TXT E-SOLUTIONS

PRIVATE & CORPORATE UNITY

Company Update — **Buy (from Add)**

02 September 2013 — *MARKET PRICE:* ***EUR10.24*** — *TARGET PRICE:* ***EUR11.74 (from EUR9.20)***

Software & comp services

Data

Shares Outstanding (m):	5.2
Market Cap. (EURm):	53.8
Enterprise Value (EURm):	50.9
Free Float (%):	42%
Av. Daily Trad. Vol. (m):	0.013
Main Shareholder:	4CV PTE LTD 29.7%
Reuters/Bloomberg:	TXTS.MI TXT IM
52-Week Range (EUR)	4.9 10.7

Performance

	1m	3m	12m
Absolute	-0.7%	7.8%	106.9%
Rel. to FTSE IT	-1.8%	11.4%	82.8%

Graph area Absolute/Relative 12 M

Next event

06/11/2013 3Q13 results

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Healthy 1H13 results

Once again TXT e-solutions reported buoyant results: in the first half of 2013 revenues were up 12% although market conditions remained tough; cash generation gave net cash of EUR4.1 million (vs. EUR3.2 million at Dec-12) despite the cash out for dividends (EUR2.1 million), the acquisition of further treasury shares (EUR0.7 million) and the payment of bonuses. The gross margin increased slightly (to 52.8%) but the operating margin showed a small decline compared to 1H12 due to the higher R&D and marketing costs sustained to penetrate the US market and increased D&A expenses related to the acquisition of Maple Lake. We have fine-tuned our 2013-15 estimates incorporating lower sales growth due to the persistent weakness of the European market, higher D&A costs and financial charges, partially offset by a lower tax rate. This results in an average 4% decline in our 2013-15 net profit forecasts. Despite the sharp increase in the TXT share price since our last report in March 2012 (+31%), we remain buyers of the shares. The company has confirmed its excellent track record in integrating new acquisitions and improving its product mix. Our target price rises to EUR11.74 per share (from EUR9.20). This is due to the sector re-rating and the increase to 2.0% from 1.0% in the forecast terminal growth rate of our DCF model; the latter reflects the increasing international exposure and sales. Our target price offers an attractive 15% upside to the current market price.

- 2Q/1H13 sales and EBITDA were broadly in line with our estimates, while net profit beat our expectations due to the lower tax rate resulting from increased exposure to countries with lower taxation than Italy. Net cash increased to EUR4.1 million vs. EUR3.2 million at Dec-12 and include a provision of EUR2.7 million for the potential earn-out to be paid to Maple Lake.
- We like the strong effort in product innovation made by the company (R&D costs increased by 26% in the first half and represent nearly 10% of sales). In particular, the new applications developed in 1H13 give TXT a first mover position in the cloud and mobile software for the luxury and retail sectors.
- Our target price of EUR11.74 per share derives from a DCF and a relative valuation. The DCF method produces a fair value of EUR11.81 per share. The relative valuation, based on a comparison of multiples (P/E and EV/EBITDA), gives a value of EUR11.66 per share. The share is currently trading at a 28% discount to peers.

Financials

	2012	2013E	2014E	2015E
Revenues (EURm)	46.5	52.8	58.0	62.5
EBITDA (EURm)	5.3	6.5	8.0	9.4
EBITDA margin (%)	11.4%	12.3%	13.9%	15.0%
EBIT (EURm)	4.2	5.0	6.6	8.0
EPS (EUR)	0.949	0.761	0.908	1.123
CFPS (EUR)	0.864	1.060	1.033	1.292
DPS (EUR)	0.400	0.228	0.273	0.337

Source: Company Data, UBI Banca Estimates

Ratios

	2012	2013E	2014E	2015E
P/E(x)	5.5	13.4	11.3	9.1
P/CF(x)	4.5	9.8	8.6	7.4
P/BV(x)	1.1	1.9	1.7	1.5
Dividend Yield	7.7%	2.2%	2.7%	3.3%
EV/EBITDA(x)	5.3	7.9	5.9	4.5
Debt/Equity (x)	-0.1	-0.2	-0.3	-0.4
Debt/EBITDA (x)	-0.6	-0.9	-1.2	-1.6

Source: Company Data, UBI Banca Estimates

Key Financials

(EURm)	2012	2013E	2014E	2015E
Revenues	46.5	52.8	58.0	62.5
EBITDA	5.3	6.5	8.0	9.4
EBIT	4.2	5.0	6.6	8.0
NOPAT	2.8	3.3	4.4	5.3
Free Cash Flow	-10.0	5.1	5.0	6.4
Net Capital Employed	22.9	21.9	21.6	21.1
Shareholders' Equity	26.2	28.0	31.6	36.0
Net Financial Position	-3.2	-6.1	-10.0	-14.9

Source: Company data, UBI Banca estimates

Key Profitability Drivers

	2012	2013E	2014E	2015E
Net Debt/EBITDA (x)	-0.6	-0.9	-1.2	-1.6
Net Debt/Equity (x)	-0.1	-0.2	-0.3	-0.4
Interest Coverage (%)	32.7	0.0	54.6	35.4
Free Cash Flow Yield (%)	-35.6%	9.4%	9.3%	11.9%
ROE (%)	19.6%	14.3%	15.1%	16.4%
ROI (%)	21.9%	18.4%	24.8%	30.6%
ROCE (%)	14.7%	12.3%	16.6%	20.5%

Source: Company data, UBI Banca estimates

Key Valuation Ratios

	2012	2013E	2014E	2015E
P/E (x)	5.5	13.4	11.3	9.1
P/BV (x)	1.1	1.9	1.7	1.5
P/CF (x)	4.5	9.8	8.6	7.4
Dividend Yield (%)	7.7%	2.2%	2.7%	3.3%
EV/Sales (x)	0.6	1.0	0.8	0.7
EV/EBITDA (x)	5.3	7.9	5.9	4.5
EV/EBIT (x)	6.7	10.2	7.2	5.3
EV/CE (x)	1.2	2.3	2.2	2.0

Source: Company data, UBI Banca estimates

Key Value Drivers

(%)	2012	2013E	2014E	2015E
Payout	42.1%	30.0%	30.0%	30.0%
Cost of Equity	9.5%	9.5%	9.5%	9.5%
WACC	9.5%	9.5%	9.5%	9.5%
NWC/Sales	13.5%	11.8%	12.2%	12.1%
Capex/Sales	-1.8%	-0.9%	-0.7%	-0.6%

Source: Company data, UBI Banca estimates

Recent Developments

- TXT had first half 2013 sales up 12%, thanks to the consolidation of Maple Lake (luxury and fashion customers) and the positive sales trend in the US (international sales increased by 14.8% and now represent 52% of total revenues). We estimate organic growth around 2%, well above the reference market, with the first quarter slightly stronger than 2Q13.
- As expected, the EBITDA margin declined slightly in the first half due to higher R&D and commercial costs to support the development of new products and the penetration in the US; this led to an EBITDA margin of 12% compared to 13.3% in 1H13.
- Higher D&A costs (from the consolidation of Maple Lake) and financial charges and the lack of non-recurring gains (EUR0.6 million last year for the sale of the residual KIT Digital shares) reduced net profit to EUR2 million (EUR2.9 million in 1H12).
- Net cash increased to EUR4.1 million vs. EUR3.2 million at Dec-12.

TXT reported 1H12 sales of EUR26.3 million (+12%) and EBITDA of ca. EUR3.1 million (12% margin).

Figure 1 -2Q13 and 1H13 results

(EURm)	**2Q12A**	**2Q13A**	**% Chg.**	**1H112A**	**1H13A**	**% Chg.**
TXT Perform	6.44	7.57	17.6%	12.81	15.39	20.1%
TXT Next	5.41	5.48	1.4%	10.64	10.87	2.2%
(EURm)	**2Q12A**	**2Q13A**	**% Chg.**	**1H112A**	**1H13A**	**% Chg.**
Sales	11.85	13.05	10.2%	23.45	26.27	12.0%
EBITDA	**1.66**	**1.68**	**1.2%**	**3.12**	**3.14**	**0.8%**
Margin (%)	**14.0%**	**12.9%**		**13.3%**	**12.0%**	
D&A	-0.26	-0.36	36.3%	-0.48	-0,70	45.9%
EBIT	1.40	1.33	-5.3%	2.64	2.45	-7.4%
Margin (%)	11.8%	10.2%		11.3%	9.3%	
Pre-Tax Profit	1.50	1.22	-18.7%	2.82	2.29	-18.9%
Net income before disc. op.	1.38	1.09	-21.4%	2.29	2.01	-12.2%
Net income after disc. op.	1.31	1.09	-17.4%	2.90	2.01	-30.5%
Net debt/(cash)	**-14.9**	**-4.1**		**-14.9**	**-4.1**	

Source: Company data

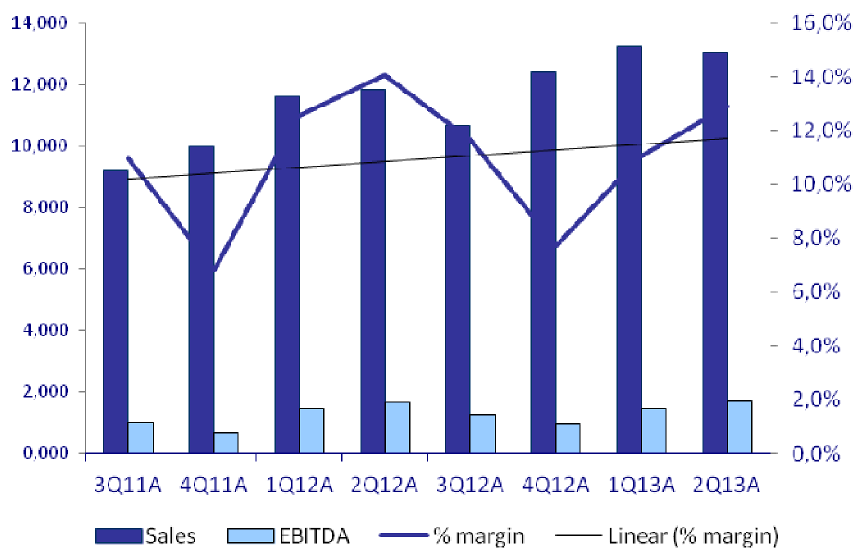
TXT Perform, which benefited from the consolidation of Maple Lake, reported first half sales of EUR15.4 million (up 20.1%YoY) and accounted for 59% of consolidated revenues. In particular, the company results were driven by the positive trend in international sales (+14.8%) mostly in the US, which, however, is growing slightly below the company's original expectations. The gross margin increased to 63.5% from 62.6% and was almost EUR10 million thanks to a better product mix. Currently TXT Perform has 350 active customers in the luxury, fashion and retail sectors with a market share of around 15% in Europe and 5% worldwide and a potential market of 1,500 large retailers in Europe and North America. The company is expanding strongly its product innovation and in the first half presented an updated version of its best selling product, TXT Retail Planning, and extended its software to mobile and cloud solutions.

TXT Next reported 1H13 sales of EUR10.9 million, or +2.2%, with a positive trend in sales to "Aerospace & Defence" sector customers (approximately +7%) and a good trend in the Banking & Finance sector (+3-4%). This growth was partially offset by lower grants for R&D expenses related to funded projects, a trend which is likely to continue in the future. Its gross margin declined slightly to 37.7% from 40% in 1H12.

At consolidated level the gross margin increased to 52.8% compared to 52.3% in 1H12 thereby confirming the company's ability to integrate new acquisitions without diluting the gross margin. However, EBITDA was hit by higher R&D costs (it should be noted that R&D costs are fully charged to the P&L since 2012) to develop new products and by an increase in marketing and distribution expenses to support the penetration in the US market. It was just 0.8% above the figure for last year with some margin deterioration (from 13.3% to 12%). EBIT was also hit by higher D&A costs (up 45%) linked to the acquisition of Maple Lake.

Figure 2 – Sales and profitability quarterly trend

In the past eight quarters there was a continuous improvement in both revenues and EBITDA margins



Source: Company data

Below the operating line, we highlight the increase in financial charges mainly due to lower interest income, forex losses, and notional charges on the earn-out clause for the acquisition of Maple Lake (around EUR0.1 million).

Net profit was EUR2 million, down 30% compared with 1H12. However, stripping out the capital gain of EUR0.6 million reported last year on the disposal of the residual stake in KIT Digital, the net profit declined by 12%.

Once again, the company was able to deliver healthy cash generation. It had a positive net financial position in excess of EUR4.1 million (vs. EUR3.2 million at Dec-12) despite the cash out for dividends (EUR2.1 million), the acquisition of further treasury shares (EUR0.7 million) and the payment of bonuses. TXT's net financial position includes EUR2.7 million of debt related to the earn-out clause for the acquisition of Maple Lake, which will only be paid if certain growth and profitability targets are reached in 2013 and 2014.

Financial Projections

- We have fine-tuned our estimates for 2013-15 following the 1H13 results. We have lowered our revenue forecasts by 6.2% for this year as prospects in Europe remain weak and we expect lower growth in the US. Our sales estimates for 2014-15 have been reduced by around 4.5%.
- Our estimates for EBITDA margins remain mainly unchanged but higher D&A costs and financial charges have led to a reduction of around 11.5% in our pre-tax profit estimates for 2013-15. However, estimates for net profit have fallen by less than 5% as TXT should benefit from a much lower tax rate as exposure to countries with a lower tax rate than Italy increases.
- We have also revised our forecasts for the net financial position and increased the cash generation expected in coming years as NWC falls further.

Attractive top line growth (+14% this year, +10% in 2014 and +8% in 2015) comes from the fashion, retail and luxury sectors where companies are continuing to invest in the integrated planning of their business (from products to distribution in-store or online) and where TXT is providing services to a growing number of branded groups. TXT Perform is therefore expected to have CAGR in sales of 14% up to 2015. The top line growth of TXT Next is expected to be more moderate (we estimate a CAGR of 5.3%) due to the weak software market in Europe and the reduction in grants for R&D expenses related to funded projects. However, the ongoing improvement in the macroeconomic environment should allow TXT Next to accelerate its growth in coming years.

Figure 3 –New vs. old estimates

(EURm)	2012A	2013E		2014E		2015E	
		Old	New	Old	New	Old	New
Sales	46.5	56.3	52.8	60.5	58.0	65.5	62.5
% change			-6.2%		-4.1%		-4.6%
EBITDA	5.3	7.0	6.5	8.7	8.1	9.8	9.4
% change			-7.4%		-7.7%		-4.8%
Pre-tax profit	4.4	5.3	4.7	7.2	6.4	9.0	8.0
% change			-11.3%		-12.0%		-11.4%
Net profit after disc. operations	5.1	3.9	4.0	5.2	4.8	6.3	5.9
% change			2.1%		-8.0%		-6.3%
Net Debt (cash)	-3.2	-5.0	-6.1	-9.7	-10.0	-14.4	-14.9
% change			21.7%		3.2%		3.8%
EPS	0.95	0.76	0.76	1.01	0.91	1.23	1.12
% Change			-0.3%		-10.1%		-8.5%

Source: Company data, UBI Banca estimates

While the gross margin should gradually increase due to a better product mix and higher margin projects done for large companies, the EBITDA has been reduced slightly to factor in higher selling and distribution costs for the integration of Maple Lake and the penetration of the US markets. Our reduction in pre-tax profit estimates is higher as we now forecast some increase in D&A costs related to the intellectual property of the software coming from Maple Lake, lower financial income due to the fall in interest rates and the notional charges on the earn-out clause for the acquisition of Maple Lake.
However, we have increased our 2013 bottom line slightly as we expect a lower tax rate of around 15% (vs. a previous estimate of 26%) attributable to the higher exposure to countries with a more favourable tax rate and the utilization of carry forward losses. In 2014-15 we do not expect the tax rate to exceed 25-26%.

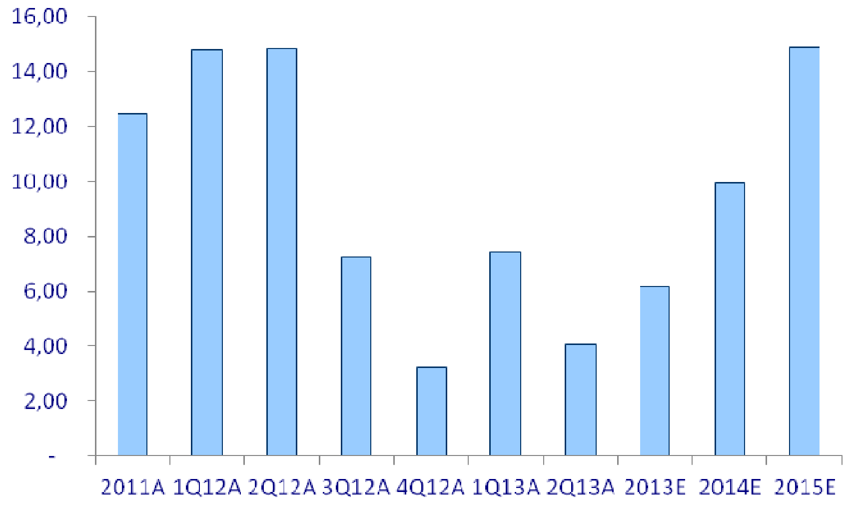
Our DPS assumptions are based on a pay-out ratio of 30% of net income from operations (plus 100% of non-recurring income, which has not been included in our estimates) and we estimate a dividend of EUR0.23 per share this year, EUR0.27 in 2014 and EUR0.34 in 2015 giving a dividend yield of over 2% despite the rally in the shares in the past 12 months (+107%).

As for the net financial position, we expect a continuous improvement in cash generation, which could exceed EUR15 million in 2015, thanks to a reduction in trade receivables linked to lower exposure to Italian customers (who generally have more generous payment terms) and lower capex as TXT has not capitalised R&D costs since 2012.

Net cash should reach EUR6.1 million at Dec-13 and nearly EUR15 million at Dec-15, leaving ample room for the company to make further acquisitions. This estimate includes the potential earn-out of EUR2.7 million to be paid to Maple Lake on the attainment of certain performance targets.

Figure 4 – Trend in net cash position

In 3Q12, net cash position decreased due to the acquisition of Maple Lake for CAD12 million (around EUR9.7 million). Excluding the potential earn-out of EUR2.7 million, net cash would have reached EUR6.8 million at June-13.



Source: Company data, UBI Banca estimates

Valuation

- Given our revised estimates, the sector re-rating and our new DCF assumptions, which include an increase to 2.0% from 1.0% in our forecast terminal growth rate due to increased international exposure and sales, we have a new target price of EUR11.74 per share, up from EUR9.20 per share.
- Our target price is generated from a DCF method and a Relative valuation. Our DCF method (WACC of 9.5%, g of 2.0%) produces a fair value of EUR11.82 per share. Our relative valuation, based on multiples comparisons (P/E and EV/EBITDA), delivers a fair value of EUR11.66 per share.
- At the current market price, the shares, which have outperformed the market (FTSE IT All Share index) by ca. 11% in the past three months, are still trading at an average discount of 27.9% to the group's main peers.
- It is important to note that any eventual re-leveraging of the company would significantly reduce TXT's WACC and boost the appeal of the stock. Assuming gearing of 50%, TXT's WACC would drop to 5.8% (from the current figure of 9.5%), increasing our DCF valuation to EUR21.8 per share. Therefore, a sizeable acquisition, an aggressive buy back of shares or an extraordinary dividend distribution would have a positive impact on our valuation.

Figure 5 – Target price

Valuation		Fair value (EUR)
1	DCF	11.81
2	Relative valuation (avg P/E and EV/EBITDA 2013-15)	11.66
	Average	**11.74**
	current market price	10.24
	upside /(downside) potential	14.5%

Source: UBI Banca estimates

Figure 6 – DCF Valuation

	(EUR m)	(% weight)
Sum of PV 2013-18 FCF	23.5	38%
Terminal value	38.5	62%
Total Enterprise value	**62.0**	**100%**
- Pension Provision at June-13	(3.3)	
- Treasury shares	7.1	
- Net cash at June-13	4.1	
Total Equity value	**69.8**	
Fair value per share (EUR)	**11.81**	
Implied multiples	**2013**	**Terminal**
Implied EV/EBITDA	8.9	8.0
Implied EV/EBIT	11.6	8.6
Implied PE	15.5	

Source: UBI Banca estimates

Figure 7 – WACC assumptions

WACC assumptions	Estimate
Risk Free rate	2.0%
Debt spread (%)	1.0%
Cost of debt [gross] (%)	3.0%
tax shield (%)	33.0%
Cost of debt [net] (%)	2.0%
Market risk premium (%)	7.5%
Beta (x)	1.00
Cost of equity (%)	9.5%
Weight of Debt (Wd)	0.0%
Weight of Equity (We)	100.0%
WACC	**9.5%**

Source: UBI Banca estimates

Figure 8 – Multiple comparison

TXT e-solutions is trading at an attractive discount to its peers (on average almost 30%). It is also important to highlight that TXT e-solutions has significant net cash (EUR4.1 million at June-13) and this penalizes the company's multiple comparison, particularly on P/E. In fact, at the current interest rate (1.85% for the European 10-year bond and 4.38% for Italy), net cash implicitly trades at 54x P/E in Europe and at around 23x in Italy, well above the industry multiples.

	P/E			EV/EBITDA			EV/SALES		
	2013E	2014E	2015E	2013E	2014E	2015E	2013E	2014E	2015E
Groupe Steria S.C.A.	6.4	5.1	4.6	4.3	3.7	3.2	0.36	0.33	0.30
Computacenter PLC	13.5	11.5	10.4	5.7	4.9	4.1	0.20	0.19	0.17
Sopra Group	11.8	9.9	8.6	7.8	6.4	5.3	0.68	0.61	0.55
Ordina N.V.	24.2	14.5	9.0	10.6	6.7	4.6	0.33	0.29	0.26
GFI Informatique S.A.	11.1	9.3	8.6	4.6	4.1	3.1	0.33	0.30	0.25
Devoteam S.A.	11.8	15.1	9.7	4.1	3.3	2.6	0.19	0.18	0.16
Tieto Oyj	11.0	9.6	9.1	5.3	4.6	4.4	0.64	0.63	0.60
Capgemini	14.0	12.8	11.6	5.5	4.8	4.3	0.58	0.52	0.48
ATOS	12.6	11.4	10.5	4.5	3.9	3.3	0.49	0.44	0.39
Swisslog Holding AG	20.7	15.1	14.2	7.1	5.9	5.2	0.33	0.31	0.30
Amadeus IT Holding S.A.	17.8	16.3	15.2	10.3	9.4	8.6	3.96	3.63	3.37
Aveva Group PLC	25.8	22.2	19.2	16.4	13.9	11.5	5.46	4.75	4.11
Sage Group PLC	15.7	14.3	12.9	10.3	9.9	9.5	3.04	2.98	2.87
SAP AG	16.6	14.8	13.1	10.9	9.3	8.1	4.01	3.50	3.04
Software AG	11.7	10.8	9.8	7.8	6.7	5.6	2.04	1.83	1.57
Temenos Group AG	21.2	18.1	15.5	12.6	10.8	9.1	3.81	3.41	2.94
Dassault Systemes S.A.	26.3	23.9	21.6	14.8	12.5	10.7	4.97	4.39	3.87
Median Software provider EU peers	**14.0**	**14.3**	**10.5**	**7.8**	**6.4**	**5.2**	**0.64**	**0.61**	**0.55**
DesCartes Systems Group Inc.	16.7	15.4	14.4						
Oracle Corp.	11.0	10.0	9.2	6.6	6.0	5.1	3.31	3.05	2.60
Totvs S/A	21.1	18.3	16.3	14.3	12.6	11.0	3.78	3.37	3.01
Median Software provider other peers	**16.7**	**15.4**	**14.4**	**10.5**	**9.3**	**8.0**	**3.54**	**3.21**	**2.81**
Average	**15.3**	**13.3**	**11.6**	**8.2**	**7.0**	**6.0**	**1.9**	**1.7**	**1.5**
TXT e-solutions	**13.5**	**11.3**	**9.1**	**7.9**	**5.9**	**4.5**	**0.97**	**0.81**	**0.68**
Premium/(discount)	**-11.9%**	**-14.9%**	**-21.2%**	**-3.9%**	**-15.8%**	**-24.5%**	**-49.9%**	**-53.2%**	**-56.2%**

Source: UBI Banca estimates for TXT e-solutions, Factset for peers

Income Statement

(EURm)	2012	2013E	2014E	2015E
Net Revenues	46.5	52.8	58.0	62.5
EBITDA	5.3	6.5	8.0	9.4
EBITDA margin	11.4%	12.3%	13.9%	15.0%
EBIT	4.2	5.0	6.6	8.0
EBIT margin	9.1%	9.4%	11.3%	12.8%
Net financial income /expense	0.1	-0.3	-0.2	-0.0
Associates & Others	0.0	0.0	0.0	0.0
Profit before taxes	4.4	4.7	6.4	8.0
Taxes	-0.2	-0.7	-1.6	-2.1
Minorities & discontinuing ops	0.9	0.0	0.0	0.0
Net Income	5.1	4.0	4.8	5.9

Source: Company data, UBI Banca estimates

Balance Sheet

(EURm)	2012	2013E	2014E	2015E
Net working capital	6.3	6.2	7.1	7.6
Net Fixed assets	21.3	20.3	19.2	18.2
M/L term funds	-4.7	-4.7	-4.7	-4.7
Capital employed	22.9	21.9	21.6	21.1
Shareholders' equity	26.2	28.0	31.6	36.0
Minorities	0.0	0.0	0.0	0.0
Shareholders' funds	26.2	28.0	31.6	36.0
Net financial debt/(cash)	-3.2	-6.1	-10.0	-14.9

Source: Company data, UBI Banca estimates

Cash Flow Statement

(EURm)	2012	2013E	2014E	2015E
NFP Beginning of Period	-12.5	-3.2	-6.1	-10.0
Group Net Profit	5.1	4.0	4.8	5.9
Minorities	0.0	0.0	0.0	0.0
D&A	1.1	1.5	1.5	1.4
Change in Funds & TFR	0.0	0.0	0.0	0.0
Gross Cash Flow	6.2	5.5	6.3	7.3
Change In Working Capital	-1.5	0.1	-0.8	-0.5
Other	0.0	0.0	0.0	0.0
Operating Cash Flow	4.7	5.6	5.4	6.8
Net Capex	-0.9	-0.5	-0.4	-0.4
Other Investments	-14.0	0.0	0.0	0.0
Free Cash Flow	-10.0	5.1	5.0	6.4
Dividends Paid	-2.0	-2.2	-1.2	-1.4
Other & Chg in Consolid. Area	0.0	0.0	0.0	0.0
Chg in Net Worth & Capital Incr.	2.8	0.0	-0.0	0.0
Change in NFP	-9.3	2.9	3.8	5.0
NFP End of Period	-3.2	-6.1	-10.0	-14.9

Source: Company data, UBI Banca estimates

Financial Ratios

(%)	2012	2013E	2014E	2015E
ROE	19.6%	14.3%	15.1%	16.4%
ROI	21.9%	18.4%	24.8%	30.6%
Net Fin. Debt/Equity (x)	-0.1	-0.2	-0.3	-0.4
Net Fin. Debt/EBITDA (x)	-0.6	-0.9	-1.2	-1.6
Interest Coverage	32.7	0.0	54.6	35.4
NWC/Sales	13.5%	11.8%	12.2%	12.1%
Capex/Sales	-1.8%	-0.9%	-0.7%	-0.6%
Pay Out Ratio	42.1%	30.0%	30.0%	30.0%

Source: Company data, UBI Banca estimates

Per Share Data

(EUR)	2012	2013E	2014E	2015E
EPS	0.949	0.761	0.908	1.123
DPS	0.400	0.228	0.273	0.337
Op. CFPS	0.864	1.060	1.033	1.292
Free CFPS	-1.850	0.965	0.957	1.216
BVPS	4.834	5.333	6.013	6.863

Source: Company data, UBI Banca estimates

Stock Market Ratios

(x)	2012	2013E	2014E	2015E
P/E	5.5	13.4	11.3	9.1
P/OpCFPS	6.0	9.7	9.9	7.9
P/BV	1.1	1.9	1.7	1.5
Dividend Yield (%)	7.7%	2.2%	2.7%	3.3%
Free Cash Flow Yield (%)	-35.6%	9.4%	9.3%	11.9%
EV (EURm)	28.2	50.9	47.1	42.2
EV/Sales	0.6	1.0	0.8	0.7
EV/EBITDA	5.3	7.9	5.9	4.5
EV/EBIT	6.7	10.2	7.2	5.3
EV/Capital Employed	1.2	2.3	2.2	2.0

Source: Company data, UBI Banca estimates

Growth Rates

(%)	2012	2013E	2014E	2015E
Growth Group Net Sales	-1.5%	13.6%	9.8%	7.8%
Growth EBITDA	0.1%	21.8%	24.2%	16.5%
Growth EBIT	170.4%	17.4%	31.4%	21.8%
Growth Net Profit	-63.8%	-22.2%	19.3%	23.6%

Source: Company data, UBI Banca estimates

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Historical ratings and target prices

Date	Rating	Target Price (EUR)	Market Price (EUR)
20.11.2009	Hold	7,86	7,76
11.03.2010	Hold	7,25	6,64
03.09.2010	Hold	5,93	5,43
14.03.2011	Buy	7,27	6,00
18.03.2011	Buy	12,10	7,97
05.09.2011	Buy	12,10	8,49
29.11.2011	Buy	14,90	13,02
15.12.2011	Buy	10,90	8,72
14.03.2012	Buy	11,85	9,12
11.05.2012	Buy	12,25	10,7
06.09.2012	Buy	7,25	4,93
04.10.2012	Buy	8,20	5,27
12/03/2013	Add	9,20	7,82