

Company report

Buy (maintained)

12 May 2016

MARKET PRICE: **EUR4.35** TARGET PRICE: **EUR5.39** (from **EUR6.93**)

**Energy Services**

**Data**

Shares Outstanding (m):	3.7
Market Cap. (EURm):	16.1
Enterprise Value (EURm):	12.5
Free Float (%):	22.5%
Av. Daily Trad. Vol. (m):	0.001
Main Shareholder:	Bombacci family 75.1%
Reuters/Bloomberg:	ELIN.MI ELIN IM
52-Week Range (EUR)	4.0 6.4

**Performance**

	1m	3m	12m
Absolute	-2.7%	-0.2%	-32.0%
Rel. to FTSE IT	-2.5%	-11.0%	-12.6%

**Graph area Absolute/Relative 12 M**



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**2015 results below expectations but new projects ahead**

*Eletttra Investimenti reported weaker than expected results in 2015, partly due to non-recurring costs and higher system charges tied to the decline in energy prices. In addition, higher than expected D&A costs and a higher tax rate undermined the 2015 net result, which was 40% below our estimate. However, we maintain that company still represents an attractive investment opportunity as we believe that: 1) Eletttra Investimenti has substantial cash resources (EUR4.8 million at Dec-15) which could be used to pursue new growth opportunities (entry to hydroelectric and wind generation sectors, development of the photovoltaic business, acquisitions of new power plants); 2) fundamentals should improve in the coming years thanks to a better product mix (oil business likely to decline as a proportion of total revenues) and further cost efficiencies; 3) valuation remains attractive, with >60% discount to the average 2016-17 EV/EBITDA of its peers and 20% discount to P/E. Despite our lower target price of EUR5.39 (from EUR6.93), caused by our significant downgrades, Eletttra Investimenti's potential upside is close to 25%. Positive stance confirmed.*

- > Eletttra Investimenti is rapidly developing (in 2015 it finalized the acquisition of one oil power plant near Pisa, a 6-year leasing contract for district heating and entry to the photovoltaic and in the O&M sectors). It may also acquire a large wind farm in the coming weeks and a hydroelectric plant while the photovoltaic business should start to deliver.
- > Following disappointing results in the second half of 2015, we have revised our 2016-17 estimates and introduced 2018 forecasts. We now expect Eletttra Investimenti's revenues to rise to EUR40 million in 2018 (from EUR30.3 million in 2015) with an EBITDA margin of 14.7% compared with 11.3% last year. The bottom line could exceed EUR2 million in 2018 (more than doubling 2015 net result) while the net financial position should remain broadly stable, excluding potential acquisitions and new investments.
- > Consequently, we have cut our target price to EUR5.39 per share (down 22% compared with EUR6.93) though the new target still implies nearly 25% upside.

**Financials**

	2015	2016E	2017E	2018E
Revenues (EURm)	30.3	34.0	38.7	40.1
EBITDA (EURm)	3.4	4.4	5.4	5.9
EBITDA margin (%)	11.3%	12.8%	14.0%	14.7%
EBIT (EURm)	1.7	2.2	3.1	3.4
EPS (EUR)	0.2	0.3	0.5	0.5
CFPS (EUR)	1.0	1.0	0.9	1.2
DPS (EUR)	0.1	0.1	0.2	0.2

Source: Company Data, UBI Banca Estimates

**Ratios**

	2015	2016E	2017E	2018E
P/E(x)	21.9	13.7	9.2	8.1
P/CF(x)	7.9	4.9	4.0	3.7
P/BV(x)	1.6	1.3	1.1	1.0
Dividend Yield	2.4%	3.2%	3.9%	4.6%
EV/EBITDA(x)	4.4	2.9	2.3	1.9
Debt/Equity (x)	-0.4	-0.3	-0.3	-0.3
Debt/EBITDA (x)	-1.4	-0.8	-0.7	-0.8

Source: Company Data, UBI Banca Estimates

Key Financials

(EURm)	2015	2016E	2017E	2018E
Revenues	30.3	34.0	38.7	40.1
EBITDA	3.4	4.4	5.4	5.9
EBIT	1.7	2.2	3.1	3.4
NOPAT	1.1	1.4	1.9	2.1
Free Cash Flow	0.3	0.3	1.9	2.7
Net Capital Employed	7.3	9.2	10.2	10.8
Shareholders' Equity	12.1	12.9	14.2	15.6
Net Financial Position	-4.8	-3.5	-3.8	-4.6

Source: Company data, UBI Banca estimates

Key Profitability Drivers

	2015	2016E	2017E	2018E
Net Debt/Ebitda (x)	-1.4	-0.8	-0.7	-0.8
Net Debt/Equity (x)	-0.4	-0.3	-0.3	-0.3
Interest Coverage (%)	0.0	0.0	0.0	0.0
Free Cash Flow Yield (%)	1.4%	1.9%	11.8%	16.5%
ROE (%)	7.5%	9.2%	12.4%	12.8%
ROI (%)	15.0%	16.0%	19.0%	19.5%
ROCE (%)	15.4%	16.5%	19.6%	20.0%

Source: Company data, UBI Banca estimates

Key Valuation Ratios

	2015	2016E	2017E	2018E
P/E (x)	21.9	13.7	9.2	8.1
P/BV (x)	1.6	1.3	1.1	1.0
P/CF (x)	7.9	4.9	4.0	3.7
Dividend Yield (%)	2.4%	3.2%	3.9%	4.6%
EV/Sales (x)	0.5	0.4	0.3	0.3
EV/EBITDA (x)	4.4	2.9	2.3	1.9
EV/EBIT (x)	8.6	5.7	4.0	3.3
EV/CE (x)	2.1	1.4	1.2	1.0

Source: Company data, UBI Banca estimates

Key Value Drivers

(%)	2015	2016E	2017E	2018E
Payout	53.3%	44.1%	35.9%	37.1%
Cost of Equity	5.0%	5.0%	5.0%	5.0%
WACC	5.0%	5.0%	5.0%	5.0%
NWC/Sales	-8.2%	-9.1%	-6.6%	-6.0%
Capex/Sales	11.3%	10.5%	4.0%	4.0%

Source: Company data, UBI Banca estimates

### **Recent Developments**

- > Overall, 2015 results were below our expectations: while revenues were broadly in line (+9.7% in the full year and +5.7% in the second half), and the gross margin was substantially stable (26.4% vs. 26.7% in 2013), the EBITDA margin declined significantly, particularly in 2H15, to 11.3% compared with our expected 14.9%. This decline was due partially to non-recurring costs (listing costs for EUR0.3 million, delays in the authorization process for the revamping of one plant with an impact of EUR0.3 million, start-up costs of EUR0.2 million to enter the photovoltaic business) but also to the increase of the system charges tied to the decline in energy prices, which had an adverse impact of about EUR0.25 million, lower results from the plant in Sicily (4.8MW capacity) and higher G&A costs. Stripping out non-recurring costs, the EBITDA margin would have been 13.9% in 2015.
- > EBIT was also impacted by higher D&A costs of EUR1.7 million in 2015, and was 29% below 2014 and 38% below our estimate. The decline was particularly evident in the second half of the year, when the operating margin fell to 5.1% compared with 11.1% in 2H14. As a consequence, net profit was down 42% compared with 2014 (and dropped by 64% in 2H15). The Net financial position was positive for EUR4.8 million, in line with projections, though slightly lower than the EUR5.2 million position at June-15. NWC further improved and was negative for EUR2.5 million at Dec-15.
- > The company announced a dividend of EUR0.13 per share, slightly above our EUR0.12 expectations, with a pay-out ratio of 53% (vs. our 30% assumption) and a yield of 2.9% at current market price.
- > The newco "Alea Quotida" (Elettra Investimenti recently subscribed a capital increase for EUR0.17 million taking its stake to 100% stake from 52% previously), which is active in project management and general contractor activities in setting up photovoltaic plants with SEU characteristics, could sign an important contract in the coming days with a real estate company which operates supermarkets and shopping malls. The initial contract could be for 3 sites, but a further 30 could be added in future. The contractual scheme provides an operating lease for 15 years with the fee based on the energy actually produced.
- > The agreement for the 6-year lease of a business consisting of 4 cogeneration plants in Umbria (5.9 MW of electrical capacity and 7.5 MW thermal capacity) for district heating (29 Km) signed in September 2015, was downsized to just one plant (Assisi), because of the lack of green certificates in the other plants covered by the original agreement. Therefore, this new business is expected to generate sales of EUR1 million p.a. (compared with initial expectations of about EUR5 million) with an EBITDA margin of around 30%.
- > Elettra Investimenti is currently evaluating two projects, one, to acquire one hydroelectric plant and another on a large wind farm. Entry to these two new segments would complete Elettra Investimenti's product range while reducing the overall risk of the company as energy sources would be more diversified.

Figure 1 – 2015 results

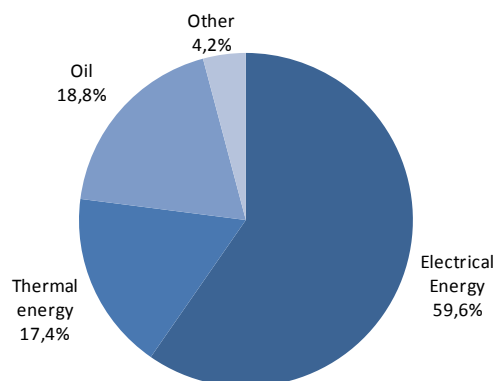
While revenues in 2015 rose by 10% and the gross margin was broadly stable, EBITDA was down 13% and EBIT dropped by 29%. The net result was also impacted by a higher tax rate.

(EURm)	2014A	2015A	% Chg.	2015E UBI	Delta UBI
Sales Energy	16.45	17.03	3.5%	17.09	-0.4%
Sales Thermal	4.79	5.37	12.1%	5.30	1.3%
Sales Oil	5.19	6.14	18.3%	5.95	3.2%
Sales Other	1.16	1.73	49.3%	1.29	34.0%
<b>Sales total</b>	<b>27.58</b>	<b>30.26</b>	<b>9.7%</b>	<b>29.63</b>	<b>2.1%</b>
<b>EBITDA</b>	<b>3.94</b>	<b>3.42</b>	<b>-13.3%</b>	<b>4.43</b>	<b>-22.8%</b>
<b>% margin</b>	<b>14.3%</b>	<b>11.3%</b>		<b>14.9%</b>	
EBIT	2.44	1.74	-28.6%	2.83	-38.4%
% margin	8.8%	5.8%		9.6%	
Pre tax profit	2.05	1.41	-31.2%	2.52	-44.0%
<b>Net profit</b>	<b>1.56</b>	<b>0.90</b>	<b>-41.8%</b>	<b>1.54</b>	<b>-41.2%</b>
Net debt (cash)	(0.32)	(4.81)	nm	(4.90)	-1.8%

Source: Company data, UBI Banca estimates

Figure 2 – 2014 sales breakdown by sector

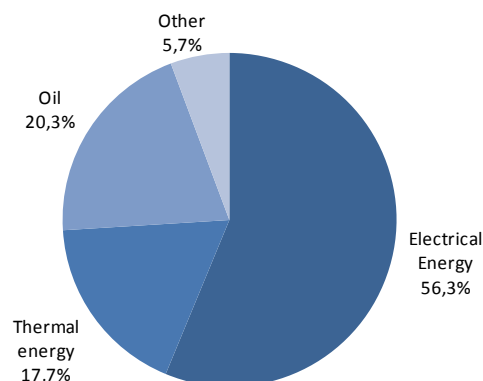
Compared with 2013 Energy increased by 9.1% and Thermal by 1.7%. Oil was not present in 2013.



Source: Company data

Figure 3 – 2015 sales breakdown by sector

The weighting of the oil sector significantly increased compared with last year surpassing 20% of total sales.



Source: Company data

Net cash flow was positive for EUR4.5 million in 2015 (of which EUR4.1 million stemming from the listing) giving net cash of EUR4.81 million at December 2014 (vs. EUR0.32 million at December 2014).

The Balance Sheet benefits from structural negative net working capital (-EUR2.5 million at Dec-15, representing 8.2% of sales with further improvements compared with 2014) due to the absence of inventories (limited to less than 1% of revenues) and payment terms to suppliers of about 65 days compared to customer receivables with an average of over two months. Fixed assets increased to EUR10 million from EUR8.2 million at Dec-14.

As a result, invested capital at Dec-15 was limited to EUR7.3 million (EUR6.8 million at Dec-14) with a turnover of 4.2x, slightly up compared with 2014, resulting in ROI of >14% (down compared with 2014 due to the decrease of NOPAT).

*Figure 4 – 2H15 results*

**Despite >5% sales growth and a better product mix (lower oil revenues), the EBITDA margin dropped by 32% being impacted by non-recurring costs (stat-up in the photovoltaic business, delays in the authorization process, listing costs) but also by the increase of the system charges.**

(EURm)	2H14A	2H15A	% Chg.
Sales Energy	8.90	9.29	4.4%
Sales Thermal	2.43	2.68	10.3%
Sales Oil	3.56	3.16	-11.3%
Sales Other	0.70	1.34	91.4%
<b>Sales total</b>	<b>15.59</b>	<b>16.47</b>	<b>5.7%</b>
<b>EBITDA</b>	<b>2.54</b>	<b>1.72</b>	<b>-32.3%</b>
<b>% margin</b>	<b>16.3%</b>	<b>10.4%</b>	
EBIT	1.74	0.84	-51.4%
% margin	11.1%	5.1%	
Pre tax profit	1.50	0.69	-54.0%
Net profit	1.24	0.44	-64.3%

Source: UBI Banca on company data

### Financial Projections

- > Following weaker than expected results in 2015, we have cut our estimates for 2016-17 and added new forecasts for 2018. Compared with our previous estimates, revenues have been reduced by 12% this year and by 23% in 2018, reflecting the downsizing of the 6-year leasing contract for district heating in Umbria (which impacted the thermal sales prospects) and lower sales for the oil sector, which is now expected to remain roughly stable compared with 2015. In addition, we have slightly reduced electrical sales forecast due to lower energy prices. Altogether, we expect CAGR in sales of 9.8% in 2015-18.
- > The EBITDA margin is expected to rise in 2016 (to 12.8% from 11.3%) and again in 2017-18, but at a much lower pace compared with our previous estimates. We have cut profitability projections for both electrical and thermal energy due to the delay in the development of the photovoltaic plants and the downscaling of the contract in Umbria. Altogether, our EBITDA estimates for 2016-17 have been cut by nearly 30%.
- > We have also increased our D&A estimates reflecting growing capex, resulting in a reduction in our EBIT estimates of almost 50% in 2016-17. After a tax rate close to 40% net attributable profit should reach EUR1.2 million this year, growing to EUR2 million in 2018 (CAGR of 30%). Net cash should remain broadly stable in 2016-18, excluding potential acquisitions and non-recurring capex (for example the wind farm currently under negotiation which could reach EUR10 million). We highlight that Elettra Investimenti has sufficient financial firepower to pursue new opportunities (gearing of 50% in 2018 would translate to >EUR12 million of available resources for new acquisitions).
- > Cash flow generation should support attractive dividend pay-outs in coming years. Assuming an average pay-out ratio of 40% in 2016-18 (vs. 53% in 2015), we forecast a dividend of EUR0.14 per share for 2016 rising to EUR0.17 per share in 2017 and EUR0.20 per share in 2018, with an attractive dividend yield at current market prices (3.2% in 2016, 3.9% in 2017 and 4.6% in 2018).

Figure 5 – Old vs. new estimates

(EURm)	2015A	2016E		2017E		2018E
		Old	New	Old	New	New
VoP	30.26	38.75	34.01	50.12	38.69	40.07
% change			-12.2%		-22.8%	
<b>EBITDA</b>	<b>3.42</b>	<b>5.86</b>	<b>4.37</b>	<b>8.20</b>	<b>5.41</b>	<b>5.89</b>
% change			-25.4%		-34.0%	
EBIT	1.74	4.18	2.11	6.40	2.47	2.66
% change			-49.5%		-61.4%	
<b>Net Profit</b>	<b>0.90</b>	<b>2.44</b>	<b>1.13</b>	<b>3.92</b>	<b>1.39</b>	<b>1.54</b>
% change			-53.8%		-64.6%	
Net debt (cash)	-4.81	-6.03	3.18	-7.42	2.70	1.59
<b>EBIT margin</b>	<b>5.8%</b>	<b>10.8%</b>	<b>6.2%</b>	<b>12.8%</b>	<b>6.4%</b>	<b>6.6%</b>
<b>EBITDA margin</b>	<b>11.3%</b>	<b>15.1%</b>	<b>12.8%</b>	<b>16.4%</b>	<b>14.0%</b>	<b>14.7%</b>

Source: Company data, UBI Banca estimates

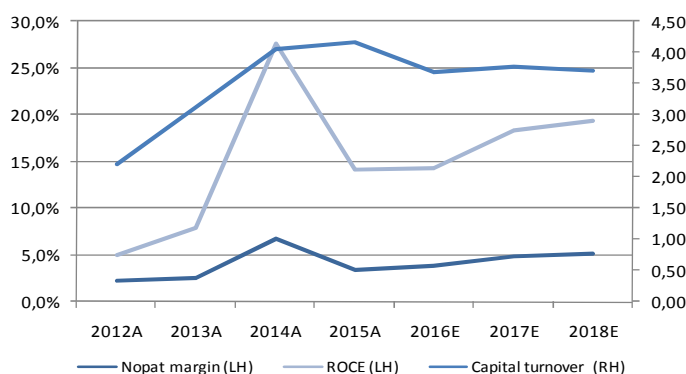
Figure 6 – 2016-18 forecasts by division

	2014A	2015A	2016E	2017E	2018E
<b>Electrical Energy</b>					
Sales	16.45	17.03	18.12	19.15	19.59
% growth	9.1%	3.5%	6.4%	5.7%	2.3%
EBITDA	3.04	2.72	3.20	3.74	4.02
% margin	18.5%	16.0%	17.7%	19.5%	20.5%
<b>Thermal energy</b>					
Sales	4.79	5.37	5.83	6.90	6.98
% growth	1.7%	12.1%	8.6%	18.4%	1.2%
EBITDA	0.65	0.43	0.55	0.77	0.87
% margin	13.5%	8.0%	9.5%	11.2%	12.5%
<b>Oil trading</b>					
Sales	5.19	6.14	6.22	6.26	6.30
% growth		18.3%	1.3%	0.6%	0.6%
EBITDA	0.25	0.18	0.30	0.35	0.37
% margin	4.8%	2.9%	4.8%	5.6%	5.9%
<b>Photovoltaic</b>					
Sales		0.25	2.40	4.50	4.95
% growth			860.0%	87.5%	10.0%
EBITDA		0.00	0.17	0.33	0.37
% margin		0.0%	7.2%	7.3%	7.5%
<b>Services</b>					
Sales	0.01	0.45	0.65	0.88	1.06
% growth		nm	43.0%	36.0%	20.0%
EBITDA	0.00	0.08	0.14	0.21	0.26
% margin		18.0%	22.0%	24.0%	25.0%
Other sales	1.15	1.02	0.80	1.00	1.20
<b>Total sales</b>	<b>27.58</b>	<b>30.26</b>	<b>34.01</b>	<b>38.69</b>	<b>40.07</b>
<b>% growth</b>	<b>30.0%</b>	<b>9.7%</b>	<b>12.4%</b>	<b>13.7%</b>	<b>3.6%</b>
<b>Total EBITDA</b>	<b>3.94</b>	<b>3.41</b>	<b>4.37</b>	<b>5.40</b>	<b>5.89</b>
<b>% margin</b>	<b>14.3%</b>	<b>11.3%</b>	<b>12.8%</b>	<b>14.0%</b>	<b>14.7%</b>

Source: Company data, UBI Banca estimates

Figure 7 – NOPAT margin, Capital Turnover and ROCE trend

We expect the NOPAT margin to improve after the slowdown of 2015 boosting ROCE. Capital turnover should slightly decline due to higher capex



Source: Company data, UBI Banca estimates

## Valuation

- > Our new target price of EUR5.39 per share (from EUR6.93) is based on the average of a DCF (fair value of EUR5.03 per share, with a free risk rate reduced to 2.5% from 3% before) and a relative valuation (applying a 20% discount to the values of large companies to factor in the limited size and limited liquidity of Elettra Investimenti) based on both the average of the multiples of small companies and the average of larger international companies. This gives a fair value of EUR5.09 per share using small peers and EUR6.07 per share using large companies.
- > At its current market price (EUR4.35, down 28% vs. the IPO price), Elettra Investimenti is trading at a significant discount to peers: 62% on 2016-17 EV/EBITDA and 21% on P/E, while it trades at a significant premium in terms of P/BV. This reflects Elettra Investimenti's low invested capital compared to other companies which manage large power plants.
- > Given the current estimated upside potential of nearly 25%, we confirm our Buy rating. At the target price, the company would trade at 3.8x 2016 EV/EBITDA, which is still well below the average multiple for the industry (8.0x), at 17.1x P/E (the average of the industry stands at 16.0x) and at 1.6x P/BV (vs. 0.84x).
- > The outstanding warrants are currently out of the money: the strike price is equal to EUR7.80 up to April 21 2017 and EUR8.10 up to April 21 2018.

Figure 8 – Valuation summary

(EUR)		Weight
DCF valuation	5.03	33%
Relative valuation (large companies, 20% discount)	6.07	33%
Relative valuation (small companies)	5.09	33%
<b>Target Price</b>	<b>5.39</b>	
Current price	4.35	
Potential upside	24.0%	

Source: UBI Banca estimates

Figure 9 - WACC and embedded DCF assumptions

### We have reduced our free risk assumption from 3% to 2.5%

WACC assumptions		Embedded DCF assumptions	
Risk-free rate	2.5%	Revenue CAGR 2016-2024 (%)	3.2%
Debt spread (%)	2.0%	EBIT CAGR 2016-2024 (%)	4.9%
Cost of debt [net] (%)	3.3%	EBIT margin 2016 (%)	6.5%
Market risk premium (%)	4.5%	Target EBIT margin 2024 (%)	7.5%
Beta (x)	1.00	D&A. on sales (avg. 2016-2024) (%)	5.7%
Cost of equity (%)	7.0%	Capex on sales (avg. 2016-2024) (%)	5.1%
Weight of Debt	0%		
Weight of Equity	100%		
<b>WACC</b>	<b>7.0%</b>		

Source: UBI Banca estimates



Figure 10 – DCF Valuation

**Our DCF valuation implies an EV/EBITDA of 1.5x at terminal value**

	Valuation (EUR m)	% Weight	Per share (EUR)
Sum of PV 2016-24 FCF	8.67	63%	2.34
Terminal value	5.16	37%	1.39
<b>Total Enterprise value</b>	<b>13.84</b>	<b>100%</b>	<b>3.73</b>
- Pension Provision	(0.01)		(0.00)
- Net cash (debt)	4.81		1.30
<b>Total Equity value</b>	<b>18.64</b>		<b>5.03</b>
Number of shares outstanding (m)	3.71		
<b>Fair value per share (EUR)</b>	<b>5.03</b>		

Source: UBI Banca estimates

Figure 11 – Relative valuation based on large cap companies

**Based on a simple average of large cap companies, Elettra Investimenti has a valuation of EUR7.59 per share (EUR6.07 applying 20% discount) while using the median of multiples the fair value would be EUR7.16 per share.**

Company	Market Cap (EURm)	P/E		EV/EBITDA		P/BV	
		2016E	2017E	2016E	2017E	2016E	2017E
EDP Renovaveis	5.856	38.8 x	31.7 x	8.1 x	7.6 x	0.95 x	0.93 x
Iberdrola	37.683	15.1 x	14.5 x	8.4 x	8.2 x	1.00 x	0.97 x
Acciona	3.967	21.1 x	17.6 x	8.1 x	7.6 x	1.11 x	1.09 x
Fortum	11.309	20.5 x	21.9 x	10.2 x	11.4 x	0.84 x	0.85 x
Verbund	4.145	19.0 x	24.5 x	9.5 x	10.5 x	0.82 x	0.81 x
<b>Average</b>		<b>22.9 x</b>	<b>22.0 x</b>	<b>8.9 x</b>	<b>9.0 x</b>	<b>0.94 x</b>	<b>0.93 x</b>
<b>Median</b>		<b>20.5 x</b>	<b>21.9 x</b>	<b>8.4 x</b>	<b>8.2 x</b>	<b>0.95 x</b>	<b>0.93 x</b>
<b>Based on simple average</b>	<b>(EUR)</b>	<b>7.27</b>	<b>10.45</b>	<b>9.13</b>	<b>11.88</b>	<b>3.27</b>	<b>3.56</b>
<b>Based on median</b>	<b>(EUR)</b>	<b>6.50</b>	<b>10.37</b>	<b>8.56</b>	<b>10.64</b>	<b>3.30</b>	<b>3.56</b>

Source: Factset, UBI Banca estimates

Based on the average of 2016-17 P/E, EV/EBITDA and P/BV of the large companies used as a peer group, and applying a 20% discount to factor in the limited size and low liquidity of the company, Elettra Investimenti would be valued at EUR6.07 per share. Applying the multiples of the group of smaller companies (without discount) produces a valuation for the company of EUR5.09 per share.

Figure 12 - Relative valuation based on small cap companies

**Based on a simple average of small cap companies, Elettra Investimenti would be valued at EUR5.09 per share, while using the median of the multiples the fair value would be EUR5.28 per share.**

Company	Market Cap (EURm)	P/E		EV/EBITDA		P/BV	
		201E	2017E	2016E	2017E	2016E	2017E
Falck Renewables	258			6.8 x	5.9 x	0.56 x	0.56 x
TerniEnergia	46	14.3 x	7.3 x	5.3 x	4.0 x	0.71 x	0.67 x
Alerion Clean Power	81		25.5 x	7.4 x	6.6 x	0.74 x	0.73 x
<b>Average</b>		<b>14.3 x</b>	<b>16.4 x</b>	<b>6.5 x</b>	<b>5.5 x</b>	<b>0.67 x</b>	<b>0.65 x</b>
<b>Median</b>		<b>14.3 x</b>	<b>16.4 x</b>	<b>6.8 x</b>	<b>5.9 x</b>	<b>0.71 x</b>	<b>0.67 x</b>
<b>Based on simple average</b>	<b>(EUR)</b>	<b>4.53</b>	<b>7.76</b>	<b>6.39</b>	<b>7.02</b>	<b>2.33</b>	<b>2.50</b>
<b>Based on median</b>	<b>(EUR)</b>	<b>4.53</b>	<b>7.76</b>	<b>6.73</b>	<b>7.66</b>	<b>2.46</b>	<b>2.56</b>

Source: Factset, UBI Banca estimates

Income Statement

(EURm)	2015	2016E	2017E	2018E
Net Revenues	30.3	34.0	38.7	40.1
EBITDA	3.4	4.4	5.4	5.9
EBITDA margin	11.3%	12.8%	14.0%	14.7%
EBIT	1.7	2.2	3.1	3.4
EBIT margin	5.8%	6.5%	8.0%	8.5%
Net financial income /expense	-0.3	-0.4	-0.3	-0.3
Associates & Others	0.0	0.0	0.0	0.0
Profit before taxes	1.4	1.8	2.8	3.1
Taxes	-0.6	-0.7	-1.1	-1.2
Minorities & discontinuing ops	0.1	0.1	0.1	0.1
Net Income	0.9	1.2	1.8	2.0

Source: Company data, UBI Banca estimates

Balance Sheet

(EURm)	2015	2016E	2017E	2018E
Net working capital	-2.5	-3.1	-2.5	-2.4
Net Fixed assets	10.0	12.6	13.0	13.5
M/L term funds	-0.2	-0.3	-0.3	-0.3
Capital employed	7.3	9.2	10.2	10.8
Shareholders' equity	12.1	12.9	14.2	15.6
Minorities	-0.0	-0.1	-0.2	-0.3
Shareholders' funds	12.1	12.8	14.0	15.4
Net financial debt/(cash)	-4.8	-3.5	-3.8	-4.6

Source: Company data, UBI Banca estimates

Cash Flow Statement

(EURm)	2015	2016E	2017E	2018E
NFP Beginning of Period	-0.3	-4.8	-3.5	-3.8
Group Net Profit	0.9	1.2	1.8	2.0
Minorities	-0.1	-0.1	-0.1	-0.1
D&A	1.7	2.2	2.3	2.5
Change in Funds & TFR	0.0	0.0	0.0	0.0
Gross Cash Flow	2.5	3.3	4.0	4.4
Change In Working Capital	1.2	0.6	-0.5	-0.1
Other	0.0	0.0	0.0	0.0
Operating Cash Flow	3.7	3.9	3.5	4.3
Net Capex	-3.4	-3.6	-1.5	-1.6
Other Investments	-0.0	0.0	0.0	0.0
Free Cash Flow	0.3	0.3	1.9	2.7
Dividends Paid	0.0	-0.5	-0.5	-0.6
Other & Chg in Consolid. Area	0.1	-1.1	-1.1	-1.2
Chg in Net Worth & Capital Incr.	4.1	0.0	0.0	0.0
Change in NFP	4.5	-1.3	0.2	0.8
NFP End of Period	-4.8	-3.5	-3.8	-4.6

Source: Company data, UBI Banca estimates

**Financial Ratios**

(%)	2015	2016E	2017E	2018E
ROE	7.5%	9.2%	12.4%	12.8%
ROI (pre-tax)	24.2%	25.8%	30.7%	31.5%
Net Fin. Debt/Equity (x)	-0.4	-0.3	-0.3	-0.3
Net Fin. Debt/EBITDA (x)	-1.4	-0.8	-0.7	-0.8
Interest Coverage	0.0	0.0	0.0	0.0
NWC/Sales	-8.2%	-9.1%	-6.6%	-6.0%
Capex/Sales	11.3%	10.5%	4.0%	4.0%
Pay Out Ratio	53.3%	44.1%	35.9%	37.1%

Source: Company data, UBI Banca estimates

**Per Share Data**

(EUR)	2015	2016E	2017E	2018E
EPS	0.52	0.41	0.66	1.06
DPS	0.00	0.12	0.20	0.32
Op. CFPS	0.33	0.72	1.00	1.24
Free CFPS	0.87	0.22	0.57	0.72
BVPS	2.31	3.43	3.95	4.80

Source: Company data, UBI Banca estimates

**Stock Market Ratios**

(x)	2015	2016E	2017E	2018E
P/E	21.9	13.7	9.2	8.1
P/OpCFPS	5.3	4.2	4.7	3.8
P/BV	1.6	1.3	1.1	1.0
Dividend Yield (%)	2.4%	3.2%	3.9%	4.6%
Free Cash Flow Yield (%)	1.4%	1.9%	11.8%	16.5%
EV (EURm)	15.0	12.5	12.2	11.3
EV/Sales	0.5	0.4	0.3	0.3
EV/EBITDA	4.4	2.9	2.3	1.9
EV/EBIT	8.6	5.7	4.0	3.3
EV/Capital Employed	2.1	1.4	1.2	1.0

Source: Company data, UBI Banca estimates

**Growth Rates**

(%)	2015	2016E	2017E	2018E
Growth Group Net Sales	9.7%	12.4%	13.7%	3.6%
Growth EBITDA	-13.3%	27.9%	23.7%	8.9%
Growth EBIT	-28.6%	25.9%	40.4%	10.3%
Growth Net Profit	-41.8%	30.2%	49.2%	13.7%

Source: Company data, UBI Banca estimates

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