

Company Note

MID CORPORATE

Innovatec

FY22 Results

In a challenging regulatory and market scenario, revenues grew by 21.6% and EBITDA was broadly in line. Thanks to an optimised management of strategic assets and a higher incidence of low capital-intensive Energy Efficiency BU, the EBIT margin was up by 200bps to 6.5%. In 2023, the company should leverage on the acquisitions made in the second part of 2022 and on implemented actions to be less dependent from regulation in the Energy Efficiency BU.

FY22 results

FY22 revenues grew by 21.6% to EUR 289.2M, in a challenging regulatory and market scenario. The Energy Efficiency revenues grew 67.1%, sustained by Ecobonus 110%, while the Environment and Circular Economy revenues grew by +3%. EBITDA came in at EUR 32.4M, broadly in line with FY21A, affected by higher energy prices and higher costs related to the Ecobonus uncertainties, but also by higher overhead and structural costs incurred for business development. Thanks to an optimized management of strategic assets and to a higher incidence of low capital-intensive Energy Efficiency BU, EBIT was EUR 18.7M, +74% yoy, with a margin up by 200bps to 6.5%. Net debt, incorporating capex and M&A for over EUR 40M, reached EUR 49.7M, vs. EUR 10M in FY21A.

Outlook

In 2022, the Environment and Circulation business was reinforced through acquisitions, to allow a vertical approach in the materials recovery sector. In particular its capacity was reinforced in consolidated sectors such as batteries and WEEE, and in new market niches, while investments were also carried out to be ready for the treatment and recovery of lithium batteries. To better face challenges in the Energy Efficiency sector, Innovatec is implementing actions to be more resilient to the regulatory changes. In an evolving regulatory scenario, its focus will be finding the right balance between volumes and margins, also thanks to new business lines such as energy communities and photovoltaics. The company is confident to transform into revenues the around EUR 130M pipeline of Ecobonus contracts. Finally, industrial and cost synergies will be extracted from the acquisitions finalised in the second part of 2022.

Valuation

Following the update of our WACC parameters, our DCF model **points to a new target price of EUR 3.0/share** (from EUR 3.1/share). We leave our 2023E/2024E unchanged, waiting for the new management to update Innovatec's Business Plan. **We confirm our BUY recommendation on the stock.**

9 May 2023: 12:06 CET

Date and time of production

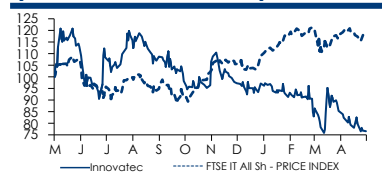
BUY

Target Price: EUR 3.0
(from EUR 3.1)

Italy/Industrials
Results

EGM

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



Innovatec - Key Data

Price date (market close)	08/05/2023
Target price (EUR)	3.0
Target upside (%)	121.24
Market price (EUR)	1.36
Market cap (EUR M)	129.42
52Wk range (EUR)	2.14/1.34

Price performance %	1M	3M	12M
Absolute	-10.3	-17.8	-30.2
Rel. to FTSE IT All Sh	-10.9	-18.3	-39.5

Y/E Dec (EUR M)	FY22A	FY23E	FY24E
Revenues	289.2	342.0	405.0
EBITDA	32.45	46.17	54.68
EBIT	18.68	27.92	37.53
Net income	10.65	16.40	23.61
EPS (EUR)	0.11	0.17	0.25
Net debt/-cash	49.73	62.69	40.27
Adj P/E (x)	17.3	7.9	5.5
EV/EBITDA (x)	7.2	4.2	3.1
EV/EBIT (x)	12.5	6.9	4.5
Div ord yield (%)	0	0	0

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

Intesa Sanpaolo Research Dept.

Davide Rimini - Research Analyst
davide.rimini@intesasanpaolo.com

Alberto Francese - Research Analyst
alberto.francese@intesasanpaolo.com

Corporate Broking Research

A. Francese, G. Berti, G. Cabrino
D. Rimini, A. Terazzi

FY22 Results

FY22 revenues grew by 21.6% to EUR 289.2M, notwithstanding a challenging regulatory and market scenario. In particular:

- The Energy Efficiency BU revenues reached EUR 112.6M, +67.1%, sustained by Ecobonus 110%;
- The Environment and Circular Economy BU posted revenues of EUR 175.5M, +3% yoy, with increasing volumes and prices, demonstrating the solidity, development capacity and sustainability of the business.

Innovatec – FY22 results

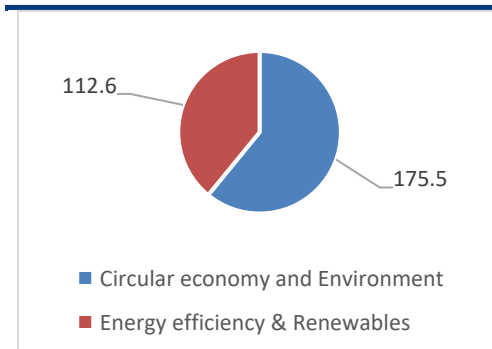
EUR M	FY21A	FY22A	yoy%
Revenues	237.8	289.2	21.6
o/w Circular economy and Environment	169.8	175.5	3.4
o/w Energy efficiency & Renewables	67.4	112.6	67.1
EBITDA*	32.9	32.4	-1.4
o/w Circular economy and Environment*	22.6	22.0	-2.7
o/w Energy efficiency & Renewables*	11.2	12.1	8.0
EBITDA margin	13.8	11.2	-18.9
EBIT	10.7	18.7	74.0
o/w Circular economy and Environment	2.0	9.4	370.0
o/w Energy efficiency & Renewables	9.7	11.7	20.6
EBIT margin	4.5	6.5	43.1
Net income	6.2	10.6	70.7
NFP	10.0	49.7	395.3

*EUR -1.3M of structure costs already deducted in EBITDA line, but not in the figures by segment; A: actual; Source: Company data

EBITDA came in at EUR 32.4M, broadly in line with FY21A, affected by higher energy prices and higher costs related to the Ecobonus' regulatory uncertainties. Margins (11.2% vs. 13.8% in FY21A) were also affected by higher overhead and structural costs incurred for business development and M&A and integration activities. In particular:

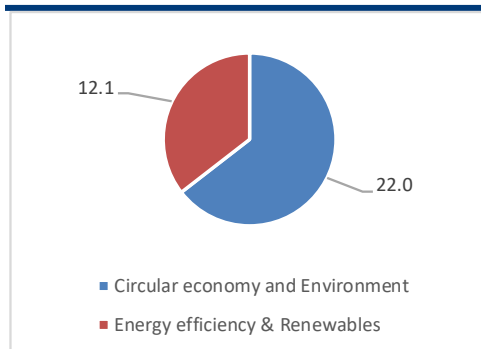
- The Energy Efficiency EBITDA was EUR 12.1M, +8% yoy, with a margin broadly in line with FY21A;
- The Environment and Circular Economy BU EBITDA was EUR 22M, -2.7% yoy, with a margin erosion by 590bps;
- The holding company's net fixed overhead costs amounted to EUR 1.6M, vs. EUR 0.9M in FY21A.

Innovatec - FY22 revenues breakdown



Source: Company data

Innovatec - FY22 EBITDA breakdown



Source: Company data

EBIT was EUR 18.7M, +74% yoy, with a margin improvement by 200bps to 6.5%. EBIT benefitted from an optimised management of its strategic assets, in particular those related to material disposal and recovery activities, and from a higher incidence of the Energy Efficiency BU, which is less capital intensive than the Environment and Circular Economy BU.

Profit Before Tax reached EUR 16.8M in 2022, vs. EUR 10.8M in FY21A, incorporating EUR 1.6M net financial expenses, higher than in FY21 (EUR 0.4M) due to a higher average financial debt.

Group net profit came in at EUR 10.6M, +70.7%, incorporating a 31.3% tax rate (36.8% in FY21A) and EUR 0.9M minorities (EUR 0.6M in FY21A).

Net debt, incorporating capex for around EUR 20M, M&A for around EUR 21M and consolidation of acquired companies net debt for around EUR 14M, reached EUR 49.7M, vs. EUR 10M in FY21A. Net debt was also affected by an increase of around EUR 20M in net working capital, mainly due to the increase in Energy Efficiency revenues and the lengthening of the time required to cash in the 110% Ecobonus tax credits.

M&A activities

As addressed above, a substantial M&A activity was deployed in 2022, such as:

- **The acquisition of 29.6% of ESI** (listed on EGM), an Italian company active in the construction and maintenance of photovoltaic systems;
- **The acquisition of 30% of Frisbi**, an Italian start-up active in the supply of digital and green energy to families and companies allowing them to choose the energy source and the best price available for the contract. The investment in new services and technology is coherent with Innovatec's 2022-24 Business Plan and company strategy, which highlights the role of Innovatec's venture to research, select and invest in innovative start-ups that should enlarge the group's offer;
- **The acquisition through its subsidiary Haiki+ of 70% of the share of capital of Puli Ecol Recuperi**, a company active in the collection, recovery and treatment of waste from electrical and electronic equipment. It owns a complex of plants located in San Severino Marche;
- **The acquisition of S.E.A. - Servizi - Ecologici - Ambientali**, a company located in Romano d'Ezzelino (VI) active in the collection, recovery and treatment of waste from electrical and electronic equipment (WEEE);
- **The acquisition of a 70% in AET**, a company owning a plant located in San Pietro di Morubio (VR) and active in the selection, valorisation and start-up for recycling of the plastic fraction obtained from the treatment of WEEE;
- **The signing of a MoU between Innovatec Power**, a subsidiary of Innovatec that develops projects and offers Energy Efficiency products and services for industrial customers and Public Administration (B2B) as well as energy efficiency interventions in favour of families and condominiums (B2C) thanks to HouseVerde project, **and Coldiretti**, the National Confederation of Direct Growers, the main Italian nationwide agricultural organisation, to collaborate in the development of technological innovation and digitalisation of Coldiretti members' farms. The objective is to help agricultural companies benefit from the EUR 1.2Bn resources coming from the NRRP and destined to support investments for the construction of

photovoltaic power plants accompanied by some efficiency-boosting measures in the agricultural sector. In detail, Innovatec should offer: 1) installation of new photovoltaic systems on the roofs of stables and farms; 2) revamping with rental and/or purchase of existing photovoltaic systems; 3) circular economy client report; 4) renewable energy communities; and 5) installation of charging infrastructure for electric vehicles;

- In addition to the company's strategic growth plan and considering the latest acquisitions, **Innovatec launched a new business unit "Igreenet" (Innovatec Green Network)** dedicated to photovoltaics (B2B) to capture opportunities arising from investments in energy and ecological transition from the Italian government through its NRRP. The new business unit should be active in: 1) the construction of medium-sized plants dedicated to the industrial and agricultural sectors; 2) the realisation of integrated decarbonisation measures in the B2B sector; 3) the development of authorisations for large-scale ground-mounted plants; and 4) the sale of turnkey plants to third parties, with the production of renewable energy to be distributed to businesses, households and energy communities through the recent equity investment (30%) in Frisbi, as detailed above.

Capital and debt transactions

In January 2022, a capital increase dedicated to qualified investors was finalised, with the issue of new 2,368,000 ordinary, around 2.48% of Innovatec's share capital post-increase. The proceeds amounted to around EUR 4.1M.

In December 2022, Innovatec issued a non-convertible bond for a countervalue of EUR 8M, through participation in the second slot of the BasketBond Euronext Growth Programme.

The bond, maturing in October 2028, is amortising, with payment of the first instalment, including the capital portion, in April 2024. The bond will bear interest at a fixed annual nominal gross rate of 5.21%, to be paid in semi-annual instalments in arrears. The company will use the resources deriving from the bond to finance development programmes through M&A and capex transactions, in order to strengthen its position in the environmental and circular economy sectors.

In December 2021, the company issued a bond for a consideration of EUR 10M backed by SACE's Italian Guarantee, maturing on 30 September 2026, with an annual interest rate of 6% and amortising repayment with 18 months of pre-amortisation.

Recent events

In January 2023, the subsidiary Green Up was authorised to build a plant for waste treatment and recovery activities in Lazzate (MB). The plant, which will reduce the amount of waste destined for final disposal, will have a capacity to treat 50k tonnes of waste per year, will be fully automated and equipped with the most advanced technologies. The area is of around 13k square metres, 3k of which will be covered, and will be built in 12 months with an expected investment of around EUR 3.5M. In addition, the subsidiary Green Up Spa has completed the construction of the first tank of the new lot of the Bossarino (SV) landfill, which will allow the group to increase its capacity for the disposal of non-hazardous industrial waste by about 600k cubic metres.

In February 2023, Innovatec and Osai, through their respective subsidiaries Haiki+ and Osai Green Tech, launched a collaboration to explore plant engineering development

opportunities for the circular economy sector, with a specific focus on the recovery of materials from certain categories of waste that should be defined jointly throughout the partnership journey. Haiki+'s mission is to develop a network of plants to grant Innovatec an ever-greater capacity to extract value from waste, realising important technological investments independently and through strategic partnerships. Osai Green Tech is a company of the OSAI Group, active in the design, production and commercialisation of industrial automation systems for the circular economy sector, which has been recently presented at the last edition of Ecomondo.

Outlook

In a complex macroeconomic and regulatory scenario, in 2022 Innovatec was able to seize market opportunities and promptly and effectively implement corrective measures in a scenario of high energy prices, inflation and regulatory uncertainties. In our view, the FY22 results give foundations to the initiatives underlying the 2022-24 development plan.

While in the short-term part of 2023 challenges will persist, the acceleration imposed by policy makers towards the energy and environmental transition remains unchanged, alongside the attention by companies and families to sustainable solutions and services in environment and energy efficiency.

Leveraging upon its strengths, expertise, strategic assets and a wide-ranging offering, Innovatec intends to continue to exploit the opportunities emerging in CleanTech.

In 2022, the Environment and Circulation business was reinforced through acquisitions, which are expected to deliver value from operational synergies and allow a vertical approach in the materials recovery sector. In particular its capacity was reinforced in consolidated sectors such as batteries and WEEE, and in new market niches (plasterboard and mattresses), while investments are also carried out to be ready for the treatment and recovery of lithium batteries, on which Innovatec has two proprietary patents.

The ongoing regulatory changes regarding tax incentives related to energy requalification works on real estate put pressure on margins in 4Q22 and in the first part of 2023, while also generating uncertainties on the future of the incentive measure and slowing down the development of these initiatives.

To better face challenges in the Energy Efficiency sector, Innovatec is implementing actions to be more resilient to regulatory changes, such as using its competitive position to optimise its procurement capacity and EPC sub-contracting activities in financial and economic terms, and only signing new Ecobonus orders in the presence of a financial contribution from the customer and of credit facilities.

In an evolving regulatory scenario, Innovatec's focus will be finding the right balance between volumes and margins, also thanks to the launch of further initiatives in the energy sector, such as energy communities and photovoltaics, including agri-voltaics, which will go along with the more traditional B2B and PA energy efficiency activities.

In 2H22, a network along with a commercial offer in the photovoltaic sector were developed, which are beginning to show the first positive results. Currently Innovatec has a development pipeline of about 120 MWp in medium-large photovoltaics and 118

MWp in B2B medium-sized photovoltaics, while collaboration with agricultural trade associations is ongoing, from which the company expects to develop about 70 MWp.

Regarding HouseVerde Ecobonus, the possibility of converting the residual pipeline of contracts finalised, or in progress, into revenues (around EUR 130M) is linked to the finding of bank plafond for the assignment of tax credits. The company is confident of achieving these credits, thanks to the work carried out in the last part of 2022, in selecting those projects that already had the required paperwork (Comunicazione Inizio Lavori Asseverata or CILA) submitted by the November deadline.

Finally, the company in 2023 will focus on industrial and cost synergies to be extracted from the acquisitions finalised in the second part of 2022.

Waiting for an update of the business plan, also following the appointment of a new CEO earlier this year, we leave for the time being our FY23E and FY24E P&L estimates unchanged, while we adjusted the balance sheet in line with the investments and M&A completed in 2022.

Valuation

We value Innovatec using a DCF model with a WACC of 8.2% (8.3% previously), calculated on:

- A 4.0% risk-free rate (3.0% previously);
- A 6.5% equity risk premium (unchanged);
- A gearing of 34% (previously 18%), considering the company's working capital increase, due mainly to credit transfers delays and acceleration in M&A operations;
- A gross cost of debt of 5% (previously 4%).

Innovatec – WACC calculation (%)

Gross Cost of Debt	5.0
Tax rate	24
Net Cost of Debt	3.8
Gearing	34.0
Beta (x)*	1.0
Risk-free rate	4.00
Equity risk premium	6.50
Cost of equity	10.5
WACC	8.2

* Bloomberg; Source: Intesa Sanpaolo Research estimates

We incorporate our 2023-24E forecasts, while for the long term we assume a 2.0% growth. As usual, capex equals depreciation. To calculate the equity value, we deduct the FY22A net financial position, minorities, employees benefits and more importantly the landfill business liabilities, which we estimate at EUR 38.3M. We calculate a **new target price of EUR 3.0/share** from our previous EUR 3.1/share.

Innovatec – DCF Valuation

EUR M	FY23E	FY24E	LT
Revenues	342.0	405.0	413.1
Change yoy (%)	18.3	18.4	2.0
EBIT	27.9	37.5	39.2
EBIT margin (%)	0.1	0.1	0.1
Taxes	-9.8	-12.2	-12.4
NOPAT	18.2	25.4	26.8
D&A and provisions	18.25	17.15	0
Capex	-18.0	-16.5	0.0
NWC changes	-30.3	-2.5	0.0
FCF	-11.9	23.5	26.8
Discounted FCF	-11.9	21.7	22.9
WACC (%)	8.2		
Perpetuity growth rate (%)	2.0		
NPV of cash flows	9.9		
NPV of terminal value	368.4		
EV	378.3		
NFP FY22A	49.7		
Employee benefits	2.5		
Minorities	0.9		
Provisions landfill business liabilities	38.3		
Equity value	287.00		
N of shares fully diluted (M)	95.45		
Value per share (EUR)	3.0		

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

Innovatec – Key Data

Rating	Target price (EUR/sh)		Mkt price (EUR/sh)		Sector
BUY	Ord 3.0		Ord 1.36		Industrials
Values per share (EUR)	2020A	2021A	2022A	2023E	2024E
No. ordinary shares (M)	95.44	95.44	95.44	95.44	95.44
Total no. of shares (M)	95.44	95.44	95.44	95.44	95.44
Market cap (EUR M)	63.61	78.96	183.83	129.42	129.42
Adj. EPS	0.03	0.07	0.11	0.17	0.25
BVPS	0.20	0.32	0.49	0.67	0.92
Dividend ord	0	0	0	0	0
Income statement (EUR M)	2020A	2021A	2022A	2023E	2024E
Revenues	161.6	237.8	289.2	342.0	405.0
EBITDA	17.95	32.90	32.45	46.17	54.68
EBIT	6.86	10.73	18.68	27.92	37.53
Pre-tax income	6.86	10.79	16.76	27.12	36.83
Net income	2.59	6.24	10.65	16.40	23.61
Adj. net income	2.59	6.24	10.65	16.40	23.61
Cash flow (EUR M)	2020A	2021A	2022A	2023E	2024E
Net income before minorities	4.3	6.8	11.5	17.4	24.7
Depreciation and provisions	11.1	22.2	13.8	18.3	17.2
Others/Uses of funds	36.4	2.4	-1.5	-1.5	-1.9
Change in working capital	8.9	-17.6	-8.8	-28.8	-0.6
Operating cash flow	60.7	13.7	15.0	5.3	39.3
Capital expenditure	-0.4	-27.1	-20.0	-18.0	-16.5
Financial investments	0	0	0	0	0
Acquisitions and disposals	0	0	-21.0	0	0
Free cash flow	60.3	-13.4	-26.0	-12.7	22.8
Dividends	0	0	0	0	0
Equity changes & Non-op items	-54.6	-7.3	-13.7	-0.3	-0.4
Net cash flow	5.7	-20.7	-39.7	-13.0	22.4
Balance sheet (EUR M)	2020A	2021A	2022A	2023E	2024E
Net capital employed	8.4	40.7	96.3	126.3	128.2
of which associates	0	0	0	0	0
Net debt/-cash	-10.7	10.0	49.7	62.7	40.3
Minorities	0	0	0	0	0
Net equity	19.1	30.7	46.6	63.6	87.9
Minorities value	0	0	0	0	0
Enterprise value	52.9	89.0	233.6	192.1	169.7
Stock market ratios (x)	2020A	2021A	2022A	2023E	2024E
Adj. P/E	24.6	12.7	17.3	7.9	5.5
P/CFPS	1.0	5.8	12.3	24.3	3.3
P/BVPS	3.3	2.6	3.9	2.0	1.5
Payout (%)	0	0	0	0	0
Dividend yield (% ord)	0	0	0	0	0
FCF yield (%)	94.8	-17.0	-14.1	-9.8	17.6
EV/sales	0.33	0.37	0.81	0.56	0.42
EV/EBITDA	2.9	2.7	7.2	4.2	3.1
EV/EBIT	7.7	8.3	12.5	6.9	4.5
EV/CE	6.3	2.2	2.4	1.5	1.3
D/EBITDA	Neg.	0.31	1.5	1.4	0.74
D/EBIT	Neg.	0.94	2.7	2.2	1.1
Profitability & financial ratios (%)	2020A	2021A	2022A	2023E	2024E
EBITDA margin	11.1	13.8	11.2	13.5	13.5
EBIT margin	4.2	4.5	6.5	8.2	9.3
Tax rate	NM	NM	NM	NM	NM
Net income margin	1.6	2.6	3.7	4.8	5.8
ROCE	81.2	26.4	19.4	22.1	29.3
ROE	15.6	25.0	27.6	29.8	31.2
Interest cover	NM	NM	NM	34.9	53.6
Debt/equity ratio	Neg.	32.7	106.8	98.5	45.8
Growth (%)		2021A	2022A	2023E	2024E
Sales		47.1	21.6	18.3	18.4
EBITDA		83.3	-1.4	42.3	18.4
EBIT		56.6	74.0	49.5	34.4
Pre-tax income		57.4	55.4	61.8	35.8
Net income		NM	70.7	54.0	44.0
Adj. net income		NM	70.7	54.0	44.0

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

Company Snapshot

Company Description

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

Key data

Mkt price (EUR)	1.36	Free float (%)	55.0
No. of shares	95.44	Major shr	Sostenya
52Wk range (EUR)	2.14/1.34	(%)	45.0
Reuters	INC.MI	Bloomberg	INC IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-10.3	-1M	-10.9
-3M	-17.8	-3M	-18.3
-12M	-30.2	-12M	-39.5

Key Risks

Company specific risks:

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

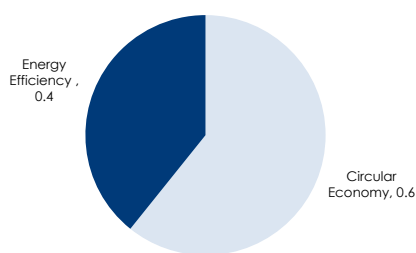
Sector generic risks:

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

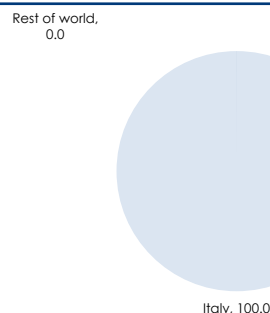
Estimates vs. consensus

EUR M (Y/E Dec)	2022A	2023E	2023C	2024E	2024C	2025E	2025C
Sales	289.2	342.0	NM	405.0	NM	NA	NA
EBITDA	32.45	46.17	NM	54.68	NM	NA	NA
EBIT	18.68	27.92	NM	37.53	NM	NA	NA
Pre-tax income	16.76	27.12	NM	36.83	NM	NA	NA
Net income	10.65	16.40	NM	23.61	NM	NA	NA
EPS (EUR)	0.11	0.17	NM	0.25	NM	NA	NA

FY22 Sales breakdown by segment (%)



Sales breakdown by geography (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 08/05/2023)

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 around EUR 18n.

Disclaimer

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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.

Equity Research Publications in Last 12M

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

Valuation methodology (long-term horizon: 12M)

The Intesa Sanpaolo SpA Equity Research Department values the companies for which it assigns recommendations as follows:

We obtain a fair value using a number of valuation methodologies including: discounted cash flow method (DCF), dividend discount model (DDM), embedded value methodology, return on allocated capital, break-up value, asset-based valuation method, sum-of-the-parts, and multiples-based models (for example PE, P/BV, PCF, EV/Sales, EV/EBITDA, EV/EBIT, etc.). The financial analysts use the above valuation methods alternatively and/or jointly at their discretion. The assigned target price may differ from the fair value, as it also takes into account overall market/sector conditions, corporate/market events, and corporate specifics (ie, holding discounts) reasonably considered to be possible drivers of the company's share price performance. These factors may also be assessed using the methodologies indicated above.

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

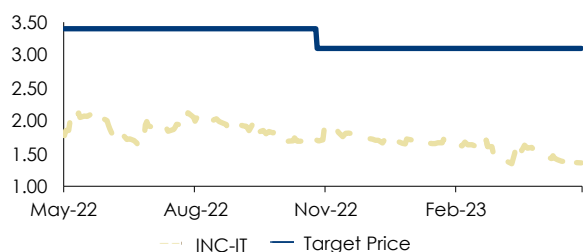
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Equity Rating Key (long-term horizon: 12M)

Long-term rating	Definition
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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.
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Historical recommendations and target price trends (long-term horizon: 12M)

The 12M rating and target price history chart(s) for the companies currently under our coverage can also be found at Intesa Sanpaolo's website/Research/Regulatory disclosures: <https://group.intesasanpaolo.com/en/research/RegulatoryDisclosures/tp-and-rating-history-12-months->. Intesa Sanpaolo changed its long-term 12M horizon rating key on 3 April 2023; please refer to the ISP Equity Rating Reconciliation Table for further details at the following link: <https://group.intesasanpaolo.com/it/research/equity-credit-research>.

Target price and market price trend (-1Y)**Historical recommendations and target price trend (-1Y)**

Date	Rating	TP (EUR)	Mkt Price (EUR)
03-Nov-22	BUY	3.1	1.69

Equity rating allocations (long-term horizon: 12M)**Intesa Sanpaolo Research Rating Distribution (at April 2023)**

Number of companies considered: 131	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%)*	63	11	21	0	0
of which Intesa Sanpaolo's Clients (%)**	75	45	43	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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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) monica.bosio@intesasnpaolo.com
Luca Bacoccoli luca.bacoccoli@intesasnpaolo.com
Davide Candela davide.candela@intesasnpaolo.com
Oriana Cardani oriana.cardani@intesasnpaolo.com
Marco Cristofori marco.cristofori@intesasnpaolo.com
Antonella Frongillo antonella.frongillo@intesasnpaolo.com
Manuela Meroni manuela.meroni@intesasnpaolo.com
Elena Perini elena.perini@intesasnpaolo.com
Bruno Permutti bruno.permutti@intesasnpaolo.com

Corporate Broking Research

Alberto Francese (Head) alberto.francese@intesasnpaolo.com
Gabriele Berfi gabriele.berfi@intesasnpaolo.com
Giada Cabrino giada.cabrino@intesasnpaolo.com
Davide Rimini davide.rimini@intesasnpaolo.com
Arianna Terazzi arianna.terazzi@intesasnpaolo.com

Credit Research

Maria Grazia Antola (Head) maria.antola@intesasnpaolo.com
Alessandro Chiodini alessandro.chiodini@intesasnpaolo.com
Dario Fasani dario.fasani@intesasnpaolo.com
Melanie Gavin melanie.gavin@intesasnpaolo.com
Maria Gabriella Tronconi 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) anna.whatley@intesasnpaolo.com
Stefano Breviglieri stefano.breviglieri@intesasnpaolo.com
Annita Ricci annita.ricci@intesasnpaolo.com
Wendy Ruggeri wendy.ruggeri@intesasnpaolo.com
Elisabetta Bugliesi (IT support) SElisabetta.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

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
Carlo Cavaliere +39 02 7261 2722 carlo.cavaliere@intesasnpaolo.com
Laurent Kieffer +44 20 7651 3653 laurent.kieffer@intesasnpaolo.com
Federica Repetto +39 02 7261 5517 federica.repetto@intesasnpaolo.com
Fabrizio Tito 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
Roberta Papeschi (Corporate Broking) +39 02 7261 6363 roberta.papeschi@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
Alessandro Bevacqua +39 02 7261 5114 alessandro.bevacqua@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
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

E-commerce Distribution

Massimiliano Raposio +39 02 7261 5388 massimiliano.raposio@intesasnpaolo.com

Intesa Sanpaolo IMI Securities Corp.

Greg Principe (Equity Institutional Sales) +1 212 326 1233 greg.principe@intesasnpaolo.com