

Company Note

MID CORPORATE

Intermonte Partners

Greater Visibility on 2022 DPS Supporting Our Positive View

Intermonte reported 1H22 results in line with our estimates and showing a more balanced revenue mix, with a lower weighting of market-related activities (Sales & Trading and Global Markets) in favour of Investment Banking and Digital Division & Advisory. The company stated that, in light of 1H trends and its capital solidity (IFR 3.9x), it has greater visibility on the possibility of confirming a dividend in line with 2021A, unless a further deterioration in the macroeconomic and market environment materialises. This would mean a 2022 DPS of EUR 0.26, in line with our estimate and implying an attractive 10.3% yield at the current share price. We reaffirm our positive view, also considering the group's growth potential, especially in Investment Banking and Digital & Advisory Division.

1H22 results basically in line with our estimates

In 1H22A Intermonte reported a net profit after minorities of EUR 4.2M, basically in line with our EUR 4.1M estimate, with EUR 21.2M total revenues, bang in line with our projections (Investment Banking and Digital & Advisory Division up +12.7% yoy and +14.2% yoy, slightly better than our expectations, with Sales & Trading and Global Markets down -3.4% yoy and -47.6% yoy, respectively, in line with our estimates); total costs were EUR 14.1M vs. EUR 14.3M estimated.

Company outlook and estimates' revision

As regards the outlook, in the 1H press release and conference call, the company pointed out that the first two months of 2H22 showed similar revenue trends to 1H, with a slight improvement in the Global Markets and Sales & Trading areas, which should face a more favourable comparison base in 2H. In addition, in light of 1H trends and its continuing capital solidity (IFR ratio 3.9x), the company believes it has greater visibility on being able to confirm a dividend in line with the previous year, unless a further deterioration in the macroeconomic and market environment materialises. Following the release of 1H22 results and the company's outlook, we basically only fine-tuned our 2023E-24E estimates, with a more cautious stance on 2022E.

Valuation

We obtain a **new target price of EUR 3.1/share**, resulting from the average of a 3-stage DDM and a multiples' analysis based on Equita, which we consider the closest peer. Given the around 23% upside potential from the current share price, **we confirm our BUY rating**.

20 September 2022: 7:26 CET
Date and time of production

BUY

Target Price: EUR 3.1
(from EUR 3.5)

Italy/Brokerage & Investment Banking
Results

EGM (ex-AIM)

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



Intermonte Partners - Key Data

Price date (market close)	16/09/2022
Target price (EUR)	3.1
Target upside (%)	23.02
Market price (EUR)	2.52
Market cap (EUR M)	81.00
52Wk range (EUR)	NA/NA

Price performance %	1M	3M	12M
Absolute	-3.1	-2.7	NA
Rel. to FTSE IT All Sh	1.5	-3.8	NA

Y/E Dec (EUR M)	FY21A	FY22E	FY23E
Total income	43.82	40.99	46.32
Gross op profit	11.83	12.72	15.34
Pre-tax income	11.83	12.72	15.34
Net income	7.24	8.06	9.68
Adj EPS (EUR)	0.28	0.25	0.30
TBV PS (EUR)	1.5	1.5	1.5
Adj P/E (x)	10.5	10.3	8.5
P/TBV (x)	1.9	1.7	1.6
Div ord (EUR)	0.26	0.26	0.29
Div ord yield (%)	8.8	10.3	11.3

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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Vera Martini contributed to this report.

1H22 Results

In **1H22A** Intermonte reported **a net profit after minorities of EUR 4.2M, basically in line with our EUR 4.1M estimate**. The key points of results were:

1H22 results basically in line with our estimates

- **EUR 21.2M total revenues, bang in line with our projections**, with Sales & Trading and Global Markets down -3.4% yoy and -47.6% yoy, respectively, basically in line with our estimates;
- **Good results from Investment Banking and Digital Division & Advisory (DD&A)**, up +12.7% yoy and +14.2% yoy, **slightly better than our expectations**;
- **Total costs were EUR 14.1M vs. EUR 14.3M estimated**. New hires (15 gross and 6 net in the past twelve months rolling) led to an increase in fixed salary costs (EUR 7.2M 1H22A vs. EUR 6.6M 1H21A), while variable compensation (linked to revenues) declined to approx. EUR 2M from EUR 4.2M (the EUR 11.7M total staff costs recorded in 1H21 also include a EUR 0.9M one-off for IPO), for total personnel expenses of EUR 9.2M, below our EUR 9.5M forecast. Operating expenses were bang in line with our projections and recorded a +7% yoy increase, due to a rise in IT costs (3-year renegotiations of some key contracts) and a rise in other operating expenses, mostly because of a higher number of corporate events and surging energy costs.

Intermonte Partners - 1H22 results

EUR M	1H21A	FY21A	1H22A	1H22E	A/E %	yoy %
Sales & Trading	8.2	15.9	7.9	7.9	-0.4	-3.4
Global Markets	7.9	13.0	4.1	4.3	-4.7	-47.6
Investment Banking	6.7	11.4	7.5	7.3	2.1	12.7
Digital & Advisory	1.5	3.4	1.7	1.6	6.9	14.2
Total net revenues	24.2	43.8	21.2	21.2	0.1	-12.3
Personnel expenses	11.7	19.8	9.2	9.5	-2.6	-20.7
G&A expenses	4.5	9.6	4.9	4.9	1.0	7.0
Total costs	16.2	29.5	14.1	14.3	-1.4	-13.0
Pre-tax profit	8.0	11.8	7.1	6.9	3.4	-10.4
Net profit	4.6	7.2	4.2	4.1	3.5	-8.5

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

Investment Banking and DD&A were the best segments in 1H22. In particular, **Investment Banking** recorded EUR 7.5M revenues, slightly better than our EUR 7.3M estimate, with a +12.7% yoy growth, benefitting from a strong trend in M&A and Advisory, despite unsupportive market for IPOs and ECM activities.

DD&A recorded a +14.2% yoy progress to EUR 1.7M revenues (above our EUR 1.6M forecast), confirming the attractiveness of the business, on which the group maintains a strong focus, with attention, in particular on digital services, communication channels and advisory services dedicated to institutional clients and financial consultants. A new co-Head of DD&A was hired in September.

Revenue analysis

Intermonte Partners – DD&A initiatives

Focus on customer and traffic volume growth	<ul style="list-style-type: none"> Renewed and innovative Websim website Introduction of a new business model focused on strong user growth Introduction of new digital services (i.e. education; sustainability, cryptocurrency)
Development and innovation in communication channels	<ul style="list-style-type: none"> Hiring new digital professionals Development of innovative sales channels Customer segmentation and use of dedicated channels
Strengthening of activity in Certificates and other innovative financial solutions	<ul style="list-style-type: none"> Continued development of business related to certificates and innovative financial products Focus on private bankers Continued innovation in communication channels
Focus on Advisory services	<ul style="list-style-type: none"> Introduction and development of innovative advisory services Focus on institutional clients Digital development of services and sales channels
Development of digital solutions for Corporate Clients	<ul style="list-style-type: none"> Introduction of new digital services dedicated to listed companies Maximization of synergies with the investment banking division Development of a dedicated digital platform

Source: Company data

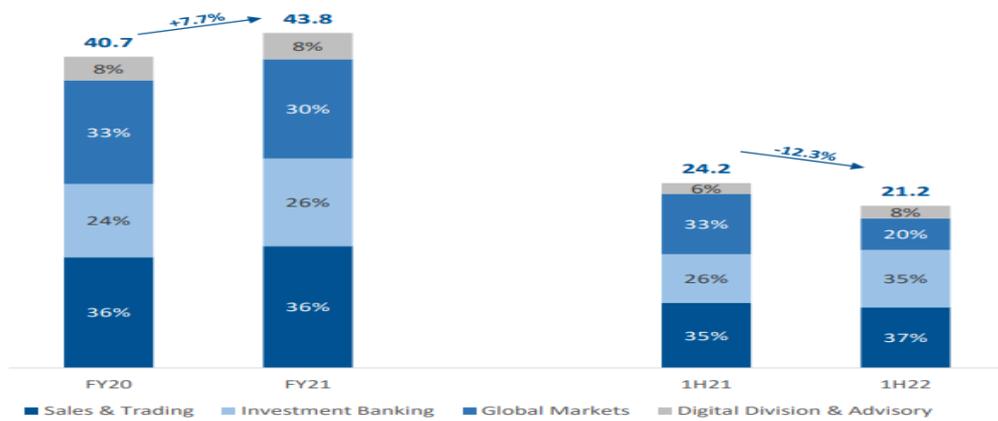
Unsurprisingly, the weakest trend was recorded by **Global Markets** (-47.6% yoy to EUR 4.1M revenues), followed by **Sales & Trading** (-3.4% yoy to EUR 7.9M). Global Markets suffered from a tough comparison vs. very strong results in 1H21A and generally lower contribution from Market Making, partly due to a lower level of activity by institutional investors.

As regards Sales & Trading, there was a positive performance in bonds and derivatives trading, while a slightly negative trend was recorded by the cash equity business, with a 1H22 reduction broadly in line with the drop in the total value traded for third parties on Borsa Italiana (EXM + EGM), which was down 1.8% yoy in the period. In 1H, over 650 clients were served by the Sales & Trading business unit, of which over 50% operating on foreign markets (up from around 40% in FY21), mainly the UK and the US.

All in all, the group presented a more balanced revenue mix, with a lower weighting of market-related activities.

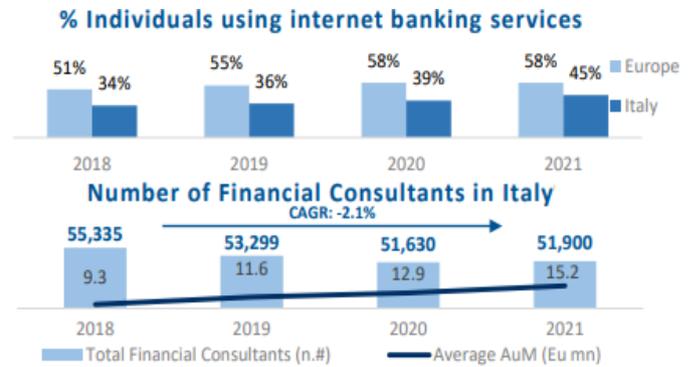
More balanced revenue mix

Intermonte Partners – FY and 1H trend and breakdown in revenues (EUR M)



Source: Company data

Intermonte Partners – Internet use (Europe/Italy) and financial consultants in Italy



Source: Company data on Eurostat and OCF data

Earnings Outlook

Management outlook

As regards the outlook, in the 1H22 press release and conference call the company pointed out that the first two months of 2H22 showed similar revenue trends to 1H, with a slight improvement in the Global Markets and Sales & Trading areas, which should face a more favourable comparison base in the second half of the year. In 2H22, the company should benefit from new initiatives, such as the implementation of new algorithmic strategies in the Global Markets area and the full contribution of the new sovereign bonds team. New investments in the Digital Division & Advisory business should deliver benefits as of 2023.

While the uncertain environment continues to prevail, in light of 1H trends and its continuing capital solidity (IFR 3.9x), the company believes it has greater visibility on being able to confirm a dividend in line with the previous year, unless a further deterioration in the macroeconomic and market environment materialises.

In 1H22 results' conference call, management stated that Intermonte Partners has enough capital to both potentially buy out the minorities of Intermonte SIM (owned by the parent company with an 85.9% stake) and finance growth in the Investment Banking and Digital & Advisory divisions, also catching possible M&A opportunities. In addition, the group will continue to invest in technology and new hires (mainly concentrated in IB and DD&A divisions). However, management remains confident to maintain the compensation/revenue ratio within the 45-48% range, including the deferred bonus component.

Our estimates

Following the release of 1H22 results, we basically fine-tuned our estimates, taking a more cautious stance (based on the current difficult environment for market-related activities and IPOs) on FY22E only. Our forecasts (illustrated in detail by the table on the following page) point to a double-digit 2021A-24E CAGR for IB and DD&A (+13.4% and +14.1%, respectively), with limited growth for Sales & Trading (+1.3% 3-year CAGR) and a decline (vs. the very strong results posted in FY21A) for Global Markets.

Intermonte Partners – New vs. old estimates

%	2022E chg.	2023E chg.	2024E chg.
Total net revenues	-4.2	-0.3	0.2
Total operating costs	-3.6	-0.4	0.1
Pre-tax profit	-5.6	0.0	0.5
Adj. net profit	-7.8	-0.4	0.2

E: estimates; Source: Intesa Sanpaolo Research

We confirm our **dividend estimates** at **EUR 0.26/share in 2022E (in line with 2021A and with company guidance and implying a 10.3% yield at the current share price)**, EUR 0.285/sh. in 2023E and EUR 0.31/sh. in 2024E. The 2022E-24E average dividend payout on reported net profit is around 96.5%.

2H22 outlook

Greater visibility on a 2022 DPS in line with last year

Company strategy

Estimates' revision

Dividend estimates confirmed

Intermonte Partners – New vs. old detailed estimates

EUR M	2021A	2022E new	2023E new	2024E new	2022E old	2023E old	2024E old
Sales & Trading	15.9	15.7	16.1	16.6	16.2	16.6	17.1
Global Markets	13.0	9.2	10.8	11.2	11.6	12.8	13.3
Investment Banking	11.4	12.5	15.0	16.7	11.4	12.6	14.0
Digital divisions & Advisory	3.4	3.6	4.4	5.1	3.6	4.4	5.1
Total net revenues	43.8	41.0	46.3	49.6	42.8	46.4	49.5
Personnel costs	19.8	18.2	20.8	22.4	19.3	21.0	22.4
Administrative expenses	9.7	10.0	10.1	10.4	10.0	10.1	10.4
Total operating costs	29.5	28.3	31.0	32.8	29.3	31.1	32.8
Profit before taxes	11.8	12.7	15.3	16.8	13.5	15.3	16.7
Net profit after minorities	7.2	8.1	9.7	10.6	8.7	9.7	10.6
Adj. net profit after minorities	9.0	7.8	9.4	10.4	8.5	9.5	10.4

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

Valuation

We continue to believe that a Dividend Discount Model (DDM) and a peers' comparison, based on Equita (which we consider the closest comparable) multiples are appropriate methods to value Intermonte Partners. We attribute an equal 50% weighting to both the direct method and the multiples valuation. We set a **new target price of EUR 3.1/share**, (below the previous EUR 3.5/sh. due to both lower DDM – affected by a higher cost of equity - and peers comparison fair values), implying an approx. 23% upside potential. Hence, **we confirm our BUY rating**.

BUY rating confirmed, EUR 3.1/share TP (from EUR 3.5/sh.)

Intermonte Partners – Valuation

	EUR M	Weighting (%)
3-stage DDM	108.9	50.0
Peers comparison	90.1	50.0
Total fair value	99.5	
Target price (EUR/share)	3.1	

Source: Intesa Sanpaolo Research estimates

In calculating our target price, we consider a number of shares very close to the outstanding shares of the company, considering that our target price has a 12-month time horizon and that in one-year time only a limited amount of treasury shares could be used for key employees' variable compensation.

DDM model

Our three-stage DDM factors in:

- Our explicit 2022E-24E estimates of adjusted net profit, dividend payout and book value;
- A seven-year transitional period in 2025-31E, with an average RoTE at around 19% and a payout between the short-term one (approx. 96%) and the terminal one;
- A terminal value based on a 100% terminal payout;
- A 9.5% cost of equity vs. 8% previously after the incorporation of our updated parameters (3% risk-free rate and 6.5% equity-risk premium).

DDM: Key assumptions

Intermonte Partners - DDM

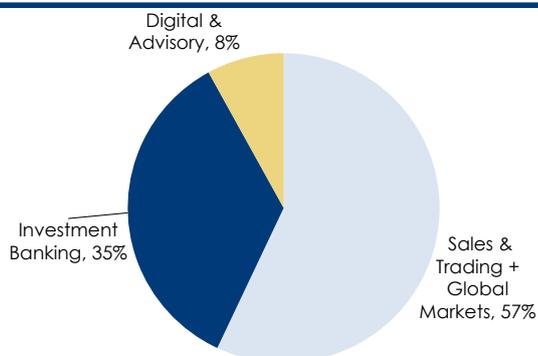
%		Weighting
Adj. RoTE 2021	15.6	
Dividend payout on adj. net profit 2021	92.6	
Short-term (2021A-24E) EPS CAGR	4.8	
RoTE at end of short-term period (2023E)	19.6	
Medium-term (2025E-31E) pay-out	97.5	
Medium-term (2024E-31E) EPS CAGR	0.5	
RoTE at end of medium-term period (2031E)	19.2	
Short-term fair value (EUR M)	25.5	23.4
Medium-term fair value (EUR M)	40.2	36.9
Terminal value (EUR M)	43.1	39.6
DDM fair value (EUR M)	108.9	

Source: Intesa Sanpaolo Research estimates

Multiples' analysis

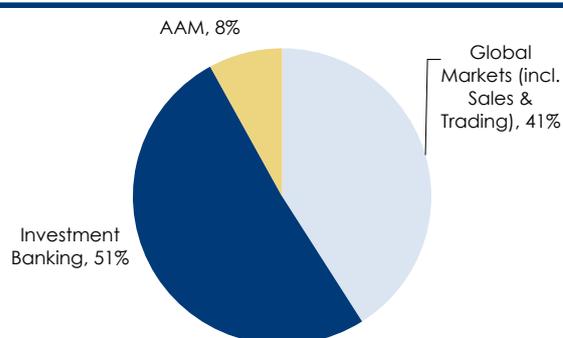
The closest comparable to Intermonte is Equita Group, in our view, as it: 1) is based in Italy and listed on the Italian market; 2) has a very similar business mix (despite differences in business segments' contribution, as shown in the below-attached chart); and 3) is mainly active with Italian clients.

Intermonte Partners – 1H22 revenue mix



Source: Company data

Equita Group – 1H22 revenue mix



Source: Company data

Based on the average of the results, we obtain through Equita's 2023E P/E, 2022E P/TBV and 2022E dividend yield, a multiple analysis' fair value of approx. EUR 90M.

Multiple analysis' fair value

Intermonte Partners - Fair value based on Equita's multiples

EUR M	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Net profit	8.1	9.7	10.6						
Equita P/E (x)	9.7	8.3	6.9						
Tangible book value				47.6	48.7	50.0			
Equita P/TBV (x)				2.2	2.1	1.9			
Dividends							8.3	9.1	9.9
Equita div. yield (%)							9.7	10.6	12.8
Fair value	77.8	79.9	73.5	104.6	101.7	96.6	85.7	86.1	77.5
Average fair value	90.1								

Priced at market close of 16 September 2022; E: estimates; Source: Intesa Sanpaolo Research

ESG Corner

Following the drafting and adoption of its first ESG Investment Policy in 2021, Intermonte decided, on a voluntary basis, to comply with the United Nations Principles for Responsible Investment (UNPRI). Moreover, some changes have been made regarding the governance. An ESG Manager, Alberto Subert, has been appointed while the Audit and Risk Committee has been renamed as the Audit, Risk and Sustainability Committee, with support functions for the BoD and the ESG manager on ESG issues.

In September 2022, Intemonte published its first Sustainability report (2021), establishing the following five core goals by 2024:

- **Increasing customer and financial community satisfaction;**
- **Promotion of and training on ESG topics in the financial community.** The group aims to promote and educate the financial community on ESG issues by publishing dedicated research on ESG topics. Intermonte's Research Department constantly monitors the evolution of newsflow on sustainability, both at the regulatory and company-specific levels, and it promotes the production of analyses and in-depth reports aimed at both institutional and professional investors. Research work on these issues led to the launch in 2019 of a new product, the "Green is the New Gold" report series. In 2022, Intermonte has continued to arrange ESG events, including the "Italian Sustainability Week" organised by Borsa Italiana where the group participated as a Sponsor;
- **Intermonte Foundation: Youth Project (Fondazione Intermonte: Progetto Giovani).** In October 2021 the non-profit Fondazione Intermonte was established with the purpose of pursuing socially useful initiatives through economic contributions to help foster university education for deserving young students in economically difficult situations;
- **Strengthening employees' well-being and welfare.** Intermonte wants to promote employees' well-being through (i) increasing training hours for employees; (ii) promotion of diversity and inclusiveness at all levels of the business organisation; (iii) promotion and continuation of remote work and home-work reconciliation; and (iv) introduction of corporate welfare from January 2023;
- **Initiatives to reduce the group's climate footprint.** As a financial intermediary, Intermonte has a very small environmental impact, especially when compared to other sectors, such as manufacturing. Despite this, the group has already started implementing strategies to eliminate the use of plastics and promote the circular economy. Intermonte also plans to calculate its carbon footprint to set goals for the energy efficiency and reduction.

As evidence of the group's strong commitment to ESG issues, Intermonte is also part of the Sustainable Finance Partnership collaborating with Borsa Italiana and other interlocutors in the capital market to facilitate the development of sustainability-based corporate finance solutions.

Another important partnership since 2016 is the one with Politecnico di Milano School of Management, aimed at developing several research projects on issues related to the Italian stock market. The fruit of this collaboration was the publication in January 2021 of the ESG report named "ESG communication strategies of mid/small caps listed on Borsa Italiana: a benchmarking analysis."

First Sustainability Report

Main ESG goals

Partnership with Borsa Italiana and Politecnico di Milano

Intermonte Partners – ESG initiatives

IDENTITY AND APPROACH TO SUSTAINABILITY	
First mapping of Intermonte status quo on ESG topics	✓
First ESG Materiality Analysis	✓
Allocation of responsibilities in the Sustainability area to an internal board committee (Control, Risk and Sustainability Committee)	✓
Identification and appointment of an ESG manager	✓
 Creation of an ESG Investment Policy	✓
Increase engagement with investors and stakeholders on sustainability	✓
Underwriting of the Principles for Responsible Investment	📅
Membership of UN Global Compact (from signatory to participant)	📅
Revision and publication of a Sustainability Policy	📅
Greater transparency for stakeholders on commitment, programs, and sustainability actions	📅
Introduction of sustainability goals in the MBOs of the CEO	📅
Introduction of sustainability goals in the MBOs of top management	📅
GOVERNANCE, RISK, ETHICS AND COMPLIANCE	
Keeping the Code of Ethics up to date	✓
Adoption of a whistleblowing system	✓
Maintaining the company's main policies up to date, e.g.:	✓
 Policy 231 and related policies	✓
ESG Investment Policy	✓
Policy on Countering Money Laundering and Terrorist Financing	✓
Conflict of Interest Policy	✓
Privacy Policy (GDPR)	✓
Keeping the Organization and Management Model 231 up to date	✓
CONTINUITY, INNOVATION AND VALUE CHAIN (CUSTOMERS/ SUPPLIERS)	
 Improvement of the complaint resolution process	📅
Introduction of ESG assessment criteria in the supply chain	📅
IT enhancement aimed at reducing IT incidents	📅
 Definition of a regular customer satisfaction survey program that is consistent across the group	📅
PEOPLE AND HUMAN RIGHTS	
Introduction of corporate welfare from Jan 2023	✓
Extension of smart working program (also from September 2022)	✓
Continuation of training activities for employees and job-oriented program with inclusion of certification	✓
 Definition of an organic human resource enhancement and talent attraction strategy, with development of target propositions	✓
Definition of an identity consolidation/development plan based on a corporate culture integrated with sustainability	📅
 Measurement of employee satisfaction and engagement	📅
Continuation of specific actions to identify and reduce inequalities, primarily by promoting diversity at senior management and employee level:	📅
<i>Greater number of women executives or managers</i>	📅
<i>Reduction of Gender Pay Gap ~</i>	📅
<i>Full compliance with Italian law 68/69 (protected categories)</i>	📅
<i>Reduction of unconscious bias</i>	📅
<i>Female empowerment</i>	📅
Development of individual growth plans and continuous feedback	📅
Introduction of biannual top-down and bottom-up feedback	📅
COMMUNITY	
 Member of the Sustainable Finance Partnership of Borsa Italiana	✓
 Among the first to promote ESG Topics among the Italian Financial community with ad-hoc papers, research and events	✓
 Continuation of publication activities through Intermonte Equity Research	✓
 Continuation of the collaboration with institutions (Borsa Italiana, Politecnico di Milano, etc.) for the promotion of ESG topics in the financial community	✓
Fondazione Intermonte Progetto Giovani	✓
Support for non-profit organizations	✓
ENVIRONMENT	
 Adoption of plastic-free policy at group level	✓
 Continuation of program for promoting the circular economy	✓
Approval of Environmental Policy	📅
Carbon footprint mapping	📅
 Energy efficiency and energy reduction targets	📅

Legend:  Completed  Work in Progress  To do

Source: Company data

Intermonte Partners – Key Data

Rating	Target price (EUR/sh)		Mkt price (EUR/sh)			Sector
BUY	Ord 3.1		Ord 2.52			Brokerage & Investment
Values per share (EUR)	2019A	2020A	2021A	2022E	2023E	2024E
No. of outstanding shares (M)	36.20	36.20	36.20	36.20	36.20	36.20
Market cap (EUR M)	NA	NA	106.54	91.21	91.21	91.21
Adj. EPS	0.151	0.255	0.281	0.245	0.296	0.326
TBV PS	1.9	2.0	1.5	1.5	1.5	1.6
PPP PS	0	0	0	0	0	0
Dividend ord	0.16	0.19	0.26	0.26	0.29	0.31
Income statement (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Net interest income	0.00	0.00	0.00	0.00	0.00	0.00
Net commission/fee income	34.81	40.71	43.82	40.99	46.32	49.60
Net trading income	0.00	0.00	0.00	0.00	0.00	0.00
Total income	34.81	40.71	43.82	40.99	46.32	49.60
Total operating expenses	26.56	28.48	31.99	28.27	30.98	32.79
Gross operating income	8.25	12.22	11.83	12.72	15.34	16.80
Provisions for loan losses	0.00	0.00	0.00	0.00	0.00	0.00
Pre-tax income	8.25	12.22	11.83	12.72	15.34	16.80
Net income	5.34	7.75	7.24	8.06	9.68	10.63
Adj. net income	5.34	9.04	9.03	7.82	9.44	10.39
Composition of total income (%)	2019A	2020A	2021A	2022E	2023E	2024E
Net interest income	0	0	0	0	0	0
Trading income	0	0	0	0	0	0
Commission income	100.0	100.0	100.0	100.0	100.0	100.0
Balance sheet (EUR M)	2019A	2020A	2021A	2022E	2023E	2024E
Total assets	289.6	277.7	332.3	263.5	275.6	291.5
Customer loans	100.9	105.8	116.7	103.1	102.2	105.0
Total customer deposits	122.0	85.4	148.2	107.1	115.7	114.1
Shareholders' equity	67.8	70.0	53.8	52.7	53.8	55.1
Tangible equity	67.7	69.9	53.7	52.6	53.7	55.0
Risk weighted assets	238.0	263.0	119.3	121.7	124.7	127.8
Stock market ratios (X)	2019A	2020A	2021A	2022E	2023E	2024E
Adj. P/E	NA	NA	10.5	10.3	8.5	7.7
P/TBV	NA	NA	1.94	1.69	1.65	1.61
P/PPP	NA	NA	NA	NA	NA	NA
Dividend yield (% ord)	NA	NA	8.8	10.3	11.3	12.3
Profitability & financial ratios (%)	2019A	2020A	2021A	2022E	2023E	2024E
ROE	7.85	11.26	11.70	15.13	18.17	19.51
Adj. ROE	7.87	13.14	14.60	14.71	17.75	19.10
RoRWA	4.49	3.10	3.79	6.69	7.85	8.42
Leverage	23.38	25.17	16.17	19.97	19.51	18.89
Cost income ratio	76.3	70.0	73.0	69.0	66.9	66.1
Cost of risk (bps)	0	0	0	0	0	0
Tax rate	24.82	25.93	26.13	25.64	26.00	26.00
Dividend payout	105.7	85.8	115.4	102.9	93.9	93.0
Other (%)	2019A	2020A	2021A	2022E	2023E	2024E
CET1 ratio	30.08	27.19	39.90	38.78	38.31	37.95
CET1 ratio fully loaded	30.08	27.19	39.90	38.78	38.31	37.95
Net impaired loans ratio	0.00	0.00	0.00	0.00	0.00	0.00
Net impaired loans on TBV	0.00	0.00	0.00	0.00	0.00	0.00
Growth (%)	2019A	2020A	2021A	2022E	2023E	2024E
Total income	NA	17.0	7.6	-6.5	13.0	7.1
Gross operating income	NA	48.2	-3.2	7.5	20.6	9.5
Net income	NA	45.1	-6.6	11.3	20.0	9.9
Adj. net income	NA	69.1	-0.1	-13.4	20.7	10.1
BS growth (%)	2019A	2020A	2021A	2022E	2023E	2024E
Customers' loans	24.7	4.8	10.3	-11.7	-0.8	2.7
Customers' deposits	66.9	-30.0	73.6	-27.7	8.0	-1.4
Shareholders' funds	-0.7	3.2	-23.1	-2.1	2.2	2.4
Structure (no. of)	2019A	2020A	2021A	2022E	2023E	2024E
Branches	NA	NA	NA	NA	NA	NA
Employees	132	130	135	143	146	150

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

Company Snapshot

Company Description

Intermonte is an independent investment bank, with a leading position (reflecting its 26 years of history) in financial services and brokerage dedicated to institutional investors and SMEs. Intermonte is active in four business areas: Sales & Trading, Global Markets, Investment Banking, Digital & Advisory. The company also has a strong and highly-qualified Research team.

Key Risks

Company specific risks:

- Extremely focused on a single geography (Italy)
- Its end-markets are volatile in nature
- Limited stock liquidity

Sector generic risks:

- Geopolitical risk
- Technology risks
- Regulatory risks

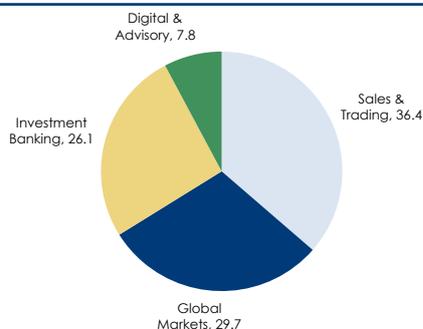
Key data

Mkt price (EUR)	2.52	Free float (%)	38.9
No. of shares	32.14	Major shr	Sh.s' Pact
52Wk range (EUR)	NA/NA	(%)	21.3
Reuters	INT.MI	Bloomberg	INT IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-3.1	-1M	1.5
-3M	-2.7	-3M	-3.8
-12M	NA	-12M	NA

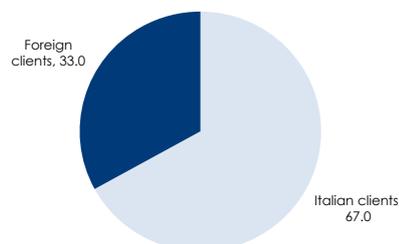
Estimates vs. consensus

EUR M (Y/E Dec)	2021A	2022E	2023E	2024E
Total income	43.82	40.99	46.32	49.60
Operating costs	31.99	28.27	30.98	32.79
Gross op. inc.	11.83	12.72	15.34	16.80
LLP	0.00	0.00	0.00	0.00
Net income	7.24	8.06	9.68	10.63
EPS (€)	0.28	0.25	0.30	0.33

Revenues breakdown by division (%)



Client geographic breakdown (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 16/09/2022)

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 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
RATING SUSPENDED	The investment rating and target price for this stock have been suspended as there is not a sufficient fundamental basis for determining an investment rating or target. The previous investment rating and target price, if any, are no longer in effect for this stock.
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)
04-Apr-22	BUY	3.5	2.8
29-Nov-21	BUY	3.6	2.8

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

Number of companies considered: 127	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%)*	58	25	17	0	0
of which Intesa Sanpaolo's Clients (%)**	84	44	57	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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Short-term rating	Definition
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