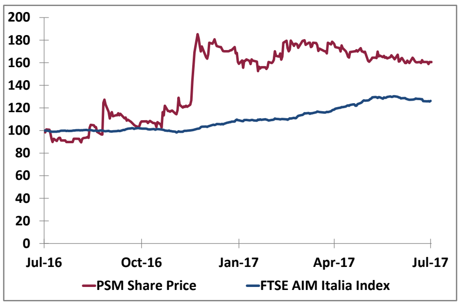
Fruits of continued effort in the turnaround process

NEUTRAL

Current Share Price (€): 1.70

Target Price (€): 1.94

PSM – 1Y Performance



Source: S&P Capital IQ - Note: 27/7/2016=100

Company data

Bloomberg code	PRM IM
Reuters code	PRSM.MI
Share Price (€)	1.70
Date of Price	28/07/2017
Shares Outstanding (m)	6.7
Market Cap (€m)	11.3
Market Float (%)	76.8%
Daily Volume	3,120
Avg Daily Volume YTD	16,877
Target Price (€)	1.94
Upside (%)	14%
Recommendation	NEUTRAL

Share price performance

	1M	3M	1Y
PSM - Absolute (%)	-1%	-8%	63%
FTSE AIM Italia (%)	-2%	6%	26%
1Y Range H/L (€)		1.96	0.95
YTD Change (€) / %		-0.18	-10%

Source: S&P Capital IQ

Luigi Tardella - Co-Head of Research
tardellaresearch@advisory.envent.it

Viviana Sepe - Research Analyst
vsepe@advisory.envent.it

EnVent Capital Markets Limited
42, Berkeley Square - London W1J 5AW (UK)
Phone +44 (0) 20 35198451

Forward again beginning with 2016 sales

In FY16 PSM reported consolidated net sales at €11.8m (+37% YoY), towards the recovery of FY14 sales volumes, and returned to operating profitability, with a consolidated EBITDA of €0.4m (3% margin). On the balance sheet side, the overdue receivables balance stood at €8m as of December 2016 (same level compared to June 2016). Net debt at year-end 2016 increased to €12.7m (from €10.6m as of December 31st, 2015).

Releasing our estimates

We expect the Company to fully recover the 2014 pre-crisis revenue level in 2017 and have consistently set net sales at €16m, a conservative assumption compared to Management's guidance for 2017. On the profitability side, our estimates look even more cautious, with an EBITDA margin at over 10% of sales, vs. Management's forecast at 20% margin. We set revenues to be nearly €23m and EBITDA margin at 20% of sales in 2019E. The starting point of our estimates is a breakeven P&L in 2017E; Net Income is expected to surpass a critical threshold in 2019E (nearly €2m).

We are waiting for H1 2017 results to fine-tune our estimates on the basis of the outcome of Management's effort to improve internal organization, risk management measures and operating profitability.

Target Price set at €1.94 and NEUTRAL rating assigned

As previously expressed in our Initiation of Coverage, the success of the Company's recovery plan is based on the combination of top-line growth and the recovery rate of overdue receivables, two crucial factors on which we differentiated our conservative and best valuation scenarios. We cross-checked the outcome of DCF valuation with market multiples of the Operating peers. The best DCF scenario, on Management's estimates, showed the potential upside to be generated in the future on the assumption of a fast top-line progress and success rate of receivables recovery actions.

The DCF valuation model based on our estimates (conservative scenario) yields a Target Price of €1.94 per share, with a potential upside of 14% vs. the current price. As a consequence, we assign a NEUTRAL recommendation on the stock.

Key financials and estimates

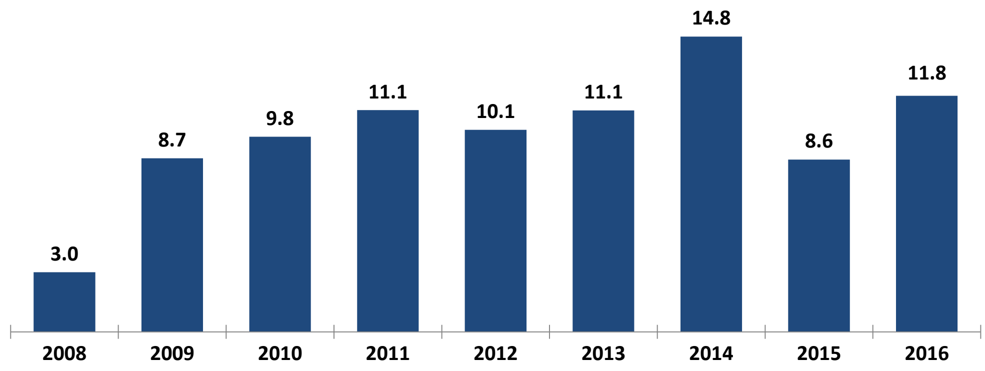
€m	2016A	2017E	2018E	2019E
Revenues	**12.7**	**16.0**	**18.4**	**22.7**
EBITDA	**0.4**	**1.7**	**2.5**	**4.5**
Margin	*3.0%*	*10.6%*	*13.4%*	*20.0%*
EBIT	**(0.7)**	**0.7**	**1.4**	**3.4**
Margin	*-5.5%*	*4.4%*	*7.5%*	*14.9%*
Net Income/ (Loss)	**(3.2)**	**(0.1)**	**0.4**	**1.9**
Net Working Capital	**10.9**	**11.4**	**11.3**	**11.8**
Net (Debt) / Cash	**(12.7)**	**(12.7)**	**(11.6)**	**(9.5)**
Equity	**1.6**	**1.5**	**1.9**	**3.8**

Source: Company data and EnVent Research

Forward again beginning with 2016 sales

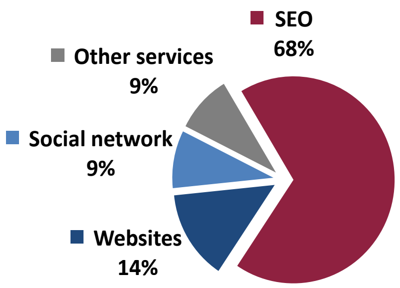
FY16 net sales at €12m, towards the recovery of FY14 sales volumes.

Net sales (€m)



Source: Company data - FY2014-2016 consolidated financial statements

Sales by service, 2016



Source: Company data

Income Statement analysis

In FY16 PSM reported €11.8m consolidated net sales (+37% YoY). Other income of €0.8m mainly refers to operating non-recurring revenue, including operating grants for €100k. SEO services account for nearly 70% of FY16 net sales. 48% of revenues came from additional sales to existing customers and 52% from new customers. The average revenue per account was around €6,000 for existing customers and €4,000 for new customers. Looking at consolidated revenues, Primi Sui Motori contributed for 78% of total, 3ding Consulting for 10%, 2ThePoint PSM for 7% and Crearevalore for 4%.

Cost of sales was €5.8m in FY16, a slight decrease as a percentage of revenues compared to prior year, from 49% to 46%. Cost of sales mainly includes: fees paid to the salesforce for €2.7m, consulting services for €1m, call center for €0.6m, IT services for €1.1m. The rest of operating costs are mainly represented by G&A and overheads. Other operating costs are net of capitalized internal personnel cost for around €0.6m, which refer to PSM and 3ding Consulting's R&D projects. Personnel cost increased from €3.9m in FY15 to €4.1m in FY16, but decreased as a percentage of revenues, from 43% to 33%. Headcount at December 2016 was 112.

In FY16 PSM returned to operating profitability, with a consolidated EBITDA of €0.4m (3% margin), compared to -€2.9m in FY15.

After D&A and goodwill of €1.1m, EBIT was negative for €0.7m (vs. -€4.2m in FY15). Consolidated EBT (loss) was -€3.4m (vs. -€7.4m in FY15), after a write-down of overdue receivables of €1m and interest of €1.6m. Net loss of the period was €3.2m, gross of deferred tax assets of €0.2m.

Consolidated Profit and Loss

Recovery of sales in FY16

Return to operating profitability

Bottom line affected by heavy D&A, interest on financial debt and write-down of overdue receivables

€m	2014	2015	2016
Net sales	14.8	8.6	11.8
Other income	0.6	0.4	0.8
Revenues	**15.4**	**9.0**	**12.7**
YoY %	*-*	*-41.2%*	*40.0%*
Cost of sales	(6.9)	(4.5)	(5.8)
Gross Profit	**8.5**	**4.6**	**6.9**
Margin	*55.4%*	*50.7%*	*54.3%*
Personnel	(4.4)	(3.9)	(4.1)
G&A	(2.1)	(2.2)	(1.9)
Other operating costs	(2.4)	(1.4)	(0.4)
EBITDA	**(0.4)**	**(2.9)**	**0.4**
Margin	*-2.6%*	*-32.1%*	*3.0%*
D&A	(0.9)	(0.9)	(0.8)
Goodwill amortization	(0.3)	(0.3)	(0.3)
EBIT	**(1.6)**	**(4.2)**	**(0.7)**
Margin	*-10.5%*	*-45.9%*	*-5.5%*
Write-down of overdue receivables	(1.4)	(1.7)	(1.0)
Interest	(1.8)	(1.5)	(1.6)
Depreciation of marketable securities	0.0	(0.1)	(0.0)
EBT	**(4.9)**	**(7.4)**	**(3.4)**
Margin	*-31.6%*	*-82.3%*	*-26.7%*
Income taxes	0.6	0.9	0.2
Net Income / (Loss)	**(4.2)**	**(6.5)**	**(3.2)**
Margin	*-27.4%*	*-72.3%*	*-25.4%*

Source: Company data

Reconciliation of reported EBITDA to adjusted EBITDA as per international practice

Reconciliation (€m)	**2014**	**2015**	**2016**
EBITDA reported	**0.7**	**(1.7)**	**1.0**
Contingent operating charges	(1.1)	(1.2)	(0.6)
Adjusted EBITDA	**(0.4)**	**(2.9)**	**0.4**

Source: EnVent Research

Balance sheet analysis

As done in our initiation of coverage, since overdue receivables keep being a question mark, we break down trade receivables between current and slow moving. The overall stock of receivables stood at €14m in FY16, of which €8m overdues, same level of FY15. Trade payables decreased by 20% YoY in FY16.

Net debt as of December 31st, 2016 was €12.7m, a 20% increase YoY compared to €10.6m as of December 31st, 2015, mainly attributable to newly issued convertible bonds. The resulting Net Debt/Equity ratio is 8x.

Other liabilities include around €3.4m of certain 2014-2016 overdue taxes and €1.3m social contributions. A deferred payment plan has been agreed and an additional portion is in the course of finalization with the tax and social security authorities. Around €1m tax payables are due starting from 2018. Other liabilities also include payables to personnel for €600k.

Equity at year-end 2016 was €1.6m.

Consolidated Balance Sheet

€m	2014	2015	2016
Current trade receivables	7.4	6.1	6.2
Trade payables	(4.1)	(3.3)	(2.6)
Trade Working Capital	3.2	2.9	3.6
Overdue trade receivables	8.8	8.0	8.0
Other assets and liabilities	(2.1)	(2.0)	(0.6)
Net Working Capital	**10.0**	**8.9**	**10.9**
Intangible assets	2.0	1.5	1.8
Goodwill	2.8	2.5	2.2
Fixed assets	0.2	0.2	0.2
Financial investments	0.3	0.3	0.4
Non-current assets	**5.2**	**4.5**	**4.5**
Provisions	**(1.4)**	**(1.2)**	**(1.2)**
Net Invested Capital	**13.8**	**12.2**	**14.3**
Cash and cash equivalents	(1.6)	(0.5)	(0.7)
Bonds	5.6	8.2	10.4
Bank debt	3.1	1.9	2.0
Other financial debt	0.3	1.0	1.0
Net Debt / (Cash)	**7.4**	**10.6**	**12.7**
Shareholders' equity	5.8	1.1	1.2
Minorities	0.6	0.5	0.4
Equity	**6.4**	**1.6**	**1.6**
Sources	**13.8**	**12.2**	**14.3**

Source: Company data

Overdue receivables

The credit risk and overdue receivables management procedure, together with the credit collection actions carried out and the securitization transactions started in 2014, have been illustrated in our previous note.

Provision for doubtful receivables

At year-end 2016 the consolidated provision for doubtful receivables was €2.2m.

Securitization

In FY16 the Company signed a securitization agreement to sell €7.9m trade receivables, receiving €5.2m in cash. The €2.3m outstanding receivable is gross of provisions. Based on the new agreement, PSM will cash-in 70% of the face value of the receivables sold, while the remaining 30% is pending with recourse and still subject to credit risk. Overall, over 2014-2016 PSM has transferred around €16m receivables and sustained securitization charges for €2.2m.

Securitization (€m)	**2014**	**2015**	**2016**
Receivables transferred	5.2	3.1	7.9
Cash-in	4.1	2.2	5.2
as a % of face value	*78%*	*70%*	*65%*
Securitization expense	1.2	0.6	0.5
% expense	*22%*	*20%*	*6%*
Receivables pending with recourse	0.0	0.3	2.3
as a % of face value	*0%*	*11%*	*29%*

Source: Company data

Aging of overdue trade receivables

€m / Days	180	360	540	720	>720	Total	Avg. DSO on total sales
2013	1.2	1.0	1.3	1.2	5.0	**9.5**	408
2014	0.9	0.7	0.7	1.1	5.2	**8.6**	327
2015	0.9	0.5	0.5	0.4	5.7	**8.0**	490
2016	0.5	0.5	0.6	0.5	5.9	**8.0**	358

Source: Company data - Note: the table refers only to PSM SpA, thus the figures shown are not consolidated

Details of Bonds issued at July 2017

€m

Financial instrument	Issue size	Subscribed	Converted	Outstanding	Expiry	Rate
Primi sui Motori 9% 2013-2016	2.6	2.6	1.4	0.0	08/08/2016	9.0%
Bond PSM 7% 2014-2017	3.0	3.0	1.8	0.0	09/05/2017	7.0%
Bond PSM 7% 2015-2020	6.4	2.1	1.8	0.3	09/07/2020	7.0%
Convertible bond PSM 2015-2021	9.9	8.9	0.1	8.8	06/12/2021	7.0%
Bond PSM 90 2017-2021 - Tranche A	2.2	-	-	-	23/10/2021	5.5%
Bond PSM 90 2017-2022 - Tranche B	3.2	-	-	-	01/08/2022	5.5%
Convertible bond reserved to a single investor	0.4	-	-	-	-	1.0%
Total	**27.6**	**16.5**	**5.0**	**9.1**		

Source: Company data, update: May 2017 - Note: The bond Primi sui Motori 9% 2013-2016 was fully reimbursed in August 2016 and the bond Bond PSM 7% 2014-2017 in May 2017; the total outstanding bonds shown in the table, thus differ from the total in FY16 balance sheet for €1.2m outstanding 2014-2017 bond reimbursed in May 2017

Details of capital increases

Capital increase	Date	Approved	Shares subscribed	Price (€)	Amount subscribed (€m)
IPO	2012	*275,000 shares*	159,866	22.0	3.5
Newly issued shares			*127,929*	*22.0*	*2.8*
Vendor placing			*31,937*	*22.0*	*0.7*
Share capital increase	2012		31,223	22.0	0.7
Share capital increase	2013	*144,894 shares*	76,818	21.0	1.6
Share capital increase	2013		9,762	21.0	0.2
Warrant exercise PSM 2012-2015	2014		27,293	24.0	0.7
Warrant exercise PSM 2012-2015	2014		8,980	0.0	0.0
Share capital increase	2014	*173,830 shares*	21,992	22.5	0.5
Share capital increase	2014		900	0.0	0.0
Warrant exercise PSM 2012-2015	2015		107,250	16.0	1.7
Warrant exercise PSM 2012-2016	2015		40	11.5	0.0
Share capital increase	2016	*?,813,709 shares*	1,022,310	1.74	1.8
Share capital increase	2016		12,410	1.74	0.0
Share capital increase	2016		579,511	1.74	1.0
Share capital increase	2017	*?,300,000 shares*	1,116,999	1.74	1.9
Share capital increase	2017		615,610	1.74	1.1
Total (not including vendor placing)					**14.0**

Source: Company data - Note: the number of shares subscribed in 2016 and 2017 does not include non-cash underwritings

Consolidated Cash flow

€m	2015	2016
EBIT	**(4.2)**	**(0.7)**
D&A	0.9	0.8
Goodwill amortization	0.3	0.3
Cash flow from operations	**(2.9)**	**0.4**
Trade Working Capital	0.4	(0.7)
Overdue trade receivables	0.8	0.0
Writedown of overdue receivables	(1.7)	(1.0)
Other assets and liabilities	0.6	(1.2)
Capex	(0.5)	(1.1)
Goodwill	0.0	0.0
Cash flow minus capex and investments	**(3.3)**	**(3.7)**
Interest	(1.5)	(1.6)
Depreciation of marketable securities	(0.1)	(0.0)
Capital increase	1.8	3.2
Net cash flow	**(3.2)**	**(2.2)**
Net (Debt) / Cash - Beginning	(7.4)	(10.6)
Net (Debt) / Cash - End	(10.6)	(12.7)
Change in Net (Debt) / Cash	**(3.2)**	**(2.2)**

Source: Company data

Ratio analysis

KPIs	2014	2015	2016
ROE	n.m.	n.m.	n.m.
Net Income (Loss) / Market Cap	-14%	-63%	-40%
ROS (EBIT/Revenues)	-10.5%	-45.9%	-5.5%
ROIC (NOPAT/Invested Capital)	-11.8%	-32.0%	-5.3%
DSO - current receivables	149	213	157
DSO - total receivables	327	490	358
DPO	109	121	97
TWC / Revenues	21.1%	33.8%	25.4%
Tot. TWC (overdue included) / Revenues	78.2%	120.3%	91.2%
Net Debt / EBITDA	n.m.	n.m.	33.0x
Net Debt / Equity	1.2x	6.5x	8.0x
Debt / (Debt+Equity)	54%	87%	89%
Cash flow from operations / EBITDA	n.a.	n.m.	100%
FCF / EBITDA	n.a.	n.m.	n.m.

Source: Company data

Management guidance

PSM’s Management announced some highlights on the 2017-2021 business plan. Management foresees consolidated revenues up to €20m in 2017. The increase in revenue, according to Management’s strategic guidelines, should be mainly driven by the sales force expansion and the focus on the customer segment of the “Top Spenders”. EBITDA is targeted at over €4m in 2017, with a 20% margin.

BP 2017-2021 (€m)	2017E	2021E
Revenues	**20.0**	**29.5**
EBITDA	**4.2**	**7.8**
Margin	*21%*	*26%*

Source: Company data

Our estimates

Management's revenue targets do not look out of reach, given the market potential and competitive positioning of the Company. However, these targets, and especially operating profits, may be deemed challenging to reach in the short-term. As such, our estimates are intended to be more conservative, thus allowing the Company a more gradual recovery towards historical revenue levels and towards the sustainability of profit margins aligned to industry benchmarks.
The starting point of our estimates is a breakeven P&L in 2017.

Key growth drivers

We believe that growth for PSM is expected to derive from a combination of:

- Organic customer base and sales expansion, driven by the untapped digital potential in the targeted market segments (micro enterprises and SMEs)
- Market share growth
- Customer loyalty

Consolidated projections

Assumptions

Net sales	• 2017E: -20% of Management's forecast • 2018-2019E: Existing customers: avg. revenue per customer €4k split on a 2-year contract; 80% retention rate on existing customers; New customers: avg. revenue per customer €2k split on a 2-year contract; 50% retention rate on new customers; number of new customers per agent increasing by 20% yoy in 2018-2019E • Number of agents stable at around 100 units • Total customer additions: +23% 2018E, +22% 2019E • No assumptions on other income/revenues
Operating costs	• Cost of sales (fee expenses paid to agents, services, IT and marketing costs) stable, in the region of 45% of sales • G&A and other operating costs almost flat • Writedown of current receivables set at 5% of yearly current receivables
Personnel	• Headcount of 100 people, in line with current level - No assumptions on new hires • Increasing 5% yoy from 2018E
Income taxes	• Corporate tax (IRES) 24% and IRAP 3.9%
Working Capital	• TWC estimated by: - DSO – short-term receivables 150 - DPO 100 - Other working capital stable as a percentage of sales - Overdue receivables: €0.5m cash-in in 2017E; 50% of the remaining stock to be received in 5 years
Capex	• Intangible assets capex flat at €400k a year • Fixed assets capex negligible (€50k a year)

Source: EnVent Research

Income Statement analysis

Net sales are forecasted to rise from €11.8m in FY16 to €22.7m in 2019E, with a '16-19E CAGR of 24%. In 2017E revenues are expected to recover the 2014 pre-crisis level.

Gross margin, which was around 54% of revenues in FY16, is expected to remain stable over the years at 56%. We expect a recovery in profitability in 2017E, with an EBITDA of €1.7m (11% margin). EBITDA is set to increase up to €4.5m in 2019E, with an increase in margin to 20%, consistent with industry levels.

Bottom line may be significantly influenced by the receivables writedown assumption

We did not include any assumption on receivables writedowns in our projections. We note that any further substantial writedown, if not compensated by a better sales record, would generate losses and possibly new share capital increases.

As anticipated, the starting point of our estimates is a breakeven P&L in 2017E. Net Income, after several years of losses, would be €0.4m in 2018E and €1.9m in 2019E.

Balance sheet analysis

On the balance sheet side, TWC is estimated at around 30% of sales in the 3-year plan 2017-2019E. Overdue receivables are set to decrease as per a cash-in plan. Capex are of little significance.

Net Debt is expected to decrease at €9.5m in 2019E, as per the expiry dates of the bonds issued and their related refund plan. The Net Debt/EBITDA ratio, which has exceeded the "physiological" threshold over the last few years, is expected to return at an acceptable level in 2019E.

Gradual operating profit recovery

Consolidated Profit and Loss

€m	2016A	2017E	2018E	2019E
Net sales	11.8	16.0	18.4	22.7
Other income	0.8	0.0	0.0	0.0
Revenues	**12.7**	**16.0**	**18.4**	**22.7**
YoY %	*40.0%*	*26.4%*	*15.1%*	*23.4%*
Cost of sales	(5.8)	(7.0)	(8.1)	(10.0)
Gross Profit	**6.9**	**9.0**	**10.3**	**12.7**
Margin	*54.3%*	*56.0%*	*56.0%*	*56.0%*
Personnel	(4.1)	(4.1)	(4.3)	(4.6)
G&A	(1.9)	(1.9)	(2.0)	(2.0)
Other operating costs	(0.4)	(0.8)	(1.0)	(1.0)
Writedown of current receivables	0.0	(0.4)	(0.5)	(0.6)
EBITDA	**0.4**	**1.7**	**2.5**	**4.5**
Margin	*3.0%*	*10.6%*	*13.4%*	*20.0%*
D&A	(0.8)	(0.7)	(0.7)	(0.8)
Goodwill amortization	(0.3)	(0.3)	(0.3)	(0.3)
EBIT	**(0.7)**	**0.7**	**1.4**	**3.4**
Margin	*-5.5%*	*4.4%*	*7.5%*	*14.9%*
Writedown of overdue receivables	(1.0)	0.0	0.0	0.0
Interest	(1.6)	(0.8)	(0.8)	(0.8)
EBT	**(3.4)**	**(0.1)**	**0.6**	**2.6**
Margin	*-26.7%*	*-0.6%*	*3.4%*	*11.6%*
Income taxes	0.2	(0.0)	(0.2)	(0.8)
Net Income / (Loss)	**(3.2)**	**(0.1)**	**0.4**	**1.9**

Source: Company data and EnVent Research

Normalization of working capital

Consolidated Balance Sheet

€m	2016A	2017E	2018E	2019E
Current trade receivables	6.2	8.0	9.2	11.4
Trade payables	(2.6)	(2.6)	(3.1)	(3.7)
Trade Working Capital	3.6	5.4	6.2	7.7
Overdue trade receivables	8.0	6.8	6.0	5.3
Other assets and liabilities	(0.6)	(0.8)	(0.9)	(1.1)
Net Working Capital	**10.9**	**11.4**	**11.3**	**11.8**
Intangible assets	1.8	1.6	1.3	0.9
Goodwill	2.2	1.8	1.5	1.2
Fixed assets	0.2	0.2	0.2	0.2
Financial investments	0.4	0.4	0.4	0.4
Non-current assets	**4.5**	**4.0**	**3.4**	**2.7**
Provisions	**(1.2)**	**(1.2)**	**(1.2)**	**(1.2)**
Net Invested Capital	**14.3**	**14.2**	**13.5**	**13.3**
Net Debt / (Cash)	**12.7**	**12.7**	**11.6**	**9.5**
Equity	**1.6**	**1.5**	**1.9**	**3.8**
Sources	**14.3**	**14.2**	**13.5**	**13.3**

Source: Company data and EnVent Research

Consolidated Cash Flow

€m	2016A	2017E	2018E	2019E
EBIT	**(0.7)**	**0.7**	**1.4**	**3.4**
Current taxes	0.2	(0.0)	(0.2)	(0.8)
D&A	0.8	0.7	0.7	0.8
Goodwill amortization	0.3	0.3	0.3	0.3
Cash flow from operations	**0.5**	**1.7**	**2.3**	**3.8**
Trade Working Capital	(0.7)	(1.8)	(0.8)	(1.5)
Overdue trade receivables	0.0	1.2	0.7	0.7
Other assets and liabilities	(1.4)	0.2	0.1	0.2
Capex - intangibles	(0.9)	(0.4)	(0.4)	(0.4)
Capex - fixed	(0.1)	(0.1)	(0.1)	(0.1)
Capex - financial investments	(0.2)	0.0	0.0	0.0
Cash flow minus capex and investments	**(2.7)**	**0.8**	**1.9**	**2.8**
Writedown of overdue receivables	(1.0)	0.0	0.0	0.0
Interest	(1.6)	(0.8)	(0.8)	(0.8)
Capital increase	3.2	0.0	0.0	0.0
Net cash flow	**(2.2)**	**(0.0)**	**1.2**	**2.0**
Net (Debt) / Cash - Beginning	(10.6)	(12.7)	(12.7)	(11.6)
Net (Debt) / Cash - End	(12.7)	(12.7)	(11.6)	(9.5)
Change in Net (Debt) / Cash	**(2.2)**	**(0.0)**	**1.2**	**2.0**

Source: Company data and EnVent Research

Ratio analysis

KPIs	2016A	2017E	2018E	2019E
ROE	neg.	neg.	25.0%	65.9%
ROS (EBIT/Sales)	neg.	4.4%	7.5%	14.9%
ROIC (NOPAT/Invested Capital)	neg.	3.6%	7.2%	18.3%
DSO - current trade receivables	157	150	150	150
DPO	97	100	100	100
TWC / Revenues	28.2%	33.8%	33.6%	33.9%
Net Debt (Cash) / EBITDA	33.0x	7.5x	4.7x	2.1x
Net Debt (Cash) / Equity	8.0x	8.6x	6.1x	2.5x
Debt / (Debt+Equity)	0.9x	0.9x	0.9x	0.7x
Cash flow from operations / EBITDA	n.m.	99.8%	93.4%	84.2%
FCF / EBITDA	n.m.	45.4%	78.6%	61.4%

Source: Company data and EnVent Research

EBITDA fully converted into cash

Valuation

Discounted Cash Flows

We have applied the DCF model to our projections with the following assumptions:

- Risk free rate: 1.6% (Italian 10-year government bonds interest rate – 3Y average. Source: Bloomberg, July 2017)
- Market return: 13% (1Y average. Source: Bloomberg, July 2017)
- Market risk premium: 11.5%
- Beta: Unlevered Beta 0.8; Re-levered Beta 1.6 (Median Beta of selected comps. Source: Bloomberg, July 2017)
- Cost of equity: 20%
- Cost of debt: 7% (Source: Average rate of issued corporate bonds)
- Tax rate: 27.9% (IRES+IRAP)
- 60% debt/(debt + equity) as target capital structure
- WACC estimated at 11%
- Perpetual growth rate after explicit projections: 1.5%
- Terminal Value assumes a 15% EBIT margin
- No assumptions on receivables writedown

DCF Valuation on our estimates

€m		2016A	2017E	2018E	2019E	Perpetuity
Revenues		**12.7**	**16.0**	**18.4**	**22.7**	**23.1**
EBITDA		**0.4**	**1.7**	**2.5**	**4.5**	
Margin		*3.0%*	*10.6%*	*13.4%*	*20.0%*	
EBIT		**(0.7)**	**0.7**	**1.4**	**3.4**	**3.5**
Margin		*-5.5%*	*4.4%*	*7.5%*	*14.9%*	*15.0%*
NOPAT		**(0.5)**	**0.5**	**1.0**	**2.4**	**2.5**
D&A		1.1	1.0	1.1	1.2	0.5
Cash flow from operations		**0.6**	**1.5**	**2.1**	**3.6**	**3.0**
Trade Working Capital		(0.7)	(1.8)	(0.8)	(1.5)	(0.3)
Overdue receivables		0.0	1.2	0.7	0.7	0.0
Other assets and liabilities		(1.4)	0.2	0.1	0.2	0.2
Capex		(1.1)	(0.5)	(0.5)	(0.5)	(0.5)
Free cash flow		**(2.6)**	**0.6**	**1.8**	**2.6**	**2.4**
WACC	11.0%					
Long-term growth (G)	1.5%					
Discounted Cash Flows			**0.5**	**1.4**	**1.9**	
Sum of Discounted Cash Flows	**3.8**					
Terminal Value	**25.6**					
Discounted TV	**18.7**					
Enterprise Value	**22.5**					
Net Debt as of 31/12/2016	(12.7)					
Minorities as of 31/12/2016	(0.4)					
Equity Value	**9.4**					

DCF - Implied multiples	**2017E**	**2018E**	**2019E**
EV/Revenues	1.4x	1.2x	1.0x
EV/EBITDA	13.3x	9.2x	5.0x

Source: EnVent Research

As a valuation exercise useful to identify the upside potential, we have applied the DCF model to Management's financial targets, with the following assumptions:

- Since Management's guidance is available only for the beginning and the end of its projection period (2017 and 2021), we have assumed 2017 revenue level (€20m) and profitability (EBITDA margin 21%) maintained flat over the period
- WACC unchanged at 11%
- Perpetual growth rate after explicit projections unchanged at 1.5%
- Terminal Value is based on 2021 revenue level (€29.5m) and assumes a 15% EBIT margin, consistent with the plan targets
- Assumptions on overdue receivables: 50% of the stock at 31.12.2016 to be to be written-off in 5 years

DCF Valuation on Management's estimates

€m		2016A	2017E	2018E	2019E	Perpetuity
Revenues		**12.7**	**20.0**	**20.0**	**20.0**	**29.5**
EBITDA		**0.4**	**4.2**	**4.2**	**4.2**	
Margin		*3.0%*	*21.0%*	*21.0%*	*21.0%*	
EBIT		**(0.7)**	**3.2**	**3.1**	**3.0**	**4.4**
Margin		*-5.5%*	*16.0%*	*15.6%*	*15.2%*	*15.0%*
NOPAT		**(0.5)**	**2.3**	**2.3**	**2.2**	**3.2**
D&A		1.1	1.0	1.1	1.2	0.6
Cash flow from operations		**0.6**	**3.3**	**3.4**	**3.4**	**3.8**
Trade Working Capital		(0.7)	(1.8)	(0.8)	(1.5)	(0.4)
Overdue receivables		0.0	1.2	0.7	0.7	0.0
Other assets and liabilities		(1.4)	0.2	0.1	0.2	0.2
Capex		(1.1)	(0.5)	(0.5)	(0.5)	(0.6)
Free cash flow		**(2.6)**	**2.4**	**3.0**	**2.4**	**3.0**
WACC	11.0%					
Long-term growth (G)	1.5%					
Discounted Cash Flows			**2.1**	**2.4**	**1.7**	
Sum of Discounted Cash Flows	**6.3**					
Terminal Value	**32.0**					
Discounted TV	**23.3**					
Enterprise Value	**29.7**					
Net Debt as of 31/12/2016	(12.7)					
Minorities as of 31/12/2016	(0.4)					
Equity Value	**16.6**					

DCF - Implied multiples	**2017E**	**2018E**	**2019E**
EV/Revenues	1.5x	1.5x	1.5x
EV/EBITDA	7.1x	7.1x	7.1x

Source: EnVent Research

The short-term - 2017-2019 - portion of the Equity Value in both DCF calculations includes €2.2m representing the assumption of cash-in from overdue receivables.

Valuation based on market multiples

The valuation of PSM at this stage of development should be driven by looking at the EV/Revenues multiple, which is the most suitable for companies in an early-stage, expected to experience growth, or starting a new phase after recovery, such as the case of PSM.

We have analyzed market multiples to the peer groups identified in our Initiation of coverage of PSM: Operating peers, International industry players, AIM Italia peers.

Operating profitability in the industry samples in 2016 was very diverse and variable, ranging from 8% to 28% of revenues.

Among the Operating peers, Axélero is the closest one, in terms of size, business model and stock market liquidity, while Italiaonline and Solocal are larger in size.

AIM Italia Digital companies represent the low side of PSM's valuation, while the valuation based on Operating peers' market multiples may be an appropriate proxy to PSM's value

Valuation based on International industry players represents a theoretical value target for PSM, presently unrealistic given the current Company's performance, other than the low comparability

Application of market multiples

Operating peers

PSM Valuation - Multiples		Multiple	EV	Net Debt	Minorities	Equity Value
2017E Revenues	**16.0**	1.3x	21.4	(12.7)	(0.4)	8.3
2018E Revenues	**18.4**	1.3x	23.7	(12.7)	(0.4)	10.6
Mean						*9.5*

International industry players

PSM Valuation - Multiples		Multiple	EV	Net Debt	Minorities	Equity Value
2017E Revenues	**16.0**	2.4x	38.3	(12.7)	(0.4)	25.2
2018E Revenues	**18.4**	2.2x	41.4	(12.7)	(0.4)	28.3
Mean						*26.7*

AIM Italia Digital companies

PSM Valuation - Multiples		Multiple	EV	Net Debt	Minorities	Equity Value
2017E Revenues	**16.0**	1.2x	18.7	(12.7)	(0.4)	5.6
2018E Revenues	**18.4**	1.0x	18.5	(12.7)	(0.4)	5.4
Mean						*5.5*

Source: EnVent Research on S&P Capital IQ data; multiples shown in the table in the Market update section

Implied multiples and target performance

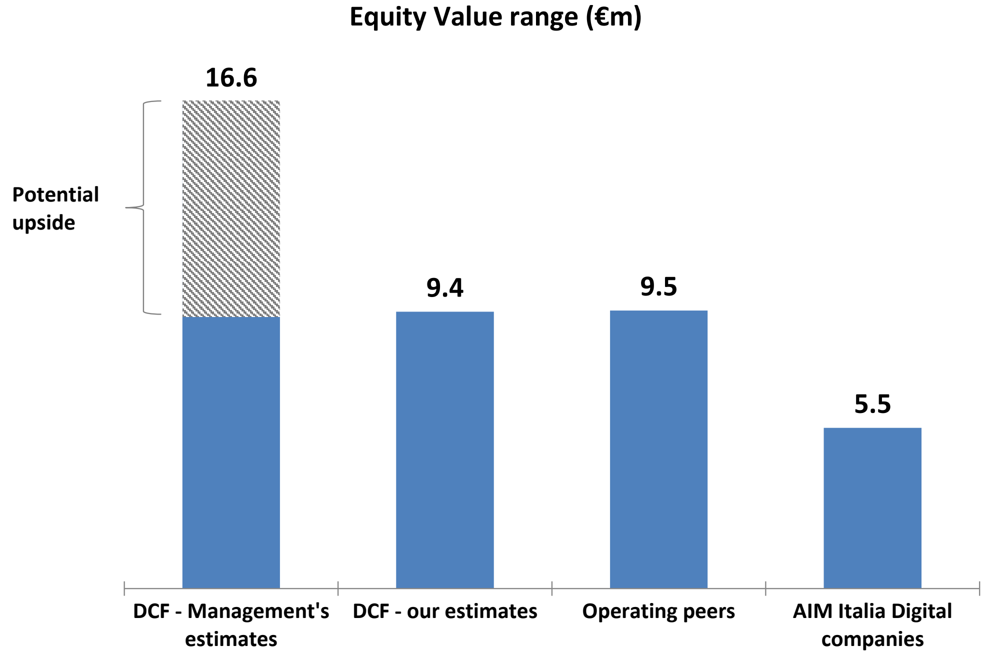
Current EV based on capitalization	
Market Cap (€m) - 28.7.2017	11.3
Net Debt (€m) - FY16	12.7
Minorities (€m) - FY16	0.4
Enterprise Value (€m)	24.4

Current capitalization implied multiples	2016	2017E	2021E	2017E
Current Enterprise Value (€m)	24.4	24.4	24.4	24.4
		Company data		**EnVent**
Revenues (€m)	11.8	20.0	29.5	16.0
EBITDA (€m)	0.4	4.2	7.8	1.7
EBITDA Margin	*3%*	*21%*	*26%*	*11%*
EV/Revenues	2.1x	1.2x	0.8x	1.5x
Operating peers and Digital AIM Italia companies	*1.3x*		*n.a.*	*1.1x*
EV/EBITDA	*n.m.*	5.8x	3.1x	*n.m.*
Operating peers and Digital AIM Italia companies	*7.6x*	*6.7x*	*n.a.*	*6.7x*

Source: EnVent Research

Sources:
- 2016 key financials from FY16 financial statements; 2017E-2021E as estimated by the Company; 2017E also estimated by EnVent Research
- Net debt and minorities from FY16 financial statements
- Market cap at 28/7/2017 from S&P Capital IQ

Valuation summary



Source: EnVent Research

Data used:

- 2017E-2018E EV/Revenues multiple of the Operating peers and AIM Italia Digital companies. International industry players have been not included because of too low comparability.
- DCF on our estimates
- DCF on Management's estimates

Target Price

The DCF valuation model based on our estimates yields a Target Price of €1.94 per share, with a potential upside of 14% vs. the current price. As a consequence, we assign a NEUTRAL recommendation on the stock.

Primi sui Motori Price per Share	**€**
Target Price	**1.94**
Current Share Price (28/07/2017)	1.70
Premium / (Discount)	**14%**

Source: EnVent Research

The value estimated through the DCF exercise based on Management's estimates indicates a consistent target equity value and potential upside, whose underlying condition is a fast progress on the recovery path that has been undertaken by Primi sui Motori.

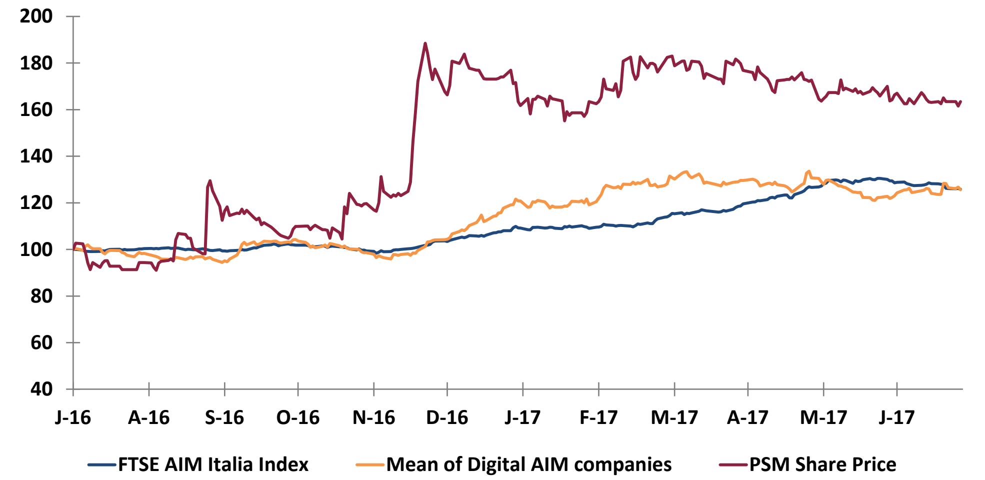
Please refer to important disclosures at the end of this report.

Market update

Digital segment realigned to the index

Digital AIM Italia slightly underperformed the AIM Italia index until the end of 2016 and then again since May 2017.
Since December 2016 PSM's share price went significantly upwards.

Market performance



Source: S&P Capital IQ – Note: 28/07/2016=100

Peer Group - Performances

Stock	Currency	Price	Mkt Cap (m)	1M	3M	6M	YTD	1Y
Primi sui Motori	EUR	1.70	11.3	-0.2%	-7.6%	1.0%	-9.6%	63.4%
AIM Italia Digital companies								
axélero	EUR	3.60	48.8	-0.7%	-7.7%	-7.7%	23.1%	64.3%
DigiTouch	EUR	1.24	17.1	-8.8%	-14.2%	-14.2%	6.0%	-22.3%
Expert System	EUR	1.74	47.8	0.2%	-5.3%	-8.8%	-7.8%	-4.4%
MailUp	EUR	2.46	27.8	4.8%	26.3%	17.8%	40.7%	28.2%
Softec	EUR	3.49	7.3	0.6%	-8.2%	-0.3%	63.1%	74.5%
Triboo	EUR	3.18	91.5	4.1%	-7.3%	12.4%	17.5%	27.3%
DHH	EUR	7.80	11.1	-16.1%	-19.6%	-19.2%	-17.9%	-22.2%
Vetrya	EUR	7.83	44.5	21.0%	23.9%	46.2%	51.0%	
Mean				**0.6%**	**-1.5%**	**3.3%**	**22.0%**	**20.8%**
Weighted average				**3.7%**	**-0.1%**	**8.2%**	**20.7%**	**20.7%**

Source: S&P Capital IQ, update: 27/07/2017

Peer Group – Market Multiples

Comparables	EV/REVENUES 2015	2016	2017E	2018E	EV/EBITDA 2015	2016	2017E	2018E
Primi sui Motori	**2.5x**	**1.9x**	**1.5x**	**1.3x**	**neg.**	**n.m.**	**14.4x**	**9.9x**
Operating peers								
axélero	2.9x	1.5x	1.2x	1.1x	11.3x	15.4x	6.7x	5.3x
Italiaonline	0.5x	0.6x	0.7x	0.7x	6.7x	4.9x	3.5x	3.2x
Solocal	1.5x	2.0x	2.1x	2.1x	5.5x	5.1x	7.7x	7.4x
Mean	**1.6x**	**1.4x**	**1.3x**	**1.3x**	**7.8x**	**8.5x**	**6.0x**	**5.3x**
International industry players								
Wix.com	3.9x	n.m.	n.m.	n.m.	neg.	neg.	n.m.	n.m.
Web.com	2.6x	2.2x	2.3x	2.2x	12.6x	12.8x	9.0x	8.7x
Endurance	3.5x	2.8x	2.9x	2.8x	13.4x	14.2x	10.2x	10.3x
GoDaddy	1.9x	2.2x	2.0x	1.7x	n.m.	17.6x	8.3x	6.7x
Mean	**3.0x**	**2.4x**	**2.4x**	**2.2x**	**13.0x**	**14.9x**	**9.2x**	**8.6x**
AIM Italia Digital companies								
axélero	2.9x	1.5x	1.2x	1.1x	11.3x	15.4x	6.7x	5.3x
DigiTouch	1.3x	0.8x	0.7x	0.7x	7.0x	7.2x	4.9x	3.9x
Expert System	3.0x	1.9x	1.9x	1.6x	neg.	n.m.	17.5x	8.6x
MailUp	1.3x	1.4x	1.2x	1.0x	8.0x	8.1x	10.8x	7.6x
Softec	2.4x	1.0x	n.a.	n.a.	neg.	4.5x	n.a.	n.a.
Triboo	1.0x	1.6x	0.7x	0.7x	5.0x	8.5x	6.7x	5.4x
Mean	**2.0x**	**1.4x**	**1.1x**	**1.0x**	**7.8x**	**8.7x**	**9.3x**	**6.2x**
Mean w/out extremes	**2.0x**	**1.4x**	**1.0x**	**0.9x**	**7.5x**	**7.9x**	**8.1x**	**6.1x**
Median	**1.8x**	**1.4x**	**1.2x**	**1.0x**	**7.5x**	**8.1x**	**6.7x**	**5.4x**

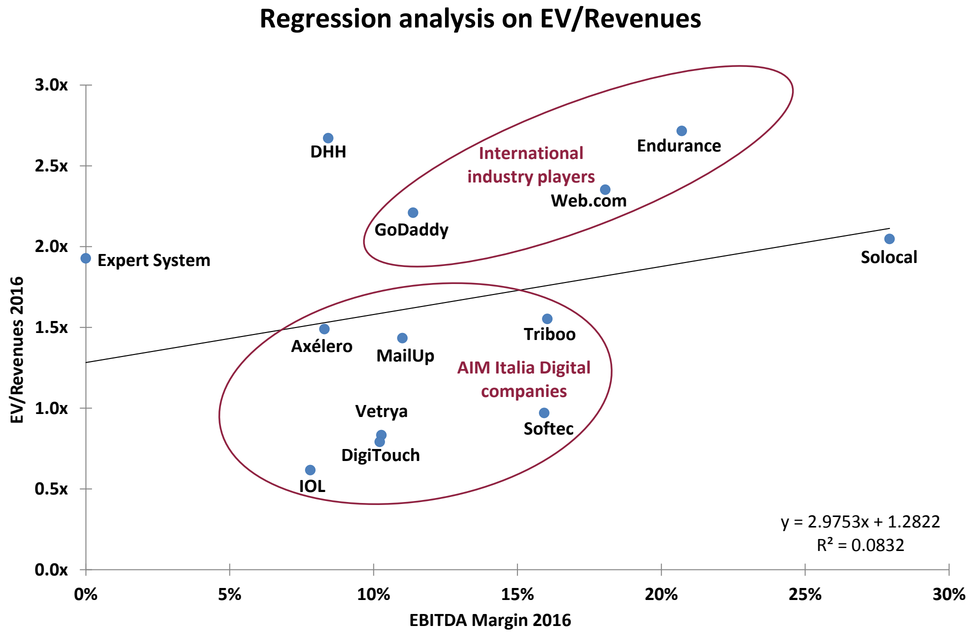
Source: EnVent Research on S&P Capital IQ data, update: 07/07/2017

Regression analysis on EV/Revenues and profitability of comparable companies

Low correlation among the industry samples

International industry players present consistently high profitability and market values

AIM Italia Digital companies show different profitability profiles and are in general undervalued



Source: EnVent Research

Investment case

Nerd in the game of search

Pioneer in SEO

- Among the main providers of Search Engine Optimization (SEO) services to microbusinesses and Small and Medium-sized Enterprises (SMEs) in Italy
- Pioneer in the web marketing industry, with a track record of over 15 years
- Over 5,000 customers
- Sales force of 120 digital consultants (at January 2017)

Mission

Filling the digital gap of Italian SMEs

To provide Italian micro-enterprises and SMEs with low-cost digital services to establish, build and increase online presence and visibility, in order to enhance business productivity.

Key milestones

- 2007 -> Establishment of PSM
- 2009 -> A professional investor acquires a 20% stake in PSM
  -> Highest turnover since inception: €8.7m (+191% vs 2008)
- 2012 -> IPO on AIM Italia
- 2013 -> Acquisition of three media agencies: 3ding Consulting, 2ThePoint PSM, Crearevalore
- 2014 -> Peak turnover: €14.8m

Drivers

Industry drivers

Nearly 4.5m of SMEs in Italy: the engine of growth

Internet for SMEs. Micro-enterprises and SMEs are the backbone of the economy, representing over 99% of Italian companies and generating 70% of total turnover (Source: ISTAT). Despite large businesses are usually the big online advertising spenders, microbusinesses and SMEs represent an unexploited segment to serve. Thus, PSM has significant growth opportunities through the development of their digital business.

Digital is disrupting the advertising market

Online advertising is replacing traditional media advertising. The market potential is still untapped and the level of penetration in the markets where web usage is more intense represents a reliable indicator of the market’s growth potential.

Huge market potential with SMEs going digital

Internet penetration, especially among micro and small enterprises is still low: 30% of small enterprises in Italy did not have a website or homepage in 2015; 50% of micro-enterprises with less than 10 employees did not have a website in 2011; 85% of enterprises with 1 or 2 employees did not have a website in 2011 (Source: European Commission, *Digital Scoreboard*, 2016 and Eurisko reported by the BCG).

Increasing e-commerce sales. Consumers will continue to spend online. Online sales in Western Europe will increase from €319bn in 2013 to €525bn in 2018, at a 10.5% CAGR (Source: eMarketer, *Worldwide Retail Ecommerce Sales 2013–2018*, January 2015).

Local SEO to gain grounds. Local SEO helps businesses stand out in search engine results pages, by using ranking factors like name, address, phone number and customer reviews. Local search results are changing very rapidly and are expected to go stronger over the next few years, forcing businesses to focus on a local base, thus opening new opportunities for PSM.

Fragmented competition arena: room to increase market share. With few large players and some thousands of small local web agencies, also based on industry growth expectations, there is wide room for PSM to increase its market share (currently less than 1%) and figures like 2-3% are not unrealistic.

Company drivers

In the short-list of market leaders in Italy. PSM is in the short-list of market leaders in Italy for web presence and SEO digital products to SMEs and is positioned as the third player in terms of revenues. PSM has built a nationwide salesforce of over 100 digital consultants to reach its target customer base - micro-enterprises and SMEs - which have a significant growth potential. Going forward, PSM is enriching its offer with integrated digital services to build a complete product suite.

Long-lasting customer relationships. PSM's digital consultants propose themselves as long-term coaches to assist SMEs in their online presence and marketing activities. SEO consultancy contracts usually last two years and recently new sales for present customers reached over 40% of total.

New digital services. Launch of new customized digital services for SMEs and large businesses, such as social networks applications to increase web visibility and business productivity.

Capital-free business model. PSM, as most digital service companies, is an asset-light business.

Economies of scale. Every new customer increases marginal profitability of the in-house developed SEO platform.

Challenges

Working capital dynamics and net debt position. PSM has cumulated, prior to 2014, substantial overdue receivables, due to customers who interrupted monthly payments for various reasons, ranging from financial troubles to service complaints. The subsequent payment terms changes put the receivables issue under control, but negatively impacted sales. The right balance between effective sales promotion tools and sound receivables management has been and will continue to be a major challenge for PSM.

Churn rate. PSM's accounting system has not yet been structured to calculate the churn rate of its customer base. According to its annual reports, the number of customers through the last years was consistently at the level of 5,000. The average salesmen turnover in the last four years was above 50%, a level sufficient to indicate that the balance of active customers might reflect material figures of contracts expired and not renewed and new contracts. Also, the size of overdue accounts is an indicator of a presumably high churn rate. As a consequence, sales growth and the financial recovery of the Company imply a high degree of success of customer retention and satisfaction. The growing follow-on business is a sign of better customer quality.

Competition from key peers Italiaonline and Axélero. These competitors have a healthy financial structure and a larger turnover that could help to extend their sales network and customer base, to further increase their market shares on the Italian market.

DISCLAIMER (for more details go to www.enventcapitalmarkets.co.uk under "Disclaimer")

This publication has been prepared by Luigi Tardella, Co-Head of Research Division, and Viviana Sepe, Research Analyst, on behalf of the Research & Analysis Division of EnVent Capital Markets Limited ("EnVentCM"). EnVent Capital Markets Limited is authorised and regulated by the Financial Conduct Authority (Reference no. 651385). Italian branch registered number is 132.

This publication does not represent to be, nor can it be construed as being, an offer or solicitation to buy, subscribe or sell financial products or instruments, or to execute any operation whatsoever concerning such products or instruments. This publication is not, under any circumstances, intended for distribution to the general public. Accordingly, this document is only for persons who are Eligible Counterparties or Professional Clients only, i.e. persons having professional experience in investments who are authorized persons or exempted persons within the meaning of the Financial Services and Markets Act 2000 and COBS 4.12 of the FCA's New Conduct of Business Sourcebook. For residents in Italy, this document is intended for distribution only to professional clients and qualified counterparties as defined in Consob Regulation n. 16190 of the 29th October 2007, as subsequently amended and supplemented.
EnVentCM does not guarantee any specific result as regards the information contained in the present publication, and accepts no responsibility or liability for the outcome of the transactions recommended therein or for the results produced by such transactions. Each and every investment/divestiture decision is the sole responsibility of the party receiving the advice and recommendations, who is free to decide whether or not to implement them. The price of the investments and the income derived from them can go down as well as up, and investors may not get back the amount originally invested. Therefore, EnVentCM and/or the author(s) of the present publication cannot in any way be held liable for any losses, damage or lower earnings that the party using the publication might suffer following execution of transactions on the basis of the information and/or recommendations contained therein.
The purpose of this publication is merely to provide information that is up to date and as accurate as possible. The information and each possible estimate and/or opinion and/or recommendation contained in this publication is based on sources believed to be reliable. Although EnVentCM makes every reasonable endeavour to obtain information from sources that it deems to be reliable, it accepts no responsibility or liability as to the completeness, accuracy or exactitude of such information and sources. Past performance is not a guarantee of future results.
Most important sources of information used for the preparation of this publication are the documentation published by the Company (annual and interim financial statements, press releases, company presentations, IPO prospectus), the information provided by business and credit information providers (as Bloomberg, S&P Capital IQ, AIDA) and industry reports.
EnVentCM has no obligation to update, modify or amend this publication or to otherwise notify a reader or recipient of this publication in the case that any matter, opinion, forecast or estimate contained herein, changes or subsequently becomes inaccurate, or if the research on the subject company is withdrawn. The estimates, opinions, and recommendations expressed in this publication may be subject to change without notice, on the basis of new and/or further available information.
EnVentCM intends to provide continuous coverage of the Company and financial instrument forming the subject of the present publication, with a semi-annual frequency and, in any case, with a frequency consistent with the timing of the Company's periodical financial reporting and of any exceptional event occurring in its sphere of activity.
A draft copy of this publication may be sent to the subject Company for its information and review (without target price and/or recommendation), for the purpose of correcting any inadvertent material inaccuracies. EnVentCM did not disclose the rating to the issuer before publication and dissemination of this document.
This publication, nor any copy of it, can not be brought, transmitted or distributed in the United States of America, Canada, Japan or Australia. Any failure to comply with these restrictions may constitute a violation of the securities laws provided by the United States of America, Canada, Japan or Australia.
EnVentCM is distributing this publication as from the date indicated on the front page of this publication.

ANALYST DISCLOSURES
For each company mentioned in this publication, all of the views expressed in this publication accurately reflect the financial analysts' personal views about any or all of the subject company (companies) or securities.
Neither the analysts nor any member of the analysts' households have a financial interest in the securities of the subject company. Neither the analysts nor any member of the analysts' households serve as an officer, director or advisory board member of the subject company. Analysts' remuneration was not, is not or will be not related, either directly or indirectly, to specific proprietary investment transactions or to market operations in which EnVentCM has played a role (as Nomad, for example) or to the specific recommendation or view in this publication. EnVentCM has adopted internal procedures and an internal code of conduct aimed to ensure the independence of its financial analysts. EnVentCM research analysts and other staff involved in issuing and disseminating research reports operate independently of EnVentCM Capital Market business. EnVentCM, within the Research & Analysis Division, may collaborate with external professionals. It may, directly or indirectly, have a potential conflict of interest with the Company and, for that reason, EnVentCM adopts organizational and procedural measures for the prevention and management of conflicts of

interest (for more details go to www.enventcapitalmarkets.co.uk under "Disclaimer" and "Procedures for prevention of conflicts of interest").

CONFLICTS OF INTEREST

In order to disclose its possible conflicts of interest, EnVentCM states that it acts or has acted in the past 12 months as Nominated Adviser ("Nomad") to the subject Company on the AIM Italia-Mercato Alternativo del Capitale, a Multilateral Trading Facility regulated by Borsa Italiana (for more details go to www.envent.eu under "Disclaimer" and "Potential conflicts of interest").

CONFIDENTIALITY

Neither this publication nor any portions thereof (including, without limitation, any conclusion as to values or any individual associated with this publication or the professional associations or organizations with which they are affiliated) shall be reproduced to third parties by any means without the prior written consent and approval from EnVentCM.

VALUATION METHODOLOGIES

EnVentCM Research & Analysis Division calculates range of values and fair values for the companies under coverage using professional valuation methodologies, such as the discounted cash flows method (DCF), dividend discount model (DDM) and multiple-based models (e.g. EV/Revenues, EV/EBITDA, EV/EBIT, P/E, P/BV). Alternative valuation methodologies may be used, according to circumstances or judgement of non-adequacy of most used methods. The target price could be also influenced by market conditions or events and corporate or share peculiarities.

STOCK RATINGS

The "OUTPERFORM", "NEUTRAL", AND "UNDERPERFORM" recommendations are based on the expectations within 12-month period of date of initial rating (shown in the chart on the front page of this publication). Equity ratings and valuations are issued in absolute terms, not relative to market performance.
Rating rationale:
OUTPERFORM: stocks are expected to have a total return of at least 20% in the mid-term;
NEUTRAL: stocks are expected to have a performance consistent with market or industry trend and appear less attractive than Outperform rated stocks;
UNDERPERFORM: stocks are among the least attractive in a peer group;
UNDER REVIEW: target price under review, waiting for updated financial data and/or key information;
SUSPENDED: no rating / target price assigned, due to insufficient fundamental information basis, or substantial uncertainties;
NOT RATED: no rating or target price assigned.
The stock price indicated is the reference price on the day indicated as "Date of Price" in the table on the front page of this publication.

DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

Date	Recommendation	Target Price (€)	Share Price (€)
06/03/2017	NOT RATED	n.a.	1.75
28/07/2017	NEUTRAL	1.94	1.70

ENVENTCM RECOMMENDATION DISTRIBUTION (July 28th, 2017)

Number of companies covered: 6	OUTPERFORM	NEUTRAL	UNDERPERFORM	SUSPENDED	UNDER REVIEW	NOT RATED
Total Equity Research Coverage %	33%	67%	0%	0%	0%	0%
of which EnVentCM clients % *	50%	100%	0%	0%	0%	0%

* Note: Companies to which corporate and capital markets services are supplied in the last 12 months.

This disclaimer is constantly updated on the website at www.enventcapitalmarkets.co.uk under "Disclaimer". Additional information are available upon request.