

Company Note

Labomar

A Gradual Path to Normalisation

Our 2022 outlook should see a gradual return to a normal profitability level. We appreciate management's focus on the integration of the acquired companies to extract commercial and cost synergies.

Recent events

Labomar recently said that preliminary 2021 consolidated revenues amounted to EUR 65.4M (unaudited) vs. EUR 61.1M in 2020 (+7.1% yoy) including the companies acquired in 2021, i.e. the Welcare Group (since 1 July 2021) and Labiotre Srl for the sole month of December. On a like-for-like basis (Labomar+Importfab), 2021 revenues would have amounted to EUR 61.4M, +0.6% yoy, supported by 2H21A organic growth of approx. 10%, with both the parent company (+9.2%) and the Canadian subsidiary (+15.4%) contributing. It also said that on a pro-forma basis, assuming the consolidation of Welcare and Labiotre for FY21, the group sales would have amounted to EUR 74.2M.

Outlook and estimates

We expect the 2H21E EBITDA margin to significantly recover compared to both 2H20 and 1H21 as a result of the improved operating leverage and production efficiencies, the positive impact of the consolidation of Welcare for which we estimate an EBITDA margin around 30% and the gradual balancing between higher raw material and energy costs and selectively increased selling prices. In the last few days, management highlighted that the order backlog in 2H21 benefited from a significant recovery in the orders for cough and cold products and probiotics, together representing approximately 25% of its annual sales and confirmed its expectations for a double-digit top-line growth in 2022 on a like-for-like basis. Management also said that 2022 should see a full recovery of its operating profitability to a normal level thanks to higher sales volumes, an active raw material procurement management and the gradual substitution of the past supply contracts with the new ones.

Valuation

We believe that in 2022 management's focus will be on the integration of the acquired companies and the extraction of the related potential synergies rather than on further external growth. Our scenario points to a normalisation of its operating profitability since 2022E (an EBITDA margin in the 19-20% range) after the pandemic related decline expected for 2021E. We believe that the negative stock performance of the last few months already factored in the disappointing 2021E expectations, leaving room for a stock price upside should our 2022E scenario prove to be correct. Thus, based on our updated 2021E-23E forecasts and DCF model, we set our Labomar target price at EUR 11.4/share (EUR 11.8/sh previously) and we change our rating to ADD from Hold.

3 February 2022: 12:43 CET
Date and time of production

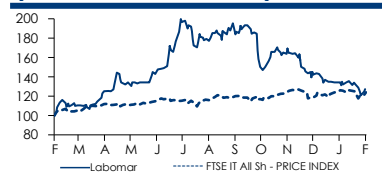
ADD
(from HOLD)

Target Price: EUR 11.4
(from EUR 11.8)

Italy/Healthcare
Update

EGM (ex-AIM)

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



Labomar - Key Data

Price date (market close)	02/02/2022
Target price (EUR)	11.4
Target upside (%)	18.75
Market price (EUR)	9.60
Market cap (EUR M)	177.45
52Wk range (EUR)	14.9/7.4

Price performance %	1M	3M	12M
Absolute	-4.0	-23.8	28.9
Rel. to FTSE IT All Sh	-3.6	-23.8	3.9

Y/E Dec (EUR M)	FY20A	FY21E	FY22E
Revenues	61.06	65.42	83.03
EBITDA	11.33	10.54	15.99
EBIT	7.28	5.99	10.70
Net income	6.10	5.28	7.63
EPS (EUR)	0.39	0.29	0.41
Net debt/-cash	3.42	22.07	19.98
Adj P/E (x)	17.6	33.6	23.2
EV/EBITDA (x)	11.3	18.9	12.4
EV/EBIT (x)	17.6	33.3	18.5
Div ord yield (%)	1.6	1.1	1.3

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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Recent Events

Preliminary 2021 sales

The company has recently said that preliminary 2021 consolidated revenues amounted to EUR 65.4M (unaudited) vs. EUR 61.1M in 2020 (+7.1% yoy), including the companies acquired in 2021, i.e. the Welcare Group (since 1 July 2021) and Labiotre Srl for the sole month of December. On a like-for-like basis (Labomar+Importfab), 2021 revenues would have amounted to EUR 61.4M, up 0.6% yoy, supported by the 2H21A organic growth of approximately 10%, with both the parent company (+9.2%) and the Canadian subsidiary (+15.4%) contributing. In particular, management said that the latter was able to resume current production activities without further government restrictions.

Preliminary 2021 consolidated revenues at EUR 65.4M

In 2H21, Welcare contributed to the consolidated sales with approximately EUR 3.7M and Labiotre with approximately EUR 0.3M (December 2021). The company also said that on a pro-forma basis, assuming the consolidation of Welcare and Labiotre for the whole 2021, the group sales would have amounted to EUR 74.2M out of which EUR 7.7M from Welcare (+14.9% yoy) and EUR 5.1M from Labiotre net of the EUR 2.4M Labiotre sales to Labomar (total Labiotre 2021 sales amounted to EUR 7.5M vs. EUR 6.1M in 2020).

Labomar – 1H20-21 sales trend

EUR M	1H20A	2H20	FY20A	1H21A	2H21AE	yoy %	FY21A	FY yoy %
Sales	33.0	28.1	61.1	30.5	34.9	24.4%	65.4	7.1%

Source: Company data

Bayer's Award

Labomar recently stated that it was recognised by Bayer as one of the four "Best External Partners" for 2021. The pharmaceutical multi-national made the announcement in recent days through its Bayer Consumer Health division. Labomar, the only Italian company among the four awardees globally, was recognised for its commitment and speed in developing and launching in the EMEA (Europe, Middle East, Asia) market two cough and cold and nutrition products, during the pandemic and at a record speed of 12 months. We believe that the recognition will contribute to support Labomar's target of further enhancing the commercial partnership with big multi-national players, whom are capable of rolling out successful products in several markets.

One of the four "Best External Partners" for 2021

Earnings Outlook

As reported in the table below, we expect the 2H21E EBITDA margin to significantly recover compared to both 2H20 and 1H21, as a result of the improved operating leverage and production efficiencies, the positive impact of the consolidation of Welcare for which we estimate an EBITDA margin around 30% and the gradual balancing between higher raw material and energy costs and selectively increased selling prices.

2H21E EBITDA margin to significantly recover vs. 2H20 & 1H21

Labomar - 2H21E preview

EUR M	1H20A	2H20A	FY20A	1H21A	2H21A/E	2H yoy %	FY21A/E	FY yoy %
Sales*	33.0	28.1	61.1	30.5	34.9	24.4	65.4	7.1
EBITDA	7.8	3.6	11.3	4.5	6.1	70.5	10.5	-7.0
% on sales	23.5	12.7	18.4	14.6	17.4	-	16.0	-
Adj. EBITDA	7.8	4.5	12.3	4.0	6.5	44.0	10.5	-14.3
% on sales	23.5	16.2	20.0	13.1	18.7	-	16.0	-
EBIT	5.6	1.7	7.3	2.4	3.6	113.9	6.0	-17.7
% on sales	16.9	6.1	11.8	7.7	10.4	-	9.1	-
Adj. EBIT	5.6	2.7	8.3	1.9	4.1	53.1	6.0	-27.4
% on sales	16.9	9.5	13.4	6.2	11.7	-	9.1	-
Pre-tax profit	4.9	2.0	6.9	3.6	3.2	60.1	6.8	-1.8
Net profit	3.6	2.5	6.1	2.9	2.4	-3.3	5.3	-13.4

* Preliminary results for 2021; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

As for 2022, in the last few days, management highlighted that the order backlog in 2H21 benefited from a significant recovery in the orders for cough and cold products and probiotics together representing approx. 25% of the group's annual sales and confirmed its expectations for a double-digit top-line growth in 2022 on a like-for-like basis. In addition, management said that 2022 should see a full recovery of the group's operating profitability to a normal level thanks to higher sales volumes, an active raw material procurement management and the gradual substitution of the past supply contracts with the new ones.

2022 should see a full recovery of the group's operating profitability

On M&A, we would expect that in the current year the focus will be on the integration of the companies acquired in 2021 trying to extract the maximum commercial and cost synergies. In our understanding, Canada and Eastern Europe nonetheless remain areas of interest for possible acquisitions: based on our current estimates we believe that the company could spend up to EUR 15-20M, while maintaining a 2022E gearing ratio below 2.5x. However, we expect external growth to be a strategic priority this year.

M&A

Note that all the main strategic growth projects are proceeding, and our current forecasts do not include any impact from the development of the Labomar Next project which, if successful, could turn out to be a significant asset for the company. Based on the recent business developments, we update our 2021E-23E forecasts as follows:

Main strategic growth projects proceeding

Labomar - 2021E-23E estimate revision

EUR M	2021E			2022E			2023E		
	New	Old	chg %	New	Old	chg %	New	Old	chg %
Value of production	65.9	66.8	-1.4	83.6	78.7	6.2	92.7	87.2	6.4
EBITDA	10.5	11.2	-5.9	16.0	15.6	2.5	18.1	17.7	2.3
% margin	16.0	16.8	-1.5	19.1	19.8	-0.7	19.5	20.3	-0.8
Rec. EBITDA	10.5	10.7	-1.5	16.0	15.6	2.5	18.1	17.7	2.3
% margin	16.0	16.0	0.0	19.1	19.8	-0.7	19.5	20.3	-0.8
EBIT	6.0	6.4	-6.4	10.7	10.1	5.9	12.3	11.4	7.8
% margin	9.1	9.7	-6.1	12.8	12.9	-0.7	13.2	13.1	0.1
Net Profit	5.3	5.1	3.5	7.6	7.4	3.2	8.8	8.4	5.0
Adj. Net Profit	5.3	5.1	3.5	7.6	7.4	3.2	8.8	8.4	5.0

Source: Intesa Sanpaolo Research estimates

Our main changes concern the following points:

- For 2021E, we factor in the reported EBITDA forecasts the impact of the fees related to the Labiotre acquisition and of the slightly lower than expected consolidated sales. Below the EBIT line, we include a further benefit expected in 2H21E from the reduction of the earn out related to the ImportFab acquisition and the estimated positive impact on the net income from some one-off tax relieves;
- We fully factor in our P&L and balance sheet forecasts the impact from the consolidation of Labiotre since the month of December 2021.
- Considering the Labiotre acquisition price, we would not exclude that in 2021 the group's net income could be positively impacted by an asset write-up (not included in our forecasts), which would anyway be a one-off item not impacting on the group's valuation.

Valuation

We value Labomar using a DCF approach with a peers' multiples 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.

DCF valuation

Our DCF model is based on the following key assumptions:

- A 6.03% WACC (6.15% previously), incorporating a risk-free rate of 1%, an equity risk premium of 6.5%, a beta of 0.975x (source: Bloomberg vs.1.0x previously) 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 value of EUR 11.4/share (EUR 11.8/share previously).

Labomar - DCF valuation

EUR M	
PV of FOpCF 21-25	13
Perpetual growth rate %	1.0
Terminal Value	260
PV of terminal value	204
Enterprise Value	217
Net Debt (+)/Cash(-) 2020A	3.4
Employee termination indemnities	2.6
Capital Increase (IPO)	0
Equity Value	211
Minorities	0.0
Group Equity Value	211
No. of shares (M)	18.5
Fair Value (EUR)	11.4

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 2021-22 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-23E)

(x)	Price	Mkt Cap (M) Loc.Curr	Currency	EV/EBITDA			EV/EBIT			P/E		
				2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Dermapharm	71.8	3863	Euro	12.4	10.7	11.5	14.4	12.5	13.6	18.8	16.9	18.9
Catalent	106.2	19019	USD	20.9	17.5	15.5	25.7	22.1	19.4	34.6	28.0	24.6
ICON	275.9	22458	USD	28.3	18.4	15.7	31.1	20.0	16.9	33.9	23.2	19.7
Siegfried	769.0	3381	Sw.Fr.	18.4	15.1	14.2	31.0	23.1	22.4	36.3	27.4	24.1
LANXESS	55.0	4747	Euro	6.8	6.5	5.7	13.4	12.0	9.9	20.2	12.7	10.6
Bachem Holding	560.0	8260	Sw.Fr.	49.4	39.3	31.8	59.9	47.6	37.8	72.7	54.7	42.6
Laboratorios Rovi	67.8	3801	Euro	19.6	16.4	14.3	21.7	18.2	16.1	28.0	22.2	19.9
Boiron SA	40.1	704	Euro	6.8	4.4	4.1	12.0	6.5	5.3	26.2	15.8	14.1
Fine Foods	13.6	346	Euro	13.8	10.2	8.7	24.0	17.7	14.6	64.9	24.0	20.4
Probi AB	385.0	4387	Sw.Krona	23.8	19.1	17.2	40.6	29.0	25.1	55.9	40.6	36.6
BioGaia	511.0	10320	Sw.Krona	32.3	28.2	24.4	34.7	29.3	25.3	52.5	45.9	40.3
PharmaNutra	65.8	637	Euro	32.5	29.1	25.1	35.2	31.8	27.9	50.6	46.3	40.2
Labomar*	9.6	177.4	Euro	19.2	12.5	10.8	33.7	18.7	15.8	33.6	23.2	20.1
Median (ex-Labomar)				20.2	17.0	15.5	28.4	21.0	19.4	35.5	25.7	24.1
Labomar prem/-disc %				-5.1	-26.2	-30.9	18.8	-11.1	-18.5	-5.3	-9.6	-16.6

Priced at market close of 02/02/22; Source: FactSet and *Intesa Sanpaolo Research estimates

Peers' sample: EBITDA and EBIT margin (2021E-23E)

%	EBITDA margin			EBIT margin		
	2021	2022	2023	2021	2022	2023
Dermapharm Holding SE	36.2	35.8	33.1	31.1	30.6	28.0
Catalent Inc	25.5	26.6	27.0	20.7	21.1	21.6
ICON Plc	17.5	18.0	18.8	15.9	16.6	17.4
Siegfried Holding AG	18.7	20.2	20.2	11.1	13.2	12.8
LANXESS AG	13.8	14.7	15.4	7.1	8.0	8.9
Bachem Holding AG Class B	32.4	33.7	33.1	26.7	27.8	27.8
Laboratorios Farmaceuticos Rovi, S.A.	29.7	30.2	32.6	26.7	27.2	29.0
Boiron SA	15.6	20.8	19.5	8.8	14.1	15.1
Fine Foods	12.9	14.0	14.3	7.4	8.1	8.6
Probi AB	26.5	29.1	28.7	15.5	19.1	19.6
BioGaia AB Class B	35.1	33.2	33.4	32.6	32.0	32.1
PharmaNutra S.p.A.	28.0	27.2	27.4	25.8	24.8	24.7
Labomar*	16.0	19.1	19.5	9.1	12.8	13.2
Median (ex-Labomar)	26.0	26.9	27.4	18.3	20.1	21.6

Source: FactSet and *Intesa Sanpaolo Research estimates

An analysis of Labomar's peers market multiples shows that at the current price, the stock trades a discount on all the 2022E-23E peers' multiples, which we believe could be partly attributable to Labomar's lower size and EBITDA margin.

Conclusions

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:

- The stock liquidity is still quite low as the free float amounts to 15.8% of the total share capital for a market value at the current price of approx. EUR 28M;
- The company has a small size compared to its peers;
- In 2021, Labomar continued to build its M&A track record with the Welcare and Labiotre acquisition showing the ability to acquire profitable companies at reasonable multiples;
- Through its shareholdings in Project Zero (5.56%) and in Labomar Next (51%), the company has entered the vertical farm industry with a project for the cultivation of medicinal plants, which is gaining momentum and is aimed at developing new nutraceutical active ingredients, new functional dressings (superfoods) and at possibly cultivating the medical cannabis.

According to our understanding, by 2022 the company could be able to offer its customers a fully vertically integrated product from raw material cultivation (vertical farming) to industrial production with significant benefits in terms of supply chain management and quality control.

We believe that in 2022 management focus will be on the integration of the acquired companies and the extraction of the related potential synergies rather than on further external growth. Our scenario points to a normalisation of the group's operating profitability since 2022E (an EBITDA margin in the 19-20% range) following the pandemic related decline expected for 2021E. We believe that the negative stock performance of the last few months already factored in the disappointing 2021E expectations, leaving room for a stock price upside should our 2022E scenario prove to be correct. Therefore, based on our updated 2021E-23E forecasts and DCF model, we set our Labomar **target price at EUR 11.4/share** (EUR 11.8/share previously) and we change **our rating to Add from Hold**.

**New EUR 11.4/share target price
from EUR 11.8/sh; ADD rating from
Hold**

Labomar – Key Data

Rating ADD	Target price (EUR/sh) Ord 11.4	Mkt price (EUR/sh) Ord 9.60			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	177.45	177.45	177.45
Adj. EPS	0.32	0.39	0.29	0.41	0.48
CFPS	0.45	0.54	0.53	0.69	0.78
BVPS	0.70	2.1	2.2	2.6	2.9
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	65.42	83.03	92.09
EBITDA	9.10	11.33	10.54	15.99	18.11
EBIT	5.82	7.28	5.99	10.70	12.29
Pre-tax income	5.56	6.90	6.77	10.18	11.76
Net income	4.15	6.10	5.28	7.63	8.82
Adj. net income	4.57	7.13	5.28	7.63	8.82
Cash flow (EUR M)	2019A	2020A	2021E	2022E	2023E
Net income before minorities	4.1	6.1	5.3	7.6	8.8
Depreciation and provisions	3.3	4.0	4.5	5.3	5.8
Others/Uses of funds	-18.6	-0.9	-21.1	0	0
Change in working capital	-1.7	-1.7	0.0	-1.7	-0.9
Operating cash flow	-12.9	7.6	-11.2	11.3	13.8
Capital expenditure	-3.8	-5.7	-5.5	-7.0	-6.0
Financial investments	0	0	0	0	0
Acquisitions and disposals	0	0	0	0	0
Free cash flow	-16.7	1.8	-16.7	4.3	7.8
Dividends	1.2	1.4	2.0	2.0	2.3
Equity changes & Other non-operating items	0	25.0	0	0	0
Net cash flow	-15.5	28.2	-14.7	6.3	10.1
Balance sheet (EUR M)	2019A	2020A	2021E	2022E	2023E
Net capital employed	38.6	41.7	60.1	63.7	64.8
of which associates	0	0	0	0	0
Net debt/-cash	28.7	3.4	22.1	20.0	14.6
Minorities	0.0	0.0	0.0	0.0	0.0
Net equity	9.9	38.2	41.5	47.2	53.7
Minorities value	0.0	0.0	0.0	0.0	0.0
Enterprise value	NA	128.5	199.5	197.4	192.1
Stock market ratios (x)	2019A	2020A	2021E	2022E	2023E
Adj. P/E	NA	17.6	33.6	23.2	20.1
P/CFPS	NA	12.6	18.1	14.0	12.3
P/BVPS	NA	3.3	4.3	3.8	3.3
Payout (%)	29	22	37	26	26
Dividend yield (% ord)	NA	1.6	1.1	1.3	1.5
FCF yield (%)	NA	1.3	-9.4	2.3	4.3
EV/sales	NA	2.1	3.1	2.4	2.1
EV/EBITDA	NA	11.3	18.9	12.4	10.6
EV/EBIT	NA	17.6	33.3	18.5	15.6
EV/CE	NA	3.1	3.3	3.1	3.0
D/EBITDA	3.2	0.30	2.1	1.2	0.81
D/EBIT	4.9	0.47	3.7	1.9	1.2
Profitability & financial ratios (%)	2019A	2020A	2021E	2022E	2023E
EBITDA margin	18.8	18.6	16.1	19.3	19.7
EBIT margin	12.0	11.9	9.2	12.9	13.3
Tax rate	25.5	11.6	22.0	25.0	25.0
Net income margin	8.6	10.0	8.1	9.2	9.6
ROCE	15.1	17.5	10.0	16.8	18.9
ROE	48.0	25.4	13.2	17.2	17.5
Interest cover	-24.2	-30.3	-11.5	-20.5	-23.5
Debt/equity ratio	289.2	8.9	53.1	42.3	27.2
Growth (%)		2020A	2021E	2022E	2023E
Sales		26.3	7.1	26.9	10.9
EBITDA		24.6	-7.0	51.7	13.3
EBIT		25.1	-17.7	78.6	14.8
Pre-tax income		24.0	-1.8	50.3	15.6
Net income		47.1	-13.4	44.6	15.6
Adj. net income		56.0	-25.9	44.6	15.6

Note that 2021 sales are preliminary unaudited results; 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 2021 consolidated sales of EUR 65.4M.

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

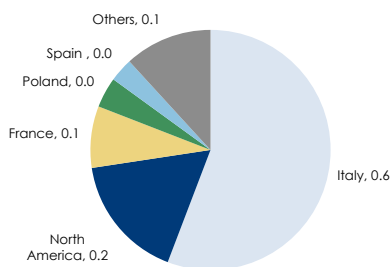
Key data

Mkt price (EUR)	9.60	Free float (%)	15.8
No. of shares	18.48	Major shr	LBM Holding
52Wk range (EUR)	14.9/7.4	(%)	67.3
Reuters	LBM.MI	Bloomberg	LBM IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-4.0	-1M	-3.6
-3M	-23.8	-3M	-23.8
-12M	28.9	-12M	3.9

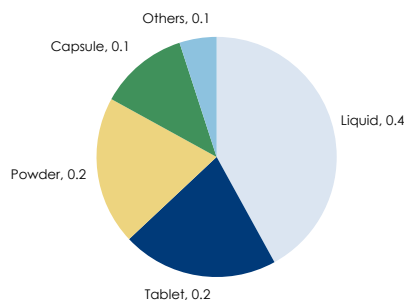
Estimates vs. consensus

EUR M (Y/E Dec)	2020A	2021E	2021C	2022E	2022C	2023E	2023C
Sales	61.06	65.42	65.40	83.03	80.40	92.09	88.32
EBITDA	11.33	10.54	11.01	15.99	15.47	18.11	17.58
EBIT	7.28	5.99	6.38	10.70	9.77	12.29	10.97
Pre-tax income	6.90	6.77	6.87	10.18	9.46	11.76	10.66
Net income	6.10	5.28	5.23	7.63	7.17	8.82	8.11
EPS (€)	0.39	0.29	0.27	0.41	0.39	0.48	0.44

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 02/02/2022)

Our Mid Corporate Definition

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

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Equity Research Publications in Last 12M

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

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

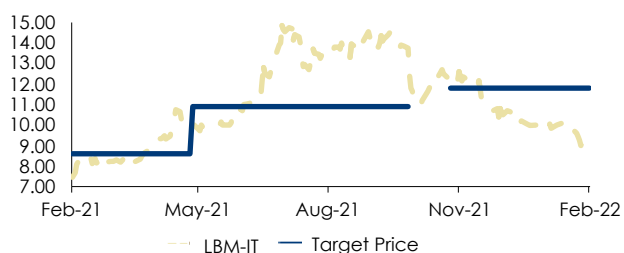
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Equity Rating Key (long-term horizon: 12M)

Long-term rating	Definition
BUY	If the target price is 20% higher than the market price
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

Historical recommendations and target price trends (long-term horizon: 12M)

The 12M rating and target price history chart(s) for the companies currently under our coverage can also be found at Intesa Sanpaolo's website/Research/Regulatory disclosures: <https://group.intesasanpaolo.com/en/research/RegulatoryDisclosures/tp-and-rating-history-12-months->. Note: please also refer to <https://group.intesasanpaolo.com/it/research/equity-credit-research/equity> in applicable cases for the ISP-UBI Equity Ratings Reconciliation Table, the archive of ex-UBI's previously published research reports and 12M historical recommendations.

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

Date	Rating	TP (EUR)	Mkt Price (EUR)
27-Oct-21	HOLD	11.8	12.2
28-Sep-21	Under Review	Under Review	12.5
28-Apr-21	ADD	10.9	9.8
30-Mar-21	Under Review	8.6	9.2

Equity rating allocations (long-term horizon: 12M)**Intesa Sanpaolo Research Rating Distribution (at January 2022)**

Number of companies considered: 124	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%)*	48	31	21	0	0
of which Intesa Sanpaolo's Clients (%)**	82	63	54	0	0

* Last rating refers to rating as at end of the previous quarter; ** Companies on behalf of whom Intesa Sanpaolo and the other companies of the Intesa Sanpaolo Group have provided corporate and investment banking services in the last 12 months; percentage of clients in each rating category

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Equity rating key (short-term horizon: 3M)

Short-term rating	Definition
LONG	Stock price expected to rise or outperform within three months from the time the rating was assigned due to a specific catalyst or event
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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