

Company Note

MID CORPORATE

Abitare In

FY20 Results

Results improved vs. FY19A but were below our estimates in terms of revenues. EBT and net income were above expectations, despite some Covid-19-related increases in costs. Since the ongoing commercial activity and outlook is positive regarding prices and demand, management confirmed its expectations on orders, but downwards revised revenues and EBT targets for 2021, due to the expected shift of production and authorisation activity from 2021 to the following years. Our 2021E estimates are now in line with those of management, while for 2022 we see EUR 183.1M revenues and EUR 57.2M EBT, along with a stable net debt.

FY20 results

Revenues were EUR 73.1M in FY20A vs. EUR 44.6M in FY19A and our EUR 106.4M estimate. Revenues from sales were EUR 41.4M (sale of 65% of Magliolina apartments). Change in inventories for new areas was EUR 20.6M. EUR 25M revenues from the purchase of two areas were rescheduled to October (i.e. in FY21, Abitare In's FY ends on 30 September). Adj. EBT was EUR 12.4M vs. EUR 9.6M in FY19A. Net profit was EUR 9.2M vs. EUR 6.4M in FY19A. Net debt was EUR 26.1M vs. EUR 32M in FY19A and our EUR 33M estimate.

Outlook

The company updated its targets for 2021: 1) commercial activity is expected to be confirmed with: i) order backlog of 800 units (EUR 310M, +37% vs FY20); and ii) advanced payments for EUR 85M (+23% vs FY20); 2) due to the possible slowdown in production and in acquisition of some areas, they expect in 2021: a) EUR 126M (EUR 140M previously); and b) EBT of EUR 25M (EUR 42M previously). Regarding 2022, management sees a possible improvement in sales prices, driven by macro and specific factors.

Estimates and valuation

Our estimates for 2021E are now broadly aligned with management's business plan. We project EUR 124.2M revenues and EUR 24.7M EBT. We see net debt increasing (EUR 41.9M) due to the postponement of some deeds to 2022. Regarding 2022E, we estimate EUR 183.1M revenues and EUR 57.2M EBT. We see net debt broadly stable yoy. In light of our estimates' periodical revision, we refreshed our DCF model, incorporating our equity risk premium rate and risk free-rate revision, which now incorporates a 6.7% WACC (7.7% previously). **We derived a target price of EUR 60.5/share** (EUR 50.0/share previously). Our target price is at a premium of around 26% on current prices, implying a **BUY rating on the stock**.

28 December 2020: 8:19 CET

Date and time of production

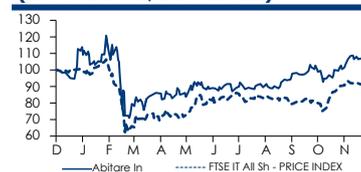
**BUY**

**Target Price: EUR 60.5**  
(from EUR 50.0)

Italy/Real Estate  
Update

AIM

Price Performance  
(RIC: ABIT.MI, BB: ABT IM)



Abitare In - Key Data

Price date (market close)	22/12/2020
Target price (EUR)	60.5
Target upside (%)	25.78
Market price (EUR)	48.10
Market cap (EUR M)	124.75
52Wk range (EUR)	54.0/31.8

Price performance %	1M	3M	12M
Absolute	6.9	12.1	6.4
Rel. to FTSE IT All Sh	6.1	-2.4	16.9

Y/E Sep (EUR M)	19/20A	20/21E	21/22E
Revenues	73.08	124.2	183.1
EBITDA	8.85	27.97	60.25
EBIT	8.09	27.40	59.68
Net income	9.18	17.28	40.04
EPS (EUR)	3.54	6.66	15.44
Net debt/-cash	26.15	41.94	40.56
Adj P/E (x)	11.9	7.2	3.1
EV/EBITDA (x)	15.3	6.0	2.7
EV/EBIT (x)	16.7	6.1	2.8
Div ord yield (%)	0	0	0

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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Corporate Broking Research

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## FY20 Results

Abitare In posted results improving vs. FY19A, below our estimates in terms of revenues mainly due to the postponement of the purchases of new areas and part of the building activities to FY21 (due to the pandemic restrictions) but better in terms of EBT and net income, despite some Covid-19-related increases in costs (EUR 2.5M according to management). The key points of results were:

- **Revenues amounted to EUR 73.1M** vs. EUR 44.6M in FY19A and EUR 106.4M in our estimates. Revenues from sales were EUR 41.4M and were related to the sale of the apartments of the Maggiolina project (81/125 units delivered as of 30 September; 115/125 as of 23 November). The change in inventories related to the acquisition of new areas was EUR 20.6M (referring to the 'Olimpia Garden' and 'Palazzo Naviglio' projects); EUR 25M revenues related to the purchase of two areas in the 'Naviglio Grande' neighbourhood, originally envisaged during last Spring's lockdown, were finalised in the month of October (i.e. in FY21);
- **EBT was EUR 11.2M.** Adj. EBT was EUR 12.4M vs. EUR 9.6M in FY19A, adjusted EUR 1.2M figurative costs for stock grant, negatively influenced by a EUR 2.5M costs increase related to Covid-19 (of which EUR 2M in 1H20) and EUR 4.5M reduction in margin related to the Olimpia Garden project, for which the company did not apply the 'revenues recognised over time' criteria; however, the company registered capital gain from the Homizy capital increase (EUR 3.9M) and the revaluation of fair value of Tecma Solutions (EUR 1.3M);

### Abitare In – FY20A revenues and costs breakdown

EUR M	FY19A	FY20A	yoy %
<b>Total Revenues</b>	<b>44.6</b>	<b>73.1</b>	<b>64.0</b>
o/w Revenues from sales	0.3	41.4	NM
o/w Change in inventories for acquisition of areas	8.6	20.6	138.6
o/w Change in inventories for projects development	35.2	8.5	-75.8
o/w Other revenues	0.4	2.6	NM
Production Costs	22.4	38.6	72.3
o/w Acquisition costs	8.6	20.6	138.6
Cost of Labour	1.4	3.6	160.6
Other costs	10.0	11.2	12.4
<b>Weighting in revenues %</b>			
Production Costs	50.3	52.9	
Acquisition costs	19.4	28.2	
Cost of Labour	3.1	4.9	
Other costs	22.4	15.4	

NM: not meaningful; A: actual; Source: Company data

- **Net profit was EUR 9.2M** vs. EUR 6.4M in FY19A;
- **Net debt was EUR 26.1M**, improving vs. EUR 32M in FY19A and our EUR 33M estimate; financial debt was EUR 61.6M, mainly including granted mortgages and loans of the SPV of the projects under development (Maggiolina, Milano City Village, Olimpia Garden, Cadolini, Trilogy Towers and My City Srl).

### Abitare In - FY20A results

EUR M	FY19A	FY20A	FY20E	yoy %	A/E %
Revenues	44.6	73.1	106.4	64	-31.3
EBIT	10.8	8.1	10.6	-25.1	-23.4
EBIT margin %	24.2	11.1	9.9		
EBT	9.5	11.2	9.6	18.6	17.2
Net Income	6.4	9.2	6.7	44.3	37.4
Net debt	32	26.1	33	-18.2	-20.9

Source: Company data

## Main events in FY20

The need to purchase a first home seems to remain one of the main priorities of families in Milan, according to management, even more after the experience of the lockdown, with a particular focus on sustainable, tailor-made houses with more private open spaces, such as those offered by the company. During last spring's lockdown, two projects were successfully commercialised: Olimpia Garden (80 out of 90 apartments sold, and prices increased by 10%) and Palazzo Naviglio (within the first week following lockdown, 90% of preliminary contracts were signed; expected revenues rose by 12.7% vs. the level communicated pre-Covid).

In June, Abitare In started the commercialisation of the 'Savona 105' project through its new e-commerce platform. All the 40 apartments offered were sold.

Abitare In's activities (ending 30 September) were marginally impacted by Covid-19, when construction activities were locked down, with effects depending on the stage of the project; on the other hand, all administrative, design and marketing activities continued, despite a slowdown of Public Administration activity.

As a negative consequence of the block of building site activities, the delivery of 'Maggiolina' apartments, planned for April, was delayed and took place for 65% in FY20 (as at 24 November, 92% of units of the Maggiolina projects were delivered).

In 1H20, the company had signed a preliminary agreement for the acquisition of an area near Scalo di Porta Romana (EUR 16.1M plus a maximum EUR 6M earnout).

The commercial campaign which took place during last spring's lockdown, produced successful results. In particular:

- With reference to Palazzo Naviglio, 90% of apartments were sold (the group has successfully subscribed preliminary contracts for around EUR 28.1M) and EUR 8.6M as advance payments have already been contractualised. Management expects EUR 31M total revenues vs. EUR 27.5M communicated on 19 November 2019 (+12.7%);
- As regards project 'Olimpia Garden' (in the Corvetto area), where 161 apartments should be realised, 79 irrevocable proposals had already been received, of which 65 already converted into preliminary contracts.

### Commercial activity during the first lockdown

## Outlook

The new living habits arising from the Covid-19 emergency are leading future homeowners to look for more comfortable and tailor-made solutions, larger surface and external private or shared space (balconies, gardens). Thus, an additional demand from people who decide to move from the city centre to a less central area of Milan, such as the solutions offered by Abitare In is likely, in our view.

Regarding the ongoing commercial activity, the company reached solid results. The order backlog at end-November outperformed management's expectations and included 586 apartments (vs. 550 expected) for EUR 225.8M (EUR 200M expected) and EUR 69M contractualised advanced payments (EUR 57M expected), confirming the appeal of the company's tailor-made products.

However, management highlighted that the slowdown in Public Administration activities due to the health emergency could result in a postponement of some development activities along with some increase in costs, which could be offset by a possible rise in prices due to a smaller offer. Moreover, the recent organisational and technological improvements (i.e. the development of the e-commerce platform) could improve the parallelization of projects, through the increase of activities in projects in different phases.

As a result, the company updated its targets for 2021, in particular:

- Commercial activity is expected to be confirmed with: order backlog of 800 residential units for around EUR 310M (+37% vs FY20) and advanced payments for EUR 85M (+23% vs FY20);
- Management considered a slowdown in production activities regarding some projects already commercialised (e.g. Milano City Village and Trilogy Towers) and in acquisition of some areas and foresees a shifting to 2022 of some revenues and EBT previously expected in 2021. As a result, they expect in 2021: 1) EUR 126M (vs. EUR 140M previously and EUR 141.4M in our previous estimates); and 2) EBT of EUR 25M (vs. EUR 42M previously). This deferral also includes the postponement of the sale to Korian of part of the 'Ex Plasmon' area (EUR 13M).

Regarding 2022, management sees a possible improvement in sales prices, thanks to some positive factors, such as: 1) the abovementioned increased appeal for tailor-made and new first houses with more internal and external spaces; 2) stable favourable bank loan conditions; 3) some difficulties observed in competitors' activity; 4) efficiencies in terms of costs; and 5) technological instruments recently implemented by the company.

We highlight that the company's development plan was presented in September 2019 and is based on sustainability, urban regeneration and respect for the environment. Abitare In's pipeline includes more than 230,000 sqm of commercial areas distributed in 17 projects in Milan (of which 7 already commercialised, included in our estimates). We expect in 2021 the commercialisation and development of three new projects (namely Porta Romana District, Lambrate Design District and in the Naviglio Grande area) for which the company has signed preliminary agreements and acquired two areas in the recent months (two areas in the Naviglio Grande neighbourhood for around EUR 26.3M).

The BoD approved in December the prospectus that was submitted to Borsa Italiana for the translisting to MTA, to the STAR segment if applicable.

### Targets for 2021

### 2022 targets

### Expected new projects

### Trans-listing to MTA STAR segment

## Estimates Revision

### Abitare In – Maggiolina Key assumptions

Price/sqm (k)	4.4
average sqm	108
Housing units	125
Garage	125
Garage price (k)	34
<b>Revenue (EUR M)</b>	<b>63.7</b>
Total costs/sqm (k)	3.1
<b>Gross margin (EUR M)</b>	<b>21.6</b>
<b>EBT (EUR M)</b>	<b>20.8</b>
<b>Net income (EUR M)</b>	<b>14.6</b>

Source: Intesa Sanpaolo Research elaboration

### Abitare In - Tacito key assumptions

Price/sqm (k)	3.8
average sqm	92
Housing units	212
Garage	212
Garage price (k)	26.5
<b>Revenues</b>	<b>79.7</b>
Total costs/sqm (k)	3.1
<b>Gross margin (EUR M)</b>	<b>19.6</b>
<b>EBT (EUR M)</b>	<b>18.5</b>
<b>Net income (EUR M)</b>	<b>12.9</b>

Source: Intesa Sanpaolo Research elaboration

### Abitare In – Somalia key assumptions

Price/sqm (k)	4.1
average sqm	92
Housing units	130
Garage	130
Garage price (k)	26.5
<b>Revenues</b>	<b>52.7</b>
Total costs/sqm (k)	2.8
<b>Gross margin (EUR M)</b>	<b>18.8</b>
<b>EBT (EUR M)</b>	<b>18.2</b>
<b>Net income (EUR M)</b>	<b>12.8</b>

Source: Intesa Sanpaolo Research elaboration

### Abitare In – Cadolini key assumptions

Price/sqm (k)	3.7
average sqm	92
Housing units	447
Garage	447
Garage price (k)	26.5
<b>Revenues</b>	<b>176.8</b>
Total costs/sqm (k)	2.7
<b>Gross margin (EUR M)</b>	<b>64.3</b>
<b>EBT (EUR M)</b>	<b>62.2</b>
<b>Net income (EUR M)</b>	<b>43.6</b>

\* including EUR 13M for the disposal of 17% of area to Korian; Source: Intesa Sanpaolo Research elaboration

### Abitare In – Pogliaghi key assumptions

Price/sqm (k)	4.4
average sqm	92
Housing units	75
<b>Revenues</b>	<b>30</b>
Total costs/sqm (k)	3.2
<b>Gross margin (EUR M)</b>	<b>10.5</b>
<b>EBT (EUR M)</b>	<b>10.2</b>
<b>Net income (EUR M)</b>	<b>7.1</b>

Source: Intesa Sanpaolo Research elaboration

### Abitare In - Pecori key assumptions

Price/sqm (k)	3.0
average sqm	92
Housing units	141
<b>Revenues</b>	<b>39</b>
Total costs/sqm (k)	2.0
<b>Gross margin (EUR M)</b>	<b>11.8</b>
<b>EBT (EUR M)</b>	<b>11.3</b>
<b>Net income (EUR M)</b>	<b>7.9</b>

Source: Intesa Sanpaolo Research elaboration

### Abitare In - Savona key assumptions

Price/sqm (k)	4.7
average sqm	92
Housing units	220
<b>Revenues</b>	<b>92</b>
Total costs/sqm (k)	4.1
<b>Gross margin (EUR M)</b>	<b>20.9</b>
<b>EBT (EUR M)</b>	<b>19.5</b>
<b>Net income (EUR M)</b>	<b>13.7</b>

Source: Intesa Sanpaolo Research elaboration

Our price/sqm estimates are based on our elaboration of the residential prices (source: immobiliare.it) at the moment of the commercialisation of the projects, in the areas where the projects are being developed.

We highlight that, on the costs side, we recently included the unexpected cost for the 'Maggiolina' project and tried to incorporate the impact of the application of safety measures, by assuming an approx. 4% cost increase in 2020E and 2021E to the projects under construction.

Furthermore, due to the ongoing emergency, we expect that building and authorisation activities would slowdown, as envisaged by the latest managements' update. We incorporate:

- A shift from 2021 to 2022 regarding the disposal of 17% of Cadolini area to Korian (EUR 13M revenues);
- A shift of some areas purchases finalisation and production activity from 2021 to the following years.

We also revised our estimates of the Pecori (Olimpia Garden) project, for which the company did not apply the 'revenues recognised over time' criteria.

Our estimates for 2021E are now broadly aligned with management's recently updated business plan. We project EUR 124.2M revenues and EUR 24.7M EBT. We see net debt increasing (EUR 41.9M), due to the postponement of some deeds to 2022.

Regarding 2022E, we estimate EUR 183.1M revenues and EUR 57.2M EBT. Given the foreseen delivery of some projects (part of Cadolini, Tacito, Pogliaghi and Pecori) during this year, we see net debt broadly stable yoy.

#### Abitare In – Estimates revision FY21E-22E

EUR M	FY21E Old	FY21E New	chg %	FY22E New	yoy %
Revenues	141.3	124.2	-15.2	183.1	47.4
EBITDA	55.5	28.0	-47.0	60.3	115.4
EBITDA margin (%)	39.3	22.5		32.9	46.2
EBT	53.9	24.7	-52.6	57.2	131.6
EBT margin (%)	38.1	19.9		31.2	57.2
Net Income	37.7	17.3	-52.6	40.0	131.6
Net financial debt/-cash	32.0	41.9	NM	40.6	-3.0

NM: not meaningful; E: estimates; Source: Intesa Sanpaolo Research

## Valuation

In light of our new assumptions, we updated our DCF, considering the flows (net of taxes) coming from the projects currently underway. We incorporated the equity risk premium rate and risk free-rate periodical revision, with a WACC of 6.7% WACC (7.7% previously).

### Abitare In - WACC calculation (%)

Gross Debt Rate	3.0
Tax rate	24.0
Net Debt Rate	2.3
Beta Levered	1.0
Gearing	40.2
Beta Re-Levered	1.0
Risk-Free Rate	0.75
Equity Risk Premium	6.5
Cost of equity	7.3
<b>WACC</b>	<b>6.7</b>

Source: Intesa Sanpaolo Research estimates

We assume a LT flow from new projects at EUR 8.2M vs. an average of around EUR 28.1M in FY20-23E.

### Abitare In - DCF model

EUR M	2021E	2022E	2023E	LT
Maggiolina	5.1	0.0	0.0	0.0
Tacito	0.0	6.5	6.5	0.0
Somalia	0.0	12.8	0.0	0.0
Cadolini	0.0	7.8	35.7	0.0
Pogliaghi	0.0	4.3	2.8	0.0
Pecori	4.4	3.6	0.0	0.0
Savona	0.0	2.7	10.9	0.0
FCF	9.4	37.6	56.0	8.2
Discounted FCF	8.9	33.1	46.1	6.3
WACC (%)	6.7			
TV growth (%)	0.0			
Sum	88			
TV	95			
EV	183			
Net debt	26			
Equity	157			
Shares (M)	2.6			
<b>Target price (EUR/share)</b>	<b>60.5</b>			

Source: Intesa Sanpaolo Research estimates

**We derived a target price of EUR 60.5/share** (EUR 50.0/share previously). Our target price is at a premium of around 26% on current prices, implying a **BUY rating on the stock**.

## Abitare In – Key Data

Rating BUY	Target price (EUR/sh) Ord 60.5	Mkt price (EUR/sh) Ord 48.10	Sector Real Estate	
<b>Values per share (EUR)</b>	<b>2018/19A</b>	<b>2019/20A</b>	<b>2020/21E</b>	<b>2021/22E</b>
No. ordinary shares (M)	2.57	2.59	2.59	2.59
Total no. of shares (M)	2.57	2.59	2.59	2.59
Market cap (EUR M)	97.10	109.38	124.75	124.75
Adj. EPS	2.46	3.54	6.66	15.44
CFPS	2.7	3.8	6.9	15.7
BVPS	18.5	22.3	29.0	44.4
Dividend ord	0	0	0	0
<b>Income statement (EUR M)</b>	<b>2018/19A</b>	<b>2019/20A</b>	<b>2020/21E</b>	<b>2021/22E</b>
Revenues	44.57	73.08	124.2	183.1
EBITDA	11.38	8.85	27.97	60.25
EBIT	10.81	8.09	27.40	59.68
Pre-tax income	9.45	11.21	24.69	57.19
Net income	6.37	9.18	17.28	40.04
Adj. net income	6.37	9.18	17.28	40.04
<b>Cash flow (EUR M)</b>	<b>2018/19A</b>	<b>2019/20A</b>	<b>2020/21E</b>	<b>2021/22E</b>
Net income before minorities	6.4	9.2	17.3	40.0
Depreciation and provisions	0.6	0.8	0.6	0.6
Others/Uses of funds	0	0	0	0
Change in working capital	-28.4	-4.7	-33.1	-38.7
Operating cash flow	-21.5	5.2	-15.3	1.9
Capital expenditure	-1.0	-0.5	-0.5	-0.5
Financial investments	0	0	0	0
Acquisitions and disposals	0	0	0	0
Free cash flow	-22.5	4.7	-15.8	1.4
Dividends	0	0	0	0
Equity changes & Other non-operating items	-0.7	1.1	0	0
Net cash flow	-23.2	5.8	-15.8	1.4
<b>Balance sheet (EUR M)</b>	<b>2018/19A</b>	<b>2019/20A</b>	<b>2020/21E</b>	<b>2021/22E</b>
Net capital employed	154.1	202.1	243.8	251.6
of which associates	0	0	0	0
Net debt/-cash	32.0	26.1	41.9	40.6
Minorities	0	0	0	0
Net equity	47.5	57.8	75.1	115.2
Minorities value	0	0	0	0
Enterprise value	129.1	135.5	166.7	165.3
<b>Stock market ratios (x)</b>	<b>2018/19A</b>	<b>2019/20A</b>	<b>2020/21E</b>	<b>2021/22E</b>
Adj. P/E	15.4	11.9	7.2	3.1
P/CFPS	14.0	11.1	7.0	3.1
P/BVPS	2.0	1.9	1.7	1.1
Payout (%)	0	0	0	0
Dividend yield (% ord)	0	0	0	0
FCF yield (%)	-23.1	4.3	-12.7	1.1
EV/sales	2.9	1.9	1.3	0.90
EV/EBITDA	11.3	15.3	6.0	2.7
EV/EBIT	11.9	16.7	6.1	2.8
EV/CE	0.84	0.67	0.68	0.66
D/EBITDA	2.8	3.0	1.5	0.67
D/EBIT	3.0	3.2	1.5	0.68
<b>Profitability &amp; financial ratios (%)</b>	<b>2018/19A</b>	<b>2019/20A</b>	<b>2020/21E</b>	<b>2021/22E</b>
EBITDA margin	25.5	12.1	22.5	32.9
EBIT margin	24.2	11.1	22.1	32.6
Tax rate	32.6	18.1	30.0	30.0
Net income margin	14.3	12.6	13.9	21.9
ROCE	7.0	4.0	11.2	23.7
ROE	14.4	17.4	26.0	42.1
Interest cover	-590.4	-1.6	38.9	122.1
Debt/equity ratio	67.4	45.2	55.8	35.2
<b>Growth (%)</b>		<b>2019/20A</b>	<b>2020/21E</b>	<b>2021/22E</b>
Sales		64.0	70.0	47.4
EBITDA		-22.2	NM	NM
EBIT		-25.1	NM	NM
Pre-tax income		18.6	NM	NM
Net income		44.0	88.2	NM
Adj. net income		44.0	88.2	NM

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

## Company Snapshot

### Company Description

Abitare In S.p.A is an Italian real estate player which develops urban building projects in Milan reviving abandoned factories or industrial complexes. The company operates through SPV's, all of which are 100% owned by the holding Abitare In S.p.A. These vehicles are created with the precise objective of following a project from the planning stages to completion. Once the works are finished, the vehicles are closed and the dividends are distributed to the holding company.

### Key data

Mkt price (EUR)	48.10	Free float (%)	46.6
No. of shares	2.59	Major shr	GOZZINI L.
52Wk range (EUR)	54.0/31.8	(%)	23.4
Reuters	ABIT.MI	Bloomberg	ABT IM
<b>Performance (%)</b>	<b>Absolute</b>		<b>Rel. FTSE IT All Sh</b>
-1M	6.9	-1M	6.1
-3M	12.1	-3M	-2.4
-12M	6.4	-12M	16.9

### Key Risks

#### Company specific risks:

- Uncertainty of project success
- Medium-long term duration of the projects
- Setbacks during the construction phase

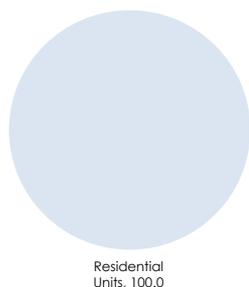
#### Sector generic risks:

- Increase in interest rate
- Weaker than expected demand
- Cyclicity

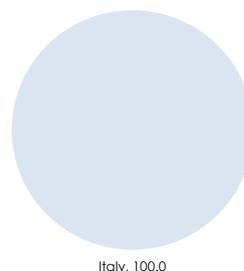
### Estimates vs. consensus

EUR M (Y/E Sep)	2020A	2021E	2021C	2022E	2022C
Sales	73.08	124.2	NM	183.1	NM
EBITDA	8.85	27.97	NM	60.25	NM
EBIT	8.09	27.40	NM	59.68	NM
Pre-tax income	11.21	24.69	NA	57.19	NA
Net income	9.18	17.28	NM	40.04	NM
EPS	3.54	6.66	NM	15.44	NM

### Sales breakdown by product (%)



### Sales breakdown by geography (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 22/12/2020)

## Our Mid Corporate Definition

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

## Notes

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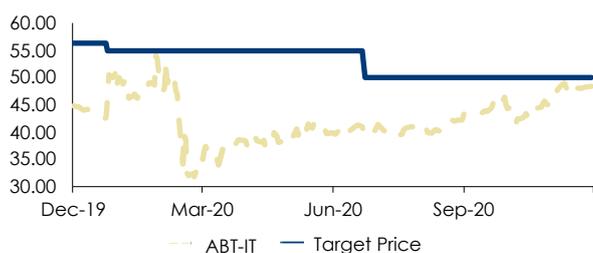
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ADD	If the target price is 10%-20% higher than the market price
HOLD	If the target price is 10% below or 10% above the market price
REDUCE	If the target price is 10%-20% lower than the market price
SELL	If the target price is 20% lower than the market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

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

Date	Rating	TP (EUR)	Mkt Price (EUR)
15-Jul-20	BUY	50.0	39.0
16-Jan-20	BUY	54.9	45.8

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Number of companies considered: 103	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%)	44	26	30	0	0
of which Intesa Sanpaolo's Clients (%) (*)	84	70	61	0	0

(\*) Companies on behalf of whom Intesa Sanpaolo and the other companies of the Intesa Sanpaolo Group have provided corporate and investment banking services in the last 12 months; percentage of clients in each rating category

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

Short-term rating	Definition
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