

Event Flash

Italian Stock Market Opportunities 2019

Feedback from ISMO Conference



Source: Company data

Event

On 2-3 October 2019, we hosted 26 Mid&Small Cap companies at Banca IMI's XII edition of the Italian Stock Market Opportunities (ISMO) conference in Milan, attended by 57 investors from 40 investment houses. This conference offers local investors the opportunity to meet with the top management of some Italian Mid&Small Cap companies to discuss their latest results, business trends and strategic developments. In this report, we outline the main takeaways from the meetings of those companies attending and under our coverage.

Banca IMI ISMO attending companies under our coverage – Key data

(x)	Price EUR/sh	Market Cap (EUR M)	TP EUR/sh	TP Rating	EV/EBITDA 2019E	EV/EBITDA 2020E	Adj.P/E 2019E	Adj.P/E 2020E
Abitare In	48.6	124	56.3	ADD	15.2	9.6	19.5	10.5
Aeffe	1.43	154	2.5	BUY	6.4	4.9	14.5	9.8
Alkemy	10.75	58.8	14.8	BUY	11.3	8.1	16.3	13.6
Avio	11.42	301	16.8	U/R	6.5	6.2	12.1	11.5
Banca Sistema	1.35	108	2.5	BUY	NM	NM	3.8	2.9
BE	1.03	139	1.25	BUY	5.5	5.3	14.1	13.0
Cellularline	6.8	149	10.8	BUY	4.9	4.1	6.4	6.2
Centrale del Latte d'Italia	2.59	36.2	2.6	HOLD	22.8	16.5	Neg.	Neg.
COIMA RES	8.5	306	10.0	BUY	23.2	22.4	24.2	24.0
d'Amico Int'l Shipping	0.09	111	0.15	BUY	8.1	6.6	Neg.	38.1
Esprinet	3.62	190	6.4	BUY	3.8	3.8	7.8	7.6
Eurotech	7.16	254	7.4	BUY	12.7	9.9	18.7	15.4
Fiera Milano	4.04	291	5.7	BUY	4.3	9.8	8.1	18.4
IGD	5.47	604	9.1	BUY	13.5	13.2	7.3	7.0
Irce	1.78	49.9	1.92	HOLD	8.7	6.6	12.9	10.1
Isagro	1.41	49.3	2.1	BUY	2.2	6.2	8.0	Neg.
Lucisano Media Group	1.54	22.9	3.0	BUY	3.2	2.5	6.4	4.8
MARR	19.14	1273	21.4	ADD	10.4	NA	18.4	NA
Orsero	6.4	113	10.2	BUY	4.7	3.7	10.6	7.4
SICIT	9.6	188	11.8	BUY	6.8	5.8	14.2	12.3
Sogefi	1.19	141	1.31	HOLD	2.8	2.6	19.3	10.0
Toscana Aeroporti	16.9	315	19.33	BUY	10.3	8.5	26.2	18.8
Triboo	1.41	40.4	2.0	BUY	4.7	3.7	31.5	17.8
Valsoia	11.0	117	16.6	BUY	8.5	7.6	18.1	18.1
WiiT	60.0	159	74.1	BUY	13.0	10.3	25.2	22.1
Zignago Vetro	9.81	863	10.5	HOLD	10.0	9.2	19.4	17.7

NM: not meaningful; NA: not available; Neg.: negative; Source: FactSet and Intesa Sanpaolo Research estimates

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Italy/ISMO Milan
2-3 October 2019

FTSE ALL share performance (-12M)



Source: FactSet.

Report priced at market close on 03/10/2019 (except where otherwise indicated within the report).

In this report, we confirm the ratings and target prices assigned in the latest company reports (unless otherwise indicated)

Intesa Sanpaolo Research Dept.

Corporate Broking Research Team

Equity Research Team

Banca IMI ISMO attending companies under our coverage wrap-up

Company	Key drivers
Abitare In	Abitare In presented its new 2019-21 BP and the pipeline for the next years. The company expects to generate cumulative revenue of around EUR 800M and a cumulative EBT of EUR 66M within 2024
Aeffe	The 2019 targets were confirmed with some caution on 2020 prospects, but brand awareness is solid according to the CFO
Alkemy	Alkemy is developing a strong presence outside of Italy, with about 30% of the total business already coming from abroad
Avio	No significant news emerged from the event. Management is committed to resolving the issues related to the Vega launch failure last July and to return to normal flight activity by 1Q20
Banca Sistema	Investors were interested in LPI's collections trends, which remains solid, margins evolution, which should remain stable, and the development of the pawn business
BE	We appreciate the ongoing reduction of dependence on the 1st customer. In the last three years, the group has reduced the weighting of its top five clients from 74% to 53%. Overall, we believe that a diversification of the customer base should provide greater solidity in the medium term
Cellularline	We believe that Cellularline can leverage on some company-specific positives: 1) a strong positioning and consolidated market shares in both Italy and Europe; 2) a wide and extensive product range; 3) strong product innovation ability, capturing consumers' needs and trends; 4) solid operating cash flow generation; and 5) a strong brand awareness, particularly in Italy
Centrale del Latte d'Italia	The raw milk price has been growing steadily for months, negatively affecting CLI's profitability. Management believes that over the next few quarters the pressure on the price of raw milk will remain very high and consequently the company's profitability should continue to suffer
COIMA RES	Active portfolio rotation with a strong rationale. Corso Como Place project well on track
d'Amico International Shipping	We believe that a major contributor to tanker demand in the coming years should be the sulphur cap on bunker fuel that the IMO will introduce from 1 January 2020
Esprinet	We appreciate the focus on value-added businesses and return on capital. Going forward, we expect a sales remix towards higher-margin combinations of product/customer, mainly in the segments of data centre solutions (IT Value), accessories and certain specific product categories in the peripherals and consumer electronics segments
Eurotech	Strong growth in 1H19 and management confirmed solid potential ahead
Fiera Milano	The company looks on track to deliver a strong 2H19
IGD	The company is showing resilience to the poor macroeconomic conditions thanks to the requalification and development of the existing portfolio
Irce	The weak reference market and the fall in copper prices still affected Irce's results. Winding wire revenues were impacted by the decline on the European market, while in the cable segment there was a sharp drop in the Italian market
Isagro	The recently-announced disposal of Isagro Asia should be the first important step in the execution of the group's new business model
Lucisano Media Group	The demand for cinematographic content is being fueled by the widespread diffusion of OTT platforms. In this scenario, LMG's strategy is aimed at strengthening its production and distribution business
MARR	While the reference market is providing mixed signals (+1.2% in 1Q19, -0.7% in 2Q19, according to Confcommercio data), in 2H19 MARR expects to confirm the 1H19 Street Market growth and to halt the decline in volumes in National Account
Orsero	Although management confirmed that it expects a rebound in 2H19, our understanding is that 2019 will be a year of transition, with the group focused on implementing a number of actions to strengthen its core Distribution business
SICIT Group	Supported by a growing global demand for biostimulants, SICIT confirmed its development plan for the coming years that concerns the introduction of a new processing line for trimmings, the improvement of the fat output, and the production of new Special granular products
Sogefi	After the negative July-August worldwide (WW) car production figures and IHS' downgrade for FY19/20, Sogefi has adopted a more prudential view
Toscana Aeroporti	The hearing of the State Council on the adverse administrative ruling of May is set for 28 November. In the case of a positive decision, TA may resume its EUR 450M-worth capex plan in 2Q20
Triboo	Our understanding is that management is focused on: 1) reinforcing the group's presence in key international markets; 2) consolidating its position as a unique digital transformation factory; and 3) growing in key areas via a strategic partnership and M&A
Valsoia	We continue to appreciate Valsoia's healthy cash generation, the sound balance sheet, the growing weighting of the portion in revenues generated abroad (from 3.9% in FY17A to 6.7% in 1H19A) and the growing dividend distribution with a pay-out ratio of around 40%
WiiT	Cloud computing is one of the most solid and fast-growing IT segments, with a 2016-18 CAGR of about 21% in Italy. This trend should remain strong, due to the boost of new digital areas (i.e. Analytics, IoT, AI etc.) and the adoption of Cloud for Business Critical apps
Zignago Vetro	Management confirmed that it expects demand to remain at a good level

Source: Intesa Sanpaolo Research elaboration

Conference Feedback: ISMO Milan 2019

Abitare In (ADD)

Feedback from Event

Abitare In presented its new 2019-21 BP and the pipeline for the next years. The company expects to generate cumulative revenue of around EUR 800M and a cumulative EBT of EUR 66M within 2024.

- **The areas on which these future developments are planned** are in districts with high-growth potential in Milan (mainly the Navigli area, Porta Romana District, and Portello-Certosa);
- **Within the new 2019-21 business plan**, Abitare In plans to generate revenues of around EUR 282M and EBT (earnings before taxes) of EUR 66M. Furthermore, within the new pipeline presented, the group announced the launch of three new real estate initiatives, which are soon to be commercialised;
- **The residential real estate market in Milan continues to grow**: in 2Q19, residential trades in the city grew by 6.1% vs. 2Q18. Growth also begins to affect prices, which in the first part of 2019 rose significantly vs. the same period in 2018: according to immobiliare.it data, the average sales price (January to August) was 4.1% higher in 2019 vs. the same period of 2018 (EUR 3,271 in 2018 vs. EUR 3,404 in 2019).

The group announced the upcoming launch of the commercialisation of three new real estate initiatives, Naviglio Grande, Corvetto and Savona, which we included in our model. All in all, we estimate the completion of seven residential projects in the next five years, whose deliveries are expected to take place between 2020 and 2023. **BUY, EUR 56.3/sh.**

Aeffe (BUY)

Feedback from ISMO

The 2019 targets were confirmed with some caution on 2020 prospects, but brand awareness is solid according to the CFO.

- **A limited exposure to Hong Kong**. Commenting on the local protests in Hong Kong, management's view is that the situation is under control. The local distributor seems cautious but is maintaining a stable flow of orders (around 2/3% the region's weighting on sales);
- **An improving S/S20**. Orders are improving vs. the previous season (F/W19 closed at -4%) but the last days of October could still impact final numbers;
- **Opportunistic openings for Moschino**. 2020 excludes new DOS investments for Moschino, except for opportunistic openings. Efforts in the short run will be focused on stores' KPIs optimisation and on strengthening the appeal of the minor brands.

While awaiting 9M results and better visibility on the current collections performance, **we maintain our BUY rating.**

Abitare In - Key Data

04/10/2019	Real Estate		
Target Price (EUR)	56.3		
Rating	ADD		
Mkt price (EUR)	48.60		
Mkt cap (EUR M)	124		
Main Metrics (€ M)	2019E	2020E	2021E
Revenues	42.23	124.8	146.6
EBITDA	9.67	17.50	52.74
EPS (EUR)	2.49	4.64	14.31
Net debt/-cash	22.87	44.06	2.98
Ratios (x)	2019E	2020E	2021E
Adj. P/E	19.5	10.5	3.4
EV/EBITDA	15.2	9.6	2.4
EV/EBIT	15.5	9.7	2.4
Debt/EBITDA	2.4	2.5	0.06
Div yield (%)	0	0	0
Performance (%)	1M	3M	12M
Absolute	7.5	3.8	61.3
Rel. to FTSE IT All Sh	7.7	6.8	59.2

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Banca IMI is Corporate Broker to Abitare In

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Aeffe - Key Data

04/10/2019	Branded Goods		
Target Price (EUR)	2.5		
Rating	BUY		
Mkt price (EUR)	1.43		
Mkt cap (EUR M)	154		
Main Metrics (€ M)	2019E	2020E	2021E
Revenues	341.3	359.5	378.7
EBITDA	34.67	40.40	42.51
EPS (EUR)	0.10	0.15	0.16
Net debt/-cash	30.74	4.59	-10.52
Ratios (x)	2019E	2020E	2021E
Adj. P/E	14.5	9.8	9.2
EV/EBITDA	6.4	4.9	4.3
EV/EBIT	10.7	7.7	6.9
Debt/EBITDA	0.89	0.11	Neg.
Div yield (%)	0	3.0	3.3
Performance (%)	1M	3M	12M
Absolute	-9.5	-22.8	-52.6
Rel. to FTSE IT All Sh	-9.3	-20.6	-53.3

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Banca IMI is Corporate Broker to Aeffe

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Alkemy (BUY)**Feedback from Event**

Alkemy is developing a strong presence outside of Italy, with about 30% of the total business already coming from abroad.

- Along with **the still solid organic growth** (about 7% in 1H19), we continue to appreciate the positive growth trend of the acquired companies;
- We understand that management continues to focus on the growth of the group. In this sense Alkemy will **continue its process of scalability, industrialisation and improvement of its organisational structure** based on the concept of Customer Centricity - where not just products and services, but all processes and structures are aligned to customer needs - through control and knowledge management systems, which will be extended to all group companies;
- Despite the recent strong M&A activity, **we believe that external growth should remain a key strategy and a strong short-term catalyst for the stock.** The M&A strategy should continue to focus on the portfolio expansion, aiming to acquire and incorporate expertise in the key innovation areas (i.e., IoT, Big Data & Analytics) and geographic expansion in the target areas (i.e. South Europe);
- Management also confirmed that the **move from the AIM Italia to the MTA-STAR** segment should be completed by the end of 2019.

We confirm our positive stance on the stock as we believe that Alkemy can leverage on some company-specific positives, including: 1) a full range of capabilities to deliver high-margin, end-to-end transformational projects; 2) large high-profile customers, diversified by industry; 3) strong customer loyalty; 4) an experienced and skilled management team with a solid track record in M&A; and 5) a sound balance sheet.

Avio (Under Review)**Feedback from Event**

No significant news emerged from the event. Management is committed to resolving the issues related to the Vega launch failure last July and to return to normal flight activity by 1Q20.

- Management highlighted that **the outlook for the space launch industry** is positive with the total satellites mass at launch over the 2018-27 period expected to show a CAGR of 3% and 9%, respectively, for the whole market and for the Low Earth Orbits;
- Management confirmed that **Vega is expected to return to flight in 1Q20** and that the company is currently working to implement the verification plan and corrective actions defined with the ESA and the Independent Inquiry Commission;
- Management expects to be able to provide **an update on the short-term economic/financial impact** of the corrective measures by next December.

No significant news emerged from yesterday's event. Our impression is that management is strongly committed to returning to fly with Vega as soon as possible. Considering the on-schedule advancement of the Vega C and Ariane 6 development, we would not expect the failure to have an impact on the company's medium/long-term strategic and financial targets.

Alkemy - Key Data

04/10/2019	IT Consulting		
Target Price (EUR)	14.8		
Rating	BUY		
Mkt price (EUR)	10.75		
Mkt cap (EUR M)	59		
Main Metrics (€ M)	2019E	2020E	2021E
Revenues	94.87	105.2	116.2
Adj. EBITDA	7.65	9.10	10.60
EPS (EUR)	0.66	0.79	0.98
Net debt/-cash	16.10	14.24	11.73
Ratios (x)	2019E	2020E	2021E
Adj. P/E	16.3	13.6	11.0
EV/EBITDA	11.3	8.1	6.7
EV/EBIT	15.5	10.1	8.1
Debt/EBITDA	2.4	1.6	1.1
Div yield (%)	0	0	0
Performance (%)	1M	3M	12M
Absolute	10.8	-2.3	-3.7
Rel. to FTSE IT All Sh	11.0	0.5	-4.9

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Banca IMI is Corporate Broker to Alkemy

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Avio - Key Data

04/10/2019	Aerospace &		
Target Price (EUR)	16.8		
Rating	Under Review		
Mkt price (EUR)	11.42		
Mkt cap (EUR M)	301		
Main Metrics (€ M)	2019E	2020E	2021E
Revenues	400.3	431.7	457.2
EBITDA	43.34	46.66	51.57
EPS (EUR)	0.94	0.99	1.14
Net debt/-cash	-32.56	-24.82	-24.48
Ratios (x)	2019E	2020E	2021E
Adj. P/E	12.1	11.5	10.0
EV/EBITDA	6.5	6.2	5.7
EV/EBIT	10.0	9.9	8.8
Debt/EBITDA	Neg.	Neg.	Neg.
Div yield (%)	4.1	4.4	4.6
Performance (%)	1M	3M	12M
Absolute	-5.6	-20.9	-10.9
Rel. to FTSE IT All Sh	-5.4	-18.7	-12.1

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Banca IMI is Specialist to Avio

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Banca Sistema (BUY)

Feedback from Event

Investors were interested in LPI's collections trends, which remains solid, margins evolution, which should remain stable, and the development of the pawn business.

- **Solid collections trend.** LPI's collection trend was confirmed to be strong and above 85%. Considering that the company accrues only 52% of LPI, we expect the model update, which usually occurs in third quarter of the year, may have a positive impact on P&L: in 3Q17 and 3Q18, the change in the accrual rate following the model update generated additional revenues of EUR 9M and EUR 6.6M, respectively;
- **Stable margins.** Although adj. income margin declined in 1H19 vs 1H18 (4.7% vs 5.2%), due to a lower factoring margin and a higher weighting of CQ, the company is not experiencing higher competition and it expects no further margin pressure;
- **Pawn Business development.** Although the contribution of the pawn business remains limited, the company considers this business as very interesting, as it is characterised by double-digit profitability, stability, a low risk profile and low capital absorption.

We have a positive stance on the stock

BE (BUY)

Feedback from Event

We appreciate the ongoing reduction of dependence on the 1st customer. In the last three years, the group has reduced the weighting of its top five clients from 74% to 53%. Overall, we believe that a diversification of the customer base should provide greater solidity in the medium term.

- In light of the positive performance in 1H and the solid contracts basis, management reiterated **its positive outlook for the full year**;
- Management also confirmed that it is working on **the group's new business plan**. In particular, according to management, the new plan will show an offer mix based on highly-specialised professional services, partnerships with recognised world leaders in digital platforms, alliances with selected providers of services and development of proprietary products for niche markets;
- **We think M&A continues to be a key driver for the group's expansion**, both in terms of geography and services offered. In particular, management is focused on scouting for new M&A opportunities, aimed at expanding its presence in its major markets (Italy, Germany and the UK);
- In the last three years, the group **strengthened its international positioning** reaching a portion of sales generated abroad of around 40%.

On the basis of management's outlook for the second part of the year, we confirm our estimates and **our positive stance on the stock**.

Banca Sistema - Key data

04/10/2019	Banks		
Target Price (EUR)	2.5		
Rating	BUY		
Mkt price (EUR)	1.35		
Mkt cap (EUR M)	108		
Main Metrics (€ M)	2019E	2020E	NA
Revenues	97.94	119.1	NA
Gross op income	51.01	64.69	NA
EPS (EUR)	0.35	0.46	NA
TBVPS (x)	2.15	2.52	NA
Ratios (x)	2019E	2020E	NA
Adj. P/E	3.8	2.9	NA
P/TBV	0.63	0.53	NA
RoTE (%)	17.4	19.7	NA
CET1 FL (%)	10.2	10.1	NA
Div yield (%)	6.5	8.5	NA
Performance (%)	1M	3M	12M
Absolute	15.2	10.9	-33.1
Rel. to FTSE IT All Sh	15.4	14.0	-34.0

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Banca IMI is Corporate Broker to Banca Sistema

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BE - Key Data

04/10/2019	IT System Integrators		
Target Price (EUR)	1.25		
Rating	BUY		
Mkt price (EUR)	1.03		
Mkt cap (EUR M)	139		
Main Metrics (€ M)	2019E	2020E	NA
Revenues	160.0	168.0	NA
EBITDA	27.04	28.39	NA
EPS (EUR)	0.07	0.08	NA
Net debt/-cash	2.31	-8.91	NA
Ratios (x)	2019E	2020E	NA
Adj. P/E	14.1	13.0	NA
EV/EBITDA	5.5	5.3	NA
EV/EBIT	8.4	7.9	NA
Debt/EBITDA	0.09	Neg.	NA
Div yield (%)	2.8	3.1	NA
Performance (%)	1M	3M	12M
Absolute	7.9	-1.5	16.6
Rel. to FTSE IT All Sh	8.1	1.2	15.2

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Banca IMI is Corporate Broker to BE

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Cellularline (BUY)

Feedback from Event

We believe that Cellularline can leverage on some company-specific positives: 1) a strong positioning and consolidated market shares in both Italy and Europe; 2) a wide and extensive product range; 3) strong product innovation ability, capturing consumers' needs and trends; 4) solid operating cash flow generation; and 5) a strong brand awareness, particularly in Italy.

- **Cellularline aims to grow in Travel Retail, Telco and Mass Merchandise.** In detail, it intends to strengthen partnerships with the main operators in sales channels with greater development potential, for both accessories and audio products;
- **Implementation of the online strategy** through the enhancement of internal skills, the development of its technological platforms and the further strengthening of strategic relationships with Consumer Electronics operators, also through their e-commerce sites. It also aims to strengthen its presence on online marketplaces managed by third parties, mainly to benefit from the visibility offered by these platforms;
- **Management to maintain a strong focus on product development**, riding the wave of the new smartphone era;
- **Cellularline expects to increase its international presence** also through the international launch of the AQL brand (end of 2018). Our understanding is that the focus is now on markets, such as France and Spain;
- **Management confirmed that it is considering some acquisitions** in the same or similar sectors both in Italy or abroad, mainly to reinforce its products portfolio or to reinforce sales channels with a higher growth potential;
- **Looking at the FY19 outlook**, management expects: i) to complete the Systemaitalia integration by 4Q, with revenues and costs synergies at full speed in FY20; ii) to increase the contribution from the audio segment and value-added services, combined with an important new products pipeline in the coming months; and iii) to increase brand awareness and to further support business growth with new upcoming strategic initiatives in 4Q19.

We recall that we had recently slightly revised our forecasts mainly to include an expected weaker profitability due to a less favourable product mix as we expect a higher weighting of the AQL business line, distribution channel mix and higher structural costs to satisfy the MTA listing requirements. Considering the still appealing trading multiples, **we confirm our BUY rating and EUR 10.8/share TP.**

Cellularline - Key Data

04/10/2019	IT Distributors		
Target Price (EUR)	10.8		
Rating	BUY		
Mkt price (EUR)	6.80		
Mkt cap (EUR M)	149		
Main Metrics (€ M)	2019E	2020E	2021E
Revenues	148.1	158.2	164.5
Adj. EBITDA	35.10	37.52	39.48
Adj. EPS (EUR)	1.07	1.09	1.16
Net debt/-cash	23.86	6.98	-12.81
Ratios (x)	2019E	2020E	2021E
Adj. P/E	6.4	6.2	5.9
EV/EBITDA	4.9	4.1	3.4
EV/EBIT	7.2	5.5	4.5
Debt/EBITDA	0.68	0.19	Neg.
Div yield (%)	4.7	4.8	5.1
Performance (%)	1M	3M	12M
Absolute	-2.9	-9.3	-13.9
Rel. to FTSE IT All Sh	-2.7	-6.8	-15.0

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Banca IMI is Specialist to Cellularline

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CLI (HOLD)

Feedback from Event

The raw milk price has been growing steadily for months, negatively affecting CLI's profitability. Management believes that over the next few quarters the pressure on the price of raw milk will remain very high and consequently the company's profitability should continue to suffer.

- The **reduction in 1H19A revenue** was mainly due to the 4.9% decrease in revenues from fresh milk, following the strong increase in raw material milk prices (+24.17% yoy, according to management) and the downwards trend in fresh milk consumption by Italian families. A positive revenue contribution came from exports and vegetable drinks, up by 42.5% and 13.8% yoy, respectively;
- The **company plans to adjust its price lists**, so as to contain the decline in profitability, and it confirmed its positive outlook on the upcoming launch of new and high-margin innovative products, in addition to having embarked on further actions to improve cost-containing processes.

We assumed a 2.2% yoy revenue contraction in FY19E, while we expect a slight top-line recovery in FY20E, confirming our previous 2% revenue growth assumption, supported by price list and cost-cutting actions. **HOLD, EUR 2.6/sh. TP.**

CLI - Key Data

04/10/2019	Food Producers		
Target Price (EUR)	2.6		
Rating	HOLD		
Mkt price (EUR)	2.59		
Mkt cap (EUR M)	36		
Main Metrics (€ M)	2019E	2020E	NA
Revenues	176.4	179.9	NA
EBITDA	5.29	7.20	NA
EPS (EUR)	-0.16	-0.06	NA
Net debt/-cash	84.42	82.16	NA
Ratios (x)	2019E	2020E	NA
Adj. P/E	Neg.	Neg.	NA
EV/EBITDA	22.8	16.5	NA
EV/EBIT	Neg.	NM	NA
Debt/EBITDA	16.0	11.4	NA
Div yield (%)	0	0	NA
Performance (%)	1M	3M	12M
Absolute	2.8	-0.8	-9.8
Rel. to FTSE IT All Sh	3.0	2.0	-10.9

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Banca IMI is Specialist to Centrale del Latte d'Italia

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COIMA RES (BUY)

Feedback from Event

Active portfolio rotation with a strong rationale. Corso Como Place project well on track.

- **Acquisition of Microsoft and Philips HQs.** The acquisition allows COIMA RES to strengthen its portfolio location in both the office segment and the Milan area, focusing on the core business, as well as improving the diversification in terms of tenants. Both assets offer rental growth potential as: i) Microsoft's building is rented below the prime rent in Porta Nuova; and ii) the Philips' building is still in the rent step-up phase. We positively view the LEED certification of the two buildings from a sustainability perspective;
- **Update on Corso Como Place.** The development of the project is proceeding well, in line with the expected 2020 delivery. The fact that COIMA RES has already pre-let 95% of the surface, confirms the attractiveness and competitiveness of the project;
- **Asset rotation.** Management reiterated its commitment in re-focusing the portfolio towards the office segment and Milan area by continuing to pursue non-core asset disposals (particularly bank branches), which should help COIMA RES lower its risk profile and exploit new market opportunities.

We confirm our BUY rating and EUR 10.0/share target price.

COIMA RES - Key data

04/10/2019	Real Estate		
Target Price (EUR)	10.0		
Rating	BUY		
Mkt price (EUR)	8.50		
Mkt cap (EUR M)	306		
Main Metrics (€ M)	2019E	2020E	2021E
Revenues	36.16	36.85	36.46
EBITDA	22.92	23.76	23.29
EPRA EPS (EUR)	0.35	0.35	0.35
Net debt/-cash	170.4	169.0	168.4
Ratios (x)	2019E	2020E	2021E
Adj. P/E	24.2	24.0	24.4
EV/EBITDA	23.2	22.4	22.8
EV/EBIT	13.9	19.4	20.4
LTV (%)	25.63	25.07	24.60
Div yield (%)	4.2	4.2	3.5
Performance (%)	1M	3M	12M
Absolute	1.2	7.1	6.8
Rel. to FTSE IT All Sh	1.4	10.1	5.4

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Banca IMI is Specialist to COIMA RES

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d'Amico Int'l Shipping (BUY)

Feedback from Event

We believe that a major contributor to tanker demand in the coming years should be the sulphur cap on bunker fuel that the IMO will introduce from 1 January 2020.

- **Management reiterated its positive outlook** with an expected near-term recovery in freight rates and asset values. Demand for seaborne transportation of refined products is expected to be strong in 2020, thanks to a rebound in oil demand growth and an acceleration in refined volumes growth, driven by the new IMO regulations;
- **Looking at deleveraging**, we underline that the group has almost finalised the USD 755M investment plan started in 2012, with the last new building expected to be delivered in 3Q19, entailing a residual capex of about USD 31.4M. After the delivery of the latter, starting from 2020, management expects capex to be related only to the maintenance of the ships;
- DIS recently fixed several ships under attractive time-charter rates well above the group's P&L break-even. We believe that **the improving trend of contract rates is proof of the positive sentiment on the market's recovery prospects;**

We underline that current charter rates and asset values are well below historical averages (spot rates are about 73% below the last cycle peak, while Second Hand are 44% below), providing an attractive potential upside, driven by an expected market recovery, in our view. **BUY rating; EUR 0.15/share TP**

d'Amico Int'l Shipping - Key Data

04/10/2019	Shipping		
Target Price (EUR)	0.15		
Rating	BUY		
Mkt price (EUR)	0.09		
Mkt cap (EUR M)	112		
Main Metrics (US M)	2019E	2020E	2021E
TCE Earnings	250.7	258.7	281.1
EBITDA	100.9	117.0	126.4
EPS (USD)	-0.02	0.00	0.01
Net debt/-cash	691.1	651.7	596.2
Ratios (x)	2019E	2020E	2021E
Adj. P/E	Neg.	38.1	7.0
EV/EBITDA	8.1	6.6	5.7
EV/EBIT	57.3	17.6	12.8
Debt/EBITDA	6.8	5.6	4.7
Div yield (%)	0	0	0
Performance (%)	1M	3M	12M
Absolute	-0.8	-3.7	-49.8
Rel. to FTSE IT All Sh	-3.6	-6.5	-52.0

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Banca IMI is Specialist to d'Amico International Shipping

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Esprinet (BUY)

Feedback from Event

We appreciate the focus on value-added businesses and return on capital. Going forward, we expect a sales remix towards higher-margin combinations of product/customer, mainly in the segments of data centre solutions (IT Value), accessories and certain specific product categories in the peripherals and consumer electronics segments.

- Management is still concentrated on the development of a **more Customer Centric model**, while pushing growth in the high-margin segment of Advanced Solutions, where we highlight that Esprinet achieved a solid 15% growth in 1H;
- The other focus is on **the improvement of the group's ROCE** also through the renegotiation of those combinations of product/customer, which are currently not providing adequate returns. The group could also evaluate the possibility of shedding some business segments that do not possess any potential to provide a satisfactory ROCE;
- **Management expects Distribution to grow strongly**, due to the increasing level of utilisation of distributors by vendors, resellers and both offline and online retailers. According to EITO & EUROMONITOR data, ICT Distribution's share on total ICT addressable sales grew from 39.5% (2015) to 50.6% (2018) and is forecast to grow further (53% expected in 2019). We underline that going forward further opportunities could arise from 'White Goods'. Indeed, a similar trend towards a 'Distributor Friendly' environment is now under development for White Goods;
- Looking at **the outlook**, management stated that 3Q sales volumes should increase strongly yoy, despite the restrictive actions put in place on the commercial conditions applied to customers and vendors, while the gross profit as of August was still under pressure. However, the 4Q outlook is positive;
- Although the market is experiencing gross profit margin pressure overall, **management reiterated its recently-disclosed 2019 profitability targets** for an EBIT between EUR 38M and EUR 42M (our estimate of EUR 41.3M) and a ROCE permanently above the average cost of capital from 2020 onwards.

Based on management's reiterated guidance for the second part of the year and the still low trading multiples, **we confirm our positive stance on the stock.**

Esprinet - Key Data

04/10/2019		IT Distributors	
Target Price (EUR)			6.4
Rating			BUY
Mkt price (EUR)			3.62
Mkt cap (EUR M)			190
Main Metrics (€ M)	2019E	2020E	NA
Revenues	3,892.6	4,087.3	NA
Gross Profit	175.9	183.1	NA
EPS (EUR)	0.46	0.48	NA
Net debt/-cash	-173.9	-201.3	NA
Ratios (x)	2019E	2020E	NA
Adj. P/E	7.8	7.6	NA
EV/EBITDA	3.8	3.8	NA
EV/EBIT	5.3	5.2	NA
Debt/EBITDA	Neg.	Neg.	NA
Div yield (%)	3.8	3.9	NA
Performance (%)	1M	3M	12M
Absolute	23.8	19.9	-7.4
Rel. to FTSE IT All Sh	24.0	23.2	-8.6

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Banca IMI is Specialist to Esprinet

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Eurotech (BUY)

Feedback from Event

Strong growth in 1H19 and management confirmed solid potential ahead.

- **1H19A revenues rose by 42.1% and orders portfolio by 30%**, with a visibility of 8-9 months. The operating leverage allowed the company to reach a 20.5% EBITDA margin, vs. 9.7% in 1H18. Net of IFRS, 1H19 net cash was EUR 5.3M vs. a net cash of EUR 0.9M in FY18;
- **IoT technologies are key to Industry 4.0** and are increasingly attracting investments from the industrial market. According to TechRepublic estimates, the Industrial IoT market should reach around USD 900Bn in 2025. This would be around 10x vs. Eurotech's total addressable market for "traditional" embedded computers;
- **Eurotech has been selected by Thales as a supplier of embedded hardware** and IoT software for a project of "Automatic Counting of Passengers" of the new Grand Paris Express metro lines 15, 16 and 17. Eurotech will supply 1,400 passenger counters, possibly scalable up to 4,250. We estimate a cost for the Eurotech device of between EUR 500 - 1,000 per unit, which would imply for hardware only, a minimum of EUR 0.75-1.5M (with 1,400 counters), up to EUR 2-4M (with 4,200 counters). The consulting firm Frost&Sullivan has recently recognized Eurotech as a leader in IoT solutions for the rail systems market.

The company posted growing revenues for the eighth quarter in a row, which, in light of the orders portfolio, should continue up to 1Q20. **BUY; EUR 7.4/sh TP**

Fiera Milano (BUY)

Feedback from Event

The company looks on track to deliver a strong 2H19.

- **1H19 revenues were EUR 153.9M**, with a better performance in all the business areas vs. 1H17, a comparable period based on the exhibition calendar, thanks to: 1) better sales on single exhibitions, e.g. Tuttofood; 2) a greater penetration of services; and 3) the strong performance in the congress business;
- **Congress revenues were EUR 21.2M vs. EUR 15.5M in 1H18**, due to the presence of important international congresses and conventions, a trend that is expected to continue;
- **Management confirmed its expectation for a strong performance in 4Q19**, thanks for the important calendar, also including directly managed exhibitions, such as HOST (exhibitors expected to grow by 8% vs. 2017, according to the July press release). In collaboration with ICE, around 1,500 hosted buyers will attend from 80 countries;
- **Some small acquisitions have been finalised** (e.g. Made). In general, management is looking at exhibitions related to important industrial sectors in Italy, or able to complement and empower the already existing exhibitions.

In light of the current outlook, we see our FY19E estimates as feasible. **BUY; EUR 5.7/sh TP**

Eurotech - Key Data

04/10/2019	Computer Services		
Target Price (EUR)	7.4		
Rating	BUY		
Mkt price (EUR)	7.16		
Mkt cap (EUR M)	254		
Main Metrics (€ M)	2019E	2020E	2021E
Revenues	103.0	113.3	119.0
EBITDA	19.47	23.39	25.95
EPS (EUR)	0.38	0.47	0.49
Net debt/-cash	-6.36	-20.76	-36.65
Ratios (x)	2019E	2020E	2021E
Adj. P/E	18.7	15.4	14.7
EV/EBITDA	12.7	9.9	8.3
EV/EBIT	15.8	11.8	9.7
Debt/EBITDA	Neg.	Neg.	Neg.
Div yield (%)	0	0	0
Performance (%)	1M	3M	12M
Absolute	33.3	40.4	78.8
Rel. to FTSE IT All Sh	33.6	44.3	76.5

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Banca IMI is Specialist to Eurotech

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Fiera Milano - Key Data

04/10/2019	Commercial Services		
Target Price (EUR)	5.7		
Rating	BUY		
Mkt price (EUR)	4.04		
Mkt cap (EUR M)	291		
Main Metrics (€ M)	2019E	2020E	NA
Revenues	281.0	263.4	NA
EBITDA	52.03	25.04	NA
EPS (EUR)	0.50	0.22	NA
Net debt/-cash	-68.35	-47.54	NA
Ratios (x)	2019E	2020E	NA
Adj. P/E	8.1	18.4	NA
EV/EBITDA	4.3	9.8	NA
EV/EBIT	4.8	12.5	NA
Debt/EBITDA	Neg.	Neg.	NA
Div yield (%)	6.1	2.7	NA
Performance (%)	1M	3M	12M
Absolute	-3.2	5.6	5.8
Rel. to FTSE IT All Sh	-3.1	8.6	4.4

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Banca IMI is Specialist to Fiera Milano

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IGD (BUY)

Feedback from Event

The company is showing resilience to the poor macroeconomic conditions thanks to the requalification and development of the existing portfolio.

■ **Active asset management.** Management reiterated the company's resilience to weak GDP and consumption trends in Italy also thanks to the deployment of the strategic plan's pillars, which envisage operational excellence and innovation of the existing asset portfolio, while ensuring an adequate financial discipline. The re-modelling of shopping centers and malls in terms of tenants' service integration, restyling and shopping experience evolution should support the company's operating performance even in the adverse macroeconomic scenario. In 2019, the company expects a substantially flattish trend in tenants' sales and footfalls, with the H19 re-covering the first semester's poor results;

■ **On net debt.** IGD's top management emphasized its intention to improve its financial position to reach the 2019-21 plan's target of a LTV below 45% (equal to 48.2% at 30 June 2019, including IFRS16 effects) thanks to organic growth and the disposal of non-core assets. The company also confirmed that it is evaluating an opportunistic liability management activity, aimed at optimising the cost of debt, given the favourable interest rates and despite no refinancing needs in the short-term.

We confirm our BUY rating and EUR 9.1/share target price.

IGD - Key data

04/10/2019	Real Estate		
Target Price (EUR)	9.1		
Rating	BUY		
Mkt price (EUR)	5.47		
Mkt cap (EUR M)	604		
Main Metrics (€ M)	2019E	2020E	2021E
Revenues	168.0	171.5	175.2
EBITDA	128.6	131.4	135.3
EPRA EPS (EUR)	0.75	0.78	0.81
Net debt/-cash	1,132.5	1,124.8	1,096.6
Ratios (x)	2019E	2020E	2021E
Adj. P/E	7.3	7.0	6.8
EV/EBITDA	13.5	13.2	12.6
EV/EBIT	22.9	15.6	14.6
LTV (%)	47.37	46.79	45.74
Div yield (%)	9.1	10.0	10.3
Performance (%)	1M	3M	12M
Absolute	2.1	-10.2	-15.0
Rel. to FTSE IT All Sh	2.2	-7.7	-16.1

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Banca IMI is Specialist to IGD

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Irce (HOLD)

Feedback from Event

The weak reference market and the fall in copper prices still affected Irce's results. Winding wire revenues were impacted by the decline on the European market, while in the cable segment there was a sharp drop in the Italian market.

■ In 1H19A, **Irce's revenues decreased by 11.5% yoy** to EUR 170.5M, mainly due to the decline in turnover without metal and the decrease in the LME average copper price of 4.5% yoy. Winding wire revenues (-3.8% yoy) were impacted by the decline on the European market, while the cable segment (-22.6% yoy) was affected by a sharp decline on the Italian market. A good performance was posted in Brazil, according to management;

■ Going forward, **management expects a prolonged contraction in demand.** In this context, the group's strategy remains focused on technical innovation and cost reductions in order to improve competitiveness.

In light of the results and management's outlook we recently lowered our FY19E and FY20E estimates. **HOLD, EUR 1.92/sh. TP.**

Irce - Key Data

04/10/2019	Capital Goods		
Target Price (EUR)	1.92		
Rating	HOLD		
Mkt price (EUR)	1.78		
Mkt cap (EUR M)	50		
Main Metrics (€ M)	2019E	2020E	NA
Revenues	320.0	342.4	NA
EBITDA	11.32	15.06	NA
EPS (EUR)	0.14	0.17	NA
Net debt/-cash	48.05	48.83	NA
Ratios (x)	2019E	2020E	NA
Adj. P/E	12.9	10.1	NA
EV/EBITDA	8.7	6.6	NA
EV/EBIT	22.9	13.1	NA
Debt/EBITDA	4.2	3.2	NA
Div yield (%)	2.8	2.8	NA
Performance (%)	1M	3M	12M
Absolute	-3.0	-2.7	-18.6
Rel. to FTSE IT All Sh	-2.8	0.0	-19.6

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Banca IMI is Specialist to Irce

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Isagro (BUY)

Feedback from Event

The recently-announced disposal of Isagro Asia should be the first important step in the execution of the group's new business model.

- After having already communicated its strategic decision to no longer invest in the development of new organic chemical molecules originated from its own Innovative Research, Isagro is further revising its business model: it is taking into consideration extraordinary operations aimed at better valorising corporate assets and, through the resources thus generated, at accelerating a higher strategic focus on biorationals;
- In line with this updated strategy, **Isagro recently accepted a binding offer** received from PI Industries for the divestment to the latter of the controlled company Isagro Asia Private Limited. The transaction value is estimated INR 345 Crore (around EUR 44M) net of cash and debt subject to closing adjustments. The deal should be closed by the end of the current year. In 1H19A, Isagro Asia reported revenues of EUR 19.1M, EBITDA of EUR 2.3M and a net result of EUR 1.4M. The net cash at 30 June 2019 was EUR 15.1M;
- Regarding medium-long term perspectives (2021), management confirmed, on a like-for-like basis, that it expects important growth, particularly based on the new fungicide Fluindapyr, whose sales are expected to start next year; further, Fluindapyr was included in the priority list for the fast-track registration procedure in the important Brazilian market.

We recall that we recently revised our estimates mainly to take into account the sale of Isagro Asia (we expect the deal to be closed by November 2019 in our forecasts) and the updated guidance provided by the company. **EUR 2.1/share TP; BUY**

Lucisano Media Group (BUY)

Feedback from Event

The demand for cinematographic content is being fueled by the widespread diffusion of OTT platforms. In this scenario, LMG's strategy is aimed at strengthening its production and distribution business.

- "Non Ci Resta Che il Crimine" was a success at the box office, collecting around EUR 4.7M. In 2H19 the following films will be released between cinema and TV: "Gli uomini d'oro", "Aspromonte", "Ailo", "Mollami", and "Midway";
- In 1H19A, LMG's revenue grew by 3% to EUR 14.4M. In particular, revenues from sales and services amounted to EUR 12.3M (EUR 12.3M in 1H18), of which 48% from the Multiplex BU, and 52% from the Distribution and Production BU. EBITDA was EUR 4.9M, +3.8% yoy, with a margin of 34%. Net income came in at EUR 1.6M, +9% yoy. Net debt (pre IFRS 16) was EUR 23.4M, vs. EUR 25.9M at YE18A.

During 2019, the company is going to finalise the production of several movies and series which are going to be released over the next two year. The release pipeline for 2H19 is consistent and will be concentrated in November. **BUY rating; EUR 3.0/sh TP**

Isagro - Key Data

04/10/2019	Agrochemicals		
Target Price (EUR)	2.1		
Rating	BUY		
Mkt price (EUR)	1.41		
Mkt cap (EUR M)	49		
Main Metrics (€ M)	2019E	2020E	2021E
Revenues	138.8	120.0	155.0
EBITDA	25.68	9.60	15.50
EPS (EUR)	0.18	-0.03	0.09
Net debt/-cash	6.15	10.42	12.15
Ratios (x)	2019E	2020E	2021E
Adj. P/E	8.0	Neg.	15.2
EV/EBITDA	2.2	6.2	3.9
EV/EBIT	3.5	NM	11.0
Debt/EBITDA	0.24	1.1	0.78
Div yield (%)	0	0	0
Performance (%)	1M	3M	12M
Absolute	12.9	6.8	-10.2
Rel. to FTSE IT All Sh	13.1	9.8	-11.3

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Banca IMI is Specialist to Isagro

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Lucisano Media Group - Key Data

04/10/2019	Media		
Target Price (EUR)	3.0		
Rating	BUY		
Mkt price (EUR)	1.54		
Mkt cap (EUR M)	23		
Main Metrics (€ M)	2019E	2020E	2021E
Revenues	42.94	48.99	50.15
EBITDA	16.66	19.80	20.62
EPS (EUR)	0.24	0.32	0.35
Net debt/-cash	29.96	27.35	21.53
Ratios (x)	2019E	2020E	2021E
Adj. P/E	6.4	4.8	4.4
EV/EBITDA	3.2	2.5	2.2
EV/EBIT	9.3	6.9	5.7
Debt/EBITDA	1.8	1.4	1.0
Div yield (%)	3.2	3.2	3.2
Performance (%)	1M	3M	12M
Absolute	6.9	-2.5	-16.3
Rel. to FTSE IT All Sh	7.1	0.2	-17.4

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Banca IMI is Specialist to Lucisano Media Group

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MARR (ADD)

Feedback from Event

While the reference market is providing mixed signals (+1.2% in 1Q19, -0.7% in 2Q19, according to Confcommercio data), in 2H19 MARR expects to confirm the 1H19 Street Market growth and to halt the decline in volumes in National Account.

- **The Street Market & National Account client segments** grew by 0.1% in volumes and a 0.8% price/mix in 1H19. Volumes were in line with expectations (around 2%) in Street Market, but declined in National Account due to a clients' selection, largely in canteens, with a focus on profitability. In 3Q19, management confirmed the growth in Street Market, which should allow it to reach of its 2019 growth objective in the 3% region and a recovery in National Account, where flat volumes are expected in 2H19;
- According to data by the Confcommercio Research Office at September 2019, the **consumption (in quantity) for "Hotel stays, meals and Out of Home food consumption" in Italy**, after increasing by 1.3% in FY18, confirmed its positive trend in both 1Q19 (+1.2%), but declined in 2Q19 (-0.7%);
- **Considering a market share on total customers of around 22%** vs. a market share on value of around 15%, management sees an opportunity to foster growth by increasing its share of wallet of current customers;
- **Continuously scouting M&A**, looking for specific targets, e.g. players operating in fresh fish, in fruit/vegetable, in the bar segment, or with a strong presence in a specific geographic area.

On the basis of management's outlook for the second half of the year, we confirm our estimates. **ADD, TP of EUR 21.4/share.**

Orsero (BUY)

Feedback from Event

Although management confirmed that it expects a rebound in 2H19, our understanding is that 2019 will be a year of transition, with the group focused on implementing a number of actions to strengthen its core Distribution business.

- **In 1H19, the Distribution segment was negatively impacted by the drop in profitability** of AZ France. According to management, the slowdown is to be considered entirely contingent and temporary. We underline that, in France, an in-depth reorganisation of the operational and commercial functions is underway, starting from the recent appointment of the new CEO of the French company;
- **Going forward the company expects to grow organically**, mainly as a result of: i) a limited but steady increase in the consumption of fresh Fruit and Vegetables; b) the consolidation of the European distribution market; and c) the development of products with a greater level of 'convenience/service', such as fresh-cut fruit, portioned and prewashed fruit, exotic fruit and fresh smoothies;
- **Management particularly sees strong growth from all new and value-added product families**, where it aims to become a leading player in Italy with the mid-term target increasing from ~1% to ~10% in the share of distribution sales, with significant benefits on the group's profitability.

Although the distribution segment has recently been impacted by some extraordinary operational issues in the French market, we continue to appreciate the increasing focus on the core distribution business, coupled with the implementation of several actions aimed at containing the volatility and the operational risks of shipping activities. **BUY; EUR 10.2/sh TP**

MARR - Key Data

04/10/2019		Food Distribution	
Target Price (EUR)		21.4	
Rating		ADD	
Mkt price (EUR)		19.14	
Mkt cap (EUR M)		1273	
Main Metrics (€ M)	2019E	NA	NA
Revenues	1,703.2	NA	NA
EBITDA	122.2	NA	NA
EPS (EUR)	1.04	NA	NA
Net debt/-cash	148.4	NA	NA
Ratios (x)	2019E	NA	NA
Adj. P/E	18.4	NA	NA
EV/EBITDA	10.4	NA	NA
EV/EBIT	12.5	NA	NA
Debt/EBITDA	1.2	NA	NA
Div yield (%)	4.1	NA	NA
Performance (%)	1M	3M	12M
Absolute	-4.8	-7.5	-21.7
Rel. to FTSE IT All Sh	-4.6	-4.9	-22.8

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Banca IMI is Specialist to MARR

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Orsero - Key Data

04/10/2019		Food Producers	
Target Price (EUR)		10.2	
Rating		BUY	
Mkt price (EUR)		6.40	
Mkt cap (EUR M)		113	
Main Metrics (€ M)	2019E	2020E	NA
Revenues	1,007.0	1,056.6	NA
Adj. EBITDA	42.37	48.36	NA
Adj. EPS (EUR)	0.60	0.87	NA
Net debt/-cash	130.3	123.5	NA
Ratios (x)	2019E	2020E	NA
Adj. P/E	10.6	7.4	NA
EV/EBITDA	4.7	3.7	NA
EV/EBIT	12.8	7.3	NA
Debt/EBITDA	3.4	2.6	NA
Div yield (%)	1.9	1.9	NA
Performance (%)	1M	3M	12M
Absolute	-12.8	-19.8	-14.6
Rel. to FTSE IT All Sh	-12.6	-17.5	-15.6

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Banca IMI is Corporate Broker to Orsero

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SICIT Group (BUY)

Feedback from Event

Supported by a growing global demand for biostimulants, SICIT confirmed its development plan for the coming years that concerns the introduction of a new processing line for trimmings, the improvement of the fat output, and the production of new Special granular products.

- **SICIT produces biostimulants** (54.8% of FY18A revenue) based on amino acids and peptides of animal origin, both liquid and solid, generally suitable for foliar application. Furthermore, the group produces plaster retardants (28% of FY18A revenue) and "semi-worked animal fat" (12.1% of FY18A revenue) obtained from the processing of fleshings;
- **The growing use of biostimulants reflects the greater attention of operators towards natural products** able to improve the yields of cultivatable areas, the quality of the agricultural product and counter the abiotic stresses, which are increasingly frequent in a context of variable climatic conditions. The biostimulant market is expected to reach USD 3.5Bn by 2022 (source: Technavio);
- **The planned investments over the next years will regard:** i) a new plant for the production of Special products and an expansion of the number of cisterns; ii) a new plant for the processing of hair to obtain protein hydrolysates also from another ABP; iii) an animal fat re-esterification plant that should allow the company to obtain a finished product of higher quality (thus with a higher selling price); and iv) a new processing line for trimmings that will increase the production of protein hydrolysates.

Based on management's outlook for the second part of the year (and for the years to come), we confirm our estimates and maintain our positive stance on the stock. **BUY, EUR 11.8/sh TP.**

Sogefi (HOLD)

Feedback from Event

After the negative July-August worldwide (WW) car production figures and IHS' downgrade for FY19/20, Sogefi has adopted a more prudential view.

- **Management highlighted that in July and August WW car production was further down by 5%**, mainly due to South America (-7%) and China (-11%). More importantly, Sogefi highlighted that IHS recently worsened its expectations for year-end and 2020. In detail, IHS now sees a WW car market production down by 5.1% for 2019, implying a 2H19 down by 3% (previous forecast of -0.4%). The cut is mainly attributable to the deterioration of market conditions in China, seen down by 9% in FY19 (i.e. 2H19 at -3%), while India is seen down by 11.4% and in Europe (now seen at -3.5%, implying a 2H19 at -1% vs. previous +1%). For 2020, IHS now sees a WW car production down by 0.5%;
- **A potential hard Brexit could be an issue.** While the group has only a 5% revenues exposure in the UK, Sogefi has three plants in the country. Sogefi has indicated that it is keen to shrink the production in the UK, but in the future Sogefi will follow the decisions of the car makers. EUR 10M of restructuring costs have been confirmed for 2019;
- **Sogefi is making progress in the reduction of fixed costs.** The group can now also benefit from better steel prices, which are slowly decreasing. We believe these factors should support an improvement in the group's profitability in 2H vs. 1H19.

We confirm our HOLD rating on the stock.

SICIT Group - Key Data

04/10/2019	Agrochemicals		
Target Price (EUR)	11.8		
Rating	BUY		
Mkt price (EUR)	9.60		
Mkt cap (EUR M)	188		
Main Metrics (€ M)	2019E	2020E	2021E
Revenues	57.41	63.11	72.87
EBITDA	22.97	26.80	31.86
EPS (EUR)	0.68	0.78	0.91
Net debt/-cash	-32.47	-32.54	-36.98
Ratios (x)	2019E	2020E	2021E
Adj. P/E	14.2	12.3	10.6
EV/EBITDA	6.8	5.8	4.8
EV/EBIT	11.1	9.3	7.5
Debt/EBITDA	Neg.	Neg.	Neg.
Div yield (%)	9.4	4.1	4.7
Performance (%)	1M	3M	12M
Absolute	5.0	-5.0	-6.6
Rel. to FTSE IT All Sh	5.2	-2.3	-7.8

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Banca IMI is Specialist to SICIT Group

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Sogefi - Key Data

04/10/2019	Auto & Components		
Target Price (EUR)	1.31		
Rating	HOLD		
Mkt price (EUR)	1.19		
Mkt cap (EUR M)	141		
Main Metrics (€ M)	2019E	2020E	2021E
Revenues	1,532.5	1,548.9	1,567.5
EBITDA	174.7	182.0	190.2
EPS (EUR)	0.06	0.12	0.15
Net debt/-cash	337.0	320.7	304.6
Ratios (x)	2019E	2020E	2021E
Adj. P/E	19.3	10.0	7.9
EV/EBITDA	2.8	2.6	2.3
EV/EBIT	9.7	8.4	7.0
Debt/EBITDA	1.9	1.8	1.6
Div yield (%)	0	4.2	6.7
Performance (%)	1M	3M	12M
Absolute	-4.1	-5.3	-39.1
Rel. to FTSE IT All Sh	-3.9	-2.7	-39.8

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

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Toscana Aeroporti (BUY)

Feedback from Event

The hearing of the State Council on the adverse administrative ruling of May is set for 28 November. In the case of a positive decision, TA may resume its EUR 450M-worth capex plan in 2Q20.

- More clarity soon.** With the hearing of the State Council set for next month and the final ruling expected in two-months time, in one way or another visibility on TA's future prospects should improve earlier than expected. In the best case, TA can resume its ambitious EUR 450M capex plan in 2Q20, leading to a manageable 6/12 months delay over the original timeline calling for Florence airport's new runway being up and running by early 2022;
- Worst-case scenario.** In the case of an adverse State Council ruling, TA will re-submit the VIA (environmental impact assessment) adding further documentation to underpin the validity of the overall proposal. We understood that the entire process could take between 12 to 18 months to conclude, which would imply a more material shifting of the plan.

Waiting for the ruling, we reiterate our current estimates and recommendation, which could theoretically be materially affected only in the case of an adverse outcome. **BUY rating and EUR 19.3/share TP.**

Toscana Aeroporti - Key Data

04/10/2019	Airport Operators		
Target Price (EUR)	19.3		
Rating	BUY		
Mkt price (EUR)	16.90		
Mkt cap (EUR M)	315		
Main Metrics (€ M)	2019E	2020E	2021E
Revenues	122.2	133.2	144.7
EBITDA	36.53	47.93	58.87
EPS (EUR)	0.65	0.90	1.11
Net debt/-cash	60.22	90.78	145.9
Ratios (x)	2019E	2020E	2021E
Adj. P/E	26.2	18.8	15.2
EV/EBITDA	10.3	8.5	7.9
EV/EBIT	19.3	14.8	13.2
Debt/EBITDA	1.6	1.9	2.5
Div yield (%)	3.5	4.9	6.1
Performance (%)	1M	3M	12M
Absolute	-4.5	9.7	21.1
Rel. to FTSE IT All Sh	-4.3	12.8	19.6

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Banca IMI is Specialist to Toscana Aeroporti

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Triboo (BUY)

Feedback from Event

Our understanding is that management is focused on: 1) reinforcing the group's presence in key international markets; 2) consolidating its position as a unique digital transformation factory; and 3) growing in key areas via a strategic partnership and M&A.

- Triboo posted a positive double-digit growth in 1H19.** The increase in revenues and profitability was supported by both the group's main business sectors, thanks to the ongoing increase in stores managed, the inclusion of important new brands (for the Digital Division) and the growth of direct marketing (Media Division). In detail, the number of stores managed grew to 111 from 108 at YE18;
- Management expects to improve the go-to-market,** while generating cross selling and cost synergies, implementing a new business model structured in four areas: 1) E-commerce; 2) Agency; 3) Media; and 4) Consulting;
- Planning some important developments** in the editorial sector and in the areas of innovative agency services, influencer marketing, data analytics systems, e-commerce, as well as continuing to pursue international expansion and the introduction of new technologies, starting from blockchain;
- The recently-appointed Managing Director, Marco Giapponese, has started the process of reviewing and strengthening its organisational structure.** This activity will lead to the drafting of a new business plan, which is to be presented to the financial community on 22 January 2020.

We recall that despite the positive revenue and adj. EBITDA double-digit growth in 1H19, we recently revised downwards our 2019-20E estimates to take a more cautious stance, particularly on profitability, as we see the group's previously-disclosed targets as challenging following 1H19 results. **We have a BUY rating and a EUR 2.0/share target price.**

Triboo - Key Data

04/10/2019	Information		
Target Price (EUR)	2.0		
Rating	BUY		
Mkt price (EUR)	1.41		
Mkt cap (EUR M)	40		
Main Metrics (€ M)	2019E	2020E	NA
Revenues	82.05	91.50	NA
EBITDA	10.21	12.42	NA
EPS (EUR)	0.04	0.08	NA
Net debt/-cash	6.32	3.86	NA
Ratios (x)	2019E	2020E	NA
Adj. P/E	31.5	17.8	NA
EV/EBITDA	4.7	3.7	NA
EV/EBIT	18.4	11.8	NA
Debt/EBITDA	0.62	0.31	NA
Div yield (%)	2.2	3.4	NA
Performance (%)	1M	3M	12M
Absolute	-6.3	-16.4	-23.8
Rel. to FTSE IT All Sh	-6.2	-14.0	-24.8

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Banca IMI is Corporate Broker to Triboo

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Valsoia (BUY)

Feedback from Event

We continue to appreciate Valsoia's healthy cash generation, the sound balance sheet, the growing weighting of the portion in revenues generated abroad (from 3.9% in FY17A to 6.7% in 1H19A) and the growing dividend distribution with a pay-out ratio of around 40%.

- **The health-related segment is still suffering** given the new competitors entering the market, both branded and private labels. However, management expects a consolidation of the market, which should lead to a reduction of the stock keeping unit (SKU). Some first signs of this rationalisation process were already visible in 2018;
- **In 1H19, revenues decreased by 6.6% yoy to EUR 37.1M** on a like-for-like basis (net of sales of the 'Pomodorissimo' Santa Rosa brand granted in licensing to third parties since November 2018). The slowdown was mainly due to the negative trend of the alternative vegetable markets and the negative seasonality of the ice cream market;
- **Looking at FY19 outlook**, management stated that in the months following the closing of 1H, revenues were broadly stable, with a recovery yoy of sales abroad (-10% yoy in 1H19A);
- **Strategic investments confirmed on product innovation and marketing** to retain Valsoia's (premium) and Santa Rosa's product positioning. The following are some of the main actions implemented by management in 1H19: i) an important Premium Vegetable Line ("con il cuore") with healthy contents related to protein contribution and cholesterol control, was presented and placed with some Retailers; ii) a line of vegetable ice creams based on coconut and rice, with a reduced calorie content, was launched; iii) the distribution of a line of jams with a lower sugar content was gradually started; iv) the distribution of a new natural super supplement favouring a natural and regenerative sleep path, continued in the pharmaceutical channel, under the BlueNyx Brand; v) in foreign markets, particularly the US, a wider distribution continued with new retailers along with the launch of some novelties in the ice-cream market in terms of new tastes and formats; and vi) penetration into the Out of Home channel continued, with some interesting agreements in the field of on-board suppliers, such as, for example, Costa Cruises and MSC;
- **Given the strong cash generation and positive NFP**, management did not exclude the possibility of new M&A deals both in Italy and abroad.

On the basis of management's outlook for the second part of the year, we confirm our recently-updated estimates. **BUY; TP EUR 16.6/share**

Valsoia - Key Data

04/10/2019		Food Producers	
Target Price (EUR)			16.6
Rating			BUY
Mkt price (EUR)			11.00
Mkt cap (EUR M)			117
Main Metrics (€ M)	2019E	2020E	NA
Revenues	75.50	78.29	NA
EBITDA	10.72	11.64	NA
EPS (EUR)	0.61	0.61	NA
Net debt/-cash	-25.14	-28.33	NA
Ratios (x)	2019E	2020E	NA
Adj. P/E	18.1	18.1	NA
EV/EBITDA	8.5	7.6	NA
EV/EBIT	10.9	9.6	NA
Debt/EBITDA	Neg.	Neg.	NA
Div yield (%)	3.5	3.5	NA
Performance (%)	1M	3M	12M
Absolute	7.3	-3.1	-23.3
Rel. to FTSE IT All Sh	7.5	-0.4	-24.3

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Banca IMI is Specialist to Valsoia

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WiiT (BUY)

Feedback from Event

Cloud computing is one of the most solid and fast-growing IT segments, with a 2016-18 CAGR of about 21% in Italy. This trend should remain strong, due to the boost of new digital areas (i.e. Analytics, IoT, AI etc.) and the adoption of Cloud for Business Critical apps.

- **WiiT once again posted a good set of 1H19A results** (top-line up by 38.3% yoy). Organic growth was 10%, thanks to the upselling activity to existing customers and the winning of new customers, driven by their migration to the new SAP Hana platform and the consequent choice to put systems in Cloud;
- **The adj. EBITDA growth was 16.4%** (net of the M&A effect), more than proportional to that of organic turnover with a margin of 46%, improving on the previous year and confirming WiiT's important positioning on the Italian market;
- **Management disclosed a positive outlook also for 2H**, when it should also benefit from the contribution of Matika;
- **Following the recent acquisitions of Adelante and Matika**, our understanding is that WiiT will continue to leverage on M&A, aiming on the consolidation of its positioning in the cloud market in both Italy and Europe (especially in Germany and France).

We like: i) the strong exposure to the cloud market in Italy, which grew by 21% in 2016-18; ii) the significant potential for a margin expansion, thanks to a scalable platform; iii) the long-term contracts with solid customers and a high renewable rate; iv) the direct ownership of the data centres; v) the good visibility on revenues and cash flow streams; and vi) an attractive dividend policy. **We confirm our positive stance on the stock.**

Zignago Vetro (HOLD)

Feedback from Event

Management confirmed that it expects demand to remain at a good level.

- In a positive reference market, **1H19 revenues were up by 10.4% yoy**, driven both by price and volumes. The EBITDA margin decreased by around 30bps, due to a lower contribution from energy efficiency securities and costs of new production lines, mainly affecting 1Q19. In 2Q19, the margin improved by 20bps vs. 2Q18;
- Management highlighted that **the growth in the last few years (including 1H19) was faster than the glass container market in Italy**, which has steadily grown at a rate of around 2% (source: ISTAT, Assovetro). In 1H19, food & beverage glass container demand grew in Italy and Europe, thanks to exports, and was sustained by a secular trend where users increasingly prefer glass packaging. The emerging market sustained the specialised perfumery, cosmetics, skincare and make up. The luxury perfumery confirmed a positive trend, the nail varnish market remained weak;
- **Demand should remain at a good level.** To cope with a potential growth going forward, a high level of capex was made in the last few years and 1H19, thus increasing capacity, both at Zignago Vetro and Zignago Vetro Polska (20-25%).

Based on 1H19 results and outlook, our FY19E estimates could be slightly conservative. **We confirm our HOLD rating and EUR 10.5/share target price.**

WiiT - Key Data

04/10/2019	Information		
Target Price (EUR)	74.1		
Rating	BUY		
Mkt price (EUR)	60.00		
Mkt cap (EUR M)	159		
Main Metrics (€ M)	2019E	2020E	2021E
Revenues	32.85	42.59	46.78
Adj. EBITDA	13.91	15.92	19.19
Adj. EPS (EUR)	2.38	2.72	3.42
Net debt/-cash	14.19	10.98	6.44
Ratios (x)	2019E	2020E	2021E
Adj. P/E	25.2	22.1	17.5
EV/EBITDA	13.0	10.3	8.3
EV/EBIT	24.2	17.6	13.3
Debt/EBITDA	1.1	0.69	0.34
Div yield (%)	2.1	2.7	3.4
Performance (%)	1M	3M	12M
Absolute	4.2	14.1	38.2
Rel. to FTSE IT All Sh	4.4	17.3	36.5

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

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Zignago Vetro - Key Data

04/10/2019	Packaging		
Target Price (EUR)	10.5		
Rating	HOLD		
Mkt price (EUR)	9.81		
Mkt cap (EUR M)	863		
Main Metrics (€ M)	2019E	2020E	NA
Revenues	395.3	415.1	NA
EBITDA	110.7	116.2	NA
EPS (EUR)	0.50	0.55	NA
Net debt/-cash	239.5	206.4	NA
Ratios (x)	2019E	2020E	NA
Adj. P/E	19.4	17.7	NA
EV/EBITDA	10.0	9.2	NA
EV/EBIT	18.2	16.1	NA
Debt/EBITDA	2.2	1.8	NA
Div yield (%)	3.6	3.9	NA
Performance (%)	1M	3M	12M
Absolute	0.1	-6.4	12.5
Rel. to FTSE IT All Sh	0.3	-3.8	11.1

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Banca IMI is Specialist to Zignago Vetro

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ADD	If the target price is 10%-20% higher than the market price
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REDUCE	If the target price is 10%-20% lower than the market price
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Valuation methodology (short-term horizon: 3M)

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

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

Equity rating key (short-term horizon: 3M)

Short-term rating	Definition
LONG	Stock price expected to rise or outperform within three months from the time the rating was assigned due to a specific catalyst or event
SHORT	Stock price expected to fall or underperform within three months from the time the rating was assigned due to a specific catalyst or event

Company-specific disclosures

Intesa Sanpaolo S.p.A. and the other companies belonging to the Intesa Sanpaolo Banking Group (jointly also the "Intesa Sanpaolo Banking Group") have adopted written guidelines "Modello di Organizzazione, Gestione e Controllo" pursuant to Legislative Decree 8 June, 2001 no. 231 (available at the Intesa Sanpaolo website, webpage

http://www.group.intesasanpaolo.com/scripts/sir0/si09/governance/eng_wp_governance.jsp, along with a summary sheet, webpage <https://www.bancaimi.com/en/bancaimi/chiamo/documentazione/normative>) setting forth practices and procedures, in accordance with applicable regulations by the competent Italian authorities and best international practice, including those known as Information Barriers, to restrict the flow of information, namely inside and/or confidential information, to prevent the misuse of such information and to prevent any conflicts of interest arising from the many activities of the Intesa Sanpaolo Banking Group which may adversely affect the interests of the customer in accordance with current regulations.

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http://www.group.intesasanpaolo.com/scripts/sir0/si09/studi/eng_archivio_conflitti_mad.jsp you can find the archive of disclosure of interests or conflicts of interest of the Intesa Sanpaolo Banking Group in compliance with the applicable laws and regulations.

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We highlight that disclosures are also available to the recipient of this report upon making a written request to Intesa Sanpaolo – Equity & Credit Research, Via Manzoni, 4 - 20121 Milan - Italy.

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