

Company Note

SICIT Group

FY20 Preliminary Results

SICIT Group posted a very positive FY20 preliminary top line (+11.5% yoy), broadly in line with our projection, showing a sustained demand for biostimulants (outperforming by 6.8% our estimate). We fine tune our forecasts in light of the preliminary results and assuming that the Patent Box regime would be applied also in FY20 and in the following years.

FY20 preliminary results

Consolidated revenues reached EUR 63.2M (our EUR 62.4M estimate) vs. EUR 56.7M in FY19 (+11.5% yoy). Biostimulants was the best performing business unit (+23.6% yoy). Animal fats recorded +8.8% yoy (+10% yoy in 4Q20). The retardants business was down by 8.3% (-7.6% in our estimates). MEA and North America (together between 7% and 8% of revenues from products) showed a yoy decrease in 4Q20, but were broadly stable with reference to the whole year; all other geographies recorded a growth.

Recent developments

The company recently disclosed that: 1) the MiSE authorised and financed the company's study and development of innovative products (e.g. products with a high degree of hydrolysis of the protein substance, products based on glycine, extracts of non-animal origin). The total cost of the project is around EUR 12.2M, including EUR 3.6M financed by the MiSE and Veneto Region; 2) it has submitted the documentation for the reverse charge of the Patent Box tax benefit for the tax years 2015-19 (EUR 3.8M tax benefit that will be fully accounted in the 2020 financial statements); 3) it has been assigned an ESG rating by Sustainalytics, with reference to the 2019 Sustainability Report; and 4) in January, a meeting between the company and Chinese representatives was held to update SICIT's project in China that had slowed down because of the Covid-19 outbreak.

Estimates revision and valuation

Given the preliminary results and assuming that the Patent box regime would be applied also in FY20 and in the following years (implicit new tax rate around 21% vs. 26.5% previously), we fine tune our estimates. For FY20E, we expect an adjusted EBITDA of EUR 24.5M (vs. EUR 24.2M previously) and adj. net income to reach EUR 15.3M, with net income benefitting from EUR 3.8M 2015-19 tax benefit. We see a net cash at EUR 28.1M in FY20E vs. EUR 23.2M previously. For FY21E-22E, our adj. net income estimates are now between 7.9% and 8% better than our previous ones. Any renewal or extension of restrictive measures could affect production and commercial activity. Following our estimates' fine tuning and the periodic revision of our parameters, we update our DCF model and obtain **a new target price of EUR 15.3/share** (from EUR 13.7/share). Given the 17% upside vs. the current market price, **we rate the stock an ADD.**

3 March 2021: 12:48 CET  
Date and time of production

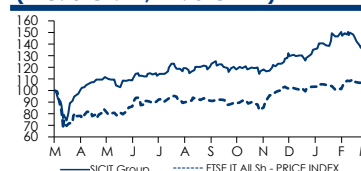
**ADD**  
(from BUY)

**Target Price: EUR 15.3**  
(from EUR 13.7)

Italy/Agrochemicals  
Update

MTA-STAR

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



SICIT Group - Key Data

Price date (market close)	02/03/2021		
Target price (EUR)	15.3		
Target upside (%)	17.24		
Market price (EUR)	13.05		
Market cap (EUR M)	271.66		
52Wk range (EUR)	13.8/6.8		
Price performance %	1M	3M	12M
Absolute	-3.0	10.1	42.8
Rel. to FTSE IT All Sh	-7.1	4.7	33.6

Y/E Dec (EUR M)	FY19A	FY20E	FY21E
Revenues	56.7	63.2	68.4
Adj. EBITDA	20.3	24.5	27.8
Adj. EBIT	15.8	19.3	22.3
Adj. net income	12.1	15.3	17.6
EPS (EUR)	0.61	0.78	0.85
Net debt/-cash	-29.3	-28.1	-29.7
Adj P/E (x)	16.6	16.7	15.4
EV/EBITDA (x)	8.4	9.3	8.7
EV/EBIT (x)	10.8	11.8	10.9
Div ord yield (%)	4.4	3.4	3.3

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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## FY20 Preliminary Results

The company released preliminary top-line results by business unit and geographic area, broadly in line with our estimates. Full results will be released on 12 March. SICIT Group posted a very positive top line in FY20, as broadly expected, with a sustained demand for biostimulants (outperforming our estimates by 6.8%) and a recovery of animal fat production for biofuels.

Consolidated revenues reached EUR 63.2M (EUR 62.4M in our estimates) vs. EUR 56.7M in FY19 (+11.5% yoy), exceeding budgeted targets, according to management.

**Consolidated revenues reached EUR 63.2M**

Biostimulants was the best performing business unit (+23.6% yoy). Animal fats recorded +8.8% yoy (+10% yoy in 4Q20); the retardants business decreased by 8.3% (-7.6% in our estimates).

**Biostimulants: the best performer**

MEA and North America (representing together between 7% and 8% of revenues from products) showed a yoy decrease in 4Q20, resulting in a broad stability with reference to the whole year, while all other geographies recorded a growth. In particular, LATAM rose by 39.9% yoy in FY20, while Italy was the best performer in 4Q20, with an increase by 35.8% yoy.

**MEA and North America down yoy in 4Q20, but stable in FY20; Italy best performer in 4Q20**

### SICIT Group – 4Q/FY20 preliminary results

EUR M	4Q19A	4Q20A	yoy %	FY19A	FY20A	yoy %	FY20E	A/E %
<b>Revenues from Products</b>	<b>12.7</b>	<b>14.1</b>	<b>11.4</b>	<b>53.6</b>	<b>60.0</b>	<b>12.0</b>	<b>58.2</b>	<b>3.1</b>
o/w Biostimulant	7.6	9.1	19.6	31.0	38.3	23.6	35.9	6.8
o/w Plaster retardant	3.1	2.9	-6.6	15.3	14.1	-8.3	14.2	-0.8
o/w Animal fat	1.9	2.1	10.0	6.5	7.1	8.8	8.1	-12.4
o/w Others	0.2	0.1	-7.8	0.7	0.5	-30.6	NA	NA
<b>Revenues from Services</b>	<b>0.8</b>	<b>0.8</b>	<b>11.1</b>	<b>3.1</b>	<b>3.2</b>	<b>3.3</b>	<b>4.2*</b>	<b>NM</b>
<b>Total revenues</b>	<b>13.4</b>	<b>15.0</b>	<b>11.4</b>	<b>56.7</b>	<b>63.2</b>	<b>11.5</b>	<b>62.4</b>	<b>1.2</b>
Italy	2.6	3.5	35.8	12.3	14.1	14.4		
Europe w/o Italy	4.0	4.1	4.1	17.9	18.5	3.0		
APAC	4.3	4.8	13.4	15.6	18.7	19.4		
North America	0.6	0.5	-14.6	3.0	2.9	-1.6		
LATAM	0.6	0.7	4.3	2.9	4.0	39.9		
MEA	0.6	0.4	-25.1	1.9	1.8	-1.9		

\* including both other products and revenues from services; NA: not available; NM: not meaningful; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

## Earnings Outlook

### Recent developments

#### Study and development of innovative products financed by the MiSE

The MiSE authorised and financed the company's study and development of innovative products to be derived from agricultural production waste, which aim to introduce a new way of crop supporting action within professional agriculture. The total cost of the project is expected to be around EUR 12.2M, including EUR 3.6M financed by the MiSE and Veneto Region (2.4M out of which as non-repayable grant). Some of the key areas of the project's research include: a) products with a high degree of hydrolysis of the protein substance, b) products based on glycine, an amino acid of agronomic importance, c) introduction of a new concept of biostimulants and nutrient administration, and d) extracts of non-animal origin.

#### Patent Box tax benefit

The company has submitted the required documentation for the reverse charge of the Patent Box tax benefit with reference to the tax years 2015-19. According to the company, the tax benefit could amount to EUR 3.8M for the five-year period and will be fully accounted in the 2020 financial statements.

#### Sustainability and ESG rating by Sustainalytics

SICIT Group has been assigned an ESG rating by Sustainalytics, an independent agency, with reference to the 2019 Sustainability Report. In Sustainalytics' comparative ESG Risk Ratings, SICIT Group ranks in the top 18% of the best companies within the global chemical industry and in the top 8% of peers within the agricultural chemicals segment, achieving a score of 27.8, with high potential exposure but strong ESG Risk Management. In particular, the 'medium' risk areas include only carbon-own operations and corporate governance. For all other categories, the risk is rated as 'low' (e.g. emissions, effluents and waste, human capital, community relations) or even 'negligible'. In our view, the rating assigned by Sustainalytics, based on the company's first Sustainability Report (2019), still does not fully take into account the improvement made by the company in terms of policies and investments (e.g. aimed at energy efficiency, such as the new co-generation system). Moreover, we highlight that SICIT, as an essential part of the circular economy of the tanning industry, has always considered environmental sustainability as a central theme and approved six group policies on sustainability, human rights, health and safety, environment, diversity and anti-bribery, in order to increase the awareness and strengthen the group's commitment in these areas.

#### Update on project in China

A meeting between the company and Chinese representatives was held in the past months to update SICIT's project in China, which had slowed down because of the Covid-19 outbreak. The EUR 10M-capex plan is aimed at setting up of a newco with a minority partner (Tianjin Weijie Pharmaceutical) to serve the commercial expansion in the country and in the APAC area. SICIT also plans to build its first foreign production plant in Tianjin (south-east of Beijing, in the local Free Trade Zone), where the process for animal protein hydrolysate, imported from Italy in concentrated form, should be finalised to obtain the range of biostimulants and retardants for plaster locally to be

sold on Asian markets. We recall that SICIT is already present in both the retardant and biostimulant businesses, and currently reaches China through multinational clients in the agricultural and crop protection sector. However, thanks to this new investment, SICIT should increase the company's business volume in the entire APAC area. China, in particular, is a strategic market, especially regarding biostimulants for agriculture, to help accelerate the transition to a fully green and sustainable agriculture in Asia.

### Estimates revision

We fine tune our estimates given the results announced in January regarding FY20 revenues and assume that the Patent box regime would be applied also in FY20 and in the following years (implicit new tax rate around 21% vs. 26.5% previously). As a result:

- **Regarding FY20E**, we expect adj. EBITDA of EUR 24.5M (vs. EUR 24.2M previously), with an unchanged 38.8% margin. Adj. net income could be better by 9.2% vs. our previous projection, reaching EUR 15.3M; net income would benefit from EUR 3.8M 2015-19 Patent Box tax benefit. We see a net cash at EUR 28.1M vs. EUR 23.2M previously;
- **For FY21E-23E**, our adj. net income estimates are now between 7.9% and 8% better vs. our previous estimates (EUR 17.6M, EUR 20.5M and EUR 23.1M, respectively vs. EUR 16.4M, EUR 19M and EUR 21.4M previously), embedding the abovementioned projected tax benefit.

### 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	62.4	63.2*	1.2	68.4	68.4	0.0	78.7	78.7	0.0	85.9	85.9	0.0
Adj. EBITDA	24.2	24.5	1.2	27.8	27.8	0.0	32.2	32.2	0.0	36.1	36.1	0.0
Adj. EBITDA margin %	38.8	38.8		40.6	40.6		40.9	40.9		42.0	42.0	
Adj. EBIT	19.1	19.3	1.2	22.3	22.3	0.0	25.8	25.8	0.0	29.1	29.1	0.1
Adj. EBIT margin %	30.6	30.6		32.6	32.6		32.8	32.8		33.9	33.9	
Adj. Net Income	14.0	15.3	9.2	16.4	17.6	7.9	19.0	20.5	7.9	21.4	23.1	8.0
Net debt/-cash	-23.2	-28.1	21.3	-22.5	-29.7	32.1	-23.6	-31.9	35.0	-28.3	-37.7	33.1

Source: Intesa Sanpaolo Research estimates and \*Company data released on 21 January

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

### SICIT Group – Revenues breakdown and main assumptions (2019A-23E)

EUR M	2019A	2020A	2021E	2022E	2023E
<b>BIOSTIMULANTS</b>	<b>31.0</b>	<b>38.3</b>	<b>40.3</b>	<b>41.1</b>	<b>44.4</b>
Volumes (t)	20.1	24.3	25.0	25.0	26.5
EUR/t	1542.0	1581.0	1612.0	1644.0	1677.0
Revenues yoy (%)		23.6	12.2	8.1	8.1
<b>RETARDERS</b>	<b>15.3</b>	<b>14.1</b>	<b>14.7</b>	<b>15.3</b>	<b>16.0</b>
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 (%)		-8.3	3.5	4.5	4.5
<b>FAT</b>	<b>6.5</b>	<b>7.1</b>	<b>8.9</b>	<b>8.9</b>	<b>9.0</b>
Volumes (t)	15.2	14.2	15.5	15.7	15.8
EUR/t	0.428	0.506	0.570	0.570	0.570
Revenues yoy (%)		8.9	9.4	1.0	1.0
<b>Other revenue</b>	<b>3.9</b>	<b>3.7</b>	<b>4.5</b>	<b>4.8</b>	<b>5.2</b>
<b>Granules</b>				<b>6</b>	<b>8.5</b>
<b>Total Revenues</b>	<b>56.7</b>	<b>63.2</b>	<b>68.4</b>	<b>78.7</b>	<b>85.9</b>

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

We highlight that any renewal or extension of restrictive measures could potentially affect production and commercial activity.

## Valuation

As usual, we evaluate SICIT Group with a DCF model. Following the update of our estimates and the periodic revision of our parameters, we derive **a new target price of EUR 15.3/share** (from EUR 13.7/share). Given the current upside of approximately 17%, vs. market price, **we rate the stock an ADD (from BUY)**.

**New TP of EUR 15.3/share; new ADD 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 apply the revenues and EBIT margin we forecast for FY23E.

For the WACC calculation, we used a risk-free rate at 0.75% (1% previously) and a risk premium at 6.5% (7.25% previously). In line with the current debt structure, we use a 0% target gearing ratio. As a result, we derive a WACC of 6.9%

### SICIT Group - 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	0.75
Equity risk premium	6.5
<b>WACC</b>	<b>6.9</b>

Source: \*FactSet and Intesa Sanpaolo Research estimates

### SICIT Group – DCF calculation (2021-23E)

EUR M	2021E	2022E	2023E	LT
Adj. EBIT	22.3	25.8	29.1	29.1
Tax	-4.6	-5.3	-6.0	-7.5
NOPAT	17.6	20.5	23.1	21.7
No-cash items	5.5	6.4	7.0	
WC	-0.6	-2.5	-1.7	
Capex	-12.0	-12.0	-11.0	
FCF	10.6	12.4	17.4	21.7
Discounted FCF	9.9	10.8	14.2	16.6
WACC (%)	6.9			
TV growth (%)	1.0			
Sum	35			
TV	283.7			
EV	318.7			
Cash @ 2020E	-28.1			
Equity	346.8			
Fully diluted shares	22.7			
<b>TP/share (EUR)</b>	<b>15.3</b>			

Source: Intesa Sanpaolo Research estimates

## SICIT Group – Key Data

Rating ADD	Target price (EUR/sh) Ord 15.3	Mkt price (EUR/sh) Ord 13.05			Sector Agrochemicals
<b>Values per share (EUR)</b>	<b>2018A</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
No. ordinary shares (M)	19.65	19.65	19.65	20.82	20.82
Total no. of shares (M)	19.65	19.65	19.65	20.82	20.82
Market cap (EUR M)	201.21	199.61	256.43	271.66	271.66
Adj. EPS	0.68	0.61	0.78	0.85	0.98
CFPS	0.92	0.44	1.2	1.1	1.3
BVPS	3.6	4.5	5.0	5.2	5.7
Dividend ord	0.34	0.45	0.45	0.43	0.49
<b>Income statement (EUR M)</b>	<b>2018A</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Revenues	55.12	56.66	63.16	68.36	78.70
Adj. EBITDA	22.66	20.30	24.51	27.77	32.21
Adj. EBIT	18.00	15.79	19.33	22.25	25.80
Adj. Pre-tax income	18.23	15.79	19.33	22.25	25.80
Net income	13.36	4.20	19.13	17.65	20.47
Adj. net income	13.36	12.06	15.33	17.65	20.47
<b>Cash flow (EUR M)</b>	<b>2018A</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Net income before minorities	13.4	4.2	19.1	17.6	20.5
Depreciation and provisions	4.7	4.6	5.2	5.5	6.4
Others/Uses of funds	0	0	0	0	0
Change in working capital	-0.5	-2.1	-1.7	-0.6	-2.5
Operating cash flow	17.5	14.6	22.4	22.3	24.1
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	7.4	10.3	12.1
Dividends	-6.7	-17.7	-8.8	-9.0	-10.2
Equity changes & Other non-operating items	-0.1	27.4	0	0	0
Net cash flow	-0.9	14.9	-1.4	1.3	1.9
<b>Balance sheet (EUR M)</b>	<b>2018A</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Net capital employed	55.4	59.6	71.1	78.2	86.3
of which associates	0	0	0	0	0
Net debt/-cash	-14.5	-29.3	-28.1	-29.7	-31.9
Minorities	0	0	0	0	0
Net equity	69.9	88.9	99.2	107.9	118.1
Minorities value	0	0	0	0	0
Enterprise value	186.7	170.3	228.3	241.9	239.8
<b>Stock market ratios (x)</b>	<b>2018A</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Adj. P/E	15.1	16.6	16.7	15.4	13.3
P/CFPS	11.2	22.9	10.5	11.7	10.1
P/BVPS	2.9	2.2	2.6	2.5	2.3
Payout (%)	50	73	57	51	50
Dividend yield (% ord)	3.3	4.4	3.4	3.3	3.8
FCF yield (%)	2.9	2.5	3.0	3.9	4.6
EV/sales	3.4	3.0	3.6	3.5	3.0
EV/EBITDA	8.2	8.4	9.3	8.7	7.4
EV/EBIT	10.4	10.8	11.8	10.9	9.3
EV/CE	3.4	2.9	3.2	3.1	2.8
D/EBITDA	Neg.	Neg.	Neg.	Neg.	Neg.
D/EBIT	Neg.	Neg.	Neg.	Neg.	Neg.
<b>Profitability &amp; financial ratios (%)</b>	<b>2018A</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
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	20.7	20.7	20.7
Adj. Net income margin	24.2	21.3	30.3	25.8	26.0
ROCE	32.5	26.5	27.2	28.5	29.9
ROE	20.4	5.3	20.3	17.0	18.1
Interest cover	NM	NM	NM	NM	NM
Debt/equity ratio	Neg.	Neg.	Neg.	Neg.	Neg.
<b>Growth (%)</b>		<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Sales		2.8	11.5	8.2	15.1
EBITDA		-10.4	20.7	13.3	16.0
EBIT		-12.2	NM	15.1	16.0
Pre-tax income		-52.6	NM	15.1	16.0
Net income		-68.6	NM	-7.7	16.0
Adj. net income		-9.8	27.1	15.1	16.0

\*Revenues released on 21 January; 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, mitigated by the possibility to be supplied by other districts in Italy and abroad;
- Limited product diversification in biostimulants;
- Potential dilution and overhang risk due to the conversion of 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.

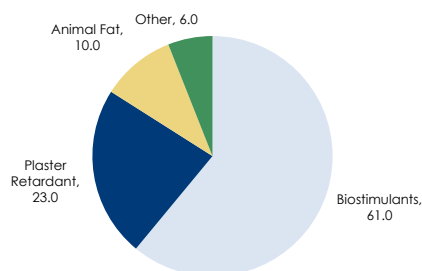
### Key data

Mkt price (EUR)	13.05	Free float (%)	NA
No. of shares	20.82	Major shr	Intesa Holding SpA
52Wk range (EUR)	13.8/6.8	(%)	46.4
Reuters	SICT.MI	Bloomberg	SICT IM
<b>Performance (%)</b>	<b>Absolute</b>		<b>Rel. FTSE IT All Sh</b>
-1M	-3.0	-1M	-7.1
-3M	10.1	-3M	4.7
-12M	42.8	-12M	33.6

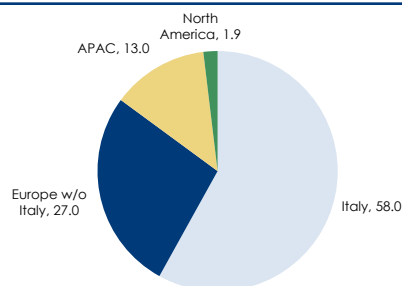
### Estimates vs. consensus

EUR M (Y/E Dec)	2019A	2020E	2020C	2021E	2021C	2022E	2022C
Sales	56.66	63.16	NM	68.36	NM	78.70	NM
EBITDA	20.30	24.51	NM	27.77	NM	32.21	NM
EBIT	4.80	19.33	NM	22.25	NM	25.80	NM
Pre-tax income	8.65	19.33	NM	22.25	NM	25.80	NM
Net income	4.20	19.13	NM	17.65	NM	20.47	NM
EPS	0.61	0.78	NM	0.85	NM	0.98	NM

### FY20A Sales breakdown by product (%)



### FY20 sales breakdown by geography (%)



NM: not meaningful; Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 02/03/2021)

## 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)

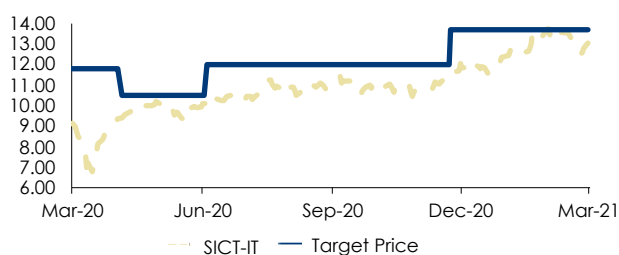
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Long-term rating	Definition
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ADD	If the target price is 10%-20% higher than the market price
HOLD	If the target price is 10% below or 10% above the market price
REDUCE	If the target price is 10%-20% lower than the market price
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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)
24-Nov-20	BUY	13.7	11.4
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 January 2021)**

Number of companies considered: 109	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%) <sup>(*)</sup>	50	24	26	0	0
of which Intesa Sanpaolo's Clients (%) <sup>(**)</sup>	89	70	61	0	0

<sup>(\*)</sup> Last rating refers to rating as at end of the previous quarter; <sup>(\*\*)</sup> 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
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

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