

# TXT E-SOLUTIONS

Sector: Industrials

# OUTPERFORM

Price: Eu10.10 - Target: Eu13.50

## Strong Results and Supportive Outlook Drive Estimates Up

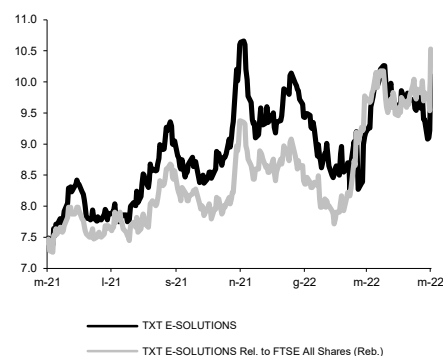
**Andrea Randone +39-02-77115.364**  
 andrea.randone@intermonte.it

### Stock Rating

<b>Rating:</b>	Unchanged		
<b>Target Price (Eu):</b>	Unchanged		
	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
<b>Chg in Adj EPS</b>	3.6%	7.3%	7.5%

**Next Event 1H22 Results**  
 Results Out 3<sup>rd</sup> August 2022

### TXT E-SOLUTIONS - 12M Performance



### Stock Data

 Reuters code: TXTS.MI  
 Bloomberg code: TXT IM

Performance	1M	3M	12M
Absolute	4.8%	16.8%	36.1%
Relative	9.3%	29.2%	40.1%
12M (H/L)	10.66/7.37		
3M Average Volume (th):	29.98		

### Shareholder Data

No. of Ord shares (mn):	13
Total no. of shares (mn):	12
Mkt Cap Ord (Eu mn):	131
Total Mkt Cap (Eu mn):	131
Mkt Float - Ord (Eu mn):	66
Mkt Float (in %):	50.0%
Main Shareholder:	
Enrico Magni (Laserline)	29.6%

### Balance Sheet Data

Book Value (Eu mn):	101
BVPS (Eu):	8.28
P/BV:	1.2
Net Financial Position (Eu mn):	3
Enterprise Value (Eu mn):	120

■ **1Q22 results well above our estimates.** 1Q22 revenues came to Eu30.5mn, up +42% YoY (+18% organic) and +5.4% above our estimates. The Aerospace and Aviation business was up 44.5% YoY thanks to 18.2% organic growth and the consolidation of TeraTron, acquired in July 2021. Fintech revenues came to Eu14.6mn, up +39.4% YoY, or +17.5% on a like-for-like basis. Quarterly EBITDA came in at Eu4.5mn, a considerable improvement on Eu2.7mn in 1Q21 and 13% better than we expected, with a 14.7% margin (vs. 12.6% in 1Q21). At bottom line, quarterly net profit was Eu2.1mn, higher than our Eu2.0mn forecast, after a negative impact from financial items (Eu-0.3mn) that were positive in 1Q21 (Eu0.3mn). Finally, it is worth pointing out the excellent Eu7.1mn quarterly net cash flow (on top of Eu1.6mn spent to buy back treasury shares) mainly driven by NWC reduction (receivables were quite high at YE21).

■ **Positive 2022 outlook.** For the rest of the year the group envisages further growth in the industrial division (Aerospace, Automotive, etc.) favoured by i) a recovery in air traffic and growing focus on sustainability issues in the civil aviation sector; ii) acceleration in European defence programmes; iii) consolidation and integration of German company TeraTron's IoT offer. For the Fintech division – which also includes the offer addressed to the public sector administration – the integration of companies acquired in the last three years has been successfully completed, and in 2Q22 the unit dedicated to software certification, testing and quality control has been awarded a Eu2.5mn 3-year contract with a leading Italian public sector institution, while HSPI has won new tenders in digital transformation for the public sector worth over Eu20mn over the next three years.

■ **M&A announcements are expected soon.** Management confirmed a solid pipeline of new potential acquisitions and in particular commented on two possible deals that might be announced by the end of June: a mature company with annual revenues exceeding Eu15mn and an investment in a profitable and innovative SME. Overall, management confirmed the ambition to take FY22 revenues up to Eu150mn thanks to new M&A deals.

■ **Raising estimates in light of solid results and constructive outlook.** We are raising our 2022 top line estimates by 4%, entirely organic, assuming stronger trends for the Fintech business unit (including the Public Sector offering). For the time being we are maintaining a more modest organic growth assumption in 2023/24 (7.4-7.5% from 11.8% now expected in 2022E). In terms of EBITDA, we are raising our margin forecasts by 10bp on 2022 and 30bp on 2023, now pointing to 14.7% and 15.0% respectively. We again remain quite cautious in projecting margin expansion for the Fintech business unit. All in all, we are raising our EPS projections by 3.6% for 2022 and 7.2% for 2023.

■ **OUTPERFORM, target Eu13.5 confirmed.** A stronger-than-expected quarter for TXT, which remains well placed to seize further M&A opportunities, in which management has shown a solid track record. Our target remains unchanged because the estimate upgrade offset a 50bp increase in our risk-free rate assumption. Even without considering the financial investment in Banca del Fucino, the stock is trading at just 6.5x EV/EBITDA on 2022 and 5.5x on 2023 respectively.

Key Figures & Ratios	2020A	2021A	2022E	2023E	2024E
Sales (Eu mn)	69	96	120	129	138
EBITDA Adj (Eu mn)	9	15	18	19	21
Net Profit Adj (Eu mn)	4	8	8	10	11
EPS New Adj (Eu)	0.383	0.675	0.685	0.785	0.870
EPS Old Adj (Eu)	0.383	0.675	0.661	0.732	0.810
DPS (Eu)	0.040	0.000	0.000	0.000	0.000
EV/EBITDA Adj	8.1	7.2	6.8	5.7	4.7
EV/EBIT Adj	18.4	10.5	10.3	8.4	6.8
P/E Adj	26.4	15.0	14.7	12.9	11.6
Div. Yield	0.4%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	-2.6	0.6	-0.2	-0.7	-1.1

**TXT E-SOLUTIONS – Key Figures**

<b>Profit &amp; Loss (Eu mn)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Sales	59	69	96	120	129	138
EBITDA	7	9	15	18	19	21
EBIT	4	3	10	12	13	15
Financial Income (charges)	-1	3	1	0	0	0
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	2	6	10	12	13	15
Taxes	-2	-1	-2	-3	-4	-4
Tax rate	80.6%	19.8%	24.0%	28.0%	28.0%	28.0%
Minorities & Discontinued Operations	-0	-0	0	0	0	0
Net Profit	0	5	8	8	10	11
EBITDA Adj	7	9	15	18	19	21
EBIT Adj	4	4	10	12	13	15
Net Profit Adj	0	4	8	8	10	11
<b>Per Share Data (Eu)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Total Shares Outstanding (mn) - Average	12	12	12	12	12	12
Total Shares Outstanding (mn) - Year End	12	12	12	12	12	12
EPS f.d	0.039	0.383	0.675	0.685	0.785	0.870
EPS Adj f.d	0.039	0.383	0.675	0.685	0.785	0.870
BVPS f.d	7.028	7.313	7.942	8.276	9.061	9.931
Dividend per Share ORD	0.000	0.040	0.000	0.000	0.000	0.000
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	0.0%	10.4%	0.0%	0.0%	0.0%	0.0%
<b>Cash Flow (Eu mn)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Gross Cash Flow	4	10	10	12	13	
Change in NWC	-7	-16	-12	-5	-4	-4
Capital Expenditure	-1	-1	-1	-2	-2	-2
Other Cash Items	-1	0	-0	0	0	0
Free Cash Flow (FCF)	-5	-7	-0	7	10	11
Acquisitions, Divestments & Other Items	-2	-17	-25	0	0	0
Dividends	-6	0	-0	0	0	0
Equity Financing/Buy-back	0	0	0	5	0	0
Change in Net Financial Position	-19	-19	-31	12	10	11
<b>Balance Sheet (Eu mn)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Total Fixed Assets	35	47	81	77	74	70
Net Working Capital	10	21	24	29	33	37
Long term Liabilities	-5	-5	-3	-3	-3	-3
Net Capital Employed	41	64	102	103	103	103
Net Cash (Debt)	41	22	-9	3	13	24
Group Equity	82	85	93	101	111	121
Minorities	0	0	0	0	0	0
Net Equity	82	85	92	101	111	121
<b>Enterprise Value (Eu mn)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Average Mkt Cap	104	91	95	123	123	123
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	41	22	-9	3	13	24
Enterprise Value	62	69	104	120	110	99
<b>Ratios (%)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
EBITDA Adj Margin	11.9%	12.5%	15.1%	14.7%	15.0%	15.2%
EBIT Adj Margin	7.2%	5.5%	10.3%	9.8%	10.2%	10.5%
Gearing - Debt/Equity	-50.6%	-25.8%	9.8%	-3.3%	-11.9%	-19.6%
Interest Cover on EBIT	2.9	nm	nm	nm	nm	nm
Net Debt/EBITDA Adj	-5.9	-2.6	0.6	-0.2	-0.7	-1.1
ROACE*	10.7%	6.0%	11.6%	11.3%	12.7%	14.1%
ROE*	0.5%	5.4%	8.9%	8.7%	9.1%	9.2%
EV/CE	1.9	1.3	1.3	1.2	1.1	1.0
EV/Sales	1.1	1.0	1.1	1.0	0.9	0.7
EV/EBITDA Adj	8.9	8.1	7.2	6.8	5.7	4.7
EV/EBIT Adj	14.6	18.4	10.5	10.3	8.4	6.8
Free Cash Flow Yield	-3.4%	-5.0%	-0.4%	5.5%	7.4%	8.1%
<b>Growth Rates (%)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Sales	47.8%	16.4%	40.2%	24.1%	7.4%	7.5%
EBITDA Adj	84.4%	22.2%	69.6%	21.2%	9.8%	9.0%
EBIT Adj	131.4%	-12.2%	165.5%	17.4%	12.1%	11.0%
Net Profit Adj	-20.5%	950.1%	66.3%	6.7%	14.6%	10.8%
EPS Adj	-20.5%	893.2%	76.2%	1.6%	14.6%	10.8%
DPS	nm	nm	nm			

\*Excluding extraordinary items Source: Intermonte SIM estimates

## TXT e-solutions in Brief

### Company description

**TXT e-solutions** is an international IT group, an end-to-end provider of consultancy, software services and solutions for: 1) the aerospace, aeronautics, and automotive sector, where it offers specific products and engineering services; 2) the fintech sector, where it focuses on software testing and quality services. Listed on the STAR segment of the Milan Stock Exchange since 2000, TXT has its head office in Milan

### Strengths /Opportunities

- Multi-year experience in the digital domain
- Proprietary software portfolio
- Highly specialised workforce
- Solid M&A track record
- Strong balance sheet
- Geographical expansion & product diversification

### Management

**Chairman:** Enrico Magni  
**CEO:** Daniele Misani  
**CFO:** Eugenio Forcinito

**Next BoD renewal:** April 2023  
**BoD independent members:** 4/7

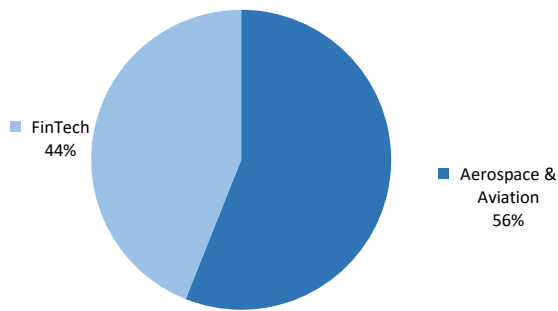
### Shareholders

Laserline SpA	30%
Managers	11%
Treasury Shares	10%
Market	50%

### Weaknesses /Threats

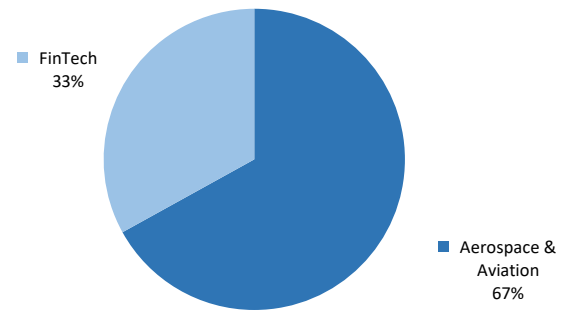
- High level of competition in the digital sector
- Business cyclicity, especially in the civil aviation sector
- Limited company size
- New entrants to the sector and fierce competition
- Execution risk following the intended M&A operations and potential delays in integrating the acquired companies

### TXT e-solutions: Revenue Breakdown (2021A)



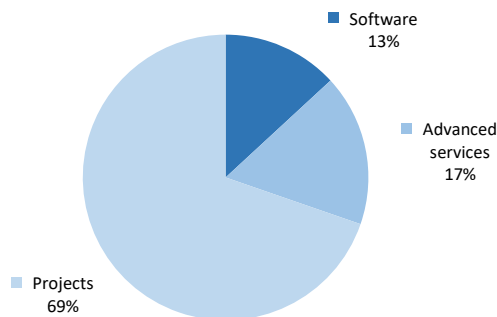
Source: Company Data & Intermonte SIM

### TXT e-solutions: EBITDA Breakdown (2021A)



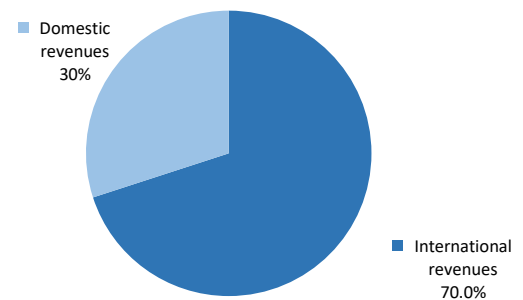
Source: Company Data & Intermonte SIM

### TXT e-solutions: Aerospace&Aviation Revenue Breakdown (2021A)



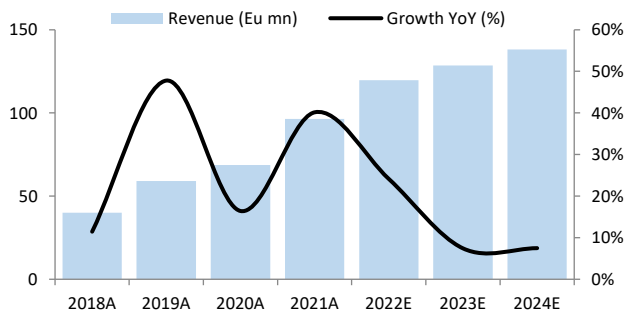
Source: Company Data & Intermonte SIM

### TXT e-solutions: International vs. Domestic Revenue (2021A)



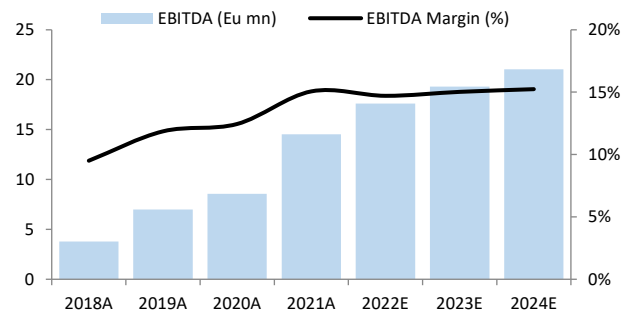
Source: Company Intermonte SIM

### TXT e-solutions: Revenue Evolution (2018A-2024E)



Source: Company data & Intermonte SIM Estimates

### TXT e-solutions: EBITDA and Margin Evolution (2018A-2024E)



Source: Company data & Intermonte SIM Estimates

## 1Q22 Results

### TXT e-solutions: 1Q22 Results

(Eu mn)	1Q21A	1Q22A	1Q22E	A/E %
<b>Revenue</b>	<b>21.5</b>	<b>30.5</b>	<b>29.0</b>	<b>5.4%</b>
<i>YoY growth</i>	32.2%	42.1%	34.8%	
<i>Organic</i>	2.3%	17.8%	15.7%	
<i>Scope</i>	29.9%	24.2%	19.1%	
<b>EBITDA IFRS</b>	<b>2.7</b>	<b>4.5</b>	<b>4.0</b>	<b>13.3%</b>
<i>YoY growth</i>	37.6%	66.2%	46.6%	
<i>EBITDA IFRS margin %</i>	12.6%	14.7%	13.7%	
- D&A	(1.0)	(1.2)	(1.3)	
<b>EBIT</b>	<b>1.7</b>	<b>3.2</b>	<b>2.7</b>	<b>20.7%</b>
<i>YoY growth</i>	47.4%	86.1%	54.2%	
<i>EBIT margin %</i>	8.0%	10.5%	9.2%	
- Financial income/(charges)	0.3	(0.3)	0.3	
<b>Pre-tax profit</b>	<b>2.0</b>	<b>2.9</b>	<b>2.9</b>	<b>0.3%</b>
- Income tax	(0.7)	(0.9)	(1.0)	
<i>Tax rate %</i>	37.6%	29.2%	33.0%	
<b>Net income from cont. op.</b>	<b>1.2</b>	<b>2.1</b>	<b>2.0</b>	<b>6.0%</b>
<i>YoY growth</i>	391.3%	67.5%	58.0%	
<i>Net profit margin %</i>	5.8%	6.8%	6.8%	
<b>Net debt/(cash)</b>	<b>(10.8)</b>	<b>(3.2)</b>	<b>(0.5)</b>	

Source: Company data and Intermonte SIM estimates

### TXT e-solutions: 1Q22 Divisional Breakdown

Revenue (Eu mn)	1Q21A	1Q22A	1Q22E	A/E %
<b>Aerospace, Aviation &amp; Automot'</b>	<b>11.0</b>	<b>15.9</b>	<b>15.6</b>	<b>1.6%</b>
<i>YoY growth</i>	4.4%	44.5%	42.2%	
<b>Organic</b>	<b>4.4%</b>	<b>18.1%</b>	<b>24.0%</b>	
<i>Scope</i>	0.0%	26.4%	18.2%	
<b>FinTech</b>	<b>10.5</b>	<b>14.6</b>	<b>13.3</b>	<b>9.8%</b>
<i>YoY growth</i>	83.3%	39.5%	27.0%	
<b>Organic</b>	<b>-1.6%</b>	<b>17.6%</b>	<b>7.0%</b>	
<i>Scope</i>	85%	22%	20%	
<b>Revenue</b>	<b>21.5</b>	<b>30.5</b>	<b>29.0</b>	<b>5.4%</b>
<i>YoY growth</i>	32.2%	42.1%	34.8%	
<b>Organic</b>	<b>2.3%</b>	<b>17.8%</b>	<b>15.7%</b>	
<i>Scope</i>	29.9%	24.2%	19.1%	
<b>EBITDA</b>	<b>1Q21A</b>	<b>1Q22A</b>	<b>1Q22E</b>	<b>A/E %</b>
<b>Aerospace, Aviation &amp; Automot'</b>	<b>1.4</b>	<b>3.1</b>	<b>2.3</b>	<b>32.8%</b>
<i>YoY growth</i>	-8.2%	118.5%	64.6%	
<i>EBITDA margin %</i>	12.7%	19.2%	14.7%	
<b>FinTech</b>	<b>1.3</b>	<b>1.4</b>	<b>1.7</b>	<b>-13.5%</b>
<i>YoY growth</i>	193.5%	10.8%	28.1%	
<i>EBITDA margin %</i>	12.4%	9.8%	12.5%	
<b>EBITDA</b>	<b>2.7</b>	<b>4.5</b>	<b>4.0</b>	<b>13.3%</b>
<i>YoY growth</i>	37.6%	66.2%	46.6%	
<i>EBITDA margin %</i>	12.6%	14.7%	13.7%	

Source: Company data and Intermonte SIM estimates

## Change in Estimates

We are raising our estimates in light of solid 1Q22 results and the constructive outlook for 2022. We are raising our 2022 top line estimates by 4%, entirely organic, assuming stronger trends for the Fintech business unit (including the Public Sector offering). For the time being we are maintaining more modest assumptions for organic growth in 2023/24 (7.4-7.5% from 11.8% now expected in 2022E). In terms of EBITDA, we are raising our margin forecasts by 10bp on 2022 and 30bp on 2023, now pointing to 14.7% and 15.0% for 2022 and 2023 respectively. Again, we remain quite cautious in projecting margin expansion for the Fintech business unit. All in all, we are raising our EPS projections by 3.6% for 2022 and 7.2% for 2023.

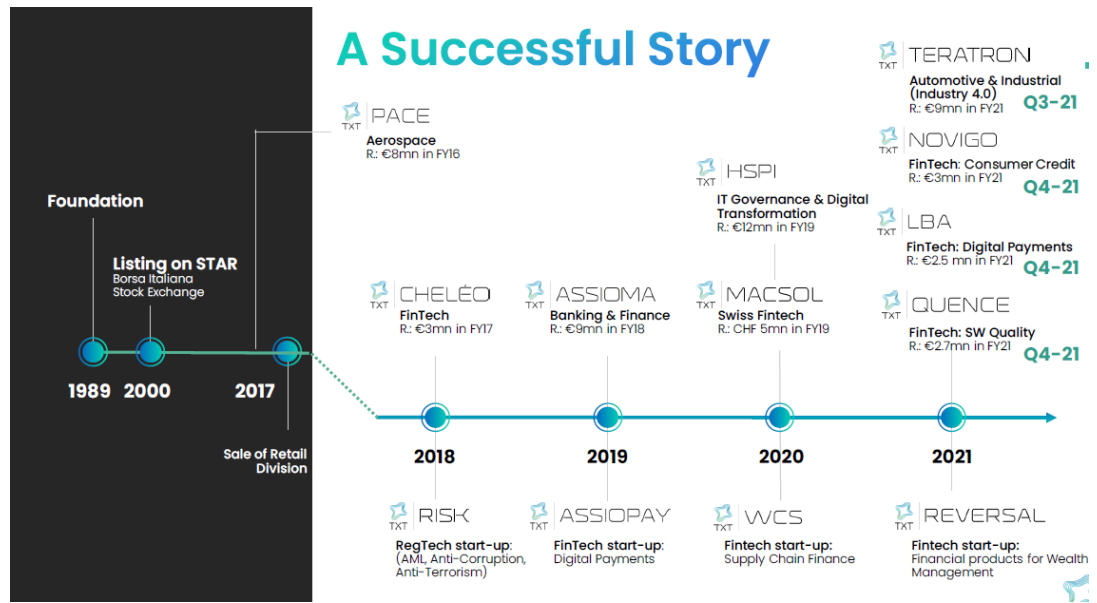
### TXT – Change in estimates

	NEW ESTIMATES			OLD ESTIMATES			% CHANGE		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
<b>Revenue</b>	<b>119.6</b>	<b>128.5</b>	<b>138.1</b>	<b>115.0</b>	<b>123.6</b>	<b>133.0</b>	<b>4.1%</b>	<b>3.9%</b>	<b>3.8%</b>
YoYgrowth	24.1%	7.4%	7.5%	19.3%	7.5%	7.6%			
Organic	11.8%	7.4%	7.5%	6.9%	7.5%	7.6%			
Scope	12.4%	0.0%	0.0%	12.4%	0.0%	0.0%			
<b>EBITDA</b>	<b>17.6</b>	<b>19.3</b>	<b>21.1</b>	<b>16.8</b>	<b>18.2</b>	<b>19.7</b>	<b>4.6%</b>	<b>6.0%</b>	<b>6.7%</b>
YoYgrowth	21.2%	9.8%	9.0%	15.9%	8.3%	8.4%			
EBITDA margin %	14.7%	15.0%	15.2%	14.6%	14.7%	14.8%			
<b>EBIT</b>	<b>11.6</b>	<b>13.1</b>	<b>14.6</b>	<b>10.9</b>	<b>12.0</b>	<b>13.2</b>	<b>6.4%</b>	<b>9.1%</b>	<b>10.0%</b>
YoYgrowth	21.0%	12.8%	11.0%	13.7%	10.0%	10.2%			
EBIT margin %	9.7%	10.2%	10.5%	9.5%	9.7%	9.9%			
<b>Pre-tax profit</b>	<b>11.6</b>	<b>13.3</b>	<b>14.8</b>	<b>11.2</b>	<b>12.4</b>	<b>13.7</b>	<b>3.6%</b>	<b>7.2%</b>	<b>7.4%</b>
-Income tax	(3.3)	(3.7)	(4.1)	(3.1)	(3.5)	(3.8)			
Tax rate %	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%			
<b>Net income from cont. op.</b>	<b>8.4</b>	<b>9.6</b>	<b>10.6</b>	<b>8.1</b>	<b>8.9</b>	<b>9.9</b>	<b>3.6%</b>	<b>7.2%</b>	<b>7.4%</b>
YoYgrowth	6.7%	14.6%	10.8%	3.0%	10.6%	10.6%			
Net profit margin %	7.0%	7.5%	7.7%	7.0%	7.2%	7.4%			
<b>EPS adj.</b>	<b>0.685</b>	<b>0.785</b>	<b>0.870</b>	<b>0.662</b>	<b>0.732</b>	<b>0.810</b>	<b>3.6%</b>	<b>7.2%</b>	<b>7.4%</b>
YoYgrowth	1.6%	14.6%	10.8%	-2.0%	10.6%	10.6%			
<b>Net cash/(debt)</b>	<b>3.4</b>	<b>13.1</b>	<b>23.8</b>	<b>2.7</b>	<b>11.8</b>	<b>21.7</b>	<b>27.0%</b>	<b>11.4%</b>	<b>9.5%</b>
<b>FCF (ex. acq)</b>	<b>7.2</b>	<b>9.8</b>	<b>10.6</b>	<b>6.7</b>	<b>9.1</b>	<b>9.9</b>	<b>6.2%</b>	<b>6.9%</b>	<b>7.3%</b>

Source: Intermonte SIM estimates

## Appendix I – M&A History

### TXT e-solutions: M&A path



Source: Company data & Intermonte SIM Estimates

### 2021 Main Deals

- **TeraTron.** On 29<sup>th</sup> July 2021 TXT signed a contract for the acquisition of 100% of the capital of German company TeraTron, which it started to consolidate in its accounts from 1<sup>st</sup> August 2021. TeraTron, which has been active for over 20 years, is a leader in innovative IoT solutions for digitalisation, automation and security, mainly in the Automotive, Industrial (Industry 4.0), and Healthcare markets, and also boasts a growing presence in other sectors with strong innovative and technological content. The client portfolio is international and includes multi-year relationships with companies such as Audi, BMW, HILTI, John Deere, Porsche, Volkswagen and Volvo. In 2019 and 2020, TeraTron reported revenues of Eu9.2mn and Eu7.6mn respectively, with EBITDA of Eu1.8mn and Eu1.4mn. For 2021, it should have generated Eu9mn in revenues, with profitability of c.Eu2mn. The outlay for the acquisition of TeraTron was mutually agreed at Eu10.1mn in cash at closing: This acquisition not only further diversified TXT's business in the Automotive&Industrial area, it also continued its internationalisation, strengthening its presence in Germany, integrating the PACE aerospace offering with TeraTron in manufacturing and automotive. As well as broadening its offering with new proprietary software and hardware solutions, thanks to TeraTron TXT will be able to increase its international client base.
- **Novigo Consulting and LBA Consulting.** On 29<sup>th</sup> November TXT announced it had bought 100% of the capital of Novigo Consulting Srl and LBA Consulting Srl, active in the management of digital payments and consumer credit. For 2021 (pro-forma) total revenues are expected at Eu5.5mn and total EBITDA at ~Eu1.7m. TXT started to consolidate the businesses from 1<sup>st</sup> December 2021. The outlay for 100% of LBA was Eu2.73mn, paid in cash at closing, plus an adjustment of the amount due in TXT shares on approval of 2021 accounts by LBA. The multiple paid was ~5.2x 2021 EBITDA. The outlay for 100% of Novigo was ~Eu3.5mn, paid at closing, of which ~Eu2.45mn in cash and ~Eu1.05mn in TXT treasury shares. The multiple paid for Novigo was ~5.1x 2021 EBITDA.
- **Quence.** On 28<sup>th</sup> December TXT announced the acquisition of 100% of the capital of Quence Srl, an Italian company specialising in software engineering with the offer of Data Intelligence, SW Application Lifecycle Management (ALM), SW Quality Assurance & Testing and Data Intelligence services. The newly-acquired company has over 25 domestic and international clients (c.10% of the business) in the banking, financial and insurance arenas. YE21 revenues are expected to have reached Eu2.7mn, with a 15.1% EBITDA margin and a 15% EBIT margin. TXT started to consolidate Quence's results in its Fintech division as of 1<sup>st</sup> January 2022. Eu2.0mn will be paid for the purchase at closing, of which Eu1.4mn in cash and the remaining Eu0.6mn through the transfer of TXT treasury shares at the market price at the end of trading the day before the closing date. The deal went through at ~5.0x 2021 EBITDA.

<b>DETAILS ON STOCKS RECOMMENDATION</b>			
<b>Stock NAME</b>	<b>TXT E-SOLUTIONS</b>		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	13.50	Previous Target (Eu):	13.50
Current Price (Eu):	10.10	Previous Price (Eu):	9.26
Date of report:	13/05/2022	Date of last report:	16/03/2022

**DISCLAIMER (for more details go to [DISCLAIMER](#))**

**IMPORTANT DISCLOSURES**

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.

The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on Intermonte's website [www.intermonte.it](http://www.intermonte.it) under LEGAL INFORMATION. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the [PERFORMANCE](#) web page.

Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Brasil Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Brasil Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

**ANALYST CERTIFICATION**

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certify that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities.

Intermonte's internal procedures and codes of conduct are ensured the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Brasil Plural Securities LLC, 545 Madison Avenue, New York 10022.

**GUIDE TO FUNDAMENTAL RESEARCH**

The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/earnings (P/E), EV/EBITDA, EV/EBIT, price/sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 2.5% and a risk premium of 5.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P/IB40 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for their information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

- BUY: stock expected to outperform the market by over 25% over a 12 month period;
- OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;
- NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;
- UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;
- SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

**CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS**

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 March 2022 Intermonte's Research Department covered 120 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	16.67 %
OUTPERFORM:	55.88 %
NEUTRAL:	23.53 %
UNDERPERFORM	03.92 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (53 in total) is as follows:

BUY:	33.96 %
OUTPERFORM:	49.06 %
NEUTRAL:	16.98 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

**CONFLICT OF INTEREST**

In order to disclose its possible conflicts of interest Intermonte SIM states that:

Within the last year, Intermonte SIM managed or co-managed/is managing or is co-managing an Institutional Offering and/or managed or co-managed/is managing or is co-managing an offering with firm commitment underwriting of the securities of the following Companies: BPER, Cybero, Luve, Seri Industrial, The Italian Sea Group, Tinexta, WIIT.

Intermonte SIM has provided in the last 12 months / provides / may provide investment banking services to the following companies: Abitare In, Aedes, Amalfi Holding (on La Doria shares), Ambientthesis, Cellularline, Creval, Cy4Gate, Esprinet, G4 and Finami (on Lu-Ve shares), GPI, Growens, Gruppo Caltagirone (in connection with roadshow activities ahead of 2022 Generali AGM), Illimity Bank, Link Mobility Group (on AMM shares), Maire Tecnimont, Neuberger Berman (on Seri Industrial shares), OVS, Sedoc (on Cybero shares), SP5 (on Guala Closures shares), Tesmec, Tinexta and WIIT.

Intermonte SIM provides investment banking services to Esprinet in connection with the non binding offer on Cellularline announced on the 7<sup>th</sup> of May 2022

Intermonte SIM is Specialist and/or Corporate Broker and/or Sponsor and/or Broker in charge of the share buy back activity of the following Companies: Abitare In, Aedes, Alkemy, Ambientthesis, Anima, Aquafil, Avio, Banca Ifis, Banca Sistema, Cattolica, Cellularline, Civitanavi Systems, Cybero, Cy4Gate, DeA Capital, El.En, Eles, Elica, Emak, Esprinet, Expert AI, Falck Renewables, Fimit - Fondo Alpha, Fine Foods, Gefran, Go Internet, Gpi, Gruppo Fos, GVS, IEG, Iervolino Entertainment, IndelB, Luve, Matica Fintec, Notorious Pictures, Nova Re SIQ, Omer, Pharmanutra, Relatech, Reply, Retelit, Sababa Security, Saes Getters, Salcef, Sciuker Frames, Secco, Servizi Italia, Sesa, Seri Industrial, Somec, Tamburi, Tinexta, Tesmec, The Italian Sea Group, Txt and WIIT.

Intermonte SIM has a contractual commitment to act as liquidity provider on behalf of third parties for the following company: Banca Sistema.

Intermonte SIM performs as a market maker for the following companies: A2A, Anima, Atlantia, Autogrill, Azimut Holding, BAMI, Banca Generali, Banca Mediolanum, Brembo, Buzzi, CNHI, Enel, ENI, Exor, Fineco, FCA, FTMBI, Generali, Italgas, Iren, Intesa Sanpaolo, Leonardo, Mediobanca, Moncler, Mediaset, Pirelli&C, Prysmian, Poste, Ferrari, Saipem, Snam, STM, Tenaris, Telecom Italia, Telecom Italia sav, Terna, UBI, Unicredit, Unipol, UnipolSai.

Intermonte SIM is a member of the CBOE Europe Equities Liquidity Provider Program for the following financial instruments: A2A, Atlantia, ATSM, Autogrill, Azimut Holding, Banca Generali, Banca Mediolanum, Banco BPM, Bca Monte dei Paschi di Siena, Bca Pop Emilia Romagna, Banca Pop Sondrio, Buzzi Unicem, Buzzi Unicem rsp, Campari, CIR- Compagnie Industriali Riunite, Credito Emiliano, Danieli & C., Danieli & C. Risparmio, Diasorin, Enel, Enj, Generali, Hera, Intesa Sanpaolo, Iren, Italgas, Italmobiliare, Leonardo, Maire Tecnimont, Mediaset, Mediobanca, Pirelli & C., Poste Italiane, Prysmian, Recordati, S.I.A.S., Saipem, Salini Impregilo, Salvatore Ferragamo, Snam, Telecom Italia, Telecom Italia rsp, Terna, Tod's, UBI Banca, Unicredit, Unipol, UnipolSai.

Intermonte SIM, through Websim and TIE, which constitute the digital division of Intermonte, acts as a Retail Investor Research Provider on the following companies: Abitare In, Aedes, Aleph Finance, Alkemy, Banca Sistema, Borgosesia 1873, B&C Speakers, Casta Diva Group, Cattolica Assicurazioni, Cellularline, Circle, Cleanbb, Comer Industries, Convergence Spa, Crowdfundme, Cy4Gate, Cybero, Dh, Digital Bros, Digital Magics, Doxoe, Ediziacrobatica Spa, Eles, Elica, Emak, Esi, Esprinet, Fabilla, Fenix Entertainment, Fiera Milano, Finlog, First Capital, Fope, Fos, Franche Umberto Marmi, Generali Assicurazioni, Giglio, Gismondi 1754, Go Internet, Gpi, H-Farm, ID-Entity, Iervolino & Lady Bacardi Entertainment, Indel B, International Care Company, Intred, Kolingpharma, Lindbergh, LVenture, Maps, Masi Agricola, Matica Fintec, Neodecortech, Nice Footwear Spa, Notorious Pictures, Nusco SPA, Nvp, Omer Spa, Orsero Group, Osai Automation System, Piaggio, Pierrel, Promotica, Revo Spa, Relatech, Reti, Salcef Group, Sciuker Frames, Sebino, Sit Group, Sos Travel, Sourcesense, Spindox Digital Soul, Supplyncapital, Take Off, Tamburi, Tenax International, Tesmec, The Italian Sea Group, Tinexta, Tps, Trenddevice, Tribuo, Ulisse Biomed, Unidata, Vantea Smart, Websolite, WIIT.

Intermonte SIM, through Websim and TIE, which constitute the digital division of Intermonte, carries out marketing/communications on behalf of equity crowdfunding portals, Crowdfundme and the following issuers: Barlays, BNP Paribas, Cirdan, Exane, Goldman Sachs, Franklin Templeton, Leonteq, Marex, Mediobanca, SPDR, Unicredit, Vontobel, Wisdomtree.

Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

Emittente	%	Long/Short
AEDES NEW	3.7	LONG
COGEME SET SPA	1.6	SHORT
IKF	0.57	SHORT
OLIDATA	0.74	SHORT

**© Copyright 2022 by Intermonte SIM - All rights reserved**

It is a violation of national and international copyright laws to reproduce all or part of this publication by email, xerography, facsimile or any other means. The Copyright laws impose heavy liability for such infringement. The Reports of Intermonte SIM are provided to its clients only. If you are not a client of Intermonte SIM and receive emailed, faxed or copied versions of the reports from a source other than Intermonte SIM you are violating the Copyright Laws. This document is not for attribution in any publication, and you should not disseminate, distribute or copy this e-mail without the explicit written consent of Intermonte SIM.

INTERMONTE will take legal action against anybody transmitting/publishing its Research products without its express authorization.

INTERMONTE Sim strongly believes its research product on Italian equities is a value added product and deserves to be adequately paid.

Intermonte Sim sales representatives can be contacted to discuss terms and conditions to be supplied the INTERMONTE research product.

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website [MIFID](#)

Further information is available