

ALNT

ALANTRA PARTNERS SA

€12.90/10.NOV.2017

ABOUT COMPANY (BME:ALNT)

Alantra Partners S.A. is an investment banking and asset management firm. The company is an independent financial advisor in mid-market transactions, covering M&A, Capital Markets, Debt and Credit Portfolio activities. In Asset Management, Alantra specialises in promoting, developing and managing investment products investing in alternative asset classes.

CLASSIFICATION : INSTITUTIONAL BROKERAGE

Alantra Partners SA. The company has a market cap of €458.4 Million and a price-to-earnings ratio of 16.38. The stock's 52 Week High is €13.05 and 52 Week Low is €7.7289 respectively. It has a trailing 12M EPS of 0.79.

INVESTMENT RATIONALE

- **Well positioned in its segments:** In Investment Banking, Alantra Partners SA strengthens its global presence and maintains its intense activity in Europe and US. In Asset Management, good performance of the funds, growth in assets under management and new vehicles in fundraising helped as growth pillars.
- **Strategic Acquisition:** Alantra Partners SA and Catalyst Corporate Finance combine to create a leading global advisory business in the mid-market segment. With this acquisition, Alantra Partners SA strengthens its presence in Europe's core financial market and takes another step towards achieving its goal of becoming one of the most active global financial advisors in the mid-market.
- **Strong Financials:** The company has been reporting strong set of numbers with sales and profit are growing up. Net profit of Alantra Partners SA grew by 15.3% and net revenues for the first 9 months reached €82 M in the first 9 months, this implies a growth of 74.3% vs the same period in 2016.

KEY RISKS

- There may be headwinds in realising the synergies through acquisition of Catalyst Corporate Finance.
- Stiff competition, may suffer as political and policy uncertainty may stall decisions.

KEY RATIOS

Main Figures	9MFY17	9MFY16	Change
Net Revenues	€81.965 M	€47.034 M	+ 74.3 %
Net Profit	€19.413 M	€16.833 M	+ 15.3 %
Inv. Banking revenues	€ 52.629 M	€32.610 M	+ 61.4 %
Asset Management revenues	€ 28.753 M	€13.175 M	+ 118.2 %

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52 Week Price Range		Market Capitalisation (MM)
€13.05	€7,7289	€458,4

We project that Alantra Partners SA will strongly outperform the market over the next 6 to 12 months. This projection is based on our analysis of three key factors that influence common stock performance: Earnings strength, Relative valuation, and Recent price movement.

EARNINGS STRENGTH

EPS increased from €0.51 in 9MFY16 to an €0.55 in 9MFY17 indicating an improving growth rate. Analyst forecasts have recently been raised. Company recently reported better than expected results.

- Net profit of the Alantra Group grew by 15.3% reaching €19.4 million in the first 9 months of the year. This growth is mainly driven by the fees business growing by 108.1%, reaching €16.3 million

RELATIVE VALUATION

- Dividend 12M Yield of 4.69 for Alantra Partners SA ranks above 90% of its relative peer companies.
- In terms of ROE, Alantra Partners SA ranks among top 60% of its relative peer companies.

Name	Ticker	Price	ROE	Dvd 12M Yld
ALANTRA PARTNERS SA	ALNT SM Equity	12,90	10,81	4,69
SBI HOLDINGS INC	8473 JP Equity	12,69	10,75	3,27
INDUSTRIAL SECURITIES CO-A	601377 CH Equity	1,03	-6,06	1,89
SOOCHOW SECURITIES CO LTD-A	601555 CH Equity	1,42	5,21	1,36
PIPER JAFFRAY COS	PJC US Equity	61,86	12,03	1,30
DONGXING SECURITIES CO LT-A	601198 CH Equity	2,20	6,34	0,88
KINGSTON FINANCIAL GROUP LTD	1031 HK Equity	0,77	7,72	0,36
QATAR FIRST BANK	QFBQ QD Equity	1,22	N/A	N/A
KRESNA GRAHA INVESTAMA PT TB	KREN IJ Equity	0,03	34,74	N/A
CROWN INTERNATIONAL CORP LTD	727 HK Equity	0,14	6,64	N/A
COWEN INC	COWN US Equity	12,35	0,48	N/A
Average	Average	9,69	8,86	1,96

(Source: Bloomberg)

PRICE MOVEMENT

- The stock price of Alantra Partners SA has increased by over 56.10 % in the last 12 months. The stock has increased by 5.70% and 8.47% in the last 3 months and 1 month respectively. This historical performance should lead to above average price performance in the next three to 6 months.

Price Momentum	Date	Close Price	10/11/2017	% Change
1 Year Price Movement	14/11/2016	€8,2	€12,8	56,10%
1 Quarter Price Movement	10/08/2017	€12,11	€12,8	5,70%
1 Month Price Movement	13/10/2017	€11,8	€12,8	8,47%
Source : Bloomberg				

KEY STATISTICS

KEY STATISTICS	
52 Week Range	7.95-13.05
Market Cap (M) Euro	456.44
Enterprise Value (M) Euros	352.21
Shares Outstanding (M)	35.38
P/E	16.38
Beta	0,17
T12M EPS	0.79

FAIR VALUE CALCULATION (DCF)

Fair Value Calculation											
Symbol	ALNT										
Growth Rate (Growth Stage)	10,00%	Assumption									
Discount Rate	8,00%	Assumption									
Terminal Growth Rate	4,00%	Assumption									
Year	2016										
EPS	0,79										
X	1,019										
Y	0,963										
Growth Value	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
€8,75	0,80	0,82	0,83	0,85	0,87	0,88	0,90	0,91	0,93	0,95	
Terminal Value	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
€7,76	0,91	0,88	0,85	0,82	0,79	0,76	0,73	0,70	0,68	0,65	
Fair Value	€16,51										
Price	€12,90										
Margin of Safety	22%										

CONCLUSIONS

- Track record of stable operating margin, revenue growth, EPS Growth.
- DCF valuation shows that the company is currently undervalued by 22% and shows such upside potential with current price being EUR12.90 and target price of EUR 16.51.
- The stock is traded at a discount to a conservative fair value. Hence, we recommend a strong buy at the current price.

IDR

INDRA SISTEMAS SA

€12.12/10.NOV.2017

ABOUT COMPANY (BME:IDR)

Indra Sistemas SA is a Spain-based company engaged in the field of information technology (IT). The company offers informational technology products and services, system integration and outsourcing services, installs railway management and ticketing systems, installs road traffic toll and signalling systems, constructs satellite communication systems, manufactures radar air defence systems, and installs insurance management systems. The Company is a parent of numerous subsidiaries, which operate in Europe, Africa, North and South America, Asia, as well as Middle East and Pacific region.

CLASSIFICATION : IT SERVICES

Indra Sistemas SA. The company has a market cap of €2,141.1 Million and a price-to-earnings ratio of 19.09. The stock's 52 Week High is €14 and 52 Week Low is €9.35 respectively. It has a Trailing 12M EPS of 0.69.

INVESTMENT RATIONALE

- **Diversified solutions and services:** The company mainly offers its products and solutions in two broad categories i.e. solutions and services. In projects it offers solutions for both domestic and international clients. The Solutions segment provides consulting and technology solutions, such as systems and components for compiling, processing, transmitting and presenting data for use in the control and management processes. The Services segment offers the IT and business processes outsourcing. The Company is present in various sectors, such as transportation, energy and industry, public administration and healthcare, financial, security and defence, telecommunications and touristic.
- **Attractive order book:** The order intake increased by 13% in 9M17 backed by TecnoCom's consolidation and the positive evolution of Indra's IT Business. The management expects margins to rise in FY18 on the back, i) execution of new orders with better margins, and ii) costs control etc.
- **Attractive financial numbers:** The company has been reporting strong set of numbers with sales and profit are growing up. The company has strong balance sheet and generates healthy return ratios.

KEY RISKS

- Any decline in orders will affect the growth of the company.
- Declining order intakes in Defence & Security and Transport & Traffic verticals may have an impact on the overall revenues of the company.

KEY RATIOS

Main Figures	9MFY17	9MFY16	Change
Revenues	€2116 M	€1951 M	+ 8.5 %
Order Intake	€2351 M	€2080 M	+ 13 %
EBIT Margin	5.8 %	5.3 %	+ 0.5 pp
Net Profit	€85 M	€48 M	+ 75.7 %

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TL5

MEDIASET ESPANA COMUNICACION SA
€8.615/10.NOV.2017

ABOUT COMPANY **(BME:TL5)**

Mediaset Espana Comunicacion SA is a Spain-based company engaged in the television (TV) broadcasting. The Company's activities are structured in one business segment: Free-to-air TV. It focuses on the acquisition, production and distribution of audiovisual content through the broadcasting of various channels, such as Telecinco, Factoria de Ficción, Boing, Cuatro, Divinity and Energy. In addition, it operates an online platform, named mitele, for distributing Internet video content, as well as creates and produces movies through Telecinco Cinema. The Company controls a number of subsidiaries, such as Publiesmana SAU, Premiere Megaplex SA, Grupo Editorial Tele 5 SAU, Telcicno Cinema SAU and Conecta 5 Telcicno SAU.

CLASSIFICATION : PUBLISHING & BROADCASTING

Mediaset Espana Comunicacion S.A. The company has a market cap of €2900.8 Million and a price-to-earnings ratio of 15.34. The stock's 52 Week High is €12.962 and 52 Week Low is €8.583 respectively. It has a trailing 12M EPS of 0.56.

INVESTMENT RATIONALE

- The company has been generating strong set of numbers since last many quarters and has a forward 12M P/E of 14.88
- The company is consistently improving on its margin (EBITDA) and is able to maintain above 25% in last 3 years.
- The company is generating positive free cash in 3 out of last 3 years.
- Mediaset España is the most watched media Group in the first nine months to September 2017, recording an audience in total day of 29.1%, this is an advantage of 2.7pp compared to its nearest competitor, leading audiences since 2010. Mediaset España outperforms in day time with an audience of 29.3% and a commercial target of 31.2% in the period, this is +3.1pp and +3.4pp, respectively, ahead of its nearest competitor.

KEY RISKS

- Stiff competition from other players.
- Increase in cost of content acquisition.
- Slow pick-up in the ad spends by the clients

KEY RATIOS

Ratio	9MFY17	9MFY16	Change
EBITDA Adj.	€198.78 M	€184.43 M	+ 7.8 %
EBITDA Margin	28.3	25.9	+ 2.4 %
Operating Free Cash Flow	€188.37 M	€182.97 M	€5.40 M
Net Profit	€146.09 M	€131.84 M	+ 10.8 %

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IBE

IBERDROLA SA

€6.596/10.NOV.2017

ABOUT COMPANY (BME:IBE)

IBERDROLA, S.A. is engaged in carrying out electricity and gas activities in Spain and abroad. The Company offers its customers power and natural gas, both in the wholesale and retail markets. The company generates, distributes, trades, and markets electricity in the UK, US, Spain, Portugal and Latin America. The company specialises in clean energy and more specifically wind power.

CLASSIFICATION : POWER GENERATION

Iberdrola S.A. The company has a market cap of €41,670.3 Million and a price-to-earnings ratio of 13.58. The stock's 52 Week High is €7.298 and 52 Week Low is €5.526 respectively. It has a trailing 12M EPS of 0.49.

INVESTMENT RATIONALE

Diversified Portfolio: The Company's segments include Network business, Deregulated business, Renewable business and Other businesses. The Company's Network business segment includes all the energy transmission and distribution activities, and any other regulated activity originated in Spain, the United Kingdom, the United States and Brazil. Its Deregulated business segment includes electricity generation and sales businesses, as well as gas trading and storage businesses carried on by the Company in Spain, Portugal, the United Kingdom and North America. Its Renewable business segment includes activities related to renewable energies in Spain, the United Kingdom, the United States and the rest of the world. Its Other businesses segment includes the engineering and construction businesses and the non-power businesses.

Growth outlook: Few factors that will lead to growth is its good business performance in networks and renewables. Net Investments increase 31.5% in 9MFY17 to €4B to drive future growth.

Strong Financial Performance: The company has been reporting strong set of numbers with revenues and net profit increasing YOY. Positive results in the US business, renewable capacity additions and ongoing grid investments are likely to keep supporting earnings beyond 2017.

KEY RISKS

- Stiff competition from other players and FX fluctuations
- Lower Hydroelectric Output in Spain, Lower Energy demand in UK and US.
- Volatility in energy prices could impact income.

KEY RATIOS

KEY FIGURES	9MFY17	9MFY16	Change
Revenues	€22,284.7 M	€184.43 M	+ 3.5 %
Net Profit	€2,416.6 M	€2,041.7 M	+ 18.4 %
EBITDA	€5,440 M	€5,729 M	-5.1M

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ALM

ALMIRALL SA

€7.99/10.NOV.2017

ABOUT COMPANY (BME:ALM)

Almirall SA is a Spain-based company principally engaged in the pharmaceuticals manufacture. The Company focuses on development and marketing of drugs applied in various therapeutic areas, such as nervous system, gastrointestinal, dermatological, respiratory system, anti-infectives, as well as antineoplastic and immune-modulating agents.

CLASSIFICATION: SPECIALITY PHARMA

Almirall S.A. The company has a market cap of €1,381.9 Million. The stock's 52 Week High is €16.88 and 52 Week Low is €7.85. It has a trailing 12M EPS of -0.74.

INVESTMENT RATIONALE

- **Diversified Portfolio, widespread reach and diversified global clientele:** The Company's activities are divided into four business segments: Own network, which focuses on the commercialization of pharmaceuticals through own brand names; Licenses, which sells product rights to third parties; Research and development (R&D), which is responsible for the creation of drug candidates, as well as Dermatology, which includes sale of dermatological medicines in the United States. The Company operates through numerous subsidiaries in Europe, the Americas, Africa, Asia and Australia.
- **Strong R&D:** Positive Phase III combo results for acclidinium (AstraZeneca partnership). Skilarence launched in key EU markets with encouraging initial feedback. Q4 launch of improved injectable RF cannula with both operational and functional improvements. Expected 2018 launch of Thermi platform with new expanded technical capabilities.
- **Financial profile:** Poli Group products continue to perform well with double digit growth. Strong cost control (SG&A down by 10% in Q3 2017 vs Q3 2016). Net Sales declining by -16%, driven by continuous pressure on US business. EBITDA down by -46% to €100 M, despite Q3 recovery. The financial numbers are not very good but we predict that the earnings growth will rebound soon.

KEY RISKS

- Declining sales in US
- Thermi turnaround slower than anticipated
- Overall Acticlate loss of volume

KEY RATIOS

Ratio	9MFY17	9MFY16	Change
Net Sales	€482.3 M	€576.2 M	- 16.3 %
EBITDA	€100.1 M	€183.8 M	- 45.5 %

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DISCLOSURE

We have no positions in any stocks mentioned, and no plans to initiate any positions within the next 5 working days.

We wrote this report by ourselves, and it expresses our own opinions. We are not receiving compensation for it. We have no business relationship with any company whose stock is mentioned in this article.

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