

Full Company Report

Reason: Initiation of coverage

4 September 2019

Buy

Initiating coverage

Share price: EUR 7.00

closing price as of 03/09/2019

Target price: EUR 9.50

Upside/Downside Potential 35.7%

Reuters/Bloomberg

CELL.MI/CELL IM

Market capitalisation (EURm) 152

Current N° of shares (m) 22

Free float 79%

Daily avg. no. trad. sh. 12 mth 10

Daily avg. trad. vol. 12 mth (m) 56.35

Price high/low 12 months 8.50 / 6.72

Abs Perfs 1/3/12 mths (%) 0.00/0.00/-14.63

Key financials (EUR) 12/18 12/19e 12/20e

Sales (m) 130 147 155

EBITDA (m) 34 35 36

EBITDA margin 26.1% 23.8% 23.2%

EBIT (m) 19 24 27

EBIT margin 14.6% 16.1% 17.2%

Net Profit (adj.)(m) 23 24 24

ROCE 5.8% 7.5% 8.1%

Net debt/(cash) (m) 25 20 5

Net Debt Equity 0.1 0.1 0.0

Net Debt/EBITDA 0.7 0.6 0.1

Int. cover(EBITDA/Fin.int) 4.5 20.6 24.0

EV/Sales 1.5 1.1 1.0

EV/EBITDA 5.6 4.7 4.2

EV/EBITDA (adj.) 5.6 4.7 4.2

EV/EBIT 10.0 7.0 5.6

P/E (adj.) 7.0 5.8 5.9

P/BV 0.8 0.7 0.6

OpFCF yield 13.0% 10.7% 14.5%

Dividend yield 4.3% 4.3% 4.3%

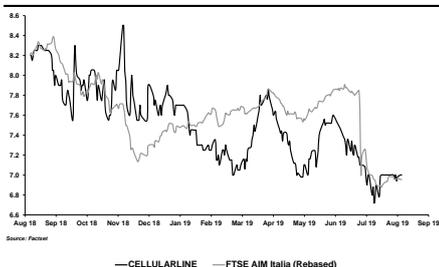
EPS (adj.) 1.13 1.21 1.18

BVPS 9.51 10.17 10.81

DPS 0.30 0.30 0.30

Shareholders

S.L.M.K. Funds 9%; Christian Aleotti 7%; Treasury 6%;



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Prospective 23% EBITDA margin looks sustainable

Cellular Line (CELL) is a leading designer and distributor of accessories for smartphones and tablets covering the entire European market. The company according to demand conceives, designs and procures mobile tech accessories then sold through mostly B2B channels. Capex is only about EUR 3m per year that coupled with a solid profitability allows a strong FCF generation. Over 11/18 with Italian GAAP we estimate sales growth was 10%. Our estimates foresee, over 2018-2021e, sales growing 7% cagr driven by distribution agreements, acquisitions and organic growth. 2019e EBITDA should expand in absolute terms although margin should slightly decline to reflect the lower margins in distribution. Capex intensity should remain however stable and confirms on average over EUR20m of op. FCF or a 14% yield. These estimates do not include further acquisitions which might add to the organic growth. By 2021e, assuming a NFP/EBITDA target of 1x (2018 0.6x), we estimate M&A firepower of up to EUR 50m.

- ✓ In 2018 CELL sales declined by 7% due to a combination of restructuring in a major client which zeroed stocks in H1'18 reducing sales by EUR 5m and bankruptcy procedures for two other main Italian CE clients which explain most of the residual shortfall (app. EUR 5m). Over 18-21e, we expect CELL sales to expand 7% cagr driven by the sales recovery in the major client, by new distribution agreements with Samsung and Huawei in Italy and DS Nord in France, Systemaitalia acquisition and organic growth in Spain and other geographies. The organic growth should be helped by the launch of the audio line AQL in new geographies, by the economies of scope with Systemaitalia and sector growth. We remind investors that CELL is a main partner of Unieuro benefiting from the latter network expansion. Unieuro, in particular, took control of part of the above mentioned defaulted networks.
- ✓ CELL 2018 EBITDA margin post IFRS15 was 26.1% vs. 28.3% in 2017 due to the above mentioned volumes' fall. By 2020e we expect profitability to recover in absolute trends although with a lower margin due to the dilution from the distribution agreements margins and reach 23.2%. We expect this level of profitability to remain stable going forward.
- ✓ D&A should move in tandem with capex which should remain around EUR 3m yearly over 2019e/2021e or just over 2.5% of sales. Financial charges should remain modest and reflect the long term debt component of app. EUR 52m in a NFP which is expected to be around EUR 20m by 2019e from EUR25m in 2018. Assuming a 18%/23% tax rate, we expect a EPS growth of 3% over '18-'21e.
- ✓ NFP/EBITDA should be 0.6x by end 2019e and we expect this to further decline to -0.4x by 2021e thanks to a free cash flow of EUR 16/25m yearly or a 11%/16% yield. In the light of the 1x max NFP/EBITDA target of our assumption, we expect CELL to be potentially able to invest up to EUR 50m in acquisitions. Assuming a 5x to 7x EV/EBITDA multiple for its acquisitions, this might add some 23%-15% additional EPS to our 2019e forecasts.
- ✓ We value CELL with a combined approach of DCF and peers multiples. The resulting FV from the peers' multiple is EUR 10.6 and from the DCF is EUR 11.9. The rounded average of the two is our PT of EUR 11.2 to which we apply a 15% liquidity discount or a PT of EUR 9.5 (36% upside). In the light of the upside we initiate the coverage with a BUY rating. **Main risks are: lack of organic top line growth due to competition; fall in margins due to pressure from lower priced brands and retail clients; USD exposure.**

CONTENTS

Investment Case	3
Valuation suggests a PT of EUR 9.5 or 36% upside	10
DCF points to strong upside	12
Peers' Multiples comparison	13
Company Profile & Reference Market	14
The reference market: some key data on size and market shares	18
The product range: the red line is key but blue volumes are growing	18
Distribution channels: bulk in CE chains but mass-merchandise and telco growing	20
Main markets and market shares: leading player in Italy, important player in several European countries	21
The business model: not involved in production, capex light and demand driven	25
Demand analysis: consumer focus group main inputs for new products	25
Product development: a function of careful demand requirements	25
Sourcing: not involved in production	26
Logistic and warehousing: externalized	26
Marketing and sales: key function	26
Trade Marketing: a bespoke service to clients	26
APPENDIX: Peers' company profiles	28

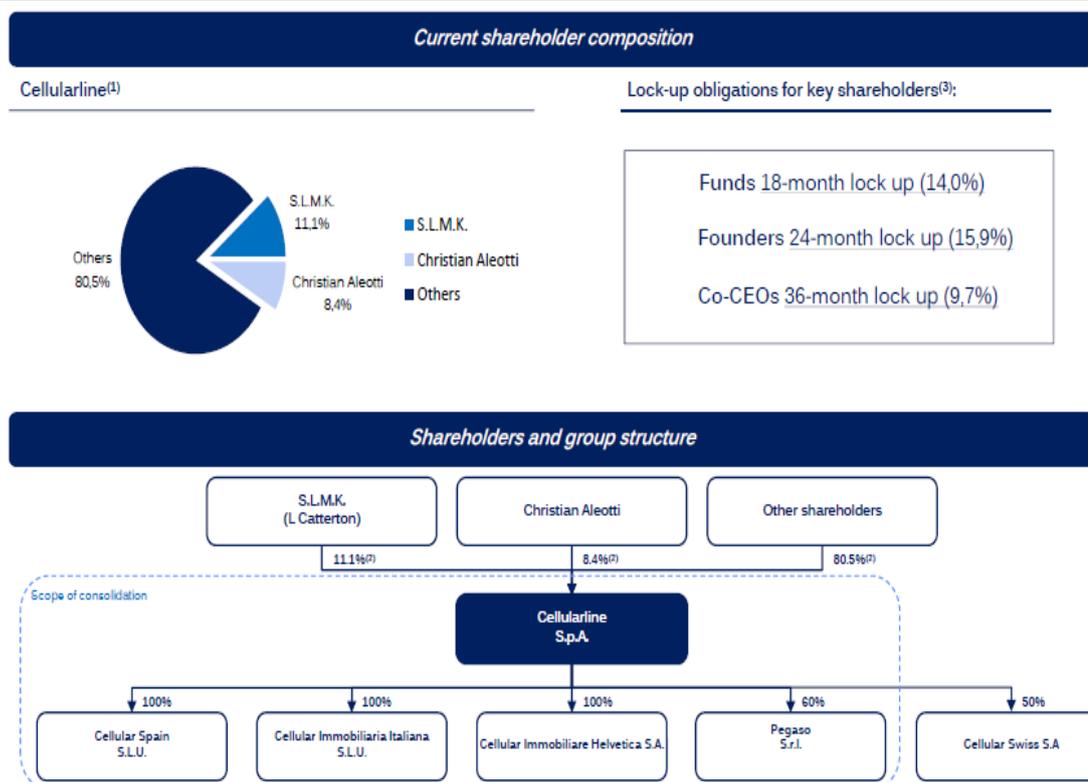
Investment Case

Cellular Line (CELL) is a leading designer and distributor of accessories for smartphones and tablets covering the entire European market with a 10% share in the reference market. The company according to demand conceives, designs and procures accessories branded mostly with CELL logo then sold through mostly consumer electronics retailers and to a lower extend telco and travel retail chains. In particular in Italy, Cellular has a strong presence in the Consumer Electronics, Mass Merchandise and Travel Retail with an overall estimated market share of 35%. In Germany, the company is the third largest player in the market with a market share 7.3% and a significant presence in all product categories. The company is also materially present in Spain, Belgium, Netherland and France.

Capex is only about EUR 3m per year that coupled with a solid profitability allows a strong FCF generation. Over 11/18 sales and using Italian GAAP, we estimate top line growth of 10%. Our estimates foresee, over 2018-2021e, sales growing 7% cagr driven by distribution agreements, acquisitions and organic growth. 2019e EBITDA should expand in absolute terms although margin should slightly decline to reflect the lower margins in distribution. Capex intensity should remain however stable and confirms some EUR 16/25m of op. FCF or a 11%/16% yield. These estimates do not include further acquisitions which might add to the organic growth. Assuming a 5x to 7x EV/EBITDA multiple for its acquisitions (the latter range it is app. our diluted EV/EBITDA targets before liquidity discount), this might add some 23%-15% additional EPS to our 2019e forecasts.

Post business combination the structure of the group is as shown in the chart below.

CELL: Ownership charts (as of 04/06/2018)



Source: Company Presentation; Notes: (1) Special Shares are not included; (2) % of voting rights; (3) From the Business Combination, June 4th, 2018

7% sales cagr over 2018-2021e: mix of distribution agreements, acquisitions and organic growth

We expect CELL sales to be driven by the resumption of sales with the major client, the distribution agreements signed in 2018 and early 2019 with Samsung, Huawei in Italy and DC Nord in France and PhoneHouse in Spain, the acquisition of Systemaitalia consolidated from April 2019, and some organic growth partly helped by the introduction of the new AQL audio line in the European markets. Taking into account the knock on effects of the above into 2020e forecasts and assuming a 2%/3% organic growth in 2020e/2021e respectively, 2018-2021e should expand by 7% cagr. In 2019e in the first four months of the year, the company reported a +14% sales growth which is in line with our above 2019e forecast of +13.5% top line growth.

In particular, we would summarize, company's' main top line growth drivers as follows:

- ✓ The resumption of business with the major client, reflects the suspension of sales happened in H1'18 due to client restructuring/relaunch and hence client's decision to clear part of its stocks. This costed the company EUR 5m of lower sales. The company reacted by signing an agreement to become the main supplier from 60% to 100% of shops (113 pos on average very large). As such, in 2019e, the company should recover part of the missing sales of last year and benefits from the larger perimeter with this client which we quantify in overall EUR 6m;
- ✓ The first distribution agreement to have an impact on 2019e accounts should be that with the Spanish PhoneHouse chain which has over 500 pos scattered across the entire Spanish territory. The chain is specialized in Telco products and is the equivalent of Carphone in UK. The agreement is set to unfold its effects from January 2019 and has a two year validity with an automatic renewal clause. We forecast a EUR 1m sales benefit in 2019e;
- ✓ The distribution agreements with Samsung and Huawei were announced in Q4'18 and foresee the distribution of the entire range of accessories (excluding Huawei wearables) for smartphone and tablets in the Italian territory. The agreement, which is non-exclusive, regards the Consumer Electronics, Mass Merchandise and Telco channels. The deal is relevant in our opinion as Cellularline will carry on not only the distribution, but also the valuation of the product range's exposure at retailers and the optimization of sales and procurement, exploiting in other words the methodology and the applications that have enabled Cellularline to achieve the leadership in the Italian and European markets. We expect the deal to have a yearly validity with an automatic renewal clause. The deal should impact mostly from H2'19e to reflect the rump-up on replacing existing distributors with EUR 1m sales benefit in both 2019e and 2020e. The impact on sales takes into account of the recent problems at Huawei level.
- ✓ The deal with DS Distribution Nord was announced in Q1'19 and assumes the distribution of CELL and AQL products by Distribution Nord on the Mass Merchandise channel in France, on which approximately four thousand independent retailers operate. The agreement will enable CELL to benefit from the widespread presence of DS Distribution Nord across French territory (the company operates on the channel with approximately 150 dedicated staff members and has forged solid relations with most stores mentioned above). In turn, the latter will be given the chance to develop profit and cost synergies for its own sales network, by providing CELL Group products specifically developed for the channel. The agreement will last till 31st December 2020 and renewable afterwards, on an annual basis. We assume EUR 2.5m benefit over two years.
- ✓ Organic growth from a general standpoint are distribution agreements like those mentioned above. In 2019e we are not assuming any further organic growth on top of those mentioned above while we are assuming 2% in 2020e and 3% going forward. The organic growth takes into account of the expansion of Unieuro itself which is acting as the consolidator of the physical space in Italy and where we estimate CELL is by

far the larger supplier with mutual satisfaction and by the introduction of new products and services in existing geographies and higher penetration in existing markets. Amongst new products and services, we can highlight the new Audio Quality Lab brand focused on the audio segment, the Glass&Go, an innovative device for the application of protective films on smartphones and Case&Go a new digital printing machine for high quality printing on smartphone covers.

- ✓ To summarize CELL growth strategy should focus on the product development and in particular in the audio sector, on the international expansion mainly in Germany, France, Spain, Scandinavian Countries and Middle East, on the online channel both cooperating with the CE chains and by operating in the 3rd party operated market places; by developing the channels where it is least present: Travel&Retail and Telco and finally on acquisitions.

CELL: 2019e-2020e Sales and EBITDA bridge assumptions (EURm)

2019E Sales Bridge (EURm)			2020E Sales Bridge (EURm)		
2018 Sales	129.7	Comment	2019e Sales	147.2	Comment
Major client recovery	6.0	Resumption of sales and larger perimeter	Major client recovery	0.0	Inc. in organic growth
Distrib. Agreem. 1	1.0	Spanish Phonehouse on 500+ pos	Distrib. Agreem. 1	0.0	Inc. in organic growth
Distrib. Agreem. 2	1.0	Italian Samsung and Huawei (H2 effect)	Distrib. Agreem. 2	1.0	H1'20 effect
Distrib. Agreem. 3	1.5	French DS Nord 4000 pos (H2 effect)	Distrib. Agreem. 3	1.0	H1'20 effect
Systemaitalia acq.	8.0	Consolidation from April 2019e	Systemaitalia acq.	3.0	Jan-March consolid.
Organic growth (0%)	0.0	Net Europe slightly pos. less Italy slightly neg.	Organic Growth 2%	2.9	Driven likely by Europe
2019e Sales	147.2		2020e Sales	155.2	
% Change	13.5%		% Change	5.4%	

2019E EBITDA Bridge (EURm)			2019E EBITDA Bridge (EURm)		
2018 EBITDA	33.9	Comment	2019e EBITDA	35.0	Comment
Ebitda Margin	26.1%		Ebitda Margin	23.8%	
Major client recovery	0.6	10% EBITDA margin	Major client recovery	0.0	Inc. in organic growth
Distrib. Agreem. 1	0.2	20% EBITDA margin	Distrib. Agreem. 1	0.0	Inc. in organic growth
Distrib. Agreem. 2	0.1	10% EBITDA margin	Distrib. Agreem. 2	0.1	10% EBITDA margin
Distrib. Agreem. 3	0.3	20% EBITDA margin	Distrib. Agreem. 3	0.2	20% EBITDA margin
Systemaitalia acq.	0.8	10% EBITDA margin (syn. not inc.)	Systemaitalia acq.	0.8	10% EBITDA margin +500k synergies
Organic growth (0%)	0.0	20% EBITDA margin	Organic Growth 2%	0.3	20% EBITDA margin
Opex Inflation, USD, Oth.	-0.9	Star listing, M&A, Obsolescence etc	Opex Inflation, USD, Oth.	-0.4	Star listing, M&A, Obsolescence etc
2019e EBITDA	35.0	Before ifrs 16	2020e EBITDA	36.0	Before ifrs 16
Ebitda Margin	23.8%		Ebitda Margin	23.2%	
% Change	3.2%		% Change	2.8%	

Source: Company Data, Banca Akros forecasts

CELL: 2018-2021e Sales Geographical assumptions (EURm)

AREA	2017RS	2018PF	%Ch.	2019E	%Ch.	2020E	%Ch.	2021E	%Ch.	2022E	%Ch.	2023E	%Ch.
Italy	81.0	70.0	-14%	81.0	16%	83.5	3%	86.0	3%	88.6	3%	91.3	3%
% Sales	58%	54%		55%		54%		54%		54%		54%	
Austria/Germany	22.5	22.2	-1%	22.9	3%	23.6	3%	24.3	3%	25.0	3%	25.8	3%
% Sales	16.1%	17.1%		15.5%		15.2%		15.2%		15.2%		15.2%	
Spain/Portugal	5.3	7.5	40%	8.5	13%	8.7	3%	9.0	3%	9.2	3%	9.5	3%
% Sales	3.8%	5.8%		5.7%		5.6%		5.6%		5.6%		5.6%	
Benelux	5.5	5.9	6%	7.4	25%	8.4	14%	8.6	3%	8.9	3%	9.2	3%
% Sales	4.0%	4.5%		5.0%		5.4%		5.4%		5.4%		5.4%	
TOT. Others	25.1	24.1	-4%	27.5	14%	31.0	13%	31.9	3%	32.9	3%	33.9	3%
% Sales	18.0%	18.6%		18.7%		20.0%		20.0%		20.0%		20.0%	
TOTAL SALES	139.5	129.7	-7%	147.2	13%	155.2	5%	159.8	3%	164.6	3%	169.6	3%
% Sales	100%	100%		100%		100%		100%		100%		100%	

Source: Company Data, Banca Akros forecasts

CELL: 2011-2018 Italian GAAP Sales and figures (EURm)

	2011	2012	2013	2014	2015	2016	2017	2018E
Turnover*	79.3	108.4	134.8	158.2	160.7	164.5	161.5	150.5
EBITDA	16.1	28.4	33.2	36.9	37.3	38.9	39.7	33.9
EBITDA margin	20.3%	26.2%	24.6%	23.3%	23.2%	23.6%	24.6%	22.5%

Source: Company Data; *Before IFRS 15 impact; Note: 2018 sales figure estimated assumed same % change post IFRS 16

Key forecast: EBITDA to recover in 2019e and EBITDA margin to remain stable post 2020e.

In our opinion several factors explain the current depressed valuation of CELL and the main one in our opinion is market's doubt on margins' sustainability. CELL EBITDA margin over 2011 and 2018 before IFRS 15 ranged between 20.3%, the bottom in 2011, and 24.6%, the peak in 2017. We believe that several factors explain the high level of CELL profitability and why in our opinion, despite some threats mostly from the online channel, they look sustainable post 2020e:

- 1) High level of pricing of branded products. In general, original equipment accessories of smartphones and tablets are quite expensive. CELL despite being having, in general, a premium price is pricing, we estimate, 20% to 30% lower than original equipment manufacturer. We believe this to be a key inputs on explaining the current pricing structure of a substitution OEM market and why it allows such a level of profitability.
- 2) Brand awareness/product quality. CELL brand awareness in Italy in 2017 was around 63% (aided) and 17% (non-aided) respectively and reflects the pioneering role of the company in the Italian market since the last 20 years. These results have been achieved thanks to a track-record of product quality (all CELL products' are CE, ISO 9001 and TUV certified) and well-designed consumer friendly packaging. This helps in our opinion, the company on achieving and maintaining a premium price.
- 3) Level of service and penetration/distribution market shares. CELL not only sells its products to its clients but in most cases, especially with the larger CE retail chain, manages the stock and refurbishment of the point of sale virtually eliminating most of the tasks supposedly in charge to the client. This extremely high level of service, coupled with a market share of app. 35% in the Italian market makes CELL, in our opinion, the partner of choice of the retail sector and partly explain the important profitability.
- 4) We estimate CE retail chains to enjoy some 40% to 60% gross margin on smartphone and tablet accessories making the segment likely one of the most if not the most profitable category per square meter. In such a contest we do not see the incentive for retailers to undercut CELL by introducing lower priced brands as it would also reduce their own gain. Moreover, the extremely wide assortment of the accessories segment is a disincentive for large retailers to enter directly in such segment. This might also explain the current level of profitability.
- 5) The company is by far the larger European player in terms of volumes allowing them unparalleled economies of scale; we believe closest CELL competitors to be in the EUR 50 to 40m sales range.
- 6) The company materially invests in refreshing its product line with app. 30%/40% of its product range renewed every year keeping an healthy mix and hence reducing stock obsolescence a major risk in the CE industry profitability;

- 7) The company is the partner of choice of UNIR representing 90% of its accessories needs. UNIR is growing materially in Italy allowing CELL to increase volumes and hence maintaining economies of scale.
- 8) Online threats. Currently according to GFK data, 15% to 20% and 20% to 30% in Southern and Northern Europe respectively of the European CE accessories are sold online. The latter are then app. 85% sold through Amazon. We suspect that most of the sales concentrated on smartphone covers which represent a sizable part of the accessories market. Clearly market is convinced that the online channel is gaining market share and might be a force, through the price comparison that it allows, to lower prices and hence margins. Currently, CELL does not sell directly to Amazon but uses very marginally, as a marketing presence, its marketplace and sells very little through its online website. Currently CELL lower price point is EUR 10 (top bracket EUR 100) and the company in our opinion is not going to dilute its brand by lowering prices on the web creating a mismatch with the retail price structure. We agree that the online might be at the same extent a threat but that in the light of the growth trends of that channel (10%-15% we estimate in line with the online CE market) and of the CELL brand strength particularly in Italy, of the scale from being the largest European player, it is a manageable threat. The solution in our view is likely that to create a brand dedicated to the online which might be developed internally or achieved through an acquisition. To this purpose the company might be studying a new low cost line with app. 100 references.

In the light of the above we expect our estimates on profitability, net of the dilution effects of prospective further distribution agreements, to remain stable going forward. On this we have taken into account the USD exposure on purchases which were EUR 57m in 2018. It is worth highlighting that a 10% change in the USD value nominally would impact the P&L by EUR 5.2m. The impact is then mitigated by the partial hedging of the company (app. EUR 18m in 2018 or app. 30%) and then by the strong innovation rate (app. 35% yearly) which allows for re-pricing, the 3-6m time lag of the price list which also allow for re-pricing and the flexibility in term of supply agreements with the Far East suppliers. All the above explains the very modest impact of the USD fluctuation over 2016-2018 which were EUR300k loss, nil and EUR500k gain respectively.

EPS should expand by 3% cagr over 2018-2021e excluding further acquisitions.

After EBTDA, we expect CELL D&A to move in tandem with capex. Overall, the company due its capex light business model should invest little in capex: in fact we expect capex to be around EUR 3m yearly over 2019e/2021e or just app. 2% of sales. Financial charges should be around EUR 1.7m in 2019e and reflect the long term debt component of almost EUR 52m of a NFP close to EUR 20m in 2019e. Assuming a 18%/23% tax rate, we expect a 2018-2021e EPS growth of 5% over the analysis period. The latter is front-ended thanks to the expected recovery in profitability in 2019e mostly related to the normalisation of sales as mentioned in our sales/EBITDA analysis (see also tables below). Post 2021e we assume the tax rate to return to 28% although the renewal of the patent box might allow to stabilize it at 23%.

CELL: Key 2017-2021e P&L figures (EURm)

Eurm	2017PF	2018A	%Ch.	2019E	%Ch.	2020E	%Ch.	2021E	%Ch.
Sales	139.5	129.7	-7%	147.2	13%	155.2	5%	159.8	3%
EBITDA	39.5	33.9	-14%	35.0	3%	36.0	3%	37.1	3%
% Sales	28.3%	26.1%		23.8%		23.2%		23.2%	
D&A	-3.0	-2.9		-3.0		-3.0		-3.0	
Prov./Non-Rec.	-0.8	-6.4		-2.5		-0.5		-0.5	
EBITA	35.7	24.6	-31%	29.5	20%	32.5	10%	33.6	3%
% Sales	25.6%	19.0%		20.0%		21.0%		21.0%	
PPA	0.0	-5.8		-5.8		-5.8		-5.8	
% Sales	25.6%	14.6%		16.1%		17.2%		17.4%	
Associates	-0.3	-0.3		0.0		0.0		0.0	
Fin. Charges	-2.1	-7.5		-1.7		-1.5		-1.3	
Non-Rec.	0.0	0		0		0		0	
Pretax	33.2	11.1	-67%	22.1	99%	25.3	14%	26.5	5%
Taxes	-9.5	5.3		-4.0		-5.8		-6.1	
Tax Rate	29%	nm		18%		23%		23%	
Net Profit	23.7	16.8	-29%	18.1	7%	19.5	7%	20.4	5%
Net Profit Adj.	23.7	23.0		24.5		23.9		24.9	
EPS	1.78	0.78		0.83		0.90		0.94	
NFP	65.0	24.6		20.4		4.8		-13.1	

Source: Company Data; Banca Akros forecasts

CELL: Recent track-record and prospective growth

PROFIT & LOSS (EUR m)	2017PF	2018	2019e	2020e	2021e	CAGR 18/21e
Sales	139.5	129.7	147.2	155.2	159.8	7%
EBITDA	39.5	33.9	35.0	36.0	37.1	3%
EBIT	35.7	18.9	23.8	26.8	27.8	14%
Earnings Before Tax	33.2	11.6	22.1	25.3	26.5	32%
Net Profit (reported)	23.7	16.8	18.1	19.5	20.4	7%
Net Profit (adj.)	23.7	23.0	24.5	23.9	24.9	3%
PER SHARE DATA (EUR)						
EPS	1.78	0.78	0.83	0.90	0.94	7%
EPS (adj.)	1.78	1.13	1.21	1.18	1.23	3%
CFPS	2.01	0.91	0.97	1.04	1.08	6%
BVPS	7.89	8.97	9.50	10.10	10.74	6%
DPS	0.00	0.30	0.30	0.30	0.30	0%

Source: Company Data; Banca Akros forecasts

NFP/EBITDA set to decline to -0.4x by 2021e from 0.6x in 2018 excluding acquisitions

NFP/EBITDA should be 0.6x by end 2019e including the consideration for Systemaitalia taken at 100% (EUR 5.5), and we expect this to further decline to -0.4x by 2021e thanks to a free cash flow of app. EUR 16/25m yearly. In the light of the 1x max NFP/EBITDA target of our assumption, we expect CELL to potentially be able to invest up to EUR 54m in acquisitions. Assuming a 5x to 7x EV/EBITDA multiple for its acquisitions (the range it is app. our diluted EV/EBITDA target before liquidity discount), this might add some 23%-15% additional EPS growth to our 2019e forecasts. The target profile of potential M&A candidate are:

- In the online, players with strong expertise in the online business of smartphone accessories and already present in the major international marketplaces;
- in channel development, players specialized in the development and sale of accessories suitable to specific channels (e.g., Travel Retail and other under-represented channels);
- abroad, EU distributors capable to support offline CELL growth across different channels;
- in new products, players specialized in the development and sale of complementary products to CELL offering.

CELL: Free Cash flow and net debt Evolution (EURm)

CASH FLOW (EUR m)	2017PF	2018	2019e	2020e	2021e
Net Profit (reported)	24.0	17.1	18.1	19.5	20.4
Non cash items	3.1	9.1	9.2	9.2	9.2
Cash Flow	27.1	26.2	27.3	28.7	29.7
Chg. in NWC	-4.1	-1.0	-8.1	-3.7	-2.1
Capex	-8.0	-3.0	-3.0	-3.0	-3.0
Oper. FreeCashFlow (OpFCF)	15.0	22.2	16.2	22.0	24.5
Acquisitions	20.0	-12.3	-5.5	0.0	0.0
Dividends	-60.0	0.0	-6.1	-6.1	-6.1
Others (incl.Cap. Increase)	-13.8	30.5	-0.4	-0.4	-0.5
Free Cash Flow	-38.8	40.4	4.2	15.5	18.0
Net Debt/(Cash)	65.0	24.6	20.4	4.8	-13.1
Net Debt/EBITDA	1.6	0.7	0.6	0.1	-0.4
OpFCF Yld	na	12.2%	10.7%	14.5%	16.2%

Source: Company Data, Banca Akros forecasts

CELL: Potential upside from acquisitions

	5.0x	6.0x	7.0x
EV/EBITDA multiple	5.0x	6.0x	7.0x
Outflow (NFP/EBITDA '21e target 1x)	50	50	50
Inc. EBITDA	10.1	8.4	7.2
D&A (ass. 2% of sales)	-2.0	-2.0	-2.0
EBIT	8.1	6.4	5.2
Fin. Charges (0% inc. in P&L)	0.0	0.0	0.0
Pretax	8.1	6.4	5.2
Taxes (30%)	-2.4	-1.9	-1.6
Net Profit	5.6	4.5	3.6
Inc. EPS on 2019e	23%	18%	15%

Source: Company Data, Banca Akros forecasts; Note. The NFP/EBITDA ratio does not take into account the acquired EBITDA

Valuation suggests a PT of EUR 9.5 or 36% upside

In our opinion the focus of CELL business is to (a) design creative product solutions for users of mobile devices (b) sell these products to consumers through targeted global distribution partners, retail partners, and online and (c) become the preferred brand through emphasizing innovation and product-quality, providing a satisfactory customer service, and focusing on the end-users' experience with its products. We expect the company that, by continuing to expand its product offerings, including competing in new product categories (AQL is a recent example), and entering new foreign markets (Spain and France other recent examples) and strengthening some distribution channel (the Telco with the acquired Systemaitalia is also an example), should be able to achieve our forecasts. Starting from this premise, we value CELL with a combined approach of DCF and peers multiples. The resulting FV from the DCF is EUR 11.9 and from the peers' multiple is EUR 10.6. The rounded average of the two is a nominal fair value of EUR 11.2 to which we apply an arbitrary 15% liquidity discount or a PT of EUR 9.5 (36% upside). In calculating our fair value and to reflect the potential dilution from the special shares and the warrants we have adjusted the number of shares in proportion to our PT according to the table in next page. We remind investors that Promoters' shares conversion triggers at EUR 10, EUR 11, EUR 12 and EUR 13 thresholds. **The upside suggests us to initiate the coverage with a BUY rating.**

Last year was an annus horribilis for the bankruptcy procedures of some retail players namely Castoldi and Galimberti as well as the major client decision to reduce its stocks levels. We now believe that all this is now behind and that the company has a higher visibility on its profitability and cash generation than before. In our opinion, the main short term trigger for a share price rerating might be the sales and profitability recovery expected this year and further acquisitions.

Main risks are in a lack of organic top line growth due to competition and in a fall in margins due to pressure from lower price brands mostly sold through online channel and retail clients. We remind investors that CELL first client account for app. 16% of sales, first four clients 40% and top ten clients 52%. To a lower extent we can also mention the USD exposure on purchases.

CELL: Dilution on shares from special shares and warrants

Sh. Pr. (EUR)	10.0	10.1	10.2	10.3	10.4	10.5	10.6	10.7	10.8	10.9	11.0
N. of Warrants ('000)	6131	6131	6131	6131	6131	6131	6131	6131	6131	6131	6131
Ratio	0.05	0.06	0.07	0.08	0.09	0.10	0.10	0.11	0.12	0.13	0.14
Sh. from warr. ('000)	310	368	425	481	536	590	642	694	745	795	844
	Sh.'000										
Others	21043	21043	21043	21043	21043	21043	21043	21043	21043	21043	21043
Promoters	630	630	630	630	630	630	630	630	630	630	1080
Warrants	310	368	425	481	536	590	642	694	745	795	844
Tot. Sh. '000	21983	22041	22098	22154	22209	22263	22315	22367	22418	22468	22967
Treasury Shares	1428	1428	1428	1428	1428	1428	1428	1428	1428	1428	1428
Adj. N. Shares	20555	20613	20670	20726	20781	20835	20888	20939	20990	21040	21539
Imp. Mkt. Cap. (EURm)	206	208	211	213	216	219	221	224	227	229	237
Sh. Pr. (EUR)	11.0	11.1	11.2	11.3	11.4	11.5	11.6	11.7	11.8	11.9	12.0
N. of Warrants	6131	6131	6131	6131	6131	6131	6131	6131	6131	6131	6131
Ratio	0.14	0.15	0.15	0.16	0.17	0.18	0.18	0.19	0.20	0.20	0.21
Sh. from warr. ('000)	844	892	939	985	1031	1076	1120	1163	1205	1247	1288
	Sh.'000										
Others	21043	21043	21043	21043	21043	21043	21043	21043	21043	21043	21043
Promoters	1080	1080	1080	1080	1080	1080	1080	1080	1080	1080	1440
Warrants	844	892	939	985	1031	1076	1120	1163	1205	1247	1288
Tot. Sh. '000	22967	23015	23062	23108	23154	23199	23243	23286	23328	23370	23771
Treasury Shares	1428	1428	1428	1428	1428	1428	1428	1428	1428	1428	1428
Adj. N. Shares	21539	21587	21634	21681	21726	21771	21815	21858	21901	21942	22343
Imp. Mkt. Cap. (EURm)	237	240	242	245	248	250	253	256	258	261	268
Sh. Pr. (EUR)	12.0	12.1	12.2	12.3	12.4	12.5	12.6	12.7	12.8	12.9	13.0
N. of Warrants	6131	6131	6131	6131	6131	6131	6131	6131	6131	6131	6131
Ratio	0.23	0.24	0.24	0.25	0.26	0.26	0.27	0.28	0.28	0.29	0.27
Sh. from warr. ('000)	1406	1449	1491	1533	1573	1613	1653	1691	1729	1767	1663
	Sh.'000										
Others	21043	21043	21043	21043	21043	21043	21043	21043	21043	21043	21043
Promoters	1440	1440	1440	1440	1440	1440	1440	1440	1440	1440	1800
Warrants	1406	1449	1491	1533	1573	1613	1653	1691	1729	1767	1663
Tot. Sh. '000	23889	23932	23974	24016	24056	24096	24136	24174	24212	24250	24506
Treasury Shares	1428	1428	1428	1428	1428	1428	1428	1428	1428	1428	1428
Adj. N. Shares	22462	22505	22547	22588	22629	22669	22708	22747	22785	22822	23079
Imp. Mkt. Cap. (EURm)	270	272	275	278	281	283	286	289	292	294	300

Source: Company Data, Banca Akros forecasts

CELL: Target Price table

	2020 PE	2019e-2023e DCF
Avg. PE Peers (x)	9.2	
2020e Adj Net Pr. Eurm	23.9 DCF Equity FV	262
Implied Mkt. Cap.	221 Implied Mkt. Cap.	262
Implied N. of Shares	20888 Implied N. of Shares	21942
Implied PT	10.6	11.9
Average P T	11.2	
Liquidity/Exec. Risk Disc. 15%	9.5	
Current Price	7.0	
Upside	36%	

Source: Bloomberg, Banca Akros forecasts

DCF points to strong upside

In the light of also the limited number of comparable, we have looked to a DCF valuation to search for a PT. By using a 8.5% WACC and 0% long term growth the resulting FV is EUR 13.3 or a 80% upside to the current share price. Clearly the important upside is a reflection of the strong cash generation of the company. The high WACC and the 0% long term growth take into account the low liquidity of the shares.

CELL: DCF Valuation (EURm)

DCF MODEL	2019	2020	2021	2022	2023	DCF ANALYSIS	
EBITA	29.5	32.5	33.6	34.6	35.7	Perpetual Growth Rate	0.0%
Taxes	-5.3	-7.5	-7.7	-9.7	-10.0	WACC	8.5%
Tax rate	18%	23%	23%	28%	28%	Terminal Value	281
NOPLAT	24	25	26	25	26	TV Disc. Rate	0.72
D&A	3.0	3.0	3.0	3.1	3.2	Disc. TV	203
Op. CF	27	28	29	28	29	Cumulated DFOCF	86
Capex/acq.	-8.5	-3.0	-3.0	-3.1	-3.2	EV (€ mn)	288
Chg. In NWC	-8.1	-3.7	-2.1	-2.2	-1.8	Net Debt	(25)
Free Op. Flow (FOCF)	11	21	24	23	24	Minorities	(1.7)
NPV FCF	2019	2020	2021	2022	2023	Retirement provisions	(0)
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	Equity Value (€ mn)	262
Discount Rate	1.00	0.92	0.85	0.78	0.72	Share Out. ('000)	21,942
Disc. Free Cash Flow	11	20	20	18	17	FV per share (€)	11.9
Cumulated DFOCF	11	30	50	68	86	Price	7.00
						<i>Nominal Upside/(Ds)</i>	<i>70%</i>

Source: Company Data, Banca Akros forecasts

CELL: DCF Sensitivity (EURm)

WACC	terminal growth rate						
	-0.75%	-0.50%	-0.25%	0.00%	0.25%	0.50%	0.75%
7.75%	260	267	274	281	289	298	307
8.00%	254	261	267	274	282	290	299
8.25%	249	255	261	268	275	282	291
8.50%	244	250	255	262	268	276	283
8.75%	239	244	250	256	262	269	276
9.00%	234	239	245	250	256	263	269
9.25%	230	235	240	245	251	257	263
9.50%	226	230	235	240	246	251	257

Source: Banca Akros forecasts

Peers' Multiples comparison

We have also looked at the multiples of some comparable to support our view in valuation. The limit of this approach, in our opinion, is the limited number of listed companies which have similarities, with CELL activities: these are Logitech from Switzerland, Plantronics and ZAGG from the USA. In terms of product range, we believe that the most suitable comparable is ZAGG. It is worth highlighting that some of these companies are well below their absolute and/or relative peaks for a combination of reasons, which in the case of Plantronics and ZAGG might at some extent being the results of execution risks from acquisitions. More in particular, Plantronics has recently acquired Polycom while ZAGG recently acquired three companies (Braven, Gear4 and Halo) and is suffering from the recently introduced import duties between China and the USA. The latter moreover, has recently revised downward heavily its guidance after the Q2'19 results. In the appendix at the end of the note, we have summarised a description of each comparable with some key financial data and share price performance.

CELL: Comparables' Multiples (EURm)

	Mkt Cap (Eurm)	EV/SALES			EV/EBITDA			EV/EBIT				P/E (adj.)		
		2019	2020	2021	2019	2020	2021	2018	2019	2020	2021	2019	2020	2021
LOGITECH	6409	2.2 x	2.0 x	1.9 x	15.7 x	14.1 x	13.3 x	24.6 x	17.5 x	15.85 x	14.3 x	19.4 x	17.9 x	17.9 x
PLANTRONICS	1123	1.4 x	1.3 x	1.3 x	6.6 x	6.1 x	5.6 x	NA	NA	NA	NA	5.4 x	4.8 x	4.8 x
ZAGG	170	0.5 x	0.5 x	0.4 x	5.1 x	4.3 x	3.8 x	5.5 x	NA	NA	NA	6.4 x	5.0 x	5.3 x
Average		1.4 x	1.3 x	1.2 x	9.1 x	8.2 x	7.6 x	15.0 x	17.5 x	15.9 x	14.3 x	10.4 x	9.2 x	9.4 x
Samples' Size		3	3	3	3	3	3	2	1	1	1	3	3	3
Max		2.2 x	2.0 x	1.9 x	15.7 x	14.1 x	13.3 x	24.6 x	17.5 x	15.9 x	14.3 x	19.4 x	17.9 x	17.9 x
Min		0.5 x	0.5 x	0.4 x	5.1 x	4.3 x	3.8 x	5.5 x	17.5 x	15.9 x	14.3 x	5.4 x	4.8 x	4.8 x
CELL (Akros)	152	0.4 x	1.5 x	1.1 x	4.7 x	4.2 x	3.6 x	10.6 x	7.0 x	5.6 x	4.7 x	5.8 x	5.9 x	5.7 x
Pr.J(Disc.) vs. (1)		-69%	21%	-5%	-48%	-49%	-53%	-29%	-60%	-65%	-67%	-44%	-36%	-39%

Source: Bloomberg, Banca Akros forecasts; Notes: Logitech and Plantronics year end is March year after

Company Profile & Reference Market

The company was founded in 1990 by Piero Foglio and Stefano Aleotti. The Group expansion can be summarised by the first product enlargement initiative in 1995, the introduction of dedicated tools for the exhibition of CELL products in retail shops in 2001, the introduction of sophisticated design into the product making in 2006 and the internalisation process from 2010. Today the group is the largest European player in the design, distribution and commercialisation of accessories and items related to connected devices like smartphones and tablets. More in particular, CELL conceives, distributes and trades a large range of products divided into three lines:

- 1) Red division (90% 2018 Sales): this includes products like safe cases, cover, chargers, power and data cables, headphones and earphones and wearables devices in general. This, in turn is divided in (i) Protection & Style (cases and screen protectors), (ii) Charge & Utilities (battery chargers, powerbanks, car accessories and cables) and (iii) Voice & Sport (earphones and sports accessories). Moreover, the Company recently launched the AQL brand (Audio Quality Lab), the product line dedicated to the world of music.
- 2) Black division (4.8% 2018 Sales): all accessories related to the moto and bikes segments;
- 3) Blue division (4.5% 2018 Sales): all products sold not under the CELL brand (Sandisk, Vicanco and from 2019e Samsung and Huawei);

CELL subcontracts the production of its products to leading accessories manufacturers and it distributes them in over 5000 pos over 60 countries through mostly B2C sales channels: CE chains, Mass Merchandisers, Telco and Travel Retail chains. The company has app. EUR 130m of sales of which app. 46% achieved abroad. The selection of own brands (Red and Black) today account for app. 98% of sales. Employees were 215 units as of end 2018.

CELL: product mix

A successful story since the beginning of the mobile phone technology



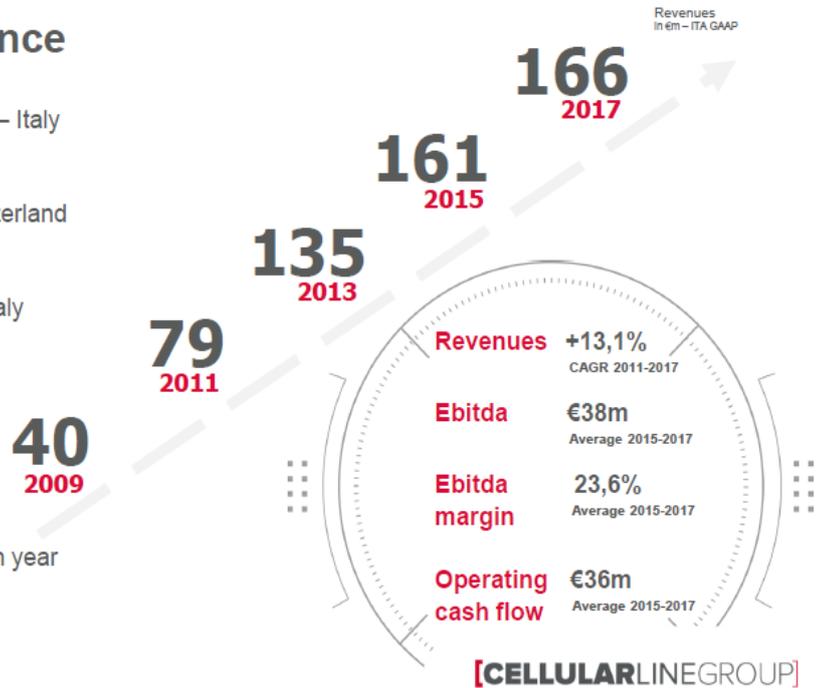
Source: Company

CELL: some key data (as of 2017- Revenues in EURm – ITA GAAP)

Cellularline at glance

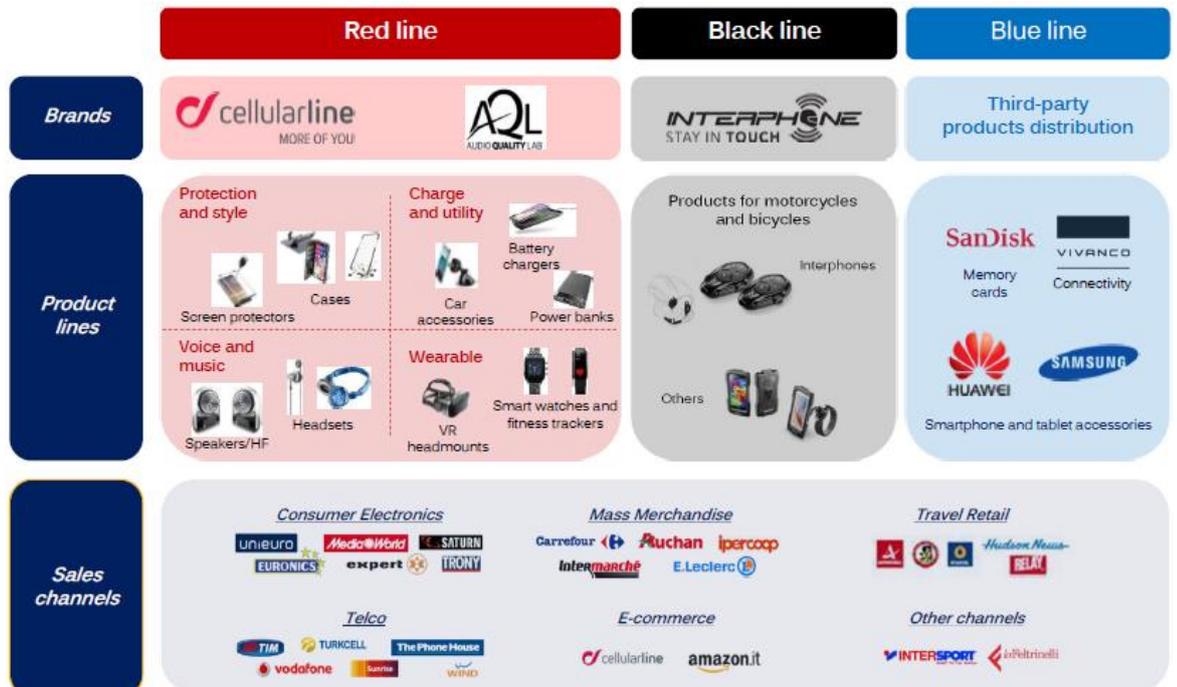
Headquarters Reggio Emilia – Italy
+200 Employees
3 Offices France, Spain, Switzerland
+60 Countries reached
+10.000 Sqm warehouse in Italy

23 Millions of accessories sold in 2017
30-40% Turnover generated by new products each year
400 New products placed in the market each year



Source: Company

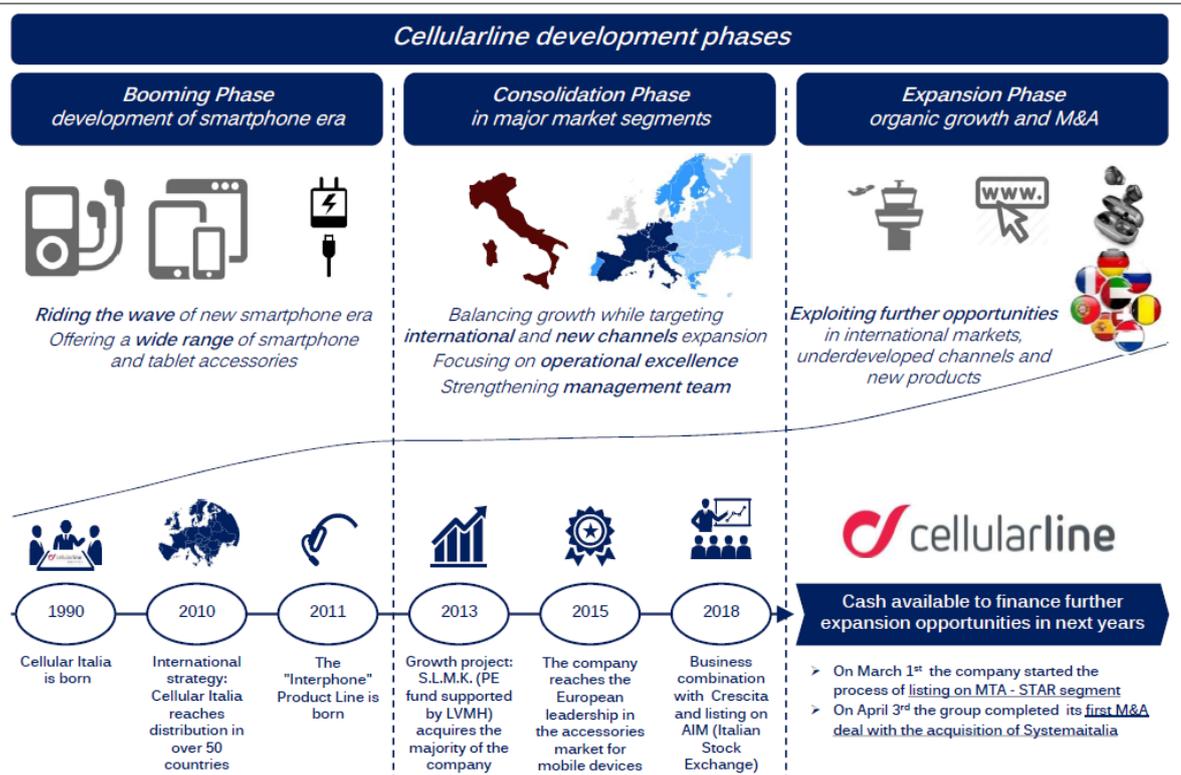
CELL: product mix



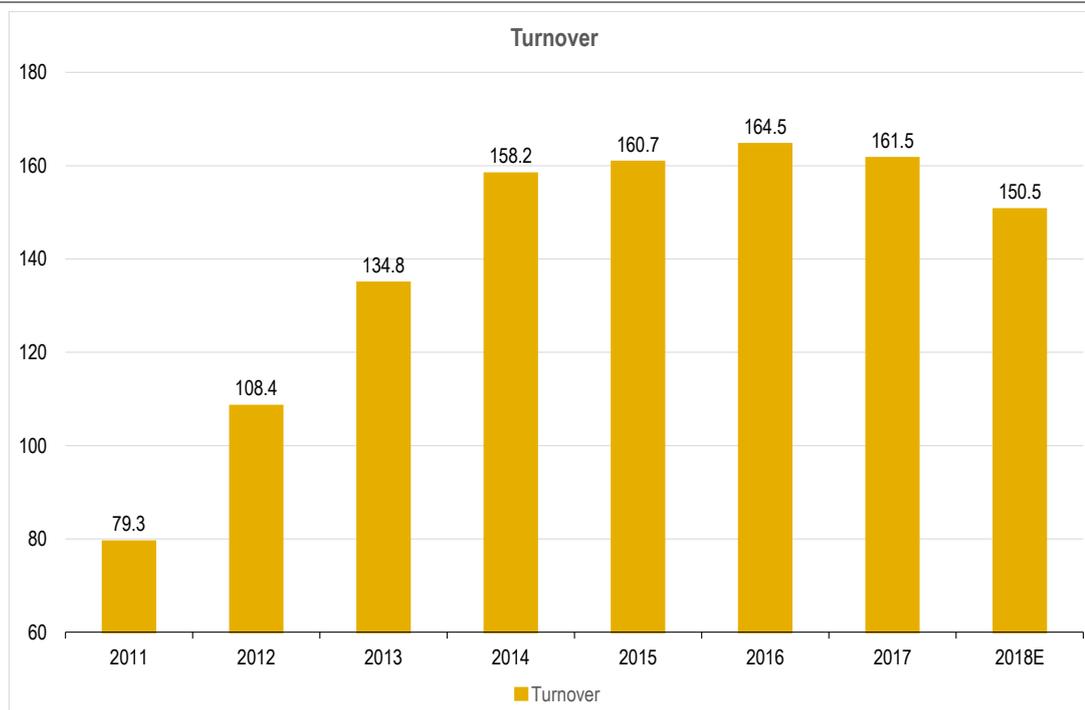
Source: Company

The company reported very solid growth rates over the 2011 and 2014 period followed by a consolidation phase in the following years till 2018 (see chart below). In 2019e we expect the company to return to growth as explained in our investment case. The recent trend is coherent with company's vision of its current phase where a further internalisation is envisaged (see chart below). Profitability in terms of EBITDA margin and always using Italian GAAPs, on the other hand has always been consistent and, excluding 2011, within the 23%-26% range.

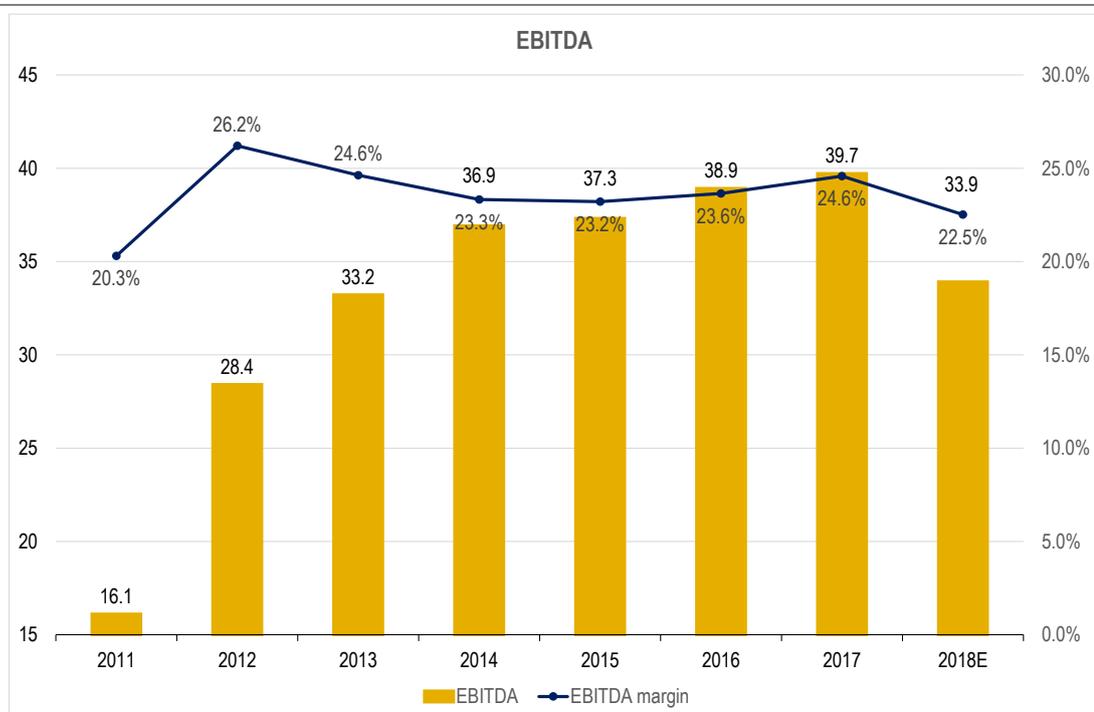
CELL: Historic and prospective growth periods



Source: Company

CELL: Sales evolution 2011-2018E Italian GAAP (EURm)


Source: Company Data; Note: 2018e sales Banca Akros forecast assuming 7% sales decline or in line with IAS figures

CELL: EBITDA evolution 2011-2018E Italian GAAP (EURm)


Source: Company Data; Note: 2018e EBITDA is a IAS figure (should be very close to Italian GAAP: 2017 IAS EBITDA was EUR 39.5m)

The reference market: some key data on size and market shares

The company operates in Europe (main seven countries) in a market which is estimated to be around EUR 4bn including cables and telco sector. CELL' geographical market analysis is referred to six countries (Germany, France, Italy, Holland, Belgium and Spain) whose size is quantified in EUR 3bn. However, given that company's product range is focused on the EUR10-EUR100 price range, the company quantifies the reference market in a value of app. EUR1.9bn. Long term market growth data are not available but portable electronic devices and notably handheld devices, continue to advance in performance and functionality. Furthermore, we assume that the market of handheld devices is expanding as evidenced by continued innovative new product releases, particularly in smartphones and tablets. Correspondingly, the aesthetics of such devices are increasingly important as buyers typically consider the look and feel of such devices, as much as performance, in making their purchasing decisions. As a result, a significant market has emerged for protecting portable electronic devices, notably the "high- end" tablet and smartphone devices as well as of accessories related to them.

The product range: the red line is key but blue volumes are growing

Cellular offers a range of mobile phone and tablet products and accessories marketed under the "Cellularline" brand. The following are the product categories marketed by Cellular. The Red Division is by far the largest with 90% of sales (see table below). We have also created a chart with the main product categories at market level which we assume should reflect approximately also CELL situation excluding for the audio sector where it is likely underrepresented. On the latter the largest category is smartphone covers and screen protection, followed by the audio segment and then rechargers and power banks.

a) Red Division. The Red Division includes four different product categories, and in particular: "protection and style" category, which includes screens and cases for smartphones and tablets; including back and front covers for smartphones, other cases, tablet cases, durable tempered glass and plastic screen protectors; "charging and utility" category that includes power supplies, batteries, data and charging cables, car mounts including portable charging cables, cables and cigarette lighter slit bindings for charging, data cables, portable and fixed battery chargers, cellular carrier car supports or navigator holder, adapters, selfie stick pocket; c) "voice and audio" category that includes headphones, earphones, speakers and audio and aux cables, as well as all audio products for daily use and activities sports; including wired earbuds, bluetooth earbuds, headphones and audio cables; d) "wearable accessories" category that includes both high-performance audio accessories and wearable technology products, as well as accessories to facilitate the use of smartphones or tablets during daily activities or in general in moments of movement and in the course of the practice of sports activities (including fitness and post bracelets, so-called smart bracelets, and smartphone cases that can be used during the activity). This category also includes accessories related to virtual reality technology.

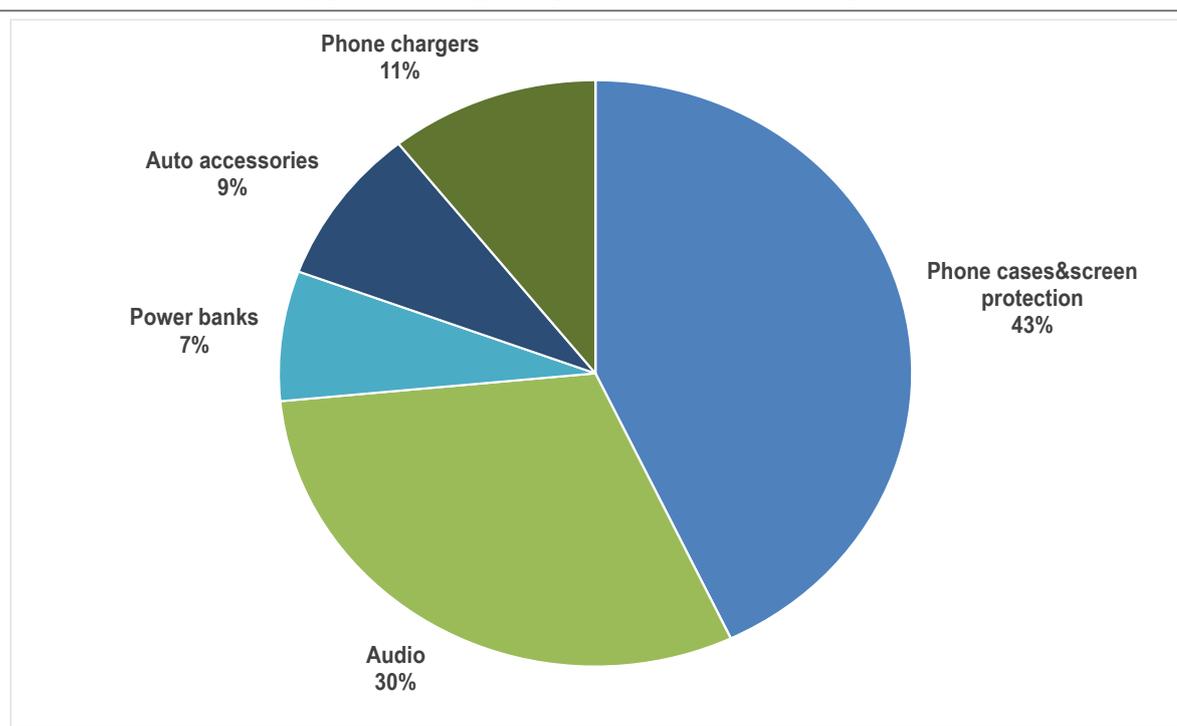
b) Black Division. The Black Division includes a line of products dedicated to a variety of needs and related to motorcycles and bicycles. In particular, this division includes accessories (such as mobile carriers for motorcycles and bicycles), voice transmission and reception devices that can be used in situations or places where the simple ambient noise or excessive distance, do not allow natural voice communication (c.d. interphone), but also supports for motorcycles and bicycles.

c) Blue division. The Blue Division includes some third-party products granted to Cellular for promotion and marketing purposes. In particular, Cellular distributes SanDisk and Vivanco branded products exclusively in Italy. Belatedly the company added the Italian distribution of Samsung and Huawei which should contribute to 2019e and 2020e top line growth although at lower than average profitability.

CELL: Sales Breakdown by division

	2018PF	2017RS*
Red Line Sales	116.9	123.1
% Total	90.1%	88.3%
Black Line Sales	6.3	7.9
% Total	4.9%	5.7%
Blue Line Sales	5.9	8.0
% Total	4.5%	5.7%
Other Sales	0.7	0.4
% Total	0.6%	0.3%
TOTAL SALES	129.7	139.5
% TOTAL	100.0%	100.0%

Source: Company Data – Listing prospectus, Restated

CELL: Market breakdown by product categories (2018 Data – Six countries)

Source: Company Data - Listing prospectus

Distribution channels: bulk in CE chains but mass-merchandise and telco growing

Cellular's products are mainly marketed through the following sales channels:(i) Consumer Electronics; (ii) Large Distribution; (iii) Travel Retail; (iv) Telco; (v) other channels. Main clients are in the consumer electronics (CE) channel where main client account for app. 16% of sales.

- (i) **Consumer Electronics Channel.** Through this channel, Cellular offers its products through the largest consumer electronics supply chains that also act as integrated omnichannel distributors (e.g. Unieuro, MediaWorld, Euronics, Expert, Trony and Saturn). This channel also includes all sales made through e-commerce sites of third-party distributors. Consumer Electronics Channel attracts end users looking at mobile and tablet accessories. In particular, Cellular as well as being one of the main suppliers also operate as a strategic partner as it manages directly the assortment on the field. In the Consumer Electronics channel, the width of "Cellularline" and related products is particularly broad in both product category and each single product.
- (ii) **Mass Merchandise.** The Mass Merchandise channel allows Cellular to distribute and market their products in supermarkets and hypermarkets, such as Carrefour, Auchan, Intermarché, Ipercoop and E.Leclerc. This channel, in particular, exploits the huge traffic of this formats to reach consumers directly.
- (iii) **Travel Retail Channel.** The Travel Retail Channel allows Cellular to distribute and market its products to travellers and is divided into the following channels: (i) motorway; (ii) rail; and (iii) airport. The Travel Retail Channel consists of stores operated by third parties mainly in rail, air and road public transport hubs, such as Autogrill, Hudson News, Relay and Chef Express. The Travel Retail Channel responds to customer-travellers' need to buy dedicated accessories product range offering for outlets within airports, gas stations and train stations.
- (iv) **Telco Channel.** The Telco Channel allows Cellular to distribute its products in physical and online stores of mobile phones companies such as Tim, Vodafone, Turkcell, Wind, Thephonehouse, Sunrise. The Telco Channel covers the distribution of Cellular products over a wide network of international and local telecommunications companies.
- (v) **Other channels.** Cellular markets and distributes its products both through the proprietary website (www.cellularline.com) and through specialized e-commerce sites, such as Amazon's market place or E-bay.

CELL: Sales distribution amongst top clients

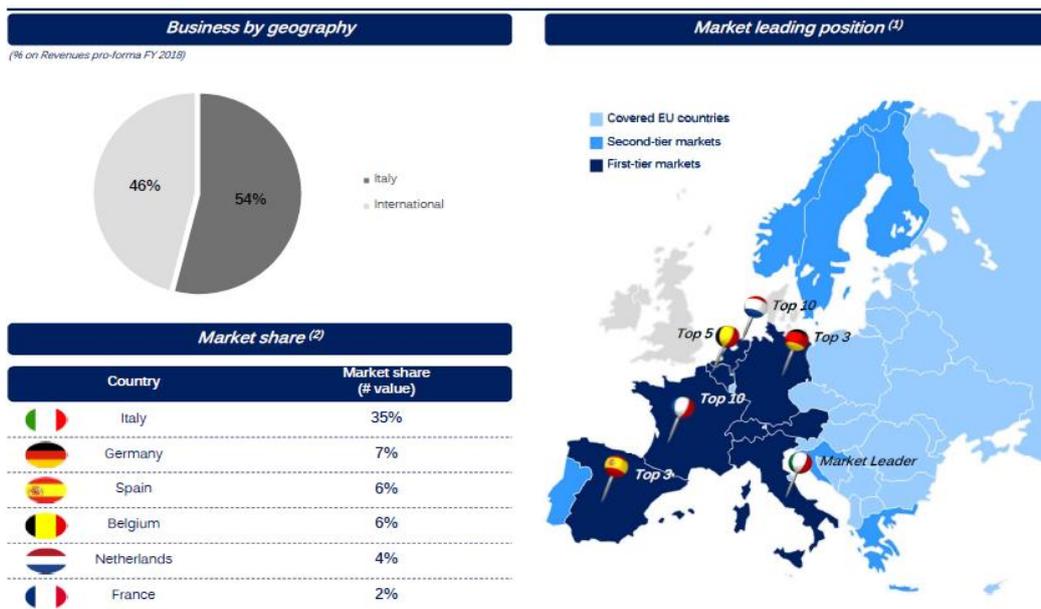
	Sales 2018PF	% on Tot. sales	Sales 2017	% on tot. sales	Sales 2016	% on tot. sales
Top client	20.5	15.9%	22.5	14.0%	20.6	12.9%
Top five clients	52.4	40.4%	68.7	42.8%	65.2	40.95
Top ten clients	67.8	52.2%	87.4	54.5%	82.7	51.9%

Source: Company's prospectus

Main markets and market shares: leading player in Italy, important player in several European countries

Cellular is the leading operator in Italy in the smartphone and tablet accessories segment, with market shares of 38%. It is also one of the top 3 operators in other major European countries such as Germany, Belgium and the Netherlands. We also believe the market to be the leading player in Austria but we have no hard data to support our statement.

CELL: Snapshot of market positioning



Source: Company Data – Listing Prospectus

Over the 2011-2016 period, Cellular has managed to achieve superior growth to the market in all major reference geographies for the business. These performances have enabled the company to increase its overall market share globally.

CELL: Market share evolution by countries (2011-2016)

Market share evolution by countries

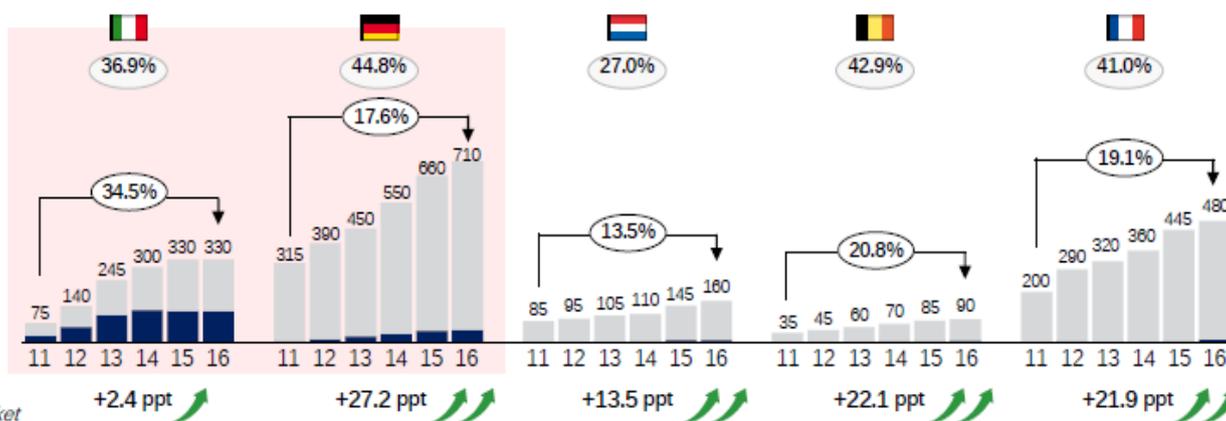
(2011-2016, €m*)

CAGR Cellularline 2011-2016

CAGR Market 2011-2016

Cellularline Market share

Δ CAGR Cellularline vs. market

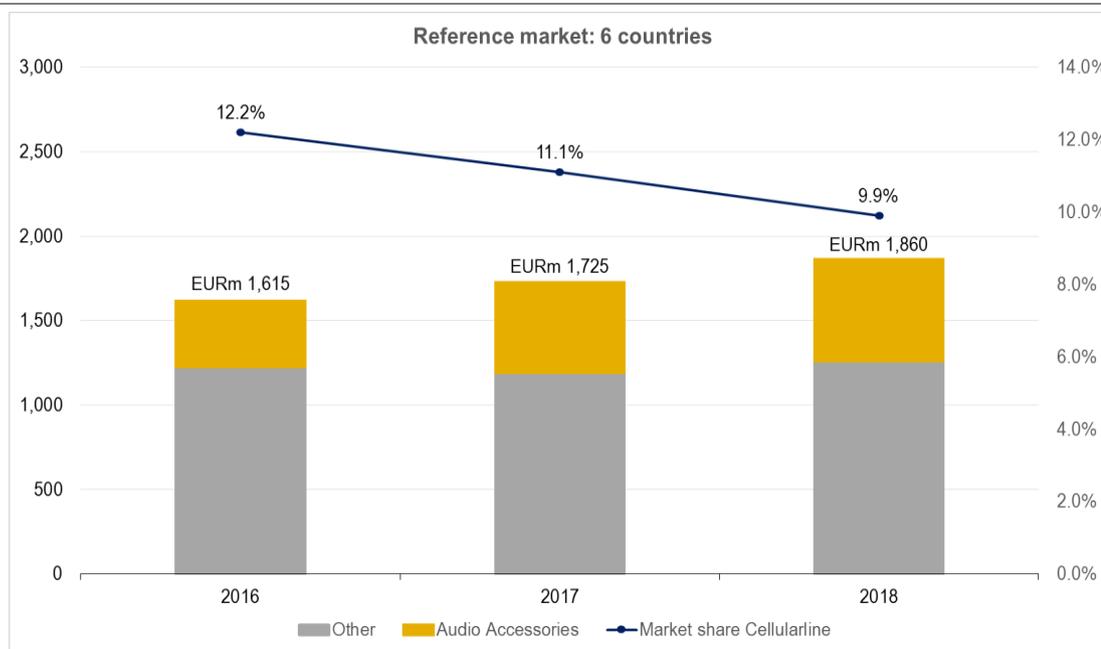


Notes: * Calculated on the basis of data verified by the Management and provided by a primary research institution; ** For France data refers to the period from April 2016 to March 2017. Source: Management information on external market data.

Source: Company Data – Listing Prospectus

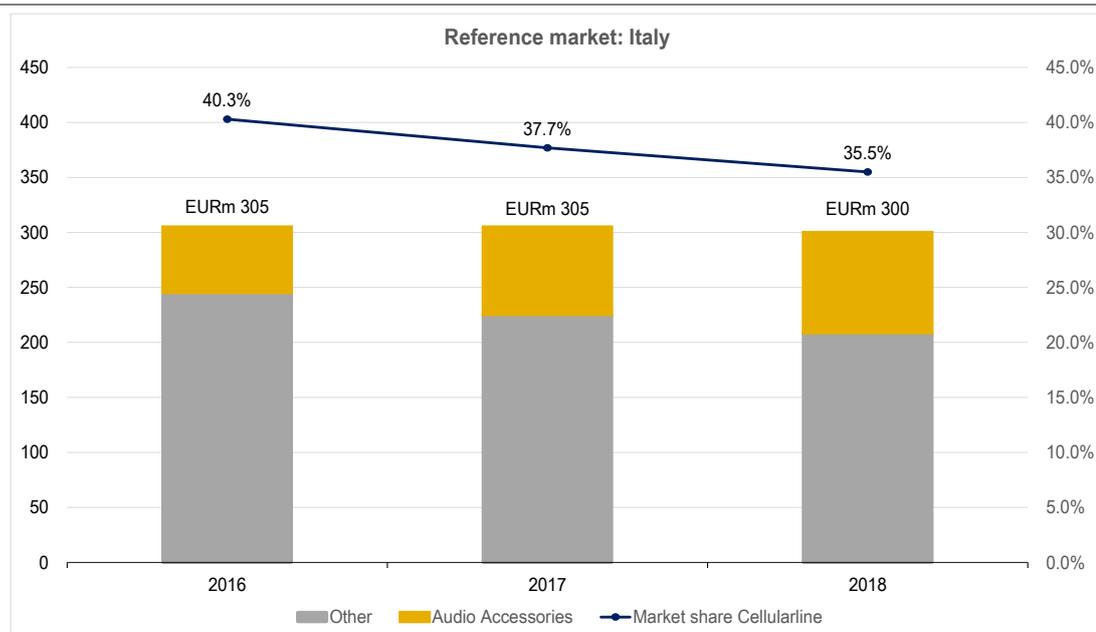
However performance in the following years was a bit patchy. In 2016-2018 the market grew by 7% cagr mostly driven by the audio segment (mainly earplugs and bluetooth headphones). Over those years company's market share declined in its main markets from 12.2% to 9.9% mainly due to a lack of a competitive audio product range, introduced only in Italy at the end of 2017 and in the foreign markets at the end of 2018 with the AQL brand (Audio Quality Lab).

CELL: 2016-2018 market share evolution (6 countries – EUR 10-EUR100 price bracket)

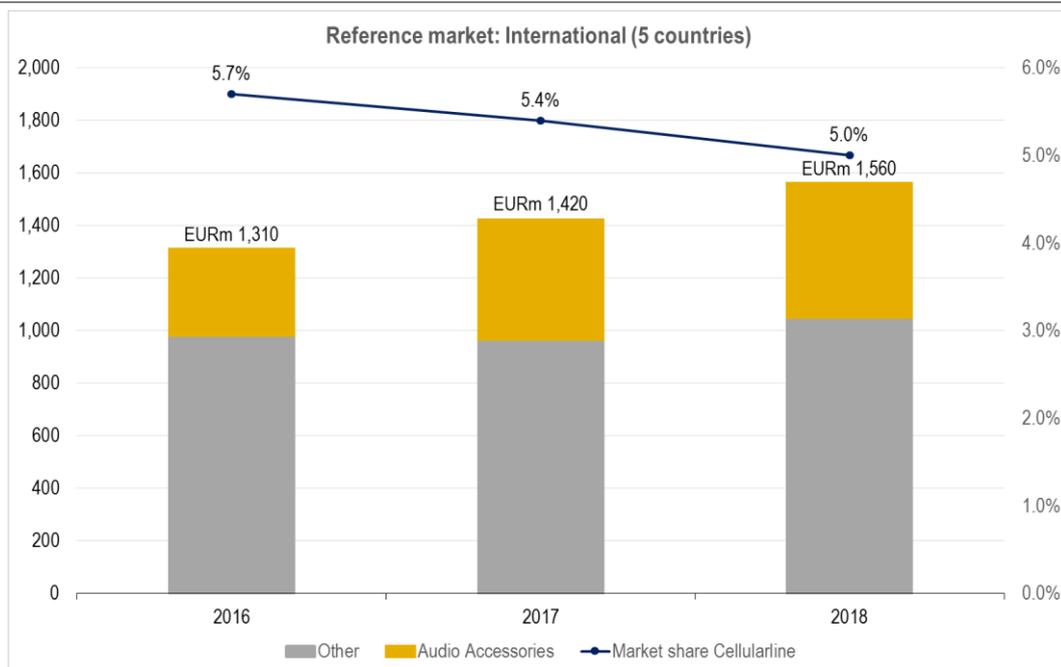


Source: Company Data – Star Segment Listing Prospectus; (1) 2017 Data

CELL: 2016-2018 market share evolution (Italy – EUR 10- EUR 100 price bracket)



Source: Company Data – Star Segment Listing Prospectus

CELL: 2016-2018 market share evolution (5 countries ex-Italy – EUR 10 – EUR 100 price bracket)


Source: Company Data – Star Segment Listing Prospectus

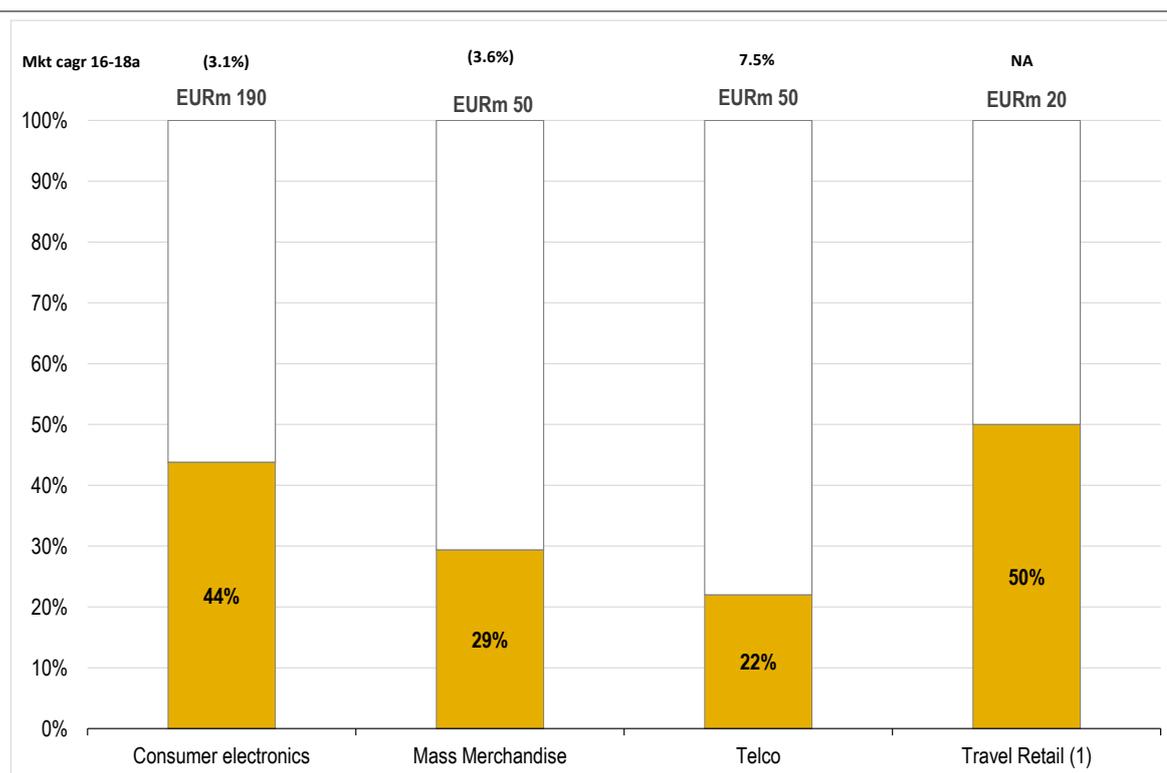
Net of the Audio segment strong increase in 2017 and 2018 CELL performance was more in line with the market's trends with a -3% decline in sell-out performance vs. 1% market growth. We can summarize the above overall performance in 2016-2018 by the following combination of factors:

- 1) Poor performance of the Italian market overall (-7% net of audio). Moreover, the negative performance of the Italian retail market what then compounded by the bankruptcy of some retail players as mentioned in the investment case and in specifically to CELL case by the restructuring/relaunch of a major client.
- 2) Different growth mix amongst the channels in Italy with the Consumer Electronic retail channel where the company has the highest market share (44%) declining (-3.1% cagr) while the Telco channel where the company has a lower market share expanding (+7.5%). In Italy, Cellular has a strong presence in the Consumer Electronics and to lower extent Mass Merchandise but it is under represented in the Telco channel where it has, with 22%, the lower penetration. On this the company is trying to improve and to this purpose the company signed an agreement in with TIM and bought Systemaitalia in 2019.
- 3) Strong growth of the accessories audio segment which saw a 25% cagr in Europe in 2016-2018 on which the company, as mentioned above, strengthen its competitive offer only from end of 2017 in Italy and end of 2018 in Europe.

CELL: Growth rates over 2016-2018

Reference market: 6 countries	2017-16	2018-17	CAGR 16-18
Sell-out value of Cellularline	-3%	-3%	-3%
Market trend	7%	8%	7%
o/w audio	30%	21%	25%
o/w other accessories	0%	3%	1%
Reference market: Italy	2017-16	2018-17	CAGR 16-18
Sell-out value of Cellularline	-6%	-7%	-7%
Market trend	0%	-2%	-1%
o/w audio	32%	13%	22%
o/w other accessories	-7%	-7%	-7%
Reference market: 5 countries	2017-16	2018-17	CAGR 16-18
Sell-out value of Cellularline	3%	2%	3%
Market trend	8%	10%	9%
o/w audio	29%	23%	26%
o/w other accessories	2%	5%	4%

Source: Company Data

CELL: Market shares in Italian distribution channels

Source: Company Data; (1) 2017 Data

The business model: not involved in production, capex light and demand driven

In order to understand CELL business model we have decomposed its key phases in the chart and in the paragraphs below.

CELL: Wine Value Chain



- ▶ CELL conceives its products based first and foremost on market demand analysis with strong attention on focus groups
- ▶ CELL then performs all the key function to develop and sell the final products. These are:
 - ▶ **Product development:** the conversion of the focus groups inputs into a final product; performed by the R&D department
 - ▶ **Sourcing:** the company is not involved in sourcing as it subcontracts out to leading OEM players, mostly based in China, the manufacturing of its products
 - ▶ **Logistics and Wharehousing:** these activities are also externalised both in Italy and abroad.
 - ▶ **Marketing and Sales:** all activities to support sales from an aggregate level throughout the year
 - ▶ **Trade Marketing:** all activities to support sales in each specific channel and up to a specific point of sales
 - ▶ **Sales:** final products are then sold to mostly B2B channels

Source: Banca Akros

Demand analysis: consumer focus group main inputs for new products

This is not a phase formally structured by the company and might well be included in the next phase. However, we want to stress investors that all product developments at CELL are the result of a scientific approach to want consumers require and/or desire. As such, the company carries several focus group initiatives before deciding in which product category to innovate and expand.

Product development: a function of careful demand requirements

Cellular, through its dedicated internal research and development division, designs and creates new products. In particular, it starts by developing graphic projects from the concept of a given industrialization and packaging. This activity is carried out mainly based on the know-how gained over the course of his 20-year experience in the field of design and sale of mobile accessories. The R&D division has a dedicated staff of experts, and the work is carried out looking at quantitative and qualitative data about the trend of the reference market and consumers' preference choices. Cellular's analysis includes both market analysis to identify consumer trends and analysis of product technological evolution. Such analysis allows Cellular to provide its customers with a technologically advanced product in line with market trends. Through research and development activities, Cellular is able to identify market trends and increase its competitive positioning in certain product categories. The R&D staff is made up of trained experts who participate in annual to major trade fairs by updating on consumer and consumer trends reference market. Cellular also has an internal staff dedicated specifically to product design and uses an external consultant for technical products' design.

Sourcing: not involved in production

Cellular outsources almost all of its product production and mostly in Asia. Most suppliers are located in the Guangdong district (China), where all the main e-commerce operators are located. The outsourcing of production gives Cellular, on the one hand, a high flexibility in terms of production capacity and volumes, facilitating the possibility to get a cheaper purchase price; on the other hand, the subcontracting of production allows the use of different production technologies. In particular, Cellular has long-lasting business relationships with some large suppliers, which it entrusts to produce "evergreen" products, such as cables and power supplies, as well as with medium-sized suppliers, to whom it entrusts the production of specific products, in order to ensure, in a timely manner, production's response to changes consumer preferences. Smaller suppliers, on the other hand, are usually partners that Cellular considers to be particularly reliable and provide quality, control, and optimization of logistics flow. The choice of suppliers is based on parameters that reflect the degree of technical innovation of the same in order to ensure a level of products that satisfy the most demanding customers. In addition, in procurement activities, Cellular management operates a constant monitoring of the entire passive cycle. The procurement activity is directly supervised by the top management, assisted by the functions of Marketing and R&D in order to implement an appropriate activity of selection of suppliers and development of the product offer.

Logistic and warehousing: externalized

The inbound logistics phase includes the management and acceptance of the products arrival at the Campogalliano warehouse. All logistics activities are then outsourced to a specialized operator. In particular, the supplier manages all the logistics and distribution in Italy and, in some cases, also the distribution abroad.

Marketing and sales: key function

Marketing activities are one of the most important elements of the Cellular, as they support both the development and growth of the brand and the visibility of the same; in particular, marketing activities are structured and aligned with the multichannel nature of CELL operations, as well as with the analysis of the market data. The communication and strategic planning activities are carried out by Cellular looking at trends in the target market as well as the propensity to consume of customers, their preferences in terms of purchases and how they buy them. Marketing and communication activities are planned throughout the year to support sales and to strengthen brand awareness and are implemented mainly through the online channel. In this context, Cellular plans and implements a marketing strategy which consists of sending promotional messages through the web and newsletters as well as with its institutional channels presence in the social networks.

Trade Marketing: a bespoke service to clients

Cellular defines its operational strategy based on market data analysis from individual stores operated by third parties and online sales. The availability of data gives Cellular the ability to define precisely, for each sales channel and single point of sale, the operational strategy to adopt. In addition data allow to check the appeal of products and develop distribution and marketing strategies according on each sales performance. In particular, the operational strategy covers different aspects of the trade marketing activity, ranging from the management and definition of the product warehouse assortment, to the definition of the display layout and presentation of products. The Trade marketing phase is defined by Cellular for each specific product category and differs in the following steps: (a) definition of the product assortment on the basis of sales data, with the possibility to differentiate the assortment and customize it according to the performance of the individual store or the individual distribution channel;(b) visual merchandising activities by defining the placement of products within the individual store in accordance with the choices and format, the setting, lighting and graphics of the exhibition space. Visual Merchandising activities, in particular,

aim to ensure the distinction of Cellular products from related ones and must ensure the flexibility and efficiency of the set-up by offering the possibility to launch new product campaigns quickly and replicate them easily in different outlets;(c) the design and preparation of advertising materials related to spaces dedicated to Cellular products in every single store, in order to increase visibility and cross-selling potential. In this regard, Cellular carries out a specific training of the employees of the individual stores in order to equip them with the skills and knowledge necessary for a satisfactory explication to the customer of the main characteristics of their products; (d) definition of advertising material related to 1) temporary and seasonal offers, 2) flyers and flyers, which can also be placed in cash and 3) advertising banners, pop-up windows or layers, with reference to the website.

APPENDIX: Peers' company profiles

PLANTRONICS INC

Bloomberg *PLT US*
Website <http://www.plantronics.com/>

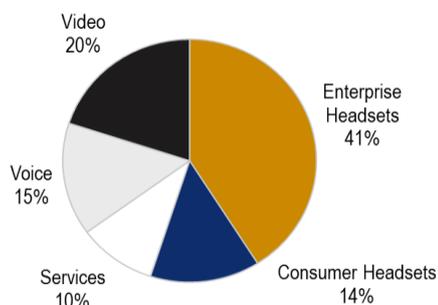
Plantronics, Inc. is a global designer, manufacturer, and marketer of integrated communications and collaboration solutions that span headsets, Open SIP desktop phones, audio and video conferencing, cloud management and analytics software solutions, and services. It markets products under five main categories: Enterprise Headsets (corded and cordless communication headsets), Consumer Headsets (Bluetooth and corded products for mobile device applications, PC and gaming); Voice, Video, and Content Sharing Solutions (Open SIP desktop phones, conference room phones, and video endpoints, including cameras, speakers, and microphones). The latter categories were added as a result of the acquisition of Polycom, Inc. completed on July 2, 2018, for a total consideration of USD 2.2bn in stock and cash.

Plantronics: historical data and consensus forecasts

USD (m)	2018	2019e	2020e	2021e	CAGR 19-21e
Revenue	1,675	1,720	2,054	2,151	12%
EBITDA	92	349	438	481	17%
(%)	5%	20%	21%	22%	
EBIT	-109	267	na	na	
(%)	-7%	16%	nm	nm	
Net Income/Net Profit (Losses)	-136	185	229	273	21%
Dividend Yield	na	1.1	na	na	
Net debt	1,425	na	na	na	
Net Debt/EBITDA	15.5	nm	nm	nm	

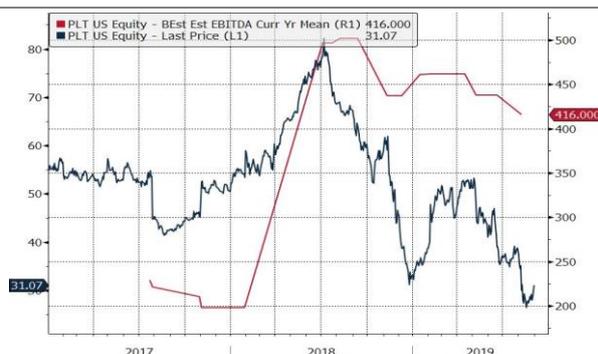
Source: Bloomberg

Plantronics: sales by segment



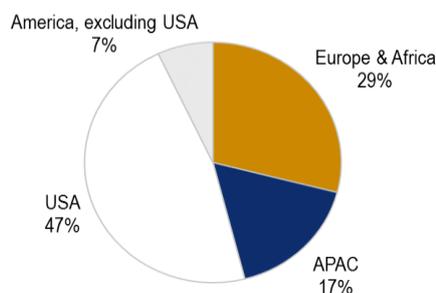
Source: Banca Akros on company data

Plantronic: Last Price vs. EBITDA



Source: Bloomberg

Plantronics: sales by area



Source: Company data

Plantronic vs. S&P 500 Index



Source: Thomson Reuters

ZAGG INC

Bloomberg *ZAGG US*
 Website <http://www.zagg.com/>

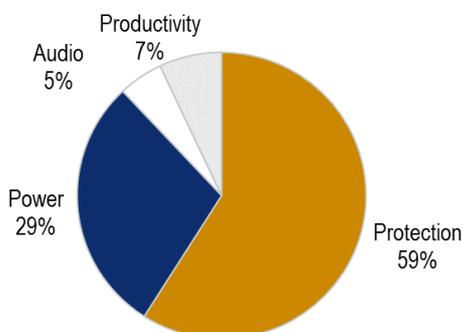
Zagg, Inc. designs, produces and distributes professional product solutions for mobile devices. Its activity is divided into four categories: Protection, which includes screen protection and protective cases; Power, which includes power stations, wireless chargers, and power cases; Audio, which includes earbuds, headphones, and speakers; Productivity and Other, which includes keyboards for tablets and other mobile accessory products. The company's products are sold under InvisibleShield, Gear4, Mophie, Halo, Ifrogz, Braven and Zagg brands.

Zagg: historical data and consensus forecasts

USD (m)	2018	2019e	2020e	2021e	CAGR 19-21e
Revenue	538	615	657	736	9%
EBITDA	70	84	90	93	5%
(%)	13%	14%	14%	13%	
EBIT	52	49	53	na	
(%)	10%	8%	8%	nm	
Net Income/Net Profit (Losses)	39	42	44	50	9%
Dividend Yield	na	na	na	na	
Net debt	43	60	17	-34	
Net Debt/EBITDA	0.6	0.7	0.2	-0.4	

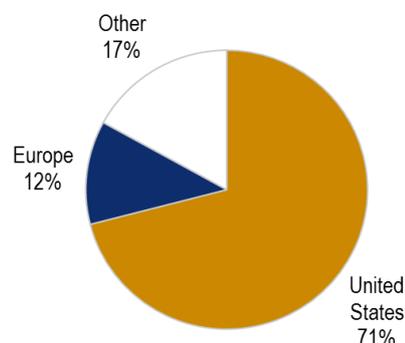
Source: Bloomberg

Zagg: sales by segment



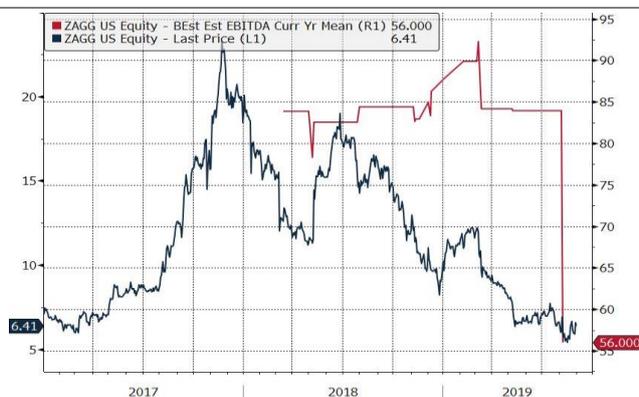
Source: Banca Akros on company data

Zagg: sales by area



Source: Company data

Zagg: Last Price vs. EBITDA



Source: Bloomberg

Zagg vs. S&P500 Index



Source: Thomson Reuters

LOGITECH INTERNATIONAL S.A.

Bloomberg *LOGN SW*
Website *http://www.logitech.com/*

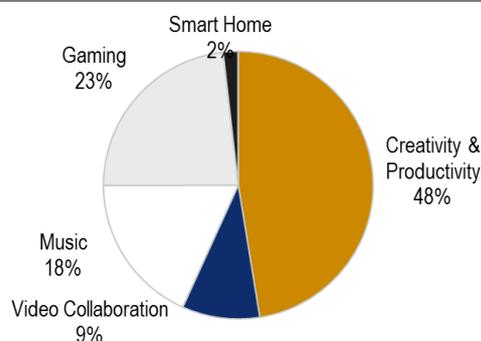
Logitech International S.A designs, manufactures and markets products that allow people to connect through music, gaming, video, computing, and other digital platforms. Its five business segments include Creativity & Productivity (pointing devices, keyboards and combos, PC webcams, and tablets and other accessories), Video Collaboration (high definition cameras for video conferencing), Music (mobile speakers and Audio & PC-Wearables), Gaming (mice, keyboards, gamepads and handsets designed for gaming), and Smart Home (home entertainment controllers and home security cameras). Logitech distributes its products through directly to retailers and e-tailers, and indirectly through distributors, such as mass merchandisers and specialty stores.

Logitech: historical data and consensus forecasts

CHF (m)	2018	2019e	2020e	2021e	CAGR 19-21e
Revenue	2,788	2,785	2,964	3,175	7%
EBITDA	331	391	434	488	12%
(%)	12%	14%	15%	15%	
EBIT	263	342	366	407	9%
(%)	9%	12%	12%	13%	
Net Income/Net Profit (Losses)	258	307	333	369	10%
Dividend Yield	2.0	1.9	2.0	2.1	
Net debt	-605	-603	-740	-951	
Net Debt/EBITDA	-1.8	-1.5	-1.7	-1.9	

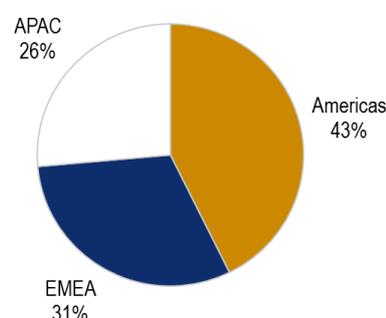
Source: Bloomberg

Logitech: sales by segment



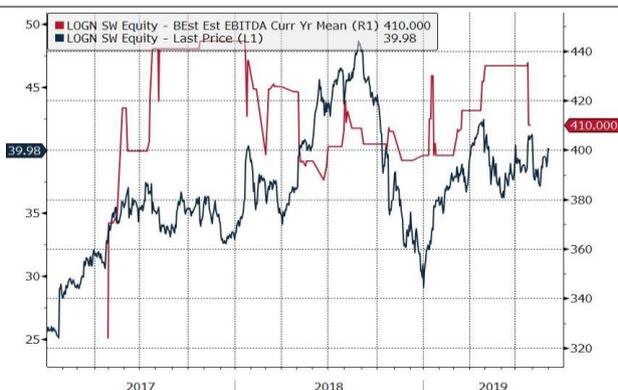
Source: Banca Akros on company data

Logitech: sales by area



Source: Company data

Logitech: Last Price vs. EBITDA



Source: Bloomberg

Logitech vs. SMI Index



Source: Thomson Reuters

Cellularline : Summary tables

PROFIT & LOSS (EURm)	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
Sales	0.0	139	130	147	155	160
Cost of Sales & Operating Costs	0.0	-80.6	-82.3	-95.6	-84.8	-87.3
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	0.0	39.5	33.9	35.0	36.0	37.1
EBITDA (adj.)*	0.0	39.5	33.9	35.0	36.0	37.1
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	0.0	39.5	33.9	35.0	36.0	37.1
EBITA (adj)*	0.0	39.5	33.9	35.0	36.0	37.1
Amortisations and Write Downs	0.0	-3.8	-15.0	-11.2	-9.2	-9.2
EBIT	0.0	35.7	18.9	23.8	26.8	27.8
EBIT (adj.)*	0.0	35.7	18.9	23.8	26.8	27.8
Net Financial Interest	0.0	-2.1	-7.5	-1.7	-1.5	-1.3
Other Financials	0.0	0.0	0.5	0.0	0.0	0.0
Associates	0.0	-0.3	-0.3	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	0.0	33.2	11.6	22.1	25.3	26.5
Tax	0.0	-9.5	5.3	-4.0	-5.8	-6.1
<i>Tax rate</i>		28.7%	n.m.	18.0%	23.0%	23.0%
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit (reported)	0.0	23.7	16.8	18.1	19.5	20.4
Net Profit (adj.)	0.0	23.7	23.0	24.5	23.9	24.9
CASH FLOW (EURm)	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
Cash Flow from Operations before change in NWC	0.0	27.1	26.2	27.3	28.7	29.7
Change in Net Working Capital	0.0	-4.1	-1.0	-8.1	-3.7	-2.1
Cash Flow from Operations	0.0	23.0	25.2	19.2	25.0	27.5
Capex	0.0	-8.0	-3.0	-3.0	-3.0	-3.0
Net Financial Investments	0.0	20.0	-12.3	-5.5	0.0	0.0
Free Cash Flow	0.0	35.0	9.9	10.7	22.0	24.5
Dividends	0.0	-60.0	0.0	-6.1	-6.1	-6.1
Other (incl. Capital Increase & share buy backs)	0.0	-13.8	30.5	-0.5	-0.4	-0.5
Change in Net Debt	0.0	-38.8	40.4	4.2	15.5	18.0
NOPLAT	0	26	15	19	21	21
BALANCE SHEET & OTHER ITEMS (EURm)	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
Net Tangible Assets	0.0	7.5	7.2	12.3	11.8	11.3
Net Intangible Assets (incl. Goodwill)	0.0	103	172	167	161	155
Net Financial Assets & Other	0.0	1.5	1.0	1.0	1.0	1.0
Total Fixed Assets	0.0	112	181	180	174	168
Inventories	0.0	17.8	20.6	23.4	24.7	25.4
Trade receivables	0.0	74.0	59.4	67.4	71.1	73.2
Other current assets	0.0	1.6	9.9	9.9	9.9	9.9
Cash (-)	0.0	-12.0	-42.0	-43.6	-49.9	-58.5
Total Current Assets	0.0	105	132	144	156	167
Total Assets	0.0	217	313	324	329	334
Shareholders Equity	0.0	105	194	206	219	233
Minority	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	0.0	105	194	206	219	233
Long term interest bearing debt	0.0	65.0	51.7	49.7	42.5	35.2
Provisions	0.0	0.4	0.4	0.4	0.4	0.4
Other long term liabilities	0.0	1.6	22.6	22.6	22.6	22.6
Total Long Term Liabilities	0.0	67.0	74.7	72.7	65.5	58.2
Short term interest bearing debt	0.0	12.0	14.9	14.3	12.3	10.2
Trade payables	0.0	28.5	20.2	22.9	24.1	24.9
Other current liabilities	0.0	4.4	8.4	8.4	8.4	8.4
Total Current Liabilities	0.0	44.9	43.5	45.7	44.8	43.4
Total Liabilities and Shareholders' Equity	0.0	216.9	312.6	324.3	329.3	334.5
Net Capital Employed	0.0	171.9	242.0	249.4	246.8	242.7
Net Working Capital	0.0	60.4	61.3	69.4	73.1	75.2
GROWTH & MARGINS	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
<i>Sales growth</i>		n.m.	-7.0%	13.5%	5.4%	3.0%
EBITDA (adj.)* growth		n.m.	-14.2%	3.2%	2.8%	3.0%
<i>EBITA (adj.)* growth</i>		n.m.	-14.2%	3.2%	2.8%	3.0%
<i>EBIT (adj)*growth</i>		n.m.	-47.0%	25.8%	12.6%	4.0%

Cellularline : Summary tables

GROWTH & MARGINS	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
Net Profit growth		n.m.	-2.7%	6.2%	-2.3%	4.1%
EPS adj. growth			-36.7%	7.2%	-2.3%	4.1%
DPS adj. growth			-93.3%	0.0%	0.0%	0.0%
EBITDA (adj)* margin	n.m.	28.3%	26.1%	23.8%	23.2%	23.2%
EBITA (adj)* margin	n.m.	28.3%	26.1%	23.8%	23.2%	23.2%
EBIT (adj)* margin	n.m.	25.6%	14.6%	16.1%	17.2%	17.4%
RATIOS	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
Net Debt/Equity	n.m.	0.6	0.1	0.1	0.0	-0.1
Net Debt/EBITDA	n.m.	1.6	0.7	0.6	0.1	-0.4
Interest cover (EBITDA/Fin.interest)		18.5	4.5	20.6	24.0	28.5
Capex/D&A	n.m.	209.0%	32.5%	54.9%	86.5%	86.5%
Capex/Sales	ns	5.7%	2.3%	2.0%	1.9%	1.9%
NWC/Sales	n.m.	43.3%	47.3%	47.1%	47.1%	47.1%
ROE (average)	n.m.	45.1%	15.4%	12.2%	11.2%	11.0%
ROCE (adj.)		14.9%	5.8%	7.5%	8.1%	8.5%
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
ROCE (adj.)/WACC		1.8	0.7	0.9	0.9	1.0
PER SHARE DATA (EUR)***	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
Average diluted number of shares	0.0	13.3	20.4	20.2	20.2	20.2
EPS (reported)		1.78	0.82	0.89	0.96	1.01
EPS (adj.)		1.78	1.13	1.21	1.18	1.23
BVPS		7.89	9.51	10.17	10.81	11.50
DPS		4.51	0.30	0.30	0.30	0.30
VALUATION	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
EV/Sales		1.4	1.5	1.1	1.0	0.8
EV/EBITDA		4.9	5.6	4.7	4.2	3.6
EV/EBITDA (adj.)*		4.9	5.6	4.7	4.2	3.6
EV/EBITA		4.9	5.6	4.7	4.2	3.6
EV/EBITA (adj.)*		4.9	5.6	4.7	4.2	3.6
EV/EBIT		5.4	10.0	7.0	5.6	4.7
EV/EBIT (adj.)*		5.4	10.0	7.0	5.6	4.7
P/E (adj.)		5.7	7.0	5.8	5.9	5.7
P/BV		1.3	0.8	0.7	0.6	0.6
Total Yield Ratio		0.0%	4.0%	4.0%	4.0%	
EV/CE		1.1	0.8	0.7	0.6	0.5
OpFCF yield		11.2%	13.0%	10.7%	14.5%	16.2%
OpFCF/EV		7.8%	11.7%	9.8%	14.7%	18.5%
Payout ratio		n.m.	36.4%	33.6%	31.2%	29.7%
Dividend yield (gross)		44.7%	4.3%	4.3%	4.3%	4.3%
EV AND MKT CAP (EURm)	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
Price** (EUR)		10.10	7.90	7.00	7.00	7.00
Outstanding number of shares for main stock	0.0	13.3	21.7	21.7	21.7	21.7
Total Market Cap		134	171	152	152	152
Net Debt	0	65	25	20	5	-13
<i>o/w Cash & Marketable Securities (-)</i>	<i>0</i>	<i>-12</i>	<i>-42</i>	<i>-44</i>	<i>-50</i>	<i>-58</i>
<i>o/w Gross Debt (+)</i>	<i>0</i>	<i>77</i>	<i>67</i>	<i>64</i>	<i>55</i>	<i>45</i>
Other EV components	0	-6	-6	-6	-6	-6
Enterprise Value (EV adj.)		193	189	166	150	132

Source: Company, Banca Akros estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT -/+ Non Recurrent Expenses/Income - PPA amortisation

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

Sector: Personal Goods/Personal Products

Company Description: The group is the largest European player in the design, distribution and commercialisation of accessories and items related to connected devices like smartphones and tablets. More in particular, CELL conceives, distributes and trades a large range of products divided into three lines: 1) Red division (90% 2018 Sales - the bulk of its product range) 2) Black division (4.8% 2018 Sales - items for moto and motorbikes) and 3) Blue division (4.5% 2018 Sales - third party products). CELL subcontracts the production of its products to leading accessories manufacturers and it distributes them in over 5000 pos over 60 countries through mostly B2C sales channels: CE chains, Mass Merchandisers, Telco and Travel Retail chains. The company has app. EUR 130m of sales of which app. 46% achieved abroad. Employees were 215 units as of end 2018.

European Coverage of the Members of ESN

Aerospace & Defense	Mem(*)	Tubacex	GVC	Food & Drug Retailers	Mem(*)	Haulotte Group	CIC
Airbus Se	CIC	Chemicals	Mem(*)	Carrefour	CIC	Ima	BAK
Dassault Aviation	CIC	Air Liquide	CIC	Casino Guichard-Perrachon	CIC	Interpump	BAK
Figeac Aero	CIC	Arkema	CIC	Jeronimo Martins	CBI	Manitou	CIC
Latecoere	CIC	Electronic & Electrical Eq.	Mem(*)	Marr	BAK	Prima Industrie	BAK
Leonardo	BAK	Rexel	CIC	Sonae	CBI	Prysmian	BAK
Lisi	CIC	Fin. Serv. Holdings	Mem(*)	General Industrials	Mem(*)	Talgo	GVC
Safran	CIC	Cir	BAK	Cembre	BAK	Zardoya Otis	GVC
Thales	CIC	Digital Magics	BAK	Sergeferrari Group	CIC	Industrial Transportation	Mem(*)
Alternative Energy	Mem(*)	Eurazeo	CIC	General Retailers	Mem(*)	Bollore	CIC
Plc	BAK	Ffp	CIC	Emova Group	CIC	Clasquin	CIC
Siemens Gamesa Re	GVC	Rallye	CIC	Fnac Darty	CIC	Cit	CBI
Volitalia	CIC	Tip Tamburi Investment Partners	BAK	Fourlis Holdings	IBG	Insurance	Mem(*)
Automobiles & Parts	Mem(*)	Wendel	CIC	Inditex	GVC	Axa	CIC
Brembo	BAK	Fin. Serv. Industrials	Mem(*)	Jumbo	IBG	Cattolica Assicurazioni	BAK
Ferrari	BAK	Athex Group	IBG	Maisons Du Monde	BAK	Generali	BAK
Fiat Chrysler Automobiles	BAK	Dovalue	BAK	Ovs	BAK	Net Insurance	BAK
Gestamp	GVC	Nexi	BAK	Unieuro	BAK	Unipolsai	BAK
Indelb	BAK	Tinexta	BAK	Healthcare	Mem(*)	Materials, Construction	Mem(*)
Landi Renzo	BAK	Financial Services Banks	Mem(*)	Ab Biotics	GVC	Acs	GVC
Piaggio	BAK	Amundi	CIC	Amplifon	BAK	Aena	GVC
Pininfarina	BAK	Anima	BAK	Atrys Health	GVC	Astaldi	BAK
Plastic Omnium	CIC	Azimut	BAK	Biom'Up	CIC	Atlantia	BAK
Sogefi	BAK	Banca Farmafactoring	BAK	Cerenis	CIC	Buzzi Unicem	BAK
Banks	Mem(*)	Banca Generali	BAK	Crossject	CIC	Capelli	CIC
Alpha Bank	IBG	Banca Ifis	BAK	Diasorin	BAK	Eiffage	CIC
Banca Carige	BAK	Banca Mediolanum	BAK	El.En.	BAK	Ezenfis	GVC
Banca Mps	BAK	Banca Sistema	BAK	Fermentalg	CIC	Fcc	GVC
Bcp	CBI	Finecobank	BAK	Fine Foods	BAK	Ferrovial	GVC
Bnp Paribas	CIC	Poste Italiane	BAK	Genfit	CIC	Groupe Adp	CIC
Bper	BAK	Food & Beverage	Mem(*)	Guerbet	CIC	Groupe Poujolat	CIC
Credem	BAK	Advini	CIC	Korian	CIC	Groupe Sipi S.A.	CIC
Credit Agricole Sa	CIC	Bonduelle	CIC	Oncodesign	CIC	Herige	CIC
Creval	BAK	Campari	BAK	Orpea	CIC	Imerys	CIC
Eurobank	IBG	Coca Cola Hbc Ag	IBG	Recordati	BAK	Kaufman & Broad	CIC
Intesa Sanpaolo	BAK	Danone	CIC	Household Goods	Mem(*)	Lafargeholcim	CIC
Mediobanca	BAK	Ebro Foods	GVC	Abeo	CIC	Maire Tecnimont	BAK
National Bank Of Greece	IBG	Enervit	BAK	De Longhi	BAK	Maisons France Confort	CIC
Nafis	CIC	Fleury Michon	CIC	Elica	BAK	Mota Engil	CBI
Piraeus Bank	IBG	Italian Wine Brands	BAK	Fila	BAK	Obrascon Huarte Lain	GVC
Rothschild & Co	CIC	La Doria	BAK	Groupe Seb	CIC	Sacyr	GVC
Societe Generale	CIC	Lanson-Bcc	CIC	Industrial Engineering	Mem(*)	Saint Gobain	CIC
Ubi Banca	BAK	Laurent Perrier	CIC	Alstom	CIC	Salmi Impregilo	BAK
Unicredit	BAK	Ldc	CIC	Biesse	BAK	Sias	BAK
Basic Resources	Mem(*)	Massimo Zanetti	BAK	Caf	GVC	Sonae Industria	CBI
Acerinox	GVC	Orsero	BAK	Carraro	BAK	Tarkett	CIC
Altri	CBI	Pernod Ricard	CIC	Cnh Industrial	BAK	Thermador Groupe	CIC
Arcelormittal	GVC	Remy Cointreau	CIC	Danieli	BAK	Titan Cement	IBG
Corticeira Amorim	CBI	Tipiak	CIC	Dalalogic	BAK	Trevi	BAK
Ence	GVC	Vidrala	GVC	Emak	BAK	Vicat	CIC
Mytilineos	IBG	Vilmorin	CIC	Exel Industries	CIC	Vinci	CIC
Semapa	CBI	Viscofan	GVC	Fincantieri	BAK		
The Navigator Company	CBI	Vranken Pommery Monopole	CIC	Groupe Gorge	CIC		

Media	Mem(*)	Interparfums	CIC	Technology Hardware & Eq.	Mem(*)	Enel	BAK
Arnoldo Mondadori Editore	BAK	Kering	CIC	Adeunis	CIC	Erg	BAK
Atresmedia	GVC	Lvmh	CIC	Evolis	CIC	Eydap	IBG
Cairo Communication	BAK	Moncler	BAK	Hf Company	CIC	Falck Renewables	BAK
Cofina	CBI	Saïlo	BAK	Ingenico	CIC	Greenalia	GVC
Digital Bros	BAK	Salvatore Ferragamo	BAK	Memscap	CIC	Hera	BAK
Digitouch	BAK	Sarantis	IBG	Osmozis	CIC	Iberdrola	GVC
Gedi Gruppo Editoriale	BAK	Smcp	CIC	Stmicroelectronics	BAK	Iren	BAK
GI Events	CIC	Swatch Group	CIC	Telecommunications	Mem(*)	Italgas	BAK
Il Sole 24 Ore	BAK	Technogym	BAK	Acotel	BAK	Naturgy	GVC
Impresa	CBI	Tod'S	BAK	Alice Europe	CIC	Public Power Corp	IBG
lol	BAK	Real Estate	Mem(*)	Bouygues	CIC	Red Electrica Corporacion	GVC
Ipsos	CIC	Grivalia	IBG	Euskaltel	GVC	Ren	CBI
Jodecaux	CIC	Igd	BAK	Iliad	CIC	Snam	BAK
Lagardere	CIC	Lar España	GVC	Masmovil	GVC	Solaria	GVC
M6-Metropole Television	CIC	Merlin Properties	GVC	Nos	CBI	Terna	BAK
Mediaset	BAK	Reala	GVC	Orange	CIC		
Mediaset Espana	GVC	Terreis	CIC	Ote	IBG		
Nrj Group	CIC	Software & Computer Ser.	Mem(*)	Telecom Italia	BAK		
Publicis	CIC	Agile Content	GVC	Telefonica	GVC		
Rcs Mediagroup	BAK	Akka Technologies	CIC	Tiscali	BAK		
Solocal Group	CIC	Alten	CIC	Vodafone	BAK		
Teleperformance	CIC	Altran	CIC	Travel & Leisure	Mem(*)		
Tf1	CIC	Amadeus	GVC	Accor	CIC		
Ubisoft	CIC	Assystem	CIC	Aegean Airlines	IBG		
Vivendi	CIC	Atos	CIC	Autogrill	BAK		
Vogo	CIC	Axway Software	CIC	Beneteau	CIC		
Oil & Gas Producers	Mem(*)	Capgemini	CIC	Compagnie Des Alpes	CIC		
Ecoslops	CIC	Cast	CIC	Eilor	CIC		
Enauta	CBI	Calenon	GVC	Europcar	CIC		
Eni	BAK	Econocom	CIC	Gamenet	BAK		
Galp Energia	CBI	Esi Group	CIC	Groupe Partouche	CIC		
Gas Plus	BAK	Exprivia	BAK	I Grandi Viaggi	BAK		
Hellenic Petroleum	IBG	Gigas Hosting	GVC	Ibersol	CBI		
Maurel Et Prom	CIC	Gpi	BAK	Intralot	IBG		
Motor Oil	IBG	Groupe Open	CIC	Melia Hotels International	GVC		
Repsol	GVC	Indra Sistemas	GVC	Nh Hotel Group	GVC		
Total	CIC	Neurones	CIC	Opap	IBG		
Oil Services	Mem(*)	Novabase	CBI	Pierre Et Vacances	CIC		
Bourbon	CIC	Reply	BAK	Sg Company	BAK		
Cgg	CIC	Sii	CIC	Sodexo	CIC		
Gaztransport Et Technigaz	CIC	Sopra Steria Group	CIC	Sonae Capital	CBI		
Rubis	CIC	Visiativ	CIC	Trigano	CIC		
Saipem	BAK	Support Services	Mem(*)	Utilities	Mem(*)		
Technipmc Plc	CIC	Bureau Veritas	CIC	A2A	BAK		
Tecnicas Reunidas	GVC	Cellnex Telecom	GVC	Acciona	GVC		
Tenaris	BAK	Edenred	CIC	Acea	BAK		
Vallourec	CIC	Enav	BAK	Albioma	CIC		
Personal Goods	Mem(*)	Fiera Milano	BAK	Derichebourg	CIC		
Basicnet	BAK	Inwit	BAK	Edp	CBI		
Cie Fin. Rlichemont	CIC	Openjobmetis	BAK	Edp Renováveis	CBI		
Geox	BAK	Rai Way	BAK	Enagas	GVC		
Hermes Intl.	CIC			Endesa	GVC		

LEGEND: BAK: Banca Akros; CIC: CM CIC Market Solutions; CBI: Caixa-Banco de Investimento; GVC: GVC Gaesco Beksas, SV, SA; IBG: Investment Bank of Greece,;as 1st June 2019

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(**) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts



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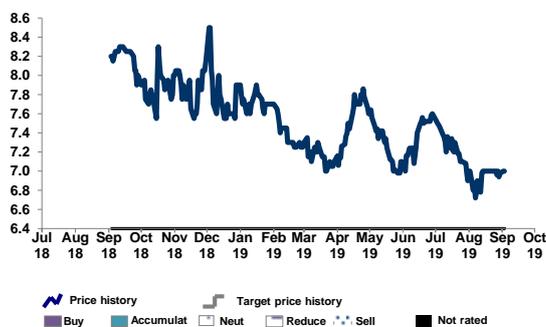
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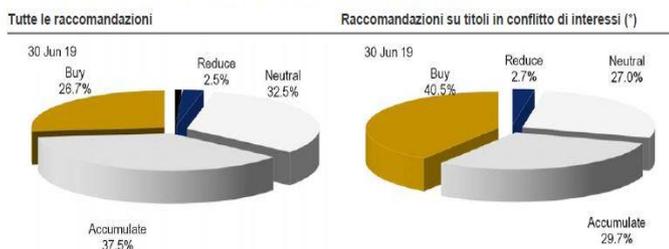
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Percentuale delle raccomandazioni al 30 giugno 2019



(*) Si informa che la percentuale degli emittenti in potenziale conflitto di interessi con Banca Akros è pari al 30.83% del totale degli emittenti oggetto di copertura

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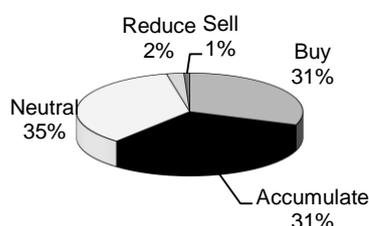
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- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
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- **Not Rated:** there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

Banca Akros Ratings Breakdown



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Date and time of production: **04 September 2019 – 11:08 CET**

First date and time of dissemination: **04 September 2019 – 11:13 CET**



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