

Italy - Food

More than well on track to reach FY-22 company guidance

15th November 2022

Q3/9M-22 RESULTS RELEASE

RIC: ORSO.MI
BBG: ORS IM

Another more than satisfactory set of results in Q3/9M-22, a period still characterised by a complex macro-context, with the consumption of fruit and vegetables in contraction and increases in sourcing prices linked to inflationary phenomena. FY-22 revised company guidance confirmed.

Rating:

Buy

Price Target:

€ 21.00

Upside/(Downside): 41.7%

Last Price: € 14.82

Market Cap.: € 262.1m

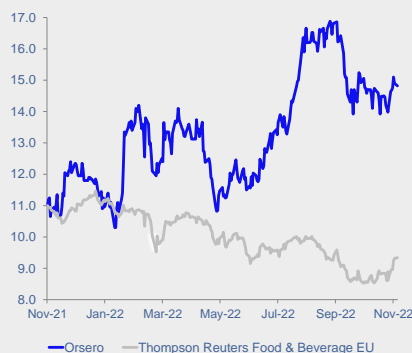
1Y High/Low: € 17.34 / € 10.05

Avg. Daily Turn. (3M, 6M): € 390k, € 404k

Free Float: 57.3%

Major shareholders:

FIF Holding 33.4%
Grupo Fernández 6.7%



Stock price performance

	1M	3M	12M
Absolute	0.8%	-8.5%	29.4%
Rel.to FTSE IT STAR	-14.2%	-5.8%	55.2%
Rel.to EU Sector	-6.0%	-2.3%	44.7%

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Estimates, valuation and BUY recommendation confirmed: PT offers 42% upside

Orsero reported another more than satisfactory set of results in Q3-22, a quarter still characterised by a complex macroeconomic context, a reference market that sees the consumption of fruit and vegetables in contraction in terms of volumes and significant increases in sourcing prices linked to inflationary phenomena. The company confirmed its guidance for FY-22, revised upwards on the occasion of Q2/H1-22 results release. On the back of 9M-22 results, FY-22 company targets are rather easy to reach and imply a weak Q4-22, which in our opinion might be overly penalising. The Buy recommendation is confirmed, PT offers 42% upside.

Top line up by 15.3% in Q3-22...

Q3-22 revenues increased by 15.3% to € 318.1m: the Distribution BU grew by 12.7% and the Shipping BU soared by 45.1%. The Distribution segment totalled revenues of € 290.8m, up by 12.7% YoY, with a significant increase in average sales prices and a better mix (due to the implementation of a strategy aimed at revising the product portfolio by reducing the weight of commodities like bananas and increasing higher-added-value products, namely avocados, mangos, table grapes, and kiwis) facing slightly-declining volumes. The Shipping segment generated sales to the tune of € 36.7m, up 45.1% YoY as a result of higher volumes, increasing freight rates in addition to the more favourable €/€ exchange rate, currency in which freight rates are typically denominated.

...EBITDA margin at record level of 5.7%

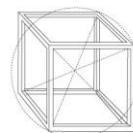
Consolidated adj. EBITDA rose by 19.2% to € 18.2m, margin of 5.7% vs. 5.5% in Q3-21 as a result of a 24.7% drop in the Distribution BU more than entirely offset by a 99.1% jump in the Shipping BU. Distribution's adj. EBITDA was € 8.1m, down from € 10.7m in the same period of 2021. Margin declined by 140bps to 2.8%, primarily as a result of the increase in the sector's cost structure: 1) the energy costs related to the group's distribution facilities in Europe and 2) the weakening of the EUR towards the USD which had consequences for the import of bananas. All this was exacerbated by the moderate deterioration in volumes. Shipping's adj. EBITDA was € 11.9m, more than double the € 6.0m of Q3-21, with a further improvement in EBITDA margin from 23.6% to 32.4%, thanks to 1) a strong load factor (above 95%), 2) additional operational efficiencies stemming from the navigation schedule with 5 ships (4 owned and 1 chartered) implemented since 2019, and 3) still persistently-high sea freight rates.

Another quarter of strong cash flow generation

Adj. EBIT reached € 10.5m vs. € 8.6m recorded in Q3-21. Adj. Net Profit jumped from € 6.7m to € 10.1m as a consequence of the lighter tax rate due to the higher profit stemming from the Shipping BU, characterised by a lower-than-average tax burden. Net Profit reached € 10.0m, up 38.8% compared to € 7.2m in Q3-21. NFP diminished to € 76.0m compared to € 84.3m at end-21. It was almost unchanged QoQ and includes IFRS 16 liabilities of € 43.7m. The improvement is the result of 1) operating cash generation for € 38.9m, 2) capex for € 9.6m, 3) higher rights of use under IFRS 16 of € 14.4m, 4) dividend payment for € 5.2m and treasury shares purchase for € 2.2m.

Orsero, key financials and ratios

€ m	2020	2021	2022e	2023e	2024e
Sales	1,041.5	1,069.8	1,200.4	1,430.7	1,465.6
EBITDA adj	48.4	52.9	69.9	84.1	86.1
EBIT adj	22.4	25.5	36.1	50.4	52.4
Net profit	12.2	18.3	28.4	40.6	42.4
Net profit adj	14.0	19.1	31.3	42.2	43.9
NFP (cash)/debt	103.5	84.3	153.9	120.0	81.7
EPS adjusted FD	0.79	1.08	1.77	2.39	2.48
EPS adj. FD growth	164.2%	36.4%	64.0%	34.6%	4.1%
DPS ord. €/s	0.20	0.30	0.45	0.60	0.65
Dividend yield	1.3%	2.0%	3.0%	4.0%	4.4%
Free Cash Flow Yield	10.0%	8.3%	-24.2%	15.5%	18.2%
PER x	7.4	8.2	8.5	6.3	6.1
EV/Sales x	0.20	0.23	0.35	0.27	0.24
EV/EBITDA x	4.3	4.6	6.0	4.6	4.1
EV/EBIT x	9.3	9.5	11.7	7.7	6.7



The company in a nutshell

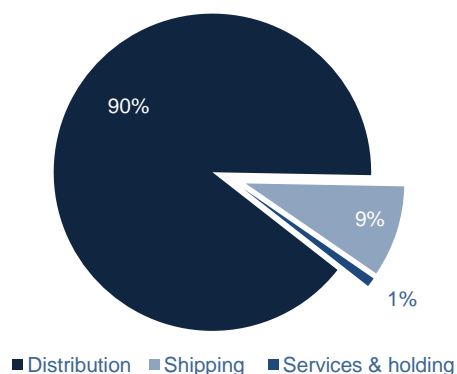
Orsero is an international group headquartered in Milan, operating in the fresh fruit and vegetable import and distribution business in the Mediterranean area of Europe. The group was founded over 50 years ago by the Orsero family. The current business includes the import and distribution of fresh fruit and vegetables as well as the production and export of fruit together with chilled maritime transportation. Orsero boasts a presence mainly in Italy, France, Spain, Portugal, Greece, Costa Rica and Colombia.

During 2012, the group launched the "F.lli Orsero" brand for bananas and pineapples, which expresses a large Italian family company's sense of tradition and passion for top-quality fruit and vegetables.

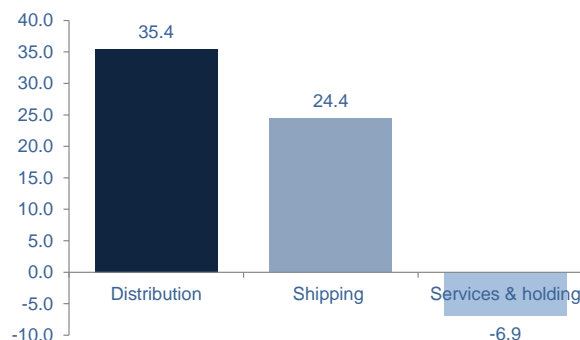
2021 Orsero highlights: revenues of € 1.070m, adj. EBITDA. of € 52.9m (4.9% margin), adjusted net profit equal to € 19.1m and net financial position of € 84.3m (1.6x adj. EBITDA).

Orsero was listed on Euronext Growth Milan on 13-Feb-17 as a result of the merger between Glenalta Food and Orsero. The merger was the final step in the business combination between Glenalta Food and GF Group, as regulated by the agreement signed and announced on 28th October 2016. Orsero has been trading on the Euronext Star Milan segment of Borsa Italiana since 23-Dec-19.

2021 Gross Turnover...



...and EBITDA by business



Shareholder structure

	%	# m
FIF Holding	33.4%	5.90
Grupo Fernandez	6.7%	1.18
Treasury Shares	2.7%	0.48
Free Float	57.3%	10.13
o/w Praude Asset Management	9.5%	1.69
Global Portfolio Investments	5.7%	1.01
First Capital	5.5%	0.98
Total	100.0%	17.68

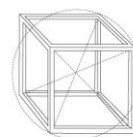
Peer group absolute performance

	1D	1W	1M	3M	6M	YTD
Dole PLC	(1.2)	0.6	14.9	(4.1)	(20.8)	(32.9)
Fresh Del Monte Produce Inc	(0.4)	0.3	11.5	(3.4)	11.5	1.2
Greenyard NV	(2.2)	4.1	20.6	(13.9)	(0.5)	(23.4)
Peers Median	(1.2)	0.6	14.9	(4.1)	(0.5)	(23.4)
Orsero Spa	(0.5)	1.2	0.8	(8.5)	28.0	25.1
FTSE Italia STAR	(0.1)	7.9	15.0	(2.7)	(2.2)	(25.1)
EU Sector	0.3	4.7	6.8	(6.2)	(7.0)	(17.4)
Orsero Spa to peers	0.7	0.7	(14.1)	(4.4)	28.5	48.5
Orsero Spa to FTSE Italia STAR	(0.5)	(6.7)	(14.2)	(5.8)	30.2	50.2
Orsero Spa to EU Sector	(0.8)	(3.4)	(6.0)	(2.3)	35.0	42.4

Peer group multiples table

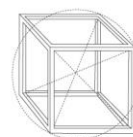
Price & EV multiples x	PER FY1	PER FY2	PER FY3	PCF FY1	PCF FY2	PCF FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
Dole PLC	8.9	7.3	5.7	3.5	3.2	2.8	6.0	5.2	4.6
Fresh Del Monte Produce Inc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Greenyard NV	14.6	10.1	7.2	3.0	2.7	2.4	4.3	3.8	3.2
Median	11.7	8.7	6.5	3.2	2.9	2.6	5.2	4.5	3.9
Orsero Spa	8.5	6.3	6.1	4.1	3.5	3.4	6.0	4.6	4.1
% (Discount)/Premium to peer median	-21.3%	-23.3%	-6.9%	29.3%	21.9%	35.5%	18.4%	4.6%	6.0%

Sources: CFO Sim, Thomson Reuters Eikon





Income statement (€ m)	2020	2021	2022e	2023e	2024e
Revenues	1,041.5	1,069.8	1,200.4	1,430.7	1,465.6
COGS	(953.7)	(975.6)	(1,088.3)	(1,288.4)	(1,320.1)
Gross Profit	87.8	94.2	112.2	142.2	145.5
SG&A	(69.0)	(71.1)	(79.4)	(93.6)	(94.9)
EBIT	18.8	23.1	32.8	48.7	50.6
Financials	(2.9)	(3.3)	(1.8)	(2.8)	(2.8)
Results from investments	0.8	1.0	1.6	1.7	1.8
Pre Tax Profit	16.7	20.8	32.6	47.6	49.6
Taxes	(4.4)	(2.3)	(3.9)	(6.7)	(6.9)
Discontinued	0.0	0.0	0.0	0.0	0.0
Minorities	(0.1)	(0.2)	(0.2)	(0.3)	(0.3)
Net Profit	12.2	18.3	28.4	40.6	42.4
D&A and Provisions	(26.0)	(27.4)	(33.8)	(33.7)	(33.7)
Non recurring items	(3.7)	(2.4)	(3.3)	(1.8)	(1.8)
EBITDA adj.	48.4	52.9	69.9	84.1	86.1
EBIT adj.	22.4	25.5	36.1	50.4	52.4
Net Profit adj.	14.0	19.1	31.3	42.2	43.9
Balance sheet (€ m)	2020	2021	2022e	2023e	2024e
Net Working Capital	37.9	30.2	41.8	57.7	63.2
Net Fixed Assets	222.3	221.7	302.8	286.2	273.7
Equity Investments	6.2	14.8	15.0	15.3	15.7
Other M/L Term A/L	(2.7)	(6.4)	(6.6)	(7.3)	(7.0)
Net Invested Capital	263.7	260.2	353.0	352.0	345.6
Net Financial Debt/(cash)	103.5	84.3	153.9	120.0	81.7
Minorities	0.5	0.7	0.9	1.2	1.5
Group's Shareholders Equity	159.6	175.2	198.2	230.8	262.4
Financial Liabilities & Equity	263.7	260.2	353.0	352.0	345.6
Cash Flow statement (€ m)	2020	2021	2022e	2023e	2024e
Total net income	12.2	18.3	28.4	40.6	42.4
Depreciation	24.2	25.0	31.7	31.3	31.2
Other non-cash charges	8.2	4.1	(0.0)	0.3	(0.3)
Cash Flow from Oper. (CFO)	44.6	47.3	60.1	72.3	73.3
Change in NWC	(7.3)	7.7	(11.6)	(15.9)	(5.6)
FCF from Operations (FCFO)	37.2	55.1	48.5	56.4	67.7
Net Investments (CFI)	(11.0)	(33.4)	(113.1)	(15.0)	(19.0)
Free CF to the Firm (FCFF)	26.2	21.7	(64.6)	41.4	48.7
CF from financials (CFF)	(42.3)	(7.1)	(5.2)	(7.8)	(10.4)
Free Cash Flow to Equity (FCFE)	(16.1)	14.6	(69.8)	33.5	38.3
Financial ratios	2020	2021	2022e	2023e	2024e
EBITDA adj. margin	4.6%	4.9%	5.8%	5.9%	5.9%
EBIT margin	1.8%	2.2%	2.7%	3.4%	3.5%
Net profit margin	1.2%	1.7%	2.4%	2.8%	2.9%
Tax rate	26.4%	11.2%	12.0%	14.0%	14.0%
Op NWC/Sales	3.6%	2.8%	3.5%	4.0%	4.3%
Interest coverage x	0.15	0.14	0.06	0.06	0.06
Net Debt/EBITDA adj. x	2.14	1.59	2.20	1.43	0.95
Debt-to-Equity x	0.65	0.48	0.78	0.52	0.31
ROIC	4.6%	7.0%	8.1%	11.5%	12.3%
ROCE	6.9%	7.6%	10.0%	12.8%	12.3%
ROACE	6.6%	7.7%	10.4%	13.4%	12.8%
ROE	7.7%	10.4%	14.3%	17.6%	16.1%
Payout ratio	28.2%	28.2%	27.5%	25.6%	26.6%
Per share figures	2020	2021	2022e	2023e	2024e
Number of shares # m	17.68	17.68	17.68	17.68	17.68
Number of shares Fully Diluted # m	17.68	17.68	17.68	17.68	17.68
Average Number of shares Fully Diluted # m	17.68	17.68	17.68	17.68	17.68
EPS stated FD €	0.69	1.03	1.61	2.30	2.40
EPS adjusted FD €	0.79	1.08	1.77	2.39	2.48
EBITDA €	2.74	2.99	3.95	4.76	4.87
EBIT €	1.06	1.31	1.86	2.75	2.86
FCFO €	2.10	3.12	2.74	3.19	3.83
FCFF €	1.48	1.23	(3.65)	2.34	2.75
FCFE €	(0.91)	0.83	(3.95)	1.90	2.17
Dividend €	0.20	0.30	0.45	0.60	0.65



Q3/9M-22 solid results

Another more than satisfactory set of results in Q3/9M-22, a period still characterised by a complex macroeconomic context, a reference market that sees the consumption of fruit and vegetables in contraction in terms of volumes and significant increases in sourcing prices linked to inflationary phenomena.

Table 1 – Orsero, Q3/9M-22 result summary

€ m	Q3-22	Q3-21	% YoY	9M-22	9M-21	% YoY
Revenues	318.1	275.9	15.3	894.3	789.0	13.3
COGS	(289.8)	(251.4)		(805.0)	(716.8)	
Gross Profit	28.3	24.4	15.8	89.3	72.2	23.7
% margin	8.9	8.9		10.0	9.1	
SG&A	(18.7)	(16.5)		(55.6)	(52.0)	
Other	0.7	1.4		0.7	1.2	
EBIT	10.3	9.3	10.5	34.3	21.4	60.3
% margin	3.2	3.4		3.8	2.7	
Financials	(1.0)	(1.0)		(4.0)	(2.8)	
Results from investments	0.6	0.3		1.9	0.6	
Pre Tax Profit	9.9	8.6	15.1	32.1	19.3	66.5
% margin	3.1	3.1		3.6	2.4	
Taxes	(0.1)	(1.5)		(2.5)	(3.9)	
Tax Rate	0.8%	16.9%		7.7%	20.3%	
Discontinued	0.0	0.0		0.0	0.0	
Minorities	0.1	0.0		(0.3)	(0.2)	
Net Profit	10.0	7.2	38.8	29.3	15.2	93.2
% margin	3.1	2.6		3.3	1.9	
D&A	(7.5)	(6.4)		(20.9)	(18.8)	
Provisions	(0.2)	(0.2)		(1.0)	(1.9)	
Top Management incentives	(0.1)	(0.0)		(0.6)	(0.1)	
Non recurring (expenses)/income	(0.1)	0.8		(1.5)	0.4	
EBITDA adj.	18.2	15.2	19.2	58.4	41.8	39.7
% margin	5.7	5.5		6.5	5.3	
EBIT adj.	10.5	8.6	22.2	36.4	21.2	72.3
% margin	3.3	3.1		4.1	2.7	
Net Profit adj.	10.1	6.7	51.4	31.4	15.3	105.1
% margin	3.2	2.4		3.5	1.9	

Source: Orsero

Q3-22 revenues increased by 15.3% to € 318.1m: the Distribution BU grew by 12.7% and the Shipping BU soared by 45.1%.

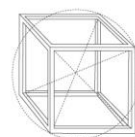
Table 2 – Orsero, Q3/9M-22 revenues breakdown

€ m	Q3-22	Q3-21	% YoY	9M-22	9M-21	% YoY
Revenues	318.1	275.9	15.3	894.3	789.0	13.3
Distribution	290.8	258.1	12.7	817.0	739.9	10.4
Shipping	36.7	25.3	45.1	106.0	75.0	41.3
Services	3.0	2.6	15.9	8.7	7.5	15.4
Intercompany	(12.4)	(10.1)	22.4	(37.4)	(33.5)	11.8

Source: Orsero

The Distribution segment totalled revenues of € 290.8m, up by 12.7% YoY, with a significant increase in average sales prices and a better mix (due to the implementation of a strategy aimed at revising the product portfolio by reducing the weight of commodities like bananas and increasing higher-added-value products, namely avocados, mangos, table grapes, and kiwis) facing slightly-declining volumes.

The Shipping segment generated sales to the tune of € 36.7m, up 45.1% YoY as a result of higher volumes, increasing freight rates in addition to the more favourable €//\$ exchange rate, currency in which freight rates are typically denominated



Consolidated **adj. EBITDA rose by 19.2% to € 18.2m**, margin of 5.7% vs. 5.5% in Q3-21 as a result of a 24.7% drop in the Distribution BU more than entirely offset by a 99.1% jump in the Shipping BU.

Table 3 – Orsero, Q3/9M-22 EBITDA adj. breakdown

€ m	Q3-22	Q3-21	% YoY	9M-22	9M-21	% YoY
EBITDA adj	18.2	15.2	19.2	58.4	41.8	39.7
Distribution	8.1	10.7	(24.7)	26.1	29.4	(11.1)
Shipping	11.9	6.0	99.1	38.0	17.7	114.6
Services	(1.8)	(1.5)	22.4	(5.7)	(5.2)	8.2
EBITDA adj %	5.7	5.5		6.5	5.3	
Distribution %	2.8	4.2		3.2	4.0	
Shipping %	32.4	23.6		35.8	23.6	
Services %	(61.3)	(58.1)		(65.6)	(70.0)	

Source: Orsero

Distribution's adj. EBITDA was € 8.1m, down from € 10.7m in the same period of 2021. Margin declined by 140bps to 2.8%, primarily as a result of the increase in the sector's cost structure: 1) the energy costs related to the group's distribution facilities in Europe and 2) the weakening of the EUR towards the USD which had consequences for the import of bananas. All this was exacerbated by the moderate deterioration in volumes.

Shipping's adj. EBITDA was € 11.9m, more than double the € 6.0m of Q3-21, with a further improvement in EBITDA margin from 23.6% to 32.4%, thanks to 1) a strong load factor (above 95%), 2) additional operational efficiencies stemming from the navigation schedule with 5 ships (4 owned and 1 chartered) implemented since 2019, and 3) still persistently-high sea freight rates.

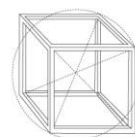
Adj. EBIT reached € 10.5m vs. € 8.6m recorded in Q3-21. Adj. Net Profit jumped from € 6.7m to € 10.1m as a consequence of the lighter tax rate due to the higher profit stemming from the Shipping BU, characterised by a lower-than-average tax burden. Net Profit reached € 10.0m, up 38.8% compared to € 7.2m in Q3-21.

NFP diminished to € 76.0m compared to € 84.3m at end-21. It was almost unchanged QoQ and includes IFRS 16 liabilities of € 43.7m. The improvement is the result of 1) operating cash generation for € 38.9m, 2) capex for € 9.6m, 3) higher rights of use under IFRS 16 of € 14.4m, 4) dividend payment for € 5.2m and treasury shares purchase for € 2.2m.

Table 4 – Orsero, 9M-22 Balance Sheet highlights

€ m	9M-22	FY-21	% YoY
Capital Invested	277.9	260.2	6.8
Sharholders' Equity	201.9	175.9	
Net Financial Position	76.0	84.3	(9.8)
NFP/Sharholders' Equity	0.38	0.48	
NFP/EBITDA adj.	1.09	1.59	
Net Financial Position ex. IFRS16	32.3	45.3	(28.7)
NFP/Sharholders' Equity	0.16	0.26	
NFP/EBITDA adj.	0.56	1.00	

Source: Orsero



Our view, action

Orsero showed another more than satisfactory set of results in Q3-22, a quarter still characterised by a complex macroeconomic context, a reference market that sees the consumption of fruit and vegetables in contraction in terms of volumes and significant increases in prices linked to inflationary and sometimes even speculative phenomena.

The company confirmed its guidance for FY-22, revised upwards on the occasion of Q2/H1-22 results release. In greater detail:

- **Net Sales: € 1,130m - € 1,160m**, CFO SIM € 1,200m
- **Adj. EBITDA: € 67m - € 70m**, CFO SIM € 69.9m
- **Net Profit: € 32m - € 34m**, CFO SIM € 31.3m
- **Net Financial Position: € 68m - € 63m**, CFO SIM € 153.9m (including the recent acquisitions in France)
- **Capex: € 13m - € 14m**, CFO SIM € 14.0m

On the back of 9M-22 results, FY-22 company targets are rather easy to reach and imply a weak Q4-22, which in our opinion might be overly penalising. The Buy recommendation is confirmed, PT offers 42% upside.

Stock performance

Glenalta Food was listed on Euronext Growth Milan on 10th Nov 2015 at € 10.0/share, corresponding to a market capitalisation of € 80.0m. Its target, Orsero, was listed on **Euronext Growth Milan on 13-Feb-17** as a result of the merger between Glenalta Food and Orsero. **As of Dec-19 Orsero moved to the Euronext Star Milan**, the STAR segment of Borsa Italiana dedicated to high requirement stocks. Orsero stock reached an intraday 1Y maximum level of € 17.34/s on 6th Sep 22 and a 1Y minimum price of € 10.05 on 25th Jan 2022. The stock underperformed the FTSE Italia STAR index, the EU Sector and its peers in the last 3/1M.

Table 5 - Orsero, peers group and indexes absolute performance

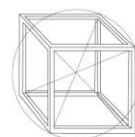
%	1D	1W	1M	3M	6M	YTD	1Y
Dole PLC	(1.2)	0.6	14.9	(4.1)	(20.8)	(32.9)	(36.1)
Fresh Del Monte Produce Inc	(0.4)	0.3	11.5	(3.4)	11.5	1.2	(3.6)
Greenyard NV	(2.2)	4.1	20.6	(13.9)	(0.5)	(23.4)	(14.1)
Peers Median	(1.2)	0.6	14.9	(4.1)	(0.5)	(23.4)	(14.1)
Orsero Spa	(0.5)	1.2	0.8	(8.5)	28.0	25.1	29.4
FTSE Italia STAR	(0.1)	7.9	15.0	(2.7)	(2.2)	(25.1)	(25.8)
Thomson Reuters Food & Beverage EU	0.3	4.7	6.8	(6.2)	(7.0)	(17.4)	(15.3)

Source: Thomson Reuters Eikon

Table 6 – Orsero, relative performances

%	1D	1W	1M	3M	6M	YTD	1Y
Orsero Spa to peers	0.7	0.7	(14.1)	(4.4)	28.5	48.5	43.6
Orsero Spa to FTSE Italia STAR	(0.5)	(6.7)	(14.2)	(5.8)	30.2	50.2	55.2
Orsero Spa to EU Sector	(0.8)	(3.4)	(6.0)	(2.3)	35.0	42.4	44.7

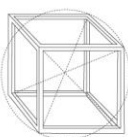
Source: Thomson Reuters Eikon



Risks

The principal investment **risks** associated with Orsero include:

- impacts on the P&L account and balance sheet profiles triggered by a sharp decline in local and global economic growth,
- long-term effects of the spread of COVID-19 and of the war in the Ukraine,
- profit margin dilution stemming from the acquisition campaign,
- impact of sharp US\$ and bunker price fluctuations.



ANALYST CERTIFICATION

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DATE	TARGET PRICE	RATING
15/11/2022	€21.00	BUY
04/11/2022	€21.00	BUY
15/09/2022	€21.00	BUY
01/08/2022	€21.40	BUY
17/05/2022	€20.00	BUY
18/03/2022	€20.00	BUY
11/03/2022	€20.00	BUY
03/02/2022	€20.00	BUY

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- a **BUY** rating is assigned if the target price is at least 15% higher than the market price;
- 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% range identified using the preceding criteria.

The rating is determined on the basis of the **expected absolute return over a 12-month period** and not on the basis of the estimated outperformance or underperformance relative to a market index. Thus, the rating can be directly linked to the estimated percentage difference between current and target prices. 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.

