

Italy - Software

Still more value to come

24th March 2016

FY-15 RESULTS RELEASE

RIC: PITE.MI
BBG: PITE IM

Piteco, the undisputed domestic leader in the treasury management software niche, reported solid FY-15 results. The acceleration of foreign markets expansion, the reinforcement of sales force and the cloud solution now live are set to add further value for shareholders.

Rating:

Buy (Neutral)

Price Target:

€ 4.70 (4.00)

Upside/(Downside): 25.3%

Last Price: € 3.74

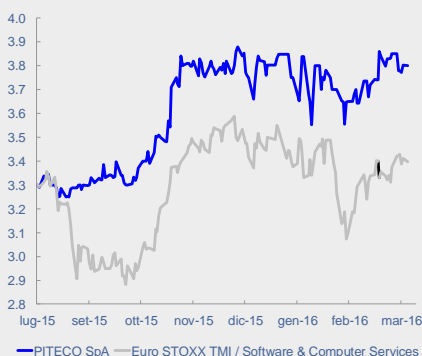
Market Cap.: € 67.79

1Y High/Low: € 3.88/€ 3.25

Free Float: 16.8%

Major shareholders:

Podini Family 74.6%
Management 8.6%



Stock price performance

	1M	3M	6M
Absolute	4.3%	-0.5%	13.8%
Rel.to Milan AIM	1.0%	2.1%	18.3%
Rel.to EU Sector	1.5%	1.1%	0.2%

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Rating upgrade: Buy (Neutral), PT € 4.70/s (€ 4.00/s), upside potential of 25.3%

Following the publication of FY-15 results, we have updated our model, factoring in the more favourable tax rate in 2016-17 thanks to the adoption of the Patent Box tax scheme (still a prudent assessment, since full law details have not been disclosed yet) and introducing 2018 estimates. The result is an upgrade of 8.3% in net profit in 2016-17. Moreover, we have updated DCF valuation criteria, rolling over the first year of estimates to 2016 and brought the Free Risk Rate up-to-date. The combined result is an upgrade in target price to € 4.70/s (€ 4.00/s), 25.3% upside at current prices. Rating moves to BUY (Neutral).

FY-15 revenues up 8.7%

Turnover increased 8.7% YoY mainly driven by high margin turnover linked to recurring maintenance & services fees (usually some 50% of total) and software sales. Consistently with last years' average growth pace, there were 30 new clients in 2015, totaling 598 as of Dec-15, in line with our expectations. YTD Piteco has added 8 new names, with supposedly mid-large entry tickets, which lends weight to FY-16e projections.

EBIT +20.7%, net profit +40.2%, slightly better than projected. Dividend yield 2.6%

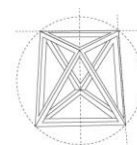
The over-proportional improvement in profitability is explained by the evolution of personnel cost (driven by minor organic growth tied to the natural expansion of the business), the consolidation of Centro Data and lower depreciations related to proprietary software. Net profit soared 40.2% to € 3.43m, margin of 25.6%, slightly better than our € 3.31m forecast, thanks to the assessed impact of the Patent Box tax scheme. This valuation is conservative, since the final law regulations have not yet been published. That is to say, the real impact will be even more favorable. The BoD will propose the distribution of a dividend of € 0.10/share, 53% pay out, yield of 2.6%.

More value to come: acceleration of international expansion, cloud is now live

Piteco is accelerating the internationalization process, pushing with the assistance of IDC in order to find targets and possible distribution agreements in the US. We cannot rule out Piteco looking also at other countries in NAFTA. Cloud components are now live: the first contract has been signed, representing ideal solution for smaller companies. Moreover, Piteco reinforced sales force with senior seasoned new entries. Momentum is seen to remain positive in the months to come. FY-15 figures corroborates the investment case, with a sustained margins growth, more than proportional to turnover's rise.

Piteco, key financials and ratios

€ m	2014	2015	2016e	2017e	2018e
Sales	12.30	13.37	15.13	16.34	17.40
EBITDA	5.23	5.72	6.59	7.33	7.84
EBIT	4.53	5.46	6.33	7.04	7.51
Net profit	2.44	3.43	4.57	5.15	5.56
Net profit adjusted	2.43	3.68	4.57	5.15	5.56
EPS adjusted	0.16	0.20	0.25	0.28	0.31
EPS adj. growth	48.8%	30.1%	23.9%	12.8%	7.8%
DPS ord. €/s	0.00	0.10	0.13	0.15	0.16
Dividend yield	0.0%	2.7%	3.6%	4.0%	4.3%
NFP (cash)/debt	10.03	0.35	(2.46)	(5.08)	(7.85)
Free Cash Flow Yield	1.8%	4.3%	6.8%	7.4%	8.1%
PER x	24.0	18.4	14.9	13.2	12.2
PCF x	39.1	21.5	13.9	12.9	11.8
EV/Sales x	6.3	5.1	4.3	3.8	3.5
EV/EBITDA x	14.9	11.9	9.9	8.6	7.7
EV/EBIT x	17.2	12.5	10.3	8.9	8.0



1. FY-15 results: slightly better than expected

Piteco reported FY-15 numbers last 17-Mar, preliminary results announced 04-Feb: a solid set of results, slightly better than CFO estimates. The prudent appraisal of the impact of the patent box tax scheme, contributed to boost bottom line, +40.2% YoY.

Table 1 – Piteco, FY-15 results summary

€ m	FY-15	FY-14	% YoY	FY-15e	% Diff.
Turnover	13.37	12.30	8.7	13.37	0.0
Raw material	0.05	0.05		0.06	
Change in inventories	(0.01)	(0.03)		(0.03)	
Personnel	5.43	4.98		5.43	
Other	2.19	2.08		2.05	
EBITDA	5.72	5.23	9.4	5.69	0.6
% margin	42.8	42.5		42.6	
D&A	0.26	0.70		0.31	
EBIT	5.46	4.53	20.7	5.38	1.6
% margin	40.9	36.8		40.2	
Financial costs/(income)	0.58	1.01		0.33	
Extraordinary	0.32	(0.02)		0.33	
Pretax	4.56	3.53	29.0	4.72	(3.5)
Taxes	1.13	1.09		1.42	
Tax rate	24.8	30.8		30.0	
Net profit	3.43	2.44	40.2	3.31	3.6
% margin	25.6	19.9		24.8	

Source: Company data, CFO Sim

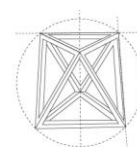
Turnover increased 8.7% YoY mainly driven by high margin turnover linked to recurring maintenance & services fees (usually some 50% of total) and software sales. Consistently with last years' average growth pace, there were 30 new clients in 2015, totaling 598 as of Dec-15, in line with our expectations. YTD Piteco added 8 new names, with supposedly mid-large entry tickets, which lends weight on FY-16e projections.

EBITDA grew 9.4% to € 5.72m, 42.8% margin, **in line with our € 5.69m projection**. The much more than proportional improvement of EBITDA is explained by the evolution of personnel cost (driven by a minor organic growth tied to the natural expansion of the business) and the consolidation of Centro Data. EBIT totaled € 5.5m, +20.7% YoY mainly thanks to lower depreciations related to proprietary software (€ 0.3m vs. € 0.7m in FY-14), margin of 40.9% (+410bps YoY).

Thanks to lower financial charges tied to a more efficient loans and debt profile, **pretax profit increased 29.0% to € 4.56m**.

Net profit soared 40.2% to € 3.43m, margin of 25.6%, slightly better than our € 3.31m forecast, **thanks to the assessed impact of the Patent Box tax scheme**. This valuation is conservative, since the final law regulations have not yet been published. That is to say, the real impact will be even more favorable. **The BoD will propose the distribution of a dividend of € 0.10/share**, 53% pay out, yield of 2.6%, ex-dividend 30-May-16, record date 31-May-16 and payment 1-Jun-16.

Net financial position decreased to € 0.33m, from € 8.7m in H1-15, broadly in line with CFO expectation, and it compares with € 10.0m of dec-14. Taking into consideration the net IPO inflow of € 8.0m, the extraordinary costs linked to the IPO and the € 1.1m acquisition outlay for Centrodato, the **company generated some € 4m Free Cash Flow in FY-15**.



2. Estimates, valuation and risks

Following the publication of FY-15 results, we have updated our model, factoring in the more favorable tax rate in 2016-17 thanks to the adoption of the Patent Box tax scheme (still a prudent assessment, since full law details have not been disclosed yet) and introducing 2018 estimates. The result is an **upgrade of 8.3% in net profit in 2016-17**.

Moreover, we have updated DCF valuation criteria, rolling over the first year of estimates to 2016 and brought up-to-date the Free Risk Rate.

The combined result is an **upgrade in target price of Piteco to € 4.70/s** (€ 4.00/s), 23.5% upside at current prices, thus **rising recommendation to BUY** (Neutral) The business model of the company allows profitability to grow more than proportionately to top line, thanks to the substantial weight (close to 50% of total) of high margins turnover linked to maintenance and services (almost 90% of margins comes from this business line).

2.1. DCF

In the valuation via the DCF method explicit estimates until 2020 and a long term growth of 1.5% were used. Cash flows were discounted back at an weighted average cost of capital calculated according to the following parameters:

Table 2 - WACC derived from:

Interest costs, pre-tax	2.5%
Tax rate	31.5%
Int. costs, after taxes	1.7%
Risk premium, incl. small size premium	7.0%
Risk-free (10Y Gov. Bond 3M average)	1.44%
Beta levered (x)	1.00
Required ROE	8.4%

Source: CFO Sim

Table 3 - Piteco, DCF model

€ m	2016e	2017e	2018e	2019e	2020e	Term. Val.
EBIT	6.33	7.04	7.57	8.18	8.83	
Tax rate	24.5%	24.0%	23.5%	23.5%	23.5%	
Operating profit (NOPAT)	4.78	5.35	5.79	6.26	6.76	
Change working capital	(0.28)	(0.36)	(0.32)	(0.33)	(0.35)	
Depreciation	0.26	0.29	0.27	0.26	0.25	
Investments	(0.25)	(0.25)	(0.25)	(0.25)	(0.25)	
Free Cash Flows	4.51	5.03	5.50	5.93	6.41	94.17
Present value	4.23	4.36	4.39	4.37	4.36	64.03
WACC	8.4%	8.4%	8.4%	8.4%	8.4%	
Long-term growth rate	1.5%					

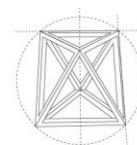
Source: CFO Sim

Table 4 – Piteco, DCF per share derived from:

Total EV present value € m	85.74
<i>thereof terminal value</i>	74.7%
NFP FY-15 € m	(0.35)
Pension provision last reported	(1.11)
Equity value € m	84.29
Shares # m	18.13
Discounted CF €/s	4.70
<i>Upside/(downside)</i>	23.6%

Source: CFO Sim

The application of the model produces an equity value of € 83.80m, which corresponds to **€ 4.70/s, with a potential upside of 23.6%**.



The following tables illustrate that sensitivity 1) compared to changes in the terminal growth rate produces an equity value per share of between € 4.20 – 5.30 (perpetuity range of between 0.50% and +2.50%), while 2) compared to changes in the free risk rate produces an equity value/s of € 4.00–5.50 (free risk range of between 2.44% and 0.44%) and 3) compared to changes in the risk premium, including small size premium results into an equity value/s of € 3.60-6.60 (risk premium range of between 9.0% and 5.0%).

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

€ m	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%
Present value of CF	21.71	21.71	21.71	21.71	21.71	21.71	21.71	21.71	21.71
PV of terminal value	55.38	57.33	59.41	61.64	64.03	66.60	69.37	72.36	75.61
Total value	77.09	79.04	81.13	83.35	85.74	88.31	91.08	94.07	97.32
NFP FY-15	(0.35)	(0.35)	(0.35)	(0.35)	(0.35)	(0.35)	(0.35)	(0.35)	(0.35)
Pension provision	(1.11)	(1.11)	(1.11)	(1.11)	(1.11)	(1.11)	(1.11)	(1.11)	(1.11)
Equity value	75.64	77.59	79.67	81.90	84.29	86.86	89.62	92.62	95.87
Equity value €/s	4.20	4.30	4.40	4.50	4.70	4.80	4.90	5.10	5.30

Source: CFO Sim

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

€ m	0.44%	0.69%	0.94%	1.19%	1.44%	1.69%	1.94%	2.19%	2.44%
Present value of CF	22.28	22.14	21.99	21.85	21.71	21.58	21.44	21.30	21.17
PV of terminal value	78.18	74.20	70.53	67.15	64.03	61.13	58.43	55.92	53.58
Total value	100.46	96.33	92.53	89.01	85.74	82.71	79.87	77.23	74.74
NFP FY-15	(0.35)	(0.35)	(0.35)	(0.35)	(0.35)	(0.35)	(0.35)	(0.35)	(0.35)
Pension provision	(1.11)	(1.11)	(1.11)	(1.11)	(1.11)	(1.11)	(1.11)	(1.11)	(1.11)
Equity value	99.00	94.88	91.07	87.55	84.29	81.25	78.42	75.77	73.29
Equity value €/s	5.50	5.20	5.00	4.80	4.70	4.50	4.30	4.20	4.00

Source: CFO Sim

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

€ m	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	8.50%	9.00%
Present value of CF	22.87	22.57	22.28	21.99	21.71	21.44	21.17	20.91	20.65
PV of terminal value	98.27	87.28	78.18	70.53	64.03	58.43	53.58	49.32	45.57
Total value	121.15	109.85	100.46	92.53	85.74	79.87	74.74	70.23	66.21
NFP FY-15	(0.35)	(0.35)	(0.35)	(0.35)	(0.35)	(0.35)	(0.35)	(0.35)	(0.35)
Pension provision	(1.11)	(1.11)	(1.11)	(1.11)	(1.11)	(1.11)	(1.11)	(1.11)	(1.11)
Equity value	119.69	108.39	99.00	91.07	84.29	78.42	73.29	68.77	64.76
Equity value €/s	6.60	6.00	5.50	5.00	4.70	4.30	4.00	3.80	3.60

Source: CFO Sim

2.2. Market multiples

We have included 13 peer groups in the sample, operating in the software and digital technology worldwide arena. Our sample comprises larger global payers as well as small local actors. Size differs significantly amongst the panel, in particular between smaller and global firms, as well as profitability. Piteco presents by far **the highest value in terms of EBITDA margin**, lower only to Oracle, which however provides a different service. In addition, Piteco offers **top of the range growth** within peer groups, much higher than larger and smaller players' average at every level of P&L. In particular, considering EPS growth, Piteco offers **almost twice the growth**, on average, of its peers. On the other hand, Piteco is amongst the **smaller** firm in terms of market value and **the less liquid** (free float 17%, i.e. € 3.0m).

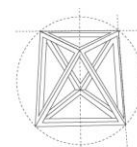


Table 8 - Piteco, peers group summary table

Local currency, m	Country	Price	Mkt Cap	Float	Sales FY1	EBITDA FY1	EBITDA %	Sales CAGR ₁₄₋₁₇	EBITDA CAGR ₁₄₋₁₇	EBIT CAGR ₁₄₋₁₇	EPS CAGR ₁₄₋₁₇
Intuit Inc.	USA	102.01	26,198	95%	4,584	1,668	102.01	8.1	10.7	11.1	12.7
Microsoft Corporation	USA	53.86	425,995	97%	92,537	34,229	53.86	4.2	7.2	5.9	7.9
NetSuite Inc.	USA	67.16	5,372	48%	961	79	67.16	31.4	24.3	31.0	28.9
Oracle Corporation	USA	41.61	172,676	73%	36,915	16,666	41.61	2.4	0.5	2.0	4.1
salesforce.com, inc.	USA	72.25	48,473	94%	8,118	1,714	72.25	20.7	24.7	36.4	33.6
SAP SE	GERMANY	70.70	86,855	76%	21,986	7,170	70.70	9.0	7.1	8.5	7.1
Median large player								8.5	9.0	9.8	10.3
Datalogic S.p.A.	ITALY	16.36	956	32%	577	86	16.36	8.1	8.4	10.3	13.3
Digital Bros S.p.A.	ITALY	4.61	65	27%	118	19	4.61	2.4	53.6	54.9	98.8
Engineering S.p.A.	ITALY	65.45	818	33%	896	110	65.45	1.6	1.2	6.1	8.8
Expert System SpA	ITALY	2.06	52	65%	29	4	2.06	38.6	51.7	56.4	87.8
Exprivia S.p.A.	ITALY	0.74	38	51%	162	18	0.74	3.6	6.7	9.0	21.2
Reply S.p.A.	ITALY	130.50	1,221	45%	774	109	130.50	8.6	10.2	8.4	9.6
TXT e-solutions S.p.A.	ITALY	7.75	101	54%	68	8	7.75	6.8	9.8	17.0	20.0
Median small player								13.5	6.8	9.8	10.3
PITECO	ITALY	3.80	69	17%	15	7	43.6	9.9	11.9	15.8	28.2

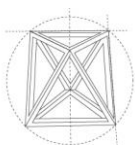
Source: FactSet, CFO Sim

Table 9 - Piteco, peers group multiples table

EV & Price multiples x	PER FY1	PER FY2	PCF FY1	PCF FY2	Sales FY1	Sales FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2
Intuit Inc.	29.2	23.7	21.0	17.2	5.67	4.98	15.6	12.4	17.8	14.6
Microsoft Corporation	19.6	17.3	14.9	12.5	3.94	3.72	10.7	9.8	12.9	11.8
NetSuite Inc.	156.2	96.6	39.7	32.5	5.25	4.03	63.7	44.0	125.9	77.4
Oracle Corporation	15.9	14.8	13.3	12.8	3.84	4.27	8.5	9.2	8.9	9.7
salesforce.com, inc.	71.5	55.2	25.3	22.1	5.65	4.60	26.8	21.4	40.6	29.9
SAP SE	17.4	16.5	16.9	15.5	4.10	3.75	12.6	11.6	13.6	12.4
Median large player	24.4	20.5	18.9	16.3	4.67	4.15	14.1	12.0	15.7	13.5
Datalogic S.p.A.	17.8	16.2	12.7	10.2	1.66	1.50	11.1	9.7	14.5	12.1
Digital Bros S.p.A.	6.4	4.4	n.a.	n.a.	0.58	0.47	3.6	2.5	4.2	2.8
Engineering S.p.A.	17.1	16.2	10.0	9.8	0.70	0.64	5.7	5.2	7.9	7.1
Expert System SpA	44.7	n.a.	n.a.	n.a.	2.06	n.a.	13.8	n.a.	30.9	n.a.
Exprivia S.p.A.	7.0	6.2	3.4	3.2	0.47	0.40	4.2	3.6	6.1	5.2
Reply S.p.A.	19.4	18.0	16.9	14.9	1.49	1.30	10.5	9.1	11.5	10.3
TXT e-solutions S.p.A.	18.2	15.8			1.36	1.25	12.2	10.5	14.0	12.2
Median small player	17.8	16.0	11.4	10.0	1.36	0.95	10.5	7.1	11.5	8.7
PITECO	14.9	13.2	13.9	12.9	4.33	3.85	9.9	8.6	10.3	8.9
PITECO @TGT	18.7	16.5	17.5	16.1	5.47	4.90	12.5	10.9	13.1	11.4

Source: FactSet, CFO Sim

Piteco **trades at a discount** vs. larger players' median at all levels considering EV multiples and PER. Compared to smaller players, although multiples range varies quite a while amongst its peers, it trades broadly in line at current PER and at discount at PER17e, evidence of the higher growth on offer, not yet priced in.



10.3. Stock performance

Piteco was listed on the Milan AIM (Alternative Investment Market) on 31-Jul-15 at € 3.30/share, corresponding to a market capitalization post money of € 58.9m. Piteco now trades **above the IPO price**, and reached the maximum of € 3.88/s on 04-Dec and the minimum of € 3.15 on 12-Aug. The stock underperformed smaller and larger players in the short term but outperformed year-to-date.

Table 10 - Piteco, peers group absolute performance

	1D	1W	1M	3M	6M	1Y	YTD
Intuit Inc.	0.0	2.6	5.0	6.6	17.5	4.7	5.7
Microsoft Corporation	0.7	1.3	3.9	(1.8)	22.1	19.4	(2.9)
NetSuite Inc.	0.8	4.0	19.4	(18.2)	(26.0)	(22.5)	(20.6)
Oracle Corporation	0.3	7.5	13.1	14.3	13.0	(18.8)	13.9
salesforce.com, inc.	(0.6)	0.0	16.3	(6.5)	0.2	32.2	(7.8)
SAP SE	(0.5)	(0.5)	1.6	(1.6)	21.6	26.0	(3.7)
Median large players	0.2	1.9	9.0	(1.7)	15.2	12.1	(3.3)
Datalogic S.p.A.	1.0	6.9	10.5	(1.8)	14.4	84.3	(0.2)
Digital Bros S.p.A.	0.1	(4.0)	(19.3)	(37.2)	(65.2)	132.9	(38.0)
Engineering S.p.A.	(0.5)	0.1	0.4	9.3	27.6	60.0	9.1
Expert System SpA	(0.3)	3.8	8.8	0.7	8.1	10.8	(1.6)
Exprivia S.p.A.	0.2	(7.3)	12.5	(0.8)	(7.8)	6.3	(2.3)
Reply S.p.A.	(0.4)	8.6	15.6	2.4	27.3	106.7	3.7
TXT e-solutions S.p.A.	1.8	(0.8)	0.0	(2.0)	0.1	14.5	(4.7)
Median small players	0.1	0.1	8.8	(0.8)	8.1	60.0	(1.6)
PITECO SpA	(0.1)	(1.3)	4.3	(0.5)	13.8	-	(1.2)
Piteco relative to large players	(0.2)	(3.2)	(4.8)	1.2	(1.5)	-	2.0
small players	(0.2)	(1.4)	(4.5)	0.3	5.7	-	0.4

Source: Bloomberg

Table 11 – Piteco, indexes and Italian Market performances

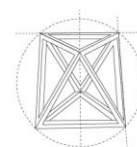
	1D	1W	1M	3M	6M	1Y	YTD
S&P Computer Software Industry	0.0	0.0	8.2	(5.6)	(3.7)	11.6	(7.2)
iBoxx Eurodollar Software & Comp.	(0.4)	0.0	1.7	2.4	2.3	(2.7)	2.7
Euro STOXX TMI / Soft. & Computer	(0.5)	(0.7)	2.8	(1.6)	13.6	25.9	(3.6)
FTSE AIM All Share	(0.1)	(1.0)	3.3	(2.6)	(4.6)	5.2	(4.4)
FTSE MIB – Price	0.5	(1.5)	10.6	(11.4)	(14.1)	12.7	(12.7)

Source: Bloomberg

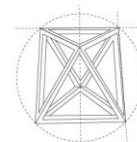
10.4. Risks

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

- impacts on economics and balance sheet profile triggered by a deep decline in local and global economic growth,
- Dilution on profitability stemming from the acquisition campaign, in particular penetrating the large US market,
- Potential competition arising from smaller local player,
- The departure of one of few key relevant people.



Income statement (€ m)	2014	2015	2016e	2017e	2018e
Total revenues	12.30	13.40	15.13	16.34	17.40
Material expenses	0.05	0.05	0.05	0.06	0.06
Change in inventories	(0.03)	(0.01)	(0.01)	(0.01)	(0.01)
Personnel expenses	4.98	5.43	6.24	6.66	7.11
Other operating expenses/(income)	2.08	2.19	2.26	2.31	2.40
EBITDA	5.23	5.75	6.59	7.33	7.84
D&A	0.70	0.26	0.26	0.29	0.33
EBIT	4.53	5.49	6.33	7.04	7.51
Financial charges/(income)	1.01	0.58	0.29	0.26	0.25
Other costs & extraordinary & other	(0.02)	0.32	0.00	0.00	0.00
Pre-Tax profit	3.53	4.58	6.05	6.78	7.26
Income taxes	1.09	1.13	1.48	1.63	1.71
Net Profit	2.44	3.45	4.57	5.15	5.56
Net Profit Adjusted	2.43	3.68	4.57	5.15	5.56
Balance sheet (€ m)	2014	2015	2016e	2017e	2018e
Net Working Capital	3.30	4.24	4.53	4.89	5.21
Net Fixed Assets	28.90	29.94	29.93	29.89	29.81
Equity Investments	0.18	0.01	0.01	0.01	0.01
Other M/L Term A/L	(4.07)	(3.92)	(4.80)	(5.01)	(5.19)
Net Invested Capital	28.31	30.28	29.67	29.78	29.84
Net Financial Debt	10.03	0.90	(2.46)	(5.08)	(7.85)
Minorities	0.00	0.00	0.00	0.00	0.00
Group's Shareholders Equity	18.28	29.38	32.13	34.86	37.69
Financial Liabilities & Equity	28.31	30.28	29.67	29.78	29.84
Cash Flow statement (€ m)	2014	2015	2016e	2017e	2018e
Total net income	2.44	3.43	4.57	5.15	5.56
Depreciation	0.70	0.26	0.26	0.29	0.33
Other non-cash charges	0.12	0.41	0.33	0.21	0.18
Cash Flow from Oper. (CFO)	3.26	4.10	5.16	5.65	6.06
Change in NWC	(1.77)	(0.94)	(0.28)	(0.36)	(0.32)
FCF from Operations (FCFO)	1.49	3.16	4.87	5.29	5.75
Net Investments (CFI)	(0.27)	(1.30)	(0.25)	(0.25)	(0.25)
Free CF to the Firm (FCFF)	1.22	1.86	4.62	5.04	5.50
CF from financials (CFF)	(2.41)	6.49	(2.34)	(2.92)	(3.21)
Free Cash Flow to Equity (FCFE)	(1.20)	8.35	2.28	2.11	2.29
Financial ratios	2014	2015	2016e	2017e	2018e
EBITDA margin	42.5%	42.9%	43.6%	44.8%	45.1%
EBIT margin	36.8%	41.0%	41.9%	43.1%	43.2%
Net profit margin	19.9%	25.8%	30.2%	31.5%	31.9%
Tax rate	30.8%	24.6%	24.5%	24.0%	23.5%
Interest coverage x	0.22	0.11	0.05	0.04	0.03
Net Debt/Ebitda x	1.92	0.16	(0.37)	(0.69)	(1.00)
Debt-to-Equity x	0.55	0.03	(0.08)	(0.15)	(0.21)
ROIC	8.3%	11.8%	15.2%	17.3%	18.6%
ROCE	14.4%	13.3%	14.6%	15.5%	15.7%
ROACE	13.7%	15.0%	15.0%	15.8%	16.1%
ROE	13.1%	14.5%	14.8%	15.4%	15.3%
Payout ratio	0.0%	52.9%	53.0%	53.0%	53.0%
Per share figures	2014	2015	2016e	2017e	2018e
Final N. of shares # m	15.6	18.1	18.1	18.1	18.1
Final N. of shares (fully diluted) # m	15.6	18.1	18.1	18.1	18.1
Average N. of shares (fd)# m	15.6	18.1	18.1	18.1	18.1
EPS stated €	0.16	0.19	0.25	0.28	0.31
EPS adjusted €	0.16	0.19	0.25	0.28	0.31
EBITDA €	0.34	0.32	0.36	0.40	0.43
EBIT €	0.29	0.30	0.35	0.39	0.41
FCFO €	0.10	0.17	0.27	0.29	0.32
FCFF €	0.08	0.10	0.26	0.28	0.30
FCFE €	(0.08)	0.46	0.13	0.12	0.13
Dividend €	0.00	0.10	0.13	0.15	0.16



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DATE	TARGET PRICE	RATING
24/03/16	€ 4.70	BUY
04/02/16	€ 4.00	NEUTRAL
30/09/15	€ 3.90	BUY

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