

Company Flash

IGD

2022-24 Business Plan

We see IGD's new 2022-24 BP as in continuity with the path undertaken in recent years from a strategical standpoint, though now structured to take into account the ongoing macro trends of evolving consumption habits, digitalization and green revolution, that have been intensified by Covid-19. We consider IGD's new financial targets over 2022-24 as feasible, particularly considering the expected economic growth in Italy and assuming no further restrictions driven by the pandemic. We therefore broadly aligned our 2022-24E expectations to the company's targets, though we took a more prudent approach on dividends' distribution in view of the still uncertain scenario with regards to real estate retail market valuations and the linked effect on companies' LTV. Our DPS assumptions point to a DPS in 2021E at EUR 0.25/share (implying a 6.9% dividend yield on yesterday's closing price), at the bottom of the provided range for 2021E, gradually growing to EUR 0.45/share in 2024E, close to pre-pandemic levels at the end of the Plan. We have a positive stance on the stock based on fundamentals, with the stock trading at a 68% discount vs. 2022E NAV. We do not exclude risks coming from potential interest rates' increase and a resurgence of Covid-19 in the short/medium term.

2022-24 BP highlights

Strategic guidelines

After the low point generated by the Covid-19 health emergency, with restrictions impacting non-essential activities in 2020-21 and translating into IGD shifting capex, lowering dividends and booking the financial impact, the expected economic growth and the increase in private consumption in Italy should drive operations' recovery and lead to a "back to normal" situation. In this context, with an eye to global macro trends of urbanisation, digitalisation, quality of life and green revolution, IGD has outlined its new 2022-24 Business Plan, adapting its strategy so as to cope with this changing environment. Leveraging on the resilience of its business model, which has its foundation in a balanced portfolio of activities (hypermarkets and galleries/malls), IGD's strategy should take shape in three main areas:

- **Acceleration of commercial and marketing strategy** with a focus on omni-channel attributes, meaning the development of new/scalable solutions with regards to the merchandising mix (from health services to restaurants, household goods, tech and sports) and new tenants' mix, with properties' layout evolving towards more digitalised and inclusive spaces, taking advantage of outdoor areas as well;
- **Active asset management activity**, with an investment programme of approximately EUR 82M aimed at making the assets increasingly more attractive, preserving value over time and extending their life cycles;
- **ESG strategy**, which calls for important steps to be taken to reduce the portfolio's environmental impact, with the objective to reach zero emissions by 2030, improve employees' expertise and wellbeing, maintain high ethical standards in terms of governance and increase the attractiveness of shopping centres through environmental initiatives and digitalisation;

See page 7 for full disclosure and analyst certification
Intesa Sanpaolo is Specialist to IGD

MID CORPORATE

15 December 2021: 12:55 CET
Date and time of production

BUY
(from ADD)

Target Price: EUR 4.8
(from EUR 4.6)

Italy/Real Estate
Update

MTA-STAR

Price Performance
(RIC: IGD.MI, BB: IGD IM)



IGD - Key Data

Price date (market close)	14/12/2021
Target price (EUR)	4.8
Target upside (%)	33.15
Market price (EUR)	3.61
Market cap (EUR M)	397.80
52Wk range (EUR)	4.65/3.39

Price performance %	1M	3M	12M
Absolute	-9.9	-1.1	0.6
Rel. to FTSE IT All Sh	-5.8	-2.7	-18.0

Y/E Dec (EUR M)	FY20A	FY21E	FY22E
Revenues	152.7	151.1	148.2
EBITDA	98.70	104.3	111.3
EBIT	-52.32	86.12	98.36
Net income	-74.26	49.15	64.55
EPRA EPS (EUR)	0.57	0.52	0.58
Net debt/-cash	1,155.5	992.4	994.6
Adj P/E (x)	6.7	7.0	6.2
EV/EBITDA (x)	16.0	13.3	12.5
EV/EBIT (x)	Neg.	16.1	14.2
Div ord yield (%)	0	6.9	9.0

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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- **Financial strategy:** IGD intends to maintain a rigorous financial discipline, consistent with the investment grade profile, so as to limit financial risks and obtain the best conditions possible in any market environment, as well as exploiting the opportunities linked to the sustainable financing. The company targets an LTV at around 40-43% in 2024E, lowering from 45% expected in 2021E, and has approx. EUR 160M of cash resources, sufficient to cover 2022 financial maturities.

Financial targets

- Net rental income, like-for-like, is expected to grow at a 2021-24 CAGR of around +5/6%, thanks to a full recovery from Covid-19 in terms of lower direct costs, greater occupancy and higher variable sales, as well as thanks to higher inflation rates. The total growth in 2021-24 period (including the hypermarkets' disposal and closing Centro Piave leasehold in 2021 for EUR -11M) is expected in the region of +17/20%;
- FFO is planned to improve in 2024E by more than 30% compared to the expected 2021 restated results (EUR 55-56M) or rather to EUR 74-76M (from EUR 63-64M expected at end-2021, within the +7/8% yoy guidance range);
- Intention to propose dividend of EUR 0.25/0.30 per share in 2021 (to be paid in 2022), and targeting EUR 0.50 DPS to be distributed in 2024 (based on 2023 results);
- Cumulated capex over the 2022-24 period for EUR 82M, of which EUR 33M for maintenance and safety of assets, EUR 12M devoted to ESG investments, EUR 24M for asset renewal (restyling, remodelling and fit-out) and EUR 13M for the completion of the Officine Storiche project;
- LTV in the 40-43% range in 2024 (from around 45% expected by end-2021), benefitting from the growing FFO, despite increasing dividends and capex.

Feedback from Q&A

The key points were:

- Management sees the footfalls' dynamic, still at lower levels compared to pre-pandemic ones, despite tenants' sales (in terms of average ticket) having grown vs. 2019 figures, to be offset by increasing occupancy, greater inflation and higher variable sales;
- On portfolio valuation, the 2022-24 Business Plan assumes a stability in market valuations, amid no significant impact from potential interest rates' hikes and a positive effect deriving from updated inflationary prospects. We note that, according to management, the 2022-24 BP figures do not assume any portfolio revaluation related to maintenance capex and include cash capex outflows;
- As regards the potential diversification strategy, management stated that, in the case of disposals of non-core assets and if allowed by market conditions, IGD could evaluate investments in other asset classes so as to expand its property portfolio, leveraging on its know-how and economies of scale. However, the focus on the retail asset class would remain, with mixed-use solutions, combining commercial and residential units for instance, representing an opportunity that could fit well with IGD's portfolio.

Outlook & estimates

We fine-tuned slightly upwards our 2021E-23E estimates and published for the first time our 2024E assumptions. Our top line improved, thanks to the higher inflation rates, greater occupancy and variable sales assumed, as well as due to adjustments on hypermarkets' contribution over the period on the back of the disposal process closed in late November. Our 2021E-23E EBITDA thus increased on average by 2/3%, whereas our net income figures remained broadly stable in 2021E and rose on average by 7% in 2022E-23E. In light of the capex expected to be deployed in 2022E-24E (EUR 80M vs. EUR 82M planned by IGD) and higher DPS assumed, currently pointing to EUR 0.25/share in 2021E (+56% vs. our previous estimates), EUR 0.325/share in 2022E (+33% vs. our old estimates), EUR 0.40/share in 2023E (+23% vs. our old estimates) and EUR 0.45/share in 2024E, our 2024E LTV is set to improve to 41.9% (from around 45% expected in 2021E), within the range targeted by IGD in 2024E (40/43%). Our estimates do not factor in any asset rotation activity to be carried out over the plan's period.

IGD – 2020A-24E P&L (New vs. old estimates)

EUR M	2020A	2021E New	2022E New	2023E New	2024E New	2021E old	2022E old	2023E old
Rental from domestic malls	98.6	97.0	99.7	105.0	111.0	97.6	99.6	102.9
Rental from hyper/supermarket	38.2	38.0	30.7	31.1	31.4	36.1	28.8	29.1
Rental revenues from Romania	8.2	8.6	8.8	9.1	9.3	8.6	8.8	9.1
City centre & other	0.6	0.6	0.6	0.6	0.7	0.6	0.6	0.6
Total gross rental incomes	145.6	144.2	141.1	147.1	152.4	142.8	139.1	142.9
Service revenues	6.4	6.5	6.6	6.7	6.8	6.5	6.5	6.6
Non-operating income	0.7	0.5	0.5	0.0	0.0	0.5	0.5	0.0
Total revenues	152.7	151.1	148.2	153.8	159.2	149.8	146.1	149.5
Cost of sold	-1.4	-1.0	-1.0	0.0	0.0	-1.5	-1.5	0.0
Personnel	-6.3	-6.6	-6.7	-6.8	-6.9	-6.6	-6.6	-6.7
Direct cost	-41.3	-34.6	-24.4	-25.2	-26.1	-35.5	-24.1	-24.5
G&A expenses	-4.9	-4.7	-4.8	-4.9	-4.9	-4.7	-4.8	-4.8
Total costs	-53.9	-46.9	-36.8	-36.9	-37.9	-48.3	-37.0	-36.0
EBITDA	98.7	104.3	111.3	116.9	121.3	101.5	109.2	113.4
EBITDA margin (%)	64.6	69.0	75.1	76.0	76.2	67.8	74.7	75.9
Provisions	-0.6	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
D&A	-4.4	-1.4	-1.5	-1.5	-1.5	-1.4	-1.4	-1.4
Write downs and FV	-146.0	-16.6	-11.4	-8.5	-5.7	-14.3	-11.4	-8.5
EBIT	-52.3	86.1	98.4	106.8	114.0	85.7	96.2	103.4
NFC	-36.2	-35.2	-35.2	-35.1	-35.2	-34.6	-34.1	-33.8
Other operations/equity stakes	-0.1	0.3	3.1	3.1	3.2	0.0	0.0	0.0
EBT	-88.6	51.2	66.2	74.8	82.0	51.0	62.1	69.6
Taxes	14.2	-2.0	-1.7	-1.5	-1.6	-2.0	-1.6	-1.4
Net income	-74.3	49.1	64.6	73.3	80.4	49.0	60.6	68.2
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Group net income	-74.3	49.1	64.6	73.3	80.4	49.0	60.6	68.2
Group adj. net income	63.3	57.0	64.4	70.2	74.4	54.8	63.5	68.2

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

IGD – 2020A-24E main KPIs (New vs. old estimates)

EUR M - EUR/share	2020A	2021E New	2022E New	2023E New	2024E New	2021E old	2022E old	2023E old
EPS adj.	0.574	0.516	0.583	0.636	0.674	0.496	0.575	0.618
DPS	0.00	0.250	0.325	0.400	0.450	0.161	0.244	0.326
FFO recurring	54.8	63.1	66.7	72.5	76.5	59.1	67.4	71.9
FFO recurring per share	0.496	0.572	0.604	0.657	0.694	0.536	0.610	0.652
FFO recurring change yoy %		15.2	5.6	8.6	5.6	8.0	13.9	6.8
FFO adjusted	59.3	63.9	67.5	73.3	77.3	60.3	67.0	71.7
FFO adjusted per share	0.537	0.579	0.612	0.664	0.701	0.547	0.607	0.650
FFO adjusted change yoy %		7.8	5.6	8.5	5.6	1.8	11.0	7.1
EPRA NAV	1145.8	1192.5	1228.9	1265.5	1299.8	1192.3	1234.7	1275.0
EPRA NAV per share	10.38	10.81	11.14	11.47	11.78	10.81	11.19	11.55
Net debt	1,155	992	995	968	949	969	946	911
LTV %	49.9	45.1	44.3	42.9	41.9	44.9	43.5	41.8

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

IGD – 2021E-23E % revisions new vs. old estimates

%	2021E New/Old	2022E New/Old	2023E New/Old
Revenues	0.9	1.4	2.9
EBITDA	2.7	2.0	3.0
Net income	0.3	6.6	7.5
Adj. net income	4.0	1.4	2.9
FFO recurring	6.7	-1.0	0.7
FFO adjusted	5.9	0.7	2.1
DPS	55.5	33.1	22.7
Net debt/-cash	2.4	5.1	6.3
LTV	0.5	2.0	2.6
EPRA NAV	0.0	-0.5	-0.7

Source: Intesa Sanpaolo Research estimates

Valuation

We value IGD by averaging three different approaches (DCF, DDM and Multiples; please see our report of 31/8/2021 for full valuation methodology), which return a **new rounded target price of EUR 4.8/share (from EUR 4.6/share)**. Our target price moves slightly upwards as a result of the 1-year valuation roll-forward and our estimates fine-tuning, with both DCF and DDM methodologies returning higher equity values, offset in part by the multiples valuation reflecting the recent sector multiples de-rating (0.62x 2022E P/NAV vs. 0.67x 2021 P/NAV previously embedded in our model). Given the 33% upside on yesterday's closing price, **we upgrade our rating on IGD from ADD to BUY**.

IGD – Key Data

Rating BUY	Target price (EUR/sh) Ord 4.8	Mkt price (EUR/sh) Ord 3.60			Sector Real Estate
Values per share (EUR)	2019A	2020A	2021E	2022E	2023E
No. ordinary shares (M)	110.3	110.3	110.3	110.3	110.3
Market cap (EUR M)	665.94	424.60	397.80	397.80	397.80
Adj. EPS	0.692	0.574	0.516	0.583	0.636
CFPS	-0.56	-2.04	0.28	0.47	0.57
BVPS	11.13	10.23	10.60	10.93	11.27
NAVPS	10.97	10.10	10.45	10.79	11.13
Dividend ord	0.228	0	0.250	0.325	0.400
Average Price	6.0	3.8	3.6	3.6	3.6
Income statement (EUR M)	2019A	2020A	2021E	2022E	2023E
Revenues	162.1	152.7	151.1	148.2	153.8
EBITDA	124.6	98.70	104.3	111.3	116.9
EBIT	50.30	-52.32	86.12	98.36	106.8
Pre-tax income	13.60	-88.59	51.19	66.21	74.79
Net income	12.60	-74.26	49.15	64.55	73.29
EPRA earnings	76.40	63.33	56.97	64.36	70.17
Cash flow (EUR M)	2019A	2020A	2021E	2022E	2023E
Net income before minorities	12.6	-74.3	49.1	64.6	73.3
Depreciation and provisions	74.3	151.0	18.1	13.0	10.1
Others/Uses of funds	-1.5	0.1	-0.1	-0.1	-0.1
Change in working capital	7.6	-12.0	12.3	8.9	6.3
Operating cash flow	93.9	50.5	81.5	88.0	91.0
Capital expenditure	-59.9	-18.3	-35.0	-40.0	-21.0
Financial investments	0	0	0	0	0
Acquisitions and disposals	0	0	0	0	0
Free cash flow	34.0	32.2	46.5	48.0	70.0
Dividends	-55.2	-25.2	0	-27.6	-35.9
Equity changes & other nn op item	-6.5	6.6	-8.3	-14.1	-13.9
Net cash flow	-54.3	7.2	163.1	-2.2	26.2
Balance sheet (EUR M)	2019A	2020A	2021E	2022E	2023E
Total fixed assets	2,422.3	2,308.4	2,200.6	2,244.8	2,255.8
Net working capital	18.4	30.4	18.2	9.2	2.9
Other items	-49.7	-54.4	-56.9	-53.7	-46.9
Net capital employed	2,391.0	2,284.4	2,161.9	2,200.3	2,211.9
Net debt/-cash	1,162.6	1,155.5	992.4	994.6	968.4
Minorities	0	0	0	0	0
Net equity	1,228.4	1,128.9	1,169.5	1,205.8	1,243.6
Stock market ratios (x)	2019A	2020A	2021E	2022E	2023E
Adj. P/E	8.7	6.7	7.0	6.2	5.7
P/CFPS	-10.8	-1.9	12.8	7.7	6.3
P/BVPS	0.54	0.38	0.34	0.33	0.32
P/NAVPS	0.32	0.34	0.33	0.32	0.31
Payout (%)	200	0	56	56	60
Dividend yield (% ord)	3.8	0	6.9	9.0	11.1
FCF yield (%)	5.1	7.6	11.7	12.1	17.6
LTV (%)	47.6	49.9	45.1	44.3	42.9
D/EBIT	23.1	Neg.	11.5	10.1	9.1
Profitability & financial ratios (%)	2019A	2020A	2021E	2022E	2023E
EBITDA margin	76.9	64.6	69.0	75.1	76.0
EBIT margin	31.0	-34.3	57.0	66.4	69.4
Tax rate	NM	NM	NM	NM	NM
Net income margin	7.8	-48.6	32.5	43.6	47.7
ROCE	2.1	-2.3	4.0	4.5	4.8
ROE	1.0	-6.3	4.3	5.4	6.0
Interest cover	-1.4	1.4	-2.5	-3.1	-3.3
Debt/equity ratio	94.6	102.4	84.9	82.5	77.9
Growth (%)		2020A	2021E	2022E	2023E
Sales		-5.8	-1.0	-2.0	3.8
EBITDA		-20.8	5.6	6.8	5.0
EBIT		NM	NM	14.2	8.6
Pre-tax income		NM	NM	29.3	13.0
EPRA earnings		63.3	57.0	64.4	70.2
NAV data	2019A	2020A	2021E	2022E	2023E
Properties and other assets MV	2,422.3	2,308.4	2,200.6	2,244.8	2,255.8
NAV	1,211.0	1,114.5	1,153.6	1,190.6	1,228.0

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Company Snapshot

Company Description

IGD SIIQ Spa listed on the star segment of the Italian Stock Exchange, the first SIIQ (Società di investimento immobiliare quotata or Real Estate Investment Trust) in Italy. Igd SIIQ is one of the main players in Italy's retail real estate market focusing on medium/large shopping centres made up of hypermarkets/superstores (with a surface area averaging 4,500-10,000 sm and 3,000-4,500 respectively) and shopping malls (60/70 shops each on average). The Italian retail real estate sector is probably one of the most attractive in Europe and shows further upside potential compared to the other European countries. Igd's core business is to hold and manage shopping centres (Property Management activity), but it also provides real estate services (Facility Management and Agency activity) to both owned and third parties centres. Igd's portfolio, as at 31 December 2018, includes 27 shopping malls and retail parks, 25 hypermarkets and supermarkets, 1 plot of land for development, 1 property held for trading and 5 additional real estate properties. From April 2008 Igd adds to its portfolio 14 malls and a building with offices in Romania. Igd's freehold properties market value amounts Euro 2.41 billion at 31 December 2018.

Key data

Mkt price (EUR)	3.61	Free float (%)	48.7
No. of shares	110.3	Major shr	Coop Alleanza 3.0
52Wk range (EUR)	4.65/3.39	(%)	40.9
Reuters	IGD.MI	Bloomberg	IGD IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-9.9	-1M	-5.8
-3M	-1.1	-3M	-2.7
-12M	0.6	-12M	-18.0

Key Risks

Company specific risks:

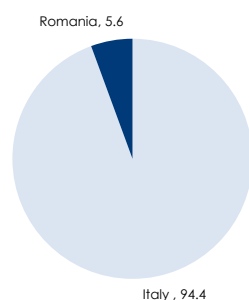
- The company's high domestic exposure, with a strong correlation to Italian country risk;
- The rising interest rates to affect cost of debt on new financing;
- The exposure to the retail business to affect top line in a slow down of GDP
- Covid-19 health emergency perduration

Sector generic risks:

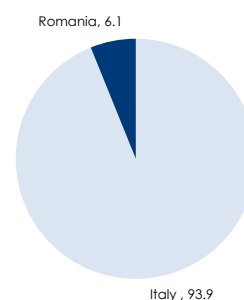
Estimates vs. consensus

EUR M (Y/E Dec)	2020A	2021E	2021C	2022E	2022C	2023E	2023C
Sales	152.7	151.1	149.8	148.2	146.0	153.8	135.5
EBITDA	98.70	104.3	101.5	111.3	106.8	116.9	107.9
EBIT	-52.32	86.12	94.35	98.36	100.8	106.8	104.9
Pre-tax income	-88.59	51.19	51.00	66.21	70.80	74.79	76.00
EPRA Earnings	63.33	56.97	59.27	64.36	65.01	70.17	68.19
EPRA EPS (€)	0.57	0.52	0.56	0.58	0.61	0.64	0.68

Sales breakdown by asset (%)



GAV breakdown by asset (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 14/12/2021)

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 below EUR 1Bn.

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Equity Research Publications in Last 12M

The list of all recommendations on any financial instrument or issuer produced by Intesa Sanpaolo Research Department and distributed during the preceding 12-month period is available on the Intesa Sanpaolo website at the following address:

<https://group.intesasnpaolo.com/en/research/RegulatoryDisclosures/archive-of-intesa-sanpaolo-group-s-conflicts-of-interest0>

Valuation methodology (long-term horizon: 12M)

The Intesa Sanpaolo SpA Equity Research Department values the companies for which it assigns recommendations as follows:

We obtain a fair value using a number of valuation methodologies including: discounted cash flow method (DCF), dividend discount model (DDM), embedded value methodology, return on allocated capital, break-up value, asset-based valuation method, sum-of-the-parts, and multiples-based models (for example PE, P/BV, PCF, EV/Sales, EV/EBITDA, EV/EBIT, etc.). The financial analysts use the above valuation methods alternatively and/or jointly at their discretion. The assigned target price may differ from the fair value, as it also takes into account overall market/sector conditions, corporate/market events, and corporate specifics (ie, holding discounts) reasonably considered to be possible drivers of the company's share price performance. These factors may also be assessed using the methodologies indicated above.

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

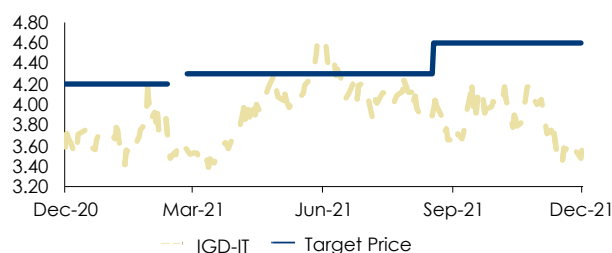
In its recommendations, Intesa Sanpaolo SpA uses an "absolute" rating system, which is not related to market performance and whose key is reported below:

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 (long-term horizon: 12M)

The 12M rating and target price history chart(s) for the companies currently under our coverage can also 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.

Target price and market price trend (-1Y)**Historical recommendations and target price trend (-1Y)**

Date	Rating	TP (EUR)	Mkt Price (EUR)
15-Dec-21	Under Review	Under Review	3.6
31-Aug-21	ADD	4.6	4.0
10-Mar-21	ADD	4.3	3.6
26-Feb-21	Under Review	Under Review	3.5

Equity rating allocations (long-term horizon: 12M)**Intesa Sanpaolo Research Rating Distribution (at October 2021)**

Number of companies considered: 126	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%)*	42	37	21	0	0
of which Intesa Sanpaolo's Clients (%)**	79	70	62	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

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At the Intesa Sanpaolo website, webpage <https://group.intesasanpaolo.com/en/research/RegulatoryDisclosures/archive-of-intesa-sanpaolo-group-s-conflicts-of-interest> you can find the archive of disclosure of interests or conflicts of interest of the Intesa Sanpaolo Banking Group in compliance with the applicable laws and regulations.

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- One or more of the companies of the Intesa Sanpaolo Banking Group have granted significant financing to IGD and its parent and group companies
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