

Company Update

Buy (maintained)

12 July 2018 – 5:30PM

MARKET PRICE: EUR4.80

TARGET PRICE: EUR6.58 (from EUR6.86)

Entertainment

Data

Shares Outstanding (m):	14.09	
Market Cap. (EURm):	71.17	
Enterprise Value (EURm):	106.7	
Free Float (%):	24.3%	
Av. Daily Trad. Vol. (m):	0.01	
Main Shareholder:	Leone family 58.1%	
Reuters/Bloomberg:	LFG.MI	LFG IM
52-Week Range (EUR)	4.0	5.3

Source: Factset, UbiBanca estimates

Performance

	1m	3m	12m
Absolute	-4.0%	-2.8%	-2.0%
Rel. to FTSE IT	-2.3%	2.6%	-4.6%

Source: Factset

Graph area Absolute/Relative 12 M



Source: Factset

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New business plan provides sound cash generation

LFG presented a new business plan for 2018-20: sales are expected to grow at a 9% CAGR thanks to the distribution of 45 movies over the next three years, as well as 11 productions and co-productions and 3 executive productions. The EBITDA margin anticipated by LFG is below the previous business plan and our estimates due to the different product mix which takes now into account executive productions that generate a lower margin (but also have no risk and no invested capital). Net profit is expected to grow at a CAGR close to 40% and is above LFG's previous expectations and our estimates (for 2019-20) factoring in growing tax credits. In our view, the new business plan is achievable and even conservative as it does not include three high-budget international TV series productions currently under development, which could generate additional EBITDA. Moreover, the business plan should generate nearly EUR100 million of operating cash flow in 2018-20 vs. EUR75 million in 2015-17 allowing a significant net debt reduction and an attractive dividend yield (>5% in 2019 based on a 50% pay-out ratio). Also the failure of the accelerated book-building for EUR10 million last May is not worrying news in our view: LFG has a solid financial structure (gearing at 113% at Dec-17, net debt/EBITDA ratio at 1.38x) and could try to finalise a right issue later this year (low possibility) or could sustain potential expansion abroad with new debt. We remain buyers of the stock which has recently underperformed despite the excellent box office results. Based on our EUR6.58 target price, the shares have an upside potential of 37%.

- > Following the new business plan we revised our 2018-20 estimates which are now aligned with the company's targets. Our new estimates point to a sales CAGR of 8.5% until 2020 with an EBITDA which could exceed EUR39 million in 2020 and a bottom line >10 million. 2018 should see a significant improvement in the operating margin (6.0% vs. 5.1% in 2017) and an increase in the bottom line of >28%.
- > Our target price of EUR6.58 per share (from EUR6.86) is based on the average of a DCF analysis and a relative valuation, applying a 10% discount: it implies a potential upside of 37%. The shares are now trading at a discount of about 53% to the average 2018-20 EV/EBITDA of peers and at a 23% discount to P/E. Buy.

Financials

	2017	2018E	2019E	2020E
Revenues (EURm)	105.76	107.36	127.91	135.19
EBITDA (EURm)	29.42	30.66	33.11	39.13
EBITDA margin (%)	25.1%	26.0%	23.8%	26.6%
EBIT (EURm)	5.38	6.48	9.80	12.32
EPS (EUR)	0.28	0.35	0.55	0.75
CFPS (EUR)	1.98	1.86	2.26	2.63
DPS (EUR)	0.00	0.17	0.25	0.35

Source: Company Data, UBI Banca Estimates

Ratios

priced on 11 July 2018

	2017 *	2018E	2019E	2020E
P/E(x)	15.5	13.6	8.7	6.4
P/CF(x)	2.2	2.3	2.2	1.8
P/BV(x)	1.7	1.7	1.5	1.3
Dividend Yield	0.0%	3.5%	5.2%	7.3%
EV/EBITDA(x)	3.4	3.7	3.2	2.7
Debt/Equity (x)	1.1	1.1	0.8	0.7
Debt/EBITDA (x)	1.4	1.4	1.2	0.9

Source: UBI Banca Estimates * Based on 2017 average price

Key Financials

(EURm)	2017	2018E	2019E	2020E
Revenues	105.79	107.36	127.91	135.19
EBITDA	29.42	30.66	33.11	39.13
EBIT	5.42	6.48	9.80	12.32
NOPAT	3.69	4.41	6.67	8.38
Free Cash Flow	-4.53	-0.92	10.78	10.23
Net Capital Employed	76.33	84.96	84.96	88.71
Shareholders' Equity	35.79	40.79	46.19	53.34
Net Financial Position	40.54	44.17	38.77	35.37

Source: Company data, UBI Banca estimates

Key Profitability Drivers

	2017	2018E	2019E	2020E
Net Debt/Ebitda (x)	1.4	1.4	1.2	0.9
Net Debt/Equity (x)	1.1	1.1	0.8	0.7
Interest Coverage (%)	1.9	3.4	4.6	6.7
Free Cash Flow Yield (%)	-7.5%	nm	15.8%	15.0%
ROE (%)	10.9%	12.3%	16.9%	20.1%
ROI after-tax (%)	5.1%	5.4%	7.8%	9.5%
ROCE (%)	5.2%	5.5%	7.9%	9.7%

Source: Company data, UBI Banca estimates

Key Valuation Ratios

	2017 *	2018E	2019E	2020E
P/E (x)	15.5	13.6	8.7	6.4
P/BV (x)	1.7	1.7	1.5	1.3
P/CF (x)	2.2	2.3	2.2	1.8
Dividend Yield (%)	0.0%	3.5%	5.2%	7.3%
EV/Sales (x)	0.9	1.0	0.8	0.7
EV/EBITDA (x)	3.4	3.7	3.2	2.7
EV/EBIT (x)	18.7	17.4	11.0	8.4
EV/CE (x)	1.3	1.3	1.3	1.2

Source: Company data, UBI Banca estimates

* Based on 2017 average price

Key Value Drivers

(%)	2017	2018E	2019E	2020E
Payout	0.0%	48.2%	45.5%	46.4%
NWC/Sales	1.2%	3.6%	2.3%	2.3%
Capex/Sales	28.7%	23.1%	15.3%	18.4%

Source: Company data, UBI Banca estimates

Recent Developments

- > LFG just presented a new three-year business plan which scaled back original 2018-19E EBITDA targets mostly due to the postponement of some releases and a different product mix, but strongly increased revenues projections in order to factor in executive productions and the bottom line.
- > The new business plan forecasts 59 releases in 2018-20 of which 45 are movie distributions, 11 productions and 3 executive productions that are expected to lift revenues to EUR137 million in 2020 with a 9% CAGR over the same period. EBITDA could grow at 10% CAGR with margins rising to 28.6% in 2020 compared with 27.8% in 2017.
- > Despite the postponement of several productions (for example “Far from here” of Paolo Virzi, “The last joint” of Maccio Capatonda, “Good vibrations” of Rolando Ravello) the Production division is expected to be the main growth driver (9.7% CAGR in 2017-20) but the EBITDA margin of this division would be diluted by the higher weight of executive productions, which typically have a lower profitability. We also highlight that the business plan does not include international TV series co-productions (three main high-budget projects under development: “Colt”, “Beati Paoli” and “Vatican”) which could be one of the main profitability boosters in the future. The Distribution division is expected to report 7.1% sales CAGR with 22 releases in 2018, 12 in 2019 and 11 in 2020 (which, however, do not include potential new acquisitions). The EBITDA margin of the distribution division should increase topping 58% in 2020 (from 50.4% in 2017).
- > The plan is based on agreements already signed with distributors and on planned production budgets and implies EUR75.7 of investments over the period which could allow a progressive decrease of net financial debt (to EUR34.3 million at Dec-20 compared with EUR40.5 million in 2017). Net profit is expected to be higher than in the previous business plan (and above our estimates) mostly due to rising tax credits (which should completely offset the taxes of the Production division) reaching EUR5.0 million this year, EUR7.4 million in 2019 and EUR10.5 million in 2020 while dividends will be based on a 50% pay-out ratio (implying an attractive dividend yield of about 3.5% based on the current market price in 2018 growing to 5.2% in 2019 and 7.3% in 2020).
- > Based on the current line-up, we believe the business plan targets are achievable in 2018-20, although we acknowledge that some targets may be at risk due to the postponement of some releases, as was the case in 2017.
- > The announced share capital increase of up to EUR30 million in one or more tranches, without share option rights and reserved for institutional investors part of which (EUR10 million) was to be implemented through an accelerated book-building last May, did not succeed due to difficult market conditions exacerbated by political instability. At this point, we see few possibilities that the company could finalise the rights issue within the end of the year (the last term approved by EGM). 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.
- > In June, LFG issued 105.705 new shares at EUR4.82 through a rights issue reserved for successful film director Paolo Genovese, who has signed a multi-year exclusive contract (until 2023) with LFG. Mr. Genovese also received 176.165 treasury shares increasing his stake in LFG to almost 3%. His shareholding is subject to a 5-year lock-up and to a drag-along right in favour of Andrea and Raffaella Leone. Following this agreement free float is now at 24.3%.

> The trend in the movie market was negative in the first half of 2018: admissions declined by 11.8% (-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.

Figure 1 – New 2018-20 business plan compared with our old estimates

(EURm)	2017A	Business plan			Our old estimates			Delta		
		2018E	2019E	2020E	2018E	2019E	2020E	2018E	2019E	2020E
Sales	105.8	107.6	129.3	136.8	117.6	125.3	131.7	-8.5%	3.2%	3.9%
EBITDA	29.4	30.3	32.3	39.1	42.4	42.3	44.6	-28.5%	-23.7%	-12.4%
% margin	27.8%	28.2%	25.0%	28.6%	36.0%	33.8%	33.9%			
D&A	(24.0)	(23.8)	(22.9)	(26.5)	(29.0)	(29.2)	(29.9)	-18.0%	-21.5%	-11.2%
EBIT	5.4	6.5	9.4	12.6	13.3	13.1	14.8	-51.3%	-28.5%	-14.7%
% margin	5.1%	6.0%	7.3%	9.2%	11.3%	10.5%	11.2%			
Net profit	3.9	5.0	7.4	10.5	7.3	7.4	8.7	-31.6%	-0.1%	20.9%
Net debt	40.5	44.2	37.9	34.3	43.0	35.1	24.0	2.7%	7.9%	43.0%

Source: Company data, UBI Banca estimates

Figure 2 – New 2018-20 business plan compared with the previous business plan

(EURm)	2017A	New business plan			CAGR 17-20E	Old business plan		Delta	
		2018E	2019E	2020E		2018E	2019E	2018 % chg	2019 % chg
Movie released	25	22	12	11		12	15	83.3%	-20.0%
Productions	5	5	2	4		4	2	25.0%	0.0%
Exec. Productions	6	2	1	0		3	1	-33.3%	0.0%
Salees Distribution	31.5	33.7	34.1	38.7	7.1%	37.6	39.5	-10.4%	-13.7%
Sales Production	74.3	73.9	95.2	98.1	9.7%	29.0	27.9	154.8%	241.2%
Consolidated sales	105.8	107.6	129.3	136.8	8.9%	66.6	67.3	61.6%	92.1%
EBITDA Distribution	15.9	18.3	19.5	22.4	12.1%	24.7	25.4	-25.9%	-23.2%
% margin	50.4%	54.3%	57.2%	57.9%		65.7%	64.3%		
EBITDA Production	13.5	12.0	12.8	16.7	7.3%	10.7	18.0	12.1%	-28.9%
% margin	18.2%	16.2%	13.4%	17.0%		36.9%	64.5%		
EBITDA Consolidated	29.4	30.3	32.3	39.1	9.9%	35.4	43.4	-14.4%	-25.6%
% margin	27.8%	28.2%	25.0%	28.6%		53.2%	64.5%		
D&A	(24.0)	(23.8)	(22.9)	(26.5)		(27.0)	(31.8)	-11.9%	-28.0%
EBIT	5.4	6.5	9.4	12.6	32.5%	8.4	11.6	-22.6%	-19.0%
% margin	5.1%	6.0%	7.3%	9.2%		12.6%	17.2%		
Net profit	3.9	5.0	7.4	10.5	39.1%	4.7	7.0	6.4%	5.7%
Net debt	40.5	44.2	37.9	34.3	-5.4%	52.9	40.9	-16.4%	-7.3%
Capex	33.6	27.3	21.3	27.1	-6.9%	30.3	20.1	-9.9%	6.0%

Source: Company data

Financial Projections

- > Following the business plan we revised our 2018-20 estimates which are now aligned with the company's targets. We reduced the 2018 sales forecast slightly, mostly due to the postponement of some releases, but largely confirmed 2019-20 projections. EBITDA has been cut by 20% on average reflecting the different product mix and the lack of international TV series productions (which represent a potential upgrade to our forecasts if LFG were able to accelerate these projects). At bottom line level we reduced our 2018 expectations but increased 2019-20 estimates on the back of higher tax credits. Overall, our EPS is 31% lower in 2018 but is up 5% in 2019 and 23% in 2020. Our net debt projections are based on the LFG capex plan (EUR75.7 million in 2018-20 compared with EUR95.6 million in 2015-17). Based on our estimates LFG should be able to generate nearly EUR100 million of operating cash flow in 2018-20 (or 1.4x its market capitalisation) compared with EUR75 million over the past three years.
- > Based on LFG's assumption of a pay-out ratio of 50% we increased our DPS forecasts and we assume a DPS of EUR0.17 on 2018 result (from EUR0.15 previously) growing to EUR0.35 in 2020.
- > 2018 started strongly with "Wonder" generating box office revenues for the year of almost EUR7.2 million, "The Post" taking EUR6.4 million and "A Casa Tutti Bene" reaching EUR9.1 million. Together all the movies released in theatres by LFG since the start of the year ("A Casa Tutti Bene", "The Post", "Based on a True Story", "Wind River", "Hotel Gagarin" and "Wonder" released at the end of 2017 but generating substantial revenues in 2018) generated box office revenues of EUR24.3 million (source: Cinetel, Mymovies), compared to EUR44.2 million in the full year 2017 with a market share (calculated on a pro-forma basis, as LFG does not distribute movies directly but signs distribution agreements with major distributors in Italy) of around 7.6% based on our estimates, placing LFG amongst the top Italian distributors.

Figure 3 – Old vs. New estimates

(EURm)	2017A	2018E		2019E		2020E	
	New	Old	New	Old	New	Old	New
Total Sales	105.8	117.6	107.4	125.3	127.9	131.7	135.2
% change			-8.7%		2.1%		2.6%
EBITDA	29.4	42.4	30.7	42.3	33.1	44.6	39.1
% change			-27.6%		-21.8%		-12.3%
EBIT	5.4	13.3	6.5	13.1	9.8	14.8	12.3
% change			-51.4%		-25.4%		-16.5%
Net Profit	3.9	7.3	5.0	7.4	7.8	8.7	10.7
% change			-31.5%		5.4%		23.3%
Net Debt/(Cash)	40.5	43.0	44.2	35.1	38.8	24.0	35.3
EBIT margin	5.1%	11.3%	6.0%	10.5%	7.7%	11.2%	9.1%
EBITDA margin	27.8%	36.0%	28.6%	33.8%	25.9%	33.9%	28.9%

Source: Company data, UBI Banca estimates

Valuation

- > Given the revisions to our forecasts, our DCF valuation has increased to EUR8.31 per share (from EUR7.88) while our relative valuation has decreased to EUR6.31 per share from EUR7.36 per share also due to the modest performance of our peer group. The simple average of our DCF and the relative valuation gives a fair value of EUR7.31. 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 EUR6.58 per share, slightly below our previous target price, offering 37% upside.
- > LFG's current market capitalization (EUR68 million) is below its net invested capital (EUR77 million at Dec-17), which implies that LFG may not be able to create value in the future. We believe this scenario is highly unlikely given the wide line-up of the company and the growing EBITDA expected for 2018-20.

Figure 4 – Valuation summary

(EUR)		Weight	13 April 18	Delta
DCF Valuation	8.31	50.0%	7.88	5.4%
Relative Valuation	6.31	50.0%	7.36	-14.3%
Fair Value	7.31		7.62	-4.1%
Liquidity discount (10%)	(0.73)		(0.76)	-4.1%
Target price	6.58		6.86	-4.1%
Current price	4.80		5.05	-5.0%
Potential upside	37.0%		35.8%	

Source: UBI Banca estimates

Figure 5 – DCF Valuation

Our DCF valuation implies 4.9x EV/EBITDA at terminal value.

(EURm)	(EUR m)	(% weight)
Sum of PV 2018-26 FCF	63.1	40%
Terminal value	95.7	60%
Total Enterprise value	158.8	100%
- minorities	0.0	
- Pension Provision	(0.3)	
- Net debt (+ cash)	(40.5)	
Total Equity value	118.0	
Fully diluted number of shares (m)	14.2	
Fair value per share (EUR)	8.31	

Source: UBI Banca estimates

Figure 6 – Peer comparison and valuation based on multiples (priced on 11 July 2018)

Company	Market Cap (EURm)	P/E			EV/EBITDA			EV/EBIT		
		2018E	2019E	2020E	2018E	2019E	2020E	2018E	2019E	2020E
EuropaCorp SA	82				2.8 x	2.0 x		45.8 x		
Lions Gate	4,510	57.0 x	30.4 x	25.5 x	12.6 x	11.0 x	10.1 x	22.0 x	17.3 x	14.9 x
Entertainment One Ltd.	1,982	16.0 x	13.9 x	12.5 x	10.9 x	9.6 x	9.3 x	11.1 x	9.7 x	9.5 x
Constantin Medien AG	197		52.8 x		31.5 x	15.7 x		347.0 x	41.9 x	
Highlight Communications AG	341	12.5 x	12.0 x							
Lucisano Media Group	32	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
Mondo TV	110	7.3 x	5.8 x		2.8 x	1.8 x		4.6 x	2.8 x	
Notorious Pictures	38	10.0 x	7.4 x	7.4 x	3.3 x	2.8 x	2.6 x	6.8 x	5.2 x	4.9 x
Average		18.2 x	18.2 x	12.5 x	9.8 x	6.7 x	6.5 x	66.6 x	18.6 x	9.1 x
Median		11.2 x	12.0 x	9.9 x	4.5 x	4.0 x	6.5 x	9.7 x	9.7 x	8.2 x
Current LFG market multiples	68	15.5 x	13.6 x	8.7 x	3.4 x	3.7 x	3.2 x	18.7 x	17.4 x	11.0 x
Discount to Average		-14.9%	-25.2%	-30.4%	-64.7%	-45.2%	-49.7%	-71.9%	-6.3%	20.9%
Discount to Median		38.0%	13.6%	-12.2%	-23.4%	-8.1%	-50.3%	92.3%	79.9%	32.9%

Source: Factset, UBI Banca estimates

Figure 7 – Implicit multiples based on our EUR6.58 target price

(x)	2018E	2019E	2020E
P/E	18.7 x	12.0 x	8.7 x
EV/EBITDA	4.5 x	4.0 x	3.3 x
EV/EBIT	21.3 x	13.5 x	10.5 x
EV/Sales	1.17 x	0.95 x	0.88 x
P/BV	2.3 x	2.0 x	1.8 x
EV/ Capital employed	1.6 x	1.6 x	1.5 x

Source: UBI Banca estimates

Income Statement

(EURm)	2017	2018E	2019E	2020E
Value of production	117.21	118.09	139.42	147.35
EBITDA	29.42	30.66	33.11	39.13
EBITDA margin	25.1%	26.0%	23.8%	26.6%
EBIT	5.42	6.48	9.80	12.32
EBIT margin	4.6%	5.5%	7.0%	8.4%
Net financial income /expense	-2.92	-1.93	-2.15	-1.83
Associates & Others	0.00	0.00	0.00	0.00
Profit before taxes	2.50	4.55	7.65	10.50
Taxes	1.40	0.46	0.15	0.21
Minorities & discontinuing ops	0.00	0.00	0.00	0.00
Net Income	3.90	5.01	7.81	10.71

Source: Company data, UBI Banca estimates

Balance Sheet

(EURm)	2017	2018E	2019E	2020E
Net working capital	1.42	4.23	3.26	3.45
Net Fixed assets	75.70	81.66	82.76	86.37
M/L term funds	-0.79	-0.93	-1.07	-1.10
Capital employed	76.33	84.96	84.96	88.71
Shareholders' equity	35.79	40.79	46.19	53.34
Minorities	0.00	0.00	0.00	0.00
Shareholders' funds	35.79	40.79	46.19	53.34
Net financial debt/(cash)	40.54	44.17	38.77	35.37

Source: Company data, UBI Banca estimates

Cash Flow Statement

(EURm)	2017	2018E	2019E	2020E
NFP Beginning of Period	32.29	40.54	44.17	38.77
Group Net Profit	3.90	5.01	7.81	10.71
Minorities	0.00	0.00	0.00	0.00
D&A	24.00	24.18	23.31	26.81
Change in Funds & TFR	0.00	0.00	0.00	0.00
Gross Cash Flow	27.90	29.19	31.12	37.52
Change In Working Capital	1.20	-2.81	0.97	-0.19
Other	0.00	0.00	0.00	0.00
Operating Cash Flow	29.10	26.38	32.08	37.33
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	-0.92	10.78	10.23
Dividends Paid	-1.26	0.00	-2.41	-3.55
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	-3.63	5.39	3.41
NFP End of Period	40.54	44.17	38.77	35.37

Source: Company data, UBI Banca estimates

Financial Ratios

(%)	2017	2018E	2019E	2020E
ROE	10.9%	12.3%	16.9%	20.1%
ROI	7.6%	8.0%	11.4%	14.0%
Net Fin. Debt/Equity (x)	1.1	1.1	0.8	0.7
Net Fin. Debt/EBITDA (x)	1.4	1.4	1.2	0.9
Interest Coverage	1.9	3.4	4.6	6.7
NWC/Sales	1.2%	3.6%	2.3%	2.3%
Capex/Sales	-28.7%	-23.1%	-15.3%	-18.4%
Pay Out Ratio	0.0%	48.2%	45.5%	46.4%

Source: Company data, UBI Banca estimates

Per Share Data

(EUR)	2017	2018E	2019E	2020E
EPS	0.28	0.52	0.53	0.62
DPS	0.00	0.15	0.20	0.00
Op. CFPS	2.07	2.55	2.59	2.73
Free CFPS	-0.32	0.00	0.89	1.17
BVPS	2.54	3.06	3.43	3.85

Source: Company data, UBI Banca estimates

Stock Market Ratios

(x)	2017 *	2018E	2019E	2020E
P/E	15.5	13.6	8.7	6.4
P/OpCFPS	2.1	2.6	2.1	1.8
P/BV	1.7	1.7	1.5	1.3
Dividend Yield (%)	0.0%	3.5%	5.2%	7.3%
Free Cash Flow Yield (%)	-7.5%	nm	15.8%	15.0%
EV (EURm)	101.44	112.72	107.35	103.97
EV/Sales	0.9	1.0	0.8	0.7
EV/EBITDA	3.4	3.7	3.2	2.7
EV/EBIT	18.7	17.4	11.0	8.4
EV/Capital Employed	1.3	1.3	1.3	1.2

Source: Company data, UBI Banca estimates

* Based on 2017 average price

Growth Rates

(%)	2017	2018E	2019E	2020E
Growth Group Net Sales	96.1%	0.8%	18.1%	5.7%
Growth EBITDA	25.1%	4.2%	8.0%	18.2%
Growth EBIT	83.0%	19.6%	51.2%	25.7%
Growth Net Profit	114.7%	28.3%	56.0%	37.2%

Source: Company data, UBI Banca estimates

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Hold: if the target price is 10% below or 10% above the market price, over the next 12 months.

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Buy	Hold	Sell	No Rating
100%	100%	-	100%

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Historical ratings and target prices

Date	Rating	Target Price (EUR)	Market Price (EUR)
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