

Company Note

MID CORPORATE

Cellularline

Acquisition of Worldconnect

1H results were significantly impacted by the effects of Covid-19 until the end of May, then, according to management, gradually recovering from June onwards (also based on preliminary data for July-August). Overall, we appreciated management's ability to contain the effects of the crisis in terms of both profitability and cash generation, also thanks to an incisive cost-cutting plan.

Worldconnect deal

Cellularline announced that it had finalised the closing of the acquisition of an 80% stake in Worldconnect AG (CH), world leader, through its brands SKROSS and Q2 Power, of the premium travel adapters market. The agreement envisages a total consideration of CHF 15.8M Worldconnect generated revenues at CHF 20M in FY19 (95% outside Italy) with an adj. net result which stood at about 9% of revenues. NFP at closing should be about CHF 4.5M. We calculated implied multiples of about 1.3x EV/sales and 11.0x P/E looking at 2019 figures. Overall, we think that the deal allows Cellularline to significantly strengthen the presence of its brands at the international level and its coverage of the travel retail channel, a distribution channel which is well monitored by Cellularline in the domestic market, but not yet internationally. Furthermore, the transaction should generate revenue synergies for Cellularline, which could increase sales of its smartphone accessories and audio products in Travel Retail.

Estimates revision

While we revised downwards our 2020E-21E projections related to Cellularline stand-alone, we included our first estimate of the impacts of the Worldconnect deal. In particular, we assume that the acquisition will add only EUR 4M revenues in 2020E with no contribution to EBITDA. Looking at 2021E we projected Worldconnect results still not fully in line with 2019 (we assume a top line at about EUR 11M and EBITDA at EUR 1.7M). Lastly, we added FY22E to our explicit forecast period to incorporate the full effect of the acquisition.

Valuation

Following our estimates revision, the inclusion of Worldconnect and the roll-out to 2022E of our financial model, **our updated DCF model points to a new target price of EUR 9.4/share (from EUR 9.1/share), implying a BUY rating on the stock.**

16 September 2020: 6:50 CET
Date and time of production

BUY

Target Price: EUR 9.4
(from EUR 9.1)

Italy/Consumer Services
Update

MTA-STAR

Price Performance
(RIC: CELL.MI, BB: CELL IM)



Cellularline - Key Data

Price date (market close)	14/09/2020
Target price (EUR)	9.4
Target upside (%)	88.00
Market price (EUR)	5.00
Market cap (EUR M)	108.37
52Wk range (EUR)	7.20/3.98

Price performance %	1M	3M	12M
Absolute	-2.3	-4.2	-29.4
Rel. to FTSE IT All Sh	-1.3	-8.7	-21.2

Y/E Dec (EUR M)	FY19A	FY20E	FY21E
Revenues	140.4	117.0	149.8
Adj. EBITDA	33.06	20.01	31.45
Adj. EBIT	29.36	16.01	27.45
Adj. Net income	23.31	10.41	18.16
EPS (EUR)	1.07	0.48	0.83
Net debt/-cash	24.60	44.28	31.61
Adj P/E (x)	6.7	10.5	6.0
EV/EBITDA (x)	5.5	7.7	4.5
EV/EBIT (x)	9.0	15.4	6.6
Div ord yield (%)	4.6	2.9	5.0

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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1H20A Results

- **Revenues came in at EUR 36.6M** vs. EUR 55.3M in 1H19A, strongly impacted by the health emergency linked to the global spread of Covid-19. Looking at the business lines, the closure of the stores in the main channels had a particularly adverse impact on the Red Line (EUR -17.4M yoy). The Blue Line decreased by EUR 2.7M yoy, while the Black Line decreased by EUR 1.1M. Looking at geographies, around 75% of the organic drop in revenues was attributable to the negative performance of Italy (-51.2%), where the group has a market share of around 40% and which is the group's main geography (46% of total sales). International markets recorded a less negative performance, according to management. The main foreign markets (Germany, Austria, France, Spain, Portugal, Benelux and Switzerland) together accounted for around 39% of total revenues;
- **Adjusted EBITDA was EUR 1.2M** vs. EUR 9.2M in 1H19. We underline that the group was able to post an EBITDA result in black also in 2Q thanks to the significant cost rationalisation actions implemented by management to mitigate the economic and financial impact of the Covid-19 emergency;
- **Adjusted net loss stood at EUR 0.7M**, vs. a net profit of EUR 6.2M in 1H19;
- **Net debt was EUR 33.4M** vs. the EUR 24.6M posted at YE19, mainly due to the usual seasonality of the business (historically, the annual operating cash flow is mainly generated in the second half of the year) and impacted by the dividend paid in May equal to EUR 6.6M.

Cellularline - 2Q/1H20 results

EUR M	2Q19A	2Q20A	yoy %	1H19A	1H20A	yoy %
Revenues	34.7	16.6	-52.2	55.3	36.6	-33.8
Adj. EBITDA	7.7	0.5	-94.0	9.2	1.2	-86.6
Adj. EBITDA margin %	22.3	2.8		16.6	3.4	
Reported EBIT	4.7	-3.9	NM	3.2	-6.1	NM
Adj. net income	6.3	0.1	NM	6.2	-0.7	NM
Reported net income	4.1	-2.2	NM	2.6	-3.9	NM

NM: not meaningful; A: actual; Source: Company data

Acquisition of Worldconnect

On 23 July Cellularline announced that it had finalised the closing of the acquisition of an 80% stake in Worldconnect AG (CH), world leader, through its brands SKROSS and Q2 Power, of the premium travel adapters market. The acquired company will be 100% consolidated by the group starting from 1 August 2020.

In particular, SKROSS is a recognised brand in the premium adapters segment, whilst Q2 Power completes the product range with a value for money price positioning. Around 80% of Worldconnect's products are developed on the basis of patents with an average extension of around 10 years. The group can rely on an extensive network of contacts and distribution partners, which allow the company to be a leading player in the Airport Travel Retail channel, present in around 600 points of sale worldwide in the channel.

The agreement envisages a total consideration of CHF 15.8M (about EUR 14.8M) of which CHF 5.8M to be paid twelve months after closing. Worldconnect generated revenues at CHF 20M in FY19 (95% outside Italy) with an adj. net result which stood at about 9% of revenues. NFP at closing should be about CHF 4.5M. Given the group's significant exposure to the global Airport Travel Retail market, the company's performance was negatively affected by COVID-19 in 2020. Consequently, the company, in order to mitigate the situation, took incisive cost-rationalisation measures starting in 2Q. We calculated implied multiples of about 1.3x EV/sales and 11.0x P/E looking at 2019 figures.

The agreement also provides that, up until the approval of FY24, Cellularline and the minority shareholders of Worldconnect will have the power to exercise their respective Put & Call options over the remaining minority share in multiple tranches. The amount to be paid by Cellularline for the purchase of each tranche will be determined on the basis of a multiple of 7x EV/EBITDA of the reference year. To grant business continuity, the two Co-CEOs of Worldconnect AG will maintain their role.

The acquisition allows Cellularline to significantly strengthen the presence of its brands at an international level and its coverage of the retail travel channel, a distribution channel which is well monitored by Cellularline in the domestic market, but not yet internationally. We highlight that this channel has slowed down sharply due to the Covid-19 emergency, however, management expects a progressive normalisation in 2021, before resuming the appealing growth trend registered in the last few years.

Furthermore, the transaction should generate revenue synergies for Cellularline, which could increase sales of its smartphone accessories and audio products in Travel Retail, while SKROSS brand products should benefit from cost synergies in R&D, marketing, trade marketing and distribution. Overall, we think the deal widens the group's product portfolio with 'premium' patented products and complementary trademarks, recognised internationally.

Other Recent Events

Exclusive Partnership with Altec Lansing

Cellularline recently announced the signing of an agreement with AL Infinity LLC for the co-design, production and exclusive distribution of Altec Lansing products in Europe, the UK and Switzerland for the next three years. This new line will be distributed mainly via the Consumer Electronics, Telecom Specialist and Travel Retail channels starting in late 2020/early 2021, which coincides with the start of the agreement's three-year term.

Under this exclusive partnership Cellularline will contribute to the development and European distribution of a historic and iconic brand like Altec Lansing. Overall, we appreciate the deal as we believe that: i) it expands and consolidates the group's footprint in the audio segment, allowing the company to cover the upper end of the segment; ii) will help the company to cover some new distribution channels and markets; iii) it widens the group's product offering; and iv) should create synergies between the two companies' R&D and design know-how.

Acquisition of a Further 15% Stake in Systema

On 29 May Cellularline announced that it exercised a call option to raise its stake in Systema to 75% (from 60%) for a consideration of about EUR 0.6M. We recall that in 2021-22, the parties may exercise put & call options on the residual 25% stake (15% and 10%, respectively). In 2019 Systema reported revenues of around EUR 12M, Adj. EBITDA of EUR 0.8M and a positive NFP of around EUR 1M.

While the cash-out related to the deal is about EUR 0.6M, we underline that the agreement has no impact on the group's P&L and NFP as Systema was already fully consolidated by Cellularline and the value related to the put & call options on the remaining minority interest of the company were already included in the group's NFP.

Strong focus on products

Since the beginning of the year Cellularline has finalised several other actions aimed at widening its product portfolio:

- Launch of Ploos, a new brand with new product range;
- Start of the rebranding project;
- Launch of Become, a new line of 100% compostable smartphone covers;
- Partnership with Microban to create cases and glasses product lines featuring integrated antimicrobial technology;
- Presentation of Hi-Gens, the new UV-C ray sterilizer.

Estimates Revision

To take a more cautious stance on the market rebound in 2H20 and 1H21 we revised downwards our 2020E-21E projections related to Cellularline stand-alone and we included our first estimate of the impacts of the Worldconnect deal.

In particular, we assume that the acquisition will only add EUR 4M revenues in 2020E with no contribution to EBITDA. Including the cash-out and the accounting value of the put&call options we raise our NFP forecast to EUR 44.3M.

Looking at 2021E we projected Worldconnect results still not fully in line with 2019 (we assume top line at about EUR 11M and EBITDA at EUR 1.7M).

Lastly, we added FY22E to our explicit forecast period to incorporate the full effect of the acquisition.

Cellularline – Estimates revision 2020E-22E

EUR M	2020E Old	2020E New	yoy %	2021 Old	2021 New	yoy %	2022 New
Revenues	128.5	117.0	-8.9	150.9	149.8	-0.8	170.3
Adj. EBITDA	27.0	20.0	-25.9	35.3	31.4	-10.9	35.8
Adj. EBITDA margin (%)	21.0	17.1		23.4	21.0		21.0
Adj. EBIT	23.4	16.0	-31.6	31.7	27.4	-13.4	31.8
Adj. EBIT margin (%)	18.2	13.7		21.0	18.3		18.7
Adj. net income	17.7	10.4	-41.2	23.5	18.2	-22.7	22.9
NFP	13.2	44.3		0.3	31.6		17.4

E: estimates; Source: Intesa Sanpaolo Research

Valuation

Following our estimates revision, the inclusion of Worldconnect and the roll-out to 2022E of our financial model, our updated DCF model points to a **new target price of EUR 9.4/share** (from EUR 9.1/share), implying a **BUY rating on the stock**.

New EUR 9.4/share TP; BUY

We used the following key assumptions in our valuation:

- A 7.8% WACC, incorporating a risk-free rate of 1.5%, an equity risk premium of 7.5%, re-levered beta of 1.1x (Source: Intesa Sanpaolo Research elaboration on Bloomberg data) and a long-term target gearing ratio of 30%;

Cellularline - WACC calculation (%)

Risk-free rate	1.50
Equity risk premium	7.50
Beta (x)	1.1
Cost of equity	10.0
Net cost of debt	2.8
Gross cost of debt	4.0
Tax rate	30
Gearing	30
WACC (%)	7.8

Source: Intesa Sanpaolo Research estimates

- Terminal value growth is prudentially set at 0%, while in calculating the LT, we applied the same level of revenues and EBIT margin we expect in 2022E. As usual, LT depreciation equals capex;
- We adjusted FY19A net debt to include our expectations of the effects that should arise from the latest acquisition and the market value of the treasury shares;
- Lastly we adjusted the number of shares to include the effects arising from the potential conversion and warrants (although at current prices we believe that it is very unlikely that it will happen).

Cellularline - DCF model (2020E-21E)

EUR M	2020E	2021E	2021 E	LT
Sales	117.0	149.8	170.3	170.3
yoy %	-16.7	28.0	13.7	
Adj. EBIT	16.0	27.4	31.8	31.8
Adj. EBIT margin (%)	13.7	18.3	18.7	18.7
Taxes	-2.8	-4.2	-5.5	-9.5
NOPAT	13.2	23.3	26.2	22.2
Non-cash items	3.6	3.6	3.6	
Investments	-3.5	-3.5	-3.5	
NWC changes	5.0	-5.8	-4.9	
Others	0.0	0.0	0.0	
FCF	18.4	17.6	21.4	22.2
Discounted FCF	18.4	16.3	18.4	17.7
WACC (%)	7.8			
Perpetuity growth rate (%)	0.0			
NPV of cash flows	53.1			
NPV of terminal value (2022E)	226.7			
EV	279.9			
Net debt excl. IFRS 16 @ 2019A	46.0			
Equity value	233.9			
No. of shares fully diluted (M)	24.9			
Value per share (EUR)	9.4			

Source: Intesa Sanpaolo Research estimates

Cellularline - Sensitivity analysis

EUR/share WACC (%)	Growth (%)				
	-1.0	-0.5	0	0.5	1.0
6.8	9.7	10.3	11.1	11.9	12.9
7.3	9.0	9.5	10.2	10.9	11.7
7.8	8.4	8.9	9.4	10.0	10.7
8.3	7.8	8.2	8.7	9.3	9.9
8.8	7.3	7.7	8.1	8.6	9.1

Source: Intesa Sanpaolo Research estimates

Cellularline – Key Data

Rating BUY	Target price (EUR/sh) Ord 9.4	Mkt price (EUR/sh) Ord 5.00			Sector Consumer Services
Values per share (EUR)	2018A	2019A	2020E	2021E	2022E
No. ordinary shares (M)	21.87	21.87	21.87	21.87	21.87
Total no. of shares (M)	21.87	21.87	21.87	21.87	21.87
Market cap (EUR M)	196.75	157.02	109.34	109.34	109.34
Adj. EPS	1.05	1.07	0.48	0.83	1.05
CFPS	0.90	1.0	0.47	0.90	1.0
BVPS	8.8	9.3	9.2	9.8	10.4
Dividend ord	0.30	0.33	0.14	0.25	0.31
Income statement (EUR M)	2018A	2019A	2020E	2021E	2022E
Revenues	129.7	140.4	117.0	149.8	170.3
EBITDA	33.89	33.06	20.01	31.45	35.76
EBIT	18.89	20.26	10.01	21.45	25.76
Pre-tax income	11.61	20.08	9.01	19.95	24.26
Net income	16.87	18.21	6.21	15.76	18.74
Adj. net income	23.07	23.31	10.41	18.16	22.94
Cash flow (EUR M)	2018A	2019A	2020E	2021E	2022E
Net income before minorities	16.9	18.2	6.2	15.8	18.7
Depreciation and provisions	2.9	3.7	4.0	4.0	4.0
Others/Uses of funds	0	0	0	0	0
Change in working capital	3.3	-4.9	5.0	-5.8	-4.9
Operating cash flow	23.1	17.0	15.3	14.0	17.8
Capital expenditure	-3.0	-3.4	-33.0	-3.5	-3.5
Financial investments	0	0	0	0	0
Acquisitions and disposals	0	-4.9	0	0	0
Free cash flow	20.1	8.7	-17.7	10.5	14.3
Dividends	0	-6.1	-7.2	-3.1	-5.4
Equity changes & Other non-operating items	22.9	-8.7	0	0	0
Net cash flow	43.0	-6.1	-24.9	7.4	8.9
Balance sheet (EUR M)	2018A	2019A	2020E	2021E	2022E
Net capital employed	214.0	227.1	245.8	245.7	244.8
of which associates	0	0	0	0	1.0
Net debt/-cash	22.0	24.6	44.3	31.6	17.4
Minorities	0	0	0	0	0
Net equity	192.0	202.5	201.5	214.2	227.5
Minorities value	0	0	0	0	0
Enterprise value	218.7	181.6	153.6	141.0	125.8
Stock market ratios (x)	2018A	2019A	2020E	2021E	2022E
Adj. P/E	8.5	6.7	10.5	6.0	4.8
P/CFPS	10.0	7.2	10.7	5.5	4.8
P/BVPS	1.0	0.78	0.54	0.51	0.48
Payout (%)	26	31	30	30	30
Dividend yield (% ord)	3.3	4.6	2.9	5.0	6.3
FCF yield (%)	10.2	7.7	-11.4	14.4	18.0
EV/sales	1.7	1.3	1.3	0.94	0.74
EV/EBITDA	6.5	5.5	7.7	4.5	3.5
EV/EBIT	11.6	9.0	15.4	6.6	4.9
EV/CE	1.0	0.80	0.63	0.57	0.51
D/EBITDA	0.65	0.74	2.2	1.0	0.49
D/EBIT	1.2	1.2	4.4	1.5	0.68
Profitability & financial ratios (%)	2018A	2019A	2020E	2021E	2022E
EBITDA margin	26.1	23.5	17.1	21.0	21.0
EBIT margin	14.6	14.4	8.6	14.3	15.1
Tax rate	NM	9.3	31.0	21.0	22.8
Net income margin	13.0	13.0	5.3	10.5	11.0
ROCE	8.8	8.9	4.1	8.7	10.5
ROE	11.4	9.2	3.1	7.6	8.5
Interest cover	2.6	76.5	10.0	14.3	17.2
Debt/equity ratio	11.5	12.1	22.0	14.8	7.7
Growth (%)		2019A	2020E	2021E	2022E
Sales		8.3	-16.7	28.0	13.7
EBITDA		-2.4	-39.5	57.2	13.7
EBIT		7.3	-50.6	NM	20.1
Pre-tax income		73.0	-55.1	NM	21.6
Net income		7.9	-65.9	NM	18.9
Adj. net income		1.0	-55.3	74.4	26.3

NM: not meaningful; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Company Snapshot

Company Description

Cellularline is the European market leader in the design, manufacturing and distribution of accessories for connectivity devices. Leveraging on more than 5,000 points of sales, the company reaches more than 60 countries in the world and covers all the major distribution channels (CE, Telco, Travel Retail, Mass Merchandise, Sport stores as well as other retailers). Cellularline has a wide product portfolio composed of three major categories: (i) Protection & Style (cases and screen protectors); (ii) Charge & Utilities (battery chargers, powerbanks, car accessories and cables); and (iii) Voice & Sport (earphones and sports accessories). Moreover, the company recently launched the AQL brand (AudioQuality Lab), the product line dedicated to the world of music. Cellularline currently employs around 220 people.

Key Risks

Company specific risks:

- We see a potential dilution and overhang risk due to the conversion of special shares and warrants.

Sector generic risks:

- An increase in competition from the main competitors and a potentially higher penetration of private labels and online competitors;
- Potentially rapid changes in consumer trends and needs, also given the fast-technological evolution of electronics' components and accessories, with a possible impact on the group's strategy and brand awareness.

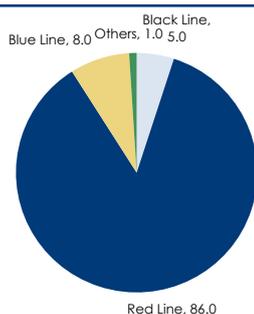
Key data

Mkt price (EUR)	5.00	Free float (%)	75.0
No. of shares	21.67	Major shr	S.L.M.K. SA
52Wk range (EUR)	7.20/3.98	(%)	10.4
Reuters	CELL.MI	Bloomberg	CELL IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-2.3	-1M	-1.3
-3M	-4.2	-3M	-8.7
-12M	-29.4	-12M	-21.2

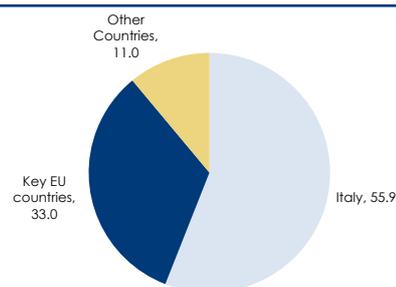
Estimates vs. consensus

EUR M (Y/E Dec)	2019A	2020E	2020C	2021E	2021C	2022E	2022C
Sales	140.4	117.0	130.1	149.8	143.0	170.3	NA
EBITDA	33.06	20.01	27.69	31.45	32.00	35.76	NA
EBIT	20.26	10.01	19.75	21.45	25.00	25.76	NA
Pre-tax income	20.08	9.01	16.96	19.95	22.00	24.26	NA
Net income	18.21	6.21	13.59	15.76	16.50	18.74	NA
EPS	1.07	0.48	0.86	0.83	0.94	1.05	NA

FY19A revenues by product line (%)



FY19A revenues by geography (%)



NA: not available; Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 14/09/2020)

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.

Notes

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<https://group.intesasnpaolo.com/en/research/RegulatoryDisclosures/archive-of-intesa-sanpaolo-group-s-conflicts-of-interest0>

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.

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

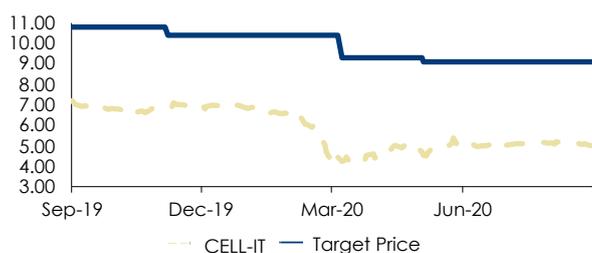
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Equity Rating Key (long-term horizon: 12M)

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.
NO RATING	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulations and/or firm policies in certain circumstances.
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)

The 12M rating and target price history chart(s) for the companies currently under our coverage can also be found at Intesa Sanpaolo's website/Research/Regulatory disclosures: <https://group.intesasanpaolo.com/en/research/RegulatoryDisclosures/tp-and-rating-history-12-months->

Target price and market price trend (-1Y)**Historical recommendations and target price trend (-1Y)**

Date	Rating	TP (EUR)	Mkt Price (EUR)
19-May-20	BUY	9.1	4.5
23-Mar-20	BUY	9.3	4.2
22-Nov-19	BUY	10.4	6.8

Equity rating allocations (long-term horizon: 12M)**Intesa Sanpaolo Research Rating Distribution (at July 2020)**

Number of companies considered: 106	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%)	50	24	26	0	0
of which Intesa Sanpaolo's Clients (%) (*)	85	72	54	0	0

(*) 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)

Our short-term investment ideas are based on ongoing special market situations, including among others: spreads between share categories; holding companies vs. subsidiaries; stub; control chain reshuffling; stressed capital situations; potential extraordinary deals (including capital increase/delisting/extraordinary dividends); and preys and predators. Investment ideas are presented either in relative terms (e.g. spread ordinary vs. savings; holding vs. subsidiaries) or in absolute terms (e.g. preys).

The companies to which we assign short-term ratings are under regular coverage by our research analysts and, as such, are subject to fundamental analysis and long-term recommendations. The main differences attain to the time horizon considered (monthly vs. yearly) and definitions (short-term 'long/short' vs. long-term 'buy/sell'). Note that the short-term relative recommendations of these investment ideas may differ from our long-term recommendations. We monitor the monthly performance of our short-term investment ideas and follow them until their closure.

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

Short-term rating	Definition
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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- One or more of the companies of the Intesa Sanpaolo Banking Group have a Long position larger than the 0.5% of the issued share capital of Cellularline
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