

Centrale del Latte di Torino

3Q/9M14 Results

Centrale del Latte di Torino - Key estimates and data					
Y/E December		2013A	2014E	2015E	2016E
Revenues	EUR M	98.06	100.60	105.00	108.80
EBITDA	EUR M	5.37	4.82	4.95	5.18
EBIT	EUR M	1.13	1.50	1.90	2.30
Net income	EUR M	1.27	0.65	0.77	0.99
Dividend ord.	EUR	0.06	0.00	0.00	0.00
Adj. EPS	EUR	0.03	0.07	0.08	0.10
EV/EBITDA	x	9.00	10.00	9.74	9.34
Adj. P/E	x	92.47	43.43	36.68	28.53

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

- 3Q/9M14 results.** In 3Q/9M14A the CLT group reported a top line increase, both price and volume driven, achieved in a difficult market context as the small reduction in the 3Q14A milk price (approx. 3% decrease) did not offset the overall increase in the milk price in 1H14. 3Q14A revenues increased by 2.1% (+3.9% in 9M14). The EBITDA margin slipped by 210bps both in 3Q14A to 3.8% and in 9M14A to 4.4%, as the group's solid operating cost efficiencies did not offset the raw material price increase. EBIT was almost flat at EUR 0.12M vs. EUR 0.22M in 3Q13A (in 9M14A it increased to EUR 0.9M vs. EUR 0.7M in 9M13A, as the brands Centrale Latte Rapallo and Latte Tigullio were no longer amortised. 9M14A net debt was EUR 19M (45% net debt to equity), improving vs. EUR 19.95M in FY13A (49%) and better than EUR 22.9M in 9M13A (60%).
- Outlook.** As for the outlook, the group expects the difficult market context to continue in 4Q14, however the raw material milk price is expected to slightly decrease vs. the high levels reached in 9M14A and should support profitability going forward. In particular, in FY15 management does not expect an increase in the raw material milk price and should benefit from the high comparable base (FY14 recorded historically high milk prices) supporting an encouraging outlook for 2015.
- Estimates.** We revised our estimates to incorporate a more cautious 4Q14E trend and decreased our FY14E-15E EBITDA by 12% on average. In FY14E, we now expect a 2.6% increase in revenues and an EBITDA margin at 4.8% vs. 5.5% in FY13A. Adjusted net profit is to increase from EUR 0.3M in FY13A to EUR 0.65M in FY14E.
- Acquisition of Odilla Chocolat srl.** We highlight that in August the group acquired a 50% stake in Odilla Chocolat Srl, a top quality handmade chocolate producer, with one store in Turin. The price paid for the pro-rata participation was EUR 0.2M. CLT aims to gradually develop the commercial activity and significantly expand the production laboratory of the company. Odilla Chocolat srl is a start up, not consolidated by CLT for now, and is totally managed by the founder, Mr. Maiolani.
- Valuation.** We updated our DCF-based valuation to incorporate our FY14E-16E change in estimates. Our DCF-based valuation points to a **EUR 3.13/share target price (EUR 3.40/share previously)**.
- Key risks.** In our view, the key risks for the company relate to potentially lower volumes sold as a result of a possible increase in the raw milk price. We also view the increasing competition from private labels as a risk, especially in the fresh milk product category and despite the group's key brand being quite defensive, benefiting from its historic high brand awareness, particularly in Turin.

See page 9 for full disclosures and analyst certification

Banca IMI is Specialist to Centrale del Latte di Torino

7 November 2014

HOLD

Target Price: EUR 3.13
(from EUR 3.40)

Food & Beverages
Company Update

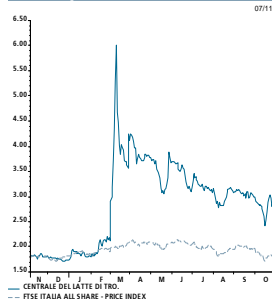
Intesa Sanpaolo
Research Department

Marta Caprini
Research Analyst
+39 02 8794 9812

Corporate Broking Team

Alberto Francese
Gabriele Berti
Marta Caprini

Price performance, -1Y



Data priced on 06.11.2014

Target price (€)	3.13
Target upside (%)	10.84
Market price (€)	2.82
52-week range (€)	6/1.7
Market cap (€M)	28.24
No. of shares (M)	10.00
Free float (%)	28
Major shareholder (%)	A. Artom, 57
Reuters	CLT.MI
Bloomberg	CLT IM
FTSE It All Shares	20362

Performance %			
	Absolute	Rel. to FTSE All Sh	
-1M	-1.3	-1M	3.0
-3M	-1.7	-3M	-0.1
-12M	53.5	-12M	53.9

Source: Intesa Sanpaolo Research estimates and Thomson Reuters

Banca IMI distributes this report issued by

INTESA SANPAOLO

3Q14/9M14 Results

In 3Q/9M14A the CLT group reported a top line increase, both price and volume driven, achieved in a difficult market context as the small reduction in the 3Q14A milk price (approx. 3% decrease) did not offset the overall increase in 1H14the milk price.

Solid top line results in a tough context

3Q14A revenues increased by 2.1% (+3.9% in 9M14A to EUR 74.6M) driven by a continuing increase in the UHT milk which was up by 10.5% in 3Q14A (+14.2% in 9M14A) driven by sales in the Centrale Latte Vicenza, resulting from commercial policies and private label production, and by +6.0% in cream and milk (+9.3% in 9M13A). On the other hand, CLT reported a 7% decrease in fresh milk revenues (-3.3% in 9M14A), a 6.7% decrease in IV gamma products (-7.9% in 9M1A), and a 5.7% drop in yogurt (3.4% decrease in 9M1A), as these were the most exposed to the lower consumption trend. Overall the Piedmont region accounted for 52% of total revenues while the remaining 48% was equally split between the Liguria and Veneto regions.

Export contributed for the first time, EUR 0.6M resulting from the recently signed distribution agreement with China, which is proceeding in line with management's target of achieving approx. EUR 1M revenues at regime.

Export to China in line with targets

Centrale del Latte di Torino - 3Q14/9M14 results						
EUR M	3Q13A	3Q14A	chg %	9M13A	9M14A	chg %
Fresh milk	10.3	9.6	-7.0	32.2	31.2	-3.3
UHT milk	4.3	4.8	10.5	13.5	15.4	14.2
Yogurt	2.1	2.0	-5.7	6.2	6.0	-3.4
IV gamma products	1.3	1.2	-6.7	3.9	3.6	-7.9
Cream and milk	0.8	0.9	6.0	2.6	2.9	9.3
Other products	4.2	4.9	17.3	13.4	15.0	12.0
Export	NA	0.2	NA	NA	0.6	NA
Total	22.9	23.4	2.1	71.8	74.6	3.9

NA: not available; Source: Company data

The value-added margin decreased to 17.8% in 3Q14A vs. 19.9% in 3Q13A (and was 18.6% in 9M14A vs. 20.7% in 9M13A). The EBITDA margin slipped to 3.8% in 3Q14A (vs. 5.7% in 3Q13A). In 9M14A the EBITDA margin also decreased to 4.4% vs. 5.7% in 9M13A as the group's solid operating cost efficiencies did not offset the raw material price increase. EBIT was almost flat at EUR 0.12M vs. EUR 0.22M in 3Q13A (in 9M14A EBIT increased to EUR 0.9M vs. EUR 0.7M in 9M13A), as the brands Centrale Latte Rapallo and Latte Tigullio were no longer amortised, since they were reclassified with an indefinite useful life. 9M14A showed a bottom line close to breakeven (vs. a EUR -0.4M net loss in 9M13A).

Profitability pressured by higher raw material prices

Centrale del Latte di Torino - 3Q14/9M14 results						
EUR M	3Q13A	3Q14A	chg %	9M13A	9M14A	chg %
Revenues	22.9	23.4	2.1	71.7	74.6	4.1
Value added	4.6	4.2	-8.5	14.8	13.9	-6.6
EBITDA	1.3	0.9	-33.1	4.1	3.3	-19.6
EBIT	0.22	0.12	-46.4	0.7	0.9	22.3
Pre-tax profit	0.1	0.0	NM	0.3	0.3	NM
Net profit	-0.1	-0.1	NM	-0.40	-0.05	NM
Value added margin %	19.9	17.8		20.7	18.6	
EBITDA margin %	5.7	3.8		5.7	4.4	
EBIT margin %	1.0	0.5		1.0	1.2	
Net margin %	-0.6	-0.5		-0.6	-0.1	

NM: not meaningful; Source: Company data

9M14A net debt was EUR 19M (45% net debt to equity), improving vs. EUR 19.95M in FY13A (49%) and better than EUR 22.9M in 9M13A (60%) reflecting management's ongoing focus on cost savings and containment in investments.

Net debt improved

Earnings Outlook

Estimates revision

We revised our estimates to incorporate a more cautious 4Q14E trend and decreased our FY14E-15E EBITDA by 12% on average. In FY14E, we now expect a 2.6% increase in revenues and an EBITDA margin at 4.8% vs. 5.5% in FY13A. Adjusted net profit should increase from EUR 0.3M (in FY13A the group reported a EUR 1.6M one-off gain) to EUR 0.65M in FY14E.

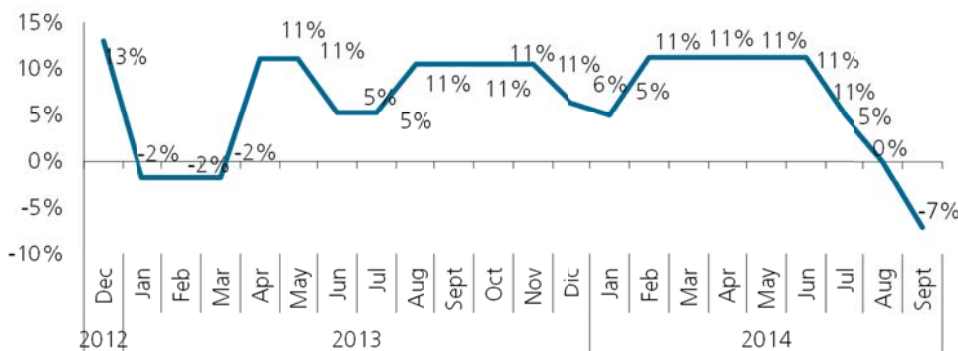
Centrale del Latte di Torino - Change in estimates							
EUR M	2013A	2014E			2015E		
		Old	New	chg %	Old	New	chg %
Revenues	98	105.2	100.6	-4.4	109.1	105.0	-3.8
EBITDA	5.4	5.4	4.8	-11.4	5.6	4.9	-12.4
EBITDA margin (%)	5.5	5.2	4.8		5.2	4.7	
EBIT	1.1	2.0	1.5	-25.0	2.6	1.9	-26.9
EBIT margin (%)	1.2	1.9	1.5		2.4	1.8	
Adj. net profit	0.3	0.8	0.7	-21.2	1.2	0.8	-33.3
Net debt	-20	-20	-20		-19	-19	

Source: Intesa Sanpaolo Research estimates

As for the outlook, the group expects the difficult market context to continue in 4Q14, however the raw material milk price is expected to slightly decrease vs. the high levels reached in 9M14A and should support profitability going forward. In particular, in FY15 management does not expect an increase in the raw material milk price and should benefit from the high comparable base (FY14 recorded historically high milk prices) supporting an encouraging outlook for 2015.

Improving outlook for milk price

Raw material milk price trend



Source: CLAL

Acquisition of Odilla Chocolat Srl

We highlight in August the group acquired a 50% stake in Odilla Chocolat Srl, a top quality handmade chocolate producer, with one store in Turin. Odilla Chocolat is a locally renowned brand and was founded by the entrepreneur and maître chocolatier, Gabriele Maiolani. The price paid for the pro-rata participation was EUR 0.2M. CLT aims to gradually develop the commercial activity and significantly expand the production laboratory of the company. Odilla Chocolat srl is a start up, not consolidated by CLT for now, and is totally managed by the founder.

A start up in the premium range chocolate

Financials

DCF model

We updated our DCF-based valuation to incorporate our FY14E-16E change in estimates.

Our key 2013A-24E DCF assumptions are: a 6.2% WACC (6.3% previously) based on a 41% gearing ratio, 3.0% risk free rate and 5.50% risk premium; a 2.2% sales CAGR, a 2% perpetual growth rate and a 2.8% EBIT margin.

Our DCF-based valuation points to a **EUR 3.13/share target price (EUR 3.40/share previously)**. **EUR 3.13/share target price**

Centrale del Latte di Torino - WACC calculation		CLT - DCF key assumptions (%)	
Gearing ratio %	41	Sales 2013A-24E CAGR	2.2
Risk-free rate %	3.00	Perpetual growth rate	2.0
Risk premium %	5.50	EBIT margin 2013A-24E avg	2.8
Beta*(x)	0.9	EBIT 2013A-24E CAGR	6.9
Required return %	8.0	Tax rate 2013A-24E avg.	47
WACC %	6.2	Capex to sales 2013A-24E avg.	2
		Working capital to sales 2013A-24E	3.7

Source: *Bloomberg, Intesa Sanpaolo Research estimates

Source: Intesa Sanpaolo Research estimates

Centrale del Latte di Torino - DCF valuation (EUR M)	
Forecast cash flows	12
Terminal value	40
Enterprise value	51
Net cash/-debt	-20
Equity value	31
Number of shares (M)	10.0
Equity value per share (EUR)	3.13

Source: Intesa Sanpaolo Research estimates

Centrale del Latte di Torino - Sensitivity analysis					
EUR/share	Growth rate%				
Discount rate%	1.0	1.5	2.0	2.5	3.0
5.2%	3.6	4.2	5.0	6.0	7.6
5.7%	2.9	3.3	3.9	4.7	5.7
6.2%	2.4	2.7	3.13	3.7	4.4
6.7%	1.9	2.2	2.5	2.9	3.4
7.2%	1.6	1.8	2.0	2.3	2.7

Source: Intesa Sanpaolo Research estimates

Multiples comparison

In the table below, we report the 2014E-15E peers' multiples in terms of EV/sales, EV/EBITDA and P/E, taken from Factset consensus estimates. In terms of EV/EBITDA, CLT now trades in line vs. 2014E and the FY15E peers' average.

Multiples comparison								
x	Price EUR	EV	EV/sales		EV/EBITDA		PE	
			2014E	2015E	2014E	2015E	2014E	2015E
Dean Foods Co.	11.21	1,996	0.24	0.24	13.46	6.62		17.6
Associated British Foods PLC	37.64	24,252	1.83	1.73	15.08	14.90	28.3	28.0
Dairy Crest Group PLC	5.45	758	0.55	0.54	7.11	6.45	11.1	9.8
Saputo Inc.	21.89	13,599	1.35	1.34	12.41	11.73	19.6	18.2
Emmi AG	288.63	2,132	0.63	0.57	7.61	6.91	17.6	15.7
Parmalat S.p.A.	2.40	3,308	0.60	0.56	7.47	6.72	20.0	18.5
Average			0.87	0.83	10.52	8.89	19.3	18.0
CLT	2.84	54	0.48	0.46	10.00	9.74	43.4	36.7
Premium/-discount %			-45	-45	-7	7	119	99

Priced at 1 August 2014; Source: Factset and *Intesa Sanpaolo Research estimates

Centrale del Latte di Torino - Key figures

Sector	Food & Beverages	Mkt price EUR/Share	Ordinary		Rating	
REUTERS CODE	CLT.MI	Target price EUR/Share	2.82		HOLD	
Values per share (EUR)	2012A	2013A	3.13	2014E	2015E	2016E
No. ordinary shares (M)	10.00	10.00		10.00	10.00	10.00
No. NC saving/preferred shares (M)	-	-		-	-	-
Total no. of shares (M)	10.00	10.00		10.00	10.00	10.00
Adj. EPS	-0.06	0.03		0.07	0.08	0.10
CFPS	0.55	0.55		0.40	0.38	0.39
BVPS	3.94	4.06		4.07	4.15	4.24
Dividend Ord	-	0.06		-	-	-
Dividend SAV Nc	-	-		-	-	-
Income statement (EUR M)	2012A	2013A		2014E	2015E	2016E
Sales	98.5	98.1		100.6	105.0	108.8
EBITDA	6.4	5.4		4.8	4.9	5.2
EBIT	0.3	1.1		1.5	1.9	2.3
Pre-tax income	-0.7	2.1		1.1	1.4	1.8
Net income	-0.6	1.3		0.7	0.8	1.0
Adj. net income	-0.6	0.3		0.7	0.8	1.0
Cash flow (EUR M)	2012A	2013A		2014E	2015E	2016E
Net income before minorities	-0.6	1.3		0.7	0.8	1.0
Depreciation and provisions	6.1	4.2		3.3	3.0	2.9
Change in working capital	0.5	2.9		-1.3	-0.6	-1.2
Operating cash flow	6.0	8.4		2.7	3.2	2.7
Capital expenditure	-2.0	-2.0		-2.0	-2.0	-2.0
Other (uses of Funds)	0.0	0.0		-0.2	0.0	0.0
Free cash flow	4.0	6.4		0.5	1.2	0.7
Dividends and equity changes	-0.2	0.0		-0.6	0.0	0.0
Net cash flow	3.8	6.4		-0.1	1.2	0.7
Balance sheet (EUR M)	2012A	2013A		2014E	2015E	2016E
Net capital employed	65.0	60.7		60.7	60.3	60.6
of which associates	-	-		-	-	-
Net debt/-cash	25.7	20.0		20.0	18.9	18.2
Minorities	-	-		-	-	-
Net equity	39.4	40.6		40.7	41.5	42.4
Market cap	28.2	28.2		28.2	28.2	28.2
Minorities value	-	-		-	-	-
Enterprise value (*)	53.9	48.2		48.3	47.1	46.4
Stock market ratios (x)	2012A	2013A		2014E	2015E	2016E
Adj. P/E	Neg.	92.5		43.4	36.7	28.5
P/CEPS	5.1	5.1		7.1	7.4	7.3
P/BVPS	0.7	0.7		0.7	0.7	0.7
Dividend yield (% ord)	0.0	2.1		0.0	0.0	0.0
Dividend yield (% sav)	-	-		-	-	-
EV/sales	0.5	0.5		0.47	0.45	0.43
EV/EBITDA	7.6	9.0		10.0	9.7	9.3
EV/EBIT	171.7	42.7		32.18	24.78	20.19
EV/CE	0.8	0.8		0.80	0.78	0.77
D/EBITDA	4.0	3.7		4.16	3.81	3.51
D/EBIT	81.8	17.7		13.35	9.92	7.91
Profitability & financial ratios (%)	2012A	2013A		2014E	2015E	2016E
EBITDA margin	6.5	5.5		4.8	4.7	4.8
EBIT margin	0.3	1.2		1.5	1.8	2.1
Tax rate	13.9	39.5		39.3	45.0	45.0
Net income margin	-0.6	1.3		0.6	0.7	0.9
ROE	-1.4	3.1		1.6	1.9	2.3
Debt/equity ratio	0.7	0.5		0.5	0.5	0.4
Growth (%)		2013A		2014E	2015E	2016E
Sales		-0.4		2.6	4.4	3.6
EBITDA		-15.9		-10.3	2.6	4.6
EBIT		259.6		32.9	26.7	21.1
Pre-tax income		420.5		-49.0	30.8	28.6
Net income		325.4		-48.8	18.5	28.6
Adj. net income		154.2		112.8	18.5	28.6

(*) EV = Mkt cap+ Net Debt + Minorities Value - Associates A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Notes

Notes

Notes

Disclaimer

Analyst certification

The financial analyst who prepared this report, and whose name and role appear on the first page, certifies that:

(1) The views expressed on companies mentioned herein accurately reflect independent, fair and balanced personal views; (2) No direct or indirect compensation has been or will be received in exchange for any views expressed.

Specific disclosures

1. Neither the analyst nor any member of the analyst's household has a financial interest in the securities of the Company.
2. Neither the analyst nor any member of the analyst's household serves as an officer, director or advisory board member of the Company.
3. The analyst named in the document is a member of AIAF.
4. The analyst named in this document is not registered with or qualified by FINRA, the U.S. regulatory body with oversight over Banca IMI Securities Corp. Accordingly, the analyst may not be subject to NASD Rule 2711 and NYSE Rule 472 with respect to communicates with a subject company, public appearances and trading securities in a personal account. For additional information, please contact the Compliance Department of Banca IMI Securities Corp at 212-326-1133.
5. The analyst of this report does not receive bonuses, salaries, or any other form of compensation that is based upon specific investment banking transactions.
6. The research department supervisors do not have a financial interest in the securities of the Company.
7. This document has been disclosed to the issuer and amended following this disclosure prior to its dissemination.

This research has been prepared by Intesa Sanpaolo SpA and distributed by Banca IMI SpA Milan, Banca IMI SpA-London Branch (a member of the London Stock Exchange) and Banca IMI Securities Corp (a member of the NYSE and NASD). Intesa Sanpaolo SpA accepts full responsibility for the contents of this report and also reserves the right to issue this document to its own clients. Banca IMI SpA and Intesa Sanpaolo SpA, which are both part of the Intesa Sanpaolo Group, are both authorised by the Banca d'Italia and are both regulated by the Financial Services Authority in the conduct of designated investment business in the UK and by the SEC for the conduct of US business.

Opinions and estimates in this research are as at the date of this material and are subject to change without notice to the recipient. Information and opinions have been obtained from sources believed to be reliable, but no representation or warranty is made as to their accuracy or correctness. Past performance is not a guarantee of future results. The investments and strategies discussed in this research may not be suitable for all investors. If you are in any doubt you should consult your investment advisor.

This report has been prepared solely for information purposes and is not intended as an offer or solicitation with respect to the purchase or sale of any financial products. It should not be regarded as a substitute for the exercise of the recipient's own judgment. No Intesa Sanpaolo SpA or Banca IMI SpA entities accept any liability whatsoever for any direct, consequential or indirect loss arising from any use of material contained in this report. This document may only be reproduced or published together with the name of Intesa Sanpaolo SpA and Banca IMI SpA.

Intesa Sanpaolo SpA and Banca IMI SpA have in place a Joint Conflicts Management Policy for managing effectively the conflicts of interest which might affect the impartiality of all investment research which is held out, or where it is reasonable for the user to rely on the research, as being an impartial assessment of the value or prospects of its subject matter. A copy of this Policy is available to the recipient of this research upon making a written request to the Compliance Officer, Intesa Sanpaolo SpA, 90 Queen Street, London EC4N 1SA. Intesa Sanpaolo SpA has formalised a set of principles and procedures for dealing with conflicts of interest ("Research Policy"). The Research Policy is clearly explained in the relevant section of Intesa Sanpaolo's web site (www.intesasanpaolo.com).

Member companies of the Intesa Sanpaolo Group, or their directors and/or representatives and/or employees and/or members of their households, may have a long or short position in any securities mentioned at any time, and may make a purchase and/or sale, or offer to make a purchase and/or sale, of any of the securities from time to time in the open market or otherwise.

Intesa Sanpaolo SpA issues and circulates research to Major Institutional Investors in the USA only through Banca IMI Securities Corp., 1 William Street, New York, NY 10004, USA, Tel: (1) 212 326 1230.

Residents in Italy: This document is intended for distribution only to professional clients and qualified counterparties as defined in Consob Regulation no. 16190 of 29.10.2007, as subsequently amended and supplemented, either as a printed document and/or in electronic form.

Person and residents in the UK: This document is not for distribution in the United Kingdom to persons who would be defined as private customers under rules of the FSA.

US persons: This document is intended for distribution in the United States only to Major Institutional Investors as defined in SEC Rule 15a-6. US Customers wishing to effect a transaction should do so only by contacting a representative at Banca IMI Securities Corp. in the US (see contact details above).

Coverage policy and frequency of research reports

The list of companies covered by the Research Department is available upon request. Intesa Sanpaolo SpA aims to provide continuous coverage of the companies on the list in conjunction with the timing of periodical accounting reports and any exceptional event that affects the issuer's operations. The companies for which Banca IMI acts as sponsor or specialist or other regulated roles are covered in compliance with regulations issued by regulatory bodies with jurisdiction. In the case of a short note, we advise investors to refer to the most recent company report published by Intesa Sanpaolo SpA's Research Department for a full analysis of valuation methodology, earnings assumptions, risks and the historical of recommendation and target price. Research is available on Banca IMI's web site (www.bancaimi.com) or by contacting your sales representative.

Valuation methodology (long-term horizon: 12M)

The Intesa Sanpaolo SpA Equity Research Department values the companies for which it assigns recommendations as follows:

We obtain a fair value using a number of valuation methodologies including: discounted cash flow method (DCF), dividend discount model (DDM), embedded value methodology, return on allocated capital, break-up value, asset-based valuation method, sum-of-the-parts, and multiples-based models (for example PE, P/BV, PCF, EV/Sales, EV/EBITDA, EV/EBIT, etc.). The financial analysts use the above valuation methods alternatively and/or jointly at their discretion. The assigned target price may differ from the fair value, as it also takes into account overall market/sector conditions, corporate/market events, and corporate specifics (ie, holding discounts) reasonably considered to be possible drivers of the company's share price performance. These factors may also be assessed using the methodologies indicated above.

Equity rating key: (long-term horizon: 12M)

In its recommendations, Intesa Sanpaolo SpA uses an "absolute" rating system, which is not related to market performance and whose key is reported below:

Equity rating key (long-term horizon: 12M)	
Long-term rating	Definition
BUY	If the target price is 20% higher than the market price
ADD	If the target price is 10%-20% higher than the market price
HOLD	If the target price is 10% below or 10% above the market price
REDUCE	If the target price is 10%-20% lower than the market price
SELL	If the target price is 20% lower than the market price
RATING SUSPENDED	The investment rating and target price for this stock have been suspended as there is not a sufficient fundamental basis for determining an investment rating or target. The previous investment rating and target price, if any, are no longer in effect for this stock.
NO RATING	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulations and/or firm policies in certain circumstances, including when Intesa Sanpaolo is acting in an advisory capacity in a merger or strategic transaction involving the company.
TARGET PRICE	The market price that the analyst believes the share may reach within a one-year time horizon
MARKET PRICE	Closing price on the day before the issue date of the report, as indicated on the first page, except where otherwise indicated

Historical recommendations and target price trends (long-term horizon: 12M)

Historical recommendations and target price trend (-1Y)			
Date	Rating	TP	Mkt Price
5-Aug-13	HOLD	1.74	1.60
19-Nov-13	HOLD	1.91	1.75
19-Mar-14	HOLD	3.66	3.84
5-Aug-14	HOLD	3.40	3.16

Equity rating allocations (long-term horizon: 12M)

Intesa Sanpaolo Research Rating Distribution (at November 2014)					
Number of companies considered: 95	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage %	40	33	27	0	0
of which Intesa Sanpaolo's Clients % (*)	76	68	54	0	0

(*) Companies on behalf of whom Intesa Sanpaolo and the other companies of the Intesa Sanpaolo Group have provided corporate and Investment banking services in the last 12 months; percentage of clients in each rating category

Valuation methodology (short-term horizon: 3M)

Our short-term investment ideas are based on ongoing special market situations, including among others: spreads between share categories; holding companies vs. subsidiaries; stub; control chain reshuffling; stressed capital situations; potential extraordinary deals (including capital increase/delisting/extraordinary dividends); and preys and predators. Investment ideas are presented either in relative terms (e.g. spread ordinary vs. savings; holding vs. subsidiaries) or in absolute terms (e.g. preys).

The companies to which we assign short-term ratings are under regular coverage by our research analysts and, as such, are subject to fundamental analysis and long-term recommendations. The main differences attain to the time horizon considered (monthly vs. yearly) and definitions (short-term 'long/short' vs. long-term 'buy/sell'). Note that the short-term relative recommendations of these investment ideas may differ from our long-term recommendations. We monitor the monthly performance of our short-term investment ideas and follow them until their closure.

Equity rating key (short-term horizon: 3M)

Equity rating key (short-term horizon: 3M)	
Short-term rating	Definition
LONG	Stock price expected to rise or outperform within three months from the time the rating was assigned due to a specific catalyst or event
SHORT	Stock price expected to fall or underperform within three months from the time the rating was assigned due to a specific catalyst or event

Company specific disclosures

Banca IMI discloses interests and conflicts of interest, as defined by: Articles 69-quater and 69-quinquies, of Consob Resolution No.11971 of 14.05.1999, as subsequently amended and supplemented; the NYSE's Rule 472 and the NASD's Rule 2711; the FSA Policy Statement 04/06 "Conflicts of Interest in Investment Research – March 2004 and the Policy Statement 05/03 "Implementation of Market Abuse Directive", March 2005. The Intesa Sanpaolo Group maintains procedures and organisational mechanisms (Information barriers) to professionally manage conflicts of interest in relation to investment research. We provide the following information on Intesa Sanpaolo Group's conflicts of interest:

- 1 The Intesa Sanpaolo Group has a conflict of interest inasmuch as it plans to solicit investment banking business or intends to seek compensation from the Company in the next three months.
- 2 Banca IMI is a specialist relative to securities issued by CENTRALE DEL LATTE DI TORINO & C. S.p.A.

Intesa Sanpaolo Research Department – Head of Research: Gregorio De Felice**Head of Equity & Credit Research**

Giampaolo Trasi	+39 02 8794 9803	giampaolo.trasi@intesasnpaolo.com
-----------------	------------------	-----------------------------------

Equity Research

Monica Bosio	+39 02 8794 9809	monica.bosio@intesasnpaolo.com
Luca Bacoccoli	+39 02 8794 9810	luca.bacoccoli@intesasnpaolo.com
Antonella Frongillo	+39 02 8794 9688	antonella.frongillo@intesasnpaolo.com
Manuela Meroni	+39 02 8794 9817	manuela.meroni@intesasnpaolo.com
Gian Luca Pacini	+39 02 8794 9818	gianluca.pacini@intesasnpaolo.com
Elena Perini	+39 02 8794 9814	elena.perini@intesasnpaolo.com
Bruno Permutti	+39 02 8794 9819	bruno.permutti@intesasnpaolo.com
Roberto Ranieri	+39 02 8794 9822	roberto.ranieri@intesasnpaolo.com
Meris Tonin	+39 02 8794 1119	meris.tonin@intesasnpaolo.com

Corporate Broking Research

Alberto Francese	+39 02 8794 9815	alberto.francese@intesasnpaolo.com
Gabriele Berti	+39 02 8794 9821	gabriele.berti@intesasnpaolo.com
Marta Caprini	+39 02 8794 9812	marta.caprini@intesasnpaolo.com

Research Production

Anna Whatley	+39 02 8794 9824	anna.whatley@intesasnpaolo.com
Bruce Marshall	+39 02 8794 9816	robert.marshall@intesasnpaolo.com
Annita Ricci	+39 02 8794 9823	annita.ricci@intesasnpaolo.com
Wendy Ruggeri	+39 02 8794 9811	wendy.ruggeri@intesasnpaolo.com

Banca IMI SpA**Institutional Sales**

Catherine d'Aragon	+39 02 7261 5929	catherine.daragon@bancaimi.com
Carlo Cavaliere	+39 02 7261 2722	carlo.cavaliere@bancaimi.com
Stefan Gess	+39 02 7261 5927	stefan.gess@bancaimi.com
Francesca Guadagni	+39 02 7261 5817	francesca.guadagni@bancaimi.com
Federica Repetto	+39 02 7261 5517	federica.repetto@bancaimi.com
Daniela Stucchi	+39 02 7261 5708	daniela.stucchi@bancaimi.com
Marco Tinessa	+39 02 7261 2158	marco.tinessa@bancaimi.com
Mark Wilson	+39 02 7261 2758	mark.wilson@bancaimi.com

Corporate Broking

Carlo Castellari	+39 02 7261 2122	carlo.castellari@bancaimi.com
Laura Spinella	+39 02 7261 5782	laura.spinella@bancaimi.com

Sales Trading

Emanuele Mastroddi	+39 02 7261 5880	emanuele.mastroddi@bancaimi.com
Lorenzo Pennati	+39 02 7261 5647	lorenzo.pennati@bancaimi.com

Equity Derivatives Institutional Sales

Andrea Martini	+39 02 7261 5977	andrea.martini@bancaimi.com
Alexia Barbara Maria Berthon	+39 02 7261 5974	alexia.berthon@bancaimi.com
Umberto De Paoli	+39 02 7261 5821	umberto.depaoli@bancaimi.com
Enrico Ferrari	+39 02 7261 2806	enrico.ferrari@bancaimi.com
Emanuele Manini	+39 02 7261 5936	emanuele.manini@bancaimi.com
Massimiliano Murgino	+39 02 7261 2247	massimiliano.murgino@bancaimi.com
Alice Subert	+39 02 7261 2759	alice.subert@bancaimi.com

Banca IMI SpA – Head of Market Hub: Gherardo Lenti Capoduri**E-commerce Distribution**

Alessandra Minghetti	+39 02 7261 2973	alessandra.minghetti@bancaimi.com
Francesco Riccardi (Retail e-commerce)	+39 02 7261 2089	francesco.riccardi@bancaimi.com
Umberto Menconi (Institutional e-commerce)	+39 02 7261 5492	umberto.menconi@bancaimi.com
Giovanni Spotti (E-sales)	+39 02 7261 2339	giovanni.spotti@bancaimi.com

Brokerage & Execution

Sergio Francolini	+39 02 7261 5859	sergio.francolini@bancaimi.com
-------------------	------------------	--------------------------------

Banca IMI Securities Corp.**US Institutional Sales**

Larry Meyers	+1 212 326 1241	larry.meyers@bancaimi.com
Barbara Leonardi	+1 212 326 1232	barbara.leonardi@bancaimi.com

Banca IMI SpA

Largo Mattioli, 3
20121 Milan, Italy
Tel: +39 02 7261 1

Banca IMI Securities Corp.

1 William Street
10004 New York, NY, USA
Tel: (1) 212 326 1230

Banca IMI London Branch

90 Queen Street
London EC4N 1SA, UK
Tel +44 207 894 2600