

Friulchem SpA

Italy – Veterinary

28th September 2021

H1-21 RESULTS RELEASE

RIC: FCM.MI BBG: FCM IM

Rating: Buy

Price Target: € 1.80

Upside/(Downside): 45.7%

Last Price: € 1.24

Market Cap.: € 9.9m

1Y High/Low: € 1.48 / € 0.95

Avg. Daily Turn. (3M, 6M): € 24k, € 14k

Free Float: 31.2%

Major shareholders: Evultis SA

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Friulia SpA	23.8%
Fiduciaria Bernasconi	6.3%

38.8%



Stock price performance					
	1M	3M	12M		
Absolute	-6.8%	0.4%	4.7%		
Rel.to AIM Italia	-14.5%	-16.6%	-23.6%		
Rel.to Sector	-4.2%	-5.3%	-18.3%		

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Significant sales growth coupled with margin improvement

Friulchem reported 2021 interim results showing a good recovery in the Vet business unit coupled with a stable performance of the Human division. The sharp increase in profitability was mainly due to the rising sales of veterinary products, historically more profitable than generic drugs for human beings.

Rating and PT confirmed

We believe the group is well on track to reach our estimates for FY-21, as we anticipated organic growth to the tune of 2.1% YoY coupled with the consolidation of the newly acquired productive plant in Magny-En-Vexin for a six-month period (as from Jul-21). Consequently, we left our estimates unchanged. Moreover, we have updated our DCF model by bringing the free risk rate up to date, which has remained broadly stable since our Initiation of Coverage. Thus, we confirmed our DCF-based PT of \in 1.80/s, 45.7% upside to current price levels. Buy recommendation reiterated.

Sales grew organically by 25.9% YoY, driven by the Vet business unit

H1-21 revenues grew organically by 25.9% YoY to \in 9.4m, as a result of increasing sales in the Vet business unit while the Human division reported almost steady turnover. The VoP was \in 9.6m, up by 12.5% YoY. The Vet BU rose 59.5% YoY to \in 5.4m, thanks to increasing orders from the group's long-standing clients after a 2020 affected by a few logistics inefficiencies due to the Covid-19 pandemic. The Human BU totalled \in 4.0m, broadly in line with H1-20, as a result of increasing sales of generic drugs based on Friulchem's dossiers almost entirely counterbalanced by declining sales of marketed products.

EBITDA rose more than proportionately to top line. NFP at ${\bf \in 1.9m}$ (debt)

EBITDA reached € 0.5m, 4.9% margin, rising more than proportionately to revenues thanks to 1) the increasing turnover in the Vet business unit, more profitable than the Human division and 2) the growing sales of generic drugs based on Friulchem's dossiers, characterised by higher profitability compared to marketed products. EBIT totalled € 0.1m vs € -0.4m in H1-20, after D&A broadly in line with H1-20. Net Profit was negative for € 0.05m after net financial charges of € 131k (vs € 36k in H1-20), on the back of the full repayment of the medium-/long-term mortgage payments (in H1-20 the company asked for a moratorium because of the Covid-19 pandemic). Net Financial Position was negative for € 1.9m (debt). The increase compared to € 1.1m at end-20 was due to 1) the purchase of FC France SAS shares for € 0.35m leading up to the acquisition of Virbac's plant in France and 2) a NWC increase to the tune of € 0.45m as a result of the rise in inventory.

A highly specialised B2B player in the veterinary sector

Friulchem is a vertically-integrated CDMO able to run tailor-made solutions across a wide range of product categories via several kinds of delivery forms. Thanks to its strong R&D effort and ability to manage several different drug delivery forms, the group aims to consolidate its competitive positioning in the reference market, proposing itself as the reference partner for veterinary pharmaceutical companies.

Friulchem, key financials and ratios

€m	2019	2020	2021e	2022 0	20230
Value of Production	15.7	17.7	22.6	28.6	30.8
EBITDA	1.3	0.6	1.5	2.0	2.6
EBITDA Adjusted	1.3	1.0	1.5	2.0	2.6
EBIT	0.3	(0.3)	0.3	0.8	1.4
Net Profit	0.1	(0.3)	0.0	0.3	0.7
Net Profit Adjusted	0.1	(0.3)	0.0	0.3	0.7
NFP (cash)/debt	(1.1)	1.1	3.2	2.9	2.3
EBITDA adj. margin	8.5%	5.9%	6.7%	7.1%	8.3%
EBIT margin	2.2%	-1.9%	1.2%	2.9%	4.4%
EPS stated FD €	0.01	(0.04)	0.00	0.04	0.09
EPS growth	-	n.m.	102.7%	n.m.	105.3%
ROCE	2.3%	Neg.	1.6%	4.5%	7.1%
NWC/Sales	11.4%	6.9%	10.9%	11.0%	11.2%
Free Cash Flow Yield	-7.5%	-22.5%	-28.7%	0.5%	5.5%
PER x	n.m.	Neg.	n.m.	28.7	14.0
EV/Sales x	0.81	0.65	0.58	0.45	0.40
EV/EBITDA x	9.5	11.0	8.7	6.3	4.8
EV/EBIT x	37.1	Neg.	47.5	15.6	9.0





The Company at a Glance

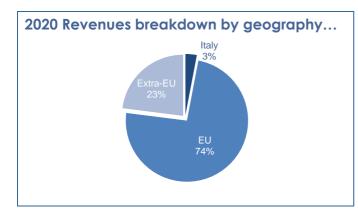
Originating in 1996, today Friulchem is a vertically-integrated R&D-oriented Contract Development and Manufacturing Organisation (CDMO). It is an 'Innovative SME' operating in the pharmaceutical and nutraceutical market, serving both the veterinary and the human sector. The group provides global big pharma firms with finished and semi-finished products, including Active Pharmaceutical Ingredients (APIs), drugs and food supplements. Friulchem is specialised in delivering drugs for the veterinary sector and developing dossiers of generic drugs for human beings.

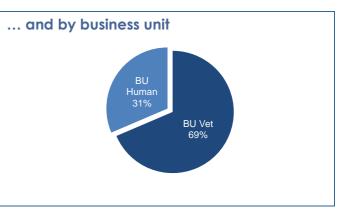
The 'Vet' business unit develops and produces both nutraceutical and pharmaceutical finished and semi-finished veterinary products, through different technologies, such as atomisation, micronisation, granulation and mixing. Friulchem's plants have been compliant with the European Good Manufacturing Standards since 2007.

The 'Human' business unit is dedicated to the R&D of generic drugs based on formulations with a high degree of development and production complexity. Friulchem is the owner of the formulations while the production is outsourced to selected partners. Furthermore, the group has developed a product line dedicated to cosmeceutical with large growth potential, mainly in Asia.

Today Friulchem operates two specialised manufacturing plants, one in Vivaro (Pordenone), in hard-working, creative, north eastern Italy, and the other one in Magny-En-Vexin (France). Its headquarters are in Milan. The company reported an 8.4% organic sales CAGR₀₈₋₂₀ mainly thanks to continuous product innovation leading to an increased share of wallet with pharma corporations coupled with a higher number of clients.

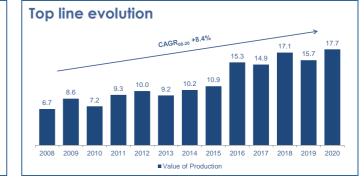
FY-20 figures show total revenues of € 17.7m, adjusted EBITDA of € 1.0m, 3.6% margin and Net Loss of € 0.3m. Net Financial Position was € 1.1m, corresponding to 1.0x NFP/EBITDA adj.





Shareholder structure # m Evultis SA Friulia SpA 1.90 Fiduciaria Bernasconi SA 0.50 Free Float 2.50 Total 8.00 100.0%





Peer group multiples table

Price & EV multiples x	Sales FY1	Sales FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
Dechra Pharmaceuticals PLC	8.22	7.47	28.7	25.9	31.5	29.8	43.0	39.5
ECO Animal Health Group PLC	2.35	2.10	13.5	11.0	13.8	10.9	32.3	24.4
Elanco Animal Health Inc	4.47	4.21	18.6	16.2	23.8	20.4	32.1	25.2
Merck & Co Inc	4.35	3.83	10.7	8.8	12.2	10.1	13.3	11.4
Shedir Pharma SpA	n.a.	0.96	n.a.	4.7	n.a.	6.7	14.1	11.2
Vetoquinol SA	3.11	2.88	14.4	13.8	20.5	19.5	29.0	28.7
Virbac SA	2.97	2.75	15.6	14.7	20.2	19.1	31.6	30.1
Zoetis Inc	12.63	11.54	29.4	26.4	33.0	29.6	43.3	38.7
Median Veterinary	4.35	3.36	15.6	14.2	20.5	19.3	31.9	27.0
Friulchem SpA	0.58	0.45	8.7	6.3	47.5	15.6	n.m.	28.7

% 38.8%

23.8%

6.3%

31.2%





Revenues 15.6 16.7 21.5 27.3 29.3 Row method and processing (6.8) (11.9) (14.4) (16.0) (17.9) Row method and processing (6.1) (12.9) (14.4) (14.4) (14.6) (14.9) Personnel represes (1.1) (14.4) (14.4) (14.6) (14.7) Personnel represes (1.0) (1.0) (1.2) (1.2) (1.2) DBA (1.0) (1.0) (1.2) (1.2) (1.2) (1.2) CENT 0.3 0.3 0.3 0.8 1.4 Finorcicits 0.0	Income statement (€ m)	2019	2020	2021e	2022e	2023e
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Services (a,b) (b,c) (b,c) (c,c)	Value of Production	15.7	17.7	22.6	28.6	30.8
Penonel expertes (1.7) (1.9) (2.7) (3.6) (B.7) Chhor opex (B.5) (D.2) (D.1) (D.0) (D.1) (D.0) EBIDA (D.0) (D.0) (D.0) (D.0) (D.0) (D.0) (D.0) EBIT (D.0)	Raw material and processing	(8.8)	(11.9)	(14.4)	(18.0)	(19.2)
Other opex ⁻ (0.5) (0.2) (0.3) (0.4) (0.4) DBA (1.0) (1.0) (1.2) (1.2) (1.2) DBI (0.3) (0.3) (0.2) (0.2) (0.2) DBI (0.3) (0.2) (0.2) (0.2) (0.2) DBI (0.3) (0.2) (0.2) (0.2) (0.2) DBI (0.1) (0.5) (0.1) (0.1) (0.1) (0.1) Decome traces (0.0) (0.2) (0.0) (0.2) (0.3) (0.1) Not Portin (1.1) (0.3) (0.0) (0.3) (0.1) (0.1) Badroce sheel (fm) (207) (202) </td <td>Services</td> <td>(3.4)</td> <td>(3.0)</td> <td>(3.7)</td> <td>(4.6)</td> <td>(4.9)</td>	Services	(3.4)	(3.0)	(3.7)	(4.6)	(4.9)
EBITDA 1.3 0.6 1.5 2.0 2.6 DBA (1.0) (1.0) (1.0) (1.2) (1.2) (1.2) FIT 0.3 0.3 0.3 0.8 1.4 Froncieds 0.0 0.0 0.0 0.0 0.0 Rev(Devoluction) of financial casets 0.0 0.0 0.0 0.0 0.0 Incertiges 0.00 0.0 0.0 0.0 0.0 0.0 Incertiges 0.00 0.0 0.0 0.0 0.0 0.0 Nencrities 0.0 0.0 0.0 0.0 0.0 0.0 Nencrities 0.0 0.0 0.0 0.0 0.0 0.0 Nentring Capital 1.8 1.2 2.5 3.1 3.4 Net Noted Assist 0.6 0.0 0.5 0.6 0.0 Net Noted Assist 0.6 0.0 0.5 0.6 0.8 0.7 Net Insout Assiste Astout	Personnel expenses	(1.7)	(1.9)	(2.7)	(3.6)	(3.7)
DAA (1.0) (1.0) (1.2) (1.2) (1.2) ENT 0.3 (0.3) 0.2 (0.2) (0.2) Re(Necklatchor) of francical casets 0.0 0.0 0.0 0.0 0.0 PeriCar portf 0.1 0.5) 0.1 0.6 1.2 Income fraces 0.00 0.0 0.01 0.01 0.01 Net Portf 0.1 0.3 0.7 0.3 0.7 Battore fraces 0.01 0.01 0.01 0.01 0.01 Net Portf 1.3 1.0 1.5 2.0 2.26 Net Moding Capital 1.8 1.2 2.5 3.1 3.4 Not fixed Assets 9.6 10.0 1.1.8 1.1.6 1.1.4 Chard Master 0.0 1.4 1.4 1.4 1.4 1.4 Other Mit Meding Capital 9.6 11.5 1.4.1 1.4.2 1.4.2 Chard Master 0.0 1.4 1.4	Other opex	(0.5)	(0.2)	(0.3)	(0.4)	(0.4)
EBIT 0.3 0.3 0.3 0.8 1.4 Foracida 0.3 0.0 0.0 0.0 0.0 0.0 Re/(Devaluation) of financial asets 0.0 0.0 0.0 0.0 0.0 0.0 Income taxes 0.0 0.0 0.0 0.0 0.0 0.0 Income taxes 0.0 0.0 0.0 0.0 0.0 0.0 Income taxes 0.0 0.0 0.0 0.0 0.0 0.0 Minorities 0.0 0.0 0.0 0.0 0.0 0.0 Badrase sheel (m) 2019 2020 2021e 2022e 2023e Net Working Capital 1.8 1.2 2.5 3.1 3.4 Full Taxit Assiste 0.6 10.0 1.8 1.4 1.4 Full Taxit Assiste 0.6 1.5 1.4.1 1.4.2 1.4.2 Full Taxit Assiste 0.6 0.0 0.0 0.0 0.0 0.0	EBITDA	1.3	0.6	1.5	2.0	2.6
Financials (0.3) (0.2) (0.2) (0.2) (0.2) (0.2) (0.2) (0.2) (0.2) (0.2) (0.2) (0.2) (0.2) (0.2) (0.3) (0.1)	D&A	(1.0)	(1.0)	(1.2)	(1.2)	(1.2)
Be/(Devaluation) of financial assets 0.0 0.0 0.0 0.0 0.0 0.0 Proce gain/(loss) 0.1 0.5 0.1 0.6 1.2 Income taxes 0.0 0.0 0.0 0.2 0.03 Mindfiles 0.0 0.0 0.1 0.1 0.1 Nel Hoff 0.1 0.3 0.0 0.3 0.7 EBITDA Adjusted 1.3 1.0 1.5 2.0 2202 Nel Hoffit Adjusted 0.1 0.3 0.0 0.3 0.7 Balance sheet (fm) 2019 2020 2021e 2022e 2023e Nel Hoffit Adjusted 0.6 1.4 1.4 1.4 1.4 Equiption sheet (fm) 2019 2.0 2.0 2.0 2.0 Nel Honois 100 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4	EBIT	0.3	(0.3)	0.3	0.8	1.4
Fores gain/(loss) 0.0 0.0 0.0 0.0 0.0 0.0 Pre-Trax profit 0.1 0.6.5 0.1 0.6.4 1.2 Income taxes 0.0.0 0.0.1 0.0.1 0.0.1 0.0.1 Minotities 0.0 0.0 0.0.1 0.0.1 0.0.1 0.0.1 Net Mortit Adjusted 0.1 0.0.3 0.0 0.3 0.0 0.3 0.7 Edince sheet (* m) 2019 2020 2021e 2022e 2023e 2023e Net Morting Capital 1.8 1.2 2.5 3.1 3.4 One Trixe data taxes 0.6 1.00 1.1.4 1.1.4 1.1.4 One Trixe data taxes 0.6 1.0 1.1 1.4.2 1.4.2 1.2.2 Net Mortide Capital 0.6 1.1.5 1.1.1 1.4.2 1.4.2 1.4.2 1.4.2 1.4.2 1.4.2 1.4.2 1.4.2 1.4.2 1.4.2 1.4.2 1.4.2 1.4.2 1.4.2	Financials	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)
Pic-Targorifi 0.1 0.59 0.1 0.6 1.2 Income taxes 0.0 0.2 0.0 0.1 0.1 0.1 Net Polifi 0.1 0.3 0.0 0.3 0.7 EBIDDA Adjusted 1.3 1.0 1.5 2.0 2.6 Net Morking Capital 1.8 1.2 2.5 3.1 3.4 Net Working Capital 1.8 1.2 2.5 3.1 3.4 Net Neted Capital 9.6 1.0 1.4	Re/(Devaluation) of financial assets	0.0	0.0	0.0	0.0	0.0
heome bases (0,0) 0.2 (0,0) 0.0 0.0.1 0.0.1 0.0.1 0.0.1 0.0.1 0.0.1 0.0.1 0.0.1 0.0.1 0.0.1 0.0.1 0.0.1 0.0.1 0.0.1 0.0.1 0.0.1 0.0.1 0.0.1 0.0.3 0.0 0.3 0.7 EBIDA Adjusted 1.1 0.1 0.0.3 0.0 0.3 0.7 Bdance sheet (r m) 2019 2020 2021e 2022e 202as Net Moring Capital 1.8 1.2 2.5 3.1 3.4 Starting Capital 1.8 1.2 2.5 3.1 3.4 Fight Maching Capital 0.0 1.4 1.4 1.4 1.4 1.4 Equity 0.1 1.1 3.2 2.2 2.12 1.2 1.2 Cash Flow stolement (r m) 2019 2020 2021e 2022e 2022e 2022e 2022e 2022e 2022e 2022e 1.1 2.4 1.2 1.12	Forex gain/(loss)	0.0	0.0	0.0	0.0	0.0
Minorities 0.0 0.0 0.1 0.1 0.1 Nel Poriti 0.1 0.3 0.0 0.3 0.7 ENIDA Adjusted 1.3 1.0 1.5 2.0 2.6 Not Poriti Adjusted 0.1 0.3 0.0 0.3 0.7 Balance sheet (Cm) 2019 2020 2021e 2022e 2023e Not Working Capital 1.8 1.2 2.5 3.1 3.4 Net Read Assets 0.6 1.0.0 1.4 1.4 1.4 1.4 Oth Working Capital 9.6 1.5 1.4.1 1.42 <t< td=""><td>Pre-Tax profit</td><td>0.1</td><td>(0.5)</td><td>0.1</td><td>0.6</td><td>1.2</td></t<>	Pre-Tax profit	0.1	(0.5)	0.1	0.6	1.2
Net Portit 0.1 0.3 0.0 0.3 0.7 EBITOA Adjusted 1.3 1.0 1.5 2.0 2.02 Bolance sheet (* m) 2019 2020 2021e 2022e 2022e Net Working Copital 1.8 1.2 2.5 3.1 3.4 Part Brack Assets 9.6 10.0 1.1.8 11.6 11.4 Equity Investments 0.0 1.4 1.4 1.4 1.4 Cher Michaed Copital 9.6 11.5 14.1 1.4.2 14.2 Net Fixed Assets 0.0 0.0 0.5 0.6 0.8 Financial Debt (1.1) 1.1 3.2 2.9 2.3 Minotifies 0.0 0.0 0.5 0.6 0.8 Cash How statement (* m) 2019 2020 2021e 2022e 2023e Cash How statement (CFC) 0.1 0.3 0.7 0.3 0.7 Cash How statement (* m) 2019 2020 <	Income taxes	(0.0)	0.2	(0.0)	(0.2)	(0.3)
EHIDA Adjusted 1.3 1.0 1.5 2.0 2.6 Net PortIF Adjusted 0.1 0.3 0.0 0.3 0.7 Bolence sheet (* m) 2019 2020 2021e 2022e 2023e Net Working Copital 1.8 1.2 2.5 3.1 3.4 Net Fixed Assets 9.6 10.0 1.1.8 1.4 1.4 Cash Flow State Copital 9.6 1.1.5 1.4.1 1.4 2.9 2.3 Net Fixed Copital 9.6 1.1.5 1.4.1 1.4.2 1.2.2 1.2.5 1.2.5 1.2.5 1.	Minorities	0.0	0.0	(0.1)	(0.1)	(0.1)
Net PortIt Adjusted 0.1 0.3 0.0 0.3 0.7 Bolence sheet (ℓ m) 2019 2020 2021e 2022e 2023e Net Working Capital 1.8 1.2 2.5 3.1 3.4 Net Fixed Assets 9.6 10.0 1.1.8 1.4 1.4 1.4 Capital Science 0.0 1.4 1.4 1.4 1.4 1.4 Other MixIT Capital 9.6 11.5 1.4.1 1.4.2 1.4.2 Net Fixed Capital 9.6 0.0 0.0 5 0.6 0.8 Group's Shareholders Equity 10.7 10.4 10.4 10.6 11.2 Cash Flow statement (¢ m) 2019 2020 2021e 2022e 2023e Total net mome 0.1 0.3 0.0 0.3 0.7 Cash Flow statement (¢ m) 2019 2020 2021e 2022e 2023e Cash Flow for Deprecision 1.0 1.0 1.2 1.2 1.2	Net Profit	0.1	(0.3)	0.0	0.3	0.7
Bolance sheet (ℓ m) 2019 2020 2022e 2023e 20011111111111111111111111111111111111	EBITDA Adjusted	1.3	1.0	1.5	2.0	2.6
Net Working Capital 1.8 1.2 2.5 3.1 3.4 Det Fixed Assits 9.6 10.0 11.8 11.6 11.4 Equity Investments 0.0 1.4 1.4 1.4 1.4 Other M/L (1.9) (1.2) (1.6) (2.0) (2.0) Net Invested Capital 9.6 11.5 14.1 14.2 14.2 Net Invested Capital (1.1) 1.1 3.2 2.9 2.3 Minorities 0.0 0.0 0.5 0.6 0.8 Groups Shareholders Equity 10.7 10.4 10.4 10.6 11.2 Cash Flow statement (f m) 2019 2020 2021e 2022e 2023e Total net income 0.1 0.3 0.7 0.2 0.2 1.0 Depreciation 1.0 1.0 1.2 1.2 1.2 1.2 Cash Flow from Oper. (CFO) 0.7 0.1 0.1 1.4 1.7 1.8 Perfe	Net Profit Adjusted	0.1	(0.3)	0.0	0.3	0.7
Net Read Asers 9.6 10.0 11.8 11.6 11.4 Other MWL Term A/L (1.9) (1.2) (1.6) (2.0) (2.0) Net Invested Capital 9.6 11.5 14.1 14.2 (1.2) Net Invested Capital 9.6 11.5 14.1 14.2 (1.2) Net Invested Capital 0.0 0.0 0.5 0.6 0.8 Group's Shoreholders Equity 10.7 10.4 10.4 10.6 11.2 Financial Labilities & Equity 9.6 11.5 14.1 14.2 14.2 Cash Flow statement (# m) 2019 2020 2021e 2022e 2032e Other non-costh charges 0.3 0.7 0.1 1.4 1.7 1.8 Other non-costh charges 0.3 0.7 0.1 1.4 1.7 1.8 Other non-costh charges 0.3 0.7 0.2 1.0 1.5 Other non-costh charges 0.3 0.7 0.3 0.1 1.7	Balance sheet (€ m)	2019	2020	2021e	2022e	2023e
Net Fixed Assets 9.6 10.0 11.8 11.6 11.1.4 Other Mik Term A/L (1.9) (1.2) (1.6) (2.0) (2.0) Net Invested Capital 9.6 11.5 14.1 14.2 (1.2) Net Invested Capital 0.0 0.0 0.5 0.6 0.8 Group's Shoreholdes Equity 10.7 10.4 10.4 10.6 11.2 Financial Liabilities & Equity 9.6 11.5 14.1 14.2 14.2 Cash Flow statement (£ m) 2019 2021e 2022e 2023e 2023e Other non-cash charges 0.0.3 0.0 0.3 0.7 1.0 1.2		1.8	1.2	2.5	3.1	3.4
$\begin{array}{c} (\operatorname{Interm} A/L & (1,9) & (1,2) & (1,6) & (2,0) & (2,0) \\ \operatorname{Net Hwested Capital } & (1,1) & 1,1 & 3,2 & 2,9 & 2,3 \\ \operatorname{Minotifies } & 0,0 & 0,0 & 0,5 & 0,6 & 0,8 \\ \operatorname{Group's Shareholdens Equity } & 10,7 & 10,4 & 10,4 & 10,6 & 11,2 \\ \operatorname{Financial Labilities & Equity } & 9,6 & 11,5 & 14,1 & 14,2 & 14,2 \\ \hline Cash Flow statement (t m) & 2019 & 2020 & 2021e & 2022e & 2023e \\ \operatorname{Total net income} & 0,1 & 0,3 & 0,0 & 0,3 & 0,7 \\ \operatorname{Determines CFP} & 0,7 & 0,1) & 1,4 & 1,7 & 1,8 \\ \operatorname{Change in NWC} & 0,6 & 0,6 & (1,2) & (0,7) & (0,3) \\ \operatorname{Change in NWC} & 0,6 & 0,6 & (1,2) & (0,7) & (0,3) \\ \operatorname{Cell restricts (CFO)} & 1,3 & 0,5 & 0,2 & 1,0 & 1,5 \\ \operatorname{Financial GFF} & (2,0) & (2,7) & (3,0) & (1,0) & (1,0) \\ \operatorname{Financial GFF} & (2,0) & (2,7) & (3,0) & (1,0) & (1,0) \\ \operatorname{Financial GFF} & (2,0) & (2,7) & (3,0) & (1,0) & (1,0) \\ \operatorname{Financial GFF} & (2,0) & (2,7) & (3,0) & (1,0) & (1,0) \\ \operatorname{Financial GFF} & (2,0) & (2,7) & (2,2) & (2,8) & 0,0 & 0,5 \\ \operatorname{CF from financials (CFF)} & 3,8 & 1,7 & 0,7 & 0,3 & 0,1 \\ \operatorname{Financial ratios } & 2019 & 2020 & 2021e & 2022e & 2023e \\ \operatorname{EBIID Acd, margin} & 8,5\% & 5,5\% & 5,7\% & 7,1\% & 8,3\% \\ \operatorname{EBIIT margin} & 0,4\% & -1,0\% & 0,0\% & 1,2\% & 2,3\% \\ Net portifinancials (CFF) & 1,28 & (1,7) & 0,5 & 1,2\% & 2,3\% \\ \operatorname{Net portifinancials (CFF) & 1,28 & (1,7) & 0,5 & 1,2\% & 2,3\% \\ \operatorname{Net portifinancial GFF & 1,2\% & 0,0\% & 1,2\% & 2,3\% \\ \operatorname{Net portifinancial GFS & 1,1,4\% & 6,7\% & 1,0\% & 1,1,2\% \\ \operatorname{Net portifinancial GFS & 1,1,4\% & 6,7\% & 1,0\% & 1,1,2\% \\ \operatorname{Net portifinancial GFS & 1,2\% & Neg, 0,1\% & 3,3\% & 6,4\% \\ \operatorname{Net Debl/EBIIDA x & n.m. & 1,68 & 2,16 & 1,45 & 0,90 \\ \operatorname{Dabl-O-Equily x & n.m. & 0,10 & 0,11 & 0,3\% & 0,2\% \\ \operatorname{Net Debl/EBIIDA x & n.m. & 1,6\% & 2,16 & 1,45 & 0,90 \\ \operatorname{Dabl-O-Equily x & n.m. & 0,10 & 0,1\% & 3,3\% & 6,4\% \\ \operatorname{NOCE & 2,3\% & Neg, 0,1\% & 3,3\% & 6,4\% \\ \operatorname{NOCE & 2,3\% & Neg, 0,1\% & 3,3\% & 6,4\% \\ \operatorname{NOCE & 2,3\% & Neg, 0,1\% & 3,3\% & 6,4\% \\ \operatorname{NOCE & 2,2\% & Nog, 0,0\% & 0,0\% & 0,0\% \\ \operatorname{NOCE & 2,2\% & Nog, 0,0\% & 0,0\% & 0,0\% \\ \operatorname{NOTE & 1,2\% & 1,3\% & 1,3\% & 1,3\% & 1,45 \\ \operatorname{NOCE & 2,3\% & Nog, 0,0\% & $	U	9.6	10.0	11.8	11.6	11.4
Net Invested Capital 9.6 11.5 14.1 14.2 14.2 Minorities 0.0 0.0 0.5 0.6 0.8 Group's Shoreholders Equity 10.7 10.4 10.4 10.6 11.2 Financial Liabilities & Equity 9.6 11.5 14.1 14.2 14.2 Cash How statement (if m) 2019 2020 2021e 2022e 2023e Total nat Income 0.1 0.03 0.0 0.3 0.7 Depreciation 1.0 1.2 1.2 1.2 1.2 Other non-cash charges 0.3 0.7 0.2 0.2 0.0 Cash How thom Oper. (CFO) 0.7 0.1 1.4 1.7 1.8 Charge Showholds Faulty 0.6 0.6 0.6 0.1 0.3 0.1 1.5 Totas How thom Oper. (CFO) 1.3 0.5 0.2 1.0 1.5 Ster from Depretations (CFCP) 3.8 1.7 0.7 0.3 0.1	Equity Investments	0.0	1.4	1.4	1.4	1.4
Net Invested Capital 9.6 11.5 14.1 14.2 14.2 Minorities 0.0 0.0 0.5 0.6 0.8 Group's Shoreholders Equity 10.7 10.4 10.4 10.6 11.2 Financial Liabilities & Equity 9.6 11.5 14.1 14.2 14.2 Cash How statement (if m) 2019 2020 2021e 2022e 2023e Total nat Income 0.1 0.03 0.0 0.3 0.7 Depreciation 1.0 1.2 1.2 1.2 1.2 Other non-cash charges 0.3 0.7 0.2 0.2 0.0 Cash How thom Oper. (CFO) 0.7 0.1 1.4 1.7 1.8 Charge Showholds Faulty 0.6 0.6 0.6 0.1 0.3 0.1 1.5 Totas How thom Oper. (CFO) 1.3 0.5 0.2 1.0 1.5 Ster from Depretations (CFCP) 3.8 1.7 0.7 0.3 0.1		(1.9)	(1.2)	(1.6)	(2.0)	(2.0)
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Payout ratio 0.0% 0.0% 0.0% 0.0% 0.0% 0.0% 0.0% Per share figures 2019 2020 $2021e$ $2022e$ $2023e$ Number of shares # m 8.00 8.00 8.00 8.00 8.00 Number of shares Fully Diluted # m 8.25 8.25 8.25 8.25 Average Number of shares Fully Diluted # m 8.25 8.25 8.25 8.25 EPS stated FD ϵ 0.01 (0.04) 0.00 0.04 0.09 EPS adjusted FD ϵ 0.16 0.08 0.18 0.25 0.31 EBIT ϵ 0.04 (0.04) 0.03 0.10 0.17 BV ϵ 1.30 1.26 1.32 1.36 1.45 FCFO ϵ 0.15 0.06 0.02 0.13 0.19 FCFF ϵ (0.09) (0.27) (0.34) 0.01 0.07 FCFE ϵ 0.37 (0.07) (0.26) 0.04 0.08			•			
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BV € 1.30 1.26 1.32 1.36 1.45 FCFO € 0.15 0.06 0.02 0.13 0.19 FCFF € (0.09) (0.27) (0.34) 0.01 0.07 FCFE € 0.37 (0.07) (0.26) 0.04 0.08						
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FCFE € 0.37 (0.07) (0.26) 0.04 0.08						
	PCFE€ Dividend€	0.37	0.00	0.00	0.04	0.08





ANALYST CERTIFICATION

This publication was prepared by LUCA ARENA, Head of the Equity Research Department of "Corporate Family Office SIM S.p.A." ("CFO SIM") and GIANLUCA MOZZALI, Equity Analyst of CFO SIM. This is to certify that the views expressed on the companies mentioned in this document reflect the analysts' personal opinions and that no direct or indirect recompense has been, or will be, received by the analyst further to the views expressed herein.

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DATE	TARGET PRICE	RATING
28/09/2021	€1.80	BUY
27/07/2021	€1.80	BUY

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- a **SELL** rating is assigned if the target price is at least 15% lower than the market price;
- a NEUTRAL rating is assigned if the difference between the current price and target price lies within the +/ -15% bands identified using the preceding criteria.

The rating is determined on the basis of the **expected absolute return 12 months forward** and not on the basis of the estimated out/underperformance relative to a market index. Thus, the rating can be directly linked with the estimated percentage difference between current price and target price. The prices of the financial securities mentioned in the report (also used for the calculation of market capitalisation and market multiples) are the reference prices of the stock market trading day preceding the publication date of the report, otherwise stated.

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