

Accumulate

Recommendation unchanged

Share price: EUR 23.95

closing price as of 14/03/2017

Target price: EUR 26.80

from Target Price: EUR 22.40

Upside/Downside Potential 11.9%

Reuters/Bloomberg BSS.MI/BSS IM

Market capitalisation (EURm) 656

Current N° of shares (m) 27

Free float 33%

Daily avg. no. trad. sh. 12 mth 77

Daily avg. trad. vol. 12 mth (m) 2,799.97

Price high/low 12 months 10.36 / 24.51

Abs Perfs 1/3/12 mths (%) 24.42/24.87/72.92

Key financials (EUR)

12/16 12/17e 12/18e

Sales (m) 618 674 751

EBITDA (m) 75 83 95

EBITDA margin 12.1% 12.3% 12.6%

EBIT (m) 55 59 69

EBIT margin 8.9% 8.8% 9.1%

Net Profit (adj.)(m) 33 35 41

ROCE 17.6% 16.8% 18.1%

Net debt/(cash) (m) (5) (5) (18)

Net Debt/Equity 0.0 0.0 -0.1

Debt/EBITDA -0.1 -0.1 -0.2

Int. cover(EBITDA/Fin. int) 27.9 28.4 29.1

EV/Sales 0.9 1.0 0.9

EV/EBITDA 7.1 8.0 6.9

EV/EBITDA (adj.) 7.1 8.0 6.9

EV/EBIT 9.6 11.2 9.5

P/E (adj.) 15.9 18.6 16.0

P/BV 3.3 3.6 3.1

OpFCF yield 8.3% 0.5% 3.0%

Dividend yield 0.0% 0.0% 0.0%

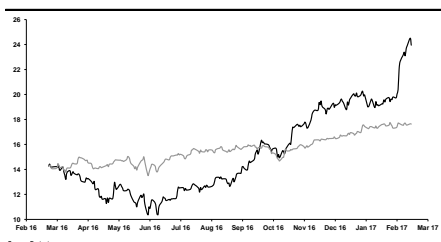
EPS (adj.) 1.20 1.29 1.49

BVPS 5.82 6.69 7.75

DPS 0.00 0.00 0.00

Shareholders

BI.FIN s.r.l. 51%;



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Solid FY 16 results as expected

The facts: Biesse published its FY 16 results yesterday afternoon.

- as already published, FY 16 turnover increased by 19.1% Y/Y especially thanks to the positive performance in Western Europe, Italy and North America;

- the profitability improvement is less than proportional to sales growth, mainly due to the higher incidence of COGS.

BIESSE: FY 16 results

	FY 15a	FY 16a	% Chg
Sales	519.1	618.5	+19.1%
EBITDA	64.1	75.8	+18.3%
% margin	12.4%	12.1%	

Source: Company Data

The management is proposing to shareholders' Meeting the distribution of a dividend of EUR 0.36 per share, in line with the previous year (pay-out ratio of 44.9%).

Biesse's FY 16 order intake increased by 11% compared to FY 15, consequently, the order portfolio at the end of December 16 was higher by 16% compared to December 15, higher than our estimates of +10%.

2017-19 business plan confirmed: the management confirmed the new 2017-19 business plan presented in February:

- FY 17-19 sales CAGR of +10.1%;
- FY 17-19 EBITDA CAGR of +11.6%;
- FY 17-19 EBIT CAGR of +12.5%.

2017-19 estimates slightly revised upward: we move our profitability forecast in line with the guidance: 2017-19e EBITDA CAGR at +11.5%, vs previous +10.4%

Conclusion & Action: We move our target price from EUR 22.40 to EUR 26.80 per share, based on our DCF model (WACC 7.2%, 1.2% perpetual growth rate). This valuation is supported by the multiple comparison; indeed, given the current multiple expansion phase, the stock price is still undervalued compared to the peer multiples (see below table). Accumulate recommendation confirmed.

	Ev/EBITDA 2017	Ev/EBITDA 2018	Ev/EBIT 2017	Ev/EBIT 2018	P/E 2017	P/E 2018
BIESSE SPA	8.0	7.3	10.89	10.0	18.6	16.7
PRIMA INDUSTRIE	6.9	5.7	10.9	8.1	14.2	10.4
DUERR	8.3	8.2	11.2	10.3	14.4	14.0
IMA	14.8	13.4	-	16.4	28.7	24.9
DMG MORI	13.9	13.0	19.3	17.9	30.9	28.3
INTERPUMP	11.1	10.7	14.2	13.6	20.1	18.7
Peer AVERAGE	11.0	10.2	13.9	13.3	21.7	19.3
Premium (discount)	-27.6%	-28.8%	-21.4%	-24.5%	-13.9%	-13.1%

Source: Bloomberg - Prices as of 14th March 2017