

DADA

3Q/9M16 Results

DADA - Key estimates and data					
Y/E December		2015A	2016E	2017E	2018E
Revenues	EURM	62.20	64.52	68.13	71.68
EBITDA	EUR M	10.50	11.03	12.26	13.40
EBIT	EUR M	3.22	3.94	5.59	6.67
Net Income	EUR M	1.32	0.51	1.79	2.44
Dividend ord.	EUR	0	0	0	0
Adj. EPS	EUR	0.08	0.03	0.11	0.15
EV/EBITDA	x	6.8	5.8	4.9	4.0
Adj. P/E	x	32.7	68.0	19.2	14.1

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

- 3Q/9M16 results.** Consolidated revenues increased by around 2.3% yoy to EUR 47.7M in 9M16A. On a like-for-like basis (net of forex and the consolidation effects related to the disposal of the ProAdv/Simply BU and the acquisitions of Etinet and Sfera), consolidated revenue would have grown by about 6% yoy. Foreign-based activities accounted for 55% of consolidated revenues in 9M16A. EBITDA came in at EUR 8.2M vs. EUR 8.5M in 9M15A, with the EBITDA margin at 17.1%, down by about 100bps yoy mainly due to a 9% rise in labour costs related to the increase in staff, due partly to the consolidation of Sfera and partly to the insourcing of customer care and phone support services in Italy and other countries in 2015, aimed at supporting both the expansion of the customer base and maintaining a high level of customer retention. DADA posted a net profit of around EUR 0.2M in 9M16A vs. EUR 2.3M in 9M15A. We note that last year net profit benefited from the revaluation gains of EUR 2.2M from the transfer of Simply to 4W MarketPlace. Net debt stood at EUR 29.4M slightly increasing vs. EUR 27.9M at YE15A mainly reflecting the investment of approximately EUR 3.2M to acquire Sfera Networks S.r.l.
- Outlook.** Looking at the top-line, the solid organic revenue growth was supported by the positive trend of all the group's key business metrics. In particular, in 9M16: a) the customer base topped the 600,000 mark, increasing by 11% yoy; b) new customers were up 45% yoy; c) new domain registrations increased by around 30% yoy, also thanks to the effective sales strategies and the investments made in marketing, reaching a total stock of 1.9M domains under management (+6% yoy). During the conference call, management confirmed its 2016 guidance for a mid-single digit revenues increase (on a like-for-like basis), with operating margins expected to grow in 4Q16 vs. 4Q15 also benefiting from operating initiatives implemented in the last few months.
- Estimates and valuation.** As we believe that in the short-term, the financial results may likely be negative affected by fluctuations in the EUR/GBP and EUR/USD exchange rates we revised downwards our FY16E-18E expectations mainly at a profitability level. We highlight that approximately 30% of group sales are denominated in a currency other than the primary one (mainly in GBP), while about 40% of its service costs are denominated in foreign currency (mainly GBP and USD). We updated our DCF model to also incorporate the periodical revision of our risk free rate, which rose to 2.0% from 1.75%. As a result, **we derive a new target price of EUR 3.8/share** (EUR 4.2/share previously), which implies a potential upside of about 84% vs. the current market price. Therefore, **we confirm our BUY recommendation** on the stock.
- Key risks.** The main risks to DADA's equity story and our estimates model, in our view, are: 1) a slowdown in the growth rate of new domain registrations in DADA's main markets (Italy & the UK); 2) increasing competition from large multi-sector groups; and 3) an increase in e-costs for new customer acquisition.

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BUY

Target Price: EUR 3.8
(from EUR 4.2)

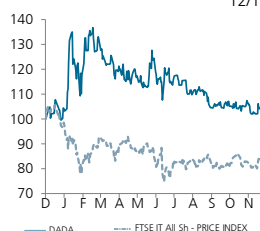
Italy/Software & Computer
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Price performance, -1Y
12/12/2016



Source: FactSet

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Data priced on 12.12.2016			
Target price (€)		3.8	
Target upside (%)		84.33	
Market price (€)		2.06	
52Wk range (€)		2.73/1.99	
Market cap (€ M)		34.39	
No. of shares		16.68	
Free float (%)		30.6	
Major shr		Global Tel. Hold.	
(%)		69.4	
Reuters		DA.MI	
Bloomberg		DA IM	
FTSE IT All Sh		19997	
Performance %			
Absolute		Rel. to FTSE IT All	
-1M	-3.9	-1M	-11.5
-3M	-1.2	-3M	-8.7
-12M	1.9	-12M	15.9

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

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3Q/9M16 Results

Consolidated revenues increased by around 2.3% yoy to EUR 47.7M in 9M16A. On a like-for-like basis (net of forex and the consolidation effects related to the disposal of the ProAdv/Simply BU and the acquisitions of Etinet and Sfera), consolidated revenue would have grown by about 6% yoy. Foreign-based activities accounted for 55% of consolidated revenues in 9M16A.

EBITDA came in at EUR 8.2M vs. EUR 8.5M in 9M15A, with the EBITDA margin at 17.1%, down by about 100bps yoy mainly due to a 9% rise in labour costs related to the increase in staff, due partly to the consolidation of Sfera and partly to the insourcing of customer care and phone support services in Italy and other countries in 2015, aimed at supporting both the expansion of the customer base and maintaining a high level of customer retention.

DADA posted a net profit of around EUR 0.2M in 9M16A vs. EUR 2.3M in 9M15A. However, last year's net profit benefited from revaluation gains of EUR 2.2M from the transfer of Simply to 4W MarketPlace.

Net debt stood at EUR 29.4M slightly increasing vs. EUR 27.9M at YE15A mainly reflecting the investment of approximately EUR 3.2M to acquire Sfera Networks S.r.l.

DADA – 3Q/9M16A results						
EUR M	3Q15A	3Q16A	yoy %	9M15A	9M16A	yoy %
Revenues	14.8	14.9	0.9	46.7	47.7	2.3
EBITDA	2.4	2.2	-7.8	8.5	8.2	-3.3
EBITDA margin (%)	16.4	15.0		18.1	17.1	
EBIT	0.7	0.6	-8.5	3.0	3.2	5.9
EBIT margin (%)	4.6	4.2		6.5	6.7	
Group net profit	-0.2	-0.3	NM	2.3*	0.2	NM

NM: not meaningful; Note (*) including the revaluation gains of EUR 2.2M from the transfer of Simply to 4W MarketPlace A: actual;
Source: Company data

Earnings Outlook and Estimates Revision

Looking at the top-line, the solid organic revenue growth was supported by the positive trend of all the group's key business metrics. In particular, in 9M16: a) the customer base topped the 600,000 mark, increasing by 11% yoy; b) new customers were up 45% yoy; c) new domain registrations increased by around 30% yoy, also thanks to the effective sales strategies and the investments made in marketing, reaching a total stock of 1.9M domains under management (+6% yoy).

During the conference call, management confirmed its 2016 guidance for a mid-single digit revenues increase (on a like-for-like basis), with operating margins expected to grow in 4Q16 vs. 4Q15 also benefiting from operating initiatives implemented in the last few months.

However, in the short-term, the financial results may likely be affected by fluctuations in the EUR/GBP and EUR/USD exchange rates. For the most part, these regard the translation of DADA's foreign subsidiaries' financial statements into DADA's consolidated financial statements. In particular, we highlight that approximately 30% of group sales are denominated in a currency other than the primary one (mainly in GBP), while about 40% of its service costs are denominated in foreign currency (mainly GBP and USD).

As a result of the abovementioned negative impact arising from exchange rates and the ongoing development of initial promotion strategies we revised downwards our FY16E-18E expectations mainly at a profitability level.

Estimates revision

In FY16E, we now expect revenues at EUR 64.5M, EBITDA at EUR 11.0M, with an EBITDA margin at 17.1% vs. 18.4% in our previous estimates.

DADA – Estimates revision (2016E-18E)									
EUR M	2016E			2017E			2018E		
	Old	New	chg %	Old	New	chg %	Old	New	chg %
Revenues	64.6	64.5	-0.2	70.0	68.1	-2.7	73.6	71.7	-2.7
EBITDA	11.9	11.0	-7.2	13.5	12.3	-9.2	14.7	13.4	-9.0
EBITDA margin (%)	18.4	17.1		19.3	18.0		20.0	18.7	
EBIT	4.9	3.9	-19.9	5.9	5.6	-5.0	6.7	6.7	-0.5
EBIT margin (%)	7.6	6.1		8.4	8.2		9.1	9.3	
Net profit	1.2	0.5	-59.5	2.0	1.8	-8.9	2.5	2.4	-3.2
Net debt	29.2	29.7		25.1	25.6	2.1	20.7	20.9	

E: estimates; Source: Intesa Sanpaolo Research

Valuation

We based our valuation of DADA on a DCF model, reflecting the group's specific long-term prospects. Following our estimates revision and the periodical update of our risk free rate, which rose to 2.0% (from 1.75%), **our updated DCF model points to a EUR 3.8/share target price** (from EUR 4.2/share). Based on the potential 84% upside vs. the current share price, **we also confirm our BUY recommendation on the stock.**

The main assumptions of our three-stage DCF model are as follows:

Key assumptions

- Explicit period until 2018E, assuming a 2015A-18E revenues CAGR of 4.8% and 2018E EBIT margin at 9.3%;
- An assumed revenues CAGR of 3.8%, an average EBIT margin of 9.3%, a 1x D&A/capex and a stable net working capital to sales ratio at -18.5% over 2019E-23E;
- For the terminal value (2024E), we assume a revenue growth of 1.5% yoy and an EBIT margin of 9.3%. We set a 1.5% perpetuity growth rate to reflect the steady growth expectations;
- For the WACC calculation, we consider a risk-free rate of 2.0% (vs. 1.75% used in our previous report), a risk premium of 6.25%, and a Beta of 1x (source: elaboration on Bloomberg data). As a result, we obtain a WACC at 6.59% (vs. 6.43% previously).

The following tables summarise our WACC calculation and our DCF model:

DADA – WACC calculation (%)	
Risk-free rate	2.00
Equity risk premium	6.25
Beta (x)*	1.0
Cost of equity	8.25
Net cost of debt	3.5
Gross cost of debt	5.0
Tax rate	30
Gearing	35
WACC	6.59

Source: Intesa Sanpaolo Research estimates and *elaboration on Bloomberg data

DADA - DCF calculation									
EUR M	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	LT
Revenues	64.5	68.1	71.7	75.1	78.4	81.6	84.5	87.2	88.5
change yoy (%)		5.6	5.2	4.8	4.4	4.0	3.6	3.2	1.5
EBIT	3.9	5.6	6.7	7.0	7.3	7.6	7.9	8.1	8.2
EBIT margin (%)	6.1	8.2	9.3	9.3	9.3	9.3	9.3	9.3	9.3
Taxes	-0.6	-1.2	-1.6	-1.9	-2.1	-2.3	-2.5	-2.7	-3.1
NOPAT	3.3	4.4	5.0	5.1	5.2	5.3	5.4	5.4	5.1
D&A	7.1	6.7	6.7	7.0	7.0	7.0	7.0	7.0	
Capex	-10.0	-5.0	-5.0	-7.0	-7.0	-7.0	-7.0	-7.0	
NWC changes	0.6	0.7	0.5	0.6	0.6	0.6	0.5	0.5	
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCF	1.0	6.7	7.3	5.7	5.8	5.9	5.9	5.9	5.1
Discounted FCF	-	6.3	6.4	4.7	4.5	4.3	4.0	3.8	3.1
WACC (%)		6.59							
Perpetuity growth rate (%)		1.5							
NPV of cash flows		34.0							
NPV of terminal value @2024		60.2							
EV		94.2							
Adj. net debt @ 2016E		29.7							
LT liabilities		1.1							
Equity value		63.4							
N of shares (M)		16.7							
Value per share (EUR)		3.8							

E: estimates; Source: Intesa Sanpaolo Research estimates

DADA – Sensitivity (EUR/share)					
Perpetual growth rate %	1.0	1.2	1.5	1.8	2.0
Discount rate %					
5.59	4.6	4.8	5.1	5.5	5.8
6.09	4.0	4.1	4.4	4.7	4.9
6.59	3.5	3.6	3.8	4.0	4.2
7.09	3.1	3.2	3.3	3.5	3.6
7.59	2.7	2.8	2.9	3.1	3.2

Source: Intesa Sanpaolo Research estimates

Peers comparison

The European Domain market is highly fragmented and characterised by the presence of a few large global players with a wide range of products, an international presence, and a strong focus on the mass-market segment, such as Go Daddy and 1&1. We highlight that DADA is more focused on the premium customer segment (SMEs), which requires various specific professional services and tailor made solutions.

In addition to the abovementioned international players, Go Daddy and 1&1, the group's main competitors are: Aruba in Italy, Web Fusion, IoMart (listed), UK2Group and NBT Group in the UK; OVH and Gandi.net in France; Arsys and Acens in Spain. We highlight that these two latter players belong to 1&1, which in turn has been acquired by the German group, United Internet. It should be noted that, in the last few years, the large global players' major growth driver was M&A.

Among companies active in the Domain & Hosting business, we identified a short series of comparable peers, although no listed group has a similar background and/or geographical presence to DADA. As a result, we believe that the multiples methodology is not significant in view of the peculiarities of DADA's business model, which has substantial differences in terms of growth and profitability vs. our panel of peers.

- **Iomart Group Plc** provides cloud computing and managed hosting services through a network of owned data centres. The company operates through two segments: Hosting and Easyspace. The Hosting segment provides managed hosting facilities and services, through a network of owned datacentres, to the larger SME and corporate markets. The Easyspace segment provides a range of shared hosting and domain registration services to micro and SME companies. Iomart Group was founded by Angus MacSween and William Dobbie in 1998 and is headquartered in Glasgow, in the United Kingdom.
- **Web.com Group, Inc** provides internet services and online marketing solutions for small to medium-sized businesses. The company's solutions include domain registration, website design and related services, search engine optimisation, search engine marketing, social media and mobile products, local sales leads, e-commerce solutions and call centre services. It markets directly to customers, through inbound and outbound channels, and through a number of strategic partners that focus on the small business marketplace. The Web.com group was founded in 1999 and is headquartered in Jacksonville, FL.
- **Endurance International Group Holdings, Inc** provides cloud-based solutions and services for small and medium sized businesses. It operates globally with a comprehensive and integrated suite of products and services that include initial website design and creation, email and commerce solutions as well as more advanced offerings such as scalable and on-demand computing, security, storage and bandwidth, online marketing, mobile and productivity solutions. The company was founded in 2011 and is headquartered in Burlington, MA.
- **GoDaddy, Inc.** engages in the provision of domain name registration and web hosting services. Its products and services include domain name registration, web hosting and storage, marketing tools, email tools and professional services. The company was founded by Bob Parsons on January 1997 and is headquartered in Scottsdale, AZ.
- **United Internet AG** engages in the provision of internet services. It operates through the Access and Applications segments. The Access segment comprises fixed line and mobile access products, including the corresponding applications such as home networks, online storage and entertainment. The Applications segment includes ad-financed and free based subscriptions such as domains, home pages, webhosting and e-shops, Personal Information Management applications, group work, online storage and office software. The company was founded by Ralph Dommermuth on 29 January 1998 and is headquartered in Montabaur, Germany.

Peers comparison						
%	EBITDA margin			EBIT margin		
	2016E	2017E	2018E	2016E	2017E	2018E
Iomart Group	42.3	41.3	41.1	25.2	25.3	20.7
Web.com Group	24.3	25.2	26.9	21.4	22.4	20.6
Endurance International Group.	26.5	27.9	29.4	20.2	22.5	23.5
GoDaddy	22.5	23.7	24.9	3.1	6.6	9.3
United Internet	21.2	22.0	22.7	16.2	17.4	18.3
Average	27.3	28.0	29.0	17.2	18.8	18.5
Median	24.3	25.2	26.9	20.2	22.4	20.6
DADA*	17.1	18.0	18.7	6.1	8.2	9.3

Priced at close of market on 12/12/2016; NA: not available E: estimates; Source: FactSet and *Intesa Sanpaolo Research estimates

Multiples comparison								
x	Price (EUR)	Mkt Cap (EUR M)	EV/EBITDA			P/E		
			2016E	2017E	2018E	2016E	2017E	2018E
Iomart Group	2.9	313.9	8.8	7.9	NA	16.7	15.2	14.9
Web.com Group	17.2	874.4	8.5	7.3	5.8	6.4	6.1	5.6
Endurance International Group	8.5	1,195.8	10.8	9.4	8.1	19.8	10.7	36.7
GoDaddy	36.0	3,148.0	8.6	6.4	4.7	NA	95.3	40.1
United Internet	35.2	7,210.9	10.4	9.0	7.9	16.3	14.2	12.7
Average	NM	NM	9.4	8.0	6.6	14.8	28.3	22.0
DADA*	2.1	34.4	5.8	4.9	4.0	68.0	19.2	14.1

Priced at close of market on 12/12/2016; NA: not available; NM: not meaningful; E: estimates; Source: FactSet

DADA - Key data						
Rating	Target price (EUR/sh)	Mkt price (EUR/sh)	Sector	Free float (%)	Reuters Code	
BUY	Ord 3.8	Ord 2.06	Software & Computer Services	30.6	DA.MI	
Values per share (EUR)		2014A	2015A	2016E	2017E	2018E
No. ordinary shares (M)		16.68	16.68	16.68	16.68	16.68
No. NC saving/preferred shares (M)		0.00	0.00	0.00	0.00	0.00
Total no. of shares (M)		16.68	16.68	16.68	16.68	16.68
Market cap		54.91	43.35	34.39	34.39	34.39
Adj. EPS		-0.12	0.08	0.03	0.11	0.15
CFPS		0.38	0.49	0.46	0.51	0.55
BVPS		3.0	3.6	3.6	3.7	3.8
Dividend ord		0	0	0	0	0
Income statement (EUR M)		2014A	2015A	2016E	2017E	2018E
Revenues		67.46	62.20	64.52	68.13	71.68
EBITDA		9.79	10.50	11.03	12.26	13.40
EBIT		1.51	3.22	3.94	5.59	6.67
Pre-tax income		-1.33	0.72	1.11	2.99	4.07
Net income		-1.93	1.32	0.51	1.79	2.44
Adj. net income		-1.93	1.32	0.51	1.79	2.44
Cash flow (EUR M)		2014A	2015A	2016E	2017E	2018E
Net income before minorities		-1.9	1.3	0.5	1.8	2.4
Depreciation and provisions		8.3	6.9	7.1	6.7	6.7
Others/Uses of funds		-1.3	-1.3	0	0	0
Change in working capital		-1.4	1.2	0.6	0.7	0.5
Operating cash flow		3.6	8.2	8.2	9.1	9.7
Capital expenditure		-6.3	-7.3	-10.0	-5.0	-5.0
Financial investments		0	0	0	0	0
Acquisitions and disposals		0	4.8	0	0	0
Free cash flow		-2.7	5.6	-1.8	4.1	4.7
Dividends		0	0	0	0	0
Equity changes & Other non-operating items		0	0	0	0	0
Net cash flow		-2.7	5.6	-1.8	4.1	4.7
Balance sheet (EUR M)		2014A	2015A	2016E	2017E	2018E
Net capital employed		83.7	87.1	89.4	87.1	84.8
of which associates		0	0	0	0	1.0
Net debt/-cash		33.6	27.9	29.7	25.6	20.9
Minorities		0	0	0	0	0
Net equity		50.2	59.3	59.8	61.6	64.0
Minorities value		0	0	0	0	0
Enterprise value		88.5	71.3	64.1	60.0	54.3
Stock market ratios (x)		2014A	2015A	2016E	2017E	2018E
Adj. P/E		Neg.	32.7	68.0	19.2	14.1
P/CFPS		8.7	5.3	4.5	4.1	3.7
P/BVPS		1.1	0.73	0.58	0.56	0.54
Payout (%)		0	0	0	0	0
Dividend yield (% ord)		0	0	0	0	0
FCF yield (%)		-4.9	13.0	-5.3	12.1	13.7
EV/sales		1.3	1.1	0.99	0.88	0.76
EV/EBITDA		9.0	6.8	5.8	4.9	4.0
EV/EBIT		58.5	22.1	16.3	10.7	8.1
EV/CE		1.1	0.82	0.72	0.69	0.64
D/EBITDA		3.4	2.7	2.7	2.1	1.6
D/EBIT		22.2	8.7	7.6	4.6	3.1
Profitability & financial ratios (%)		2014A	2015A	2016E	2017E	2018E
EBITDA margin		14.5	16.9	17.1	18.0	18.7
EBIT margin		2.2	5.2	6.1	8.2	9.3
Tax rate		NM	NM	54.3	40.0	40.0
Net income margin		-2.9	2.1	0.8	2.6	3.4
ROCE		1.8	3.7	4.4	6.4	7.9
ROE		-3.9	2.4	0.8	3.0	3.9
Interest cover		0.5	1.3	1.4	2.1	2.6
Debt/equity ratio		66.9	47.0	49.7	41.5	32.6
Growth (%)		2015A	2016E	2017E	2018E	
Sales		-7.8	3.7	5.6	5.2	
EBITDA		7.3	5.1	11.2	9.3	
EBIT		NM	22.1	42.0	19.3	
Pre-tax income		NM	52.7	NM	36.1	
Net income		NM	-61.8	NM	36.1	
Adj. net income		NM	-61.8	NM	36.1	

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

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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:

http://www.group.intesasnpaolo.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:

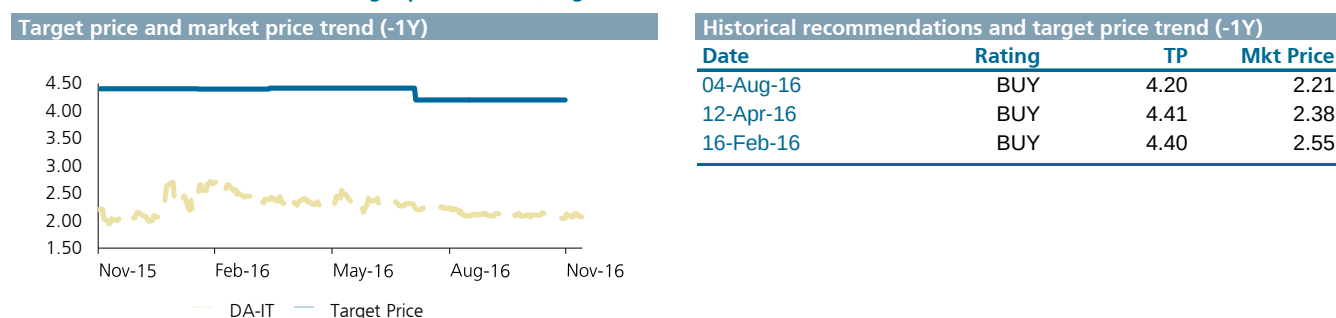
We obtain a fair value using a number of valuation methodologies including: discounted cash flow method (DCF), dividend discount model (DDM), embedded value methodology, return on allocated capital, break-up value, asset-based valuation method, sum-of-the-parts, and multiples-based models (for example 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 November 2016)						
Number of companies considered: 105	BUY	ADD	HOLD	REDUCE	SELL	
Total Equity Research Coverage relating to last rating (%)	41	25	33	1	0	
of which Intesa Sanpaolo's Clients (%) (*)	79	62	57	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.

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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 DADA in the next three months
- 2 One or more of the companies of the Intesa Sanpaolo Banking Group are one of the main financial lenders to DADA and its parent and group companies
- 3 Banca IMI acts as Specialist relative to securities issued by DADA

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