>	<b>10.7</b>	<b>10.9</b>	
% change			12.9%		5.6%		1.9%	
Net Debt/(Cash)	40.5	44.2	43.7	38.8	37.6	35.4	33.5	
<b>EBIT margin</b>	<b>5.1%</b>	<b>6.0%</b>	<b>6.1%</b>	<b>7.7%</b>	<b>8.0%</b>	<b>9.1%</b>	<b>9.2%</b>	
<b>EBITDA margin</b>	<b>27.8%</b>	<b>28.6%</b>	<b>28.3%</b>	<b>25.9%</b>	<b>26.2%</b>	<b>28.9%</b>	<b>28.7%</b>	

Source: Company data, UBI Banca estimates

Figure 5 – 2H18 estimates

(EURm)	2H17A	2H18E	% Chg.
<b>Sales total</b>	<b>70.46</b>	<b>56.18</b>	<b>-20.3%</b>
<b>EBITDA</b>	<b>18.18</b>	<b>21.40</b>	<b>17.7%</b>
<b>% margin</b>	<b>25.8%</b>	<b>38.1%</b>	
EBIT	2.56	4.60	79.7%
% margin	3.6%	8.2%	
Pre tax profit	0.78	3.02	285.3%
<b>Net profit</b>	<b>2.65</b>	<b>3.01</b>	<b>13.6%</b>
Net debt/(cash)	40.54	43.67	

Source: Company data, UBI Banca estimates

Figure 6 – 2H18 estimates by division

(EURm)	2H17A	2H18E	% Chg.
Sales Distribution	12.56	23.96	90.8%
Sales Production	42.53	18.67	-56.1%
<b>EBITDA Distribution</b>	<b>7.10</b>	<b>14.51</b>	<b>104.4%</b>
<b>% margin</b>	<b>56.5%</b>	<b>60.6%</b>	
<b>EBITDA Production</b>	<b>11.09</b>	<b>4.68</b>	<b>-57.8%</b>
<b>% margin</b>	<b>26.1%</b>	<b>25.1%</b>	
EBIT Distribution	-0.61	0.41	-166.5%
% margin	-4.9%	1.7%	
EBIT Production	3.17	2.13	-33.0%
% margin	7.5%	11.4%	

Source: Company data, UBI Banca estimates

Figure 7 – 2H18 movie pipeline

Movie title	Release	Box office
STRONGER	Jul-18	130
12 SOLDIERS	Jul-18	725
DOWN A DARK HALL	Aug-18	355
THE SPY WHO DUMPED ME	Aug-18	360
FIRE SQUAD (ONLY THE BRAVE)	Aug-18	285
ADRIFT (RESTA CON ME)	Aug-18	3,200
TULIP FEVER	Sep-18	294
SOLDADO	Oct-18	
BILLIONAIRE BOYS CLUB	Oct-18	
HOUSE WITH A CLOCK IN ITS WALLS	4Q18	
ROBIN HOOD: ORIGINS	4Q18	
MARADONA	4Q18	
REMI	4Q18	
HOTEL ARTEMIS	4Q18	
GLASS CASTLE	4Q18	
KIN	4Q18	
SINK OR SWIM	4Q18	
A SIMPLE FAVOR	4Q18	

Source: Company data, UBI Banca estimates

### Valuation

- > Given the current political turmoil in Italy and the consequent increase of the BPT/Bund spread (now >300 bps), we adopt a free risk rate of 3.5% vs. 2.5% utilized before. This new assumption penalizes our DCF valuation which declined to EUR7.56 per share (from EUR8.31) despite the slight upgrade in our 2018-20 estimates. On the opposite, our relative valuation increases to EUR6.84 per share from EUR6.31 per share reflecting our forecast adjustment and slightly higher peers' multiples. The simple average of our DCF and the relative valuation gives a fair value of EUR7.20. We have applied a 10% liquidity discount to the fair value to take into account the limited liquidity of LFG and its modest size which generates a target price of EUR6.48 per share (vs. EUR6.58 before).
- > LFG's current market capitalization (EUR68 million) is below its net invested capital (EUR79 million at June-18) which implies that LFG may not be able to create value in future. We believe this scenario is highly unlikely given the wide line up of the company and the margin improvements expected for 2018-20, already visible in 1H18 results.
- > At our EUR6.48 per share target price, LFG would trade at 3.9x 2019 EV/EBITDA, which is below the average multiple of our sample of peers (6.8x).

Figure 8 – Valuation summary

(EUR)	Weight	12-July-17	Delta
DCF Valuation	7.56 50.0%	8.31	-9.0%
Relative Valuation	6.84 50.0%	6.31	8.4%
<b>Fair Value</b>	<b>7.20</b>	<b>7.31</b>	<b>-1.5%</b>
Liquidity discount (10%)	(0.72)	(0.73)	-1.5%
<b>Target price</b>	<b>6.48</b>	<b>6.58</b>	<b>1.5%</b>
Current price	4.78	4.80	-0.4%
Potential upside	35.5%	37.0%	

Source: UBI Banca estimates

Figure 9 – DCF Valuation

Our model incorporates a terminal growth rate of 1.5%, a WACC of 7.3% (incorporating a free risk rate of 3.5% vs. 2.5% utilized before) and an EBITDA margin of 26% at terminal value, which is below the margin included in the business plan for 2018-20 (27.2% on average). Our DCF valuation implies 4.6x EV/EBITDA at terminal value.

	(EUR m)	(% weight)
Sum of PV 2018-26 FCF	60.7	41%
Terminal value	87.5	59%
<b>Total Enterprise value</b>	<b>148.2</b>	<b>100%</b>
- minorities	0.0	
- Pension Provision	(0.3)	
- Net debt (+ cash)	(40.5)	
<b>Total Equity value</b>	<b>107.3</b>	
Fully diluted number of shares (m)	14.2	
<b>Fair value per share (EUR)</b>	<b>7.56</b>	

Source: UBI Banca estimates

Figure 10 – Peer comparison and valuation based on multiples (priced on 8 October 2018)

Company	Market Cap (EURm)	P/E			EV/EBITDA			EV/EBIT		
		2018E	2019E	2020E	2018E	2019E	2020E	2018E	2019E	2020E
EuropaCorp SA	59				2.6 x	1.8 x	1.4 x	41.6 x	26.8 x	
Lions Gate	4,189	77.4 x	29.6 x	22.7 x	12.1 x	10.6 x	9.4 x	23.4 x	18.3 x	15.1 x
Entertainment One Ltd.	2,123	17.0 x	14.9 x	14.0 x	11.8 x	10.4 x	9.6 x	11.9 x	10.4 x	10.4 x
Constantin Medien AG	186		49.6 x		29.9 x	14.6 x		329.4 x	38.9 x	
Highlight Communications AG	314	18.9 x	16.2 x	13.2 x	2.8 x	2.5 x	2.3 x	12.9 x	11.0 x	8.9 x
Lucisano Media Group	27	6.6 x	5.2 x	4.8 x	4.5 x	4.0 x	3.8 x	8.4 x	7.4 x	7.0 x
Notorious Pictures	61	10.7 x	9.3 x	8.9 x	4.4 x	4.1 x	3.7 x	8.3 x	7.2 x	6.4 x
<b>Average</b>		<b>26.1 x</b>	<b>20.8 x</b>	<b>12.7 x</b>	<b>9.7 x</b>	<b>6.8 x</b>	<b>5.0 x</b>	<b>65.7 x</b>	<b>19.3 x</b>	<b>12.4 x</b>
<b>Median</b>		<b>17.0 x</b>	<b>15.6 x</b>	<b>13.2 x</b>	<b>4.5 x</b>	<b>4.1 x</b>	<b>3.8 x</b>	<b>12.4 x</b>	<b>11.0 x</b>	<b>9.6 x</b>
Current market multiples	68	15.5 x	12.0 x	8.2 x	3.4 x	3.7 x	3.2 x	18.7 x	17.0 x	10.4 x
<b>Discount to Average</b>		<b>-40.6%</b>	<b>-42.3%</b>	<b>-35.3%</b>	<b>-64.6%</b>	<b>-46.6%</b>	<b>-37.3%</b>	<b>-71.5%</b>	<b>-11.5%</b>	<b>-16.5%</b>
<b>Discount to Median</b>		<b>-8.8%</b>	<b>-22.8%</b>	<b>-37.6%</b>	<b>-23.4%</b>	<b>-10.5%</b>	<b>-16.2%</b>	<b>50.9%</b>	<b>55.4%</b>	<b>7.6%</b>

Source: Factset, UBI Banca estimates

Figure 11 – Implicit multiples based on our EUR6.48 target price

(x)	2018E	2019E	2020E
P/E	16.3 x	11.2 x	8.4 x
EV/EBITDA	4.4 x	3.9 x	3.3 x
EV/EBIT	20.7 x	12.7 x	10.1 x
EV/Sales	1.14 x	0.93 x	0.86 x
P/BV	2.2 x	1.9 x	1.6 x
EV/ Capital employed	1.6 x	1.5 x	1.4 x

Source: UBI Banca estimates



**Income Statement**

(EURm)	2017	2018E	2019E	2020E
Net Revenues	117.21	118.95	139.19	147.05
EBITDA	29.42	30.63	33.48	38.70
EBITDA margin	25.1%	25.8%	24.1%	26.3%
EBIT	5.42	6.57	10.20	12.45
EBIT margin	4.6%	5.5%	7.3%	8.5%
Net financial income /expense	-2.92	-1.43	-2.12	-1.75
Associates & Others	0.00	0.00	0.00	0.00
Profit before taxes	2.50	5.14	8.08	10.69
Taxes	1.40	0.51	0.16	0.21
Minorities & discontinuing ops	0.00	0.00	0.00	0.00
Net Income	3.90	5.65	8.25	10.91

Source: Company data, UBI Banca estimates

**Balance Sheet**

(EURm)	2017	2018E	2019E	2020E
Net working capital	1.42	4.26	3.26	3.44
Net Fixed assets	75.70	81.76	82.90	86.97
M/L term funds	-0.79	-0.91	-1.04	-1.00
Capital employed	76.33	85.12	85.11	89.41
Shareholders' equity	35.79	41.44	47.56	55.91
Minorities	0.00	0.00	0.00	0.00
Shareholders' funds	35.79	41.44	47.56	55.91
Net financial debt/(cash)	40.54	43.67	37.56	33.50

Source: Company data, UBI Banca estimates

**Cash Flow Statement**

(EURm)	2017	2018E	2019E	2020E
NFP Beginning of Period	32.29	40.54	43.67	37.56
Group Net Profit	3.90	5.65	8.25	10.91
Minorities	0.00	0.00	0.00	0.00
D&A	24.00	24.06	23.28	26.26
Change in Funds & TFR	0.00	0.00	0.00	0.00
Gross Cash Flow	27.90	29.71	31.52	37.17
Change In Working Capital	1.20	-2.84	1.00	-0.18
Other	0.00	0.00	0.00	0.00
Operating Cash Flow	29.10	26.87	32.52	36.98
Net Capex	-33.63	-27.30	-21.30	-27.10
Other Investments	0.00	0.00	0.00	0.00
Free Cash Flow	-4.53	-0.43	11.22	9.88
Dividends Paid	-1.26	0.00	-2.13	-2.56
Other & Chg in Consolid. Area	-2.46	-2.71	-2.98	-3.27
Chg in Net Worth & Capital Incr.	0.00	0.00	0.00	0.00
Change in NFP	-8.25	-3.13	6.12	4.05
NFP End of Period	40.54	43.67	37.56	33.50

Source: Company data, UBI Banca estimates

**Financial Ratios**

(%)	2017	2018E	2019E	2020E
ROE	10.9%	13.6%	17.3%	19.5%
ROI	5.1%	5.5%	8.1%	9.6%
Net Fin. Debt/Equity (x)	1.1	1.1	0.8	0.6
Net Fin. Debt/EBITDA (x)	1.4	1.4	1.1	0.9
Interest Coverage	1.9	4.6	4.8	7.1
NWC/Sales	1.2%	3.6%	2.3%	2.3%
Capex/Sales	28.7%	23.0%	15.3%	18.4%
Pay Out Ratio	0.0%	37.7%	31.0%	31.2%

Source: Company data, UBI Banca estimates

**Per Share Data**

(EUR)	2017	2018E	2019E	2020E
EPS	0.28	0.40	0.58	0.77
DPS	0.00	0.15	0.18	0.24
Op. CFPS	2.07	1.89	2.29	2.60
Free CFPS	-0.32	-0.03	0.79	0.70
BVPS	2.54	2.92	3.35	3.94

Source: Company data, UBI Banca estimates

**Stock Market Ratios**

(x)	2017 *	2018E	2019E	2020E
P/E	15.5	12.0	8.2	6.2
P/OpCFPS	2.1	2.5	2.1	1.8
P/BV	1.7	1.6	1.4	1.2
Dividend Yield (%)	0.0%	3.1%	3.8%	5.0%
Free Cash Flow Yield (%)	-7.5%	nm	16.5%	14.6%
EV (EURm)	101.44	111.94	105.85	101.82
EV/Sales	0.9	0.9	0.8	0.7
EV/EBITDA	3.4	3.7	3.2	2.6
EV/EBIT	18.7	17.0	10.4	8.2
EV/Capital Employed	1.3	1.3	1.2	1.1

Source: Company data, UBI Banca estimates

\* Based on 2017 average price

**Growth Rates**

(%)	2017	2018E	2019E	2020E
Growth Group Net Sales	96.1%	1.5%	17.0%	5.7%
Growth EBITDA	25.1%	4.1%	9.3%	15.6%
Growth EBIT	83.0%	21.2%	55.3%	22.0%
Growth Net Profit	114.7%	44.9%	45.9%	32.3%

Source: Company data, UBI Banca estimates

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**Proportion on issuers to which UBI Banca has supplied investment banking services relating to the last 12 months**

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**Historical ratings and target prices**

<b>Date</b>	<b>Rating</b>	<b>Target Price (EUR)</b>	<b>Market Price (EUR)</b>
10 May 2017	Buy	5.16	4.64
4 October 2017	Buy	5.55	5.00
14 February 2018	Buy	6.34	5.55
13 April 2018	Buy	6.86	5.05
12 July 2018	Buy	6.58	4.80