

Italian Mid Small Caps Monthly

Reassuring Quarterly Results, Liquidity Picture Still Weak

by Intermonte Research Team

Italian Equity Market

- **Performance (-).** The Italian equity market (prices as at 18 May 2023) has decreased 2.4% in the last month but is still up 14.2% YtD. The FTSE Italy Mid-Cap index (-2.3%) has performed almost in line with the main index in the last month (-4.7% YtD on a relative basis), with the FTSE Italy Small Caps index (-7.0%) performing 4.6% below the market, and -13.5% on a relative basis since the beginning of 2023. Looking at mid/small cap performances across Europe, the MSCI Europe Small Caps index has decreased 1.1% in the last month, performing better than Italian mid-caps.
- **Estimates (-).** Since the beginning of 2023, we have implemented a +7.8% upward revision to our 2023 EPS estimates, with a more limited revision (+4.8%) to 2024 EPS; focusing on our mid/small cap coverage, however, we have raised 2023 EPS by just 0.7% since 1 January 2023. Notably, in the last month, we have cut 2023 and 2024 EPS forecasts for our mid/small cap coverage by 0.2% and 1.6% respectively, with small caps seeing a more severe reduction. The rising cost of financing is one of the factors driving estimates down, along with an unsupportive macro environment.
- **Valuations (=).** If we compare YtD performance to the change in FY23 estimates over the same period, we see that FTSE MIB stocks have recorded a 6.4% re-rating YtD (the same metric was +13.2% one month ago); mid-caps have re-rated by 7.6%, while small caps have re-rated by 10.8%. On a P/E basis, our panel is trading at a 47% premium to large caps, well above the historical average premium (17%) and in line with the level one month ago (47%).
- **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 2.7% higher than the 1Y average, but one month ago the same metric was +9.8%. Liquidity for mid-caps also showed a similar trend at 0.4% above the 1Y average, while for small caps the same metric is +4.4%.
- **Investment strategy.** 1Q23 results confirmed that, despite the challenging macroeconomic context, Italian listed companies maintain solid fundamentals. Various sectors surprised on the upside: first of all, banks thanks to net interest income, secondly luxury stocks thanks to steadily growing demand, and finally some industrials, which benefited from an easing of supply chain tensions. Among the negative messages we found some caution on margins. The issue of debt refinancing at higher rates has a significant impact on estimates, but the number of critical situations appears limited at the moment. In this scenario the valuations of some sectors, such as IT, seem particularly appealing; the announcement of 2 takeovers on cybersecurity small caps is not surprising. Liquidity remains an issue among small caps, especially in relation to significant outflows from PIR funds which, on average, represent about 10% of the float for this segment. On a positive note, we point out that the Italian government has dedicated significant focus to facilitating equity capital market financing for Italian SMEs. We hope some initiatives could help improve momentum in the segment after a period of subdued flows and a lack of listings.

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Performance

Small caps underperforming mid and large caps in a negative month

The Italian equity market (prices as at 18 May 2023) has decreased 2.4% in the last month but is still up 14.2% YtD. The FTSE Italy Mid-Cap index (-2.3%) has performed almost in line with the main index in the last month (-4.7% YtD on a relative basis), with the FTSE Italy Small Caps index (-7.0%) performing 4.6% below the market, and -13.5% on a relative basis since the beginning of 2023.

Italian Market Indexes – performance analysis (prices as at 18 May 2023)

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	43,117	-2.3%	-3.4%	8.6%	9.5%	2.5%	-6.4%	37.9%	3.1%
FTSE Italia Small Cap	27,942	-7.0%	-7.6%	0.5%	0.7%	-8.5%	5.4%	62.7%	23.1%
FTSE Italia Star	47,557	-2.8%	-5.7%	1.2%	2.8%	-3.5%	-7.5%	41.1%	27.1%
FTSE AIM ITALIA	9,106	-2.3%	-5.5%	-1.7%	-1.6%	-7.3%	-1.5%	36.8%	-2.3%
FTSE Italia All-Share	29,368	-2.4%	-2.1%	10.1%	14.2%	11.7%	7.8%	54.3%	14.5%
FTSE MIB	27,236	-2.4%	-1.9%	10.4%	14.9%	13.1%	9.5%	56.5%	16.1%
Relative Performance vs FTSE Italy All Share		% 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		0.1%	-1.3%	-1.5%	-4.7%	-9.2%	-14.2%	-16.4%	-11.4%
FTSE Italia Small Cap		-4.6%	-5.6%	-9.6%	-13.5%	-20.2%	-2.4%	8.4%	8.6%
FTSE Italia Star		-0.4%	-3.6%	-8.9%	-11.4%	-15.1%	-15.3%	-13.3%	12.6%

Source: FactSet

Looking at mid/small cap performances across Europe, the MSCI Europe Small Caps index has decreased 1.1% in the last month, performing better than Italian mid-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	157	-0.6%	0.5%	7.7%	9.9%	7.9%	6.7%	37.3%	17.5%
MSCI Europe Small Cap	403	-1.1%	-3.7%	3.7%	6.0%	-4.0%	-13.8%	28.2%	2.7%

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

Best Performers	Price (Eu)	Market Cap (Eu mn)	Perf. 1M (%)
REEVO	17.25	87	23%
MARR	14.74	981	10%
REVO INSURANCE	8.72	215	10%
AUTOGRILL	6.94	2,672	8%
AVIO	9.94	262	8%
SALCEF GROUP	22.10	1,379	8%
PHARMANUTRA	57.40	556	7%
BREMBO	14.45	4,825	7%
TECHNOGYM	8.67	1,746	5%
FILA	7.44	320	5%
TIP	8.80	1,623	4%
ILBE	0.93	22	3%
OMER	2.96	85	2%
BUZZI-UNICEM	22.60	4,353	2%
ACEA	13.48	2,871	2%
INTERCOS	15.58	1,500	2%
SERVIZI ITALIA	1.37	43	2%
CIVITANAVI SYSTEMS	3.66	113	1%
UNIDATA	39.90	123	1%
SAFILO	1.38	569	0%
FTSE Italia Mid Cap			-2%
FTSE Italia Small Cap			-7%
FTSE MIB			-2%
Worst Performers	Price (Eu)	Market Cap (Eu mn)	Perf. 1M (%)
DOVALUE	4.62	370	-28%
ESPRINET	6.36	321	-28%
MAIRE TECNIMONT	3.36	1,104	-17%
GEOX	0.95	247	-15%
IGD	2.54	280	-14%
BANCA SISTEMA	1.18	95	-14%
AQUAFIL	4.30	184	-12%
ALKEMY	11.14	63	-12%
BRUNELLO CUCINELLI	80.80	5,494	-12%
FINE FOODS	7.40	163	-11%
NOTORIOUS PICTURES	1.59	36	-11%
EMAK	1.08	177	-11%
FERRAGAMO	15.33	2,588	-10%
TINEXTA	18.05	852	-9%
DATALOGIC	6.91	404	-9%
SERI INDUSTRIAL	4.85	262	-9%
PIAGGIO	3.71	1,329	-8%
SESA	106.90	1,656	-8%
BFF BANK	8.77	1,628	-7%
TESMEC	0.15	93	-7%

Source: FactSet

Intermonte Mid & Small Cap Coverage – best and worst performers YTD

Best Performers	Price (Eu)	Market Cap (Eu mn)	Perf. YTD (%)
TXT E-SOLUTIONS	19.50	254	52%
THE ITALIAN SEA GROUP	8.50	451	50%
WEBUILD	1.99	2,002	45%
BREMBO	14.45	4,825	38%
CYBEROO	5.68	113	35%
PIAGGIO	3.71	1,329	32%
MEDIA FOR EUROPE	0.73	1,709	30%
MARR	14.74	981	29%
IREN	1.89	2,452	28%
TOD'S	38.78	1,283	28%
SALCEF GROUP	22.10	1,379	27%
BUZZI-UNICEM	22.60	4,353	26%
REEVO	17.25	87	25%
CEMENTIR	7.61	1,211	24%
OVS GROUP	2.60	758	24%
INTERCOS	15.58	1,500	23%
TECHNOGYM	8.67	1,746	21%
TIP	8.80	1,623	20%
SAES GETTERS	28.00	614	19%
GEOX	0.95	247	19%
FTSE Italia Mid Cap			10%
FTSE Italia Small Cap			1%
FTSE MIB			15%
Worst Performers	Price (Eu)	Market Cap (Eu mn)	Perf. YTD (%)
DOVALUE	4.62	370	-35%
AQUAFIL	4.30	184	-30%
BANCA SISTEMA	1.18	95	-23%
ILBE	0.93	22	-22%
TINEXTA	18.05	852	-21%
EL. EN.	11.40	911	-20%
GPI	11.66	337	-19%
IGD	2.54	280	-18%
SECO	4.40	575	-18%
DATALOGIC	6.91	404	-17%
UNIDATA	39.90	123	-14%
SOMEK	28.30	195	-13%
FINE FOODS	7.40	163	-11%
ELICA	2.68	170	-10%
SAFILO	1.38	569	-10%
SCIUKER FRAMES	6.40	139	-9%
PHARMANUTRA	57.40	556	-8%
SESA	106.90	1,656	-8%
ABITARE IN	5.30	141	-8%
EMAK	1.08	177	-8%

Source: FactSet

Earnings Momentum

Forecasts for our mid/small cap coverage trimmed in the last month

Since the beginning of 2023, we have implemented a +7.8% upward revision to our 2023 EPS estimates, with a more limited revision (+4.8%) to 2024 EPS; focusing on our mid/small cap coverage, however, we have raised 2023 EPS by just 0.7% since 1 January 2023. Notably, in the last month, we have cut 2023 and 2024 EPS forecasts for our mid/small cap coverage by 0.2% and 1.6% respectively, with small caps seeing a more severe reduction. The rising cost of financing is one factor driving estimates down, along with an unsupportive macro environment.

Italian Market – Intermonte changes to 2022 and 2023 estimates

EPS REVISION	Since January 1st 2023		Since 19/4/2023	
	% chg in EPS FY23	% chg in EPS FY24	% chg in EPS FY23	% chg in EPS FY24
Total Market	7.8%	4.8%	3.3%	2.0%
Total Market - Ex Energy	10.5%	6.7%	5.0%	2.9%
Domestic	7.8%	1.7%	5.3%	2.7%
Non domestic	7.7%	8.2%	1.2%	1.3%
Non domestic - Ex Energy	6.8%	8.5%	4.5%	3.1%
FTSE MIB	8.5%	5.2%	3.6%	2.4%
Mid Caps (our coverage)	1.9%	2.0%	0.0%	-1.5%
Small Caps (our coverage)	-10.1%	-9.5%	-1.6%	-2.2%
Intermonte Mid&Small Caps coverage	0.7%	0.7%	-0.2%	-1.6%

Source: Intermonte SIM

For individual stocks, the following tables rank the biggest changes to our 2023 adjusted net profit estimates YtD.

Intermonte Mid & Small Cap Coverage - largest changes to 2022 est. (up/down) YTD

Stock	Restated Net Profit 23 as of 31/12/22	Restated net profit 23 last estimate	% chg from 31/12/22
Upward Revision			
GEOX	9	17	95.3%
AUTOGRILL	108	149	38.7%
WEBUILD	153	204	33.1%
CREDITO EMILIANO	294	384	30.5%
PIAGGIO	91	114	24.2%
IEG	10	12	20.5%
TOD'S	34	41	20.3%
REEVO	2	3	20.1%
OMER	7	8	18.9%
BANCA IFIS	121	141	16.5%
Downward Revision			
FINCANTIERI	126	-50	-139.3%
SERI INDUSTRIAL	12	-1	-105.7%
AQUAFIL	25	17	-33.8%
BANCA SISTEMA	28	19	-32.0%
CYBEROO	9	7	-26.6%
ESPRINET	59	45	-23.8%

Source: Intermonte SIM

Valuation

Mid/small cap valuation premium stable in the last month

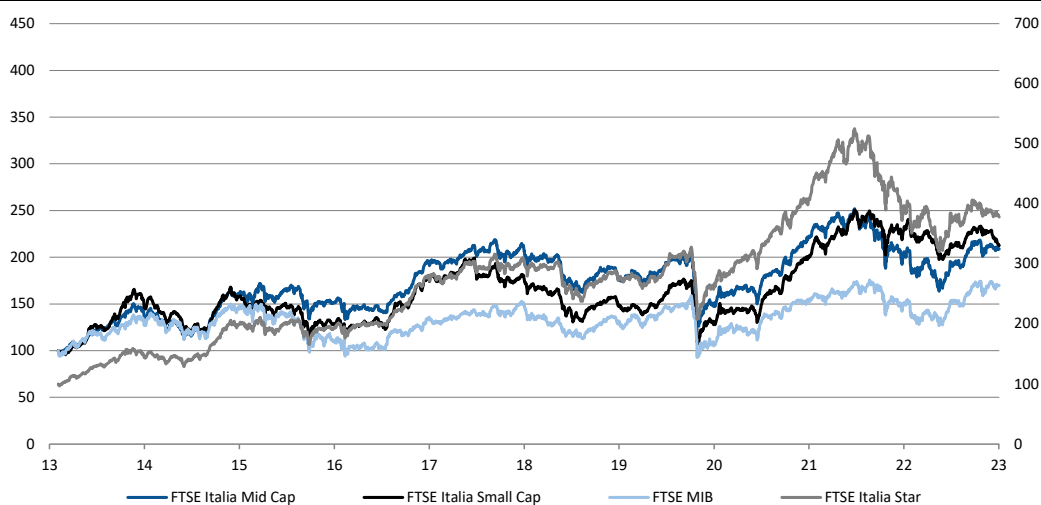
If we compare YtD performance to the change in FY23 estimates over the same period, we see that FTSE MIB stocks have recorded a 6.4% re-rating YtD (the same metric was +13.2% one month ago); mid-caps have re-rated by 7.6%, while small caps have re-rated by 10.8%.

Italian Market – re/de-rating by index

Index	% Change YTD	on FY23 estimates	
		Chg in estimates	Re/De-rating
FTSE MIB	14.9%	8.5%	6.4%
FTSE Italia Mid Cap	9.5%	1.9%	7.6%
FTSE Italia Small Cap	0.7%	-10.1%	10.8%

Source: Intermonte SIM and FactSet

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

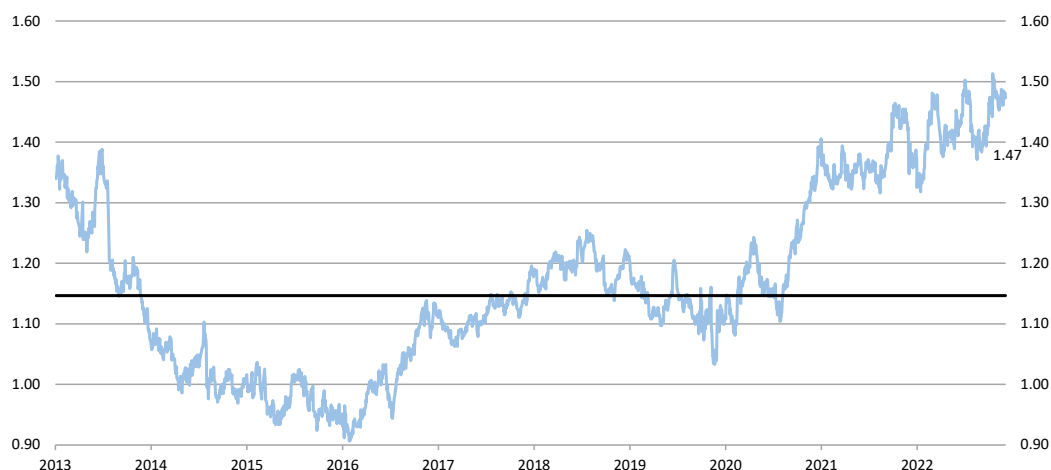


Source: FactSet

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 47% premium to large caps, well above the historical average premium (17%) and in line with the level one month ago (47%).

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



Source: Intermonte SIM and FactSet

The table on the next page shows the stocks in our mid/small cap coverage that have posted the largest re-ratings/de-ratings since January 2023, based on 2023 estimates.

European Market – Valuations

	P/E11	P/E12	P/E13	P/E14	P/E15	P/E16	P/E17	P/E18	P/E19	P/E20	P/E21	P/E22	P/E23	P/E23 vs Italian Equivalent	Last 10Y Median	Premium vs Avg
FTSE MIB	14.9 x	12.8 x	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	-	15.7 x	-48.9%
FTSE Italy Mid	18.0 x	17.3 x	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	12.3 x	-	18.3 x	-32.9%
FTSE Italy Smi	35.8 x	23.9 x	60.5 x	34.2 x	nm	nm	18.9 x	14.5 x	nm	51.5 x	20.2 x	14.9 x	10.2 x	-	18.9 x	-46.3%
Germany DA	11.3 x	14.6 x	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	11.8 x	47.6%	14.3 x	-17.1%
Germany MD	30.2 x	28.8 x	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	15.9 x	29.4%	20.3 x	-21.7%
France CAC 4i	14.1 x	15.9 x	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	14.2 x	77.1%	16.0 x	-11.4%
France CAC N	18.2 x	23.1 x	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	4.3%	18.2 x	-29.5%
France CAC S	n.m.	28.5 x	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	116.6%	25.9 x	-15.0%
FTSE 100	12.2 x	15.0 x	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	10.8 x	34.5%	14.0 x	-22.7%
FTSE 250	16.1 x	19.0 x	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	11.5 x	-6.9%	15.5 x	-26.2%
IBEX 35	18.8 x	19.5 x	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	11.1 x	38.1%	13.5 x	-18.1%
IBEX MEDIUM	18.3 x	28.6 x	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	13.9 x	13.3%	18.0 x	-22.4%

Source: Intermonte SIM and FactSet

Intermonte Mid & Small Cap Coverage – de-rating/re-rating on 2023 estimates since Jan 2023

Stock	Restated Net Profit 23 as of 31/12/22	Restated net profit 23 last estimate	% Chg in Net Profit 23	Share Price perf. 31/12/22	De-rating(-) Re-rating(+)
FINCANTIERI	126.0	-49.6	-139%	7%	146%
SERI INDUSTRIAL	11.6	-0.7	-106%	(8%)	98%
CYBEROO	9.1	6.7	-27%	35%	62%
THE ITALIAN SEA GROUP	34.3	35.1	2%	50%	48%
TXT E-SOLUTIONS	13.3	15.0	13%	52%	39%
SERVIZI ITALIA	6.5	5.0	-23%	15%	38%
BREMBO	281.8	300.2	7%	38%	32%
MEDIA FOR EUROPE	217.1	214.3	-1%	30%	31%
TESMEC	16.4	13.4	-18%	9%	27%
IREN	257.5	261.5	2%	28%	27%
TECHNOGYM	90.2	85.6	-5%	21%	26%
INTERCOS	56.5	56.5	0%	23%	23%
BFF BANK	185.3	181.7	-2%	18%	20%
MARR	51.4	56.5	10%	29%	20%
SAES GETTERS	33.1	33.1	0%	19%	19%
CEMENTIR	157.6	165.9	5%	24%	19%
ESPRINET	59.5	45.4	-24%	(6%)	18%
SARAS	278.9	262.7	-6%	10%	16%
FILA	45.8	42.0	-8%	7%	15%
WIIT	19.3	17.8	-8%	6%	13%
OVS GROUP	58.6	64.8	11%	24%	13%
CY4GATE	14.5	11.8	-19%	(6%)	12%
SALCEF GROUP	64.7	74.3	15%	27%	12%
WEBUILD	153.4	204.1	33%	45%	12%
NOTORIOUS PICTURES	5.5	5.5	0%	11%	11%
FERRAGAMO	50.4	41.6	-18%	(7%)	11%
BUZZI-UNICEM	476.6	551.9	16%	26%	10%
UNIPOLSAI	741.8	711.9	-4%	5%	9%
ALKEMY	6.9	6.4	-8%	1%	9%
BANCA SISTEMA	27.9	19.0	-32%	(23%)	9%
PIAGGIO	91.4	113.6	24%	32%	8%
TOD'S	34.4	41.3	20%	28%	8%
DE' LONGHI	217.0	201.0	-7%	(0%)	7%
BRUNELLO CUCINELLI	90.3	100.1	11%	17%	6%
REEVO	2.3	2.7	20%	25%	5%
SOMECC	12.6	10.4	-18%	(13%)	5%
CIVITANAVI SYSTEMS	7.3	7.5	2%	6%	4%
AVIO	3.6	3.6	0%	4%	4%
AQUAFIL	25.5	16.9	-34%	(30%)	4%
ENAV	107.8	108.0	0%	4%	4%
IGD	70.5	55.6	-21%	(18%)	3%
ELICA	24.1	21.1	-12%	(10%)	3%
ACEA	304.0	310.8	2%	4%	2%
DATALOGIC	31.7	25.7	-19%	(17%)	2%
ANIMA	175.3	168.0	-4%	(3%)	1%
OMER	6.7	8.0	19%	18%	(1%)
MONDADORI	56.3	61.3	9%	8%	(1%)
MATICA FINTEC	2.8	2.6	-6%	(7%)	(2%)
REPLY	204.8	202.2	-1%	(3%)	(2%)
EL.EN.	62.8	52.5	-16%	(20%)	(4%)
MAIRE TECNIMONT	105.6	118.3	12%	8%	(4%)
LU-VE	33.3	36.2	9%	4%	(4%)
ILBE	14.2	11.8	-17%	(22%)	(5%)
INDEL B	16.1	16.5	3%	(4%)	(6%)
SESA	100.5	100.3	0%	(8%)	(8%)
GPI	20.7	18.4	-11%	(19%)	(8%)
BANCA IFIS	121.1	141.1	17%	8%	(8%)
SCIUKER FRAMES	30.0	30.0	0%	(9%)	(9%)
RAI WAY	79.9	89.7	12%	3%	(9%)
SAFILO	23.7	23.7	0%	(10%)	(10%)
TINEXTA	58.7	52.2	-11%	(21%)	(10%)
EMAK	27.1	28.1	4%	(8%)	(11%)
RELATECH	8.1	9.1	14%	1%	(12%)
PHARMANUTRA	14.5	15.2	5%	(8%)	(13%)
UNIDATA	9.7	9.7	0%	(14%)	(14%)
GREENTHESIS	15.7	17.9	14%	(2%)	(16%)
IEG	10.1	12.2	20%	2%	(19%)

Source: Intermonte SIM

Liquidity

Mid/small cap liquidity slightly down compared to one month ago

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 2.7% higher than the 1Y average, but one month ago the same metric was +9.8%. Liquidity for mid-caps also showed a similar trend at 0.4% above the 1Y average, while for small caps the same metric is +4.4%.

Italian Market – liquidity analysis

	Avg Daily Volume * Avg Price (Eu mn)					% Changes	
	1M	3M	6M	1Y	3Y	1M vs 1Y	3M vs 1Y
FTSE MIB							
All stocks	47.14	54.55	49.56	45.92	50.85	2.7%	18.8%
Top 20% by market cap	144.05	171.82	153.72	143.97	152.61	0.1%	19.3%
FTSE Italia Mid Cap							
All stocks	1.86	2.21	1.99	1.85	2.56	0.4%	19.1%
Top 20% by market cap	3.25	3.96	3.38	3.21	4.84	1.2%	23.2%
FTSE Italia Small Cap							
All stocks	0.20	0.23	0.21	0.19	0.33	4.4%	21.4%
Top 20% by market cap	0.54	0.63	0.57	0.49	0.73	9.3%	27.6%

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)
SARAS	1,204	11,198,918
BUZZI-UNICEM	4,353	7,418,647
BRUNELLO CUCINELLI	5,494	5,886,992
BFF BANK	1,628	5,283,654
REPLY	3,872	4,736,654
AUTOGRILL	2,672	4,443,731
BREMBO	4,825	4,432,149
ANIMA	1,197	4,000,096
WEBUILD	2,002	3,310,008
IREN	2,452	3,048,333
UNIPOLSAI	6,842	2,888,832
OVS GROUP	758	2,868,746
FERRAGAMO	2,588	2,821,475
TOD'S	1,283	2,640,167
MAIRE TECNIMONT	1,104	2,491,410
TECHNOGYM	1,746	2,453,154
PIAGGIO	1,329	2,264,823
DE' LONGHI	3,157	2,262,255
BANCA IFIS	775	2,192,523
CREDITO EMILIANO	2,362	1,765,513
SESA	1,656	1,668,765
ESPRINET	321	1,444,941
DOVALUE	370	1,428,585
ACEA	2,871	1,398,789
ENAV	2,225	1,321,264
EL.EN.	911	1,208,963
MARR	981	1,204,031
FINCANTIERI	962	1,189,803
TINEXTA	852	1,158,519

Source: FactSet

Criteria for investing in mid/small caps

Italian Mid & Small Cap Coverage - geographical breakdown of sales (FY22)

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	61%	19%	10%	1%	5%	3%

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

A ranking of stocks with the highest expected earnings growth for 2023 vs. 2022, and the highest 2023 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 23	DPS 23	Yield 23 %	PayOut 23 %	Net Debt/EBITDA 23
DOVALUE	4.6	370	0.647	0.720	15.6%	111%	2.2x
IGD	2.5	280	0.504	0.309	12.2%	61%	9.2x
BFF BANK	8.8	1,628	0.981	0.981	11.2%	100%	
BANCA IFIS	14.4	775	2.622	1.450	10.1%	55%	
SARAS	1.3	1,204	0.276	0.120	9.5%	43%	-0.1x
UNIPOLSAI	2.4	6,842	0.256	0.170	7.0%	66%	
ANIMA	3.6	1,197	0.508	0.250	6.9%	49%	
SCIUKER FRAMES	6.4	139	1.383	0.415	6.5%	30%	-0.5x
IREN	1.9	2,452	0.201	0.121	6.4%	60%	3.3x
EMAK	1.1	177	0.172	0.069	6.4%	40%	2.1x
ACEA	13.5	2,871	1.459	0.851	6.3%	58%	3.7x
NOTORIOUS PICTURES	1.6	36	0.245	0.098	6.2%	40%	1.2x
PIAGGIO	3.7	1,329	0.321	0.225	6.1%	70%	1.0x
CREDITO EMILIANO	6.9	2,362	1.124	0.400	5.8%	36%	
RAI WAY	5.6	1,515	0.330	0.322	5.8%	98%	1.0x
MONDADORI	2.0	511	0.235	0.110	5.6%	47%	1.1x
MEDIA FOR EUROPE	0.7	1,709	0.077	0.040	5.5%	52%	1.0x
BANCA SISTEMA	1.2	95	0.236	0.059	5.0%	25%	
ENAV	4.1	2,225	0.199	0.203	4.9%	102%	1.2x
MAIRE TECNIMONT	3.4	1,104	0.360	0.165	4.9%	46%	0.1x
MARR	14.7	981	0.849	0.679	4.6%	80%	1.5x
GPI	11.7	337	0.650	0.500	4.3%	77%	2.1x
TECHNOGYM	8.7	1,746	0.426	0.327	3.8%	77%	-1.0x
DATALOGIC	6.9	404	0.440	0.250	3.6%	57%	0.4x
ESPRINET	6.4	321	0.900	0.222	3.5%	25%	0.4x
CEMENTIR	7.6	1,211	1.043	0.260	3.4%	25%	-0.6x
IEG	2.5	77	0.394	0.080	3.2%	20%	2.3x
THE ITALIAN SEA GROUP	8.5	451	0.662	0.258	3.0%	39%	0.0x
WEBUILD	2.0	2,002	0.206	0.060	3.0%	29%	-0.4x
ELICA	2.7	170	0.337	0.080	3.0%	24%	0.5x

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
AVIO	9.9	262	74.7	23.1	223%
GEOX	1.0	247	14.8	7.4	99%
FERRAGAMO	15.3	2,588	62.3	34.1	83%
CYBEROO	5.7	113	16.9	10.0	69%
TOD'S	38.8	1,283	31.0	19.8	57%
SECO	4.4	575	23.4	14.9	57%
SOMEK	28.3	195	18.8	12.0	56%
SERVIZI ITALIA	1.4	43	8.7	5.6	56%
FINE FOODS	7.4	163	20.9	14.3	47%
NOTORIOUS PICTURES	1.6	36	6.5	4.4	46%
AQUAFIL	4.3	184	13.0	9.0	46%
TESMEC	0.2	93	6.8	4.7	44%
DATALOGIC	6.9	404	15.7	11.4	37%
REVO INSURANCE	8.7	215	14.4	10.6	35%
TECHNOGYM	8.7	1,746	20.4	15.1	35%
GPI	11.7	337	17.9	13.4	34%
THE ITALIAN SEA GROUP	8.5	451	12.8	9.7	33%
AUTOGRILL	6.9	2,672	17.9	13.5	32%
REEVO	17.3	87	32.1	24.7	30%
MATICA FINTEC	2.4	26	9.9	7.6	30%
WEBUILD	2.0	2,002	9.7	7.5	30%
CIVITANAVI SYSTEMS	3.7	113	15.1	11.8	28%
WIIT	19.0	532	29.9	23.4	27%
ALKEMY	11.1	63	10.0	8.0	25%
UNIDATA	39.9	123	12.8	10.3	24%
ESPRINET	6.4	321	7.1	5.7	24%
TINEXTA	18.1	852	16.3	13.3	22%
MARR	14.7	981	17.4	14.2	22%
CY4GATE	8.7	204	17.3	14.2	22%
ELICA	2.7	170	8.0	6.7	19%
RELATECH	2.1	91	10.0	8.4	19%
PIAGGIO	3.7	1,329	11.6	9.8	18%
OVS GROUP	2.6	758	11.7	9.9	18%
EL.EN.	11.4	911	17.0	14.5	18%
PHARMANUTRA	57.4	556	36.5	31.1	17%
SESA	106.9	1,656	16.5	14.2	16%
OMER	3.0	85	10.6	9.2	16%
SALCEF GROUP	22.1	1,379	18.6	16.0	16%
TXT E-SOLUTIONS	19.5	254	15.9	13.8	15%

Source: Intermonte SIM and FactSet

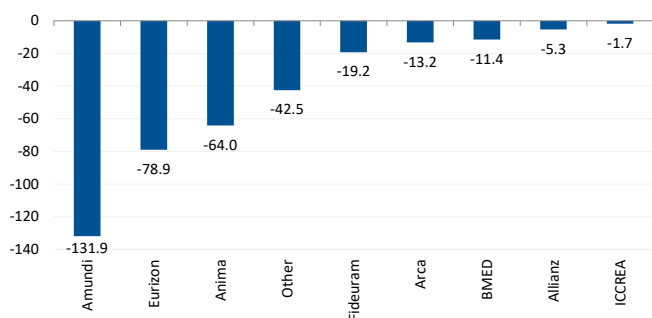
UPDATE on the Individual Savings Plan (PIR)

PIR: official figures for 4Q22

	4Q22 (Eu mn)	3Q22 (Eu mn)	2Q22 (Eu mn)	1Q22 (Eu mn)	4Q21 (Eu mn)	FY21 (Eu mn)	FY20 (Eu mn)	FY19 (Eu mn)	FY18 (Eu mn)	Nr. Of Funds		Invested Capital	
										at December 2022 # Funds	%	at December 2022 (Eu mn)	in %
Ordinary PIR	(368)	(330)	(196)	160	380	323	(759)	(1,097)	3,950	64	40.6%	17,449	29.7%
Alternative PIR	(9)	15	153	83	665					12		1,449	
EQUITY FUNDS	(120)	(128)	(78)	(12)	154	280	(281)	(369)	349	26	40.6%	5,180	29.7%
BALANCED FUNDS	(219)	(192)	(121)	147	177	214	(321)	(587)	2,525	22	34.4%	7,376	42.3%
FIXED INCOME FUNDS	4	(2)	(3)	(10)	7	17	(1)	(20)	10	4	6.3%	204	1.2%
FLEXIBLE FUNDS	(34)	(7)	7	36	41	(187)	(160)	(121)	1,067	13	20.3%	4,695	26.9%
CLOSED-END FUNDS	(9)	14	153	83						11	17.2%	1,442	8.3%

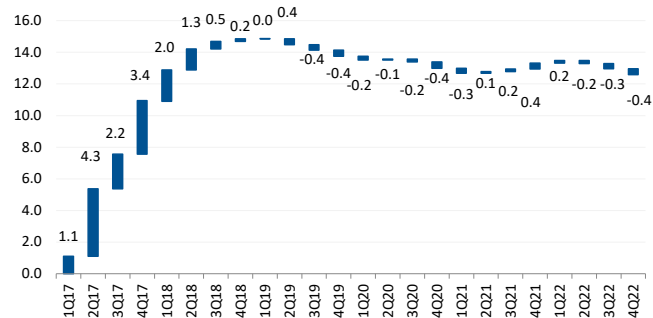
Source: Assogestioni, Quarterly Report, November 2022

Ordinary PIR - Net inflows by asset manager (Eu mn, 4Q22)



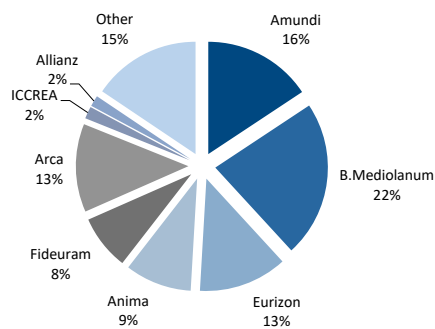
Source: Assogestioni

Ordinary PIR – Inflows by quarter (Eu bn)



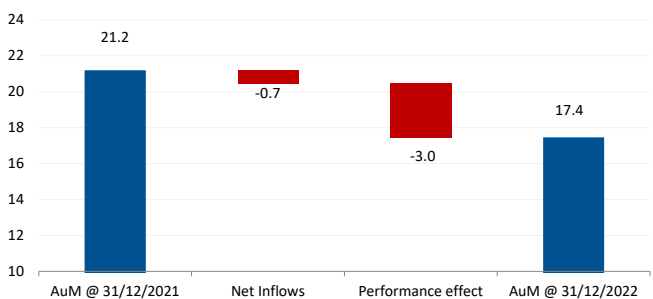
Source: Intermonte SIM estimates, Assogestioni

Ordinary PIR – Market share by asset manager (on AuM as at 31/12/22)



Source: Assogestioni

Ordinary PIR – Inflows and total AuM (Eu bn)



Source: Assogestioni

Very significant PIR outflows in 1Q23

In its quarterly review on 22 February 2023, **Assogestioni released updated figures on 4Q22 PIR inflows. During the quarter, ordinary PIRs saw outflows of Eu368mn, while Alternative PIRs recorded outflows of Eu9.0mn.** In terms of AuM, ordinary PIRs had Eu17.5bn under management, while Eu1.4bn was invested in alternative PIR funds. Looking at ordinary PIRs, quarterly net inflows further deteriorated sequentially compared to 3Q22 and 2Q22, when net inflows were Eu-330mn and Eu-196mn respectively. The total balance for 2022 therefore stands at Eu-773mn. AuM stood at Eu17.5bn, up from Eu16.5bn as at the end of September, evidently thanks to market performance.

The inflow figure is worse than the one disclosed by *Il Sole 24 Ore's* 'Osservatorio PIR', which estimated Eu286mn of outflows in 4Q22 (with October, November and December at Eu-92mn, Eu-102mn, and Eu-92mn respectively).

Regarding alternative PIR, inflows in 4Q22 came to Eu-9.0mn, decreasing on 3Q22 (Eu14.5mn) and 2Q22 (Eu153mn), with the FY22 figure at Eu242mn, and AuM stable at Eu1.44bn (same figure as at the end of June and September).

According to 'Osservatorio PIR', outflows continued in January at Eu-166mn, in February at Eu-268mn and in March they remained very weak at Eu-233mn, taking total outflows in 1Q23 to Eu-667mn. In April, outflows were Eu144mn, slowing down relative to February and March.

As a reminder, the features of PIR 3.0 are as follows: at least 70% of the fund must be invested in securities issued by listed Italian or EU companies having stable organisation in Italy; of this 70%, 25% (i.e. 17.5% of the total fund) must be invested in securities that are not on the main index (FTSE MIB in the case of Italian-listed stocks). The principal novelty in the new regulation is a mandatory minimum investment of 5% of the 70% (or 3.5% of the total fund) in small caps that are not listed on either the FTSEMIB or the FTSE MID indexes. This measure is likely to channel flows into a universe of small companies that are expected to obtain particular benefits from renewed investor interest. The new regulation also allows Italian pension funds to invest up to 10% of their assets in PIR funds. The fiscal benefit (unchanged) still relates to the elimination of capital gains tax after the investment is maintained in the fund for at least 5 years.

On the other hand, the Alternative PIR is a wrapper with tax benefits similar to PIR (i.e. tax exemption of capital gains for investments held for at least 5 years) and in turn is capable of investing in ELTIFs, private equity funds or private debt funds. Because of the investments in illiquid assets (closer to the real economy but riskier), affluent investors are the target clients. The maximum investible amount per year is Eu300k per person (vs Eu30k for PIR) up to a cumulative maximum of Eu1.5mn per person. Moreover, the concentration limit (i.e. max cumulative investment in a single stock) has been set at 20% (10% being the limit for regular PIR funds).

These alternative instruments are suitable for overcoming market volatility given their long-term commitment and are complementary to PIR funds in a broader sense (they are designed for semi-professional rather than retail investors). We believe the introduction of Alternative PIRs could also represent a smart solution to the current impasse at EU level over ELTIF, as the new Alternative PIRs are entitled to buy ELTIF funds, thereby indirectly benefitting ELTIFs.

ALTERNATIVE PIR vs. PIR 3.0

	PIR 3.0	Alternative PIR
Investor Target	Retail Investors	Semi-institutional investors
Main Investment Focus	Mid and Small Caps	Small and Micro Caps, Privately held SMEs
Type of Fund	Open-end Funds	Closed-End Funds, such as ELTIF, private equity funds, private debt funds
Max per capita investment	Eu30,000 a year (max Eu150,000)	Eu300,000 a year (max Eu1.5mn)
Concentration limit	Up to 10%	Up to 20%
Investment Criteria	At least 70% of the fund must be invested in securities issued by listed Italian or EU companies having stable organisation in Italy; of this 70%, 25% (i.e. 17.5% of the total fund) must be invested in securities that are not listed on the main index (FTSE MIB in the case of Italian-listed stocks) and 5% (or 3.5% of the total fund) in small caps that not listed on either the FTSEMIB or the FTSE MID indexes.	At least 70% of the fund must be invested in securities issued by Italian or EU companies having stable organisation in Italy that are small caps not listed on either the FTSEMIB or the FTSE MID indexes.
Fiscal benefits	Zeroing capital gains tax after maintaining the investment in the fund for at least 5 years	Zeroing capital gains tax after maintaining the investment in the fund for at least 5 years

Source: Intermonte SIM

Our estimates for ordinary PIRs

We note that visibility remains low on future estimates, but confirm our more optimistic stance on 2023 vs. 2022 for two main reasons: 1) market performances have been positive overall since the beginning of the year and this may prompt retail investors to resume equity investments in products such as PIR; 2) much of the outflow in 2022 may have been caused by the expiry of the 5-year period starting in 2017, a year characterised by booming inflows and good market performances by small/mid cap companies, meaning that many investors who entered PIR products in 2017 could have chosen to take profit in 2022 when the 5-year required minimum holding period to enjoy the fiscal benefits came to an end. In the long term, our assumptions are based on expectations that interest in this product will remain fairly high thanks to the fiscal benefit and, from a distributor point of view, to the fact that it can count on long-term commitment from the investor.

Main assumptions behind our current estimates are as follows:

- For 2022, we are aligning inflows shown in the table to the Assogestioni figure of Eu-733mn; for 2023, we assume gross inflows from new PIR subscribers of Eu500mn;
- For continuing subscribers, we expect that overall inflows in year two will amount to a portion of the sum set aside in the first year (from 35% to 40% in our model); in the remaining years (i.e. from the third to the fifth year) we expect stable inflows, equivalent on average to 50% of the investments made in the second year;
- Finally, we calculate the amount of capital that will be withdrawn by investors who decide to exit the fund before the five-year time limit (for whatever reason) at ~3.5% of Assets under Management in 2023 and beyond.

PIR – Our assumptions

	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023E
Mutual Funds AUM (Eu mn)	900,318	1,011,183	955,114	1,071,299				
PIR Net Inflows (Eu mn)		10,903	3,950	(1,097)	(759)	323	(733)	654
<i>YoY Growth</i>			<i>-63.8%</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>
o/w From Continuing Subs. (estimated)								684
o/w From New Subscribers (estimated)								500
o/w Transformation of Existing Funds/Exit from PIR (est.)								(529)

Source: Intermonte SIM

Intermonte Pir Mid Caps Coverage - Trading Multiples (ordered by Stock Name)

Company	P/E 2023	P/E 2024	EV/EBITDA 2023	EV/EBITDA 2024	Div. Yield 2023	Div. Yield 2024	FCF Yield 2023	FCF Yield 2024	NET DEBT/EBITDA 2023	NET DEBT/EBITDA 2024
ACEA	9.2	9.0	6.4	6.3	6.3%	6.5%	-7.8%	5.4%	3.7x	3.6x
ANIMA	7.2	6.7			6.9%	7.7%				
AUTOGRILL	17.9	13.5	4.8	4.2	1.4%	1.9%	7.8%	9.0%	1.5x	1.2x
BANCA IFIS	5.5	4.9			10.1%	10.4%				
BFF BANK	8.9	8.1			11.2%	12.3%				
BREMBO	15.7	15.3	7.1	6.6	2.0%	2.0%	4.0%	5.0%	0.6x	0.4x
BRUNELLO CUCINELLI	54.9	48.4	17.6	15.7	0.9%	1.0%	0.9%	1.2%	1.9x	1.7x
BUZZI-UNICEM	7.9	7.4	3.1	2.6	2.2%	2.4%	15.6%	13.5%	-0.8x	-1.2x
CEMENTIR	7.3	6.5	3.2	2.5	3.4%	3.8%	11.2%	13.5%	-0.6x	-0.9x
CREDITO EMILIANO	6.2	6.1			5.8%	6.1%				
DATALOGIC	15.7	11.4	6.2	5.1	3.6%	4.3%	5.3%	7.5%	0.4x	0.2x
DE' LONGHI	15.5	14.1	7.0	6.3	2.6%	2.9%	5.0%	4.7%	-1.0x	-1.1x
DOVALUE	7.1	6.6	4.1	3.7	15.6%	17.1%	25.0%	26.9%	2.2x	1.8x
EL.EN.	17.0	14.5	9.2	7.7	1.8%	1.9%	3.2%	6.5%	-1.1x	-1.4x
ENAV	20.6	18.3	9.0	8.2	4.9%	5.1%	7.4%	8.9%	1.2x	0.9x
FERRAGAMO	62.3	34.1	8.4	6.7	0.8%	1.5%	0.0%	1.9%	0.9x	0.7x
FINCANTIERI	nm	nm	9.4	8.9	0.0%	0.0%			7.0x	6.8x
INTERCOS	26.5	23.4	12.0	10.7	1.1%	1.1%	2.8%	3.2%	0.7x	0.4x
IREN	9.4	8.7	5.7	5.5	6.4%	7.1%	-7.4%	-3.1%	3.3x	3.3x
LU-VE	18.0	15.8	9.4	8.4	1.4%	1.4%	2.6%	4.7%	1.6x	1.2x
MAIRE TECNIMONT	9.3	8.5	4.3	3.7	4.9%	5.5%	4.2%	9.1%	0.1x	0.0x
MARR	17.4	14.2	9.2	8.0	4.6%	5.6%	0.1%	3.0%	1.5x	1.4x
MEDIA FOR EUROPE	9.5	8.7	3.2	2.8	5.5%	5.5%	16.8%	18.7%	1.0x	0.7x
MONDADORI	8.3	8.1	4.6	4.3	5.6%	5.6%	12.6%	13.8%	1.1x	0.8x
OVS GROUP	11.7	9.9	5.4	4.7	2.2%	2.6%	8.4%	7.4%	0.6x	0.4x
PHARMANUTRA	36.5	31.1	23.0	19.5	1.4%	1.6%	1.4%	2.9%	-0.3x	-0.5x
PIAGGIO	11.6	9.8	4.9	4.4	6.1%	7.1%	8.8%	8.8%	1.0x	0.8x
RAI WAY	16.9	16.7	9.8	9.7	5.8%	6.0%	7.1%	7.4%	1.0x	1.2x
REPLY	19.2	17.0	10.6	9.1	1.1%	1.2%	5.7%	5.5%	-0.7x	-1.0x
SAFILO	16.0		4.3		0.0%		10.5%		0.1x	
SALCEF GROUP	18.6	16.0	9.5	8.1	2.4%	2.8%	2.6%	3.8%	-0.2x	-0.3x
SARAS	4.6	8.9	1.9	2.4	9.5%	6.3%	0.6%	19.6%	-0.1x	-0.4x
SECO	23.4	14.9	11.7	8.6	0.0%	0.0%	2.5%	2.7%	0.9x	0.4x
SESA	16.5	14.2	8.7	6.3	1.1%	1.2%	7.5%	9.2%	-0.4x	-0.7x
TECHNOGYM	20.4	15.1	9.9	7.7	3.8%	3.2%	5.2%	6.8%	-1.0x	-1.1x
TINEXTA	16.3	13.3	10.0	8.4	2.4%	1.8%	4.8%	6.1%	0.1x	-0.2x
TIP	12.2	nm			1.7%	1.8%			11.2x	
TOD'S	31.0	19.8	5.8	4.9	0.0%	0.0%	0.3%	4.2%	2.4x	1.9x
UNIPOLSAI	9.4	9.2			7.0%	7.7%				
WEBUILD	9.7	7.5	2.3	1.9	3.0%	3.0%	5.5%	5.7%	-0.4x	-0.4x
WIIT	29.9	23.4	14.5	12.5	1.7%	2.1%	3.9%	4.7%	4.0x	3.1x

Intermonte Pir Small Caps Coverage - Trading Multiples (ordered by Stock Name)

Company	P/E 2023	P/E 2024	EV/EBITDA 2023	EV/EBITDA 2024	Div. Yield 2023	Div. Yield 2024	FCF Yield 2023	FCF Yield 2024	NET DEBT/EBITDA 2023	NET DEBT/EBITDA 2024
ABITARE IN	4.3	3.9	2.8	3.1	0.0%	0.0%	81.3%	-21.5%	0.0x	0.6x
ALKEMY	10.0	8.0	6.8	5.7	0.0%	0.0%	6.2%	9.6%	2.2x	1.6x
AQUAFIL	13.0	9.0	5.1	4.3	2.8%	4.6%	19.3%	17.6%	2.7x	2.1x
AVIO	74.7	23.1	7.1	5.3	0.2%	2.0%	-1.1%	6.1%	-0.8x	-0.9x
BANCA SISTEMA	5.0	4.6			5.0%	5.4%				
CIVITANAVI SYSTEMS	15.1	11.8	7.4	5.7	2.7%	3.0%	2.5%	2.4%	-2.6x	-1.2x
CY4GATE	17.3	14.2	7.5	6.4	0.0%	0.0%	3.6%	4.0%	-0.2x	-0.4x
CYBEROO	16.9	10.0	9.6	5.4	0.0%	0.0%	3.7%	7.1%	-0.5x	-0.7x
ELICA	8.0	6.7	3.7	3.1	3.0%	3.4%	13.6%	12.3%	0.5x	0.2x
EMAK	6.3	5.5	4.5	4.0	6.4%	7.3%	29.2%	17.2%	2.1x	1.7x
ESPRINET	7.1	5.7	4.0	2.8	3.5%	8.7%	26.6%	24.0%	0.4x	-0.2x
FILA	9.0	8.4	6.9	6.3	2.0%	2.1%	9.7%	11.5%	3.0x	2.5x
FINE FOODS	20.9	14.3	8.1	6.7	1.9%	2.8%	5.9%	0.2%	1.3x	1.1x
GEOX	14.8	7.4	5.6	4.5	0.0%	6.7%	5.1%	10.0%	3.1x	2.5x
GPI	17.9	13.4	7.0	6.1	4.3%	4.3%	2.9%	5.5%	2.1x	1.8x
GREENTHESIS	8.0	7.8	6.2	5.9	2.5%	3.0%	1.7%	1.6%	1.7x	1.6x
IEG	6.3	5.6	3.7	3.2	3.2%	4.0%	12.9%	16.3%	2.3x	1.9x
IGD	5.0	5.7	11.8	11.1	12.2%	12.5%	22.8%	20.1%	9.2x	8.7x
ILBE	2.8	2.8	0.5	0.5	0.0%	0.0%	-16.7%	10.0%	0.2x	0.2x
INDEL B	8.5	7.9	4.9	4.2	2.9%	4.1%	8.7%	11.3%	0.5x	0.1x
MATICA FINTEC	9.9	7.6	4.6	3.4	0.0%	0.0%	4.9%	8.1%	-0.5x	-0.7x
NOTORIOUS PICTURES	6.5	4.4	2.9	2.1	6.2%	9.0%	-8.4%	8.0%	1.2x	0.9x
OMER	10.6	9.2	5.9	4.8	1.6%	1.9%	7.4%	8.3%	-1.1x	-1.4x
REEVO	32.1	24.7	13.5	10.5	1.0%	1.3%	1.2%	2.9%	-0.3x	-0.5x
RELATECH	10.0	8.4	4.9	4.0	0.0%	0.0%	7.6%	7.9%	0.5x	0.1x
REVO INSURANCE	14.4	10.6			0.9%	1.7%				
SAES GETTERS	18.7	16.3	8.4	4.3	2.0%	2.0%	4.9%	5.0%	-1.3x	-1.4x
SCIUKER FRAMES	4.6	5.7	2.2	2.1	6.5%	5.3%	16.3%	19.2%	-0.5x	-1.1x
SERI INDUSTRIAL	nm	15.3	13.0	7.1	0.0%	0.0%	-4.0%	-1.7%	4.0x	2.2x
SERVIZI ITALIA	8.7	5.6	2.5	2.3	0.0%	0.0%	0.0%	4.3%	1.8x	1.7x
SOMEK	18.8	12.0	8.1	5.9	2.7%	4.2%	8.8%	13.2%	1.9x	1.0x
TESMEC	6.8	4.7	4.5	3.6	0.0%	0.0%	6.7%	16.2%	2.6x	1.9x
THE ITALIAN SEA GROUP	12.8	9.7	7.7	5.6	3.0%	3.9%	5.7%	12.1%	0.0x	-0.5x
TXT E-SOLUTIONS	15.9	13.8	8.3	7.2	1.2%	1.3%	4.1%	7.1%	0.9x	0.4x
UNIDATA	12.8	10.3	6.9	5.8	0.4%	0.5%	4.3%	3.9%	2.0x	1.6x

Source: Intermonte SIM and Factset

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- 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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NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period ;

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