

# NOTORIOUS PICTURES

**BUY**

Sector: Media

Price: Eu1.61 - Target: Eu2.20

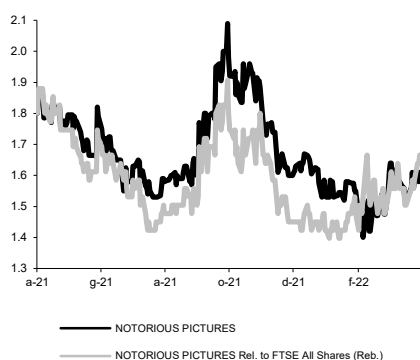
## Accelerating in Film Production Business

**Andrea Randone +39-02-77115.364**  
 andrea.randone@intermonte.it

### Stock Rating

<b>Rating:</b>	Unchanged		
<b>Target Price (Eu):</b>	from 2.40 to 2.20		
	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
<b>Chg in Adj EPS</b>	-14.7%	-9.1%	

### NOTORIOUS PICTURES - 12M Performance



### Stock Data

Reuters code:	NPI.MI		
Bloomberg code:	NPI IM		
<b>Performance</b>	<b>1M</b>	<b>3M</b>	<b>12M</b>
Absolute	3.9%	5.2%	-10.6%
Relative	7.3%	15.2%	-7.9%
12M (H/L)	2.09/1.40		
3M Average Volume (th):	7.51		

### Shareholder Data

No. of Ord shares (mn):	22
Total no. of shares (mn):	22
Mkt Cap Ord (Eu mn):	36
Total Mkt Cap (Eu mn):	36
Mkt Float - Ord (Eu mn):	6
Mkt Float (in %):	15.2%
Main Shareholder:	
Marchetti Guglielmo	82.3%

### Balance Sheet Data

Book Value (Eu mn):	29
BVPS (Eu):	1.34
P/BV:	1.2
Net Financial Position (Eu mn):	-25
Enterprise Value (Eu mn):	61

■ **YoY improvement in FY21 despite ongoing Covid impact.** (FY21 results were approved on 29<sup>th</sup> March 2022). FY21 revenues were up 95% YoY to Eu26.3mn, short of our Eu30mn estimate due mainly to the impact of Covid in 4Q21. In the comparison with 2020, we note that 2021 revenues include a Eu4.4mn increase in public subsidies, accounting for around one third of the growth. EBITDA was Eu10.4mn, more than double the 2020 figure (Eu5.0mn) but below our Eu12.1mn estimate due to the lower revenues. Net debt, excluding the impact of IFRS16, was Eu3.4mn as at YE21, slightly above our Eu1.3mn estimate. As at 29<sup>th</sup> March 2022, the company had bought back shares amounting to 2.7% of share capital (609,600 shares) under the plan approved on 10<sup>th</sup> November 2021. The board has proposed a DPS of Eu0.082 (Eu1.8mn in total) with a payout of c.50% of annual profits.

■ **Main business highlights.** Partly thanks to commercial support from Medusa Film, in 2021 the group distributed 12 feature films through cinemas (5 in 2020) for box office receipts of Eu1.7mn (Eu2.3mn in 2020), from a total audience of 265,622 (393,774 in 2020). During the year Notorious and Amazon Studios co-produced the first Italian Amazon Original film, “Anni da cane”, which debuted on Prime Video in October 2021. In 2H21 Notorious started production of “The Honeymoon”, an international co-production with Tempo Productions, the rights to which will be sold in 2022. In addition, in October 2021 Notorious set up Notorious Spain to start distribution on the Spanish market; the first film, “The Dry”, came out in November 2021 and the pipeline for 2022 already holds the rights for four films. In 2022 the Group will continue its strategy focused not only on production and distribution but also on operation of Notorious Cinemas, for which previous 2023 targets (20 multiscreen cinemas under management, 5mn cinemagoers) will be put back to 2025 due to the pandemic.

■ **Change in estimates.** We are reducing our 2022 revenue forecasts, assuming normalisation of the cinema business will take longer, while we have implemented a positive adjustment in EBITDA as we expect a stronger contribution from the film production business. At the same time, this activity has a less favourable cash flow profile, so we expect net debt, excluding the IFRS 16 effect, to go from Eu3.4mn at YE21 to Eu10.3mn at YE22 after almost Eu17mn in CapEx on top of a Eu1.8mn dividend distribution. At bottom line, we are cutting EPS by 14.7% and 9.1% for 2022 and 2023 respectively.

■ **BUY; target from Eu2.4 to Eu2.2.** Even though industry momentum remained sluggish, Notorious was able to secure quite positive results and pave the way for a promising pipeline in each of its market segments, especially in the film production business. Overall, we expect the company to benefit from recovering cinema attendance trends in 2H22, but we underline that our estimates are increasingly relying on the production business that is independent from the recovery in the cinema channel.

Key Figures & Ratios	2020A	2021A	2022E	2023E	2024E
Sales (Eu mn)	13	26	43	60	78
EBITDA Adj (Eu mn)	5	10	19	21	25
Net Profit Adj (Eu mn)	-2	4	5	6	9
EPS New Adj (Eu)	-0.095	0.158	0.216	0.281	0.395
EPS Old Adj (Eu)	-0.095	0.197	0.253	0.310	
DPS (Eu)	0.000	0.082	0.072	0.094	0.132
EV/EBITDA Adj	10.7	5.3	3.2	3.0	2.4
EV/EBIT Adj	nm	16.4	10.2	7.9	6.3
P/E Adj	nm	10.2	7.5	5.7	4.1
Div. Yield	0.0%	5.1%	4.5%	5.8%	8.2%
Net Debt/EBITDA Adj	2.6	1.6	1.3	1.2	1.0

**NOTORIOUS PICTURES – Key Figures**

<b>Profit &amp; Loss (Eu mn)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Sales	44	13	26	43	60	78
EBITDA	15	5	10	19	21	25
EBIT	7	-3	3	6	8	10
Financial Income (charges)	-0	-0	-0	-0	-0	1
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	6	-3	3	6	7	10
Taxes	-1	1	0	-1	-1	-2
Tax rate	17.7%	32.7%	-14.7%	15.0%	15.0%	15.0%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	5	-2	4	5	6	9
EBITDA Adj	15	5	10	19	21	25
EBIT Adj	7	-3	3	6	8	10
Net Profit Adj	5	-2	4	5	6	9
<b>Per Share Data (Eu)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Total Shares Outstanding (mn) - Average	22	22	22	22	22	22
Total Shares Outstanding (mn) - Year End	23	23	23	23	23	23
EPS f.d	0.232	-0.095	0.158	0.216	0.281	0.395
EPS Adj f.d	0.232	-0.095	0.158	0.216	0.281	0.395
BVPS f.d	1.192	1.094	1.252	1.344	1.506	1.717
Dividend per Share ORD	0.000	0.000	0.082	0.072	0.094	0.132
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	0.0%	0.0%	51.8%	33.3%	33.3%	33.3%
<b>Cash Flow (Eu mn)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Gross Cash Flow	13	5	10	19	19	25
Change in NWC	-6	2	-0	-6	-3	-4
Capital Expenditure	-11	-4	-12	-17	-12	-16
Other Cash Items	0	0	0	0	0	0
Free Cash Flow (FCF)	-4	3	-3	-5	2	2
Acquisitions, Divestments & Other Items	0	0	0	0	0	0
Dividends	-2	0	0	-2	-2	-2
Equity Financing/Buy-back	0	0	0	0	0	0
Change in Net Financial Position	-18	2	-3	-7	2	3
<b>Balance Sheet (Eu mn)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Total Fixed Assets	29	26	33	37	36	36
Net Working Capital	15	13	13	19	23	26
Long term Liabilities	-3	-2	-1	-2	-2	-2
Net Capital Employed	41	38	45	54	56	60
Net Cash (Debt)	-14	-13	-17	-25	-25	-25
Group Equity	27	25	28	30	34	39
Minorities	0	0	0	1	2	3
Net Equity	27	25	28	29	32	36
<b>Enterprise Value (Eu mn)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Average Mkt Cap	64	41	39	36	36	36
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	-14	-13	-17	-25	-25	-25
Enterprise Value	78	54	55	61	61	61
<b>Ratios (%)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
EBITDA Adj Margin	34.9%	37.5%	39.5%	43.6%	34.1%	32.4%
EBIT Adj Margin	15.0%	nm	12.9%	13.8%	12.7%	12.4%
Gearing - Debt/Equity	53.2%	52.4%	59.0%	82.0%	72.4%	63.7%
Interest Cover on EBIT	23.8	nm	12.0	23.9	34.1	nm
Net Debt/EBITDA Adj	0.9	2.6	1.6	1.3	1.2	1.0
ROACE*	21.6%	-7.6%	8.2%	12.1%	13.9%	16.6%
ROE*	20.7%	-8.3%	13.5%	16.9%	20.7%	26.3%
EV/CE	2.6	1.4	1.3	1.2	1.1	1.0
EV/Sales	1.8	4.0	2.1	1.4	1.0	0.8
EV/EBITDA Adj	5.1	10.7	5.3	3.2	3.0	2.4
EV/EBIT Adj	11.8	nm	16.4	10.2	7.9	6.3
Free Cash Flow Yield	-10.1%	8.4%	-9.5%	-14.7%	5.2%	5.7%
<b>Growth Rates (%)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Sales	39.9%	-69.5%	95.3%	64.9%	39.5%	29.8%
EBITDA Adj	38.6%	-67.3%	106.0%	81.8%	9.1%	23.3%
EBIT Adj	59.7%	nm	nm	76.3%	28.6%	26.4%
Net Profit Adj	25.8%	nm	nm	36.6%	30.3%	40.3%
EPS Adj	25.8%	nm	nm	36.6%	30.3%	40.3%
DPS	nm	nm	nm	-12.2%	30.3%	40.3%

\*Excluding extraordinary items

Source: Intermonte SIM estimates

## FY21 Results

The group unveiled FY21 results on 29<sup>th</sup> March 2022.

FY21 revenues were up 95% YoY to Eu26.3mn, although this was still below our Eu30mn estimate due mainly to the impact of Covid in 4Q21. In the comparison with 2020, we note that 2021 revenues include a Eu4.4mn increase in public subsidies, accounting for around one third of the growth. EBITDA was Eu10.4mn, more than double the 2020 figure (Eu5.0mn) but below our Eu12.1mn estimate due to the lower revenues.

### Notorious – FY21 revenues

	1H20A	2H20A	2020A	1H21A	2H21A	2021A
Theatrical distribution	597	344	941	169	312	481
Theatrical box office	905	261	1,166	137	1,554	1,691
F&B and advertising	284	101	385	48	609	657
Other distribution revenues	1,098	5,135	6,233	5,883	3,831	9,714
OTT and Pay Per View	1,899	365	2,264	380	1,023	1,403
Resale of third party library	66	117	183	117	108	225
Production	0	0	0	4,126	994	5,120
Revenues	4,849	6,323	11,172	10,860	8,432	19,292
Other revenues	775	1,495	2,270	2,051	4,908	6,959
Total revenues	5,624	7,817	13,441	12,911	13,340	26,251

Source: Company data

Net debt, excluding the impact of IFRS16, was Eu3.4mn as at YE21, slightly above our Eu1.3mn estimate. As at 29<sup>th</sup> March 2022 the company had bought back shares amounting to 2.7% of the share capital (609,600 shares) under the plan approved on 10<sup>th</sup> November. The board has proposed a DPS of Eu0.082 (Eu1.8mn in total) with a payout of c.50% of annual profits.

### Notorious – 2H/FY21 results

(Eu mn)	2H20A	2H21A	YoY chg %	2H21E	A vs E	2020A	2021A	YoY chg %
<b>Value of production</b>	<b>7.8</b>	<b>13.3</b>	<b>71%</b>	<b>17.1</b>	<b>(22.0%)</b>	<b>13.4</b>	<b>26.3</b>	<b>95%</b>
<b>EBITDA</b>	<b>4.1</b>	<b>5.1</b>	<b>23%</b>	<b>6.7</b>	<b>(25.0%)</b>	<b>5.0</b>	<b>10.4</b>	<b>106%</b>
margin %	52.7%	37.9%		39.5%		37.5%	39.5%	
DA	(5.6)	(3.1)		(3.0)		(8.0)	(7.0)	
<b>EBIT</b>	<b>(1.5)</b>	<b>2.0</b>	<b>nm</b>	<b>3.8</b>	<b>(47.8%)</b>	<b>(3.0)</b>	<b>3.4</b>	<b>nm</b>
margin %	(19.0%)	14.7%		22.0%		(22.3%)	12.9%	
Net fin. income/(expense)	(0.1)	(0.2)		(0.2)		(0.2)	(0.3)	
<b>Pretax Profit</b>	<b>(1.6)</b>	<b>1.8</b>	<b>nm</b>	<b>3.5</b>		<b>(3.2)</b>	<b>3.1</b>	<b>nm</b>
margin %	(20.2%)	13.4%		20.6%		(23.5%)	11.8%	
Taxes	0.3	0.7		(0.2)		1.0	0.5	
<b>Net profit</b>	<b>(1.3)</b>	<b>2.4</b>	<b>nm</b>	<b>3.3</b>		<b>(2.1)</b>	<b>3.6</b>	<b>nm</b>
margin %	(16.5%)	18.3%		19.5%		(15.8%)	13.6%	
<b>Net Debt excl. IFRS 16</b>	<b>(0.6)</b>	<b>(3.4)</b>		<b>(1.3)</b>		<b>(0.6)</b>	<b>(3.4)</b>	

Source: Company data and Intermonte SIM estimates

## Change in Estimates

After recording encouraging signs in September 2021, as of 4Q21 cinema attendance suffered a further setback linked to the new wave of Covid cases. This crisis continued in 1Q22 (the box office recorded a drop of about 65% compared to the pre-Covid trend) and it will only be clear in September when the sector is expected to benefit from a real recovery. This scenario clearly implies quite cautious forecasts for the theatrical distribution business and the activities of subsidiary Notorious Cinemas.

Film production business is clearly not affected by this weakness, and in 2021 Notorious executive produced the film "Anni da Cane" under a contract with Amazon Prime. The production confirms the validity of Notorious's strategy, and in February 2022 the group completed production of the film *The Honeymoon*, for which rights have already been partially sold.

The group has a pipeline of 4 other productions for the current year with a total estimated CapEx at around Eu9mn. One film is expected to be executive produced while the other 3 films (one of which is expected to be completed in 2023) see Notorious engaged as a fully-fledged producer. This means that Notorious will see a great EBITDA benefit (production costs are almost entirely capitalised) but also significant absorption at CapEx level (the proceeds from the film, related to both the sale of the rights and tax credits, are deferred by at least 1 year with respect to the contractual recognition of revenues) and at working capital level (once revenues are recorded, payments are collected with a delay of approximately 18 months on average).

We are reducing our 2022 revenue forecasts, assuming normalisation of the cinema business will take longer, while we have implemented a positive adjustment in EBITDA as we expect a stronger contribution from the film production business. At the same time, this activity has a less favourable cash flow profile, so we expect net debt, excluding the IFRS 16 effect, to go from Eu3.4mn at YE21 to Eu10.3mn at YE22 after almost Eu17mn in CapEx on top of a Eu1.8mn dividend distribution. At bottom line, we are cutting EPS by 14.7% and 9.1% for 2022 and 2023 respectively.

### Notorious Pictures - Change to estimates

P&L NOTORIOUS	NEW			OLD			% Change		
	2021A	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Revenue from Notorious Pictures	23.90	34.29	41.90	26.85	52.65	57.86	-11.0%	-34.9%	-27.6%
YoY %	101%	43%	22%	126%	96%	10%			
Revenues from Notorious Cinema	2.35	6.97	12.97	2.66	7.21	12.98	-11.8%	-3.3%	0.0%
YoY %	51%	197%	86%	72%	171%	80%			
Revenues from Notorious Spain	0.00	2.03	5.51	0.50	2.81	6.73			
YoY %	0%	#DIV/0!	172%	0%	467%	140%			
<b>Total Revenues</b>	<b>26.3</b>	<b>43.3</b>	<b>60.4</b>	<b>30.0</b>	<b>62.7</b>	<b>77.6</b>	<b>-12.5%</b>	<b>-30.9%</b>	<b>-22.2%</b>
YoY %	95%	65%	39%	123%	109%	24%			
EBITDA Notorious Pictures	8.30	18.06	16.76	11.38	15.02	16.50	-27.1%	20.3%	1.6%
margin %	35%	53%	40%	42%	29%	29%			
EBITDA Notorious Cinema	0.00	0.14	1.95	0.53	2.09	4.15	-100.0%	-93.3%	-53.1%
margin %	0%	2%	15%	20%	29%	32%			
EBITDA Notorious Spain	0.00	0.67	1.87	0.15	0.93	2.29			
margin %	30%	33%	34%	30%	33%	34%			
<b>TOTAL EBITDA</b>	<b>10.4</b>	<b>18.9</b>	<b>20.6</b>	<b>12.1</b>	<b>18.0</b>	<b>22.9</b>	<b>-14.0%</b>	<b>4.6%</b>	<b>-10.3%</b>
YoY %	106%	82%	9%	140%	50%	27%			
margin %	39.5%	43.6%	34.1%	40.2%	28.8%	29.6%			
D&A Notorious Pictures	(3.5)	(10.8)	(8.5)	(6.0)	(8.7)	(9.7)			
D&A Notorious Cinema	(0.6)	(1.3)	(2.7)	(0.7)	(1.4)	(2.7)			
D&A Notorious Spain	0.0	(0.8)	(1.7)	(0.2)	(1.0)	(2.1)			
<b>D&amp;A</b>	<b>(7.0)</b>	<b>(12.9)</b>	<b>(12.9)</b>	<b>(6.9)</b>	<b>(11.1)</b>	<b>(14.5)</b>			
EBIT	3.4	6.0	7.7	5.2	6.9	8.4	-34.8%	-14.1%	-8.8%
YoY %	(213%)	76%	29%	(273%)	34%	21%			
margin %	12.9%	13.8%	12.7%	17.3%	11.1%	10.9%			
Net financial income/expense	(0.282)	(0.250)	(0.225)	(0.350)	(0.250)	(0.225)			
	(1.07%)	(0.58%)	(0.37%)	(1.17%)	(0.40%)	(0.29%)			
<b>Pretax Profit</b>	<b>3.1</b>	<b>5.7</b>	<b>7.4</b>	<b>4.8</b>	<b>6.7</b>	<b>8.2</b>	<b>-35.8%</b>	<b>-14.7%</b>	<b>-9.1%</b>
YoY %	(198%)	84%	30%	(253%)	39%	22%			
margin %	11.8%	13.2%	12.3%	16.1%	10.7%	10.6%			
Taxes	0.456	(0.858)	(1.117)	(0.397)	(1.005)	(1.229)			
Tax Rate	14.7%	(15.0%)	(15.0%)	(8.2%)	(15.0%)	(15.0%)			
<b>Net profit</b>	<b>3.6</b>	<b>4.9</b>	<b>6.3</b>	<b>4.4</b>	<b>5.7</b>	<b>7.0</b>	<b>-19.8%</b>	<b>-14.7%</b>	<b>-9.1%</b>
YoY %	(267%)	37%	30%	(309%)	28%	22%			
margin %	13.6%	11.2%	10.5%	14.8%	9.1%	9.0%			

Source Intermonte SIM

**Notorious – Cash Flow Statement**

(Eu mn)	2019A	2020A	2021A	2022E	2023E	2024E
Net income	5.2	(2.1)	3.6	4.9	6.3	8.9
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Amortization & Depr.	8.8	8.0	7.0	12.9	12.9	15.7
Rights of use		(0.2)	(0.3)	(1.0)	(2.1)	(3.0)
<b>Gross cash flow</b>	<b>14.0</b>	<b>5.7</b>	<b>10.2</b>	<b>16.8</b>	<b>17.2</b>	<b>21.5</b>
Change in working capital	(5.7)	2.0	(0.3)	(6.1)	(3.2)	(3.8)
Other funds and provisions	(1.1)	(0.4)	(0.9)	0.9	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
<b>Operating cash flow</b>	<b>7.2</b>	<b>7.2</b>	<b>9.0</b>	<b>11.6</b>	<b>13.9</b>	<b>17.7</b>
Capex	(10.9)	(4.2)	(12.5)	(16.9)	(12.1)	(15.7)
% on sales	25%	31%	47%	39%	20%	20%
<b>FCF (Eu mn)</b>	<b>(3.7)</b>	<b>3.0</b>	<b>(3.4)</b>	<b>(5.3)</b>	<b>1.9</b>	<b>2.1</b>
FCF/EBITDA	(0.2)	0.6	(0.3)	(0.3)	0.1	0.1
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	(1.8)	0.0	0.0	(1.8)	(1.6)	(2.1)
Right Issue	0.0	0.0	0.0	0.0	0.0	0.0
Other	(12.2)	(1.7)	(0.3)	(1.0)	0.0	0.0
<b>Cash Flow</b>	<b>(17.7)</b>	<b>1.4</b>	<b>(3.7)</b>	<b>(8.2)</b>	<b>0.3</b>	<b>(0.1)</b>
<b>NFP at bgn year Cash/(Debt)</b>	<b>3.4</b>	<b>(14.3)</b>	<b>(12.9)</b>	<b>(16.6)</b>	<b>(24.8)</b>	<b>(24.5)</b>
Cash Flow: Cash/(Debt)	(17.7)	1.4	(3.7)	(8.2)	0.3	(0.1)
<b>NFP at year end: Cash/(Debt)</b>	<b>(14.3)</b>	<b>(12.9)</b>	<b>(16.6)</b>	<b>(24.8)</b>	<b>(24.5)</b>	<b>(24.6)</b>
of which: Rights of Use liabilities (IFRS16)	(10.7)	(12.3)	(13.2)	(14.5)	(13.5)	(12.5)
<b>Net Cash (Debt) at YE excl. IFRS 16</b>	<b>(3.6)</b>	<b>(0.6)</b>	<b>(3.4)</b>	<b>(10.3)</b>	<b>(11.0)</b>	<b>(12.1)</b>

Source: Intermonte SIM estimates

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	NOTORIOUS PICTURES		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	2.20	Previous Target (Eu):	2.40
Current Price (Eu):	1.61	Previous Price (Eu):	1.80
Date of report:	29/04/2022	Date of last report:	06/10/2021

**DISCLAIMER (for more details go to [DISCLAIMER](#))**
**IMPORTANT DISCLOSURES**

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.

The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on Intermonte's website [www.intermonte.it](http://www.intermonte.it) under LEGAL INFORMATION. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the [PERFORMANCE](#) web page.

Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Brasil Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Brasil Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

**ANALYST CERTIFICATION**

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certify that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities.

Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Brasil Plural Securities LLC, 545 Madison Avenue, New York 10022.

**GUIDE TO FUNDAMENTAL RESEARCH**

The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/earnings (P/E), EV/EBITDA, EV/EBIT, price/sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 2.5% and a risk premium of 5.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P/IB40 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

**CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS**

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 March 2022 Intermonte's Research Department covered 120 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	16.67 %
OUTPERFORM:	55.88 %
NEUTRAL:	23.53 %
UNDERPERFORM:	03.92 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (53 in total) is as follows:

BUY:	33.96 %
OUTPERFORM:	49.06 %
NEUTRAL:	16.98 %
UNDERPERFORM:	00.00 %
SELL:	00.00 %

**CONFLICT OF INTEREST**

In order to disclose its possible conflicts of interest Intermonte SIM states that:

Within the last year, Intermonte SIM managed or co-managed/is managing or is co-managing an Institutional Offering and/or managed or co-managed/is managing or is co-managing an offering with firm commitment underwriting of the securities of the following Companies: BPER, Cyberoo, Luve, SerI Industrial, The Italian Sea Group, Tinexta, WIIT.

Intermonte SIM has provided in the last 12 months / provides / may provide investment banking services to the following companies: Abitare In, Aedes, Amalfi Holding (on La Doria shares), Ambientthesis, Cellularline, Creval, Cy4Gate, Esprinet, G4 and Finami (on Lu-Ve shares), GPI, Growens, Gruppo Caltagirone (in connection with roadshow activities ahead of 2022 Generali AGM), Illimity Bank, Link Mobility Group (on AMM shares), Maire Tecnimont, Neuberger Berman (on SerI Industrial shares), OVS, Sedoc (on Cyberoo shares), SP5 (on Guala Closures shares), Tesmec, Tinexta and WIIT.

Intermonte SIM provides investment banking services to Gruppo Caltagirone in connection with roadshow activities ahead of 2022 Generali AGM.

Intermonte SIM acted as financial advisor to Ambientthesis in connection with the reserved capital increase subscribed by Greenthesis through the contribution in kind of its businesses in the environmental sector.

Intermonte SIM is Specialist and/or Corporate Broker and/or Sponsor and/or Broker in charge of the share buy back activity of the following Companies: Abitare In, Aedes, Alkemy, Ambientthesis, Anima, Aquafil, Avio, Banca Ifis, Banca Sistema, Cattolica, Cellularline, Civitanavi Systems, Cyberoo, Cy4Gate, DeA Capital, El.En, Eles, Elica, Emak, Esprinet, Expert Al, Falck Renewables, Fimit - Fondo Alpha, Fine Foods, Gefran, Go Internet, Gpi, Gruppo Fos, GVS, IEG, Iervolino Entertainment, IndelB, Luve, Matica Fintec, Notorious Pictures, Nova Re SIQ, Omer, Pharamantra, Relatech, Reply, Reteilit, Sababa Security, Saes Getters, Salcef, Sciuker Frames, Seco, Servizi Italia, Sesa, SerI Industrial, Somec, Tamburi, Tinexta, Tesmec, The Italian Sea Group, Txt and WIIT.

Intermonte SIM has a contractual commitment to act as liquidity provider on behalf of third parties for the following company: Banca Sistema.

Intermonte SIM performs as a market maker for the following companies: A2A, Anima, Atlantia, Autogrill, Azimut Holding, BAMI, Banca Generali, Banca Mediolanum, Brembo, Buzzi, CNHI, Enel, ENI, Exor, Fineco, FCA, FTMBI, Generali, Italgas, Iren, Intesa Sanpaolo, Leonardo, Mediobanca, Moncler, Mediaset, Pirelli&C, Prysmian, Poste, Ferrari, Saipem, Snam, STM, Tenaris, Telecom Italia, Telecom Italia sav, Terna, UBI, Unicredit, Unipol, UnipolSai.

Intermonte SIM is a member of the CBOE Europe Equities Liquidity Provider Program for the following financial instruments: A2A, Atlantia, ATSM, Autogrill, Azimut Holding, Banca Generali, Banca Mediolanum, Banco BPM, Bca Monte dei Paschi di Siena, Bca Pop Emilia Romagna, Banca Pop Sondrio, Buzzi Unicem, Buzzi Unicem rsp, Campari, CIR- Compagnie Industriali Riunite, Credito Emiliano, Danieli & C., Danieli & C. Risparmio, Diasorin, Enel, Enj, Generali, Hera, Intesa Sanpaolo, Iren, Italgas, Italmobiliare, Leonardo, Maire Tecnimont, Mediaset, Mediobanca, Pirelli & C., Poste Italiane, Prysmian, Recordati, S.I.A.S., Saipem, Salini Impregio, Salvatore Ferragamo, Snam, Telecom Italia, Telecom Italia rsp, Terna, Tod's, UBI Banca, Unicredit, Unipol, UnipolSai.

Intermonte SIM, through Websim and TIE, which constitute the digital division of Intermonte, acts as a Retail Investor Research Provider on the following companies: Abitare In, Aedes, Aleph Finance, Alkemy, Banca Sistema, Borgosesia 1873, B&C Speakers, Casta Diva Group, Cattolica Assicurazioni, Cellularline, Circle, Cleanbnb, Comer Industries, Convergence Spa, Crowdfundme, Cy4Gate, Cyberoo, Dh, Digital Bros, Digital Magics, Doxee, Edilzaccobattica Spa, Eles, Elica, Emak, Esi, Esprinet, Fabilla, Fenix Entertainment, Fiera Milano, Finlog, First Capital, Fope, Fos, Franche Umberto Marmi, Generali Assicurazioni, Giglio, Gismondi 1754, Go Internet, Gpi, H-Farm, ID-Entity, Iervolino & Lady Bacardi Entertainment, Indel B, International Care Company, Intred, Kolinpharma, Lindbergh, LVenture, Maps, Masi Agricola, Matica Fintec, Neodecortech, Nice Footwear Spa, Notorious Pictures, Nusco SPA, Nvp, Omer Spa, Orsero Group, Osai Automation System, Piaggio, Pierrel, Promotica, Revo Spa, Relatech, Reti, Salcef Group, Sciuker Frames, Sebino, Sit Group, Sos Travel, Sourcesense, Spindox Digital Soul, Supplyncapital, Take Off, Tamburi, Tenax International, Tesmec, The Italian Sea Group, Tinexta, Tps, Trenddevice, Tribuo, Ulisse Biomed, Unidata, Vantea Smart, Websolite, WIIT.

Intermonte SIM, through Websim and TIE, which constitute the digital division of Intermonte, carries out marketing/communications on behalf of equity crowdfunding portals, Crowdfundme and the following issuers: Barlays, BNP Paribas, Cirdan, Exane, Goldman Sachs, Franklin Templeton, Leonteg, Marex, Mediobanca, SPDR, Unicredit, Vontobel, Wisdomtree.

Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

Emittente	%	Long/Short
AEDES NEW	3.7	LONG
COGEME SET SPA	1.6	SHORT
IKF	0.57	SHORT
OLIDATA	0.74	SHORT

**© Copyright 2022 by Intermonte SIM - All rights reserved**

It is a violation of national and international copyright laws to reproduce all or part of this publication by email, xerography, facsimile or any other means. The Copyright laws impose heavy liability for such infringement. The Reports of Intermonte SIM are provided to its clients only. If you are not a client of Intermonte SIM and receive emailed, faxed or copied versions of the reports from a source other than Intermonte SIM you are violating the Copyright Laws. This document is not for attribution in any publication, and you should not disseminate, distribute or copy this e-mail without the explicit written consent of Intermonte SIM.

INTERMONTE will take legal action against anybody transmitting/publishing its Research products without its express authorization.

INTERMONTE Sim strongly believes its research product on Italian equities is a value added product and deserves to be adequately paid.

Intermonte Sim sales representatives can be contacted to discuss terms and conditions to be supplied the INTERMONTE research product.

INTERMONTE SIM is MiFID compliant - for our Best Execution Policy please check our Website [MiFID](#)

Further information is available