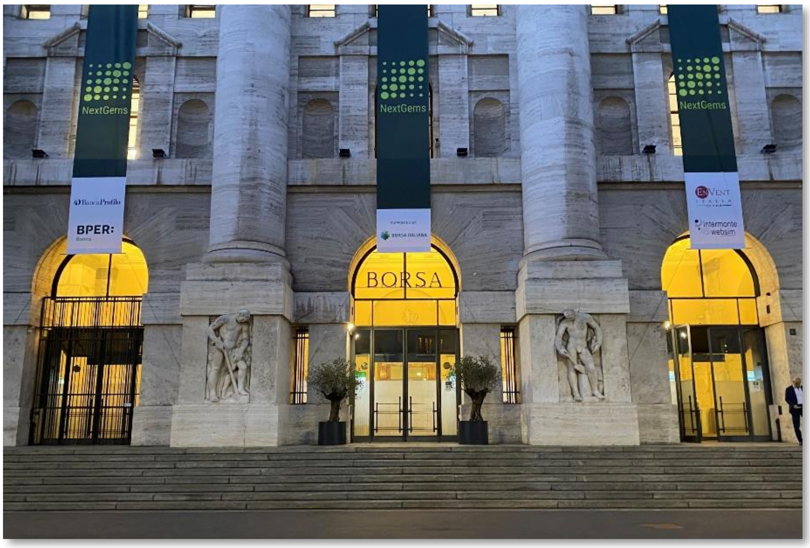
Sector Research Report
GBC Italian Champions

Bella Italia on the upwind! – Hidden champions and growth potential on the Italian capital market



Perspectives and potential in Italy: analyses, opportunities and GBC top picks

IMPORTANT NOTICE:
Please note the disclaimer/risk notice
as well as the disclosure of possible conflicts of interest pursuant to § 85 WpHG and Art. 20 MAR from page 52

Note pursuant to MiFID II regulation for research "Minor Non-Monetary Benefits": This research meets the requirements for classification as "Minor Non-Monetary Contribution". For further information, please refer to the disclosure under "I. Research under MiFID II".

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Conference Calendar 2025

mkk
Münchner Kapitalmarkt Konferenz

Dates
39th MKK – 02 & 03. April 2025
40th MKK – 12 & 13. November 2025

The Charles Hotel – Rocco Forte
Sophienstraße 28 – 80333 Munich

Investorentag Zürich

Date
4th Zürcher Investorentag – 24 September 2025

Hotel Schweizerhof
Bahnhofsplatz 7 – 8001 Zurich – Switzerland

GBC
Investor's Dinner Frankfurt

Date
12 May 2025
24 November 2025

Zenzakan – Ivory Club
Taunusanlage 15 – 60325 Frankfurt

iif International Investment Forum

Dates
13th IFF – 04 December 2024
14th IFF – 25 February 2025

https://ii-forum.com/

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Foreword to GBC Italian Champions 2024

Dear investors,

For the second year in a row, we have selected 13 Italian small and mid-caps that we consider to be particularly promising as part of GBC's "Italian Champions" study. As in the previous year, our selection is highly diversified across a range of sectors and covers a broad spectrum of market capitalisations, ranging from €32 million to €5.3 bn. Eight companies from last year's study have been included in this year's selection, leaving us with five new investment ideas.

Over the past twelve months, the fundamental market environment for German equities has deteriorated even further, which is why we are more convinced than ever that it can be worthwhile to look across the border. One trend cannot be overlooked: the capital market no longer seems to be an attractive option for German companies. On the contrary, the easy option of delisting has led to a decline in the number of listed companies in recent years. By contrast, a look at the Milan stock exchange and, thus, the Italian capital market shows a completely opposite development. While a total of 18 companies were listed on the Milan stock exchange in 2023, only three IPOs took place in Germany.

The greater willingness of Italian companies to go public is likely due, among other things, to structural advantages. These include, for example, multiple voting rights, which enable better control of the founders and good takeover protection. For medium-sized companies in particular, this is a good argument in favour of a capital market orientation. In addition, issuers can benefit from tax advantages when going public. The high value placed on equities can also be seen from the planned investment initiative Fondo Nazionale Strategico. A total of € 1.0 billion is to be invested in a targeted manner in medium-sized and smaller Italian companies under a new fund of funds proposed by the state investment bank Cassa Depositi e Prestiti (CDP). Even though the fund is aimed at institutional investors and qualified private investors, it is expected that the increased market liquidity and the generally higher demand for 'second-tier' stocks could prove to be a price driver for these stocks.

Which is why, on the following pages, we would like to present you, dear investor, with the GBC-Best of Italy 2024 selection. A series of promising companies from a variety of sectors with attractive valuations that, in our view, could be an attractive addition to a portfolio.

We wish you an exciting read and successful investments,

Cosmin Filker
Deputy Chief Analyst

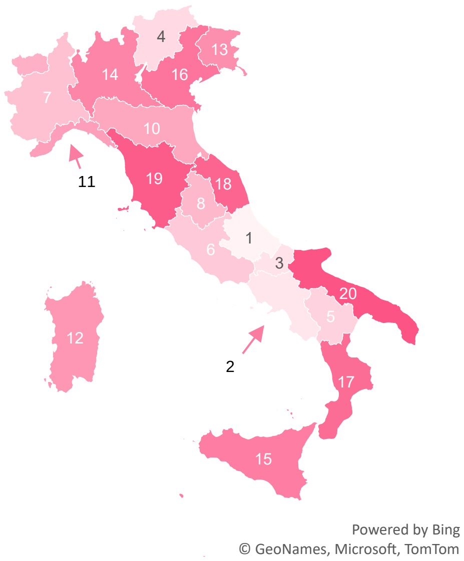
COUNTRY PROFILE AND ECONOMIC CLASSIFICATION OF THE REPUBLIC OF ITALY

The North - the heart of the Republic

The Republic of Italy has a total population of around 58.86 million people, with a total area of 302.1 km², making it the third-largest country in the EU in terms of total population. Italy borders Austria, Switzerland, France and Slovenia, while also completely enclosing the two countries of San Marino and the Vatican.

Overview of the regions of Italy

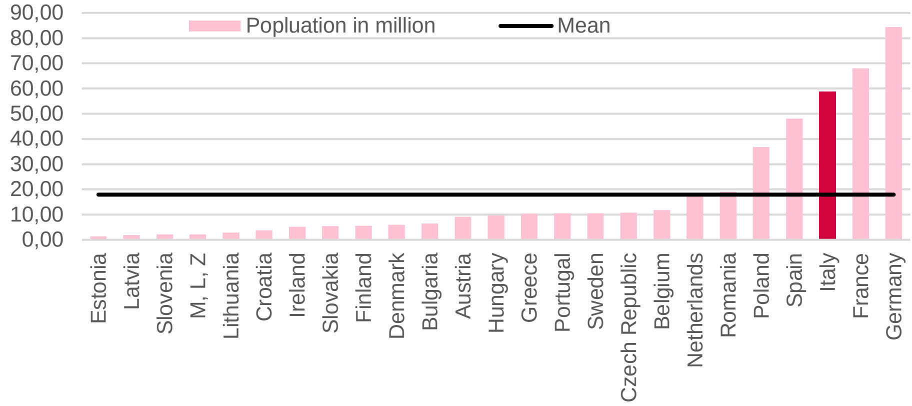
Abruzzo	1
Campania	2
Molise	3
Trentino-Alto Adige	4
Basilicata	5
Lazio	6
Piedmont	7
Umbria	8
Aosta Valley	9
Emilia-Romagna	10
Liguria	11
Sardinia	12
Friuli-Venezia Giulia	13
Lombardy	14
Sicily	15
Veneto	16
Calabria	17
Marche	18
Tuscany	19
Apulia	20



Source: GBC AG

Italy is divided into 20 regions, with more than 40% of the population living in the north of the country. Lombardy, in particular, is one of the most important regions of the country, with a population of more than ten million people. Not only is it home to more than 15% of the country's population, it is also one of the most densely populated urban areas in Europe. Only the French capital (Île-de-France) has a higher population, with more than 12.3 million inhabitants.

Population of the European Union by country



Sources: Eurostat; M,L,C = Malta, Luxembourg and Cyprus; GBC AG

The political system

As a founding member of the EU and as a part of NATO, Italy is a parliamentary democratic republic, with Rome serving as its capital and as home to its Supreme Court and other important institutions of the country.

The head of government (the prime minister) is appointed by the head of state (the president). The Parliament consists of two chambers, the Chamber of Deputies and the Senate of the Republic. Of Italy's 20 regions, five have a special autonomy status that allows them to enact their own legislation in certain local matters.

The political landscape is extremely heterogeneous, so that broad electoral alliances are common. The conservative spectrum includes parties such as Forza Italia, Fratelli d'Italia, Alternativa Popolare and the populist Lega Nord. Parties such as Scelta Civica or Civici e Innovatori are assigned to the political centre and the liberal spectrum. Parties such as the Partito Democratico belong to the more left-wing factions. Furthermore, there are numerous smaller parties that mainly influence regional politics, such as the South Tyrolean People's Party.

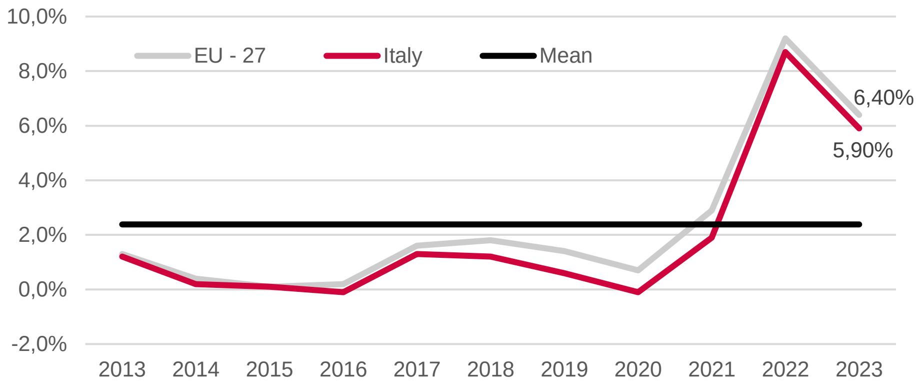
It should be noted that the country's recent political past has seen a change in politics, with the right-wing Fratelli d'Italia party elected in 2022 as the country's strongest party with almost 26% of the vote. Its leading candidate, Giorgia Meloni, is the first woman ever to hold the office of prime minister of the country. A look at Italy’s current economic policy leads to the conclusion that, due to the country's high debt level, a moderate approach can be expected in the future as well. Market confidence is of central importance for the Italian state - a fact that has been proven only recently. The strong price movements in the wake of the introduction of an excess profits tax in the summer of this year can be interpreted as a sign that investors and market players currently have the country firmly in their focus.

Normalisation after difficult times

Like the rest of the continent, Italy is currently facing the difficult task of reducing inflation, maintaining economic growth and not jeopardising its financial stability. The country was one of the first in Europe to feel the effects of the global COVID-19 pandemic and, so, the early outbreak, compounded by high mortality rates and intensive lockdown measures, led to a drastic slump in the Italian economy. The consequences were noticeable in the country's gross domestic product. The state reacted with quick support and the country's production capacity was maintained through financial aid, short-time work schemes and a ban on layoffs. This helped the economy to stabilise quickly, which means that the country's GDP is currently even above the level of 2019.

In addition to the consequences of the pandemic, the country is currently facing further challenges. These include, in particular, the economic impact of Russia's invasion of Ukraine, which has been reflected in a sharp rise in inflation, peaking at 8.7% (2022). Although the inflation rate decreased to 5.9% in 2023, there were further price increases from the higher level.

Inflation in Italy compared to EU-27



Sources: GBC AG, Eurostat

Since a permanently high inflation rate has devastating effects on the population as well as on the Italian business environment, the Italian government started a series of targeted aid measures as early as 2021. These were intensified again last year and increased by a further package of measures. For example, the latest government actions focus particularly on lowering energy prices and supporting low-income families. In addition, numerous tax measures were enacted to support businesses and thus secure the economy. In addition, the Italian central bank, driven by the ECB, has initiated a turnaround in interest rate policy to counter the further increase in inflation.

The social factor - opportunity and risk at the same time

However, it is not only economic factors that are of central importance to Italy. In addition, the social issues of an increasingly ageing population and unemployment play a fundamental role in Italy, as they do in a majority of southern European economies. The two aforementioned factors, in addition to their high social importance for the Italian state and also for the country's economy, could point the way ahead.

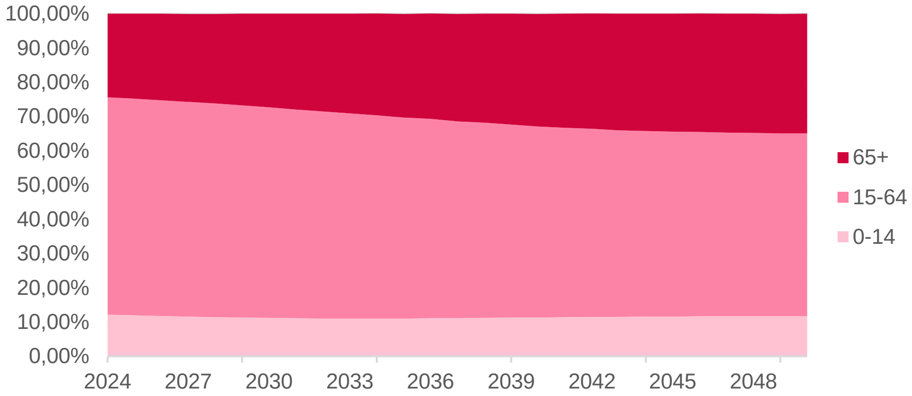
In view of the increasingly ageing population, the Italian state is facing a major challenge. This trend, which is likely to have an enormous economic impact, can be observed almost everywhere in Europe. A shrinking of the Italian labour force can already be observed.

This is mainly due to a long period of low birth rates and an unfavourable net migration policy for the country.

A ten-year comparison reveals a shift in the population strata and clearly shows that the share of the population over 65 years of age has increased by three percent, whereas the number of young people has decreased by one percentage point. Even this short-term comparison illustrates the great challenges facing Italian society and its economy in the coming years. The transition of the baby boomers and thus the reduction of the working population will steadily increase. Estimates by the United Nations assume a decrease in the working population of around 30% within the next 25 years.

This forecast is also reflected in an estimate of Italian population development until 2050. Calculations by the Office of Statistics currently assume that the proportion of young people will first decline slightly within the next 25 years and later remain constant. The long-term forecast assumes a share of around 11% of the total population. However, there will be significant changes in the 15-64 age group, whose overall share will decrease from 63% in 2024 to only 53% in 2050. A mirror image is an increase in the population group aged over 65, whose share will rise from 24% in 2024 to over 34% in 2050.

Forecast of Italy's population composition 2024 to 2050



Sources: GBC AG, Istat

An increasingly ageing society is shifting the focus of social and economic discussion to measures that increase productivity and promote employment. It can be assumed that an increase in the retirement age will only be realised to a limited extent. Despite a statutory retirement age of 67, the effective retirement age has fallen to just under 64 on average due to various early retirement regulations. Raising this age would therefore be associated with a large number of political and legal debates. This directs the focus particularly to measures to increase labour force participation and reduce gender-specific differences. In particular, the participation of women in the Italian labour force and, more specifically, the transfer of young people into the labour market can be a way to solve this problem.

HISTORY OF THE ITALIAN CAPITAL MARKET

Like the stock exchange, the Italian capital market can look back on a long and traditional history, and the two are inextricably linked. The country's most important and only trading venue is the Borsa Italiana, based in Milan in northern Italy. It has been part of the Euronext Group since April 2021, and has existed in its current form since 1998 and comprises the country's entire securities trading.

The Italian capital market has its origins in the Middle Ages, when cities such as Genoa, Florence and Venice developed into important trading and financing centres. In addition to trade, the demand for capital was also concentrated in these centres, and so the need developed for a place where a standardised and centralised exchange of trade goods and capital was possible. As a result of this development, unspecialised stock exchanges were established at the beginning of the 17th century in cities such as Trieste (1775), Rome (1802) and Milan (1808), where goods, precious metals and securities were traded.

Supported by the silk trade and its processing, the Italian stock exchanges experienced their first heyday in the 1830s. The economic boom accelerated and the increasing demand for capital, augmented by the first signs of industrialisation, transferred growth to other sectors and gave rise to one of the most modern transport and communication networks in Italy, alongside a large industrial sector. Building on these successes, the industrial revolution was able to take full hold of the now newly-founded Italian kingdom in the early 1860s, ensuring a continuation of the positive economic trend. This development was transferred to the Italian capital market, which was characterised by a large number of industrial companies during this period, with their issuance leading to an enormous growth in listed shares at all regional trading centres in the country, especially between 1895 and 1900.

Particularly noteworthy, however, is the north of the country, where in regions such as Lombardy or Emilia-Romagna, in addition to a strong industrial sector, numerous railway companies and banks were founded. The Italian capital market landscape is still characterised by this today, which can also be seen in the Italian benchmark index (the FTSE MIB Index). The dominance of the Milan Stock Exchange is also rooted in this history and can be seen as the cause of Milan's establishment as one of the country's most important trading centres.

The war years of the 20th century were also characterised by a high degree of uncertainty and large fluctuations in Italy, so that trading only returned to normal from the 1950s onwards. This was followed by a long phase of expansion, with the increasing digitalisation and automation of trade also taking hold in Italy and permanently changing the capital market landscape.

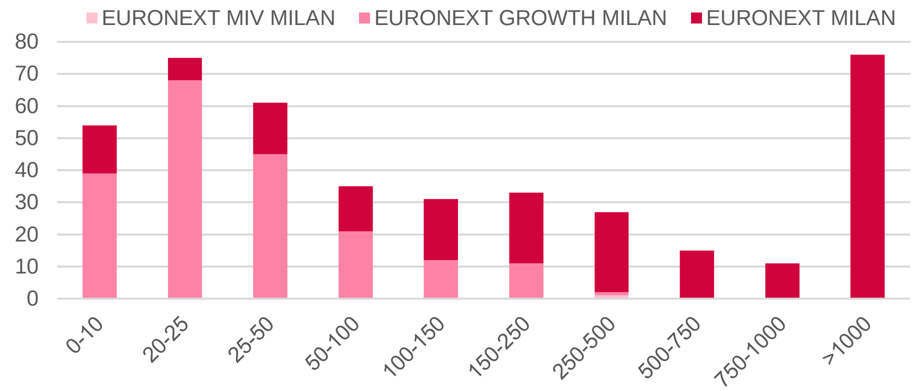
The establishment of a centralised stock exchange marked the end of the country's numerous regional exchanges, with almost all smaller exchanges being closed in 1998 and trading being centralised in Milan's marketplace. This led to the establishment of a single securities trading exchange in the heart of the northern Italian metropolis - the Borsa Italiana. This institution has shaped trading ever since and thus constitutes the face of the Italian capital market.

THE ITALIAN CAPITAL MARKET: AN OVERVIEW

Small and medium-sized enterprises (SMEs) shape the picture

The Italian capital market currently comprises 429 listed companies with a total market capitalisation of EUR 833 billion. It should be noted that small and medium-sized enterprises (SMEs for short) make up around 80% of the Italian capital market. 342 of them fall into this category and have a market capitalisation of less than EUR 1 billion.

Overview: company distribution by market capitalisation and market segment

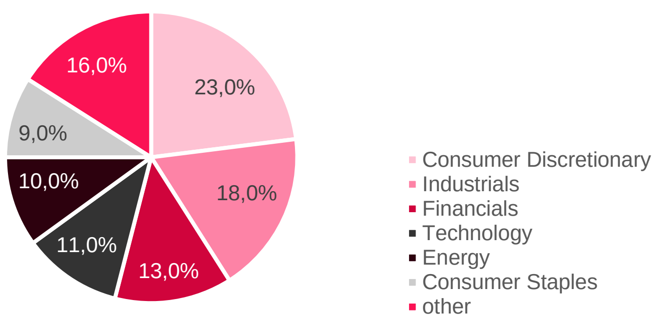


Source: Borsa Italiana (as of June 2024)

Focus on the most important sectors

A sectoral breakdown (by market capitalisation) of the market illustrates the historical context and shows that the Italian capital market is characterised primarily by the consumer, financial and industrial sectors. Issuers belonging to one of these three most important sectors account for more than half of the market capitalisation of the Euronext Group:

Overview: the most important sectors of the Italian capital market

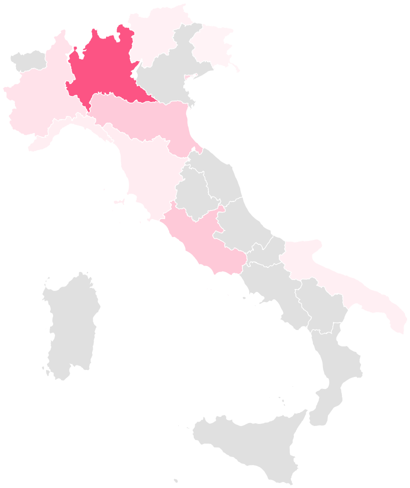


Sources: Borsa Italiana; GBC AG

Geographical distribution

A look at the regional distribution of companies also underlines the central importance of the North to the country's economy and thus its significance for the capital markets.

The distribution of companies at the country level



Source: GBC AG (data selectively taken from Borsa Italiana, as of February 2023)

More than 150 of the listed companies are based in Lombardy, a region which, along with Trentino and South Tyrol, is one of the strongest economic locations in the country. Centrally located, the region of Lazio is also highly significant. In addition to the national capital Rome, which has always been an important commercial and economic centre, it is home to the headquarters of more than 40 companies.

The figure above also shows that the south of the country is of secondary importance in terms of capital market activity. Its low economic relevance is also reflected in the capital market, where only six companies from this part of the country are represented.

MARKET SEGMENTS - EQUITY SECURITIES

Innovations in the course of integration

As part of the integration of the Borsa Italiana into the Euronext Group, the previous market segments also underwent a change as of October 2021. In the course of this integration, the exchange also enacted a number of simplifications in the area of listing and admission procedure in order to enable market participants to access the exchange in the most labour- and time-efficient way possible.

The primary intention is to open up access to the capital market for small-and-medium-sized enterprises (SMEs). This promotes their growth and offers both international and domestic investors the opportunity to participate in the potential of the Italian capital market. In this context, the following listing options are now available to issuers of equity securities, whereby a distinction must be made between the regulated market and the segments of the Multilateral Trading Facility (MTF).

Overview of market segments - the regulated market for listed companies	
Euronext Milan	The Euronext Milan segment was created specifically for companies with medium-to-large market capitalisation. As a regulated market, it is subject to regulatory requirements and obliges companies to comply with the highest transparency obligations. To ensure the best possible access for national and international investors, its admission and ongoing disclosure standards are based on international standards. A listing in this segment also forms the basis for inclusion in the Italian benchmark index (FTSE MIB).
Euronext STAR MILAN	As part of the Euronext Milan segment, the Euronext STAR Milan sub-segment is aimed specifically at medium-sized companies that wish to voluntarily submit to the high requirements for transparency, liquidity and corporate governance. As a result, they benefit from high visibility through Borsa Italiana events (e.g. within the framework of the STAR Conference in Milan and London) as well as increased attention from investors.

Source: Borsa Italiana

Overview of market segments - MTF	
Professional segment	This segment forms the basis and enables companies to access the capital market for the first time. It is particularly suitable for companies that are initially aiming for a pure listing. Should there be a need for capital at a later date, for example, the basic segment forms the optimal basis for addressing professional investors in a targeted manner. It is particularly attractive due to its regulatory flexibility and low entry barriers.
Euronext Growth Milan	The Euronext Growth Milan segment is particularly targeted at SMEs and is specifically tailored to their needs. Due to the lower level of regulation compared to the Euronext Milan segment, the segment serves as an accelerator for growth projects and the competitiveness of dynamic SMEs on their way into the regulated market.

Source: Borsa Italiana

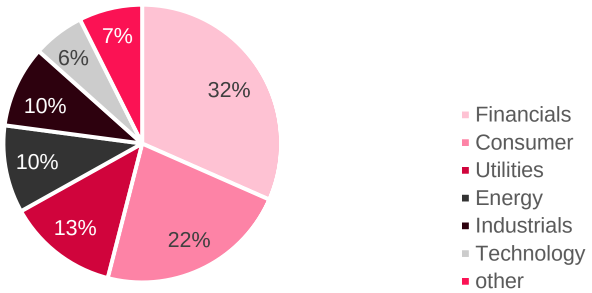
The segments in focus

Euronext Milan

Within the regulated market, the Euronext Milan segment represents the quality segment of the Italian capital market. A listing in this segment gives issuers maximum visibility and access to a broad investor base at both national and international level.

Currently, 222 companies from 11 sectors are represented in this segment, representing a market capitalisation of around EUR 825 billion. 144 of these companies can be assigned to the SME segment. Particularly noteworthy is the good transition between the different segments of the Italian capital market. Since 2011, 28 companies have been able to migrate from a listing in the Euronext Growth Milan segment to the regulated market due to their positive development. This is a clear indication of the functionality of the Italian capital market and its ability to accompany and support issuers on their growth path. Like the market as a whole, this market segment is also clearly characterised by companies from the financial sector, the consumer goods sector, the utilities sector and the energy sector. Together, these account for more than 75% of market capitalisation and once again illustrate the industrial and financial character of the Italian market.

Sector allocation within Euronext Milan



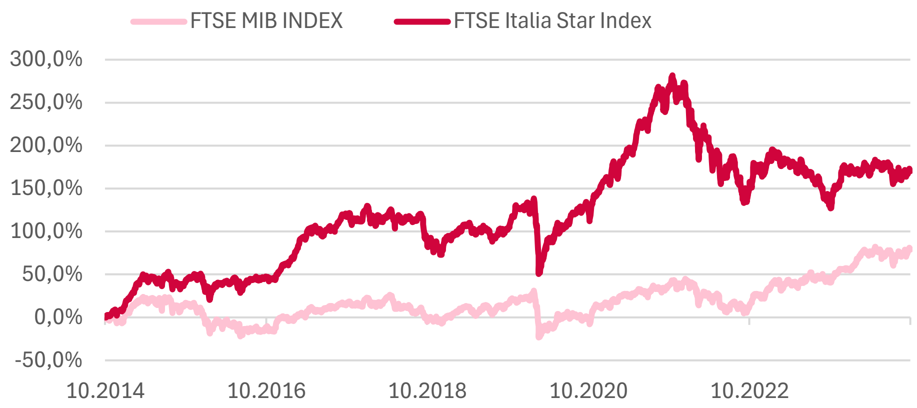
Source: Borsa Italiana

Finally, it should be mentioned that a listing within this segment is the basis for inclusion in one of the Italian selection indices. Inclusion in the FTSE MIB Index, the FTSE Italia Mid-Caps Index or the FTSE Italia Small-Cap Indices cannot only be seen as a sign of the good development and positive management work of an issuer. Instead, companies benefit from a significantly increased visibility among investors, which is of inestimable value especially in the context of follow-up issues.

Euronext STAR Milan

As part of the regulated market (Euronext Milan), the Euronext STAR Milan segment is particularly dedicated to medium-sized companies with high growth potential and can be seen as a stepping stone on the way to the top. The segment is currently home to 71 companies from ten sectors with a total market capitalisation of around EUR 49.1 billion. Euronext STAR Milan stands for entrepreneurial excellence. A quality that is also reflected in the performance of the selection index of the same name, which has significantly outperformed the Italian standard index over the past ten years. The segment thus illustrates the strength and attractiveness of the Italian capital market, especially in the area of small and medium-sized enterprises.

Comparison of FTSE MIB Index vs. FTSE Italia STAR Index



Source: S&P Capital IQ

Professional segment and Euronext Growth Milan

In addition to the segments of the regulated market, Borsa Italiana also offers issuers the opportunity to access the capital market via the Professional and Euronext Growth Milan segments.

Created to allow companies gradual access, the Professional segment offers the perfect basis for start-ups as well as for already-established companies to take their first steps on the capital market. This special approach, which is characterised by regulatory flexibility, minimal bureaucracy and fast decision-making processes, allows for optimal adaptation to the needs of SMEs. Regardless of the specific project (pure listing or listing including the issue of new securities), an easy and cost-effective process can be ensured for issuers.

As an important building block on the way to the regulated market, the Euronext Growth Milan segment also offers ambitious and dynamic companies the opportunity to combine high visibility with a broad investor base with a balanced regulatory framework. The higher regulatory requirements allow companies to specifically address a larger investor base and thus offer an optimal basis for financing further growth. In addition, the support of a growth advisor, who assists issuers with both the listing and the beeing public, ensures that they are perfectly prepared for the transition to the regulated market. Companies can draw on a wide range of experienced advisors (e.g. Banca Akros, Unicredit Bank) to support them in all matters.

Euronext Growth Milan currently includes 206 listed companies from 11 sectors with a cumulative market capitalisation of around EUR 8.2 billion. This segment is becoming increasingly popular with issuers, so that the number of listed companies has increased by a factor of 41 since its launch in 2009. As already mentioned above, this segment forms the basis for further growth for a large number of companies and thus for a transition to the regulated market.

PORTRAIT OF THE ACCESS REQUIREMENTS FOR EQUITY ISSUERS

As already described, the Borsa Italiana offers issuers a wide variety of possibilities to realise an initial listing in one of the four segments for equity securities. The entry requirements for the Italian quality segment are characterised by an increased degree of transparency and publicity. Issuers seeking a listing on Euronext Milan or Euronext STAR Milan must be supported by a so-called “main advisor” (listing agent). The main advisor supports the issuer with his expertise and network. He monitors compliance with the exchange obligations and thus ensures that the quality, accuracy and completeness of the information submitted by the issuers are maintained.

Prerequisite for share issuers for listing

	Euronext Milan	Euronext Star Milan	Euronext Growth Milan	Professional Segment
Free float	25 %	35 %	10 % (5 institutional investors)	10 % (5 investors)[1]
Audited financial statements	3	3	1 (if available)	1 (if available)
Accounting standards	IFRS	IFRS	IFRS, Italian or US GAAP	IFRS, Italian or US GAAP
Target group	Institutional investors / private investors	Institutional investors / private investors	Institutional investors, private investors at < € 8 million)	Professional investors
Documents	Brochure	Brochure	Approval document	Approval document
Market capitalisation	At least EUR 40 Million	At least EUR 40 million up to max. EUR 1 billion	No requirements	No requirements
Supervisory board (independent number)	TUF[2]	Mandatory [3]	Supervisory board (at least 1 independent member)	Supervisory board
Control and Risk Committee	Recommended	Mandatory	Mandatory	No requirements
Remuneration Committee	Recommended	Mandatory	Mandatory	No requirements
Incentives for management	Recommended	Mandatory (performance-related remuneration)	Mandatory (performance-related remuneration)	No requirements
Investor Relations	Recommended	Mandatory	Mandatory	Not obligatory
Website	Mandatory	Mandatory (IT or UK)	Mandatory	Mandatory
Main advisor	Listing agent / Global coordinator	Listing agent / Global coordinator	Euronext Growth advisor Global coordinator	Euronext Growth advisor

[1] If the criterion is not met for a period of two years, then an automatic delisting from the segment takes place.
[2] TUF = Testo Unico della Finanza, which is the law regulating the Italian financial sector.
[3] If there are eight members on the board, then at least two independent members are required; if there are nine to 17 members, then there must be at least three independent members; and if there are more than 14 members on the board, then at least four have to be independent members.
Source: Borsa Italiana

The requirements for a listing include ensuring a free float of at least 25% (or 35%), having three audited annual financial statements and reaching a minimum capitalisation of EUR 40 million. The admission requirements also set forth that the issuer must maintain a website that provides investors with information and news relevant to the capital market.

Particularly in the Euronext STAR Milan sub-segment, there are other factors to be taken into account that are intended to ensure transparency and, thus, in the final analysis, the quality of the segment. These are primarily aimed at corporate governance and oblige companies to meet higher standards with regard to the composition of the supervisory board, risk control and management remuneration.

Admission to trading in the segments of the MTF (Professional and Euronext Growth Milan) impresses with its lower requirements. Both segments have significantly lower entry hurdles, especially as far as the free float (10%) is concerned, and the issuer is not required to have a minimum capitalisation. The documentation requirement is also significantly reduced and companies can already apply for admission to one of the two segments with audited annual financial statements (according to international, Italian or American accounting standards), using an admission document.

In this market segment, too, the issuer is assisted by a main advisor and companies may only apply for admission to one of the segments of the MFT after a Euronext Growth advisor has been mandated. This role can only be performed by companies that are registered as authorised partners in the Borsa Italiana register. Issuers can view them on the exchange's website and choose from a variety of banks, securities trading firms and management consultancies.

If all the necessary documentation is submitted, the time required for the admission procedure at the stock exchange is around ten days. The application is submitted via the Borsa Italiana's dedicated "QUiCK" tool and is fully electronic. QUiCK allows for the complete transmission of all necessary documentation as well as efficient and joint communication between all parties involved.

SUBSEQUENT OBLIGATIONS OF A SHARE QUOTATION

There are numerous follow-up obligations that issuers are obliged to comply with and which are also monitored by the stock exchange. Non-compliance can lead to the initiation of delisting proceedings by the stock exchange.

Compliance with the Corporate Governance Code is mandatory for the quality segments. Companies in the segments of the MTF may bind themselves to it at their own discretion. In order to ensure the tradability of the shares, the Borsa Italiana obliges issuers to appoint a specialist who guarantees to the stock exchancge that the shares can be traded at any time. In addition, issuers are obliged to publish at least two research studies per year, produced by research firms or banks, and to participate in two investor conferences. Only companies in the Professional segment are exempt from this requirement.

Follow-up obligations for share issuers

	Euronext Milan	Euronext Star Milan	Euronext Growth Milan	Professional segment
Corporate Governance Code	Compliance mandatory or explanation of deviations	Partially mandatory	At own discretion	At own discretion
Specialist	Mandatory for companies with market capitalisation of less than €1 billion for the first three years after the IPO	Mandatory (ensure minimum liquidity / publish two company studies p.a. and participate in at least two investor conferences p.a.)	Mandatory (ensure minimum liquidity / publish two company studies p.a.)	Not obligatory
Disclosure	Price sensitive information and extraordinary transactions (according to TUF[1] and Consob issuer Rule)[2]		Price-relevant information and extraordinary transactions (according to the Euronext Growth Milan rules)	
Takeovers	Notifications and procedures according to TUF	Legal takeovers	Legal takeovers	Legal takeovers
Quarterly Information	Not obligatory	Reports for the first to third quarter within 45 days (exception for fourth quarter cf. annual accounts)	Not obligatory	Not obligatory
Half-yearly Information	Yes, within 90 days from the end of the half year	Yes, within 75 days from the end of the half year	Yes, within three months from the end of the six-month period	Yes, within three months from the end of the six-month period
Annual accounts	Yes, within 120 days from the end of the year	Yes, if published within 90 days after year's end, the need to publish a fourth quarter report is waived	Yes, within six months from the end of the year	Yes, within six months from the end of the year

[1] TUF = Testo Unico della Finanza, law regulating the Italian financial sector.
[2] Consob Issuer Rule = Regulation of the Italian Securities and Exchange Commission (Commissione Nazionale per le Società e la Borsa) to monitor the activities of issuers and maintain the integrity of the capital market.

Source: Borsa Italiana

Market segments - Debt capital

In addition to equity financing, the Borsa Italiana also offers bond issuers the opportunity to list their securities. Three markets are available to debt issuers: MOT, Extra MOT and EuroTLX Bond-X. All three markets have their own segment for green, social and sustainable bonds. This enables investors to obtain targeted information, identify climate and sustainability aspects and integrate them into their investment process.

The MOT segment is the only regulated bond market in the country and is one of the leading markets in Europe in terms of turnover and trading volume. MOT focuses on trading Italian and EU government bonds, domestic and international bank and corporate bonds, supranational securities and asset-backed securities for retail investors through its two sub-segments: DomesticMOT and EuroMOT. A listing in this segment is possible through an application by the issuer or through an application by an intermediary (in the case of EU government bonds and supranational securities).

The ExtraMOT segment is an MTF established in 2009 that allows investors to trade bonds already listed on other EU markets. In 2013 and 2019, two sub-segments were added to this segment (ExtraMOT PRO and ExtraMOT PRO3). Thus, issuers of Italian corporate bonds, commercial papers, asset-backed securities, project and infrastructure bonds as well as SME bonds were given the opportunity to have their securities listed on the capital market and thus gain access to a broad investor base. Debt instruments are admitted to listing upon application by the issuer or a listing sponsor appointed by the issuer, with trading reserved exclusively for professional investors.

The EuroTLX Bond-X segment, which was taken over by the Borsa Italiana in 2013, is also available to issuers as a segment for fixed-income products. It is intended for trading corporate bonds and financial instruments. Basically, this is a market for issues where the applicant commits to corresponding listing obligations on the secondary market based on the type of security and/or the associated risk profile.

In summary, the Borsa Italiana thus offers a diverse range of opportunities for bond issuers to list their securities, to trade in the various markets and thus forms the basis of a multifaceted debt financing for Italian companies.

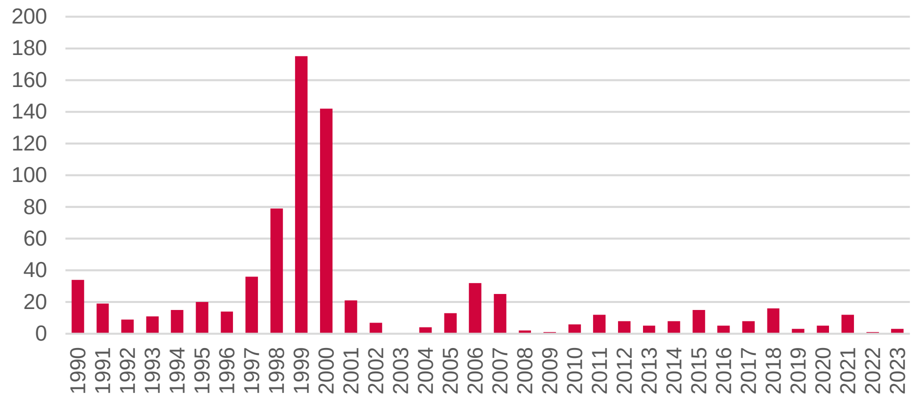
REASONS FOR AN INVESTMENT IN ITALY

High IPO activity vs. few IPOs

The figures speak for themselves, and a comparison of the absolute values of the Italian and German stock markets shows why investors should not ignore the market south of the Alps. With an absolute number of 429 issuers, the number of listed companies on the Italian stock exchange is hardly inferior to the total number of listed issuers on the German capital market. The Deutsche Börse currently has 483 issuers within the four segments of the German capital market.

However, a look at the IPO statistics reveals the actual ratios and relations between the two markets. While IPO activity in Germany has been at a low level for years, new companies are constantly being listed on the Milan stock exchange. The German capital market experienced its heyday at the time of the so-called "Neuer Markt". In 1995, with 175 IPOs, the highest level of issues to date was reached. Since then, the number of issues has been significantly below the levels of the 1990s. Particularly within the last decade, new issues have almost come to a complete stop. After just one IPO in 2022, only three IPOs have taken place in 2023. Accompanied by an increasing withdrawal of a large number of companies, a negative picture must be stated for the German market. There are currently no signs of a reversal of the trend. Taking into account the recent rise in interest rates as well as the high market penetration of banks and the prevailing financing alternatives, this does not paint a positive picture for the future of the German capital market.

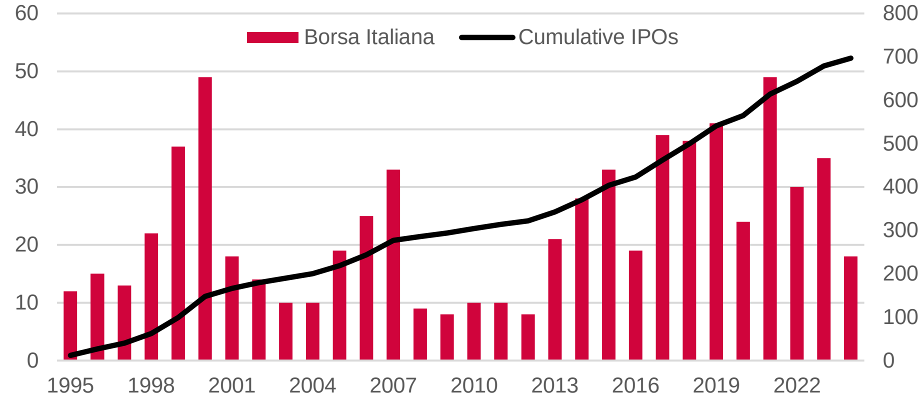
Number of IPOs in Germany compared over time 1990-2023



Sources: GBC AG, Deutsche Börse AG

In contrast, a look at the Milan stock exchange and, thus, the Italian capital market shows a completely opposite development. The Italian market also recorded a temporary peak in issues around the turn of the millennium. However, a comparison of the development clearly shows that the increase in issues was only interrupted by the economic crises of the past two decades. In addition, constantly rising growth figures were achieved, which are clearly above the German values. Since 2020, a total of 156 companies have gone public on the Italian stock exchange, and a glance at the total number of listed companies suggests that the near future will see equally positive development. In our view, the development of the Italian capital market is a clear argument in favour of Italy.

Growth of the Italian capital market over time 1995-2024*



*Sources: GBC AG, *As of October 2024*

Investment initiative Fondo Nazionale Strategico

Italian small and mid-caps could soon benefit from the investment initiative Fondo Nazionale Strategico Indiretto (FSNI). Under a new fund of funds proposed by the state investment bank Cassa Depositi e Prestiti (CDP), a total of € 1.0 billion is to be invested in small and medium-sized Italian companies. The funds mobilised by CDP are expected to amount to around € 350 million, with private funds later topping this up to around € 1.0 billion.

Investments in small and mid-caps are to be made via closed-end funds yet to be established. Around 70% of the capital will be invested in companies outside the FTSE MIB, thus primarily targeting the market for small and medium-sized companies. The remaining 30% can be invested without restriction in Italian equities or Italian bonds. The implementing regulation is to be drafted shortly and the fund of funds and the closed-end funds could be launched at the end of the first quarter of 2025.

Although the fund is aimed at institutional investors and qualified private investors, it is expected that increased market liquidity and generally higher demand for second-tier stocks could prove to be a price driver for these stocks. In addition, the focus of institutional investors on this market segment, which are not yet as heavily involved in this area, should have a lasting positive effect.

Multiple voting rights

The implementation of multiple voting rights empowers holders of certain classes of shares of an issuer to exercise a higher number of voting rights per share than holders of other securities. As a result, they gain the power to exercise greater influence over corporate decisions, even if their shareholding is limited. Issuing shares with multiple voting rights offers issuers a wide range of advantages. For companies with a capital-market orientation, the aspects of founder control, takeover protection and long-term stability are of particular importance.

Shares with multiple voting rights enable founders in the context of an IPO to sell a large part of their shares and still retain a significant share of the voting rights, even in the case of minority shareholding. On the one hand, this approach preserves the original vision of the founders while, on the other hand, making it easier for investors to enter extremely promising companies. Multiple voting rights also serve to protect against hostile takeovers by enabling investors to fend off such takeover bids with the help of the higher number of voting rights. Finally, long-term stability is a significant advantage of multiple voting shares for both investors and issuers. They allow companies to protect long-term investors from dilution through multiple voting rights, thereby rewarding their long-term loyalty and support.

Multiple voting rights were also allowed on the German capital market before they were banned in 1998 with the introduction of the Control and Transparency Act. Multiple voting rights have been allowed again in Germany since the end of 2023 under the Future Financing Act. However, this requires the approval of all shareholders, which is likely to make it difficult to introduce them to existing stock corporations.

In Italy, it has been possible to issue shares with multiple voting rights since 2014, in accordance with Italian regulations. The necessary modalities for this must be laid down in the company's articles of association. To obtain the increased voting rights, shareholders must apply to be included in a register kept by the issuer.

The previously described form of multiple voting rights represents a special arrangement within Italian law. This "loyalty programme" was developed to specifically reward long-term investors and differs from the issuance of shares with multiple voting rights under the Codice Civile. Accordingly, public limited companies are allowed to issue shares with a voting ratio of 1:3, which distinguishes them from the previously described form of multiple voting rights. However, this type of share can only be issued so long as the company is not yet listed on the stock exchange. Private companies thus have the opportunity to significantly increase their voting rights compared to listed companies. The decisive advantage of this regulation is that companies are allowed to retain the issued shares in the event of an IPO. This clearly sets them apart from already-listed companies, where the issuance of shares with multiple voting rights is limited to a maximum of 1:2. A look into the future also shows that the regulator is currently planning to increase multiple voting rights to a ratio of up to 1:10.

In summary, taking into account the enormous difference in the development of both markets, this can be seen as a reason for the high attractiveness of the Italian capital market. Entrepreneurs have the chance to benefit from the advantages of a public listing, such as easier investor acquisition through access to a broad investor base or higher visibility. At the same time, investors are rewarded for their loyalty and given the chance to increase their influence.

Tax advantages for issuers at the IPO

In addition to the numerous advantages associated with an IPO for issuers, which have already been described in detail in this document, there are also concrete tax benefits for them. Small and mid-caps in particular can benefit from a tax credit if they decide to be listed on the regulated market or MTF. Specifically, up to 50% of the IPO costs incurred (including for prospectus, investor-relations costs and auditors) are tax-deductible. The companies receive a tax credit of up to € 500,000 if they decide to go public. In this way, the Italian state wants to specifically support SMEs in going public and thus increase the attractiveness of the capital markets for these very companies. This is made particularly clear by the fact that the taxable maximum amount has been raised from the previous € 200,000 to the current € 500,000.

The tax bonus is claimed after an application by the issuer to its national tax authority. All costs associated with the IPO must be substantiated by appropriate documents. In addition, certain requirements must be met, including the size of the company and its business history. These measures are intended to ensure that the law achieves its promotional effect and that abuse is prevented.

Overall, Italian tax legislation offers attractive incentives to both long-term investors and issuers. This underlines Italy's ongoing efforts to promote investment in small and medium-sized enterprises, to strengthen the resilience of its capital market and to be seen as an attractive market for investors. For us, this is all a clear argument for investment.

INTERVIEW WITH AN INVESTOR

As part of our study GBC Italian Champions, we took the opportunity to interview Mr Antonio Napolitano about the Italian stock market, its framework conditions and outlook. The investor also provides a brief insight into his portfolio. Antonio Napolitano is a board member and portfolio manager at NABAG AG and an expert on Italy. NABAG AG is listed on the German stock exchange (ISIN: DE0006749807) and specialises in investments in Italian companies, particularly small and mid-caps.

Interview with Antonio Napolitano (Board of NAGA AG - Value-Holdings AG). NABAG AG is the only player in Germany that is listed on a German stock exchange and invests primarily in Italian companies.

GBC AG: Dear Mr Napolitano, how does the Italian government and the Lombardy region support small and medium-sized companies in going public?

Antonio Napolitano: There are specific tax breaks for issuers. If small and mid-caps choose to list on Euronext Growth Milan (EGM, a segment for micro and small caps), they benefit from a tax credit of up to 50% of the IPO costs incurred (including for the prospectus, investor relations costs and auditors). With a tax credit of up to € 300,000, the Italian government aims to provide targeted support to SMEs going public and to increase the attractiveness of new issues.

In addition, the Lombardy region has approved a project that grants a financial contribution to the costs incurred by listed and unlisted small and medium-sized companies based in Lombardy for roadshows and analyses. From 2025, around € 8 million per year is earmarked for this purpose. Half of the approximately 210 companies listed on the Euronext Growth Milan segment are based in Lombardy.

In the coming months, a € 1 billion fund of funds is also to be set up involving the state investment bank Cassa Depositi e Prestiti (CDP), insurance companies and foundations. The aim is to invest in listed micro-enterprises, which could have a major impact on the stock market, as the total market capitalisation of the small companies listed on the Italian stock exchange's Euronext Growth Milan is just over € 9 billion.

GBC AG: Italian small and mid-caps are known for the quality of "Made in Italy" products. How can this international positioning add value for a German investor?

Antonio Napolitano: Fashion, tourism and food account for 40% of Italy's gross domestic product, and a third of the workforce is employed in these sectors. For a German investor, an investment in Italy in these sectors can represent a diversification compared to investments in the automotive, chemical and industrial sectors. Furthermore, the areas of leisure, travel, healthy food and fashionable clothing are growing at a higher percentage rate than other product areas. In Europe, the trend is towards working less (also thanks to technology) and thus having more free time. Furthermore, a quarter of the population in Europe (about 100 million) is retired, hence the desire to travel, eat healthily and dress well.

GBC AG: Mr Napolitano, you have a deep understanding of both Italian and German dynamics. What are the main differences you see in the management style, leadership model and approach to crisis between the two countries?

Antonio Napolitano: In both Italy and Germany, small and medium-sized enterprises generate 90% of the gross domestic product. They are family businesses and therefore very careful not to incur debt and to use their own financial resources. So there is no substantial difference in the way these companies are managed. The only difference is that in Germany there are large multinationals that award contracts to local SMEs, while in Italy there is a lack of these large industrial centres, so they have to rely on exports and be more inventive in order to grow.

GBC AG: Germany is Italy's largest export market. Can you tell us something about the positioning of the approximately 350 Italian small and mid caps on the stock exchange and their future prospects?

Antonio Napolitano: We visited a number of companies from the NABAG portfolio in the third quarter. Most of the companies we visited reported a slight increase in orders in the second and third quarters of 2024 from customers in Italy and the US. Unfortunately, however, they had to accept a decline in orders from their German customers. Most of the companies in our portfolio are based in northern Italy and have the DACH market as their largest export market. Most of the companies agree that this year will be a year of consolidation and they expect a recovery in orders and profitability in 2025 since customers have not completely cancelled their orders, but simply want to postpone delivery until 2025. However, the share prices of these companies have fallen so sharply in recent months that, in our opinion, they have already priced in a difficult business performance in 2024.

GBC AG: Could you name some Italian small and mid-cap stocks that you consider promising for the next 12 months, aside from our GBC Italian Champions selection?

Antonio Napolitano: Ilpra S.p.A. manufactures packaging machines for food and pharmaceuticals, with 62% of the machines produced for foreign customers. The company was founded in Italy as early as 1955. In 2023, the company generated a turnover of €62 million, an EBITDA of €14 million (with a margin of 22%) and a net profit of €8 million. In 2023, the company acquired two other companies in Italy to expand its product range and opened two subsidiaries in Saudi Arabia and South Korea due to increased demand for packaging machines in these two countries. The company confirmed a share buyback programme for the years 2024 and 2025. The market capitalisation is €64m, the P/E ratio is 9 and the EBITDA multiple is 4.5.

A.B.P. Nocivelli S.p.A. is a facility management company specialising in the provision of energy services to public institutions and large hospital complexes in northern Italy. In addition, the company promotes PPP (public-private partnership) projects, a long-term cooperation between public institutions and private companies for the financing, planning, construction and management of infrastructure or public services. This business model allows the company to obtain a facility management contract for a period of 25 years, so that a cash flow is guaranteed by a constant fee or royalties. In 2023, the company had a turnover of €87m, EBITDA of €15m, net profit of €10m, cash of €46m and a current order book of €1.3bn. The company is capitalised at €140m, with a PER of 11.0 and an EBITDA multiple of 9.0.

Gefran S.p.A. is listed in the Star (Mid Caps) segment of the Italian Stock Exchange and specialises in the development and manufacture of sensors, systems and components for the automation and control of industrial processes, particularly in sectors such as plastics processing, food and pharmaceuticals, and packaging machines. The company is based in Bergamo (northern Italy), employs 650 people and exports 60% of its products to Europe (especially DACH) and the US. In 2023, Gefran S.p.A. generated revenues of €133 million with an EBITDA of €24 million and an EBITDA margin of 18%. Net profit was €12 million and the company distributed a dividend of €0.42 per share, representing a yield of 4.5%. In the first quarter of 2024, Gefran again managed to increase its profitability margin. The Annual General Meeting, which took place in April this year, approved the purchase of treasury shares amounting to 10% of the share capital for a period of 18 months. The current market capitalisation is €128 million with a price-earnings ratio that we estimate at around 10 for the current year 2024 and the EBITDA multiple is around 5.

Emak S.p.A. manufactures and distributes motorised machines for gardening, agriculture and forestry. The company was founded in 1992. Revenues by product family are as follows: high-pressure pumps and washing systems (40%), motorised machines for the outdoor area (33%), and accessories and spare parts (27%). The geographic distribution of revenues is as follows: Europe (60%), America (30%), and other countries (10%). In 2023, the company generated revenues of €566m, EBITDA of €68m and net profit of €20m. The company pays a dividend with a yield of 4.5%. The market capitalisation is €165m, the P/E ratio is 8.5 and the EBITDA multiple is 2.5.

GBC AG: Mr Napolitano, thank you for the interview.

About the interview partner:
Antonio Napolitano is a member of the board of NABAG AG. There he is responsible for research, portfolio management and investor relations. He is the investor relations representative for the Value-Holdings Group in Italy. He completed his training in finance/accounting with a ‘Diploma di Ragioniere’ qualification. Mr Napolitano has been working as an asset manager since 1993. For further information on NABAG AG, see also https://www.value-holdings.de/nabag-ag/

GBC Italian Champions - The Shares at a Glance

On the following pages, we present the GBC-Best of Italy 2024 selection. This contains a number of promising companies from a variety of sectors and with attractive valuations that, in our view, are the perfect addition to your portfolio.

Issuer	Industry	ISIN	Share price in € as of 01.11.2024	Marketcap as of 01.11.2024 in €m	Target price in €	Rating
B&C Speakers S.p.A.[*7,11]	Technology	IT0001268561	17.65	191.26	24.80	BUY
Banca Ifis Group[*11]	Banking	IT0003188064	22.04	1.185.97	27.00	BUY
Cembre S.p.A.[*7,11]	Electrical	IT0001128047	38.15	640.54	45.00	BUY
Energy S.p.A[*7,11]	Cleantech	IT0005500712	0.71	43.53	1.70	BUY
Franchetti S.p.A.[*7,11]	Infrastructure	IT0005508574	6.60	52.84	9.00	BUY
IDNNT SA[*11]	Entertainment	CH111885259	2.92	22.48	6.80	BUY
Lindbergh S.p.A.[*11]	Services	IT0005469272	4.06	34.51	5.90	BUY
Redfish S.p.A.[*5a,11]	Holding	IT0005549354	1.27	32.40	2.45	BUY
Reply S.p.A.[*11]	Technology	IT0005282865	142.00	5.312.36	170.00	BUY
Sanlorenzo S.p.A.[*11]	Consumer	IT0003549422	34.70	1.232.06	55.00	BUY
Solid World Group S.p.A.[*7,11]	Technology	IT0005497893	2.00	32.98	5.40	BUY
Somec S.p.A.[*11]	Services	IT0005329815	14.60	100.61	22.00	BUY
Zignago Vetro S.p.A.[*7,11]	Industrial	IT0004171440	10.50	937.86	18.00	BUY

** Catalogue of possible conflicts of interest on page 53*

GBC AG Investment Research

B&C Speakers S.p.A.*7,11

Rating: BUY
Target price: € 24.80

Current price: 17.65
01.11.24 / Euronext Milan / Closing price
Currency: EUR

Key data:

ISIN: IT0001268561
WKN: A0MXCK
Stock exchange symbol: BEC
Number of shares³: 10.84
Marketcap³: 191.26
Enterprise value³: 198.89
³ in million / in EUR million

Free float: 32.1%

Market segment:
Euronext STAR Milan

Accounting:
IFRS

Financial year: 31.12.

Analysts:

Cosmin Filker
filker@gbc-ag.de

Niklas Ripplinger
ripplinger@gbc-ag.de

* Catalogue of possible conflicts of interest on page 53

Company profile

Industry: technology

Focus: loudspeakers

Employees: 362(30.06.2024)

Foundation: 1944

Headquarters: Bagno di Ripoli, Tuscany

Board of Directors: Lorenzo Coppini

The B&C Speakers Group is one of the largest and most renowned manufacturers of professional electroacoustic transducers in the world. The core business is divided into two parts: on the one hand, production for consumers and, on the other hand, production of loudspeakers for OEM manufacturers (Original Equipment Manufacturers). B2B business accounts for the majority of the company's turnover. The company designs, manufactures and distributes all its products in its factory in Bagno di Ripoli. In addition, the B&C Speakers Group has distribution centres in the USA and Brazil. Its special feature is that all high-frequency drivers and diaphragms are still handmade by B&C Speakers Group employees. The B&C Speakers Group was founded in Florence in 1944.

P&L in EUR million \ FY-end	31.12.2023	31.12.2024e	31.12.2025e	31.12.2026e
Revenues	94.02	100.60	108.65	117.34
EBITDA	21.80	22.23	24.51	26.78
EBIT	19.53	19.63	21.90	24.17
Net profit for the year	13.90	14.31	15.99	17.74

Key figures in EUR				
Earnings per share	1.28	1.32	1.48	1.64
Dividend per share	0.70	0.70	0.80	0.85

Key figures				
EV/Revenues	2.12	1.98	1.83	1.69
EV/EBITDA	9.12	8.95	8.11	7.43
EV/EBIT	10.18	10.13	9.08	8.23
P/E-Ratio	13.76	13.37	11.96	10.78
P/B-Ratio	4.14			

Financial Calendar
12.11.2024: q3-figures 2024

**last research from GBC:
Date: Publication / Target price in EUR / Rating
09.11.2023: RS / 23.00 / BUY
** The research studies listed above can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg.

Strong sound, also on the stock market; attractive dividend yield and promising growth with strong margins lead to considerable upside potential, target price: €24.80 and BUY rating

B&C Speakers Group specialises in the development, production and distribution of professional loudspeakers. Over the years, B&C Speakers Group has become a global market leader and premium manufacturer in the professional audio segment. The company produces and distributes components for end customers as well as directly to OEMs (Original Equipment Manufacturers), with three quarters of sales coming from direct sales to OEMs. Its customers include many of the best-known loudspeaker manufacturers. After a corona-related decline in sales and earnings, the company has returned to its successful growth path in the long term. Between 2019 and 2023, the revenue CAGR is 10.8%, which is an extraordinarily good figure.

In the past financial year 2023, B&C Speakers Group generated record sales of € 94.02 million (previous year: € 82.10 million). Of this amount, around € 2.50 million is attributable to the new acquisitions Eminence Speakers LLC and B&C Speakers (Donguan) Electronic Co. Ltd. The company recorded significant sales growth in South America and Italy in particular. EBIT also developed positively at € 19.53 million (previous year: € 18.14 million) and, with an EBIT margin of 20.7% (previous year: 22.1%), once again underlines the high profitability of the B&C business model.

This trend continued in the first half of 2024, with a further increase in sales to € 51.25 million (previous year: € 48.54 million). This development is particularly due to the contribution of the newly-acquired companies. Although EBIT fell by 7.6% to € 10.19 million (previous year: € 11.02 million) in the first half of the year, the EBIT margin remained at a high level of 19.9% (previous year: 22.7%). The decline in earnings is partly due to the costs of integrating the two new subsidiaries. Due to a one-time tax advantage for the renewal of an application with the tax office, a net profit of € 11.73 million was reported.

The general industry environment for professional audio equipment has recovered significantly since the coronavirus crisis and has clearly exceeded the pre-crisis level. B&C Speakers also expects extremely positive growth prospects for the next three years. In addition to the good business prospects, there is an attractive dividend of € 0.70 per share. At the current share price level, this corresponds to a dividend yield of 4.2%.

For the current financial year 2024, we expect a revenue growth of 7.0% to € 100.60 million and slightly lower profitability due to consolidation costs. In the coming financial years, their revenue level and profitability should continue to rise - also due to inorganic effects. On this basis, we have valued B&C Speakers Group using our DCF model and have determined a fair value of € 24.80 per share. In view of the positive business outlook, we have issued a BUY rating and see good future upside potential.

Banca Ifis Group*11

Rating: BUY
Target price: € 27.00

Current price: 22.04
01.11.24 / Euronext Milan / Closing price
Currency: EUR

Key data:

ISIN: IT0003188064
WKN: 764940
Stock exchange symbol: 016
Number of shares³: 53.81
Marketcap³: 1,185.97
³ in million / in EUR million

Free float: 49.5%

Market segment:
Euronext STAR Milan

Accounting:
IFRS

Financial year: 31.12.

Analysts:

Cosmin Filker
filker@gbc-ag.de

Niklas Ripplinger
ripplinger@gbc-ag.de

* Catalogue of possible conflicts of interest on page 53

Company profile

Industry: banking

Focus: specialised lending, factoring, non-performing loans

Employees: 1,979 (30.06.2024)

Foundation: 1983

Headquarters: Venice

Board of Directors: Frederik Herman Geertman

Banca Ifis was founded in 1983 and operates in the area of specialised lending. Banca Ifis' core business includes credit services and solutions for companies as well as the acquisition and management of non-performing loan portfolios. In the area of Commercial & Corporate Banking, Banca Ifis supports companies with a comprehensive range of products and services for all their financial needs: factoring, advisory and equity investments, structured financing, leasing, and medium and long-term financing for industrial investments. In addition to supporting companies and the real economy, Banca Ifis is also strongly committed to developing its role as a bank in the social sector.

P&L in EUR million \ FY-end	31.12.2023	31.12.2024e	31.12.2025e	31.12.2026e
Net banking income	704.62	725.75	729.38	736.68
Operating costs	405.84	413.68	419.40	423.59
EBT	237.56	239.50	251.64	254.15
Net profit for the year	160.11	162.16	170.47	172.20
Key figures in EUR				
Earnings per share	3.05	3.09	3.25	3.28
Dividend per share	2.10	2.10	2.20	2.30
Key figures				
Equity	1,693.70	1,745.67	1,800.71	1,852.23
ROE (after taxes)	9.5%	9.3%	9.5%	9.3%

Financial Calendar
07.11.2024: nine-month figures 2024

**last research from GBC:
Date: Publication / Target price in EUR / Rating
-
** The research studies listed above can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg.

Specialised financier with high return on capital and attractive KPIs

Banca Ifis' business activities can be divided into three segments. The Commercial & Corporate Banking segment comprises the product areas of factoring, leasing and corporate banking & lending and is aimed primarily at business customers. The NPL segment, i.e. the area of so-called non-performing loans, includes the administration and servicing of non-performing loans and factoring without recourse. In this context, Banca Ifis acquires non-performing loan portfolios and returns them to a regular repayment process. The company has many years of experience in credit management. Their third area, Governance & Services, ensures the financing of companies' operating business.

As is usual for credit institutions, Banca Ifis's net banking income is composed of net interest income and net commission income. With a share of almost 50% of their total income of € 704.61 million (previous year: € 680.55 million), income from their Commercial & Corporate Banking segment is slightly higher. The 3.5% increase in total bank income in the group is mainly due to the 8.3% increase in income in their Commercial & Corporate Banking segment which, in turn, reflects a strong expansion of corporate banking business. At the same time, revenues in the NPL segment, the second most important area with a revenue share of around 40%, also increased by 3.6% to € 294.53 million (previous year: € 284.3 million). With a comparatively low cost-income ratio of 57.6% (previous year: 57.4%), Banca Ifis recorded a 13.5% increase in net profit after taxes to € 160.11 million (previous year: € 141.09 million).

A similarly positive trend was also evident in the first half of 2020, during which the company was able to increase its total earnings by 7.5% to € 374.51 million (previous year: € 348.51 million). Inorganic effects in connection with the acquisition of Revalea SpA led to a high level of momentum in the NPL segment. With an even lower cost-income ratio of 55.0%, Banca Ifis reported a net profit after taxes of € 93.61 million (previous year: € 91.04 million). The comparatively high resilience of Banca Ifis' business model in response to a changing interest rate environment is becoming clear. Despite the rise in interest rates in the wake of the war in Ukraine, the interest margin has been within a narrow range of 2.2% to 2.9% since the first quarter of 2022.

At 15.3%, their core capital ratio is well above the regulatory requirement (9.0%). This also applies to the core capital ratio and the total capital ratio. The balance sheet total as of 30 June 2024 was € 13.47 billion. On the liabilities side, outstanding receivables of € 10.46 billion are offset by customer deposits of € 6.78 billion and issued securities of € 3.11 billion. The high equity buffer enables a distribution-friendly dividend policy. A dividend of € 2.10 per share (FY 2023) results in a dividend yield of over 9.0%.

For the current financial year, management expects earnings after taxes of around € 160 million and assumes a stable development. We have based our calculations on this and expect earnings after taxes of € 162.16 million for the current financial year 2024. For the coming financial years, we assume growth rates in the single-digit per-centage range for both sales and earnings. Using a residual income model, we have calculated a price target of € 27.00 per share and are issuing a BUY rating.

Cembre S.p.A.*7,11

Rating: BUY
Target price: € 45.00

Current price: 38.15
01.11.24 / Euronext Milan / Closing price
Currency: EUR

Key data:

ISIN: IT0001128047
WKN: 911069
Stock exchange symbol: CMB
Number of shares³: 16.79
Marketcap³: 640.54
Enterprise value³: 621.58
³ in million / in EUR million

Free float: 30.6 %

Market segment:
Euronext STAR Milan

Accounting: IFRS

Financial year: 31.12.

Analysts:

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* Catalogue of possible conflicts of interest on page 53

Company profile
Industry: industrials
Focus: electrical connectors and wiring tool sets
Employees: 891 (30.06.2024)
Foundation: 1969
Headquarters: Brescia, Italy
Management: Giovanni Rosani, Aldo Bottini Bongrani, Claudio Bornati, Felice Albertazzi, Franco Celli

Cembre S.p.A. holds a preeminent position in Italy, excelling in the development, manufacturing, and distribution of electrical connectors, comprehensive crimping and cutting tools, cable glands and identification systems. The company's core operations span five distinct product categories. Firstly, their connectors are designed to cater from low-to-medium-voltage cables both in copper and aluminium. Secondly, Cembre offers a versatile array of tools, encompassing mechanical, hydraulic and pneumatic options for tasks such as crimping, cutting and stripping. Moreover, the company specializes in railroad sector materials, providing crucial components for the railroad industry. Their product range includes connections for contact wires, nut breakers, crimping tools, drills, and crossties, all essential in the construction and maintenance of rail infrastructure. Cembre further enhances electrical installations with cable glands and accessories, designed to optimize safety and performance. Lastly, their diverse range of connecting terminals facilitates secure and efficient electrical connections.

P&L in EUR million \ FY-end	31.12.2023	31.12.2024e	31.12.2025e	31.12.2026e
Revenues	222.55	228.12	245.22	259.94
EBITDA	66.57	65.05	70.30	76.06
EBIT	53.96	52.37	56.80	61.85
Net profit for the year	40.83	38.75	41.47	45.15

Key figures in EUR				
Earnings per share	2.43	2.31	2.47	2.69
Dividend per share	1.40	1.40	1.40	1.50

Key figures				
EV/Revenues	2.79	2.72	2.53	2.39
EV/EBITDA	9.34	9.56	8.84	8.17
EV/EBIT	11.52	11.87	10.94	10.05
P/E-Ratio	15.69	16.53	15.45	14.19
P/B-Ratio	3.11			

Financial Calendar
14.11.2024: Q3-figures

**last research from GBC:
Date: Publication / Target price in EUR / Rating
09.11.2023: RS / 42,00 / BUY
** The research studies listed above can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg.

Strong margins and an attractive dividend yield open up price potential for this rail industry specialist

Cembre is the leading European manufacturer of electric crimping machines and related installation tools. Over the last two decades (2003-2023), the group has experienced impressive growth with a remarkable CAGR of 6.8%, with revenues increasing from € 59.87 million in 2003 to € 222.55 million in 2023. Over the last five years (2019-2023), the sales CAGR was even higher at 8.8%. In addition to this remarkable growth, Cembre has maintained a strong commitment to its shareholders by consistently paying dividends. Over the last 20 years, the company has delivered an average payout ratio of 50.2% and an average dividend yield of 3.8% (2004-2023). In the last five years, the average dividend yield increased to 4.3% (2019-2023). Cembre's product portfolio currently includes more than 18,000 end products, which are distributed to approximately 5,000 individual customers worldwide. The top ten customers account for approximately 22.3% of group sales, reflecting the company's diversified customer base and global reach.

The key operating figures for the first half of 2024 show that the company was able to continue on its chosen path. The figures for the first half of 2024 show a robust development: Group sales reached € 119.51 million, an increase of 1.6% over the previous year (PY: € 117.64 million). EBITDA for the first half of 2024 reached € 34.85 million (previous year: € 38.65 million), which represents a decline in earnings. This is due to the fact that both the cost of sales and personnel costs have increased. As a result, the EBITDA margin fell to 29.2% (previous year: 32.9%), but still shows a high quality of earnings.

Cembre's strategy of revenue growth has contributed significantly to this development. The company relies on continuous innovation through the development of new products and the renewal of their product portfolio, which is driven by intensive research and development. This strategy also includes improving distribution channels in foreign markets and expanding their presence in high-potential regions such as the US and Germany. In addition, the company is focusing on products with high growth potential and is managing costs efficiently through economies of scale and process innovation. Investments in high-tech machinery with a high degree of automation have strengthened production capacity. In summary, Cembre's comprehensive approach has led to remarkable sales growth by combining innovation, market expansion, cost efficiency and advanced technology for sustainable success.

Although the company's forecasts remain vague due to the prevailing uncertainty regarding ongoing geopolitical tensions, rising inflation and interest rates, the company expects consolidated revenues to grow and consolidated economic performance to be positive in 2024. For fiscal year 2024, we expect revenues of € 228.12 million, an increase of 2.5% over the previous year. This growth should continue in 2025 with a forecast revenue of € 234.96 million, which corresponds to a further increase of 3.0%. We estimate EBITDA at € 65.05 million for 2024, followed by an increase to € 70.30 million in 2025.

On the basis of our valuation model, we have determined a price target of € 45.00. Due to the upside potential, we rate the share as a BUY.

Energy S.p.A.*5a,7,11

Rating: BUY
Target price: € 1.70

Current price: 0.71
01.11.24 / Euronext Milan / Closing price
Currency: EUR

Key data:

ISIN: IT0005500712
WKN: A3DRZU
Stock exchange symbol: ENY
Number of shares³: 61.38
Marketcap³: 43.53
Enterprise value³: 48.37
³ in million / in EUR million

Free float: 13.6%

Market segment:
Euronext Growth Milan

Accounting:
OIC

Financial year: 31.12.

Analysts:

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* Catalogue of possible conflicts of interest on page 53

Company profile

Industry: cleantech / Energy technology

Focus: fully integrated energy storage systems for Renewable energies and grid services

Employees: 68 (30.06.2024)

Foundation: 2013

Headquarters: Rovereto (Trento, Italy)

Board of Directors: Davide Tinazzi (CEO), Andrea Taffurelli (CTO)

Energy S.p.A. (Energy) is an Italian technology company that is a leader in the development and production of BESS systems (battery energy storage systems) and the provision of cloud and engineering services. Founded in 2013 in Rovereto (Trento), the technology group was most recently active in the private residential sector (small BESS), but has begun to gain a stronger foothold in the commercial/industrial market, which is characterised by large and particularly large BESS. The technology company's business model is based on a B2B model with distributors and value-added resellers (VAR) as the main customer groups and is currently still focussed on the Italian domestic market. In addition, Energy already exports its energy technology products to over 20 countries, primarily in Europe and North America, and the trend is rising sharply. As part of the IPO, Energy has been listed on the Euronext Growth segment in Milan since August 2022 and subsequently also on the Frankfurt Stock Exchange. Energy shares are also traded on the regional stock exchanges in Munich and Stuttgart.

P&L in EUR million \ FY-end	31.12.2023	31.12.2024e	31.12.2025e	31.12.2026e
Revenues	63.33	37.96	54.76	65.17
EBITDA	10.12	-7.13	0.08	2.51
EBIT	8.89	-8.52	-1.45	0.78
Net profit for the year	5.61	-9.54	-2.79	-0.75

Key figures in EUR				
Earnings per share	0.09	-0.16	-0.05	-0.01
Dividend per share	0.00	0.00	0.00	0.00

Key figures				
EV/Revenues	0.76	1.27	0.88	0.74
EV/EBITDA	4.78	neg.	604.69	19.27
EV/EBIT	5.44	neg.	neg.	62.02
P/E-Ratio	7.76	neg.	neg.	neg.
P/B-Ratio	0.67			

Financial dates
13.-14.11.2024: 38th MKK-Munich

**last research from GBC:
Date: Publication / Target price in EUR / Rating
29.10.2024: RS / 1.70 / BUY
** The research studies listed above can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg.

Booming renewable energies ensure high demand for green technologies; strong future growth expected with innovative energy storage systems; price target: € 1.70 and "buy" rating

In recent years, Energy S.p.A. (Energy) has transformed itself into a complete system integrator (so-called integrated BESS manufacturer) that controls a significant part of the energy storage system value chain through a number of strategic hardware and software development activities integrated into the Group. This puts the technology company in a position to offer its target customer groups complex energy storage systems (ESS, with a strong software component) for a wide range of applications from a single source.

Fully integrated energy storage systems play a key role in the advancing energy transition so that the climate and environmental policy goals of governments/countries (climate neutrality) and companies can be achieved. Energy's innovative energy storage solutions, which are often used in conjunction with solar and wind energy, promote self-consumption by customers and ensure greater grid stability while also supporting CO2 reduction. In addition, Energy also offers customised customer solutions that, for example, provide specific customers with energy grid services (e.g. for electricity trading and energy management).

Thanks in particular to the ongoing boom in renewable energies, energy has grown dynamically in recent years at an average annual growth rate of 50.1% (CAGR), thereby benefiting greatly from the "green" transformation, particularly in the energy and mobility sector (e-mobility).

In the past financial year 2023, Energy suffered a significant decline in sales compared to the previous year to € 63.33 million (PY: € 126.45 million) due to a difficult market environment and a deteriorating regulatory framework on the domestic market. In contrast, the export ratio developed in the opposite direction with a significant increase in the share of international business to approx. 23.0% (previous year: approx. 15.0%). At the same time, the operating result (EBITDA) fell to € 10.12 million (PY: € 32.17 million). With regard to the current financial year 2024, we are assuming a year of transition and anticipate a decline in sales to € 37.96 million and an operating result (EBITDA) of € -7.13 million.

In the following year 2025, the current high order backlog of € 29.30 million should be a decisive factor for business development, as the majority of this order backlog (GBCe: around € 20.0 million) is expected to be realised in this financial year. At the same time, increased positive effects from the accelerated strategic measures (boosting exports, increased marketing of C&I customer solutions, etc.) should be able to additionally fuel growth and the earnings situation. Accordingly, we expect sales and EBITDA for this financial year to improve year-on-year to € 54.76 million and € 0.08 million respectively.

With regard to the following year 2026, we assume that the continuation of the internationalisation strategy (EU exports) and the expansion of the high-margin business (XL storage systems for commercial and industrial customers) will have an even greater impact and consequently lead to a further increase in sales to € 65.17 million and an increase in EBITDA to € 2.51 million. Based on our estimates, we have calculated a fair value of € 1.70 per share and give the Energy share a "buy" rating.

GBC AG Investment Research

Franchetti S.p.A.*7,11

Rating: BUY
Target price: € 9.00

Current price: 6.60
01.11.24 / Euronext Milan / Closing price
Currency: EUR

Key data:

ISIN: IT0005508574
WKN: A3DWYY
Stock exchange symbol: FCH
Number of shares³: 6.83
Marketcap³: 52.84
Enterprise value³: 53.22
³ in million / in EUR million

Free float: 21.7%

Market Segment:
Euronext Growth Milan

Accounting: Italian accounting

Financial year: 31.12.

Analysts:

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* Catalogue of possible conflicts of interest on page 53

Company profile

Industry: infrastructure maintenance

Focus: bridge inspection and predictive infrastructure maintenance

Employees: Ø 30 (End of July 2024)

Foundation: 2013

Headquarters: Arzignano, Vicenza

Board of Directors: Paolo Franchetti (CEO)

Franchetti Spa (Franchetti) is an international company specialising in planning, diagnosis and intervention regarding safety and the forward planning of maintenance measures on infrastructure networks. From the Rio-Niterói bridge to the Anita Garibaldi bridge in Brazil, one of the longest in the world, and over 150 km of viaducts and bridges in Italy, Franchetti has worked on almost 40,000 bridges. Their proprietary database of data on bridges, viaducts, roads, motorways and railways around the world is now a fundamental asset for assessing the state of infrastructure. Thanks to its pioneering work in the field of predictive maintenance using algorithms based on artificial intelligence, the company offers concessionaires and investors an indispensable tool for optimising investments and correctly planning maintenance interventions as a necessary prerequisite for ensuring the safety of goods and people and the sustainability of costs over time.

P&L in EUR million \ FY-end	31.12.2023	31.12.2024e	31.12.2025e	31.12.2026e
Total output	7.02	9.32	13.75	16.36
EBITDA	2.54	2.98	4.48	5.40
EBIT	2.03	2.22	3.60	4.46
Net profit for the year	1.24	1.36	2.35	2.97
Key figures in EUR				
Earnings per share	0.16	0.17	0.29	0.37
Dividend per share	0.00	0.00	0.00	0.00
Key figures				
EV/Total output	7.58	5.71	3.87	3.25
EV/EBITDA	21.00	17.87	11.89	9.85
EV/EBIT	26.23	24.00	14.80	11.93
P/E-Ratio	42.52	38.77	22.50	17.80
P/B-Ratio	8.07			

Financial dates
13.-14.11.2024: 38th MKK – Munich Capital Market Conference

**last research from GBC:
Date: Publication / Target price in EUR / Rating

** The research studies listed above can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg.

Benefiting from ageing infrastructure, high order backlog offers good growth prospects in infrastructure maintenance, target price: €9.00, Rating: BUY

Franchetti S.p.A. (Franchetti) is a specialised software company that uses its own algorithms and software applications to offer infrastructure operators products and services for the sustainable management and predictive maintenance of existing transport networks and infrastructure. Due to the continued high demand from public and private customers for maintenance solutions for large infrastructures (especially bridges, road and rail networks) in its home market of Italy and abroad, the Franchetti Group has been able to achieve dynamic sales growth over the last three years (sales CAGR 21-23: 23.0%).

In the past financial year 2023, the company achieved a new record turnover with a 29.7% increase in turnover to € 6.15 million (previous year: € 4.74 million). Total output increased even more significantly—by 44.1% to € 7.02 million (previous year: € 4.87 million). This is mainly due to the increased demand for engineering services in the core area of infrastructure maintenance. In the past financial year, the global markets that focus on the maintenance of large road infrastructures recorded significant growth. At the same time, Franchetti increased its EBIT significantly by 24.5% to € 2.03 million (previous year: € 1.63 million). The EBIT margin fell slightly to 28.9% (previous year: 33.5%) due to higher software investments, but remains at a high level.

In the first half of the year, the positive growth trend continued with a significant increase in total output of 22.2% to € 3.52 million (H1 2023: € 2.88 million). EBIT rose disproportionately due to positive economies of scale to € 0.78 million (H1 2023: € 0.33 million). The EBIT margin improved dynamically to 22.2% (H1 2023: 11.5%). Their order backlog also rose significantly to € 30.09 million at the end of the first half of the year (H1 2023: € 24.20 million), providing a good basis for continuing their successful course to date.

In addition to organic growth, the company also relies on inorganic growth and in this context acquired Gallo Technics Srl in the past financial year. In the future, targeted M&A transactions are also to be an important part of the company's general growth efforts. To support the growth course it has embarked on, Franchetti also carried out a cash capital increase with a volume of around € 6.00 million in the past third quarter.

For the current financial year 2024, the company expects a significant year-on-year increase in total output and earnings in line with analyst forecasts. Their targeted growth is to be driven by increased synergies within the group and the expected industry growth. Their growth strategy focuses in particular on the further expansion of international business and the transfer of their existing business model to neighbouring industries.

Based on the company's development to date, their good order situation and promising growth strategy, we expect Franchetti to continue to see significant growth in total output and earnings in the future. Based on our estimates and applying our valuation model, we have calculated a price target of € 9.00. At the current price level, we therefore rate the share as a “BUY”.

IDNTT SA*11

Rating: BUY
Target price: € 6.80

Current price: 2.92
01.11.24 / Euronext Milan / Closing price
Currency: EUR

Key data:

ISIN: CH1118852594
WKN: A3CT5K
Stock exchange symbol: N7W
Number of shares³: 7.69
Marketcap³: 22.48
Enterprise value³: 20.38
³ in million / in EUR million

Free float: 40.1%

Market segment:
Euronext Growth Milan

Accounting:
IFRS

Financial year: 31.12.

Analysts:

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* Catalogue of possible conflicts of interest on page 53

Company profile

Industry: digital advertising and content

Focus: production, management and development of omnichannel content

Employees: 140 (30.06.2024)

Foundation: 2010

Headquarters: Chiasso (CH)

Board of Directors: Christian Traviglia

IDNTT SA (formerly ID-ENTITY SA) from Switzerland operates as an innovative marketing technology company based on a data-driven omnichannel approach through proprietary software platform. IDNTT offers content creation, digital marketing, advertising solutions to a worldwide customer base for website, e-commerce, and physical stores. With the acquisition of the talent agency in-Sane!, IDNTT has acquired a multi-channel network contract with YouTube and more than 170 influencers under exclusive contract in order to communicate highly effectively with Gen Z consumers. Following their recent participation in the capital of an historical signature of the Italian creativity, Aldo Biasi Comunicazione Srl, the IDNTT Group opens up to the business of large productions with "IDNTT STUDIOS" with Aldo Biasi in the role of Creative Director for a complete and integrated content offer. IDNTT is based in Switzerland with branches in Italy, Netherlands, Romania and Spain. It has been listed on Euronext Growth Milan since July 2021 and on the Frankfurt Stock Exchange since 2022.

P&L in EUR million \ FY-end	31.12.2023	31.12.2024e	31.12.2025e	31.12.2026e
Revenues	19.31	21.81	24.11	26.64
EBITDA	3.51	4.04	4.58	5.33
EBIT	2.90	3.41	3.90	4.60
Net profit for the year	1.58	2.23	2.61	3.23
Key figures in EUR				
Earnings per share	0.20	0.29	0.34	0.42
Dividend per share	0.00	0.03	0.04	0.05
Key figures				
EV/Revenues	1.06	0.93	0.85	0.77
EV/EBITDA	5.81	5.05	4.45	3.82
EV/EBIT	7.02	5.98	5.23	4.43
P/E-Ratio	14.25	10.07	8.61	6.97
P/B-Ratio	3.32			

Financial Calendar

**last research from GBC:
Date: Publication / Target price in EUR / Rating
09.11.2023: RS / 7,10 / BUY
** The research studies listed above can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg.

MarTech specialist continues growth course; successfully completed further promising strategic acquisitions to expand technology expertise and broaden the addressable market; attractive upside potential

As a so-called MarTech Content Factory, IDNTT SA enables its customers to plan, execute and evaluate marketing activities in a targeted manner. The Italian company's current operational focus is exclusively on the European market, particularly on Italy, Switzerland, the Netherlands, Romania and Spain. Its customer portfolio ranges from SMEs to public administration and large multinational companies.

The range of services offered by the MarTech company covers the entire value chain, from conception and production to delivery and content management. Specifically, IDNTT SA produces original, intelligent, cross-media and cross-market omnichannel content that is able to generate interactions and traffic in the social channels, in e-commerce and in the brick-and-mortar stores of its customers. The aim is to convert content views into online and offline sales and to sustainably increase brand awareness and visibility. To this end, the Italian company MarTec has developed ISO 9001-certified industrial processes that are controlled by the proprietary technology platform.

The company successfully closed the past financial year 2023 with dynamic revenue growth. A very dynamic revenue growth of +94.9% to € 19.31 million (previous year: € 9.91 million) was achieved. Targeted and successful M&A transactions, in particular their majority stake in In-Sane S.r.l., tripled their revenue level in the last three financial years. This positive business development continued in the first half of the year. The company increased its revenue from € 9.00 million to € 9.80 million, which corresponds to a revenue increase of 8.6%. In line with revenue, EBITDA improved by 10.7% to € 1.51 million (previous year: € 1.37 million).

In addition to organic growth, IDNNT is pursuing a strategically-oriented acquisition strategy. Accordingly, the company made two acquisitions in the first half of 2024. Firstly, on 28 June 2024, RLTV (59.0% of the share capital) was acquired at a price of € 2.5 million. Moreover, IDNNT has taken a 10.0% stake in C41 S.r.l. C41 is a “creative content factory” based in Italy and the Netherlands, with a high-quality customer portfolio in the fashion and design industry. Both investments are expected to generate cross-selling effects and increase the group's technological expertise.

For the current financial year, we expect revenues of € 21.82 million. We also expect the growth trend to continue in the following years 2025 and 2026, with revenues increasing to € 24.11 million and € 26.64 million, respectively. In the wake of the acquisitions made, we expect positive synergy and cross-selling effects, which should have a favourable impact on the future earnings trend. Based on our DCF valuation model, we have calculated a target price of € 6.80 and thus see significant upside potential for the IDNTT share. We issue a BUY rating.

Lindbergh S.p.A.*11

Rating: BUY
Target price: € 5.90

Current price: 4.06
01.11.24 / Euronext Milan / Closing price
Currency: EUR

Key data:

ISIN: IT0005469272
WKN: A3C9MS
Stock exchange symbol: LBD
Number of shares³: 8.50
Market cap³: 34.51
Enterprise value³: 38.75
³ in million / in EUR million
Free float: 30.3%

Market segment:
Euronext Growth Milan

Accounting:
IFRS

Financial year: 31.12.

Analysts:

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* Catalogue of possible conflicts of interest on page 53

Company profile

Industry: services

Focus: waste Management, network & warehouse Management, HVAC

Employees: 192 (30.06.2024)

Foundation: 2006

Headquarters: Cremona (Lombardy)

Board of Directors: Marco Pomè, Michele Corradi

The Lindbergh Group operates in Italy and France. It offers unique, value-added logistics services to customers in a variety of industries through networks of technical assistance and 'field operations management'. The services offered are aimed at increasing the productivity of technicians. In addition, the Group operates two other business units: its Waste Management/Circular Economy services manage the entire flow of industrial waste and act as a single point of contact for large customers with special needs and requirements relating to waste disposal and recovery. The third business unit, launched in 2023, operates in the HVAC (heating, ventilation and air-conditioning) sector. Through its subsidiary SMIT, the Group aims to become the leading player in Italy in servicing and installing HVAC equipment. Through the acquisition of Technical Assistance Centres throughout Italy, SMIT is acting as an aggregator in a market that is extremely fragmentary.

P&L in EUR million \ FY-end	31.12.2023	31.12.2024e	31.12.2025e	31.12.2026e
Revenues	26.45	32.26	38.72	46.46
EBITDA	3.43	4.55	5.61	6.97
EBIT	1.71	2.55	3.63	4.77
Net profit for the year	1.16	1.79	2.54	3.34
Key figures in EUR				
Earnings per share	0.14	0.21	0.30	0.39
Dividend per share	0.00	0.00	0.00	0.00
Key figures				
EV/Revenues	1.47	1.20	1.00	0.83
EV/EBITDA	11.30	8.52	6.91	5.56
EV/EBIT	22.66	15.20	10.68	8.12
P/E-Ratio	29.75	19.32	13.56	10.34
P/B-Ratio	5.74			

Financial dates
13.-14.11.2024: 38th MKK – Munich Capital Market Conference

**last research from GBC:
Date: Publication / Target price in EUR / Rating

** The research studies listed above can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg.

Market leadership in Italy achieved through unique business model, high sales growth and attractive profit margin

Linderbergh SpA, founded in 2006, originally specialised in the collection of industrial waste generated by the work of field service engineers (FSEs). Since it commenced operations, the company has obtained important permits for waste disposal and established an extensive network of waste depots and transfer stations throughout Italy. As of 30 June 2024, the waste/recycling business unit generated almost 12% of the group's revenue.

This shows that the company has significantly expanded its services since its foundation. Today, Lindbergh SpA is a highly specialised logistics service provider that focuses on the supply of spare parts for FSE service vehicles. In addition, the company offers further services such as the provision and collection of protective equipment, consumables or tools. These services are grouped in the “Network & Warehouse Management” business segment, which accounted for almost 75% of total sales in the first half of 2024. In this business segment, the focus is on FSEs and the company aims to increase sales/FSEs by expanding the services offered. In 2023, an average of almost 7,500 FSEs in Italy and France used Lindbergh's services.

In the 2023 financial year, Lindbergh SpA acquired SMIT Srl and thus founded the new HVAC (heating, ventilation, air conditioning) business segment. In this segment, the company plans to become the market leader in Italy in the installation and maintenance of HVAC equipment. This is realistic given that the market is highly fragmented and characterised by many smaller, regionally-based companies. Since the acquisition of SMIT, the company has since acquired a further seven companies in this segment. In addition, a preliminary agreement is in place for a further acquisition.

The unique business model, which is not easy to replicate due to the existing permits and the long-standing customer relationships and infrastructure that have been built up, delivers convincing operational key figures. Between 2020 and 2023, the CAGR of sales revenues was a high 43.3%. In FY 2023, revenues increased by 18.7% to € 26.45 million (PY: € 22.27 million) and in H1 2024 by 17.6% to € 15.30 million (PY: € 13.01 million). The EBITDA margin of 13.0% (FY 2023) and 14.0% (H1 2024) once again illustrates the difference between Lindbergh's business model and that of a pure transport/logistics service provider. While Lindbergh has a high level of complexity and thus high unit costs when transport volumes are low, standard couriers work with high volumes and low unit costs.

In our opinion, the future development of the company will be characterised by revenue growth in all three segments, with the HVAC segment expected to show the highest growth rates, followed by the ‘Waste/Circular Economy’ and ‘Network & Warehouse Management’ segments. For the coming financial years, we are assuming a sales growth of 20% and a gradual improvement in the profit margins. On this basis, we have calculated a target price of € 5.90 and are issuing a BUY rating.

Redfish Longterm Capital SpA*5a,11

Rating: BUY
Target price: € 2.45

Current price: 1.27
01.11.24 / Euronext Milan / Closing price
Currency: EUR

Key data:

ISIN: IT0005549354
WKN: A3ETH6
Stock exchange symbol: RFLTC
Number of shares³: 25.51
Market cap³: 32.40
Enterprise value³: 44.94
³ in million / in EUR million
Free float: 44.8%

Market segment:
Euronext Growth Milan

Accounting:
IFRS

Financial year: 31.12.

Analysts:

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* Catalogue of possible conflicts of interest on page 53

Company profile

Industry: investment holding

Focus: rail transport, maritime, aerospace, industry & manufacturing, 3D printing, telecommunications, Made in Italy, healthcare & medical technology, ICT, food industry

Employees: 466 (30.06.2024)

Foundation: 2020

Headquarters: Milan, Italy

Board of Directors: Paolo Pescetto (President), Andrea Rossotti (CEO), Francesca Bazoli, Ernesto Paolillo, Luigi Pacella Grimaldi, Massimo Lapucci, Raffaella Viscardi

RedFish LongTerm Capital S.p.A., established in 2020 by Paolo Pescetto and Andrea Rossotti in partnership with the Bazoli and Gitti families, is a Milan-based industrial holding company. The firm specializes in acquiring Italian medium-sized, family-owned enterprises (SMEs), with a focus on mature businesses that have an EBITDA exceeding €2 million. These companies are typically looking to enter a new phase of robust growth and expand into the acquisition market, both domestically and internationally. RFLTC takes a long-term investment approach, favoring transaction structures that involve qualified minority stakes, while also pursuing majority stake acquisitions when strategically beneficial.

GBC valuation	
Portfolio companies	€ 88.1m
Net debt	€ 25.1m
Warrants & options	€ 0.1m
Equity	**€ 63.0m**
Holding costs	€ 0.5m
Fair value of the company	**€ 62.4m**
Number of outstanding shares	€ 25.5m
Fair value per share	**€ 2.45**

Financial dates
13.-14.11.2024: 38th MKK – Munich Capital Market Conference
January 30, 2025: board meeting to approve the unaudited financial statements of Movinter as of December 31, 2024.

**last research from GBC:
Date: Publication / Target price in EUR / Rating
15.10.2024: RS / 2.45 / BUY
14.05.2024: RS / 2.92 / BUY
05.02.2024: RS / 2.40 / BUY
** The research studies listed above can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg.

RFLTC Demonstrates Strong Growth Momentum in the First Half of 2024

In the first half of 2024, RedFish LongTerm Capital (RFLTC) successfully continued its growth strategy with a clear focus on capital increases and strategic acquisitions.

On January 18, 2024, the General Meeting approved a share buyback program, authorizing the repurchase of up to 20% of the company's issued capital over an 18-month period. The program, with a maximum funding limit of € 2 million, aims to enhance share liquidity, reduce stock price volatility, and support strategic transactions such as mergers or acquisitions.

In February 2024, the Board of Directors approved a capital increase of up to € 14.99 million through the issuance of a maximum of 9.7 million new shares, offered exclusively to qualified investors. The subscription price was set at € 1.55 per share, and the capital increase was successfully completed in March 2024, raising € 10.4 million.

The capital raised was primarily used to finance the acquisition of a 15% stake in Industrie Polieco – M.P.B. S.p.A., a leading company in the production of piping systems and resins. In March 2024, RFLTC acquired an initial 10% stake for € 20 million, followed by the exercise of an option for an additional 5% in June 2024 at a cost of € 10 million. The total transaction value amounted to € 30 million, with € 18 million funded by equity and € 7 million through financing from Illimity Bank SGR.

In May 2024, RFLTC's subsidiaries issued two bonds totaling € 10 million to support further growth. These bonds, each valued at € 5 million, were issued as part of a broader securitization program in collaboration with Banca Finint and RedFish Capital Debt S.p.A., and were secured by various assets, including pledged shares.

In April 2024, RFLTC enhanced its ESG initiatives by partnering with CRESO – Crescita Sostenibile, which resulted in the publication of the company's first sustainability report in June 2024, outlining its ESG activities and strategies for 2023.

To broaden its investor base and increase market visibility, RFLTC also pursued a secondary listing on the Frankfurt Stock Exchange, aiming to tap into new capital markets.

The net asset value (NAV) of RFLTC's portfolio companies was calculated at € 88.1 million. After deducting net debt of € 25.1 million and the value of warrants and options of € 0.1 million, the equity value stands at € 63.0 million. Adjusted for holding costs of € 0.5 million, the fair value of the company is estimated at € 62.4 million, translating to a fair value of € 2.45 per share based on 25.51 million outstanding shares. Considering the significant upside potential, the stock receives a "BUY" rating.

Reply S.p.A.*11

Rating: BUY
Target price: € 170.00

Current price: 142.00
01.11.24 / Euronext Milan / Closing price
Currency: EUR

Key data:

ISIN: IT0005282865
WKN: A2G9K9
Stock exchange symbol: REY
Number of shares³: 37.41
Market cap³: 5,312.36
Enterprise value³: 5,106.32
³in million / in EUR million

Free float: 56,0%

Market segment:
Euronext STAR Milan

Accounting:
IFRS

Financial year: 31.12.

Analysts:

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* Catalogue of possible conflicts of interest on page 53

Company profile
Industry: technology

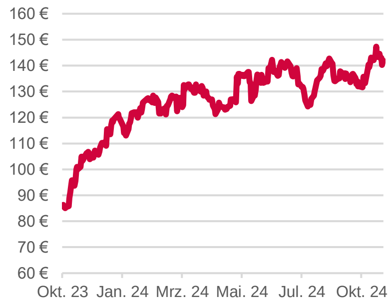
Focus: technology, industry, logistics, financial services, energy, retail and consumer goods

Employees: 15,307 (1HY 2024)

Foundation: 1996

Headquarters: Turin, Piedmont

Board of Directors: Mario Rizzante (Chairman; CEO), Tatiana Rizzante (CEO); four other operating members and four non-operating members



The core business of Re ply S.p.A. includes the programming of various software solutions, as well as management consulting. The industries served include automotive and manufacturing, energy and utilities, financial services, logistics, retail and consumer goods, and telecommunications and media. The core competencies of Reply S.p.A. are primarily in the sector of new technologies, such as artificial intelligence, metaverse, cloud computing, Internet of Things and cybersecurity. Their various software solutions serve to optimise processes and implement new areas of application. Reply S.p.A. has a total of 55 locations in 15 different countries, making it an international company. Its strategic goal is to grow both organically and inorganically through acquisitions.

P&L in € million \ FY-end	31.12.2023	31.12.2024e	31.12.2025e	31.12.2026e
Revenues	2117.98	2287.42	2470.42	2668.05
EBITDA	367.95	386.60	422.50	464.24
EBIT	292.75	311.60	347.50	389.24
Net profit for the year	186.70	210.19	230.35	265.63

Key figures in €				
Earnings per share	4.99	5.62	6.16	7.10
Dividend per share	1.00	1.10	1.20	1.40

Key figures				
EV/Revenues	2.41	2.23	2.07	1.91
EV/EBITDA	13.88	13.21	12.09	11.00
EV/EBIT	17.44	16.39	14.69	13.12
P/E-Ratio	28.45	25.27	23.06	20.00
P/B-Ratio	4.76			

Financial Calendar
14.11.2024: nine month figures 2024
25.11.-27.11.2024: Equity Forum
05.12.2024: European Midcap Event

**last research from GBC:
Date: Publication / Target price in EUR / Rating
09.11.2024: RS / 122,00 / BUY
** The research studies listed above can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg.

Artificial intelligence and cloud computing are fuelling strong growth today and in the future

Reply S.p.A. specialises in consulting, system integration and digital services to develop innovative solutions based on new communication channels and digital media. Unfazed by the coronavirus crisis, the group has almost doubled its revenue in the last four financial years (2019–2023). Due to increased demand from companies for digitalisation services and software solutions, Reply S.p.A.'s services are more in demand than ever.

In the past financial year 2020, Reply S.p.A. exceeded the € 2.0 billion revenue mark for the first time, generating revenue of € 2,118.0 million (previous year: € 1,891.11 million) and thus achieving revenue growth of 12.0%. EBIT developed slightly disproportionately to revenue to € 292.75 million (previous year: € 285.47 million), which is mainly due to the extraordinary profits from the release of corona accruals that did not reappear in 2024. This increase is entirely due to the increase in personnel necessary for the further growth of the operating business. The first half of 2024 seamlessly continued the previous trend, with Reply S.p.A. increasing its revenue by 7.3% to € 1,114.34 million (previous year: € 1,038.91 million). EBIT also increased disproportionately by 18.6% to € 146.65 million (previous year: € 123.68 million), causing the EBIT margin to climb to 13.2%. This positive development in revenue and profitability was driven by the two main drivers of technological change, artificial intelligence and cloud computing.

As in the past, Reply S.p.A. will continue to focus on inorganic growth in addition to organic growth. Also worthy of mention is their positive capitalisation with an equity ratio of 50.9% and a high level of cash and cash equivalents of € 400.34 million as of 30 June 2024, enabling the company to continue to make further acquisitions in the future.

Reply S.p.A. benefits from a broad distribution of sales, as its customer groups are spread across six different sectors. This means that the company is only slightly dependent on individual sectors and less susceptible to economic fluctuations. The ongoing digitalisation in all sectors and the associated increasing demand for services and consulting will continue to contribute positively to Reply S.p.A.'s business development in the future. The company's service portfolio includes areas such as cybersecurity, cloud computing, quantum computing and the Internet of Things, which will continue to be in high demand. In addition, future topics such as artificial intelligence and the metaverse offer great growth potential for Reply. For Reply S.p.A., all these growth opportunities also include a continuously increasing dividend. Since 2010, the dividend has been gradually increased from € 0.11 to € 1.00 in 2023.

For the current financial year 2024, we expect a high single-digit revenue growth to € 2,287.42 million and an EBIT of € 311.60 million. On this basis, we have valued Reply S.p.A. using our DCF model and have determined a fair value of € 170.00 per share. In view of the positive business outlook, we have issued a BUY rating and see good future upside potential.

Sanlorenzo S.p.A.*11

Rating: BUY
Target price: €55.00

Current price: 34.70
01.11.24 / Euronext Milan / Closing price
Currency: EUR

Key data:

ISIN: IT0003549422
WKN: A2PV7P
Stock exchange symbol: SL
Number of shares³: 35.51
Market cap³: 1,232.06
Enterprise value³: 1,085.01
³ in million / in EUR million

Free float: 39.6%

Market segment:
Euronext STAR Milan

Accounting:
IFRS

Financial year: 31.12.

Analysts:

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* Catalogue of possible conflicts of interest on page 53

Company profile

Sector: cyclical consumer products

Focus: sailing yachts and motor boats

Employees: 1,181 (30.06.2024)

Foundation: 1958

Headquarters: Ameglia (Liguria), Italy

Board of Executives: Massimo Perotti (CEO), Paolo Olivieri, Carla Demaria and other

Sanlorenzo S.p.A. is one of the leading players in the luxury nautical sector, focusing on the design, construction and sale of luxury motor yachts. Their products are distributed both directly and through a network of brand representatives in Europe, the Asia Pacific, North and South America, the Middle East and Africa. The company is divided into three business segments: Yachts (24m to 38m overall length), Superyachts (40m to 73m overall length) and Bluegame (13m to 23m overall length). This is complemented by maintenance and charter services for various vessels. Under the heading of "Timeless", Sanlorenzo also offers its customers a wide range of design and boat-fitting services. In addition to customised products, the company also sells used yachts. Founded in 1958, Sanlorenzo is based in Ameglia, Italy, with production facilities spread across four locations within the region between the Apuan Alps and the Tyrrhenian Sea.

P&L in EUR million \ FY-end	31.12.2023	31.12.2024e	31.12.2025e	31.12.2026e
Net proceeds	896.36	994.96	1084.51	1182.12
EBITDA	157.49	177.18	203.38	223.13
EBIT	125.88	139.68	162.13	177.76
Net profit for the year	93.29	98.26	112.86	123.11
Key figures in EUR				
Earnings per share	2.63	2.77	3.18	3.47
Dividend per share	1.00	1.00	1.10	1.20
Key figures				
EV/Revenues	1.21	1.09	1.00	0.92
EV/EBITDA	6.89	6.12	5.33	4.86
EV/EBIT	8.62	7.77	6.69	6.10
P/E-Ratio	13.21	12.54	10.92	10.01
P/B-Ratio	3.42			

Financial dates
08.11.2024: nine month figures

**last research from GBC:
Date: Publication / Target price in EUR / Rating
09.11.2023: RS / 52.75 / BUY
** The research studies listed above can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg.

Maritime luxury with strong growth dynamics; high order backlog and a large number of M&A activities ensure sustainable profitable growth; notable collaborations in the field of hydrogen fuel cells offer additional potential

Timeless masterpieces combining art and design – that is what Sanlorenzo S.p.A. has stood for for more than half a century. This luxury yacht manufacturer has grown in recent years, benefiting from the worldwide increase in demand for high-quality, unique maritime items in the boat sector. The company was able to increase net revenues new yachts from € 375.22 million in 2018 to € 854.3 million in 2023 (factor 2.28). Net income rose by around 737% in the same period, from € 12.66 million to € 93.29 million.

Sanlorenzo S.p.A. closed the past financial year 2023 with net revenues from new yacht sales of € 854.3 million. The group has thus not only confirmed our estimates but also continued the positive growth trend of recent years (previous year: € 740.70 million). The company also presented very convincing figures for the first half of 2024. With an 8.6% increase in new yacht sales to € 428.71 million (previous year: € 394.69 million), net profit for the period rose significantly by 11% to € 43.33 million (previous year: € 38.91 million). The most important sales driver was the Middle East region, which is also of central importance for the Group's future growth, with an increase of +142%. After a sharp increase in demand for high-quality yachts and a resulting increase in their order backlog during the coronavirus crisis, their order volume is now normalising at a continued high level. The company can look forward to a consistently high backlog of over € 950 million.

Compared to the previous year, the Group's inorganic growth strategy remains an important factor in its operating business. The integration of strategically important materials and processes into its own value chain and the establishment of partnerships with key suppliers enables the company to control its own cost structure and ensure the necessary agility and flexibility within its business model. Particularly noteworthy is their expansion of their product portfolio in the current financial year 2024 through the acquisition of the Nautor Swan Group. With 13 companies in seven countries, their product portfolio has been expanded to include a leading player in the sailing yacht sector. This also marks the company's entry into the Australian market, which was completed in July 2024. The total purchase price of € 80.9 million is divided into two instalments. The first instalment of € 48.5 million (of which € 32.3 million was paid in cash) was already paid in the current financial year 2024.

In addition, we already pointed out last year the central importance of the group's internal research, which remains a key growth driver. In the current financial year, for example, the group, together with its partners, reached an important milestone in the “Road to 2030” sustainability strategy and completed the delivery of the world's first superyacht with a methanol reformer fuel cell system.

We have valued Sanlorenzo S.p.A. using our DCF model. The result is a fair value of € 55.00 per share. Based on the positive business outlook, we issue a BUY rating and see good future upside potential.

Solid World GROUP S.p.A.*7,11

Rating: BUY
Target price: € 5.40

Current price: 2.00
01.11.24 / Euronext Milan / Closing price
Currency: EUR

Key data:

ISIN: IT0005497893
WKN: A3DQXK
Stock exchange symbol: S3D
Number of shares³: 16.61
Marketcap³: 33.22
Enterprise value³: 44.33
³ in million / in EUR million

Free float: 45.8%

Market segment:
Euronext Growth Milan

Accounting:
OIC

Financial year: 31.12.

Analysts:

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* Catalogue of possible conflicts of interest on page 53

Company profile

Industry: technology

Focus: 3D printing, biomedicine, solar

Employees: 215 (30.06.2024)

Foundation: 2003

Headquarter: Treviso, Veneto

Board of Directors: Roberto Rizzo, Marco Calini, Lucio Ferranti, Paolo Pescetto, Michele Pellegrini

Solid World Group S.p.A. is Italy's leading 3D systems integrator for 3D digital innovation. Founded in 2003, the group covers all stages of the 3D digital manufacturing supply chain with its current subsidiaries. In total, Solid World Group S.p.A. operates throughout Italy with 14 locations and three technological centres, providing 3D printing services, training services, design services and production departments of various manufacturing companies. The group is also active in the biomedical and renewable energy sectors. Customers are mostly from the automotive, aerospace, mechanical, design and fashion sectors. The group's mission is to support the innovation process of customers and to cover the entire chain of technological solutions for a digital factory. Thus, Solid World Group S.p.A. offers modern and comprehensive Industry 5.0 technologies and is Italy's largest service provider in this segment.

P&L in EUR million \ FY-end	31.12.2023	31.12.2024e	31.12.2025e	31.12.2026e
Revenues	61.98	63.80	70.18	77.20
EBITDA	3.37	8.84	7.04	9.68
EBIT	-0.58	3.86	3.04	5.68
Net profit for the year	-1.63	2.07	1.78	3.63
Key figures in EUR				
Earnings per share	-0.10	0.13	0.11	0.22
Dividend per share	0.00	0.00	0.00	0.00
Key figures				
EV/Revenues	0.71	0.69	0.63	0.57
EV/EBITDA	13.10	4.99	6.26	4.55
EV/EBIT	neg.	11.44	14.50	7.76
P/E-Ratio	neg.	15.95	18.55	9.09
P/B-Ratio	2.65			

Financial Calendar
13.14.11.2024: 38th MKK – Munich Capital Market Conference

**last research from GBC:
Date: Publication / Target price in EUR / Rating
09.11.2024: RS / 6,00 / BUY

** The research studies listed above can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg.

Technology company with a focus on three high-growth segments

Over the past few years, the Solid World Group has developed from a company focused on additive manufacturing in Italy into a technology holding company with three business segments. Founded in 2003 and headquartered in Italy, the company's core business is the industrial sector, which has been expanded in recent years to include the solar and biomedical segments.

In the industrial segment, Solid World is, by its own account, the leading 3D digital system integrator for manufacturers in Italy, supporting companies on their journey towards Industry 5.0 transformation. The company offers 3D software for industrial design, 3D printing products and services, and 3D scanning products. The focus of the entire segment is on the digital transformation of production processes, which increases the level of automation and enables cost savings. This means that the Solid World Group is active in a promising area in this segment, which is characterised by high growth rates. With more than 10,000 customers, the company has a broad base of well-known customers in this segment.

In the solar segment, the company offers turnkey solutions for the latest generation machinery lines for photovoltaic panel production. The acquisition in 2023 of Formula E S.r.l., a world leader in the automation of production plants for the solar industry, is of great importance here. This segment is also characterised by high growth rates, not least because the legislature has adopted programmes at both the national and European level to promote the European solar industry.

In the biomedical segment, the Solid World Group has founded two start-ups in collaboration with the University of Pisa: BIO3DMODEL and BIO3DPRINTING. The start-up BIO3DPRINTING has developed a so-called electrospider that makes it possible to produce human cell constructs using the first 3D bio-printing technology. This makes it possible to create and transplant missing organs from the patient's own cells. As part of its internationalisation strategy, the group is targeting the Middle Eastern and North American marketw, in particular to provide solutions in the biomedical field.

The company, which has been listed on the Euronext Growth Milan segment since 2022, has grown by an average of 8.5% per year over the last three financial years, with an EBITDA margin in the mid-single digits. By contrast, their development in the first half of 2024 was characterised by a decline in sales to € 30.90 million (previous year: € 33.14 million), but also by a significant improvement in the EBITDA margin to 15.6% (previous year: 7.8%). This is due in particular to the disproportionate development of software sales, while the share of hardware sales declined. This led to a decline in the cost of materials ratio, which ultimately had a positive effect on the profit margins. At the end of the day, the SolidWorld Group reported earnings after taxes of € 2.22 million (previous year: € 0.64 million), which is already above the full-year figures of the past financial years after just six months.

We expect the growth trend to continue in the coming financial years, with a slight acceleration in momentum. Given our assumption of rising margins, our valuation model yields a price target of € 5.40. We therefore reiterate our BUY rating on the shares of Solid World.

GBC AG Investment Research

Somec S.p.A.*11

Rating: BUY
Target price: € 22.00

Current price: 14,60
01.11.24 / Euronext Milan / Closing price
Currency: EUR

Key data:

ISIN: IT0005329815
WKN: A2JL41
Stock exchange code: EXM:SOM
Number of shares³: 6.90
Marketcap³: 100.61
Enterprise value³: 163.94
³ in million / in EUR million

Free float: 24.3%

Market segment: Euronext Milan

Accounting: IFRS

Financial year: 31.12.

Analysts:

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* Catalogue of possible conflicts of interest on page 53

Company profile

Industry: services

Focus: turnkey projects in civil and naval engineering

Employees: 1,039 (30.06.2024)

Foundation: 1978

Headquater: San Vendemiano

Board of Directors: Oscar Marchetto (CEO), Gian Carlo Corazza, Alessandro Zanchetta, Davide Callegari, Diego Frattarolo, Gianna Adami, Elena Nembrini, Giuliana Borello

Somec Group is a prominent Italian company specializing in the engineering, design, and execution of complex turnkey projects in the civil and naval sectors. Operating through three key divisions: engineered systems for naval architecture and building facades, professional kitchen systems and products and design and production of bespoke interiors. Somec has established a significant presence in both Europe and North America. The Group is recognized for its innovative and high-quality solutions, adhering to strict durability and safety standards. Its engineered systems division focuses on customized solutions of ship and building construction systems, while their professional kitchen segment delivers efficient kitchen designs tailored to the hospitality and catering industry. Their bespoke interior design division emphasizes Italian craftsmanship, creating luxurious interiors for high-end retail, hospitality, and naval markets. With over 40 years of experience, Somec has built a reputation for operational and financial reliability, positioning itself as a trusted partner for high-value projects. The company's commitment to quality and customization makes it an attractive prospect for investors seeking exposure to the engineering and construction sectors.

P&L in EUR million \ FY-end	31.12.2023	31.12.2024e	31.12.2025e	31.12.2026e
Revenues	371.04	376.25	396.50	417.00
EBITDA	18.18	26.55	30.45	33.60
EBIT	0.15	5.99	9.68	12.63
Net profit for the year	-11.65	-0.93	1.63	3.44

Key figures in EUR				
Earnings per share	-1.69	-0.13	0.24	0.50
Dividend per share	0.00	0.00	0.00	0.00

Key figures				
EV/Revenues	0.44	0.44	0.41	0.39
EV/EBITDA	9.02	6.17	5.38	4.88
EV/EBIT	1071.49	27.37	16.93	12.98
P/E-Ratio	neg.	neg.	61.61	29.26
P/B-Ratio	4.80			

Financial Calendar
13.14.11.2024: 38th MKK – Munich Capital Market Conference

**last research from GBC:
Date: Publication / Target price in EUR / Rating

** The research studies listed above can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg.

Solid revenue growth in 2023 despite rising costs; mixed results in the first half of 2024 with a focus on margin recovery

For the financial year 2023, the Somec Group reports total revenues of € 371.04 million (PY: € 328.84 million), an increase of 12.8%. This growth was driven by a recovery in demand in the construction sector and increased activity in the ship modernisation segment. However, EBITDA fell by 21.8% to € 18.18 million (previous year: € 23.24 million), reducing the EBITDA margin from 7.1% to 4.9%. Rising production costs, particularly for raw materials and energy, as well as challenges in the mestieri sector, weighed on earnings. The group reported a negative result after taxes of € -11.65 million (previous year: € -1.75 million).

In the first half of 2024, the Somec Group generated total revenue of € 183.91 million (previous year: € 190.15 million), a decrease of 3.1%. The decline in revenue is primarily due to the delay of several projects in the professional kitchen segment in the maritime sector, but does not reflect a decline in demand. Sales of other commercial kitchen products increased slightly, driven by strong growth in the industrial pizza oven market. In addition, the well-performing Horizons business unit made a positive contribution to overall performance, while lower volumes in the Mestieri business unit, due to a slowdown in customised interior design projects, weighed on overall sales. EBITDA for the first half of the year amounted to € 12.75 million (previous year: € 9.79 million), an increase of 30.3%. This improvement is due to a significant recovery in operating margins, particularly in the Horizons division, where effective cost management and an increase in ship conversion projects played a crucial role.

Overall, Somec's performance in the first half of 2024 demonstrates their strategic focus on margin strengthening and financial stability in a challenging market environment. The outlook for the Somec Group remains cautiously optimistic as it operates in a recovering market environment. With a significant increase in demand for marine retrofits and new orders in the civil and maritime sectors, the group is well positioned to capitalise on growth opportunities. In H2 2024, Somec plans to strategically focus on margin recovery and debt reduction while monitoring execution risks and project sustainability. This selective approach to growth aims to maintain operational efficiency in the face of fluctuating market conditions. Continued demand for environmentally-friendly vessels is another key driver for the Horizons business, which is expected to make a positive contribution to overall earnings.

We forecast total revenues for the Somec Group of approximately € 376.25 million in 2024, an increase of 1.5% over fiscal year 2023 (FY2023: € 371.04 million). For 2025, we expect revenues of € 396.5 million and for 2026 of € 417.0 million, supported by further growth in the luxury and marine sectors. We expect EBITDA of € 26.55 million in 2024 and € 30.45 million in 2025, reflecting improved profitability due to a more favourable project mix.

Based on our DCF model, we have set a price target of € 22.00 and issued a BUY rating.

Zignago Vetro S.p.A.*7,11

Rating: BUY
Target price: €18.00

Current price: 10.50
01.11.24 / Euronext Milan / Closing price
Currency: EUR

Key data:

ISIN: IT0004171440
WKN: A0MSP6
Stock exchange code: ZVB
Number of shares³: 88.36
Marketcap³: 937.86
Enterprise value³: 1,126.40
³ in million / in EUR million

Free float: 36.0%

Market segment:
Euronext Milan

Accounting: IFRS

Financial year: 31.12.

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* Catalogue of possible conflicts of interest on page 53

Company profile

Industry: industrials

Focus: glass bottles and containers

Employees: 2,860 (30.06.2024)

Foundation: 1950

Headquater: Fossalta di Portogruaro (Venice)

Board of Directors: Biagio Constantini (CEO)

The Zignago Vetro Group is engaged in the production and promotion of premium hollow glass containers, primarily catering to the food and beverage, cosmetics and perfumery, and "specialty glass" sectors, which involve the crafting of custom glass containers in small quantities, commonly employed for wine, spirits, and oils. Operating within a business-to-business framework, the Zignago Vetro Group supplies containers to its clients, which are subsequently utilized in their respective industrial processes. In the Italian market, the Group holds a prominent position as one of the primary manufacturers and distributors of glass containers for the food and beverage sector, while on a global scale, it commands a significant market presence in the cosmetics and perfumery as well as specialty glass sectors.

P&L in EUR million \ FY-end	31.12.2023	31.12.2024e	31.12.2025e	31.12.2026e
Revenues	699.37	629.44	679.79	734.17
EBITDA	219.41	145.71	166.77	189.09
EBIT	150.95	75.71	97.27	121.09
Net profit for the year	122.39	51.42	68.66	88.06

Key figures in EUR				
Earnings per share	1.37	0.58	0.77	0.99
Dividend per share	0.75	0.30	0.40	0.55

Key figures				
EV/Revenues	1.61	1.79	1.66	1.53
EV/EBITDA	5.13	7.73	6.75	5.96
EV/EBIT	7.46	14.88	11.58	9.30
P/E-Ratio	7.66	18.24	13.66	10.65
P/B-Ratio	2.41			

Financial Calendar
07.11.2024: Q3-figures 2024

**last research from GBC:
Date: Publication / Target price in EUR / Rating
09.11.2024: RS / 25.00 / BUY
** The research studies listed above can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg.

Highly profitable business model with high growth rates; return to growth expected after slight weakness in 2024

Zignano Vetro is part of Zignano Holding S.p.A., an Italian-based group of companies that includes businesses in the wine trade, fashion and renewable energy sectors, among others. Zignano Vetro covers the glass containers sector within the group, with a particular focus on the beverage and cosmetics industries. The company has built up a portfolio of companies in Italy, Poland, France and the USA that have a similar product range and thus a similar industry focus. The majority of the group's sales are generated in Italy, primarily from the production of glass containers for the food and beverage industry. In markets outside Italy, on the other hand, the company has a high market share in glass containers for the cosmetics and perfume industry and in special glass (e.g. individual glass bottles).

In recent financial years, Zignano Vetro has achieved impressive growth, which has recently gained further momentum. Between 2020 and 2023, revenues grew at a CAGR of 20% while, in the long term (2009-2019), a revenue CAGR of 6.2% was achieved. At the same time, the company has always been able to achieve a high EBITDA margin, which historically has been between 20% and 30%.

In the past financial year 2023, the increase in sales was 9.1% to € 699.37 million (previous year: € 640.79 million), which was below their recently achieved high growth momentum. However, the level of sales reached marks a new record. According to the company, the market environment in the past financial year was characterised by a weakening of demand for glass containers for the beverage and food industry, which was due in particular to weaker customer demand and a reduction in inventories along the producers' value chain. In contrast, demand in the cosmetics and perfume segment developed positively, enabling the company to continue on its growth path. With an EBITDA margin of 31.3% (PY: 25.3%), EBITDA improved disproportionately to € 219.41 million (PY: € 162.16 million).

In the first half of 2024, the trend of declining demand for glass containers for beverages continued, this time exacerbated by a decline in demand in the cosmetics and perfume segments as well. Accordingly, revenues fell by -14.5% to € 328.97 million (PY: € 384.76 million) and EBITDA to € 73.84 million (PY: € 120.36 million). However, the EBITDA margin remained at 22.5% (PY: 31.3%), a level that is customary for the company. For the second half of the year, Zignano Vetro's management expects the weak demand in both market segments to continue, but it plans to counter this with the usual flexibility in production. For the current financial year, we therefore expect a decline in revenues (-10.0% to € 629.44 million), however, the EBITDA margin should be comfortable again at 23.2%. For the next two financial years, we expect a return to revenue growth and a slight improvement in operating profitability in each year.

Based on our DCF model, we have set a price target of € 18.00 and issued a BUY rating.

APPENDIX

I.

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