

Daily Note

MID CORPORATE

Calls from Italy: Specialist/Corporate Broking

16 February 2023: 9:05 CET
Date and time of production

On Our Radar: Today's Newsflow

| Positive | Negative |
|------------------|----------|
| Leone Film Group | - |

Italy/Equity Market

MTA – STAR – EGM

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Stock Markets: Performance

| Chg (%) | 1D | 3M | 6M | 12M |
|-----------------|-----|------|------|-------|
| FTSE All Share | 0.1 | 11.4 | 18.5 | 1.4 |
| FTSE MIB | 0.1 | 11.5 | 19.9 | 2.1 |
| FTSE IT Star | 0.1 | 5.9 | 2.1 | -9.7 |
| Euro Stoxx 50 | 0.3 | 6.9 | 7.3 | 5.3 |
| Stoxx Small 200 | 0.4 | 6.4 | -0.3 | -11.5 |
| NASDAQ | 0.9 | 6.3 | -8.1 | -14.6 |
| S&P 500 | 0.3 | 3.9 | -3.5 | -7.2 |

FTSE MIB Best & Worst: 1D% chg

| | | | |
|------------|-----|----------|------|
| Pirelli | 1.9 | Azimut | -2.4 |
| Stellantis | 1.9 | Italgas | -2.3 |
| Prisma | 1.4 | Diasorin | -2.0 |

Euro Stoxx Best&Worst Sectors -1D %

| | | | |
|---------------|-----|-------------|------|
| Construction | 1.6 | Real Estate | -1.0 |
| Auto&Parts | 1.4 | B Resources | -0.8 |
| Ind Goods&Ser | 1.4 | Banks | -0.6 |

FTSE MIB-STAR Performance (-12M)



Source: FactSet;

Upcoming ISP-IMI CIB Events

| What? | Where? | When? |
|----------------------|---------|-----------|
| IT Conference | Virtual | 27-28 Feb |
| Financial Conference | Milan | 10 Mar |
| STAR Conference* | Milan | 21-23 Mar |

*Borsa Italiana

Report priced at market close on day prior to issue; Ratings and Target Prices as assigned in the latest company reports (unless otherwise indicated).

This is an extract of our Equity Daily report published today, incorporating our comments on those companies for which Intesa Sanpaolo is Listing Agent, Specialist or Corporate Broker.

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New Research

Digital Value (BUY)

Company Note: BUY; TP EUR 122.5/sh

| | Rating = | TP (€/sh) = | 2022E EPS (€) ▲ | 2023E EPS (€) ▲ | 2022C EPS (€) | 2023C EPS (€) |
|-----------------|----------|-------------|-----------------|-----------------|---------------|---------------|
| Current | BUY | 122.5 | 3.653 | 4.654 | 3.644 | 4.573 |
| Previous | BUY | 122.5 | 3.570 | 4.494 | - | - |

Source: Intesa Sanpaolo Research estimates and FactSet consensus

Digital Value confirmed its solid growth trend in 2H22 still strongly driven by the 'Digital Business Transformation', a line of business that requires high-value design and technology know-how. We think the group confirmed its capability in the management of inflationary issues and a strong efficiency in the integration of TT Tecnosistemi. We also particularly appreciate the increasing penetration of the industry Vertical of 'Finance' benefiting from the strong commercial effort made last year.

Digital Value - Key Data

| 16/02/2023 | | IT Services Provider | | |
|------------------------|--------|----------------------|--------|--|
| Target Price (EUR) | | 122.5 | | |
| Rating | | BUY | | |
| Mkt price (EUR) | | 70.90 | | |
| Mkt cap (EUR M) | | 707 | | |
| Main Metrics (€ M) | 2022E | 2023E | 2024E | |
| Revenues | 706.9 | 820.2 | 937.4 | |
| EBITDA | 71.65 | 85.21 | 99.58 | |
| EPS (EUR) | 3.65 | 4.65 | 5.69 | |
| Net debt/-cash | -34.96 | -60.96 | -90.21 | |
| Ratios (x) | 2022E | 2023E | 2024E | |
| Adj. P/E | 19.4 | 15.2 | 12.5 | |
| EV/EBITDA | 9.5 | 7.7 | 6.3 | |
| EV/EBIT | 13.1 | 10.0 | 7.9 | |
| Debt/EBITDA | Neg. | Neg. | Neg. | |
| Div yield (%) | 0 | 0 | 0 | |
| Performance (%) | 1M | 3M | 12M | |
| Absolute | 6.6 | -0.8 | -17.8 | |
| Rel. to FTSE IT All Sh | -0.1 | -11.0 | -19.0 | |

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Corporate Broker to Digital Value

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Generalfinance (BUY)

Results Note: BUY; New TP EUR 11.3/share

| | Rating = | TP (€/sh) ▲ | 2023E EPS (€) ▲ | 2024E EPS (€) ▲ | 2023C EPS (€) | 2024C EPS (€) |
|-----------------|----------|-------------|-----------------|-----------------|---------------|---------------|
| Current | BUY | 11.3 | 1.300 | 1.610 | 1.281 | 1.629 |
| Previous | BUY | 10.1 | 1.297 | 1.600 | - | - |

Source: Intesa Sanpaolo Research estimates and FactSet consensus

In FY22, the company reported strong volumes growth and an adjusted profitability above 28%, broadly in line with our expectations. In 2023, we expect the company to continue to grow while maintaining a limited risk profile, thanks to its wide reference market, funding and capital availability and its business model.

Generalfinance - Key Data

| 16/02/2023 | | Financial Services | | |
|------------------------|-------|--------------------|-----|--|
| Target Price (EUR) | | 11.3 | | |
| Rating | | BUY | | |
| Mkt price (EUR) | | 7.10 | | |
| Mkt cap (EUR M) | | 90 | | |
| Main Metrics (€ M) | 2023E | 2024E | | |
| Revenues | 40.31 | 48.01 | | |
| Gross op income | 26.78 | 33.02 | | |
| EPS (EUR) | 1.30 | 1.61 | | |
| TBVPs (x) | 5.19 | 6.14 | | |
| Ratios (x) | 2023E | 2024E | | |
| Adj. P/E | 5.5 | 4.4 | | |
| P/TBV | 1.4 | 1.2 | | |
| RoTE (%) | 27.3 | 28.4 | | |
| CET1 FL (%) | 13.0 | 12.2 | | |
| Div yield (%) | 9.2 | 11.3 | | |
| Performance (%) | 1M | 3M | 12M | |
| Absolute | 1.7 | -1.9 | NA | |
| Rel. to FTSE IT All Sh | -4.7 | -12.0 | NA | |

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Specialist to Generalfinance

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Results

EdiliziAcrobatica (BUY)

FY22 Results

| Vs. our estimates | Above | In Line | Below |
|-------------------|-------|---------|-------|
|-------------------|-------|---------|-------|

Results. EdiliziAcrobatica just released FY22 preliminary results (top line). Full FY22 results should be reported on 29 March. In detail:

- **Total revenues at EUR 148.1M** vs. EUR 98.1M in FY21, up +51% yoy, supported by the backlog of the Bonus Facciate 90% at YE21 and the Bonus Facciate 60% in 2022. The results are above our estimate (EUR 129M). Sales in Italy were EUR 134.7M;
- **EdiliziAcrobatica France** recorded revenues at EUR 4.4M vs. EUR 3.4M in FY21, while the **Spanish entity** registered EUR 0.8M in sales vs. EUR 0.2M in FY21;
- **Energy Acrobatica revenues jumped to EUR 8.2M** from EUR 0.65M in FY21;
- **At end-December, EdiliziAcrobatica counted on a total of 1,709 employees** (both direct and franchisees) vs. 1,392 a year ago;
- **In FY22, the company opened 6 new direct branches in Italy** (10 our estimates), reaching 83 units compared to 77 at 31 December 2021;
- **Dividend proposal of EUR 0.8/share.**

What we think: The lowering of the Bonus Facciate from 90% to 60% did not stop EdiliziAcrobatica from recording robust revenues. In fact, in FY22, the company reported an increase of 17.4% of subscribed contracts to EUR 142M vs. EUR 121M in 2021, which should also support 1H23 revenues. Looking forward, we do not envisage a sharp reduction in volumes, as many Italian buildings are obliged to repair their facades to prevent related risks (not just embellish them). Furthermore, projects related to the SuperBonus should represent an increasing source of revenues (EUR 38M of subscribed contracts at 31 December 2022) in the coming semesters and compensate for the halt to Bonus Facciate incentives by YE22.

EdiliziAcrobatica - Key Data

| 16/02/2023 | Building Maintenance | | |
|------------------------|----------------------|--------|------|
| Target Price (EUR) | 25.5 | | |
| Rating | BUY | | |
| Mkt price (EUR) | 15.78 | | |
| Mkt cap (EUR M) | 129 | | |
| Main Metrics (€ M) | 2022E | 2023E | |
| Revenues | 127.8 | 140.1 | |
| EBITDA | 39.61 | 32.63 | |
| EPS (EUR) | 2.45 | 2.05 | |
| Net debt/-cash | -14.09 | -21.96 | |
| Ratios (x) | 2022E | 2023E | |
| Adj. P/E | 6.4 | 7.7 | |
| EV/EBITDA | 3.0 | 3.6 | |
| EV/EBIT | 3.2 | 4.0 | |
| Debt/EBITDA | Neg. | Neg. | |
| Div yield (%) | 6.2 | 9.3 | |
| Performance (%) | 1M | 3M | 12M |
| Absolute | -1.7 | 3.3 | -1.7 |
| Rel. to FTSE IT All Sh | -7.9 | -7.3 | -3.0 |

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Specialist to EdiliziAcrobatica

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Leone Film Group (BUY)**Preliminary FY22 Results Better than Estimates**

| Vs. our estimates | Above | In Line | Below |
|-------------------|-------|---------|-------|
|-------------------|-------|---------|-------|

Results. The key points of results were:

- 2022 sales 14.8% better than our estimates:** Revenues in 2H22 decreased by around 49%. The sales decrease was due to lower revenues from international executive productions and to the release of some series produced in 2022, expected to be in 2023. LFG produced 3 movies in 2022 ("Felicità", directed by Micaela Ramazzotti; "Mia", directed by Ivano Di Matteo, both released in 2022 and "Il Viaggio Leggendaro", directed by Alessio Liguori, due to be released in 2023). It also produced 3 series to be released in 2023 ("A Casa Tutti Bene 2", directed by Gabriele Muccino; "Leoni di Sicilia", directed by Paolo Genovese and "Uonderbois", directed by Andrea De Sica). It completed one international executive production. We outline that an important movie, "The Fabelmans", has been distributed since late 2022 and is still in theaters, reaching a EUR 3.1M box office result. Another movie has just begun to be distributed, "The Son", and has already reached a box office result of EUR 0.16M;
- EBITDA margin topped 69.7%:** EBITDA decreased by 21.6% yoy in FY22 and by 26.7% in 2H22. In our understanding the EBITDA drop was lower than we expected thanks to a better product mix;
- Net debt at EUR 80.7M:** it was higher than our estimates and vs. YE21 due to lower cash payments from international productions and high cash out, mainly due to the series' production.

What we think: As usual, no details by division were provided in the preliminary results' press release. Based on box office revenues for 2022 published by Cinetel, we do not rule out that LFG's FY22 distribution division sales could be better than our estimates; this could pave the way for increasing revenues in FY23E. **Rating BUY and TP EUR 3.0/share.**

Leone Film Group – 2022 preliminary results

| EUR M | FY21A | FY22E | FY22A | FY22 A/E % | FY yoy % | 2H21A | 2H22A | 2H yoy % |
|-----------------|-------|-------|-------|------------|----------|-------|-------|----------|
| Revenues | 98.6 | 48.6 | 55.8 | 14.8 | -43.4 | 60.0 | 30.6 | -48.9 |
| EBITDA | 49.6 | 24.6 | 38.9 | 58.1 | -21.6 | 34.3 | 25.1 | -26.7 |
| Margin (%) | 50.3 | 50.6 | 69.7 | | | 57.2 | 82.0 | |
| Net debt /-cash | 60.4 | 71.6 | 80.7 | 12.7 | 33.6 | | | |

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Leone Film Group - Key Data

| 16/02/2023 | | Entertainment | |
|------------------------|-------|---------------|-------|
| Target Price (EUR) | | | 3.0 |
| Rating | | | BUY |
| Mkt price (EUR) | | | 2.18 |
| Mkt cap (EUR M) | | | 31 |
| Main Metrics (€ M) | 2022E | 2023E | 2024E |
| Revenues | 48.59 | 91.49 | 101.5 |
| EBITDA | 24.60 | 48.04 | 52.40 |
| EPS (EUR) | 0.18 | 0.30 | 0.34 |
| Net debt/-cash | 71.64 | 66.59 | 48.65 |
| Ratios (x) | 2022E | 2023E | 2024E |
| Adj. P/E | 12.1 | 7.2 | 6.3 |
| EV/EBITDA | 4.2 | 2.0 | 1.5 |
| EV/EBIT | 27.8 | 13.5 | 10.1 |
| Debt/EBITDA | 2.9 | 1.4 | 0.93 |
| Div yield (%) | 4.6 | 5.5 | 6.0 |
| Performance (%) | 1M | 3M | 12M |
| Absolute | 6.3 | 11.8 | -14.8 |
| Rel. to FTSE IT All Sh | -0.4 | 0.3 | -16.0 |

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Specialist to Leone Film Group

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Company News

First Capital (BUY)

NAV at 30 December 2022

| Market Mover (FIC-IT) | Positive | Neutral | Negative |
|-----------------------|----------|---------|----------|
|-----------------------|----------|---------|----------|

What's up? First Capital's NAV at 31 December 2022 was EUR 79.2M (EUR 27.4/share), vs. EUR 74.2M at 30 June 2022 and EUR 89M at 31 December 2021. It grew by 5.2% in 4Q22, thus bringing the performance in 2022 to an 11.8% contraction, better than the reference index (FTSE Italia Small Cap at -14.4% in FY22). At 31 December 2022, total assets amounted to EUR 106.7M, consisting mainly of the investment portfolio, which amounted to EUR 100.7M and liquidity and cash equivalents for EUR 4.1M. Financial debt amounted to EUR 24.4M, of which EUR 17.1M referred to the convertible bond loan First Capital CV 2019-26 3.75% and EUR 4.9M to debt instruments issued by V.F. Adhesives, the vehicle holding the stake in Industrie Chimiche Forestali. In 2023, thus far, the value of the portfolio increased by around 5%, recovering part of the decrease posted in 2022.

What we think: 2022 NAV was affected by the negative trend of equity markets, driven by geopolitical and macro uncertainty. However, the portfolio appears resilient and able to rapidly adapt to a changing scenario, while continuing to grow, as witnessed by some companies' in the portfolio already releasing positive 2022 results, in some cases with strong growth.

First Capital - Key Data

| 16/02/2023 | Holdings | | |
|------------------------|----------|-------|-------|
| Target Price (EUR) | 24.3 | | |
| Rating | BUY | | |
| Mkt price (EUR) | 19.45 | | |
| Mkt cap (EUR M) | 55 | | |
| Performance (%) | 1M | 3M | 12M |
| Absolute | 4.3 | -4.2 | -12.8 |
| Rel. to FTSE IT All Sh | -2.3 | -14.0 | -14.0 |

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Specialist to First Capital

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Newlat Food (BUY)

EUR 10M Investment in CDP Venture Capital

| Market Mover (NWL-IT) | Positive | Neutral | Negative |
|-----------------------|----------|---------|----------|
|-----------------------|----------|---------|----------|

What's up? Newlat Food has invested EUR 10M in CDP Venture's Corporate Partners I Fund Capital, joining the current corporate partners of the sector (Adler, Bolton, Camozzi and Marcegaglia groups), becoming the only corporate partner to join the advisory board. In addition, it has signed a letter of intent to study further strategic initiatives for innovation in the agri-food sector. Thanks to these agreements, Newlat Food and CDP Venture Capital should work to study further strategic innovation, including the creation of a division entirely dedicated to the agri-food sector, thanks to which it should make its experience available to support the development of small innovative agri-food companies which, once the development process with CDP Venture Capital has been completed, could become potential targets for the Group's M&A strategy.

What we think: As stated by Newlat Food, the partnership with CDP Venture Capital is strategic for the company, as it should allow it to actively monitor and support the world of innovative start-ups focused on the development of cross-industrial solutions, like the example of Zerynth, a company in which the fund has already invested and that develops an industrial IoT platform aimed at a better control of production, energy consumption and asset tracking.

Newlat Food - Key Data

| 16/02/2023 | Food Producers | | |
|------------------------|----------------|-------|--------|
| Target Price (EUR) | 7.9 | | |
| Rating | BUY | | |
| Mkt price (EUR) | 4.87 | | |
| Mkt cap (EUR M) | 214 | | |
| Main Metrics (€ M) | 2022E | 2023E | 2024E |
| Revenues | 711.2 | 742.7 | 760.7 |
| EBITDA | 55.12 | 61.27 | 68.18 |
| EPS (EUR) | 0.15 | 0.24 | 0.36 |
| Net debt/-cash | 34.63 | 13.88 | -40.82 |
| Ratios (x) | 2022E | 2023E | 2024E |
| Adj. P/E | 32.9 | 20.2 | 13.6 |
| EV/EBITDA | 4.8 | 4.0 | 2.8 |
| EV/EBIT | 13.9 | 9.7 | 5.9 |
| Debt/EBITDA | 0.63 | 0.23 | Neg. |
| Div yield (%) | 0 | 0 | 0 |
| Performance (%) | 1M | 3M | 12M |
| Absolute | 7.6 | 3.0 | -26.8 |
| Rel. to FTSE IT All Sh | 0.9 | -7.6 | -27.9 |

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Specialist to Newlat Food

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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 eligible for listing have revenues below 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 around EUR 1Bn.

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Valuation methodology (long-term horizon: 12M)

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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 (i.e. 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. |
| TENDER SHARES | We advise investors to tender the shares to the offer. |
| 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 (12M)

This report is a compendium report or may include excerpts from previously published reports: in this report, we confirm the ratings and target prices assigned in the latest company reports (or alternatively such ratings and target prices may be placed Under Review). The 12M rating and target price history chart(s) for the companies included in this report can be found at Intesa Sanpaolo's website/Research/Regulatory disclosures: <https://group.intesasanpaolo.com/en/research/RegulatoryDisclosures/tp-and-rating-history--12-months->. Note: please also refer to <https://group.intesasanpaolo.com/it/research/equity---credit-research/equity> in applicable cases for the ISP-UBI Equity Ratings Reconciliation Table, the archive of ex-UBI's previously published research reports and 12M historical recommendations.

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

Intesa Sanpaolo Research Rating Distribution (at January 2023)

| Number of companies considered: 129 | BUY | ADD | HOLD | REDUCE | SELL |
|---|-----|-----|------|--------|------|
| Total Equity Research Coverage relating to last rating (%)* | 66 | 16 | 18 | 0 | 0 |
| of which Intesa Sanpaolo's Clients (%)** | 79 | 29 | 52 | 0 | 0 |

* Last rating refers to rating as at end of the previous quarter; ** 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 |

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