

Company Note

Cellularline

1Q21 Results

1Q21 revenues were still significantly impacted by Covid-19 and the consequent restrictive measures adopted by European governments. However, we recall that the weighting of 1Q on the annual total is limited, given the seasonal nature of the business. Given the still low visibility on the timing of the rebound, we revised downwards our 2021E projections.

Weak 1Q21 results, still impacted by Covid-19. Positive cash generation

1Q21 was still a weak quarter due to the still ongoing closures in retail across Europe. In particular, we underline that the restrictions imposed by the authorities in Germany led to a delay in the roll-out of the new route-to-market for the German market. Benelux and Switzerland were also particularly affected in 1Q. In this context we appreciated that period operating cash flow came to EUR 8.6M, thanks to an effective management of NWC, and confirming the group's capability to generate cash.

Initial signs of rebound in April, but still low visibility. 2021E estimates revised downwards

The visibility on the timing of the rebound is still very limited, as it depends on how the pandemic and the vaccination campaign evolve. Management stated preliminary data for April already showed a good rebound in the sell-out, while it expects an acceleration in recovery to pick-up throughout the year. Fixed costs should slightly increase in 2021, while working capital items are expected to gradually revert to usual levels, with high inventories being partly liquidated in 1H. Overall, in the light of the 1Q trend we slightly revised downwards our 2021E estimates while we left almost unchanged our 2022E projections.

Valuation

Following our estimates revision, our updated DCF model points to **a new target price of EUR 6.1/share** (from EUR 6.4/share), **implying a BUY rating on the stock**. Overall, we believe that Cellularline is a stock that could significantly benefit from the potential normalisation of the market environment in 2H21-2022.

18 May 2021: 12:29 CET

Date and time of production

BUY

Target Price: EUR 6.1
(from EUR 6.4)

Italy/Consumer Services
Update

MTA-STAR

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



Cellularline - Key Data

| Price date (market close) | 17/05/2021 |
|---------------------------|------------|
| Target price (EUR) | 6.1 |
| Target upside (%) | 35.56 |
| Market price (EUR) | 4.50 |
| Market cap (EUR M) | 97.53 |
| 52Wk range (EUR) | 5.38/3.96 |

| Price performance % | 1M | 3M | 12M |
|------------------------|------|------|-------|
| Absolute | -1.1 | -2.0 | -10.0 |
| Rel. to FTSE IT All Sh | -1.8 | -9.0 | -39.0 |

| Y/E Dec (EUR M) | FY20A | FY21E | FY22E |
|-------------------|-------|-------|-------|
| Revenues | 104.5 | 120.0 | 150.0 |
| Adj. EBITDA | 15.10 | 18.96 | 28.80 |
| Adj. EBIT | 10.40 | 13.96 | 23.60 |
| Adj. Net income | 5.31 | 10.30 | 17.69 |
| EPS (EUR) | 0.24 | 0.47 | 0.81 |
| Net debt/-cash | 49.00 | 45.35 | 43.31 |
| Adj P/E (x) | 20.9 | 9.6 | 5.6 |
| EV/EBITDA (x) | 10.6 | 7.6 | 4.9 |
| EV/EBIT (x) | Neg. | 23.0 | 8.2 |
| Div ord yield (%) | 0 | 3.1 | 5.4 |

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

Intesa Sanpaolo Research Dept.

Gabriele Berti - Research Analyst
+39 02 8794 9821
gabriele.berti@intesasanpaolo.com

Corporate Broking Research

A. Francese, G. Berti, M. Cristofori
Y. Alaoui, A. Terazzi

1Q21 Results

We recall that the weighting of 1Q on the annual total is limited, given the seasonal nature of the business. In particular, the group historically generates over 60% of its sales in 2H and 1Q revenues historically account for less than 20% of annual revenues. Furthermore, historically the first quarter accounts for less than 5% of group's total EBITDA.

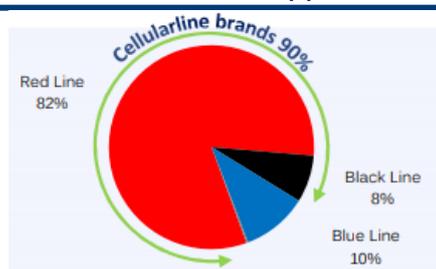
Revenues were EUR 16.6M, decreasing vs. the EUR 20.0M posted in 1Q20 despite the EUR 0.6M attributable to Worldconnect AG, consolidated with effect from August 2020.

Red line (82% of Revenues), which accounted for two thirds of the entire decline in revenues, showed: i) positive contribution from the domestic market (+9.6%), thanks to the contribution of all channels (excluding Travel retail); and ii) negative contribution from Key European markets (-30.1%), where the effects of Covid-19 in 1Q20 only began from late March.

International markets showed different trends, depending on the type and duration of lockdowns, with: i) slightly positive performance in France and Spain; and ii) negative performance in Germany and Benelux.

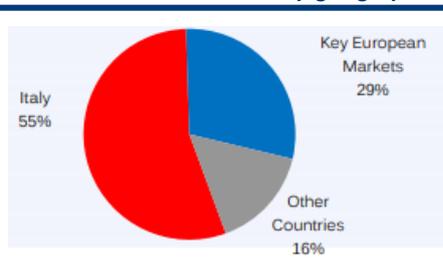
Overall, the domestic market accounted for about 55% of total sales.

1Q21 revenues breakdown by product line



Source: Company data

1Q21 revenues breakdown by geographies



Source: Company data

Adj. EBITDA was negative for EUR 1.2M, while the adj. net loss stood at EUR 1.7M.

Net debt was EUR 42.3M vs. the EUR 49.0M posted at YE20. Period operating cash flow came to EUR 8.6M, thanks to an effective management of NWC, and confirming the group's capability to generate cash.

Cellularline – 1Q21 results

| EUR M | 1Q19A | 1Q20A | FY20A | 1Q21A | 1Q21E | 1Q21C | 1Q A/E % | 1Q yoy % | 1Q vs. 1Q19A % |
|----------------------|-------|-------|-------|-------|-------|-------|----------|----------|----------------|
| Revenues | 20.6 | 20.0 | 104.5 | 16.6 | 16.9 | 17.2 | -1.8 | -16.8 | -19.2 |
| Adj. EBITDA | 1.5 | 0.8 | 15.1 | -1.2 | -1.8 | -2.1 | NM | NM | NM |
| Adj. EBITDA margin % | 7.3 | 4.0 | 14.4 | NM | NM | | | | |
| Adj. EBIT | NA | -0.2 | 10.4 | -2.4 | -3.1 | NA | NM | NM | NM |
| Reported EBIT | -1.5 | -2.2 | -3.4 | -4.6 | -4.6 | NA | NM | NM | NM |
| Adj. Net Income | -0.1 | -0.8 | 5.3 | -1.7 | -3.2 | NA | NM | NM | NM |
| Reported Net Income | -1.6 | -1.7 | 13.9 | -3.9 | -4.3 | -4.1 | NM | NM | NM |

NM: not meaningful; NA: not available; A: actual; E: estimates; C: FactSet consensus; Source: Company data and Intesa Sanpaolo Research

Earnings Outlook

The visibility on the timing of the rebound is still very limited, as it depends on how the pandemic and the vaccination campaign evolve. Management stated preliminary data for April already showed a good rebound in the sell-out, while it expects an acceleration in recovery to pick-up throughout the year.

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

- Developing the core business from product innovation/expansion to 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;
- Making the ESG project 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;
- Scouting for potential M&A.

Estimates revision

Overall, we believe that Cellularline could benefit from the potential normalisation of the market environment in 2H21-2022. We think the rebound will be also helped by the abovementioned strategic actions under implementation, as well as by the growing tendency of OEMs not to include chargers or headsets with new mobile devices. However, in the light of the 1Q trend we revised downwards our 2021E estimates, while we left almost unchanged our 2022E adjusted figures.

Cellularline – Estimates revision (2021E-22E)

| EUR M | 2021E Old | 2021E New | Chg. % | 2022E Old | 2022E New | Chg. % |
|------------------------|--------------|--------------|--------|--------------|--------------|--------|
| Revenues | 130.0 | 120.0 | -7.7 | 150.0 | 150.0 | 0.0 |
| Adj. EBITDA | 21.1 | 19.0 | -10.1 | 28.8 | 28.8 | 0.0 |
| Adj. EBITDA margin (%) | 16.2 | 15.8 | | 19.2 | 19.2 | |
| Adj. EBIT | 16.1 | 14.0 | -13.3 | 23.6 | 23.6 | 0.0 |
| Adj. EBIT margin (%) | 12.4 | 11.6 | | 15.7 | 15.7 | |
| Adj. net income | 12.5 | 10.3 | -17.6 | 17.7 | 17.7 | 0.0 |
| NFP | 45.0 | 45.4 | | 37.9 | 43.3 | |

E: estimates; Source: Intesa Sanpaolo Research

Cellularline – Adjusted & reported figures (2021E-23E)

| EUR M | 2021E | 2022E |
|----------------------|--------------|--------------|
| Adj. EBITDA | 19.0 | 28.8 |
| margin on revenues % | 15.8 | 19.2 |
| Adj. EBIT | 14.0 | 23.6 |
| margin on revenues % | 11.6 | 15.7 |
| Reported EBIT | 6.3 | 17.2 |
| margin on revenues % | 5.2 | 11.5 |
| Adj. Net income | 10.3 | 17.7 |
| Reported Net income | 5.3 | 13.5 |

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 6.1/share** (from EUR 6.4/share), implying a **BUY rating on the stock**. We used the following key assumptions in our valuation:

BUY rating confirmed; new TP EUR 6.1/share

- A 7.1% WACC, incorporating a risk-free rate of 0.75%, an equity risk premium of 6.5%, 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 (%) | 7.1 |

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 of 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 | 120.0 | 150.0 | 150.0 |
| yoy % | 14.8 | 25.0 | 25.0 |
| Adj. EBIT | 14.0 | 23.6 | 23.6 |
| Adj. EBIT margin (%) | 11.6 | 15.7 | 15.7 |
| Taxes | 1.5 | -2.2 | -7.1 |
| NOPAT | 15.5 | 21.4 | 16.5 |
| Non-cash items | 4.6 | 4.8 | |
| Investments | -3.5 | -3.5 | |
| NWC changes | -7.8 | -13.5 | |
| Others | -3.0 | -3.0 | |
| FCF | 5.8 | 6.2 | 16.5 |
| Discounted FCF | 5.4 | 5.4 | 13.5 |
| WACC (%) | 7.1 | | |
| Perpetuity growth rate (%) | 0.0 | | |
| NPV of cash flows | 10.8 | | |
| NPV of terminal value | 191.0 | | |
| EV | 201.8 | | |
| Net debt @ 2020A | 49.0 | | |
| Equity value | 152.8 | | |
| No. of shares fully diluted (M) | 24.9 | | |
| Value per share (EUR) | 6.1 | | |

Source: Intesa Sanpaolo Research estimates

Cellularline – Sensitivity analysis

| EUR/share WACC (%) | -1.0 | -0.5 | Growth (%) 0 | 0.5 | 1.0 |
|-----------------------|------|------|-----------------|-----|-----|
| 6.1 | 6.4 | 7.0 | 7.7 | 8.5 | 9.5 |
| 6.6 | 5.7 | 6.3 | 6.8 | 7.5 | 8.4 |
| 7.1 | 5.2 | 5.6 | 6.1 | 6.7 | 7.4 |
| 7.6 | 4.7 | 5.1 | 5.5 | 6.0 | 6.6 |
| 8.1 | 4.3 | 4.6 | 5.0 | 5.4 | 5.9 |

Source: Intesa Sanpaolo Research estimates

Cellularline – Key Data

| Rating BUY | Target price (EUR/sh) Ord 6.1 | Mkt price (EUR/sh) Ord 4.50 | Sector Consumer Services | |
|---|----------------------------------|--------------------------------|-----------------------------|--------------|
| Values per share (EUR) | 2019A | 2020A | 2021E | 2022E |
| No. ordinary shares (M) | 21.87 | 21.87 | 21.87 | 21.87 |
| Total no. of shares (M) | 21.87 | 21.87 | 21.87 | 21.87 |
| Market cap (EUR M) | 157.02 | 110.96 | 98.41 | 98.41 |
| Adj. EPS | 1.07 | 0.24 | 0.47 | 0.81 |
| CFPS | 1.0 | 0.85 | 0.47 | 0.86 |
| BVPS | 9.3 | 9.5 | 9.8 | 10.3 |
| Dividend ord | 0.33 | 0 | 0.14 | 0.24 |
| Income statement (EUR M) | 2019A | 2020A | 2021E | 2022E |
| Revenues | 140.4 | 104.5 | 120.0 | 150.0 |
| EBITDA | 33.06 | 15.10 | 18.96 | 28.80 |
| EBIT | 20.26 | -3.40 | 6.26 | 17.20 |
| Pre-tax income | 20.08 | -2.39 | 3.76 | 15.70 |
| Net income | 18.21 | 13.91 | 5.29 | 13.53 |
| Adj. net income | 23.31 | 5.31 | 10.30 | 17.69 |
| Cash flow (EUR M) | 2019A | 2020A | 2021E | 2022E |
| Net income before minorities | 18.2 | 13.9 | 5.3 | 13.5 |
| Depreciation and provisions | 3.7 | 4.7 | 5.0 | 5.2 |
| Others/Uses of funds | 0 | 0 | 0 | 0 |
| Change in working capital | -4.9 | 3.2 | -7.8 | -13.5 |
| Operating cash flow | 17.0 | 21.8 | 2.5 | 5.2 |
| Capital expenditure | -3.4 | -33.5 | -3.5 | -3.5 |
| Financial investments | 0 | 0 | 0 | 0 |
| Acquisitions and disposals | -4.9 | 0 | 0 | 0 |
| Free cash flow | 8.7 | -11.7 | -1.0 | 1.7 |
| Dividends | -6.1 | -7.2 | 0 | -3.1 |
| Equity changes & Other non-operating items | -8.7 | 5.0 | 0 | 0 |
| Net cash flow | -6.1 | -13.9 | -1.0 | -1.4 |
| Balance sheet (EUR M) | 2019A | 2020A | 2021E | 2022E |
| Net capital employed | 227.1 | 257.5 | 259.1 | 267.5 |
| of which associates | 0 | 0 | 0 | 1.0 |
| Net debt/-cash | 24.6 | 49.0 | 45.4 | 43.3 |
| Minorities | 0 | 0 | 0 | 0 |
| Net equity | 202.5 | 208.5 | 213.7 | 224.2 |
| Minorities value | 0 | 0 | 0 | 0 |
| Enterprise value | 181.6 | 160.0 | 143.8 | 140.7 |
| Stock market ratios (x) | 2019A | 2020A | 2021E | 2022E |
| Adj. P/E | 6.7 | 20.9 | 9.6 | 5.6 |
| P/CFPS | 7.2 | 6.0 | 9.6 | 5.3 |
| P/BVPS | 0.78 | 0.53 | 0.46 | 0.44 |
| Payout (%) | 31 | 0 | 30 | 30 |
| Dividend yield (% ord) | 4.6 | 0 | 3.1 | 5.4 |
| FCF yield (%) | 7.7 | -20.0 | 3.7 | 5.2 |
| EV/sales | 1.3 | 1.5 | 1.2 | 0.94 |
| EV/EBITDA | 5.5 | 10.6 | 7.6 | 4.9 |
| EV/EBIT | 9.0 | Neg. | 23.0 | 8.2 |
| EV/CE | 0.80 | 0.62 | 0.55 | 0.53 |
| D/EBITDA | 0.74 | 3.2 | 2.4 | 1.5 |
| D/EBIT | 1.2 | Neg. | 7.2 | 2.5 |
| Profitability & financial ratios (%) | 2019A | 2020A | 2021E | 2022E |
| EBITDA margin | 23.5 | 14.4 | 15.8 | 19.2 |
| EBIT margin | 14.4 | -3.3 | 5.2 | 11.5 |
| Tax rate | 9.3 | NM | NM | 13.8 |
| Net income margin | 13.0 | 13.3 | 4.4 | 9.0 |
| ROCE | 8.9 | -1.3 | 2.4 | 6.4 |
| ROE | 9.2 | 6.8 | 2.5 | 6.2 |
| Interest cover | 76.5 | 3.4 | 2.5 | 11.5 |
| Debt/equity ratio | 12.1 | 23.5 | 21.2 | 19.3 |
| Growth (%) | | 2020A | 2021E | 2022E |
| Sales | | -25.6 | 14.8 | 25.0 |
| EBITDA | | -54.3 | 25.6 | 51.9 |
| EBIT | | NM | NM | NM |
| Pre-tax income | | NM | NM | NM |
| Net income | | -23.6 | -61.9 | NM |
| Adj. net income | | -77.2 | 94.1 | 71.8 |

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) | 4.50 | Free float (%) | 76.9 |
| No. of shares | 21.67 | Major shr | S.L.M.K. SA |
| 52Wk range (EUR) | 5.38/3.96 | (%) | 8.0 |
| Reuters | CELL.MI | Bloomberg | CELL IM |
| Performance (%) | Absolute | | Rel. FTSE IT All Sh |
| -1M | -1.1 | -1M | -1.8 |
| -3M | -2.0 | -3M | -9.0 |
| -12M | -10.0 | -12M | -39.0 |

Key Risks

Company specific risks:

- Longer restrictive measures period.

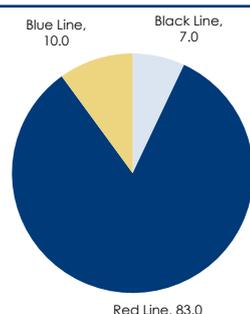
Sector generic risks:

- 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.

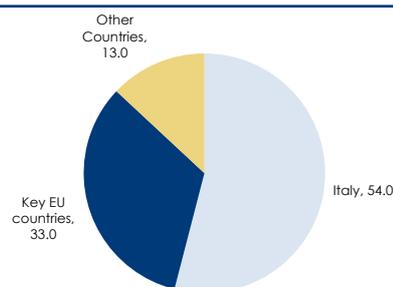
Estimates vs. consensus

| EUR M (Y/E Dec) | 2020A | 2021E | 2021C | 2022E | 2022C |
|-----------------|-------|-------|-------|-------|-------|
| Sales | 104.5 | 120.0 | 126.5 | 150.0 | 149.8 |
| EBITDA | 15.10 | 18.96 | 20.44 | 28.80 | 27.40 |
| EBIT | -3.40 | 6.26 | 13.40 | 17.20 | 18.65 |
| Pre-tax income | -2.39 | 3.76 | 7.17 | 15.70 | 14.20 |
| Net income | 13.91 | 5.29 | 5.57 | 13.53 | 10.42 |
| EPS | 0.24 | 0.47 | 0.45 | 0.81 | 0.68 |

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 17/05/2021)

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.

Disclaimer

Analyst certification

The financial analyst who prepared this report, and whose name and role appear on the first page, certifies that:

1. The views expressed on the company mentioned herein accurately reflect independent, fair and balanced personal views; 2. No direct or indirect compensation has been or will be received in exchange for any views expressed.

Specific disclosures

- Neither the analyst nor any person closely associated with the analyst has a financial interest in the securities of the company.
- Neither the analyst nor any person closely associated with the analyst serves as an officer, director or advisory board member of the company.
- The analyst named in this document is not registered with or qualified by FINRA, the U.S. regulatory body with oversight over Intesa Sanpaolo IMI Securities Corp. Accordingly, the analyst may not be subject to FINRA Rule 2241 and NYSE Rule 472 with respect to communications with a subject company, public appearances and trading securities in a personal account. For additional information, please contact the Compliance Department of Intesa Sanpaolo IMI Securities Corp. at 212-326-1133.
- The analyst of this report does not receive bonuses, salaries, or any other form of compensation that is based upon specific investment banking transactions.
- The research department supervisors do not have a financial interest in the securities of the company.

This research has been prepared by Intesa Sanpaolo SpA, and is distributed by Intesa Sanpaolo SpA, Intesa Sanpaolo-London Branch (a member of the London Stock Exchange) and Intesa Sanpaolo IMI Securities Corp. (a member of the NYSE and FINRA). Intesa Sanpaolo SpA accepts full responsibility for the contents of this report and also reserves the right to issue this document to its own clients. Intesa Sanpaolo SpA, is authorised by the Banca d'Italia and is regulated by the Financial Services Authority in the conduct of designated investment business in the UK and by the SEC for the conduct of US business.

Opinions and estimates in this research are as at the date of this material and are subject to change without notice to the recipient. Information and opinions have been obtained from sources believed to be reliable, but no representation or warranty is made as to their accuracy or correctness. Past performance is not a guarantee of future results. The investments and strategies discussed in this research may not be suitable for all investors. If you are in any doubt you should consult your investment advisor.

This report has been prepared solely for information purposes and is not intended as an offer or solicitation with respect to the purchase or sale of any financial products. It should not be regarded as a substitute for the exercise of the recipient's own judgment. No Intesa Sanpaolo SpA entity accepts any liability whatsoever for any direct, consequential or indirect loss arising from any use of material contained in this report. This document may only be reproduced or published with the name of Intesa Sanpaolo SpA.

Intesa Sanpaolo SpA has in place the Conflicts of Interest Management Rules for managing effectively the conflicts of interest which might affect the impartiality of all investment research which is held out, or where it is reasonable for the user to rely on the research, as being an impartial assessment of the value or prospects of its subject matter. A copy of these Rules is available to the recipient of this research upon making a written request to the Compliance Officer, Intesa Sanpaolo SpA, C.so Matteotti n° 1, 20121 Milan (MI) Italy. Intesa Sanpaolo SpA has formalised a set of principles and procedures for dealing with conflicts of interest ("Rules for Research"). The Rules for Research is clearly explained in the relevant section of Intesa Sanpaolo's website (www.intesasnpaolo.com).

Member companies of the Intesa Sanpaolo Group, or their directors and/or representatives and/or employees and/or persons closely associated with them, may have a long or short position in any securities mentioned at any time, and may make a purchase and/or sale, or offer to make a purchase and/or sale, of any of the securities from time to time in the open market or otherwise.

This document has been prepared and issued for, and thereof is intended for use by, MiFID II eligible counterparties/professional clients (other than elective professional clients) or otherwise by market professionals or institutional investors only, who are financially sophisticated and capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies.

Therefore, such materials may not be suitable for all investors and recipients are urged to seek the advice of their independent financial advisor for any necessary explanation of the contents thereof.

Persons and residents in the UK: this document is not for distribution in the United Kingdom to persons who would be defined as private customers under rules of the Financial Conduct Authority.

US persons: This document is intended for distribution in the United States only to Major US Institutional Investors as defined in SEC Rule 15a-6. US Customers wishing to effect a transaction should do so only by contacting a representative at Intesa Sanpaolo IMI Securities Corp. in the US (see contact details below).

Intesa Sanpaolo SpA issues and circulates research to Major Institutional Investors in the USA only through Intesa Sanpaolo IMI Securities Corp., 1 William Street, New York, NY 10004, USA, Tel: (1) 212 326 1150.

Inducements in relation to research

This document has been prepared and issued for, and thereof is intended for use by, MiFID 2 eligible counterparties/professional clients (other than elective professional clients) or otherwise by market professionals or institutional investors only, who are financially sophisticated and capable of evaluating investment risks independently, both in general and with regard to specific transactions and investment strategies.

Therefore, such materials may not be suitable for all investors and recipients are urged to seek the advice of their independent financial advisor for any necessary explanation of the contents thereof.

Pursuant to the provisions of Delegated Directive (EU) 2017/593, this document can be qualified as an acceptable minor non-monetary benefit as it is:

- Written material from a third party that is commissioned and paid for by a corporate issuer or potential issuer to promote a new issuance by the company, or where the third party firm is contractually engaged and paid by the issuer to produce such material on an ongoing basis (Specialist/Corporate Broker/Sponsor contract), provided that the relationship is clearly disclosed in the material and that the material is made available at the same time to any investment firms wishing to receive it or to the general public - Delegated Directive (EU) 2017/593 - art. 12 paragraph 3.

Distribution Method

This document is for the exclusive use of the person to whom it is delivered by Intesa Sanpaolo and may not be reproduced, redistributed, directly or indirectly, to third parties or published, in whole or in part, for any reason, without prior consent expressed by Intesa Sanpaolo. The copyright and all other intellectual property rights on the data, information, opinions and assessments referred to in this information document are the exclusive domain of the Intesa Sanpaolo banking group, unless otherwise indicated. Such data, information, opinions and assessments cannot be the subject of further distribution or reproduction in any form and using any technique, even partially, except with express written consent by Intesa Sanpaolo.

Persons who receive this document are obliged to comply with the above indications.

Coverage policy and frequency of research reports

The list of companies covered by the Research Department is available upon request. Intesa Sanpaolo SpA aims to provide continuous coverage of the companies on the list in conjunction with the timing of periodical accounting reports and any exceptional event that affects the issuer's operations. The companies for which Intesa Sanpaolo SpA acts as sponsor or specialist or other regulated roles are covered in compliance with regulations issued by regulatory bodies with jurisdiction. In the case of a short note, we advise investors to refer to the most recent company report published by Intesa Sanpaolo SpA's Research Department for a full analysis of valuation methodology, earnings assumptions, risks and the historical of recommendation and target price. In the Equity Daily note and Weekly Preview report the Research Department reconfirms the previously published ratings and target prices on the covered companies (or alternatively such ratings and target prices may be placed Under Review). Research qualified as a minor non-monetary benefit pursuant to provisions of Delegated Directive (EU) 2017/593 is freely available on the IMI Corporate & Investment Banking Division web site (www.imi.intesasnpaolo.com); all other research is available by contacting your sales representative.

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)

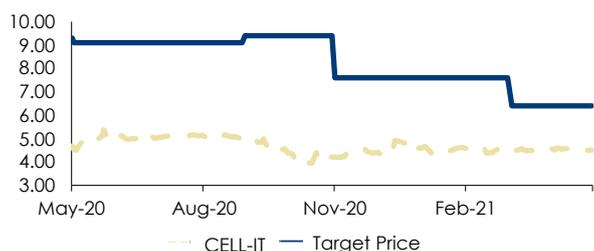
In its recommendations, Intesa Sanpaolo SpA uses an "absolute" rating system, which is not related to market performance and whose key is reported below:

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. |
| TENDER SHARES | We advise investors to tender the shares to the offer. |
| TARGET PRICE | The market price that the analyst believes the share may reach within a one-year time horizon |
| MARKET PRICE | Closing price on the day before the issue date of the report, as indicated on the first page, except where otherwise indicated |

Historical recommendations and target price trends (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->. Note: please also refer to <https://group.intesasanpaolo.com/it/research/equity-credit-research/equity> in applicable cases for the ISP-UBI Equity Ratings Reconciliation Table, the archive of ex-UBI's previously published research reports and 12M historical recommendations.

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

| Date | Rating | TP (EUR) | Mkt Price (EUR) |
|-----------|--------|----------|-----------------|
| 22-Mar-21 | BUY | 6.4 | 4.5 |
| 18-Nov-20 | BUY | 7.6 | 4.2 |
| 16-Sep-20 | BUY | 9.4 | 5.0 |
| 19-May-20 | BUY | 9.1 | 4.5 |

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

| Number of companies considered: 127 | BUY | ADD | HOLD | REDUCE | SELL |
|--|-----|-----|------|--------|------|
| Total Equity Research Coverage relating to last rating (%) (*) | 46 | 27 | 26 | 1 | 0 |
| of which Intesa Sanpaolo's Clients (%) (**) | 82 | 71 | 64 | 100 | 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

Intesa Sanpaolo S.p.A. and the other companies belonging to the Intesa Sanpaolo Banking Group (hereafter the "Intesa Sanpaolo Banking Group") have adopted written guidelines "Organisational, Management and Control Model" pursuant to Legislative Decree 8 June 2001 no. 231 (available at the Intesa Sanpaolo website, <https://group.intesasanpaolo.com/en/governance/leg-decree-231-2001>) setting forth practices and procedures, in accordance with applicable regulations by the competent Italian authorities and best international practice, including those known as Information Barriers, to restrict the flow of information, namely inside and/or confidential information, to prevent the misuse of such information and to prevent any conflicts of interest arising from the many activities of the Intesa Sanpaolo Banking Group, which may adversely affect the interests of the customer in accordance with current regulations.

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.

Furthermore, we disclose the following information on the Intesa Sanpaolo Banking Group's conflicts of interest.

- One or more of the companies of the Intesa Sanpaolo Banking Group plan to solicit investment banking business or intends to seek compensation from Cellularline in the next three months
- One or more of the companies of the Intesa Sanpaolo Banking Group have an equity stake of 1% or more in Cellularline or in the Company that has a controlling interest in Cellularline or in the major shareholder of Cellularline
- 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

Intesa Sanpaolo Research Dept.

| | | |
|--|------------------|-------------------------------------|
| Gregorio De Felice - Head of Research | +39 02 8796 2012 | gregorio.defelice@intesasnpaolo.com |
|--|------------------|-------------------------------------|

Equity&Credit Research

| | | |
|------------------------|------------------|-----------------------------------|
| Giampaolo Trasi | +39 02 8794 9803 | giampaolo.trasi@intesasnpaolo.com |
|------------------------|------------------|-----------------------------------|

Equity Research

| | | |
|---------------------|------------------|--|
| Monica Bosio | +39 02 8794 9809 | monica.bosio@intesasnpaolo.com |
| Luca Bacoccoli | +39 02 8794 9810 | luca.bacoccoli@intesasnpaolo.com |
| Davide Candela | +39 02 8794 9813 | davide.candela@intesasnpaolo.com |
| Oriana Cardani | +39 02 6275 3017 | oriana.cardani@intesasnpaolo.com |
| Antonella Frongillo | +39 02 8794 9688 | antonella.frongillo@intesasnpaolo.com |
| Manuela Meroni | +39 02 8794 9817 | manuela.meroni@intesasnpaolo.com |
| Elena Perini | +39 02 8794 9814 | elena.perini@intesasnpaolo.com |
| Bruno Permutti | +39 02 8794 9819 | bruno.permutti@intesasnpaolo.com |
| Roberto Ranieri | +39 02 8794 9822 | roberto.ranieri@intesasnpaolo.com |
| Massimo Vecchio | +39 02 6275 3016 | massimiliano.vecchio@intesasnpaolo.com |

Corporate Broking Research

| | | |
|-------------------------|------------------|------------------------------------|
| Alberto Francese | +39 02 8794 9815 | alberto.francese@intesasnpaolo.com |
| Gabriele Berfi | +39 02 8794 9821 | gabriele.berfi@intesasnpaolo.com |
| Marco Cristofori | +39 02 6275 3015 | marco.cristofori@intesasnpaolo.com |
| Youness Nour El Alaoui | +39 02 8794 9812 | youness.alaoui@intesasnpaolo.com |
| Arianna Terazzi | +39 02 8794 3187 | arianna.terazzi@intesasnpaolo.com |

Credit Research

| | | |
|---|------------------|---------------------------------------|
| Maria Grazia Antola (Banks) | +39 02 8794 1114 | maria.antola@intesasnpaolo.com |
| Alessandro Chiodini (Utilities) | +39 02 8794 1115 | alessandro.chiodini@intesasnpaolo.com |
| Dario Fasani (Industrials) | +39 334 1189282 | dario.fasani@intesasnpaolo.com |
| Melanie Gavin (Telecoms, Industrials) | +39 02 8794 1118 | melanie.gavin@intesasnpaolo.com |
| Maria Gabriella Tronconi (Industrials) | +39 02 8794 1117 | maria.tronconi@intesasnpaolo.com |
| Barbara Pizzarelli (Clearing & Data Processing) | +39 02 8794 1116 | barbara.pizzarelli@intesasnpaolo.com |

Technical Analysis

| | | |
|-----------------|------------------|------------------------------------|
| Corrado Binda | +39 02 8021 5763 | corrado.binda@intesasnpaolo.com |
| Sergio Mingolla | +39 02 8021 5843 | antonio.mingolla@intesasnpaolo.com |

Clearing & Data Processing

| | | |
|----------------------------------|------------------|---------------------------------------|
| Anna Whatley | +39 02 8794 9824 | anna.whatley@intesasnpaolo.com |
| Stefano Breviglieri | +39 02 8794 9816 | stefano.breviglieri@intesasnpaolo.com |
| Annita Ricci | +39 02 8794 9823 | annita.ricci@intesasnpaolo.com |
| Wendy Ruggeri | +39 02 8794 9811 | wendy.ruggeri@intesasnpaolo.com |
| Elisabetta Bugliesi (IT support) | +39 02 8794 9877 | elisabetta.bugliesi@intesasnpaolo.com |

Intesa Sanpaolo – IMI Corporate & Investment Banking Division

| | | |
|--|------------------|----------------------------------|
| Bernardo Bailo - Head of Global Markets Sales | +39 02 7261 2308 | bernardo.bailo@intesasnpaolo.com |
|--|------------------|----------------------------------|

Equity Sales

| | | |
|-------------------------|-----------------|------------------------------------|
| Giorgio Pozzobon | +39 02 72615616 | giorgio.pozzobon@intesasnpaolo.com |
|-------------------------|-----------------|------------------------------------|

Institutional Sales

| | | |
|--|------------------|---------------------------------------|
| Catherine d'Aragon | +39 02 7261 5929 | catherine.daragon@intesasnpaolo.com |
| Carlo Cavallieri | +39 02 7261 2722 | carlo.cavallieri@intesasnpaolo.com |
| Francesca Guadagni | +39 02 7261 5817 | francesca.guadagni@intesasnpaolo.com |
| Paolo Maria Lenzi | +39 02 7261 5114 | paolo.lenzi@intesasnpaolo.com |
| Stefano Ottavi | +39 02 7261 2095 | stefano.ottavi@intesasnpaolo.com |
| Federica Repetto | +39 02 7261 5517 | federica.repetto@intesasnpaolo.com |
| Daniela Stucchi | +39 02 7261 5708 | daniela.stucchi@intesasnpaolo.com |
| Mark Wilson | +39 02 7261 2758 | mark.wilson@intesasnpaolo.com |
| Carlo Castellari (Corporate Broking) | +39 02 7261 2122 | carlo.castellari@intesasnpaolo.com |
| Roberta Pupeschi (Corporate Broking) | +39 02 72616363 | roberta.pupeschi@intesasnpaolo.com |
| Francesco Riccardi (Corporate Broking) | +39 02 7261 5966 | francesco.riccardi@intesasnpaolo.com |
| Laura Spinella (Corporate Broking) | +39 02 7261 5782 | laura.spinella@intesasnpaolo.com |
| Alessandro Bevacqua | +39 02 7261 5114 | alessandro.bevacqua@intesasnpaolo.com |
| Lorenzo Pennati (Sales Trading) | +39 02 7261 5647 | lorenzo.pennati@intesasnpaolo.com |

Equity Derivatives Institutional Sales

| | | |
|------------------------|------------------|---------------------------------------|
| Emanuele Manini | +39 02 7261 5936 | emanuele.manini@intesasnpaolo.com |
| Francesca Dizione | +39 02 7261 2759 | francesca.dizione@intesasnpaolo.com |
| Enrico Ferrari | +39 02 7261 2806 | enrico.ferrari@intesasnpaolo.com |
| Stefan Gess | +39 02 7261 5927 | stefan.gess@intesasnpaolo.com |
| Edward Lythe | +44 207 894 2456 | edward.lythe@intesasnpaolo.com |
| Ferdinando Zamprota | +39 02 7261 5577 | ferdinando.zamprota@intesasnpaolo.com |

| | | |
|---|------------------|--|
| Gherardo Lenti Capoduri – Head of Market Hub | +39 02 7261 2051 | gherardo.lenticapoduri@intesasnpaolo.com |
|---|------------------|--|

E-commerce Distribution

| | | |
|----------------------|------------------|--|
| Massimiliano Raposio | +39 02 7261 5388 | massimiliano.raposio@intesasnpaolo.com |
|----------------------|------------------|--|

Intesa Sanpaolo IMI Securities Corp.

| | | |
|---|-----------------|------------------------------------|
| Barbara Leonardi (Equity Institutional Sales) | +1 212 326 1232 | barbara.leonardi@intesasnpaolo.com |
| Greg Principe (Equity Institutional Sales) | +1 212 326 1233 | greg.principe@intesasnpaolo.com |