

SCM SIM

Recovery in revenues and new business

1H 2019 results: SCM SIM confirmed the positive growth trend already initiated in Q1 2019. Assets under control and fee income showed a 5% and 4% growth respectively and Brokerage margin went from 49% in 1H 2018 to 56% in 1H 2019 mainly attributable to lower fee expenses paid to financial advisors and to sales network following a review in advisor fee rate. More in detail, **Asset under Control** amounted to Euro 892 m with net assets collected of Euro 34 m in the period. **Net profit** was of Euro 19 k (vs. loss of -0.4 m 1H 2018). **Net cash** stood at Euro 0.8 m, up from Euro 0.4 m in FY 2018.

In the period, Management concentrated on cost savings and the expansion of the business model addressing the corporate segment, and in April the Company concluded a capital increase with the issue of n. 96.360 ordinary shares for a total value of about Euro 0.7 m (Euro 7.15 p.s.), to strengthen the capital structure and in support of strategic guidelines.

Following 1H 2019 results, we fine-tuned our 2019-2020 forecasts to incorporate a slightly lower level of AuC offset by higher than expected cost savings and fee income from corporate advisory. We estimate AuC to reach Euro 936 m and Brokerage margin to amount to Euro 3.4 m at the end of 2019 (average for the three-year period -4% and -3% vs. our previous estimates).

Company Description: Founded in 2009 and listed on AIM Italia since July 2016, Solutions Capital Management SIM SpA (SCM SIM) was the first SIM to be listed on the Italian stock market. SCM SIM is a Private Banking and Wealth Management company authorized to manage portfolios, provide investment advice and placement services. The Company offers customised advisory solutions, applying an innovative, avant-garde and unique business model in Italy, which is characterised by flat fees, independence, transparency, "High Watermark no reset" system, and the absence of conflicts of interest.

Valuation: Following our estimates revision and the periodical update of risk-free rate and equity risk premium parameters, we derived a new target price of Euro 7.24 p.s. (previous 7.15 Eu p.s.) basically in line with our previous one. Our target price provides for a potential upside of +77%.

Sector: Finance

Target Price (Euro)	7.24 (7.15 pr)
Market Price (Euro)	4.10
Market Cap (Euro m)	8
EV (Euro m)	7

(as of November 6th, 2019)

Share Data

Market	AIM Italia
Bloomberg/Reuters	SCM IM / SCM.MI
ISIN	IT0005200248
N. of Shares	2,006,240
Free Float	16.05%
Main Shareholder	HPS Holding Partecipazioni Societarie Srl (83.95%)
CEO and General Manage	Antonello Sanna

AIM Positioning

Market Data (Euro m)	Company	AIM Italia
Capitalisation	8	51
Perf. IPO	-63%	-10%
Free Float	16%	35%
ADIT YTD (Eu)	4,647	147,606

Peers Comparison

Market/AuM (x)	19E	20E
SCM SIM	0.9%	0.8%
Asset management peers' median	2.6%	2.4%
Discount/Premium	-66%	-68%

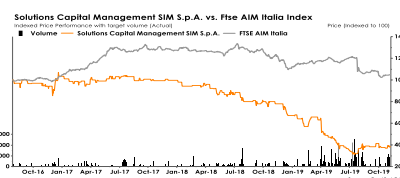
P/E (x)	19E	20E
SCM SIM	n.m.	31.4
Asset management peers' median	13.1	13.5
Discount/Premium	n.m.	n.m.

Performance

	1M	3M	1Y
Absolute	-0.5%	2.5%	-51.8%
Relative (TSE AIM Italia)	-2.0%	4.5%	-43.9%
52-week High/Low (Eu)	8.80 / 3.30		

IR TOP RESEARCH

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



Key Figures (Eu m)	AuC	Net fees	Net fees/AuC	Brokerage margin	EBT	EBT/Brokerage margin	Net Profit	Net Debt (Cash)
2018A	846	3.0	0.4%	3.0	(1.3)	-43%	(1.1)	(0.4)
2019E	936	3.4	0.4%	3.4	0.0	1%	0.0	(0.9)
2020E	1,076	3.9	0.4%	3.9	0.4	10%	0.3	(1.0)
2021E	1,296	4.7	0.4%	4.7	1.0	21%	0.7	(1.4)

BUSINESS UPDATE

In 1H 2019, SCM's fee income and AuC showed a 4% and 5% growth respectively, reversing the negative trend of 2018. Management has continued to focus rationalizing costs and recovery in profitability, through the reduction of administrative and personnel costs. 1H 2019, also saw the opening of a new office **Vicenza** with the aim of developing the business in the north east of Italy.

The Company has also worked on the **expansion of the service range** offered, introducing corporate advisory including financial structure, industrial strategy, M&A activity and extraordinary operations. The new business has already showed satisfactory result with the closing of two transactions in 1H 2019.

- Dronus (Italian start-up): collection of Euro 4 m to start mass production of drones for industrial use;
- Emera: out of market collection of Euro 13 m to purchase 8.017% of Eurotech (company listed on the STAR segment of Borsa Italiana). SCM SIM operated as arranger of the operation. The operation provides for a second step in 2H 2019 (estimate capital collection: Euro 15 m).

In April, the Company completed a capital increase in order to strengthen the capital structure and support strategic guidelines, through the issuance of n. 96,360 ordinary shares at a price of Euro 7.15 p.s.. Total cash from the operation amounted to approx. Euro 0.7 m and the new share capital amounts to 2,006,240.

1H 2019 RESULTS

In Q2 2019 SCM confirmed the positive growth trend registered in Q1 2019. The key points of the results were:

- **Asset Under Control of Euro 892 m**, +5% vs FY 2018, and of which over Euro 183 m (21% of AuC) in asset management and approximately Euro 628 m (70% of AuC) in advisory, including investment advisory, generic advisory and club deal activity.
- **Net inflows of Euro 34 m**, of which Euro 14 m for investment and generic advisory services and Euro 17 m deriving from the raising of capital as part of club deal operations.
- **Fee income** came in at Euro 3.67 m, up +4% vs. 1H 2018. In particular, the recurring fees on asset management were in line with previous year (1H 2018), while the fees from advisor activities decreased. This reduction was offset by revenues from generic advisory services which include the fees for club deal operations.
- **Fee expenses** of Euro 1.6 m, down by -10% thanks to the lower commissions on performance fees and thanks to a comprehensive review of the commission rates.
- **Brokerage margin** came in at Euro 2.0 m and improves both in absolute terms (+19% vs. 1H 2018) and in terms of marginality, going from 49% in 1H 2018 to 56% in 1H 2019.
- **Operating cost** decreased by -10% thanks to the reduction in personnel costs (-14%) and administrative expenses (-5%).
- **Net result** return to be positive for Euro 19 k (net loss of -0.4 m in 1H 2018).
- **Net working capital** grew from Euro 2.1 m in 1H 2018 to Euro 2.7 m in 1H 2019 mainly related to an increase in trade receivables following the increase in revenues, with a peak in June.
- **Net Equity**, equal to Euro 3.4 m.
- **Net cash** came in at Euro 0.8 m vs. Euro 1.3 m in 1H 2018 after a capital increase of Euro 0.7 m partly offset by cash absorption related to the increase in working capital.

Euro m – IAS/IFRS	1H 2018	1H 2019	Var % 18-19
AuC	1,002	892	-11%
Fee income	3.5	3.7	+4%
<i>Fee income/AuC</i>	0.35%	0.41%	
Fee expenses	1.8	1.6	-10%
Net Fees	1.7	2.0	+19%
<i>Net Fees/AuC</i>	49%	56%	
Brokerage margin	1.7	2.0	+19%
<i>Cost/Income ratio</i>	130%	95%	
Pre-tax Profit (Loss)	(0.5)	0.1	+112%
<i>EBT/Brokerage margin</i>	-31%	3%	
Net Profit (Loss)	(0.4)	0.0	+105%

Net Working Capital (NWC)	2.1	2.7	+28%
Fixed net assets	0.2	0.2	-12%
Funds	(0.2)	(0.1)	-14%
Net Capital Employed	2.1	2.7	+28%
Net Debt (Cash)	(1.3)	(0.8)	-40%
Equity	3.3	3.4	+2%
Sources	2.1	2.7	+28%

Source: Company Data

ESTIMATES 2019-2021

Following 1H 2019 results we fine-tuned our 2019-2021 forecasts to incorporate a slightly lower level of AuC offset by higher than expected cost savings and fee income from corporate advisory. We estimate AuC to reach Euro 936 m and Brokerage margin to amount to Euro 3.4 m at the end of 2019 (average for the three-year period of -4% and -3% vs. our previous estimates). Cost/income ratio, at the end of the period, remains in line with our previous expectations: 83% at year-end 2021 vs. 84% previous estimates.

KEY FINANCIALS

Euro m – IAS/IFRS	2018A	2019E Old	2019E New	2020E Old	2020E New	2021E New	2021E New
AuC	0,846	0,966	0,936	1,136	1,076	1,356	1,296
Fee income	6.4	6.3	6.3	7.6	7.2	9.1	8.8
<i>Fee income/AuC</i>	0.75%	0.65%	0.67%	0.67%	0.67%	0.67%	0.68%
Fees expenses	(3.3)	(2.9)	(2.9)	(3.5)	(3.3)	(4.2)	(4.0)
Net fees	3.0	3.4	3.4	4.1	3.9	4.9	4.7
<i>Net fees/AuC</i>	0.36%	0.35%	0.36%	0.36%	0.36%	0.36%	0.37%
Brokerage margin	3.0	3.4	3.4	4.1	3.9	4.9	4.7
<i>Cost/Income ratio</i>	-149%	-112%	-104%	-95%	-95%	-84%	-83%
Pre-tax Profit (Loss)	(1.3)	(0.2)	0.0	0.4	0.4	0.9	1.0
<i>EBT/Brokerage margin</i>	-43.2%	-7.1%	0.6%	8.8%	9.6%	19.2%	20.6%
Net Profit (Loss)	(1.1)	(0.2)	0.0	0.3	0.3	0.7	0.7
<i>EPS (Eu)</i>	n.a.	n.a.	0.007	0.13	0.13	0.33	0.34

Euro m – IAS/IFRS	2018A	2019E Old	2019E New	2020E Old	2020E New	2021E New	2021E New
Net working capital (NWC)	2.4	2.5	2.5	2.8	2.7	3.1	3.0
Net fixed assets	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Funds	(0.2)	(0.2)	(0.1)	(0.2)	(0.1)	(0.2)	(0.2)
Net Capital Employed	2.4	2.5	2.5	2.7	2.7	3.1	3.0
Net financial Debt (Cash)	(0.4)	(0.7)	(0.9)	(0.7)	(1.0)	(1.0)	(1.4)
Total Equity	2.9	3.2	3.4	3.4	3.7	4.1	4.4
Sources	2.4	2.5	2.5	2.7	2.7	3.1	3.0
ROE	-36.8%	-10.9%	0.4%	5.2%	7.1%	16.6%	15.6%
<i>Total Equity/Total Assets</i>	70.2%	71.0%	77.8%	70.8%	77.9%	72.5%	79.0%

Source: IR Top Research estimates for FY 2019-2021

VALUATION

We set a target price of **Euro 7.24 per share** based on a Discounted Cash Flow (DCF) model, implying an upside of +77% and an implicit 2019-2020 Market/AuM multiples of 1.6% and 1.4% respectively. We do not consider appropriate a valuation based on a P/E ratio, as the Company has currently made important investments to boost growth in AuM which in the short term are not reflected in the P&L.

DISCOUNTED CASH FLOW

Our DCF model is based on the following assumptions:

- Risk-free interest rate: 2.3% (24 months average of the Italian 10y BTP yield)
- Cost of equity (K_E): 10.57%
- Perpetual growth: 2%

Our DCF valuation yields a fair value of **Euro 7.24 per share**.

Euro k – IAS/IFRS	2019E	2020E	2021E	2022E	2023E	2024E	Terminal Value
Net Profit (Loss)	15	262	682	1,241	1,798	2,353	
+ D&A	0	0	0	0	0	0	
- Δ NWC	(34)	(188)	(331)	(406)	(406)	(406)	
- Net Capex	0	0	0	0	0	0	
+ Δ funds	(38)	4	13	13	13	13	
- financial charges * (1-t)	0	0	0	0	0	0	
+ Δ debt	0	0	0	0	0	0	
= Free cash flows to equity (FCFE)	(56)	78	365	849	1,406	1,960	
Terminal Value (TV)							1,997

Source: IRTop Research estimates as of November 6th, 2019

+ Sum of PV 2019-2024 FCFE (Eu m)	2.8	20%
+ Discounted Terminal Value (Eu m)	11.7	80%
= Equity Value (Eu m)	14.5	100%
÷ Number of outstanding shares (k)	2,006	
= Fair Value per share (Eu)	7.24	

Source: Company data (IAS/IFRS) and IR Top Research estimates as of November 6th, 2019

As the main value driver is growth in Assets under Management, we run a sensitivity analysis on the target price when changing our AuC estimates. **We estimate that any 1% higher/lower net inflows vs. our base estimates, may have a 1.3% impact on DCF valuation.**

PEERS ANALYSIS

SCM SIM currently trades at large discount (on average 67% for 2019-2020 Market Cap/AuM) compared to a peer group made of both Italian and international players operating in the asset management industry.

	Country	Market Cap (Eu m)	AuM 2019E (Eu m)	Net profit 2018A (Eu m)	Net profit 2019E (Eu m)
ANIMA Holding SpA	Italy	1,528	187,479	122	137
Azimut Holding SpA	Italy	2,892	47,507	128	323
Banca Generali SpA	Italy	3,599	59,070	180	241
Banca Mediolanum SpA	Italy	5,777	70,967	256	434
Ashmore Group Plc	UK	4,062	90,327	172	202
GAM Holding AG	Switzerland	472	97,797	87	1
Janus Henderson Group PLC	UK	4,177	322,252	471	421
Julius Baer Gruppe AG	Switzerland	9,585	384,439	645	668
Jupiter Fund Management Plc	UK	1,903	51,882	166	152
Liontrust Asset Management PLC	UK	554	21,353	19	26
Man Group Plc	UK	2,669	106,474	240	218
Schroders Plc	UK	10,150	578,410	698	627
Skarbiec Holding S.A.	Poland	28	866	5	6
St. James's Place Plc	UK	6,589	133,399	203	193
Standard Life Aberdeen PLC	UK	8,434	598,368	754	518
Asset management peers' median		3,599	97,797	180	218
SCM SIM	Italy	8	0,936	(1.1)	0.0

Source: FactSet data as of November 6th, 2019 for peers and IRTop Research estimates for SCM SIM

	Market Cap / AuM		P/E	
	19E	20E	19E	20E
ANIMA Holding SpA	0.8%	0.8%	9.0	8.8
Azimut Holding SpA	6.1%	5.7%	10.0	12.9
Banca Generali SpA	6.1%	5.6%	15.5	15.6
Banca Mediolanum SpA	8.1%	7.6%	13.1	13.9
Ashmore Group Plc	4.5%	3.9%	19.6	17.2
GAM Holding AG	0.5%	0.5%	n.m.	22.0
Janus Henderson Group PLC	1.3%	1.3%	10.2	10.0
Julius Baer Gruppe AG	2.5%	2.4%	13.0	11.7
Jupiter Fund Management Plc	3.7%	3.5%	12.5	13.5
Liontrust Asset Management PLC	2.6%	2.3%	15.4	13.1
Man Group Plc	2.5%	2.3%	10.9	10.5
Schroders Plc	1.8%	1.6%	16.8	15.4
Skarbiec Holding S.A.	3.2%	2.7%	5.9	5.1
St. James's Place Plc	4.9%	4.3%	30.1	20.9
Standard Life Aberdeen PLC	1.4%	1.4%	16.9	16.5
Asset management peers' median	2.6%	2.4%	13.1	13.5
SCM SIM	0.9%	0.8%	n.m.	31.4
Discount/Premium to peers	-66%	-68%	n.m.	n.m.

Source: FactSet data as of November 6th, 2019 for peers and IR Top Research estimates for SCM SIM

SCM SIM ON AIM ITALIA

IPO

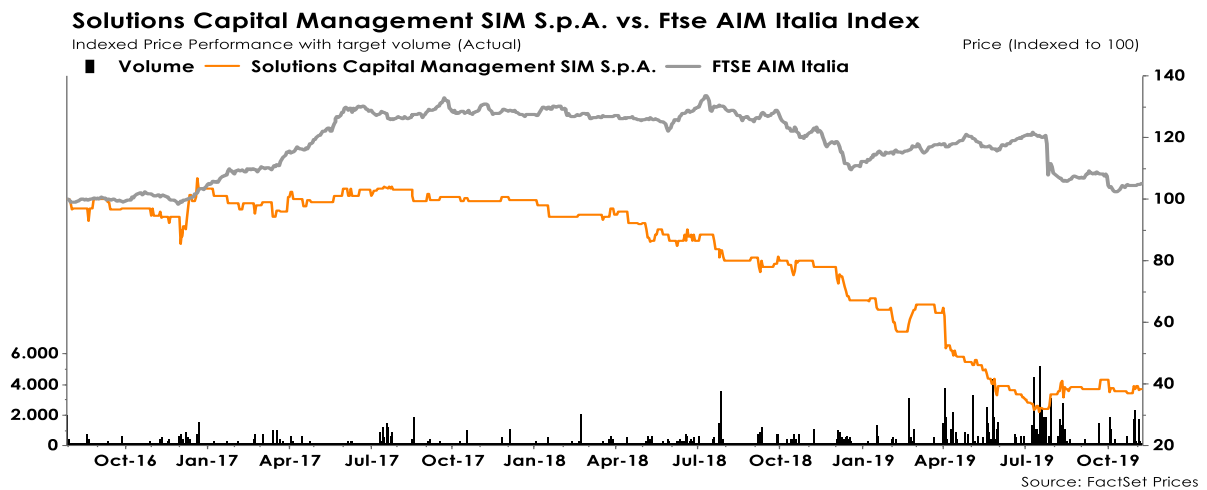
Trading Market: AIM Italia – Borsa Italiana SpA
Date: July 28th, 2016
Price: Euro 10.59
Capital raised: Euro 2.2 m
Capitalisation: Euro 20.2 m

SHARES (as of November 6th, 2019)

Code: SCM
Bloomberg: SCM IM
Reuters: SCM.MI
ISIN: IT0005200248
Shares: 2,006,240
Share capital: Euro 2,006,240
Price: Euro 4.10
Performance from IPO: -61%
Capitalisation: Euro 8.0 m
Free Float: 16.05%
NomAd: EnVent Capital Markets SpA
Specialist: Banca Finnant Euramerica SpA
Auditing firm: BDO Italia SpA

Shareholder	N° of shares	%
HPS Holding Partecipazioni Societarie Srl	1,684,160	83.95%
Market	322,080	16.05%
Total	2,006,240	100.00%

Source: Company data as of November 6th, 2019



KEY FIGURES

Euro m	2018A	2019E	2020E	2021E
Assets under Control (AuC)	846	936	1,076	1,296
Profit & Loss Statement				
Fee income	6.4	6.3	7.2	8.8
Fees expenses	(3.3)	(2.9)	(3.3)	(4.0)
Net fees	3.0	3.4	3.9	4.7
Brokerage margin	3.0	3.4	3.9	4.7
Operating costs	(4.5)	(3.5)	(3.7)	(3.9)
Pre-tax Profit (Loss)	(1.3)	0.0	0.4	1.0
Taxes	0.3	(0.0)	(0.1)	(0.3)
Net Profit (Loss)	(1.1)	0.0	0.3	0.7
Balance Sheet				
NWC	2.4	2.5	2.7	3.0
Fixed assets	0.2	0.2	0.2	0.2
M/L Funds	0.2	0.1	0.1	0.2
Net Capital Employed	2.4	2.5	2.7	3.0
Net financial Debt (Cash)	(0.4)	(0.9)	(1.0)	(1.4)
Total Equity	2.9	3.4	3.7	4.4
Cash Flow				
Net Profit (Loss)	(1.1)	0.0	0.3	0.7
D&A	0.1	0.0	0.0	0.0
Change in M/L Funds	0.0	(0.0)	0.0	0.0
Gross Cash Flow	(1.0)	(0.0)	0.3	0.7
Change in NWC	(0.1)	(0.0)	(0.2)	(0.3)
Operating Cash Flow	(1.0)	(0.1)	0.1	0.4
Capex	(0.1)	0.0	0.0	0.0
Free Cash Flow	(1.1)	(0.1)	0.1	0.4
Dividends	0.0	0.0	0.0	0.0
Change in Equity	0.2	0.5	0.0	0.0
Change in Net financial Debt (Cash)	(1.0)	0.5	0.1	0.4
Per Share Data				
Current Price	Euro 4.10			
Total outstanding shares (m)	1.91	2.01	2.01	2.01
EPS	(0.55)	0.01	0.13	0.34
DPS	0.00	0.00	0.00	0.00
FCF	(0.58)	(0.03)	0.04	0.18
Pay-out ratio	0.0%	0.0%	0.0%	0.0%
Ratios				
Fee income/AuM	0.8%	0.7%	0.7%	0.7%
Fees expenses/Fee income (%)	-52.4%	-46.0%	-46.0%	-46.0%
Net fees/AuM	0.4%	0.4%	0.4%	0.4%
Cost/Income ratio	-149.3%	-103.8%	-94.6%	-83.3%
EBT/Brokerage margin	-43.2%	0.6%	9.6%	20.6%
Net Debt/Equity (Gearing)	-15.3%	-27.1%	-27.3%	-31.4%
Total Equity/Total Assets	70.2%	77.8%	77.9%	79.0%
ROE	-36.8%	0.4%	7.1%	15.6%
Free Cash Flow Yield	-14.3%	-0.7%	0.9%	4.4%
Growth Rates				
Assets under Control (AuC)	-21.9%	10.6%	15.0%	20.5%
Fee income	-19.9%	-0.7%	14.1%	21.7%
Fees expenses	-14.1%	-12.9%	14.1%	21.7%
Net fees	-25.4%	12.7%	14.1%	21.7%
Brokerage margin	-26.5%	13.1%	14.1%	21.7%
Pre-tax Profit (Loss)	-377.6%	101.6%	1647.2%	160.6%
Net Profit (Loss)	-233.6%	101.4%	1647.2%	160.6%

Source: Company data (IAS/IFRS) for FY 2018 and IRTop Research estimates for FY 2019-2021

DISCLAIMER

UPDATES: This Research is an update coverage made by IR Top Consulting S.r.l. (IR Top) on SCM SIM (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 May 15th 2019. 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:

	Target Price	Market Price	Validity Time
November 7 th , 2019	7.24	4.10	12 months
May 15 th 2019	7.15	4.74	12 months
October 25 th 2018	9.25	8.50	12 months
June 7 th 2018	10.24	9.20	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. 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 can not 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(11)(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.