

Irce

1H16 Results

Irce - Key estimates and data				
Y/E December		2015A	2016E	2017E
Revenues	EURM	349.9	300.0	345.0
EBITDA	EUR M	8.24	12.10	14.50
EBIT	EUR M	0.67	5.20	6.50
Net Income	EUR M	2.95	3.05	3.90
Dividend ord.	EUR	0.03	0.04	0.04
Adj. EPS	EUR	0.10	0.11	0.14
EV/EBITDA	x	12.5	7.7	6.5
Adj. P/E	x	19.3	16.2	12.7

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

- Volumes affected revenue...** In 1H16, consolidated revenue decreased by 18.4% to EUR 153.8M, mainly due to a contraction of volumes in both the wire segment (partially attributable to the slowdown of the Brazilian market) and the cable segment (mainly reflecting the deterioration of the market context), as well as a reduction in the average selling copper price. We recall that already in 4Q15 the average copper price had decreased by 13% vs. the average recorded in 9M15A. Revenues without metal were down by 8.0% to EUR 39.0M, driven by an 8.5% decrease in wire revenue to EUR 31.3M, which accelerated on the trend recorded in FY15 (-3.3%). The recovery in cable revenue without metal recorded in FY15 (+28.6%) was not confirmed in 1H16, with cable revenue declining by a 6.1% to EUR 7.7M.
- ...and drove down EBITDA.** Raw material costs, net of changes in inventories, were down by 21.4%, with the weighting on revenue down by around 300bps to 75.2%. Service costs dropped by 8.0%, with a weighting on revenue up by about 120bps to 10.3%. Labour costs declined slightly by 2.3%, with a weighting on revenues up by 170bps to 10.5%. 1H16A EBITDA came in at EUR 6.2M, -12.7% yoy. Adjusted for the result of hedging operations on copper, EBITDA was EUR 6.9M, -23.4% yoy. Net income fell by 72.5% yoy to EUR 1.2M. In 1H16A, net debt stood at EUR 44.0M vs. EUR 46.2M in FY15A.
- Outlook.** Despite a negative trend in 1H16, management expects 2016 EBITDA and EBIT to be higher than the 2015 levels (EUR 8.2M and EUR 0.7M, respectively), which were affected by an adjustment of inventory values due to the reduction of the average copper price.
- Estimates and valuation.** Following 1H16 results and management's stated outlook, we cut our FY16E revenue assumption by 10.4% vs. our previous estimate, driven by a contraction in volumes and in the average copper price. Consequently, we also cut FY16E EBITDA margin by 20bps vs. our previous estimate and our net income forecast by 29%. In FY17E, we expect a recovery in volumes to the level of 2015 and an average copper price up by around 4% vs. FY16E. FY17E revenue should grow by around 15% vs. FY16E, but should be around 6.8% lower vs. previous estimates. We see FY17E EBITDA margin up by around 30bps lower than our previous estimate, and a contraction in our net income by 25.9% forecast. We value Irce with a DCF model, which points to a **target price of EUR 2.0/share** (from EUR 2.2/share), and we confirm our **ADD rating**.
- Key risks.** The copper price may influence profitability and working capital, although the risk is partially mitigated by hedging policies. An exchange rate risk is related to the fact that sales are mainly denominated in EUR and copper costs in USD and partially covered with forward purchases. A translation risk derives from operations in Brazil, the UK and India. Irce drew more credit to finance working capital in the last year, but thanks to the lines still available, we are not concerned about liquidity at present. The outlook in Europe, the key market for Irce (around 80% of sales), is still relatively weak; this risk should be reduced in the future due to higher sales outside Europe.

19 September 2016: 12:41 CET
Date and time of production

ADD

Target Price: EUR 2.0
(from EUR 2.2)

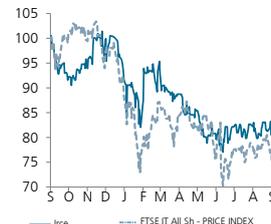
Italy/Capital Goods
Company Update

Intesa Sanpaolo
Research Department

Alberto Francese
Research Analyst
+39 02 8794 9815
alberto.francese@intesasanpaolo.com

Corporate Broking Team
Alberto Francese
Gabriele Berti
Marta Caprini

Price performance, -1Y
16/09/2016



Source: FactSet

Date and time of first circulation:
19 September 2016: 13:00 CET

Data priced on 16.09.2016		
Target price (€)	2.0	
Target upside (%)	13.96	
Market price (€)	1.76	
52Wk range (€)	2.16/1.64	
Market cap (€ M)	49.36	
No. of shares	28.13	
Free float (%)	28.9	
Major shr	Aequafin	
(%)	50.0	
Reuters	IRC.MI	
Bloomberg	IRC IM	
FTSE IT All Sh	17840	
Performance %		
Absolute	Rel. to FTSE IT All	
-1M	0.3 -1M	3.7
-3M	3.5 -3M	4.1
-12M	-17.6 -12M	9.3

*unless otherwise indicated within report. Source: FactSet and Intesa Sanpaolo Research estimates

Banca IMI distributes this report issued by
INTESA SANPAOLO

Contents

1H16A Results	3
Outlook	4
Estimates revision	4
Valuation	5

1H16A Results

In 1H16, consolidated revenue decreased by 18.4% to EUR 153.8M, mainly due to a contraction of volumes in both the wire segment (partially attributable to the slowdown of the Brazilian market) and the cable segment (mainly reflecting the deterioration of the market context), as well as a reduction in the average selling copper price.

Consolidated revenue down by 18.4% in 1H16....

In detail, revenues without metal were down by 8.0% to EUR 39.0M. In particular, we highlight:

- A 8.5% decrease in wire revenue to EUR 31.3M, also affected by the depreciation of the Brazilian currency;
- A 6.1% decline in cable revenue to EUR 7.7M.

Irce – 1H16A results			
EUR M	1H15A	1H16A	chg %
Revenues	188.4	153.8	-18.4
EBITDA	7.1	6.2	-12.7
EBITDA margin (%)	3.8	4.0	
EBIT	3.4	2.3	-32.1
Net income	4.4	1.2	-72.5
Net debt	48.4	44.0	-9.1

A: actual; Source: Company data

Raw material costs, net of changes in inventories, declined significantly by 21.4% to EUR 115.7M, with the weighting on revenue down by around 300bps to 75.2%. Service costs dropped by 8.0% to EUR 15.8M, principally caused by the contraction of energy costs sustained above all in Italy and Brazil. The weighting on revenue was up by about 120bps to 10.3%. Labour costs slightly fell by 2.3% to EUR 16.2M, mainly due to a decrease in wages and other labour costs. The weighting on revenues was up by 170bps to 10.5%.

Irce 1H16A costs breakdown			
EUR M	1H15A	1H16A	chg %
Raw materials*	147.2	115.7	-21.4
Services	17.2	15.8	-8.0
Labour	16.5	16.2	-2.3
Weighting on revenue (%)			
Raw materials	78.2	75.2	
Services	9.1	10.3	
Labour	8.8	10.5	

Note: *net of changes in inventories; A: actual; Source: Company data

Following the above-mentioned dynamics, 1H16A EBITDA came in at EUR 6.2M, -12.7% yoy, with a margin increasing by 20bps to 4.0%. Adjusted for the result of hedging operations on copper, EBITDA was EUR 6.9M (-23.4% yoy). Depreciation was down by 12.2% to EUR 2.8M, while provisions more than doubled to EUR 1.1M.

Leading to 12.7% decline in EBITDA in 1H16....

EBIT amounted to EUR 2.3M, implying a 32.1% yoy drop. Net of the copper price effect, EBIT was EUR 3.0M, -43.4% yoy.

Net financial income was EUR 0.2M (EUR 3.4M in 1H15), affected by losses on forex, principally GBP, for EUR 0.6M (EUR 1.6M gain in 1H15A) and including lower net gains on copper hedging for EUR 0.7M (EUR 1.9M in 1H15A). Net income fell by 72.5% yoy to EUR 1.2M. An EUR 0.03/share dividend was paid.

Capex amounted to EUR 2.05 (EUR 1.4M in 1H15A), mainly for winding wire producing machinery. In 1H16A, net debt fell to EUR 44.0M (EUR 46.2M in FY15A and EUR 48.4M in 1H15A), mainly reflecting the cash flow generated by operating activities.

Outlook and Estimates Revision

Despite a negative trend in 1H16, management expects 2016 EBITDA and EBIT to be higher than 2015 levels (EUR 8.2M and EUR 0.7M, respectively), which were affected by an adjustment of inventory values due to the reduction in the average copper price.

Estimates revision

Following 1H16 results and management's outlook, we cut our FY16E revenue assumption by 10.4% vs. our previous estimates, driven by a contraction in volumes and in the average copper price. Consequently, we also cut our FY16E EBITDA margin assumption by 20bps vs. our previous estimate and our net income forecast by 29%.

Downwards revision in estimates

In FY17E we expect a recovery in volumes to the 2015 level (around EUR 80M in revenue w/o metal) and an average copper price up by around 4% vs. FY16E. We see FY17E revenue growing by around 15% vs. FY16E, but around 6.8% lower vs. our previous estimate.

We now expect a FY17E EBITDA margin around 30bps lower than our previous estimate and we cut our net income assumption by 25.9%.

Irce – Estimates revision (2016E-17E)						
EUR M	2016E old	2016E new	chg %	2017E old	2017E new	chg %
Sales	335.0	300.0	-10.4	370.0	345.0	-6.8
EBITDA	14.0	12.1	-13.6	16.5	14.5	-12.1
EBITDA margin	4.2	4.0		4.5	4.2	
Net income	4.3	3.0	-29.0	5.3	3.9	-25.9
Net debt/-cash	45.3	43.9	-3.1	46.7	44.9	-3.9

Source: Intesa Sanpaolo Research estimates

Valuation

We value Irce with a DCF model using a 1.75% risk-free rate and a 6.25% equity risk premium (5.50% previously), which points to a 5.9% WACC (5.5% previously).

Irce- WACC calculation	
%	
Gross debt rate	4.0
Tax rate	28.5
Net debt rate	2.9
Beta levered * (x)	0.84
Gearing	26.11
Beta re-levered * (x)	0.84
Risk-free rate	1.75
Equity risk premium	6.25
Cost of equity	6.4
WACC	5.9

Source: *Bloomberg and Intesa Sanpaolo Research estimates

In our model we used our 2016E-17E estimates, while for the LT we assume that revenues are in line with 2017E, the EBITDA margin is around 4.5% i.e. the average 2008A-17E profitability, and capex equals depreciation. We value treasury shares (around 5.0% of capital) at market value.

We used 2015A debt (EUR 46.2M) to calculate the equity value.

Our DCF model points to a target price of EUR 2.0/share (EUR 2.2/share previously) and we confirm our ADD rating.

**Target price at
EUR 2.0/share; ADD rating**

Irce – DCF calculation (2016E-17E)			
EUR M	2016E	2017E	LT
EBIT	5.2	6.5	9.8
Tax	-2.3	-2.1	-3.4
Depreciation	6.9	8.0	
NOPAT	9.8	12.4	6.4
WC	-0.8	-1.7	
Capex	-6.0	-10.0	
FCF	3.0	0.7	6.4
Discounted FCF	3.0	0.7	5.7
WACC (%)	5.9		
TV growth (%)	0.0		
Sum	3.7		
TV	96.0		
EV	99.7		
Debt 2015A	46.2		
Treasury shares	2.4		
Equity	55.9		
Shares (M)	28.1		
Target price (EUR/share)	2.0		

A: actual; E: estimates; Source: Intesa Sanpaolo Research estimates

Irce - Key data						
Rating	Target price (EUR/sh)	Mkt price (EUR/sh)	Sector	Free float (%)	Reuters Code	
ADD	Ord 2.00	Ord 1.75	Capital Goods	28.9	IRC.MI	
Values per share (EUR)	2014A	2015A	2016E	2017E		
No. ordinary shares (M)	28.13	28.13	28.13	28.13		
No. NC saving/preferred shares (M)	0.00	0.00	0.00	0.00		
Total no. of shares (M)	28.13	28.13	28.13	28.13		
Market cap	54.58	56.78	49.36	49.36		
Adj. EPS	0.13	0.10	0.11	0.14		
CFPS	0.43	0.37	0.35	0.42		
BVPS	4.9	4.7	4.7	4.8		
Dividend ord	0.03	0.03	0.04	0.04		
Income statement (EUR M)	2014A	2015A	2016E	2017E		
Revenues	350.6	349.9	300.0	345.0		
EBITDA	10.74	8.24	12.10	14.50		
EBIT	2.42	0.67	5.20	6.50		
Pre-tax income	6.91	5.38	5.30	6.00		
Net income	3.79	2.95	3.05	3.90		
Adj. net income	3.79	2.95	3.05	3.90		
Cash flow (EUR M)	2014A	2015A	2016E	2017E		
Net income before minorities	3.8	2.9	3.0	3.9		
Depreciation and provisions	8.3	7.6	6.9	8.0		
Others/Uses of funds	0	0	0	0		
Change in working capital	3.5	0.7	-0.8	-1.7		
Operating cash flow	15.7	11.2	9.1	10.2		
Capital expenditure	-2.7	-4.1	-6.0	-10.0		
Financial investments	0	0	0	0		
Acquisitions and disposals	0	0	0	0		
Free cash flow	13.0	7.1	3.1	0.2		
Dividends	-0.3	-0.8	-0.8	-1.1		
Equity changes & Other non-operating items	-1.0	-6.8	0	0		
Net cash flow	11.7	-0.6	2.3	-0.9		
Balance sheet (EUR M)	2014A	2015A	2016E	2017E		
Net capital employed	187.4	177.1	177.0	180.7		
of which associates	0	0	0	0		
Net debt/-cash	49.6	46.2	43.9	44.9		
Minorities	0	0	0	0		
Net equity	137.7	130.8	133.0	135.8		
Minorities value	0	0	0	0		
Enterprise value	104.2	103.0	93.3	94.2		
Stock market ratios (x)	2014A	2015A	2016E	2017E		
Adj. P/E	14.4	19.3	16.2	12.7		
P/CFPS	4.5	5.4	5.0	4.1		
P/BVPS	0.40	0.43	0.37	0.36		
Payout (%)	7	10	9	0		
Dividend yield (% ord)	1.5	1.5	2.3	2.3		
FCF yield (%)	23.8	12.5	6.4	0.4		
EV/sales	0.30	0.29	0.31	0.27		
EV/EBITDA	9.7	12.5	7.7	6.5		
EV/EBIT	43.1	NM	17.9	14.5		
EV/CE	0.56	0.58	0.53	0.52		
D/EBITDA	4.6	5.6	3.6	3.1		
D/EBIT	20.5	69.2	8.4	6.9		
Profitability & financial ratios (%)	2014A	2015A	2016E	2017E		
EBITDA margin	3.1	2.4	4.0	4.2		
EBIT margin	0.7	0.2	1.7	1.9		
Tax rate	45.1	45.2	42.5	35.0		
Net income margin	1.1	0.8	1.0	1.1		
ROCE	1.3	0.4	2.9	3.6		
ROE	2.8	2.2	2.3	2.9		
Interest cover	-0.5	-0.1	-52.0	13.0		
Debt/equity ratio	36.0	35.3	33.0	33.0		
Growth (%)	2015A	2016E	2017E			
Sales	-0.2	-14.3	15.0			
EBITDA	-23.3	46.9	19.8			
EBIT	-72.3	NM	25.0			
Pre-tax income	-22.1	-1.5	13.2			
Net income	-22.3	3.3	28.1			
Adj. net income	-22.3	3.3	28.1			

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

Notes

Notes

Disclaimer

Analyst certification

The financial analysts who prepared this report, and whose names and roles appear within the document, certify that:

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

Specific disclosures

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

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

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

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

Intesa Sanpaolo SpA and Banca IMI SpA have in place a Joint Conflicts Management Policy for managing effectively the conflicts of interest which might affect the impartiality of all investment research which is held out, or where it is reasonable for the user to rely on the research, as being an impartial assessment of the value or prospects of its subject matter. A copy of this Policy is available to the recipient of this research upon making a written request to the Compliance Officer, Intesa Sanpaolo SpA, 90 Queen Street, London EC4N 1SA. Intesa Sanpaolo SpA has formalised a set of principles and procedures for dealing with conflicts of interest ("Research Policy"). The Research Policy is clearly explained in the relevant section of Intesa Sanpaolo's web site (www.intesasanpaolo.com).

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

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

Residents in Italy: This document is intended for distribution only to professional clients and qualified counterparties as defined in Consob Regulation no. 16190 of 29.10.2007, as subsequently amended and supplemented, either as a printed document and/or in electronic form.

Person and residents in the UK: This document is not for distribution in the United Kingdom to persons who would be defined as private customers under rules of the FSA.

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

Coverage policy and frequency of research reports

The list of companies covered by the Research Department is available upon request. Intesa Sanpaolo SpA aims to provide continuous coverage of the companies on the list in conjunction with the timing of periodical accounting reports and any exceptional event that affects the issuer's operations. The companies for which Banca IMI acts as sponsor or specialist or other regulated roles are covered in compliance with regulations issued by regulatory bodies with jurisdiction. In the case of a short note, we advise investors to refer to the most recent company report published by Intesa Sanpaolo SpA's Research Department for a full analysis of valuation methodology, earnings assumptions, risks and the historical of recommendation and target price. In the Equity Daily note the Research Department reconfirms the previously published ratings and target prices on the covered companies (or alternatively such ratings and target prices may be placed Under Review). Research is available on Banca IMI's web site (www.bancaimi.com) or by contacting your sales representative.

Equity Research Publications in Last 12M

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

http://www.group.intesasanpaolo.com/scripts/sir0/si09/studi/eng_archivio_racc_equity.jsp

Valuation methodology (long-term horizon: 12M)

The Intesa Sanpaolo SpA Equity Research Department values the companies for which it assigns recommendations as follows: We obtain a fair value using a number of valuation methodologies including: discounted cash flow method (DCF), dividend discount model (DDM), embedded value methodology, return on allocated capital, break-up value, asset-based valuation method, sum-of-the-parts, and multiples-based models (for example PE, P/BV, PCF, EV/Sales, EV/EBITDA, EV/EBIT, etc.). The financial analysts use the above valuation methods alternatively and/or jointly at their discretion. The assigned target price may differ from the fair value, as it also takes into account overall market/sector conditions, corporate/market events, and corporate specifics (ie, holding discounts) reasonably considered to be possible drivers of the company's share price performance. These factors may also be assessed using the methodologies indicated above.

Equity rating key: (long-term horizon: 12M)

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

Equity rating key (long-term horizon: 12M)	
Long-term rating	Definition
BUY	If the target price is 20% higher than the market price
ADD	If the target price is 10%-20% higher than the market price
HOLD	If the target price is 10% below or 10% above the market price
REDUCE	If the target price is 10%-20% lower than the market price
SELL	If the target price is 20% lower than the market price
RATING SUSPENDED	The investment rating and target price for this stock have been suspended as there is not a sufficient fundamental basis for determining an investment rating or target. The previous investment rating and target price, if any, are no longer in effect for this stock.
NO RATING	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulations and/or firm policies in certain circumstances, including when Intesa Sanpaolo is acting in an advisory capacity in a merger or strategic transaction involving the company.
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)



Equity rating allocations (long-term horizon: 12M)

Intesa Sanpaolo Research Rating Distribution (at August 2016)					
Number of companies considered: 103	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%)	39	29	31	1	0
of which Intesa Sanpaolo's Clients (%) (*)	83	50	56	100	0

(*) 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)

Equity rating key (short-term horizon: 3M)	
Short-term rating	Definition
LONG	Stock price expected to rise or outperform within three months from the time the rating was assigned due to a specific catalyst or event
SHORT	Stock price expected to fall or underperform within three months from the time the rating was assigned due to a specific catalyst or event

Company specific disclosures

Intesa Sanpaolo S.p.A. and the other companies belonging to the Intesa Sanpaolo Banking Group (jointly also the "Intesa Sanpaolo Banking Group") have adopted written guidelines "Modello di Organizzazione, Gestione e Controllo" pursuant to Legislative Decree 8 June, 2001 no. 231 (available at the Intesa Sanpaolo website, webpage http://www.group.intesasnpaolo.com/scriptlsir0/si09/governance/eng_wp_governance.jsp, along with a summary sheet, webpage <https://www.bancaimi.com/en/bancaimi/chiamo/documentazione/normative>) setting forth practices and procedures, in accordance with applicable regulations by the competent Italian authorities and best international practice, including those known as Information Barriers, to restrict the flow of information, namely inside and/or confidential information, to prevent the misuse of such information and to prevent any conflicts of interest arising from the many activities of the Intesa Sanpaolo Banking Group which may adversely affect the interests of the customer in accordance with current regulations.

In particular, the description of the measures taken to manage interest and conflicts of interest – related to Articles 69-quater and 69-quinquies of the Issuers' Regulation issued by Consob with Resolution no. 11971 of 14.05.1999 as subsequently amended and supplemented, Article 24 of "Rules governing central depositories, settlement services, guarantee systems and related management companies" issued by Consob and Bank of Italy, FINRA Rule 2241 and NYSE Rule 472, as well as the FCA Conduct of Business Sourcebook rules COBS 12.4.9 and COBS 12.4.10 - between the Intesa Sanpaolo Banking Group and issuers of financial instruments, and their group companies, and referred to in research products produced by analysts at Intesa Sanpaolo is available in the "Research Rules" and in the extract of "A business model for managing privileged information and conflicts of interest" published on the website of Intesa Sanpaolo S.p.A.

At the Intesa Sanpaolo website, webpage http://www.group.intesasnpaolo.com/scriptlsir0/si09/studi/eng_archivio_conflitti_mad.jsp you can find the archive of Intesa Sanpaolo Banking Group's conflicts of interest.

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

- 1 One or more of the companies of the Intesa Sanpaolo Banking Group plan to solicit investment banking business or intends to seek compensation from Irce in the next three months
- 2 Banca IMI acts as Specialist relative to securities issued by Irce

Intesa Sanpaolo Research Department – Head of Research Department: Gregorio De Felice**Head of Equity & Credit Research**

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

Equity Research

Monica Bosio	+39 02 8794 9809	monica.bosio@intesasnpaolo.com
Luca Bacoccoli	+39 02 8794 9810	luca.bacoccoli@intesasnpaolo.com
Antonella Frongillo	+39 02 8794 9688	antonella.frongillo@intesasnpaolo.com
Manuela Meroni	+39 02 8794 9817	manuela.meroni@intesasnpaolo.com
Gian Luca Pacini	+39 02 8794 9818	gianluca.pacini@intesasnpaolo.com
Elena Perini	+39 02 8794 9814	elena.perini@intesasnpaolo.com
Bruno Permutti	+39 02 8794 9819	bruno.permutti@intesasnpaolo.com
Roberto Ranieri	+39 02 8794 9822	roberto.ranieri@intesasnpaolo.com
Meris Tonin	+39 02 8794 1119	meris.tonin@intesasnpaolo.com

Corporate Broking Research

Alberto Francese	+39 02 8794 9815	alberto.francese@intesasnpaolo.com
Gabriele Berti	+39 02 8794 9821	gabriele.beriti@intesasnpaolo.com
Marta Caprini	+39 02 8794 9812	marta.caprini@intesasnpaolo.com

Technical Analysis

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

Research Clearing & Production

Anna Whatley	+39 02 8794 9824	anna.whatley@intesasnpaolo.com
Bruce Marshall	+39 02 8794 9816	robert.marshall@intesasnpaolo.com
Annita Ricci	+39 02 8794 9823	annita.ricci@intesasnpaolo.com
Wendy Ruggeri	+39 02 8794 9811	wendy.ruggeri@intesasnpaolo.com
Elisabetta Bugliesi (IT support)	+39 02 8794 9877	elisabetta.bugliesi@intesasnpaolo.com

Banca IMI SpA**Institutional Sales**

Catherine d'Aragon	+39 02 7261 5929	catherine.daragon@bancaimi.com
Carlo Cavaliere	+39 02 7261 2722	carlo.cavaliere@bancaimi.com
Stefan Gess	+39 02 7261 5927	stefan.gess@bancaimi.com
Francesca Guadagni	+39 02 7261 5817	francesca.guadagni@bancaimi.com
Federica Repetto	+39 02 7261 5517	federica.repetto@bancaimi.com
Daniela Stucchi	+39 02 7261 5708	daniela.stucchi@bancaimi.com
Marco Tinessa	+39 02 7261 2158	marco.tinessa@bancaimi.com
Mark Wilson	+39 02 7261 2758	mark.wilson@bancaimi.com

Corporate Broking

Carlo Castellari	+39 02 7261 2122	carlo.castellari@bancaimi.com
Laura Spinella	+39 02 7261 5782	laura.spinella@bancaimi.com

Sales Trading

Lorenzo Pennati	+39 02 7261 5647	lorenzo.pennati@bancaimi.com
-----------------	------------------	------------------------------

Equity Derivatives Institutional Sales

Emanuele Manini	+39 02 7261 5936	emanuele.manini@bancaimi.com
Andrea Cisolotto	+39 02 7261 5975	andrea.cisolotto@bancaimi.com
Francesca Dizione	+39 02 7261 2759	francesca.dizione@bancaimi.com
Enrico Ferrari	+39 02 7261 2806	enrico.ferrari@bancaimi.com
Alessandro Monti	+44 207 894 2412	alessandro.monti@bancaimi.com
Umberto De Paoli	+44 207 894 2456	umberto.depaoli@bancaimi.com

Banca IMI SpA – Head of Market Hub: Gherardo Lenti Capoduri**E-commerce Distribution**

Alessandra Minghetti	+39 02 7261 2973	alessandra.minghetti@bancaimi.com
Francesco Riccardi	+39 02 7261 2089	francesco.riccardi@bancaimi.com
Umberto Menconi	+39 02 7261 5492	umberto.menconi@bancaimi.com
Filippo Besozzi	+39 02 7261 5922	filippo.besozzi@bancaimi.com
Fabio Del Gobbo (London Office)	+44 207 894 2432	fabio.delgobbo@bancaimi.com

Brokerage & Execution

Sergio Francolini	+39 02 7261 5859	sergio.francolini@bancaimi.com
-------------------	------------------	--------------------------------

Banca IMI Securities Corp.**US Institutional Sales**

Larry Meyers	+1 212 326 1241	larry.meyers@bancaimi.com
Barbara Leonardi	+1 212 326 1232	barbara.leonardi@bancaimi.com
Greg Principe	+1 212 326 1233	greg.principe@bancaimi.com

Banca IMI SpA

Largo Mattioli, 3
20121 Milan, Italy
Tel: +39 02 7261 1

Banca IMI Securities Corp.

1 William Street
10004 New York, NY, USA
Tel: (1) 212 326 1100

Banca IMI London Branch

90 Queen Street
London EC4N 1SA, UK
Tel +44 207 894 2600