

## Company update

**BUY** (Unchanged)

**Target: € 1.4** (Prev. € 1.7)

Risk: High

STOCK DATA	Ord
Price €	0.9
Bloomberg code	FKR IM
Market Cap. (€ mn)	259
Free Float	29%
Shares Out. (mn)	291.4
52-week range	0.84 - 1.51
Daily Volumes (mn)	0.42

PERFORMANCE	1M	3M	12M
Absolute	-11.0%	-16.9%	-30.3%
Rel. to FTSE all shares	-9.4%	-7.8%	-32.7%

MAIN METRICS	2013	2014E	2015E
REVENUES	276	247	263
EBITDA	157	129	139
NET INCOME	15	-2	2
Adj. EPS - € cents	7.9	0.4	1.8
DPS ord - € cents	3.2	-0.5	0.3

FKR	2013	2014E	2015E
P/E adj	nm	235.7 x	50.4 x
EV/EBITDA rep	6.7 x	8.5 x	8.0 x

REMUNERATION	2013	2014E	2015E
Div. Yield ord	3.6%	-0.6%	0.4%
FCF yield	35.3%	42.2%	-4.6%

INDEBTEDNESS	2013	2014E	2015E
Net fin position	-757	-647	-669
Debt/EBITDA	4.8 x	5.0 x	4.8 x
Interests cov	3.2 x	2.5 x	2.6 x

### PRICE ORD LAST 365 DAYS



### ANALYSTS

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# 472

## A COMPLETED CYCLE. A NEW CYCLE

*With the last deals in the services business, Fkr has now completed its repositioning. The group is ready to push up investments during 2015 for the new cycle of expansion, but the reference scenario has deteriorated (both in terms of expected productions and prices, as well as the timing for the Wte business development). In light of a more conservative approach on the above elements, we are reducing Ebitda expectations in the region of -10% in the coming years, as well as the reference target price to 1.4 €/share (-17%). BUY confirmed.*

### ■ 2014 ends a cycle. 2015 more a transitional year

Falck Renewables will present its strategy update in March 2015 after the significant restructuring of its business in the past 1.5 years, which led to:

- the successful disposal of minority stakes in the UK wind assets
- the acquisition of the new Services business (Vector Cuatro)
- the development of the Wte/Biomass business in the UK.

Although we think Fkr has built up a reasonable portfolio of assets to be developed and is now ready to accelerate on capex during 2015, we also believe that the final contribution of the new plants will be penalised by both a weaker underlying scenario (lower power prices mainly for wind) and a longer development phase (mainly for Services and Wte in UK) than originally expected. While the group is working on the new strategy plan revision, we have changed our P&L assumptions for the coming years, with a more conservative approach for the following:

- power prices (both in UK and Italy) from lagging energy demand recovery and lower oil price (reduction of 2-3 €/MWh);
- expected productions from wind parks in coming years (with "historical average" load factors penalised by a very poor 2014);
- a conservative 1 year delay in the start-up of the first Wte plants in the UK (2017 vs 2016).

In light of the above, we have reduced our Ebitda expectations in the region of -10% for the coming years, as well as our valuation in the region of -17% to 1.4 € per share.

We believe 2015 will be more a transitional year for Falck Renewables, with the main contribution coming from the recovery from 2014 one-offs (bad weather conditions and Wte stoppage) rather than organic contribution, and growing debt from the enhanced capex of new pipeline development which will contribute from 2018 onwards.

### ■ BUY confirmed. Delivery will be crucial on new strategy plan.

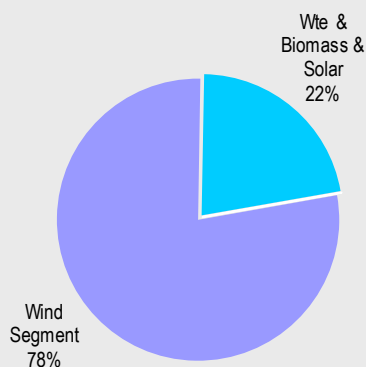
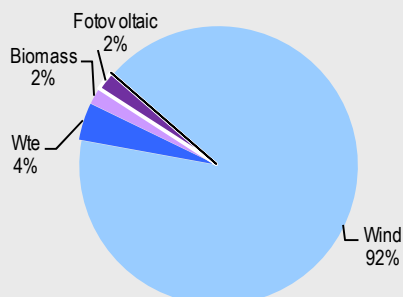
Our new target price offers a +58% upside, thus allowing us to confirm our BUY recommendation. Falck Renewables:

1. remains well-positioned in the industry with high quality assets and good diversification in the Waste business. We expect a +9% EBITDA CAGR through 2018 (+15€ mn Net Income) and a reduced regulatory risk from already implemented severe modifications. The commitment of Pension Denmark to sustain future investments increases visibility in the long run;
2. might actually derive some benefits from its additional development in Waste/Biomass in the UK, above our expectations. (new strategy to be presented in March);
3. still trades at around 1.4 €mn/MW, or at a 20-30% discount to recent M&A deals involving similar assets within the market.

Delivery on the new strategy plan (march 2015) will be crucial during 2015-2016.

**BUSINESS DESCRIPTION**

Falck Renewables SpA develops, designs, constructs and manages energy production plants in the renewable segment. The expertise of Falck Renewables SpA covers the entire life cycle of a project, from preliminary activities (pre-feasibility and feasibility studies, technical/economic evaluation, optimum design of the plant, and financial plan) and executions (preparation of the contract technical specifications and contractual documents, negotiation and assignment of contracts, construction supervision), through to operation and maintenance and energy portfolio management activities. The group is active in wind, photovoltaic, vegetable biomass, urban and special waste treatment and is present in Italy, Uk, Spain & France.

**EBITDA COMPOSITION - 2013****INSTALLED CAPACITY**

MAIN FIGURES € mn	2012	2013	2014	2015E	2016E	2017E
<b>REVENUES</b>	<b>275</b>	<b>276</b>	<b>247</b>	<b>263</b>	<b>273</b>	<b>294</b>
Growth	10%	0%	-10%	7%	4%	8%
<b>EBITDA</b>	<b>158</b>	<b>157</b>	<b>129</b>	<b>139</b>	<b>146</b>	<b>157</b>
Growth	11%	-1%	-18%	8%	5%	8%
<b>Adj EBITDA (Incl JV)</b>	<b>158</b>	<b>157</b>	<b>129</b>	<b>139</b>	<b>146</b>	<b>157</b>
Growth	11%	-1%	-18%	8%	5%	8%
<b>EBIT</b>	<b>-21</b>	<b>79</b>	<b>55</b>	<b>64</b>	<b>68</b>	<b>75</b>
Growth	-127%	-471%	-31%	17%	7%	10%
<b>PBT</b>	<b>-68</b>	<b>31</b>	<b>5</b>	<b>13</b>	<b>17</b>	<b>23</b>
Growth	-282%	-145%	-84%	165%	28%	37%
<b>NET INCOME</b>	<b>-79</b>	<b>15</b>	<b>-2</b>	<b>2</b>	<b>3</b>	<b>7</b>
Growth	-520%	-119%	-117%	-162%	114%	116%
<b>Adj. NET INCOME</b>	<b>-8</b>	<b>23</b>	<b>1</b>	<b>5</b>	<b>7</b>	<b>11</b>
Growth	-127%	-388%	-95%	368%	34%	56%
<b>MARGIN</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015E</b>	<b>2016E</b>	<b>2017E</b>
Ebitda Margin	57.5%	56.8%	52.0%	52.9%	53.4%	53.5%
Ebitda adj Margin	57.5%	56.8%	52.0%	52.9%	53.4%	53.5%
Ebit margin	-7.8%	28.7%	22.2%	24.3%	24.9%	25.5%
Pbt margin	-24.7%	11.2%	2.0%	5.0%	6.2%	7.9%
Ni rep margin	-28.8%	5.5%	-1.0%	0.6%	1.2%	2.4%
Ni adj margin	-2.9%	8.3%	0.4%	2.0%	2.5%	3.7%
<b>SHARE DATA</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015E</b>	<b>2016E</b>	<b>2017E</b>
EPS - € cents	-27.2	5.2	-0.9	0.5	1.1	2.5
Growth	-520%	nm	nm	-162%	114%	116%
Adj. EPS - € cents	-2.7	7.9	0.4	1.8	2.4	3.7
Growth	-127%	nm	nm	368%	34%	56%
DPS ord - € cents	0.0	3.2	-0.5	0.3	0.7	#RIF!
BVPS - €	1.2	1.3	1.2	1.2	1.3	1.3
<b>VARIOUS - € mn</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015E</b>	<b>2016E</b>	<b>2017E</b>
Oper capital employed	1,234	1,181	1,215	1,251	1,305	1,340
FCF	-14	92	109	-12	-42	-17
Capital expenditures	-58	-58	-97	-101	-123	-106
Working capital	77	57	61	65	68	73
<b>INDEBTNESS - €mn</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015E</b>	<b>2016E</b>	<b>2017E</b>
Net fin position	-843	-757	-647	-669	-709	-727
D/E	2.45 x	2.03 x	1.80 x	1.84 x	1.94 x	1.96 x
Debt/EBITDA	5.3 x	4.8 x	5.0 x	4.8 x	4.9 x	4.6 x
Interests cov	3.4 x	3.2 x	2.5 x	2.6 x	2.7 x	2.9 x
<b>MARKET RATIOS</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015E</b>	<b>2016E</b>	<b>2017E</b>
P/E ord	nm	17.2 x	-103.6 x	167.1 x	78.1 x	36.1 x
P/E ord Adj	nm	11.3 x	235.3 x	50.3 x	37.4 x	24.0 x
PBV	0.8 x	0.7 x	0.7 x	0.7 x	0.7 x	0.7 x
P/CF	9.1 x	4.2 x	6.2 x	5.6 x	5.2 x	4.6 x
<b>EV FIGURES</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015E</b>	<b>2016E</b>	<b>2017E</b>
EV/Sales rep	4.1 x	3.8 x	4.4 x	4.2 x	4.3 x	4.1 x
EV/EBITDA rep	7.1 x	6.7 x	8.5 x	8.0 x	8.0 x	7.6 x
EV/EBIT	-52.6 x	13.2 x	19.9 x	17.5 x	17.1 x	16.0 x
EV/CE	0.9 x	0.9 x	0.9 x	0.9 x	0.9 x	0.9 x
<b>REMUNERATION</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015E</b>	<b>2016E</b>	<b>2017E</b>
Div. Yield ord	0.0%	3.6%	-0.6%	0.4%	0.8%	3.5%
FCF yield	-5.4%	35.3%	42.2%	-4.6%	-16.1%	-6.6%
ROE	-23.0%	4.1%	-0.7%	0.4%	0.9%	1.9%
ROCE	-1.0%	4.0%	2.7%	3.1%	3.1%	3.3%

Source: EQUITA SIM estimates and company data

## **A MORE CAUTIOUS APPROACH WAITING FOR THE NEW STRATEGY PRESENTATION.**

*Falck Renewables will present its strategy update in March 2015 after the significant restructuring of its business in the past 2 years, which lead the company to:*

- *the successful disposal of a minority stakes in the UK wind assets*
- *the acquisition of the new Services business (Vector Cuatro)*
- *the development of the Wte/Biomass business in the UK.*

*Although we think Fkr has built a reasonable portfolio of assets to be developed and it is now ready to accelerate on capex during 2015, we also believe that the final contribution of the new plants will be penalized both by a weaker underlying scenario (mainly for wind) and by a longer development phase (mainly for Services and Wte in UK) vs what was originally expected.*

*We have revisited our P&L assumptions for the coming years, with a more conservative approach for what regards:*

- *The power price scenario (both in UK and Italy) from lagging energy demand recovery and lower oil price.*
- *Expected productions from the wind parks in coming years (with “historical average” load factors penalized by a very poor 2014)*
- *A conservative 1 year delay in the start-up of the first wte plants in UK (2017 vs 2016)*

*As a consequence of the above, we have consequently cut our Ebitda expectations in the region of -10% for the coming years, as well as our valuation in the region of -17% to 1.4 € per shares.*

*Our new target price offers a +58% upside thus triggering the confirmation of our BUY recommendation. Anyway, we highlight that 2015 will be more a transitional year for Fkr, with expected growth of Ebitda (+8%) mainly driven by the recovery of 2014 negative one-offs (bad weather and stoppage of Wte plant) rather than organic business expansion with overall indebtedness deteriorating from investment whose contribution will come beyond 2018. While we would read this as a positive, rather than a constraint, we believe it may upset short term investors on raising concern over the delivery/visibility of the strategy targets.*

## **A COMPLETED CYCLE, A NEW NEW CYCLE A MORE CAUTIOUS SCENARIO.**

**With the last deals completed in the past months, Falck Renewables has almost completed a cycle.** The group, in fact, has repositioned itself with 3 major steps:

- **The disposal of the 49% stake of the UK assets completed at the beginning of the year, which allowed for a big deleverage and provided for additional commitment to future investments,**
- **The acquisition of the Services company (Vector Cuatro) to allow the expansion of the services activities in a mature region (Europe)**
- **The reinforcement of the pipeline with the first authorizations in the Waste/Biomass (Verus Energy in UK) and in the Wind segments (Auchrobert in UK and Illois in France)**

While 2014 saw the additional contribution of 2 new wind parks in UK (Nutberry and West browncastle) we believe 2015 will be more a “transitional” year, with Falck Renewables ready to expand its investments commitment to prepare it to the new cycle ahead, which will see the implementation of the reinforced “authorized”

pipeline (with some 32 MW additions in Waste/Biomass and some 100 MW wind in the UK) from 2017 onwards.

While we maintain the positive stance over the business development in the mid term for Falck Renewables, we think the reference scenario in which the company is playing has deteriorated mainly as a consequence of:

1. **The very bad wind resource availability during 2014.** While this is probably a one-off elements going to be absorbed next year, the bad production figures forces us to reduce the “average” load curve assumed going forward (as a standard, we use the historical average as a reference for the future forecasts).
2. **The lower expected electricity prices.** Mainly caused by the lagging recovery in demand as well as the expected impact (although moderate) from the cheap commodity prices (drop in Oil price). We have reduced our expectations in the region of 2-3€/MWh
3. **A longer development phase vs originally expected.** Considering we assume, the average development phase of a new Wte sits in the region of 25-30 months, we conservatively believe the first UK asset contribution (16 MW Verus Energy) will not be operational before 2017, with a 1 year delay vs our original expectations (in line with our interpretation of the original industrial plan).

**Mainly as a consequence of the above considerations, we are decreasing our profit estimates for the coming years in the region of -10% at Ebitda level and by some 15 € mn at net income level.**

In the following table a summary of the applied changes to our P&L/BS expectations.

FORECASTS VS STRATEGY PLAN					
	2013	2014	2015E	2016E	2017E
Old Ebitda	-	136	151	168	184
Lower wind hours assumptions	-	-8	-4	-4	-4
Lower Electricity prices & dispatching reintroduction	-		-8	-8	-8
1 Yr delay Wte	-			-5	-5
Development cost pipeline beyond 2018			-1	-2	-3
<b>Ebitda - € mn</b>	<b>145</b>	<b>129</b>	<b>139</b>	<b>146</b>	<b>157</b>
Reduction - %	-	-6%	-8%	-13%	-15%
<b>Strategy 13-17 - ex IFRIC 11</b>	<b>136-145</b>	<b>140-145</b>	-	-	<b>225</b>
<b>Strategy 13-17 - adj for IFRIC 11</b>	<b>nm</b>	<b>130-135</b>	-	-	<b>214</b>
Old Net income	15	3	10	17	23
Lower Ebitda		-6	-8	-15	-17
Other (including currencies)		0	-1	1	2
<b>Net Income - € mn</b>	<b>15</b>	<b>-2</b>	<b>2</b>	<b>3</b>	<b>7</b>
Reduction - € mn	0%	-5	-9	-14	-16
<b>Net Income adjusted</b>	<b>23</b>	<b>1</b>	<b>5</b>	<b>7</b>	<b>11</b>
Old Nfp	-757	-603	-597	-615	-608
<b>Nfp - € mn</b>	<b>-757</b>	<b>-647</b>	<b>-669</b>	<b>-709</b>	<b>-727</b>
<b>Nfp ex derivatives - € mn</b>	<b>-697</b>				<b>-667</b>
<b>Strategy nfp ex derivatives 13-17</b>	<b>na</b>				<b>-650</b>
Old Capex	-58	-72	-89	-117	-100
<b>Capex - € mn</b>	<b>-58</b>	<b>-97</b>	<b>-101</b>	<b>-123</b>	<b>-106</b>

Source: EQUITA SIM estimates and company data

As you can see from the table above, we have also increase our Nfp numbers in light if higher envisaged capital commitment. We believe, in fact, Fkr will also accelerate on the construction of the pipeline whose contribution is expected beyond 2018 (we will see details on next strategy presentation). Furthermore, the investment in the UK will be increased by the -10% depreciation of Euro against GPB in the last year.

## 2015 A TRANSITIONAL YEAR, 2018 MOSTLY DEPENDING ON THE NEW STRATEGY PLAN

As highlighted above, we believe 2015 will be more a transitional year for Falck Renewables, with the main contribution coming from the recovery of 2014 one offs (bad weather conditions and Wte stoppage) and a small residual contribution of Westbrow Castle in UK as well as the new Vector Cuatro acquisition.

2016 will improve thanks to the new Kingsburn and Spaldington Wind parks in UK, while 2017 will see the rump up of the Wte plants in UK with Verus Energy and the other authorization being developend in the meantime.

In the following table a summary of the main drivers of our Ebitda forecast in the coming years

		BRIDGE IN EBITDA					
	DRIVERS	2014E	2015E	2016E	2017E	2018E	2019E
WIND	Westbrow castle - UK		1.5				
	Kingsburn - UK			2.7	1.4		
	Spaldington Airfield - UK			1.2	0.6		
	Asset Valley - UK				1.2	3.7	
	Auchrobert - UK				0.5	5.4	
	Illois - FRANCE				1.0	0.5	
SERVICES	Vectro Cuatro business development		1.0	1.2	1.2	1.2	1.2
BIOMASS	Verus Energy additions UK - 16MW				4.4	4.4	
	Other Biomass addition UK - 16 MW					4.4	4.4
	Savings in development costs biomass			0.1	0.1	0.1	0.2
GENERAL	Wind conditions normalization		6.5				
	Recovery Wte stoppage		2.0				
	End of cip 6 incentives		-2.0				
	Expected improvement power prices		0.0	1.0	1.0	2.0	0.0
	Other (savings, efficiencies ...)		1.6	0.4	0.3	0.4	0.2
<b>FALCK RENEWABLES</b>	<b>EBITDA - €mn</b>	<b>129</b>	<b>139</b>	<b>146</b>	<b>157</b>	<b>179</b>	<b>185</b>

Source: EQUITA SIM estimates

The development of Fkr beyond 2017 will be described in the next strategy presentation but we believe Fkr will certainly accelerate on capex commitment for the pipeline development but we will better look into this post the March strategy presentation.

**ADJUSTING VALUATION (-17% to 1.4 € share). BUY confirmed**

Mainly as a consequence of the above considerations, and the reduced estimates, we have also cut our valuation to 1.4 € per share (-17%) our new target price implies a 20x PE as measured on 2018.

In the following table a summary of the change in the reference valuation for Falck Renewables.

	SOTP				
	Capacity	OLD	NEW	chg	Reference
Italy	292 MW	nm	482	nm	1.7 €mn/MW
France	54 MW	nm	41	nm	1.0 €mn/MW
Spain	23 MW	nm	21	nm	0.9 €mn/MW
Uk	419 MW	nm	595	nm	1.4 €mn/MW (1.7 ex new proj)
<b>Wind assets</b>	<b>788 MW</b>	nm	<b>1,140</b>	nm	<b>1.45 €mn/MW</b>
<b>Waste To Energy plants</b>	<b>32 MW</b>	nm	<b>34</b>	nm	<b>6.2% Wacc; 6xEv/Ebitda Exit</b>
<b>Biomass plants</b>	<b>14 MW</b>	nm	<b>56</b>	nm	<b>6.2% Wacc; 6xEv/Ebitda Exit</b>
<b>Waste treatment business</b>	<b>168.0 Kt</b>	nm	<b>12</b>	nm	<b>6.2% Wacc; 6xEv/Ebitda Exit</b>
<b>Waste Buz UK</b>	-	nm	<b>35</b>	nm	
<b>Solar assets</b>	<b>16 MW</b>	nm	<b>26</b>	nm	<b>7.24% Wacc; No TV</b>
<b>Services</b>	-	nm	<b>13.5</b>	nm	
<b>Holding costs</b>	-	nm	<b>-107</b>	nm	
<b>CORE BUSINESS VALUATION - € mn</b>		<b>1,395</b>	<b>1,207.9</b>	<b>-13.6%</b>	<b>7.6 x</b>
Other operating assets		0	0		
Financial assets		14	28		
Sicilian asset risk		-64	-64		
Net financial position end of 2014		-604	-647		
Minorities		-219	-88		
Provisions		-31	-27		
<b>EQUITY VALUE</b>		<b>491</b>	<b>408.9</b>	<b>-17%</b>	
<b>tgt</b>		<b>1.7</b>	<b>1.4</b>	<b>-17%</b>	

Source: Company data and EQUITA SIM estimates

FKR: MAIN REFERENCE METRICS						
MARKET RATIOS	2012	2013	2014E	2015E	2016E	2017E
P/E	-3.3 x	17.2 x	nm	nm	78.2 x	36.2 x
P/E adj	-32.6 x	11.3 x	nm	50.4 x	37.5 x	24.1 x
PBV	0.8 x	0.7 x	0.7 x	0.7 x	0.7 x	0.7 x
P/CF	9.1 x	4.2 x	6.2 x	5.6 x	5.2 x	4.6 x
EV FIGURES	2012	2013	2014E	2015E	2016E	2017E
EV/Sales rep	4.1 x	3.8 x	4.4 x	4.2 x	4.3 x	4.1 x
EV/EBITDA rep	7.1 x	6.7 x	8.5 x	8.0 x	8.0 x	7.6 x
EV/EBITDA adj (Incl JV)	7.1 x	6.7 x	8.5 x	8.0 x	8.0 x	7.6 x
EV/CE	0.9 x	0.9 x	0.9 x	0.9 x	0.9 x	0.9 x
REMUNERATION	2012	2013	2014E	2015E	2016E	2017E
Div. Yield ord	0.0%	3.6%	0.0%	0.4%	0.8%	3.5%
FCF yield	-5.4%	35.3%	42.1%	-4.6%	-16.1%	-6.6%
ROE	-23.0%	4.1%	-0.7%	0.4%	0.9%	1.9%
ROCE	-1.0%	4.0%	2.7%	3.1%	3.1%	3.3%
INDEBTNESS	2012	2013	2014E	2015E	2016E	2017E
NFP (€ mn)	-843	-757	-647	-669	-709	-727
D/E	2.45	2.03	1.80	1.84	1.94	1.96
Debt/EBITDA	5.3 x	4.8 x	5.0 x	4.8 x	4.9 x	4.6 x
Interests cov	3.4 x	3.2 x	2.5 x	2.6 x	2.7 x	2.9 x

Source: Company data and EQUITA SIM estimates

Considering the implied 58% upside on current prices, we are confirming our BUY recommendations.

1. **remains well-positioned in the industry with high quality assets and good diversification in the Waste business.** We expect a +9% EBITDA CAGR through 2018 (+15€ mn Net Income) and a reduced regulatory risk from already implemented severe modifications. **The commitment of Pension Denmark to sustain future investments increases visibility in the long run;**
2. **might actually derive some benefits from its additional development in Waste/Biomass in the UK,** above our expectations. (new strategy to be presented in March);
3. **still trades at around 1.4 €mn/MW, or at a 20-30% discount to recent M&A deals involving similar assets within the market.**

## SENSITIVITY

		SENSITIVITY				
		risk free				
		2.6%	2.8%	3.0%	3.2%	3.4%
EV/EBITDA services & Holding	7.0 x	1.50	1.49	1.49	1.48	1.48
	8.0 x	1.45	1.45	1.44	1.44	1.43
	9.0 x	1.41	1.41	1.40	1.40	1.39
	10.0 x	1.37	1.37	1.36	1.36	1.35
	11.0 x	1.33	1.33	1.32	1.32	1.31

Source: EQUITA SIM estimates

## STATEMENT OF RISK

The primary elements that could positively/negatively impact FALCK RENEWABLES stock include:

- Changes in the sector's regulatory framework;
- Changes in the main economic drivers for utility services and power generation (such as oil price, coal price, power generation price, etc)
- Significant increase in interest rates
- Negative outcome from the legal procedures on the Sicilian business

<b>P&amp;L</b>	<b>2012</b>	<b>2013</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>2017E</b>
<b>REVENUES</b>	<b>275</b>	<b>276</b>	<b>247</b>	<b>263</b>	<b>273</b>	<b>294</b>
Growth	10%	0%	-10%	7%	4%	8%
Total opex	-117	-119	-118	-124	-127	-136
Growth	9%	2%	-1%	5%	3%	7%
Margin	-42%	-43%	-48%	-47%	-47%	-46%
<b>EBITDA</b>	<b>158</b>	<b>157</b>	<b>129</b>	<b>139</b>	<b>146</b>	<b>157</b>
Growth	11%	-1%	-18%	8%	5%	8%
Margin	58%	57%	52%	53%	53%	54%
Depreciation& amortization	-61	-64	-68	-69	-72	-77
Provisions	-119	-13	-6	-6	-6	-6
<b>Depreciation&amp;provision</b>	<b>-179</b>	<b>-77</b>	<b>-74</b>	<b>-75</b>	<b>-78</b>	<b>-83</b>
<b>EBIT</b>	<b>-21</b>	<b>79</b>	<b>55</b>	<b>64</b>	<b>68</b>	<b>75</b>
Growth	-127%	-471%	-31%	17%	7%	10%
Margin	-8%	29%	22%	24%	25%	25%
Net financial profit/Expenses	-47	-48	-52	-53	-53	-54
Profits/exp from equity inv	na	na	na	na	na	na
Other financial profit/Exp	1	0	2	2	2	3
<b>Total financial expenses</b>	<b>-46</b>	<b>-48</b>	<b>-50</b>	<b>-51</b>	<b>-51</b>	<b>-52</b>
Non recurring pre tax	0	0	0	0	0	0
<b>PBT</b>	<b>-68</b>	<b>31</b>	<b>5</b>	<b>13</b>	<b>17</b>	<b>23</b>
Growth	-282%	-145%	-84%	165%	28%	37%
<b>Taxes</b>	<b>-18</b>	<b>-16</b>	<b>-3</b>	<b>-7</b>	<b>-8</b>	<b>-11</b>
Tax rate	26%	-52%	-50%	-50%	-48%	-46%
<b>Minority interests</b>	<b>6</b>	<b>0</b>	<b>-5</b>	<b>-5</b>	<b>-5</b>	<b>-5</b>
Non recurring post tax	0	0	0	0	0	0
<b>NET INCOME</b>	<b>-79</b>	<b>15</b>	<b>-2</b>	<b>2</b>	<b>3</b>	<b>7</b>
Growth	-520%	-119%	-117%	-162%	114%	116%
Margin	-29%	5%	-1%	1%	1%	2%
<b>Adj. NET INCOME</b>	<b>-8</b>	<b>23</b>	<b>1</b>	<b>5</b>	<b>7</b>	<b>11</b>
Growth	-127%	-388%	-95%	368%	34%	56%
Margin	-3%	8%	0%	2%	3%	4%
<b>CF Statement</b>	<b>2012</b>	<b>2013</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>2017E</b>
Cash Flow from Operations	na	na	na	na	na	na
(Increase) decrease in OWC	na	na	na	na	na	na
(Purchase of fixed assets)	na	na	na	na	na	na
(Other net investments)	na	na	na	na	na	na
(Distribution of dividends)	-2	-6	0	-9	1	-1
Rights issue	na	na	na	na	na	na
Other	na	na	na	na	na	na
<b>(Increase) Decrease in Net Debt</b>	<b>-16</b>	<b>86</b>	<b>109</b>	<b>-21</b>	<b>-40</b>	<b>-18</b>

Source: EQUITA SIM estimates and company data



**INFORMATION PURSUANT TO ARTICLE 69 ET SEQ. OF CONSOB (Italian securities & exchange commission) REGULATION no. 11971/1999**

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BUY	ETR >= 10%	ETR >= 15%	ETR >= 20%
HOLD	-5% <ETR< 10%	-5% <ETR< 15%	0% <ETR< 20%
REDUCE	ETR <= -5%	ETR <= -5%	ETR <= 0%

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Date	Rec.	Target Price (€)	Risk	Comment
nil				

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	COMPANIES COVERED	COMPANIES COVERED WITH BANKING RELATIONSHIP
BUY	46.9%	58.5%
HOLD	50.3%	39.6%
REDUCE	2.8%	1.9%
NOT RATED	0.0%	0.0%