

# CELLULARLINE

# BUY

SECTOR: Consumers

Price (Eu):

7.08

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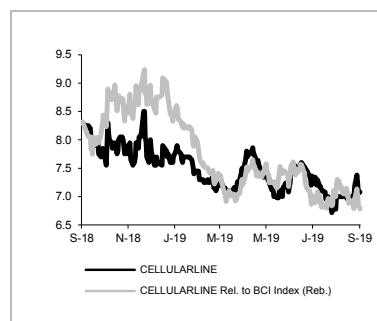
Target Price (Eu):

10.70

## 1H19 In Line: Double-Digit Top Line Growth, Slight Drop in Profitability

- Interim sales confirm +14% YoY growth.** Cellularline reported 1H19 results that were in line with expectations and with the growth rate reported by the company in the first 4 months of 2019: sales rose 13.5% YoY to Eu55.3mn (vs. +13% expected), with the recently-acquired Systemaltalia contributing some 50%. The adjusted EBITDA margin fell slightly (-50bp to 16.6%) due to a weaker channel/product mix and a higher cost base at the acquired company. D&A and tax rate were in line with expectations. Adjusted net profit reached Eu6.2mn, Eu4mn higher than the reported figure due to one-offs mainly relating to the costs of the business combination (Eu0.97mn in 2019), extraordinary/ M&A costs (Eu0.6mn), amortisation and PPA (Eu2mn). Net debt closed at Eu39.6mn from Eu25mn at the end of 2018 after Eu12mn of regular loan repayments and a dividend cash-out, plus the Systemaltalia deal and some share repurchases.
- Strong sales growth rate affecting profitability, although floor should have been reached.** 1H sales were Eu6.6mn above the 1H18 figure, o/w Eu3.1mn organic growth from strategic initiatives implemented at the end of last year plus the absence of the negative factors that had affected the Italian CE market. The Red Line (protection, charge, voice, wearables; 85% of revenues) performed best thanks to i) Systemaltalia, ii) a new distribution contract with a leading CE player, iii) new products/services and iv) the excellent performance of AQL sales. Foreign sales increased 4.4% YoY, a slight slowdown from FY18 growth, and accounted for 43% of total revenues. Dealing with this top line performance led to margin dilution, as the impact of COGS was up 260bp YoY, half resulting from the Systemaltalia integration and the other half affected by a weaker channel/client mix and high AQL sales, where the company is enacting an aggressive pricing policy for rapid market penetration. Nevertheless, management does not expect the operating margin to weaken further, as cost synergies with Systemaltalia should emerge soon and additional new products are being developed, particularly under the AQL brand. The company does not foresee any specific negative elements that could reduce future profitability further, except for a hypothetical new consolidation phase in the CE sector, which would mean lower bargaining power for Cellularline but, at the same time, much larger distribution contracts.
- Fine-tuning gross margin estimates.** We have updated our FY19 estimates, trimming organic sales forecasts on the back of a lower contribution from European sales, and factoring in slightly weaker profitability for the reasons outlined above. We are therefore lowering adj. estimates by 4% for 2019 and 2020 and by 2.4% for 2021.
- BUY reiterated; target Eu10.7.** After accounting for a fine-tuning of estimates and a conservative outlook on the Huawei distribution agreement and international sales, we are shaving our target price from Eu11 to Eu10.7, while reiterating our positive stance on the company based on management's ability to deliver strong results and likely M&A catalysts. The stock also offers an attractive 13% FCF yield as well as a 4.8% dividend yield (avg 19/20).

### CELLULARLINE - 12m Performance



RATING: Unchanged

TARGET PRICE (Eu): from 11.00 to 10.70

Ch. in Adj. EPS est:	2019E	2020E
	-4.0%	-4.3%

### STOCK DATA

Reuters code:	CELL.MI
Bloomberg code:	CELL IM

Performance	1m	3m	12m
Absolute	1.4%	-2.2%	-14.7%
Relative	-6.3%	-8.3%	-19.1%
12 months H/L:	8.50/6.72		

### SHAREHOLDER DATA

No. of Ord. shares (mn):	23
Total No. of shares (mn):	23
Mkt Cap Ord (Eu mn):	160
Total Mkt Cap (Eu mn):	160
Mkt Float - ord (Eu mn):	98
Mkt Float (in %):	61.0%
Main shareholder:	
Private Equity funds	14.0%

### BALANCE SHEET DATA

	2019
Book value (Eu mn):	189
BVPS (Eu):	8.38
P/BV:	0.8
Net Financial Position (Eu mn):	-26
Enterprise value (Eu mn):	186

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on the last page of this report

Key Figures	2017A	2018A	2019E	2020E	2021E
Sales (Eu mn)	139	130	150	161	166
Ebitda (Eu mn)	39	28	33	38	40
Net profit (Eu mn)	24	17	18	20	22
EPS - New Adj.(Eu)	1.062	1.019	1.033	1.074	1.139
EPS - Old Adj.(Eu)	1.062	1.019	1.076	1.122	1.167
DPS (Eu)	0.000	0.271	0.317	0.362	0.362

Ratios & Multiples	2017A	2018A	2019E	2020E	2021E
P/E Adj.	6.7	6.9	6.9	6.6	6.2
Div. Yield	0.0%	3.8%	4.5%	5.1%	5.1%
EV/Ebitda Adj.	5.8	5.4	5.3	4.4	3.7
ROCE	22.9%	9.8%	11.1%	13.4%	14.8%

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**CELLULARLINE - KEY FIGURES**

		2017A	2018A	2019E	2020E	2021E
	Fiscal year end	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021
<b>PROFIT &amp; LOSS (Eu mn)</b>	Sales	139	130	150	161	166
	EBITDA	39	28	33	38	40
	EBIT	36	19	24	28	31
	Financial income (charges)	(2)	(7)	(2)	(2)	(1)
	Associates & Others	0	0	0	0	0
	Pre-tax profit (Loss)	33	12	22	27	29
	Taxes	(10)	5	(4)	(7)	(8)
	Tax rate (%)	28.7%	-45.3%	19.8%	24.8%	25.9%
	Minorities & discontinue activities	0	0	(0)	(0)	(0)
	Net profit	24	17	18	20	22
	Total extraordinary items	(0)	(2)	(2)	0	0
	Ebitda excl. extraordinary items	39	34	35	38	40
	Ebit excl. extraordinary items	36	31	32	34	36
Net profit restated	24	23	23	24	26	
<b>PER SHARE DATA (Eu)</b>	Total shares out (mn) - average fd	23	23	23	23	23
	EPS stated fd	1.047	0.746	0.784	0.885	0.954
	EPS restated fd	1.062	1.019	1.033	1.074	1.139
	BVPS fd	4.641	8.483	8.376	8.983	9.580
	Dividend per share (ord)	0.000	0.271	0.317	0.362	0.362
	Dividend per share (sav)	0.000	0.000	0.000	0.000	0.000
	Dividend pay out ratio (%)	0.0%	36.4%	40.4%	40.9%	37.9%
<b>CASH FLOW (Eu mn)</b>	Gross cash flow	28	26	27	33	34
	Change in NWC	(5)	(1)	(9)	(3)	(3)
	Capital expenditure	(2)	(2)	(3)	(3)	(3)
	Other cash items	0	(3)	(6)	0	0
	Free cash flow (FCF)	9	23	16	25	27
	Acquisitions, divestments & others	0	0	(5)	0	0
	Dividend	(60)	0	(6)	(7)	(8)
	Equity financing/Buy-back	0	20	0	0	0
Change in Net Financial Position	(39)	40	(2)	20	20	
<b>BALANCE SHEET (Eu mn)</b>	Total fixed assets	110	180	174	167	161
	Net working capital	60	61	70	73	76
	Long term liabilities	(1)	(25)	(28)	(31)	(34)
	Net capital employed	170	216	215	209	202
	Net financial position	(65)	(24)	(26)	(6)	14
	Group equity	105	192	189	203	217
	Minorities	0	0	0	0	0
Net equity	105	192	189	203	217	
<b>ENTERPRISE VALUE (Eu mn)</b>	Average mkt cap - current	160	160	160	160	160
	Adjustments (associate & minorities)	0	0	0	0	0
	Net financial position	(65)	(24)	(26)	(6)	14
	Enterprise value	225	185	186	166	146
<b>RATIOS(%)</b>	EBITDA margin*	28.0%	26.2%	23.4%	23.4%	24.0%
	EBIT margin*	25.6%	23.7%	21.2%	21.3%	21.9%
	Gearing - Debt/equity	62.0%	12.8%	13.8%	3.1%	-6.5%
	Interest cover on EBIT	14.4	2.6	13.8	18.7	23.2
	Debt/Ebitda	1.67	0.88	0.79	0.17	nm
	ROCE*	22.9%	9.8%	11.1%	13.4%	14.8%
	ROE*	21.6%	11.4%	9.3%	10.2%	10.3%
	EV/CE	1.4	1.0	0.9	0.8	0.7
	EV/Sales	1.6	1.4	1.2	1.0	0.9
	EV/Ebit	6.3	6.0	5.8	4.9	4.0
Free Cash Flow Yield	5.4%	14.5%	9.8%	15.8%	16.8%	
<b>GROWTH RATES (%)</b>	Sales	-15.2%	-7.0%	15.8%	6.8%	3.5%
	EBITDA*	0.5%	-13.0%	3.4%	6.9%	6.1%
	EBIT*	0.2%	-13.8%	3.6%	7.4%	6.4%
	Net profit	200.0%	-28.7%	5.1%	12.8%	7.8%
	EPS restated	4.5%	-4.1%	1.4%	4.0%	6.1%

\* Excluding extraordinary items

Source: Intermonte SIM estimates

## 1H19 results

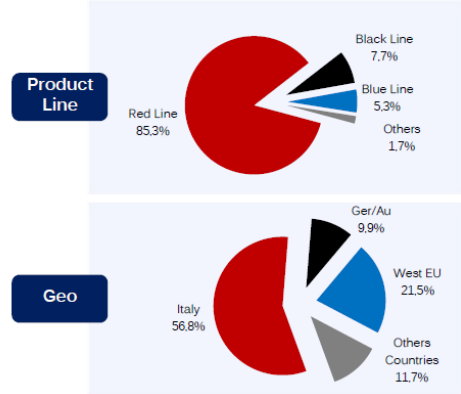
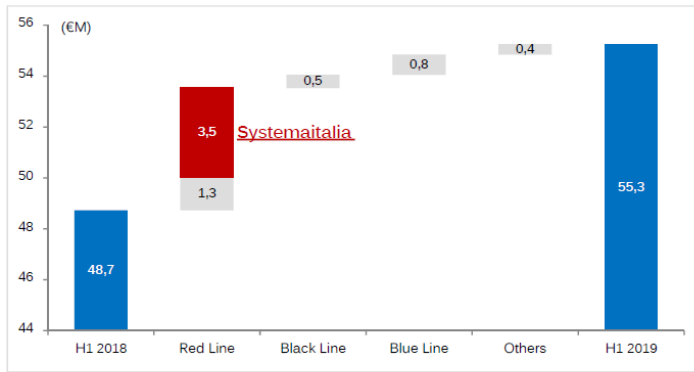
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### Cellularline – 1H19 results

P&L (EuMn)	1H18A	1H19E
<b>Total Value of Production</b>	<b>48.7</b>	<b>55.3</b>
% YoY		13.5%
<b>EBITDA reported</b>	<b>-0.9</b>	<b>3.2</b>
% margin	(1.8%)	5.8%
% YoY		nm
D&A	4.2	4.5
<b>EBITDA adjusted</b>	<b>8.3</b>	<b>9.2</b>
% margin	17.1%	16.6%
% YoY		10.3%
<b>EBIT adjusted</b>	<b>7.0</b>	<b>7.6</b>
% margin	14.4%	13.8%
% YoY		8.4%
<b>Pretax profits reported</b>	<b>-9.6</b>	<b>2.4</b>
% YoY		nm
<b>Net profit reported</b>	<b>-0.4</b>	<b>2.6</b>
% margin	(0.9%)	4.7%
% YoY		nm
<b>Net Profit Restated</b>	<b>4.7</b>	<b>6.2</b>
% margin	9.6%	11.2%
% YoY		32.6%

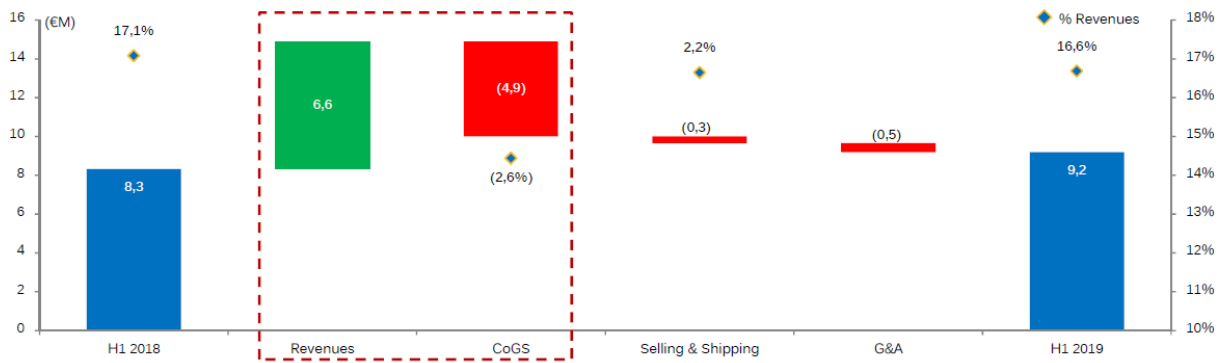
Source: Intermonte SIM and company data

Cellularline – 1H19 results



Source: company data

Cellularline – 1H19 results



Source: company data

## Change in estimates

**Strong sales growth rate affecting profitability, although floor should have been reached.** 1H sales were Eu6.6mn above the 1H18 figure, o/w Eu3.1mn organic growth from strategic initiatives implemented at the end of last year plus the absence of the negative factors that had affected the Italian CE market. The Red Line (protection, charge, voice, wearables; 85% of revenues) performed best thanks to i) Systemaitalia, ii) a new distribution contract with a leading CE player, iii) new products/services and iv) the excellent performance of AQL sales. Foreign sales increased 4.4% YoY, a slight slowdown from FY18 growth, and accounted for 43% of total revenues. Dealing with this top line performance led to margin dilution, as the impact of COGS was up 260bp YoY, half resulting from the Systemaitalia integration and the other half affected by a weaker channel/client mix and high AQL sales, where the company is enacting an aggressive pricing policy for rapid market penetration. Nevertheless, management does not expect the operating margin to weaken further, as cost synergies with Systemaitalia should emerge soon and additional new products are being developed, particularly under the AQL brand. The company does not foresee any specific negative elements that could reduce future profitability further, except for a hypothetical new consolidation phase in the CE sector, which would mean lower bargaining power for Cellularline but, at the same time, much larger distribution contracts.

**Fine-tuning estimates on the gross margin.** We have updated our FY19 estimates, trimming organic sales forecasts on the back of a lower contribution from European sales, and factoring in slightly weaker profitability for the reasons outlined above. We are therefore lowering adj. estimates by 4% for 2019 and 2020 and by 2.4% for 2021.

### Cellularline – Change in estimates

(Eu mn)	2018A	2019E	2020E	2021E
<b>Value of production new</b>	<b>129.7</b>	<b>150.2</b>	<b>160.5</b>	<b>166.1</b>
Value of production old		151.9	164.3	170.1
% change		(1.1%)	(2.3%)	(2.3%)
% YoY		15.8%	6.8%	3.5%
<b>EBITDA recurring new</b>	<b>34.0</b>	<b>35.1</b>	<b>37.6</b>	<b>39.9</b>
EBITDA recurring old		36.5	39.2	40.8
% change		(3.9%)	(4.2%)	(2.3%)
% YoY		3.4%	6.9%	6.1%
<b>EBIT recurring new</b>	<b>30.7</b>	<b>31.8</b>	<b>34.2</b>	<b>36.4</b>
EBIT recurring old		33.2	35.7	37.2
% change		(4.1%)	(4.3%)	(2.3%)
% YoY		3.6%	7.4%	6.4%
<b>Pretax profit recurring new</b>	<b>23.3</b>	<b>24.2</b>	<b>26.8</b>	<b>29.2</b>
Pretax profit recurring old		25.6	28.4	30.1
% change		(5.3%)	(5.5%)	(2.9%)
% YoY		4.0%	10.7%	8.8%
<b>Net profit restated new</b>	<b>23.0</b>	<b>23.3</b>	<b>24.3</b>	<b>25.7</b>
Net profit recurring old		24.3	25.4	26.4
% change		(4.0%)	(4.3%)	(2.4%)
% YoY		1.4%	4.0%	6.1%

Source: Intermonte SIM and company data

## SWOT Analysis

### Strengths

- **Strong market positioning in all main EU countries.** Market leader in Italy and Austria and among top 3 players in Germany, Belgium and Netherlands;
- **State-of-the-art business intelligence system.** The trade-marketing phase performs a deep data analysis that allows superior operations management;
- **Management's outstanding background.** Cellularline's managers boast careers spent in senior positions at top-notch firms in the corporate world;
- **Flexibility.** Outsourcing production makes the company responsive to changing customer needs.

### Opportunities

- **Internationalisation.** Development of the international presence in those markets where the company is already an important player through higher penetration with both existing and new products;
- **Sizeable market in constant evolution.** Specific segments are forecast to grow significantly in both Italy and Europe. New uses for smartphones are constantly being found, generating new requirements in terms of accessory devices;
- **Online growth.** This opportunity could be pursued faster in the event of an acquisition;
- **Penetration of new offline channels.**

### Weaknesses

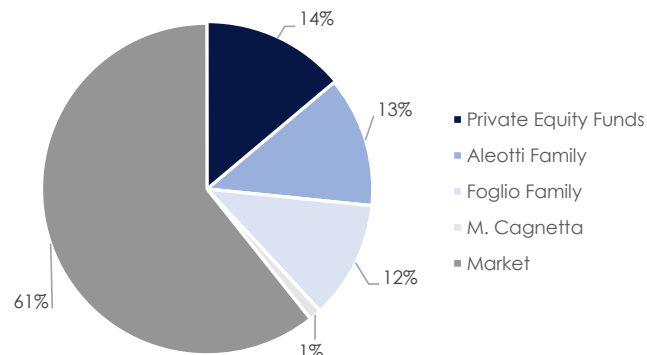
- **High competition** among product categories for which differentiation is more difficult;
- **Online** is still an underpenetrated channel by the company;
- **Dependence** on external producers for product manufacturing;
- **Limited diversification** of sourcing in terms of geographical area (Guandong district in China) leading to invoice currency exposure.

### Threats

- **Technological disruption.** Rapid changes in the market might disrupt Cellularline's best-selling product lines;
- **Consumer electronics,** the group's main selling channel, has recently come under pressure from large online competitors;
- **Reputation.** Unsuccessful execution of flagship projects;
- **M&A execution.** Difficulties in integrating acquired companies if major deals are completed.

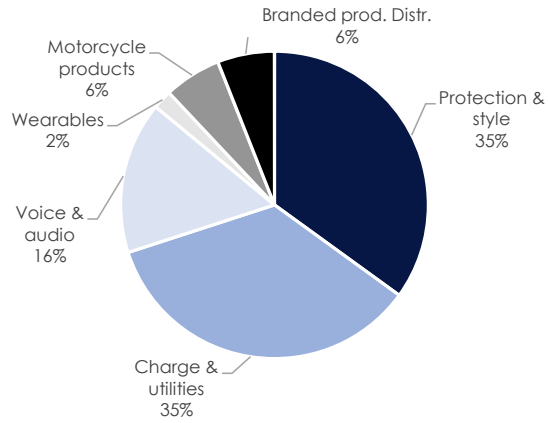
Source: Intermonte SIM

### Cellularline – Ownership (based on voting rights)



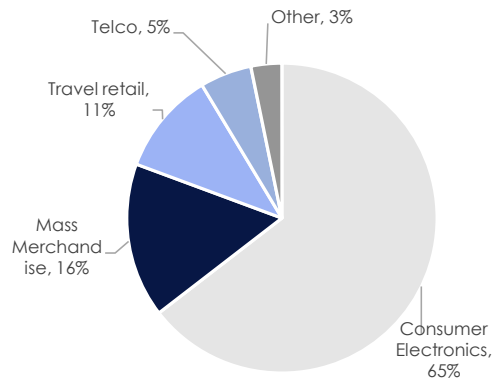
Source: Intermonte SIM and company data; Market includes 7% of sponsors' shares with 12M lock-up

**Cellularline – Revenue breakdown by category (FY18E)**



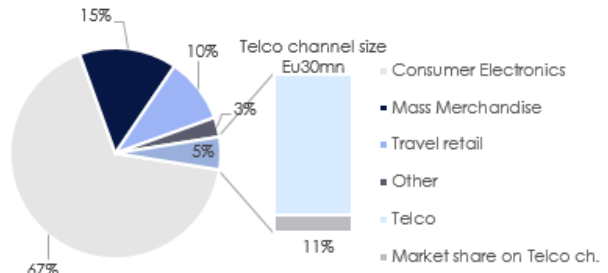
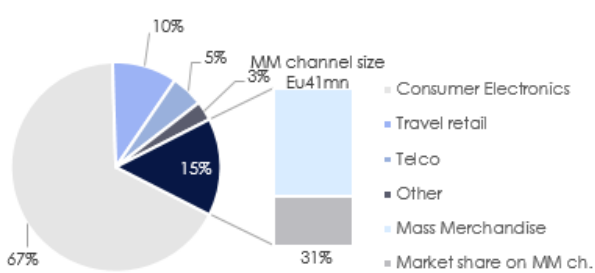
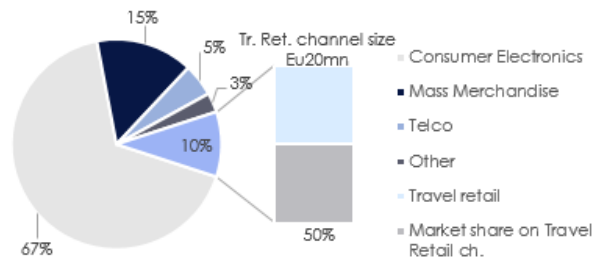
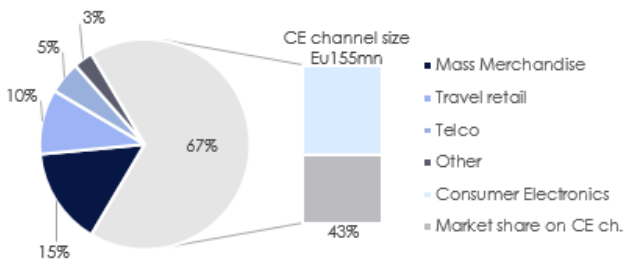
Source: Intermonte SIM estimate

**Cellularline – Revenue breakdown by channel (FY18E)**



Source: Intermonte SIM estimate

**Cellularline – Sales by distribution channel (pie charts), relative size and market share in Italy for each channel (9M17)**



Source: Intermonte SIM and company data

## Business

Cellularline is one of the main operators across Europe in the design, distribution and commercialisation of accessories and ancillary devices for mobile phones and tablets (so-called connectivity devices). Cellularline's huge product range is divided into three main lines:

### Product portfolio

- **Red line:**
  - i. Protection & style, including cases and screen protectors for smartphones and tablets
  - ii. Charge & utilities, including power banks, chargers, cables and car accessories (e.g. adapters, chargers powered from the cigarette lighter socket, etc.)
  - iii. Voice & audio, including headsets, earphones, speakers, and audio cables, all of which in different versions and technologies (e.g. Bluetooth)
  - iv. Wearables, including smart watches, fitness trackers, and virtual-reality headmounts
- **Black line:** Entirely composed of motorbike/bike-related products, including interphones and mountings for on-board devices.
- **Blue line:** third-party products supplied to Cellularline for promotion and marketing purposes. This includes SanDisk and Vivanco products.

### Distribution channels

Cellularline products are mainly sold through five distribution channels:

1. **Consumer Electronics.** The major retail chains selling consumer electronics products that also operate as integrated omnichannel distributors, e.g. Unieuro, Mediaworld, Euronics, Expert, Trony and Saturn. This includes sales through e-commerce sites of third-party distributors.
2. **Mass Merchandise.** Supermarkets and hypermarkets such as Carrefour, Auchan, Intermarché, Ipercoop and E. Leclerc.
3. **Travel retail.** This channel targets travellers via third-party points of sale (e.g. Autogrill, Hudson News, Relay, and Chef Express) at major rail stations, airport terminals, and motorway service stations;
4. **Telco.** Tied points of sale and websites of mobile operators like TIM, Vodafone, Turkcell, Wind, and Sunrise; non-tied points of sale (Thephonehouse).
5. **Other channels.** Minor distribution channels include the company's new website, up and running since 2016, and specialist e-commerce websites (i.e. CE websites and Telco websites), including eBay and Amazon's marketplace. It is worth noting that the company website enables users to search for specific products by device, product category or interest (e.g. fashion, work, sport, travel, etc.).



## Value chain

### Cellularline value chain



Source: Company data

- **Product development.** The company brings new products into being through its own R&D division, which encompasses design, development, prototyping, engineering for mass production, and packaging. This activity makes use of quantitative and qualitative data on market trends as well as consumer preferences on an individual level regarding product purchases. Cellularline relies on sector leaders such as Ipsos and GFK for market research.
- **Supply.** Cellularline outsources manufacturing of all its products to foreign plants. Most suppliers are in the Guangdong district of China, where all the main consumer electronics firms have operations. On the one hand, outsourcing offers Cellularline great flexibility on production volume and capacity, making it easier to obtain better wholesale prices; on the other, it enables varied manufacturing technologies to be employed. The supply chain is overseen directly by top management, supported by the marketing and R&D divisions, in order to optimise the choice of suppliers and the development of its product range. Given that the company is among the leaders on the European market, it enjoys very high bargaining power with Chinese producers: high volumes enable exclusive agreements to be signed for a specific product or technology in a given geographical market and/or for a certain period of time.
- **Logistics and warehouse.** Incoming logistics involves taking delivery of products at the Campogalliano warehouse. Logistics is entirely outsourced to a third-party supplier that manages all logistics and distribution in Italy, and in some cases for foreign distribution.
- **Marketing and sales.** Marketing supports brand development and growth, and brand recognition. Marketing and communications activities are planned throughout the year to give appropriate support to sales as well as to reinforce brand awareness, and are mainly carried out through the online channel;
- **Trade marketing.** Determined independently by Cellularline for each product category, and involving the following steps:
  - (i). Definition of the product range for the individual sales point;
  - (ii). Visual merchandising i.e. deciding how to display the products at sales points based on the choice and format of the products concerned, the environment, illumination, and the graphics for the display area.
  - (iii). Creation and provision of advertising materials for the Cellularline product displays at each sales point in order to increase visibility and cross-selling potential; to this end Cellularline provides training to point of sale staff;
  - (iv). Planning related promotional material: seasonal/special offers, leaflets and flyers, online advertising banners, pop-ups or layers.

**Focus on data analytics supporting the beginning and the end of the value chain.** Cellularline carries out market research to identify consumer trends as well as keeping abreast of product-related technological developments, in order to ensure that it provides its customers with advance products in tune with market trends.

On the one hand, the company carries out market analysis aimed at discovering where the market is going, what the next innovation will be, and what new customer requirements are emerging; on the other, it dedicates an IT system to looking at operations management efficiency. The former aids research and development, while the latter supports supply chain efficiency. It is worth pointing out that the innovation rate of product offering is very high: 35-40% of the top line is made of newly launched products. A key success factor is maintaining efficient supply chain management: this is clearly a strong point for Cellularline which featured an inventory obsolescence rate of only 2% in 2016.

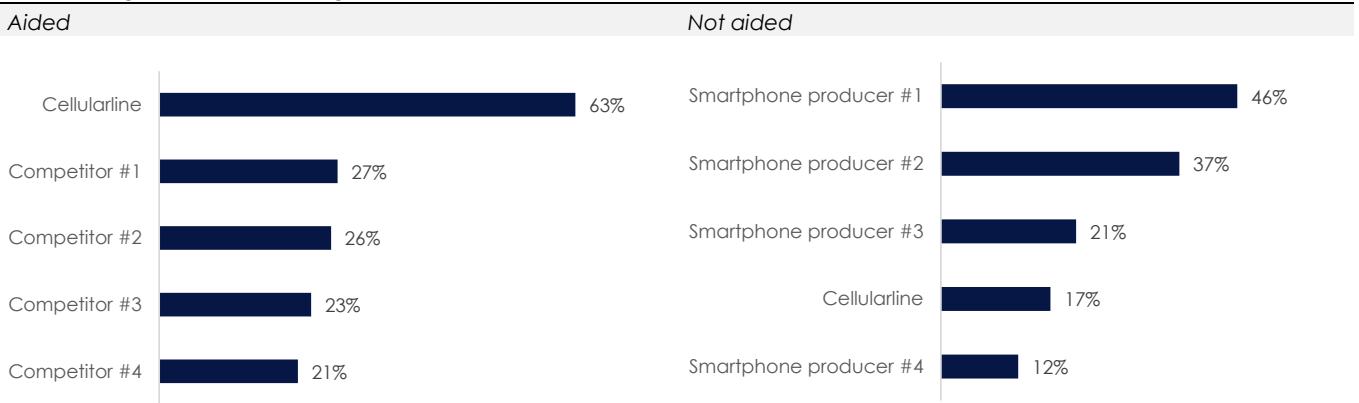
In particular, the company has implemented an IT system that feeds management and all the relevant divisions with data on current sales trends, almost in real time as there is a week's delay, for more than 3,000 points of sale. This data provides management with first-hand knowledge of how products are doing and how to react, as well as the ability to supply PoS very efficiently. As management knows exactly what a store sold the week before, it can optimise orders to the distributor. Since this is a real benefit for the seller because he gets better margins from the area of his store dedicated to Cellularline, he usually offers better margins the company, the relationship is reinforced, and the bargaining power of customers is therefore weaker.

This represents a key competitive advantage for Cellularline; the company has invested a lot in this and will keep doing so in 2018.

**Brand recognition**

Cellularline closely monitors its brand recognition. According to consumer surveys, Cellularline is the most recognized brand for smartphone accessories in Italy in aided awareness surveys (multiple choice). In non-aided surveys, the company comes immediately behind top smartphone producers.

**Brand recognition in Italy among competitors specialized in smartphone accessories**



Source: Company data based on ad-hoc research

## CELLULARLINE Peer Group - Absolute Performances

Stock	Price	Ccy	Mkt cap	1M	3M	6M	YTD	1Y	2Y
<b>CELLULARLINE</b>	<b>7.08</b>	<b>EUR</b>	<b>160</b>	<b>1.4%</b>	<b>-2.2%</b>	<b>-1.7%</b>	<b>-10.4%</b>	<b>-14.7%</b>	<b>-31.7%</b>
ACCO BRANDS	10.03	USD	982	4.9%	28.9%	11.8%	47.9%	-17.4%	-10.0%
FILA	14.44	EUR	735	11.6%	8.2%	2.8%	7.0%	-17.0%	-22.5%
PLANTRONICS	35.74	USD	1,414	22.2%	-24.0%	-26.4%	8.0%	-43.6%	-15.8%
ZAGG	6.47	USD	188	14.3%	-5.8%	-32.8%	-33.8%	-58.3%	-49.6%
<b>Mean performance</b>				<b>10.9%</b>	<b>1.0%</b>	<b>-9.3%</b>	<b>3.7%</b>	<b>-30.2%</b>	<b>-25.9%</b>
<b>Italy FTSE Mib</b>	22,181.4	EUR		8.0%	7.5%	6.9%	21.1%	6.4%	-0.2%

Source: FactSet

## CELLULARLINE Peer Group - Multiple Comparison

Stock	Price	Ccy	Mkt cap	EV/Sales	EV/Sales	EV/Ebitda	EV/Ebitda	EV/Ebit	EV/Ebit	P/E	P/E	Div Yield	Div Yield
				2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
<b>CELLULARLINE</b>	<b>7.08</b>	<b>EUR</b>	<b>160</b>	<b>1.2</b>	<b>1.0</b>	<b>5.3</b>	<b>4.4</b>	<b>5.8</b>	<b>4.9</b>	<b>6.9</b>	<b>6.6</b>	<b>4.5%</b>	<b>5.1%</b>
ACCO BRANDS	10.03	USD	982							8.5	7.5		
FILA	14.44	EUR	735	1.8	1.6	11.1	9.7	14.8	12.7	16.8	13.9	0.8%	0.9%
PLANTRONICS	35.74	USD	1,414							6.2	5.5		
ZAGG	6.47	USD	188	0.4	0.4	4.0	3.2	8.2	4.9	10.3	6.4		
<b>Median</b>				<b>1.1</b>	<b>1.0</b>	<b>7.5</b>	<b>6.5</b>	<b>11.5</b>	<b>8.8</b>	<b>9.4</b>	<b>7.0</b>	<b>0.8%</b>	<b>0.9%</b>

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

## CELLULARLINE - Estimates Comparison with Consensus

(Eu mn)	2019			2020		
	Intermonte	Consensus	%diff	Intermonte	Consensus	%diff
<b>Revenues</b>	150.2	147.7	1.7%	160.5	156.7	2.4%
<b>Ebitda</b>	33.1	35.0	-5.5%	37.6	36.7	2.2%
<b>Net Profit</b>	17.7	17.9	-1.2%	20.0	19.8	0.9%
<b>EPS</b>	1.033	1.139	-9.3%	1.074	1.135	-5.4%
<b>Net Debt</b>	(26.1)	(22.1)	17.8%	(6.3)	(13.7)	-54.3%

Source: Intermonte SIM estimates and Factset consensus estimates

## DETAILS ON STOCKS RECOMMENDATION

Stock NAME	CELLULARLINE		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	10.70	Previous Target (Eu):	11.00
Current Price (Eu):	7.08	Previous Price (Eu):	7.10
Date of report:	16/09/2019	Date of last report:	25/07/2019

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

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NEUTRAL:	35,82 %
UNDERPERFORM	03,73 %
SELL:	00,00 %

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THESPAC	0,91	LONG
VEI 1	0,65	LONG
WASTE ITALIA	0,65	SHORT

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