

Company Note

Equita Group

Ready to Surpass BP Targets After Strong 2Q Results

Equita Group reported a solid set of 2Q21 results with significant double-digit revenues' growth, driven by Global Markets and Investment Banking, benefitting from both an effective strategy implementation by the group and favourable market conditions and translating into a more than doubled net profit compared to the same period last year. This, together with the positive outlook provided by the company, leads us to confirm our positive view, with our 2021E estimates already above the 2022 business plan's targets.

2Q21: revenues +59% yoy and net income more than doubling 2Q20 levels

In 2Q21, Equita Group reported a net profit of EUR 6.9M (+117.2% yoy), well above our estimate of EUR 3.7M, also supported by a lower than expected tax rate (18% vs. 30%), due to goodwill realignment. The main boost came by total net revenues of EUR 25.8M, significantly higher than our EUR 19.7M forecast, with Global Markets (Directional Trading in particular) and strong Investment Banking as the main drivers. In 1H21 revenues and net profit reported a yoy growth of 58% and 123%, respectively.

Management's positive outlook

The 1H21 press release pointed out that for FY21 management expects net revenues and net profit to make significant progress towards the 2022 strategic plan's targets (EUR 75M revenues and EUR 15M net profit). In addition to this, the new capital requirements, introduced by the new prudential framework defined by the IFR Regulation and IFD Directive, should translate into higher available capital, to be deployed through potential acquisitions and shareholders' remuneration. In this respect, management expects the 2021 dividend to be significantly higher than the 2020 level of EUR 0.20/share.

BUY confirmed; TP raised to EUR 4.5/share

Following the release of stronger than expected 2Q/1H21 results and the positive outlook provided by management, we upgrade our 2021E-23E net profit estimates by an average 10%, which led us to raise our **target price** to **EUR 4.5/share** (from EUR 3.9/sh.). Given an upside potential of 25%, **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 (6.9% 2021E yield at the current share price) and the option of accelerating the growth trajectory by deploying the excess capital through potential acquisitions. We highlight that our FY21E revenues and net profit estimates (EUR 79.5M and EUR 15.9M) are already above the business plan's targets.

16 September 2021: 7:14 CET
Date and time of production

BUY

Target Price: EUR 4.5
(from EUR 3.9)

Italy/Brokerage & Investment
Banking
Update

MTA-STAR

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



Equita Group - Key Data

Price date (market close)	14/09/2021
Target price (EUR)	4.5
Target upside (%)	25.00
Market price (EUR)	3.60
Market cap (EUR M)	165.42
52Wk range (EUR)	3.64/1.98

Price performance %	1M	3M	12M
Absolute	9.4	14.6	48.8
Rel. to FTSE IT All Sh	11.7	13.3	12.6

Y/E Dec (EUR M)	FY20A	FY21E	FY22E
Total income	68	79	83
Gross op profit	18	23	25
Pre-tax income	18	23	25
Net income	12	16	16
Adj EPS (EUR)	0.27	0.35	0.36
TBV PS (EUR)	1.4	1.3	1.4
Adj P/E (x)	9.0	10.4	10.1
P/TBV (x)	1.7	2.8	2.5
Div ord (EUR)	0.20	0.25	0.28
Div ord yield (%)	8.3	6.9	7.6

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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2Q/1H21 Results

Strong P&L results

In 2Q21, Equita Group reported a **net profit of EUR 6.9M, well above our estimate of EUR 3.7M**, also supported by a lower than expected tax rate (18% vs. 30%), due to goodwill realignment and the offset of tax losses at Equita K Finance level, but **mainly boosted by total net revenues of EUR 25.8M, significantly higher than our EUR 19.7M forecast** (in 1H21, revenues and net profit reported a yoy growth of 58% and 123%, respectively). Looking at the different business lines:

EUR 6.9M 2Q net profit, +117% yoy

- **Global Markets'** revenues were EUR 12.3M, basically in line with 1Q21 but up 34.9% yoy and 25.7% above our estimate, boosted by Directional Trading (EUR 3.4M vs. EUR 0.1M in 2Q20A);
- **Investment Banking**, which also benefitted from the consolidation of Equita K Finance (EUR 2.1M in 1H21, almost 100% recorded in 2Q, due to seasonality effects), recorded EUR 12M revenues in 2Q, 2x the level of 1Q21 and well above our EUR 8.2M forecast, due to a strong contribution from a high number of deals in ECM, DCM and M&A;
- **Alternative Asset Management** revenues (EUR 1.6M in 2Q21A) were basically in line with our projections.

Operating costs, which translated in a cost/income ratio of 67% in 1H21, were 18.9% higher than expected in 2Q, due to the growth in personnel costs, related to higher revenues (compensation ratio 46.9% in 2Q vs. 46.7% estimated), while administrative expenses showed a good cost control (-4.3% vs. our forecast), although they recorded an 8.5% yoy increase due to enlarged perimeter (Equita K-Finance) and the launch of the new fund Equita Smart Capital – ELTIF.

1H cost/income ratio 67% from 75% in 1H20

Equita Group – 2Q/1H21 results

EUR M	1Q20A	2Q20A	1H20A	3Q20A	4Q20A	FY20A	1Q21A	2Q21A	2Q21E	1H21A	2Q A/E %	2Q qoq %	2Q yoy %	1H yoy %
Global Markets	9.1	9.1	18.2	6.5	8.9	33.7	12.5	12.3	9.8	24.8	25.7	-1.6	34.9	36.3
Inv Banking	4.0	5.1	9.0	10.9	8.1	28.0	6.1	12.0	8.2	18.1	46.2	94.8	136.8	101.1
AAM	-0.1	2.1	2.0	1.1	3.5	6.5	1.6	1.6	1.7	3.2	-8.8	-4.9	-24.3	63.3
Net revenues	12.9	16.2	29.2	18.5	20.5	68.2	20.3	25.8	19.7	46.1	31.2	27.3	59.1	58.1
Personnel costs	5.9	7.4	13.3	9.3	9.7	32.3	9.7	12.1	9.2	21.8	31.3	25.7	64.1	63.9
Administrative expenses	4.3	4.3	8.6	4.1	5.5	18.2	4.4	4.7	4.9	9.1	-4.3	7.3	8.5	5.3
Total operating costs	10.2	11.7	21.9	13.4	15.3	50.6	14.1	16.9	14.2	30.9	18.9	19.9	43.5	40.8
Profit before taxes	2.7	4.5	7.2	5.2	5.2	17.6	6.2	9.0	5.5	15.2	62.8	44.0	99.8	110.5
Group net profit	1.9	3.2	5.1	3.6	3.6	12.3	4.5	6.9	3.7	11.4	88.1	55.0	117.2	122.7

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

Focus on revenues

As already mentioned above, **Global Markets'** revenues were positively impacted by a strong result from Directional Trading, which benefitted from favourable market conditions, recording EUR 3.4M revenues in 2Q21 and EUR 6.2M in 1H21. By combining the incomes of the other two units of the segment (Sales & Trading and Client-Driven Trading), net revenues linked to Global Markets' client-related business reached EUR 18.6M total in 1H21 (vs. EUR 19.3M in 1H20A, which benefitted from the significant increase in clients' activity following the outbreak of the Covid-19 pandemic) and EUR 8.9M in 2Q21A, basically stable vs. the same period last year. More in detail:

Global Markets

- **Sales & Trading** posted a +7% yoy growth to EUR 5.9M in 2Q21A (EUR 12M in 1H21A, -2% yoy), leveraging on a company's market share of 8% in all the main markets

(MTA, AIM, bond and options on equities) and 7% on ETFPlus on the back of volumes on equities at +7% yoy in 1H21 (MTA, source: Assosim) and -27% on fixed income (source: Assosim: DomesticMOT, EuroMOT and ExtraMOT);

- **Client Driven Trading & Market Making** revenues were down 15% yoy to EUR 3M (-6% yoy to EUR 6.6M in 1H21A).

Investment Banking grew strongly in both 2Q (+139% yoy to EUR 12M) and 1H21 (EUR 18.1M, 2x the level of revenues recorded in 1H20A) in a positive market backdrop, benefitting from a significant rise in the number of ECM, DCM and M&A deals, together with EUR 2.1M in 1H from K Finance consolidation.

Several Investment Banking deals closed in 2Q/1H21

Equita Group - Investment Banking: number of deals in the Italian market

	1Q20	2Q20	1Q21	2Q21	1H20	1H21
ECM	7	10	14	15	17	29
yoy growth (%)			100	50		71
DCM*	6	10	21	18	16	39
yoy growth (%)			250	80		144
M&A	239	182	232	290	421	522
yoy growth (%)			-3	59		24

* corporate issues only; Source: Company data and Intesa Sanpaolo Research elaboration on Company data

M&A grew significantly also in terms of volumes (from EUR 23Bn in 1H20 to EUR 42Bn in 1H21, +88% yoy), boosted by 1Q (EUR 26.4Bn, +161% yoy).

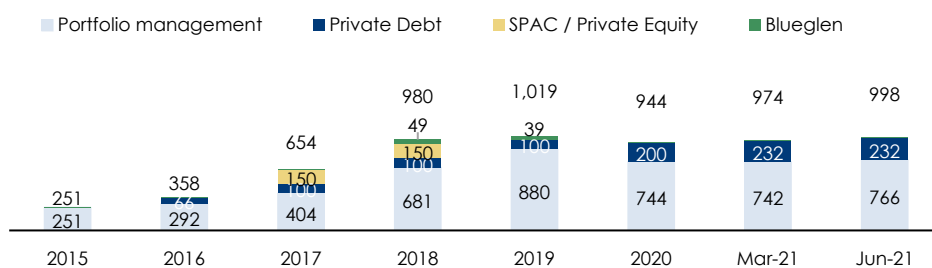
Alternative Asset Management posted EUR 1.6M revenues in 2Q21 vs. EUR 2.1M in 2Q20, which benefitting from a positive one-off in the investment portfolio's valuation. Considering asset management fees only, net revenues were up 38%, from EUR 0.9M in 2Q20 to EUR 1.3M in 2Q21.

Pure AM fees up 38% yoy in 2Q21

Looking at the division's activities, Equita Private Debt Fund II, which completed its first closing in September 2020 (EUR 100M), reached EUR 131.5M total commitments as of 30 June 2021. The Private Debt team continued its marketing activities to raise additional commitments for its second fund (with the aim to reach the EUR 200M target by year-end). The team also continued its deal sourcing activities aimed at identifying new investment opportunities. In July 2021, Equita Private Debt Fund II reached EUR 148.5M, thanks to the closing of an additional commitment of EUR 17M and in August 2021 completed an additional investment, bringing to 5 the number of investments in its portfolio. The Private Equity team launched its first ELTIF in June 2021 (Equita Smart Capital - ELTIF), an alternative PIR mainly focused on private equity investments in Italian SMEs, with a fundraising target of EUR 140M by YE22. Equita had approx. EUR 1Bn AuM at end-June 2021.

~EUR 1Bn AuM at end-June 2021

Equita Group - Alternative Asset Management AuM (EUR M)



Source: Company data

The Research Team continued to support all business areas of the group, assisting institutional investors in making investment decisions on 117 Italian and 38 foreign listed companies. The research team also added several debt instruments to the coverage, building a significant presence in the fixed income domain.

Equita's press release on 1H results pointed out that from 26 June 2021 the CRDIV Directive (which used to discipline capital requirements, including the Total Capital Ratio) is no longer applicable. However, the group informed that during the first half of 2021, it continued to monitor capital requirements and ratios (including the Total Capital Ratio) and persistently recorded levels of capital well above the minimum requirements. At the end of July 2021, Bank of Italy confirmed the introduction of the new EU 2033/19 Regulation (IFR). Equita informed that as of today the group, classified as a "Class 2" intermediary, recorded levels of capital well above minimum thresholds.

Research contribution**Solid capital position; new regulation to potentially free up additional capital**

Earnings Outlook

Management's outlook

In the 1H21 press release, management provided a positive outlook, with reference to:

- P&L results, with FY21 net revenues and net profit expected to make significant progress towards the 2022 strategic plan's targets (EUR 75M revenues and EUR 15M net profit);
- Capital strength and dividends, as the new capital requirements, introduced by the new prudential framework defined by the IFR Regulation and IFD Directive, should translate into higher available capital, to be deployed through potential acquisitions and shareholders' remuneration. In this respect, management expects the 2021 dividend (which will continue to be paid in two tranches) to be significantly higher than the 2020 level of EUR 0.20/share.

Our estimates

Following the release of stronger than expected 2Q results and positive outlook provided by the company, we upgrade our estimates by an average 6% for total net revenues and almost 10% for net profit.

10% average upgrade to FY21E-23E net profit estimates

Equita Group – Estimate revisions (2021-23E)

EUR M	2021E			2022E			2023E		
	New	Old	New/Old %	New	Old	New/Old %	New	Old	New/Old %
Total Income	79.5	73.8	7.7	83.0	78.4	5.9	87.2	82.8	5.4
Profit before taxes	22.8	20.4	11.5	24.7	22.9	7.7	27.1	25.1	8.1
Group Net profit	15.9	13.6	17.1	16.5	15.4	7.1	18.4	17.6	4.8
Adj. EPS (EUR)	0.35	0.30	17.1	0.36	0.33	7.1	0.40	0.38	4.8

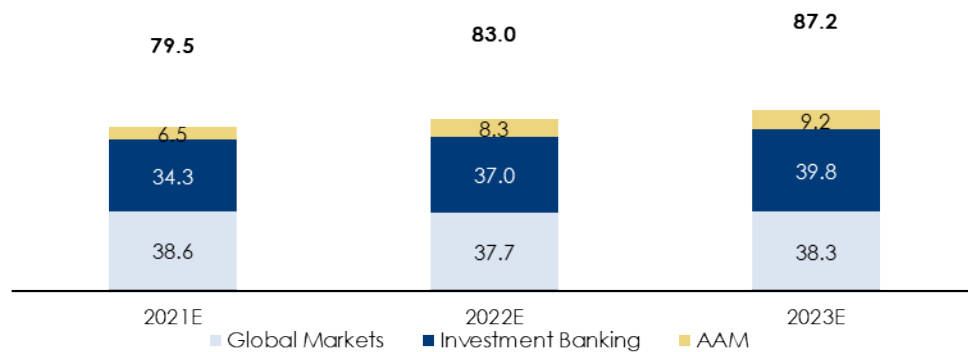
E: estimates; Source: Intesa Sanpaolo Research

We highlight that our estimates do not include any performance fees' contribution and factor in a net profit margin of around 20% in FY21E-FY22E, up to 21% in FY23E, also thanks to cost/income ratio projections of around 69% in 2023E from 74% in 2020A. Based on our estimates, 2021E revenues (EUR 79.5M) and net profit (EUR 15.9M) are already above the 2022 business plan's targets of EUR 75M and EUR 15M, respectively.

BP targets reached (and surpassed) one year in advance

As regards revenue mix, we expect a more balanced mix, going forward, between Global Markets (which we see basically stable in absolute terms, benefitting from an average EUR 21-21.5M Sales & Trading's contribution) and Investment Banking, with Alternative Asset Management also increasing its contribution, consistently with the fees coming from the second Private Debt Fund and the ELTIF recently launched.

Revenues mix

Equita Group - net revenues' breakdown (EUR M)


E: estimates; Source: Intesa Sanpaolo Research

Following management's indications on 2021 dividend, we upgrade our 2021E DPS estimate to EUR 0.25/share (from EUR 0.215/share previously and EUR 0.20/share in 2020). Our dividend estimates are based on a pay-out ratio of approx. 72% in 2021E (from 75% in 2020), up to 82% in 2023E. We believe that, given the group's solid capital position, should acquisitions not materialise in the coming years, the dividend payout ratio could even be raised significantly.

Dividend estimates

Valuation

We raise our target price from EUR 3.9/sh to EUR 4.5/sh, on the back of our upwards earnings revision. Our valuation is based on a 3-stage dividend discount model (DDM), incorporating a 7.5% cost of equity (1% risk-free rate, 1x beta and 6.5% equity risk premium) and a long-term sustainable growth of 0.5%. Our model is based on our explicit 2021E-23E estimates, followed by a 7-year transitional period with EPS' CAGR gradually converging to our long-term assumption.

TP raised to EUR 4.5/share

Equita Group – DDM valuation

%	Weighting	
Short-term (2020A-23E) adj. EPS CAGR	18.6	
RoE at end of short-term period (2023E)	19.2	
Medium-term (2024E-30E) pay-out	95.0	
Medium-term (2023E-30E) EPS CAGR	1.0	
RoE at end of medium-term period (2030E)	18.2	
Short-term fair value (EUR)	0.6	13.6
Medium-term fair value (EUR)	1.5	33.5
Terminal value (EUR)	2.4	53.0
Target price (EUR)	4.5	100.0

E: estimates; Source: Intesa Sanpaolo Research

Given a 25% upside potential implied by our target price, **we confirm our BUY rating**. Our positive view relies on the following points:

BUY rating confirmed

- A sound growth profile, with top-line progress, well diversified across all divisions, returning a double-digit net income 2020A-23E CAGR, in our estimates, and an increasing net profit margin;
- An appealing dividend yield: 6.9% in 2021E, growing to 9.2% in 2023E;
- A solid balance sheet, also considering that management expects advantages from the new IDR Regulation;
- 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).

We opted for an absolute valuation method, as the peer group we usually refer to is composed of companies that do not perfectly match Equita's profile:

Multiples' analysis

- The majority of those companies have much larger market capitalisations;
- None of them has a business mix comparable to Equita: some are pure brokerage businesses (Numis Corporation for instance) while others (DeA Capital and Azimut for instance) are more on the AM side or pure IB players (Houlihan Lokey for instance, which is also skewed towards the US market).

Nevertheless, we show the peers' multiples in the table below as a cross-check.

Peers group multiples

	TIER	Price	Currency	Mkt Cap M	P/Sales (x)			P/E (x)			P/BV (x)			Div Yield %		
					2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Piper Sandler	I	113.7	USD	2,051	1.4	1.5	1.5	7.7	9.8	10.5	2.3			1.6	1.8	2.0
Numis Corp.	I	4.2	GBP	478	2.0			8.5			2.1			3.4		
Evli Pankki Oyj	I	23.3	EUR	562	5.0	5.3	5.1	17.3	15.9	15.4	5.3	5.1	5.0	5.5	6.0	6.2
Moelis & Co.	II	52.2	USD	3,590	3.4	3.4	3.4	15.1	16.5	17.0	8.9	9.4	12.1	8.0	7.2	6.0
Evercore Inc	II	117.1	USD	4,643	2.0	2.0	1.9	10.8	11.0	10.7	4.3	3.3	2.7	1.9	2.2	2.5
Houlihan Lokey	II	75.4	USD	5,157	3.9	3.7	3.4	19.0	18.7	17.3	4.5	4.2	3.1	1.9	2.1	2.4
DeA Capital	II	1.3	EUR	352				30.4			0.8			4.5		
Tikehau Capital	II	24.8	EUR	4,348	8.2	7.8	6.5	19.7	19.4	15.8	1.3	1.4	1.3	2.2	2.4	3.0
Azimut Holding	II	24.0	EUR	3,431	3.0	2.8	2.8	9.2	9.8	9.2	2.9	2.4	2.0	4.6	4.8	5.4
Median					3.2	3.4	3.4	15.1	15.9	15.4	2.9	3.8	2.9	3.7	3.8	3.9
Equita Group*		3.6	EUR	165.4	2.1	2.0	1.9	10.4	10.1	9.0	1.8	1.7	1.6	6.9	7.6	9.2
Tier I					2.8	3.4	3.3	11.2	12.8	13.0	3.2	5.1	5.0	3.5	3.9	4.1
Tier II					4.1	3.9x	3.6x	17.4	15.1	14.0	3.8	4.2	4.3	3.9	3.7	3.8
Prem/-disc Tier I %					-25	-42	-43	-7	-22	-31	-45	-66	-68	100	96	125

Priced at market close on 14 September 2021; E: estimates; Source: FactSet and *Intesa Sanpaolo Research

In the table below, we report Equita's multiples at our target price, compared with the full universe of peers.

Equita exit multiples

Multiples at target price and premium/-discount to peers

x	2021E	2022E	2023E
P/E Adj	13.1	12.7	11.3
Premium/(discount) to total peers' median %	-13.4	-20.1	-26.7
P/BV	2.3	2.1	2.0
Premium/(discount) to total peers' median%	-22.4	-43.3	-30.8
Dividend Yield (%)	5.5	6.0	7.3
Premium/(discount) to total peers' median %	-47.6	-60.1	-85.9

E: estimates; Source: Intesa Sanpaolo Research

Equita Group – Key Data

Rating BUY	Target price (EUR/sh) Ord 4.5	Mkt price (EUR/sh) Ord 3.60			Sector Brokerage & Investment
Values per share (EUR)	2019A	2020A	2021E	2022E	2023E
No. of outstanding shares (M)	45.45	45.66	45.95	45.95	45.95
No. of f.d. shares (M)	46.95	46.95	46.95	46.95	46.95
Market cap (EUR M)	128.38	110.44	165.42	165.42	165.42
Adj. EPS	0.210	0.270	0.347	0.358	0.40
TBV PS	1.4	1.4	1.3	1.4	1.5
PPP PS	0	0	0	0	0
Dividend ord	0.19	0.20	0.25	0.28	0.33
Income statement (EUR M)	2019A	2020A	2021E	2022E	2023E
Total income	58	68	79	83	87
Total operating expenses	45	51	57	58	60
Gross operating income	14	18	23	25	27
Provisions for loan losses	0	0	0	0	0
Pre-tax income	14	18	23	25	27
Net income	10	12	16	16	18
Adj. net income	10	12	16	16	18
Composition of total income (%)	2019A	2020A	2021E	2022E	2023E
Global Markets	54.1	49.4	48.5	45.4	43.9
Alternative asset management	14.8	9.6	8.2	10.0	10.5
Investment banking	31.1	41.1	43.2	44.6	45.6
Balance sheet (EUR M)	2019A	2020A	2021E	2022E	2023E
Total assets	309.4	285.7	299.4	313.0	327.5
Customer loans	215.1	203.3	219.4	232.0	246.4
Total customer deposits	194.0	157.0	164.9	173.1	181.7
Shareholders' equity	80.1	85.7	92.5	97.5	103.3
Tangible equity	65.1	58.2	65.0	70.0	75.7
Risk weighted assets	221.9	218.5	239.4	250.7	263.2
Stock market ratios (X)	2019A	2020A	2021E	2022E	2023E
Adj. P/E	13.5	9.0	10.4	10.1	9.0
P/TBV	1.97	1.70	2.84	2.55	2.36
P/PPP	NA	NA	NA	NA	NA
Dividend yield (% ord)	6.7	8.3	6.9	7.6	9.2
Profitability & financial ratios (%)	2019A	2020A	2021E	2022E	2023E
ROE	12	15	18	17	18
Adj. ROTE	15	20	26	24	25
RoRWA	4	6	7	7	7
Leverage	22	23	24	25	25
Cost income ratio	76	74	71	70	69
Cost of risk (bps)	0	0	0	0	0
Tax rate	31	27	27	30	29
Dividend payout	90	75	72	77	82
Other (%)	2019A	2020A	2021E	2022E	2023E
CET1 ratio	25	21	21	21	22
CET1 ratio fully loaded	25	21	21	21	22
Net impaired loans ratio	0	0	0	0	0
Net impaired loans on TBV	0	0	0	0	0
Growth (%)	2019A	2020A	2021E	2022E	2023E
Total income	-2.4	16.9	16.5	4.5	5.1
Gross operating income	-11.9	28.2	29.5	8.3	9.9
Net income	-13.5	29.1	29.5	3.2	11.9
Adj. net income	-20.1	29.1	29.5	3.2	11.9
BS growth (%)	2019A	2020A	2021E	2022E	2023E
Customers' loans	0.0	-5.5	7.9	5.7	6.2
Customers' deposits	5.0	-19.1	5.0	5.0	5.0
Shareholders' funds	0.0	7.0	8.0	5.4	5.9
Structure (no. of)	2019A	2020A	2021E	2022E	2023E
Branches	NA	NA	NA	NA	NA
Employees	156	164	167	170	172

Note: CET1 ratio still calculated according to old regulation. 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 STAR segment of the Italian Stock Exchange and founded more than 45 years ago, Equita, which has more than 160 employees, operates 3 divisions: Global Markets, Investment Banking and Alternative Asset Management.

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

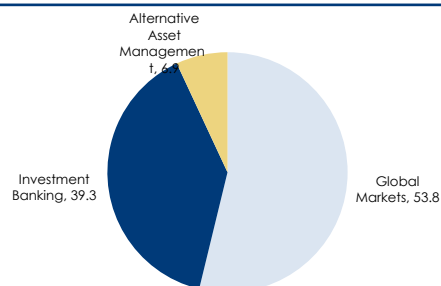
Key data

Mkt price (EUR)	3.60	Free float (%)	37.0
No. of shares	45.95	Major shr	Perilli F.
52Wk range (EUR)	3.64/1.98	(%)	11.4
Reuters	EQUI.MI	Bloomberg	EQUI IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	9.4	-1M	11.7
-3M	14.6	-3M	13.3
-12M	48.8	-12M	12.6

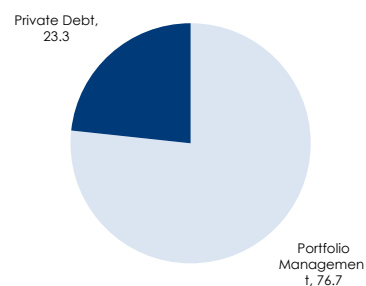
Estimates vs. consensus

EUR M (Y/E Dec)	2020A	2021E	2021C	2022E	2022C	2023E	2023C
Total income	68.20	79.45	NM	83.00	NM	87.24	NM
Operating costs	50.59	56.64	NM	58.30	NM	60.10	NM
Gross op. inc.	17.62	22.81	NM	24.70	NM	27.14	NM
LLP	0.00	0.00	NM	0.00	NM	0.00	NM
Net income	12.32	15.95	NM	16.46	NM	18.41	NM
EPS (€)	0.27	0.35	NM	0.36	NM	0.40	NM

Revenues breakdown by division (%)



AAM AuM breakdown (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 14/09/2021)

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 have revenues ranging from EUR 50M-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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Equity rating key: (long-term horizon: 12M)

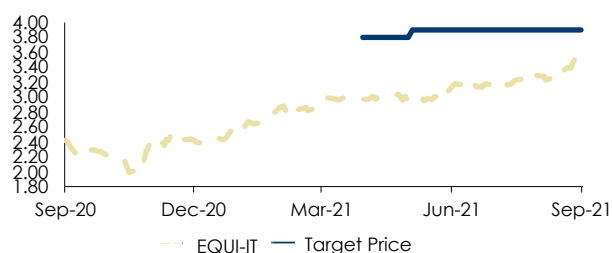
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HOLD	If the target price is 10% below or 10% above the market price
REDUCE	If the target price is 10%-20% lower than the market price
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TARGET PRICE	The market price that the analyst believes the share may reach within a one-year time horizon
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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)
17-May-21	BUY	3.9	3.0
12-Apr-21	BUY	3.8	3.0

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Total Equity Research Coverage relating to last rating (%)*	44	35	21	0	0
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Equity rating key (short-term horizon: 3M)

Short-term rating	Definition
LONG	Stock price expected to rise or outperform within three months from the time the rating was assigned due to a specific catalyst or event
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