

Daily Note

MID CORPORATE

Calls from Italy: Specialist/Corporate Broking

On Our Radar: Today's Newsflow

Positive	Negative
Lucisano Media Group; Agatos	-

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31 March 2023: 9:03 CET
Date and time of production

Italy/Equity Market

MTA – STAR – EGM

Stock Markets: Performance

Chg (%)	1D	3M	6M	12M
FTSE All Share	1.1	13.6	30.1	5.8
FTSE MIB	1.1	14.0	30.9	6.8
FTSE IT Star	1.4	6.6	18.9	-11.7
Euro Stoxx 50	0.7	7.2	17.5	4.6
Stoxx Small 200	1.8	5.3	17.4	-13.5
NASDAQ	0.7	14.8	13.6	-16.8
S&P 500	0.6	5.5	13.0	-12.0

FTSE MIB Best & Worst: 1D% chg

Banca MPS	3.0	Tenaris	-1.4
STM	2.6	Poste It.	-1.1
Interpump	2.3	Terna	-1.1

Euro Stoxx Best&Worst Sectors -1D %

Real Estate	3.7	Food & Bev	-0.4
Retail	3.7	Telecom	0.4
Technology	2.5	Health Care	0.5

FTSE MIB-STAR Performance (-12M)



Source: FactSet;

Upcoming ISP-IMI CIB Events

What?	Where?	When?
ISMO	Paris	12 May
ISMO	Lugano	17 May

Report priced at market close on day prior to issue (unless otherwise indicated); Ratings and Target Prices as assigned in the latest company reports (unless otherwise indicated).

This is an extract of our Equity Daily report published today, incorporating our comments on those companies for which Intesa Sanpaolo is Listing Agent, Specialist or Corporate Broker.

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Results

Lucisano Media Group (BUY)

FY22 Results

Vs. our estimates	Above	In Line	Below
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Results. The key points of results were:

- **Revenues increased by 10.7% yoy to EUR 46.1M**, of which EUR 10.5M from the Multiplex BU and EUR 35.6M from the Distribution and Production BU, which was broadly in line vs. FY21; this value benefitted from the new tax credit on operating costs;
- **EBITDA was EUR 21.8M**, +29.2% yoy, with a margin of 47.2% vs. 40.5% in FY21A, outperforming our estimates by 41.3% thanks to a good management of costs; the Multiplex BU recorded a EUR 4.8M EBITDA; Production and Distribution accounted for EUR 18.4M EBITDA;
- **EBIT came in at EUR 4.7M** vs. EUR 3.8M in FY21;
- **Net result showed a EUR 3.1M profit** vs. a net income of EUR 2.4M in FY21;
- **Net debt (including approx. EUR 6.4M IFRS16 effect) was EUR 38.9M**, vs. EUR 29.2M at YE21 and EUR 31.2M in our estimates, given the production volumes started in 2H22 and not completed within YE22;
- **An EUR 0.04/sh. dividend was proposed.**

What we think: Results were strong, and we understand that the pipeline in production and distribution continues to be very rich. The Multiplex division should keep benefitting from increasing admissions even though there might be some changes in the operating model (the company ended its activities in one theatre once the rental agreement was concluded). **Rating BUY and TP EUR 2.0/share.**

Lucisano Media Group - Key Data

31/03/2023	Entertainment		
Target Price (EUR)	2.0		
Rating	BUY		
Mkt price (EUR)	1.27		
Mkt cap (EUR M)	19		
Main Metrics (€ M)	2022E	2023E	
Revenues	48.70	65.10	
EBITDA	15.36	25.13	
EPS (EUR)	0.12	0.51	
Net debt/-cash	31.20	37.16	
Ratios (x)	2022E	2023E	
Adj. P/E	10.9	2.5	
EV/EBITDA	3.3	2.2	
EV/EBIT	16.9	5.9	
Debt/EBITDA	2.0	1.5	
Div yield (%)	0	0	
Performance (%)	1M	3M	12M
Absolute	4.1	-3.8	-6.6
Rel. to FTSE IT All Sh	6.0	-15.3	-11.7

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Specialist to Lucisano Media Group

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Lucisano Media Group – FY22 results

EUR M	2H21A	2H22E	2H22A	A/E	yoy %	FY21A	FY22A	yoy %	FY22E	A/E %
Revenues	28.6	27.5	24.9	-9.5	-13.0	41.6	46.1	10.7	48.7	-5.4
o/w Production & Distribution	23.5		17.9		-23.6	35.3	35.6	1.0	-	-
o/w Multiplex	5.1		7.0		35.8	6.4	10.5	64.9	-	-
EBITDA	12.0	9.2	16.9	69.6	41.1	16.8	21.8	29.2	15.4	41.3
o/w Production & Distribution	10.7		12.4		15.7	15.3	18.4	20.0	-	-
o/w Multiplex	3.5		4.6		31.1	3.8	4.7	25.3	-	-
EBITDA margin (%)	41.8	33.5	67.8			40.5	47.2		31.5	
o/w Production & Distribution	45.6		69.1			43.4	51.6			
o/w Multiplex	68.4		66.0			59.5	45.2			
EBIT	3.3	2.1	4.2	85.4	29.3	3.8	4.7	25.3	3.0	58.0
Net income	2.4	1.6	3.0	82.0	26.3	2.4	3.1	25.5	1.7	80.0
Net debt	29.2	31.2	38.9	24.8	33.5	29.2	38.9	33.5	31.2	24.8

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Medica (ADD)**FY22 Results and 2023 Outlook**

Vs. our estimates **Above** **In Line** **Below**

Results. The key points of results were:

- **FY22 results came in better than estimated at the operating level**, benefiting among other from a EUR 2.6M capital gain on the disposal of an automation line originally produced for internal use. We remind that in February the company had already released the sales figure, which amounted to EUR 50.9M (+16.2% increase), entirely attributable to the acquisitions of Spindial and Dialpoint (consolidated since August 2022) and Slom (consolidated since Sept. 2022), which generated revenues for a total amount of EUR 7.7M;
- **The group's EBITDA was above our forecasts**, thanks to the mentioned EUR 2.6M capital gain on the disposal of an automation line. No significant surprises emerged below the EBIT line;
- **Net debt at 31 December 2022 was EUR 4.3M**, which had already been released in February.

2023 outlook: the company did not release a guidance for 2023, indicating that on one side the order backlog at EUR 35M is quite high and that on the other side the supply chain troubles and cost inflation situation are still factors of uncertainty difficult to assess. A conference call is scheduled today.

What we think: We see the announced results as mixed, as impacted by a non-recurring capital gain. Waiting for some more clues on 2023 from the conference call scheduled this morning, we confirm our view on the stock.

Medica - Key Data

31/03/2023	Medical Equipment		
Target Price (EUR)	28.2		
Rating	ADD		
Mkt price (EUR)	22.45		
Mkt cap (EUR M)	95		
Main Metrics (€ M)	2022E	2023E	2024E
Revenues	50.95	74.38	85.00
EBITDA	10.18	16.50	18.98
EPS (EUR)	0.82	1.61	2.09
Net debt/-cash	4.27	-1.45	-9.24
Ratios (x)	2022E	2023E	2024E
Adj. P/E	27.4	13.9	10.8
EV/EBITDA	9.8	5.7	4.5
EV/EBIT	21.6	10.4	7.5
Debt/EBITDA	0.42	Neg.	Neg.
Div yield (%)	0	0	0
Performance (%)	1M	3M	12M
Absolute	-7.2	-14.0	-37.6
Rel. to FTSE IT All Sh	-5.6	-24.3	-41.0

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Specialist to Medica

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Medica - FY22 results

EUR M	FY21A	FY22A	FY22E	FY22C	A/E%	yoy %
Net Revenue	43.8	50.9	50.9	50.9	-	16.2
Value of Production	47.9	NA	56.0	-	-	-
EBITDA	9.9	11.2	10.2	10.3	9.7	12.9
% on sales	22.6	22.0	20.0	20.1	-	-
adj. EBITDA	10.0	-	10.2	-	-	-
% on sales	22.8	-	20.0	-	-	-
EBIT	5.8	5.3	4.6	4.5	14.3	-9.6
% on sales	13.3	10.3	9.0	8.8	-	-
adj. EBIT	5.9	-	4.6	-	-	-
% on sales	13.5	-	9.0	-	-	-
PBT	5.6	4.8	4.4	4.2	9.7	-14.4
Net Attrib. Inc.	5.0	4.4	3.5	3.5	25.8	-12.5

NA: not available; NM: not meaningful; A: actual; E: estimates; C: Bloomberg consensus; Source: Company data and Intesa Sanpaolo Research

Company News

Agatos (BUY)

Reserved Capital Increase Fully Subscribed

Market Mover (AGA-IT) Positive Neutral Negative

What's up? In yesterday's press release, the company communicated that the EUR 2.052M reserved capital increase (of which EUR 2M as a share capital increase and EUR 52,000 as a share premium reserve) launched on 27 February was fully subscribed. In detail, the 4M shares of the capital increase were subscribed by:

- Comoli Ferrari e C. for EUR 1.4M (2,790,409 new shares);
- e-horizons for EUR 100,000 (194,932 new shares);
- Life Investments for EUR 20,520 (40,000 new shares);
- 2 institutional investors for around EUR 250,000 each (487,330 and 487,329 new shares each, respectively).

What we think: We deem the news as positive. **Rating BUY and TP Under Review.**

Agatos - Key Data

31/03/2023	Energy		
Target Price (EUR)	Under Review		
Rating	BUY		
Mkt price (EUR)	0.51		
Mkt cap (EUR M)	6		
Main Metrics (€ M)	2022E	2023E	2024E
Revenues	15.60	31.00	44.00
EBITDA	0.33	6.19	8.22
EPS (EUR)	-0.15	0.29	0.40
Net debt/-cash	11.43	11.04	7.55
Ratios (x)	2022E	2023E	2024E
Adj. P/E	Neg.	1.8	1.3
EV/EBITDA	54.2	4.6	1.8
EV/EBIT	Neg.	5.6	2.1
Debt/EBITDA	34.7	1.8	0.92
Div yield (%)	0	0	7.9
Performance (%)	1M	3M	12M
Absolute	-9.3	-10.9	-44.5
Rel. to FTSE IT All Sh	-7.7	-21.5	-47.5

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Specialist to Agatos

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EdiliziAcrobatica (BUY)

FY22 Results

Market Mover (EDAC-IT) Positive Neutral Negative

What's up? Yesterday, EdiliziAcrobatica reported its FY22 results, which were below our estimates. In detail:

- **Revenues in FY22 jumped by 53.4% yoy, coming in at EUR 134.5M** vs. EUR 87.7M in FY21, supported by the backlog of the Bonus Facciate 90% at YE21 and the bonus at 60% in 2022, which contributed to increase subscribed contracts by 17.4% to EUR 142M at YE22 vs. EUR 121M at YE21. **Energy Acrobatica**, in its second year of operations, reached production revenues of EUR 8.2M from just EUR 650k a year earlier, and registered contracts for a record amount of EUR 38M at 31 December 2022, which should further support EdAc's growth;
- **EBITDA reached EUR 31.0M** vs. EUR 21.3M in FY21, while the EBITDA margin was 22.9%. French and Spanish entities contribution was negative by EUR 1M and EUR 0.66M, respectively;
- **EBIT came in at EUR 28.5M**, up by +55.5% yoy, with an EBIT margin of 21.2% as the company does not have significant D&A;
- **Net income reached a record of EUR 15.2M** vs. our estimate of EUR 20.0M. Net cash improved to EUR 11.9M from EUR 6.8M as of 30 June 2022;

EdiliziAcrobatica - Key Data

31/03/2023	Building Maintenance		
Target Price (EUR)	25.5		
Rating	BUY		
Mkt price (EUR)	17.62		
Mkt cap (EUR M)	144		
Main Metrics (€ M)	2022E	2023E	2024E
Revenues	127.8	140.1	
EBITDA	39.61	32.63	
EPS (EUR)	2.45	2.05	
Net debt/-cash	-14.09	-21.96	
Ratios (x)	2022E	2023E	
Adj. P/E	7.2	8.6	
EV/EBITDA	3.3	4.1	
EV/EBIT	3.6	4.5	
Debt/EBITDA	Neg.	Neg.	
Div yield (%)	5.6	8.3	
Performance (%)	1M	3M	12M
Absolute	7.0	11.8	3.6
Rel. to FTSE IT All Sh	9.0	-1.6	-2.0

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Specialist to EdiliziAcrobatica

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- **Dividend proposal at EUR 0.5/share**, implying a 2.8% yield on current price. Ex-dividend date should be 8 May.

What we think: Despite lower margins due to higher costs (77% of FY22 revenues vs. 75.7% in FY21), EdAc was able to deliver a net income growth of 37.5% yoy. Going forward, we do not envisage a sharp reduction in volumes, as many Italian buildings are obliged to repair their facades to prevent related risks (not just embellish them). Moreover, Energy Acrobatica, which operates works under the Superbonus activities, should continue to deliver mid-double-digit growth, also thanks to the possible opportunities coming from the EU Buildings' Energy Efficiency directive. Our FY23 metrics look achievable, as we already anticipated a decrease in EBITDA margin in FY23 to approx. 23% in line with FY22A metric.

EdiliziAcrobatica – FY22 results

EUR M	FY19A	FY20A	FY21A	1H22A	FY22A	FY22E	A/E%	yoy%
Total revenues	39.2	46.2	87.7	67.9	134.5	129.0	4.2	53.4
EBITDA	4.2	5.0	21.3	21.8	30.7	39.6	-22.4	44.4
EBITDA margin (%)	10.7	10.8	24.3	32.1	22.9	30.7	-25.5	-5.8
EBIT	2.3	3.1	18.3	20.9	28.5	36.6	-22.0	55.5
Net Income	1.1	1.8	11.1	10.6	15.2	20.0	-23.6	37.5
Net debt	2.6	7.7	-3.6	-6.8	-11.9	-14.1	-15.6	230.6

NM: not meaningful; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

illimity (BUY)

Initial Closing of iSC Fund to Finance SMEs

Market Mover (ILTY-IT) **Positive** **Neutral** **Negative**

What's up? According to Il Sole 24 Ore, illimity has completed the initial closing of its illimity Selective Credit (iSC), an alternative investment fund managed by illimity SGR dedicated to non-listed performing corporates with a turnover up to EUR 300M for the financing of their development, digitalisation and internalisation plans. The fund started with EUR 90M, subscribed by Fondo Italiano d'Investimento (anchor investor), pension funds and banks. The fund aims to reach EUR 200M by March 2024. illimity committed to submit all the operations compatible with the investment objectives to the fund, that will decide independently whether to invest or not.

What we think: iSC is a step ahead in the growth of illimity SGR, that entered the segment of performing loans with an innovative dual role of originator (potential) and manager. In FY22, illimity SGR launched the Credit & Corporate Turnaround fund (UTP contributed by banks) with AUM of EUR 220M, and the Real Estate Credit Funds (Secured NPE contributed by originating banks), with AUM of EUR 110M. In FY22, illimity SGR reported EUR 3.8M revenues and EUR 0.8M net profit. **Rating BUY and TP EUR 10.2/share.**

illimity - Key Data

31/03/2023		Financials	
Target Price (EUR)			10.2
Rating			BUY
Mkt price (EUR)			6.12
Mkt cap (EUR M)			512
Main Metrics (€ M)	2023E	2024E	2025E
Revenues	396.4	437.1	503.2
Gross op income	180.2	210.1	264.8
EPS (EUR)	1.21	1.48	1.89
TBVPS (x)	9.45	10.6	12.1
Ratios (x)	2023E	2024E	2025E
Adj. P/E	5.1	4.1	3.2
P/TBV	0.65	0.58	0.50
RoTE (%)	13.5	14.8	16.6
CET1 FL (%)	16.2	15.6	15.1
Div yield (%)	4.9	6.1	9.3
Performance (%)	1M	3M	12M
Absolute	-8.2	-11.3	-49.0
Rel. to FTSE IT All Sh	-6.6	-21.9	-51.8

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Specialist to illimity

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Our Mid Corporate Definition

Italy is characterised by a large number of non-listed and listed micro, small and medium-sized companies. Looking at the revenues of these Italian companies, around 5,000 companies eligible for listing have revenues below EUR 1,500M based on Intesa Sanpaolo elaborations. We define these companies as 'Mid Corporate'. Looking more specifically at Italian listed companies, we include in our Mid Corporate segment all STAR companies and those with a market capitalisation around EUR 1Bn.

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Valuation methodology (long-term horizon: 12M)

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Equity rating key: (long-term horizon: 12M)

In its recommendations, Intesa Sanpaolo SpA uses an "absolute" rating system, which is not related to market performance and whose key is reported below:

Equity Rating Key (long-term horizon: 12M)

Long-term rating	Definition
BUY	If the target price is 20% higher than the market price
ADD	If the target price is 10%-20% higher than the market price
HOLD	If the target price is 10% below or 10% above the market price
REDUCE	If the target price is 10%-20% lower than the market price
SELL	If the target price is 20% lower than the market price
RATING SUSPENDED	The investment rating and target price for this stock have been suspended as there is not a sufficient fundamental basis for determining an investment rating or target. The previous investment rating and target price, if any, are no longer in effect for this stock.
NO RATING	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulations and/or firm policies in certain circumstances.
TENDER SHARES	We advise investors to tender the shares to the offer.
TARGET PRICE	The market price that the analyst believes the share may reach within a one-year time horizon
MARKET PRICE	Closing price on the day before the issue date of the report, as indicated on the first page, except where otherwise indicated

Historical recommendations and target price trends (12M)

This report is a compendium report or may include excerpts from previously published reports: in this report, we confirm the ratings and target prices assigned in the latest company reports (or alternatively such ratings and target prices may be placed Under Review). The 12M rating and target price history chart(s) for the companies included in this report can be found at Intesa Sanpaolo's website/Research/Regulatory disclosures: <https://group.intesasanpaolo.com/en/research/RegulatoryDisclosures/tp-and-rating-history--12-months->. Note: please also refer to <https://group.intesasanpaolo.com/it/research/equity---credit-research/equity> in applicable cases for the ISP-UBI Equity Ratings Reconciliation Table, the archive of ex-UBI's previously published research reports and 12M historical recommendations.

Equity rating allocations (long-term horizon: 12M)

Intesa Sanpaolo Research Rating Distribution (at January 2023)

Number of companies considered: 129	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%)*	66	16	18	0	0
of which Intesa Sanpaolo's Clients (%)**	79	29	52	0	0

* Last rating refers to rating as at end of the previous quarter; ** Companies on behalf of whom Intesa Sanpaolo and the other companies of the Intesa Sanpaolo Group have provided corporate and investment banking services in the last 12 months; percentage of clients in each rating category

Valuation methodology (short-term horizon: 3M)

Our short-term investment ideas are based on ongoing special market situations, including among others: spreads between share categories; holding companies vs. subsidiaries; stub; control chain reshuffling; stressed capital situations; potential extraordinary deals (including capital increase/delisting/extraordinary dividends); and preys and predators. Investment ideas are presented either in relative terms (e.g. spread ordinary vs. savings; holding vs. subsidiaries) or in absolute terms (e.g. preys).

The companies to which we assign short-term ratings are under regular coverage by our research analysts and, as such, are subject to fundamental analysis and long-term recommendations. The main differences attain to the time horizon considered (monthly vs. yearly) and definitions (short-term 'long/short' vs. long-term 'buy/sell'). Note that the short-term relative recommendations of these investment ideas may differ from our long-term recommendations. We monitor the monthly performance of our short-term investment ideas and follow them until their closure.

Equity rating key (short-term horizon: 3M)

Short-term rating	Definition
LONG	Stock price expected to rise or outperform within three months from the time the rating was assigned due to a specific catalyst or event
SHORT	Stock price expected to fall or underperform within three months from the time the rating was assigned due to a specific catalyst or event

Company-specific disclosures

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