

Company Note

Cellularline

FY20A Results

In the current tough market scenario, we think the main positive points of FY20 results were: i) a double-digit EBITDA margin (14.4% or 20.4% in 2H20), demonstrating the flexibility of the group's business model; ii) a NFP that, excluding the effects of the Worldconnect acquisition, was in line with YE19; and iii) the fact that credit risk on trade receivables has not increased as a result of Covid-19.

Soft 4Q20; no dividend

FY20 results came in slightly below our estimates. The Covid-19 second wave and the consequent resumption of a partial lockdown significantly impacted 4Q revenues (-28.4% yoy), which is normally a peak season boosted by Christmas sales. By geography, the steps taken by the various European governments to contain the pandemic impacted performance in Italy (-28.4%) and in the 5 main European countries where the group operates (-26.9%) in a substantially similar manner. Based on the current market context, the BoD prudentially proposed the allocation of the profit for the year to the equity reserves (vs. EUR 0.10/share dividend in our assumptions).

Still low visibility on the timing of the rebound

Visibility on the timing of the rebound is still very limited as it depends on how the pandemic and the vaccination campaign will evolve. Management stated that in the first two months of the year (historically accounting for roughly 10% of annual turnover), the company has slightly underperformed yoy, because the first two months of 2020 were unaffected by Covid-19 and as a result of the delayed roll-out of the new route-to-market for the German market due to the restrictions imposed by the authorities after the virus resurged. In light of the still high level of uncertainty regarding the evolution of the market context, we took a more cautious stance by revising downwards our 2021-23E forecasts. We see 2021 as a transitional year for the group overall, with sales at EUR 130M sales and an EBITDA margin at around 16% in our forecasts.

Valuation

Following our estimates revision and the periodical update of our risk-free rate and equity risk premium parameters, our updated DCF model points to a new **target price of EUR 6.4/share** (from EUR 7.6/share), implying a **BUY rating on the stock**.

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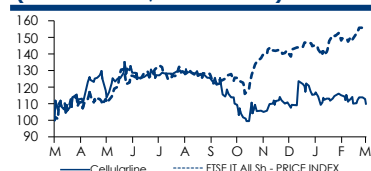
BUY

Target Price: EUR 6.4
(from EUR 7.6)

Italy/Consumer Services
Update

MTA-STAR

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



Cellularline - Key Data

Price date (market close)	19/03/2021		
Target price (EUR)	6.4		
Target upside (%)	46.45		
Market price (EUR)	4.37		
Market cap (EUR M)	94.71		
52Wk range (EUR)	5.38/3.96		
Price performance %	1M	3M	12M
Absolute	-4.2	-0.9	9.8
Rel. to FTSE IT All Sh	-8.3	-10.0	-29.7

Y/E Dec (EUR M)	FY20A	FY21E	FY22E
Revenues	104.5	130.0	150.0
Adj. EBITDA	15.10	21.06	28.80
Adj. EBIT	10.40	16.06	23.60
Adj. Net income	5.31	12.50	17.70
EPS (EUR)	0.24	0.57	0.81
Net debt/-cash	49.00	44.98	37.86
Adj P/E (x)	20.9	7.6	5.4
EV/EBITDA (x)	10.6	6.7	4.6
EV/EBIT (x)	Neg.	14.3	7.6
Div ord yield (%)	0	3.9	5.6

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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Contents

4Q/FY20A	3
Earnings Outlook	5
Estimates revision	5
Valuation	6
Company Snapshot	9

4Q/FY20A

Revenues came in at EUR 104.5M vs. EUR 140.4M in FY19A (2.3% below our forecast), strongly impacted by the Covid-19 health emergency. On a like-for-like basis, revenues would have been EUR 101M.

By business line, the Red Line (83% of the total), which includes smartphone and tablet accessories and audio products, was severely penalised, recording a decrease in the period of 28.9%. The Blue Line (sale of third-party brand products under distribution agreements) increased by 6.5% yoy, thanks to the contribution of Systema for three months of the year, while the Black Line (which mainly consists of Interphone brand accessories for motorcyclists) decreased by 9.3%.

Cellularline - Revenue by product line

EUR M	FY19A	% of revenues	FY20A	% of revenues	FY yoy %
Red (Italy)	66.1	47.0	45.0	43.0	-31.9
Red (International)	56.3	40.1	42.0	40.2	-25.4
Total Red	122.4	87.2	87.0	83.3	-28.9
Black (Italy)	4.1	2.9	3.1	2.9	-25.9
Black (International)	3.8	2.6	4.1	3.9	9.0
Total Black	7.8	5.6	7.1	6.8	-9.3
Blue (Italy)	7.6	5.4	7.9	7.5	3.3
Blue (International)	1.9	1.4	2.3	2.2	19.0
Total Blue	9.5	6.8	10.2	9.7	6.5
Other (Italy)	0.7	0.5	0.2	0.2	-62.3
Total revenues	140.4	100.0	104.5	100.0	-25.6

A: actual; Source: Company data

By geography, the steps taken by the various European governments to contain the pandemic impacted performance in Italy (-28.4%) and the 5 main European countries where the group operates (-26.9%) in a substantially similar manner. Sales were equally distributed between the domestic market (53.7%) and the international market (46.3%).

Cellularline - Revenue by geographical area

EUR M	FY19A	% of revenues	FY20A	% of revenues	FY yoy %
Italy	78.5	55.9	56.2	53.7	-28.4
5 main EU countries	47.0	33.5	34.7	33.1	-26.9
Other countries	15.0	10.7	13.0	13.2	-6.3
Total sales	140.4	100.0	104.5	100.0	-25.9

A: actual; Source: Company data

The cost of sales, net of the non-recurring impact of unsold merchandise returned by customers and the higher obsolescence due to the lack of sales due to Covid-19 (EUR 1.5M), amounted to EUR 58.2M, corresponding to 55.6% of sales. Consequently, the adj. gross operating profit margin, equal to 44.4% of sales, decreased by 160bps yoy as a result of: i) the consolidation of the newly-acquired companies, which carry lower margins than the group's average (roughly 0.9%); and ii) a less favourable product/customer mix, partly because of Covid-19 (roughly 0.7%).

Adjusted EBITDA was EUR 15.1M vs. EUR 33.1M in FY19 and EUR 16.1M in our projections. The newly-acquired Worldconnect contributed negatively for about EUR 0.4M (consolidated for five months).

Adjusted net profit at EUR 5.3M vs. EUR 7.5M in our forecasts. We underline that the reported bottom line (EUR 13.9M) benefited from the recognition of the non-recurring tax effects of the realignment of the tax values of the Cellularline and Interphone brands and the customer relationship to their carrying amounts pursuant to the Italian 'August Decree' for a combined impact of EUR 16.3M, net of the substitute tax due in order to receive the benefit (EUR 1.8M to be paid in three fiscal years). This tax realignment only affected 2020 with no effects on the cash flow for the year. The recognition of greater tax values for the realigned assets will begin in 2021, with a positive financial impact as from 2022 (the tax benefit should be about EUR 1.3M per year, according to our preliminary estimates). We also underline that the company benefited below the EBIT line from the fair value gain on the put and call options for Systema and Worldconnect (EUR 1.7M) and the fair value gain on the liability relating to the outstanding warrants (EUR 0.8M).

Net debt was EUR 49.0M vs. the EUR 24.6M posted at YE19, mainly impacted by the acquisition of Worldconnect in July 2020 for EUR 24.0M;

Cellularline - 4Q/FY20 results

EUR M	4Q19A	4Q20A	yoy %	4Q20E	A/E %	FY19A	FY20A	yoy %	FY20E	A/E %
Revenues	47.2	33.8	-28.4	36.3	-6.8	140.4	104.5	-25.6	107.0	-2.3
Adj. EBITDA	14.1	7.3	-48.2	8.3	-11.5	33.1	15.1	-54.4	16.1	-5.9
Adj. EBITDA margin %	29.9	21.6		22.8		23.6	14.4		15.0	
Reported EBIT	10.4	-0.7	NM	6.8	NM	20.3	-3.4	NM	4.1	NM
EBIT margin %	22.0	-2.1		18.6		14.5	-3.3		3.8	
Adj. net income	10.5	2.6	-75.2	4.8	-45.9	23.3	5.3	NM	7.5	-29.4
Reported net income	9.0	15.8	NM	4.0	NM	18.2	13.9	NM	2.1	NM
NFP	24.6	49.0		48.4		24.6	49.0		48.4	

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

Based on the current market context, the BoD prudentially proposed the allocation of the profit for the year to the equity reserves (vs. a EUR 0.10/share dividend in our assumptions).

The BoD also approved the proposal to adopt the new 2021-2023 incentive plan for the group's executive directors, key managers and other key resources. The plan entails the free assignment to each beneficiary of rights to receive, free of charge, the company's treasury shares as a reward for the achievement of the long-term performance targets: relative total shareholder return (TSR), which measures the performance of the Cellularline share compared to a benchmark security, and adjusted EBITDA on a three-year basis, which measures business performance (with respective weightings of 70% and 30%).

New 2021-2023 incentive plan for the group's management

Earnings Outlook

Visibility on the timing of the rebound is still very limited as it depends on how the pandemic and the vaccination campaign will evolve. Management stated that in the first two months of the year (historically accounting for roughly 10% of annual turnover), the company has slightly underperformed yoy, because the first two months of 2020 had been unaffected by Covid-19 and as a result of the delayed roll-out of the new route-to-market for the German market due to the restrictions imposed by the authorities after the virus resurged.

As in 2020, when despite the challenging context, management managed to complete many projects for the company's future growth plans, we expect 2021 to also be a transitional year for the group. Management's stated main priorities currently are:

- Developments in the core business, such as product innovation/expansion, new business agreements and strengthening the offline and online channels;
- Implementing the new route-to-market for the German market - moving away from the "indirect" model based on a local distributor, through new potential partners and the start of a possible direct relationship with the leading market player after the centralisation of its operations;
- Kicking off the distribution of Altec Lansing brand products in Europe following the agreement signed in June 2020;
- Integrating operations with the newly-acquired company Worldconnect AG, whose turnover is expected to gradually recover after the airport travel retail channel slowly and progressively returns to normal, which is expected by management from late 2022 to early 2023;
- The ESG project as an integral part of the group's strategy - which falls into the scope of the (R)EVOLUTION project kicked off in 2020 - in order to speed up the transition towards a long-term sustainable business model;
- Defining the business model for the e-commerce channel as part of an in-house project slated for completion in 2H21;
- Scouting for potential M&A.

Estimates revision

Cellularline – Estimates revision (2021-22E)

EUR M	2021 Old	2021 New	YoY %	2022 Old	2022 New	YoY %
Revenues	137.0	130.0	-5.1	156.0	150.0	-3.8
Adj. EBITDA	26.0	21.1	-19.0	31.4	28.8	-8.3
Adj. EBITDA margin (%)	19.0	16.2		20.1	19.2	
Adj. EBIT	22.0	16.1	-27.0	27.4	23.6	-13.9
Adj. EBIT margin (%)	16.1	12.4		17.5	15.7	
Adj. net income	14.7	12.5	-15.0	18.5	17.7	-4.3
NFP	40.3	45.0		30.0	37.9	

E: estimates; Source: Intesa Sanpaolo Research

Valuation

Following our estimates revision and the periodical update of our risk-free rate and equity risk premium parameters, our updated DCF model points to a **new target price of EUR 6.4/share** (from EUR 7.6/share), implying a **BUY rating on the stock**. We used the following key assumptions in our valuation:

- A 7.0% WACC, incorporating a risk-free rate of 0.75% (vs. 1.0% used in our previous report), an equity risk premium of 6.5% (vs. 7.25%), a re-levered beta of 1.2x (Source: Intesa Sanpaolo Research elaboration on Bloomberg data) and a long-term target gearing ratio of 30%;

Cellularline - WACC calculation (%)

Risk-free rate	0.75
Equity risk premium	6.50
Beta (x)	1.2
Cost of equity	8.9
Net cost of debt	2.8
Gross cost of debt	4.0
Tax rate	30
Gearing	30
WACC (%)	7.0

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;
- Lastly, we adjusted the number of shares to include the effects arising from the potential conversion and warrants (we recall that the warrants have a strike price of EUR 9.5 and a mandatory exercise price of EUR 13.0 and will expire in 2023).

Cellularline - DCF model

EUR M	2021E	2022E	LT
Sales	130.0	150.0	150.0
yoy %	24.4	15.4	15.4
Adj. EBIT	16.1	23.6	23.6
Adj. EBIT margin (%)	12.4	15.7	15.7
Taxes	0.1	-2.2	-7.1
NOPAT	16.2	21.4	16.5
Non-cash items	4.6	4.8	
Investments	-3.5	-3.5	
NWC changes	-9.1	-7.7	
Others	-3.0	-2.0	
FCF	5.2	13.0	16.5
Discounted FCF	4.8	11.3	13.5
WACC (%)	7.0		
Perpetuity growth rate (%)	0.0		
NPV of cash flows	16.1		
NPV of terminal value	191.1		
EV	207.2		
Net debt @ 2020A	49.0		
Equity value	158.2		
No. of shares fully diluted (M)	24.9		
Value per share (EUR)	6.4		

Source: Intesa Sanpaolo Research estimates

Cellularline - Sensitivity analysis

EUR/share WACC (%)	-1.0	-0.5	Growth (%) 0	0.5	1.0
6.0	6.6	7.2	7.9	8.7	9.7
6.5	6.0	6.5	7.1	7.8	8.6
7.0	5.4	5.8	6.4	6.9	7.6
7.5	4.9	5.3	5.7	6.2	6.8
8.0	4.5	4.8	5.2	5.6	6.1

Source: Intesa Sanpaolo Research estimates

Cellularline – Key Data

Rating BUY	Target price (EUR/sh) Ord 6.4	Mkt price (EUR/sh) Ord 4.37			Sector Consumer Services
Values per share (EUR)	2019A	2020A	2021E	2022E	NA
No. ordinary shares (M)	21.87	21.87	21.87	21.87	NA
Total no. of shares (M)	21.87	21.87	21.87	21.87	NA
Market cap (EUR M)	157.02	110.96	95.56	95.56	NA
Adj. EPS	1.07	0.24	0.57	0.81	NA
CFPS	1.0	0.85	0.62	0.86	NA
BVPS	9.3	9.5	9.9	10.4	NA
Dividend ord	0.33	0	0.17	0.24	NA
Income statement (EUR M)	2019A	2020A	2021E	2022E	NA
Revenues	140.4	104.5	130.0	150.0	NA
EBITDA	33.06	15.10	21.06	28.80	NA
EBIT	20.26	-3.40	9.86	17.40	NA
Pre-tax income	20.08	-2.39	8.36	15.90	NA
Net income	18.21	13.91	8.47	13.67	NA
Adj. net income	23.31	5.31	12.50	17.70	NA
Cash flow (EUR M)	2019A	2020A	2021E	2022E	NA
Net income before minorities	18.2	13.9	8.5	13.7	NA
Depreciation and provisions	3.7	4.7	5.0	5.2	NA
Others/Uses of funds	0	0	0	0	NA
Change in working capital	-4.9	3.2	-9.1	-7.7	NA
Operating cash flow	17.0	21.8	4.4	11.2	NA
Capital expenditure	-3.4	-33.5	-3.5	-3.5	NA
Financial investments	0	0	0	0	NA
Acquisitions and disposals	-4.9	0	0	0	NA
Free cash flow	8.7	-11.7	0.9	7.7	NA
Dividends	-6.1	-7.2	0	-3.7	NA
Equity changes & Other non-operating items	-8.7	5.0	0	0	NA
Net cash flow	-6.1	-13.9	0.9	3.9	NA
Balance sheet (EUR M)	2019A	2020A	2021E	2022E	NA
Net capital employed	227.1	257.5	261.9	264.7	NA
of which associates	0	0	0	1.0	NA
Net debt/-cash	24.6	49.0	45.0	37.9	NA
Minorities	0	0	0	0	NA
Net equity	202.5	208.5	216.9	226.8	NA
Minorities value	0	0	0	0	NA
Enterprise value	181.6	160.0	140.5	132.4	NA
Stock market ratios (x)	2019A	2020A	2021E	2022E	NA
Adj. P/E	6.7	20.9	7.6	5.4	NA
P/CFPS	7.2	6.0	7.1	5.1	NA
P/BVPS	0.78	0.53	0.44	0.42	NA
Payout (%)	31	0	30	30	NA
Dividend yield (% ord)	4.6	0	3.9	5.6	NA
FCF yield (%)	7.7	-20.0	4.2	11.4	NA
EV/sales	1.3	1.5	1.1	0.88	NA
EV/EBITDA	5.5	10.6	6.7	4.6	NA
EV/EBIT	9.0	Neg.	14.3	7.6	NA
EV/CE	0.80	0.62	0.54	0.50	NA
D/EBITDA	0.74	3.2	2.1	1.3	NA
D/EBIT	1.2	Neg.	4.6	2.2	NA
Profitability & financial ratios (%)	2019A	2020A	2021E	2022E	NA
EBITDA margin	23.5	14.4	16.2	19.2	NA
EBIT margin	14.4	-3.3	7.6	11.6	NA
Tax rate	9.3	NM	NM	14.0	NA
Net income margin	13.0	13.3	6.5	9.1	NA
ROCE	8.9	-1.3	3.8	6.6	NA
ROE	9.2	6.8	4.0	6.2	NA
Interest cover	76.5	3.4	6.6	11.6	NA
Debt/equity ratio	12.1	23.5	20.7	16.7	NA
Growth (%)		2020A	2021E	2022E	NA
Sales		-25.6	24.4	15.4	NA
EBITDA		-54.3	39.5	36.8	NA
EBIT		NM	NM	76.5	NA
Pre-tax income		NM	NM	90.2	NA
Net income		-23.6	-39.1	61.4	NA
Adj. net income		-77.2	NM	41.6	NA

NM: not meaningful; NA: not available; Neg.: negative; 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.

Key data

Mkt price (EUR)	4.37	Free float (%)	78.6
No. of shares	21.67	Major shr	ALEOTTI CHRISTIAN
52Wk range (EUR)	5.38/3.96	(%)	8.6
Reuters	CELL.MI	Bloomberg	CELL IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-4.2	-1M	-8.3
-3M	-0.9	-3M	-10.0
-12M	9.8	-12M	-29.7

Key Risks

Company specific risks:

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

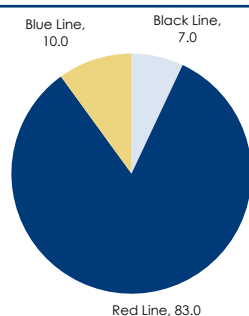
Sector generic risks:

- 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.

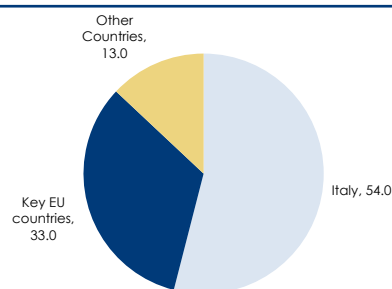
Estimates vs. consensus

EUR M (Y/E Dec)	2020A	2021E	2021C	2022E	2022C
Sales	104.5	130.0	132.0	150.0	NA
EBITDA	15.10	21.06	NA	28.80	NA
EBIT	-3.40	9.86	NA	17.40	NA
Pre-tax income	-2.39	8.36	NA	15.90	NA
Net income	13.91	8.47	9.00	13.67	NA
EPS	0.24	0.57	0.67	0.81	NA

FY20A revenues by product line (%)



FY20A revenues by geography (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 19/03/2021)

Our Mid Corporate Definition

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

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Equity Research Publications in Last 12M

The list of all recommendations on any financial instrument or issuer produced by Intesa Sanpaolo Research Department and distributed during the preceding 12-month period is available on the Intesa Sanpaolo website at the following address:

<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)

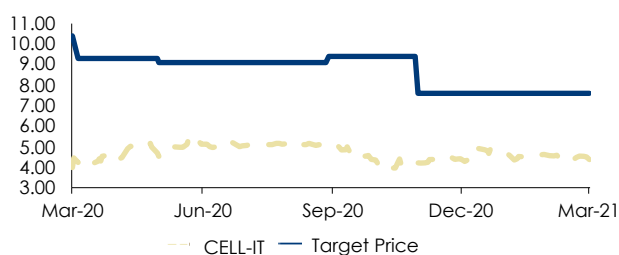
In its recommendations, Intesa Sanpaolo SpA uses an "absolute" rating system, which is not related to market performance and whose key is reported below:

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)
18-Nov-20	BUY	7.6	4.2
16-Sep-20	BUY	9.4	5.0
19-May-20	BUY	9.1	4.5
23-Mar-20	BUY	9.3	4.2

Equity rating allocations (long-term horizon: 12M)**Intesa Sanpaolo Research Rating Distribution (at January 2021)**

Number of companies considered: 109	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%) (*)	50	24	26	0	0
of which Intesa Sanpaolo's Clients (%) (**)	89	70	61	0	0

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

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

Company-specific disclosures

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In particular, the description of the measures taken to manage interest and conflicts of interest – related to Articles 5 and 6 of the Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No. 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest as subsequently amended and supplemented, the FINRA Rule 2241, as well as the Financial Conduct Authority Conduct of Business Sourcebook rules COBS 12.4 - between the Intesa Sanpaolo Banking Group and issuers of financial instruments, and their group companies, and referred to in research products produced by analysts at Intesa Sanpaolo S.p.A. is available in the "Rules for Research " and in the extract of the "Corporate model on the management of inside information and conflicts of interest" published on the website of Intesa Sanpaolo S.p.A.

At the Intesa Sanpaolo website, webpage <https://group.intesasanpaolo.com/en/research/RegulatoryDisclosures/archive-of-intesa-sanpaolo-group-s-conflicts-of-interest> you can find the archive of disclosure of interests or conflicts of interest of the Intesa Sanpaolo Banking Group in compliance with the applicable laws and regulations.

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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
- One or more of the companies of the Intesa Sanpaolo Banking Group are one of the main financial lenders to Cellularline and its parent and group companies
- Intesa Sanpaolo acts as Specialist relative to securities issued by Cellularline
- One or more of the companies of the Intesa Sanpaolo Banking Group provide/have provided investment banking services to and/or concerning Cellularline in the last twelve months

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