

Event Report

Italy's EGM Segment

Robust Growth, Slowdown, Gap and Potential

In 2022, new admissions to the Euronext Growth Milan (EGM) market saw a slowdown after the boom recorded in 2021. Currently, 174 companies are listed on this segment (vs. 176 at end-March 2022 and 174 at YE21). Comparing EGM vs. STAR, there is still a significant gap in terms of market capitalisation and liquidity that is reflected, in our view, in the index performance and valuation, albeit with a narrowing of the discount at May 2022 vs. May 2021.

EGM growth slowed down in 1Q22, after the very strong growth in 2021

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.

A comparison with Euronext Growth

As part of Euronext's acquisition of Borsa Italiana, on 25 October 2021 AIM Italia was renamed Euronext Growth Milan (EGM). We ran a comparison with the Euronext Growth which, incorporating the stock exchanges of Brussels, Dublin, Lisbon, Oslo and Paris, is bigger vs. the EGM in terms of number of listed companies (approx. 2.5x), market capitalisation and liquidity. In terms of size, Euronext Growth Paris (256 listings, EUR 18Bn market cap as at 30 April 2022) is probably the most similar market to EGM.

EGM vs. STAR: valuation still lower, but gaps in multiples narrow vs. May 2021

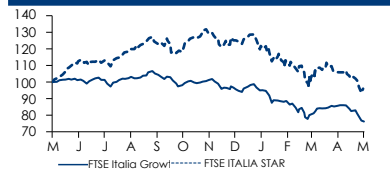
EGM represents a training ground for companies, in our view, especially SMEs who seek a first approach to equity markets, with the subsequent possibility of moving to a listing on the MTA/STAR, which gives greater visibility towards investors and tends to support a higher liquidity. In fact, comparing EGM vs. STAR, we note the large gap in terms of market cap and liquidity (STAR's liquidity is historically on average 8x that of EGM). These differences are reflected in the index performance and valuation, in our view. We note that after the peak of approx. +48% for FTSE Italia Growth in January 2022 and +68% for FTSE STAR in November 2021, after the outbreak of the war both reference indices returned to +25% vs. the pre-Covid levels and are currently showing a negative performance of -15.2% and -24.2% YTD, respectively. We also note that the gap in terms of average EV/EBITDA of EGM companies has partially narrowed vs. May 2021, but still stands at around 10% in 2022 and 12% in 2023 (vs. 14% in 2021 and 23% in 2022 as at May 2021).

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Date and time of production

Italy/EGM Conference
24-26 May

EGM (ex-AIM)

Index Performance (FTSE Italia Growth, FTSE Italia STAR)



Source: FactSet;

Report priced at market close on 18/05/2022 (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

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This report was produced specifically for the EGM conference and offers a summary of our recently-published research on the EGM companies within our coverage universe. Within this report, we reconfirm the ratings and target prices assigned in the latest single company report or other published reports.

EGM: Strong Admissions in 2021, Slowdown in 2022

Euronext Growth Milan (EGM; formerly AIM Italia) has grown significantly in the last few years, on all its main metrics:

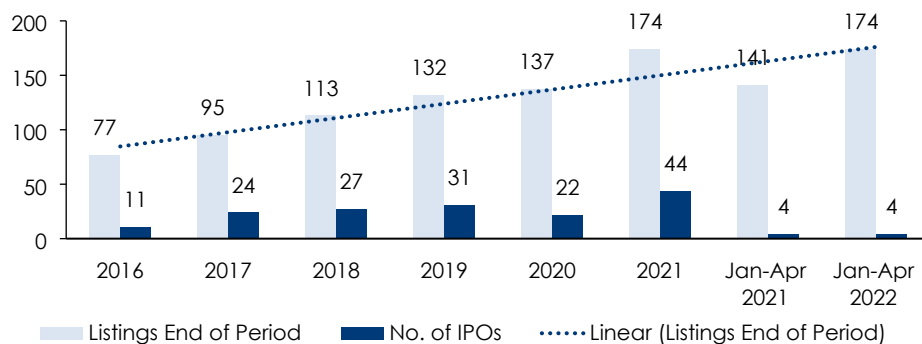
- **The number of listed companies;**
- **Market capitalisation;**
- **Liquidity.**

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Number of listed companies

In 2016-21, the number of listed companies on the EGM grew at a 17.7% CAGR, to reach 174 units in 2021, +27% vs. 2020 (+37 net). 2021 saw a boom in new admissions (44 listings), particularly in 4Q, when 22 companies were admitted on the market.

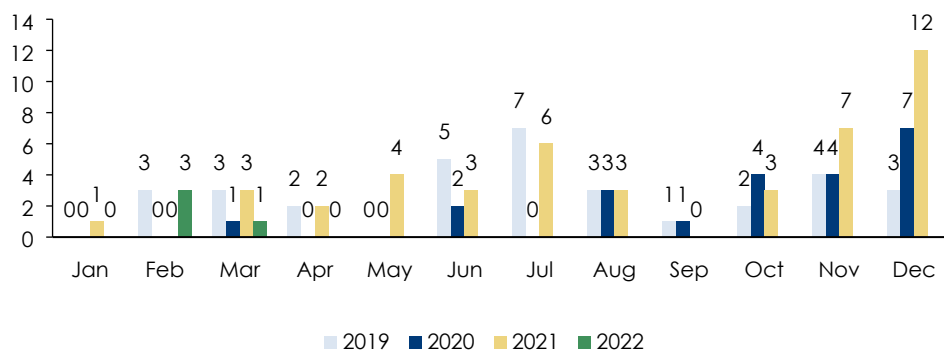
EGM – Number of listings and IPOs (2016-2021, Jan-Apr 2021-22)



Source: Intesa Sanpaolo Research elaboration on Borsa Italiana data

In 1Q22, IPO activity slowed down returning to the same levels of 2021 (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 so far. After 2 delistings in April, EGM counts on 174 listings as at 17 May.

EGM – No. of new listings by month in 2019-Apr 2022



Source: Intesa Sanpaolo Research elaboration on Borsa Italiana data

Market capitalisation

Looking at the past years, at YE17, the market capitalisation nearly doubled vs. 2016 (+94%), driven by new listings (+18 net) and by the launch of PIR, in our view. The expansion continued in 2018 and 2019 (+18 and +19 net listings respectively), when Italy's AIM market cap reached EUR 6.6Bn.

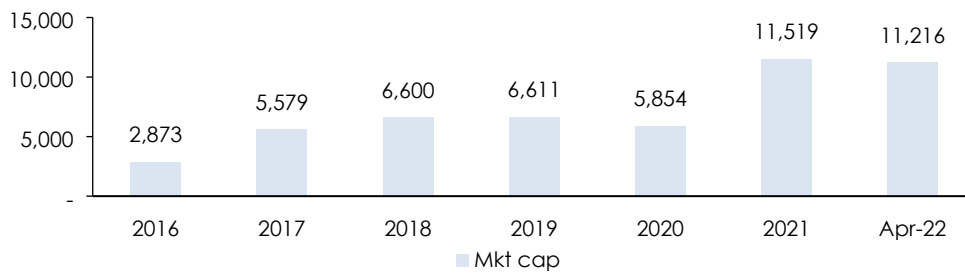
After an 11% yoy drop in 2020 due to the pandemic, the market cap nearly doubled in 2021 (+74% vs. end-2019).

In 2021, the increase in EGM's market capitalisation was due to the 44 new IPOs together with positive stock price performances.

After 4 new listings (of which Technoprobe, which alone has an approx. EUR 0.8Bn market cap, taking into account only its listed shares), the market cap is currently around EUR 11.7Bn, with an average and median market capitalisation by company of EUR 50.1M and EUR 30.6M, respectively. During January-April 2022, prices started to decrease (FTSE Italia performance as at 31/3/22 was -9.5% vs. YE21), resulting in a slight decrease in the market cap (-5% vs. end-2021), but still significantly higher vs. the pre-Covid levels.

2022: slight decrease in market cap, but still higher vs. pre-Covid levels

EGM - 2016-April 2022 Market cap (EOP, EUR M)

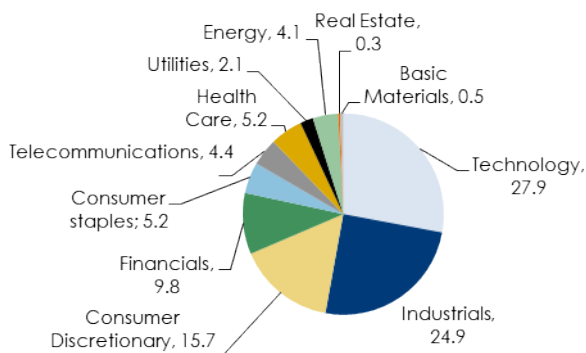


Source: Intesa Sanpaolo Research elaboration on Borsa Italiana data

According to Borsa Italiana data, at end-April 2022, companies classified in the 'Technology' sector remain the most important portion in terms of market cap (31.6%), followed by Industrials (23.1%), as shown in the chart below.

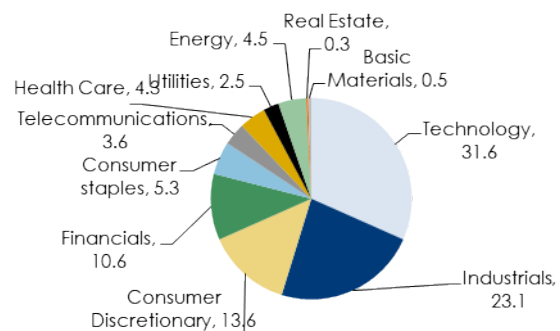
Technology remains the main sector

EGM - Market cap by industry at 31/12/21



Source: Intesa Sanpaolo Research elaboration on Borsa Italiana data

EGM - Market cap by industry at 30/04/22



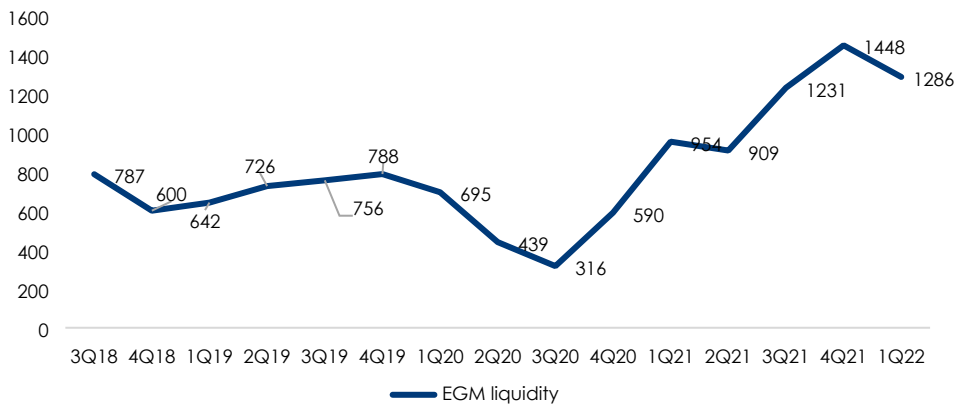
Source: Intesa Sanpaolo Research elaboration on Borsa Italiana data

Liquidity

Overall, in 2021 the value of trades reached EUR 4,542M, nearly doubling the 2020 turnover and +74% vs. 2019. In more detail, the average was EUR 378M/month and turnover surpassed EUR 450M/month in August, September and December.

Looking at the quarterly pattern, in 1Q21, trades amounted to EUR 954M, the highest level when analysing quarterly turnover from 2017, and beating the highest previous level (EUR 788M in 4Q19). Liquidity then increased qoq (a small decline is visible only in 2Q21), reaching EUR 1,448M in 4Q21, again well above the highest previous level before 2021.

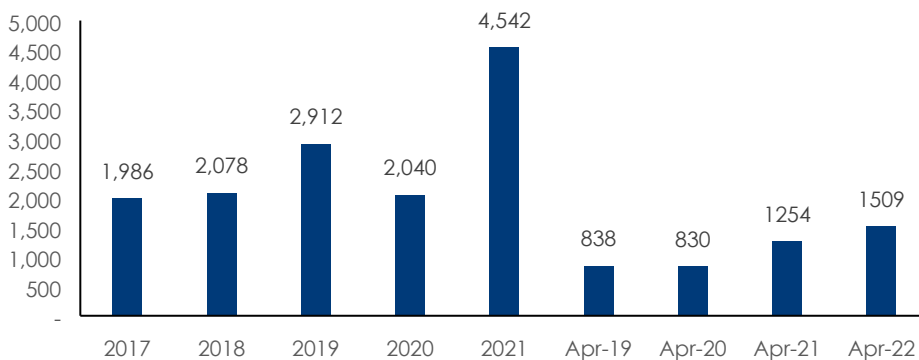
EGM – Quarterly liquidity 3Q18-1Q22 (EUR M)



Source: Intesa Sanpaolo Research elaboration on Borsa Italiana data

2022 started well, with EUR 355M traded in January alone, above the levels seen in the past 3 years in the same month, and a peak in February (EUR 480M), slightly decreasing to EUR 450.6M in March and then halving to a EUR 223M monthly turnover in April, impacted by the macroeconomic scenario and geopolitical tensions.

EGM - 2016-April 2022 liquidity (EOP, EUR M)



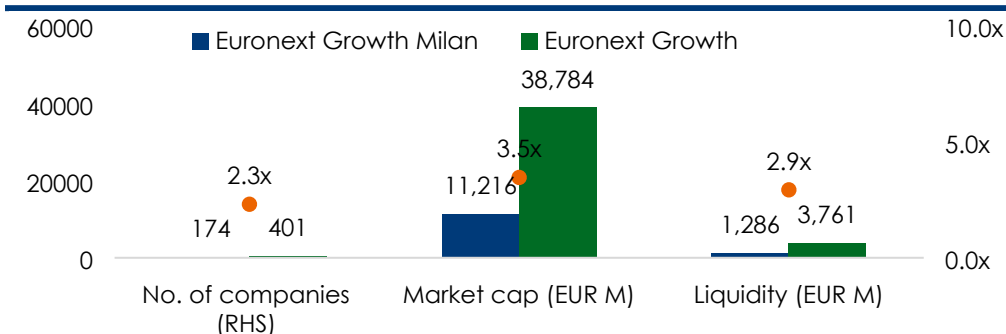
Source: Intesa Sanpaolo Research elaboration on Borsa Italiana data

A Comparison with Euronext Growth

As part of Euronext's acquisition of Borsa Italiana, on 25 October 2021 AIM Italia was renamed Euronext Growth Milan, to unify the name with that of similar segments on the exchanges in Brussels, Dublin, Lisbon, Oslo and Paris, dedicated to small and medium-sized companies with high-growth potential. We ran a **comparison with Euronext Growth that, incorporating the Brussels, Dublin, Lisbon, Oslo and Paris exchanges**, is bigger vs. EGM in terms of number of listed companies (approx. 2.3x), market capitalisation and liquidity, as shown in the chart below.

Companies with high growth potential

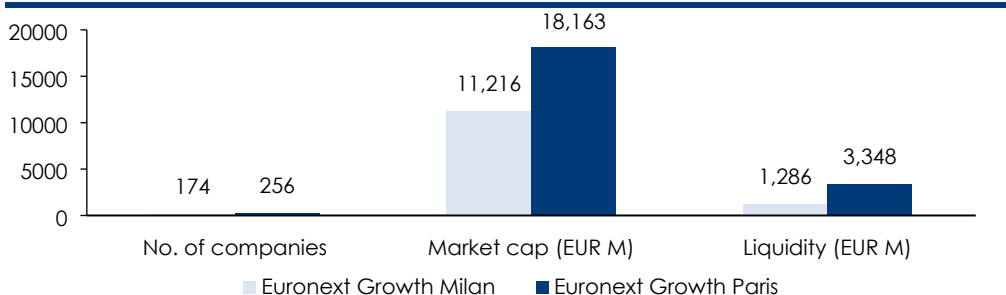
EGM vs. Euronext Growth



Intesa Sanpaolo elaboration on Borsa Italiana and Euronext data as at 30/04/22

In terms of size, Euronext Growth Paris (256 listings, EUR 18Bn market cap as at 30 April 2022) is probably the most similar market to EGM.

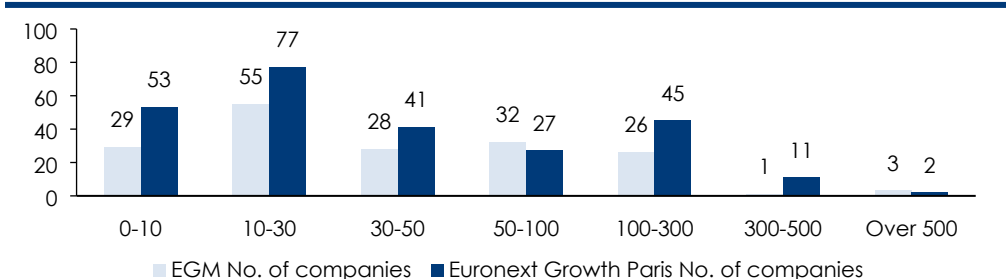
EGM vs. Euronext Growth Paris



Intesa Sanpaolo elaboration on Borsa Italiana and Euronext data as at 30/04/22

Note that the two segments show a similar distribution in terms of companies by market cap, with around 47% of companies with a market cap between EUR 10M and EUR 50M.

EGM vs. Euronext Growth Paris – Companies by market cap (EUR M)



Source: Intesa Sanpaolo elaboration on Borsa Italiana and Euronext data as at 30/04/22

A Comparison with Italy's STAR segment

Euronext Growth Milan represents a training ground for companies, in our view, in particular SMEs who are looking for a first approach with equity markets, with initial minimum access requirements in terms of complexity of the IPO process, free float and results reporting obligations.

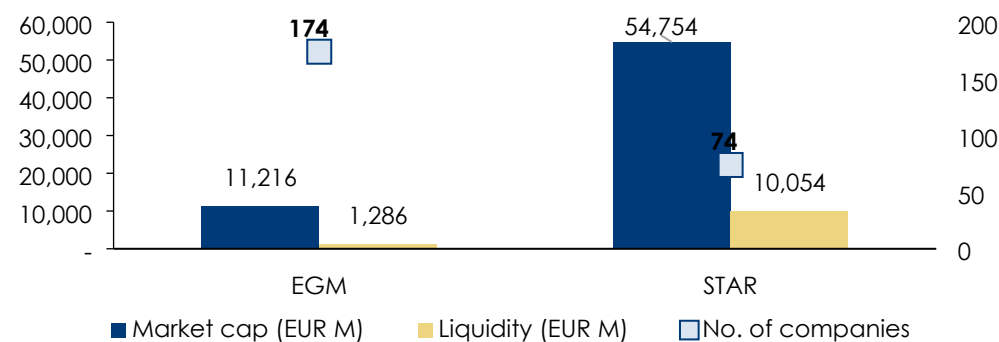
In our elaboration on Borsa Italiana data, from 2013, 22 companies have been initially listed on the EGM segment and then completed the trans-listing to MTA (of which 15 are now on the STAR segment), which gives greater visibility towards investors and tends to support a higher liquidity. An acceleration in trans-listing has occurred since 2018, with 19 companies moving from EGM to MTA/STAR.

Stepping up to MTA/STAR

Comparing EGM vs. Italy's STAR, we highlight:

- A large gap in terms of market cap;

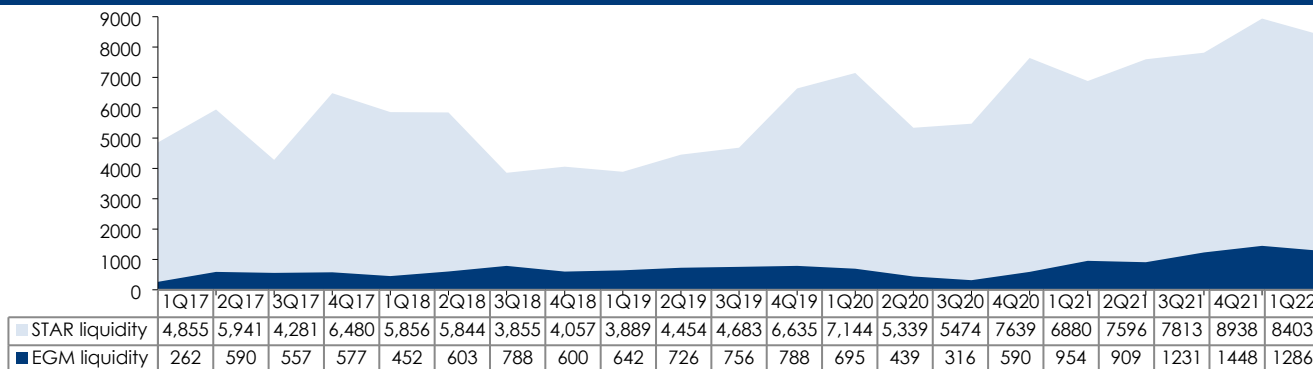
EGM vs. STAR – Comparison data as at 30 April 2022



Source: Intesa Sanpaolo Research elaboration on Borsa Italiana data

- A large gap in terms of liquidity (STAR monthly turnover is historically over 8x that of EGM, on average);

EGM vs. STAR: Liquidity (1Q17-1Q22)

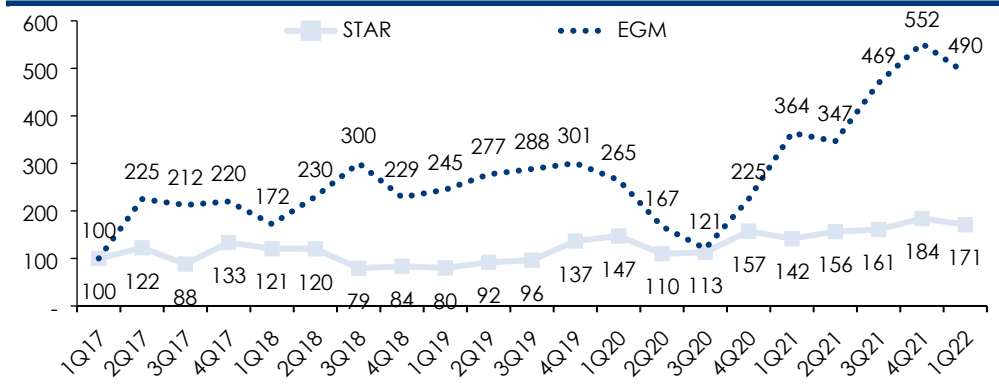


Source: Intesa Sanpaolo research elaboration on Borsa Italiana data

- Liquidity has grown for both the indices since the launch of PIR in 2017.

The liquidity of EGM Italia has grown faster than Italy's STAR, both before and after the pandemic, but with a higher volatility, and a strong contraction during the pandemic in 2020 and with the uncertain scenario of 1Q22.

Growth of EGM and STAR trading 1Q17-1Q22 (1Q17 = 100)



Source: Intesa Sanpaolo Research elaboration on Borsa Italiana data

EGM vs. STAR: Index Performances and Valuation

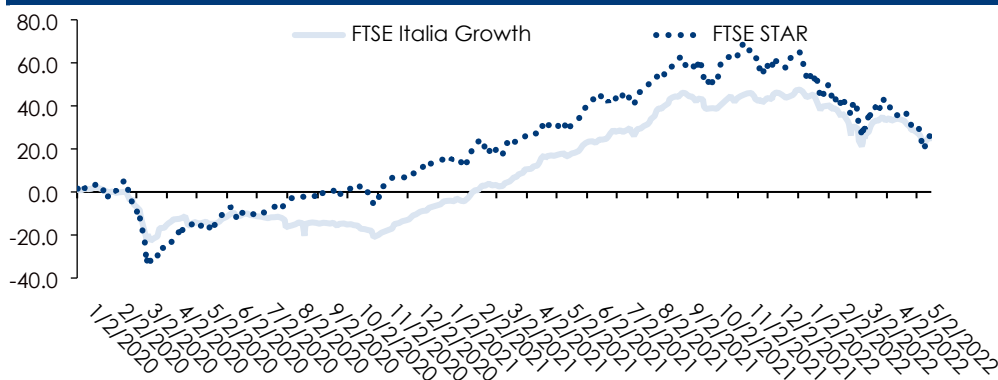
In our view, the differences between the Euronext Growth Milan and STAR are reflected in the index performance and valuation.

Indices performance

After the pandemic outbreak, the STAR index started to outperform the FTSE Italia Growth index from the end of June 2020, driven by recovery signals coming from several companies, which investors viewed as reliable, while they were more cautious on smaller EGM companies, often characterised by a less regular communication flow towards investors.

The outperformance by the STAR halted at the beginning of February 2022, when geopolitical tensions started to be the main driver of equity market performance. Indeed, in 1Q22, the market was impacted by the rising uncertainties related to increasing inflation, new lockdowns in Asia and the Russian invasion of Ukraine. In particular, we note that after the peak of approx. +48% for FTSE Italia Growth in January 2022 and +68% for FTSE STAR in November 2021, after the outbreak of the war both reference indices returned to +25% vs. the pre-Covid levels, and are currently showing a negative performance of -15.2% and -24.2% YTD, respectively.

FTSE Italia Growth and FTSE STAR trend vs. 1 January 2020



Source: Intesa Sanpaolo Research elaboration on FactSet data

EGM vs. STAR index performances as at 19/5/22

Change (%)	EGM	STAR
1 Month	-6.23	-7.61
3 Months	-7.59	-11.37
6 Months	-12.84	-22.89
YTD	-15.21	-24.22
1 Year	5.89	-4.52
3 Year	11.96	39.84
5 Year	6.23	40.55

Source: FactSet as of 19/05/22

Valuation

We also note that the gap in terms of average EV/EBITDA of companies of EGM vs. STAR has partially narrowed vs. May 2021, but still stands at around 10% in 2022 and 12% in 2023 (vs. 14% in 2021 and 23% in 2022 at the time of our previous report in May 2021).

Average EV/EBITDA - EGM vs. FTSE STAR (2022-23)

x	2022	2023
FTSE STAR	8.7	7.5
EGM	7.9	6.6
EGM discount %	-9.7	-12.2

Source: Intesa Sanpaolo Research elaboration on FactSet data as of 19/05/22

A Glance at Regulation

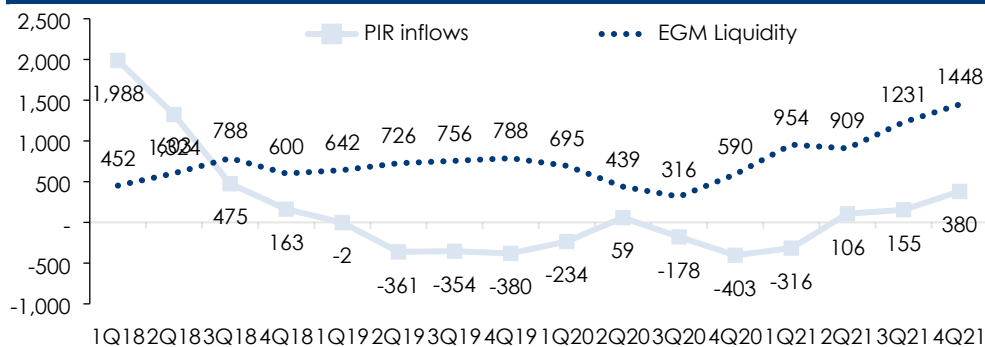
We think that regulation represents a further stimulus to EGM Italia's growth, introducing in the past years some instruments that require an investment in this market segment, such as the new PIR and the ELTIF. In particular, we see as supportive instruments such as:

- The new regulation on PIR applied from 1 January 2020, more similar to the original regulation of 2017;
- The Alternative PIR, introduced by the government in its 'Decreto Rilancio' (Relaunch Decree) in 2020 to support the economy, strongly affected by the Covid-19 outbreak. The new investment instrument requires that at least 70% is invested in companies not members of the FTSE MIB or the FTSE MID and exists alongside the 'original' PIR;
- The ELTIF, which requires that at least 70% is invested in eligible SMEs.

The abovementioned amendment on PIRs, in our view, sustained the liquidity of the EGM segment, which increased until January 2020, but slowed down since 2Q20 due to the pandemic, before growing again in 4Q20, reaching EUR 590M, with a further expansion in 2021.

Despite the favourable regulation, PIR continued to record net outflows also in 1Q21 (EUR 316M), but in 2Q21 PIR funds returned to grow, with around EUR 106M inflows, and accelerated in 3Q21, with around EUR 155M inflows and in 4Q21 with around EUR 380M inflows.

EGM trading and PIR flows 1Q18-4Q21 (EUR M)



Source: Intesa Sanpaolo Research elaboration on Borsa Italiana and Assogestioni data

Company Section

A.L.A. (BUY/TP EUR 15.6/share)	12
Comer Industries (BUY/TP EUR 37.6/share)	15
EdiliziAcrobatica (BUY/TP EUR 26.5/share)	18
First Capital (BUY/TP EUR 25.9/share)	21
Franchi Umberto Marmi (BUY/TP EUR 12.2/share)	23
Grifal (BUY/TP EUR 4.4/share)	26
Growens (BUY/TP EUR 6.4/share)	29
Iniziativa Bresciane (HOLD/TP EUR 21.5/share)	32
Innovatec (BUY/TP EUR 3.4/share)	35
Intermonte Partners (BUY/TP EUR 3.5/share)	38
Labomar (ADD/TP EUR 10.4/share)	41
Leone Film Group (BUY/TP EUR 3.6/share)	44
Lucisano Media Group (BUY/TP EUR 2.4/share)	47
Medica (HOLD/TP EUR 37.7/share)	50
OSAI Automation System (BUY/TP EUR 5.9/share)	53
Pattern (BUY/TP EUR 7.8/share)	56
REVO (No Rating)	59
Technoprobe (BUY/TP EUR 9.0/share)	62
TraWell (ADD/TP EUR 7.3/share)	65

Intesa Sanpaolo is Specialist to A.L.A., EdiliziAcrobatica, First Capital, Franchi Umberto Marmi, Iniziative Bresciane, Intermonte Partners, Labomar, Leone Film Group, Lucisano Media Group, Medica, Pattern and TraWell; and Intesa Sanpaolo is Corporate Broker to Comer Industries, Grifal, Growens, Innovatec, OSAI Automation System, and REVO.

Company Update

A.L.A.

FY21 Results

Despite a reduction in sales, the company was able to improve margins in FY21 thanks to the efficiencies implemented, as seen in 1H21. Our 'Basic Scenario' estimates now take into account the recent contract with Dassault.

FY21 results

FY21 results were slightly below our estimates. However, we appreciate that, despite a reduction in revenues, the company was able to improve its margins thanks to the efficiency gains extracted in 2020 (including the reorganisation of procurement), which remains one of management's targets. Revenues contracted by 4.5% yoy to EUR 130.7M vs. EUR 136.8M in FY20. EBITDA increased to EUR 13.8M, with a margin of 10.6%. EBIT was EUR 11.3M vs. EUR 10.5M in FY20. Net profit came in broadly in line yoy, at EUR 6.1M. Net debt improved to EUR 5M vs. EUR 27.3M at YE20.

Outlook

A.L.A.'s strategy is to consolidate its focus on the A&D market, but it also envisages: 1) an expansion in adjacent industries; 2) the enlargement of the products' portfolio; 3) the acquisition of new customers; and 4) the expansion of international activity. We highlight that in January 2022 the company announced that, through its subsidiary ALA FRANCE Sas, it has signed a multi-year framework agreement with Dassault Aviation as a service provider. However, in the press release, the company did not comment on the negotiation regarding a framework agreement with an important player in the rail market that should still be currently under negotiation (and is not incorporated in our 'Basic scenario').

Estimates and valuation

We recently updated our 'Basic Scenario' estimates to take into account the FY21 results and the contract with Dassault (see our report of 13/04/2022). For FY22E, we had broadly confirmed our forecasts, including EUR +12.5M revenues from the new contract; for FY23E, we estimate around EUR 30M additional revenues. We assumed a slightly lower profitability, linked to the initial activities for the execution of the contract, while we expected the EBITDA margin to return to FY21 levels in FY23E. We based our valuation on our Basic Scenario model. Our valuation points to a **target price of EUR 15.6/share**, obtained as the average of the DCF model and the multiples' comparison. **We confirm our BUY recommendation on A.L.A.**

24 May 2022: 7:44 CET
Date and time of production

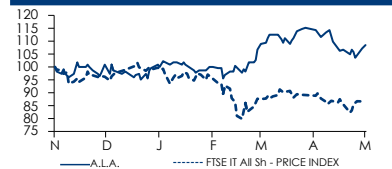
BUY

Target Price: EUR 15.6

Italy/Aerospace & Defence

EGM (ex-AIM)

Price Performance
(RIC: ALA.MI, BB: ALA IM)



A.L.A. - Key Data

Price date (market close)	18/05/2022
Target price (EUR)	15.6
Target upside (%)	28.40
Market price (EUR)	12.15
Market cap (EUR M)	109.71
52Wk range (EUR)	NA/NA

Price performance %	1M	3M	12M
Absolute	-5.8	8.5	NA
Rel. to FTSE IT All Sh	-2.9	19.2	NA

Y/E Dec (EUR M)	FY21A	FY22E	FY23E
Revenues	130.7	148.0	186.6
EBITDA	13.80	15.14	19.80
EBIT	11.30	12.17	16.63
Net income	6.13	7.12	10.34
EPS (EUR)	0.68	0.79	1.15
Net debt/-cash	4.98	2.74	1.01
Adj P/E (x)	15.5	15.4	10.6
EV/EBITDA (x)	7.2	7.4	5.6
EV/EBIT (x)	8.8	9.2	6.7
Div ord yield (%)	4.5	2.9	4.2

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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A.L.A. – Key Data

Rating	Target price (EUR/sh)		Mkt price (EUR/sh)			Sector
BUY	Ord 15.6		Ord 12.15			Aerospace & Defence
Values per share (EUR)	2019A	2020A	2021A	2022E	2023E	2024E
No. ordinary shares (M)	9.03	9.03	9.03	9.03	9.03	9.03
Total no. of shares (M)	9.03	9.03	9.03	9.03	9.03	9.03
Market cap (EUR M)	NA	NA	94.89	109.71	109.71	109.71
Adj. EPS	0.56	0.67	0.68	0.79	1.15	1.39
CFPS	0.86	0.95	0.96	1.1	1.5	1.8
BVPS	3.1	3.7	6.3	6.6	7.4	8.3
Dividend ord	0.19	0.30	0.47	0.36	0.52	0.52
Dividend SAV Nc	NA	NA	NA	NA	NA	1.00
Income statement (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Revenues	135.8	136.8	130.7	148.0	186.6	212.8
EBITDA	11.77	13.04	13.80	15.14	19.80	23.21
EBIT	8.98	10.53	11.30	12.17	16.63	19.88
Pre-tax income	7.09	8.38	8.75	10.17	14.63	17.88
Net income	5.04	6.05	6.13	7.12	10.34	12.51
Adj. net income	5.04	6.05	6.13	7.12	10.34	12.51
Cash flow (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net income before minorities	5.0	6.0	6.1	7.1	10.3	12.5
Depreciation and provisions	2.8	2.5	2.5	3.0	3.2	3.3
Others/Uses of funds	0.4	2.5	0	0	0	0
Change in working capital	-2.1	-9.0	-0.9	-1.1	-6.1	-6.0
Operating cash flow	6.0	2.0	7.7	9.0	7.5	9.9
Capital expenditure	-1.1	-0.7	-2.7	-2.5	-2.5	-2.5
Financial investments	0	0	0	0	0	0
Acquisitions and disposals	0	0	0	0	0	0
Free cash flow	5.0	1.3	5.0	6.5	5.0	7.4
Dividends	-1.7	0	-2.7	-4.2	-3.2	-4.7
Equity changes & Non-op items	0	-0.9	20.0	0	0	0
Net cash flow	3.2	0.4	22.3	2.2	1.7	2.7
Balance sheet (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net capital employed	55.7	60.5	61.8	62.4	67.8	73.0
of which associates	0	0	0	0	0	0
Net debt/-cash	27.7	27.3	5.0	2.7	1.0	-1.7
Minorities	0	0	0	0	0	0
Net equity	28.0	33.2	56.8	59.7	66.8	74.7
Minorities value	0	0	0	0	0	0
Enterprise value	NA	NA	99.9	112.5	110.7	108.0
Stock market ratios (x)	2019A	2020A	2021A	2022E	2023E	2024E
Adj. P/E	NA	NA	15.5	15.4	10.6	8.8
P/CFPS	NA	NA	11.0	10.9	8.1	6.9
P/BVPS	NA	NA	1.7	1.8	1.6	1.5
Payout (%)	79	54	70	53	65	65
Dividend yield (% ord)	NA	NA	4.5	2.9	4.2	4.2
FCF yield (%)	NA	NA	5.3	5.9	4.5	6.7
EV/sales	NA	NA	0.76	0.76	0.59	0.51
EV/EBITDA	NA	NA	7.2	7.4	5.6	4.7
EV/EBIT	NA	NA	8.8	9.2	6.7	5.4
EV/CE	NA	NA	1.6	1.8	1.6	1.5
D/EBITDA	2.4	2.1	0.36	0.18	0.05	Neg.
D/EBIT	3.1	2.6	0.44	0.22	0.06	Neg.
Profitability & financial ratios (%)	2019A	2020A	2021A	2022E	2023E	2024E
EBITDA margin	8.7	9.5	10.6	10.2	10.6	10.9
EBIT margin	6.6	7.7	8.6	8.2	8.9	9.3
Tax rate	29.5	27.8	30.0	30.0	29.3	30.0
Net income margin	3.7	4.4	4.7	4.8	5.5	5.9
ROCE	16.1	17.4	18.3	19.5	24.5	27.2
ROE	19.2	19.7	13.6	12.2	16.4	17.7
Interest cover	5.2	4.9	4.4	6.1	8.3	9.9
Debt/equity ratio	98.8	82.2	8.8	4.6	1.5	Neg.
Growth (%)	2020A	2021A	2022E	2023E	2024E	
Sales	0.8	-4.5	13.2	26.1	14.0	
EBITDA	10.8	5.8	9.7	30.8	17.2	
EBIT	17.2	7.3	7.7	36.6	19.5	
Pre-tax income	18.1	4.5	16.3	43.8	22.2	
Net income	19.8	1.3	16.3	45.2	21.0	
Adj. net income	19.8	1.3	16.3	45.2	21.0	

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Company Snapshot

Company Description

ALA (Advanced Logistic for Aerospace) is one of the leading global groups in the provision of integrated logistics services and in the distribution of consumables for the Aviation and Aerospace industry, both in the civil and in the defence sector ('Aerospace & Defence'). ALA is also active in the distribution and integrated logistics of products and mechanical components for the railway, energy and naval industries. The company was founded in 2009 by Fulvio Scannapieco (now Chairman) and Vittorio Genna (Vice-Chairman), entrepreneurs with 30 years of experience in the industry. ALA has started a path of organic and external growth that now guarantees an operational presence and leadership in Italy, in the United Kingdom, France, Germany, Israel and the US. With 1,300 suppliers worldwide, customers in 40 countries and 260 employees, ALA is a long-standing supplier to the aerospace and aviation industry and in recent years has become a key player for supply chain management services of precision mechanical components and small parts for many other high-tech industrial sectors.

Key data

Mkt price (EUR)	12.15	Free float (%)	20.3
No. of shares	9.03	Major shr	AIP Italia
52Wk range (EUR)	NA/NA	(%)	50.4
Reuters	ALA.MI	Bloomberg	ALA IM
Performance (%)	Absolute	Rel. FTSE IT All Sh	
-1M	-5.8	-1M	-2.9
-3M	8.5	-3M	19.2
-12M	NA	-12M	NA

Key Risks

Company specific risks:

- a high customers' concentration in the Service Provider segment (58% of FY20A revenues), with the top three customers representing 95% of revenues;
- complexity in managing more SKUs, which is a stated growth driver for the company;
- execution of new main contracts;

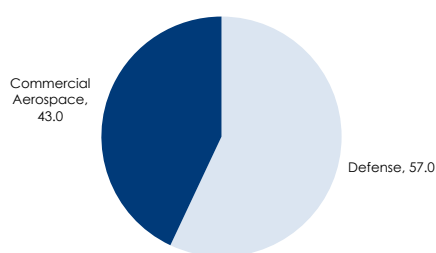
Sector generic risks:

- despite a track record of absorbing shocks, in the short-medium term, the A&D industry may be affected by the Covid-19 pandemic evolution;
- change in regulation or authorization requirements in the A&D market;
- internalization of logistics services by the A&D players;

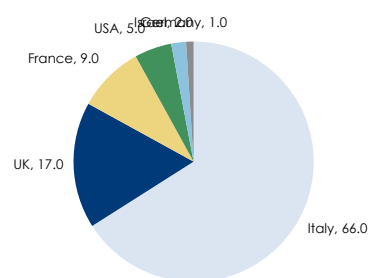
Estimates vs. consensus

EUR M (Y/E Dec)	2021A	2022E	2022C	2023E	2023C	2024E	2024C
Sales	130.7	148.0	148.0	186.6	174.0	212.8	201.5
EBITDA	13.80	15.14	15.10	19.80	18.50	23.21	22.40
EBIT	11.30	12.17	12.70	16.63	15.90	19.88	19.50
Pre-tax income	8.75	10.17	10.08	14.63	13.46	17.88	16.19
Net income	6.13	7.12	7.10	10.34	9.60	12.51	12.20
EPS (€)	0.68	0.79	0.80	1.15	1.10	1.39	1.39

1H21 VoP breakdown by end-market (%)



1H21 VoP breakdown by geography (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 18/05/2022)

Company Update

MID CORPORATE

Comer Industries

24 May 2022: 7:44 CET

Date and time of production

FY21 Results

BUY

While revenues had already been published and EBITDA was in line with our estimate, EBIT and the bottom line were better than expected, thanks to lower D&A costs and financial charges. We were also impressed by the reduction of trade working capital. Despite the potential impact of the Russia-Ukraine conflict, we substantially confirmed our forecast for 2022E-23E at the EBITDA level, while increasing EBIT and net profit. We also added our 2024E estimates.

Target Price: EUR 37.6

FY21 results

Italy/Engineering & Machinery

2021 was a positive year for Comer Industries, with pro-forma sales growing by 32.3%, adj. EBITDA margin improving to 12.2% and net profit more than doubling despite rising raw material costs, difficulties on the supply chain and the margin dilution from the merger with WPG. We also appreciated the reduction of trade working capital (from 21.4% of sales in 2020 to 19.7%), which helped lower net debt.

EGM (ex-AIM)

Price Performance

(RIC: COM.MI, BB: COM IM)



Outlook and estimates

Comer Industries - Key Data

The reference market trend remains solid, even if the company highlighted potential risks of constraints on the supply chain, rising cost inflation and development of demand on international markets given the current geopolitical situation. In our report of 31 March, we merely fine-tuned our 2022E-23E estimates, confirming our top line and EBITDA forecasts but increasing EBIT due to lower D&A costs. The average impact on net profit is +4.5%. We had also added 2024E estimates, which point to a further EBITDA margin improvement as the synergies with WPG should be fully in place.

Price date (market close)	18/05/2022		
Target price (EUR)	37.6		
Target upside (%)	39.26		
Market price (EUR)	27.00		
Market cap (EUR M)	774.31		
52Wk range (EUR)	35.2/18.4		
Price performance %	1M	3M	12M
Absolute	1.5	0.0	46.7
Rel. to FTSE IT All Sh	4.7	9.8	52.0

Valuation

Y/E Dec (EUR M)	FY21A	FY22E	FY23E
Revenues	1,048.5	1,162.2	1,227.7
EBITDA	131.0	143.0	162.3
EBIT	87.00	96.50	113.7
Net income	54.30	63.53	76.00
EPS (EUR)	1.95	2.22	2.65
Net debt/-cash	177.7	168.5	118.7
Adj P/E (x)	11.7	12.2	10.2
EV/EBITDA (x)	6.3	6.6	5.5
EV/EBIT (x)	9.6	9.8	7.9
Div ord yield (%)	2.2	2.2	2.6

Our target price is EUR 37.6/sh and we confirm our BUY rating. The major risks are forex fluctuations (around 50% sales outside Euro zone), rising raw material prices, and integration risk with WPG.

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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Comer Industries – Key Data

Rating	Target price (EUR/sh)		Mkt price (EUR/sh)			Sector
BUY	Ord 37.6		Ord 27.00			Engineering & Machinery
Values per share (EUR)	2019A	2020A	2021A	2022E	2023E	2024E
No. ordinary shares (M)	20.41	20.41	28.68	28.68	28.68	28.68
Total no. of shares (M)	20.41	20.41	28.68	28.68	28.68	28.68
Market cap (EUR M)	246.71	216.55	653.78	774.31	774.31	774.31
Adj. EPS	1.06	1.27	1.95	2.22	2.65	2.87
CFPS	1.4	1.8	-0.57	1.9	3.6	4.3
BVPS	6.3	7.0	12.1	13.8	15.8	18.0
Dividend ord	0.35	0.50	0.50	0.60	0.70	0.80
Income statement (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Revenues	404.6	396.2	1,048.5	1,162.2	1,227.7	1,271.2
EBITDA	45.68	48.58	131.0	143.0	162.3	172.3
EBIT	27.83	30.37	87.00	96.50	113.7	122.2
Pre-tax income	25.63	29.39	78.30	90.76	108.6	117.6
Net income	18.50	21.77	54.30	63.53	76.00	82.30
Adj. net income	21.60	25.90	56.00	63.53	76.00	82.30
Cash flow (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net income before minorities	18.5	21.8	54.3	63.5	76.0	82.3
Depreciation and provisions	17.9	18.2	44.0	46.5	48.6	50.0
Others/Uses of funds	1.7	11.4	17.1	3.0	3.0	3.0
Change in working capital	-1.5	0.4	-121.4	-42.3	-10.6	-2.2
Operating cash flow	36.6	51.7	-6.0	70.8	117.0	133.1
Capital expenditure	-15.9	-11.7	-26.0	-46.5	-49.1	-47.0
Financial investments	0	0	0	0	0	0
Acquisitions and disposals	0	0	-147.4	0	0	0
Free cash flow	20.7	40.0	-179.4	24.3	67.8	86.1
Dividends	-12.2	-7.1	-10.2	-14.3	-17.2	-20.1
Equity changes & Non-op items	-0.5	0	9.5	0	0	0
Net cash flow	8.0	32.8	-180.1	10.0	50.6	66.0
Balance sheet (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net capital employed	158.3	140.3	523.3	563.3	572.3	569.5
of which associates	0	0	0	0	0	0
Net debt/-cash	29.2	-3.2	177.7	168.5	118.7	53.7
Minorities	0	0	0	0	0	0
Net equity	129.1	143.4	345.6	394.8	453.6	515.8
Minorities value	0	0	0	0	0	0
Enterprise value	276.0	213.4	831.5	942.9	893.0	828.0
Stock market ratios (x)	2019A	2020A	2021A	2022E	2023E	2024E
Adj. P/E	11.4	8.4	11.7	12.2	10.2	9.4
P/CFPS	8.7	5.8	Neg.	14.3	7.5	6.3
P/BVPS	1.9	1.5	1.9	2.0	1.7	1.5
Payout (%)	33	39	26	27	26	28
Dividend yield (% ord)	2.9	4.7	2.2	2.2	2.6	3.0
FCF yield (%)	8.2	18.3	-5.8	3.0	8.7	11.0
EV/sales	0.68	0.54	0.79	0.81	0.73	0.65
EV/EBITDA	6.0	4.4	6.3	6.6	5.5	4.8
EV/EBIT	9.9	7.0	9.6	9.8	7.9	6.8
EV/CE	1.7	1.5	1.6	1.7	1.6	1.5
D/EBITDA	0.64	Neg.	1.4	1.2	0.73	0.31
D/EBIT	1.1	Neg.	2.0	1.7	1.0	0.44
Profitability & financial ratios (%)	2019A	2020A	2021A	2022E	2023E	2024E
EBITDA margin	11.3	12.3	12.5	12.3	13.2	13.6
EBIT margin	6.9	7.7	8.3	8.3	9.3	9.6
Tax rate	27.8	26.0	30.7	30.0	30.0	30.0
Net income margin	4.6	5.5	5.2	5.5	6.2	6.5
ROCE	17.6	21.7	16.6	17.1	19.9	21.5
ROE	17.0	16.0	22.2	17.2	17.9	17.0
Interest cover	21.3	31.0	10.0	16.8	22.0	26.3
Debt/equity ratio	22.7	Neg.	51.4	42.7	26.2	10.4
Growth (%)		2020A	2021A	2022E	2023E	2024E
Sales		-2.1	NM	10.8	5.6	3.5
EBITDA		6.4	NM	9.2	13.5	6.1
EBIT		9.1	NM	10.9	17.9	7.5
Pre-tax income		14.7	NM	15.9	19.6	8.3
Net income		17.6	NM	17.0	19.6	8.3
Adj. net income		19.9	NM	13.4	19.6	8.3

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Company Snapshot

Company Description

Comer Industries is a global leader in the design and production of advanced engineering systems and mechatronic solutions for power transmission, supplied worldwide to the major manufacturers of agricultural industrial machinery and Wind turbines components. It is Tier-1 supplier of the likes of CNH, Deere, AGCO, Vestas and Caterpillar. In 2021 the company acquired 100% of Walterscheid Powertrain Group (WPG), a German company, for a total consideration of around EUR 203M. The deal created a world's leading powertrain components group for the off-highway industry, doubling the size of Comer Industries while enlarging its product range, allowing the entrance into the rich AM segment and expanding in markets where the company has a limited presence.

Key data

Mkt price (EUR)	27.00	Free float (%)	28.3
No. of shares	28.68	Major shr	Eagles Oak SRL
52Wk range (EUR)	35.2/18.4	(%)	71.7
Reuters	COM.MI	Bloomberg	COM IM
Performance (%)	Absolute	Rel. FTSE IT All Sh	
-1M	1.5	-1M	4.7
-3M	0.0	-3M	9.8
-12M	46.7	-12M	52.0

Key Risks

Company specific risks:

- Raw materials price fluctuations: 75-80% of COGS are (directly or indirectly) cast-iron and steel related;
- Forex transaction/translation risk: more than half of the revenues are outside Europe
- Technology evolution

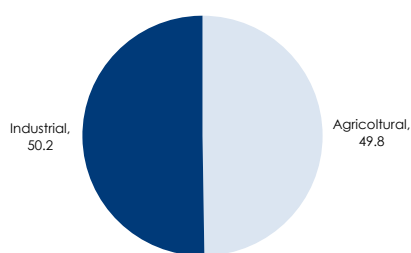
Sector generic risks:

- Small Tier1 supplier may have limited negotiation power towards large OEM
- Sector cyclicality, mostly related to AG commodities swings
- Regulations changes (emissions, duties, etc.) may impact negatively

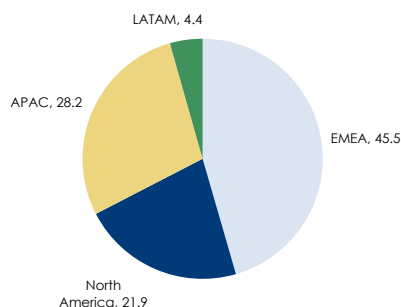
Estimates vs. consensus

EUR M (Y/E Dec)	2021A	2022E	2023E	2024E
Sales	1,048.5	1,162.2	1,227.7	1,271.2
EBITDA	131.0	143.0	162.3	172.3
EBIT	87.00	96.50	113.7	122.2
Pre-tax income	78.30	90.76	108.6	117.6
Net income	54.30	63.53	76.00	82.30
EPS	1.95	2.22	2.65	2.87

Sales breakdown by product (%)



Sales breakdown by geography (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 18/05/2022)

Company Update

EdiliziAcrobatica

FY21 Results

EdiliziAcrobatica well captured the Bonus Facciate 90% opportunity and delivered record sales of EUR 88M in FY21. It opened 18 new direct branches in Italy and entered the Spanish market. 1Q22 volumes are better than 1Q21. Looking forward, EdiliziAcrobatica intends to hire 650 people in 2022 and is ready to expand internationally.

FY21 results

Supported by Bonus Facciate 90%, EdiliziAcrobatica's (EdAc) FY21 metrics were above our estimates. Sales were up 90% yoy to EUR 87.7M. Over 96% of revenues were made in Italy, where the company opened 18 new direct branches. EBITDA came in at EUR 21.3M (+326% yoy). Net income amounted to EUR 11M, in net improvement vs. EUR 1.8M in FY20, while the company turned cash positive with EUR 3.6M. At end-March, EdAc counted on a total of 1,473 employees (both direct and franchisees) vs. 1,098 a year ago.

Outlook and estimates

1Q22 showed the resilience of EdiliziAcrobatica's business model, as subscribed contracts increased by 45% yoy to EUR 25.6M vs. EUR 17.6M in 1Q21, even though the Bonus Facciate has been lowered from 90% to 60%, which can be seen as a very positive test for the new business environment, in our view. Indeed, 650 new hirings are expected in 2022. Moreover, we appreciate management's willingness to strengthen the group's capillary presence in Italy, but also in France and Spain. We do not exclude M&A deals to enter new countries this year. Regarding Bonuses, we see a possibility of Bonus Facciate extension after December 2022 and even if this should not be the case, EdAc can count on a strong backlog that can last for more than 6 months along with the increasing activities related to Superbonus 110%. Management intends to strengthen its multiservice offer that should grow at a double-digit rate next year. Overall, in our report of 11 April, we had revised upwards our net income forecasts by 122.3% in 2022E and 74.7% in 2023E, at EUR 14.2M and EUR 15.4M, respectively.

Valuation

Our target price is EUR 26.5/share; BUY.

24 May 2022: 7:44 CET

Date and time of production

BUY

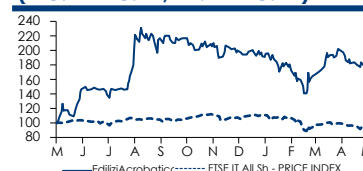
Target Price: EUR 26.5

Italy/Building Maintenance Services

EGM (ex-AIM)

Price Performance

(RIC: EDAC.MI, BB: EDAC.IM)



EdiliziAcrobatica - Key Data

Price date (market close)	18/05/2022		
Target price (EUR)	26.5		
Target upside (%)	68.15		
Market price (EUR)	15.76		
Market cap (EUR M)	128.51		
52Wk range (EUR)	20.5/8.8		
Price performance %	1M	3M	12M
Absolute	-11.3	4.0	77.5
Rel. to FTSE IT All Sh	-8.5	14.3	83.8
Y/E Dec (EUR M)	FY21A	FY22E	FY23E
Revenues	87.68	124.8	137.7
EBITDA	21.28	26.27	28.54
EBIT	18.33	23.21	25.14
Net income	11.09	14.23	15.37
EPS (EUR)	1.36	1.74	1.89
Net debt/-cash	-3.61	-8.93	-17.51
Adj P/E (x)	9.1	9.0	8.4
EV/EBITDA (x)	4.6	4.7	4.2
EV/EBIT (x)	5.4	5.3	4.8
Div ord yield (%)	2.4	4.5	8.5

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

Intesa Sanpaolo Research Dept.

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EdiliziAcrobatica – Key Data

Rating BUY	Target price (EUR/sh) Ord 26.5	Mkt price (EUR/sh) Ord 15.76			Sector Building Maintenance Services
Values per share (EUR)	2019A	2020A	2021A	2022E	2023E
No. ordinary shares (M)	8.05	8.15	8.15	8.15	8.15
Total no. of shares (M)	8.05	8.15	8.15	8.15	8.15
Market cap (EUR M)	47.81	45.21	100.65	128.51	128.51
Adj. EPS	0.14	0.22	1.36	1.74	1.89
CFPS	0.35	0.35	1.7	2.1	2.3
BVPS	1.4	1.6	2.7	4.2	5.4
Dividend ord	0.10	0.21	0.30	0.70	1.34
Income statement (EUR M)	2019A	2020A	2021A	2022E	2023E
Revenues	39.22	44.66	87.68	124.8	137.7
EBITDA	4.21	5.00	21.28	26.27	28.54
EBIT	2.32	3.15	18.33	23.21	25.14
Pre-tax income	2.04	2.84	17.09	21.71	23.64
Net income	1.11	1.76	11.09	14.23	15.37
Adj. net income	1.11	1.76	11.09	14.23	15.37
Cash flow (EUR M)	2019A	2020A	2021A	2022E	2023E
Net income before minorities	1.1	1.8	11.1	14.2	15.4
Depreciation and provisions	1.9	1.9	3.0	3.1	3.4
Others/Uses of funds	0	0	0	0	0
Change in working capital	-3.6	-5.7	1.8	-7.1	-2.2
Operating cash flow	-0.6	-2.1	15.8	10.3	16.8
Capital expenditure	-4.0	-3.0	-2.8	-2.5	-2.5
Financial investments	0	0	0	0	0
Acquisitions and disposals	0	0	0	0	0
Free cash flow	-4.6	-5.1	13.0	7.8	14.3
Dividends	0	-0.8	-1.7	-2.4	-5.7
Equity changes & Non-op items	-0.2	0.9	0	0	0
Net cash flow	-4.8	-5.0	11.3	5.3	8.6
Balance sheet (EUR M)	2019A	2020A	2021A	2022E	2023E
Net capital employed	14.2	20.6	18.5	25.1	26.4
of which associates	0	0	0	0	0
Net debt/-cash	2.7	7.7	-3.6	-8.9	-17.5
Minorities	0	0	0.0	0.1	0.4
Net equity	11.5	12.9	22.1	34.0	43.9
Minorities value	0	0	1.1	4.2	9.4
Enterprise value	50.5	52.9	98.1	123.8	120.4
Stock market ratios (x)	2019A	2020A	2021A	2022E	2023E
Adj. P/E	43.2	25.7	9.1	9.0	8.4
P/CFPS	17.2	15.7	7.2	7.4	6.8
P/BVPS	4.1	3.5	4.5	3.8	2.9
Payout (%)	70	99	22	40	71
Dividend yield (% ord)	1.6	3.9	2.4	4.5	8.5
FCF yield (%)	-9.6	-11.3	13.0	6.0	11.1
EV/sales	1.3	1.2	1.1	0.99	0.87
EV/EBITDA	12.0	10.6	4.6	4.7	4.2
EV/EBIT	21.8	16.8	5.4	5.3	4.8
EV/CE	3.6	2.6	5.3	4.9	4.6
D/EBITDA	0.63	1.5	Neg.	Neg.	Neg.
D/EBIT	1.1	2.4	Neg.	Neg.	Neg.
Profitability & financial ratios (%)	2019A	2020A	2021A	2022E	2023E
EBITDA margin	10.7	11.2	24.3	21.0	20.7
EBIT margin	5.9	7.0	20.9	18.6	18.3
Tax rate	NM	NM	NM	NM	NM
Net income margin	2.8	3.9	12.6	11.4	11.2
ROCE	16.3	15.3	98.9	92.5	95.3
ROE	10.3	14.4	63.3	50.7	39.5
Interest cover	-8.4	-10.5	-14.8	-15.5	-16.8
Debt/equity ratio	23.1	59.8	Neg.	Neg.	Neg.
Growth (%)		2020A	2021A	2022E	2023E
Sales		13.9	96.3	42.4	10.3
EBITDA		18.7	NM	23.4	8.7
EBIT		35.6	NM	26.6	8.3
Pre-tax income		39.1	NM	27.0	8.9
Net income		58.7	NM	28.4	8.0
Adj. net income		58.7	NM	28.4	8.0

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Company Snapshot

Company Description

EdiliziAcrobatica S.p.A. is the Italian leader in building maintenance services. The company offers renovation, securing and prompt intervention, installation, building cleaning, proofing, maintenance and rebuilding services. EdiliziAcrobatica is headquartered in Genova and has a capillary presence with 85 offices in Italy. In 2019, it entered the French market through the acquisition of "ETAIR méditerranée", as of 1 January 2021, the company can count on 8 offices in France. In May 2021, EdiliziAcrobatica entered the Spanish market. As of March 2022, the company can count on 1,473 employees (Direct and franchises).

Key data

Mkt price (EUR)	15.76	Free float (%)	23.9
No. of shares	8.15	Major shr	Arim holding
52Wk range (EUR)	20.5/8.8	(%)	75.2
Reuters	EDAC.MI	Bloomberg	EDAC.IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-11.3	-1M	-8.5
-3M	4.0	-3M	14.3
-12M	77.5	-12M	83.8

Key Risks

Company specific risks:

- Labour intensive business model, requiring highly-skilled workers;
- Still high exposure to the Italian market;
- Credit collection takes long time.

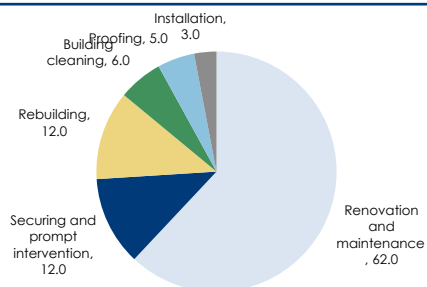
Sector generic risks:

- Possible rising competition from either the traditional business of construction works with scaffolds or from new competitors given low entry barriers;
- Difficulties to replicate the model outside Italy, also in light of different regulatory landscapes;
- A significant change in the Regulatory framework.

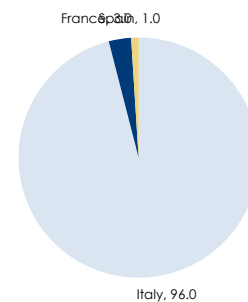
Estimates vs. consensus

EUR M (Y/E Dec)	2021A	2022E	2022C	2023E	2023C
Sales	87.68	124.8	117.9	137.7	129.5
EBITDA	21.28	26.27	24.80	28.54	27.20
EBIT	18.33	23.21	22.50	25.14	25.10
Pre-tax income	17.09	21.71	21.71	23.64	23.64
Net income	11.09	14.23	14.23	15.37	15.37
EPS (€)	1.36	1.74	1.74	1.89	1.92

Sales breakdown by service - FY21 (%)



Sales breakdown by geography - FY21 (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 18/05/2022)

Company Update

First Capital

Positive FY21 Results, Resilient to the Current Scenario

First Capital reported the best bottom line result of its history (EUR 26.2M) in 2021, driven by the solid rebound of its strategic portfolio (the value of its asset portfolio has grown by >55% in 2021, outperforming FTSE Italia All-Share index, which was up 23.7%). Despite the challenging market scenario, we believe First Capital could benefit from its low exposure to both the Russia-Ukraine conflict and the current raw material price hike as the portfolio is mostly focused on business services.

FY21 results

In FY21, First Capital recorded a net profit attributable of EUR 26.2M, which was boosted by a EUR 29.8M increase in the fair value of the assets, of which EUR 23.0M recorded in 1H21 (EUR 9.5M in FY20) mostly due to the share rebound of Intred, Orsero, Labomar and Cy4Gate. The company announced a dividend distribution of EUR 0.35/sh in cash plus 1 share for every 75 ordinary shares (vs. EUR 0.25/sh. in 2020). Portfolio rotation was limited with the entry in A.L.A. and the subscription of Cy4Gate's capital increase (in March-22).

Outlook

According to the company, 2022 will be a difficult year, with the prospect of lower growth in Europe and Italy, as well as the likely risk of sliding towards stagflation. Therefore, First Capital believes that being able to confirm in 2022 the results achieved in 2021 in terms of NAV can be considered a success. This said, strategic assets slightly outperformed the market YTD and we highlight the marginal exposure to Russia-Ukraine and to raw materials of the bulk of the portfolio, which is focused on business services. Given the current market scenario management seems prudent, but we do not rule out further investments in the coming months.

Valuation

Our target price is EUR 26.2/share (equal to EUR 29.1/share NAV discounted by 10%). Our rating is BUY.

24 May 2022: 7:44 CET
Date and time of production

BUY

Target Price: EUR 25.9

Italy/Holdings
Update

EGM (ex-AIM)

Price Performance
(RIC: FICP.MI, BB: FIC IM)



First Capital - Key Data

Price date (market close)	18/05/2022		
Target price (EUR)	25.9		
Target upside (%)	20.26		
Market price (EUR)	21.50		
Market cap (EUR M)	61.70		
52Wk range (EUR)	27.0/18.7		
Price performance %	1M	3M	12M
Absolute	-0.5	-2.7	-5.3
Rel. to FTSE IT All Sh	2.6	6.8	-1.9

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

Intesa Sanpaolo Research Dept.

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Company Snapshot

Company Description

First Capital S.p.A. is an investment holding company specialised in Public Equity and Private Equity Investments, focused on small-mid cap, with active approach in managing investee companies. It was founded in February 2008 and has been listed on the Euronext Growth Milan (previously AIM Italia) since December 2010. The main strategic investments are currently Intred, Orsero, Cy4Gate and Industrie Chimiche Forestali; the other strategic investments are Labomar, Net Insurance, Cellularline, B&C Speakers, TPS and A.L.A.

Key Risks

Company specific risks:

- Full exposure to the Italian stock market
- Systematic liquidity risk in small cap investments
- Potential exposure to Russia-Ukraine conflict
- Stock performance is highly correlated to stock market performance

Sector generic risks:

- Market price fluctuations
- Increasing compliance requirements

Key data

Mkt price (EUR)	21.50	Free float (%)	35.0
No. of shares	2.87	Major shr	Next Holding
52Wk range (EUR)	27.0/18.7	(%)	27.2
Reuters	FICP.MI	Bloomberg	FIC IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-0.5	-1M	2.6
-3M	-2.7	-3M	6.8
-12M	-5.3	-12M	-1.9

Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 18/05/2022)

Company Update

Franchi Umberto Marmi

Luxury Marble not so Impacted by Inflation

An established reputation in Carrara luxury marble, thanks to access to over 30 marble quarries, has put FUM in a solid position against both cost inflation and effects from geopolitical events (no direct selling in Russia); we see the gradual lifting of travel restrictions as a potential tailwind for international sales.

FY21 results

FY21 revenues came in at a record EUR 65.3M, +28% yoy, thanks to the doubling of sales yoy in China, which came in at EUR 17.1M and a significant improvement in Italy (+13% yoy), contributing EUR 27.3M, with a weighting of 42% of total revenues. The highest quality marbles Calacatta and Statuario recorded a strong performance, together accounting for 53% of total revenues, however, their selling price per tonne dropped by -13.8% and -9.1% respectively vs. FY20, bringing down the adj. EBITDA margin at 37.9% vs. our estimate of 40.8%. Net income came in at EUR 10.4M and NFP stood at EUR 22.5M, due to the acquisition of Faggioni. Dividend of EUR 0.25/share (pay-out of 79%).

Outlook and estimates

We believe that its high-end market positioning along with a privileged access to over 30 marble quarries, thanks to long-term preferential contracts, puts FUM in a solid position against inflation and impact from Russia-Ukraine invasion. A lift of Covid-19 restrictions in many important markets should be viewed as positive news for the stock. Management is confident in delivering an approx. 10% growth in FY22 and to return to an adj. EBITDA margin of 40%.

Valuation

Our target price is EUR 12.2/share with a BUY rating.

24 May 2022: 7:44 CET
Date and time of production

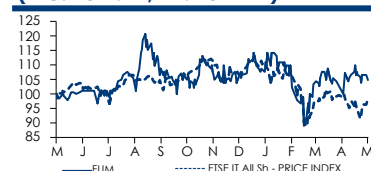
BUY

Target Price: EUR 12.2

Italy/Building Products

EGM (ex-AIM)

Price Performance
(RIC: FUM.MI, BB: FUM IM)



Franchi Umberto Marmi - Key Data

Price date (market close)	18/05/2022		
Target price (EUR)	12.2		
Target upside (%)	26.56		
Market price (EUR)	9.64		
Market cap (EUR M)	315.21		
52Wk range (EUR)	11.1/8.2		
Price performance %	1M	3M	12M
Absolute	1.5	2.6	4.8
Rel. to FTSE IT All Sh	4.6	12.6	8.5

Y/E Dec (EUR M)	FY21A	FY22E	FY23E
VoP	65.35	71.66	76.67
EBITDA	19.64	26.07	28.60
EBIT	18.21	24.51	27.00
Net income	10.37	17.73	19.60
EPS (EUR)	0.42	0.59	0.64
Net debt/-cash	22.99	14.04	10.04
Adj P/E (x)	22.3	16.4	15.1
EV/EBITDA (x)	16.7	12.6	11.4
EV/EBIT (x)	18.0	13.4	12.0
Div ord yield (%)	2.7	4.4	4.9

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

Intesa Sanpaolo Research Dept.

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Franchi Umberto Marmi – Key Data

Rating BUY	Target price (EUR/sh) Ord 12.2		Mkt price (EUR/sh) Ord 9.64			Sector Building Products
Values per share (EUR)	2019A	2020A	2021A	2022E	2023E	2024E
No. ordinary shares (M)	32.70	32.70	32.70	32.70	32.70	32.70
Total no. of shares (M)	32.70	32.70	32.70	32.70	32.70	32.70
Market cap (EUR M)	310.62	308.77	304.05	315.21	315.21	315.21
Adj. EPS	0.51	0.32	0.42	0.59	0.64	0.65
CFPS	0.54	0.35	0.36	0.59	0.65	0.70
BVPS	2.0	2.2	3.2	3.4	3.6	3.7
Dividend ord	0.18	0.24	0.25	0.43	0.47	0.50
Income statement (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Value of Production	65.23	51.20	65.35	71.66	76.67	79.73
EBITDA	25.28	14.56	19.64	26.07	28.60	30.33
EBIT	24.17	13.30	18.21	24.51	27.00	28.58
Pre-tax income	24.06	13.03	15.55	24.29	26.85	28.45
Net income	16.59	10.32	10.37	17.73	19.60	20.77
Adj. net income	16.59	10.32	13.63	19.19	20.91	21.94
Cash flow (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net income before minorities	16.6	10.3	13.6	19.2	20.9	21.9
Depreciation and provisions	1.1	1.3	1.4	1.6	1.6	1.8
Others/Uses of funds	-4.3	5.3	-56.2	0	0	1.0
Change in working capital	-4.6	-13.5	2.4	0.2	0.0	0.3
Operating cash flow	8.8	3.4	-42.0	19.4	21.2	24.8
Capital expenditure	-4.7	-2.1	-4.2	-3.0	-3.2	-3.5
Financial investments	0	0	0	0	0	1.0
Acquisitions and disposals	0	0	0	0	0	0
Free cash flow	4.1	1.2	-46.2	16.4	18.0	22.3
Dividends	13.4	6.6	7.2	8.2	14.0	15.5
Equity changes & Non-op items	0	0	29.4	0	0	0
Net cash flow	17.5	7.9	-9.6	24.6	32.0	37.7
Balance sheet (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net capital employed	59.6	70.1	126.2	64.7	66.3	67.8
of which associates	0	0	0	0	0	1.0
Net debt/-cash	-6.4	-1.0	23.0	14.0	10.0	6.3
Minorities	0	0	0	0	0	0
Net equity	66.0	71.0	103.1	112.6	118.2	123.5
Minorities value	0	0	0	0	0	0
Enterprise value	304.2	307.8	327.0	329.3	325.2	320.5
Stock market ratios (x)	2019A	2020A	2021A	2022E	2023E	2024E
Adj. P/E	18.7	29.9	22.3	16.4	15.1	14.8
P/CFPS	17.6	26.7	25.8	16.3	14.9	13.8
P/BVPS	4.7	4.3	3.0	2.8	2.7	2.6
Payout (%)	81	70	79	46	71	75
Dividend yield (% ord)	1.9	2.6	2.7	4.4	4.9	5.2
FCF yield (%)	1.3	0.4	-15.2	5.2	5.7	6.9
EV/sales	4.7	6.0	5.0	4.6	4.3	4.0
EV/EBITDA	12.0	21.1	16.7	12.6	11.4	10.6
EV/EBIT	12.6	23.1	18.0	13.4	12.0	11.2
EV/CE	5.1	4.4	2.6	5.1	4.9	4.7
D/EBITDA	Neg.	Neg.	1.2	0.54	0.35	0.21
D/EBIT	Neg.	Neg.	1.3	0.57	0.37	0.22
Profitability & financial ratios (%)	2019A	2020A	2021A	2022E	2023E	2024E
EBITDA margin	39.0	28.6	30.2	36.6	37.6	38.3
EBIT margin	37.3	26.1	28.0	34.4	35.4	36.1
Tax rate	31.1	20.7	33.3	27.0	27.0	27.0
Net income margin	25.6	20.3	15.9	24.9	25.7	26.2
ROCE	40.5	19.0	14.4	37.9	40.7	42.2
ROE	25.7	15.1	11.9	16.4	17.0	17.2
Interest cover	-336.4	-79.7	-6.7	-111.6	-175.2	-232.6
Debt/equity ratio	Neg.	Neg.	22.3	12.5	8.5	5.1
Growth (%)		2020A	2021A	2022E	2023E	2024E
Sales		-21.4	27.7	9.7	6.8	4.0
EBITDA		-42.4	34.9	32.7	9.7	6.0
EBIT		-45.0	36.9	34.6	10.2	5.8
Pre-tax income		-45.9	19.4	56.2	10.5	6.0
Net income		-37.8	0.4	71.0	10.5	6.0
Adj. net income		-37.8	32.0	40.8	9.0	4.9

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Company Snapshot

Company Description

Franchi Umberto Marmi SpA engages in the quarrying and marketing of marble stones. Its products are mainly used in the property construction, furniture, and interior design industries. The company was founded by Umberto Franchi in 1971 and is headquartered in Carrara, Italy.

Key Risks

Company specific risks:

- Concentration of the offer exclusively on products from Carrara marble
- Low stock liquidity and market float
- New lockdown measures related to the pandemic

Sector generic risks:

- Severe economic cycle downturn could affect the whole industry
- Possible changes in the regulatory framework related to the extraction activities of the group's suppliers
- Limited raw material availability

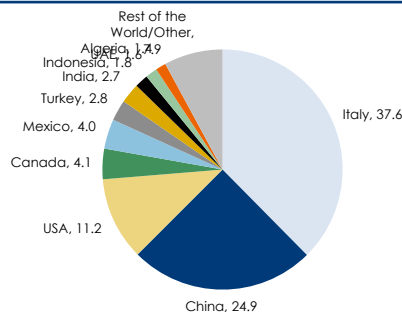
Key data

Mkt price (EUR)	9.64	Free float (%)	16.3
No. of shares	32.70	Major shr	Franchi Holding
52Wk range (EUR)	11.1/8.2	(%)	68.9
Reuters	FUM.MI	Bloomberg	FUM IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	1.5	-1M	4.6
-3M	2.6	-3M	12.6
-12M	4.8	-12M	8.5

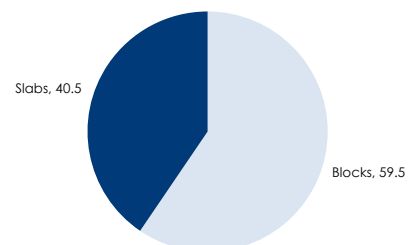
Estimates vs. consensus

EUR M (Y/E Dec)	2021A	2022E	2022C	2023E	2023C	2024E	2024C
Sales	65.05	71.33	71.95	76.17	77.30	79.22	81.80
EBITDA	19.64	26.07	28.05	28.60	30.90	30.33	33.00
EBIT	18.21	24.51	25.90	27.00	28.85	28.58	31.00
Pre-tax income	15.55	24.29	22.70	26.85	25.60	28.45	27.90
Net income	10.37	17.73	17.12	19.60	19.10	20.77	20.49
EPS (€)	0.42	0.59	0.57	0.64	0.63	0.65	0.67

Sales breakdown by geography (%)



Sales breakdown by product (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 18/05/2022)

Company Update

MID CORPORATE

Grifal

24 May 2022: 7:44 CET

Date and time of production

FY21 Results

BUY

Grifal reported results below our estimates. However, we see some positive indications: the order intake remains robust, cArtù revenues nearly doubled, exports now represent 25% of sales, while Grifal does not see any problems in the supply chain and should partially offset inflation costs through higher selling prices (which were increased from January 2022). As a result, we expect a double-digit sales growth also in 2022E with an improvement in profitability.

Target Price: EUR 4.4

FY21 results

Italy/Containers & Packaging

Grifal's FY21 results were below our estimates, mostly due to rising raw material costs, start-up costs for the new plant in Romania and the operating losses of Tieng and Cornelli. Revenues were up by 55% to EUR 26.1M (vs. EUR 16.8M in FY20), reflecting a 34% organic growth, but also the consolidation of Tieng and Cornelli and the contribution of the new plant in Romania. cArtù sales represented 23% of total sales (18% in FY20). Even if below our expectations, the EBITDA margin rose to 8.1% (from 5.7% in 2020), while higher D&A and financial charges led to a net loss at EUR 0.8M (EUR 1M in 2020).

EGM (ex-AIM)

Price Performance

(RIC: GRALA.MI, BB: GRAL IM)



Outlook and estimates

Grifal did not supply any specific guidance for 2022. However, we see room for solid growth in the coming months both at the revenues and EBITDA levels, thanks to the contribution from Cornelli and Tieng (EUR 4M sales in FY21, mainly in 2H21) and revenues from the new plant in Romania (4,200 sqm that started production in July 2021). In addition, the strong acceleration of cArtù sales (at EUR 13.2M or +120% yoy expected) should improve the product mix, boosting profitability. We expect Grifal to reach a 2021-24E revenues CAGR of +32.5%. In our last report of 28 April, we incorporated higher costs, in our EBITDA margin forecasts in FY22-23E to 12.9% and 14.2%, respectively before reaching 15.2% in FY24E.

Grifal - Key Data

Price date (market close)	18/05/2022		
Target price (EUR)	4.4		
Target upside (%)	56.03		
Market price (EUR)	2.82		
Market cap (EUR M)	32.21		
52Wk range (EUR)	4.88/2.73		
Price performance %	1M	3M	12M
Absolute	-14.3	-29.0	-25.8
Rel. to FTSE IT All Sh	-11.6	-22.0	-23.2

Valuation

Y/E Dec (EUR M)	FY21A	FY22E	FY23E
Revenues	26.07	36.80	47.82
EBITDA	2.11	4.76	6.78
EBIT	-0.72	1.80	3.73
Net income	-0.84	1.13	2.65
EPS (EUR)	-0.07	0.10	0.23
Net debt/-cash	12.24	18.78	17.35
Adj P/E (x)	Neg.	28.4	12.2
EV/EBITDA (x)	25.8	10.7	7.3
EV/EBIT (x)	Neg.	28.3	13.3
Div ord yield (%)	0	0	1.8

Our target price is EUR 4.4/share and rating is BUY.

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

Intesa Sanpaolo Research Dept.

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Grifal – Key Data

Rating	Target price (EUR/sh)		Mkt price (EUR/sh)			Sector
BUY	Ord 4.4		Ord 2.82			Containers & Packaging
Values per share (EUR)	2019A	2020A	2021A	2022E	2023E	2024E
No. ordinary shares (M)	10.55	10.55	11.42	11.42	11.42	11.42
Total no. of shares (M)	10.55	10.55	11.42	11.42	11.42	11.42
Market cap (EUR M)	44.05	27.06	42.12	32.21	32.21	32.21
Adj. EPS	0.05	-0.09	-0.07	0.10	0.23	0.39
CFPS	0.15	0.12	0.04	0.04	0.46	0.50
BVPS	0.97	1.4	1.5	1.6	1.8	2.1
Dividend ord	0	0	0	0	0.05	0.08
Income statement (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Revenues	18.64	16.76	26.07	36.80	47.82	60.67
EBITDA	2.48	0.95	2.11	4.76	6.78	9.23
EBIT	0.69	-1.01	-0.72	1.80	3.73	6.12
Pre-tax income	0.50	-1.20	-0.98	1.50	3.53	5.95
Net income	0.50	-0.91	-0.84	1.13	2.65	4.46
Adj. net income	0.50	-0.91	-0.84	1.13	2.65	4.46
Cash flow (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net income before minorities	0.5	-0.9	-0.8	1.1	2.6	4.5
Depreciation and provisions	1.8	1.9	2.8	3.0	3.1	3.1
Others/Uses of funds	0	0	0.0	0	0	0
Change in working capital	-0.7	0.2	-1.5	-3.6	-0.4	-1.8
Operating cash flow	1.6	1.2	0.4	0.5	5.3	5.8
Capital expenditure	-3.0	-3.0	-6.8	-7.0	-3.9	-4.0
Financial investments	0	0	-1.1	0	0	0
Acquisitions and disposals	0	0	0	0	0	0
Free cash flow	-1.3	-1.8	-7.4	-6.5	1.4	1.8
Dividends	-0.3	0	0	0	0	-0.6
Equity changes & Non-op items	2.6	-0.5	1.9	0	0	0
Net cash flow	0.9	-2.3	-5.6	-6.5	1.4	1.2
Balance sheet (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net capital employed	14.7	21.1	28.9	36.6	37.8	40.5
of which associates	0	0	0	0	0	0
Net debt/-cash	4.4	6.7	12.2	18.8	17.4	16.2
Minorities	0	0	0	0	0	0
Net equity	10.3	14.4	16.7	17.8	20.5	24.4
Minorities value	0	0	0	0	0	0
Enterprise value	48.5	33.7	54.4	51.0	49.6	48.4
Stock market ratios (x)	2019A	2020A	2021A	2022E	2023E	2024E
Adj. P/E	88.6	Neg.	Neg.	28.4	12.2	7.2
P/CFPS	27.0	22.1	95.9	70.6	6.1	5.6
P/BVPS	4.3	1.9	2.5	1.8	1.6	1.3
Payout (%)	0	0	0	0	22	20
Dividend yield (% ord)	0	0	0	0	1.8	2.8
FCF yield (%)	-3.0	-6.5	-17.6	-20.3	4.4	5.4
EV/sales	2.6	2.0	2.1	1.4	1.0	0.80
EV/EBITDA	19.5	35.4	25.8	10.7	7.3	5.2
EV/EBIT	70.8	Neg.	Neg.	28.3	13.3	7.9
EV/CE	3.3	1.6	1.9	1.4	1.3	1.2
D/EBITDA	1.8	7.0	5.8	3.9	2.6	1.8
D/EBIT	6.5	Neg.	Neg.	10.4	4.6	2.6
Profitability & financial ratios (%)	2019A	2020A	2021A	2022E	2023E	2024E
EBITDA margin	13.3	5.7	8.1	12.9	14.2	15.2
EBIT margin	3.7	-6.0	-2.7	4.9	7.8	10.1
Tax rate	0.8	24.7	14.2	24.5	25.0	25.0
Net income margin	2.7	-5.4	-3.2	3.1	5.5	7.4
ROCE	4.7	-4.8	-2.5	4.9	9.9	15.1
ROE	5.6	-7.3	-5.4	6.6	13.8	19.9
Interest cover	3.7	-5.4	-2.7	6.0	18.7	36.0
Debt/equity ratio	43.1	46.1	73.4	105.4	84.8	66.4
Growth (%)		2020A	2021A	2022E	2023E	2024E
Sales		-10.0	55.5	41.2	30.0	26.9
EBITDA		-61.6	NM	NM	42.3	36.1
EBIT		NM	29.5	NM	NM	64.1
Pre-tax income		NM	18.8	NM	NM	68.5
Net income		NM	7.5	NM	NM	68.5
Adj. net income		NM	7.5	NM	NM	68.5

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Company Snapshot

Company Description

Grifal is a leading industrial company providing innovative packaging solutions to >700 automotive, white goods, electronics, furniture and medical companies. The company will leverage on a disruptive corrugated cardboard product, called cArtù, which offers lower weight, lower cost and is 100% recyclable. In other word, cArtù is ecological and economical and, we believe, could rapidly replace other packaging commodity products. The company also produces packaging materials, mostly based on polyethylene foam. Grifal is 68.4% controlled by the founder's family, which still manages the company, was listed in 2018 at EUR 2.60/sh raising EUR 4.7M.

Key data

Mkt price (EUR)	2.82	Free float (%)	36.6
No. of shares	11.42	Major shr	G-Quattron.
52Wk range (EUR)	4.88/2.73	(%)	63.2
Reuters	GRALA.MI	Bloomberg	GRAL IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-14.3	-1M	-11.6
-3M	-29.0	-3M	-22.0
-12M	-25.8	-12M	-23.2

Key Risks

Company specific risks:

- Limited production capacity and production constraints.
- Potential alternative products launched by large international companies;
- Negative impact from rising raw material and energy prices;
- Delays in building the new plant

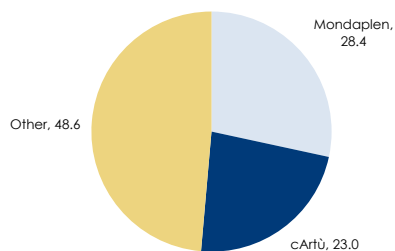
Sector generic risks:

- Paper/cardboard and EPE price fluctuations could reduce profitability;
- Technological breakthrough in the packaging technology, particularly for the material used;
- Increasing competition in the packaging industry.

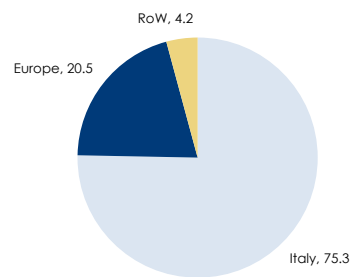
Estimates vs. consensus

EUR M (Y/E Dec)	2021A	2022E	2023E	2024E
Sales	26.07	36.80	47.82	60.67
EBITDA	2.11	4.76	6.78	9.23
EBIT	-0.72	1.80	3.73	6.12
Pre-tax income	-0.98	1.50	3.53	5.95
Net income	-0.84	1.13	2.65	4.46
EPS	-0.07	0.10	0.23	0.39

Sales breakdown by product (%)



Sales breakdown by geography (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 18/05/2022)

Company Update

MID CORPORATE

Growens

Consolidating the Leadership in Cloud Marketing in Italy

The Contactlab acquisition is expected to generate synergies thanks to complementary distribution channels, customers and product portfolio, in line with its strategy. 1Q results show a double-digit top-line growth, with the acquisition of several new customers and all BUs rising except for Datatrics.

Acquisition of Contactlab

On 4 April, Growens announced they signed a binding agreement to acquire 100% of Contactlab for EUR 5M (o/w EUR 3.75M cash and EUR 1.25M in Growens' shares), plus a EUR 6.6M earn-out to be paid upon the achievement of some integration and financial targets in 2022-24. Contactlab is the third player in the Italian market in the cloud marketing services and owns a proprietary digital marketing platform based on Engagement Intelligence, currently used by 330 enterprise clients. In FY21, Contactlab recorded preliminary revenues of approx. EUR 10.9M and EBITDA of EUR 1M (9.3% margin on sales). We believe the deal is consistent with its strategy to diversify and increase the product offer in SaaS. The integration of Contactlab should strengthen MailUp's leadership positioning on the Italian market and could allow the increase of the average return per customer.

1Q22 results

1Q22 revenues were up 28% to EUR 21.1M, with an increase by 23% of SaaS (35% of total revenues) and by 33% of CPaaS (65% of total revenues). International sales represented 63% of total sales (+49% to EUR 13.1M). EBITDA was down by 21% to EUR 1.1M (vs. EUR 1.39M in 1Q21), with an EBITDA margin at 5.2% vs. 8.3% of 1Q21. Consolidated EBT was at around breakeven. Revenues by BU were: 1) Agile Telecom up by 33.5%, confirming the recovery of the SMS traffic particularly abroad, with an EBITDA margin of 3% (vs. 4.7% in 1Q21); 2) BEE confirmed the highest growth by BU, reaching EUR 1.9M (+66% yoy), thanks to higher volumes, with a EUR 0.3M EBITDA vs. EUR 0.2M last year; ARR as at March 2022 was USD 8.7M; 3) MailUp and Acumbamail grew by around 11% and 17%, respectively; and 4) Datatrics closed with an EBITDA negative for EUR 0.4M vs. the EUR -0.1M EBITDA of last year.

Outlook and valuation

In our report of 22 April, we had revised our forecasts to incorporate the new acquisition. For FY22E and FY23E, we had raised consolidated revenues by around 19.5% and EBITDA by approx. 7.5% on average. We also added our FY24E estimates, assuming a yoy 10% growth in VoP. Our **target price is EUR 6.4/share, with a BUY rating.**

24 May 2022: 7:44 CET

Date and time of production

BUY

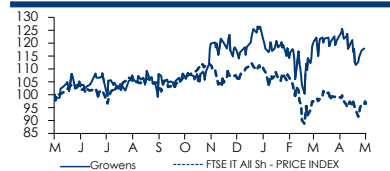
Target Price: EUR 6.4

Italy/Information Technology

EGM (ex-AIM)

Price Performance

(RIC: GROW.MI, BB: GROW IM)



Growens - Key Data

Price date (market close)	18/05/2022
Target price (EUR)	6.4
Target upside (%)	28.00
Market price (EUR)	5.00
Market cap (EUR M)	74.86
52Wk range (EUR)	5.36/4.14

Price performance %	1M	3M	12M
Absolute	-2.7	1.4	17.9
Rel. to FTSE IT All Sh	0.3	11.4	22.1

Y/E Dec (EUR M)	FY21A	FY22E	FY23E
Revenues	70.16	90.12	100.4
EBITDA	5.20	8.62	10.46
EBIT	1.13	3.28	4.77
Net income	0.37	2.16	3.16
EPS (EUR)	0.02	0.14	0.21
Net debt/-cash	-6.52	-3.55	-6.88
Adj P/E (x)	NM	34.6	23.7
EV/EBITDA (x)	11.7	8.2	6.5
EV/EBIT (x)	53.8	21.7	14.2
Div ord yield (%)	0	0	0

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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Growens – Key Data

Rating	Target price (EUR/sh)		Mkt price (EUR/sh)			Sector
BUY	Ord 6.4		Ord 5.00			Information Technology
Values per share (EUR)	2019A	2020A	2021A	2022E	2023E	2024E
No. ordinary shares (M)	14.97	14.97	14.97	14.97	14.97	14.97
Total no. of shares (M)	14.97	14.97	14.97	14.97	14.97	14.97
Market cap (EUR M)	54.57	71.82	67.63	74.86	74.86	74.86
Adj. EPS	0.08	0.04	0.02	0.14	0.21	0.29
CFPS	0.31	0.33	0.63	0.35	0.56	0.68
BVPS	1.1	1.2	1.2	1.3	1.5	1.8
Dividend ord	0	0	0	0	0	0
Income statement (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Revenues	59.27	63.70	70.16	90.12	100.4	110.9
EBITDA	4.80	5.10	5.20	8.62	10.46	12.68
EBIT	1.96	1.39	1.13	3.28	4.77	6.62
Pre-tax income	1.93	1.21	1.08	3.23	4.72	6.57
Net income	1.26	0.58	0.37	2.16	3.16	4.40
Adj. net income	1.26	0.58	0.37	2.16	3.16	4.40
Cash flow (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net income before minorities	1.3	0.6	0.4	2.2	3.2	4.4
Depreciation and provisions	2.8	3.7	4.1	5.3	5.7	6.1
Others/Uses of funds	-1.4	1.0	4.7	-0.2	-0.4	-0.2
Change in working capital	1.9	-0.2	2.4	-2.0	-0.1	-0.1
Operating cash flow	4.6	5.0	11.5	5.3	8.3	10.2
Capital expenditure	-8.5	-3.0	-4.1	-8.3	-5.0	-5.5
Financial investments	-0.0	-0.0	0	0	0	0
Acquisitions and disposals	0	0	0	0	0	0
Free cash flow	-3.9	2.0	7.4	-3.0	3.3	4.6
Dividends	0	0	0	0	0	0
Equity changes & Non-op items	-0.2	-1.7	-3.6	0	0	0
Net cash flow	-4.0	0.3	3.8	-3.0	3.3	4.6
Balance sheet (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net capital employed	14.7	14.8	11.1	16.2	16.1	15.8
of which associates	0.1	0.1	0.2	0.2	0.2	0.1
Net debt/-cash	-2.3	-2.5	-6.5	-3.6	-6.9	-11.5
Minorities	0	0	-0.0	0	0	0
Net equity	17.0	17.3	17.7	19.8	23.0	27.4
Minorities value	0	0	-0.0	0	0	0
Enterprise value	52.1	69.2	60.9	71.1	67.8	63.3
Stock market ratios (x)	2019A	2020A	2021A	2022E	2023E	2024E
Adj. P/E	43.3	NM	NM	34.6	23.7	17.0
P/CFPS	11.9	14.7	7.2	14.1	9.0	7.3
P/BVPS	3.2	4.2	3.8	3.8	3.3	2.7
Payout (%)	0	0	0	0	0	0
Dividend yield (% ord)	0	0	0	0	0	0
FCF yield (%)	-7.1	2.6	7.9	-3.9	4.4	6.2
EV/sales	0.88	1.1	0.87	0.79	0.68	0.57
EV/EBITDA	10.9	13.6	11.7	8.2	6.5	5.0
EV/EBIT	26.6	49.7	53.8	21.7	14.2	9.6
EV/CE	3.6	4.7	5.5	4.4	4.2	4.0
D/EBITDA	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
D/EBIT	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
Profitability & financial ratios (%)	2019A	2020A	2021A	2022E	2023E	2024E
EBITDA margin	8.1	8.0	7.4	9.6	10.4	11.4
EBIT margin	3.3	2.2	1.6	3.6	4.7	6.0
Tax rate	34.8	52.5	65.9	33.0	33.0	33.0
Net income margin	2.1	0.9	0.5	2.4	3.1	4.0
ROCE	13.4	9.4	10.2	20.2	29.7	41.9
ROE	7.6	3.4	2.1	11.5	14.8	17.5
Interest cover	72.1	7.8	22.8	66.0	96.0	133.4
Debt/equity ratio	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
Growth (%)		2020A	2021A	2022E	2023E	2024E
Sales		7.5	10.1	28.4	11.4	10.5
EBITDA		6.3	2.0	65.8	21.2	21.3
EBIT		-29.0	-18.6	NM	45.5	38.9
Pre-tax income		-37.3	-10.7	NM	46.2	39.3
Net income		-54.3	-36.0	NM	46.2	39.3
Adj. net income		-54.3	-36.0	NM	46.2	39.3

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Company Snapshot

Company Description

Growens (ex-MailUp) is a vertically integrated player in the field of marketing technologies. The core activities are sending data-driven automated campaigns via email and SMS, which account for 90% of revenues. Predictive marketing automation (offered by the Datatrics company) and email editing (provided by the BEE company) complete the range of services. The Group serves over 25,000 direct B2B customers in 115 countries. Approximately 30% of turnover is recurring sales generated by a subscription-based business model. It has around 260 employees. It was founded in Cremona in 2002 and has been profitable ever since. The company is controlled and managed by the 5 founders, who together control ca. 52% of Growens and entered into a 2021-2024 shareholders' agreement involving 50.1% of the capital. MailUp was admitted to trading on Euronext Growth Milan (former AIM Italia) in July 2014 at EUR 1.92 per share raising EUR 3M of fresh financial resources. In July 2017, the company completed a share capital increase of EUR 6M by issuing approximately 23% of the pre-money share capital at EUR 2.3 per share. It made 5 acquisitions since flotation.

Key data

Mkt price (EUR)	5.00	Free float (%)	36.8
No. of shares	14.97	Major shr	Founders
52Wk range (EUR)	5.36/4.14	(%)	52.2
Reuters	GROW.MI	Bloomberg	GROW IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-2.7	-1M	0.3
-3M	1.4	-3M	11.4
-12M	17.9	-12M	22.1

Key Risks

Company specific risks:

- Execution risk in the re-organization of Datatrics and in the integration of Contactlab.
- Difficulty in hiring resources quickly.
- M&A risk.

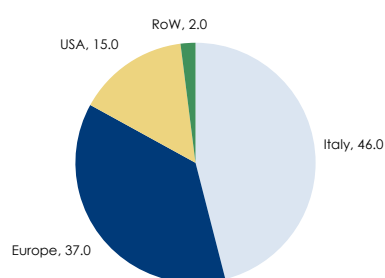
Sector generic risks:

- Increasing competition in MarTech.
- Scarcity of talented personnel.
- Increasing regulatory requirements.

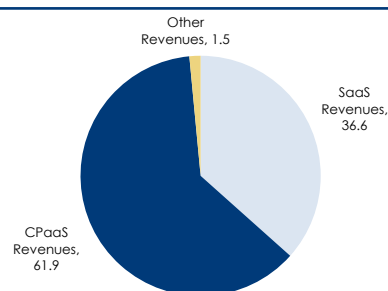
Estimates vs. consensus

EUR M (Y/E Dec)	2021A	2022E	2022C	2023E	2023C	2024E
Sales	70.16	90.12	79.30	100.4	89.75	110.9
EBITDA	5.20	8.62	6.95	10.46	8.55	12.68
EBIT	1.13	3.28	3.15	4.77	4.75	6.62
Pre-tax income	1.08	3.23	3.10	4.72	4.70	6.57
Net income	0.37	2.16	2.00	3.16	3.05	4.40
EPS	0.02	0.14	0.13	0.21	0.19	0.29

Sales breakdown by geography in 2021 (%)



Sales breakdown by business line in 2020 (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 18/05/2022)

Company Update

MID CORPORATE

Iniziativa Bresciane

FY21 Results

At end-December 2021, the company can count on a plants' portfolio of 44 compared to 32 in 2020. The installed capacity improved to 57.0MW in 2021 from 48.1MW in 2020, which should enhance electricity production. The main risk remains lower rainfall quantities and we recall that 2Q22 rainfalls are relevant for production. We note that approx. 10% of InBre's plants are exposed to price volatility and thus should benefit from higher electricity prices.

FY21 results

Revenues reached EUR 22.5M, up 12.8% yoy vs. EUR 20.0M in FY20. However, they were below our estimate of EUR 24.2M (-7%), due to lower rainfall quantities in 2021 and to an exceptional flood event in August related to the "Iscla-Edolo" plant, which impacted negatively on electricity production. EBITDA was below our estimates at EUR 15.3M, with an EBITDA margin declining from 70.0% in FY20 to 67.7% in FY21. NFP set at EUR 87.4M due to InBre's investments in Tuscany. The company proposed a dividend of EUR 0.80/sh.

Outlook and estimates

At end Dec-21, Iniziativa Bresciane can count on an installed capacity of 57GW, which should grow further thanks to investments in Tuscany and reach 63.0GW at year-end. However, due to lower quantities of rainfalls in 1Q22, we revised downwards our production forecast from 233GWh to 192GWh in FY22E. We highlight that rainfalls in 2Q and October-November period are more relevant to production, thus we should have more visibility in the coming months. In 1H22 InBre should receive approx. EUR 1.3M insurance compensation related to the "Iscla-Edolo" plant incident. We project FY22E revenues at EUR 28.5M and net income at EUR 6.0M.

Valuation

Our target price is EUR 21.5/share; HOLD.

24 May 2022: 7:44 CET
Date and time of production

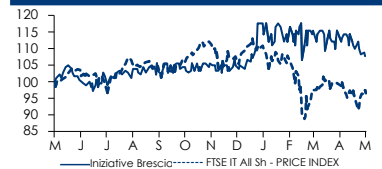
HOLD

Target Price: EUR 21.5

Italy/Renewable Energy

EGM (ex-AIM)

Price Performance
(RIC: IB.MI, BB: IB IM)



Iniziativa Bresciane - Key Data

Price date (market close)	18/05/2022		
Target price (EUR)	21.5		
Target upside (%)	9.69		
Market price (EUR)	19.60		
Market cap (EUR M)	101.99		
52Wk range (EUR)	21.4/17.7		
Price performance %	1M	3M	12M
Absolute	-6.7	-7.5	7.7
Rel. to FTSE IT All Sh	-3.7	1.5	11.5

Y/E Dec (EUR M)	FY21A	FY22E	FY23E
Revenues	22.52	28.49	31.78
EBITDA	15.26	21.04	24.46
EBIT	7.08	10.34	11.86
Net income	3.53	5.99	6.99
EPS (EUR)	0.68	1.15	1.34
Net debt/-cash	87.36	99.46	100.7
Adj P/E (x)	26.8	17.0	14.6
EV/EBITDA (x)	11.9	9.6	8.3
EV/EBIT (x)	25.7	19.5	17.1
Div ord yield (%)	4.4	5.3	6.2

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

Intesa Sanpaolo Research Dept.

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Corporate Broking Research

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Iniziativa Bresciane – Key Data

Rating HOLD	Target price (EUR/sh) Ord 21.5		Mkt price (EUR/sh) Ord 19.60			Sector Renewable Energy
Values per share (EUR)	2019A	2020A	2021A	2022E	2023E	2024E
No. ordinary shares (M)	3.88	5.20	5.20	5.20	5.20	5.20
Total no. of shares (M)	3.88	5.20	5.20	5.20	5.20	5.20
Market cap (EUR M)	67.82	81.45	94.77	101.99	101.99	101.99
Adj. EPS	0.53	0.93	0.68	1.15	1.34	1.65
CFPS	2.4	2.3	2.3	3.2	3.8	4.0
BVPS	11.5	14.3	14.6	15.0	15.3	15.8
Dividend ord	0.65	0.72	0.80	1.04	1.21	1.49
Income statement (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Revenues	19.31	19.97	22.52	28.49	31.78	33.58
EBITDA	13.80	13.98	15.26	21.04	24.46	26.29
EBIT	6.64	6.65	7.08	10.34	11.86	14.29
Pre-tax income	4.82	5.49	5.87	9.04	10.56	12.99
Net income	2.07	4.84	3.53	5.99	6.99	8.60
Adj. net income	2.07	4.84	3.53	5.99	6.99	8.60
Cash flow (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net income before minorities	2.5	5.1	3.6	6.1	7.2	8.8
Depreciation and provisions	7.2	7.3	8.2	10.7	12.6	12.0
Others/Uses of funds	0	0	0	0	0	0
Change in working capital	1.6	0.8	-3.4	2.8	0.3	0.2
Operating cash flow	11.2	13.2	8.4	19.7	20.1	21.0
Capital expenditure	-1.1	-15.0	-40.9	-27.6	-16.0	-10.0
Financial investments	0	0	0	0	0	0
Acquisitions and disposals	0	0	0	0	0	0
Free cash flow	10.1	-1.8	-32.5	-7.9	4.1	11.0
Dividends	-2.7	-2.5	-3.7	-4.2	-5.4	-6.3
Equity changes & Non-op items	0.8	18.8	0	0	0	0
Net cash flow	8.2	14.4	-36.2	-12.1	-1.3	4.7
Balance sheet (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net capital employed	110.1	125.4	163.3	177.4	180.4	178.3
of which associates	0	0	0	0	0	0
Net debt/-cash	65.5	51.1	87.4	99.5	100.7	96.0
Minorities	0	0	0	0	0	0
Net equity	44.6	74.3	75.9	77.9	79.7	82.2
Minorities value	0	0	0	0	0	0
Enterprise value	133.3	132.6	182.1	201.5	202.7	198.0
Stock market ratios (x)	2019A	2020A	2021A	2022E	2023E	2024E
Adj. P/E	32.8	16.8	26.8	17.0	14.6	11.9
P/CFPS	7.4	6.7	8.1	6.1	5.2	5.0
P/BVPS	1.5	1.1	1.2	1.3	1.3	1.2
Payout (%)	187	122	118	90	90	90
Dividend yield (% ord)	3.7	4.6	4.4	5.3	6.2	7.6
FCF yield (%)	15.0	-2.2	-34.3	-7.8	4.0	10.8
EV/sales	6.9	6.6	8.1	7.1	6.4	5.9
EV/EBITDA	9.7	9.5	11.9	9.6	8.3	7.5
EV/EBIT	20.1	19.9	25.7	19.5	17.1	13.9
EV/CE	1.2	1.1	1.1	1.1	1.1	1.1
D/EBITDA	4.7	3.7	5.7	4.7	4.1	3.7
D/EBIT	9.9	7.7	12.3	9.6	8.5	6.7
Profitability & financial ratios (%)	2019A	2020A	2021A	2022E	2023E	2024E
EBITDA margin	71.5	70.0	67.7	73.9	77.0	78.3
EBIT margin	34.4	33.3	31.4	36.3	37.3	42.6
Tax rate	48.8	7.6	38.1	32.0	32.0	32.0
Net income margin	10.7	24.2	15.7	21.0	22.0	25.6
ROCE	6.0	5.3	4.3	5.8	6.6	8.0
ROE	4.7	8.1	4.7	7.8	8.9	10.6
Interest cover	3.6	5.8	5.9	8.0	9.1	11.0
Debt/equity ratio	147.0	68.8	115.1	127.7	126.4	116.8
Growth (%)		2020A	2021A	2022E	2023E	2024E
Sales		3.4	12.8	26.5	11.5	5.7
EBITDA		1.3	9.1	37.9	16.2	7.5
EBIT		0.1	6.5	46.1	14.6	20.5
Pre-tax income		14.1	6.9	54.0	16.7	23.1
Net income		NM	-27.0	69.6	16.7	23.1
Adj. net income		NM	-27.0	69.6	16.7	23.1

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Company Snapshot

Company Description

The company works in the field of renewable energy production. The company is active in the design, construction and management of small and medium size hydroelectric plants, also participating in other companies of the hydroelectric sector, some of which in partnership with local Administrations and Private partners. Directly or through its subsidiary companies, the company gets working hydroelectric plants; plants under construction; water concessions and authorisations of plants to be built. Nearly all of them are receiving green certificates or other feed in tariffs, since they obtained the certification of plants powered by renewable sources (IAFR or FER) by the Energy Services Operators - GSE Spa. The company operates in Italy and its hydroelectric plants are mainly located in the provinces of Brescia, Bergamo, Cremona and Trento.

Key data

Mkt price (EUR)	19.60	Free float (%)	19.0
No. of shares	5.20	Major shr	FinVCamonica
52Wk range (EUR)	21.4/17.7	(%)	52.0
Reuters	IB.MI	Bloomberg	IB IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-6.7	-1M	-3.7
-3M	-7.5	-3M	1.5
-12M	7.7	-12M	11.5

Key Risks

Company specific risks:

- Construction of plants execution by EPC contractors

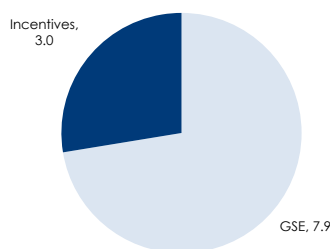
Sector generic risks:

- Water dependent
- Volatility of electricity prices

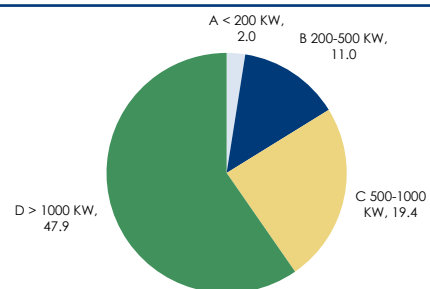
Estimates vs. consensus

EUR M (Y/E Dec)	2021A	2022E	2022C	2023E	2023C	2024E	2024C
Sales	22.52	28.49	28.49	31.78	31.78	33.58	33.58
EBITDA	15.26	21.04	21.04	24.46	24.46	26.29	26.29
EBIT	7.08	10.34	10.34	11.86	11.86	14.29	14.29
Pre-tax income	5.87	9.04	9.04	10.56	10.56	12.99	12.99
Net income	3.53	5.99	5.99	6.99	6.99	8.60	8.60
EPS (€)	0.68	1.15	1.15	1.34	1.34	1.65	1.65

Sales breakdown by sources (%)



Production breakdown by power class (GWh)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 18/05/2022)

Company Update

Innovatec

Ready to Become a Leader in the Cleantech Industry

Innovatec operates in the cleantech industry, with a distinctive business model, leveraging on the asset base in environment/circular economy and the knowhow in energy efficiency. Innovatec simplifies customers' management of the entire cleantech cycle, offering tailor-made solutions less exposed to price pressures. A challenging but well-defined plan has been recently announced, with a 2021-24 CAGR EBIT of around 50%, driven by the revenues and EBITDA expansion and by a rebalancing towards less capital-intensive activities.

FY21 results

In FY21, Innovatec delivered a solid set of metrics both at the top line and margins level, exceeding our expectations. The group recorded strong revenues in 1Q22 at EUR 74.1M (vs. our EUR 66M estimate) albeit in a difficult context for the war and cost inflation. The Circular Economy and Env. segment continued to be important, recording EUR 49.3M sales (66% of total sales). Waste disposal quantities declined, in line with our projections but were offset by higher prices. Cobat's (the recycling platform) revenues in 1Q22 reached EUR 28.5M vs. EUR 22.5M in 1Q21. Energy Efficiency and Renewables contributed with revenues of around EUR 24.8M, equal to what the company reported in 1H21, mainly thanks to the HouseVerde project (Energy efficiency for condominiums leveraging the Superbonus 110% fiscal incentive). EBITDA came in at EUR 11.7M (vs. our EUR 9M estimate), while the EBITDA margin was 15.8%, above our 13.6% forecast. EBIT reached EUR 6.5M, with an EBIT margin of 8.8%.

Positives

We believe that Innovatec can leverage on the following company-specific positives: 1) access to a growing and resilient market, driven by the "European Green Deal" and the "Next Generation EU" investments; 2) a distinctive business model, leveraging on the asset base in environment/circular economy and the know-how in the energy efficiency; 3) tailor-made solutions less exposed to price pressures; and 4) an integrated a platform for recycling, which should enlarge with other attractive verticals.

Valuation

Our target price is EUR 3.4/share; BUY.

24 May 2022: 7:44 CET
Date and time of production

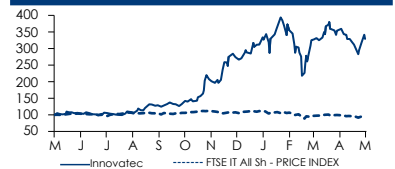
BUY

Target Price: EUR 3.4

Italy/Industrials

EGM (ex-AIM)

Price Performance
(RIC: INC.MI, BB: INC IM)



Innovatec - Key Data

Price date (market close)	18/05/2022		
Target price (EUR)	3.4		
Target upside (%)	66.67		
Market price (EUR)	2.04		
Market cap (EUR M)	194.70		
52Wk range (EUR)	2.47/0.61		
Price performance %	1M	3M	12M
Absolute	-7.9	-8.9	225.9
Rel. to FTSE IT All Sh	-5.0	0.0	237.5

Y/E Dec (EUR M)	FY21A	FY22E	FY23E
Revenues	237.8	265.0	320.0
EBITDA	32.90	35.78	43.20
EBIT	10.73	16.23	24.95
Net income	6.24	8.50	14.38
EPS (EUR)	0.07	0.09	0.15
Net debt/-cash	10.04	-0.85	-10.48
Adj P/E (x)	12.7	22.9	13.5
EV/EBITDA (x)	3.3	5.9	4.6
EV/EBIT (x)	10.1	13.0	7.9
Div ord yield (%)	0	0	0

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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Innovatec – Key Data

Rating	Target price (EUR/sh)		Mkt price (EUR/sh)			Sector
BUY	Ord 3.4		Ord 2.04			Industrials
Values per share (EUR)	2019A	2020A	2021A	2022E	2023E	2024E
No. ordinary shares (M)	95.44	95.44	95.44	95.44	95.44	95.44
Total no. of shares (M)	95.44	95.44	95.44	95.44	95.44	95.44
Market cap (EUR M)	14.43	63.61	78.96	194.70	194.70	194.70
Adj. EPS	0.05	0.03	0.07	0.09	0.15	0.23
CFPS	0.15	0.07	0.11	0.30	0.31	0.37
BVPS	0.17	0.23	0.36	0.48	0.66	0.92
Dividend ord	0	0	0	0	0	0
Dividend SAV Nc	2.00	3.00	4.00	5.00	6.00	7.00
Income statement (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Revenues	97.10	161.6	237.8	265.0	320.0	395.0
EBITDA	22.48	17.95	32.90	35.78	43.20	53.33
EBIT	4.06	6.86	10.73	16.23	24.95	36.18
Pre-tax income	8.31	6.86	10.79	15.23	24.15	35.48
Net income	4.92	2.59	6.24	8.50	14.38	21.87
Adj. net income	4.92	2.59	6.24	8.50	14.38	21.87
Cash flow (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net income before minorities	6.6	4.3	6.8	10.2	16.2	23.8
Depreciation and provisions	18.4	11.1	22.2	19.6	18.3	17.2
Others/Uses of funds	0	0	43.2	-1.5	-1.5	-1.5
Change in working capital	1.4	6.7	-17.6	0.3	-3.5	-3.5
Operating cash flow	26.4	22.1	54.5	28.6	29.4	35.9
Capital expenditure	-11.4	-0.4	-27.1	-17.5	-19.5	-22.0
Financial investments	0	0	0	0	0	0
Acquisitions and disposals	0	0	0	0	0	0
Free cash flow	15.0	21.6	27.4	11.1	9.9	13.9
Dividends	0	0	0	0	0	0
Equity changes & Non-op items	4.2	-0.9	-3.8	0	0	0
Net cash flow	19.2	20.7	23.6	11.1	9.9	13.9
Balance sheet (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net capital employed	9.0	8.4	40.7	40.0	46.6	56.8
of which associates	2.0	3.0	4.0	5.0	6.0	7.0
Net debt/-cash	-5.0	-10.7	10.0	-0.8	-10.5	-24.0
Minorities	2.0	3.0	4.0	5.0	6.0	7.0
Net equity	14.0	19.1	30.7	40.9	57.1	80.8
Minorities value	25.2	27.3	23.2	21.9	19.2	16.0
Enterprise value	32.7	77.2	108.2	210.8	197.4	179.7
Stock market ratios (x)	2019A	2020A	2021A	2022E	2023E	2024E
Adj. P/E	2.9	24.6	12.7	22.9	13.5	8.9
P/CFPS	1.0	9.0	7.7	6.9	6.7	5.5
P/BVPS	0.90	2.9	2.3	4.2	3.1	2.2
Payout (%)	0	0	0	0	0	0
Dividend yield (% ord)	0	0	0	0	0	0
FCF yield (%)	17.2	10.4	-21.4	5.6	4.9	6.9
EV/sales	0.34	0.48	0.46	0.80	0.62	0.46
EV/EBITDA	1.5	4.3	3.3	5.9	4.6	3.4
EV/EBIT	8.1	11.3	10.1	13.0	7.9	5.0
EV/CE	3.6	9.1	2.7	5.3	4.2	3.2
D/EBITDA	Neg.	Neg.	0.31	Neg.	Neg.	Neg.
D/EBIT	Neg.	Neg.	0.94	Neg.	Neg.	Neg.
Profitability & financial ratios (%)	2019A	2020A	2021A	2022E	2023E	2024E
EBITDA margin	23.1	11.1	13.8	13.5	13.5	13.5
EBIT margin	4.2	4.2	4.5	6.1	7.8	9.2
Tax rate	NM	NM	NM	NM	NM	NM
Net income margin	5.1	1.6	2.6	3.2	4.5	5.5
ROCE	45.3	81.2	26.4	40.5	53.6	63.7
ROE	43.1	15.6	25.0	23.8	29.4	31.7
Interest cover	NM	NM	NM	16.2	31.2	51.7
Debt/equity ratio	Neg.	Neg.	29.0	Neg.	Neg.	Neg.
Growth (%)	2020A	2021A	2022E	2023E	2024E	
Sales	66.4	47.1	11.4	20.8	23.4	
EBITDA	-20.1	83.3	8.7	20.8	23.4	
EBIT	69.0	56.6	51.2	53.8	45.0	
Pre-tax income	-17.5	57.4	41.1	58.6	46.9	
Net income	-47.4	NM	36.3	69.2	52.1	
Adj. net income	-47.4	NM	36.3	69.2	52.1	

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Company Snapshot

Company Description

Innovatec operates in the cleantech industry, with a distinctive business model, leveraging on the asset base in environment/circular economy and the know-how in energy efficiency. In 2021, on a pro-forma basis, posted around EUR 222M revenues and EUR 30M EBITDA. It counted 260 headcount in 2021, around 80% employed in the environment and circular economy BU. Thanks to a national presence of assets and of a commercial/technical team, the company is undergoing a challenging but well define business plan, aiming to become a leader in the cleantech industry in Italy.

Key data

Mkt price (EUR)	2.04	Free float (%)	55.0
No. of shares	95.44	Major shr	Sostenya
52Wk range (EUR)	2.47/0.61	(%)	45.0
Reuters	INC.MI	Bloomberg	INC IM
Performance (%)	Absolute	Rel. FTSE IT All Sh	
-1M	-7.9	-1M	-5.0
-3M	-8.9	-3M	0.0
-12M	225.9	-12M	237.5

Key Risks

Company specific risks:

- A competitive pressure in the residential energy efficiency segment
- increase in PV modules costs, which could reduce profitability of PV projects
- Difficulty to find/retain qualified candidates to support expansion plans
- A possible execution risk in the acquisitions included in the plan

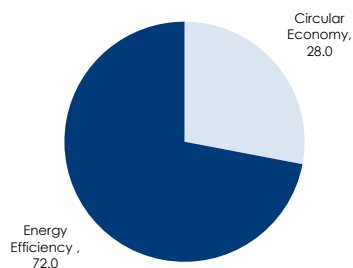
Sector generic risks:

- Changes in regulation and the government measures. However, the distinctive business model and the "long-term" competence in new regulations and measures, may represent a competitive advantage for Innovatec
- Competition may come from large multi-utilities, but its business model, covering all the cleantech cycle is difficult to replicate
- Extra costs related to environment/circular economy assets, for change in regulation or malfunctions.

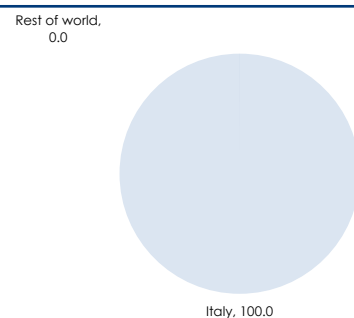
Estimates vs. consensus

EUR M (Y/E Dec)	2021A	2022E	2023E	2024E
Sales	237.8	265.0	320.0	395.0
EBITDA	32.90	35.78	43.20	53.33
EBIT	10.73	16.23	24.95	36.18
Pre-tax income	10.79	15.23	24.15	35.48
Net income	6.24	8.50	14.38	21.87
EPS	0.07	0.09	0.15	0.23

FY21 Sales breakdown by segment (%)



esempio: Sales breakdown by geography (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 18/05/2022)

Company Update

MID CORPORATE

Intermonte Partners

Strong Capital Allowing Growth & Attractive Dividends

We have a positive view on Intermonte as the group: (i) showed a good trend in revenues in FY21, confirmed in the first two months of 2022; (ii) has a strong capital position (CET1 ratio 39.9% at end-2021), leaving room for both external growth opportunities and a rewarding remuneration policy for shareholders; (iii) offers an average 2022E-24E 10.3% dividend yield, according to our estimates.

FY21 results showing a strong growth in revenues

In FY21, Intermonte Partners reported an adjusted net profit of around EUR 9M, basically in line with our EUR 8.8M estimate (reported net profit was EUR 7.2M, weighed by IPO-related costs). The dividend was also in line with our estimate (EUR 0.26/share paid on 11 May 2022). FY21 revenues amounted to EUR 43.8M vs. our EUR 41.5M estimate, up 7.7% yoy, boosted by Investment banking, Sales & Trading and Digital & Advisory, all recording a double-digit growth. The group's capital position was strong, with a CET1 ratio of 39.9% at end-2021. The Board of Directors approved a resolution to start a buyback plan on up to 340K shares for a maximum of EUR 1.2M.

Outlook and estimates

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 very positive contribution from the Investment Banking division. Given the current difficult geopolitical and macroeconomic context at an international level, we have a more cautious stance on revenues' trend, especially in FY22E, and embedded slightly higher costs in both 2022E and 2023E. Our 2024E estimates point to a 6.5% yoy growth in revenues and a 9.4% yoy progress in net profit. Our 2022E-24E dividend estimates are based on a 95% dividend payout assumption.

Valuation

Our **target price is EUR 3.5/share**, resulting from the average of a 3-stage DDM and a multiples' analysis based on Equita, which we consider the closest peer. **BUY rating**.

24 May 2022: 7:44 CET
Date and time of production

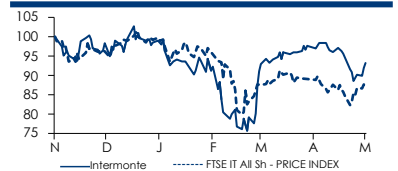
BUY

Target Price: EUR 3.5

Italy/Brokerage & Investment Banking

EGM (ex-AIM)

Price Performance
(RIC: INT.MI, BB: INT IM)



Intermonte Partners - Key Data

Price date (market close)	18/05/2022		
Target price (EUR)	3.5		
Target upside (%)	26.45		
Market price (EUR)	2.77		
Market cap (EUR M)	88.98		
52Wk range (EUR)	NA/NA		
Price performance %	1M	3M	12M
Absolute	-4.6	1.0	NA
Rel. to FTSE IT All Sh	-1.6	11.0	NA

Y/E Dec (EUR M)	FY21A	FY22E	FY23E
Total income	43.82	42.79	46.44
Gross op profit	11.83	13.46	15.34
Pre-tax income	11.83	13.46	15.34
Net income	7.24	8.72	9.71
Adj EPS (EUR)	0.28	0.26	0.29
TBV PS (EUR)	1.5	1.5	1.6
Adj P/E (x)	10.5	10.5	9.4
P/TBV (x)	1.9	1.8	1.8
Div ord (EUR)	0.26	0.26	0.29
Div ord yield (%)	8.8	9.4	10.3

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

Intesa Sanpaolo Research Dept.

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Intermonte Partners – Key Data

Rating	Target price (EUR/sh)		Mkt price (EUR/sh)			Sector
BUY	Ord 3.5		Ord 2.77			Brokerage & Investment
Values per share (EUR)	2019A	2020A	2021A	2022E	2023E	2024E
No. of outstanding shares (M)	36.20	36.20	36.20	36.20	36.20	36.20
Market cap (EUR M)	NA	NA	106.54	100.19	100.19	100.19
Adj. EPS	0.151	0.255	0.281	0.264	0.295	0.323
TBV PS	1.9	2.0	1.5	1.5	1.6	1.6
PPP PS	0	0	0	0	0	0
Dividend ord	0.16	0.19	0.26	0.26	0.29	0.31
Income statement (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net interest income	0.00	0.00	0.00	0.00	0.00	0.00
Net commission/fee income	34.81	40.71	43.82	42.79	46.44	49.47
Net trading income	0.00	0.00	0.00	0.00	0.00	0.00
Total income	34.81	40.71	43.82	42.79	46.44	49.47
Total operating expenses	26.56	28.48	31.99	29.33	31.09	32.76
Gross operating income	8.25	12.22	11.83	13.46	15.34	16.71
Provisions for loan losses	0.00	0.00	0.00	0.00	0.00	0.00
Pre-tax income	8.25	12.22	11.83	13.46	15.34	16.71
Net income	5.34	7.75	7.24	8.72	9.71	10.61
Adj. net income	5.34	9.04	9.03	8.48	9.47	10.37
Composition of total income (%)	2019A	2020A	2021A	2022E	2023E	2024E
Net interest income	0	0	0	0	0	0
Trading income	0	0	0	0	0	0
Commission income	100.0	100.0	100.0	100.0	100.0	100.0
Balance sheet (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Total assets	289.6	277.7	332.1	279.0	287.1	291.5
Customer loans	100.9	105.8	116.7	103.1	102.2	105.0
Total customer deposits	122.0	85.4	148.2	107.1	115.7	114.1
Shareholders' equity	67.8	70.0	53.8	53.9	55.0	56.2
Tangible equity	67.7	69.9	53.7	53.8	54.9	56.1
Risk weighted assets	238.0	263.0	119.3	121.7	124.7	127.8
Stock market ratios (X)	2019A	2020A	2021A	2022E	2023E	2024E
Adj. P/E	NA	NA	10.5	10.5	9.4	8.6
P/TBV	NA	NA	1.94	1.82	1.78	1.74
P/PPP	NA	NA	NA	NA	NA	NA
Dividend yield (% ord)	NA	NA	8.8	9.4	10.3	11.2
Profitability & financial ratios (%)	2019A	2020A	2021A	2022E	2023E	2024E
ROE	7.85	11.26	11.70	16.20	17.83	19.07
Adj. ROTE	7.87	13.14	14.61	15.77	17.42	18.67
RoRWA	4.49	3.10	3.79	7.24	7.88	8.40
Leverage	23.38	25.17	16.17	19.29	19.14	19.26
Cost income ratio	76.3	70.0	73.0	68.5	67.0	66.2
Cost of risk (bps)	0	0	0	0	0	0
Tax rate	24.82	25.93	26.13	23.77	25.75	25.75
Dividend payout	105.7	85.8	115.4	95.8	94.3	93.9
Other (%)	2019A	2020A	2021A	2022E	2023E	2024E
CET1 ratio	30.08	27.19	39.90	39.73	39.21	38.75
CET1 ratio fully loaded	30.08	27.19	39.90	39.73	39.21	38.75
Net impaired loans ratio	0.00	0.00	0.00	0.00	0.00	0.00
Net impaired loans on TBV	0.00	0.00	0.00	0.00	0.00	0.00
Growth (%)	2019A	2020A	2021A	2022E	2023E	2024E
Total income	NA	17.0	7.6	-2.3	8.5	6.5
Gross operating income	NA	48.2	-3.2	13.8	14.0	8.9
Net income	NA	45.1	-6.6	20.5	11.3	9.2
Adj. net income	NA	69.1	-0.1	-6.1	11.7	9.5
BS growth (%)	2019A	2020A	2021A	2022E	2023E	2024E
Customers' loans	24.7	4.8	10.3	-11.7	-0.8	2.7
Customers' deposits	66.9	-30.0	73.6	-27.7	8.0	-1.4
Shareholders' funds	-0.7	3.2	-23.1	0.2	2.1	2.2
Structure (no. of)	2019A	2020A	2021A	2022E	2023E	2024E
Branches	NA	NA	NA	NA	NA	NA
Employees	132	130	135	139	142	145

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Company Snapshot

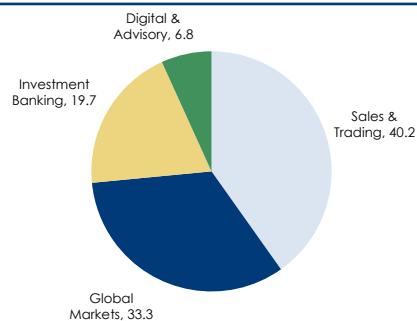
Company Description

Intermonte is an independent investment bank, with a leading position (reflecting its 26 years of history) in financial services and brokerage dedicated to institutional investors and SMEs. Intermonte is active in four business areas: Sales & Trading, Global Markets, Investment Banking, Digital & Advisory. The company also has a strong and highly-qualified Research team.

Key data

Mkt price (EUR)	2.77	Free float (%)	38.9
No. of shares	32.14	Major shr	Sh.s' Pact
52Wk range (EUR)	NA/NA	(%)	21.3
Reuters	INT.MI	Bloomberg	INT IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-4.6	-1M	-1.6
-3M	1.0	-3M	11.0
-12M	NA	-12M	NA

Revenues breakdown by division (%)



Key Risks

Company specific risks:

- Extremely focused on a single geography (Italy)
- Its end-markets are volatile in nature
- Limited stock liquidity

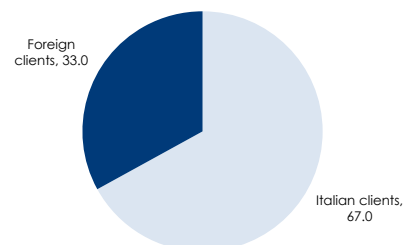
Sector generic risks:

- Geopolitical risk
- Technology risks
- Regulatory risks

Estimates vs. consensus

EUR M (Y/E Dec)	2021A	2022E	2023E	2024E
Total income	43.82	42.79	46.44	49.47
Operating costs	31.99	29.33	31.09	32.76
Gross op. inc.	11.83	13.46	15.34	16.71
LLP	0.00	0.00	0.00	0.00
Net income	7.24	8.72	9.71	10.61
EPS (€)	0.28	0.26	0.29	0.32

Client geographic breakdown (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 18/05/2022)

Company Update

Labomar

Gradual EBITDA Margin Recovery Expected in 2022

2021 EBITDA and operating cash flow came in broadly in line with expectations and management outlined a positive 2022 top-line growth outlook, although cost inflation could bite. The focus is on the integration of the acquired companies.

FY21 results

2021 consolidated revenues amounted to EUR 65.4M vs. EUR 61.1M in 2020 (+7% yoy) including the companies acquired in 2021, i.e. the Welcare Group (from 1 July 2021) and Labiotre Srl for the sole month of December. On a like-for-like basis (Labomar+Importfab), 2021 revenues would have amounted to EUR 61.4M, up 0.6% yoy, supported by 2H growth of over 10%. 2021 EBITDA amounted to EUR 10.1M, slightly below our forecasts, mainly due to higher than estimated service costs: however, we would highlight that the 2H21 adj. EBITDA margin at 17.5% was significantly higher than the 13.1% posted in 1H21, thus indicating the company's gradual return to a more normalised operating profitability. Net debt at 31 December was EUR 28.2M (EUR 3.4M at 31 December 2020), worse than our forecast of EUR 22.1M, entirely due to the impact of the EUR 7.2M liability related to the assessment of the purchase option of the Welcare minority stake (30%). Dividend proposal for 2021 is set at EUR 0.1/share.

Outlook and estimates

For 2022, management expressed some concerns related to both the health and the geopolitical environment. The company confirmed its guidance for a double-digit lfl yoy top-line increase in 2022, which would be in line with our current forecasts. Management also specified that the group has no direct exposure to Russia and Ukraine, the supply chain has been further diversified with back-up suppliers and the company has increased the use of temporary workers to cope with the pandemic-related personnel absence. However, considering the significant cost inflation, which we assume will only gradually be passed through to customers, we had cut our 2022E-23E EBITDA forecasts by 6.1% and 7.1%, respectively, in our last report of 7 April 2022.

Valuation

Our target price is EUR 10.4/share and rating ADD.

24 May 2022: 7:44 CET
Date and time of production

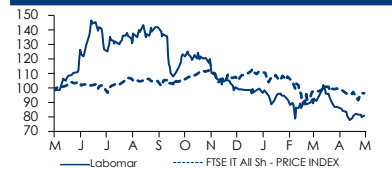
ADD

Target Price: EUR 10.4

Italy/Healthcare

EGM (ex-AIM)

Price Performance
(RIC: LBM.MI, BB: LBM IM)



Labomar - Key Data

Price date (market close)	18/05/2022		
Target price (EUR)	10.4		
Target upside (%)	25.30		
Market price (EUR)	8.30		
Market cap (EUR M)	153.42		
52Wk range (EUR)	14.9/7.9		
Price performance %	1M	3M	12M
Absolute	-5.9	-7.4	-18.2
Rel. to FTSE IT All Sh	-3.0	1.7	-15.3

Y/E Dec (EUR M)	FY21A	FY22E	FY23E
Revenues	65.41	82.94	91.66
EBITDA	10.12	15.02	16.81
EBIT	2.39	8.49	9.61
Net income	8.27	6.11	6.94
EPS (EUR)	0.45	0.33	0.38
Net debt/-cash	28.20	26.46	21.35
Adj P/E (x)	24.5	25.1	22.1
EV/EBITDA (x)	22.8	12.0	10.4
EV/EBIT (x)	96.4	21.2	18.2
Div ord yield (%)	0.9	1.2	1.4

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

Intesa Sanpaolo Research Dept.

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Labomar – Key Data

Rating ADD	Target price (EUR/sh) Ord 10.4		Mkt price (EUR/sh) Ord 8.30			Sector Healthcare
	2019A	2020A	2021A	2022E	2023E	
Values per share (EUR)						
No. ordinary shares (M)	14.15	18.48	18.48	18.48	18.48	18.48
Total no. of shares (M)	14.15	18.48	18.48	18.48	18.48	18.48
Market cap (EUR M)	NA	125.05	202.45	153.42	153.42	153.42
Adj. EPS	0.32	0.39	0.45	0.33	0.38	0.44
CFPS	0.45	0.54	0.50	0.67	0.75	0.84
BVPS	0.70	2.1	2.4	2.6	2.9	3.2
Dividend ord	0.10	0.11	0.10	0.10	0.11	0.13
Income statement (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Revenues	48.34	61.06	65.41	82.94	91.66	101.7
EBITDA	9.10	11.33	10.12	15.02	16.81	18.96
EBIT	5.82	7.28	2.39	8.49	9.61	11.22
Pre-tax income	5.56	6.90	8.99	8.14	9.26	10.87
Net income	4.15	6.10	8.27	6.11	6.94	8.15
Adj. net income	4.57	7.13	8.27	6.11	6.94	8.15
Cash flow (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net income before minorities	4.1	6.1	8.3	6.1	6.9	8.2
Depreciation and provisions	3.3	4.0	7.7	6.5	7.2	7.7
Others/Uses of funds	-18.6	-0.9	-28.8	0	0	0
Change in working capital	-1.7	-1.7	-0.0	-1.7	-0.8	-0.6
Operating cash flow	-12.9	7.6	-19.2	11.0	13.3	15.3
Capital expenditure	-3.8	-5.7	-3.3	-7.1	-6.1	-5.6
Financial investments	0	0	0	0	0	0
Acquisitions and disposals	0	0	0	0	0	0
Free cash flow	-16.7	1.8	-22.5	3.9	7.2	9.6
Dividends	1.2	1.4	2.0	1.8	1.8	2.1
Equity changes & Non-op items	0	25.0	0	0	0	0
Net cash flow	-15.5	28.2	-20.5	5.7	9.1	11.7
Balance sheet (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net capital employed	38.6	41.7	58.1	60.7	60.7	59.5
of which associates	0	0	0	0	0	0
Net debt/-cash	28.7	3.4	28.2	26.5	21.4	14.1
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Net equity	9.9	38.2	44.5	48.8	53.9	60.0
Minorities value	0.0	0.0	0.0	0.0	0.0	0.0
Enterprise value	NA	128.5	230.7	179.9	174.8	167.6
Stock market ratios (x)	2019A	2020A	2021A	2022E	2023E	2024E
Adj. P/E	NA	17.6	24.5	25.1	22.1	18.8
P/CFPS	NA	12.6	21.7	12.4	11.1	9.8
P/BVPS	NA	3.3	4.5	3.1	2.8	2.6
Payout (%)	29	22	24	30	26	26
Dividend yield (% ord)	NA	1.6	0.9	1.2	1.4	1.6
FCF yield (%)	NA	1.3	-11.3	2.3	4.5	6.1
EV/sales	NA	2.1	3.5	2.2	1.9	1.6
EV/EBITDA	NA	11.3	22.8	12.0	10.4	8.8
EV/EBIT	NA	17.6	96.4	21.2	18.2	14.9
EV/CE	NA	3.1	4.0	3.0	2.9	2.8
D/EBITDA	3.2	0.30	2.8	1.8	1.3	0.75
D/EBIT	4.9	0.47	11.8	3.1	2.2	1.3
Profitability & financial ratios (%)	2019A	2020A	2021A	2022E	2023E	2024E
EBITDA margin	18.8	18.6	15.5	18.1	18.3	18.6
EBIT margin	12.0	11.9	3.7	10.2	10.5	11.0
Tax rate	25.5	11.6	8.1	25.0	25.0	25.0
Net income margin	8.6	10.0	12.6	7.4	7.6	8.0
ROCE	15.1	17.5	4.1	14.0	15.8	18.8
ROE	48.0	25.4	20.0	13.1	13.5	14.3
Interest cover	-24.2	-30.3	10.7	-24.3	-27.5	-32.1
Debt/equity ratio	289.2	8.9	63.3	54.2	39.6	23.6
Growth (%)		2020A	2021A	2022E	2023E	2024E
Sales		26.3	7.1	26.8	10.5	10.9
EBITDA		24.6	-10.7	48.5	11.9	12.8
EBIT		25.1	-67.1	NM	13.1	16.8
Pre-tax income		24.0	30.4	-9.5	13.7	17.4
Net income		47.1	35.5	-26.1	13.7	17.4
Adj. net income		56.0	16.0	-26.1	13.7	17.4

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Company Snapshot

Company Description

Labomar group is a CDMO (Contract Development and Manufacturing Organisation) of nutraceutical and pharmaceutical products with a 2019 consolidated pro-forma VoP of EUR 57.4M and an adjusted pro-forma EBITDA margin of 21.2%.

Key data

Mkt price (EUR)	8.30	Free float (%)	15.8
No. of shares	18.48	Major shr	LBM Holding 67.3
52Wk range (EUR)	14.9/7.9	(%)	
Reuters	LBM.MI	Bloomberg	LBM IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-5.9	-1M	-3.0
-3M	-7.4	-3M	1.7
-12M	-18.2	-12M	-15.3

Key Risks

Company specific risks:

- Short-term visibility on production volumes
- Low stock liquidity and market float
- Still too focused on the domestic market despite a growing internationalization trend

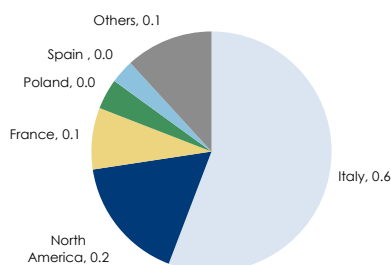
Sector generic risks:

- Potential changes in consumer trends and needs
- Possible changes in the regulatory framework
- New lockdown measures

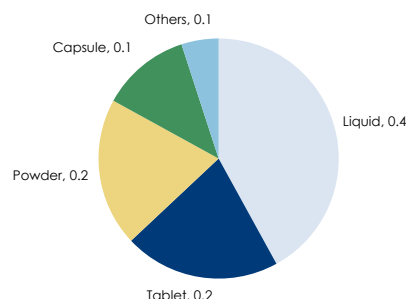
Estimates vs. consensus

EUR M (Y/E Dec)	2021A	2022E	2022C	2023E	2023C	2024E	2024C
Sales	65.41	82.94	82.75	91.66	90.80	101.7	99.20
EBITDA	10.12	15.02	14.95	16.81	16.95	18.96	19.48
EBIT	2.39	8.49	8.25	9.61	9.40	11.22	11.46
Pre-tax income	8.99	8.14	7.97	9.26	9.08	10.87	11.14
Net income	8.27	6.11	6.05	6.94	6.90	8.15	8.48
EPS (€)	0.45	0.33	0.33	0.38	0.38	0.44	0.46

Sales breakdown by geography (%)



Sales breakdown by dosage form (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 18/05/2022)

Company Update

Leone Film Group

FY21 Results

LFG reported better-than-expected FY21 results with a strong sales growth (+36%) and an EBITDA margin surpassing 50%. The main driver was the Production division, which brought forward the release and the shooting of some movies. As such, 2022 should return to normality with revenues below 2021. We are more prudent on 2023, given the weak theatrical market in Italy.

FY21 results

Despite a challenging movie industry market in Italy, still 73.3% below the box office of 2019 (source: Cinetel), LFG was able to further increase production activity (+53% sales), while distribution was mostly focused on selling to streaming platforms. Lower executive production sales contributed to increase the EBITDA margin, which surpassed 50% leading to a net profit of EUR 5.9M (vs. a net loss in 2020) despite growing D&A costs. LFG also announced a DPS of EUR 0.14, well above our expectations. Net debt was reduced, confirming LFG's ability to manage its financial structure.

Outlook and estimates

2021 was an exceptional year, with a strong concentration of movies released and the completion of 4 new movies and one TV series. We believe this performance is unlikely to be repeated in 2022, while the movie market remains weak (the top 10 movies reported a box office of EUR 45.8M YTD – source: Cinetel). As a result, we expect that 2022 should be weaker than 2021. Overall, we assume FY22E sales to reach EUR 76M, with an EBITDA margin close to 36%. 2023 and 2024 should see a gradual recovery of theatrical revenues and we expect LFG to surpass EUR 100M sales in 2024E with a growing EBITDA margin.

Valuation

In our report of 27 April, we obtained a **target price of EUR 3.6/and set a BUY rating**. Main risks remain a further wave of lockdowns in Italy, with the shutdown of cinemas, potential write-downs of the existing library (EUR 47.0M at Dec-21 or 23% above the current market cap) and a potential postponement of productions and movie releases

24 May 2022: 7:44 CET
Date and time of production

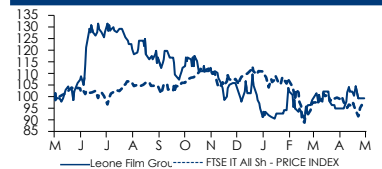
BUY

Target Price: EUR 3.6

Italy/Entertainment

EGM (ex-AIM)

Price Performance
(RIC: LFG.MI, BB: LFG IM)



Leone Film Group - Key Data

Price date (market close)	18/05/2022		
Target price (EUR)	3.6		
Target upside (%)	33.33		
Market price (EUR)	2.70		
Market cap (EUR M)	38.34		
52Wk range (EUR)	3.60/2.46		
Price performance %	1M	3M	12M
Absolute	3.8	-3.6	-1.5
Rel. to FTSE IT All Sh	7.1	5.9	2.0

Y/E Dec (EUR M)	FY21A	FY22E	FY23E
Revenues	98.60	75.69	94.68
EBITDA	49.57	35.77	46.80
EBIT	7.83	5.37	7.02
Net income	5.87	3.70	5.20
EPS (EUR)	0.41	0.26	0.37
Net debt/-cash	60.36	59.47	54.53
Adj P/E (x)	7.2	10.4	7.4
EV/EBITDA (x)	2.1	2.7	2.0
EV/EBIT (x)	13.1	18.2	13.2
Div ord yield (%)	4.7	3.7	4.4

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

Intesa Sanpaolo Research Dept.

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Leone Film Group – Key Data

Rating BUY	Target price (EUR/sh) Ord 3.6		Mkt price (EUR/sh) Ord 2.70			Sector Entertainment
Values per share (EUR)	2019A	2020A	2021A	2022E	2023E	2024E
No. ordinary shares (M)	14.20	14.20	14.20	14.20	14.20	14.20
Total no. of shares (M)	14.20	14.20	14.20	14.20	14.20	14.20
Market cap (EUR M)	67.51	43.36	42.11	38.34	38.34	38.34
Adj. EPS	0.07	-0.08	0.41	0.26	0.37	0.44
CFPS	1.6	2.1	3.2	2.3	2.6	3.8
BVPS	3.0	3.0	3.4	3.5	3.8	4.1
Dividend ord	0	0	0.14	0.10	0.12	0.13
Income statement (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Revenues	70.18	72.51	98.60	75.69	94.68	106.8
EBITDA	29.01	28.00	49.57	35.77	46.80	53.56
EBIT	2.21	0.92	7.83	5.37	7.02	8.03
Pre-tax income	0.82	-0.77	6.59	4.15	5.84	7.05
Net income	1.04	-1.20	5.87	3.70	5.20	6.28
Adj. net income	1.04	-1.20	5.87	3.70	5.20	6.28
Cash flow (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net income before minorities	1.0	-1.2	5.9	3.7	5.2	6.3
Depreciation and provisions	26.8	27.1	41.7	30.4	39.8	45.5
Others/Uses of funds	0.0	-0.0	0.0	0	0	0
Change in working capital	-5.4	3.7	-2.7	-2.1	-8.0	1.7
Operating cash flow	22.4	29.5	44.9	32.0	37.0	53.5
Capital expenditure	-33.9	-28.6	-40.6	-29.2	-30.6	-32.1
Financial investments	0	0	0	0	0	0
Acquisitions and disposals	0	0	0	0	0	0
Free cash flow	-11.5	0.9	4.3	2.9	6.4	21.4
Dividends	-1.3	0	0	-2.0	-1.4	-1.7
Equity changes & Non-op items	-3.1	0	-0.3	0	0	0
Net cash flow	-15.9	0.9	4.0	0.9	4.9	19.7
Balance sheet (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net capital employed	108.5	106.4	108.4	109.2	108.0	92.9
of which associates	0	0	0	0	0	0
Net debt/-cash	65.3	64.4	60.4	59.5	54.5	34.9
Minorities	0	0	0	0	0	0
Net equity	43.2	42.1	48.0	49.7	53.5	58.1
Minorities value	0	0	0	0	0	0
Enterprise value	132.8	107.7	102.5	97.8	92.9	73.2
Stock market ratios (x)	2019A	2020A	2021A	2022E	2023E	2024E
Adj. P/E	65.2	Neg.	7.2	10.4	7.4	6.1
P/CFPS	3.0	1.5	0.94	1.2	1.0	0.72
P/BVPS	1.6	1.0	0.88	0.77	0.72	0.66
Payout (%)	0	0	34	38	33	29
Dividend yield (% ord)	0	0	4.7	3.7	4.4	4.8
FCF yield (%)	-17.0	2.2	10.2	7.5	16.6	55.8
EV/sales	1.9	1.5	1.0	1.3	0.98	0.69
EV/EBITDA	4.6	3.8	2.1	2.7	2.0	1.4
EV/EBIT	60.2	NM	13.1	18.2	13.2	9.1
EV/CE	1.2	1.0	0.95	0.90	0.86	0.79
D/EBITDA	2.3	2.3	1.2	1.7	1.2	0.65
D/EBIT	29.6	70.2	7.7	11.1	7.8	4.3
Profitability & financial ratios (%)	2019A	2020A	2021A	2022E	2023E	2024E
EBITDA margin	41.3	38.6	50.3	47.3	49.4	50.1
EBIT margin	3.1	1.3	7.9	7.1	7.4	7.5
Tax rate	NM	NM	10.9	10.9	10.9	10.9
Net income margin	1.5	-1.7	6.0	4.9	5.5	5.9
ROCE	2.0	0.9	7.2	4.9	6.5	8.6
ROE	2.4	-2.8	13.0	7.6	10.1	11.3
Interest cover	1.6	0.5	6.3	4.4	6.0	8.2
Debt/equity ratio	151.3	153.1	125.7	119.6	101.9	60.0
Growth (%)		2020A	2021A	2022E	2023E	2024E
Sales		3.3	36.0	-23.2	25.1	12.8
EBITDA		-3.5	77.0	-27.8	30.8	14.4
EBIT		-58.4	NM	-31.5	30.8	14.4
Pre-tax income		NM	NM	-37.0	40.7	20.7
Net income		NM	NM	-37.0	40.7	20.7
Adj. net income		NM	NM	-37.0	40.7	20.7

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Company Snapshot

Company Description

Leone Film Group (LFG) is a leading company in the Italian movie industry. Founded by the sons of the famous director, Sergio Leone, it produces and distributes movies for both cinema and TV (series, international co-productions), acquires full rights of foreign movies, lasting 15-25 years, co-distributing them through all available channels (cinema, Pay TV, Free TV, home video, digital and new media), performs executive productions and has a library of almost 500 movies with an excellent box office track record. LFG has always distributed foreign movies leveraging on long term agreements with the major US content providers (Lionsgate, DreamWorks and others) but in 2009 it entered the film production industry and has completed several movies to date. Production activity increased sharply in 2014 following the acquisition of Lotus Production which is active in movie and TV co-productions (with long term agreements with top directors) and is one of the main Italian companies in executive productions.

Key data

Mkt price (EUR)	2.70	Free float (%)	22.4
No. of shares	14.20	Major shr	Leone family
52Wk range (EUR)	3.60/2.46	(%)	58.3
Reuters	LFG.MI	Bloomberg	LFG IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	3.8	-1M	7.1
-3M	-3.6	-3M	5.9
-12M	-1.5	-12M	2.0

Key Risks

Company specific risks:

- High volatility of box office revenues
- The business is totally dependent on a small number of key personnel
- Limited liquidity
- Delays in film and TV production schedules could postpone releases

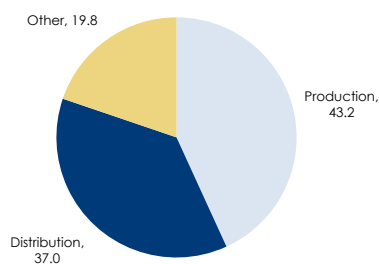
Sector generic risks:

- Covid-19 is strongly impacting entertainment industry
- Piracy, which is rapidly increasing
- High competition and fragmentation of the players in the industry

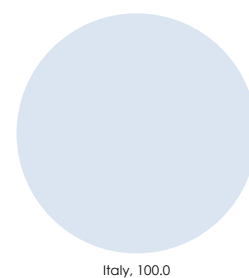
Estimates vs. consensus

EUR M (Y/E Dec)	2021A	2022E	2023E	2024E
Sales	98.60	75.69	94.68	106.8
EBITDA	49.57	35.77	46.80	53.56
EBIT	7.83	5.37	7.02	8.03
Pre-tax income	6.59	4.15	5.84	7.05
Net income	5.87	3.70	5.20	6.28
EPS	0.41	0.26	0.37	0.44

Sales breakdown by product (%)



Sales breakdown by geography (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 18/05/2022)

Company Update

MID CORPORATE

Lucisano Media Group

FY21 Results

Lucisano Media Group (LMG) grew strongly in Production and Distribution and once again leveraged on its vertically-integrated business model to post growing results despite the difficulties of the theatrical market. FY21A EBITDA margin reached 40.5%, also thanks to contingent cost containment measures. We broadly confirmed our FY22E estimates and project further development in FY23E (around +20% yoy in revenues), driven by the Production activity.

FY21 results

LMG delivered growing results, with increasing operating margins (EBITDA +34.2% vs. FY20 and +26% vs. FY19), albeit lower vs. our estimates. The Multiplex division was still impacted by the closure in 1Q21 and restrictions (including the prohibition to consume food and drink in cinemas), but LMG confirmed once again its ability to take advantage from its diversified but integrated business model, being very active in production and distribution, completing the production of 2 series, 2 documentaries and 5 movies, with this BU's revenues being +40.9% vs. FY20 and +52.3% vs. FY19. Net debt improved once again and was in line with our estimates.

Outlook and estimates revision

In terms of outlook, we outline that the company has a strong pipeline of production and distribution works for 2022-23 and, according to management, the first months of work in 2022 were particularly intense, including projects started in 2021. As of today, all the cinemas have reopened and the good flow in the period before Christmas should support a more positive outlook, but still at lower levels vs. 2019. We had broadly confirmed our FY22E estimates (in our report of 28 April) that imply a mixed outlook for the two BUs: 1) a performance of Multiplex still approximately 45% lower vs. FY19; and 2) the completion of 8 production works. We introduced our forecasts for FY23E that embed a further increase in Production (8 production works to be completed in 2023, but with an expected higher average value vs. FY22E), and again a positive contribution in terms of distribution. A performance of Multiplex still 20% below vs. pre-pandemic levels (i.e. vs. 2019).

Valuation

Our target price is EUR 2.4/share and rating BUY.

24 May 2022: 7:44 CET
Date and time of production

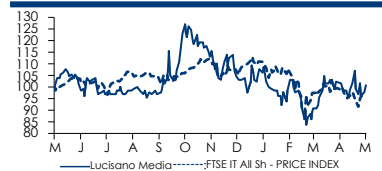
BUY

Target Price: EUR 2.4

Italy/Entertainment

EGM (ex-AIM)

Price Performance
(RIC: LMG.MI, BB: LMG IM)



Lucisano Media Group - Key Data

Price date (market close)	18/05/2022		
Target price (EUR)	2.4		
Target upside (%)	83.21		
Market price (EUR)	1.31		
Market cap (EUR M)	19.49		
52Wk range (EUR)	1.65/1.09		
Price performance %	1M	3M	12M
Absolute	-0.8	-2.2	0.8
Rel. to FTSE IT All Sh	2.3	7.4	4.4

Y/E Dec (EUR M)	FY21A	FY22E	FY23E
Revenues	41.62	54.13	65.10
EBITDA	16.85	20.88	25.13
EBIT	3.78	7.11	9.50
Net income	2.44	5.47	7.62
EPS (EUR)	0.16	0.37	0.51
Net debt/-cash	29.16	29.65	32.05
Adj P/E (x)	8.1	3.6	2.6
EV/EBITDA (x)	2.9	2.4	2.1
EV/EBIT (x)	12.9	6.9	5.4
Div ord yield (%)	0	0	0

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

Intesa Sanpaolo Research Dept.

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Corporate Broking Research

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Y. Alaoui, A. Terazzi

Lucisano Media Group – Key Data

Rating BUY	Target price (EUR/sh) Ord 2.4	Mkt price (EUR/sh) Ord 1.31				Sector Entertainment
Values per share (EUR)	2019A	2020A	2021A	2022E	2023E	
No. ordinary shares (M)	14.88	14.88	14.88	14.88	14.88	
Total no. of shares (M)	14.88	14.88	14.88	14.88	14.88	
Market cap (EUR M)	23.72	18.84	19.69	19.49	19.49	
Adj. EPS	0.15	0.08	0.16	0.37	0.51	
CFPS	0.82	0.76	1.0	1.3	1.6	
BVPS	2.4	2.5	2.7	3.0	3.5	
Dividend ord	0	0	0	0	0	
Income statement (EUR M)	2019A	2020A	2021A	2022E	2023E	
Revenues	38.01	32.24	41.62	54.13	65.10	
EBITDA	13.37	12.56	16.85	20.88	25.13	
EBIT	3.40	2.43	3.78	7.11	9.50	
Pre-tax income	2.28	1.41	2.87	6.07	8.47	
Net income	2.29	1.21	2.44	5.47	7.62	
Adj. net income	2.29	1.21	2.44	5.47	7.62	
Cash flow (EUR M)	2019A	2020A	2021A	2022E	2023E	
Net income before minorities	2.3	1.2	2.4	5.5	7.6	
Depreciation and provisions	10.0	10.1	13.1	13.8	15.6	
Others/Uses of funds	2.1	0	0	0	0	
Change in working capital	-3.6	1.8	-0.2	-11.6	-16.6	
Operating cash flow	10.7	13.1	15.3	7.6	6.6	
Capital expenditure	-7.4	-7.3	-13.8	-8.0	-9.0	
Financial investments	0	0	0	0	0	
Acquisitions and disposals	0	0	0	0	0	
Free cash flow	3.3	5.8	1.5	-0.4	-2.4	
Dividends	0	0	0	0	0	
Equity changes & Non-op items	-6.8	0	0	0	0	
Net cash flow	-3.5	5.8	1.5	-0.4	-2.4	
Balance sheet (EUR M)	2019A	2020A	2021A	2022E	2023E	
Net capital employed	71.1	66.5	68.6	74.6	84.6	
of which associates	0	0	0	0	0	
Net debt/-cash	35.2	29.4	29.2	29.6	32.0	
Minorities	0	0	0	0	0	
Net equity	35.9	37.1	39.5	44.9	52.6	
Minorities value	0	0	0	0	0	
Enterprise value	59.0	48.3	48.9	49.1	51.5	
Stock market ratios (x)	2019A	2020A	2021A	2022E	2023E	
Adj. P/E	10.3	15.6	8.1	3.6	2.6	
P/CFPS	1.9	1.7	1.3	1.0	0.84	
P/BVPS	0.66	0.51	0.50	0.43	0.37	
Payout (%)	0	0	0	0	0	
Dividend yield (% ord)	0	0	0	0	0	
FCF yield (%)	14.1	31.0	7.8	-1.9	-12.3	
EV/sales	1.6	1.5	1.2	0.91	0.79	
EV/EBITDA	4.4	3.8	2.9	2.4	2.1	
EV/EBIT	17.4	19.8	12.9	6.9	5.4	
EV/CE	0.83	0.73	0.71	0.66	0.61	
D/EBITDA	2.6	2.3	1.7	1.4	1.3	
D/EBIT	10.4	12.1	7.7	4.2	3.4	
Profitability & financial ratios (%)	2019A	2020A	2021A	2022E	2023E	
EBITDA margin	35.2	39.0	40.5	38.6	38.6	
EBIT margin	8.9	7.5	9.1	13.1	14.6	
Tax rate	0.8	14.6	14.9	10.0	10.0	
Net income margin	6.0	3.7	5.9	10.1	11.7	
ROCE	4.8	3.7	5.5	9.5	11.2	
ROE	6.5	3.3	6.4	13.0	15.6	
Interest cover	-3.0	-2.4	-4.1	-6.9	-9.2	
Debt/equity ratio	98.2	79.3	73.9	66.0	61.0	
Growth (%)	2020A	2021A	2022E	2023E		
Sales	-15.2	29.1	30.1	20.3		
EBITDA	-6.1	34.2	23.9	20.3		
EBIT	-28.3	55.5	87.8	33.7		
Pre-tax income	-37.9	NM	NM	39.5		
Net income	-47.4	NM	NM	39.5		
Adj. net income	-47.4	NM	NM	39.5		

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Company Snapshot

Company Description

Lucisano Media Group is the holding company controlling all the movie production and multiplex management activities of the Lucisano Family. The core business is managed through the controlled subsidiary Italian International Film ("IIF"), which is the oldest integrated Italian player active in production, acquisition and distribution of movie and television products. Founded in 1958 by Fulvio Lucisano, IIF made history in the Italian movie industry and its brand contributed to the development of the sector and in its success on the global scenario. During its history, IIF produced around 150 films and it distributed nearly 500 foreign movies. The library is today composed by around 230 Italian and international films. In 2006, with the acquisition of Stella Film, the group entered in the Multiplex management business and own today 7 multiplex movie theatres with 56 screens. The group went public in 2014.

Key data

Mkt price (EUR)	1.31	Free float (%)	11.9
No. of shares	14.88	Major shr	Keimos
52Wk range (EUR)	1.65/1.09	(%)	68.0
Reuters	LMG.MI	Bloomberg	LMG IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-0.8	-1M	2.3
-3M	-2.2	-3M	7.4
-12M	0.8	-12M	4.4

Key Risks

Company specific risks:

- Delays/interruptions affecting the completion of the project for events of force majeure;
- Increasing competitive pressure from online platforms on the multiplex side

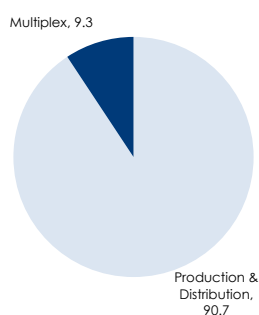
Sector generic risks:

- Seasonality of the Italian film market, with a concentration of film releases in a few months of the year
- Credit risk due to a temporal difference between revenues and costs
- We underline that some unpredictable further developments related to the Covid-19 health emergency could undermine the feasibility of our estimates.

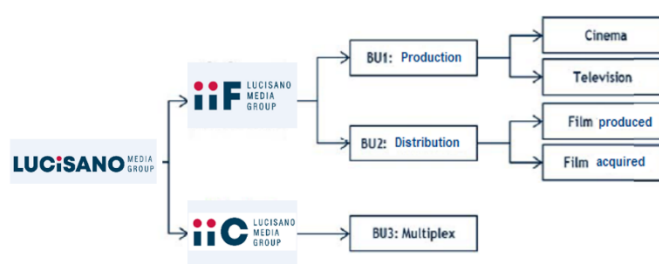
Estimates vs. consensus

EUR M (Y/E Dec)	2021A	2022E	2023E
Sales	41.62	54.13	65.10
EBITDA	16.85	20.88	25.13
EBIT	3.78	7.11	9.50
Pre-tax income	2.87	6.07	8.47
Net income	2.44	5.47	7.62
EPS	0.16	0.37	0.51

1H21A Sales breakdown by BU (%)



LMG – Vertically integrated Business Model



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 18/05/2022)

Company Update

MID CORPORATE

Medica

24 May 2022: 7:44 CET
Date and time of production

Testing the Resilience

HOLD

Medica reported positive 2021 results and confirmed all its main strategic projects. The group appears to be on track with the strategic targets outlined at the time of the IPO although we plan to monitor the potential impact from the ongoing political and health risks.

Target Price: EUR 37.7

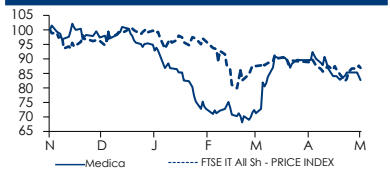
2021 results

2021 showed a positive performance of Acute & Apheresis (EUR 9.2M, +31% yoy), Tecnoideal (EUR 12M including EUR 1.3M from the newly-acquired THF, +37% yoy) and Memphis offsetting the decline posted by the Water (EUR 3.5M, -27% yoy) and by the Chronic businesses. Profitability figures were slightly above our expectations and consensus at both the operating and bottom line levels. The net cash position at EUR 10.8M was slightly better than expected mainly due to the postponement of some expansion investments.

Italy/Medical Equipment

EGM (ex-AIM)

Price Performance
(RIC: MDC.MI, BB: MDC IM)



Outlook and estimates

Overall, based on the announced results and outlook, our impression is that the group is on track to fulfil the strategic targets outlined at the time of the IPO. However, we do not expect the company to be entirely immune from the ongoing geopolitical and health issues. In particular, we would not exclude that the recent lockdown measures adopted in China could negatively impact the recovery of the Chronic business segment, while the overall economic uncertainty created by the Russia-Ukraine war could slow down the investment decisions of some of the group's customers. Therefore, despite the positive 2021 results, we adopted a more cautious stance on the 2022E rebound of the Chronic business and on the further growth of Tecnoideal, while accelerating slightly the already expected decline of the OEM division. In our report of 6 April, we had lowered our consolidated 2022E-24E EBITDA estimates by 9.4%, 8.9% and 7.9%, respectively.

Medica - Key Data

Price date (market close)	18/05/2022		
Target price (EUR)	37.7		
Target upside (%)	14.42		
Market price (EUR)	32.95		
Market cap (EUR M)	139.16		
52Wk range (EUR)	NA/NA		
Price performance %	1M	3M	12M
Absolute	-7.7	13.6	NA
Rel. to FTSE IT All Sh	-4.8	24.8	NA
Y/E Dec (EUR M)	FY21A	FY22E	FY23E
Revenues	43.77	49.49	56.06
EBITDA	9.90	11.07	12.71
EBIT	5.82	6.50	7.84
Net income	4.97	4.96	5.92
EPS (EUR)	1.18	1.17	1.40
Net debt/-cash	-10.80	-18.20	-25.16
Adj P/E (x)	33.7	28.1	23.5
EV/EBITDA (x)	15.9	10.9	9.0
EV/EBIT (x)	26.9	18.6	14.6
Div ord yield (%)	0	0	0

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

Valuation

Our target price is EUR 37.7/share, with a HOLD rating.

Intesa Sanpaolo Research Dept.

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Medica – Key Data

Rating HOLD	Target price (EUR/sh) Ord 37.7		Mkt price (EUR/sh) Ord 32.95			Sector Medical Equipment
Values per share (EUR)	2019A	2020A	2021A	2022E	2023E	2024E
No. ordinary shares (M)	3.54	3.54	4.22	4.22	4.22	4.22
Total no. of shares (M)	3.54	3.54	4.22	4.22	4.22	4.22
Market cap (EUR M)	NA	NA	167.52	139.16	139.16	139.16
Adj. EPS	0.79	1.07	1.18	1.17	1.40	2.10
CFPS	2.0	2.2	2.1	2.3	2.6	3.2
BVPS	4.6	6.0	10.6	11.8	13.2	15.3
Dividend ord	0	0	0	0	0	0
Income statement (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Revenues	34.67	44.06	43.77	49.49	56.06	66.76
EBITDA	7.69	9.55	9.90	11.07	12.71	16.02
EBIT	3.60	5.59	5.82	6.50	7.84	11.56
Pre-tax income	3.34	5.30	5.62	6.28	7.50	11.22
Net income	2.82	3.77	4.97	4.96	5.92	8.85
Adj. net income	2.78	3.77	4.97	4.96	5.92	8.85
Cash flow (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net income before minorities	2.8	3.8	5.0	5.0	5.9	8.9
Depreciation and provisions	4.1	4.0	4.0	4.6	4.9	4.5
Others/Uses of funds	-0.6	0.1	-3.6	0	0	0
Change in working capital	1.8	4.3	-3.4	3.9	-0.3	-2.6
Operating cash flow	8.1	12.3	2.0	13.4	10.5	10.7
Capital expenditure	-2.3	-3.6	-5.3	-6.0	-3.5	-3.5
Financial investments	0	0	0	0	0	0
Acquisitions and disposals	0	0	0	0	0	0
Free cash flow	5.8	8.7	-3.3	7.4	7.0	7.2
Dividends	0	0	0	0	0	0
Equity changes & Non-op items	0	0.2	17.2	0	0	0
Net cash flow	5.8	8.9	13.9	7.4	7.0	7.2
Balance sheet (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net capital employed	28.6	24.9	32.6	30.2	29.2	30.8
of which associates	0	0	0	0	0	0
Net debt/-cash	11.8	3.1	-10.8	-18.2	-25.2	-32.4
Minorities	0.1	0.2	0.2	0.2	0.2	0.2
Net equity	16.3	21.4	44.8	49.7	55.6	64.5
Minorities value	0.1	0.2	0.2	0.2	0.2	0.2
Enterprise value	NA	NA	156.9	121.2	114.2	107.0
Stock market ratios (x)	2019A	2020A	2021A	2022E	2023E	2024E
Adj. P/E	NA	NA	33.7	28.1	23.5	15.7
P/CFPS	NA	NA	18.6	14.6	12.9	10.4
P/BVPS	NA	NA	3.7	2.8	2.5	2.2
Payout (%)	0	0	0	0	0	0
Dividend yield (% ord)	NA	NA	0	0	0	0
FCF yield (%)	NA	NA	-2.0	5.3	5.0	5.2
EV/sales	NA	NA	3.6	2.4	2.0	1.6
EV/EBITDA	NA	NA	15.9	10.9	9.0	6.7
EV/EBIT	NA	NA	26.9	18.6	14.6	9.3
EV/CE	NA	NA	4.8	4.0	3.9	3.5
D/EBITDA	1.5	0.33	Neg.	Neg.	Neg.	Neg.
D/EBIT	3.3	0.56	Neg.	Neg.	Neg.	Neg.
Profitability & financial ratios (%)	2019A	2020A	2021A	2022E	2023E	2024E
EBITDA margin	22.2	21.7	22.6	22.4	22.7	24.0
EBIT margin	10.4	12.7	13.3	13.1	14.0	17.3
Tax rate	15.6	27.4	11.3	21.0	21.0	21.0
Net income margin	8.1	8.6	11.4	10.0	10.6	13.3
ROCE	12.6	22.5	17.8	21.5	26.9	37.5
ROE	18.9	20.0	15.0	10.5	11.2	14.7
Interest cover	-15.3	-20.3	-26.6	-29.7	-23.2	-34.2
Debt/equity ratio	71.7	14.4	Neg.	Neg.	Neg.	Neg.
Growth (%)		2020A	2021A	2022E	2023E	2024E
Sales		27.1	-0.7	13.1	13.3	19.1
EBITDA		24.2	3.7	11.9	14.9	26.0
EBIT		55.4	4.1	11.7	20.6	47.4
Pre-tax income		58.5	6.0	11.9	19.4	49.5
Net income		33.7	31.8	-0.3	19.4	49.5
Adj. net income		35.5	31.8	-0.3	19.4	49.5

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Company Snapshot

Company Description

Medica develops and manufactures disposables and electromedical equipment for blood purification, cardiology, organ transplant, bioregenerative medicine, urology, gastroenterology and oncology, water ultrafiltration and microfiltration devices for both home and hospitals/pharma applications and assembly technology for medical disposables production. In 2020, the group posted revenues of EUR 44.1M, adj. EBITDA of EUR 9.5M (a 21.7% margin) and net debt at EUR 3.1M.

Key data

Mkt price (EUR)	32.95	Free float (%)	20.1
No. of shares	4.22	Major shr	L. Fecondini
52Wk range (EUR)	NA/NA	(%)	57.5
Reuters	MDC.MI	Bloomberg	MDC IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-7.7	-1M	-4.8
-3M	13.6	-3M	24.8
-12M	NA	-12M	NA

Key Risks

Company specific risks:

- Limited sales network and geographical diversification
- Short-term backlog
- Low stock liquidity and market float

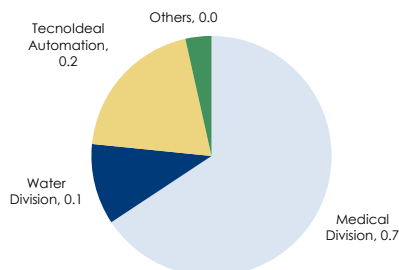
Sector generic risks:

- Competitive Haemodialysis market
- Possible changes in the regulatory framework
- New lockdown measures

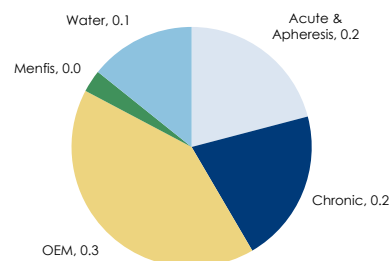
Estimates vs. consensus

EUR M (Y/E Dec)	2021A	2022E	2022C	2023E	2023C	2024E	2024C
Sales	43.77	49.49	49.00	56.06	55.78	66.76	65.88
EBITDA	9.90	11.07	11.04	12.71	12.86	16.02	15.66
EBIT	5.82	6.50	6.45	7.84	8.07	11.56	10.98
Pre-tax income	5.62	6.28	6.19	7.50	7.75	11.22	10.71
Net income	4.97	4.96	4.83	5.92	6.06	8.85	8.38
EPS (€)	1.18	1.17	1.15	1.40	1.44	2.10	1.99

Sales breakdown by division (%)



Sales breakdown by end market(%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 18/05/2022)

Company Update

OSAI Automation System

FY21 Results

OSAI was able to deliver a broadly stable VoP (-1.6% yoy) despite production and delivery slowdown and the low order backlog at YE20. Going forward, we believe that the solid order backlog at YE21 (EUR 21.2M, 2x that at YE20) could support the company's aim to return to the pre-Covid levels and further growth, mainly driven by the Semiconductor division.

FY21 results

OSAI reported results under IFRS for the first time. FY21 financials were still impacted by some production and delivery slowdowns and by a low order backlog at YE20 due to the pandemic. However, we appreciate that OSAI was able to deliver a broadly stable VoP (-1.6% yoy) and a positive net income despite the difficult situation (the pandemic, the components' shortage) particularly in 1H21, with a recovery in 2H21.

Outlook and estimates revision

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. The solid order backlog at YE21 (2x that at YE20) could support OSAI's aim to return to the pre-Covid levels, in our view, although we acknowledge that some effects related to supply chains, component shortages or the conflict in Ukraine could currently impact the company's activities in the coming months. 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); 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 incorporated in our FY23E-24E estimates. In our report of 6 April, we had raised our FY22E-24E estimates to take into account the IFRS effects and the solid demand.

Valuation

Our **target price is EUR 5.9/share**, including a EUR 0.9/share contribution from our updated valuation of the Re4M project. **BUY**.

24 May 2022: 7:44 CET
Date and time of production

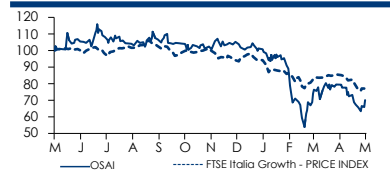
BUY

Target Price: EUR 5.9

Italy/Engineering & Machinery

EGM (ex-AIM)

Price Performance
(RIC: OSA.MI, BB: OSA IM)



OSAI Automation System - Key Data

Price date (market close)	18/05/2022		
Target price (EUR)	5.9		
Target upside (%)	73.53		
Market price (EUR)	3.40		
Market cap (EUR M)	54.35		
52Wk range (EUR)	5.53/2.58		
Price performance %	1M	3M	12M
Absolute	-9.3	-9.7	-28.9
Rel. to FTSE Italia Grov	0.9	0.5	-7.5
Y/E Dec (EUR M)	FY21A	FY22E	FY23E
Revenues	38.83	43.60	48.28
EBITDA	4.24	6.78	7.59
EBIT	1.32	4.11	4.59
Net income	0.91	2.46	2.80
EPS (EUR)	0.06	0.15	0.18
Net debt/-cash	11.06	12.58	10.63
Adj P/E (x)	87.8	22.1	19.4
EV/EBITDA (x)	21.4	9.9	8.6
EV/EBIT (x)	68.9	16.3	14.2
Div ord yield (%)	0	0	0

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

Intesa Sanpaolo Research Dept.

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Corporate Broking Research

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Y. Alaoui, A. Terazzi

OSAI Automation System – Key Data

Rating BUY	Target price (EUR/sh) Ord 5.9		Mkt price (EUR/sh) Ord 3.40			Sector Engineering & Machinery
Values per share (EUR)	2019A	2020A	2021A	2022E	2023E	2024E
No. ordinary shares (M)	14.00	14.00	15.99	15.99	15.99	15.99
Total no. of shares (M)	14.00	14.00	15.99	15.99	15.99	15.99
Market cap (EUR M)	NA	32.29	79.53	54.35	54.35	54.35
Adj. EPS	0.14	0.02	0.06	0.15	0.18	0.23
CFPS	-0.01	0.20	0.24	0.32	0.36	0.42
BVPS	0.49	0.94	1.0	1.2	1.4	1.6
Dividend ord	0	0	0	0	0	0
Income statement (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Revenues	35.26	31.94	38.83	43.60	48.28	54.14
EBITDA	5.29	3.35	4.24	6.78	7.59	8.80
EBIT	3.25	1.44	1.32	4.11	4.59	5.80
Pre-tax income	2.47	0.68	0.57	3.36	3.83	5.04
Net income	1.89	0.60	0.91	2.46	2.80	3.69
Adj. net income	1.89	0.35	0.91	2.46	2.80	3.69
Cash flow (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net income before minorities	1.9	0.6	0.9	2.5	2.8	3.7
Depreciation and provisions	-2.0	2.2	2.9	2.7	3.0	3.0
Others/Uses of funds	-1.7	0	0	0	0	0
Change in working capital	-1.7	1.0	-1.3	-3.2	0.0	0.9
Operating cash flow	-3.6	3.5	2.5	2.0	5.8	7.6
Capital expenditure	-3.0	-2.9	-4.4	-3.5	-3.9	-3.8
Financial investments	0	0	0	0	0	0
Acquisitions and disposals	0	0	0	0	0	0
Free cash flow	-6.6	0.6	-1.9	-1.5	1.9	3.8
Dividends	-0.2	-0.6	0	0	0	0
Equity changes & Non-op items	0	6.0	2.2	0	0	0
Net cash flow	-6.8	6.0	0.3	-1.5	1.9	3.8
Balance sheet (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net capital employed	24.3	24.7	27.4	31.4	32.3	32.2
of which associates	0	0	0	0	0	0
Net debt/-cash	17.4	11.4	11.1	12.6	10.6	6.9
Minorities	0	0	0	0	0	0
Net equity	6.9	13.2	16.4	18.8	21.6	25.3
Minorities value	0	0	0	0	0	0
Enterprise value	NA	43.7	90.6	66.9	65.0	61.2
Stock market ratios (x)	2019A	2020A	2021A	2022E	2023E	2024E
Adj. P/E	NA	93.1	87.8	22.1	19.4	14.7
P/CFPS	NA	11.7	20.8	10.6	9.4	8.1
P/BVPS	NA	2.4	4.9	2.9	2.5	2.1
Payout (%)	0	0	0	0	0	100
Dividend yield (% ord)	NA	0	0	0	0	0
FCF yield (%)	NA	1.8	-2.4	-2.8	3.6	6.9
EV/sales	NA	1.4	2.3	1.5	1.3	1.1
EV/EBITDA	NA	13.1	21.4	9.9	8.6	7.0
EV/EBIT	NA	30.4	68.9	16.3	14.2	10.6
EV/CE	NA	1.8	3.3	2.1	2.0	1.9
D/EBITDA	3.3	3.4	2.6	1.9	1.4	0.78
D/EBIT	5.4	7.9	8.4	3.1	2.3	1.2
Profitability & financial ratios (%)	2019A	2020A	2021A	2022E	2023E	2024E
EBITDA margin	15.0	10.5	10.9	15.5	15.7	16.2
EBIT margin	9.2	4.5	3.4	9.4	9.5	10.7
Tax rate	23.6	11.9	NM	26.8	26.8	26.8
Net income margin	5.4	1.9	2.3	5.6	5.8	6.8
ROCE	13.4	5.8	4.8	13.1	14.2	18.0
ROE	29.9	5.9	6.1	14.0	13.9	15.7
Interest cover	4.2	1.9	1.8	5.5	6.0	7.6
Debt/equity ratio	253.9	86.4	67.6	66.8	49.2	27.1
Growth (%)		2020A	2021A	2022E	2023E	2024E
Sales		-9.4	21.5	12.3	10.7	12.1
EBITDA		-36.7	26.5	60.0	12.0	15.9
EBIT		-55.8	-8.4	NM	11.8	26.2
Pre-tax income		-72.6	-16.4	NM	14.1	31.5
Net income		-68.5	52.0	NM	14.1	31.5
Adj. net income		-81.7	NM	NM	14.1	31.5

Results are reported according to ITA GAAP until FY20A and IFRS-based since 2021A; NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Company Snapshot

Company Description

OSAI Automation System SpA engages in the provision of industrial automation solutions. It operates through the following divisions: Automation, Electronic, Semiconductor, Laser and After Sales. The Automation division designs modular benches, rotary tables, semi-automated systems, modules, and feeders. The Electronic division produces machines for assembly, marking, router depaneling, and laser depaneling. The Semiconductor division provides sensor testing equipment, power devices, and burn-in loaders and unloaders. The Laser division manufactures laser marking, laser welding, laser plastic welding, and laser cutting systems. The company was founded by Carlo Ferrero in 1991 and is headquartered in Parella (Turin), Italy.

Key data

Mkt price (EUR)	3.40	Free float (%)	44.7
No. of shares	15.99	Major shr	FERRERO MIRELLA
52Wk range (EUR)	5.53/2.58	(%)	51.6
Reuters	OSA.MI	Bloomberg	OSA IM
Performance (%)	Absolute	Rel. FTSE Italia Growth	
-1M	-9.3	-1M	0.9
-3M	-9.7	-3M	0.5
-12M	-28.9	-12M	-7.5

Key Risks

Company specific risks:

- Relatively high risk of technological obsolescence
- Long duration of orders
- dependence on highly specialized personnel

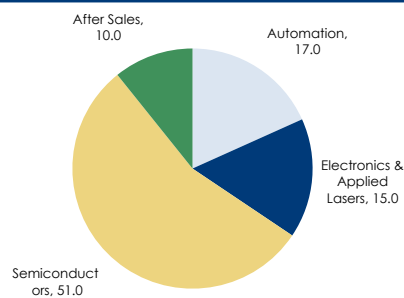
Sector generic risks:

- competition
- high cyclicality
- shortage of some raw materials and electronics components

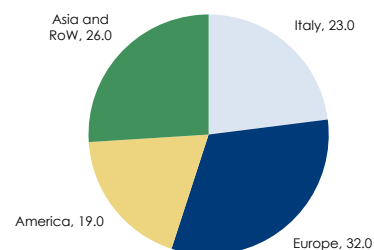
Estimates vs. consensus

EUR M (Y/E Dec)	2021A	2022E	2022C	2023E	2023C	2024E
Sales	38.83	43.60	40.88	48.28	47.58	54.14
EBITDA	4.24	6.78	5.59	7.59	7.26	8.80
EBIT	1.32	4.11	NA	4.59	NA	5.80
Pre-tax income	0.57	3.36	NA	3.83	NA	5.04
Net income	0.91	2.46	NA	2.80	NA	3.69
EPS	0.06	0.15	NA	0.18	NA	0.23

FY21A VoP breakdown by division (%)



FY21A Revenues breakdown by geography (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 18/05/2022)

Company Update

Pattern

Strengthening its Presence across Segments

Pattern reported FY21 results above our expectations at the operating level. We revised our estimates to incorporate the two new acquisitions completed in 2022 in knitwear and leather accessories. 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.

New acquisitions to strengthen the 'Italian Hub of Luxury Fashion Engineering'

Pattern recently consolidated its presence across different segments of absolute luxury fashion thanks to two acquisitions, in line with its stated strategy to create an 'Italian Hub of Luxury Fashion Engineering': i) through SMT, Pattern acquired Zanni, specialised in prototyping and the production of seamless-3D external knitwear with whole garment technology; and ii) the subsidiary Idee acquired 70% of the share capital of RGB, active in the manufacturing and production of leather accessories.

FY21 results

The group had already released its preliminary revenues (EUR 69.5M) and net cash in February. Pattern maintained a solid performance in 2H21, thanks to both organic and external growth, with knitwear growing by 41.5% yoy in FY21 and fabric products rebounding as well (+25.9% yoy in FY21). The key results were: i) value of production +34.2% yoy to EUR 72.5M; ii) EBITDA at EUR 7.7M with a margin of 11.1% vs. EUR 5.4M posted in FY20 (a 10% margin); iii) net profit at EUR 3M vs. EUR 2.3M in FY20, benefitting from the acquisition of a further 29% stake in SMT; and iv) net cash at YE21 of EUR 3.1M, despite the investments carried out in 2021 and the M&A strategy. The AGM approved the payment of a dividend of EUR 0.071/share (ex-dividend date 23 May; record date 24 May; payment date 25 May).

Estimates revision and valuation

In our report of 12 April, we had revised our estimates to include the Zanni and RGB acquisitions, with an increase in the top line in FY22E-23E of +12.2% and 16.8%, respectively, and a reduction in the EBITDA margin (now at 10.3% in FY22E; 11.2% in FY23E). We also had revised downwards our estimate on the net financial position to embed the outlay for the two acquisitions and the dividend cash-out in FY22E. For FY24E, we forecast: 1) revenues up 10% yoy to EUR 118.6M; 2) EUR 13.8M EBITDA (an 11.6% margin); 3) EUR 10.6M EBIT; and 4) EUR 7.3M net income. Our target price is EUR 7.8/share. BUY.

24 May 2022: 7:44 CET
Date and time of production

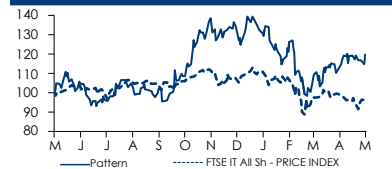
BUY

Target Price: EUR 7.8

Italy/Branded Goods

EGM (ex-AIM)

Price Performance
(RIC: PTRN.MI, BB: PTR IM)



Pattern - Key Data

Price date (market close)	18/05/2022
Target price (EUR)	7.8
Target upside (%)	33.56
Market price (EUR)	5.84
Market cap (EUR M)	82.20
52Wk range (EUR)	6.80/4.55

Price performance %	1M	3M	12M
Absolute	8.6	-5.2	19.7
Rel. to FTSE IT All Sh	11.9	4.1	23.9

Y/E Dec (EUR M)	FY21A	FY22E	FY23E
Revenues	69.51	92.44	107.8
EBITDA	7.69	9.53	12.09
EBIT	5.27	6.38	8.94
Net income	3.00	4.35	6.08
EPS (EUR)	0.21	0.31	0.43
Net debt/-cash	-3.11	0.30	-5.97
Adj P/E (x)	23.9	18.9	13.5
EV/EBITDA (x)	9.9	9.6	7.1
EV/EBIT (x)	14.5	14.4	9.7
Div ord yield (%)	1.4	0.9	0.9

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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Corporate Broking Research

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Y. Alaoui, A. Terazzi

Pattern – Key Data

Rating	Target price (EUR/sh)		Mkt price (EUR/sh)			Sector
BUY	Ord 7.8		Ord 5.84			Branded Goods
Values per share (EUR)	2019A	2020A	2021A	2022E	2023E	2024E
No. ordinary shares (M)	13.62	13.62	14.08	14.08	14.08	14.08
Total no. of shares (M)	13.62	13.62	14.08	14.08	14.08	14.08
Market cap (EUR M)	50.99	53.31	71.63	82.20	82.20	82.20
Adj. EPS	0.33	0.16	0.21	0.31	0.43	0.52
CFPS	0.31	0.30	0.39	0.53	0.66	0.74
BVPS	1.3	1.5	1.8	2.1	2.5	3.1
Dividend ord	0.05	0.03	0.07	0.05	0.05	0.05
Income statement (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Revenues	55.60	52.58	69.51	92.44	107.8	118.6
EBITDA	5.94	5.38	7.69	9.53	12.09	13.78
EBIT	5.49	3.57	5.27	6.38	8.94	10.63
Pre-tax income	5.44	3.45	5.14	6.28	8.84	10.53
Net income	3.79	2.27	3.00	4.35	6.08	7.33
Adj. net income	4.68	2.27	3.00	4.35	6.08	7.33
Cash flow (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net income before minorities	3.8	3.0	3.7	5.0	7.1	8.4
Depreciation and provisions	0.5	1.8	2.4	3.2	3.2	3.2
Others/Uses of funds	0	0	0	0	0	0
Change in working capital	-0.3	-1.8	-0.9	-3.2	-0.2	0.4
Operating cash flow	4.0	3.0	5.2	4.9	10.1	12.0
Capital expenditure	-1.3	-1.5	-1.4	-2.1	-2.2	-2.4
Financial investments	0	0	0	0	0	0
Acquisitions and disposals	0	-4.4	-8.8	-5.3	-0.9	-0.9
Free cash flow	2.7	-2.9	-5.0	-2.4	7.0	8.7
Dividends	0	-0.7	-0.5	-1.0	-0.7	-0.7
Equity changes & Non-op items	5.5	0.0	-0.2	0	0	0
Net cash flow	8.2	-3.6	-5.7	-3.4	6.3	8.0
Balance sheet (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net capital employed	5.0	12.1	22.1	29.5	29.6	29.3
of which associates	0	0	0	0	0	0
Net debt/-cash	-12.4	-8.8	-3.1	0.3	-6.0	-14.0
Minorities	0	2.0	2.7	3.3	4.3	5.4
Net equity	17.4	18.9	22.5	25.8	31.2	37.8
Minorities value	0	0	0	0	0	0
Enterprise value	38.6	49.6	76.1	91.9	86.3	78.5
Stock market ratios (x)	2019A	2020A	2021A	2022E	2023E	2024E
Adj. P/E	11.3	24.3	23.9	18.9	13.5	11.2
P/CFPS	12.0	13.0	13.2	11.0	8.9	7.8
P/BVPS	2.9	2.5	2.9	2.8	2.3	1.9
Payout (%)	15	20	33	16	12	10
Dividend yield (% ord)	1.3	0.8	1.4	0.9	0.9	0.9
FCF yield (%)	5.2	-5.4	-7.0	-2.9	8.5	10.6
EV/sales	0.69	0.94	1.1	0.99	0.80	0.66
EV/EBITDA	6.5	9.2	9.9	9.6	7.1	5.7
EV/EBIT	7.0	13.9	14.5	14.4	9.7	7.4
EV/CE	7.7	4.1	3.5	3.1	2.9	2.7
D/EBITDA	Neg.	Neg.	Neg.	0.03	Neg.	Neg.
D/EBIT	Neg.	Neg.	Neg.	0.05	Neg.	Neg.
Profitability & financial ratios (%)	2019A	2020A	2021A	2022E	2023E	2024E
EBITDA margin	10.7	10.2	11.1	10.3	11.2	11.6
EBIT margin	9.9	6.8	7.6	6.9	8.3	9.0
Tax rate	30.2	13.2	28.5	20.0	20.0	20.0
Net income margin	6.8	4.3	4.3	4.7	5.6	6.2
ROCE	109.6	29.4	23.9	21.6	30.2	36.3
ROE	31.0	12.5	14.5	18.0	21.3	21.2
Interest cover	100.6	31.9	42.1	63.8	89.4	106.3
Debt/equity ratio	Neg.	Neg.	Neg.	1.0	Neg.	Neg.
Growth (%)		2020A	2021A	2022E	2023E	2024E
Sales		-5.4	32.2	33.0	16.7	10.0
EBITDA		-9.4	42.8	23.9	26.8	14.0
EBIT		-35.1	47.7	21.1	40.1	18.9
Pre-tax income		-36.5	48.9	22.1	40.7	19.1
Net income		-40.1	32.1	45.0	39.7	20.7
Adj. net income		-51.5	32.1	45.0	39.7	20.7

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Company Snapshot

Company Description

Pattern S.p.A. is one of the leading operators in Italy in the luxury outerwear fashion engineering segment. Specifically, the company is engaged in the pattern-making, engineering, prototyping and production of garments destined for high-end runway collections. The reference market is represented by luxury clothing in general, for both men and women, and specifically the 'absolute luxury' brands segment, which generally outsources the engineering and production processes to third-party suppliers. 2021 Group Revenues are mainly generated internationally (around 65% in Europe), while the production phases are mostly performed in Italy.

Key data

Mkt price (EUR)	5.84	Free float (%)	24.7
No. of shares	14.08	Major shr	Bo.Ma.
52Wk range (EUR)	6.80/4.55	(%)	53.4
Reuters	PTRN.MI	Bloomberg	PTR IM
Performance (%)	Absolute	Rel. FTSE IT All Sh	
-1M	8.6	-1M	11.9
-3M	-5.2	-3M	4.1
-12M	19.7	-12M	23.9

Key Risks

Company specific risks:

- Clients concentration, however mitigated by the new acquisitions
- Production scarcity
- Exposure to the fashion markets key trends and correlation to fashion show success

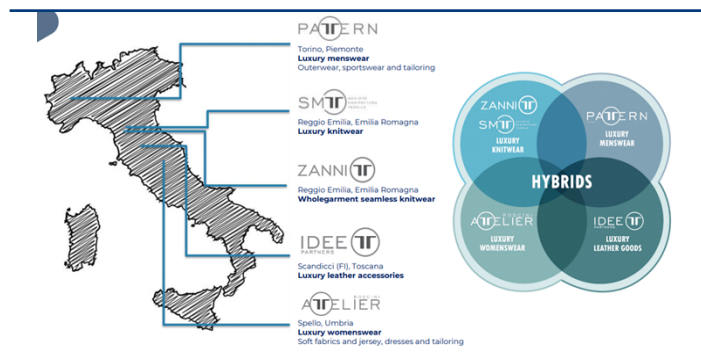
Sector generic risks:

- Highly-dependent on very skilled personnel
- Downturn in the fashion industry market
- Internalisation of engineering and production processes by the fashion luxury brands

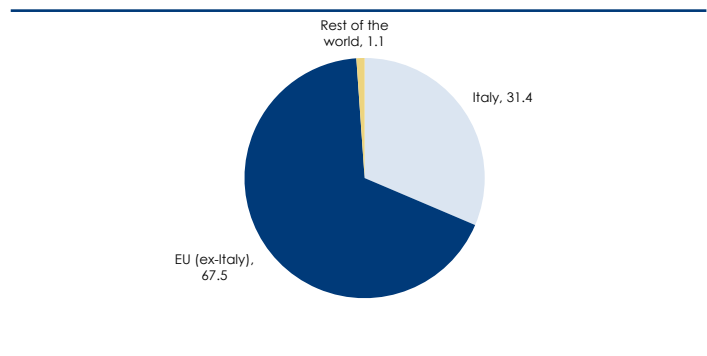
Estimates vs. consensus

EUR M (Y/E Dec)	2021A	2022E	2023E	2024E
Sales	69.51	92.44	107.8	118.6
EBITDA	7.69	9.53	12.09	13.78
EBIT	5.27	6.38	8.94	10.63
Pre-tax income	5.14	6.28	8.84	10.53
Net income	3.00	4.35	6.08	7.33
EPS	0.21	0.31	0.43	0.52

The Italian Hub of Luxury Fashion Engineering*



FY20 Consolidated revenues - Breakdown by geography (%)



*prior to the acquisition of RGB by Idee; Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 18/05/2022)

Company Update

MID CORPORATE

REVO

24 May 2022: 7:44 CET

Date and time of production

2022-25 Business Plan: Towards the Future!

No Rating

At end-November 2021, REVO completed the acquisition of 100% of Elba Assicurazioni, an Italian P&C insurance company specialised in the bond and surety business and representing the platform to implement REVO's strategy of developing a specialty lines' business for SMEs, together with parametric risks, also leveraging on an insurtech profile, as outlined in the recently-presented 2022-25 business plan. Our 2025E estimates are basically aligned with the plan's targets, with GWP in excess of EUR 300M and an operating profit close to EUR 60M.

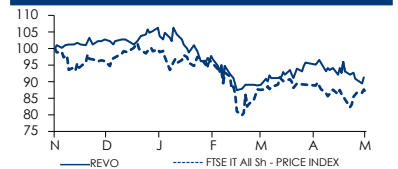
Italy/Financials (SPAC)

2022-25 Business Plan: strong growth targeted in GWP and operating profit

EGM (ex-AIM)

Price Performance
(RIC: REVO.MI, BB: REVO IM)

On 31 March 2022, REVO presented its 2022-25 business plan, centred on an insurance offer based on specialty lines and parametric risks, starting from the development of the lines of business currently underwritten by Elba Assicurazioni (mainly bond and surety lines), following the completion of the business combination at end-November 2021. REVO's main financial targets by 2025 are: 1) an operating ROE higher than 18%; 2) a high level of capital strength, with a Solvency II ratio at least between 180% and 200%; 3) 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); 4) a portfolio loss ratio equal to approximately 45%; and 5) an operating result approx. 3x higher than the one reached by Elba Assicurazioni in 2021 (EUR 21.5M). REVO aims to start a dividend distribution policy as early as 2024 on 2023 earnings. It has developed a proprietary technological, flexible, cloud-based, open platform called OverX, a critical success factor, according to the company, in the current competitive insurance context.



REVO - Key Data

Price date (market close)	18/05/2022
Market price (EUR)	9.02
Market cap (EUR M)	201.15
52Wk range (EUR)	NA/NA

Outlook and estimates

Price performance %	1M	3M	12M
Absolute	-5.1	-5.6	NA
Rel. to FTSE IT All Sh	-2.1	3.6	NA

According to REVO's indications, Elba Assicurazioni has had a good start to 2022, with approx. +8% in GWP, up to EUR 13.9M, in the first two months of the year, an improvement in the loss ratio (13.1%) vs. FY21A (14.5%) and a Solvency ratio stable at above 270% at end-February. Our estimates are close to the company's targets, with 2025E GWP of almost EUR 310M and an operating profit of EUR 58.9M.

Y/E Dec (EUR M)	FY21A	FY22E	FY23E
Total premiums	77.5	120.0	176.6
Underwriting res	20.91	11.84	23.76
Net comb. ratio (%)	47.8	82.6	78.4
Net income	14.3	3.5	13.5
Adj EPS (EUR)	0.64	0.34	0.73
Solv. II ratio (%)	274.1	226.8	209.3
Adj P/E (x)	15.6	26.7	12.3
P/TBV (x)	3.1	1.1	1.0
ROTE (%)	22.0	5.8	8.5
Div ord yield (%)	0	0	1.3

Valuation

After the bulk of investments and the launch of new business lines in the current year, 2023 is set to represent the first real year of the new company. We identify a fair valuation range for REVO of around EUR 215-257M.

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

Intesa Sanpaolo Research Dept.

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Financial Team

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REVO – Key Data

Rating No Rating	Mkt price (EUR/sh) Ord 9.02					Financials	Sector (SPAC)
Values per share (EUR)	2019A	2020A	2021A	2022E	2023E		2024E
No. ordinary shares (M)	22.30	22.30	22.30	22.30	22.30		22.30
Total no. of shares (M)	22.30	22.30	22.30	22.30	22.30		22.30
Market cap (EUR M)	NA	NA	223.38	201.15	201.15		201.15
Adj. EPS	0.57	0.58	0.64	0.34	0.73		1.23
BVPS	2.17	2.75	3.30	8.82	9.43		10.44
TBVPS	2.06	2.64	3.20	8.41	8.90		9.84
DPS-ordinary shares	0	0	0	0	0.12		0.28
Dividend payout (%)	0	0	0	0	20.0		25.0
Income Statement (EUR M)	2019A	2020A	2021A	2022E	2023E		2024E
Total premiums	71.2	68.3	77.5	120.0	176.6		238.9
Non-life underwriting result	18.7	20.2	20.9	11.8	23.8		38.5
Pre-tax income	18.3	18.7	20.6	5.1	19.8		36.8
Non-life pre-tax income	18.3	18.9	20.6	5.1	19.8		36.8
Life pre-tax income	0	0	0	0	0		0
Net income	12.6	13.0	14.3	3.5	13.5		25.2
Adjusted net income	12.6	13.0	14.3	7.5	16.4		27.4
Balance sheet and other (EUR M)	2019A	2020A	2021A	2022E	2023E		2024E
Net investments	97.8	91.7	121.3	168.0	237.5		313.1
Net technical reserves	60.9	61.8	69.0	102.7	158.5		224.2
Net technical reserves non-life	60.9	61.8	69.0	102.7	158.5		224.2
Net technical reserves life	0	0	0	0	0		0
Life net inflows	0	0	0	0	0		0
Excess of investments	37.0	29.9	52.3	65.3	79.0		88.8
Net invested capital	48.4	61.4	73.7	196.7	210.2		232.7
Financial debt	0	0	0	0	0		0
Shareholders' net equity	48.4	61.4	73.7	196.7	210.2		232.7
Excess capital	44.4	44.4	57.0	46.0	39.6		45.2
Stock Market Ratios (x)	2019A	2020A	2021A	2022E	2023E		2024E
P/E	NA	NA	15.6	57.1	14.9		8.0
Adj. P/E	NA	NA	15.6	26.7	12.3		7.3
P/BVPS	NA	NA	3.03	1.02	0.96		0.86
P/TBV	NA	NA	3.13	1.07	1.01		0.92
Dividend yield (% ord)	NA	NA	0	0	1.3		3.1
Profitability & financial ratios (%)	2019A	2020A	2021A	2022E	2023E		2024E
Gross premiums life/total premiums	0	0	0	0	0		0
Net retention total business	47.1	54.9	52.7	56.8	62.2		66.8
Net loss ratio (non life)	19.6	15.6	14.5	39.7	42.3		44.0
Net expense ratio (non-life)	25.3	26.4	28.9	38.4	31.7		27.7
Net combined ratio	48.9	47.0	47.8	82.6	78.4		75.9
Cover ratio	181.6	164.8	169.1	150.7	144.4		140.5
Life expense ratio	0	0	0	0	0		0
Tax rate	31.0	30.6	30.4	31.5	31.5		31.5
ROE	26.2	23.7	21.2	5.6	8.0		12.4
ROTE	27.5	24.8	22.0	5.8	8.5		13.1
Net profit/total reserves	41.6	21.2	21.9	8.8	12.5		14.3
Solvency	302.2	243.3	274.1	226.8	209.3		208.1
Leverage	0	0	0	0	0		0
Interest coverage (x)	0	0	0	0	0		0
Revenues breakdown (EUR M)	2019A	2020A	2021A	2022E	2023E		2024E
Non-life premiums	71.20	68.29	77.53	120.0	176.6		238.9
Life premiums	0.00	0.00	0.00	0.00	0.00		0.00
Growth (%)		2020A	2021A	2022E	2023E		2024E
Adj. EPS		2.8	10.0	-47.4	NM		67.5
Non-life premiums		-4.1	13.5	54.8	47.1		35.3
Life premiums		NA	NA	NA	NA		NA
Non-life reserves		1.6	11.6	48.8	54.4		41.4
Life reserves		NA	NA	NA	NA		NA

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Company Snapshot

Company Description

Revo SpA operates as a special purpose acquisition company, which provides insurance coverage focusing on specialty lines and parametric risk cover primarily dedicated to small and medium-sized enterprises. It concluded a business combination with Elba Assicurazioni, active in some of the specialty lines (mainly bond, surety and engineering) REVO's management aims to develop. By end-2022 the reverse merger of REVO into Elba and the subsequent translisting to STAR segment from EGM should be completed.

Key data

Mkt price (EUR)	9.02	Free float (%)	79.8
No. of shares	22.30	Major shr	CariVR, SCOR, Yafa
52Wk range (EUR)	NA/NA	(%)	6.7
Reuters	REVO.MI	Bloomberg	REVO IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-5.1	-1M	-2.1
-3M	-5.6	-3M	3.6
-12M	NA	-12M	NA

Key Risks

Company specific risks:

- The possibility of not achieving the business plan targets
- Cyclical business
- Limited liquidity until the stock is listed on EGM market

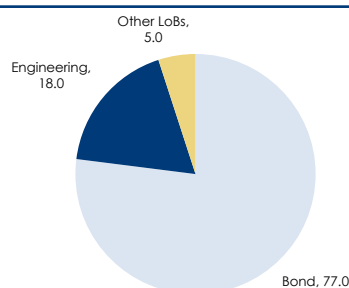
Sector generic risks:

- Possible severe economic cycle downturn
- A potential widening of the BTP-Bund spread in a still low-yield environment in Europe
- The impact on profitability and capital from competition and potential changes in regulation

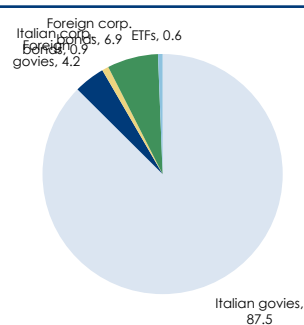
Estimates vs. consensus

EUR M (Y/E Dec)	2021A	2022E	2023E	2024E
Premiums	78	120	177	239
PBT	20.56	5.14	19.76	36.80
Net income	14.31	3.52	13.54	25.21
Adj. EPS (€)	0.64	0.34	0.73	1.23
Net comb. ratio. (%)	47.80	82.63	78.35	75.89
Solv. ratio. (%)	274.1	226.8	209.3	208.1

Elba Premiums' breakdown (%)



Elba Inv. portfolio breakdown (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 18/05/2022)

Company Update

Technoprobe

A Crucial Technology for the Semiconductor Industry

Technoprobe is specialised in the design, development and manufacturing of probe cards, which are complex high technology systems to test the chips of semiconductor manufacturers worldwide. We highlight that without these tests, a chip cannot be sold to customers nor can a new innovative chip be commercialised. Thanks to a vertically-integrated business model, technological leadership and proximity to the client, Technoprobe boasts a better profitability and a competitive advantage vs. peers, and we see it as well positioned to ride the expected growth wave of the semiconductor testing industry.

Positives

We believe that Technoprobe can leverage on some company-specific positives, including: 1) technological leadership and product innovation, which has allowed it to become the second player worldwide and to establish long-term relationships with its customers; 2) its proximity to customers, thanks to a presence in 10 countries, which is difficult for smaller players to duplicate; 3) a full control of the entire value chain, from the design of new probe cards to the production machinery, including lasers. This allows it to meet customers' needs faster than peers and record better profitability; and 4) high entry barriers to the sector as a result of the significant investments in R&D and production plants, the stringent quality requirements on tailored products, and a lengthy qualification process.

Risks

We note some possible business risks, including: 1) failure to keep up with customer demands for new, more complex probe cards; 2) entry of new players, given the attractiveness of the probe card market. High entry barriers and industry consolidation are mitigants; 3) a strong concentration of clients: the top-3 represent 56% of 2020 revenues, top-10 clients 89%; 4) the cyclicity of the semiconductor industry; and 5) the current geopolitical tensions that could put some raw materials' supply used in the semiconductor industry under further pressure.

Estimates and valuation

We forecast an 18.2% 2020A-24E revenues CAGR, driven by faster than market growth in the probe card segment and by the expansion of lateral products, and an EBITDA margin expansion of 30bps. With a D&A in FY21E-24E increasing for the important capex roll-out in FY20A-22E to expand capacity and support the start of the activities in lateral products, and a 26% tax rate, we assume a 2020A-24E net income CAGR of 19.9%. **EUR 9.0/share target price; BUY.**

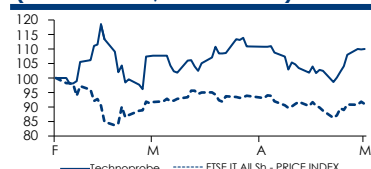
24 May 2022: 7:44 CET
Date and time of production

BUY

Target Price: EUR 9.0

Italy/Semiconductors&Equipment
Update

Price Performance (RIC: TPRO.MI, BB: TPRO IM)



Technoprobe - Key Data

Price date (market close)	18/05/2022
Target price (EUR)	9.0
Target upside (%)	25.87
Market price (EUR)	7.15
Market cap (EUR M)	4,297.2
52Wk range (EUR)	NA/NA

Price performance %	1M	3M	12M
Absolute	-0.8	10.0	NA
Rel. to FTSE IT All Sh	2.3	20.8	NA

Y/E Dec (EUR M)	FY20A	FY21E	FY22E
Revenues	329.5	390.4	450.4
EBITDA	158.9	175.5	205.3
EBIT	142.4	153.5	178.3
Net income	101.2	113.2	131.4
EPS (EUR)	0.17	0.19	0.22
Net debt/-cash	-121.1	-135.3	-346.3
Adj P/E (x)	NA	38.0	32.7
EV/EBITDA (x)	NA	23.7	19.2
EV/EBIT (x)	NA	27.1	22.2
Div ord yield (%)	NA	0.1	0.4

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

Intesa Sanpaolo Research Dept.

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Technoprobe – Key Data

Rating	Target price (EUR/sh)		Mkt price (EUR/sh)		Sector	
BUY	Ord 9.0		Ord 7.15		Semiconductors&Equipment	
Values per share (EUR)	2018A	2019A	2020A	2021E	2022E	2023E
No. ordinary shares (M)	601.0	601.0	601.0	601.0	601.0	601.0
Total no. of shares (M)	601.0	601.0	601.0	601.0	601.0	601.0
Market cap (EUR M)	NA	NA	NA	4,297.2	4,297.2	4,297.2
Adj. EPS	0.15	0.11	0.17	0.19	0.22	0.29
CFPS	0	0.13	0.20	0.23	0.26	0.34
BVPS	0	0.40	0.54	0.72	1.2	1.4
Dividend ord	0.78	0	0.03	0.01	0.03	0.04
Income statement (EUR M)	2018A	2019A	2020A	2021E	2022E	2023E
Revenues	0.00	204.4	329.5	390.4	450.4	552.0
EBITDA	0.00	85.80	158.9	175.5	205.3	265.3
EBIT	0.00	73.75	142.4	153.5	178.3	238.3
Pre-tax income	0.00	77.98	136.8	153.5	178.3	238.3
Net income	0.00	65.15	101.2	113.2	131.4	175.6
Adj. net income	88.00	65.15	101.2	113.2	131.4	175.6
Cash flow (EUR M)	2018A	2019A	2020A	2021E	2022E	2023E
Net income before minorities	0	66.1	101.6	113.6	131.9	176.3
Depreciation and provisions	0	12.0	16.5	22.0	27.0	27.0
Others/Uses of funds	0	9.7	17.6	-31.3	0	0
Change in working capital	0	-51.1	-36.3	-22.1	-16.8	-22.7
Operating cash flow	0	36.8	99.5	82.2	142.1	180.6
Capital expenditure	0	-37.4	-51.7	-65.0	-60.0	-35.0
Financial investments	0	-19.3	0	0	0	0
Acquisitions and disposals	0	0	0	0	0	0
Free cash flow	0	-19.9	47.8	17.2	82.1	145.6
Dividends	0	-9.5	-11.0	-3.0	-13.6	-15.8
Equity changes & Non-op items	0	0	-5.0	0	142.5	0
Net cash flow	0	-29.4	31.8	14.2	211.0	129.8
Balance sheet (EUR M)	2018A	2019A	2020A	2021E	2022E	2023E
Net capital employed	0	150.7	203.1	299.5	349.3	380.0
of which associates	0	0	0	0	0	0
Net debt/-cash	0	-89.3	-121.1	-135.3	-346.3	-476.2
Minorities	0	0	0	0	0	0
Net equity	0	240.0	324.2	434.8	695.7	856.2
Minorities value	0	0	0	0	0	0
Enterprise value	NA	NA	NA	4,161.8	3,950.8	3,821.0
Stock market ratios (x)	2018A	2019A	2020A	2021E	2022E	2023E
Adj. P/E	NA	NA	NA	38.0	32.7	24.5
P/CFPS	NA	NA	NA	31.7	27.0	21.1
P/BVPS	NA	NA	NA	9.9	6.2	5.0
Payout (%)	0	10	17	3	12	12
Dividend yield (% ord)	NA	NA	NA	0.1	0.4	0.5
FCF yield (%)	NA	NA	NA	0.4	1.9	3.4
EV/sales	NA	NA	NA	10.7	8.8	6.9
EV/EBITDA	NA	NA	NA	23.7	19.2	14.4
EV/EBIT	NA	NA	NA	27.1	22.2	16.0
EV/CE	NA	NA	NA	13.9	11.3	10.1
D/EBITDA	NM	Neg.	Neg.	Neg.	Neg.	Neg.
D/EBIT	NM	Neg.	Neg.	Neg.	Neg.	Neg.
Profitability & financial ratios (%)	2018A	2019A	2020A	2021E	2022E	2023E
EBITDA margin	NM	42.0	48.2	45.0	45.6	48.1
EBIT margin	NM	36.1	43.2	39.3	39.6	43.2
Tax rate	NM	15.2	25.7	26.0	26.0	26.0
Net income margin	NM	31.9	30.7	29.0	29.2	31.8
ROCE	NM	48.9	70.1	51.3	51.0	62.7
ROE	NM	54.3	35.9	29.8	23.2	22.6
Interest cover	NM	-59.5	1,924.5	-153.5	NM	NM
Debt/equity ratio	NM	Neg.	Neg.	Neg.	Neg.	Neg.
Growth (%)	2018A	2019A	2020A	2021E	2022E	2023E
Sales	NA	NA	61.3	18.5	15.4	22.6
EBITDA	NA	NA	85.3	10.4	16.9	29.2
EBIT	NA	NA	93.1	7.8	16.1	33.7
Pre-tax income	NA	NA	75.5	12.2	16.1	33.7
Net income	NA	NA	55.4	11.8	16.1	33.7
Adj. net income	NA	-26.0	55.4	11.8	16.1	33.7

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Company Snapshot

Company Description

Technoprobe operates in the market of probe cards used to test microchips in the production chain of the main semiconductor manufacturers worldwide. The company sells advanced testing solutions with applications in multiple end-markets. Technoprobe is currently the second-largest manufacturer of probe cards in the world, in terms of volumes and turnover. Thanks to a continuous innovation process and its state-of-the-art products, Technoprobe has expanded steadily, opening branches worldwide as it understood the importance of being 'close to the customer' in the countries where semiconductor manufacturers are based. Today, the company counts on over 2,200 employees. Technoprobe's production is mainly in Italy (3 out of 5 manufacturing plants in EMEA are located in Italy), but the company has also established some plants worldwide, namely in France, the US, China, Singapore, South Korea, Taiwan and the Philippines. It also has sales offices in France, Germany, China, South Korea, Japan, Taiwan, Singapore and the Philippines.

Key data

Mkt price (EUR)	7.15	Free float (%)	20.8
No. of shares	601.0	Major shr	T-PLUS
52Wk range (EUR)	NA/NA	(%)	66.0
Reuters	TPRO.MI	Bloomberg	TPRO IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-0.8	-1M	2.3
-3M	10.0	-3M	20.8
-12M	NA	-12M	NA

Key Risks

Company specific risks:

- Technological evolution is the main risk, however, thus far, the company has always been a technological frontrunner
- Limited possibilities to improve an already high profitability
- Production capacity close to saturation, but the company is investing in enlarge it

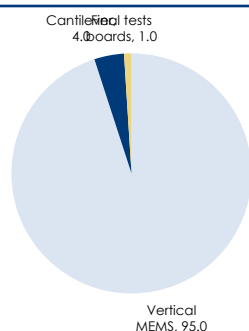
Sector generic risks:

- The probe cards market is attractive and could stimulate the entry of new competitors. However, the entry barriers are high and a concentration is ongoing
- Cyclicalities of the semiconductor industry
- The geopolitical tensions between Russia and Ukraine is putting under pressure the supply of some raw materials used in the semiconductor industry, such as palladium and neon. This could trigger price increases and supply inefficiencies in the semiconductor industry

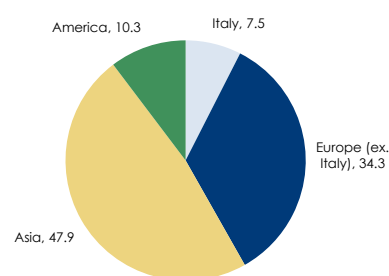
Estimates vs. consensus

EUR M (Y/E Dec)	2020A	2021E	2022E	2023E
Sales	329.5	390.4	450.4	552.0
EBITDA	158.9	175.5	205.3	265.3
EBIT	142.4	153.5	178.3	238.3
Pre-tax income	136.8	153.5	178.3	238.3
Net income	101.2	113.2	131.4	175.6
EPS	0.17	0.19	0.22	0.29

Revenues breakdown by products (%)



Revenues breakdown by geography (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 18/05/2022)

Company Update

TraWell

Better than Expected FY21 Results

TraWell's FY21 result came well above our expectations, with a sound profitability recovery in 2H21. The company is now in a better shape compared to peers and is ready to participate in new tenders, while the renewal of the concession in Miami should increase profitability. Still, the question mark of Russia, where TraWell generated around 40% of sales in FY21, remains open.

FY21 results

We were impressed by the strength of 2H21: sales increased by 52% and EBITDA margin topped 19.6%, thanks to successful cost cutting actions and the renegotiations of concessions, which significantly reduced the royalties paid to airports, leading to the first positive net result since the Covid-19 outbreak. Moreover, the average duration of the concession portfolio rose to 2.5 years from 1.9 years at Dec-20.

Outlook and estimates

TraWell was able to face the Covid-19 tsunami and now has significant growth opportunities in our view: 1) the air traffic outlook is improving; 2) its sound net financial position and the increased reliability of the company should favour TraWell in winning new tenders; 3) the reopening of flights to Cuba should strongly increase revenues at Miami, its main airport; and 4) lower royalties should increase profitability. However, the evolution of the Russian situation is unpredictable, and this could jeopardise our forecasts (which already include a significant slowdown in Russia). We have recently significantly increased our EBITDA 2022-23 estimates (and added 2024E) with margins at around 12%.

Valuation

Our ADD rating and target price of EUR 7.3/share reflects our new recently revised estimates and new DCF parameters. TraWell presents attractive opportunities and could be an attractive re-opening play but has also a significant risk given its exposure to Russia, which limits the potential upside.

24 May 2022: 7:44 CET
Date and time of production

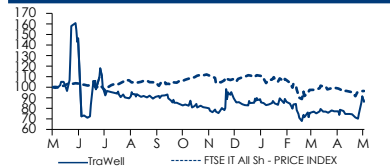
ADD

Target Price: EUR 7.3

Italy/Airport Services

EGM (ex-AIM)

Price Performance
(RIC: TWL.MI, BB: TWL IM)



TraWell - Key Data

Price date (market close)	18/05/2022
Target price (EUR)	7.3
Target upside (%)	14.06
Market price (EUR)	6.40
Market cap (EUR M)	15.87
52Wk range (EUR)	11.5/4.9

Price performance %	1M	3M	12M
Absolute	15.9	4.6	-10.5
Rel. to FTSE IT All Sh	19.6	14.9	-7.3

Y/E Dec (EUR M)	FY21A	FY22E	FY23E
Revenues	20.03	25.82	33.94
EBITDA	2.31	3.04	4.03
EBIT	1.03	1.72	2.66
Net income	-0.57	0.90	1.58
EPS (EUR)	-0.23	0.36	0.64
Net debt/-cash	9.30	8.26	6.10
Adj P/E (x)	Neg.	17.6	10.0
EV/EBITDA (x)	14.7	10.1	6.9
EV/EBIT (x)	32.7	17.8	10.5
Div ord yield (%)	0	0	0

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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TraWell – Key Data

Rating ADD	Target price (EUR/sh) Ord 7.3		Mkt price (EUR/sh) Ord 6.40			Sector Airport Services
Values per share (EUR)	2019A	2020A	2021A	2022E	2023E	2024E
No. ordinary shares (M)	0.62	0.62	2.48	2.48	2.48	2.48
Total no. of shares (M)	0.62	0.62	2.48	2.48	2.48	2.48
Market cap (EUR M)	12.66	4.70	17.21	15.87	15.87	15.87
Adj. EPS	-1.00	-20.36	-0.23	0.36	0.64	0.78
CFPS	8.9	-7.05	0.53	1.2	1.8	1.9
BVPS	32.6	10.6	3.2	3.5	4.1	4.8
Dividend ord	0	0	0	0	0	0
Income statement (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Revenues	45.72	16.86	20.03	25.82	33.94	36.97
EBITDA	3.68	-1.06	2.31	3.04	4.03	4.57
EBIT	2.18	-11.44	1.03	1.72	2.66	3.15
Pre-tax income	3.82	-12.12	0.95	1.66	2.62	3.12
Net income	1.58	-12.62	-0.57	0.90	1.58	1.94
Adj. net income	-0.62	-12.62	-0.57	0.90	1.58	1.94
Cash flow (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net income before minorities	2.6	-12.2	0.7	1.2	2.0	2.3
Depreciation and provisions	1.5	10.4	1.3	1.3	1.4	1.4
Others/Uses of funds	2.2	-0.2	3.6	0.2	0.6	0.8
Change in working capital	1.4	-1.5	-1.7	1.0	1.3	1.0
Operating cash flow	5.5	-4.4	1.3	3.0	4.5	4.7
Capital expenditure	-2.8	-0.4	-0.8	-0.8	-1.0	-1.1
Financial investments	0	0	0	0	0	0
Acquisitions and disposals	-0.9	1.8	0	0	0	0
Free cash flow	1.9	-3.0	0.5	2.3	3.5	3.6
Dividends	-0.5	-0.3	-0.1	0	0	0
Equity changes & Non-op items	-5.2	-1.7	0.9	-1.2	-1.3	-1.5
Net cash flow	-3.8	-5.0	1.3	1.0	2.2	2.1
Balance sheet (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net capital employed	28.1	19.2	20.6	20.5	19.9	19.7
of which associates	0	0	0	0	0	0
Net debt/-cash	5.6	10.6	9.3	8.3	6.1	4.0
Minorities	2.3	2.0	3.4	3.5	3.7	3.9
Net equity	20.2	6.6	7.9	8.7	10.1	11.8
Minorities value	0	0	0	0	0	0
Enterprise value	19.7	16.7	33.8	30.6	27.8	25.2
Stock market ratios (x)	2019A	2020A	2021A	2022E	2023E	2024E
Adj. P/E	Neg.	Neg.	Neg.	17.6	10.0	8.2
P/CFPS	2.3	Neg.	13.0	5.2	3.5	3.4
P/BVPS	0.63	0.71	2.2	1.8	1.6	1.3
Payout (%)	0	0	0	0	0	0
Dividend yield (% ord)	0	0	0	0	0	0
FCF yield (%)	14.7	-62.7	2.8	14.2	22.1	22.5
EV/sales	0.43	0.99	1.7	1.2	0.82	0.68
EV/EBITDA	5.3	Neg.	14.7	10.1	6.9	5.5
EV/EBIT	9.0	Neg.	32.7	17.8	10.5	8.0
EV/CE	0.70	0.87	1.6	1.5	1.4	1.3
D/EBITDA	1.5	Neg.	4.0	2.7	1.5	0.88
D/EBIT	2.6	Neg.	9.0	4.8	2.3	1.3
Profitability & financial ratios (%)	2019A	2020A	2021A	2022E	2023E	2024E
EBITDA margin	8.1	-6.3	11.5	11.8	11.9	12.4
EBIT margin	4.8	-67.8	5.2	6.7	7.8	8.5
Tax rate	30.9	NM	25.8	25.0	25.0	25.0
Net income margin	3.4	-74.9	-2.9	3.5	4.7	5.3
ROCE	7.8	-59.7	5.0	8.4	13.4	16.0
ROE	7.2	-94.2	-7.9	10.9	16.9	17.7
Interest cover	-1.3	-16.6	12.6	30.0	66.2	112.1
Debt/equity ratio	24.8	123.1	82.2	67.7	44.2	25.4
Growth (%)		2020A	2021A	2022E	2023E	2024E
Sales		-63.1	18.8	28.9	31.5	8.9
EBITDA		NM	NM	31.9	32.5	13.5
EBIT		NM	NM	66.5	54.5	18.6
Pre-tax income		NM	NM	74.8	57.4	19.3
Net income		NM	95.5	NM	75.5	22.5
Adj. net income		NM	95.5	NM	75.5	22.5

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Company Snapshot

Company Description

Trawell is a leading service company specialising in luggage wrapping and tracing for airline passengers. It operates in 44 airports with >500 million passengers per annum, in Italy, Europe, Canada, the US (Miami), Russia and in Asia with 145 selling points. The average duration of its concessions is 2.5 years. TraWell was listed on the Euronext Growth market in September 2013 and on Nasdaq in July 2019.

Key data

Mkt price (EUR)	6.40	Free float (%)	42.1
No. of shares	2.48	Major shr	RG Hold.
52Wk range (EUR)	11.5/4.9	(%)	51.9
Reuters	TWL.MI	Bloomberg	TWL IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	15.9	-1M	19.6
-3M	4.6	-3M	14.9
-12M	-10.5	-12M	-7.3

Key Risks

Company specific risks:

- Potential write down of existing goodwill
- Average duration of concessions is relatively low
- Impact of Russia-Ukraine conflict
- Currency fluctuations

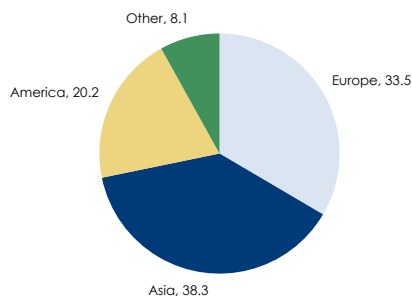
Sector generic risks:

- Lower than expected recovery of ait traffic up to date
- Potential new lockdowns
- Geopolitical risk (e.g. terrorism attack)

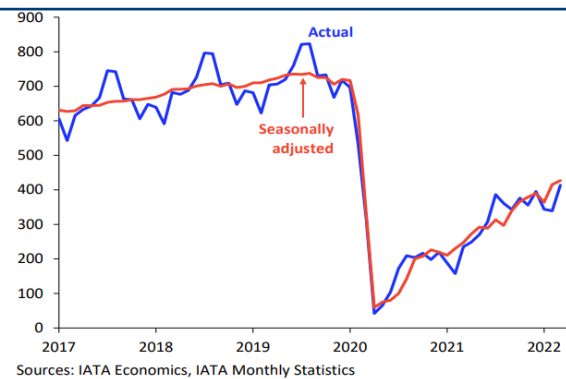
Estimates vs. consensus

EUR M (Y/E Dec)	2021A	2022E	2023E	2024E
Sales	20.03	25.82	33.94	36.97
EBITDA	2.31	3.04	4.03	4.57
EBIT	1.03	1.72	2.66	3.15
Pre-tax income	0.95	1.66	2.62	3.12
Net income	-0.57	0.90	1.58	1.94
EPS	-0.23	0.36	0.64	0.78

Sales breakdown by area (%)



Global air passenger volumes (RPKs)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 18/05/2022)

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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.
TENDER SHARES	We advise investors to tender the shares to the offer.
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

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

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