

Entertainment

Data

Shares Outstanding (m):	14.88
Market Cap. (EURm):	30.95
Enterprise Value (EURm):	67.97
Free Float (%):	12.5%
Av. Daily Trad. Vol. (m):	0.01
Main Shareholder:	Lucisano family 88.1%
Reuters/Bloomberg:	LCMG.MI LMG IM
52-Week Range (EUR)	1.0 2.2

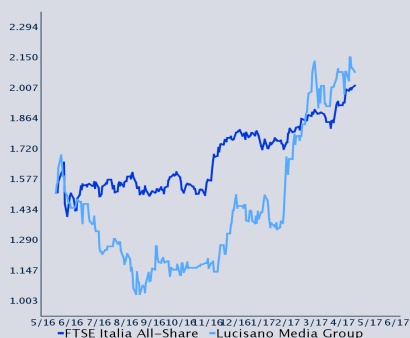
Source: Factset, UbiBanca estimates

Performance

	1m	3m	12m
Absolute	8.3%	54.3%	21.6%
Rel. to FTSE IT	-0.9%	34.8%	-1.3%

Source: Factset

Graph area Absolute/Relative 12 M



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Better margins in 2016, rich line up, discount still wide

Despite a 28% slowdown in revenues in the second half of 2016, due to the postponement of some releases, LMG reported 2016 results that were higher than our forecasts with an EBITDA margin of 43.1% in 2H16 (and 39.3% in the full year) reflecting lower P&A costs and a better product mix. The net result was EUR3.9 million in 2016 permitting a dividend of EUR0.05 per share (19% pay-out ratio) with a yield of 2.5% at the current market price while net debt declined to EUR22.7 million (from EUR27 million at Dec-15). 2017 will be a crucial year for LMG given the significant pipeline (6 movie productions of which two were completed in 2016 but with release postponed to this year, 3 TV productions and the distribution of 4/5 movies, of which “Beata Ignoranza” has been a blockbuster with EUR3.9 million box office takings) which should drive sales up to >EUR70 million. In addition, LMG could complete the acquisition of some multiplex theatres. Despite a rally of nearly 80% in the share price since our initiation of coverage (18 November 2016) we remain buyers of the stock, which should benefit from an undemanding valuation (2017 EV/EBITDA at 2.3x, P/E at 3.6x), the increased focus on the Production division which should gradually enhance the product mix, with a significant boost to margins, its huge discount to peers (around 60%), an attractive dividend yield, potential acquisitions and a solid financial structure (0.79x gearing and 1.5x net debt/EBITDA ratio). We have fine-tuned our estimates while our target price has risen to EUR3.40 per share.

- > We were positively surprised by 2016 results. In particular, the second half performance exceeded our expectations, despite the revenue slowdown, due to higher high-margin sales and lower than expected D&A costs. The bottom line was more than double our expected figure.
- > LMG gave no specific guidance for 2017 but indicated that it expects margins to grow on the back of this year’s line-up. We have fine-tuned our estimates for 2017-18 and introduced forecasts for 2019. The 2017-19 pipeline should result in rapid growth in both the company’s top line and margins and could generate net profit of >EUR13 million in 2019.
- > We have upgraded our target price to EUR3.40 per share (from EUR2.39) with a potential upside of >60%. Positive stance reiterated.

Financials	priced on 15 May 2017			
	2016	2017E	2018E	2019E
Revenues (EURm)	38.13	74.40	77.85	80.43
EBITDA (EURm)	14.97	29.46	32.96	34.17
EBITDA margin (%)	33.9%	32.2%	35.1%	35.8%
EBIT (EURm)	6.12	14.95	18.56	19.29
EPS (EUR)	0.26	0.58	0.77	0.80
CFPS (EUR)	0.42	-0.81	0.44	0.23
DPS (EUR)	0.05	0.11	0.15	0.17

Source: Company Data, UBI Banca Estimates

Ratios	priced on 15 May 2017			
	2016 *	2017E	2018E	2019E
P/E(x)	4.2	3.6	2.7	2.6
P/CF(x)	1.3	1.3	1.2	1.2
P/BV(x)	0.6	0.8	0.7	0.6
Dividend Yield	4.5%	5.3%	7.2%	8.2%
EV/EBITDA(x)	2.7	2.3	1.9	1.8
Debt/Equity (x)	0.8	1.0	0.7	0.5
Debt/EBITDA (x)	1.5	1.2	0.9	0.9

Source: UBI Banca Estimates * Based on 2016 average price

Key Financials

(EURm)	2016	2017E	2018E	2019E
Revenues	38.13	74.40	77.85	80.43
EBITDA	14.97	29.46	32.96	34.17
EBIT	6.12	14.95	18.56	19.29
NOPAT	4.10	10.02	12.44	12.92
Free Cash Flow	6.20	-12.09	6.60	3.45
Net Capital Employed	51.58	72.31	77.18	85.66
Shareholders' Equity	28.70	36.60	46.43	56.14
Net Financial Position	22.71	35.54	30.58	29.36

Source: Company data, UBI Banca estimates

Key Profitability Drivers

	2016	2017E	2018E	2019E
Net Debt/Ebitda (x)	1.5	1.2	0.9	0.9
Net Debt/Equity (x)	0.8	1.0	0.7	0.5
Interest Coverage (%)	6.3	13.6	23.2	24.1
Free Cash Flow Yield (%)	37.3%	nm	21.3%	11.1%
ROE (%)	13.7%	23.6%	24.7%	21.3%
ROI (%)	7.3%	15.2%	15.7%	14.9%
ROCE (%)	7.8%	16.2%	16.6%	15.9%

Source: Company data, UBI Banca estimates

Key Valuation Ratios

	2016 *	2017E	2018E	2019E
P/E (x)	4.2	3.6	2.7	2.6
P/BV (x)	0.6	0.8	0.7	0.6
P/CF (x)	1.3	1.3	1.2	1.2
Dividend Yield (%)	4.5%	5.3%	7.2%	8.2%
EV/Sales (x)	0.9	0.7	0.7	0.6
EV/EBITDA (x)	2.7	2.3	1.9	1.8
EV/EBIT (x)	6.7	4.5	3.4	3.2
EV/CE (x)	0.8	0.9	0.8	0.7

Source: Company data, UBI Banca estimates

* Based on average 2016 price

Key Value Drivers

(%)	2016	2017E	2018E	2019E
Payout	18.9%	18.9%	19.5%	21.2%
NWC/Sales	32.0%	23.0%	17.5%	20.8%
Capex/Sales	17.3%	31.0%	25.6%	21.0%

Source: Company data, UBI Banca estimates

Recent Developments

- > Although revenues were below expectations in the second half of 2016, LMG reported much better than expected EBITDA margin and net profit. In the second half of the year revenues from Production activities declined by 49% mostly due to delays and the postponement of some productions (“Il sistema 2” and “Beata Ignoranza” which was released in February with box office takings of EUR3.9 million); as for Distribution activities the company distributed four movies which generated box office receipts of about EUR5.3 million (the average box office take was EUR1.06 million, slightly below the average Italian box office figure, which is about EUR1.2 million per movie) with an increase of nearly 50% compared with 2H15. Multiplex sales were flat (-0.5%) in 2H16 having been affected by the second Wednesday discount (ticket at EUR2), but were up 5.3% in the full year overcoming the trend of the domestic market (+3.9%). Other sales (equal to 23% of consolidated revenues vs. 20% in 2015) include tax credits, subsidies and other contributions. Total revenues fell 28% in 2H16. Full year consolidated revenues were EUR38.1 million, 25% below the figure for 2015 and 9.2% below our estimate.
- > The EBITDA margin of 43.1% in 2H16 was well above our expectation reflecting lower P&A costs and an improved product mix. D&A decreased, resulting in EBIT of EUR3.8 million, down 24% compared with 2H15 but 30% above our estimate. The net result was 25% lower than in 2H15 (-20% in the full year) but ahead of our forecast.
- > Net debt decreased to EUR22.7 million (vs. EUR23.7 million at Dec-15) with gross debt of EUR35.3 million of which EUR32.7 million is long term. NWC rose to 37.0% of sales (29.7% in 2015) mostly due to higher receivables from Mibac (the Ministry of Cultural Heritage) and other public entities (mostly regions). Capex of EUR7.6 million was in line with the level of 2015. It should also be noted that the company had >EUR12 million of cash and cash equivalent at Dec-16, in line with historical levels.
- > The company announced a DPS of EUR0.05 (vs. EUR0.07 in 2015) giving a yield of 2.4% at the current market price and representing a payout ratio of 18%.
- > The trend in the movie market was positive in 2016: admissions increased 6.1% in 2016 and box office receipts rose 3.9% (*source: Cinetel*). LMG, which distributed 7 movies in 2016, with >1 million admissions and box office receipts of EUR7.6 million. Three of the seven movies released in 2016 were classified in the top 100 movies.
- > During the year and in the opening months of 2017 LMG acquired the rights to several American movies of primary standing. In addition, the company expanded its library through the acquisition of 38 movies (blockbusters of 1990-2000) and 28 unpublished movies starring actors such as Bruce Willis and Nicolas Cage.
- > LMG finalized a contract with SKY for the concession of pay TV rights on 3 movies released in 2016.

Figure 1 – 2016 results

(EURm)	2015A	2016A	% Chg.	2016E UBI	Delta vs UBI
Sales Multiplex	13.51	14.23	5.3%	14.88	-4.4%
Sales Distribution	5.00	3.40	-32.0%	3.80	-10.5%
Sales Production	22.19	11.87	-46.5%	16.31	-27.2%
Sales Other	10.04	8.63	-14.0%	7.03	22.9%
Sales total	50.74	38.13	-24.8%	42.01	-9.2%
EBITDA	20.17	14.97	-25.8%	15.33	-2.3%
% margin	39.8%	39.3%		36.5%	
EBIT	7.56	6.12	-19.1%	5.24	16.6%
% margin	14.9%	16.0%		12.5%	
Pre tax profit	5.88	5.14	-12.5%	4.24	21.1%
Net profit	5.03	3.94	-21.8%	2.46	60.1%
Net debt/(cash)	26.97	22.71		23.07	-1.6%

Source: Company data, UBI Banca estimates

Figure 2 – 2H16 results

(EURm)	2H15A	2H16A	% Chg.	2H16E UBI	Delta vs UBI
Sales Multiplex	7.03	6.99	-0.5%	7.64	-8.5%
Sales Distribution	2.01	3.00	49.6%	3.40	-11.8%
Sales Production	19.92	10.21	-48.7%	14.65	-30.3%
Sales Other	6.15	5.15	-16.3%	3.54	45.4%
Sales total	35.10	25.35	-27.8%	29.23	-13.3%
EBITDA	14.33	10.92	-23.8%	11.28	-3.2%
% margin	40.8%	43.1%		38.6%	
EBIT	4.96	3.77	-24.0%	2.90	30.1%
% margin	14.1%	14.9%		9.9%	
Pre tax profit	4.17	3.30	-20.9%	2.40	37.3%
Net profit	3.23	2.35	-27.4%	0.87	169.5%

Source: Company data, UBI Banca estimates

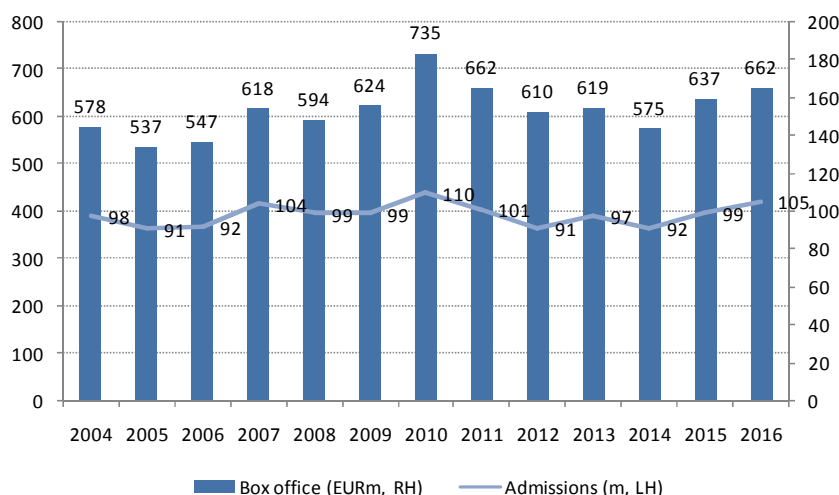
Figure 3 – Movie releases in 2016

Film distribution	Release	Box office (EURm)
Se mi lasci non vale	Jan-16	2.23
Blinky Bill	Mar-16	0
The neon Demon	Jun-16	0.10
Lolo	Sep-16	0.12
Bad Moms	Oct-16	1.32
Che vuoi che sia	Nov-16	1.63
La cena di Natale	Nov-16	2.20
Total Distribution 2016		7.69
Distribution of movies directly produced		5.98
% weight on total		78%

Source: Cinetel, UBI Banca estimates

Figure 4 – Box office and admissions in Italy (000, EURm)

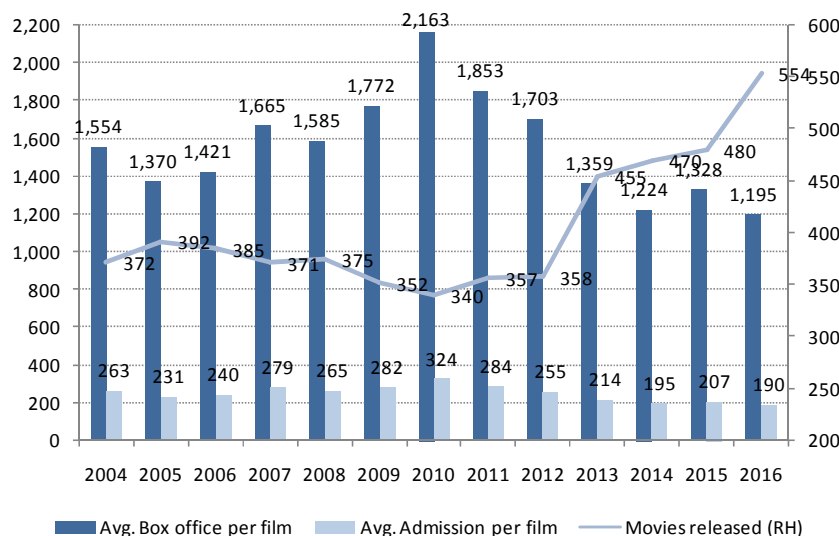
Admissions have historically been relatively stable, with an average ticket of EUR6.28 in 2016 down 2.1% compared with 2015 due to the special admission price (EUR2.0) every second Wednesday of the month since September 2016.



Source: Cinetel

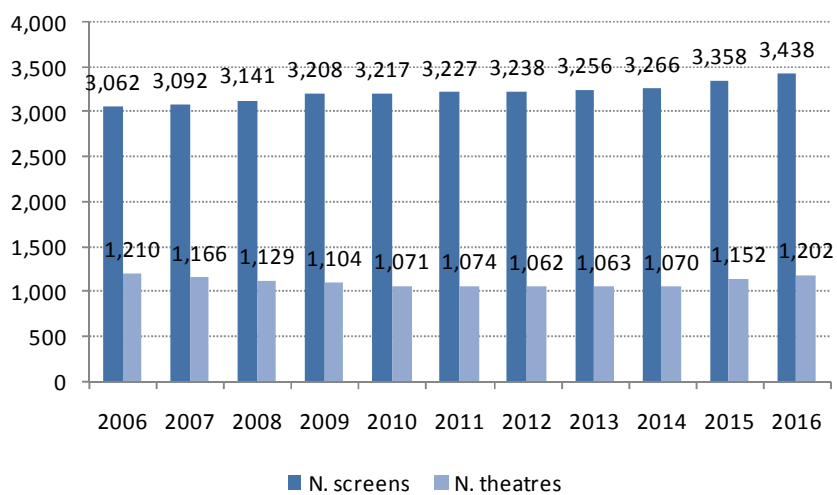
Figure 5 – Box office and admissions in Italy – average per movie (000)

There was a strong increase in movies released in 2016 (554 vs. 480 in 2014). However, box office takings rose by just 3.9% and admissions by 6.4%. Therefore, the average box office per movie fell 10% and average admissions per movie 8.1%



Source: Cinetel

Figure 6 – Movie theatres and screens in Italy



Source: Anica, Cinetel, SIAE

Financial Projections

- > LMG gave no specific guidance for 2017 but indicated that it expects margins to grow on the back of this year's line-up. We have fine-tuned our estimates for 2017-18 and introduced forecasts for 2019. We expect six movie productions (two having been completed in 2016 but with the release postponed to this year), three TV productions and the distribution of 4/5 movies. We expect further acquisitions in the coming months which should complete the pipeline for 2017 and expand the number of titles due for release in 2018-19. Overall, the modest changes to our estimates have a very limited impact on net profit (less than 1%).
- > 2017 will be a key year for LMG: TV productions are expected to grow significantly following the launch of "Professione lolita", "Cohousing", "Les Italianes" (high-budget international co-production with Space Rocket Nation, directed by Nicolas Winding Refn, already placed with Sky) and "Prima che la notte". Movie production is also expected to be substantially higher compared with 2016. In particular we believe three movies ("I Peggiori" to be released next May, "Il Premio" and "La casa di famiglia") could deliver healthy box office takings. Distribution should benefit from at least one blockbuster ("Beata Ignoranza", EUR3.9 million box office). We expect moderate growth in Multiplex activities this year but an acceleration in 2018 when LMG will add six screens to its theatres in Benevento and Brindisi.
- > We expect investments of about EUR28 million this year, and about EUR24 million in 2018 and EUR20 million in 2019 in support of new movie and TV productions. This trend might add to LMG's net debt which is expected to rise to EUR37 million at Dec-17 vs. EUR22.7 million at end-16. However, gearing is expected to remain well below historical levels (about 1.0x vs. an average of 1.9x for 2012-16) with a net debt/EBITDA ratio sharply declining to less than 1.0x vs. an average of 1.9x for 2012-16. Our estimates include a dividend pay-out ratio of about 20%, which implies an attractive dividend yield (5.3% on 2017 rising to 7.2% on 2018 results). Net working capital is expected to fall from its peak in 2016 (37% of sales) to 25% of revenues in 2019.
- > Our estimates do not incorporate external growth although this has not been ruled out by LMG. In particular, the company is currently looking at some movie theatres.

Figure 7 – Old vs. New estimates

(EURm)	2016A	2017E		2018E		2019E
		Old	New	Old	New	
Total Sales	38.1	74.1	74.4	77.6	77.8	80.4
% change			0.4%		0.3%	
EBITDA	15.0	29.3	29.5	32.9	33.0	34.2
% change			0.5%		0.1%	
EBIT	6.1	14.9	14.9	18.6	18.6	19.3
% change			0.6%		0.0%	
Net Profit	3.9	8.7	8.7	11.5	11.5	11.9
% change			-0.2%		-0.6%	
Net Debt/(Cash)	22.7	37.9	35.5	30.9	30.6	29.4
EBIT margin	16.0%	20.0%	20.1%	23.9%	23.8%	24.0%
EBITDA margin	39.3%	39.5%	39.6%	42.4%	42.3%	42.5%

Source: Company data, UBI Banca estimates

Figure 8 – 2017-19 TV production pipeline

The line-up includes two international high-budget co-productions: “Les Italiens” and “La Caccia”.

Movie title	Release	Genre	Broadcaster	Format
Cohousing	Sep-17	Comedy	RAI	12 x 50
Professione lolita	Ott-17	Drama	Discovery	12 x 50
Prima che la notte	Nov-17	Biopic	RAI	2 x 100
Giamaica	Jan-18	Comedy	SKY	12 x 50
Les Italiens	Mar-18	Crime	SKY	10 x 50
Io che amo solo te	2018-19	Comedy	Under discussion	12 x 50
Marco Pannella	2018-19	Biopic	SKY	4 x 100
Il grande cocomero	2018-19	Drama	Under discussion	12 x 50
Noi e la Giulia	Mar-2018	Comedy	Under discussion	12 x 50
Il segreto della longevità	2018-19	Documentary	Under discussion	4 x 50
Mina Settembre	2018-19	Comedy/Drama	Under discussion	4 x 100
I giorni della cagna	2018-19	Thriller	SKY	12 x 50
La Caccia	2018-19	Thriller	Under discussion	12 x 50

Source: Company data, UBI Banca estimates

Figure 9 – 2017-19 movie production pipeline

Movie title	Release	Genre
I peggiori	May-17	Comedy
La casa di famiglia	Ott-17	Comedy
Professione lolita	Nov-17	Drama
Basta credere	Nov-17	Comedy
Vita spericolata	Nov-17	Adventure
Il Premio	Dec-17	Comedy
Quasi ricchi	Feb-18	Comedy
15 anni ad ottobre	Mar-18	Comedy
Mai stati unidos	Jun-18	Comedy
Non ci resta che il crimine	Sep-18	Comedy
Nessuno come noi	Nov-18	Comedy
Solange remake	2018-19	Comedy

Valuation

- > Despite growth in the share price of nearly 80% since our initiation of coverage (“Unwarranted hard discount”, November 18, 2016) LMG’s current market capitalization (about EUR31 million) remains at 55% of its net invested capital (and broadly in line with the net equity value) which implies continued material value destruction for the future. In other words, the current market price reflects a flattish scenario with no improvement in the top-line or EBITDA, a scenario which we believe is highly improbable given LGM’s impressive line-up which could almost double revenues this year. We therefore believe that LMG remains an attractive buying opportunity.
- > We have upgraded our target price to EUR3.40 per share (from EUR2.39 before) with an increase of >40% deriving from: the higher value generated by our DCF valuation, which benefits from a lower than expected net debt at end-16, an increase in our relative valuation, which now incorporates higher peer group multiples and from the growth in net equity reported at year end.
- > Our target price of EUR3.40 per share is based on the average of DCF, a relative valuation and a SOP valuation, after applying a 30% liquidity discount to take into account LMG’s limited free float and modest size.
- > At our target price, the company would trade at a multiple of 3.0x 2017 EV/EBITDA and 2.5x 2018 EV/EBITDA, both well below the average multiple for the industry (4.8x in 2017 and 4.4x in 2018). There is also a considerable gap in the P/E: LMG at our target price would trade at 5.8x 2017 P/E and 4.4x for 2018 compared with 11.7x 2017 and 11.2x 2018 for its peers.

Figure 10 – Valuation summary

(EUR)	16 May-17	Weight	18-Nov-16	Delta
DCF Valuation	3.03	33.0%	2.59	17.1%
Relative Valuation	7.94	33.0%	4.45	78.5%
SOP Valuation	3.60	33.0%	3.29	9.5%
Fair value	4.86		3.41	42.5%
Liquidity discount (30%)	(1.46)		(1.02)	42.5%
Target price	3.40		2.39	42.5%
Current price	2.08		1.16	79.3%
Potential upside	63.6%		105.8%	

Source: UBI Banca estimates

Figure 11 – DCF Valuation

Our model incorporates a WACC of 6.45%, a terminal growth rate of 1% and an EBITDA margin of 15% at terminal value, which is below the margin reported in 2016. Our DCF valuation implies a 2.9x EV/EBITDA at terminal value.

	(EUR m)	(% weight)
Sum of PV 2017-25 FCF	22.3	32%
Terminal value	46.8	68%
Total Enterprise value	69.1	100%
- Pension Provision	(1.3)	
- Net debt (+ cash)	(22.7)	
Total Equity value	46.1	
Fully diluted number of shares (m)	14.9	
Fair value per share (EUR)	3.03	

Source: UBI Banca estimates

Figure 12 – Peer comparison and valuation based on multiples (priced on 15 May 2017)

Company	Market Cap (EURm)	P/E		EV/EBITDA		EV/EBIT		Share performance		
		2017E	2018E	2017E	2018E	2017E	2018E	One Month	Three months	One year
EuropaCorp	152	16.9 x	22.7 x	3.5 x	4.1 x	14.7 x		3.6%	7.2%	-14.9%
Splendid Medien	16	14.4 x	9.9 x	2.3 x	2.0 x	13.7 x	10.1 x	-4.7%	-8.3%	-37.1%
Entertainment One	1,199	10.3 x	9.3 x	7.2 x	6.7 x	7.8 x	7.4 x	-3.9%	-6.0%	22.6%
Notorious Pictures	22	5.4 x	4.4 x	1.2 x	0.9 x	2.7 x	1.8 x	-7.1%	18.1%	-27.3%
Leone Film Group	66	22.3 x	14.2 x	3.7 x	3.4 x	16.6 x	14.3 x	14.4%	53.3%	61.8%
Mondo TV	127	11.5 x	9.8 x	5.7 x	4.8 x	9.1 x	8.4 x	5.5%	3.9%	10.2%
Highlight Communications	256	11.8 x	11.0 x	8.8 x	8.0 x	9.7 x	8.9 x	3.2%	-0.5%	-5.6%
Average		13.2 x	11.6 x	4.6 x	4.3 x	10.6 x	8.5 x	1.6%	9.7%	1.4%
Median		12.5 x	10.5 x	4.2 x	4.2 x	10.1 x	8.5 x	3.2%	3.9%	-5.6%
Current LMG market multiples	31	3.6 x	2.7 x	2.3 x	1.9 x	4.5 x	3.4 x	8.3%	54.3%	45.5%
Discount to Average		-72.9%	-76.8%	-50.2%	-55.4%	-57.1%	-60.0%			
Discount to Median		-71.4%	-74.2%	-44.9%	-54.6%	-55.2%	-60.0%			

Source: Factset, UBI Banca estimates

Figure 13 – Sum-of-the-part valuation

(EURm, EUR)	Fair value	Per share
Multiplex	25.34	1.70
Value of the library	14.91	1.00
Net equity	28.86	1.94
- Goodwill	(1.05)	(0.07)
Total assets	68.06	4.57
+ Receivables from public entities	9.54	0.64
- Pension Provision	(1.29)	(0.09)
- Net debt (+ cash)	(22.71)	(1.53)
Total SOP	53.61	3.60

Source: Company data, UBI Banca estimates

Figure 14 – Implicit multiples based on our EUR3.40 target price

(x)	2017E	2018E	2019E
P/E	5.8 x	4.4 x	4.2 x
EV/EBITDA	3.0 x	2.5 x	2.4 x
EV/EBIT	5.9 x	4.5 x	4.2 x
EV/Sales	0.96 x	0.88 x	0.86 x
P/BV	1.4 x	1.1 x	0.9 x
EV/ Capital employed	1.2 x	1.1 x	1.0 x

Source: UBI Banca estimates

Income Statement

(EURm)	2016	2017E	2018E	2019E
Net Revenues	44.10	91.44	93.89	95.34
EBITDA	14.97	29.46	32.96	34.17
EBITDA margin	33.9%	32.2%	35.1%	35.8%
EBIT	6.12	14.95	18.56	19.29
EBIT margin	13.9%	16.3%	19.8%	20.2%
Net financial income /expense	-0.98	-1.10	-0.80	-0.80
Associates & Others	0.00	0.00	0.00	0.00
Profit before taxes	5.14	13.85	17.76	18.49
Taxes	-1.14	-5.12	-6.22	-6.47
Minorities & discontinuing ops	-0.08	-0.07	-0.08	-0.08
Net Income	3.93	8.65	11.47	11.94

Source: Company data, UBI Banca estimates

Balance Sheet

(EURm)	2016	2017E	2018E	2019E
Net working capital	14.09	21.03	16.38	19.83
Net Fixed assets	41.66	55.22	65.38	71.88
M/L term funds	-4.17	-3.94	-4.59	-6.05
Capital employed	51.58	72.31	77.18	85.66
Shareholders' equity	28.70	36.60	46.43	56.14
Minorities	0.17	0.17	0.17	0.17
Shareholders' funds	28.86	36.77	46.60	56.30
Net financial debt/(cash)	22.71	35.54	30.58	29.36

Source: Company data, UBI Banca estimates

Cash Flow Statement

(EURm)	2016	2017E	2018E	2019E
NFP Beginning of Period	26.97	22.71	35.54	30.58
Group Net Profit	3.93	8.65	11.47	11.94
Minorities	0.07	0.07	0.08	0.08
D&A	8.85	14.51	14.40	14.88
Change in Funds & TFR	0.00	0.00	0.00	0.00
Gross Cash Flow	12.85	23.23	25.95	26.90
Change In Working Capital	0.98	-6.94	4.65	-3.45
Other	0.00	0.00	0.00	0.00
Operating Cash Flow	13.83	16.29	30.60	23.45
Net Capex	-7.63	-28.38	-24.00	-20.00
Other Investments	0.00	0.00	0.00	0.00
Free Cash Flow	6.20	-12.09	6.60	3.45
Dividends Paid	-1.04	-0.74	-1.64	-2.23
Other & Chg in Consolid. Area	-0.42	0.00	0.00	0.00
Chg in Net Worth & Capital Incr.	0.00	0.00	0.00	0.00
Change in NFP	4.74	-12.83	4.96	1.22
NFP End of Period	22.23	35.54	30.58	29.36

Source: Company data, UBI Banca estimates

Financial Ratios

(%)	2016	2017E	2018E	2019E
ROE	13.7%	23.6%	24.7%	21.3%
ROI (after tax)	7.3%	15.2%	15.7%	14.9%
Net Fin. Debt/Equity (x)	0.8	1.0	0.7	0.5
Net Fin. Debt/EBITDA (x)	1.5	1.2	0.9	0.9
Interest Coverage	6.3	13.6	23.2	24.1
NWC/Sales	32.0%	23.0%	17.5%	20.8%
Capex/Sales	17.3%	31.0%	25.6%	21.0%
Pay Out Ratio	18.9%	18.9%	19.5%	21.2%

Source: Company data, UBI Banca estimates

Per Share Data

(EUR)	2016	2017E	2018E	2019E
EPS	0.26	0.58	0.77	0.80
DPS	0.05	0.11	0.15	0.17
Op. CFPS	0.93	1.10	2.06	1.58
Free CFPS	0.42	-0.81	0.44	0.23
BVPS	1.93	2.46	3.12	3.77

Source: Company data, UBI Banca estimates

Stock Market Ratios

(x)	2016	2017E	2018E	2019E
P/E	4.2	3.6	2.7	2.6
P/OpCFPS	1.2	1.9	1.0	1.3
P/BV	0.6	0.8	0.7	0.6
Dividend Yield (%)	4.5%	5.3%	7.2%	8.2%
Free Cash Flow Yield (%)	37.3%	nm	21.3%	11.1%
EV (EURm)	40.7	68.0	63.0	61.9
EV/Sales	0.9	0.7	0.7	0.6
EV/EBITDA	2.7	2.3	1.9	1.8
EV/EBIT	6.7	4.5	3.4	3.2
EV/Capital Employed	0.8	0.9	0.8	0.7

Source: Company data, UBI Banca estimates

Based on average 2016 price

Growth Rates

(%)	2016	2017E	2018E	2019E
Growth Group Net Sales	-24.6%	107.4%	2.7%	1.5%
Growth EBITDA	-25.8%	96.8%	11.9%	3.7%
Growth EBIT	-19.1%	144.4%	24.2%	3.9%
Growth Net Profit	-21.9%	120.1%	32.6%	4.1%

Source: Company data, UBI Banca estimates

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