

Company Note

Agatos

1H21 Results

Even if 1H21 results were weak (EBIT was negative for EUR 1.0M and a non-recurring write-down of EUR 5.4M for the disposal of the wind activities caused a net loss attributable of EUR 6.8M) and the targets for 2021 were reduced, we believe that Agatos is still on track to achieve its business plan targets (EUR 200M cumulated sales in 2021-25, with an EBITDA margin growing to 10%).

1H21 results

Agatos more than doubled its revenues, thanks to the start to the works at the Marcallo BIOSIP plant. However, EBITDA remained negative for EUR 0.2M, due to increasing raw material costs and delays in some energy efficiency projects incentivised through "Superbonus 110%". The company also recorded a non-recurring write-down of EUR 5.5M, linked to the disposal of its wind activities finalised in September, which led to a net loss of EUR 6.8M (EUR -1.5M in 1H20).

Outlook and estimates

Following 1H21 results, Agatos reduced its expectations for 2021, due to the construction delays caused by the shortage of building materials and the longer than expected incentive validation process. 2021 sales are now expected at EUR 12.5M, EBITDA should be at breakeven, while net debt is targeted at EUR 8.5M. This said, we believe that the company is at the beginning of the new cycle focused on Biomethane, Energy Efficiency and Photovoltaic. The growth of these businesses should allow Agatos to reach >EUR 40M sales in 2023E, with an EBITDA margin close to 10%, based on our estimates.

Valuation

1H21 results do not affect our investment case, which is based on the development of new businesses. We slightly reduce **our target price to EUR 1.37/share** (vs. EUR 1.44/share previously), which offers a potential upside close to 50%. **BUY confirmed.**

26 October 2021: 12:53 CET  
Date and time of production

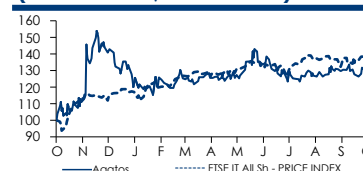
**BUY**

**Target Price: EUR 1.37**  
(from EUR 1.44)

Italy/Energy  
Update

EGM (ex-AIM)

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



Agatos - Key Data

Price date (market close)	22/10/2021
Target price (EUR)	1.37
Target upside (%)	47.31
Market price (EUR)	0.93
Market cap (EUR M)	11.29
52Wk range (EUR)	1.12/0.75

Price performance %	1M	3M	12M
Absolute	-1.8	-1.4	27.7
Rel. to FTSE IT All Sh	-4.9	-8.0	-8.8

Y/E Dec (EUR M)	FY20A	FY21E	FY22E
Revenues	3.20	12.33	35.88
EBITDA	-0.73	0.00	3.16
EBIT	-2.95	-1.20	2.56
Net income	-3.80	-6.31	1.74
EPS (EUR)	-0.29	-0.06	0.14
Net debt/-cash	11.06	6.81	6.66
Adj P/E (x)	Neg.	Neg.	6.5
EV/EBITDA (x)	Neg.	NM	6.0
EV/EBIT (x)	Neg.	Neg.	7.4
Div ord yield (%)	0	0	0

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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## 1H21 Results and Other Events

### 1H21 results

The key points of results were:

- **Strong sales growth:** in 1H21, revenues were up 178% yoy to EUR 4.7M, driven by the start of the works at the Marcallo BIOSIP plant, which accounted works in progress for EUR 2.8M. Stripping out this project, sales were up 13.4%, still affected by the Covid-19 outbreak;
- **EBITDA remained negative** for EUR 0.2M, due to increasing raw material costs, and delays in some energy efficiency projects incentivised through "Superbonus 110%". After D&A costs for EUR 0.8M, EBIT was negative for EUR 1.0M, being penalised by D&A on the BIOSIP project, which was written up last year;
- **EUR 5.5M write-down:** Agatos recorded a non-recurring write-down of EUR 5.5M, linked to the disposal of its wind activities finalised on 20 September 2021. We recall that the company sold all the activities coming from TE Wind (grouped in GEA Energy with 31 mini wind plants) for EUR 1.45M. The deal implies the deconsolidation of EUR 2.4M of net financial debt, a write-down of EUR 1.0M and a capital loss of EUR 1.6M. The latter derives from the waiver of further receivables from Agatos equal to EUR 4.1M, of which EUR 2.5M already covered by a provision accounted at Dec-20;
- **Net result** attributable was negative for EUR 6.8M or EUR 1.3M stripping out the extraordinary cost for the disposal of the wind activities;
- **Net debt lower:** net debt was down to EUR 10.4M, including the deconsolidation of EUR 2.4M credits vs. "Gea Energy", which was disposed in September. We recall that Agatos has still around EUR 5M non-strategic assets ready to be disposed;
- **Business plan revised downwards in 2021:** Agatos reduced its expectations for 2021, due to the construction delays caused by the shortage of building materials and the longer than expected incentive validation process. As a result, 2021 sales are now expected at EUR 12.5M vs. EUR 16.6M before. EBITDA should be at breakeven vs. EUR 0.2M expected previously, while net equity is targeted at EUR 8.5M vs. EUR 11.4M indicated before. The targets for the coming years were confirmed.

**Sales growth driven by the Marcallo BIOSIP project**

**Stable (negative) EBITDA, but worse EBIT due to rising D&A costs**

**The disposal of mini wind activities caused a write-down of EUR 5.5M**

**Net debt reduced**

**Business plan revised down for 2021 for the delays of the energy efficiency business**

### Agatos – 1H21 results

EUR M	1H19A	1H20A	FY20A	1H21A	1H yoy %	vs. 1H19 %
Revenues	3.7	1.7	3.2	4.7	178.0	29.5
EBITDA	0.0	-0.2	-0.7	-0.2	6.9	NM
Margin (%)	0.7	-11.9	-22.9	-4.6		
EBIT	-0.7	-0.9	-3.0	-1.0	11.3	41.9
Margin (%)	-20.0	-54.7	-92.3	-21.9		
Net Result attr.	-1.0	-1.5	-3.8	-6.8	NM	NM
Net debt/-cash	13.8	15.3	11.1	10.4	-31.9	-24.2

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

## Other events

In August, Agatos announced the acquisition of Caraverde Energia, which owns a biogas production plant built in 2015 located in Caravaggio (BG). Today the plant produces electricity incentivised by the GSE using the biogas produced by the anaerobic digestion of livestock waste from pig and cattle farms for the most part directly connected to the plant via a network of piping. Agatos plans to request a modification of the current authorisation in order to adopt its patented BIOSIP technology, increasing the production capacity of the plant to approximately 500sm<sup>3</sup>/hour of advanced biomethane, in both liquefied and gaseous form. Total consideration of the deal was EUR 3.3M, entirely represented by the net debt of Caraverde Energia. The acquired company reported EUR 1.2M sales in 2020 and EUR 0.3M EBITDA. Agatos estimates that the total investment for the new authorisation and conversion of the plant will be around EUR 16M. Once the authorisation has been obtained, Agatos intends to sell the majority of the shares to a specialised investor who will organise the financing of the investment, maintaining a minority stake, which is the same scheme adopted for the Marcallo BIOSIP project. The company believes that this project could benefit from the funding provided for by the PNRR (EUR 1.92Bn allocated in the five-year period 2022–26).

In September, Agatos finalised the long-awaited disposal of the residual activities coming from the merger with TE Wind: 100% of Gea Energy, which controls 31 mini wind plants, was sold for EUR 1.45M. Following this sale, which was already included in the company's business plan, Agatos is one of the few listed companies focused solely on the development of technologies for the energy transition and the construction on behalf of third-party customers of innovative plants at the basis of this transition. The exit from the mini wind business has transformed Agatos into a so-called "Pure play", while strengthening its financial structure (EUR 2.4M net debt deconsolidation).

### **New acquisition for a new BIOSIP project**

### **Disposal of mini wind activities**

## Earnings Outlook

Despite the reduction in 2021 guidance, we think Agatos looks on track to reach its business plan targets, which point to a sales CAGR of 40% in 2021-25, landing at >EUR 40M sales in 2023, and an EBITDA margin progressively growing to >10%. In fact, the company is rapidly building the contracts pipeline, which should support the attainment of its targets. In detail:

- **Biomethane:** after the start-up of the construction of the plant in Marcallo, which is on schedule and has already signed a contract for urban waste supply, the company has signed 4 contracts (>EUR 80M cumulated sales in the biomethane division already secured out of the EUR 230M cumulated revenues up to 2025 targeted by the business plan) for new BIOSIP projects adopting its innovative process also for civil sewage sludge (not only for urban organic waste). According to management, other projects could come in the coming months and there is interest from several foreign countries (in this case, Agatos would cash-in royalties for the BIOSIP patent exploitation). According to the company, the BIOSIP process is attractive for farmers and cattle breeders, strongly reducing their CO2 emission and ammonia (thus allowing them to respect the European directive on nitrates) and biomethane could be used in the future to replace the incentivised agricultural diesel, which is expected to lose state incentives in the near future. A key element for the development of the biomethane business in our view will be the approval of the decree for biomethane, which should extend fiscal incentives up to 2025, allowing the utilisation of biomethane also for industrial uses (currently only for automotive) and should assign non-repayable subsidies to this segment of EUR 2.0Bn;
- **Energy Efficiency:** according to the press (Il Sole 24 Ore, Corriere della Sera, Repubblica), the upcoming Budget law should extend the "Superbonus 110%" and part of other Eco-bonuses, which should also be supported by the "Next energy EU" funds, at least up to the end of 2023 and maybe also thereafter with a lower fiscal incentive, instead of June-22. The news is very positive for the Energy Efficiency business and increases the visibility on this division, which currently has a pipeline around EUR 40M that could report solid growth next year. In our estimates, we account for around EUR 8M sales in 2022 coming from this business, which should progressively decline in the future due to the decrease of the fiscal incentives;
- **Photovoltaic:** the company sees a recovery of the photovoltaic projects in the near future coming from the rebound of the installations on the roof of large plants (a segment which was stopped in the past 16 months due to Covid-19) and further important projects for the large photovoltaic plants. Agatos should leverage on its knowledge, particularly in finalising the authorisation process, to gain new contracts.

### Agatos – Updated business plan

EUR M	2021T	2022T	2023T	2024T	2025T
Revenues	12.46	38.75	47.81	61.97	64.53
EBITDA	0.07	3.85	5.42	6.81	6.95
% margin	0.6	9.9	11.3	11.0	10.8
Net income before extraordinary items	-0.71	1.97	3.17	4.16	12.98
Net equity	11.42	12.65	13.88	15.13	16.76
Net debt/-cash	6.63	6.70	4.46	2.93	0.98
Net debt/EBITDA (x)	94.7	1.7	0.8	0.4	0.1

T: targets; Source: Company data

Against this backdrop, we reduce our 2021E sales and EBITDA estimates, which are now broadly aligned with the company's guidance. We also incorporate the EUR 5.5M write-down reported in 1H21, which should lead to a net loss of around EUR 6.3M. On 2022E and 2023E, we merely fine-tune our forecasts, factoring in higher D&A costs.

Overall, we highlight that our 2022-23 estimates are more conservative than guidance, as there could be the risk of delays in completing the authorisation process and the difficulties in finalising new financing, which could delay the accounting of the turnover.

**Our 2022-23 estimates are more conservative than guidance**

#### Agatos – 2021E-23E estimates revision

EUR M	2021E Old	2021E New	2021E New/Old %	2022E Old	2022E New	2022E New/Old %	2023E Old	2023E New	2023E New/Old %
Revenues	16.1	12.3	-23.7	35.7	35.9	0.4	43.4	44.4	2.3
EBITDA	0.2	0.0	-97.9	3.1	3.2	1.1	4.3	4.3	1.5
Margin (%)	1.2	0.0		8.8	8.8		9.8	9.7	
EBIT	-0.3	-1.2	NM	2.7	2.6	-4.4	3.8	3.7	-2.3
Margin (%)	-1.6	-9.7		7.5	7.1		8.8	8.4	
Net result attr.	-0.7	-6.3	NM	1.7	1.7	1.4	2.8	2.8	0.5
Net debt/-cash	8.4	6.8	-19.2	8.5	6.7	-21.9	6.3	6.2	-2.7

NM: not meaningful; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

## Valuation

We set **a new target price at EUR 1.37/share** (from EUR 1.44/share) based on a DCF analysis, after continuing to apply a 20% liquidity discount for the listing on the EGM (ex-AIM) market and the modest liquidity of the shares. Our DCF model (before the 20% discount) returns a fair value of EUR 1.72/share. Our model incorporates the following assumptions:

- A risk-free rate of 1.0%;
- A market risk premium of 6.5%;
- A leveraged beta of 1.24x (1.0 unleveraged);
- A debt spread of 4%;
- A debt/equity ratio of 25/75, which is in line with the average ratio implied in Agatos' business plan;
- A terminal growth rate of 0.5% and an operating margin of 8.5% at terminal value, which is in line with the average margin in the business plan.

We calculated a WACC of 7.8%.

### Agatos – WACC and embedded DCF assumptions

WACC assumptions	%	Embedded DCF assumptions	%
Risk-free rate (10Y BTP bench.)	1.0	Revenue CAGR 2021-2029 (%)	18.8
Debt spread (%)	4.0	EBIT margin 2020 (%)	NM
Cost of debt [net] (%)	3.6	Target EBIT margin at terminal value (%)	8.5
Market risk premium (%)	6.5	Depr. on sales (avg 2021-2029) (%)	3.0
Beta (x)	1.24	Capex on sales (avg 2021-2029) (%)	-0.4
Cost of equity (%)	9.1		
Weight of Debt	25		
Weight of Equity	75		
<b>WACC</b>	<b>7.8</b>		

NM: not meaningful; Source: Intesa Sanpaolo Research estimates

### Agatos – DCF valuation

	EUR M	% weight	Per share EUR
Sum of PV 2020-28 FCF	13.73	41	1.13
Terminal value	19.51	59	1.61
<b>Total Enterprise value</b>	<b>33.24</b>	<b>100</b>	<b>2.74</b>
- minorities	-0.94		-0.08
- Pension Provision	-0.40		-0.03
- Net debt 2020A (+ cash)	-11.06		-0.91
<b>Total Equity value</b>	<b>20.84</b>		<b>1.72</b>
Fully diluted number of shares (M)	12.14		
<b>Fair value per share (EUR)</b>	<b>1.72</b>		
Discount (20%)	-0.34		
<b>Target price</b>	<b>1.37</b>		

Source: Intesa Sanpaolo Research estimates

Our DCF valuation implies an EV/EBITDA of 2.6x at terminal value. At our target price, Agatos trades at 8.6x EV/EBITDA and 9.5x P/E in 2022E.

**A new target price at EUR 1.37/sh;  
BUY**

**Agatos - Implicit multiples based on our EUR1.37/sh target price**

<b>x</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
P/E	NM	9.5	5.9
EV/EBITDA	NM	8.6	6.2
EV/EBIT	NM	10.6	7.2
EV/Sales	2.17	0.76	0.61
P/BV	3.3	2.6	1.9
EV/ Capital employed	2.2	2.0	1.7

NM: not meaningful; Source: Intesa Sanpaolo Research estimates

## Agatos – Key Data

Rating	Target price (EUR/sh)	Mkt price (EUR/sh)		Sector	
BUY	Ord 1.37	Ord 0.93		Energy	
<b>Values per share (EUR)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
No. ordinary shares (M)	9.28	12.14	12.14	12.14	12.14
Total no. of shares (M)	9.28	12.14	12.14	12.14	12.14
Market cap (EUR M)	11.74	14.38	11.29	11.29	11.29
Adj. EPS	-0.18	-0.29	-0.06	0.14	0.23
CFPS	-0.29	0.23	-0.34	0.15	0.11
BVPS	1.2	0.86	0.41	0.52	0.72
Dividend ord	0	0	0	0	0.04
<b>Income statement (EUR M)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Revenues	6.62	3.20	12.33	35.88	44.37
EBITDA	0.25	-0.73	0.00	3.16	4.32
EBIT	-1.37	-2.95	-1.20	2.56	3.71
Pre-tax income	-2.91	-4.04	-7.24	2.21	3.43
Net income	-2.35	-3.80	-6.31	1.74	2.82
Adj. net income	-1.67	-3.47	-0.77	1.74	2.82
<b>Cash flow (EUR M)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Net income before minorities	-2.4	-4.0	-6.5	2.1	3.3
Depreciation and provisions	1.6	2.2	1.2	0.6	0.6
Others/Uses of funds	-2.4	0.9	-4.1	-2.2	-0.1
Change in working capital	0.3	0.4	4.9	2.0	-1.5
Operating cash flow	-2.7	-0.0	-4.1	1.9	1.3
Capital expenditure	-0.0	-0.1	-1.0	-1.7	-0.8
Financial investments	0	0	0	0	0
Acquisitions and disposals	3.2	0	3.9	0	0
Free cash flow	0.5	-0.1	-1.2	0.1	0.5
Dividends	0	0	0	0	0
Equity changes & Other non-operating items	0.7	2.7	5.5	0	0
Net cash flow	1.2	2.6	4.3	0.1	0.5
<b>Balance sheet (EUR M)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Net capital employed	25.7	22.5	11.9	13.5	15.8
of which associates	0	0	0	0	0
Net debt/-cash	13.6	11.1	6.8	6.7	6.2
Minorities	0.8	0.9	0.2	0.5	1.0
Net equity	11.3	10.5	5.0	6.3	8.7
Minorities value	0	0	0	0	0
Enterprise value	26.2	26.7	18.4	18.9	18.7
<b>Stock market ratios (x)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Adj. P/E	Neg.	Neg.	Neg.	6.5	4.0
P/CFPS	Neg.	5.2	Neg.	6.1	8.8
P/BVPS	1.0	1.4	2.3	1.8	1.3
Payout (%)	0	0	0	0	17
Dividend yield (% ord)	0	0	0	0	4.3
FCF yield (%)	4.0	-0.9	-11.0	1.3	4.3
EV/sales	4.0	8.3	1.5	0.53	0.42
EV/EBITDA	NM	Neg.	NM	6.0	4.3
EV/EBIT	Neg.	Neg.	Neg.	7.4	5.0
EV/CE	1.0	1.2	1.5	1.4	1.2
D/EBITDA	54.3	Neg.	1,727.6	2.1	1.4
D/EBIT	Neg.	Neg.	Neg.	2.6	1.7
<b>Profitability &amp; financial ratios (%)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
EBITDA margin	3.8	-22.9	0.0	8.8	9.7
EBIT margin	-20.7	-92.3	-9.7	7.1	8.4
Tax rate	17.1	NM	10.0	5.0	5.0
Net income margin	-35.5	-118.6	-51.2	4.9	6.3
ROCE	-5.3	-13.1	-10.0	19.0	23.4
ROE	-19.5	-34.9	-81.7	30.8	37.4
Interest cover	-1.6	-3.9	-2.4	7.3	13.3
Debt/equity ratio	113.2	96.8	133.1	97.1	63.8
<b>Growth (%)</b>		<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Sales		-51.6	NM	NM	23.7
EBITDA		NM	NM	NM	36.7
EBIT		NM	59.5	NM	44.8
Pre-tax income		-38.9	-79.0	NM	55.1
Net income		-61.4	-66.3	NM	61.6
Adj. net income		NM	77.7	NM	61.6

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



## Company Snapshot

### Company Description

Agatos is a holding company, which engages in the provision of energy efficiency solutions. After two years of transition, which saw significant changes in the shareholder structure and the issue of new shares, the company is readdressing its activities towards three business lines: 1) the exploitation of its innovative and patented biomass-to-gas processes, 2) energy efficiency projects, exploiting the opportunity offered by the 110% Ecobonus, and 3) the development of EPC photovoltaic projects.

### Key data

Mkt price (EUR)	0.93	Free float (%)	66.3
No. of shares	12.14	Major shr	Mr. Rinaldi
52Wk range (EUR)	1.12/0.75	(%)	19.1
Reuters	AGA.MI	Bloomberg	AGA IM
<b>Performance (%)</b>	<b>Absolute</b>		<b>Rel. FTSE IT All Sh</b>
-1M	-1.8	-1M	-4.9
-3M	-1.4	-3M	-8.0
-12M	27.7	-12M	-8.8

### Key Risks

#### Company specific risks:

- Difficulties in financing new projects;
- Execution risk in the new projects;
- Limited size compared to main Italian peers;
- Possible write down of goodwill and participations.

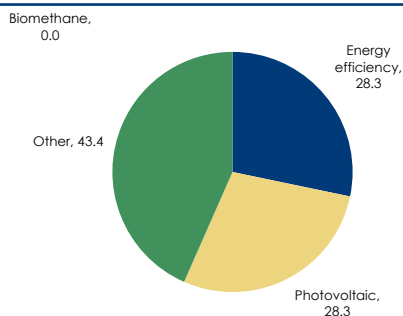
#### Sector generic risks:

- Possible changes in the regulatory framework;
- Risks on contractual guarantees;
- New projects could be postponed (external risk).

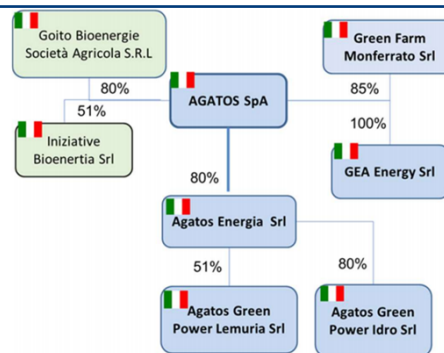
### Estimates vs. consensus

EUR M (Y/E Dec)	2020A	2021E	2021C	2022E	2022C	2023E	2023C
Sales	3.20	12.33	NM	35.88	NM	44.37	NM
EBITDA	-0.73	0.00	NM	3.16	NM	4.32	NM
EBIT	-2.95	-1.20	NM	2.56	NM	3.71	NM
Pre-tax income	-4.04	-7.24	NM	2.21	NM	3.43	NM
Net income	-3.80	-6.31	NM	1.74	NM	2.82	NM
EPS	-0.29	-0.06	NM	0.14	NM	0.23	NM

### Sales breakdown by product (%)



### Agatos structure as of 30 June 2021



NM: not meaningful; Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 22/10/2021)

## Our Mid Corporate Definition

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

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### Equity rating key: (long-term horizon: 12M)

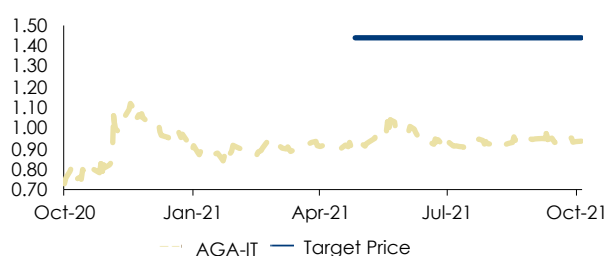
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**Equity Rating Key (long-term horizon: 12M)**

Long-term rating	Definition
BUY	If the target price is 20% higher than the market price
ADD	If the target price is 10%-20% higher than the market price
HOLD	If the target price is 10% below or 10% above the market price
REDUCE	If the target price is 10%-20% lower than the market price
SELL	If the target price is 20% lower than the market price
RATING SUSPENDED	The investment rating and target price for this stock have been suspended as there is not a sufficient fundamental basis for determining an investment rating or target. The previous investment rating and target price, if any, are no longer in effect for this stock.
NO RATING	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulations and/or firm policies in certain circumstances.
TENDER SHARES	We advise investors to tender the shares to the offer.
TARGET PRICE	The market price that the analyst believes the share may reach within a one-year time horizon
MARKET PRICE	Closing price on the day before the issue date of the report, as indicated on the first page, except where otherwise indicated

**Historical recommendations and target price trends (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->. Note: please also refer to <https://group.intesasanpaolo.com/it/research/equity-credit-research/equity> in applicable cases for the ISP-UBI Equity Ratings Reconciliation Table, the archive of ex-UBI's previously published research reports and 12M historical recommendations.

**Target price and market price trend (-1Y)****Historical recommendations and target price trend (-1Y)**

Date	Rating	TP (EUR)	Mkt Price (EUR)
17-May-21	BUY	1.44	0.94
12-Apr-21	Suspended		0.92

**Equity rating allocations (long-term horizon: 12M)****Intesa Sanpaolo Research Rating Distribution (at October 2021)**

Number of companies considered: 126	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%)*	42	37	21	0	0
of which Intesa Sanpaolo's Clients (%)**	79	70	62	0	0

\* Last rating refers to rating as at end of the previous quarter; \*\* Companies on behalf of whom Intesa Sanpaolo and the other companies of the Intesa Sanpaolo Group have provided corporate and investment banking services in the last 12 months; percentage of clients in each rating category

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

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