

TXT E-SOLUTIONS

Sector: Industrials

OUTPERFORM

Price: Eu8.74 - Target: Eu12.40

Raising Estimates Slightly Ahead of 3Q21 Results

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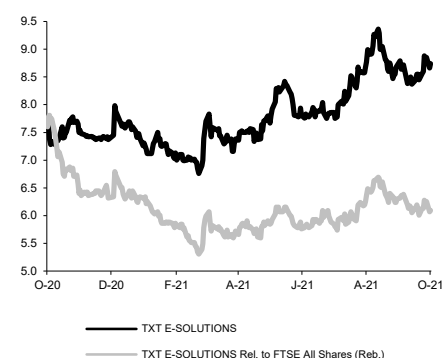
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 12.20 to 12.40		
	2021E	2022E	2023E
Chg in Adj EPS	2.0%	2.0%	2.4%

Next Event 9M21 Results

 Results Out 8th November

TXT E-SOLUTIONS - 12M Performance



Stock Data

Reuters code:	TXTS.MI
Bloomberg code:	TXT IM

Performance	1M	3M	12M
Absolute	0.5%	11.2%	15.0%
Relative	-3.3%	4.5%	-28.3%
12M (H/L)	9.36/6.76		
3M Average Volume (th):	26.12		

Shareholder Data

No. of Ord shares (mn):	13
Total no. of shares (mn):	12
Mkt Cap Ord (Eu mn):	114
Total Mkt Cap (Eu mn):	114
Mkt Float - Ord (Eu mn):	57
Mkt Float (in %):	50.0%
Main Shareholder:	
Enrico Magni (Laserline)	29.6%

Balance Sheet Data

Book Value (Eu mn):	90
BVPS (Eu):	7.60
P/BV:	1.2
Net Financial Position (Eu mn):	5
Enterprise Value (Eu mn):	98

■ **Good quarterly results ahead thanks to positive operating trends.** We expect quarterly revenues to have come in at Eu22.5mn, up +43.3% YoY and up +45.0% compared to 3Q19. Revenues at Aerospace, Aviation & Automotive should have grown by 33.3% YoY (of which 20.3% from the consolidation of TeraTron bought in July 2021) to Eu13.1mn, supported by the good performance of the Defence business and the recovery in the Civil Aviation segment. Elsewhere, FinTech revenues are expected to have closed at Eu9.4mn, up +60.1% YoY (+26% organic). EBITDA is forecast to have closed at Eu2.9mn, up +40.1% YoY and with a margin of 12.9% vs 13.2% in 3Q20 and 12.9% in 3Q19. Net cash is seen at Eu1.5mn, down Eu9.6mn from the figure as at the end of June 2021, mainly due to the acquisition of TeraTron (Eu10.1mn).

■ **Positive market outlook and enhanced visibility.** The 2021 market outlook for the Aerospace Defence segment is positive thanks to multi-year contracts and to consolidated relationships with domestic and international players. On the other hand, visibility in Civil Aviation is higher than in previous quarters thanks to the recovery of air traffic and to new contracts that are expected to be closed by the end of the year, with an expected revenue stream starting in 2022. Significant cross-selling and upselling synergies with the acquired company TeraTron are also expected. In the Fintech segment, the outlook remains positive: management has good visibility on the start-up phase companies and expects to close important contracts by the end of 2021. Additionally, in the Fintech domain the company has public sector exposure of c. 23% (as at the end of 1H21) and expects to benefit from the flurry of digital sector investments from the NRRP. More details will be unveiled in the coming months.

■ **Another M&A deal likely to complete by end-2021.** Even after the recent acquisition of TeraTron in Germany on 29 July (~5.1x 2021 EBITDA paid), the company has a cash position (Eu5.2mn expected as at the end of FY21) and available treasury shares (1,243,372 as of 1 October 2021) to pursue an external growth strategy. M&A scouting is ongoing, and another deal should be announced in the coming months. Management is looking at companies already on the market with profitable footprints as well as early-stage operators, with a view to growing the offering, geographical scope, and markets.

■ **Updating our estimates.** In light of positive market trends and enhanced visibility, we have raised our sales forecast for the current year by 0.4%, assuming 6.1% organic growth. We have lifted our EBITDA figures by 1.8% for 2021, factoring a 20bp margin expansion from our previous estimates, and by 0.8% for 2022. At bottom line, we are raising 2021 and 2022 EPS by 2% for both years.

■ **OUTPERFORM confirmed, target up to Eu12.4.** We consider our FY21 estimates to have good visibility and we expect the company to be well positioned to continue the growth trajectory and to seize new M&A opportunities. We reaffirm the positive view on the stock, raising our target from Eu12.20 to Eu12.40 (calculated on a DCF model assuming a 2.5% terminal growth rate and 8.1% WACC).

Key Figures & Ratios	2019A	2020A	2021E	2022E	2023E
Sales (Eu mn)	59	69	91	102	110
EBITDA Adj (Eu mn)	7	9	12	14	15
Net Profit Adj (Eu mn)	0	4	5	7	8
EPS New Adj (Eu)	0.039	0.383	0.426	0.581	0.664
EPS Old Adj (Eu)	0.039	0.384	0.417	0.570	0.649
DPS (Eu)	0.000	0.040	0.066	0.090	0.102
EV/EBITDA Adj	8.9	8.1	8.1	6.5	5.5
EV/EBIT Adj	14.6	18.4	12.6	9.6	7.9
P/E Adj	nm	22.8	20.5	15.0	13.2
Div. Yield	0.0%	0.5%	0.8%	1.0%	1.2%
Net Debt/EBITDA Adj	-5.9	-2.6	-0.4	-0.8	-1.2

TXT E-SOLUTIONS – Key Figures

Profit & Loss (Eu mn)	2018A	2019A	2020A	2021E	2022E	2023E
Sales	40	59	69	91	102	110
EBITDA	4	7	9	12	14	15
EBIT	2	4	3	8	10	11
Financial Income (charges)	-1	-1	3	0	0	0
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	1	2	6	8	10	11
Taxes	0	-2	-1	-2	-3	-3
Tax rate	-0.7%	80.6%	19.8%	32.0%	29.0%	28.0%
Minorities & Discontinued Operations	0	-0	-0	-0	-0	-0
Net Profit	1	0	5	5	7	8
EBITDA Adj	4	7	9	12	14	15
EBIT Adj	2	4	4	8	10	11
Net Profit Adj	1	0	4	5	7	8
Per Share Data (Eu)	2018A	2019A	2020A	2021E	2022E	2023E
Total Shares Outstanding (mn) - Average	12	12	12	12	12	12
Total Shares Outstanding (mn) - Year End	12	12	12	12	12	12
EPS f.d	0.049	0.039	0.383	0.426	0.581	0.664
EPS Adj f.d	0.049	0.039	0.383	0.426	0.581	0.664
BVPS f.d	7.414	7.028	7.313	7.599	8.181	8.773
Dividend per Share ORD	0.500	0.000	0.040	0.066	0.090	0.102
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	1030.7%	0.0%	10.4%	15.6%	15.4%	15.4%
Cash Flow (Eu mn)	2018A	2019A	2020A	2021E	2022E	2023E
Gross Cash Flow	2	4	10	10	11	12
Change in NWC	-0	-7	-16	1	-4	-3
Capital Expenditure	-1	-1	-1	-1	-2	-2
Other Cash Items	-4	-1	0	-0	0	0
Free Cash Flow (FCF)	1	-5	-7	9	6	8
Acquisitions, Divestments & Other Items	-7	-2	-17	-25	0	0
Dividends	-12	-6	0	-0	-1	-1
Equity Financing/Buy-back	0	0	0	0	0	0
Change in Net Financial Position	-27	-19	-19	-17	6	7
Balance Sheet (Eu mn)	2018A	2019A	2020A	2021E	2022E	2023E
Total Fixed Assets	23	35	47	44	41	38
Net Working Capital	7	10	21	20	24	27
Long term Liabilities	-4	-5	-5	-5	-5	-5
Net Capital Employed	26	41	64	60	60	60
Net Cash (Debt)	60	41	22	5	11	18
Group Equity	86	82	85	90	96	103
Minorities	0	0	0	0	0	0
Net Equity	86	82	85	90	96	103
Enterprise Value (Eu mn)	2018A	2019A	2020A	2021E	2022E	2023E
Average Mkt Cap	116	104	91	104	103	103
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	60	41	22	5	11	18
Enterprise Value	56	62	69	98	92	85
Ratios (%)	2018A	2019A	2020A	2021E	2022E	2023E
EBITDA Adj Margin	9.5%	11.9%	12.5%	13.3%	13.9%	14.0%
EBIT Adj Margin	4.6%	7.2%	5.5%	8.5%	9.4%	9.8%
Gearing - Debt/Equity	-69.9%	-50.6%	-25.8%	-5.7%	-11.3%	-17.3%
Interest Cover on EBIT	1.4	2.9	nm	nm	nm	nm
Net Debt/EBITDA Adj	-15.9	-5.9	-2.6	-0.4	-0.8	-1.2
ROACE*	9.6%	10.7%	6.0%	12.1%	16.0%	17.8%
ROE*	0.6%	0.5%	5.4%	5.8%	7.3%	7.8%
EV/CE	2.9	1.9	1.3	1.6	1.5	1.4
EV/Sales	1.4	1.1	1.0	1.1	0.9	0.8
EV/EBITDA Adj	14.7	8.9	8.1	8.1	6.5	5.5
EV/EBIT Adj	30.3	14.6	18.4	12.6	9.6	7.9
Free Cash Flow Yield	0.8%	-4.0%	-5.8%	8.1%	5.7%	7.1%
Growth Rates (%)	2018A	2019A	2020A	2021E	2022E	2023E
Sales	11.4%	47.8%	16.4%	33.0%	11.6%	7.8%
EBITDA Adj	7.4%	84.4%	22.2%	42.3%	16.7%	8.6%
EBIT Adj	-31.0%	131.4%	-12.2%	108.2%	23.1%	11.6%
Net Profit Adj	-99.2%	-20.5%	950.1%	11.2%	34.3%	13.9%
EPS Adj	-67.5%	-20.5%	893.2%	11.2%	36.5%	14.3%
DPS	-50.0%	nm	nm	66.0%	35.2%	13.9%

*Excluding extraordinary items

Source: Intermonte SIM estimates

TXT e-solutions in Brief

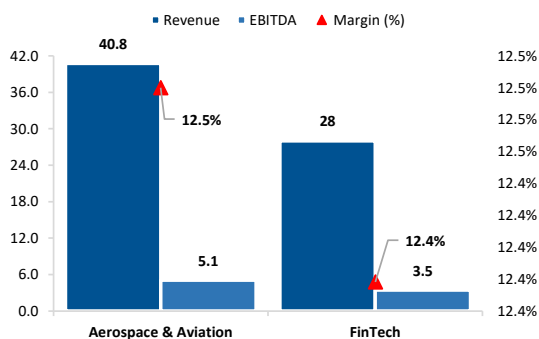
Company description

TXT e-solutions is an international IT group, an end-to-end provider of consultancy, software services and solutions for: 1) the aerospace, aeronautics and automotive sector, where it offers specific products and engineering services; 2) the fintech sector, where it focuses on software testing and quality services. Listed on Milan Stock Exchange since 2000 on the STAR segment, TXT has its head office in Milan

Strengths /Opportunities

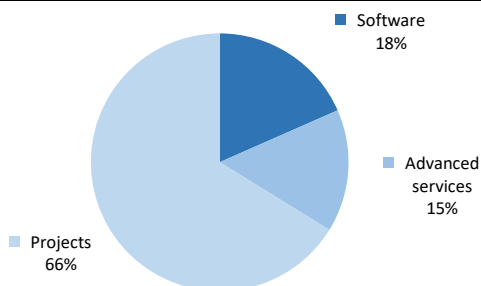
- Multi-year experience in the digital domain
- Proprietary software portfolio
- Highly specialised workforce
- Solid M&A track record
- Solid balance sheet
- Geographical expansion & product diversification

Revenue and EBITDA breakdown by segment (Eu mn, 2020A)



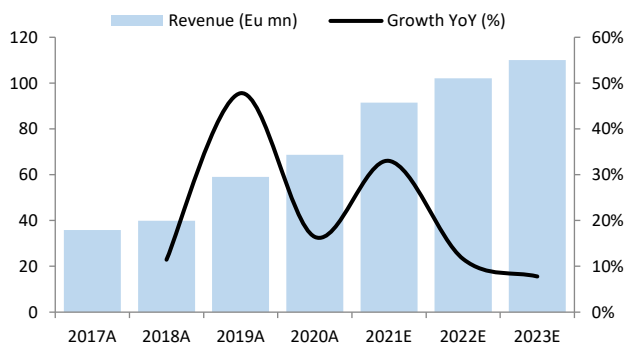
Source: Company data & Intermonte SIM

Aerospace & Aviation – Revenue breakdown (2020A)



Source: Company data & Intermonte SIM

Revenue evolution (2017A-2023E)



Source: Company data & Intermonte SIM

Management

CEO: Daniele Misani
Chairman: Enrico Magni
CFO: Eugenio Forcinito
Next BoD renewal: 12/2022
BoD independent members: 4/7

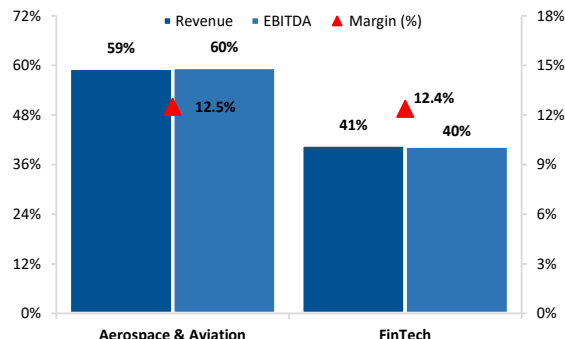
Shareholders

Laserline SpA	29.6%
Managers	10.3%
Treasury Shares	10.0%
Market	50.0%

Weaknesses /Threats

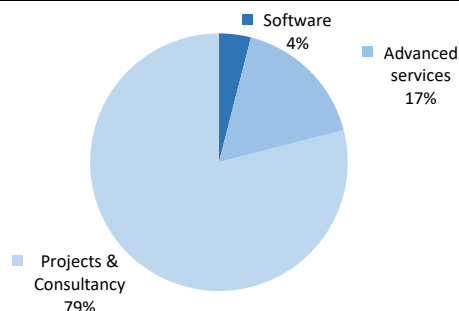
- High level of competition in the digital sector
- Business cyclicality, especially in the Civil Aviation sector
- Limited company size
- New entrants in the sector and fierce competition
- Execution risk following the intended M&A operations and potential delays in integrating acquired companies

Revenue and EBITDA breakdown by segment (% , 2020A)



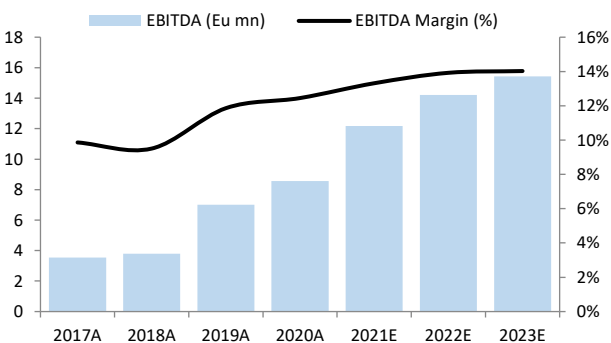
Source: Company data & Intermonte SIM

FinTech – Revenue breakdown (2020A)



Source: Company data & Intermonte SIM

EBITDA and margin evolution (2017A – 2023E)



Source: Company data & Intermonte SIM

Quarterly Preview

Good quarterly results ahead thanks to positive operating trends. We expect quarterly revenues to have come in at Eu22.5mn, up +43.3% YoY and up +45.0% compared to 3Q19. Revenues at Aerospace, Aviation & Automotive should have grown by 33.3% YoY (of which 20.3% from the consolidation of TeraTron bought in July 2021) to Eu13.1mn, supported by the good performance of the Defence business and the recovery in the Civil Aviation segment. Elsewhere, FinTech revenues are expected to have closed at Eu9.4mn, up +60.1% YoY (+26% organic). EBITDA is forecast to have closed at Eu2.9mn, up +40.1% YoY and with a margin of 12.9% vs 13.2% in 3Q20 and 12.9% in 3Q19. Net cash is seen at Eu1.5mn, down Eu9.6mn from the figure as at the end of June 2021, mainly due to the acquisition of TeraTron (Eu10.1mn).

TXT e-solutions: Quarterly Preview

(Eu mn)	3Q20A	3Q21E	9M20A	9M21E	2020A	2021E
Revenue	15.7	22.5	47.8	66.2	68.8	91.5
YoY growth	1.2%	43.3%	12.4%	38.5%	16.4%	33.0%
EBITDA IFRS	2.1	2.9	6.1	8.6	8.6	12.2
YoY growth	3.3%	40.1%	27.5%	40.1%	22.2%	42.3%
EBITDA IFRS margin %	13.2%	12.9%	12.8%	12.9%	12.5%	13.3%
- D&A	(0.80)	(1.2)	(2.4)	(3.1)	(4.8)	(4.4)
-Restructuring/Non Recurring costs	-	-	(0.4)	(0.3)	(0.6)	(0.3)
EBIT	1.3	1.7	3.4	5.1	3.2	7.5
YoY growth	29.8%	33.7%	51.5%	51.8%	-11.1%	137.7%
EBIT margin %	8.1%	7.6%	7.1%	7.7%	4.6%	8.2%
- Financial income/(charges)	0.3	0.1	1.2	0.3	2.7	0.2
Pre-tax profit	1.6	1.8	4.5	5.5	5.9	7.7
- Income tax	(0.7)	(0.4)	(0.9)	(2.1)	(1.2)	(2.5)
Tax rate %	43.4%	25%	21%	38%	19.8%	32.0%
Net income from cont. op.	0.9	1.3	3.6	3.4	4.7	5.2
YoY growth	-9.8%	50%	15%	-6%	950.1%	11.2%
Net profit margin %	5.6%	5.9%	7.5%	5.1%	6.9%	5.7%
Net debt/(cash)	(31.9)	(1.5)	(31.9)	(1.5)	(22.1)	(5.2)

Revenue (Eu mn)	3Q20A	3Q21E	9M20A	9M21E	2020A	2021E
Aerospace, Aviation & Automotive	9.8	13.1	30.7	36.439	40.8	50.1
YoY growth	1.6%	33.3%	8.4%	18.7%	5.3%	22.9%
Organic	1.6%	13.0%	8.4%	12.2%	5.3%	10.0%
Scope	0.0%	20.3%	0.0%	6.5%	0.0%	12.9%
FinTech	5.9	9.4	17.1	29.785	28.0	41.4
YoY growth	0.5%	60.1%	20.6%	74.0%	37.6%	47.7%
Organic	-8.0%	26.0%	-5.5%	21.4%	0.6%	0.5%
Scope	9%	34%	26%	53%	37%	47%
Revenue	15.7	22.5	47.8	66.224	68.8	91.5
YoY growth	1.2%	43.3%	12.4%	38.5%	16.4%	33.0%
Organic	-2.0%	17.9%	3.7%	15.5%	3.7%	6.1%
Scope	3.2%	25.4%	8.7%	23.0%	12.7%	26.9%

EBITDA	3Q20A	3Q21E	9M20A	9M21E	2020A	2021E
Aerospace, Aviation & Automotive	1.5	1.9	4.3	5.1	5.1	7.2
YoY growth	45.8%	27.7%	22.1%	17.3%	-10.5%	41.6%
EBITDA margin %	14.9%	14.3%	14.1%	13.9%	12.5%	14.4%
FinTech	0.6	1.0	1.8	3.5	3.5	5.0
YoY growth	-39.4%	70.1%	42.7%	95.1%	164.2%	43.2%
EBITDA margin %	10.4%	11.0%	10.5%	11.8%	12.4%	12.0%
EBITDA	2.1	2.9	6.1	8.6	8.6	12.2
YoY growth	3.3%	40.1%	27.5%	40.1%	22.2%	42.3%
EBITDA margin %	13.2%	12.9%	12.8%	12.9%	12.5%	13.3%

Source: Company Data & Intermonte SIM Estimates

2021 Outlook and Changes to Estimates

Positive market outlook and enhanced visibility. The 2021 market outlook for the Aerospace Defence segment is positive thanks to multi-year contracts and to consolidated relationships with domestic and international players. On the other hand, visibility in Civil Aviation is higher than in previous quarters thanks to the recovery of air traffic and to new contracts that are expected to be closed by the end of the year, with an expected revenue stream starting in 2022. Significant cross-selling and upselling synergies with the acquired company TeraTron are also expected. In the Fintech segment, the outlook remains positive, management has good visibility on the start-up phase companies and expects to close important contracts by the end of 2021. Additionally, in the Fintech domain the company has public sector exposure of c. 23% (as at the end of 1H21) and expects to benefit from the flurry of digital sector investments from the NRRP. More details will be unveiled in the coming months.

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TXT e-solutions: Changes to Estimate

	New			Old			Change %		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Revenue	91.5	102.1	110.0	91.1	101.7	109.2	0.4%	0.4%	0.7%
YoY growth	33.0%	11.6%	7.8%	32.5%	11.6%	7.5%			
Organic	6.1%	7.5%	7.8%	5.6%	7.5%	7.5%			
Scope	26.9%	4.1%	0.0%	26.9%	4.1%	0.0%			
EBITDA	12.2	14.2	15.4	12.0	14.1	15.2	1.8%	0.8%	1.2%
YoY growth	42.3%	16.7%	8.6%	39.7%	17.8%	8.2%			
EBITDA margin %	13.3%	13.9%	14.0%	13.1%	13.9%	14.0%			
EBIT	7.5	9.6	10.7	7.3	9.4	10.4	3.0%	2.3%	2.8%
YoY growth	137.7%	28.0%	11.6%	130.9%	28.8%	11.2%			
EBIT margin %	8.2%	9.4%	9.8%	8.0%	9.2%	9.6%			
Pre-tax profit	7.7	9.9	11.1	7.5	9.7	10.8	2.9%	2.3%	2.7%
- Income tax	(2.5)	(2.9)	(3.1)	(2.4)	(2.8)	(3.0)			
Tax rate %	32.0%	29.0%	28.0%	32.0%	29.0%	28.0%			
Net income from cont. op.	5.2	7.0	8.0	5.1	6.9	7.8	2.9%	2.3%	2.7%
YoY growth	11.2%	34.3%	13.9%	8.0%	35.1%	13.4%			
Net profit margin %	5.7%	6.9%	7.3%	5.6%	6.8%	7.1%			
EPS adj.	0.426	0.581	0.664	0.417	0.570	0.649	2.0%	2.0%	2.4%
YoY growth	11.2%	36.5%	14.3%	8.7%	36.5%	13.8%			
Net cash/(debt)	5.2	10.9	17.9	5.2	10.9	17.9	0.1%	0.1%	-0.3%
FCF (ex. acq)	9.2	6.5	8.1	9.2	6.5	8.1	0.1%	0.4%	-0.5%

Source: Intermonte SIM Estimates

Peer comparison

TXT e-solutions: Peer group performance

Company	Mkt Cap (Eu mn)	% Change YTD	% Change 1 Month	% Change 3 Months	% Change 6 Months	% Change 1 Year
TXT e-solutions S.p.A.	114	10.9%	0.5%	11.2%	18.7%	15.3%
American Software, Inc. Class A	747	60.3%	10.8%	30.6%	34.8%	84.0%
ATOSS Software AG	1,538	22.4%	4.7%	7.6%	10.6%	47.1%
Capgemini SE	32,002	49.5%	-1.6%	9.8%	25.7%	91.2%
Computacenter Plc	3,712	11.7%	-3.5%	2.0%	4.1%	15.9%
Descartes Systems Group Inc.	5,903	34.5%	-8.2%	12.6%	26.8%	37.4%
Devoteam SA	1,404	81.0%	28.6%	54.3%	53.5%	72.6%
Manhattan Associates, Inc.	9,291	61.5%	5.8%	15.4%	32.5%	83.9%
Oracle Corporation	228,664	49.9%	7.8%	10.4%	30.2%	68.7%
Reply S.p.A.	6,386	79.1%	-3.5%	16.6%	50.3%	81.6%
SAP SE	154,890	17.6%	4.0%	7.2%	6.4%	29.3%
Sopra Steria Group SA	3,454	27.2%	3.1%	-1.6%	12.4%	38.6%

Source: Factset

TXT e-solutions: Peer group multiples

Company name	Price	Mkt cap (Eu mn)	Country	EV/SALES		EV/EBITDA		EV/EBIT		PE		Dividend Yield (%)	
				2021E	2022E	2021E	2022E	2021E	2022E	2021E	2022E	2021E	2022E
TXT e-solutions S.p.A.	8.7	106	IT	1.1 x	0.9 x	8.0 x	6.4 x	12.5 x	9.5 x	20.3 x	15.0 x	0.8%	1.0%
American Software, Inc. Class A	23.7	593	US	5.3 x	4.8 x	46.3 x	34.7 x	57.5 x	39.5 x	88.6 x	60.7 x		
ATOSS Software AG	193.4	1,417	DE	14.4 x	12.6 x	47.1 x	42.4 x	53.6 x	47.8 x	80.9 x	73.1 x	0.9%	1.0%
Capgemini SE	189.6	32,111	FR	2.1 x	1.9 x	12.9 x	11.9 x	16.8 x	14.9 x	23.8 x	20.8 x	1.1%	1.3%
Computacenter Plc	32.5	3,752	GB	0.5 x	0.4 x	9.7 x	9.2 x	12.2 x	11.4 x	20.2 x	19.8 x	2.0%	2.0%
Descartes Systems Group Inc.	69.6	5,209	CA	14.9 x	13.2 x	36.0 x	31.5 x			81.7 x	75.4 x		
Devoteam SA	168.5	1,058	FR										
Manhattan Associates, Inc.	146.4	8,636	US	15.2 x	13.8 x	59.5 x	55.4 x	58.9 x	54.6 x	78.5 x	74.8 x		
Oracle Corporation	83.6	213,718	US	6.9 x	6.7 x	14.3 x	13.7 x	15.4 x	14.7 x	19.4 x	17.4 x	1.4%	1.5%
Reply S.p.A.	170.7	5,683	IT	4.2 x	3.7 x	25.3 x	22.2 x	31.6 x	27.4 x	46.2 x	40.6 x	0.4%	0.4%
SAP SE	126.1	153,170	DE	5.8 x	5.5 x	18.1 x	16.8 x	19.6 x	18.6 x	21.1 x	23.3 x	1.5%	1.5%
Sopra Steria Group SA	168.2	3,485	FR	0.8 x	0.8 x	7.6 x	6.5 x	10.6 x	8.8 x	16.4 x	13.8 x	1.6%	1.6%
Mean				6.5 x	5.8 x	25.9 x	22.8 x	28.9 x	24.7 x	45.2 x	39.5 x	1.2%	1.3%
Median				5.3 x	4.8 x	18.1 x	16.8 x	18.2 x	16.7 x	23.8 x	23.3 x	1.2%	1.4%

Source: Factset

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	TXT E-SOLUTIONS		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	12.40	Previous Target (Eu):	12.20
Current Price (Eu):	8.74	Previous Price (Eu):	8.16
Date of report:	27/10/2021	Date of last report:	10/08/2021

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

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

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

Frequency of research: quarterly.

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Explanation of our ratings system:

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

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

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

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

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

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

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BUY:	17,36 %
OUTPERFORM:	52,89 %
NEUTRAL:	25,62 %
UNDERPERFORM	04,13 %
SELL:	00,00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (55 in total) is as follows:

BUY:	30,91 %
OUTPERFORM:	49,09 %
NEUTRAL:	20,00 %
UNDERPERFORM	00,00 %
SELL:	00,00 %

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COGEME SET SPA	1,6	SHORT
IKF	0,57	SHORT
OLIDATA	0,74	SHORT

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