

Company Note

## Seri Industrial

### Strong Potential at an Attractive Entry Price

FY21 results were hit by delays at Teverola 1 plant and higher energy costs in 4Q21, ending slightly below our expectations. Still, we highlight the positive momentum of all the activities of the company (organic sales in 1Q22 +17.8%) while the addition of the Li-ion battery business and the new JV with Unilever should allow Seri Industrial to surpass EUR 1Bn sales in 2024 (5.8x FY21 sales). In our view, this great potential is not reflected in the share price. We confirm our BUY rating with a new target price of EUR 12.2/sh.

#### FY21 and 1Q22 results

Overall FY21 results were slightly below our expectations, as in our forecasts was included a first contribution from Teverola 1 which has not materialised. Excluding Teverola 1, FY21 results were bang in line with our estimates, with a good improvement of both sales (+32%) and profitability (EBITDA adj. margin at 11.6% vs. 4.3% in FY20) even if EBIT and the bottom line were penalised by D&A for Teverola 1 and 2 plants. 1Q21 revenues showed a +17.8% yoy growth, in line with the company's budget, mostly thanks to growing volumes while the impact of higher selling prices was lower.

#### Outlook/Estimates

We revised our estimates incorporating Teverola 1 from 2H22, as the company should complete the certification of its batteries by the end of June. We also factored in some margin recovery for traditional activities, thanks to higher selling prices, but also the impact of a higher cost inflation. The result is an average reduction of 20% of our 2022-23E EBITDA forecasts. More important is the introduction of our 2024 estimates, which include the contribution of Teverola 2 and P2P (the JV with Unilever), which should lead to sales above EUR 1Bn, to an EBITDA margin above 17% and a net result above EUR 100M, numbers that confirm the impressive potential of Seri Industrial.

#### Valuation

We believe the share price drop (-29% YTD) represents an attractive opportunity for investors. **Our target price has been reduced to EUR 12.2/sh** (from EUR 13.8/sh) reflecting our new estimates but also a higher risk-free rate and equity risk premium. With a >75% upside, **we confirm our BUY rating**.

12 May 2022: 7:39 CET

Date and time of production

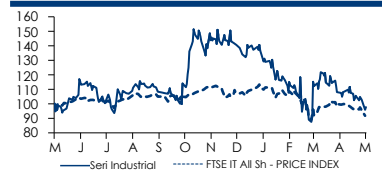
**BUY**

**Target Price: EUR 12.2**  
(from EUR 13.8)

Italy/Industrials  
Update

#### MTA

Price Performance  
(RIC: SERK.MI, BB: SERI IM)



#### Seri Industrial - Key Data

Price date (market close)	10/05/2022
Target price (EUR)	12.2
Target upside (%)	76.81
Market price (EUR)	6.90
Market cap (EUR M)	338.19
52Wk range (EUR)	10.7/6.2

Price performance %	1M	3M	12M
Absolute	-9.2	-13.4	-2.3
Rel. to FTSE IT All Sh	-2.4	1.7	5.4

Y/E Dec (EUR M)	FY21A	FY22E	FY23E
Revenues	157.7	260.2	330.0
EBITDA	20.11	36.36	54.01
EBIT	-0.88	13.86	30.88
Net income	-1.53	6.59	20.19
EPS (EUR)	0.01	0.14	0.42
Net debt/-cash	98.02	106.7	111.5
Adj P/E (x)	NM	47.7	16.3
EV/EBITDA (x)	22.6	12.3	8.3
EV/EBIT (x)	NM	32.2	14.6
Div ord yield (%)	0	0	0

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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## FY21 and 1Q22 Results

### FY21 results

Seri Industrial reported a good set of results in FY21, with a sharp sales acceleration and a strong improvement of the EBITDA margin, now close to 2019 level. However, the bottom line was hit by much higher D&A costs, coming to a negative net result of EUR 1.5M (positive for EUR 0.5M on adjusted basis). Overall, FY21 results were slightly below our expectations as in our forecasts was included a first contribution from Teverola 1 which has not materialized. Excluding Teverola 1, FY21 results were bang in line with our estimates.

**FY21 results in line with strong sales and EBITDA growth**

- **Sales up 32% in FY21:** Seri Industrial reported revenues broadly in line with our expectations and a strong growth in 4Q22 (+38.1%), even if Teverola 1 did not contribute. Consolidated revenues reached EUR 177.1M in FY21 including EUR 7.8M of internal work. In the second half of the year sales were up 22% vs. 2H20. In detail, Seri Plast (plastic materials) sales reached EUR 104.7M with a growth of 33.7% (+10% above estimates in 2H21), in line with our expectations, while FIB (lead-acid batteries) grew by 30.8% to EUR 74.6M, surpassing our estimates thanks to the strong acceleration reported in 4Q21 (+70%);

#### Seri Industrial – 4Q21 and FY21 Sales breakdown

EUR M	4Q20A	4Q21A	yoy %	2020A	2021A	yoy %
Plastics	26.3	30.7	16.6	78.3	104.7	33.7
Batteries	18.4	31.2	70.0	57.0	74.6	30.8
Others & corporate	-1.5	-2.2	50.2	-1.3	-2.1	60.9
<b>Total sales</b>	<b>43.2</b>	<b>59.7</b>	<b>38.1</b>	<b>134.0</b>	<b>177.1</b>	<b>32.2</b>

Source: Intesa Sanpaolo Research elaboration on company data

- **EBITDA margin reached 11.4%** compared with our 13.6% expectation due to the lack of revenues from Teverola 1 and to rising costs in the last part of the year (the company reported higher energy costs for EUR 1.3M in 4Q21), which are generally transferred to customers in a couple of months. Still, the margin strongly improved in 2H21 reaching 12.6% (13.3% on adjusted basis) compared with 3.9% in 2H20, driven by the volume recovery and higher production efficiencies. Seri Plast reach 10.7% margin and FIB 13.1%;

**Remarkable margin improvement in 2H21**

#### Seri Industrial – 1H21, 2H21 and FY21 EBITDA breakdown

EUR M	1H20A	1H21A	yoy %	2H20A	2H21A	yoy %	2020A	2021A	yoy %
Plastics	1.1	5.8	437.8	4.1	5.3	29.5	5.2	11.2	114.9
% margin	3.5	11.7		8.6	9.7		6.6	10.7	
Batteries	-0.2	2.9	NM	-0.3	6.9	NM	-0.4	9.8	NM
% margin	-0.7	10.8		-0.8	14.4		-0.7	13.1	

NM: not meaningful; Source: Intesa Sanpaolo Research elaboration on company data

- **Negative EBIT due to growing D&A costs:** as expected, Seri Industrial was hit by higher D&A costs as it started to amortise Teverola 1, which will generate sales only in 2022, with an impact of around EUR 9.5M and by D&A on Teverola 2 for EUR 1.3M. Stripping out these costs, EBIT would have been positive for EUR 9M with 5.1% margin;

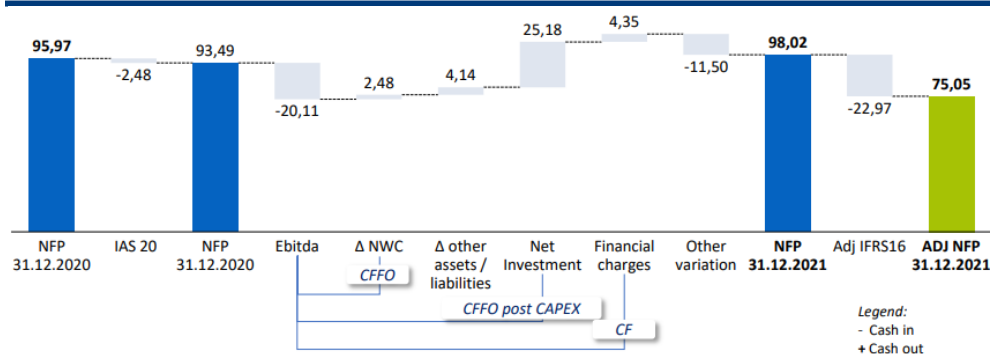
**Higher D&A costs depressed EBIT**

- **Net result negative for EUR 1.5M.** After EUR 3.8M of financial charges and a positive fiscal impact of EUR 3.2M the bottom line was negative for EUR 1.5M (EUR 0.5M on adjusted basis). In 2H21 net result was positive for EUR 2.6M. Seri Industrial will not distribute dividends;

■ **Net debt at EUR 98M, slightly above our estimates.** After capex for EUR 25.2M (which includes the IFRS 16 impact for EUR 11M), well above our EUR 14.7M estimate, net debt increased to EUR 98M compared with EUR 96M at Dec-20. We highlight that net debt includes the impact of IFRS16 for EUR 23M. On adjusted basis, net debt was EUR 75.0M vs. EUR 76.9M at Dec-20. We also highlight that cash flow from operating activities increased to EUR 17.6M in 2021A from EUR 10.9M in 2020A. NWC was equal to EUR 33.4M corresponding to 21.2% of sales vs. 26.1% in FY20 despite the increase of inventories (now at 145 days vs. 138 in FY20), which was compensated by lower trade receivables (85 days vs. 113 in FY20).

Stable net debt

## Seri Industrial – Net financial position bridge 2020-21



Source: Company data

## Industrial – 2H21 and FY21 results

EUR M	2H20A	2H21E	2H21A	2H A/E %	2H yoy %	2020A	2021E	2021A	A/E %	yoy %
Value of production	76.0	114.1	92.7	-18.8	21.9	134.0	184.5	177.1	-4.0	32.2
o/w Plastics	47.5	47.4	52.1	9.9	9.6	78.3	101.8	104.7	2.8	33.7
o/w Lead acid batteries	33.0	33.0	42.0	27.3	27.2	57.0	60.0	74.6	24.3	30.8
EBITDA	2.9	16.6	11.7	-29.4	297.5	3.1	25.0	20.1	-19.5	545.3
Margin (%)	3.9	14.5	12.6			2.3	13.6	11.4		
EBITDA Adj.	5.1	16.9	12.3	-27.2	142.7	5.7	25.0	20.5	-18.0	258.8
Margin (%)	6.7	14.8	13.3			4.3	13.6	11.6		
EBIT	-4.8	5.4	0.5	-90.8	NM	-10.6	4.0	-0.9	NM	-91.7
Margin (%)	-6.3	4.7	0.5			-7.9	2.2	-0.5		
Pre tax	-6.7	4.5	-1.6	NM	-76.8	-14.1	1.3	-4.7	NM	-66.6
Net Result attr.	3.3	5.1	2.6	-48.9	-22.1	-4.1	0.9	-1.5	NM	-63.3
Net Debt/(Cash)	96.0	86.8	98.0	12.9	2.1	96.0	86.8	98.0	12.9	2.1

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

## 1Q22 results

1Q22 revenues showed a +17.8% yoy growth, in line with the company's budget, mostly thanks to growing volumes while the impact of higher selling prices was lower. Nearly 60% of the revenues were with Italian customers (+27% vs. 1Q21), while 32% were with European customers and 5% with Asian customers (the company has a presence in China).

Sales up 17.8% in 1Q22, driven by volumes

Seri Plast (plastic materials) sales reached EUR 27.3M, with a growth of 18.2% in 1Q22, above our expectations. The positive performance has been equally registered between all the business lines: compound, pipes and fittings, boxes and lids.

Batteries (at this time lead-acid ones) posted a +17.0% yoy growth in revenues, thanks to higher volumes and selling prices.

The net financial position at the end of March stood at EUR 109.1M, slightly above Dec-21, when it was EUR 98.0M. We see this figure as positive, considering the production ramp-up at Teverola 1 (which is likely to be absorbing cash through NWC) and some one-off capex, linked again to the production ramp-up.

**NFP under control despite Teverola 1 ramp-up costs with no revenues yet**

#### Seri Industrial – 1Q22 revenues

EUR M	1Q20A	1Q21A	FY21A	1Q22A	1Q yoy	1Q vs. 1Q20A
Plastics	17.8	23.1	74.6	27.3	18.2	53.5
Electric batteries	12.3	12.5	104.7	14.6	17.0	19.0
Others & corporate & elision	-0.4	1.8	-2.1	2.1	18.6	NM
<b>Total sales</b>	<b>29.7</b>	<b>37.4</b>	<b>177.1</b>	<b>44.1</b>	<b>17.8</b>	<b>48.4</b>
Net debt	72.8	96.4	98.0	109.1	13.2	49.9

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

#### Recent events

- Warrant conversion:** since the beginning of the year, following the conversion periods of Dec-21 and Mar-22 of the UNO SERI 2017-22 warrants (10 warrants for each share with a strike price at EUR 5.03), the company increased its share number by 728.847 shares (now at 49.01M), or +1.5% of the share number before the conversions. The cash-in was EUR 3.7M. Residual warrants are now 82.0M, implying a potential cash-in of EUR 41.2M this year. We recall that warrants can be converted in the last ten days of the months of March, June, September and December;
- Business plan:** Seri Industrial will update its business plan within the end of June, adding the JV with Unilever to the revenues' target and supplying further forecasts. Following this step, the company targets to move to the STAR stock market segment (the free float could be easily increased thanks to the conversion of warrants and only the quarterly reporting has to be introduced);
- Teverola 1:** Seri Industrial is carrying out the certification of the lithium batteries. Being the first lithium battery internally produced offered to the market, this is a key step; after the stress tests to ensure the impedance of the cell have been successfully concluded, the first contracts should come as soon as the certification phase is completed (within 1H22). We recall that Teverola 1 production is based on LFP chemistry, with a water-based technology that simplifies the disposal of exhausted batteries through a clean hydro-process;
- Teverola 2:** In March, the Ministry of Economic Development (MISE) issued the long-awaited decree granting a concession, in the form of a contribution to the expenditure in favor of the subsidiary FIB, for an amount of EUR 417M on the total amount of aid that can be granted, defined on the basis of the nominal funding gap, equal to EUR 505.8M. We recall that Seri Industrial's Teverola 2 project implies an investment of EUR 505M (EUR 358.6M of capex and EUR 147.3M of opex, that is, research costs to be capitalised up to 2023 plus further R&D costs up to 2027 to develop the solid state battery), fully funded through grants, both on capex and

**Warrant conversion led to EUR 3.7M cash-in**

**New business plan and moving to STAR segment**

**Sales from Teverola 1 expected from July 2022**

**Teverola 2 ready to start**

operating costs, for the realisation of a Gigafactory upon completion of the research, development and industrialisation programme of cells, modules, and next generation Li-on battery systems, as well as the recycling of end-of-life lithium batteries. The Gigafactory (265,000 square meters, of which 82,000 covered operational from mid-2024) will have a capacity of 8-8.5 GWh/year (from 7.5-8 GWh announced previously). This increase is entirely due to the higher performance of the single cell and therefore it does not imply any additional investment. Seri Industrial is talking with a pool of banks to finalise a revolving credit line, lasting 4/5 months, advancing in this way the amount of the grant. In addition, we recall that the company can ask for an advancement of 20% of the total concession decree, or EUR 83M;

- **JV with Unilever:** The Pozzilli plant will be transferred free of charge to P2P (the JV with Unilever) within the end of June and the mass production of recycled plastic raw materials should start after 24 months. The investment of EUR 85-90M is on Seri Industrial, which is preparing the request to Invitalia for the funding (part by subsidised loans and part by non-repayable grants), which should be sent shortly. Seri Industrial has a call option to increase its stake in the JV (currently at 50%);
- **Seri Plast** is currently running close to 100% capacity and the company invested last year to increase the capacity from 25K tons to 30K tons. The demand remains strong with growing selling prices;
- **Russia:** the company has minimal revenues in the country (around EUR 0.15M) and no suppliers in Russia. Therefore, Seri Industrial does not see any risk coming from the current conflict. Still, there is an indirect risk coming from soaring energy costs (historically at around 6% of sales), as the company has a time gap of 1-3 months before transferring higher costs to selling prices (we recall that the negative impact in 4Q21 was EUR 1.3M).

**Pozzilli plant project ready to start**

**No exposure to the Russia-Ukraine conflict**

## Earnings Outlook

The company did not supply any guidance for 2022 but highlighted that the certification activities of the electric accumulators of Teverola 1 is underway and that a pool of banks is working to activate a specific revolving credit line dedicated to Teverola 2. The company is talking with the major suppliers of machinery for Teverola 2 and expects to finalise the contracts within June-22. Even if FY21 were slightly below our expectations, we believe that the strong sales growth reported in 2021, the ramp up of Teverola 1 production and the starting of the construction of Teverola 2 Gigafactory (which should start the production within the first half of 2024) all support our investment case.

Following FY21 results and 1Q22 sales, we revised our 2022-23E forecasts and added 2024E, which includes the first contribution of Teverola 2 and of the JV with Unilever. We expect a sales CAGR of 86%, mostly due to the addition in 2024E of the revenues stemming from Teverola 2 and P2P (the JV with Unilever) and from the sales of Teverola 1 from 2H22. The revenues "as is" are expected to grow at a CAGR of 7.2%. In detail, our sales projections point to:

- **Plastic:** a CAGR of 8% in 2021-23E with 2022E at +10% followed by a lower growth rate in 2023-24E;
- **Lead-acid batteries:** a limited growth this year (+3.3%) due to lower internal works and some constraints in the supply chain followed by +10% in 2023E and +5% in 2024E for a CAGR of 6.1% in 2021-24;
- **Teverola 1:** we assume that the plant should start to generate revenues in 2H22 with 180 MWh, which, at a price of EUR 400/KWh, could generate EUR 72M sales. The 330MWh/annum capacity should be nearly reached in 2023E which, prudentially assuming a decline of 3% of the selling prices, could generate EUR 124M revenues, which should remain substantially stable in 2024E;
- **Teverola 2:** we include the first contribution to consolidated revenues from the second half of 2024E and assume the production of 3 GWh (out of a total capacity of 8-8.5 GWh/year), which, at a price of EUR 200/KWh, would generate around EUR 600M sales. We recall that the average selling price of Teverola 2 should be much lower than the average price per KWh of Teverola 1, given that while Teverola 1 is targeting "niche" applications for motive power (i.e. forklifts, ground movement machines, light traction, telehandlers and so on), ESS, public transport, Naval and Defence, Teverola 2 will be a mass-production Gigafactory for motive power, storage and public transport applications;
- **P2P:** starting from the second half of 2024E we add to our estimates the contribution of the JV with Unilever. We recall that this innovative recycling plant has a production capacity of 130K ton/y and that Unilever is committed to acquiring 50% of the total output of recycled plastic raw materials (HDPE, PET, LPD, polypropylene) at a price already agreed, pinned on a pricing formula linked to the raw materials' price trend. In our 2024E forecasts we assume EUR 74M revenues. Starting from 2025E the plant will be at regime, i.e. able to generate sales for around EUR 200M p.a.

**No specific guidance for 2022**

**2021-24E sales CAGR at 86% thanks to the addition of new businesses**

## Seri industrial – Revenues breakdown

EUR M	2021A	2022E	2023E	2024E
Plastics	104.7	115.2	124.4	131.8
Lead-acid batteries	74.6	77.0	84.7	88.9
Teverola 1	0.0	72.0	124.2	124.1
Teverola 2	0.0	0.0	0.0	600.0
JV Unilever	0.0	0.0	0.0	74.0
Others, WIP, corporate & elision	-2.1	6.0	7.7	8.8
<b>Total sales</b>	<b>177.1</b>	<b>270.2</b>	<b>341.0</b>	<b>1027.7</b>
<b>% on consolidated sales</b>				
Plastics	59.1	42.6	36.5	12.8
Lead-acid batteries	42.1	28.5	24.8	8.7
Teverola 1	0.0	26.6	36.4	12.1
Teverola 2	0.0	0.0	0.0	58.4
JV Unilever	0.0	0.0	0.0	7.2

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

EBITDA margin is expected to grow significantly, reaching 17.1% in 2024E thanks to the new business, which should deserve higher profitability compared to Seri Industrial's traditional activities. In detail:

- **Plastic:** EBITDA margin should remain broadly stable at around 12%;
- **Lead-acid batteries:** we expect some margin improvement from 2023E when raw material and energy costs should soften, while in 2022E we forecast a stable margin;
- **Teverola 1:** we reduced our margin assumption for this year to 18% (from 25%) reflecting the cost inflation and the soaring raw material prices. In 2024E profitability should reach 25%, in line with our original forecast;
- **Teverola 2:** we believe this Gigafactory should be able to reach an EBITDA margin above 20% at full regime. For 2024E we are more prudent, considering that the plant will be in a ramp-up phase, and included a margin of 16% in our forecasts;
- **P2P:** Even if the company did not disclose the potential EBITDA margin of P2P, we believe it could be well above the profitability of Seri Plast (10.7% in FY21) mainly for two reasons: 1) the price formula agreed with Unilever, which protects P2P from raw material price fluctuations; and 2) the innovative sorting model of the plant, which allows to separate the waste material into different quality of plastics divided by colour and application (food and non-food), increasing in this way the quality and the pricing of the output. We expect this business to be able to generate a margin at around 25%.

**EBITDA margin expect to reach  
17.1% in 2024E**

## Seri industrial – EBITDA breakdown

EUR M	2021A	2022E	2023E	2024E
Plastics	11.2	13.4	15.1	16.0
Lead-acid batteries	9.8	10.0	12.3	12.9
Teverola 1	0.0	13.0	27.3	31.0
Teverola 2	0.0	0.0	0.0	96.0
JV Unilever	0.0	0.0	0.0	18.8
<b>Total EBITDA</b>	<b>20.1</b>	<b>36.4</b>	<b>54.0</b>	<b>173.7</b>
<b>% margin</b>				
Plastics	10.7	11.7	12.2	12.2
Lead-acid batteries	13.1	13.0	14.5	14.5
Teverola 1		18.0	22.0	25.0
Teverola 2				16.0
JV Unilever				25.4
<b>Consolidated EBITDA margin</b>	<b>11.4</b>	<b>13.5</b>	<b>15.8</b>	<b>17.1</b>

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Below the EBITDA line we incorporated EUR 21.5M of D&A in 2022 which should grow to nearly EUR 28M in 2024, thus leading to an EBIT margin which should top 14% in 2024. We recall that the D&A cost of Teverola 2 (around EUR 70M assuming that capex would be amortised in 5 years) should be offset by "other revenues" for the accrued contribution equal to the amortisation and therefore have no impact at P&L. Unlike the capex for Teverola 2, all the opex of the project - equal to EUR 74M in the period 2021-2025 (there is then an additional quota in the period 2026-2027) will be capitalised as intangible assets for research and development costs and fully amortised in the year in which they are allocated to costs.

Below the operating line, we incorporated in our estimates limited financial charges (EUR 5M this year) with a tax rate at around 28%. This should lead Seri Industrial to report a positive bottom line for >EUR 6M, which should grow to EUR 20M in 2023E and to >EUR 100M in 2024E with a net margin close to 10%.

We expect NFP to slightly increase in 2022 vs. 2021 due to NWC absorption for the production of Teverola 1. In 2023 and 2024 Seri Industrial should support the capex for the Pozzilli plant. Net debt / EBITDA adj. should be around 2.9x in 2022, but should rapidly decline thereafter, reaching 1.0x in 2024.

**The D&A costs of Teverola 2 are excluded from our 2024 estimate as they will be compensated by "other revenues"**

**We expect a strong growth of the bottom line**

## Seri industrial – Estimates revision (2022E-24E)

EUR M	2022E Old	2022E New	2022E New/Old %	2023E Old	2023E New	2023E New/Old %	2024E New
Sales	298.1	260.2	-12.7	320.7	330.0	2.9	1,015.6
Value of production	303.1	270.2	-10.9	325.7	341.0	4.7	1,027.7
Adj. EBITDA	52.9	36.4	-31.3	59.2	54.0	-8.7	173.7
% margin	17.8	14.0		18.4	16.4		17.1
Adj. EBIT	31.8	13.9	-56.5	37.6	30.9	-18.0	144.4
% margin	10.7	5.3		11.7	9.4		14.2
Net result	21.2	6.6	-69.0	26.4	20.2	-23.6	100.8
EPS	0.43	0.13	-69.0	0.54	0.41	-23.7	2.06
Adj. EPS	0.44	0.14	-67.5	0.55	0.42	-23.3	2.07
Net Debt/(Cash)	75.5	106.7	41.3	41.7	111.5	167.6	176.0

E: estimates; Source: Intesa Sanpaolo Research



## Valuation

In the past six months the share has lost >30% despite the issue of the concession decree for Teverola 2 (EUR 417M grant), a positive sales trend in 1Q22 (+17.2%) and the solution of the supply chain constraints, which caused delays at Teverola 1 last year. In other words, we believe that Seri Industrial is in a better shape today than six months ago. We understand that investors are scared by rising cost inflation and the potential impact of the Russia-Ukraine conflict and worried about the recent stock markets drop and the delays experienced at Teverola 1. However, we believe the current share price represents an attractive entry point for investing in an equity story centred on the "circular economy" concept (the company will implement recycling for both Li-ion batteries and plastics) on two promising markets (batteries and plastics). Based on our new estimates and the increase of DCF parameters (risk-free rate now at 2.5% and market risk premium at 6.5%) **we set a new target price of EUR 12.2/sh.** (from EUR 13.8/sh.). We do not use EVA method anymore, as the time horizon before the consolidation of Teverola 2 is too limited (just two years) to give a significant indication. We recall that our target price is based on a fully diluted number of shares as the warrants are in-the-money (EUR 5.03 strike price). The potential upside is >75%. We highlight that prudentially we do not consider in our target price the JV with Unilever.

**New target price at EUR 12.2/sh**

### Seri Industrial – Summary valuation

	Net valuation EUR M	Per share EUR	05/11/2021 EUR M	% change
DCF ("as-is activities")	357	6.2	479	-25.5
Peers	393	6.9	468	-16.0
EVA		0.0	282	-100.0
<b>Average</b>	<b>375</b>	<b>6.6</b>	<b>410</b>	<b>-8.5</b>
Teverola 2 at 50%	408	7.1	476	-14.4
<b>Total</b>	<b>783</b>	<b>13.7</b>	<b>886</b>	<b>-11.6</b>
Cash-in from warrants	41	0.7	46	-10.3
<b>Total fair value</b>	<b>824</b>	<b>14.4</b>	<b>932</b>	<b>-11.6</b>
Discount 15%	-124	-2.2	-140	-11.6
<b>Fair value after discount</b>	<b>700</b>	<b>12.2</b>	<b>792</b>	<b>-11.6</b>
No. of shares (M, fully diluted)	57.2		57.4	-0.3
<b>Target price (EUR/share)</b>	<b>12.2</b>		<b>13.8</b>	<b>-11.3</b>
Current price (EUR/share)	6.90		9.95	-30.7
Upside (%)	76.8		38.6	

Source: Intesa Sanpaolo Research estimates

Our target price implies 2022-23 multiples that are above peers but much lower if compared to 2024, which starts to reflect the impact of Teverola 2 on financial statements.

### Seri Industrial – Implicit multiples in our EUR 12.2/sh target price

	2022E	2023E	2024E
P/E	80.4	31.4	25.7
EV/EBITDA	21.0	14.3	4.8
EV/EBIT	55.2	25.0	5.8
EV/Sales	2.8	2.3	0.8
P/BV	5.0	4.3	2.5
EV/ Capital employed	3.4	3.1	2.0

E: estimates; Source: Intesa Sanpaolo Research

## DCF model

Our DCF model does not take into account the revenues by Teverola 2, which are calculated separately; it returns a fair value of EUR 6.2/sh. (from EUR 8.3/sh.), reflecting our new estimates and is based on the following updated parameters:

- We increased our risk-free rate to 2.50% replacing the previous 1.75% due to the rising trend in BTP-10 yields which has accelerated in recent months, following the sharp rise in consumer prices, the outbreak of the Russia-Ukraine war, and the widening of the BTP-Bund spread. The 1M average is 2.72%, and the current 10Y yield is 3.07%;
- We also raise our equity risk premium from 6.25% to 6.50% reflecting the above-mentioned concerns. Our equity risk premium is based on a three-stage DDM, which calculates the equity premium implied in the Euro Stoxx index. As of today, our risk premium stands at 7.25%, with its 20Y average at 6.50% and its 25Y average at 5.75%;
- Based on these new parameters we calculated a WACC at 6.9% (from 5.9%) adopting a Beta of 1 and a sustainable D/E assumption of 30%;
- An EBIT margin at 12.8% at terminal value (vs. 11.4% reported in FY21 which, however, does not include Teverola 1) and a 2.0% terminal growth rate.

**We believe the assumptions behind our DCF are conservative**

## Seri Industrial – DCF model (2022-27E) excluding Teverola 2 and P2P

EUR M	2021A	2022E	2023E	2024E	2025E	2026E	2027E	Terminal
Revenues	158	260	330	313	323	339	363	374
yoy growth %	25.6	65.0	26.8	-5.0	3.0	5.0	7.0	3.0
EBIT	-1	14	31	36	40	44	50	48
EBIT margin %	-0.6	5.3	9.4	11.4	12.4	13.0	13.8	12.8
D&A costs	-21.0	-22.5	-23.1	-23.8	-24.5	-25.3	-26.0	-26.8
EBITDA	20	36	54	60	65	69	76	75
EBITDA margin %	12.8	14.0	16.4	19.0	20.0	20.5	21.0	20.0
Labour cost	-29	-31	-33	-31	-32	-34	-36	-37
% on sales	-18.3	-12.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0
Working capital	33	59	77	72	73	76	81	82
% on Sales	21.2	22.7	23.2	23.0	22.7	22.5	22.3	22.1
Tax on EBIT	1	5	10	11	12	13	15	14
Tax rate	-78.2	35.0	31.2	30.6	30.3	30.2	30.1	30.2
<b>DCF</b>		<b>2022E</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>Terminal</b>
NOPLAT		9.0	21.3	24.8	27.9	30.9	35.1	33.4
Capex		-6.5	-8.2	-7.8	-8.1	-8.5	-9.1	-9.3
D&A		21.5	21.9	21.9	21.9	21.9	21.9	9.3
Change in Working capital		-25.7	-17.5	-17.5	-1.4	-2.9	-4.5	-6.1
Cash flow to the firm		-1.7	17.4	21.4	40.3	41.4	43.4	27.3
Time adjustment		1.5	2.5	3.5	4.5	5.5	6.5	7.5
Discount factor		0.9	0.8	0.8	0.7	0.7	0.6	0.6
<b>Discounted cash flow to firm</b>		<b>-1.5</b>	<b>14.8</b>	<b>17.0</b>	<b>29.9</b>	<b>28.7</b>	<b>28.1</b>	<b>16.6</b>

E: estimates; Source: Intesa Sanpaolo Research estimates

Our DCF valuation implies 7.5x EV/EBITDA at terminal value.

## Relative valuation

Our peers' sample has shown a negative performance YTD (-20%) but has outperformed Seri Industrial. We highlight that the company is trading at a discount on 2022-2024E (36% on average on EV/EBITDA) and broadly in line on P/E.

## SERI Industrial – Peer group multiples

x	Market Cap EUR M	EV/EBITDA			EV/EBIT			P/E		
		2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
CATL	124,677	25.5	17.1	12.9	33.6	21.9	16.3	39.3	25.6	19.1
EnerSys	2,429	8.7	7.5		11.7			11.7	9.4	
Ganfeng Lithium Co., Ltd. Class H	20,375	7.1	6.0	5.8	7.2	6.0	5.3	7.9	6.9	6.2
GEM Co., Ltd. Class A	4,683	10.3	10.4	10.2	21.0	16.1	17.5	21.5	16.1	14.0
SolarEdge Technologies, Inc.	12,283	25.4	17.0	14.8	34.5	21.7	17.7	51.7	30.2	23.6
Varta AG	3,162	12.2	10.8	9.2	19.2	17.1	14.4	27.6	24.5	20.7
Umicore	9,550	9.1	9.4	9.3	12.5	13.4	13.4	16.7	17.9	17.8
<b>Average</b>		<b>14.0</b>	<b>11.2</b>	<b>10.4</b>	<b>19.9</b>	<b>16.0</b>	<b>14.1</b>	<b>25.2</b>	<b>18.7</b>	<b>16.9</b>
SERI Industrial*		12.3	8.3	3.0	32.2	14.6	3.6	47.7	16.3	3.3
Premium/(Disc.) to Tier 1 %		-12.4	-25.6	-71.0	61.5	-9.0	-74.5	89.2	-12.7	-80.5

Priced at market close on 10/05/2022; Source: FactSet and \*Intesa Sanpaolo Research

The average of EV/EBITDA, EV/EBIT and P/E in 2022-24E delivers a fair value, on a fully diluted basis, of EUR 6.9/sh.

**Relative valuation at EUR 6.9/sh**

## SERI Industrial – Peer based valuation

	2022E	2023E	2024E
EV/EBITDA - peers	<b>14.0</b>	<b>11.2</b>	<b>10.4</b>
Adj. EBITDA (ex Teverola 2)	36.4	54.0	58.9
<b>Implied EV</b>	510.4	602.8	609.5
Debt/-Cash	106.7	111.5	176.0
Pension liabilities + factoring	10.6	11.2	20.4
<b>A - Equity value</b>	<b>393.1</b>	<b>480.2</b>	<b>413.1</b>
EV/EBIT - peers	<b>19.9</b>	<b>16.0</b>	<b>14.1</b>
Adj. EBIT (ex Teverola 2)	13.9	30.9	36.0
<b>Implied EV</b>	276.4	495.3	507.4
Debt/-Cash	106.7	111.5	176.0
Pension liabilities + factoring	10.6	11.2	20.4
<b>B - Equity value</b>	<b>159.1</b>	<b>372.7</b>	<b>311.1</b>
PE - Peers	<b>25.2</b>	<b>18.7</b>	<b>16.9</b>
Adj. net profit (ex Teverola 2)	7.1	20.7	25.7
<b>C - Equity Value</b>	<b>178.6</b>	<b>386.1</b>	<b>434.1</b>
<b>Average of A, B and C</b>	<b>243.6</b>	<b>413.0</b>	<b>386.1</b>
Cash-in from warrants	41	41	41
<b>Seri Industrial - Fair value f.d.</b>	<b>298.4</b>	<b>454.2</b>	<b>427.4</b>
No. of shares (M; fully-diluted)	57.1	57.1	57.2
<b>Fair value - p.s. &amp; f.d.</b>	<b>5.2</b>	<b>8.0</b>	<b>7.5</b>

E: estimates; Source: Company data and Intesa Sanpaolo Research

## Teverola 2 valuation

Our valuation for Teverola 2 is based on a DCF. We obtained a fair value of this business of EUR 915M. This valuation is conservative in our view, as we used a WACC at 10.4% (2.5% risk-free rate, a 6.5% market risk premium and a beta at 1.5) and a terminal growth rate of 0.0%. To this fair value we applied a 50% discount, considering that there is an execution risk that would decrease as the project progresses.

**Teverola 2 can be valued EUR 915M based on DCF**

## Seri Industrial – DCF of Teverola 2

EUR M	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal
Revenues	600.0	1416.2	1418.6	1482.9	1453.3	1424.2	1438.2	1481.3
YoY growth %		136.0	0.2	4.5	-2.0	-2.0	1.0	0.0
EBIT	66.0	169.9	184.4	222.4	290.7	299.1	287.6	222.2
EBIT margin %	11.0	12.0	13.0	15.0	20.0	21.0	20.0	15.0
Tax on EBIT	-19.8	-51.0	-55.3	-66.7	-87.2	-89.7	-86.3	-66.7
Tax rate %	30	30	30	30	30	30	30	30
<b>DCF</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>Terminal</b>
NOPLAT	46.2	119.0	129.1	155.7	203.5	209.4	201.3	155.5
Capex	-12.0	-28.3	-28.4	-29.7	-29.1	-28.5	-28.8	-29.6
D&A	30.0	70.8	70.9	74.1	72.7	57.0	43.1	29.6
Change in Working capital	-120.0	-163.2	-0.5	-12.9	5.9	5.8	-2.8	-8.6
Cash flow to the firm	-55.8	-1.8	171.2	187.3	253.0	243.7	212.9	146.9
Time adjustment	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0
Discount factor	0.7	0.6	0.6	0.5	0.5	0.4	0.4	0.3
<b>Discounted cash flow to firm</b>	<b>-37.5</b>	<b>-1.1</b>	<b>94.4</b>	<b>93.5</b>	<b>114.4</b>	<b>99.8</b>	<b>79.0</b>	<b>49.3</b>

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

## SERI Industrial – DCF valuation of Teverola 2

PV of future cash flows	442.4
PV of Terminal value	472.9
Enterprise value	<b>915.4</b>
Net debt/(Cash)	100.0
<b>Equity Value</b>	<b>815.4</b>
No of shares (M)	57.2
<b>Equity Value p.s.</b>	<b>14.3</b>

Source: Company data and Intesa Sanpaolo Research

## SERI Industrial – WACC of Teverola 2 (%)

Risk-free rate	2.50
Equity risk premium	6.50
Beta (x)	1.50
Cost of equity	12.3
Net Cost of debt	3.2
Leverage	20.0
<b>WACC</b>	<b>10.4</b>

Source: Company data and Intesa Sanpaolo Research

## Seri Industrial – Key Data

Rating	Target price (EUR/sh)		Mkt price (EUR/sh)			Sector
BUY	Ord 12.2		Ord 6.90			Industrials
<b>Values per share (EUR)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
No. ordinary shares (M)	47.30	47.29	48.90	49.01	49.01	49.01
Total no. of shares (M)	47.30	47.29	48.90	49.01	49.01	49.01
Market cap (EUR M)	83.24	140.80	354.38	338.19	338.19	338.19
Adj. EPS	0.11	-0.14	0.01	0.14	0.42	2.07
CFPS	0.44	-0.12	0.28	0.09	0.58	-0.31
BVPS	2.5	2.4	2.3	2.4	2.8	4.9
Dividend ord	0	0	0	0	0	0
<b>Income statement (EUR M)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Revenues	151.0	125.6	157.7	260.2	330.0	1,015.6
EBITDA	19.38	3.12	20.11	36.36	54.01	173.7
EBIT	6.71	-10.65	-0.88	13.86	30.88	144.4
Pre-tax income	3.32	-14.10	-4.70	9.02	28.04	142.0
Net income	1.54	-4.07	-1.53	6.59	20.19	100.8
Adj. net income	5.02	-6.65	0.46	7.09	20.69	101.3
<b>Cash flow (EUR M)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Net income before minorities	1.8	-4.3	-1.5	6.6	20.2	100.8
Depreciation and provisions	12.7	13.8	21.0	22.5	23.1	29.3
Others/Uses of funds	-3.0	-5.8	0.7	-1.0	-1.2	-1.4
Change in working capital	9.4	-7.7	-0.6	-25.7	-17.5	-163.5
Operating cash flow	20.3	-3.6	19.4	2.4	24.6	-34.8
Capital expenditure	-58.5	-23.4	-25.2	-13.5	-28.2	-28.4
Financial investments	0	0	0	0	0	0
Acquisitions and disposals	0	0	0	0	0	0
Free cash flow	-38.2	-27.0	-5.7	-11.1	-3.6	-63.2
Dividends	0	0	0	0	0	0
Equity changes & Non-op items	10.8	0	3.7	2.4	-1.2	-1.2
Net cash flow	-27.4	-27.0	-2.0	-8.6	-4.9	-64.4
<b>Balance sheet (EUR M)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Net capital employed	189.2	209.9	210.5	225.7	250.8	416.0
of which associates	0	0	0	0	0	0
Net debt/-cash	69.0	96.0	98.0	106.7	111.5	176.0
Minorities	1.8	0.4	0.4	0.4	0.4	0.4
Net equity	118.4	113.6	120.6	127.2	147.3	248.2
Minorities value	0	0	0	0	0	0
Enterprise value	153.5	237.2	453.7	446.0	450.7	514.7
<b>Stock market ratios (x)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Adj. P/E	16.6	Neg.	NM	47.7	16.3	3.3
P/CFPS	4.0	Neg.	26.2	80.7	12.0	Neg.
P/BVPS	0.69	1.2	3.2	2.8	2.4	1.4
Payout (%)	0	0	0	0	0	0
Dividend yield (% ord)	0	0	0	0	0	0
FCF yield (%)	11.7	-5.3	3.7	-1.2	4.8	-17.8
EV/sales	1.0	1.9	2.9	1.7	1.4	0.51
EV/EBITDA	7.9	76.1	22.6	12.3	8.3	3.0
EV/EBIT	22.9	Neg.	NM	32.2	14.6	3.6
EV/CE	0.81	1.1	2.2	2.0	1.8	1.2
D/EBITDA	3.6	30.8	4.9	2.9	2.1	1.0
D/EBIT	10.3	Neg.	Neg.	7.7	3.6	1.2
<b>Profitability &amp; financial ratios (%)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
EBITDA margin	12.8	2.5	12.8	14.0	16.4	17.1
EBIT margin	4.4	-8.5	-0.6	5.3	9.4	14.2
Tax rate	44.1	69.6	68.3	27.0	28.0	29.0
Net income margin	1.0	-3.2	-1.0	2.5	6.1	9.9
ROCE	3.5	-5.1	-0.4	6.1	12.3	34.7
ROE	1.3	-3.5	-1.3	5.3	14.7	51.0
Interest cover	-2.0	2.8	0.2	-2.9	-10.9	-61.7
Debt/equity ratio	57.4	84.2	81.0	83.6	75.5	70.8
<b>Growth (%)</b>		<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Sales		-16.8	25.6	65.0	26.8	NM
EBITDA		-83.9	NM	80.8	48.5	NM
EBIT		NM	91.7	NM	NM	NM
Pre-tax income		NM	66.7	NM	NM	NM
Net income		NM	62.4	NM	NM	NM

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

## Company Snapshot

### Company Description

Seri Industrial is a listed company on the MTA of Borsa Italiana. The mission of Seri Industrial is to accelerate the energetic transition to sustainability and decarbonization, controlling the entire supply chain of electric accumulators and plastic components. The Group operates through two operating companies: (i) Seri Plast, operating in the production and recycling of plastic material for the battery, automotive and hydro-thermosanitary market; (ii) FIB, active, through the brand FAAM, in the design, production and recycling of lead-acid and Li-Ion batteries for industrial, storage, military and special applications, as well as in the design and construction of plants for the recycling of batteries. The activities shape a fully integrated cycle and recovery of raw materials, representing a unique example of Circular Economy.

### Key data

Mkt price (EUR)	6.90	Free float (%)	31.5
No. of shares	49.01	Major shr	Civitillo V.
52Wk range (EUR)	10.7/6.2	(%)	60.4
Reuters	SERK.MI	Bloomberg	SERI IM
<b>Performance (%)</b>	<b>Absolute</b>		<b>Rel. FTSE IT All Sh</b>
-1M	-9.2	-1M	-2.4
-3M	-13.4	-3M	1.7
-12M	-2.3	-12M	5.4

### Key Risks

#### Company specific risks:

- Execution risks at Teverola 2 plant;
- Technology evolution risks in batteries;
- Supply shortage and higher raw material prices;

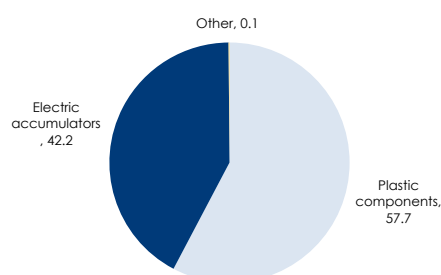
#### Sector generic risks:

- Overcapacity: a significant amount of capacity is coming on stream in the near future
- Trade barriers may emerge as countries tend to protect the local industry
- Geopolitical risks may impair operations (rare earth minings, raw material supply, etc)

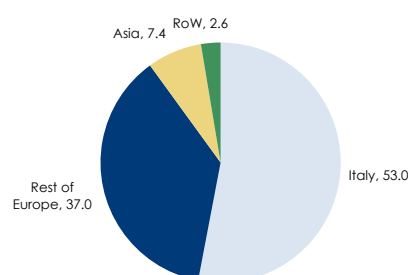
### Estimates vs. consensus

EUR M (Y/E Dec)	2021A	2022E	2023E	2024E
Sales	157.7	260.2	330.0	1,015.6
EBITDA	20.11	36.36	54.01	173.7
EBIT	-0.88	13.86	30.88	144.4
Pre-tax income	-4.70	9.02	28.04	142.0
Net income	-1.53	6.59	20.19	100.8
EPS	0.01	0.14	0.42	2.07

### Sales breakdown by division (%)



### Sales breakdown by geography (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 10/05/2022)

## 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 eligible for listing have revenues below 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)

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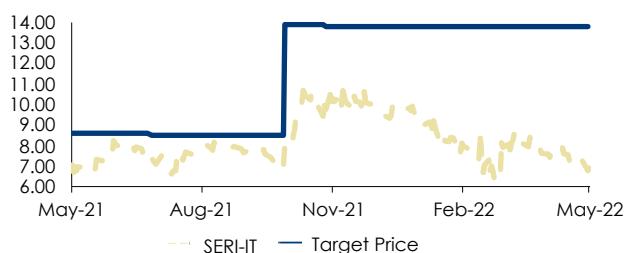


**Equity Rating Key (long-term horizon: 12M)**

Long-term rating	Definition
BUY	If the target price is 20% higher than the market price
ADD	If the target price is 10%-20% higher than the market price
HOLD	If the target price is 10% below or 10% above the market price
REDUCE	If the target price is 10%-20% lower than the market price
SELL	If the target price is 20% lower than the market price
RATING SUSPENDED	The investment rating and target price for this stock have been suspended as there is not a sufficient fundamental basis for determining an investment rating or target. The previous investment rating and target price, if any, are no longer in effect for this stock.
NO RATING	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulations and/or firm policies in certain circumstances.
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)
05-Nov-21	BUY	13.8	9.8
07-Oct-21	BUY	13.9	8.1
05-Jul-21	BUY	8.5	7.4

**Equity rating allocations (long-term horizon: 12M)****Intesa Sanpaolo Research Rating Distribution (at April 2022)**

Number of companies considered: 130	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%)*	50	29	21	0	0
of which Intesa Sanpaolo's Clients (%)**	83	66	56	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)**

<b>Short-term rating</b>	<b>Definition</b>
LONG	Stock price expected to rise or outperform within three months from the time the rating was assigned due to a specific catalyst or event
SHORT	Stock price expected to fall or underperform within three months from the time the rating was assigned due to a specific catalyst or event

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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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- Intesa Sanpaolo acts as Corporate Broker relative to securities issued by Seri Industrial

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