

Daily Note

Calls from Italy

On Our Radar: Today's Newsflow

Positive	Negative
-	FCA; CNH Industrial; ENAV

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23 July 2020: 8:49 CET
Date and time of production

Italy/Equity Market

Stock Markets: Performance

Chg (%)	1D	3M	6M	12M
FTSE All Share	-0.5	21.8	-13.4	-5.3
FTSE MIB	-0.6	22.9	-13.1	-5.2
FTSE IT Star	0.3	12.3	-9.3	5.0
Euro Stoxx 50	-1.2	8.9	-11.4	-4.1
Stoxx Small 200	-0.3	15.5	-11.3	-1.8
NASDAQ	0.2	26.0	14.1	30.5
S&P 500	0.6	17.0	-1.4	9.7

FTSE MIB Best & Worst: 1D% chg

Buzzi Unicem	3.3	Pirelli	-2.9
A2A	2.7	Moncler	-2.6
EXOR	1.7	Eni	-2.5

Euro Stoxx Best&Worst Sectors -1D %

Financials Serv	0.2	Oil & Gas	-2.8
Real Estate	0.2	Media	-1.8
Construction	-0.2	Travel/Leisure	-1.7

FTSE MIB-STAR Performance (-12M)



Source: FactSet;

Upcoming Intesa Sanpaolo Events

What?	Where?	When?
ISMO	Virtual	2-4 & 22-24 Sept

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Report priced at market close on day prior to issue; Ratings and Target Prices as assigned in the latest company reports (unless otherwise indicated)

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New Research

Pirelli (HOLD)

Company Note: HOLD; New TP EUR 3.7/sh

	Rating =	TP (€/sh) ▲	2020E EPS (€) ▼	2021E EPS (€) ▼	2020C EPS (€)	2021C EPS (€)
Current	HOLD	3.7	0.222	0.324	0.393	0.450
Previous	HOLD	3.4	0.286	0.356	-	-

Source: Intesa Sanpaolo Research estimates and FactSet consensus

On the back of our 2Q/1H20 preview, which points to a 2Q20 adj. EBIT loss at EUR 77M, and on Pirelli's main peers market trend indications, we cut our FY20E revenues and adj. EBIT by 3.6% and around 14%, respectively, to also incorporate a more negative FX impact and FX penalisation on raw materials in FY20. Following the recent sector multiples' re-rating and considering that our view on FY volumes and price mix remains largely unchanged, we confirm our neutral stance on Pirelli.

Pirelli - Key Data

23/07/2020	Auto & Components		
Target Price (EUR)	3.7		
Rating	HOLD		
Mkt price (EUR)	3.77		
Mkt cap (EUR M)	3767		
Main Metrics (€ M)	2020E	2021E	2022E
Revenues	4,146.4	4,498.7	4,789.3
EBITDA	781.6	978.4	1,143.8
EPS (EUR)	0.222	0.324	0.40
Net debt/-cash	3,358.2	3,004.7	2,674.9
Ratios (x)	2020E	2021E	2022E
Adj. P/E	16.9	11.6	9.4
EV/EBITDA	9.5	7.2	5.9
EV/EBIT	26.0	14.8	10.5
Debt/EBITDA	4.3	3.1	2.3
Div yield (%)	0.6	2.0	3.1
Performance (%)	1M	3M	12M
Absolute	-3.4	14.8	-28.0
Rel. to FTSE IT All Sh	-8.5	-5.7	-23.9

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

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Company News

Atlantia (HOLD)

Update

Market Mover Positive Neutral Negative

What's up? According to Il Sole 24 Ore, the state guaranteed loan requested by ASPI for more than EUR 1Bn, to a consortium of banks may be stopped due to the ongoing disposal of the company to CDP, which would lead to a change of the Convenzione Unica and consequently the tariff profiles and returns. In addition, the loan may not be necessary once the capital increase subscribed by CDP for EUR 4Bn is completed, materially strengthening the capital structure of ASPI and likely leaving room for an early redemption of part of the current loans. At the same time, according to Il Messaggero today ASPI will present the updated Economic Financial Plan envisaging EUR 14.5Bn capex and EUR 7Bn maintenance expenses while discussions on the tariffs are intense and it seems that both the Ministry of Infrastructure and CDP are pushing for less severe cuts compatible with the current traffic trend to keep the investment in ASPI appealing. The end of the complex procedure for the approval of the Economic Financial plan will take a few months, according to the same source. On the contrary, the signature of the Memorandum of Understanding, ruling ASPI shareholding reshuffle and expected by 27 July, maybe postponed due to the complexity of the dossier and the lack of agreement on ASPI's valuation, ranging from EUR 8Bn for CDP and between EUR 10-12Bn according to ATL.

What we think: We think that reaching an agreement on tariffs and setting a fair value for ASPI are the two major hurdles of the negotiations, which may delay the conclusion of the whole process. We highlight that plugging ASPI's valuation into ATL Sum of the part in the range of EUR 10-12Bn, ATL fair value would get close to EUR 20/sh. leaving ample upside from current level. Given the high uncertainty, **we keep our HOLD recommendation and TP unchanged.**

Atlantia - Key Data

23/07/2020	Motorways		
Target Price (EUR)	13.6		
Rating	HOLD		
Mkt price (EUR)	14.41		
Mkt cap (EUR M)	11895		
Main Metrics (€ Bn)	2020E	2021E	2022E
Revenues	8.19	10.39	10.97
EBITDA	4.50	6.26	6.78
EPS (EUR)	0.459	1.05	1.53
Net debt/-cash	40.12	35.56	35.12
Ratios (x)	2020E	2021E	2022E
Adj. P/E	Neg.	13.8	9.4
EV/EBITDA	13.3	8.6	7.9
EV/EBIT	74.6	19.8	15.4
Debt/EBITDA	8.9	5.7	5.2
Div yield (%)	0	6.2	6.8
Performance (%)	1M	3M	12M
Absolute	0.7	10.8	-38.9
Rel. to FTSE IT All Sh	-4.6	-9.0	-35.5

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

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Atlantia (HOLD)**Traffic Update: Motorways Towards a 30% Drop**

Market Mover	Positive	Neutral	Negative
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What's up? Week 29 traffic update (from 13 June to 19 July) is as follows: ASPI -14.4% (-35.6% YTD), Spain and France motorways down 17.3% (-36.5% YTD) and -6.3% (-30.9% YTD), respectively, while airports reported an 82.6% and 67.5% drop for ADR (-70.7% YTD) and Nice (-68.5% YTD), respectively. As far as LATAM is concerned, Brazilian and Chilean motorways traffic showed a YTD drop of 14.8% and 34.9%, respectively, with weekly declines of 19.4% and 54.7%, respectively. Traffic in Mexico dropped 20.5% (-16% YTD).

What we think: Italian motorways traffic again showed a steady improvement after last week's controversial data, while Spain and France reported worsened data, but the latter reading is well below the 10% drop and the former in the high-teens. Overall, in Europe motorways the YTD is approaching, though at different pace, the 30% drop. On the contrary, the trend in LatAm is less clear, with Brazil and Mexico reporting for the second and third week, respectively, a deterioration on the trend, likely linked to the continued spread of the pandemic. As far as airports are concerned, Nice data confirms a quicker recovery than ADR but we still think that the 60% drop in 2020 followed by a slow recovery is the most likely scenario at this stage, given that the international traffic rebound is limited by the increasing contagion experienced in several countries in North America, LatAm and Eastern Europe.

Atlantia - Key Data

23/07/2020	Motorways		
Target Price (EUR)	13.6		
Rating	HOLD		
Mkt price (EUR)	14.41		
Mkt cap (EUR M)	11895		
Main Metrics (€ Bn)	2020E	2021E	2022E
Revenues	8.19	10.39	10.97
EBITDA	4.50	6.26	6.78
EPS (EUR)	0.459	1.05	1.53
Net debt/-cash	40.12	35.56	35.12
Ratios (x)	2020E	2021E	2022E
Adj. P/E	Neg.	13.8	9.4
EV/EBITDA	13.3	8.6	7.9
EV/EBIT	74.6	19.8	15.4
Debt/EBITDA	8.9	5.7	5.2
Div yield (%)	0	6.2	6.8
Performance (%)	1M	3M	12M
Absolute	0.7	10.8	-38.9
Rel. to FTSE IT All Sh	-4.6	-9.0	-35.5

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

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Cattolica Assicurazioni (HOLD)**Press on Joint-Stock Company & Capital Increase**

Market Mover	Positive	Neutral	Negative
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What's up? Today's Il Corriere della Sera reports that in case of refusal of Cattolica's shareholders to proceed with the transformation into a joint-stock company, Generali's support would fall, the capital increase of EUR 500M required by IVASS would be at risk again and a commissioner process would begin.

What we think: We highlight that the shareholders' meeting for the transformation into a joint-stock company is scheduled for 31 July, a key date for Cattolica's capital strengthening plan approved by IVASS with approximately EUR 350M contribution from Generali (of which EUR 300M reserved capital increase at EUR 5.55/share) conditioned to the change in governance.

Cattolica Assicurazioni - Key data

23/07/2020	Insurance		
Target Price (EUR)	5.8		
Rating	HOLD		
Mkt price (EUR)	5.43		
Mkt cap (EUR M)	946		
Main Metrics (€ M)	2020E	2021E	2022E
Premiums	6,397.7	7,018.9	7,555.5
PBT	215.6	226.3	256.4
Adj. EPS (EUR)	0.74	0.77	0.86
Net comb ratio (%)	93.4	93.6	93.6
Ratios (%)	2020E	2021E	2022E
Adj. P/E (x)	7.3	7.0	6.3
P/TBV (x)	0.67	0.58	0.56
RoTE	8.9	8.8	9.1
Solvency II ratio	154.9	172.5	178.1
Div ord yield	7.4	7.8	8.3
Performance (%)	1M	3M	12M
Absolute	44.7	11.0	-31.2
Rel. to FTSE IT All Sh	37.1	-8.9	-27.3

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

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De' Longhi (HOLD)**Read-across from SEB**

Market Mover	Positive	Neutral	Negative
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What's up? This morning, SEB reported 1H20 results, which were better than the company's expectations thanks to a surprisingly robust 2Q20, notably in EMEA and in China where sales recovery was unexpectedly rapid. Overall, 1H20 lfl was -12.6% lfl but the 2Q20 drop was more contained at a -8.4% sales drop. Operating profit more than halved yoy due to COVID, leading to a higher weighting of fixed costs, a negative volumes effect and negative pricing, partially offset by lower SG&A and A&P.

What we think: SEB highlighted that major uncertainties remain and hinted that to extrapolate a trend from the 2Q20 may not be appropriate and for this reason did not provide any guidance on 2020 nor on the impact of COVID on the overall business. SEB's prudent approach over the coming months is what drives our cautious approach on De Longhi whose further re-rating relies on visibility of a sustainable top-line growth beyond 2020, which is currently uncertain due to the high volatility of demand, notably in Europe where the demand evolution has been materially impacted by the lockdown.

De' Longhi - Key Data

23/07/2020		H.Goods & Textiles		
Target Price (EUR)		22.7		
Rating		HOLD		
Mkt price (EUR)		24.94		
Mkt cap (EUR M)		3729		
Main Metrics (€ M)	2020E	2021E	2022E	
Revenues	2,174.4	2,267.9	2,386.4	
EBITDA	316.7	338.6	367.1	
EPS (EUR)	1.09	1.19	1.31	
Net debt/-cash	-358.3	-474.6	-603.7	
Ratios (x)	2020E	2021E	2022E	
Adj. P/E	22.8	21.0	19.0	
EV/EBITDA	10.6	9.6	8.5	
EV/EBIT	15.0	13.3	11.7	
Debt/EBITDA	Neg.	Neg.	Neg.	
Div yield (%)	2.3	2.4	2.5	
Performance (%)	1M	3M	12M	
Absolute	7.5	60.9	47.1	
Rel. to FTSE IT All Sh	1.8	32.2	55.4	

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

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Diasorin (Under Review)**Further Investigation into San Matteo-Diasorin**

Market Mover	Positive	Neutral	Negative
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What's up? In the investigation by the Procura della Repubblica of Pavia into the agreement between the Policlinico San Matteo di Pavia and Diasorin for the validation of Diasorin's serological test, a new chapter opened yesterday with some searches and seizures by the Guardia di Finanza against some investigated people at both Diasorin and San Matteo di Pavia. According to the press (ANSA), the accusations concern the use of material and immaterial public assets for private benefit.

What we think: In our understanding, the COVID-19 serological test was developed by Diasorin, which then signed an agreement for its validation with the Policlinico San Matteo against the payment of a royalty of 1% on the serological test sales. We believe that the current investigation, should not have any impact on the potential sales of the company's serological tests. We therefore believe that the ongoing investigation should not be a price mover for the stock.

Diasorin - Key Data

23/07/2020		Medical Equipment		
Target Price (EUR)		Under Review		
Rating		Under Review		
Mkt price (EUR)		175.00		
Mkt cap (EUR M)		9791		
Main Metrics (€ M)	2019E	2020E	2021E	
Revenues	713.7	763.8	829.7	
EBITDA	272.9	292.3	317.4	
EPS (EUR)	2.95	3.17	3.46	
Net debt/-cash	-183.7	-295.3	-408.3	
Ratios (x)	2019E	2020E	2021E	
Adj. P/E	59.4	55.3	50.6	
EV/EBITDA	35.2	32.5	29.6	
EV/EBIT	44.5	41.0	37.2	
Debt/EBITDA	Neg.	Neg.	Neg.	
Div yield (%)	0.6	0.7	0.7	
Performance (%)	1M	3M	12M	
Absolute	2.5	6.1	70.4	
Rel. to FTSE IT All Sh	-2.9	-12.9	80.0	

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

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ENAV (HOLD)**Postponement of 1H20 Results' Release**

Market Mover	Positive	Neutral	Negative
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What's up? Yesterday, through a press release, ENAV announced that the release of its 1H20 financial results will be postponed to 29 September from the previous 4 August, in order to be able to include the accounting effects related to the European Commission's derogation proposal to the Regulatory Framework. The proposal, which was announced by ENAV to the market on 13 July 2020 and could be approved in September 2020, envisages a derogation for 2020 and 2021 to the Single European Sky performance and charging scheme, in view of COVID-19. The decision was made by ENAV so as to collect further indications and information from the European Commission and the national regulator ENAC concerning the revised Union-wide performance targets applicable for 2020 and 2021.

What we think: We expect a negative reaction of the stock following the announced results' release postponement, due to the growing uncertainty as regards the regulatory environment. However, we believe the stock has more than factored in the low visibility on both air traffic dynamics and the regulatory side, also considering the supportive regulatory tools in place in the context of the current adverse scenario.

ENAV - Key Data

23/07/2020	Aviation Services		
Target Price (EUR)	4.5		
Rating	HOLD		
Mkt price (EUR)	3.54		
Mkt cap (EUR M)	1918		
Main Metrics (€ M)	2020E	2021E	2022E
Revenues	845.2	902.2	923.9
EBITDA	277.8	300.1	312.7
EPS (EUR)	0.189	0.220	0.243
Net debt/-cash	212.8	81.32	23.31
Ratios (x)	2020E	2021E	2022E
Adj. P/E	18.7	16.1	14.5
EV/EBITDA	7.5	6.5	6.0
EV/EBIT	13.9	11.2	10.2
Debt/EBITDA	0.77	0.27	0.07
Div yield (%)	6.3	6.5	6.8
Performance (%)	1M	3M	12M
Absolute	-13.2	-12.8	-29.2
Rel. to FTSE IT All Sh	-17.8	-28.4	-25.2

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

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Eni (BUY)**Renewables and Potential Disposals in E&P**

Market Mover	Positive	Neutral	Negative
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What's up? Through a press release, the company announced that Eni, through its subsidiary Eni New Energy, operating under the new business unit Energy Evolution, has started power production from the new photovoltaic plant in Volpiano, with a total capacity of 18MW. The project was developed inside Eni's Fuel Depot in Volpiano and is part of the "Progetto Italia".

According to the press (MF), Eni is evaluating the disposal of assets in Norway and Congo. According to the same article, the Norway disposal would relate to the Var Energy's FPSO Jotun, which the advisor valued at roughly EUR 1Bn. The potential disposals in Congo would relate to several E&P assets.

What we think: We see the news as part of Eni's energy transition strategy. Cash-in from the disposals under study could also be used to reduce net debt, which is increasing due to the low oil and gas price scenario.

Eni - Key Data

23/07/2020	Oil & Gas		
Target Price (EUR)	11.2		
Rating	BUY		
Mkt price (EUR)	8.71		
Mkt cap (EUR M)	31415		
Main Metrics (€ Bn)	2020E	2021E	2022E
Revenues	63.23	75.64	81.85
EBITDA	10.06	14.00	16.37
EPS (EUR)	0.149	0.61	0.86
Net debt/-cash	17.99	16.76	15.83
Ratios (x)	2020E	2021E	2022E
Adj. P/E	58.4	14.3	10.1
EV/EBITDA	3.9	2.7	2.3
EV/EBIT	20.0	6.3	4.6
Debt/EBITDA	1.8	1.2	0.97
Div yield (%)	10.2	10.5	10.8
Performance (%)	1M	3M	12M
Absolute	-1.1	4.3	-39.2
Rel. to FTSE IT All Sh	-6.3	-14.3	-35.8

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

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FCA (BUY)/CNH Ind. (HOLD)**Diesel Emissions Issue and EU Antitrust**

Market Mover	Positive	Neutral	Negative
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What's up? Yesterday, FCA's and CNH's German and Italian sites were raided by investigators on the request by the German authorities, which are investigating into potential diesel emission fraud. In detail, the authorities would like to ascertain if some of FCA's and CNH's engine ranges (the Multijet of the EU5 and EU6 emission class used in Alfa, Fiat and Jeep vehicles and some Multijet engines used by CNH) carried defeat devices that altered the diesel emissions in the test phase vs. the real driving phase. According to German prosecutors, more than 200k vehicles in Germany would have been affected by these devices. Amongst other negative news, we highlight that yesterday the EU Antitrust put on standstill its investigation into FCA-PSA's positioning in the small van segment as the two groups have not yet supplied any documentation to the authorities: the standstill could delay the final decision (currently expected by 13 November) by the Antitrust authorities on this issue.

What we think: While highlighting that also in the past (i.e. at the time of the VW dieselgate), FCA was involved in similar investigations in Europe without a final negative outcome for the group, we view the news as negative as it could raise market concerns on the payment of a potential fee as was the case in the US with EPA to which FCA paid an around USD 800M fee. In this context, the market could fear some changes in the merger term agreement, also including the payment of FCA's extraordinary dividend. In addition, the market could be concerned about a potential delay to the completion of the FCA-PSA merger, which is currently expected and confirmed by the two groups to take place at the end of 1Q21

FCA - Key Data

23/07/2020	Auto & Components		
Target Price (EUR)	9.4		
Rating	BUY		
Mkt price (EUR)	9.16		
Mkt cap (EUR M)	14200		
Main Metrics (€ Bn)	2020E	2021E	2022E
Revenues	78.70	88.68	95.02
EBITDA	6.00	8.87	10.84
EPS (EUR)	0.274	1.41	2.21
Net debt/-cash	0.98	-0.09	0.69
Ratios (x)	2020E	2021E	2022E
Adj. P/E	Neg.	6.5	4.1
EV/EBITDA	2.6	1.6	1.4
EV/EBIT	17.4	4.2	3.0
Debt/EBITDA	0.16	Neg.	0.06
Div yield (%)	7.8	7.9	9.1
Performance (%)	1M	3M	12M
Absolute	6.9	26.3	-23.7
Rel. to FTSE IT All Sh	1.3	3.7	-19.5

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

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CNH Ind. - Key Data

23/07/2020	Capital Goods		
Target Price (EUR)	5.8		
Rating	HOLD		
Mkt price (EUR)	6.35		
Mkt cap (EUR M)	8579		
Main Metrics (\$ Bn)	2020E	2021E	2022E
Revenues	20.97	22.11	22.77
EBITDA	1.24	2.31	2.81
EPS (USD)	-0.136	0.43	0.66
Net debt/-cash	1.95	1.68	1.36
Ratios (x)	2020E	2021E	2022E
Adj. P/E	Neg.	17.2	11.2
EV/EBITDA	9.6	5.0	4.0
EV/EBIT	NM	11.1	7.4
Debt/EBITDA	1.6	0.73	0.48
Div yield (%)	0	1.4	2.7
Performance (%)	1M	3M	12M
Absolute	1.1	13.8	-30.9
Rel. to FTSE IT All Sh	-4.2	-6.5	-27.0

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

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Unicredit (BUY)/Banca IFIS (BUY)**UCG Disposed EUR 840M NPL, of which EUR 486M to IFIS**

Market Mover	Positive	Neutral	Negative

What's up? Unicredit disposed on a non-recourse basis of a EUR 840M unsecured NPL portfolio represented by loans towards Italian SME: the impact of the disposal is already accounted in 2Q20 results. Banca IFIS has bought a portion of the portfolio with a gross book value of approximately EUR 486M and Guber has bought approximately EUR 354M.

What we think: As regards Unicredit, the sale is part of its ongoing strategy to reduce non-performing exposures. As regards Banca IFIS, the acquisition brings the total NPL purchased since the beginning of the year to EUR 1.3Bn, coherent with the company's guidance of EUR 2.7Bn NPL purchases in FY20 (the majority of NPL purchases are usually concentrated in the second half of the year).

Unicredit - Key data

23/07/2020				Banks
Target Price (EUR)				9.4
Rating				BUY
Mkt price (EUR)				8.97
Mkt cap (EUR M)				20011
Main Metrics (€ Bn)	2020E	2021E	2022E	
Revenues	17.46	18.31	18.43	
Gross op income	7.56	8.45	8.65	
EPS (EUR)	0.36	1.01	1.32	
TBVPS (x)	23.4	23.6	24.9	
Ratios (x)	2020E	2021E	2022E	
Adj. P/E	24.9	8.9	6.8	
P/TBV	0.38	0.38	0.36	
RoTE (%)	-2.8	2.3	6.8	
CET1 FL (%)	14.1	13.4	12.9	
Div yield (%)	2.4	6.1	7.7	
Performance (%)	1M	3M	12M	
Absolute	8.9	33.6	-19.8	
Rel. to FTSE IT All Sh	3.1	9.7	-15.3	

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

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Banca IFIS - Key data

23/07/2020				Banks
Target Price (EUR)				10.1
Rating				BUY
Mkt price (EUR)				9.90
Mkt cap (EUR M)				532
Main Metrics (€ M)	2020E	2021E	2022E	
Revenues	464.7	535.8	563.7	
Gross op income	164.2	212.7	248.8	
EPS (EUR)	0.48	1.19	2.29	
TBVPS (x)	28.5	29.6	31.4	
Ratios (x)	2020E	2021E	2022E	
Adj. P/E	20.5	8.3	4.3	
P/TBV	0.35	0.33	0.32	
RoTE (%)	3.5	4.9	7.8	
CET1 FL (%)	11.1	10.1	10.2	
Div yield (%)	4.0	5.7	9.7	
Performance (%)	1M	3M	12M	
Absolute	16.4	17.2	-25.8	
Rel. to FTSE IT All Sh	10.3	-3.7	-21.6	

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Corporate Broker to Banca IFIS

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Sector News

Asset Gatherers Sector

Press on ECB Positioning on Dividends

What's up? Today's press (Il Sole 24 Ore and Il Messaggero) reports that next week the ECB could ask banks to postpone dividend payments and buybacks until the end of 2020, in line with the recommendation expressed in June by the ESRB. However, Il Messaggero reports that the ECB recommendation could be limited to the 120 major European banks under its direct supervision, with exceptions regarding smaller and well-capitalised banks.

What we think: Besides the ECB decision, which should arrive next week, the point is also related to the decisions subsequently taken by the single national authorities. Our current estimates include the payment of 2019 dividend for Banca Generali (EUR 1.85/share, divided into two tranches of EUR 1.55/share and EUR 0.30/share, respectively), Fincobank (EUR 0.32/share) and the 2019 dividend balance (EUR 0.34/share) for Banca Mediolanum. Our view is based on the following considerations: 1) all 'banking' asset gatherers had a solid capital position at end-March (a CET1 ratio at 14.1% for Banca Generali, 18.8% for Banca Mediolanum, 19.3% for Fincobank); and 2) they have a completely different business model from pure banking players, with a very limited exposure to credit risk. We also highlight that the shareholders' meeting of Banca Mediolanum and Banca Generali already set dates related to 2019 dividend payments (19 October for Banca Mediolanum) or temporary windows (from 15 October to 31 December 2020 for the EUR 1.55/share tranche and 15 January – 31 March 2021 for the EUR 0.30/share tranche as regards Banca Generali).

Asset Gatherers

23/07/2020

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New Credit Research

Italian Green Bonds

Italian Green Bonds

The focus on sustainable finance remained solid in 1H20. While green issuances decreased versus the same period of 2019, social bonds increased, driven by bonds issued to address the social and economic impacts of Covid-19. The pandemic has provided the first chance to evaluate green bonds during a financial crisis; market data show no indication of a significant difference from the performance of non-green bonds.

Credit Research

22/07/2020

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Sample

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Long-term rating	Definition
BUY	If the target price is 20% higher than the market price
ADD	If the target price is 10%-20% higher than the market price
HOLD	If the target price is 10% below or 10% above the market price
REDUCE	If the target price is 10%-20% lower than the market price
SELL	If the target price is 20% lower than the market price
RATING SUSPENDED	The investment rating and target price for this stock have been suspended as there is not a sufficient fundamental basis for determining an investment rating or target. The previous investment rating and target price, if any, are no longer in effect for this stock.
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TARGET PRICE	The market price that the analyst believes the share may reach within a one-year time horizon
MARKET PRICE	Closing price on the day before the issue date of the report, as indicated on the first page, except where otherwise indicated

Historical recommendations and target price trends (12M)

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Number of companies considered: 106	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%)	50	24	26	0	0
of which Intesa Sanpaolo's Clients (%) (*)	85	72	54	0	0

(*) Companies on behalf of whom Intesa Sanpaolo and the other companies of the Intesa Sanpaolo Group have provided corporate and investment banking services in the last 12 months; percentage of clients in each rating category

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

Short-term rating	Definition
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