

Italy – Food and Beverage

After a transitional semester, bright perspectives ahead

16th September 2016

H1-16 RESULTS RELEASE

RIC: IWB.MI
BBG: IWB IM

IWB, the first wine group listed in Italy, reported H1-16 figures characterised by a strong performance in B2B and mixed results in B2C. Due to seasonality, H2 is generally much more stronger than the first semester.

Rating:

Buy

Price Target:

€ 13.30

Upside/(Downside): 41.5%

Last Price: € 9.40

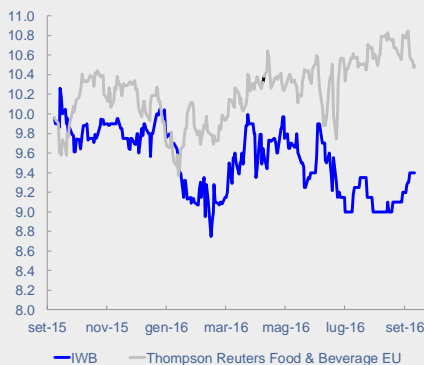
Market Cap.: € 59.8

1Y High/Low: € 10.40/€ 8.53

Free Float: 68.0%

Major shareholders:

OGV 18.1%
Provinco Italia 12.6%
IPOC 1.3%



Stock price performance

	1M	3M	12M
Absolute	4.4%	-1.3%	-7.7%
Rel.to Milan AIM	1.7%	-13.1%	-16.5%
Rel.to EU Sector	6.8%	-6.5%	n.a.

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Buy reiterated, PT of € 13.30/s confirmed, 41.5% upside potential

Following the publication of H1-16 results, we have revised our model, primarily factoring in the sluggish state of the Italian market and the better than expected performance of the B2B channel. The result is an 8% downgrade in 2016-18 EPS, on average, vs. prior estimates. In addition, we have updated DCF valuation criteria: brought the free risk rate up-to-date, as well as shifted the NFP to FY-16e. The combined result is a PT unchanged at € 13.30/share.

H1-16 turnover down 2.4%

Revenues declined 2.4% to € 64.6m despite an increase of more than 11% in B2B (Provinco Italia, representing 39% of total net sales, 100% foreign markets) due to a deterioration of some 11% in B2C (Giordano Vini, 59% of total net revenues, export up low-single-digit, Italy dropped double digit).

EBITDA adjusted for restructuring costs unchanged

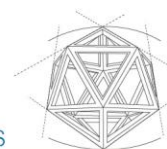
EBITDA totalled € 3.2m, 4.9% margin, vs. € 3.6m in H1-15. Personnel costs diminished 21.5%, with the number of employees almost halved to 200 units. Excluding the € 1.1m non-recurring costs related to the structure re-engineering process of Giordano Vini, EBITDA adjusted remained unchanged YoY at € 4.0m. EBIT amounted at € 1.2m, 1.9m margin. Net profit was € 0.5m vs. a break-even in H1-15. Net profit adjusted reached € 1.3m. Net financial position was negative for € 23.3m, showing an improvement YoY from € 30.7m, thanks to WC streamlining, namely receivables.

Move to the MTA main market and M&A: additional key triggers

2016 is a transitional year for IWB, characterized by 1) the impact on margins of the restructuring costs, 2) the integration process between Giordano Vini e Provinco Italia and 3) domestic market's tense state. On stream, profitability grows more than proportionately to top line, thanks to the integration synergies between Giordano Vini and Provinco Italia. Additional triggers: 1) move to the MTA to the benefits of liquidity and visibility; and 2) M&A appeal, IWB is active on the buy side looking at some targets to leverage on dimension and reach. In addition, also considering the shareholder structure, IWB can be a target for a player aiming to exploit synergies with IWB's logistics platform.

IWB, key financials and ratios

€ m	2014 PF	2015	2016e	2017e	2018e
Sales	140.4	144.8	145.6	153.7	161.4
EBITDA adjusted	13.3	12.6	13.0	14.1	16.3
EBITDA	13.3	10.8	11.9	14.1	16.3
EBIT adjusted	10.5	9.0	10.0	10.9	13.0
EBIT	10.5	7.2	8.9	10.9	13.0
Net profit adjusted	5.1	5.5	6.1	6.8	8.2
Net profit	5.1	3.6	5.4	6.8	8.2
NFP (cash)/debt	32.7	20.1	13.7	4.9	(5.8)
EPS adjusted FD	0.78	0.55	0.67	0.83	1.01
EPS adj. FD growth	-	-30.2%	21.9%	25.3%	20.9%
DPS ord. €/s	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
Free Cash Flow Yield	n.a.	-33.5%	8.3%	11.5%	14.0%
PER x	12.0	17.2	14.1	11.3	9.3
PCF x	n.a.	4.5	9.1	7.1	6.0
EV/Sales x	0.7	0.6	0.5	0.4	0.3
EV/EBITDA x	7.0	7.4	6.1	4.6	3.3
EV/EBIT x	8.8	11.1	8.3	5.9	4.1



1. H1-16 results

IWB reported H1-16 numbers on the 15-Sept: figures were characterised by a **strong performance in B2B and mixed results in B2C** (domestic market tense, foreign markets unchanged). **EBITDA adjusted** for non-recurring costs related to the structure re-engineering process of Giordano Vini, **remained unchanged**. Due to seasonality, **H2 is generally much more stronger** than the first semester: IWB produced almost 70% of FY-15 EBITDA in the second part of the year. The remainder of the year is anticipated to be driven by B2B and the ongoing streamlining and restructuring process in B2C.

Table 1 – IWB, H1-16 results summary

€ m	H1-16	H1-15	% YoY
Revenues	64.59	66.18	(2.4)
Inventories	1.84	(2.83)	
Other	0.53	1.03	
Net revenues	66.95	64.38	4.0
Purchasing	(35.93)	(31.80)	
Services	(20.47)	(18.71)	
Personnel	(7.24)	(9.22)	
Other operating expenses	(0.16)	(1.10)	
EBITDA adjusted	4.01	4.04	(0.7)
% margin	6.2	6.1	
EBITDA	3.15	3.55	(11.3)
% margin	4.9	5.4	
EBIT adjusted	2.06	2.16	(4.4)
% margin	3.2	3.3	
EBIT	1.20	1.67	(27.9)
% margin	1.9	2.5	
Financials	(0.90)	(0.91)	
Pre-Tax profit	0.30	0.76	(60.2)
% margin	0.5	1.2	
Income taxes	0.16	(0.79)	
Net Profit adjusted	1.26	0.98	28.6
% margin	2.0	1.5	
Net Profit	0.46	(0.03)	n.s.
% margin	0.7	(0.0)	

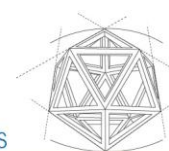
Source: Company data

Revenues declined 2.4% to € 64.6m despite an increase of more than 11% in B2B (Provinco Italia, representing 39% of total net sales, 100% foreign markets) due to a deterioration of some 11% in B2C (Giordano Vini, 59% of total net revenues, export up low-single-digit, Italy dropped double digit).

EBITDA totalled € 3.2m, 4.9% margin, vs. € 3.6m in H1-15. Purchasing and services increased despite the decline in volumes, since the company has built-up inventories and planned a migration of costs from fixed personnel to external service providers. Personnel costs diminished 21.5%, with the number of employees almost halved to 200 units. Excluding the € 1.1m non-recurring costs related to the structure re-engineering process of Giordano Vini, **EBITDA adjusted remained unchanged YoY at € 4.0m**.

After D&A remained basically unchanged YoY, **EBIT amounted to € 1.2m, 1.9m margin**. EBIT adjusted, remained almost flat at € 1.2m vs. € 1.7m in H1-15. **Net profit was € 0.5m** vs. a break-even in H1-15. Net profit adjusted reached € 1.3m, thanks to the benefits of the first year of fiscal consolidation.

Net financial position was negative for € 23.3m, showing an improvement YoY from € 30.7m, thanks to WC streamlining, namely receivables and a slight enlargement vs. FY-15 due to typical seasonality of the business, with a greater cash flow generation in H2.



2. Estimates, valuation & risks

Following the publication of H1-16 results, we have revised our model, primarily factoring in the sluggish state of the Italian market and the better than expected performance of the B2B channel. The result is an **8% downgrade in 2016-18 EPS**, on average, vs. prior estimates. In addition, we have **updated DCF valuation criteria**: brought the free risk rate up-to-date, as well as shifted the NFP to FY-16e. **The combined result is a PT unchanged at € 13.30/share. We stick to our BUY recommendation on IWB.**

2016 is a transitional year for IWB, characterized by 1) the impact on margins of the restructuring costs, 2) the integration process of Giordano Vini e Provinco Italia and 3) domestic market's tense state. On stream, the business model of the company allows **profitability to grow more than proportionately to top line**, thanks to integration synergies between Giordano Vini and Provinco Italia, stemming from **rationalisation and scale**, to the benefit of cash flow generation. Moreover, in our opinion additional key triggers to the equity story might arise from the:

- **Move to the MTA, main market of the Italian Stock Exchange**, CFO expects in the short-term, and depending on market conditions, benefits of **liquidity and visibility**;
- **M&A appeal**, since the company is actively on **the buy side** looking at some targets, ideally with the same business structure, to leverage on dimension and reach. In addition, we might not exclude, also considering shareholder structure, the possibility of **IWB being a target** for a player aimed at exploiting synergies with IWB logistic platform.

2.1. DCF

In the valuation via the DCF method, explicit estimates until 2020 and a long-term growth of 1.0% were used. Cash flows were discounted back at a weighted average cost of capital calculated according to the following parameters:

Table 2 - WACC derived from:

Interest costs, pre-tax	2.5%
Tax rate	35.0%
Inf. costs, after taxes	1.6%
Risk premium, incl. small size premium	9.0%
Risk-free (10Y Italian Gov. Bond 2W average)	1.40%
Beta levered (x)	1.00
Required ROE	10.4%

Source: CFO Sim

Table 3 - IWB, DCF model

€ m	2016e	2017e	2018e	2019e	2020e	Term. Val.
EBIT	8.9	10.9	13.0	13.4	13.8	
Tax rate	35.0%	35.0%	35.0%	35.0%	35.0%	
Operating profit (NOPAT)	5.8	7.1	8.5	8.7	9.0	
Change working capital	(0.2)	0.2	0.7	0.7	0.7	
Depreciation	3.1	3.2	3.2	2.2	2.0	
Investments	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	
Free Cash Flows	6.6	8.5	10.4	9.6	9.6	124.1
Present value	6.5	7.6	8.5	7.3	6.7	86.4
WACC	8.8%	8.8%	8.8%	8.8%	8.8%	
Long-term growth rate	1.0%					

Source: CFO Sim

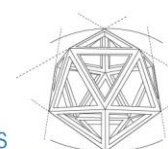


Table 4 – IWB, DCF per share derived from:

Total EV present value € m	123.0
<i>thereof terminal value</i>	70.3%
NFP FY-16e	(13.4)
Pension provision H1-16	(1.1)
Equity value € m	108.5
#m shares fully diluted	8.13
Equity value €/s	13.30
<i>% upside/(downside)</i>	<i>41.5%</i>

Source: CFO Sim

The application of the model produces an equity value of € 108.5m, which corresponds to **€ 13.30/s, with a potential upside of 41.5%**.

The following tables illustrate that 1) sensitivity to changes in the terminal growth rate produces an equity value per share of between € 12.05 – 15.02 (perpetuity range of between 0.00% and 2.00%), while 2) sensitivity to changes in the free risk rate produces an equity value/s of € 15.05–11.96 (free risk range of between 0.40% and 2.40%) and 3) sensitivity to changes in the risk premium, including small size premium, results in an equity value/s of € € 17.21-10.82 (risk premium range of between 7.0% and 11.0%).

Table 5 – IWB, equity value sensitivity to changes in terminal growth rate

€ m	0.00%	0.25%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%
Present value of CF	36.6	36.6	36.6	36.6	36.6	36.6	36.6	36.6	36.6
PV of terminal value	75.9	78.3	80.9	83.6	86.4	89.5	92.8	96.3	100.1
Total value	112.5	114.9	117.4	120.2	123.0	126.1	129.4	132.9	136.6
NFP FY-15A	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)
Pension provision	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)
Equity value	98.0	100.4	103.0	105.7	108.5	111.6	114.9	118.4	122.2
Equity value €/s	12.05	12.35	12.66	12.90	13.30	13.73	14.13	14.56	15.02

Source: CFO Sim

Table 6 – IWB, equity value sensitivity to changes in free risk rate

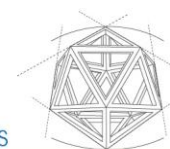
€ m	0.40%	0.65%	0.90%	1.15%	1.40%	1.65%	1.90%	2.15%	2.40%
Present value of CF	37.2	37.1	36.9	36.7	36.6	36.4	36.3	36.1	36.0
PV of terminal value	99.7	96.1	92.7	89.5	86.4	83.6	80.9	78.3	75.8
Total value	136.9	133.1	129.6	126.2	123.0	120.0	117.1	114.4	111.8
NFP FY-15A	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)
Pension provision	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)
Equity value	122.4	118.7	115.1	111.7	108.5	105.5	102.6	99.9	97.3
Equity value €/s	15.05	14.59	14.15	13.74	13.30	12.98	12.62	12.29	11.96

Source: CFO Sim

Table 7 – IWB, equity value sensitivity to changes in risk premium

€ m	7.00%	7.50%	8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%
Present value of CF	37.9	37.6	37.2	36.9	36.6	36.3	36.0	35.7	35.4
PV of terminal value	116.5	107.6	99.7	92.7	86.4	80.9	75.8	71.3	67.1
Total value	154.4	145.1	136.9	129.6	123.0	117.1	111.8	106.9	102.5
NFP FY-15A	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)
Pension provision	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)
Equity value	139.9	130.6	122.4	115.1	108.5	102.6	97.3	92.4	88.0
Equity value €/s	17.21	16.06	15.05	14.15	13.30	12.62	11.96	11.37	10.82

Source: CFO Sim



2.2. Market multiples

We have included 10 peers in the sample, operating in the wine producing and distribution arena. What characterizes our sample is the almost totality of turnover stemming from wine sales: from the 91.2% of Treasury Wine Estates to the 100% of Lanson, Laurent Perrier, Masi and Schloss. Our sample for wine producers comprises: **Baron de Ley (ES)**, **Lanson (FR)**, **Laurent Perrier (FR)**, **Masi Agricola (IT, listed on the Milan AIM)**, **Schloss Wachenheim (D)**, **Treasury Wine Estates (AU)**, **Vina Concha (ES)** and **Vranken Pommery Monopole (FR)**. In addition we have included two players involved purely in distribution of wine: **Majestic Wine (UK)** and **Hawesko (D)**.

Looking at these figures, it emerges that growth on offer on the market is limited, to the tune of 3.7% for producers and 4.2% for distributors. IWB is the smallest in terms of market capitalization and amongst the smallest in terms of turnover. However, thanks to Giordano Vini & Provinco integration benefits, it offers much higher than median wine producers projected profitability growth in 2015-18.

Table 8 - IWB, peers group summary table

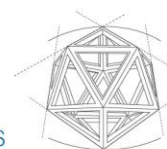
€ m	Mkt Cap	Wine % of Sales	Sales FY1	EBITDA FY1	EBITDA %	Sales CAGR15-18	EBITDA CAGR15-18	EBIT CAGR15-18	EPS CAGR16-18	NFP	NFP/EBITDA
Baron de Ley SA	434	99.0%	97	33	34.3%	3.6%	12.4%	17.3%	2.2%	(92)	(2.8)
Lanson BCC SA	214	100.0%	276	38	13.8%	3.4%	11.2%	12.6%	11.9%	461	12.0
Laurent Perrier SA	433	100.0%	251	55	21.8%	3.9%	7.4%	9.1%	12.3%	265	4.8
Masi Agricola SpA	135	100.0%	64	16	24.9%	3.9%	2.9%	5.0%	8.9%	(4)	(0.3)
Schloss Wachenheim	119	91.2%	293	27	9.1%	2.5%	3.0%	4.1%	-1.4%	40	1.5
Treasury Wine Estates	5,360	91.7%	1,775	372	21.0%	8.3%	17.9%	21.6%	16.3%	235	0.6
Vina Concha y Toro SA	1,139	97.6%	915	140	15.3%	8.2%	8.8%	10.7%	9.8%	324	2.3
Vranken Pommery	205	97.6%	318	43	13.6%	2.4%	6.9%	9.6%	10.0%	640	14.8
Wine producers median	324	98.3%	285	41	18.1%	3.7%	8.1%	10.2%	9.9%	250	1.9
Majestic Wine PLC	343		522	30	5.8%	6.2%	23.3%	50.8%	23.1%	23	0.8
Hawesko Holding AG	367		478	37	7.7%	2.1%	13.8%	17.1%	5.6%	(9)	(0.2)
Wine distr. median	355		500	33	6.7%	4.2%	18.6%	33.9%	14.3%	7	0.3
IWB	60	100%	146	11.9	8.2%	4.8%	14.7%	21.9%	23.1%	13	1.1

Source: CFO Sim, Thomson Reuters Eikon

Table 9 - IWB, peers group multiples table

Price & EV multiples x	PER FY1	PER FY2	PER FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3	EBIT FY1	EBIT FY2	EBIT FY3
Baron de Ley SA	16.2	16.8	15.5	10.3	9.5	8.7	13.3	11.9	10.6
Lanson BCC SA	13.7	12.0	11.0	17.6	15.5	14.3	21.1	18.3	17.2
Laurent Perrier SA	15.9	14.1	12.6	12.8	11.5	10.7	14.2	12.7	11.3
Masi Agricola SpA	16.4	14.6	13.8	8.2	7.8	7.4	11.3	10.6	10.2
Schloss Wachenheim	10.6	10.9	10.9	5.9	5.3	5.2	8.3	7.3	7.1
Treasury Wine Estates	27.8	23.2	20.6	15.0	12.9	11.6	19.0	15.9	13.7
Vina Concha y Toro SA	15.5	15.9	12.8	10.4	9.7	8.8	13.7	12.6	11.4
Vranken Pommery	16.0	13.9	13.2	19.6	18.7	19.1	25.8	24.2	24.8
Wine producers median	16.0	14.4	13.0	11.6	10.6	9.7	13.9	12.6	11.4
Majestic Wine PLC	23.5	16.9	15.5	12.1	9.6	n.a.	17.6	13.2	n.a.
Hawesko Holding AG	19.2	18.3	17.2	9.8	9.3	8.6	12.0	11.5	10.6
Wine distr. median	21.4	17.6	16.4	11.0	9.5	8.6	14.8	12.3	10.6
IWB	14.1	11.3	9.3	6.1	4.6	3.3	8.2	5.9	4.1
% prem.(disc.)to prod.	-11.7%	-21.7%	-28.4%	-47.2%	-57.0%	-66.1%	-40.9%	-53.4%	-63.8%
% prem.(disc.)to distr.	-34.0%	-36.1%	-43.1%	-44.1%	-51.9%	-61.5%	-44.5%	-52.3%	-61.2%

Source: CFO Sim, Thomson Reuters Eikon



IWB trades at a huge discount vs. peer medians – producers and distributors - at all levels considering EV multiples and PER. This can be partially explained by lower size, trading volumes and listing on the Milan AIM. Even if comparing IWB with Masi Agricola, also listed on the Milan AIM, and which offers higher margins but lower projected growth, it trades at discount. We believe this is not justified and the **stock has to fill somewhat the valuation gap compared to its peers.**

2.3. Stock performance

IWB was listed on the **Milan AIM** (Alternative Investment Market) on **29-Jan-15** at € 10/share, corresponding to a market capitalization post money of € 65.7m, through the innovate pre-booking company **IPO Challenger**, whose investors/ex-bondholders were reimbursed in kind with the listed shares and warrant of IWB, becoming direct shareholders and free float of the company. IWB also issued 6.16m warrants, 33% owned by the sponsors of the transaction and 67% owned by public investors. The stock now continues to trade **below the IPO price**, and reached the historical maximum of € 10.72/s on 20-May-15 and the minimum of € 8.53 on 17-Feb-16. IWB consistently underperformed peers, except as of the last month.

Table 10 - IWB, peers group absolute performance

	1D	1W	1M	3M	6M	YTD	1Y
Baron de Ley SA	0.6	0.8	(0.5)	0.9	3.2	(8.9)	12.4
Lanson BCC SA	0.5	0.6	(4.1)	(0.3)	(2.6)	(2.1)	(8.0)
Laurent Perrier SA	0.8	0.9	1.5	9.4	(6.9)	(11.9)	(8.6)
Masi Agricola SpA	0.0	0.4	0.0	(1.9)	(0.9)	(2.2)	(8.0)
Schloss Wachenheim AG	0.0	(1.2)	(1.3)	12.3	10.2	0.3	22.7
Treasury Wine Estates Ltd	(0.5)	(0.7)	2.7	11.1	15.2	31.8	80.2
Vina Concha y Toro SA	(0.9)	2.7	3.2	4.5	1.9	9.3	(0.0)
Vranken Pommery Monopole SA	(1.2)	(0.8)	(4.1)	0.0	(8.3)	(17.8)	(15.2)
Wine producers median	0.0	0.5	(0.2)	2.7	0.5	(2.2)	(4.0)
Majestic Wine PLC	(1.7)	(4.2)	(0.4)	(6.8)	(2.6)	37.8	4.6
Hawesko Holding AG	1.4	0.2	1.2	5.0	3.1	(1.2)	1.4
Wine distributors median	(0.1)	(2.0)	0.4	(0.9)	0.2	18.3	3.0
IWB	0.0	1.1	4.4	(1.3)	0.2	(6.4)	(7.7)

Source: Thomson Reuters Eikon

Table 11 – IWB, reference sector index and Italian Market performances

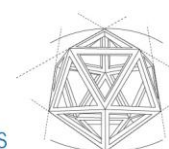
	1D	1W	1M	3M	6M	YTD	1Y
FTSE AIM All Share	0.0	0.0	2.8	11.9	12.9	8.6	8.9
Thomson Reuters Food & Beverage	0.2	(3.2)	(2.4)	5.3	4.3	3.6	n.a.
IWB	0.0	1.1	4.4	(1.3)	0.2	(6.4)	(7.7)

Source: Thomson Reuters Eikon

2.4. Risks

The principal investment **risks** in IWB may include:

- impact on economics and balance sheet profile triggered by a **deep decline in local and global economic growth**,
- **Competition** by similar initiatives
- **Changing in consumers habits**, slowing demand.



Income statement (€ m)	2014 PF	2015	2016e	2017e	2018e
Revenues	140.4	144.8	145.6	153.7	161.4
Purchasing	(68.0)	(71.0)	(75.8)	(79.2)	(82.3)
Services	(41.0)	(40.9)	(40.6)	(42.8)	(44.9)
Personnel	(17.0)	(16.9)	(17.3)	(17.6)	(17.9)
Other operating expenses	(4.4)	(5.3)	0.0	(0.0)	(0.0)
EBITDA adjusted	13.3	12.6	13.0	14.1	16.3
EBITDA	10.0	10.8	11.9	14.1	16.3
D&A	(2.8)	(3.6)	(3.1)	(3.2)	(3.2)
EBIT adjusted	10.5	9.0	10.0	10.9	13.0
EBIT	7.1	7.2	8.9	10.9	13.0
Financials	(2.3)	(1.8)	(0.6)	(0.5)	(0.4)
Extraordinary	0.0	0.0	0.0	0.0	0.0
Pre-Tax profit	4.9	5.4	8.3	10.4	12.6
Income taxes	(3.1)	(1.8)	(2.9)	(3.7)	(4.4)
Minorities	0.0	0.0	0.0	0.0	0.0
Net Profit adjusted	5.1	5.5	6.1	6.8	8.2
Net Profit	1.8	3.6	5.4	6.8	8.2
Balance sheet (€ m)	2014 PF	2015	2016e	2017e	2018e
Net Working Capital	14.1	4.5	4.5	4.4	3.7
Net Fixed Assets	100.6	102.0	100.9	99.8	98.5
Equity Investments	0.0	0.0	0.0	0.0	0.0
Other M/L Term A/L	(14.0)	(14.4)	(14.4)	(15.0)	(15.6)
Net Invested Capital	100.8	92.0	91.1	89.1	86.6
Net Financial Position	32.7	20.1	13.7	4.9	(5.8)
Minorities	0.0	0.0	0.0	0.0	0.0
Group's Shareholders Equity	68.0	72.0	77.4	84.2	92.4
Financial Liabilities & Equity	100.8	92.0	91.1	89.1	86.6
Cash Flow statement (€ m)	2014 PF	2015	2016e	2017e	2018e
Total net income	-	3.6	5.4	6.8	8.2
Depreciation	-	3.6	3.1	3.2	3.2
Other non-cash charges	-	(2.8)	(0.0)	0.6	0.6
Cash Flow from Oper. (CFO)	-	4.3	8.4	10.6	12.0
Change in NWC	-	9.5	(0.1)	0.2	0.7
FCF from Operations (FCFO)	-	13.8	8.4	10.8	12.7
Net Investments (CFI)	-	(34.5)	(2.0)	(2.0)	(2.0)
Free CF to the Firm (FCFF)	-	(20.7)	6.4	8.8	10.7
CF from financials (CFF)	-	43.5	0.1	1.6	2.5
Free Cash Flow to Equity (FCFE)	-	22.8	6.4	10.4	13.2
Financial ratios	2014 PF	2015	2016e	2017e	2018e
EBITDA margin	7.1%	7.4%	8.2%	9.2%	10.1%
EBIT margin	5.1%	5.0%	6.1%	7.1%	8.1%
Net profit margin	1.3%	2.5%	3.7%	4.4%	5.1%
Tax rate	62.9%	33.1%	35.0%	35.0%	35.0%
Interest coverage x	0.37	0.35	0.10	0.08	0.07
Net Debt/Ebitda x	3.29	1.86	1.15	0.35	(0.35)
Debt-to-Equity x	0.48	0.28	0.18	0.06	(0.06)
ROIC	1.8%	3.7%	5.9%	7.5%	9.3%
ROCE	7.8%	5.5%	6.5%	7.5%	8.3%
ROACE	7.8%	5.4%	6.7%	7.8%	8.6%
ROE	2.7%	5.1%	7.2%	8.4%	9.3%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Per share figures	2014 PF	2015	2016e	2017e	2018e
Final N. of shares # m	6.58	6.58	6.36	6.36	6.36
Average N. of shares # m	6.58	6.58	6.47	6.36	6.36
Final N. of shares (fully diluted) # m	6.58	6.58	8.13	8.13	8.13
EPS reported €	0.28	0.55	0.84	1.07	1.29
EPS reported FD €	0.28	0.55	0.67	0.83	1.01
EPS adjusted FD €	0.28	0.55	0.67	0.83	1.01
EBITDA FD €	1.52	1.64	1.47	1.74	2.00
EBIT FD €	0.05	0.11	0.04	0.05	0.06
FCFO FD €	-	2.10	1.03	1.32	1.56
FCFF FD €	-	(3.15)	0.78	1.08	1.32
FCFE FD €	-	3.46	0.79	1.28	1.62
Dividend €	0.00	0.00	0.00	0.00	0.00



ANALYST CERTIFICATION

This publication was prepared by **LUCA ARENA**, Head of the Equity Research Department of "Corporate Family Office SIM S.p.A." ("CFO SIM").

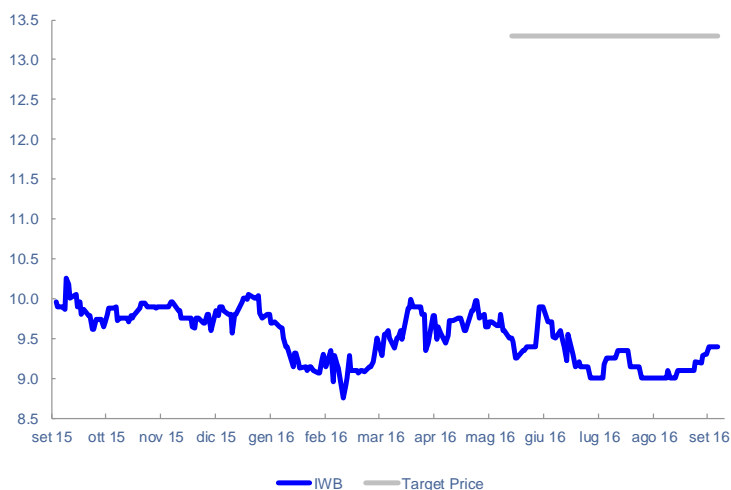
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DATE	TARGET PRICE	RATING
16/09/16	€ 13.30	BUY
24/05/16	€ 13.30	BUY

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