

Event Report

Italy's AIM Segment

New admissions to AIM Italia have grown steadily in the last few years, with a robust number also during the pandemic. We see AIM Italia as a training ground to approach equity markets, but index performance and valuations are not as good as the STAR segment, when looking at historical data.

AIM Italia has grown significantly in the last few years

In 2016-20, the number of listed companies on AIM Italia has grown at a 15.5% CAGR, growth that continued in the first part of 2021, reaching 139 listings at 31 March. Also new admissions have grown steadily, up to 31 in 2019, then to reduce to 22 in 2020, concentrated in 4Q (15 out of 22). Looking at the most recent years, in 2017, the market capitalisation nearly doubled vs. 2016 (+94%), driven by new listings (+18 net) and by the launch of PIR, in our view. The growth continued in 2018 and 2019 (EUR 6.6Bn market capitalisation at end-2019), then declined by 11% in 2020 due to the pandemic, and returned to grow in 2021, exceeding EUR 7Bn in 1Q21 (currently around EUR 7.2Bn). The same trend can be observed in terms of liquidity.

A significant gap with AIM UK and Euronext Growth

Despite the growth in the last few years, AIM Italia continues to lag behind AIM UK on any metric. We also assessed a comparison with Euronext Growth (Brussels, Dublin, Lisbon, Oslo and Paris), which size is also bigger vs. AIM Italia in terms of number of listed

In terms of size, Euronext Growth Paris (224 listings, EUR 18Bn market cap) is probably the market more similar to AIM Italia.

A comparison with the STAR segment

Comparing AIM Italia vs. Italy's STAR, we highlight: 1) a large gap in terms of market cap and liquidity; 2) liquidity has grown for both the indices since the launch of PIR in 2017; and 3) the liquidity of AIM Italia has grown faster than Italy's STAR's, but with more volatility, and a strong contraction during the pandemic in 2020. These differences between AIM Italia and Italy's STAR reflects, in our view, in the index performance and valuation. AIM Italia index has reached the start of 2020 level only in March 2021, while STAR index in November 2020 and now is 28% higher than the pre-crisis level. In terms of valuation, the aggregated 2021 EV/EBITDA of AIM Italia trades at a 14% discount vs. STAR (2022 is at a 23% discount).

AIM Italia: a training ground to approach equity markets

We see AIM Italia as a training ground for companies who want to have a first approach with equity markets, with initial minimum access requirements in terms of free float and disclosure obligations. According to our elaboration on Borsa Italiana data, since 2013, 21 companies have initially been listed on AIM segment and then completed the translisting to MTA (of which 14 are now on Italy's STAR segment), which gives greater visibility towards investors and usually triggers a higher liquidity.

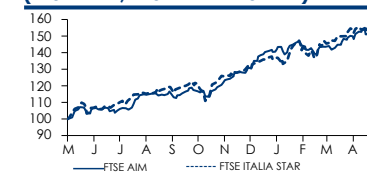
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Date and time of production

Italy/AIM Conference
25-27 May

AIM - STAR

Index Performance, -12M
(FTSE AIM, FTSE ITALIA STAR)



Source: FactSet

Report priced at market close on 19/05/2021 (except where otherwise indicated within the report). In this report, we confirm the ratings and target prices assigned in the latest company reports (unless otherwise indicated)

Intesa Sanpaolo Research Dept.

Corporate Broking Research Team

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This report was produced specifically for the AIM conference and offers a summary of our recently-published research on the AIM companies within our coverage universe. Within this report, we reconfirm the ratings and target prices assigned in the latest single company report (unless otherwise indicated).

AIM Italia: A Robust Number of New Admissions, also during the Pandemic

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AIM Italia has grown significantly in the last few years, on all its main metrics:

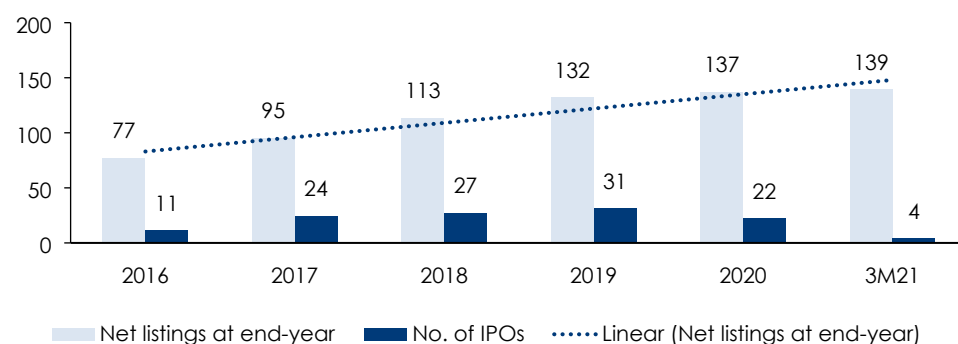
- **The number of listed companies;**
- **Market capitalisation;**
- **Liquidity.**

Number of listed companies

In 2016-20, the number of listed companies on AIM Italia has grown at a 15.5% CAGR, reaching 137 units in 2020, +5 net vs. 2019. Also new admissions grew steadily, up to 31 in 2019, then to reduce to 22 in 2020, concentrated in 4Q (15 out of 22). 3 companies trans-listed to MTA, and 2 to STAR segment, while 12 companies were delisted.

Growth continued in 1Q21, reaching 139 listings at 31 March 2021 (4 IPOs in 1Q21 vs. 1 in 1Q20).

AIM Italia - 2016-3M21 Number of listings and IPOs



Source: Intesa Sanpaolo Research elaboration on Borsa Italiana data

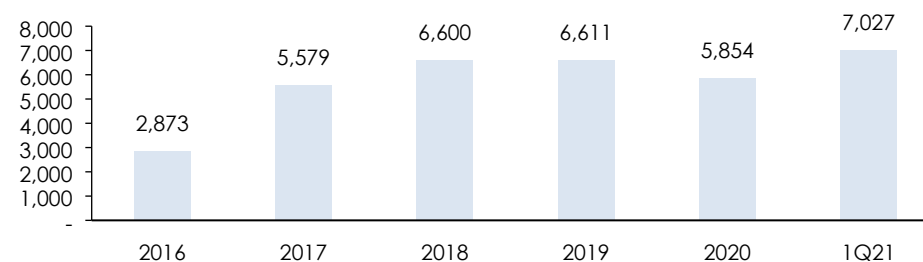
Market capitalisation

Looking at the most recent years, in 2017 market capitalisation nearly doubled vs. 2016 (+94%), driven by new listings (+18 net) and by the launch of PIR, in our view. The stimulus continued in 2018 and 2019 (+18 and +19 net listings respectively), when Italy's AIM market cap reached EUR 6.6Bn.

In 2020, market cap was down by 11% yoy. In 1Q20, it recorded a 21% yoy decrease, then it started a gradual recovery and reached EUR 5.9Bn at 31 December (-11% yoy), +5% vs. end-2017 levels.

Market cap as at 31 March was higher than the pre-Covid levels, reaching EUR 7Bn, mainly thanks to rising prices. Currently, market cap is around EUR 7.2Bn, with an average and median market capitalisation by company of EUR 50.6M and EUR 22.1M, respectively.

AIM Italia - 2016-1Q21 Market cap (EUR M)



Source: Intesa Sanpaolo Research elaboration on Borsa Italiana data

Market cap: Technology is now the main sector

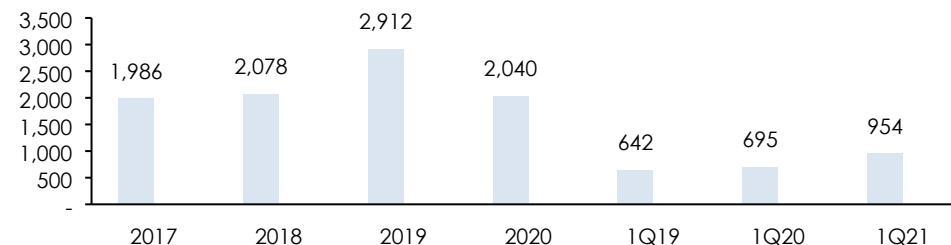
According to Borsa Italiana data, at end-March 2021, companies classified in the 'Technology' sector became the most important sector in terms of market cap (22.6%), followed by Industrials (19%), as shown in the chart below.

Liquidity

AIM Italia's liquidity followed the same dynamics of market cap and continued to grow in 2018 and 2019.

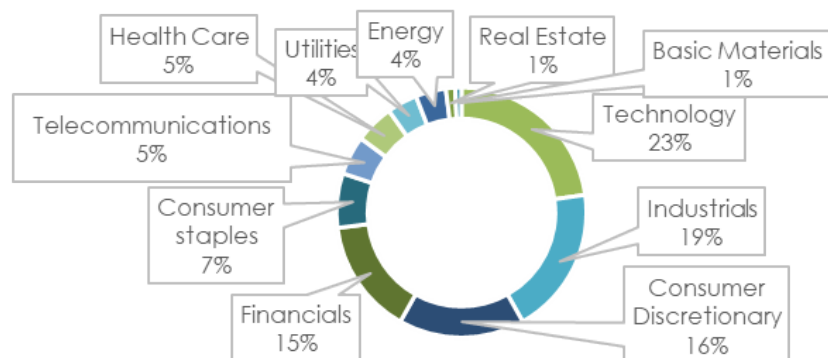
After having recorded +8.3% in 1Q20, tradings in 2020 fell by 30% yoy. A rebound was observed in 4Q20, in particular from December. In 1Q21, tradings achieved EUR 954M, the highest level if analysing quarterly tradings starting from 2017, and not far from the highest level ever (EUR 1,020M in 4Q19).

AIM Italia – 2017-1Q21 Liquidity (EUR M)



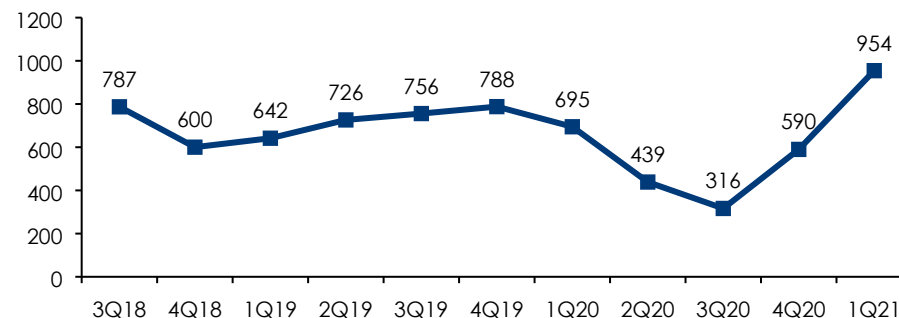
Source: Intesa Sanpaolo Research elaboration on Borsa Italiana data

AIM Italia - Market cap by industry



Source: Intesa Sanpaolo Research elaboration on Borsa Italiana data

AIM Italia – Liquidity 3Q18-1Q21 (EUR M)



Source: Intesa Sanpaolo Research elaboration on Borsa Italiana data

A Comparison with AIM UK and EuroNext Growth

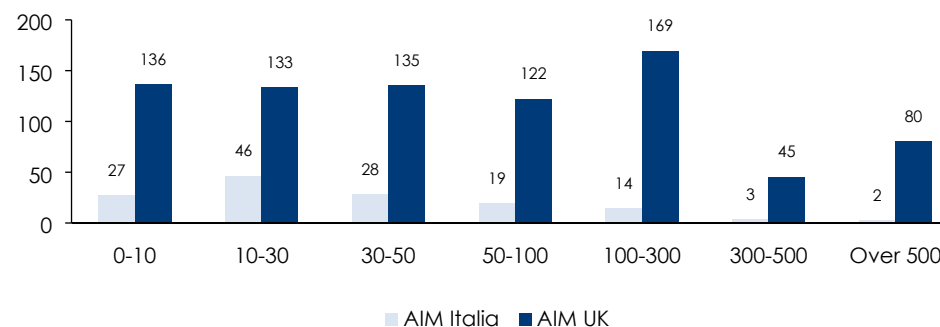
Despite the growth in the last few years, AIM Italia lags behind AIM UK, which is a key equity market focused on helping smaller and growing companies raise the capital they need for expansion.

AIM Italia's gap vs. AIM UK is substantial on any metric. If we look at a breakdown of the companies by market cap, **we view AIM Italia as currently equivalent to a slice of the AIM UK, specifically in the mid-low range.** In fact, 96% of AIM Italia companies has a market cap below EUR 300M and can be compared with the around 693 AIM UK companies (around 83%) with a market cap below EUR 300M.

We also assessed **a comparison with Euronext Growth (Brussels, Dublin, Lisbon, Oslo and Paris)**, which is smaller vs. AIM UK, but bigger vs. AIM Italia in terms of number of listed companies (approx. 2.5x), market cap and liquidity, as shown in the chart below.

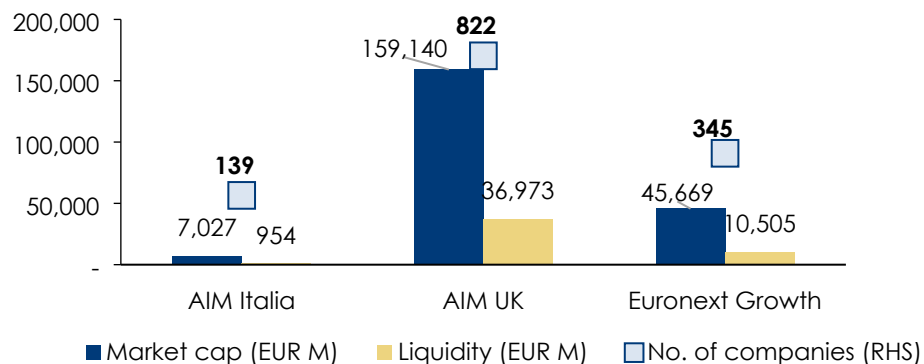
In terms of size, Euronext Growth Paris (224 listings, EUR 18Bn market cap) is probably the market more similar to AIM.

AIM Italia vs. AIM UK – Companies by market cap



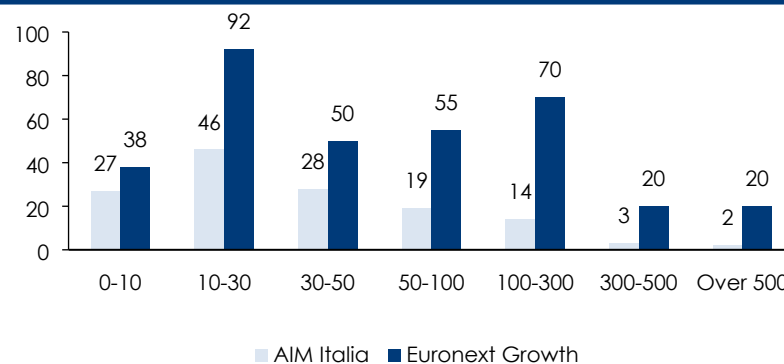
Source: Intesa Sanpaolo Research elaboration on Borsa italiana and London Stock Exchange data

AIM Italia vs. Euronext Growth and AIM UK – Key metrics at March 2021



Source: Intesa Sanpaolo Research elaboration on Borsa Italiana, Euronext and London Stock Exchange data

AIM Italia vs. Euronext Growth – Companies by market cap



Source: Intesa Sanpaolo Research elaboration on Borsa Italiana and Euronext data

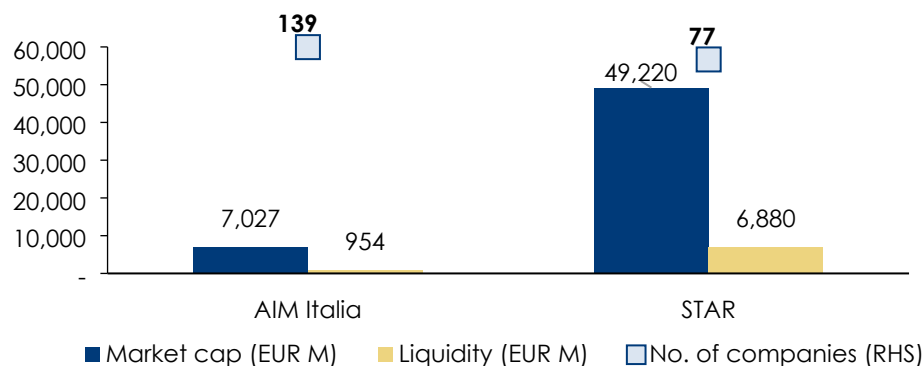
A Comparison with the “Elder Brother” STAR...

We see **AIM Italia as a training ground for companies** who want to have a first approach with equity markets, with initial minimum access requirements in terms of complexity of the IPO process, free float and result reporting obligations.

According to our elaboration on Borsa Italiana data, **since 2013, 21 companies have initially been listed on AIM segment and then completed the translisting to MTA (of which 14 are now on the STAR segment)**, which gives greater visibility towards investors and usually triggers a higher liquidity. An acceleration in translisting has occurred since 2018, with 18 companies moving from AIM to MTS/STAR. Comparing AIM Italia vs. Italy's STAR, we highlight:

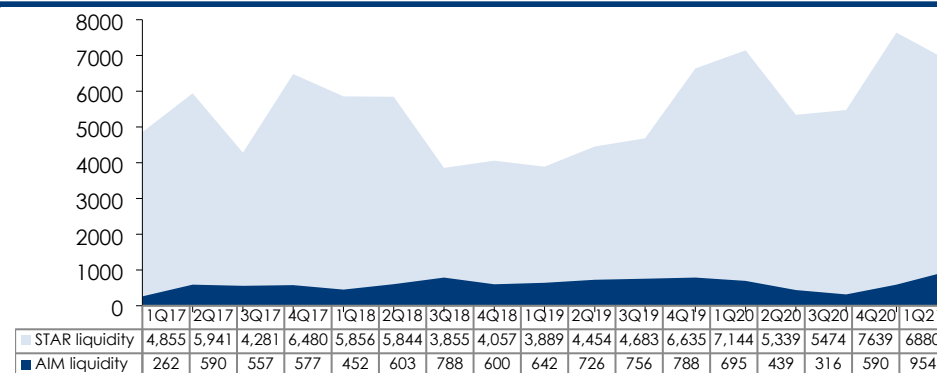
- A large gap in terms of market cap and liquidity;
- Liquidity has grown for both the indices since the launch of PIR in 2017;
- The liquidity of AIM Italia has grown faster than Italy's STAR's, but with more volatility, and a strong contraction during the pandemic in 2020.

AIM Italia vs. STAR - Key metrics at 31/03/21



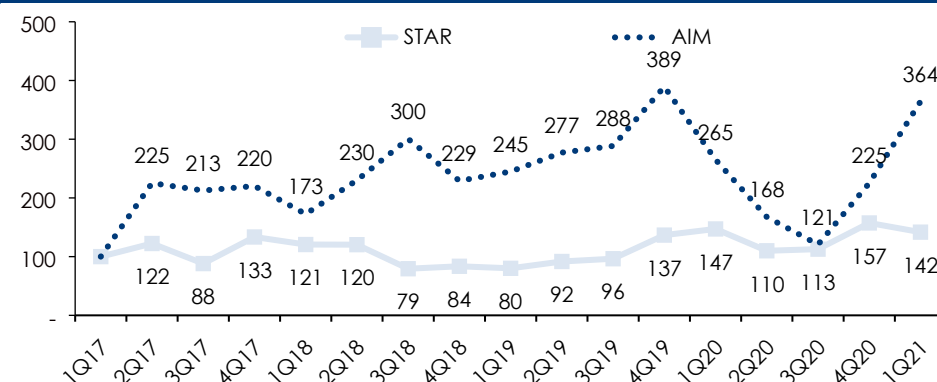
Source: Intesa Sanpaolo Research elaboration on Borsa Italiana data

AIM vs. STAR liquidity 1Q17-1Q21



Source: Intesa Sanpaolo Research elaboration on Borsa Italiana data

Growth of AIM and STAR trading 1Q17-1Q21 (1Q17 = 100)



Source: Intesa Sanpaolo Research elaboration on Borsa Italiana data

... and the Consequences of Being the “Younger Brother”

The differences between AIM Italia and Italy's STAR reflects, in our view, in index performance and in valuation.

Indices performance

The Covid-19 outbreak has affected the performance of equity indices in 2020. Italy's FTSE AIM index bottomed on 16 March 2020, being down by 23% vs. the start of the year. Italy STAR in the same period was down by 32%.

Since then, the two indices performed similarly up to the end of June, when the STAR index, driven by recovery signals coming from the business of several companies, started to recover.

By November, the STAR index was in line with the start of the year level, and by the end of 2020 posted a 14% YTD growth. The growing trend continued also in 2021, thus far.

On the other hand, the AIM Italia index remained below the start of the year level for all 2020, and reached that level only in March 2021.

Valuation

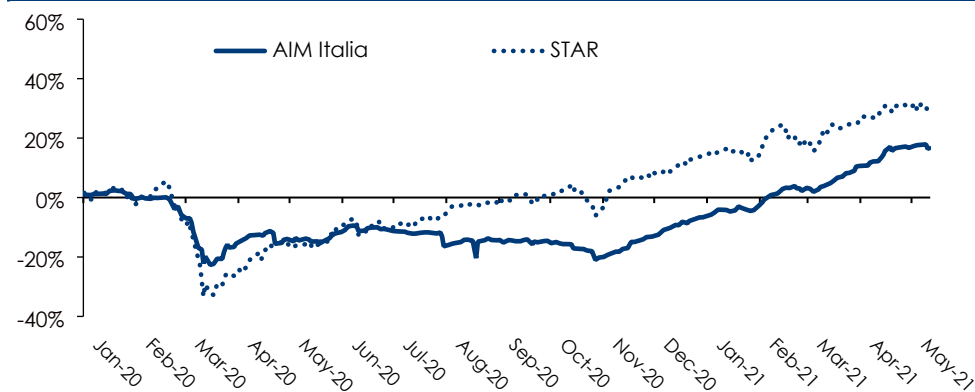
We also see that the **gap in terms of average EV/EBITDA** of companies of AIM Italia now stands at around 14% in 2021 and 23% in 2022.

Average EV/EBITDA of AIM Italia vs. FTSE STAR (2021-22)

x	2021	2022
FTSE STAR	9.9	8.4
AIM Italia	8.5	6.5
AIM Italia discount	-14	-23

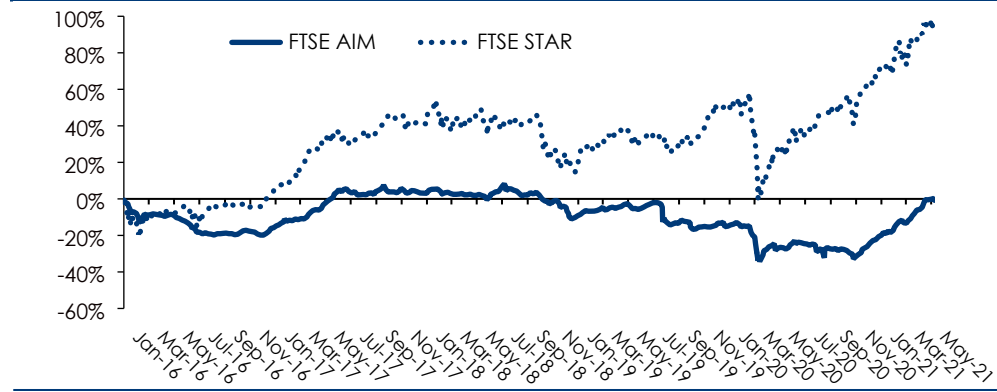
Source: FactSet

FTSE AIM Italia and FTSE STAR trend vs. 1 January 2020



Source: Intesa Sanpaolo Research elaboration on FactSet data

FTSE AIM Italia and FTSE STAR trend vs. January 2016



Source: Intesa Sanpaolo Research elaboration on FactSet data

An Update on Regulation

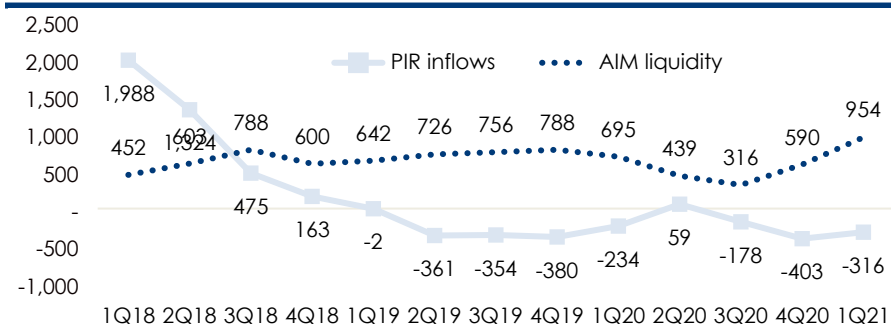
We think that regulation represents a further stimulus to AIM Italia's growth, introducing in the past years some instruments that require an investment in this market segment, such as the new PIR and the ELTIF.

The '3rd generation' of PIR

As entailed in an amendment to the 2020 Budget Law, approved on 25 November 2019, a new regulation has been applied to PIR starting from 1 January 2020, more similar to the original regulation of 2017. Despite an overall positive response from asset gatherers to a return to origins for PIR funds, flows in 2020 were affected by the Covid-19 outbreak, with an overall outflow in the year of over EUR 750M.

The abovementioned amendment, in our view, sustained the liquidity of the AIM segment, which increased until January 2020, but slowed down since 2Q20 due to the pandemic, before being able to grow again in 4Q20, reaching EUR 590M. despite the favourable regulation, PIR continued to record net outflows.

AIM trading and PIR flows 1Q18-1Q21 (EUR M)



Source: Intesa Sanpaolo Research elaboration on Borsa Italiana and Assogestioni data

Alongside the PIR funds, other instruments with a focus on investing in mid & small caps were introduced, like the ELTIF (at least 70% invested in eligible SMEs) and the Alternative PIR.

The Alternative PIR was introduced by the government in its 'Decreto Rilancio' (Relaunch Decree) in 2020, to support the economy, strongly affected by the Covid-19 outbreak. The new investment instrument exists alongside the 'original' PIR.

To be eligible for tax exemptions, the fund must allocate at least 70% of its assets in financial instruments, credit or debt of companies' resident in Italy or in an EU member state or in an ASEE state with a permanent establishment in Italy. This 70% must be invested in companies not constituents of the FTSE MIB or FTSE MID or comparable indices of other regulated Italian stock exchanges. The concentration in financial instruments of a single group is allowed, with a total weighting of less than 20% of total assets.

AIM Italia's Professional segment

The Professional Segment, addressed to professional investors, was designed and launched in July 2020 to meet the listing needs of a diversified pool of issuers (e.g. start-ups and scale-ups), which aim at a gradual access to markets, progressively adopting the necessary structure to operate on the market open to retail investors.

As at 31 March, three companies were listed on 'AIM Pro'.

eVISO (BUY/TP EUR 3.3/share)

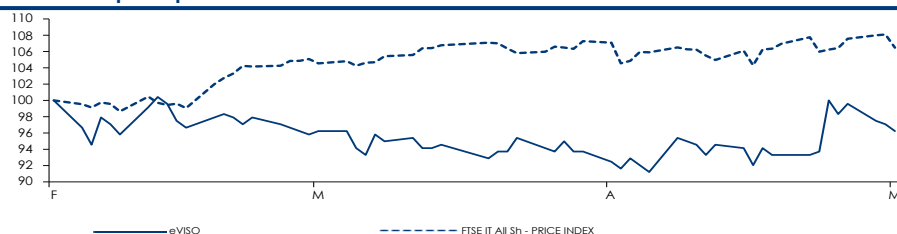
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Mid Corporate: AIM

Investment case

- **AI platform trading on commodities:** eVISO is an innovative company active in the rapidly growing Big Data analytics market through a proprietary AI platform already successful in the Electricity market ready to enter, adding scale, into other commodity markets. eVISO is currently a leading energy trading player with gross profit margins well above peers and is entering into new commodity markets (gas, wheat, apple), replicating the success of Electricity;
- **Attractive fundamentals:** eVISO not only showed solid revenues and profitability growth in the past three years (24% CAGR of the value of production and 38% of EBITDA) but has reported a positive bottom line. The company was cash positive even before the EUR 8M cash injection stemming from the listing and presents a negative trade net working capital, which has led to a stunning capital turnover (14.8x in 2020). The cost structure is lean with a limited weighting of fixed costs (5.3% of value of production on average in the past three years) and according to management, this rate will decrease in the coming years due to AI platform's and business' scalability;

eVISO - Share price performance vs. FTSE All index



Source: Intesa Sanpaolo Research elaboration on FactSet data

Intesa Sanpaolo is Corporate Broker to eVISO

Note: Intesa Sanpaolo took over equity coverage of eVISO on 12/4/2021; the ISP-UBI Equity Ratings Reconciliation Table and the archive of ex-UBI's previously published research reports are available at the following link: <https://group.intesasanpaolo.com/it/research/equity--credit-research/equity>

- **Strong PODs growth:** in May, eVISO announced to have subscribed new contracts for 52,898 PODs (point of delivery) since the beginning of the year, with a 193% growth compared with 1H21 July-December 2020. This should translate into 206GWh of energy supply, or 76% the GWh supplied in the whole 2020, adding around EUR 26.9M of sales, based on the average energy price. Thus, these new contracts provide a higher visibility on 2022 (June 2021-June 2022);
- **We see few risks:** these are mostly related to the low visibility on the entrance into new commodity markets, the strong dependence from few key people and the company's limited commercial network.

Valuation

We believe the best methods to value eVISO is a DCF model, which gives a clear view of the long-term potential of the company, and an EVA valuation, which shows the strong value creation of eVISO. We also run a relative valuation based on the average of the multiples of Italian AI platform players and a sample of mid-size energy players. Our **target price is EUR 3.3/share**.

eVISO vs. peers' multiples

x	Mkt Price (EUR)	Mkt Cap (EUR M)	EV/EBITDA		P/E		Div. yield (%) 2021E
			2021E	2022E	2021E	2022E	
CY4Gate	8.3	124	16.6	10.9	34.0	22.2	0.0
Cyberoo	5.3	51	11.7	4.7	35.1	10.1	0.0
Piteco	10.1	203	11.0	10.1	18.3	16.1	1.6
Relatech	2.5	83	12.2	9.8	19.5	15.3	0.0
TXT e-solutions	7.5	98	NA	NA	15.9	13.6	0.8
Average			12.9	8.8	24.6	15.5	
eVISO*	2.3	57	15.3	9.2	37.1	18.2	0.7
Premium/-discount (%)			18.9	3.6	50.9	17.5	

Priced at market close of 19/05/21; NA: not available; Source: FactSet and *Intesa Sanpaolo Research estimates

Company Snapshot

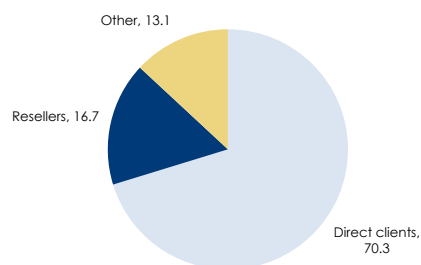
Business Description

eVISO is an innovative company which invented a new paradigm to collect, cluster and analyse Big Data. This new paradigm is based on an automated proprietary AI platform which allows to analyse automatically billions of data in order to elaborate forecasts to be applied on both demand and supply sides of physical commodities' markets optimizing volume and pricing through algorithmic trading.

Key data

Mkt price (EUR)	2.30	Free float (%)	20.9
No. of shares	24.57	Major shr	O Caminho Srl
52Wk range (EUR)	NA/NA	(%)	52.9
Reuters	EVS.MI	Bloomberg	EVS IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	4.1	-1M	4.7
-3M	-3.8	-3M	-9.6
-12M	NA	-12M	NA

Sales breakdown by product (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 19/05/2021)

Risks

Company specific risks:

- Strong dependence from few key people;
- Low visibility on the entrance into new commodity markets;
- Limited commercial network;
- Limited size and geographical presence.

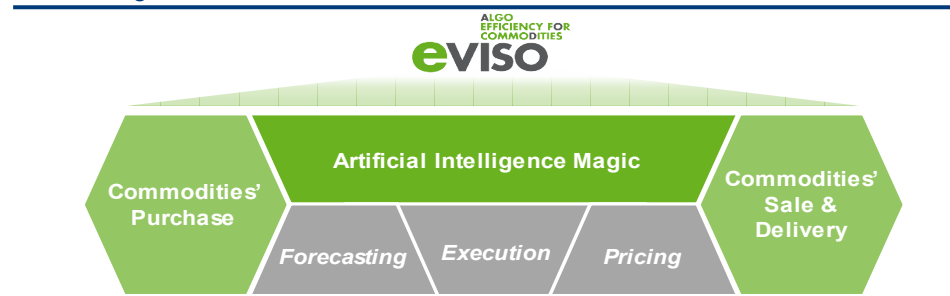
Sector generic risks:

- Regulatory risk;
- Possible cyber attacks;
- Energy price fluctuations.

Estimates vs. consensus

EUR M (Y/E Dec)	2020A	2021E	2021C	2022E	2022C	2023E	2023C
Sales	47.81	69.60	NM	97.01	NM	134.8	NM
EBITDA	2.35	3.37	NM	5.53	NM	7.91	NM
EBIT	1.66	2.35	NM	4.18	NM	6.07	NM
Pre-tax income	1.56	2.03	NM	4.15	NM	6.31	NM
Net income	1.16	1.52	NM	3.11	NM	4.73	NM
EPS	0.06	0.06	NM	0.13	NM	0.19	NM

eVISO at a glance



eVISO – Key data

Rating	Target price (EUR/sh)					Mkt price (EUR/sh)					Sector
BUY	Ord 3.3					Ord 2.30					Energy
Values per share (EUR)	2019A	2020A	2021E	2022E	2023E	Stock market ratios (x)	2019A	2020A	2021E	2022E	2023E
No. ordinary shares (M)	24.57	24.57	24.57	24.57	24.57	Adj. P/E	NA	35.4	37.1	18.2	11.9
Total no. of shares (M)	24.57	24.57	24.57	24.57	24.57	P/CFPS	NA	59.5	48.4	11.3	9.0
Market cap (EUR M)	NA	50.37	56.51	56.51	56.51	P/BVPS	NA	13.9	4.6	3.8	3.0
Adj. EPS	0.05	0.06	0.06	0.13	0.19	Payout (%)	23	26	25	25	25
CFPS	0.09	0.03	0.05	0.20	0.26	Dividend yield (% ord)	NA	0.7	0.7	1.4	2.1
BVPS	0.11	0.15	0.50	0.61	0.77	FCF yield (%)	NA	-2.7	-5.0	2.3	5.8
Dividend ord	0.01	0.01	0.02	0.03	0.05	EV/sales	NA	1.1	0.74	0.52	0.36
Income statement (EUR M)	2019A	2020A	2021E	2022E	2023E	EV/EBITDA	NA	21.4	15.3	9.2	6.1
Revenues	42.36	47.81	69.60	97.01	134.8	EV/EBIT	NA	30.3	21.9	12.1	7.9
EBITDA	2.10	2.35	3.37	5.53	7.91	EV/CE	NA	17.4	7.1	5.6	4.6
EBIT	1.46	1.66	2.35	4.18	6.07	D/EBITDA	Neg.	Neg.	Neg.	Neg.	Neg.
Pre-tax income	1.40	1.56	2.03	4.15	6.31	D/EBIT	Neg.	Neg.	Neg.	Neg.	Neg.
Net income	1.05	1.16	1.52	3.11	4.73	Profitability & financial ratios (%)	2019A	2020A	2021E	2022E	2023E
Adj. net income	1.05	1.16	1.52	3.11	4.73	EBITDA margin	5.0	4.9	4.8	5.7	5.9
Cash flow (EUR M)	2019A	2020A	2021E	2022E	2023E	EBIT margin	3.5	3.5	3.4	4.3	4.5
Net income before minorities	1.0	1.2	1.5	3.1	4.7	Tax rate	25.0	25.7	25.0	25.0	25.0
Depreciation and provisions	0.6	0.7	1.0	1.3	1.8	Net income margin	2.5	2.4	2.2	3.2	3.5
Others/Uses of funds	-0.1	-0.7	0.5	-0.0	-0.0	ROCE	-1,764.3	57.3	32.4	46.2	57.7
Change in working capital	0.1	-0.5	-1.9	0.6	-0.3	ROE	48.9	45.6	20.2	23.0	28.1
Operating cash flow	1.7	0.7	1.2	5.0	6.3	Interest cover	21.5	16.6	18.4	111.5	-24.6
Capital expenditure	-0.8	-2.1	-3.5	-3.7	-3.0	Debt/equity ratio	-103.9	-1.7	-40.4	-39.3	-44.3
Financial investments	-0.4	-0.6	-0.5	0	0	Growth (%)		2020A	2021E	2022E	2023E
Acquisitions and disposals	0.2	0.9	0	0	0	Sales		12.9	45.6	39.4	39.0
Free cash flow	0.7	-1.1	-2.8	1.3	3.3	EBITDA		12.0	43.4	63.9	43.2
Dividends	-0.2	-0.3	-0.3	-0.4	-0.8	EBIT		13.4	41.8	77.7	45.0
Equity changes & Other non-operating items	-0.1	-0.8	8.0	0	0	Pre-tax income		11.7	30.3	NM	52.3
Net cash flow	0.4	-2.2	4.9	0.9	2.5	Net income		10.7	31.6	NM	52.3
Balance sheet (EUR M)	2019A	2020A	2021E	2022E	2023E	Adj. net income		10.7	31.6	NM	52.3
Net capital employed	-0.1	2.9	7.3	9.0	10.5						
of which associates	0	0	0	0	0						
Net debt/-cash	-2.2	-0.0	-4.9	-5.9	-8.3						
Minorities	0	0	0	0	0						
Net equity	2.1	2.9	12.2	14.9	18.9						
Minorities value	0	0	0	0	0						
Enterprise value	NA	50.3	51.6	50.7	48.2						

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Our Mid Corporate Definition

Italy is characterised by a large number of non-listed and listed micro, small and medium-sized companies. Looking at the revenues of these Italian companies, around 5,000 companies have revenues ranging from EUR 50M-EUR 1,500M based on Intesa Sanpaolo elaborations. We define these companies as 'Mid Corporate'. Looking more specifically at Italian listed companies, we include in our Mid Corporate segment all STAR companies and those with a market capitalisation below EUR 1Bn.

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ADD	If the target price is 10%-20% higher than the market price
HOLD	If the target price is 10% below or 10% above the market price
REDUCE	If the target price is 10%-20% lower than the market price
SELL	If the target price is 20% lower than the market price
RATING SUSPENDED	The investment rating and target price for this stock have been suspended as there is not a sufficient fundamental basis for determining an investment rating or target. The previous investment rating and target price, if any, are no longer in effect for this stock.
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TENDER SHARES	We advise investors to tender the shares to the offer.
TARGET PRICE	The market price that the analyst believes the share may reach within a one-year time horizon
MARKET PRICE	Closing price on the day before the issue date of the report, as indicated on the first page, except where otherwise indicated

Historical recommendations and target price trends (12M)

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(*) Last rating refers to rating as at end of the previous quarter; (**) Companies on behalf of whom Intesa Sanpaolo and the other companies of the Intesa Sanpaolo Group have provided corporate and Investment banking services in the last 12 months; percentage of clients in each rating category

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Equity rating key (short-term horizon: 3M)

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