

Italian Mid Small Caps Monthly

Quality Stocks Still the Best Option in Tough Markets

by Intermonte Research Team

Italian Equity Market

- **Performance (+).** The Italian equity market (prices as at 19 December 2022) has declined 3.7% in the last month and is still down 14.2% YtD. The FTSE Italy Mid-Cap index (-1.3%) has outperformed the main index by 2.4% in the last month (-7.2% YtD on a relative basis), with the FTSE Italy Small Caps index (-0.4%) performing 3.3% better than the market in the last month, and -0.3% on a relative basis since the beginning of 2022. Looking at mid/small cap performances across Europe, the MSCI Europe Small Caps index has declined 2.5% in the last month, underperforming Italian mid-caps.
- **Estimates (=).** Since the beginning of the year, we have implemented an +11.1% upward revision to our 2023 EPS estimates, driven by significant earnings upgrades to energy stocks, while on average we have left forecasts almost unchanged for the remaining stocks; focusing on our mid/small coverage, we have cut 2023 EPS by 5.6% YTD. In the last month, we have raised 2022 and 2023 EPS forecasts for our mid/small cap coverage by 0.1%.
- **Valuations (-).** If we compare YtD performance to the change in FY22 estimates over the same period, we see that FTSE MIB stocks have recorded a 40.7% de-rating YtD (it was -38.5% one month ago); mid-caps have de-rated by 27.8%, while small caps have recorded an estimate revision that is 6.3% higher than the share price correction. On a P/E basis, our panel is trading at a 49% premium to large caps, well above the historical average premium (17%) and above the level one month ago (42%).
- **Liquidity (=).** Looking at official Italian index trends, we note that liquidity for large caps in the last month (as measured by average volumes multiplied by average prices in a specific period) is below the yearly average, coming in 16.6% lower than the 1Y average, worsening compared to one month ago when the same metric was -12.8%. Interestingly, liquidity for mid-caps has witnessed a more significant contraction, down -26.5%, while for small caps the same metric has decreased by 24.1%.
- **Investment strategy.** In the last month, as partly expected, the new rate hikes by central banks have dampened the enthusiasm of stock exchanges that had been seen in the previous month. As a result, some growth stocks (including IT shares) have retreated again in the last month. Looking at the future, consensus expects 2023 to start with a new short-lived drop in markets, but this should be followed by a more positive period, as the expected economic slowdown should reduce the likelihood of further interest hikes being required. In this scenario, we believe that estimates direction will remain the main discriminating factor for portfolio selection, and therefore confirm our preference for quality stocks exposed to solid trends, especially in the IT sector. Liquidity remains limited, with redemptions also accelerating from PIR funds, which we note account for less than 10% of the float of Italian mid/small caps.

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Performance

Mid/small caps outperformed large caps in the last month

The Italian equity market (prices as at 19 December 2022) has declined 3.7% in the last month and is still down 14.2% YtD. The FTSE Italy Mid-Cap index (-1.3%) has outperformed the main index by 2.4% in the last month (-7.2% YtD on a relative basis), with the FTSE Italy Small Caps index (-0.4%) performing 3.3% better than the market in the last month, and -0.3% on a relative basis since the beginning of 2022.

Italian Market Indexes – performance analysis (prices as at 19th December 2022)

Index	Price (Eu)	% Change 1 Month	% Change 3 Months	% Change 6 Months	% Change YTD	% Change 1 Year	% Change 2 Years	% Change 3 Years	% Change 5 Years
FTSE Italia Mid Cap	39,174	-1.3%	6.9%	2.3%	-21.4%	-18.7%	4.0%	-3.7%	-8.2%
FTSE Italia Small Cap	27,686	-0.4%	-0.1%	-5.5%	-14.5%	-12.4%	28.4%	24.4%	16.7%
FTSE Italia Star	45,919	-2.3%	6.9%	2.0%	-28.9%	-26.1%	4.7%	17.5%	25.0%
FTSE AIM ITALIA	9,257	-0.1%	-0.4%	-0.1%	-19.4%	-18.1%	29.1%	15.6%	-2.1%
FTSE Italia All-Share	25,685	-3.7%	6.8%	7.8%	-14.2%	-11.8%	7.3%	-0.6%	4.4%
FTSE MIB	23,684	-4.0%	7.0%	8.7%	-13.4%	-11.0%	7.8%	-0.1%	6.3%
Relative Performance vs FTSE Italy All Share		% Change 1 Month	% Change 3 Months	% Change 6 Months	% Change YTD	% Change 1 Year	% Change 2 Years	% Change 3 Years	% Change 5 Years
FTSE Italia Mid Cap		2.4%	0.1%	-5.4%	-7.2%	-6.9%	-3.3%	-3.1%	-12.6%
FTSE Italia Small Cap		3.3%	-7.0%	-13.2%	-0.3%	-0.6%	21.0%	24.9%	12.3%
FTSE Italia Star		1.4%	0.1%	-5.7%	-14.7%	-14.3%	-2.6%	18.1%	20.6%

Source: FactSet

Looking at mid/small cap performances across Europe, the MSCI Europe Small Caps index has declined 2.5% in the last month, underperforming Italian mid-caps.

European Market Indexes – performance analysis

Index	Price (Eu)	% Change 1 Month	% Change 3 Months	% Change 6 Months	% Change YTD	% Change 1 Year	% Change 2 Years	% Change 3 Years	% Change 5 Years
MSCI Europe	143	-1.8%	4.3%	5.7%	-11.8%	-9.1%	8.8%	2.4%	8.1%
MSCI Europe Small Cap	379	-2.5%	1.7%	-2.0%	-24.7%	-21.2%	-5.8%	-4.4%	0.9%

Source: FactSet

For individual stocks, in the following tables we rank the best and worst performers over two periods: the last month and the year to date.

Intermonte Mid & Small Cap Coverage – best and worst performers, 1M

Best Performers	Price (Eu)	Market Cap (Eu mn)	Perf. 1M (%)
DEA CAPITAL	1.47	393	31%
BRUNELLO CUCINELLI	70.75	4,811	16%
SOMECC	31.50	217	14%
SABABA SECURITY	3.32	25	11%
CY4GATE	9.75	230	10%
LU-VE	26.25	584	9%
OMER	2.70	78	7%
REEVO	13.60	69	6%
ABITARE IN	5.98	159	5%
INTERCOS	12.47	1,200	5%
PIAGGIO	2.88	1,031	4%
EL.EN.	14.49	1,157	4%
RAI WAY	5.39	1,466	4%
THE ITALIAN SEA GROUP	5.62	298	4%
CREDITO EMILIANO	6.72	2,294	3%
TESMEC	0.15	90	3%
MEDIA FOR EUROPE	0.54	1,183	3%
FINE FOODS	8.30	183	3%
TECHNOGYM	7.35	1,480	2%
IGD	3.17	350	2%
FTSE Italia Mid Cap			-1%
FTSE Italia Small Cap			0%
FTSE MIB			-4%
Worst Performers	Price (Eu)	Market Cap (Eu mn)	Perf. 1M (%)
EXPERT.AI	0.59	39	-24%
SARAS	1.05	999	-16%
SERI INDUSTRIAL	5.13	253	-15%
AQUAFIL	5.20	223	-13%
SERVIZI ITALIA	1.16	37	-10%
BANCA IFIS	12.77	687	-10%
ESPRINET	6.63	334	-8%
WEBUILD	1.40	1,413	-8%
DATALOGIC	7.87	460	-8%
BREMBO	10.41	3,476	-7%
IREN	1.47	1,910	-7%
SESA	111.70	1,731	-6%
TOD'S	31.08	1,029	-5%
OVS GROUP	2.04	593	-5%
ANIMA	3.46	1,198	-5%
BANCA SISTEMA	1.49	120	-5%
ENAV	4.04	2,188	-5%
FILA	6.70	288	-5%
UNIPOLSAI	2.32	6,565	-5%
GEOX	0.79	205	-5%

Source: FactSet

Intermonte Mid & Small Cap Coverage – best and worst performers YTD

Best Performers	Price (Eu)	Market Cap (Eu mn)	Perf. YTD (%)
SARAS	1.05	999	91%
TESMEC	0.15	90	38%
TXT E-SOLUTIONS	12.84	167	27%
DEA CAPITAL	1.47	393	22%
BRUNELLO CUCINELLI	70.75	4,811	17%
CREDITO EMILIANO	6.72	2,294	15%
CYBEROO	4.19	84	13%
LU-VE	26.25	584	9%
ERG	29.68	4,461	4%
AUTOGRILL	6.50	2,503	4%
BFF BANK	7.35	1,363	4%
RAI WAY	5.39	1,466	3%
ENAV	4.04	2,188	3%
PIAGGIO	2.88	1,031	0%
MATICA FINTEC	2.58	28	-2%
SAES GETTERS	23.30	459	-6%
UNIPOLSAI	2.32	6,565	-6%
SAFILO	1.47	608	-7%
EL.EN.	14.49	1,157	-7%
AVIO	10.64	280	-9%
FTSE Italia Mid Cap			-21%
FTSE Italia Small Cap			-15%
FTSE MIB			-13%
Worst Performers	Price (Eu)	Market Cap (Eu mn)	Perf. YTD (%)
EXPERT.AI	0.59	39	-74%
MEDIA FOR EUROPE	0.54	1,183	-57%
ALKEMY	11.18	64	-51%
ILBE	1.28	31	-50%
ESPRINET	6.63	334	-49%
DATALOGIC	7.87	460	-49%
SERI INDUSTRIAL	5.13	253	-47%
FINE FOODS	8.30	183	-46%
EMAK	1.14	187	-46%
IREN	1.47	1,910	-45%
SERVIZI ITALIA	1.16	37	-44%
MARR	11.26	749	-40%
TINEXTA	22.80	1,076	-40%
REPLY	108.80	4,070	-39%
TOD'S	31.08	1,029	-37%
SESA	111.70	1,731	-36%
DE' LONGHI	21.08	3,183	-33%
WEBUILD	1.40	1,413	-33%
SCIUKER FRAMES	7.11	154	-32%
AQUAFIL	5.20	223	-32%

Source: FactSet

Earnings Momentum

2023 forecasts for our mid/small cap coverage almost unchanged in the last month

Since the beginning of the year, we have implemented an +11.1% upward revision to our 2023 EPS estimates, driven by significant earnings upgrades to energy stocks, while on average we have left forecasts almost unchanged for the remaining stocks; focusing on our mid/small coverage, we have cut 2023 EPS by 5.6% YTD. In the last month, we have raised 2022 and 2023 EPS forecasts for our mid/small cap coverage by 0.1%.

Italian Market – Intermonte changes to 2022 and 2023 estimates

EPS REVISION	Since January 1st 2022		Since 19/11/2022	
	% chg in EPS FY22	% chg in EPS FY23	% chg in EPS FY22	% chg in EPS FY23
Total Market	25.2%	11.1%	-0.5%	0.2%
Total Market - Ex Energy	8.6%	1.0%	-0.4%	0.5%
Domestic	22.0%	12.2%	0.0%	0.1%
Non domestic	28.7%	9.9%	-1.0%	0.3%
Non domestic - Ex Energy	-10.0%	-13.6%	-1.0%	1.2%
FTSE MIB	27.3%	12.8%	-0.5%	0.2%
Mid Caps (our coverage)	6.4%	-4.9%	0.0%	0.0%
Small Caps (our coverage)	-20.8%	-10.3%	0.4%	0.2%
Intermonte Mid&Small Caps coverage	3.3%	-5.6%	0.1%	0.1%

Source: Intermonte SIM

For individual stocks, the following tables rank the biggest changes to our 2022 adjusted net profit estimates YtD.

Intermonte Mid & Small Cap Coverage - largest changes to 2022 est. (up/down) YTD

Stock	Restated Net Profit 22 as of 31/12/21	Restated net profit 22 last estimate	% chg from 31/12/21
Upward Revision			
SARAS	-25	581	2430.7%
AUTOGRILL	-28	26	195.0%
TOD'S	6	17	172.7%
ERG	167	264	57.6%
BRUNELLO CUCINELLI	51	78	52.9%
SCIUKER FRAMES	16	24	52.3%
CY4GATE	6	9	49.6%
MATICA FINTEC	2	2	44.1%
TXT E-SOLUTIONS	7	9	34.7%
AQUAFIL	23	29	27.2%
Downward Revision			
IEG	0	-3	-5389.4%
FINE FOODS	14	-12	-190.8%
SERI INDUSTRIAL	12	-5	-137.6%
FINCANTIERI	146	-7	-104.7%
DEA CAPITAL	18	0	-102.2%
AVIO	12	3	-77.2%

Source: Intermonte SIM

Valuation

Mid/small cap valuation premium increased in the last month

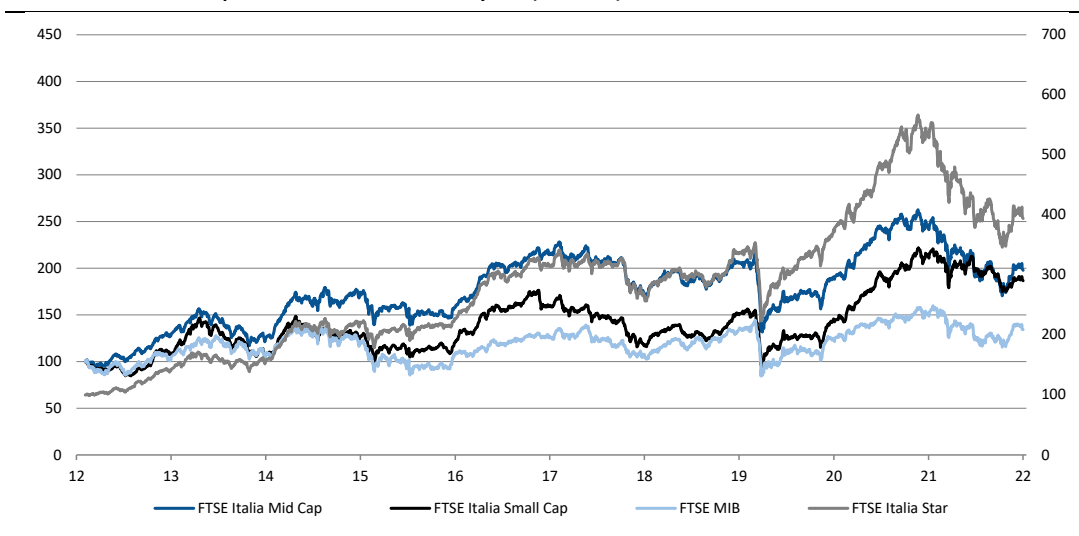
If we compare YtD performance to the change in FY22 estimates over the same period, we see that FTSE MIB stocks have recorded a 40.7% de-rating YtD (it was -38.5% one month ago); mid-caps have de-rated by 27.8%, while small caps have recorded an estimate revision 6.3% higher than the share price correction.

Italian Market – re/de-rating by index

Index	% Change YTD	on FY22 estimates	
		Chg in estimates	Re/De-rating
FTSE MIB	-13.4%	27.3%	-40.7%
FTSE Italia Mid Cap	-21.4%	6.4%	-27.8%
FTSE Italia Small Cap	-14.5%	-20.8%	6.3%

Source: Intermonte SIM and FactSet

Italian Market Indices – performances for the last 10 years (base 100)

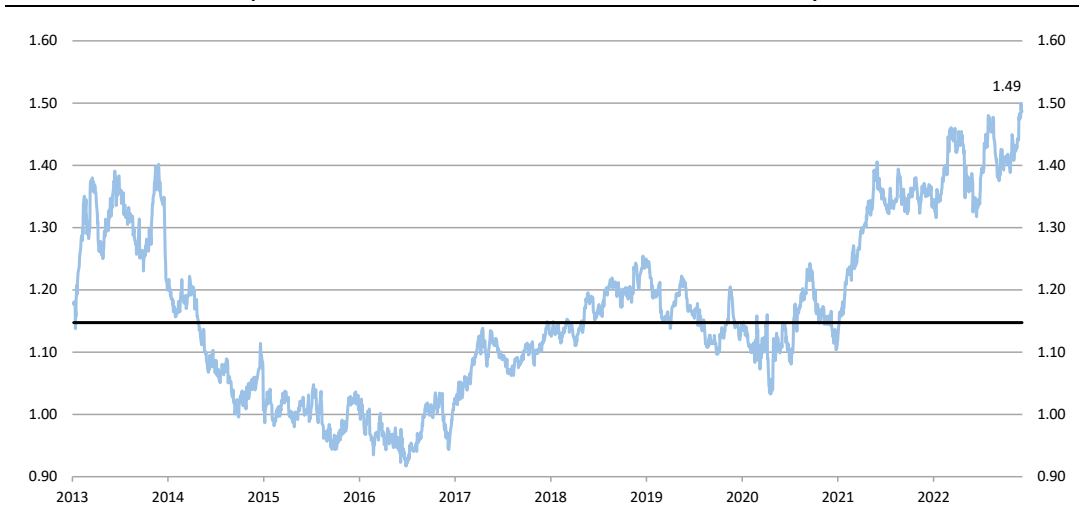


Source: FactSet

In addition to our analysis of the main Italian market indices, we have also compared valuations for our panel of Italian mid/small caps against the main FTSE MIB index.

On a P/E basis, our panel is trading at a 49% premium to large caps, well above the historical average premium (17%) and above the level one month ago (42%).

Intermonte Mid & Small Cap Panel – next twelve months' P/E relative to FTSE MIB, last 10 years



Source: Intermonte SIM and FactSet

The table on the next page shows the stocks in our mid/small cap coverage that have posted the largest re-ratings/de-ratings since January 2022, based on 2022 estimates.

European Market – Valuations

	P/E10	P/E11	P/E12	P/E13	P/E14	P/E15	P/E16	P/E17	P/E18	P/E19	P/E20	P/E21	P/E22	P/E22 vs Italian Equivalent	Last 10Y Median	Premium vs Avg
FTSE MIB	12.5 x	14.9 x	12.8 x	11.4 x	11.4 x	18.8 x	19.7 x	16.7 x	n.m.	15.7 x	21.6 x	11.5 x	7.5 x	-	15.7 x	-51.9%
FTSE Italy Mid Cap	9.5 x	18.0 x	17.3 x	15.4 x	15.4 x	22.0 x	20.2 x	16.6 x	18.4 x	19.2 x	60.7 x	18.3 x	13.4 x	-	18.3 x	-27.1%
FTSE Italy Small Cap	11.8 x	35.8 x	23.9 x	208.4 x	60.5 x	nm	nm	27.2 x	18.9 x	nm	51.5 x	20.2 x	14.0 x	-	27.2 x	-48.5%
Germany DAX (TR)	12.9 x	11.8 x	11.3 x	14.6 x	16.5 x	12.9 x	15.6 x	14.4 x	14.3 x	14.9 x	20.8 x	13.1 x	11.1 x	46.7%	14.5 x	-23.6%
Germany MDAX	14.4 x	15.2 x	30.6 x	27.9 x	24.5 x	16.8 x	19.8 x	21.7 x	16.5 x	20.9 x	43.8 x	26.6 x	14.8 x	10.5%	23.1 x	-36.0%
France CAC 40	12.4 x	11.3 x	14.1 x	15.9 x	17.5 x	16.1 x	16.2 x	16.1 x	15.3 x	16.0 x	28.6 x	15.6 x	11.4 x	51.7%	16.0 x	-28.6%
France CAC Mid 60	19.4 x	15.8 x	18.0 x	22.7 x	25.6 x	20.1 x	20.2 x	35.9 x	16.1 x	15.5 x	-31.9 x	20.2 x	12.3 x	-8.3%	20.1 x	-39.1%
France CAC Small	18.2 x	n.m.	28.3 x	34.6 x	28.1 x	30.2 x	30.8 x	40.2 x	38.6 x	43.0 x	-77.1 x	45.0 x	21.1 x	51.2%	32.7 x	-35.4%
FTSE 100	12.3 x	11.1 x	12.2 x	15.0 x	14.8 x	15.4 x	18.3 x	14.7 x	13.2 x	12.6 x	21.1 x	13.0 x	9.7 x	28.8%	14.8 x	-34.2%
FTSE 250	15.1 x	13.9 x	15.4 x	18.4 x	18.9 x	16.4 x	16.1 x	14.3 x	12.8 x	13.3 x	43.8 x	21.2 x	13.3 x	-0.7%	16.3 x	-18.3%
IBEX 35	12.0 x	10.6 x	18.9 x	19.5 x	19.9 x	19.5 x	15.9 x	13.4 x	13.8 x	13.2 x	34.8 x	11.9 x	9.6 x	27.3%	17.4 x	-44.8%
IBEX MEDIUM	17.4 x	11.2 x	18.3 x	28.6 x	18.1 x	20.5 x	18.9 x	20.9 x	17.0 x	13.8 x	20.4 x	15.4 x	12.7 x	-4.9%	18.6 x	-31.7%

Source: Intermonte SIM and FactSet

Intermonte Mid & Small Cap Coverage – YTD de-rating/re-rating on 2022 estimates

Stock	Restated Net Profit 22 as of 31/12/21	Restated net profit 22 last estimate	% Chg in Net Profit 22	Share Price perf. YTD	De-rating(-) Re-rating(+)
IEG	0.1	-2.8	-5389%	(23%)	5366.5%
FINE FOODS	13.7	-12.4	-191%	(46%)	144.7%
DEA CAPITAL	18.0	-0.4	-102%	22%	123.9%
FINCANTIERI	146.0	-6.9	-105%	(13%)	91.8%
SERI INDUSTRIAL	12.2	-4.6	-138%	(47%)	90.5%
TESMEC	13.1	9.0	-31%	38%	69.6%
AVIO	12.2	2.8	-77%	(9%)	68.1%
GEOX	-5.0	-8.2	-64%	(26%)	38.0%
SOMECC	11.0	5.3	-52%	(16%)	35.4%
SAFILO	28.6	20.7	-28%	(7%)	20.9%
DE' LONGHI	347.8	174.3	-50%	(33%)	16.8%
NOTORIOUS PICTURES	5.7	4.3	-25%	(9%)	15.3%
SOGEFI	35.7	21.4	-40%	(26%)	13.5%
CYBEROO	3.6	3.6	0%	13%	12.7%
OMER	10.9	6.7	-39%	(30%)	8.9%
DOVALUE	65.1	50.5	-22%	(18%)	4.8%
PIAGGIO	85.9	83.6	-3%	0%	2.9%
DATALOGIC	47.3	23.5	-50%	(49%)	1.7%
CREDITO EMILIANO	236.0	269.4	14%	15%	1.3%
INDEL B	16.7	14.5	-13%	(13%)	0.1%
RAI WAY	68.5	70.8	3%	3%	(0.1%)
MARR	59.2	35.5	-40%	(40%)	(0.4%)
ANIMA	198.5	155.7	-22%	(23%)	(1.5%)
ENAV	97.9	103.4	6%	3%	(2.9%)
WEBUILD	157.8	115.4	-27%	(33%)	(5.7%)
TECHNOGYM	76.4	71.7	-6%	(13%)	(7.0%)
TXT E-SOLUTIONS	6.9	9.3	35%	27%	(8.1%)
TINEXTA	67.2	46.6	-31%	(40%)	(9.6%)
FILA	51.7	41.3	-20%	(31%)	(10.9%)
LU-VE	28.6	34.5	21%	9%	(11.3%)
UNIPOLSAI	740.4	779.2	5%	(6%)	(11.7%)
OVS GROUP	61.8	58.4	-6%	(20%)	(14.8%)
FOS	1.6	1.5	-4%	(19%)	(15.0%)
IGD	68.9	67.3	-2%	(18%)	(15.6%)
GREENTHESIS	13.6	14.0	3%	(14%)	(17.2%)
FERRAGAMO	81.7	75.1	-8%	(25%)	(17.4%)
GPI	14.5	14.6	1%	(17%)	(17.7%)
THE ITALIAN SEA GROUP	24.7	26.2	6%	(12%)	(18.1%)
SALCEF GROUP	60.2	53.3	-11%	(30%)	(18.8%)
ELICA	20.6	19.9	-3%	(25%)	(21.7%)
MONDADORI	51.4	56.3	10%	(13%)	(22.6%)
PHARMANUTRA	14.4	15.2	6%	(17%)	(22.6%)
ACEA	340.7	313.8	-8%	(31%)	(22.9%)
CEMENTIR	149.3	144.4	-3%	(27%)	(23.5%)
RELATECH	6.2	6.2	0%	(24%)	(23.8%)
BANCA IFIS	110.8	109.4	-1%	(25%)	(24.0%)
BANCA SISTEMA	25.3	24.1	-5%	(29%)	(24.0%)
EL.EN.	48.7	57.0	17%	(7%)	(24.0%)
EMAK	36.3	29.2	-20%	(46%)	(26.5%)
GEFRAN	11.2	12.0	8%	(20%)	(27.9%)
MAIRE TECNIMONT	98.1	99.6	2%	(27%)	(28.2%)
ESPRINET	56.2	45.6	-19%	(49%)	(29.8%)
ILBE	14.2	11.5	-19%	(50%)	(31.0%)
SERVIZI ITALIA	4.8	4.2	-13%	(44%)	(31.4%)
SAES GETTERS	23.1	29.1	26%	(6%)	(31.8%)
IREN	294.7	260.0	-12%	(45%)	(32.9%)
BREMBO	268.6	314.7	17%	(17%)	(34.1%)
WIIT	16.6	14.1	-16%	(51%)	(35.7%)
BRUNELLO CUCINELLI	51.3	78.4	53%	17%	(36.4%)
SESA	78.6	81.8	4%	(36%)	(39.8%)
MEDIA FOR EUROPE	294.0	245.9	-16%	(57%)	(40.3%)
REPLY	168.5	174.0	3%	(39%)	(42.4%)
ALKEMY	6.1	5.8	-5%	(51%)	(45.7%)
MATICA FINTEC	1.5	2.2	44%	(2%)	(46.0%)
ERG	167.3	263.6	58%	4%	(53.2%)
AQUAFIL	22.9	29.1	27%	(32%)	(59.3%)
CY4GATE	6.1	9.1	50%	(21%)	(70.5%)
SCIUKER FRAMES	15.7	23.9	52%	(32%)	(84.6%)
AUTOGRILL	-27.9	26.5	195%	4%	(190.9%)
TOD'S	6.2	16.8	173%	(37%)	(209.6%)

Source: Intermonte SIM

Liquidity

Mid/small cap liquidity remained weak in the last month

Looking at official Italian index trends, we note that liquidity for large caps in the last month (as measured by average volumes multiplied by average prices in a specific period) is below the yearly average, coming in 16.6% lower than the 1Y average, worsening compared to one month ago when the same metric was -12.8%. Interestingly, liquidity for mid-caps has witnessed a more significant contraction, down -26.5%, while for small caps the same metric has decreased by 24.1%.

Italian Market – liquidity analysis

	Avg Daily Volume * Avg Price (Eu mn)					% Changes	
	1M	3M	6M	1Y	3Y	1M vs 1Y	3M vs 1Y
FTSE MIB							
All stocks	41.64	43.25	41.51	49.96	51.72	(16.6%)	(13.4%)
Top 20% by market cap	128.14	131.46	129.47	153.69	154.48	(16.6%)	(14.5%)
FTSE Italia Mid Cap							
All stocks	1.49	1.57	1.50	2.03	2.51	(26.5%)	(22.7%)
Top 20% by market cap	3.12	2.88	2.76	3.70	4.66	(15.6%)	(21.9%)
FTSE Italia Small Cap							
All stocks	0.38	0.39	0.40	0.51	0.55	(24.1%)	(22.8%)
Top 20% by market cap	1.56	1.56	1.59	1.88	1.77	(16.8%)	(17.2%)

Source: FactSet

For individual stocks, the following table ranks liquidity in our mid/small cap coverage.

Intermonte Mid & Small Cap Coverage – most liquid stocks

Stock	Market Cap (Eu mn)	6M Avg Volume * Avg Price (Eu)
SARAS	999	9,763,788
ERG	4,461	6,663,466
TOD'S	1,029	5,802,626
AUTOGRILL	2,503	5,649,166
REPLY	4,070	4,130,237
BFF BANK	1,363	3,868,407
FERRAGAMO	2,834	2,942,778
BRUNELLO CUCINELLI	4,811	2,895,482
IREN	1,910	2,705,569
OVS GROUP	593	2,497,427
DE' LONGHI	3,183	2,308,239
ANIMA	1,198	2,213,911
BREMBO	3,476	2,190,083
UNIPOLSAI	6,565	2,123,759
SESA	1,731	1,902,517
TECHNOGYM	1,480	1,793,530
MAIRE TECNIMONT	1,002	1,675,649
ACEA	2,766	1,665,826
MEDIA FOR EUROPE	1,183	1,533,956
WEBUILD	1,413	1,483,612
BANCA IFIS	687	1,405,353
ENAV	2,188	1,095,625
PIAGGIO	1,031	1,008,316
TINEXTA	1,076	987,329
EL.EN.	1,157	949,688
ESPRINET	334	843,102
AVIO	280	818,914
DATALOGIC	460	799,940
TIP	1,320	787,456

Source: FactSet

Criteria for investing in mid/small caps

Italian Mid & Small Cap Coverage - geographical breakdown of sales (FY21)

Stock	Italy	Europe (incl. Russia, UK, Turkey)	North America (incl. Mexico)	South America	Asia (incl. China, India, South East Asia)	RoW (Africa, Middle East, Australia, Japan)
Intermonte Coverage	55.8%	23.3%	9.5%	1.2%	6.5%	3.7%

Source: Company data and Intermonte SIM (financial companies excluded from the sample)

A ranking of stocks with the highest expected earnings growth for 2023 vs. 2022, and the highest 2022 dividend yields, can be found in the following tables.

Intermonte Mid & Small Cap Coverage – dividend yield 2022

Stock	Price (Eu)	Mkt Cap (Eu mn)	EPS 22	DPS 22	Yield 22 %	PayOut 22 %	Net Debt/EBITDA 22
IGD	3.2	350	0.610	0.381	12.0%	62%	9.6x
BFF BANK	7.3	1,363	0.830	0.830	11.3%	100%	
BANCA IFIS	12.8	687	2.034	1.120	8.8%	55%	
DOVALUE	6.9	554	0.632	0.600	8.7%	95%	2.1x
UNIPOLSAI	2.3	6,565	0.281	0.190	8.2%	68%	
ESPRINET	6.6	334	0.910	0.540	8.2%	59%	-2.1x
MEDIA FOR EUROPE	0.5	1,183	0.091	0.044	8.1%	48%	1.2x
SARAS	1.1	999	0.611	0.080	7.6%	13%	-0.2x
IREN	1.5	1,910	0.200	0.105	7.1%	53%	3.5x
EMAK	1.1	187	0.179	0.076	6.7%	43%	2.4x
ACEA	13.0	2,766	1.474	0.851	6.5%	58%	3.3x
PIAGGIO	2.9	1,031	0.235	0.177	6.1%	75%	1.3x
MAIRE TECNIMONT	3.0	1,002	0.303	0.183	6.0%	60%	0.2x
MONDADORI	1.8	464	0.216	0.105	5.9%		1.5x
ANIMA	3.5	1,198	0.432	0.200	5.8%	46%	
NOTORIOUS PICTURES	1.5	33	0.191	0.076	5.2%	40%	1.3x
BANCA SISTEMA	1.5	120	0.299	0.075	5.0%	25%	
RAI WAY	5.4	1,466	0.260	0.252	4.7%	97%	0.9x
GEFRAN	9.0	129	0.836	0.418	4.7%	50%	-0.2x
SCIUKER FRAMES	7.1	154	1.102	0.331	4.6%	30%	-0.2x
AQUAFIL	5.2	223	0.569	0.240	4.6%	42%	2.6x
CREDITO EMILIANO	6.7	2,294	0.789	0.300	4.5%	38%	
ENAV	4.0	2,188	0.191	0.180	4.5%	94%	1.5x
DEA CAPITAL	1.5	393	-0.001	0.060	4.1%	nm	3.5x
WEBUILD	1.4	1,413	0.116	0.055	3.9%	47%	-0.9x
MARR	11.3	749	0.534	0.427	3.8%	80%	1.8x
BREMBO	10.4	3,476	0.973	0.395	3.8%	41%	0.8x
GPI	13.5	247	0.816	0.500	3.7%	61%	3.0x
CEMENTIR	6.1	975	0.907	0.210	3.4%	23%	-0.2x
ERG	29.7	4,461	1.754	0.900	3.0%	51%	3.0x

Source: Intermonte SIM and FactSet

Intermonte Mid & Small Cap Coverage – EPS growth, 2023 vs 2022

Stock	Price (Eu)	Mkt Cap (Eu mn)	P/E 22	P/E 23	EPS Growth
AUTOGRILL	6.5	2,503	94.5	23.3	306%
CYBEROO	4.2	84	24.2	9.6	150%
SOMECE	31.5	217	41.1	17.2	139%
TOD'S	31.1	1,029	61.1	29.9	104%
ABITARE IN	6.0	159	9.0	4.6	96%
SABABA SECURITY	3.3	25	20.0	10.3	93%
CIVITANAVI SYSTEMS	4.5	138	17.1	9.0	89%
TESMEC	0.1	90	9.9	5.4	82%
SOGEFI	0.9	105	4.8	2.9	65%
SERVIZI ITALIA	1.2	37	8.9	5.7	57%
CY4GATE	9.8	230	23.3	15.9	47%
MARR	11.3	749	21.1	14.6	45%
REEVO	13.6	69	43.7	30.4	44%
TXT E-SOLUTIONS	12.8	167	16.8	11.8	43%
WIIT	17.5	489	34.8	25.3	38%
DATALOGIC	7.9	460	19.6	14.5	35%
WEBUILD	1.4	1,413	12.1	9.1	33%
THE ITALIAN SEA GROUP	5.6	298	11.4	8.7	31%
ESPRINET	6.6	334	7.3	5.6	31%
AVIO	10.6	280	nm	79.9	30%
GPI	13.5	247	16.5	12.8	29%
RELATECH	2.1	93	12.9	10.0	29%
NOTORIOUS PICTURES	1.5	33	7.7	6.0	28%
MATICA FINTEC	2.6	28	12.6	9.9	27%
FOS	3.1	21	13.1	10.4	26%
TINEXTA	22.8	1,076	23.1	18.3	26%
TECHNOGYM	7.4	1,480	20.6	16.4	26%
SCIUKER FRAMES	7.1	154	6.5	5.1	26%
DE' LONGHI	21.1	3,183	18.1	14.5	25%
ILBE	1.3	31	3.9	3.2	24%
SESA	111.7	1,731	21.1	17.2	23%
SALCEF GROUP	17.2	1,075	20.2	16.6	21%
ELICA	2.7	174	8.8	7.2	21%
BFF BANK	7.3	1,363	8.9	7.3	21%
ALKEMY	11.2	64	10.9	9.2	18%
REPLY	108.8	4,070	23.4	19.9	18%
BANCA SISTEMA	1.5	120	5.0	4.3	16%
BRUNELLO CUCINELLI	70.8	4,811	61.4	53.3	15%
SAFILO	1.5	608	19.5	17.1	14%

Source: Intermonte SIM and FactSet

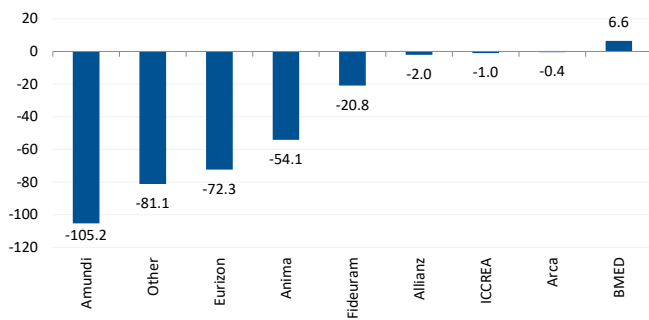
Update on the Individual Savings Plan (PIR)

PIR: official figures for 3Q22

	3Q22 (Eu mn)	2Q22 (Eu mn)	1Q22 (Eu mn)	4Q21 (Eu mn)	3Q21 (Eu mn)	FY21 (Eu mn)	FY20 (Eu mn)	FY19 (Eu mn)	FY18 (Eu mn)	Nr. Of Funds at September 2022		Invested Capital at September 2022	
										# Funds	%	(Eu mn)	in %
Ordinary PIR	(330)	(196)	160	380	155	323	(759)	(1,097)	3,950	64	40.6%	16,477	28.6%
Alternative PIR	15	153	83	665						13		1,449	
EQUITY FUNDS	(128)	(78)	(12)	154	40	280	(281)	(369)	349	26	40.6%	4,708	28.6%
BALANCED FUNDS	(192)	(121)	147	177	103	214	(321)	(587)	2,525	22	34.4%	7,248	44.0%
FIXED INCOME FUNDS	(2)	(3)	(10)	7	7	17	(1)	(20)	10	4	6.3%	192	1.2%
FLEXIBLE FUNDS	(7)	7	36	41	6	(187)	(160)	(121)	1,067	13	20.3%	4,337	26.3%
CLOSED-END FUNDS	14	153	83							12	18.8%	1,442	8.8%

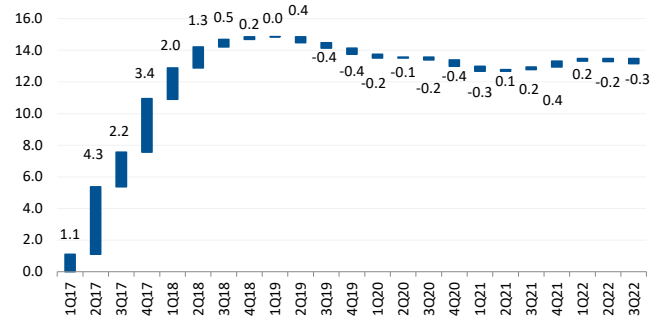
Source: Assogestioni, Quarterly Report, November 2022

Ordinary PIR - Net inflows by asset manager (Eu mn, 3Q22)



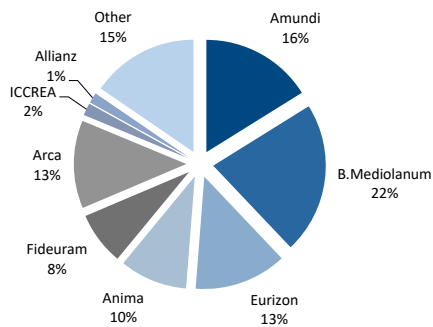
Source: Assogestioni

Ordinary PIR – Inflows by quarter (Eu bn)



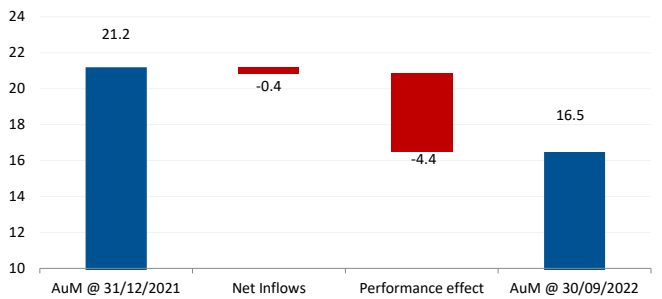
Source: Intermonte SIM estimates, Assogestioni

Ordinary PIR – Market share by asset manager (on AuM at 30/09/22)



Source: Assogestioni

Ordinary PIR – Inflows and total AuM (Eu bn)



Source: Assogestioni

Higher PIR outflows in 3Q

In its quarterly review on 29 November 2022, Assogestioni released updated figures on 3Q22 PIR inflows. During the quarter, ordinary PIRs saw outflows of Eu330.3mn, while Alternative PIRs recorded inflows of Eu14.5mn. In terms of AuM, ordinary PIRs had Eu16.5bn under management, while Eu1.4bn was invested in alternative PIR funds. Looking at ordinary PIRs, quarterly net inflows further deteriorated sequentially compared to 2Q22 and 1Q22, when net inflows were Eu-196mn and Eu160mn respectively. The total balance YtD therefore stands at Eu-366mn. AuM stood at Eu16.5bn, down from Eu17.5bn as at the end of June, due to both outflows and market performance.

The inflow figure is worse than the one disclosed by Il Sole 24 Ore's 'Osservatorio PIR', which estimated Eu244mn of outflows in 3Q22 (with July, August and September at Eu-63mn, Eu-57mn, and Eu-124mn respectively).

Regarding alternative PIR, inflows in 3Q22 came to Eu14.5mn, decreasing on 2Q22 (Eu153mn) and 1Q22 (Eu83mn), with the YtD figure at Eu251mn, and AuM stable at Eu1.44bn (same figure as at the end of June).

According to 'Osservatorio PIR', outflows continued in October at -Eu92.1mn.

As a reminder, the features of PIR 3.0 are as follows: at least 70% of the fund must be invested in securities issued by listed Italian or EU companies having stable organisation in Italy; of this 70%, 25% (i.e. 17.5% of the total fund) must be invested in securities that are not on the main index (FTSE MIB in the case of Italian-listed stocks). The principal novelty in the new regulation is a mandatory minimum investment of 5% of the 70% (or 3.5% of the total fund) in small caps that are not listed on either the FTSEMIB or the FTSE MID indexes. This measure is likely to channel flows into a universe of small companies that are expected to obtain particular benefits from renewed investor interest. The new regulation also allows Italian pension funds to invest up to 10% of their assets in PIR funds. The fiscal benefit (unchanged) still relates to the elimination of capital gains tax after the investment is maintained in the fund for at least 5 years.

On the other hand, the Alternative PIR is a wrapper with tax benefits similar to PIR (i.e. tax exemption of capital gains for investments held for at least 5 years) and in turn is capable of investing in ELTIFs, private equity funds or private debt funds. Because of the investments in illiquid assets (closer to the real economy but riskier), affluent investors are the target clients. The maximum investible amount per year is Eu300k per person (vs Eu30k for PIR) up to a cumulative maximum of Eu1.5mn per person. Moreover, the concentration limit (i.e. max cumulative investment in a single stock) has been set at 20% (10% being the limit for regular PIR funds).

These alternative instruments are suitable for overcoming market volatility given their long-term commitment and are complementary to PIR funds in a broader sense (they are designed for semi-professional rather than retail investors). We believe the introduction of Alternative PIRs could also represent a smart solution to the current impasse at EU level over ELTIF, as the new Alternative PIRs are entitled to buy ELTIF funds, thereby indirectly benefitting ELTIFs.

ALTERNATIVE PIR vs. PIR 3.0

	PIR 3.0	Alternative PIR
Investor Target	Retail Investors	Semi-institutional investors
Main Investment Focus	Mid and Small Caps	Small and Micro Caps, Privately held SMEs
Type of Fund	Open-end Funds	Closed-End Funds, such as ELTIF, private equity funds, private debt funds
Max per capita investment	Eu30,000 a year (max Eu150,000)	Eu300,000 a year (max Eu1.5mn)
Concentration limit	Up to 10%	Up to 20%
Investment Criteria	At least 70% of the fund must be invested in securities issued by listed Italian or EU companies having stable organisation in Italy; of this 70%, 25% (i.e. 17.5% of the total fund) must be invested in securities that are not on the main index (FTSE MIB in the case of Italian-listed stocks) and 5% (or 3.5% of the total fund) in small caps that not listed on either the FTSEMIB or the FTSE MID indexes.	At least 70% of the fund must be invested in securities issued by Italian or EU companies having stable organisation in Italy that are small caps not listed on either the FTSEMIB or the FTSE MID indexes.
Fiscal benefits	Zeroing capital gains tax after maintaining the investment in the fund for at least 5 years	Zeroing capital gains tax after maintaining the investment in the fund for at least 5 years

Source: Intermonte SIM

Our estimates for ordinary PIRs

Recent market volatility and uncertainty are expected to continue, at least in the short term, and are likely to limit inflows in the coming months. In light of the current scenario and 3Q22 PIR data, we have revised our 2022 inflows assumptions to Eu-358mn, down from Eu-159mn, and we note that visibility remains low, due to both the general market environment and the specific Italian political post-election transition. In the long term, our assumptions are based on expectations that interest in this product will remain fairly high thanks to the fiscal benefit and, from a distributor point of view, to the fact that it can count on long-term commitment from the investor.

Main assumptions behind our current estimates are as follows:

- For 2022, we assume gross inflows from new PIR subscribers of Eu40mn;
- For continuing subscribers, we expect that overall inflows in year two will amount to a portion of the sum set aside in the first year (from 35% to 40% in our model); in the remaining years (i.e. from the third to the fifth year) we expect stable inflows, equivalent on average to 50% of the investments made in the second year;
- Finally, we calculate the amount of capital that will be withdrawn by investors who decide to exit the fund before the five-year time limit (for whatever reason) at ~5.3% of Assets under Management in 2022 and beyond.

PIR – Our assumptions

	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023E
Mutual Funds AUM (Eu mn)	900,318	1,011,183	955,114	1,071,299				
PIR Net Inflows (Eu mn)		10,903	3,950	(1,097)	(759)	323	(358)	657
<i>YoY Growth</i>			<i>-63.8%</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>
o/w From Continuing Subs. (estimated)							442	700
o/w From New Subscribers (estimated)							40	500
o/w Transformation of Existing Funds/Exit from PIR (est.)							(840)	(542)

Source: Intermonte SIM

Intermonte Pir Mid Caps Coverage - Trading Multiples (ordered by Stock Name)

Company	P/E 2022	P/E 2023	EV/EBITDA 2022	EV/EBITDA 2023	Div. Yield 2022	Div. Yield 2023	FCF Yield 2022	FCF Yield 2023	NET DEBT/EBITDA 2022	NET DEBT/EBITDA 2023
ACEA	8.8	9.1	5.9	6.1	6.5%	6.5%	-8.9%	3.5%	3.3x	3.4x
ANIMA	8.0	7.1			5.8%	6.4%				
AUTOGRILL	94.5	23.3	6.2	5.0	0.8%	1.5%	20.5%	7.4%	2.2x	1.7x
BANCA IFIS	6.3	5.7			8.8%	9.4%				
BFF BANK	8.9	7.3			11.3%	13.6%				
BREMBO	10.7	12.0	5.7	5.6	3.8%	3.4%	-0.1%	7.3%	0.8x	0.6x
BRUNELLO CUCINELLI	61.4	53.3	18.8	17.0	0.9%	0.9%	0.9%	1.0%	2.3x	2.1x
CEMENTIR	6.8	6.2	2.9	2.6	3.4%	4.1%	13.0%	13.5%	-0.2x	-0.5x
CREDITO EMILIANO	8.5	7.8			4.5%	4.5%				
DATALOGIC	19.6	14.5	6.9	6.7	2.5%	3.2%	-2.1%	4.9%	0.9x	0.7x
DE' LONGHI	18.1	14.5	9.3	7.5	2.0%	2.5%	-3.5%	4.9%	-0.6x	-0.8x
DOVALUE	11.0	9.7	4.9	4.5	8.7%	10.4%	7.2%	18.4%	2.1x	1.8x
EL.EN.	19.9	18.1	11.8	10.2	1.4%	1.4%	-2.9%	6.2%	-0.8x	-1.2x
ENAV	21.2	20.3	9.5	9.2	4.5%	4.7%	6.3%	7.7%	1.5x	1.2x
ERG	16.9	19.9	11.1	10.5	3.0%	3.0%	-15.1%	-0.8%	3.0x	2.8x
FERRAGAMO	37.7	56.2	8.0	8.7	1.2%	0.8%	3.0%	-0.5%	0.7x	0.9x
FINCANTIERI	nm	7.1	11.1	6.8	0.0%	2.1%	-37.7%	2.7%	4.8x	3.0x
IREN	7.3	7.4	5.5	5.6	7.1%	7.1%	-20.8%	-16.0%	3.5x	3.8x
LU-VE	16.9	17.5	9.4	9.1	1.3%	1.3%	-0.5%	5.4%	2.0x	1.6x
MAIRE TECNIMONT	10.1	9.5	5.0	4.4	6.0%	6.0%	14.0%	12.8%	0.2x	-0.1x
MARR	21.1	14.6	9.8	7.8	3.8%	5.5%	0.7%	1.7%	1.8x	1.5x
MEDIA FOR EUROPE	5.9	6.7	2.9	2.9	8.1%	7.1%	20.3%	19.9%	1.2x	1.1x
MONDADORI	8.2	8.2	4.9	4.5	5.9%	5.9%	14.8%	14.7%	1.5x	1.2x
OVS GROUP	10.2	10.1	5.0	4.7	2.6%	2.6%	5.6%	9.8%	1.0x	0.7x
PHARMANUTRA	40.0	41.8	26.5	26.0	1.3%	1.2%	0.1%	2.4%	-0.3x	-0.5x
PIAGGIO	12.2	11.2	4.9	4.7	6.1%	6.3%	8.1%	7.4%	1.3x	1.2x
RAI WAY	20.7	18.3	10.9	10.0	4.7%	5.4%	6.2%	6.9%	0.9x	0.9x
REPLY	23.4	19.9	12.7	10.9	0.8%	1.0%	3.6%	4.9%	-0.3x	-0.8x
SAFILO	19.5	17.1	5.8	4.5	0.0%	0.0%	9.0%	9.9%	0.7x	0.1x
SALCEF GROUP	20.2	16.6	9.4	8.0	2.6%	2.7%	1.7%	3.8%	-0.8x	-0.7x
SARAS	1.7	3.6	0.6	1.2	7.6%	7.6%	81.2%	-2.6%	-0.2x	-0.3x
SESA	21.1	17.2	13.9	8.0	0.8%	1.0%	4.3%	7.1%	-0.5x	-0.4x
TECHNOGYM	20.6	16.4	10.4	8.2	2.4%	3.0%	2.4%	6.0%	-0.8x	-1.0x
TINEXTA	23.1	18.3	13.7	11.2	1.3%	1.6%	3.2%	4.4%	0.7x	0.0x
TIP	21.3				1.7%					
TOD'S	61.1	29.9	5.4	4.9	0.0%	0.0%	-2.5%	0.6%	2.4x	2.2x
UNIPOLSAI	8.3	8.7			8.2%	8.2%				
WEBUILD	12.1	9.1	1.7	1.4	3.9%	3.9%	5.3%	7.5%	-0.9x	-0.9x
WIIT	34.8	25.3	16.2	13.6	1.4%	2.0%	-1.0%	4.3%	4.5x	3.6x

Intermonte Pir Small Caps Coverage - Trading Multiples (ordered by Stock Name)

Company	P/E 2022	P/E 2023	EV/EBITDA 2022	EV/EBITDA 2023	Div. Yield 2022	Div. Yield 2023	FCF Yield 2022	FCF Yield 2023	NET DEBT/EBITDA 2022	NET DEBT/EBITDA 2023
ABITARE IN	9.0	4.6	11.6	4.8	0.0%	0.0%	-50.4%	39.4%	5.6x	1.8x
ALKEMY	10.9	9.2	8.3	6.7	0.0%	0.0%	2.9%	9.1%	3.0x	2.0x
AQUAFIL	9.1	10.4	5.6	5.3	4.6%	4.4%	-6.4%	12.0%	2.6x	2.3x
AVIO	nm	79.9	9.3	7.7	0.0%	0.2%	-4.0%	-1.0%	-1.5x	-0.8x
BANCA SISTEMA	5.0	4.3			5.0%	5.8%				
CIVITANAVI SYSTEMS	17.1	9.0	9.7	5.2	0.0%	0.0%	0.6%	-0.1%	-1.6x	-0.9x
CY4GATE	23.3	15.9	12.0	8.9	0.0%	0.0%	2.1%	4.3%	-0.5x	-0.4x
CYBEROO	24.2	9.6	13.0	5.4	0.0%	0.0%	1.0%	5.2%	-0.2x	-0.4x
DEA CAPITAL	nm	49.2	18.6	15.1	4.1%	4.1%			3.5x	2.6x
ELICA	8.8	7.2	3.6	3.1	0.0%	0.0%	19.3%	16.7%	0.7x	0.3x
EMAK	6.4	6.9	5.0	4.8	6.7%	5.8%	-9.1%	15.2%	2.4x	2.2x
ESPRINET	7.3	5.6	8.0	6.9	8.2%	9.0%	-0.4%	6.4%	-2.1x	-2.1x
EXPERT.AI	nm	nm	nm	nm	0.0%	0.0%	-74.1%	-24.1%	-1.7x	10.6x
FILA	8.3	7.5	7.5	6.8	2.2%	2.4%	4.2%	9.3%	3.8x	3.2x
FINE FOODS	nm	25.5	15.6	9.4	1.9%	1.9%	-13.6%	9.9%	3.0x	1.2x
GEFRAN	10.7	9.6	5.1	4.3	4.7%	5.2%	6.5%	7.4%	-0.2x	-0.3x
GEOX	nm	23.9	7.6	5.8	0.0%	0.0%	-5.1%	0.5%	4.8x	3.6x
GPI	16.5	12.8	7.6	6.6	3.7%	3.9%	1.6%	4.9%	3.0x	2.6x
GREENTHESIS	10.9	9.7	7.8	7.2	1.2%	1.4%	5.2%	3.9%	1.8x	1.5x
IEG	nm	6.3	10.2	3.8	0.0%	3.9%	17.8%	29.7%	8.7x	2.5x
IGD	5.2	5.0	13.1	12.1	12.0%	10.7%	20.1%	21.8%	9.6x	8.9x
ILBE	3.9	3.2	0.7	0.7	0.0%	0.0%	1.2%	4.3%	0.3x	0.3x
INDEL B	9.4	8.4	5.5	4.7	2.6%	3.0%	4.9%	5.9%	0.6x	0.3x
INTERCOS	22.4	21.2	11.1	9.8	0.0%	1.3%	1.1%	3.5%	1.0x	0.7x
MATICA FINTEC	12.6	9.9	5.5	4.6	0.0%	0.0%	3.6%	5.8%	-0.2x	-0.4x
NOTORIOUS PICTURES	7.7	6.0	3.3	2.5	5.2%	6.6%	-13.1%	4.4%	1.3x	1.0x
OMER	11.6	11.6	5.9	5.3	0.0%	0.0%	1.6%	6.1%	-1.8x	-2.2x
REEVO	43.7	30.4	15.0	10.5	0.0%	0.0%	-0.5%	1.7%	-1.8x	-1.4x
RELATECH	12.9	10.0	6.8	4.8	0.0%	0.0%	3.7%	5.1%	-0.6x	-0.8x
SABABA SECURITY	20.0	10.3	17.2	6.6	0.0%	0.0%	-11.9%	-8.2%	-2.1x	-0.5x
SAES GETTERS	17.6	15.5	7.1	6.0	2.0%	2.0%	2.3%	6.5%	-1.0x	-1.3x
SCIUKER FRAMES	6.5	5.1	3.9	2.5	4.6%	5.8%	8.1%	14.9%	-0.2x	-0.5x
SERI INDUSTRIAL	nm	21.7	17.5	8.4	0.0%	0.0%	-6.6%	0.7%	5.5x	2.6x
SERVIZI ITALIA	8.9	5.7	2.7	2.5	0.0%	0.0%	-2.2%	-2.9%	2.1x	1.9x
SOGEFI	4.8	2.9	2.6	2.2	0.0%	0.0%	15.2%	19.6%	1.9x	1.6x
SOMEK	41.1	17.2	12.9	7.9	1.6%	2.9%	8.5%	8.1%	3.1x	1.6x
TESMEC	9.9	5.4	5.4	3.8	0.0%	0.0%	4.9%	26.3%	3.1x	2.0x
THE ITALIAN SEA GROUP	11.4	8.7	7.0	5.4	2.7%	4.4%	5.9%	8.4%	0.5x	0.2x
TXT E-SOLUTIONS	16.8	11.8	8.5	6.1	0.0%	0.0%	3.7%	2.5%	1.2x	0.7x
UNIDATA	18.3	12.9	8.5	6.9	0.2%	0.4%	-1.3%	3.5%	0.2x	2.0x

Source: Intermonte SIM and Factset

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- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

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