

VETRYA

OUTPERFORM

Price (Eu): **7.28**

Target Price (Eu): **10.20**

SECTOR: Industrials

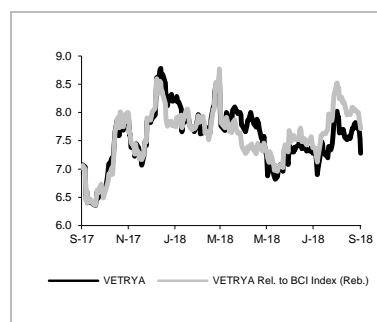
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A Strong Set of Results Looking Ahead to the New Business Plan

- 1H18 EBITDA to Eu3.2mn, up 74% YoY.** Vetrya filed a very strong set of 1H18 results thanks to strong margin expansion. 1H18 turnover came in at Eu27mn, down 5% YoY and almost in line with our estimates. EBITDA was Eu3.2mn, up 73.6% YoY and 5% better than expected, thanks to greater exposure to revenues generated outside Italy (revenue breakdown figures were not provided). The cost base reduction was mainly related to externally-produced video content (whose cost went down from Eu22.6mn in 1H17 to Eu19.8mn in 1H18), while labour costs increased from Eu2.2mn to Eu2.7mn. In addition, net profit was a pleasant surprise, closing at Eu1.3mn compared to just Eu0.3mn in 1H17 and ahead of our Eu1mn forecast. The net cash position as at end-June was Eu6.6mn, in line with the figure for December 2017.
- New contracts to increase visibility on company growth.** Vetrya has built up a solid track record that marks it out as a reliable partner for telecom operators, and we are confident the company is in a position to continue building its international customer portfolio. Notably, in 1Q18 Vetrya signed two important new contracts with major mobile players: Vodafone Iberia and Tim Brazil, which have in excess of 59mn and 14mn mobile customers respectively. Then, in June, Vetrya reached an agreement with Telenor for the distribution of its mobile payments service/platform to over 170 million Telenor customers in thirteen countries (Norway, Sweden, Denmark, Serbia, Montenegro, Hungary, Bulgaria, India, Thailand, Malaysia, Bangladesh, Pakistan and Myanmar). These new contracts should start to boost revenue from 2H18.
- Change in estimates.** In light of 1H18 results, we have trimmed our FY18 revenue estimates (-5%) but improved expected marginality, thanks to lower content costs driven by a better revenue mix. Overall, at bottom line, we are leaving our 2018 EPS unchanged while raising our expected 2019 and 2020 EPS by 2% and 4% respectively. If we focus on 2H18 forecasts, we see revenue regaining brilliant growth of 10% YoY but we remain cautious on the EBITDA margin, seen down 350bps YoY but up 30bps on 1H18, because the group has to sustain costs to launch the recently signed international contracts.
- Strong cash position and positive cashflow open the door to M&A opportunities.** We expect the group to use its net cash to reinforce its service offering by means of targeted acquisitions. We expect the main focus to be on acquiring technological know-how in fields ranging from artificial intelligence and machine learning to digital marketing and online gaming.
- OUTPERFORM, target Eu10.2 confirmed.** We confirm our positive view on the stock thanks to solid expected organic growth. We believe the strong net financial position (Eu6.6mn) as at 1H18 should be used to support the group's growth, allowing Vetrya to increase its R&D investments and pursue foreign expansion, and potentially enable the group to grasp any M&A opportunities that may arise. **On 9 October at 10.30 management will present the 2018-23 industrial plan in Milan at the Feltrinelli Foundation.** We think this may be a worthwhile opportunity to meet management and gain an insight into prospects for the business.

Next event: 9 October 2018
2018-23 Industrial Plan Presentation

VETRYA - 12m Performance



RATING: Unchanged

TARGET PRICE (Eu): Unchanged

Ch. in Adj. EPS est:	2018E	2019E
	-0.2%	2.1%

STOCK DATA

Reuters code: VTY.MI
Bloomberg code: VTY IM

Performance	1m	3m	12m
Absolute	-9.2%	-0.5%	3.8%
Relative	-9.4%	1.7%	9.4%
12 months H/L:	8.78/6.36		

SHAREHOLDER DATA

No. of Ord. shares (mn):	7
Total No. of shares (mn):	7
Mkt Cap Ord (Eu mn):	48
Total Mkt Cap (Eu mn):	48
Mkt Float - ord (Eu mn):	14
Mkt Float (in %):	28.6%
Main shareholder:	
Aglaiia Holding Srl	56.2%

BALANCE SHEET DATA

	2018
Book value (Eu mn):	19
BVPS (Eu):	2.94
P/BV:	2.5
Net Financial Position (Eu mn):	8
Enterprise value (Eu mn):	40

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on the last page of this report

Key Figures	2016A	2017A	2018E	2019E	2020E
Sales (Eu mn)	57	59	61	68	72
Ebitda (Eu mn)	6	7	7	8	9
Net profit (Eu mn)	2	2	3	4	4
EPS - New Adj. (Eu)	0.303	0.393	0.441	0.555	0.628
EPS - Old Adj. (Eu)	0.303	0.393	0.442	0.543	0.605
DPS (Eu)	0.000	0.160	0.163	0.166	0.173

Ratios & Multiples	2016A	2017A	2018E	2019E	2020E
P/E Adj.	24.0	18.5	16.5	13.1	11.6
Div. Yield	0.0%	2.2%	2.2%	2.3%	2.4%
EV/Ebitda Adj.	10.3	6.1	5.6	4.6	4.0
ROCE	17.1%	24.6%	36.5%	43.4%	45.4%

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VETRYA - KEY FIGURES

		2016A	2017A	2018E	2019E	2020E
Fiscal year end		31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020
PROFIT & LOSS (Eu mn)	Sales	57	59	61	68	72
	EBITDA	6	7	7	8	9
	EBIT	3	4	4	5	6
	Financial income (charges)	(0)	(0)	(0)	(0)	(0)
	Associates & Others	0	0	0	0	0
	Pre-tax profit (Loss)	3	4	4	5	6
	Taxes	(1)	(1)	(1)	(2)	(2)
	Tax rate (%)	40.0%	33.9%	30.0%	31.0%	31.0%
	Minorities & discontinue activities	(0)	0	0	0	0
	Net profit	2	2	3	4	4
	Total extraordinary items	(0)	(0)	0	0	0
	Ebitda excl. extraordinary items	6	7	7	8	9
Ebit excl. extraordinary items	3	4	4	5	6	
Net profit restated	2	2	3	4	4	
PER SHARE DATA (Eu)	Total shares out (mn) - average fd	6	7	7	7	7
	EPS stated fd	0.304	0.394	0.441	0.555	0.628
	EPS restated fd	0.303	0.393	0.441	0.555	0.628
	BVPS fd	1.941	2.942	2.945	3.336	3.798
	Dividend per share (ord)	0.000	0.160	0.163	0.166	0.173
	Dividend per share (sav)	0.000	0.000	0.000	0.000	0.000
	Dividend pay out ratio (%)	0.0%	43.6%	37.0%	30.0%	27.0%
CASH FLOW (Eu mn)	Gross cash flow	4	5	6	7	7
	Change in NWC	(4)	9	1	(0)	(0)
	Capital expenditure	(3)	(3)	(4)	(4)	(4)
	Other cash items	(1)	(0)	(1)	0	0
	Free cash flow (FCF)	(3)	11	2	3	3
	Acquisitions, divestments & others	0	0	0	0	0
	Dividend	0	0	(1)	(1)	(1)
	Equity financing/Buy-back	4	5	0	0	0
Change in Net Financial Position	1	16	1	1	2	
BALANCE SHEET (Eu mn)	Total fixed assets	11	12	13	14	14
	Net working capital	10	0	(0)	0	1
	Long term liabilities	1	1	1	1	1
	Net capital employed	20	11	12	13	14
	Net financial position	(9)	7	8	9	11
	Group equity	10	18	19	22	25
	Minorities	0	0	0	0	0
Net equity	10	18	19	22	25	
ENTERPRISE VALUE (Eu mn)	Average mkt cap - current	48	48	48	48	48
	Adjustments (associate & minorities)	0	0	0	0	0
	Net financial position	(9)	7	8	9	11
	Enterprise value	57	41	40	39	37
RATIOS(%)	EBITDA margin*	9.8%	11.5%	12.0%	12.5%	12.9%
	EBIT margin*	5.3%	6.5%	7.0%	8.0%	8.5%
	Gearing - Debt/equity	91.2%	-36.7%	-38.9%	-40.8%	-44.7%
	Interest cover on EBIT	10.9	21.8	42.5	53.9	60.9
	Debt/Ebitda	1.70	nm	nm	nm	nm
	ROCE*	17.1%	24.6%	36.5%	43.4%	45.4%
	ROE*	21.6%	17.0%	15.5%	17.7%	17.6%
	EV/CE	3.3	2.6	3.5	3.1	2.7
	EV/Sales	1.0	0.7	0.7	0.6	0.5
	EV/Ebit	19.3	10.8	9.5	7.2	6.0
Free Cash Flow Yield	-6.7%	22.5%	4.1%	5.2%	6.9%	
GROWTH RATES (%)	Sales	60.7%	3.8%	3.0%	12.0%	6.0%
	EBITDA*	13.2%	21.8%	7.2%	17.2%	9.4%
	EBIT*	-11.4%	29.0%	10.8%	26.9%	13.0%
	Net profit	-2.1%	48.9%	20.2%	25.8%	13.2%
	EPS restated	-8.4%	29.6%	12.2%	25.8%	13.2%

* Excluding extraordinary items

Source: Intermonte SIM estimates

1H18 Results

Vetrya filed a very strong set of 1H18 results thanks to strong margin expansion. 1H18 turnover came in at Eu27mn, down 5% YoY and almost in line with our estimates. EBITDA was Eu3.2mn, up 73.6% YoY and 5% better than expected, thanks to greater exposure to revenues generated outside Italy (revenue breakdown figures were not provided). The cost base reduction was mainly related to externally-produced video content (whose cost went down from Eu22.6mn in 1H17 to Eu19.8mn in 1H18) while labour costs increased from Eu2.2mn to Eu2.7mn. In addition, net profit was a pleasant surprise, closing at Eu1.3mn compared to just Eu0.3mn in 1H17 and ahead of our Eu1mn forecast. The net cash position as at end-June was Eu6.6mn, in line with the figure for December 2017.

VETRYA - Quarterly results

(Eu mn)	1H17A	1H18A	YoY	1H18E	A vs E
Sales	28.2	26.7	-5.1%	27.0	-1.0%
Capitalized Costs & Oth.	1.0	1.4		1.0	
EBITDA Adjusted	1.8	3.2	73.6%	3.0	5.4%
Adjusted EBITDA margin	6.5%	11.8%		0.0%	
EBITDA IFRS	1.8	3.2	73.6%	3.0	5.4%
EBITDA margin	6.5%	11.8%		0.0%	
D&A and impairment losses	(1.2)	(1.3)	13.4%	(1.2)	9.6%
EBIT IFRS	0.7	1.8	179.3%	1.8	2.6%
EBIT margin	2.3%	0.0%		0.0%	
Financial Income/(Expenses)	(0.1)	(0.0)	-56.3%	(0.2)	-70.0%
Extra-items	-	-		-	
Pretax Profit	0.6	1.8	n.m.	1.7	9.2%
Income taxes	(0.2)	(0.5)	125.6%	(0.7)	-18.6%
% tax rate	-42.7%	-29.8%		-40.0%	
Minority Interests /Dis. Operations	-	-	n.m.	-	n.m.
Net Profit	0.3	1.3	n.m.	1.0	27.7%
Net Cash (Debt)	(10.3)	6.6	n.m.	6.0	9.2%

Source: Company Data & Intermonte Estimates

Change in estimates

Vetria - Change in estimates

(Eu mn)	NEW Estimates			OLD Estimates			% Change		
	2018E	2019E	2020E	2018E	2019E	2020E	2018E	2019E	2020E
Sales	60.5	67.8	71.9	63.8	71.4	75.0	-5.1%	-5.1%	-4.2%
EBITDA	7.2	8.5	9.3	7.2	8.2	8.9	1.2%	3.0%	4.0%
EBIT	4.2	5.4	6.1	4.7	5.7	6.3	-9.4%	-5.4%	-3.5%
Financial income (charges)	(0.1)	(0.1)	(0.1)	(0.3)	(0.3)	(0.3)			
Pre-tax profit (Loss)	4.1	5.3	6.0	4.4	5.4	6.0	-5.9%	-2.3%	-0.7%
Taxes	(1.2)	(1.6)	(1.9)	(1.5)	(1.8)	(2.1)			
Tax rate (%)	-30.0%	-31.0%	-31.0%	-34.0%	-34.0%	-34.0%			
Minorities & disc. Act.	0.0	0.0	0.0	0.0	0.0	0.0			
Net profit	2.9	3.7	4.1	2.9	3.6	4.0	-0.2%	2.1%	3.8%
Ebitda excl. extr. items	7.2	8.5	9.3	7.2	8.2	8.9	1.2%	3.0%	4.0%
Net profit restated	2.9	3.7	4.1	2.9	3.6	4.0	-0.2%	2.1%	3.8%
Net financial position	7.5	9.0	11.2	8.1	10.4	13.1	-6.9%	-13.4%	-14.8%

Source: Intermonte SIM Estimates

In light of 1H18 results, we have trimmed our revenue estimates (-5%) but improved the expected marginality, thanks to lower content costs driven by a better revenue mix. Overall, at bottom line, we are leaving our 2018 EPS unchanged while raising our expected 2019 and 2020 EPS by 2% and 4% respectively. If we focus on 2H18 forecasts, we see revenue regaining brilliant growth of 10% YoY but we remain cautious on the EBITDA margin, seen down 350bps YoY but up 30bps on 1H18, because the group has to sustain costs to launch the recently signed international contracts in Spain (with Vodafone), Brazil (with TIM) and the Far East (with Telenor).

VETRYA - Quarterly results

(Eu mn)	2H17A	2H18E	YoY	2017A	2018E	YoY
Sales	30.6	33.8	10.4%	58.8	60.5	3.0%
Capitalized Costs & Oth.	1.1	1.0		2.1	2.4	
EBITDA Adjusted	4.9	4.1	-17.3%	6.8	7.2	7.2%
Adjusted EBITDA margin	16.1%	12.1%		11.5%	12.0%	
EBITDA IFRS	4.9	4.1	-17.3%	6.8	7.2	7.2%
EBITDA margin	15.6%	12.1%		11.1%	11.5%	
D&A and impairment losses	(1.8)	(1.7)	-4.8%	(2.9)	(3.0)	2.4%
EBIT IFRS	3.2	2.4	-24.3%	3.8	4.2	10.8%
EBIT margin	10.0%	2.3%		6.3%	6.7%	
Financial Income/(Expenses)	(0.1)	(0.1)	-24.7%	(0.2)	(0.1)	-43.2%
Extra-Items	-	-		-	-	
Pretax Profit	3.1	2.3	-24.3%	3.7	4.1	13.4%
Income taxes	(1.0)	(0.7)	-29.4%	(1.2)	(1.2)	0.3%
% tax rate	-32.3%	-30.1%		-33.9%	-30.0%	
Minority Interests /Dis. Operations	-	-	n.m.	-	-	n.m.
Net Profit	2.1	1.6	-21.7%	2.4	2.9	20.2%
Net Cash (Debt)	6.6	7.5	13.8%	6.6	7.5	13.8%

Source: Company Data & Intermonte Estimates

Company at a Glance

Overview

Vetrya [VTY.MI] is an Italian group based in Orvieto (Umbria, Italy). It is a recognised leader in the development of digital services, applications and broadband solutions. It contributes to the success of its customers by introducing innovation throughout the value chain, with a wide range of multi-screen cloud platforms for broadband and ultrafast broadband (mobile and fibre) telecommunications networks, media asset management, mobile entertainment, mobile commerce, value-added services, internet TV, broadcasting, digital advertising, artificial intelligence and content production. Vetrya is able to bring its outstanding skills and experience in cloud computing, big data and the internet of things to each and every network-connected device. The group operates in digital markets, media, telco, broadband, product, outsourcing and content management. It has an established presence in the United States through Vetrya Inc., a company located in Palo Alto (CA), which develops services and B2C applications. It also operates in the South East Asian market through Vetrya Asia Pacific Sdn. Bhd., based in Kuala Lumpur Malaysia, in South America through Vetrya do Brasil, based in Rio de Janeiro, Brazil and in the Iberian Market through Vetrya Iberia, Madrid. It boasts successful collaborations with leading global telecom operators, media companies, publishers, broadcasters, banks, utilities, manufacturing and consumer products. It is active in the digital market through the following divisions:

- Mobile Commerce
- Publishing & Advertising
- Consultancy & App Development

Mobile Commerce represents the group's core business, with the combined exposure to two Mobile Network Operators (MNOs), namely H3G Italy, Wind and TIM, accounting for a significant part of the revenues; at the same time the company's expansion in foreign markets should further diversify the revenue mix. In fact, in recent years Vetrya has started to expand its business abroad, opening branches in various countries such as Spain, Brazil or Indonesia and signing agreements with MNO players, exemplified by the deal signed with Vodafone Spain in March. By 2020, we expect international revenues to have reached 18-22% of total turnover.

Vetrya Group – International presence and services



Source: Company data

M-Commerce

Vetrya group operates in the Italian Mobile Commerce (M-Commerce) market. Specifically, Vetrya enables the supply of Mobile Value-Added Services (MVAS), which Mobile Network Operators (MNOs) usually sell to their mobile customers in exchange for a fee charged to mobile phone credit (Direct Carrier Billing).

MVAS are referred to as non-basic or non-core communication services that add value to basic or core services (i.e. Voice). MVAS include, for example:

- Browsing (pay-per-page)
- Mobile Music (streaming, live, on demand, virtual music stores)
- Mobile Gaming (real time game play and downloads)
- Mobile TV (mobile video downloads, live and on-demand streaming)
- Mobile Social Networking
- Mobile Payments and Banking
- Mobile Ticketing
- Voting
- Infotainment (infotainment combines “Information” and “Entertainment” to create exciting value-added services)

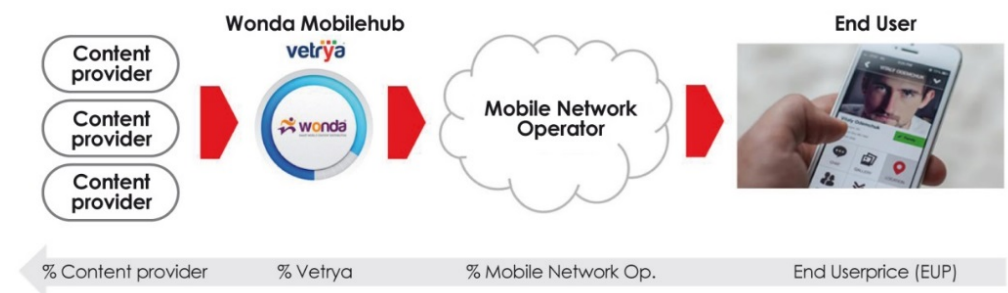
Vetrya provides an end-to-end offering to MNOs...

- Vetrya acts as an aggregator of Content Providers (CPs) through a cloud computing platform available anywhere in the world called Mobile Hub: Their CPs make digital content (publishing, video, audio, games) available to be delivered to MNOs, which are interconnected through Vetrya’s Mobile Hub;
- Vetrya creates the platforms to deliver digital content to MNO customers and manages all the technical issues: activation processes, delivery on any type of device / OS / app, protection systems for conditional access services, payment systems (mobile phone credit, credit card circuits), quality control, compliance, legally compliant SMS, monitoring, maintenance, etc.;

... and gets paid through a Revenue Sharing Model:

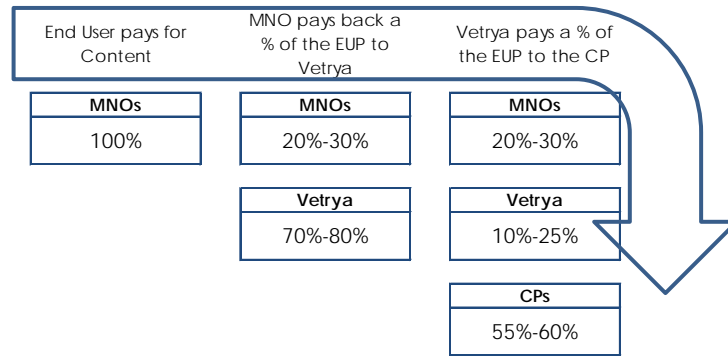
- From the MNOs, Vetrya receives on average 70%-80% of the end user price paid by the mobile customer for each individual content consumption transaction;
- Vetrya pays CPs on average 55%-60% of the end user price paid by the mobile customer for each individual content consumption transaction;
- At the end of the process, Vetrya retains on average 10%-25% of each payment made by the end user.

Vetrya Group – M-Commerce Scheme



Source: Company data

Vetrya Group – Business Model



Source: Company data and Intermonte SIM Estimates

Main Platforms

Wonda – Mobile Content Distribution:

End-to-end platform for multimedia content distribution to mobile devices. It is connected to a multi-channel mobile payment gateway.

Mobile Hub: end-to-end management of mobile commerce services. It is able to monetize the digital products of its customers for millions of users using carrier billing.

Publishing and Advertising

This area encompasses several different activities related to cloud computing proprietary technological platforms developed by Vetrya for the distribution of content (especially video) to any Internet-connected device and for the management of related services. These platforms allow publishers and companies in the media sector to produce, manage, and distribute content in any mode (live and on demand). All the platforms are designed and developed using Cloud computing technology (through a strategic agreement with Microsoft Azure), allowing de-facto scalability and global availability of those resources.

Through these platforms, which are typically integrated with one another, Vetrya offers customers video distribution services (e.g. RAI, ANSA, Corriere della Sera, Il Messaggero TV, La Repubblica, 3 Movie, etc...), free and premium services, digital advertising (campaign management: digital distribution, pre-roll, insert, banner, overlay), and data analytics and reporting - in order to realise additional revenue streams.

Main Platforms

Eclexia - Cloud Video Distribution:

- Multi-screen platform: it enables the end-to-end management of streaming video distribution in live and on-demand modes, from any source to any device (smartphone, tablet, connected TV, game console, desktop/laptop PC and set-top box);
- Functionality: content management system to manage the programming grid, transcoding services to adapt the content to different devices, digital rights management support (acquiring constantly updated third party libraries), content delivery network services (cloud services), integration with third parties (social networks).

Visidea – Video Syndication:

- Enables advertising campaign management (pre-roll, insert, video banner, overlay), data analytics and reporting;
- Video Syndication platform: distribution of client content on the main third party video platforms (YouTube, Social Networks and others) to increase advertising revenue inflows.

Xivin – Second Screen:

- Enables automatic synchronisation of the mobile device to the TV broadcast through audio recognition, allowing interaction between TV and Internet content;
- Enables a range of interactive services that can be monetised by publishers and broadcasters: e-commerce, voting, audience measurement, connection to social media.

Visyd – Digital advertising:

- Multi-screen digital advertising platform: mobile, desktop, connected TV, broadband devices, internet TV, video and display advertising.
- Real-time performance analysis platform enabling data segmentation for monitoring the relevant KPI in the current marketing campaign.

Vetrya usually offers its services without asking for significant fees related to platform customisation, maintenance and software upgrades, editorial content management or customer care activities. This gives its customers the opportunity to develop their content distribution platforms without heavy upfront costs. Vetrya's revenues are typically linked to consumption of internet traffic (directly proportional to the number of times a user accesses the platform); to revenues generated by the consumption of paid content (revenue sharing model); to advertising collection (acting as a concessionaire, margins around 10-15%).

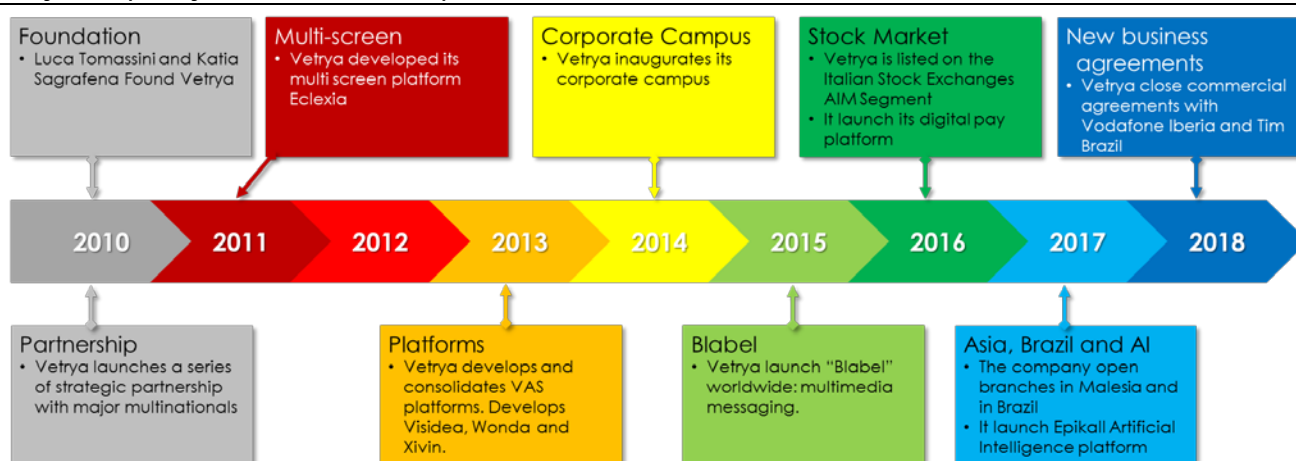
Consultancy & App Development

The Group provides professional services related to strategic consultancy, design and development of dedicated Internet applications and services. The company develops projects, services, and end-to-end Internet applications tailored to client requirements. Examples include cross-device apps (smartphone, tablet, connected TV, desktop/laptop, game console, smart watch, wearable), and advanced web platforms, especially for telecommunications companies, media companies, publishers, and broadcasters. In our estimates, this business line accounts for less than 5% of total revenues.

Group Profile

Vetrya Group - Corporate History

Vetrya Group – Key Milestones from start-up in 2010



Source: Company Presentation

Vetrya Group – Founders

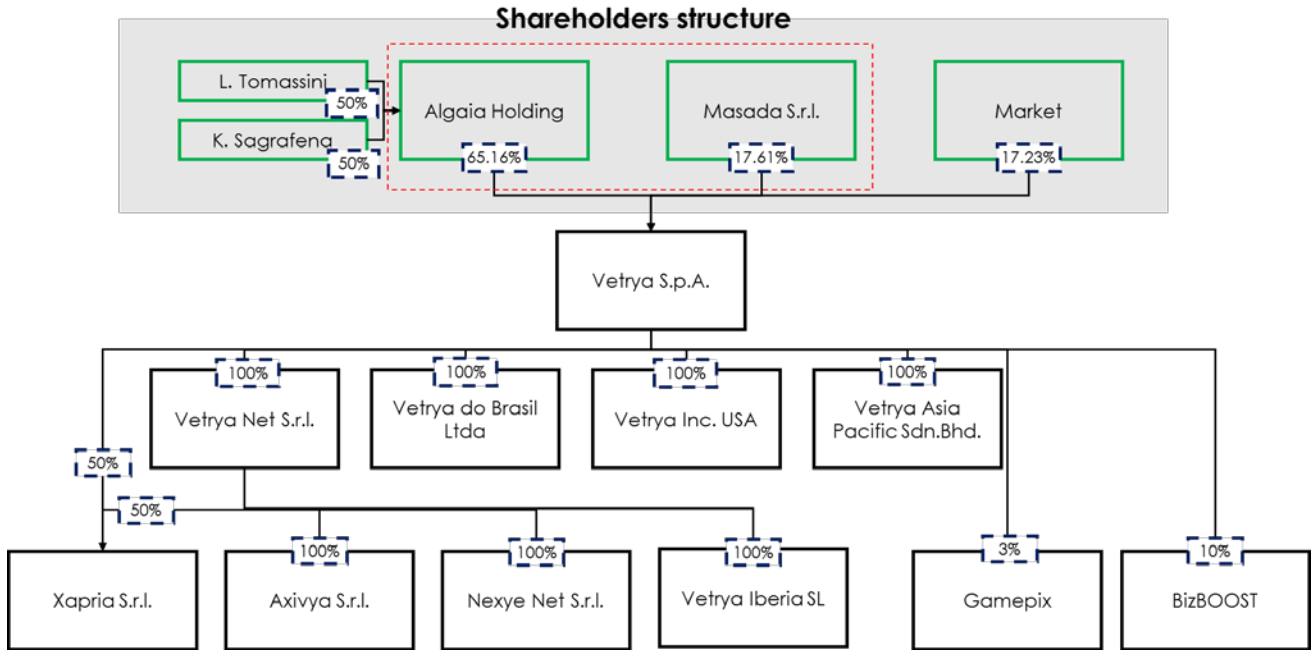
Luca Tomassini: Born Pisa, 21 October 1965. He was made a Knight of the Order of Merit for Labour by the Italian Head of State on 31 May 2015. His career began in 1987 at the Headquarters of SIP (today Telecom Italia). In 1990, he took charge of mobile product development and was responsible for the launch of second generation E-TACS mobile telephony. At the Business Clients Division of Telecom Italia, he was in charge of Business Systems Development and the Telecom Italia Group Internet & Intranet project between 1995 and 1999. From 1999 to 2007 he was a founding partner of Franco Bernabè group and CEO of Integra Net Factory S.p.A., active in ICT. From 2000 to 2004, he was CEO of Kelyan and Chairman of Tidysoft. In 2004, he became founder, Chairman and CEO of Kelyan lab (Xaltia from 2005), which launched the world's first Mobile TV service, on 2.5G/3G networks for TIM in Italy, Brazil, Peru and Greece. From 2000 to 2008, he held board memberships of companies that develop ICT solutions for business, and value-added services for the telecoms industry. Over this period he was Chairman and CEO of Green Media, CEO of Electrosys Itelco, a well-established producer of systems for broadcasting, and CEO of Infoguard Italia, world leader in ICT security systems. As a Senior Vice President, Telecom Italia from 2007 to 2010 he headed Innovation Business Development at TIM, Business Innovation at Telecom Italia Domestic Market Operations, Mobile Virtual Network Operations, and Broadband Content. Since 2010 he has been Chairman and CEO of Vetrya S.p.A. He is Adjunct Professor at the LUISS Business School and a Professor of Digital New Media and Telecommunications at the Faculty of Industrial Engineering and Economics at Tuscia University. He was previously a Professor at the Guglielmo Reiss Romoli secondary school.

Katia Sagrafena: Born Rome, 31 August 1967. Katia Sagrafena began her career in 1988 at Sistemi Informativi (IBM Group), initially in software development for banks. In 1997, she joined Siemens, where she had full operational independence to manage and coordinate workgroups on framework agreements (multi-project and multi-platform) for Telecom Italia and ENEL. From 2001 to 2005 she was in charge of a 400-strong workforce at Solution Center PA for EDS (now HP), and then became Program Manager, Sales Management, where she collaborated in the development and business teams working for the public sector and other major clients. From 2006 to 2009 she was Director of Human Resources Enhancement for Xaltia S.p.A. Since 2010 she has been General Manager and Director of Human Resources Enhancement for Vetrya S.p.A.

Vetrya Group – Shareholders and Group structure

Aglaia Holding Srl, owned by the two founders in equal proportions, is the major shareholder. Masada Srl is owned by Edoardo Narduzzi, Chairman and partner of Techedge S.p.A., a leader in Italy for business process solutions. The float amounts to 17.23%.

Vetrya Group – Shareholders and Group structure



Source: Company Presentation (Sept 2017)

Peer Group - Absolute Performances

Stock	Price	Ccy	Mkt cap	1M	3M	6M	YTD	1Y	2Y
VETRYA	7.28	EUR	48	-9.2%	-0.5%	-8.8%	-7.7%	3.8%	17.8%
IMIMOBILE	3.49	GBP	228	-5.2%	33.2%	35.3%	44.2%	88.1%	88.6%
MVISE	4.50	EUR	38	8.7%	-13.8%	-2.2%	8.6%	3.9%	87.6%
ONMOBILE GLOBAL	33.90	IND	3,583	-19.2%	-7.0%	-21.9%	-40.4%	-36.9%	-68.4%
REPLY	59.25	EUR	2,217	3.9%	1.5%	33.4%	28.3%	16.7%	97.5%
STREAMWIDE	7.35	EUR	22	3.5%	16.7%	17.6%	18.4%	58.7%	47.3%
Mean performance				-2.9%	5.0%	8.9%	8.6%	22.4%	45.1%
Italy FTSE Mib	20,711.7	EUR		0.4%	-3.4%	-7.3%	-5.2%	-8.3%	27.7%

Source: FactSet

Peer Group - Multiple Comparison

Stock	Price	Ccy	Mkt cap	EV/Sales		EV/Ebitda		EV/Ebit		P/E		Div Yield	
				2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
VETRYA	7.28	EUR	48	0.7	0.6	5.6	4.6	9.5	7.2	16.5	13.1	2.2%	2.3%
IMIMOBILE	3.49	GBP	228	1.9	1.7	13.5	12.3	17.4	15.9	23.7	22.4	0.0%	0.0%
MVISE	4.50	EUR	38							30.0	16.7	0.0%	0.0%
ONMOBILE GLOBAL	33.90	IND	3,583										
REPLY	59.25	EUR	2,217	2.1	1.8	14.9	12.6	16.5	13.9	23.8	20.8	0.7%	0.8%
STREAMWIDE	7.35	EUR	22	3.2	3.1	20.2	12.6					0.0%	0.0%
Median				2.1	1.8	14.9	12.6	17.0	14.9	23.8	20.8	0.0%	0.0%

Source: Intermonte SIM estimates for covered companies, FactSet consensus estimates for peer group

DETAILS ON STOCKS RECOMMENDATION

Stock NAME	VETRYA		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	10.20	Previous Target (Eu):	10.20
Current Price (Eu):	7.28	Previous Price (Eu):	7.66
Date of report:	01/10/2018	Date of last report:	02/05/2018

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 2.5% and a risk premium of 5.0% are being used.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period ;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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BUY:	14,10 %
OUTPERFORM:	41,67 %
NEUTRAL:	39,10 %
UNDERPERFORM	05,13 %
SELL:	00,00 %

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OUTPERFORM:	58,82 %
NEUTRAL:	25,49 %
UNDERPERFORM	00,00 %
SELL:	00,00 %

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OLIDATA	0,88	SHORT
SOFTEC	0,74	LONG
WASTE ITALIA	0,61	SHORT

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