

Company Note

MID CORPORATE

SIT

1Q21 Results Above Expectations and Higher Guidance

SIT's 1Q21 results showed that business conditions are rapidly improving: the strong Heating performance confirmed, in our view, that the current recovery is not just a short-term rebound while Gas Metering performed above expectations and the newly-acquired Janz was in line with expectations. In this backdrop, SIT increased its 2021 guidance. We slightly increased our estimates and confirm our BUY rating on the share with a new target price of EUR 12.1/sh.

1Q21 results

SIT reported better than expected 1Q21 results with sales up 26.2% (+19.4% LfL) and an EBITDA margin topping 16.2% vs. 12.1% in 1Q20. The net result benefitted from EUR 1.8M fiscal benefits coming from the Patent Box ruling reaching EUR 8M, or an increase of 92%. Net debt declined to EUR 110M from EUR 115.8M at December 2020.

Outlook and estimates

SIT upgraded its outlook for 2021 and now expects a low double-digit sales growth rate vs. a mid/high single-digit rate expected before, while EBITDA should increase in absolute terms (vs. a flat guidance announced previously) or a slight decrease in margin mostly due to rising raw material prices. We fine-tuned our 2021-23E estimates with an average EPS increase of 8%.

Valuation

Following our estimates revision, we fine-tuned our target price to EUR 12.1/sh (from EUR 11.1/sh) and we confirm our BUY rating. SIT remains undervalued in our view with an average discount to peers of >50% on 2021-23 P/E and EV/EBITDA despite its technological leadership, its strong free cash flow generation, its diversification strategy (entry in the water smart meters, launch of new components for hydrogen residential applications), a potential reduction of production costs thanks to the new plant in Tunisia and a robust balance sheet. The main risks relate to the growing raw material prices, potential constraints at the supply chain and new lockdowns, which could slow down the introduction of smart gas meters in India and the UK.

Note: Intesa Sanpaolo took over equity coverage of SIT on 12/4/2021; the ISP-UBI Equity Ratings Reconciliation Table and the archive of ex-UBI's previously published research reports are available at the following link: <https://group.intesasanpaolo.com/it/research/equity---credit-research/equity>

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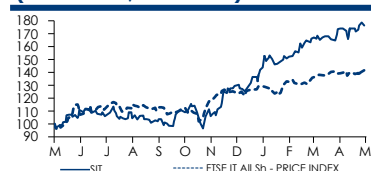
BUY

Target Price: EUR 12.1
(from EUR 11.1)

Italy/Engineering & Machinery
Update

MTA

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



SIT - Key Data

Price date (market close)	12/05/2021
Target price (EUR)	12.1
Target upside (%)	60.48
Market price (EUR)	7.54
Market cap (EUR M)	188.56
52Wk range (EUR)	7.70/4.16

Price performance %	1M	3M	12M
Absolute	0.5	14.2	74.9
Rel. to FTSE IT All Sh	0.3	9.0	25.3

Y/E Dec (EUR M)	FY20A	FY21E	FY22E
Revenues	320.7	358.4	370.8
EBITDA	43.62	48.24	49.32
EBIT	19.62	22.44	20.82
Net income	13.23	17.62	15.19
EPS (EUR)	0.54	0.70	0.61
Net debt/-cash	115.8	113.2	90.62
Adj P/E (x)	9.3	10.7	12.4
EV/EBITDA (x)	5.5	6.3	5.7
EV/EBIT (x)	12.3	13.4	13.4
Div ord yield (%)	5.6	4.0	4.6

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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1Q21 Results

The key points of results were:

- **Revenues up 26.2%.** SIT reported better-than-expected revenues in 1Q21 at EUR 92.7M, with an increase of 26.2% (+19.4% excluding the consolidation of Janz);

Better than expected sales growth
- **The Heating division increased by 25%** (+28.5% at same forex) being sustained by fiscal incentives to replace old boilers, by the ongoing production normalisation after the lockdowns and by higher investments in refurbishing houses. Italy was up 23%, Europe 14% (with a strong Turkey, up 38%) and the US 44% (58% at constant forex rate) thanks to the booming trend of direct heating (+56%) and water storage heating (+54%), which benefit from the rebound already evident in the second half of 2020. Asia/Pacific increased by 51% with a strong trend in China (+63%), which in 1Q20 was penalised by the lockdown;

Heating confirmed the positive trend
- **The Metering division was up 30%:** Gas Smart Metering was stable, contrary to our decline expectation, but the Metering division increased by 30% thanks to the consolidation of Janz, which contributed with EUR 4.8M of sales with an increase of 13.3% vs. 1Q20 (we recall that in 2020 Janz was not consolidated). The Gas Metering backlog was EUR 31.4M, corresponding to 46% of 2020A revenues, of which EUR 2.1M in foreign markets (mainly Greece, Croatia and UK);

Stable sales for Gas Metering and first contribution of Janz
- **EBITDA margin reached 16.2% vs. 12.1% in 1Q20,** thanks to: 1) the volumes impact for EUR 6.7M, which also includes the contribution of Janz, which has a higher margin compared to SIT; 2) a positive price impact (EUR 1.8M); 3) a favourable comparison as March-20 was penalised by the shutdown of SIT's plants; and 4) lower raw material costs despite the recent raw material price hike that should impact the coming quarters;

EBITDA growth driven by volumes
- **EBIT margin at 10%:** After EUR 5.8M of D&A, substantially stable vs. last year, EBIT reached EUR 9.2M, nearly three times compared with 1Q20. Below the operating line, SIT reported financial charges for EUR 2.2M, a strong increase vs. 1Q20 due to a charge of EUR 1.4M related to the change in FV of warrants, and forex gain for EUR 0.8M (EUR 2.2M in 1Q20), leading to a pre-tax profit of EUR 7.7M or +57%;
- **Net result at EUR 8.9M (+92%),** also thanks to a positive tax contribution of EUR 1.8M, due to the fiscal benefits coming from the Patent Box ruling. The net result on an adjusted basis was EUR 7.4M, still up 90% vs. 1Q20;

Net result benefitted from the Patent Box ruling
- **Net debt down to EUR 110.4M** (from EUR 115.8M at Dec-20) was lower than expected also thanks to the reduction of NWC now at 14.2% of sales vs. 19.7% at Mar-20 and 15.5% at Dec-20 despite the consolidation of Janz (EUR 6M NWC) and higher inventories to support a higher sales outlook. Capex was EUR 3.9M, in line with our estimate and IFRS 16 impacted on net debt with EUR 14.9M. We highlight that SIT currently has around EUR 42M of cash and liquidities.

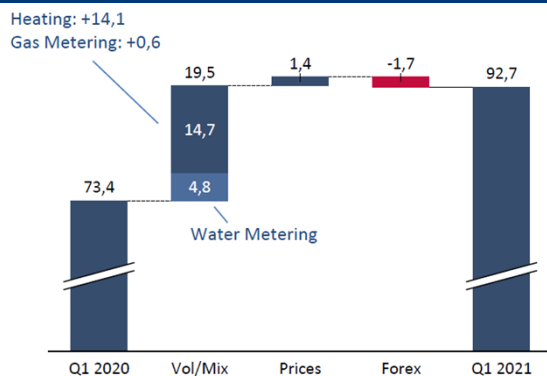
Net debt declined

SIT - 1Q21 results

EUR M	1Q20A	FY20A	1Q21A	1Q21E	1Q A/E %	1Q yoy %	FY21E
Revenues	73.4	320.7	92.7	86.0	7.8	26.2	339.9
o/w Heating	56.4	249.0	70.5	66.0	6.8	25.0	273.9
o/w Smart Metering	16.4	68.6	21.3	19.0	11.9	30.0	66.0
EBITDA Adj.	8.9	44.6	15.1	13.1	14.9	69.0	45.7
Margin (%)	12.1	13.9	16.2	15.2			13.5
EBIT	3.3	19.6	9.2	7.1	30.0	180.8	19.7
Margin (%)	4.5	6.1	10.0	8.3			5.8
Pre tax	4.9	16.0	7.7	6.4	20.7	57.2	16.9
Net result attr.	4.2	13.2	8.0	5.7	40.1	91.7	15.2
Net result adjusted	3.9	13.4	7.4	5.7	29.8	89.7	15.2
Net debt	101.6	115.8	110.4	123.0	-10.3	8.6	110.8

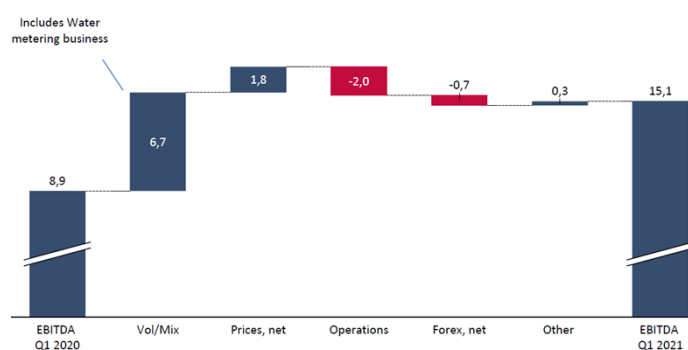
A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

SIT – Sales bridge in 1Q21



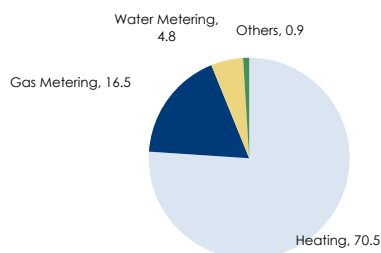
Source: Company data

SIT – EBITDA bridge in 1Q21



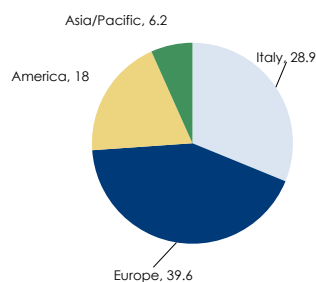
Source: Company data

SIT – 1Q21 revenues breakdown by product (%)



Source: Company data

SIT – 1Q21 revenues breakdown by region (%)



Source: Company data

Earnings Outlook

SIT increased its sales outlook for 2021, which now points to a low double-digit growth rate vs. mid/high single-digit rate expected before. The Heating division should be the main driver thanks to the strong order intake. Gas Smart Metering should benefit from sales abroad (around 10% of total, according to management) but, as anticipated, revenues in the domestic market should decline due to the completion of the roll-out of meters in Italy (now at 75-80%) and the delay of the roll-out in UK and India due to the Covid-19 outbreak, which could resume only in the second half of the year. Janz should contribute with around EUR 20M sales, according to our estimates. Based on our calculation, organic growth should be around 5.5% with Heating up 15%.

Sales outlook upgraded to low double-digit growth

EBITDA should increase in absolute terms (vs. a flat guidance announced before) or slightly decrease in margin due to rising raw material prices, higher R&D investments, new hirings at the Heating division and costs for travelling and exhibitions if travel restrictions finish, partially offset by further production efficiencies stemming from the new plant in Tunisia.

Growing EBITDA but lower margin

Following 1Q21 results and the upgrading of the outlook, we revised our estimates:

- For 2021E, we incorporate an organic growth of 5% and higher sales for Janz, which led to an increase of 4% vs. our old forecasts. We now expect an adjusted EBITDA margin of around 13.5% compared with 13.9% reported in 2020. EBIT should increase to EUR 22M and the bottom line should reach EUR 17M with an increase of 16% vs. our previous estimates;
- 2022E and 2023E should see further improvements for the Heating division on the back of new environmentally-friendly regulations and national incentives (for example the "110% Ecobonus" in Italy). The Smart Metering division should benefit from the penetration in India and UK, the growing contribution of Janz and the second wave of smart gas metering in Italy, which should start in 2023. We included in our 2022E estimate EUR 2M of restructuring costs, which should impact the Italian plants due to the transfer of part of the production in Tunisia, thus leading to a slight decrease in EBITDA compared with our previous estimates. Altogether, we estimate sales to surpass EUR 380M in 2023E with a 6.2% CAGR since 2020. The EBITDA margin should progressively improve to reach 14.2% in 2023E while the bottom line should reach EUR 18M in 2023E.

2021 net profit expectation increased by 16%

Sales CAGR at 6.2% up to 2023, EBITDA margin expected to improve to 14.2%

SIT - 2021E, 2022E and 2023E estimates revision

EUR M	2021E			2022E			2023E		
	Old	New	New/Old %	Old	New	New/Old %	Old	New	New/Old %
Revenues	339.9	358.4	5.4	356.9	370.8	3.9	369.6	383.8	3.8
EBITDA	45.7	48.2	5.5	49.4	49.3	-0.2	52.3	54.3	3.9
EBITDA Adj.	45.7	48.2	5.5	49.4	51.3	3.8	52.3	54.3	3.9
EBIT	19.7	22.4	13.7	20.9	20.8	-0.6	22.9	25.0	8.9
Net result	15.2	17.6	16.1	15.3	15.2	-0.6	16.4	18.0	10.0
Net debt/-cash	110.8	113.2	2.1	89.1	90.6	1.7	76.5	76.8	0.4

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

Valuation

SIT's newsflow has strongly improved in the past few months, following the release of positive 4Q20 results and the acquisition of Janz. Consequently, the share outperformed the market by 75% in the last twelve months and by 28% since the beginning of the year (vs. +10% of FTSE Italy).

Still, we believe there is further room to outperform in the coming months thanks to the positive momentum of the Heating business, the cost reduction coming from the new plant in Tunisia, the integration of Janz which could generate cross-selling synergies and the penetration in the UK and Indian markets of Smart Gas Metering in the second half of the year. For all these reasons, **we confirm a BUY rating with a new target price of EUR 12.2/Sh** (from EUR 11.1/sh), which benefits from our new estimates and the relative valuation now applied to 2021-23 multiples.

SIT outperformed the market since the beginning of the year...

...but we believe there is further room to grow

SIT – Valuation summary

Method	EUR	Weighting%
DCF	10.1	33
Italian companies	11.7	33
International companies (30% discount)	14.6	33
Target price	12.1	
Current price	7.54	
Potential upside %	60.8	

Source: Intesa Sanpaolo Research estimates

Our target price is based on the average of a DCF (fair value of EUR 10.1/sh share) and relative valuations based on both the average of the multiples of international companies (applying a 30% discount to reflect the company's low liquidity and its smaller size compared to other listed companies) and the average of certain Italian industrial companies. This gives a fair value of EUR 14.6/sh using international companies and EUR11.7/sh using Italian companies. Our target price implies an upside of >60% to the current market price.

Our DCF valuation incorporates a WACC of 6.4% based on the following assumptions: risk-free rate at 0.75%, market risk premium at 6.5%, Beta levered at 1.5 (based on the average beta of European Machinery sector – Source: Damodaran Jan-21) and a perpetual growth rate of 1.0%. Our DCF valuation implies a 6.6x EV/EBITDA at terminal value.

SIT – DCF valuation

	EUR M	% Weighting	Per share (EUR)
Sum of PV 2021-29 FCF	132.1	35	5.28
Terminal value	241.0	65	9.64
Total Enterprise value	373.1	100	14.92
- Pension Provision	(6.1)		(0.24)
- Net cash (debt)	(115.8)		(4.63)
Total Equity value	251.3		10.05
Fully diluted number of shares (m)	25.0		
Fair value per share (EUR)	10.05		

Source: Intesa Sanpaolo Research estimates

SIT – Peer comparison based on international peers

x	Market Cap.	P/E			EV/EBITDA		
	EUR M	2021E	2022E	2023E	2021E	2022E	2023E
Bucher Industries	4,526	23.3	19.7	18.6	12.6	10.8	9.9
Beijer Ref	4,773	52.4	45.6	42.5	28.3	25.1	23.4
Emerson Electric	46,358	23.9	21.6	19.5	14.9	13.6	12.4
Honeywell	126,557	27.5	24.3	22.0	18.6	16.9	15.7
Ingersoll-Rand	35,373	29.6	26.1	24.1	18.8	17.3	16.2
Landis + Gyr	1,633	23.1	17.5	14.6	12.8	10.2	8.6
Lindab International	1,447	19.7	17.2	15.7	11.4	10.0	8.9
NIBE Industrier	16,173	54.5	50.1	44.9	31.6	29.3	26.8
Resideo Technologies	3,178	16.4	14.6	12.5	6.3	5.4	4.0
Schneider Electric	72,505	23.1	20.8	19.4	14.5	13.1	12.0
SPX Corporation	2,242	18.7	16.7	16.4	11.8	10.2	8.8
Sulzer	3,278	18.1	15.4	14.3	8.7	7.6	6.9
Weir Group	5,738	24.2	21.5	19.1	13.6	12.3	11.1
Average		27.3	23.9	21.8	15.7	14.0	12.7
SIT at market price	189	10.7	12.4	10.5	6.4	5.8	5.0
% premium (discount) %		-60.8	-48.2	-51.9	-59.3	-58.7	-60.7

Price at market close on 12/05/2021; Source: Factset and Intesa Sanpaolo Research estimates

SIT – Peer comparison based on Italian companies

x	Market Cap.	P/E			EV/EBITDA		
	EUR M	2021E	2022E	2023E	2021E	2022E	2023E
Gefran	109	15.8	13.8	12.5	5.9	5.2	4.8
Interpump	4,632	26.2	23.7	21.7	14.8	13.3	12.0
LU-VE	358	17.9	14.2	12.9	8.8	7.4	6.7
Sabaf	253	13.2	12.5	11.0	7.0	6.6	5.9
Average		18.2	16.0	14.5	9.1	8.1	7.4
SIT at market price		10.7	12.4	10.5	6.4	5.8	5.0
% premium (discount) %		-41.3	-22.6	-27.8	-30.0	-29.0	-32.3

Price at market close on 12/05/2021; Source: Factset and Intesa Sanpaolo Research estimates

SIT – Valuation with trading multiples

EUR M	P/E			EV/EBITDA		
	2021E	2022E	2023E	2021E	2022E	2023E
Average International peers	27.3	23.9	21.8	15.7	14.0	12.7
Net profit	17.6	15.2	18.0			
EBITDA				48.2	49.3	54.3
EV				756.2	689.4	688.1
Net debt				-113.2	-90.6	-76.8
Equity value	480.4	363.8	392.4	643.0	598.8	611.2
Value per share (EUR)	19.2	14.5	15.7	25.7	23.9	24.4
Average Italian companies	18.2	16.0	14.5	9.1	8.1	7.4
Net profit	17.6	15.2	18.0			
EBITDA				48.2	49.3	54.3
EV				439.5	401.0	400.0
Net debt				-113.2	-90.6	-76.8
Equity value	321.5	243.7	261.3	326.3	310.4	323.1
Value per share (EUR)	12.9	9.7	10.4	13.0	12.4	12.9

E:estimates; Source: Intesa Sanpaolo Research estimates

At our target price, the company would trade at 8.7x 2021 EV/EBITDA, which is still below the average multiple of our peer sample (15.7x for international companies and 9.1x for Italian companies) and at 17.2x P/E (27.3x for international companies and 18.2x for Italian companies).

SIT – Implicit multiples at our EUR12.1/sh target price

	2021E	2022E	2023E
P/E	17.2	19.9	16.8
EV/EBITDA	8.7	8.1	7.1
EV/EBIT	18.8	19.2	15.4
EV/Sales	1.18	1.08	1.00
EV/CE	1.52	1.52	1.49
P/BV	1.85	1.76	1.67
P/CF	10.58	5.66	6.51

Source: Intesa Sanpaolo Research estimates

SIT – Key Data

Rating	Target price (EUR/sh)	Mkt price (EUR/sh)			Sector
BUY	Ord 12.1	Ord 7.54			Engineering & Machinery
Values per share (EUR)	2019A	2020A	2021E	2022E	2023E
No. ordinary shares (M)	25.01	25.01	25.01	25.01	25.01
Total no. of shares (M)	25.01	25.01	25.01	25.01	25.01
Market cap (EUR M)	195.13	124.79	188.56	188.56	188.56
Adj. EPS	0.60	0.54	0.70	0.61	0.72
CFPS	0.78	0.74	1.1	2.1	1.9
BVPS	5.9	6.1	6.6	6.9	7.2
Dividend ord	0.14	0.28	0.30	0.35	0.40
Income statement (EUR M)	2019A	2020A	2021E	2022E	2023E
Revenues	352.2	320.7	358.4	370.8	383.8
EBITDA	48.74	43.62	48.24	49.32	54.34
EBIT	24.73	19.62	22.44	20.82	24.99
Pre-tax income	21.32	15.99	19.58	18.76	22.49
Net income	19.93	13.23	17.62	15.19	17.99
Adj. net income	14.90	13.41	17.62	15.19	17.99
Cash flow (EUR M)	2019A	2020A	2021E	2022E	2023E
Net income before minorities	19.9	13.2	17.6	15.2	18.0
Depreciation and provisions	24.0	24.0	25.8	28.5	29.4
Others/Uses of funds	-18.9	-3.8	11.1	-1.2	-1.2
Change in working capital	-5.5	-14.8	-25.9	10.9	0.3
Operating cash flow	19.5	18.6	28.6	53.5	46.5
Capital expenditure	-23.0	-12.7	-21.1	-23.6	-24.1
Financial investments	0	0	0	0	0
Acquisitions and disposals	0	-28.4	0	0	0
Free cash flow	-3.4	-22.5	7.5	29.9	22.4
Dividends	-7.0	-3.5	-7.0	-7.5	-8.8
Equity changes & Other non-operating items	3.3	-11.3	2.1	0.2	0.1
Net cash flow	-7.1	-37.4	2.6	22.6	13.8
Balance sheet (EUR M)	2019A	2020A	2021E	2022E	2023E
Net capital employed	226.0	269.0	277.0	262.1	257.6
of which associates	0	0	0	0	0
Net debt/-cash	78.4	115.8	113.2	90.6	76.8
Minorities	0	0	0	0	0
Net equity	147.6	153.2	163.8	171.5	180.8
Minorities value	0	0	0	0	0
Enterprise value	273.5	240.5	301.7	279.2	265.4
Stock market ratios (x)	2019A	2020A	2021E	2022E	2023E
Adj. P/E	13.1	9.3	10.7	12.4	10.5
P/CFPS	10.0	6.7	6.6	3.5	4.1
P/BVPS	1.3	0.81	1.2	1.1	1.0
Payout (%)	23	52	43	58	56
Dividend yield (% ord)	1.8	5.6	4.0	4.6	5.3
FCF yield (%)	-1.8	-18.0	4.0	15.8	11.9
EV/sales	0.78	0.75	0.84	0.75	0.69
EV/EBITDA	5.6	5.5	6.3	5.7	4.9
EV/EBIT	11.1	12.3	13.4	13.4	10.6
EV/CE	1.2	0.89	1.1	1.1	1.0
D/EBITDA	1.6	2.7	2.3	1.8	1.4
D/EBIT	3.2	5.9	5.0	4.4	3.1
Profitability & financial ratios (%)	2019A	2020A	2021E	2022E	2023E
EBITDA margin	13.8	13.6	13.5	13.3	14.2
EBIT margin	7.0	6.1	6.3	5.6	6.5
Tax rate	6.5	17.3	10.0	19.0	20.0
Net income margin	5.7	4.1	4.9	4.1	4.7
ROCE	10.9	7.3	8.1	7.9	9.7
ROE	14.6	8.8	11.1	9.1	10.2
Interest cover	5.9	5.0	7.8	10.1	10.0
Debt/equity ratio	53.1	75.5	69.1	52.8	42.5
Growth (%)		2020A	2021E	2022E	2023E
Sales		-8.9	11.7	3.5	3.5
EBITDA		-10.5	10.6	2.2	10.2
EBIT		-20.7	14.4	-7.2	20.0
Pre-tax income		-25.0	22.4	-4.2	19.9
Net income		-33.6	33.2	-13.8	18.4
Adj. net income		-10.0	31.4	-13.8	18.4

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

Company Snapshot

Company Description

The SIT Group, through its two divisions Heating and Smart Metering, creates intelligent solutions for the control of environmental conditions and consumption measurement for a more sustainable world. A market-leading multinational company, listed on the MTA segment of Borsa Italiana, SIT aims to be the number one sustainable partner for energy and climate control solutions for its customers, focusing on experimentation and the use of alternative gases with low environmental profiles. The Group has production sites in Italy, Mexico, the Netherlands, Romania, China, Tunisia and Portugal, in addition to a commercial structure covering all global markets.

Key data

Mkt price (EUR)	7.54	Free float (%)	26.1
No. of shares	25.01	Major shr	SIT Tech.
52Wk range (EUR)	7.70/4.16	(%)	73.4
Reuters	SIT.MI	Bloomberg	SIT IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	0.5	-1M	0.3
-3M	14.2	-3M	9.0
-12M	74.9	-12M	25.3

Key Risks

Company specific risks:

- End of the rollout of smart gas metering in Italy;
- Large component of goodwill (around 30% of capital employed);
- Brexit could jeopardize SIT expansion in the UK;
- Negative impact from COVID-10 outbreak.

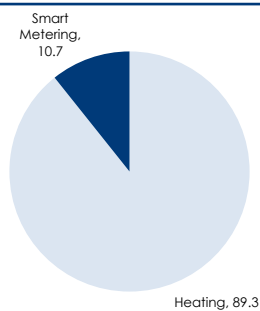
Sector generic risks:

- Modest growth in the heating market;
- Regulatory risk;
- Lengthy time to market for new products due to the length of the testing and homologation process.

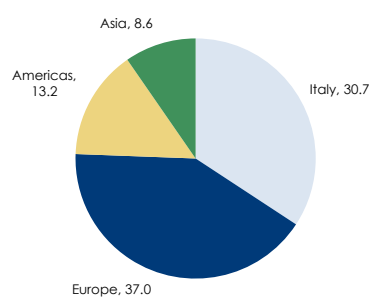
Estimates vs. consensus

EUR M (Y/E Dec)	2020A	2021E	2021C	2022E	2022C	2023E	2023C
Sales	320.7	358.4	NM	370.8	NM	383.8	NM
EBITDA	43.62	48.24	NM	49.32	NM	54.34	NM
EBIT	19.62	22.44	NM	20.82	NM	24.99	NM
Pre-tax income	15.99	19.58	NM	18.76	NM	22.49	NM
Net income	13.23	17.62	NM	15.19	NM	17.99	NM
EPS	0.54	0.70	NM	0.61	NM	0.72	NM

Sales breakdown by product (%)



Sales breakdown by geography (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 12/05/2021)

Our Mid Corporate Definition

Italy is characterised by a large number of non-listed and listed micro, small and medium-sized companies. Looking at the revenues of these Italian companies, around 5,000 companies have revenues ranging from EUR 50M-EUR 1,500M based on Intesa Sanpaolo elaborations. We define these companies as 'Mid Corporate'. Looking more specifically at Italian listed companies, we include in our Mid Corporate segment all STAR companies and those with a market capitalisation below EUR 1Bn.

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

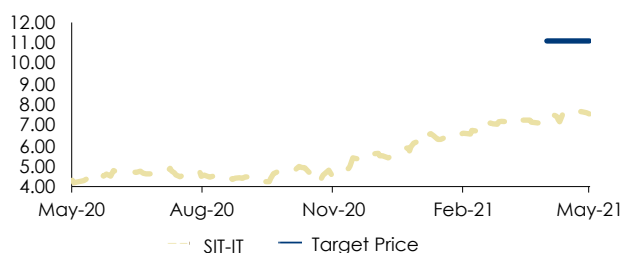
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Equity Rating Key (long-term horizon: 12M)

Long-term rating	Definition
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ADD	If the target price is 10%-20% higher than the market price
HOLD	If the target price is 10% below or 10% above the market price
REDUCE	If the target price is 10%-20% lower than the market price
SELL	If the target price is 20% lower than the market price
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NO RATING	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulations and/or firm policies in certain circumstances.
TENDER SHARES	We advise investors to tender the shares to the offer.
TARGET PRICE	The market price that the analyst believes the share may reach within a one-year time horizon
MARKET PRICE	Closing price on the day before the issue date of the report, as indicated on the first page, except where otherwise indicated

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

Date	Rating	TP (EUR)	Mkt Price (EUR)
12-Apr-21	BUY	11.1	7.5

Equity rating allocations (long-term horizon: 12M)**Intesa Sanpaolo Research Rating Distribution (at 12 April 2021)**

Number of companies considered: 127	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%) (*)	46	27	26	1	0
of which Intesa Sanpaolo's Clients (%) (**)	82	71	64	100	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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Equity rating key (short-term horizon: 3M)

Short-term rating	Definition
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SHORT	Stock price expected to fall or underperform within three months from the time the rating was assigned due to a specific catalyst or event

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