

Company report

Buy (maintained)

21 May 2019 – 5:30 PM

MARKET PRICE: EUR9.15

TARGET PRICE: EUR15.20 (from EUR15.00)

Energy Services

Data

Shares Outstanding (m):	3.8
Market Cap. (EURm):	35.1
Enterprise Value (EURm):	53.5
Free Float (%):	17.2%
Av. Daily Trad. Vol. (m):	0.01
Main Shareholder:	Bombacci family 76.7%
Reuters/Bloomberg:	ELIN.MI ELIN IM
52-Week Range (EUR)	9.1 11.5

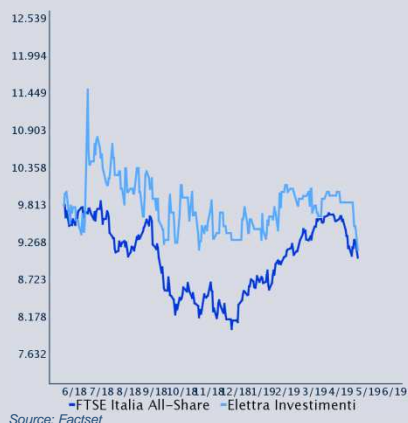
Source: Factset, UBI Banca estimates

Performance

	1m	3m	12m
Absolute	-8.0%	-8.3%	-15.3%
Rel. to FTSE IT	-1.6%	-8.9%	-3.2%

Source: Factset

Graph area Absolute/Relative 12 M



Marco Cristofori  
Senior Analyst  
[marco.cristofori@ubibanca.it](mailto:marco.cristofori@ubibanca.it)  
Tel. +39 02 62753015

[www.ubibanca.com/equity-research](http://www.ubibanca.com/equity-research)

Financials

	2018	2019E	2020E	2021E
Revenues (EURm)	55.0	61.7	64.9	67.5
EBITDA (EURm)	8.5	12.8	14.3	15.2
EBITDA margin (%)	15.4%	20.8%	22.0%	22.5%
EBIT (EURm)	3.7	7.8	9.1	9.9
EPS (EUR)	0.34	1.15	1.41	1.54
CFPS (EUR)	0.97	2.75	2.61	3.07
DPS (EUR)	0.25	0.40	0.45	0.50

Source: Company Data, UBI Banca Estimates

Constant business model evolution

The past 12 months were particularly intensive for Eletttra Investimenti: the company entered the biogas technology (through an earnings enhancing acquisition for a total consideration of EUR3.7 million), won several important contracts (Nuovo Pignone, which should add around EUR6 million sales p.a., Hera, adding EUR0.9 million revenues p.a.), developed an innovative new UVAM platform (called "Exacto") entering in the fast-growing MSD market, further developed the activities of Tholos dedicated to SMEs and finalized three acquisitions (Novagreen, Lighting Venice Port and Gea) for a total investment of EUR5.5 million. All these activities clearly show the rapid evolution of Eletttra Investimenti's business model toward a full energy service provider to SMEs and potentially as an aggregator in the energy market. Therefore, we believe that 2018 results, which were below our expectations and impacted by EUR1.7 million of non-recurring costs, should not be a driver for the share performance: Eletttra Investimenti should be able to replicate excellent results thanks to its strategy aiming to enlarging its product range through innovative services and getting new clients and thanks to its sound order backlog (EUR365 million compared with EUR223 million at Dec-17, or +64%). We remain buyers of Eletttra Investimenti which is still trading at a discount of 55% to the average 2019-21 EV/EBITDA of its peers and 65% to the average P/E.

- > 2H18 results were below our expectations: revenues were up 20% but the gross margin declined sharply (39.5% vs. 57.1% in 2H17) leading to a drop in the EBITDA margin (12.9% compared with 28.1% in 2H17) partially explained by non-recurring costs. Higher D&A costs depressed the EBIT margin to 3.3% from 18% last year, leading to a net loss of EUR0.2 million. Net debt increased to EUR14.8 million from EUR5.9 million at Dec-17 and DPS was cut to EUR0.25 (vs. EUR0.40 in 2017).
- > We have fine-tuned our estimates (and introduced 2021 forecasts) slightly increasing our sales expectations, confirming EBITDA and increasing D&A costs with a modest negative impact on EPS.
- > We have fine tuned our target price to EUR15.20 per share (from EUR15.0) implying >65% upside. At the target price, the company would trade at 6.0x 2019 EV/EBITDA, well below the average multiple for the industry (9.9x). Buy.

Ratios

	priced on 20 May 2019			
	2018 *	2019E	2020E	2021E
P/E(x)	29.5	8.0	6.5	5.9
P/CF(x)	6.4	3.7	3.3	3.1
P/BV(x)	2.7	1.9	1.6	1.3
Dividend Yield	2.5%	4.4%	4.9%	5.5%
EV/EBITDA(x)	6.6	4.2	3.7	3.4
Debt/Equity (x)	1.0	0.9	0.7	0.6
Debt/EBITDA (x)	1.7	1.2	1.1	1.0

Source: UBI Banca Estimates \* based on average 2018 price

## Key Financials

(EURm)	2018	2019E	2020E	2021E
Revenues	55.0	61.7	64.9	67.5
EBITDA	8.5	12.8	14.3	15.2
EBIT	3.7	7.8	9.1	9.9
NOPAT	2.3	4.8	5.7	6.1
Free Cash Flow	-8.0	-0.2	1.7	2.1
Net Capital Employed	30.2	34.9	38.6	42.4
Shareholders' Equity	14.6	18.0	21.9	26.1
Net Financial Position	14.8	16.0	15.9	15.5

Source: Company data, UBI Banca estimates

## Key Profitability Drivers

	2018	2019E	2020E	2021E
Net Debt/Ebitda (x)	1.7	1.2	1.1	1.0
Net Debt/Equity (x)	1.0	0.9	0.7	0.6
Interest Coverage (%)	41.0	0.0	0.0	0.0
Free Cash Flow Yield (%)	-20.7%	nm	4.7%	6.1%
ROE (%)	9.0%	24.5%	24.6%	22.7%
ROI (%)	8.7%	14.4%	15.0%	14.8%
ROCE (%)	9.0%	14.9%	15.4%	15.1%

Source: Company data, UBI Banca estimates

## Key Valuation Ratios

	2018 *	2019E	2020E	2021E
P/E (x)	29.5	8.0	6.5	5.9
P/BV (x)	2.7	1.9	1.6	1.3
P/CF (x)	6.4	3.7	3.3	3.1
Dividend Yield (%)	2.5%	4.4%	4.9%	5.5%
EV/Sales (x)	1.0	0.9	0.8	0.8
EV/EBITDA (x)	6.6	4.2	3.7	3.4
EV/EBIT (x)	15.1	6.8	5.8	5.3
EV/CE (x)	1.9	1.5	1.4	1.2

Source: Company data, UBI Banca estimates

\* Based on average 2018 price

## Key Value Drivers

(%)	2018	2019E	2020E	2021E
Payout	73.4%	34.8%	32.0%	32.4%
NWC/Sales	2.9%	0.8%	1.6%	0.8%
Capex/Sales	-13.7%	-11.5%	-12.9%	-14.2%

Source: Company data, UBI Banca estimates

### Recent Developments

- > 2H18 results were below our expectations: revenues increased by around 21% but the gross margin declined sharply (39.5% vs. 57.1% in 2H17, which was somewhat exceptional due to the soaring TEE prices) leading to an EBITDA margin of 12.9% (15.4% in the full year) compared with 28.1% in 2H17 and our 20.6% estimate. EBITDA was also hit by non recurring costs such as higher gas cost not sufficiently covered (EUR1.16 million impact) and the shutdown of oil plants for several months due to maintenance problems (EUR0.51 million impact). Stripping out these costs, EBITDA margin would have reached 18.8%, slightly below our estimates.
- > Product mix remained broadly stable: energy sales were up 17% representing 31% of turnover, the sale of TEE increased 19% and is now equal to 37% of consolidated turnover, oil was up 37% and also services, EPC, O&M improved. We remind that in 2018 Elettra Investimenti has adopted a new reporting systems for the TEE which implies that revenues and costs of the TEE owned by third parties are accounted only when realized (before TEE were accounted entirely as part of revenues and costs following the mark to market method). The new accounting method had a positive impact of around EUR11.8 million on sales, meaning that the top line would have been broadly stable with the same accounting method of 2017.
- > Higher D&A costs (EUR2.7 million in 2H18) contributed to lower the EBIT margin to 12.9% vs. 28.1% in 2H17. Net profit result was negative for EUR0.2 million in the second half of the year also due to a significant fiscal impact.
- > In the full year, sales were EUR55.0 million and the EBITDA margin 15.4% (vs. 25.1% in 2017). However, adjusting 2018 results for non-recurring costs and the different TEE sales recognition (as explained before), revenues would have been slightly down compared with 2017 (-2.1%) and EBITDA margin would have increased to 22.1%. EBIT nearly halved to EUR3.7 million (vs. EUR7.1 million in 2017) leading to a net result of EUR1.3 million, down 70% vs. 2017. The order backlog at year-end was EUR365 million (+64% vs. 2017), which implies coverage equal to 6.6 years of 2018 turnover.
- > The company reduced the dividend to EUR0.25 per share (compared with EUR0.40 in 2017 and our EUR0.42 expectation), which implies a 2.5% dividend yield at current market price and a pay-out ratio of almost 73%.
- > After capex and investments of EUR11.7 million (Novagreen, Lighting Venice Port, GEA), the net debt reached EUR14.8 million (vs. EUR5.8 million at June-18), above our EUR9.5 million expectation. Elettra Investimenti reported cash for EUR9.6 million at Dec-18 which could be used for acquisitions. NWC increased up to 3% of revenues (it was negative for EUR0.7 million at Dec-17). Net invested capital at Dec-18 increased to EUR31.3 million (EUR21.9 million at Dec-17) with a capital turnover of 1.8x compared with 2.2x of 2017; this, together with the slowdown of NOPAT margin (5.1% vs. 22.4% in 2017), reduced ROACE to 9.1% (24.1% in 2017).
- > As expected TEE prices stabilized since May and the average TEE price in 2018 was EUR303.3, compared to EUR270.4 in 2017 (*source: GME*) but in the second half of the year the average TEE price was stable at EUR258.2, in line with the tax contribution fixed by the Authority at around EUR260, compared with EUR319.3 in 2H17, or -19%.
- > Elettra Investimenti finalized three acquisitions during 2018: 1) 65% of Novagreen, a company specialized in microgeneration power plants (20/200 KW) for sport facilities for EUR0.62 million. Novagreen recently realized 4

plants; 2) 70% of Lighting Venice Port, a company with 24-year concession for the lighting of the channel between Marghera and Venice, for a total consideration of EUR2.03 million; 3) 52% of GEA, a company providing maintenance services to 60 endothermic engines (with a capacity of 1MW each) and realizing biogas and biomass power plants with sales for around EUR4.7 million. The investment for Elettra Investimenti was EUR0.27 million.

- > The company, through Tholos, developed a new UVAM (“Unità Virtuali Abilitate Miste”) platform, called “Exacto”, for managing smart grids connecting different energy producers in order to contribute to the network energy balance. Exacto, which provides energy monitoring and verification data analytics, optimization methods, predictive algorithms and remote control, was already supplied to Veos (a trading & energy management company with nearly EUR40 million sales) for managing a smart grid with a capacity of 10MW and allows to Elettra Investimenti to participate to the new MSD (dispatching service market) with a capacity of 8MW. In our view, Elettra Investimenti could act as an aggregator in this fast developing new market.
- > Last April, the company finalized the acquisition of Esco Biogas, a company controlling a bio gas plant (with incentivised tariff up to 2026) and managing two further bio gas plants (with a 10-year contract) for a total consideration of EUR3.7 million which includes EUR3.6 million net debt. Esco Biogas should generate an EBITDA of around EUR0.9 million, therefore the deal implies an EV/EBITDA of 4.1x. In our view the deal is important as Elettra Investimenti adds another promising technology (bio gas) to its diversified portfolio. Based on our estimates, the deal should be earnings enhancing already in 2019. The company was also awarded for a 2-year contract with Hera for the maintenance of four cogeneration plants (for a total of 9MW) which should generate around EUR0.9 million sales p.a.
- > Also in April Elettra Investimenti’s shareholder meeting approved the extension of the maturity of the outstanding warrants which could be converted up to October 2021 at EUR9.0 per share (from EUR8.10 for the conversion up to October 2019).

Figure 1 – 2018 results

(EURm)	2017A	2018A	% Chg.	2018E UBI	% Chg.
Sales Energy	15.30	16.38	7.1%	17.70	-7.4%
Sales Thermal	5.82	6.51	11.8%	7.33	-11.3%
Sales Energy efficiency	17.97	22.65	26.1%	13.90	63.0%
Sales Oil	2.96	4.03	36.2%	3.46	16.4%
Sales Other	4.98	5.45	9.4%	10.38	-47.6%
<b>Sales total</b>	<b>47.03</b>	<b>55.02</b>	<b>17.0%</b>	<b>52.78</b>	<b>4.2%</b>
<b>EBITDA</b>	<b>11.79</b>	<b>8.48</b>	<b>-28.0%</b>	<b>10.20</b>	<b>-16.8%</b>
<b>% margin</b>	<b>25.1%</b>	<b>15.4%</b>		<b>19.3%</b>	
<b>EBIT</b>	<b>7.10</b>	<b>3.73</b>	<b>-47.5%</b>	<b>5.88</b>	<b>-36.5%</b>
<b>% margin</b>	<b>15.1%</b>	<b>6.8%</b>		<b>11.1%</b>	
Pre tax profit	6.54	3.11	-52.5%	5.42	-42.7%
<b>Net profit</b>	<b>4.45</b>	<b>1.31</b>	<b>-70.6%</b>	<b>3.71</b>	<b>-64.8%</b>

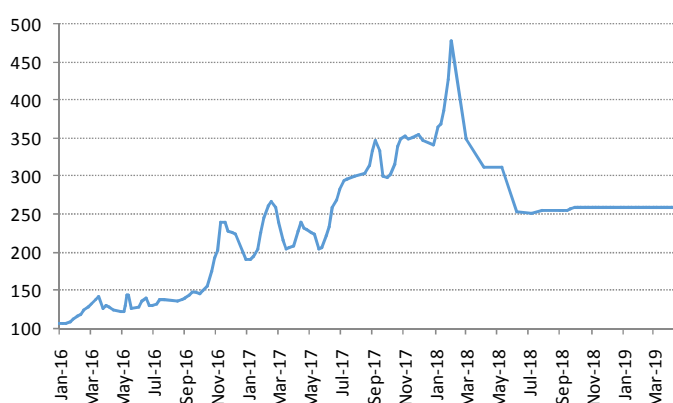
Source: Company data, UBI Banca estimates

Figure 2 – 2H18 results

(EURm)	2H17A	2H18A	% Chg.	2H18E UBI	% Chg.
Sales Energy	7.66	8.93	16.6%	10.24	-12.8%
Sales Thermal	2.87	3.21	11.7%	4.03	-20.5%
Sales Energy efficiency	1.74	2.39	37.5%	1.82	31.2%
Sales Oil	8.75	10.38	18.7%	7.63	36.1%
Sales Other	2.56	3.54	<b>38.1%</b>	<b>2.47</b>	<b>42.9%</b>
<b>Sales total</b>	<b>23.57</b>	<b>28.44</b>	<b>20.7%</b>	<b>26.20</b>	<b>8.6%</b>
<b>EBITDA</b>	<b>6.63</b>	<b>3.68</b>	<b>-44.4%</b>	<b>5.40</b>	<b>-31.8%</b>
<b>% margin</b>	<b>28.1%</b>	<b>12.9%</b>		<b>20.6%</b>	
<b>EBIT</b>	<b>4.25</b>	<b>0.94</b>	<b>-77.9%</b>	<b>3.08</b>	<b>-69.6%</b>
<b>% margin</b>	<b>18.0%</b>	<b>3.3%</b>		<b>11.8%</b>	
Pre tax profit	3.92	0.56	-85.7%	2.87	-80.5%
<b>Net profit</b>	<b>2.20</b>	<b>-0.18</b>	<b>nm</b>	<b>2.22</b>	<b>nm</b>
<b>Net debt</b>	<b>5.85</b>	<b>14.83</b>	<b>nm</b>	<b>9.52</b>	<b>55.8%</b>

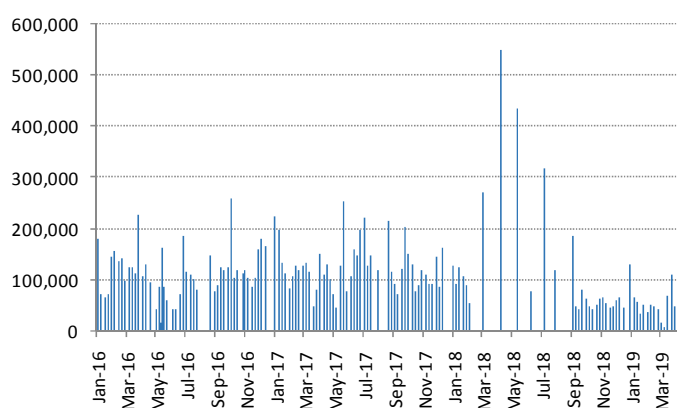
Source: Company data, UBI Banca estimates

Figure 3 - Average TEE price (EUR)



Source: GME

Figure 4 - TEE Volumes



Source: GME

### Financial Projections

- > 2018 has been a year of sowing and we expect a remarkable harvest in 2019-21. The company did not supply any guidance for 2019 but we believe Elettra Investimenti should be able to increase its revenues, also thanks to the several new initiatives undertaken during 2018 and the consolidation of the companies acquired. Excluding non-recurring costs, we believe the company should be able to reach EBITDA margin above 20%.
- > For 2019-21 we assume moderate top line growth (around 7.1%) with lower revenues stemming from the sale of TEE but a higher contribution from new products and traditional businesses. The EBITDA margin should benefit from the consolidation of the new companies acquired, further growth for Tholos and the higher weighting of O&M. Overall, our new estimates indicate an EBITDA margin of 20.8% in 2019, 22.0% in 2020 and 22.5% in 2021 with an increase of 1% compared with our previous estimates. Higher D&A costs (increased to factor in the wider assets base) had a negative impact on our EBIT estimates which have been reduced by around 6% in 2019. After a tax rate of around 40%, net attributable profit could be EUR4.4 million this year rising to EUR5.9 million in 2021. Our net debt projections have been increased to incorporate the new investments, higher capex and some NWC absorption.
- > We have also reduced our dividend forecast to EUR0.40 per share in 2019 (EUR0.45 previously), EUR0.45 per share in 2020 (vs. EUR0.50 before) and EUR0.50 per share in 2021. These estimates imply an average pay-out ratio of 33% and an average dividend yield of 4.7% at the current market price.

Figure 5 – Old vs. new estimates

(EURm)	2018A	2019E		2020E		2021E
		Old	New	Old	New	
VoP	55.02	60.40	61.66	62.39	64.91	67.53
% change			2.1%		4.0%	
<b>EBITDA</b>	<b>8.48</b>	<b>12.95</b>	<b>12.85</b>	<b>13.88</b>	<b>14.30</b>	<b>15.23</b>
% change			-0.8%		3.1%	
EBIT	3.73	8.33	7.81	9.11	9.11	9.88
% change			-6.2%		0.0%	
<b>Net Profit</b>	<b>1.31</b>	<b>5.40</b>	<b>4.41</b>	<b>5.98</b>	<b>5.40</b>	<b>5.92</b>
% change			-18.3%		-9.7%	
<b>EPS</b>	<b>0.34</b>	<b>1.41</b>	<b>1.15</b>	<b>1.56</b>	<b>1.41</b>	<b>1.54</b>
% change			-18.4%		-9.8%	
Net debt (cash)	14.83	8.79	16.03	8.09	15.92	15.50
<b>EBIT margin</b>	<b>6.8%</b>	<b>13.8%</b>	<b>12.7%</b>	<b>14.6%</b>	<b>14.0%</b>	<b>14.6%</b>
<b>EBITDA margin</b>	<b>15.4%</b>	<b>21.4%</b>	<b>20.8%</b>	<b>22.2%</b>	<b>22.0%</b>	<b>22.5%</b>

Source: Company data, UBI Banca estimates

### Valuation

- > Following the fine tuning to our estimates, our new target price is EUR15.20 per share (up from EUR15.00), an increase of 1.3%. Our target price is based on the average of a DCF (fair value of EUR13.34 per share), a relative valuation (applying a 20% discount to factor in the limited size and modest liquidity of Elettra Investimenti) based on the median of the multiples of Italian companies and of larger international companies. This gives a fair value of EUR17.06 per share which reflects the average increase of the peers' multiples since the beginning of the year.
- > At its current market price, Elettra Investimenti is trading at a significant discount to its peers: 55% on 2019-21 EV/EBITDA and 65% in P/E terms, while it trades at a premium in terms of P/BV (19%). This reflects Elettra Investimenti's low invested capital compared to other companies that manage large power plants.
- > Given the current estimated upside potential of >65%, we strongly reiterate our Buy rating. At the target price, the company would trade at 6.0x 2019 EV/EBITDA, which is still well below the average multiple for the industry (9.9x), at 13.2x P/E (the average of the industry stands at 21.2x) and at 3.2x P/BV (vs. 1.6x).
- > The outstanding warrants are currently in the money with a strike price of EUR8.10 in the next conversion period (3 - 14 October 2019) while the strike price will increase to EUR9.0 for the conversion in 2020 and 2021. Assuming full warrant conversion, the number of shares in circulation would almost double and the company would receive about EUR30 million (EUR33 million with the conversion at EUR9.0). In our view, warrant price do not reflect the 30% tax benefit stemming from the "PMI Innovativa" qualification (up to EUR1.8 million investment for legal entities, up to EUR1.0 million investment for private investors if the investment is kept for three years). As the strike price stands at EUR8.10, the tax benefit corresponds to EUR2.43 for each warrant converted into shares, giving a theoretical warrant value of EUR3.48 compared with the current price of EUR1.72.

Figure 6 – Valuation summary

(EUR)	New valuation	18/09/2018	Delta
DCF	13.34	14.30	-6.7%
Relative valuation (20% discount)	17.06	15.72	8.6%
<b>Target price</b>	<b>15.20</b>	<b>15.00</b>	<b>1.3%</b>
Current price	9.16	9.64	-5.1%
Potential upside	66.1%	55.7%	

Source: UBI Banca estimates

Figure 7 – DCF Valuation

Our DCF valuation is based on a WACC 5.8% with a g of 1% and implies an EV/EBITDA of 5.2x at terminal value

	Valuation (EUR m)	% Weight	Per share (EUR)
Sum of PV 2019-27 FCF	17.80	27%	4.64
Terminal value	49.04	73%	12.78
<b>Total Enterprise value</b>	<b>66.84</b>	<b>100%</b>	<b>17.42</b>
- Pension Provision	(0.85)		(0.22)
- Net cash (debt)	(14.83)		(3.87)
<b>Total Equity value</b>	<b>51.17</b>		<b>13.34</b>
Number of shares outstanding (m)	3.84		
<b>Fair value per share (EUR)</b>	<b>13.34</b>		

Source: UBI Banca estimates

Figure 8 – Relative valuation based on large cap companies (priced on 20 May 2019)

Company	Market Cap (EURm)	P/E			EV/EBITDA			P/BV		
		2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E
Acciona	5,250	19.9 x	17.9 x	17.0 x	7.9 x	7.6 x	7.3 x	1.59 x	1.55 x	1.49 x
Albioma	622	14.2 x	12.0 x	10.7 x	8.3 x	7.5 x	6.9 x	1.44 x	1.35 x	1.25 x
EDP Renovaveis	7,493	25.8 x	23.5 x	20.8 x	8.1 x	7.8 x	7.4 x	1.12 x	1.08 x	1.03 x
Fortum	16,966	15.0 x	13.0 x	11.9 x	13.6 x	12.6 x	11.9 x	1.39 x	1.35 x	1.32 x
Iberdrola	53,298	16.0 x	14.8 x	13.9 x	9.1 x	8.6 x	8.1 x	1.31 x	1.27 x	1.25 x
VERBUND	16,155	29.2 x	21.5 x	20.1 x	15.2 x	11.9 x	11.3 x	2.83 x	2.62 x	2.47 x
ERG	2,525	22.4 x	21.0 x	18.6 x	7.8 x	7.6 x	7.1 x	1.39 x	1.38 x	1.33 x
Falck Renewables	1,012	26.6 x	25.2 x	20.9 x	9.0 x	8.6 x	8.0 x	1.93 x	1.86 x	1.76 x
<b>Average</b>		<b>21.2 x</b>	<b>18.6 x</b>	<b>16.7 x</b>	<b>9.9 x</b>	<b>9.0 x</b>	<b>8.5 x</b>	<b>1.62 x</b>	<b>1.56 x</b>	<b>1.49 x</b>
<b>Median</b>		<b>21.2 x</b>	<b>19.5 x</b>	<b>17.8 x</b>	<b>8.6 x</b>	<b>8.2 x</b>	<b>7.7 x</b>	<b>1.41 x</b>	<b>1.37 x</b>	<b>1.32 x</b>
Elettra Investimenti	35	8.0 x	6.5 x	5.9 x	4.2 x	3.7 x	3.4 x	1.95 x	1.60 x	1.34 x
Premium (discount)		-62.4%	-66.5%	-66.6%	-51.8%	-54.7%	-55.3%	37.7%	17.0%	1.6%
<b>Based on simple average</b>	<b>(EUR)</b>	<b>24.33</b>	<b>26.17</b>	<b>25.82</b>	<b>37.21</b>	<b>37.72</b>	<b>37.74</b>	<b>7.63</b>	<b>8.89</b>	<b>10.11</b>
<b>Based on median</b>	<b>(EUR)</b>	<b>24.35</b>	<b>27.35</b>	<b>27.40</b>	<b>33.07</b>	<b>34.63</b>	<b>34.49</b>	<b>6.65</b>	<b>7.82</b>	<b>9.00</b>

Source: Factset, UBI Banca estimates

Figure 9 – Implicit multiples based on our EUR15.20 target price

(x)	2019E	2020E	2021E
P/E	13.2 x	10.8 x	9.9 x
EV/EBITDA	6.0 x	5.4 x	5.0 x
EV/EBIT	9.9 x	8.5 x	7.7 x
EV/Sales	1.26 x	1.19 x	1.13 x
P/BV	3.2 x	2.7 x	2.2 x
EV/ Capital employed	2.2 x	2.0 x	1.8 x

Source: UBI Banca estimates



## Income Statement

(EURm)	2018	2019E	2020E	2021E
Net Revenues	55.0	61.7	64.9	67.5
EBITDA	8.5	12.8	14.3	15.2
EBITDA margin	15.4%	20.8%	22.0%	22.5%
EBIT	3.7	7.8	9.1	9.9
EBIT margin	6.8%	12.7%	14.0%	14.6%
Net financial income /expense	-0.6	-0.5	-0.4	-0.4
Associates & Others	0.0	0.0	0.0	0.0
Profit before taxes	3.1	7.3	8.7	9.5
Taxes	-1.8	-2.9	-3.3	-3.6
Minorities & discontinuing ops	0.0	0.0	0.0	0.0
Net Income	1.3	4.4	5.4	5.9

Source: Company data, UBI Banca estimates

## Balance Sheet

(EURm)	2018	2019E	2020E	2021E
Net working capital	1.6	0.5	1.0	0.5
Net Fixed assets	29.7	35.4	38.5	42.7
M/L term funds	-1.1	-1.0	-1.0	-0.9
Capital employed	30.2	34.9	38.6	42.4
Shareholders' equity	14.6	18.0	21.9	26.1
Minorities	0.8	0.8	0.8	0.7
Shareholders' funds	15.4	18.8	22.7	26.9
Net financial debt/(cash)	14.8	16.0	15.9	15.5

Source: Company data, UBI Banca estimates

## Cash Flow Statement

(EURm)	2018	2019E	2020E	2021E
NFP Beginning of Period	5.9	14.8	16.0	15.9
Group Net Profit	1.3	4.4	5.4	5.9
Minorities	-0.0	-0.0	-0.0	-0.0
D&A	4.8	5.0	5.2	5.3
Change in Funds & TFR	0.0	0.0	0.0	0.0
Gross Cash Flow	6.0	9.4	10.6	11.2
Change In Working Capital	-2.3	1.1	-0.6	0.5
Other	0.0	0.0	0.0	0.0
Operating Cash Flow	3.7	10.6	10.0	11.8
Net Capex	-7.5	-7.1	-8.4	-9.6
Other Investments	-4.2	-3.7	0.0	0.0
Free Cash Flow	-8.0	-0.2	1.7	2.1
Dividends Paid	-1.5	-1.0	-1.5	-1.7
Other & Chg in Consolid. Area	0.1	0.0	0.0	0.0
Chg in Net Worth & Capital Incr.	0.4	0.0	0.0	0.0
Change in NFP	-9.0	-1.2	0.1	0.4
NFP End of Period	14.8	16.0	15.9	15.5

Source: Company data, UBI Banca estimates

## Financial Ratios

(%)	2018	2019E	2020E	2021E
ROE	9.0%	24.5%	24.6%	22.7%
ROI (pre-tax)	14.0%	23.3%	24.2%	23.9%
Net Fin. Debt/Equity (x)	1.0	0.9	0.7	0.6
Net Fin. Debt/EBITDA (x)	1.7	1.2	1.1	1.0
Interest Coverage	41.0	0.0	0.0	0.0
NWC/Sales	2.9%	0.8%	1.6%	0.8%
Capex/Sales	13.7%	11.5%	12.9%	14.2%
Pay Out Ratio	73.4%	34.8%	32.0%	32.4%

Source: Company data, UBI Banca estimates

## Per Share Data

(EUR)	2018	2019E	2020E	2021E
EPS	0.34	1.15	1.41	1.54
DPS	0.40	0.42	0.45	0.50
Op. CFPS	0.97	2.75	2.61	3.07
Free CFPS	-2.08	-0.06	0.43	0.56
BVPS	3.80	4.70	5.71	6.81

Source: Company data, UBI Banca estimates

## Stock Market Ratios

(x)	2018 *	2019E	2020E	2021E
P/E	29.5	8.0	6.5	5.9
P/OpCFPS	10.4	3.3	3.5	3.0
P/BV	2.7	1.9	1.6	1.3
Dividend Yield (%)	2.5%	4.4%	4.9%	5.5%
Free Cash Flow Yield (%)	-20.7%	nm	4.7%	6.1%
EV (EURm)	56.4	53.5	53.0	52.3
EV/Sales	1.0	0.9	0.8	0.8
EV/EBITDA	6.6	4.2	3.7	3.4
EV/EBIT	15.1	6.8	5.8	5.3
EV/Capital Employed	1.9	1.5	1.4	1.2

Source: Company data, UBI Banca estimates

\* Based on average 2018 share price

## Growth Rates

(%)	2018	2019E	2020E	2021E
Growth Group Net Sales	17.0%	12.1%	5.3%	4.0%
Growth EBITDA	-28.0%	51.5%	11.3%	6.5%
Growth EBIT	-47.5%	109.4%	16.7%	8.4%
Growth Net Profit	-70.6%	237.7%	22.3%	9.7%

Source: Company data, UBI Banca estimates

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Date	Rating	Target Price (EUR)	Market Price (EUR)
12 October 2015	BUY	6.93	5.10
12 May 2016	BUY	5.39	4.35
28 November 2016	BUY	5.50	4.10
12 January 2017	BUY	7.30	5.50
31 March 2017	BUY	8.31	5.80
1 August 2017	BUY	10.39	8.60
28 November 2017	BUY	12.86	9.79
19 April 2018	BUY	13.93	10.35
18 September 2018	BUY	15.00	9.64