

AVIO - KEY FIGURES

| | | 2018A | 2019A | 2020E | 2021E | 2022E |
|----------------------------------|--------------------------------------|------------|------------|------------|------------|------------|
| | Fiscal year end | 31/12/2018 | 31/12/2019 | 31/12/2020 | 31/12/2021 | 31/12/2022 |
| PROFIT & LOSS (Eu mn) | Sales | 389 | 369 | 372 | 414 | 451 |
| | EBITDA | 43 | 43 | 42 | 47 | 53 |
| | EBIT | 29 | 27 | 26 | 30 | 36 |
| | Financial income (charges) | (1) | 0 | (0) | (0) | (0) |
| | Associates & Others | 0 | 0 | 0 | 0 | 0 |
| | Pre-tax profit (Loss) | 28 | 27 | 25 | 30 | 35 |
| | Taxes | (2) | 0 | (1) | (1) | (1) |
| | Tax rate (%) | -7.3% | 0.0% | -4.0% | -3.3% | -3.1% |
| | Minorities & discontinue activities | (1) | (1) | (1) | (1) | (1) |
| | Net profit | 24 | 26 | 23 | 28 | 33 |
| | Total extraordinary items | 5 | 1 | 3 | 3 | 3 |
| | Ebitda excl. extraordinary items | 47 | 44 | 45 | 50 | 55 |
| | Ebit excl. extraordinary items | 33 | 28 | 28 | 33 | 38 |
| Net profit restated | 29 | 28 | 26 | 31 | 35 | |
| PER SHARE DATA (Eu) | Total shares out (mn) - average fd | 27 | 27 | 27 | 27 | 27 |
| | EPS stated fd | 0.896 | 0.965 | 0.861 | 1.032 | 1.213 |
| | EPS restated fd | 1.069 | 1.018 | 0.953 | 1.124 | 1.306 |
| | BVPS fd | 10.478 | 10.769 | 11.910 | 12.453 | 13.092 |
| | Dividend per share (ord) | 0.423 | 0.000 | 0.408 | 0.489 | 0.575 |
| | Dividend per share (sav) | | | | | |
| Dividend pay out ratio (%) | | | | | | |
| CASH FLOW (Eu mn) | Gross cash flow | 39 | 42 | 40 | 45 | 50 |
| | Change in NWC | (2) | 10 | (14) | 4 | 5 |
| | Capital expenditure | (23) | (28) | (25) | (32) | (32) |
| | Other cash items | 7 | (0) | (0) | (0) | (0) |
| | Free cash flow (FCF) | 14 | 23 | 1 | 16 | 23 |
| | Acquisitions, divestments & others | (4) | 0 | 0 | 0 | 0 |
| | Dividend | (10) | (12) | 0 | (11) | (13) |
| | Equity financing/Buy-back | 0 | (3) | 0 | 0 | 0 |
| Change in Net Financial Position | 7 | 9 | 1 | 5 | 9 | |
| BALANCE SHEET (Eu mn) | Total fixed assets | 278 | 302 | 310 | 325 | 340 |
| | Net working capital | (31) | (41) | (27) | (30) | (35) |
| | Long term liabilities | (77) | (93) | (88) | (93) | (98) |
| | Net capital employed | 171 | 168 | 195 | 202 | 207 |
| | Net financial position | 49 | 58 | 59 | 64 | 73 |
| | Group equity | 296 | 304 | 335 | 350 | 367 |
| | Minorities | 11 | 11 | 11 | 11 | 11 |
| | Net equity | 285 | 292 | 323 | 338 | 356 |
| ENTERPRISE VALUE (Eu mn) | Average mkt cap - current | 378 | 378 | 378 | 378 | 378 |
| | Adjustments (associate & minorities) | 26 | 26 | 26 | 26 | 26 |
| | Net financial position | 49 | 58 | 59 | 64 | 73 |
| | Enterprise value | 302 | 294 | 293 | 288 | 279 |
| RATIOS(%) | EBITDA margin* | 12.2% | 11.9% | 12.0% | 12.0% | 12.2% |
| | EBIT margin* | 8.5% | 7.6% | 7.6% | 7.9% | 8.5% |
| | Gearing - Debt/equity | -16.6% | -19.1% | -17.5% | -18.3% | -19.9% |
| | Interest cover on EBIT | 43.0 | nm | 68.3 | 81.0 | 95.4 |
| | Debt/Ebitda | nm | nm | nm | nm | nm |
| | ROCE* | 17.0% | 15.7% | 14.1% | 15.3% | 17.5% |
| | ROE* | 8.7% | 9.1% | 7.6% | 8.5% | 9.5% |
| | EV/CE | 1.8 | 1.7 | 1.6 | 1.4 | 1.4 |
| | EV/Sales | 0.8 | 0.8 | 0.8 | 0.7 | 0.6 |
| | EV/Ebit | 9.1 | 10.5 | 10.4 | 8.8 | 7.3 |
| | Free Cash Flow Yield | 4.1% | 6.6% | 0.2% | 4.7% | 6.4% |
| GROWTH RATES (%) | Sales | 13.0% | -5.2% | 1.0% | 11.3% | 8.9% |
| | EBITDA* | 1.7% | -6.8% | 1.3% | 11.5% | 11.1% |
| | EBIT* | 3.0% | -15.8% | 0.5% | 16.9% | 16.5% |
| | Net profit | 33.8% | 7.6% | -10.8% | 19.9% | 17.6% |
| | EPS restated | 14.2% | -4.8% | -6.4% | 18.0% | 16.2% |

* Excluding extraordinary items

Source: Intermonte SIM estimates

FY19 in line with estimates despite VV15 anomaly. For the full year the company was able to achieve the operating targets set in March 2019, despite the year being marked by the worst possible outcome for a launcher company: the failure of a flight. This again proved the ability of management and the workforce to react promptly to any difficulty. In 2019 the company registered net revenues of Eu368.7mn, -5.2% YoY due to the delays accumulated in the second part of the year as a consequence of the corrective measures implemented to enable the Vega launcher to return to flight. Nevertheless, profitability was practically unaffected, with EBITDA coming to Eu42.6mn, in line with a year ago thanks to the reduction of extraordinary costs and despite the receipt of lower R&D incentives. The bottom line was even better than expected at Eu27mn (vs Eu26mn exp.) thanks to a positive contribution from financial management (positive VAT refund one-off). While these items were broadly aligned to our estimates, what surprised us was the much stronger cash generation, which benefited from the unexpected cashing-in of Eu34.3mn in VAT receivables, taking the cash position as at the end of the year to Eu57.9mn, up from Eu49.1mn as at the end of 2018 despite the heavy investments made in the year (Eu28.6mn), the dividend payment (Eu11.6mn), and the impact of the first time adoption of IFRS16 (Eu9.4mn).

Regarding order intake, the net backlog as at the end of the year amounted to Eu669mn, shy of our Eu700mn estimate due to the shifting of the signing of the second part of the Ariane 6 P120 contract, although this is expected at the beginning of 2020. As is typical in the sector, after a year of decrease, we expect order backlog to return to growth in 2020 and 2021 thanks to the signing of a series of important contracts: new development activities assigned by ESA for around Eu490mn; the 4th batch of Vega; new tactical propulsion contracts; and the aforementioned second part of the Ariane 6 P120 engines. This will give the company quite strong visibility on the evolution of revenues for the coming years, with contracts already signed giving around 2 years of full visibility, which rises to 3-4 years including the contracts expected to be signed in the next few months.

Another noteworthy element is represented by the deferred tax assets, which at the end of 2019 amounted to Eu77.8mn, allowing the company not to pay taxes for the next years.

2020 guidance and decision on dividends to be provided with 1H results. At this stage, no guidance for 2020 has been provided and the BoD has cautiously suspended payment of the dividend. However, in September, when it is hoped there will be a greater visibility, the company will provide updated forecasts on 2020 results and a final decision on the dividend will be taken. It is our understanding that a delay to the launch schedule of up to 3 months should mean the company does not face issues on the production side and therefore on revenues (we note that revenues are recorded based on hitting production milestones rather than on the number of completed launches), while measures to contain costs should enable partial mitigation of any impact on profitability.

We have prudently included a scenario in our estimates under which the company suffers from the shift of the equivalent of 1 launch-worth of production out of 2020, with this being partly reabsorbed in 2021 and fully by 2022. This translates into a cut at EPS level of 11%/6% for 2020/21. As for cash generation, we estimate working capital absorption in 2020 due to a lengthening of payment terms, while we have slightly reduced our estimates for CapEx, assuming that the company will reduce investments where these are not essential. We thus estimate a net cash position as at the end of 2020 broadly at the same level as 2019 once payment of a dividend is excluded (a decision that we note could be reversed in September if the situation and visibility improve). The company boasts a solid financial structure, with a very limited amount of interest-bearing gross debt (some Eu50mn), having long maturity (7 years), low cost (interest cost below 1%) and a reliable counterparty (EIB).

AVIO – Changes to estimates

| | 2020 N | 2020 O | Δ | 2021 N | 2021 O | Δ | 2022N | 2022O | Δ |
|-----------------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net revenues | 372.2 | 407.8 | -8.7% | 414.2 | 436.6 | -5.1% | 451.2 | 454.7 | -0.8% |
| EBITDA Adj. | 44.6 | 48.3 | -7.6% | 49.7 | 52.4 | -5.1% | 55.3 | 55.8 | -1.0% |
| % margin | 12.0% | 11.8% | | 12.0% | 12.0% | | 12.2% | 12.3% | |
| EBITDA | 42.1 | 45.8 | -8.0% | 47.2 | 49.9 | -5.4% | 52.8 | 53.3 | -1.0% |
| % margin | 11.3% | 11.2% | | 11.4% | 11.4% | | 11.7% | 11.7% | |
| EBIT | 25.6 | 29.3 | -12.6% | 30.4 | 33.0 | -8.1% | 35.8 | 36.3 | -1.5% |
| Net profit | 23.4 | 26.3 | -11.0% | 28.0 | 29.9 | -6.1% | 33.0 | 33.0 | -0.1% |
| Net profit Adj | 25.9 | 28.8 | -10.1% | 30.5 | 32.4 | -5.6% | 35.5 | 35.5 | -0.1% |

Source: Intermonte SIM estimates

APPENDIX

Group Snapshot

The Avio Group is a leading international player in the space propulsion sector. The experience and expertise developed in over 50 years of activity enable Avio to excel in the solid, liquid and cryogenic Space propulsion systems for launch vehicles and solid propulsion systems for tactical missiles.

The Group has 838 highly qualified direct employees in Italy and abroad, 30% of which are involved in Research & Development activities.

It is based in Italy, with operational headquarters located near Rome and other sites in Campania and Piedmont; other operational sites are located in France and French Guiana.

Its main operational focus is in the field of space propulsion, in particular the design, development and production of solid rocket motors, for Space launchers and tactical missiles, liquid propulsion systems and liquid oxygen Turbopumps for cryogenic engine, for space launchers, the design, development and integration of a complete space launcher (Vega), the development and integration of liquid-propellant propulsion systems for satellites, and research and development for new propulsion systems with low environmental impact.

The space launchers that currently incorporate AVIO products are the Ariane 5, used for the positioning of satellites in Geostationary Earth Orbit (GEO) and VEGA, used for the positioning of satellites in Low Earth Orbit (LEO). As for tactical missiles, AVIO is a participant in the leading national and international programmes.

Since the late 1980s AVIO has been involved in the Ariane 5 programme, supplying the boosters and oxygen turbo pump for the Vulcain engine. Since 2000, through ELV, Avio has developed and manufactured VEGA, which carried out a successful qualification launch in February 2012, and in December 2015 successfully completed the 5 further launches required under the Vega Research and Technology Accompaniment (VERTA) contract in order to complete its qualification for commercial exploitation. Since 1990 Avio has had production facilities at the European Space Centre in French Guiana, which it uses for the production of solid propellant, the manufacture of engines for Ariane and Vega, the assembly of boosters and their integration into the Ariane launcher, and the integration of the entire Vega launcher.

Avio is also engaged in tactical propulsion, in particular with the production of the Aster 30 engine, provided to MBDA France. In the field of satellite propulsion, Avio has developed and supplied ESA and ASI with propulsion subsystems for the launching and control of several satellites, including the latest SICRAL, Small GEO and EDRS-C satellites.

AVIO operates in three business segments:

Vega

Vega is a European Space Agency (ESA)-sponsored programme for LEO missions, for which Avio is prime contractor for the production and integration of components for the entire launcher and for the production of the solid propulsion engines P80, Zefiro 23 and Zefiro 9 and the liquid propulsion system of the Attitude Vernier Upper Module (AVUM). Moreover, the Group is prime contractor for the Vega Consolidated (Vega C) and Vega Evolution (Vega E), new generation launchers, for which qualification launches are planned in 2020 and 2024 respectively. For the latter group, Avio is responsible for the development and subsequent production of all of the space launchers, in addition to the development of the solid propulsion engine P120C, the Z40 solid propellant engine and an oxygen-methane liquid engine for the upper stage of the Vega E.

Ariane

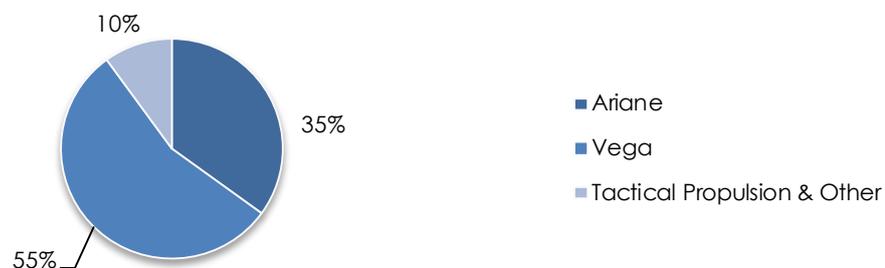
Ariane is a ESA-sponsored programme for GEO missions. ArianeGroup (AG) is the prime contractor and Avio operates as subcontractor for the production of Ariane's components, and in particular for the manufacture of the P230 solid propulsion booster and the liquid oxygen turbo pump (LOX) for Vulcain 2 engines. Avio is also a subcontractor for the new generation launcher, Ariane 6, which is predicted to be launched in 2020. For this launcher Avio is developing and will produce the P120C solid propellant engine and the LOX for the Vinci engine, as well as continuing to produce the LOX for Ariane 6's Vulcain 2 engine.

Tactical Propulsion

Avio is engaged in the Italian-French-UK joint programme for the development and production of the Aster 30 engine, more specifically the development and production of the propulsion components (booster and sustainer), steering (thrust vector control), and the aerodynamics (wings). Moreover, it is responsible for the design and production of the Aster 15 (sustainer motor and aerodynamic control surfaces), Aspide propulsion units and Marte sustainer. As for development programmes, Avio is involved in the CAMM-ER, Aster 30 MLU and E TVC programmes.

In 2019, Avio recorded net revenues of Eu372.2mn, of which 35% from the Ariane business segment, 55% from the Vega activities and 10% from Tactical Propulsion and other revenues.

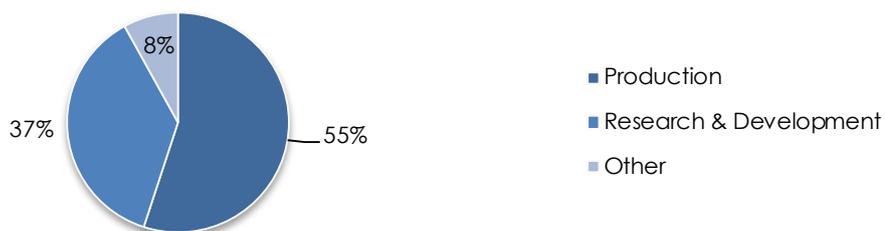
Avio – Revenues breakdown by Business (2019)



Source: Company data

As for the breakdown by activity, in 2019 Avio generated 55% of revenues from production activities, while Research and Development for the new Vega C and Ariane 6 launchers contributed 37%.

Avio – Revenue Breakdown by Activity (2018)

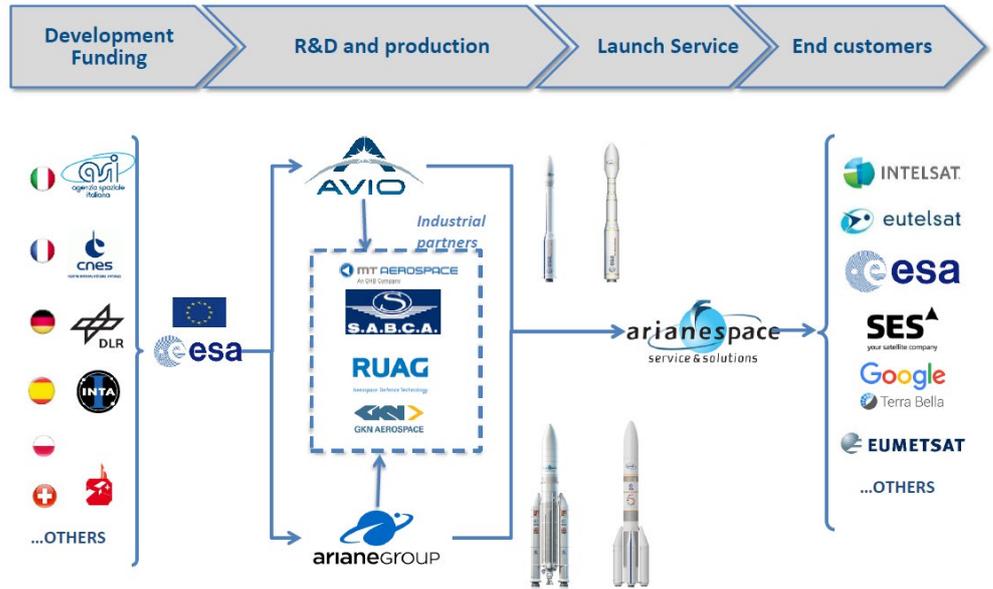


Source: Company data

Business Model

In terms of the business model, Avio is in charge of the development and production phase for Vega family launchers and of part of the Ariane launchers. Commercial exploitation of the launchers, are the responsibility of Arianespace, in which Avio has a 3.38% stake. Avio's liability in the event of launch failure ceases on acceptance of products by Arianespace.

Business Model

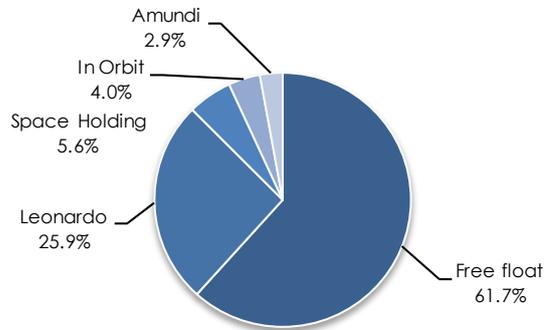


Source: Company presentation

Shareholders

The main shareholder of the company is Leonardo, with 25.88% of the capital. The other shareholders with more than 3% of the capital are Space Holding (5.6%) and In Orbit (Avio management; 4.0%). The free float therefore stands at 61.7%.

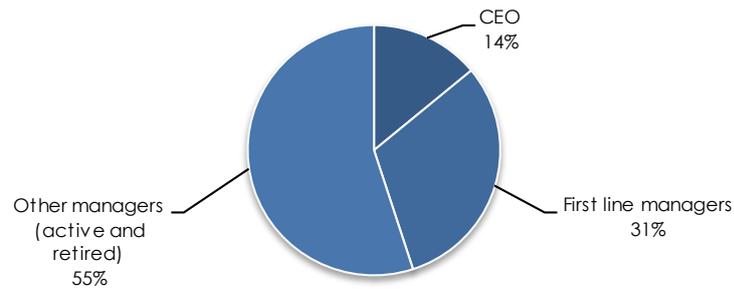
Avio – Current Shareholding



Source: Company data

Since the listing in April 2017, In Orbit has increased its investment in Avio by buying additional 140k shares, with 67 managers now participating to the investment vehicle. The main investor in In Orbit are the CEO (14% stake), the first line of managers (31%) and second, third line and retired managers of the company (55%).

In Orbit – Shareholding at 1H19



Source: Company data

Company History

1912: Establishment of BPD, which develops and manufactures munitions for the Italian armed forces and for export.

1915-1955: Growth and consolidation of BPD in the national market; the company's activities become ever more diverse, ranging from munitions-related metalworking and mechanical engineering to construction and maintenance of railway carriages.

1960: With the dawning of the space age, rocket propellants enter the scene, and in 1962 BPD is approved by an international board to supply spacecraft propulsion systems as part of the ELDO/PAS project.

1968: BPD is acquired by SNIA

1970: Development and production work begins for the European Ariane launcher, including the manufacturing of the stage separation motors and the solid-propellant launch boosters for Ariane versions 3, 4 and 5.

1983: Snia Viscosa, which in the meantime had set up a Defence and Space division, sells BPD to Fiat Group.

1994: BPD Difesa e Spazio is absorbed by Fiat Avio, a Turin-based firm established in 1908.

2000: in collaboration with ASI, which has a 30% stake, ELV is set up as lead contractor for the European satellite launcher Vega.

2003: The company assumes its current name when it leaves Fiat Group to become an independent player in the global aerospace sector.

2006: The group is acquired by BCV Investments, whose ownership is divided amongst private equity fund Cinven (81% stake), Finmeccanica Group (14%) and other investors (5%).

2012: On 13th February, the Vega launcher successfully completes its first space mission

2013: Vega completes first commercial launch. On 1st August its aeronautical assets are acquired by General Electric and Avio remains an independent player in the space sector.

2014: In December the Ministerial Conference of the European Space Agency Member States decides to finance the programme for the consolidation and development of the Vega launcher up to completion; the project includes a common first stage (P120) shared with the future Ariane 6 launcher, which will also be financed up to qualification.

2015: The outcome of the Ministerial Conference of the ESA Member States the previous December leads in August 2015 to an important development contract for the Vega C and Ariane 6 launchers. Avio lands a significant role thanks to its participation in the development of the P120 first stage engine (common to both launchers) and its leading role in software development for the VECEP programme aimed at developing the Vega C launcher. For the first time ever, the Kourou Space Centre achieves 12 launches in a year, including 6 by Ariane and 3 by Vega.

2016: Space 2 identifies Avio as the target of the Business combination.

2017: Merger between Avio and Space 2 and subsequent listing on the STAR segment of the MTA.

SWOT Analysis

Strengths

- Leading company operating in a sector with extremely high technological entry barriers
- Strong reliability of both Vega and Ariane launchers
- High visibility thanks to a backlog that covers around 3 years of activity
- Exposure to the fast growing LEO market
- Exclusive access to the only European Spaceport
- Solid balance sheet able to support future growth
- Unique access to the European institutional market

Opportunities

- Potential access to new markets and new business segments (i.e. mini-launchers)
- Insourcing of critical industrial supplies to consolidate margins and reduce dependency on external suppliers
- Exploitation of important economies of scale thanks to the supply of P120 engines
- Improvement of launch cadence

Weaknesses

- More expensive products compared to competitors
- Highly concentrated client base
- Lack of diversification

Threats

- Increasing competition, especially from emerging countries (India in particular) could lead to price pressure
- Deteriorating of the macroeconomic environment leading to reduced budget allocations for space programmes
- Failure of launches

Source: Intermonte SIM

Peer Group – Absolute Performances

| Company name | Mkt cap (Eu mn) | Total return | | | | | |
|-----------------------------------|--------------------|--------------|---------------|---------------|---------------|---------------|--------------|
| | | 1m | 3m | 6m | YTD | 1y | 3y |
| Avio | 324 | 13.5% | -13.6% | 4.2% | -11.3% | 0.5% | -1.4% |
| Airbus SE | 46,990 | -19.3% | -55.6% | -49.3% | -54.0% | -48.7% | -11.6% |
| Moog Inc. Class A | 1,755 | 11.5% | -36.7% | -30.5% | -31.8% | -35.9% | -13.3% |
| OHB AG | 603 | 13.7% | -18.4% | 5.8% | -20.7% | -1.8% | 69.4% |
| Safran S.A. | 31,948 | -5.4% | -42.0% | -43.6% | -42.1% | -33.6% | 14.1% |
| Thales SA | 15,450 | -0.6% | -24.8% | -24.5% | -21.6% | -30.3% | -16.8% |
| Boeing Company | 72,528 | -16.4% | -56.7% | -61.6% | -55.4% | -60.8% | -16.8% |
| Aerojet Rocketdyne Holdings, Inc. | 3,124 | 1.8% | -16.3% | -7.5% | -2.2% | 34.2% | 99.4% |
| Northrop Grumman Corporation | 53,195 | 11.9% | -5.3% | -3.6% | 4.1% | 29.1% | 47.3% |
| Median | | 1.8% | -24.8% | -24.5% | -21.6% | -30.3% | -1.4% |

Source: FactSet

Peer Group – Multiple Comparison

| Company name | Country | Mkt cap (Eu mn) | EV/Sales | | EV/EBITDA | | EV/EBIT | | PE | |
|-----------------------------------|-----------|--------------------|--------------|--------------|--------------|--------------|---------------|--------------|---------------|---------------|
| | | | 2020E | 2021E | 2020E | 2021E | 2020E | 2021E | 2020E | 2021E |
| Avio SpA @ our est. | IT | 324 | 0.8 x | 0.7 x | 6.6 x | 5.8 x | 10.5 x | 8.8 x | 14.6 x | 12.4 x |
| Airbus SE | NL | 46,990 | 0.5 x | 0.5 x | 4.2 x | 3.5 x | 5.6 x | 4.6 x | 13.4 x | 11.3 x |
| Moog Inc. Class A | US | 1,755 | 0.9 x | 0.8 x | 6.8 x | 5.9 x | 8.2 x | 7.0 x | 9.9 x | 8.7 x |
| OHB AG | DE | 603 | 0.6 x | 0.5 x | 8.4 x | 6.7 x | 14.5 x | 11.0 x | 27.0 x | 17.0 x |
| Safran S.A. | FR | 31,948 | 1.6 x | 1.4 x | 7.9 x | 6.7 x | 10.7 x | 9.2 x | 15.2 x | 12.7 x |
| Thales SA | FR | 15,450 | 1.0 x | 0.9 x | 6.9 x | 6.0 x | 8.8 x | 7.8 x | 10.8 x | 9.5 x |
| Boeing Company | US | 72,528 | 1.5 x | 1.1 x | 25.9 x | 9.1 x | 41.5 x | 10.2 x | | 12.4 x |
| Aerojet Rocketdyne Holdings, Inc. | US | 3,124 | 1.4 x | 1.2 x | 9.8 x | 8.4 x | 13.7 x | 12.0 x | 23.5 x | 21.2 x |
| Northrop Grumman Corporation | US | 53,195 | 1.9 x | 1.8 x | 13.5 x | 12.2 x | 15.5 x | 14.1 x | 14.8 x | 13.1 x |
| Median | | | 1.2 x | 1.0 x | 8.1 x | 6.7 x | 12.2 x | 9.7 x | 14.8 x | 12.6 x |

Source: FactSet and Intermonte SIM estimates for covered stocks

DETAILS ON STOCKS RECOMMENDATION

| Stock NAME | AVIO | | |
|----------------------|------------|-----------------------|------------|
| Current Recomm: | BUY | Previous Recomm: | BUY |
| Current Target (Eu): | 18.00 | Previous Target (Eu): | 19.00 |
| Current Price (Eu): | 13.90 | Previous Price (Eu): | 14.90 |
| Date of report: | 07/05/2020 | Date of last report: | 06/02/2020 |

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed; among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 2.5% and a risk premium of 5.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 Index, most of those on the MIB40 Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

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

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 March 2020 Intermonte's Research Department covered 123 companies. Intermonte's distribution of stock ratings is as follows:

| | |
|--------------|---------|
| BUY: | 08,73 % |
| OUTPERFORM: | 49,21 % |
| NEUTRAL: | 37,30 % |
| UNDERPERFORM | 04,76 % |
| SELL: | 00,00 % |

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (48 in total) is as follows:

| | |
|--------------|---------|
| BUY: | 14,58 % |
| OUTPERFORM: | 66,67 % |
| NEUTRAL: | 18,75 % |
| UNDERPERFORM | 00,00 % |
| SELL: | 00,00 % |

CONFLICT OF INTEREST

The list of all conflicts of interest (last 12 months) and other important legal disclaimers are available on our Website in the "Legal Information" section - [Please click here](#)

Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

| Emittente | % | Long/Short |
|---------------------------------|------|------------|
| COGEME SET SPA | 1,6 | SHORT |
| GABELLI VALUE FOR ITALY AZ. ORD | 0,72 | LONG |
| IKF | 0,57 | SHORT |
| LIFE CARE CAPITAL | 0,84 | LONG |
| OLIDATA | 0,74 | SHORT |
| SPACTIV | 1,08 | LONG |
| THESPAC | 0,89 | LONG |
| VEI 1 | 0,87 | LONG |

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