

Event Flash

# Italy's EGM Segment

## Feedback from the Euronext Growth Conference

During 24-26 May, the Italian Stock Exchange held its Euronext Growth Conference virtually, attended by over 80 EGM companies and 120 investors, with over 780 meetings organised. This conference offers investors the opportunity to meet with the top management of some Italian Mid&Small Cap companies belonging to the EGM segment to discuss their latest results, business trends and strategic developments. In this report, we outline the main takeaways from some of the meetings of those companies attending and under our coverage.

**On 25 October 2021, AIM Italia was renamed Euronext Growth Milan (EGM)**

After a 15.5% growth in terms of companies listed in 2016-20, 2021 saw a boom in new admissions (44 net listings), particularly in 4Q21 when 22 companies were admitted to the market, leading to 174 companies being included in the EGM as at YE21 (+27% yoy).

In 1Q22, IPO activity slowed down, moving back to 1Q21 levels (4 new companies admitted to the EGM). The increasing inflationary scenario, new lockdowns in China and the Ukrainian-Russian conflict led to no IPOs in April and May. EGM currently counts 174 listings.

### EGM conference attending companies under our coverage – Key data

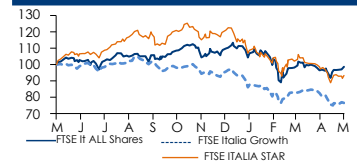
| (x)                    | Price  | Market      | TP     | Rating    | EV/EBITDA |       | Adj. P/E |       |
|------------------------|--------|-------------|--------|-----------|-----------|-------|----------|-------|
|                        | EUR/sh | Cap (EUR M) | EUR/sh |           | 2022E     | 2023E | 2022E    | 2023E |
| Comer Industries       | 27.50  | 788.6       | 37.6   | BUY       | 6.7       | 5.6   | 12.4     | 10.4  |
| Franchi Umberto Mami   | 9.80   | 320.4       | 12.2   | BUY       | 12.8      | 11.6  | 16.7     | 15.3  |
| Grifal                 | 2.88   | 32.9        | 4.4    | BUY       | 10.8      | 7.4   | 29.0     | 12.4  |
| Growens                | 4.89   | 73.2        | 6.4    | BUY       | 8.1       | 6.3   | 33.9     | 23.2  |
| Iniziativa Bresciane   | 20.00  | 104.1       | 21.5   | HOLD      | 9.7       | 8.4   | 17.4     | 14.9  |
| Intermonte Partners    | 2.72   | 87.4        | 3.5    | BUY       | NM        | NM    | 10.3     | 9.2   |
| Labomar                | 8.36   | 154.5       | 10.4   | ADD       | 12.0      | 10.5  | 25.3     | 22.3  |
| Medica                 | 33.40  | 141.1       | 37.7   | HOLD      | 11.1      | 9.1   | 28.5     | 23.8  |
| OSAI Automation System | 3.25   | 51.9        | 5.9    | BUY       | 9.5       | 8.2   | 21.1     | 18.5  |
| Pattern                | 5.62   | 79.1        | 7.8    | BUY       | 9.3       | 6.8   | 18.2     | 13.0  |
| REVO                   | 8.84   | 197.1       |        | No Rating | NM        | NM    | 26.2     | 12.0  |
| TraWell                | 6.16   | 15.3        | 7.3    | ADD       | 9.8       | 6.7   | 16.9     | 9.6   |

Priced at market close of 26/05/2022; NM: not meaningful; NA: not available; Source: FactSet and Intesa Sanpaolo Research estimates

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24-26 May 2022

### Index Performance (FTSE Italia Growth, FTSE IT. STAR vs. FTSE IT. All Shares)



Source: FactSet

Report priced at market close on 26/05/2022 (except where otherwise indicated within the report).

In this report, we confirm the ratings and target prices assigned in the latest company reports (unless otherwise indicated)

**Intesa Sanpaolo Research Dept.**  
**Corporate Broking Research Team**  
**Equity Research Team**

## Italy's EGM Segment

In the table below, we recap the main highlights from the meetings of some of our covered companies attending the event.

### Italy's EGM Conference wrap-up

| Company                | Key drivers  |
|------------------------|--|
| Comer Industries       | The market scenario remains positive and its size could grow as AG trend remains solid. The cost inflation has been covered with transfer-price contracts and Comer Industries also introduced a logistic surcharge. Inventories are growing in order to offer to customers a reliable service.            |
| Franchi Umberto Marmi  | After posting a 27% yoy sales increase to EUR 21.1M in 1Q22, management detailed FUM's position within the global marble market and its expansion strategy.  |
| Grifal                 | The new orders of cArtù are growing by >50% compared with last year and new production capacity should increase by around 50% in 2H22. Grifal is also scouting potential partners to penetrate new markets.  |
| Growens                | The recent acquisition of Contactlab is expected to generate synergies thanks to complementary distribution channels, customers and product portfolio. Investments are mainly addressed to BEE.  |
| Iniziative Bresciane   | After posting an all-time high revenue at EUR 22.5M in FY21, management detailed InBre's objectives and investments to the market.   |
| Intermonte Partners    | Intermonte showed a good trend in revenues in FY21, confirmed in the first two months of 2022 and can rely on a strong capital position, leaving room for both M&A opportunities and a rewarding shareholders' remuneration policy (an average 2022E-24E dividend yield of around 10.5%).                  |
| Labomar                | 2022 top-line growth and EBITDA targets were confirmed. 2022 and 2023 will be focused on the integration and development of the acquired companies.  |
| Medica                 | M&A and strategic projects are on track, cost inflation bites but should be partially offset by a better sales mix and selective price increases.  |
| OSAI Automation System | The solid order backlog at YE21 (EUR 21.2M, 2x that at YE20) could support the company's growth, mainly driven by the Semiconductor division, with a potential upside from the Re4M project from 2023.   |
| Pattern                | The latest acquisitions are consolidating Pattern's presence across the different segments of absolute luxury fashion. Management continues to screen M&A opportunities to aggregate the best Italian skills in terms of product innovation.   |
| REVO                   | REVO's strategy is based on the development of a specialty lines' business for SMEs (only 62% of which have an active insurance coverage, according to the company), together with parametric risks, also leveraging on an insurtech profile, as outlined in the recently-presented 2022-25 business plan. |
| TraWell                | TraWell is participating in a large number of tenders and could be close to winning the concession of the airports in Milan. The company does not rule out partnerships with other players to accelerate its growth and should present a new business plan in the coming months.                           |

Source: Intesa Sanpaolo Research elaboration

## Company Feedback: Italy's EGM Segment

### Comer Industries (BUY)

#### Feedback from Event

The market scenario remains positive and its size could grow as AG trend remains solid. The cost inflation has been covered with transfer-price contracts and Comer Industries also introduced a logistic surcharge. Inventories are growing in order to offer to customers a reliable service.

- Market scenario:** Comer Industries gave a positive outlook on its reference markets despite the difficulties in the supply chain and in logistic. In particular, the company highlighted the positive trend in the US. We believe Comer Industries is well placed to exploit this mid-term trend, given its leading position (it is by far the first player worldwide with a market share around 10%), the reliability of its products, its long-lasting relationship with all the main AG producers and its international presence;
- Cost inflation:** the company has in place contracts which include a mechanism to transfer the increase of raw materials to customers. However, logistic and transport costs are not part of the mechanism. Therefore, Comer Industries is introducing a logistic surcharge, to cover this impact, which seems accepted by the client. Clearly, when logistic costs would normalise, this surcharge would be eliminated;
- Growing inventories:** the company has strategically decided to increase inventories in order to be ready to supply its products respecting the terms of delivery, offering in this way a reliable service to customers. In order to be ready to potential changes in the market dynamic, Comer Industries is constantly monitoring its clients and is ready to change its strategy as soon as the market normalises.

Overall reassuring messages. We reiterate our positive stance.

#### Comer Industries - Key Data

| 27/05/2022             | Engineering |         |         |
|------------------------|-------------|---------|---------|
| Target Price (EUR)     | 37.6        |         |         |
| Rating                 | BUY         |         |         |
| Mkt price (EUR)        | 27.50       |         |         |
| Mkt cap (EUR M)        | 789         |         |         |
| Main Metrics (€ M)     | 2022E       | 2023E   | 2024E   |
| Revenues               | 1,162.2     | 1,227.7 | 1,271.2 |
| EBITDA                 | 143.0       | 162.3   | 172.3   |
| EPS (EUR)              | 2.22        | 2.65    | 2.87    |
| Net debt/-cash         | 168.5       | 118.7   | 53.68   |
| Ratios (x)             | 2022E       | 2023E   | 2024E   |
| Adj. P/E               | 12.4        | 10.4    | 9.6     |
| EV/EBITDA              | 6.7         | 5.6     | 4.9     |
| EV/EBIT                | 9.9         | 8.0     | 6.9     |
| Debt/EBITDA            | 1.2         | 0.73    | 0.31    |
| Div yield (%)          | 2.2         | 2.5     | 2.9     |
| Performance (%)        | 1M          | 3M      | 12M     |
| Absolute               | 5.8         | 7.4     | 34.8    |
| Rel. to FTSE IT All Sh | 2.4         | 12.7    | 36.7    |

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Corporate Broker to Comer Industries

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**FUM (BUY)****Feedback from Event**

**After posting a 27% yoy sales increase to EUR 21.1M in 1Q22, management detailed FUM's position within the global marble market and its expansion strategy.**

- **Thanks to an access to over 30% of Carrara luxury marbles**, FUM boasts a leadership position in this market, if we consider that the other 70% of those prestigious marbles is split across 40/50 competitors;
- **Calacatta and Statuario products contributed with approx. 60% to 1Q22 revenues** and should continue to represent around this percentage for FY22 sales, which would benefit the EBITDA margin, as those high value-added marbles have higher margins;
- **April 2022 sales were beyond management expectations.** As of 25 May 2022, order's portfolio was robust, according to management;
- Going forward, **FUM should consolidate its positioning across established markets**, such as China (thanks to a growing high and middle classes), US (supported by the new showroom in New York) and Australia (where FUM has become a reference point for high-end marbles), while expanding into new geographies (Gulf Cooperation Council, Western Europe and Vietnam) through distribution channels development;
- The company has no direct exposure to Russia and Ukraine and besides some increase in transport times and costs, **FUM is not significantly impacted by cost inflation**;
- Management is also **developing existing partnerships and establishing new ones across the globe**, such as Ciot NY and Corsi & Nicolai, which should give FUM an edge over its competitors;
- **Recovery stone set up phase is going smoothly**, and operations should start in September/October;
- Management highlighted that FUM should move to MTA segment in the next quarters.

Overall, management messages were positives and we see our FY22E estimates feasible.

**FUM - Key Data**

| 27/05/2022             | Building Products |       |       |
|------------------------|-------------------|-------|-------|
| Target Price (EUR)     | 12.2              |       |       |
| Rating                 | BUY               |       |       |
| Mkt price (EUR)        | 9.80              |       |       |
| Mkt cap (EUR M)        | 320               |       |       |
| Main Metrics (€ M)     | 2022E             | 2023E | 2024E |
| VoP                    | 71.66             | 76.67 | 79.73 |
| EBITDA                 | 26.07             | 28.60 | 30.33 |
| EPS (EUR)              | 0.59              | 0.64  | 0.65  |
| Net debt/-cash         | 14.04             | 10.04 | 6.26  |
| Ratios (x)             | 2022E             | 2023E | 2024E |
| Adj. P/E               | 16.7              | 15.3  | 15.1  |
| EV/EBITDA              | 12.8              | 11.6  | 10.7  |
| EV/EBIT                | 13.6              | 12.2  | 11.4  |
| Debt/EBITDA            | 0.54              | 0.35  | 0.21  |
| Div yield (%)          | 4.4               | 4.8   | 5.1   |
| Performance (%)        | 1M                | 3M    | 12M   |
| Absolute               | 1.0               | 8.3   | 7.1   |
| Rel. to FTSE IT All Sh | -2.2              | 13.6  | 8.6   |

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

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**Grifal (BUY)****Feedback from Event**

The new orders of cArtù are growing by >50% compared with last year and new production capacity should increase by around 50% in 2H22. Grifal is also scouting potential partners to penetrate new markets.

- **Solid market momentum:** Grifal confirmed that the positive trend of 2H21 (which saw a sales increase of 53%) is ongoing with new orders for cArtù up >50%. A number of new important clients, whose details were not disclosed, should generate additional revenues, while the company was able to transfer higher raw material prices to clients. Profitability should further improve on the back of a better product mix;
- **Production capacity** is now close to saturation, but Grifal is rapidly investing and should increase its cArtù capacity by around 50% already in the second half of the year. In addition, the new plant of Cologno al Serio should be completed within the end of the year and become operational in early 2023;
- **Potential partnerships:** The company aims to establish some partnerships, also with large multinational companies, in order to produce cArtù outside Italy. If successful, we believe this strategy could rapidly increase Grifal's size, which would be an attractive opportunity for investors;
- **Market scenario** remains positive, with a strong demand of replacements for plastic packaging. Some countries (France for example) should ask for a compulsory replacement of polystyrene in packaging already from the end of 2024. This could provide a strong boost for green packaging materials such as cArtù.

Overall reassuring messages. We reiterate our positive stance.

**Grifal - Key Data**

| 27/05/2022             |       | Packaging |       |
|------------------------|-------|-----------|-------|
| Target Price (EUR)     |       | 4.4       |       |
| Rating                 |       | BUY       |       |
| Mkt price (EUR)        |       | 2.88      |       |
| Mkt cap (EUR M)        |       | 33        |       |
| Main Metrics (€ M)     | 2022E | 2023E     | 2024E |
| Revenues               | 36.80 | 47.82     | 60.67 |
| EBITDA                 | 4.76  | 6.78      | 9.23  |
| EPS (EUR)              | 0.10  | 0.23      | 0.39  |
| Net debt/-cash         | 18.78 | 17.35     | 16.17 |
| Ratios (x)             | 2022E | 2023E     | 2024E |
| Adj. P/E               | 29.0  | 12.4      | 7.4   |
| EV/EBITDA              | 10.8  | 7.4       | 5.3   |
| EV/EBIT                | 28.7  | 13.5      | 8.0   |
| Debt/EBITDA            | 3.9   | 2.6       | 1.8   |
| Div yield (%)          | 0     | 1.7       | 2.8   |
| Performance (%)        | 1M    | 3M        | 12M   |
| Absolute               | -7.1  | -22.6     | -23.4 |
| Rel. to FTSE IT All Sh | -10.0 | -18.8     | -22.3 |

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Corporate Broker to Grifal

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**Growens (BUY)****Feedback from Event**

The recent acquisition of Contactlab is expected to generate synergies thanks to complementary distribution channels, customers and product portfolio. Investments are mainly addressed to BEE.

- **The integration of Contactlab** should allow a consolidation of MailUp's leadership positioning on the Italian market, also thanks to a complementary customers' base, as well as cross-selling opportunities. We also consider this agreement as a key lever for Growens' strategy to increase the average return per customer, leveraging on the enhancement of the product and solutions portfolio with a complementary technology with the MailUp platform, the BEE (beefree.io) email template editor and the Datatrics offer;
- **1Q22 results** (not including Contactlab yet) showed a double-digit top-line growth, with the acquisition of several new customers and all BUs rising except for Datatrics and a contraction of margins, mainly due to the difficulties of Datatrics (EBITDA negative for EUR 0.4M) due to the 2021 reorganisation, and to the different product mix (more weighted on CPaaS, which has lower margins);
- **The company' strategy** continues to be focused on innovation and growth, both organically and via M&A. By BUs, investments are mainly addressed to BEE, which boasts a higher growth rate (+66% yoy in revenues in 1Q22 to EUR 1.9M).

**BUY, EUR 6.4/sh. TP.**

**Iniziativa Bresciane (HOLD)****Feedback from Event**

After posting an all-time high revenue at EUR 22.5M in FY21, management detailed InBre's objectives and investments to the market.

- At December 2021, **the company has 44 plants with an installed capacity of 57MW**;
- As of April 2022, the company has in its portfolio **16 plants under construction, with an estimated power capacity of 10.8MW and 19 applications for concessions being finalised with an estimated power capacity of 11.2MW**. We note that the first plants located in Tuscany should enter in service this summer, another group should be ready by YE22 and the last plants should generate electricity starting 1Q23;
- The company is still assessing the impact from the "Sostegni Ter" Decree; however, we see that mini-hydro plants should not be heavily affected. Management estimates that only 4 plants could be impacted by a cap on electricity sale prices;
- In 1H22 InBre should receive approx. EUR 1.3M insurance compensation related to the "Iscla-Edolo" plant incident in August 2021;
- Despite lower rainfalls in Lombardy in the first 4 months of 2022, management outlined that May-June and October-November periods are more relevant to production, thus we should have more visibility in the coming months. Rainfalls in the Tuscany region were normal vs. historical data.

We believe that an increase in installed capacity should be positively correlated with revenues, thus we appreciate InBre's investment to expand its portfolio of plants. The main risk remains lower rainfall quantities.

**Growens - Key Data**

| 27/05/2022             | Information |       |        |
|------------------------|-------------|-------|--------|
| Target Price (EUR)     | 6.4         |       |        |
| Rating                 | BUY         |       |        |
| Mkt price (EUR)        | 4.89        |       |        |
| Mkt cap (EUR M)        | 73          |       |        |
| Main Metrics (€ M)     | 2022E       | 2023E | 2024E  |
| Revenues               | 90.12       | 100.4 | 110.9  |
| EBITDA                 | 8.62        | 10.46 | 12.68  |
| EPS (EUR)              | 0.14        | 0.21  | 0.29   |
| Net debt/-cash         | -3.55       | -6.88 | -11.52 |
| Ratios (x)             | 2022E       | 2023E | 2024E  |
| Adj. P/E               | 33.9        | 23.2  | 16.6   |
| EV/EBITDA              | 8.1         | 6.3   | 4.9    |
| EV/EBIT                | 21.2        | 13.9  | 9.3    |
| Debt/EBITDA            | Neg.        | Neg.  | Neg.   |
| Div yield (%)          | 0           | 0     | 0      |
| Performance (%)        | 1M          | 3M    | 12M    |
| Absolute               | -6.7        | 9.4   | 12.9   |
| Rel. to FTSE IT All Sh | -9.6        | 14.8  | 14.5   |

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

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**Iniziativa Bresciane - Key Data**

| 27/05/2022             | Renewable Energy |       |       |
|------------------------|------------------|-------|-------|
| Target Price (EUR)     | 21.5             |       |       |
| Rating                 | HOLD             |       |       |
| Mkt price (EUR)        | 20.00            |       |       |
| Mkt cap (EUR M)        | 104              |       |       |
| Main Metrics (€ M)     | 2022E            | 2023E | 2024E |
| Revenues               | 28.49            | 31.78 | 33.58 |
| EBITDA                 | 21.04            | 24.46 | 26.29 |
| EPS (EUR)              | 1.15             | 1.34  | 1.65  |
| Net debt/-cash         | 99.46            | 100.7 | 96.02 |
| Ratios (x)             | 2022E            | 2023E | 2024E |
| Adj. P/E               | 17.4             | 14.9  | 12.1  |
| EV/EBITDA              | 9.7              | 8.4   | 7.6   |
| EV/EBIT                | 19.7             | 17.3  | 14.0  |
| Debt/EBITDA            | 4.7              | 4.1   | 3.7   |
| Div yield (%)          | 5.2              | 6.0   | 7.4   |
| Performance (%)        | 1M               | 3M    | 12M   |
| Absolute               | -3.8             | -4.8  | 8.7   |
| Rel. to FTSE IT All Sh | -6.9             | -0.1  | 10.2  |

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

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**Intermonte (BUY)****Feedback from Event**

**Intermonte showed a good trend in revenues in FY21, confirmed in the first two months of 2022 and can rely on a strong capital position, leaving room for both M&A opportunities and a rewarding shareholders' remuneration policy (an average 2022E-24E dividend yield of around 10.5%).**

- Business trends and mix.** Intermonte's FY21 revenues amounted to EUR 43.8M, up 7.7% yoy, boosted by Investment banking, Sales & Trading and Digital & Advisory, all recording a double-digit growth. FY21 results' press release highlighted that the first two months of 2022 showed good revenue growth, mainly driven by a positive performance from the Sales & Trading and Digital Division & Advisory business units, as well as a good contribution from the Investment Banking division. Our 2024E estimated revenue mix is based on a growth of the contribution from Investment Banking and Digital Division & Advisory (28% and 10%, respectively, from 26% and 8% in 2021A), at the expense of Sales & Trading (35% from 36% in 2021A) and Global Markets (27% from 30% in FY21A);
- Shareholders' remuneration.** Given its strong capital position (a 39.9% CET1 ratio at end-2021), Intermonte is able to grant an attractive remuneration policy to its shareholders. Our 2022E-24E dividend estimates (pointing to an average dividend yield of around 10.5%) are based on an average payout on reported net profit of approximately 95%. In addition, the company has recently started a buyback on up to 340k shares for a maximum of EUR 1.2M;
- External growth opportunities and high weighting of minorities.** The strong capital position leaves room, beyond a rewarding remuneration policy, to capture potential M&A opportunities, which could help growth in the Investment Banking and Digital Division & Advisory. Moreover, as already highlighted in our report of 4 April 2022, we believe that Intermonte Partners, given its sound balance sheet, would be able to carry out a potential buy-out of Intermonte SIM's minorities, a move which would be beneficiary for Intermonte Partners' shareholders, in our view, considering that in 2021 profits attributable to minority interests amounted to EUR 1.5M (EUR 1.3M in FY20) on a consolidated net profit of EUR 8.7M (EUR 9.1M in 2020A).

**BUY, EUR 3.5/share target price.**

**Intermonte - Key Data**

| 27/05/2022             | Brokerage&Inv.Bank. |       |       |
|------------------------|---------------------|-------|-------|
| Target Price (EUR)     | 3.5                 |       |       |
| Rating                 | BUY                 |       |       |
| Mkt price (EUR)        | 2.72                |       |       |
| Mkt cap (EUR M)        | 87                  |       |       |
| Main Metrics (€ M)     | 2022E               | 2023E | 2024E |
| Revenues               | 42.79               | 46.44 | 49.47 |
| Gross op income        | 13.46               | 15.34 | 16.71 |
| EPS (EUR)              | 0.26                | 0.29  | 0.32  |
| TBVPS (x)              | 1.52                | 1.55  | 1.59  |
| Ratios (x)             | 2022E               | 2023E | 2024E |
| Adj. P/E               | 10.3                | 9.2   | 8.4   |
| P/TBV                  | 1.8                 | 1.8   | 1.7   |
| RoTE (%)               | 16.2                | 17.9  | 19.1  |
| CET1 FL (%)            | 39.7                | 39.2  | 38.8  |
| Div yield (%)          | 9.6                 | 10.5  | 11.4  |
| Performance (%)        | 1M                  | 3M    | 12M   |
| Absolute               | -6.0                | 14.2  | NA    |
| Rel. to FTSE IT All Sh | -8.9                | 19.8  | NA    |

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Specialist to Intermonte Partners

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**Labomar (ADD)****Feedback from Event**

**2022 top-line growth and EBITDA targets were confirmed. 2022 and 2023 will be focused on the integration and development of the acquired companies.**

- **2022 outlook confirmed:** Management said that the current consensus for 2022 revenues (approx. EUR 82-83M) and EBITDA (around EUR 15M) appear consistent with the expected business development. In particular, management specified that the current order backlog offers a top-line visibility over the next six months and that cost inflation, mostly related to higher raw material prices and to a lesser extent to the increased energy costs, is expected to be almost entirely offset by selective price increases;
- **Focus on the acquired companies:** Management said that in 2022 and 2023 the strategic focus will be on the development of a wider Labiotre customer base also leveraging on the ongoing suppliers' reshoring trend and on the cross-selling opportunities with Welcare (above all in the products for the elderly population) and with ImportFab on the North American market. As for the latter, which we remind was significantly penalised by the pandemic related lockdowns, the company aims at reaching a pre-Covid sales level by 2022.

Overall, we believe that the company is on track to reach its 2022 financial targets and its medium-term strategic objectives.

**Medica (HOLD)****Feedback from Event**

**M&A and strategic projects are on track, cost inflation bites but should be partially offset by a better sales mix and selective price increases.**

- **Ongoing business:** Management expects 2022 sales growth to be driven by the Acute & Aferesis (A&A) and to a lesser extent by the gradual recovery of the Water business segments, while OEM and Tecnoideal could suffer from their dependence on the supply of electronic components. The Chronic business, while recovering part of the decline suffered in 2021 is not expected to reach the pre-pandemic level, also due to the growing competition from Chinese players. As for the group's operating profitability, we understood that the cost inflation impact should be at least partially offset by a favourable sales mix, considering that the A&A and Water divisions are the most profitable for the group and by selective price increases;
- **M&A:** Management confirmed its strong commitment to external growth primarily aimed at enhancing the company's distribution network. In our understanding, the current focus should be on two opportunities in Italy, out of which one in the water filtration business and one possible target in the US in the medical devices segment. Management also said that a net debt/EBITDA at 1x could be a reasonable target so that financial resources available for acquisitions would amount to approx. EUR 30M, out of which EUR 15M debt and EUR 15M of available cash. The closing of one or more deals is expected in the next few months;
- **Strategic R&D projects:** The company provided an update on its two most important R&D projects, the graphene water filter and the wearable dialysis machine (HomHemo). As for the first, samples of the graphene filter were presented at the Aquatech exhibition in Amsterdam last November and are currently under

**Labomar - Key Data**

| 27/05/2022             | Healthcare |       |       |
|------------------------|------------|-------|-------|
| Target Price (EUR)     | 10.4       |       |       |
| Rating                 | ADD        |       |       |
| Mkt price (EUR)        | 8.36       |       |       |
| Mkt cap (EUR M)        | 155        |       |       |
| Main Metrics (€ M)     | 2022E      | 2023E | 2024E |
| Revenues               | 82.94      | 91.66 | 101.7 |
| EBITDA                 | 15.02      | 16.81 | 18.96 |
| EPS (EUR)              | 0.33       | 0.38  | 0.44  |
| Net debt/-cash         | 26.46      | 21.35 | 14.15 |
| Ratios (x)             | 2022E      | 2023E | 2024E |
| Adj. P/E               | 25.3       | 22.3  | 19.0  |
| EV/EBITDA              | 12.0       | 10.5  | 8.9   |
| EV/EBIT                | 21.3       | 18.3  | 15.0  |
| Debt/EBITDA            | 1.8        | 1.3   | 0.75  |
| Div yield (%)          | 1.2        | 1.3   | 1.6   |
| Performance (%)        | 1M         | 3M    | 12M   |
| Absolute               | 2.0        | -4.6  | -17.2 |
| Rel. to FTSE IT All Sh | -1.3       | 0.1   | -16.1 |

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Specialist to Labomar

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**Medica - Key Data**

| 27/05/2022             | Medical Equipment |        |        |
|------------------------|-------------------|--------|--------|
| Target Price (EUR)     | 37.7              |        |        |
| Rating                 | HOLD              |        |        |
| Mkt price (EUR)        | 33.40             |        |        |
| Mkt cap (EUR M)        | 141               |        |        |
| Main Metrics (€ M)     | 2022E             | 2023E  | 2024E  |
| Revenues               | 49.49             | 56.06  | 66.76  |
| EBITDA                 | 11.07             | 12.71  | 16.02  |
| EPS (EUR)              | 1.17              | 1.40   | 2.10   |
| Net debt/-cash         | -18.20            | -25.16 | -32.38 |
| Ratios (x)             | 2022E             | 2023E  | 2024E  |
| Adj. P/E               | 28.5              | 23.8   | 15.9   |
| EV/EBITDA              | 11.1              | 9.1    | 6.8    |
| EV/EBIT                | 18.9              | 14.8   | 9.4    |
| Debt/EBITDA            | Neg.              | Neg.   | Neg.   |
| Div yield (%)          | 0                 | 0      | 0      |
| Performance (%)        | 1M                | 3M     | 12M    |
| Absolute               | -4.6              | 16.2   | NA     |
| Rel. to FTSE IT All Sh | -7.6              | 21.9   | NA     |

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

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trial at some customers' facilities. If successful, we understood that the product could be commercialised by 2023. As for the HomHemo, the product will be submitted to the ethical committee on 14 June for the first trial on human patients. If approved, the clinical trial is expected to start in September, with results expected by March 2023 and a possible commercial launch by end-2023.

Overall, we believe that the points discussed with management support our current forecasts. The feedback enhances expectations for the closing of a M&A deal in a short time period.

## OSAI (BUY)

### Feedback from Event

**The solid order backlog at YE21 (EUR 21.2M, 2x that at YE20) could support the company's growth, mainly driven by the Semiconductor division, with a potential upside from the Re4M project from 2023.**

- **The company recorded its historically highest order intake at YE21** (EUR 37.5M vs. EUR 27.3M in FY20), with Semiconductors representing over 60% of group orders taken. Commercial and production activity is going well, according to management, and should be in line with our estimates;
- Despite some effects from the pandemic at the start of 2022 (2,000 hours loss in production activity linked to quarantine and isolation), we highlight that **for 2022 OSAI expects**: 1) strong sales in Semiconductors (also linked to Silicon Carbide), that should represent well over 50% of the company's production in 2022; and 2) strong sales in Automation and Applied Laser division;
- We also recall that **the company is working on the Re4M machine for the treatment of electronical/electrical waste**, which is not factored in our FY23E-24E forecasts. However, our EUR 5.9/share TP incorporates an initial valuation on this project (EUR 0.9/share fair value in our latest report of 6 April 2022).

**BUY, EUR 5.9/sh. TP.**

### OSAI - Key Data

|                           |              |              |              |
|---------------------------|--------------|--------------|--------------|
| 27/05/2022                | Engineering  |              |              |
| Target Price (EUR)        | 5.9          |              |              |
| Rating                    | BUY          |              |              |
| Mkt price (EUR)           | 3.25         |              |              |
| Mkt cap (EUR M)           | 52           |              |              |
| <b>Main Metrics (€ M)</b> | <b>2022E</b> | <b>2023E</b> | <b>2024E</b> |
| Revenues                  | 43.60        | 48.28        | 54.14        |
| EBITDA                    | 6.78         | 7.59         | 8.80         |
| EPS (EUR)                 | 0.15         | 0.18         | 0.23         |
| Net debt/-cash            | 12.58        | 10.63        | 6.87         |
| <b>Ratios (x)</b>         | <b>2022E</b> | <b>2023E</b> | <b>2024E</b> |
| Adj. P/E                  | 21.1         | 18.5         | 14.1         |
| EV/EBITDA                 | 9.5          | 8.2          | 6.7          |
| EV/EBIT                   | 15.7         | 13.6         | 10.1         |
| Debt/EBITDA               | 1.9          | 1.4          | 0.78         |
| Div yield (%)             | 0            | 0            | 0            |
| <b>Performance (%)</b>    | <b>1M</b>    | <b>3M</b>    | <b>12M</b>   |
| Absolute                  | -7.5         | -5.5         | -32.4        |
| Rel. to FTSE Italia GI    | -1.2         | 1.6          | -11.6        |

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Corporate Broker to OSAI Automation System

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**Pattern (BUY)****Feedback from Event**

**The latest acquisitions are consolidating Pattern's presence across the different segments of absolute luxury fashion. Management continues to screen M&A opportunities to aggregate the best Italian skills in terms of product innovation.**

- **The 'Italian Hub of Luxury Fashion Engineering'**. Since 2017, Pattern has expanded its presence across different segments by acquiring companies in different segments: 1) womenswear (Roscini Atelier); 2) knitwear (80% of S.M.T. and Zanni); and 3) luxury leather goods (54% of IDEE Partners and RGB). Now the company can internally manage the three product categories and is working to aggregate further competences adopting a multi-regional model, leveraging on Italian artisanal districts. Overall, diversification could foster synergies (in terms of product development and production costs) and respond to an increasing demand for hybrid products;
- **Business update and 2022 outlook**. Pattern reported a very good performance also in 2H21, thanks to both organic and external growth. Based on management's statements during the meeting, besides the geopolitical situation in Ukraine, as of today, business is going well and in line with our assumptions for FY22E;
- In the mid-term, we see the group **as well positioned to capture the expected mid-term growth trends** in manufacturing quality, product and supply chain sustainability and a digital approach. Management also continues to screen M&A opportunities to aggregate the best Italian skills in terms of product innovation in absolute luxury;
- **ESG**. Despite its small size when compared to the large luxury fashion groups, Pattern is working proactively to become an excellence in every aspect and is considering sustainability strategically, as a key lever in its relations with its current and potential customers. In 2021, the company achieved a 'C' ESG rating, referring to 2020 (assigned by the international organisation CDP), vs. rating B- in 2020 due to Scope 3 emissions (and vs. rating D in 2019). The company also joins other 400 international companies (7% of top companies) nominated into the CDP '2020 Supplier Engagement Leaderboard', companies that are annually assessed with total transparency by CDP on the Supplier Engagement Rating (SER).

**BUY, EUR 7.8/sh. TP.**

**Pattern - Key Data**

| 27/05/2022             |       | Branded Goods |        |      |
|------------------------|-------|---------------|--------|------|
| Target Price (EUR)     |       |               |        | 7.8  |
| Rating                 |       |               |        | BUY  |
| Mkt price (EUR)        |       |               |        | 5.62 |
| Mkt cap (EUR M)        |       |               |        | 79   |
| Main Metrics (€ M)     | 2022E | 2023E         | 2024E  |      |
| Revenues               | 92.44 | 107.8         | 118.6  |      |
| EBITDA                 | 9.53  | 12.09         | 13.78  |      |
| EPS (EUR)              | 0.31  | 0.43          | 0.52   |      |
| Net debt/-cash         | 0.30  | -5.97         | -13.97 |      |
| Ratios (x)             | 2022E | 2023E         | 2024E  |      |
| Adj. P/E               | 18.2  | 13.0          | 10.8   |      |
| EV/EBITDA              | 9.3   | 6.8           | 5.4    |      |
| EV/EBIT                | 13.9  | 9.3           | 7.1    |      |
| Debt/EBITDA            | 0.03  | Neg.          | Neg.   |      |
| Div yield (%)          | 0.9   | 0.9           | 0.9    |      |
| Performance (%)        | 1M    | 3M            | 12M    |      |
| Absolute               | -4.1  | 4.1           | 12.4   |      |
| Rel. to FTSE IT All Sh | -7.1  | 9.2           | 14.0   |      |

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Specialist to Pattern

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**REVO (No Rating)****Feedback from Event**

**REVO's strategy is based on the development of a specialty lines' business for SMEs (only 62% of which have an active insurance coverage, according to the company), together with parametric risks, also leveraging on an insurtech profile, as outlined in the recently-presented 2022-25 business plan.**

- 2022-25 business plan: strategy and targets.** REVO's strategy is based on the development of an insurance offer centred on specialty lines, taking the lines of business currently underwritten by Elba (mainly bond and surety) as a starting point, and parametric risks. REVO's main financial targets by 2025 are: 1) a high level of capital strength, with a Solvency II ratio at least between 180% and 200%; 2) GWP in excess of EUR 300M (of which over EUR 80M in the bond line) from EUR 77.5M for Elba in 2021A (approx. EUR 60M bond); 3) a portfolio loss ratio equal to approximately 45%; and 4) an operating result approx. 3x higher than the one reached by Elba Assicurazioni in 2021 (EUR 21.5M). The company aims to start a dividend distribution policy as early as 2024 on 2023 earnings;
- Technology: OverX and Blockchain.** From a technology point of view, REVO has developed a proprietary technological, flexible, cloud-based, open platform called OverX, a critical success factor in the current competitive insurance context according to management, granting an automation of the analysis process and allowing lower costs per unit of risk, thanks to simple and digital processes. The related operational efficiency is also able to ensure a better level of service compared to the rest of the market, also thanks to the transparency of coverage with an improved customer experience. The bulk of the planned IT investments (more than EUR 15M) is in the current year, with EUR 6.7M. We also highlight that on 19 July 2021 REVO signed an agreement with Mangrovia Blockchain Solutions (with REVO entering the company's capital through a 10% stake), a software house specialised in the development of software solutions based on blockchain technology, in order to start a partnership for the exclusive development, until 30 September 2025, of IT and digital solutions based on blockchain technology, mainly functional to the development of parametric insurance products;
- Distribution strategy.** REVO's distribution strategy leverages on a multi-channel approach, with four main pillars: 1) distribution agreements with global and large brokers (more than 40 direct partnerships targeted); 2) new REVO MGA (Managing General Agency), REVO Underwriting, launched at the beginning of this month and partnerships with 5-10 MGAs strongly focused on the Specialty market, for the development of niche businesses; 3) consolidation of Elba's current agents' network and scouting for new specialised agencies; and 4) new digital platforms, leveraging on OverX connecting flexibility.

Our estimates are close to the company's targets, with a 2025E GWP of almost EUR 310M and an operating profit of EUR 58.9M (vs. EUR 21.5M for Elba in 2021). On the investments side, we highlight that the company is implementing a portfolio diversification strategy towards a target asset allocation characterised by a lower portfolio exposure to domestic market risks.

**REVO - Key Data**

| 27/05/2022             | Financials (SPAC) |       |       |
|------------------------|-------------------|-------|-------|
| Rating                 | No Rating         |       |       |
| Mkt price (EUR)        | 8.84              |       |       |
| Mkt cap (EUR M)        | 197               |       |       |
| Main Metrics (€ M)     | 2022E             | 2023E | 2024E |
| Premiums               | 120.0             | 176.6 | 238.9 |
| PBT                    | 5.1               | 19.8  | 36.8  |
| Adj. EPS (EUR)         | 0.34              | 0.73  | 1.23  |
| Net comb ratio (%)     | 82.6              | 78.4  | 75.9  |
| Ratios (%)             | 2022E             | 2023E | 2024E |
| Adj. P/E (x)           | 26.2              | 12.0  | 7.2   |
| P/TBV (x)              | 1.05              | 0.99  | 0.90  |
| RoTE                   | 5.8               | 8.5   | 13.1  |
| Solvency II ratio      | 226.8             | 209.3 | 208.1 |
| Div ord yield          | 0                 | 1.4   | 3.2   |
| Performance (%)        | 1M                | 3M    | 12M   |
| Absolute               | -4.9              | -5.6  | -11.9 |
| Rel. to FTSE IT All Sh | -8.0              | -0.9  | -10.6 |

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Corporate Broker to REVO

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**TraWell (ADD)****Feedback from Event**

**TraWell is participating in a large number of tenders and could be close to winning the concession of the airports in Milan. The company does not rule out partnerships with other players to accelerate its growth and should present a new business plan in the coming months.**

- **Strategy:** TraWell aims to expand its product range adding new services to wrapping (for example luggage storage inside the airports, massages for travellers), becoming an aggregator for airport services in partnership with local companies. In other words, the company targets to rapidly grow externally while increasing organic growth thanks to new concessions, leveraging on its strong brand, its worldwide presence and its transparency as a listed company. The current market environment is positive, with a large number of upcoming tenders, which are an attractive opportunity for TraWell to enter into new countries too (Middle East, Australia, Far East). A new business plan should be presented in the coming months;
- **Possible new concession at Malpensa airport:** TraWell could be close to gaining a new concession in Malpensa airport (Milan) and eventually Linate airport replacing the previous operator (Truostar), which has given up on resuming business within the Milanese airports. TraWell should be in a takeover phase, having received the notification of a provisional award last 2 May and could start operations in June. The new concession, if confirmed, could generate around EUR 6M sales or around 30% of FY21 turnover, according to management;
- **Russia:** Since the beginning of the year, revenues in the country have decreased by around 30% compared with 2021, which was an exceptional year as air traffic was only marginally hit by the Covid impact. Still, the company highlighted that the visibility on the future evolution remains low;
- **New medical project:** TraWell is studying a project to requalify the Covid-dedicated spaces inside the airports. The idea is to establish a partnership with specialised medical operators to set up clinical analysis service areas inside airports or outpatient clinics inside the airports. The project is still in an early phase.

Overall, reassuring messages. We believe TraWell is well-placed to exploit the expected rebound of air traffic, while its sound net financial position and the increased reliability of the company should favour TraWell in winning new tenders. We reiterate our positive stance.

**TraWell - Key Data**

| 27/05/2022             |       | Airport Services |       |  |
|------------------------|-------|------------------|-------|--|
| Target Price (EUR)     |       | 7.3              |       |  |
| Rating                 |       | ADD              |       |  |
| Mkt price (EUR)        |       | 6.16             |       |  |
| Mkt cap (EUR M)        |       | 15               |       |  |
| Main Metrics (€ M)     | 2022E | 2023E            | 2024E |  |
| Revenues               | 25.82 | 33.94            | 36.97 |  |
| EBITDA                 | 3.04  | 4.03             | 4.57  |  |
| EPS (EUR)              | 0.36  | 0.64             | 0.78  |  |
| Net debt/-cash         | 8.26  | 6.10             | 4.00  |  |
| Ratios (x)             | 2022E | 2023E            | 2024E |  |
| Adj. P/E               | 16.9  | 9.6              | 7.9   |  |
| EV/EBITDA              | 9.8   | 6.7              | 5.3   |  |
| EV/EBIT                | 17.3  | 10.2             | 7.7   |  |
| Debt/EBITDA            | 2.7   | 1.5              | 0.88  |  |
| Div yield (%)          | 0     | 0                | 0     |  |
| Performance (%)        | 1M    | 3M               | 12M   |  |
| Absolute               | 13.7  | 3.0              | -12.9 |  |
| Rel. to FTSE IT All Sh | 10.0  | 8.1              | -11.6 |  |

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Specialist to TraWell

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|------------------|---|
| 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  |
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| 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 (12M)

This report is a compendium report or may include excerpts from previously published reports: in this report, we confirm the ratings and target prices assigned in the latest company reports (or alternatively such ratings and target prices may be placed Under Review). The 12M rating and target price history chart(s) for the companies included in this report can be found at Intesa Sanpaolo's website/Research/Regulatory disclosures: <https://group.intesasanpaolo.com/en/research/RegulatoryDisclosures/tp-and-rating-history--12-months->. Note: please also refer to <https://group.intesasanpaolo.com/it/research/equity--credit-research/equity> in applicable cases for the ISP-UBI Equity Ratings Reconciliation Table, the archive of ex-UBI's previously published research reports and 12M historical recommendations.

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

#### Intesa Sanpaolo Research Rating Distribution (at April 2022)

| Number of companies considered: 130                         | BUY | ADD | HOLD | REDUCE | SELL |
|---|-----|-----|------|--------|------|
| Total Equity Research Coverage relating to last rating (%)* | 50  | 29  | 21   | 0      | 0    |
| of which Intesa Sanpaolo's Clients (%)**                    | 83  | 66  | 56   | 0      | 0    |

\* Last rating refers to rating as at end of the previous quarter; \*\* 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)

| 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

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At the Intesa Sanpaolo website, webpage <https://group.intesasanpaolo.com/en/research/RegulatoryDisclosures/archive-of-intesa-sanpaolo-group-s-conflicts-of-interest> you can find the archive of disclosure of interests or conflicts of interest of the Intesa Sanpaolo Banking Group in compliance with the applicable laws and regulations.

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