

Daily Note

Calls from Italy

On Our Radar: Today's Newsflow

Positive	Negative
-	-

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10 August 2021: 8:35 CET
Date and time of production

Italy/Equity Market

Stock Markets: Performance

Chg (%)	1D	3M	6M	12M
FTSE All Share	0.5	6.4	13.0	34.2
FTSE MIB	0.5	6.2	12.2	33.9
FTSE IT Star	0.6	15.4	23.6	56.2
Euro Stoxx 50	0.3	5.3	14.2	23.0
Stoxx Small 200	-0.1	7.0	15.9	37.8
NASDAQ	0.2	8.1	6.1	35.0
S&P 500	-0.1	4.7	13.3	32.3

FTSE MIB Best & Worst: 1D% chg

Unipol	3.7	CNH Ind.	-0.9
Recordati	2.1	Pirelli	-0.8
Moncler	1.9	Interpump	-0.6

Euro Stoxx Best&Worst Sectors -1D %

Health Care	1.0	Auto&Parts	-0.7
Utilities	0.7	Real Estate	-0.7
Insurance	0.5	Ind Goods&Ser	-0.5

FTSE MIB-STAR Performance (-12M)



Source: FactSet;

Upcoming Intesa Sanpaolo Events

What?	Where?	When?
Italian Equity Week*	Virtual	7-9 September
ISMO Milan	Virtual	28-30 September
STAR Conference*	Virtual	12-13 October

*Borsa Italiana

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

Intesa Sanpaolo Research Dept

Equity Research Team

Corporate Broking Research Team

Sales & Trading

+39 02 7261 2905

New Research

Banca Finnat (BUY)

Company Note: BUY; New TP EUR 0.47/sh

	Rating =	TP (€/sh) ▼	2021E EPS (€) =	2022E EPS (€) =	2021C EPS (€)	2022C EPS (€)
Current	BUY	0.47	0.015	0.016	-	-
Previous	BUY	0.49	0.015	0.016	-	-

Source: Intesa Sanpaolo Research estimates

Banca Finnat reported a good set of results in 1H21, not affected by the pandemic, thanks to the company's prompt reaction to ensure business continuity and the service to customers (both in branches and online). No changes to the industrial strategies have been made. We recall that the 2021-23 plan is focused on a smooth growth, while safeguarding balance sheet solidity.

Banca Finnat - Key data

10/08/2021	Banks		
Target Price (EUR)	0.47		
Rating	BUY		
Mkt price (EUR)	0.26		
Mkt cap (EUR M)	94		
Main Metrics (€ M)	2021E	2022E	2023E
Revenues	69.51	70.74	72.00
Gross op income	16.23	16.94	17.66
EPS (EUR)	0.01	0.02	0.02
TBVPs (x)	0.68	0.68	0.69
Ratios (x)	2021E	2022E	2023E
Adj. P/E	17.5	16.5	15.6
P/TBV	0.38	0.38	0.37
RoTE (%)	2.3	2.4	2.5
CET1 FL (%)	30.0	30.0	30.0
Div yield (%)	3.9	3.9	3.9
Performance (%)	1M	3M	12M
Absolute	-3.7	-4.4	12.2
Rel. to FTSE IT All Sh	-7.7	-10.2	-16.4

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Specialist to Banca Finnat

Alberto Francese - Research Analyst
+39 02 8794 9815
alberto.francese@intesasanpaolo.com

CLI (BUY)

Company Note: BUY; New TP EUR 4.8/sh

	Rating =	TP (€/sh) ▼	2021E EPS (€) ▼	2022E EPS (€) ▼	2021C EPS (€)	2022C EPS (€)
Current	BUY	4.8	0.622	0.649	NM	NM
Previous	BUY	5.0	0.658	0.696	-	-

Source: Intesa Sanpaolo Research estimates

We revised our estimates incorporating for FY21E a likely slowdown also in 2Q21E. After our FY21-22E estimates update and the roll-over of our DCF model to 2023E, we obtain a EUR 4.8/share target price and confirm our BUY rating. Our medium-term view continues to be positive, driven by cost efficiencies, synergies from the leasing of Newlat's milk and dairy business units and the strengthening of the financial position, thanks to the solid cash generation profile.

CLI - Key Data

10/08/2021	Food Producers		
Target Price (EUR)	4.8		
Rating	BUY		
Mkt price (EUR)	3.36		
Mkt cap (EUR M)	47		
Main Metrics (€ M)	2021E	2022E	2023E
Revenues	278.1	283.7	287.9
EBITDA	26.09	26.61	27.88
EPS (EUR)	0.62	0.65	0.72
Net debt/-cash	47.34	35.27	22.38
Ratios (x)	2021E	2022E	2023E
Adj. P/E	5.4	5.2	4.7
EV/EBITDA	3.6	3.1	2.5
EV/EBIT	6.9	5.8	4.5
Debt/EBITDA	1.8	1.3	0.80
Div yield (%)	0	0	0
Performance (%)	1M	3M	12M
Absolute	-2.9	4.3	37.7
Rel. to FTSE IT All Sh	-6.9	-1.9	2.6

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Specialist to Centrale del Latte d'Italia

Arianna Terazzi - Research Analyst
+39 02 8794 3187
arianna.terazzi@intesasanpaolo.com

Generali (ADD)**Company Note: ADD; New TP EUR 19.1/sh**

	Rating =	TP (€/sh) ▼	2021E EPS (€) ▲	2022E EPS (€) ▲	2021C EPS (€)	2022C EPS (€)
Current	ADD	19.1	1.755	1.804	1.778	1.842
Previous	ADD	19.5	1.729	1.779	-	-

Source: Intesa Sanpaolo Research estimates and FactSet consensus

In 2Q/1H21 Generali reported a solid set of results, in our view, confirming that the group is well-on-track to meet the 2021 business plan's targets. We confirm our positive view, also supported by the company's clear ESG focus. The new business plan's presentation is scheduled on 15 December 2021. However, we believe that the Board renewal in Spring 2022 and related discussions, starting at end-September according to the press (Il Sole 24 Ore among others), could expose the stock to potential volatility.

Generali - Key data

10/08/2021	Insurance		
Target Price (EUR)	19.1		
Rating	ADD		
Mkt price (EUR)	16.97		
Mkt cap (EUR M)	26823		
Main Metrics (€ Bn)	2021E	2022E	2023E
Premiums	72.26	73.72	75.36
Operating profit	5.58	5.76	5.89
Adj. EPS (EUR)	1.75	1.80	1.85
Net comb ratio (%)	90.7	91.7	92.1
Ratios (%)	2021E	2022E	2023E
Adj. P/E (x)	9.7	9.4	9.2
P/TBV (x)	1.15	1.07	1.02
RoTE	11.9	11.8	11.4
Solvency II ratio	236.3	245.7	255.4
Div ord yield	6.0	6.2	6.3
Performance (%)	1M	3M	12M
Absolute	0.5	-2.3	33.5
Rel. to FTSE IT All Sh	-3.6	-8.2	-0.5

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Elena Perini, CFA - Research Analyst
+39 02 8794 9814
elena.perini@intesasanpaolo.com

Newlat Food (BUY)**Company Note: BUY; New TP EUR 10.5/sh**

	Rating =	TP (€/sh) ▲	2021E EPS (€) ▲	2022E EPS (€) ▲	2021C EPS (€)	2022C EPS (€)
Current	BUY	10.5	0.368	0.426	-	-
Previous	BUY	9.5	0.326	0.342	-	-

Source: Intesa Sanpaolo Research estimates

The acquisition of Symington's should allow Newlat to strengthen its presence outside of Italy and to deploy procurement, production and distribution efficiencies; management estimates around EUR 10M costs synergies by the end of 2022. We now incorporate Symington's in our estimates but also a slowdown of sales, excluding the newly-acquired company, both for FY21E and FY22E (-1.7% and -3.7% respectively), given the expected slowdown in 1H21.

Newlat Food - Key Data

10/08/2021	Food Producers		
Target Price (EUR)	10.5		
Rating	BUY		
Mkt price (EUR)	6.89		
Mkt cap (EUR M)	303		
Main Metrics (€ M)	2021E	2022E	2023E
Revenues	631.4	642.8	653.6
EBITDA	60.94	64.60	67.14
EPS (EUR)	0.37	0.43	0.46
Net debt/-cash	41.95	11.14	-21.43
Ratios (x)	2021E	2022E	2023E
Adj. P/E	18.7	16.2	14.9
EV/EBITDA	6.0	5.2	4.5
EV/EBIT	12.1	9.9	8.3
Debt/EBITDA	0.69	0.17	Neg.
Div yield (%)	0	0	0
Performance (%)	1M	3M	12M
Absolute	-1.0	6.2	38.1
Rel. to FTSE IT All Sh	-5.0	-0.2	2.9

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Specialist to Newlat Food

Arianna Terazzi - Research Analyst
+39 02 8794 3187
arianna.terazzi@intesasanpaolo.com

Salcef (ADD)**Company Note: ADD; New TP EUR 18.6/sh**

	Rating =	TP (€/sh) ▲	2021E EPS (€) ▲	2022E EPS (€) ▲	2021C EPS (€)	2022C EPS (€)
Current	ADD	18.6	0.922	0.959	0.867	0.930
Previous	ADD	16.0	0.865	0.941	-	-

Source: Intesa Sanpaolo Research estimates and FactSet consensus

Salcef Group reported results above our expectations with revenues up by 42% yoy and well above 1H19. All business units' revenues improved. The contribution from foreign markets reached the highest level over the last five years, at 24%, which confirms its increasing international dimension. The backlog stood at an all-time high EUR 1.1Bn. We believe railway infrastructure industry is key to achieve sustainable mobility goals and could be well set to see record investments in this decade.

Salcef - Key Data

10/08/2021		Industrials		
Target Price (EUR)		18.6		
Rating		ADD		
Mkt price (EUR)		15.85		
Mkt cap (EUR M)		889		
Main Metrics (€ M)	2021E	2022E	2023E	
Revenues	427.0	451.0	475.0	
EBITDA	96.27	101.7	107.1	
EPS (EUR)	0.92	0.96	1.00	
Net debt/-cash	-79.99	-105.6	-132.4	
Ratios (x)	2021E	2022E	2023E	
Adj. P/E	17.2	16.5	15.8	
EV/EBITDA	9.0	8.2	7.5	
EV/EBIT	12.3	11.3	10.2	
Debt/EBITDA	Neg.	Neg.	Neg.	
Div yield (%)	2.4	2.5	2.5	
Performance (%)	1M	3M	12M	
Absolute	8.6	14.4	36.6	
Rel. to FTSE IT All Sh	4.1	7.6	1.8	

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Corporate Broker to Salcef Group

Youness N. El Alaoui - Research Analyst
+39 02 8794 9812
youness.alaoui@intesasnpaolo.com

Company News

EdiliziAcrobatica (BUY)

Investment in Nusco

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

What's up? During the recent listing of Nusco on the Italian market, EdiliziAcrobatica entered into Nusco S.p.A's capital as an industrial investor interested in evaluating possible future synergies with the company. Nusco produces and distributes interior doors, armoured doors, and windows (including window frames, shutters and gratings). It serves customers mainly in Italy and has 3 foreign commercial representative offices in Romania, Kuwait and Azerbaijan. The company has a market cap of approx. EUR 20M, revenues of EUR 19.3M and an EBITDA margin around 16.7% in FY19A. Nusco is 73.9% owned by Nusco Invest Srl and 26.1% owned by the market. The invested amount and number of shares owned by EdAc have not been disclosed; however, according to Milano Finanza, EdiliziAcrobatica has become an important investor in Nusco.

What we think: We view this investment as an important step in light of a possible future collaboration between the two companies in a growing reference sector, supported by fiscal incentives. It also demonstrates how the stock exchange makes it possible to forge commercial and industrial alliances with sector operators.

EdiliziAcrobatica - Key Data

10/08/2021		Building Maintenance		
Target Price (EUR)				13.5
Rating				BUY
Mkt price (EUR)				13.00
Mkt cap (EUR M)				104
Main Metrics (€ M)	2021E	2022E	2023E	
Revenues	65.17	90.74	111.0	
EBITDA	7.18	11.94	16.05	
EPS (EUR)	0.39	0.73	1.07	
Net debt/-cash	8.69	9.54	10.37	
Ratios (x)	2021E	2022E	2023E	
Adj. P/E	33.5	17.7	12.1	
EV/EBITDA	15.9	10.1	7.9	
EV/EBIT	22.3	12.5	9.4	
Debt/EBITDA	1.2	0.80	0.65	
Div yield (%)	2.1	3.9	5.8	
Performance (%)	1M	3M	12M	
Absolute	0.8	69.3	115.2	
Rel. to FTSE IT All Sh	-3.3	59.1	60.3	

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Specialist to EdiliziAcrobatica

Youness N. El Alaoui - Research Analyst
+39 02 8794 9812
youness.alaoui@intesasanpaolo.com

Eni (ADD)

Issues in Venezuela for Oil Companies

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

What's up? According to the press (MF), some oil companies operating in Venezuela are trying to negotiate exit from some production sites and JV with the local national oil company Pedevesa. The disputes with the Venezuela Government are related to the payments of the JV-shared profits to foreign operators. According to the same article, Total and Equinor have recently accepted an agreement for the disposal of their stake in the local JVs, while Eni is still present in the country and has trading receivables for a total amount of USD 1Bn.

What we think: We judge the overall situation in Venezuela as negative for all the companies operating in this country, including Eni. However, the exposure to Venezuela is currently limited and announced to the market, thus we do not expect this news to affect stock price. **ADD, TP EUR 11.5/sh.**

Eni - Key Data

10/08/2021		Oil & Gas		
Target Price (EUR)				11.5
Rating				ADD
Mkt price (EUR)				10.28
Mkt cap (EUR M)				37105
Main Metrics (€ Bn)	2021E	2022E	2023E	
Revenues	81.52	89.96	91.56	
EBITDA	15.89	17.77	19.07	
EPS (EUR)	0.74	0.94	1.04	
Net debt/-cash	15.35	14.06	13.68	
Ratios (x)	2021E	2022E	2023E	
Adj. P/E	13.9	11.0	9.9	
EV/EBITDA	2.8	2.4	2.3	
EV/EBIT	5.3	4.3	3.9	
Debt/EBITDA	0.97	0.79	0.72	
Div yield (%)	8.4	10.0	10.6	
Performance (%)	1M	3M	12M	
Absolute	2.0	-0.3	31.7	
Rel. to FTSE IT All Sh	-2.1	-6.3	-1.9	

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Roberto Ranieri - Research Analyst
+39 02 8794 9822
roberto.ranieri@intesasanpaolo.com

Fincobank (HOLD)**July Net Inflows**

Market Mover (FBK-IT)	Positive	Neutral	Negative
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What's up? In July, Fincobank reported a total net inflow of EUR +919M, resulting from EUR +485M AuM, EUR +73M AuC and EUR +361M direct deposits. 1H21 total net inflow was EUR +6.71Bn, with EUR +4.53Bn AuM. Total customers' assets amounted to EUR 102.37Bn (of which EUR 51.9Bn AuM) at end-July, up from EUR 101.43Bn (of which EUR 51.4Bn AuM) at end-June, essentially reflecting the positive net inflow contribution. Fineco Asset Management (FAM) recorded EUR +240M retail net sales in the month, reaching EUR 20.7Bn AuM, of which EUR 13.5Bn retail (+45% yoy) and EUR 7.2Bn institutional class (+36% yoy). Brokerage revenues were estimated by the company at approx. EUR 15M in June, reaching approx. EUR 130M in the first seven months of the year. New clients acquired in the month were around 8k, leading to an YTD total of 74k in the semester (+38% yoy).

What we think: July net inflow detailed data confirmed the indications already provided by CEO and General Manager Foti in the 2Q/1H21 results' conference call (monthly total around EUR 900M and YTD AuM net inflows already above the EUR 4.3Bn FY20A level). Our current estimates point to EUR +7.25Bn total net inflows in FY21E, with EUR +5.5Bn into AuM.

Telecom Italia (BUY)**Legal Settlement with Vodafone**

Market Mover (TIT-IT)	Positive	Neutral	Negative
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What's up? Today's La Stampa reports that TIM and Vodafone have signed a legal settlement under which in May TIM paid to Vodafone around EUR 150M to close pending legal disputes for a value of around EUR 2Bn.

What we think: This legal settlement is mentioned in TIM's 1H21 reports and the EUR 150M cash-out was already disclosed in the 1H21 release and included in our FY21 estimates.

Fincobank - Key data

10/08/2021	Asset Gatherers		
Target Price (EUR)	15.0		
Rating	HOLD		
Mkt price (EUR)	16.14		
Mkt cap (EUR M)	9817		
Main Metrics (€ M)	2021E	2022E	2023E
Tot net revenues	819.5	857.0	898.4
Operating profit	535.5	561.8	591.9
Net income	339.6	355.7	373.2
Cust assets (€ Bn)	101.5	109.4	117.1
Ratios (%)	2021E	2022E	2023E
Adj. P/E (x)	30.6	29.2	27.7
P/tot cust assets	9.7	9.0	8.4
NP/tot cust assets	0.33	0.32	0.31
Div ord yield	2.3	2.4	2.5
Performance (%)	1M	3M	12M
Absolute	7.9	14.1	28.5
Rel. to FTSE IT All Sh	3.5	7.2	-4.3

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Elena Perini, CFA - Research Analyst
+39 02 8794 9814
elena.perini@intesasanpaolo.com

Telecom Italia - Key Data

10/08/2021	Telecom Services		
Target Price (EUR)	0.47		
Rating	BUY		
Mkt price (EUR)	0.38		
Mkt cap (EUR M)	8197		
Main Metrics (€ Bn)	2021E	2022E	2023E
Revenues	15.90	16.18	16.36
EBITDA	6.27	6.82	6.92
EPS (EUR)	0.04	0.06	0.07
Net debt/-cash	21.76	22.48	21.36
Ratios (x)	2021E	2022E	2023E
Adj. P/E	10.0	6.1	5.8
EV/EBITDA	5.0	4.7	4.4
EV/EBIT	18.2	14.2	13.2
Debt/EBITDA	3.5	3.3	3.1
Div yield (%)	2.6	2.6	2.6
Performance (%)	1M	3M	12M
Absolute	-2.2	-8.5	2.1
Rel. to FTSE IT All Sh	-6.2	-14.0	-23.9

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Antonella Frongillo - Research Analyst
+39 02 8794 9688
antonella.frongillo@intesasanpaolo.com

Telecom Italia (BUY)**Follow-up on FiberCop-Iliad Co-Investment Agreement**

Market Mover (TIT-IT)	Positive	Neutral	Negative

What's up? Yesterday, before market hours, TIM announced that Iliad joined FiberCop's coinvestment project. While the terms of the agreement are undisclosed, today's Il Sole 24 Ore reports that Iliad will use FiberCop's network for 20 years with no entry in its shareholding structure. Iliad also agreed with TIM the access to its primary fiber network.

What we think: Pending more details on the structure of the agreement, it looks positive for FiberCop which adds another telecom partner to its coinvestment project after Fastweb (which also owns 4.5% of FiberCop) and Tiscali. From Iliad's standpoint this deal complements the supply agreement signed in July 2020 with Open Fiber on the 271 cities included in OF's investment plan. The agreement with FiberCop confirms Iliad's commitment in the domestic fixed-line market where the launch is expected after the summer and represents a competitive headwind for Telecom Italia.

Telecom Italia - Key Data

10/08/2021		Telecom Services		
Target Price (EUR)		0.47		
Rating		BUY		
Mkt price (EUR)		0.38		
Mkt cap (EUR M)		8197		
Main Metrics (€ Bn)	2021E	2022E	2023E	
Revenues	15.90	16.18	16.36	
EBITDA	6.27	6.82	6.92	
EPS (EUR)	0.04	0.06	0.07	
Net debt/-cash	21.76	22.48	21.36	
Ratios (x)	2021E	2022E	2023E	
Adj. P/E	10.0	6.1	5.8	
EV/EBITDA	5.0	4.7	4.4	
EV/EBIT	18.2	14.2	13.2	
Debt/EBITDA	3.5	3.3	3.1	
Div yield (%)	2.6	2.6	2.6	
Performance (%)	1M	3M	12M	
Absolute	-2.2	-8.5	2.1	
Rel. to FTSE IT All Sh	-6.2	-14.0	-23.9	

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Antonella Frongillo - Research Analyst
+39 02 8794 9688
antonella.frongillo@intesasanpaolo.com

New Credit Research

Eni

2021 Guidance Raised Again after Better 2Q21 Results

Credit View NEUTRAL. Eni's 2Q21 results showed a sharp improvement year-on-year (albeit still below 2Q19), primarily driven by upstream operations on the back of a strong rebound in energy prices. The company raised its 2021 guidance for the second time this year, pointing to a solid recovery in its performance versus 2020. At the same time, based on a Brent scenario improved to USD 65/bbl from USD 60/bbl, Eni increased its dividend back to pre-Covid levels to EUR 0.86/share, and plans to restart a EUR 400M share buyback programme in 3Q21. As such, we confirm our NEUTRAL Credit View on Eni, a HOLD recommendation on Eni's senior bonds, and BUY recommendation on its hybrid bonds.

Credit Research

09/08/2021

Maria G. Tronconi - Research Analyst
+39 02 8794 1117
maria.tronconi@intesasanpaolo.com

Saipem

Weak 2Q21 Driven by Operational Issues

Credit View NEGATIVE. Saipem's 2Q21 results were weak with the company hit by operational issues relating to a wind farm project in the North Sea and the suspension of the Mozambique project. Saipem is guiding for a return to positive adjusted EBITDA in 2H21 and higher net debt at YE21. We see the outlook remaining challenging in 2H21 and maintain our Negative Credit View and SELL Recommendation on the bonds.

Credit Research

09/08/2021

Melanie Gavin - Research Analyst
+39 02 8794 1118
melanie.gavin@intesasanpaolo.com

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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.
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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)

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

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

Short-term rating	Definition
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Intesa Sanpaolo Research Dept.

Gregorio De Felice - Head of Research +39 02 8796 2012 gregorio.defelice@intesasnpaolo.com

Equity&Credit Research

Giampaolo Trasi +39 02 8794 9803 giampaolo.trasi@intesasnpaolo.com

Equity Research

Monica Bosio +39 02 8794 9809 monica.bosio@intesasnpaolo.com
 Luca Bacoccoli +39 02 8794 9810 luca.bacoccoli@intesasnpaolo.com
 Davide Candela +39 02 8794 9813 davide.candela@intesasnpaolo.com
 Oriana Cardani +39 02 6275 3017 oriana.cardani@intesasnpaolo.com
 Antonella Frongillo +39 02 8794 9688 antonella.frongillo@intesasnpaolo.com
 Manuela Meroni +39 02 8794 9817 manuela.meroni@intesasnpaolo.com
 Elena Perini +39 02 8794 9814 elena.perini@intesasnpaolo.com
 Bruno Permutti +39 02 8794 9819 bruno.permutti@intesasnpaolo.com
 Roberto Ranieri +39 02 8794 9822 roberto.ranieri@intesasnpaolo.com

Corporate Broking Research

Alberto Francese +39 02 8794 9815 alberto.francese@intesasnpaolo.com
 Gabriele Berfi +39 02 8794 9821 gabriele.berfi@intesasnpaolo.com
 Marco Cristofori +39 02 6275 3015 marco.cristofori@intesasnpaolo.com
 Youness Nour El Alaoui +39 02 8794 9812 youness.alaoui@intesasnpaolo.com
 Arianna Terazzi +39 02 8794 3187 arianna.terazzi@intesasnpaolo.com

Credit Research

Maria Grazia Antola (Banks) +39 02 8794 1114 maria.antola@intesasnpaolo.com
 Alessandro Chiodini (Utilities) +39 02 8794 1115 alessandro.chiodini@intesasnpaolo.com
 Dario Fasani (Industrials) +39 334 1189282 dario.fasani@intesasnpaolo.com
 Melanie Gavin (Telecoms, Industrials) +39 02 8794 1118 melanie.gavin@intesasnpaolo.com
 Maria Gabriella Tronconi (Industrials) +39 02 8794 1117 maria.tronconi@intesasnpaolo.com
 Barbara Pizzarelli (Clearing & Data Processing) +39 02 8794 1116 barbara.pizzarelli@intesasnpaolo.com

Technical Analysis

Corrado Binda +39 02 8021 5763 corrado.binda@intesasnpaolo.com
 Sergio Mingolla +39 02 8021 5843 antonio.mingolla@intesasnpaolo.com

Clearing & Data Processing

Anna Whatley +39 02 8794 9824 anna.whatley@intesasnpaolo.com
 Stefano Breviglieri +39 02 8794 9816 stefano.breviglieri@intesasnpaolo.com
 Annita Ricci +39 02 8794 9823 annita.ricci@intesasnpaolo.com
 Wendy Ruggeri +39 02 8794 9811 wendy.ruggeri@intesasnpaolo.com
 Elisabetta Bugliesi (IT support) +39 02 8794 9877 elisabetta.bugliesi@intesasnpaolo.com

Intesa Sanpaolo – IMI Corporate & Investment Banking Division

Bernardo Bailo - Head of Global Markets Sales +39 02 7261 2308 bernardo.bailo@intesasnpaolo.com

Equity Sales

Giorgio Pozzobon +39 02 72615616 giorgio.pozzobon@intesasnpaolo.com

Institutional Sales

Catherine d'Aragon +39 02 7261 5929 catherine.daragon@intesasnpaolo.com
 Carlo Cavalieri +39 02 7261 2722 carlo.cavalieri@intesasnpaolo.com
 Francesca Guadagni +39 02 7261 5817 francesca.guadagni@intesasnpaolo.com
 Paolo Maria Lenzi +39 02 7261 5114 paolo.lenzi@intesasnpaolo.com
 Stefano Ottavi +39 02 7261 2095 stefano.ottavi@intesasnpaolo.com
 Federica Repetto +39 02 7261 5517 federica.repetto@intesasnpaolo.com
 Daniela Stucchi +39 02 7261 5708 daniela.stucchi@intesasnpaolo.com
 Mark Wilson +39 02 7261 2758 mark.wilson@intesasnpaolo.com
 Carlo Castellari (Corporate Broking) +39 02 7261 2122 carlo.castellari@intesasnpaolo.com
 Roberta Pupeschi (Corporate Broking) +39 02 72616363 roberta.pupeschi@intesasnpaolo.com
 Francesco Riccardi (Corporate Broking) +39 02 7261 5966 francesco.riccardi@intesasnpaolo.com
 Laura Spinella (Corporate Broking) +39 02 7261 5782 laura.spinella@intesasnpaolo.com
 Alessandro Bevacqua +39 02 7261 5114 alessandro.bevacqua@intesasnpaolo.com
 Lorenzo Pennati (Sales Trading) +39 02 7261 5647 lorenzo.pennati@intesasnpaolo.com

Equity Derivatives Institutional Sales

Emanuele Manini +39 02 7261 5936 emanuele.manini@intesasnpaolo.com
 Francesca Dizione +39 02 7261 2759 francesca.dizione@intesasnpaolo.com
 Enrico Ferrari +39 02 7261 2806 enrico.ferrari@intesasnpaolo.com
 Stefan Gess +39 02 7261 5927 stefan.gess@intesasnpaolo.com
 Edward Lythe +44 207 894 2456 edward.lythe@intesasnpaolo.com
 Ferdinando Zamprota +39 02 7261 5577 ferdinando.zamprota@intesasnpaolo.com

Gherardo Lenti Capoduri – Head of Market Hub +39 02 7261 2051 gherardo.lenticapoduri@intesasnpaolo.com

E-commerce Distribution

Massimiliano Raposio +39 02 7261 5388 massimiliano.raposio@intesasnpaolo.com

Intesa Sanpaolo IMI Securities Corp.

Barbara Leonardi (Equity institutional Sales) +1 212 326 1232 barbara.leonardi@intesasnpaolo.com
 Greg Principe (Equity Institutional Sales) +1 212 326 1233 greg.principe@intesasnpaolo.com