

DATALOGIC

Innovation Drives Profitability

| DATALOGIC - Key estimates and data | | | | | |
|------------------------------------|-------|--------|--------|--------|--------|
| Y/E December | | 2010A | 2011E | 2012E | 2013E |
| Revenues | EUR M | 392.74 | 420.00 | 447.00 | 476.00 |
| EBITDA | EUR M | 49.76 | 53.77 | 76.71 | 85.79 |
| EBIT | EUR M | 34.68 | 30.37 | 60.69 | 69.65 |
| Net income | EUR M | 18.03 | 14.54 | 40.01 | 48.37 |
| Dividend ord. | EUR | 0.15 | 0.13 | 0.15 | 0.15 |
| Adj. EPS | EUR | 0.31 | 0.25 | 0.68 | 0.83 |
| EV/EBITDA | x | 9.04 | 8.19 | 5.22 | 4.21 |
| Adj. P/E | x | 20.72 | 25.69 | 9.34 | 7.72 |

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

- 2Q11 revenue up by 3.9%.** In 2Q11A revenues were EUR 105.3M, +3.9% yoy (+10% at stable fx). Growth was driven by the Scanning division (+7.6% in 2Q11 to EUR 50.8M) and the Business Development division (+10.9% in 2Q11 to EUR 9.6M), which also includes the Informatics and Evolution Robotics Retail companies. The Automation division was broadly stable at EUR 24.4M, while the Mobile division declined by 2.8% to EUR 20.6M. 1H11A revenues were EUR 210.2M, on track vs. our estimates, as they represented 50% of our 2011E revenue (1H10 revenues were 48.6% of FY10 revenue). Half year revenues were negatively affected by the euro appreciation vs. USD (+5.7%), net of this effect revenue would have grown by around 13%. Note that Datalogic is also exposed to USD in terms of COGS and operating expenses; in 1H11A, at EBITDA level, the net effect of the euro appreciation was negligible (+EUR 0.2M).
- Strong EBITDA margin and cash flow.** EBITDA came in at EUR 16.9M, a 10% growth, and was significantly better than our estimates (EUR 15.4M). The EBITDA margin surged to 16% (+90bps vs. 2Q11A), mainly thanks to gross margin improvement (+40bps), driven by the innovation cycle made in hand held products in 2009 (+EUR 4M of EBITDA from new products in 1H11). Going forward, management believe this gross margin is sustainable, thanks to two other innovation cycles, first in mobile products (ongoing), then in fixed scanner products (end of 2012), and to the shifting of ADC production to Vietnam (90% expected by 2012), which should further improve gross margin dynamics. Net income came in at EUR 2.2M, a 69.7% decline vs. 2Q11A. Net of non-recurring costs related to the ADC supply chain restructuring, it would have grown by around 14%. Overall, Datalogic posted around EUR 8.5M non-recurring costs in 1H11A, out of around EUR 10.8M forecast for the full implementation of the ADC supply chain restructuring, due by year-end. This restructuring should generate savings of around EUR 12.5M/year, starting from 2012. Net debt was EUR 71.9M, in line with 1Q11A, also thanks to a strict control of trade working capital, whose ratio to revenue stabilised at around 15%, a level which management consider sustainable going forward. We regard the debt result as extremely positive, as extraordinary costs (EUR 8.5M), bonuses to employees on 2010 results (EUR 6.5M), and the dividend payment (EUR 8.1M), were booked in the quarter. Net of these items some EUR 23M cash flow would have been produced.
- Valuation.** We value Datalogic with a DCF model, an 8.1% WACC (risk-free rate of 4.75%, equity risk premium of 5.75%, gearing of approx. 32%), and a conservative 0% terminal value growth. **We obtain a target price of EUR 9.55/share and rate the company a BUY.**
- Key risks.** The Datalogic reference market is fragmented and characterised by intense competition. To survive in these markets substantial R&D investments are needed (for a certain cost), the launch of successful innovative commercial products is uncertain. The ongoing delocalisation of some important clients could require entry into the Latin American and Asian (Chinese and Indian) markets. The company is exposed to foreign currency translation effects: around 50% of revenues are non-EUR denominated.

1 August 2011

BUY

Target Price: EUR 9.55

IT & Technology
Results Note

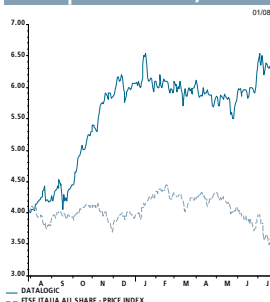
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Price performance, -1Y



Data priced on 29.07.2011

| | |
|-----------------------|--------------|
| Target price (€) | 9.55 |
| Target upside (%) | 49.40 |
| Market price (€) | 6.39 |
| 52-week range (€) | 6.5/4 |
| Market cap (€M) | 373.47 |
| No. of shares (M) | 58.45 |
| Free float (%) | 24.6 |
| Major shareholder (%) | Hydra, 66.96 |
| Reuters | DAL.MI |
| Bloomberg | DAL IM |
| FTSE It All Shares | 19143 |

| | Performance % | |
|------|---------------|---------------------|
| | Absolute | Rel. to FTSE All Sh |
| -1M | 2.5 | -1M 9.5 |
| -3M | 9.7 | -3M 26.9 |
| -12M | 58.4 | -12M 69.5 |

Source: Intesa Sanpaolo Research estimates and Thomson Reuters

2Q11 Results

2Q11A revenue increased by 3.9% to EUR 105.3M, in particular:

Divisional results positive

- The Scanning division, which weighed 48.3% on total revenue, grew by 7.6%;
- The Business Development division, which weighed 9.1% on total revenue, grew by 10.9%;
- The Mobile division, which weighed 19.6% on total revenue, declined by 2.8%;
- The Automation division, which weighed 23.1% on total revenue, was broadly stable.

1H11A revenues were EUR 210.2M, on track vs. our estimates, as they represented 50% of our 2011E revenue (1H10A revenues were 48.6% of FY10A revenue). Half year revenues were negatively affected by the euro appreciation vs. USD (+5.7%), net of this effect, revenue would have grown by around 13%.

Note that Datalogic is also exposed to USD in terms of COGS and operating expenses, in 1H11A, at EBITDA level, the net effect of the euro appreciation was negligible (+EUR 0.2M).

| Datalogic – Quarterly revenue trend 1Q10A- 2Q11A | | | | | | |
|--|-------|-------|-------|-------|-------|-------|
| EUR M | 1Q10A | 2Q10A | 3Q10A | 4Q10A | 1Q11A | 2Q11A |
| Total Revenue | 89.5 | 101.3 | 100.4 | 101.5 | 105.0 | 105.3 |
| Mobile | 20.7 | 21.2 | 21.2 | 24.6 | 21.2 | 20.6 |
| Automation | 19.0 | 24.4 | 21.5 | 25.8 | 24.4 | 24.4 |
| Scanning | 42.1 | 47.2 | 48.8 | 43.5 | 50.9 | 50.8 |
| Business dev. | 7.9 | 8.7 | 9.1 | 7.7 | 8.6 | 9.6 |

Source: Company data

EBITDA came in at EUR 16.9M, a 10% growth, and was significantly better than our estimates (EUR 15.4M).

EBITDA much higher than our estimates

The EBITDA margin surged to 16% (+90bps vs. 2Q10A), and net of around EUR 1.1M of extraordinary costs due to ADC supply chain restructuring accounted as administrative expenses, the EBITDA margin would have exceeded 17%.

| Datalogic - 2Q11A key data | | | | | | | |
|------------------------------------|-------|-------|-------|-------|-------------------|-------------------|--|
| EUR M | 2Q10A | 1Q11A | 2Q11E | 2Q11A | chg vs. 2Q10A (%) | chg vs. 2Q11E (%) | |
| Revenue | 101.3 | 105.0 | 105.0 | 105.3 | 3.9 | 0.3 | |
| Gross operating margin | 47.1 | 49.4 | 49.9 | 49.4 | 5.0 | -1.0 | |
| Gross operating margin/revenue (%) | 46.5 | 47.1 | 47.5 | 46.9 | | | |
| EBITDA | 15.3 | 14.9 | 15.4 | 16.9 | 10.0 | 9.3 | |
| EBITDA margin | 15.1 | 14.2 | 14.7 | 16.0 | | | |
| EBITANR | 12.4 | 12.2 | 12.8 | 14.3 | 14.9 | 12.1 | |
| EBITANR margin | 12.3 | 11.6 | 12.1 | 13.6 | | | |
| EBIT | 11.8 | 11.1 | 7.8 | 5.8 | -50.5 | -25.8 | |
| Net income | 7.1 | 5.7 | 3.4 | 2.2 | -69.7 | -36.3 | |
| Net debt | 92.1 | 71.2 | 71.2 | 71.9 | -21.9 | 1.0 | |

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

This EBITDA margin improvement is mainly due to the gross margin (+40bps vs. 2Q10A), which benefited from the product mix and the innovation cycle made in hand held products in 2009, which has allowed them to be currently priced at a premium (EUR +4M EBITDA in 1H11 from new products).

EBITDA margin improved due to the product mix and innovation

Management stated that the product mix may vary going forward, according to market trends, while it expects gross margin to be sustained by two other innovation cycles, firstly, mobile products (ongoing), secondly, fixed scanner products (end-2012), and by the shifting of ADC production to Vietnam (90% expected by 2012), which should further improve gross margin dynamics.

In the table below we report EBITDA margin breakdown by divisions.

| Datalogic – Quarterly EBITDA margin trend 1Q10A- 2Q11A | | | | | | |
|--|-------|-------|-------|-------|-------|-------|
| % | 1Q10A | 2Q10A | 3Q10A | 4Q10A | 1Q11A | 2Q11A |
| Total EBITDA | 11.8 | 15.1 | 12.9 | 10.8 | 14.2 | 16.0 |
| Mobile | 12.6 | 13.5 | 11.9 | 9.8 | 10.8 | 12.7 |
| Automation | 6.8 | 14.9 | 14.3 | 11.3 | 14.8 | 14.7 |
| Scanning | 11.9 | 13.5 | 13.6 | 8.5 | 15.7 | 19.7 |
| Business dev. | 13.9 | 13.8 | 7.8 | -1.4 | 9.3 | 8.3 |

Source: Company data

Another EUR 7.4M of non-recurring costs were booked below EBITDA (closing of Italian and US factories), therefore EBIT resulted in an around 50% decline to EUR 5.8M (we estimated EUR 7.8M, but with only EUR 3.8M of extraordinary costs).

Overall, in 1H11A Datalogic posted around EUR 8.5M of non-recurring costs related to the ADC supply chain restructuring, out of around EUR 10.8M forecast for the full implementation, due by year-end. We highlight that this restructuring should generate savings of around EUR 12.5M/year, as from 2012.

Most non-recurring costs booked in 1H11A

Net income came in at EUR 2.2M, a 69.7% decline vs. 2Q11A. Net of restructuring costs, it would have grown by around 14%

Net debt was EUR 71.9M, in line with 1Q11, also thanks to the strict control of trade working capital, whose ratio to revenue stabilised at around 15%, a level which management consider sustainable going forward.

We regard the debt result as extremely positive, as extraordinary costs (EUR 8.5M), bonuses to employees on 2010 results (EUR 6.5M), and the dividend payment (EUR 8.1M), were booked in the quarter. Net of these items some EUR 23M cash flow would have been produced.

| Datalogic – Quarterly trade working capital to revenue ratio trend 1Q10A- 2Q11A | | | | | | |
|---|-------|-------|-------|-------|-------|-------|
| % | 1Q10A | 2Q10A | 3Q10A | 4Q10A | 1Q11A | 2Q11A |
| Total trade WC | 18.4 | 19.1 | 17.0 | 15.0 | 15.4 | 15.2 |
| Mobile | 13.7 | 14.3 | 14.0 | 10.0 | 11.3 | 13.0 |
| Automation | 28.8 | 27.0 | 26.0 | 22.0 | 20.8 | 20.0 |
| Scanning | 16.0 | 17.1 | 14.0 | 12.0 | 13.0 | 13.2 |
| Business dev. | 9.5 | 9.6 | 12.0 | 11.0 | 11.9 | 9.1 |

Source: Company data

Valuation

We value Datalogic with a DCF model, using the following key assumptions in our valuation:

DCF valuation

- An 8.1% WACC (risk-free rate of 4.75%, equity risk premium of 5.75%);
- A gearing of around 32%;
- A conservative 0% terminal value growth;
- LT EBIT is calculated starting from 2013E EBITDA, and depreciation equals capex.

We obtain a target price of EUR 9.55/share and rate the company a BUY.

| DATALOGIC – DCF calculation (2011E-13E) | | | | |
|---|-------|-------|-------|-------|
| | 2011E | 2012E | 2013E | LT |
| EBIT | 30.4 | 60.7 | 69.7 | 76.3 |
| Tax | -7.8 | -17.1 | -20.7 | -26.5 |
| Depreciation | 15.9 | 16.0 | 16.1 | 0.0 |
| NOPAT | 38.4 | 59.6 | 65.1 | 49.8 |
| WC | -3.0 | 0.3 | 0.3 | 0.0 |
| Capex | -8.4 | -8.9 | -9.5 | 0.0 |
| FCF | 27.0 | 50.9 | 55.8 | 49.8 |
| Discounted FCF | 27.0 | 47.1 | 47.8 | 39.4 |
| WACC (%) | 8.1 | | | |
| TV growth (%) | 0.0 | | | |
| Sum | 122 | | | |
| TV | 488 | | | |
| EV | 610 | | | |
| Debt FY10A | 76 | | | |
| Treasury shares | 24 | | | |
| Equity | 557 | | | |
| Shares | 58.4 | | | |
| Target price | 9.55 | | | |

Source: Intesa Sanpaolo Research estimates

In the following table we show Datalogic's peers' key financial indicators and P/E and EV/EBITDA multiples.

Multiples comparison

| DATALOGIC - Key financial indicators | | | | | | |
|--------------------------------------|-------------|-----------------|---------------------|--------------------|------------------------|-----------------------|
| % | Price (EUR) | Mkt cap (EUR M) | Revenue CAGR 10-12E | EBITDA CAGR 10-12E | Net income CAGR 10-12E | Debt/EBITDA 2011E (x) |
| Intermec | 7.50 | 446 | 15.2 | 88.7 | NM | -1.6 |
| Zebra Tech. | 27.84 | 1,521 | 1.6 | 12.0 | 15.2 | -0.7 |
| Psion | 0.89 | 125 | 4.1 | 33.8 | 74.6 | -1.8 |
| Zetes Industries | 16.80 | 91 | 4.5 | 6.1 | 9.9 | -0.4 |
| Datalogic* | 6.39 | 373 | 6.7 | 24.2 | 49.0 | 1.2 |

NM: not meaningful; Source: Factset consensus *Intesa Sanpaolo estimates

Looking at peers, 2011E is affected by the one-off costs related to the supply chain restructuring, but 2012E P/E trades at an approx. 40% discount. At our target price (EUR 9.55/share), Datalogic would still trade at an approx. 9% discount on 2012E P/E.

| DATALOGIC - Multiples comparison | | | | | | |
|----------------------------------|-------------|-----------------|-----------|-------|-------|-------|
| x | Price (EUR) | Mkt cap (EUR M) | EV/EBITDA | | P/E | |
| | | | 2011E | 2012E | 2011E | 2012E |
| Intermec | 7.50 | 446 | 6.9 | 4.7 | 21.6 | 15.3 |
| Zebra Tech. | 27.84 | 1,521 | 9.5 | 8.0 | 16.7 | 15.3 |
| Psion | 0.89 | 125 | 5.7 | 4.5 | 85.6 | 20.4 |
| Zetes Industries | 16.80 | 91 | 4.2 | 3.6 | 9.7 | 9.0 |
| Median | | | 6.3 | 4.6 | 19.1 | 15.3 |
| Datalogic* | 6.39 | 373 | 8.1 | 5.1 | 25.2 | 9.1 |
| Premium/(Discount) vs. peers | | | 27.1 | 11.4 | 31.5 | -40.1 |

Source: Factset consensus *Intesa Sanpaolo estimates

| DATALOGIC - Key figures | | | | | | |
|---|----------------------------|-------------------------------|--------------|-----------------|---------------|--------------|
| Sector | IT & Technology | Mkt price EUR/Share | | Ordinary | Rating | |
| REUTERS CODE | DAL.MI | Target price EUR/Share | | 6.39 | BUY | |
| Values per share (EUR) | 2009A | 2010A | 2011E | 9.55 | 2012E | 2013E |
| No. ordinary shares (M) | 58.45 | 58.45 | 58.45 | 58.45 | 58.45 | 58.45 |
| No. NC saving/preferred shares (M) | - | - | - | - | - | - |
| Total no. of shares (M) | 58.45 | 58.45 | 58.45 | 58.45 | 58.45 | 58.45 |
| Adj. EPS | -0.21 | 0.31 | 0.25 | 0.25 | 0.68 | 0.83 |
| CFPS | 0.09 | 0.58 | 0.52 | 0.52 | 0.96 | 1.10 |
| BVPS | 2.00 | 2.40 | 2.48 | 2.48 | 3.04 | 3.60 |
| Dividend Ord | - | 0.15 | 0.13 | 0.13 | 0.15 | 0.15 |
| Dividend SAV Nc | - | - | - | - | - | - |
| Income statement (EUR M) | 2009A | 2010A | 2011E | | 2012E | 2013E |
| Sales | 311.97 | 392.74 | 420.00 | | 447.00 | 476.00 |
| EBITDA | 19.63 | 49.76 | 53.77 | | 76.71 | 85.79 |
| EBIT | -5.58 | 34.68 | 30.37 | | 60.69 | 69.65 |
| Pre-tax income | -12.84 | 28.18 | 22.37 | | 57.15 | 69.09 |
| Net income | -12.16 | 18.03 | 14.54 | | 40.01 | 48.37 |
| Adj. net income | -12.16 | 18.03 | 14.54 | | 40.01 | 48.37 |
| Cash flow (EUR M) | 2009A | 2010A | 2011E | | 2012E | 2013E |
| Net income before minorities | -12.16 | 18.03 | 14.54 | | 40.01 | 48.37 |
| Depreciation and provisions | 17.43 | 15.90 | 15.90 | | 16.02 | 16.14 |
| Change in working capital | 11.51 | 20.53 | -3.00 | | 0.27 | 0.29 |
| Operating cash flow | 16.78 | 54.46 | 27.44 | | 56.30 | 64.79 |
| Capital expenditure | -7.30 | -7.86 | -8.40 | | -8.94 | -9.52 |
| Other (uses of Funds) | -1.10 | -22.61 | -1.53 | | - | - |
| Free cash flow | 8.38 | 24.00 | 17.52 | | 47.36 | 55.27 |
| Dividends and equity changes | -1.93 | - | -8.16 | | -7.27 | -16.00 |
| Net cash flow | 6.45 | 24.00 | 9.36 | | 40.09 | 39.27 |
| Balance sheet (EUR M) | 2009A | 2010A | 2011E | | 2012E | 2013E |
| Net capital employed | 217.19 | 216.66 | 212.16 | | 204.81 | 197.90 |
| of which associates | - | - | - | | - | - |
| Net debt/-cash | 100.50 | 76.50 | 67.14 | | 27.05 | -12.22 |
| Minorities | - | - | - | | - | - |
| Net equity | 116.70 | 140.16 | 145.02 | | 177.75 | 210.12 |
| Market cap | 373.47 | 373.47 | 373.47 | | 373.47 | 373.47 |
| Minorities value | - | - | - | | - | - |
| Enterprise value (*) | 473.97 | 449.97 | 440.61 | | 400.53 | 361.25 |
| Stock market ratios (x) | 2009A | 2010A | 2011E | | 2012E | 2013E |
| Adj. P/E | -30.70 | 20.72 | 25.69 | | 9.34 | 7.72 |
| P/CEPS | 70.88 | 11.01 | 12.27 | | 6.67 | 5.79 |
| P/BVPS | 3.20 | 2.66 | 2.58 | | 2.10 | 1.78 |
| Dividend yield (% ord) | - | 2.35 | 1.98 | | 2.35 | 2.35 |
| Dividend yield (% sav) | - | - | - | | - | - |
| EV/sales | 1.52 | 1.15 | 1.05 | | 0.90 | 0.76 |
| EV/EBITDA | 24.14 | 9.04 | 8.19 | | 5.22 | 4.21 |
| EV/EBIT | -85.02 | 12.97 | 14.51 | | 6.60 | 5.19 |
| EV/CE | 2.18 | 2.08 | 2.08 | | 1.96 | 1.83 |
| D/EBITDA | 5.12 | 1.54 | 1.25 | | 0.35 | -0.14 |
| D/EBIT | -18.03 | 2.21 | 2.21 | | 0.45 | -0.18 |
| Profitability & financial ratios (%) | 2009A | 2010A | 2011E | | 2012E | 2013E |
| EBITDA margin | 6.29 | 12.67 | 12.80 | | 17.16 | 18.02 |
| EBIT margin | -1.79 | 8.83 | 7.23 | | 13.58 | 14.63 |
| Tax rate | 5.24 | 36.03 | 35.00 | | 30.00 | 30.00 |
| Net income margin | -3.90 | 4.59 | 3.46 | | 8.95 | 10.16 |
| ROE | -10.42 | 12.86 | 10.03 | | 22.51 | 23.02 |
| Debt/equity ratio | 0.86 | 0.55 | 0.46 | | 0.15 | -0.06 |
| Growth (%) | | 2010A | 2011E | | 2012E | 2013E |
| Sales | | 25.89 | 6.94 | | 6.43 | 6.49 |
| EBITDA | | 153.43 | 8.07 | | 42.64 | 11.84 |
| EBIT | | 722.10 | -12.43 | | 99.82 | 14.77 |
| Pre-tax income | | 319.54 | -20.62 | | 155.49 | 20.89 |
| Net income | | 248.21 | -19.34 | | 175.14 | 20.89 |
| Adj. net income | | 248.21 | -19.34 | | 175.14 | 20.89 |

(*) EV = Mkt cap+ Net Debt + Minorities Value - Associates A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

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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, 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 May 2011) | | | | | |
|--|-----|-----|------|--------|------|
| Number of companies subject to recommendations: 94 (**) | BUY | ADD | HOLD | REDUCE | SELL |
| Total Equity Research Coverage % | 29 | 38 | 30 | 2 | 1 |
| of which Intesa Sanpaolo's Clients % (*) | 78 | 56 | 50 | 100 | - |

(*) 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. (**) The total number of companies covered is 101

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

Banca IMI discloses interests and conflicts of interest, as defined by: Articles 69-quater and 69-quinquies, of Consob Resolution No.11971 of 14.05.1999, as subsequently amended and supplemented; the NYSE's Rule 472 and the NASD's Rule 2711; the FSA Policy Statement 04/06 "Conflicts of Interest in Investment Research – March 2004 and the Policy Statement 05/03 "Implementation of Market Abuse Directive", March 2005. The Intesa Sanpaolo Group maintains procedures and organisational mechanisms (Information barriers) to professionally manage conflicts of interest in relation to investment research. We provide the following information on Intesa Sanpaolo Group's conflicts of interest:

- 1 The Intesa Sanpaolo Group has a conflict of interest inasmuch as it plans to solicit investment banking business or intends to seek compensation from the Company in the next three months.
- 2 The Intesa Sanpaolo Group has an equity stake above 1% in DATALOGIC S.p.A.

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