BANCA IMI

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Calls From Italy

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FTSE MIB & Euro Stoxx Best Performers

Italian FTSE MIB	Price	chg %
Campari	7.35	1.94
Finecobank	10.20	1.44
Leonardo	10.40	1.41
CNH Industrial	10.12	0.80
Banca Generali	23.16	0.35

Euro Stoxx Sectors	Price	chg %
Basic Resources	270.4	1.32
Health Care	858.2	0.90
Food & Beverages	595.7	0.49
Chemicals	1120.0	0.32
Financials Services	448.2	0.29

Source: FactSet

FTSE MIB & Euro Stoxx Worst Performers

Italian FTSE MIB	Price	chg %
Ferrari	104.30	-8.35
Enel	4.59	-3.88
Banco BPM	2.65	-2.68
FCA	14.21	-2.64
Unicredit	14.86	-2.00

Euro Stoxx Sectors	Price	chg %
Automobiles & Parts	531.0	-2.47
Utilities	284.9	-1.67
Construction & Materials	433.5	-1.53
Travel & Leisure	206.7	-1.44
Banks	115.5	-1.03

Source: FactSet

Equity Indices Performances

Italy	Price	chg %
FTSE It. All Share	24081	-1.66
FTSE MIB	21791	-1.91
FTSE It. Star	37702	0.20
Europe	**Price**	**chg %**
DAX 30	12737	-0.53
CAC 40	5498	-3.38
IBEX 35	9799	-0.72
FTSE 100	7653	-1.24
US	**Price**	**chg %**
Dow Jones	25334	-0.32
NASDAQ	7707	0.46
S&P 500	2813	-0.10

Source: FactSet

Priced at market close on day prior to issue or two days prior to issue in the case of preview comments (except where otherwise indicated)

In this report we confirm the ratings and target prices assigned in the latest company reports (unless otherwise indicated)

See page 25 for full disclosures and analyst certification

Company News

Ascopiave (HOLD)

Results Above Estimates

News: Yesterday during trading hours Ascopiave released 2Q/1H18A results, above our estimates. The key points of the results were:

- **2Q18A EBITDA was EUR 12.14M** down by 4% vs. 2Q17A at EUR 12.63M (but improving by 11% vs. our EUR10.91M forecast), mainly due to the non-recurring effects deriving from the gas settlements. Furthermore, the balancing of the volumes in the station and the difference related to the quantities of gas injected into the local distribution network and withdrawn by the end customers, led to the recognition of purchase and sales costs of the raw material with a net negative effect equal to EUR 2.1M in 1H18;
- **2Q18A net income rose to EUR 4.97M** (vs. our EUR 2.72M estimate), up by 7% yoy, reflecting lower D&A and taxes;
- **Net debt declined to EUR 57.10M** vs. EUR 67.11M in 2Q17A, thanks to a positive financial flow (in 1H18 the cash flow generated financial resources totalling EUR 42M);
- **2Q18A capex was EUR 4.4M** vs. EUR 6.06M in 2Q17A**.** Overall, 1H18 capex amounted to EUR 9.4M, mainly focused on the development, maintenance and upgrading of the gas distribution networks and systems;
- **2018 outlook.** Ascopiave will continue normal operations and service management activities in gas distribution and perform preparatory activities for the invitations to tender. The group will also participate in the tenders invited, if any, for the awarding of the Minimum Territorial Areas in which it is interested. According to yesterday's press (Il Messaggero), F2i is studying the possibility of offering to the largest shareholders of Asco Holding (which holds 61.2% of Ascopiave' share capital) a non-binding offer that values the shares of Ascopiave at EUR 3.85/share with the aim of creating a merger between Ascopiave and 2i Rete Gas. According to the same press article, should the major shareholders accept F2i's proposal, a tender offer could be launched on the remaining part of the capital of Ascopiave. Yesterday, at the request of Consob, through a press release F2i confirmed that it had shown the project to the top management of Asco Holding and Ascopiave and the shareholders of Asco Holding. The project would be realised through an investment by F2i or its subsidiary and is aimed at achieving a stable governance of the Ascopiave group. F2i's plan has two objectives: i) to favour a strengthening of Ascopiave in the gas distribution sector through a partnership with 2i Rete Gas; and ii) strengthen a strategic repositioning of Ascopiave in electricity and gas sales.

Our view: Ascopiave's 2Q18A results were above our estimates and positive overall if we exclude non-recurring items. We see the recent interest by F2i towards Asco Holding and Ascopiave as a a possible positive driver for Ascopiave deriving from a possible tender offer or through industrial synergies with M&A transactions. A conference call is scheduled for today at 9.30 CET.

Ascopiave - Key data			
02/08/18			Multi-Utilities
Target Price (EUR)			3.6
Rating			HOLD
Mkt price (EUR)			3.54
Mkt cap (EUR M)			830
Ratios (x)	2017E	2018E	2019E
P/E	19.0	19.5	19.0
EV/Sales	1.6	1.6	1.6
EV/EBITDA	10.8	10.8	10.6
Performance (%)	1M	3M	12M
Absolute	18.4	4.1	3.2
Rel. to FTSE IT All	17.1	13.5	2.3

Source: FactSet and Intesa Sanpaolo Research estimates

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Ascopiave - 2Q/1H18 results												
EUR M	2Q17A	1H17A	FY17A	2Q18A	2Q18E	2Q18C	2Q A/E %	2Q A/C %	2Q yoy %	1H18A	FY18E	FY18C
Revenues	98.00	297.50	532.79	109.94	99.75	-	10	-	12	310.58	537.98	541.50
EBITDA	12.63	49.23	84.40	12.14	10.91	-	11	-	-4	48.00	80.87	81.80
% EBITDA margin	13	17	16	11	11	-	1	-	-	15	15	-
Total D&A	-6.30	-11.68	-24.47	-6.23	-6.29	-	-1	-	-1	-12.23	-25.74	-
EBIT	6.46	37.55	59.93	5.91	4.62	-	28	-	-9	35.77	55.13	57.25
EBT	7.17	41.90	66.86	7.11	5.24	-	36	-	-1	40.57	61.86	63.75
Group net income	4.65	29.19	47.13	4.97	2.72	-	83	-	7	28.47	42.54	44.70
Capex	6.06	10.46	23.60	4.40	6.17	-	-29	-	-27	9.40	24.00	22.40
Net debt/-cash	67.11	67.11	119.90	57.10	62.80	-	-9	-	-15	57.10	94.72	-

NM not meaningful; A: actual; E: estimates; C: Bloomberg consensus; Source: Company data and Intesa Sanpaolo Research

Autogrill (BUY)

A New Contract Awarded in the US

News: Yesterday, HMSH announced that is has been awarded a 10Y contract at the Boston Logan Airport for total cumulated sales of USD 540M. The company will operate 14 F&B locations in the different airport terminals, providing the airport with a varied food offering, from local to worldwide renewed brands. HMSH obtained the concession partnering with Master Concessionaire LLC, a subsidiary of a disadvantaged enterprise.

Our view: The contract is of a medium size as, at full regime (in 2020), it should add about USD 54M a year, fostering the top-line growth of the US airport channel.

Autogrill - Key data			
02/08/18			Travel&Leisure
Target Price (EUR)			12.3
Rating			BUY
Mkt price (EUR)			9.16
Mkt cap (EUR M)			2329
Ratios (x)	2018E	2019E	2020E
P/E	21.6	17.7	15.3
EV/Sales	0.66	0.60	0.56
EV/EBITDA	8.0	6.5	5.7
Performance (%)	1M	3M	12M
Absolute	-13.9	-13.6	-9.2
Rel. to FTSE IT All	-14.8	-5.8	-10.0

Source: FactSet and Intesa Sanpaolo Research estimates

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Banca IFIS (ADD)

Reverse Merger Stopped

News: According to MF, the reverse merger project between Banca IFIS and the holding company La Scogliera (holding a 50.4% stake in Banca IFIS) has been halted. A new project could be potentially evaluated.

Our view: The reverse merger between Banca IFIS and La Scogliera was aimed to simplify the controlling structure of the group and to optimise the capital structure, generating approximately 400bps of regulatory capital. We see the halt to the reverse merger project as negative for Banca IFIS, as it would limit its resources for growth.

Banca IFIS - Key data			
02/08/18			Banks
Target Price (EUR)			39.6
Rating			ADD
Mkt price (EUR)			25.40
Mkt cap (EUR M)			1367
Ratios (x)	2018E	2019E	2020E
P/E	12.1	8.5	7.0
P/TBV	0.93	0.84	0.75
Performance (%)	1M	3M	12M
Absolute	-1.5	-22.3	-36.6
Rel. to FTSE IT All	-2.5	-15.3	-37.2

Source: FactSet and Intesa Sanpaolo Research estimates

Banca IMI is Corporate Broker to Banca IFIS

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COIMA RES (BUY)

Agreement with IBM

News: Through a company press release, COIMA RES announced that it has signed a multi-annual leasing agreement with IBM Italia S.p.A., part of International Business Machines Corporation, for 100% of the office and retail surfaces of the pavilion complex effective from 1Q19 at an initial gross rent of c. EUR 400/sqm and c. EUR 1,000/sqm at regime.

Our view: We see this news very positively, as the company will entirely lease the pavilion surface (ca 3.000mq), which we calculate translates into initial gross rents at EUR 1.2M and EUR 3M at regime. We reiterate **our BUY rating and EUR 10.1/share TP**.

COIMA RES - Key data			
02/08/18			Real Estate
Target Price (EUR)			10.1
Rating			BUY
Mkt price (EUR)			8.00
Mkt cap (EUR M)			288
Ratios (x)	2018E	2019E	2020E
P/E	18.0	15.8	15.4
EV/Sales	16.3	15.0	14.7
EV/EBITDA	25.1	22.7	22.1
Performance (%)	1M	3M	12M
Absolute	0.0	-6.3	0.5
Rel. to FTSE IT All	-1.1	2.1	-0.4

Source: FactSet and Intesa Sanpaolo Research estimates

Banca IMI is Specialist to COIMA RES

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Creval (HOLD)

Hope for a Deeper Integration with Credit Agricole

News: Today's Il Sole 24 Ore reported that Mr Selvetti (Creval's CEO) hopes that the partnership with Credit Agricole may go beyond the recently-signed bancassurance agreement, that envisages Credit Agricole buying a 5% stake in Creval (which could potentially be increased up to 9.9%).

Our view: We believe that Creval needs a partner to generate a profitability in line with its cost of capital, but we consider it premature to incorporate an M&A deal in our valuation.

Creval - Key data			
02/08/18			Banks
Target Price (EUR)			0.12
Rating			HOLD
Mkt price (EUR)			0.11
Mkt cap (EUR M)			741
Ratios (x)	2018E	2019E	2020E
P/E	13.9	8.2	6.1
P/TBV	0.48	0.45	0.43
Performance (%)	1M	3M	12M
Absolute	9.5	-17.9	-81.9
Rel. to FTSE IT All	8.4	-10.5	-82.1

Source: FactSet and Intesa Sanpaolo Research estimates

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Campari (HOLD)

Campari - Key data			
02/08/18		Beverages & Tobacco	
Target Price (EUR)			5.1
Rating			HOLD
Mkt price (EUR)			7.35
Mkt cap (EUR M)			8538
Ratios (x)	2018E	2019E	2020E
P/E	35.3	32.4	29.0
EV/Sales	5.3	5.0	4.6
EV/EBITDA	21.9	20.2	18.3
Performance (%)	1M	3M	12M
Absolute	4.3	18.2	17.2
Rel. to FTSE IT All	3.2	28.8	16.2

Source: FactSet and Intesa Sanpaolo Research estimates

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2Q/1H18 Results

News: The key points of the results were:

- **2Q18 sales were down 1.8% to EUR 442.2M (EUR 778M in 1H18),** 2.6% ahead of our expectations and Bloomberg consensus, by a strong LFL acceleration to 8% vs. 5.2% expected, partially offset by a slightly higher negative perimeter effect of 4.4% vs. -4.1% forecast. FX was still negative, carving out 5.4% (vs. our 5.3% assumption), but with a limited impact vs. 1Q18 -7.5%. Overall, all the areas contributed to the positive LFL but North, Central, East Europe accelerated the most in 2Q18, moving from a -3.8% LFL in 1Q18 to a +6.7% in 1H18, thus explaining the gap with our estimates, as we were factoring in a lower improvement;
- **2Q18 EBIT pre one-offs was flat at EUR 99.4M, or +9.8% LFL (EUR 160.5M in 1H18),** beating our and consensus estimates by about 7% and with a margin improving by 50bps, while we and consensus were factoring in a margin contraction by 40bps. The gap between the results delivered and our expectations was explained by the lower SG&A (20.8% of sales vs. 21.4% forecast), which grew much less than the organic top line at 4.7%. Below the adj. EBIT, results were affected by EUR 2M negative one-offs (capital gain from asset disposals net of restructuring costs), offset by EUR 1.6M financial adjustment. Reported 1H18 net profit stood at EUR 147M (+36% yoy), or EUR 104.4M adjusted for operating and fiscal one-offs, including the patent box, which lowered the overall tax burden by EUR 15M in 1H18;
- **Net debt dropped to EUR 947M at 1H18 from EUR 981.5M at YE17,** affected by several extraordinary items, such as the Lemonsoda disposal (EUR 22M net the acquisition of Bisquit) and a robust free cash flow of EUR 111M from EUR 71M in 1H17, due to lower capex and a NWC drain. Pro-forma net debt/EBITDA continued its improving path to 1.9x from 2.0x at YE17 PF.

Our view: 2Q/1H18 results were better than our and Bloomberg consensus across the board and showed the LFL acceleration needed to recoup the sluggish 1Q18 start. The outlook for the rest of the year is unchanged vs. the 1Q18 call, but the company highlighted the following guidance: 1) lower headwinds from a strengthening EUR against USD, now carving-out approximately EUR 19M rather than the previous EUR 24M, partially offset by weakening emerging market currencies; 2) raised spending on A&P and SG&A for additional 20bps each, dragging down the adj. EBIT for about EUR 7M, partially financed through a lower FX impact; 3) unchanged inflation from the agave price for overall EUR 12M, most of which affecting 2H18 (EUR 8M vs. EUR 4M in 1H18), with a growing drag on gross margin going forward; 4) volatility on emerging market expected to continue; and 5) SKYY Vodka (9% of total turnover) still affected by destocking leading to a mid-single digit decline of the brand. On a positive note, the company announced: 1) a higher impact from the patent box, amounting to EUR 25M in 2018 (from previous EUR 17M); and 2) growth of Global Priorities brands, led by Aperol (+25% LFL in 1H18), and regional brands continuing to support gross margin expansion. Overall, in our preliminary simulation, given the higher investment in A&P and SG&A, we assume an adjusted EBIT margin to remain almost unchanged vs. 2017, leading to an absolute value basically aligned with our current estimate of EUR 368M vs. a Bloomberg consensus at EUR 375M, which we think appears overly optimistic based on the updated outlook. Campari is trading at 35x adj. P/E for FY18E and 32x for FY19E, corresponding to a premium of 10% and 28% vs. sector average, respectively, which we think implies an overly optimistic earnings growth.

Campari - 2Q/1H18 results												
EUR M	2Q17A	1H17A	FY17A	2Q18A	2Q18E	2Q18C	2Q A/E %	2Q A/C %	2Q yoy %	1H18A	FY18E	FY18C
Sales	450.20	816.40	1,753.25	442.20	431.17	431.00	2.6	2.6	-1.8	778.20	1,689.29	1,694.93
LFL (%)	7.6	6.8	6.2	8.0	5.2	6.0				5.4	5.2	-
FX (%)	1.1	1.8	-0.8	-5.4	-5.3	NA		-		-6.4	-5.0	-
Perimeter	3.7	5.0	-0.2	-4.4	-4.1	NA		-		-3.7	-3.8	-
Gross Margin	269.7	477.10	1,012.15	271.90	263.9	NA	3.0	-	0.8	471.90	980.42	NA
on sales (%)	59.9	58.4	57.7	61.5	61.2					60.6	58.0	-
CAAP	191.4	342.80	732.35	191.20	185.6	NA	3.0	-	-0.1	337.00	709.52	NA
on sales (%)	42.5	42.0	41.8	43.2	43.1					43.3	42.0	-
SG&A	92.40	179.40	351.90	91.80	92.3	NA	-0.6	-	-0.6	176.50	341.8	NA
on sales (%)	20.5	22.0	20.1	20.8	21.4					22.7	20.2	-
EBIT pre-one offs	99	163.40	380.45	99.40	93.3	93.0	6.6	6.9	0.4	160.50	367.67	374.73
on sales (%)	22.0	20.0	21.7	22.5	21.6	21.6				20.6	21.8	22.1
EBIT post-one offs	94.8	158.40	394.35	97.40	93.3	NA	4.4	-	2.7	180.10	365.67	374.73
on sales (%)	21.1	19.4	22.5	22.0	21.6					23.1	21.6	22.1
PBT Post Minorities	54.8	108.50	326.75	89.50	86.3	NA	3.7	-	63.3	166.00	329.62	346.50
on sales (%)	12.2	13.3	18.6	20.2	20.0					21.3	19.5	20.4
Net Profit	NA	108.60	356.45	NA	NA	NA		-	-	147.20	268.89	266.47
Adj. Net Profit	NA	93.50	233.40	NM	NA	NA		-	-	1.04	241.79	250.35
EBITDA pre-one offs	113.1	191.70	437.60	113.30	111.2	109.0	1.9	3.9	0.2	188.00	427.63	431.42
on sales (%)	25.1	23.5	25.0	25.6	25.8	25.3				24.2	25.3	25.5
EBITDA post-one offs	109.0	186.80	451.40	111.3	111.2	109.0	0.1	2.1	2.1	207.6	425.63	431.42
on sales (%)	24.2	22.9	25.7	25.2	25.8	25.3				26.7	25.2	25.5

NA: not available; NM: not meaningful; A: actual; E: estimates; C: FactSet and Bloomberg consensus; Source: Company data and Intesa Sanpaolo Research

Ferrari (BUY)

2Q18 Results and CEO First Statements

News: Despite a relatively weaker top-line trend, due to FX effects (at constant forex, revenues were up by 1.4%) and to phase-out of old models, such as the F12 Berlinetta, the F12tdf, the California T, and the lower contribution from La FerrariAperta, Ferrari's quarterly results beat our estimates and market consensus (Bloomberg) once again. In detail:

- **Volumes** were broadly in line with our estimates. Ferrari's shipments increased by 5.6%, underpinned by higher volumes of the 812 Superfast, the 488 and the GTC Lusso families along with the initial deliveries of the Portofino. At the revenues line, we highlight that only the Engines division was down (-20%), recording a similar trend to 1Q18;
- **Group EBITDA** rose by 7.4% to EUR 290M (with an EBITDA margin of 32%), slightly above our expectations, sustained not only by volumes but also by the ongoing positive mix thanks to the V12 models contribution. The group's operating figures were also impacted by higher sponsorships and an improved championship ranking, partially offset by lower sales of Maserati;
- **Net profit** came in at EUR 160M, 6.4% better than our expectations and 5.8% above consensus, mainly reflecting a slightly better tax rate in the quarter.

Our view: For the current year, the new CFO confirmed the group's previous targets. The FX impact was reiterated as between EUR 80/100M in the full year, while the positive impact of "other items" coming from higher sponsorship and the improved sponsorship ranking should be re-absorbed. Overall, while by YE the price mix is seen as broadly neutral due to a different composition of product portfolio (we expect a higher weighting of Portofino and the ramp-up of the 488 Pista), **the group flagged that it expects a similar margin in 2H18 vs. 1H18. This is consistent with our estimates.**

As to be expected, during the conference call, the market was focused on the new management team and the new CEO's statements more than on results. We highlight that **Ferrari has set the dates (17/18 September) for its Capital Market Day, when it will outline the strategic business plan behind its mid-term targets** (EUR 2Bn EBITDA by 2022, according to Marchionne's last statements), **which were defined somewhat ambiguously as**

Ferrari - Key data			
02/08/18			Auto & Components
Target Price (EUR)			135.0
Rating			BUY
Mkt price (EUR)			104.30
Mkt cap (EUR M)			20226
Ratios (x)	2018E	2019E	2020E
P/E	33.6	30.6	26.2
EV/Sales	5.7	5.3	4.7
EV/EBITDA	17.9	16.2	14.1
Performance (%)	1M	3M	12M
Absolute	-10.5	2.2	12.4
Rel. to FTSE IT All	-11.4	11.4	11.4

Source: FactSet and Intesa Sanpaolo Research estimates

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"aspirational" and as carrying some 'risks but also some opportunities' by the new CEO.

We believe that these softer statements on the long-term guidance reflect a more prudent approach and the new management's style. We acknowledge that Ferrari's mid-term guidance could be perceived as a 'blue sky scenario' but we believe that thanks to the new product portfolio and considering that the new CEO shares the same ambitious as his predecessor, Ferrari still has a significant growth potential ahead and room for margins improvement.

Overall, we think the market reacted too nervously to these statements, resulting in an excessive negative stock reaction. We highlight that, based on our preliminary simulation, Ferrari's current prices would factor in a truly moderate growth in 2018/22 revenues (no more than 6% vs. our estimated 9.1% 17-22E CAGR), an EBITDA of just EUR 1.5Bn by end-2022 (i.e. 25% below the mid-term guidance and 23% below our estimate) and a flat trend in margins between 32-33% vs. our expected 37% by the end of 2022. We do not see such a scenario as realistic or consistent with Ferrari's DNA, even assuming a softer mood on the mid-term guidance.

We also highlight that after the stock's negative reaction, Ferrari's trades at a 2018/19 P/E of 33.6/30.6x. While these levels stand almost in line with the average of the top-end luxury players, they position **well below Ferrari's more comparable peers (in terms of EBITDA % and margins upside potential), such as Hermes (2018-19 P/E at 49x/45.3x).**

Ferrari - 2Q/1H18A results

EUR M	2Q17A	1H17A	FY17A	2Q18A	2Q18E	2Q18C	2Q A/E %	2Q A/C %	2Q yoy %	1H18A	FY18E	FY18C
Revenues	920.0	1741.0	3417.3	906	910.4	900	-0.5	0.7	-1.6	1737	3526.8	3533.0
Adj. EBITDA	270.0	512.0	1036.4	291	282.2	NA	3.1	NA	7.8	563	1127.5	NA
EBITDA	270.0	512.0	1036.4	290	282.2	287	2.8	1.0	7.4	562	1127.5	1131.0
EBITDA margin %	29.3	29.4	30.3	32.0	31.0	31.9	NM	NM	-98.9	32.4%	32.0	32.0
Adj. EBIT	202.0	379.0	775.4	218	212.2	NA	2.7	NA	7.9	428	830.4	NA
Reported EBIT	202.0	379.0	775.4	217	212.2	210.6	2.3	3.0	7.4	427	830.4	844.5
EBIT margin %	22.0	21.8	22.7	24.0	23.3	NM	NM	NM	NM	24.6%	23.5	23.9
Net attributable	136.0	260.0	535.4	160	150.4	151.3	6.4	5.8	17.6	309	585.8	596.0
Net industrial debt/-cash	627.0	627.0	473.2	472	486.2	464	-2.9	1.7	-24.7	472	431.1	452.3
Shipments	2332.0	4335.0	8398.0	2463	2493.6	NA	-1.2	NM	NM	4591	9070	NA

A: actual; E: estimates; C: Bloomberg consensus; NA: not available; NM: not meaningful; Source: Company data and Intesa Sanpaolo Research

FCA (BUY)

US Auto Sales in July

New FCA's US volumes further improved in July. Over the last month, FCA's US sales increased by 6% yoy to 170,970 vehicles. Fleet accounted for just 10% total sales. Overall, the group's July retail growth in the US was underpinned once again by the Jeep brand, which improved by a further 16% (the Jeep Cherokee rose by 73%) with an improvement of Ram, which, despite rising by just 2%, was sustained by a 17% boost of the Light Duty. Alfa Romeo's sales advanced by 65%. In July, the Italian car market recovered after the slowdown of June, rising by 4.4%, also thanks to one more working day than last year. Although slightly below the market trend, FCA's July performance was positive and underpinned by the very strong performance of Jeep (whose registrations more than doubled to 7.2k vehicles) and Alfa Romeo (+44.5%). YTD the Italian car market is slightly down (-0.7%) and should close the year at 1.96M units (-0.6%). According to UNRAE, in 2019, the Italian car market could see a slight increase to 1.98M, while only in 2020 could registrations reach 2M.

Our view: FCA's July US figures confirm the company's successful strategy and the strong execution in product repositioning. We highlight that in July FCA's US performance has been better than other competitors, such as Ford. As for Italy, we positively view the group's greater focus on more value-added products, which are showing a sustained trend of registrations.

FCA - Key data			
02/08/18			Auto & Components
Target Price (EUR)			18.6
Rating			BUY
Mkt price (EUR)			14.21
Mkt cap (EUR M)			21888
Ratios (x)	**2018E**	**2019E**	**2020E**
P/E	4.4	4.0	3.6
EV/Sales	0.17	0.15	0.14
EV/EBITDA	1.5	1.2	1.1
Performance (%)	**1M**	**3M**	**12M**
Absolute	-13.0	-23.5	38.9
Rel. to FTSE IT All	-13.9	-16.6	37.7

Source: FactSet and Intesa Sanpaolo Research estimates

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Gamenet Group (BUY)

2Q/1H18 Results

News: The key points of the results were:

- **1H18 wagers were up 1% yoy to EUR 3,546Bn** (EUR 3,566M expected). AWPs' bets grew by +2.4% vs. 1H17 (offset by a temporary pay-out increase), along with VLTs' increasing 1.8% vs. 1H17, and the Betting&Online by 1.1% (online segment up +4.6%). Retail and Street operations registered, on the other hand, a decrease of 11.9% vs. 1H17, due to the transfer of proprietary gaming machines under Gamenet's concessionaire. Consolidated revenues of EUR 297.3M (EUR 299M expected) were down 2.3% compared to 1H17, or up 3.5% at same PREU. AWPs sales dropped by 8.3%, due to the mandatory reduction programme of machines (completed by end-April 2018), but AWPs' productivity grew significantly (+17% vs. 1H17), helping to offset the decline in numbers. Retail and Street operations' sales dropped by 14% from 1H17, due to an increase in PREU, while Betting&Online sales jumped by 28%, benefiting from a lower payout. Lastly, VLTs sales drop by 2.9%, mainly affected by the PREU increase, partially offset by a lower payout;

- **1H18 EBITDA grew by 20% yoy to EUR 43,6M** (EUR 43.8M expected), with an EBITDA margin improvement from 11.9% in 1H17 to 14.7% in 1H18, as expected. Adjusting for the increased PREU and the positive impact of the lower payout on Betting&Online, the EBITDA growth is still strong at 15%. EBITDA growth was driven by the contribution margin, which stood at EUR 76,8M, up 18% yoy, driven by the strong results in Betting & Online segment, which registered a +94.4% yoy, reflecting a very favourable payout in 2018 (80.3% vs. 1H17 85.7%), and AWPs reduction of distribution costs driving the contribution margin up 23.4% yoy, reflecting an effective implementation of the vertical integration strategy;

- **Net debt increased from 1H17 by EUR 8.4M to EUR 162M**, mostly due to the bond refinancing one-off costs (around EUR 8M) and the impact from dividend payments of EUR 18M. Adjusted for the tax settlement (EUR 5M), the cost for the bond refinancing and the dividend payment, net debt would be EUR 125M. Operating cash flow was robust, up to EUR 53M from EUR 46M, leading the net debt/LTM EBITDA ratio to 1.8x, unchanged from 1H17 but slightly below FY17.

Our view: 2Q/1H18 results were aligned to our and market consensus estimates, but were strong, showing the effectiveness of the vertical integration strategy deployed by management. During the call, more details on the recently-announced Goldbet acquisition were provided. We believe that the bulk of cost synergies, mostly related to marketing and SG&A expenses (about two-thirds of the total) may be easily extracted and likely quicker than the 18/24 months' timeframe flagged by the company. In addition, although not quantified, top-line synergies were defined as significant. We leave our underlying FY18E estimates unchanged, but we highlight that taking the strong EBITDA growth in 1H18 (+15% adjusted for the PREU increase and better pay-out), visibility on our EUR 90M has improved materially and potentially it could be beaten taking into account the growing impact from vertical integration strategy, further cost efficiency and favourable seasonality, unless the payout on Betting&online drops below 82%. We remain positive on the stock given the strong potential upside stemming from the Goldbet integration as well as the upside on Gamenet's stand-alone business. The appealing dividend yield at 7% represents another factor supporting our positive stance (the company reiterated its commitment to payg at least the same amount of last year, given the quick deleveraging expected from Goldbet integration). We think that the stock continued to be affected by a negative sentiment related to the adverse attitude of the new government towards the gaming sector, which may end up in more punitive initiatives, which we tend to see as unlikely given the significant implications on the fiscal budget.

Gamenet Group - Key data			
02/08/18			Travel&Leisure
Target Price (EUR)			11.2
Rating			BUY
Mkt price (EUR)			8.80
Mkt cap (EUR M)			264
Ratios (x)	2018E	2019E	2020E
P/E	19.5	15.8	12.7
EV/Sales	0.74	0.74	0.69
EV/EBITDA	4.9	4.7	4.1
Performance (%)	1M	3M	12M
Absolute	18.4	-8.0	NA
Rel. to FTSE IT All	17.2	0.3	NA

Source: FactSet and Intesa Sanpaolo Research estimates

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Gamenet Group - 2Q/1H18 results													
EUR M	2Q17A	1H17A	FY17A	2Q18A	2Q18E	2Q18C	2Q A/E %	2Q A/C %	2Q yoy %	1H18A	1H18E	FY18E	FY18C
Tot. Wagers	1,732.0	3,509.7	7,567.6	1,746.0	1,766.1				0.8	3,546.0	3,550.7	7,745.2	NM
Tot sales	148.8	304.3	621.4	148.4	150.4	148.0	-1.4	0.3	-0.3	297.3	299.4	594.0	599.6
AWPs sales	74.01	152.72	307.61	71.18	73.17	-			-3.8	139.97	141.97	272.01	NA
VLTs sales	50.06	105.70	207.23	50.84	50.29	-			1.6	102.66	102.11	209.71	NA
Betting&Online sales	19.2	34.9	82.9	22.1	21.6				15.5	46.0	45.4	89.4	NA
Retail&Street Op. sales	4.7	10.2	35.6	4.2	5.4				-12.0	8.7	14.8	40.9	NA
Contribution Margin	33.7	65.1	144.0	37.2	39.6	38.0	-6.0	-2.1	10.3	76.8	79.2	151.8	NA
On sales (%)	22.7	21.4	23.2	25.1	26.3	25.7				25.8	26.5	25.6	NM
EBITDA	19.0	36.3	82.1	20.6	20.8	20.7	-0.8	-0.5	8.7	43.6	43.8	89.5	87.3
On sales (%)	12.7	11.9	13.2	13.9	13.8	14.0				14.7	14.6	15.1	14.6
PBT	-0.4	2.2	3.2	-10.6	-4.7	NA	126.4	NA	2491.7	-2.2	3.7	19.7	21.3
On sales (%)	-0.3	0.7	0.5		-3.1					-0.7	1.2	3.3	3.5
Net debt	NM	139.6	139.6	NM	NA	NA	NM	NM	NM	161.7	NM	169.5	153.2

NA: not available; NM: not meaningful; A: actual; E: estimates; C: FactSet consensus; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Generali (ADD)

Generali - Key data			
02/08/18			Insurance
Target Price (EUR)			16.8
Rating			ADD
Mkt price (EUR)			15.05
Mkt cap (EUR M)			23556
Ratios (x)	2018E	2019E	2020E
P/E	9.6	9.0	8.5
P/BV	0.93	0.90	0.88
Performance (%)	1M	3M	12M
Absolute	4.7	-10.1	-2.3
Rel. to FTSE IT All	3.6	-2.0	-3.2

Source: FactSet and Intesa Sanpaolo Research estimates

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Conference Call & 1H18 Presentation Feedback

News: The main highlights of Generali's 1H18 presentation and conference call can be summarised as follows, in our view:

- **The current strategic pillars are**: 1) **Asset Management** targeted to contribute EUR 150M of additional net profit by 2020, recorded a EUR 88M net result in 1H18, a 56% yoy boost, resulting in a EUR 36M additional contribution to the group vs. 1H16 (2016 is their base year of comparison); 2) **life** business mix significantly improved, with capital light business' weighting up by 8.4pp in total reserves (above the 6pp target), of which 5.2pp organic and the remaining from the recent disposals (including Generali Leben), with the average guarantee on the entire portfolio down to 1.39% or -42bps vs. end-2015 (compared to 2018 targets of 1.5% and -30bps) and net inflows remaining strong (EUR 5.7Bn in 1H18, in line with 1H17); 3) **non-life** significantly improved the technical result, with a 92% combined ratio in 1H18 vs. 92.8% in 1H17. Italy continued to deliver a very good performance (a 90.1% combined ratio vs. 90.5% in the same period last year), also due to persistently strict underwriting criteria still affecting motor premiums (-4.1% yoy); and 4) the **geographic repositioning is almost completed**, with more than EUR 1.5Bn proceeds from agreed disposals vs. the EUR 1Bn target;

- **Investments.** The reinvestment rate in life amounted to 2% in 1H18 vs. 1.9% in the same period last year, while remaining basically flat in life at around 1.5%;

- **New business plan**. CEO Donnet stated that, after the financial turnaround (2012-15) and industrial turnaround (2016-18) completion, the 2019-21 strategy (which will be presented on 21 November in Milan) will be based on value-creating growth through capital management and financial optimisation, profitable expansion (also through M&A, with P&C and Asset Management as preferred areas, as an accelerator of the group's strategy implementation) and innovation & transformation. The new organisational structure announced on 31 July is functional to the new business plan's implementation.

Our view: We confirm our initial impression on the mixed 2Q results, with an operating profit below our expectations and strong capital position in line with our and consensus estimates. Awaiting the new business plan's presentation, we confirm our positive view.

Iren (ADD)

Iren - Key data			
02/08/18			Multi-Utilities
Target Price (EUR)			2.8
Rating			ADD
Mkt price (EUR)			2.42
Mkt cap (EUR M)			3086
Ratios (x)	2017E	2018E	2019E
P/E	14.1	12.5	12.7
EV/Sales	1.7	1.7	1.6
EV/EBITDA	6.9	6.5	6.5
Performance (%)	1M	3M	12M
Absolute	10.4	-4.1	10.6
Rel. to FTSE IT All	9.2	4.5	9.6

Source: FactSet and Intesa Sanpaolo Research estimates

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1H18 Positive Results

News: Today before trading hours, the company released 2Q18 results, as follows:

- **1H18 revenues** increased, mainly reflecting thee consolidation of ACAM in 2Q18;
- **1H18 EBITDA increased by +14% yoy** due to: i) the recognition of energy efficiency certificates (TEE) for the previous years for the group's investments in district heating; ii) EUR 10M efficiencies (largely in the regulated business); and iii) the contribution of ACAM entering into the consolidation perimeter. These positive effects were partially offset by a scenario that penalised the energy value chain together with the absence of some positive non-recurring elements reported in 2017. By division, the Generation and Heating division's EBITDA improved materially thanks to the TEE contribution, the increase of volumes for heating, and a better contribution from hydro power production, supported by positive volumes and price effects. The quarter also saw a positive performance by the energy distribution and water thanks to the consolidation of ACAM and higher efficiencies, and in the waste treatment and waste-to - energy mainly for higher power volumes. By contrast, the Market division suffered from lower margins mainly in the gas sales activities;
- **1H18 EBIT increased** reflecting the better operating results, while higher amortisation and depreciation connected to the enlargement of the consolidation perimeter were offset by lower provisions largely linked to the application of IFRS 9;
- **1H18 group net profit increased by 29%** (+90% yoy in 2Q18). This growth was underpinned not only to the better operating results, but by the better financial management, which led to a lower average cost of debt, and the lower tax rate;
- **Net debt stood at EUR 2.4Bn, slightly increasing vs. the end-Dec. 2017 value,** reflecting the consolidation of ACAM, the dividend payment and capex, partially offset by a solid cash flow generation. Net of the consolidation effect, net debt would have declined by more than EUR 100M.

Our view: We judge this set of results positively, showing an improved operating performance and lower financial charges. The estimates came in above our and consensus estimates and **we confirm our positive view on the stock.**

Iren – 2Q/1H18 results

EUR M	2Q17A	1H17A	FY17A	2Q18A	2Q18E	2Q18C	2Q A/E %	2Q A/C %	2Q yoy %	1H18A	FY18E	FY18C
Revenues	767	1814	3697	871	589	-	48	-	14	1937.0	3372.7	3612.0
EBITDA	177	442	820	237	185	200	28	18	34	505.8	858.3	879.6
% of sales	23	24	22	0	31	-	-99	-		0.3	25.0	24.0
EBIT	84	258	420	138	95	103	45	34	65	315.2	466.5	472.8
% of sales	11	14	11	0	16		-	-	-	0.2	14.0	13.0
NFC	-19	-40	-82	-12	-21	-	-43	-	-38	-30.6	-81.4	-
Equity JV and other	8	13	0	3	1	-	481	-	-57	2.9	10.0	-
EBT	73	231	369	129	74	-	75	-	78	287.5	395.1	401.0
Taxes	-22	-73	-104	-40	-26	-	53	-	85	-88.3	-126.4	-
Minorities	-6	-13	-27	-5	-5	-	0	-	-7	-12.0	-21.8	-
Net income	44	145	238	84	43	52	96	61	90	187.2	246.8	248.6
Net debt/-cash	2403	2403	2372	2428	2395	2304	1	5	1	2428.0	2261.1	2472.0
Capex	56	103	357	96	62	73	55	32	71	164.2	450.0	445.7

Note: [INSERT]; A: actual; E: estimates; C: Bloomberg consensus; Source: Company data and Intesa Sanpaolo Research

Mediobanca (ADD)

Conference Call Feedback

News: The conference call take-aways were as follows:

- **Generali.** Mediobanca confirmed its intention to dispose of a 3% stake in Generali by June 2019. This could generate a positive impact on the CET1 of 115bps, offsetting the expected impact deriving from the end of the Danish compromise from January 2019. The disposal could be carried out on the market or in the context of M&A;
- **M&A remains a priority.** Management confirmed that M&A remains a priority and it expects to invest 60-80bps of capital in M&A in FY18/19: areas of interest are Wealth Management, Consumer Banking, Advisory and Capital Markets. However, the CET1 should remain at a solid 13.5% at June 2019, also including a 40-50% pay-out ratio (in line with 48% in FT17/18) and a share buy-back;
- **Buy-back on a 3% of capital**. The announced buyback on 3% of Mediobanca's shares will be used for compensation and, potentially, M&A. The impact on CET1 is expected to be negative by 60bps. **Improved guidance on FY18/19 cost of risk**. In FY17/18 the cost of risk was materially better than the business plan and the company guided for a 70-72bps in FY18/19, well below the 105bps included in the business plan for the same year, and our expectations (100bps).

Our view: Solid results were confirmed. Although no specific guidance was provided, we expect the positive revenue trend to continue (net of a potential lower contribution from the Generali stake, should the disposal of a 3% stake materialise), while guidance on the cost of risk is materially better than expected. We have a positive stance on the stock.

Mediobanca - Key data			
02/08/18			Banks
Target Price (EUR)			10.9
Rating			ADD
Mkt price (EUR)			8.77
Mkt cap (EUR M)			7732
Ratios (x)	2018E	2019E	2020E
P/E	11.0	10.0	9.5
P/TBV	0.82	0.79	0.75
Performance (%)	1M	3M	12M
Absolute	10.2	-12.8	-0.2
Rel. to FTSE IT All	9.0	-5.0	-1.1

Source: FactSet and Intesa Sanpaolo Research estimates

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Piaggio (BUY)

Italian 2W Market in July

News: In July, the Italian 2W market made healthy progress, with an 8.5% rise in registrations. The growth was seen across all the segments, with the exception of vehicles below 50cc. The scooters segment improved by 6.3%, while motorcycles rose by 12.2%.

Our view: YTD, the Italian 2W market is up by 5%, with the scooter segment above 50cc rising by just 1.4%, while motorcycles were up by 10.2%. Scooters below 50cc declined by 14.7%, due to the unfavourable comparison base. Despite a still not particularly brilliant YTD trend of the scooter segment, we view positively overall the July figures, which usually account for 12% of total yearly registrations.

Piaggio - Key data			
02/08/18			Auto & Components
Target Price (EUR)			3.1
Rating			BUY
Mkt price (EUR)			2.23
Mkt cap (EUR M)			804
Ratios (x)	2017E	2018E	2019E
P/E	42.2	24.3	17.7
EV/Sales	0.94	0.89	0.81
EV/EBITDA	6.6	6.2	5.6
Performance (%)	1M	3M	12M
Absolute	3.3	2.1	-10.2
Rel. to FTSE IT All	2.3	11.3	-11.0

Source: FactSet and Intesa Sanpaolo Research estimates

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Pirelli (BUY)

Agreement for a JV in China

News: Yesterday, Pirelli reached an agreement with the Hixih Group for the creation of a JV that, through the company Jining Shenzhou Tyre Co, will run a new consumer tyre production plant. The plant is located in Yanzhou, where Pirelli already has its own facility. From a financial standpoint, Pirelli will invest EUR 65M to acquire a 49% stake in the JV and it has the right to increase its stake up to 70% in the period from 1 January 2021 to December 2025.

Our view: While no further details in terms of additional capacity and potential revenues from the JV have been disclosed, we view the news as highly positive, as it confirms Pirelli's sound growth prospects in China, where the group's plant in Yanzhou is already close to saturation. We highlight that the new plant will be fully dedicated to the High Value tyres, whose market growth in China will also be underpinned by the strong demand of innovative solutions for electric vehicles.

Pirelli - Key data			
02/08/18			Auto & Components
Target Price (EUR)			8.6
Rating			BUY
Mkt price (EUR)			7.35
Mkt cap (EUR M)			7352
Ratios (x)	**2018E**	**2019E**	**2020E**
P/E	13.5	11.3	8.9
EV/Sales	NA	1.8	1.6
EV/EBITDA	NA	7.6	6.4
Performance (%)	**1M**	**3M**	**12M**
Absolute	2.8	2.1	NA
Rel. to FTSE IT All	1.7	11.3	NA

Source: FactSet and Intesa Sanpaolo Research estimates

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Poste Italiane (ADD)

2Q18 Results

News: In 2Q18, Poste Italiane reported a net income of EUR 250M, 13% above our expectations, and an EBIT of EUR 350M, 8.7% above our expectations. The main positive surprises came from Insurance Services, and Mail, Parcels & Distribution divisions.

- **Financial Services Division**. In 2Q18, the Financial Services Division reported an EBIT of EUR 169M, in line with our expectations and 9% above market consensus. We consider positively the progress in the net interest margin, which increased by 20bps qoq to 2.7%, while the tensions on sovereign debt wiped out all the unrealised capital gains (from EUR 2.8Bn unrealised capital gains as of March 2018 to a EUR 1.3Bn unrealised capital loss in June 2018). Outflows from Postal Savings continued in the quarter (EUR -1.9Bn in 2Q18, after EUR -2.6Bn in 1Q18), generating a lower than expected contribution from postal savings business;
- **Mail, Parcels & Distribution Division**. In 2Q18, the Mail, Parcels & Distribution Division reported a negative EBIT of EUR 79M, slightly better than expected, thanks to higher intersegment revenues. Mail revenues declined by 4.7% yoy (in line with our YE forecasts) and Parcels revenues increased by 5.3% (weaker than our YE expectations). Operating costs were in line with our forecasts, reporting a 2.4% yoy decline;
- **Insurance Services Division**. The EUR 216M quarterly EBIT was approx. 6% above our expectations and almost 10% above company-provided consensus. Given revenues only 1.1% above our forecasts and in line with consensus, the beat was driven by costs, in particular, as far as our estimates are concerned, by intersegment costs, which were below expectations. According to the press release, the 5.4% yoy growth in the quarterly operating result was driven by an improvement in non-life. The Solvency II ratio was at 185% at end-June, a touch below our 190% estimate, which already took into account the impact coming from 2Q market volatility. The company stated that their sensitivity to a further government spread widening has reduced significantly thanks to volatility adjustments which would be triggered (+100bp higher spread would result into -27p.p. Solvency II ratio at the end of June 2018 as opposed to -60p.p. at the end of December 2017);
- **Payment, Mobile & Digital**. In 2Q18, Payment Mobile & Digital Division reported an EBIT of 44M, broadly in line with our expectations. Revenues increased by a solid 7% yoy, driven by Cards & Acquiring business (+25.5% yoy), offsetting still weak Transaction Banking business (-3.7% yoy).

Our view: Results were slightly above our expectations, supporting our positive view on the stock.

Poste Italiane - Key data			
02/08/18	Logistics & Financial Services		
Target Price (EUR)			9.1
Rating			ADD
Mkt price (EUR)			7.95
Mkt cap (EUR M)			10388
Ratios (x)	2018E	2019E	2020E
P/E	8.7	8.2	7.6
EV/Sales	0.66	0.64	0.57
EV/EBITDA	3.6	3.5	3.0
Performance (%)	1M	3M	12M
Absolute	10.9	-1.9	27.8
Rel. to FTSE IT All	9.8	7.0	26.6

Source: FactSet and Intesa Sanpaolo Research estimates

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Poste Italiane - 2Q/1H18 results

EUR M	2Q17A	1H17A	1Q18A	2Q18A	2Q18E	2Q18C	2Q A/E%	2Q A/C%	2Q qoq%	1H18A	FY18E	FY18C
Total Revenues	2,665	5,498	2,884	2,545	2,512	2,517	1.3	1.1	-11.8	5,429	10,683	10,691
Mail, Parcels & Distribution	898	1812	898	863	866	867	-0.3	-0.5	-3.9	1761	3,533	
PM&D	148	278	143	164	154	155	6.5	5.8	14.7	307	595	
Financial Services	1,248	2,710	1,519	1,157	1,134	1,135	2.0	1.9	-23.8	2,676	5,058	
Insurance Services	370	697	324	361	357	360	1.1	0.3	11.4	685	1,497	
EBIT	321	847	703	350	322	326	8.7	7.4	-50.2	1053	1,412	1367
Mail, Parcels & Distribution	-60	75	263	-79	-90	-81	-12.2	-2.5	NM	184	-342	
PM&D	40	95	57	44	41	49	7.3	-10.2	-22.8	101	188	
Financial Services	136	327	239	169	168	155	0.6	9.0	-29.3	408	737	
Insurance Services	205	350	144	216	203	197	6.4	9.6	50.0	360	829	
Net income	159	510	485	250	222	226	12.6	10.7	-48.4	735	972	903

NM: not meaningful; A: actual; E: estimates; C: 2Q18 company-provided consensus, FY18 FactSet consensus; Source: Company data and Intesa Sanpaolo Research

Prada (HOLD)

Prada - Key data			
02/08/18			Branded Goods
Target Price (HKD)			34.5
Rating			HOLD
Mkt price (HKD)			38.00
Mkt cap (HKD M)			97235
Ratios (x)	**2018E**	**2019E**	**2020E**
P/E	38.1	29.3	24.3
EV/Sales	3.4	3.2	3.0
EV/EBITDA	16.8	14.5	12.7
Performance (%)	**1M**	**3M**	**12M**
Absolute	4.7	-4.3	37.9
Rel. to Hang Seng	7.0	4.1	34.0

Source: FactSet and Intesa Sanpaolo Research estimates

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1H18 Results

News: Results were bang in line with consensus. The key points were:

- **Prada reported net revenues of EUR 1.5Bn**, +9% yoy ex-FX. The announced positive 1H trend was confirmed with a promising lfl, which moved to around +9% vs. +7.5% in the first two months. Excluding FX impact, the new leather goods offering is doing well, also at full price sales (+8% ex-FX), and the iconic ready-to-wear business accelerated its positive trend in the semester (+20% ex-FX). Both Prada and Miu Miu returned to growth (+10% and +8% respectively ex-FX);
- **Reduced mark-downs counterbalanced the negative forex impact** (+20bps vs. -70bps, respectively) leading to a gross margin at 72%. Opex control and the efficiency programmes, coupled with the good organic growth by retail, supported operating leverage and an EBITDA increase of 8% yoy, translating into a similar bottom-line increase (our estimates were based on the assumption of the accrual of a pro-rata Patent Box benefit, which is still under discussion);
- **Prada added four stores in the period (1 expected) and invested EUR 126M** (EUR 115M in our model). After the dividend payment, the company closed the period with a EUR 240M net debt, aligned with our estimate and confirming stable NWC needs.

Our view: According to management, the positive organic growth is continuing in July, calling for a revision of our estimates towards consensus (FactSet). On the costs side, we see the current 2018 margin targets as reasonable, paving the way for a rebound in 2019, supported by the brands enhancement (mainly Miu Miu) and the integration with digital technologies. At the current 2018/19E P/E of 37/29x respectively, we see limited upside potential and **we maintain our HOLD rating.**

Prada – 1H18 results

EUR M	1H17PF	2017	1H18E	1H18A	1H18C	A/C %	yoy %	2018E	2018C	E/C %	yoy %
Net sales	**1,460.0**	**3,008.3**	**1,477.3**	**1,511.0**	**1,520.0**	**-0.6**	**3.5**	**3,146.2**	**3,220.0**	**-2.3**	**4.6**
DOS	1,200.0	2,444.1	1203.7	1237.0	NA	NA	3.1	2547.1	NA	NA	4.2
on FY result %	49.1	100.0	48.0	46.2	NM	NM	-291bps	NM	NM	NM	NM
Wholesale	260.0	564.2	273.5	274.0	NA	NA	5.4	599.2	NA	NA	6.2
on FY result %	46.1	100.0	46.0	45.7	NM	NM	-35bps	NM	NM	NM	NM
Shoes	313.0	624.0	319.1	308.0	NA	NA	-1.6	629.2	NA	NA	0.8
Leather goods	839.0	1,703.0	849.4	859.0	NA	NA	2.4	1746.2	NA	NA	2.5
Ready to wear	278.0	625.0	280.7	315.0	NA	NA	13.3	714.2	NA	NA	14.3
Other	29.0	56.3	28.2	29.0	NA	NA	0.0	56.6	NA	NA	0.6
Royalties	25.5	48.2	25.3	24.7	NA	NA	-3.2	51.4	NA	NA	6.6
Gross profit	1,077.4	2,245.5	1096.9	1105.7	1111.6	-0.5	2.6	2350.4	2372.5	-0.9	4.7
EBITDA	**250.1**	**588.0**	**255.4**	**271.2**	**273.3**	**-0.8**	**8.4**	**641.0**	**651.0**	**-1.5**	**9.0**
EBITDA margin %	16.8	19.2	17.0	17.7	18.0	-32bps	82 bps	20.0	20.2	-17 bps	81bps
Net profit	**96.5**	**249.0**	**130.7**	**105.1**	**117.0**	**-10.2**	**9.0**	**355.3**	**315.5**	**12.6**	**42.7**
Net debt/-cash	219.0	103.8	243.7	240.2	243.0	-1.2	9.7	21.0	11.1	89.4	-79.7

NA: not available; NM: not meaningful; A: actual; E: estimates; C: FactSet consensus; Source: Company data and Intesa Sanpaolo Research

Tenaris (U/R)

2Q18A Top Line and Op. Profitability in Line

News: The key points of the results were:

- **The 2Q18A top line and operating profitability were in line with our and consensus forecasts**. The top line showed a slight decline (-4%) vs. 1Q18A and a significant increase yoy (+43.9%). Compared to the previous quarter the sales of tubes declined by 5% due to lower volumes (-11%) partially offset by an increase in the average selling price. All the geographical areas showed a sales increase in the quarter vs. 1Q18 except for the Middle East and Africa which in 1Q18 benefited from an exceptional level of shipments to the Zhor project. The group's 2Q18 EBITDA margin was in line with estimates and increased 2% sequentially thanks to the better sales mix and the increase in the average selling price (+7% vs. the previous quarter). PBT was above forecasts mainly thanks to the FX gains (USD 39M in 2Q18) while net income was below our expectations entirely due to deferred tax charges related to the depreciation of the Argentine and Mexican currencies;

- **Net cash declined to USD 423M** vs. USD 557M at end-March 2018A as the gross cash flow for the period was more than offset by the dividend payment (USD 331M), capital expenditure for USD 104M and a NWC absorption of USD 28M. We note that in the quarter the NWC absorption was minimal, confirming management indications for its stabilisation following the significant increase posted in the previous quarter;

- **Outlook:** The company said that it expects stable shipments in 2H18 vs. 1H18 with higher shipments in North America and lower shipments for East Mediterranean pipeline projects. Prices are expected to show a further moderate increase in the coming quarters to compensate for additional costs from tariffs. The company also said that 3Q18 EBITDA margin is expected to be close to that of the first two quarters and to increase in the last quarter of the year.

Our view: We see the announced results as being in line with our estimates. The 2H18 outlook, looks consistent with current 2018 consensus. We expect a neutral impact on the stock from the announced results and outlook.

Tenaris - Key data

02/08/18	Oil Equip. & Services		
Target Price (EUR)			U/R
Rating			U/R
Mkt price (EUR)			15.64
Mkt cap (EUR M)			18464
Ratios (x)	2017E	2018E	2019E
P/E	81.8	47.7	31.9
EV/Sales	3.9	3.2	2.8
EV/EBITDA	21.0	15.6	11.9
Performance (%)	1M	3M	12M
Absolute	-0.5	0.4	19.3
Rel. to FTSE IT All	-1.5	9.5	18.2

Source: FactSet and Intesa Sanpaolo Research estimates

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Tenaris - 2Q/1H18A results

USD M	2Q17A	2Q17A	FY17A	2Q18A	2Q18E	2Q18C	2Q A/E %	2Q A/C %	2Q yoy %	1H18A	1H18E	FY18C
Sales	1,242.8	2,396.7	5,288.5	1,788.5	1,805.9	1774	-1.0	0.8	43.9	3,654.7	3,672.1	7,378.0
EBITDA	200.3	398.3	943.2	363.0	367.8	358	-1.3	1.4	81.2	717.0	721.8	1,502.0
% on sales	16.1	16.6	17.8	20.3	20.4	20.2				19.6	19.7	20.4
EBIT	51.5	87.5	334.6	222.4	224.1	215.9	-0.7	3.0	332.0	434.6	436.3	889.0
% on sales	4.1	3.7	6.3	12.4	12.4	0.0				11.9	11.9	12.0
Pre-tax profit	66.1	133.9	427.7	301.9	248.9	249	21.3	NA	357.0	552.3	499.2	983.3
Net Inc. Cont. Ops.	73.4	188.5	444.9	166.5	186.7	191	-10.8	-12.8	126.7	401.7	421.9	NA
Result from disc. Ops.	0.0	91.5	91.5	0.0	0.0	NA	NM	NA	NM	0.0	0.0	NA
Attrib. net income	74.5	280.7	544.7	168.3	184.6	NA	-8.8	NA	125.9	403.3	421.9	781.6

NA: not available; NM: not meaningful; A: actual; E: estimates; C: Bloomberg consensus; Source: Company data and Intesa Sanpaolo Research

Triboo (BUY)

Acquisition of NET2B

News: Triboo announced the acquisition of NET2B, a Milan-based digital agency, offering creative, technological and e-commerce services to fashion and luxury brands.

Our view: No financial details on the purchase price were disclosed. We think the deal should allow Triboo to further strengthen its know-how as a digital-factory able to support the fashion and luxury brands along their digitalisation path.

Triboo - Key data			
02/08/18			Information Technology
Target Price (EUR)			3.7
Rating			BUY
Mkt price (EUR)			1.99
Mkt cap (EUR M)			57
Ratios (x)	2018E	2019E	2020E
P/E	28.9	18.0	12.5
EV/Sales	0.84	0.74	0.63
EV/EBITDA	6.7	5.1	4.0
Performance (%)	1M	3M	12M
Absolute	-7.0	-9.1	-35.4
Rel. to FTSE IT All	-8.0	-0.9	-36.0

Source: FactSet and Intesa Sanpaolo Research estimates

Banca IMI is Sponsor to Triboo

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Previews

Anima Holding (BUY)

Results Preview

Results due on 2 August: We estimate a quarterly net profit of EUR 24.9M, well-below the EUR 45M level recorded in 1Q. As the main drivers for the qoq decline, we identify: 1) a negligible contribution from performance fees in 2Q vs. EUR 15.1M in 1Q; 2) a 3.1% estimated decline in net commissions (EUR 75M 2Q18E), driven by management fees; 3) 1Q results were not affected by Aletti Gestielle's PPA amortisation. The yoy comparison reported below is not meaningful, as 2Q/1H17A data did not include Aletti Gestielle's contribution. Our 2Q net profit estimate is 3% below the level (EUR 25.6M) implied by the average 1H company-provided consensus EUR 70.6M net profit, EUR 99.6M pre-tax profit, EUR 170.9M total net revenues). A conference call is scheduled on 2 August at 15:30 CET (+39 02 805 88 11; UK +44 121 281 8003; US +1 718 7058794).

Outlook and Our View: We maintain our positive view, mainly based on the potential of economies of scale's extraction from M&A.

Anima Holding - Key data			
01/08/18			Asset Gatherers
Target Price (EUR)			5.9
Rating			BUY
Mkt price (EUR)			4.60
Mkt cap (EUR M)			1747
Ratios (x)	2018E	2019E	2020E
P/E	10.1	9.1	8.6
P/BV	1.4	1.3	1.2
ROE	0.13	0.12	0.12
Performance (%)	1M	3M	12M
Absolute	-0.2	-23.0	-33.1
Rel. to FTSE IT All	-2.9	-17.5	-35.2

Source: FactSet and Intesa Sanpaolo Research estimates

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Anima Holding – 2Q/1H18 preview

EUR M	2Q17A	1H17A	1Q18A	2Q18E	2Q18C	2Q E/C %	2Q qoq%	2Q yoy %	1H18E	1H yoy %	FY18E	FY18C
Net commissions*	58.1	115.7	77.4	75.0	NA	NA	-3.1	29.1	152.4	31.7	305.9	NA
Performance fees	1.5	3.7	15.1	2.0	-NA	-NA	-86.7	29.1	17.1	367.0	39.3	NA
Total net revenues	59.7	119.4	92.5	77.0	78.4	-1.8	-16.7	29.1	169.5	42.0	345.2	364.2
Total expenses**	17.2	33.4	21.9	22.3	NA	NA	1.7	29.8	44.2	32.5	86.3	NA
EBITDA **	42.5	86.0	70.5	54.7	NA	NA	-22.4	28.8	125.2	45.7	258.9	NA
EBIT	39.0	75.2	65.6	37.2	NA	NA	-43.3	-4.6	102.8	36.7	204.9	NA
Pre-tax profit	37.9	72.9	63.2	34.8	36.4	-4.4	-44.9	-8.1	98.0	34.4	193.4	223.2
Net profit	24.8	50.6	45.0	24.9	25.6	-3.0	-44.7	0.5	69.8	38.0	136.9	155.8

* net of management fees and other commissions; ** calculated according to company disclosure. NA: not available; A: actual; E: estimates; C: 2Q company-provided consensus, FY FactSet; Source: Company data and Intesa Sanpaolo Research

Banca MPS (HOLD)

Results Preview

Results due on 2 August: In 2Q18E, we expect Banca MPS to report a net income of EUR 94M. The quarter should benefit from the EUR 52M capital gain on Juliet disposal, partially offset by the extraordinary contribution to the SRF and the business plan restructuring charges. We expect NII to keep on improving (thanks to the reduction in the cost of funding), while we expect commission income to be weaker than 1Q18, which benefited from an extraordinary contribution from Compass. We assume a cost of risk of 60bps, in line with FY guidance, but above the 41bps reported in 1Q18A. Following a negative estimated impact of 71bps from the widening of the BTP-Bund spread and EUR 4.5Bn additional RWA on defaulted assets, we expect the CET1 FL to come in at 10.2%.

Outlook and Our View: We believe that the bank is well on track in the execution of its business plan. We have a neutral stance on the stock.

Banca MPS - Key data			
01/08/18			Banks
Target Price (EUR)			3.7
Rating			HOLD
Mkt price (EUR)			2.66
Mkt cap (EUR M)			3031
Ratios (x)	2017E	2018E	2019E
P/E	Neg.	Neg.	14.1
P/TBV	0.29	0.34	0.32
Performance (%)	1M	3M	12M
Absolute	7.8	-0.9	NM
Rel. to FTSE IT All	4.9	6.3	NM

Source: FactSet and Intesa Sanpaolo Research estimates

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Banca MPS – 2Q/1H18 preview												
EUR M	2Q17A	1H17A	1Q18A	2Q18E	2Q18C	2Q E/C %	2Q qoq%	2Q yoy %	1H18E	1H yoy %	FY18E	FY18C
Net interest income	446	903	422	428	420	1.8	1.5	-4.1	849	-6.0	1,738	1,691
Commission income	431	858	407	393	395	-0.5	-3.3	-8.8	800	-6.7	1,605	1,578
Trading income	18	43	37	13	14	-6.7	-66.3	-31.1	50	16.8	100	100
Total income	**919**	**1,853**	**877**	**856**	**865**	**-1.0**	**-2.4**	**-6.9**	**1,733**	**-6.5**	**3,527**	**3,496**
Operating costs	639	1,267	573	598	607	-1.6	4.3	-6.5	1,170	-7.6	2,443	2,435
Gross operating profit	**280**	**586**	**304**	**259**	**258**	**0.2**	**-14.9**	**-7.7**	**563**	**-4.0**	**1,084**	**1,062**
Loan loss provisions	4,289	4,597	137	135	197	-31.5	-1.8	-96.9	272	-94.1	1,010	692
Pre-tax income	**-3,610**	**-3,739**	**111**	**101**	**51**	**98.9**	**-8.9**	**NM**	**213**	**NM**	**-300**	**78**
Net income	**-3,073**	**-3,243**	**188**	**94**	**117**	**-20.0**	**-50.1**	**NM**	**281**	**NM**	**-269**	**168**
CoR (bps)	1,912	957	41	60	NA	NA	45.0	-96.9	62	-93.6	116	NA
CET1 FL (%)	-0.5	-0.5	11.7	10.2	NA	NA	-13.2	NM	10.2	NM	10.0	NA

NM: not meaningful; NA: not available; A: actual; E: estimates; C: FactSet consensus; Source: Company data and Intesa Sanpaolo Research

Buzzi Unicem (ADD)

Buzzi Unicem - Key data			
01/08/18			Construction
Target Price (EUR)			U/R
Rating			ADD
Mkt price (EUR)			18.85
Mkt cap (EUR M)			3550
Ratios (x)	2017E	2018E	2019E
P/E	16.3	13.9	11.8
EV/Sales	1.5	1.4	1.2
EV/EBITDA	8.0	6.4	5.5
Performance (%)	1M	3M	12M
Absolute	-10.2	-10.1	-11.9
Rel. to FTSE IT All	-12.6	-3.6	-14.6

Source: FactSet and Intesa Sanpaolo Research estimates

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Results Preview

Results due on 2 August: We expect 1H18E revenues to decline by 1% yoy, mainly due to the negative FX effect in the US, Russia and Ukraine and to a lesser extent to the lower volumes sold in Ukraine and Poland. The price environment should have been favourable during the first six months with some price hikes implemented in Italy, Germany, Poland, Luxemburg and the US. We assume a slightly negative performance in Mexico in terms of volumes, while prices should have moved in line with cost inflation. Note that Cementi Zillo was not present in 1H17 and we estimate it should have contributed to the group's 1H18 top line with approx. EUR 25-30M. We forecast the group's recurring EBITDA margin to decrease by 90bps yoy, as we estimate that the cost inflation particularly in the US more than offset the positive impact of the improved selling price environment and the higher production efficiency in Maryneal. We forecast a net debt in the EUR 890-900M range, including the dividend payment (approx. EUR 28M) and the cash-out of approx. EUR 50M for the acquisition Seibel & Söhne in Germany.

Our View: We do not see a particularly strong first half of the year in terms of either revenue or operating profitability. We believe that the company will confirm its current recurring 2018 EBITDA guidance (slightly above the EUR 576.4M posted in 2017), but we see the current 2018 recurring EBITDA consensus forecasts as a little bit optimistic (Bloomberg).

Buzzi Unicem – 1H18 preview							
EUR M	1H17A	FY17A	1H18E	1H18C	1H E/C %	1H yoy %	FY18C
Revenue	1353.8	2669.3	1340.0	1346.0	-0.4	-1.0	2924.0
EBITDA	241.1	550.6	230.7	230.5	0.1	-4.3	607.6
% on sales	17.8	20.6	17.2	17.1			20.8
Rec. EBITDA	245.6	550.7	230.7	230.5	0.1	-6.1	607.6
% on sales	18.1	20.6	17.2	17.1			20.8
EBIT	132.5	353.5	125.5	123.6	1.5	-5.3	394.8
% on sales	9.8	13.2	9.4	9.2			13.5
PBT	170.1	286.4	143.9	NA	NA	-15.4	432.1
Net Attrib. Inc.	117.6	151.4	101.4	110.0	-7.8	-13.8	308.6

NA: not available; A: actual; E: estimates; C: Bloomberg consensus; Source: Company data and Intesa Sanpaolo Research

Cattolica Assicurazioni (ADD)

Results Preview

Results due on 3 August (before trading hours): We estimate a quarterly net profit of EUR 28M after minorities, a 16.7% qoq improvement (the yoy comparison is not meaningful as the group recorded a severe net loss in 2Q17A due to the adoption of a new impairment test procedure), with a good non-life technical profitability (93.3% 2Q18E combined ratio, an improvement vs. 1Q18A but not far from the 93.4% level of 2Q17A). We see total premiums up 12% yoy to EUR 1.46Bn, also thanks to the initial contribution of Vera Vita and Vera Assicurazioni, with EUR 560M P&C (+3.9%) and EUR 900M life (+17.8%). As regards pre-tax profit, our EUR 47M quarterly estimate incorporates EUR 37M non-life and EUR 10M life. Given the BTP-Bund spread widening in 2Q, we estimate a Solvency II ratio close to 160% at end-June 2018E, down from 199% at end-March. A conference call will be held on 3 August at 9:30 CET (Italy: +39 02 805 88 11; UK: +44 1 212818003; US: +1 718 7058794).

Outlook and Our View: We consider 2018 as a transitional year, with operating profit down to EUR 170M, according to our estimates, from EUR 206M in 2017A. Our 2020E estimates are basically aligned to the business plan's targets, with an operating profit in line with the high-end EUR 375-400M targeted range, including a more than EUR 100M contribution from the bancassurance joint-venture with Banco BPM.

Cattolica Assicurazioni - Key data			
01/08/18			Insurance
Target Price (EUR)			9.2
Rating			ADD
Mkt price (EUR)			7.87
Mkt cap (EUR M)			1372
Ratios (x)	2018E	2019E	2020E
P/E	13.8	8.7	7.0
P/BV	0.72	0.69	0.65
Performance (%)	1M	3M	12M
Absolute	10.1	-11.0	7.7
Rel. to FTSE IT All	7.2	-4.5	4.4

Source: FactSet and Intesa Sanpaolo Research estimates

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Cattolica Assicurazioni – 2Q/1H18 preview

EUR M	2Q17A	1H17A	1Q18A	2Q18E	2Q18C	2Q E/C %	2Q qoq%	2Q yoy %	1H18E	1H yoy %	FY18E	FY18C
Gross Premiums	1,303	2,522	1,330	1,460	NA	NA	9.8	12.0	2,790	10.6	5,960	NA
Non-life	539	1,004	467	560	NA	NA	19.9	3.9	1,027	2.3	2,112	NA
Life	764	1,613	863	900	NA	NA	4.3	17.8	1,763	9.3	3,848	NA
Combined ratio (%)	93.4	93.4	93.7	93.3	NA	NA			93.4		94.2	94.1
Pre-tax profit	-3	44	40	47	47	0.0	15.9	NM	87	97.3	122	191
Net profit before minorities	-22	8	25	31	NA	NA	20.1	NM	56	NM	78	NA
Net profit	-28	1	24	28	26	9.8	16.7	NM	52	NM	61	99

NM: not meaningful; A: actual; E: estimates; C: FactSet consensus; Source: Company data and Intesa Sanpaolo Research

Diasorin (HOLD)

Results Preview

Results due on 2 August: We expect the 2Q18 consolidated top line to rise by 3.5% yoy to EUR 167.5M, driven by the positive impact of the acquisition of the ELISA immunodiagnostic portfolio of Siemens Healthineers and the sales growth in CLIA ex-Vitamin D tests, which should be partly offset by the negative FX impact, mainly related to the USD and the Yuan depreciation and the weak performance of the Vit. D tests. In terms of operating profitability, we see the 2Q18E EBITDA margin substantially stable sequentially (38.6% vs. 38.5% in 1Q18) and decreasing by 80bps vs. 2Q17A, which had benefited from the postponement to the following quarters of some operating expenses. We estimate that 2Q18E EBITDA could be negatively impacted by the FX impact and to a lesser extent by some residual costs for the closure of the Irish plant. We do not expect any particular surprises below the EBIT line. We estimate a net cash position at end-June at around EUR 100M vs. EUR 168.6M at 31 March, as we accounted for the dividends distribution in May 2018 (approx. EUR 47M) and a cash-out of approx. EUR 60M related to the now completed share buy-back plan, mostly implemented in the May-June 2018 period.

Outlook and Our View: We expect 1H18 to show only a moderate top-line yoy growth, mainly due to a significantly negative forex impact. An yoy growth rate improvement is expected in the 2H18, as a result of the more favourable yoy comparison and to a lesser extent the planned launch with Qiagen of the CE marked version of the new QuantiFERON test read out components for use on Liaison XL by end 3Q – beginning 4Q18.

Diasorin - Key data			
01/08/18			Medical Equipment
Target Price (EUR)			72.9
Rating			HOLD
Mkt price (EUR)			91.80
Mkt cap (EUR M)			5136
Ratios (x)	2017E	2018E	2019E
P/E	41.5	37.0	32.2
EV/Sales	7.9	7.2	6.4
EV/EBITDA	20.8	18.7	16.5
Performance (%)	1M	3M	12M
Absolute	-6.0	17.2	24.7
Rel. to FTSE IT All	-8.6	25.6	20.9

Source: FactSet and Intesa Sanpaolo Research estimates

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Diasorin - 2Q/1H18 preview											
EUR M	2Q17A	1H17A	FY17A	2Q18E	2Q18C	2Q E/C %	2Q yoy %	1H18E	1H yoy %	FY18E	FY18C
Sales	161.8	319.3	637.5	167.5	174.0	-3.7	3.5	332.0	4.0	687.4	687.6
EBITDA	63.7	126.2	237.9	64.7	66.6	-2.9	1.5	128.0	1.4	263.2	261.3
% on sales	39.4	39.5	37.3	38.6	38.3	-	-	38.5		38.3	38.0
EBIT	51.2	101.2	184.4	51.4	52.9	-2.8	0.4	102.1	0.9	208.5	207.3
% on sales	31.6	31.7	28.9	30.1	30.4	-	-	30.8		30.3	30.1
Pre-tax profit	49.8	98.3	178.7	50.8	52.6	-3.4	2.1	100.6	2.4	206.2	203.6
Net profit	33.5	66.4	139.9	39.1	40.5	-3.5	16.7	77.4	16.6	156.7	156.1

A: actual; E: estimates; C: Bloomberg consensus; Source: Company data and Intesa Sanpaolo Research

Elica (BUY)

Results Preview

Results due on 2 August: In 2Q18E, we expect revenues up by around 1.6% yoy, despite a still negative impact coming from forex (USD, JPY and Rupee), and a different perimeter (Gutmann still consolidated in 2Q17). Looking at the adjusted EBITDA, we expect the margin trend seen in the last five quarters could continue in 2Q18. Therefore, driven by volumes/price mix and by operational efficiency gains, we project an 8.3% adjusted EBITDA margin in 2Q18E (+70bps yoy and +10bps vs. 1Q18), despite a still negative impact from forex, raw materials and the one-off costs for Eurocucina exhibition.

Outlook and Our View: Should our preview be met, with an improvement in adjusted EBITDA margin despite forex and raw materials, we would view it as a solid foundation for the remaining part of the year, when management expects the negative FX and raw material trends to broadly stabilise. Moreover, we recall that customers feedback from the Eurocucina fair was very positive, where new break-through product ranges, both in hoods and cooking, were presented. These new products and a number of strategic initiatives should strengthen growth and profitability, with the “own brand” business steadily growing, particularly in 2H18 and onwards.

Elica - Key data			
01/08/18	Household Goods & Textiles		
Target Price (EUR)			3.1
Rating			BUY
Mkt price (EUR)			2.15
Mkt cap (EUR M)			136
Ratios (x)	2018E	2019E	NA
P/E	34.5	17.0	NA
EV/Sales	0.44	0.43	NA
EV/EBITDA	5.5	4.9	NA
Performance (%)	1M	3M	12M
Absolute	-0.5	-5.9	20.2
Rel. to FTSE IT All	-3.1	0.9	16.5

Source: FactSet and Intesa Sanpaolo Research estimates

Banca IMI is Specialist to Elica

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Elica - 2Q/1H18 preview												
EUR M	2Q17A	1H17A	FY17A	2Q18E	2Q18C	2Q E/C %	2Q yoy %	1H18E	1H18C	1H E/C %	FY18E	FY18C
Revenues	124.3	242.8	479.3	126.3	NA	NA	1.6	245.2	NA	NA	500.0	502.1
Adjusted EBITDA	9.4	18.4	36.8	10.5	NA	NA	11.4	20.2	NA	NA	41.0	40.8
EBIT	4.1	7.9	16.3	5.6	NA	NA	36.3	10.4	NA	NA	18.0	18.8
Net debt/-cash	70.6	70.6	69.3	70.0	NA	NA	-0.9	70.0	NA	NA	73.8	70.0
Adj. EBITDA margin (%)	7.6	7.6	7.7	8.3	NA	NA	NA	8.2	NA	NA	8.2	8.1
EBIT margin (%)	3.3	3.3	3.4	4.4	NA	NA	NA	4.2	NA	NA	3.6	3.7

NA: not available; NM: not meaningful; A: actual; E: estimates; C: FactSet consensus; Source: Company data and Intesa Sanpaolo Research

ENAV (ADD)

Results Preview

Results due on 2 August: We see ENAV's 2Q18E total revenues slightly up (+2% yoy) to EUR 81M, due to higher revenues from operations, benefitting from a sustained +11% at 1H18 traffic growth (based on Eurocontrol data), offset by a negative contribution from balance revenues (around EUR -19M in 1H18E). We estimate 2Q18E EBITDA to be broadly in line yoy at EUR 81M and EBIT up by 13% to EUR 48M, reflecting less write-downs and equal D&A vs. 2Q17A. We forecast net profit up 18% yoy to EUR 37M in 2Q18E and net debt at EUR 180M in 1H18E, lower than 2Q17A (-27%), thanks to the positive cash flow from operation.

Outlook and Our View: We reiterate our positive stance on the stock, supported by the upbeat traffic trend in En-route and Terminal traffic seen in 1H18. **We reiterate our rating ADD and EUR 4.9/share TP.**

ENAV - Key data			
01/08/18			Aviation Services
Target Price (EUR)			4.9
Rating			ADD
Mkt price (EUR)			4.41
Mkt cap (EUR M)			2387
Ratios (x)	2017E	2018E	2019E
P/E	24.8	22.9	22.5
EV/Sales	2.9	2.8	2.7
EV/EBITDA	9.1	8.7	8.6
Performance (%)	1M	3M	12M
Absolute	2.6	-2.6	13.6
Rel. to FTSE IT All	-0.2	4.4	10.1

Source: FactSet and Intesa Sanpaolo Research estimates

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ENAV - 2Q/1H18 preview

EUR M	2Q17A	1H17A	FY17A	2Q18E	2Q18C	2Q E/C %	2Q yoy %	1H18E	1H18C	1H E/C %	FY18E	FY18C
Revenues from operations	230	392	863	244	-	-	6	415	-	-	864	892
Balance revenues	-5	2	-17	-15	-	-	NM	-19	-	-	-22	-
Other operating income	8	17	36	8	-	-	3	17	-	-	42	-
Total revenues	**234**	**410**	**882**	**237**	**-**	**-**	**2**	**413**	**-**	**-**	**884**	**-**
EBITDA	**82**	**111**	**284**	**81**	**-**	**-**	**-1**	**111**	**-**	**-**	**280**	**290**
EBITDA margin (%)	0	0	0	0	-	-		0	-	-	0	-
D&A	-34	-66	-130	-34	-	-	0	-66	-	-	-138	-
Write-downs	-5	-5	-7	1	-	-	NM	2	-	-	5	-
EBIT	**43**	**40**	**147**	**48**	**-**	**-**	**13**	**47**	**-**	**-**	**147**	**156**
Financial income/-expenses	0	-1	0	-1	-	-		-1	-	-	-2	-
PBT	**42**	**39**	**144**	**49**	**-**	**-**	**15**	**46**	**-**	**-**	**145**	**153**
Income taxes	-11	-12	-42	-12	-	-	7	-13	-	-	-41	-
Net profit/-loss for the period	**31**	**27**	**101**	**37**	**-**	**-**	**18**	**32**	**-**	**-**	**104**	**108**
Net debt/-cash	244	244	117	180	-	-	-27	180	-	-	104	85

NM: not meaningful; A: actual; E: estimates; C: Bloomberg consensus; Source: Company data and Intesa Sanpaolo Research

Safilo (HOLD)

Results Preview

Results due on 2 August: Similar to its main competitor Luxottica, we expect Safilo's 2Q to be impacted by both negative forex effects (mostly USD and JPY) and unfavourable weather conditions for the sun season, mostly in Europe. As a result, we expect a deterioration in the Wholesale division contraction to 17% yoy, while a still negative performance (and forex) should characterise the small retail chain Solstice in the US. Our 2Q18E adjusted EBITDA estimate of EUR 10M (in line with the quarterly expected value of Gucci reimbursement) reflects the ongoing pressure on the industrial profitability side and the marketing costs, partially postponed in 2Q17, due to the past difficulties related to the IT migration at the Padua distribution centre. We see net debt up to EUR 185M, reflecting some EUR 18M of capex (out of EUR 38M expected in FY18E) and a stable NWC cash burn.

Outlook and Our View: We do not see these results as a catalyst for the stock, with the market more focused on new business plan presentation on 2 August. **We have a HOLD rating on the stock.**

Safilo - Key data			
01/08/18			Branded Goods
Target Price (EUR)			4.9
Rating			HOLD
Mkt price (EUR)			4.40
Mkt cap (EUR M)			275
Ratios (x)	2017E	2018E	2019E
P/E	Neg.	Neg.	NM
EV/Sales	0.40	0.36	0.35
EV/EBITDA	Neg.	16.5	6.2
Performance (%)	1M	3M	12M
Absolute	-2.1	5.5	-32.2
Rel. to FTSE IT All	-4.7	13.1	-34.3

Source: FactSet and Intesa Sanpaolo Research estimates

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Safilo – 2Q/1H18 preview										
EUR M	2Q17A	1H17A	2017A	2Q18E	2Q18C	E/C %	yoy %	1H18E	1H18C	E/C %
Sales	**315.3**	**552.6**	**1,047.0**	**263.7**	**258.5**	**2.0**	**-16.4**	**514.6**	**509.5**	**1.0**
Wholesale	295.2	519.1	981.7	245.8	NA	NM	-16.7	484.9	NA	NM
% on FY	30.1	52.9	100.0	23.4	NA	NM	-665bps	49.1	NM	NM
Retail	20.1	33.5	65.3	17.9	NA	NM	-11.1	29.7	NA	NM
% on FY	30.8	51.3	100.0	29.0	NA	NM	-174bps	48.2	NM	NM
Gross Profit	**167.7**	**287.2**	**519.6**	**140.1**	**140.4**	**-0.2**	**-16.5**	**268.3**	**268.0**	**-0.1**
EBITDA	**33.7**	**24.1**	**25.8**	**10.2**	**13.3**	**-23.7**	**-69.9**	**21.5**	**25.5**	**-15.6**
margin	10.7	4.4	2.5	3.8	5.1	-130bps	-684bps	4.2	5.0	-82bps
Net profit	**11.0**	**-9.6**	**-252.1**	**-3.6**	**3.4**	**NM**	**NM**	**-5.6**	**1.0**	**NM**
Net financial debt	112.8	112.8	131.6	185.2	178.0	4.0	64.2	186.2	178.0	4.0

NM: not meaningful; NA: not available; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

SIAS (ADD)

Results Preview

Results due on 2 August: We highlight that we do not have a quarterly comparison (in 1Q18 SIAS only communicated traffic and revenues figures). We expect 1H18 results to benefit from the concession for the A21 Piacenza-Cremona-Brescia motorway section (started in 1Q18A) with a flat traffic performance qoq (where on a like-for-like basis, traffic decreased by 0.64%). We see Toll Revenues in 1H18E up by 8% yoy to EUR 523M and Royalties in line with 1H17A at EUR15M, with overall Motorways Revenues in 1H18E at EUR 538M. Our 1H18E EBITDA forecast stands at EUR 573M, improving 7% yoy, mainly benefitting from the rise in toll revenues. We assume net income growth of 43% yoy to EUR 113M in 1H18E vs. EUR 78.8M in 1H17A (or by 18% vs. adjusted net income of EUR 95.3M in 1H17, given the around EUR 16.5M of non-recurring higher provisions). We forecast net debt at EUR 1.44Bn in 1H18E, down by 8% vs. 1H17A.

Outlook and Our View: We reiterate our positive stance on the stock, supported by the strategic plan and implemented efficiency measures and policies. **We reiterate our ADD rating and EUR 17.1/sh TP.**

SIAS - Key data			
01/08/18			Transportation
Target Price (EUR)			17.1
Rating			ADD
Mkt price (EUR)			15.18
Mkt cap (EUR M)			3453
Ratios (x)	2017E	2018E	2019E
P/E	17.0	14.3	13.6
EV/Sales	3.9	3.6	3.2
EV/EBITDA	6.4	5.9	5.2
Performance (%)	1M	3M	12M
Absolute	17.7	-13.8	30.6
Rel. to FTSE IT All	14.5	-7.5	26.6

Source: FactSet and Intesa Sanpaolo Research estimates

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SIAS - 2Q/1H18 preview								
EUR M	1H17A	FY17A	1H18E	1H18C	1H E/C %	1H yoy %	FY18E	FY18C
Toll revenues	485.40	1017.30	523.00	-	-	8	1125.33	-
Royalties	14.90	30.10	15.00	-	-	1	33.81	-
Motorways revenues	**500.30**	**1047.39**	**538.00**	**-**	**-**	**8**	**1159.14**	**-**
Construction/engin.	0.00	-	0.00	-	-	-	0.00	-
Technological	20.67	44.61	18.61	-	-	-10	40.16	-
Parking	0.00	-	0.00	-	-	-	0.00	-
Other revenues	17.18	44.65	17.26	-	-	0	44.87	-
Total revenues	538.15	1136.65	573.87	-	-	7	1244.99	1304.00
EBITDA	325.52	703.81	343.87	-	-	6	766.03	759.00
Adjusted EBITDA	322.62	692.64	0.00	-	-	-100	763.03	-
EBITDA margin (%)				-	-	-	-	-
D&A	-174.24	-324.25	-140.00	-	-	-20	-308.09	-
EBIT	148.38	368.39	203.87	-	-	37	454.94	463.88
EBT	122.19	350.82	177.67	-	-	45	406.85	403.14
Net income	78.81	261.88	112.92	-	-	43	276.66	253.88
Group adjusted net income	95.30	261.88	112.92	-	-	18	242.08	-
Net debt/-cash	1567.60	1307.90	1444.48	-	-	-8	1397.92	1488.00

A: actual; E: estimates; C: Bloomberg consensus; Source: Company data and Intesa Sanpaolo Research

Recent Credit Research

Italgas

01/08/2018 Credit Research

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2Q/1H18 in Line, Guidance Confirmed

NEUTRAL Credit View Confirmed. Italgas 1H18 results were positive, and overall in line with Bloomberg consensus, driven by regulated activities (c.97% of total revenues). Net debt was down slightly vs year-end 2017, also reflecting some working capital positive seasonal effects. Being a fully regulated company, a catalyst for Italgas in the next months will be the review of regulated allowed returns to be concluded by year-end: current higher Italian bond yields could potentially translate into higher returns for the company. We confirm our NEUTRAL Credit View on Italgas. We also maintain our BUY recommendation on Italgas bonds.

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Equity rating key (short-term horizon: 3M)

Equity rating key (short-term horizon: 3M)

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In particular, the description of the measures taken to manage interest and conflicts of interest – related to Articles 5 and 6 of the Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No. 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest as subsequently amended and supplemented, the FINRA Rule 2241, as well as the FCA Conduct of Business Sourcebook rules COBS 12.4 - between the Intesa Sanpaolo Banking Group and issuers of financial instruments, and their group companies, and referred to in research products produced by analysts at Intesa Sanpaolo S.p.A. is available in the "Rules for Research " and in the extract of the "Corporate model on the management of inside information and conflicts of interest" published on the website of Intesa Sanpaolo S.p.A..

At the Intesa Sanpaolo website, webpage http://www.group.intesasanpaolo.com/scriptIsir0/si09/studi/eng_archivio_conflitti_mad.jsp you can find the archive of disclosure of interests or conflicts of interest of the Intesa Sanpaolo Banking Group in compliance with the applicable laws and regulations.

Furthermore, in accordance with the aforesaid regulations, the disclosures of the Intesa Sanpaolo Banking Group's conflicts of interest are available through the above-mentioned webpage. The conflicts of interest published on the internet site are updated to at least the day before the publishing date of this report.

We highlight that disclosures are also available to the recipient of this report upon making a written request to Intesa Sanpaolo – Equity & Credit Research, Via Manzoni, 4 - 20121 Milan - Italy.

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