

Company Note

Labomar

A Rich Pipeline of Strategic Projects for 2021

Several strategic projects ahead and B Corp Certification targeted by 2021. Estimates confirmed and target price raised based on our updated DCF model parameters.

Recent events

No surprises emerged from 2020 results, which confirmed the company's ability to cope with the effects of the pandemic and to fulfil its guidance and market expectations. In 2020, the group's top line showed an increase of 26.3% yoy: Labomar standalone grew 10.2% yoy, while ImportFab 2020 contribution for the entire year amounted to EUR 9.3M. The consolidated adjusted EBITDA margin rose by 30bps yoy to 20%, mainly benefitting from the better fixed costs absorption and the structurally higher profitability of the ImportFab's pharmaceutical business segment. As of YE20, the group's net debt declined to EUR 3.4M vs. EUR 28.7M at YE19, mainly thanks to the funds raised with the IPO (approx. EUR 24.8M). The dividend proposal was EUR 0.11/sh (ex-coupon 10 May, payment 12 May). Note that in 2020 the company modified its By-Laws to become a Benefit Corporation with the aim of pursuing B Corp certification by 2021. As of the end-2020, Labomar scored 66.9 points on the Impact Assessment. In order to become a certified B Corp by 2021, the company must earn at least 80 points out of 200.

Outlook and estimates

No 2021 guidance was released. According to our understanding, a slightly weak first half should be followed by a normalisation of the business activity by June-July and a rosier outlook in the second half: a business outlook, which led us to confirm our 2021E-22E forecasts. In the next few months, we would focus attention on some of its advanced strategic projects, such as its external growth/internationalisation plan and the use of its vertical farming techniques for vegetal extracts to enter the market of the CDB (cannabidiol) based non-pharmaceutical products market. We expect that, if successful, such projects could change the company's medium-term outlook currently factored in our forecasts.

Valuation

Based on our updated DCF model valuation, to which we apply a 10% discount to factor in the stock low liquidity and the company small size compared to its peers, we raise our **target price to EUR 10.9/share** from EUR 8.6/share, and given the 10.8% upside potential, **we change our rating to ADD (from Buy)**.

Equity

MID CORPORATE

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Date and time of production

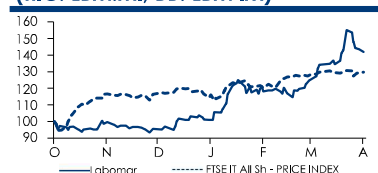
ADD (from BUY)

Target Price: EUR 10.9
(from EUR 8.6)

Italy/Healthcare
Update

AIM

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



Labomar - Key Data

Price date (market close)	26/04/2021
Target price (EUR)	10.9
Target upside (%)	10.77
Market price (EUR)	9.84
Market cap (EUR M)	181.88
52Wk range (EUR)	NA/NA

Price performance %	1M	3M	12M
Absolute	14.0	41.4	NA
Rel. to FTSE IT All Sh	12.9	26.3	NA

Y/E Dec (EUR M)	FY20A	FY21E	FY22E
Revenues	61.06	66.11	75.50
EBITDA	11.33	14.25	16.45
EBIT	7.28	9.47	10.97
Net income	6.10	6.34	7.45
EPS (EUR)	0.39	0.34	0.40
Net debt/-cash	3.42	1.34	1.62
Adj P/E (x)	17.6	28.7	24.4
EV/EBITDA (x)	11.3	12.9	11.2
EV/EBIT (x)	17.6	19.3	16.7
Div ord yield (%)	1.6	1.1	1.2

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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Recent Events

FY20 results in line

No surprises emerged from 2020 results, which confirmed the company's ability to cope with the effects of the pandemic and to fulfil its guidance and market expectations. Note that in October 2019 Labomar closed the deal for the acquisition of the ImportFab assets consolidated from 1 November 2019. Therefore, for comparison purposes, we also report in our results table Labomar's 2019 pro-forma figures, assuming the ImportFab consolidation from January 2019.

In 2020, the group's top line showed an increase of 26.3% yoy: Labomar standalone grew 10.2% yoy, driven by both the acquisition of new clients and the increase in the share of wallet of existing customers, while ImportFab's 2020 contribution for the whole year amounted to EUR 9.3M (vs. approximately EUR 1.3M in the last two months of 2019), a slightly lower level than that of the whole 2019, mainly due to the temporary suspension of the functional cosmetics manufacturing for a five-week period in March-April 2020, due to the lockdown measures adopted in Canada.

The consolidated adj. EBITDA margin increased by 30bps yoy to 20%, mainly benefiting from the better fixed costs absorption and the structurally higher profitability of the ImportFab's pharmaceutical business segment. The adjustment at the EBITDA and EBIT levels amounted to EUR 0.97M and was entirely attributable to the listing costs expensed in the P&L. The net income was better than expected, mainly thanks to non-structural items, such as the positive impact of the Patent Box agreement for the 2016-19 period (approximately EUR 0.7M, out of a total benefit including 2020 of EUR 0.9M) and the adjustment to the value of financial assets for approx. EUR 0.5M.

As of 31 December, the group's net debt declined to EUR 3.4M vs. EUR 28.7M at end-2019, benefitting from the funds raised with the IPO for approx. EUR 24.8M. According to our calculations, the gross cash flow of approx. EUR 10.1M (excluding the capital increase) was almost entirely absorbed by EUR 5.7M of capital expenditure, EUR 1.7M of NWC increase and EUR 1.4M paid for dividends.

No surprises from 2020 results

Top line organic growth at 10.2% yoy

Better than expected net income

Lower net debt vs. 2019

Labomar - FY20 results

EUR M	FY19A	FY19PF	FY20A	FY yoy %	FY vs. 2019PF %
Net revenues	48.3	56.6	61.1	26.3	7.9
Value of Production	49.1	57.4	61.5	25.1	7.2
EBITDA	9.1	11.3	11.3	24.5	0.2
% on sales	18.5	19.7	18.4		
Adj. EBITDA	9.7	12.2	12.3	27.2	1.0
% on sales	19.7	21.2	20.0		
EBIT	5.8	7.4	7.3	24.9	-2.2
% on sales	11.8	13.0	11.8		
adj. EBIT	6.4	8.3	8.2	28.2	-1.4
% on sales	13.0	14.5	13.3		
PBT	5.6	6.7	6.9	23.8	2.3
Net attrib. Inc.	4.1	5.0	6.1	47.0	21.6

PF: pro forma; A: actual; Source: Company data

The ESG angle: release of Impact Report 2020

Labomar presented last week its first Impact Report in which management outlined its 2020 main achievements in economic activities that generate value and safeguard the environment. In particular, in 2020, the company has modified its By-Laws to become a Benefit Corporation with the aim of pursuing B Corp certification by 2021, the highest recognition of a company's positive impact on the community and the environment. With this in mind, Labomar has launched the Be Circular sustainability programme, which provides for the creation and implementation of an activity plan to achieve measurable and tangible objectives. The objective of Be Circular is to implement an ongoing business change process with annual targets that turn Labomar's shared benefit goals into tangible actions. The company's shared benefit goals are as follows:

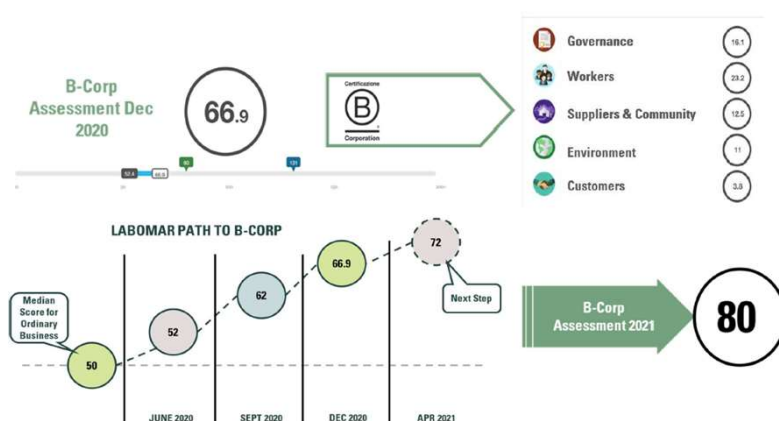
- Dedicate careful attention to the sustainable innovation of production processes in order to create products that are ethical, high in quality, safe, and effective in response to the needs of our customers and final consumers;
- Establish a concrete and transparent commitment to protecting the environment, introducing beneficial company practices, selecting safe and sustainable raw materials, and looking to form valuable partnerships with customers and suppliers;
- Guarantee the well-being of employees, their families and the local community by developing initiatives that promote the growth of skills, awareness and the concept of a healthy lifestyle and the principles of respect and diversity;
- Promote a culture of beauty, support for cultural and social initiatives, and the promotion of value in the local area.

As of the end of December 2020, Labomar earned 66.9 points on the "Impact Assessment". In order to become a certified B corporation, the company must earn at least 80 points out of 200 and this is the goal set by the management by 2021.

Impact assessment score

Labomar - Current Impact Assessment and 2021 Target

B-Corp certification: current assessment



Source: Company data

Earnings Outlook

The company did not release a quantitative 2021 guidance. However, management specified that the first months of the year slightly suffered from the weak cough and cold season and from the customers' de-stocking and that the normalisation of the business activity is expected by June-July. A rosier outlook is expected in the second half of the year, driven by group's R&D new products and the business development activity with new and existing customers.

Management confirmed that the company remains strongly committed to its external growth strategy with the aim of completing a deal in the next few months. According to our understanding, management would aim at further enhancing the group's internationalisation process and its technologies endowment.

In addition, we would highlight that in the last few months the 51% controlled company Herbae, now renamed Labomar Next, has continued the development of the vertical farming techniques for vegetal extracts and by the last part of 2021 would be ready to apply such technology to the cannabis cultivation, allowing Labomar to enter the market of the CDB (cannabidiol) based non-pharmaceutical products, which are experimenting a wider liberalisation in the European markets. Even if difficult to quantify at present, we believe that the expansion in this new market segment could represent for Labomar a potential business opportunity.

Based on the announced results, we substantially confirm our 2021E-22E estimates (see table below). However, we would expect that, if successful, the possible developments on external growth and the start-up of the new CDB based products business segment could significantly change the company's medium-term outlook.

Labomar - 2021E-23E estimates

EUR M	2021E			2022E			2023E	
	New	Old	chg %	New	Old	chg %	New	Old
Value of production	66.6	67.2	-0.9	76.0	76.7	-0.9	86.9	
EBITDA	14.2	14.2	0.0	16.5	16.5	0.0	18.9	
% margin	21.4	21.2		21.6	21.4		21.7	
Rec. EBITDA	14.2	14.2	0.0	16.5	16.5	0.0	18.9	
% margin	21.4	21.2		21.6	21.4		21.7	
EBIT	9.5	9.5	-0.3	11.0	11.0	-0.4	12.6	
% margin	14.2	14.1		14.4	14.3		14.6	
Net Profit	6.3	6.4	-1.3	7.5	7.5	-1.3	8.7	
Adj. Net Profit	6.3	6.4	-1.3	7.5	7.5	-1.3	8.7	

Source: Intesa Sanpaolo Research estimates

Valuation

We value Labomar using a DCF approach with a peers' multiple comparison as a cross-check. In our view, a DCF methodology should allow us to capture, at least in part, the value of the company's production value growth potential over the next 4-5 years. By contrast, a peers' multiples analysis should return a more market-related and short-term view of the company's value. We highlight that our valuation does not include either any potential opportunities arising from external growth or the possible entering of the group in the cannabis market.

DCF model

Following 2020 results' approval, we roll over our explicit estimates period in our DCF valuation to the 2021E-25E period (previously 2020E-24E) and we use the following key assumptions:

- A 6.03% WACC, incorporating a risk-free rate of 0.75% (1.0% previously), an equity risk premium of 6.5% (7.25% previously), a beta of 1.0x and a target gearing ratio (D/D+E) at 20%;
- A perpetuity growth rate at 1.0%, reflecting on the one hand the long-term growth trend for Labomar's services and manufactured products and, on the other hand, the limited earnings visibility and the discretionary nature of part of the vitamin and dietary supplements consumption.

Our DCF would suggest a Labomar fair valuation of EUR 12.1/share.

Labomar - DCF valuation

EUR M	
PV of FOpCF 21-25E	32
Perpetual growth rate (%)	1.0
Terminal Value	253
PV of terminal value	198
Enterprise Value	230
Net Debt (+)/Cash(-) 2020A	3.4
Employee termination indemnities	2.6
Equity Value	224
Minorities	0.0
Group Equity Value	224
No. of shares (M)	18.5
Fair Value (EUR)	12.1

Source: Intesa Sanpaolo Research estimates

Peers' multiples

Multiples comparison

We believe that a market multiples' analysis is a useful instrument to cross-check our DCF valuation. However, we highlight the difficulty in finding perfect comparables as they differ in terms of size, country, reference markets, business models, stock market listings and operating profitability. We select our peers' sample including a certain number of companies all providing manufacturing and/or product development services to the pharmaceutical and nutraceutical industry. In the table below, we report the 2021-22E EV/EBITDA, EV/EBIT and P/E multiples and the operating profitability of Labomar's peers included in our sample.

Peers' sample market multiples (2021E-22E)

(x)	Price	Mkt cap (M) (Local)	CURR.	EV/EBITDA		EV/EBIT		P/E	
				2021E	2022E	2021E	2022E	2021E	2022E
Dermapharm	75.5	4062	EUR	15.3	15.1	20.1	19.1	26.6	25.5
Catalent	115.7	19694	USD	22.0	19.4	27.9	25.1	38.2	34.1
ICON	217.9	11501	USD	18.2	15.9	20.7	18.0	26.0	23.5
Siegfried	857.0	3729	CHF	19.9	17.1	30.1	25.5	34.1	29.7
LANXESS	62.9	5497	EUR	7.3	6.4	13.8	11.4	20.0	14.9
Strides Pharma	907.2	81354	Ind.Rup.	11.4	9.3	15.9	12.8	22.1	16.1
Bachem Holding	473.5	6629	CHF	45.4	38.1	57.3	47.7	66.3	54.9
Laboratorios Rovi	46.7	2618	EUR	22.7	18.5	28.6	23.0	32.7	26.4
Jubilant	801.7	127688	Ind.Rup.	7.5	6.6	9.4	8.2	13.9	12.9
Boiron SA	37.1	649	EUR	6.6	4.4	12.8	7.1	33.9	18.3
Fine Foods	13.5	318	EUR	8.9	7.1	16.3	12.6	25.5	20.4
Probi AB	509.0	5927	SEK	25.5	22.6	37.5	32.1	59.9	48.8
BioGaia	413.5	8351	SEK	26.9	23.1	28.7	24.6	45.7	39.8
PharmaNutra	37.1	359	EUR	21.5	18.7	23.8	20.7	33.6	29.2
Labomar*	9.8	181.9	EUR	13.1	11.3	19.6	17.0	28.7	24.4
Median (ex-LBM)				19.1	17.1	22.2	20.7	33.2	26.4
LBM prem./-discount %				-31.5	-33.7	-11.7	-17.9	-13.5	-7.5

Priced at market close of 26/04/2021; Source: FactSet and *Intesa Sanpaolo Research estimates

Labomar - Peers' sample: EBITDA and EBIT margin (2021E-22E)

(%)	EBITDA margin		EBIT margin	
	2021E	2022E	2021E	2022E
Dermapharm Holding SE	29.8	28.9	22.7	22.8
Catalent Inc	25.1	26.0	19.8	20.1
ICON Plc	18.1	18.4	15.9	16.3
Siegfried Holding AG	18.7	19.6	12.4	13.1
LANXESS AG	15.0	15.5	7.9	8.7
Strides Pharma Science Ltd	21.3	22.2	15.3	16.2
Bachem Holding AG Class B	31.5	32.1	25.0	25.6
Laboratorios Farmaceuticos Rovi	21.8	24.5	17.4	19.8
Jubilant Life Sciences Limited	26.6	26.7	21.1	21.6
Boiron SA	14.7	20.2	7.6	12.4
Fine Foods & Pharmaceuticals	14.1	15.0	7.7	8.4
Probi AB	29.0	29.6	19.7	20.8
BioGaia AB Class B	33.1	34.2	31.0	32.1
PharmaNutra S.p.A.	25.5	26.0	23.0	23.5
Labomar*	21.5	21.8	14.3	14.5
Median (ex-Labomar)	23.5	26.0	18.5	20.1

Data as at 26/04/2021; Source: FactSet and *Intesa Sanpaolo Research estimates

An analysis of Labomar's peers market multiples shows that at the current price the stock trades at a discount to the sample median. In our view, this could be partially attributable to Labomar's smaller size and its lower operating profitability compared to the sample median.

Conclusions

As explained above, we believe that the stock should be valued using a DCF methodology with the peers' multiples as a cross check.

In evaluating the stock, we would point out that: 1) the stock liquidity is low as the free float amounts to 17.9% of the total share capital for a market value at the current price of approx. EUR 33M; and 2) the company has a small size compared to its peers and just started to build its M&A track record. While we acknowledge that some of these factors could prove to be temporary, we believe that at present a discount of 10% to our DCF valuation is a reasonable assumption to reflect these considerations (unchanged compared to our previous report).

EUR 10.9/share target price; ADD from Buy

Therefore, based on our updated DCF model, we raise our **target price to EUR 10.9/share (EUR 8.6/share previously), and given the 10.8% upside potential, we change our rating to ADD (from Buy)**. Lastly, we would also note that, at our target price, Labomar would continue to trade at a discount to its peers on most of the 2021E-22E market multiples.

Labomar - Implied market multiples at our target price

(x)	EV/EBITDA		EV/EBIT		P/E	
	2021E	2022E	2021E	2022E	2021E	2022E
Labomar	14.4	12.5	21.7	18.8	31.8	27.0
Median (ex-Labomar)	19.1	17.1	22.2	20.7	33.2	26.4
Labomar premium/-discount (%)	-24.2	-26.7	-2.4	-9.3	-4.2	2.5

Source: Intesa Sanpaolo Research estimates

Labomar – Key Data

Rating ADD	Target price (EUR/sh) Ord 10.9	Mkt price (EUR/sh) Ord 9.84			Sector Healthcare
Values per share (EUR)	2019A	2020A	2021E	2022E	2023E
No. ordinary shares (M)	14.15	18.48	18.48	18.48	18.48
Total no. of shares (M)	14.15	18.48	18.48	18.48	18.48
Market cap (EUR M)	NA	125.05	181.88	181.88	181.88
Adj. EPS	0.32	0.39	0.34	0.40	0.47
CFPS	0.45	0.54	0.59	0.69	0.80
BVPS	0.70	2.1	2.3	2.6	3.0
Dividend ord	0.10	0.11	0.11	0.12	0.14
Income statement (EUR M)	2019A	2020A	2021E	2022E	2023E
Revenues	48.34	61.06	66.11	75.50	86.28
EBITDA	9.10	11.33	14.25	16.45	18.87
EBIT	5.82	7.28	9.47	10.97	12.65
Pre-tax income	5.56	6.90	8.57	10.07	11.75
Net income	4.15	6.10	6.34	7.45	8.69
Adj. net income	4.57	7.13	6.34	7.45	8.69
Cash flow (EUR M)	2019A	2020A	2021E	2022E	2023E
Net income before minorities	4.1	6.1	6.3	7.5	8.7
Depreciation and provisions	3.3	4.0	4.8	5.5	6.2
Others/Uses of funds	-18.6	-0.9	0	0	0
Change in working capital	-1.7	-1.7	-0.7	-0.9	-1.0
Operating cash flow	-12.9	7.6	10.4	12.0	13.9
Capital expenditure	-3.8	-5.7	-6.2	-10.2	-7.2
Financial investments	0	0	0	0	0
Acquisitions and disposals	0	0	0	0	0
Free cash flow	-16.7	1.8	4.2	1.9	6.7
Dividends	1.2	1.4	2.0	2.0	2.2
Equity changes & Other non-operating items	0	25.0	0	0	0
Net cash flow	-15.5	28.2	6.2	3.8	9.0
Balance sheet (EUR M)	2019A	2020A	2021E	2022E	2023E
Net capital employed	38.6	41.1	43.4	49.2	51.4
of which associates	0	0	0	0	0
Net debt/-cash	28.7	3.4	1.3	1.6	-2.7
Minorities	0.0	0.0	0.0	0.0	0.0
Net equity	9.9	38.2	42.6	48.1	54.5
Minorities value	0.0	0.0	0.0	0.0	0.0
Enterprise value	NA	128.5	183.2	183.5	179.2
Stock market ratios (x)	2019A	2020A	2021E	2022E	2023E
Adj. P/E	NA	17.6	28.7	24.4	20.9
P/CFPS	NA	12.6	16.6	14.3	12.4
P/BVPS	NA	3.3	4.3	3.8	3.3
Payout (%)	29	22	31	26	26
Dividend yield (% ord)	NA	1.6	1.1	1.2	1.4
FCF yield (%)	NA	1.3	2.2	0.9	3.6
EV/sales	NA	2.1	2.8	2.4	2.1
EV/EBITDA	NA	11.3	12.9	11.2	9.5
EV/EBIT	NA	17.6	19.3	16.7	14.2
EV/CE	NA	3.1	4.2	3.7	3.5
D/EBITDA	3.2	0.30	0.09	0.10	Neg.
D/EBIT	4.9	0.47	0.14	0.15	Neg.
Profitability & financial ratios (%)	2019A	2020A	2021E	2022E	2023E
EBITDA margin	18.8	18.6	21.5	21.8	21.9
EBIT margin	12.0	11.9	14.3	14.5	14.7
Tax rate	25.5	11.6	26.0	26.0	26.0
Net income margin	8.6	10.0	9.6	9.9	10.1
ROCE	15.1	17.7	21.8	22.3	24.6
ROE	48.0	25.4	15.7	16.4	16.9
Interest cover	-24.2	-30.3	-10.5	-12.2	-14.1
Debt/equity ratio	289.2	8.9	3.1	3.4	Neg.
Growth (%)		2020A	2021E	2022E	2023E
Sales		26.3	8.3	14.2	14.3
EBITDA		24.6	25.7	15.5	14.7
EBIT		25.1	30.1	15.8	15.3
Pre-tax income		24.0	24.3	17.4	16.7
Net income		47.1	4.0	17.4	16.7
Adj. net income		56.0	-11.0	17.4	16.7

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

Company Snapshot

Company Description

Labomar group is a CDMO (Contract Development and Manufacturing Organisation) of nutraceutical and pharmaceutical products with a 2019 consolidated pro-forma VoP of EUR 57.4M and an adjusted pro-forma EBITDA margin of 21.2%.

Key Risks

Company specific risks:

- Short-term visibility on production volumes
- Low stock liquidity and market float
- Still too focused on the domestic market despite a growing internationalization trend

Sector generic risks:

- Potential changes in consumer trends and needs
- Possible changes in the regulatory framework
- New lockdown measures

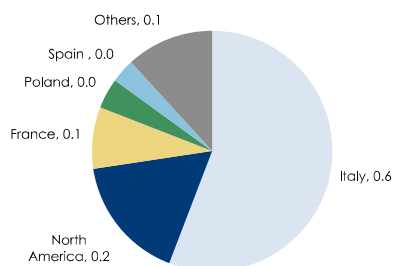
Key data

Mkt price (EUR)	9.84	Free float (%)	17.9
No. of shares	18.48	Major shr	LBM Holding
52Wk range (EUR)	NA/NA	(%)	71.1
Reuters	LBM.MI	Bloomberg	LBM IM
Performance (%)	Absolute	Rel. FTSE IT All Sh	
-1M	14.0	-1M	12.9
-3M	41.4	-3M	26.3
-12M	NA	-12M	NA

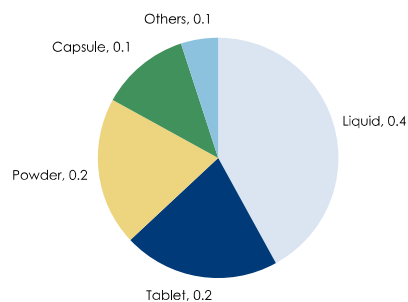
Estimates vs. consensus

EUR M (Y/E Dec)	2020A	2021E	2021C	2022E	2022C	2023E	2023C
Sales	61.06	66.11	68.30	75.50	76.80	86.28	NA
EBITDA	11.33	14.25	14.15	16.45	16.35	18.87	NA
EBIT	7.28	9.47	9.50	10.97	10.85	12.65	NA
Pre-tax income	6.90	8.57	9.60	10.07	10.30	11.75	NA
Net income	6.10	6.34	6.85	7.45	7.70	8.69	NA
EPS (€)	0.39	0.34	0.38	0.40	0.43	0.47	NA

Sales breakdown by geography (%)



Sales breakdown by dosage form (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 26/04/2021)

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.

Notes

Disclaimer

Analyst certification

The financial analyst who prepared this report, and whose name and role appear on the first page, certifies that:

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

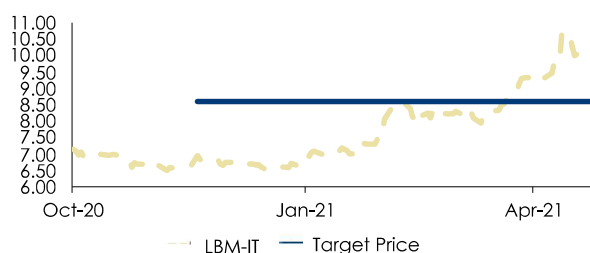
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Long-term rating	Definition
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ADD	If the target price is 10%-20% higher than the market price
HOLD	If the target price is 10% below or 10% above the market price
REDUCE	If the target price is 10%-20% lower than the market price
SELL	If the target price is 20% lower than the market price
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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)
30-Mar-21	Under Review	8.6	9.2
23-Nov-20	BUY	8.6	7.0

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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