

# Italian Mid/Small Caps Monthly

## Outlook More Supportive as Rate Cuts Appear Closer

by Intermonte Research Team

Italian Equity Market

- **Performance (=).** The Italian equity market (prices as at 23 August 2024) has posted a negative 2.8% performance in the last month and is up 10.9% YtD. The FTSE Italy Mid-Cap index (-2.9%) has performed almost in line with the main index in the last month (-4.8% YtD on a relative basis), with the FTSE Italy Small Caps index (-1.0%) performing 1.8% above the market, but still -8.3% on a relative basis since the beginning of 2024. Looking at mid/small cap performances across Europe, the MSCI Europe Small Caps index has declined 0.4% in the last month, performing better than Italian mid/small caps.
- **Estimates (+).** Since the beginning of 2024, we have implemented a -3.5%/-3.5% revision to our 2024/2025 EPS estimates; on the other hand, focusing on our mid/small cap coverage, we have changed our 2024/2025 EPS by +2.2%/-0.9%. Notably, in the last month, estimate revision has been negative for large caps (-1.8%/-2.0% on 2024/2025 EPS) but slightly positive for mid-caps (+1.2%/+0.5%), mainly thanks to asset gatherers; a number of small caps have yet to report 1H24 results, but will do so in the next few weeks.
- **Valuations (+).** If we compare the performance YtD to the change in FY24 estimates over the same period, we see that FTSE MIB stocks have recorded a 14.9% re-rating YtD (the same metric was +17.2% one month ago); mid-caps have re-rated by 1.6%, while small caps have re-rated by 20.5%. On a P/E basis, our panel is trading at a 26% premium to large caps, above the historical average premium (17%) and slightly below the level one month ago (27%).
- **Liquidity (+).** Looking at official Italian index trends, we note that liquidity for large caps in the last month (measured by multiplying average volumes by average prices in a specific period) is 9.1% higher than in the corresponding period one year ago and is up 18.4% from a YtD perspective. The picture is similar for mid/small caps: specifically, YtD liquidity is up 19.6% YoY for mid-caps and 18.3% for small caps. Notably, liquidity has remained fairly positive in the last month, especially for mid-caps.
- **Investment strategy.** After a series of mixed macro data, the FED seems ready to change monetary policy as inflation risks have cooled while there are signs of a worsening labour market. Although the ECB seems inclined to confirm a more gradual rate-cutting strategy, the 2H24 outlook should be favourable for mid-small caps. In this context, we confirm our preference for stocks with good cash generation and exposure to solid international trends. Once again, we think the subgroup of "digital enablers" could benefit from rather resilient prospects, as well as other "quality" names. The liquidity picture is showing some progressive signs of improvement compared to the recent trends and it could improve further if growth stocks benefit from a gradual reallocation strategy. As we have already commented, the start-up (expected by year-end) of a fund sponsored by Italian development bank CDP could be a meaningful catalyst for Italian mid/small caps. The fund would have c.€1bn of initial funding, 49% from CDP and 51% from private investors, including pension funds, insurers, and asset management companies. The fund's investment criteria would be similar to PIR funds, with a focus on mid/small cap issuers.

*This material is an extract of research reports by Intermonte that have already been published and delivered to Clients. It is available for free on the Intermonte SIM website (<https://www.intermonte.it>) and it qualifies as a "minor nonmonetary benefit" in accordance with article 12, paragraph 3, sub-paragraph b) of Commission Delegated Directive (EU) 2017/593 of 7 April 2016*

## Performance

### Mid-caps performed in line with large caps in the last month, small caps did better

The Italian equity market (prices as at 23 August 2024) has posted a negative 2.8% performance in the last month and is up 10.9% YtD. The FTSE Italy Mid-Cap index (-2.9%) has performed almost in line with the main index in the last month (-4.8% YtD on a relative basis), with the FTSE Italy Small Caps index (-1.0%) performing 1.8% above the market, but still -8.3% on a relative basis since the beginning of 2024.

#### Italian Market Indexes – performance analysis (prices as at 23 August 2024)

Index	Price (Eu)	% Change 1 Month	% Change 3 Months	% Change 6 Months	% Change YTD	% Change 1 Year	% Change 2 Years	% Change 3 Years	% Change 5 Years
FTSE Italia Mid Cap	47,029	-2.9%	-1.3%	2.2%	5.6%	14.2%	19.5%	-5.6%	30.9%
FTSE Italia Small Cap	28,906	-1.0%	-0.4%	3.5%	2.0%	7.6%	-1.0%	-0.8%	56.3%
FTSE Italia Star	46,634	-2.7%	-2.9%	-0.5%	-2.5%	4.8%	-0.3%	-23.9%	40.4%
FTSE Italia Growth Index	8,057	-0.4%	-2.2%	-1.6%	-3.0%	-8.8%	-15.8%	-26.9%	1.0%
FTSE Italia All-Share	35,836	-2.8%	-2.3%	2.9%	10.3%	18.6%	46.5%	25.2%	60.4%
FTSE MIB	33,650	-2.9%	-2.4%	2.9%	10.9%	19.2%	50.4%	29.2%	64.4%
<b>Relative Performance vs FTSE Italy All Share</b>		<b>% Change 1 Month</b>	<b>% Change 3 Months</b>	<b>% Change 6 Months</b>	<b>% Change YTD</b>	<b>% Change 1 Year</b>	<b>% Change 2 Years</b>	<b>% Change 3 Years</b>	<b>% Change 5 Years</b>
FTSE Italia Mid Cap		-0.1%	0.9%	-0.7%	-4.8%	-4.4%	-27.0%	-30.9%	-29.5%
FTSE Italia Small Cap		1.8%	1.9%	0.6%	-8.3%	-11.0%	-47.5%	-26.0%	-4.0%
FTSE Italia Star		0.1%	-0.6%	-3.4%	-12.8%	-13.9%	-46.8%	-49.1%	-19.9%

Source: FactSet

Looking at mid/small cap performances across Europe, the MSCI Europe Small Caps index has declined 0.4% in the last month, performing better than Italian mid/small caps.

#### European Market Indexes – performance analysis

Index	Price	% Change 1 Month	% Change 3 Months	% Change 6 Months	% Change YTD	% Change 1 Year	% Change 2 Years	% Change 3 Years	% Change 5 Years
MSCI Europe	174	0.5%	-0.7%	4.0%	8.1%	13.9%	19.9%	11.4%	38.9%
MSCI Europe Small Cap	442	-0.4%	-0.5%	6.6%	6.0%	14.1%	10.6%	-11.3%	28.9%

Source: FactSet

For individual stocks, in the following tables we rank the best and worst performers over two periods: the last month and the year to date.

**Intermonte Mid & Small Cap Coverage – best and worst performers, 1M**

<b>Best Performers</b>	<b>Price (Eu)</b>	<b>Market Cap (Eu mn)</b>	<b>Perf. 1M (%)</b>
DATALOGIC	6.68	390	24%
IGD	2.24	247	16%
SYS-DAT	4.62	144	16%
PHARMANUTRA	51.50	499	9%
ESPRINET	5.34	269	7%
ACEA	16.69	3,554	3%
LU-VE	26.50	589	3%
AVIO	12.98	342	3%
FILA	9.12	392	3%
REVO INSURANCE	9.36	230	3%
INDEL B	22.40	131	3%
IREN	1.94	2,520	3%
SERVIZI ITALIA	1.90	60	2%
GPI	12.38	358	1%
NOTORIOUS PICTURES	0.86	19	1%
OVS GROUP	2.69	783	1%
RAI WAY	5.03	1,368	1%
BREMBO	10.35	3,455	0%
GREENTHESIS	2.28	354	0%
OMER	3.98	114	0%
<b>FTSE Italia Mid Cap</b>			-3%
<b>FTSE Italia Small Cap</b>			-1%
<b>FTSE MIB</b>			-3%
<b>Worst Performers</b>	<b>Price (Eu)</b>	<b>Market Cap (Eu mn)</b>	<b>Perf. 1M (%)</b>
TINEXTA	11.73	554	-30%
DOVALUE	1.62	130	-21%
DE' LONGHI	28.36	4,287	-12%
MAIRE	7.38	2,425	-9%
ELICA	1.70	108	-9%
FINE FOODS	8.18	180	-9%
ANTARES VISION	3.10	219	-9%
SECO	2.56	340	-8%
FERRAGAMO	7.60	1,282	-8%
IEG	6.20	191	-7%
FINCANTIERI	5.07	1,635	-7%
MEDIA FOR EUROPE	4.06	1,932	-7%
TALEA GROUP	7.18	49	-6%
TESMEC	0.08	50	-6%
EMAK	0.98	160	-5%
BFF BANK	9.81	1,840	-5%
INTERCOS	15.90	1,531	-5%
SESA	97.95	1,518	-4%
CY4GATE	6.04	142	-4%
BUZZI	35.44	6,827	-4%

Source: FactSet

**Intermonte Mid & Small Cap Coverage – best and worst performers YtD**

<b>Best Performers</b>	<b>Price (Eu)</b>	<b>Market Cap (Eu mn)</b>	<b>Perf. YTD (%)</b>
GREENTHESIS	2.28	354	135%
IEG	6.20	191	101%
ANTARES VISION	3.10	219	67%
AVIO	12.98	342	53%
MAIRE	7.38	2,425	50%
BANCA IFIS	21.10	1,135	34%
OMER	3.98	114	32%
TXT E-SOLUTIONS	25.65	334	29%
BUZZI	35.44	6,827	29%
MEDIA FOR EUROPE	4.06	1,932	24%
CREDITO EMILIANO	9.99	3,410	24%
GPI	12.38	358	24%
BANCA SISTEMA	1.49	120	24%
ANIMA	4.93	1,574	23%
ACEA	16.69	3,554	21%
BANCA GENERALI	39.92	4,665	19%
OVS GROUP	2.69	783	19%
MONDADORI	2.53	661	18%
FINCANTIERI	5.07	1,635	17%
REPLY	138.20	5,170	16%
<b>FTSE Italia Mid Cap</b>			6%
<b>FTSE Italia Small Cap</b>			2%
<b>FTSE MIB</b>			11%
<b>Worst Performers</b>	<b>Price (Eu)</b>	<b>Market Cap (Eu mn)</b>	<b>Perf. YTD (%)</b>
DOVALUE	1.62	130	-53%
TINEXTA	11.73	554	-42%
SOMECC	17.50	121	-39%
FERRAGAMO	7.60	1,282	-38%
NOTORIOUS PICTURES	0.86	19	-31%
TESMEC	0.08	50	-30%
CY4GATE	6.04	142	-26%
SECO	2.56	340	-26%
ELICA	1.70	108	-25%
STAR7	5.90	53	-22%
SESA	97.95	1,518	-20%
GEOX	0.59	153	-19%
TALEA GROUP	7.18	49	-18%
FRANCHI UMBERTO MARMI	5.70	187	-17%
AQUAFIL	2.93	125	-15%
ABITARE IN	4.32	115	-14%
PIAGGIO	2.62	937	-12%
UNIDATA	3.49	108	-11%
EMAK	0.98	160	-11%
INTRED	10.00	159	-9%

Source: FactSet

## Earnings Momentum

### Mixed changes in estimates in the last month

Since the beginning of 2024, we have implemented a -3.5%/-3.5% revision to our 2024/2025 EPS estimates; on the other hand, focusing on our mid/small cap coverage, we have changed our 2024/2025 EPS by +2.2%/-0.9%. Notably, in the last month, estimate revision has been negative for large caps (-1.8%/-2.0% on 2024/2025 EPS) but slightly positive for mid-caps (+1.2%/+0.5%), mainly thanks to asset gatherers; a number of small caps have not yet released 1H24 results, but will do so in the next few weeks.

#### Italian Market – Intermonte changes to 2024 and 2025 estimates

EPS REVISION	Since January 1st 2024		Since 23/7/2024	
	% chg in EPS FY24	% chg in EPS FY25	% chg in EPS FY24	% chg in EPS FY25
<b>Total Market</b>	<b>-3.5%</b>	<b>-3.5%</b>	<b>-1.5%</b>	<b>-1.8%</b>
<b>Total Market - Ex Energy</b>	<b>-1.4%</b>	<b>-3.1%</b>	<b>0.5%</b>	<b>-0.8%</b>
Domestic	7.5%	6.0%	2.5%	2.5%
Non domestic	-16.9%	-14.9%	-6.8%	-7.1%
Non domestic - Ex Energy	-16.4%	-15.8%	-2.9%	-6.5%
<b>FTSE MIB</b>	<b>-4.0%</b>	<b>-3.7%</b>	<b>-1.8%</b>	<b>-2.0%</b>
<b>Mid Caps (our coverage)</b>	<b>4.0%</b>	<b>0.4%</b>	<b>1.2%</b>	<b>0.5%</b>
<b>Small Caps (our coverage)</b>	<b>-18.4%</b>	<b>-15.0%</b>	<b>-0.8%</b>	<b>-1.5%</b>
Intermonte Mid&Small Caps coverage	2.2%	-0.9%	1.1%	0.4%

Source: Intermonte SIM

For individual stocks, the following tables rank the biggest changes to our 2024 adjusted net profit estimates YtD.

#### Intermonte Mid & Small Cap Coverage - largest changes to 2024 est. (up/down) YtD

Stock	Restated Net Profit 24 as of 31/12/23	Restated net profit 24 last estimate	% chg from 31/12/23
<b>Upward Revision</b>			
IEG	19	31	63.0%
SERI INDUSTRIAL	-2	-1	42.6%
CREDITO EMILIANO	429	607	41.6%
BANCA SISTEMA	15	21	40.7%
ANIMA	173	224	29.4%
MAIRE	151	191	26.7%
TXT E-SOLUTIONS	16	20	25.7%
SARAS	135	165	22.0%
BANCA GENERALI	347	397	14.4%
INTRED	6	6	13.3%
<b>Downward Revision</b>			
TALEA GROUP	1	-2	-247.8%
TESMEC	9	-3	-136.9%
ELICA	13	4	-73.6%
REVO INSURANCE	62	21	-66.5%
ABITARE IN	35	12	-65.1%
DATALOGIC	29	13	-54.2%

Source: Intermonte SIM

## Valuation

### Mid/small cap valuation premium slightly down in the last month

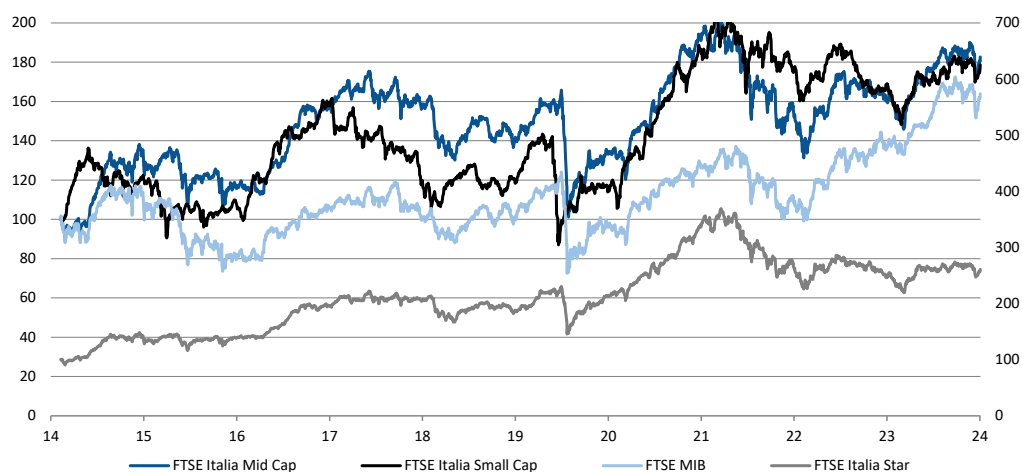
If we compare performance YtD to the change in FY24 estimates over the same period, we see that FTSE MIB stocks have recorded a 14.9% re-rating YtD (the same metric was +17.2% one month ago); mid-caps have re-rated by 1.6%, while small caps have re-rated by 20.5%.

#### Italian Market – re/de-rating by index

Index	% Change YTD	on FY24 estimates	
		Chg in estimates	Re/De-rating
FTSE MIB	10.9%	-4.0%	14.9%
FTSE Italia Mid Cap	5.6%	4.0%	1.6%
FTSE Italia Small Cap	2.0%	-18.4%	20.5%

Source: Intermonte SIM and FactSet

#### Italian Market Indices – Performances for the last 10 years (base 100)

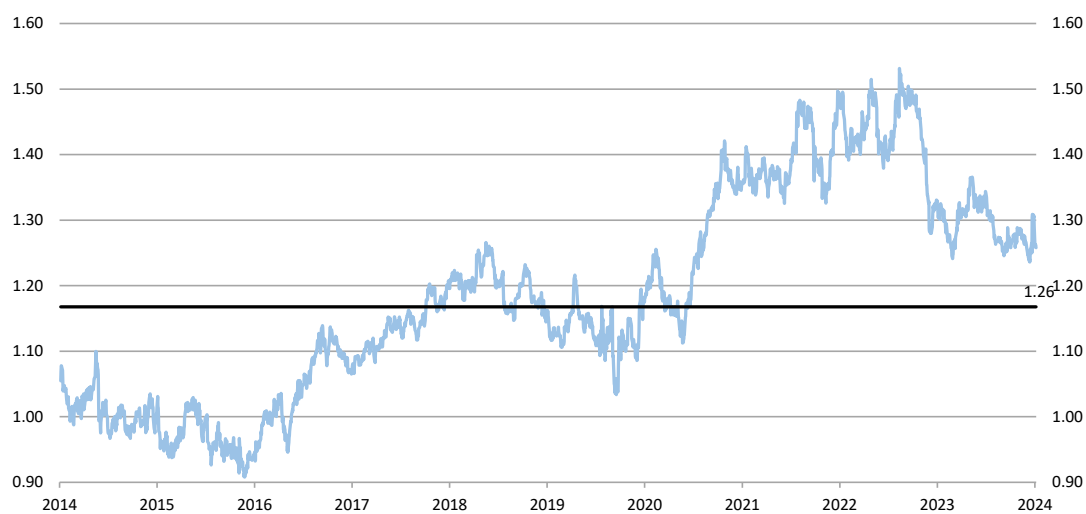


Source: FactSet

In addition to our analysis of the main Italian market indices, we have also compared valuations for our panel of Italian mid/small caps against the main FTSE MIB index.

**On a P/E basis, our panel is trading at a 26% premium to large caps, above the historical average premium (17%) and slightly below the level one month ago (27%).**

#### Intermonte Mid & Small Cap Panel – next twelve months' P/E relative to FTSE MIB, last 10 years



Source: Intermonte SIM and FactSet

The table below shows the stocks in our mid/small cap coverage that have posted the largest re-ratings/de-ratings since January 2024, based on 2024 estimates.

#### European Market – Valuations

	P/E13	P/E14	P/E15	P/E16	P/E17	P/E18	P/E19	P/E20	P/E21	P/E22	P/E23	P/E24	P/E24 vs Italian Equivalen	Last 10Y Median	Premium / Disc. vs Avg
<b>FTSE MIB</b>	11.4 x	11.4 x	18.8 x	19.7 x	16.7 x	n.m.	15.7 x	21.6 x	11.5 x	8.6 x	8.0 x	10.6 x		13.6 x	-21.7%
<b>FTSE Italy Mid Cap</b>	15.4 x	15.4 x	22.0 x	20.2 x	16.6 x	18.4 x	19.2 x	60.7 x	18.3 x	15.5 x	12.0 x	12.5 x		18.3 x	-31.8%
<b>FTSE Italy Small Caps</b>	60.5 x	34.2 x	nm	nm	18.9 x	14.5 x	nm	51.5 x	20.2 x	14.9 x	14.0 x	11.4 x		14.9 x	-23.6%
<b>Germany DAX (TR)</b>	16.5 x	12.9 x	15.5 x	14.3 x	14.2 x	14.8 x	20.5 x	20.8 x	13.1 x	12.4 x	12.4 x	13.2 x	23.9%	14.2 x	-7.4%
<b>Germany MDAX</b>	24.4 x	16.7 x	19.7 x	21.6 x	16.3 x	21.0 x	55.5 x	43.8 x	26.6 x	16.4 x	21.2 x	14.7 x	18.1%	21.2 x	-30.7%
<b>France CAC 40</b>	17.5 x	16.1 x	16.2 x	16.1 x	15.3 x	16.0 x	28.6 x	28.6 x	15.6 x	13.1 x	19.9 x	14.9 x	39.8%	16.0 x	-7.0%
<b>France CAC Mid 60</b>	26.0 x	20.4 x	20.4 x	36.8 x	16.2 x	15.6 x	623.1 x	-31.9 x	20.2 x	13.3 x	12.8 x	36.4 x	191.6%	16.2 x	
<b>France CAC Small</b>	24.9 x	25.3 x	26.5 x	32.9 x	31.0 x	32.6 x	-56.1 x	-77.1 x	45.0 x	23.8 x	22.0 x	33.2 x	191.4%	31.0 x	6.9%
<b>FTSE 100</b>	14.8 x	15.3 x	18.2 x	14.7 x	13.2 x	12.6 x	21.8 x	21.1 x	13.0 x	10.5 x	11.4 x	12.3 x	16.0%	13.0 x	-4.7%
<b>FTSE 250</b>	19.8 x	17.3 x	16.5 x	14.6 x	12.7 x	13.4 x	43.1 x	43.8 x	21.2 x	14.3 x	21.8 x	13.9 x	11.4%	14.6 x	-4.8%
<b>IBEX 35</b>	19.9 x	19.4 x	15.8 x	13.3 x	13.7 x	13.0 x	32.1 x	34.8 x	11.9 x	10.8 x	10.6 x	11.4 x	6.6%	13.0 x	-12.8%
<b>IBEX MEDIUM</b>	18.1 x	20.5 x	18.9 x	20.9 x	17.0 x	13.8 x	20.4 x	20.4 x	15.4 x	14.5 x	14.9 x	12.1 x	-2.9%	15.4 x	-21.5%

Source: Intermonte SIM and FactSet

**Intermonte Mid & Small Cap Coverage – de-rating/re-rating on 2024 estimates since Jan 2024**

Stock	Restated Net Profit 24 as of 31/12/23	Restated net profit 24 last estimate	% Chg in Net Profit 24	Share Price perf. 31/12/23	De-rating(-) Re-rating(+)
TALEA GROUP	1.2	-1.7	-248%	-18%	230%
GREENTHESIS	20.5	22.6	10%	135%	125%
ANTARES VISION	11.7	6.9	-41%	67%	109%
TESMEC	9.2	-3.4	-137%	-30%	107%
REVO INSURANCE	61.9	20.7	-67%	11%	78%
AVIO	13.2	11.9	-10%	53%	63%
CIVITANAVI SYSTEMS	9.5	9.6	0%	58%	58%
GPI	24.6	16.8	-32%	24%	56%
DATALOGIC	28.9	13.2	-54%	-1%	53%
ELICA	13.5	3.6	-74%	-25%	49%
FERRAGAMO	55.1	11.7	-79%	-38%	41%
IEG	18.8	30.6	63%	101%	38%
FINCANTIERI	-6.9	-8.1	-17%	17%	34%
IGD	49.9	34.6	-31%	-3%	28%
SERVIZI ITALIA	7.9	6.8	-14%	13%	27%
WEBUILD	244.9	266.0	9%	33%	25%
CYBEROO	7.3	5.8	-20%	5%	24%
BANCA IFIS	151.6	167.0	10%	34%	24%
MAIRE	150.7	190.9	27%	50%	24%
OMER	9.0	9.8	9%	32%	23%
MEDIA FOR EUROPE	291.0	295.2	1%	24%	23%
BUZZI	832.8	888.5	7%	29%	22%
ACEA	326.0	322.9	-1%	21%	22%
ESPRINET	32.4	24.9	-23%	-3%	20%
OVS GROUP	76.4	75.1	-2%	19%	20%
REPLY	208.0	202.3	-3%	16%	18%
TECHNOGYM	103.2	89.5	-13%	5%	18%
INTERCOS	70.1	65.5	-7%	11%	18%
PIAGGIO	114.9	82.1	-29%	-12%	16%
EMAK	22.9	16.7	-27%	-11%	16%
MONDADORI	66.6	68.2	2%	18%	16%
CY4GATE	11.2	6.5	-41%	-26%	15%
CEMENTIR	221.1	197.1	-11%	4%	14%
MARR	60.8	53.2	-12%	-1%	12%
FILA	41.8	42.7	2%	10%	8%
LU-VE	34.5	36.9	7%	15%	8%
ENAV	117.3	124.0	6%	14%	8%
FINE FOODS	11.3	9.8	-14%	-7%	7%
EL.EN.	54.5	52.4	-4%	2%	6%
BANCA GENERALI	347.3	397.4	14%	19%	4%
TXT E-SOLUTIONS	16.2	20.4	26%	29%	4%
IREN	284.8	271.6	-5%	-2%	3%
THE ITALIAN SEA GROUP	44.7	47.6	6%	8%	2%
SOMEK	8.5	5.3	-38%	-39%	(0%)
RAI WAY	90.5	89.8	-1%	-2%	(1%)
BREMBO	294.3	282.6	-4%	-7%	(3%)
SECO	23.2	18.0	-23%	-26%	(3%)
BFF BANK	200.1	200.1	0%	-5%	(5%)
PHARMANUTRA	17.7	17.1	-3%	-9%	(5%)
ANIMA	172.9	223.7	29%	23%	(6%)
INDEL B	17.0	17.0	0%	-7%	(7%)
UNIDATA	12.1	11.7	-4%	-11%	(8%)
FRANCHI UMBERTO MARMI	14.2	12.8	-9%	-17%	(8%)
DE' LONGHI	273.7	289.8	6%	-7%	(13%)
AQUAFIL	6.2	6.2	0%	-15%	(15%)
DOVALUE	55.9	35.3	-37%	-53%	(16%)
BANCA SISTEMA	15.1	21.2	41%	24%	(17%)
SESA	110.2	106.4	-3%	-20%	(17%)
CREDITO EMILIANO	428.6	606.7	42%	24%	(17%)
GEOX	34.6	34.6	0%	-19%	(19%)
INTRED	5.7	6.5	13%	-9%	(22%)
SARAS	135.4	165.2	22%	-1%	(23%)
SERI INDUSTRIAL	-1.7	-1.0	43%	15%	(27%)
NOTORIOUS PICTURES	6.4	6.4	0%	-31%	(31%)
TINEXTA	62.9	57.7	-8%	-42%	(34%)

Source: Intermonte SIM



## Liquidity

### Mid-cap liquidity slightly up in the last month

Looking at official Italian index trends, we note that liquidity for large caps in the last month (measured by multiplying average volumes by average prices in a specific period) is 9.1% higher than in the corresponding period one year ago and is up 18.4% from a YtD perspective. The picture is similar for mid/small caps: specifically, YtD liquidity is up 19.6% YoY for mid-caps and 18.3% for small caps. Notably, liquidity has remained fairly positive in the last month, especially for mid-caps.

#### Italian Market – liquidity analysis

	Avg Daily Volume * Avg Price (Eu mn) 2024			Avg Daily Volume * Avg Price (Eu mn) 2023			% Changes (YoY)		
	1M to 23/08	3M to 23/08	YTD to 23/08	1M to 23/08	3M to 23/08	YTD to 23/08	1M to 23/08	3M to 23/08	YTD to 23/08
<b>FTSE MIB</b>									
All stocks	55.13	55.91	59.65	50.52	48.13	50.40	9.1%	16.2%	18.4%
Top 20% by market cap	171.76	166.97	171.49	161.47	152.78	161.03	6.4%	9.3%	6.5%
<b>FTSE Italia Mid Cap</b>									
All stocks	1.81	2.07	2.48	1.77	1.84	2.08	2.5%	12.7%	19.6%
Top 20% by market cap	3.34	3.40	4.18	3.82	3.88	4.08	(12.5%)	(12.5%)	2.4%
<b>FTSE Italia Small Cap</b>									
All stocks	0.21	0.28	0.32	0.22	0.23	0.27	(2.8%)	21.5%	18.3%
Top 20% by market cap	0.58	0.67	0.73	0.56	0.55	0.59	2.6%	21.5%	23.9%

Source: FactSet

For individual stocks, the following table ranks liquidity in our mid/small cap coverage.

#### Intermonte Mid & Small Cap Coverage – most liquid stocks

Stock	Market Cap (Eu mn)	6M Avg Volume * Avg Price (Eu)
BUZZI	7,432	10,254,469
BANCA GENERALI	4,473	9,530,578
SARAS	1,541	8,568,140
WEBUILD	2,245	6,840,805
BFF BANK	1,932	6,785,378
MAIRE	2,476	6,370,841
FINCANTIERI	1,572	5,534,654
REPLY	5,297	5,365,485
BREMBIO	3,566	5,324,942
IREN	2,595	5,313,309
FERRAGAMO	1,494	3,831,941
DE' LONGHI	4,950	3,318,581
BANCA IFIS	1,129	3,111,377
ANIMA	1,567	3,010,398
OVS GROUP	764	2,859,142
TECHNOGYM	1,972	2,595,926
PIAGGIO	968	2,556,883
ACEA	3,373	2,470,073
ENAV	2,127	2,359,405
DOVALUE	164	2,211,913
SESA	1,839	2,063,779
RAI WAY	1,390	1,913,037
CREDITO EMILIANO	3,273	1,510,894
EL.EN.	798	1,470,427
TIP	1,781	1,394,245
MEDIA FOR EUROPE	2,219	1,335,152
TINEXTA	818	1,239,630
CEMENTIR	1,607	1,224,869
INTERCOS	1,559	1,175,662

Source: FactSet

## Criteria for investing in mid/small caps

### Italian Mid & Small Cap Coverage - geographical breakdown of sales (FY23)

Stock	Italy	Europe (incl. Russia, UK, Turkey)	North America (incl. Mexico)	South America	Asia (incl. China, India, South East Asia)	RoW (Africa, Middle East, Australia, Japan)
Intermonte Coverage	53%	24%	10%	1%	7%	4%

Source: Company data and Intermonte SIM (financial companies excluded from the sample)

A ranking of stocks with the highest expected earnings growth for 2024 vs. 2023, and the highest 2024 dividend yields, can be found in the following tables.

### Intermonte Mid & Small Cap Coverage – dividend yield 2023

Stock	Price (Eu)	Mkt Cap (Eu mn)	EPS 24	DPS 24	Yield 24 %	PayOut 24 %	Net Debt/EBITDA 24
NOTORIOUS PICTURES	0.9	20	0.283	0.113	13.2%	40%	1.9
GEOX	0.6	159	0.133	0.067	11.3%	50%	2.9
BANCA IFIS	21.1	1129	3.104	2.175	10.3%	70%	
BFF BANK	9.8	1932	1.071	0.953	9.7%	89%	
DOVALUE	1.6	164	0.441	0.150	9.2%	34%	2.5
PIAGGIO	2.6	968	0.231	0.194	7.4%	84%	1.3
IREN	1.9	2595	0.209	0.128	6.6%	61%	3.3
CREDITO EMILIANO	10.0	3273	1.778	0.660	6.6%	37%	
RAI WAY	5.0	1390	0.330	0.330	6.6%	100%	0.8
MEDIA FOR EUROPE	4.1	2219	0.520	0.250	6.2%	48%	0.9
ANIMA	4.9	1567	0.703	0.300	6.1%	43%	
ENAV	3.9	2127	0.229	0.237	6.1%	104%	0.8
BANCA GENERALI	39.9	4473	3.401	2.300	5.8%	68%	
MARR	11.4	818	0.800	0.640	5.6%	80%	1.2
ACEA	16.7	3373	1.516	0.916	5.5%	60%	3.5
MONDADORI	2.5	675	0.261	0.132	5.2%	51%	1.0
SARAS	1.6	1541	0.174	0.080	5.0%	46%	(0.0)
ESPRINET	5.3	260	0.503	0.251	4.7%	50%	(0.9)
BANCA SISTEMA	1.5	119	0.264	0.069	4.6%	26%	
EMAK	1.0	176	0.102	0.041	4.2%	40%	2.8
THE ITALIAN SEA GROUP	8.9	489	0.898	0.370	4.2%	41%	(0.4)
WEBUILD	2.4	2245	0.267	0.100	4.1%	37%	(0.7)
MAIRE	7.4	2476	0.581	0.300	4.1%	52%	(0.7)
GPI	12.4	364	0.598	0.500	4.0%	84%	2.9
INDEL B	22.4	124	2.911	0.800	3.6%	27%	0.1
FRANCHI UMBERTO MARMI	5.7	194	0.393	0.196	3.4%	50%	0.7
ABITARE IN	4.3	111	0.456	0.133	3.1%	29%	3.4
ELICA	1.7	118	0.056	0.050	2.9%	89%	1.6
CEMENTIR	9.9	1607	1.239	0.277	2.8%	22%	(0.8)
DE' LONGHI	28.4	4950	1.919	0.784	2.8%	41%	(1.0)

Source: Intermonte SIM and FactSet

**Intermonte Mid & Small Cap Coverage – EPS growth, 2024 vs. 2023**

Stock	Price (Eu)	Mkt Cap (Eu mn)	P/E 23	P/E 24	EPS Growth
DOVALUE	1.6	164	50.5	3.7	1272%
FINCANTIERI	5.1	1572	nm	nm	483%
GEOX	0.6	159	18.9	4.4	329%
FINE FOODS	8.2	195	42.4	21.3	99%
IEG	6.2	199	11.4	6.3	82%
GPI	12.4	364	34.9	20.7	69%
MAIRE	7.4	2476	19.3	12.7	52%
CYBEROO	3.2	135	32.9	22.4	47%
NOTORIOUS PICTURES	0.9	20	4.4	3.0	45%
UNIDATA	3.5	111	13.2	9.2	43%
REVO INSURANCE	9.4	224	15.6	11.1	40%
GREENTHESIS	2.3	352	21.8	15.7	39%
MEDIA FOR EUROPE	4.1	2219	10.6	7.8	36%
FILA	9.1	373	14.3	10.9	31%
THE ITALIAN SEA GROUP	8.9	489	12.8	9.9	29%
BANCA SISTEMA	1.5	119	7.0	5.6	24%
SERVIZI ITALIA	1.9	60	11.0	8.9	24%
BANCA GENERALI	39.9	4473	14.3	11.7	22%
ANIMA	4.9	1567	8.5	7.0	21%
CIVITANAVI SYSTEMS	6.2	186	23.5	19.8	19%
OMER	4.0	112	13.6	11.6	17%
INTERCOS	15.9	1559	27.1	23.4	16%
DE' LONGHI	28.4	4950	17.1	14.8	16%
TECHNOGYM	9.5	1972	24.6	21.3	16%
TESMEC	0.1	54	nm	nm	15%
MARR	11.4	818	16.1	14.3	13%
WEBUILD	2.4	2245	10.3	9.1	13%
BFF BANK	9.8	1932	10.2	9.2	12%
TXT E-SOLUTIONS	25.7	347	16.5	14.8	12%
PHARMANUTRA	51.5	467	32.3	29.1	11%
ACEA	16.7	3373	12.1	11.0	10%
ENAV	3.9	2127	18.7	17.0	10%
BANCA IFIS	21.1	1129	7.4	6.8	9%
EL.EN.	9.9	798	16.2	14.9	9%
REPLY	138.2	5297	27.7	25.6	8%
TINEXTA	11.7	818	10.2	9.6	6%
SESA	98.0	1839	14.8	14.3	4%
INDEL B	22.4	124	7.9	7.7	3%
ESPRINET	5.3	260	10.9	10.6	3%

Source: Intermonte SIM and FactSet

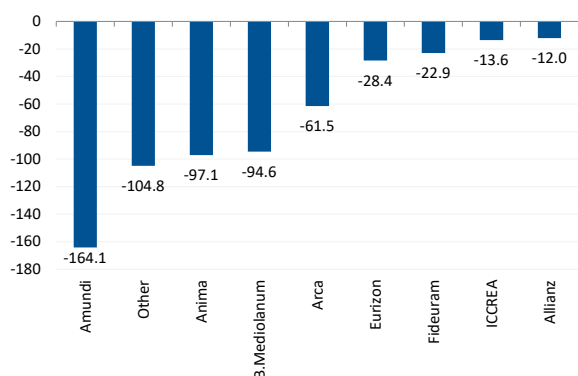
## Most recent data on the Individual Savings Plan (PIR)

PIR: official figures as of December 2023

	FY23 (Eu mn)	4Q23 (Eu mn)	3Q23 (Eu mn)	2Q23 (Eu mn)	1Q23 (Eu mn)	FY22 (Eu mn)	FY21 (Eu mn)	FY20 (Eu mn)	FY19 (Eu mn)	FY18 (Eu mn)	FY17 (Eu mn)	Nr. Of Funds		Invested Capital	
												at December 2023 #Funds	%	at December 2023 (Eu mn)	in %
<b>Ordinary PIR</b>	(2,755)	(599)	(731)	(610)	(815)	(734)	323	(759)	(1,097)	3,950	10,903	66		16,919	
<b>Alternative PIR</b>	201	134	8	1	58	242						17		1,671	
<b>EQUITY FUNDS</b>	(1,007)	(184)	(351)	(209)	(264)	(338)	280	(281)	(369)	349	2,260	23	27.7%	5,025	27.0%
<b>BALANCED FUNDS</b>	(1,663)	(351.7)	(371.5)	(474.1)	(466.0)	(385)	214	(321)	(587)	2,525	5,962	22	26.5%	6,480	34.9%
<b>FIXED INCOME FUNDS</b>	385	75	95	181	35	(12)	17	(1)	(20)	10	75	8	9.6%	550	3.0%
<b>FLEXIBLE FUNDS</b>	(462)	(137)	(102)	(108)	(114)	2	(187)	(160)	(121)	1,067	2,605	15	18.1%	4,878	26.2%
<b>CLOSED-END FUNDS</b>	192	134	7	0	52	240						15	18.1%	1,656	8.9%

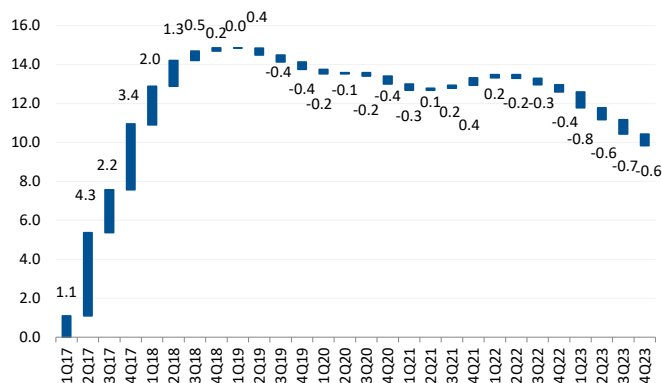
Source: Assogestioni, Quarterly Report, February 2024

### Ordinary PIR - Net inflows by asset manager (Eu mn, 4Q23)



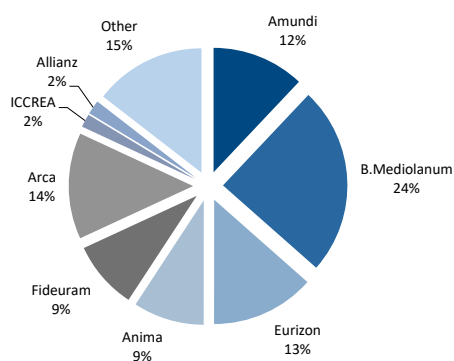
Source: Assogestioni

### Ordinary PIR – Inflows by quarter (Eu bn)



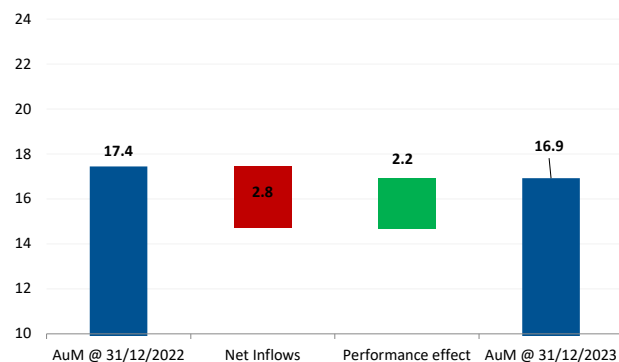
Source: Intermonte SIM estimates, Assogestioni

### Ordinary PIR – Market share by asset manager (on AuM as at 31/12/23)



Source: Assogestioni

### Ordinary PIR – Inflows and total AuM (Eu bn)



Source: Assogestioni

**Intermonte PIR Mid Caps Coverage - Trading Multiples (Ranked by Stock Name)**

Company	P/E 2024	P/E 2025	EV/ EBITDA 2024	EV/ EBITDA 2025	Div. Yield 2024	Div. Yield 2025	FCF Yield 2024	FCF Yield 2025	NETDEBT/ EBITDA 2024	NETDEBT/ EBITDA 2025
ACEA	11.0	10.9	6.8	6.8	5.5%	5.7%	-1.4%	0.2%	3.5x	3.5x
ANIMA	7.0	7.1			6.1%	6.5%				
BANCA GENERALI	11.7	12.6			5.8%	6.0%				
BANCA IFIS	6.8	6.7			10.3%	10.5%				
BFF BANK	9.2	8.0			9.7%	10.9%				
BREMBO	11.7	11.2	5.2	4.8	2.7%	2.9%	4.2%	5.5%	0.7x	0.6x
BUZZI	7.7	7.5	3.6	3.0	1.8%	2.0%	0.0%	0.0%	-1.0x	-1.4x
CEMENTIR	8.0	8.0	3.3	2.9	2.8%	2.8%	10.7%	13.4%	-0.8x	-1.2x
CREDITO EMILIANO	5.6	6.6			6.6%	5.5%				
DE' LONGHI	14.8	13.5	7.3	6.4	2.8%	3.0%	-1.5%	6.4%	-1.0x	-1.2x
EL.EN.	14.9	13.6	8.1	7.3	2.2%	2.3%	5.9%	6.6%	-0.9x	-1.2x
ENAV	17.0	16.0	7.5	7.2	6.1%	6.3%	9.2%	9.4%	0.8x	0.6x
FERRAGAMO	nm	39.7	4.7	4.1	0.5%	1.3%	0.4%	2.5%	2.8x	3.0x
FINCANTIERI	nm	20.6	8.9	6.3	0.0%	0.0%	-23.1%	-13.1%	4.9x	4.5x
INTERCOS	23.4	20.0	10.9	9.5	1.1%	1.3%	2.7%	3.3%	0.5x	0.3x
IREN	9.3	8.4	5.5	5.3	6.6%	7.2%	3.3%	-1.4%	3.3x	3.3x
LU-VE	16.0	14.4	8.6	7.7	1.6%	1.7%	4.7%	5.3%	1.4x	1.0x
MAIRE	12.7	11.1	5.5	4.8	4.1%	5.2%	5.0%	5.0%	-0.7x	-0.6x
MARR	14.3	12.1	7.0	6.5	5.6%	6.6%	2.2%	-4.0%	1.2x	1.6x
MEDIA FOR EUROPE	7.8	7.7	3.2	2.9	6.2%	6.2%	14.3%	15.4%	0.9x	0.7x
MONDADORI	9.7	8.8	5.1	4.6	5.2%	5.7%	10.5%	10.5%	1.0x	0.7x
OVS GROUP	10.4	9.6	5.0	4.3	2.6%	2.8%	2.9%	9.8%	0.7x	0.4x
PHARMANUTRA	29.1	25.7	17.6	15.4	1.7%	1.9%	3.4%	3.9%	-0.2x	-0.5x
PIAGGIO	11.3	8.6	4.3	3.9	7.4%	9.3%	10.1%	8.7%	1.3x	1.2x
RAI WAY	15.2	15.7	8.3	8.6	6.6%	6.4%	8.3%	8.5%	0.8x	1.3x
REPLY	25.6	22.8	12.9	11.3	0.8%	0.9%	4.4%	4.6%	-1.0x	-1.3x
SARAS	9.2	12.6	3.2	3.5	5.0%	4.4%	-1.1%	13.0%	0.0x	-0.3x
SESA	14.3	13.3	7.2	5.9	1.0%	1.1%	7.7%	6.9%	0.0x	-0.1x
TECHNOGYM	21.3	17.7	10.2	8.7	2.3%	2.8%	5.5%	5.8%	-1.0x	-1.3x
THE ITALIAN SEA GROUP	9.9	8.1	5.9	4.7	4.2%	5.0%	11.8%	14.0%	-0.4x	-0.9x
TINEXTA	9.6	7.9	7.8	6.6	1.8%	3.3%	8.4%	7.7%	2.1x	1.5x
TIP	13.1	12.5			1.7%	1.9%				
WEBUILD	9.1	7.5	2.2	1.8	4.1%	4.9%	-28.1%	6.9%	-0.7x	-0.7x

Source: Intermonte SIM

**Intermonte PIR Small Caps Coverage - Trading Multiples (Ranked by Stock Name)**

Company	P/E 24	P/E 25	EV/ EBITDA 24	EV/ EBITDA 25	Div. Yield 24	Div. Yield 25	FCF Yield 24	FCF Yield 25	NETDEBT/ EBITDA 24	NETDEBT/ EBITDA 25
ABITARE IN	9.5	5.5	8.5	4.8	3.1%	5.3%	-20.2%	21.2%	3.4x	1.6x
ANTARES VISION	32.0	19.9	10.8	8.8	0.0%	0.0%	-0.7%	5.6%	5.2x	2.6x
AQUAFIL	24.2	10.9	5.1	4.1	0.0%	3.1%	12.3%	21.3%	3.3x	2.5x
AVIO	29.5	22.7	9.6	8.0	1.1%	2.2%	-11.5%	3.7%	-1.1x	-1.1x
BANCA SISTEMA	5.6	4.8			4.6%	5.2%				
CY4GATE	21.7	16.0	6.5	5.5	0.0%	0.0%	-2.4%	1.7%	0.8x	0.6x
CYBEROO	22.4	16.2	10.1	7.5	0.0%	0.0%	1.8%	3.1%	-0.5x	-0.6x
DATALOGIC	28.2	19.5	7.7	6.4	2.2%	3.0%	5.9%	4.8%	-0.2x	-0.3x
ELICA	30.2	13.8	5.1	4.2	2.9%	3.5%	5.7%	12.0%	1.6x	1.2x
EMAK	9.6	6.9	5.1	4.5	4.2%	5.8%	12.3%	12.4%	2.8x	2.3x
ESPRINET	10.6	8.9	3.0	2.6	4.7%	6.7%	20.2%	9.5%	-0.9x	-0.9x
FILA	10.9	10.2	4.3	3.9	1.7%	1.8%	31.5%	31.3%	2.6x	2.2x
FINE FOODS	21.3	16.1	8.8	7.5	1.4%	1.4%	-15.3%	-2.2%	2.4x	2.2x
FRANCHI UMBERTO MARMI	14.5	12.7	8.2	7.1	3.4%	3.9%	8.6%	10.1%	0.7x	0.2x
GEOX	4.4	4.3	4.2	3.8	11.3%	11.7%	14.5%	37.9%	2.9x	2.6x
GPI	20.7	14.1	6.5	6.0	4.0%	0.0%	1.6%	9.6%	2.9x	2.6x
GREENTHESIS	15.7	15.7	9.1	8.6	1.6%	1.9%	-5.6%	5.4%	2.0x	1.6x
IEG	6.3	8.0	3.9	4.1	2.0%	2.1%	10.9%	-2.7%	1.1x	1.3x
IGD	7.1	7.2	10.5	10.5	0.0%	7.1%	1.6%	13.3%	8.0x	8.0x
INDEL B	7.7	7.0	4.2	3.6	3.6%	4.5%	13.1%	11.7%	0.1x	-0.3x
INTRED	24.5	21.9	8.2	7.1	1.0%	1.1%	-3.9%	2.8%	1.4x	1.1x
NOTORIOUS PICTURES	3.0	2.2	2.7	2.5	13.2%	18.4%	41.8%	39.7%	1.9x	1.7x
OMER	11.6	10.8	5.8	5.1	0.0%	0.0%	6.9%	6.0%	-1.6x	-1.9x
REVO INSURANCE	11.1	6.9			1.3%	2.1%				
SECO	18.9	14.2	8.6	7.1	0.0%	0.0%	2.0%	3.4%	1.2x	0.8x
SERI INDUSTRIAL	nm	17.1	9.7	6.6	0.0%	0.0%	-11.1%	-14.9%	2.9x	2.4x
SERVIZI ITALIA	8.9	7.0	2.3	2.2	2.1%	2.6%	-1.2%	2.1%	1.5x	1.5x
SOMEK	23.0	11.1	6.4	4.7	0.0%	2.2%	13.8%	18.7%	2.3x	1.3x
STAR7	8.9	8.0	5.0	4.5	0.0%	0.0%	9.5%	3.6%	2.2x	1.8x
SYS-DAT	24.0	20.2	8.7	7.3	0.0%	0.0%	3.3%	3.9%	-3.3x	-3.4x
TALEA GROUP	nm	17.7	23.4	9.1	0.0%	0.0%	17.4%	1.4%	9.9x	3.7x
TESMEC	nm	21.3	3.8	3.4	0.0%	0.0%	-14.9%	12.2%	2.9x	2.5x
TXT E-SOLUTIONS	14.8	13.1	9.0	7.6	0.9%	1.1%	5.6%	7.1%	1.0x	0.4x
UNIDATA	9.2	7.3	5.1	4.2	0.5%	0.6%	8.3%	10.7%	1.5x	1.1x
WIIT	34.5	23.8	14.0	11.7	1.5%	2.1%	3.0%	4.4%	3.5x	2.8x

Source: Intermonte SIM

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- 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)

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