

Company Note
MID CORPORATE
Giglio Group
FY19 Results

In 2019, the disposal of the media BU was finalised and a EUR 4M capital increase completed. In a market characterised by uncertainty caused by the coronavirus spread, we think the company has demonstrated its platform's flexibility to adapt to customers' changing needs and business opportunities. Giglio believes it could become a key partner for many companies (e.g. food, medical, electronics) to build their e-commerce channel, crucial in a scenario where social distancing measures are likely to be maintained for a long period, thus reducing traffic into physical stores. Management presented a new 2020-22 BP, with over EUR 80M revenue and EUR 10M EBITDA targeted by 2022.

FY19 results

The Gross Merchandise Value (GMV) reached EUR 82.3M, vs. EUR 86.4M in FY18 (EUR 106.3M, with Terashop consolidated for 12 months). Revenues were EUR 40.2M, +3.2% yoy, or +12.6% yoy, considering the consolidation of Terashop for 12 months. EBITDA adjusted was EUR 1M vs. EUR 1.2M in FY18A. The net loss was EUR 15.8M (an EUR 8.3M loss in FY18), incorporating non-recurring costs for the media BU disposal and a capital loss on the shares owned in exchange for assets disposed. Net debt was EUR 12.3M vs. EUR 19.2M in FY18.

Outlook

The group intends to push the B2B channel to enhance the fashion destocking activities, as the current lock-down for the coronavirus outbreak has severely affected the current season's sales. On the B2C side, the acquisition of Terashop has allowed it to increase its active client base, internalise a technological platform and strengthen the workforce. The company is confirming the flexibility of its platform to adapt to customers' changing needs and business opportunities and it aims to become a key partner for many players (e.g. food, medical, electronics) in building their e-commerce channels, crucial in the current scenario. Management presented a new 2020-22 BP: EUR 80M revenue and EUR 10M EBITDA by 2022.

Estimates and Valuation

We confirm our FY20-21E estimates, which we had reviewed in our report of 5 March 2020. We continue to value Giglio using a DCF approach, deriving a **TP of EUR 4.4/share** (EUR 3.3/share previously) and, given the 24% upside, **we confirm our BUY rating**.

8 April 2020: 12:42 CET

Date and time of production

BUY
Target Price: EUR 4.4
 (from EUR 3.3)

 Italy/Information Technology
 Update

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

Giglio Group - Key Data

Price date (market close)	07/04/2020
Target price (EUR)	4.4
Target upside (%)	24.12
Market price (EUR)	3.55
Market cap (EUR M)	64.90
52Wk range (EUR)	3.82/1.49

Price performance %	1M	3M	12M
Absolute	98.6	26.6	-3.1
Rel. to FTSE IT All Sh	136.0	72.4	21.8

Y/E Dec (EUR M)	FY19A	FY20E	FY21E
Revenues	40.21	56.73	69.73
EBITDA	1.04	3.96	5.35
EBIT	-2.47	2.86	4.25
Net income	-15.80	1.60	2.59
EPS (EUR)	-0.86	0.09	0.14
Net debt/-cash	12.79	14.94	10.44
Adj P/E (x)	Neg.	40.5	25.1
EV/EBITDA (x)	66.0	20.2	14.1
EV/EBIT (x)	Neg.	28.0	17.7
Div ord yield (%)	0	0	0

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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FY19 Results, Recent Developments and Outlook

In 2019, the company completed a refocusing on e-commerce, by disposing of all of its TV and media activities.

In a market characterised by the uncertainty caused by the Covid-19 outbreak, Giglio's management intends to focus on those business areas that could benefit from this market situation, e.g. temporarily converting some of its platforms and logistic lines from the fashion sector to, for example, the retrieval of face masks.

The group intends to drive the B2B channel to enhance the destocking activities for its clients in some key regions, such as the US and Russia, but also in Europe and China where the current lock-down has severely affected the sales of the current season.

On the B2C side, the acquisition of Terashop was considered fundamental by management for the business development, by incorporating an active client base, internalising an already in place technological platform and strengthening the workforce through highly-specialised resources.

2019 results

The main take-aways of Giglio's FY19 results were:

- Gross Merchandise Value (GMV) reached EUR 82.3M, vs. EUR 86.4M in FY18, although considering the consolidation of Terashop (bought on 31 October 2019) for 12 months the value would have been EUR 106.3M, confirming the company's capacity to manage a value of transactions over EUR 100M via its platforms;
- Revenues were EUR 40.2M, +3.2% yoy, but considering the consolidation of Terashop for 12 months, revenues would have been EUR 44.6M, +12.6% yoy. In particular:
 - B2B e-commerce revenue grew by 4% to EUR 24.4M;
 - B2C e-commerce revenue grew by 2.1% to EUR 15.8M, also including other revenue and capitalised costs related to the development of the I-box platform for around EUR 2.4M (EUR 1M in FY18).
- EBITDA adjusted from continuing operations was EUR 1M vs. EUR 1.2M in FY18A, normalised for non-recurring charges (equal to EUR 1.8M, mainly for the deals Vértice and Trescientos Sesenta Grados) and the effects of IFRS15 and IFRS16. The contraction was due to:
 - Higher labour costs for the management of an expected increase in transaction volumes and for the integration of market places at a global level;
 - Some corporate costs not included in the disposal of the media BU;
 - A weak 4Q19 in terms of sales.

Giglio Group – E-commerce revenue and EBITDA breakdown

EUR M	B2B			B2C			Total e-commerce		
	FY18A	FY19A	% chg	FY18A	FY19A	% chg	FY18A	FY19A	% chg
Revenue	23.5	24.4	4.0	15.5	15.8	2.1	38.9	40.2	3.2
EBITDA Adj.	2.2	1.6	-24.3	2.4	3.6	48.0	4.6	5.2	14.1
EBITDA margin	9.2	6.7		15.8	22.9		11.8	13.0	

A: actual; Source: Company data

- The net loss was EUR 15.8M (an EUR 8.3M loss in FY18), incorporating the costs related to the media BU disposal and a capital loss on the shares owned in exchange of assets disposed;
- Net debt was EUR 12.3M (also including EUR 1.9M from IFRS16), vs. EUR 19.2M in FY18.

Giglio – FY19 key data

EUR M	2018A	2019A	Chg. (%)
Revenue	39.0	40.2	3.2
Revenue from discontinued operations	0.7		-100.0
Revenue Adjusted	39.6	40.2	1.5
Operating Costs	-34.7	-35.0	0.7
Labour Costs	-3.7	-4.2	15.4
EBITDA Adjusted	1.2	1.0	-16.0
margin (%)	3.2%	2.6%	
Non -recurring expenses	-0.9	-1.8	96.7
D&A	-0.3	-1.7	414.4
EBIT	0.0	-2.5	NM
Financial expenses	-1.1	-1.6	46.5
Taxes	-0.1	-0.7	512.9
Net result from continuing operations	-1.2	-4.8	NM
Net result from discontinued operations	-7.1	-11.0	NM
Net Profit	-8.3	-15.8	NM

NM: not meaningful; A: actual; Source: Company data

Acquisition of E-Commerce Outsourcing ("Terashop")

On 31 October 2019, the company finalised the acquisition of the company E-Commerce Outsourcing ("Terashop"), one of the largest outsourced e-commerce service providers in Italy.

According to management, in addition to incorporating an active customer portfolio with high volumes of supported transactions, the transaction should allow Giglio to:

- Create economies of scale that should allow cost savings as from FY20, by developing innovative solutions using internal resources and reducing the current costs deriving from the creation and management of online stores;
- Strengthen its technical organisation thanks to the inclusion in its workforce of experts in IT, with a high specialisation in the e-commerce sector;
- Expand the internal structure used for Customer Care services, with the possibility of reducing costs deriving from the use of third parties for the provision of services;

- Expand the commercial offer to customers by integrating the current proposals, with increasingly innovative features and solutions, thus increasing the chances of success sales.

By integrating its platform with that of Terashop, Giglio should be able to expand its activity towards new sectors such as GDS, food and mass retailing, with the possibility of applying different business models: online sales with home delivery, points of sale collections, digital kiosks for in-store sales, CRM systems, B2B, B2E sites and loyalty card systems. The new technological platform will therefore cover the entire e-commerce cycle.

The operation was carried out with a paid share capital increase, through the transfer of the entirety of Terashop's share capital against the issuance of 757,000 Giglio ordinary shares with a unit price of EUR 3.5, for a total consideration of EUR 2.7M, including the share premium.

Other developments and opportunities

The food opportunity

Strengthened by its experience in the fashion market, at the end of 2019 the group presented its range of services and its platform to the world of 'Made in Italy' food products.

Giglio intends to offer clients the opportunity to be present on a multitude of global marketplaces, supporting potential clients wholesale distribution chains or even expanding their geographical coverage. According to management, the proposal was positively received, attracting the interest of some well-known food producers with an aggregate turnover in excess of EUR 2Bn.

In fact, the company has finalised agreements with important "Made in Italy" food producer companies, such as Riso Scotti, Fratelli Carli, Generale Conserve, Everton and Bosca. These brands are added to those of Cameo, Fabbri and Grandi Salumifici Italiani, already present in its portfolio thanks to the recent acquisition of Terashop.

Management confirmed that the coronavirus spread has strongly reinforced the "food opportunity", as in the last few weeks many brands in the portfolio have materially increased e-commerce sales on Giglio's platform, given customers- difficulties in reaching physical stores or difficulties in supplying the stores. We expect this strong demand for food products through e-commerce to continue, as the social distancing measures could be maintained for a lengthy period, thus reducing the traffic in physical stores.

Other agreements

- **Harmont & Blain:** An agreement for the management of its e-commerce activities and the development of an omnichannel strategy has been signed. The agreement provides for the complete outsourcing of all e-commerce activities to Giglio Group. Moreover, the strategy is aimed at developing an omnichannel project that, thanks to its exclusive technology, shall be able to provide the brand with all those features capable of integrating efficiently and effectively all physical sales outlets with the online store, thus enriching and customising the sales experience of its consumers. Harmont & Blaine is an Italian based company that produces and distributes high-end smart and upper-casual clothing for the premium segment of the market. The company posted EUR 93M revenue in FY18A and count on more than 500 direct employees and more than 1,000 downstream activities;

- **HSE24:** Giglio will become the exclusive supplier of the HSE24 online store and will deal with the creation and management in complete outsourcing of the e-commerce platform, in addition to the subsequent connection with the main marketplaces in the world. According to the press release, the digital sales of HSE24 generated a turnover of around EUR 20M in FY18A. The deal also envisages that Giglio will supply clothing and accessories for the Private Label clothing lines, which will be made exclusively for HSE24. The Private Label sales of HSE24, according to the press release, generated a turnover of over EUR 11M in FY18A;
- **GF Retail:** A distribution partnership has been signed with the Korean company specialised in the import of luxury products. The three-year partnership provides for the supply of Made in Italy luxury goods (mostly fashion) for a value of around EUR 3M for 2020 to GF Retail, with an increase over the following years. GF Retail has developed a business model of physical stores and online sales; indeed, it runs a chain of stores, an e-commerce platform connected to the major Korean Marketplace, including for example GS Shop, Lotte HomeShopping, AK Plaza, Shinsegae and realises TV shopping shows (T-Commerce).

lateral business

Amid the current coronavirus pandemic, the company has temporarily converted some of its platforms and logistics lines from the fashion sector to the retrieval of face masks.

In less than 10 days, over 6.3M face masks have been retrieved, for an expected countervalue of over EUR 4.5M, to be delivered in part to the Liguria Region and in part to those firms who offer services of public interest throughout Italy.

This was possible thanks to the company's presence in China, via its own logistics structure in the Free Trade Zone of Shenzhen, and the ICP license granted by the Chinese government, which allows it to operate on the web.

Indeed, the company has established an official channel with the Chinese government, which allowed it to start collaborating with one of the biggest State-owned Chinese producers of medical equipment.

Giglio Group will make its platform available to entities, companies or institutions who may have similar needs during the Covid-19 health emergency. In this regard, the company signed a six-month framework agreement with Confindustria for the supply of personal protective equipment (PPE), amongst which KN65-FFP2-CE face masks, to over 150k member companies. Giglio will ensure not only the supply but also the logistics management, the transport and the customs clearing of the products, allowing payment on delivery.

The company has thus confirmed the flexibility of its platform to adapt to customers' changing needs and business opportunities, by leveraging on its e-commerce platform and global logistics network, which is strategic in moving medical devices and meeting customs clearance. The first data coming from this activity are positive, and the company is also considering a B2C service, able to deliver the masks to retailers. This business is not included in the new business plan but could represent a mitigant to any possible decreases in volumes from fashion.

Earnings Outlook

Business Plan update

The business plan, presented together with FY19 results, hinges on the complete merger of the technology teams of Terashop and Ibox into a unique structure, able to seamlessly offer services to all customers from different platforms.

According to the plan, the Gross Merchandise Value should grow at a 20% rate per year in 2020-22, while the weighting of volumes made in China should reach 20% by 2022. In particular:

- B2B should grow at a 20% CAGR till 2022, by attracting more brands, which at the moments have quite large inventories, to use Giglio's network of several marketplaces. In the medium term, the coronavirus outbreak should help convince companies to increasingly use e-commerce rather than physical stores;
- B2C should entail an around 50% growth by 2022, and revenue would also include technological advisory on the platform;
- Another business line is the sale of branded products directly on marketplaces (B2B2C), reaching EUR 25M of products traded;
- Based on these assumptions, the total Gross Merchandise Value, also including technology services for e-commerce, should reach around EUR 180M.

According to the plan, revenue should roughly double by 2020 and reach EUR 80M, and the EBITDA margin should reach a sustainable level of 10%.

The key financial highlights of the plan may be summarised in:

- Gross Merchandise Value 2022: >EUR 180M
- Revenues 2022: >EUR 80M;
- EBITDA 2022: >EUR 10M, +EUR 9M vs. FY19;
- Total investments of EUR 1.5M;
- Net financial position expected as cash between EUR 3M to EUR 5M.

Giglio's management has confirmed that the coronavirus outbreak has strongly reinforced the need for e-commerce support in the medium term, e.g. for fashion. Moreover, it has also opened up new opportunities, such as in the food segment, where many brands in the portfolio have materially increased e-commerce sales on Giglio's platform, or in the provision of face masks, and potentially, of other goods.

Following the FY19 results and considering the flexibility of the company's platform to adapt to customers' changing needs (e.g. the recent agreement for the provision of face masks), we confirm our recently-revised FY20-21E estimates (see our report of 5/3/2020).

**Confirming our recently revised
FY20E-21E estimates**

Valuation

We valued Giglio using a DCF approach. **We derived a target price of EUR 4.4/share** (EUR 3.3/share previously), and given the 24% upside, **we rate the company a BUY**.

TP of EUR 4.4/share; BUY rating

The main assumptions in our DCF model are as follows:

- Explicit estimates until 2021E;
- A terminal value at 2022E as average of FY21E estimates and the guidance of the plan. We set a 0% perpetuity growth rate;

For the WACC calculation, we used a risk-free rate at 1.5%, a risk premium at 7.5%, and a Beta of 1x. Given the ongoing development of the business and the recent divestment of the media division, we used a 30% 'target' gearing ratio, based on a comparison with other e-commerce companies. As a result, we derived a WACC of 7.0% (6.8% previously).

Giglio Group – WACC calculation

Gross debt rate	3.0
Tax rate	24
Net debt rate	2.3
Beta Levered (x)*	1.00
Gearing	30.0
Beta Re-Levered	1.00
Risk Free Rate	1.50
Equity Risk Premium	7.50
Cost of equity	9.0
WACC	7.0

* Bloomberg; Source: Intesa Sanpaolo Research estimates

The table below summarises our DCF model, which now incorporates a LT EBIT in line with the new plan guidance.

Giglio Group – DCF valuation

EUR M	2020E	2021E	LT
EBIT	2.9	4.2	10.0
Tax	-0.7	-1.1	-1.9
Depreciation	1.1	1.1	
NOPAT	3.3	4.3	8.1
WC	-4.3	1.3	
Capex	-0.5	-0.5	
FCF	-1.5	5.1	8.1
Discounted FCF	-1.5	4.8	6.6
WACC (%)	7.0		
TV growth (%)	0.0		
Sum	3		
TV	95		
EV	98		
Debt 2019A	12.8		
Equity	85		
Shares (M)*	19.1		
Target price (EUR/share)	4.4		

* Also including shares issued for Terashop acquisition; Source: Intesa Sanpaolo Research estimates

Giglio Group – Key Data

Rating BUY	Target price (EUR/sh) Ord 4.4	Mkt price (EUR/sh) Ord 3.54	Sector Information Technology	
Values per share (EUR)				
No. ordinary shares (M)	18.31	18.31	18.31	18.31
Total no. of shares (M)	18.31	18.31	18.31	18.31
Market cap (EUR M)	83.42	55.63	64.90	64.90
Adj. EPS	-0.45	-0.86	0.09	0.14
CFPS	-0.43	-0.77	0.15	0.20
BVPS	0.46	-0.09	0.00	0.14
Dividend ord	0	0	0	0
Income statement (EUR M)				
Revenues	39.62	40.21	56.73	69.73
EBITDA	1.23	1.04	3.96	5.35
EBIT	0.00	-2.47	2.86	4.25
Pre-tax income	-1.08	-4.06	2.26	3.65
Net income	-8.26	-15.80	1.60	2.59
Adj. net income	-8.26	-15.80	1.60	2.59
Cash flow (EUR M)				
Net income before minorities	-8.3	-15.8	1.6	2.6
Depreciation and provisions	1.2	3.5	1.1	1.1
Others/Uses of funds	0	0	0	0
Change in working capital	-10.5	22.2	-4.3	1.3
Operating cash flow	-17.5	9.9	-1.6	5.0
Capital expenditure	0.6	-1.0	-0.5	-0.5
Financial investments	0	0	0	0
Acquisitions and disposals	12.5	0	0	0
Free cash flow	-4.4	8.9	-2.1	4.5
Dividends	0	0	0	0
Equity changes & Other non-operating items	0	-2.5	0	0
Net cash flow	-4.4	6.4	-2.1	4.5
Balance sheet (EUR M)				
Net capital employed	27.6	11.2	14.9	13.0
of which associates	0	0	0	0
Net debt/-cash	19.2	12.8	14.9	10.4
Minorities	0	0	0	0
Net equity	8.4	-1.6	-0.0	2.6
Minorities value	0	0	0	0
Enterprise value	102.6	68.4	79.8	75.3
Stock market ratios (x)				
Adj. P/E	Neg.	Neg.	40.5	25.1
P/CFPS	Neg.	Neg.	24.0	17.6
P/BVPS	9.9	Neg.	Neg.	25.1
Payout (%)	0	0	0	0
Dividend yield (% ord)	0	0	0	0
FCF yield (%)	-5.3	16.0	-3.3	6.9
EV/sales	2.6	1.7	1.4	1.1
EV/EBITDA	83.1	66.0	20.2	14.1
EV/EBIT	NM	Neg.	28.0	17.7
EV/CE	3.7	6.1	5.3	5.8
D/EBITDA	15.5	12.3	3.8	2.0
D/EBIT	9,582.0	Neg.	5.2	2.5
Profitability & financial ratios (%)				
EBITDA margin	3.1	2.6	7.0	7.7
EBIT margin	0.0	-6.1	5.0	6.1
Tax rate	NM	NM	29.0	29.0
Net income margin	-20.9	-39.3	2.8	3.7
ROCE	0.0	-22.1	19.1	32.6
ROE	-65.8	-464.4	-199.1	200.6
Interest cover	0.0	-1.6	4.8	7.1
Debt/equity ratio	227.9	NM	NM	403.8
Growth (%)				
Sales		1.5	41.1	22.9
EBITDA		-16.0	NM	35.2
EBIT		NM	NM	48.8
Pre-tax income		NM	NM	61.8
Net income		-91.2	NM	61.8
Adj. net income		-91.2	NM	61.8

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Company Snapshot

Company Description

Giglio Group, founded by Alessandro Giglio in 2003 and listed on the MTA-STAR market on Borsa Italiana, is a "Worldwide Digital Enabler" that offers tailor-made B2B and B2C services through its own IBox Distribution and IBox Digital business lines to more than 70 lifestyle brands. With headquarters in Milan, New York, Shanghai, Hong Kong, Rome, Lugano and Genoa and thanks to its solid expertise, Giglio Group supports its customers in the online distribution of their products through a platform which, starting from the implementation of fully tailor-made and managed monobrand e-stores, integrates the business with the dedicated placement on main lifestyle marketplaces worldwide, whilst offering online full-price and stock management – a unique, "complete-supply-chain".

Key data

Mkt price (EUR)	3.55	Free float (%)	38.4
No. of shares	18.31	Major shr	GLIO ALESSANDRO
52Wk range (EUR)	3.82/1.49	(%)	51.5
Reuters	GGTV.MI	Bloomberg	GGTV IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	98.6	-1M	136.0
-3M	26.6	-3M	72.4
-12M	-3.1	-12M	21.8

Key Risks

Company specific risks:

- Constantly increasing competition
- Internalisation of the services offered by Giglio to current group clients
- Dependence on the fashion sector
- Clients concentration

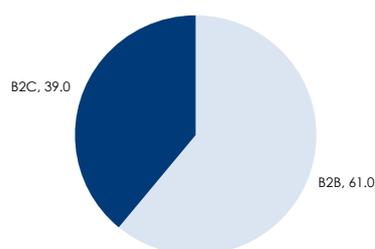
Sector generic risks:

- Shift in consumer taste
- Exposure to exchange rate fluctuations
- Seasonality

Estimates vs. consensus

EUR M (Y/E Dec)	2019A	2020E	2020C	2021E	2021C
Sales	40.21	56.73	NM	69.73	NM
EBITDA	1.04	3.96	NM	5.35	NM
EBIT	-2.47	2.86	NM	4.25	NM
Pre-tax income	-4.06	2.26	NM	3.65	NM
Net income	-15.80	1.60	NM	2.59	NM
EPS	-0.86	0.09	NM	0.14	NM

Sales breakdown by division (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 07/04/2020)

Our Mid Corporate Definition

Italy is characterised by a large number of non-listed and listed micro, small and medium-sized companies. Looking at the revenues of these Italian companies, around 5,000 companies have revenues ranging from EUR 50M-EUR 1,500M based on Intesa Sanpaolo elaborations. We define these companies as 'Mid Corporate'. Looking more specifically at Italian listed companies, we include in our Mid Corporate segment all STAR companies and those with a market capitalisation below EUR 1Bn.

Notes

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Equity Research Publications in Last 12M

The list of all recommendations on any financial instrument or issuer produced by Intesa Sanpaolo Research Department and distributed during the preceding 12-month period is available on the Intesa Sanpaolo website at the following address:

<https://group.intesasnpaolo.com/en/research/RegulatoryDisclosures/archive-of-intesa-sanpaolo-group-s-conflicts-of-interest0>

Valuation methodology (long-term horizon: 12M)

The Intesa Sanpaolo SpA Equity Research Department values the companies for which it assigns recommendations as follows:

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 (ie, 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.
TARGET PRICE	The market price that the analyst believes the share may reach within a one-year time horizon
MARKET PRICE	Closing price on the day before the issue date of the report, as indicated on the first page, except where otherwise indicated

Historical recommendations and target price trends (long-term horizon: 12M)

The 12M rating and target price history chart(s) for the companies currently under our coverage can also be found at Intesa Sanpaolo's website/Research/Regulatory disclosures: <https://group.intesasanpaolo.com/en/research/RegulatoryDisclosures/tp-and-rating-history-12-months->

Target price and market price trend (-1Y)



Historical recommendations and target price trend (-1Y)

Date	Rating	TP (EUR)	Mkt Price (EUR)
05-Mar-20	BUY	3.3	1.65
19-Sep-19	BUY	5.5	2.9

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

Intesa Sanpaolo Research Rating Distribution (at February 2020)

Number of companies considered: 106	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%)	50	20	29	1	0
of which Intesa Sanpaolo's Clients (%) (*)	79	57	58	0	0

(*) Companies on behalf of whom Intesa Sanpaolo and the other companies of the Intesa Sanpaolo Group have provided corporate and investment banking services in the last 12 months; percentage of clients in each rating category

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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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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At the Intesa Sanpaolo website, webpage <https://group.intesasanpaolo.com/en/research/RegulatoryDisclosures/archive-of-intesa-sanpaolo-group-s-conflicts-of-interest> 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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- One or more of the companies of the Intesa Sanpaolo Banking Group plan to solicit investment banking business or intends to seek compensation from Giglio Group in the next three months
- Banca IMI acts as Specialist relative to securities issued by Giglio Group

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