

# Italian Mid/Small Caps Monthly

## Stock Picking Expected to Pay Off in Challenging Times

by Intermonte Research Team

### Italian Equity Market

- **Performance (-).** The Italian equity market (prices as at 15 October 2024) has posted a positive 2.9% performance in the last month and is up 13.1% YtD. The FTSE Italy Mid-Cap index (2.5%) has underperformed the main index in the last month by 0.4% (-7.1% YtD on a relative basis), with the FTSE Italy Small Caps index (-0.4%) performing 3.4% below the market and -13.9% 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 0.6% in the last month, underperforming Italian mid-caps.
- **Estimates (=).** Since the beginning of 2024, we have implemented a -3.9%/-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 +0.4%/-2.1%. Notably, in the last month, estimate revisions have been non-meaningful for large caps (-0.3%/0.0% on 2024/2025 EPS), neutral for mid-caps, and slightly negative for small-caps (-3.0%/-2.0%).
- **Valuations (+).** If we compare YtD performance to the change in FY24 estimates over the same period, we see that FTSE MIB stocks have recorded an 18.1% re-rating YtD (the same metric was +14.6% one month ago); mid-caps have re-rated by 3.7%, while small caps have re-rated by 18.8%. On a P/E basis, our panel is trading at a 26% premium to large caps, above the historical average premium (17%) and slightly below the level one month ago (29%).
- **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 9.9% higher than in the corresponding period one year ago and is up 17.3% from a YtD perspective. The picture is similar for mid/small caps: specifically, YtD liquidity is up 21.2% YoY for mid-caps and 41.0% for small caps. Notably, small caps liquidity declined in the last month.
- **Investment strategy.** The macro picture remains focused on expectations of cuts in the cost of money by Central Banks. At geopolitical level, aside from the uncertainty over the US elections, the focus is on understanding China's expansionist manoeuvres, at a time when many European companies, especially in the luxury sector, are reporting declining Chinese results. In our view, it is time to reconsider mid/small caps as after the last 2 years of underperformance, in particular for the STAR index, we believe there is a lot of value in its constituents. Stock picking is also expected to make a difference when investing in small caps given the divergent earnings expectations for many companies based on sector, market positioning and pricing power. We continue to like the "digital enablers" segment thanks to resilient prospects, as well as "quality" names in other sectors like consumers and industrials. Third quarter results are likely to reflect some weakening growth trends, and being a leader in niche segments could again pay off. Positive news came from the launch of the National Strategic Fund (NSF), sponsored by the Italian Treasury and CDP, which will harness public (max 49%) and private capital (min 51%) to invest in Italian mid/small caps over a long time horizon. The initial amount of €0.7/1.0bn may not seem like a game-changer, but the hope is to invert the trend, generating inward investments to mid/small caps which have suffered from the outflows recorded by PIR funds in the last few years.

*This material is an extract of research reports by Intermonte that have already been published and delivered to Clients. It is available for free on the Intermonte SIM website (<https://www.intermonte.it>) and it qualifies as a "minor nonmonetary benefit" in accordance with article 12, paragraph 3, subparagraph b) of Commission Delegated Directive (EU) 2017/593 of 7 April 2016*

## Performance

### Small caps underperformed large caps in the last month

The Italian equity market (prices as at 15 October 2024) has posted a positive 2.9% performance in the last month and is up 13.1% YtD. The FTSE Italy Mid-Cap index (2.5%) has underperformed the main index in the last month by 0.4% (-7.1% YtD on a relative basis), with the FTSE Italy Small Caps index (-0.4%) performing 3.4% below the market and -13.9% on a relative basis since the beginning of 2024.

#### Italian Market Indexes – performance analysis (prices as at 15 October 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	47,206	2.5%	-2.7%	0.6%	6.0%	21.6%	34.2%	-5.1%	24.2%
FTSE Italia Small Cap	28,244	-0.4%	-2.9%	0.7%	-0.3%	11.8%	8.7%	-9.4%	43.2%
FTSE Italia Star	46,674	2.0%	-3.0%	-0.1%	-2.4%	13.1%	13.0%	-25.2%	34.0%
FTSE Italia Growth Index	8,190	3.8%	0.8%	1.3%	-1.4%	2.3%	-6.5%	-25.4%	6.2%
FTSE Italia All-Share	36,738	2.9%	0.3%	1.7%	13.1%	22.3%	61.4%	26.3%	51.1%
FTSE MIB	34,578	3.0%	0.6%	1.8%	13.9%	22.5%	65.2%	30.5%	54.6%
<b>Relative Performance vs FTSE Italy All Share</b>		<b>% Change 1 Month</b>	<b>% Change 3 Months</b>	<b>% Change 6 Months</b>	<b>% Change YTD</b>	<b>% Change 1 Year</b>	<b>% Change 2 Years</b>	<b>% Change 3 Years</b>	<b>% Change 5 Years</b>
FTSE Italia Mid Cap		-0.4%	-3.0%	-1.2%	-7.1%	-0.7%	-27.3%	-31.4%	-26.9%
FTSE Italia Small Cap		-3.4%	-3.2%	-1.1%	-13.4%	-10.5%	-52.7%	-35.7%	-7.9%
FTSE Italia Star		-0.9%	-3.3%	-1.8%	-15.5%	-9.2%	-48.4%	-51.5%	-17.1%

Source: FactSet

Looking at mid/small cap performances across Europe, the MSCI Europe Small Caps index has grown 0.6% in the last month, underperforming Italian mid-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	174	0.9%	0.2%	2.8%	8.5%	15.3%	32.5%	12.1%	31.5%
MSCI Europe Small Cap	442	0.6%	-0.4%	4.4%	6.0%	19.6%	27.8%	-10.7%	21.2%

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**

<b>Best Performers</b>	<b>Price (Eu)</b>	<b>Market Cap (Eu mn)</b>	<b>Perf. 1M (%)</b>
INTRED	12.80	204	26%
MISITANO & STRACUZZI	3.40	90	20%
SERVIZI ITALIA	2.36	75	17%
FILA	10.20	438	14%
SYS-DAT	5.30	166	14%
DHH	26.20	128	14%
MEDIA FOR EUROPE	4.35	2,048	13%
LU-VE	29.10	647	11%
EL.EN.	10.92	874	9%
BANCA IFIS	22.78	1,226	8%
AVIO	12.80	337	8%
ANTARES VISION	3.26	229	8%
INTERCOS	16.08	1,548	8%
IEG	6.24	193	8%
OVS GROUP	2.93	852	7%
OMER	4.30	124	7%
STAR7	6.40	58	7%
ANIMA	5.58	1,782	6%
WEBUILD	2.55	2,608	6%
FINCANTIERI	4.89	1,576	6%
<b>FTSE Italia Mid Cap</b>			2%
<b>FTSE Italia Small Cap</b>			0%
<b>FTSE MIB</b>			3%
<b>Worst Performers</b>	<b>Price (Eu)</b>	<b>Market Cap (Eu mn)</b>	<b>Perf. 1M (%)</b>
DOVALUE	5.04	81	-30%
SECO	1.68	223	-24%
SERI INDUSTRIAL	2.74	148	-24%
AQUAFIL	1.73	74	-14%
TALEA GROUP	5.72	39	-13%
CY4GATE	4.71	111	-13%
CYBEROO	2.64	109	-12%
TINEXTA	11.08	523	-11%
SOMECE	14.60	101	-10%
NOTORIOUS PICTURES	0.78	18	-6%
PIAGGIO	2.50	896	-6%
IGD	2.47	272	-6%
ABITARE IN	3.94	105	-6%
MARR	10.94	728	-5%
PHARMANUTRA	57.10	553	-5%
GPI	12.42	359	-4%
DATALOGIC	5.93	347	-4%
FERRAGAMO	6.48	1,093	-4%
DE' LONGHI	26.58	4,018	-3%
GEOX	0.57	148	-3%

Source: FactSet

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

<b>Best Performers</b>	<b>Price (Eu)</b>	<b>Market Cap (Eu mn)</b>	<b>Perf. YTD (%)</b>
IEG	6.24	193	103%
ANTARES VISION	3.26	229	76%
DHH	26.20	128	69%
MAIRE	7.48	2,458	52%
AVIO	12.80	337	51%
BANCA IFIS	22.78	1,226	45%
OMER	4.30	124	42%
TXT E-SOLUTIONS	28.10	365	42%
SERVIZI ITALIA	2.36	75	40%
WEBUILD	2.55	2,608	39%
ANIMA	5.58	1,782	39%
MEDIA FOR EUROPE	4.35	2,048	33%
CREDITO EMILIANO	10.40	3,550	29%
OVS GROUP	2.93	852	29%
ACEA	17.80	3,791	29%
BUZZI	35.36	6,811	28%
LU-VE	29.10	647	26%
GPI	12.42	359	25%
FILA	10.20	438	24%
REVO INSURANCE	10.10	249	20%
<b>FTSE Italia Mid Cap</b>			6%
<b>FTSE Italia Small Cap</b>			0%
<b>FTSE MIB</b>			14%
<b>Worst Performers</b>	<b>Price (Eu)</b>	<b>Market Cap (Eu mn)</b>	<b>Perf. YTD (%)</b>
DOVALUE	5.04	81	-71%
SECO	1.68	223	-51%
AQUAFIL	1.73	74	-50%
SOMECH	14.60	101	-49%
FERRAGAMO	6.48	1,093	-47%
TINEXTA	11.08	523	-45%
CY4GATE	4.71	111	-42%
NOTORIOUS PICTURES	0.78	18	-37%
TALEA GROUP	5.72	39	-35%
TESMECH	0.08	47	-34%
SESA	90.30	1,399	-27%
GEOX	0.57	148	-22%
ABITARE IN	3.94	105	-22%
ELICA	1.79	113	-21%
SERI INDUSTRIAL	2.74	148	-19%
FRANCHI UMBERTO MARMI	5.60	184	-19%
PIAGGIO	2.50	896	-16%
STAR7	6.40	58	-16%
DE' LONGHI	26.58	4,018	-13%
CYBEROO	2.64	109	-12%

Source: FactSet

## Earnings Momentum

### Small estimate changes in the last month

Since the beginning of 2024, we have implemented a -3.9%/-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 +0.4%/-2.1%. Notably, in the last month, estimate revisions have been non-meaningful for large caps (-0.3%/0.0% on 2024/2025 EPS), neutral for mid-caps, and slightly negative for small-caps (-3.0%/-2.0%).

#### Italian Market – Intermonte changes to 2024 and 2025 estimates

EPS REVISION	Since January 1st 2024		Since 15/9/2024	
	% chg in EPS FY24	% chg in EPS FY25	% chg in EPS FY24	% chg in EPS FY25
<b>Total Market</b>	<b>-3.9%</b>	<b>-3.5%</b>	<b>-0.3%</b>	<b>-0.1%</b>
<b>Total Market - Ex Energy</b>	<b>-0.8%</b>	<b>-2.0%</b>	<b>0.6%</b>	<b>0.6%</b>
Domestic	6.7%	5.8%	-0.5%	0.0%
Non domestic	-16.7%	-14.6%	-0.1%	-0.2%
Non domestic - Ex Energy	-16.4%	-15.7%	3.0%	3.2%
<b>FTSE MIB</b>	<b>-4.2%</b>	<b>-3.6%</b>	<b>-0.3%</b>	<b>0.0%</b>
<b>Mid Caps (our coverage)</b>	<b>2.2%</b>	<b>-2.0%</b>	<b>0.0%</b>	<b>-0.4%</b>
<b>Small Caps (our coverage)</b>	<b>-19.2%</b>	<b>-15.8%</b>	<b>-3.0%</b>	<b>-2.0%</b>
Intermonte Mid&Small Caps coverage	0.4%	-2.1%	-0.4%	-0.5%

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
<b>Upward Revision</b>			
IEG	19	31	63.0%
SERI INDUSTRIAL	-2	-1	42.6%
CREDITO EMILIANO	429	607	41.6%
ANIMA	173	243	40.8%
BANCA SISTEMA	15	21	40.7%
TXT E-SOLUTIONS	16	21	29.9%
MAIRE	151	191	26.7%
INTRED	6	7	24.0%
BANCA IFIS	152	167	10.2%
WEBUILD	245	266	8.6%
<b>Downward Revision</b>			
TALEA GROUP	1	-2	-247.8%
AQUAFIL	6	-7	-214.0%
FERRAGAMO	55	0	-100.1%
CY4GATE	11	1	-93.1%
SECO	23	3	-86.4%

Source: Intermonte SIM

## Valuation

### Mid/small cap valuation premium down slightly in the last month

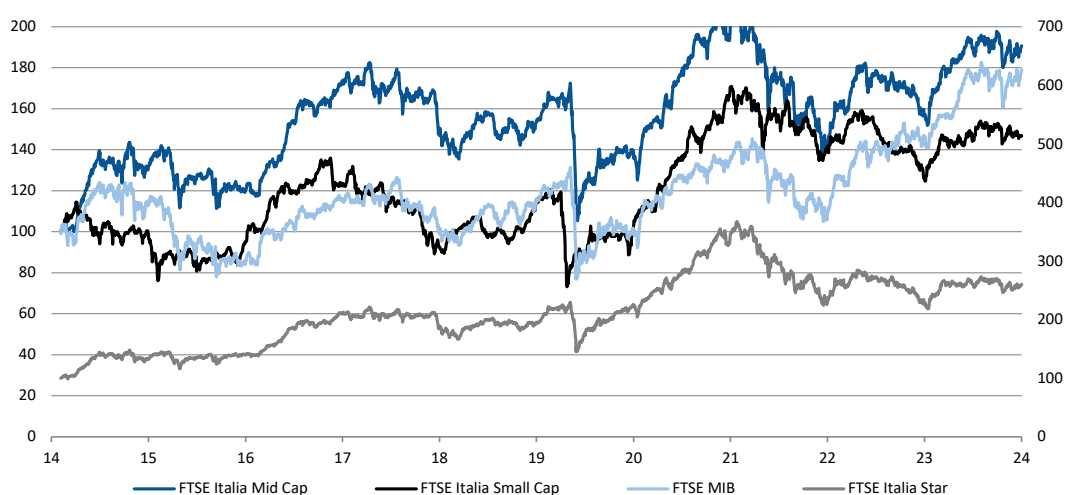
If we compare performance YtD to the change in FY24 estimates over the same period, we see that FTSE MIB stocks have recorded an 18.1% re-rating YtD (the same metric was +14.6% one month ago); mid-caps have re-rated by 3.7%, while small caps have re-rated by 18.8%.

#### Italian Market – re/de-rating by index

Index	% Change YTD	on FY24 estimates	
		Chg in estimates	Re/De-rating
FTSE MIB	13.9%	-4.2%	18.1%
FTSE Italia Mid Cap	6.0%	2.2%	3.7%
FTSE Italia Small Cap	-0.3%	-19.2%	18.8%

Source: Intermonte SIM and FactSet

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

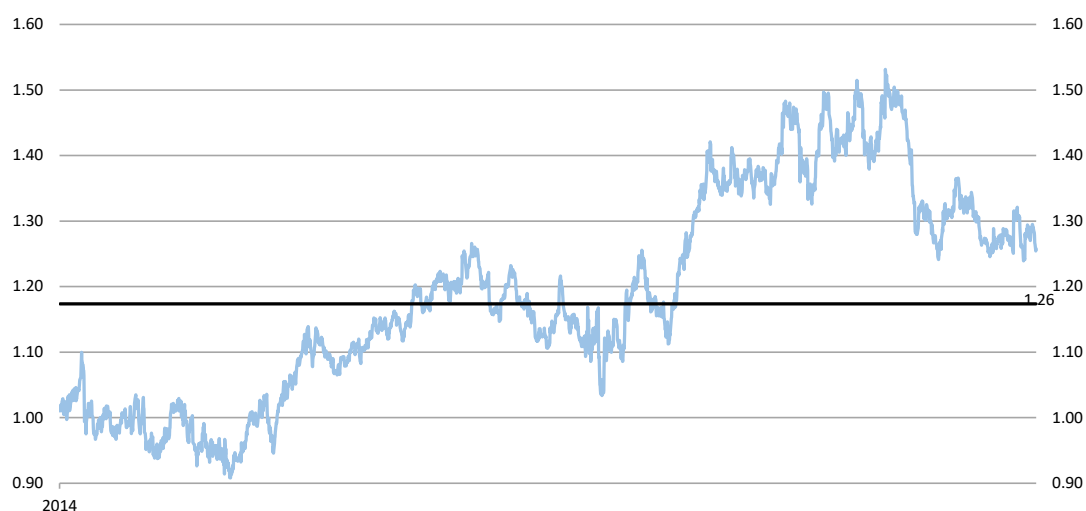


Source: FactSet

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 26% premium to large caps, above the historical average premium (17%) and slightly below the level one month ago (29%).**

#### 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/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
<b>FTSE MIB</b>	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	11.1 x		13.6 x	-18.1%
<b>FTSE Italy Mid Cap</b>	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	13.2 x		18.3 x	-27.8%
<b>FTSE Italy Small Caps</b>	34.2 x	nm	nm	18.9 x	14.5 x	nm	51.5 x	20.2 x	14.9 x	14.0 x	12.2 x		14.9 x	-18.3%
<b>Germany DAX (TR)</b>	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	14.4 x	28.9%	14.3 x	0.3%
<b>Germany MDAX</b>	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	15.6 x	18.0%	21.2 x	-26.7%
<b>France CAC 40</b>	16.1 x	16.2 x	16.1 x	15.3 x	16.0 x	nm	28.6 x	15.6 x	13.1 x	19.9 x	15.4 x	38.5%	15.8 x	-2.3%
<b>France CAC Mid 60</b>	20.4 x	20.4 x	36.8 x	16.2 x	15.6 x	nm	nm	20.2 x	13.3 x	12.8 x	10.9 x	-17.7%	15.6 x	
<b>France CAC Small</b>	25.3 x	26.5 x	32.9 x	31.0 x	32.6 x	nm	nm	45.0 x	23.8 x	22.0 x	26.6 x	118.6%	31.0 x	-14.1%
<b>FTSE 100</b>	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	12.4 x	11.4%	13.0 x	-4.2%
<b>FTSE 250</b>	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	14.5 x	9.8%	14.6 x	-0.8%
<b>IBEX 35</b>	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	12.0 x	7.5%	13.0 x	-8.0%
<b>IBEX MEDIUM</b>	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	12.5 x	-5.2%	15.4 x	-18.9%

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%	-35%	213%
AQUAFIL	6.2	-7.1	-214%	-50%	164%
ANTARES VISION	11.7	6.9	-41%	76%	117%
TESMEC	9.2	-3.4	-137%	-34%	103%
REVO INSURANCE	61.9	20.7	-67%	20%	87%
AVIO	13.2	11.9	-10%	51%	61%
GPI	24.6	16.8	-32%	25%	57%
SERVIZI ITALIA	7.9	6.8	-14%	40%	55%
FERRAGAMO	55.1	-0.1	-100%	-47%	53%
ELICA	13.5	3.6	-74%	-21%	52%
CY4GATE	11.2	0.8	-93%	-42%	51%
OMER	9.0	9.1	0%	42%	42%
DATALOGIC	28.9	13.2	-54%	-12%	42%
IEG	18.8	30.6	63%	103%	40%
IGD	49.9	34.6	-31%	7%	38%
SECO	23.2	3.2	-86%	-51%	35%
BANCA IFIS	151.6	167.0	10%	45%	35%
SOMECH	8.5	1.4	-83%	-49%	34%
WEBUILD	244.9	266.0	9%	39%	31%
OVS GROUP	76.4	75.1	-2%	29%	31%
FINCANTIERI	-6.9	-8.1	-17%	13%	30%
MEDIA FOR EUROPE	291.0	301.4	4%	33%	30%
ACEA	326.0	322.9	-1%	29%	30%
ESPRINET	32.4	24.9	-23%	6%	29%
WIIT	19.8	17.0	-14%	15%	29%
MAIRE	150.7	190.9	27%	52%	26%
BUZZI	832.8	888.5	7%	28%	22%
FILA	41.8	42.7	2%	24%	21%
LU-VE	34.5	36.4	5%	26%	21%
REPLY	208.0	202.3	-3%	17%	20%
TECHNOGYM	103.2	89.5	-13%	6%	19%
INTERCOS	70.1	65.5	-7%	12%	19%
EL.EN.	54.5	52.0	-5%	12%	17%
EMAK	22.9	16.7	-27%	-11%	16%
PIAGGIO	114.9	82.1	-29%	-16%	13%
FINE FOODS	11.3	9.8	-14%	-1%	13%
TXT E-SOLUTIONS	16.2	21.1	30%	42%	12%
MONDADORI	66.6	68.2	2%	13%	10%
ENAV	117.3	124.0	6%	16%	10%
CEMENTIR	221.1	197.1	-11%	0%	10%
UNIDATA	12.1	10.2	-16%	-7%	9%
IREN	284.8	271.6	-5%	4%	9%
MARR	60.8	53.2	-12%	-5%	8%
CYBEROO	7.3	5.8	-20%	-12%	7%
RAI WAY	90.5	89.8	-1%	6%	6%
PHARMANUTRA	17.7	17.2	-3%	1%	4%
ANIMA	172.9	243.4	41%	39%	(1%)
BREMBO	294.3	282.6	-4%	-7%	(3%)
BFF BANK	200.1	200.1	0%	-5%	(5%)
THE ITALIAN SEA GROUP	44.7	47.6	6%	0%	(6%)
INDEL B	17.0	17.0	0%	-7%	(7%)
INTRED	5.7	7.1	24%	16%	(8%)
FRANCHI UMBERTO MARMI	14.2	12.8	-9%	-19%	(9%)
CREDITO EMILIANO	428.6	606.7	42%	29%	(12%)
DE' LONGHI	273.7	289.8	6%	-13%	(19%)
BANCA SISTEMA	15.1	21.2	41%	20%	(21%)
GEOX	34.6	34.6	0%	-22%	(22%)
SESA	110.2	106.4	-3%	-27%	(23%)
DOVALUE	55.9	35.3	-37%	-71%	(34%)
NOTORIOUS PICTURES	6.4	6.4	0%	-37%	(37%)
TINEXTA	62.9	57.7	-8%	-45%	(37%)
SERI INDUSTRIAL	-1.7	-1.0	43%	-19%	(62%)

Source: Intermonte SIM



## Liquidity

### 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 9.9% higher than in the corresponding period one year ago and is up 17.3% from a YtD perspective. The picture is similar for mid/small caps: specifically, YtD liquidity is up 21.2% YoY for mid-caps and 41.0% for small caps. Notably, small caps liquidity declined in the last month.

#### Italian Market – liquidity analysis

	Avg Daily Volume * Avg Price (Eu mn) 2024			Avg Daily Volume * Avg Price (Eu mn) 2023			% Changes (YoY)		
	1M to 14/10	3M to 14/10	YTD to 14/10	1M to 14/10	3M to 14/10	YTD to 14/10	1M to 14/10	3M to 14/10	YTD to 14/10
<b>FTSE MIB</b>									
All stocks	50.06	45.19	48.36	45.55	40.31	41.22	9.9%	12.1%	17.3%
Top 20% by market cap	151.31	138.43	140.63	139.22	125.59	130.85	8.7%	10.2%	7.5%
<b>FTSE Italia Mid Cap</b>									
All stocks	1.43	1.42	1.71	1.34	1.24	1.42	6.6%	15.0%	21.2%
Top 20% by market cap	2.92	2.94	3.52	2.75	2.78	3.23	6.2%	5.6%	8.8%
<b>FTSE Italia Small Cap</b>									
All stocks	0.15	0.17	0.30	0.21	0.19	0.22	(27.2%)	(14.7%)	41.0%
Top 20% by market cap	0.35	0.39	0.55	0.30	0.35	0.39	14.8%	10.1%	42.1%

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	6,811	7,880,005
BFF BANK	1,848	5,095,648
FINCANTIERI	1,576	4,256,564
WEBUILD	2,608	4,244,289
BREMBO	3,455	4,171,372
IREN	2,675	4,119,013
MAIRE	2,458	3,668,238
REPLY	5,253	3,638,787
FERRAGAMO	1,093	3,067,296
DE' LONGHI	4,018	2,531,690
ANIMA	1,782	2,407,363
BANCA IFIS	1,226	2,187,112
OVS GROUP	852	2,159,073
PIAGGIO	896	1,768,893
ACEA	3,791	1,696,169
ENAV	2,162	1,592,099
TECHNOGYM	1,935	1,562,346
SESA	1,399	1,502,359
MARR	728	1,321,421
RAI WAY	1,469	1,292,081
MEDIA FOR EUROPE	2,048	1,261,066
CREDITO EMILIANO	3,550	1,214,611
INTERCOS	1,548	1,104,025
EL.EN.	874	978,714
TINEXTA	523	978,274
DOVALUE	81	975,114
WIIT	629	776,275
CEMENTIR	1,512	695,884
ESPRINET	294	687,462

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
NOTORIOUS PICTURES	0.8	18	0.283	0.113	14.5%	40%	1.9
GEOX	0.6	148	0.133	0.067	11.7%	50%	2.9
BFF BANK	9.9	1848	1.071	0.953	9.7%	89%	
BANCA IFIS	22.8	1226	3.104	2.175	9.5%	70%	
PIAGGIO	2.5	896	0.231	0.194	7.8%	84%	1.3
CREDITO EMILIANO	10.4	3550	1.778	0.660	6.3%	37%	
IREN	2.1	2675	0.209	0.128	6.2%	61%	3.3
RAI WAY	5.4	1469	0.330	0.330	6.1%	100%	0.8
ANIMA	5.6	1782	0.765	0.340	6.1%	44%	
ENAV	4.0	2162	0.229	0.237	5.9%	104%	0.8
MARR	10.9	728	0.800	0.640	5.9%	80%	1.2
MEDIA FOR EUROPE	4.4	2048	0.531	0.250	5.7%	47%	0.8
MONDADORI	2.4	633	0.261	0.132	5.5%	51%	1.0
ACEA	17.8	3791	1.516	0.916	5.1%	60%	3.5
MISITANO & STRACUZZI	3.4	90	0.289	0.170	5.0%	59%	0.5
BANCA SISTEMA	1.4	116	0.264	0.069	4.8%	26%	
THE ITALIAN SEA GROUP	8.3	437	0.898	0.370	4.5%	41%	(0.4)
ESPRINET	5.8	294	0.503	0.251	4.3%	50%	(0.9)
EMAK	1.0	161	0.102	0.041	4.2%	40%	2.8
GPI	12.4	359	0.598	0.500	4.0%	84%	2.9
MAIRE	7.5	2458	0.581	0.300	4.0%	52%	(0.7)
WEBUILD	2.5	2608	0.267	0.100	3.9%	37%	(0.7)
INDEL B	22.4	131	2.911	0.800	3.6%	27%	0.1
FRANCHI UMBERTO MARMI	5.6	184	0.393	0.196	3.5%	50%	0.7
DOVALUE	5.0	81	0.441	0.150	3.0%	34%	2.5
DE' LONGHI	26.6	4018	1.919	0.784	2.9%	41%	(1.0)
CEMENTIR	9.5	1512	1.239	0.277	2.9%	22%	(0.8)
ELICA	1.8	113	0.056	0.050	2.8%	89%	1.6
BREMBO	10.3	3455	0.882	0.282	2.7%	32%	0.7
DATALOGIC	5.9	347	0.236	0.150	2.5%	63%	(0.2)

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
DOVALUE	5.0	81	nm	11.4	1272%
FINCANTIERI	4.9	1576	nm	nm	483%
GEOX	0.6	148	18.3	4.3	329%
FINE FOODS	8.7	191	45.0	22.6	99%
IEG	6.2	193	11.5	6.3	82%
GPI	12.4	359	35.1	20.8	69%
MAIRE	7.5	2458	19.6	12.9	52%
CYBEROO	2.6	109	27.6	18.8	47%
NOTORIOUS PICTURES	0.8	18	4.0	2.8	45%
REVO INSURANCE	10.1	249	16.8	12.0	40%
MEDIA FOR EUROPE	4.4	2048	11.4	8.2	39%
ANIMA	5.6	1782	9.6	7.3	32%
FILA	10.2	438	16.0	12.2	31%
THE ITALIAN SEA GROUP	8.3	437	11.8	9.2	29%
STAR7	6.4	58	9.9	7.8	27%
UNIDATA	3.7	113	13.9	11.1	25%
BANCA SISTEMA	1.4	116	6.8	5.5	24%
SERVIZI ITALIA	2.4	75	13.7	11.1	24%
INTERCOS	16.1	1548	27.4	23.6	16%
DE' LONGHI	26.6	4018	16.0	13.9	16%
DHH	26.2	128	38.6	33.4	16%
TECHNOGYM	9.6	1935	24.9	21.6	16%
TXT E-SOLUTIONS	28.1	365	18.1	15.7	15%
TESMEC	0.1	47	nm	nm	15%
WIIT	22.5	629	41.8	36.9	13%
MARR	10.9	728	15.4	13.7	13%
WEBUILD	2.5	2608	10.8	9.6	13%
BFF BANK	9.9	1848	10.3	9.2	12%
PHARMANUTRA	57.1	553	35.8	32.2	11%
ACEA	17.8	3791	12.9	11.7	10%
ENAV	4.0	2162	19.1	17.4	10%
BANCA IFIS	22.8	1226	8.0	7.3	9%
REPLY	140.4	5253	28.1	26.0	8%
OMER	4.3	124	14.7	13.6	8%
EL.EN.	10.9	874	17.7	16.5	8%
TINEXTA	11.1	523	9.6	9.1	6%
SESA	90.3	1399	13.7	13.1	4%
INDEL B	22.4	131	7.9	7.7	3%
ESPRINET	5.8	294	11.9	11.6	3%

Source: Intermonte SIM and FactSet

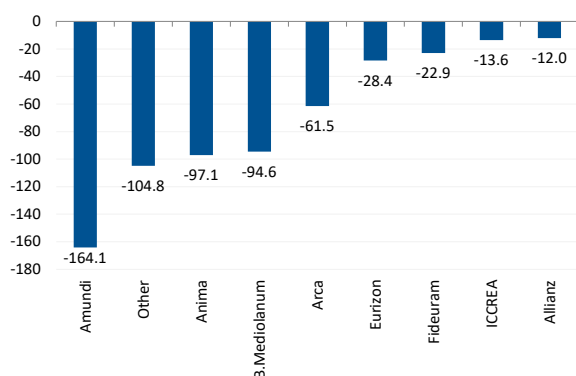
## Recent data on the Individual Savings Plan (PIR)

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	
<b>EQUITY FUNDS</b>	(1,007)	(184)	(351)	(209)	(264)	(338)	280	(281)	(369)	349	2,260	23	27.7%	5,025	27.0%
<b>BALANCED FUNDS</b>	(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%
<b>FIXED INCOME FUNDS</b>	385	75	95	181	35	(12)	17	(1)	(20)	10	75	8	9.6%	550	3.0%
<b>FLEXIBLE FUNDS</b>	(462)	(137)	(102)	(108)	(114)	2	(187)	(160)	(121)	1,067	2,605	15	18.1%	4,878	26.2%
<b>CLOSED-END FUNDS</b>	192	134	7	0	52	240						15	18.1%	1,656	8.9%

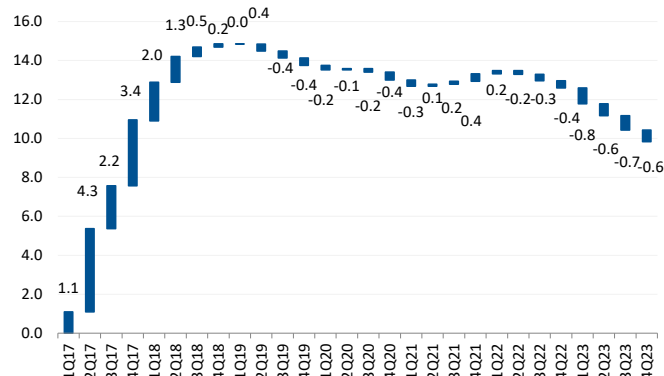
Source: Assogestioni, Quarterly Report, February 2024

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



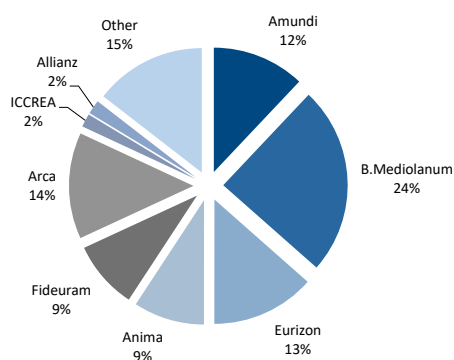
Source: Assogestioni

### Ordinary PIR – Inflows by quarter (Eu bn)



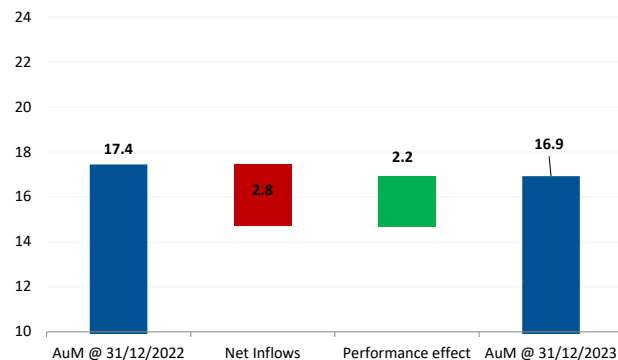
Source: Intermonte SIM estimates, Assogestioni

### 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	11.7	11.6	7.0	6.9	5.1%	5.3%	-1.3%	0.2%	3.5x	3.5x
ANIMA	7.3	7.8			6.1%	6.1%				
BANCA IFIS	7.3	7.2			9.5%	9.7%				
BFF BANK	9.2	8.0			9.7%	10.8%				
BREMBO	11.7	11.2	5.2	4.8	2.7%	2.9%	4.2%	5.5%	0.7x	0.6x
BUZZI	7.7	7.5	3.5	3.0	1.8%	2.0%	0.0%	0.0%	-1.0x	-1.4x
CEMENTIR	7.7	7.7	3.1	2.7	2.9%	2.9%	11.1%	13.9%	-0.8x	-1.2x
CREDITO EMILIANO	5.9	6.8			6.3%	5.3%				
DE' LONGHI	13.9	12.7	6.8	5.9	2.9%	3.2%	-1.6%	6.9%	-1.0x	-1.2x
EL.EN.	16.5	15.5	8.8	8.0	2.0%	2.1%	6.5%	5.9%	-1.0x	-1.3x
ENAV	17.4	16.4	7.6	7.3	5.9%	6.1%	9.0%	9.1%	0.8x	0.6x
FERRAGAMO	nm	60.1	4.3	3.7	0.0%	0.8%	-4.3%	6.9%	3.1x	3.3x
FINCANTIERI	nm	19.9	8.8	6.2	0.0%	0.0%	-23.8%	-13.8%	4.9x	4.5x
INTERCOS	23.6	20.2	11.1	9.6	1.1%	1.3%	2.7%	3.2%	0.5x	0.3x
IREN	9.8	8.9	5.6	5.4	6.2%	6.7%	3.1%	-1.3%	3.3x	3.3x
LU-VE	17.8	15.8	9.3	8.4	1.4%	1.5%	4.4%	4.7%	1.4x	1.0x
MAIRE	12.9	11.2	5.6	4.9	4.0%	5.1%	4.9%	5.0%	-0.7x	-0.6x
MARR	13.7	11.6	6.7	6.3	5.9%	6.9%	2.3%	-4.2%	1.2x	1.6x
MEDIA FOR EUROPE	8.2	8.2	3.2	2.9	5.7%	5.7%	15.9%	17.3%	0.8x	0.5x
MONDADORI	9.3	8.5	4.9	4.5	5.5%	6.0%	11.0%	11.0%	1.0x	0.7x
OVS GROUP	11.3	10.5	5.3	4.6	2.4%	2.6%	6.7%	9.1%	0.7x	0.4x
PHARMANUTRA	32.2	27.5	19.1	16.8	1.6%	1.8%	2.9%	3.5%	-0.2x	-0.5x
PIAGGIO	10.8	8.2	4.1	3.8	7.8%	9.8%	10.5%	9.1%	1.3x	1.2x
RAI WAY	16.4	16.9	8.8	9.2	6.1%	5.9%	7.8%	7.9%	0.8x	1.3x
REPLY	26.0	23.2	13.2	11.5	0.8%	0.9%	4.3%	4.5%	-1.0x	-1.3x
SESA	13.1	12.3	7.2	5.5	1.1%	1.2%	8.3%	7.4%	0.0x	-0.1x
TECHNOGYM	21.6	18.0	10.4	8.8	2.3%	2.8%	5.5%	5.7%	-1.0x	-1.3x
THE ITALIAN SEA GROUP	9.2	7.5	5.5	4.3	4.5%	5.4%	12.7%	15.1%	-0.4x	-0.9x
TINEXTA	9.1	7.5	7.6	6.4	1.9%	3.5%	8.8%	8.0%	2.1x	1.5x
TIP	12.4	11.8			1.8%	2.0%				
WEBUILD	9.6	7.8	2.1	1.8	3.9%	4.7%	-26.8%	6.6%	-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	14.3	5.4	10.5	4.5	2.0%	5.4%	-16.6%	21.5%	4.3x	1.5x
ANTARES VISION	33.5	20.8	11.1	9.0	0.0%	0.0%	1.3%	4.6%	5.4x	2.5x
AQUAFIL	nm	15.2	5.2	3.9	0.0%	0.0%	7.9%	19.5%	4.2x	3.0x
AVIO	29.1	22.4	9.4	7.9	1.2%	2.2%	-11.8%	3.6%	-1.1x	-1.1x
BANCA SISTEMA	5.5	4.7			4.8%	5.3%				
CY4GATE	nm	27.8	6.4	5.1	0.0%	0.0%	-3.2%	2.0%	0.9x	0.6x
CYBEROO	18.8	13.6	8.4	6.2	0.0%	0.0%	2.2%	3.7%	-0.5x	-0.6x
DATALOGIC	25.1	17.3	6.9	5.7	2.5%	3.4%	6.6%	5.4%	-0.2x	-0.3x
DHH	33.4	28.9	10.6	9.7	0.0%	0.0%	3.2%	4.2%	0.1x	-0.3x
DOVALUE	11.4	9.3	4.9	4.4	3.0%	5.0%	15.4%	19.5%	2.5x	2.2x
ELICA	31.8	14.5	5.2	4.3	2.8%	3.4%	5.5%	11.5%	1.6x	1.2x
EMAK	9.6	6.9	5.1	4.5	4.2%	5.8%	12.2%	12.4%	2.8x	2.3x
ESPRINET	11.6	9.7	3.3	2.9	4.3%	6.2%	18.4%	8.4%	-0.9x	-0.9x
FILA	12.2	11.4	3.7	3.4	1.5%	1.6%	32.1%	32.8%	2.6x	2.1x
FINE FOODS	22.6	17.3	9.5	8.3	1.4%	1.4%	-12.4%	-3.0%	2.4x	2.3x
FRANCHI UMBERTO MARMI	14.3	12.5	8.1	7.0	3.5%	4.0%	8.7%	10.3%	0.7x	0.2x
GEOX	4.3	4.1	4.1	3.8	11.7%	12.1%	15.0%	39.3%	2.9x	2.6x
GPI	20.8	14.2	6.5	6.0	4.0%	0.0%	1.6%	9.6%	2.9x	2.6x
IEG	6.3	8.0	3.9	4.1	2.0%	2.1%	10.8%	-2.7%	1.1x	1.3x
IGD	7.9	7.9	10.7	10.7	0.0%	6.4%	1.4%	12.1%	8.0x	8.0x
INDEL B	7.7	7.0	4.2	3.6	3.6%	4.5%	13.1%	11.7%	0.1x	-0.3x
INTRED	28.6	25.8	9.5	8.9	0.9%	1.0%	-0.8%	-2.1%	1.2x	1.3x
MISITANO & STRACUZZI	11.8	10.7	7.0	6.4	5.0%	4.3%	-4.2%	5.4%	0.5x	0.4x
NOTORIOUS PICTURES	2.8	2.0	2.6	2.4	14.5%	20.3%	46.0%	43.8%	1.9x	1.7x
OMER	13.6	12.6	7.0	5.9	0.0%	0.0%	3.1%	8.8%	-1.4x	-2.0x
REVO INSURANCE	12.0	7.5			1.2%	2.0%				
SECO	70.7	17.5	12.0	7.4	0.0%	0.0%	0.5%	2.7%	2.9x	1.3x
SERI INDUSTRIAL	nm	12.0	7.7	5.3	0.0%	0.0%	-15.8%	-21.2%	2.9x	2.4x
SERVIZI ITALIA	11.1	8.7	2.5	2.4	1.7%	2.1%	-0.9%	1.7%	1.5x	1.5x
SOMEK	70.7	21.0	6.9	5.4	0.0%	0.0%	5.7%	19.7%	3.0x	2.0x
STAR7	7.8	6.9	4.9	4.3	0.0%	0.0%	9.9%	8.8%	2.0x	1.5x
SYS-DAT	27.5	23.2	10.4	8.9	0.0%	0.0%	2.8%	3.4%	-3.3x	-3.4x
TALEA GROUP	nm	14.1	20.7	8.0	0.0%	0.0%	21.8%	1.8%	9.9x	3.7x
TESMEC	nm	20.2	3.7	3.3	0.0%	0.0%	-15.7%	12.9%	2.9x	2.5x
TXT E-SOLUTIONS	15.7	13.2	10.1	8.2	0.9%	1.1%	4.2%	5.6%	1.7x	1.0x
UNIDATA	11.1	8.3	5.8	4.8	0.4%	0.6%	6.8%	8.5%	1.7x	1.3x
WIIT	36.9	25.5	14.7	12.3	1.4%	2.0%	2.8%	4.1%	3.5x	2.8x

Source: Intermonte SIM

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- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

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