

Italian Mid/Small Caps Monthly

Focus on Fundamentals after a New Round of Delistings

by Intermonte Research Team

Italian Equity Market

- **Performance (-).** The Italian equity market (prices as at 16 February 2024) has posted a positive 4.4% performance in the last month and is up 4.3% YtD. The FTSE Italy Mid-Cap index (+2.7%) has underperformed the main index by 1.7% in the last month (-2.1% YtD on a relative basis), with the FTSE Italy Small Caps index (+0.1%) performing 4.3% below the market, or -6.8% 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 2.4% in the last month, performing almost in line with Italian mid-caps.
- **Estimates (-).** Since the beginning of 2024, we have implemented a +3.5%/+1.3% upward revision to our 2023/2024 EPS estimates; focusing on our mid/small cap coverage, however, we have trimmed our 2023/2024 EPS by -1.2%/-1.3%. Notably, the mid/small cap estimate revision has been almost entirely implemented in the last month on the back of updated management indications.
- **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 3.0% re-rating YtD (inverting the negative trend recorded one month ago); mid-caps have re-rated by 3.5%, while small caps have de-rated by 0.9%. On a P/E basis, our panel is trading at a 33% premium to large caps, above the historical average premium (17%) but in line with the level one month ago (33%).
- **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 1.4% higher than in the corresponding period one year ago and is up 6.3% from a YtD perspective. The picture is more worrying for mid/small caps: specifically, YtD liquidity is down 3.1% YoY for mid-caps and 26.7% YoY for small caps, which witnessed very weak figures in the last month.
- **Investment strategy.** In the last month, market performance was sustained by the release of a number of positive FY23 results but also by the announcement of new takeovers (Tod's, Saras and UnipolSai) that have made it even more difficult for stock pickers to outperform the market. We stick to our fundamental view that assumes a gradual decline in interest rates, and we confirm our positive view on Italian mid/small caps despite geopolitical tensions. Ahead of the crucial weeks of the reporting season, we think there are various stocks in the segment with excellent growth prospects and generally attractive valuations. Our preference goes in particular to those stocks with high visibility on estimates and resilient business models, such as companies enabling the digital transformation, utilities, some industrials linked to long-term investment plans, and consumers with strong pricing and positioning. The liquidity picture remains a negative aspect, penalizing small caps especially, but we perceive increasing interest, even from international investors, that leaves hope for a trend inversion.

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 underperformed large caps in the last month

The Italian equity market (prices as at 16 February 2024) has posted a positive 4.4% performance in the last month and is up 4.3% YtD. The FTSE Italy Mid-Cap index (+2.7%) has underperformed the main index by 1.7% in the last month (-2.1% YtD on a relative basis), with the FTSE Italy Small Caps index (+0.1%) performing 4.3% below the market, or -6.8% on a relative basis since the beginning of 2024.

Italian Market Indexes – performance analysis (prices as at 16 February 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	45,514	2.7%	10.0%	8.3%	2.2%	1.6%	-2.5%	10.9%	21.7%
FTSE Italia Small Cap	27,604	0.1%	7.3%	2.2%	-2.6%	-8.9%	-11.7%	16.6%	42.4%
FTSE Italia Star	46,634	-0.1%	8.0%	3.3%	-2.5%	-8.0%	-16.8%	-4.0%	37.2%
FTSE Italia Growth Index	8,129	-1.3%	6.1%	-9.0%	-2.1%	-16.2%	-24.1%	0.7%	-5.4%
FTSE Italia All-Share	33,864	4.4%	8.6%	12.2%	4.3%	12.5%	15.3%	32.6%	52.5%
FTSE MIB	31,732	4.6%	8.5%	12.6%	4.5%	13.9%	17.7%	35.4%	57.0%

Relative Performance vs FTSE Italia 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	-1.7%	1.4%	-3.9%	-2.1%	-10.9%	-17.8%	-21.7%	-30.8%
FTSE Italia Small Cap	-4.3%	-1.3%	-9.9%	-6.8%	-21.4%	-27.0%	-15.9%	-10.1%
FTSE Italia Star	-4.5%	-0.6%	-8.9%	-6.7%	-20.6%	-32.1%	-36.6%	-15.3%

Source: FactSet

Looking at mid/small cap performances across Europe, the MSCI Europe Small Caps index has grown 2.4% in the last month, performing almost in line with 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	165	3.9%	8.9%	8.0%	2.7%	5.7%	5.6%	18.9%	32.3%
MSCI Europe Small Cap	415	2.4%	8.4%	5.5%	-0.5%	-1.1%	-10.7%	-6.4%	20.6%

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 (%)
ANTARES VISION	2.23	154	59%
IEG	4.83	149	42%
TOD'S	43.00	1,423	39%
THE ITALIAN SEA GROUP	10.20	541	19%
FERRAGAMO	12.84	2,167	18%
GPI	10.86	314	17%
SAFILO	1.12	462	16%
BP SONDRIO	6.83	3,097	15%
UNIPOLSAI	2.66	7,516	14%
ALKEMY	10.80	61	13%
REVO INSURANCE	8.92	220	9%
INTERCOS	15.14	1,457	8%
CIVITANAVI SYSTEMS	4.40	135	8%
TECHNOGYM	9.46	1,905	7%
CREDITO EMILIANO	8.73	2,980	7%
BANCA IFIS	16.45	885	6%
PHARMANUTRA	62.10	601	5%
RELATECH	2.39	104	5%
OVS GROUP	2.23	649	5%
BREMBO	11.68	3,900	5%
FTSE Italia Mid Cap			3%
FTSE Italia Small Cap			0%
FTSE MIB			5%
Worst Performers	Price (Eu)	Market Cap (Eu mn)	Perf. 1M (%)
ELICA	1.88	119	-19%
SERVIZI ITALIA	1.59	50	-17%
CY4GATE	6.44	152	-15%
FINCANTIERI	0.49	839	-10%
TALEA GROUP	8.14	56	-9%
ABITARE IN	4.50	120	-9%
MEDIA FOR EUROPE	3.03	1,408	-8%
IREN	1.84	2,389	-7%
LU-VE	21.60	480	-7%
ESPRINET	4.90	247	-7%
DOVALUE	2.31	184	-7%
CEMENTIR	8.89	1,415	-7%
SERI INDUSTRIAL	2.79	151	-6%
TESMEC	0.11	67	-6%
SALCEF GROUP	23.00	1,435	-6%
MONDADORI	2.17	567	-5%
FRANCHI UMBERTO MARMI	6.40	210	-5%
SOMEK	25.00	173	-5%
DE' LONGHI	28.20	4,260	-5%
EMAK	1.00	165	-5%

Source: FactSet

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

Best Performers	Price (Eu)	Market Cap (Eu mn)	Perf. YTD (%)
IEG	4.83	149	57%
TOD'S	43.00	1,423	26%
THE ITALIAN SEA GROUP	10.20	541	24%
SAFILO	1.12	462	22%
ANTARES VISION	2.23	154	20%
UNIPOLSAI	2.66	7,516	18%
ALKEMY	10.80	61	18%
BP SONDRIO	6.83	3,097	17%
OMER	3.44	99	14%
RELATECH	2.39	104	13%
CIVITANAVI SYSTEMS	4.40	135	13%
BUZZI-UNICEM	30.62	5,898	11%
PHARMANUTRA	62.10	601	10%
GPI	10.86	314	9%
CREDITO EMILIANO	8.73	2,980	9%
SARAS	1.73	1,645	7%
PIAGGIO	3.17	1,134	6%
REVO INSURANCE	8.92	220	6%
INTERCOS	15.14	1,457	6%
BREMBO	11.68	3,900	5%
FTSE Italia Mid Cap			2%
FTSE Italia Small Cap			-3%
FTSE MIB			5%
Worst Performers	Price (Eu)	Market Cap (Eu mn)	Perf. YTD (%)
DOVALUE	2.31	184	-33%
CY4GATE	6.44	152	-21%
SERI INDUSTRIAL	2.79	151	-18%
ELICA	1.88	119	-17%
SOMECH	25.00	173	-12%
FINCANTIERI	0.49	839	-12%
ESPRINET	4.90	247	-11%
ABITARE IN	4.50	120	-10%
SECO	3.08	410	-10%
DATALOGIC	6.14	359	-9%
NOTORIOUS PICTURES	1.13	25	-9%
EMAK	1.00	165	-9%
DE' LONGHI	28.20	4,260	-8%
MEDIA FOR EUROPE	3.03	1,408	-7%
FRANCHI UMBERTO MARMI	6.40	210	-7%
IREN	1.84	2,389	-7%
EL.EN.	9.08	726	-7%
TALEA GROUP	8.14	56	-7%
CEMENTIR	8.89	1,415	-7%
SALCEF GROUP	23.00	1,435	-7%

Source: FactSet

Earnings Momentum

Mid-cap forecasts revised slightly down in the last month

Since the beginning of 2024, we have implemented a +3.5%/+1.3% upward revision to our 2023/2024 EPS estimates; focusing on our mid/small cap coverage, however, we have trimmed our 2023/2024 EPS by -1.2%/-1.3%. Notably, the mid/small cap estimate revision has been almost entirely implemented in the last month on the back of updated management indications.

Italian Market – Intermonte changes to 2023 and 2024 estimates

EPS REVISION	Since January 1st 2024		Since 20/1/2024	
	% chg in EPS FY23	% chg in EPS FY24	% chg in EPS FY23	% chg in EPS FY24
Total Market	3.5%	1.3%	3.6%	1.3%
Total Market - Ex Energy	4.6%	1.7%	3.6%	1.3%
Domestic	3.0%	3.0%	3.0%	3.0%
Non domestic	3.8%	-1.1%	3.8%	-1.1%
Non domestic - Ex Energy	4.3%	-1.1%	4.0%	1.5%
FTSE MIB	4.0%	1.5%	4.0%	1.5%
Mid Caps (our coverage)	-1.2%	-1.3%	-1.2%	-1.1%
Small Caps (our coverage)	-1.2%	-1.7%	-1.3%	-0.9%
Intermonte Mid&Small Caps coverage	-1.2%	-1.3%	-1.2%	-1.1%

Source: Intermonte SIM

For individual stocks, the following tables rank the biggest changes to our 2023 adjusted net profit estimates YtD.

Intermonte Mid & Small Cap Coverage - largest changes to 2023 est. (up/down) YtD

Stock	Restated Net Profit 23 as of 31/12/23	Restated net profit 23 last estimate	% chg from 31/12/23
Upward Revision			
ANIMA	159	185	16.5%
IEG	17	19	7.3%
BANCA SISTEMA	16	17	5.6%
ABITARE IN	24	25	5.0%
BP SONDRIO	445	457	2.8%
UNIPOLSAI	685	700	2.2%
BANCA IFIS	158	161	1.6%
DE' LONGHI	249	252	1.5%
THE ITALIAN SEA GROUP	35	35	1.0%
TOD'S	41	41	0.7%
Downward Revision			
ANTARES VISION	7	-6	-191.4%
CY4GATE	9	-3	-132.8%
MEDIA FOR EUROPE	269	212	-21.1%
FERRAGAMO	30	25	-13.6%
ELICA	14	12	-12.4%
SARAS	320	285	-10.8%

Source: Intermonte SIM

Valuation

Mid/small cap valuation premium stable in the last month

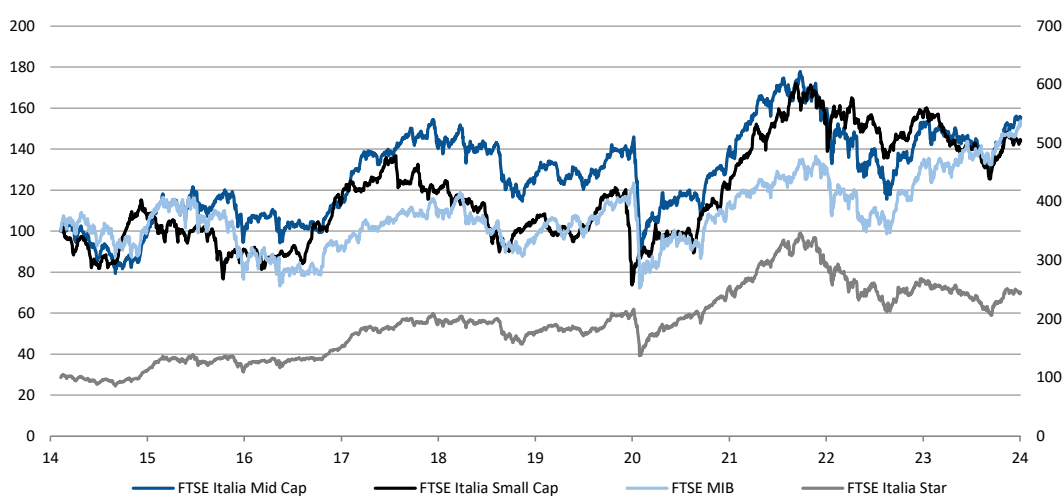
If we compare performance YtD to the change in FY24 estimates over the same period, we see that FTSE MIB stocks have recorded a 3.0% re-rating YtD (inverting the negative trend recorded one month ago); mid-caps have re-rated by 3.5%, while small caps have de-rated by 0.9%.

Italian Market – re/de-rating by index

Index	% Change YTD	on FY24 estimates	
		Chg in estimates	Re/De-rating
FTSE MIB	4.5%	1.5%	3.0%
FTSE Italia Mid Cap	2.2%	-1.3%	3.5%
FTSE Italia Small Cap	-2.6%	-1.7%	-0.9%

Source: Intermonte SIM and FactSet

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

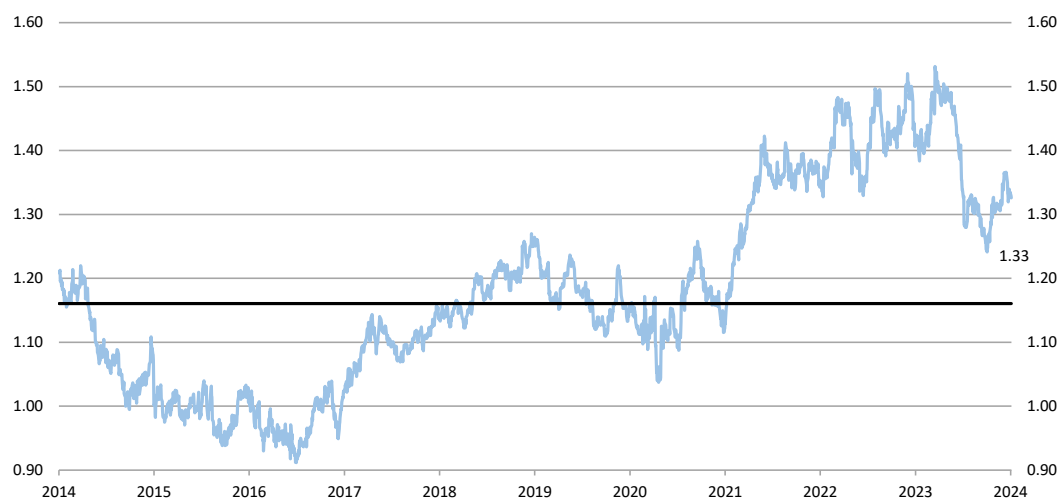


Source: FactSet

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 33% premium to large caps, above the historical average premium (17%) but in line with the level one month ago (33%).

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	9.8 x	9.6 x		13.6 x	-29.3%
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	10.6 x	12.1 x		18.3 x	-33.9%
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	13.4 x	12.5 x		14.9 x	-16.2%
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	12.8 x	12.3 x	28.5%	14.2 x	-13.4%
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	20.2 x	15.0 x	24.0%	21.0 x	-28.4%
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	15.4 x	14.5 x	50.7%	15.6 x	-7.0%
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	nm	nm	nm	16.2 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	26.3 x	17.7 x	42.1%	26.3 x	-32.5%
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	11.3 x	11.2 x	16.7%	13.0 x	-13.5%
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	13.1 x	11.0 x	-9.4%	14.3 x	-23.3%
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	11.3 x	10.4 x	7.9%	13.0 x	-20.4%
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	13.9 x	11.5 x	-4.8%	15.4 x	-25.4%

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(+)
ANTARES VISION	11.7	6.1	-48%	20%	68%
FERRAGAMO	55.1	31.2	-43%	5%	49%
IEG	18.8	22.8	21%	57%	35%
TOD'S	57.5	52.9	-8%	26%	34%
THE ITALIAN SEA GROUP	44.7	44.7	0%	24%	24%
ELICA	13.5	8.1	-40%	(17%)	23%
ALKEMY	6.7	6.7	0%	18%	18%
BP SONDRIO	419.8	419.8	0%	17%	17%
TECHNOGYM	103.2	92.0	-11%	4%	15%
OMER	9.0	9.0	0%	14%	14%
RELATECH	10.0	10.0	0%	13%	13%
CIVITANAVI SYSTEMS	9.5	9.5	0%	13%	13%
BUZZI-UNICEM	832.8	832.8	0%	11%	11%
PHARMANUTRA	17.7	17.7	0%	10%	10%
CY4GATE	11.2	7.7	-31%	(21%)	10%
GPI	24.6	24.6	0%	9%	9%
SARAS	135.4	133.1	-2%	7%	9%
CREDITO EMILIANO	428.6	428.6	0%	9%	9%
INTERCOS	70.1	69.0	-2%	6%	7%
CEMENTIR	221.1	190.7	-14%	(7%)	7%
PIAGGIO	114.9	114.9	0%	6%	6%
REVO INSURANCE	61.9	61.9	0%	6%	6%
BREMBO	294.3	294.3	0%	5%	5%
WEBUILD	244.9	244.9	0%	5%	5%
AVIO	13.2	13.2	0%	4%	4%
BFF BANK	200.1	200.1	0%	4%	4%
SAES GETTERS	32.1	32.1	0%	3%	3%
TXT E-SOLUTIONS	16.2	16.2	0%	2%	2%
CYBEROO	7.3	7.3	0%	2%	2%
REPLY	208.0	208.0	0%	2%	2%
MONDADORI	66.6	66.6	0%	1%	1%
ACEA	326.0	326.0	0%	1%	1%
INDEL B	17.0	17.0	0%	0%	0%
INDEL B	17.0	17.0	0%	0%	0%
FINE FOODS	11.3	11.3	0%	(1%)	(1%)
ANIMA	172.9	182.5	6%	4%	(1%)
MARR	60.8	60.8	0%	(2%)	(2%)
OVS GROUP	76.4	76.4	0%	(2%)	(2%)
BANCA IFIS	151.6	161.6	7%	5%	(2%)
MEDIA FOR EUROPE	291.0	275.5	-5%	(7%)	(2%)
MAIRE TECNIMONT	150.7	150.7	0%	(3%)	(3%)
INTRED	5.7	5.7	0%	(3%)	(3%)
WIIT	19.8	19.8	0%	(3%)	(3%)
AQUAFIL	6.2	6.2	0%	(3%)	(3%)
ENAV	117.3	117.3	0%	(4%)	(4%)
RAI WAY	90.5	90.5	0%	(4%)	(4%)
SESA	110.2	110.2	0%	(4%)	(4%)
FILA	41.8	44.3	6%	2%	(5%)
GREENTHESIS	20.5	20.5	0%	(5%)	(5%)
GEOX	34.6	34.6	0%	(5%)	(5%)
TINEXTA	62.9	62.9	0%	(6%)	(6%)
SERVIZI ITALIA	7.9	7.9	0%	(6%)	(6%)
TESMEC	9.2	9.2	0%	(6%)	(6%)
IGD	49.9	49.9	0%	(6%)	(6%)
LU-VE	34.5	34.5	0%	(6%)	(6%)
SALCEF GROUP	93.3	93.3	0%	(7%)	(7%)
TALEA GROUP	1.2	1.2	0%	(7%)	(7%)
EL.EN.	54.5	54.5	0%	(7%)	(7%)
IREN	284.8	284.8	0%	(7%)	(7%)
FRANCHI UMBERTO MARMI	14.2	14.2	0%	(7%)	(7%)
EMAK	22.9	22.9	0%	(9%)	(9%)
NOTORIOUS PICTURES	6.4	6.4	0%	(9%)	(9%)
DE' LONGHI	273.7	277.5	1%	(8%)	(9%)
DATALOGIC	28.9	28.9	0%	(9%)	(9%)
SECO	23.2	23.2	0%	(10%)	(10%)

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 1.4% higher than in the corresponding period one year ago and is up 6.3% from a YtD perspective. The picture is more worrying for mid/small caps: specifically, YtD liquidity is down 3.1% YoY for mid-caps and 26.7% YoY for small caps, which witnessed very weak figures 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 19/02	3M to 19/02	YTD to 19/02	1M to 19/02	3M to 19/02	YTD to 19/02	1M to 19/02	3M to 19/02	YTD to 19/02
FTSE MIB									
All stocks	55.82	51.75	51.18	55.07	43.56	48.17	1.4%	18.8%	6.3%
Top 20% by market cap	170.77	155.06	156.94	178.22	137.04	150.02	(4.2%)	13.2%	4.6%
FTSE Italia Mid Cap									
All stocks	2.52	2.08	2.01	2.34	1.73	2.08	7.6%	20.5%	(3.1%)
Top 20% by market cap	7.44	5.21	4.81	6.68	4.51	5.31	11.3%	15.5%	(9.4%)
FTSE Italia Small Cap									
All stocks	0.25	0.26	0.28	0.40	0.33	0.39	(36.2%)	(21.5%)	(26.7%)
Top 20% by market cap	0.93	0.86	0.75	1.16	1.02	1.14	(19.6%)	(15.8%)	(34.3%)

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)
SARAS	1,645	12,440,705
BP SONDRIO	3,097	9,714,603
BUZZI-UNICEM	5,898	6,522,049
REPLY	4,568	5,169,273
BREMBO	3,900	3,862,113
UNIPOLSAI	7,516	3,559,055
BFF BANK	2,005	3,550,539
TOD'S	1,423	3,120,771
IREN	2,389	3,106,732
DE' LONGHI	4,260	2,926,392
FERRAGAMO	2,167	2,925,100
MAIRE TECNIMONT	1,565	2,642,473
ANIMA	1,377	2,537,718
ACEA	2,960	2,366,632
PIAGGIO	1,134	2,320,143
OVS GROUP	649	2,314,378
WEBUILD	1,953	2,194,214
BANCA IFIS	885	2,162,376
TECHNOGYM	1,905	2,047,186
SESA	1,821	1,902,792
DOVALUE	184	1,883,923
ENAV	1,791	1,584,788
FINCANTIERI	839	1,361,451
MARR	752	1,352,697
ESPRINET	247	1,345,792
CREDITO EMILIANO	2,980	1,288,545
TINEXTA	904	1,155,864
RAI WAY	1,331	1,127,047
ANTARES VISION	154	1,096,614

Source: FactSet

Criteria for investing in mid/small caps

Italian Mid & Small Cap Coverage - geographical breakdown of sales (FY22)

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	56%	23%	10%	1%	7%	3%

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 2023 dividend yields, can be found in the following tables.

Intermonte Mid & Small Cap Coverage – dividend yield 2023

Stock	Price (Eu)	Mkt Cap (Eu mn)	EPS 23	DPS 23	Yield 23 %	PayOut 23 %	Net Debt/EBITDA 23
DOVALUE	2.3	184	0.647	0.720	31.2%	111%	2.2x
BANCA IFIS	16.5	885	2.988	2.059	12.5%	69%	
IGD	2.2	239	0.504	0.207	9.5%	41%	9.2x
ABITARE IN	4.5	120	0.953	0.420	9.3%	44%	1.1x
BFF BANK	10.7	2,005	0.988	0.899	8.4%	91%	
MEDIA FOR EUROPE	3.0	1,408	0.374	0.250	8.3%	67%	1.1x
BP SONDRIO	6.8	3,097	1.009	0.504	7.4%	50%	
FILA	8.4	361	0.765	0.580	6.9%	76%	2.4x
NOTORIOUS PICTURES	1.1	25	0.195	0.078	6.9%	40%	2.5x
RAI WAY	4.9	1,331	0.340	0.327	6.7%	96%	0.8x
PIAGGIO	3.2	1,134	0.263	0.210	6.6%	80%	1.1x
IREN	1.8	2,389	0.213	0.121	6.6%	57%	3.2x
UNIPOLSAI	2.7	7,516	0.247	0.165	6.2%	67%	
ENAV	3.3	1,791	0.201	0.203	6.1%	101%	1.3x
ACEA	13.9	2,960	1.401	0.851	6.1%	61%	3.6x
ANIMA	4.2	1,377	0.581	0.250	6.0%	43%	
SARAS	1.7	1,645	0.300	0.100	5.8%	33%	-0.2x
ESPRINET	4.9	247	0.551	0.276	5.6%	50%	1.7x
BANCA SISTEMA	1.2	95	0.213	0.065	5.5%	31%	
MARR	11.3	752	0.747	0.597	5.3%	80%	1.5x
MONDADORI	2.2	567	0.251	0.110	5.1%	44%	1.0x
EMAK	1.0	165	0.116	0.047	4.7%	40%	2.8x
GPI	10.9	314	0.546	0.500	4.6%	92%	4.7x
CREDITO EMILIANO	8.7	2,980	1.321	0.400	4.6%	30%	
FRANCHI UMBERTO MARMI	6.4	210	0.431	0.264	4.1%	61%	0.7x
MAIRE TECNIMONT	4.8	1,565	0.366	0.174	3.7%	48%	-0.4x
INDEL B	24.0	140	2.830	0.800	3.3%	28%	0.5x
DATALOGIC	6.1	359	0.389	0.200	3.3%	51%	0.6x
TECHNOGYM	9.5	1,905	0.398	0.305	3.2%	77%	-0.9x
WEBUILD	1.9	1,953	0.191	0.060	3.1%	31%	-0.5x

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
GEOX	0.7	179	22.1	5.2	329%
SOMEC	25.0	173	64.4	20.3	217%
FINE FOODS	8.7	192	52.7	19.6	169%
TESMEC	0.1	67	15.8	7.2	118%
GPI	10.9	314	19.9	12.3	61%
SERVIZI ITALIA	1.6	50	10.2	6.4	59%
REVO INSURANCE	8.9	220	5.6	3.6	58%
CYBEROO	3.1	128	26.1	17.7	47%
NOTORIOUS PICTURES	1.1	25	5.8	4.0	45%
DATALOGIC	6.1	359	15.8	11.9	33%
AVIO	8.8	233	23.9	18.2	32%
WIIT	18.9	528	35.1	26.7	31%
RELATECH	2.4	104	13.7	10.4	31%
MEDIA FOR EUROPE	3.0	1,408	8.1	6.2	30%
TOD'S	43.0	1,423	34.8	26.9	29%
ALKEMY	10.8	61	11.9	9.2	29%
WEBUILD	1.9	1,953	10.0	7.8	29%
CIVITANAVI SYSTEMS	4.4	135	18.2	14.2	28%
THE ITALIAN SEA GROUP	10.2	541	15.4	12.1	27%
UNIDATA	3.9	122	12.7	10.0	27%
INTERCOS	15.1	1,457	26.5	21.1	25%
MAIRE TECNIMONT	4.8	1,565	13.0	10.4	25%
PIAGGIO	3.2	1,134	12.0	9.8	23%
MARR	11.3	752	15.1	12.4	22%
FERRAGAMO	12.8	2,167	85.0	69.4	22%
IEG	4.8	149	8.0	6.5	21%
REPLY	122.1	4,568	26.5	22.0	21%
EMAK	1.0	165	8.6	7.2	20%
SECO	3.1	410	21.1	17.6	20%
SALCEF GROUP	23.0	1,435	18.4	15.4	19%
ESPRINET	4.9	247	8.9	7.5	18%
OVS GROUP	2.2	649	10.0	8.5	18%
GREENTHESIS	0.9	143	8.2	7.0	17%
TINEXTA	19.2	904	16.7	14.4	16%
OMER	3.4	99	12.6	10.9	15%
TECHNOGYM	9.5	1,905	23.8	20.7	15%
EL.EN.	9.1	726	14.9	13.1	14%
FILA	8.4	361	11.0	9.7	13%
PHARMANUTRA	62.1	601	38.4	34.0	13%

Source: Intermonte SIM and FactSet

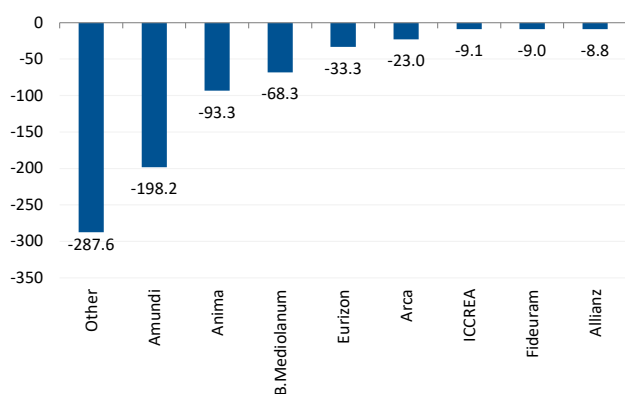
UPDATE on the Individual Savings Plan (PIR)

PIR: official figures for 3Q23

	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)	Nr. Of Funds		Invested Capital	
										at September 2023 # Funds	%	at September 2023 (Eu mn)	in %
Ordinary PIR	(731)	(610)	(815)	(734)	323	(759)	(1,097)	3,950	10,903	64	29.1%	16,295	
Alternative PIR	8	1	58	242						15		1,516	
EQUITY FUNDS	(351)	(209)	(264)	(338)	280	(281)	(369)	349	2,260	23	29.1%	4,736	26.6%
BALANCED FUNDS	(372)	(474)	(466)	(385)	214	(321)	(587)	2,525	5,962	22	27.8%	6,443	36.2%
FIXED INCOME FUNDS	95	181	35	(12)	17	(1)	(20)	10	75	6	7.6%	449	2.5%
FLEXIBLE FUNDS	(102)	(108)	(114)	2	(187)	(160)	(121)	1,067	2,605	15	19.0%	4,681	26.3%
CLOSED-END FUNDS	7	0	52	240						13	16.5%	1,502	8.4%

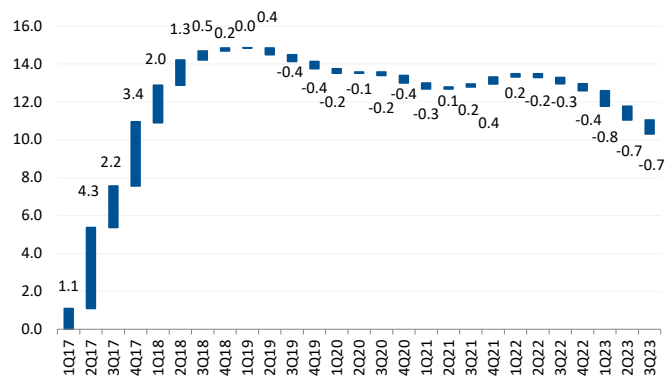
Source: Assogestioni, Quarterly Report, Novembre 2023

Ordinary PIR - Net inflows by asset manager (Eu mn, 3Q23)



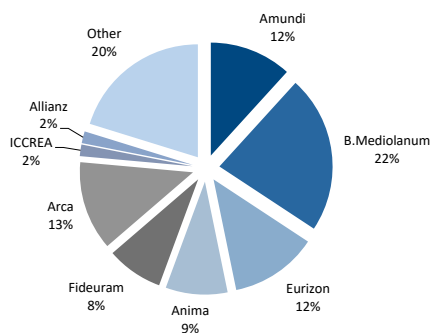
Source: Assogestioni

Ordinary PIR - Inflows by quarter (Eu bn)



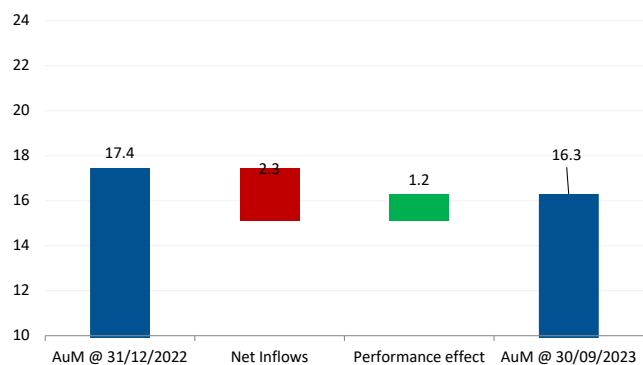
Source: Intermonte SIM estimates, Assogestioni

Ordinary PIR - Market share by asset manager (on AuM as at 30/09/23)



Source: Assogestioni

Ordinary PIR - Inflows and total AuM (Eu bn)



Source: Assogestioni

Significant PIR outflows continued in 4Q23

In its quarterly review on 22 November 2023, Assogestioni released updated figures on 3Q23 PIR flows. During the quarter, ordinary PIRs saw outflows of Eu731mn, while Alternative PIRs recorded inflows of Eu7.5mn. In terms of AuM, ordinary PIRs had Eu16.3bn under management, while Eu1.5bn was invested in alternative PIR funds.

According to *il Sole 24 Ore's* 'Osservatorio PIR' ('PIR Monitor'), outflows in October, November and December remained unresponsive and amounted to Eu172.1mn, Eu153.8mn and Eu112mn, respectively. Total 2023 redemptions (combining official Assogestioni figures for 9M23 and *il Sole 24 Ore* indications for 4Q23) come to Eu2.59bn.

The trend should stabilise in 2024, but visibility on a potential recovery remains very low for the time being.

As a reminder, the features of PIR 3.0 are as follows: at least 70% of the fund must be invested in securities issued by listed Italian or EU companies having stable organisation in Italy; of this 70%, 25% (i.e. 17.5% of the total fund) must be invested in securities that are not on the main index (FTSE MIB in the case of Italian-listed stocks). The principal novelty in the new regulation is a mandatory minimum investment of 5% of the 70% (or 3.5% of the total fund) in small caps that are not listed on either the FTSEMIB or the FTSE MID indexes. This measure is likely to channel flows into a universe of small companies that are expected to obtain particular benefits from renewed investor interest. The new regulation also allows Italian pension funds to invest up to 10% of their assets in PIR funds. The fiscal benefit (unchanged) still relates to the elimination of capital gains tax after the investment is maintained in the fund for at least 5 years.

The Alternative PIR is a wrapper with tax benefits similar to PIR (i.e. tax exemption of capital gains for investments held for at least 5 years) and is capable of investing in ELTIFs, private equity funds or private debt funds. Because of the investments in illiquid assets (closer to the real economy but riskier), affluent investors are the target clients. The maximum investible amount per year is Eu300k per person (vs. Eu40k for PIR) up to a cumulative maximum of Eu1.5mn per person. Moreover, the concentration limit (i.e. max cumulative investment in a single stock) has been set at 20% (10% being the limit for regular PIR funds).

These alternative instruments are suitable for overcoming market volatility given their long-term commitment and are complementary to PIR funds in a broader sense (they are designed for semi-professional rather than retail investors).

ALTERNATIVE PIR vs. PIR 3.0

	PIR 3.0	Alternative PIR
Investor Target	Retail Investors	Semi-institutional investors
Main Investment Focus	Mid and Small Caps	Small and Micro Caps, Privately held SMEs
Type of Fund	Open-end Funds	Closed-End Funds, such as ELTIF, private equity funds, private debt funds
Max per capita investment	Eu40,000 a year (max Eu200,000)	Eu300,000 a year (max Eu1.5mn)
Concentration limit	Up to 10%	Up to 20%
Investment Criteria	At least 70% of the fund must be invested in securities issued by listed Italian or EU companies having stable organisation in Italy; of this 70%, 25% (i.e. 17.5% of the total fund) must be invested in securities that are not listed on the main index (FTSE MIB in the case of Italian-listed stocks) and 5% (or 3.5% of the total fund) in small caps that not listed on either the FTSEMIB or the FTSE MID indexes.	At least 70% of the fund must be invested in securities issued by Italian or EU companies having stable organisation in Italy that are small caps not listed on either the FTSEMIB or the FTSE MID indexes.
Fiscal benefits	Zeroing capital gains tax after maintaining the investment in the fund for at least 5 years	Zeroing capital gains tax after maintaining the investment in the fund for at least 5 years

Source: Intermonte SIM

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

Company	P/E 2023	P/E 2024	EV/ EBITDA 2023	EV/ EBITDA 2024	Div. Yield 2023	Div. Yield 2024	FCF Yield 2023	FCF Yield 2024	NETDEBT/ EBITDA 2023	NETDEBT/ EBITDA 2024
ACEA	9.9	9.1	6.2	6.2	6.1%	6.3%	-6.6%	4.6%	3.6x	3.5x
ANIMA	7.2	7.3			6.0%	6.0%				
BANCA IFIS	5.5	5.5			12.5%	12.6%				
BFF BANK	10.8	10.0			8.4%	8.9%				
BP SONDRIO	6.8	7.4			7.4%	6.8%				
BREMBO	12.8	12.9	6.5	5.6	2.4%	2.4%	4.1%	6.0%	0.7x	0.5x
BUZZI-UNICEM	7.0	7.1	2.4	3.0	1.6%	1.8%	13.6%	11.9%	-0.7x	-1.1x
CEMENTIR	7.7	7.4	2.7	2.9	3.1%	3.0%	11.0%	11.4%	-0.5x	-0.9x
CREDITO EMILIANO	6.6	7.0			4.6%	4.8%				
DE' LONGHI	16.9	15.4	6.7	7.9	2.4%	2.7%	5.1%	4.6%	-1.0x	-1.1x
EL.EN.	14.9	13.1	10.3	7.0	2.3%	2.4%	1.1%	8.0%	-0.7x	-1.1x
ENAV	16.5	15.3	8.4	7.1	6.1%	6.3%	8.5%	11.2%	1.3x	0.9x
FERRAGAMO	85.0	69.4	9.0	7.1	0.6%	0.7%	0.1%	1.2%	1.0x	0.9x
FINCANTIERI	nm	nm	9.3	8.6	0.0%	0.0%			7.0x	6.8x
INTERCOS	26.5	21.1	10.6	9.6	1.2%	1.1%	0.9%	3.3%	0.7x	0.4x
IREN	8.6	8.4	5.5	5.4	6.6%	7.2%	-9.9%	-2.3%	3.2x	3.3x
LU-VE	14.1	13.9	9.2	7.4	1.9%	1.9%	2.8%	5.9%	1.8x	1.5x
MAIRE TECNIMONT	13.0	10.4	4.3	4.3	3.7%	4.6%	12.5%	5.6%	-0.4x	-0.4x
MARR	15.1	12.4	8.1	6.9	5.3%	6.5%	-0.4%	-3.3%	1.5x	1.8x
MEDIA FOR EUROPE	8.1	6.2	3.0	2.5	8.3%	8.3%	16.7%	20.7%	1.1x	0.9x
MONDADORI	8.7	8.5	4.5	4.4	5.1%	5.1%	12.0%	12.7%	1.0x	0.7x
OVS GROUP	10.0	8.5	4.9	4.1	2.6%	3.1%	9.7%	8.5%	0.6x	0.4x
PHARMANUTRA	38.4	34.0	22.8	21.5	1.3%	1.5%	-1.0%	2.8%	0.2x	-0.2x
PIAGGIO	12.0	9.8	4.8	4.2	6.6%	8.2%	6.4%	8.8%	1.1x	1.0x
RAI WAY	14.4	14.7	8.8	8.4	6.7%	6.8%	8.4%	8.3%	0.8x	1.1x
REPLY	26.5	22.0	11.3	11.4	0.9%	1.0%	4.8%	4.3%	-0.7x	-1.0x
SALCEF GROUP	18.4	15.4	8.7	7.8	2.4%	2.9%	3.7%	4.5%	0.0x	-0.2x
SARAS	5.8	12.4	1.6	3.4	5.8%	4.6%	7.0%	8.0%	-0.2x	-0.5x
SECO	21.1	17.6	13.5	8.7	0.0%	0.0%	0.1%	4.5%	1.3x	0.8x
SESA	18.2	16.5	8.9	7.6	0.9%	1.0%	3.7%	5.8%	-0.2x	0.0x
TECHNOGYM	23.8	20.7	10.0	10.4	3.2%	2.4%	4.6%	5.4%	-0.9x	-1.1x
TINEXTA	16.7	14.4	11.1	9.4	2.4%	1.7%	3.5%	5.9%	0.8x	0.4x
TIP	12.7	12.7			1.6%	1.8%			12.3x	
TOD'S	34.8	26.9	5.2	5.5	0.0%	0.0%	-0.7%	3.9%	2.3x	2.0x
UNIPOLSAI	10.7	10.1			6.2%					
WEBUILD	10.0	7.8	1.9	1.8	3.1%	3.1%	9.7%	5.7%	-0.5x	-0.5x

Source: Intermonte SIM

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

Company	P/E 23	P/E 24	EV/ EBITDA 23	EV/ EBITDA 24	Div. Yield 23	Div. Yield 24	FCF Yield 23	FCF Yield 24	NETDEBT/ EBITDA 23	NETDEBT/ EBITDA 24
ABITARE IN	4.7	5.1	5.2	5.5	9.3%	5.8%	69.8%	-39.4%	1.1x	2.5x
ALKEMY	11.9	9.2	7.0	6.0	0.0%	0.0%	3.8%	9.0%	2.6x	1.9x
AQUAFIL	nm	27.5	10.2	5.4	0.0%	0.0%	2.8%	15.4%	6.5x	3.4x
ANTARES VISION	nm	25.3	nm	9.0	0.0%	0.0%	-14.5%	1.9%	9.9x	5.2x
AVIO	23.9	18.2	5.4	4.4	1.0%	2.7%	-4.2%	-0.7%	-2.6x	-1.6x
BANCA SISTEMA	5.6	5.8			5.5%	5.5%				
CIVITANAVI SYSTEMS	18.2	14.2	7.7	7.2	2.3%	2.5%	0.9%	1.9%	-2.4x	-1.1x
CY4GATE	nm	19.8	17.9	7.2	0.0%	0.0%	-7.2%	3.5%	1.4x	0.7x
CYBEROO	26.1	17.7	11.1	8.5	0.0%	0.0%	1.7%	2.4%	-0.6x	-0.6x
DATALOGIC	15.8	11.9	6.8	5.1	3.3%	4.1%	4.8%	7.6%	0.6x	0.3x
DOVALUE	3.6	3.3	4.3	2.8	31.2%	34.4%	50.1%	53.8%	2.2x	1.8x
ELICA	10.0	14.6	4.9	4.6	2.7%	2.7%	13.7%	5.6%	1.2x	1.3x
EMAK	8.6	7.2	5.5	4.8	4.7%	5.6%	11.7%	12.3%	2.8x	2.5x
ESPRINET	8.9	7.5	6.2	4.1	5.6%	6.6%	6.6%	23.2%	1.7x	1.0x
FILA	11.0	9.7	4.0	5.1	6.9%	1.9%	21.3%	17.5%	2.4x	2.8x
FINE FOODS	52.7	19.6	10.5	8.5	0.8%	2.0%	-6.3%	4.6%	2.3x	1.6x
FRANCHI UMBERTO MARMI	14.9	14.8	11.7	8.3	4.1%	3.4%	4.4%	8.9%	0.7x	0.2x
GEOX	22.1	5.2	6.0	4.4	0.0%	9.7%	-29.7%	12.4%	3.8x	2.9x
GPI	19.9	12.3	8.9	7.1	4.6%	4.6%	-7.7%	3.2%	4.7x	3.8x
GREENTHESIS	8.2	7.0	6.6	5.8	2.4%	2.9%	-3.2%	2.2%	1.9x	1.7x
IEG	8.0	6.5	2.7	3.4	2.5%	2.6%	21.7%	15.0%	1.5x	1.1x
IGD	4.3	4.8	11.8	10.7	9.5%	9.5%	26.7%	23.6%	9.2x	8.5x
INDEL B	8.5	8.2	5.0	4.5	3.3%	3.3%	8.5%	12.2%	0.5x	0.1x
INTRED	27.6	29.5	9.8	8.5	0.6%	0.6%	-4.3%	1.4%	0.9x	0.8x
NOTORIOUS PICTURES	5.8	4.0	4.2	3.0	6.9%	10.0%	-40.6%	31.8%	2.5x	1.9x
OMER	12.6	10.9	5.6	5.6	1.4%	1.6%	7.0%	8.1%	-1.1x	-1.5x
RELATECH	13.7	10.4	6.3	5.2	0.0%	0.0%	1.4%	5.9%	1.0x	0.3x
REVO INSURANCE	5.6	3.6			2.5%	5.5%				
SAES GETTERS	20.5	18.4	10.8	7.7	1.6%	1.6%	2.7%	4.1%	-0.6x	-0.7x
SAFILO	13.0		3.6		0.0%		12.7%		0.1x	
SERI INDUSTRIAL	nm	nm	16.9	8.0	0.0%	0.0%	47.4%	-27.3%	2.0x	2.6x
SERVIZI ITALIA	10.2	6.4	2.3	2.2	0.0%	0.0%	-7.2%	9.2%	1.7x	1.6x
SOMECC	64.4	20.3	10.8	6.9	0.5%	0.8%	5.0%	11.1%	2.9x	1.8x
TALEA GROUP	nm	48.4	nm	12.0	0.0%	0.0%	-20.1%	5.3%	12.5x	4.1x
TESMEC	15.8	7.2	4.6	3.6	0.0%	0.0%	-13.7%	6.4%	2.9x	2.4x
THE ITALIAN SEA GROUP	15.4	12.1	6.5	6.7	2.7%	3.2%	3.1%	10.2%	0.0x	-0.5x
TXT E-SOLUTIONS	17.3	15.3	8.3	7.8	1.1%	1.2%	5.1%	6.3%	1.2x	0.7x
UNIDATA	12.7	10.0	7.1	5.7	0.4%	0.5%	12.4%	7.4%	2.0x	1.6x
WIIT	35.1	26.7	14.2	12.5	1.4%	1.9%	3.3%	4.4%	4.1x	3.2x

Source: Intermonte SIM

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- 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)

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