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# AIM Italia stock guide

## About Value Track

Value Track is a capital markets and corporate finance firm focused on mid-small caps offering a wide range of services: Equity Research, Corporate Finance Advisory, Portfolio Advisory, Investor Relations. Our research is available on Value Track and Borsa Italiana websites, Bloomberg, FactSet, Thomson Reuters, S&P Capital IQ.

## AIM Italia stock market not immune to Covid-19

Covid-19 took its toll on AIM Italia Stock market as well: only #8 IPOs so far in 2020 (vs. #23 in the same period of 2019), traded volumes are down by 32% YoY as of September and 1-year return is negative by 14.1%, with only energy and tech companies posting a positive stock performance, (+40%% and +14% respectively).

As a result, out of the **128 companies “live” on AIM Italia**, worth an aggregate €5.9bn market Cap, only #14 have a Market Cap above €100mn.

## 1H20 aggregated Top Line -9.1% YoY, €36mn net loss

The negative impact of Covid-19 is even more tangible on 1H20 aggregated financials. Indeed:

- ◆ 1H20 Revenues, EBITDA, EBIT are down -9%, -26%, -78% YoY;
- ◆ Only ca. one third of companies have Revenues and EBITDA up YoY;
- ◆ Ca. 27% of analysed companies lost money at EBITDA level, 45% at EBIT level and 50% at bottom-line.

## AIM Italia market trading at 7.6x EV/EBITDA, 17.0x P/E

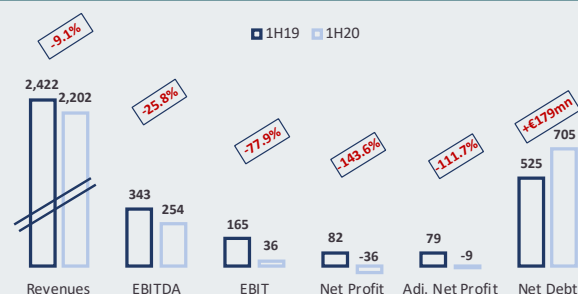
Based on current market caps and 2019A financials, (we view 2020E as a not meaningful year), we calculate that **AIM Italia Stocks** are trading at median **7.6x EV/EBITDA**, **12.6x EV/EBIT** and **17.0x P/E**. **Technology sector** is trading at highest multiples, i.e. **above 11x EV/EBITDA**, while on the opposite side **Industrial Goods** and **Media sector** are trading at half the values (5.8x-5.2x respectively).

## 1H20 “champions”

In our view, **1H20 best performing companies** either for growth or profitability were (in alphabetical order): **Confinvest, Comer Industries, Costamp, DHH, Digital Value, Digital360, Fervi, Iervolino Entertainment, Ilpra, Iniziativa Bresciane, Intred, Italian Wine Brands, Pharmanutra, Portobello, Relatech, Renergetica, Salcef, Unidata.**

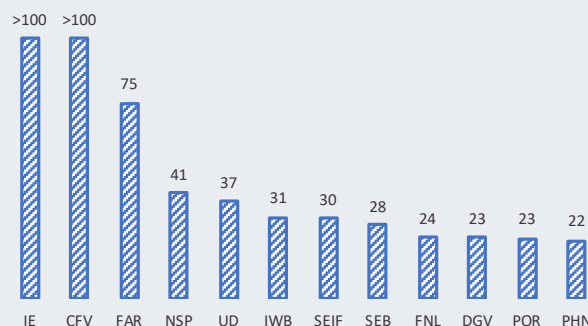
**FTSE AIM Italia Index** 6,576  
**Mkt Cap (€bn)** 5.9

AIM ITALIA: AGGREGATED 1H19 and 1H20 FIGURES (€mn)



Source: Value Track Analysis // Adjusted for better visibility (\*) not including financial firms

STOCKS WITH THE HIGHEST 1H20 TOP LINE GROWTH YOY



Source: Value Track Analysis

GROWTH RATES “r” 1H20 VS. 1H19 (# 119 companies)

as % of total	r>20%	0%<r<20%	r<0%	nm*
REVENUES	19	24	76	--
EBITDA	27	11	49	32
EBIT	24	5	37	53
NET PROFIT	22	8	30	59

Source: Value Track Analysis \*Loss making in 1H20 and/or in 1H19

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## Executive Summary

### AIM Italia Stock Market – Critical mass achieved but Covid-19 took its toll

Nowadays, #128 companies are “actively” listed on AIM Italia, representing nine different industries, worth an aggregate €5.9bn market capitalization. #92 companies are currently trading with a Market Cap below €40mn, whilst only 14 companies show a Market Cap greater than €100mn. Average free float is close to 28%.

Covid-19 took its toll on AIM Italia Stock market: ECM activity has slowed down materially (only #8 IPOs so far in 2020 vs. #23 in the same period of 2019), 1-year share price index return is negative by 14.1%, and liquidity (i.e. traded volumes) has been well below the one recorded last year (-32% YoY as of the end of September).

More in details:

#### ECM activity on freeze in the latest months

- ◆ Since Jan'20, #10 companies were admitted to AIM Italia (#26 on the same period in 2019), virtually all after mid-June, due to lock-down and to high uncertainty, extremely low visibility and generally risk-adverse attitude driven by the pandemic. Of these listings #8 were traditional IPOs and #2 were other admissions;
- ◆ In the same period, #1 company was delisted, #3 companies moved to MTA market segment, 4 SPACs have been dissolved (not being replaced by any new listing);
- ◆ 2020 IPOs have raised on average ca. €8.7mn, which at first sight compares well to the €6.7mn average of the whole 2019 (with #31 IPOs), but this value falls to €3mn if we disregard two outliers (Cy4gate and Labomar), which raised €21mn and €30mn respectively,
- ◆ 1-year return of AIM Italia is negative so far (-14.1%), underperforming both FTSE MIB and STAR indices, which are recording 1-year returns of -10.6% and +15.6% respectively;
- ◆ 1-year performance also differs significantly across sectors, with energy and tech companies that posted positive performance: +40% and 14% respectively.

#### AIM market liquidity remains an issue

- ◆ At the end of September, YTD monthly traded turnover amounted on average at €161mn, recording a -32% YoY growth, and corresponding roughly to a €8.3mn daily turnover;
- ◆ Looking at data month by month, liquidity was encouraging in Jan-Feb (+50% YoY), then suddenly drop in March and aggregate volumes since March (7 months) were down 48% YoY;
- ◆ Only #8 of currently listed companies can rely on a daily turnover (average 30-days) above the €50K threshold, while #80 stocks are currently showing a daily turnover below €5K.

### Economic and financial performance analysis

#### AIM Italia aggregated P&L: Top Line down by 9.1% and €36mn Net Loss

1H20 aggregate results were, as expected, negatively affected by the current global economy crisis linked to Covid-19 outbreak: overall, total turnover decreased high single-digit (-9.1% YoY), while at the bottom line, aggregate Net Loss stood at €36mn, compared to €82mn Net Profit reported in 1H19.

Net Debt was also not “immune” to economy downturn, with aggregate Net Debt / EBITDA (annualized) at 1.4x (vs 0.8x in 1H19) and 3.4x focusing only on those companies with net a debt exposure (2.6x in 1H19).

In our view, **best performing companies** either for growth or profitability were (in alphabetical order): **Confinvest, Comer Industries, Costamp, DHH, Digital Value, Digital360, Fervi, Iervolino Entertainment, Ilpra, Iniziative Bresciane, Intred, Italian Wine Brands, Pharmanutra, Portobello, Relatech, Rennergetica, Salcef, Unidata.**

### For once valuation focused on historical multiples

Investors are used to buy future earnings rather than historical ones, but at least in FY2020 it's very likely that many companies will record financial results down YoY as a result of Covid-19, as anticipated by the current "poor" interim results' season.

This means that in this specific situation looking at stock trading multiples based on the latest historical figures could offer more reliable valuation insights, provided we correctly spot 1) those companies whose business model has not been irreparably corrupted and/or 2) those which are likely to go back to FY19 revenues/profit level promptly (i.e. not much beyond FY2021).

Based on our dataset we calculate that at current share prices **AIM Italia Stock Market** is currently trading at 2019 multiples of **7.6x EV/EBITDA, 12.6x EV/EBIT** and **17.0x P/E**, based on the median of the whole stock sample.

**Technology sector** is trading **higher than 11x EV/EBITDA** while on the opposite side, **Industrial Goods and Media** sectors are among the cheapest trading at half value i.e. **5.8-5.2x** (albeit for the latter we see this explained by accounting differences).

### Best AIM Italia "value" stocks

In our latest "stock guide" published as of end of May'20, we identified #18 stocks which in our opinion were deeply undervalued, and somehow well-equipped to bear the negative implications linked to Covid-19 outbreak, hence likely to go back to FY19 size and profitability relatively quickly.

As far as these stocks are concerned, 1H20 results provided these messages:

- ◆ Their business resiliency was somehow proven in terms of margins;
- ◆ #17/18 companies achieved break-even at EBIT level (vs only 55% for the whole market);
- ◆ #5 companies reported a very strong set of financials, clearly going against market trends;
- ◆ Most of selected names still trade at very low multiples.

### Best AIM Italia "growth" stocks

Back as of end of May we also picked #22 companies boasting steady turnover growth across the latest two years, regardless it was entirely organic or partially due to M&A. Indeed growth, wherever it comes from, is the most useful metric to look at AIM Italia listed companies, mostly made by start-up and scale-up companies.

The follow up analysis across 1H20 results gives back the following key messages:

- ◆ Best VT "growth" stocks still highlight a fast-growing profile, with Revenues increasing by 33% on average;
- ◆ Only a residual portion of this growth is due to M&A;
- ◆ Good resilience was recorded also at profitability level;
- ◆ Share prices only partially embed the solid set of financials achieved so far;
- ◆ Investors consider such stocks as "priceless", confirming as YoY growth is likely to be the main indicator they look at, no matter of current trading multiple / valuation.

## AIM Italia Stock Market: key facts & figures

#128 companies are “actively” listed on AIM Italia, representing nine different industries, for an aggregate €5.9bn market capitalization. However, #94 companies are currently trading at Market Cap lower than €40mn threshold, whilst only 14 companies showing a Market Cap greater than €100mn. Average free float is close to 28%.

Covid-19 took its toll on AIM Italia Stock market as well: ECM activity is deeply below FY19 level (only eight IPOs so far in 2020 vs. #23 ones as of October '19), 1-year return is negative (-14.1%), and year-to-date liquidity (i.e. traded volumes) is roughly 30% lower YoY at the end of September

### AIM Italia Stock Market – Critical mass achieved

As of the end of October 5<sup>th</sup>, **#128 companies are actively listed on AIM Italia**, representing nine industries and an **aggregate €5.9bn Market Cap**.

Market Cap distribution by companies remains wide, ranging from €0.8mn of Visibilia Editore (excl. Cdr Advance) to ca. €645mn of Antares Vision. #92 companies are currently trading at Market Cap lower than €40mn threshold, whilst only **#14 companies showing a Market Cap greater than €100mn**.

**Average free float is now close to 28%** based on a simple average of all stocks, corresponding to a Free-float Market Cap of €12.7mn.

### Well-diversified market structure by industry

In terms of market composition, we highlight:

- ◆ A good diversification in terms of industry composition with just two industries (*Energy and Health Care*) currently represented by a number of firms below the two-digit space, with #8 and #7 companies within the respective clusters;
- ◆ *Industrial Goods* is the first industry by total Market Cap (€2.1bn), i.e. ca. 35% total AIM Italia market.

### AIM Italia: The current picture

Industry	Listed Companies		Market Cap	
	#	As (%)	(€mn)	As (%)
Consumer Goods	16	12.5%	456	7.8%
Consumer Services	11	8.6%	207	3.5%
Industrials Goods	24	18.8%	2,076	35.3%
Industrial & Prof. Services	10	7.8%	114	1.9%
Technology	24	18.8%	1,137	19.3%
Media	15	11.7%	315	5.4%
Health Care	7	5.5%	714	12.1%
Energy	8	6.3%	219	3.7%
Financials	13	10.2%	645	11.0%
<b>Total AIM</b>	<b>128</b>	<b>100.0%</b>	<b>5,882</b>	<b>100.0%</b>

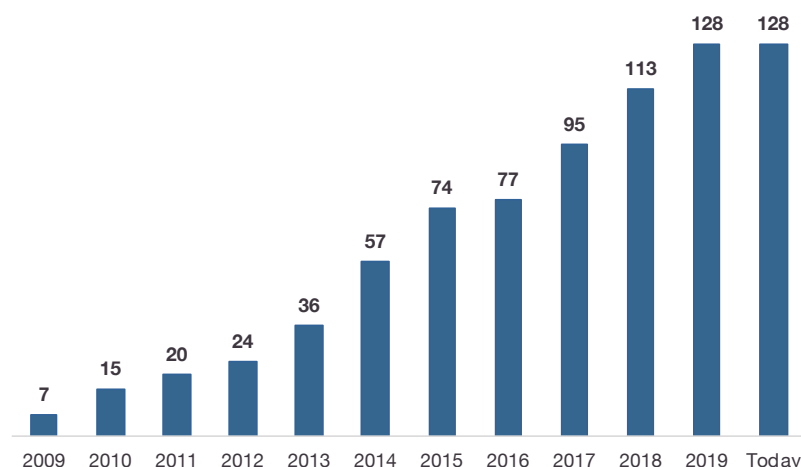
Source: Value Track Analysis (\*) Based on all stock listed as of 05/10/20

## ECM activity almost on freeze due to Covid-19

### ECM activity since January 2020

- ◆ Since January 2020, only **#10 companies were admitted to AIM Italia (#26 on the same period in 2019)**, due to lock-down and to high uncertainty, extremely low visibility and generally risk-averse attitude driven by the pandemic. Of these #8 were direct listings (traditional IPOs) and 2 other admissions.

### AIM Italia: Number of listed companies since 2009



Source: Borsa Italiana, Value Track Analysis

- ◆ In the same period, **#1 company was delisted** (*Gruppo Green Power*), **#3 companies moved to MTA** (*Somec, Sicit Group and Neodecortech*), while **#4 SPACs were dissolved** (*Life Care Capital, Spactiv, Gabelli Value and VEI 1*);
- ◆ Excluding Cy4gate and Labomar that raised €21.1mn and €29.9mn respectively, IPOs proceeds in 2020 **were on average ca. €3.2mn** (€8.7mn average for all the IPOs). This value compares to the €6.7mn average value for the whole 2019 (with 31 IPOs), which was more heavenly spread with slightly larger IPOs.

### AIM Italia: New listings and delistings since Jan '20

NEW LISTINGS				DELISTINGS		
Company	Date	Type	Proceeds	Company	Date	Type
Labomar	05/10	IPO	29.9	Gruppo Green Power	05/10	Tender Offer
Franchi Umberto Marmi	05/10	Other	--	Life Care Capital	08/09	Liquidation
Reti	10/09	IPO	2.9	Spactiv	07/08	Liquidation
Fenix Entertainment	12/08	IPO	1.5	Somec	04/08	Transition to MTA
Sourcesense	12/08	IPO	3.5	Sicit Group	15/06	Transition to MTA
Fabilia	11/08	IPO	1.7	Neodecortech	25/05	Transition to MTA
Ind. Chimiche Forestali	03/08	Other	--	Gabelli Value	21/04	Liquidation
Cy4gate	24/06	IPO	21.1	VEI 1	02/03	Liquidation
Sebino	19/06	IPO	3.6			
Unidata	16/03	IPO	5.7			

Source: Borsa Italiana, Value Track Analysis

### Falling Angels: SPACs - (Special Purpose Acquisition Companies)

As highlighted in several reports and studies, AIM Italia has been for many years the preferred “listing channel” for several investment vehicles, in particular for SPACs. However, the interest towards SPACs vanished in 2019, with just one SPAC admitted on the stock market, and on the other hand #6 SPACs expiring and being consequently liquidated in the last couple of years.

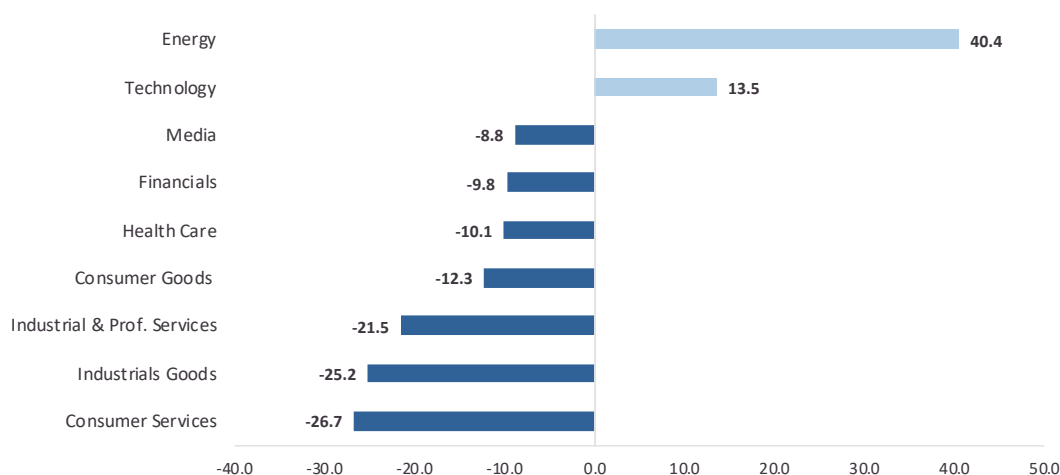
Thus, as of October 5<sup>th</sup>, following the effective closing of business combination of “*The Spac*” and “*Franchi Umberto Marmi*”, there are no more special purpose acquisition vehicles listed on AIM Italia.

### Stock performance: only Energy and Tech companies up year to date

**The 1-year return of Aim Italia is negative (-14.1%)**, underperforming if compared to both FTSE MIB and STAR indices, which reported -10.6% and +15.6% 1-year returns, respectively. **AIM Italia Index is flattish in the shorter run** (1-month /3months performances), but still underperforming STAR and FTSE MIB indices.

However, performances differ a lot across sectors, with 1-year return which moves from +40.4% of *Energy* companies to -26.7% and -25.2% of *Consumer Services* and *Industrial Goods* respectively, by far the worst affected by Covid-19 negative implications.

#### AIM Italia: 1-year performances by sector (based on average)



Source: Bloomberg, Value Track Analysis (\*) Based on all stock listed as of 05/10/20

### Poor Stock Market liquidity

**AIM Italia market liquidity has decreased by 32% YoY as of the end of September '20**, with total market volumes at €1.5bn vs. €2.1bn of September '19, mainly linked to the uncertainty arising from Covid-19.

In addition, the number of listed companies with daily turnover - calculated as the average of the latest 30 days - above the €50k threshold remains very small (#8), i.e. ca. 6% of total AIM Italian universe. On the other side, **#80 companies, i.e. ca. 62% of AIM Italia, currently show a daily turnover below €5k**, an extremely poor result if compared with encouraging figures experienced across 2019.

## 1H20 earnings season analysis

As of October 5<sup>th</sup>, almost all AIM Italia listed companies released their 1H20 financial results and, as expected, many of them were negatively affected by current global economy crisis linked to covid-19 outbreak: overall, total turnover decreased at high single-digit pace (-9.1% YoY), while at the bottom, aggregated Net Loss stood at €36mn, compared to €82mn Net Profit as of June'19.

EBITDA at €254mn (down -25% YoY), resulting in a negative operating leverage, with EBITDA margin at 11.5% (-260bps YoY), whilst EBIT Margin decreased by roughly 500bps YoY, due to higher incidence of D&A charges, provisions and write offs.

Best performing companies from a P&L point of view are (in alphabetical order): Confinvest, Costamp, DHH, Digital Value, Digital360, Fervi, Iervolino Entertainment, Ilpra, Iniziativa Bresciane, Intred, Italian Wine Brands, Pharmanutra, Portobello, Relatech, Renenergetica, Salcef, Unidata. We also mention the sound OpFCF generation achieved by Comer Industries, with EBITDA/OpFCF ratio close to 85%, extremely satisfactory also considering the manufacturing nature of its activities.

### AIM Italia aggregate 1H20: €2.2bn revenues, €254mn EBITDA, €705mn Net Debt

We took into consideration all the companies listed on AIM Italia as of October 5th, i.e. #128 out of which we have excluded from our analysis:

- ◆ SG Company who approves its interim figures in the upcoming weeks;
- ◆ Labomar and Franchi Umberto Marmi just admitted to AIM Italia stock exchange;
- ◆ #6 companies which are classified as financial and real estate and/or with fiscal year ending as of June (Net Insurance, Cdr Advance Capital, Assiteca, Copernico SIM, Abitare In and SCM).

As an effect, we included in our sample **#119 corporates that did approve 1H20 results**. Aggregating their interim financial figures on a like-for-like basis (i.e. interim figures include the same #119 stocks in 1H19 and 1H20, even though not all companies were listed as of June'19), we highlight the following core messages:

- ◆ Revenues close to €2.2bn, -9.1% YoY (€2.4bn in 1H19);
- ◆ EBITDA and EBIT at €254mn and €36mn respectively, -25.2% and -77.9% YoY respectively;
- ◆ EBITDA margin and EBIT margin at 11.5% and 1.7% respectively;
- ◆ Adjusted Net Loss of €9mn or €36mn on a reported basis, vs. positive Net Profit of €79mn (adj.) or €82mn (reported) in 1H19.

As for the aggregate financial structure of AIM Italia, it is worth pointing out that:

- ◆ Out of the #119 companies included in the sample, #41 are Net Cash positive while the remaining #78 are in a Net Debt position;
- ◆ The aggregate Net Financial Position is negative and stands at €705mn.



**AIM Italia: Aggregate 1H19 – 1H20 results at a glance (\*)**

€mn	1H19	1H20	YoY (% , €mn)
<b>Revenues</b>	<b>2,422</b>	<b>2,202</b>	-9.1%
<b>EBITDA</b>	<b>343</b>	<b>254</b>	-25.8%
<i>EBITDA Margin</i>	14.1%	11.5%	-260bps
<b>EBIT</b>	<b>165</b>	<b>36</b>	-77.9%
<i>EBIT Margin</i>	6.8%	1.7%	-515bps
Net Profit (Net Loss)	82	-36	-143.6%
<b>Net Profit adj.</b>	<b>79</b>	<b>-9</b>	-111.7%
<b>Net Financial Position</b>	<b>-525 (***)</b>	<b>-705</b>	<b>-179</b>
<i>Net Debt/EBITDA (x) (**)</i>	0.8x	1.4x	

Source: Value Track Analysis on companies' data

(\*) Like-for-like comparison, i.e. both 1H19 and 1H20 figures include the same 119 companies even if not all these companies were listed as of June 2019 (\*\*) Assuming annualised EBITDA (i.e. equal 2x interim figure) (\*\*\*) Value referring to 2019 year end

**AIM Italia companies with a Net Debt exposure: 1H19 – FY19 – 1H20 debt metrics**

€mn	1H19 (*)	FY19 (*)	1H20
<i># of Companies with a Net Debt exposure</i>	76/127	57/95	78/119
Net Debt (attributable to Net Debt companies)	1,116	748	1,009
EBITDA (attributable to Net Debt companies)	211	466	147
<b>Net Debt/EBITDA (x) (**)</b>	<b>2.6x</b>	<b>1.6x</b>	<b>3.4x</b>

Source: Value Track Analysis on companies' data

(\*) based on market research already released by Value Track (\*\*) Assuming annualised EBITDA (i.e. equal 2x interim figure)

**Sector mix is changing**

The contribution of the different sectors to “AIM Italia Corp” is gradually changing, and while *Industrial Goods* companies remain by far the main contributors at almost all P&L lines, we reckon the steady growth of *Technology* and *Media* companies, as already seen in FY19.

**AIM Italia: Aggregate 2019FY key financials by sector (#119 companies)**

€mn	Energy	Health Care	Technology	Media	Consumer Goods	Consumer Services	Industrial Goods	Ind. & Prof. Services	Financials (*)
<i># of Companies</i>	8	6	24	15	16	11	24	9	6
<b>Revenues</b>	<b>106.0</b>	<b>136.6</b>	<b>421.7</b>	<b>147.5</b>	<b>238.7</b>	<b>109.8</b>	<b>934.3</b>	<b>80.5</b>	<b>26.5</b>
<b>EBITDA</b>	<b>13.9</b>	<b>22.9</b>	<b>46.8</b>	<b>72.3</b>	<b>5.3</b>	<b>3.0</b>	<b>88.0</b>	<b>6.0</b>	<b>-4.0</b>
<i>EBITDA Margin</i>	13.1%	16.8%	11.1%	49.0%	2.2%	2.7%	9.4%	7.4%	-15.0%
<b>EBIT</b>	<b>4.1</b>	<b>12.6</b>	<b>13.1</b>	<b>10.7</b>	<b>-11.1</b>	<b>-14.7</b>	<b>30.2</b>	<b>-0.8</b>	<b>-7.7</b>
<i>EBIT Margin</i>	3.9%	9.2%	3.1%	7.2%	-4.7%	-13.4%	3.2%	-1.0%	-28.9%
<b>Net Profit adj.</b>	<b>-2.7</b>	<b>11.2</b>	<b>7.6</b>	<b>5.5</b>	<b>-14.4</b>	<b>-14.8</b>	<b>10.6</b>	<b>-3.1</b>	<b>-9.2</b>
<b>Net Financial Position</b>	<b>-153.5</b>	<b>45.2</b>	<b>-32.8</b>	<b>-129.0</b>	<b>-116.5</b>	<b>-136.7</b>	<b>-160.1</b>	<b>-16.1</b>	<b>-5.1</b>
<i>1H Net debt/1H EBITDA (**)</i>	5.5x	nm	0.4x	0.9x	11.0x	21.4x	0.9x	1.3x	nm
<i>1H Net debt/19A EBITDA</i>	3.8x	nm	0.3x	0.8x	10.1x	10.2x	0.5x	0.8x	nm

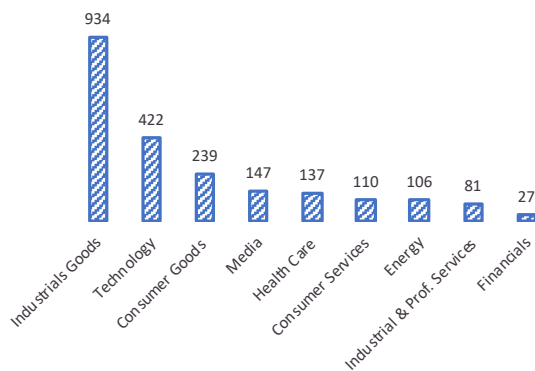
Source: Value Track Analysis on companies' data

(\*) It also includes insurance, investment vehicle and real estate companies (\*\*) Assuming annualized EBITDA (i.e. equal 2x interim figure)

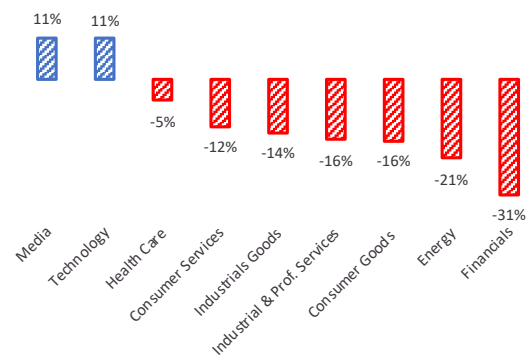
- ◆ *Media* and *Technology* are the only sectors who recorded a positive YoY growth at revenues and EBITDA level. *Media* companies displayed also the highest EBITDA margin at 49%;
- ◆ *Health Care* is the only sector to rely on a positive Net Cash Position;
- ◆ *Consumer Services* and *Consumer Goods* display the highest Net Debt / EBITDA ratio, as result of the poor aggregate EBITDA, and the huge net debt exposure of a few names. This is the case for *Sirio* (among *Consumer Services*) whose financial position is heavily inflated by the adoption of IFRS16 accounting principle. The outliers among *Consumer Goods* are *Askoll Eva* and *Italia Independent* but in this sector, there is a generalised issue of poor 1H20 margins.

**1H20 AIM Italia financials by sector**

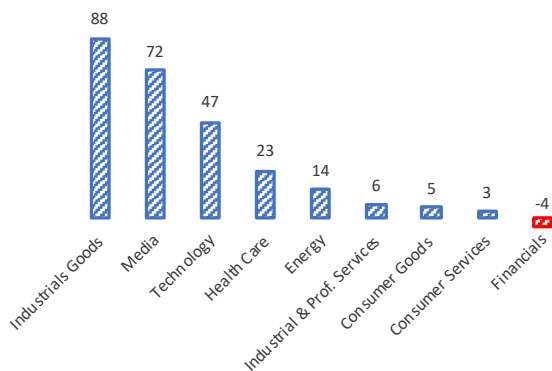
**Sectors ranked by Revenues size 1H20 (€mn)**



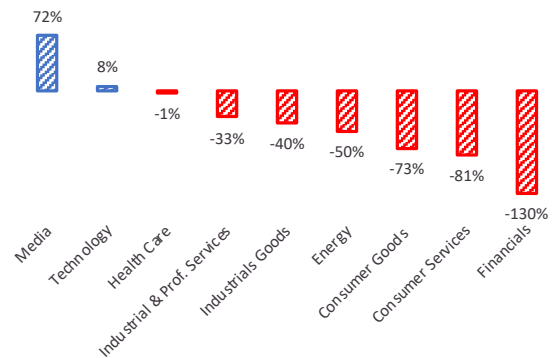
**Sectors ranked by Revenues growth 1H20/1H19 (% , YoY)**



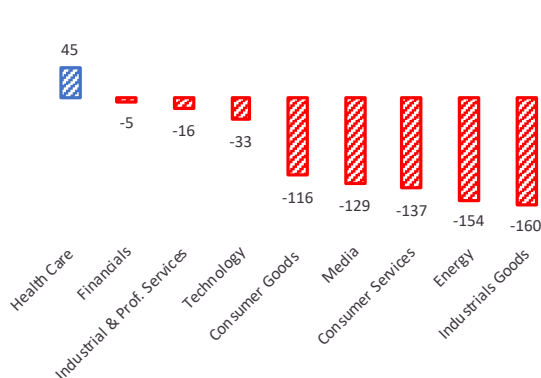
**Sectors ranked by EBITDA size 1H20 (€mn)**



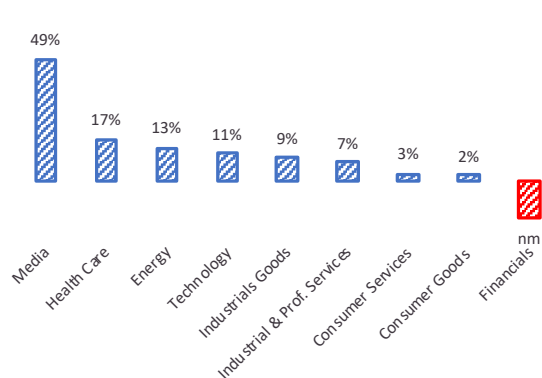
**Sectors ranked by EBITDA Growth 1H20/1H19 (€mn)**



**Sectors by Net Financial Position 1H20 (€mn)**



**Sectors ranked by EBITDA Margin 1H20 (€mn)**



Source: Value Track Analysis

## Top Down view: Key take-aways

From a quick reading of 1H20 interim results, we got to the following core messages:

- ◆ AIM Italia companies still record a **high polarization in terms of size and performance**, which leads to high concentration of revenues and profit in the hands of a few larger companies, and to a relatively high number of smaller companies with lower (and sometime negative) contribution to aggregate figures;
- ◆ **AIM Italia companies are not “immune” to Covid-19**, with interim results heavily impacted by negative implications linked to pandemic, showing a strong correlation to the global economy downturn and with a number of loss-making companies almost doubled compared to 1H19;
- ◆ In this “perfect storm” however, it is possible to identify some **#20 companies** able to mitigate negative implications and **reporting profits growing** at more than 20% YoY, regardless their reference sector and relative size.

### Polarization in terms of size and performance remains high

If we consider the **#10 largest companies in terms of revenues contribution to 1H20 aggregate figures, they do account for ca. 50% of Sales and 61% EBITDA**. More, being market figures relatively small at EBIT and negative at Net Profit level, the contribution of #10 largest companies at Operating Income and bottom line would be higher than 100%.

These figures still suggest a relatively high concentration, quite above those witnessed one year ago, when the same #10 companies accounted for ca. 45% of Revenues, 43% EBITDA and 65% Adj. Net Profit.

### AIM Italia 1H20 Concentration of aggregate results

Key financials	1H19		1H20	
	as %	€mn	as %	€mn
Revenues	45%	1,102	50%	1,099
EBITDA	43%	147	61%	155
EBIT	57%	94	173%	63
Adj. Net Profit	65%	53	nm	34
Net Financial Position	nm	247	nm	247

Source: Value Track Analysis

The last point may be better explained if we look at the number of loss-making companies: **27% of companies are losing money at EBITDA level, 45% at EBIT level and 50% at bottom-line**, a huge number if compared to 14%, 25% and 29% recorded respectively in 1H19.

### AIM Italia 1H20 Loss-making companies and aggregate data

1H20	NEGATIVE			POSITIVE			Total		
	#	%	€mn	#	%	€mn	#	%	€mn
EBITDA	32	27%	-56	87	73%	311	119	100%	254
EBIT	53	45%	-118	66	55%	154	119	100%	36
Adj. Net Profit	59	50%	-115	60	50%	106	119	100%	-9
Net Financial Position	78	64%	-1,009	41	36%	305	119	100%	-705

Source: Value Track Analysis

### Covid-19 toll is high, with a few exemptions

1H20 aggregate financials underline that Covid-19 took its toll on AIM Italia too, with interim performances heavily impacted by the current economy crisis. For sure, manufacturing, *horeca* and travel were by far the most impacted industries, with many factories halting their activities and data on tourist inflows in “free fall” compared to 2019.

A huge dispersion between “good” and “weak” stories came to light also during the first two quarters of the year: indeed, moving from the YoY growth rates reported in 1H, we spot some corporates still displaying a healthy and, in some case, fast growing profile, notwithstanding the negative market stance, their reference sector and relative size.

Moving to numbers, we found that at the different levels of the P&L:

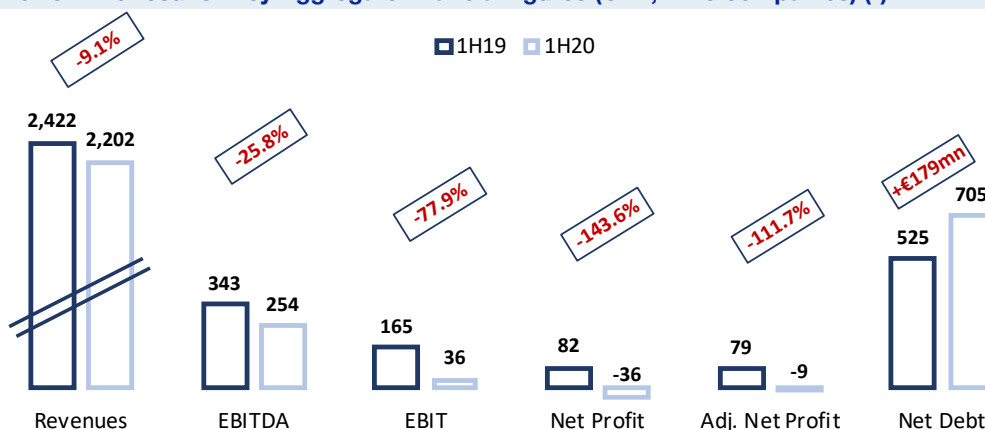
- ◆ 76/119 companies recorded a top line decline YoY;
- ◆ 37/119 companies registered negative EBIT growth, with further 53/119 stocks which recorded a negative EBIT (and hence not meaningful YoY growth rates), as already displayed in the previous analysis;
- ◆ only 30/119 stocks registered positive Adj. Net Profit growth rates, with #4 companies who achieved the break-even point. However, out of these, #20 witnessed an “above 20%” growth at bottom line.

### Growth rates 1H20 vs 1H19 - companies by growth clusters

Growth rate	Revenues	EBITDA	EBIT	Adj. Net Profit
Above 20%	19	27	24	22
Between 0% and 20%	24	11	5	8
Negative growth	76	49	37	30
nm (*)	--	32	53	59
<b>Total</b>	<b>119</b>	<b>119</b>	<b>119</b>	<b>119</b>

Source: Value Track Analysis (\*) Loss making companies in 1H20 and or in 1H19

### 1H20 vs 1H19 results- Key Aggregate financial figures (€mn, #119 companies) (\*)



Source: Value Track analysis on companies' data // Adjusted for better visibility (\*) Net Debt compared to Dec'19

## Bottom Up view: Key take-aways

### Stock picking in SMEs' markets is crucial

As outlined above the dispersion of results has been again very high in AIM Italia, also driven by the fact that companies' stories are particularly differentiated in a SMEs segment, offering "me too" profiles, high risk stories as well as high potential ones.

In such a scenario, we suggest focusing on those stocks that seem to offer:

- ◆ Innovation capacity (i.e. discontinuity vs. "mainstream" business models);
- ◆ Sustainability of top line growth;
- ◆ Operating leverage (let's say after breakeven is achieved).

The high potential of these stocks – to be identified via an accurate stock selection – should justify the "costs" of dealing with illiquid and fragmented portfolios, typical of MTFs as AIM Italia.

### 1H20 best performing companies from a P&L point of view

In order to identify the most resilient and robust stocks, we provide an analysis of P&L best performing companies, starting from those "growth" stocks which enjoyed turnover and EBITDA YoY growth rates above 20%, but that also boast i) revenues above €5mn, ii) EBITDA higher than €0.5mn and lastly iii) positive Net Profit in 1H19 and 1H20.

This exercise gives us a list of #7 names, displayed in the following table.

#### Companies with the highest Top line and EBITDA growth in 1H20

Company	Growth YoY (%)		Revenues (€mn)		EBITDA (€mn)		Net Profit (€mn)	
	Revenues	EBITDA	1H19	1H20	1H19	1H20	1H19	1H20
Iervolino Entertainment	>100%	>100%	9.6	55.5	8.6	53.6	2.7	9.6
Confinvest	>100%	>100%	9.3	19.9	0.3	1.0	0.2	0.7
Unidata	37%	26%	6.4	8.8	2.1	2.6	0.8	0.9
Italian Wine Brands (*)	31%	52%	74.0	96.9	6.7	10.2	2.7	5.3
Digital Value	23%	31%	170.0	209.6	15.4	20.2	9.4	10.5
Portobello	23%	>100%	19.0	23.4	2.2	5.4	1.2	3.4
Pharmanutra	22%	50%	25.1	30.7	6.3	9.5	4.0	9.7

Source: Value Track Analysis (\*) Of which 24% revenues organic growth.

We reckon that such panel is extremely diversified, with stocks belonging to five different sectors: from *Media* to *Consumer Goods* and *Consumer Services*, from *Technology* to *Health Care*, all of them showing business resiliency in such a deep emergency situation. We also spot that one of the above-mentioned stocks benefitted from external growth (M&A) in the 1H (*Italian Wine Brands*), but we highlight that also in this case the organic growth remained extremely interesting (+24% YoY).

A possible further proxy we use to test business resiliency **is to focus on those firms able to deliver some margin upside**, notwithstanding some unavoidable slowdown in turnover. In this exercise, our aim is to identify those companies relying on a profitable and sustainable business model or simply able to react to negative market situations and to exploit some operating leverage to mitigate negative implications on P&L.

The analysis is based on those stocks which engaged an improving YoY EBIT margin, with 1H20 EBIT above €1mn and revenues above €5mn.

Hence, we found out #13 stock compliant with our size “covenants”, again spread across several sectors, with *Industrial Goods* and *Technology* displaying the higher number of representative (#4 for each). We also spot #3 names (*Portobello*, *Pharmanutra* and *Italian Wine Brands*) already caught in the previous exercise, showing to be at same time fast growing and profitable stories.

### Companies with improving EBIT margin, despite possible slowdown at top line in 1H20

Company	EBIT Margin (%)		Revenues (€mn)		EBIT (€mn)		Net Profit (€mn)	
	1H19	1H20	1H19	1H20	1H19	1H20	1H19	1H20
Renergetica	35.7%	37.3%	4.7	5.6	1.7	2.1	1.1	1.4
Iniziativa Bresciane	29.4%	33.3%	9.0	9.2	2.7	3.1	1.3	1.5
Intred	27.6%	32.7%	10.0	11.7	2.8	3.8	2.1	2.9
Pharmanutra	23.3%	27.1%	25.1	30.7	5.8	8.3	4.0	9.7
DHH (*)	17.0%	22.3%	8.4	9.1	1.4	2.0	1.1	1.3
Portobello	8.7%	20.3%	19.0	23.4	1.6	4.7	1.2	3.4
Salcef	16.2%	17.2%	139.7	150.2	22.6	25.9	14.7	16.4 (**)
Relatech	11.8%	15.2%	10.4	10.7	1.2	1.6	0.6	1.1
Digital360	2.2%	12.6%	13.4	12.7	0.3	1.6	-0.1	1.1
Fervi	6.8%	12.0%	15.2	12.3	1.0	1.5	1.3	1.2
Ilpra	4.3%	11.1%	15.3	15.3	0.7	1.7	0.4	1.3
Italian Wine Brands	5.9%	8.0%	74.0	96.9	4.4	7.7	2.7	5.3
Costamp	4.5%	7.2%	26.7	25.0	1.2	1.8	0.6	1.2

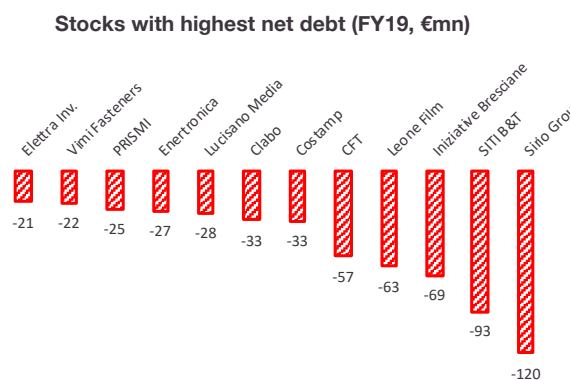
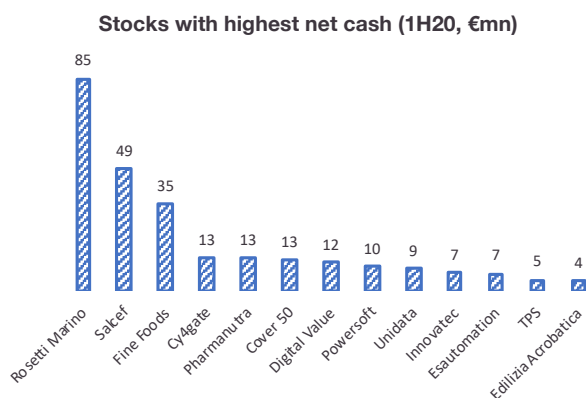
Source: Value Track Analysis (\*) on a PF basis, following the RTO finalization, expected to come within the end of Oct'20 (\*\*)Adj. for non-cash charge due to the fair-value of warrants

### A look at single companies leverage and FCF generation

*Sirio Group* highlights the largest Net Debt position at ca. €120mn, followed by *Siti B&T* at ca. €93mn and by *Iniziativa Bresciane* at ca. €69mn. On the other side, *Rosetti Marino* is the company with the highest Net Cash position (thanks to down payments from clients).

We also hint that many companies displaying a Net Debt exposure have been heavily impacted by the IFRS16 adoption: we mention *Sirio Group* and *Siti B&T*, with Net Debt inflated by €96mn and €22mn respectively from new accounting principles.

### Top 10 companies for cash and debt position

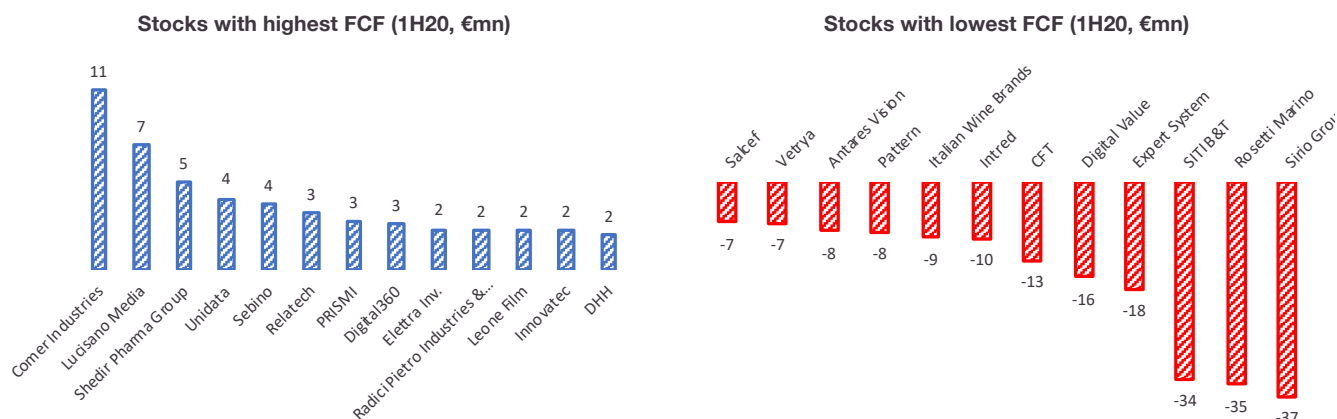


Source: Value Track analysis on companies' data. FY19 positions

Lastly, we identify those stocks that experienced positive and negative FCF in the first half of the year. In order to give a more realistic picture, we are not including proceeds coming from IPO or seasoned equity offerings. Conversely, we reckon that data can be affected by other non-recurring items like capital injections from warrant exercise, dividend payments, M&A transactions, major capex plans.

Having said that, we believe it is worthy to mention the sound FCF generation achieved in particular by *Comer Industries*, which comes also after €7.2mn dividends paid as of April 2020. In other words, the company generated ca. €18.6mn operating free cash flow, displaying an EBITDA/OpFCF ratio close to 85%, extremely satisfactory also considering the manufacturing nature of its activities.

**Stocks with highest and lowest FCF generation**



Source: Value Track analysis on companies' data. FY19 positions

## Valuation analysis

Although we are aware that investors are used to buy future earnings rather than historical ones, it's very likely that many companies will record financial results down YoY in FY20, as confirmed by the weak interim results' season previously described. Hence, we believe – as outlined in our last “stock guide” of May 2020 – that looking at stock trading multiples based on the latest historical figures could deliver more reliable valuation, as the outlook of future earnings is still highly uncertain.

We estimate that AIM Italia Stock Market is currently trading on 2019 median multiples of 7.6x EV/EBITDA, 12.6x EV/EBIT and 17.0x P/E, broadly in line with the ratings of last May. Technology sector is confirmed as the one with the highest multiples while Industrial Goods and Media sectors are trading at almost half that value.

In this section, we also follow up the analysis run back on May in order to crosscheck how VT best “value” and “growth” stocks performed in 1H20, and how their relative valuations have moved.

### Top-down view. AIM Italia stock market trading at 7.6x EV/EBITDA, 17.0x P/E

Based on our dataset of #119 companies (out of 128 currently listed) that have already released 1H20 results, we calculate that **AIM Italia Stock Market** is currently at ca. **7.6x EV/EBITDA** and **17.0x P/E**, based on median values, current market caps and 2019A financial figures. Market multiples are broadly unchanged if compared to those calculated in May, with small differences mainly due to a slightly higher number of stocks included in our panel (#119 vs. #106), as the price performance of the market as a whole has been close to zero.

#### AIM Italia Stock Market trading multiples at a glance

	EV/Sales (x)	EV/EBITDA (x)	EV/EBIT (x)	P/E (x)
<b>Average</b> (October '20) (*)	1.8x	8.5x	14.9x	19.4x
<b>Median</b> (October '20) (*)	1.1x	7.6x	12.6x	17.0x
<b>Average</b> (May '20)	1.7x	8.1x	14.1x	18.5x
<b>Median</b> (May '20)	1.1x	6.8x	12.2x	15.8x

Source: Value Track analysis (\*) Based on 2019FY companies' financials and on current market prices

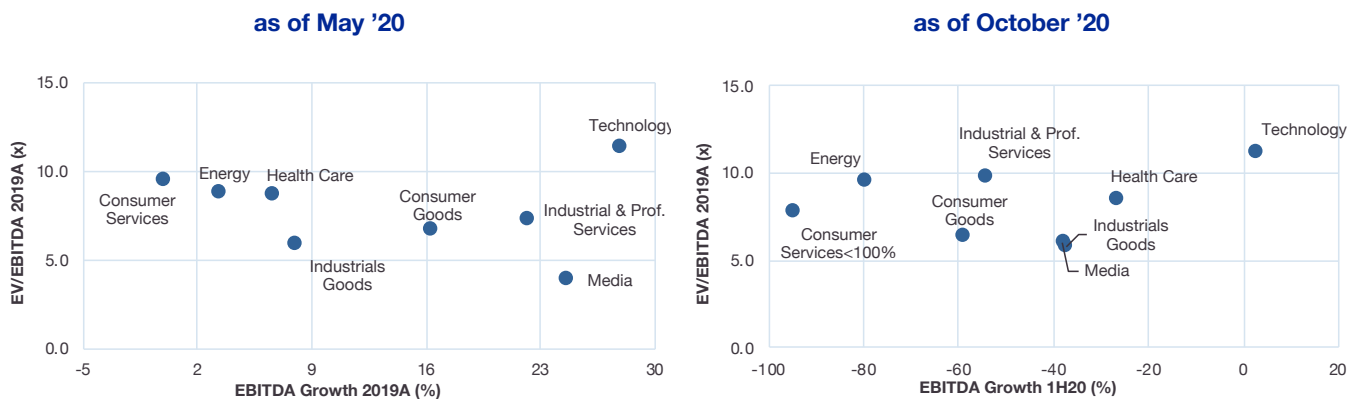
The value added in such an analysis lays in the sector data, as the above-mentioned multiples moved and differ quite materially across sectors: we notice how **Technology** sector – by far the only one to post a positive EBITDA YoY growth in 1H20 according to median values – is trading at **11.2x EV/ENITDA** and remains the dearest of the market. On the opposite side, **Industrial Goods** sector is trading at **5.8x** and **Media** at **5.2x**, despite the latter multiple may be misleading, since it is affected by the content providers' accounting, whose production costs are capitalized (IPs) and amortized, rather than expensed.

A similar dispersion arises also if we look at the sector EV/Sales value maps. Interestingly, the **positive correlation we found in May in EV/Sales vs. Efficiency Ratio** (i.e. the sum of Sales Growth rate plus EBITDA Margin) has weakened since May and now spots Energy as one of the sectors with the highest valuation coupled with an extremely negative efficiency ratio.

The charts below show the positioning of the different sectors, which does not differ materially from the picture outlined in May.

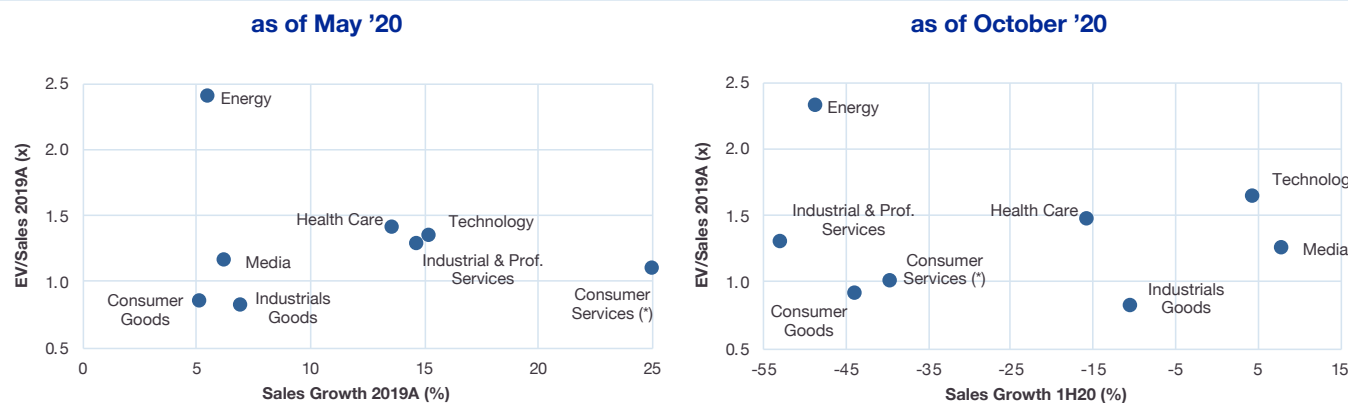


**Valuation Value maps – EV/EBITDA vs. EBITDA Growth in May and October '20**



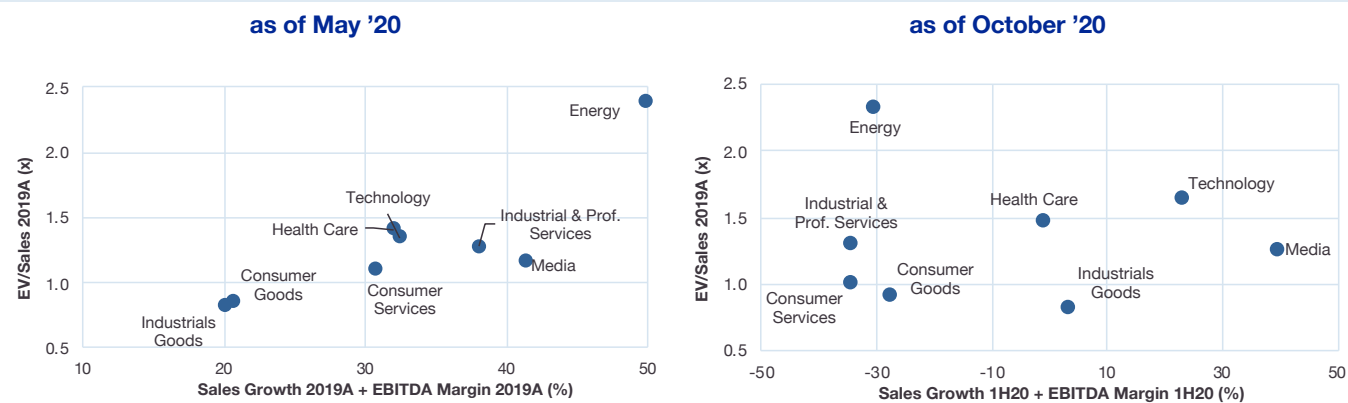
Source: Value Track analysis on companies' data

**Valuation Value maps – EV/Sales vs. Sales Growth in May and October '20**



Source: Value Track analysis on companies' data.

**Valuation Value maps – EV/Sales vs. (Sales Growth + EBITDA Margin) in May and October '20**



Source: Value Track analysis on companies' data.

## Bottom up view. Update on “top” AIM Italia value stocks

In our latest “stock guide” (end of May’20) we identified #18 stocks which in our opinion were **deeply undervalued**, and somehow well-equipped to contain negative implications linked to Covid-19 outbreak, so likely to come back to FY19 size and profitability in a relatively short time horizon. As a reminder, firstly we drew those stocks that at the time were trading below either 1x EV/Sales, 6x EV/EBITDA or 10x P/E on 2019A, then we focused on those that in our view met the following criteria:

- ◆ **Business resiliency** – companies expected not to be heavily affected by Covid-19 implications and likely to go back to pre-pandemic revenues by FY21;
- ◆ **Business robustness** – companies not in their start-up phase, as it is the riskiest one. We have applied the following cut off levels: €1mn Revenues, €0.5mn EBITDA and EBIT;
- ◆ **Financial leverage under control** – companies not burdened by a highly leveraged capital structure, i.e. with Net Debt / EBITDA lower than 3x;
- ◆ **Solid cash position** – firms which rely on a comfortable amount of cash on banks account, thus reducing the likelihood of a liquidity risk or of forced deferral of investment already planned.

We did not apply other conditions linked to the stock market such as liquidity turnover or free float.

In order to follow up on that analysis and verify how Value Track selected companies performed in the first half of the year, we display in the table below their key 1H20 financials and trading multiples, compared to their relative share price performance since May 15<sup>th</sup> (extreme right column). We do not include the company *Neodecortech* anymore, as the stock has moved to MTA in the meanwhile.

We recall that trading multiples are based on the stocks’ current Market Cap, but they refer to 2019A debt and results. This allows us to avoid the use of 2020E consensus – still highly uncertain – and to implicitly assumes that 2019A P&Ls still represent for these companies a reasonable and achievable target at 18/24 months.

### AIM Italia – VT “value” stocks’ key 1H20 Financials and 2019 multiples

Company	1H20 (€mn)			1H20 YoY Growth (%)			EV / Sales (x)	EV / EBITDA (x)	EV / EBIT (x)	P/E Adj. (x)	Mkt Cap (€mn)	Perf. Since May 15th (%)
	Rev	EBITDA	EBIT	Rev	EBITDA	EBIT						
Iervolino Entertainment	55.5	53.6	12.0	475.5	520.0	310.5	1.4	1.5	5.0	5.6	112.7	-12.6
Italian Wine Brands	96.9	10.2	7.7	31.0	52.2	75.5	1.0	9.4	13.1	15.6	143.2	45.5
Digital Value	209.6	20.2	15.2	23.3	31.4	12.5	0.7	7.6	8.9	14.1	270.1	59.1
Portobello	23.4	5.4	4.7	22.9	147.1	187.0	0.9	5.2	6.3	7.9	37.4	30.0
Salcef	150.2	36.5	25.9	7.5	22.1	14.6	1.5	6.4	8.1	13.4	515.7	12.9
Gismondi	2.5	0.2	0.0	6.9	-61.8	-94.3	0.8	3.5	4.3	10.0	8.2	-15.0
TPS	15.4	2.5	1.2	-7.0	-15.6	-34.5	0.7	2.9	5.1	8.8	23.6	-10.8
Digitouch	13.8	2.5	0.7	-10.3	2.9	-9.8	0.5	3.2	11.0	20.9	16.0	3.6
Comer Industries	191.6	21.4	12.3	-13.2	-20.4	-30.1	0.6	5.1	8.3	9.4	202.6	3.0
Polligrafici Printing	11.4	3.0	1.9	-13.3	-11.3	-14.6	0.4	1.8	3.0	7.4	13.5	-6.0
Esautomation	8.2	1.4	0.7	-15.7	-33.2	-50.9	0.9	4.8	9.0	18.0	23.3	4.0
Gibus	17.9	2.5	2.0	-18.8	-30.4	-28.9	0.6	4.1	5.9	9.1	25.0	-8.6
Fervi	12.3	2.0	1.5	-18.9	-20.4	43.3	0.8	5.3	6.9	9.8	25.4	2.0
Shedir Pharma	19.2	2.8	1.8	-21.6	-28.4	-35.6	1.1	7.3	10.1	7.0	45.4	-2.3
AMM Group	5.5	0.6	-0.2	-26.2	-54.7	-123.4	0.5	2.8	4.0	9.2	9.5	-25.6
Fope	10.2	0.7	0.0	-34.5	-76.8	-99.8	1.0	5.3	6.6	8.0	35.7	-4.3
Innovatec	12.1	1.2	0.8	-49.2	-86.4	-83.3	0.9	3.6	7.0	9.3	47.3	-26.8
<b>Average</b>				<b>19.9</b>	<b>19.8</b>	<b>2.2</b>	<b>0.8</b>	<b>4.7</b>	<b>7.2</b>	<b>10.8</b>		<b>2.8</b>
<b>Median</b>				<b>-11.8</b>	<b>-18.0</b>	<b>-21.8</b>	<b>0.8</b>	<b>4.8</b>	<b>6.9</b>	<b>9.3</b>		
<b>AIM Italia (median)</b>				<b>-13.5</b>	<b>-28.5</b>	<b>-40.8</b>	<b>1.1</b>	<b>7.6</b>	<b>12.6</b>	<b>17.0</b>		<b>-0.9 (*)</b>

Source: Bloomberg, Value Track Analysis. Stock prices as of 05/10/20 (\*) it refers to the FTSE AIM Italia Index

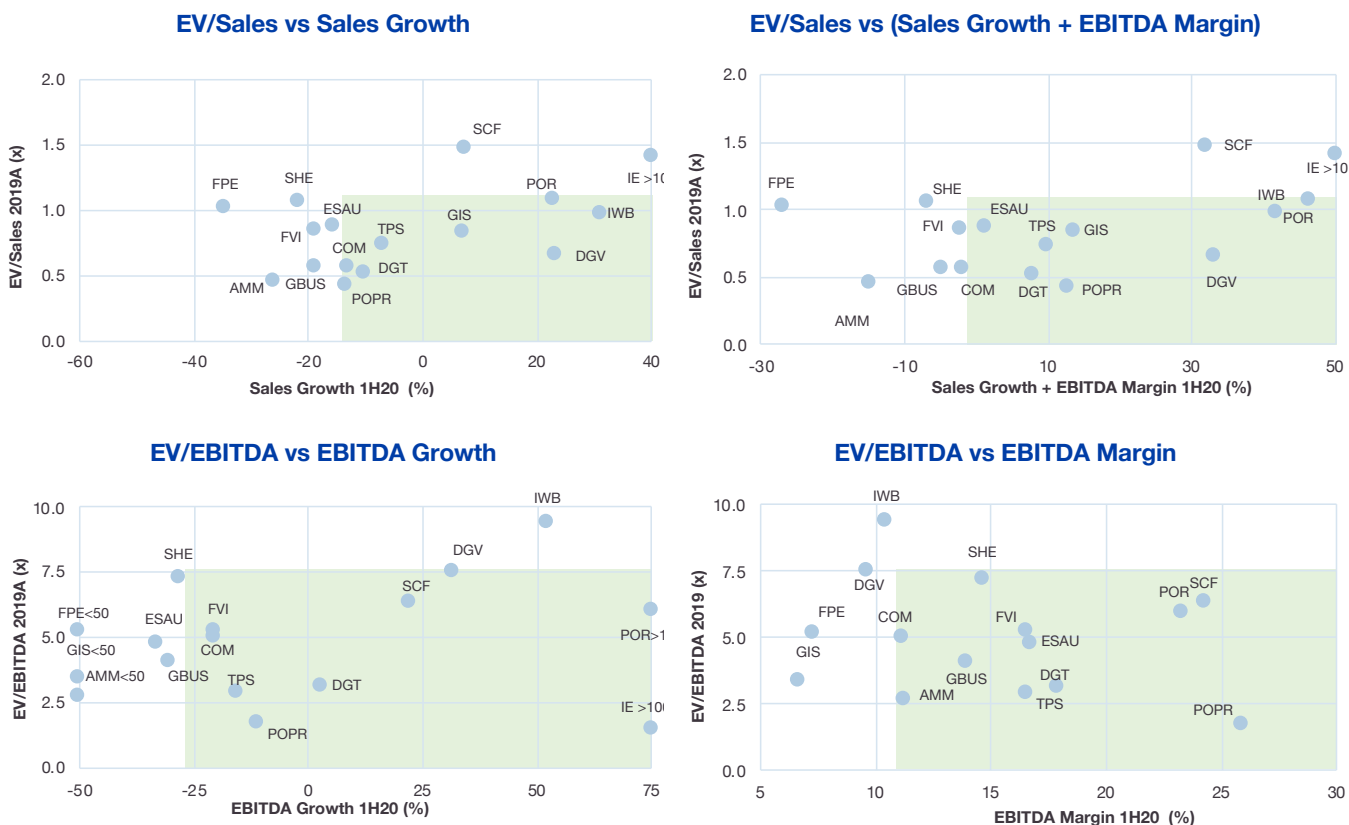
### They still offer good value

Thus, interim results provide the following messages:

- ◆ **Business resiliency proven, at least for margins:** VT “value” stocks recorded a decline at top line comparable to the whole AIM Italia market, but they performed better at EBITDA and EBIT level...and **all companies achieved break-even at EBIT level** (but for *AMM Group*) while #53 out of #119 listed companies (45%) reported some EBIT loss, as previously described;
- ◆ **#5 stocks reported a strong set of financials**, with double-digit growth across P&L: *Iervolino Entertainment, Italian Wine Brands, Digital Value, Portobello* and *Salcef*. As seen in the previous section, these stocks were among best performing in terms of 1H20;
- ◆ **Share prices only partially embed 1H20 financial performances in our view**, except for a few names which already undergone a rerating so far. Hence, VT value stocks, **still trade at undemanding multiples**, i.e. well below AIM Italia medians.

The charts below highlight that **most of the selected “value” stocks still enjoy a combination of below median multiples and above median operating performance**, both on growth and profitability.

#### Value maps – VT “value” stocks: Valuation vs. growth and margin



Source: Value Track analysis on companies' data.

### ...and on “top” AIM Italia growth stocks

In our May 2020 stock guide, **we also picked #22 stocks which had shown a steady growth** across the latest two years (please note that a few names were both “value” and “growth” names).

The main driver of our selection was based on turnover growth (regardless it was entirely organic or partially due to M&A), since it remains in our view the most used metric for investors screening AIM Italia listed companies – mostly made by start-up and scale-up companies – and it often represents a proxy for future earning streams and long-term free cash flow.

Again, in order to provide a follow up to our stock selection analysis, we report in the table below the key financial figures delivered in 1H20 by the selected companies, together with their relative performance (since May 15<sup>th</sup>). We leave out *Somec*, which recently moved to MTA.

Finally, we also remind that trading multiples are based on the stocks’ current Market Cap, but they refer to 2019A debt and results, for the reasons outlined above.

At current market prices, selected stocks are trading at 1.4x, 10.1x and 23.3x P/E based on median values, slightly above those displayed in May (1.4x, 9.4x and 22.0x respectively).

#### AIM Italia – VT “growth” stocks’ key 1H20 Financials and 2019 multiples

Company	1H20 (€mn)			1H20 YoY Growth (%)			EV / Sales (x)	EV / EBITDA (x)	EV / EBIT (x)	P/E Adj. (x)	Mkt Cap (€mn)	Perf. Since May 15th (%)
	Rev	EBITDA	EBIT	Rev	EBITDA	EBIT						
Iervolino Entertainment	55.5	53.6	12.0	475.5	520.0	310.5	1.4	1.5	5.0	5.6	112.7	-12.6
Confinvest	19.9	1.0	1.0	113.4	220.4	266.3	1.0	nm	36.2	43.4	28.3	-9.1
Neosperience	7.1	2.4	0.7	40.6	5.7	3.6	2.7	10.5	33.7	38.5	36.4	-20.7
Culti Milano	4.5	0.5	0.1	24.9	49.1	85.5	2.0	13.2	20.5	nm	16.7	50.0
Finlogic	20.8	2.7	1.5	23.6	12.4	-16.8	1.2	8.3	12.1	18.7	40.7	-12.0
Digital Value	209.6	20.2	15.2	23.3	31.4	12.5	0.7	7.6	8.9	14.1	270.1	59.1
Portobello	23.4	5.4	4.7	22.9	147.1	187.0	0.9	5.2	6.3	7.9	37.4	30.0
Pharmanutra	30.7	9.5	8.3	22.2	49.7	42.5	4.5	18.4	19.9	30.3	256.5	12.7
Renergetica	5.6	2.6	2.1	19.1	19.0	24.5	4.3	9.7	13.6	19.1	34.3	9.5
Intred	11.7	5.4	3.8	16.8	30.2	38.5	6.6	15.7	23.7	33.5	144.9	11.2
MailUp Group	31.7	2.2	0.5	8.1	1.6	-34.7	1.2	15.0	39.0	nm	74.4	12.9
Cyberoo	2.8	1.2	0.5	6.5	18.3	-14.8	6.4	14.7	31.7	nm	39.3	7.8
Relatech	10.7	2.3	1.6	3.1	27.3	33.6	3.0	13.5	16.8	22.1	65.0	9.7
Antares Vision	59.2	15.3	13.8	0.0	-19.1	-24.5	4.4	18.2	19.5	27.0	645.6	1.4
Edilizia Acrobatica	17.6	1.2	0.4	-2.8	-50.1	-70.1	1.1	11.3	20.5	41.0	44.9	1.5
TPS	15.4	2.5	1.2	-7.0	-15.6	-34.5	0.7	2.9	5.1	8.8	23.6	-10.8
Officina Stellare	3.7	0.9	0.4	-9.1	-38.7	-65.8	5.3	14.5	21.9	29.5	41.9	1.3
Fine Foods	75.4	9.8	2.5	-9.4	-12.1	-40.8	1.2	9.5	20.4	28.7	237.8	-7.3
Fervi	12.3	2.0	1.5	-18.9	-20.4	43.3	0.8	5.3	6.9	9.8	25.4	2.0
Kolinpharma	2.4	0.2	-0.2	-22.6	-43.4	-66.1	1.7	7.6	17.4	24.4	14.4	-3.1
AMM Group	5.5	0.6	-0.2	-26.2	-54.7	-123.4	0.5	2.8	4.0	9.2	9.5	-25.6
<b>Average</b>				<b>33.5</b>	<b>41.8</b>	<b>26.5</b>	<b>2.5</b>	<b>10.3</b>	<b>18.3</b>	<b>22.9</b>		<b>5.1</b>
<b>Median</b>				<b>8.1</b>	<b>12.4</b>	<b>3.6</b>	<b>1.4</b>	<b>10.1</b>	<b>19.5</b>	<b>23.3</b>		
<b>AIM Italia (median)</b>				<b>-13.5</b>	<b>-28.5</b>	<b>-40.8</b>	<b>1.1</b>	<b>7.6</b>	<b>12.6</b>	<b>17.0</b>		<b>-0.9 (*)</b>

Source: Bloomberg, Value Track Analysis. Stock prices as of 05/10/20 (\*) it refers to the FTSE AIM Italia Index

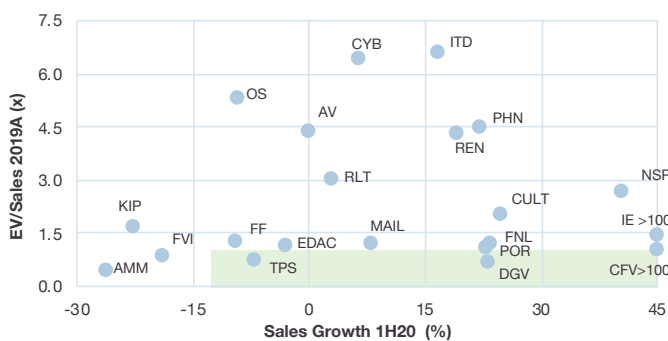
### “Growth” names

The table above provides evidence that:

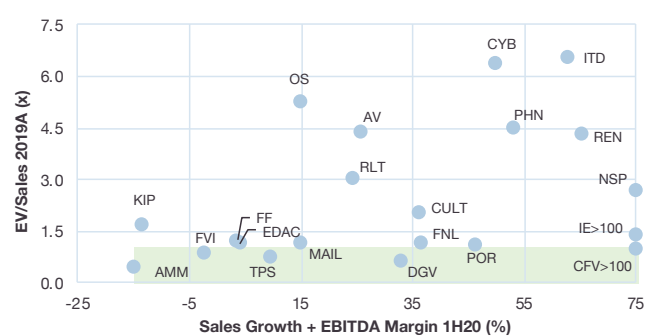
- ◆ **“Growth” stocks confirm their potential**, with YoY turnover average growth at 33% (8% median), an impressive number given the current economy slowdown and challenging 1H environment. This has been the case notwithstanding the specific business sector;
- ◆ **Growth is only partially due to M&A** – only in four cases among selected companies (*Neosperience, Culti Milano, Finlogic* and *Antares Vision*), 1H top line growth was mostly or fully due to the contribution of newly acquired companies;
- ◆ **Growth does not imply margins dilution** – the selected stocks outperformed AIM Italia market also in terms of profitability, but for *AMM Group* and *Kolinpharma* which recorded losses at EBIT level;
- ◆ **Share prices do not fully embed the solid set of financials achieved so far**, with top three “top line growing stocks” (*Iervolino Entertainment, Confinvest, Neosperience*) which recorded some multiple derating during the latest months.

### Value maps – VT “growth” stocks: Valuation vs. growth and margin

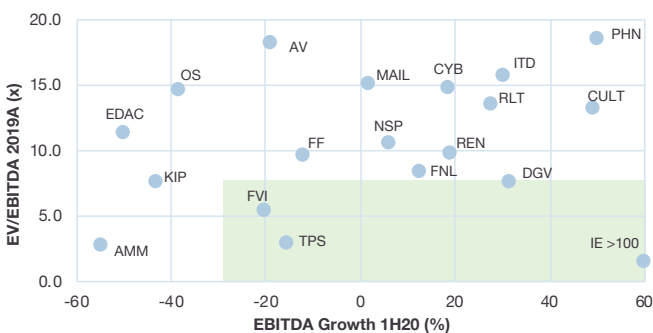
EV/Sales vs Sales Growth



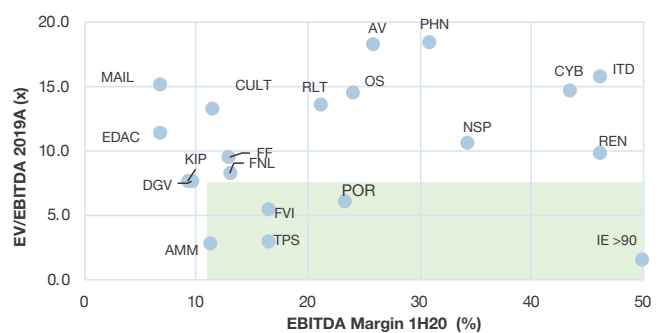
EV/Sales vs (Sales Growth + EBITDA Margin)



EV/EBITDA vs EBITDA Growth



EV/EBITDA vs EBITDA Margin



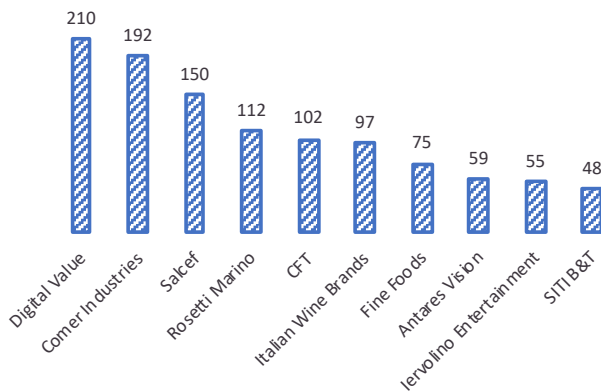
Source: Value Track analysis on companies' data.

# Appendix: 1H20 results company by company

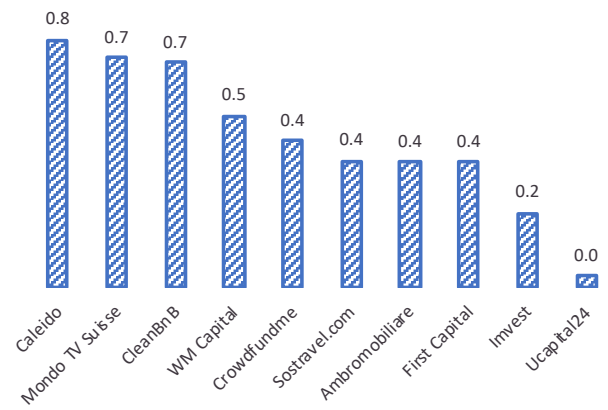
## Companies ranked by size (1H20)

### Top / bottom companies in terms of P&L figures (€mn)

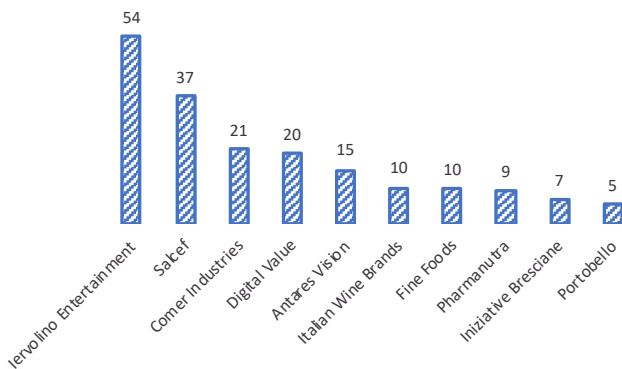
Top 10 by Revenues 1H20



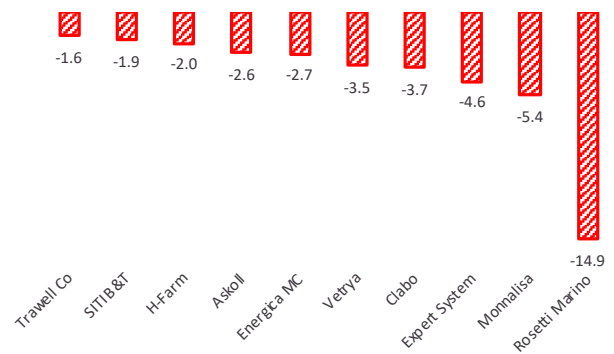
Bottom 10 by Revenues 1H20



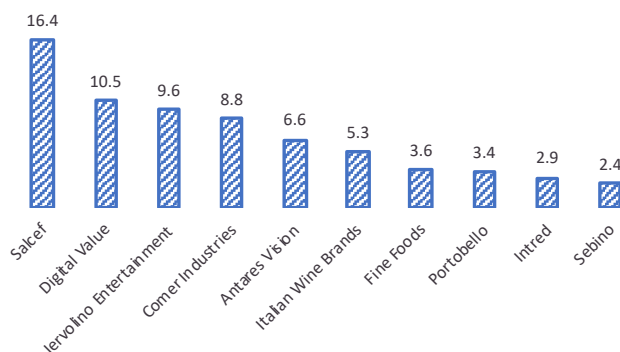
Top 10 by EBITDA 1H20



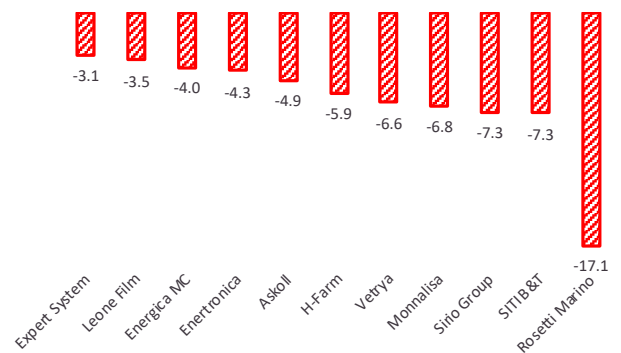
Bottom 10 by EBITDA 1H20



Top 10 by Adj. Net Profit 1H20



Bottom 10 by Adj. Net Profit 1H20

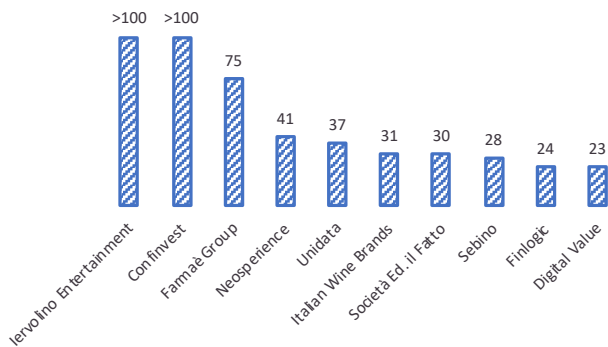


Source: Value Track Analysis on companies' data.

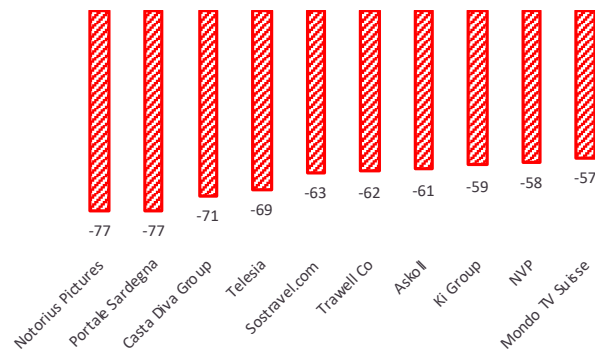
## Companies ranked by growth (1H20)

### Top companies in terms of P&L figures growth 1H19/1H20 (% YoY)

#### Top in meaningful Revenues growth 1H20/1H19 (\*)

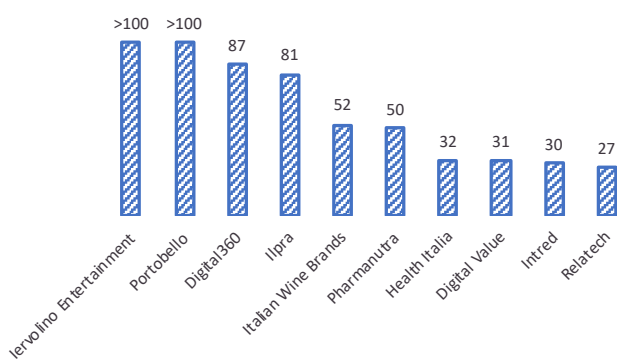


#### Bottom in Revenues growth 1H20/1H19

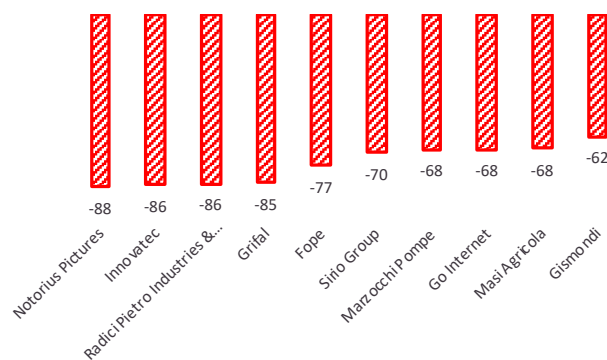


(\*) Revenues above €5mn in 1H19 and 1H20

#### Top in EBITDA growth 1H20/1H19 (\*)

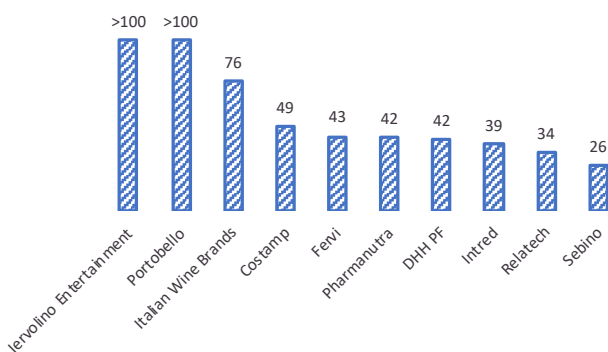


#### Bottom in EBITDA growth 1H20/1H19

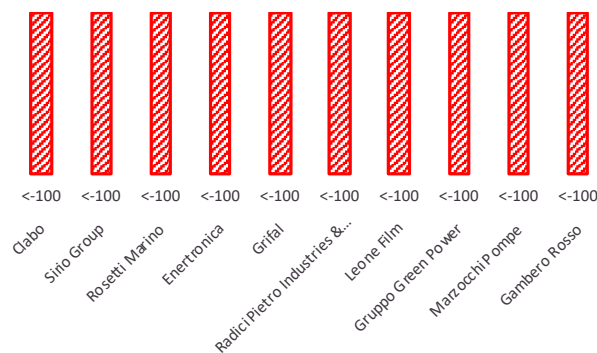


(\*) EBITDA above €1mn in 1H19 and 1H20

#### Top in meaningful EBIT growth 1H20/1H19 (\*)



#### Bottom in EBIT growth 1H20/1H19 (\*)



(\*) EBIT above €1mn in 1H19 and 1H20

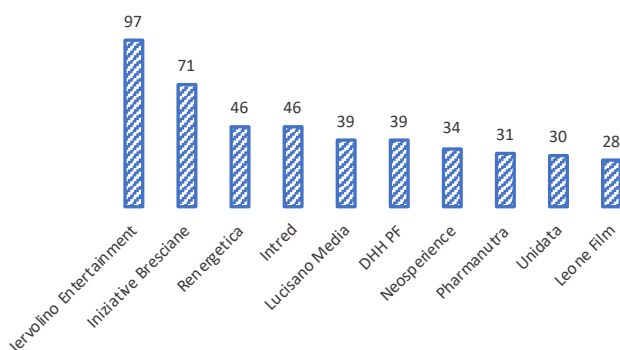
(\*) EBIT above €0.5mn in 1H19

Source: Value Track Analysis on companies' data.

## Companies ranked by profitability (1H20)

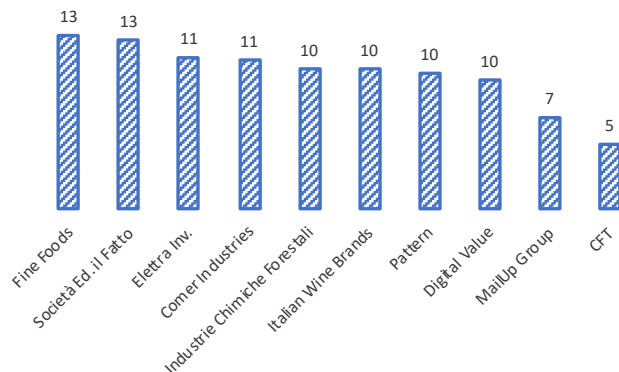
### Top / Bottom companies in terms of profitability ratios

#### Top 10 for meaningful % EBITDA margin 1H20 (\*)



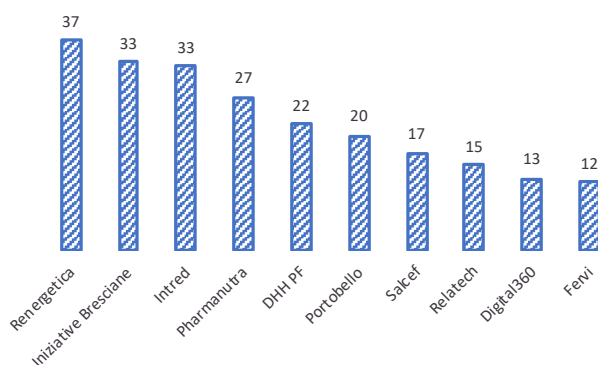
(\*) EBITDA1H20 above €2mn

#### Bottom 10 for meaningful % EBITDA margin 1H20 (\*)



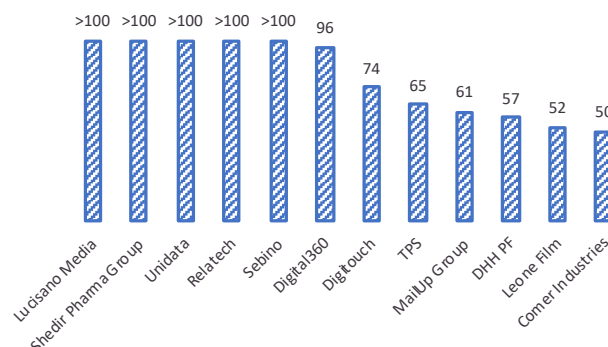
(\*) EBITDA1H20 above €2mn

#### Top 10 for meaningful % EBIT margin 1H20 (\*)



(\*) EBIT1H20 above €1mn

#### Top 10 for meaningful FCF/EBITDA 1H20 (\*)



(\*) EBITDA 1H20 above €2mn; FCF net of IPO proceeds and after dividends

Source: Value Track Analysis on companies' data. Analysis excludes outliers



### Companies clustered by top line growth (#119 stocks)

#### Revenues growth rates 1H20 vs 1H19 (%)

POSITIVE (#41 stocks)		NEGATIVE (#78 stocks)			
YoY	Company name	YoY	Company name	YoY	Company name
>100	Iervolino Entertainment	0.0	Antares Vision	-35.7	Ucapital24
>100	Crowdfundme	-2.0	Arterra Bioscience	-36.0	Radici Pietro Industries & Brands
>100	Confinvest	-2.8	Edilizia Acrobatica	-36.1	G. Fedon
>100	Cy4gate	-3.2	Websolute	-38.4	Monnalisa
75.4	Farmaè Group	-3.3	ILLA	-40.2	Sirio Group
40.6	Neosperience	-5.2	Digital360	-41.5	Italia Independent
37.1	Unidata	-6.5	Costamp	-42.1	Lucisano Media
33.6	Frendy Energy	-7.0	TPS	-44.9	Clabo
31.0	Italian Wine Brands	-7.2	Go Internet	-47.5	Fenix Entertainment
30.5	Società Ed. il Fatto	-7.3	Vetrya	-49.2	Innovatec
28.0	Sebino	-7.7	Alfio Bardolla	-51.9	Sciuker Frames
24.9	Culti Milano	-9.1	Officina Stellare	-53.4	Longino & Cardenal
23.6	Finlogic	-9.4	Fine Foods	-54.0	Enertronica
23.3	Digital Value	-9.7	Digital Magics	-55.4	Agatos
22.9	Portobello	-10.3	Digitouch	-56.7	Mondo TV Suisse
22.7	Energica MC	-13.2	Comer Industries	-58.2	NVP
22.2	Pharmanutra	-13.3	Poligrafici Printing	-59.5	Ki Group
19.1	Reenergetica	-13.5	Elettra Inv.	-61.3	Askoll
18.3	Sourcesense	-14.3	Gel	-62.0	Trawell Co
16.8	Intred	-14.4	Softec	-62.5	Sostravel.com
16.3	Circle	-14.7	Mondo TV France	-69.2	Telesia
13.9	Pattern	-15.3	ELES	-71.4	Casta Diva Group
13.6	DBA	-15.7	Esautomation	-75.7	Caleido
10.5	FOS Group	-15.8	CFT	-77.0	Ambromobiliare
9.9	Doxee	-18.1	H-Farm	-77.0	Portale Sardegna
8.3	DHH	-18.8	Gibus	-77.3	Notorius Pictures
8.1	MailUp Group	-18.9	Fervi	-82.9	Imvest
8.0	Blue Fin. Comm.	-19.4	Expert System	-93.0	First Capital
7.5	Salcef	-19.8	WM Capital	nm	4AIM
6.9	Gismondi	-20.2	SITI B&T	nm	Capital for progress
6.5	Cyberoo	-20.5	Grifal		
5.2	Friulchem	-20.7	Vimi Fasteners		
5.1	Visibilia Editore	-21.1	Matica Fintech		
3.1	Relatech	-21.4	Powersoft		
2.2	Health Italia	-21.6	Shedir Pharma Group		
2.1	Neurosoft	-21.7	Industrie Chimiche Forestali		
2.1	Iniziativa Bresciane	-22.6	Kolinpharma		
2.0	Maps Group	-24.9	Marzocchi Pompe		
1.4	Reti	-26.2	AMM Group		
0.7	Ecosuntek	-26.8	Gambero Rosso		
0.0	Ilpra	-27.0	Masi Agricola		
		-27.3	Leone Film		
		-28.2	Fabilia		
		-29.6	Cover 50		
		-32.4	Rosetti Marino		
		-33.7	PRISMI		
		-34.5	Fope		
		-34.7	CleanBnB		

Source: Value Track Analysis on companies' data

### Companies clustered by bottom line growth (#119 stocks)

#### Earnings growth rates 1H20 vs 1H19 (%)

POSITIVE (#26 stocks)		NEGATIVE (#30 stocks)		nm (*) (#29 stocks)			nm (**) (#34 stocks)		
YoY	Company name	YoY	Company name	1H19>0	1H20>0	Company name	1H19>0	1H20>0	Company name
>100	Digital360	-1.4	MailUp Group	✓	✗	First Capital	✗	✓	Frendy Energy
>100	Ecosuntek	-2.5	Digitouch	✓	✗	Ambromobiliare	✗	✓	Società Ed. il Fatto
>100	Iervolino Entertainment	-6.6	Sciuker Frames	✓	✗	Leone Film	✗	✓	Cy4gate
>100	Confinvest	-11.8	Fervi	✓	✗	Innovatec	✗	✓	Alfio Bardolla
>100	Sourcesense	-13.6	Fine Foods	✓	✗	Notorius Pictures	✗	✗	Trawell Co
>100	Portobello	-15.9	Blue Fin. Comm.	✓	✗	Lucisano Media	✗	✗	SITI B&T
>100	Ilpra	-23.5	Comer Industries	✓	✗	G. Fedon	✗	✗	CFT
99	Doxee	-23.9	Poligrafici Printing	✓	✗	Clabo	✗	✗	Monnalisa
99	Italian Wine Brands	-24.0	Gibus	✓	✗	Elettra Inv.	✗	✗	Sostravel.com
90	Costamp	-33.5	Finlogic	✓	✗	Masi Agricola	✗	✗	Crowdfundme
72	Reti	-35.4	TPS	✓	✗	Gambero Rosso	✗	✗	CleanBnB
66	Pharmanutra	-37.9	Antares Vision	✓	✗	4AIM	✗	✗	Visibilia Editore
49	Sebino	-44.2	Ind. Chimiche For.	✓	✗	Fope	✗	✗	Ucapital24
44	FOS Group	-45.2	Arterra Bioscience	✓	✗	Telesia	✗	✗	DBA
43	Culti Milano	-47.9	Powersoft	✓	✗	Rosetti Marino	✗	✗	Agatos
42	Relatech	-59.7	Neosperience	✓	✗	Portale Sardegna	✗	✗	Go Internet
40	Intred	-61.3	Cover 50	✓	✗	Grifal	✗	✗	Caleido
23	DHH	-61.9	Fenix Entertainment	✓	✗	Longino & Cardenal	✗	✗	H-Farm
18.0	Renegergica	-63.3	Shedir Pharma	✓	✗	Vimi Fasteners	✗	✗	Vetrya
12.1	Digital Value	-63.8	Officina Stellare	✓	✗	AMM Group	✗	✗	ILLA
12.1	Iniziative Bresciane	-68.0	Mondo TV Suisse	✓	✗	Marzocchi Pompe	✗	✗	Fabilia
11.9	Salcef	-69.7	Esautomation	✓	✗	Friulchem	✗	✗	Digital Magics
6.4	Unidata	-80.8	Websolute	✓	✗	Farmaè Group	✗	✗	Expert System
6.4	ELES	-81.3	Matica Fintech	✓	✗	Radici P. Ind & B	✗	✗	Gel
5.2	Pattern	-84.6	Maps Group	✓	✗	NVP	✗	✗	Italia Independent
1.6	Cyberoo	-86.3	Circle	✓	✗	Casta Diva Group	✗	✗	Capital for Progress
		-90.9	WM Capital	✓	✗	Imvest	✗	✗	Neurosoft
		-92.4	Mondo TV France	✓	✗	Enertronica	✗	✗	Softec
		-97.2	Edilizia Acrobatica	✓	✗	Sirio Group	✗	✗	PRISMI
		-98.9	Gismondi				✗	✗	Ki Group
							✗	✗	Kolinpharma
							✗	✗	Askoll EVA
							✗	✗	Energica MC
							✗	✗	Health Italia

Source: Value Track Analysis on companies' data (\*) Loss making companies in 1H20, 19 (\*\*) Loss making companies in 1H19 and/or 1H20

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