

Company Note
MID CORPORATE
SICIT Group
9M20 Results

SICIT Group's business demonstrated resilience despite the pandemic, which impacted the Plaster Retardants market (-8.8% yoy), while the Biostimulants market was not affected (+25% yoy in 9M) and is still continuing to show good performances. We believe growth drivers in the reference market and the commercial and production development strategy could support the company's growth path.

9M20 Results

The key results were: i) consolidated revenues of EUR 48.2M (+11.5% vs. 9M19), driven by Biostimulants; APAC and LATAM registered a double-digit growth (+21.6% and +50.2% yoy respectively); ii) adj. EBITDA of EUR 18.7M (+16.2% vs. 9M19), with a margin of 38.7%, vs. 37.2% in 1H20; iii) adj. net income of EUR 11.4, vs. EUR 9.3M in 9M19; and iv) net cash of EUR 21.2M (vs. EUR 29.3M as at YE19). Operating cash flow was EUR 14.2M vs. EUR 13.5M in 9M19. Capex increased from EUR 5.2M in 9M19 to EUR 11.1M in 9M20.

Outlook

Management expects the positive trend registered in 9M20 to continue through to year-end. Moreover, SICIT's investment plan (EUR 50M within 2020-2023 of which around EUR 14M in 2020) is proceeding well. However, a possible extension of the restrictive measures due to the Covid-19 outbreak could have negative effects on production and revenues. In that scenario, the planning and/or implementation of the plant in China could also be further delayed. In the M-L term, drivers in the reference markets are positive and, along with the company's specific development actions, could support growth.

Estimates revision and valuation

For 2020, we slightly raised our revenues projections (+1% vs. previous estimates) despite an expected higher contraction in plaster retardants volumes (-8% vs. -6% previously). Top-line growth assumptions for FY20E-23E are now at 11.2% CAGR (+10.5% previously). We fine-tuned our capex assumptions (EUR 50M in 2020-2023 of which EUR 15M in 2020). Any unpredictable further developments related to the Covid-19 health emergency could undermine the feasibility of our estimates. Our DCF, following the update of our parameters, points to a **new target price of EUR 13.7/share** (from EUR 12.0/share). The current upside vs. market price is about 22%, **we thus change our recommendation on the stock to BUY (from ADD)**.

23 November 2020: 15:24 CET

BUY
Target Price: EUR 13.7
(from EUR 12.0)

Italy/Agrochemicals
Update

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

SICIT Group - Key Data

Price date (market close)	19/11/2020
Target price (EUR)	13.7
Target upside (%)	21.78
Market price (EUR)	11.25
Market cap (EUR M)	221.03
52Wk range (EUR)	11.5/6.8

Price performance %	1M	3M	12M
Absolute	2.7	2.3	13.4
Rel. to FTSE IT All Sh	-7.1	-4.3	23.0

Y/E Dec (EUR M)	FY19A	FY20E	FY21E
Revenues	56.66	62.42	68.36
Adj. EBITDA	20.30	24.21	27.77
Adj. EBIT	15.79	19.09	22.25
Adj. Net income	12.06	14.03	16.35
EPS (EUR)	0.61	0.71	0.83
Net debt/-cash	-29.27	-23.19	-22.49
Adj P/E (x)	16.6	15.7	13.5
EV/EBITDA (x)	8.4	8.2	7.1
EV/EBIT (x)	10.8	10.4	8.9
Div ord yield (%)	4.4	4.0	4.1

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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3Q/9M20 Results

SICIT's business demonstrated resilience despite the pandemic, which impacted the Plaster Retardants market (-8.8% yoy), while the Biostimulants market was not affected and is still continuing to show a good performance (+25% yoy in 9M). Moreover, during 3Q20, the Group recovered the decrease in production suffered in 2Q20.

SICIT Group – 3Q/9M20 results

	1H19A	1H20A	yoy %	3Q19A	3Q20A	yoy %	9M19A	9M20A	yoy %
Revenues	32.5	35.5	9.4	10.8	12.7	17.8	43.2	48.2	11.5
o/w Biostimulant	18.2	21.7	19.4	5.2	7.5	44.4	23.4	29.3	25.0
o/w Plaster retardant	8.7	8.5	-2.1	3.6	2.7	-24.9	12.3	11.2	-8.8
o/w Animal fat	3.4	3.4	-1.0	1.2	1.7	34.2	4.6	5.0	8.4
o/w Other products	0.4	0.3	-39.8	0.1	0.1	-27.5	0.6	0.4	-36.7
o/w Collections and Analyses	1.7	1.6	-5.4	0.6	0.7	18.6	2.3	2.3	0.7
Adj. EBITDA*	12.1	13.2	9.5	4.0	5.4	36.5	16.1	18.7	16.2
Adj. EBITDA margin %	37.2	37.2		37.0	42.9		37.2	38.7	
EBIT	-1.8	9.1	NM	2.7	4.0	46.6	0.9	13.1	NM
EBIT margin %	NM	25.5		NM	31.8		2.2	27.2	
Pre-tax profit	1.8	4.9	172.4	4.4	2.6	-40.6	6.2	7.5	21.6
Net income	-1.3	3.8	NM	3.3	2.1	-37.8	2.1	5.9	183.2
Adj. net income	7.2	8.2	14.5	2.2	3.2	48.8	9.3	11.4	22.5
Net debt/-cash	-33.0	-19.8	-39.9	NA	-21.2	NM	NA	-21.2	NM

NM: not meaningful; NA: not available; A: actual; Source: Company data; *including SICIT Chemitech also for the period Jan-Apr 2019

The key points of full consolidated results were:

Consolidated revenues reached EUR 48.2M (+11.5% vs. EUR 43.2M in 9M19).

Growth was driven by the Biostimulants business, increasing by 25% yoy (EUR 29.3M vs. EUR 23.4M in 9M19). SICIT acquired new customers and was also involved in developing the relationship with the existing customers to place its products in new countries.

Biostimulants: +25% yoy; 61% of total revenues

The Plaster Retardant business decreased by 8.8% yoy, with a marked contraction in 3Q20 (-24.9%), suffering from the shutdown of some customers' factories and building sites both in 2Q and 3Q, and from the repercussion of the stockpiling that occurred at the start of the Covid-19 lockdowns (SICIT's revenues from plaster retardants in 1Q20: +19.6% yoy), coupled with a weaker demand.

Decreasing trend in the Retardant business

In the Animal Fat business (+8.4% yoy), SICIT recorded a higher average price vs. 9M19 and a recovery of volumes in 3Q20 vs. 2Q20.

Recovery in the Animal Fat business

Regarding services, in 3Q20 the company saw a more normal trend of supply of raw materials and almost fully recovered the volumes lost in 2Q20 due to the temporary shut-down of tanneries, delivering a +0.7% yoy performance in 9M20.

Services

With reference to geographies, all the main areas grew, including the Middle East and Africa. APAC and LATAM, which accounted for around 30% and 7% of revenues from products, registered a double-digit growth (+21.6% and 50.2% respectively), mainly due to a growth in biostimulants. The performance of North America was mainly related to retardants.

SICIT Group – Revenues from products by geography

EUR M	9M19A	9M20A	yoy %
Italy	9.7	10.6	8.6
Europe w/o Italy	14.0	14.4	2.7
APAC	11.4	13.8	21.6
North America	2.3	2.4	1.9
LATAM	2.2	3.4	50.2
MEA	1.3	1.4	8.3
Revenues from products	40.9	45.9	12.1
% on revenues			
Italy	23.8	23.0	
Europe w/o Italy	34.2	31.3	
APAC	27.8	30.1	
North America	5.7	5.2	
LATAM	5.5	7.3	
MEA	3.1	3.0	

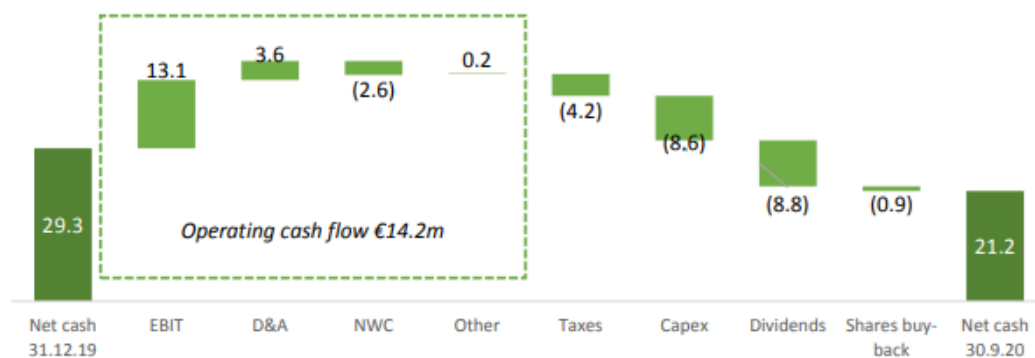
A: actual; Source: Company data

Adjusted EBITDA of EUR 18.7M (+16.2% vs. 9M19), with a margin of 38.7%, improving vs. 37.2% of 1H20 thanks to: i) higher volumes in 3Q20 that allowed a better absorption of fixed costs; and ii) greater efficiencies in production processes that allowed lower production costs. G&A expenses increased, mainly due to recurring consultancies post listing expenses.

Adjusted net income of EUR 11.4, +22.5% vs. EUR 9.3M in 9M19. Net income, due to the change in fair value of SICIT's warrant (EUR -5.5M), was EUR 5.9M.

Net cash of EUR 21.2M (vs. EUR 29.3M at YE19). Operating cash flow was EUR 14.2M vs. EUR 13.5M in 9M19.

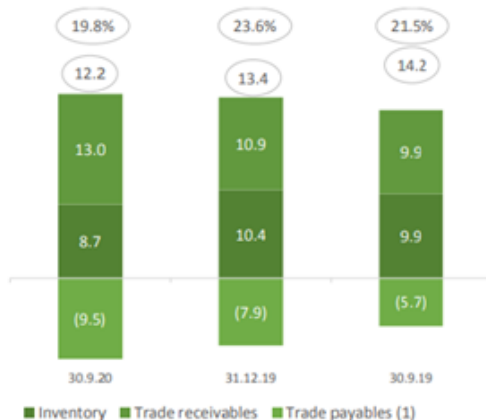
SICIT Group – Net cash bridge (EUR M)



Source: Company presentation

Inventory reduction suffered at end-June 2020 (EUR 7M) due to the temporary shutdown of semi-finished products operations but partially recovered at end-September 2020 (EUR 8.7M). The company is working to further increase the stock of semi-finished products to preserve margins.

SICIT Group - Operating working capital (EUR M, % on revenues)



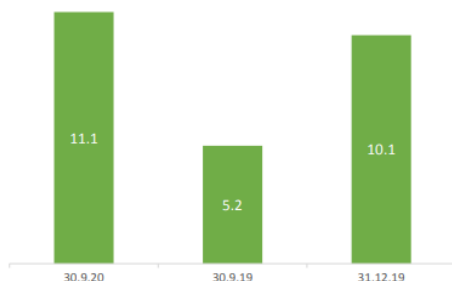
Source: Company data; (including capex payables)

Capex in 3Q/9M20

Capex increased from EUR 5.2M in 9M19 to EUR 11.1M in 9M20 (EUR 8.6M net of change of payables for capex), in line with the investment plan. In 3Q20, the company: 1) has recovered the delay in the building works due to the Spring lockdown; and 2) continued the development of new products, creating tailor-made solutions that are able to meet the various needs of its customers. Main capex in 3Q20 (approx. EUR 5.9M) refers to:

- The set-up of the new plant for animal fat re-esterification (the activity had been postponed from the end of October and has just started);
- Completion of tanks park, with a capacity of storage of more than 300 cubic meters of final product;
- Progress on new laboratories and warehouse in Arzignano;
- Start of the set-up of the new plant for granules products, that should be fully operating by the end of 2021.

SICIT Group – Capex in 9M20



Source: Company data

Approval of the first Sustainability Report

The BoD approved the 'Sustainability Report as of 30 December 2019'.

Outlook

In 4Q20, SICIT plans to continue its extensive investment plan (EUR 50M within 2020-2023 of which around EUR 14M in 2020) including: i) the new warehouse in Arzignano; ii) the storage tanks; iii) the new laboratories; and iv) the plant for granules and tablets. The intention to accelerate the growth process by strengthening the commercial structure dedicated to foreign markets has been confirmed. In November, the plant for fat re-esterification (the start of which had been delayed from end-October) was completed.

The company is confident that the growth registered in 9M20 could continue through to year-end, leading to the achievement of the company's budget targets for 2020, minimising any deviations, given some of the measures taken to face the pandemic (among others, the increase in sales prices to cover extraordinary costs linked to the health emergency and a positive August in terms of operations and productions).

However, despite these measures, a possible extension of the restrictive measures applied to Italian tanneries could have negative effects on: i) production, reducing the supply of its raw material inputs; and ii) revenues, since it could weaken demand, particularly in the construction sector (the retardants' reference market). Agriculture could be only marginally affected by emergency dynamics, in our view, due to the non-cyclical characteristics of the sector.

Medium-long term plans: update

The development of new tailor-made products is ongoing, as well the one regarding products in granules (expected from 2022) and tablets (for which the plants could be ready from end-2022).

Regarding the opening of a production plant in China, (EUR 10M capex), the planning and/or implementation could be further delayed, in the case of further restrictions in people's movement being adopted due to an ulterior worsening of the health emergency.

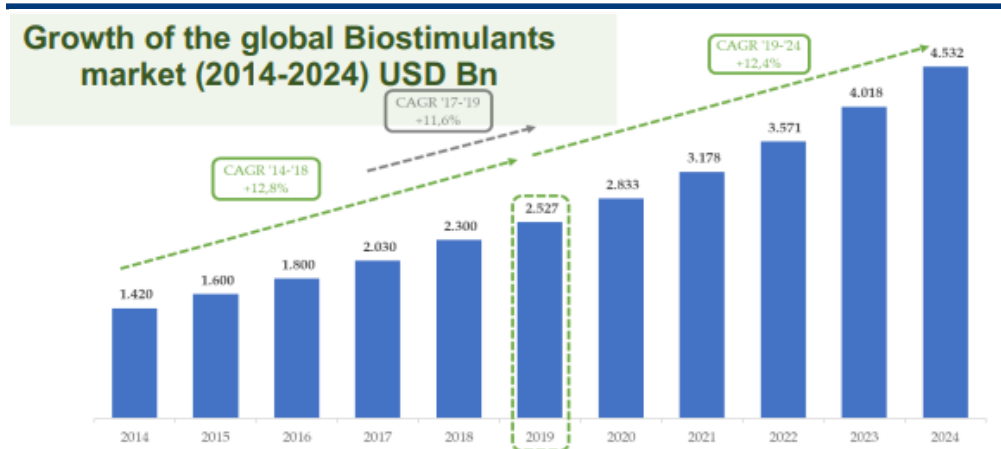
Potential external acquisitions or partnerships with other industrial groups, especially in the biostimulants business, are not excluded.

M-L term growth expectations in the reference markets

Drivers in the reference markets in the medium-long term are positive:

- **Within the Biostimulants market**, growth in all geographic areas is expected, with a projected CAGR of 12.4% in the 2019-2024 period (Source: company data, based on 'Technavio' reports). The demand for biostimulants could in fact benefit, for example, from the increase in population, the reduction of cultivable areas, climate changes and the adversity towards chemical additives;

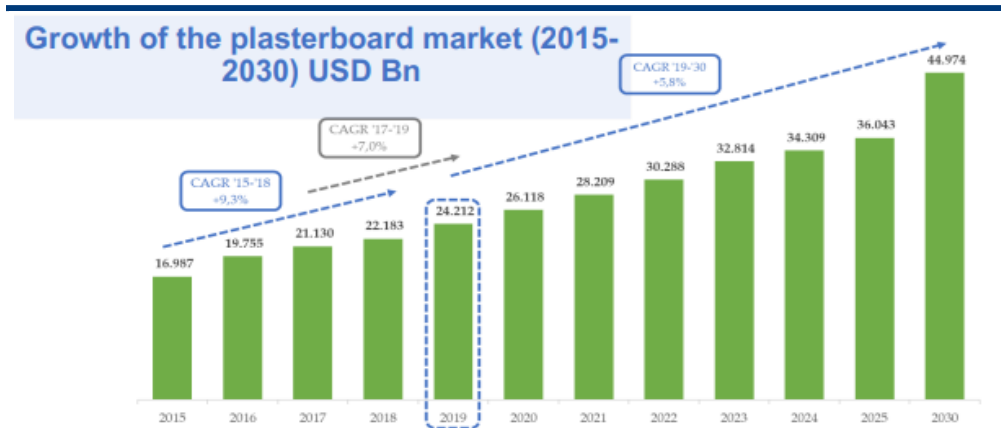
Growth of the Biostimulants market



Source: Company data based on 'Technavio' reports

- **The global plasterboard market** could grow at a 5.8% CAGR within 2030 (Source: company data, based on 'The future of gypsum: market forecasts to 2030', Smithers 2019, Robert C. Groupe Jr.) and should continue to benefit from urbanisation in developing countries (e.g. Asia) and from the preference in using plasterboard inside buildings, even in Europe and the US.

Growth of the Plaster Retardants' market



Source: Company data based on 'The future of gypsum: market forecasts to 2030', Smithers 2019, Robert C. Groupe Jr

Estimates revision

For 2020, we slightly raised our revenues projections (+1% vs. our previous estimates) assuming an increase in Biostimulants volumes sold by 13% yoy (+10% yoy previously) not completely offset by an expected decrease in Plaster Retardants volumes (-8% yoy vs. -6% previously).

Both macroeconomic drivers and specific factors mentioned above could support our growth assumptions for 2020-23E (+11.2% CAGR vs +10.5% previously).

We updated our capex assumptions (EUR 50M in 2020-2023 of which around EUR 15M in 2020) that are now broadly aligned with the company's plan, not considering the investment regarding the plant in China.

SICIT Group – Estimates revision (2020E-23E)

EUR M	FY20E Old	FY20E New	Chg. %	FY21E Old	FY21E New	Chg. %	FY22E Old	FY22E New	Chg. %	FY23E Old	FY23E New	Chg. %
Revenues	61.8	62.4	1.0	66.2	68.4	3.3	76.3	78.7	3.1	83.3	85.9	3.1
Adj. EBITDA	24.2	24.2	0.1	26.8	27.8	3.5	31.2	32.2	3.3	34.9	36.1	3.4
margin %	39.2	38.8		40.5	40.6		40.8	40.9		41.9	42.0	
Adj. EBIT	19.1	19.1	-0.2	21.5	22.3	3.5	25.0	25.8	3.4	28.1	29.1	3.4
margin %	31.0	30.6		32.5	32.6		32.7	32.8		33.8	33.9	
Adj. Net Income	14.1	14.0	-0.2	15.8	16.4	3.5	18.3	19.0	3.4	20.7	21.4	3.4
Net debt/-cash	-28.2	-23.2		-28.4	-22.5		-29.2	-23.6		-32.6	-28.3	

Source: Intesa Sanpaolo Research estimates

SICIT Group – Revenues breakdown & Main assumptions

EUR M	2019A	2020E	2021E	2022E	2023E
Biostimulants	31.0	35.9	40.3	41.1	44.4
Volumes (t)	20.1	22.7	25.0	25.0	26.5
EUR/t	1542.0	1581.0	1612.0	1644.0	1677.0
Revenues yoy (%)	2.7	15.8	12.2	8.1	8.1
Retarders	15.3	14.2	14.7	15.3	16.0
Volumes (t)	5.6	5.1	5.3	5.5	5.7
EUR/t	2744.0	2758.0	2771.0	2785.0	2799.0
Revenues yoy (%)	-0.5	-7.5	3.5	4.5	4.5
Fat	6.5	8.1	8.9	8.9	9.0
Volumes (t)	15.2	15.4	15.5	15.7	15.8
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 revenues	3.9	4.2	4.5	4.8	5.2
Granules				6	8.5
Total Revenues	56.7	62.4	68.4	78.7	85.9

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

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

Valuation

As usual, we evaluate SICIT Group with a DCF model. Following the update of our estimates and the periodical revision of our parameters, we derived a **new target price of EUR 13.7/share** (from EUR 12.0/share). Given the current upside vs. market price of about 22%, **we change our recommendation on the stock to BUY (from ADD)**.

New TP of EUR 13.7/share (from EUR 12.0/share), BUY rating

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.

For the WACC calculation, we used a risk-free rate at 1%, (1.5% previously) and a risk premium at 7.25% (7.5% previously). In line with the current debt structure, we used a 0% 'target' gearing ratio. As a result, we derived a WACC of 7.53%

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	1.0
Equity risk premium	7.25
WACC	7.53

Source: *FactSet and Intesa Sanpaolo Research estimates

SICIT Group – DCF calculation (2020-23E)

EUR M	2020E	2021E	2022E	2023E	LT
Adj. EBIT	19.1	22.3	25.8	29.1	29.1
Tax	-5.1	-5.9	-6.6	-7.5	-7.4
NOPAT	14.0	16.4	19.2	21.6	21.7
No-cash items	5.1	5.5	6.4	7.0	
WC	-1.4	-1.4	-2.6	-1.8	
Capex	-15.0	-12.0	-12.0	-11.0	
FCF	2.8	8.5	11.0	15.8	21.7
Discounted FCF	2.8	7.9	9.5	12.7	16.2
WACC (%)	7.53				
TV growth (%)	1.00				
Sum	32.9				
TV	248.3				
EV	281.2				
Cash @ 2019A	-29.3				
Equity	310.5				
Fully diluted shares	22.7				
TP/share (EUR)	13.7				

Source: Intesa Sanpaolo Research estimates

SICIT Group – Key Data

Rating BUY	Target price (EUR/sh) Ord 13.7	Mkt price (EUR/sh) Ord 11.25			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)	201.18	199.58	221.03	221.03	221.03
Adj. EPS	0.68	0.61	0.71	0.83	0.97
CFPS	0.92	0.44	0.97	1.1	1.3
BVPS	3.6	4.5	4.8	5.2	5.6
Dividend ord	0.34	0.45	0.45	0.46	0.48
Income statement (EUR M)	2018A	2019A	2020E	2021E	2022E
Revenues	55.12	56.66	62.42	68.36	78.70
Adj. EBITDA	22.66	20.30	24.21	27.77	32.21
Adj. EBIT	18.00	15.79	19.09	22.25	25.80
Adj. Pre-tax income	18.23	15.79	19.09	22.25	25.80
Net income	13.36	4.20	14.03	16.35	18.96
Adj. net income	13.36	12.06	14.03	16.35	18.96
Cash flow (EUR M)	2018A	2019A	2020E	2021E	2022E
Net income before minorities	13.4	4.2	14.0	16.4	19.0
Depreciation and provisions	4.7	4.6	5.1	5.5	6.4
Others/Uses of funds	0	0	0	0	0
Change in working capital	-0.5	-2.1	-1.4	-1.4	-2.6
Operating cash flow	17.5	14.6	17.8	20.5	22.8
Capital expenditure	11.7	9.4	15.0	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	2.8	8.5	10.8
Dividends	-6.7	-17.7	-8.8	-9.0	-9.5
Equity changes & Other non-operating items	-0.1	27.4	0	0	0
Net cash flow	-0.9	14.9	-6.0	-0.5	1.3
Balance sheet (EUR M)	2018A	2019A	2020E	2021E	2022E
Net capital employed	55.4	59.6	70.9	79.0	87.4
of which associates	0	0	0	0	0
Net debt/-cash	-14.5	-29.3	-23.2	-22.5	-23.6
Minorities	0	0	0	0	0
Net equity	69.9	88.9	94.1	101.5	111.0
Minorities value	0	0	0	0	0
Enterprise value	186.7	170.3	197.8	198.5	197.4
Stock market ratios (x)	2018A	2019A	2020E	2021E	2022E
Adj. P/E	15.1	16.6	15.7	13.5	11.7
P/CFPS	11.2	22.9	11.5	10.1	8.7
P/BVPS	2.9	2.2	2.3	2.2	2.0
Payout (%)	50	73	63	55	50
Dividend yield (% ord)	3.3	4.4	4.0	4.1	4.3
FCF yield (%)	2.9	2.5	1.2	3.8	4.8
EV/sales	3.4	3.0	3.2	2.9	2.5
EV/EBITDA	8.2	8.4	8.2	7.1	6.1
EV/EBIT	10.4	10.8	10.4	8.9	7.7
EV/CE	3.4	2.9	2.8	2.5	2.3
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	38.8	40.6	40.9
Adj. EBIT margin	32.6	27.9	30.6	32.6	32.8
Tax rate	26.7	23.7	26.5	26.5	26.5
Adj. Net income margin	24.2	21.3	22.5	23.9	24.1
ROCE	32.5	26.5	26.9	28.2	29.5
ROE	20.4	5.3	15.3	16.7	17.9
Interest cover	NM	NM	NM	NM	NM
Debt/equity ratio	Neg.	Neg.	Neg.	Neg.	Neg.
Growth (%)		2019A	2020E	2021E	2022E
Sales		2.8	10.2	9.5	15.1
EBITDA		-10.4	19.3	14.7	16.0
Adj. EBIT		-12.2	20.9	16.5	16.0
Pre-tax income		-52.6	NM	16.5	16.0
Net income		-68.6	NM	16.5	16.0
Adj. net income		-9.8	16.4	16.5	16.0

NM: not meaningful; NA: not available; 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 to 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.

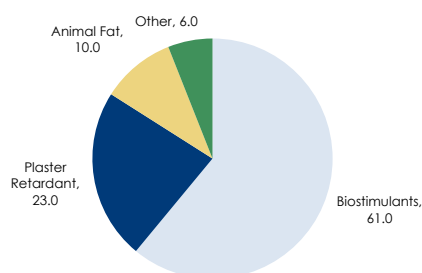
Key data

Mkt price (EUR)	11.25	Free float (%)	49.9
No. of shares	19.65	Major shr	Intesa Holding SpA
52Wk range (EUR)	11.5/6.8	(%)	46.4
Reuters	SICT.MI	Bloomberg	SICT IM
Performance (%)	Absolute	Rel. FTSE IT All Sh	
-1M	2.7	-1M	-7.1
-3M	2.3	-3M	-4.3
-12M	13.4	-12M	23.0

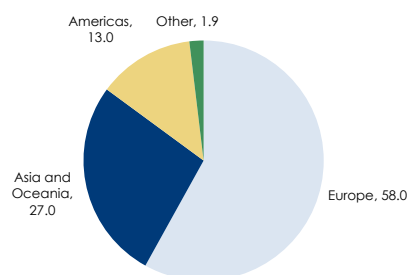
Estimates vs. consensus

EUR M (Y/E Dec)	2019A	2020E	2020C	2021E	2021C	2022E	2022C
Sales	56.66	62.42	NM	68.36	NM	78.70	NM
EBITDA	20.30	24.21	NM	27.77	NM	32.21	NM
EBIT	4.80	19.09	NM	22.25	NM	25.80	NM
Pre-tax income	8.65	19.09	NM	22.25	NM	25.80	NM
Net income	4.20	14.03	NM	16.35	NM	18.96	NM
EPS	0.61	0.71	NM	0.83	NM	0.97	NM

9M20A Sales breakdown by product (%)



9M20A Biostimulants sales breakdown by geography (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 19/11/2020)

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

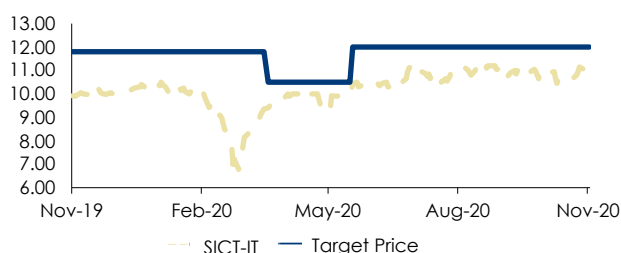
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Long-term rating	Definition
BUY	If the target price is 20% higher than the market price
ADD	If the target price is 10%-20% higher than the market price
HOLD	If the target price is 10% below or 10% above the market price
REDUCE	If the target price is 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)

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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)
05-Jun-20	ADD	12.0	10.5
06-Apr-20	ADD	10.5	9.4

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

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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