

Company Note

SICIT Group

Limited Covid-19 Impact

2020 started very strongly, driven by all divisions and sustained demand. Our understanding is that the Covid-19 pandemic is not significantly affecting the group's operations and its ambitious capex plan. Furthermore, we believe that the expected forthcoming move to the STAR segment should be a positive catalyst for the stock.

1Q20A Results

On 20 May the BoD approved the operating results as of 31 March 2020. Covid-19 has not significantly affected the group's operations and demand for the group's products and 2020 started very strongly, driven by sustained demand both in the agricultural and plaster retardant markets. However, part of the increase in revenues can reasonably be attributed to an advance on purchases to prevent a potential 'shortage effect' due to the Coronavirus.

Outlook/Estimates

As regards potential impacts arising from the pandemic, our understanding is that, as of today, the influence on the group's sales and orders has been very limited with reference to products linked to the agricultural sector. We underline that the plaster retardant segment (27% of total revenues in FY19) could however be more at risk due to the uncertain macro scenario. The group confirmed its significant investment plan started in 2018 (over EUR 60M capex within 2023) aimed at introducing new products and new production technologies. Overall, we decided to slightly revise downwards our estimates to project a more prudent stance on the sales from Plaster Retardant, assuming a decrease in volumes in 2020E. However, despite the Covid-19 outbreak, we expect a positive earnings momentum for the group thanks to the increasing demand for the group's agricultural products (driven by underlying macro trends), the improvement in fat prices, and the implementation of efficiencies at the group plants. Lastly, we roll-out our financial model to 2023E to capture a partial contribution from the granular fertiliser plant. We highlight that we do not expect any significant delay to the group's capex plan.

Valuation

Following the roll-out to 2023E of our financial model, **we derived a new target price of EUR 12.0/share** (from EUR 10.5/share). Given the current upside vs. market price of about 19%, **we confirm our ADD recommendation on the stock.**

Equity

MID CORPORATE

5 June 2020: 7:20 CET

Date and time of production

ADD

Target Price: EUR 12.0

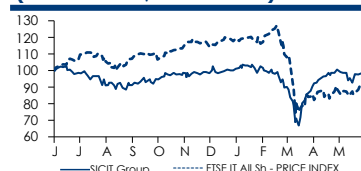
(from EUR 10.5)

Italy/Agrochemicals

Update

AIM

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



SICIT Group - Key Data

Price date (market close)	03/06/2020
Target price (EUR)	12.0
Target upside (%)	19.40
Market price (EUR)	10.05
Market cap (EUR M)	197.44
52Wk range (EUR)	10.6/6.8

Price performance %	1M	3M	12M
Absolute	-1.5	10.4	-0.9
Rel. to FTSE IT All Sh	-11.0	21.9	0.8

Y/E Dec (EUR M)	FY19A	FY20E	FY21E
Revenues	56.7	61.8	66.2
Adj. EBITDA	20.3	24.2	26.8
Adj. EBIT	15.8	19.1	21.5
Adj. Net income	12.1	14.1	15.8
Adj. EPS (EUR)	0.61	0.72	0.80
Net debt/-cash	-29.3	-28.1	-28.3
Adj P/E (x)	16.6	14.1	12.5
EV/EBITDA (x)	8.4	7.0	6.3
EV/EBIT (x)	10.8	8.9	7.9
Div ord yield (%)	8.9	3.6	4.0

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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Corporate Broking Research

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1Q20A Results

On 20 May the BoD approved the operating results as of 31 March 2020. Covid-19 has not significantly affected the group's operations and demand for the group's products and 2020 started very strongly, driven by sustained demand both in the agricultural and plaster retardant markets. However, part of the increase in revenues can reasonably be attributed to an advance on purchases to prevent a potential 'shortage effect' due to Coronavirus.

Regarding production, the group's activities were included in the list of those businesses considered essential and therefore proceeded almost as normal during the lockdown period. Raw materials intake was interrupted only for a few days and the group had the necessary stock to manage the situation.

The key points of results were:

■ **Consolidated revenues of EUR 19.7M** vs. EUR 15.7M in 1Q19 (+25.6% yoy); the growth concerned all the group's main business areas with respect to 1Q19:

- Biostimulants for agriculture rose by 29.9%;
- Plaster retardants registered a 19.6% increase, driven by Asian demand;
- Animal fat for the production of biofuels recovered sharply in 1Q (+27.3%);
- Service revenues (raw materials) benefited from the higher capacity and better prices.

With reference to geographies, Italy recorded +3.5% yoy; Europe (Italy excluded) rose by 41%; APAC and Americas registered +40.2% and +13.9% respectively. The only areas that decreased were the Middle East and Africa (-8.1% yoy).

■ **Adjusted EBITDA was EUR 8.0M** (vs. EUR 5.4M in 1Q19), with a margin of 40.4% on revenues. This increase was mainly due to: i) stable structural costs; and ii) the consolidation of SICIT Chemitech, which contributed with an EBITDA of EUR 0.6M in 1Q20 (the subsidiary was not included in the scope of consolidation in 1Q19, when it recorded EUR 0.5M EBITDA);

■ **Consolidated net cash available of EUR 29.6M** (excluding warrants) vs. EUR 29.3M at YE19.

Sicit – 1Q20A results

EUR M	1Q19A	1Q20A	yoy %
Revenues	14.8	18.7	26.1
o/w Biostimulant	9.3	12.1	29.9
o/w Plaster retardant	3.6	4.3	19.6
o/w Animal fat	1.7	2.1	27.3
o/w Others	0.3	0.2	-27.4
Other revenues (services)	0.9	1.0	16.6
Total Revenues	15.7	19.7	25.6
Adj. EBITDA	5.4	8.0	47.3
Net debt/-cash	NA	-29.6	NA

NA: not available; A: actual; Source: Company data

Earnings Outlook

Looking at the potential impact arising from Covid-19, our understanding is that, as of today, the impact on the group's sales, orders and operations has been very limited, also favoured by group's significant exposure to the agricultural sector. However, we underline that the plaster retardant segment (27% of total revenues in FY19) could be the business most at risk due to the uncertain macro scenario.

From a production standpoint, the company specified that as from the middle of April an increasing number of Vicenza tanneries have restarted the so-called first tanning process; in addition, tanneries were included in activities authorised to operate from 4 May 2020 by Decree. The flows of raw materials have therefore been re-established, although at reduced volumes compared to those recorded during the periods prior to the emergency.

The group confirmed its significant investment plan started in 2018 (over EUR 60M capex within 2023) aimed at introducing new products and new production technologies (such as the production of hydrolysed protein from hair and a quality improvement of fats).

Overall, despite the Covid-19 outbreak, we expect a positive earnings momentum for the group thanks to the encouraging outlook for agricultural products, the improvement in the fat price and the ramp-up of the 'hair' plant. We continue to appreciate the increasing demand for the group's products, driven by underlying macro trends, the group's sound margins and ROCE and the strong cash flow generation coupled with an appealing dividend policy.

On 29 April, SICIT announced it had filed the documents with CONSOB for the listing on the main market (MTA) on the STAR segment. The move to the main market is expected by the end of June with positive implications for the stock since it will likely improve the liquidity as well as visibility.

Estimates revision

We decided to slightly revise downwards our estimates to project a more prudent stance on the sales from Plaster Retardant, assuming a decrease in volumes in 2020E. On the other hand, we project sustained growth in the other two business lines thanks to the expected favorable season for agricultural products, the improvement in fat price and the ramp up of the hair plant. In particular, regarding biostimulants, we expect a 10% increase in volumes in 2020E and 6% YoY growth from 2021 to 2023 and slightly increasing prices (around 2% YoY).

Lastly, we roll-out our financial model to 2023E to capture a partial contribution from the granular fertilizer plant. We recall that we do not expect any significant delay to the group's capex plan.

We highlight that any unpredictable further developments related to the Covid-19 health emergency could undermine the feasibility of these estimates.

Sicit – Estimates Revision FY20E - 22E

EUR M	FY20E Old	FY20E New	Chg. %	FY21E Old	FY21E New	Chg. %	FY22E Old	FY22E New	Chg. %	FY23E New
Revenues	61.8	61.8	0.0	72.2	66.2	-8.3	83.6	76.3	-8.7	83.3
Adj. EBITDA	25.1	24.2	-3.6	30.1	26.8	-10.9	35.0	31.2	-10.9	34.9
Adj. EBITDA margin %	40.6	39.2		41.7	40.5		41.9	40.8		41.9
Adj. EBIT	19.6	19.1	-2.5	22.8	21.5	-5.8	26.1	25.0	-4.4	28.1
Adj. EBIT margin %	31.7	30.9		31.6	32.5		31.2	32.7		33.8
Adj. Net Income	14.4	14.1	-2.4	16.8	15.8	-6.0	19.2	18.3	-4.4	20.7
Net debt/-cash	-28.7	-28.1		-32.5	-28.3		-41.1	-29.2		-32.6

E: estimates; Source: Intesa Sanpaolo Research

Sicit – Revenues breakdown & Main assumptions

EUR M	2019A	2020E	2021E	2022E	2023E
Biostimulant	31.0	35.0	37.8	40.9	44.2
Volumes (t)	20.108	22.119	23.446	24.853	26.344
EUR/t	1.542	1.581	1.612	1.644	1.677
Revenues YoY (%)	2.7	12.8	8.1	8.1	8.1
Plaster retarders	15.3	14.5	15.0	15.7	16.4
Volumes (t)	5.587	5.252	5.409	5.626	5.851
EUR/t	2.744	2.758	2.771	2.785	2.799
Revenues YoY (%)	-0.5	-5.5	3.5	4.5	4.5
Fat	6.5	8.1	8.9	8.9	9.0
Volumes (t)	15.231	15.383	15.537	15.693	15.849
EUR/t	0.428	0.526	0.570	0.570	0.570
Revenues YoY (%)	-2.0	24.2	9.4	1.0	1.0
Other Revenue	3.9	4.2	4.5	4.8	5.2
Granules				6.0	8.5
Total Revenues	56.7	61.8	66.2	76.3	83.3

A: actual; E: estimates; Source: Intesa Sanpaolo Research

Valuation

As usual, we evaluate SICIT with a DCF model, due to the absence of listed companies with a similar size, background and/or geographical presence in the group's reference industry. Following the roll-out to 2023E of our financial model, we derived **a new target price of EUR 12.0/share** (from EUR 10.5/share). Given the current upside vs. market price of about 19%, **we confirm our ADD recommendation** on the stock.

DCF Model

The main assumptions in our DCF model are as follows:

- Explicit estimates until 2023E;
- Terminal value growth is set at 1%, while to calculate the LT, we applied the revenues and EBIT margin we forecast for FY23E.

ADD rating; TP at EUR 12.0/sh.

For the WACC calculation, we used a risk-free rate at 1.5%, a risk premium at 7.5% and a Beta of 0.9x (Source: Intesa Sanpaolo Research elaboration on Factset data). In line with the current debt structure, we used a 0% 'target' gearing ratio. As a result, we derived a WACC of 8.25%.

Sicit - WACC calculation

%	
Gross debt rate	2.6
Tax rate	26.5
Net debt rate	1.9
Gearing	0.0
Beta* relevered (x)	0.9
Risk-free rate	1.5
Equity risk premium	7.5
WACC	8.25

Source: FactSet and Intesa Sanpaolo Research estimates

Sicit - DCF calculation (2020-23E)

EUR M	2020E	2021E	2022E	2023E	LT
Adj. EBIT	19.1	21.5	25.0	28.1	28.1
Tax	-5.1	-5.7	-6.6	-7.5	-7.2
NOPAT	14.1	15.8	18.3	20.7	21.0
No-cash items	5.1	5.3	6.2	6.8	
WC	-1.2	-1.0	-2.5	-1.7	
Capex	-12.0	-12.0	-12.0	-12.0	
FCF	5.9	8.1	10.0	13.7	21.0
Discounted FCF	5.9	7.5	8.6	10.8	15.3
WACC (%)	8.25				
TV growth (%)	1.0				
Sum	32.8				
TV	210.5				
EV	243.3				
Cash @ 2019A	-29.3				
Equity	272.5				
Fully diluted shares	22.7				
TP/share (EUR)	12.0				

Source: Intesa Sanpaolo Research estimates

SICIT Group – Key Data

Rating ADD	Target price (EUR/sh) Ord 12.0	Mkt price (EUR/sh) Ord 10.05	Sector Agrochemicals		
Values per share (EUR)	2018A	2019A	2020E	2021E	2022E
No. ordinary shares (M)	19.65	19.65	19.65	19.65	19.65
Total no. of shares (M)	19.65	19.65	19.65	19.65	19.65
Market cap (EUR M)	201.17	199.56	197.44	197.44	197.44
Adj. EPS	0.68	0.61	0.72	0.80	0.93
CFPS	0.92	0.44	0.97	1.1	1.3
BVPS	3.6	4.5	4.9	5.3	5.8
Dividend ord	0.34	0.45	0.36	0.40	0.47
Income statement (EUR M)	2018A	2019A	2020E	2021E	2022E
Revenues	55.1	56.7	61.8	66.2	76.3
Adj. EBITDA	22.7	20.3	24.2	26.8	31.2
Adj. EBIT	18.0	15.8	19.1	21.5	25.0
Adj. Pre-tax income	18.2	15.8	19.1	21.5	25.0
Net income	13.4	4.2	14.1	15.8	18.3
Adj. net income	13.4	12.1	14.1	15.8	18.3
Cash flow (EUR M)	2018A	2019A	2020E	2021E	2022E
Net income before minorities	13.4	12.1	14.1	15.8	18.3
Depreciation and provisions	4.7	4.6	5.1	5.3	6.2
Others/Uses of funds	0	0	0	0	0
Change in working capital	-0.5	-2.1	-1.2	-1.0	-2.5
Operating cash flow	17.5	14.6	17.9	20.1	22.0
Capital expenditure	11.7	9.4	12.0	12.0	12.0
Financial investments	0	0	0	0	0
Acquisitions and disposals	0	0	0	0	0
Free cash flow	5.9	5.2	5.9	8.1	10.0
Dividends	-6.7	-17.7	-7.0	-7.9	-9.2
Equity changes & Other non-operating items	-0.1	27.4	0	0	0
Net cash flow	-0.9	14.9	-1.1	0.2	0.9
Balance sheet (EUR M)	2018A	2019A	2020E	2021E	2022E
Net capital employed	55.4	59.6	67.8	75.5	83.8
of which associates	0	0	0	0	0
Net debt/-cash	-14.5	-29.3	-28.1	-28.3	-29.2
Minorities	0	0	0	0	0
Net equity	69.9	88.9	95.9	103.8	113.0
Minorities value	0	0	0	0	0
Enterprise value	186.7	170.3	169.3	169.1	168.2
Stock market ratios (x)	2018A	2019A	2020E	2021E	2022E
Adj. P/E	15.1	16.6	14.1	12.5	10.8
P/CFPS	23.1	Neg.	22.0	18.9	16.3
P/BVPS	2.9	2.2	2.1	1.9	1.7
Payout (%)	50	73	50	50	50
Dividend yield (% ord)	3.3	8.9	3.6	4.0	4.6
FCF yield (%)	2.9	2.5	3.0	4.1	5.1
EV/sales	3.4	3.0	2.7	2.6	2.2
EV/EBITDA	8.2	8.4	7.0	6.3	5.4
EV/EBIT	6.8	10.8	8.9	7.9	6.7
EV/CE	3.4	2.9	2.5	2.2	2.0
D/EBITDA	Neg.	Neg.	Neg.	Neg.	Neg.
D/EBIT	Neg.	Neg.	Neg.	Neg.	Neg.
Profitability & financial ratios (%)	2018A	2019A	2020E	2021E	2022E
EBITDA margin	41.1	35.8	39.2	40.5	40.8
EBIT margin	32.7	27.9	30.9	32.5	32.7
Tax rate	26.7	23.7	26.5	26.5	26.5
Adj. Net income margin	24.2	21.3	22.7	23.9	24.0
ROCE	49.3	26.5	28.2	28.5	29.8
ROE	20.4	5.3	15.2	15.8	16.9
Interest cover	NM	NM	NM	NM	NM
Debt/equity ratio	Neg.	Neg.	Neg.	Neg.	Neg.
Growth (%)		2019A	2020E	2021E	2022E
Sales		2.8	9.0	7.1	15.3
EBITDA		-10.4	19.2	10.9	16.2
Adj. EBIT		-42.2	NM	12.4	16.2
Pre-tax income		-44.2	88.0	12.4	16.2
Net income		-68.6	NM	12.4	16.2
Adj. net income		-9.8	16.6	12.4	16.2

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

Company Snapshot

Company Description

Founded in Chiampo (Vicenza, Italy), the group, through a hydrolysis process of waste from the tanning industry, manufactures and sells value-added products for agriculture (biostimulants) and the industrial market (plaster retardants). The group was the first company to introduce special fertilisers based on amino acids & peptides in the global market in the 1960s and nowadays is a leader in the segment, operating in more than 90 countries. In the collection of raw materials, we highlight that SICIT carries out a paid service for the collection of waste from the tanneries of the Vicenza district.

Key Risks

Company specific risks:

- Dependence on raw material availability from the Arzignano district;
- Limited product diversification in biostimulants;
- Potential dilution and overhang risk due to the conversion of special shares and warrants.

Sector generic risks:

- Unfavourable weather conditions;
- Increasing competition from companies which produce biostimulants from other sources, which could jeopardise the company's market share;
- Animal illnesses may affect operations and cause a slowdown in demand of biostimulants from animals.

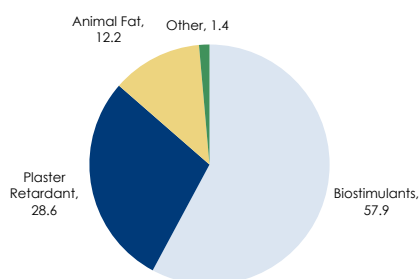
Key data

Mkt price (EUR)	10.05	Free float (%)	50.8
No. of shares	19.65	Major shr	Intesa Holding SpA
52Wk range (EUR)	10.6/6.8	(%)	45.8
Reuters	SICT.MI	Bloomberg	SICT IM
Performance (%)	Absolute	Rel. FTSE IT All Sh	
-1M	-1.5	-1M	-11.0
-3M	10.4	-3M	21.9
-12M	-0.9	-12M	0.8

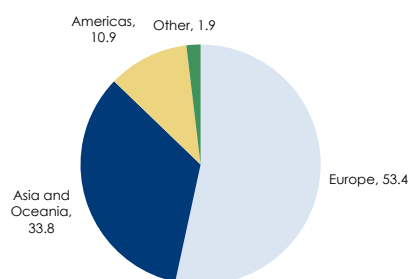
Estimates vs. consensus

EUR M (Y/E Dec)	2019A	2020E	2020C	2021E	2021C	2022E	2022C
Sales	56.66	61.78	NM	66.18	NM	76.33	NM
EBITDA	20.30	24.19	NM	26.83	NM	31.18	NM
EBIT	4.80	19.12	NM	21.48	NM	24.96	NM
Pre-tax income	10.17	19.12	NM	21.48	NM	24.96	NM
Net income	4.20	14.05	NM	15.79	NM	18.35	NM
EPS	0.61	0.72	NM	0.80	NM	0.93	NM

FY19A Sales breakdown by product (%)



Biostimulants sales breakdown by geography (%)



NM: not meaningful; Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 03/06/2020)

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.

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Equity Research Publications in Last 12M

The list of all recommendations on any financial instrument or issuer produced by Intesa Sanpaolo Research Department and distributed during the preceding 12-month period is available on the Intesa Sanpaolo website at the following address:

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

Valuation methodology (long-term horizon: 12M)

The Intesa Sanpaolo SpA Equity Research Department values the companies for which it assigns recommendations as follows:

We obtain a fair value using a number of valuation methodologies including: discounted cash flow method (DCF), dividend discount model (DDM), embedded value methodology, return on allocated capital, break-up value, asset-based valuation method, sum-of-the-parts, and multiples-based models (for example PE, P/BV, PCF, EV/Sales, EV/EBITDA, EV/EBIT, etc.). The financial analysts use the above valuation methods alternatively and/or jointly at their discretion. The assigned target price may differ from the fair value, as it also takes into account overall market/sector conditions, corporate/market events, and corporate specifics (ie, holding discounts) reasonably considered to be possible drivers of the company's share price performance. These factors may also be assessed using the methodologies indicated above.

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

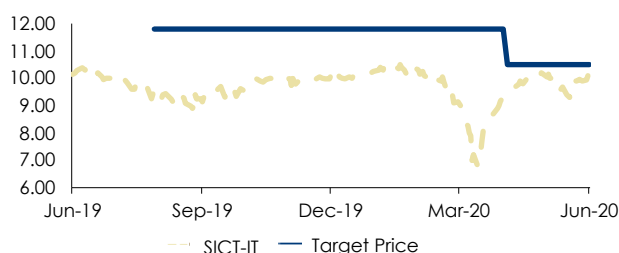
In its recommendations, Intesa Sanpaolo SpA uses an "absolute" rating system, which is not related to market performance and whose key is reported below:

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.
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.intesasnpaolo.com/en/research/RegulatoryDisclosures/tp-and-rating-history-12-months->

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

Date	Rating	TP (EUR)	Mkt Price (EUR)
06-Apr-20	ADD	10.5	9.4
31-Jul-19	BUY	11.8	9.6

Equity rating allocations (long-term horizon: 12M)**Intesa Sanpaolo Research Rating Distribution (at May 2020)**

Number of companies considered: 103	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%)	58	21	19	1	0
of which Intesa Sanpaolo's Clients (%) (*)	82	59	50	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

Valuation methodology (short-term horizon: 3M)

Our short-term investment ideas are based on ongoing special market situations, including among others: spreads between share categories; holding companies vs. subsidiaries; stub; control chain reshuffling; stressed capital situations; potential extraordinary deals (including capital increase/delisting/extraordinary dividends); and preys and predators. Investment ideas are presented either in relative terms (e.g. spread ordinary vs. savings; holding vs. subsidiaries) or in absolute terms (e.g. preys).

The companies to which we assign short-term ratings are under regular coverage by our research analysts and, as such, are subject to fundamental analysis and long-term recommendations. The main differences attain to the time horizon considered (monthly vs. yearly) and definitions (short-term 'long/short' vs. long-term 'buy/sell'). Note that the short-term relative recommendations of these investment ideas may differ from our long-term recommendations. We monitor the monthly performance of our short-term investment ideas and follow them until their closure.

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

Company-specific disclosures

Intesa Sanpaolo S.p.A. and the other companies belonging to the Intesa Sanpaolo Banking Group (jointly also the "Intesa Sanpaolo Banking Group") have adopted written guidelines "Modello di Organizzazione, Gestione e Controllo" pursuant to Legislative Decree 8 June, 2001 no. 231 (available at the Intesa Sanpaolo website, webpage http://www.group.intesasnpaolo.com/scripts/sir0/si09/governance/eng_wp_governance.jsp, along with a summary sheet, webpage <https://www.bancaimi.com/en/bancaimi/chiamo/documentazione/normative>) setting forth practices and procedures, in accordance with applicable regulations by the competent Italian authorities and best international practice, including those known as Information Barriers, to restrict the flow of information, namely inside and/or confidential information, to prevent the misuse of such information and to prevent any conflicts of interest arising from the many activities of the Intesa Sanpaolo Banking Group which may adversely affect the interests of the customer in accordance with current regulations.

In particular, the description of the measures taken to manage interest and conflicts of interest – related to Articles 5 and 6 of the Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No. 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest as subsequently amended and supplemented, the FINRA Rule 2241, as well as the Financial Conduct Authority Conduct of Business Sourcebook rules COBS 12.4 - between the Intesa Sanpaolo Banking Group and issuers of financial instruments, and their group companies, and referred to in research products produced by analysts at Intesa Sanpaolo S.p.A. is available in the "Rules for Research" and in the extract of the "Corporate model on the management of inside information and conflicts of interest" published on the website of Intesa Sanpaolo S.p.A.

At the Intesa Sanpaolo website, webpage <https://group.intesasnpaolo.com/en/research/RegulatoryDisclosures/archive-of-intesa-sanpaolo-group-s-conflicts-of-interest> you can find the archive of disclosure of interests or conflicts of interest of the Intesa Sanpaolo Banking Group in compliance with the applicable laws and regulations.

Furthermore, we disclose the following information on the Intesa Sanpaolo Banking Group's conflicts of interest.

- One or more of the companies of the Intesa Sanpaolo Banking Group plan to solicit investment banking business or intends to seek compensation from SICIT Group in the next three months
- One or more of the companies of the Intesa Sanpaolo Banking Group are one of the main financial lenders to SICIT Group and its parent and group companies
- Banca IMI acts as Specialist, Nominated Advisor relative to securities issued by SICIT Group

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