

Company Update

Buy (maintained)

26 October 2017 – 5:30PM

 MARKET PRICE: **EUR2.84**

 TARGET PRICE: **EUR3.32 (from EUR3.40)**
Entertainment
Data

Shares Outstanding (m):	14.88
Market Cap. (EURm):	42.28
Enterprise Value (EURm):	81.19
Free Float (%):	11.9%
Av. Daily Trad. Vol. (m):	0.01
Main Shareholder:	Lucisano family 82.3%
Reuters/Bloomberg:	LCMG.MI LMG IM
52-Week Range (EUR)	1.1 3.3

Source: Factset, UbiBanca estimates

Performance

	1m	3m	12m
Absolute	9.3%	7.5%	147.1%
Rel. to FTSE IT	8.8%	2.6%	88.1%

Source: Factset

Graph area Absolute/Relative 12 M

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Stable 1H17 results but the best is yet to come

LMG reported 1H17 results broadly in line with the first half of 2016, with flat revenues and EBITDA. The bottom line was 9.5% lower than in 1H16 and was affected by higher D&A costs. The first half of the year was characterized by stronger production and distribution activity (two movies distributed and four productions started) offset by lower multiplex revenues (-6.9% compared with an Italian market -12.2%), declining tax credits, subsidies and other contributions that were down 20%. Against this backdrop, we believe revenues in excess of EUR70 million in 2017 would prove challenging, also given the postponement of some productions. Therefore, we have reduced our revenue estimates for the full year to EUR46 million. This should generate EBITDA of >EUR17 million and a bottom line of EUR4.4 million. Although 1H17 results were below our expectations and we have reduced our estimates for the full year, we remain buyers of the stock, which should benefit from an undemanding valuation (2018 EV/EBITDA at 2.7x, P/E of 4.0x); an increased focus on the Production division (in particular, TV productions of international standing), which should gradually enhance the product mix and significantly boost margins; the huge discount of the shares to those of the company's peers (around 45%); an attractive dividend yield (4% in 2017); potential acquisitions; and a solid financial structure (0.8x gearing and 1.5x net debt/EBITDA ratio). Our target price has been reduced to EUR3.32 per share (from EUR3.40) which still leaves upside of >15%.

- > First half results showed that our estimates for 2017 were too optimistic given the postponement of several movie and TV production releases and the slowdown in multiplex revenues. While there is likely to be only a marginal improvement in fundamentals in 2017 compared to 2016, we expect strong growth in sales and profitability in the next two years backed by an impressive pipeline.
- > 2018 will be a crucial year for LMG given the significant pipeline (at least four movie productions of which two that have already started in 2017, four TV productions and the distribution of 4/5 movies), which should drive sales up to >EUR70 million.
- > We have slightly reduced our target price to EUR3.32 per share (from EUR3.40) giving potential upside of >15%. Positive stance reiterated.

Financials

	2016	2017E	2018E	2019E
Revenues (EURm)	38.13	45.81	73.69	76.89
EBITDA (EURm)	14.97	17.12	30.97	32.33
EBITDA margin (%)	33.9%	32.2%	36.7%	37.2%
EBIT (EURm)	6.12	8.19	17.34	18.11
EPS (EUR)	0.26	0.30	0.72	0.75
CFPS (EUR)	0.42	-0.93	-0.15	0.14
DPS (EUR)	0.05	0.11	0.15	0.17

Source: Company Data, UBI Banca Estimates

Ratios

priced on 25 October 2017

	2016 *	2017E	2018E	2019E
P/E(x)	4.2	9.6	4.0	3.8
P/CF(x)	1.3	3.2	1.7	1.7
P/BV(x)	0.6	1.3	1.0	0.8
Dividend Yield	4.5%	3.9%	5.3%	6.0%
EV/EBITDA(x)	2.7	4.7	2.7	2.6
Debt/Equity (x)	0.8	1.2	1.0	0.8
Debt/EBITDA (x)	1.5	2.2	1.3	1.3

Source: UBI Banca Estimates * Based on 2016 average price

Key Financials

(EURm)	2016	2017E	2018E	2019E
Revenues	38.13	45.81	73.69	76.89
EBITDA	14.97	17.12	30.97	32.33
EBIT	6.12	8.19	17.34	18.11
NOPAT	4.10	5.49	11.62	12.13
Free Cash Flow	6.20	-13.84	-2.17	2.02
Net Capital Employed	51.58	69.80	82.65	91.79
Shareholders' Equity	28.70	32.30	41.33	50.27
Net Financial Position	22.71	37.33	41.15	41.35

Source: Company data, UBI Banca estimates

Key Profitability Drivers

	2016	2017E	2018E	2019E
Net Debt/Ebitda (x)	1.5	2.2	1.3	1.3
Net Debt/Equity (x)	0.8	1.2	1.0	0.8
Interest Coverage (%)	6.3	7.4	21.7	22.6
Free Cash Flow Yield (%)	37.3%	nm	nm	4.8%
ROE (%)	13.7%	13.6%	25.8%	22.2%
ROI (%)	7.3%	8.6%	14.8%	13.4%
ROCE (%)	7.8%	9.0%	15.2%	13.9%

Source: Company data, UBI Banca estimates

Key Valuation Ratios

	2016 *	2017E	2018E	2019E
P/E (x)	4.2	9.6	4.0	3.8
P/BV (x)	0.6	1.3	1.0	0.8
P/CF (x)	1.3	3.2	1.7	1.7
Dividend Yield (%)	4.5%	3.9%	5.3%	6.0%
EV/Sales (x)	0.9	1.5	1.0	1.0
EV/EBITDA (x)	2.7	4.7	2.7	2.6
EV/EBIT (x)	6.7	9.9	4.9	4.7
EV/CE (x)	0.8	1.2	1.0	0.9

Source: Company data, UBI Banca estimates

* Based on average 2016 price

Key Value Drivers

(%)	2016	2017E	2018E	2019E
Payout	18.9%	37.3%	20.9%	22.6%
NWC/Sales	32.0%	24.4%	18.4%	21.8%
Capex/Sales	17.3%	53.4%	28.5%	23.0%

Source: Company data, UBI Banca estimates

Recent Developments

- > LMG reported 1H17 results that were broadly in line with those of 1H16 with flat revenues, a stable EBITDA margin and a slight slowdown in net profit due to higher D&A and taxes. Overall, 1H17 results were below our expectations as we had expected sales for full-year 2017 to double compared to 2016.
- > Several factors contributed to the lack of sales growth: 1) the decrease in multiplex revenues, down 6.9% to EUR6.7 million, caused by lower admissions and a reduction in the average ticket price (impact of the second Wednesday discount with tickets at EUR2). However, we highlight that LMG strongly outperformed the Italian multiplex market (LMG admissions were down 6% compared with 12.2% for the Italian market); 2) lower tax credits, subsidies and other contributions, which fell 20% in the period and accounted for 22% of consolidated revenues vs. 27% in 1H16. These items are expected to recover in the second half of the year with the release of new productions; 3) LMG distributed just two movies in the first half of 2017 (the same as in 1H16) - “*Beata Ignoranza*”, which generated box office receipts of EUR3.8 million, and “*I Peggiori*”, which generated EUR0.2 million, both co-produced by the company. However, sales of Distribution & Production were up 59% in the period at EUR3.3 million.
- > The EBITDA margin reached 31.4% in 1H17, substantially in line with the figure for last year. The Distribution & Production division had an EBITDA margin of 46.4% (vs. 45.7% in 1H16) and the Multiplex division of 20.7% (slightly down vs. the 23.2% of 1H16). D&A increased, resulting in EBIT of EUR2.2 million, down 6% year-on-year. Consequently, the net result was 10% lower than in 1H16.
- > Net debt was EUR25.6 million, slightly up compared to Dec-16 (EUR22.7 million), due to higher investments (about EUR5.4 million which should generate revenues in 2H17) and the dividend payment (EUR0.8 million). Gross debt was EUR33.4 million of which EUR31.1 million is long term. NWC rose to 54% of sales (36% in 1H16) mostly due to higher receivables from Mibac (the Ministry of Cultural Heritage) and other public entities (mostly regional entities). The company’s film library of >400 movies and capitalized production costs had a net value of EUR16.1 million, equal to 39% of the current market cap.
- > LMG has acquired the rights to several important American movies since the beginning of the year and enriched its library with five movies acquired at the Cannes Film festival and three at the Berlin festival. During the first half 2017, it started production on four new movies (three of them to be released by the end of 2017) and continued to develop its international TV productions, including “*Les Italiens*” (a high-budget international co-production with Space Rocket Nation, directed by Nicolas Winding Refn and already sold to Sky) and “*The library of the dead*” based on the best seller by Glenn Cooper.
- > The trend in the movie market was negative in 1H17: admissions declined by 12.2% and box office receipts dropped by 16.4% (source: *Cinetel*) partly due to lower ticket prices (-4.8% on average). In particular, the box office for the Italian distributors fell by 40.7% in the first half of the year (it should be noted that 1H16 was exceptionally strong due to “*Quo Vado*”, which generated >EUR65 million at the box office).
- > In October, the Italian Government approved a decree that increases the weight of European productions (movies, fiction, miniseries, and entertainment) that must be shown on TV to 55% (from 50%) in 2019 and to 60% in 2020. At least 50% of the European productions should be Italian on the RAI channels (33.3% for other broadcasters) with a minimum of two Italian productions per week

broadcast at primetime. In addition, compulsory investments in European productions will increase significantly (for RAI from 15% of sales today to 20% in 2020). The new decree clearly favours Italian producers like LMG and could prove an effective tool to boost Italian production.

Figure 1 – 1H17 results

(EURm)	1H16A	1H17A	% Chg.
Sales Multiplex	7.24	6.74	-6.9%
Sales Distribution & production	2.06	3.27	58.8%
Sales Other	3.49	2.78	-20.2%
Sales total	12.78	12.79	0.1%
EBITDA	4.05	4.02	-0.8%
% margin	31.7%	31.4%	
EBIT	2.34	2.20	-6.3%
% margin	18.3%	17.2%	
Pre tax profit	1.84	1.69	-8.4%
Net profit	1.59	1.44	-9.5%
Net debt/(cash)	23.68	25.62	

Source: Company data

Figure 2 – 1H17 results by business unit

	1H16A	1H17A	% Chg.
Sales Distribution & Production	4.79	5.34	11.5%
EBITDA Distribution & Production	2.19	2.48	13.1%
% margin	45.7%	46.4%	
EBIT Distribution & Production	1.73	1.67	-3.2%
% margin	36.0%	31.3%	
Sales Multiplex	7.99	7.44	-6.8%
EBITDA Multiplex	1.86	1.54	-17.1%
% margin	23.2%	20.7%	
EBIT Multiplex	0.62	0.53	-14.9%
% margin	7.7%	7.1%	

Source: Company data

Financial Projections

- > LMG gave no specific guidance for 2017 but indicated that sales will be in line with the budget. We have revised down our 2017 estimates, following the postponement of some new releases (in particular, “Cohousing”, “Vita spericolata” and “Basta credere”) and have fine-tuned our forecasts for 2018-19, lowering sales by 4% on average and net profit by 5% on average.
- > We expect three new movie releases in the second half of the year (of which “Il Premio” could be a blockbuster), one TV production (“Prima che la notte”) and the distribution of 2/3 movies. These releases should allow LMG to reach EUR33 million of revenues in 2H17 and EUR46 million for the full year. This is 38% below our previous expectation, which was also affected by the declining trend in multiplex revenues. The EBITDA margin should improve further to almost 40% in the second half and 37% for the full year. We now expect 2017 net profit to be EUR4.4 million (-49% compared to our previous estimate) while net debt should reach EUR37.3 million at year-end vs. EUR22.7 million at end-16 due to >EUR28 million of investments for new movie and TV productions.
- > In the second half of the year, there should be three new movies should be completed (“Ricchi di fantasia” with Sergio Castellitto and Sabrina Ferilli, “Basta Credere” and “Nessuno come noi”) and are expected to be released in 2018.
- > We expect further acquisitions in the coming months to complete the pipeline for 2018-19.
- > 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 3 – Old vs. New estimates

(EURm)	2016A	2017E		2018E		2019E	
		Old	New	Old	New	Old	New
Total Sales	38.1	74.4	45.8	77.8	73.7	80.4	76.9
% change			-38.4%		-5.3%		-4.4%
EBITDA	15.0	29.5	17.1	33.0	31.0	34.2	32.3
% change			-41.9%		-6.0%		-5.4%
EBIT	6.1	14.9	8.2	18.6	17.3	19.3	18.1
% change			-45.2%		-6.6%		-6.1%
Net Profit	3.9	8.7	4.4	11.5	10.7	11.9	11.2
% change			-49.2%		-6.9%		-6.4%
Net Debt/(Cash)	22.7	35.5	37.3	30.6	41.1	29.4	41.4
EBIT margin	16.0%	20.1%	17.9%	23.8%	23.5%	24.0%	23.6%
EBITDA margin	39.3%	39.6%	37.4%	42.3%	42.0%	42.5%	42.1%

Source: Company data, UBI Banca estimates

Figure 4 – 2H17 estimates

(EURm)	2H16A	2H17E	% Chg.
Sales Multiplex	6.99	6.56	-6.2%
Sales Distribution & production	13.21	20.43	54.6%
Sales Other	5.15	6.02	17.1%
Sales total	25.35	33.02	30.2%
EBITDA	10.92	13.10	20.0%
% margin	43.1%	39.7%	
EBIT	3.77	5.99	58.8%
% margin	14.9%	18.1%	
Pre tax profit	3.30	5.40	63.8%
Net profit	2.35	2.96	25.9%
Net debt/(cash)	22.71	37.33	

Source: Company data, UBI Banca estimates

Figure 5 – 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
Prima che la notte	Nov-17	Biopic	RAI	2 x 100
Giamai'ca	Jan-18	Comedy	SKY	12 x 50
Cohausing	1Q18	Comedy	RAI	12 x 50
Les Italiens	4Q18	Crime	SKY	10 x 50
La Caccia	2018	Thriller	SKY	12 x 50
Fleabag	2018	Crime/Drama	SKY	6 x 24
Mina Settembre	2018-19	Comedy/Drama	RAI	4 x 100
La biblioteca dei morti	2019	Drama	Under discussion	12 x 50
Io che amo solo te	2019	Comedy	Under discussion	12 x 50
Marco Pannella	2019	Biopic	Under discussion	4 x 100
Il grande cocomero	2019	Drama	Under discussion	12 x 50
Noi e la Giulia	2019	Comedy	Under discussion	12 x 50
I giorni della cagna	2019	Thriller	Under discussion	12 x 50

Source: Company data, UBI Banca estimates

Figure 6 – 2017-19 movie production pipeline

Movie title	Release	Genre
La casa di famiglia	Nov-17	Comedy
Il Premio	Dec-17	Comedy
Vita spericolata	1Q18	Comedy
Ricchi di fantasia	Feb-18	Comedy
Basta credere	Sep-18	Comedy
Nessuno come noi	Nov-18	Comedy
Solange remake	2018-19	Comedy

Source: Company data, UBI Banca estimates

Valuation

- > Despite growth in the share price of >140% since we initiated coverage of the stock (“Unwarranted hard discount”, November 18, 2016) LMG’s current market capitalization (about EUR42 million) remains just 75% of its net invested capital. This implies significant value destruction in the future. In other words, the current market price reflects a flattish scenario with no improvement in the top-line or in EBITDA, a scenario that we believe is highly improbable given LGM’s impressive line-up for 2018-19, which could almost double revenues. Therefore, we believe that LMG remains an attractive buy opportunity despite the significant reduction in our 2017 estimates.
- > We have reduced our target price to EUR3.32 per share (from the previous figure of EUR3.40) or by approximately 3%. Our target price is based on the average of a DCF, a relative valuation and a SOP valuation, after applying a 25% liquidity discount (vs. a previous discount of 30% to reflect the sharp increase in trading volumes in the past few months) 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 2018 EV/EBITDA and 2.9x 2019 EV/EBITDA, both well below the average multiples for the industry (5.1x in 2018 and 5.8x in 2019). There is also a considerable gap in the P/E: at our target price LMG would trade at 4.6x 2018 P/E and 4.4x 2019 P/E compared to 12.2x 2018 and 11.3x 2019 for its peers.

Figure 7 – Valuation summary

(EUR)	23 October-17	Weight	10 July-17	Delta
DCF Valuation	2.61	33.0%	3.03	-13.9%
Relative Valuation	7.20	33.0%	7.43	-9.4%
SOP Valuation	3.47	33.0%	3.60	-3.6%
Fair value	4.43		4.69	-8.9%
Liquidity discount (25% vs. 30% before)	(1.11)		(1.41)	
Target price	3.32		3.28	-2.4%
Current price	2.84		2.82	0.8%
Potential upside	16.8%		20.6%	

Source: UBI Banca estimates

Figure 8 – DCF Valuation

Our model incorporates a WACC of 6.49%, a terminal growth rate of 1% and an EBITDA margin of 17% at terminal value, which is in line with the margin reported in 1H17. Our DCF valuation implies a 2.7x EV/EBITDA at terminal value.

	(EUR m)	(% weight)
Sum of PV 2017-25 FCF	10.0	16%
Terminal value	52.8	84%
Total Enterprise value	62.8	100%
- Pension Provision	(1.3)	
- Net debt (+ cash)	(22.7)	
Total Equity value	38.8	
Fully diluted number of shares (m)	14.9	
Fair value per share (EUR)	2.84	

Source: UBI Banca estimates

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 Figure 9 – Peer comparison and valuation based on multiples (priced on 25 October 2017)

Company	Market Cap (EURm)	P/E			EV/EBITDA			EV/EBIT			Performance YTD
		2017E	2018E	2019E	2017E	2018E	2019E	2017E	2018E	2019E	
EuropaCorp	61				9.7 x	6.1 x	6.3 x				-60.1%
Splendid Medien	15		10.1 x	9.7 x	4.5 x	2.4 x	9.7 x		12.0 x	12.8 x	-17.4%
Entertainment One	1,349	12.8 x	11.2 x	10.1 x	8.3 x	7.6 x	6.9 x	8.6 x	7.7 x	7.3 x	16.1%
Notorious Pictures	34	9.3 x	8.9 x	7.7 x	3.0 x	2.5 x	2.2 x	5.7 x	4.9 x	4.0 x	80.3%
Leone Film Group	67	21.5 x	12.5 x	14.8 x	4.4 x	3.5 x	3.6 x	19.3 x	13.7 x	15.4 x	77.5%
Mondo TV	178	13.4 x	13.8 x	11.1 x	6.8 x	5.2 x	4.4 x	9.7 x	9.4 x	7.8 x	42.1%
Highlight Communications	321	19.0 x	16.6 x	14.6 x	9.5 x	8.5 x	7.5 x	10.6 x	9.4 x	8.3 x	-10.5%
Average		15.2 x	12.2 x	11.3 x	6.6 x	5.1 x	5.8 x	10.8 x	9.5 x	9.3 x	18.3%
Median		13.4 x	11.8 x	10.6 x	6.8 x	5.2 x	6.3 x	9.7 x	9.4 x	8.0 x	16.1%
Current market multiples Lucisano	42	9.6 x	4.0 x	3.8 x	4.7 x	2.7 x	2.6 x	9.9 x	4.9 x	4.7 x	98.7%
Discount to Average		-36.7%	-67.5%	-66.6%	-28.2%	-46.1%	-54.5%	-8.1%	-48.6%	-49.1%	
Discount to Median		-27.9%	-66.5%	-64.3%	-29.8%	-46.8%	-58.1%	2.3%	-48.0%	-41.2%	

Source: Factset, UBI Banca estimates

Figure 10 – Sum-of-the-part valuation

(EURm, EUR)	Fair value	Per share
Multiplex	25.14	1.69
Value of the library	16.07	1.08
Net equity	28.86	1.94
- Goodwill	(1.05)	(0.07)
Total assets	69.02	4.64
+ Receivables from public entities	9.56	0.64
- Pension Provision	(1.30)	(0.09)
- Net debt (+ cash)	(25.62)	(1.72)
Total SOP	51.67	3.47

Source: Company data, UBI Banca estimates

Figure 11 – Implicit multiples based on our EUR3.32 target price

(x)	2017E	2018E	2019E
P/E	11.2 x	4.6 x	4.4 x
EV/EBITDA	5.2 x	3.0 x	2.9 x
EV/EBIT	10.8 x	5.3 x	5.1 x
EV/Sales	1.66 x	1.09 x	1.06 x
P/BV	1.5 x	1.2 x	1.0 x
EV/ Capital employed	1.3 x	1.1 x	1.0 x

Source: UBI Banca estimates

Income Statement

(EURm)	2016	2017E	2018E	2019E
Net Revenues	44.10	53.14	84.30	86.85
EBITDA	14.97	17.12	30.97	32.33
EBITDA margin	33.9%	32.2%	36.7%	37.2%
EBIT	6.12	8.19	17.34	18.11
EBIT margin	13.9%	15.4%	20.6%	20.8%
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	7.09	16.54	17.31
Taxes	-1.14	-2.62	-5.79	-6.06
Minorities & discontinuing ops	-0.08	-0.07	-0.08	-0.08
Net Income	3.93	4.39	10.67	11.17

Source: Company data, UBI Banca estimates

Balance Sheet

(EURm)	2016	2017E	2018E	2019E
Net working capital	14.09	12.95	15.51	18.96
Net Fixed assets	41.66	59.12	69.83	76.78
M/L term funds	-4.17	-2.27	-2.69	-3.95
Capital employed	51.58	69.80	82.65	91.79
Shareholders' equity	28.70	32.30	41.33	50.27
Minorities	0.17	0.17	0.17	0.17
Shareholders' funds	28.86	32.46	41.50	50.44
Net financial debt/(cash)	22.71	37.33	41.15	41.35

Source: Company data, UBI Banca estimates

Cash Flow Statement

(EURm)	2016	2017E	2018E	2019E
NFP Beginning of Period	26.97	22.71	37.33	41.15
Group Net Profit	3.93	4.39	10.67	11.17
Minorities	0.07	0.07	0.08	0.08
D&A	8.85	8.93	13.63	14.22
Change in Funds & TFR	0.00	0.00	0.00	0.00
Gross Cash Flow	12.85	13.40	24.38	25.47
Change In Working Capital	0.98	1.14	-2.56	-3.45
Other	0.00	0.00	0.00	0.00
Operating Cash Flow	13.83	14.54	21.83	22.02
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	-13.84	-2.17	2.02
Dividends Paid	-1.04	-0.79	-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	-14.63	-3.81	-0.21
NFP End of Period	22.23	37.33	41.15	41.35

Source: Company data, UBI Banca estimates

Financial Ratios

(%)	2016	2017E	2018E	2019E
ROE	13.7%	13.6%	25.8%	22.2%
ROI (after tax)	7.3%	8.6%	14.8%	13.4%
Net Fin. Debt/Equity (x)	0.8	1.2	1.0	0.8
Net Fin. Debt/EBITDA (x)	1.5	2.2	1.3	1.3
Interest Coverage	6.3	7.4	21.7	22.6
NWC/Sales	32.0%	24.4%	18.4%	21.8%
Capex/Sales	17.3%	53.4%	28.5%	23.0%
Pay Out Ratio	18.9%	37.3%	20.9%	22.6%

Source: Company data, UBI Banca estimates

Per Share Data

(EUR)	2016	2017E	2018E	2019E
EPS	0.26	0.30	0.72	0.75
DPS	0.05	0.11	0.15	0.17
Op. CFPS	0.93	0.98	1.64	1.71
Free CFPS	0.42	-0.93	-0.15	0.14
BVPS	1.93	2.17	2.78	3.38

Source: Company data, UBI Banca estimates

Stock Market Ratios

(x)	2016 *	2017E	2018E	2019E
P/E	4.2	9.6	4.0	3.8
P/OpCFPS	1.2	2.9	1.9	1.9
P/BV	0.6	1.3	1.0	0.8
Dividend Yield (%)	4.5%	3.9%	5.3%	6.0%
Free Cash Flow Yield (%)	37.3%	nm	nm	4.8%
EV (EURm)	40.74	81.19	85.02	85.27
EV/Sales	0.9	1.5	1.0	1.0
EV/EBITDA	2.7	4.7	2.7	2.6
EV/EBIT	6.7	9.9	4.9	4.7
EV/Capital Employed	0.8	1.2	1.0	0.9

Source: Company data, UBI Banca estimates

Based on average 2016 price

Growth Rates

(%)	2016	2017E	2018E	2019E
Growth Group Net Sales	-24.6%	20.5%	58.6%	3.0%
Growth EBITDA	-25.8%	14.4%	80.9%	4.4%
Growth EBIT	-19.1%	33.9%	111.8%	4.4%
Growth Net Profit	-21.9%	11.7%	143.1%	4.6%

Source: Company data, UBI Banca estimates

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Historical ratings and target prices

Date	Rating	Target Price (EUR)	Market Price (EUR)
18 November 2016	BUY	2.39	1.16
16 May 2017	BUY	3.40	2.08
10 July 2017	BUY	3.40	2.82