

# Brembo

## Sustainable Growth Ahead

Brembo - Key estimates and data					
Y/E December		2012A	2013E	2014E	2015E
Revenues	EUR M	1,388.60	1,522.42	1,652.71	1,768.40
EBITDA	EUR M	171.60	196.76	231.51	256.91
EBIT	EUR M	89.40	108.45	143.21	168.61
Net income	EUR M	77.75	79.21	100.85	118.86
Dividend ord.	EUR	0.40	0.41	0.54	0.64
Adj. EPS	EUR	1.16	1.19	1.51	1.78
EV/EBITDA	x	8.84	7.86	6.58	5.83
Adj. P/E	x	15.38	15.09	11.85	10.06

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

- Strong 2Q/1H13 and a further improvement in margins.** Last week, Brembo delivered another strong set of results despite a negative forex impact, with a better than expected improvement in EBITDA margin (up at 13.3% in 2Q13), despite the negative impact of EUR 10.3M from operations. The hike in the net financial position reflected, as expected, both the traditional seasonality and the group's strong revenue expansion.
- Outlook.** On the back of the results to date, management finally admitted that its EBITDA margin guidance for FY13 (which envisaged overall stability vs. 2012) was overly conservative. While discounting a lower profitability in 2H13 due to the seasonality of Brembo's underlying business, management now sees as feasible a YE13 EBITDA margin at (or slightly below) 13%. Surprisingly, despite the hike in capex guidance (EUR 130-135M for the current year), due also to the planned increase in capacity in Latam and USA, Brembo also confirmed its 2014 EBITDA margin at 14%. Finally, while it is too early to fully factor into our estimates, our understanding from the conference call was that if this trend continues at a sustained pace, a feasible long-term revenue level (i.e. by 2016) could stand in the range of EUR 2Bn, well above our estimates.
- Estimates and valuation.** We fine-tuned our 2013E estimates and on the back of the recently-announced increase in capacity production in USA and Brazil, we raised our 2014E and going forward estimates. Notably, for 2014E we upgraded our top-line and EBITDA forecasts by 2.7% and by 5.4%, respectively. Together with a very favourable tax rate (approx. 25% on a normalised basis), our revisions led to a 17.6% rise in our 2014E EPS assumptions. Our 2014E estimates are now positioned 5% and 19% above market consensus (Source: Factset) as regards EBITDA and net income projections. From a valuation standpoint, we think the group's slight premium vs. peers is now more than justified by the strong progress in gross operating margins, which stand among the best in class within the European auto suppliers segment and are now more aligned with Brembo's most direct Asian peers (Nissin and Aisin Seiki). On our updated multiples and DCF valuation, **we raised our target price to EUR 20.60/share (from EUR 14.44/share) and confirm our ADD rating.** We still see upside potential ahead for the stock, albeit more contained than in the past given the robust stock rally in the past year.
- Key risks.** The main risks to our rating and target price are: 1) a lower than expected contribution to revenues from new group operations abroad or alternatively a cancellation of orders due to a stronger than expected slowdown by Brembo's main customers; 2) higher than expected start-up costs; 3) lower free cash flow generation and a lack of control of working capital; and 4) a worse than expected slowdown of the European truck segment

7 August 2013

## ADD

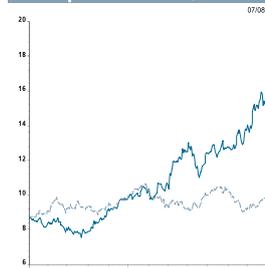
Target Price: EUR 20.60  
(from EUR 14.44)

Auto & Components  
Company Update

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### Price performance, -1Y



Source: Thomson Reuters

### Data priced on 06.08.2013

Target price (€)	20.60
Target upside (%)	14.97
Market price (€)	17.90
52-week range (€)	17.9/7.6
Market cap (€ M)	1,195.44
No. of shares (M)	66.78
Free float (%)	36.6
Major shr (%)	A.Bombassei, 56.5

Reuters	BRBI.MI
Bloomberg	BRBI.MI
FTSE It All Shares	17762

	Performance %			
	Absolute		Rel. to FTSE All Sh	
-1M	29.1	-1M	21.7	
-3M	43.1	-3M	44.0	
-12M	108.1	-12M	92.0	

Source: Intesa Sanpaolo Research estimates and Thomson Reuters

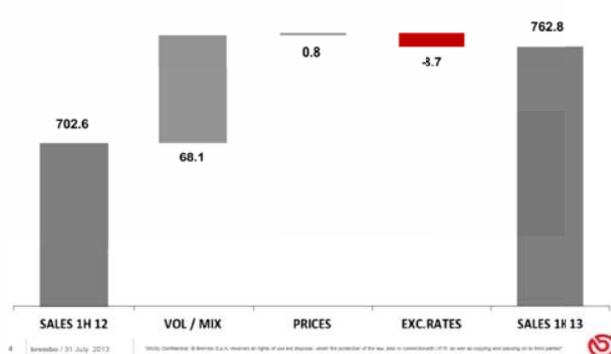
See page 9 for full disclosures and analyst certification

Banca IMI is Specialist to Brembo

## 1H13: Strong Set of Results and Further Rise in Margins

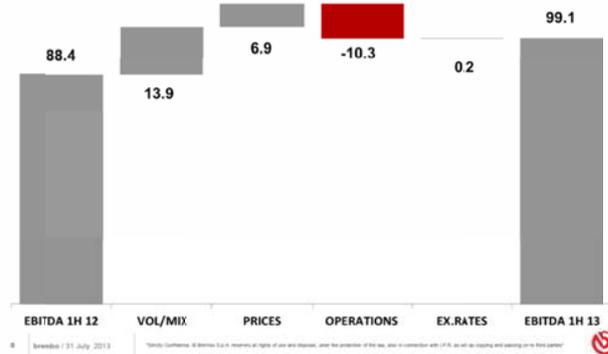
Last week, Brembo delivered another strong set of results despite a negative forex impact. In 1H13, revenues increased by 8.6%; net of forex, growth would have been 9.8%. As usual, the growth was driven by car applications (+15.5%). Despite the negative market demand, the motorcycle segment also delivered an improvement, albeit at a low single digit, thanks to the group's ongoing market share gains. Industrial vehicles remained in negative territory, largely reflecting the weakness of the European market, only partially offset by the sound trend of the truck segment in Latam.

Brembo - 1H13 revenue walk



Source: Company data

Brembo - 1H13 EBITDA walk



Source: Company data

At the geographical level, Germany confirmed its position as the most important country (23.9% of total revenues), with a 12.1% growth in 1H13. Brazil (9%) also reported sound growth as did North America (22%, the second most important country for the group).

Brembo - 2Q13 & 1H13 revenue trend by country

EUR M	2Q12A	1H12A	2Q13A	1H13A	QoQ %	HoH %
Italy	57.1	114.5	54.4	111	-4.6	-3.1
Germany	83.4	162.9	91.5	182.6	9.7	12.1
France	14.6	34.7	19.6	35.4	34.6	2.2
UK	25.2	52.5	27.3	55.3	8.2	5.4
Others EU	45.4	89.2	48.7	89.9	7.2	0.8
India	7.8	17.5	8.5	17.6	8.6	0.7
China	15.7	26.8	20.3	36.9	29.0	37.8
Japan	4.3	10.1	4.5	9.5	5.3	-5.8
Others Asia	1	3.8	2.1	4.2	109.0	10.6
Brazil	15.2	31.7	18.5	34.6	21.8	9.0
NAFTA	77.2	147.8	86	169.2	11.5	14.5
Others	5.8	11.2	9.4	16.7	61.0	48.8

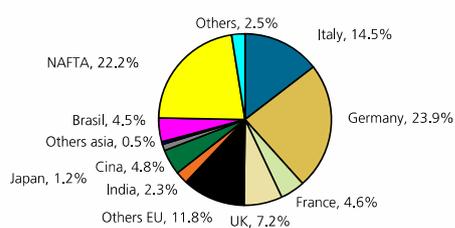
Source: Company data

On profitability, we highlight that once again the company delivered a stronger than expected improvement in EBITDA margin, which despite the negative impact of EUR 10.3M from operations (due to industrial perimeter enlargement), rose to 13.3% in 2Q13. The hike in the net financial position reflected, as expected, both the traditional seasonality and the group's strong revenue expansion.

Brembo - 2Q/1H13 results										
EUR M	2Q12A	1H12A	FY12E	2Q13A	1H13A	2Q13E	1H13E	FY13E	2QA yoy Old	1HA yoy %
Sales	352.70	702.60	1,388.6	390.8	762.8	387.97	759.87	1,503.1	10.8	8.6
EBITDA	45.50	88.41	171.6	51.9	99.1	50.11	97.38	192.5	14	12.2
Margin %	12.90	12.58	12.4	13.3	13.0	12.92	12.82	12.8		
EBIT	25.40	49.31	89.4	29.3	55.4	28.97	55.10	104.2	15.6	12.5
Margin %	7.20	7.02	6.44	7.5	7.3	7.47	7.25	6.93		
Net Inc	14.53	35.58	77.8	22.6	43.2	22.21	42.86	75.7	55.8	21.5
Net debt	351.50	268.80	320	369.2	369.2	365.71	365.71	353	17.7	17.7

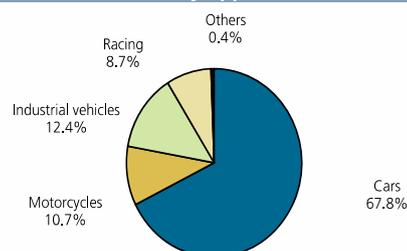
A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

**Brembo - 1H13 revenue country breakdown**



Source: Company data

**Brembo - 1H13 breakdown by application**



Source: Company data

## Earnings Outlook

### Management guidance

On the back of the sound orders trend, the company confirmed its revenue growth target (8-10% in the last conference call) for the rest of the year. The progress in margins is seen as consistent with the results delivered to date; thus Brembo has finally raised its FY13 EBITDA margin target from 12.4% to slightly below 13%.

Among the positives, we highlight that despite the hike in capex (seen at approx. EUR 135M at YE13) and the consequent start-up costs related to new investments, Brembo also confirmed its 14% EBITDA target for 2014. By country, we positively view the achievement and the surpassing of breakeven in China. The group maintains a positive view on the Latam market but, above all, management seems confident in replicating the double-digit growth in the US, thanks to the already under contract orders not only from German car makers in the US, but also from Chrysler and GM. In fact, management confirmed that the top line is expanding, not only thanks to the sound demand, but also to the capturing of further market share. Lastly, by business area, prospects in car applications remain strong and in 2H13 management also sees a flat trend vs. 2H12 of commercial vehicles, implying an improvement.

Taking into account the robust orders trend, management is now more confident and should this trend continue, the group indicated that it would not rule out reaching EUR 2Bn revenues by 2016. While we think this goal is challenging, we believe that the company's optimistic stance could support an upwards re-rating in 2014-16 consensus estimates.

### Estimate revisions

Following the group's new 2013 EBITDA margin guidance, we fine-tuned our estimates for the current year. Furthermore, in June Brembo announced additional investments of EUR 115M for the 2013-15E period in North America, to expand the Homer industrial hub (Detroit, Michigan), and in Brazil, to move and step up production in the current plant in São Paulo. In the US, the investment would amount to EUR 83M, thus significantly increasing the production capacity. According to the company, the expansion of the plant has become necessary after the acquisition of new businesses and further market share gains with key North American customers, such as Chrysler, General Motors and Ford. This initiative is expected to enable the subsidiary Brembo North America Inc. to double its sales, going from EUR 178.5M in 2012 to about EUR 350M in 2015. In Brazil, the group plans to invest EUR 32M in the new plant in São Paulo, where the company is concentrating all the activities of its subsidiary, Brembo do Brasil Ltda; the latter is now expected to double sales over three years, from EUR 66M in 2012 to EUR 130M.

For 2014E, we raised our top line and EBITDA estimates by 2.7% and 5.4%, on the back of the following considerations:

- We view as feasible an upwards push in the top line, as a result of the additional capacity in the US and Brazil, as we note that Brembo's increase in capacity is usually effectively implemented when the company has already under contract at least two-thirds of the scheduled additional capacity;
- In 2014 Brembo's relatively new initiatives in China and Czech Republic should be fully on stream, running at almost 100% capacity;
- The company confirmed its EBITDA margin target at 14%; we aligned our estimate with this guidance.

**2013 EBITDA margin  
guidance enhanced**

**2014 EBITDA target  
confirmed and outlook  
sound**

**What about the longer  
term?**

**Upgrade in estimates and  
positioning above  
consensus**

We report below our main estimates revisions, which are now positioned above the market consensus.

Brembo - Key estimates revisions								
	2013E	2014E	2015E	2013E	2014E	2015E	2013E Cons	2014E Cons
<b>EUR M</b>								
Sales	1,503.1	1,609.5	1,681.9	1,522.4	1,652.7	1,768.4	1,518	1,640
EBITDA	192.5	219.7	235.9	196.8	231.5	256.9	192	221
EBITDA margin (%)	12.8	13.7	14.0	12.9	14.0	14.5	12.6	13.5
EBIT	105.2	132.4	148.6	108.5	143.2	168.6	103	126
Pre-tax income	93.2	122.5	138.6	96.5	132.2	158.6	91	114
Net income	76.5	92.6	101.1	79.2	100.8	118.9	76	85
Capex	120.0	110.0	110.0	135.0	125.0	120.0	131	113
Net debt (Cash)	338.2	303.0	269.7	351.5	328.9	301.2	332	301
Tax rate (%)	18.0	24.5	27.2	18.0	23.8	25.2	NA	NA

NA: Not available. Source: Factset consensus (priced at 05/08/2013) and Intesa Sanpaolo Research estimates

## Valuation

From a valuation standpoint, we believe current prices fully factor in the strong set of results expected in 2013, but still do not fully reflect the group's upside in fundamentals over the next three years.

Following the twelve month stock rally, Brembo is trading at a slight premium versus the European auto supplier segment. We view the current 2014 multiples as fair if considered with the group's solid profitability improvements, which now stand above the European sector average and are thus more aligned with Brembo's most direct peers, Nissin and Aisin Seiki. While on multiples we see Brembo as fairly valued at current prices, our DCF model suggests further upside. Despite the now lower upside potential than in the past following the share price rally in the past year, **we derive an average target price of EUR 20.60/share and we reiterate our ADD rating on the stock.**

**ADD rating confirmed with a new EUR 20.60/share target price**

Brembo - Target price (EUR/share)	
Fair value on 2014 EV/EBITDA and 2014 P/E sector comparison	18.0
Fair value on DCF 2013E-15E	23.2
<b>Target price (Average)</b>	<b>20.6</b>

Source: Intesa Sanpaolo Research estimates

Brembo vs. European auto suppliers sector						
x	EV/EBITDA		EV/EBIT		Mean P/E	
	2013	2014	2013	2014	2013	2014
Bertrandt AG	8.5	7.5	10.6	9.3	15.5	14.1
Valeo S.A.	4.2	3.8	7.3	6.5	11.3	9.7
GKN PLC	7.5	6.5	10.7	8.9	13.1	11.2
Laird PLC	7.6	6.9	10.2	9.0	11.4	9.8
Faurecia S.A.	3.8	3.2	7.6	6.1	14.0	7.9
Compagnie Plastic Omnium	5.8	5.1	9.2	7.9	13.9	11.6
Autoliv Inc.	7.0	6.1	9.6	8.2	14.5	12.8
Ricardo PLC	7.1	6.4	9.9	8.7	12.6	11.8
Haldex AB	12.1	6.8	36.5	8.6	17.7	12.4
SKF AB	9.4	7.6	11.7	9.1	17.3	13.9
Continental AG	5.6	5.1	8.1	7.2	11.5	10.0
CIE Automotive S.A.	4.7	4.4	7.6	7.6	10.8	9.3
<b>Brembo IMI*</b>	<b>7.86</b>	<b>6.58</b>	<b>14.26</b>	<b>10.64</b>	<b>15.18</b>	<b>11.92</b>
Piaggio IMI*	7.03	5.91	14.29	10.50	NM	15.06
Sogefi IMI*	4.88	4.39	8.86	7.61	11.79	9.51
Carraro IMI*	6.72	5.68	17.19	12.78	NM	NM
<b>Average total Europe Auto suppliers</b>	<b>6.79</b>	<b>5.67</b>	<b>11.85</b>	<b>8.50</b>	<b>13.91</b>	<b>11.42</b>
Premium (Discount) (%)	16	17	21	26	9	4
<b>Brembo vs. European sector average</b>						

Source: FactSet and \*Intesa Sanpaolo Research estimates

Brembo – EBITDA % vs European Auto supplier sector and most foreign direct peers		
%	EBITDA Margin 2013	EBITDA Margin 2014
Nissin Kogyo Co. Ltd.	12.82	13.29
Aisin Seiki Co. Ltd.	12.35	12.92
<b>Brembo IMI</b>	<b>12.9</b>	<b>14.0</b>
<b>Average total Europe on Factset</b>	<b>11.9</b>	<b>12.6</b>

Source: FactSet and Intesa Sanpaolo Research estimates

<b>Brembo – DCF model (2013E-16E)</b>				
<b>EUR M</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
Sales	1,522.4	1,652.7	1,768.4	1,892.2
Growth (%)	9.6	8.6	7.0	7.0
EBIT	108.5	143.2	168.6	196.2
Depreciation and amortization	88.3	88.3	88.3	88.3
EBITDA	196.8	231.5	256.9	284.5
Tax rate (not on interest) (%)	18.0	23.8	25.2	25.5
Cash flow from operations	177.2	197.4	214.5	234.5
Capital expenditures (including intangibles)	135.0	130.2	125.4	115.7
Decrease (increase) in working capital	-36.2	-13.2	-11.7	-12.5
<b>Free cash flow</b>	<b>6.0</b>	<b>54.0</b>	<b>77.3</b>	<b>106.3</b>
Discount factor	0.93	0.86	0.80	0.74
<b>Discounted cash flow</b>	<b>5.6</b>	<b>46.6</b>	<b>62.0</b>	<b>79.1</b>

Source: Intesa Sanpaolo Research estimates

<b>WACC assumptions (%)</b>		<b>DCF result (EUR M)</b>	
Risk-free rate	4.25	Terminal value	2,110.7
Equity risk premium	6.0	NPV 13-16	193.3
Beta*	1.1	NPV Terminal	1,691.3
Tax shield	27.5	Total	1,884.6
Cost of debt	3.5	Cash (Debt) FY12A	-320.7
Cost of equity	10.9	Pension Funds 2012A	-20.2
Debt/capital employed ratio	43	Minorities (x P/BV 2012)	-28.6
Equity/capital employed ratio	57	Own shares (4%) at current market cap	31.4
g	2.5	<b>Equity value (EUR M)</b>	<b>1,547</b>
<b>WACC</b>	<b>7.7</b>	<b>Equity value (EUR/sh)</b>	<b>23.2</b>

Source: \*FactSet and Intesa Sanpaolo Research estimates

Source: Intesa Sanpaolo Research estimates

Brembo - Key figures

Sector	Auto & Components BRBI.MI	Mkt price EUR/Share Target price EUR/Share	Ordinary 17.90 20.60	Rating ADD	
<b>REUTERS CODE</b>	<b>2011A</b>	<b>2012A</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>
Values per share (EUR)	2011A	2012A	2013E	2014E	2015E
No. ordinary shares (M)	66.78	66.78	66.78	66.78	66.78
No. NC saving/preferred shares (M)	-	-	-	-	-
Total no. of shares (M)	66.78	66.78	66.78	66.78	66.78
Adj. EPS	0.64	1.16	1.19	1.51	1.78
CFPS	1.77	2.40	2.51	2.83	3.10
BVPS	4.85	5.82	6.60	7.57	8.72
Dividend Ord	0.30	0.40	0.41	0.54	0.64
Dividend SAV Nc	-	-	-	-	-
<b>Income statement (EUR M)</b>	<b>2011A</b>	<b>2012A</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>
Sales	1,254.5	1,388.6	1,522.4	1,652.7	1,768.4
EBITDA	148.7	171.6	196.8	231.5	256.9
EBIT	73.3	89.4	108.5	143.2	168.6
Pre-tax income	54.7	82.8	96.5	132.2	158.6
Net income	42.9	77.8	79.2	100.8	118.9
Adj. net income	42.9	77.8	79.2	100.8	118.9
<b>Cash flow (EUR M)</b>	<b>2011A</b>	<b>2012A</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>
Net income before minorities	43.3	77.7	79.1	100.7	118.7
Depreciation and provisions	75.4	82.2	88.3	88.3	88.3
Change in working capital	5.3	15.0	-36.2	-13.2	-11.7
Operating cash flow	124.0	174.9	131.2	175.8	195.3
Capital expenditure	-135.0	-135.6	-135.0	-125.0	-120.0
Other (uses of Funds)	-37.0	-24.3	-1.0	-1.2	-11.4
Free cash flow	-48.0	15.0	-4.8	49.7	63.9
Dividends and equity changes	-20.0	-20.0	-26.7	-27.0	-35.7
Net cash flow	-68.1	-5.0	-31.5	22.6	28.1
<b>Balance sheet (EUR M)</b>	<b>2011A</b>	<b>2012A</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>
Net capital employed	648.9	719.8	802.7	845.2	894.0
of which associates	-	-	-	-	-
Net debt/-cash	315.0	320.7	351.5	328.9	301.2
Minorities	10.3	10.5	10.5	10.5	10.5
Net equity	323.6	388.6	440.7	505.8	582.3
Market cap	1,195.4	1,195.4	1,195.4	1,195.4	1,195.4
Minorities value	-	-	-	-	-
Enterprise value (*)	1,510.4	1,516.1	1,546.9	1,524.3	1,496.7
<b>Stock market ratios (x)</b>	<b>2011A</b>	<b>2012A</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>
Adj. P/E	27.9	15.4	15.1	11.9	10.1
P/CEPS	10.1	7.5	7.1	6.3	5.8
P/BVPS	3.7	3.1	2.7	2.4	2.1
Dividend yield (% ord)	1.7	2.2	2.3	3.0	3.5
Dividend yield (% sav)	-	-	-	-	-
EV/sales	1.2	1.1	1.02	0.92	0.85
EV/EBITDA	10.2	8.8	7.86	6.58	5.83
EV/EBIT	20.6	17.0	14.26	10.64	8.88
EV/CE	2.3	2.1	1.93	1.80	1.67
D/EBITDA	2.1	1.9	1.79	1.42	1.17
D/EBIT	4.3	3.6	3.24	2.30	1.79
<b>Profitability &amp; financial ratios (%)</b>	<b>2011A</b>	<b>2012A</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>
EBITDA margin	11.9	12.4	12.9	14.0	14.5
EBIT margin	5.8	6.4	7.1	8.7	9.5
Tax rate	20.9	6.2	18.0	23.8	25.2
Net income margin	3.4	5.6	5.2	6.1	6.7
ROE	13.2	20.0	18.0	19.9	20.4
Debt/equity ratio	0.9	0.8	0.8	0.6	0.5
<b>Growth (%)</b>		<b>2012A</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>
Sales		10.7	9.6	8.6	7.0
EBITDA		15.4	14.7	17.7	11.0
EBIT		22.0	21.3	32.0	17.7
Pre-tax income		51.4	16.6	37.1	20.0
Net income		81.4	1.9	27.3	17.9
Adj. net income		81.4	1.9	27.3	17.9

(\*) EV = Mkt cap+ Net Debt + Minorities Value - Associates A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Equity Research

## Disclaimer

### Analyst certification

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### Valuation methodology (long-term horizon: 12M)

The Intesa Sanpaolo SpA Equity Research Department values the companies for which it assigns recommendations as follows:

We obtain a fair value using a number of valuation methodologies including: discounted cash flow method (DCF), dividend discount model (DDM), embedded value methodology, return on allocated capital, break-up value, asset-based valuation method, sum-of-the-parts, and multiples-based models (for example PE, P/BV, PCF, EV/Sales, EV/EBITDA, EV/EBIT, etc.). The financial analysts use the above valuation methods alternatively and/or jointly at their discretion. The assigned target price may differ from the fair value, as it also takes into account overall market/sector conditions, corporate/market events, and corporate specifics (ie, holding discounts) reasonably considered to be possible drivers of the company's share price performance. These factors may also be assessed using the methodologies indicated above.

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#### Equity rating key (long-term horizon: 12M)

Long-term rating	Definition
BUY	If the target price is 20% higher than the market price
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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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 (long-term horizon: 12M)

#### Target price and market price trend (-1Y)



#### Historical recommendations and target price trend (-1Y)

Date	Rating	TP	Mkt Price
10-Aug-12	ADD	10.10	8.57
19-Oct-12	ADD	10.10	7.90
5-Mar-13	U/R	U/R	10.36
8-Mar-13	BUY	13.30	11.09
15-May-13	ADD	14.44	12.55
4-Jun-13	ADD	14.44	12.65
1-Aug-13	U/R	U/R	16.31

### Equity rating allocations (long-term horizon: 12M)

#### Intesa Sanpaolo Research Rating Distribution (at August 2013)

Number of companies covered: 93	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage %	27	32	37	2	2
of which Intesa Sanpaolo's Clients % (*)	56	50	56	-	50

(\*) 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

### Valuation methodology (short-term horizon: 3M)

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

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

<u>Short-term rating</u>	<u>Definition</u>
LONG	Stock price expected to rise or outperform within three months from the time the rating was assigned due to a specific catalyst or event
SHORT	Stock price expected to fall or underperform within three months from the time the rating was assigned due to a specific catalyst or event

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