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EQUITY RESEARCH

INNOVATEC SPA

ANALYSIS FOCUS

BUY

TP 1.9€

Up/Downside: 69%

Spotlight on agrivoltaics

Following the change in legislation linked to the Ecobonus in Italy, Innovatec's *Energy Efficiency* (EE) division will now focus entirely on B2B projects, in particular agrivoltaics, a fast-growing market in Italy. Based on a valuation of 4.1x EV/EBITDA 2024 and a strong business and earnings growth outlook, we believe Innovatec offers an attractive investment opportunity in a sustainable investment vehicle.

The growth of Agrivoltaics in Europe ...

Photovoltaic systems in Europe should grow 3.7x to 730 gigawatt (GW) by 2030, compared to 200 GW today. However, this number does not take into account the potential of agrivoltaics. In fact, if only 5% of Europe's entire utilised agricultural area (UAA) were covered by agrivoltaics plants, the entire installed capacity would drastically increase to 1,5 – 1,7 terawatt (TW). Going further, if only 1% of UAA were covered by agrivoltaics plants, France could multiply by 10x their installed capacity (source: European Commission). In Italy, the current photovoltaic (PV) parc accounts for 25 GW, with the goal of reaching 51 GW by 2030.

... an important opportunity for Innovatec

Following an abrupt change in the Ecobonus in Italy, Innovatec has reorganised their *Energy Efficiency* (EE) business unit, which now focuses on B2B projects anchored on tailored green energy solutions and photovoltaics. The management aims for €201M in revenues by 2026 (vs €114M in 2022). As of Dec 2022, Innovatec's project pipeline amounted to approximately 120 megawatt (MW), of which 118 MW for medium-sized PV projects and 70 MW agrivoltaic projects. This pipeline, composed of 29 contracts, should translate into €120M in revenues.

Solid growth in sight: +12.4% revenue CAGR

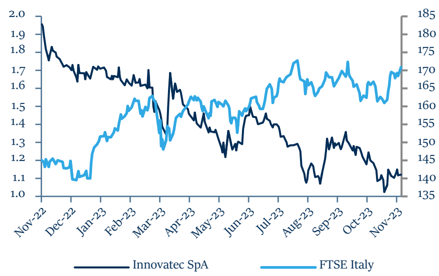
Drawing on a diverse range of services and a strong asset base across Italy, we estimate a +12.4% revenue CAGR (2022 - 2026), aiming for €260M for their *Environment & Circular Economy* (E&CE) business unit and €198M for their *Energy Efficiency* (EE) business unit by 2026. We also estimate the group's EBITDA margin to reach 13.7% by 2026 (vs 11.2% in 2022). Bolstered by a robust growth outlook and improving margins, we are reiterating our Buy rating, as well as our target price of €1.9.

Key data	
Price (€)	1.1
Industry	Utilities
Ticker	INC-IT
Shares Out (m)	96.446
Market Cap (m €)	108.1
Average trading volumes (k shares / day)	361.598
Next event	Q3 2023 - 15/11

Ownership (%)	
Sostenya Group S.r.l.	44.5
Integra S.r.l.	1.0
Free float	54.4

EPS (€)	12/23e	12/24e	12/25e
Estimates	0.05	0.11	0.19
Change vs previous estimates (%)	0.00	0.00	0.00

Performance (%)	1D	1M	YTD
Price Perf	0.4	-6.5	-33.5
Rel FTSE Italy	-1.1	-9.2	-45.5



TP ICAP Midcap Estimates	12/22	12/23e	12/24e	12/25e
Sales (m €)	289.2	255.1	306.2	378.7
Current Op Inc (m €)	24.8	11.5	19.8	30.9
Current op. Margin (%)	8.6	4.5	6.5	8.2
EPS (€)	0.11	0.05	0.11	0.19
DPS (€)	0.00	0.00	0.00	0.00
Yield (%)	0.0	0.0	0.0	0.0
FCF (m €)	-12.4	-9.1	9.0	7.3

Valuation Ratio	12/23e	12/24e	12/25e
EV/Sales	0.6	0.5	0.4
EV/EBITDA	5.6	4.1	2.9
EV/EBIT	13.8	7.6	4.6
PE	21.9	10.4	6.1

Consensus FactSet - Analysts:2	12/23e	12/24e	12/25e
Sales	253.6	310.1	361.3
EBIT	11.1	19.4	28.2
Net income	4.6	10.2	16.2

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Description

Innovatec Group is the Italian leading operator providing 360-degree services in circularity and sustainability. The Group integrates Environment & Circular Economy services, from recovery to recycling, and the full cycle of Energy Efficiency & Renewables services. Innovatec can also boast assisting other companies improve their circularity in their products and processes. Innovatec aims to strengthen its resilience and become a leading player in sustainability through the responsible and efficient use of resources by linking energy and energy efficiency with the material cycle, and recovery and recycling to overall waste generation. The regulatory framework, which plays a significant role in determining revenues and margins for the entire sector, will continue to favour sustainable development for a long time to come. Innovatec is ready to seize the new opportunities that may emerge in this area, as it has always demonstrated in the past, with promptness and ability to organise means and resources. Since their IPO in December 2013, the Group has had the promptness and resources (an extensive asset base) to interpret and act upon various market opportunites, especially deriving from the PNRR (Italian National Recovery Plan). Innovatec is in fact an actor and not a reactor, implementing the skillset and asset base to integrate two necessities: energy efficiency and effective waste management. Being the first Italian operator to vertically integrate these two industries, they are strategically positioned to pioneer the drive towards a Net Zero EU.

Innovatec aims to become a key player in the CleanTech sector, and ready to drive it towards "conscious, innovative and responsible sustainability" and to direct the market towards a new model of sustainable development, to help communities become net zero by providing innovative, concrete and timely solutions to environmental problems.

SWOT Analysis

Strengths

- Access to a growing and resilient market, driven by the "European Green Deal" and the "Next Generation EU" investments;
- A distinctive business model, leveraging on the asset base in environment/circular economy and the know-how in the energy efficiency;
- Thanks to the extensive presence along the value chain and a lean decision-making flow, Innovatec offers tailor-made solutions which have a limited exposure to price pressures;
- An ESG native company, enabling customers' sustainability with a well-defined governance.

Weaknesses

- A competitive pressure in the residential energy efficiency segment;
- Difficulty to find talent to support expansion plans.

Opportunities

- Increased government spending: the EU Green Deal and the "Piano Nazionale di Ripresa e Resilienza" (PNRR) = National Recovery Plan;
- Increasing energy consumption, gradual shift towards alternative energy sector;
- With the COBAT acquisition, Innovatec has integrated a platform for recycling, which should grow along with attractive CONSORTIUMs and verticals;
- A growing interest and substantial investments in Agrivoltaic systems in Italy.

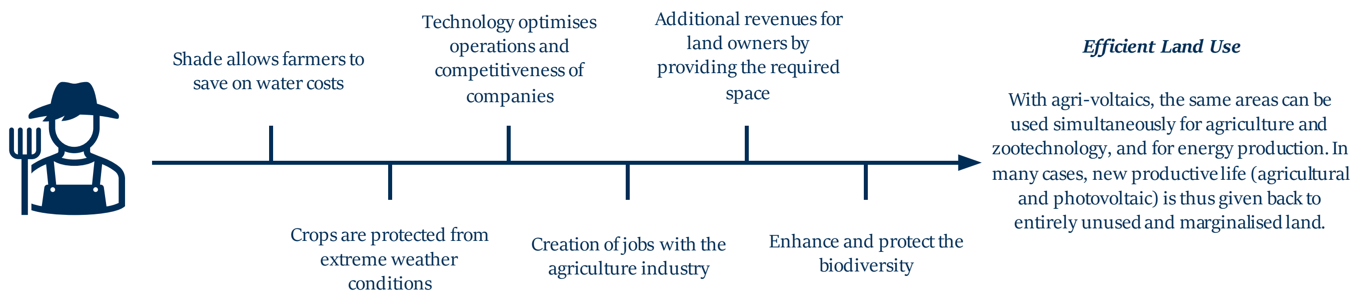
Threats

- Italy's transition towards renewable energy is slower than other EU peers;
- Increasing number of competitors in solar panel production, waste disposal and water treatment facilities;
- Large international conglomerates as competitors in the alternative energy market;
- Change to the Ecobonus legislation in Italy.

Expansion of photovoltaics through agriculture

Photovoltaic systems in Europe are expected to grow from the current level of around 200 gigawatt (GW) to around 730 GW by 2030 and to several terawatt (TW) by 2050. Although considerable capacity can be installed on rooftops, in urban areas, on brownfield sites and on infrastructure, it is expected that around 50% of installations will be ground-mounted systems using agricultural land (agrivoltaics) (source: European Commission Joint Research Centre - JRC). Significant future expansion of photovoltaics must respect food safety requirements and take into account issues of public acceptance in terms of landscape and environmental impact. Agrivoltaic systems therefore offer a compromise, even if they come at a significant economic cost.

The benefits of agrivoltaics for farmers

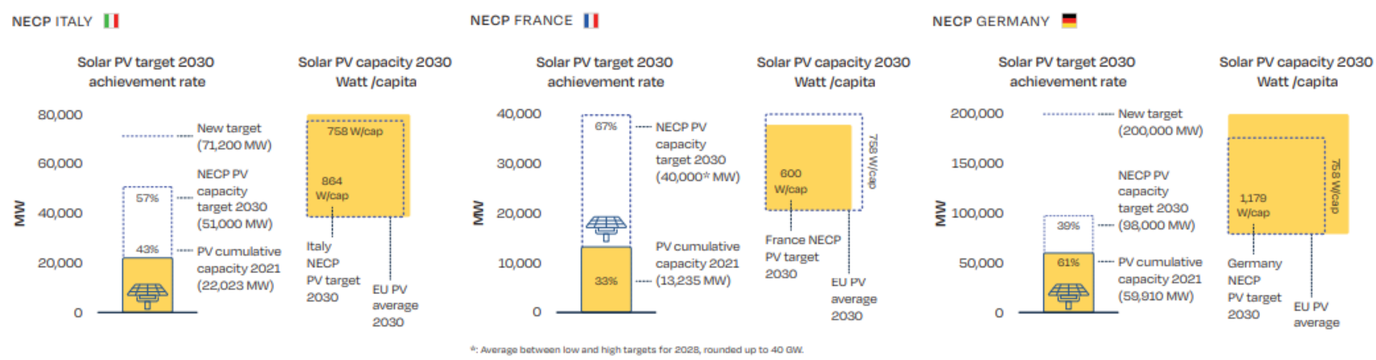


Sources : ENEL, TP ICAP Midcap

Density of installations in Europe

Taking Germany as an example, Fraunhofer ISE estimates that if just 4% of German farmland were covered by photovoltaic modules, the potential capacity would be 1,700 GW, assuming an installed capacity of 0.25 MW/hectare (source: European Commission, Fraunhofer ISE). According to Eurostat, Europe has almost 158 million hectares of utilised agricultural area (UAA). This includes around 98 million hectares of arable land, 49 million hectares of permanent grassland and pasture, 10 million hectares of permanent crops and 290,000 hectares of market garden crops. If 10% of the EU's UAA is covered by agricultural photovoltaic systems, the installed capacity would be between 3.2 and 14.2 TW, while only 5% of the coverage would lead to a total capacity of between 1.5 and 7 TW. The country with the largest installed photovoltaic capacity in 2022 is Germany, with 68.5 GW, followed by Spain with 26.4 GW and Italy with 24.7 GW. The Netherlands and France rank fourth and fifth, with 18 GW and 16.1 GW respectively.

National Energy and Climate Plans (NECP) of Italy, France and Germany



Sources : SolarPower Europe

If just 1% of its UAA were covered by agricultural photovoltaic systems, France could reach ten times its cumulative installed capacity by 2022. Italy could achieve a 3x increase and Spain 5x. Overall, the EU could reach five times its installed PV capacity in 2022 by using only 1% of its UAA for agricultural photovoltaic systems. While only 0.5% of UAA is needed to reach the 72 GW target using traditional ground-mounted PV systems, in the case of agricultural PV deployment, the target can be reached with land coverage in the range of 0.7% to 3%. For the EU as a whole, a coverage of 0.35% of UAA by traditional ground-mounted PV systems would meet the EU target for new policy trends (NECP PV 2030), while the required percentage of UAA coverage by agricultural PV systems is between 0.4% and 1.9%.

Agrivoltaics in Italy

By 2021, one million photovoltaic panels had been installed in Italy (including agricultural, residential, industrial and other) covering a total area of 152 square kilometres, or around 0.05% of the total national territory. By comparison, streets in Italy today occupy 9,200 square kilometres, or around 3% of the total national territory. To achieve the objectives of the PNIEC ("National Integrated Energy and Climate Plan"), around 405 square kilometres would need to be covered with photovoltaic panels, or less than a third of the total surface area of the municipality of Rome. Today, around 25 gigawatts (GW) are produced by the national photovoltaic park. However, to meet the objectives of the plan, Italy would need to more than double this figure by 2030, to 51 GW (source: ENEL).

With funding from the Italian Recovery Plan (PNRR), agrivoltaics is set to shift up a gear in 2023 and 2024. Around €1.1 billion has been earmarked for the "development of agrivoltaics", with the aim of installing 1.04 GW by 2026, with an expected output of around 1,300 gigawatt hours (GWh) per year. According to ISTAT (Italian National Institute of Statistics), in 2022 there were 1 133 023 active farms with a UAA of 12.5 million hectares in Italy, accounting for approx. 41% of the entire national surface area and 8% of the total UAA in Europe (source: Coldiretti, Terrainnova). **As a result, if only 10% of active farms in Italy (11 330) installed on average 92 MW each, the agrivoltaic PNRR objective would be reached**.

In addition, this development aims to reduce the energy supply costs of the agricultural sector, which currently exceed 20% of operating costs, and to improve its climate and environmental performance, with a potential reduction of 0.8 million tonnes of CO_2 (source: ilSole24Ore). What's more, according to a study by the University of Hohenhem in Stuttgart, agrivoltaics can also be useful for mitigating the negative effects of drought in agriculture by shading seedlings - an excellent weapon against desertification (source: La Nazione).

Agrivoltaic park in Trapani (Amazon & ENGIE)

amazon + ENGIE

104 MW

Sources : Amazon.it, ENGIE, TP ICAP Midcap

On 26 May 2023, around 122,000 solar panels producing 76 MW of energy were installed on almost 115 hectares in the Trapani region. As well as being the first agrivoltaic park in Italy, it is also the first to be designed on the basis of a "Purchase Power Agreement" (PPA) model. The project, carried out by the French company ENGIE, which is building the plant, is fed into the Italian national grid and covers - to the tune of around 80% - Amazon's energy needs in Italy. According to ENGIE estimates, the two plants will help to reduce CO_2 emissions by more than 62,000 tonnes a year (source: TerraeVita). Projects of this kind are a step in the right direction towards achieving the objectives of the PNEIC in Italy.

Innovatec is following the same path. In fact, at 31 December 2022, the **total active opportunities in the B2B photovoltaic sector amounted to 120 million euros**, of which 29 contracts, 6 completed and 7 currently in progress. In terms of megawatts (MW), the pipeline under development was around 120 MWp in the medium/large photovoltaic sector, 118 MWp in the medium photovoltaic sector and **70 MWp in the agrivoltaic sector**.

Innovatec's role

Acting as the cornerstone of the 2022 - 2024 strategic plan (and also in the new 2023 - 2026 plan), the group continues its expansion in the energy efficiency market. At the end of May this year, Innovatec Power S.r.l. (controlling around 33% of the total) and *Selettra Illuminazione Pubblica S.r.l.* (controlling around 67% of the contracts) have won 4 contracts worth a total of €60 million for energy efficiency installation works and energy performance contracts (EPC) in Salento. The redevelopment work is due to be completed by the end of 2024, when the 15-year EPC contracts will start to run. The contracts concern energy efficiency works on various public infrastructures in the province of Salento, all linked to the G.R.O.W.S. *Green Revolution of Wealth in Salento* project. The project was launched by the municipality of Campi Salentina as lead partner and 22 other partners from the municipalities of Lecce, Brindisi and Taranto, with the aim of revitalising the growth of a vast area of Salento in an intelligent and sustainable way, by transforming a number of public buildings into an energy-efficient future. All the work will be carried out under E.L.EN.A (*European Local Energy Assistance*), a financial and technical assistance programme set up by the European Commission and the European Investment Bank (EIB).

Later in September, Innovatec also announced a partnership with SENEC, a player specialised in smart solar battery storage systems (subsidiary of EnBW – *Energie Baden-Württemberg AG* – one of Germany's largest energy suppliers). The agreement entails SENEC's entry into EliosPower's (Innovatec subsidiary) pipeline of 100MWp, focusing on the development and implementation of ground-mounted PV plants. The construction and sale of these systems will begin in 2024, where SENEC will be responsible for the entire production process. EliosPower will carry out all activities necessary to obtain the required authorisations for the construction and implementation of the plants. This partnership allows Innovatec to join forces with an established international player in PV development, further strengthening their presence in this growing market and reducing their time-to-market. **Such projects, which include the obtainment of the authorisation, the implementation and the management of plants, have a market value of approximately €1M – €1.2M per megawatt (MW)** (source: Sorgenia).

In an effort to further strengthen their offer, Innovatec also signed an agreement with Agri-Light Energy Systems Ltd ("AL"), leading international player in photovoltaics, owner of the innovative and patented Smart Agri-PV technology (SAPV[1]) for power generation in agrivoltaics. In line with the agreement established with EnBW, Innovatec (through EliosPower) will act as the General Contractor, in charge of the various authorisation developments, while AL (together with EnBW), will act as a technology partner, the engineering and procurement of the proprietary SAPV system.

The Group's new 360 Energy Clean Tech platform

Pillar	**Sustainability & Decarbonisation Strategy**	**System Integrator of Energy Transition solutions**	**RES Asset Development & Management**	**Green Energy Portfolio Management**
Activities	• **Carbon inventory** analysis • **Sustainability Reporting** and the **ESG plan** definition • Identification of **decarbonisation levers** • **Technology Scouting** • **Pre-feasability, technical-economic analysis** and **Risk Assessment**	• **Feasability** analysis • **Engineering Design** from preliminary stage to executive stage • **E2E project management** • **Suppliers** and **Materials Management** • Full **EPC service**	• Management of the **entire development/permitting process** • Management of the **Engineering, Procurement & Construction** phases • Supply of **turnkey plants** • **Asset Management** of owned plants	• **Energy portfolio management** • **Green Energy** Procurement • **PPAs** (Power Purchase Agreements) • Development of **Demand Response systems** • **Development of energy communities**
Brands	Circularity; Innovatec Power	Innovatec Power	Innovatec Eliospower; ESI Spa	frisbi energia naturale

Sources : Innovatec, TP ICAP Midcap

These contracts will be used to bolster their *Energy Efficiency* (EE) division, which generated €113m in revenue in 2022 (around 39% of the Group's total revenue), up 68% on 2021. In their 2023 - 2026 strategic plan (presented on 19 September 2023), the Group estimates revenues from this division at €201m by 2026, with growth anchored in (i) the production and installation of bespoke green energy solutions and (ii) the transformation of their existing pipeline of B2B EE projects (mainly photovoltaic projects). The plan targets a cumulative contribution of around €39m from energy installation and performance (EPC) work, and €68m from the construction and management of *turnkey* projects. These projects will help to fill the gap left by the *HouseVerde* initiative, for which Innovatec's management had estimated €135m between now and 2026 in its previous 2022 - 2024 strategic plan (presented in February 2022).

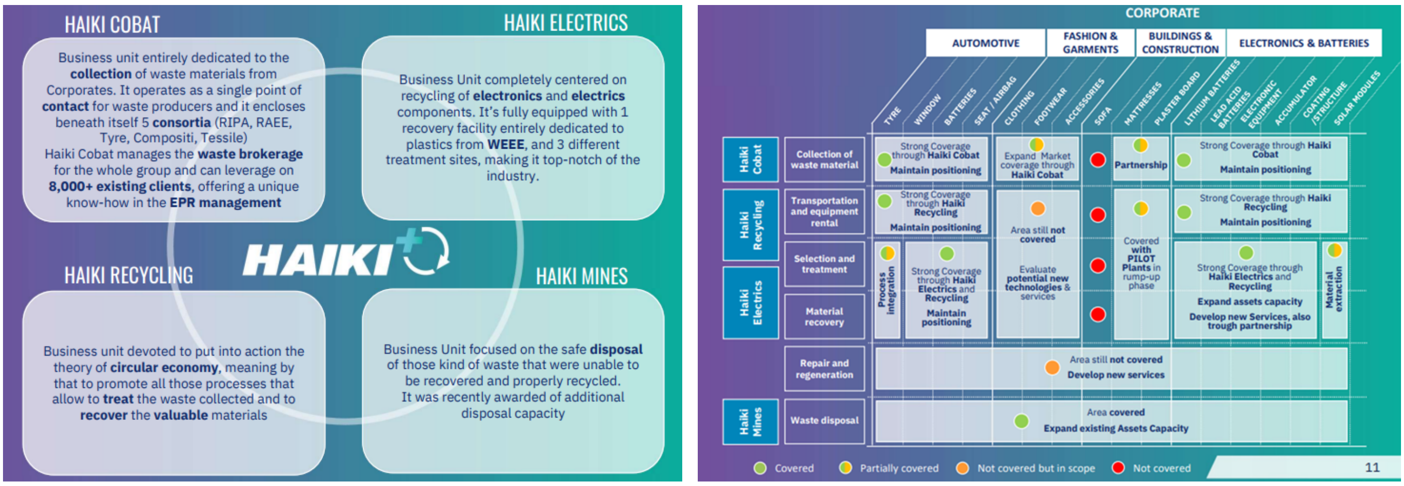
[1] *SAPV is an agrivoltaic optimisation system that measures real time environmental factors such as radiation, temperature, humidity, pressure, rain etc., thus providing inputs for the joint optimisation of agricultural practices and photovoltaic efficiency.*

To complete its 360-degree coverage of sustainability, the Group also has substantial development plans for the *Environment & Circularity* (EC) division. One of the main drivers revolves around Article 188 of Legislative Decree 152/2006. This law stipulates that each producer is responsible for the proper management of waste, either by treating it directly or by entrusting it to legally authorised parties such as intermediaries, organisations or companies carrying out waste treatment operations, and public or private waste collectors or transporters. By 2026, Innovatec is targeting €278 million in revenue for this division, driven by M&A and the full Haiki+ range. On the first point, Innovatec aims to vertically integrate its value chain, with a presence from the earliest stages of collection and transport, right through to the entire recycling and waste management process.

The various Haiki+ brands target the most important stages of production and end-of-life cycles in different industries. The group aims to consolidate key sectors and expand its presence through new partnerships and by entering new waste consortia. The Haiki+ COBAT platform, for example, is present in five waste consortia in the automotive, real estate and electronics sectors in Italy. In the future, management aims to strengthen its position in the fashion and construction sectors. In fact, Haiki+ is awaiting authorisations to process and recover mattresses and drywall in Italy. The importance of these two products may be overlooked, but for Innovatec they represent a lucrative opportunity. Most mattresses are thrown away after an average of ten years of use.

The figures available on discarded mattresses worldwide are staggering. To give just a few figures, over a million used mattresses are thrown away every year in the Netherlands, over 7 million are thrown away every year in the UK and over 50,000 are thrown away every day in the US. In the EU, 30 million mattresses reach the end of their life cycle every year, and it is estimated that 60% of them end up in landfill sites and 40% are incinerated (source: European Bedding Association). According to Innovatec, around 5 million mattresses are thrown away every year in Italy. However, it is estimated that around 85% of their mass can be recycled through appropriate management. Despite their high potential, the recycling rate is very low because they contain polyurethane, a complex material to process. This is also the case for other complex materials such as drywall and textiles. These are materials with high potential, but which are complex to process.

Overview of Haiki+



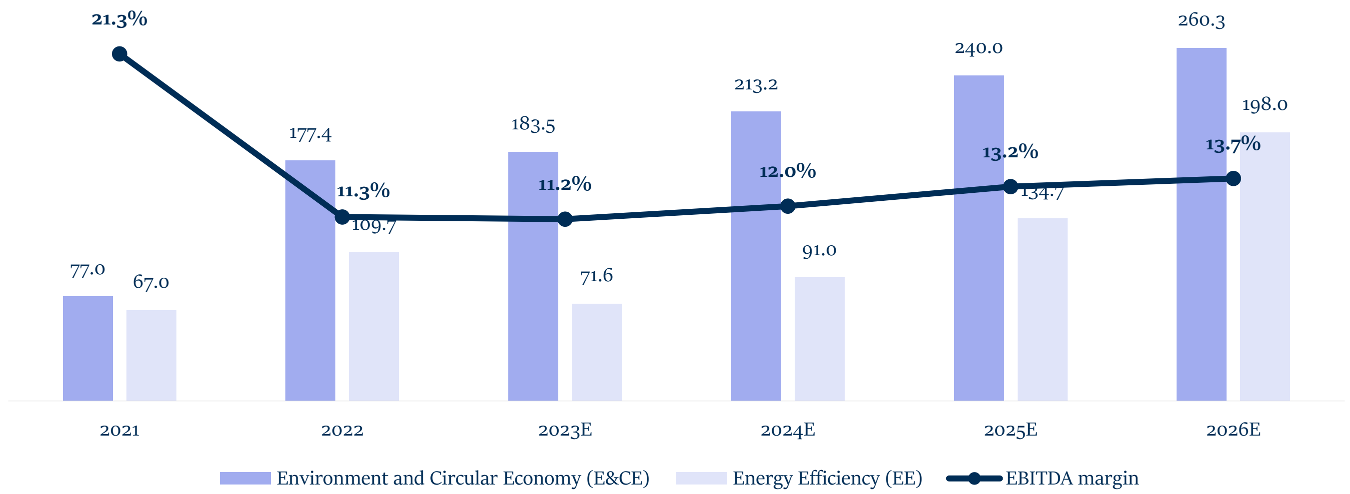
Sources : Innovatec 2023 – 2026 BP presentation

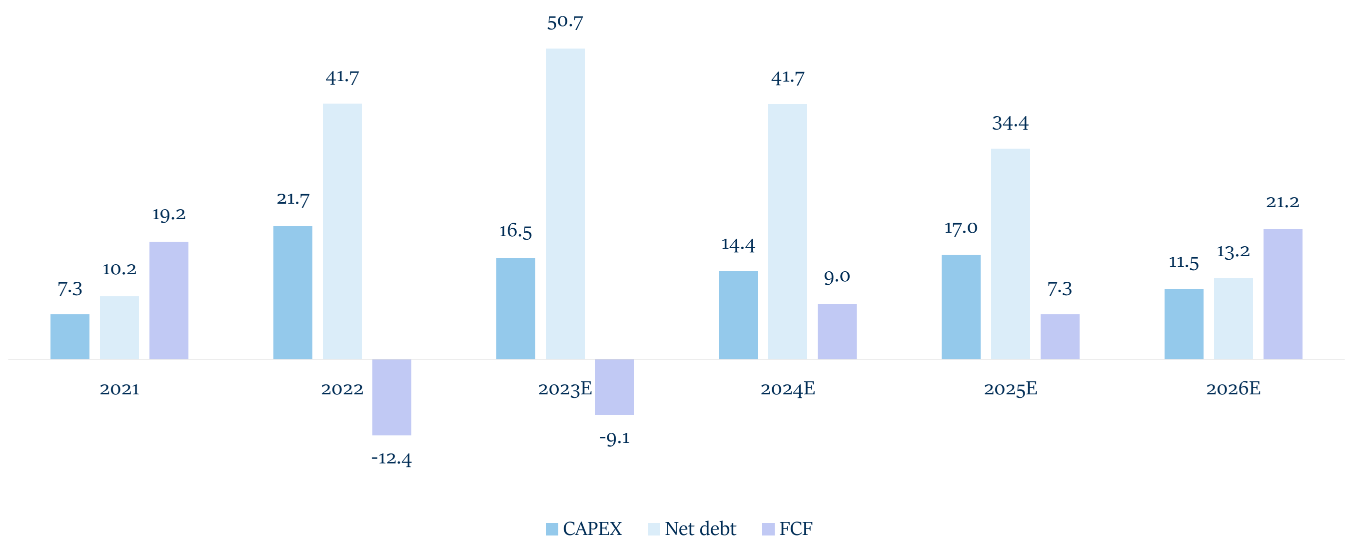
It is clear that industrial waste production needs to be brought into line with the latest European regulations on the circular economy, both in Italy and abroad. Measures include higher levels of efficiency in terms of recycling, specialised plants and the reduction of deliveries to landfill, which remain a fundamental and indispensable asset for the entire supply chain. For operators like Innovatec, this context represents a demanding challenge but also a great opportunity from a social and economic point of view. This requires the development of more integrated waste cycle management technologies and processes, in order to become a 'one-stop shop' in the circularity market.

Our 2023E – 2026E estimates

Our estimates are broadly in line with the Group's 2023 - 2026 business plan presented last month. We are taking a more cautious approach and are not including potential future M&A contributions. Even with €50m of accumulated CAPEX and higher staff costs over the 2023 - 2026 period (in line with the Group's plan), we estimate a gradual improvement in EBITDA and EBIT margins over the period, mainly driven by: organic growth in the EE and EC segments, an optimised services portfolio (entry into new waste consortia) and the transformation of their EE B2B project pipeline (mainly photovoltaics).

Revenue, EBITDA margin, CAPEX, net debt and FCF estimates – in €M and % (2021 – 2026E)





Sources : TP ICAP Midcap estimates

FINANCIAL DATA

Income Statement	12/20	12/21	12/22	12/23e	12/24e	12/25e
Sales	27.9	144.6	289.2	255.1	306.2	378.7
Changes (%)	-39.6	419.1	100.0	-11.8	20.1	23.7
Gross profit	25.7	126.6	246.5	214.3	257.2	318.1
% of Sales	92.1	87.5	85.2	84.0	84.0	84.0
EBITDA	**3.0**	**30.8**	**32.4**	**28.5**	**36.6**	**49.9**
% of Sales	10.9	21.3	11.2	11.2	12.0	13.2
Current operating profit	**2.7**	**21.1**	**24.8**	**11.5**	**19.8**	**30.9**
% of Sales	9.7	14.6	8.6	4.5	6.5	8.2
Non-recurring items	0.0	-5.4	-3.1	0.0	0.0	0.0
EBIT	2.7	15.6	21.7	11.5	19.8	30.9
Net financial result	-0.2	0.4	-1.6	-4.1	-4.1	-4.2
Income Tax	-0.8	-4.0	-5.3	-2.1	-4.4	-7.5
Tax rate (%)	54.6	37.1	31.4	27.9	27.9	27.9
Net profit, group share	**0.7**	**6.4**	**10.6**	**4.9**	**10.4**	**17.8**
EPS	0.01	0.07	0.11	0.05	0.11	0.19

Financial Statement	12/20	12/21	12/22	12/23e	12/24e	12/25e
Goodwill	22.8	36.7	39.0	39.0	39.0	39.0
Tangible and intangible assets	34.1	37.1	72.2	71.7	69.3	67.4
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	2.1	2.5	9.9	9.9	9.9	9.9
Working capital	8.7	13.4	17.7	32.7	37.4	51.2
Other Assets	0.0	0.0	0.0	0.0	0.0	0.0
Assets	67.7	89.7	138.8	153.3	155.5	167.5
Shareholders equity group	17.2	25.4	41.9	46.9	57.3	75.2
Minorities	2.0	5.3	4.7	5.1	6.0	7.4
LT & ST provisions and others	39.3	41.0	42.8	42.8	42.8	42.8
Net debt	-0.4	10.2	41.7	50.7	41.7	34.4
Other liabilities	9.8	7.8	7.7	7.7	7.7	7.7
Liabilities	67.7	89.7	138.8	153.3	155.5	167.5
Net debt excl. IFRS 16	-0.4	10.2	41.7	50.7	41.7	34.4
Gearing net	-0.0	0.3	0.9	1.0	0.7	0.4
Leverage	-0.1	0.3	1.3	1.8	1.1	0.7

Cash flow statement	12/20	12/21	12/22	12/23e	12/24e	12/25e
CF after elimination of net borrowing costs and taxes	-1.9	28.2	29.7	22.3	28.1	38.2
ΔWCR	6.7	-1.7	-20.4	-14.9	-4.7	-13.9
Operating cash flow	4.8	26.5	9.4	7.4	23.4	24.4
Net capex	-4.5	-7.3	-21.7	-16.5	-14.4	-17.0
FCF	0.3	19.2	-12.4	-9.1	9.0	7.3
Acquisitions/Disposals of subsidiaries	-0.1	-19.8	-11.0	0.0	0.0	0.0
Other investments	-0.7	1.4	-0.0	0.0	0.0	0.0
Change in borrowings	-7.8	11.5	9.2	0.0	0.0	0.0
Dividends paid	0.0	-0.0	-0.7	0.0	0.0	0.0
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	2.6	1.8	6.2	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0
Change in net cash over the year	-5.7	13.7	-16.0	-9.1	9.0	7.3

ROA (%)	0.6%	3.5%	4.2%	2.1%	4.0%	6.0%
ROE (%)	3.5%	20.8%	22.9%	9.5%	16.5%	21.6%
ROCE (%)	1.8%	7.2%	9.3%	5.4%	9.2%	13.4%

DISCLAIMER

Analyst certifications

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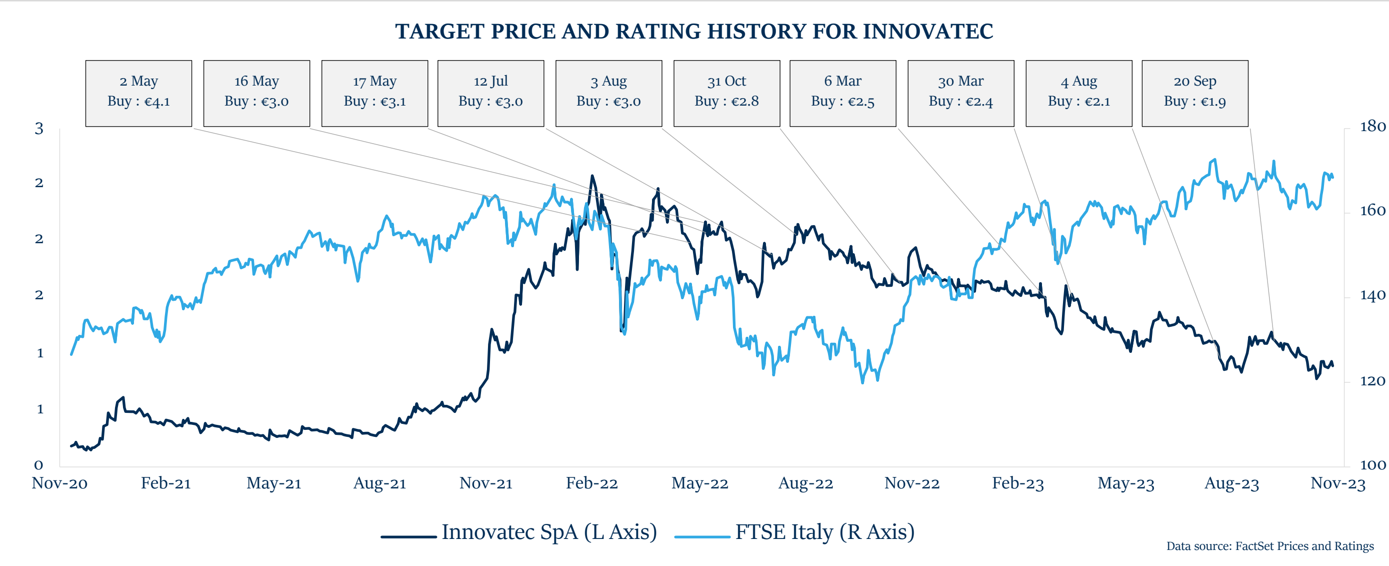
Methodology

This Report may mention evaluation methods defined as follows:
1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
5. Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

Conflict of Interests between TP ICAP Midcap and Issuer

G. Midcap and the Issuer have agreed to the provision by the former to the latter of a service for the production and distribution of the investment recommendation on the said Issuer: Innovatec SpA

History of investment rating and target price – Innovatec SpA



Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	80%	64%
Hold	16%	48%
Sell	2%	0%
Under review	1%	100%

Midcap employs a rating system based on the following:
Buy: Expected to outperform the markets by 10% or more over a 6 to 12 months horizon.
Hold: expected performance between -10% and +10% compared to the market over a 6 to 12 months horizon.
Sell: Stock is expected underperform the markets by 10% or more over a 6 to 12 months horizon.

The history of ratings and target prices for the Issuers covered in this report are available on request at https://researchtpicap.midcapp.com/en/disclaimer.

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