

Company Update

Reason: Company newsflow

24 September 2019

Neutral

Recommendation unchanged

Share price: EUR 0.88

closing price as of 23/09/2019

Target price: EUR 1.15

Target Price unchanged

Upside/Downside Potential 31.0%

Reuters/Bloomberg XPR.MI/XPR IM

Market capitalisation (EURm) 46

Current N° of shares (m) 52

Free float 47%

Daily avg. no. trad. sh. 12 mth 79

Daily avg. trad. vol. 12 mth (m) 37.99

Price high/low 12 months 1.32 / 0.82

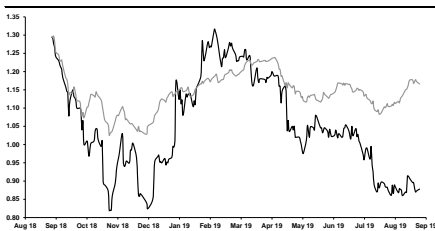
Abs Perfs 1/3/12 mths (%) 0.46/-16.06/-31.94

Key financials (EUR)

	12/18	12/19e	12/20e
Sales (m)	623	582	607
EBITDA (m)	42	41	45
EBITDA margin	6.7%	7.0%	7.5%
EBIT (m)	21	20	25
EBIT margin	3.4%	3.5%	4.2%
Net Profit (adj.)(m)	0	1	5
ROCE	3.2%	4.8%	6.3%
Net debt/(cash) (m)	215	223	196
Net Debt Equity	1.7	1.8	1.5
Net Debt/EBITDA	5.1	5.4	4.3
Int. cover(EBITDA/Fin.int)	2.2	3.1	3.8
EV/Sales	0.5	0.6	0.5
EV/EBITDA	7.6	8.0	6.6
EV/EBITDA (adj.)	7.6	8.0	6.6
EV/EBIT	15.1	15.9	11.8
P/E (adj.)	nm	47.8	9.4
P/BV	0.4	0.5	0.4
OpFCF yield	36.1%	-18.0%	55.9%
Dividend yield	nm	nm	nm
EPS (adj.)	0.00	0.02	0.09
BVPS	1.90	1.92	2.02
DPS	(0.00)	(0.00)	(0.00)

Shareholders

Abaco Spa 47%; Own Shares 7%;



Analyst(s)

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Pressure on Italtel affects H1 results and Outlook

Exprivia reported in July a rather weak set of H1 2019 results with Italtel revenues and EBITDA worse than our expectations and the company budget. Following this release and lacking “signs of fast recovery”, Exprivia admitted it will not meet its targets for the year as outlined in the 2017/2023 business plan. Although we were already below the business plan targets, last August we have further adjusted our estimates across the board, including lower revenues and margins at both Italtel and for the parent company. The impact on EBITDA 2019/2022 (pre-IFRS 16) is 13% for this year, 7/10% from FY 2020 onwards. On August 7, we have moved our reco to Neutral with EUR 1.15 TP.

- ✓ We consider H1 2019 a rather weak publication, especially for Italtel which reported revenues and EBITDA worse than our expectations and the company budget, while net debt increased on a sequential basis. The company also warned that the perspectives for the second part of the year are still weak, so that it will not be able to meet the FY 2019 targets outlined in its business plan.
- ✓ The results of Exprivia stand-alone were flattish on a six-month basis, with a slight Y/Y decline (-0.8%) in Q2 following +3.2% in Q1. EBITDA was down by EUR 0.6m Y/Y in each of the first two quarters of 2019, at constant accounting principles. The group mentioned positive performances in energy/utilities and public administration, a recovery in finance in Q2 and stable Y/Y in healthcare and retail/manufacturing segments.
- ✓ The main concern over H1 results and the medium-term business opportunities is related to Italtel, which has been suffering a contraction of telco investments in the past few months. The increased competition (entry of Iliad in June 2018) and the huge cost of 5G spectrum (EUR 6.55bn in October 2018) are pressuring operators revenues and profitability, triggering strategic alliances, budget reductions and cost-cutting measures. The talks between TIM and Open Fiber (currently the two main national clients of Italtel) put some risk on the medium-term perspectives for the ultra-broadband business line.
- ✓ Although we were already below the business plan targets, the H1 2019 publication triggered new estimates downgrade across the board, including lower revenues and margins at both Italtel and for the parent company. The impact on EBITDA 2019/2022 (we are still on the old accounting principles) is around 13% for this year, 7/10% from FY 2020 onwards.
- ✓ With the take-over of Italtel, Exprivia assumed a EUR 25m commitment for the acquisition of 81% of voting rights and took over the existing EUR 164m debt of the target in its consolidation perimeter. Exprivia and Italtel both complied with their respective covenants on FY 2018 and we expect Exprivia to continue to do so in the foreseeable future. However, debt increased by EUR 10m in H1 2019 and EBITDA is under pressure this year. Accordingly, we believe Italtel need to act fast on de-leveraging as it could need some EUR 30m in H2 to comply with the lower Net Debt/EBITDA threshold set for the FY 2019.
- ✓ The publication of weak H1 2019 results prompted earnings downgrade. The assumption of telco market improving in H2 has been invalidated by the company itself in the press release. **On August 7, we reduced our TP by 25% to EUR 1.15 and moved our recommendation to Neutral.**

Pressure on Italtel affects H1 results and Outlook

We consider H1 2019 a rather weak publication, especially for Italtel which reported revenues and EBITDA worse than our expectations and the company budget. Following H1 2019, Exprivia admitted it will not meet its business plan targets for the year. We report in the table below the results on old accounting principles as well as under IFRS 16, which boosts the EBITDA line by almost EUR 4m and inflates the debt figure by EUR 24m.

H1 2019 results (EUR m)

	H1 2018 a	H1 2019 IAS	Y/Y	H1 2019 IFRS 16
Total Turnover	287	252	-12.3%	252
Revenues Exprivia	78.9	79.5	0.8%	79.5
Revenues Italtel	210	175	-17.0%	175
EBITDA adj	8.0	6.5	-18.3%	10.4
<i>margin</i>	2.8%	2.6%	-0.2%	4.1%
EBITDA adj Exprivia	6.1	5.0	-18.0%	6.2
EBITDA Italtel	1.9	1.9	0.0%	4.5
EBITDA	8.0	-6.5	nm	10.4
EBIT	-1.5	-3.9	161.9%	-3.4
<i>Margin</i>	-0.5%	-1.6%	-1.0%	-1.4%
EBT	-13.1	-9.5	-27.2%	-9.5
Net Income	-7.3	-3.3	-54.8%	-3.3
Net Debt (Cash)	211	225	6.3%	249
Exprivia	58.6	50.7	-13.5%	58
Italtel	153	174	13.9%	191

Source: Company data, BANCA AKROS estimates

REVENUE STABILITY IN THE OLD PERIMETER

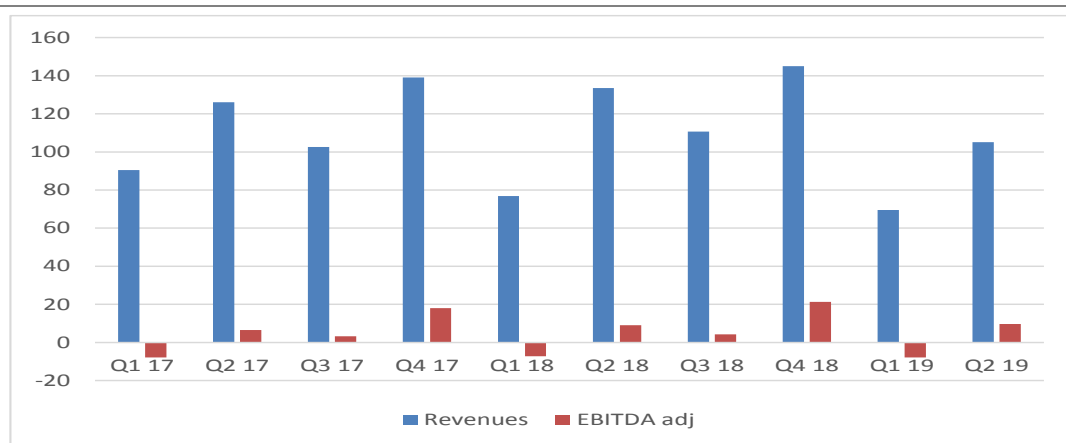
The results of Exprivia stand-alone were flattish on a six-month basis, with a slight Y/Y decline (-0.8%) in Q2 following +3.2% in Q1. EBITDA was down by EUR 0.6m Y/Y in each of the first two quarters of 2019, at constant accounting principles. Exprivia's reporting structure does not disclose anymore the breakdown by industry, apart from some qualitative remark in the management notes on financial statements, in detail

- A) Banking & Finance (the largest along with utilities with around EUR 30m revenues in FY 2017). Q1 was characterized by increased volatility related to geopolitical factors (Brexit, trade war, EU political elections) which dragged customers' investments and pushed Exprivia revenues down Y/Y. Exprivia said that some delays were recovered in Q2, especially in the "finance" sub-segment, which was back to stable Y/Y in H1, while "credit, risk management" remained down Y/Y.
- B) Energy & Utilities grew Y/Y in both Q1 and Q2 slightly exceeding company's budget and yielding an higher margin compared to H1 2018. Exprivia expects acceleration in volumes in the second part of the year, and mentions a new contract in the BPO segment (specifically, in customer care) from a key player in the industry.
- C) Aerospace & Defence met the company's budget for H1 in a tough market characterized by intense competition; Exprivia is upselling on existing contracts and remarks increasing opportunities in the reference market, due to continue into H2.
- D) Retail & Manufacturing (EUR 13m in FY 2018) was flat Y/Y in Q1, when XPR mentioned positive drivers in connected machine, industrial analytics and Cloud, against still uncertain fiscal backdrop which slowed down investments. From the management commentary, it is not clear whether the Q2 trend has improved or not.
- E) Healthcare (EUR 22m revenues in 2018) was also flat Y/Y in H1. Exprivia notes that demand is concentrating at the regional and central levels, opening new opportunities for digital transformation projects. The availability of European fund and the start of Consip conventions are positive elements, but "Generally speaking, resources for technological innovation and empowering the public in the relationship with the healthcare system are still lacking".
- F) Public Administration was a growth area in both Q1 and Q2 thanks to a significant order portfolio in an otherwise stagnant market.

STRONG PRESSURE IN TELCOs

The main concern over H1 results and the medium-term business opportunities is related to Italtel, which has been suffering a contraction of telco investments in the past few months. Following an encouraging growth in Q3 (+7.9% Y/Y) and Q4 (+4.3%) 2018, Italtel reported a 9.6% revenue decline Y/Y in Q1 and -21% in Q2 2019. The EBITDA improved throughout 2018 with a very good performance in the last quarter, while in H1 2019 it was flattish Y/Y at below EUR 2m in spite of EUR 36m revenue drop and with personnel increasing by 5% Y/Y (to 1,507 units at the end of June 2019). The business is characterized by a significant seasonality, with Q1 usually negative in EBITDA and most (75%/90%) of the core profit of the year generated in the last quarter. In any case, Exprivia said in the H1 press release that “based on an analysis of the results of the TLC sector, as of June 30, and on the projection of the backlog at the end of the year, the company considers that this situation will persist in the second part of the year, as no sign of a fast recovery can be forecasted”.

Italtel quarterly results



Source: Company Data, Banca Akros estimates

Exprivia blamed “the consequence of a significant decrease of investments by the TLC operators, mainly because of the continuing erosion of margins in the sector, which was in turn related to “a growing level of competition” and the huge cost of 5G spectrum in Italy.

Italtel revenue break-down (EUR m)

by Customer	2014	2015	2016	2017a	FY 2018a
TIM	133.5	130.2	118.0	145.8	113.9
Y/Y	23.6%	-2.5%	-9.4%	23.5%	-21.9%
other TLC Italy	37.2	41.1	40.1	35.4	30.4
PA/enterprise	54.3	71.9	79.3	89.0	143.4
EMEA	40.7	57.6	49.2	44.9	43.6
LatAM	134.4	140.4	118.8	115.1	107.0
Totale Foreign	175.1	198.0	168.0	160.0	150.6
Foreign as % of total	43.8%	44.9%	41.4%	37.2%	32.3%
Total Revenues	400	441	405	430	438
Y/Y	6.9%	10.2%	-8.1%	6.1%	1.9%
o/w Open Fiber	na	na	19.7	22.7	70
o/w Fastweb	na	na	17	21	18
Total turnover	na	na	na	458	466

Source: Company data, BANCA AKROS estimates

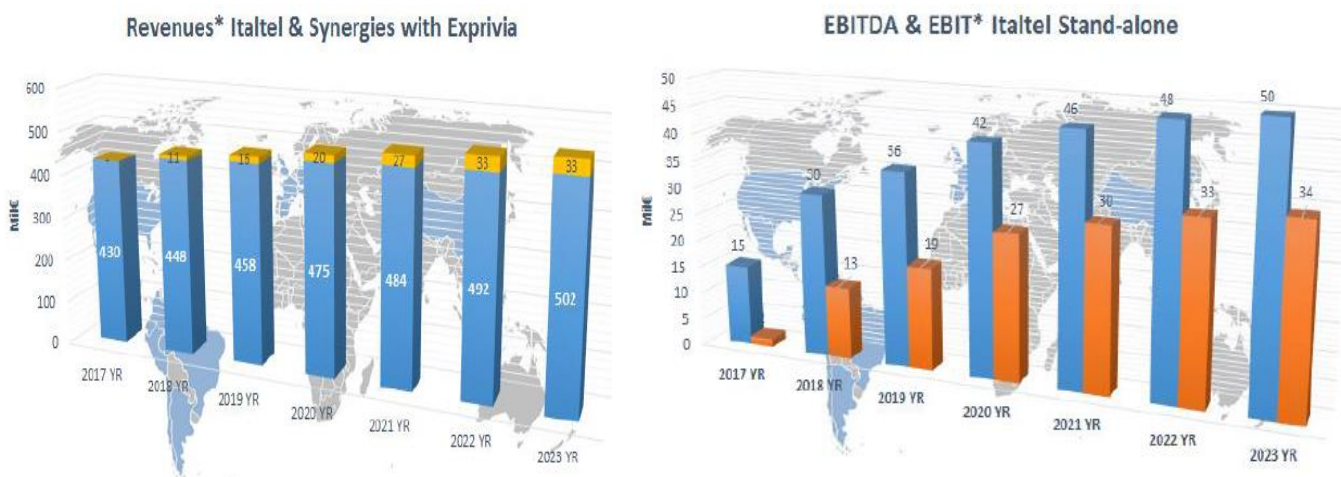
From the table above, it appears that while still the most important customer with 24% of revenues, TIM's volumes experienced a sharp drop in 2018, returning back to just above the FY 2013 levels. With a new management in place since November that has promised new efficiency actions and has delivered 6% opex reduction and 9% on a cash basis in H1 2019, it is fair to assume the contraction persisted in the first half. The entry of Iliad on the mobile market in June 2018 depressed operators' revenues (double-digit declines in the segment) and profit leading to the search for new savings across the board. The EUR 6.55bn spent by TIM, Vodafone, Wind, Iliad and Fastweb on 5G spectrum has also put pressure on budgets and triggered in the past few months new alliances and combinations to save money on roll-out, including TIM/Vodafone active sharing and towers merger, Iliad/Cellnex tower deal and Fastweb/WindTre network agreement. The business with Open Fiber (booked in the PA/Enterprise segment) was the main driver for Italtel last year, as it contributed more than EUR 45m incremental revenues. Italtel and OF signed a multi-year EUR 200m agreement in May 2018 and Italtel has already devoted 120 people to a team designing solutions for ultra-broadband and Fixed Wireless Access. The business with OF should remain strong in the mid-term as the company implements its ambitious expansion plan (19m premises to be connected by 2023 vs. the 4m already passed to date), however the potential integration with TIM's network (discussions on potential collaborations between the parties are going on) would likely trigger significant cuts compared to the aggregated planned investments. On the international business, Italtel has suffered the loss of one client (Telecom Argentina), the weak macro environments in some countries and negative currency impact (Brazil). The proportion on total volumes was at a 10-year trough below one third of revenues. Here, Italtel has is also working to generate synergies with the international subsidiaries of Exprivia.

FY 2018 and 19 missed, 2020/23 targets definitely more difficult to be achieved

Within the financial restructuring process, the BoD of Italtel approved on July 19, 2017 a seven-year business plan to 2023, which considered Italtel as a stand-alone entity but already incorporated some of the synergies coming from the partnership with Exprivia. This plan has been confirmed and fully presented on July 12, 2018.

In December 2018, Exprivia issued a profit warning on its FY 2018 results, admitting that in spite of revenues expected in line with the plan, the core profits would miss the target by around 15%, mentioning "volatility in international markets". With the annual results published the following March, Exprivia eventually met the FY 2018 revenue target (with higher revenues at Italtel and lower at the parent company) and EBITDA came was anticipated some EUR 6m lower than the original guidance (11.7% and 13% miss at Exprivia and Italtel respectively). In any case, net debt was in line with the target and EUR 8.1m lower vs. the end of 2017.

Business Plan detail: Italtel



Source: Company Presentation

Exprivia/Italtel business plan targets

	2017 PF	2018e	2018a	2019e	2020e	2021e	2022e	2023e	CAGR 2017/23
Total Turnover	619	624	623	656	689	719	745	759	3.5%
o/w Exprivia	161	165	162	183	194	208	220	224	5.7%
o/w Italtel	458	459	466	473	495	511	525	535	2.6%
EBITDA	26.9	48	41.8	56	64	70	74	76	18.8%
Margin	4.4%	7.7%	6.7%	8.5%	9.3%	9.7%	9.9%	10.0%	13.8%
o/w Exprivia	12.1	18	15.9	20	22	24	26	26	13.8%
o/w Italtel	14.8	30	26.1	36	42	46	48	50	22.2%
EBIT	8.7	26	21.0	34	44	49	53	55	35.2%
o/w Exprivia	6.5	13	11.8	15	17	19	20	21	20.1%
o/w Italtel	2.2	13	10.6	19	27	30	33	34	60.4%
Net Income	-10.5	6	0.2	12	19	23	27	29	nm
Capex	22.8	20	16.4	19	19	19	19	20	-2.6%
o/w Exprivia	3.7	5	3.1	4	4	4	4.3	5	4.6%
o/w Italtel	19.1	16	13.3	15	15	15	15	15	-4.3%
Net Debt	223	215	215	215	196	173	147	119	-9.9%

Source: Company data, Banca Akros estimates

With the H1 2019 press release, Exprivia said that it now believes that FY 2019 revenues and EBITDA may be lower than those announced to the Strategic Plan 2018/23 issued to the market in July 2018. The company added in the note that “the Board of Directors has deemed it necessary to carry out an in-depth analysis of the main assumptions of the Strategic Plan 2018-2023, which could lead to its review in the coming months, also with the aim of reviewing and strengthening the IT (Exprivia) and TLC (Italtel) integration project, as a consequence of the market context thus established.

Estimate Changes*

Although we were already below the business plan targets, the H1 2019 publication triggered new estimates downgrade across the board, including lower revenues and margins at both Italtel and for the parent company. The impact on EBITDA 2019/2022 (we are still on the old accounting principles) is around 13% for this year, 7/10% from FY 2020 onwards.

Estimates changes*

	FY 2019e			FY 2020e			FY 2021e		
	Old	New	Chg	Old	New	Chg	Old	New	Chg
Total Turnover	623.3	582.4	-6.6%	643.8	606.9	-5.7%	659.9	627.4	-4.9%
ow Exprivia	167.8	164.9	-1.7%	174.2	172.8	-0.8%	179.7	178.3	-0.8%
ow Italtel	455.5	417.5	-8.3%	469.6	434.1	-7.6%	480.1	449.1	-6.5%
EBITDA	46.9	40.9	-12.8%	50.4	45.5	-9.7%	54.3	50.5	-7.0%
margin	7.5%	7.0%	-.5pp	7.8%	7.5%	-.3pp	8.2%	8.0%	-.2pp
ow Exprivia	18.0	15.0	-17.1%	18.7	16.6	-11.6%	20.1	17.8	-11.0%
ow Italtel	28.8	25.9	-10.1%	31.6	28.9	-8.6%	34.2	32.6	-4.7%
EBIT	26.5	20.5	-22.6%	30.3	25.4	-16.2%	34.5	30.7	-11.1%
Debt	nm	222.7	nm	189.9	195.9	3.2%	163.2	172.2	5.5%

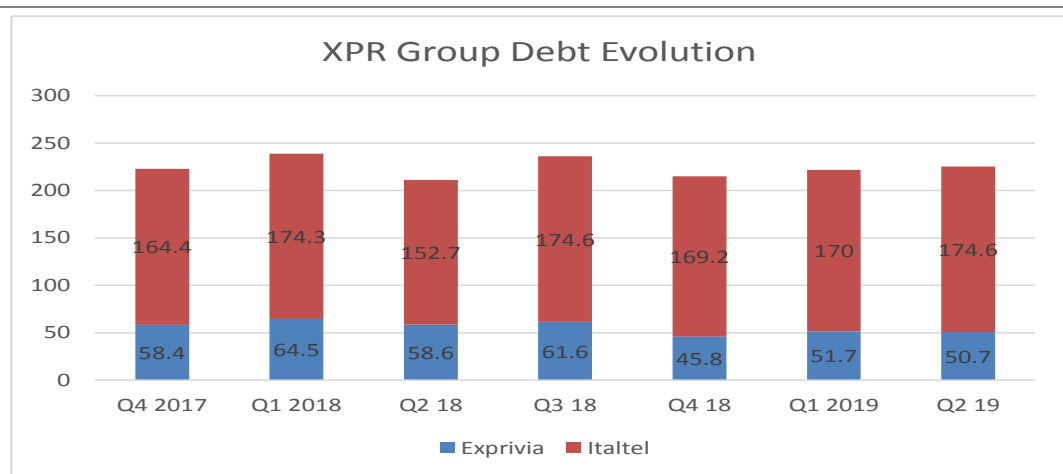
Source: Company data, Banca Akros estimates (as applied on August 7, 2019)

De-leveraging should remain the priority

With the take-over of Italtel, Exprivia assumed a EUR 25m commitment for the acquisition of 81% of voting rights (around 22.5% of economic capital) and took over the existing EUR 164m debt of the target in its consolidation perimeter. Exprivia covered its commitment via EUR 6m own financial resources, the conversion of EUR 2m commercial credit and EUR 17m private bond (6 years, semi-bullet, 5.8% fixed coupon), which was widened to EUR 23m as Mediobanca subscribed further EUR 6m on December 29, 2017. In the first 12 months of the new group, consolidated net debt declined by EUR 8.1m, including EUR 12.6m de-leveraging at Exprivia parent company, while Italtel's net debt increased by EUR 4.8m. Italtel blamed worsening conditions in LatAm which impacted revenues margins and probably receivables. In H1 2019, the debt of Italtel increased by further EUR 5.4m and the debt of the parent company was also up by EUR 4.9m.

The impact of IFRS 16 (not represented in the graph below) is an increase of EUR 24m, to a total of EUR 249m, of which EUR 57.6m of Exprivia and EUR 192.1m of Italtel.

Exprivia debt evolution



Source: Company Data, Banca Akros estimates

An important point is that Exprivia does not guarantee Italtel's debt, and the **covenants** on Exprivia's debt are based on the sole debt of Exprivia. For the FY 2018, Italtel said it respected its covenants with debt/EBITDA ratio of 6.35x vs. a threshold of 7.1x. We estimate the ratio was stable at the end of June 2019 (vs. max 6.7x).

Italtel covenants (according to the restructuring plan of 2017)

	Leverage Ratio	Interest cover ratio	Max Capex (EUR m)
Dec 31 2018	≤ 7.1	≥ 3.4	18.7
June 30 2019	≤ 6.7	≥ 4.4	
Dec 31 2019	≤ 5.6	≥ 4.7	17.4
June 30 2020	≤ 5.7	≥ 4.9	
Dec 31 2020	≤ 4.4	≥ 5.6	17.6
June 30 2021	≤ 4.4	≥ 5.9	
Dec 31 2021	≤ 3.6	≥ 6.2	17.6
June 30 2022	≤ 3.6	≥ 7.5	
Dec 31 2022	≤ 3.0	≥ 8.0	17.6
June 30 2023	≤ 3.0	≥ 8.4	
Dec 31 2023	≤ 3.0	≥ 8.8	17.6
June 30 2024	≤ 3.0	≥ 8.8	

Source: Company data, BANCA AKROS estimates

At the parent company level, the covenants set in the Exprivia bond 2018/2023 (EUR 23m, 5.8% fixed coupon with step-down clauses) are:

Exprivia bond covenants

	Leverage Ratio	NFP/Equity
Dec 31 2018	≤ 5.5	≤ 1.1
Dec 31 2019	≤ 5.0	≤ 1.0
Dec 31 2020	≤ 4.5	≤ 1.0
Dec 31 2021	≤ 4.0	≤ 1.0
Dec 31 2022	≤ 4.0	≤ 1.0

Source: Company data, BANCA AKROS estimates

Given the debt/EBITDA ratio of Exprivia was 3.0x on FY 2018, below the 3.6x step-down threshold, the rate was recently reduced by 50bp to 5.30%. XPR will paid a semi-annual coupon of EUR 0.61m on June 14, 2019. The annual saving is EUR 120K.

While the covenants attached to the bank loan obtained in April 2016 (EUR 25m, Euribor + 2.65% plus “una tantum” commission of 1.4%) are:

Exprivia bank loan covenants

	Leverage Ratio	NFP/Equity	Interest cover ratio	Max Capex (EUR m)
Dec 31 2018	≤ 5.5	≤ 1.1	≥ 3.9	≤ 6.0
June 30 2019	≤ 5.5	≤ 1.1	≥ 3.9	≤ 6.0
Dec 31 2019	≤ 5.0	≤ 1.0	≥ 3.4	≤ 6.0
June 30 2020	≤ 5.0	≤ 1.0	≥ 3.4	≤ 6.0
Dec 31 2020	≤ 4.5	≤ 1.0	≥ 3.4	≤ 6.0
June 30 2021	≤ 4.5	≤ 1.0	≥ 3.4	≤ 6.0
Dec 31 2021	≤ 4.0	≤ 1.0	≥ 3.4	≤ 6.0
June 30 2022	≤ 4.0	≤ 1.0	≥ 3.4	≤ 6.0

Source: Company data, BANCA AKROS estimates

Based on our estimates of EUR 26m EBITDA 2019e (broadly stable Y/Y, compared to a target of EUR 36m), Italtel need to act on its working capital to obtain EUR 30m de-leveraging in H2 in order to meet the covenant of 5.6x debt/EBITDA. At the parent company level, the 5.0x leverage covenant included in both the bank loan and the bond seems to be a non-issue.

Valuation and conclusions

The publication of weak H1 2019 results prompted earnings downgrade. The assumption of telco market improving in H2 has been invalidated by the company itself in the press release. **On August 7, we reduced our TP by 25% to EUR 1.15 and moved our reco to Neutral.**

The new DCF run reflects the DCF roll-over (Debt 2018), a lower terminal EBITDA margin at group level (-50bp to 9.25% from FY 2026) and reduced valuation of Italtel minorities (-15%). The WACC is considered broadly stable at 7.7% in spite of the recent large reduction in the sovereign cost of debt.

XPR DCF Summary

Cumulated DCF	84.2	- Net Financial Debt	(214.7)
Perpetual Growth Rate (g)	1.5%	- Minorities (estimated value)	(65.0)
Normalised Annual CF	25.5	+ Associates	0
Terminal Value @ 12/26	418.2	- Pension underfunding	(25.8)
Disc. Rate of Term Value	0.58	- Off-balance sheet commitments	
Discounted TV	243.8	Equity Market Value (EUR m)	59.7
Financial assets	37.0	Number of shares (m)	51.9
Enterprise Value	365.2	Fair Value per share (EUR)	1.15

Source: Banca Akros estimates

In terms of relative valuation, the stock continues to trade at almost 20% discount on the average trailing EV/EBITDA ratio of the sector.

ESN IT Services/SW Sector, ratios and recommendations

Company	Country	Rec.	Price	Target Price	Market cap EUR (m)	P/E(adj.)		Div. Yield %		EV/EBITDA		
			23-Sep-19	Fair value		2019	2020	2019	2020	2019	2020	
Agile Content	ES	Buy	EUR 2.30	2.70	37	nm	25.9	0.0	0.0	16.5	8.9	
Akka Technologies	FR	Neutral	EUR 63.30	64.00	1,243	16.9	14.4	1.8	2.1	10.5	9.0	
Alten	FR	Reduce	EUR 101.30	86.50	3,427	18.6	16.7	1.0	1.0	12.2	10.5	
Altran	FR	Buy	EUR 14.46	11.00	3,680	15.9	14.3	1.6	1.7	12.2	10.7	
Amadeus	ES	Accumulate	EUR 65.48	81.00	28,734	21.4	20.4	2.2	2.3	12.1	11.1	
Assystem	FR	Accumulate	EUR 36.20	35.50	567	17.2	14.2	1.7	2.3	19.1	15.0	
Atos	FR	Accumulate	EUR 64.48	89.00	6,836	7.8	7.1	2.7	3.1	7.6	6.6	
Axway Software	FR	Neutral	EUR 11.00	16.70	233	21.4	12.5	3.6	3.6	10.4	6.6	
Capgemini	FR	Accumulate	EUR 105.60	110.00	17,328	15.4	14.0	1.6	1.8	10.7	9.6	
Cast	FR	Buy	EUR 3.28	6.10	55	nm	nm	0.0	0.0	nm	88.7	
Catenon	ES	Buy	EUR 0.50	1.00	9	9.5	7.8	0.0	0.0	3.8	2.7	
Econocom	BE	Accumulate	EUR 2.41	3.50	590	7.9	6.6	2.7	3.2	2.0	1.9	
Esi Group	FR	Buy	EUR 31.90	35.00	192	45.8	22.3	0.0	0.0	20.8	11.7	
Exprivia	IT	Neutral	EUR 0.88	1.15	46	47.8	9.4	nm	nm	8.0	6.6	
Gigas Hosting	ES	Buy	EUR 6.94	10.00	30	nm	27.7	0.0	0.0	12.5	10.9	
GPI	IT	Buy	EUR 8.06	14.10	128	11.3	9.8	4.1	4.5	5.6	5.0	
Groupe Open	FR	Accumulate	EUR 11.80	15.50	101	13.0	11.1	2.3	2.6	5.2	4.5	
Indra Sistemas	ES	Buy	EUR 8.08	12.50	1,427	11.1	9.6	0.0	3.1	5.9	5.1	
Neurones	FR	Accumulate	EUR 21.60	24.00	524	16.3	15.3	0.5	0.5	6.2	5.3	
Novabase	PT	Not rated	EUR 2.85	0.00		20.2		1.0		2.6		
Reply	IT	Neutral	EUR 51.05	61.00	1,910	18.4	17.3	0.9	0.9	10.9	9.8	
SII	FR	Buy	EUR 26.50	31.00	530	13.6	11.9	0.8	1.0	7.0	5.7	
Sopra Steria Group	FR	Buy	EUR 112.20	136.00	2,264	12.3	9.4	2.2	3.0	7.8	5.7	
Visiativ	FR	Buy	EUR 24.85	30.00	100	13.5	10.5	0.0	0.0	8.1	6.5	
Worldline	FR	Sell	EUR 59.75	46.00	10,908	38.1	30.3	0.0	0.0	22.2	18.0	
Mkt cap total (EUR) & Weighted averages						80,899	17.0	15.2	1.6	1.8	10.6	9.4
Arithmetical Average							18.7	14.7	1.3	1.6	10.0	11.4
Median							16.3	14.1	1.0	1.7	10.4	8.9

Source: ESN estimates

Exprivia : Summary tables

PROFIT & LOSS (EURm)	12/2016	12/2017	12/2018	12/2019e	12/2020e
Sales	142	161	623	582	607
Cost of Sales & Operating Costs	-129	-149	-581	-542	-561
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0
EBITDA	12.8	12.1	41.8	40.9	45.5
EBITDA (adj.)*	12.8	12.1	41.8	40.9	45.5
Depreciation	-4.4	-5.1	-20.3	-19.9	-19.6
EBITA	8.4	7.0	21.5	21.0	25.9
EBITA (adj)*	8.4	7.0	21.5	21.0	25.9
Amortisations and Write Downs	-0.6	-0.5	-0.5	-0.5	-0.5
EBIT	7.8	6.5	21.0	20.5	25.4
EBIT (adj.)*	7.8	6.5	21.0	20.5	25.4
Net Financial Interest	-3.0	-3.9	-19.2	-13.0	-12.0
Other Financials	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	-2.0	-2.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	4.8	2.6	1.8	5.5	11.4
Tax	-1.9	-2.6	-2.6	-5.9	-7.3
<i>Tax rate</i>	<i>40.5%</i>	<i>98.1%</i>	<i>n.m.</i>	<i>n.m.</i>	<i>64.3%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	-0.1	1.0	1.3	0.8
Net Profit (reported)	2.8	0.0	0.2	1.0	4.8
Net Profit (adj.)	2.8	0.0	0.2	1.0	4.8
CASH FLOW (EURm)	12/2016	12/2017	12/2018	12/2019e	12/2020e
Cash Flow from Operations before change in NWC	7.8	5.6	20.0	20.0	24.2
Change in Net Working Capital	8.8	-29.8	11.8	-9.7	19.8
Cash Flow from Operations	16.7	-24.2	31.8	10.3	44.0
Capex	-11.0	-193	-16.4	-18.5	-18.5
Net Financial Investments	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	5.7	-217	15.4	-8.2	25.5
Dividends	-1.1	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	-4.1	29.6	-7.3	0.2	1.4
Change in Net Debt	0.5	-187	8.2	-8.0	26.9
NOPLAT	5	4	13	20	25
BALANCE SHEET & OTHER ITEMS (EURm)	12/2016	12/2017	12/2018	12/2019e	12/2020e
Net Tangible Assets	16.0	28.2	27.7	26.3	25.2
Net Intangible Assets (incl. Goodwill)	79.0	243	244	244	244
Net Financial Assets & Other	7.7	73.9	73.8	73.8	73.8
Total Fixed Assets	103	345	346	345	343
Inventories	1.0	41.0	34.0	31.7	33.3
Trade receivables	59.4	148	156	145	133
Other current assets	20.5	72.1	109	104	103
Cash (-)	-12.5	-36.5	-19.9	-19.3	-21.3
Total Current Assets	93.4	298	318	300	291
Total Assets	196	643	664	645	634
Shareholders Equity	75.7	102	98.8	99.7	105
Minority	1.0	27.1	26.5	25.2	24.4
Total Equity	76.7	129	125	125	129
Long term interest bearing debt	24.6	190	181	186	167
Provisions	10.4	30.0	25.8	26.0	27.0
Other long term liabilities	1.1	14.4	19.3	19.8	20.8
Total Long Term Liabilities	36.1	234	226	232	215
Short term interest bearing debt	23.7	69.4	54.0	55.6	49.9
Trade payables	18.8	147	195	175	181
Other current liabilities	40.9	64.0	63.7	57.0	59.1
Total Current Liabilities	83.4	280	313	287	290
Total Liabilities and Shareholders' Equity	196.2	643.0	664.0	644.6	634.3
Net Capital Employed	124.0	395.9	385.1	393.5	372.6
Net Working Capital	21.2	51.0	39.2	49.0	29.2
GROWTH & MARGINS	12/2016	12/2017	12/2018	12/2019e	12/2020e
<i>Sales growth</i>	<i>-2.1%</i>	<i>13.7%</i>	<i>286.6%</i>	<i>-6.5%</i>	<i>4.2%</i>
EBITDA (adj.)* growth	-16.4%	-5.5%	245.8%	-2.2%	11.2%
<i>EBITA (adj.)* growth</i>	<i>-23.5%</i>	<i>-16.7%</i>	<i>207.0%</i>	<i>-2.4%</i>	<i>23.2%</i>
<i>EBIT (adj.)* growth</i>	<i>-22.0%</i>	<i>-16.6%</i>	<i>222.9%</i>	<i>-2.4%</i>	<i>23.8%</i>

Exprivia : Summary tables

GROWTH & MARGINS	12/2016	12/2017	12/2018	12/2019e	12/2020e
Net Profit growth	-37.5%	n.m.	n.m.	367.0%	407.7%
EPS adj. growth	-37.5%	n.m.	n.m.	367.0%	407.7%
DPS adj. growth	-23.9%	n.m.	n.m.	0.0%	0.0%
EBITDA (adj)* margin	9.0%	7.5%	6.7%	7.0%	7.5%
EBITA (adj)* margin	5.9%	4.3%	3.4%	3.6%	4.3%
EBIT (adj)* margin	5.5%	4.0%	3.4%	3.5%	4.2%

RATIOS	12/2016	12/2017	12/2018	12/2019e	12/2020e
Net Debt/Equity	0.5	1.7	1.7	1.8	1.5
Net Debt/EBITDA	2.8	18.4	5.1	5.4	4.3
Interest cover (EBITDA/Fin.interest)	4.2	3.1	2.2	3.1	3.8
Capex/D&A	219.9%	3443.0%	78.6%	90.7%	92.0%
Capex/Sales	7.8%	119.4%	2.6%	3.2%	3.0%
NWC/Sales	15.0%	31.7%	6.3%	8.4%	4.8%
ROE (average)	3.8%	0.0%	0.2%	1.0%	4.7%
ROCE (adj.)	3.6%	1.0%	3.2%	4.8%	6.3%
WACC	7.8%	7.8%	7.8%	7.8%	7.8%
ROCE (adj.)/WACC	0.5	0.1	0.4	0.6	0.8

PER SHARE DATA (EUR)***	12/2016	12/2017	12/2018	12/2019e	12/2020e
Average diluted number of shares	51.9	51.9	51.9	51.9	51.9
EPS (reported)	0.05	0.00	0.00	0.02	0.09
EPS (adj.)	0.05	0.00	0.00	0.02	0.09
BVPS	1.46	1.96	1.90	1.92	2.02
DPS	0.02	0.00	0.00	0.00	0.00

VALUATION	12/2016	12/2017	12/2018	12/2019e	12/2020e
EV/Sales	0.6	1.7	0.5	0.6	0.5
EV/EBITDA	6.8	22.3	7.6	8.0	6.6
EV/EBITDA (adj.)*	6.8	22.3	7.6	8.0	6.6
EV/EBITA	10.4	38.6	14.8	15.5	11.6
EV/EBITA (adj.)*	10.4	38.6	14.8	15.5	11.6
EV/EBIT	11.2	41.5	15.1	15.9	11.8
EV/EBIT (adj.)*	11.2	41.5	15.1	15.9	11.8
P/E (adj.)	12.7	n.m.	n.m.	47.8	9.4
P/BV	0.5	0.8	0.4	0.5	0.4
Total Yield Ratio	0.0%	0.0%	0.0%	0.0%	
EV/CE	0.8	0.8	1.0	1.0	1.0
OpFCF yield	15.8%	-277%	36.1%	-18.0%	55.9%
OpFCF/EV	6.5%	-80.2%	4.9%	-2.5%	8.5%
Payout ratio	39.1%	0.0%	-3.3%	-0.7%	-0.1%
Dividend yield (gross)	3.1%	0.0%	0.0%	0.0%	0.0%

EV AND MKT CAP (EURm)	12/2016	12/2017	12/2018	12/2019e	12/2020e
Price** (EUR)	0.69	1.51	0.82	0.88	0.88
Outstanding number of shares for main stock	51.9	51.9	51.9	51.9	51.9
Total Market Cap	36	78	43	46	46
Net Debt	36	223	215	223	196
<i>o/w Cash & Marketable Securities (-)</i>	<i>-12</i>	<i>-37</i>	<i>-20</i>	<i>-19</i>	<i>-21</i>
<i>o/w Gross Debt (+)</i>	<i>48</i>	<i>259</i>	<i>235</i>	<i>242</i>	<i>217</i>
Other EV components	16	-31	60	57	58
Enterprise Value (EV adj.)	87	270	317	325	299

Source: Company, Banca Akros estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT -/+ Non Recurrent Expenses/Income - PPA

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

Sector: Software & Computer Services/Software

Company Description: Exprivia is an Italian player in the IT sector, created in 2005 through the merger of a listed SW vendor (AISoftware) with a IT service provider (Abaco). The Group employes almost 2,000 people, is headquartered in the South of Italy, has 10 offices across the country and has started an international expansion (foreign activities account for above 10% of sales). The group operates in several verticals including Finance (22% of FY 2013e sales), Utilities (20%), Healthcare (18%), Manufacturing (13%), Telecoms and Energy (10%) and Public Administrations (5%).

European Coverage of the Members of ESN

Aerospace & Defense	Mem(*)			Food & Beverage	Mem(*)		
Airbus Se	CIC	Societe Generale	CIC	Advini	CIC	Biom' Up	CIC
Dassault Aviation	CIC	Ubi Banca	BAK	Altia	OPG	Cellnovo	CIC
Figeac Aero	CIC	Unicredit	BAK	Atria	OPG	Cerenis	CIC
Latecoere	CIC	Basic Resources	Mem(*)	Bonduelle	CIC	Crossject	CIC
Leonardo	BAK	Acerinox	GVC	Campari	BAK	Diasorin	BAK
Lisi	CIC	Altri	CBI	Coca Cola Hbc Ag	IBG	El.En.	BAK
Safran	CIC	Arcelormittal	GVC	Danone	CIC	Fermentalg	CIC
Thales	CIC	Corticeira Amorim	CBI	Ebro Foods	GVC	Genfit	CIC
Alternative Energy	Mem(*)	Ence	GVC	Enervit	BAK	Guerbet	CIC
Siemens Gamesa Re	GVC	Metsä Board	OPG	Fleury Michon	CIC	Korian	CIC
Volitalia	CIC	Mytilineos	IBG	Hkscan	OPG	Oncodesign	CIC
Automobiles & Parts	Mem(*)	Outokumpu	OPG	La Doria	BAK	Oriola-Kd	OPG
Bittium Corporation	OPG	Semapa	CBI	Lanson-Bcc	CIC	Orion	OPG
Brembo	BAK	Ssab	OPG	Laurent Perrier	CIC	Orpea	CIC
Ferrari	BAK	Stora Enso	OPG	Ldc	CIC	Pihlajalinna	OPG
Fiat Chrysler Automobiles	BAK	The Navigator Company	CBI	Massimo Zanetti	BAK	Recordati	BAK
Gestamp	GVC	Tubacex	GVC	Olvi	OPG	Silmaasema	OPG
Indelb	BAK	Upm-Kymmene	OPG	Orsero	BAK	Terveystalo	OPG
Kamux	OPG	Chemicals	Mem(*)	Pernod Ricard	CIC	Household Goods	Mem(*)
Landi Renzo	BAK	Air Liquide	CIC	Raisio	OPG	Abeo	CIC
Nokian Tyres	OPG	Arkema	CIC	Remy Cointreau	CIC	De Longhi	BAK
Piaggio	BAK	Kemira	OPG	Tipiak	CIC	Elica	BAK
Pininfarina	BAK	Tikkurila	OPG	Vidrala	GVC	Fila	BAK
Sogefi	BAK	Electronic & Electrical Equipment	Mem(*)	Vilmorin	CIC	Maisons Du Monde	CIC
Banks	Mem(*)	Rexel	CIC	Viscofan	GVC	Industrial Engineering	Mem(*)
Aktia	OPG	Financial Services Banks	Mem(*)	Vranken Pommery Monopole	CIC	Alstom	CIC
Alpha Bank	IBG	Amundi	CIC	Carrefour	CIC	Biesse	BAK
Banca Carige	BAK	Anima	BAK	Casino Guichard-Perrachon	CIC	Caf	GVC
Banca Mps	BAK	Azimut	BAK	Jeronimo Martins	CBI	Cargotec Corp	OPG
Banco Sabadell	GVC	Banca Farmafactoring	BAK	Kesko	OPG	Carraro	BAK
Banco Santander	GVC	Banca Generali	BAK	Marr	BAK	Cnh Industrial	BAK
Bankia	GVC	Banca Ifis	BAK	Sonae	CBI	Danieli	BAK
Bankinter	GVC	Banca Mediolanum	BAK	General Industrials	Mem(*)	Datalogic	BAK
Bbva	GVC	Banca Sistema	BAK	Cembre	BAK	Emak	BAK
Bcp	CBI	Dobank	BAK	Huhtamäki	OPG	Fincantieri	BAK
Bnp Paribas	CIC	Finecobank	BAK	Pöyry	OPG	Groupe Gorge	CIC
Bper	BAK	Poste Italiane	BAK	Sergeferrari Group	CIC	Haulotte Group	CIC
Bpi	CBI	Financial Services Holdings	Mem(*)	Fnac Darty	CIC	Ima	BAK
Caixabank	GVC	Cir	BAK	Fourlis Holdings	IBG	Interpump	BAK
Credem	BAK	Corp. Financiera Alba	GVC	Inditex	GVC	Kone	OPG
Credit Agricole Sa	CIC	Digital Magics	BAK	Jumbo	IBG	Koncranes	OPG
Creval	BAK	Eurazeo	CIC	Ovs	BAK	Manitou	CIC
Eurobank	IBG	Ffp	CIC	Stockmann	OPG	Metso Corporation	OPG
Intesa Sanpaolo	BAK	Rallye	CIC	Tokmanni	OPG	Outotec	OPG
Liberbank	GVC	Tip Tamburi Investment Partners	BAK	Unieuro	BAK	Ponsse	OPG
Mediobanca	BAK	Wendel	CIC	Healthcare	Mem(*)	Prima Industrie	BAK
National Bank Of Greece	IBG	Financial Services Industrials	Mem(*)	Ab Biotics	GVC	Prysmian	BAK
Natisis	CIC	Athex Group	IBG	Amplifon	BAK	Talgo	GVC
Nordea	OPG	Bolsas Y Mercados Espanoles	GVC	Atrys Health	GVC	Valmet	OPG
Piraeus Bank	IBG	Capman	OPG			Wärtsilä	OPG
Rothschild & Co	CIC	Eq	OPG			Zardoya Otis	GVC
		Tinexta	BAK				

Industrial Transportation	Mem(*)	Alma Media	OPG	Geox	BAK	Bureau Veritas	CIC	Pierre Et Vacances	CIC
Bollere	CIC	Arnoldo Mondadori Editore	BAK	Hermes Intl.	CIC	Cellnex Telecom	GVC	Sg Company	BAK
Ctt	CBI	Atresmedia	GVC	Interparfums	CIC	Edenred	CIC	Sodexo	CIC
Insurance	Mem(*)	Cairo Communication	BAK	Kering	CIC	Enav	BAK	Sonae Capital	CBI
Axa	CIC	Cofina	CBI	Lvmh	CIC	Fiera Milano	BAK	Tallink	OPG
Cattolica Assicurazioni	BAK	Digital Bros	BAK	Marimekko	OPG	Inwit	BAK	Trigano	CIC
Generali	BAK	Digitouch	BAK	Moncler	BAK	Lassila & Tikanoja	OPG	Utilities	Mem(*)
Mapfre	GVC	Gedi Gruppo Editoriale	BAK	Safilo	BAK	Openjobmetis	BAK	A2A	BAK
Net Insurance	BAK	Gi Events	CIC	Salvatore Ferragamo	BAK	Rai Way	BAK	Acciona	GVC
Sampo	OPG	Impresa	CBI	Sarantis	IBG	Technology Hardware & Equipm	Mem(*)	Acea	BAK
Unipolsai	BAK	lol	BAK	Smcp	CIC	Adeunis	CIC	Albioma	CIC
Materials, Construction & Infr	Mem(*)	Ipsos	CIC	Swatch Group	CIC	Ericsson	OPG	Derichebourg	CIC
Acs	GVC	Jcdecoux	CIC	Technogym	BAK	Evolis	CIC	Edp	CBI
Aena	GVC	Lagardere	CIC	Tod'S	BAK	Hf Company	CIC	Edp Renováveis	CBI
Astaldi	BAK	M6-Metropole Television	CIC	Real Estate	Mem(*)	Ingenico	CIC	Enagas	GVC
Atlantia	BAK	Mediaset	BAK	Citycon	OPG	Nokia	OPG	Endesa	GVC
Buzzi Unicem	BAK	Mediaset Espana	GVC	Grivalia	IBG	Osmozis	CIC	Enel	BAK
Capelli	CIC	Nij Group	CIC	lgd	BAK	Stmicroelectronics	BAK	Erg	BAK
Caverion	OPG	Publicis	CIC	Kojamo	OPG	Teleste	OPG	Eydap	IBG
Cramo	OPG	Rcs Mediagroup	BAK	Lar España	GVC	Telecommunications	Mem(*)	Falck Renewables	BAK
Eiffage	CIC	Sanoma	OPG	Merlin Properties	GVC	Accotel	BAK	Fortum	OPG
Eitel	OPG	Solocal Group	CIC	Realla	GVC	Bouygues	CIC	Hera	BAK
Ezentis	GVC	Teleperformance	CIC	Technopolis	OPG	Dna	OPG	Iberdrola	GVC
Fcc	GVC	Tf1	CIC	Software & Computer Services	Mem(*)	Elisa	OPG	Iren	BAK
Ferrovial	GVC	Ubisoft	CIC	Agile Content	GVC	Euskaltel	GVC	Italgas	BAK
Groupe Adp	CIC	Vivendi	CIC	Akka Technologies	CIC	Iliad	CIC	Naturgy	GVC
Groupe Pojuolat	CIC	Vogo	CIC	Alten	CIC	Masmovil	GVC	Public Power Corp	IBG
Groupe Stpi S.A.	CIC	Oil & Gas Producers	Mem(*)	Altran	CIC	Nos	CBI	Red Electrica Corporacion	GVC
Herige	CIC	Ecoslops	CIC	Amadeus	GVC	Orange	CIC	Ren	CBI
Imerys	CIC	Eni	BAK	Assystem	CIC	Ote	IBG	Snam	BAK
Lafargeholcim	CIC	Galp Energia	CBI	Atos	CIC	Telecom Italia	BAK	Solaria	GVC
Lehto	OPG	Gas Plus	BAK	Axway Software	CIC	Telefonica	GVC	Terna	BAK
Maire Tecnimont	BAK	Hellenic Petroleum	IBG	Basware	OPG	Telia	OPG		
Maisons France Confort	CIC	Maurel Et Prom	CIC	Cast	CIC	Tiscali	BAK		
Mota Engil	CBI	Motor Oil	IBG	Catenon	GVC	Vodafone	BAK		
Obrascon Huarte Lain	GVC	Neste Corporation	OPG	Econocom	CIC	Travel & Leisure	Mem(*)		
Ramirent	OPG	Ogep	CBI	Esi Group	CIC	Accor	CIC		
Sacyr	GVC	Repsol	GVC	Exprivia	BAK	Aegean Airlines	IBG		
Saint Gobain	CIC	Total	CIC	F-Secure	OPG	Autogrill	BAK		
Salini Impregilo	BAK	Oil Services	Mem(*)	Gigas Hosting	GVC	Beneteau	CIC		
Sias	BAK	Bourbon	CIC	Groupe Open	CIC	Compagnie Des Alpes	CIC		
Sonae Industria	CBI	Cgg	CIC	Indra Sistemas	GVC	Elior	CIC		
Srv	OPG	Gaztransport Et Technigaz	CIC	Neurones	CIC	Europcar	CIC		
Tarkett	CIC	Rubis	CIC	Novabase	CBI	Finnair	OPG		
Thermador Groupe	CIC	Saipem	BAK	Reply	BAK	Gamenet	BAK		
Titan Cement	IBG	Technipfmc Plc	CIC	Rovio Entertainment	OPG	I Grandi Viaggi	BAK		
Trevi	BAK	Tecnicas Reunidas	GVC	Sii	CIC	Ibersol	CBI		
Uponor	OPG	Tenaris	BAK	Sopra Steria Group	CIC	Int. Airlines Group	GVC		
Vicat	CIC	Vallourec	CIC	Tieto	OPG	Intralot	IBG		
Vinci	CIC	Personal Goods	Mem(*)	Visiativ	CIC	Melia Hotels International	GVC		
Yit	OPG	Basinet	BAK	Support Services	Mem(*)	Nh Hotel Group	GVC		
Media	Mem(*)	Cie Fin. Richemont	CIC	Asiakastieto Group	OPG	Opap	IBG		

LEGEND: BAK: Banca Akros; CIC: CM CIC Market Solutions; CBI: Caixa-Banco de Investimento; GVC: GVC Gaesco Beksa, SV, SA; IBG: Investment Bank of Greece, OPG: OP Corporate Bank; as of 4th April 2019

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(**) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts

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Recommendation history for EXPRIVIA

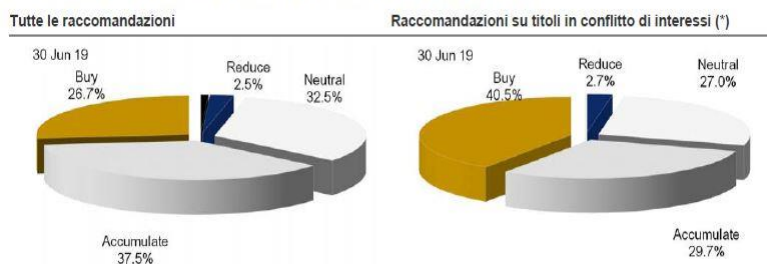
Date	Recommendation	Target price	Price at change date
07-Aug-19	Neutral	1.15	0.95
15-May-19	Accumulate	1.55	1.04
19-Dec-18	Accumulate	1.65	0.86
21-Feb-18	Accumulate	1.80	1.46
12-Dec-17	Accumulate	1.70	1.52
31-Oct-17	Neutral	1.70	1.72
28-Jul-17	Accumulate	1.30	1.28
15-May-17	Neutral	1.15	1.25
05-Apr-17	Neutral	1.00	1.01

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows Banca Akros continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Andrea Devita, CFA (since 09/01/2014)



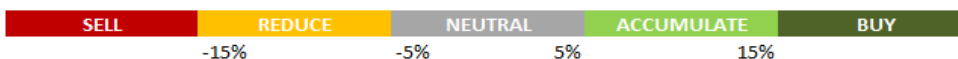
Percentuale delle raccomandazioni al 30 giugno 2019



(*) Si informa che la percentuale degli emittenti in potenziale conflitto di interessi con Banca Akros è pari al 30.83% del totale degli emittenti oggetto di copertura

ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B), Accumulate (A), Neutral (N), Reduce (R) and Sell (S)**.

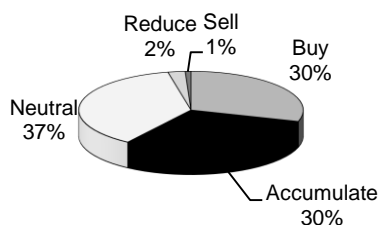
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a change of analyst covering the stock or a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved
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Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

Banca Akros Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

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