

# Italian Mid/Small Caps Monthly

## Mid/Small Caps to Benefit from New Year Portfolio Repositioning

by Intermonte Research Team

Italian Equity Market

- **Performance (+).** The Italian equity market (prices as at 16 December 2024) has posted a positive 1.7% performance in the last month and is up 13.8% YtD. The FTSE Italy Mid-Cap index (+2.9%) has outperformed the main index in the last month by 1.1% (-5.7% YtD on a relative basis), with the FTSE Italy Small Caps index (+4.9%) performing 3.2% above the market but -13.1% on a relative basis since the beginning of 2024. Looking at mid/small cap performances across Europe, the MSCI Europe Small Caps index has risen 1.3% in the last month, underperforming Italian mid small caps.
- **Estimates (=).** Since the beginning of 2024, we have implemented a -9.9%/-11.4% revision to our 2024/2025 EPS estimates; notably, in the last month, estimate revisions have been negligible for large caps (+0.1%/+0.2% on 2024/2025 EPS). On the other hand, focusing on our mid/small cap coverage, we have changed our 2024/2025 EPS by +0.6%/-0.7% YtD and, in the last month, estimate revisions have been slightly positive (+0.3%/+0.5%).
- **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 25.2% re-rating YtD (the same metric was +23.3% one month ago); mid-caps have re-rated by 3.7%, while small caps have re-rated by 25.4%. On a P/E basis, our panel is trading at a 29% premium to large caps, above the historical average premium (18%) and slightly below the level one month ago (25%).
- **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 10.6% higher than in the corresponding period one year ago and is up 17.5% YtD. The picture is similar for mid/small caps: specifically, YtD liquidity is up 26.4% YoY for mid-caps and 56.0% for small caps. Notably, mid-cap liquidity improved in the last month.
- **Investment strategy.** 2024 marks the third year to close with an underperformance by the mid/small cap indices compared to the FTSE MIB. We think that this trend may reverse in 2025: in a scenario of steadily declining rates, a rebalancing of portfolios toward growth stocks is likely, and in Italy these are concentrated in the mid/small segment. Our counsel is to team quality stocks, whose valuations may be justified by realistic growth prospects, with those that are expected to guarantee strong cash generation in view of their status as leaders in their respective sectors. As ever, liquidity will remain very important: we think foreign investors may increase their investments, also in light of relatively greater political stability than elsewhere in Europe. In this context, initiatives such as the National Strategic Fund could make a positive contribution.

*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, sub-paragraph b) of Commission Delegated Directive (EU) 2017/593 of 7 April 2016*

## Performance

### Mid/small caps outperformed large caps in the last month

The Italian equity market (prices as at 16 December 2024) has posted a positive 1.7% performance in the last month and is up 13.8% YtD. The FTSE Italy Mid-Cap index (+2.9%) has outperformed the main index in the last month by 1.1% (-5.7% YtD on a relative basis), with the FTSE Italy Small Caps index (+4.9%) performing 3.2% above the market but -13.1% on a relative basis since the beginning of 2024.

#### Italian Market Indexes – performance analysis (prices as at 16 December 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	48,161	2.9%	4.8%	3.8%	8.1%	9.8%	22.2%	-0.8%	18.0%
FTSE Italia Small Cap	28,530	4.9%	1.1%	1.0%	0.7%	5.2%	2.4%	-9.9%	27.0%
FTSE Italia Star	46,555	3.5%	2.4%	-0.9%	-2.6%	-0.4%	0.8%	-25.3%	18.4%
FTSE Italia Growth Index	7,823	0.7%	-1.3%	-2.8%	-5.8%	-3.4%	-16.2%	-31.0%	-1.5%
FTSE Italia All-Share	36,955	1.7%	3.6%	6.1%	13.8%	13.9%	43.8%	26.1%	43.9%
FTSE MIB	34,740	1.6%	3.5%	6.4%	14.5%	14.4%	46.7%	29.7%	47.7%
<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		1.1%	1.3%	-2.3%	-5.7%	-4.1%	-21.6%	-26.9%	-26.0%
FTSE Italia Small Cap		3.2%	-2.5%	-5.1%	-13.1%	-8.7%	-41.4%	-36.0%	-17.0%
FTSE Italia Star		1.8%	-1.1%	-7.0%	-16.4%	-14.3%	-43.0%	-51.4%	-25.5%

Source: FactSet

Looking at mid/small cap performances across Europe, the MSCI Europe Small Caps index has risen 1.3% in the last month, underperforming 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	2.6%	0.1%	0.6%	7.5%	8.1%	21.2%	9.2%	23.2%
MSCI Europe Small Cap	433	1.3%	-1.3%	0.5%	3.8%	5.4%	14.4%	-10.1%	8.1%

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>
TXT E-SOLUTIONS	36.85	479	27%
CY4GATE	4.88	115	24%
IGD	2.61	287	19%
OVS GROUP	3.52	1,024	19%
FINCANTIERI	6.81	2,198	19%
SECO	1.80	239	17%
REVO INSURANCE	12.45	307	15%
MAIRE	7.99	2,626	13%
AQUAFIL	1.44	107	13%
LU-VE	29.00	645	12%
FERRAGAMO	6.82	1,151	12%
ACEA	18.92	4,029	11%
EMAK	0.97	159	10%
WEBUILD	2.85	2,916	9%
FILA	10.56	454	9%
TINEXTA	8.28	391	9%
ANIMA	6.65	2,123	8%
ENAV	4.12	2,233	7%
GEOX	0.56	144	6%
MARR	10.14	675	6%
<b>FTSE Italia Mid Cap</b>			3%
<b>FTSE Italia Small Cap</b>			5%
<b>FTSE MIB</b>			2%
<b>Worst Performers</b>	<b>Price (Eu)</b>	<b>Market Cap (Eu mn)</b>	<b>Perf. 1M (%)</b>
SOMEC	12.20	84	-13%
INTRED	11.45	182	-12%
BUZZI	37.12	7,150	-11%
GPI	10.46	302	-11%
REWAY GROUP	6.22	189	-10%
ESPRINET	4.45	224	-7%
FINE FOODS	7.68	169	-6%
DHH	23.40	123	-6%
STAR7	6.35	57	-5%
BANCA IFIS	21.54	1,159	-4%
SYS-DAT	5.12	160	-4%
TIP	8.32	1,534	-4%
MONDADORI	2.17	567	-3%
PHARMANUTRA	54.40	527	-2%
WIIT	20.10	563	-2%
NOTORIOUS PICTURES	0.77	17	-1%
INTERCOS	13.98	1,346	-1%
DATALOGIC	5.18	303	-1%
ELICA	1.76	111	-1%
UNIDATA	2.97	92	0%

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	6.30	194	105%
TXT E-SOLUTIONS	36.85	479	86%
ANTARES VISION	3.16	223	71%
ANIMA	6.65	2,123	66%
MAIRE	7.99	2,626	63%
FINCANTIERI	6.81	2,198	57%
WEBUILD	2.85	2,916	56%
OVS GROUP	3.52	1,024	55%
DHH	23.40	123	51%
AVIO	12.64	333	49%
REVO INSURANCE	12.45	307	48%
OMER	4.16	120	38%
BANCA IFIS	21.54	1,159	37%
ACEA	18.92	4,029	37%
CREDITO EMILIANO	10.84	3,700	35%
BUZZI	37.12	7,150	35%
LOTTOMATICA	12.81	3,223	31%
REPLY	155.60	5,821	30%
FILA	10.56	454	28%
LU-VE	29.00	645	26%
<b>FTSE Italia Mid Cap</b>			<b>8%</b>
<b>FTSE Italia Small Cap</b>			<b>1%</b>
<b>FTSE MIB</b>			<b>14%</b>
<b>Worst Performers</b>	<b>Price (Eu)</b>	<b>Market Cap (Eu mn)</b>	<b>Perf. YTD (%)</b>
DOVALUE	1.48	30	-75%
TINEXTA	8.28	391	-59%
SOMECH	12.20	84	-57%
AQUAFIL	1.44	107	-54%
TALEA GROUP	4.53	39	-48%
SECO	1.80	239	-48%
FERRAGAMO	6.82	1,151	-44%
CY4GATE	4.88	115	-40%
TESMECH	0.07	43	-39%
NOTORIOUS PICTURES	0.77	17	-38%
SESA	78.90	1,223	-36%
CYBEROO	2.10	87	-30%
PIAGGIO	2.13	764	-28%
UNIDATA	2.97	92	-25%
GEOX	0.56	144	-24%
DATALOGIC	5.18	303	-23%
ELICA	1.76	111	-22%
BREMBO	8.98	3,000	-19%
ESPRINET	4.45	224	-19%
FRANCHI UMBERTO MARMI	5.60	184	-19%

Source: FactSet

## Earnings Momentum

### Estimates slightly up in the last month for our mid/small cap coverage

Since the beginning of 2024, we have implemented a -9.9%/-11.4% revision to our 2024/2025 EPS estimates; notably, in the last month, estimate revisions have been negligible for large caps (+0.1%/+0.2% on 2024/2025 EPS). On the other hand, focusing on our mid/small cap coverage, we have changed our 2024/2025 EPS by +0.6%/-0.7% YtD and, in the last month, estimate revisions have been slightly positive (+0.3%/+0.5%).

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

EPS REVISION	Since January 1st 2024		Since 17/11/2024	
	% chg in EPS FY24	% chg in EPS FY25	% chg in EPS FY24	% chg in EPS FY25
<b>Total Market</b>	<b>-9.9%</b>	<b>-11.4%</b>	<b>0.1%</b>	<b>0.2%</b>
<b>Total Market - Ex Energy</b>	<b>-8.0%</b>	<b>-11.1%</b>	<b>0.0%</b>	<b>0.0%</b>
Domestic	7.7%	6.3%	0.0%	0.1%
Non domestic	-31.6%	-32.4%	0.2%	0.4%
Non domestic - Ex Energy	-33.2%	-35.4%	-0.1%	0.3%
<b>FTSE MIB</b>	<b>-10.7%</b>	<b>-12.2%</b>	<b>0.1%</b>	<b>0.2%</b>
<b>Mid Caps (our coverage)</b>	<b>4.4%</b>	<b>0.2%</b>	<b>0.5%</b>	<b>0.8%</b>
<b>Small Caps (our coverage)</b>	<b>-24.7%</b>	<b>-15.5%</b>	<b>-1.1%</b>	<b>-0.5%</b>
Intermonte Mid&Small Caps coverage	0.6%	-0.7%	0.3%	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>			
FINCANTIERI	-7	20	386.4%
IEG	19	31	63.2%
CREDITO EMILIANO	429	607	41.6%
ANIMA	173	243	40.8%
MAIRE	151	206	36.9%
TXT E-SOLUTIONS	16	21	30.2%
INTRED	6	7	24.0%
BANCA SISTEMA	15	19	23.4%
DE' LONGHI	274	309	12.8%
BANCA IFIS	152	167	10.2%
<b>Downward Revision</b>			
SERI INDUSTRIAL	-2	-29	-1639.2%
TALEA GROUP	1	-2	-247.8%
AQUAFIL	6	-6	-203.9%
TESMEC	9	-5	-158.5%
FERRAGAMO	55	0	-100.1%

Source: Intermonte SIM

## Valuation

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

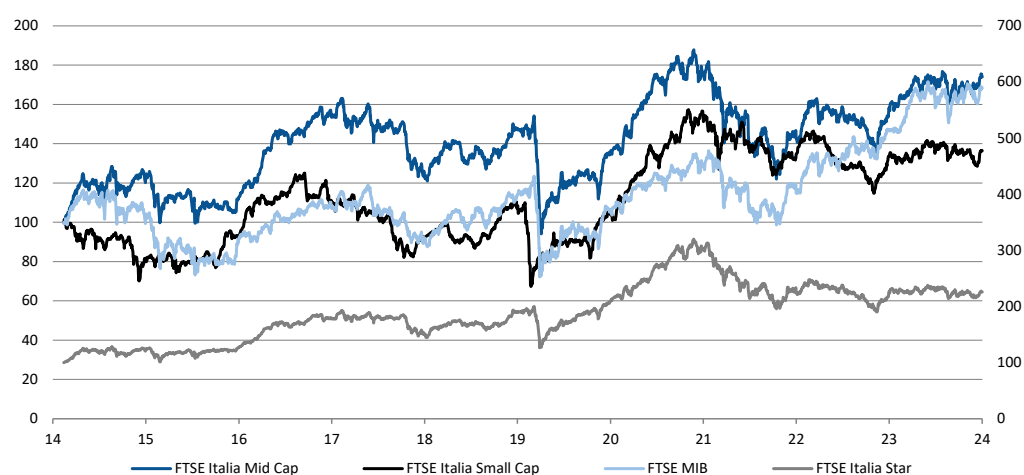
If we compare performance YtD to the change in FY24 estimates over the same period, we see that FTSE MIB stocks have recorded a 25.2% re-rating YtD (the same metric was +23.3% one month ago); mid-caps have re-rated by 3.7%, while small caps have re-rated by 25.4%.

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

Index	% Change YTD	on FY24 estimates	
		Chg in estimates	Re/De-rating
FTSE MIB	14.5%	-10.7%	25.2%
FTSE Italia Mid Cap	8.1%	4.4%	3.7%
FTSE Italia Small Cap	0.7%	-24.7%	25.4%

Source: Intermonte SIM and FactSet

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

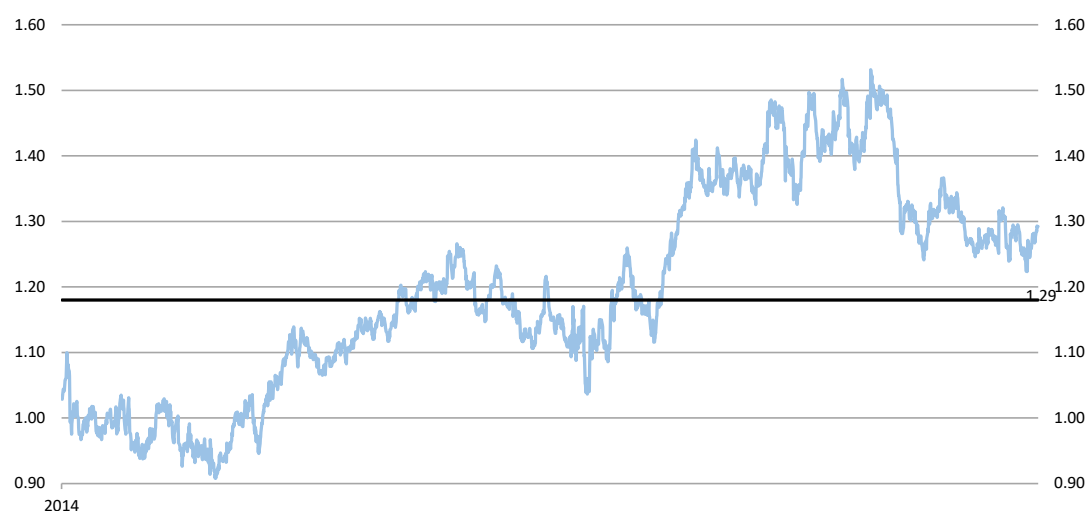


Source: FactSet

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 (18%) and slightly below the level one month ago (25%).**

#### 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	11.0 x		13.6 x	-18.8%
<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	13.5 x		18.3 x	-26.1%
<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	12.6 x		14.9 x	-15.6%
<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	15.2 x	37.5%	14.3 x	5.9%
<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	16.4 x	21.6%	21.2 x	-22.6%
<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	15.5 x	40.6%	15.8 x	-1.8%
<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	13.6 x	0.4%	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	32.5 x	158.1%	32.5 x	0.0%
<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	12.2 x	10.2%	13.0 x	-6.1%
<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	14.7 x	8.4%	14.7 x	0.0%
<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	11.7 x	6.2%	13.0 x	-9.9%
<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	13.8 x	1.8%	15.4 x	-10.8%

Source: Intermonte SIM and FactSet

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

## Intermonte Mid & Small Cap Coverage - De-rating/Re-rating on 2024 estimates

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(+)
SERI INDUSTRIAL	-1.7	-28.9	-1639%	-18%	1621%
TALEA GROUP	1.2	-1.7	-248%	-48%	200%
AQUAFIL	6.2	-6.4	-204%	-54%	150%
TESMEC	9.2	-5.4	-159%	-39%	119%
ANTARES VISION	11.7	6.9	-41%	71%	112%
ELICA	13.5	2.1	-84%	-22%	62%
AVIO	13.2	11.9	-10%	49%	59%
FERRAGAMO	55.1	-0.1	-100%	-44%	56%
TXT E-SOLUTIONS	16.2	21.1	30%	86%	56%
CY4GATE	11.2	0.6	-95%	-40%	54%
OVS GROUP	76.4	81.2	6%	55%	49%
DATALOGIC	28.9	8.4	-71%	-23%	48%
WEBUILD	244.9	266.0	9%	56%	47%
IGD	49.9	34.7	-31%	13%	44%
IEG	18.8	30.6	63%	105%	41%
SECO	23.2	3.2	-86%	-48%	39%
OMER	9.0	9.1	0%	38%	37%
GPI	24.6	16.8	-32%	5%	37%
EMAK	22.9	12.0	-48%	-12%	36%
NOTORIOUS PICTURES	6.4	1.7	-73%	-38%	34%
REPLY	208.0	203.4	-2%	30%	32%
SOMECH	8.5	0.9	-89%	-57%	32%
ACEA	326.0	343.6	5%	37%	31%
BUZZI	832.8	889.3	7%	35%	28%
TECHNOGYM	103.2	90.9	-12%	16%	28%
BANCA IFIS	151.6	167.1	10%	37%	27%
CEMENTIR	221.1	198.6	-10%	17%	27%
MAIRE	150.7	206.3	37%	63%	26%
FILA	41.8	42.7	2%	28%	26%
ANIMA	172.9	243.4	41%	66%	25%
EL.EN.	54.5	54.0	-1%	22%	23%
LU-VE	34.5	37.0	7%	26%	18%
MEDIA FOR EUROPE	291.0	316.7	9%	25%	16%
CYBEROO	7.3	4.0	-45%	-30%	15%
ENAV	117.3	123.9	6%	20%	14%
MARR	60.8	47.8	-21%	-12%	10%
ESPRINET	32.4	23.4	-28%	-19%	9%
PIAGGIO	114.9	73.1	-36%	-28%	8%
INTERCOS	70.1	63.9	-9%	-2%	7%
RAI WAY	90.5	89.5	-1%	5%	6%
MONDADORI	66.6	64.5	-3%	1%	4%
IREN	284.8	271.6	-5%	-2%	2%
FINE FOODS	11.3	9.8	-14%	-12%	1%
BANCA SISTEMA	15.1	18.6	23%	24%	0%
BREMBO	294.3	253.2	-14%	-19%	(5%)
UNIDATA	12.1	9.9	-19%	-25%	(6%)
CREDITO EMILIANO	428.6	606.7	42%	35%	(7%)
PHARMANUTRA	17.7	18.3	3%	-4%	(7%)
INDEL B	17.0	17.0	0%	-8%	(8%)
THE ITALIAN SEA GROUP	44.7	47.6	6%	-8%	(15%)
BFF BANK	200.1	200.1	0%	-15%	(15%)
DE' LONGHI	273.7	308.7	13%	-2%	(15%)
FRANCHI UMBERTO MARMI	14.2	13.8	-3%	-19%	(16%)
INTRED	5.7	7.1	24%	4%	(20%)
GEOX	34.6	34.6	0%	-24%	(24%)
SESA	110.2	106.4	-3%	-36%	(32%)
TINEXTA	62.9	48.4	-23%	-59%	(36%)
DOVALUE	55.9	35.3	-37%	-75%	(38%)
FINCANTIERI	-6.9	19.8	386%	57%	(329%)

Source: Intermonte SIM



## Liquidity

### Mid-cap liquidity up 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 10.6% higher than in the corresponding period one year ago and is up 17.5% YtD. The picture is similar for mid/small caps: specifically, YtD liquidity is up 26.4% YoY for mid-caps and 56.0% for small caps. Notably, mid-cap liquidity improved 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 17/12	3M to 17/12	YTD to 17/12	1M to 17/12	3M to 17/12	YTD to 17/12	1M to 17/12	3M to 17/12	YTD to 17/12
<b>FTSE MIB</b>									
All stocks	60.44	62.29	60.04	54.64	53.08	51.11	10.6%	17.3%	17.5%
Top 20% by market cap	163.23	178.94	173.77	160.78	156.69	160.18	1.5%	14.2%	8.5%
<b>FTSE Italia Mid Cap</b>									
All stocks	2.25	2.18	2.20	1.62	1.58	1.74	38.9%	37.5%	26.4%
Top 20% by market cap	4.24	4.05	4.15	3.38	3.31	3.98	25.5%	22.3%	4.0%
<b>FTSE Italia Small Cap</b>									
All stocks	0.27	0.24	0.46	0.27	0.27	0.29	(2.2%)	(11.6%)	56.0%
Top 20% by market cap	0.69	0.60	0.62	0.59	0.55	0.66	16.5%	8.2%	(5.2%)

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	7,150	9,920,052
FINCANTIERI	2,198	5,960,504
ANIMA	2,123	5,470,990
BREMO	3,000	4,774,814
REPLY	5,821	4,712,485
WEBUILD	2,916	4,354,918
MAIRE	2,626	3,982,011
FERRAGAMO	1,151	3,767,410
IREN	2,503	3,711,759
BFF BANK	1,655	3,708,515
DE' LONGHI	4,529	3,067,980
LOTTOMATICA	3,223	2,557,231
PIAGGIO	764	2,396,097
OVS GROUP	1,024	2,385,392
BANCA IFIS	1,159	2,348,703
SESA	1,223	2,200,821
TECHNOGYM	2,116	2,028,579
ACEA	4,029	2,025,442
ENAV	2,233	1,688,451
CREDITO EMILIANO	3,700	1,608,356
TINEXTA	391	1,487,194
INTERCOS	1,346	1,355,336
MEDIA FOR EUROPE	1,947	1,346,725
MARR	675	1,286,105
RAI WAY	1,458	1,255,611
DOVALUE	30	1,151,446
EL.EN.	951	954,486
ESPRINET	224	791,879
FILA	454	699,098

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
BANCA IFIS	21.5	1159	3.106	2.177	10.1%	70%	
PIAGGIO	2.1	764	0.206	0.195	9.1%	95%	1.5
IREN	1.9	2503	0.209	0.128	6.7%	61%	3.3
MEDIA FOR EUROPE	4.1	1947	0.557	0.250	6.1%	45%	0.8
ENAV	4.1	2233	0.229	0.253	6.1%	111%	0.9
RAI WAY	5.4	1458	0.329	0.328	6.1%	100%	0.8
CREDITO EMILIANO	10.8	3700	1.778	0.660	6.1%	37%	
MONDADORI	2.2	567	0.247	0.132	6.1%	53%	1.0
MARR	10.1	675	0.719	0.575	5.7%	80%	1.3
ESPRINET	4.5	224	0.472	0.236	5.3%	50%	(0.4)
ANIMA	6.7	2123	0.765	0.340	5.1%	44%	
BANCA SISTEMA	1.5	119	0.232	0.073	5.0%	32%	
THE ITALIAN SEA GROUP	7.6	401	0.898	0.370	4.9%	41%	(0.4)
ACEA	18.9	4029	1.613	0.916	4.8%	57%	3.3
GPI	10.5	302	0.598	0.500	4.8%	84%	2.9
MISITANO & STRACUZZI	3.6	94	0.289	0.170	4.8%	59%	0.5
MAIRE	8.0	2626	0.628	0.323	4.0%	51%	(0.6)
NOTORIOUS PICTURES	0.8	17	0.077	0.031	4.0%	40%	2.2
FRANCHI UMBERTO MARMI	5.6	184	0.420	0.210	3.8%	50%	1.0
INDEL B	22.2	130	2.911	0.800	3.6%	27%	0.1
WEBUILD	2.9	2916	0.267	0.100	3.5%	37%	(0.7)
DATALOGIC	5.2	303	0.150	0.150	2.9%	100%	0.1
EMAK	1.0	159	0.073	0.028	2.9%	38%	3.2
BREMBO	9.0	3000	0.790	0.253	2.8%	32%	0.4
DE' LONGHI	30.0	4529	2.044	0.835	2.8%	41%	(0.8)
OVS GROUP	3.5	1024	0.331	0.089	2.5%	27%	0.7
CEMENTIR	11.1	1773	1.248	0.279	2.5%	22%	(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
FINE FOODS	7.7	169	39.8	20.1	98%
IEG	6.3	194	11.6	6.3	82%
GPI	10.5	302	29.5	17.5	69%
MAIRE	8.0	2626	20.9	12.7	64%
MEDIA FOR EUROPE	4.1	1947	10.6	7.3	46%
REWAY GROUP	6.2	189	15.8	10.9	45%
REVO INSURANCE	12.5	307	20.7	14.8	40%
ANIMA	6.7	2123	11.4	8.7	32%
FILA	10.6	454	16.6	12.6	31%
THE ITALIAN SEA GROUP	7.6	401	10.9	8.4	29%
STAR7	6.4	57	9.9	7.8	27%
OVS GROUP	3.5	1024	13.5	10.6	27%
DE' LONGHI	30.0	4529	18.1	14.7	23%
UNIDATA	3.0	92	11.3	9.3	21%
PHARMANUTRA	54.4	527	34.1	28.8	18%
TECHNOGYM	10.5	2116	27.3	23.2	17%
ACEA	18.9	4029	13.7	11.7	17%
DHH	23.4	123	34.5	29.7	16%
TXT E-SOLUTIONS	36.9	479	23.8	20.6	15%
LOTTOMATICA	12.8	3223	15.4	13.3	15%
INTERCOS	14.0	1346	23.8	21.0	13%
WEBUILD	2.9	2916	12.0	10.7	13%
EL.EN.	11.9	951	19.7	17.6	12%
BFF BANK	8.8	1655	9.2	8.2	12%
ENAV	4.1	2233	19.8	18.0	10%
BANCA IFIS	21.5	1159	7.6	6.9	9%
REPLY	155.6	5821	31.2	28.6	9%
BANCA SISTEMA	1.5	119	7.0	6.4	9%
OMER	4.2	120	14.2	13.1	8%
FRANCHI UMBERTO MARMI	5.6	184	14.1	13.3	6%
SESA	78.9	1223	12.0	11.5	4%
CEMENTIR	11.1	1773	9.2	8.9	3%
INDEL B	22.2	130	7.8	7.6	3%
MARR	10.1	675	14.3	14.1	1%
BUZZI	37.1	7150	8.1	8.0	0%
CREDITO EMILIANO	10.8	3700	6.1	6.1	0%
TIP	8.3	1534	11.5	11.5	0%
CYBEROO	2.1	87	22.0	22.0	0%
AVIO	12.6	333	28.5	28.8	-1%

Source: Intermonte SIM and FactSet

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

Company	P/E 2024	P/E 2025	EV/ EBITDA 2024	EV/ EBITDA 225	Div. Yield 2024	Div. Yield 2025	FCF Yield 2024	FCF Yield 2025	NETDEBT/ EBITDA 2024	NETDEBT/ EBITDA 2025
ACEA	11.7	11.8	7.0	6.8	4.8%	5.0%	-0.7%	1.0%	3.3x	3.2x
ANIMA	8.7	9.3			5.1%	5.1%				
BANCA IFIS	6.9	6.8			10.1%	10.4%				
BFF BANK	8.2	7.2			10.8%	12.1%				
BREMBO	11.4	10.2	4.8	4.5	2.8%	3.1%	1.9%	6.4%	0.4x	0.3x
BUZZI	8.0	7.6	4.1	3.4	1.8%	1.9%	9.9%	10.2%	-0.6x	-1.0x
CEMENTIR	8.9	8.7	3.8	3.4	2.5%	2.6%	9.1%	12.2%	-0.7x	-1.1x
CREDITO EMILIANO	6.1	7.1			6.1%	5.1%				
DE' LONGHI	14.7	13.1	7.5	6.5	2.8%	3.1%	4.9%	6.5%	-0.8x	-1.0x
EL.EN.	17.6	16.6	9.4	8.5	1.9%	1.9%	5.7%	5.5%	-0.9x	-1.2x
ENAV	18.0	16.9	7.9	7.4	6.1%	6.3%	7.9%	11.8%	0.9x	0.4x
FERRAGAMO	nm	63.3	4.6	4.0	0.0%	0.8%	-3.5%	4.5%	3.1x	3.3x
FINCANTIERI	nm	22.2	9.8	6.4	0.0%	0.0%	-12.1%	8.0%	4.6x	3.8x
INTERCOS	21.0	17.6	9.9	8.4	1.2%	1.4%	3.0%	3.7%	0.5x	0.3x
IREN	9.2	8.3	5.5	5.3	6.7%	7.2%	0.9%	3.7%	3.3x	3.3x
LOTTOMATICA	13.3	9.3	7.4	5.9	2.3%	3.3%	5.4%	8.2%	2.8x	2.1x
LU-VE	17.4	16.4	9.2	8.5	1.4%	1.5%	4.4%	4.8%	1.4x	1.0x
MAIRE	12.7	11.5	6.1	5.4	4.0%	5.0%	3.6%	3.8%	-0.6x	-0.5x
MARR	14.1	12.8	6.8	6.7	5.7%	6.3%	2.5%	-5.7%	1.3x	1.8x
MEDIA FOR EUROPE	7.3	7.0	3.0	2.6	6.1%	6.1%	16.6%	18.2%	0.8x	0.5x
MONDADORI	8.8	7.9	4.5	4.1	6.1%	6.7%	12.3%	12.4%	1.0x	0.7x
OVS GROUP	10.6	9.5	5.3	4.4	2.5%	2.8%	7.5%	8.3%	0.7x	0.4x
PHARMANUTRA	28.8	24.8	15.9	14.3	1.7%	2.0%	2.7%	4.1%	-0.1x	-0.4x
PIAGGIO	10.3	7.9	4.0	3.7	9.1%	10.1%	9.1%	9.4%	1.5x	1.4x
RAI WAY	16.3	16.8	8.7	9.2	6.1%	6.0%	7.8%	8.0%	0.8x	1.4x
REPLY	28.6	25.1	14.5	12.8	0.7%	0.8%	3.8%	4.2%	-0.7x	-1.1x
SESA	11.5	10.7	7.2	4.8	1.3%	1.3%	9.5%	8.5%	0.0x	-0.1x
TECHNOGYM	23.2	19.4	11.3	9.6	2.1%	2.6%	5.0%	5.3%	-1.0x	-1.3x
THE ITALIAN SEA GROUP	8.4	6.9	5.0	3.9	4.9%	5.9%	13.9%	16.5%	-0.4x	-0.9x
TINEXTA	8.1	6.7	7.8	6.5	1.8%	3.5%	6.7%	8.2%	3.1x	2.4x
TIP	11.5	11.1			1.9%	2.2%				
WEBUILD	10.7	8.8	2.4	2.0	3.5%	4.2%	-24.0%	5.9%	-0.7x	-0.7x

Source: Intermonte SIM

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

Company	P/E 2024	P/E 2025	EV/ EBITDA 2024	EV/ EBITDA 225	Div. Yield 2024	Div. Yield 2025	FCF Yield 2024	FCF Yield 2025	NETDEBT/ EBITDA 2024	NETDEBT/ EBITDA 2025
ABITARE IN	15.7	5.9	11.2	4.8	1.8%	4.9%	-15.1%	19.6%	4.3x	1.5x
ANTARES VISION	32.5	20.2	10.6	8.6	0.0%	0.0%	1.8%	4.9%	5.4x	2.5x
AQUAFIL	nm	7.8	4.9	3.7	0.0%	0.0%	11.1%	23.0%	4.1x	3.0x
AVIO	28.8	22.1	9.3	7.8	1.2%	2.3%	-12.7%	4.4%	-1.1x	-1.1x
BANCA SISTEMA	6.4	4.1			5.0%	6.1%				
CY4GATE	nm	29.3	6.5	5.2	0.0%	0.0%	-1.7%	0.9%	0.8x	0.6x
CYBEROO	22.0	15.6	9.1	6.9	0.0%	0.0%	-4.0%	2.0%	0.0x	-0.2x
DATALOGIC	34.6	17.3	7.1	5.5	2.9%	3.9%	7.0%	6.2%	0.1x	-0.1x
DHH	29.7	25.9	9.4	8.7	0.0%	0.0%	3.6%	4.7%	0.1x	-0.3x
DOVALUE	3.3	2.7	3.2	2.8	10.1%	16.9%	52.4%	66.6%	2.5x	2.2x
ELICA	52.6	52.8	5.6	5.4	2.3%	1.1%	4.2%	8.2%	1.9x	1.7x
EMAK	13.2	8.6	5.6	5.0	2.9%	4.6%	3.2%	9.8%	3.2x	2.7x
ESPRINET	9.4	7.8	2.9	2.4	5.3%	7.7%	8.0%	15.6%	-0.4x	-0.6x
FILA	12.6	11.4	4.0	3.5	1.4%	2.2%	27.7%	27.8%	2.7x	2.2x
FINE FOODS	20.1	15.4	7.7	7.3	1.5%	1.5%	-3.1%	-10.5%	1.7x	2.1x
FRANCHI UMBERTO MARMI	13.3	12.2	8.0	7.1	3.8%	4.1%	3.8%	11.0%	1.0x	0.5x
GEOX	4.2	4.0	4.1	3.7	12.0%	12.4%	15.4%	40.2%	2.9x	2.6x
GPI	17.5	11.9	5.9	5.5	4.8%	0.0%	1.9%	11.4%	2.9x	2.6x
IEG	6.3	8.0	3.9	4.3	2.0%	2.1%	9.7%	-5.1%	1.2x	1.4x
IGD	8.3	8.1	10.8	10.8	2.1%	5.9%	1.8%	12.2%	7.9x	7.9x
INDEL B	7.6	6.9	4.2	3.5	3.6%	4.5%	13.2%	11.8%	0.1x	-0.3x
INTRED	25.6	23.1	8.6	8.1	1.0%	1.1%	-0.9%	-2.4%	1.2x	1.3x
MISITANO & STRACUZZI	12.3	11.3	7.3	6.6	4.8%	4.1%	-4.0%	5.1%	0.5x	0.4x
NOTORIOUS PICTURES	9.9	6.8	3.2	3.3	4.0%	5.8%	-15.6%	45.5%	2.2x	2.3x
OMER	13.1	12.2	6.7	5.6	0.0%	0.0%	3.2%	9.0%	-1.4x	-2.0x
REVO INSURANCE	14.8	9.2			1.0%	1.6%				
REWAY GROUP	10.9	8.9	7.7	6.1	0.0%	0.0%	2.5%	2.9%	1.4x	1.0x
SECO	nm	23.0	13.3	8.5	0.0%	0.0%	-0.5%	2.0%	3.3x	1.5x
SERI INDUSTRIAL	nm	nm	nm	nm	0.0%	0.0%	-35.7%	-39.8%	55.7x	34.7x
SOMECE	91.2	20.0	6.4	5.0	0.0%	0.0%	6.7%	22.9%	3.1x	2.0x
STAR7	7.8	6.9	4.9	4.3	0.0%	0.0%	10.0%	8.9%	2.0x	1.5x
SYS-DAT	29.4	23.4	10.9	8.8	0.0%	0.0%	3.3%	3.7%	-2.8x	-2.8x
TALEA GROUP	nm	11.2	18.4	7.1	0.0%	0.0%	27.5%	2.2%	9.9x	3.7x
TESMEC	nm	nm	5.6	4.9	0.0%	0.0%	-28.5%	12.9%	4.4x	3.8x
TXT E-SOLUTIONS	20.6	15.5	13.9	10.0	0.7%	1.0%	0.9%	3.7%	3.0x	2.0x
UNIDATA	9.3	7.9	5.0	4.6	0.5%	0.6%	10.2%	7.8%	1.7x	1.4x
WIIT	33.6	22.6	13.7	11.4	1.5%	2.2%	2.0%	5.3%	3.7x	2.9x

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.

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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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