

Event Report

Italian Excellences: The ‘Three-Body Problem’, Back to a Stable Path in 2025

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Italy/Paris Conference

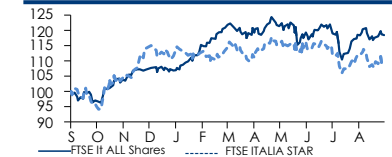
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The STAR index performance, in our analysis, depends largely on three equally important drivers, EPS growth, valuation and liquidity, not dissimilar to the astrodynamics ‘three-body’ system. The STAR index performance has been quite volatile since 2022, following a long period of steady growth, reflecting contained EPS growth and poor liquidity despite an appealing valuation. Looking ahead, we expect 2025 to see robust STAR EPS growth, outperforming that of the FTSE All Share, with a P/E still at a notable discount vs. its historical average. Lastly, STAR liquidity has improved so far in 2024 and we expect a further positive impact from the Fondo Nazionale Strategico, recently launched by CDP. The ‘three-body problem’ thus appears to be restabilising.

In this macro scenario, we regard as reasonable STAR consensus 2025 aggregated revenues and EBITDA growth, which points to c.6% and an over 8%, respectively. Finally, STAR EPS should post a robust growth, over +14%, outperforming All Shares EPS growth, one of the drivers to support STAR index recovery.

EGM - STAR

Index Performance
(FTSE It All Shares, FTSE ITALIA STAR)



Source: FactSet;

Report priced at market close on 30/09/2024 (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)

1H24 broadly stable, 2H24 estimates look reasonable

STAR companies' aggregated revenues in 1H24 were broadly stable yoy, a positive achievement considering the robust 1H23 growth (7.9%), when demand was starting to slow down but the effect of price hikes implemented in 2022 was fully materialising. Volumes and price normalisation, which have characterised 2024 so far, also slightly affected aggregated EBITDA margin, which in 1H24 was 20bps lower than in 1H23. Based on current 2024 consensus estimates, 2H24 aggregated revenues and EBITDA should grow yoy at a low/mid single-digit rate, which we consider as reasonable also based on companies' sentiment for a better 2H24 vs. 1H24.

PIR redemptions slowing down, liquidity improving

In 2022 and 2023, redemptions strongly affected PIR funds: indeed, the first PIR funds launched in 2017 and 2018, jointly amounting to over EUR 11Bn inflows, reached the 5Y longevity threshold to trigger the related fiscal benefits. This outflow, jointly over EUR 2.8Bn, penalised mid-corporate companies, with the STAR index underperforming the FTSE IT All Shares by around 14% in 2022, and by around 23% in 2023. In 2024 thus far, PIR redemptions slowed down, at around EUR 605M in Jan-Aug, with a positive impact on STAR liquidity, which in the first 2 quarters of 2024 improved by an avg. 27% vs. the 2023 average liquidity per quarter.

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

A better macro scenario in 2025 to support EPS growth

According to our macroeconomists, 2025 GDP and private consumption should grow faster than in 2024, in Italy and in the Euro area, the two key areas for STAR companies. Moreover, the expectation is for further cuts by 100bps from the European Central Bank by end-2025.

The ‘three-body’ problem is easing

The STAR index performance has been quite volatile since 2022, after a long period of steady growth, reflecting limited EPS growth and poor liquidity, despite appealing valuations. In 2025 we expect STAR EPS to return to robust growth and outperform FTSE All Shares EPS growth, also supported by a better macro scenario. P/E is at a c.36% discount vs. its historical average, and PEG at a 20% discount vs. both All Shares and Stoxx Small 200. Considering that liquidity is improving and we see further support from Fondo Nazionale Strategico, we see the three-body problem as restabilising.

See page 105 for full disclosure and analyst certification

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The following research analysts contributed to this report:

Corporate Broking Research Team

Alberto Francese (product co-ordinator), Gabriele Berti, Giada Cabrino, Davide Rimini, Arianna Terazzi

Equity Research Team

Monica Bosio, Luca Bacoccoli, Oriana Cardani CFA, Davide Candela, Marco Cristofori, Antonella Frongillo, Renato Gargiulo, Manuela Meroni, Elena Perini CFA, Bruno Permutti

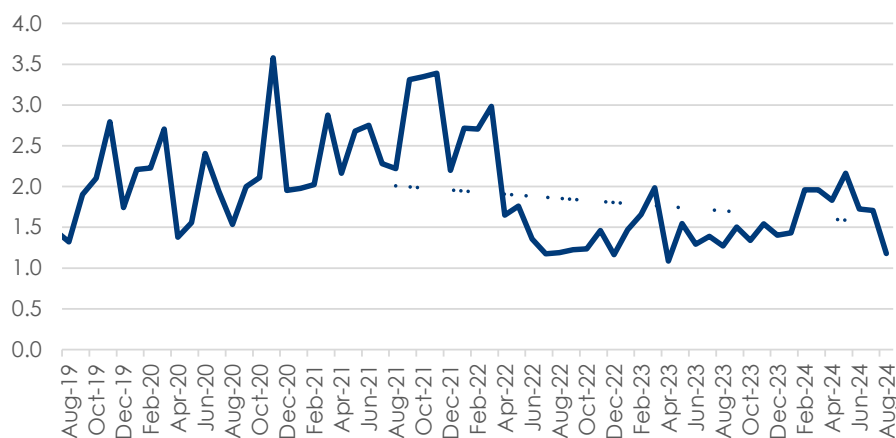
Italian Mid Corp Liquidity Trends

In our general overview of the Italian Mid Corporate universe, we use the FTSE STAR index as a reference point.

The post-pandemic strong STAR index rebound reflected in a liquidity surge, with an average in 2021 of around EUR 7.5Bn/quarter, a 4Q21 close to EUR 9Bn and 1Q22 at around EUR 8.4Bn. Geopolitical tensions started to impact the STAR index performance and also liquidity from 2Q22, which declined to EUR 4.8Bn, and continued a weak trend in the remaining part of 2022 (an average of EUR 4Bn/quarter) and in all 2023 (an average of EUR 4.3Bn/quarter).

An improvement in liquidity occurred in 2024 thus far, with an average of EUR 5.5Bn/quarter, +27% vs. 2023 average liquidity per quarter. In July-August, it improved by over 8% yoy.

STAR trading July 2019-Aug 2024 (EUR Bn)



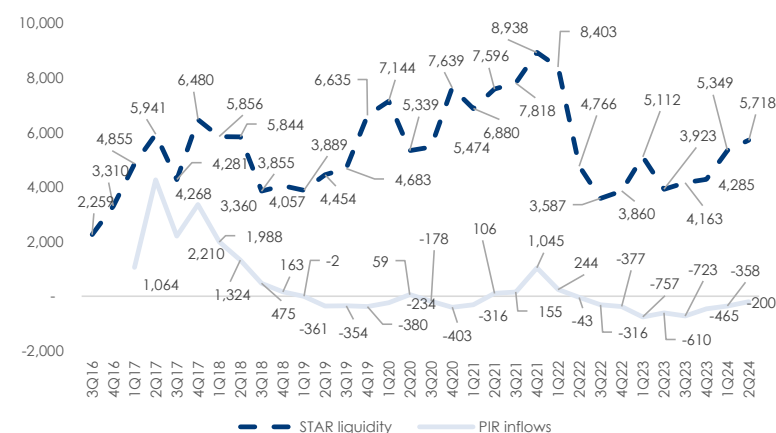
Source: Intesa Sanpaolo Research elaborations on Borsa Italiana data

Alberto Francese - Research Analyst
 +39 02 7235 1800
 alberto.francese@intesanpaolo.com

PIR funds redemptions affected STAR index liquidity in 2022 and 2023, with outflows of EUR 730M and EUR 2,090M, respectively. In 2024, PIR funds redemptions continued, but, as we expected, at a slower pace: EUR 358M in 1Q24 and EUR 200M in 2Q24. We recall that, after the strong 2017 and 2018 inflows (over EUR 11Bn, jointly), the AUM of PIR funds reaching the 5Y longevity threshold for fiscal benefits is now reducing: in 2019 and 2020 PIR fund outflows were EUR 1.1Bn and EUR 0.8Bn, respectively, while in 2021 inflows were EUR 1Bn.

An important tool to stimulate liquidity in the Mid&Small caps segment is the recent launch of the Fondo Nazionale Strategico. It is currently managed by Cassa Depositi e Prestisti with a plafond of EUR 300M, and the intention would be to involve private partners to reach a plafond of around EUR 1Bn for investments in Italian Mid&Small caps.

STAR trading and PIR flows 3Q16-2Q24 (EUR M)



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

Italian Mid Corp Price Trends

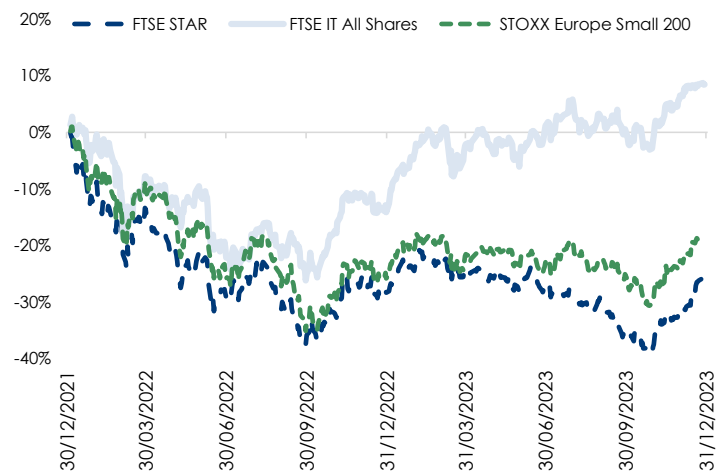
After the strong rebound following the pandemic period, with a +145% growth from the bottom touched in mid-March 2020 to end-2021, the STAR index started to underperform its reference indexes, as a combination of the negative impact of EPS growth, liquidity and valuation.

In 2022, it declined by around 28%, vs. a 14% contraction of the FTSE IT All Shares and a 26% contraction of the Stoxx Small 200.

The underperformance continued in 2023, when the STAR index increased by 3%, vs. +26% of the FTSE IT All Shares, sustained by the performance of financials, and +10% of the Stoxx Small 200.

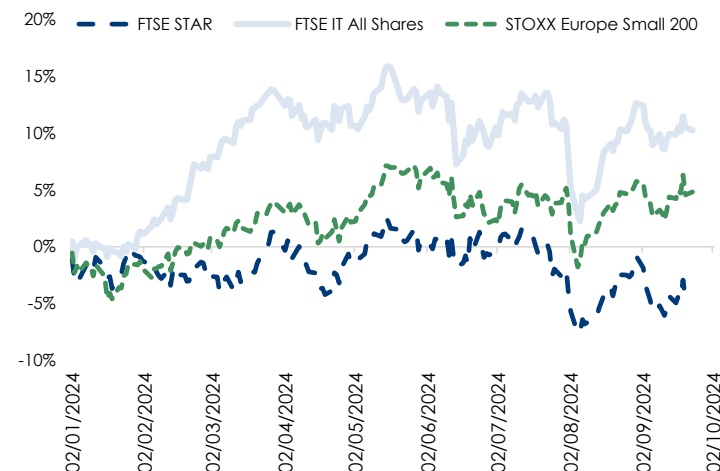
In 2024, thus far, the STAR index declined by around 5%, vs. around +10% of the FTSE IT All Shares and around +5% of the Stoxx Small 200.

FTSE STAR, Stoxx Small 200 and FTSE IT All Shares in 2022-23



Source: Intesa Sanpaolo Research elaboration on FactSet data

FTSE STAR, Stoxx Small 200 and FTSE IT All shares in 2024 thus far



Source: Intesa Sanpaolo Research elaboration on Borsa Italiana data

Good 1H24 Results Considering Tough Comparison; 2H24 Estimates Look Reasonable

STAR companies' aggregated revenues in 1H24 were broadly aligned yoy, a positive achievement in our view, considering the robust growth achieved in 1H23 (+7.9%), when demand was starting to slow-down, but the effect of price hikes implemented in 2022 was fully materialising.

The effect of volumes and price normalisation which have characterised 2024 thus far, also slightly affected aggregated EBITDA margin, down 20bps in 1H24 vs. 1H23. We recall that 1H23 aggregated EBITDA margin had improved by 110bps yoy, also thanks to some companies which had posted a very strong EBITDA, significantly benefitting from selling price increases and production efficiencies, such as Cementir, Interpump and Zignago Vetro, or riding industry-specific trends, such as d'Amico.

Based on current 2024 consensus estimates, 2H24 aggregated revenues should grow at a 3.6% rate, an acceleration vs. 1H24, which we view as broadly feasible at present, considering seasonality for some companies, the expectation of a better second part of the year shared by some other companies with analysts and investors during the 1H24 results' calls, and in general a less tough comparison, as 2H23 already started to show a normalisation in demand and prices.

2H24 EBITDA should grow yoy at a 4.7% rate, with a margin broadly aligned both with 2H23 and with 1H24.

We regard as reasonable both aggregated revenues and EBITDA growth in 2H24, also given companies' indications for a better 2H24 vs. 1H24.

1H24 STAR aggregated companies' results

EUR M	1H23	1H24	chg %
Aggregated revenues	20,442	20,398	-0.2
Aggregated EBITDA	2,917	2,874	-1.5
Aggregated EBITDA margin %	14.3	14.1	

Source: Intesa Sanpaolo Research elaboration on FactSet data

2H24 STAR aggregated companies' estimates, implicit in aggregated FY24 consensus

EUR M	2H23	2H24	chg %
Aggregated revenues	20,972	21,720	3.6
Aggregated EBITDA	2,913	3,050	4.7
Aggregated EBITDA margin %	13.9	14.0	

Source: Intesa Sanpaolo Research elaboration on FactSet data

A Better Macro Scenario in 2025 to Support Revenues and EBITDA Growth

2024 aggregated revenues should grow by 1.7% and aggregated EBITDA by 1.6%, with an acceleration of 2H24 vs. 1H24 that we consider reasonable, as addressed above.

Looking at 2025, Intesa Sanpaolo Research's macroeconomists currently estimate for the key areas for STAR companies, namely Italy and Euro area, a GDP growth and private consumption growth in 2025 in acceleration vs. 2024. In terms of monetary policy, the expectation is for further cuts by 100bps from the European Central Bank by end-2025.

In this macro scenario, we regard as reasonable consensus 2025 aggregated revenues and EBITDA growth, pointing to an around 6% and an over 8%, respectively. Moreover, companies expressed their confidence that 2025 could offer better opportunities than 2024.

2024 and 2025 STAR aggregated companies' results

Macroeconomic scenario in 2024 and 2025

EUR M	2024	Yoy growth (%)	2025	Yoy growth (%)	Macroeconomic scenario in 2024 and 2025				
					Italy 2024	Italy 2025	Euro area 2024	Euro area 2025	
Revenues	42,118	1.7	44,652	6.0	GDP growth	0.7	1.2	0.7	1.2
EBITDA	5,924	1.6	6,420	8.4	Private consumptions	0.2	1.4	0.8	1.4
EBITDA margin %	14.1		14.4						

Source: Intesa Sanpaolo Research estimates

Source: Intesa Sanpaolo Research estimates

Mid Corp Relative Valuation

The FTSE STAR 2024 P/E is around 26% below its 2004-23 average P/E, while the 2025 P/E is around 35% below. Compared to the Stoxx Small 200 P/E, the FTSE STAR trades at an around 3% and 4% premium in 2024 and 2025, respectively.

Looking at the 2024 PEG, based on 2024 P/E and average 2024-25 and 2025-26 EPS growth, the STAR trades at around 1.1x, in line with the Stoxx Small 200. When considering 2025 PEG, based on 2025 P/E and 2025-26 EPS growth, the STAR trades at around 1x, at a discount of around 20% vs. the Stoxx Small 200

Based on current estimates, we regard the FTSE STAR P/E as appealing on 2024 and 2025 when compared with its historical 2004-23 average.

Moreover, the P/E is broadly aligned vs. the Stoxx Small 200 P/E both on 2024 and 2025 and vs. the Stoxx Small 200 PEG in 2024, while it looks appealing vs. the Stoxx Small 200 PEG in 2025.

P/E for FTSE STAR and Stoxx Small 200

x	P/E			EPS growth (%)			PEG	
	2024	2025	2026	2023/24	2024/25	2025/26	2024*	2025**
FTSE STAR	15.0	13.1	11.5	-3.8	14.3	13.5	1.1	1.0
STOXX Small 200	14.5	12.6	11.4	8.9	15.3	10.4	1.1	1.2
FTSE Italia All-Share	9.4	9.0	8.4	-3.9	4.9	7.3	1.5	1.2

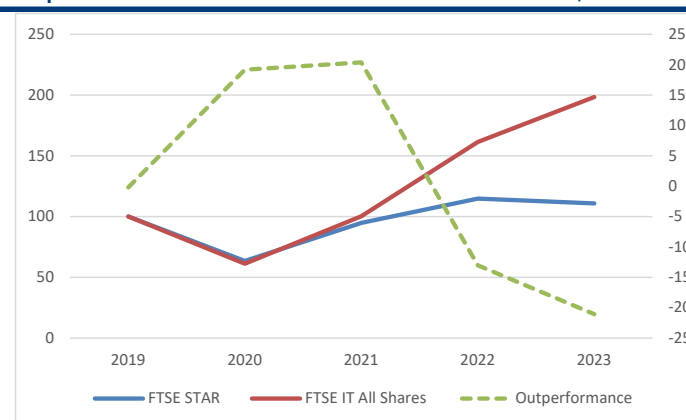
* based on 2024 P/E and average 2024-25 and 2025-26 EPS growth; ** based on 2025 P/E and 2025-26 EPS growth;
Source: Intesa Sanpaolo Research elaborations on FactSet data

We also note that STAR EPS growth in 2025 is significantly higher than FTSE Italia All-Share (+14.3% vs. +4.9%, respectively), which is an important driver of the STAR index performance. As shown in the chart below, after a long period in which STAR EPS had outpaced the FTSE Italia All-Share EPS, in 2022 and 2023 the FTSE Italia All-Share EPS growth outperformed STAR EPS growth, driven by the strong EPS of oil and energy companies in 2022 and of banks/financials in 2023.

Looking at liquidity, in 2024 so far, PIR redemptions slowed down, at around EUR 605M in Jan-Aug, vs. a total of EUR 2.8Bn in 2022-23. We believe further support could come from the Fondo Nazionale Strategico, recently launched by CDP.

Combining the appealing valuations with a robust EPS growth and an improvement in liquidity, we expect a reappreciation of mid corporate stocks in 2025.

FTSE STAR relative performance vs. FTSE IT All Shares and EPS evolution, 2019-23



Source: Intesa Sanpaolo Research elaboration on Borsa Italiana data

Company Section

Acea (HOLD/TP EUR 18.4/share)	9	Irce (BUY/TP EUR 3.1/share)	59
Aeroporto di Bologna (HOLD/TP EUR 8.0/share)	11	LU-VE (BUY/TP EUR 28.8/share)	65
Altea Green Power (BUY/TP EUR 11.4/share)	13	MARR (BUY/TP EUR 16.5/share)	67
Avio (BUY/TP EUR 14.3/share)	15	Moltiply Group (BUY/TP EUR 43.0/share)	69
Banca IFIS (BUY/TP EUR 23.8/share)	17	Newlat Food (BUY/TP EUR 14.8/share)	71
Banca Sistema (BUY/TP EUR 1.93/share)	19	Next Geosolutions Europe (BUY/TP EUR 10.2/sh)	73
Cellularline (BUY/TP EUR 5.5/share)	25	Orsero (BUY/TP EUR 26.0/share)	78
d'Amico International Shipping (BUY/TP EUR 8.4/share)	29	Pattern (BUY/TP EUR 7.2/share)	83
Datalogic (BUY/TP EUR 7.6/share)	31	REVO Insurance (BUY/TP EUR 11.6/share)	85
Elica (HOLD/TP EUR 2.1/share)	33	Sanlorenzo (BUY/TP EUR 52.5/share)	89
Equita Group (BUY/TP EUR 4.6/share)	35	Sogefi (BUY/TP EUR 2.4/share)	95
Esprinet (BUY/TP EUR 6.6/share)	37	Tinexta (BUY/TP EUR 23.5/share)	97
Eurocommercial Properties (BUY/TP EUR 27.4/share)	39	Valsoia (BUY/TP EUR 14.0/share)	99
EuroGroup Laminations (BUY/TP EUR 4.5/share)	41	Wiiit (BUY/TP EUR 26.7/share)	101
Eurotech (HOLD/TP EUR 1.20/share)	43	Zignago Vetro (BUY/TP EUR 14.5/share)	103
F.I.L.A. (BUY/TP EUR 14.6/share)	45		
Fincantieri (HOLD/TP EUR 5.6/share)	47		
Generalfinance (BUY/TP EUR 12.8/share)	49		
IGD (BUY/TP EUR 2.6/share)	51		

Acea (HOLD/TP EUR 18.4/share)

Davide Candela - Research Analyst
 +39 02 4127 9013
 davide.candela@intesanpaolo.com

Investment case

2024 looks ahead of targets thanks to the solid contribution from the core businesses and margins' resilience in energy supply. Water tariffs' approval on Ato2 enhances BP visibility and suggests upside risks to 2024-25 consensus. We see consolidation in the water sector as a potential long-term driver, but it's too early to price in.

- **1H24 dynamics slightly above guidance: high visibility on FY24.** Mid-year results showed a solid contribution from core Water and Power Distribution regulated businesses and surprising resilience of energy supply margins. Those businesses benefitted from RAB increase, higher allowed returns, cost efficiencies and higher margins, with a stronger customer base. Bottom line, greater liquidity remuneration triggered some financial cost savings, ultimately supporting EPS. We think visibility on 2024 is high, with financials looking to exceed targets (FY24 EBITDA +3/5% yoy vs. 1H24 +9% yoy), even in the absence of the approval of new Water tariffs amid new regulatory period in place as of January 2024;
- **Water tariffs approval looks better than planned: we see upside risk on consensus.** Last week, the tariffs for the Ato2 hub (about 50% of the Italian water revenues) were approved, implying a 5% CAGR over 2024-29, based on our elaborations, with a more front-loaded growth (avg. 8% in 2024-25). Such an outcome was expected as talks with local entities were said to close in 2H24 (some still ongoing), though we see new tariffs as standing better-than-plan assumptions, particularly in 2024-25.

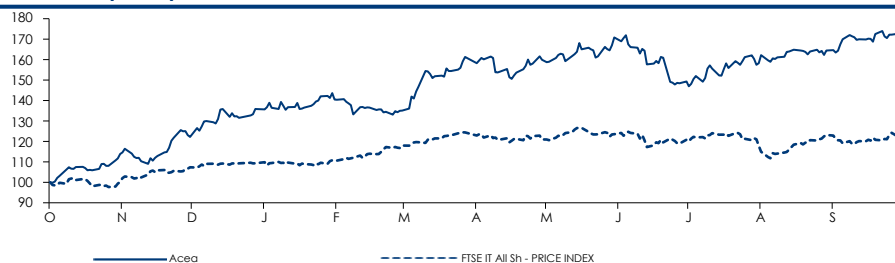
As a result, we would expect the tariffs' approval to boost Water-related financials and potentially allow for regulatory receivables' greater cash recovery over the coming years. Given that Bloomberg consensus is close to Acea's conservative approach to 2024E (EBITDA +5% yoy, basically in line with ISP expectations) and spurs moderate growth in 2025 (further 3% yoy), we see growing upside risk for YE24-25E consensus;

- **Water sector: investments' need could prompt consolidation?** During the last few months, there have been more discussions around sector consolidation in response to the country's need for investments and future challenges. These have been exacerbated by more frequent adverse events due to climate change and still high networks' water leakages (42% on average in Italy as of YE23). With the Italian water sector characterised by high fragmentation and few industrial operators able to sustain the required investment rate, we view consolidation as a key driver for national interest. Nevertheless, as we acknowledge the delicacy of the topic and low regulatory stimulus at this time, we see sector consolidation as a potential long-term driver, too early to price in the shares at this time;

Valuation

Our EUR 18.4 TP on Acea is derived through an SOP analysis, where we apply DCF and EV/EBITDA methodologies depending on the business line involved. Based on our current forecasts, our valuation implies 2024-25E EV/EBITDA and P/E multiples of 6.4/6.2x and 13/13.3x, respectively. These would compare to 6.3x and 12.4/12.7x currently traded.

Acea - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Corporate Broker to Acea

Acea - Key data

Mkt price (EUR)	17.58	Free float (%)	20.0
No. of shares	213.0	Major shr	City of Rome
52Wk range (EUR)	17.7/10.2	(%)	51.0
Reuters	ACE.MI	Bloomberg	ACE IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	5.0	-1M	5.9
-3M	16.3	-3M	13.3
-12M	70.5	-12M	41.5

Source: FactSet data

Company description and key data

Acea SpA operates as a holding company, which engages in the management and development of water, energy, and environmental services. It operates through the following business segments: Water, Environment, Energy Infrastructures, Commercial and Trading, Overseas, and Engineering and Services. The Water segment provides integrated water services in Italy. The Environment segment involves in sludge management as well as in treatment, recycling, waste-to-energy, and waste disposal activities. The Energy Infrastructures segment engages in the distribution and generation of electricity, public lighting, and industrial energy efficiency measures. The Overseas segment focuses on the development initiative outside of Italy. The Commercial and Trading segment specializes in energy management, the sale of electricity and gas, and energy efficiency for domestic clients. The Engineering and Services segment provides laboratory analysis and engineering and internal consultancies. The company was founded in 1909 and is headquartered in Rome, Italy.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E	2026E
No. ordinary shares (M)	213.0	213.0	213.0	213.0	213.0	213.0	Adj. P/E	12.8	11.2	9.0	12.4	12.8	12.2
Total no. of shares (M)	213.0	213.0	213.0	213.0	213.0	213.0	P/CFPS	4.1	3.1	2.5	3.3	3.2	3.0
Market cap (EUR M)	4,011.0	3,119.2	2,648.9	3,743.9	3,743.9	3,743.9	P/BVPS	1.9	1.4	1.1	1.5	1.4	1.4
Adj. EPS	1.47	1.31	1.38	1.42	1.38	1.44	Payout (%)	58	65	64	64	69	69
BVPS	10.0	10.8	11.2	11.7	12.2	12.7	Dividend yield (% ord)	4.5	5.8	7.1	5.2	5.4	5.6
Dividend ord	0.85	0.85	0.88	0.92	0.95	0.99	FCF yield (%)	-0.8	0.7	7.5	2.2	3.9	5.5
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EV/sales	2.1	1.5	1.7	2.0	2.0	2.1
Revenues	3,972.1	5,138.3	4,649.4	4,489.6	4,615.5	4,588.1	EV/EBITDA	6.6	6.1	5.6	6.2	6.1	6.0
EBITDA	1,255.8	1,305.1	1,390.9	1,460.3	1,503.2	1,580.2	EV/EBIT	14.4	14.0	12.7	14.4	14.7	14.3
EBIT	581.1	565.9	612.4	629.7	627.8	659.4	EV/CE	1.3	1.1	1.0	1.1	1.1	1.1
Pre-tax income	503.0	498.0	475.2	480.9	469.8	490.9	D/EBITDA	3.2	3.4	3.5	3.5	3.5	3.4
Net income	313.3	279.7	293.9	302.3	293.6	307.5	D/EBIT	6.9	7.8	7.9	8.0	8.4	8.3
Adj. net income	313.3	279.7	293.9	302.3	293.6	307.5	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E	2026E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EBITDA margin	31.6	25.4	29.9	32.5	32.6	34.4
Net income before minorities	352.3	311.1	327.5	336.6	328.8	343.7	EBIT margin	14.6	11.0	13.2	14.0	13.6	14.4
Depreciation and provisions	674.8	739.2	778.6	830.6	875.3	920.8	Tax rate	30.0	37.5	31.1	30.0	30.0	30.0
Others/Uses of funds	126.1	137.6	123.7	137.5	135.5	132.2	Net income margin	7.9	5.4	6.3	6.7	6.4	6.7
Change in working capital	-55.7	-43.3	44.2	-59.6	-6.7	-56.9	ROCE	8.9	7.9	8.0	7.9	7.6	7.7
Operating cash flow	1,097.5	1,144.6	1,274.0	1,245.1	1,332.9	1,339.7	ROE	15.3	12.7	12.6	12.4	11.5	11.6
Capital expenditure	-931.3	-1,001.3	-993.0	-1,025.0	-1,050.0	-1,000.0	Interest cover	6.8	6.6	4.5	4.1	3.8	3.7
Financial investments	0	0	0	0	0	0	Debt/equity ratio	158.5	161.1	171.7	171.7	173.0	172.7
Acquisitions and disposals	-69.0	22.0	45.7	0	0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E	2026E
Free cash flow	97.2	165.3	326.7	220.1	282.9	339.7	Sales	29.4	-9.5	-3.4	2.8	2.8	-0.6
Dividends	-170.4	-181.0	-181.0	-187.4	-194.9	-202.7	EBITDA	3.9	6.6	5.0	2.9	2.9	5.1
Equity changes & Non-op items	-219.3	-210.5	-485.1	-106.9	-148.3	-198.8	EBIT	-2.6	8.2	2.8	-0.3	-0.3	5.0
Net cash flow	-292.4	-226.2	-339.5	-74.2	-60.3	-61.8	Pre-tax income	-1.0	-4.6	1.2	-2.3	-2.3	4.5
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	Net income	-10.7	5.1	2.8	-2.9	-2.9	4.7
Net capital employed	6,504.8	7,194.9	7,669.8	8,004.7	8,290.5	8,603.2	Adj. net income	-10.7	5.1	2.8	-2.9	-2.9	4.7
of which associates	292.2	348.9	359.3	359.3	359.3	359.3							
Net debt/-cash	3,988.4	4,439.7	4,846.7	5,058.4	5,254.2	5,448.1							
Minorities	392.4	464.0	445.8	445.8	445.8	445.8							
Net equity	2,124.0	2,291.2	2,377.3	2,500.5	2,590.5	2,709.3							
Minorities value	644.2	706.0	653.7	621.5	599.9	573.6							
Enterprise value	8,351.3	7,915.9	7,790.1	9,064.6	9,238.8	9,406.4							

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Aeroporto di Bologna (HOLD/TP EUR 8.0/share)

Luca Bacoccoli - Research Analyst
 +39 02 4127 9012
 luca.bacoccoli@intesanpaolo.com

Mid Corporate: EXM-STAR / Airports

Investment case

Leveraging on a sharp traffic recovery from the pandemic, ADB has regained the pre-Covid level much earlier than expected. However, terminal capacity constraints impair the next two years' growth potential.

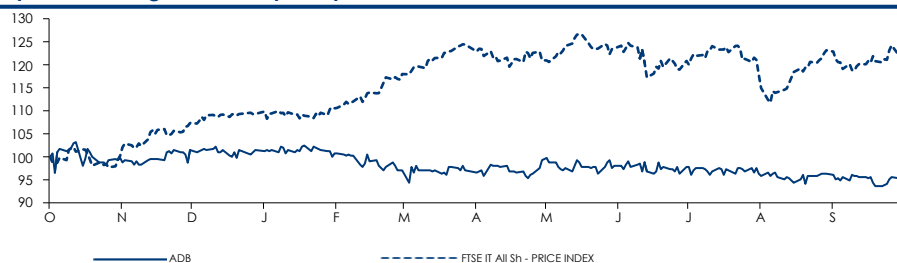
- **Short term outlook ok but...**After a solid set of 1H24 results showing an EBITDA growth of 40% yoy, the short-term outlook remains positive underpinned by robust traffic expectations for September/October and a slowdown in November/December, driving total pax above 10.6M this year, or +6% vs. FY23 and 12% above pre-Covid level.
- **...2025 is less visible due to capacity constraints.** Following a sharp traffic recovery from the trough of the pandemic, ADB is facing serious capacity constraints in the terminal and for next year we expect a drop in pax of 2% yoy, which may prove optimistic in the case of stricter limitations on traffic enforced by the regulator. To debottleneck the infrastructure and provide once again a good travel experience, ADB has brought forward some investments resulting in an acceleration of its capex

plan over EUR 120M for the next two years. While we welcome those efforts, given its historical ability to execute the planned investment, we are sceptical about a timely capex deployment.

Valuation

We reiterate our HOLD recommendation and TP of EUR 8. ADB is gradually recovering its historical profitability (40.6% in 2019), rebalancing the traffic mix towards the less incentivised traffic and more favourable contracts with key LCCs, such as Ryanair and Wizz Air (approx. 65% of total traffic). However, we believe that the average discount vs. the sector avg. is still deserved (-29% FY24E/FY25E EV/EBITDA), given the gap in size and profitability. ADB trades at 5.8x/6.9x FY24/FY25E EV/EBITDA.

Aeroporto di Bologna - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Specialist to Aeroporto di Bologna

Aeroporto di Bologna – Key data

Mkt price (EUR)	7.78	Free float (%)	13.2
No. of shares	36.10	Major shr	CCInd&Artig
52Wk range (EUR)	8.42/7.64	(%)	39.1
Reuters	ADB.MI	Bloomberg	ADB IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-1.0	-1M	-0.2
-3M	-1.0	-3M	-3.6
-12M	-6.0	-12M	-22.1

Source: Factset

Company description and key data

Aeroporto Guglielmo Marconi di Bologna S.p.A. is the company that thanks to the infrastructure management concession expiring in 2046, manages the Bologna Airport. The airport served in 2018 8.5Mm passengers (+3.8% compared to 2017), of which 76.8% on international flights, ranking eighth among Italian airports in terms of passenger traffic. Located in the heart of the Emilian food valley and the automotive and packaging industrial districts, the airport has a catchment area of about 11M inhabitants and around 47,000 companies with a strong propensity to exports and internationalisation and with commercial expansion policies to Eastern Europe and Asia.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E	2026E
No. ordinary shares (M)	36.10	36.10	36.10	36.10	36.10	36.10	Adj. P/E	Neg.	9.6	17.7	12.9	16.2	14.5
Total no. of shares (M)	36.10	36.10	36.10	36.10	36.10	36.10	P/CFPS	Neg.	4.6	9.6	9.2	8.3	6.8
Market cap (EUR M)	343.95	299.05	295.64	280.86	280.86	280.86	P/BVPS	2.2	1.6	1.4	1.3	1.3	1.2
Adj. EPS	-0.22	0.86	0.46	0.60	0.48	0.54	Payout (%)	0	0	0	0	0	0
BVPS	4.4	5.2	5.7	6.0	6.2	6.4	Dividend yield (% ord)	0	0	3.2	4.4	3.5	3.9
Dividend ord	0	0	0.26	0.34	0.27	0.31	FCF yield (%)	-3.7	16.8	0.5	-6.8	-13.7	-14.9
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EV/sales	6.6	2.2	2.0	1.8	1.8	1.7
Revenues	58.49	134.6	145.1	163.4	181.8	215.7	EV/EBITDA	NM	5.3	6.5	5.8	6.9	6.8
EBITDA	2.10	54.81	44.07	50.51	47.86	54.48	EV/EBIT	Neg.	8.1	11.1	8.8	11.8	11.4
EBIT	-9.80	35.93	25.78	33.08	28.03	32.72	EV/CE	1.9	1.6	1.5	1.3	1.2	1.1
Pre-tax income	-10.38	35.88	23.41	31.06	24.72	27.60	D/EBITDA	20.6	Neg.	Neg.	0.21	1.0	1.7
Net income	-8.10	31.11	16.70	21.74	17.30	19.32	D/EBIT	Neg.	Neg.	Neg.	0.32	1.7	2.8
Adj. net income	-8.10	31.11	16.70	21.74	17.30	19.32	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E	2026E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EBITDA margin	3.6	40.7	30.4	30.9	26.3	25.3
Net income before minorities	-8.1	31.1	16.7	21.7	17.3	19.3	EBIT margin	-16.8	26.7	17.8	20.2	15.4	15.2
Depreciation and provisions	11.9	18.9	18.3	17.4	19.8	21.8	Tax rate	21.5	13.4	28.7	30.0	30.0	30.0
Others/Uses of funds	-4.3	-1.4	-1.2	-6.0	-5.6	-6.4	Net income margin	-13.8	23.1	11.5	13.3	9.5	9.0
Change in working capital	-4.3	19.3	-2.3	-2.9	2.2	6.3	ROCE	-4.9	19.7	13.0	14.5	10.3	10.1
Operating cash flow	-4.8	67.9	31.5	30.3	33.7	40.9	ROE	-5.0	17.9	8.4	10.3	7.8	8.5
Capital expenditure	-9.4	-18.0	-30.2	-39.8	-59.7	-73.0	Interest cover	16.9	-816.5	-10.9	-16.3	-8.5	-6.4
Financial investments	0	0	0	0	0	0	Debt/equity ratio	27.4	-3.7	-4.1	4.9	22.0	39.1
Acquisitions and disposals	0	0	0	0	0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E	
Free cash flow	-14.2	49.9	1.4	-9.5	-26.0	-32.1	Sales	NM	7.8	12.7	11.2	18.7	
Dividends	0	0	0	-9.5	-12.4	-9.9	EBITDA	NM	-19.6	14.6	-5.3	13.8	
Equity changes & Non-op items	1.4	0.4	-0.0	-0.0	0	0	EBIT	NM	-28.3	28.3	-15.3	16.7	
Net cash flow	-12.9	50.3	1.3	-19.0	-38.4	-41.9	Pre-tax income	NM	-34.8	32.6	-20.4	11.6	
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	Net income	NM	-46.3	30.2	-20.4	11.6	
Net capital employed	201.1	182.3	197.6	228.8	272.1	323.5	Adj. net income	NM	-46.3	30.2	-20.4	11.6	
of which associates	0	0	0	0	0	0							
Net debt/-cash	43.2	-7.0	-8.4	10.7	49.0	90.9							
Minorities	0	0	0	0	0	0							
Net equity	157.8	189.3	206.0	218.2	223.1	232.5							
Minorities value	0	0	0	0	0	0							
Enterprise value	387.2	292.0	287.3	291.5	329.9	371.8							

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Altea Green Power (BUY/TP EUR 11.4/share)

Davide Rimini - Research Analyst
 +39 02 4127 9025
 davide.rimini@intesasampaolo.com

Mid Corporate: EGM / Multi-Utilities

Investment case

Altea Green Power's 1H24 results showed strong revenue growth (+45% yoy), with the EBITDA margin rising to a record 56%, presumably thanks to the contribution from the co-development of storage. Recent industry research analysis confirms that further progress is expected in the Italian BESS storage market in the coming years.

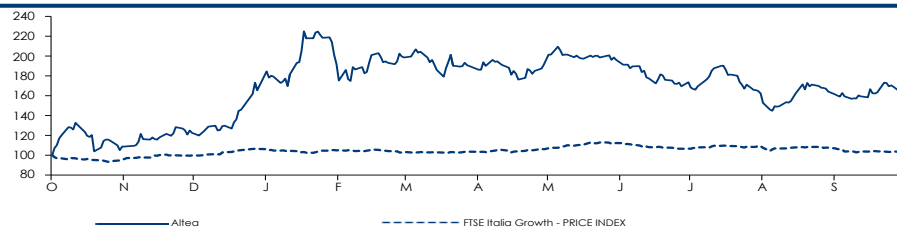
- **1H24 revenues growth accelerating again.** 1H24 results confirmed the company's growth trajectory, showing revenue growth accelerating again to +45% yoy after a pause in 2H23, and strong operating margin expansion. Although the margin by activity is not disclosed, we understand that favourable market conditions for the co-development of BESS Storage should be one of the main reasons for this performance;
- **Earnings outlook.** We believe that demand for renewable energy plants in Italy remains well supported, confirming the good prospects for a developed BESS storage market. Recent Industry research analysis (SolarPower) highlighted how the BESS Storage market has continued to expand in 2023 in Europe, with Italian market ranking second in relevance for installed capacity, behind Germany, for the second consecutive year;

- **2024 estimates confirmed.** Management's intention to step up 2GW BESS pipeline to the authorisation process before year-end looks supportive for a further acceleration in 2H, as well as of our current 2024E estimates; these point to the low-end of 2024 revenue guidance, and in line on EBITDA;
- **Admission to STAR segment.** The company has officially presented an admission request to Borsa Italiana to be listed on Euronext STAR, aiming to enlarge the shareholders' base and improve the stock's liquidity. First day of listing will depend on the date of issue of the authorisation by Consob for the publication of the prospectus.

Valuation

In our report of 30 September, we valued Altea Green Power using a DCF model with a WACC of 8.5%, calculated on 3.75% risk-free rate, 6.5% equity risk premium, gearing of 0%, assuming that the company will be cash positive by the end of 2025.

Altea Green Power - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data
 Intesa Sanpaolo is Corporate Broker to Altea Green Power

Altea Green Power – Key Data

Mkt price (EUR)	6.76	Free float (%)	30.7
No. of shares	17.31	Major shr	Dxor S.r.l.
52Wk range (EUR)	9.28/4.13	(%)	63.1
Reuters	AGP.MI	Bloomberg	AGP IM
Performance (%)	Absolute	Rel. FTSE Italia Growth	
-1M	-0.3	-1M	4.0
-3M	-3.4	-3M	-0.3
-12M	58.3	-12M	55.3

Source: FactSet

Company description and key data

Altea Green Power S.p.A. operates as renewable energy project development company. The Company provides assistance during all phases of design, construction, maintenance and management of photovoltaic, wind and cogeneration, battery energy storage systems.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E	2026E
No. ordinary shares (M)	17.31	17.31	17.31	17.31	17.31	17.31	Adj. P/E	NA	9.4	13.3	9.4	6.5	5.5
Total no. of shares (M)	17.31	17.31	17.31	17.31	17.31	17.31	P/CFPS	NA	9.0	12.9	9.3	6.5	5.4
Market cap (EUR M)	NA	39.29	65.25	117.04	117.04	117.04	P/BVPS	NA	3.4	3.7	4.5	2.7	1.8
Adj. EPS	0.07	0.24	0.28	0.72	1.04	1.23	Payout (%)	0	0	0	0	0	0
BVPS	0.11	0.68	1.0	1.5	2.5	3.8	Dividend yield (% ord)	NA	0	0	0	0	0
Dividend ord	0	0	0	0	0	0	FCF yield (%)	NA	-9.0	-6.4	7.3	2.9	12.1
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EV/sales	NA	2.3	3.8	3.8	2.7	2.3
Revenues	6.22	16.75	17.33	30.52	42.84	50.22	EV/EBITDA	NA	6.3	9.0	6.4	4.4	3.7
EBITDA	2.13	6.28	7.26	18.34	26.35	31.38	EV/EBIT	NA	6.5	9.2	6.4	4.5	3.8
EBIT	2.10	6.06	7.10	18.28	26.29	31.15	EV/CE	NA	3.6	3.3	4.9	3.0	2.4
Pre-tax income	1.73	6.00	6.87	18.28	26.29	31.15	D/EBITDA	0.47	Neg.	0.60	Neg.	Neg.	Neg.
Net income	1.16	4.17	4.92	12.49	17.94	21.26	D/EBIT	0.48	Neg.	0.62	Neg.	Neg.	Neg.
Adj. net income	1.16	4.17	4.92	12.49	17.94	21.26	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E	2026E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EBITDA margin	34.3	37.5	41.9	60.1	61.5	62.5
Net income before minorities	1.2	4.2	4.9	12.5	17.9	21.3	EBIT margin	33.8	36.2	41.0	59.9	61.4	62.0
Depreciation and provisions	0.0	0.2	0.2	0.1	0.1	0.2	Tax rate	33.1	30.6	28.4	31.7	31.8	31.7
Others/Uses of funds	2.8	5.1	0.8	0	0	0	Net income margin	18.6	24.9	28.4	40.9	41.9	42.3
Change in working capital	2.1	-12.3	-8.4	-2.7	-13.8	-7.4	ROCE	70.5	55.9	35.7	76.8	66.9	64.3
Operating cash flow	6.1	-2.8	-2.5	9.8	4.1	14.1	ROE	83.8	60.9	33.8	57.7	51.4	39.0
Capital expenditure	0.2	-0.7	-1.7	-1.2	-0.7	-0.0	Interest cover	5.7	101.0	30.6	15,237.1	21,911.8	25,959.7
Financial investments	0	0	0	0	0	0	Debt/equity ratio	51.1	-7.4	25.1	-0.8	-6.0	-22.7
Acquisitions and disposals	0	0	0	0	0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E	
Free cash flow	6.3	-3.5	-4.2	8.6	3.4	14.1	Sales	NM	3.5	76.1	40.4	17.2	
Dividends	0	0	0	0	0	0	EBITDA	NM	15.6	NM	43.6	19.1	
Equity changes & Non-op items	0	5.5	-1.0	-4.0	0	0	EBIT	NM	17.2	NM	43.8	18.5	
Net cash flow	6.3	2.0	-5.2	4.6	3.4	14.1	Pre-tax income	NM	14.5	NM	43.8	18.5	
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	Net income	NM	18.1	NM	43.7	18.5	
Net capital employed	3.0	10.8	19.9	23.8	39.3	48.5	Adj. net income	NM	18.1	NM	43.7	18.5	
of which associates	0	0	0	0	0	0							
Net debt/-cash	1.0	-0.9	4.4	-0.2	-2.6	-14.7							
Minorities	0	0	0	0	0	0							
Net equity	2.0	11.7	17.4	25.9	43.8	65.1							
Minorities value	0	0	0	0	0	0							
Enterprise value	NA	39.3	65.2	117.0	117.0	117.0							

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Avio (BUY/TP EUR 14.3/share)

Bruno Permutti - Research Analyst
 +39 02 4127 9021
 bruno.permutti@intesasampaolo.com

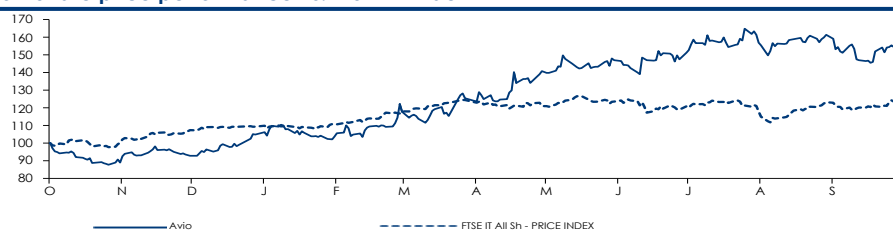
Mid Corporate: EXM-STAR / Aerospace & Defence

Investment case

Avio's 1H24 results met our estimates; full-year guidance was confirmed and looks feasible. Strategic initiatives have started to bear fruit and we believe that all the pieces of the puzzle for a new expansion cycle are in place. Now it is a matter of execution. Focus should be on Vega C return to flight by year-end.

- 1H24 results in line, strategic projects on track.** Avio's 1H24 revenues and operating profitability were in line with our estimates at both the reported and the adjusted level. The top-line growth was driven by Defence and NRRP-related development projects, while adj. EBITDA was stable due to a less favourable sales mix. Order backlog remained at a record level of EUR 1.386Bn, boosted by new orders for tactical propulsion and for the AR6 programme. AR6 was successfully launched and first defence contract in the US was awarded in July. Vega C return to flight is on track by end-2024.
- 2024 guidance feasible, positive mid-term outlook.** Management confirmed its previous 2024 financial guidance, which we see as feasible. The outlook for the space launch market segment remains positive in the medium term, with global revenues from the space launches estimated to show a CAGR of 5% over the 2023-30 period and of 4% over the 2030-40 period in spite of lower selling prices. All the pieces of the puzzle for a further group's business expansion cycle have been set and the strategic outlook for the company looks quite clear. It is now a matter of execution.

Avio - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Specialist to Avio

Valuation

The company faces some crucial steps ahead that will have to be strictly monitored: the timely and successful return-to-flight of Vega C by end-2024, the step-up of the defence business and the ramp-up of own-managed commercial activities and launch operator services (in-flight responsibilities) for the Vega programme since 2026.

Nonetheless the last few months brought some positive business developments with the successful AR6 maiden flight, the successful execution of the last Vega launch and the first defence contract for the group's US subsidiary. The last added content to management's strategic choice to widen the tactical propulsion geographic footprint, while the successful AR6 and last Vega launches contributed to restore the trust lost following the Vega C launch failure in December 2022. The appointment, a few days ago of a highly experienced CCO, should help the transition towards the direct commercialisation of the Vega C launches and towards a wider launch services business.

The average between our peers' comparison and DCF valuations **returns a TP at EUR 14.3. BUY**

Avio - Key data

Mkt price (EUR)	12.30	Free float (%)	58.5
No. of shares	26.36	Major shr	Leonardo
52Wk range (EUR)	13.3/7.1	(%)	25.9
Reuters	AVI.MI	Bloomberg	AVIO IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-5.5	-1M	-4.8
-3M	3.4	-3M	0.6
-12M	51.5	-12M	25.7

Source: FactSet

Company description and key data

Avio is a leading international group engaged in the construction and development of space launchers and solid and liquid propulsion systems for space travel. The experience and know-how built up over more than 50 years puts Avio at the cutting-edge of the space launcher sector, solid, liquid and cryogenic propulsion and tactical propulsion. Avio operates in Italy, France and France Guyana with 5 facilities, employing approx. 850 highly-qualified personnel, of which approx. 30% involved in research and development. Avio is a prime contractor for the Vega programme and a sub-contractor for the Ariane programme, both financed by the European Space Agency ("ESA"), placing Italy among the limited number of countries capable of producing a complete spacecraft.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E	2026E
No. ordinary shares (M)	26.36	26.36	26.36	26.36	26.36	26.36	Adj. P/E	37.9	51.9	17.0	22.3	20.1	17.0
Total no. of shares (M)	26.36	26.36	26.36	26.36	26.36	26.36	P/CFPS	10.6	14.2	10.9	14.8	10.3	8.4
Market cap (EUR M)	321.53	290.24	237.65	324.22	324.22	324.22	P/BVPS	1.1	0.99	0.79	1.1	1.0	1.0
Adj. EPS	0.32	0.21	0.53	0.55	0.61	0.72	Payout (%)	55	0	98	55	55	55
BVPS	11.5	11.1	11.4	11.4	11.8	12.1	Dividend yield (% ord)	1.5	0	2.7	1.3	2.1	2.7
Dividend ord	0.18	0	0.24	0.16	0.25	0.34	FCF yield (%)	0.6	7.5	0.7	-13.7	8.5	5.5
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EV/sales	0.87	0.63	0.51	0.80	0.67	0.57
Revenues	311.6	357.3	338.7	383.9	423.2	477.7	EV/EBITDA	9.1	10.5	8.4	12.8	8.4	6.6
EBITDA	30.01	21.43	20.50	23.98	33.69	41.39	EV/EBIT	30.7	NM	32.6	37.4	19.8	14.4
EBIT	8.86	2.21	5.26	8.21	14.31	18.87	EV/CE	1.1	0.97	0.73	1.1	1.1	1.1
Pre-tax income	8.62	1.36	6.64	8.02	13.93	18.48	D/EBITDA	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
Net income	8.48	-0.46	6.49	7.52	12.12	16.08	D/EBIT	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
Adj. net income	8.48	5.59	13.99	14.52	16.12	19.08	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E	2026E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EBITDA margin	9.6	6.0	6.1	6.2	8.0	8.7
Net income before minorities	9.1	1.3	6.6	6.1	12.1	16.1	EBIT margin	2.8	0.6	1.6	2.1	3.4	4.0
Depreciation and provisions	21.2	19.2	15.2	15.8	19.4	22.5	Tax rate	NM	5.3	0.3	23.7	13.0	13.0
Others/Uses of funds	-14.7	24.7	-14.4	0	0	0	Net income margin	2.7	-0.1	1.9	2.0	2.9	3.4
Change in working capital	20.0	9.0	30.5	-37.2	26.2	9.3	ROCE	3.5	1.0	2.3	2.9	5.5	7.5
Operating cash flow	35.6	54.2	38.0	-15.3	57.7	47.9	ROE	2.8	-0.2	2.2	2.5	4.0	5.1
Capital expenditure	-33.7	-32.5	-36.3	-29.0	-30.0	-30.0	Interest cover	37.4	2.6	-3.7	42.2	36.8	48.5
Financial investments	0	0	0	0	0	0	Debt/equity ratio	-18.4	-24.5	-24.5	-8.2	-15.4	-18.4
Acquisitions and disposals	0	0	0	0	0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E	
Free cash flow	1.9	21.7	1.6	-44.3	27.7	17.9	Sales	14.7	-5.2	13.3	10.2	12.9	
Dividends	-7.3	-4.5	0	-6.3	-4.1	-6.7	EBITDA	-28.6	-4.3	17.0	40.5	22.8	
Equity changes & Non-op items	0	0	0	0	0	0	EBIT	-75.0	NM	56.2	74.3	31.9	
Net cash flow	-5.4	17.2	1.6	-50.7	23.5	11.2	Pre-tax income	-84.3	NM	20.8	73.6	32.7	
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	Net income	NM	NM	15.9	61.1	61.1	32.7
Net capital employed	253.2	231.3	233.6	279.8	260.0	251.6	Adj. net income	-34.0	NM	3.8	11.0	18.4	
of which associates	0	0	0	0	0	0							
Net debt/-cash	-57.2	-74.4	-76.0	-25.4	-48.9	-60.1							
Minorities	7.8	9.6	9.7	8.3	8.3	8.3							
Net equity	302.5	293.6	300.6	301.8	309.7	319.2							
Minorities value	7.8	9.6	9.7	8.3	8.3	8.3							
Enterprise value	272.2	225.4	171.4	307.2	283.7	272.5							

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Banca IFIS (BUY/TP EUR 23.8/share)

Manuela Meroni - Research Analyst
+39 02 4127 9019
manuela.meroni@intesasanpaolo.com

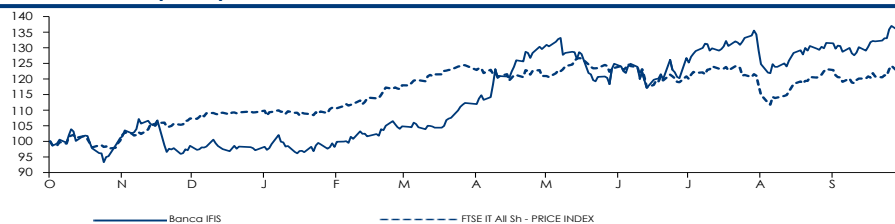
Mid Corporate: EXM-STAR / Banks

Investment case

Banca IFIS' diversified business mix has proven to be resilient in a changing interest rate scenario, thanks to a healthy volumes growth in the Corporate and Commercial Banking business, and the acquisition of Revalea in the NPL business in a context of historically low NPL origination. The bank is preparing its new business plan (to be unveiled in 1H25) by reducing its sensitivity to interest rates and leaving untouched its overlays provisions to safeguard future profitability. Solid 2Q24 results could have allowed an upgrade of the FY24 guidance that could be upwards revised in November.

- **2Q24 results above expectations.** In 2Q24, Banca IFIS reported a net income of EUR 46M, 11% above our estimates and the company-gathered consensus. The main surprise came from the NPL division, whose revenues were 12% above our expectations, supported by trading gains and a higher NII. Moreover, the cost of risk came in better than expected at 41bps vs. 56bps expected, despite no use of overlay provisions. Lastly, the capital base was better than expected, with a CET1 up by 30bps in 1H24 to 15.3%, 20bps above our expectations on better RWA trends;
- **Strong NPL revenues and Corporate & Commercial banking at cruise speed.** The main surprise came from NII, which benefitted from capital gains from the disposal of portfolio tails and an acceleration of the judicial activity.

Banca IFIS - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data
Intesa Sanpaolo is Corporate Broker to Banca IFIS

- Commercial and Corporate banking is progressing at cruise speed, with loans up by 6% yoy and 3% qoq, with all the divisions contributing to volumes growth. The cost of funding has stabilised at 3.9% and the company has reduced its already low sensitivity to interest rates (below 2% of the NII for a 50bps rates move), protecting margins from the expected rates drop;
- **Room to upgrade the guidance in November; new business plan in 1H25.** In August, Banca IFIS confirmed its FY24 net income guidance of EUR 160M, paving the way for a potential upgrade after 3Q24 results. Following the strong 1H24 (c.60% of the guidance already achieved) and the high overlay provisions that could smooth the usual negative seasonality of the fourth quarter, we believe that management could moderately upgrade its guidance in November, preparing at the same time the grounds for the new business plan to be unveiled in 1H25

Valuation

We value Banca IFIS at EUR 23.8 on the basis of a Sum-of-the-Parts, with the following parameters: for the NPL division we use a 14.8% COE and a 24.9% ROAC; for the Commercial and Corporate Banking division we use a 13.6% COE and an 8% ROAC; for the Non-core and Governance & Services division, we use a 13.9% COE and a 33.9% ROAC. The excess/deficit capital over a 14.9% optimal CET1 ratio is valued at 1x.

Banca IFIS – Key data

Mkt price (EUR)	21.90	Free float (%)	43.9
No. of shares	53.81	Major shr	La Scogliera
52Wk range (EUR)	22.1/15.1	(%)	50.5
Reuters	IF.MI	Bloomberg	IF IM
Performance (%)	Absolute	Rel. FTSE IT All Sh	
-1M	3.0	-1M	3.8
-3M	12.7	-3M	9.8
-12M	33.8	-12M	11.0

Source: FactSet data

Company description and key data

Banca IFIS Group is active in specialty financing. The main areas of business involve credit services and solutions for SMEs and acquisition/management of non-performing loan portfolios. Founded in 1983 by Sebastien Egon Furstenberg, the current Chairman, Banca IFIS has been listed on the Milan Stock Exchange (STAR segment) since 2003. The Furstenberg family holds 50.5% of the Bank through La Scogliera. In 2016, Banca IFIS acquired, from GE Capital, Interbanca, an Italian bank specialised in corporate lending, factoring and leasing. In January 2019, with the acquisition of FBS SpA, Banca IFIS improved its leading position in the Italian NPL market. In December 2020 the Banca IFIS purchased Farbanca. At December 2023, the Bank had total assets of EUR 13.3Bn and a net equity of EUR 1.65Bn.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E	Stock market ratios (X)	2021A	2022A	2023A	2024E	2025E	2026E
No. of outstanding shares (M)	53.45	52.43	52.47	52.47	52.47	52.47	Adj. P/E	7.4	6.0	5.0	7.2	7.1	6.8
Adj. EPS	1.80	2.52	3.04	3.06	3.10	3.22	P/TBV	0.46	0.56	0.55	0.76	0.73	0.71
TBV PS	28.7	26.6	28.0	28.9	29.9	30.9	P/PPP	3.0	2.7	2.7	3.7	3.7	3.6
PPP PS	4.4	5.5	5.7	5.9	6.0	6.1	Dividend yield (% ord)	7.2	9.1	13.7	10.0	10.2	10.4
Dividend ord	0.95	1.4	2.1	2.2	2.2	2.3	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E	2026E
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	ROE	6.45	9.24	10.71	10.60	10.42	10.22
Net interest income	488.0	548.3	566.2	581.5	575.6	582.9	Adj. ROE	6.41	9.01	11.20	10.82	10.62	10.67
Net commission/fee income	83.28	93.52	98.22	93.01	96.68	100.5	RoRWA	1.07	1.43	1.56	1.61	1.63	1.61
Net trading income	28.69	38.78	40.20	53.02	53.00	53.00	Cost income ratio	60.8	57.4	57.6	57.7	56.8	56.8
Total income	599.9	680.6	704.6	727.5	725.3	736.4	Cost of risk (bps)	92	88	59	55	59	59
Total operating expenses	364.8	390.4	405.8	419.5	411.7	418.0	Tax rate	-31.74	32.94	31.82	33.54	33.63	33.63
Gross operating income	235.1	290.2	298.8	308.1	313.7	318.5	Dividend payout	50.5	50.5	68.7	50.0	50.0	50.0
Provisions for loan losses	77.21	77.52	52.41	49.64	54.55	56.36	Other (%)	2021A	2022A	2023A	2024E	2025E	2026E
Pre-tax income	149.9	213.3	237.6	251.2	255.3	258.2	CET1 ratio	15.44	15.01	14.79	15.59	15.59	15.56
Net income	100.6	141.1	160.1	165.1	167.6	169.6	CET1 ratio fully loaded	15.15	15.01	14.79	15.38	15.39	15.36
Shareholders' earnings	100.6	141.1	160.1	165.1	167.6	169.6	Net impaired loans ratio	3.24	3.24	2.65	2.62	2.55	2.47
Adj. shareholders' earnings	96.09	131.9	159.6	160.3	162.6	168.9	Net impaired loans on TBV	18.44	20.47	16.40	15.87	15.35	14.87
Composition of total income	2021A	2022A	2023A	2024E	2025E	2026E	Growth (%)	2021A	2022A	2023A	2024E	2025E	2026E
Net interest income	81.3	80.6	80.4	79.9	79.4	79.2	Total income	28.2	13.4	3.5	3.3	-0.3	1.5
Trading income	4.8	5.7	5.7	7.3	7.3	7.2	Gross operating income	47.2	23.4	3.0	3.1	1.8	1.5
Commission income	13.9	13.7	13.9	12.8	13.3	13.6	Net income	45.5	40.3	13.5	3.2	1.5	1.2
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	Adj. net income	NM	37.3	21.0	0.5	1.4	3.9
Total assets	12,977.9	13,262.4	14,051.4	13,952.1	14,228.6	14,529.7	BS growth (%)	2021A	2022A	2023A	2024E	2025E	2026E
Customer loans	8,731.8	8,786.9	9,022.1	9,114.4	9,390.9	9,692.0	Customers' loans	8.6	0.6	2.7	1.0	3.0	3.2
Total customer deposits	8,188.6	7,708.5	9,103.5	9,114.6	9,339.3	9,588.7	Customers' deposits	8.6	-5.9	18.1	0.1	2.5	2.7
Shareholders' equity	1,596.1	1,456.7	1,533.6	1,582.4	1,633.4	1,684.2	Shareholders' funds	4.7	-8.7	5.3	3.2	3.2	3.1
Tangible equity	1,534.5	1,392.4	1,456.9	1,505.8	1,556.8	1,607.5	Structure (no. of)	2021A	2022A	2023A	2024E	2025E	2026E
Risk weighted assets	9,633.1	10,128.0	10,390.0	10,121.7	10,393.6	10,683.7	Branches	26	26	26	26	26	26
							Employees	1,849	1,864	1,879	1,900	1,900	1,900

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Banca Sistema (BUY/TP EUR 1.93/share)

Davide Rimini - Research Analyst
+39 02 4127 9025
davide.rimini@intesanpaolo.com

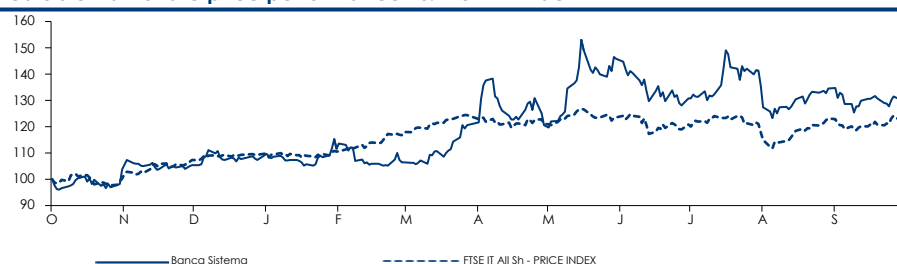
Mid Corporate: EXM-STAR / Banks

Investment case

2Q results registered a similar performance vs. 1Q, where still weak NII was offset by strong Net Commission and Trading Income. Volume growth normalised in Factoring, while it was confirmed in Pawn. Net Income contribution was softer due to provisions for risk charges.

- Revenue performance softens, margin still expanding.** Banca Sistema reported a light 2Q, recording a net income of EUR 1.8M, softer than the EUR 3.7M in 2Q23 and our EUR 3.0M expectation, mostly due to provisions for systemic risks (which last year were booked in 4Q23). Revenues declined by 6% yoy (almost in line with our estimates), penalised by a still contracting NII, partially offset by strong commission and trading income (favourably supported by Superbonus tax credit activity). Volumes' growth softened a bit in Factoring in 2Q (leaving 1H still at +13% yoy), still benefitting from the tailwinds provided by the inflationary scenario, while remaining solid in the Pawn business (+10% yoy in 1H). CQ loans declined by 11.1% yoy, also due to some portfolio disposals. Adj. income margin further improved in Factoring and Pawn (by 140bps and over 350bps respectively), while remaining broadly stable in CQ. The CET1 declined slightly to 12.4% (vs. 12.7% in 1Q24).

Banca Sistema - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Corporate Broker to Banca Sistema

- Management expects positive commercial dynamics and the constant asset repricing should confirm adj. income margin expansion also in 2H24.** Group's average cost of funding has likely reached a plateau, while the cost of risk should trend closer to the historical average (and hence higher than the exceptionally low 17bps recorded last year). CQ's negative contribution to net income should reach the floor in 2024, before gradually improving in 2025-26. In our report of 8 August, we left our 2024 adj. EPS unchanged (as better trading income should be largely offset by higher LLPs) and raised our 2025-26E adj. EPS by +4%, largely as a reflection of better credit quality assumptions.

Valuation

Based on our new 2024-26E estimates and Cost of Equity assumption of 12.5%, derived from the use of a risk-free rate of 3.75%, we have a TP of EUR 1.93. BUY recommendation. At our target price, Banca Sistema would trade at 8.5x 2025E P/E and 0.73 2025E P/TBV, with an adj. ROTE of 8.8% in FY25E

Banca Sistema – Key Data

Mkt price (EUR)	1.46	Free float (%)	49.0
No. of shares	80.42	Major shr	GARBI GIANLU
52Wk range (EUR)	1.71/1.07	(%)	23.4
Reuters	BSTA.MI	Bloomberg	BST IM
Performance (%)	Absolute	Rel. FTSE IT All Sh	
-1M	-3.2	-1M	-2.4
-3M	1.7	-3M	-1.0
-12M	31.2	-12M	8.8

Source: FactSet

Company description and key data

Banca Sistema was created in 2011 as an institution specialising in the purchase of trade receivables from the Public Administration, in order to enter a particular segment of the Italian financial market aimed at providing liquidity to suppliers of the Public Administration, mainly through factoring, credit management and recovery services. The Bank is growing rapidly and has expanded its activities in recent years with a full range of banking services and the customisation of its offering for discerning customers, including CQS/CQP and pawn business.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E	Stock market ratios (X)	2021A	2022A	2023A	2024E	2025E	2026E
No. of outstanding shares (M)	80.42	80.42	80.42	80.42	80.42	80.42	Adj. P/E	7.6	7.2	7.5	7.9	6.4	4.9
Adj. EPS	0.271	0.242	0.173	0.185	0.226	0.296	P/TBV	0.94	0.84	0.56	0.59	0.55	0.50
TBV PS	2.2	2.1	2.3	2.5	2.7	2.9	P/PPP	3.6	3.1	NA	3.1	2.8	2.4
PPP PS	0.6	0.6	NA	0.5	0.5	0.6	Dividend yield (% ord)	3.5	3.7	5.0	5.0	4.7	6.0
Dividend ord	0.07	0.07	0.07	0.07	0.07	0.09	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E	2026E
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	ROE	14.55	14.23	9.99	9.63	10.64	12.37
Net interest income	81.96	85.43	66.96	55.35	73.16	89.59	Adj. ROTE	17.11	16.02	10.65	10.15	11.34	13.34
Net commission/fee income	15.66	16.71	19.66	26.60	27.40	28.69	RoRWA	1.65	1.52	1.17	1.24	1.42	1.64
Net trading income	10.09	3.56	16.90	28.00	14.30	7.00	Cost income ratio	56.7	57.1	67.1	66.4	64.4	61.4
Total income	108.0	105.4	101.7	110.7	115.6	126.0	Cost of risk (bps)	40	31	15	23	23	19
Total operating expenses	61.24	60.18	68.22	73.52	74.42	77.39	Tax rate	31.57	33.19	32.81	32.50	32.50	32.50
Gross operating income	46.77	45.24	33.49	37.15	41.16	48.61	Dividend payout	24.8	23.6	31.6	33.5	26.5	26.5
Provisions for loan losses	10.63	8.50	4.60	7.33	7.61	6.79	Other (%)	2021A	2022A	2023A	2024E	2025E	2026E
Pre-tax income	34.43	32.12	25.76	26.62	31.51	39.82	CET1 ratio	11.60	11.85	12.91	13.78	13.55	13.13
Net income	23.27	22.03	16.51	17.51	20.80	26.39	CET1 ratio fully loaded	11.60	11.85	12.91	13.78	13.55	13.13
Adj. shareholders' earnings	21.73	19.39	13.88	14.85	18.15	23.74	Net impaired loans ratio	9.34	7.93	6.95	8.26	8.02	7.87
Composition of total income	2021A	2022A	2023A	2024E	2025E	2026E	Net impaired loans on TBV	209.9	185.4	165.2	172.0	166.2	161.2
Net interest income	75.9	81.0	65.8	50.0	63.3	71.1	Growth (%)	2021A	2022A	2023A	2024E	2025E	2026E
Trading income	9.3	3.4	16.6	25.3	12.4	5.6	Total income	6.1	-2.4	-3.5	8.8	4.4	9.0
Commission income	14.5	15.9	19.3	24.0	23.7	22.8	Gross operating income	-4.0	-3.3	-26.0	10.9	10.8	18.1
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	Net income	-9.8	-5.3	-25.1	6.1	18.8	26.9
Total assets	3,708.9	4,397.4	4,568.8	4,439.8	4,763.2	0	Adj. net income	-12.1	-10.8	-28.4	7.0	22.2	30.8
Customer loans	2,737.0	2,814.7	3,335.0	3,177.5	3,471.2	3,856.1	BS growth (%)	2021A	2022A	2023A	2024E	2025E	2026E
Total customer deposits	2,665.2	3,294.1	3,397.8	3,830.5	4,111.5	4,477.9	Customers' loans	5.2	2.8	18.5	-4.7	9.2	11.1
Shareholders' equity	154.9	154.9	175.7	188.0	203.0	223.8	Customers' deposits	10.5	23.6	3.1	12.7	7.3	8.9
Tangible equity	121.7	120.4	140.3	152.6	167.5	188.4	Shareholders' funds	-6.1	0	13.5	7.0	7.9	10.3
Risk weighted assets	1,517.6	1,385.2	1,428.0	1,403.1	1,519.3	1,695.9	Structure (no. of)	2021A	2022A	2023A	2024E	2025E	2026E
							Branches	16	16	NA	0	0	0
							Employees	206	290	NA	8	16	0

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Cellularline (BUY/TP EUR 5.5/share)

Gabriele Berti - Research Analyst
 +39 02 4127 9023
 gabriele.berti@intesasanpaolo.com

Mid Corporate: EXM-STAR / Consumer Services

Investment case

Growth trend confirmed; solid cash generation.

- 2Q performance.** The group confirmed the positive sales performance already seen in the first quarter, also benefitting from the numerous strategic measures implemented by management. Profitability improved by around 300bps, due to several factors, including mix, exchange rate and supply chain efficiencies. Cash generation was particularly strong benefiting from seasonality and NWC optimisation.
- Increased penetration in key customers.** The positive performance was achieved in a non-growing market period, mainly thanks to the acquisition of new customers with high potential, both in Italy and abroad, and increased penetration with selected key partners (e.g. the group signed new agreements with Auchan in France and Spain, introduced new product lines with existing customers and is seeing full benefits from agreements signed in 2023, such as El Corte Inglés in Spain).

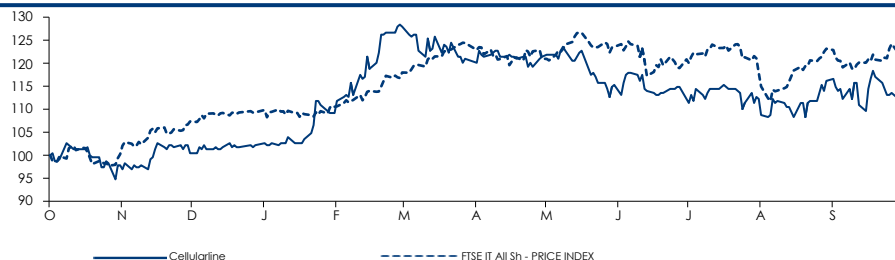
With regards to the possible acquisition of Unieuro by FNAC-Darty, management stated that this could represent both a risk and an opportunity for the group (it could increase its penetration with FNAC-Darty, but it must succeed in not losing the partnership with Unieuro).

- Positive outlook confirmed.** Management gave an overall positive outlook for FY24. Overall, we expect the company to benefit from the full contribution of the new distribution agreements in FY24. Major mid-term growth levers should remain: 1) product innovation, helped by the R&D department's strengthening; 2) consolidation and strengthening of commercial relations with existing clients and acquisition of new customers. The aim is to increase coverage in travel retail, telco and mass merchandise channels; 3) higher international penetration, where Cellularline still has significant room for growth; 4) e-commerce strategy development; and 5) new M&A opportunities.

Valuation

The stock currently trades at compressed multiples, with a 2024E EV/EBITDA of 3.2x and a P/E of 5.8. Given the sound cash generation profile, we consider Cellularline an appealing value stock.

Cellularline - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Specialist to Cellularline

Cellularline – Key data

Mkt price (EUR)	2.57	Free float (%)	64.9
No. of shares	21.87	Major shr	Christian Aleotti
52Wk range (EUR)	2.94/2.17	(%)	12.4
Reuters	CELL.MI	Bloomberg	CELL IM
Performance (%)	Absolute	Rel. FTSE IT All Sh	
-1M	-3.4	-1M	-2.6
-3M	-2.3	-3M	-4.8
-12M	12.2	-12M	-6.9

Source: Factset

Company description and key data

Cellularline is the European market leader in the design, manufacturing and distribution of accessories for connectivity devices. Leveraging on more than 5,000 points of sales, the company reaches more than 60 countries in the world and covers all the major distribution channels (CE, Telco, Travel Retail, Mass Merchandise, Sport stores as well as other retailers). Cellularline has a wide product portfolio composed of three major categories: (i) Protection & Style (cases and screen protectors); (ii) Charge & Utilities (battery chargers, powerbanks, car accessories and cables); and (iii) Voice & Sport (earphones and sports accessories). Moreover, the company recently launched the AQL brand (AudioQuality Lab), the product line dedicated to the world of music.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E
No. ordinary shares (M)	21.87	21.87	21.87	21.87	21.87	Adj. P/E	13.0	14.2	7.7	5.8	4.3
Total no. of shares (M)	21.87	21.87	21.87	21.87	21.87	P/CFPS	5.5	4.6	3.0	2.7	2.3
Market cap (EUR M)	96.68	80.91	58.76	56.20	56.20	P/BVPS	0.47	0.63	0.44	0.41	0.39
Adj. EPS	0.34	0.26	0.35	0.44	0.59	Payout (%)	47	0	25	20	15
BVPS	9.4	5.8	6.2	6.3	6.5	Dividend yield (% ord)	3.6	0	3.2	3.4	3.4
Dividend ord	0.16	0	0.09	0.09	0.09	FCF yield (%)	14.9	3.1	12.2	23.6	21.1
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	EV/sales	1.2	0.88	0.59	0.47	0.38
Revenues	110.6	137.6	158.6	175.0	192.0	EV/EBITDA	8.3	7.3	4.5	3.2	2.4
EBITDA	16.12	16.64	20.76	25.38	30.34	EV/EBIT	Neg.	Neg.	19.3	8.1	4.9
EBIT	-5.16	-76.30	4.88	10.11	14.87	EV/CE	0.55	0.72	0.55	0.50	0.46
Pre-tax income	-6.56	-74.82	4.25	8.11	12.87	D/EBITDA	2.3	2.4	1.7	1.0	0.56
Net income	-3.85	-75.17	3.60	5.68	9.01	D/EBIT	Neg.	Neg.	7.3	2.5	1.1
Adj. net income	7.45	5.70	7.68	9.64	12.98	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	EBITDA margin	14.6	12.1	13.1	14.5	15.8
Net income before minorities	-3.8	-75.2	3.6	5.7	9.0	EBIT margin	-4.7	-55.4	3.1	5.8	7.7
Depreciation and provisions	21.3	92.9	15.9	15.3	15.5	Tax rate	41.3	NM	15.4	30.0	30.0
Others/Uses of funds	-3.0	-6.2	-3.0	-3.0	-3.0	Net income margin	-3.5	-54.6	2.3	3.2	4.7
Change in working capital	7.4	-3.9	-0.9	-1.2	-6.1	ROCE	-2.1	-45.4	2.9	6.2	9.3
Operating cash flow	21.8	7.7	15.6	16.8	15.4	ROE	-1.9	-45.2	2.7	4.2	6.4
Capital expenditure	-7.4	-3.9	-4.0	-3.5	-3.5	Interest cover	-3.7	51.6	7.8	5.1	7.4
Financial investments	0	0	0	0	0	Debt/equity ratio	18.2	31.7	26.3	18.6	11.9
Acquisitions and disposals	0	-1.3	-4.4	0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E
Free cash flow	14.4	2.5	7.2	13.3	11.9	Sales	24.5	15.3	10.3	9.7	NA
Dividends	0	-1.0	0	-1.8	-1.8	EBITDA	3.2	24.8	22.2	19.6	NA
Equity changes & Non-op items	-2.8	-4.5	-2.2	-1.5	-1.5	EBIT	NM	NM	NM	47.1	NA
Net cash flow	11.6	-3.0	5.0	9.9	8.5	Pre-tax income	NM	NM	90.8	58.7	NA
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	Net income	NM	NM	57.9	58.7	NA
Net capital employed	242.8	167.9	170.1	162.6	159.7	Adj. net income	-23.5	34.7	25.6	34.6	NA
of which associates	0	0	0	0	0						
Net debt/-cash	37.4	40.4	35.4	25.5	17.0						
Minorities	0	0	0	0	0						
Net equity	205.4	127.5	134.7	137.0	142.7						
Minorities value	0	0	0	0	0						
Enterprise value	134.1	121.3	94.2	81.7	73.2						

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

d'Amico International Shipping (BUY/TP EUR 8.4/share)

Arianna Terazzi - Research Analyst
 +39 02 4127 9026
 arianna.terazzi@intesanpaolo.com

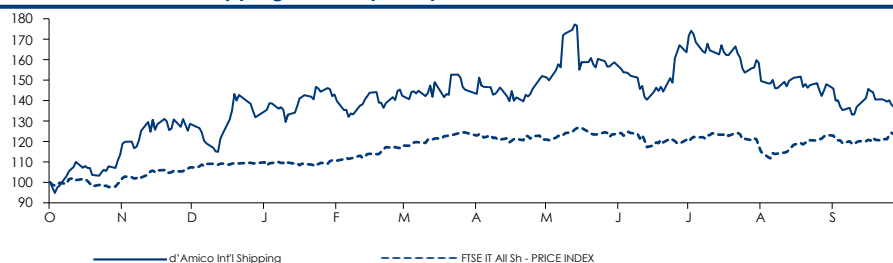
Mid Corporate: EXM-STAR / Shipping

Investment case

We believe the company is well positioned in a reference market where trade restrictions continue to support structural drivers.

- **Earnings momentum continues. 2Q24 results beat our estimates with spot rates at DIS' historical highest level.** 2Q24 results beat our estimates (+11.3% at TCE level) mainly thanks to a stronger spot market and to DIS' strategic higher exposure to LR1, which resulted in the highest quarterly spot result in DIS' history (2Q24 daily spot rates were USD 44,949, +41.6% yoy; +17.7% qoq). This allowed the company to further improve net debt, which combined with an increased market value (USD 1,185.7M), drove net debt (ex IFRS16)/FMV ratio to a low 9.1% (18% at YE23).
- **We continue to see the company as well positioned**, with 34% of 4Q24 available vessels days covered at an avg. TCE daily rate of USD 26,629, disclosed after the signing of a new 2Y time charter agreement at profitable rates, which in our view supports the scenario embedded in our FY24E-25E forecasts in terms of contract coverage. Our updated estimates for FY24E incorporate a USD 34,003/day spot rate and USD 27,327/day covered rate.

d'Amico International Shipping - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Specialist to d'Amico International Shipping

- **Supportive outlook, despite temporary lower spot rates.** While in July-August product tankers freight were weaker due to some crude tankers temporarily switching to clean trades, structural drivers continue to be supportive longer-term: 1) growing jet fuel and gasoline, based on IEA; 2) strong crude tanker market; and 3) ongoing relocation of refinery capacity far from major consumption geographies, and tight supply despite the recent increase in vessels' orders (which should not be delivered before end-2025). Some trade disruptions (Russian sanctions, Red Sea attacks) are still pushing spot rates and ton/miles, as of today.

Valuation

We calculate our target price starting from the company's NAV, to which we applied a 5% premium to factor in the positive 3Q24 market scenario. The NAV points to a value of USD 1,247M, which we see as consistent also when seeking to incorporate the positive effect of the company's ongoing deleveraging. We calculate a NAV/share of USD 9.5 or EUR 8.4 at a EUR/USD rate of 1.12 (Intesa Sanpaolo Macroeconomic Research 12M projection at 4 August 2024).

d'Amico International Shipping – Key data

Mkt price (EUR)	5.72	Free float (%)	32.9
No. of shares	124.1	Major shr	d'Amico Int'l SA
52Wk range (EUR)	7.75/4.28	(%)	65.7
Reuters	B7C.MI	Bloomberg	DIS IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-9.6	-1M	-8.9
-3M	-22.5	-3M	-24.5
-12M	24.2	-12M	3.0

Source: FactSet

Company description and key data

d'Amico International Shipping S.A. is a subsidiary of d'Amico Società di Navigazione S.p.A., one of the world's leading privately-owned marine transportation companies, and operates in the product tankers sector, comprising vessels that typically carry refined petroleum products, chemicals and vegetable oils. d'Amico International Shipping S.A. indirectly controls, either through ownership or charter arrangements, a modern, high-tech and double-hulled fleet, ranging from 35,000 and 51,000 deadweight tons. The company has a history and a long tradition of family enterprise and a worldwide presence with offices in key market maritime centres (London, Dublin, Monaco and Singapore).

Values per share (USD)	2021A	2022A	2023A	2024E	2025E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E
No. ordinary shares (M)	1,241.0	1,241.0	124.1	124.1	124.1	Adj. P/E	Neg.	18.7	2.9	4.2	9.0
Total no. of shares (M)	1,241.0	1,241.0	124.1	124.1	124.1	P/CFPS	43.4	13.2	2.3	3.2	5.5
Market cap (EUR M)	1,472.8	2,586.7	580.21	792.27	792.27	P/BVPS	4.5	5.6	0.94	0.92	0.81
Adj. EPS	-0.02	0.11	1.59	1.53	0.71	Payout (%)	0	31	26	-1,643	0
BVPS	0.26	0.37	5.0	6.9	7.9	Dividend yield (% ord)	0	16.3	8.9	6.7	3.3
Dividend ord	0	0.34	0.41	0.43	0.21	FCF yield (%)	2.6	2.7	34.8	18.7	13.8
Income statement (USD M)	2021A	2022A	2023A	2024E	2025E	EV/TCE Earnings	11.4	9.1	2.0	2.4	3.1
TCE Earnings	174.1	330.0	397.0	379.7	273.5	EV/EBITDA	31.0	13.2	2.9	3.5	5.3
EBITDA	64.32	226.6	277.6	263.7	157.6	EV/EBIT	NM	18.1	3.7	4.5	8.3
EBIT	-6.90	165.7	215.2	204.3	101.1	EV/CE	2.3	3.4	0.96	0.93	0.82
Pre-tax income	-36.82	135.3	193.5	190.3	87.98	D/EBITDA	8.1	1.8	0.81	0.48	0.30
Net income	-37.26	134.9	192.2	188.8	86.75	D/EBIT	Neg.	2.5	1.0	0.62	0.47
Adj. net income	-29.12	138.1	196.9	189.8	87.75	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E
Cash flow (USD M)	2021A	2022A	2023A	2024E	2025E	EBITDA margin	36.9	68.7	69.9	69.5	57.6
Net income before minorities	-37.3	134.9	192.2	188.8	86.8	EBIT margin	-4.0	50.2	54.2	53.8	37.0
Depreciation and provisions	71.2	60.9	62.5	59.5	56.5	Tax rate	NM	0.3	0.6	0.8	1.4
Others/Uses of funds	29.9	0	0	0	0	Net income margin	-21.4	40.9	48.4	49.7	31.7
Change in working capital	-34.6	-54.1	-11.0	0	-10.0	ROCE	-0.8	19.0	25.5	20.8	9.9
Operating cash flow	29.3	141.7	243.7	248.2	133.2	ROE	-10.7	34.1	35.6	25.6	9.5
Capital expenditure	-7.0	-61.0	-41.5	-84.7	-9.2	Interest cover	-0.2	5.4	9.9	14.6	7.7
Financial investments	0	0	0	0	0	Debt/equity ratio	158.4	88.5	36.3	14.7	4.9
Acquisitions and disposals	13.7	0	0	0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E
Free cash flow	35.9	80.7	202.2	163.5	124.0	TCE Earnings	89.5	20.3	-4.4	-28.0	NA
Dividends	0	0	-42.0	-50.0	-31.0	EBITDA	NM	22.5	-5.0	-40.3	NA
Equity changes & Non-op items	2.7	39.7	25.4	0	0	EBIT	NM	29.9	-5.1	-50.5	NA
Net cash flow	38.6	120.4	185.6	113.5	93.0	Pre-tax income	NM	43.0	-1.6	-53.8	NA
Balance sheet (USD M)	2021A	2022A	2023A	2024E	2025E	Net income	NM	42.5	-1.8	-54.0	NA
Net capital employed	848.7	873.2	842.1	982.5	1,022.2	Adj. net income	NM	42.6	-3.6	-53.8	NA
of which associates	0	0	0	0	0						
Net debt/-cash	520.3	409.9	224.3	125.8	47.8						
Minorities	0	0	0	0	0						
Net equity	328.5	463.3	617.8	856.6	974.4						
Minorities value	0	0	0	0	0						
Enterprise value	1,993.0	2,996.6	804.5	918.1	840.1						

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Datalogic (BUY/TP EUR 7.6/share)

Alberto Francese - Research Analyst
 +39 02 4127 9022
 alberto.francese@intesanpaolo.com

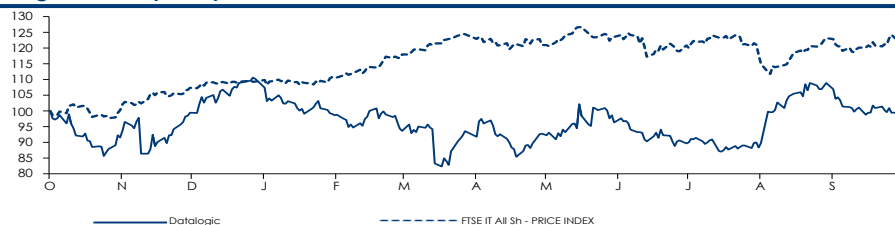
Mid Corporate: EXM-STAR / Software & Computer Services

Investment case

The top line contraction should have reached a bottom in 1H24, while the order intake in the data capture segment is supportive for an inversion of the trend in 2H24.

- **Revenues contraction is decelerating.** 1H24 revenues decreased by 15.3% to EUR 244.6M, with the contraction decelerating vs. 1Q24 (-23.5%); the still weak market, particularly in the Industrial Automation segment, was offset by a good trend in Data Capture. Management is confident about mitigating the gap in mobile, thanks to a portfolio that is now advanced and broad enough to allow bidding for important tenders.
- **Gross margin continued to improve, while volumes sustained the 2Q24 adj. EBITDA margin.** Thanks to a gross margin erosion of only 70bps in 1H24, the adjusted EBITDA margin decreased by 460bps to 6.3%. Looking at 2Q24, the gross margin erosion reduced to 60bps, and adjusted EBITDA margin was only 290bps lower yoy, positively impacted by the increase in sales volumes (EUR 2.3M) and productivity (EUR 2.5M), but still negatively affected by price (EUR -1.7M), mix (EUR -6M) and structural cost containment (EUR -1.8M).

Datalogic - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data
 Intesa Sanpaolo is Specialist to Datalogic

- **Top-line contraction is slowing down, Data Capture should support 2H24 recovery.** 2Q24 revenues showed a more contained yoy contraction, and a qoq improvement, which should continue also in the second part of the year. Management confirmed its guidance for 2024 revenues and EBITDA margin broadly aligned with 2023 ex-Informatics, with 2H24 supported by an ongoing improvement in the Data Capture segment, particularly advanced fixed retail scanners and mobile, based on the currently booked orders.

Valuation

Following 1H24 results and management's outlook, we confirmed our FY24-25E estimates. Our DCF model points to a EUR 7.6 TP, and we rate the company a BUY.

Datalogic – Key data

Mkt price (EUR)	6.10	Free float (%)	20.3
No. of shares	58.45	Major shr	VOLTA FAMILY
52Wk range (EUR)	6.79/5.05	(%)	76.6
Reuters	DAL.MI	Bloomberg	DAL IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-8.7	-1M	-7.9
-3M	9.7	-3M	6.8
-12M	0.0	-12M	-17.0

Source: FactSet

Company description and key data

Datalogic is a global leader in the automatic data capture and process automation markets, specialised in the design and production of bar code readers, mobile computers, sensors for detection, measurement and safety, RFID vision and laser marking systems. Datalogic solutions help to increase the efficiency and quality of processes in the Retail, Manufacturing, Transportation & Logistics and Healthcare industries, along the entire value chain. The world's leading players in the four reference industries use Datalogic products. Datalogic S.p.A. is listed on the STAR segment of the Italian Stock Exchange since 2001 as DAL.MI. Today Datalogic Group, headquartered in Bologna (Italy), employs around 2,900 staff worldwide, distributed in 29 countries, with manufacturing and repair facilities in United States, Hungary, Slovakia, Italy, China, Vietnam and Australia. In 2023 Datalogic invested over EUR 67M in Research and Development (including capex), with a portfolio of about 1,200 patents and patent applications.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E
No. ordinary shares (M)	58.45	58.45	58.45	58.45	58.45	Adj. P/E	23.7	16.6	36.7	43.8	17.0
Total no. of shares (M)	58.45	58.45	58.45	58.45	58.45	P/CFPS	14.3	8.0	9.8	6.6	6.8
Market cap (EUR M)	1,033.7	535.52	413.54	356.52	356.52	P/BVPS	2.5	1.2	1.0	0.83	0.82
Adj. EPS	0.75	0.55	0.19	0.14	0.36	Payout (%)	126	40	22	50	50
BVPS	7.2	7.7	7.0	7.3	7.5	Dividend yield (% ord)	1.7	3.3	1.7	1.3	3.1
Dividend ord	0.30	0.30	0.12	0.08	0.19	FCF yield (%)	-0.9	-3.7	10.1	12.2	6.2
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	EV/sales	1.8	0.88	0.84	0.68	0.60
Revenues	600.5	654.6	536.6	520.0	572.0	EV/EBITDA	13.3	7.5	10.6	7.7	5.3
EBITDA	79.83	77.36	42.18	45.68	65.10	EV/EBIT	22.5	14.1	46.7	57.1	13.7
EBIT	47.01	40.94	9.61	6.18	24.95	EV/CE	2.4	1.2	1.0	0.83	0.81
Pre-tax income	44.39	34.26	11.42	23.38	24.95	D/EBITDA	0.33	0.54	0.84	Neg.	Neg.
Net income	39.54	30.13	9.49	21.96	19.21	D/EBIT	0.55	1.0	3.7	Neg.	Neg.
Adj. net income	43.65	32.17	11.26	8.14	20.99	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	EBITDA margin	13.3	11.8	7.9	8.8	11.4
Net income before minorities	39.5	30.1	9.5	22.0	19.2	EBIT margin	7.8	6.3	1.8	1.2	4.4
Depreciation and provisions	32.8	36.4	32.6	32.2	32.9	Tax rate	10.9	12.1	16.9	6.1	23.0
Others/Uses of funds	0	0	0	0	0	Net income margin	6.6	4.6	1.8	4.2	3.4
Change in working capital	-13.3	-18.8	26.1	-1.4	-1.4	ROCE	10.5	8.3	2.2	1.5	5.9
Operating cash flow	59.0	47.7	68.2	52.8	50.6	ROE	10.0	6.9	2.2	5.2	4.4
Capital expenditure	-33.0	-35.7	-26.4	-26.0	-28.6	Interest cover	17.9	6.1	-5.3	NM	NM
Financial investments	0	0	0	0	0	Debt/equity ratio	6.2	9.3	8.6	-0.8	-3.3
Acquisitions and disposals	-35.0	-31.8	0	16.8	0	Growth (%)	2021A	2022A	2023A	2024E	2025E
Free cash flow	-9.0	-19.8	41.8	43.6	22.0	Sales	9.0	-18.0	-3.1	10.0	NA
Dividends	-9.9	-16.9	-16.9	-4.7	-11.0	EBITDA	-3.1	-45.5	8.3	42.5	NA
Equity changes & Non-op items	-15.2	25.9	-18.1	0	0	EBIT	-12.9	-76.5	-35.7	NM	NA
Net cash flow	-34.1	-10.8	6.8	38.8	11.1	Pre-tax income	-22.8	-66.7	NM	6.7	NA
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	Net income	-23.8	-68.5	NM	-12.5	NA
Net capital employed	447.8	493.6	446.5	424.8	422.0	Adj. net income	-26.3	-65.0	-27.7	NM	NA
of which associates	0	0	0	0	0						
Net debt/-cash	26.1	42.0	35.3	-3.5	-14.6						
Minorities	0	0	0	0	0						
Net equity	421.7	451.6	411.1	428.3	436.6						
Minorities value	0	0	0	0	0						
Enterprise value	1,059.7	577.5	448.9	353.0	342.0						

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Elica (HOLD/TP EUR 2.1/share)

Alberto Francese - Research Analyst
 +39 02 4127 9022
 alberto.francese@intesanpaolo.com

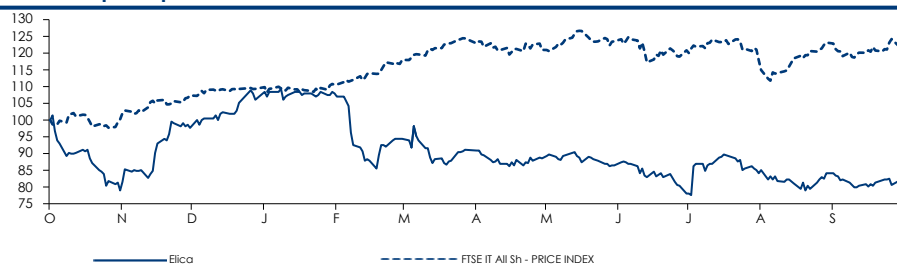
Mid Corporate: EXM-STAR / Household Goods & Textiles

Investment case

Demand recovery is not yet in sight, while price mix is weak for promotion and mix products. Nevertheless, the top-line has been improving qoq since 3Q23 and the EBITDA and EBIT margin improved qoq in 2Q24. The company is investing in new products, network and brand, in order to be ready to capture market opportunities in 2025 and 2026.

- **Weak market still dragged down yoy revenues, but a qoq improvement is ongoing.** 2Q24 revenues decreased yoy by 4.3%, with a negative impact from Motors (-11.3%). Cooking shrunk by only 2.1%, despite a negative price-mix and a strong promotion policy by competitors, benefitting from new customers in the OEM segment (+9.3% in 2Q24) and from the new distribution in North America (+1.4%) in the own brand segment. Since 3Q23, revenues have been improving quarter by quarter up to 2Q24.

Elica - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Specialist to Elica

- **Investment in future growth continued, EBITDA margin improved qoq.** Adjusted EBITDA came in at EUR 9.1M, -32.3% yoy, due to significant costs incurred in the quarter to support growth, in terms of product, rebranding, positioning and Eurocucina. The margin on revenue was 7.6% vs. 10.8% in 2Q23 and improved by 110bps vs. 1Q24
- **A slower than expected recovery.** Looking ahead, management expects the demand recovery to be slower than previously expected (flat in 2H24), while the price mix should remain negative due to high promotional activity and product mix headwinds. Therefore, management pointed to a 2024 revenue guidance of EUR 460-465M (from EUR 465-470M), while confirming net debt in line with FY23.

Valuation

Our DCF returns a EUR 2.1 TP and rate the company a HOLD.

Elica – Key data

Mkt price (€)	1.75	Free float (%)	23.02
No. of shares	63.32	Major shr	F.A.N. S.r.l.
52Wk range (€)	2.34/1.66	(%)	1.5
Reuters	ELC.MI	Bloomberg	ELC IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-2.8	-1M	-2.0
-3M	1.7	-3M	-0.9
-12M	-18.2	-12M	-32.2

Source: FactSet

Company description and key data

The Elica Group has been present in the cooker hood market since the 1970s, and today is the world leader in terms of units sold. It is also a European leader in the design, manufacture and sale of motors for central heating boilers. With over 3,800 employees and an annual output of approx. 21M units, the Elica Group has seven plants, including Italy, Poland, Mexico, India and China. With many years' experience in the sector, Elica has combined design, choice of material and cutting-edge technology guaranteeing maximum efficiency and reducing consumption. The group has revolutionised the traditional image of the kitchen cooker hood: it is no longer seen as simple accessory but as a design object

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E	2026E
No. ordinary shares (M)	63.32	63.32	63.32	63.32	63.32	63.32	Adj. P/E	15.4	8.9	13.6	29.6	9.0	6.1
Total no. of shares (M)	63.32	63.32	63.32	63.32	63.32	63.32	P/CFPS	5.8	4.7	4.8	4.3	3.0	2.6
Market cap (EUR M)	213.33	187.08	161.83	110.81	110.81	110.81	P/BVPS	1.7	1.4	1.1	0.75	0.69	0.62
Adj. EPS	0.22	0.33	0.19	0.06	0.19	0.29	Payout (%)	0	18	35	66	6	17
BVPS	2.0	2.2	2.3	2.3	2.5	2.8	Dividend yield (% ord)	0	2.0	2.6	2.2	0.7	2.8
Dividend ord	0	0.06	0.07	0.04	0.01	0.05	FCF yield (%)	31.8	-2.2	0.1	2.1	15.8	22.2
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EV/sales	0.54	0.49	0.52	0.40	0.35	0.29
Revenues	541.3	548.6	473.2	462.0	480.0	516.5	EV/EBITDA	7.6	5.3	5.4	5.5	3.7	2.7
EBITDA	38.54	50.85	45.40	34.00	46.08	55.27	EV/EBIT	29.4	9.8	11.5	16.9	7.8	4.8
EBIT	9.93	27.32	21.54	11.00	21.81	30.80	EV/CE	1.8	1.5	1.2	0.93	0.86	0.76
Pre-tax income	23.24	25.86	15.14	4.60	18.81	27.80	D/EBITDA	0.91	0.86	1.2	1.6	0.80	0.28
Net income	12.12	16.61	9.79	3.00	12.25	18.10	D/EBIT	3.5	1.6	2.5	4.9	1.7	0.51
Adj. net income	13.82	20.95	11.90	3.75	12.25	18.10	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E	2026E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EBITDA margin	7.1	9.3	9.6	7.4	9.6	10.7
Net income before minorities	17.5	18.2	11.3	3.5	14.1	20.9	EBIT margin	1.8	5.0	4.6	2.4	4.5	6.0
Depreciation and provisions	28.6	23.5	23.9	23.0	24.3	24.5	Tax rate	24.8	29.7	25.4	25.0	25.0	25.0
Others/Uses of funds	0	0	0	0	0	0	Net income margin	2.2	3.0	2.1	0.6	2.6	3.5
Change in working capital	32.7	-9.4	-11.9	-8.0	-4.1	-2.6	ROCE	6.2	15.0	10.8	5.5	11.0	15.9
Operating cash flow	78.8	32.3	23.2	18.5	34.3	42.7	ROE	12.1	15.8	8.6	2.5	9.9	13.2
Capital expenditure	-20.0	-23.3	-16.0	-16.2	-16.8	-18.1	Interest cover	4.5	18.7	3.4	1.7	7.3	10.3
Financial investments	0	0	0	0	0	0	Debt/equity ratio	28.3	31.8	36.5	36.4	23.0	8.8
Acquisitions and disposals	9.0	-13.1	-7.0	0	0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E	
Free cash flow	67.8	-4.1	0.2	2.3	17.5	24.6	Sales	1.3	-13.7	-2.4	3.9	7.6	
Dividends	0	-4.0	-4.4	-2.6	-0.8	-3.2	EBITDA	31.9	-10.7	-25.1	35.5	19.9	
Equity changes & Non-op items	-41.9	-0.7	-5.4	0	0	0	EBIT	NM	-21.2	-48.9	98.3	41.2	
Net cash flow	25.8	-8.7	-9.5	-0.3	16.7	21.4	Pre-tax income	11.3	-41.4	-69.6	NM	47.8	
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	Net income	37.1	-41.0	-69.4	NM	47.8	
Net capital employed	159.3	181.9	199.9	201.1	197.7	194.0	Adj. net income	51.6	-43.2	-68.5	NM	47.8	
of which associates	0	0	0	0	0	0							
Net debt/-cash	35.2	43.9	53.4	53.7	37.0	15.7							
Minorities	25.4	27.0	28.5	28.9	30.8	33.5							
Net equity	98.7	111.0	118.0	118.4	129.9	144.7							
Minorities value	0	0	0	0	0	0							
Enterprise value	292.1	267.5	246.7	186.3	169.1	147.3							

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Equita Group (BUY/TP EUR 4.6/share)

Davide Rimini - Research Analyst
+39 02 4127 9025
davide.rimini@intesanpaolo.com

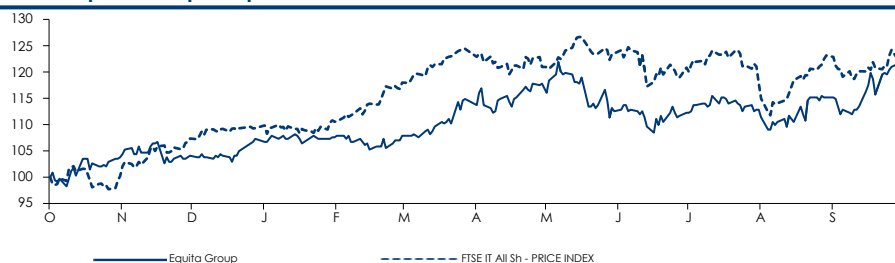
Mid Corporate: EXM-STAR / Brokerage & Investment Banking

Investment case

Positive outlook and 3Y BP dividend target confirmed.

- **2Q/1H24 broadly in line with our expectations:** In 2Q24, Equita Group reported a net profit of EUR 5.1M, with total net revenues at EUR 23.7M vs. EUR 23.9M estimated, up by 1% yoy essentially due to the favourable progress in revenue in Global Markets division.
- **Inv. Banking still negative (albeit improving), mainly due to ECM softness:** 2Q was characterised by good progress in DCM and Large M&A activities, more than offset by softness in mid-market M&A and ECM, still suffering from a lack of mandates, leading to a 3% yoy decline. AAM registered a further rise in illiquid assets within the mix.
- **Positive outlook and 3Y BP dividend target confirmed:** In 1H24 conference call, management pointed to a positive outlook for the group over the next 18 months, expecting improving business conditions in all business units (ECM only from 2025 onwards).

Equita Group - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Specialist to Equita Group

As far as shareholders' remuneration is concerned, the CEO Vismara pointed out that, on the basis of the net profits recorded in 1H24 and given the expectations for the second part of the year, the Board of Directors confirmed 2022-24 BP cumulative dividend payment target of at least EUR 50M.

Valuation

We have a BUY rating and EUR 4.6 target price on the company. Our positive view relies on a sound growth profile and a solid balance sheet, allowing both a rewarding dividend policy (average 2022-24E yield close to 9% at the current share price, 8.7% 2024E) and the option of accelerating the growth trajectory by deploying the excess capital through potential acquisitions.

Equita Group – Key data

Mkt price (EUR)	4.17	Free float (%)	34.0
No. of shares	51.39	Major shr	Mgmt Pact
52Wk range (EUR)	4.18/3.37	(%)	33.0
Reuters	EQUI.MI	Bloomberg	EQUI IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	5.6	-1M	6.4
-3M	8.9	-3M	6.0
-12M	19.1	-12M	-1.2

Source: FactSet

Company description and key data

Equita is an Italian boutique active in the investment banking market. Listed on the Euronext STAR segment and founded 50 years years ago, Equita, which currently has 195 employees, operates 3 divisions: Global Markets, Investment Banking and Alternative Asset Management, all supported by a high-quality Research team.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E	Stock market ratios (X)	2021A	2022A	2023A	2024E	2025E	2026E
No. of outstanding shares (M)	46.16	46.77	48.70	49.74	50.04	50.04	Adj. P/E	6.9	10.5	10.8	11.5	9.2	8.8
No. of f.d. shares (M)	49.50	49.50	49.50	49.50	49.50	49.50	P/TBV	2.07	2.18	2.20	2.57	2.44	2.39
Adj. EPS	0.47	0.345	0.344	0.361	0.45	0.47	P/PPP	NA	NA	NA	NA	NA	4.2
TBV PS	1.6	1.7	1.7	1.6	1.7	1.7	Dividend yield (% ord)	10.8	9.7	9.4	8.6	10.6	11.0
PPP PS	0	0	0	0	0	1.0	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E	2026E
Dividend ord	0.35	0.35	0.35	0.36	0.44	0.46	ROE	23.28	15.11	15.52	16.46	20.30	20.53
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	Adj. ROTE	33.05	21.82	20.97	22.06	27.35	27.39
Net interest income	0.00	0.00	0.00	0.00	0.00	0.00	RoRWA	12.21	7.08	7.21	8.12	9.53	9.17
Net commission/fee income	90.41	86.34	87.55	90.50	105.0	110.6	Leverage	25	21	23	22	23	22
Net trading income	0.00	0.00	0.00	0.00	0.00	0.00	Cost income ratio	67.7	70.5	72.4	72.2	69.7	71.0
Total income	90.41	86.34	87.55	90.50	105.0	110.6	Tax rate	24.28	28.02	29.00	29.00	28.50	28.50
Total operating expenses	61.17	60.86	63.42	65.35	73.17	78.55	Dividend payout	76.0	101.5	103.5	101.3	98.3	98.8
Gross operating income	29.24	25.48	24.14	25.16	31.81	32.10	Other (%)	2021A	2022A	2023A	2024E	2025E	2026E
Provisions for loan losses	0.00	0.00	0.00	0.00	0.00	0.00	CET1 ratio	25.93	24.41	28.68	26.45	23.78	22.87
Pre-tax income	29.24	25.48	24.14	25.16	31.81	33.10	CET1 ratio fully loaded	25.93	24.41	28.68	26.45	23.78	22.87
Net income	21.54	15.40	16.54	17.96	22.75	23.67	Growth (%)	2021A	2022A	2023A	2024E	2025E	2026E
Shareholders' earnings	0.00	0.00	0.00	0.00	0.00	0.00	Total income	32.6	-4.5	1.4	3.4	16.0	5.4
Adj. shareholders' earnings	21.54	16.34	16.74	17.96	22.75	23.67	Gross operating income	66.0	-12.9	-5.3	4.2	26.5	0.9
Composition of total income	2021A	2022A	2023A	2024E	2025E	2026E	Net income	74.9	-28.5	7.4	8.6	26.6	4.1
Net interest income	0	0	0	0	0	0	Adj. net income	74.9	-24.1	2.4	7.3	26.6	4.1
Trading income	0	0	0	0	0	0	BS growth (%)	2021A	2022A	2023A	2024E	2025E	2026E
Commission income	100.0	100.0	100.0	100.0	100.0	100.0	Customers' loans	6.2	8.9	1.7	16.4	9.8	6.9
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	Customers' deposits	6.0	23.6	-5.8	5.0	5.0	5.0
Total assets	315.6	399.5	379.8	390.5	405.5	417.8	Shareholders' funds	16.0	5.1	4.0	0.8	4.4	1.4
Customer loans	91.4	99.6	101.2	117.9	129.4	138.3	Structure (no. of)	2021A	2022A	2023A	2024E	2025E	2026E
Total customer deposits	166.5	205.7	193.8	203.5	213.6	224.3	Employees	170	188	195	192	199	201
Shareholders' equity	99.4	104.5	108.7	109.6	114.5	116.1							
Tangible equity	72.2	77.6	82.1	80.7	85.6	87.2							
Risk weighted assets	193.1	242.2	216.4	225.9	251.5	264.8							

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Esprinet (BUY/TP EUR 6.6/share)

Gabriele Berti - Research Analyst
 +39 02 4127 9023
 gabriele.berti@intesanpaolo.com

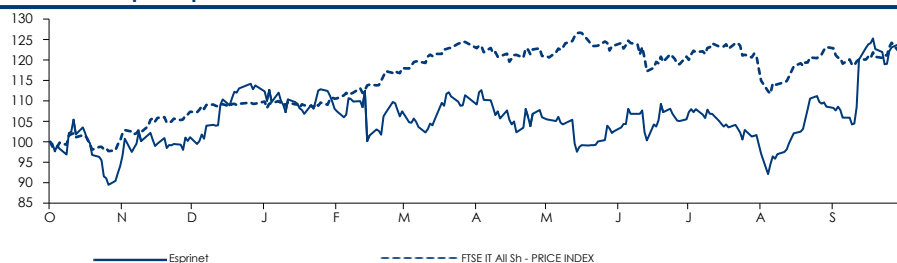
Mid Corporate: EXM-STAR / IT Distributors

Investment case

We think that the overall picture appears to be improving, with better visibility on the expected stronger acceleration for the segment in late 2024 and 2025.

- **Signs of consumer demand recovery.** Esprinet returned to positive year-on-year growth in 2Q. In particular, Retail showed the first signs of recovery after a long period of contraction and, according to management, this positive trend continued in July. In our view, this is an important sign that improves visibility on the expected stronger acceleration for the segment in late 2024 and 2025, also driven by an upcoming PC replacement wave due to both the natural product lifecycle and support from AI-enabled new products.
- **Improving overall picture.** i) ICT consumer demand is showing some signs of recovery (as part of a broader recovery in private consumption, also expected by our Macro Research Department in 2025, which forecasts a 1.4% growth yoy); ii) the company continues to gain market share in the solutions segments; iii) Esprinet recorded a further reduction in net financial debt due to the continued improvement in the working capital cycle.

Esprinet - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Specialist to Esprinet

- **Management's main focus remains on:** a) recovering volumes in lower-margin segments where good working capital management can still ensure an adequate ROCE; b) continuing to grow in higher-margin Solutions & Services businesses; c) further optimising working capital, while keeping operating costs under control; and d) continuing to seek growth opportunities, including through acquisitions. Overall, management confirmed its guidance for FY24, with adjusted EBITDA in the range of EUR 66-71M.

Valuation

In our report of 13 September, we had raised our TP to EUR 6.6 as we have decided to take a more positive stance on Esprinet, given the improved visibility on consumer demand (technically, we have increased our LT growth rate to 1% from 0% and updated our risk-free parameter to 3.75%. We had upgraded our rating to BUY (from Hold).

Esprinet – Key data

Mkt price (EUR)	5.98	Free float (%)	57.6
No. of shares	50.42	Major shr	Montinvest SRL
52Wk range (EUR)	6.05/4.32	(%)	16.3
Reuters	PRT.MI	Bloomberg	PRT IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	14.0	-1M	14.9
-3M	17.8	-3M	14.7
-12M	23.3	-12M	2.3

Source: FactSet

Company description and key data

The Esprinet Group is the South Europe leader in the distribution of Information Technology and Consumer Electronics targeting IT resellers, VAR, System Integrator, specialized shops, retailers and e-commerce portals. With a 2023 turnover of roughly EUR 4Bn, Esprinet is among the top 50 Italian industrial groups and the top 10 distributors worldwide. With roughly 1,800 employees and a business model based on the coexistence of different sales channels tailored to the specific characteristics of 31,000 reseller clients, Esprinet markets about 130,000 different products of more than 650 worldwide vendors through 140,000 square meters of managed warehouses in Italy, Spain and Portugal.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E	2026E
No. ordinary shares (M)	50.93	50.42	50.42	50.42	50.42	50.42	Adj. P/E	14.8	8.4	12.8	12.5	10.5	9.3
Total no. of shares (M)	50.93	50.42	50.42	50.42	50.42	50.42	P/CFPS	10.8	6.4	7.5	6.5	5.8	5.3
Market cap (EUR M)	651.68	413.65	310.44	301.51	301.51	301.51	P/BVPS	1.7	0.97	0.84	0.73	0.70	0.67
Adj. EPS	0.87	0.98	0.48	0.48	0.57	0.65	Payout (%)	62	55	0	50	50	50
BVPS	7.6	8.5	7.3	8.2	8.5	8.9	Dividend yield (% ord)	4.2	6.6	0	4.0	4.8	5.4
Dividend ord	0.54	0.54	0	0.24	0.28	0.32	FCF yield (%)	-0.3	-65.8	45.9	15.7	15.2	12.8
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EV/sales	0.15	0.13	0.10	0.09	0.08	0.08
Revenues	4,690.9	4,684.2	3,985.2	4,100.0	4,300.0	4,500.0	EV/EBITDA	8.0	7.0	12.2	5.5	4.7	4.3
EBITDA	86.14	88.00	34.00	68.28	75.52	81.90	EV/EBIT	10.1	8.7	29.6	8.1	6.8	6.1
EBIT	68.41	70.70	14.01	46.28	52.52	57.90	EV/CE	4.3	1.2	1.2	1.0	0.98	0.93
Pre-tax income	60.77	62.90	-5.11	33.28	39.52	44.90	D/EBITDA	Neg.	0.94	Neg.	Neg.	Neg.	Neg.
Net income	44.08	47.30	-11.88	24.13	28.65	32.55	D/EBIT	Neg.	1.2	Neg.	Neg.	Neg.	Neg.
Adj. net income	44.08	49.33	24.25	24.13	28.65	32.55	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E	2026E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EBITDA margin	1.8	1.9	0.9	1.7	1.8	1.8
Net income before minorities	44.1	47.3	-11.9	24.1	28.7	32.6	EBIT margin	1.5	1.5	0.4	1.1	1.2	1.3
Depreciation and provisions	16.3	17.2	20.1	22.0	23.0	24.0	Tax rate	27.5	24.8	NM	27.5	27.5	27.5
Others/Uses of funds	0	0	33.2	0	0	0	Net income margin	0.9	1.0	-0.3	0.6	0.7	0.7
Change in working capital	-45.2	-319.4	134.0	15.3	8.3	-4.0	ROCE	43.1	13.8	4.0	12.6	14.3	15.3
Operating cash flow	15.2	-254.9	175.4	61.4	60.0	52.6	ROE	11.4	11.6	-3.0	6.2	6.8	7.4
Capital expenditure	-5.8	-8.5	-13.4	-14.0	-14.0	-14.0	Interest cover	9.0	9.1	0.7	3.6	4.0	4.5
Financial investments	0	0	0	0	0	0	Debt/equity ratio	-58.8	19.4	-4.2	-11.2	-14.7	-15.7
Acquisitions and disposals	-11.2	-8.7	-19.6	0	0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E	2026E
Free cash flow	-1.8	-272.1	142.4	47.4	46.0	38.6	Sales	-0.1	-14.9	2.9	4.9	4.9	4.7
Dividends	-27.2	-27.2	-27.2	0	-12.1	-14.3	EBITDA	2.2	-61.4	NM	10.6	8.4	8.4
Equity changes & Non-op items	-46.6	-10.9	-16.6	-16.7	-17.0	-17.0	EBIT	3.3	-80.2	NM	13.5	10.2	10.2
Net cash flow	-75.7	-310.2	98.5	30.7	16.9	7.2	Pre-tax income	3.5	NM	NM	18.8	13.6	13.6
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	Net income	7.3	NM	NM	18.8	18.8	13.6
Net capital employed	158.9	511.2	351.9	367.0	366.7	377.7	Adj. net income	11.9	-50.9	-0.5	18.8	18.8	13.6
of which associates	0	0	0	0	0	0							
Net debt/-cash	-227.2	83.0	-15.5	-46.2	-63.1	-70.3							
Minorities	0	0	0	0	0	0							
Net equity	386.1	428.2	367.4	413.2	429.8	448.0							
Minorities value	0	0	0	0	0	0							
Enterprise value	689.2	616.5	414.7	375.1	358.2	351.0							

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Eurocommercial Properties (BUY/TP EUR 27.4/share)

Arianna Terazzi - Research Analyst
 +39 02 4127 9026
 arianna.terazzi@intesanpaolo.com

Mid Corporate: EXM / Real Estate

Investment case

The company portfolio confirmed its strong performance in 1H24, with a positive trend in retail sales (+1.8% yoy) and footfall increasing by 1.7%. Our estimates are aligned with the upper band of the company's FY24 guidance range, pointing to a direct investment result of between EUR 2.35-2.40/sh.

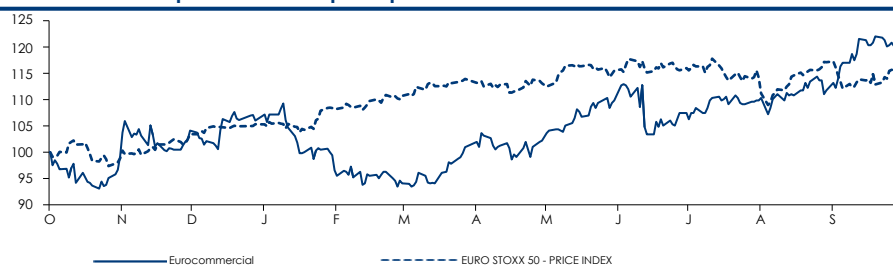
- **Solid operating indicators and...** In 1H24, portfolio retail sales were positive (+1.8% yoy), with footfall increasing 1.7%. We also note that: i) the vacancy rate at 30 June 2024 was at a low 1.7%; ii) OCR (occupancy cost ratio) was at a broadly stable 9.8% at end-June 2024; and iii) rent collection rate reached 98%.
- **...first signs of portfolio revaluations.** We appreciate that the company showed valuations up by 1% vs. YE23, thanks to higher net operating income and estimated rental values applied to flat or slightly higher initial or exit yields.

- **Steady dividend and prudent financing policy.** We appreciate ECP's dividend policy targeting a 75% payout on the direct investment result, which implies a dividend yield between 7.2% and 7.6% based on our FY24E-26E estimates. This policy also allows the company to generate sufficient cash to meet its capex needs.

Valuation

Based on our updated DCF and DDM models, as a combined effect of our WACC parameters and estimates revision, in our report of 13/09/2024, we calculated a EUR 27.4 target price. BUY rating. We note that Klepierre, Mercialis, Wereldhave and Carmila, which in our view are more similar to ECP in terms of business profile, show on average a 24% discount vs. NAV.

Eurocommercial Properties - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Corporate Broker to Eurocommercial Properties

Eurocommercial Properties – Key data

Mkt price (EUR)	24.90	Free float (%)	61.6
No. of shares	54.58	Major shr	Van Herk Group
52Wk range (EUR)	25.6/19.5	(%)	20.2
Reuters	ECMPA.AS	Bloomberg	ECMPA NA
Performance (%)	Absolute		Rel. EURO STOXX 50
-1M	6.4	-1M	7.7
-3M	10.7	-3M	10.6
-12M	18.5	-12M	3.3

Source: Factset

Company description and key data

Eurocommercial Properties N.V. is a Euronext-quoted property investment company and one of Europe's shopping centre specialists. Founded in 1991, Eurocommercial currently owns and operates 24 shopping centres in Belgium, France, Italy, and Sweden with total assets of just over EUR 3.8Bn.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E	2026E
No. ordinary shares (M)	50.78	52.50	53.63	53.63	53.63	53.63	Adj. P/E	8.8	9.6	9.5	10.5	10.1	9.7
Market cap (EUR M)	969.71	1,145.3	1,170.0	1,335.3	1,335.3	1,335.3	P/CFPS	10.9	6.0	-9.5	14.1	12.7	12.3
Adj. EPS	2.178	2.277	2.295	2.376	2.476	2.562	P/BVPS	0.48	0.54	0.58	0.64	0.64	0.64
CFPS	1.8	3.6	-2.29	1.8	2.0	2.0	P/NAVPS	0.51	0.56	0.56	0.56	0.56	0.56
BVPS	39.77	40.21	37.43	38.71	38.93	39.13	Payout (%)	72	44	74	75	77	75
NAVPS	37.54	38.68	38.68	38.68	38.68	38.68	Dividend yield (% ord)	7.8	7.7	7.8	7.2	7.7	7.7
Dividend ord	1.490	1.672	1.700	1.782	1.910	1.910	FCF yield (%)	23.1	23.4	-3.8	11.7	7.0	7.3
Average Price	19.1	21.8	21.8	24.9	24.9	24.9	LTV (%)	4,230.0	3,990.8	4,230.0	4,181.8	4,166.0	4,154.1
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	D/EBIT	11.6	9.2	20.6	7.1	8.2	8.0
Revenues	198.3	199.3	215.3	217.3	223.9	228.0	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E	2026E
EBITDA	154.5	173.2	170.0	182.1	187.3	190.8	EBITDA margin	77.9	86.9	79.0	83.8	83.7	83.7
EBIT	137.6	158.0	73.29	212.3	185.6	189.1	EBIT margin	69.4	79.3	34.0	97.7	82.9	82.9
Pre-tax income	132.7	252.4	-17.19	160.3	133.7	138.3	Tax rate	NM	NM	51.8	NM	NM	NM
Net income	104.7	200.7	-26.87	128.2	107.0	110.7	Net income margin	52.8	100.7	-12.5	59.0	47.8	48.5
EPRA earnings	110.6	119.5	123.1	127.4	132.8	137.4	ROCE	3.6	4.3	2.0	5.7	5.0	5.1
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	ROE	5.4	10.0	-1.3	6.3	5.1	5.3
Net income before minorities	106.0	206.5	-26.1	128.2	107.0	110.7	Interest cover	-28.5	1.7	-0.8	-4.1	-3.6	-3.7
Depreciation and provisions	16.9	15.1	96.7	33.6	1.7	1.7	Debt/equity ratio	78.8	68.9	75.4	72.8	72.5	72.3
Others/Uses of funds	0	0	0	0	0	0	Growth (%)	2022A	2023A	2024E	2025E	2026E	
Change in working capital	35.5	-22.7	-15.8	14.5	4.5	3.9	Sales	0.5	8.0	0.9	3.1	1.8	
Operating cash flow	157.1	193.1	54.1	176.3	113.2	116.3	EBITDA	12.1	-1.8	7.1	2.9	1.9	
Capital expenditure	-26.2	-25.7	-29.1	-20.0	-20.0	-20.0	EBIT	14.9	-53.6	NM	-12.6	1.9	
Financial investments	0	0	0	0	0	1.0	Pre-tax income	90.1	NM	NM	-16.6	3.4	
Acquisitions and disposals	92.9	101.0	-69.6	0	0	0	EPRA earnings	11,954.4	12,310.0	12,740.9	13,279.2	13,738.0	
Free cash flow	248.7	288.3	-16.3	176.3	113.2	117.3	NAV data	2021A	2022A	2023A	2024E	2025E	2026E
Dividends	-24.7	-78.2	-89.7	-91.2	-95.6	-99.6	Properties and other assets MV	3,970.5	3,832.9	3,772.0	3,772.0	3,772.0	3,772.0
Equity changes & other nn op ite	-108.6	-53.8	75.4	-63.8	0	-1.0	NAV	37.5	38.7	37.7	37.9	38.2	38.5
Net cash flow	115.4	156.4	-30.5	21.4	17.7	16.7							
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E							
Total fixed assets	3,869.3	3,742.8	3,681.9	3,763.9	3,783.3	3,801.6							
Net working capital	-14.4	-37.1	-51.0	-58.5	-60.1	-61.0							
Other items	0	0	0	0	0	0							
Net capital employed	3,854.9	3,705.7	3,630.8	3,705.4	3,723.2	3,740.6							
Net debt/-cash	1,590.2	1,453.8	1,512.6	1,511.3	1,513.6	1,516.9							
Minorities	61.5	67.3	0	0	0	0							
Net equity	1,957.7	2,043.9	2,007.2	2,076.2	2,087.6	2,098.7							

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

EuroGroup Laminations (BUY/TP EUR 4.5/share)

Monica Bosio - Research Analyst
 +39 02 4127 9010
 monica.bosio@intesanpaolo.com

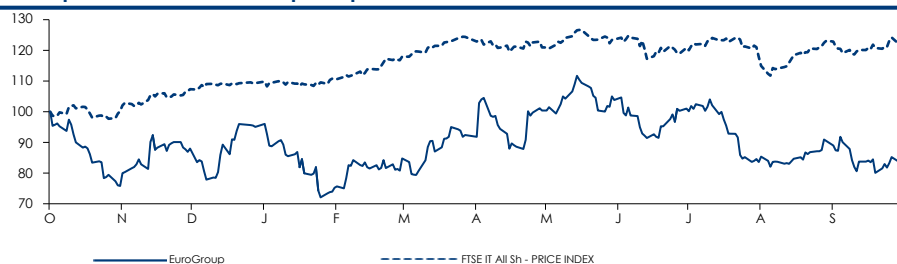
Mid Corporate: EGM / Automobiles & Components

Investment case

Following 2Q results in line with expectations, EGLA confirmed both its FY24 and mid-term targets. The FY guidance implies a strong acceleration in EV&Automotive top line and margins in 2H that should allow the group to achieve the bottom end of the guidance range. We view the MoU with the leading Chinese auto supplier Hixih and the acquisition of a 40% stake and control in the Indian group Kumar as two important strategic steps forward for the company.

- **Showing initial progress in Industrial.** With EV&Automotive up by 5.5% in 2Q and +6% sequentially, the company began to show material signs of strong execution in China, where the top line more than doubled in 1H24 thanks to EGLA's Automotive operations. In 1H24 China accounted for 12% of the group's revenues vs. 5% last year. We view also as important the 2Q sequential 3.4% improvement in Industrial applications (shaped by positive volumes), driven by Europe.

EuroGroup Laminations - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Corporate Broker to EuroGroup Laminations

- **A strong acceleration in 2H is not out of reach.** The FY24 guidance, which was confirmed as well as the mid-term targets, implies a yoy and sequential double-digit acceleration in top line and group margins above 14% vs. 12.1% in the first part of the year. We view the target as challenging, while the company highlights the following trends for the achievement of the bottom end of the corridor: 1) the stronger contribution of SoPs which ramped-up in 1H24 and the start of a further 5 in 2H, of which one (in 4Q24) from a Chinese OEM; and 2) a mid-single digit yoy progress in the Industrial segment.

Valuation

In our 6 August report, we maintained our BUY rating while revising our TP to EUR 4.5 to reflect our FY24 estimates update and, above all, our FY25-26E scenario that incorporates a slower penetration in FY24-26 of BEVs in Europe and North America and price-mix dilution coming also from the higher hybrid and plug-in applications.

EuroGroup Laminations – Key data

Mkt price (EUR)	3.42	Free float (%)	44.0
No. of shares	167.7	Major shr	NA
52Wk range (EUR)	4.56/2.94	(%)	NA
Reuters	EGLA.MI	Bloomberg	EGLA IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-7.4	-1M	-6.7
-3M	-16.5	-3M	-18.7
-12M	-18.2	-12M	-32.2

Source: FactSet

Company description and key data

EuroGroup Laminations SpA engages in the design, production, and distribution of the motor core for electric motors and generators. It operates through the Electric Vehicle (EV) and Automotive, and Industrial segments. The EV and Automotive segment offers motor core of electric motors used in electric vehicles traction, as well a range of non-traction automotive applications. The Industrial segment sells products used in various applications including industrial applications, home automation, HVAC equipment, wind energy, logistics, and pumps. The company was founded in 1967 and is headquartered in Baranzate, Italy.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E	2026E
No. ordinary shares (M)	6.11	122.2	167.7	167.7	167.7	167.7	Adj. P/E	NA	NA	23.8	14.4	10.4	8.4
Total no. of shares (M)	6.11	122.2	167.7	167.7	167.7	167.7	P/CFPS	NA	NA	23.7	12.5	5.3	5.6
Market cap (EUR M)	NA	NA	818.36	573.51	573.51	573.51	P/BVPS	NA	NA	1.8	1.2	1.0	0.93
Adj. EPS	3.07	0.32	0.20	0.24	0.33	0.41	Payout (%)	0	0	20	21	21	21
BVPS	24.1	1.6	2.7	2.9	3.3	3.7	Dividend yield (% ord)	NA	NA	0.9	1.4	2.0	2.5
Dividend ord	0	0	0.04	0.05	0.07	0.08	FCF yield (%)	NA	NA	-9.0	-5.8	3.1	6.0
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EV/sales	NA	NA	1.2	0.88	0.71	0.67
Revenues	557.0	851.1	835.6	900.1	1,110.3	1,313.9	EV/EBITDA	NA	NA	8.6	6.6	5.2	4.9
EBITDA	58.42	103.9	114.6	120.2	150.7	179.2	EV/EBIT	NA	NA	12.2	9.9	7.8	7.3
EBIT	35.15	77.20	80.94	79.88	101.3	120.8	EV/CE	NA	NA	1.7	1.2	1.1	1.2
Pre-tax income	29.41	64.44	56.40	60.25	85.06	105.8	D/EBITDA	2.6	2.5	0.97	1.3	0.94	0.66
Net income	18.76	39.30	34.36	39.85	55.40	68.04	D/EBIT	4.3	3.4	1.4	1.9	1.4	0.97
Adj. net income	18.76	39.30	34.36	39.85	55.40	68.04	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E	2026E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EBITDA margin	10.5	12.2	13.7	13.4	13.6	13.6
Net income before minorities	20.7	43.8	38.9	44.3	61.7	76.7	EBIT margin	6.3	9.1	9.7	8.9	9.1	9.2
Depreciation and provisions	23.3	26.7	33.7	40.4	49.4	58.4	Tax rate	NM	NM	NM	NM	NM	NM
Others/Uses of funds	-0.3	0.1	-0.6	0.1	0.1	0.1	Net income margin	3.4	4.6	4.1	4.4	5.0	5.2
Change in working capital	-3.3	-114.8	-37.5	-38.8	-2.6	-33.3	ROCE	11.8	17.0	14.3	12.4	14.7	16.5
Operating cash flow	40.4	-44.2	34.5	45.9	108.5	101.9	ROE	17.1	27.6	11.7	9.1	11.6	12.8
Capital expenditure	-64.9	-69.4	-108.1	-79.1	-90.9	-67.2	Interest cover	-6.1	-6.0	-3.3	-4.1	-6.2	-8.1
Financial investments	0	0	0	0	0	0	Debt/equity ratio	102.0	132.5	24.3	30.5	25.7	19.1
Acquisitions and disposals	0	0	0	0	0	0	Growth (%)		2021A	2022A	2023A	2024E	2025E
Free cash flow	-24.5	-113.6	-73.6	-33.2	17.7	34.7	Sales		52.8	-1.8	7.7	23.3	18.3
Dividends	0	0	0	6.8	8.0	11.1	EBITDA		77.9	10.3	4.9	25.3	18.9
Equity changes & Non-op items	22.7	4.5	222.4	-13.6	-15.9	-22.2	EBIT		NM	4.8	-1.3	26.8	19.3
Net cash flow	-1.8	-109.0	148.8	-40.0	9.7	23.6	Pre-tax income		NM	-12.5	6.8	41.2	24.4
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	Net income		NM	-12.6	16.0	39.0	22.8
Net capital employed	297.5	454.9	567.4	644.8	688.8	730.9	Adj. net income		NM	-12.6	16.0	39.0	22.8
of which associates	0	0	0	0	0	0							
Net debt/-cash	150.2	259.3	110.8	150.7	141.0	117.4							
Minorities	25.7	32.1	34.8	39.3	45.5	54.2							
Net equity	121.6	163.5	421.8	454.8	502.3	559.2							
Minorities value	25.7	127.3	61.7	64.0	73.8	195.3							
Enterprise value	NA	NA	990.8	788.2	788.3	886.3							

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Eurotech (HOLD/TP EUR 1.20/share)

Alberto Francese - Research Analyst
 +39 02 4127 9022
 alberto.francese@intesasnapaolo.com

Mid Corporate: EXM-STAR / Software & Computer Services

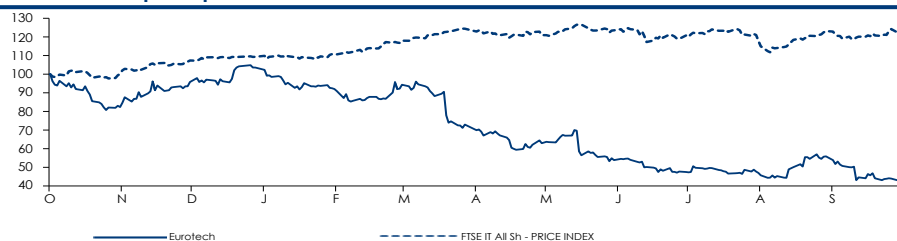
Investment case

Eurotech is in a transition from the embedded business to the Edge AIoT business, at a time when both business segments are facing weak demand. While awaiting a recovery in the order intake, probably in 2025, the company's focus is on gross margin and reorganisation.

■ **Industry and company specifics strongly affected 1H revenues.** 1H24 revenues decreased by 38.9%, reflecting a combination of market and company specifics. An ongoing destocking process in the industry and wait-and-see policies still adopted by several customers have affected sales in Europe, with longer ramp-up times for Edge AIoT projects, and in Japan, which is still focused on the embedded business. In the US a mismatch occurred between the embedded business phase-out, also affected by destocking, and the Edge AIoT projects phase-in, slowed down by the difficulty in hiring qualified employees.

■ **Working on gross margin and re-organisation...** The gross margin improved by 310bps vs. 1H23, thanks to the product mix, raw materials costs normalisation, and an improvement in InoNet profitability. Re-organisation actions allowed a reduction in 1H24 operating costs by 5.9%, in particular, payroll costs (-7.7%, with a reduction in the headcount from 395 in 1H23 to 378, mainly due to the US re-organisation).

Eurotech - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Specialist to Eurotech

EBITDA was negative for EUR 3.5M, as the improvement in gross margin and the benefits from re-organisation only partially mitigated the EUR 8M erosion due to lower volumes.

■ **...which should deliver EUR 4M savings by 2025, when the order intake should recover.** Management guided for revenues in 2H24 above the 1H24 level, and a gross margin broadly aligned with 1H24 (49.7%). It also confirmed a EUR 4M reduction in operating costs vs. 2023 within 2025. In 2024, around EUR 5.3M savings should be achieved (US re-organisation, savings in Europe and Japan) but hiring Edge AIoT professionals should erode EUR 1.9M. The company confirmed that interest from some customers is revitalising, with a possible order intake recovery in 2025. A capital increase authorisation up to EUR 20M is to be submitted to the 15 October Shareholders' Meeting, while management has agreed with banks a 24-month extension for the payment of the principal portions of the instalments due until 31 December 2025.

Valuation

Our DCF model returns a new TP of EUR 1.20 and we rate the company a HOLD.

Eurotech – Key data

Mkt price (EUR)	1.02	Free float (%)	74.6
No. of shares	35.52	Major shr	Emera
52Wk range (EUR)	2.50/1.02	(%)	20.0
Reuters	EST.MI	Bloomberg	ETH IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-23.2	-1M	-22.5
-3M	-10.0	-3M	-12.4
-12M	-58.1	-12M	-65.3

Source: FactSet

Company description and key data

Eurotech is a multinational company that designs, develops and supplies Edge Computers and Internet of Things (IoT) solutions – complete with services, software and hardware – to system integrators and enterprises. By adopting Eurotech solutions, customers have access to IoT building blocks and software platforms, to Edge Gateway to enable asset monitoring and to High Performance Edge Computers (HPEC) conceived also for Artificial Intelligence (AI) applications. To offer increasingly complete solutions, Eurotech has activated partnerships with leading companies in their field of action, thus creating a global ecosystem that allows it to create "best in class" solutions for the Industrial Internet of Things.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E	2026E
No. ordinary shares (M)	35.52	35.52	35.52	35.52	35.52	35.52	Adj. P/E	Neg.	Neg.	Neg.	Neg.	Neg.	14.2
Total no. of shares (M)	35.52	35.52	35.52	35.52	35.52	35.52	P/CFPS	Neg.	31.6	21.8	Neg.	21.8	5.0
Market cap (EUR M)	174.57	125.25	100.69	36.30	36.30	36.30	P/BVPS	1.6	1.2	1.1	0.42	0.44	0.43
Adj. EPS	-0.29	-0.04	-0.09	-0.27	-0.09	0.07	Payout (%)	0	0	0	0	0	0
BVPS	3.1	3.0	2.7	2.4	2.3	2.4	Dividend yield (% ord)	0	0	0	0	0	0
Dividend ord	0	0	0	0	0	0	FCF yield (%)	-3.3	-7.2	-2.2	8.0	0.3	5.6
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EV/sales	2.7	1.5	1.3	0.83	0.69	0.58
Revenues	63.15	94.26	93.76	65.00	78.00	89.70	EV/EBITDA	Neg.	22.3	23.0	Neg.	18.7	6.4
EBITDA	-2.75	6.26	5.28	-3.99	2.88	8.11	EV/EBIT	Neg.	NM	Neg.	Neg.	Neg.	15.2
EBIT	-7.59	0.75	-2.45	-8.69	-1.82	3.41	EV/CE	1.6	1.2	1.0	0.52	0.54	0.51
Pre-tax income	-7.99	0.79	-1.66	-8.69	-1.82	3.41	D/EBITDA	2.3	2.3	3.9	Neg.	6.1	1.9
Net income	-10.41	-1.55	-3.12	-9.70	-3.03	2.56	D/EBIT	0.82	19.2	Neg.	Neg.	Neg.	4.6
Adj. net income	-10.41	-1.55	-3.12	-9.70	-3.03	2.56	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E	2026E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EBITDA margin	-4.4	6.6	5.6	-6.1	3.7	9.0
Net income before minorities	-10.4	-1.5	-3.1	-9.7	-3.0	2.6	EBIT margin	-12.0	0.8	-2.6	-13.4	-2.3	3.8
Depreciation and provisions	4.8	5.5	7.7	4.7	4.7	4.7	Tax rate	NM	NM	NM	NM	NM	25.0
Others/Uses of funds	0	0	0	0	0	0	Net income margin	-16.5	-1.6	-3.3	-14.9	-3.9	2.9
Change in working capital	5.1	-10.2	-3.7	10.9	1.5	-2.2	ROCE	-7.3	0.6	-2.1	-8.4	-1.8	3.4
Operating cash flow	-0.5	-6.2	0.9	5.9	3.1	5.0	ROE	-9.1	-1.4	-3.1	-10.7	-3.6	3.1
Capital expenditure	-5.3	-2.8	-3.1	-3.0	-3.0	-3.0	Interest cover	-18.9	-19.8	3.1	NM	NM	NM
Financial investments	0	0	0	0	0	0	Debt/equity ratio	-5.6	13.5	21.6	20.6	21.3	18.2
Acquisitions and disposals	0	0	0	0	0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E	
Free cash flow	-5.8	-9.1	-2.2	2.9	0.1	2.0	Sales		49.3	-0.5	-30.7	20.0	15.0
Dividends	0	0	0	0	0	0	EBITDA		NM	-15.7	NM	NM	NM
Equity changes & Non-op items	3.4	3.5	-1.8	0	0	0	EBIT		NM	NM	NM	79.1	NM
Net cash flow	-2.3	-5.5	-4.1	2.9	0.1	2.0	Pre-tax income		NM	NM	NM	79.1	NM
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	Net income		85.1	NM	NM	68.7	NM
Net capital employed	104.2	120.9	115.9	103.3	100.1	100.7	Adj. net income		85.1	NM	NM	68.7	NM
of which associates	0	0	0	0	0	0							
Net debt/-cash	-6.2	14.4	20.6	17.7	17.6	15.5							
Minorities	0	0	0	0	0	0							
Net equity	110.4	106.5	95.3	85.6	82.6	85.1							
Minorities value	0	0	0	0	0	0							
Enterprise value	168.4	139.7	121.3	54.0	53.9	51.8							

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

F.I.L.A. (BUY/TP EUR 14.6/share)

Giada Cabrino - Research Analyst
 +39 02 4127 9024
 giada.cabrino@intesanpaolo.com

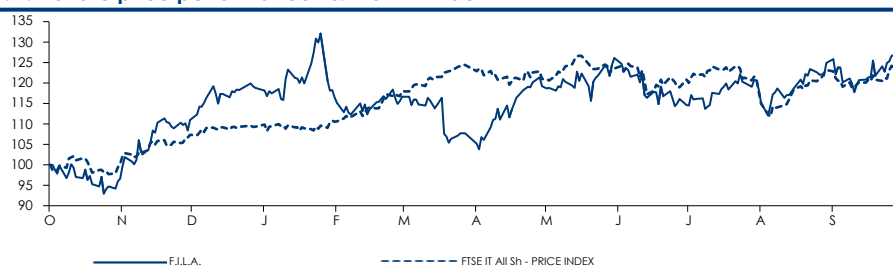
Mid Corporate: EXM-STAR / Consumer Services

Investment case

Stable and profitable growth, after rebalancing the financial structure.

- **Guidance in reach.** From the 1H24 release, we appreciate the confirmation of guidance for stable revenues, growth in adjusted EBITDA, and Free Cash Flow to Equity in the EUR 40/50M range. Profitability was strong in 1H24, with an acceleration in 2Q24, spread across almost every geography. We outline that Europe recorded solid growth in 2Q24 sales yoy and a good order backlog; the US recovered in July some of the temporary delays caused by SAP EWM module implementation of March 2024.
- **Strong EBITDA in 2Q24.** 1H24 revenues decreased by 3.5% yoy at constant FX, with an underlying improvement in 2Q24 yoy, when they decreased by 0.4% at constant FX. Adj. EBITDA was EUR 70.8M in 1H24 (up 5.6% yoy) with a 21.3% margin on sales (+220bps yoy). In 2Q24 it increased by 11.5% with a 24.5% margin on sales. The company stated that efficiencies, product mix effect, and a more selective commercial approach drove profitability up.

F.I.L.A. - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Specialist to F.I.L.A.

Adj. FCFE was EUR -40.3M (vs. EUR -48.2M in 1H23 including DOMS), driven by higher net WC absorption (mostly higher receivables, due to the SAP issue in North America in our understanding), lower capex, at EUR 3.9M (vs. EUR 17.9M in 1H23). The net debt, ex IFRS 16 impact and Mark to Market Hedging, amounted to EUR 305.7M (down from EUR 407M in 1H23, including DOMS), in line with our estimates.

- **A Capital Markets Day is scheduled for 12 November**, where we expect the company to shed light on its strategy regarding, for example, its organisational streamlining process and production and commercial actions, as well as on its industrial and commercial synergies with DOMS, after the DOMS spin-off.

Valuation

In our report of 8 August, we updated our SoP: we used a DCF model to value F.I.L.A. (EUR 7.9) and we included the value of F.I.L.A.'s 30.6% stake in DOMS at market price (EUR 6.7 considering the average DOMS stock price YTD to 07/08). We obtained a TP of EUR 14.6.

F.I.L.A. – Key data

Mkt price (EUR)	9.39	Free float (%)	61.4
No. of shares	51.06	Major shr	Pencil
52Wk range (EUR)	9.76/6.87	(%)	38.6
Reuters	FILA.MI	Bloomberg	FILA IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	1.7	-1M	2.6
-3M	9.4	-3M	6.6
-12M	25.4	-12M	4.0

Source: Factset

Company description and key data

F.I.L.A. (Fabbrica Italiana Lapis ed Affini), founded in Florence in 1920 and managed since 1956 by the Candela family, is a highly consolidated, dynamic and innovative Italian industrial enterprise and continues to grow in market share. In November 2015, F.I.L.A. was listed on the STAR segment of the Milan Stock Exchange. The company, with revenue of over EUR 779M as at December 2023, has grown significantly over the last twenty years and has achieved a series of strategic acquisitions. F.I.L.A. is an icon of Italian creativity globally through its colouring, drawing, modelling, writing and painting tools, thanks to brands such as Giotto, Tratto, Das, Didò, Pongo, Lyra, Doms, Maimerì, Daler-Rowney, Canson, Arches, St. Cuthberts, Princeton and Strathmore. Since its foundation, F.I.L.A. has chosen to focus on growth through continuous innovation, both in technological and product terms. F.I.L.A. operates through 23 production facilities and 32 subsidiaries across the globe and employs approx. 3,300 (March 2024).

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E	2026E
No. ordinary shares (M)	42.98	42.98	42.98	42.98	42.98	42.98	Adj. P/E	12.0	9.9	9.6	12.2	10.7	9.5
No. NC saving/preferred shares (8.08	8.08	8.08	8.08	8.08	8.08	P/CFPS	6.4	5.9	1.8	6.9	6.3	5.8
Total no. of shares (M)	51.06	51.06	51.06	51.06	51.06	51.06	P/BVPS	1.2	0.99	0.68	0.84	0.78	0.73
Market cap (EUR M)	506.39	418.35	386.60	470.87	470.87	470.87	Payout (%)	31	24	0	0	0	0
Adj. EPS	0.83	0.84	0.79	0.77	0.88	0.99	Dividend yield (% ord)	2.3	1.5	9.2	2.0	2.0	2.0
BVPS	8.4	8.4	11.2	11.2	12.0	12.9	FCF yield (%)	11.8	13.7	92.6	11.1	9.3	11.1
Dividend ord	0.23	0.12	0.70	0.19	0.19	0.19	EV/sales	1.5	1.2	0.89	1.2	1.1	1.0
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EV/EBITDA	8.1	7.4	5.7	6.8	6.2	5.6
Revenues	653.5	764.6	779.2	645.3	657.6	670.7	EV/EBIT	12.4	12.1	8.8	9.5	8.6	7.6
EBITDA	119.9	119.2	122.4	111.5	116.5	121.3	EV/CE	1.2	1.0	0.79	0.88	0.84	0.79
EBIT	78.55	72.70	78.46	79.98	84.50	89.30	D/EBITDA	3.6	3.6	2.5	2.6	2.2	1.7
Pre-tax income	54.46	38.60	209.3	58.05	67.55	75.90	D/EBIT	5.6	6.0	3.9	3.6	3.0	2.3
Net income	38.02	25.25	170.7	38.13	44.44	50.00	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E	2026E
Adj. net income	42.54	42.80	40.55	39.23	44.84	50.40	EBITDA margin	18.4	15.6	15.7	17.3	17.7	18.1
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EBIT margin	12.0	9.5	10.1	12.4	12.9	13.3
Net income before minorities	39.4	30.3	178.6	39.6	46.1	52.0	Tax rate	27.6	21.6	14.7	31.7	31.7	31.5
Depreciation and provisions	41.4	46.5	43.9	31.5	32.0	32.0	Net income margin	5.8	3.3	21.9	5.9	6.8	7.5
Others/Uses of funds	0	28.7	66.5	-11.8	1.0	1.1	ROCE	9.4	8.5	8.9	9.3	9.8	10.3
Change in working capital	3.2	-25.9	40.8	14.2	-14.8	-11.9	ROE	10.4	6.3	35.2	6.7	7.5	7.9
Operating cash flow	82.6	74.5	321.8	72.0	62.6	71.2	Interest cover	3.3	2.1	2.1	2.9	3.7	4.5
Capital expenditure	-12.0	-16.7	-30.3	-19.0	-18.0	-18.0	Debt/equity ratio	101.9	101.8	52.9	49.9	41.1	31.7
Financial investments	0	0	0	0	0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E	
Acquisitions and disposals	0	0	70.0	0	0	0	Sales	17.0	1.9	-17.2	1.9	2.0	
Free cash flow	70.6	57.7	361.5	53.0	44.6	53.2	EBITDA	-0.6	2.6	-8.9	4.5	4.1	
Dividends	-6.1	-11.7	-6.1	-35.7	-9.7	-9.7	EBIT	-7.4	7.9	1.9	5.7	5.7	
Equity changes & Non-op items	1.8	-43.9	8.2	0	0	0	Pre-tax income	-29.1	NM	-72.3	16.4	12.4	
Net cash flow	66.2	2.1	363.6	17.3	34.9	43.5	Net income	-33.6	NM	-77.7	16.5	12.5	
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	Adj. net income	0.6	-5.3	-3.3	14.3	12.4	
Net capital employed	835.4	859.5	877.4	859.9	863.1	863.9							
of which associates	0	0	0	0	0	0							
Net debt/-cash	437.3	435.2	303.4	286.1	251.2	207.7							
Minorities	30.8	28.3	4.1	0	1.7	3.7							
Net equity	398.1	399.4	569.9	573.8	610.2	652.5							
Minorities value	30.8	28.3	4.1	0	1.7	3.7							
Enterprise value	974.4	881.8	694.1	757.0	723.8	682.3							

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Fincantieri (HOLD/TP EUR 5.6/share)

Monica Bosio - Research Analyst
+39 02 4127 9010
monica.bosio@intesasanpaolo.com

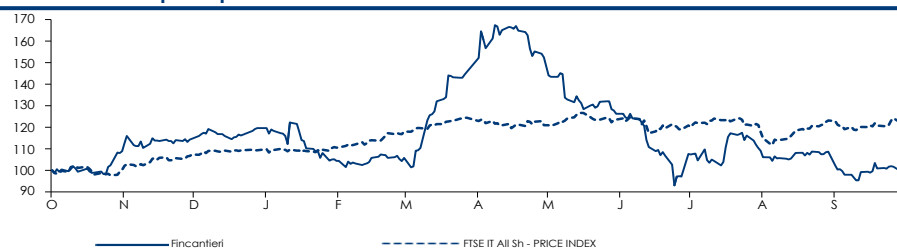
Renato Gargiulo - Research Analyst
+39 02 4127 9018
renato.gargiulo@intesasanpaolo.com

Investment case

The group's recent strong order intake across core businesses represents in our view a confirmation of the supportive and accelerating momentum in end-markets. Following the recent capital hike and UAS deal, the company's strategy seems clear and heading in the right direction, even if we believe it will take time before bearing fruit, and more signs of an effective turnaround are needed for a further stock re-rating.

- **Favourable business environment across key segments...** We expect Fincantieri to continue to benefit from a favorable business environment ahead: 1) the cruise ship segment is finally showing a significant rebound in orders (as also proved by the recently-awarded jumbo orders by Norwegian and Carnival) in view of an expected imbalance between supply and demand starting from FY26 onwards. This should allow the group to optimise its production schedule and saturate its production capacity in the medium term, keeping cruise annual revenues at around EUR 4Bn on average over the plan period (additionally avoiding significant swings in working capital needs over the next years); 2) the naval and offshore segments should continue to be driven by a strong demand in end-markets, with the group expected to further consolidate its market positioning.

Fincantieri - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Corporate Broker to Fincantieri

- **UAS deal to unlock further potential opportunities ahead.** The group's strategy aims at a re-balancing of its business mix, with a rising weighting of the fastest-growing Naval and Offshore businesses. The recent UAS acquisition from Leonardo perfectly fits in this strategy and should further consolidate Fincantieri's positioning as a leader in the underwater and naval defence sector (estimated EUR >100Bn cumulative civil and military addressable underwater market in the FY24-28 period with a +15% CAGR).
- **Further delivery on plan targets is needed for a stock re-rating.** While visibility on this year's targets seems quite high (with a particularly good plan execution on de-leveraging), we believe that a further delivery on plan targets for profitability improvement and de-leveraging is needed for a stock re-rating. An effective integration of UAS activities and the related mid-term potential cross-selling synergies may represent an additional catalyst ahead.

Valuation

We value Fincantieri based on a SOP 2025 analysis (excluding from our valuation sector outliers). We highlight that our valuation does not factor in the effective cash-in of the still pending financial receivables granted to clients, pending more visibility of these customers' payments that the company plans to receive by YE25.

Fincantieri - Key data

Mkt price (EUR)	4.65	Free float (%)	28.2
No. of shares	322.4	Major shr	CDP
52Wk range (EUR)	7.81/4.34	(%)	71.3
Reuters	FCT.MI	Bloomberg	FCT IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-8.3	-1M	-7.5
-3M	2.6	-3M	-0.1
-12M	-1.3	-12M	-18.1

Source: Factset

Company description and key data

Fincantieri is one of the world's largest shipbuilding groups and number one by diversification and innovation. It is leader in cruise ship design and construction and a reference player in all high-tech shipbuilding industry's sectors, from naval to offshore vessels, from high-complexity special vessels and ferries to mega-yachts, ship repairs and conversions, systems and components production and after-sales services. Headquartered in Trieste (Italy), the Group has built more than 7,000 vessels in over 230 years of maritime history. With more than 19,500 employees, of whom more than 8,300 in Italy, 20 shipyards in 4 continents, today Fincantieri is the leading Western shipbuilder. It has among its clients the major cruise operators, the Italian and the U.S. Navy, in addition to several foreign navies, and it is partner of some of the main European defense companies within supranational programmes.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E	2026E
No. ordinary shares (M)	169.2	169.2	169.2	322.4	322.4	322.4	Adj. P/E	9.5	Neg.	Neg.	NM	18.9	11.7
Total no. of shares (M)	169.2	169.2	169.2	322.4	322.4	322.4	P/CFPS	5.1	Neg.	5.0	6.9	4.9	4.1
Market cap (EUR M)	1,161.0	927.75	908.51	1,499.1	1,499.1	1,499.1	P/BVPS	1.4	1.6	1.7	1.7	1.6	1.5
Adj. EPS	0.72	-0.61	-0.04	0.04	0.25	0.40	Payout (%)	0	0	0	0	0	0
BVPS	4.8	3.5	3.1	2.8	2.9	3.2	Dividend yield (% ord)	0	0	0	0	0	0
Dividend ord	0	0	0	0	0	0	FCF yield (%)	-65.2	-66.4	46.4	-14.2	-28.7	5.7
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EV/sales	0.49	0.46	0.42	0.43	0.43	0.39
Revenues	6,911.0	7,482.0	7,651.0	8,128.3	9,026.7	9,531.0	EV/EBITDA	6.8	15.7	8.0	7.1	6.0	5.1
EBITDA	495.0	221.0	397.0	496.9	647.2	729.5	EV/EBIT	11.7	NM	19.6	14.5	10.3	8.3
EBIT	289.0	-10.00	162.0	244.4	380.3	448.1	EV/CE	1.1	1.1	1.1	1.2	1.2	1.1
Pre-tax income	140.0	-278.0	-3.03	23.17	124.9	197.7	D/EBITDA	4.5	11.5	5.7	4.1	3.7	3.1
Net income	22.01	-309.0	-53.03	-35.89	41.16	87.50	D/EBIT	7.7	Neg.	14.0	8.3	6.3	5.0
Adj. net income	122.0	-104.0	-7.03	12.11	79.16	128.5	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E	2026E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EBITDA margin	7.2	3.0	5.2	6.1	7.2	7.7
Net income before minorities	22.0	-324.0	-53.0	-39.9	43.2	90.5	EBIT margin	4.2	-0.1	2.1	3.0	4.2	4.7
Depreciation and provisions	206.0	231.0	235.0	252.5	267.0	281.4	Tax rate	55.7	NM	NM	65.0	35.0	35.0
Others/Uses of funds	-208.9	-59.4	99.1	0	0	0	Net income margin	0.3	-4.1	-0.7	-0.4	0.5	0.9
Change in working capital	-418.2	-168.5	435.1	-64.7	-28.6	11.9	ROCE	9.4	-0.3	5.8	8.3	11.4	13.7
Operating cash flow	-399.0	-320.9	716.1	147.9	281.5	383.8	ROE	2.7	-44.0	-9.5	-5.0	4.5	8.9
Capital expenditure	-358.0	-295.0	-295.0	-296.0	-297.0	-298.0	Interest cover	2.8	-0.1	1.0	1.1	1.5	1.8
Financial investments	0	0	0	0	0	0	Debt/equity ratio	268.3	431.3	425.4	226.5	255.5	218.1
Acquisitions and disposals	0	0	0	-64.6	-415.0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E	2026E
Free cash flow	-757.0	-615.9	421.1	-212.7	-430.5	85.8	Sales		8.3	2.3	6.2	11.1	5.6
Dividends	0	0	0	0	0	0	EBITDA		-55.4	79.6	25.2	30.3	12.7
Equity changes & Non-op items	-419.0	322.9	-161.2	450.0	65.0	75.0	EBIT		NM	NM	50.9	55.6	17.8
Net cash flow	-1,176.0	-293.0	259.9	237.3	-365.5	160.8	Pre-tax income		NM	98.9	NM	NM	58.3
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	Net income		NM	82.8	32.3	NM	NM
Net capital employed	3,072.2	3,117.8	2,804.9	2,931.6	3,338.3	3,265.0	Adj. net income		NM	93.2	NM	NM	62.3
of which associates	42.9	0	0	0	0	0							
Net debt/-cash	2,238.1	2,531.0	2,271.1	2,033.8	2,399.3	2,238.5							
Minorities	15.6	1.4	1.4	1.4	1.4	1.4							
Net equity	818.6	585.4	532.4	896.5	937.7	1,025.2							
Minorities value	0	1.4	1.4	1.4	1.4	1.4							
Enterprise value	3,378.2	3,460.2	3,181.0	3,534.3	3,899.8	3,739.0							

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Generalfinance (BUY/TP EUR 12.8/share)

Davide Rimini - Research Analyst
+39 02 4127 9025
davide.rimini@intesasanpaolo.com

Manuela Meroni - Research Analyst
+39 02 4127 9019
manuela.meroni@intesasanpaolo.com

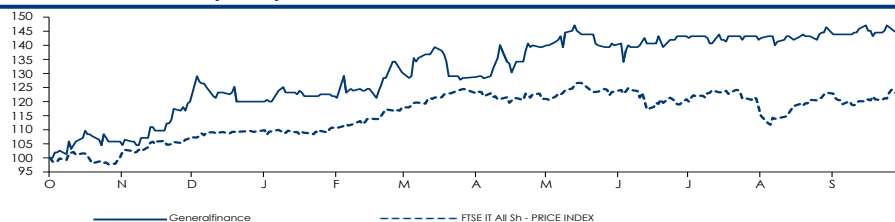
Mid Corporate: EXM-STAR / Financial Services

Investment case

In 2Q24, Generalfinance reported results slightly below our expectations, with strong volumes growth more than offset by the higher level of provisions, which management expects to recover in 2H24. FY24 guidance was confirmed.

- 2Q24 results softer than our expectations.** In 2Q24, Generalfinance reported a net income of EUR 3.1M, slightly lower than our expectations of EUR 3.6M. Total income was up by more than 20% yoy to EUR 10.4M, just fractionally shy of our EUR 10.6M estimate. On the other hand, credit quality worsened, both sequentially and on a yoy basis, with the NPE ratio rising to 1.75%, impacted by more conservative classification policy and single name default. The CET1 declined sequentially by 160bps to 14.5% (better than our 13.4% estimate), due to volumes growth and higher RWA density.
- Strong turnover growth, solid margins maintained.** Turnover came in at EUR 747M in 2Q24, up by a strong 18%, mostly in line with our +19% expectation, with solid margins performance on a yearly basis: NBI/turnover rose to 1.39% in 2Q24 vs. 1.35% in 2Q23, probably also helped by a pick-up in the Days Sales Outstanding (DSOs), which enhances profitability of turnover.

Generalfinance - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data
Intesa Sanpaolo is Specialist to Generalfinance

- FY24 guidance confirmed.** Net income is seen at EUR >20M, with credit quality KPIs improving in 2H24 (the NPE ratio expected to fall back to <1% by year end). Management is confident on the business evolution in Generalfinance's niche (factoring in corporates under restructuring). The establishment of a first branch in Spain is expected by YE24 (subject to Bank of Italy approval). The first acquisition in Generalfinance's history, Workinvoice, should be closed before end of 2024.

Valuation

In our report of 6 August, we broadly confirmed our 2024-26E estimates, slightly adjusting our FY24E LLPs estimates, giving credit to management's new guidance, by raising our FY24E net income estimate by 2% to EUR 20.9M. We have a EUR 12.8 target price.

Generalfinance – Key data

Mkt price (EUR)	11.15	Free float (%)	37.2
No. of shares	12.64	Major shr	General Holding Srl
52Wk range (EUR)	11.4/7.8	(%)	41.4
Reuters	GF.MI	Bloomberg	GF IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-1.8	-1M	-1.0
-3M	0.5	-3M	-2.2
-12M	43.9	-12M	19.3

Source: FactSet

Company description and key data

Generalfinance is an Italian independent player that offers Factoring services to distressed and under financial stress corporates. Thanks to its specific business model, it takes advantage from the different credit rating of the receivables' Seller (distressed or under stress company) and the Assigned Debtor (usually an investment grade company), increasing its margins and reducing its risks. Its reference market is large and the competitive scenario is soft, as traditional banks are not interested in widening their exposure to distressed companies. Generalfinance couples strong growth rates with a high profitability: in the last three years, Factoring turnover increased at a 35% 2021-23A CAGR and the ROTE improved from 24.3% in 2019A to 25.4% of 2023A. Going forward we expect the turnover to increase at a 21.8% CAGR, with a ROTE at 29% in 2024E. Key elements of this strong performance are an experienced management team, a presence along the entire value chain of the Factoring business and its developed in-house proprietary platform that allows a quick response to clients' needs.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E	Stock market ratios (X)	2021A	2022A	2023A	2024E	2025E	2026E
No. of outstanding shares (M)	9.83	12.64	12.64	12.64	12.64	12.64	Adj. P/E	NA	6.7	6.7	6.7	6.2	5.4
No. of f.d. shares (M)	12.64	12.64	12.64	12.64	12.64	12.64	P/TBV	NA	1.66	1.59	1.83	1.58	1.36
Adj. EPS	0.96	1.08	1.19	1.65	1.80	2.07	P/PPP	NA	4.8	4.3	4.3	3.8	3.3
TBV PS	3.1	4.3	5.0	6.1	7.1	8.2	Dividend yield (% ord)	NA	6.0	7.4	7.4	8.1	9.3
PPP PS	1.5	1.5	1.8	2.6	2.9	3.4	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E	2026E
Dividend ord	0.48	0.43	0.59	0.83	0.90	1.0	ROE	34.67	24.53	24.47	28.57	26.50	26.23
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	Adj. ROTE	36.29	28.46	25.43	29.66	27.39	27.03
Net interest income	6.23	7.27	8.98	13.39	12.61	14.15	RoRWA	3.99	3.48	3.91	4.11	3.67	3.72
Net commission/fee income	17.69	23.60	27.22	34.03	40.04	46.06	Cost income ratio	40.0	45.8	35.5	30.3	29.8	29.7
Net trading income	0.00	0.00	0.00	0.00	0.00	0.00	Cost of risk (bps)	9	34	30	35	47	46
Total income	23.93	30.69	36.20	47.43	52.66	60.21	Tax rate	32.12	33.91	31.51	32.50	32.50	32.50
Total operating expenses	9.57	14.06	12.85	14.36	15.71	17.89	Dividend payout	50.0	50.0	49.8	50.0	50.0	50.0
Gross operating income	14.36	16.62	23.35	33.07	36.94	42.33	Other (%)	2021A	2022A	2023A	2024E	2025E	2026E
Provisions for loan losses	0.22	1.21	1.26	1.92	3.20	3.57	CET1 ratio	9.35	14.55	13.00	11.18	11.82	12.01
Pre-tax income	13.93	16.47	22.01	30.94	33.74	38.66	CET1 ratio fully loaded	9.35	14.55	13.00	11.18	11.82	12.01
Net income	9.45	10.89	15.07	20.89	22.78	26.10	Net impaired loans ratio	0.12	0.14	0.15	0.28	0.54	0.75
Shareholders' earnings	9.45	10.89	15.07	20.89	22.78	26.10	Net impaired loans on TBV	1.31	0.99	1.11	2.36	4.37	5.96
Adj. shareholders' earnings	9.45	12.10	15.07	20.89	22.78	26.10	Growth (%)	2021A	2022A	2023A	2024E	2025E	2026E
Composition of total income	2021A	2022A	2023A	2024E	2025E	2026E	Total income	39.0	28.3	18.0	31.0	11.0	14.4
Net interest income	26.0	23.7	24.8	28.2	24.0	23.5	Gross operating income	48.3	15.8	40.5	41.6	11.7	14.6
Trading income	0.0	0.0	0.0	0.0	0.0	0.0	Net income	77.4	15.1	38.5	38.6	9.0	14.6
Commission income	73.9	76.9	75.2	71.8	76.0	76.5	Adj. net income	77.4	28.0	24.6	38.6	9.0	14.6
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	BS growth (%)	2021A	2022A	2023A	2024E	2025E	2026E
Total assets	365.3	443.8	500.0	726.9	804.1	923.2	Customers' loans	81.9	20.1	19.9	40.5	10.2	15.0
Customer loans	321.0	385.4	462.3	649.7	716.0	823.4	Customers' deposits	79.4	17.1	11.1	51.7	10.2	15.0
Total customer deposits	314.6	368.4	409.4	620.9	684.3	787.0	Shareholders' funds	41.7	77.6	17.0	20.2	15.5	16.0
Shareholders' equity	32.0	56.8	66.4	79.8	92.1	106.8	Structure (no. of)	2021A	2022A	2023A	2024E	2025E	2026E
Tangible equity	30.3	54.7	63.8	77.1	89.3	103.8	Branches	0	0	0	0	0	0
Risk weighted assets	281.2	344.1	427.3	589.3	652.5	749.5	Employees	53	63	71	76	81	86

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

IGD (BUY/TP EUR 2.6/share)

Arianna Terazzi - Research Analyst
 +39 02 4127 9026
 arianna.terazzi@intesasampaolo.com

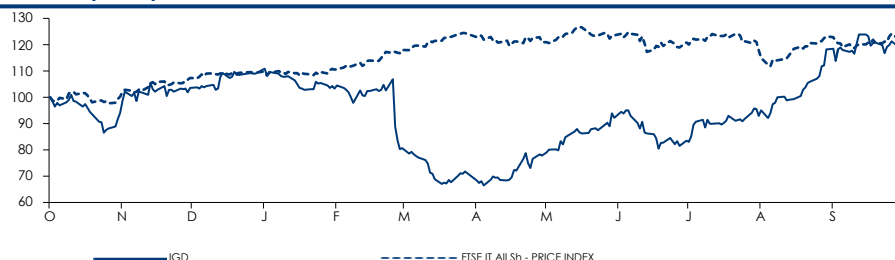
Mid Corporate: EXM-STAR / Real Estate

Investment case

1H24 results were solid on a lfl basis up to EBITDA and included good business indicators. The company now has no large debt maturities until 2027 and thus needs to reshape the maturities profile. IGD is also working on asset disposals, in an expectedly more favourable interest rates scenario.

- **1H24 results** were broadly in line with our estimates at the revenues and EBITDA levels, +4.5% in terms of net rental income on a lfl basis, mirroring good operational indicators (e.g. weighted average lease break and financial occupancy improving yoy).
- **Safer position from a debt maturities' standpoint...** Looking at the debt and maturities' profile after the renewal of the EUR 400M bond due in 2024 and following the Food portfolio disposal, the company has extended its financial maturity profile, with the bulk of expiring debt shifted to 2027 (EUR 572M).
- **...but the high cost of debt is eroding FFO.** The cost of debt was 6.05% vs. 3.86% at FY23 due to the costlier refinancing operation.

IGD - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Specialist to IGD

Net debt at end-June 2024 was EUR 818M, and LTV improved to 44.9% (vs. 48.1% at YE23) thanks to the disposal of the Food portfolio and with broadly stable portfolio valuations (-0.5% vs. FY23PF).

- **Waiting for the presentation of the new BP figures towards year-end.** The company recently disclosed the business plan guidelines (with financial targets to be revealed in November/December), which include: i) operational initiatives to increase Net Operating Income, such as innovation to improve the core business and strengthen the business as third-party assets' manager; and ii) working on asset disposals (e.g. the Romanian portfolio and areas in Livorno) and liabilities' management aimed at reshaping the maturities profile. The final target is to return to a stable dividend distribution within the BP horizon.

Valuation

Following our estimates' revision, periodical WACC update, and peer multiples' rerating on 28 August, we set a EUR 2.6 target price and had moved the rating to BUY.

IGD – Key data

Mkt price (EUR)	2.52	Free float (%)	45.5
No. of shares	110.3	Major shr	Coop Alleanza 3.0
52Wk range (EUR)	2.62/1.41	(%)	40.9
Reuters	IGD.MI	Bloomberg	IGD IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	0.8	-1M	1.6
-3M	46.2	-3M	42.3
-12M	18.0	-12M	-2.1

Source: FactSet

Company description and key data

Immobiliare Grande Distribuzione SIlQ S.p.A. is one of the main players in Italy's retail real estate market: it develops and manages shopping centers throughout the country and has a significant presence in Romanian retail distribution. Listed on the Star Segment of the Italian Stock Exchange, IGD was the first SIlQ (Società di Investimento Immobiliare Quotata or real estate investment trust) in Italy. IGD has a real estate portfolio valued at circa €2,140.5 million at 31 December 2021, comprised of, in Italy, 19 hypermarkets and supermarkets, 27 shopping malls and retail parks, 1 plot of land for development, 1 property held for trading and 6 other real estate properties. Following the acquisition of the company Winmark Magazine SA in 2008 14 shopping centers and an office building, found in 13 different Romanian cities, were added to the portfolio. An extensive domestic presence, a solid financial structure, the ability to plan, monitor and manage all phases of a center's life cycle, leadership in the retail real estate sector: these qualities summarize IGD's strong points.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E	2026E
No. ordinary shares (M)	110.3	110.3	110.3	110.3	110.3	110.3	Adj. P/E	6.8	6.3	4.9	9.2	8.3	8.1
Market cap (EUR M)	429.30	404.64	278.87	278.07	278.07	278.07	P/CFPS	12.0	-3.4	-1.3	-7.3	8.6	8.4
Adj. EPS	0.571	0.581	0.517	0.275	0.302	0.311	P/BVPS	0.36	0.36	0.28	0.28	0.27	0.26
CFPS	0.33	-1.07	-2.02	-0.34	0.29	0.30	P/NAVPS	0.22	0.22	0.25	0.25	0.25	0.24
BVPS	10.70	10.16	9.10	8.94	9.24	9.56	Payout (%)	73	-148	0	-31	25	32
NAVPS	10.62	10.17	9.13	8.96	9.22	9.45	Dividend yield (% ord)	9.0	8.2	0	2.0	3.0	4.0
Dividend ord	0.350	0.300	0	0.050	0.075	0.100	FCF yield (%)	36.7	12.5	12.2	-14.8	3.6	6.2
Average Price	3.9	3.7	2.5	2.5	2.5	2.5	LTV (%)	4,480.0	4,570.0	4,810.0	4,497.7	4,392.0	4,291.6
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	D/EBIT	11.0	127.0	Neg.	10.0	8.5	8.2
Revenues	152.0	152.0	156.3	146.3	141.0	142.5	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E	2026E
EBITDA	106.8	103.2	107.7	101.2	99.03	101.8	EBITDA margin	70.3	67.9	68.9	69.2	70.2	71.5
EBIT	89.88	7.69	-33.10	81.02	93.70	94.70	EBIT margin	59.1	5.1	-21.2	55.4	66.5	66.5
Pre-tax income	55.78	-22.34	-81.80	-16.58	34.00	35.00	Tax rate	NM	NM	NM	7.2	NM	NM
Net income	52.78	-22.34	-81.70	-17.78	33.32	34.32	Net income margin	34.7	-14.7	-52.3	-12.1	23.6	24.1
EPRA earnings	63.02	64.16	57.10	30.32	33.32	34.32	ROCE	4.1	0.4	-1.7	4.5	5.2	5.2
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	ROE	4.6	-1.9	-7.7	-1.8	3.3	3.3
Net income before minorities	52.8	-22.3	-81.7	-17.8	33.3	34.3	Interest cover	-2.6	-0.3	0.7	-0.8	-1.6	-1.7
Depreciation and provisions	16.9	95.5	140.8	20.2	1.1	1.1	Debt/equity ratio	83.6	87.1	96.4	82.1	77.9	74.1
Others/Uses of funds	-0.5	0.1	0	4.4	-0.1	3.1	Growth (%)		2022A	2023A	2024E	2025E	2026E
Change in working capital	5.3	12.4	0	-29.1	-5.0	-2.0	Sales		-0.0	2.8	-6.4	-3.7	1.1
Operating cash flow	77.5	85.6	59.0	-21.1	30.0	37.3	EBITDA		-3.4	4.4	-6.0	-2.1	2.8
Capital expenditure	-35.0	-35.0	-25.0	-20.0	-20.0	-20.0	EBIT		-91.4	NM	NM	15.7	1.1
Financial investments	0	0	0	0	0	0	Pre-tax income		NM	NM	79.7	NM	2.9
Acquisitions and disposals	115.0	0	0	0	0	0	EPRA earnings		6,416.4	5,710.0	3,032.3	3,331.7	3,431.7
Free cash flow	157.5	50.6	34.0	-41.1	10.0	17.3	NAV data	2021A	2022A	2023A	2024E	2025E	2026E
Dividends	0	-38.6	-33.1	0	-5.5	-8.3	Properties and other assets MV	2,186.4	2,117.5	1,970.5	1,696.1	1,703.1	1,713.6
Equity changes & other nn op ite	-11.6	-92.7	-6.8	29.3	0.2	1.2	NAV	1,171.8	1,121.8	1,007.0	989.2	1,017.0	1,043.1
Net cash flow	168.4	10.1	8.5	157.9	16.0	13.7							
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E							
Total fixed assets	2,186.4	2,117.5	1,970.5	1,696.1	1,703.1	1,713.6							
Net working capital	25.1	12.8	-31.1	-2.0	3.0	5.0							
Other items	-44.3	-31.7	33.7	109.7	109.5	109.4							
Net capital employed	2,167.2	2,098.5	1,973.1	1,803.8	1,815.6	1,828.0							
Net debt/-cash	987.0	976.9	968.4	810.5	794.5	780.9							
Minorities	0	0	0	0	0	0							
Net equity	1,180.2	1,121.6	1,004.7	986.8	1,020.1	1,054.4							

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Irce (BUY/TP EUR 3.1/share)

Arianna Terazzi - Research Analyst
 +39 02 4127 9026
 arianna.terazzi@intesasanpaolo.com

Mid Corporate: EXM-STAR / Capital Goods

Investment case

Irce confirmed its ability to safeguard profitability despite 2Q24 revenues being broadly stable (+2.3% yoy in terms of revenues without metal). The demand recovery in winding wires is expected towards end-2024, while cables offer better visibility thanks to long-term contracts. Our current estimates include the initial contribution from the new plant in the Czech Republic (production starting in FY25), but do not yet embed the impact of the Chinese one. Both investments should support Irce's increasing focus on specialised and higher growth sectors and products.

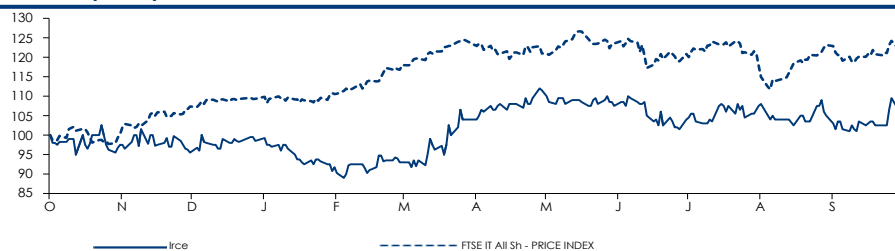
- **Revenues only slightly increased in 2Q24, but profitability is better.** Revenues declined by 4.8% yoy in 1H24 (+2.4% in 2Q), with better copper prices in the semester (average LME copper price in 1H24 was +4.5% yoy), unable to offset lower volumes (revenues without metal were -0.6% yoy). Both business areas, winding wires (with 2Q volumes stable vs. 4Q23 and 1Q24) and electrical cables, confirmed the market demand weakness. The EBITDA margin nonetheless showed an improvement of 80bps, also thanks to the positive effect of the value of copper on inventories. Net debt increased to EUR 54.4M at end-June vs. EUR 25.6M at YE23A on higher operating net working capital and EUR 15.2M in capex;

- **Recovery in winding wires expected towards end-FY24; more cautious FY24E estimates.** The company shared that they expect a recovery in demand in winding wires towards end-2024, while the current order backlog for cables (referring also to long-term contracts) is at a good level. We revise our FY24E estimates to reflect a more cautious 2H24.
- **International expansion.** In the medium term, the group continues to focus on sectors and products with a higher degree of specialisation and higher growth prospects (i.e. energy transition). The new plant in the Czech Republic would be operating in 1H25, while the construction of the Chinese plant (investment between EUR 15M and EUR 20M, impact not incorporated in our estimates) began in July with the target to start production by 2025.

Valuation

Our EUR 3.1 target price is derived with a DCF model, using a 6.8% WACC (RFR at 3.75%; Risk Premium at 6.5%), a 0% terminal growth rate, a gearing of 30%. LT EBIT is calculated by assuming that capex equals depreciation

Irce - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Specialist to Irce

Irce – Key data

Mkt price (EUR)	2.13	Free float (%)	38.1
No. of shares	28.13	Major shr	Aequafin
52Wk range (EUR)	2.24/1.78	(%)	50.0
Reuters	IRC.MI	Bloomberg	IRC IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	1.4	-1M	2.3
-3M	4.9	-3M	2.2
-12M	6.5	-12M	-11.7

Source: Factset

Company description and key data

IRCE SpA is an important multinational company, which engages in the manufacture of wires for electrical machines and insulated cables. It operates through the Winding Wires and Cables business segments. The Winding Wires segment manages the supply of its products for the manufacturers of engines and electric generators, transformers, relay, and electromagnetic valves. The Cables segment provides for the construction, civil and industrial cabling sectors as well as durable consumer goods such as electrical devices. The company was founded in 1947 and is headquartered in Imola, Italy.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E
No. ordinary shares (M)	28.13	28.13	28.13	28.13	28.13	Adj. P/E	7.9	7.4	7.6	7.9	5.0
Total no. of shares (M)	28.13	28.13	28.13	28.13	28.13	P/CFPS	4.1	4.0	4.1	4.1	3.0
Market cap (EUR M)	74.30	67.85	62.57	59.91	59.91	P/BVPS	0.56	0.47	0.41	0.38	0.35
Adj. EPS	0.33	0.33	0.29	0.27	0.43	Payout (%)	9	17	19	21	13
BVPS	4.7	5.1	5.5	5.7	6.0	Dividend yield (% ord)	1.1	2.3	2.6	2.7	2.7
Dividend ord	0.03	0.06	0.06	0.06	0.06	FCF yield (%)	-32.0	8.5	55.0	-49.7	-24.8
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	EV/sales	0.30	0.28	0.22	0.30	0.30
Revenues	457.1	454.7	402.8	391.0	450.0	EV/EBITDA	6.0	6.6	4.1	5.4	4.9
EBITDA	23.20	19.37	21.37	21.45	27.22	EV/EBIT	9.6	11.1	6.1	8.1	6.9
EBIT	14.36	11.55	14.42	14.43	19.49	EV/CE	0.70	0.62	0.49	0.54	0.55
Pre-tax income	14.16	10.30	12.47	9.43	16.49	D/EBITDA	2.8	3.1	1.2	2.7	2.7
Net income	9.38	9.18	8.23	7.55	12.04	D/EBIT	4.5	5.2	1.8	3.9	3.8
Adj. net income	9.38	9.18	8.23	7.55	12.04	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	EBITDA margin	5.1	4.3	5.3	5.5	6.0
Net income before minorities	9.4	9.2	8.2	7.5	12.0	EBIT margin	3.1	2.5	3.6	3.7	4.3
Depreciation and provisions	8.8	7.8	6.9	7.0	7.7	Tax rate	33.8	10.6	34.0	20.0	27.0
Others/Uses of funds	0	0	0	0	0	Net income margin	2.1	2.0	2.0	1.9	2.7
Change in working capital	-34.3	1.5	33.3	-12.3	-24.6	ROCE	7.3	5.6	8.1	6.7	8.0
Operating cash flow	-16.1	18.5	48.4	2.2	-4.8	ROE	7.4	6.6	5.5	4.8	7.3
Capital expenditure	-7.7	-12.8	-14.0	-32.0	-10.0	Interest cover	72.1	9.2	NM	NM	NM
Financial investments	0	0	0	0	0	Debt/equity ratio	48.4	41.5	16.7	35.8	43.4
Acquisitions and disposals	0	0	0	0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E
Free cash flow	-23.8	5.8	34.4	-29.8	-14.8	Sales	-0.5	-11.4	-2.9	15.1	NA
Dividends	-0.8	-1.3	-1.6	-1.6	-1.8	EBITDA	-16.5	10.3	0.4	26.9	NA
Equity changes & Non-op items	0	-0.6	1.6	0	0	EBIT	-19.6	24.9	0.1	35.1	NA
Net cash flow	-24.6	3.9	34.4	-31.4	-16.6	Pre-tax income	-27.3	21.1	-24.3	74.9	NA
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	Net income	-2.0	-10.4	-8.3	59.6	NA
Net capital employed	196.3	205.2	179.0	216.3	243.2	Adj. net income	-2.0	-10.4	-8.3	59.6	NA
of which associates	0	0	0	0	0						
Net debt/-cash	63.9	60.1	25.6	57.0	73.6						
Minorities	0	0	0	0	0						
Net equity	132.0	144.8	153.3	159.3	169.5						
Minorities value	0	0	0	0	0						
Enterprise value	138.2	127.9	88.2	116.9	133.5						

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

LU-VE (BUY/TP EUR 28.8/share)

Alberto Francese - Research Analyst
 +39 02 4127 9022
 alberto.francese@intesanpaolo.com

Mid Corporate: EXM / Capital Goods

Investment case

1H24 revenues were strongly affected by heat pumps, contracting by 7.5%, partially offset by the strong growth of data centres refrigeration and the recovery in tumble dryers. Management expects a reduction in sales volumes for 2024, but profitability should hold up, thanks to actions taken to boost process efficiency and the global organisational revision.

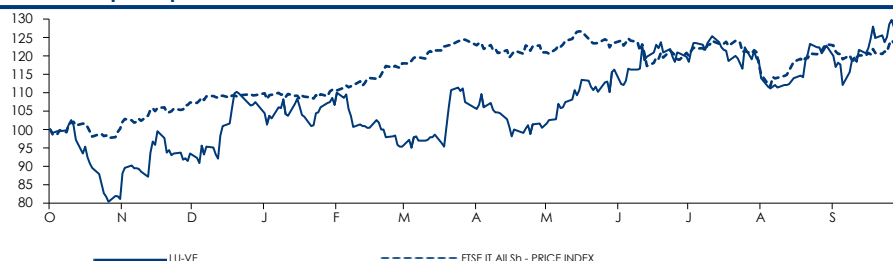
- **Revenues still suffering...** Revenues decreased by 7.5% yoy, with around 1% related to forex. The contraction was mainly due to the impact from heat pumps, which had posted strong volumes in 1H23. Net of this effect, revenues would have increased by around 1%, mainly driven by the data centres refrigeration and tumble dryers.
- **...while EBITDA margin further improved.** EBITDA came in at EUR 43M, +2.7% yoy, thanks to lower costs of the main raw materials and other production costs, which contributed additional EUR 9.9M, while prices eroded EUR 2M and volumes/product mix stripped around EUR 7.4M. The EBITDA margin expanded by 140bps to 14.5% in 1H24 and by 170bps to 15.1% in 2Q24.

- **Still weak demand in 2024, with solid potential in medium term.** Management expects a reduction in sales volumes at the end of the year, but profitability levels should hold up, thanks to actions taken to boost process efficiency and helped by the organisational revision globally. Revenues recovery should occur in 2025, also supported by the order in nuclear applications, alongside an improvement in profitability through investments in production automation, process reorganisation and cost containment. Looking at the medium term, we note that LU-VE posted an around 15% revenues CAGR in 2018-23 vs. a high single-digit growth for the industry, thanks to the diversification of its applications and first player positioning tapping into some secular growth trends, such as electrification, decarbonisation, digitalisation and green refrigerant gases.

Valuation

Our DCF model points to an EUR 28.8 TP, and we rate the company a BUY.

LU-VE - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Specialist to LU-VE

LU-VE – Key data

Mkt price (EUR)	26.60	Free float (%)	38.2
No. of shares	22.23	Major shr	Finami
52Wk range (EUR)	27.9/17.3	(%)	50.8
Reuters	LUVE.MI	Bloomberg	LUVE IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	0.8	-1M	1.6
-3M	2.5	-3M	-0.2
-12M	23.1	-12M	2.2

Source: FactSet

Company description and key data

LU-VE Group is one of the major manufacturers in the world in the air heat exchanger field. It operates in various segments of the market: refrigeration (commercial and industrial); process cooling for industrial applications and power generation; air conditioning (civil, industrial and close control); glass doors and closing systems for refrigerated counters and cabinets. The LU-VE Group is an international company (with HQ in Uboldo, Varese, Italy) consisting of 20 manufacturing facilities in 9 different countries: Italy, China, Czech Rep., Finland, India, Poland, Russia, Sweden & USA, with a network of sales companies and representative offices in Europe, Asia, the Middle East and Oceania.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E
No. ordinary shares (M)	22.23	22.23	22.23	22.23	22.23	Adj. P/E	16.7	13.5	19.2	18.3	16.0
Total no. of shares (M)	22.23	22.23	22.23	22.23	22.23	P/CFPS	8.0	5.9	9.5	8.9	8.2
Market cap (EUR M)	414.58	474.76	588.98	591.43	591.43	P/BVPS	2.4	2.2	2.6	2.3	2.1
Adj. EPS	1.11	1.58	1.38	1.46	1.66	Payout (%)	31	30	30	30	30
BVPS	7.7	9.5	10.3	11.4	12.6	Dividend yield (% ord)	1.9	1.8	1.5	1.7	1.7
Dividend ord	0.35	0.38	0.40	0.45	0.45	FCF yield (%)	-2.1	1.7	5.7	5.7	5.3
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	EV/sales	1.1	1.0	1.2	1.2	1.1
Revenues	492.0	618.6	617.3	595.0	642.6	EV/EBITDA	9.0	8.4	9.3	8.8	7.9
EBITDA	60.84	75.14	78.84	81.70	88.04	EV/EBIT	16.8	15.0	15.9	15.0	13.2
EBIT	32.72	42.10	46.43	47.71	53.03	EV/CE	1.9	1.8	2.1	2.0	1.9
Pre-tax income	30.62	59.04	36.37	42.71	48.53	D/EBITDA	2.0	1.9	1.6	1.3	0.95
Net income	23.74	47.71	29.75	32.36	36.96	D/EBIT	3.7	3.4	2.7	2.2	1.6
Adj. net income	24.79	35.20	30.63	32.36	36.96	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	EBITDA margin	12.4	12.1	12.8	13.7	13.7
Net income before minorities	24.8	49.1	31.4	33.7	38.3	EBIT margin	6.7	6.8	7.5	8.0	8.3
Depreciation and provisions	28.1	33.0	32.4	34.0	35.0	Tax rate	19.1	16.9	13.8	21.0	21.0
Others/Uses of funds	0	0	0	0	0	Net income margin	4.8	7.7	4.8	5.4	5.8
Change in working capital	-31.8	-30.2	8.7	1.8	-7.1	ROCE	11.1	11.9	13.1	13.4	14.7
Operating cash flow	21.1	51.9	72.5	69.5	66.2	ROE	15.1	25.6	14.0	13.9	14.4
Capital expenditure	-29.1	-36.7	-39.1	-35.0	-35.0	Interest cover	15.6	-5.6	4.6	9.5	11.8
Financial investments	0	0	0	0	0	Debt/equity ratio	70.8	67.3	55.1	40.8	29.8
Acquisitions and disposals	-0.8	-7.0	0	-1.0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E
Free cash flow	-8.7	8.3	33.4	33.5	31.2	Sales	25.7	-0.2	-3.6	8.0	NA
Dividends	-6.5	-8.2	-9.1	-8.9	-10.0	EBITDA	23.5	4.9	3.6	7.8	NA
Equity changes & Non-op items	0.1	-31.9	-6.7	0	0	EBIT	28.7	10.3	2.8	11.1	NA
Net cash flow	-15.1	-31.9	17.5	24.6	21.2	Pre-tax income	92.8	-38.4	17.4	13.6	NA
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	Net income	NM	-37.7	8.8	14.2	NA
Net capital employed	293.9	353.7	355.6	354.8	361.9	Adj. net income	42.0	-13.0	5.7	14.2	NA
of which associates	0	0	0	0	0						
Net debt/-cash	121.9	142.3	126.3	103.1	83.3						
Minorities	5.0	6.4	8.0	9.4	10.8						
Net equity	167.1	205.1	221.2	243.3	268.9						
Minorities value	0	0	0	0	0						
Enterprise value	548.6	631.4	735.9	716.5	697.4						

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

MARR (BUY/TP EUR 16.5/share)

Alberto Francese - Research Analyst
 +39 02 4127 9022
 alberto.francese@intesasampaolo.com

Mid Corporate: EXM-STAR / Food Distribution

Investment case

1H24 revenues decreased by 1.5%, affected by the policies to manage food inflation in the Canteens segment and by the lower Euro/Kg price of products sold, especially seafood. The EBITDA margin continued to recover, supported by gross margin. In the current scenario the management confirmed its FY24 targets of a low single-digit organic top line growth and EBITDA broadly in line with the pre-pandemic levels.

- **Revenues affected by canteens and a lower EUR/kg...** 1H24 revenues decreased by 1.5% to EUR 987.7M (-1.2% in 2Q24). In detail: 1) Street Market revenues slipped 0.7%, hurt by bad weather in June, which delayed the summer tourism season, and by the lower Euro/Kg price of products sold, especially seafood; 2) National Account revenues fell by 3.3% to EUR 245M, weighed down by the Canteens sub-segment due to the policies since 1H23 to help manage food inflation; 3) Wholesale recovered in 2Q24, bringing 1H24 revenues to EUR 99.2M (vs. EUR 103.9M yoy); 4) Commercial Catering (Street Market + Chains and Groups) were broadly stable yoy.

- **... but EBITDA margin improvement is ongoing, driven by gross margin.** 1H24 gross margin reached 21.1%, 90bps higher than in 1H23 and in line with the pre-pandemic 1H19 level. EBITDA margin rose by 30bps yoy to 5.6%, but with a gap of 150bps vs. the pre-pandemic 1Q19, mainly due to a structural increase in logistic costs (+130bps vs. 1H19), e.g. higher deliveries' frequency to maintain service quality.
- **Guidance confirmed after 1H24 results.** Management highlighted that July sales, benefitting among other factors from the calendar effect that had penalised June, grew in all client segments. In the current scenario it is still feasible to reach the 2024 revenues' yoy growth and the absolute value EBITDA broadly similar to 2019 levels, according to management.

Valuation

Our DCF model, using a 6.6% WACC (RFR at 3.75%; ERP at 6.5%), a 1.5% terminal growth rate and a gearing of 38.6%, points to a EUR 16.5 TP, we rate the company a BUY.

MARR - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Specialist to MARR

MARR - Key data

Mkt price (EUR)	12.00	Free float (%)	49.6
No. of shares	66.53	Major shr	Cremonini SpA
52Wk range (EUR)	12.5/10.4	(%)	50.4
Reuters	MARR.MI	Bloomberg	MARR IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	2.0	-1M	2.9
-3M	-1.3	-3M	-3.9
-12M	0.0	-12M	-17.0

Source: FactSet

Company description and key data

MARR, established in 1972, is a leading Italian company in the specialised distribution of food products to the non-domestic catering sector and is controlled by Cremonini S.p.A.. With an organisation comprising about 900 employees and 900 sales agents, MARR serves over 55,000 clients (mainly restaurants, hotels, pizza restaurants, resorts and works canteens), with an offer that includes over 25,000 food products, including fish, meat, various foodstuffs and fruit and vegetables and at the different conservations (frozen, fresh and dry). The company operates nationwide through a logistical-distribution network composed of over 40 distribution centres, including 3 stocking platforms and some cash & carry, and over 850 trucks. The operational structure is organised with the objective of delivering the products requested every day and within 24 hours of reception of the order.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E
No. ordinary shares (M)	66.53	66.53	66.53	66.53	66.53	Adj. P/E	37.0	34.2	17.9	15.4	13.5
Total no. of shares (M)	66.53	66.53	66.53	66.53	66.53	P/CFPS	19.1	14.5	9.9	8.5	7.7
Market cap (EUR M)	1,295.9	907.90	846.00	798.30	798.30	P/BVPS	3.7	2.7	2.4	2.2	2.1
Adj. EPS	0.53	0.40	0.71	0.78	0.89	Payout (%)	89	95	85	83	85
BVPS	5.3	5.1	5.3	5.5	5.8	Dividend yield (% ord)	2.4	2.8	4.7	5.4	6.3
Dividend ord	0.47	0.38	0.60	0.65	0.75	FCF yield (%)	9.1	-1.7	6.9	2.1	3.9
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	EV/sales	0.99	0.58	0.51	0.49	0.49
Revenues	1,456.3	1,930.5	2,085.5	2,127.2	2,169.8	EV/EBITDA	15.9	13.7	8.7	7.8	7.3
EBITDA	90.53	82.10	123.1	133.6	145.7	EV/EBIT	24.9	24.4	12.6	11.4	10.5
EBIT	57.63	46.20	84.91	91.88	100.7	EV/CE	2.9	2.0	1.8	1.7	1.6
Pre-tax income	49.62	37.56	66.92	72.88	83.16	D/EBITDA	1.6	2.6	1.8	1.8	1.8
Net income	35.07	26.56	47.13	51.75	59.05	D/EBIT	2.5	4.7	2.6	2.7	2.6
Adj. net income	35.07	26.56	47.13	51.75	59.05	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	EBITDA margin	6.2	4.3	5.9	6.3	6.7
Net income before minorities	35.1	26.6	47.1	51.7	59.0	EBIT margin	4.0	2.4	4.1	4.3	4.6
Depreciation and provisions	32.9	35.9	38.2	41.7	45.1	Tax rate	29.3	29.3	29.6	29.0	29.0
Others/Uses of funds	15.0	-24.5	1.5	-6.0	-6.0	Net income margin	2.4	1.4	2.3	2.4	2.7
Change in working capital	58.7	-28.9	-1.5	-20.8	-3.8	ROCE	11.7	8.3	14.7	15.0	15.7
Operating cash flow	141.6	9.0	85.2	66.6	94.3	ROE	10.2	7.7	13.5	14.3	15.7
Capital expenditure	-19.2	-19.5	-26.6	-50.0	-63.5	Interest cover	11.2	5.6	4.7	4.8	5.8
Financial investments	-4.7	-5.0	0	0	0	Debt/equity ratio	40.5	63.7	62.9	67.2	67.6
Acquisitions and disposals	0	0	0	0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E
Free cash flow	117.7	-15.5	58.6	16.6	30.8	Sales	32.6	8.0	2.0	2.0	NA
Dividends	-23.3	-31.3	-25.3	-39.9	-43.1	EBITDA	-9.3	49.9	8.5	9.1	NA
Equity changes & Non-op items	0	0	0	0	0	EBIT	-19.8	83.8	8.2	9.6	NA
Net cash flow	94.4	-46.7	33.4	-23.3	-12.3	Pre-tax income	-24.3	78.2	8.9	14.1	NA
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	Net income	-24.3	77.5	9.8	14.1	NA
Net capital employed	490.9	559.0	578.9	614.0	642.3	Adj. net income	-24.3	77.5	9.8	14.1	NA
of which associates	0	0	0	0	0						
Net debt/-cash	141.4	217.6	223.5	246.7	259.1						
Minorities	0	0	0	0	0						
Net equity	349.5	341.5	355.5	367.3	383.2						
Minorities value	0	0	0	0	0						
Enterprise value	1,437.3	1,125.4	1,069.4	1,045.0	1,057.4						

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Moltiply Group (BUY/TP EUR 43.0/share)

Giada Cabrino - Research Analyst
 +39 02 4127 9024
 giada.cabrino@intesanpaolo.com

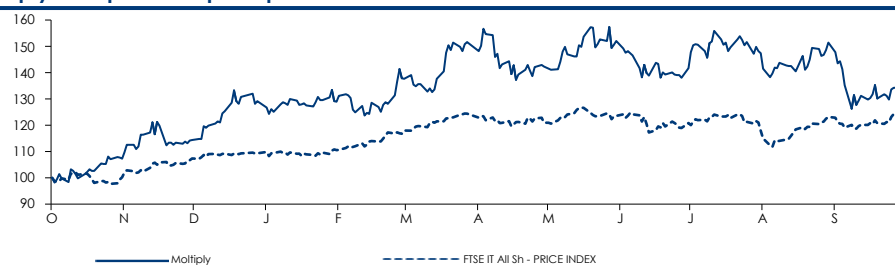
Mid Corporate: EXM-STAR / IT Services Provider

Investment case

Diversification strategy to couple growth with quality.

- **Moltiply is proving to be a growing company, now supported by the likely more favourable environment** and a number of business triggers arising from its diversification strategy. Moreover, international acquisitions pave the way for a European leadership in Moltiply's sectors.
- **Reassuring FY24 outlook:** 2Q24 revenue grew 5.6% yoy, while fully organic; revenues in 1H24 grew by 9.2% yoy. The Mavriq Division's EBITDA was slightly down yoy in 2Q24 due to E-Commerce Price Comparison (expected) and higher marketing costs mostly to support the moderate demand in mortgages. The 2H24 outlook for this division is positive, with both sales and EBITDA seen growing yoy. For the Moltiply Division the outlook is softer, with 2H24 expected to be more challenging, bringing FY24 profitability in line with FY23.

Moltiply Group - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Corporate Broker to Moltiply Group

- **Positive implications not only from the economic environment evolution:** besides the contribution from the newly-acquired companies (Pricewise and Switcho), we see some business triggers as supportive for the top line and profitability: 1) the interest rates' decline, which should favour the residential mortgage demand; 2) the stabilisation of the e-commerce comparison business; 3) the continuing price increase yoy in the insurance policy premia; 4) the incoming obligation for companies to subscribe insurance policies against catastrophe damages; 5) the ongoing profitability improvement of the International companies.

Valuation

Our target price of EUR 43.0 is based on a sum of the parts: our DCF model, which points to EUR 40.1/sh. value (WACC 8.1%; g=2.5%), and the market value of Mony Group stake (EUR 2.9/sh).

Moltiply Group – Key data

Mkt price (EUR)	33.20	Free float (%)	40.2
No. of shares	40.00	Major shr	Alma Ventures SA
52Wk range (EUR)	38.9/24.3	(%)	33.6
Reuters	MOL.MI	Bloomberg	MOL IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-11.2	-1M	-10.5
-3M	-2.6	-3M	-5.2
-12M	33.1	-12M	10.4

Source: FactSet

Company description and key data

MOL is an Italian leader in online comparison and broking business in retail credit, insurance, e-commerce, telco & energy (Mavriq Division) and is a leading provider of complex and critical business process outsourcing services for financial institutions (Moltiply Division). It has recently concluded 3 important acquisitions abroad in the Mavriq division.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E	2026E
No. ordinary shares (M)	40.00	40.00	40.00	40.00	40.00	40.00	Adj. P/E	36.1	24.5	32.6	30.6	23.1	19.8
Total no. of shares (M)	40.00	40.00	40.00	40.00	40.00	40.00	P/CFPS	51.5	21.2	14.3	18.5	14.5	12.6
Market cap (EUR M)	1,716.3	1,146.5	1,126.5	1,328.0	1,328.0	1,328.0	P/BVPS	6.5	4.2	3.4	3.6	3.2	2.9
Adj. EPS	1.19	1.17	0.86	1.09	1.44	1.68	Payout (%)	34	10	14	37	31	29
BVPS	6.6	6.8	8.2	9.2	10.3	11.5	Dividend yield (% ord)	0.9	0.4	0.4	1.2	1.4	1.4
Dividend ord	0.40	0.12	0.12	0.40	0.45	0.48	FCF yield (%)	0.8	-9.1	-6.1	2.1	6.3	7.3
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EV/sales	5.7	4.3	3.6	3.6	3.1	2.8
Revenues	313.5	310.8	404.2	426.1	473.7	498.5	EV/EBITDA	19.5	15.2	13.3	13.3	11.0	9.5
EBITDA	92.55	88.57	108.2	116.4	134.2	146.3	EV/EBIT	26.1	20.3	22.7	22.6	17.6	14.7
EBIT	68.96	66.54	63.10	68.40	83.83	94.93	EV/CE	6.6	3.1	2.3	2.4	2.4	2.4
Pre-tax income	65.19	65.77	50.07	62.54	80.97	94.23	D/EBITDA	0.58	2.2	2.8	2.5	1.7	0.98
Net income	16.35	46.88	34.69	43.53	57.65	67.16	D/EBIT	0.78	2.9	4.7	4.3	2.7	1.5
Adj. net income	47.50	46.84	34.60	43.44	57.55	67.05	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E	2026E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EBITDA margin	29.5	28.5	26.8	27.3	28.3	29.4
Net income before minorities	17.8	47.5	35.4	44.2	58.3	67.8	EBIT margin	22.0	21.4	15.6	16.1	17.7	19.0
Depreciation and provisions	23.6	22.0	45.1	48.0	50.4	51.4	Tax rate	72.6	27.7	29.4	29.4	28.0	28.0
Others/Uses of funds	0.2	3.1	2.6	4.3	4.9	5.8	Net income margin	5.2	15.1	8.6	10.2	12.2	13.5
Change in working capital	-5.3	-15.5	-1.4	-20.5	-17.4	-13.6	ROCE	25.3	15.5	10.3	10.6	13.5	16.0
Operating cash flow	33.3	55.9	80.3	74.8	94.9	110.1	ROE	6.6	17.5	11.6	12.5	14.8	15.4
Capital expenditure	-2.4	-3.5	-6.5	-7.0	-7.7	-8.5	Interest cover	18.7	80.9	4.8	11.4	27.9	111.7
Financial investments	-57.8	0	0	0	0	0	Debt/equity ratio	20.0	71.7	90.7	79.0	54.2	31.0
Acquisitions and disposals	41.3	-155.4	-141.6	-37.0	0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E	
Free cash flow	14.5	-103.1	-67.8	30.8	87.2	101.7	Sales	-0.9	30.1	5.4	11.2	5.2	
Dividends	-15.5	-17.8	-4.5	-4.6	-15.2	-17.1	EBITDA	-4.3	22.2	7.6	15.3	9.0	
Equity changes & Non-op items	19.7	-20.5	-32.7	-18.9	-3.4	-4.3	EBIT	-3.5	-5.2	8.4	22.5	13.2	
Net cash flow	18.6	-141.4	-105.0	7.3	68.6	80.3	Pre-tax income	0.9	-23.9	24.9	29.5	16.4	
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	Net income	NM	-26.0	25.5	32.4	16.5	
Net capital employed	272.1	429.3	613.1	645.9	620.9	591.8	Adj. net income	-1.4	-26.1	25.5	32.5	16.5	
of which associates	0	0	0	0	0	0							
Net debt/-cash	53.8	195.2	299.6	292.5	224.1	144.0							
Minorities	4.7	2.0	2.6	2.9	3.1	3.5							
Net equity	264.4	270.3	327.5	367.1	410.2	461.0							
Minorities value	0	0	0	0	0	0							
Enterprise value	1,800.4	1,350.2	1,435.1	1,545.7	1,477.2	1,396.8							

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Newlat Food (BUY/TP EUR 14.8/share)

Arianna Terazzi - Research Analyst
 +39 02 4127 9026
 arianna.terazzi@intesanpaolo.com

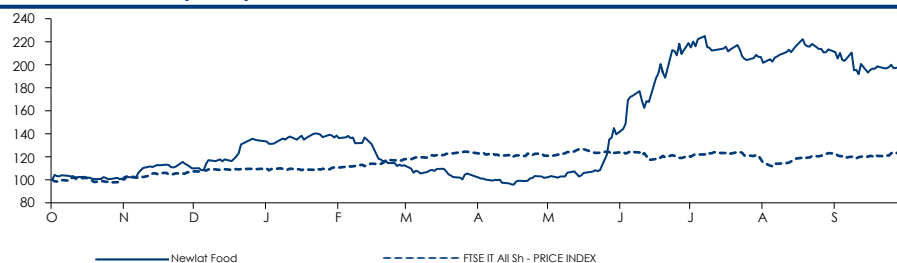
Mid Corporate: EXM-STAR / Food Producers & Processors

Investment case

The Princes' acquisition was a game changer for Newlat, which becomes a EUR 2.8Bn revenue player, doubling its product categories' offering in the complementary segments and reinforcing manufacturing know-how thanks to the total of 31 plants.

- Acquisition of Princes Ltd., a transformational deal.** Last June, Newlat has acquired Princes Ltd, a historic UK-based food group, from Mitsubishi Corporation for a GBP 700M Enterprise Value (5.2x EV/EBITDA including synergies). The acquisition of Princes will enable the group to develop economies of scale and synergies, which were already seen from the first day of integration, in terms of improvements in working capital and procurement, costs reduction and opportunities for sales growth, while further innovation opportunities are being explored by utilising production capacity of the Symington and Princes plants in the UK;
- M&A track record.** The company has a proven track record in M&A (approx. 20 deals since its incorporation in 2004, albeit of smaller size vs. Princes) with the acquired targets successfully integrated into Newlat's business model;

Newlat Food - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Specialist to Newlat Food

- BP through 2030, focus on profitability and cash generation.** The main targets: i) 3% organic revenue CAGR (pre-potential commercial and innovation synergies); ii) profitability growth thanks to commercial synergies, improved product mix, higher contribution from proprietary brands and operating leverage; iii) cash flow generation (FCF seen at EUR 172M in 2030) through efficiencies in procurement, working capital management, industrial investments' selection and planning, and tax optimisation. Broader commercial synergies could boost profitability to above 10% by 2030;
- 1H24: solid margins and FCF despite deflationary scenario.** Revenues showed a double-digit decrease at a consolidated level in a deflationary market context and due to a particularly challenging comparison base (vs. 2023, which benefitted from inflation). We like the improvement in the adj. EBITDA margin (+140bps to 10.8%) and cash generation (EUR 28.5M FCF).

Valuation

Our valuation points to a **target price of EUR 14.8**, obtained as the average of the DCF model that points to EUR 14.3, and the multiples' comparison, which points to EUR 15.4.

Newlat Food – Key data

Mkt price (EUR)	11.58	Free float (%)	38.5
No. of shares	43.94	Major shr	Newlat
52Wk range (EUR)	13.2/5.6	(%)	61.5
Reuters	NWL.MI	Bloomberg	NWL IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-7.2	-1M	-6.5
-3M	-5.5	-3M	-8.0
-12M	97.9	-12M	64.2

Source: Factset

Company description and key data

Newlat Food is a relevant player in the Italian and European agri-food sector, with a multinational, multi-brand and multi-channel approach. The Group detains an established position in the Italian market and a significant presence in the German market. It is mainly active in the pasta, dairy, bakery and special products sectors (particularly, in Health & Wellness, Gluten Free and Baby Food). Newlat's products are marketed under several proprietary brands, many of which have national and international recognition. The Group seeks consumer well-being by selling healthy, high-quality products at affordable prices, while promoting the best Italian traditions through an established international platform and sales network. Newlat has grown significantly over the last ten years mainly as a result of acquisitions of established Italian and international agri-food companies and has a significant track record in acquiring companies and business divisions that operate in the Food & Beverage sector.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E	2026E
No. ordinary shares (M)	43.94	43.94	43.94	43.94	43.94	43.94	Adj. P/E	54.7	40.3	17.5	16.2	9.6	8.2
Total no. of shares (M)	43.94	43.94	43.94	43.94	43.94	43.94	P/CFPS	7.8	5.9	4.6	4.3	3.7	3.6
Market cap (EUR M)	280.75	250.67	251.31	508.77	508.77	508.77	P/BVPS	1.9	1.8	1.4	1.0	0.90	0.81
Adj. EPS	0.12	0.14	0.33	0.71	1.20	1.41	Payout (%)	0	0	0	0	0	0
BVPS	3.3	3.2	4.0	11.6	12.8	14.3	Dividend yield (% ord)	0	0	0	0	0	0
Dividend ord	0	0	0	0	0	0	FCF yield (%)	-9.7	-8.8	17.9	-84.9	19.8	20.9
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EV/sales	0.56	0.51	0.43	0.37	0.32	0.28
Revenues	625.2	741.1	793.3	2,800.0	2,884.0	2,970.5	EV/EBITDA	16.2	6.7	5.0	5.5	4.3	3.3
EBITDA	21.67	56.36	68.15	188.0	216.3	249.5	EV/EBIT	17.2	18.8	11.2	10.3	7.7	6.2
EBIT	20.47	20.12	30.74	100.0	121.4	132.5	EV/CE	1.8	1.5	1.4	1.0	0.96	0.89
Pre-tax income	12.42	9.90	19.74	47.52	78.96	92.58	D/EBITDA	2.4	1.9	1.1	2.7	1.9	1.2
Net income	5.13	6.22	14.35	31.40	52.83	62.10	D/EBIT	2.6	5.5	2.4	5.1	3.3	2.3
Adj. net income	5.13	6.22	14.35	31.40	52.83	62.10	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E	2026E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EBITDA margin	3.5	7.6	8.6	6.7	7.5	8.4
Net income before minorities	6.2	6.6	15.5	33.3	55.3	64.8	EBIT margin	3.3	2.7	3.9	3.6	4.2	4.5
Depreciation and provisions	32.0	36.2	40.3	88.0	84.0	80.0	Tax rate	35.9	33.4	21.3	30.0	30.0	30.0
Others/Uses of funds	0	0	0	0	0	0	Net income margin	0.8	0.8	1.8	1.1	1.8	2.1
Change in working capital	14.2	-49.5	8.4	25.0	1.4	1.5	ROCE	10.4	8.1	12.3	9.9	12.5	14.3
Operating cash flow	52.5	-6.7	64.2	146.2	140.7	146.3	ROE	3.5	4.5	9.3	9.3	10.0	10.6
Capital expenditure	-13.9	-15.5	-19.3	-40.0	-40.0	-40.1	Interest cover	2.5	2.0	2.7	1.9	2.9	3.3
Financial investments	0	0	0	0	0	0	Debt/equity ratio	36.6	78.8	42.6	99.6	72.0	47.6
Acquisitions and disposals	-65.8	0	0	-538.0	0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E	2026E
Free cash flow	-27.2	-22.2	44.9	-431.8	100.7	106.2	Sales	18.5	7.0	NM	NM	3.0	3.0
Dividends	0	0	0	0	0	0	EBITDA	NM	20.9	NM	NM	15.0	15.4
Equity changes & Non-op items	-30.9	-34.8	-9.4	0	0	0	EBIT	-1.7	52.8	NM	NM	21.4	9.1
Net cash flow	-58.1	-56.9	35.5	-431.8	100.7	106.2	Pre-tax income	-20.3	99.3	NM	NM	66.2	17.2
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	Net income	21.2	NM	NM	NM	68.2	17.5
Net capital employed	197.4	249.1	249.0	1,014.0	968.6	927.2	Adj. net income	21.2	NM	NM	NM	68.2	17.5
of which associates	0	0	0	0	0	0							
Net debt/-cash	52.9	109.8	74.3	506.1	405.4	299.2							
Minorities	2.4	2.8	4.0	5.8	8.3	11.0							
Net equity	142.1	136.5	170.7	502.1	554.9	617.0							
Minorities value	18.1	18.1	18.1	18.1	18.1	18.1							
Enterprise value	351.7	378.6	343.7	1,032.9	932.2	826.1							

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Next Geosolutions Europe (BUY/TP EUR 10.2/share)

Giada Cabrino - Research Analyst
+39 02 4127 9024
giada.cabrino@intesasnpaolo.com

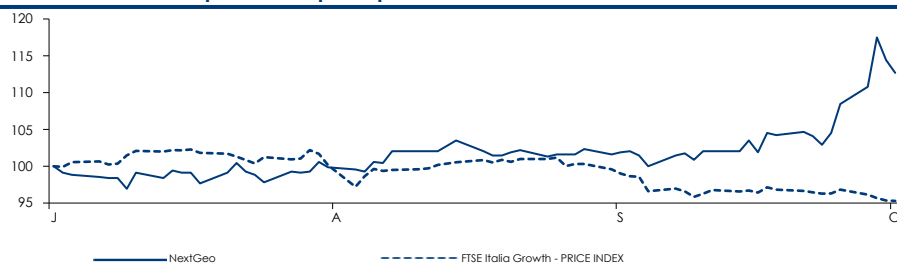
Mid Corporate: EGM / Engineering & Machinery

Investment case

NextGeo's expertise in seabed survey activities, an asset-light structure, a strong track record in developed projects, and an important recurring client base means that it is well placed, in our view, to capture the strong expected growth ahead in the renewable energy sector. 1H24 results testify to the solidity of the business model. The company is looking for fleet expansion, a broadening of the spectrum of services offered and new geographical areas also through M&A.

- **An asset-light business model to support growth.** We expect the size of projects to grow in the coming years and we think NextGeo should be able to maintain its profitability at similar high levels. The market environment is growing rapidly and the company is seeking to capture this evolution by expanding its fleet while keeping an asset-light business model balancing owned and leased vessels. We point out that the leverage on Marnavi fleet renting remains a key advantage for NG.

Next Geosolutions Europe - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Specialist to Next Geosolutions Europe

- **1H24 results were strong and consistent with the company's targets.** Total revenues (value of production) were EUR 104.1M (+45.7% yoy); 1H24 EBITDA margin was 27.3% vs. 26.8% in 1H23, driven by the strong increase in revenues and a lower weighting of production costs on revenues (72.7% in 1H24 vs. 73.2% in 1H23). 1H24 EBIT margin was 24.5% (from 23.4% in 1H23; EBIT was EUR 25.5M in 1H24, up 52.3% yoy), after a 20.5% increase in D&A, which stood at EUR 2.9M. Net profit was EUR 21.1M (+49.5% yoy); the financial position was positive for EUR 42.4M, after EUR 16.4M investments. Cash flow from operating activities was EUR 18.4M. IPO proceeds were EUR 50M. In terms of outlook, the hard backlog as of 30 June was EUR 305M (+11% vs. EUR 275M at the end of December 2023), the soft backlog was EUR 98M and the commercial pipeline was EUR 443M.

Valuation

In our 3 October report, we revised our estimates, updating our capex assumptions. We value NextGeo on a DCF model (WACC 9.3%, g=2%) and peers' comparison. We assign a 50% weighting to the DCF model and a 50% weighting to the relative valuation. We obtain a target price of EUR 10.2.

Next Geosolutions Europe – Key data

Mkt price (EUR)	7.73	Free float (%)	17.2
No. of shares	48.00	Major shr	Marnavi SpA
52Wk range (EUR)	NA/NA	(%)	51.1
Reuters	NXT.MI	Bloomberg	NXT IM
Performance (%)	Absolute	Rel. FTSE Italia Growth	
-1M	10.6	-1M	14.9
-3M	12.7	-3M	18.3
-12M	NA	-12M	NA

Priced at 03/10/2024; Source: Factset

Company description and key data

NextGeo is among the leading European marine geo-data specialists. It provides marine geoscience surveying and offshore construction support services mainly in the Mediterranean and Northern Sea, with headquarters in Italy and subsidiaries in the UK and the Netherlands. The group (NextGeo and its subsidiaries) is characterised by an asset light approach, managing a fleet of owned and rented vessels (currently 3 and 5, respectively). It can leverage on in-house technical resources, including an extensive inventory of positioning, geophysical, geotechnical, oceanographic, environmental and UXO (unexploded ordnance) survey equipment tools. These instruments are used to gather and analyse data and information related to seabed characteristics, that are provided to clients, which are: i) subsea cable producers/installers (EPCI); ii) OWF (Offshore Wind Farm) developers; or iii) TSO (Transmission System Operators). This helps customers reduce risks during the design, construction and operation of assets.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E	2026E
No. ordinary shares (M)	48.00	48.00	48.00	48.00	48.00	48.00	Adj. P/E	NA	NA	NA	9.6	8.2	6.5
Total no. of shares (M)	48.00	48.00	48.00	48.00	48.00	48.00	P/CFPS	NA	NA	NA	8.2	6.8	5.6
Market cap (EUR M)	NA	NA	NA	371.04	371.04	371.04	P/BVPS	NA	NA	NA	2.7	2.0	1.5
Adj. EPS	0	0	0.61	0.81	0.95	1.18	Payout (%)	0	0	0	0	0	0
BVPS	2.0	0.42	1.0	2.9	3.8	5.0	Dividend yield (% ord)	NA	NA	NA	0	0	0
Dividend ord	0	0	0	0	0	0	FCF yield (%)	NA	NA	NA	2.7	-4.9	10.9
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EV/sales	NA	NA	NA	1.6	1.4	1.1
Revenues	0.00	67.22	148.6	203.8	235.5	285.0	EV/EBITDA	NA	NA	NA	6.1	5.4	3.9
EBITDA	0.00	10.64	40.49	53.09	62.50	76.46	EV/EBIT	NA	NA	NA	6.9	6.4	4.5
EBIT	0.00	8.38	35.34	46.79	53.50	66.46	EV/CE	NA	NA	NA	3.6	2.2	1.8
Pre-tax income	0.00	7.44	33.49	46.29	52.50	65.46	D/EBITDA	NM	1.8	0.25	Neg.	Neg.	Neg.
Net income	0.00	7.36	29.18	38.83	45.42	56.71	D/EBIT	NM	2.3	0.28	Neg.	Neg.	Neg.
Adj. net income	0.00	0.00	29.18	38.83	45.42	56.71	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E	2026E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EBITDA margin	NM	15.8	27.3	26.0	26.5	26.8
Net income before minorities	0	7.4	29.2	38.8	45.4	56.7	EBIT margin	NM	12.5	23.8	23.0	22.7	23.3
Depreciation and provisions	0	2.3	5.1	6.3	9.0	10.0	Tax rate	NM	0.7	12.8	16.1	13.5	13.4
Others/Uses of funds	0	2.1	1.0	1.6	1.2	1.5	Net income margin	NM	10.9	19.6	19.1	19.3	19.9
Change in working capital	0	-14.9	-4.9	-8.7	-10.9	-8.0	ROCE	NM	21.4	60.0	52.7	35.0	39.1
Operating cash flow	0	-3.1	30.5	38.1	44.7	60.3	ROE	NM	73.5	84.3	41.5	28.3	26.8
Capital expenditure	0	-13.9	-20.5	-28.0	-63.0	-20.0	Interest cover	NM	8.9	19.0	93.6	53.5	66.5
Financial investments	0	0	0	0	0	0	Debt/equity ratio	NM	96.6	20.1	-35.7	-16.6	-29.1
Acquisitions and disposals	0	0	0	0	0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E	2026E
Free cash flow	0	-17.0	10.0	10.1	-18.3	40.3	Sales	NA	NA	NM	37.2	15.5	21.0
Dividends	0	0	0	0	0	0	EBITDA	NA	NA	NM	31.1	17.7	22.3
Equity changes & Non-op items	0	0.3	-0.5	49.0	-0.5	-0.8	EBIT	NA	NA	NM	32.4	14.4	24.2
Net cash flow	0	-16.7	9.6	59.1	-18.8	39.5	Pre-tax income	NA	NA	NM	38.2	13.4	24.7
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	Net income	NA	NA	NM	33.1	17.0	24.9
Net capital employed	0	39.2	58.9	88.8	153.0	170.2	Adj. net income	NA	NA	NA	33.1	17.0	24.9
of which associates	0	0	0	0	0	0							
Net debt/-cash	0	19.4	9.9	-49.2	-30.5	-70.0							
Minorities	0	0.1	0.1	0.1	0.1	0.1							
Net equity	0	20.0	49.2	138.0	183.4	240.1							
Minorities value	0	0.1	0.1	0.1	0.1	0.1							
Enterprise value	NA	NA	NA	321.9	340.6	301.1							

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Orsero (BUY/TP EUR 26.0/share)

Gabriele Berti - Research Analyst
 +39 02 4127 9023
 gabriele.berti@intesasampaolo.com

Mid Corporate: EXM-STAR / Food Producers & Processors

Investment case

Solid cash generation profile and resilient business model. Potential new M&A could be another catalyst for the stock.

- **2024 is a 'normalised' year.** As widely expected, following the positive exceptional conditions of last year, the 2024 figures showed a normalisation of the Shipping BU and the profitability of banana products. The half-year was also marked by the first signs of a slowdown in European inflationary pressures and still low overall F&V volumes. In this context, Orsero is outperforming the market, also thanks to a strong focus on mix and high value-added products and the decision to reduce the weighting of third-party banana volumes.
- **Outlook.** Management continues to focus on increasing the share of distribution sales from value-added product families, while maintaining a strong focus on M&A. Looking ahead to the coming quarters, we expect 3Q to be the most challenging one, also considering that the company is to have higher costs related to the planned dry-docking of two vessels.

4Q should improve, also benefiting from a more favourable comparison base. However, we believe that the year-on-year comparison of Orsero's 2024 performance is not particularly meaningful. By contrast, we think it is worth highlighting the significant increase in the group's size in recent years, also thanks to strategic M&A deals, which has also allowed Orsero to significantly increase the weighting of its core distribution activities.

Valuation

Currently Orsero's shares are trading at a 2024E EV/EBITDA of 4.3x and P/E of 7.7x, multiples that we considered very 'compressed' for a healthy company. Our EUR 26.0/share TP is derived from a DCF model with a WACC of 7.18% (RFR of 3.75% and ERP of 6.5%). To calculate the terminal value, we consider a level of EBITDA generated by the Shipping activities at EUR 20M (excl. IFRS 16) as we consider this figure a mid-cycle value. We also cautiously set a 0% long-term growth to FY25E NOPAT.

Orsero - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Specialist to Orsero

Orsero - Key data

Mkt price (EUR)	12.70	Free float (%)	41.3
No. of shares	17.68	Major shr	Fif Holding SpA
52Wk range (EUR)	17.5/12.0	(%)	33.4
Reuters	ORS.MI	Bloomberg	ORS IM
Performance (%)	Absolute	Rel. FTSE IT All Sh	
-1M	-1.6	-1M	-0.8
-3M	1.0	-3M	-1.7
-12M	-11.3	-12M	-26.4

Source: FactSet

Company description and key data

Orsero is the holding company of the Italian and international group with the same name, a leader in Mediterranean Europe for the import and distribution of fresh fruit and vegetables. The Orsero Group was created more than 50 years ago at the initiative of the Orsero family, which had been operating since the 1940s in the fruit and vegetable sector, in partnership with other entrepreneurs. Over the decades, the Orsero Group has expanded its business both in terms of area covered, which today includes Italy, France, Spain, Portugal, Greece, Costa Rica and Colombia, and in terms of product categories and sectors, according to a model known as vertical integration. Along with the distribution of fresh produce, the Orsero Group's business model also includes the import of bananas and pineapples using its own ships owned, as well as the production of fruit.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E
No. ordinary shares (M)	17.68	17.68	17.68	17.68	17.68	Adj. P/E	8.3	6.5	4.6	7.7	6.8
Total no. of shares (M)	17.68	17.68	17.68	17.68	17.68	P/CFPS	3.3	3.8	3.0	3.5	3.3
Market cap (EUR M)	157.63	239.66	247.99	224.57	224.57	P/BVPS	0.89	1.2	1.0	0.85	0.76
Adj. EPS	1.08	2.09	3.05	1.65	1.87	Payout (%)	27	16	20	20	20
BVPS	10.0	11.4	13.6	15.0	16.7	Dividend yield (% ord)	3.4	2.6	4.3	2.6	2.9
Dividend ord	0.30	0.35	0.60	0.33	0.37	FCF yield (%)	25.4	14.2	-9.4	12.4	16.9
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	EV/sales	0.23	0.26	0.25	0.22	0.20
Revenues	1,069.8	1,196.3	1,540.8	1,534.4	1,574.2	EV/EBITDA	4.6	4.0	3.5	4.3	3.6
EBITDA	52.93	76.06	107.1	79.50	84.79	EV/EBIT	10.5	7.7	5.8	7.6	6.2
EBIT	23.13	39.94	64.93	44.50	49.79	EV/CE	0.93	1.1	1.0	0.92	0.85
Pre-tax income	20.84	36.13	56.12	37.00	42.29	D/EBITDA	1.6	0.89	1.2	1.4	0.90
Net income	18.51	32.46	48.13	29.23	32.99	D/EBIT	3.6	1.7	2.0	2.4	1.5
Adj. net income	19.09	36.90	54.00	29.23	32.99	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	EBITDA margin	4.9	6.4	7.0	5.2	5.4
Net income before minorities	18.5	32.5	48.1	29.2	33.0	EBIT margin	2.2	3.3	4.2	2.9	3.2
Depreciation and provisions	29.2	30.4	34.3	35.0	35.0	Tax rate	11.2	10.2	14.2	21.0	22.0
Others/Uses of funds	-0.3	-13.8	-12.0	-12.0	-12.0	Net income margin	1.7	2.7	3.1	1.9	2.1
Change in working capital	7.7	-1.5	-5.7	-2.5	-1.0	ROCE	8.9	14.9	17.7	12.1	13.6
Operating cash flow	55.1	47.5	64.7	49.7	55.0	ROE	11.0	17.2	21.9	11.7	12.1
Capital expenditure	-13.5	-13.5	-15.0	-22.0	-17.0	Interest cover	10.1	10.5	7.4	5.9	6.6
Financial investments	0	0	0	0	0	Debt/equity ratio	47.8	33.4	53.2	40.9	25.9
Acquisitions and disposals	-1.5	0	-73.0	0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E
Free cash flow	40.1	34.0	-23.3	27.7	38.0	Sales	11.8	28.8	-0.4	2.6	NA
Dividends	-3.5	-5.2	-6.0	-10.6	-5.8	EBITDA	43.7	40.8	-25.8	6.7	NA
Equity changes & Non-op items	-17.5	-11.9	-31.2	2.3	0	EBIT	72.7	62.6	-31.5	11.9	NA
Net cash flow	19.0	16.9	-60.5	19.4	32.1	Pre-tax income	73.4	55.3	-34.1	14.3	NA
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	Net income	75.4	48.3	-39.3	12.9	NA
Net capital employed	260.2	268.9	366.3	368.8	364.9	Adj. net income	93.3	46.3	-45.9	12.9	NA
of which associates	0	0	0	0	0						
Net debt/-cash	84.3	67.4	127.8	108.4	76.3						
Minorities	0.7	0.4	1.7	5.7	8.2						
Net equity	175.9	201.5	238.5	259.4	286.6						
Minorities value	0.7	0.4	1.7	5.7	8.2						
Enterprise value	242.6	307.4	377.5	338.7	309.1						

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Pattern (BUY/TP EUR 7.2/share)

Arianna Terazzi - Research Analyst
 +39 02 4127 9026
 arianna.terazzi@intesanpaolo.com

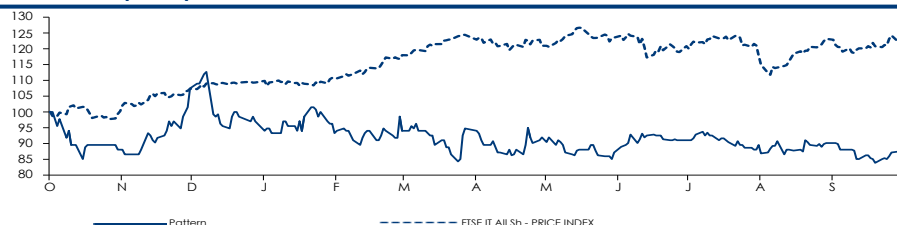
Mid Corporate: EGM / Branded Goods

Investment case

We continue to believe that Pattern is well positioned in an unfavourable macroeconomic scenario, thanks to its focus on engineering and product development, its ability to operate in different segments of absolute luxury and in compliance with the ESG standards required by top brands.

- **Strong knitwear nearly offsets weak leather in 1H24.** The main drivers for the resilience of 1H24 (revenues -2.9% yoy vs. 1H23PF, EBITDA broadly in line) were: 1) a further focus on top luxury, replacing a group of aspirational luxury players and providing Pattern with a resilient customer portfolio; and 2) the integration of the acquired companies, with a strong focus on innovation and product development;
- **Strong positioning to resist in a cautious scenario.** The company does not see better market trends in 2H24-1H25. Moreover, 2H24 would be affected by an unfavourable yoy comparison base, considering the strong performance of 2H23 (strong knitwear; sales of FW collections before the sale to Burberry). However, 2H24 would see two positive effects, which should counterbalance this weak scenario: 1) the full consolidation of Umbria Verde Mattioli (already incorporated in our estimates, around EUR 8.9M based on our projections); and 2) an initial partial recovery in leather goods, benefitting from the gradual move from customers' make-to-stock to a just-in-time approach;

Pattern - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data
 Intesa Sanpaolo is Specialist to Pattern

- **ESG and innovation: valuable distinctive features.** We see the verticalization of production, combined with the fact all the group's companies are SA8000 certified, as a key competitive advantage to be able to withstand or even increase customer penetration at a time when all brands are 'cleaning' their supply chains from potentially unethical issues. In this sense, the subsidiaries DHouse-Dyloan Bond Factory continues its path through sustainability, circular design technologies and innovative production methods, in collaboration with large international companies;
- **New M&A opportunities around the corner?** M&A continues to play an important role in Pattern's strategy (included in the new 2025-28 BP that it is working on), with a focus on companies strong in product development, with a preference for consolidating the segments in which the company is already present or covering lifestyle category. The group boasts M&A track record at attractive multiples (on average, below 5x EV/EBITDA); as of today the group, after streamlining its structure, can count on 10 companies in 7 Italian regions.

Valuation

Our **EUR 7.2 target** price is derived with a DCF model, using a 9.3% WACC (RFR at 3.75%; Risk premium at 6.5%), a 1% terminal growth rate, and a 12% EBITDA margin. **BUY.**

Pattern – Key data

Mkt price (EUR)	5.86	Free float (%)	24.2
No. of shares	14.41	Major shr	Bo.Ma.
52Wk range (EUR)	7.55/5.62	(%)	53.4
Reuters	PTRN.MI	Bloomberg	PTR IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-3.0	-1M	-2.2
-3M	-3.9	-3M	-6.5
-12M	-15.1	-12M	-29.5

Source: Factset

Company description and key data

Pattern Spa is leading company in prototyping, engineering and production of fashion show collections for the most important international luxury fashion brands. The company, founded in 2000 by Franco Martorella and Fulvio Botto, began in 2017 a structured growth process, which ended in 2022 with the creation of the Italian Hub of Luxury Fashion Engineering. Following the listing on the Euronext Growth Milan Market of Borsa Italiana in 2019, Pattern continued its strong growth by external lines with the acquisition of 10 companies, each one being leader in the prototyping and production of different luxury product categories. Pattern Group is now present in 7 Italian regions (Lombardy, Piedmont, Emilia Romagna, Tuscany, Abruzzo, Umbria and Puglia) with 12 companies, and it is positioned on the main luxury product categories (men's and womenswear, clothing and accessories, still fabric, knitwear and leather goods) starting from the Research and Engineering phase up to Production. Pattern Spa is also the first Italian company in the sector to have obtained the SA8000 / Social Accountability Certification in 2013 and an ESG Rating from 2019, confirming the company's strategic choice to invest in sustainability, technology and human resources.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E	2026E
No. ordinary shares (M)	14.41	14.41	14.41	14.41	14.41	14.41	Adj. P/E	24.5	33.7	NM	70.2	21.9	13.4
Total no. of shares (M)	14.41	14.41	14.41	14.41	14.41	14.41	P/CFPS	13.5	12.8	3.2	10.3	7.6	6.2
Market cap (EUR M)	73.35	87.39	101.10	84.46	84.46	84.46	P/BVPS	2.9	2.9	2.4	1.9	1.7	1.5
Adj. EPS	0.21	0.18	0.06	0.08	0.27	0.44	Payout (%)	34	0	187	144	45	27
BVPS	1.7	2.1	2.9	3.1	3.4	4.0	Dividend yield (% ord)	1.4	0	1.6	2.0	2.0	2.0
Dividend ord	0.07	0	0.11	0.12	0.12	0.12	FCF yield (%)	-6.9	-17.8	17.7	-23.1	-0.3	9.9
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EV/sales	1.1	1.1	0.77	0.96	0.83	0.73
Revenues	69.51	109.2	145.6	123.3	150.5	165.6	EV/EBITDA	10.1	10.4	6.0	9.2	6.9	5.5
EBITDA	7.69	11.12	18.83	12.96	18.05	21.77	EV/EBIT	14.8	16.8	13.4	19.9	11.5	8.3
EBIT	5.27	6.88	8.39	5.96	10.85	14.57	EV/CE	3.5	2.7	2.7	1.8	1.7	1.6
Pre-tax income	5.14	6.60	28.10	4.96	9.85	13.57	D/EBITDA	Neg.	1.2	Neg.	1.6	1.2	0.73
Net income	3.00	2.59	21.12	1.20	3.85	6.32	D/EBIT	Neg.	2.0	Neg.	3.4	2.1	1.1
Adj. net income	3.00	2.59	0.85	1.20	3.85	6.32	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E	2026E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EBITDA margin	11.1	10.2	12.9	10.5	12.0	13.2
Net income before minorities	3.7	4.1	23.4	3.5	6.9	9.5	EBIT margin	7.6	6.3	5.8	4.8	7.2	8.8
Depreciation and provisions	2.4	4.2	10.4	7.0	7.2	7.2	Tax rate	28.5	38.4	16.8	30.0	30.0	30.0
Others/Uses of funds	0	0	0	0	0	0	Net income margin	4.3	2.4	14.5	1.0	2.6	3.8
Change in working capital	-0.9	-7.4	3.4	-6.0	-6.3	-1.7	ROCE	23.9	15.8	20.0	9.2	15.1	19.9
Operating cash flow	5.2	0.9	16.9	4.5	7.8	15.0	ROE	14.5	11.0	67.8	3.2	10.1	15.2
Capital expenditure	-1.4	-3.3	-19.2	-24.0	-8.0	-6.6	Interest cover	42.1	24.2	15.0	6.0	10.8	14.6
Financial investments	0	0	0	0	0	0	Debt/equity ratio	-12.3	46.7	-1.5	46.1	45.3	27.6
Acquisitions and disposals	-8.8	-13.1	20.2	0	0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E	2026E
Free cash flow	-5.0	-15.5	17.9	-19.5	-0.2	8.3	Sales	57.1	33.3	-15.3	22.1	10.0	
Dividends	-0.5	-1.2	-8.4	-1.6	-1.7	-1.7	EBITDA	44.6	69.3	-31.2	39.3	20.6	
Equity changes & Non-op items	-0.2	-0.2	5.0	0	0	0	EBIT	30.7	21.8	-29.0	82.1	34.3	
Net cash flow	-5.7	-16.9	14.5	-21.1	-2.0	6.6	Pre-tax income	28.4	NM	-82.4	98.6	37.8	
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	Net income	-13.5	NM	-94.3	NM	64.0	
Net capital employed	22.1	43.5	41.9	64.8	72.0	73.1	Adj. net income	-13.5	-67.3	41.8	NM	64.0	
of which associates	0	0	0	0	0	0							
Net debt/-cash	-3.1	13.8	-0.6	20.5	22.4	15.8							
Minorities	2.7	4.8	5.0	7.3	10.3	13.5							
Net equity	22.5	24.8	37.5	37.1	39.2	43.8							
Minorities value	0	0	0	0	0	0							
Enterprise value	78.0	115.5	112.5	118.8	124.5	120.2							

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

REVO Insurance (BUY/TP EUR 11.6/share)

Elena Perini, CFA - Research Analyst
 +39 02 4127 9020
 elena.perini@intesanpaolo.com

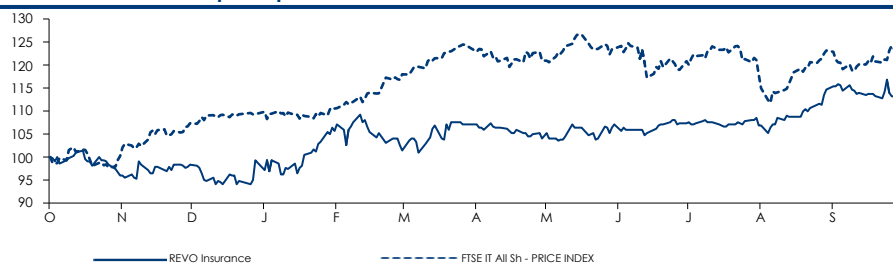
Mid Corporate: EXM-STAR / Insurance

Investment case

REVO's strategy is focused on: 1) investments in technology, with the release of new OverX modules; 2) the launch of projects in the AI field; and: 3) the REVO Iberia setup, which we regard as positive in terms of geographic diversification. Our positive view mainly relies on REVO's growth potential in the underinsured SMEs' space.

- **2Q/1H24 results overall in line with expectations.** 2Q/1H results were overall in line with our expectations and provided visibility to company guidance of approaching the 2025 GWP target of EUR 300M this year (EUR 153M in 1H). We also highlight that in 1H24 REVO has already recorded 78.9% of the FY23 adj. operating result and 75.7% of 2023 adj. net profit.
- **REVO Iberia.** REVO has recently announced the completion of the authorisation process with the competent supervisory bodies for the opening of its Spanish branch, REVO Iberia. As regards Spain, the company has premiums' targets of: 1) EUR 3M by YE; 2) more than EUR 60M in the medium-term. In the 1H24 results' conference call management provided an update about the team expansion, mentioning the appointment of heads of Operations, Market Management and Suretyship.

REVO Insurance - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Corporate Broker to REVO Insurance

- **Update on other strategic initiatives for this year.** In the results' presentation, REVO also provided an update on the other strategic initiatives: 1) investments in technology, with the release of new OverX modules and the launch of projects in the field of AI to support brokerage, underwriting, settlement and planning & control activities; 2) potential distribution of REVO policies through the banking channel.
- **2024E estimates in line with company guidance.** Our 2024E estimates are basically in line with company guidance, envisaging: 1) FY24 GWP nearing the 2025 end-of-plan target of more than EUR 300M (we currently factor in EUR 291M); 2) 80-85% combined ratio (we point to 81.7%); 3) a YE Solvency II ratio in the 200% area (our forecast: 201.3%); 4) EUR 19-21M net profit (we are in line with the high-end of the range).

Valuation

Our EUR 11.6/sh. target price derives from an absolute valuation model, based on our 2024E-26E adj. net profit and reserves' explicit estimates and followed by a 7-year transition period with: (i) growth in average reserves; and: (ii) average net profitability gradually converging to our long-term growth and profitability assumptions (2.5% and 1.5% respectively). We incorporate a 10.3% cost of equity (3.75% RFR and 6.5% ERP).

REVO Insurance – Key data

Mkt price (€)	9.54	Free float (%)	79.3
No. of shares	24.62	Major shr	Fond. CR Verona
52Wk range (€)	9.88/7.96	(%)	6.9
Reuters	REVOI.MI	Bloomberg	REVO IM
Performance (%)	Absolute	Rel. FTSE IT All Sh	
-1M	-1.6	-1M	-0.9
-3M	5.1	-3M	2.3
-12M	12.5	-12M	-6.7

Source: FactSet

Company description and key data

Revo Insurance, born from the reverse merger of REVO SPAC into the target company Elba Assicurazioni, provides insurance coverage focusing on specialty lines (including bond and surety already offered by Elba) and parametric risk cover primarily dedicated to small and medium-sized enterprises. The company aims to differentiate itself as an innovative and cutting-edge player with a flexible business model, leveraging technology leadership to optimize and streamline risk underwriting and claims management processes. REVO Insurance has been listed on the STAR segment since 21 November 2022.

Values per share (EUR)	2023A	2024E	2025E	2026E	Stock Market Ratios (x)	2023A	2024E	2025E	2026E
No. ordinary shares (M)	23.77	23.77	23.77	23.77	P/E	18.6	11.0	6.2	5.2
Total no. of shares (M)	23.77	23.77	23.77	23.77	Adj. P/E	13.4	9.6	5.9	5.0
Market cap (EUR M)	197.91	226.76	226.76	226.76	P/BVPS	0.88	0.96	0.84	0.74
Adj. EPS	0.62	0.99	1.61	1.91	P/TBV	1.44	1.51	1.25	1.10
BVPS	9.49	9.95	11.34	12.87	Dividend yield (% ord)	1.0	1.7	3.2	4.8
TBVPS	5.77	6.30	7.63	8.64	Profitability & financial ratios (%)	2023A	2024E	2025E	2026E
DPS-ordinary shares	0.08	0.17	0.30	0.45	Loss ratio (non-life)	42.0	41.0	44.7	44.8
Dividend payout (%)	18.8	18.3	18.9	24.0	Expense ratio (non-life)	41.6	37.8	28.6	27.9
Income Statement (EUR M)	2023A	2024E	2025E	2026E	Combined ratio	85.8	81.7	75.3	74.7
Op.insurance service result (P&C)	0	0	0	0	Undiscounted combined ratio	0	0	0	0
Operating investment result (P&C)	0	0	0	0	Cover ratio	90.3	86.2	86.1	90.5
CSM release (Life)	0	0	0	0	C/I ratio (AM)	0	0	0	0
Operating investment result (Life)	0	0	0	0	Tax rate	-4.2	25.0	27.5	27.5
Operating result	21.3	35.6	56.3	66.0	RoE	6.7	10.4	15.2	15.8
Non-life operating result	0	0	0	0	RoTE	11.5	16.4	23.2	23.5
Life operating result	0	0	0	0	Net profit/Insurance contracts	17.2	19.6	21.9	21.8
Net income	10.6	21.4	37.9	45.0	Solvency	212.0	201.3	213.2	224.8
Adjusted net income	14.8	24.4	39.7	47.1	Leverage	0	0	0	0
Balance sheet and other (EUR M)	2023A	2024E	2025E	2026E	Interest coverage (x)	0	0	0	0
Investments	223.7	265.4	314.8	423.5	Revenues breakdown (EUR M)	2023A	2024E	2025E	2026E
Financial assets for U/L contracts	0	0	0	0	Non-life business volumes	216.2	291.0	322.5	355.0
Insurance contracts (liabilities)	0	0	0	0	Life premiums	0.00	0.00	0.00	0.00
Insurance contracts (Non-life)	0	0	0	0	AM revenues	0.00	0.00	0.00	0.00
Insurance contracts (Life)	0	0	0	0	Growth (%)	2023A	2024E	2025E	2026E
Contractual service margin (CSM)	0	0	0	0	Adj. EPS	42.2	59.9	62.5	18.6
Life net inflows	0	0	0	0	Non-life business volumes	64.5	34.6	10.8	10.1
Excess of investments	136.1	103.4	114.8	191.7	Life business volumes	NA	NA	NA	NA
Financial debt	0	0	0	0	AM revenues	NA	NA	NA	NA
Shareholders' net equity	225.6	245.1	279.1	316.9	Insurance contracts (Life)	NA	NA	NA	NA

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Sanlorenzo (BUY/TP EUR 52.5/share)

Oriana Cardani, CFA - Research Analyst
+39 02 4127 9014
oriana.cardani@intesasampaolo.com

Mid Corporate: EXM-STAR / Branded Goods

Investment case

Concerns of a slowdown of global luxury demand looks overplayed for the stock.

- **In 1H24 order intake was in a normalisation phase, but FY24 guidance was confirmed:** 1H24 closed with net revenues from new yachts at EUR 415.1M (+6.9% yoy) and order backlog at EUR 1,365M after the EUR 323M order intake in 1H24 (-8% yoy), which was affected also by temporary discontinuity due to a shift to direct distribution in APAC and in key Mediterranean hubs. The group confirmed the FY24 organic guidance range and said that the order intake at the Cannes boat show was strong.
- **The acquisition of Swan enhances the group's growth opportunities:** On 1 August Sanlorenzo announced the acquisition of Nautor Swan, which is one of the most iconic brands in the world of sailing. We estimate that Swan could close FY24 with EUR 90M sales, an 11.5% EBITDA margin and a net order backlog of around EUR 94M.

Sanlorenzo - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Specialist to Sanlorenzo

We expect Sanlorenzo to implement a product strategy that favours the development of large sailing models and we see strong synergies in production and supply. Overall, we estimate 2024E-27E sales CAGR at 10% and 2027E EBITDA margin at 14%; therefore, the 100%-stake of Swan would be paid 6.5x 2027E EBITDA.

- **A still significant growth ahead:** For the Sanlorenzo Group after the Swan acquisition, we expect 2024E-27E consolidated EBIT CAGR at 8.2% and EPS CAGR at 7.9%.

Valuation

Our updated DCF model returns a fair value of EUR 52.5; it corresponds to a 2025E-26E 17.15.8x P/E and 8.8-8.1x EV/EBITDA vs. respectively 16x and 8.4x average trading multiple in the 2019-23 period. The European luxury sector is trading at a median 2025E-26E P/E of 21.4-19.9x (Source: FactSet consensus).

Sanlorenzo – Key data

Mkt price (EUR)	36.50	Free float (%)	43.0
No. of shares	34.98	Major shr	PEROTTI MASSIMO
52Wk range (EUR)	45.8/33.1	(%)	54.8
Reuters	SNLMI	Bloomberg	SLIM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-3.4	-1M	-2.7
-3M	-5.4	-3M	-7.9
-12M	2.8	-12M	-14.7

Source: FactSet

Company description and key data

Sanlorenzo (SL), whose activities started back in 1958, is now a leading player globally in the design, production and sale of custom-made yachts and superyachts. Sanlorenzo's products are positioned at the high-end of the luxury yachting segment and are considered exclusive vessels for true connoisseurs. Sanlorenzo was listed on the Italian Stock Market exchange on 10 December 2019 at a price of EUR 16 per share.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E	2026E
No. ordinary shares (M)	34.54	34.78	34.98	35.50	35.50	35.50	Adj. P/E	17.7	16.0	14.5	12.9	11.8	11.0
Total no. of shares (M)	34.54	34.78	34.98	35.50	35.50	35.50	P/CFPS	12.5	11.8	10.8	9.5	8.5	8.0
Market cap (EUR M)	921.15	1,192.3	1,346.1	1,295.9	1,295.9	1,295.9	P/BVPS	4.0	4.1	3.7	3.1	2.7	2.3
Adj. EPS	1.51	2.15	2.66	2.82	3.09	3.32	Payout (%)	40	31	38	40	40	40
BVPS	6.6	8.3	10.3	11.8	13.7	15.6	Dividend yield (% ord)	2.2	1.9	2.6	3.1	3.4	3.6
Dividend ord	0.60	0.66	1.01	1.12	1.24	1.33	FCF yield (%)	5.1	6.3	4.7	2.4	5.2	6.6
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EV/sales	1.5	1.5	1.4	1.3	1.1	1.0
Revenues	585.9	740.7	840.1	925.1	1,035.7	1,092.5	EV/EBITDA	9.4	8.5	7.7	6.7	5.9	5.4
EBITDA	94.63	129.6	157.4	174.6	195.0	206.8	EV/EBIT	12.2	10.7	9.6	8.5	7.6	6.9
EBIT	72.55	102.8	125.8	138.6	151.8	162.8	EV/CE	4.7	5.8	5.5	4.1	3.5	3.0
Pre-tax income	71.39	102.3	129.6	139.3	152.6	163.6	D/EBITDA	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
Net income	51.40	74.22	92.72	99.73	109.7	117.8	D/EBIT	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
Adj. net income	52.12	74.65	92.97	100.2	109.7	117.8	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E	2026E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EBITDA margin	16.2	17.5	18.7	18.9	18.8	18.9
Net income before minorities	51.7	74.8	93.2	100.2	110.3	118.8	EBIT margin	12.4	13.9	15.0	15.0	14.7	14.9
Depreciation and provisions	22.1	26.8	31.6	36.0	43.2	44.0	Tax rate	27.5	26.9	28.1	28.1	27.7	27.3
Others/Uses of funds	0.3	8.6	5.8	0.5	1.2	1.3	Net income margin	8.8	10.0	11.0	10.8	10.6	10.8
Change in working capital	22.1	34.2	-2.2	-13.9	-27.6	-15.9	ROCE	38.2	54.2	57.1	47.9	45.6	44.4
Operating cash flow	96.1	144.4	128.4	122.9	127.0	148.3	ROE	24.8	28.7	28.6	25.7	24.3	22.7
Capital expenditure	-49.6	-58.5	-63.7	-92.0	-60.2	-63.3	Interest cover	62.5	188.6	-33.2	-198.0	-189.7	-203.4
Financial investments	0.5	-10.5	-1.9	0	0	0	Debt/equity ratio	-17.0	-34.6	-39.0	-30.9	-31.6	-34.1
Acquisitions and disposals	0	0	0	0	0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E	
Free cash flow	47.1	75.3	62.8	30.9	66.8	84.9	Sales	26.4	13.4	10.1	11.9	11.9	5.5
Dividends	-10.4	-20.6	-22.8	-41.8	-42.5	-48.9	EBITDA	37.0	21.4	10.9	11.7	11.7	6.1
Equity changes & Non-op items	-1.6	6.6	0	0	0	0	EBIT	41.7	22.4	10.2	9.5	9.5	7.2
Net cash flow	35.2	61.3	40.0	-10.9	24.3	36.1	Pre-tax income	43.4	26.6	7.5	9.5	9.5	7.2
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	Net income	44.4	24.9	7.6	10.0	10.0	7.4
Net capital employed	190.1	189.8	220.2	289.5	332.9	366.8	Adj. net income	43.2	24.5	7.8	9.4	9.4	7.4
of which associates	0	0	0	0	0	0							
Net debt/-cash	-39.0	-100.3	-140.5	-129.4	-153.7	-189.8							
Minorities	0.1	1.6	1.6	1.6	1.6	1.6							
Net equity	229.0	288.5	359.0	417.4	485.1	555.1							
Minorities value	3.5	5.2	5.6	6.0	7.4	11.0							
Enterprise value	885.6	1,097.1	1,211.3	1,172.5	1,149.6	1,117.1							

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Sogefi (BUY/TP EUR 2.4/share)

Monica Bosio - Research Analyst
+39 02 4127 9010
monica.bosio@intesasampaolo.com

Renato Gargiulo - Research Analyst
+39 02 4127 9018
renato.gargiulo@intesasampaolo.com

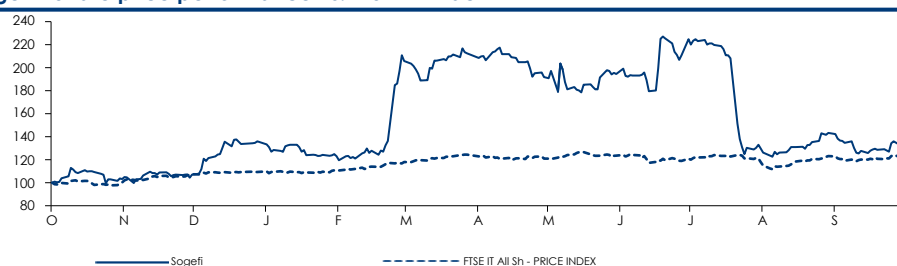
Mid Corporate: EXM-STAR / Automobiles & Components

Investment case

We remain convinced that Sogefi carries a speculative appeal on the potential valorisation of the group's remaining two assets (Suspensions and Air & Cooling), as we believe that the major shareholder (CIR group) could decide to focus on KOS, which specialises in services and residences for the elderly.

- Material improvement in Suspensions business.** In 2Q Sogefi's revenues posted a 2% slowdown. Over 1H24, revenues were down by 2.7% to EUR 524.1M, underperforming the overall car market (-0.2%) mainly reflecting the contraction in Europe, which in 1H24 was down by 5.2%. With a good control of fixed costs and thanks to the sound execution in the turnaround of the Suspensions business (marking in 2Q an EBITDA margin ex non-rec. improvement at 9.4% from 7.2% last year), along with a supportive performance of Air & Cooling (2Q24 EBITDA margin ex non-rec. at 19.6%), Sogefi's operating trend was overall in line with our expectations and consensus. In 1H24 results we also liked FCF which, despite a lower use of factoring (EUR 54.5M vs. 71.6M in 1H23), set at EUR 21.6M.

Sogefi - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Specialist to Sogefi

- Tougher volumes outlook in 2H.** With a worldwide car production revised downwards at -2% (source: S&P) and a European market seen down by 5.3% by YE, Sogefi revised downwards its top line guidance, now seen down at a low-single digit (from low-single digit growth) while confirming an operating profitability (ex non-recurring) in improving vs. last year.

Valuation

With no short-term catalyst ahead, following the successful disposal of the Filtration BU and the payment of the extraordinary dividend in July amid a difficult market context for car makers and their suppliers, we expect the stock to remain under pressure in the near future. However, we believe that current prices do not fully reflect the valorisation of the two businesses on a stand-alone basis and, above all, the upside embedded in the Air & Cooling division, which is highly profitable and FCF generative. We have a BUY rating and EUR 2.4 TP.

Sogefi - Key data

Mkt price (EUR)	1.99	Free float (%)	42.7
No. of shares	118.5	Major shr	CIR
52Wk range (EUR)	3.41/1.50	(%)	55.6
Reuters	SGFI.MI	Bloomberg	SGF IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-7.6	-1M	-6.8
-3M	-37.2	-3M	-38.8
-12M	33.9	-12M	11.1

Source: Factset

Company description and key data

Sogefi (CIR Group), is a world leader in the automotive components sector, with innovative products in three business areas: filtration, suspensions, and air and cooling systems. Sogefi began its activity in the filtration market in 1980, forming a joint venture in 1984 with the American group AlliedSignal and expanding in South America at the beginning of the 90s. The Group has diversified its business acquiring in 1986 the control of Rejna activities in the suspension components, in 1999 the French group Allevarud Ressorts Automobile, in 2001 the French group Filtrauto and in 2011 the French group Systèmes Moteurs. Through its strong commitment to research, Sogefi Group continuously improves its components with technological developments across all product sectors, optimising performance in terms of life cycle, effectiveness, size, weight and environmental compatibility. In 2018 the group had revenues of € 1,6 billion with suspensions accounted for approximately 37% of total revenues, while filtration contributed 33% and air & cooling 30%. Sogefi is partner to most vehicle manufacturers worldwide, and is present in 24 countries with 42 production plants, 4 research centers and 10 development centres. Sogefi employs 6.900 people and is committed to sustainability principles and to promoting them throughout the supply chain. Sogefi shares are listed at the Milan Stock Exchange since 1986 and entered the STAR segment in January 2004.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E	2026E
No. ordinary shares (M)	118.5	118.5	118.5	118.5	118.5	118.5	Adj. P/E	5.9	3.6	2.4	12.4	8.1	7.1
Total no. of shares (M)	118.5	118.5	118.5	118.5	118.5	118.5	P/CFPS	1.1	0.73	0.88	2.4	2.1	2.0
Market cap (EUR M)	156.86	107.95	155.30	236.00	236.00	236.00	P/BVPS	0.84	0.47	0.57	0.80	0.77	0.74
Adj. EPS	0.22	0.25	0.54	0.16	0.25	0.28	Payout (%)	0	0	41	8	59	59
BVPS	1.6	1.9	2.3	2.5	2.6	2.7	Dividend yield (% ord)	0	0	15.3	5.0	6.0	7.0
Dividend ord	0	0	0.20	0.10	0.12	0.14	FCF yield (%)	19.4	30.3	18.5	102.8	13.3	15.7
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EV/sales	0.38	0.26	0.26	0.29	0.27	0.24
Revenues	1,320.6	1,552.1	1,627.7	1,014.6	1,040.0	1,066.0	EV/EBITDA	2.6	2.1	1.9	2.3	2.1	1.9
EBITDA	192.5	194.7	221.4	127.0	130.3	135.0	EV/EBIT	8.5	6.0	4.1	6.3	5.6	4.8
EBIT	58.37	68.32	105.2	46.96	49.26	52.97	EV/CE	0.94	0.76	0.78	0.83	0.79	0.74
Pre-tax income	42.07	49.52	85.07	33.96	39.26	45.97	D/EBITDA	1.7	1.5	1.2	0.37	0.21	0.03
Net income	1.97	29.62	57.77	155.5	24.04	28.15	D/EBIT	5.6	4.3	2.5	1.0	0.56	0.09
Adj. net income	1.97	29.62	57.77	19.10	24.04	28.15	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E	2026E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EBITDA margin	14.6	12.5	13.6	12.5	12.5	12.7
Net income before minorities	4.1	31.2	61.0	156.8	25.5	29.9	EBIT margin	4.4	4.4	6.5	4.6	4.7	5.0
Depreciation and provisions	128.6	117.5	112.1	80.0	81.0	82.0	Tax rate	32.1	37.0	20.5	40.0	35.0	35.0
Others/Uses of funds	-0.9	7.9	-23.4	93.4	0	0	Net income margin	0.1	1.9	3.5	15.3	2.3	2.6
Change in working capital	8.4	-25.0	-24.0	-20.2	-6.0	-4.0	ROCE	11.0	12.6	19.0	13.1	14.0	15.4
Operating cash flow	140.2	131.6	125.7	310.0	100.6	107.9	ROE	1.2	14.2	22.9	54.8	8.0	9.0
Capital expenditure	-109.7	-98.9	-96.9	-67.4	-69.1	-70.8	Interest cover	3.3	3.0	5.2	3.6	4.9	7.6
Financial investments	0	0	0	0	0	0	Debt/equity ratio	159.8	119.1	92.6	15.2	8.5	1.4
Acquisitions and disposals	0	0	0	0	0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E	
Free cash flow	30.5	32.7	28.8	242.6	31.5	37.1	Sales	17.5	4.9	-37.7	2.5	2.5	
Dividends	0	0	0	-23.7	-11.8	-14.2	EBITDA	1.2	13.7	-42.6	2.6	3.6	
Equity changes & Non-op items	0	0	0	0	0	0	EBIT	17.0	53.9	-55.4	4.9	7.5	
Net cash flow	30.5	32.7	28.8	218.9	19.6	22.9	Pre-tax income	17.7	71.8	-60.1	15.6	17.1	
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	Net income	NM	95.1	NM	-84.5	17.1	
Net capital employed	532.6	542.4	553.5	357.7	351.7	344.4	Adj. net income	NM	95.1	-66.9	25.9	17.1	
of which associates	0	0	0	0	0	0							
Net debt/-cash	327.6	294.9	266.1	47.2	27.6	4.7							
Minorities	17.3	16.8	14.5	15.8	17.3	19.0							
Net equity	187.7	230.7	272.9	294.7	306.9	320.8							
Minorities value	0	0	0	0	0	0							
Enterprise value	498.9	410.7	429.7	295.8	276.8	254.6							

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Tinexta (BUY/TP EUR 23.5/share)

Gabriele Berti - Research Analyst
 +39 02 4127 9023
 gabriele.berti@intesanpaolo.com

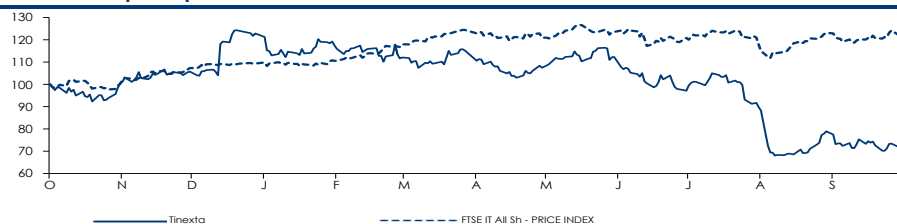
Mid Corporate: EXM-STAR / Information Technology

Investment case

Despite ABF's delay, we believe the equity story remains unchanged.

- **2Q/1H Performance.** Business Innovation's profitability was largely below last year's, due to the lack of contribution from the recently acquired French company ABF and a soft domestic market (rate reduction for Industry 4.0 and Industry 5.0 package not yet operational). Cyber was 'soft' in terms of sales and profitability (the latter affected by an unfavourable sales mix), but overall in line with the full-year targets. On the other hand, Digital Trust confirmed its solid growth profile, also benefitting from the consolidation of Ascertia. In view of ABF's performance, Tinexta slightly lowered its FY guidance. However, we emphasise that, with the exception of ABF, the other businesses are in line with the growth trajectory defined in the group's business plan.
- **ABF situation.** The recent political uncertainty in France (change of government in January; significant budget revisions at the end of February; dissolution of the National Assembly at the end of June) led to a postponement of national public funding decisions (France 2030) and thus to a delay in the launch of new project tenders (e.g. decarbonisation) and to uncertainty about the maintenance of budgets for ongoing project tenders.

Tinexta - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data
 Intesa Sanpaolo is Corporate Broker to Tinexta

- **Outlook.** Overall, we continue to believe that Tinexta is strongly positioned in the structurally growing markets of digital trust and cybersecurity. In Business Innovation, the accumulated delays should gradually be made up in the coming quarters. We believe that the company's focus in the coming months should be on consolidating the recently acquired companies and unlocking synergies.

Valuation

The recent share price performance (-40% YTD) has increased the upside to our SOP and DCF derived TP of EUR 23.5. We think the shares have overly derated (2024E P/E at 10.3x – or 7.5x in 2025 vs. a peak of approximately 30x in Sept/Nov 2021) considering: 1) the solid projected EBITDA growth (2023-26E CAGR at about 17%); 2) a strong track record of delivering targets; 3) clear exposure to the secular trend of increasing technology development and widespread enterprise adoption; 4) a leading position in the European digital trust market (especially in Enterprise Solutions segment); 5) growing exposure to International markets; 6) solid M&A track record; and 7) committed and experienced management.

Tinexta – Key data

Mkt price (EUR)	11.87	Free float (%)	39.5
No. of shares	47.21	Major shr	ecno Holding SpA
52Wk range (EUR)	20.5/11.2	(%)	55.8
Reuters	TNXT.MI	Bloomberg	TNXT IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-8.9	-1M	-8.2
-3M	-26.5	-3M	-28.4
-12M	-23.4	-12M	-36.4

Source: Factset

Company description and key data

Tinexta is an industrial Group that offers innovative solutions for the digital transformation and growth of companies, professionals and institutions. Listed on the Euronext STAR Milan, it is included in the European Tech Leader index as a high-growth tech company. Based in Italy with representatives in 12 countries ranging from Europe to Latin America and over 2,500 employees, Tinexta is active in the strategic Digital Trust, Cybersecurity and Business Innovation sectors. At 31 December 2023, the Group reported consolidated revenues of EUR 395.8M, Adjusted EBITDA of EUR 103.0M and Net profit of EUR 69.9M

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E	2026E
No. ordinary shares (M)	47.21	47.21	47.21	47.21	47.21	47.21	Adj. P/E	29.6	21.7	16.5	10.3	7.5	6.3
Total no. of shares (M)	47.21	47.21	47.21	47.21	47.21	47.21	P/CFPS	19.7	10.3	8.6	7.1	5.8	5.0
Market cap (EUR M)	1,465.8	1,135.4	899.13	560.35	560.35	560.35	P/BVPS	4.7	2.0	1.5	0.88	0.83	0.77
Adj. EPS	1.05	1.11	1.15	1.15	1.58	1.88	Payout (%)	33	30	30	35	35	135
BVPS	6.6	12.0	13.1	13.4	14.3	15.4	Dividend yield (% ord)	1.0	2.1	2.4	1.9	3.8	0
Dividend ord	0.30	0.51	0.46	0.23	0.45	0	FCF yield (%)	-9.3	9.3	-3.7	-19.9	12.1	15.0
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EV/sales	2021A	2022A	2023A	2024E	2025E	2026E
Revenues	375.4	357.2	395.8	472.3	520.2	571.2	EV/EBITDA	19.3	16.0	12.4	8.6	6.7	5.5
EBITDA	93.02	86.29	93.82	112.6	136.8	155.9	EV/EBIT	31.5	26.7	22.2	15.4	10.7	8.2
EBIT	56.94	51.63	52.42	62.63	85.82	104.9	EV/CE	3.5	2.9	2.1	1.4	1.3	1.2
Pre-tax income	53.44	45.13	50.62	53.63	78.82	99.94	D/EBITDA	2.8	0.90	1.1	2.1	1.4	0.89
Net income	38.32	75.73	62.99	29.20	46.16	60.56	D/EBIT	4.6	1.5	1.9	3.8	2.3	1.3
Adj. net income	49.49	52.37	54.47	54.50	74.36	88.96	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E	2026E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EBITDA margin	24.8	24.2	23.7	23.8	26.3	27.3
Net income before minorities	39.6	78.1	69.9	36.2	53.4	68.0	EBIT margin	15.2	14.5	13.2	13.3	16.5	18.4
Depreciation and provisions	36.1	34.7	41.4	50.0	51.0	51.0	Tax rate	25.8	27.7	32.4	32.5	32.3	32.0
Others/Uses of funds	-2.4	-45.5	-35.0	0	0	0	Net income margin	10.2	21.2	15.9	6.2	8.9	10.6
Change in working capital	2.7	-0.4	-1.1	-13.2	-3.8	-2.2	ROCE	11.2	10.8	9.4	8.8	12.2	15.0
Operating cash flow	76.0	66.9	75.1	73.0	100.6	116.7	ROE	18.4	23.5	14.7	6.3	9.4	11.3
Capital expenditure	-15.2	-15.0	-19.0	-15.0	-20.0	-20.0	Interest cover	16.3	7.9	29.1	7.0	12.3	21.0
Financial investments	0	0	0	0	0	0	Debt/equity ratio	85.0	13.6	16.5	37.9	28.6	19.0
Acquisitions and disposals	-193.3	56.7	-77.0	-157.0	0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E	
Free cash flow	-132.5	108.6	-20.9	-99.0	80.6	96.7	Sales	-4.8	10.8	19.3	10.1	9.8	
Dividends	-12.0	-21.2	-23.3	-21.7	-10.9	-18.7	EBITDA	-7.2	8.7	20.1	21.5	14.0	
Equity changes & Non-op items	-22.4	100.8	32.0	-5.0	-10.0	-10.0	EBIT	-9.3	1.5	19.5	37.0	22.3	
Net cash flow	-166.9	188.2	-12.1	-125.7	59.7	68.1	Pre-tax income	-15.6	12.2	5.9	47.0	26.8	
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	Net income	97.6	-16.8	-53.6	58.1	31.2	
Net capital employed	506.9	479.7	557.5	710.1	705.6	699.7	Adj. net income	5.8	4.0	0.0	36.4	19.6	
of which associates	0	0	0	0	0	0							
Net debt/-cash	263.3	77.6	102.0	240.3	193.3	138.1							
Minorities	66.0	166.8	164.5	164.5	164.5	164.5							
Net equity	243.7	402.0	455.4	469.9	512.4	561.7							
Minorities value	66.0	166.8	164.5	164.5	164.5	164.5							
Enterprise value	1,795.1	1,379.8	1,165.7	965.1	918.1	863.0							

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Valsoia (BUY/TP EUR 14.0/share)

Gabriele Berti - Research Analyst
 +39 02 4127 9023
 gabriele.berti@intesasnapaolo.com

Mid Corporate: EXM / Food Producers & Processors

Investment case

We like the group's strong focus on product innovation, the company's healthy cash generation, strong balance sheet and the growing weight of international sales.

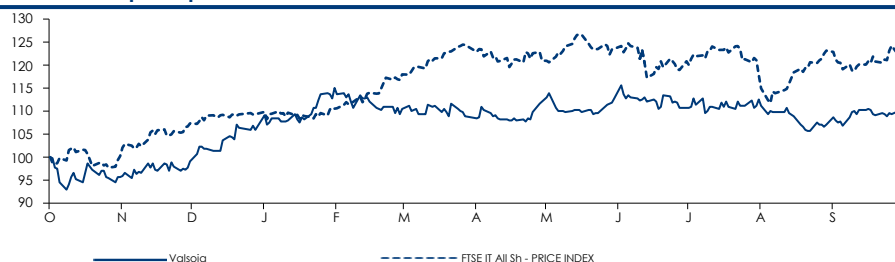
- Latest results & FY outlook.** The positive sales performance in 1H24 (+4.0% and +6.6% in 2Q) was achieved in a market where volumes were slightly down (-0.9% yoy in Italy, source NielsenIQ), demonstrating once again the group's ability to manage its brands and gain market share. The group's brands recorded a positive trend in consumption (in volume terms) in 14 of the 21 markets where they are present. In terms of pricing, the company confirmed its 'no increase' policy since the start of 2024, while the structural costs remained broadly stable yoy. EBITDA was EUR 7.0M, up by around 15.0%; net profit came in at EUR 4.1M vs EUR 3.7M in 1H23. Looking at the current trading, management stated that the first two months of 2H24 were positive in terms of growth (in line with the trend in 1H), also supported by a favourable summer season for ice cream. Consequently, we confirmed our current 2024-25 estimates (top line up by 2% yoy and EBITDA margin at 12.6% in FY24E).

- Strategy key pillars.** 1) Strengthening the distribution coverage of all the group's brands; 2) Leveraging investments in consumer marketing and advertising; 3) Strengthening the group's production capacity, allowing Valsoia to internalise some strategic production processes while protecting its profitability. In particular, the expansion of the Serravalle Sesia production site should be completed in 2025; and 4) Launching new products, particularly in the health sector. On that front, we underline that the 'Valsoia Bontà e Salute' brand has undergone a major image makeover since spring, with the introduction of a new packaging system. All in all, product innovation must be driven by emerging food trends such as: High Protein; Low Fat and Low Calories; No sugar products; Dairy free products etc. These emerging market segments are experiencing the highest growth rates.

Valuation

Using a DCF approach (a % WACC - RFR at 3.75%; risk premium at 6.5%), a 1.0% terminal growth rate and a gearing of 0%, we calculate a TP of EUR 14.0 and rate the company a BUY.

Valsoia - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Specialist to Valsoia

Valsoia – Key data

Mkt price (EUR)	9.66	Free float (%)	26.9
No. of shares	10.77	Major shr	FINSALUTE srl
52Wk range (EUR)	10.2/8.2	(%)	60.7
Reuters	VALS.MI	Bloomberg	VLS IM
Performance (%)	Absolute	Rel. FTSE IT All Sh	
-1M	2.8	-1M	3.6
-3M	-0.6	-3M	-3.2
-12M	8.5	-12M	-10.0

Source: FactSet

Company description and key data

Valsoia, founded in 1990, has developed the Italian market of soy-based vegetable products and today is one of the reference companies in the health food market in Italy. For consumers, the Valsoia brand represents innovation and attention to health through good, natural and healthy products. From 14 July 2006, Valsoia has been listed on the MTA market organized and managed by Borsa Italiana.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E
No. ordinary shares (M)	10.62	10.77	10.77	10.77	10.77	Adj. P/E	20.6	14.7	13.8	12.1	11.4
Total no. of shares (M)	10.62	10.77	10.77	10.77	10.77	P/CFPS	15.4	11.0	9.9	9.0	8.5
Market cap (EUR M)	151.56	117.44	99.82	104.08	104.08	P/BVPS	2.0	1.5	1.2	1.2	1.1
Adj. EPS	0.69	0.74	0.67	0.80	0.85	Payout (%)	55	51	57	48	45
BVPS	7.1	7.4	7.7	8.1	8.5	Dividend yield (% ord)	2.7	3.5	4.1	3.9	3.9
Dividend ord	0.38	0.38	0.38	0.38	0.38	FCF yield (%)	5.2	5.2	3.5	-0.7	1.7
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	EV/sales	1.4	0.89	0.64	0.71	0.71
Revenues	90.95	101.3	112.8	115.1	118.8	EV/EBITDA	9.6	7.3	5.8	5.6	5.5
EBITDA	13.21	12.45	12.51	14.46	15.40	EV/EBIT	11.8	9.3	7.5	7.1	6.8
EBIT	10.74	9.75	9.65	11.46	12.30	EV/CE	2.4	1.6	1.3	1.2	1.1
Pre-tax income	10.67	11.06	10.36	11.96	12.70	D/EBITDA	Neg.	Neg.	Neg.	Neg.	Neg.
Net income	7.36	7.98	7.22	8.61	9.14	D/EBIT	Neg.	Neg.	Neg.	Neg.	Neg.
Adj. net income	7.36	7.98	7.22	8.61	9.14	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	EBITDA margin	14.5	12.3	11.1	12.6	13.0
Net income before minorities	7.4	8.0	7.2	8.6	9.1	EBIT margin	11.8	9.6	8.6	10.0	10.4
Depreciation and provisions	2.5	2.7	2.9	3.0	3.1	Tax rate	31.0	27.9	30.2	28.0	28.0
Others/Uses of funds	0.5	0	0	0	0	Net income margin	8.1	7.9	6.4	7.5	7.7
Change in working capital	-0.5	-2.2	-0.0	-0.4	-0.5	ROCE	20.1	17.8	16.7	17.1	16.3
Operating cash flow	9.9	8.5	10.0	11.3	11.7	ROE	9.9	10.3	9.0	10.3	10.4
Capital expenditure	-2.0	-2.4	-6.5	-12.0	-10.0	Interest cover	155.4	-7.5	-13.8	-22.9	-30.8
Financial investments	0	0	0	0	0	Debt/equity ratio	-33.5	-34.4	-33.2	-26.2	-22.2
Acquisitions and disposals	0	0	0	0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E
Free cash flow	7.9	6.1	3.5	-0.7	1.7	Sales	11.4	11.3	2.0	3.2	NA
Dividends	-4.1	-4.1	-4.1	-4.1	-4.1	EBITDA	-5.8	0.5	15.6	6.5	NA
Equity changes & Non-op items	0	-0.2	0.7	0	0	EBIT	-9.1	-1.0	18.7	7.3	NA
Net cash flow	3.8	1.8	0.1	-4.8	-2.3	Pre-tax income	3.7	-6.3	15.5	6.2	NA
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	Net income	8.3	-9.4	19.2	6.2	NA
Net capital employed	53.3	54.8	57.8	67.1	75.5	Adj. net income	8.3	-9.4	19.2	6.2	NA
of which associates	0	0	0	0	0						
Net debt/-cash	-25.3	-27.1	-27.3	-22.4	-20.1						
Minorities	0	0	0	0	0						
Net equity	75.6	78.9	82.0	85.5	90.5						
Minorities value	0	0	0	0	0						
Enterprise value	126.3	90.3	72.6	81.6	84.0						

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Wiit (BUY/TP EUR 26.7/share)

Gabriele Berti - Research Analyst
 +39 02 4127 9023
 gabriele.berti@intesasnpaolo.com

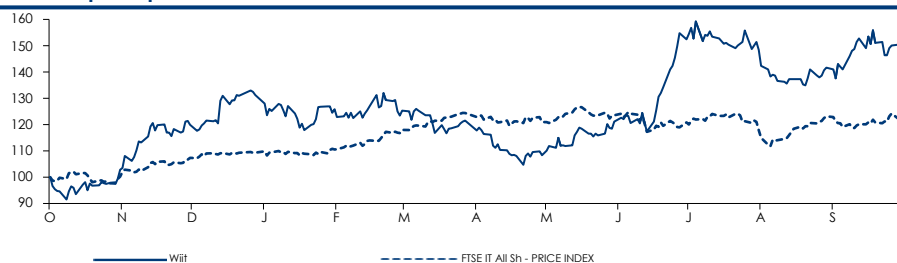
Mid Corporate: EXM-STAR / Information Technology

Investment case

Wiit is a story offering high visibility on growth and cash flows.

- Positive outlook ahead; focus on synergies' exploitation.** The integration of the two recently acquired companies, Edge&Cloud and Econis, had an initial dilutive effect on the group's EBITDA margin (margin on revenues stood at 36.7% vs. 37.9% in 1H23; like-for-like margin would have been 39.8% up 190bps). However, we expect the profitability of the acquired businesses to be more in line with Wiit after cost synergies and the cleansing process of some non-core revenues (synergies should be realised within 18-24 months). Overall, management stated that the commercial pipeline, especially in Germany, makes them optimistic for 2H24 and 2025 (they see an acceleration of the organic growth in 2H).
- Update on M&A & potential future investments.** Wiit is currently exploring two small targets in the DACH region (Northern Germany and Zurich). These potential acquisitions do not require capital raising but could be financed through leverage.

Wiit - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Specialist to Wiit

However, management did not exclude the possibility of a larger deal in the medium term to enter a new country (e.g. UK or France). We remind that in order to be more flexible for future M&A execution, Wiit recently obtained the AGM authorisation for a share capital increase by issuing a maximum of 7M ordinary shares (equal to 20% of the potential final number of outstanding shares). Lastly, management stated that given the expected strong growth of the AI and gaming market, the group is exploring the possibility of creating a dedicated data centre to host GPU technologies to support this sector (potential extra capex of around EUR 5M next year).

Valuation

Despite a share price performance of +20% over the last 6 months, the stock still offers good organic growth and cash generation visibility, as well as attractive M&A prospects, and we therefore reiterate our positive stance on Wiit.

Wiit - Key data

Mkt price (EUR)	22.35	Free float (%)	36.6
No. of shares	28.02	Major shr	Wiit Fin Srl
52Wk range (EUR)	23.7/13.6	(%)	56.5
Reuters	WIIT.MI	Bloomberg	WIIT IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	6.2	-1M	7.0
-3M	-2.8	-3M	-5.4
-12M	47.6	-12M	22.5

Source: FactSet

Company description and key data

WIIT S.p.A., a company listed on the MTA-STAR Segment, is one of the leading players in the Cloud Computing market in Italy and, in particular, in the sectors of Hybrid Cloud and Hosted Private Cloud for businesses. The company is focused and specialised in Hosted Private and HybridCloud services for businesses requiring the management of critical applications and business continuity, and runs all the leading international application platforms (SAP, Oracle, and Microsoft) with an end-to-end approach. WIIT operates proprietary data centres; its main one is Tier IV certified by Uptime Institute LLC in Seattle (US) and, with particular reference to SAP, the company is among the most certified SAP partners in the world in Outsourcing Operations.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E	2026E
No. ordinary shares (M)	28.02	28.02	28.02	28.02	28.02	28.02	Adj. P/E	66.1	49.2	34.8	36.9	27.2	23.0
Total no. of shares (M)	28.02	28.02	28.02	28.02	28.02	28.02	P/CFPS	34.5	20.0	14.6	14.5	12.2	10.9
Market cap (EUR M)	612.79	614.73	523.46	626.26	626.26	626.26	P/BVPS	13.5	15.5	16.2	16.6	12.8	9.7
Adj. EPS	0.33	0.45	0.54	0.61	0.82	0.97	Payout (%)	-2,052	116	101	63	44	36
BVPS	1.6	1.4	1.2	1.3	1.7	2.3	Dividend yield (% ord)	1.4	1.4	1.6	1.3	1.3	1.3
Dividend ord	0.30	0.30	0.30	0.30	0.30	0.30	FCF yield (%)	-13.7	-4.8	0.5	0.9	3.9	5.2
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EV/sales	2021A	2022A	2023A	2024E	2025E	2026E
Revenues	77.12	118.8	130.1	162.1	180.0	191.0	EV/EBITDA	32.3	20.1	15.5	14.7	12.3	10.7
EBITDA	23.28	39.76	46.89	56.60	66.00	73.90	EV/EBIT	NM	49.0	37.3	30.9	24.0	19.8
EBIT	5.10	16.28	19.46	26.90	34.00	39.90	EV/CE	4.1	3.6	3.1	3.4	3.4	3.5
Pre-tax income	0.79	10.62	11.68	18.90	27.00	32.90	D/EBITDA	6.0	4.6	4.3	3.6	2.9	2.2
Net income	-0.41	7.23	8.35	13.42	19.17	23.36	D/EBIT	27.4	11.2	10.4	7.6	5.5	4.1
Adj. net income	9.27	12.50	15.06	16.99	23.04	27.29	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E	2026E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	EBITDA margin	30.2	33.5	36.0	34.9	36.7	38.7
Net income before minorities	-0.4	7.2	8.3	13.4	19.2	23.4	EBIT margin	6.6	13.7	15.0	16.6	18.9	20.9
Depreciation and provisions	18.2	23.5	27.4	29.7	32.0	34.0	Tax rate	NM	31.9	28.5	29.0	29.0	29.0
Others/Uses of funds	0	0	0	0	0	0	Net income margin	-0.5	6.1	6.4	8.3	10.7	12.2
Change in working capital	-3.7	-4.8	-0.4	-2.7	-1.5	-0.9	ROCE	2.8	7.3	8.3	11.1	14.3	17.5
Operating cash flow	14.0	26.0	35.4	40.4	49.7	56.4	ROE	-1.4	17.0	23.1	38.3	44.2	41.3
Capital expenditure	-21.0	-28.2	-24.7	-27.0	-25.0	-24.0	Interest cover	1.2	1.3	2.5	3.4	4.9	5.7
Financial investments	0	0	0	0	0	0	Debt/equity ratio	308.7	460.2	625.0	542.5	384.8	254.9
Acquisitions and disposals	-77.0	-27.5	-8.0	-8.0	0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E	
Free cash flow	-84.0	-29.7	2.7	5.4	24.7	32.4	Sales	54.1	9.5	24.6	11.0	6.1	
Dividends	-2.6	-8.0	-8.0	-8.0	-8.0	-8.0	EBITDA	70.8	17.9	20.7	16.6	12.0	
Equity changes & Non-op items	42.0	-5.4	-13.9	0	0	0	EBIT	NM	19.5	38.2	26.4	17.4	
Net cash flow	-44.6	-43.2	-19.2	-2.6	16.6	24.4	Pre-tax income	NM	10.0	61.8	42.9	21.9	
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	2026E	Net income	NM	15.4	60.8	42.9	21.9	
Net capital employed	185.2	222.8	234.6	242.6	237.1	228.0	Adj. net income	34.9	20.5	12.8	35.6	18.4	
of which associates	0	0	0	0	0	0							
Net debt/-cash	139.9	183.0	202.2	204.8	188.2	163.7							
Minorities	0	0	0	0	0	0							
Net equity	45.3	39.8	32.4	37.8	48.9	64.2							
Minorities value	0	0	0	0	0	0							
Enterprise value	752.7	797.7	725.7	831.1	814.4	790.0							

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Zignago Vetro (BUY/TP EUR 14.5/share)

Alberto Francese - Research Analyst
 +39 02 4127 9022
 alberto.francese@intesanpaolo.com

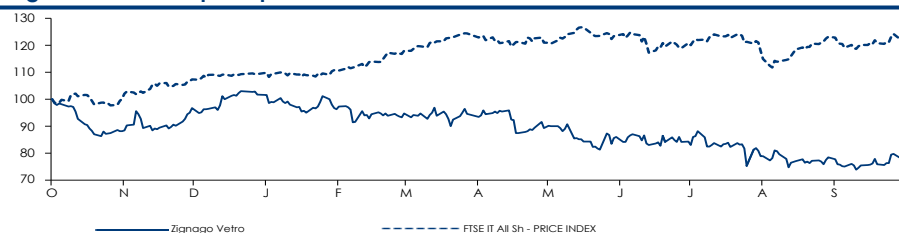
Mid Corporate: EXM-STAR / Containers & Packaging

Investment case

Ongoing weak demand and declining prices affected 1H24, but price erosion should gradually normalise, ahead of a more solid demand recovery. We are confident that the company should be able to leverage in the medium term on its 2021-23 increase of production capacity, production flexibility, and a strong EBITDA margin.

- **Volumes held up, prices down.** F&B demand remained weak in 1H24, impacted by the decline in end-consumption, particularly in certain market segments, by competition and prices. Cosmetic and Perfumery container demand also contracted, especially in the higher-end product categories, mainly due to destocking and the drop in Chinese sales. Reflecting its production and commercial flexibility, ZV was able to limit the contraction in volumes, which were higher yoy and qoq, but price erosion affected the EBITDA margin that was 22.4% in 1H24 vs. 31.3% in 1H23;
- **Weak demand could extend to 2H24...** Looking ahead, the 1H24 weakness in F&B may extend into the second half of the year, with expectations for a gradual recovery next year. The Cosmetics and Perfumery containers market, particularly in

Zignago Vetro - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data
 Intesa Sanpaolo is Specialist to Zignago Vetro

the luxury segments, is also expected to see ongoing weak demand. Zignago Vetro's management confirmed that its price erosion should now gradually normalise;

- **... but medium-term appeal is unchanged.** The company has implemented in 2021-23 an increase of production capacity, and its business model allows a high level of production flexibility. Sustained by the secular trends of sustainability and circular economy, we are confident that the company should be able to leverage its strengths in the medium term and deliver a mid-single digit revenues growth and a strong EBITDA margin.

Valuation

Using a DCF approach (using an 7.3% WACC (RFR at 3.75%; risk premium at 6.5%), a 1.5% terminal growth rate and a gearing of 37%, we calculate a TP of EUR 14.5 and rate the company a BUY.

Zignago Vetro – Key data

Mkt price (EUR)	10.96	Free float (%)	32.8
No. of shares	88.00	Major shr	Zignago Holding
52Wk range (EUR)	14.4/10.4	(%)	64.1
Reuters	ZV.MI	Bloomberg	ZV IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-0.4	-1M	0.4
-3M	-7.1	-3M	-9.6
-12M	-22.7	-12M	-35.9

Source: FactSet

Company description and key data

The Zignago Vetro Group produces hollow glass containers primarily for Food and Beverage, Cosmetics and Perfumery, Luxury Perfumery and Specialty Glass containers markets. It counts four business units: 1) Zignago Vetro operates with efficiency and flexibility in selected and qualified segments of the Food and Beverage and the Cosmetics and Perfumery markets; 2) Zignago Vetro Brosse operates in the Luxury Perfumery glass containers market, with high quality and high degree of customization, 3) The Vetri Speciali produces and distributes customized bottles for the top quality end of the Wine, Oil, and Liqueur market, with high production flexibility and design skills; 4) The Zignago Vetro Polska based in Poland, operates in niches of the global market of glass containers for cosmetics and perfumery, and also for food and beverages.

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	Stock market ratios (x)	2021A	2022A	2023A	2024E	2025E
No. ordinary shares (M)	88.00	88.00	88.00	88.00	88.00	Adj. P/E	24.4	12.9	11.1	13.2	11.5
Total no. of shares (M)	88.00	88.00	88.00	88.00	88.00	P/CFPS	12.9	7.4	7.1	6.7	6.2
Market cap (EUR M)	1,464.1	1,115.5	1,356.4	964.48	964.48	P/BVPS	5.6	3.5	3.5	2.4	2.2
Adj. EPS	0.68	0.98	1.39	0.83	0.95	Payout (%)	59	61	54	60	60
BVPS	3.0	3.6	4.4	4.5	4.9	Dividend yield (% ord)	2.4	4.7	4.9	4.5	5.2
Dividend ord	0.40	0.60	0.75	0.50	0.57	FCF yield (%)	3.6	-0.4	8.4	7.7	10.1
Income statement (EUR M)	2021A	2022A	2023A	2024E	2025E	EV/sales	2021A	2022A	2023A	2024E	2025E
Revenues	493.0	640.8	699.4	660.0	693.0	EV/EBITDA	13.2	8.6	7.2	7.0	6.4
EBITDA	130.3	162.2	219.4	168.4	177.9	EV/EBIT	22.3	14.5	10.5	12.1	10.6
EBIT	77.06	96.45	151.0	97.86	106.6	EV/CE	3.3	2.3	2.5	1.9	1.8
Pre-tax income	76.54	101.2	143.4	89.26	102.3	D/EBITDA	1.9	1.8	1.0	1.3	0.94
Net income	60.02	86.60	122.4	73.12	83.58	D/EBIT	3.3	2.9	1.5	2.2	1.6
Adj. net income	60.02	86.60	122.4	73.12	83.58	Profitability & financial ratios	2021A	2022A	2023A	2024E	2025E
Cash flow (EUR M)	2021A	2022A	2023A	2024E	2025E	EBITDA margin	26.4	25.3	31.4	25.5	25.7
Net income before minorities	60.2	86.9	122.6	73.4	83.9	EBIT margin	15.6	15.1	21.6	14.8	15.4
Depreciation and provisions	53.2	63.0	68.5	70.5	71.3	Tax rate	21.3	14.1	14.5	17.8	18.0
Others/Uses of funds	0	0	0	0	0	Net income margin	12.2	13.5	17.5	11.1	12.1
Change in working capital	22.4	-73.7	-5.5	10.5	-8.2	ROCE	15.1	15.7	24.1	15.7	17.4
Operating cash flow	135.8	76.2	185.6	154.4	147.0	ROE	24.4	29.9	34.6	18.6	20.1
Capital expenditure	-71.4	-81.0	-72.2	-80.0	-50.0	Interest cover	148.8	-20.5	13.7	11.4	24.9
Financial investments	-12.4	0	0	0	0	Debt/equity ratio	95.9	89.3	58.6	55.5	38.3
Acquisitions and disposals	0	0	0	0	0	Growth (%)	2021A	2022A	2023A	2024E	2025E
Free cash flow	52.0	-4.8	113.4	74.4	97.0	Sales	30.0	9.1	-5.6	5.0	NA
Dividends	-31.6	-35.4	-53.3	-66.0	-43.9	EBITDA	24.5	35.3	-23.3	5.7	NA
Equity changes & Non-op items	-13.8	-4.6	-1.8	0	0	EBIT	25.2	56.5	-35.2	8.9	NA
Net cash flow	6.6	-44.8	58.2	8.4	53.1	Pre-tax income	32.2	41.7	-37.7	14.6	NA
Balance sheet (EUR M)	2021A	2022A	2023A	2024E	2025E	Net income	44.3	41.3	-40.3	14.3	NA
Net capital employed	511.8	613.3	626.0	625.0	611.9	Adj. net income	44.3	41.3	-40.3	14.3	NA
of which associates	0	0	0	0	0						
Net debt/-cash	250.5	284.0	227.9	219.8	167.0						
Minorities	0	0	0	0	0						
Net equity	261.3	318.0	388.7	395.8	435.5						
Minorities value	0	0	0	0	0						
Enterprise value	1,714.6	1,399.5	1,584.3	1,184.3	1,131.5						

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

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Italy is characterised by a large number of non-listed and listed micro, small and medium-sized companies. Looking at the revenues of these Italian companies, around 5,000 companies eligible for listing have revenues below EUR 1,500M based on Intesa Sanpaolo elaborations. We define these companies as 'Mid Corporate'. Looking more specifically at Italian listed companies, we include in our Mid Corporate segment all STAR companies and those with a market capitalisation of around EUR 1Bn.

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Equity Rating Key (long-term horizon: 12M)

Long-term rating	Definition
BUY	If the target price is 10% higher than the market price.
HOLD	If the target price is in a range 10% below or 10% above the market price.
SELL	If the target price is 10% 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 to determine an investment rating or target price. The previous investment rating and target price, if any, are no longer in effect for this stock.
NO RATING (NR)	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 (TS)	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 12M time horizon.
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Intesa Sanpaolo Research Dept.

Gregorio De Felice - Head of Research	+39 02 8796 2012	gregorio.defelice@intesasnpaolo.com
Equity&Credit Research		
Alberto Cordara	+39 02 4127 8647	alberto.cordara@intesasnpaolo.com
Giampaolo Trasi	+39 02 8794 9803	giampaolo.trasi@intesasnpaolo.com
Equity Research		
Monica Bosio (Head)	+39 02 4127 9010	monica.bosio@intesasnpaolo.com
Alberto Artoni	+39 02 4127 9011	alberto.artoni@intesasnpaolo.com
Luca Bacoccoli	+39 02 4127 9012	luca.bacoccoli@intesasnpaolo.com
Davide Candela	+39 02 4127 9013	davide.candela@intesasnpaolo.com
Oriana Cardani	+39 02 4127 9014	oriana.cardani@intesasnpaolo.com
Marco Cristofori	+39 02 4127 9015	marco.cristofori@intesasnpaolo.com
Andrea Devita	+39 02 4127 9016	andrea.devita@intesasnpaolo.com
Antonella Frongillo	+39 02 4127 9017	antonella.frongillo@intesasnpaolo.com
Renato Gargiulo	+39 02 4127 9018	renato.gargiulo@intesasnpaolo.com
Marina Hagoort	+39 02 4127 9161	marina.hagoort@intesasnpaolo.com
Manuela Meroni	+39 02 4127 9019	manuela.meroni@intesasnpaolo.com
Elena Perini	+39 02 4127 9020	elena.perini@intesasnpaolo.com
Bruno Permutti	+39 02 4127 9021	bruno.permutti@intesasnpaolo.com
Corporate Broking Research		
Alberto Francese (Head)	+39 02 4127 9022	alberto.francese@intesasnpaolo.com
Gabriele Berti	+39 02 4127 9023	gabriele.berti@intesasnpaolo.com
Giada Cabrino	+39 02 4127 9024	giada.cabrino@intesasnpaolo.com
Davide Rimini	+39 02 4127 9025	davide.rimini@intesasnpaolo.com
Arianna Terazzi	+39 02 4127 9026	arianna.terazzi@intesasnpaolo.com
Credit Research		
Maria Grazia Antola (Head)	+39 02 4127 5319	maria.antola@intesasnpaolo.com
Alessandro Chiodini	+39 02 4127 9027	alessandro.chiodini@intesasnpaolo.com
Dario Fasani	+39 02 4127 9028	dario.fasani@intesasnpaolo.com
Melanie Gavin	+39 02 4127 9029	melanie.gavin@intesasnpaolo.com
Maria Gabriella Tronconi	+39 02 4127 9030	maria.tronconi@intesasnpaolo.com
Barbara Pizzarelli (Research Support)		barbara.pizzarelli@intesasnpaolo.com
Technical Analysis		
Corrado Binda		corrado.binda@intesasnpaolo.com
Sergio Mingolla		antonio.mingolla@intesasnpaolo.com
Clearing & Data Processing		
Anna Whatley (Head)	+39 02 4127 9031	anna.whatley@intesasnpaolo.com
Stefano Breviglieri		stefano.breviglieri@intesasnpaolo.com
Maria Ermakova		maria.ermakova@intesasnpaolo.com
Annita Ricci		annita.ricci@intesasnpaolo.com
Wendy Ruggeri		wendy.ruggeri@intesasnpaolo.com
Elisabetta Bugliesi (IT support)		elisabetta.bugliesi@intesasnpaolo.com

Intesa Sanpaolo – IMI Corporate & Investment Banking Division

Bernardo Bailo - Head of Global Markets Sales	+39 02 7261 2308	bernardo.bailo@intesasnpaolo.com
Emanuele Pozzi - Head of Global Markets Flow Sales	+39 02 7261 7175	emanuele.pozzi@intesasnpaolo.com
Equity Sales		
Giorgio Pozzobon	+39 02 7261 5616	giorgio.pozzobon@intesasnpaolo.com
Institutional Sales		
Catherine d'Aragon	+39 02 7261 5929	catherine.daragon@intesasnpaolo.com
Francesca Bonacina		francesca.bonacina1@intesasnpaolo.com
Carlo Cavalieri	+39 02 7261 2722	carlo.cavalieri@intesasnpaolo.com
Laurent Kieffer	+44 20 7651 3653	laurent.kieffer@intesasnpaolo.com
Roberta Pupeschi	+39 02 7261 6363	roberta.pupeschi@intesasnpaolo.com
Federica Repetto	+39 02 7261 5517	federica.repetto@intesasnpaolo.com
Fabrizio Tito	+39 02 7261 7152	fabrizio.tito@intesasnpaolo.com
Mark Wilson	+39 02 7261 2758	mark.wilson@intesasnpaolo.com
Paola Parenti (Corporate Broking)	+39 02 7265 6530	paola.parenti@intesasnpaolo.com
Francesco Riccardi (Corporate Broking)	+39 02 7261 5966	francesco.riccardi@intesasnpaolo.com
Laura Spinella (Corporate Broking)	+39 02 7261 5782	laura.spinella@intesasnpaolo.com
Lorenzo Pennati (Sales Trading)	+39 02 7261 5647	lorenzo.pennati@intesasnpaolo.com
Equity Derivatives Institutional Sales		
Emanuele Manini	+39 02 7261 5936	emanuele.manini@intesasnpaolo.com
Enrico Ferrari	+39 02 7261 2806	enrico.ferrari@intesasnpaolo.com
Stefan Gess	+39 02 7261 5927	stefan.gess@intesasnpaolo.com
Edward Lythe	+44 20 7894 2456	edward.lythe@intesasnpaolo.com
Enrico Spotti		enrico.spotti@intesasnpaolo.com
Ferdinando Zamprotta	+39 02 7261 5577	ferdinando.zamprotta@intesasnpaolo.com
Gherardo Lenti Capoduri – Head of Market Hub	+39 02 7261 2051	gherardo.lenticapoduri@intesasnpaolo.com
Intesa Sanpaolo IMI Securities Corp		
Fabio Martirani (Equity Institutional Sales)	+1 212 326 1230	fabio.martirani@intesasnpaolo.com
Greg Principe (Equity Institutional Sales)	+1 212 326 1233	greg.principe@intesasnpaolo.com