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Italy
Equity Daily

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FTSE MIB & Euro Stoxx Best Performers		
Italian FTSE MIB	Price	chg %
Banca MPS	0.67	6.14
Unicredit	3.45	4.61
CNH Industrial	6.59	3.46
UBI Banca	3.72	3.22
Mediobanca	6.79	3.19
Euro Stoxx Sectors		
	Price	chg %
Banks	108.3	2.67
Basic Resources	170.2	1.68
Insurance	242.0	1.48
Oil & Gas	282.9	1.12
Automobiles & Parts	488.5	1.06

Source: FactSet

FTSE MIB & Euro Stoxx Worst Performers		
Italian FTSE MIB	Price	chg %
S. Ferragamo	21.26	-2.52
Moncler	14.84	-1.85
Atlantia	24.20	-1.02
STMicroelectronics NV	5.15	-0.96
UnipolSai	2.02	-0.69
Euro Stoxx Sectors		
	Price	chg %
Technology	367.1	-1.31
Personal & Household Goo	654.5	-0.25
Media	234.3	-0.17
Real Estate	232.6	-0.17
Construction & Materials	380.6	-0.14

Source: FactSet

Equity Indices Performances		
Italy	Price	chg %
Italy		
FTSE It. All Share	20332	1.01
FTSE MIB	18658	1.14
FTSE It. Star	24569	0.11
Europe		
	Price	chg %
DAX 30	10421	0.69
CAC 40	4592	0.56
IBEX 35	9147	1.96
FTSE 100	6410	0.08
US		
	Price	chg %
Dow Jones	18096	0.24
NASDAQ	4948	0.16
S&P 500	2102	0.08

Source: FactSet

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

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Recent Research

F.I.L.A. (BUY)

Company Update: BUY; TP EUR 16.8/share

BUY rating confirmed; target price confirmed at EUR 16.8/share: Following the strong FY15A results, management outlined a positive FY16 outlook, also in light of the positive start to the year and the good signs from the integration of the two recently-acquired companies (WFPL and Daler). Overall, F.I.L.A. will continue to focus on acquiring market share through ongoing product innovation, the maintenance of high quality standards, strengthening the brand image and access to new markets, also by targeting further acquisitions within a highly-fragmented sector. In light of the good FY15 results and management's reiterated positive outlook, we confirm our current estimates, which we highlight, already incorporate our initial estimates of the effect of the acquisition of 100% of Daler-Rowney Lukas Group (announced on 4 February 2016).

F.I.L.A. - Key data

21/04/16	Consumer Services		
Target Price (EUR)	16.8		
Rating	BUY		
Mkt price (EUR)	12.09		
Mkt cap (EUR M)	498		
Ratios (x)	2016E	2017E	2018E
P/E	16.8	15.0	13.7
EV/Sales	1.7	1.6	1.4
EV/EBITDA	10.9	9.2	7.9
Performance (%)	1M	3M	12M
Absolute	11.4	22.1	24.3
Rel. to FTSE IT All	11.1	17.4	52.3

Source: FactSet and Intesa Sanpaolo Research estimates

Banca IMI is Specialist to F.I.L.A.

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Trevi (HOLD)

Company Update: HOLD; New TP EUR 1.38/share

HOLD rating confirmed; target price raised to EUR 1.38/share (from EUR 1.33/share): In light of the 2015 results and 2016 outlook, we revised downward our 2016E-17E top line and operating profitability forecasts for Drillmec and Petreven to account for: i) the limited earnings visibility granted by Drillmec's and Petreven's current backlog in the present negative oil price environment; ii) possible downward pressure on the daily rates in the drilling services business; and iii) the uncertain impact of the on-going reorganisation process in Drillmec. On the other side, we adopted a more positive stance on the ground engineering business whose top-line growth should benefit from the strong end-2105 order backlog and from the awarding of the first phase of the Mosul Dam repair and maintenance works. As of today, we think that room for a further stock price decline is limited. On the other hand, we believe that the 2016E-17E oil and gas divisions earnings visibility remains low and that the company will have to perform at least in line with expectations in the next quarters to gradually re-gain investors' trust.

Trevi - Key data

21/04/16	Engineering		
Target Price (EUR)	1.38		
Rating	HOLD		
Mkt price (EUR)	1.36		
Mkt cap (EUR M)	224		
Ratios (x)	2016E	2017E	2018E
P/E	40.3	8.9	10.4
EV/Sales	0.53	0.48	0.51
EV/EBITDA	6.0	5.0	5.2
Performance (%)	1M	3M	12M
Absolute	-20.3	11.1	-53.5
Rel. to FTSE IT All	-20.5	6.8	-43.0

Source: FactSet and Intesa Sanpaolo Research estimates

Banca IMI is Corporate Broker to Trevi Group

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Company News

A2A (ADD)

No Binding Agreement on ACSM-AGAM

News: Although A2A issued a press release yesterday, denying any binding agreement with ACSM-AGAM, A2A also confirmed its potential interest in growing in the local municipality in which it already owns a 23.9% stake. We highlight that today the Como municipality council will vote on the disposal of a further 8.25% stake (currently holding a 24.8% stake). A2A also communicated the finalised acquisition of a 64% stake in Labico 2, a company operating waste collection services in Brescia, as part of its already planned small M&As in waste, that should contribute approx. EUR 10M cumulative EBITDA.

Our view: We positively view the declared interest for ACSM-AGAM by A2A, focusing on valuable deals from an industrial standpoint, reinforcing its leadership in Lombardy. With a EUR 100-150M potential EBITDA target from M&A announced in the recent 2016-20 BP, **we reiterate our positive stance on A2A and our EUR 1.33/share target price.**

Atlantia (ADD)

De Carolis Named New ADR CEO

News: Yesterday, as expected ADR's shareholding meeting appointed Ugo de Carolis as the new CEO, replacing the former Fabrizio Palenzona (after a nine-year mandate), and Monica Mondardini as ADR chairman. The new ADR CEO de Carolis was chosen internally and was previously in charge of Atlantia's Telepass division for ten years.

Our view: Although recognising the essential role carried out by Mr. Palenzona in managing ADR, we see top management's reshuffling from within the group as a confirmation of the commitment to maintain a strong focus on ADR's sizeable development programme. We confirm **our ADD rating and our EUR 28.0/share target price.**

Banca Generali (BUY)

General Manager Mossa New Group Head

News: Yesterday, Banca Generali's Board of Directors extended the powers of the General Manager, Mr Gian Maria Mossa, thus entrusting him with the responsibility for heading the group. According to today's press (MF), compliance, risk, anti-money laundering and audit units will report to the Board of Directors.

Our view: We regard the above-mentioned internal solution as a positive outcome, after the death of the CEO Motta a few weeks ago, as the management team (Mr Mossa joined Banca Generali in 2013) has done good job, in our view.

A2A - Key data

21/04/16	Multi-Utilities		
Target Price (EUR)	1.33		
Rating	ADD		
Mkt price (EUR)	1.23		
Mkt cap (EUR M)	3847		
Ratios (x)	2016E	2017E	2018E
P/E	14.5	13.7	11.5
EV/Sales	1.1	1.1	1.0
EV/EBITDA	5.5	5.4	4.8
Performance (%)	1M	3M	12M
Absolute	10.3	15.8	16.4
Rel. to FTSE IT All	10.0	11.4	42.6

Source: FactSet and Intesa Sanpaolo Research estimates

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Atlantia - Key data

21/04/16	Motorways		
Target Price (EUR)	28.0		
Rating	ADD		
Mkt price (EUR)	24.20		
Mkt cap (EUR M)	19984		
Ratios (x)	2015E	2016E	2017E
P/E	22.1	18.3	2.0
EV/Sales	6.8	6.5	5.2
EV/EBITDA	11.2	10.4	8.3
Performance (%)	1M	3M	12M
Absolute	-0.3	9.6	-2.7
Rel. to FTSE IT All	-0.6	5.4	19.2

Source: FactSet and Intesa Sanpaolo Research estimates

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Banca Generali - Key data

21/04/16	Asset Gatherers		
Target Price (EUR)	27.7		
Rating	BUY		
Mkt price (EUR)	26.02		
Mkt cap (EUR M)	3021		
Ratios (x)	2016E	2017E	2018E
P/E	19.9	17.2	15.2
P/BV	4.7	4.4	4.1
ROE	0.24	0.26	0.28
Performance (%)	1M	3M	12M
Absolute	-1.7	6.6	-13.8
Rel. to FTSE IT All	-2.0	2.6	5.7

Source: FactSet and Intesa Sanpaolo Research estimates

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Buzzi Unicem (ADD)

Issue of a EUR 500M Eurobond Completed

News: Yesterday after the market close, Buzzi Unicem announced that it had successfully completed the placement with institutional investors of a Eurobond for a nominal amount of EUR 500M, a 7-year maturity and a fixed annual coupon of 2.125%. The issue price was equal to 99.397% of par value. The notes are due in a single instalment on 28 April 2023. Buzzi Unicem will apply for the listing and admission to trading of the notes on the regulated market of the Luxembourg Stock Exchange. Through this issue, the company has reached its goal of promptly renewing some short-term borrowings, further diversifying its funding sources and extending the average debt maturity profile.

Our view: We note that in 2016, the group has approximately EUR 500M of bonds and notes maturing. We therefore see the announced issue as normal debt management activity. We also note that in 2015 the group's average cost of debt was 3.8% and that the EUR 350M bond with a December 2016 maturity has an annual coupon of 5.125%. We therefore expect the announced Eurobond issue to reduce the group's annual interest charges by around EUR 12-14M as from 2017 and could be 2017E EPS accretive for around 4%.

Cattolica Assicurazioni (ADD)

Management Confirmation and Contribution to Atlante

News: Yesterday, Cattolica's Board of Directors confirmed Mr Bedoni as Chairman and Mr Mazzucchelli as CEO. In addition, a maximum contribution of up to EUR 40M to the Atlante fund was decided.

Our view: The contribution to the Atlante fund was lower than the EUR 50-100M rumoured by yesterday's press (Il Sole 24 Ore).

Italia Independent Group (HOLD)

Partnership with Triboo Digitale

News: Independent Ideas (the creative agency of the Italia Independent Group) and Triboo Digitale (e-commerce company of Triboo Group) have signed an agreement to develop a unique approach to the market, supporting the online resellers with a strong expertise in design, branding and lifestyle products. Within this partnership, Italia Independent Group has conferred to Triboo Digitale a 24% stake in Independent Ideas (now holding 51% of the share capital vs. 75% previously) and has received in exchange a stake of approximately 3% in the share capital of Triboo Digitale.

Our view: We highlight that Independent Ideas accounts for 10% of the group's total FY15 revenues. We view this partnership as small but strategically aimed at combining both the groups' skills and strengthen Italia Independent's creative agency offering and clientele.

Buzzi Unicem - Key data

21/04/16	Construction		
Target Price (EUR)	17.2		
Rating	ADD		
Mkt price (EUR)	16.94		
Mkt cap (EUR M)	3207		
Ratios (x)	2016E	2017E	2018E
P/E	17.7	14.1	11.8
EV/Sales	1.5	1.3	1.2
EV/EBITDA	7.9	6.6	5.6
Performance (%)	1M	3M	12M
Absolute	12.9	33.1	18.9
Rel. to FTSE IT All	12.5	28.0	45.7

Source: FactSet and Intesa Sanpaolo Research estimates

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Cattolica Assicurazioni - Key data

21/04/16	Insurance		
Target Price (EUR)	8.2		
Rating	ADD		
Mkt price (EUR)	5.98		
Mkt cap (EUR M)	1023		
Ratios (x)	2015E	2016E	2017E
P/E	9.2	8.6	7.5
P/BV	0.50	0.48	0.47
Performance (%)	1M	3M	12M
Absolute	-4.5	-5.1	-26.8
Rel. to FTSE IT All	-4.8	-8.7	-10.2

Source: FactSet and Intesa Sanpaolo Research estimates

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Italia Independent Group - Key data

21/04/16	Branded Goods		
Target Price (EUR)	29.3		
Rating	HOLD		
Mkt price (EUR)	18.70		
Mkt cap (EUR M)	41		
Ratios (x)	2015E	2016E	2017E
P/E	34.3	27.8	22.7
EV/Sales	1.4	1.1	0.96
EV/EBITDA	9.3	8.0	6.9
Performance (%)	1M	3M	12M
Absolute	-7.8	-9.9	-50.6
Rel. to FTSE IT All	-8.1	-13.3	-39.5

Source: FactSet and Intesa Sanpaolo Research estimates

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Mediaset (HOLD)

Mediaset España Share Cancellation

News: Mediaset España has just announced that the AGM held on 13 April approved the cancellation of 29.5M treasury shares, equal to 8.1% of the share capital.

Our view: Following the share cancellation, Mediaset's stake in Mediaset España increases from 46.2% to 50.2%. This event is neutral on our SOTP valuation of Mediaset (EUR 4.0/share), which already factored in Mediaset's stake in Mediaset España adjusted for the treasury shares.

Mediaset - Key data

21/04/16	Media		
Target Price (EUR)	4.0		
Rating	HOLD		
Mkt price (EUR)	3.98		
Mkt cap (EUR M)	4699		
Ratios (x)	2015E	2016E	2017E
P/E	NM	41.6	24.3
EV/Sales	2.0	1.9	1.9
EV/EBITDA	5.3	4.9	4.5
Performance (%)	1M	3M	12M
Absolute	5.5	37.2	-9.6
Rel. to FTSE IT All	5.2	31.9	10.7

Source: FactSet and Intesa Sanpaolo Research estimates

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Mediaset (HOLD)

Antitrust Fine

News: Yesterday, the Italian Antitrust Authority released the outcome of the inquiry on the 2015-18 Series A TV rights opened on 13 May 2015. The outcome is a total fine of EUR 66.3M, of which EUR 51.4M for RTI/Mediaset Premium (Mediaset Group), EUR 4.0M for Sky, EUR 9.0M for Infront and EUR 1.9M for the League. The parties can take recourse at the Regional Court of Lazio within 60 days or an extraordinary recourse to the President of the Republic within 120 days.

Our view: While monitoring an eventual reaction by the parties involved and Mediaset in primis, we highlight that the penalty of EUR 51.4M corresponds to 1.1% of Mediaset's market cap (2.5% if adjusted for the listed shareholdings).

Mediaset - Key data

21/04/16	Media		
Target Price (EUR)	4.0		
Rating	HOLD		
Mkt price (EUR)	3.98		
Mkt cap (EUR M)	4699		
Ratios (x)	2015E	2016E	2017E
P/E	NM	41.6	24.3
EV/Sales	2.0	1.9	1.9
EV/EBITDA	5.3	4.9	4.5
Performance (%)	1M	3M	12M
Absolute	5.5	37.2	-9.6
Rel. to FTSE IT All	5.2	31.9	10.7

Source: FactSet and Intesa Sanpaolo Research estimates

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Sector News

Banks Sector

Decree on Mortgages Approved by the Cabinet

News: Yesterday, the Cabinet approved the Decree on Mortgages, that envisages that the bank can sell the real estate used as mortgage collateral after 18 missing monthly instalment payments, without going through a juridical court. The debt will be considered as repaid independently from the disposal price of the real estate and, if the disposal price is higher than the residual debt, the difference goes to the debtor. The new rule will be applied only to new mortgages.

Our View: The Decree implements a European Directive of 2014. We believe that the new rule could speed-up the recovery of non performing mortgages, considering that the procedure to sell real estate through a juridical court currently lasts 3.5 years on average, with a maximum of 7 years (source: Il Sole 24 Ore).

Media Sector

Press Interview with RAI's General Manager

News: Today Il Sole 24 Ore has published an interview with Rai's General Manager Antonio Campo Dall'Orto. The key read-across for the media sector and Mediaset in primis, in our view, relates to the advertising comments. On the one hand, the General Manager confirmed that Rai has increased its advertising pricing over the last few months. On the other hand, regarding the ongoing wider debate on whether Rai should reduce the advertising collection following the potential increase of licence fee revenues driven in turn by the inclusion of the licence fee in the electricity bill, he states that eventual limitations to advertising collection could be considered only if the licence fee revenues were significantly higher than the existing ones.

Our View: Following months of dumping policy, the increase of Rai's advertising pricing is positive in terms of the advertising trend. The limitation to Rai's advertising spending, as a result of the increase in the licence fee inflows, would be another strong trigger for the sector, even if visibility on that remains low, in our view.

Utilities Sector

Potential JV with A2A-ACEA and ENEL OpEN Fiber

News: According to Bloomberg, A2A and ACEA would be interested in a partnership with Enel OpEn Fibre for the development of the ultra-broad band in areas where Enel does not control the electricity networks. The article refers to a potential JV, with A2A and Acea on one side, and Enel on the other side. We recall that A2A is the second operator in electricity networks, providing services for the Milan, Brescia and other 59 small municipalities in surrounding areas, whilst Acea is the third national operator, covering Rome. In particular, A2A would be interested in developing related works not in Milan (already covered by Metroweb), but in the remaining Lombardy areas, not still covered by the optical fibre, whilst Acea would be focused on Rome.

Our View: While still rumours with an undefined EBITDA and capex, we would positively view the involvement of local utilities in Enel's ultra-broad band projects, allowing it to optimise the margins of the distribution networks.

21/04/2016

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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
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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 February 2016)					
Number of companies considered: 100	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%)	37	30	33	0	0
of which Intesa Sanpaolo's Clients (%) (*)	78	67	61	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, along with a summary sheet, webpage <https://www.bancaimi.com/en/bancaimi/chisiamo/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 you can find the archive of Intesa Sanpaolo Banking Group's conflicts of interest.

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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.

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