

## Calls From Italy

<b>Recent Research</b>		<b>2</b>
INWIT (ADD)	Results Preview: ADD; TP EUR 5.2/share	2
MARR (ADD)	Results Preview: ADD; TP EUR 21.2/share	2
<b>Company News</b>		<b>3</b>
Banca MPS (HOLD)	4Q15 Preliminary Results	3
Finmeccanica (BUY)	Press Release on Helicopters	4
INWIT (ADD)	Further Press Details on Non-Binding Offers	4
Iren (BUY)	TRM Acquisition	4
Mediaset (HOLD)	Prel. Data on Netflix Subscribers in Italy	5
Telecom Italia (NO RATING)	Press Indications on Yesterday's Board	5
Triboo Media (BUY)	JV with TuttoMercatoWeb	5
<b>Sector News</b>		<b>6</b>
Oil&Gas Sector	Russia Opens to a Production Cut	6
Tower Sector	Mr Giacomelli's Statements	6
<b>Previews</b>		<b>7</b>
CNH Industrial (HOLD)	FY15 Preview	7
Luxottica (HOLD)	FY Sales Preview	7
<b>Recent Credit Research</b>		<b>9</b>
Terna	5th Regulatory Period, Final Regulatory Framework Confirmed Supportive	9

29 January 2016

Italy  
Equity Daily

Intesa Sanpaolo  
Research Department

Equity Research Team

Corporate Broking  
Research Team

Sales & Trading

+39 02 7261 2905

FTSE MIB & Euro Stoxx Best Performers		
Italian FTSE MIB	Price	chg %
Saipem	0.57	3.00
Tenaris	9.48	0.32
Eni	13.17	0.23
Italcementi	10.27	-0.39
Finmeccanica	10.76	-0.92
Euro Stoxx Sectors		
	Price	chg %
Oil & Gas	260.6	0.68
Basic Resources	133.8	0.01
Real Estate	211.7	-0.41
Media	223.3	-0.72
Retail	437.6	-0.75

Source: FactSet

FTSE MIB & Euro Stoxx Worst Performers		
Italian FTSE MIB	Price	chg %
Banca Pop Milano	0.70	-9.81
Banca MPS	0.66	-7.88
FCA	6.45	-7.19
Unicredit	3.52	-6.48
Unipol	3.56	-6.21
Euro Stoxx Sectors		
	Price	chg %
Banks	103.3	-3.64
Automobiles & Parts	454.3	-3.13
Health Care	762.1	-3.13
Telecommunications	341.7	-2.95
Technology	376.3	-2.86

Source: FactSet

Equity Indices Performances		
Italy	Price	chg %
FTSE It. All Share	19852	-3.22
FTSE MIB	18190	-3.49
FTSE It. Star	23148	-1.68
Europe	Price	chg %
DAX 30	9640	-2.44
CAC 40	4322	-1.33
IBEX 35	8591	-1.72
FTSE 100	5932	-0.98
US	Price	chg %
Dow Jones	16070	0.79
NASDAQ	4507	0.86
S&P 500	1893	0.55

Source: FactSet

Priced at market close on day prior to issue  
(except where otherwise indicated)

Banca IMI distributes this report issued by

INTESA  SANPAOLO

## Recent Research

### INWIT (ADD)

#### Results Preview: ADD; TP EUR 5.2/share

**ADD rating confirmed; target price confirmed at EUR 5.20/share:** On 3 February INWIT will release its preliminary FY15 results and 2016-18 business plan, the first since the IPO. Given the business predictability, we do not expect any major surprise from the 2015 results. On the other hand, we expect the usual update on the ongoing business in terms of contracted co-tenancy with Vodafone, decommissioning and new sites. We also expect the company to disclose more details on the ground lease cost optimisation and some guidance on the small cell growth potential. In this note we recap our projections, which are broadly aligned to Bloomberg consensus. While the focus remains on TI's ongoing tender, we note that over a three year period, which takes into account the company's run-rate EBITDA, INWIT's trading multiples are not as expensive as they might at first appear to investors' (EV/EBITDA 2017E of 15.7x vs. Cellnex's 16.2x and US tower companies' 17.9x).

#### INWIT - Key data

29/01/16	Telecom Services		
Target Price (EUR)	5.2		
Rating	ADD		
Mkt price (EUR)	4.56		
Mkt cap (EUR M)	2736		
Ratios (x)	2015E	2016E	2017E
P/E	32.5	29.7	26.5
EV/Sales	8.7	8.6	8.2
EV/EBITDA	19.8	17.9	15.8
Performance (%)	1M	3M	12M
Absolute	-6.6	1.3	NA
Rel. to FTSE IT All	8.9	24.1	NA

Source: FactSet and Intesa Sanpaolo Research estimates

Banca IMI is Sponsor to INWIT

#### Antonella Frongillo - Research Analyst

+39 02 8794 9688

antonella.frongillo@intesasanpaolo.com

### MARR (ADD)

#### Results Preview: ADD; TP EUR 21.2/share

**ADD rating confirmed; target price confirmed at EUR 21.2/share:** MARR is to disclose results on 14 March. We forecast a 2.7% increase in revenues in 4Q15E (+3.0% in FY15E). We forecast a 4Q15E EBITDA margin at 5.5% vs. 5.3% in 4Q14A (flat EBITDA margin at 7.1% in FY15E). We expect 4Q15E net profit to increase by 12.4%, and by 12.3% in FY15E, benefiting from the already announced final instalment related to the Alisea disposal on 31 March 2014, whose final sale price was also shaped by the winning of important tenders for restoration services. FY15E net income should also benefit from a lower tax rate vs. FY14A due to a reduced taxation of the one-off Alisea proceeds and from a higher IRAP deductibility. Our FY15E net debt is EUR 163.4M.

#### MARR - Key data

29/01/16	Food Distribution		
Target Price (EUR)	21.2		
Rating	ADD		
Mkt price (EUR)	17.54		
Mkt cap (EUR M)	1167		
Ratios (x)	2015E	2016E	2017E
P/E	20.7	20.1	19.2
EV/Sales	0.90	0.87	0.84
EV/EBITDA	12.5	12.1	11.7
Performance (%)	1M	3M	12M
Absolute	-5.7	-3.9	14.3
Rel. to FTSE IT All	10.0	17.7	25.2

Source: FactSet and Intesa Sanpaolo Research estimates

Banca IMI is Specialist to MARR

#### Marta Caprini - Research Analyst

+39 02 8794 9812

marta.caprini@intesasanpaolo.com

## Company News

### Banca MPS (HOLD)

#### 4Q15 Preliminary Results

**News:** According to preliminary results, MPS reported a net loss of EUR 200M in 4Q15, slightly better than our estimate (net loss of EUR 232M). In FY15 the company reported a net profit of EUR 390M, thanks to the restatement of the Alexandria transaction: net of this accounting effect (which had a negative impact on the book value of EUR 0.1Bn, on the other hand), MPS reported a net loss of EUR 110M in FY15, penalised by some extraordinary items such as the cost of the closure of the Alexandria transaction and the contribution to the resolution fund. The key points of 4Q15 results were:

- **Operating performance ahead of our expectations:** Gross operating income came in at EUR 460M, above our expectation, thanks to higher commission income (+4% qoq) and lower operating costs (flat qoq). NII declined by 5%, in line with our forecasts;
- **Loan loss provisions were higher than expected:** The cost of risk increased to 208bps, above the 185bps expected. Impaired loans decreased by EUR 0.6Bn qoq, thanks to the disposal of EUR 1Bn of NPLs, net of which impaired loans increased by EUR 0.4Bn (3.4% annualised), the lowest increase in the last 8 quarters. Coverage ratios remained stable;
- **Customer deposits down and stable capital base.** Customer deposits declined by EUR 3.4Bn qoq, or 3% qoq; however, we calculate that the current account and time deposit component declined by just EUR 0.9Bn qoq or 1% qoq and the counterbalancing capacity was at EUR 24Bn in December 2015, the maximum level in the last 4 years. The CET1 FL remained stable qoq at 11.7%.

**Our view:** We consider the operating performance as fairly strong and we positively view the confirmation of the capital base the same level as September 2015, despite the net loss in the quarter. Asset quality continued to deteriorate, albeit at a lower rate. The decline in customer deposits, already outlined by Mr Viola, seems manageable but should have continued in 2016, and remains a point to monitor, in our view.

Banca MPS – 4Q/FY15 results											
EUR M	4Q14A	FY14A	1Q15A	2Q15A	3Q15A	4Q15A	4Q15E	FY15A	4Q15A	4Q15A	FY15A
		*						*	qoq	yoy	yoy
Interest Income	611	2140	612	560	569	540	535	2260	-5.0	-11.6	5.0
Commissions	405	1700	443	484	431	450	436	181	4.4	11.1	7.0
Trading income	41	na	172	59	-67	NA	70	NA	NM	NM	NA
Total Income	1109	4150	1267	1160	958	1120	1071	5220	17.0	1.0	26.0
Operating costs	735	2760	653	657	656	660	700	2630	0.6	-10.1	-5.0
<b>GOP</b>	<b>375</b>	<b>1400</b>	<b>614</b>	<b>503</b>	<b>301</b>	<b>460</b>	<b>371</b>	<b>2590</b>	<b>52.7</b>	<b>22.8</b>	<b>85.0</b>
LLP	5357	7820	468	516	430	580	500	1990	34.9	-89.2	NM
Pre-tax Income	-4545	na	130	80	-145	0	-304	0	NM	NM	NM
Net Income	-4193	-5400	73	121	-109	-200	-232	390	NM	NM	NM

Note: \* with restatement for different accounting of Alexandria; A: actual; E: estimates; NA: not available; NM: non-meaningful; Source: Company data and Intesa Sanpaolo Research,

### Banca MPS - Key data

29/01/16	Banks		
Target Price (EUR)	1.80		
Rating	HOLD		
Mkt price (EUR)	0.66		
Mkt cap (EUR M)	1921		
Ratios (x)	2015E	2016E	2017E
P/E	44.3	8.2	4.1
P/TBV	0.20	0.20	0.19
Performance (%)	1M	3M	12M
Absolute	-47.7	-62.3	-64.5
Rel. to FTSE IT All	-39.0	-53.8	-61.1

Source: FactSet and Intesa Sanpaolo Research estimates

### Manuela Meroni - Research Analyst

+39 02 8794 9817

manuela.meroni@intesasanpaolo.com

## Finmeccanica (BUY)

### Press Release on Helicopters

**News:** Following announcements of a deteriorating helicopter outlook in 2015 from some competitors, yesterday Finmeccanica stated in a press release that it expects to close 2015 with annual revenues of Helicopters substantially in line with 2014 and profitability (EBITA margin) in line with 2014, despite a reduction in the contribution from the Oil&Gas sector.

**Our view:** We positively view the group's statements as our FY15E estimates on helicopters incorporate a 4% decrease in revenues and an adj. EBITA at 12.1% versus 12.4% in 2014. Aside from 2015 guidance, we believe that market concerns are more focused on the 2016 outlook. We assume for Finmeccanica's Helicopter business an exposure to the Oil&Gas sector in the range of 15%. While we would not exclude a slower ramp-up of the AW169, we believe that Finmeccanica could maintain a double-digit adj. EBITA margin in this division.

## Finmeccanica - Key data

29/01/16	Aerospace & Defence		
Target Price (EUR)	16.0		
Rating	BUY		
Mkt price (EUR)	10.76		
Mkt cap (EUR M)	6221		
Ratios (x)	2015E	2016E	2017E
P/E	21.8	16.0	13.1
EV/Sales	0.80	0.76	0.73
EV/EBITDA	6.0	5.4	4.9
Performance (%)	1M	3M	12M
Absolute	-15.7	-13.1	16.5
Rel. to FTSE IT All	-1.7	6.5	27.5

Source: FactSet and Intesa Sanpaolo Research estimates

### Monica Bosio - Research Analyst

+39 02 8794 9809

monica.bosio@intesasanpaolo.com

## INWIT (ADD)

### Further Press Details on Non-Binding Offers

**News:** Today an article by Il Sole 24 Ore summarises the three non-binding offers submitted for INWIT: i) El Towers offered EUR 5.0/share for a 29.9% stake; ii) Cellnex/F2i offered EUR 4.3/share for a 45% stake; and iii) American Tower offered EUR 4.0/share for a 45% stake. The binding offers are reported to be submitted by March.

**Our view:** While the details of El Towers and Cellnex/F2i had already been published by the press over the last few weeks (Il Sole 24 Ore, etc), the details of the offer by American Tower represent news.

## INWIT - Key data

29/01/16	Telecom Services		
Target Price (EUR)	5.2		
Rating	ADD		
Mkt price (EUR)	4.56		
Mkt cap (EUR M)	2736		
Ratios (x)	2015E	2016E	2017E
P/E	32.5	29.7	26.5
EV/Sales	8.7	8.6	8.2
EV/EBITDA	19.8	17.9	15.8
Performance (%)	1M	3M	12M
Absolute	-6.6	1.3	NA
Rel. to FTSE IT All	8.9	24.1	NA

Source: FactSet and Intesa Sanpaolo Research estimates

Banca IMI is Sponsor to INWIT

### Antonella Frongillo - Research Analyst

+39 02 8794 9688

antonella.frongillo@intesasanpaolo.com

## Iren (BUY)

### TRM Acquisition

**News:** According to a press article, Iren has finalised the acquisition of TRM, a WTE plant in Turin, 80% owned by TRM V, a special purpose vehicle which in turn is 49% controlled by Iren and 51% by F2i. As outlined in its BP, Iren would have acquired F2i's 40% indirect stake in TRM for a EUR 95M cash-out, increasing its total stake to 80%, with the remaining 20% owned by the Turin municipality. The plant should add 500,000 ton/year waste capacity disposal, electricity production for 350GWh/year and a further 170GWh once connected to the DH network in Turin. The contribution should be approximately an annual EUR 50M EBITDA, though the asset carries a quite substantial EUR 250M NFP.

**Our view:** The deal, already announced, should imply an EV/EBITDA of around 9x, almost aligned to market multiples. **We reiterate our BUY rating and our target price of EUR 1.81/share on the stock.**

## Iren - Key data

29/01/16	Multi-Utilities		
Target Price (EUR)	1.81		
Rating	BUY		
Mkt price (EUR)	1.36		
Mkt cap (EUR M)	1734		
Ratios (x)	2015E	2016E	2017E
P/E	12.4	12.7	10.4
EV/Sales	1.3	1.3	1.2
EV/EBITDA	6.0	6.1	5.6
Performance (%)	1M	3M	12M
Absolute	-6.0	-8.8	32.7
Rel. to FTSE IT All	9.7	11.8	45.3

Source: FactSet and Intesa Sanpaolo Research estimates

### Meris Tonin - Research Analyst

+39 02 8794 1119

meris.tonin@intesasanpaolo.com

## Mediaset (HOLD)

### Prel. Data on Netflix Subscribers in Italy

**News:** Reuters reports that since its launch in Italy last October, Netflix achieved 150,000 subscribers according to Digital TV Research and 100,000 subscribers according to IT Media Consulting. Moreover, the same source reports that, according to IT Media Consulting, Netflix will become an important competitor for Sky and Mediaset by the end of 2017. This statement echoes Netflix's CEO and founder Reed Hastings, who said that Netflix aims to achieve one-third of Internet households in Italy by 2022.

**Our view:** Official data on the number of subscribers for Netflix in Italy are undisclosed, as are the data on Mediaset's Infinity and Sky online subscribers. In general terms, we agree that the arrival of Netflix will make the competitive arena in Italy increasingly challenging, especially in view of Netflix's strength in TV series. However, we also believe that Netflix's full potential remains subordinated to the development of high-speed connectivity at least in the high-density population areas.

## Telecom Italia (NO RATING)

### Press Indications on Yesterday's Board

**News:** Yesterday, TI held a Board meeting in preparation for the one scheduled for 15 February to approve the preliminary 2015 results and the business plan update. According to Il Sole 24 Ore, the Board members discussed all the strategic themes, from the ultrabroadband development in Italy (including Metroweb), to TIM Brazil (in terms of a potential alliance with Oi and/or Nextel) up to the ongoing tender offer for INWIT. According to the same source, none of these points will be solved by 15 February as they remain subordinated to a number of variables: i) the AGCOM/AGCM view on Metroweb; ii) a three-six month negotiation in Brazil; and iii) the binding offers on INWIT by March. According to Il Messaggero, the new business plan would envisage an update of the investment plan in Italy by 20% from the current EUR 10Bn over a three year period.

**Our view:** These indications do not come as a surprise.

## Triboo Media (BUY)

### JV with TuttoMercatoWeb

**News:** Triboo Media and TC&C SrL (TuttoMercatoWeb), an Italian digital publisher specialised in sports and already a partner of the group, announced that they have reached an agreement for the birth of the joint venture TMW Network Srl, owned 50% by Triboo Media and 50% by TuttoMercatoWeb. Following the agreement, the new company acquired from MICRI Communication Srl the editorial assets TuttoJuve.com and TuttoB.com. The investment (through a capital increase) of Triboo Media in the new company was worth EUR 150k.

**Our view:** We positively view the deal, which was in line with the group's strategy of strengthening of the proprietary publishing content sites in order to reinforce the covering of vertical channels and increase commercial power, also taking control of affiliated publishers.

### Mediaset - Key data

29/01/16	Media		
Target Price (EUR)	4.2		
Rating	HOLD		
Mkt price (EUR)	3.08		
Mkt cap (EUR M)	3638		
Ratios (x)	2015E	2016E	2017E
P/E	39.7	19.5	12.3
EV/Sales	1.8	1.6	1.5
EV/EBITDA	4.5	4.0	3.5
Performance (%)	1M	3M	12M
Absolute	-20.6	-33.0	-21.1
Rel. to FTSE IT All	-7.4	-17.9	-13.6

Source: FactSet and Intesa Sanpaolo Research estimates

### Antonella Frongillo - Research Analyst

+39 02 8794 9688  
antonella.frongillo@intesanpaolo.com

### Telecom Italia - Key data

29/01/16	Telecom Services		
Rating	NO RATING		
Mkt price (EUR)	0.98		
Mkt cap (EUR M)	17805		
Ratios (x)	2015E	2016E	2017E
P/E	12.9	12.7	12.0
EV/Sales	2.3	2.3	2.3
EV/EBITDA	5.7	5.7	5.5
Performance (%)	1M	3M	12M
Absolute	-16.8	-15.8	-2.3
Rel. to FTSE IT All	-3.0	3.1	7.0

Source: FactSet and Intesa Sanpaolo Research estimates

### Antonella Frongillo - Research Analyst

+39 02 8794 9688  
antonella.frongillo@intesanpaolo.com

### Triboo Media - Key data

29/01/16	Media		
Target Price (EUR)	5.4		
Rating	BUY		
Mkt price (EUR)	2.42		
Mkt cap (EUR M)	38		
Ratios (x)	2015E	2016E	2017E
P/E	12.4	10.5	9.0
EV/Sales	0.80	0.64	0.53
EV/EBITDA	4.0	3.1	2.5
Performance (%)	1M	3M	12M
Absolute	-10.2	-12.6	-38.1
Rel. to FTSE IT All	4.7	7.1	-32.2

Source: FactSet and Intesa Sanpaolo Research estimates

Banca IMI is Specialist to Triboo Media

### Gabriele Berti - Research Analyst

+39 02 8794 9821  
gabriele.berti@intesanpaolo.com

## Sector News

### Oil&Gas Sector

#### Russia Opens to a Production Cut

**News:** According to the press (Reuters, Il Sole 24 Ore) the Russian Ministry of Energy has stated that Saudi Arabia has proposed a 5% production cut from all producing countries and that Russia could consider this proposal. In addition, he did not exclude a meeting in February to discuss the matter. However, the same press sources report statements from an Opec delegate that no proposals were officially presented to the Organization.

**Our View:** The situation is still not clear on a potential production cut and we believe that this could enhance oil price volatility. However, we think that some of the oil-producing countries could suffer from the oil price weakness, mainly as far as the government budget is concerned. Therefore, this scenario could support the market expectation of an oil price increase in the medium term and up to the end of the year. In this case, we believe that E&P operators could benefit from a recovery of oil price, whereas refining could suffer from a margins squeeze.

### Tower Sector

#### Mr Giacomelli's Statements

**News:** In an interview with Adnkronos, Antonello Giacomelli, undersecretary of the Ministry of Economic Development with a mandate on the Communications sector, said that the government would not oppose a project envisaging the creation of a national tower champion, either in the telecoms or in the broadcasting sector, in the case of a strong industrial rationale and conditioned to the public control as a guarantee for all parties.

**Our View:** We acknowledge Mr Giacomelli's statements, which confirm his view already expressed at the time of El Towers' offer for Rai Way one year ago. According to today's press (Il Sole 24 Ore, La Repubblica, etc) this statement could imply a potential involvement of CDP in the tower sector consolidation. However, we would be cautious in interpreting such a statement as a go-ahead to a Rai Way-El Towers merger (where we recall Rai's minimum threshold in Rai Way is set at 51%) or as a clear endorsement to a project also including INWIT (whose controlling stake is currently under auction). We also argue that in the first round of non-binding offers for INWIT, F2i partnered with Cellnex, which seems to be in contrast with Mr Giacomelli's statement. On the other hand, we reiterate our view that, while implying low industrial synergies in the first stage, El Towers' non-binding offer for INWIT (the highest of the three received but for a 29.9% stake) could pave the way for further steps, from TI's residual stake to the Wind-3 towers up to a "national tower champion" scenario also involving Rai Way. We also recall that, given the relevance of INWIT for Cellnex, we believe that Cellnex could counterbid.

29/01/2016

Oil & Gas

**Roberto Ranieri - Research Analyst**

+39 02 8794 9822

roberto.ranieri@intesasampaolo.com

29/01/2016

Telecom Services

**Antonella Frongillo - Research Analyst**

+39 02 8794 9688

antonella.frongillo@intesasampaolo.com

## Previews

### CNH Industrial (HOLD)

#### FY15 Preview

**Preview:** FY results are due out today before NYSE opening. We highlight that in 3Q15, CNH once again slightly revised downwards its targets, which pointed to industrial revenues of USD 25-26Bn (vs. USD 26-27Bn previously), while the industrial operating margin target was maintained at 5.6-6%. The net debt range was worsened to USD 2.1-2.3Bn (from USD 2-2.2Bn). While we are aligned with the group's industrial revenue targets (largely related to forex impact), we remain more cautious in terms of industrial operating profitability, which by year-end we estimate at 5.3% vs. an industrial operating profit of USD 1.34Bn, below Bloomberg consensus. By contrast, our forecasts look better than consensus at the bottom-line and net debt levels (which nonetheless show a high deviation).

**Outlook and Our View:** We expect CNH to announce its FY16 targets. While we believe the group did a good job in terms of production cuts and we expect a steady recovery in the EMEA truck market, we do not exclude further underproduction ahead and feel that current consensus for 2016 might reveal too optimistic.

CNH Industrial - FY15E preview (GAAP)										
U	S	D	M	9M14A	4Q14A	2014A	9M15E	4Q15E	FY15E	FY15 cons*
<b>Industrial sales</b>				<b>23,180</b>	<b>8,018</b>	<b>31,198</b>	<b>17,808</b>	<b>7,451</b>	<b>25,259</b>	
-AG				11,801	3,403	15,204	8,043	2,497	10,540	
-CE				2,546	800	3,346	1,933	744	2,677	
-CV				7,534	3,354	10,888	6,696	3,566	10,262	
-Powertrain				3,476	988	4,464	2,648	1,232	3,880	
<b>Group sales</b>				<b>24,190</b>	<b>8,365</b>	<b>32,555</b>	<b>18,768</b>	<b>8,063</b>	<b>26,831</b>	<b>25,900</b>
<b>Industrial op. profit</b>				<b>1,612</b>	<b>376</b>	<b>1,988</b>	<b>869</b>	<b>472</b>	<b>1,341</b>	<b>1,465</b>
-AG				1,529	241	1,770	604	187	791	
-CE				70	9	79	72	40	112	
-CV				-71	100	29	128	180	308	
-Powertrain				157	66	223	124	82	206	
<b>Group op. profit</b>				<b>1,764</b>	<b>435</b>	<b>2,199</b>	<b>1,039</b>	<b>551</b>	<b>1,590</b>	<b>1,503</b>
Pre-tax profit				1,029	146	1,175	276	280	556	
<b>Net attr. profit</b>				<b>627</b>	<b>83</b>	<b>710</b>	<b>22</b>	<b>302</b>	<b>324</b>	<b>251</b>
<b>Net ind debt</b>				<b>3971</b>	<b>2691</b>	<b>2,691</b>	<b>3,439</b>	<b>2,270</b>	<b>2,270</b>	<b>2,310</b>

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research; Bloomberg consensus

### Luxottica (HOLD)

#### FY Sales Preview

**Preview:** We expect a still strong sales growth in the 4Q with some minor positive effects related to forex (organic growth at a mid-single digit level in our assumption). All regions should maintain a positive trend but China is still impacted by a reducing prices and weak Hong Kong performance, while Australia should be affected the reorganised business at OPSM. Overall, we expect an adjusted sales increase at 17% or approx. +13% at constant exchange rates at year-end.

**Our View:** Management appears positive on trading conditions, while we think our current 4Q sales growth at +20% may now look too demanding. Margins-wise, we maintain our 100bps expansion on the back of the good cost control and production organisation. **We confirm our HOLD rating and target price of EUR 54.0/share.**

### CNH Industrial - Key data

29/01/16	Capital Goods		
Target Price (EUR)	6.8		
Rating	HOLD		
Mkt price (EUR)	5.55		
Mkt cap (EUR M)	7493		
Ratios (x)	2015E	2016E	2017E
P/E	14.2	12.1	10.4
EV/Sales	0.41	0.42	0.40
EV/EBITDA	4.8	4.4	4.1
Performance (%)	1M	3M	12M
Absolute	-13.4	-10.6	-15.4
Rel. to FTSE IT All	1.0	9.6	-7.4

Source: FactSet and Intesa Sanpaolo Research estimates

#### Monica Bosio - Research Analyst

+39 02 8794 9809

monica.bosio@intesasanpaolo.com

### Luxottica - Key data

29/01/16	Branded Goods		
Target Price (EUR)	54.0		
Rating	HOLD		
Mkt price (EUR)	55.20		
Mkt cap (EUR M)	26128		
Ratios (x)	2015E	2016E	2017E
P/E	31.0	27.2	24.7
EV/Sales	3.1	2.8	2.6
EV/EBITDA	14.6	12.9	11.6
Performance (%)	1M	3M	12M
Absolute	-7.6	-13.5	6.6
Rel. to FTSE IT All	7.7	5.9	16.7

Source: FactSet and Intesa Sanpaolo Research estimates

#### Gianluca Pacini - Research Analyst

+39 02 8794 9818

gianluca.pacini@intesasanpaolo.com

Luxottica – FY15 sales preview							
EUR M	4Q14A	4Q15E	Chg. YoY%	2014A	2015E	Chg. YoY%	
<b>Sales</b>	<b>1,867.2</b>	<b>2,141.1</b>	<b>14.7</b>	<b>7652.4</b>	<b>8,962.6</b>	<b>17.1%</b>	
% on full-year result	24.4	23.9	-51	NM	NM	NM	
Wholesale	704.3	782.8	11.1	3193.8	3616.7	13.2	
% on full-year result	22.1	21.6	-41	NM	NM	NM	
Retail	1162.9	1358.4	16.8	4458.6	5346.0	19.9	
% on full-year result	26.1	25.4	-67	NM	NM	NM	

A: actual; E: estimates; NM: non-meaningful; Source: Company data and Intesa Sanpaolo Research



## Recent Credit Research

Terna

### 5th Regulatory Period, Final Regulatory Framework Confirmed Supportive

#### NEUTRAL Credit View Confirmed

In our view, the new regulatory framework for the electricity 5th regulatory period was confirmed as supportive for Terna, with a reduction in allowed returns less severe than previously expected. In the next months, the recent acquisition of FS's HV assets should weigh on Terna's credit metrics, also in light of a different timing of cash flows related to the deal. At the same time, we consider that the end of the review means increased visibility and that Terna should benefit from lower tabled capex, and from the results achieved so far in terms of liability management. As such, we confirm our Credit View NEUTRAL on Terna. We also confirm a HOLD recommendation on Terna's bonds

28/01/2016

[Credit Research](#)

**Alessandro Chiodini - Credit Research**

+39 02 8794 1115

[alessandro.chiodini@intesasanpaolo.com](mailto:alessandro.chiodini@intesasanpaolo.com)

## Disclaimer

### Analyst certification

The financial analysts who prepared this report, and whose names and roles appear within the document, certify that:

(1) The views expressed on companies mentioned herein accurately reflect independent, fair and balanced personal views; (2) No direct or indirect compensation has been or will be received in exchange for any views expressed.

### Specific disclosures

1. Neither the analysts nor any members of the analysts' households have a financial interest in the securities of the Companies.
2. Neither the analysts nor any members of the analysts' households serve as an officer, director or advisory board member of the Companies.
3. Some of the analysts named in the document are members of AIAF.
4. The analysts named in document are not registered with or qualified by FINRA, the U.S. regulatory body with oversight over Banca IMI Securities Corp. Accordingly, the analysts may not be subject to FINRA Rule 2241 and NYSE Rule 472 with respect to communications with a subject company, public appearances and trading securities in a personal account. For additional information, please contact the Compliance Department of Banca IMI Securities Corp at 212-326-1133.
5. The analysts of this report do not receive bonuses, salaries, or any other form of compensation that is based upon specific investment banking transactions.
6. The research department supervisors do not have a financial interest in the securities of the Companies.

This research has been prepared by Intesa Sanpaolo SpA and distributed by Banca IMI SpA Milan, Banca IMI SpA-London Branch (a member of the London Stock Exchange) and Banca IMI Securities Corp (a member of the NYSE and FINRA). Intesa Sanpaolo SpA accepts full responsibility for the contents of this report and also reserves the right to issue this document to its own clients. Banca IMI SpA and Intesa Sanpaolo SpA, which are both part of the Intesa Sanpaolo Group, are both authorised by the Banca d'Italia and are both regulated by the Financial Services Authority in the conduct of designated investment business in the UK and by the SEC for the conduct of US business.

Opinions and estimates in this research are as at the date of this material and are subject to change without notice to the recipient. Information and opinions have been obtained from sources believed to be reliable, but no representation or warranty is made as to their accuracy or correctness. Past performance is not a guarantee of future results. The investments and strategies discussed in this research may not be suitable for all investors. If you are in any doubt you should consult your investment advisor.

This report has been prepared solely for information purposes and is not intended as an offer or solicitation with respect to the purchase or sale of any financial products. It should not be regarded as a substitute for the exercise of the recipient's own judgment. No Intesa Sanpaolo SpA or Banca IMI SpA entities accept any liability whatsoever for any direct, consequential or indirect loss arising from any use of material contained in this report. This document may only be reproduced or published together with the name of Intesa Sanpaolo SpA and Banca IMI SpA.

Intesa Sanpaolo SpA and Banca IMI SpA have in place a Joint Conflicts Management Policy for managing effectively the conflicts of interest which might affect the impartiality of all investment research which is held out, or where it is reasonable for the user to rely on the research, as being an impartial assessment of the value or prospects of its subject matter. A copy of this Policy is available to the recipient of this research upon making a written request to the Compliance Officer, Intesa Sanpaolo SpA, 90 Queen Street, London EC4N 1SA. Intesa Sanpaolo SpA has formalised a set of principles and procedures for dealing with conflicts of interest ("Research Policy"). The Research Policy is clearly explained in the relevant section of Intesa Sanpaolo's web site ([www.intesasanpaolo.com](http://www.intesasanpaolo.com)).

Member companies of the Intesa Sanpaolo Group, or their directors and/or representatives and/or employees and/or members of their households, may have a long or short position in any securities mentioned at any time, and may make a purchase and/or sale, or offer to make a purchase and/or sale, of any of the securities from time to time in the open market or otherwise.

Intesa Sanpaolo SpA issues and circulates research to Major Institutional Investors in the USA only through Banca IMI Securities Corp., 1 William Street, New York, NY 10004, USA, Tel: (1) 212 326 1150

**Residents in Italy:** This document is intended for distribution only to professional clients and qualified counterparties as defined in Consob Regulation no. 16190 of 29.10.2007, as subsequently amended and supplemented, either as a printed document and/or in electronic form.

**Person and residents in the UK:** This document is not for distribution in the United Kingdom to persons who would be defined as private customers under rules of the FSA.

**US persons:** This document is intended for distribution in the United States only to Major US Institutional Investors as defined in SEC Rule 15a-6. US Customers wishing to effect a transaction should do so only by contacting a representative at Banca IMI Securities Corp. in the US (see contact details above).

### Coverage policy and frequency of research reports

The list of companies covered by the Research Department is available upon request. Intesa Sanpaolo SpA aims to provide continuous coverage of the companies on the list in conjunction with the timing of periodical accounting reports and any exceptional event that affects the issuer's operations. The companies for which Banca IMI acts as sponsor or specialist or other regulated roles are covered in compliance with regulations issued by regulatory bodies with jurisdiction. In the case of a short note, we advise investors to refer to the most recent company report published by Intesa Sanpaolo SpA's Research Department for a full analysis of valuation methodology, earnings assumptions, risks and the historical of recommendation and target price. In the Equity Daily note the Research Department reconfirms the previously published ratings and target prices on the covered companies (or alternatively such ratings and target prices may be placed Under Review). Research is available on Banca IMI's web site ([www.bancaimi.com](http://www.bancaimi.com) or [www.intesasanpaolo.com](http://www.intesasanpaolo.com)) or by contacting your sales representative.

### Valuation methodology (long-term horizon: 12M)

The Intesa Sanpaolo SpA Equity Research Department values the companies for which it assigns recommendations as follows:

We obtain a fair value using a number of valuation methodologies including: discounted cash flow method (DCF), dividend discount model (DDM), embedded value methodology, return on allocated capital, break-up value, asset-based valuation method, sum-of-the-parts, and multiples-based models (for example PE, P/BV, PCF, EV/Sales, EV/EBITDA, EV/EBIT, etc.). The financial analysts use the above valuation methods alternatively and/or jointly at their discretion. The assigned target price may differ from the fair value, as it also takes into account overall

market/sector conditions, corporate/market events, and corporate specifics (i.e. holding discounts) reasonably considered to be possible drivers of the company's share price performance. These factors may also be assessed using the methodologies indicated above.

#### Equity rating key: (long-term horizon: 12M)

In its recommendations, Intesa Sanpaolo SpA uses an "absolute" rating system, which is not related to market performance and whose key is reported below:

Equity rating key (long-term horizon: 12M)	
Long-term rating	Definition
BUY	If the target price is 20% higher than the market price
ADD	If the target price is 10%-20% higher than the market price
HOLD	If the target price is 10% below or 10% above the market price
REDUCE	If the target price is 10%-20% lower than the market price
SELL	If the target price is 20% lower than the market price
RATING SUSPENDED	The investment rating and target price for this stock have been suspended as there is not a sufficient fundamental basis for determining an investment rating or target. The previous investment rating and target price, if any, are no longer in effect for this stock.
NO RATING	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulations and/or firm policies in certain circumstances, including when Intesa Sanpaolo is acting in an advisory capacity in a merger or strategic transaction involving the company.
TARGET PRICE	The market price that the analyst believes the share may reach within a one-year time horizon
MARKET PRICE	Closing price on the day before the issue date of the report, as indicated on the first page, except where otherwise indicated

#### Equity rating allocations (long-term horizon: 12M)

Intesa Sanpaolo Research Rating Distribution (at November 2015)					
Number of companies considered: 97	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage %	31	38	31	0	0
of which Intesa Sanpaolo's Clients % (*)	87	68	53	0	0

(\*) Companies on behalf of whom Intesa Sanpaolo and the other companies of the Intesa Sanpaolo Group have provided corporate and Investment banking services in the last 12 months; percentage of clients in each rating category

#### Valuation methodology (short-term horizon: 3M)

Our short-term investment ideas are based on ongoing special market situations, including among others: spreads between share categories; holding companies vs. subsidiaries; stub; control chain reshuffling; stressed capital situations; potential extraordinary deals (including capital increase/delisting/extraordinary dividends); and preys and predators. Investment ideas are presented either in relative terms (e.g. spread ordinary vs. savings; holding vs. subsidiaries) or in absolute terms (e.g. preys).

The companies to which we assign short-term ratings are under regular coverage by our research analysts and, as such, are subject to fundamental analysis and long-term recommendations. The main differences attain to the time horizon considered (monthly vs. yearly) and definitions (short-term 'long/short' vs. long-term 'buy/sell'). Note that the short-term relative recommendations of these investment ideas may differ from our long-term recommendations. We monitor the monthly performance of our short-term investment ideas and follow them until their closure.

#### Equity rating key (short-term horizon: 3M)

Equity rating key (short-term horizon: 3M)	
Short-term rating	Definition
LONG	Stock price expected to rise or outperform within three months from the time the rating was assigned due to a specific catalyst or event
SHORT	Stock price expected to fall or underperform within three months from the time the rating was assigned due to a specific catalyst or event

#### Company specific disclosures

Intesa Sanpaolo S.p.A. and the other companies belonging to the Intesa Sanpaolo Banking Group (jointly also the "Intesa Sanpaolo Banking Group") have adopted written guidelines "Modello di Organizzazione, Gestione e Controllo" pursuant to Legislative Decree 8 June, 2001 no. 231 (available at the Intesa Sanpaolo website, webpage [http://www.group.intesasnpaolo.com/script/sir0/si09/governance/eng\\_wp\\_governance.jsp](http://www.group.intesasnpaolo.com/script/sir0/si09/governance/eng_wp_governance.jsp), along with a summary sheet, webpage <https://www.bancaimi.com/en/bancaimi/chiamo/documentazione/normative>) setting forth practices and procedures, in accordance with applicable regulations by the competent Italian authorities and best international practice, including those known as Information Barriers, to restrict the flow of information, namely inside and/or confidential information, to prevent the misuse of such information and to prevent any conflicts of interest arising from the many activities of the Intesa Sanpaolo Banking Group which may adversely affect the interests of the customer in accordance with current regulations.

In particular, the description of the measures taken to manage interest and conflicts of interest – related to Articles 69-quater and 69-quinquies of the Issuers' Regulation issued by Consob with Resolution no. 11971 of 14.05.1999 as subsequently amended and supplemented, Article 24 of "Rules governing central depositories, settlement services, guarantee systems and related management companies" issued by Consob and Bank of Italy, FINRA Rule 2241 and NYSE Rule 472, as well as the FCA Conduct of Business Sourcebook rules COBS 12.4.9 and COBS 12.4.10 - between the Intesa Sanpaolo Banking Group and issuers of financial instruments, and their group companies, and referred to in research products produced by analysts at Intesa Sanpaolo is available in the "Research Rules" and in the extract of "A business model for managing privileged information and conflicts of interest" published on the website of Intesa Sanpaolo S.p.A.

At the Intesa Sanpaolo website, webpage [http://www.group.intesasnpaolo.com/script/sir0/si09/studi/eng\\_archivio\\_conflitti.jsp](http://www.group.intesasnpaolo.com/script/sir0/si09/studi/eng_archivio_conflitti.jsp) you can find the archive of Intesa Sanpaolo Banking Group's conflicts of interest.

Furthermore, in accordance with the aforesaid regulations, the disclosures of the Intesa Sanpaolo Banking Group's conflicts of interest are available through the above-mentioned webpage. The conflicts of interest published on the internet site are updated to at least the day before the publishing date of this report.

We highlight that disclosures are also available to the recipient of this report upon making a written request to Intesa Sanpaolo – Equity & Credit Research, Via Manzoni, 4 - 20121 Milan - Italy.

**Intesa Sanpaolo Research Department – Head of Research Department: Gregorio De Felice**

**Head of Equity & Credit Research**

Giampaolo Trasi +39 02 8794 9803 giampaolo.trasi@intesasnpaolo.com

**Equity Research**

Monica Bosio +39 02 8794 9809 monica.bosio@intesasnpaolo.com  
 Luca Bacoccoli +39 02 8794 9810 luca.bacoccoli@intesasnpaolo.com  
 Antonella Frongillo +39 02 8794 9688 antonella.frongillo@intesasnpaolo.com  
 Manuela Meroni +39 02 8794 9817 manuela.meroni@intesasnpaolo.com  
 Gian Luca Pacini +39 02 8794 9818 gianluca.pacini@intesasnpaolo.com  
 Elena Perini +39 02 8794 9814 elena.perini@intesasnpaolo.com  
 Bruno Permutti +39 02 8794 9819 bruno.permutti@intesasnpaolo.com  
 Roberto Ranieri +39 02 8794 9822 roberto.ranieri@intesasnpaolo.com  
 Meris Tonin +39 02 8794 1119 meris.tonin@intesasnpaolo.com

**Corporate Broking Research**

Alberto Francese +39 02 8794 9815 alberto.francese@intesasnpaolo.com  
 Gabriele Berti +39 02 8794 9821 gabriele.berti@intesasnpaolo.com  
 Marta Caprini +39 02 8794 9812 marta.caprini@intesasnpaolo.com

**Technical Analysis**

Corrado Binda +39 02 8021 5763 corrado.binda@intesasnpaolo.com  
 Sergio Mingolla +39 02 8021 5843 antonio.mingolla@intesasnpaolo.com

**Research Clearing & Production**

Anna Whatley +39 02 8794 9824 anna.whatley@intesasnpaolo.com  
 Bruce Marshall +39 02 8794 9816 robert.marshall@intesasnpaolo.com  
 Annita Ricci +39 02 8794 9823 annita.ricci@intesasnpaolo.com  
 Wendy Ruggeri +39 02 8794 9811 wendy.ruggeri@intesasnpaolo.com  
 Elisabetta Bugliesi (IT support) +39 02 8794 9877 elisabetta.bugliesi@intesasnpaolo.com

**Banca IMI SpA**

**Institutional Sales**

Catherine d'Aragon +39 02 7261 5929 catherine.daragon@bancaimi.com  
 Carlo Cavaliere +39 02 7261 2722 carlo.cavaliere@bancaimi.com  
 Stefan Gess +39 02 7261 5927 stefan.gess@bancaimi.com  
 Francesca Guadagni +39 02 7261 5817 francesca.guadagni@bancaimi.com  
 Federica Repetto +39 02 7261 5517 federica.repetto@bancaimi.com  
 Daniela Stucchi +39 02 7261 5708 daniela.stucchi@bancaimi.com  
 Marco Tinessa +39 02 7261 2158 marco.tinessa@bancaimi.com  
 Mark Wilson +39 02 7261 2758 mark.wilson@bancaimi.com

**Corporate Broking**

Carlo Castellari +39 02 7261 2122 carlo.castellari@bancaimi.com  
 Laura Spinella +39 02 7261 5782 laura.spinella@bancaimi.com

**Sales Trading**

Lorenzo Pennati +39 02 7261 5647 lorenzo.pennati@bancaimi.com

**Equity Derivatives Institutional Sales**

Emanuele Manini +39 02 7261 5936 emanuele.manini@bancaimi.com  
 Umberto De Paoli +39 02 7261 5821 umberto.depaoli@bancaimi.com  
 Enrico Ferrari +39 02 7261 2806 enrico.ferrari@bancaimi.com  
 Francesca Dizione +39 02 7261 2759 francesca.dizione@bancaimi.com

**Banca IMI SpA – Head of Market Hub: Gherardo Lenti Capoduri**

**E-commerce Distribution**

Alessandra Minghetti +39 02 7261 2973 alessandra.minghetti@bancaimi.com  
 Francesco Riccardi +39 02 7261 2089 francesco.riccardi@bancaimi.com  
 Umberto Menconi +39 02 7261 5492 umberto.menconi@bancaimi.com  
 Filippo Besozzi +39 02 7261 5922 filippo.besozzi@bancaimi.com  
 Fabio Del Gobbo (London Office) +44 207 894 2432 fabio.delgobbo@bancaimi.com

**Brokerage & Execution**

Sergio Francolini +39 02 7261 5859 sergio.francolini@bancaimi.com

**Banca IMI Securities Corp.**

**US Institutional Sales**

Larry Meyers +1 212 326 1241 larry.meyers@bancaimi.com  
 Barbara Leonardi +1 212 326 1232 barbara.leonardi@bancaimi.com  
 Greg Principe +1 212 326 1233 greg.principe@bancaimi.com

**Banca IMI SpA**

Largo Mattioli, 3  
20121 Milan, Italy  
Tel: +39 02 7261 1

**Banca IMI Securities Corp.**

1 William Street  
10004 New York, NY, USA  
Tel: (1) 212 326 1100

**Banca IMI London Branch**

90 Queen Street  
London EC4N 1SA, UK  
Tel +44 207 894 2600