

### Preview Note

24 July 2017

#### Buy

Recommendation unchanged

**Share price: EUR 4.03**

closing price as of 21/07/2017

**Target price: EUR 4.70**

Target Price unchanged

**Upside/Downside Potential 16.7%**

Reuters/Bloomberg ALSS.LS/ALTR.PL

**Market capitalisation (EURm) 826**

Current N° of shares (m) 205

**Free float 34%**

Daily avg. no. trad. sh. 12 mth 333

Daily avg. trad. vol. 12 mth (m) 900.31

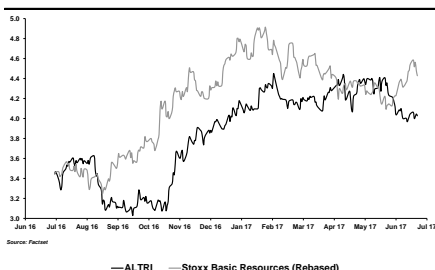
Price high/low 12 months 3.03 / 4.45

Abs Perfs 1/3/12 mths (%) -7.53/-3.80/21.04

Key financials (EUR)	12/16	12/17e	12/18e
Sales (m)	613	605	576
EBITDA (m)	169	153	141
EBITDA margin	27.5%	25.3%	24.5%
EBIT (m)	117	95	88
EBIT margin	19.1%	15.7%	15.2%
Net Profit (adj.)(m)	78	61	55
ROCE	10.6%	8.7%	-3.0%
Net debt/(cash) (m)	429	392	366
Net Debt Equity	1.2	1.1	1.0
Net Debt/EBITDA	2.5	2.6	2.6
Int. cover(EBITDA/Fin.int)	10.8	11.1	10.1
EV/Sales	2.0	2.0	2.1
EV/EBITDA	7.2	7.9	8.5
EV/EBITDA (adj.)	7.2	7.9	8.5
EV/EBIT	10.4	12.8	13.6
P/E (adj.)	10.2	13.5	15.0
P/BV	2.3	2.3	2.3
OpFCF yield	11.3%	8.5%	9.4%
Dividend yield	6.2%	6.2%	6.2%
EPS (adj.)	0.38	0.30	0.27
BVPS	1.68	1.72	1.74
DPS	0.25	0.25	0.25

#### Shareholders

Management 61%; Bestinver 5%;



#### Analyst(s)

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### 2Q17 results preview: EBITDA supported on pulp prices

**The facts:** Altri will release its 2Q17 results on Thursday after the market close. We anticipate revenues of EUR 162.5m, EBITDA of EUR 42.5m and net income of EUR 17.6m.

**Our analysis:** The 2Q17 should be a good operational quarter for Altri, with revenues benefiting from rising pulp prices. FOEX listed bleached hardwood prices (BHKP) denominated in dollars rose from USD 680 per ton in the 1Q17 to USD 783 per ton in the 2Q17 (+15.0% QoQ or +12.9% YoY), while in euros increased from EUR 639 per ton to EUR 712 per ton (+11.4% QoQ or +16.0% YoY). During 2Q17, the euro decreased its value against the dollar by 3.7%, still trading below the 2Q16's figure (-2.6% YoY). Please note that during the 2Q17 there was a maintenance stop in Caima.

Therefore, we expect Altri's revenues to reach EUR 162.5m, posting a YoY and QoQ increase of 13.7% and 1.7%, respectively.

EBITDA is forecasted to reach EUR 42.5m in the quarter (+14.6% YoY and +5.9% QoQ), with EBITDA margin increasing 1 p.p. versus the previous quarter (+0.2 p.p. YoY).

Net income should stand at EUR 17.6m (+10.5% YoY and +2.9% QoQ).

EURm	2Q16	1Q17	2Q17e	Chg. % (YoY)	Chg. % (QoQ)
Revenues	143.0	159.8	162.5	13.7%	1.7%
EBITDA	37.1	40.1	42.5	14.6%	5.9%
margin	25.9%	25.1%	26.1%	0.2 p.p.	1.0 p.p.
EBIT	23.9	26.2	27.7	16.0%	5.6%
margin	16.7%	16.4%	17.0%	0.3 p.p.	0.6 p.p.
Net Fin.	-2.7	-4.1	-3.9	48.1%	-5.0%
Net Inc.	15.9	17.1	17.6	10.5%	2.9%
margin	11.2%	10.7%	10.8%	-0.3 p.p.	0.1 p.p.

**Conclusion & Action:** We expect a positive set of results in 2Q17 with Altri continuing to benefit from rising pulp prices and strong operational efficiency. Robust demand from China has been supportive of pulp prices and should be one of the main drivers of results for pulp companies in the second part of the year.

## Altri : Summary tables

PROFIT & LOSS (EURm)	12/2013	12/2014	12/2015	12/2016	12/2017e	12/2018e
<b>Sales</b>	<b>573</b>	<b>553</b>	<b>665</b>	<b>613</b>	<b>605</b>	<b>576</b>
Cost of Sales & Operating Costs	-431	-439	-444	-445	-452	-435
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>141</b>	<b>113</b>	<b>221</b>	<b>169</b>	<b>153</b>	<b>141</b>
<b>EBITDA (adj.)*</b>	<b>141</b>	<b>113</b>	<b>221</b>	<b>169</b>	<b>153</b>	<b>141</b>
Depreciation	-49.2	-48.5	-52.8	-51.2	-58.3	-53.1
<b>EBITA</b>	<b>92.2</b>	<b>65.0</b>	<b>168</b>	<b>117</b>	<b>95.1</b>	<b>87.6</b>
<b>EBITA (adj)*</b>	<b>92.2</b>	<b>65.0</b>	<b>168</b>	<b>117</b>	<b>95.1</b>	<b>87.6</b>
Amortisations and Write Downs	-3.4	0.1	0.0	-0.3	0.0	0.0
<b>EBIT</b>	<b>88.8</b>	<b>65.1</b>	<b>168</b>	<b>117</b>	<b>95.1</b>	<b>87.6</b>
<b>EBIT (adj.)*</b>	<b>88.8</b>	<b>65.1</b>	<b>168</b>	<b>117</b>	<b>95.1</b>	<b>87.6</b>
Net Financial Interest	-23.5	-24.4	-20.7	-15.6	-13.8	-13.9
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings Before Tax (EBT)</b>	<b>65.3</b>	<b>40.6</b>	<b>148</b>	<b>102</b>	<b>81.3</b>	<b>73.7</b>
Tax	-9.9	-3.2	-29.9	-23.7	-20.0	-18.7
<i>Tax rate</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
Discontinued Operations	55.4	37.4	118	77.8	61.3	55.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net Profit (reported)</b>	<b>55.4</b>	<b>37.4</b>	<b>118</b>	<b>77.8</b>	<b>61.3</b>	<b>55.0</b>
<b>Net Profit (adj.)</b>	<b>55.4</b>	<b>37.4</b>	<b>118</b>	<b>77.8</b>	<b>61.3</b>	<b>55.0</b>
CASH FLOW (EURm)	12/2013	12/2014	12/2015	12/2016	12/2017e	12/2018e
Cash Flow from Operations before change in NWC	108	85.9	170	129	120	108
Change in Net Working Capital	15.7	-6.8	-4.8	4.6	1.1	4.2
<b>Cash Flow from Operations</b>	<b>124</b>	<b>79.0</b>	<b>166</b>	<b>134</b>	<b>121</b>	<b>112</b>
Capex	-19.7	-20.0	-38.3	-44.7	-50.7	-35.0
Net Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
<b>Free Cash Flow</b>	<b>104</b>	<b>59.0</b>	<b>127</b>	<b>89.2</b>	<b>70.0</b>	<b>77.3</b>
Dividends	-5.1	-8.6	-67.7	-51.3	-51.3	-51.3
Other (incl. Capital Increase & share buy backs)	-41.7	-0.8	19.8	-37.0	17.6	0.0
<b>Change in Net Debt</b>	<b>57.2</b>	<b>49.6</b>	<b>79.6</b>	<b>0.9</b>	<b>36.3</b>	<b>26.0</b>
NOPLAT	65.3	47.8	124	86.1	69.9	-23.2
BALANCE SHEET & OTHER ITEMS (EURm)	12/2013	12/2014	12/2015	12/2016	12/2017e	12/2018e
Net Tangible Assets	763	755	731	727	719	700
Net Intangible Assets (incl. Goodwill)	0.2	0.1	0.1	0.6	0.6	0.6
Net Financial Assets & Other	43.3	43.1	42.7	58.0	58.5	58.5
<b>Total Fixed Assets</b>	<b>807</b>	<b>798</b>	<b>774</b>	<b>786</b>	<b>778</b>	<b>760</b>
Inventories	54.8	54.7	56.4	58.9	58.1	55.1
Trade receivables	80.3	88.9	91.5	92.3	91.0	86.4
Other current assets	32.4	25.9	19.6	36.3	35.4	35.4
Cash (-)	-247	-272	-254	-311	-331	-331
<b>Total Current Assets</b>	<b>415</b>	<b>441</b>	<b>421</b>	<b>499</b>	<b>516</b>	<b>508</b>
<b>Total Assets</b>	<b>1,221</b>	<b>1,239</b>	<b>1,195</b>	<b>1,285</b>	<b>1,293</b>	<b>1,268</b>
Shareholders Equity	242	272	322	344	354	357
Minority	0.1	0.2	0.0	0.0	0.0	0.0
Total Equity	242	272	322	344	354	357
Long term interest bearing debt	514	382	567	580	524	498
Provisions	5.1	5.1	5.1	5.1	5.1	5.1
Other long term liabilities	61.9	55.0	57.9	58.3	68.5	68.5
<b>Total Long Term Liabilities</b>	<b>581</b>	<b>442</b>	<b>630</b>	<b>644</b>	<b>598</b>	<b>572</b>
Short term interest bearing debt	292	399	116	160	199	199
Trade payables	60.0	61.7	61.2	69.0	68.1	64.6
Other current liabilities	46.5	64.4	65.1	68.9	74.4	74.4
<b>Total Current Liabilities</b>	<b>399</b>	<b>525</b>	<b>243</b>	<b>298</b>	<b>342</b>	<b>338</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,221</b>	<b>1,239</b>	<b>1,195</b>	<b>1,285</b>	<b>1,293</b>	<b>1,268</b>
<b>Net Capital Employed</b>	<b>868</b>	<b>842</b>	<b>815</b>	<b>836</b>	<b>820</b>	<b>797</b>
<b>Net Working Capital</b>	<b>75.1</b>	<b>81.9</b>	<b>86.7</b>	<b>82.1</b>	<b>81.0</b>	<b>76.9</b>
GROWTH & MARGINS	12/2013	12/2014	12/2015	12/2016	12/2017e	12/2018e
<i>Sales growth</i>	<i>5.5%</i>	<i>-3.4%</i>	<i>20.2%</i>	<i>-7.7%</i>	<i>-1.3%</i>	<i>-4.9%</i>
<b>EBITDA (adj.)* growth</b>	<b>-1.1%</b>	<b>-19.8%</b>	<b>94.8%</b>	<b>-23.7%</b>	<b>-9.0%</b>	<b>-8.3%</b>
<i>EBITA (adj.)* growth</i>	<i>-2.1%</i>	<i>-29.5%</i>	<i>158.9%</i>	<i>-30.2%</i>	<i>-19.0%</i>	<i>-7.9%</i>
<i>EBIT (adj.)* growth</i>	<i>-5.7%</i>	<i>-26.7%</i>	<i>158.7%</i>	<i>-30.4%</i>	<i>-18.8%</i>	<i>-7.9%</i>

## Altri : Summary tables

<b>GROWTH &amp; MARGINS</b>	<b>12/2013</b>	<b>12/2014</b>	<b>12/2015</b>	<b>12/2016</b>	<b>12/2017e</b>	<b>12/2018e</b>
Net Profit growth	6.2%	-32.4%	214.3%	-33.9%	-21.3%	-10.2%
EPS adj. growth	6.2%	-32.4%	214.3%	-33.9%	-21.3%	-10.2%
DPS adj. growth	25.0%	68.0%	685.6%	-24.2%	0.0%	0.0%
EBITDA (adj)* margin	24.7%	20.5%	33.3%	27.5%	25.3%	24.5%
EBITA (adj)* margin	16.1%	11.8%	25.3%	19.1%	15.7%	15.2%
EBIT (adj)* margin	15.5%	11.8%	25.3%	19.1%	15.7%	15.2%
<b>RATIOS</b>	<b>12/2013</b>	<b>12/2014</b>	<b>12/2015</b>	<b>12/2016</b>	<b>12/2017e</b>	<b>12/2018e</b>
Net Debt/Equity	2.3	1.9	1.3	1.2	1.1	1.0
Net Debt/EBITDA	4.0	4.5	1.9	2.5	2.6	2.6
Interest cover (EBITDA/Fin.interest)	6.0	4.7	10.7	10.8	11.1	10.1
Capex/D&A	37.4%	41.3%	72.4%	86.8%	86.9%	65.9%
Capex/Sales	3.4%	3.6%	5.8%	7.3%	8.4%	6.1%
NWC/Sales	13.1%	14.8%	13.0%	13.4%	13.4%	13.4%
ROE (average)	26.0%	14.6%	39.6%	23.4%	17.6%	15.5%
ROCE (adj.)	7.8%	5.7%	15.1%	10.6%	8.7%	-3.0%
WACC	7.7%	7.7%	7.7%	7.7%	0.0%	
ROCE (adj.)/WACC	1.0	0.7	2.0	1.4	n.m.	
<b>PER SHARE DATA (EUR)***</b>	<b>12/2013</b>	<b>12/2014</b>	<b>12/2015</b>	<b>12/2016</b>	<b>12/2017e</b>	<b>12/2018e</b>
Average diluted number of shares	205.1	205.1	205.1	205.1	205.1	205.1
EPS (reported)	0.27	0.18	0.57	0.38	0.30	0.27
EPS (adj.)	0.27	0.18	0.57	0.38	0.30	0.27
BVPS	1.18	1.33	1.57	1.68	1.72	1.74
DPS	0.03	0.04	0.33	0.25	0.25	0.25
<b>VALUATION</b>	<b>12/2013</b>	<b>12/2014</b>	<b>12/2015</b>	<b>12/2016</b>	<b>12/2017e</b>	<b>12/2018e</b>
EV/Sales	1.8	1.8	2.1	2.0	2.0	2.1
EV/EBITDA	7.2	9.0	6.4	7.2	7.9	8.5
<b>EV/EBITDA (adj.)*</b>	<b>7.2</b>	<b>9.0</b>	<b>6.4</b>	<b>7.2</b>	<b>7.9</b>	<b>8.5</b>
EV/EBITA	11.0	15.7	8.4	10.4	12.8	13.6
<b>EV/EBITA (adj.)*</b>	<b>11.0</b>	<b>15.7</b>	<b>8.4</b>	<b>10.4</b>	<b>12.8</b>	<b>13.6</b>
EV/EBIT	11.5	15.7	8.4	10.4	12.8	13.6
<b>EV/EBIT (adj.)*</b>	<b>11.5</b>	<b>15.7</b>	<b>8.4</b>	<b>10.4</b>	<b>12.8</b>	<b>13.6</b>
<b>P/E (adj.)</b>	<b>8.3</b>	<b>13.6</b>	<b>8.3</b>	<b>10.2</b>	<b>13.5</b>	<b>15.0</b>
P/BV	1.9	1.9	3.0	2.3	2.3	2.3
Total Yield Ratio	1.9%	13.3%	5.2%	6.2%	6.2%	6.2%
EV/CE	1.2	1.2	1.7	1.5	1.5	1.5
OpFCF yield	22.6%	11.6%	13.0%	11.3%	8.5%	9.4%
OpFCF/EV	10.2%	5.8%	9.1%	7.3%	5.7%	6.5%
Payout ratio	9.3%	23.0%	57.5%	65.9%	83.7%	93.2%
Dividend yield (gross)	1.1%	1.7%	6.9%	6.2%	6.2%	6.2%
<b>EV AND MKT CAP (EURm)</b>	<b>12/2013</b>	<b>12/2014</b>	<b>12/2015</b>	<b>12/2016</b>	<b>12/2017e</b>	<b>12/2018e</b>
Price** (EUR)	2.24	2.48	4.77	3.86	4.03	4.03
Outstanding number of shares for main stock	205.1	205.1	205.1	205.1	205.1	205.1
<b>Total Market Cap</b>	<b>459</b>	<b>509</b>	<b>978</b>	<b>793</b>	<b>826</b>	<b>826</b>
<b>Net Debt</b>	<b>559</b>	<b>509</b>	<b>430</b>	<b>429</b>	<b>392</b>	<b>366</b>
<i>o/w Cash &amp; Marketable Securities (-)</i>	<i>-247</i>	<i>-272</i>	<i>-254</i>	<i>-311</i>	<i>-331</i>	<i>-331</i>
<i>o/w Gross Debt (+)</i>	<i>806</i>	<i>781</i>	<i>684</i>	<i>740</i>	<i>724</i>	<i>698</i>
<b>Other EV components</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Enterprise Value (EV adj.)</b>	<b>1,018</b>	<b>1,019</b>	<b>1,408</b>	<b>1,221</b>	<b>1,219</b>	<b>1,193</b>

Source: Company, Caixa-Banco de Investimento estimates.

### Notes

\* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT -/+ Non Recurrent Expenses/Income - PPA amortisation

\*\*Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

Sector: Basic Resources/Forestry & Paper

Company Description: Altri is a pulp company with interests in the biomass business. Its core operation is pulp production, holding c. 900 kton of BHK capacity in three plants (Celbi, Caima and Celtejo).

### Recommendation history for ALTRI

Date	Recommendation	Target price	Price at change date
24-Nov-16	Buy	4.70	3.55
05-Nov-15	Buy	5.90	4.77
01-Apr-15	Neutral	4.10	3.97
20-Oct-14	Buy	2.70	2.03

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows Caixa-Banco de Investimento continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.  
Current analyst: Carlos Jesus (since 06/09/2007)



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- Accumulate: the stock is expected to generate a total return of 5% to 15% during the next 12-month time horizon;
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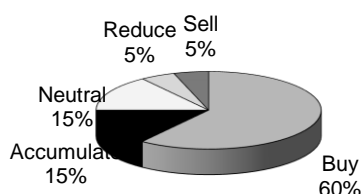
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- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
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### Caixa Banco de Investimento Ratings Breakdown



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