

# CALEFFI

## Preliminary FY20 results beats expectations

**Q4 top line above estimates and guidance.** Caleffi Group, market leader in the Italian Home Fashion industry, just released a very strong set of preliminary FY20 results with revenues +12% vs. previous year, reaching Euro 56 m, outperforming our estimates of Euro 54.3 m (+9%) and guidance of a yoy growth of 8-10%. More in detail, the results imply an increase in Q4 sales by +37% to Euro 19.3 m (vs our estimates of +25%, Euro 17.6 m), guidance was of Euro 17-18 m. Growth was mainly driven by the online and loyalty channels which recorded a very positive results thanks to the newfound importance of the domestic sphere during the pandemic period.

**Profitability also beats our estimates and company expectations.**

Management reported an adjusted EBITDA margin of 11% implying adjusted EBITDA of Euro 6.2 m, +226% vs Euro 1.9 m in FY19 and vs +100% as of guidance. This should, according to our elaboration, translate into a FY20 non-adjusted EBITDA of c. Euro 7.8 m vs our estimates of Euro 5.2 m, and Euro 3.6 m as of prior year (adjustments were made only for IFRS16). EBITDA margin hence stood at 14%, up from 7% in FY19 thanks to structural cost savings implemented by Management along the entire supply chain, the efficient implementation of a COVID-19 related containment plan and increased sales volumes. Management further reported adjusted (not considering IFRS16) Net Debt of Euro 9.7 m, recording an important increase vs. FY19 (Euro 11.4 m). Again, applying IFRS 16, this should result in an unadjusted Net Debt of c. Euro 17.2 m, slightly improving vs FY19 (Euro 18.9 m) and vs. our estimates (Euro 18.4 m).

**Positive expectations for FY21** Given the above results, the Group has already outperformed the economic targets announced for FY22 (revenues in a Euro 52-54 m range and an adjusted EITDA margin of >8%). This coupled with the revived interest in the Home Fashion industry lay ground for our continued positive outlook for the Group. Management highlighted that a new Industrial Plan will be presented once the Covid-19 related emergency has ceased, and Governmental restrictions on circulation of people and operation of points of sales will no longer be in force.

**Change in estimates.** We are adjusting our estimates to reflect the FY20 reported preliminary data. While waiting for the new guidance, we confirm our revenue estimates for FY21-22 while slightly improving profitability.

**Increased target price:** Based on our new estimates and our updated DCF and multiples models we revised upwards our target price for Caleffi to Euro 2.68 p.s (2.31 previously). Our target price provides for a potential upside vs. current stock price (Euro 0.94 p.s.) of +185%. The stock currently trades at 4.4x and 4.4x EV/EBITDA FY21-22 vs. peers' average of 13.0x and 9.5x (-66% and -54%). At our target price the stock would be trading at an EV/EBITDA 2021 of 8.8x.

### Sector: Personal & Household Goods

Target Price (Euro)	2.68 (2.31 pr)
Market Price (Euro)	0.94
Market Cap (Euro m)	15
EV (Euro m)	32
<i>(as of February 19<sup>th</sup>, 2021)</i>	

### Share Data

Market	MTA
Bloomberg/Reuters	CLF.MI / CLF IM
ISIN	IT0003025019
N. of Shares	15.628.081
Free Float	41.57%
Main Shareholder	Giuliana Caleffi 53.1%
CEO	Guido Ferretti

### Estimates

Euro m	FY19A	FY20E	FY21E	FY22E
Revenues	49.8	56.0	55.3	56.9
Revenues YoY	-1.6%	+12.5%	-1.4%	+3.0%
EBITDA	3.6	7.8	6.6	6.3
EBITDA margin	7.1%	13.8%	11.8%	10.9%
EBIT	0.6	5.0	3.7	3.2
EBIT margin	1.1%	8.9%	6.6%	5.6%
Net Profit	(0.0)	2.8	2.0	1.8
Net Debt	18,9	17.2	14.6	12.6

### Performance

	1M	3M	1Y
Absolute	33%	24%	-13%
Relative (TSE Italia Small Cap)	24%	7%	-14%
52-week High/Low (Eu)	1.11 / 0.50		

### IR TOP RESEARCH

**Luisa Primi** – l.primi@irtop.com  
**Andrea Praga** – a.praga@irtop.com  
T +39 02 89056957



## KEY FIGURES

Profit & Loss Statement	2017A	2018A	2019A	2020E	2021E	2022E
Sales	56.3	50.6	49.8	56.0	55.3	56.9
EBITDA	2.0	0.6	3.6	7.8	6.6	6.3
EBIT	0.4	(1.0)	0.6	5.0	3.7	3.2
Financial Income (charges)	(0.3)	(0.1)	(0.3)	(0.4)	(0.3)	(0.3)
Pre-tax profit (loss)	0.1	(1.0)	0.2	4.7	3.4	2.9
Taxes	(0.1)	0.2	(0.1)	(1.6)	(1.2)	(1.0)
Minorities	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)
Net profit (loss) Group	(0.1)	(0.9)	(0.0)	2.8	2.0	1.8

Balance Sheet	2017A	2018A	2019A	2020E	2021E	2022E
Fixed assets	9.9	9.4	15.8	14.4	13.5	13.0
NWC	22.1	17.9	19.2	21.8	22.4	23.0
M/L Funds	(2.4)	(2.3)	(2.5)	(2.5)	(2.6)	(2.8)
Net Capital Employed	29.7	24.9	32.4	33.7	33.3	33.3
Net Debt	14.8	11.4	18.9	17.2	14.6	12.6
Group Equity	14.4	13.0	12.9	15.7	17.7	19.4
Minorities	0.4	0.5	0.6	0.9	1.1	1.2
Net Equity	14.8	13.5	13.5	16.5	18.7	20.6

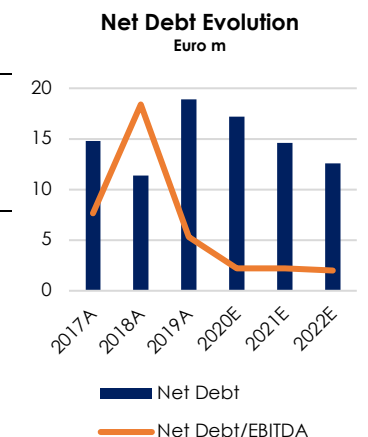
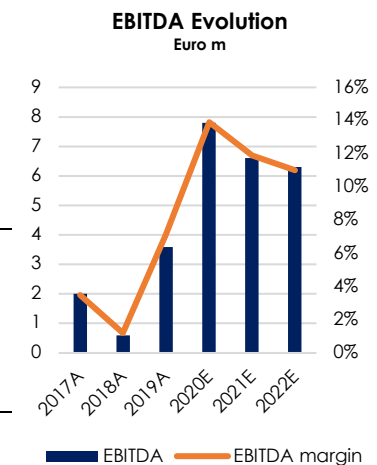
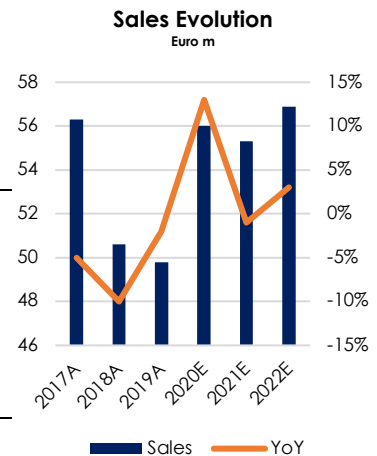
Cash Flow	2017A	2018A	2019A	2020E	2021E	2022E
EBIT	0.4	(1.0)	0.6	5.0	3.7	3.2
D&A	1.3	1.3	2.8	2.7	2.8	3.0
Tax	(0.1)	0.2	(0.1)	(1.6)	(1.2)	(1.0)
Other	0.0	0.0	0.0	0.0	0.0	0.0
Change in M/L Funds	(0.0)	(0.0)	0.2	(0.0)	0.1	0.2
Gross Cash Flow	1.5	0.5	3.3	6.0	5.4	5.3
Change in NWC	(1.4)	4.2	(1.3)	(2.6)	(0.6)	(0.6)
Operating Cash Flow	0.2	4.7	2.1	3.4	4.8	4.7
Capex	(1.8)	(0.7)	(0.1)	0.1	(0.5)	(0.8)
Change in other non-current a/l	0.0	0.0	(9.0)	(1.5)	(1.5)	(1.7)
Financial Income (charges)	(0.3)	(0.1)	(0.3)	(0.4)	(0.3)	(0.3)
Free Cash Flow	(1.9)	3.9	(7.4)	1.7	2.6	1.9
Change in Equity	0.1	(0.5)	(0.1)	0.0	(0.0)	(0.0)
Change in Net debt	(1.8)	3.4	(7.5)	1.7	2.6	1.9

Per Share Data	2017A	2018A	2019A	2020E	2021E	2022E
Current Price	<b>0.94</b>					
Total shares out (mn) average	15.2					
EPS	(0.01)	(0.06)	(0.00)	0.18	0.13	0.12
DPS	-	-	-	-	-	-
FCF	(0.12)	0.26	(0.49)	0.11	2.62	1.95
Pay-out ratio*						

Ratios	2017A	2018A	2019A	2020E	2021E	2022E
EBITDA margin	3.5%	1.2%	7.1%	13.9%	11.9%	11.0%
EBIT margin	0.6%	-1.9%	1.1%	9.0%	6.6%	5.6%
Net Debt/Equity (Gearing)	99.9%	84.2%	140.0%	104.0%	77.9%	61.3%
Net Debt/EBITDA	7.6x	18.4x	5.3x	2.2x	2.2x	2.0x
Interest cover EBIT	1.3x	-14.8x	1.8x	13.9x	-0.1x	-0.1x
ROE	-0.7%	-7.0%	0.0%	17.8%	11.3%	9.0%
ROCE	1.6%	-4.8%	2.2%	19.7%		
Free Cash Flow Yield	n.m.	28%	n.m.	12%	16%	12%

Growth Rates	2017A	2018A	2019A	2020E	2021E	2022E
Sales	-5%	-10%	-2%	13%	-1%	3%
EBITDA	-33%	-68%	472%	120%	-16%	-5%
EBIT	-73%	-371%	158%	783%	-27%	-13%
Net Profit	-119%	-854%	100%	n.m.	-28%	-13%

\*on Caleffi Spa net profit



**ESTIMATES REVISION**
**Consolidated Income Statement – Euro m**

	2019A	2020 Old	2020 New	2021 Old	2021 New	2022 Old	2022 New
<b>Sales</b>	<b>49.8</b>	<b>54.3</b>	<b>56.0</b>	<b>55.3</b>	<b>55.3</b>	<b>56.9</b>	<b>56.9</b>
yoy	-1.6%	+9.0%	+12.5%	+1.8%	-1.4%	+3.0%	+3.0%
<b>EBITDA</b>	<b>3.6</b>	<b>5.2</b>	<b>7.8</b>	<b>5.4</b>	<b>6.6</b>	<b>5.8</b>	<b>6.3</b>
margin	7.1%	9.5%	13.8%	9.8%	11.8%	10.1%	10.9%
<b>EBIT</b>	<b>0.6</b>	<b>2.3</b>	<b>5.0</b>	<b>2.4</b>	<b>3.7</b>	<b>2.6</b>	<b>3.2</b>
margin	1.1%	4.2%	8.9%	4.3%	6.6%	4.5%	5.6%
<b>Pre-tax Result</b>	<b>0.5</b>	<b>1.9</b>	<b>4.7</b>	<b>2.1</b>	<b>3.4</b>	<b>2.3</b>	<b>2.9</b>
<b>Group's Net results</b>	<b>(0.0)</b>	<b>1.2</b>	<b>2.8</b>	<b>1.2</b>	<b>2.0</b>	<b>1.4</b>	<b>1.8</b>

Source: Group Data for 2019 and IR Top Research estimates for 2020-2022

**Consolidated Balance Sheet – Euro m**

	2019A	2020 Old	2020 New	2021 Old	2021 New	2022 Old	2022 New
Net Working Capital (NWC)	19.2	22.1	21.8	22.9	22.4	23.6	23.0
Fixed net assets	15.8	13.5	14.4	11.3	13.5	9.0	13.0
Funds	(2.5)	(2.5)	(2.5)	(2.5)	(2.6)	(2.8)	(2.8)
<b>Net Capital Employed</b>	<b>32.4</b>	<b>33.1</b>	<b>33.7</b>	<b>31.7</b>	<b>33.3</b>	<b>29.8</b>	<b>33.3</b>
Net Debt (Cash)	18.9	18.4	17.2	15.6	14.6	12.2	12.6
Group's Equity	12.9	14.0	15.7	15.3	17.7	16.7	19.4
Minorities Interest	0.6	0.7	0.9	0.8	1.1	0.9	1.2
<b>Sources</b>	<b>32.4</b>	<b>33.1</b>	<b>33.7</b>	<b>31.7</b>	<b>33.3</b>	<b>29.8</b>	<b>33.3</b>

Source: Group Data for 2019 and IR Top Research estimates for 2020-2022

**Valuation Summary**

Method	Weight	Price (Euro)
Multiple Comparison	20%	3.61
DCF	80%	2.45
<b>Target Price</b>	<b>100%</b>	<b>2.68</b>

**DCF model**

DCF Valuation		
Euro '000		
Sum of PV 2021-23 FCFs	10.0	18%
Discounted terminal value	44.8	82%
<b>Enterprise Value</b>	<b>54.8</b>	
Net Debt	17.2	
Minorities	0.5	
<b>Equity Value</b>	<b>37.1</b>	
N. of outstanding shares (m)	15.2	
<b>Fair Value p.s.</b>	<b>2.45</b>	

**DCF Sensitivity analysis**

Euro m		WACC				
		5.9%	6.4%	6.9%	7.4%	7.9%
<b>g</b>	0.5%	2.84	2.49	2.20	1.96	1.74
	1.0%	3.20	<b>2.79</b>	<b>2.45</b>	<b>2.16</b>	1.92
	1.5%	3.64	3.15	2.74	2.41	2.12

**Multiples Comparison**

Companies	Country	Market Cap	Price	Sales 2020E	Sales YoY 20/19	EBITDA % 2020E	EBIT % 2020E	NI % 2020E
AEFFE	ITA	125.2	<b>1.2</b>	268	-24%	4.2%	-6.3%	-6.3%
Brunello Cucinelli	ITA	2,366.4	<b>34.8</b>	543	-11%	14.0%	-2.7%	-5.5%
Salvatore Ferragamo	ITA	2,626.4	<b>15.6</b>	915	-34%	13.0%	-7.6%	-9.5%
Geox	ITA	204.8	<b>0.8</b>	536	-33%	-2.5%	-20.5%	-21.6%
Luxottica	FRA	59,901.6	<b>136.5</b>	14,526	-16%	16.9%	8.4%	5.5%
Moncler	ITA	13,773.2	<b>53.3</b>	1,440	-12%	31.2%	25.6%	20.9%
Safilo	ITA	264.7	<b>1.0</b>	782	-17%	-0.6%	-8.0%	-11.8%
TOD'S	ITA	916.0	<b>27.7</b>	638	-30%	4.8%	-18.5%	-16.3%
<b>Average</b>		<b>10,022.3</b>		<b>2,456</b>	<b>-22%</b>	<b>10.1%</b>	<b>-3.7%</b>	<b>-5.6%</b>
<b>Caleffi</b>	<b>ITA</b>	<b>14.7</b>	<b>0.9</b>	<b>56</b>	<b>+13%</b>	<b>13.8%</b>	<b>8.9%</b>	<b>4.9%</b>

 Source: FactSet data as of February 19<sup>th</sup>, 2021 IR Top estimates for Caleffi

Companies	EV/EBITDA	
	21E	22E
AEFFE	4.9	-0.3
Brunello Cucinelli	19.0	16.3
Salvatore Ferragamo	11.0	8.3
Geox	3.2	2.6
Luxottica	15.4	13.7
Moncler	18.5	15.3
Safilo	19.2	9.5
TOD'S	12.9	10.2
<b>Average</b>	<b>13.0</b>	<b>9.5</b>
<b>Caleffi</b>	<b>4.4</b>	<b>4.4</b>
Premium/Discount to Peers	-66%	-54%

 Source: FactSet data as of February 19<sup>th</sup>, 2021 IR Top estimates for Caleffi

### COMPANY DESCRIPTION

---

Caleffi Group is market leader in the Italian Home Fashion industry and specialized in high quality home linen products. With over 55 years of history and 178 employees, the Group is present in over 2,000 stores in Italy and in over 400 stores worldwide.

In FY 2019 Caleffi Group held a market share of 7.7% confirming its positioning as second player. The Group, that includes Caleffi SpA and Mirabello Carrara (70% controlled), closed FY 2020 with revenues of Euro 56 m.

### PORTFOLIO BRAND

---

The Group is present in the market with a prestigious and balanced brand portfolio, which includes:

- Iconic property brands: Caleffi, Mirabello, Carrara and Besana;
- Luxury licences: Roberto Cavalli, Trussardi, and Diesel;
- Fashion and teen licences: Sogni di Viaggio, Disney and Marvel.

### STRATEGY

---

Caleffi Group updated its business plan in May 2019 and has just provided targets up to 2022. The new business plan, with focus on cost cutting, improved competitive positioning in new segments of the home fashion market and with a more fast fashion oriented product offering, is based on four strategic guidelines:

- development and creation of sustainable value over time (commercial development, brand and strategic marketing, product offerings, trade and consumer marketing);
  - rationalization of costs along the entire supply chain;
  - development of specific sustainability projects;
  - redefinition of the organizational structure to support future challenges.
- Management also confirmed intentions to boost growth through M&A.

### OPPORTUNITIES

---

- **Leader in a highly fragmented market:** with a 7.7% market share, Caleffi (without Mirabello) ranked 2<sup>nd</sup> in the Italian home linen market
- **High brand positioning:** the Group enjoys high brand recognition (Caleffi in the medium-high segment and Mirabello in the luxury segment) thanks to a long history of attention to quality and design, affirmed by luxury brands such as Cavalli and Trussardi
- **Flexible production:** significant part of production is outsourced to partners mainly in low labour cost countries in order to be able to quickly adapt to market trends and customer requests and to keep costs down.
- **Multichannel:** the Group operates with a multichannel strategy in Italy and abroad in order to reach all target market segments. The distribution network is capillary with over 1,800 stores in Italy and 400 abroad.
- **Made-to-order:** production of made-to-order collections for fashion brands, leveraging on its recognition as luxury licence producer. High margin segment and without cost for distribution.
- **Export:** Thanks to high visibility of its licenced brands, the Group is well positioned to target new export markets especially in areas where personal luxury goods market is expected to grow rapidly in the next years (China, UEA).

### MAIN RISKS

---

- **Fluctuation of raw material price:** the main commodity used by the Group, in the production of home linen is cotton.
- **Competitiveness risk:** in terms of supply, the sector is overall not very concentrated, especially in the Home Textile area, where, alongside some big players, a lot of companies operate, including many small companies.
- **Exchange rate fluctuation risk:** especially tied to the purchase of cotton, which takes place in dollars. For this reason, there could be a reflection of the dollar trend on cotton price. In order to mitigate this risk, the Group operates by reviewing the raw material purchase contracts every six months and sometimes uses derivative contracts and forward purchases of currency.
- **Imports** continue to pose a threat to national companies, especially by large Asian producers, which are now leaders in the low-price market and are progressively shifting towards the intermediate segments.
- **Non-renewal of licences:** a notable part of the sales comes from license agreements. The non-renewal could lead to a decline in turnover if not offset by new contracts.

**IPO**

Trading Market: MTA – Borsa Italiana SpA  
 Date: October 13<sup>th</sup>, 2005  
 Price: Euro 2.80  
 Capital raised: Euro 1.3 m  
 Capitalisation: Euro 35 m

**SHARES** (as of February 19<sup>th</sup>, 2021)

Code: CLF  
 Bloomberg: CLF IM  
 Reuters: CLF.MI  
 ISIN: IT0003025019  
 Shares: 15,628,081  
 Price: Euro 0.94  
 Capitalisation: Euro 15 m  
 Free Float: 51.57%

The share capital subscribed and paid up is Euro 8,126,602, made up by n. 15,628,081 ordinary shares. Free float is 41.57%.

Shareholder	N° of shares	%
Minerva Srl <sup>1</sup>	8,610,884	55.1%
Other Shareholders (<5%)	6,539,931	41.9%
Treasury Shares	477,266	3.1%
<b>Total</b>	<b>15,628,081</b>	<b>100.00%</b>

Source: Company data as of February 19<sup>th</sup>, 2021

<sup>1</sup> Minerva Srl is a holding company owned by the chairman of the board of Director, Giuliana Caleffi (ca. 96%) and her son Raffaello Favagrossa (ca. 4%).



**DISCLAIMER**

UPDATES: This Research is an update coverage made by IR Top Consulting S.r.l. (IR Top) on CALEFFI (the "Company"). Update frequency might depend on circumstances considered to be important (corporate events and changes of recommendation, etc.) or on further advisory commitment. Last Research on the same Company was released on November 18<sup>th</sup>, 2020. Opinions and estimates of this Research are as the date of this material and are subject to change. Information and opinions have been obtained from sources public and believed to be reliable, but no warranty is made as to their accuracy or correctness. Past performances of the Company are not guarantee of future results. During the last 12 months, the following indications have been disseminated:

Date	Target Price	Market Price	Validity Time
February 22 <sup>nd</sup> , 2021	2.68	0.94	12 months
November 18 <sup>th</sup> , 2020	2.31	0.68	12 months
September 22 <sup>nd</sup> , 2020	2.02	0.67	12 months
April 21 <sup>st</sup> , 2020	1.52	0.80	12 months
September 18 <sup>th</sup> , 2019	1.69	1.36	12 months
April 10 <sup>th</sup> , 2019	1.46	1.46	12 months
September 14 <sup>th</sup> , 2018	1.56	1.40	12 months
March 21 <sup>st</sup> , 2018	1.69	1.44	12 months

**VALUATION METHODOLOGY (HORIZON: 12M):** IR Top obtained a fair value using different valuation methodologies including Discounted Cash Flow method and Multiple-based models. Moreover, IR Top used a proprietary model, "AIM Positioning rating", which incorporates a number of variables selected by IR Top based on research of "Osservatorio AIM Italia", managed by IR Top and focused on research about performance of Companies listed on AIM Italia.

Detailed information about the valuation or methodology and the underlying assumptions and information about the proprietary model used is accessible at IR Top premises.

**RESEARCH TEAM:**

Luisa Primi, (Senior Analyst, AIAF Associated)

Andrea Praga, (Analyst)

Chiara Cardelli, (Researcher)

No other people or companies participated or anyhow contributed to the Research. Neither the members of the research team, nor any person closely associated with them have any relationships or are involved in circumstances that may reasonably be expected to impair the objectivity of the Research, including interests or conflicts of interest, on their part or on the part of any natural or legal person working for them, who was involved in producing the Research.

**INTERESTS INVOLVED AND CONFLICTS:** This document has been prepared by IR Top, *Partner Equity Markets* of Italian Stock Exchange, part of LSE Group, on behalf of the Company according to a contract, under which IR Top undertook to prepare this report expressing only independent, fair and balanced views on the Company. The fees agreed for this Research do not depend on the results of the Research.

This Research has been disclosed to the issuer to which the Research, directly or indirectly, relates before its release. It is incumbent on the Company to provide timely and constructive feedback on draft Research prior to publication. It is IR Top's sole discretion as to whether comment and feedback from the Company is incorporated into the Research prior to publication and where it is, a further iteration to the draft will be sent to the Company for comment.

IR Top is also engaged in investor relations services in the interest of the Company and might occasionally be involved in other consulting activities intended to increase the value of the Company. In any case, Chinese Walls and other information barriers are in place to avoid the exchange of confidential information between the Equity Research Department and other services areas; employees and advisors involved in such services have restrictions preventing them from the access to confidential information that cannot be published.

IR Top restricts research analysts from performing roles, which could prejudice the independence of their research. In particular:

- they are permitted to attend and speak at widely attended conferences or other widely attended events at which IR Top colleagues and clients, among others, may also be present, provided that their independence may not be affected. These widely-attended conferences/events may include some investor presentations by clients of investor relations services.

- Analysts are also permitted to attend and speak at conference calls or meetings between analysts and bankers, investors or customers in which are discussed Research reports already published or general view on specific sectors. In such cases, at the start of that meeting, bankers, investors or customers need to be clarified that the discussion cannot involve the communication of privileged information to the analyst as the analyst would be prohibited from producing new research report on the companies whose privileged information has been disclosed.

Members of the Research Team do not receive salaries, commissions, bonuses or any other form of compensation based upon specific investment banking transactions or securities' performances.

IR Top and the members of the Research Team do not have any further interest or conflict of interest directly or indirectly related with the Research, the Company or the securities, that may reasonably be expected to impair the objectivity of the Research.

There are no other interests or conflicts of interest of any person belonging to the same group of IR Top that are: (a) known, or reasonably expected to be known, to the persons involved in the production of the recommendation; or (b) known to persons who, although not involved in the production of the recommendation, have or could reasonably be expected to have, access to the recommendation prior to its completion.

In any case, as a general Policy, nobody of the Research Team nor IR Top is allowed to have a financial interest in the securities of the client company or serve as an officer, director or advisory board member of the client company.

Analysts must not undertake personal transactions on financial instruments that are object of the investment research or that relate to the same industry. Exceptions may be made with the prior approval of IR Top's CEO in special circumstances such as for disposal of (a) positions already held before the employment or before the implementation of the company policy, or when initiating coverage and (b) positions obtained as a result of the issuer extraordinary activities. By the way, when analysts hold instruments to which Equity Research relates, they are required to disclose their interests in Research reports. Any trades that analysts make must be in line with their recommendation(s), contained in the last published Research. An analyst is prohibited from producing a Research on an issuer if the analyst carries out activities for which he receives compensation from the issuer. If an analyst's household member / relative / relative-in-law (within the second degree) serves in such a high capacity for the issuer (i.e. manager or director), the analyst has to inform IR Top's CEO and the analyst will cease covering the issuer.

**POLICY:** IR Top has in place a "Joint conflict management policy" in order to effectively manage any conflicts of interest, and an "Equity Research Policy", in order to rule research services in compliance with Parliament Regulation (EU) no.596/2014 and Commission Delegated Regulation (EU) no. 958/2016 on Market Abuse.

IR Top has adopted the "Joint conflict management policy" in accordance with best practice regarding "information barriers" to restrict the flow of information to prevent the misuse of information and/or prevent any conflicts of interest arising from other activities of IR Top. A copy of these policies is available to the recipient of this Research upon making a request to IR Top by e-mail.

**DISCLAIMER:** This report has been prepared solely for information purpose and is not intended as an offer or solicitation with respect to the purchase or sale of any financial products. It should not be regarded as a substitute for the exercise of the recipient's own judgment. IR Top does not accept any liability for any direct, consequential or indirect loss arising from any use of material contained in this report. This document may only be reproduced or published together with the name of IR Top. Opinions and estimates in this Research are as at the date of release and are subject to change without notice to the recipient. Information and opinions have been obtained from sources believed to be reliable, but no representation or warranty is made as to their accuracy or correctness. Past performance is not a guarantee of future results. The investments and strategies discussed in this Research may not be suitable for all investors. In any case, you should consult your investment advisor.

This document is intended for distribution only to E.U. "qualified investors" and to "qualified counterparties" resident in Italy, within the meaning of article 2(1)(e) of the prospectus directive (directive 2003/71/EC) and Consob Reg. 16190, as subsequently amended and supplemented; its distribution in USA, Canada, Australia, Japan is not allowed.

In Italy, this document is being distributed only to, and is directed at qualified investors within the meaning of article 100 of legislative decree no. 58 of 24 February 1998, as amended, and article 34-ter, paragraph 1, letter b), of Consob regulation on issuers no. 11971 of May 14, 1999, provided that such qualified investors will act in their capacity and not as depositaries or nominees for other shareholders, such as persons authorized and regulated to operate in financial markets, both Italian and foreign.

**DISTRIBUTION: In the United Kingdom**, this document is not for distribution to persons that would be defined as private customers under rules of the FSA; it is for distribution only to persons who: (i) have professional experience in matters relating to investments falling within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005 (as amended, the "financial promotion order"), (ii) are persons falling within article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the financial promotion order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FINANCIAL SERVICES AND MARKETS ACT 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons").

This document is not addressed to any member of the general public and under no circumstances should this document circulate among, or be distributed to (i) a member of the general public, (ii) individuals or entities falling outside the definition of "qualified investors" as specified above or (iii) distribution channels through which information is or is likely to become available to a large number of persons.

**IR TOP CONSULTING SPECIFIC DISCLOSURES:** We disclose that IR Top acts as Investor Relations and Financial Communication advisor for the Company.