

UPDATE

EQUITY RESEARCH

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NVP

Euronext Growth Milan | Broadcasting | Italy

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Rating

BUY

unchanged

Target Price

€ 7,50

prev. € 6,75

Risk



Medium

Upside potential

108,3%

Stocks performance relative to FTSE Italia Growth



Stock Data

Price	€ 3,60
Target price	€ 7,50
Upside/(Downside) potential	108,3%
Ticker	NVP IM
Market Cap (€/mln)	€ 27,35
EV (€/mln)	€ 36,22
Free Float	40,62%
Share Outstanding	7.597.107
52-week high	€ 3,88
52-week low	€ 2,42
Average daily volumes (3 months)	4.400

Key Financials (€m)	FY22A	FY23E	FY24E	FY25E
Sales	17,4	22,5	26,5	31,0
VoP	20,0	24,5	28,5	33,0
EBITDA	5,6	7,8	9,4	11,2
EBIT	1,2	3,0	4,5	6,1
Net Profit	0,2	1,6	2,6	3,5
EPS (€)	0,03	0,20	0,34	0,46
EBITDA margin	32,2%	34,4%	35,3%	36,0%
EBIT margin	7,0%	13,3%	17,0%	19,5%

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Stock performance	1M	3M	6M	1Y
Absolute	-3,74%	34,33%	46,34%	-1,10%
to FTSE Italia Growth	-2,57%	34,49%	41,76%	8,46%
to Euronext STAR Milan	-0,13%	31,92%	32,58%	7,87%
to FTSE All-Share	-1,03%	26,44%	18,48%	-11,31%
to EUROSTOXX	-3,64%	27,07%	20,83%	-13,77%
to MSCI World Index	-4,66%	29,03%	33,77%	6,28%

Main Ratios	FY22A	FY23E	FY24E	FY25E
EV/EBITDA	6,5x	4,7x	3,9x	3,2x
EV/EBIT	29,5x	12,1x	8,0x	6,0x
P/E	n.m.	17,6x	10,5x	7,8x

FY22A Results

In the financial statements as at December 31, 2022, NVP confirmed its growth trend, communicating revenues to a value of € 17.41 million, a clear improvement on the FY21A result of € 12.95 million (+34.4%). EBITDA, as a result, rose by € 5.61 million, up 15.61% on € 4.87 million in FY21A, with an EBITDA Margin of 32.2% in 2022. EBIT stands at € 1.23 million, up 15.10% compared to € 1.04 million in FY21A, due to the increase in depreciation in the revaluation of production equipment, including Outside Broadcasting (OB) vans. Net Income was also positive, amounting to € 0.23 million.

Estimates Update

In light of the results published in the Annual Report for FY22A, we substantially confirm our estimates for both the current year and the coming years. In particular, we estimate an FY23E Value of Production of € 24.50 million, with an EBITDA of € 7.80 million, corresponding to a margin of 34.4%. In the following years, we expect the Value of Production to rise to € 33.00 in FY25E, with an EBITDA of € 11.2 million (corresponding to an EBITDA Margin of 36.0%), up on the value of € 5.61 million in FY22A (corresponding to an EBITDA Margin of 32.2%).

Valuation Update

We conducted our valuation of the equity value of NVP based on the DCF method and multiples of a sample of comparable companies. The DCF method (including, for prudential purposes, a specific risk of 2.5% in the calculation of the WACC) returned an equity value of € 67.3 million. Using market multiples, the equity value of NVP is € 46.7million (including a 25,0% discount). The result gives an average equity value of approximately € 57.0 million. The target price is € 7,50, BUY rating, and MEDIUM risk.

Economics & Financials

TABLE 1 – ECONOMICS & FINANCIALS

INCOME STATEMENT (€/mln)	FY21A	FY22A	FY23E	FY24E	FY25E
Sales	12,95	17,41	22,50	26,50	31,00
Other Revenues	3,15	2,60	2,00	2,00	2,00
Value of Production	16,10	20,01	24,50	28,50	33,00
COGS	0,34	0,35	0,40	0,45	0,50
Services	3,92	6,12	7,30	8,40	9,75
Use of Assets Owned by Others	2,48	2,17	2,30	2,60	3,00
Employees	4,45	5,70	6,70	7,65	8,55
Other Operating expenses	0,04	0,06	0,05	0,05	0,05
EBITDA	4,87	5,61	7,75	9,35	11,15
<i>EBITDA Margin</i>	<i>37,6%</i>	<i>32,2%</i>	<i>34,4%</i>	<i>35,3%</i>	<i>36,0%</i>
D&A	3,83	4,38	4,75	4,85	5,10
EBIT	1,04	1,23	3,00	4,50	6,05
<i>EBIT Margin</i>	<i>8,1%</i>	<i>7,0%</i>	<i>13,3%</i>	<i>17,0%</i>	<i>19,5%</i>
Financial Management	(0,68)	(0,79)	(0,80)	(0,80)	(1,05)
EBT	0,36	0,43	2,20	3,70	5,00
Taxes	0,01	0,20	0,65	1,10	1,50
Net Income	0,34	0,23	1,55	2,60	3,50
Net Income	1,08	0,98	1,60	2,25	2,75

BALANCE SHEET (€/mln)	FY21A	FY22A	FY23E	FY24E	FY25E
Fixed Asset	22,79	27,32	29,60	28,30	26,70
Account receivable	4,77	5,04	6,05	7,10	8,25
Account payable	4,20	7,01	8,60	9,85	11,50
Operating Working Capital	0,57	(1,98)	(2,55)	(2,75)	(3,25)
Other Receivable	6,59	4,55	5,40	6,30	7,30
Other Payable	8,53	7,54	9,15	10,60	12,30
Net Working Capital	(1,37)	(4,96)	(6,30)	(7,05)	(8,25)
Severance Indemnities & Provision	1,17	1,32	1,65	1,80	1,90
NET INVESTED CAPITAL	20,25	21,03	21,65	19,45	16,55

Share Capital	0,81	0,81	0,80	0,80	0,80
Reserves and Retained Profits	10,41	11,13	11,36	12,91	15,51
Net Profit	0,34	0,23	1,55	2,60	3,50
Equity	11,56	12,17	13,71	16,31	19,81
Cash and Cash Equivalent	1,94	2,42	2,06	5,86	11,26
Financial Debt	10,63	11,29	10,00	9,00	8,00
Net Financial Position	8,69	8,87	7,94	3,14	(3,26)
TOTAL SOURCES	20,25	21,03	21,65	19,45	16,55

CASH FLOW (€/mln)	FY22A	FY23E	FY24E	FY25E
EBIT	1,23	3,00	4,50	6,05
Taxes	0,20	0,65	1,10	1,50
NOPAT	1,02	2,35	3,40	4,55
D&A	4,38	4,75	4,85	5,10
Change in receivable	(0,27)	(1,01)	(1,05)	(1,15)
Change in payable	2,82	1,59	1,25	1,65
Other Changes	1,05	0,76	0,55	0,70
Change in NWC	3,60	1,34	0,75	1,20
Change in Provision	0,15	0,33	0,15	0,10
OPERATING CASH FLOW	9,16	8,76	9,15	10,95
Investments	(8,92)	(7,0)	(3,6)	(3,5)
FREE CASH FLOW	0,24	1,73	5,60	7,45
Financial Management	(0,79)	(0,80)	(0,80)	(1,05)
Change in Payable to Banks	0,66	(1,29)	(1,00)	(1,00)
Change in Equity	0,37	(0,01)	0,00	0,00
FREE CASH FLOW TO EQUITY (FCFE)	0,48	(0,36)	3,80	5,40

Source: NVP and Integrae SIM estimates

Company Overview

NVP is an Italian company operating in the video production services sector, mainly for television networks and owners or managers of television rights. Its core business activity is the design, development and production, with high-tech mobile production and outside broadcasting equipment (including OB vans), of television and especially sports events, entertainment, concerts, and shows. Since its establishment in 2007, NVP has produced over 3,000 events, quickly developing a leadership not only in Italy but also in Europe for its use of technology and high-tech equipment, such as its two 4K mobile production control rooms, and its personnel highly specialized in the planning and production of major televised events.

The Company offers the market a vast range of services to respond to the needs of both Italian and international clients. In addition to Italy, NVP serves international markets across Europe, the Middle East, the USA, and other countries and regions.

FY22A Results

TABLE 2 – ACTUAL VS ESTIMATES FY22A

(€/mln)	VoP	EBITDA	EBITDA %	EBIT	Net Income	NFP
FY22A	20,01	5,61	32,2%	1,23	0,23	8,87
FY22E	20,00	6,75	33,8%	2,75	1,90	5,54
Change	0,0%	-16,9%	-1,8%	-55,4%	-88,0%	N/A

Source: Integrae SIM

Commenting on the annual results in a press release on March 28, 2023, Massimo Pintabona, Chief Executive Officer of NVP, stated: *“The year just ended saw NVP confirm its growth and expansion path, with the aim of strengthening its leadership position in the national market and expanding its presence in the European and international market. The use of advanced technologies and the development of innovative tailor-made services allow us to offer our clients increasingly innovative customized products and services with a high technological content. Our further investments in R&D aim to guarantee the Company a future built on stability, growth and innovation, allowing it to strengthen its position as leader in the broadcasting sector. The corporate acquisitions, which began in 2021 and continued in 2022 with the latest entry into the Group of E.G. Audiovisivi S.r.l., have driven a sizable growth, an increase in the level of experience and competence in productions, and, at the same time, an expansion in our portfolio of commercial relationships with prestigious clients, such as the football clubs Napoli and Juventus, the Italian volleyball league Lega Pallavolo, the television production and distribution company Fremantle, and so on. We will continue our development project with the aim of capitalizing on the value of our knowledge and skills.”*

In the financial statements as at December 31, 2022, NVP confirmed its growth trend, communicating revenues to a value of € 17.41 million, a clear improvement on the FY21A result of € 12.95 million (+34.4%), and substantially in line with the value estimated in our previous report of € 18.00 million.

On October 31, 2022, NVP communicated its closing of the acquisition of 100% of the share capital of E.G. Audiovisivi Srl, an audiovisual services sector operator with a focus on sports and services for football clubs in particular. Considering the period of ownership of this new investment not enough to accurately represent the current equity, economic and financial situation of the Group of companies, the Company decided not to prepare consolidated financial statements as at 31 December 2022, making use of the option granted by Article 27, Paragraph 3bis, of Italian Legislative Decree No. 127/1991. For the purposes of comparison, we therefore report, in commentary on the balance sheet of NVP SpA, data for both 2022 and 2021.

The Value of Production stands at € 20.01 million, showing a growth of 24.2% on FY21A (in which it amounted to € 16.10 million).

In addition to the revenue dynamics, the growth of which fits into a general context of increased production volumes for the Company, the Value of Production in FY22A was impacted by a decrease in the item of “other revenues” (from € 3.15 million in FY21A to € 2.60 million in FY22A), related to R&D costs capitalized to support the broadcasting segment, from subsidies and tax credits on investments in technology and fixed assets made in previous years. In particular, during the 2022 financial year, the Company decided to assess the useful life of certain company assets, which were valued at 12 years, compared to the 7 years previously ascribed. This revision led to a decrease in depreciation attributed to 2022, and, consequently, a decrease in the capital grant component compared to 2021.

Regarding costs incurred, of particular note is an increase in the incidence on revenues of costs for services, while the incidence of costs for the use of assets held by others fell due to a greater use of owned rather than leased production means, whether developed internally or acquired. The incidence of personnel costs also fell, following the optimization of post-integration resources of the former subsidiary NVP Roma, merged into NVP in July 2021.

EBITDA, as a result, rose by € 5.61 million, up 15.61% on € 4.87 million in FY21A, with an EBITDA Margin of 32.2% in 2022, lower than the 37.6% reported for FY21A. The Company estimates that, in future years, it will recover part of the margins through decreasing production costs and revenues generated by the Remote Production line.

EBIT stands at € 1.23 million, up 15.10% compared to € 1.04 million in FY21A, due to the increase in depreciation in the revaluation of production equipment, including Outside Broadcasting (OB) vans. Net Income was also positive, amounting to € 0.23 million.

The NFP stands at € 8.87 million of debt, in line with the previous year-end 2020 figure of € 8.69 million. It should be noted that the financial debt was impacted in 2022 by the investment of € 0.70 million for the acquisition of E.G. Audiovisivi, and by advances on investments in Industry 4.0 tangible assets of € 0.80 million.

Overall, NVP confirmed its strategy of internal growth, under the form of R&D and innovation, and external growth, achieved through a succession of mergers and integrations through 2021 and 2022. Despite a difficult period, characterized by increases in production costs, NVP has managed to strengthen its positioning and expand its portfolio of commercial relationships, acquiring prestigious new clients.

Regarding the core business, related to football matches, an increase in its coverage of Serie A is expected, after the incorporation of NVP Napoli Srl, which brought in clients such as the football clubs Napoli and Juventus, in addition to the Italian volleyball league Lega Volleyball, and the production and distribution company Fremantle. Furthermore, the Company's expect to maintain its coverage of Italian football's Serie B and European matches and events through its partnership with Sky. In pursuit of these objectives, at the beginning of March, the Company announced a multi-year agreement with SS Lazio SpA, for the management of the media company of the football club and the development of all of its official digital platforms and social media channels.

In 2022, NVP was also contracted to produce the 2022 World Equestrian Championships, the World Eventing and Driving Championships, the Canoe Sprint World Championships, the Canoe Slalom World Cup Series, the European Aquatics Championships, and the Formula E World Championship in Rome. Furthermore, NVP aims to increase its coverage of related markets, including the broadcasting of national basketball and volleyball competitions and entertainment and educational programs. Examples include NVP's involvement in Milan Fashion Week 2022, the 40th edition of the Radio Italia live concert in Piazza Duomo in Milan, the Rai 3 soap opera "Un posto al sole", and the 12th season of MasterChef Italia.

FY23E – FY25E Estimates

TABLE 3 – ESTIMATES UPDATES FY23E - FY25E

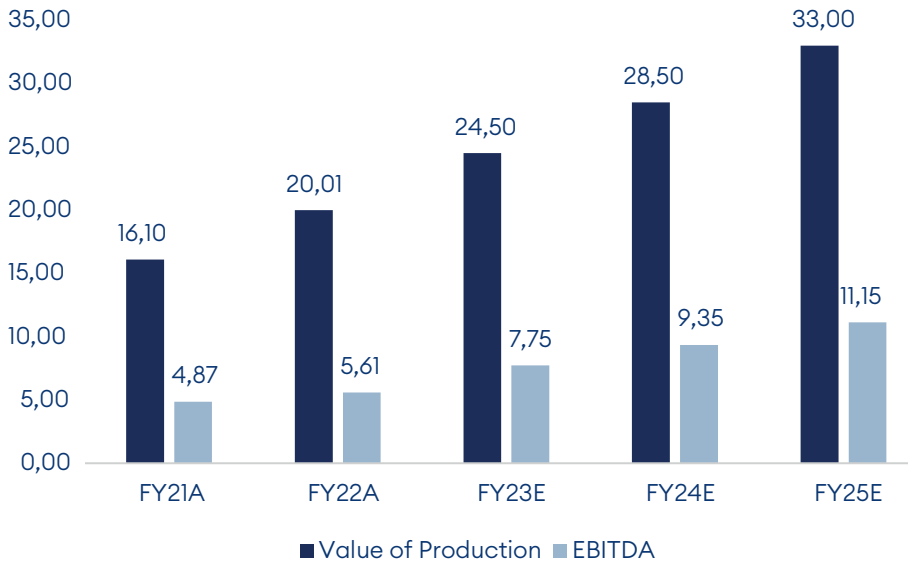
€/mln	FY23E	FY24E	FY25E
VoP			
New	24,5	28,5	33,0
Old	23,0	26,0	N/A
Change	6,5%	9,6%	N/A
EBITDA			
New	7,8	9,4	11,2
Old	8,1	9,6	N/A
Change	-4,3%	-2,6%	N/A
EBITDA %			
New	34,4%	35,3%	36,0%
Old	38,6%	40,0%	N/A
Change	-4,1%	-4,7%	N/A
EBIT			
New	3,0	4,5	6,1
Old	4,6	5,6	N/A
Change	-34,8%	-19,6%	N/A
Net Income			
New	1,6	2,6	3,5
Old	3,2	3,9	N/A
Change	-51,6%	-33,3%	N/A
NFP			
New	7,9	3,1	(3,3)
Old	2,1	(2,5)	N/A
Change	N/A	N/A	N/A

Source: Integrae SIM

In light of the results published in the Annual Report for FY22A, we change our estimates for both the current year and the coming years.

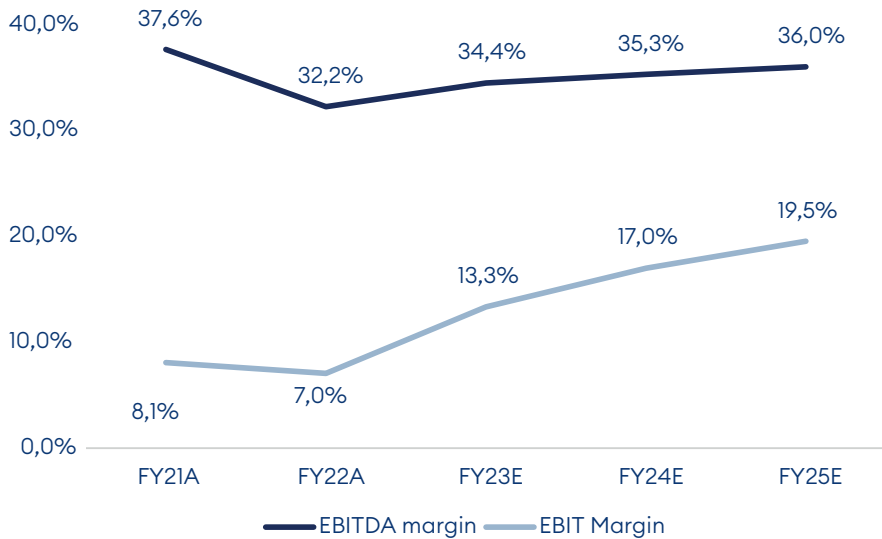
In particular, we estimate an FY23E Value of Production of € 24.5 million, with an EBITDA of € 7.80 million, corresponding to a margin of 34.4%. In the following years, we expect the Value of Production to rise to € 33.00 in FY25E, with an EBITDA of € 11.2 million (corresponding to an EBITDA Margin of 36.00%), up on the value of € 5.61 million in FY22A (corresponding to an EBITDA Margin of 32.2%).

CHART 1 - VOP AND EBITDA FY21A-25E (€/MLN)



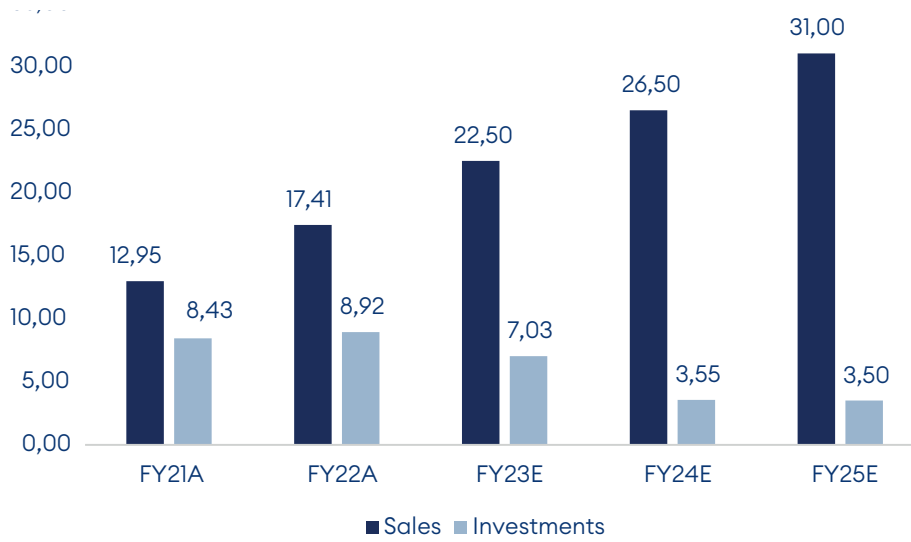
Source: Integrae SIM

CHART 2 - MARGIN FY21A-25E



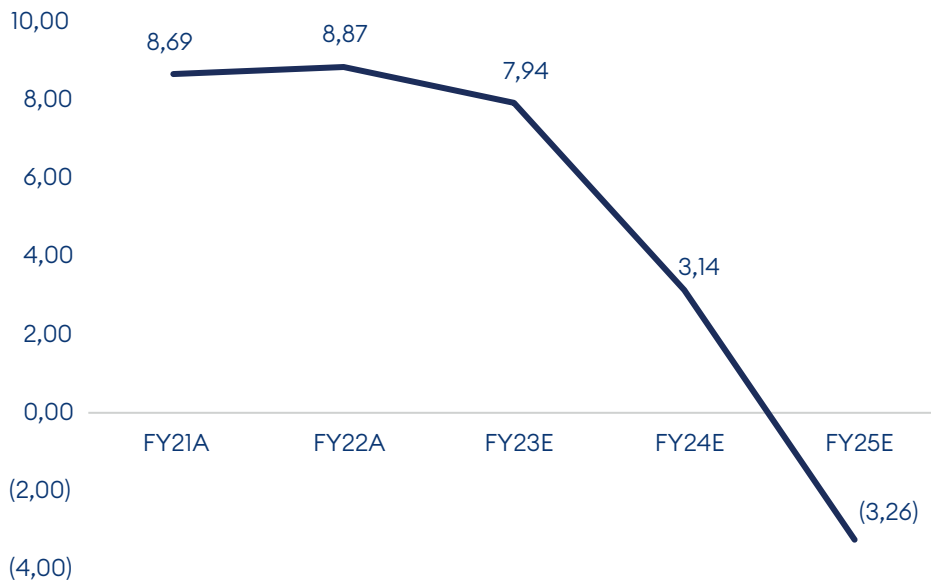
Source: Integrae SIM

CHART 3 – CAPEX FY21A-25E (€/MLN)



Source: Integrae SIM

CHART 6 – NFP FY21A-25E (€/MLN)



Source: Integrae SIM

Valuation

We conducted our valuation of the equity value of NVP based on the DCF method and multiples of a sample of comparable companies.

DCF Method

TABLE 4 – WACC

WACC				9,83%
D/E 66,67%	Risk Free Rate 3,51%	β Adjusted 0,92	α (specific risk) 2,50%	
K_d 3,00%	Market Premium 9,73%	β Relevered 1,36	K_e 14,94%	

Source: Integrae SIM

For prudential purposes, we included a specific risk of 2.5%. The result is therefore a WACC of 9,83%.

TABLE 5 – DCF VALUATION

DCF		% of EV
FCFO actualized	11,8	16,0%
TV actualized DCF	64,3	84,0%
Enterprise Value	76,1	100%
NFP	8,9	
Equity Value	67,3	

Source: Integrae SIM

With the above data and taking our estimates and assumptions as a reference, the result is an **equity value of € 67,3 million**.

TABLE 6 – EQUITY VALUE – SENSITIVITY ANALYSIS

€/mln		WACC						
		8,3%	8,8%	9,3%	9,8%	10,3%	10,8%	11,3%
Growth Rate (g)	2,5%	104,3	95,1	87,2	80,4	74,5	69,3	64,7
	2,0%	96,3	88,3	81,5	75,5	70,2	65,5	61,4
	1,5%	89,5	82,5	76,4	71,1	66,4	62,2	58,4
	1,0%	83,6	77,4	72,0	67,3	63,0	59,1	55,7
	0,5%	78,5	73,0	68,1	63,8	59,9	56,4	53,2
	0,0%	73,9	69,0	64,6	60,7	57,2	53,9	51,0
	-0,5%	69,9	65,5	61,5	57,9	54,6	51,7	49,0

Source: Integrae SIM

Market multiples

Our panel is made up of companies operating in the same sector as NVP; these companies were the same used to calculate Beta for the DCF method. The panel consists of:

TABLE 7 – MARKET MULTIPLES

Company Name	EV/EBITDA			EV/EBIT		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
SeSa SpA	7,5x	6,2x	6,5x	9,2x	7,8x	8,4x
Accenture Plc.	13,9x	12,3x	10,9x	15,5x	13,3x	11,7x
Bouvet ASA	9,7x	8,3x	N/A	11,5x	9,9x	N/A
Peer median	9,7x	8,3x	8,7	11,5x	9,9x	10,1x

Source: Infinancials

TABLE 8 – MARKET MULTIPLES VALUATION

€/mln	FY23E	FY24E	FY25E
Enterprise Value (EV)			
EV/EBITDA	74,9	77,2	96,8
EV/EBIT	34,4	44,6	61,0
Equity Value			
EV/EBITDA	67,0	74,1	100,1
EV/EBIT	26,5	41,4	64,2
Equity Value post 25% discount			
EV/EBITDA	50,2	55,6	75,1
EV/EBIT	19,9	31,1	48,2
Average	35,1	43,3	61,6

Source: Integrae SIM

Using EV/EBITDA and EV/EBIT market multiples, the equity value of NVP is approximately € 62.2 million. To this value, we applied a 25% discount. The result is a therefore an **equity value of € 46.67 million.**

Equity Value

TABLE 9 – EQUITY VALUE

Average Equity Value (€/mln)	57,0
Equity Value DCF (€/mln)	67,3
Equity Value multiples (€/mln)	46,7
Target Price (€)	7,50

Source: Integrae SIM

The result is an average equity value of € 57,00 mln. **The target price, therefore, is € 7,50 (prev. € 6,75). We confirm BUY rating and MEDIUM risk.**

TABLE 10 – TARGET PRICE IMPLIED VALUATION MULTIPLES

Multiples	FY22A	FY23E	FY24E	FY25E
EV/EBITDA	11,7x	8,5x	7,0x	5,9x
EV/EBIT	53,7x	21,9x	14,6x	10,9x

Source: Integrae SIM

TABLE 11 – CURRENT PRICE IMPLIED VALUATION MULTIPLES

Main Ratios	FY22A	FY23E	FY24E	FY25E
EV/EBITDA	6,5x	4,7x	3,9x	3,2x
EV/EBIT	29,5x	12,1x	8,0x	6,0x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958

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The table below, shows INTEGRAE SIM's recommendation, target price and risk issued during the last 12 months:

Date	Price	Recommendation	Target Price	Risk	Comment
19/04/2022	3,50	Buy	6,75	Medium	Update
01/08/2022	3,02	Buy	6,75	Medium	Breaking News
11/08/2022	3,10	Buy	6,75	Medium	Breaking News
19/09/2022	2,98	Buy	6,75	Medium	Update
10/10/2022	2,46	Buy	6,75	Medium	Update
31/10/2022	2,70	Buy	6,75	Medium	Breaking News
19/12/2022	2,74	Buy	6,75	Medium	Breaking News
02/02/2023	2,78	Buy	6,75	Medium	Breaking News
06/02/2023	3,00	Buy	6,75	Medium	Breaking News
07/03/2023	3,74	Buy	6,75	Medium	Breaking News

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Rating system (long term horizon: 12 months)

The BUY, HOLD and SELL ratings are based on the expected total return (ETR – absolute performance in the 12 months following the publication of the analysis, including the ordinary dividend paid by the company), and the risk associated to the share analyzed. The degree of risk is based on the liquidity and volatility of the share, and on the rating provided by the analyst and contained in the report. Due to daily fluctuations in share prices, the expected total return may temporarily fall outside the proposed range

Equity Total Return (ETR) for different risk categories

Rating	Low Risk	Medium Risk	High Risk
BUY	ETR >= 7.5%	ETR >= 10%	ETR >= 15%
HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR <= -5%	ETR <= -5%	ETR <= 0%
U.R.	Rating e/o target price Under Review		
N.R.	Stock Not Rated		

Valuation methodologies (long term horizon: 12 months)

The methods that INTEGRAE SIM SpA prefers to use for value the company under analysis are those which are generally used, such as the market multiples method which compares average multiples (P/E, EV/EBITDA, and other) of similar shares and/or sectors, and the traditional financial methods (RIM, DCF, DDM, EVA etc). For financial securities (banks and insurance companies) Integrae SIM SpA tends to use methods based on comparison of the ROE and the cost of capital (embedded value for insurance companies).

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Conflict of interest

In order to disclose its possible interest conflict Integrae SIM states that:

- It operates or has operated in the past 12 months as the entity responsible for carrying out the activities of specialist financial instruments issued by NVP SpA