

Calls From Italy

Recent Research		2
TerniEnergia (Suspended)	Company Update: RATING SUSPENDED	2
Company News		3
ERG (ADD)	Roadshow in Geneva	3
Ferrari (BUY)	Appointment of a New CFO	3
FCA (BUY)	Industrial Plan Indications	4
Fincobank (HOLD)	FAM at the Start	4
Generali (ADD)	Interview with CEO Donnet	5
Hera (BUY)	Sustainable Revolving Line of Credit	5
Sector News		6
TMT Sector	Press on the 5G Tenders	6
Recent Credit Research		7
Mediaset	1Q18 Results	7
UBI Banca	1Q18 Results	7

21 May 2018: 8:41 CET
Date and time of production

Italy
Equity Daily

Intesa Sanpaolo
Research Department

Equity Research Team

Corporate Broking
Research Team

Sales & Trading
+39 02 7261 2905

Date and time of first circulation:
21 May 2018: 8:43 CET

FTSE MIB & Euro Stoxx Best Performers		
Italian FTSE MIB	Price	chg %
CNH Industrial	10.80	3.70
Moncler	39.40	1.26
Pirelli	7.61	0.85
Luxottica	54.24	0.15
YNAP Group	37.97	0.05
Euro Stoxx Sectors		
	Price	chg %
Personal & Household Goo	891.5	0.53
Construction & Materials	465.8	0.44
Real Estate	243.8	0.20
Travel & Leisure	213.9	0.17
Utilities	290.7	0.06

Source: FactSet

FTSE MIB & Euro Stoxx Worst Performers		
Italian FTSE MIB	Price	chg %
UBI Banca	3.82	-7.85
BPER	4.67	-6.64
Banco BPM	2.66	-6.36
Azimut Holding	15.37	-5.70
Poste Italiane	7.62	-3.45
Euro Stoxx Sectors		
	Price	chg %
Telecommunications	295.0	-2.86
Banks	124.4	-1.73
Technology	529.5	-1.21
Automobiles & Parts	611.9	-1.09
Financials Services	464.7	-0.89

Source: FactSet

Equity Indices Performances		
Italy	Price	chg %
FTSE It. All Share	25645	-1.54
FTSE MIB	23450	-1.48
FTSE It. Star	37416	-1.73
Europe		
	Price	chg %
DAX 30	13078	-0.28
CAC 40	5615	-0.13
IBEX 35	10112	-1.02
FTSE 100	7779	-0.12
US		
	Price	chg %
Dow Jones	24715	0.00
NASDAQ	7354	-0.38
S&P 500	2713	-0.26

Source: FactSet

Priced at market close on day prior to issue (except where otherwise indicated)
In this report we confirm the ratings and target prices assigned in the latest company reports (unless otherwise indicated)

Recent Research

TerniEnergia (Suspended)

Company Update: RATING SUSPENDED

Rating and Target Price Suspended:

TerniEnergia's FY17A revenue was down by 24% to EUR 64M, mainly due to the suspension of the EPC activity in the second half of the year. In 1Q18, revenue totalled EUR 8.5M, contracting sharply vs. 1Q17 (EUR 29.9M), which incorporated about EUR 19.9M in turnover related to the purchase and sale of natural gas, which was suspended at the end of 1H17. In FY17A, EBITDA was EUR 2.2M vs. EUR 17.3M in FY16A. In 1Q18, EBITDA was EUR 1.5M (vs. EUR 3.4M in 1Q17), incorporating a growing contribution from the IT sector activities and the first important measures to reduce operating costs, notably, service and payroll costs. The net loss in FY17 was EUR 39.6M vs. a EUR 1.2M profit in FY16A, reflecting the operating trend and write-offs related to the valuation of some assets for fair value sale. The net loss in 1Q18 was EUR 2.4M vs. a EUR 0.2M profit in 1Q17. Net debt was EUR 89.8M in FY17 vs. EUR 93.9M in FY16A and further increased to EUR 97M in 1Q18.

The reports of the independent auditors (EY) concluded that it is not possible to evaluate the financial statements as at 31 December 2017, due to the loss of the parent company, which exceeded 1/3 of the capital, and the EUR 89.8M net debt. The Ordinary and Extraordinary Meeting, as of article 2446 of the Italian Civil Code, will be held on 14 June, meanwhile management has announced a recovery and relaunch plan. While the transitional restructuring phase is underway, we do not have a sufficient fundamental basis on which to build our estimates or valuation and we suspend our target price and recommendation.

TerniEnergia - Key data

21/05/18	Multi-Utilities		
Target Price (EUR)	SUSPENDED		
Rating	SUSPENDED		
Mkt price (EUR)	0.40		
Mkt cap (EUR M)	19		
Ratios (x)	2018E	2019E	2020E
P/E	5.6	2.1	1.5
EV/Sales	0.90	0.60	0.47
EV/EBITDA	5.8	4.0	3.0
Performance (%)	1M	3M	12M
Absolute	-23.1	-33.9	-60.2
Rel. to FTSE IT All	-22.0	-35.4	-63.6

Source: FactSet and Intesa Sanpaolo Research estimates

Banca IMI is Specialist to TerniEnergia

Alberto Francese - Research Analyst

+39 02 8794 9815

alberto.francese@intesasanpaolo.com

Company News

ERG (ADD)

Roadshow in Geneva

News: We hosted ERG's management in a roadshow with investors in Geneva on Friday. Management mainly discussed the announced 2018-22 Business Plan. Q&A was mainly related to the strategy and political/regulation issues. Equity flash to follow.

Our view: We do not see major risks on the company plan execution and on Italian regulation on renewables. Conversely, we see a potential upside on the financial targets and continuous growth even beyond 2022E.

ERG - Key data			
21/05/18	Electricity		
Target Price (EUR)	23.0		
Rating	ADD		
Mkt price (EUR)	18.98		
Mkt cap (EUR M)	2847		
Ratios (x)	2018E	2019E	2020E
P/E	24.5	23.1	23.1
EV/Sales	4.0	3.9	3.9
EV/EBITDA	8.5	8.2	8.1
Performance (%)	1M	3M	12M
Absolute	-1.8	17.4	61.0
Rel. to FTSE IT All	-0.3	14.8	47.3

Source: FactSet and Intesa Sanpaolo Research estimates

Roberto Ranieri - Research Analyst

+39 02 8794 9822

roberto.ranieri@intesanpaolo.com

Ferrari (BUY)

Appointment of a New CFO

News: Following the resignation of Alessandro Gilli, Ferrari announced the appointment of Antonio Picca Piccon as the new CFO. The new CFO will start on 31 July.

Our view: While the resignation of Alessandro Gilli came as a surprise, given his in-depth involvement in Ferrari and its IPO process (together with the CEO), we highlight that the new CFO (Head of FCA Treasury dept. in the past), is a well-known and highly capable manager, in our view, with longstanding close relations with the FCA and EXOR group. As things currently stand, we would not expect a postponement of Ferrari's industrial plan, scheduled for September.

Ferrari - Key data			
21/05/18	Auto & Components		
Target Price (EUR)	121.0		
Rating	BUY		
Mkt price (EUR)	112.65		
Mkt cap (EUR M)	21845		
Ratios (x)	2017E	2018E	2019E
P/E	41.9	38.9	35.0
EV/Sales	6.4	6.0	5.6
EV/EBITDA	21.9	19.9	17.9
Performance (%)	1M	3M	12M
Absolute	11.6	7.3	48.2
Rel. to FTSE IT All	13.3	4.9	35.7

Source: FactSet and Intesa Sanpaolo Research estimates

Monica Bosio - Research Analyst

+39 02 8794 9809

monica.bosio@intesanpaolo.com

Gian Luca Pacini - Research Analyst

+39 02 8794 9818

gianluca.pacini@intesanpaolo.com