

Italian Mid/Small Caps Monthly

Interest Rate Cuts Expected to Boost Mid/Small Caps

by Intermonte Research Team

Italian Equity Market

- **Performance (-).** The Italian equity market (prices as at 16 September 2024) has posted a positive 1.4% performance in the last month and is up 9.9% YtD, mainly driven by a re-rating of utilities stocks. The FTSE Italy Mid-Cap index (-0.4%) has underperformed the main index in the last month by 1.8% (-6.7% YtD on a relative basis), with the FTSE Italy Small Caps index (+0.1%) performing 1.3% below the market and -10.3% on a relative basis since the beginning of 2024. Looking at mid/small cap performances across Europe, the MSCI Europe Small Caps index has grown 0.8% in the last month, performing better than Italian mid/small caps.
- **Estimates (-).** Since the beginning of 2024, we have implemented a -3.6%/-3.5% revision to our 2024/2025 EPS estimates; on the other hand, focusing on our mid/small cap coverage, we have changed our 2024/2025 EPS by +1.3%/-1.4%. Notably, in the last month, estimate revision has been negative for large caps (-1.7%/-1.9% on 2024/2025 EPS), neutral for mid-caps, and negative for small-caps (-2.3%/-0.9%).
- **Valuations (-).** If we compare performance YtD to the change in FY24 estimates over the same period, we see that FTSE MIB stocks have recorded a 14.6% re-rating YtD (the same metric was +14.9% one month ago), mid-caps have de-rated by 0.1%, while small caps have re-rated by 21.1%. On a P/E basis, our panel is trading at a 29% premium to large caps, above the historical average premium (17%) and slightly below the level one month ago (26%).
- **Liquidity (=).** Looking at official Italian index trends, we note that liquidity for large caps in the last month (measured by multiplying average volumes by average prices in a specific period) is 2.3% lower than in the corresponding period one year ago and is up 16.6% from a YtD perspective. The picture is similar for mid/small caps: specifically, YtD liquidity is up 17.5% YoY for mid-caps and 23.0% for small caps. Notably, liquidity declined in the last month, especially for small caps.
- **Investment strategy.** The FED is expected to cut its benchmark rates this week for the first time since the pandemic. Although the ECB seems inclined to confirm a more gradual rate-cutting strategy, 2H24 outlook should be favourable for mid/small caps, which are a proxy for “growth stocks” in Italy. However, worsening macro figures and high geopolitical tensions increase the risk that estimates will disappoint, urging a selective investment approach. We confirm our preference for stocks with good cash generation and exposure to solid international trends. In our view, the subgroup of “digital enablers” could benefit from rather resilient prospects, as well as other “quality” names. Third quarter results are likely to amount to relevant newsflow. Liquidity, which is showing signs of stabilization, remains another factor for selection. Although delisting announcements are continuing, we believe a decline in yields may trigger a revival of acquisitions and IPOs, which would be very welcome news for the mid/small cap segment. As we have already commented, the start-up of a fund sponsored by Italian sovereign fund CDP (the project will be presented on 30 September at the Milan Stock Exchange) could be a meaningful catalyst for Italian mid/small caps. The fund would have c.€1bn of initial funding, 49% from CDP and 51% from private investors, including pension funds, insurers, and asset management companies.

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Performance

Mid/small caps underperformed large caps in the last month

The Italian equity market (prices as at 16 September 2024) has posted a positive 1.4% performance in the last month and is up 9.9% YtD, mainly driven by a re-rating of utilities stocks. The FTSE Italy Mid-Cap index (-0.4%) has underperformed the main index in the last month by 1.8% (-6.7% YtD on a relative basis), with the FTSE Italy Small Caps index (+0.1%) performing 1.3% below the market and -10.3% on a relative basis since the beginning of 2024.

Italian Market Indexes – performance analysis (prices as at 16 September 2024)

Index	Price (Eu)	% Change 1 Month	% Change 3 Months	% Change 6 Months	% Change YTD	% Change 1 Year	% Change 2 Years	% Change 3 Years	% Change 5 Years
FTSE Italia Mid Cap	45,938	-0.4%	-1.0%	-2.3%	3.1%	11.9%	25.2%	-6.8%	21.4%
FTSE Italia Small Cap	28,225	0.1%	-0.1%	3.3%	-0.4%	6.1%	0.8%	-5.4%	43.2%
FTSE Italia Star	45,453	-0.7%	-3.2%	-2.3%	-4.9%	4.5%	6.4%	-26.7%	29.7%
FTSE Italia Growth Index	7,926	-0.6%	-1.5%	-1.5%	-4.6%	-8.1%	-14.7%	-29.6%	-1.5%
FTSE Italia All-Share	35,685	1.4%	2.4%	-1.1%	9.9%	15.7%	48.6%	25.1%	49.1%
FTSE MIB	33,570	1.6%	2.8%	-1.1%	10.6%	16.2%	51.8%	29.3%	52.8%
Relative Performance vs FTSE Italy All Share		% Change 1 Month	% Change 3 Months	% Change 6 Months	% Change YTD	% Change 1 Year	% Change 2 Years	% Change 3 Years	% Change 5 Years
FTSE Italia Mid Cap		-1.8%	-3.4%	-1.2%	-6.7%	-3.8%	-23.3%	-31.9%	-27.8%
FTSE Italia Small Cap		-1.3%	-2.5%	4.4%	-10.3%	-9.6%	-47.7%	-30.5%	-5.9%
FTSE Italia Star		-2.1%	-5.7%	-1.2%	-14.8%	-11.2%	-42.2%	-51.9%	-19.4%

Source: FactSet

Looking at mid/small cap performances across Europe, the MSCI Europe Small Caps index has grown 0.8% in the last month, performing better than Italian mid/small caps.

European Market Indexes – performance analysis

Index	Price	% Change 1 Month	% Change 3 Months	% Change 6 Months	% Change YTD	% Change 1 Year	% Change 2 Years	% Change 3 Years	% Change 5 Years
MSCI Europe	173	0.6%	0.5%	1.8%	7.4%	11.1%	25.8%	12.2%	31.4%
MSCI Europe Small Cap	439	0.8%	1.9%	4.3%	5.2%	12.4%	17.4%	-11.7%	21.8%

Source: FactSet

For individual stocks, in the following tables we rank the best and worst performers over two periods: the last month and the year to date.

Intermonte Mid & Small Cap Coverage – best and worst performers, 1M

Best Performers	Price (Eu)	Market Cap (Eu mn)	Perf. 1M (%)
IGD	2.62	289	25%
ESPRINET	5.94	299	20%
PHARMANUTRA	58.60	567	19%
TXT E-SOLUTIONS	26.85	349	12%
OVS GROUP	2.80	814	10%
EL.EN.	10.39	832	9%
SERVIZI ITALIA	2.01	64	9%
TINEXTA	12.10	571	7%
IREN	2.01	2,612	7%
ANIMA	5.27	1,681	7%
GPI	12.90	373	6%
LU-VE	25.95	577	6%
INDEL B	21.60	126	5%
PIAGGIO	2.65	950	4%
REVO INSURANCE	9.60	236	4%
UNIDATA	3.68	114	4%
FINE FOODS	8.28	183	3%
RAI WAY	5.14	1,398	3%
OMER	4.10	118	3%
CREDITO EMILIANO	10.24	3,495	3%
FTSE Italia Mid Cap			0%
FTSE Italia Small Cap			0%
FTSE MIB			2%
Worst Performers	Price (Eu)	Market Cap (Eu mn)	Perf. 1M (%)
AQUAFIL	1.97	84	-29%
DOVALUE	1.36	109	-16%
CY4GATE	5.28	124	-13%
FERRAGAMO	6.63	1,119	-11%
SECO	2.22	295	-9%
SOMECE	16.00	110	-9%
SESA	90.40	1,401	-8%
FINCANTIERI	4.64	1,494	-8%
AVIO	11.82	312	-8%
THE ITALIAN SEA GROUP	8.21	435	-7%
SERI INDUSTRIAL	3.57	192	-7%
INTERCOS	14.68	1,413	-7%
DATALOGIC	6.06	354	-6%
TESMECE	0.08	46	-6%
CYBEROO	3.01	125	-5%
ABITARE IN	4.17	111	-5%
BFF BANK	9.43	1,769	-5%
ANTARES VISION	2.93	207	-5%
TALEA GROUP	6.74	46	-4%
CEMENTIR	9.33	1,485	-3%

Source: FactSet

Intermonte Mid & Small Cap Coverage – best and worst performers YtD

Best Performers	Price (Eu)	Market Cap (Eu mn)	Perf. YTD (%)
GREENTHESIS	2.29	355	136%
IEG	5.80	179	88%
ANTARES VISION	2.93	207	58%
CIVITANAVI SYSTEMS	6.16	#N/D	58%
MAIRE	7.36	2,419	50%
AVIO	11.82	312	40%
OMER	4.10	118	36%
TXT E-SOLUTIONS	26.85	349	35%
BANCA IFIS	20.86	1,122	33%
WEBUILD	2.41	2,469	32%
ANIMA	5.27	1,681	31%
GPI	12.90	373	29%
CREDITO EMILIANO	10.24	3,495	27%
BUZZI	34.74	6,692	26%
ACEA	17.29	3,682	25%
OVS GROUP	2.80	814	23%
BANCA SISTEMA	1.46	117	22%
SERVIZI ITALIA	2.01	64	20%
MEDIA FOR EUROPE	3.85	1,839	18%
ENAV	3.93	2,131	14%
FTSE Italia Mid Cap			3%
FTSE Italia Small Cap			0%
FTSE MIB			11%
Worst Performers	Price (Eu)	Market Cap (Eu mn)	Perf. YTD (%)
DOVALUE	1.36	109	-60%
FERRAGAMO	6.63	1,119	-46%
SOMECH	16.00	110	-44%
AQUAFIL	1.97	84	-43%
TINEXTA	12.10	571	-40%
TESMECH	0.08	46	-36%
NOTORIOUS PICTURES	0.80	18	-35%
CY4GATE	5.28	124	-35%
SECO	2.22	295	-35%
SESA	90.40	1,401	-27%
ELICA	1.73	110	-24%
TALEA GROUP	6.74	46	-23%
STAR7	6.00	54	-21%
GEOX	0.60	154	-18%
ABITARE IN	4.17	111	-17%
FRANCHI UMBERTO MARMI	5.80	190	-16%
EMAK	0.95	156	-13%
DE' LONGHI	27.06	4,090	-11%
PIAGGIO	2.65	950	-11%
DATALOGIC	6.06	354	-10%

Source: FactSet

Earnings Momentum

Estimates trimmed in the last month

Since the beginning of 2024, we have implemented a -3.6%/-3.5% revision to our 2024/2025 EPS estimates; on the other hand, focusing on our mid/small cap coverage, we have changed our 2024/2025 EPS by +1.3%/-1.4%. Notably, in the last month, estimate revision has been negative for large caps (-1.7%/-1.9% on 2024/2025 EPS), neutral for mid-caps, and negative for small-caps (-2.3%/-0.9%).

Italian Market – Intermonte changes to 2024 and 2025 estimates

EPS REVISION	Since January 1st 2024		Since 18/8/2024	
	% chg in EPS FY24	% chg in EPS FY25	% chg in EPS FY24	% chg in EPS FY25
Total Market	-3.6%	-3.5%	-1.6%	-1.8%
Total Market - Ex Energy	-1.5%	-3.2%	0.4%	-0.9%
Domestic	7.3%	5.8%	2.3%	2.5%
Non domestic	-16.7%	-14.6%	-6.7%	-7.0%
Non domestic - Ex Energy	-16.3%	-15.7%	-2.7%	-6.4%
FTSE MIB	-4.0%	-3.7%	-1.7%	-1.9%
Mid Caps (our coverage)	3.2%	-0.9%	0.0%	0.0%
Small Caps (our coverage)	-21.5%	-17.0%	-2.3%	-0.9%
Intermonte Mid&Small Caps coverage	1.3%	-1.4%	-0.2%	-0.1%

Source: Intermonte SIM

For individual stocks, the following tables rank the biggest changes to our 2024 adjusted net profit estimates YtD.

Intermonte Mid & Small Cap Coverage - largest changes to 2024 est. (up/down) YtD

Stock	Restated Net Profit 24 as of 31/12/23	Restated net profit 24 last estimate	% chg from 31/12/23
Upward Revision			
IEG	19	31	63.0%
SERI INDUSTRIAL	-2	-1	42.6%
CREDITO EMILIANO	429	607	41.6%
BANCA SISTEMA	15	21	40.7%
TXT E-SOLUTIONS	16	21	29.9%
ANIMA	173	224	29.4%
MAIRE	151	191	26.7%
SARAS	135	165	22.0%
INTRED	6	6	13.3%
BANCA IFIS	152	167	10.2%
Downward Revision			
TALEA GROUP	1	-2	-247.8%
TESMEC	9	-3	-136.9%
ABITARE IN	35	7	-79.0%
FERRAGAMO	55	12	-78.8%
ELICA	13	4	-73.6%
REVO INSURANCE	62	21	-66.5%

Source: Intermonte SIM

Valuation

Mid/small cap valuation premium slightly up in the last month

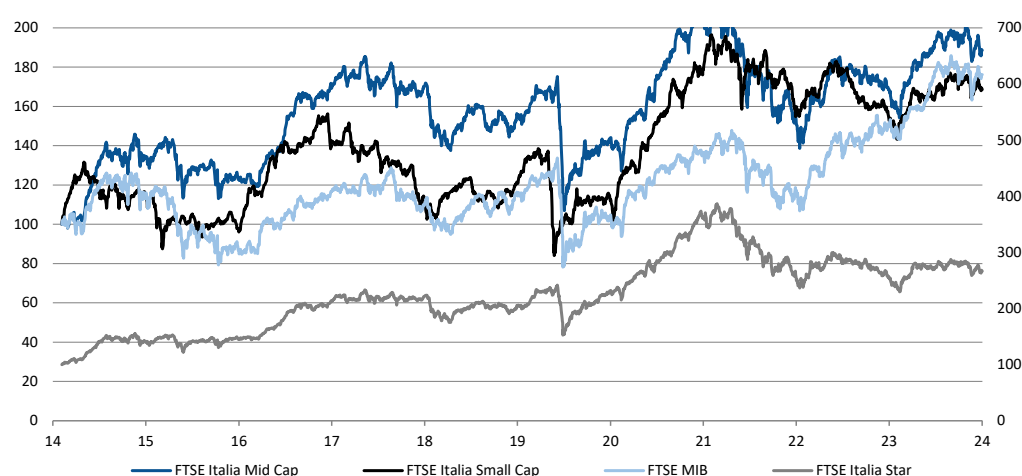
If we compare performance YtD to the change in FY24 estimates over the same period, we see that FTSE MIB stocks have recorded a 14.6% re-rating YtD (the same metric was +14.9% one month ago); mid-caps have de-rated by 0.1%, while small caps have re-rated by 21.1%.

Italian Market – re/de-rating by index

Index	% Change YTD	on FY24 estimates	
		Chg in estimates	Re/De-rating
FTSE MIB	10.6%	-4.0%	14.6%
FTSE Italia Mid Cap	3.1%	3.2%	-0.1%
FTSE Italia Small Cap	-0.4%	-21.5%	21.1%

Source: Intermonte SIM and FactSet

Italian Market Indices – Performances for the last 10 years (base 100)

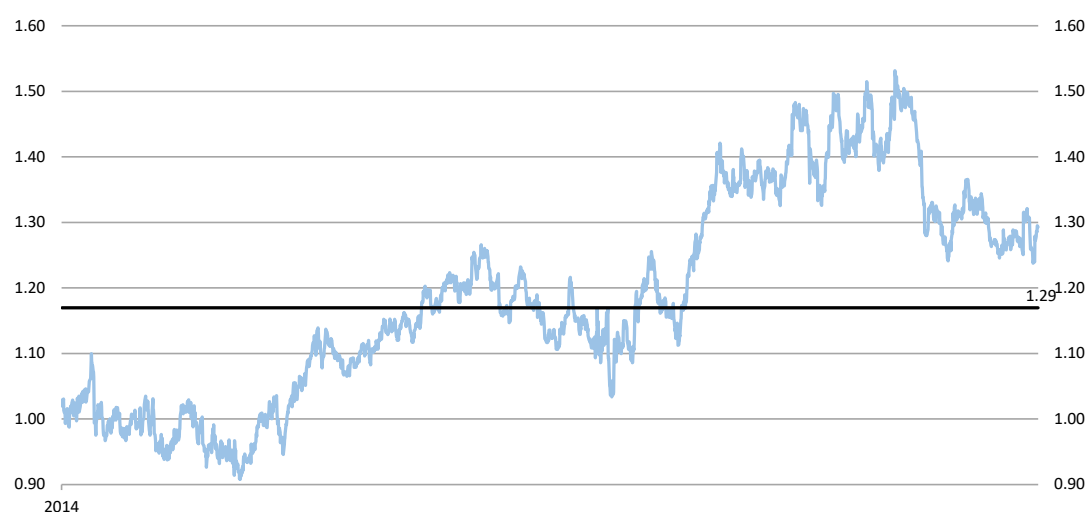


Source: FactSet

In addition to our analysis of the main Italian market indices, we have also compared valuations for our panel of Italian mid/small caps against the main FTSE MIB index.

On a P/E basis, our panel is trading at a 29% premium to large caps, above the historical average premium (17%) and slightly below the level one month ago (26%).

Intermonte Mid & Small Cap Panel – next twelve months' P/E relative to FTSE MIB, last 10 years



Source: Intermonte SIM and FactSet

The table below shows the stocks in our mid/small cap coverage that have posted the largest re-ratings/de-ratings since January 2024, based on 2024 estimates.

European Market – Valuations

	P/E13	P/E14	P/E15	P/E16	P/E17	P/E18	P/E19	P/E20	P/E21	P/E22	P/E23	P/E24	P/E24 vs Italian Equivalen	Last 10Y Median	Premium / Disc. vs Avg
FTSE MIB	11.4 x	11.4 x	18.8 x	19.7 x	16.7 x	n.m.	15.7 x	21.6 x	11.5 x	8.6 x	8.0 x	10.7 x		13.6 x	-21.3%
FTSE Italy Mid Cap	15.4 x	15.4 x	22.0 x	20.2 x	16.6 x	18.4 x	19.2 x	60.7 x	18.3 x	15.5 x	12.0 x	12.7 x		18.3 x	-30.7%
FTSE Italy Small Caps	60.5 x	34.2 x	nm	nm	18.9 x	14.5 x	nm	51.5 x	20.2 x	14.9 x	14.0 x	12.1 x		14.9 x	-18.9%
Germany DAX (TR)	16.5 x	12.9 x	15.5 x	14.3 x	14.2 x	14.8 x	20.5 x	20.8 x	13.1 x	12.4 x	12.4 x	13.3 x	24.5%	14.2 x	-6.5%
Germany MDAX	24.4 x	16.7 x	19.7 x	21.6 x	16.3 x	21.0 x	55.5 x	43.8 x	26.6 x	16.4 x	21.2 x	14.9 x	17.2%	21.2 x	-30.1%
France CAC 40	17.5 x	16.1 x	16.2 x	16.1 x	15.3 x	16.0 x	28.6 x	28.6 x	15.6 x	13.1 x	19.9 x	14.4 x	34.6%	16.0 x	-10.0%
France CAC Mid 60	26.0 x	20.4 x	20.4 x	36.8 x	16.2 x	15.6 x	623.1 x	-31.9 x	20.2 x	13.3 x	12.8 x	11.6 x	-8.1%	15.6 x	
France CAC Small	24.9 x	25.3 x	26.5 x	32.9 x	31.0 x	32.6 x	-56.1 x	-77.1 x	45.0 x	23.8 x	22.0 x	34.3 x	183.7%	31.0 x	10.5%
FTSE 100	14.8 x	15.3 x	18.2 x	14.7 x	13.2 x	12.6 x	21.8 x	21.1 x	13.0 x	10.5 x	11.4 x	12.3 x	15.1%	13.0 x	-4.9%
FTSE 250	19.8 x	17.3 x	16.5 x	14.6 x	12.7 x	13.4 x	43.1 x	43.8 x	21.2 x	14.3 x	21.8 x	13.9 x	9.6%	14.6 x	-4.9%
IBEX 35	19.9 x	19.4 x	15.8 x	13.3 x	13.7 x	13.0 x	32.1 x	34.8 x	11.9 x	10.8 x	10.6 x	11.6 x	8.1%	13.0 x	-11.0%
IBEX MEDIUM	18.1 x	20.5 x	18.9 x	20.9 x	17.0 x	13.8 x	20.4 x	20.4 x	15.4 x	14.5 x	14.9 x	12.3 x	-3.1%	15.4 x	-20.4%

Source: Intermonte SIM and FactSet

Intermonte Mid & Small Cap Coverage – de-rating/re-rating on 2024 estimates since Jan 2024

Stock	Restated Net Profit 24 as of 31/12/23	Restated net profit 24 last estimate	% Chg in Net Profit 24	Share Price perf. 31/12/23	De-rating(-) Re-rating(+)
TALEA GROUP	1.2	-1.7	-248%	-23%	225%
GREENTHESIS	20.5	22.6	10%	136%	126%
TESMEC	9.2	-3.4	-137%	-36%	101%
ANTARES VISION	11.7	6.9	-41%	58%	100%
REVO INSURANCE	61.9	20.7	-67%	14%	81%
GPI	24.6	16.8	-32%	29%	61%
CIVITANAVI SYSTEMS	9.5	9.6	0%	58%	58%
CY4GATE	11.2	0.8	-93%	-35%	58%
ELICA	13.5	3.6	-74%	-24%	50%
AVIO	13.2	11.9	-10%	40%	49%
IGD	49.9	34.6	-31%	14%	44%
DATALOGIC	28.9	13.2	-54%	-10%	44%
SERVIZI ITALIA	7.9	6.8	-14%	20%	34%
FERRAGAMO	55.1	11.7	-79%	-46%	33%
ESPRINET	32.4	24.9	-23%	8%	31%
OMER	9.0	9.8	9%	36%	27%
ACEA	326.0	322.9	-1%	25%	26%
IEG	18.8	30.6	63%	88%	25%
OVS GROUP	76.4	75.1	-2%	23%	25%
FINCANTIERI	-6.9	-8.1	-17%	7%	24%
WEBUILD	244.9	266.0	9%	32%	23%
MAIRE	150.7	190.9	27%	50%	23%
BANCA IFIS	151.6	167.0	10%	33%	23%
CYBEROO	7.3	5.8	-20%	0%	20%
BUZZI	832.8	888.5	7%	26%	19%
PIAGGIO	114.9	82.1	-29%	-11%	18%
TECHNOGYM	103.2	89.5	-13%	4%	17%
MEDIA FOR EUROPE	291.0	295.2	1%	18%	17%
REPLY	208.0	202.3	-3%	14%	16%
EMAK	22.9	16.7	-27%	-13%	14%
MARR	60.8	53.2	-12%	1%	13%
EL.EN.	54.5	52.0	-5%	7%	11%
MONDADORI	66.6	68.2	2%	13%	10%
UNIDATA	12.1	10.2	-16%	-7%	10%
INTERCOS	70.1	65.5	-7%	3%	9%
ENAV	117.3	124.0	6%	14%	9%
CEMENTIR	221.1	197.1	-11%	-2%	9%
FINE FOODS	11.3	9.8	-14%	-6%	8%
LU-VE	34.5	36.4	5%	12%	7%
PHARMANUTRA	17.7	17.2	-3%	4%	7%
IREN	284.8	271.6	-5%	2%	6%
FILA	41.8	42.7	2%	8%	6%
TXT E-SOLUTIONS	16.2	21.1	30%	35%	6%
ANIMA	172.9	223.7	29%	31%	2%
RAI WAY	90.5	89.8	-1%	1%	1%
BREMBO	294.3	282.6	-4%	-9%	(5%)
SOMEK	8.5	5.3	-38%	-44%	(6%)
FRANCHI UMBERTO MARMI	14.2	12.8	-9%	-16%	(6%)
THE ITALIAN SEA GROUP	44.7	47.6	6%	0%	(7%)
BFF BANK	200.1	200.1	0%	-9%	(9%)
INDEL B	17.0	17.0	0%	-10%	(10%)
SECO	23.2	18.0	-23%	-35%	(13%)
CREDITO EMILIANO	428.6	606.7	42%	27%	(14%)
DE' LONGHI	273.7	289.8	6%	-11%	(17%)
GEOX	34.6	34.6	0%	-18%	(18%)
BANCA SISTEMA	15.1	21.2	41%	22%	(19%)
INTRED	5.7	6.5	13%	-8%	(22%)
SESA	110.2	106.4	-3%	-27%	(23%)
SARAS	135.4	165.2	22%	-1%	(23%)
DOVALUE	55.9	35.3	-37%	-60%	(23%)
TINEXTA	62.9	57.7	-8%	-40%	(32%)
NOTORIOUS PICTURES	6.4	6.4	0%	-35%	(35%)
SERI INDUSTRIAL	-1.7	-1.0	43%	5%	(37%)
AQUAFIL	6.2	6.2	0%	-43%	(43%)
#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!

Source: Intermonte SIM

Liquidity

Mid/small cap liquidity down in the last month

Looking at official Italian index trends, we note that liquidity for large caps in the last month (measured by multiplying average volumes by average prices in a specific period) is 2.3% lower than in the corresponding period one year ago and is up 16.6% from a YtD perspective. The picture is similar for mid/small caps: specifically, YtD liquidity is up 17.5% YoY for mid-caps and 23.0% for small caps. Notably, liquidity declined in the last month, especially for small caps.

Italian Market – liquidity analysis

	Avg Daily Volume * Avg Price (Eu mn) 2024			Avg Daily Volume * Avg Price (Eu mn) 2023			% Changes (YoY)		
	1M to 16/09	3M to 16/09	YTD to 16/09	1M to 16/09	3M to 16/09	YTD to 16/09	1M to 16/09	3M to 16/09	YTD to 16/09
FTSE MIB									
All stocks	45.31	52.15	58.66	46.36	48.47	50.32	(2.3%)	7.6%	16.6%
Top 20% by market cap	139.64	157.62	169.53	149.58	154.01	160.77	(6.6%)	2.3%	5.5%
FTSE Italia Mid Cap									
All stocks	1.63	1.91	2.41	1.67	1.78	2.05	(2.8%)	7.2%	17.5%
Top 20% by market cap	2.74	3.03	4.03	3.19	3.52	4.01	(14.2%)	(13.9%)	0.5%
FTSE Italia Small Cap									
All stocks	0.19	0.23	0.33	0.24	0.23	0.27	(19.7%)	1.4%	23.0%
Top 20% by market cap	0.44	0.61	0.71	0.48	0.51	0.58	(8.6%)	19.0%	22.0%

Source: FactSet

For individual stocks, the following table ranks liquidity in our mid/small cap coverage.

Intermonte Mid & Small Cap Coverage – most liquid stocks

Stock	Market Cap (Eu mn)	6M Avg Volume * Avg Price (Eu)
BUZZI	6,692	10,551,296
WEBUILD	2,469	6,942,725
FINCANTIERI	1,494	6,472,467
BFF BANK	1,769	6,459,418
MAIRE	2,419	5,871,654
IREN	2,612	5,303,170
REPLY	5,077	4,814,809
BREMBO	3,385	4,573,773
SARAS	#N/D	3,577,111
FERRAGAMO	1,119	3,572,851
DE' LONGHI	4,090	3,115,617
BANCA IFIS	1,122	3,034,965
ANIMA	1,681	3,030,661
OVS GROUP	814	2,674,576
ENAV	2,131	2,344,569
ACEA	3,682	2,211,811
TECHNOGYM	1,892	2,152,811
SESA	1,401	2,032,158
PIAGGIO	950	2,012,002
MARR	768	1,796,132
RAI WAY	1,398	1,692,236
EL. EN.	832	1,508,090
CREDITO EMILIANO	3,495	1,495,810
TIP	1,680	1,457,827
MEDIA FOR EUROPE	1,839	1,453,512
TINEXTA	571	1,273,971
INTERCOS	1,413	1,082,848
CEMENTIR	1,485	1,074,846
SERI INDUSTRIAL	192	894,871

Source: FactSet

Criteria for investing in mid/small caps

Italian Mid & Small Cap Coverage - geographical breakdown of sales (FY23)

Stock	Italy	Europe (incl. Russia, UK, Turkey)	North America (incl. Mexico)	South America	Asia (incl. China, India, South East Asia)	RoW (Africa, Middle East, Australia, Japan)
Intermonte Coverage	53%	24%	10%	1%	7%	4%

Source: Company data and Intermonte SIM (financial companies excluded from the sample)

A ranking of stocks with the highest expected earnings growth for 2024 vs. 2023, and the highest 2024 dividend yields, can be found in the following tables.

Intermonte Mid & Small Cap Coverage – dividend yield 2024

Stock	Price (Eu)	Mkt Cap (Eu mn)	EPS 24	DPS 24	Yield 24 %	PayOut 24 %	Net Debt/EBITDA 24
GEOX	0.6	154	0.133	0.067	11.2%	50%	2.9
DOVALUE	1.4	109	0.441	0.150	11.0%	34%	2.5
BANCA IFIS	20.9	1122	3.104	2.175	10.4%	70%	
BFF BANK	9.4	1769	1.071	0.953	10.1%	89%	
PIAGGIO	2.7	950	0.231	0.194	7.3%	84%	1.3
MEDIA FOR EUROPE	3.9	1839	0.520	0.250	6.5%	48%	0.9
CREDITO EMILIANO	10.2	3495	1.778	0.660	6.4%	37%	
RAI WAY	5.1	1398	0.330	0.330	6.4%	100%	0.8
IREN	2.0	2612	0.209	0.128	6.4%	61%	3.3
ENAV	3.9	2131	0.229	0.237	6.0%	104%	0.8
MISITANO & STRACUZZI	2.8	75	0.274	0.170	6.0%	62%	0.5
ANIMA	5.3	1681	0.703	0.300	5.7%	43%	
MARR	11.5	768	0.800	0.640	5.5%	80%	1.2
MONDADORI	2.4	633	0.261	0.132	5.5%	51%	1.0
ACEA	17.3	3682	1.516	0.916	5.3%	60%	3.5
SARAS	1.6	#N/D	0.174	0.080	5.0%	46%	(0.0)
BANCA SISTEMA	1.5	117	0.264	0.069	4.7%	26%	
THE ITALIAN SEA GROUP	8.2	435	0.898	0.370	4.5%	41%	(0.4)
EMAK	1.0	156	0.102	0.041	4.3%	40%	2.8
ESPRINET	5.9	299	0.503	0.251	4.2%	50%	(0.9)
WEBUILD	2.4	2469	0.267	0.100	4.1%	37%	(0.7)
MAIRE	7.4	2419	0.581	0.300	4.1%	52%	(0.7)
GPI	12.9	373	0.598	0.500	3.9%	84%	2.9
INDEL B	21.6	126	2.911	0.800	3.7%	27%	0.1
FRANCHI UMBERTO MARMI	5.8	190	0.393	0.196	3.4%	50%	0.7
CEMENTIR	9.3	1485	1.239	0.277	3.0%	22%	(0.8)
DE' LONGHI	27.1	4090	1.919	0.784	2.9%	41%	(1.0)
ELICA	1.7	110	0.056	0.050	2.9%	89%	1.6
BREMBO	10.1	3385	0.882	0.282	2.8%	32%	0.7

Source: Intermonte SIM and FactSet

Intermonte Mid & Small Cap Coverage – EPS growth, 2024 vs. 2023

Stock	Price (Eu)	Mkt Cap (Eu mn)	P/E 23	P/E 24	EPS Growth
FINCANTIERI	4.6	1494	nm	nm	483%
GEOX	0.6	154	19.1	4.5	329%
FINE FOODS	8.3	183	42.9	21.6	99%
IEG	5.8	179	10.7	5.9	82%
GPI	12.9	373	36.4	21.6	69%
MAIRE	7.4	2419	19.3	12.7	52%
CYBEROO	3.0	125	31.5	21.4	47%
NOTORIOUS PICTURES	0.8	18	4.1	2.8	45%
REVO INSURANCE	9.6	236	16.0	11.4	40%
GREENTHESIS	2.3	355	21.9	15.7	39%
MEDIA FOR EUROPE	3.9	1839	10.1	7.4	36%
FILA	8.9	384	14.0	10.7	31%
THE ITALIAN SEA GROUP	8.2	435	11.8	9.1	29%
UNIDATA	3.7	114	13.9	11.2	25%
BANCA SISTEMA	1.5	117	6.9	5.5	24%
SERVIZI ITALIA	2.0	64	11.7	9.5	24%
ANIMA	5.3	1681	9.1	7.5	21%
OMER	4.1	118	14.0	11.9	17%
INTERCOS	14.7	1413	25.0	21.6	16%
DE' LONGHI	27.1	4090	16.3	14.1	16%
TECHNOGYM	9.4	1892	24.4	21.1	16%
TXT E-SOLUTIONS	26.9	349	17.3	15.0	15%
TESMEC	0.1	46	nm	nm	15%
WIIT	22.2	621	41.2	36.5	13%
MARR	11.5	768	16.3	14.4	13%
WEBUILD	2.4	2469	10.2	9.0	13%
BFF BANK	9.4	1769	9.8	8.8	12%
PHARMANUTRA	58.6	567	36.7	33.0	11%
ACEA	17.3	3682	12.5	11.4	10%
ENAV	3.9	2131	18.9	17.2	10%
BANCA IFIS	20.9	1122	7.3	6.7	9%
REPLY	135.7	5077	27.2	25.1	8%
EL.EN.	10.4	832	16.9	15.7	8%
TINEXTA	12.1	571	10.5	9.9	6%
SESA	90.4	1401	13.7	13.2	4%
INDEL B	21.6	126	7.6	7.4	3%
ESPRINET	5.9	299	12.1	11.8	3%
STAR7	6.0	54	9.3	9.1	2%

Source: Intermonte SIM and FactSet

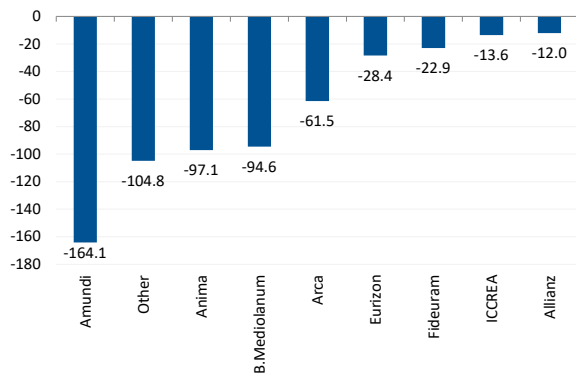
Recent data on the Individual Savings Plan (PIR)

PIR: official figures as of December 2023

												Nr. Of Funds		Invested Capital	
	FY23 (Eu mn)	4Q23 (Eu mn)	3Q23 (Eu mn)	2Q23 (Eu mn)	1Q23 (Eu mn)	FY22 (Eu mn)	FY21 (Eu mn)	FY20 (Eu mn)	FY19 (Eu mn)	FY18 (Eu mn)	FY17 (Eu mn)	at December 2023 # Funds	%	at December 2023 (Eu mn)	in %
Ordinary PIR	(2,755)	(599)	(731)	(610)	(815)	(734)	323	(759)	(1,097)	3,950	10,903	66		16,919	
Alternative PIR	201	134	8	1	58	242						17		1,671	
EQUITY FUNDS	(1,007)	(184)	(351)	(209)	(264)	(338)	280	(281)	(369)	349	2,260	23	27.7%	5,025	27.0%
BALANCED FUNDS	(1,663)	(351.7)	(371.5)	(474.1)	(466.0)	(385)	214	(321)	(587)	2,525	5,962	22	26.5%	6,480	34.9%
FIXED INCOME FUNDS	385	75	95	181	35	(12)	17	(1)	(20)	10	75	8	9.6%	550	3.0%
FLEXIBLE FUNDS	(462)	(137)	(102)	(108)	(114)	2	(187)	(160)	(121)	1,067	2,605	15	18.1%	4,878	26.2%
CLOSED-END FUNDS	192	134	7	0	52	240						15	18.1%	1,656	8.9%

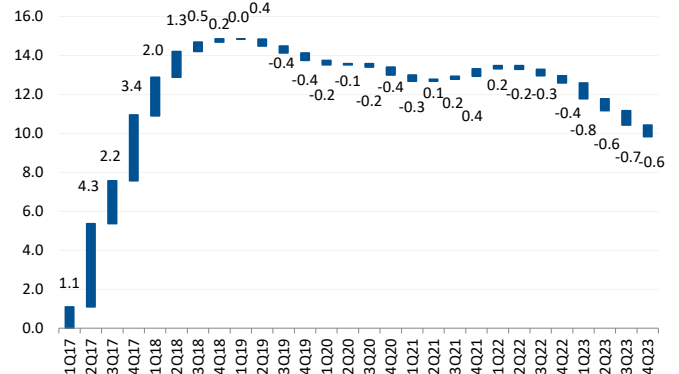
Source: Assogestioni, Quarterly Report, February 2024

Ordinary PIR - Net inflows by asset manager (Eu mn, 4Q23)



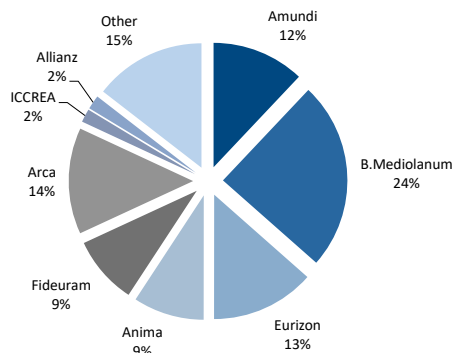
Source: Assogestioni

Ordinary PIR – Inflows by quarter (Eu bn)



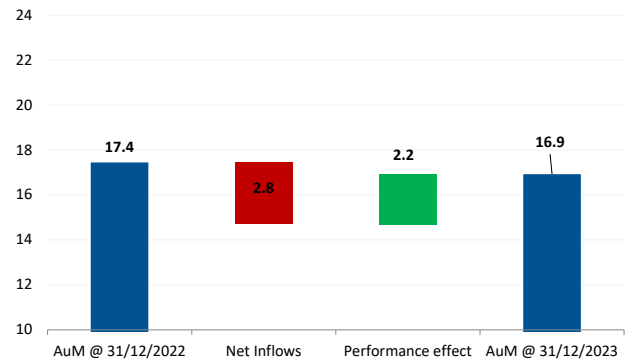
Source: Intermonte SIM estimates, Assogestioni

Ordinary PIR – Market share by asset manager (on AuM as at 31/12/23)



Source: Assogestioni

Ordinary PIR – Inflows and total AuM (Eu bn)



Source: Assogestioni

Intermonte PIR Mid Caps Coverage - Trading Multiples (Ranked by Stock Name)

Company	P/E 2024	P/E 2025	EV/ EBITDA 2024	EV/ EBITDA 2025	Div. Yield 2024	Div. Yield 2025	FCF Yield 2024	FCF Yield 2025	NETDEBT/ EBITDA 2024	NETDEBT/ EBITDA 2025
ACEA	11.4	11.2	6.9	6.8	5.3%	5.5%	-1.4%	0.2%	3.5x	3.5x
ANIMA	7.5	7.6			5.7%	6.1%				
BANCA IFIS	6.7	6.6			10.4%	10.6%				
BFF BANK	8.8	7.7			10.1%	11.3%				
BREMBO	11.5	11.0	5.1	4.7	2.8%	2.9%	4.3%	5.7%	0.7x	0.6x
BUZZI	7.5	7.3	3.4	2.9	1.9%	2.0%	0.0%	0.0%	-1.0x	-1.4x
CEMENTIR	7.5	7.6	3.1	2.6	3.0%	3.0%	11.3%	14.1%	-0.8x	-1.2x
CREDITO EMILIANO	5.8	6.7			6.4%	5.4%				
DE' LONGHI	14.1	12.9	6.9	6.1	2.9%	3.2%	-1.6%	6.7%	-1.0x	-1.2x
EL.EN.	15.7	14.7	8.4	7.6	2.1%	2.2%	6.8%	6.2%	-1.0x	-1.3x
ENAV	17.2	16.2	7.5	7.2	6.0%	6.2%	9.2%	9.3%	0.8x	0.6x
FERRAGAMO	95.8	34.6	4.0	3.5	0.6%	1.5%	0.6%	5.5%	2.8x	3.0x
FINCANTIERI	nm	18.8	8.6	6.1	0.0%	0.0%	-24.8%	-14.8%	4.9x	4.5x
INTERCOS	21.6	18.4	10.1	8.8	1.2%	1.4%	3.0%	3.5%	0.5x	0.3x
IREN	9.6	8.7	5.5	5.4	6.4%	6.9%	3.2%	-1.3%	3.3x	3.3x
LU-VE	15.9	14.1	8.5	7.6	1.6%	1.7%	4.9%	5.3%	1.4x	1.0x
MAIRE	12.7	11.1	5.5	4.8	4.1%	5.2%	5.0%	5.0%	-0.7x	-0.6x
MARR	14.4	12.2	7.0	6.6	5.5%	6.6%	2.2%	-4.0%	1.2x	1.6x
MEDIA FOR EUROPE	7.4	7.3	3.1	2.7	6.5%	6.5%	15.0%	16.2%	0.9x	0.7x
MONDADORI	9.3	8.5	4.9	4.5	5.5%	6.0%	11.0%	11.0%	1.0x	0.7x
OVS GROUP	10.8	10.0	5.1	4.4	2.5%	2.7%	2.8%	9.4%	0.7x	0.4x
PHARMANUTRA	33.0	28.2	19.6	17.3	1.5%	1.8%	2.9%	3.4%	-0.2x	-0.5x
PIAGGIO	11.5	8.7	4.3	4.0	7.3%	9.2%	9.9%	8.6%	1.3x	1.2x
RAI WAY	15.6	16.0	8.4	8.8	6.4%	6.2%	8.1%	8.3%	0.8x	1.3x
REPLY	25.1	22.4	12.7	11.1	0.8%	0.9%	4.5%	4.6%	-1.0x	-1.3x
SARAS	9.2	12.6	3.1	3.5	5.0%	4.4%	-1.1%	13.1%	0.0x	-0.3x
SESA	13.2	12.3	7.2	5.5	1.1%	1.2%	8.3%	7.4%	0.0x	-0.1x
TECHNOGYM	21.1	17.6	10.1	8.6	2.3%	2.8%	5.6%	5.9%	-1.0x	-1.3x
THE ITALIAN SEA GROUP	9.1	7.5	5.5	4.3	4.5%	5.5%	12.8%	15.2%	-0.4x	-0.9x
TINEXTA	9.9	8.2	8.0	6.7	1.7%	3.2%	8.2%	7.5%	2.1x	1.5x
TIP	12.6	12.1			1.8%	2.0%				
WEBUILD	9.0	7.4	1.9	1.6	4.1%	5.0%	-28.3%	7.0%	-0.7x	-0.7x

Source: Intermonte SIM

Intermonte PIR Small Caps Coverage - Trading Multiples (Ranked by Stock Name)

Company	P/E 24	P/E 25	EV/ EBITDA 24	EV/ EBITDA 25	Div. Yield 24	Div. Yield 25	FCF Yield 24	FCF Yield 25	NETDEBT/ EBITDA 24	NETDEBT/ EBITDA 25
ABITARE IN	15.1	5.7	10.9	4.7	1.9%	5.1%	-15.7%	20.3%	4.3x	1.5x
ANTARES VISION	30.2	18.8	10.3	8.4	0.0%	0.0%	1.5%	5.1%	5.4x	2.5x
AQUAFIL	16.3	7.3	4.4	3.5	0.0%	4.6%	18.0%	31.7%	3.3x	2.5x
AVIO	26.9	20.7	8.6	7.2	1.3%	2.4%	-12.9%	4.0%	-1.1x	-1.1x
BANCA SISTEMA	5.5	4.7			4.7%	5.3%				
CY4GATE	nm	31.2	7.1	5.6	0.0%	0.0%	-2.9%	1.8%	0.9x	0.6x
CYBEROO	21.4	15.5	9.6	7.2	0.0%	0.0%	1.9%	3.2%	-0.5x	-0.6x
DATALOGIC	25.6	17.7	7.0	5.8	2.5%	3.3%	6.5%	5.3%	-0.2x	-0.3x
DOVALUE	3.1	2.5	3.2	2.8	11.0%	18.3%	56.7%	72.1%	2.5x	2.2x
ELICA	30.8	14.0	5.1	4.2	2.9%	3.5%	5.6%	11.9%	1.6x	1.2x
EMAK	9.3	6.7	5.0	4.4	4.3%	5.9%	12.6%	12.8%	2.8x	2.3x
ESPRINET	11.8	9.9	3.4	2.9	4.2%	6.1%	18.1%	8.3%	-0.9x	-0.9x
FILA	10.7	10.0	4.2	3.8	1.7%	1.8%	33.8%	33.6%	2.6x	2.2x
FINE FOODS	21.6	16.5	9.2	8.0	1.4%	1.4%	-13.0%	-3.1%	2.4x	2.3x
FRANCHI UMBERTO MARMI	14.8	13.0	8.4	7.3	3.4%	3.9%	8.4%	9.9%	0.7x	0.2x
GEOX	4.5	4.3	4.2	3.8	11.2%	11.6%	14.4%	37.6%	2.9x	2.6x
GPI	21.6	14.7	6.6	6.1	3.9%	0.0%	1.6%	9.2%	2.9x	2.6x
GREENTHESIS	15.7	15.8	9.2	8.6	1.6%	1.9%	-5.5%	5.4%	2.0x	1.6x
IEG	5.9	7.4	3.7	3.9	2.2%	2.3%	11.8%	-2.9%	1.1x	1.3x
IGD	8.3	8.4	10.9	10.9	0.0%	6.1%	1.3%	11.4%	8.0x	8.0x
INDEL B	7.4	6.7	4.1	3.4	3.7%	4.6%	13.6%	12.1%	0.1x	-0.3x
INTRED	24.7	22.1	8.2	7.2	1.0%	1.1%	-3.9%	2.8%	1.4x	1.1x
MISITANO & STRACUZZI	10.4	9.4	6.2	5.5	6.0%	4.8%	-4.7%	5.9%	0.5x	0.4x
NOTORIOUS PICTURES	2.8	2.0	2.6	2.4	14.1%	19.7%	44.9%	42.7%	1.9x	1.7x
OMER	11.9	11.1	6.1	5.3	0.0%	0.0%	6.7%	5.9%	-1.6x	-1.9x
REVO INSURANCE	11.4	7.1			1.3%	2.1%				
SECO	16.4	12.3	7.7	6.4	0.0%	0.0%	2.3%	3.8%	1.2x	0.8x
SERI INDUSTRIAL	nm	15.7	9.1	6.2	0.0%	0.0%	-12.1%	-16.3%	2.9x	2.4x
SERVIZI ITALIA	9.5	7.4	2.4	2.3	2.0%	2.5%	-1.1%	2.0%	1.5x	1.5x
SOMEK	21.0	10.2	6.1	4.4	0.0%	2.4%	15.1%	20.3%	2.3x	1.3x
STAR7	9.1	8.1	5.1	4.5	0.0%	0.0%	9.4%	3.5%	2.2x	1.8x
SYS-DAT	22.9	19.3	8.1	6.9	0.0%	0.0%	3.4%	4.1%	-3.3x	-3.4x
TALEA GROUP	nm	16.6	22.6	8.8	0.0%	0.0%	18.5%	1.5%	9.9x	3.7x
TESMEC	nm	19.7	3.7	3.3	0.0%	0.0%	-16.1%	13.2%	2.9x	2.5x
TXT E-SOLUTIONS	15.0	12.6	9.7	7.9	0.9%	1.2%	4.4%	5.9%	1.7x	1.0x
UNIDATA	11.2	8.3	5.8	4.8	0.4%	0.6%	6.7%	8.5%	1.7x	1.3x
WIIT	36.5	25.1	14.6	12.2	1.4%	2.0%	2.9%	4.2%	3.5x	2.8x

Source: Intermonte SIM

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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 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&PMB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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

Further information is available at the following link: <http://research.intermonte.it/Disclosures.ASP>

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