INTESA SANPAOLO

Equity

Mid Corporate

Company Note

Equita Group

Strong 2Q/1H22 Results and Attractive Dividend Yield

14 September 2022: 7:44 CET
Date and time of production

BUY

Target Price: EUR 4.1
(from EUR 4.7)

Italy/Brokerage & Investment Banking
Results

MTA-STAR

In 2Q22A, Equita Group reported a net profit of EUR 6.5M, 33% above our EUR 4.9M estimate, essentially thanks to higher than expected revenues (EUR 29.9M vs. EUR 23.5M forecast), driven by Investment Banking. CEO Vismara stated the BoD will consider proposing to the next Shareholders' Meeting the distribution of a DPS not lower than EUR 0.30. We expect a 2022E dividend of EUR 0.33/share (9.8% yield at the current share price) and a cumulated 2022E-24E dividend distribution of more than EUR 50M, in line with the business plan's target, with an average yield of 11.1%. We reiterate our positive view.

Strong 2Q/1H22 results

In 2Q22A, Equita Group reported a net profit of EUR 6.5M, 33% above our EUR 4.9M estimate, essentially thanks to higher than expected revenues (EUR 29.9M vs. EUR 23.5M forecast), driven by Investment Banking (EUR 17.7M vs. EUR 11.8M estimated). We also highlight the significant +26% yoy increase (+18% in 1H) in client-related revenues.

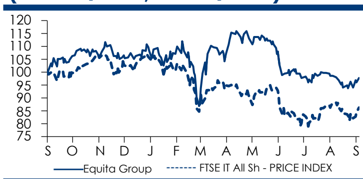
Management outlook and our estimates

In the results' press release and conference call, CEO Vismara pointed out that, on the basis of the net profits recorded in 1H22 and taking into consideration the expectations for the second part of the year, the Board of Directors will consider proposing to the next Shareholders' Meeting the distribution of a dividend not lower than EUR 0.30/share. He also stated that the 1H performance is in line with the shareholders' remuneration objective set in the 3-year business plan, with a commitment to distribute EUR 50M cumulated dividends. We left our dividend estimates unchanged, with a 2022E EUR 0.33 DPS and 2022E-24E cumulated dividends of approx. EUR 53M, which are consistent with the company's current year guidance and business plan's targets. We only fine-tuned our P&L estimates, which point to around EUR 105M total net revenues and EUR 23M net profit in FY24E, slightly below 2024T of > EUR 110M and > EUR 25M, respectively.

BUY rating confirmed, new TP EUR 4.1/share

We set a **new target price of EUR 4.1/share,** down from EUR 4.7/sh. due to a higher cost of equity after incorporating our updated risk-free rate and equity-risk premium parameters (3% and 6.5%, respectively). Given an upside potential of approx. 21%, **we confirm our BUY rating**. Our positive view relies on: i) a sound growth profile; and ii) a solid balance sheet, allowing both a **rewarding dividend policy** (11.1% average 2022-24E yield at the current share price, **9.8% 2022E**) and the option of accelerating the growth trajectory by deploying the excess capital through potential acquisitions.

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



Equita Group - Key Data

Price date (market close)	09/09/2022
Target price (EUR)	4.1
Target upside (%)	21.30
Market price (EUR)	3.38
Market cap (EUR M)	156.04
52Wk range (EUR)	4.09/3.06

Price performance %	1M	3M	12M
Absolute	-2.6	-11.1	-4.0
Rel. to FTSE IT All Sh	-0.4	-4.0	13.8

Y/E Dec (EUR M)	FY21A	FY22E	FY23E
Total income	90	84	93
Gross op profit	29	26	28
Pre-tax income	29	26	28
Net income	22	17	19
Adj EPS (EUR)	0.47	0.35	0.41
TBV PS (EUR)	1.6	1.6	1.6
Adj P/E (x)	6.9	9.6	8.2
P/TBV (x)	2.1	2.2	2.1
Div ord (EUR)	0.35	0.33	0.36
Div ord yield (%)	10.8	9.8	10.7

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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2Q/1H22 results

2Q net profit well-above our estimate, thanks to a strong Investment Banking performance

In 2Q22A, Equita Group reported a **net profit of EUR 6.5M, 33% above our EUR 4.9M estimate**, essentially thanks to **higher than expected revenues (EUR 29.9M vs. EUR 23.5M forecast), driven by Investment Banking**. We also highlight the significant +26% yoy increase (+18% in 1H) in client-related revenues (EUR 27.8M 2Q22A and EUR 46.4M 1H22A). Operating costs showed: (i) staff costs at EUR 14M, 27.1% higher than our estimate (consistently with the difference in revenues vs. expectations), with a compensation/revenue ratio of approx. 46.8% in 2Q22A and 46.5% in 1H22A (vs. 47.3% in 1H21A); and (ii) administrative expenses (EUR 5M) in line with our projections.

2Q profit before taxes was EUR 10.9M, +44.8% vs. our forecast, while the difference on net profit was lower, due to a slightly higher than estimated quarterly tax rate (28.8% vs. 28%) and a high level of minorities, related to the stronger than expected performance of Equita K-Finance, boosting Investment Banking revenues.

Strong capital position

Equita continues to show a strong capital position, with an IFR ratio at end-June equal to 6.5x the minimum regulatory requirement from 5.8x at end-March and end-2021.

Equita Group – 2Q/1H22 results

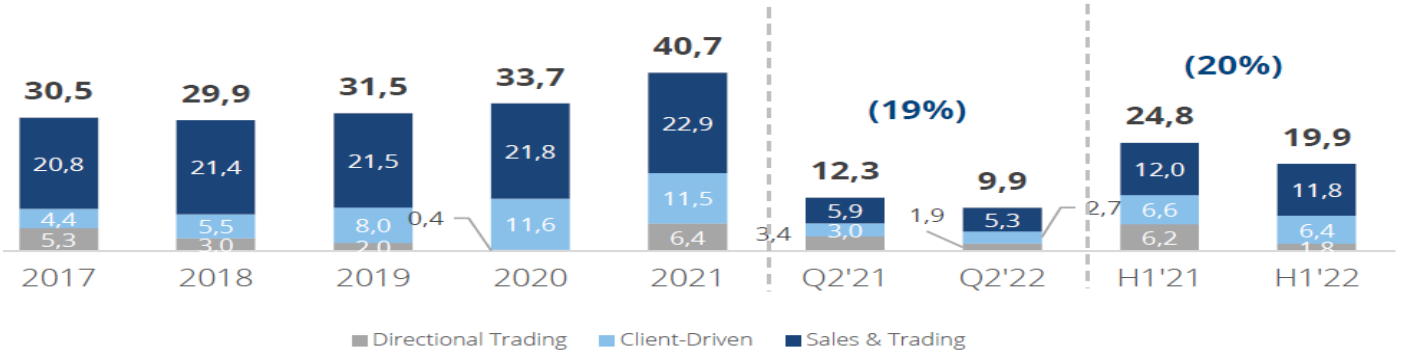
EUR M	1Q21A	2Q21A	1H21A	3Q21A	4Q21A	FY21A	1Q22A	2Q22A	2Q22E	1H22A	2Q A/E %	2Q qoq %	2Q yoy %	1H yoy %
Global Markets	12.5	12.3	24.8	7.7	8.2	40.7	10.0	9.9	9.7	19.9	2.6	-1.1	-19.4	-19.6
Investment Banking	6.1	12.0	18.1	5.8	14.8	38.7	6.7	17.7	11.8	24.4	51.0	164.8	48.3	35.0
AAM	1.6	1.6	3.2	2.0	5.7	11.0	1.8	2.2	2.0	4.0	7.8	19.2	40.5	26.2
Net revenues	**20.3**	**25.8**	**46.1**	**15.5**	**28.8**	**90.4**	**18.6**	**29.9**	**23.5**	**48.4**	**27.3**	**60.8**	**15.6**	**5.0**
Personnel costs	9.7	12.1	21.8	7.1	13.8	42.7	8.5	14.0	11.0	22.5	27.1	65.1	15.4	3.2
Admin. expenses	4.4	4.7	9.1	4.3	5.0	18.4	4.6	5.0	4.9	9.5	1.0	9.3	5.1	4.4
Total operating costs	**14.1**	**16.9**	**30.9**	**11.4**	**18.8**	**61.2**	**13.0**	**19.0**	**16.0**	**32.0**	**19.0**	**45.7**	**12.5**	**3.6**
Profit before taxes	**6.2**	**9.0**	**15.2**	**4.0**	**10.0**	**29.2**	**5.5**	**10.9**	**7.5**	**16.4**	**44.8**	**96.5**	**21.4**	**8.0**
Group net profit	**4.5**	**6.9**	**11.4**	**2.6**	**7.6**	**21.5**	**3.8**	**6.5**	**4.9**	**10.3**	**33.0**	**67.8**	**-6.9**	**-9.6**

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

Global Markets

Global Markets' revenues amounted to EUR 9.9M, basically in line with our EUR 9.7M estimate, showing an approx. 10% decline (half the level posted by the entire division) if we exclude the Directional Trading component (which in 2021 had an above-historical average performance) and consider only client-driven activities (EUR 8M vs. EUR 8.9M).

Equita Group – Global Markets' net revenues trend (FY17-1H22, EUR M)



Source: Company data

Looking at 1H22A results, client-related business had a resilient performance (EUR 18.2M vs. EUR 18.6M in 1H21A, -2% yoy), thanks to the diversification strategy adopted by the management team and despite the prudent approach of investors, which resulted in low levels of activity especially in 2Q on markets (trading volumes in Italy: -17% on Euronext Milan, -20% on Euronext Growth Milan, +6% on Bonds; ASSOSIM data, 2Q22 vs. 2Q21).

Sales & Trading was down 1% yoy in 1H22A (EUR 11.8M vs. EUR 12M) and Client-Driven Trading & Market Making down almost 4% (EUR 6.4M vs. EUR 6.6M 1H21) but gaining markets shares thanks to a more resilient performance compared to the market.

Equita Group – Brokerage on behalf of clients (1H22)

Equities (Euronext Milan)	8.1%	#4 overall / #1 independent
Equities (Euronext Growth Milan)	12.0%	#3 overall / #1 independent
Bonds	9.1%	#4 overall / #1 independent
Equity Options	7.1%	#4 overall / #3 independent

Note: figures on bonds referred to the domestic MOT market. Source: Company data on Assosim

Strong Investment Banking performance

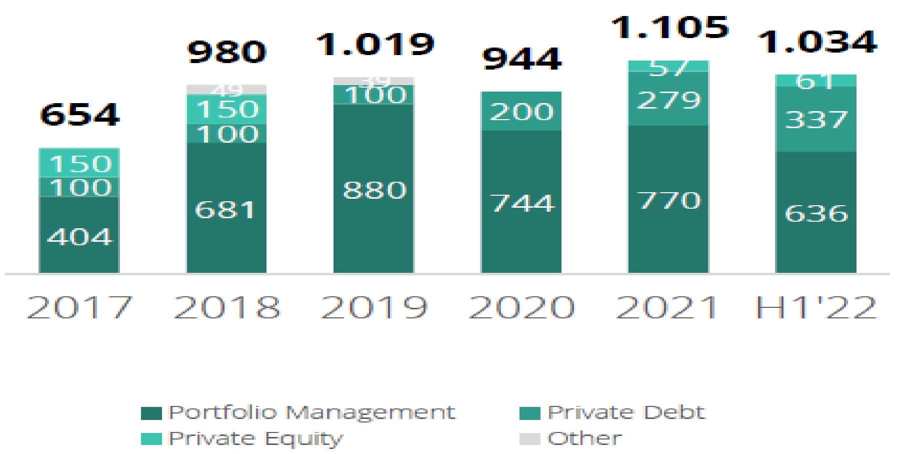
Investment Banking revenues were strong (EUR 17.7M vs. EUR 11.8M estimated) and up 48% yoy in 2Q (+35% yoy in 1H to EUR 24.4M), driven by M&A advisory and Debt Advisory & Restructuring. The growth in M&A Advisory was mainly driven by Equita K-Finance, which more than offset the halt in capital markets' transactions in Italy and globally.

Alternative Asset Management: +60% yoy growth in 2Q management fees

AAM total revenues were slightly better than expected (EUR 2.2M vs. EUR 2M forecast), with a +60% yoy growth in management fees (if we exclude the contribution from investment portfolio). Management fees' yoy growth was 44% in 1H22A.

Portfolio management recorded lower fees, due to lower AuM coming from negative market performance and some drawdowns from liquid funds.

Equita Group – AAM AuM (EUR M)



Source: Company data

Management fees benefitted from new illiquid funds in private equity and private debt. Private Debt completed the fundraising of Equita Private Debt Fund II with EUR 237M commitments as of 30 June 2022 (EUR 131.5M at 30 June 2021), above the target of EUR 200M announced in 2019 (EUR 120M already invested), and increased its management fees materially. Private Equity is continuing the fundraising of Equita Smart Capital – ELTIF (EUR 61M as of 30 June 2022, EUR 18M already invested) and in parallel has started the deployment of capital (2 private equity investments and some liquid investments in equities and fixed income instruments closed to date).

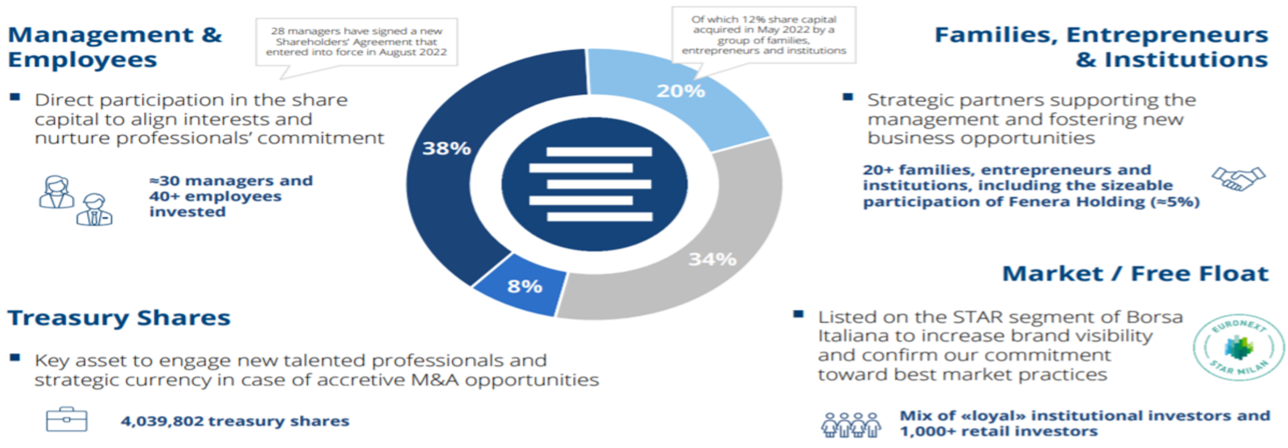
New shareholding structure

In line with the strategy outlined in the 2022-24 business plan presented in March, on 13 May 2022 some managers of Equita group, who are also senior shareholders of the company, signed an agreement to sell a minor part of their participation in Equita to the new shareholders, allowing the latter to join the partnership and establish a group of "core investors" who will support management. Managers involved in the transaction, who are part of the shareholders' agreement and representing 46% of the share capital and 57% of the total voting rights, sold a block of shares of approx. 12% to new shareholders (mainly entrepreneurial families, slightly more than half of which are from Lombardy, with the remaining portion equally distributed between Emilia-Romagna, Piedmont and North-East) as well as some other managers.

New shareholding structure and rationale

Following the transaction, the management adhering to the Pact (a new one entered into force in August 2022) remains the largest shareholder of the group with a 33% stake and 45% of the total voting rights. Including the ownerships of other managers and employees not participating in the Pact, managers and Equita employees will represent approx. 38% of the share capital and around 51% of the total voting rights. The transaction aims not only to allow new shareholders to enter the share capital but also to rebalance the role of managers by increasing the relative weight of managers with operating responsibilities within the Pact. Considering the long-term nature of the transaction, with the new shareholders supporting management as minority shareholders, the agreement includes 12-month lock-up commitments for both new shareholders (on the shares acquired within the transaction) and the managers involved in the transaction (on the remaining shares owned as the date of the transaction). The new shareholding structure of Equita overall appears to us a well-balanced ecosystem and able to foster new business opportunities.

Equita Group – Shareholding structure



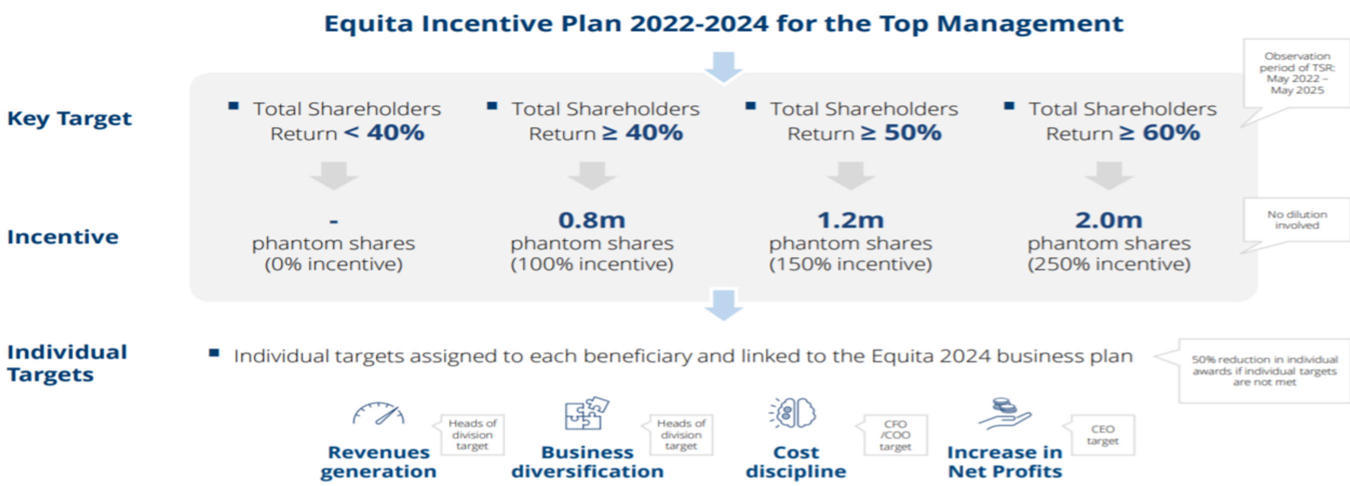
Note: share capital as of 8 September 2022. Source: Company data

New incentive plans

Top management incentive plan

In April 2022, the shareholders' meeting approved two new incentive plans, one of which addressed to the top management ("Equita Incentive Plan 2022-2024 for Top Management") and based on phantom shares. Awards are subject to both a minimum total shareholders' return of 40% and individual targets are linked to the three-year Equita 2024 business plan, as illustrated by the below-attached scheme.

Equita Group – Incentive plan for top management



Source: Company data

Expenses related to the Equita Incentive plan 2022-2024 for Top Management (to be considered as non-recurring) will be recorded over a four-year period (2022-2025), with a relevant part of such non-recurring items recorded in 2024 and 2025 fiscal years.

Group professionals' incentive plan

The plan addressed to all of the group's professionals, namely "Equita Incentive Plan 2022-2024", foresees the award of financial instruments issued by the company (shares, performance shares, stock options, phantom shares and subordinated bonds), as required by the new applicable regulation on remuneration. Financial instruments will be awarded (subject to a deferral and vesting period, in line with applicable regulation) to beneficiaries in three annual cycles, subject to the achievement of key performance indicators, both at the group and at individual levels. The maximum number of financial instruments to be potentially awarded is 2.5M equity and equity-like instruments (shares, performance shares, stock options, phantom shares) and 10K subordinated bonds. The maximum dilution of the share capital is approx. 4.7% in total, over three annual cycles, and the value of the subordinated bonds will not exceed EUR 10M.

Lower dilution from old incentivation plans

In April the shareholders' meeting also approved some amendments to the previously approved incentive plans, which imply a lower dilution thanks to the possibility to use non-dilutive instruments to serve those plans (e.g. cash or phantom shares), with no issues for the company due to the solidity of its balance sheet and its high capital ratios.

Earnings Outlook

Management outlook and strategic initiatives

2022 divided of at least EUR 0.30/share

In the 1H22 results' press release and conference call, CEO Vismara pointed out that, on the basis of the net profits recorded in 1H22 (EUR 0.22/share) and taking into consideration the expectations for the second part of the year, the Board of Directors will consider proposing to the next Shareholders' Meeting the distribution of a dividend not lower than EUR 0.30/share, a proposal considered as achievable without distributing earnings that have been retained since the IPO. He also stated that the 1H performance is in line with the shareholders' remuneration objective set in the 3-year business plan, with a commitment to distribute EUR 50M cumulated dividends.

Strengthening Investment Banking business

In 1H22 results' presentation, management stated that they have an interesting pipeline looking at the next months, with some delays expected to materialise by year-end, with all business areas involved.

In July Equita announced a partnership with Adacta, a primary tax, legal and strategic consultancy firm active mainly in Triveneto (Veneto, Friuli-Venezia Giulia and Trentino Alto-Adige). For Equita, the partnership will be coordinated by Mr Carlo Andrea Volpe (co-Head of Investment Banking at Equita) and Mr Filippo Guicciardi (co-CEO Equita K-Finance). As pointed out by the company, the agreement is aimed at developing Equita's corporate finance, capital markets and M&A activities in the North-East of Italy and is aligned to the growth targets of Investment Banking activities in 2024.

Moreover, Equita is increasing the Investment Banking team size by senior hirings, with 2 new Managing Directors hired to date and on-going new hirings.

AAM strategy

As regards AAM, strategic initiatives are focused on: (i) ongoing assessment of new asset classes to further diversify the offering of the AAM division; (ii) ongoing scouting to find complementary and synergistic partners and teams to on-board.

Our estimates

2022E P&L estimates slightly improved

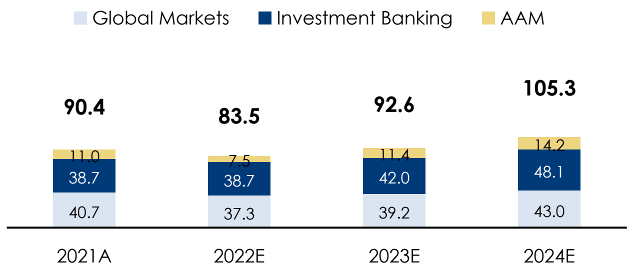
Following the release of 2Q/1H22 results, we only fine-tuned our 2022E-24E P&L estimates, slightly raising: (i) our FY22E revenue forecasts to EUR 83.5M (we still consider a very limited contribution from Directional Trading and AAM performance fees, which overall accounted for more than EUR 10M in FY21A), from EUR 81.9M previously, essentially thanks to a lift in Investment Banking (now assumed to be flattish vs. FY21A, at EUR 38.7M, vs. EUR 24.4M in 1H22A); and: (ii) net profit estimate after minorities to EUR 16.5M from EUR 16.4M.

2023E-24E only fine-tuned

We left our 2023E-24E estimates basically unchanged, with FY24E total net revenues (EUR 105.3M) and net profit (EUR 23.1M) still below the business plan's targets of > EUR 110M and > EUR 25M.

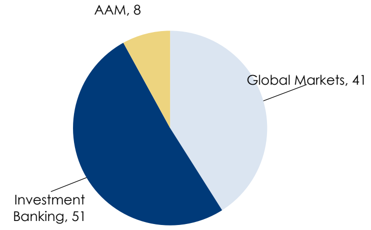
Our FY24E revenue mix projections incorporate 40.9% contribution from Global Markets, 45.6% from Investment Banking and 13.5% from AAM vs. business plan target of 35-40%, 40-45% and 15-20%, respectively.

Equita Group – Net revenues' breakdown (EUR M)



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

Equita Group – 1H22 revenues' breakdown (%)



Source: Company data

Dividend estimates in line with BP target

We left our dividend estimates unchanged, with a 2022E EUR 0.33 DPS, in line with company guidance of at least EUR 0.30. As stated by the company, we believe that 2022E dividend should be achievable without distributing earnings that have been retained since the IPO (EUR 12M; we highlight that the company also has EUR 16M other reserves available for distribution). Those reserves will therefore offer solidity to the future dividends, in line with the targets set out in the 3-year business plan of cumulated dividends above EUR 50M (we estimate 2022E-24E cumulated dividends of approx. EUR 53M).

Valuation

We set a new target price to EUR 4.1/sh., down from EUR 4.7/sh., on the back of a higher cost of equity (9.5% from 8%, after incorporating our updated 3% risk-free rate and 6.5% equity risk premium). Our 3-stage dividend discount model (DDM) is based on our explicit 2022E-24E estimates, followed by a 7-year transitional period with adj. net profit and tangible net equity gradually developing consistently with our terminal pay-out ratio assumption of around 100%.

New TP EUR 4.1/share

Equita Group – DDM valuation

%		Weighting
Short-term (2021A-24E) adj. EPS CAGR	8.3	
RoE at end of short-term period (2024E)	25.9	
Medium-term (2025E-31E) payout	95.0	
Medium-term (2024E-31E) EPS CAGR	1.3	
RoE at end of medium-term period (2031E)	27.5	
Short-term fair value (EUR)	1.04	26.2
Medium-term fair value (EUR)	1.37	34.6
Terminal value (EUR)	1.55	39.2
Fair value (EUR)	**3.96**	**100.0**
2021A proposed dividend (second tranche, EUR)	0.15	
Target price (EUR)	**4.1**	

Note: second tranche of 2021A dividend payable in November. E: estimates; Source: Intesa Sanpaolo Research

Given the around 21% upside potential implied by our target price, **we confirm our BUY rating**. Our positive view continues to rely on the following points:

BUY rating confirmed

- A sound growth profile, with top-line progress, well-diversified across all divisions, returning an average FY22E-24E net profit margin above 20%;
- An appealing dividend yield, for an average of 11.1% in the 2022E-24E 3-year period, at the current share price. If we look at **2022E** only, **the 9.8% yield offered by Equita, according to our estimates at the current share price, is well-above the approx. 5.2% median level of a peer sample**, made by Azimut and Intermonte Partners (based on our estimates) and Piper Sandler, Numis, Evli, Moelis & Co., Evercore, Houlihan Lokey, Tikehau Capital (based on FactSet consensus). 2022E Equita yield is **also higher than the around 6.5% simple average of the companies we consider Tier I peers for the group (Piper Sandler, Numis, Evli**– based on FactSet consensus - **and Intermonte Partners** – based on our estimates);
- The option of accelerating the growth trajectory by deploying the excess capital through external growth (ideally in the AAM business, so as to make this division more robust).

ESG Corner

Full integration of sustainability into the group's business model

Over the years Equita Group has developed significant expertise in sustainable finance. The recently presented 2022-24 business plan envisages a full integration of sustainability into the group's business model, with the definition of generic (applicable to the whole group) as well as specific targets (intra divisional and/or business related), such as the inclusion of ESG assessments within the investment process, the integration of research reports with sections dedicated to sustainability, and the group's carbon neutrality target, starting from the assessment of the carbon footprint of the group.

New Sustainable Finance team

In June Equita announced the creation of a sustainable finance team to support investors, corporates, entrepreneurs and institutions with new ESG solutions and services (e.g. issues of sustainability-linked bonds and green bonds, within Capital Markets' activity; debt advisory on bank financing related to sustainability and so on). The team, made of 15 professionals coming from the different divisions of the group, will be headed by Mr Marco Clerici, co-Head of Investment Banking, and Mr Domenico Ghilotti, co-Head of Research, and will also support Equita Capital SGR, the Alternative Asset Management company of the group.

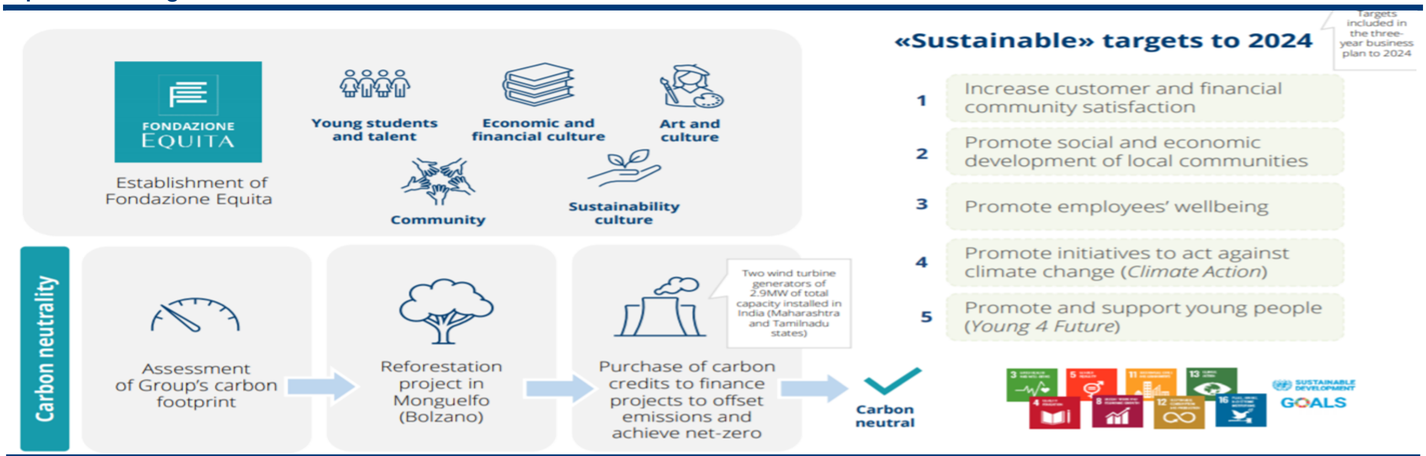
Fondazione Equita

Equita Group, in line with the commitments taken with the presentation of 2022-24 business plan, established Fondazione Equita – Ente del Terzo Settore to support young students and talent and promote economic and financial culture, art and culture in general and sustainability culture.

2024 ESG targets

Equita has also continued to invest in developing sustainable business practices and corporate programmes to promote diversity, inclusion, employee welfare, training and education, and in 2022 assessed its carbon footprint and achieved carbon neutrality.

Equita – ESG targets and commitments



Source: Company data

Equita Group – Key Data

Rating	Target price (EUR/sh)		Mkt price (EUR/sh)		Sector
BUY	Ord 4.1		Ord 3.38		Brokerage & Investment

Values per share (EUR)	**2019A**	**2020A**	**2021A**	**2022E**	**2023E**	**2024E**
No. of outstanding shares (M)	45.45	45.66	46.16	46.77	46.77	46.77
Market cap (EUR M)	128.38	110.43	149.26	158.08	158.08	158.08
Adj. EPS	0.210	0.270	0.47	0.353	0.41	0.49
TBV PS	1.4	1.3	1.6	1.6	1.6	1.8
PPP PS	0	0	0	0	0	0
Dividend ord	0.19	0.20	0.35	0.33	0.36	0.44
Income statement (EUR M)	**2019A**	**2020A**	**2021A**	**2022E**	**2023E**	**2024E**
Total income	58	68	90	84	93	105
Total operating expenses	45	51	61	58	64	72
Gross operating income	14	18	29	26	28	34
Provisions for loan losses	0	0	0	0	0	0
Pre-tax income	14	18	29	26	28	34
Net income	10	12	22	17	19	23
Adj. net income	10	12	22	17	19	23
Composition of total income (%)	**2019A**	**2020A**	**2021A**	**2022E**	**2023E**	**2024E**
Global Markets	54.1	49.4	45.1	44.7	42.4	40.9
Alternative asset management	14.8	9.6	12.1	9.0	12.3	13.5
Investment banking	31.1	41.1	42.8	46.3	45.4	45.7
Balance sheet (EUR M)	**2019A**	**2020A**	**2021A**	**2022E**	**2023E**	**2024E**
Total assets	309.4	285.8	315.6	325.3	338.0	353.4
Customer loans	215.1	86.1	91.4	106.3	115.0	124.6
Total customer deposits	194.0	157.0	166.5	174.8	183.6	192.7
Shareholders' equity	80.1	85.7	99.4	99.8	103.6	109.8
Tangible equity	65.1	58.2	72.2	72.5	76.4	82.6
Risk weighted assets	221.9	159.9	193.1	197.7	206.9	230.5
Stock market ratios (X)	**2019A**	**2020A**	**2021A**	**2022E**	**2023E**	**2024E**
Adj. P/E	13.5	9.0	6.9	9.6	8.2	6.9
P/TBV	1.97	1.90	2.07	2.18	2.07	1.91
P/PPP	NA	NA	NA	NA	NA	NA
Dividend yield (% ord)	6.7	8.3	10.8	9.8	10.7	12.9
Profitability & financial ratios (%)	**2019A**	**2020A**	**2021A**	**2022E**	**2023E**	**2024E**
ROE	12	15	23	17	19	22
Adj. ROTE	15	20	33	23	26	29
RoRWA	4	6	12	8	10	11
Leverage	22	23	25	24	25	25
Cost income ratio	76	74	68	69	70	68
Cost of risk (bps)	0	0	0	0	0	0
Tax rate	31	27	24	28	29	29
Dividend payout	90	75	76	95	89	93
Other (%)	**2019A**	**2020A**	**2021A**	**2022E**	**2023E**	**2024E**
CET1 ratio	25	28	26	26	26	24
CET1 ratio fully loaded	25	28	26	26	26	24
Net impaired loans ratio	0	0	0	0	0	0
Net impaired loans on TBV	0	0	0	0	0	0
Growth (%)	**2019A**	**2020A**	**2021A**	**2022E**	**2023E**	**2024E**
Total income	-2.4	16.9	32.6	-7.6	10.8	13.8
Gross operating income	-11.9	28.2	66.0	-12.2	9.6	19.9
Net income	-13.5	29.1	74.9	-23.3	16.9	19.5
Adj. net income	-20.1	29.1	74.9	-23.3	16.9	19.5
BS growth (%)	**2019A**	**2020A**	**2021A**	**2022E**	**2023E**	**2024E**
Customers' loans	0.0	-60.0	6.2	16.3	8.2	8.3
Customers' deposits	5.0	-19.1	6.0	5.0	5.0	5.0
Shareholders' funds	0.0	7.0	16.0	0.4	3.9	6.0
Structure (no. of)	**2019A**	**2020A**	**2021A**	**2022E**	**2023E**	**2024E**
Branches	NA	NA	NA	NA	NA	NA
Employees	156	164	170	175	180	185

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

Company Snapshot

Company Description

Equita is an Italian boutique active in the investment banking market. Listed on the Euronoext STAR segment and founded more than 45 years ago, Equita, which currently has more than 170 employees, operates 3 divisions: Global Markets, Investment Banking and Alternative Asset Management, all supported by a high-quality Research team.

Key Risks

Company specific risks:

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

Sector generic risks:

- Geopolitical risk
- Technology risks
- Regulatory risks

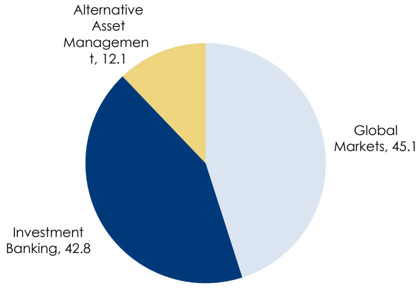
Key data

Mkt price (EUR)	3.38	Free float (%)	34.0
No. of shares	46.16	Major shr	Mgmt Pact
52Wk range (EUR)	4.09/3.06	(%)	33.0
Reuters	EQUI.MI	Bloomberg	EQUI IM
Performance (%)	**Absolute**		**Rel. FTSE IT All Sh**
-1M	-2.6	-1M	-0.4
-3M	-11.1	-3M	-4.0
-12M	-4.0	-12M	13.8

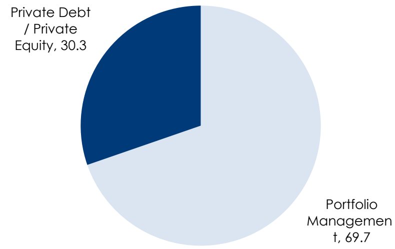
Estimates vs. consensus

EUR M (Y/E Dec)	2021A	2022E	2023E	2024E
Total income	90.41	83.53	92.55	105.3
Operating costs	61.17	57.85	64.39	71.52
Gross op. inc.	29.24	25.68	28.16	33.76
LLP	0.00	0.00	0.00	0.00
Net income	21.54	16.51	19.31	23.06
EPS (€)	0.47	0.35	0.41	0.49

Revenues breakdown by division (%)



AAM AuM breakdown (%)



Note: Mgmt Pact is formed by 28 managers (sh. agreement signed in August 2022). Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 09/09/2022)

Our Mid Corporate Definition

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 below EUR 1Bn.

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https://group.intesasanpaolo.com/en/research/RegulatoryDisclosures/archive-of-intesa-sanpaolo-group-s-conflicts-of-interest0

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

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
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TENDER SHARES	We advise investors to tender the shares to the offer.
TARGET PRICE	The market price that the analyst believes the share may reach within a one-year time horizon
MARKET PRICE	Closing price on the day before the issue date of the report, as indicated on the first page, except where otherwise indicated

Historical recommendations and target price trends (long-term horizon: 12M)

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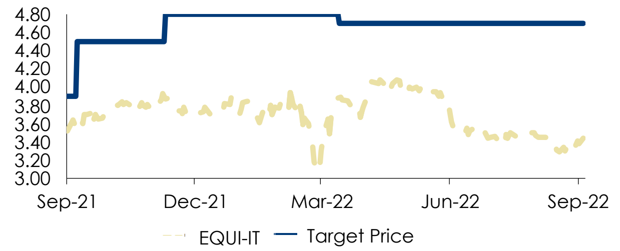
Target price and market price trend (-1Y)



Historical recommendations and target price trend (-1Y)

Date	Rating	TP (EUR)	Mkt Price (EUR)
22-Mar-22	BUY	4.7	3.9
18-Nov-21	BUY	4.8	3.9
16-Sep-21	BUY	4.5	3.7

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

Intesa Sanpaolo Research Rating Distribution (at July 2022)

Number of companies considered: 127	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%)*	58	25	17	0	0
of which Intesa Sanpaolo's Clients (%)**	84	44	57	0	0

* Last rating refers to rating as at end of the previous quarter; ** Companies on behalf of whom Intesa Sanpaolo and the other companies of the Intesa Sanpaolo Group have provided corporate and Investment banking services in the last 12 months; percentage of clients in each rating category

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