

Sales Steadily Marching Toward New Heights

ADD | Fair Value: €4.15 (€4.18) | Current Price: €3.14 | Upside: +32.1%

€ Million	FY20A	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E	FY27E
Sales Revenues	51.8	64.7	76.3	85.4	94.7	100.3	105.6	110.3
EBITDA	3.7	8.5	9.4	9.3	9.3	11.2	13.3	15.3
margin	7.2%	13.1%	12.3%	10.9%	9.8%	11.2%	12.6%	13.9%
Net Profit	(1.9)	3.6	4.2	4.2	4.5	6.2	7.8	9.6
margin	-3.7%	5.6%	5.5%	4.9%	4.8%	6.1%	7.4%	8.7%
EPS	-0.11	0.20	0.23	0.24	0.26	0.35	0.44	0.54
NFP	11.0	2.3	0.1	0.2	(1.3)	(6.2)	(12.8)	(21.5)

Source: Company Data (2020-2023), KT&Partners' Elaboration (2024-2027)

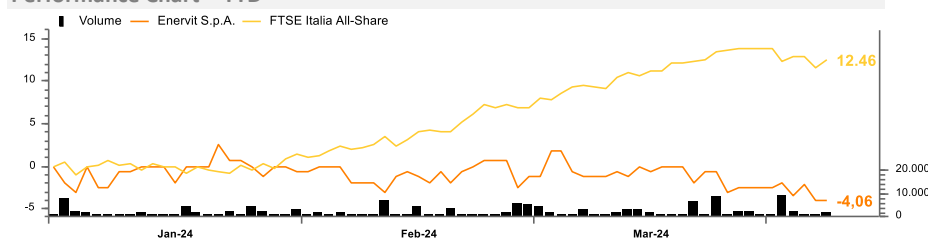
FY23 Financial Results. On March 14, 2024, Enervit SpA announced its financial results for the FY23, showing €85.4mn of consolidated revenues, beating our expectation of €82.8mn. Notably, the direct sales channel experienced a strong performance, rising by 54.7% YoY to reach €5.7mn, now weighting 6.6% of the Company's sales, thanks to the Company's adaptability and strategic emphasis on digital sales platforms. In FY23, EBITDA stood at €9.3mn, staying in line with FY22 and beating our estimate of €9mn, although the EBITDA margin contracted by 1.4pp to 10.9% (in line with our projections) primarily due to higher utilities costs following the rise in global energy prices, higher transportation expenses greater marketing expenses aimed at boosting sales. FY23 net income came in at €4.2mn, confirming the previous year's performance and exceeding our projection of €3.8mn. Finally, FY23 NFP stood at €0.2mn, in line with FY22 (€0.1mn), despite the higher dividend outflows (€2.3mn in FY23A vs. €2mn in FY22A) and ca. €1.8mn of cash disbursement for the acquisition of 50% of Enervit Nutrition SL.

Acquisition of Enervit Nutrition SL. On November 6, 2023, Enervit SpA made a significant strategic move by signing a binding agreement to acquire the remaining 50% stake in Enervit Nutrition SL from Laboratorios Farmacéuticos ROVI, securing full ownership of its Spanish branch for a total cash out consideration of €1.8mn. This JV, established in 2016, has been pivotal in distributing Enervit products across Spain and Portugal, with the aim of becoming a market leader in these regions. The collaboration with Laboratorios Farmacéuticos ROVI, a major player in the Spanish pharmaceutical industry, was instrumental in the venture's success, leveraging ROVI's distribution network and industry expertise. The acquisition consolidates Enervit's footprint in a key region for the Company's international strategy and helps the Group to move its international expansion plans forward.

Estimates. In light of FY23A financial results and after the Enervit Nutrition SL joint venture acquisition, we revised upward our sales estimates taking in consideration a higher organic sales growth following better-than-estimated FY23A sales and the contribution of Enervit Nutrition SL cautiously forecasted in line with past years' performance (€3mn). Therefore, we now anticipate FY24E total revenues to reach €95mn, growing by +10.3% YoY, higher than our previous estimate of €90.1mn. At the EBITDA level, we downward revised our estimates to consider: i) the remarkable raise in cocoa costs (caused by climate-change-linked issues), ii) higher transportation costs, and iii) higher marketing expenses. We now project FY24E EBITDA to remain stable at €9.3mn, thereafter growing by a 13.2% CAGR23A-27E to reach €15.3mn in FY27E. We foresee a contraction in the EBITDA margin compared to FY23A due to the impact of the Enervit Nutrition SL acquisition; nevertheless, we expect the acquisition to bring costs optimization and economies of scale which would enhance the EBITDA margin from 9.8% in FY24E to 13.9% in FY27E. Regarding the NFP, we project an improvement to a net cash position of -€0.4mn in FY24E, with further enhancement in the subsequent years, to reach -€21.5mn in FY27E, thanks to a lower TWC cash uptake.

Valuation. Our valuation – based on DCF and market multiples method (EV/EBITDA and P/E) – returns an average equity value of €73.8mn or a fair value of €4.15ps, showing a potential upside of +32.1% on current market price.

Performance Chart – YTD



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Research Update

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Market Data

Main Shareholders	
Alberto Sorbini	17.74%
Giuseppe Sorbini	17.74%
Maurizia Sorbini	14.78%
Duke Investment Srl	31.09%
Mkt Cap (€ mn)	57.0
EV (€ mn)	57.0
Shares out.	17.8
Free Float	18.7%

Market multiples	2023	2024	2025
EV/EBITDA			
Enervit S.p.A.	6.1x	6.2x	5.1x
Comps Median	9.2x	7.6x	7.0x
Enervit S.p.A. vs Median	-33%	-19%	-27%
P/E			
Enervit S.p.A.	13.5x	12.5x	9.2x
Comps Median	15.4x	12.8x	11.2x
Enervit S.p.A. vs Median	-12%	-2%	-17%

Stock Data

52 Wk High (€)	3.44
52 Wk Low (€)	2.70
Avg. Daily Trading 90d	1,875
Price Change 1w (%)	0.64
Price Change 1m (%)	-0.63
Price Change YTD (%)	-1.88

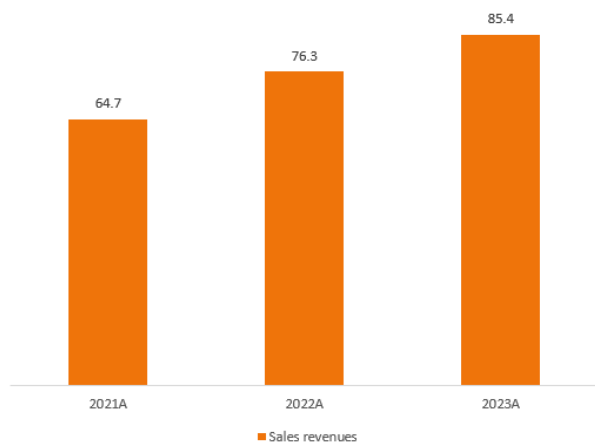
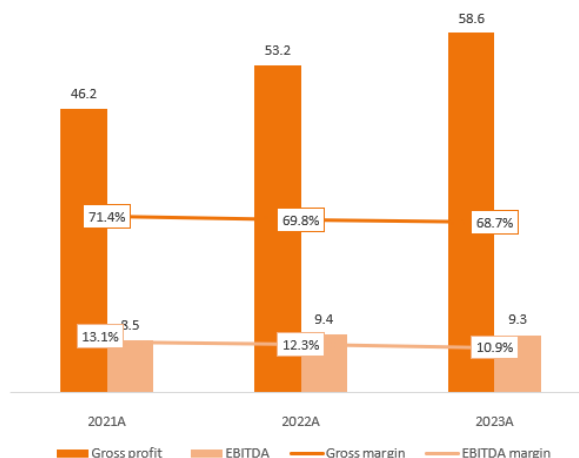
Key Figures – Enervit SpA

Current price (€)	Fair price (€)		Sector					Free Float (%)
3.14	4.15		Food Supplement					18.7%
Per Share Data	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E
Total shares outstanding (mn)	17.80	17.80	17.80	17.80	17.80	17.80	17.80	17.80
EPS	-0.11	0.20	0.23	0.24	0.26	0.35	0.44	0.54
Dividend per share (ord)	n.a.	n.a.	11%	13%	n.a.	n.a.	n.a.	n.a.
Dividend pay out ratio (%)	n.a.	n.a.	48%	n.a.	n.a.	n.a.	n.a.	n.a.
Profit and Loss (EUR million)	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E
Total Revenues	51.8	64.7	76.3	85.4	94.7	100.3	105.6	110.3
EBITDA	3.7	8.5	9.4	9.3	9.3	11.2	13.3	15.3
EBIT	-	2.0	4.6	5.5	5.4	7.5	9.5	11.7
EBT	-	2.4	4.5	5.4	5.1	5.7	7.7	9.8
Taxes	0.5	(0.9)	(1.2)	(0.9)	(1.1)	(1.5)	(2.0)	(2.4)
Tax rate	22%	20%	23%	18%	20%	20%	20%	20%
Net Income	-	1.9	3.6	4.2	4.5	6.2	7.8	9.6
Net Income attributable to the Group	-	1.9	3.6	4.2	4.5	6.2	7.8	9.6
Balance Sheet (EUR million)	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E
Total fixed assets	30.7	27.9	26.7	25.1	23.4	21.7	20.0	18.4
Net Working Capital (NWC)	4.9	2.5	4.0	7.3	9.8	10.5	11.1	11.3
Provisions	(1.8)	(1.7)	(1.2)	(1.2)	(1.2)	(1.3)	(1.3)	(1.3)
Total Net capital employed	33.7	28.8	29.5	31.2	32.0	30.9	29.8	28.4
Net financial position/(Cash)	11.0	2.3	0.1	0.2	(1.3)	(6.2)	(12.8)	(21.5)
Total Shareholder's Equity	22.8	26.5	29.4	31.0	33.2	37.1	42.6	49.9
Cash Flow (EUR million)	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E
Net operating cash flow	4.3	7.6	8.2	8.3	8.2	9.7	11.4	13.0
Change in NWC	0.5	2.4	(1.4)	(3.3)	(2.5)	(0.7)	(0.7)	(0.2)
Capital expenditure	(0.0)	(1.4)	(2.1)	(2.2)	(2.0)	(2.0)	(2.0)	(2.0)
Other cash items/Uses of funds	(2.0)	0.2	(1.0)	(0.1)	-	-	-	-
Free cash flow	2.7	8.7	3.6	2.7	3.6	7.0	8.7	10.8
Enterprise Value (EUR million)	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E
Market Cap	59.8	68.4	58.0	57.0	55.9	55.9	55.9	55.9
Net financial position/(Cash)	11.0	2.3	0.1	0.2	(1.3)	(6.2)	(12.8)	(21.5)
Enterprise value	70.8	70.7	58.1	57.2	54.6	49.7	43.1	34.4
Ratios (%)	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E
EBITDA margin	7.2%	13.1%	12.3%	10.9%	9.8%	11.2%	12.6%	13.9%
EBIT margin	-3.9%	7.2%	7.2%	6.3%	5.8%	7.5%	9.0%	10.6%
Gearing - Debt/equity	48.2%	8.7%	0.3%	0.6%	-3.9%	-16.6%	-30.0%	-43.0%
Interest cover on EBIT	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	120.9%	90.1%
NFP/EBITDA	2.94x	0.27x	0.01x	0.02x	-0.14x	-0.55x	-0.96x	-1.40x
ROCE	-6.0%	16.1%	18.7%	17.2%	17.2%	24.2%	32.0%	41.1%
ROE	-8.3%	13.6%	14.2%	13.6%	13.7%	16.6%	18.4%	19.2%
EV/Sales	1.1x	0.9x	0.7x	0.7x	0.6x	0.6x	0.5x	0.5x
EV/EBITDA	15.3x	6.7x	6.1x	6.1x	6.2x	5.1x	4.3x	3.7x
P/E	-30.0x	15.8x	13.7x	13.5x	12.5x	9.2x	7.3x	6.0x
Free cash flow yield	4.8%	15.2%	6.3%	4.7%	6.4%	12.3%	15.3%	18.8%
Growth Rates (%)	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E
Sales	-18.7%	24.9%	17.8%	11.9%	10.9%	6.0%	5.2%	4.4%
EBITDA	-27.6%	n.m.	10.9%	-1.1%	-0.5%	21.2%	18.4%	15.2%
EBIT	n.m.	n.m.	18.8%	-2.7%	2.6%	35.9%	27.4%	22.5%
Net Income	n.m.	n.m.	15.8%	1.1%	7.9%	35.6%	27.3%	22.0%

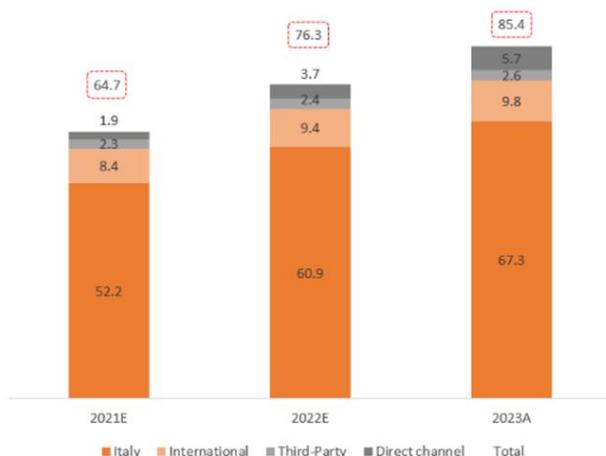
Source: Company Data (2020-2023), KT&Partners' Forecasts (2024-2027)

Key Charts

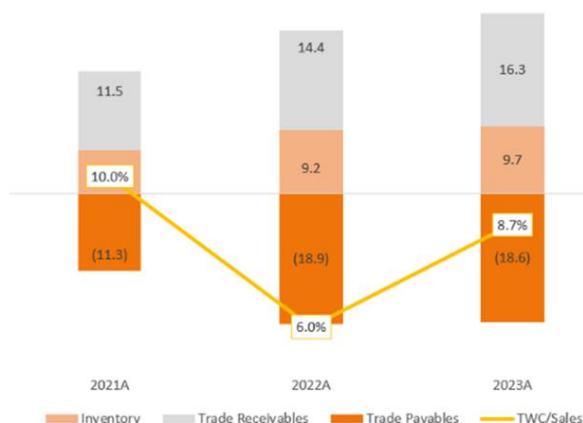
Sales Revenues (€mn)

Gross Profit and EBITDA (€mn, %)¹

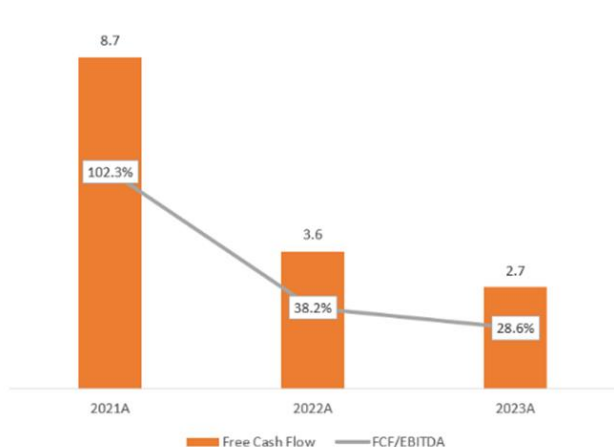
Sales Revenues Breakdown by Business Unit (€mn)



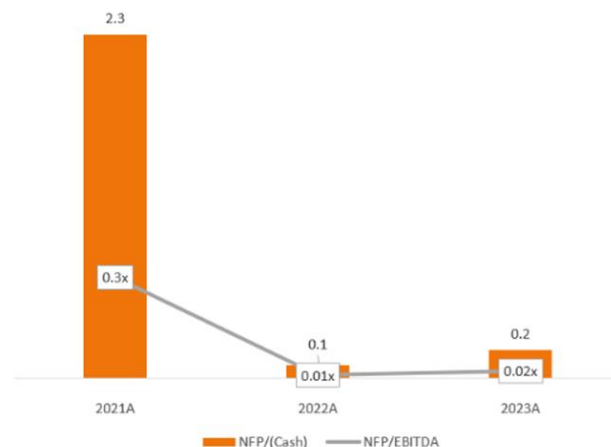
Trade Working Capital (€mn, %)



Free Cash Flow and FCF/EBITDA (€mn, %)



NFP and NFP/EBITDA (€mn)

¹ Margins are calculated on Sales Revenues

Overview

Company description

Enervit SpA is an historic Italian company active in the nutraceutical and food supplement sector. The Company, born 70 years ago by a visionary idea of its founder, Mr. Paolo Sorbini, who sees before all the increasing popularity of food supplements and people's attention to nutrition, is now a brand recognized worldwide and endorsed by the most important athletes of various sport disciplines.

Throughout all these years, Enervit SpA has constantly renewed its offer, launching new brands and product lines to meet both the nutraceutical scientific breakthrough and the mass market trends. This approach of balancing what consumers demand with what the scientific community discovers has always represented a key pillar of Enervit's success. Indeed, Enervit's product portfolio includes 7 different brands (Enervit, Enervit Gymline, EnerZona, Enervit Protein, Enervit Break, The Protein Deal, Nientemeno) which cover 3 areas: i) Sport Fitness & Active Nutrition; ii) Balance & Wellness Nutrition; and iii) Diet Nutrition.

The production activity of the Group is concentrated in two plants, located in Zelbio and Erba, both in the Como Province. The former plant, which is the historic production site of the Group, opened in 1973, is now dedicated to the production of products as powders, gel, protein shake, capsules, and other products. The latter plant is a state-of-the-art manufacturing site completely dedicated to the bars production via two distinct lines that guarantee a yearly production capacity of 70 million bars.

Investment case

- ***The Italian Leading Sports Nutrition Company...*** Thanks to an extensive know-how matured in decades of experience, scientific research, field tests, and a premium quality product, Enervit SpA has been able to conquer the Italian leadership in the sports, healthy snacking, wellness and slimming nutrition arena with a market share of 37.4%.
- ***...Always Being Able to Innovate...*** Since its foundation, Enervit SpA has always been attentive to merge behavioral customers' changes with the guidance from the scientific community, providing year-after-year solutions that meet both their needs and nutritional requirements.
- ***...And to Reach an Increasing Customer Base Through a Widespread Network Distribution...*** The Company could boast a widespread presence over different distribution channels (GDO, pharmacies and para-pharmacies, gyms and sport centers, online sales, and flagships stores). This multi-channel strategy, alongside a multi-brand offer, has allowed Enervit to reach a broader audience, marketing different products in accordance with the specific customer profile of each distribution channel.
- ***...In a Growing Market Fostered by an Increased Interest Over Healthy Snacking.*** According to a Global Data industry report, the European Sports, active and Healthy lifestyle nutrition market reached a size of \$4.8bn in 2023; the segment of Protein and Energy Bars was estimated to be worth \$1.6bn. In the next years, this segment is estimated to grow by a CAGR23-27E of 11.8%, leading to a market size of almost \$2.5bn, accelerating from the trend in the last 4 years (6.9% CAGR19-23).
- ***ESG as the Ground of Enervit's Cultural Company.*** Enervit SpA has promoted ESG values that has constantly guided the Company's business and characterized its offer. In these decades, Enervit SpA has taken part in numerous initiatives aimed at supporting local communities, preserving the environment, and promoting a healthy lifestyle.

Enervit Nutrition SL Acquisition

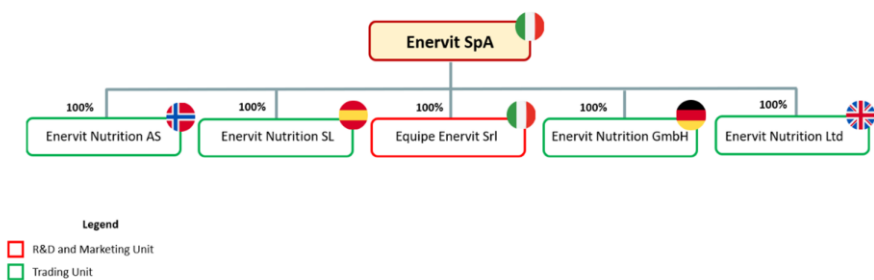
On November 6, 2023, Enervit SpA announced to have signed a binding agreement to acquire the remaining 50% stake owned by Laboratorios Farmacéuticos ROVI of the joint venture Enervit Nutrition SL, the Spanish branch of the Company, tasked with the distribution of Enervit products in Spain and Portugal. Enervit Nutrition SL was founded in 2016 with the purpose of marketing Enervit products and becoming a market leader in Spain and Portugal.

The partnership with Laboratorios Farmacéuticos ROVI, a leading Spanish pharmaceutical company, was instrumental in distributing several Enerzona-branded products through pharmacies, notably achieving market leadership in Spain with EnerZona Omega 3 RX. ROVI's management expertise and extensive pharmaceutical industry knowledge significantly contributed to the joint venture's success.

This acquisition increases Enervit SpA's stake in the Spanish branch from 50% to a full 100%, with the transaction amounting to a cash consideration of €1.8mn. This move is pivotal for Enervit, solidifying its presence in the Iberian Peninsula—a key region in its international strategy. It aims to optimize the subsidiary's operational processes, overseeing both indirect and online sales channels to enhance sales volumes and profitability in this strategic region.

Enervit Nutrition SL, whose 50% stake was previously evaluated using the equity method, will be fully consolidated within Enervit S.p.A. starting from the closing of the transaction. In 2022, the Spanish branch achieved a Net Income of €256k (vs €370k in 2021) and its value was estimated to be €2.2mn at FY22 (vs €2.0mn at FY21, +€183k YoY for the stake value after impairment).

Enervit's new Group Structure

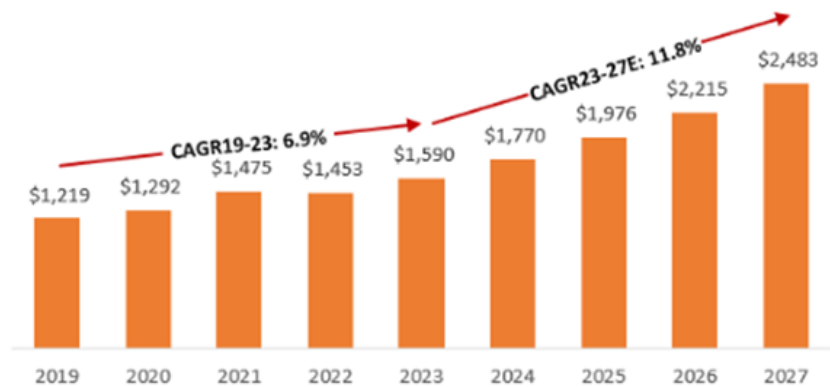


Source: KT&Partners' Elaborations on Company Data

Market Update

According to Global Data, the European Sports, active and Healthy lifestyle nutrition market in 2023 amounted to \$4.8bn. Within this market lies the segment of Protein and Energy Bars, which for the European region is estimated to be worth \$1.6bn. In the last 4 years, this segment grew by a CAGR19-23 of 6.9%, but future sales figures forecasts show that the growth is set to accelerate: estimation for 2024 sales indicate a YoY growth of 11.3% in 2024, while the 4-year CAGR in the 2023-2027 period is estimated to be 11.8%, leading to a market size of almost \$2.5bn. This would mean an overperformance in comparison to the wider Sports, active and Healthy lifestyle nutrition market in Europe, which is estimated to grow at a CAGR23-27 of 5.6%, leading to a market size of ca. \$6bn.

European Protein & Energy Bars Snapshots Historical and Forecasted Sales (\$mn)



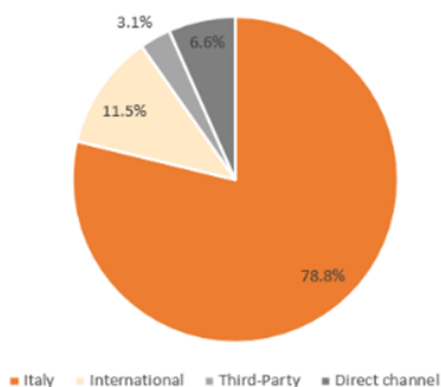
Source: Global Data. Protein Bars – Eastern & Western Europe, January 2024

FY2023 Financial Results

On March 14, 2024, Enervit SpA announced its financial results for the FY23, continuing to exhibit significant growth and aligning with the positive trend observed in previous years. Consolidated revenues reached €85.4mn in line with our expectation of €82.8mn, marking a 11.9% increase compared to 2022.

Examining the breakdown of revenues, the domestic market continues to be a crucial part of Enervit's sales, significantly contributing to its overall performance by accounting for 78.8% of sales and showing a year-over-year increase of 10.5%. However, it's important to highlight the sustained growth in the direct sales channel, which saw a remarkable increase of 54.7% YoY, reaching €5.7mn. This surge, particularly in e-commerce, reflects the company's adaptability and strategic emphasis on digital sales platforms, showcasing Enervit's ability to evolve with market demands and consumer preferences.

FY23 Sales' breakdown



Source: KT&Partners' Elaborations on Company Data

Notably, the EBITDA for FY23A stood at €9.3mn, perfectly in line with the previous year, beating our estimate of €9mn. However, the EBITDA margin experienced a contraction of 1.4pp, settling at 10.9%—which was in line with our projections. This reduction was primarily due to: i) an increase in utilities costs following the rise in global energy prices that significantly impacting the cost of electricity; ii) transportation expenses following the rise in oil prices, and iii) heightened marketing expenses aimed at boosting sales, including new TV campaigns.

Following deductions for depreciation and amortization (D&A) of €3.8mn, financial expenses of €0.2mn, and taxes amounting to €0.9mn, the Company reported a net profit of €4.2mn. This figure is consistent with the previous year's performance and notably exceeds our projection of €3.8mn.

FY20-23 Income Statement

€ million	FY20	FY21	FY22	FY23	YoY %	FY23E	A vs E %
Italy	41.4	52.2	60.9	67.3	10.5%	65.5	2.7%
International	7.1	8.4	9.4	9.8	4.3%	10.1	-3.0%
Third-Party	1.8	2.3	2.4	2.6	12.0%	2.5	6.6%
Direct channel	1.5	1.9	3.7	5.7	54.8%	4.7	20.4%
Sales Revenues	51.8	64.7	76.3	85.4	11.9%	82.8	3.2%
Growth %	-18.0%	24.9%	17.8%	11.9%		8.5%	
Other Revenues	0.4	0.4	0.3	0.8		0.3	
Total Revenues	52.2	65.2	76.6	86.1	12.5%	83.1	3.7%
Growth %	-18.1%	24.8%	17.5%	12.5%		8.5%	
Products and Raw materials	(15.4)	(19.0)	(23.3)	(27.5)		(26.2)	
Gross Profit	36.8	46.2	53.2	58.6	10.1%	56.9	3.0%
Gross Margin	71.0%	71.4%	69.8%	68.7%	-1.1%	68.8%	
Cost of Services	(20.7)	(23.6)	(29.5)	(34.8)		(32.6)	
Rental Costs	(0.3)	(0.2)	(0.2)	(0.3)		(0.2)	
Personnel Expenses	(11.9)	(13.8)	(14.0)	(14.1)		(15.0)	
Other Operating Expenses	(0.2)	(0.1)	(0.1)	(0.2)		(0.1)	
EBITDA	3.7	8.5	9.4	9.3	-1.1%	9.0	3.9%
EBITDA margin	7.2%	13.1%	12.3%	10.9%	-1.4%	10.8%	
Growth %	-27.6%	127.3%	10.9%	-1.1%		-4.8%	
D&A and Provisions	(5.8)	(3.8)	(3.9)	(3.9)		(4.0)	
EBIT	(2.0)	4.6	5.5	5.4	-2.7%	4.9	8.5%
EBIT margin	-3.9%	7.2%	7.2%	6.3%	-0.9%	6.0%	
Growth %	-215.5%	-329.0%	18.8%	-2.7%		-10.3%	
Financial Income and Expenses	(0.3)	(0.3)	(0.3)	(0.2)		(0.2)	
Extraordinary items	(0.1)	0.2	0.2	(0.0)		0.2	
EBT	(2.4)	4.5	5.4	5.1	-4.8%	5.0	3.7%
Taxes	0.5	(0.9)	(1.2)	(0.9)		(1.1)	
Tax Rate	21.7%	20.3%	22.9%	18.2%		22.9%	
Net Income	(1.9)	3.6	4.2	4.2	1.1%	3.8	10.1%
Net margin	-3.7%	5.6%	5.5%	4.9%	-0.5%	4.6%	

Source: Company Data; KT&Partner's estimates

As for the balance sheet, the value of fixed assets in FY23A decreased to €25.1mn from €26.7mn in FY22A, reflecting the impact of depreciation and amortization effects.

Finally, the Net Financial Position (NFP) for FY23A was reported at €0.2mn, consistent with the €0.1mn of FY22A, despite the increase in dividend disbursements (€2.3mn in FY23A compared to €2mn in FY22A) and the ca. €2mn of CAPEX, consisting for the most part of the investment for the acquisition of the 50% stake of Enervit Nutrition SL, which has impacted the NFP as the takeover was paid with €1.8mn of Enervit's own cash.

FY20-23 Balance Sheet

€ thousand	FY20A	FY21A	FY22A	FY23A	FY23E
Goodwill	5.8	5.8	5.8	5.8	5.8
Intangible	2.0	2.0	2.0	4.3	1.9
Tangible	19.7	17.1	15.4	13.6	13.2
Other LT Assets	3.2	2.9	3.5	1.4	3.5
Fixed Assets	30.7	27.9	26.7	25.1	24.3
Trade receivables	9.1	11.5	14.4	16.3	16.0
Inventory	6.4	6.2	9.2	9.7	10.5
Trade Payables	(9.8)	(11.3)	(18.9)	(18.6)	(17.1)
Trade Working Capital	5.7	6.5	4.6	7.4	9.5
Other assets and liabilities	(0.9)	(3.9)	(0.6)	(0.2)	(4.4)
Net Working Capital	4.9	2.5	4.0	7.3	5.1
Other Provisions	(1.8)	(1.7)	(1.2)	(1.2)	(2.3)
Net Capital Employed	33.7	28.8	29.5	31.2	27.1
Total shareholders' equity	22.8	26.5	29.4	31.0	30.9
Short-term debt / Cash (-)	(10.0)	(14.5)	(12.7)	(8.3)	(16.2)
Long-term liabilities	21.0	16.8	12.8	8.5	12.4
Net Financial Position	11.0	2.3	0.1	0.2	(3.8)
Sources	33.7	28.8	29.5	31.2	27.1

Source: Company Data; KT&Partner's estimates

Change in Estimates

In light of FY23A financial results and the strategic acquisition of the remaining 50% stake of Enervit Nutrition SL joint venture from Laboratorios Farmacéuticos, we revised our prior estimates.

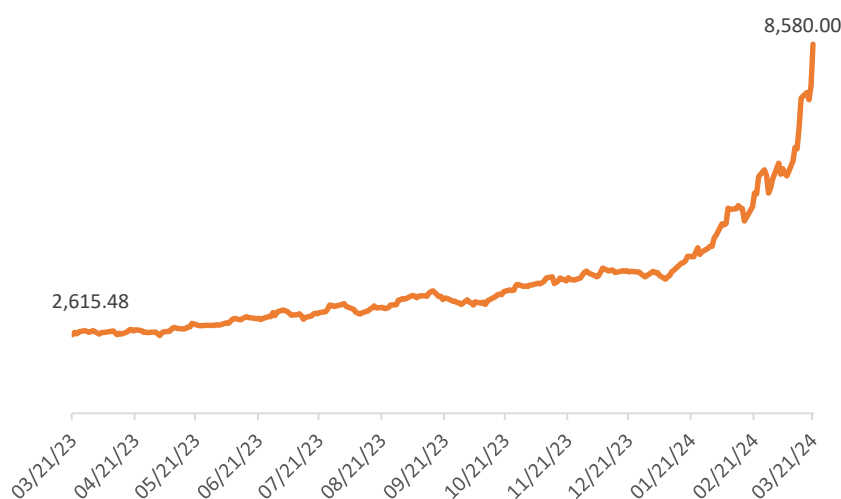
We now anticipate FY24E sales revenues to reach €94.7mn, marking a +10.9% YoY increase, which is higher than our previous estimate of €90.1mn as we include €3mn of revenues contribution per year from Enervit Nutrition SL. We have taken a cautious approach in estimating the revenues from Enervit Nutrition SL, aligning them with the performance observed in previous years. Additionally, with Enervit's FY23A sales surpassing our expectations, we have also adjusted our forecast for FY24E organic sales growth upwards. This revision reflects our confidence in Enervit's continued growth trajectory, bolstered by the recent consolidation of its Spanish branch, which is anticipated to significantly contribute to the company's overall performance and expansion strategy.

At the end of the forecasted period, we expect FY27E total revenues at €110.7mn, increasing at a CAGR2023A-2027E of 6.5% from the forecasted €95mn at the end of FY24E.

Looking at the EBITDA, nonetheless FY23A results above our estimate (€9.3mn vs €9mn), we downward revised our projections to account for the raising costs of cocoa, a key ingredient for Enervit, due to diminishing supply caused by climate change. The changing weather patterns have significantly impacted cocoa tree health and production. The last crop season's heavier rainfall led to an increase in diseases affecting cocoa trees. Currently, cocoa tree farmers in West Africa, a major cocoa-producing region, are grappling with dry temperatures and extreme winds resulting from this year's El Niño phenomenon.

Futures for cocoa have surged even more significantly, more than quadrupling within a single year to reach historical highs at \$8,580.

Cocoa's future 1Y trend (\$)



Source: KT&Partners' Elaborations on FactSet Data

In addition, we also anticipate an increase in marketing expenses in absolute terms, maintaining the previous year's proportion in relation to sales. This is based on our expectation that Enervit will continue to invest in the Company's visibility to counteract competition. Moreover, in our EBITDA estimate, we have included the impact of increasing transportation costs due to the rise in oil prices, although this cost is expected to remain consistent with the previous year in terms of its sales weight.

Given these factors, we project the FY24E EBITDA to remain stable at €9.3mn, to increase at a CAGR23A-27E of 13.2% reaching €15.3mn.

It is important to highlight an anticipated contraction in the EBITDA margin compared to FY23A also due to the extraordinary component in other revenues resulting from the acquisition of Enervit Nutrition SL accounted in FY23A. For the upcoming years, we expect other revenues to stabilize at approximately €0.4mn. Despite this, we foresee economies of scale in terms of costs across the forecast period, which are projected to enhance the EBITDA margin from 9.8% in FY24E to 13.9% in FY27E.

Looking at the bottom line, we estimate FY24E net income at €4.5mn with a net margin equal to 4.8%, reaching a net income of €9.6mn and a net margin of 8.7% in FY27E.

Regarding the Net Financial Position (NFP), we anticipate an improvement to a net cash position of -€0.4mn at the end of FY24E, with progressive enhancement in the subsequent years, reaching -€21.5mn in FY27E. This improvement is primarily attributed to a reduction in Trade Working Capital (TWC) cash absorption.

It's worth mentioning that our previous estimates factored in an increase in Provision for employees' termination pay, which led to an overestimated NFP. However, according to management, the company externalizes the severance pay, which influences our revised NFP expectations.

Change in Estimates

€ Millions	2021A Actual	2022A Actual	2023E Old	2023A Actual	Change	2024E Old	2024E New	Change	CAGR 2021A-24E	2025E Old	2025E New	Change	2026E Old	2026E New	Change	2027E New	CAGR 2023-27E
Sales Revenues	64.7	76.3	82.8	85.4	3.2%	89.7	94.7	5.5%	13.5%	97.1	100.3	3.4%	104.7	105.6	0.8%	110.3	6.6%
YoY Change (%)	24.0%	17.8%	8.5%	11.9%		5.1%	10.9%			8.2%	6.0%		7.9%	5.2%		5.3%	
EBITDA	8.5	9.4	9.0	9.3	3.9%	9.9	9.3	-6.4%	3.0%	10.9	11.2	3.0%	12.0	13.3	11.0%	15.3	13.2%
YoY Change (%)	127.3%	10.9%	-4.8%	-1.1%		6.3%	-0.5%			10.2%	21.2%		9.8%	18.4%		27.9%	
EBITDA Margin	13.1%	12.3%	10.8%	10.9%		11.0%	9.8%			11.2%	11.2%		11.4%	12.6%		13.9%	
EBIT	4.6	5.5	4.9	5.4	8.5%	5.6	5.5	-2.5%	5.9%	6.4	7.5	16.5%	7.3	9.5	31.3%	11.7	21.5%
YoY Change (%)	-329.0%	18.8%	-10.3%	-2.7%		5.3%	2.6%			13.7%	35.9%		13.1%	27.4%		60.9%	
EBIT Margin	7.2%	7.2%	6.0%	6.3%		6.3%	5.8%			6.6%	7.5%		6.9%	9.0%		10.6%	
Net Income	3.6	4.2	3.8	4.2	10.1%	4.2	4.5	9.0%	8.1%	5.0	6.2	22.6%	5.7	7.8	37.2%	9.6	22.8%
YoY Change (%)	-289.4%	15.8%	-8.2%	1.1%		-1.0%	7.9%			-9.6%	35.6%		-7.2%	27.3%		67.4%	
Net Margin	5.6%	5.5%	4.6%	4.9%		4.6%	4.8%			5.2%	6.1%		5.5%	7.4%		8.7%	
NFP	2.3	0.1	(3.8)	0.2	3.9	(9.5)	(1.3)	8.2		(16.2)	(6.2)	10.1	(23.5)	(12.8)	10.7	(21.5)	

Source: Company Data (2021–23), KT&Partners' Estimates (2024–27)

FY20A-27E Income Statement

€ Millions	FY20A	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E	FY27E	CAGR 23A-27E
Italy	41.4	52.2	60.9	67.3	72.4	77.1	81.4	85.1	6.0%
International	7.1	8.4	9.4	9.8	13.2	13.7	14.1	14.6	10.5%
Third-Party	1.8	2.3	2.4	2.6	2.8	3.0	3.2	3.3	6.0%
Direct channel	1.5	1.9	3.7	5.7	6.2	6.5	6.9	7.2	6.2%
Sales Revenues	51.8	64.7	76.3	85.4	94.7	100.3	105.6	110.3	6.6%
Other Revenues	0.4	0.4	0.3	0.8	0.4	0.4	0.4	0.4	
Total Revenues	52.2	65.2	76.6	86.1	95.0	100.7	106.0	110.7	6.5%
COGS	(15.4)	(19.0)	(23.3)	(27.5)	(32.2)	(33.6)	(34.8)	(35.8)	
Gross Profit	36.8	46.2	53.2	58.6	62.9	67.1	71.2	74.9	6.3%
Gross Margin	71.0%	71.4%	69.8%	68.7%	66.4%	66.9%	67.4%	67.9%	
Cost of Services	(20.7)	(23.6)	(29.5)	(34.8)	(38.0)	(39.9)	(41.6)	(43.1)	
Rental Costs	(0.3)	(0.2)	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	
Personnel Expenses	(11.9)	(13.8)	(14.0)	(14.1)	(15.1)	(15.5)	(15.8)	(16.0)	
Other Operating Expenses	(0.2)	(0.1)	(0.1)	(0.2)	(0.1)	(0.1)	(0.2)	(0.2)	
EBITDA	3.7	8.5	9.4	9.3	9.3	11.2	13.3	15.3	13.2%
EBITDA margin	7.2%	13.1%	12.3%	10.9%	9.8%	11.2%	12.6%	13.9%	
D&A and Provisions	(5.8)	(3.8)	(3.9)	(3.9)	(3.8)	(3.7)	(3.7)	(3.6)	
EBIT	(2.0)	4.6	5.5	5.4	5.5	7.5	9.5	11.7	21.5%
EBIT margin	-3.9%	7.2%	7.2%	6.3%	5.8%	7.5%	9.0%	10.6%	
Financial Income and Expenses	(0.3)	(0.3)	(0.3)	(0.2)	(0.1)	(0.0)	(0.0)	(0.0)	
Income/ (Losses) from controlled companies	(0.1)	0.2	0.2	(0.0)	0.2	0.3	0.3	0.3	
EBT	(2.4)	4.5	5.4	5.1	5.7	7.7	9.8	12.0	23.5%
Taxes	0.5	(0.9)	(1.2)	(0.9)	(1.1)	(1.5)	(2.0)	(2.4)	
Tax Rate	21.7%	20.3%	22.9%	18.2%	20.0%	20.0%	20.0%	20.0%	
Net Income	(1.9)	3.6	4.2	4.2	4.5	6.2	7.8	9.6	22.8%
Net margin	-3.7%	5.6%	5.5%	4.9%	4.8%	6.1%	7.4%	8.7%	

Source: Company Data for 2020A-2023A; KT&Partners's Elaborations for 2024E-2027E

FY20A-27E Balance Sheet

€ Millions	FY20A	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E	FY27E
Goodwill	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8
Intangible	2.0	2.0	2.0	4.3	4.1	3.9	3.6	3.4
Tangible	19.7	17.1	15.4	13.6	12.1	10.6	9.1	7.8
Other LT Assets	3.2	2.9	3.5	1.4	1.4	1.4	1.4	1.4
Fixed Assets	30.7	27.9	26.7	25.1	23.4	21.7	20.0	18.4
Trade receivables	9.1	11.5	14.4	16.3	19.6	20.7	21.8	22.1
Inventory	6.4	6.2	9.2	9.7	11.4	11.9	12.3	12.7
Trade Payables	(9.8)	(11.3)	(18.9)	(18.6)	(21.0)	(22.0)	(22.9)	(23.2)
Trade Working Capital	5.7	6.5	4.6	7.4	9.9	10.6	11.3	11.5
Other assets and liabilities	(0.9)	(3.9)	(0.6)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Net Working Capital	4.9	2.5	4.0	7.3	9.8	10.5	11.1	11.3
Net Capital Employed	33.7	28.8	29.5	31.2	32.0	30.9	29.8	28.4
Total shareholders' equity	22.8	26.5	29.4	31.0	33.2	37.1	42.6	49.9
Short-term debt / Cash (-)	(10.0)	(14.5)	(12.7)	(8.3)	(9.4)	(13.9)	(20.1)	(28.4)
Long-term liabilities	21.0	16.8	12.8	8.5	8.1	7.7	7.3	6.9
Net Financial Position	11.0	2.3	0.1	0.2	(1.3)	(6.2)	(12.8)	(21.5)
Sources	33.7	28.8	29.5	31.2	32.0	30.9	29.8	28.4

Source: Company Data for 2020A-2023A; KT&Partners's Elaborations for 2024E-2027E

Valuation

Following Enervit SpA's future financials projections, we have carried out our valuation using the multiples and DCF methods. Our fair value is the result of:

1. EV/EBITDA and P/E multiples which return a value of €2.44 per share;
2. DCF analysis based on WACC of 10.5% and 1.0% perpetual growth, which returns a value of €5.86 per share.

The average of the two methods yields a fair value of €4.15ps or an equity value of €73.8mn.

Valuation Range Recap

	Equity Value €mn	Value per share €
EV/EBITDA	41.8	2.35
P/E	45.1	2.53
Average - multiples	43.5	2.44
DCF	104.2	5.86
Average	73.8	4.15

Source: FactSet, KT&Partners' elaborations

Market Multiples Valuation

Following our comps analysis, we evaluate the company by using the 2024–25 EV/EBITDA and P/E market multiples of the peer sample. Our valuation also includes a 20% liquidity/size discount and takes into account our estimates of Enervit SpA's EBITDA and Net Income for 2024 and 2025. We also considered FY23 NFP at €0.2mn.

Peer Comparison – Market Multiples 2023-2026

Company Name	Exchange	Market Cap	EV/SALES 2023	EV/SALES 2024	EV/SALES 2025	EV/SALES 2026	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBITDA 2026	EV/EBIT 2023	EV/EBIT 2024	EV/EBIT 2025	EV/EBIT 2026	P/E 2023	P/E 2024	P/E 2025	P/E 2026
Herbalife Ltd.	NYSE	740	0.6x	0.6x	0.5x	n.a.	6.8x	5.4x	4.6x	n.a.	9.2x	7.0x	5.8x	n.a.	6.1x	4.2x	3.2x	n.a.
USANA Health Sciences, Inc.	NYSE	828	0.6x	0.7x	0.6x	0.5x	5.2x	5.2x	4.9x	n.a.	6.3x	7.4x	6.4x	n.a.	14.2x	17.3x	15.1x	8.6x
Laboratorio Farmaceutico Erlo SpA	Milan	10	1.6x	1.2x	1.0x	0.9x	8.8x	4.3x	3.5x	2.8x	29.3x	6.5x	5.0x	3.9x	18.2x	10.9x	8.0x	6.3x
Glanbia Plc Sponsored ADR	US OTC	4,681	1.0x	1.3x	1.2x	1.2x	10.9x	10.3x	9.8x	9.2x	15.6x	13.5x	12.7x	11.8x	14.5x	13.9x	13.0x	12.0x
Simply Good Foods Co	NASDAQ	2,973	2.6x	2.6x	2.5x	2.3x	14.2x	12.8x	12.1x	11.3x	16.1x	14.2x	13.2x	12.5x	24.0x	17.9x	16.8x	15.0x
Average peer group		1,847	1.3x	1.3x	1.2x	1.2x	9.2x	7.6x	7.0x	7.8x	15.3x	9.7x	8.6x	9.4x	15.4x	12.8x	11.2x	10.5x
Median peer group		828	1.0x	1.2x	1.0x	1.1x	8.8x	5.4x	4.9x	9.2x	15.6x	7.4x	6.4x	11.8x	14.5x	13.9x	13.0x	10.3x
Enervit S.p.A.	Milan	56	0.6x	0.6x	0.5x	0.5x	5.9x	5.9x	4.9x	4.1x	10.2x	10.0x	7.3x	5.7x	13.3x	12.3x	9.1x	7.1x

Source: FactSet, KT&P's Elaboration

We end up with our Enervit SpA's equity value of €41.8mn for EV/EBITDA and of €45.1mn through the P/E method.

EV/EBITDA Multiple Valuation

Multiple Valuation (€mn)	2024E	2025E
EV/EBITDA Comps	5.4x	4.9x
Enervit S.p.A. EBITDA	9.3	11.2
Enterprise value	49.9	55.2
Average Enterprise Value	52.5	
Liquidity/Size Discount	20%	
Enterprise Value Post-Discount	42.0	
Enervit S.p.A. FY23 Net Debt		0.2
Enervit S.p.A. FY23 Minorities	-	-
Equity Value	41.8	
Number of shares (mn)	17.8	
Value per Share €	2.4	

Source: FactSet, KT&P's Elaboration

P/E Multiple Valuation

Multiple Valuation (€mn)	2024E	2025E
P/E Comps	13.9x	13.0x
Enervit S.p.A. Net Income	4.2	4.2
Equity Value	58.0	54.7
Average Equity Value	56.3	
Liquidity/Size Discount	20%	
Equity Value Post-Discount	45.1	
Number of shares (mn)	17.8	
Value per Share €	2.5	

DCF Valuation

We have also conducted our valuation using a four-year DCF model, based on 11.6% cost of equity, 5% cost of debt, and a D/E ratio of 16.3% (Damodaran for drugs sector). The cost of equity is a function of the risk-free rate of 3.78% (Italian 10y BTP, last 3 months average) and the equity risk premium of 4.6% (Damodaran for a mature market). We, therefore, obtained 10.5% WACC.

We discounted 2024E-27E annual cash flow and considered a terminal growth rate of 1.0%; then we carried out a sensitivity analysis on the terminal growth rate (+/- 0.25%) and on WACC (+/- 0.25%).

DCF Valuation

€ Millions	2024E	2025E	2026E	2027E
EBIT	5.5	7.5	9.5	11.7
Taxes	(1.1)	(1.5)	(1.9)	(2.3)
D&A	3.7	3.7	3.7	3.6
Change in Net Working Capital	(2.5)	(0.7)	(0.7)	(0.2)
Change in Funds	0.0	0.0	0.0	0.0
Net Operating Cash Flow	5.6	9.0	10.7	12.8
Capex	(2.0)	(2.0)	(2.0)	(2.0)
FCFO	3.6	7.0	8.7	10.8
g	1.0%			
Wacc	10.5%			

FCFO (discounted)	3.4	5.4	6.0	10.8
Discounted Cumulated FCFO	25.5			
TV	114.5			
TV (discounted)	78.9			
Enterprise Value	104.4			
NFP FY2023A	0.2			
Equity Value	104.2			

Current number of shares (mn) 17.8

Value per share (€) 5.9

Source: FactSet, KT&P's Elaboration

Sensitivity Analysis

€ Millions		WACC				
Terminal growth Rate		11.0%	10.7%	10.5%	10.2%	10.0%
	0.5%	95.0	97.4	99.9	102.6	105.4
	0.8%	96.9	99.4	102.0	104.8	107.7
	1.0%	98.9	101.5	104.2	107.1	110.2
	1.3%	100.9	103.7	106.6	109.6	112.9
	1.5%	103.1	106.0	109.0	112.2	115.7

Source: KT&P's Elaboration

Appendix

Peer Comparison

In order to define Enervit SpA's peer sample, we carried out an in-depth analysis of the main global listed companies active in the nutraceutical industry. In selecting potential peers, we considered Enervit SpA's offering and revenue mix, business model, growth, and profitability profile.

For peer analysis, we built a sample of 6 companies, which includes:

- **Herbalife Nutrition:** listed on NYSE Stock Exchange with a market capitalization of €740mn, Herbalife Nutrition is a holding company that engages in the development and sale of nutrition solutions. The Group's offering includes numerous nutrition products that can be customized to meet individual needs and help consumers to achieve their wellness goals. The product portfolio is composed of meal replacements, protein shakes, teas, aloes, high-protein, snacks, vitamins and supplements, sport nutrition, and other nutrition products. In FY23, the Company achieved €4.7bn of sales revenues.
- **USANA:** listed on NYSE Stock Exchange with a market capitalization of €828mn, USANA develops and produces nutritional, personal care, and weight management products. The Company is known for embracing a holistically approach offering a diversified product portfolio that is aimed at promoting a healthy lifestyle and meeting the 8 company's tenets: whole-food based, low-glycemic diet, proper hydration, quality sleep, stress management, regular exercise, regular and consistent skincare mindfulness, and high-quality vitamin and mineral supplementation. In FY23, the Company achieved €852mn of sales revenues.
- **Laboratorio Farmaceutico Erfo:** listed on Borsa Italiana Stock Exchange with a market capitalization of €10mn, Erfo is an Italian research-based company active since 2013 in the development, production, and distribution of nutraceutical products. Erfo is active in the nutraceutical market through two business lines: i) Diètnatural, composed of 121 centers (13 are directly operated) through which Erfo distributes its proprietary products; and ii) Medical Division's offer to treat gastroenterological and urological diseases promoted through a network of Pharmaceutical Sales Representatives (PSR). In FY23, the Company achieved €6mn of sales revenues.
- **Glanbia:** listed on US OTC Stock Exchange with a market capitalization of €4.7bn, Glanbia engages in the manufacture and distribution of dairy and nutritional ingredients. It operates through the following segments: Glanbia Performance Nutrition, Glanbia Nutritionals, and Glanbia Ireland. The Glanbia Performance Nutrition segment manufactures and sells performance nutrition products. The Glanbia Nutritionals segment manufactures and sells cheese, dairy, and non-dairy nutritional ingredients. The Glanbia Ireland segment manufactures and sells cheese and dairy ingredients, and a range of consumer products from farm inputs. In FY23, the Company achieved €5bn of sales revenues.
- **Simply Good Foods:** listed on NASDAQ with a market capitalization of €3bn, Simply Good Foods is a consumer-packaged food and beverage company, which engages in the development, marketing, and sale of nutritional food and snacking products. Its products include nutrition bars, ready-to-drink shakes, snacks, confectionery, and frozen meals under the Atkins and Quest brands. In FY23, the Company achieved €1.2bn of sales revenues.

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- ADD - FOR A FAIR VALUE > 15% ON CURRENT PRICE
- HOLD - FOR A FAIR VALUE <15% o >-15% ON CURRENT PRICE
- REDUCE - FOR A FAIR VALUE < -15% ON CURRENT PRICE



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