

GPI

OUTPERFORM

Price (Eu):

7.56

Target Price (Eu):

11.40

SECTOR: Industrials

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Strong Revenue Growth but Different Mix Impacts Margins

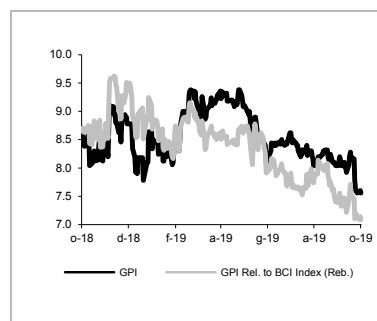
- 1H19 results show strong growth, although the business mix hit profitability.** GPI reported strong and almost entirely organically generated revenue growth of +18% in 1H19 to €110.5mn. The increase was driven by the ramp-up of the Lazio Region contract booked under the Care division (43% FY18 revenue), while the Software and Other Operating Sector divisions (45%/12% of FY18 respectively) also posted solid growth rates of +3% and +15% respectively. In contrast, profitability suffered from: i) a less beneficial business mix given the higher weight of the Care division; and ii) specific trends within divisions, such as the Lazio Region contract ramp-up for which the company had to sustain high set-up costs, and less favourable seasonality in the Software business. Net of IFRS 16, EBITDA was €8.4mn for a 7.6% margin vs 10.2% last year (8.5% vs 10.8% adj. to normalize the effects of JV rebilling). More importantly, part of the profitability lost in 1H should be recovered in 2H given the stronger seasonality in the Software business (EBITDA margins ~10pp higher in 2H) and the ending of the initial phase of the Regione Lazio contract. No extraordinary items were recorded in 1H. At the bottom line, the aforementioned trends and a positive release of taxes translated into a net profit of €1.3mn vs €1.9mn in 1H18. Finally, net debt grew to €80.8mn, or €73.1mn before IFRS 16, compared to €61.5mn as at YE18. The increase was primarily driven by working capital drainage due to strong revenue growth and payment terms typical of the public administration.
- 2019 guidance:** revenue confirmed (and likely to be exceeded), profitability lowered. The company confirmed guidance for turnover, seen at over €230mn, whilst the EBITDA margin is now seen at ~14% vs more than 14% previously. Looking at the trends recorded in 1H, we see the company well positioned to hit the revenue target at the least, with a chance of surpassing it. We base this view on the momentum provided by the Regione Lazio contract (~€25/30mn/year) and the positive trends in the Other Operating Sectors division, which is set to deliver important projects in the Pharmacy Automation sub-segment. The decline in profitability seen in 1H19 triggered the outlook revision, but as we said earlier some of the decline should be recovered in 2H.
- Changes to estimates.** We are slightly upgrading the revenue forecast (~+2%), but we revise our EPS by -16% on average given the aforementioned profitability trend, partly offset by a lower tax rate. In short, we estimate turnover at €235.7mn with profitability of 13.5%, marginally more cautious than company guidance.
- OUTPERFORM confirmed, TP €11.4.** GPI posted strong revenue growth in 1H19, although profitability declined, but expectations for an improvement in 2H prompt us to confirm our positive stance on the stock. We think GPI has a strong market position and thanks to its product offering it will successfully exploit gradual but solid digitalisation in the healthcare sector. However, on the back of lower estimates, we have revised our TP to €11.4 (€13.0 prev.) with an unchanged valuation framework (average of DCF and market multiples). Better cash generation, which could come from improved working capital trends, could become a key factor supporting our positive view on the stock.

Key Figures	2017A	2018A	2019E	2020E	2021E
Sales (Eu mn)	180	204	236	244	249
Ebitda (Eu mn)	26	27	32	33	35
Net profit (Eu mn)	8	9	8	8	8
EPS - New Adj.(Eu)	0.519	0.603	0.509	0.510	0.539
EPS - Old Adj.(Eu)	0.519	0.603	0.584	0.632	0.699
DPS (Eu)	0.300	0.330	0.000	0.000	0.000

Ratios & Multiples	2017A	2018A	2019E	2020E	2021E
P/E Adj.	14.6	12.5	14.9	14.8	14.0
Div. Yield	4.0%	4.4%	0.0%	0.0%	0.0%
EV/Ebitda Adj.	6.5	6.3	6.1	5.7	5.2
ROCE	17.0%	10.8%	11.0%	10.9%	11.9%

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GPI - 12m Performance



RATING: Unchanged

TARGET PRICE (Eu): from 13.00 to 11.40

Ch. in Adj.EPS est: 2019E 2020E
-12.8% -19.4%

STOCK DATA

Reuters code: GPI.MI
Bloomberg code: GPI IM

Performance	1m	3m	12m
Absolute	-6.0%	-12.3%	-13.1%
Relative	-4.0%	-10.2%	-19.8%
12 months H/L:	9.38/7.56		

SHAREHOLDER DATA

No. of Ord. shares (mn):	16
Total No. of shares (mn):	16
Mkt Cap Ord (Eu mn):	119
Total Mkt Cap (Eu mn):	119
Mkt Float - ord (Eu mn):	43
Mkt Float (in %):	36.6%
Main shareholder:	
FM Srl (F. Manzana, CEO)	63.4%

BALANCE SHEET DATA

	2019
Book value (Eu mn):	69
BVPS (Eu):	4.49
P/BV:	1.7
Net Financial Position (Eu mn):	-77
Enterprise value (Eu mn):	196

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on the last page of this report

GPI - 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
PROFIT & LOSS (Eu mn)	Sales	180	204	236	244	249
	EBITDA	26	27	32	33	35
	EBIT	16	13	15	16	18
	Financial income (charges)	(2)	(0)	(4)	(4)	(4)
	Associates & Others	0	(0)	0	0	0
	Pre-tax profit (Loss)	14	13	12	13	14
	Taxes	(5)	(3)	(4)	(5)	(5)
	Tax rate (%)	40.2%	26.0%	31.0%	36.0%	38.0%
	Minorities & discontinue activities	(0)	(0)	(0)	(0)	(0)
	Net profit	8	9	8	8	8
	Total extraordinary items	0	0	0	0	0
	Ebitda excl. extraordinary items	26	29	32	33	35
	Ebit excl. extraordinary items	16	15	15	16	18
Net profit restated	8	9	8	8	8	
PER SHARE DATA (Eu)	Total shares out (mn) - average fd	16	16	16	16	16
	EPS stated fd	0.519	0.603	0.509	0.510	0.539
	EPS restated fd	0.519	0.603	0.509	0.510	0.539
	BVPS fd	4.072	4.362	4.493	5.003	5.542
	Dividend per share (ord)	0.300	0.330	0.000	0.000	0.000
	Dividend per share (sav)					
	Dividend pay out ratio (%)	60.2%	56.8%	0.0%	0.0%	0.0%
CASH FLOW (Eu mn)	Gross cash flow	17	23	24	25	25
	Change in NWC	(25)	(10)	(7)	(3)	(2)
	Capital expenditure	(5)	(12)	(12)	(13)	(13)
	Other cash items	7	(4)	0	0	0
	Free cash flow (FCF)	(17)	2	5	9	10
	Acquisitions, divestments & others	(26)	(3)	(4)	(4)	0
	Dividend	(5)	(5)	(5)	0	0
	Equity financing/Buy-back	1	0	0	0	0
Change in Net Financial Position	(41)	(10)	(15)	5	10	
BALANCE SHEET (Eu mn)	Total fixed assets	109	110	120	120	116
	Net working capital	45	53	61	64	66
	Long term liabilities	(38)	(33)	(33)	(33)	(33)
	Net capital employed	115	130	147	150	149
	Net financial position	(51)	(61)	(77)	(72)	(62)
	Group equity	64	69	71	79	87
	Minorities	1	1	1	2	2
Net equity	63	67	69	77	85	
ENTERPRISE VALUE (Eu mn)	Average mkt cap - current	119	119	119	119	119
	Adjustments (associate & minorities)	0	0	0	0	0
	Net financial position	(51)	(61)	(77)	(72)	(62)
	Enterprise value	170	180	196	190	181
RATIOS(%)	EBITDA margin*	14.5%	14.0%	13.5%	13.6%	14.0%
	EBIT margin*	8.9%	7.4%	6.5%	6.7%	7.1%
	Gearing - Debt/equity	79.7%	89.6%	108.5%	91.0%	70.8%
	Interest cover on EBIT	7.1	44.2	4.2	4.4	4.4
	Debt/Ebitda	1.97	2.30	2.41	2.16	1.77
	ROCE*	17.0%	10.8%	11.0%	10.9%	11.9%
	ROE*	12.8%	14.2%	11.4%	10.7%	10.2%
	EV/CE	1.8	1.5	1.4	1.3	1.2
	EV/Sales	0.9	0.9	0.8	0.8	0.7
	EV/Ebit	10.6	12.0	12.9	11.7	10.2
Free Cash Flow Yield	-14.6%	1.3%	4.0%	7.7%	8.3%	
GROWTH RATES (%)	Sales	32.1%	13.2%	15.7%	3.4%	2.3%
	EBITDA*	16.5%	9.5%	11.3%	4.2%	4.9%
	EBIT*	-6.0%	-6.2%	1.0%	6.8%	9.2%
	Net profit	26.4%	17.2%	-15.6%	0.1%	5.8%
	EPS restated	22.0%	16.2%	-15.6%	0.1%	5.8%

* Excluding extraordinary items

Source: Intermonte SIM estimates

Segment information

Revenue and EBITDA by segment

Revenue	2016A	2017A	1H18A	2H18A	2018A	1H19A	2H19E	2019E	2020E	2021E
Software	44.9	76.7	40.0	50.7	90.7	41.2	50.9	92.1	95.8	98.7
YoY growth	+69.4%	+70.9%	+24.9%	+13.5%	+18.2%	+3.2%	+0.3%	+1.6%	+4.0%	+3.0%
Organic*	+55.6%	-8.0%	-9.8%	+0.4%	-3.8%	+3.1%	+0.2%	+1.5%	+4.0%	+3.0%
Scope*	+13.7%	+78.9%	+34.7%	+13.1%	+22.1%	+0.1%	+0.1%	+0.1%	+0.0%	+0.0%
Share %	33.0%	42.6%	42.9%	45.9%	44.5%	37.3%	40.6%	39.1%	39.3%	39.6%
Care	76.3	83.2	42.7	45.6	88.3	57.0	59.1	116.2	118.5	119.7
YoY growth	+55.4%	+9.0%	+3.7%	+8.4%	+6.1%	+33.6%	+29.8%	+31.6%	+2.0%	+1.0%
Organic*	+19.2%	+9.0%	+3.7%	+8.4%	+6.1%	+32.9%	+29.2%	+31.0%	+2.0%	+1.0%
Scope*	+36.2%	+0.0%	+0.0%	+0.0%	+0.0%	+0.6%	+0.6%	+0.6%	+0.0%	+0.0%
Share %	56.0%	46.3%	45.8%	41.3%	43.3%	51.6%	47.2%	49.3%	48.6%	48.0%
Other operating sectors	15.0	20.0	10.6	14.1	24.7	12.2	15.2	27.4	29.3	30.8
YoY growth	+8.7%	+33.5%	+22.2%	+25.0%	+23.8%	+15.0%	+7.5%	+10.7%	+7.0%	+5.0%
Organic*	+8.7%	+33.5%	+22.2%	+20.9%	+21.5%	+8.4%	+5.9%	+7.0%	+7.0%	+5.0%
Scope*	+0.0%	+0.0%	+0.0%	+4.1%	+2.3%	+6.6%	+1.6%	+3.7%	+0.0%	+0.0%
Share %	11.0%	11.1%	11.4%	12.8%	12.1%	11.1%	12.1%	11.6%	12.0%	12.4%
Revenue	136.2	179.9	93.3	110.4	203.7	110.5	125.2	235.7	243.6	249.1
YoY growth	+52.4%	+32.1%	+14.0%	+12.6%	+13.2%	+18.4%	+13.4%	+15.7%	+3.4%	+2.3%
Organic*	+28.4%	+6.1%	+0.4%	+6.2%	+3.6%	+17.4%	+14.2%	+15.6%	+3.6%	+2.4%
Scope*	+24.0%	+26.0%	+13.6%	+6.4%	+9.7%	+1.1%	+0.5%	+0.8%	+0.0%	+0.0%
EBITDA	2016A	2017A	1H18A	2H18A	2018A	1H19A	2H19E	2019E	2020E	2021E
Software	16.1	18.1	7.3	15.0	22.3	7.3	15.3	22.7	24.0	24.8
YoY growth		+12.4%	+22.6%	+23.4%	+23.2%	+0.2%	+2.3%	+1.6%	+5.7%	+3.4%
EBITDA margin %	20.9%	23.6%	18.3%	29.5%	24.6%	17.8%	30.1%	24.6%	25.0%	25.1%
Care	6.6	5.0	1.1	2.6	3.7	1.5	4.3	5.8	5.7	5.9
YoY growth		-24.2%	-62.0%	+27.5%	-26.0%	+31.2%	+68.3%	+56.9%	-2.1%	+3.1%
EBITDA margin %	8.7%	6.0%	2.7%	5.6%	4.2%	2.6%	7.3%	5.0%	4.8%	4.9%
Other operating sectors	(0.3)	3.0	1.1	1.5	2.6	0.8	2.6	3.3	3.5	4.2
YoY growth		+0.0%	+92.1%	-38.7%	-13.8%	-28.3%	+71.6%	+29.2%	+5.2%	+18.1%
EBITDA margin %	-2.0%	15.0%	10.3%	10.5%	10.5%	6.5%	16.8%	12.2%	12.0%	13.5%
Adj. EBITDA	22.4	26.1	9.6	19.0	28.6	9.6	22.2	31.8	33.2	34.8
YoY growth	+178.5%	+16.5%	+0.2%	+14.8%	+9.5%	+0.6%	+16.7%	+11.3%	+4.2%	+4.9%
Adj. EBITDA margin %	16.5%	14.5%	10.2%	17.2%	14.0%	8.7%	17.7%	13.5%	13.6%	14.0%

Source: Intermonte SIM (E), company data (A)

Company financials

Income statement

Income statement	2016A	2017A	1H18A	2H18A	2018A	1H19A	2H19E	2019E	2020E	2021E
Revenue	136.2	179.9	93.3	110.4	203.7	110.5	125.2	235.7	243.6	249.1
YoY growth	+52.4%	+32.1%	+14.0%	+12.6%	+13.2%	+18.4%	+13.4%	+15.7%	+3.4%	+2.3%
Organic*	+28.4%	+6.1%	+0.4%	+6.2%	+3.6%	+17.4%	+14.2%	+15.6%	+3.6%	+2.4%
Scope*	+24.0%	+26.0%	+13.6%	+6.4%	+9.7%	+1.1%	+0.5%	+0.8%	+0.0%	+0.0%
- Operating costs	(116.1)	(154.0)	(83.7)	(93.2)	(176.9)	(100.9)	(103.0)	(203.9)	(210.4)	(214.3)
+ Non-recurring exp.	2.3	0.2	0.0	1.9	1.9	(0.0)	0.0	-	-	-
Adj. EBITDA	22.4	26.1	9.6	19.0	28.6	9.6	22.2	31.8	33.2	34.8
YoY growth	+178.5%	+16.5%	+0.2%	+14.8%	+9.5%	+0.6%	+16.7%	+11.3%	+4.2%	+4.9%
Adj. EBITDA margin %	16.5%	14.5%	10.2%	17.2%	14.0%	8.7%	17.7%	13.5%	13.6%	14.0%
- D&A and provisions	(5.3)	(10.0)	(6.3)	(7.2)	(13.5)	(7.8)	(8.8)	(16.6)	(16.9)	(17.0)
- Non-recurring exp.	(2.3)	(0.2)	(0.0)	(1.9)	(1.9)	0.0	(0.0)	-	-	-
EBIT	14.8	15.9	3.2	10.0	13.2	1.8	13.4	15.2	16.3	17.7
YoY growth	+500.7%	+7.4%	-37.5%	-6.7%	-16.7%	-43.7%	+34.1%	+15.2%	+6.8%	+9.2%
EBIT margin %	10.9%	8.8%	3.4%	9.1%	6.5%	1.6%	10.7%	6.5%	6.7%	7.1%
-/+ Net financial inc./(exp.)	(2.5)	(2.2)	(0.7)	0.4	(0.3)	(1.7)	(1.9)	(3.6)	(3.7)	(4.1)
-/+ Profit/(loss) from equity acq.	(0.1)	-	-	(0.1)	(0.1)	-	-	-	-	-
Pre-tax profit	12.2	13.6	2.5	10.3	12.8	0.1	11.5	11.6	12.5	13.7
Tax rate %	46.9%	40.2%	21.9%	27.0%	26.0%	n.m.	41.8%	31.0%	36.0%	38.0%
- Income tax	(5.7)	(5.5)	(0.5)	(2.8)	(3.3)	1.2	(4.8)	(3.6)	(4.5)	(5.2)
Net profit	6.5	8.2	1.9	7.6	9.5	1.3	6.7	8.0	8.0	8.5
YoY growth	-2549.1%	+25.7%	-16.6%	+29.2%	+16.2%	-31.5%	-11.5%	-15.6%	+0.1%	+5.8%
Net profit margin %	4.8%	4.5%	2.1%	6.8%	4.7%	1.2%	5.3%	3.4%	3.3%	3.4%
- Minorities	(0.3)	(0.3)	(0.2)	(0.1)	(0.3)	(0.2)	(0.1)	(0.2)	(0.2)	(0.2)
Net profit attrib. to sharehold.	6.2	7.9	1.7	7.5	9.2	1.2	6.6	7.8	7.8	8.3

Source: Intermonte SIM (E), company data (A)

Balance sheet

Condensed balance sheet	2016A	2017A	1H18A	2H18A	2018A	1H19A	2H19E	2019E	2020E	2021E
Net working capital	22.9	44.9	40.4	53.3	53.3	56.7	60.7	60.7	63.6	66.0
Fixed asset	64.4	108.7	113.2	109.9	109.9	121.4	119.8	119.8	119.8	116.0
Long-term liabilities	(16.0)	(38.5)	(35.2)	(33.1)	(33.1)	(33.4)	(33.1)	(33.1)	(33.1)	(33.1)
Net capital employed	71.2	115.1	118.5	130.1	130.1	144.6	147.4	147.4	150.3	148.9
Net debt/(cash)	9.9	51.0	57.2	61.5	61.5	80.8	76.7	76.7	71.6	61.7
of which IFRS 16	-	-	-	-	-	7.7	2.3	10.0	10.0	10.0
Equity	60.4	62.9	60.0	67.3	67.3	62.4	69.2	69.2	77.0	85.2
Minorities	0.9	1.1	1.3	1.3	1.3	1.4	1.5	1.5	1.7	1.9
Invested capital	71.2	115.1	118.5	130.1	130.1	144.6	147.4	147.4	150.3	148.9

Source: Intermonte SIM (E), company data (A)

Cash flow statement

Cash flow statement	2016A	2017A	1H18A	2H18A	2018A	1H19A	2H19E	2019E	2020E	2021E
NFP beginning of the period	(37.8)	(9.9)	(51.0)	(57.2)	(51.0)	(61.5)	(80.8)	(61.5)	(76.7)	(71.6)
Net income	6.5	8.2	1.9	7.6	9.5	1.3	6.7	8.0	8.0	8.5
+/- D&A	5.2	9.2	5.9	7.6	13.4	7.6	8.7	16.4	16.7	16.8
Change in working capital &	(8.0)	(29.2)	4.3	(13.6)	(9.4)	(4.7)	(2.7)	(7.4)	(2.9)	(2.4)
Cash flow operations	3.7	(11.9)	12.1	1.5	13.5	4.3	12.7	17.0	21.8	22.8
Capex	(7.0)	(5.5)	(4.9)	(7.0)	(12.0)	(6.1)	(6.1)	(12.3)	(12.7)	(13.0)
FCF (ex. acq)	(3.3)	(17.3)	7.1	(5.6)	1.6	(1.8)	6.5	4.7	9.1	9.9
Acquisitions	(14.9)	(25.6)	(1.6)	(1.5)	(3.1)	(1.3)	(2.7)	(4.0)	(4.0)	-
Dividends	(1.8)	(4.6)	(4.8)	0.0	(4.7)	(5.2)	-	(5.2)	-	-
Other movements	47.9	6.4	(7.0)	2.8	(4.2)	(3.3)	2.6	(0.7)	-	-
NFP end of the period	(9.9)	(51.0)	(57.2)	(61.5)	(61.5)	(80.8)	(76.7)	(76.7)	(71.6)	(61.7)

Source: Intermonte SIM (E), company data (A)

Company description

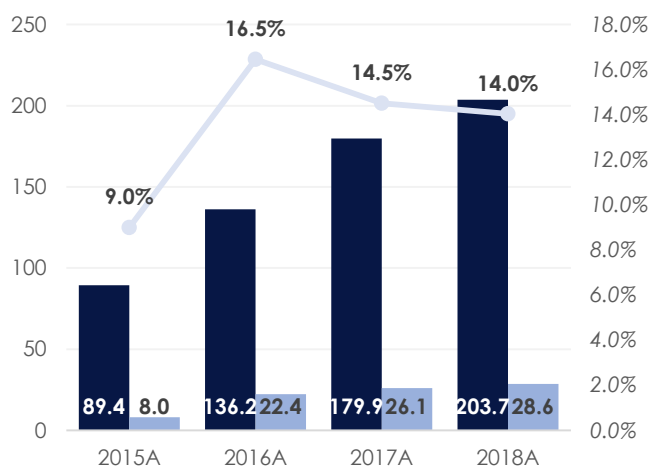
The company at a glance. Established in 1988 by Chairman and CEO Fausto Manzana, GPI is a leading player in information & communication technology services, mainly for domestic healthcare institutions. Despite the Group having operating units in European and non-European countries with plans to expand them further in the future, the overwhelming majority of its revenue comes from Italy (93%). The company is active in two main areas: Software (formerly Information Systems, 44.5% of revenue) and Care (formerly BPO, 43.3% of Revenue). The group listed on AIM Italia in December 2016 and subsequently carried out a number of acquisitions that contributed to the €203.7mn turnover (up 50% YoY since 2016) and €28.6mn EBITDA that it reported for 2018. At year-end 2018, GPI's headcount was more than 4,300.

GPI business units



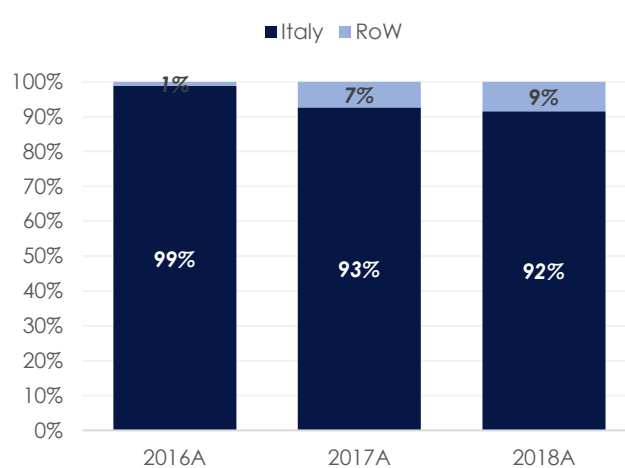
Source: Intermonte SIM

Revenue, EBITDA and EBITDA margin evolution (2015-2018)



Source: company data

Revenue breakdown by geography (2016-18)



Source: company data

GPI Peer Group - Absolute Performances

Stock	Price	Ccy	Mkt cap	1M	3M	6M	YTD	1Y	2Y
GPI	7.56	EUR	119	-6.0%	-12.3%	-18.0%	-2.8%	-13.1%	-29.9%
ALKEMY	10.80	EUR	58	4.9%	-4.0%	-10.0%	3.1%	0.0%	-13.0%
ALLSCRIPTS HEALTH	10.52	USD	1,752	11.2%	-10.2%	8.2%	9.1%	-23.5%	-24.8%
ATENTO	2.64	USD	196	2.7%	8.2%	-29.2%	-34.2%	-63.6%	-77.8%
BE	1.04	EUR	141	8.2%	2.6%	-1.7%	18.5%	21.8%	18.6%
CEGEDIM	25.70	EUR	356	-4.6%	-0.8%	-2.1%	30.1%	-7.6%	-22.6%
COMPUGROUP MEDICA	52.65	EUR	2,591	-1.0%	-25.1%	-4.7%	30.2%	9.1%	6.3%
COMPUTER PROGRAM &	21.23	USD	305	-1.9%	-22.3%	-29.3%	-15.4%	-21.5%	-29.7%
CONVERGYS	---	USD	---	---	---	---	---	---	---
NEXUS	30.30	EUR	476	6.3%	3.4%	26.2%	23.7%	8.6%	4.5%
PHARMAGEST INTERACT	58.10	EUR	872	8.6%	-2.7%	-0.5%	13.7%	2.5%	21.8%
QUALITY SYSTEMS	15.27	USD	---	2.6%	-23.9%	-12.7%	0.8%	-20.3%	-0.8%
REPLY	55.50	EUR	2,076	4.5%	-8.9%	-1.5%	25.9%	6.6%	19.0%
SYKES ENTERPRISES	29.15	USD	1,212	-2.0%	8.3%	0.9%	17.9%	-4.0%	-2.3%
TELEPERFORMANCE	164.90	EUR	9,528	0.0%	0.0%	0.0%	0.0%	0.0%	30.3%
TTECH	46.39	USD	2,156	-2.3%	3.3%	31.9%	62.4%	83.5%	7.9%
Mean performance				2.1%	-5.6%	-2.8%	12.2%	-1.4%	-6.2%
Italy FTSE Mib	21,533.6	EUR		-2.1%	-1.6%	-0.6%	17.5%	7.3%	-4.2%

Source: FactSet

GPI 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
GPI	7.56	EUR	119	0.8	0.8	6.1	5.7	12.9	11.7	14.9	14.8	0.0%	0.0%
ALKEMY	10.80	EUR	58	0.7	0.7	8.8	7.4	11.9	9.7	16.0	13.3	0.0%	0.0%
ALLSCRIPTS HEALTH	10.52	USD	1,752	1.4	1.3	8.1	7.2	13.7	11.7	15.4	13.9	0.0%	0.0%
ATENTO	2.64	USD	196	0.4	0.4	3.6	3.4	14.1	12.5	12.9	7.8	0.0%	0.0%
BE	1.04	EUR	141	0.9	0.8	5.1	4.6	7.4	6.5	13.7	12.4	3.3%	3.7%
CEGEDIM	25.70	EUR	356	1.0	0.9	5.9	5.3	13.0	11.6	21.8	14.6	0.0%	0.4%
COMPUGROUP MEDICA	52.65	EUR	2,591	4.2	4.0	16.6	14.3	23.5	19.4	25.5	21.4	0.9%	1.1%
COMPUTER PROGRAM &	21.23	USD	305	1.1	1.2	6.4	6.4	10.5	9.9	9.0	8.6	1.9%	3.3%
CONVERGYS	---	USD	---	---	---	---	---	---	---	---	---	---	---
NEXUS	30.30	EUR	476	3.1	2.7	13.3	11.6	22.1	18.3	33.3	28.6	0.6%	0.6%
PHARMAGEST INTERACT	58.10	EUR	872	5.2	4.7	17.3	15.3	19.6	17.3	29.7	26.2	1.6%	1.8%
QUALITY SYSTEMS	15.27	USD	---	---	---	---	---	---	---	---	---	---	---
REPLY	55.50	EUR	2,076	1.8	1.6	11.3	9.8	14.1	12.3	19.9	18.2	0.8%	0.9%
SYKES ENTERPRISES	29.15	USD	1,212	0.7	0.6	6.9	5.9	10.8	9.0	13.9	12.6	---	---
TELEPERFORMANCE	164.90	EUR	9,528	2.3	2.1	13.0	12.0	17.7	16.1	22.9	21.1	1.5%	1.6%
TTECH	46.39	USD	2,156	---	---	---	---	---	---	25.3	22.9	1.3%	1.3%
Median				1.2	1.2	8.5	7.3	13.9	12.0	19.9	14.6	0.9%	1.0%

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

GPI - Estimates Comparison with Consensus

(Eu mn)	2019			2020		
	Intermonte	Consensus	%diff	Intermonte	Consensus	%diff
Revenues	235.7	232.3	1.4%	243.6	245.2	-0.6%
Ebitda	31.8	32.9	-3.2%	33.2	35.3	-6.1%
Net Profit	7.8	11.3	-31.3%	7.8	13.1	-40.6%
EPS	0.509	0.713	-28.6%	0.510	0.825	-38.3%
Net Debt	(76.7)	(58.6)	30.9%	(71.6)	(50.5)	41.7%

Source: Intermonte SIM estimates and Factset consensus estimates

DETAILS ON STOCKS RECOMMENDATION

Stock NAME	GPI		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	11.40	Previous Target (Eu):	13.00
Current Price (Eu):	7.56	Previous Price (Eu):	9.28
Date of report:	10/10/2019	Date of last report:	05/04/2019

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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)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 2.5% and a risk premium of 5.0% are being used.

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NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period ;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

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OUTPERFORM:	46,21 %
NEUTRAL:	35,61 %
UNDERPERFORM	03,79 %
SELL:	00,00 %

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OUTPERFORM:	56,00 %
NEUTRAL:	24,00 %
UNDERPERFORM	00,00 %
SELL:	00,00 %

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SPACTIV	0,64	LONG
THESPAC	0,91	LONG
VEI 1	0,65	LONG
WASTE ITALIA	0,65	SHORT

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