GPI

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Italy | Software & Computer Services

Investment Research

ESN

Company Update

Reason: Company newsflow

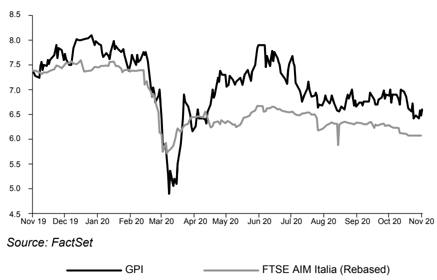
6 November 2020

Buy	
Recommendation unchanged	
Share price: EUR	**6.60**
closing price as of 05/11/2020	
Target price: EUR	**11.00**
Target Price unchanged	
Upside/Downside Potential	**66.7%**
Reuters/Bloomberg	GPI.MI/GPI IM
Market capitalisation (EURm)	**105**
Current N° of shares (m)	16
Free float	**35%**
Daily avg. no. trad. sh. 12 mth (k)	8
Daily avg. trad. vol. 12 mth (k)	4.81
Price high/low 12 months	8.10 / 4.90
Abs Perfs 1/3/12 mths (%)	-4.07/-2.65/-10.57

Key financials (EUR)	12/19	12/20e	12/21e
Sales (m)	241	255	280
EBITDA (m)	32	35	40
EBITDA margin	*13.4%*	*13.7%*	*14.3%*
EBIT (m)	15	16	21
EBIT margin	*6.3%*	*6.3%*	*7.5%*
Net Profit (adj.)(m)	9	8	12
ROCE	7.8%	6.3%	8.0%
Net debt/(cash) (m)	83	119	117
Net Debt Equity	*1.1*	*1.5*	*1.3*
Net Debt/EBITDA	2.6	3.4	2.9
Int. cover(EBITDA/Fin.int)	14.1	9.7	11.1
EV/Sales	0.9	0.9	0.8
EV/EBITDA	6.4	6.3	5.4
EV/EBITDA (adj.)	6.4	6.3	5.4
EV/EBIT	13.7	13.7	10.3
P/E (adj.)	13.8	12.8	8.9
P/BV	1.8	1.3	1.2
OpFCF yield	*3.3%*	*-32.5%*	*6.4%*
Dividend yield	*5.0%*	*0.0%*	*3.0%*
EPS (adj.)	0.59	0.52	0.74
BVPS	4.43	4.94	5.49
DPS	0.33	0.00	0.20

Shareholders

FM Srl 64%; Treasury shares 0.70%;



Source: FactSet

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Resilient business, M&A and new contracts

We remain positive on GPI, which is a pure play on a key industry amid an unprecedented sanitary crisis. The company released solid H1 2020 results, provided a positive outlook for the current year and set realistic growth targets for FY 2024. We believe that on top of the intrinsic resilience of healthcare sector, the recent M&A in Software area and contract wins in the Care SBU will help the company to persist in a growth path for the coming years.

- ✓ GPI released solid H1 2020 results characterized, in a generally tough quarter, by a mid-single-digit growth in revenues and high-single-digit in EBITDA. We estimate that the contribution of M&A to the top-line was around 2.3pp, while organic Y/Y growth was 3.8%. We note in any case that the seasonality of the business in both the Software and Care business units determines a significant boost in revenues and margins in the second half.
- ✓ The SW SBU was up by 2.1% Y/Y, supported by M&A. GPI said the division experienced a difficult time due to the pandemic, but it managed to keep profitability intact also thanks to public measures on labour costs. The Care SBU was up by 5.9% thanks to the development of the Lazio region works, to new tele-medicine services and to new activities related to the Covid emergency, which offset the decline in other services during the lock-down. EBITDA margin was 0.3pp better Y/Y, with EUR 0.90m increase in absolute value; most of which related to the "Other Activities" SBU. EBITDA in SW was stable Y/Y with slightly lower margin, while in Care it was up by almost 9% in line with top-line growth.
- ✓ On October 19, GPI announced it has won, in consortium (60%) with another operator, a tender of the Basilicata region worth EUR 14.7m in two years. The contract on a gross basis including the partner's portion, accounts for above 3% of FY 2019 revenues, equally split between in "Care" and "Software". At the end of October, GPI also announced the kick-off of telemedicine services in Lombardia with the take-over of around 40K patients.
- ✓ M&A has consistently been a key pillar of GPI's growth strategy. In the past 12 months, GPI has intensified its corporate activity, with 6 new deals, all in the software segment, including the minority buy-out of two companies acquired in June 2018 (TBS IT) and end-2017 (BIM). GPI has now built a strong presence in the blood bank international software and in directional reporting SW.
- ✓ We adjust our estimates to include all the announced M&A, assuming MedInfo is completed in early November, as well as the new contract with the Basilicata region from 2021. For FY 2024, our estimates are above the company targets for revenues and EBITDA, mainly as a consequence of wider consolidation perimeter, and the expected leverage (1.6x) is also higher due to M&A.
- ✓ We confirm our positive recommendation (TP unchanged at EUR 11.0), based on DCF and supported by peers' comparison. We see the company offering resilience to the current scenario of pandemic resurgence.

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Solid H1 2020 results

GPI released solid H1 2020 results characterized, in a generally tough quarter, by a mid-single-digit growth in revenues and high-single-digit in EBITDA. We estimate that the contribution of M&A to the top-line was around 2.3pp, while organic Y/Y growth was 3.8%. We note in any case that the seasonality of the business in both the Software and Care business units determines a significant boost in revenues and margins in the second half (H1 2020/H2 2019 comparison not much relevant). According to new revenue reclassification by the company, the SW SBU was up by 2.1% Y/Y, also supported by M&A including Guyot (estimated <EUR 0.5m) and OSLO (estimated EUR 1m for Q2 only). GPI said the SBU experienced a difficult time due to the pandemic, but it managed to keep profitability intact also thanks to public measures on labor costs. The Care SBU was up by 5.9% thanks to the development of the Lazio region works, to new tele-medicine services and to new activities related to the Covid emergency, which offset the decline in other health services during the lock-down period. EBITDA margin was 0.3pp better Y/Y, with EUR 0.90m increase in absolute value; most of which related to the "Other Activities" SBU. EBITDA in SW was stable Y/Y with slightly lower margin, while in care it was up by almost 9% in line with top-line growth. In spite of revenue growth, personnel costs at group level increased by just 0.7% Y/Y as the company benefited from around EUR 4m social safety net ("CIG-Cassa Integrazione Guadagni"). GPI said that the CIG involved around 11.7% of working hours between March 23 and July 31. The Y/Y EBIT decline reflects higher D&A of both physical (new buildings) and intangible (development costs for new software being commercialized in the year) assets. Financial charges were broadly stable Y/Y and also in H1 2020 GPI posted positive tax items (EUR 1m vs. EUR 1.2m in H1 2019).

GPI: H1 2020 results: P&L (EUR m)

	H1 2019	H2 2019	H1 2020a	Y/Y
Turnover	**110.5**	**130.5**	**117.2**	***6.1%***
ow Care	57.0	62.1	61.0	*7.0%*
ow SW	41.2	50.6	41.5	*0.7%*
ow other	12.2	17.8	14.7	*20.1%*
EBITDA	**9.62**	**22.6**	**10.50**	***9.2%***
margin	*8.7%*	*17.3%*	*9.0%*	*0.3pp*
ow Care	1.52	5.08	1.65	*8.9%*
ow SW	7.31	14.59	7.29	*-0.2%*
EBIT	**1.81**	**13.3**	**0.93**	***-48.6%***
Net result	1.17	8.19	0.08	*-92.8%*
Net Debt (cash)	80.8	82.8	90.9	*12.5%*

Source: Company data

GPI: H1 2020 results: balance sheet (EUR m)

	June 30, 2018	Dec 31, 2018	June 30, 2019	Dec 30, 2019	June 30, 2020
Goodwill	19.7	24.0	25.1	26.5	31.8
Other intangibles	58.9	56.0	57.9	56.7	67.6
Total fixed assets	**113.2**	**109.9**	**121.4**	**125.3**	**141.0**
Inventories	5.1	3.9	5.2	4.8	6.2
A/R	36.0	41.0	39.0	43.2	42.8
Other Activities	62.4	68.7	84.8	88.2	92.0
A/P	(56.6)	(53.6)	(66.8)	(79.0)	(87.2)
Other Liabilities	(32.8)	(32.5)	(33.1)	(20.4)	(23.1)
NWC	**14.0**	**27.6**	**29.2**	**36.8**	**30.8**
Shareholders'Equity	60.0	67.3	62.4	70.4	70.3
Gross Cash	(62.0)	(66.1)	(49.1)	(80.9)	(76.6)
Gross Debt	119.2	127.6	129.9	163.7	167.5
Net debt position	**57.2**	**61.5**	**80.8**	**82.8**	**90.9**

Source: Company data

The balance sheet at the end of June reflects the investments made in the semester in M&A (EUR 9.1m) and R&D (EUR 4.8m), with total fixed assets increasing by EUR 15.8m, while NWC dynamics generated EUR 6m cash. In absence of acquisitions, the NFP would have improved by around EUR 1m vs. December 31, 2019. Under the ESMA recommendation, which includes future liabilities related to M&A (EUR 19.4m at the end of June); the net debt position amounted to EUR 109.1m (from EUR 96.8m at the end of last year).

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Source: Company data

ANALYSIS BY STRATEGIC BUSINESS UNIT

Care SBU: solid growth, stable margins.

The "Care" SBU experienced above 30% revenue growth in FY 2019 thanks to the start-up of the two contracts in the Lazio region, which involved counter services in 12 healthcare units/hospitals (EUR 72m in 2+1 years) and the take-over of the regional contact center (EUR 24m in 1+1y). Therefore, GPI took over 2,250 new personnel in the division. The roll-out of these services continued in the first 6 months of 2020, with a 11% growth in adjusted revenues. Most of revenues are recurring so are related to the number of served institutions. The impact of the pandemic mainly involved the counter services during lock-down, while the booking volumes increased Y/Y. We also note an increase in the tele-medicine business, still small at 2.9% of H1 2020 revenues (implying c EUR 1.5m) vs. 2% in FY 2019. H1 2019 figures have been restated to account for the reclassification of Xidera from SW to Care SBU. The EBITDA margin is seasonally lower in H1 and is consistently in the mid-single digit region on an annual basis. The start of large new contract usually implies set-up costs that initially depress profitability, the run rate margin should be close to 8%. GPI utilized EUR 3.2m of social safety net (CIG) between March and July. On the other hand, H1 was affected by extraordinary administrative expenses related to a court appeal.

Care SBU results

Care	H1 2018	H2 2018	H1 2019	H2 2019	H1 19 restated	H1 2020
Value of Production	**42.7**	**45.6**	**57.0**	**62.1**	**57.6**	**61.0**
Y/Y	*na*	*na*	*33.6%*	*36.2%*	*nm*	*7.0%*
VDP adjusted	38.4	39.6	46.6	55.9	47.1	52.4
Labour costs	(31.1)	(28.4)	(36.6)	(39.6)	(36.9)	(38.7)
Other Opex	(10.5)	(14.6)	(18.9)	(17.4)	(19.1)	(20.7)
EBITDA	**1.14**	**2.57**	**1.49**	**5.10**	**1.52**	**1.65**
margin	*3.0%*	*6.5%*	*3.2%*	*9.1%*	*3.2%*	*3.1%*
EBIT	(0.89)	1.67	(1.50)	2.53	(1.49)	(1.22)
margin	*-2.3%*	*4.2%*	*-3.2%*	*4.5%*	*-3.2%*	*-2.3%*

Source: Company data

SW SBU: M&A drives small increase Y/Y

Last year was characterized by the acquisition of new contracts with Veneto and Marche regions (which involved 8,000 and 5,000 beds respectively), which are yet to generate their full potential. In H1 2020, we note a modest Y/Y increase in revenue, following a slight decline in H2 2019. This performance is related to two acquisitions namely OSLO and Guyot Walser Informatique. We estimate the M&A impact in the region of EUR 2.5m, implying around 4% Y/Y decline in organic terms. The second part of this year will benefit also from the consolidation of Haemonetics since July and of Medinfo for the last couple of months. The blood management sector accounted for c 10% of revenues or EUR 4m, while under the new perimeter we can estimate a pro-forma annualized turnover of almost EUR 25m. The direction management area, related to the OSLO acquisition, contributed for less than two months in H1 and accounted for 6.7% of divisional revenues. We believe that due to the pandemic, GPI experienced some slow-down in new business acquisition as well as in the development of existing projects. The business continues in any case to generate a significant portion (>51%) of recurring revenues. EBITDA margin was slightly lower Y/Y in H1 2020, in a business that also yields higher profitability in H2 (as customary for SW). GPI utilized EUR 0.8m CIG.

SW SBU results

	H1 2018	H2 2018	H1 2019	H2 2019	H1 19 restated	H1 2020
Sales	**39.5**	**50.1**	**39.9**	**49.5**	**39.3**	**40.9**
Y/Y	*na*	*na*	*1.1%*	*-1.2%*	*nm*	*2.4%*
Value of Production	40.0	50.7	41.2	50.5	40.7	41.5
Labour costs	(21.4)	0.0	(24.5)	(20.5)	(24.1)	(22.4)
Other Opex	(11.2)	(35.7)	(9.46)	(15.4)	(9.27)	(11.9)
EBITDA	**7.32**	**14.98**	**7.33**	**14.60**	**7.31**	**7.29**
margin	*18.3%*	*29.5%*	*17.8%*	*28.9%*	*18.0%*	*17.6%*
EBIT	3.67	9.13	3.33	8.45	3.32	1.38
margin	*9.2%*	*18.0%*	*8.1%*	*16.7%*	*8.2%*	*3.3%*

Source: Company data

Other activities driven by Pay business

The SBU "Other activities" includes professional IT services, automation (automated pharmacy warehouses, hospitals pharmacy systems pharmacy studio and industrial warehouses) and monetics/e-payment systems (for both public administration and retail segments). The business unit experienced strong revenues growth in both H2 2019 and the first half 2020, with related good margin progression. GPI explained that the performance of H1 2020 is mainly driven by the Pay segment (EUR 3.4m revenues), which in turn benefitted from unusual spike in voucher utilization for grocery shopping, accelerated amid the lock down period, instead of the normal daily consumption in restaurants/bars. This phenomenon also boosted the EBITDA margin (>25%) but is not likely to be repeated in H2. The Automation revenues (EUR 4.7m) was on the contrary affected by the lock down measures, with the international portion of this business stalling in the past few months. Margins in this subsegment (c 9%) remained solid at around 9% thanks to savings in raw materials, at the expense of some increase in related NWC. The outlook for H2 is in any case better. ICT is characterized by lower profitability and also suffered from the restrictions in accessing the customers' premises.

Other activities SBU results

Other Activities	H1 2018	H2 2018	H1 2019	H2 2019	H1 19 restated	H1 2020
Value of production	**10.6**	**14.1**	**12.2**	**17.8**	**12.2**	**14.7**
Y/Y	*na*	*na*	*15.0%*	*26.3%*	*15.0%*	*20.1%*
EBITDA	**1.01**	**1.57**	**0.63**	**3.07**	**0.80**	**1.52**
margin	*9.5%*	*11.1%*	*5.2%*	*17.2%*	*6.5%*	*10.3%*
EBIT	**0.35**	**1.14**	**(0.18)**	**2.46**	**(0.02)**	**0.78**
margin	*3.3%*	*8.1%*	*-1%*	*13.8%*	*-0.1%*	*5.3%*

Source: Company data

New contract in Basilicata will kick-in from FY 2021

On October 19, GPI announced it has won, in consortium with another operator, a tender of the Basilicata region for EUR 14.7m. GPI won the tender in a temporary consortium in which it will have 60% stake, its partner Publisys the remaining 40%. The contract is worth EUR 14.7m cumulated in two years and can be extended by further two years at the same conditions. The involved services are equally split between the “care” and “software” strategic business units. In detail, the Contact Center activities include multichannel bookings for specialist visits with operator (inbound/outbound) or on automated mode (inbound) as well as front-end counter services. The software component includes the supporting technologies for these activities as well as the development of other platforms to implement the “Digital Agenda” in the Basilicata region. GPI mentions the simplification of administrative process and the migration of customer interaction toward “digital-first” solutions. GPI is working with the Basilicata region for the management of the regional healthcare IT systems and is going to strengthen this relationship further with the above contract. The value of the contract on a gross basis including the partner’s portion, accounts for above 3% of FY 2019 revenues, 3.1% in “Care” and 4% in “Software”.

Tele-medicine goes live in Lombardia

With the sudden steepening of the pandemic curve in Italy, GPI announced on October 28 the activation of its operation centers throughout the country and the kick-off of tele-medicine services in Lombardia. GPI won in the month of April a regional tender (in partnership with Accura and PGMD Consulting) for the tele-surveillance and tele-monitoring of patients. GPI said the system will take over some 40K patients. GPI’s tele-medicine system includes an operative central which actively monitors managed patients, and a technological operations center dedicated to the healthcare professionals. The IT systems connects all the healthcare operators including the generalist MD to the hospital specialists to the special units active on the territory. We understand the value of the contract (probably one or two million euros for 2020 in our estimates) is modest for the time being but the perspectives look very strong.

Acceleration in M&A to build a sizeable, international software division

M&A has consistently been a key pillar of GPI’s growth strategy, the company said in November 2019 that (including the Guyout Walser deal) it had spent some EUR 70m since the end of 2016 in 16 deals, of which 31m in foreign acquisitions.

In the past 12 months, GPI has intensified its corporate activity, with 6 new deals, all in the software segment, including the minority buy-out of two companies acquired in June 2018 (TBS) and at the end of 2017 (BIM). The latter, along with OSLO, acquired in April, operate in the directional healthcare system subsegment; both companies operate in Italy. The other 3 acquisitions involve foreign companies operating in the blood management area, in France and the US. We estimate that on a pro-forma basis, GPI generates around EUR 25m annual turnover in this segment, which is worth EUR 350m on a global basis.

GPI: recent M&A

Date ann	Date compl	Country	NAME	activity	terms	Value	Economics	earn-out/put&call
18-Dec-17	21-Dec-17	Italy	BIM	Directional HCare SW	cash acquisition of 70.3%	EUR 6.86m	FY 2017 EUR 3m revenues, EUR 1.4m EBITDA	nm
18-Nov-19	11-Oct-19	France	Guyot Walser Informatique	Blood Management Software System	cash acquisition of 60%	EUR 1.06m	EUR 1m revenues, EUR 0.4m EBITDA	na
16-Jan-20	10-Apr-20	Italy	OSLO	HealthCare Directional Management Systems	cash acquisition of 65%	EUR 5.6m	FY 2018 EUR 4.3m revs, EUR 1.5m EBITDA	earn-out on 2020 PLUS put & call on 35% by 2022
Feb-20	Feb-20	Italy	MediSistemi	ERP	cash acquisition of company assets	na	na	na
28-May-20	02-Jul-20	USA	Haemonetics	Blood Management Software System	cash acquisition of company assets	USD 14m	USD 11.3m revenues, 35% EBITDA margin	USD 14m based on 12m results
16-Jul-20	16-Jul-20	Italy	TBS IT Telematics & Biomedical	HealthCare IT systems	acquisition of residual 60% and merger	na	na	nm
28-May-20	Q4 2020	France	MedInfo	Blood Management Software System	cash acquisition of a group of companies	EUR 9m (EV)	FY19: EUR 3.9m revs, EUR 1.3m EBITDA	earn -out up to EUR 3m
31-July-20	31-July-20	Italy	BIM	Directional HCare SW	Buy-out of 29.7%	EUR 5.1m	See above	nm

Source: Company data

Sector M&A is also fervent

The ongoing pandemic is having an impact on the economy, financial markets, and deal making. M&A and Venture Capital deals suffered on a global level, however the investors' focus increased on pharma, biotech, healthcare and hospital business. Here, corporate action did not stop in the lockdown period. According to Solganick & Co, Healthcare IT VC Funding reached record levels in Q1 2020, led by telemedicine subsector with year-over-year growth of around 1800%

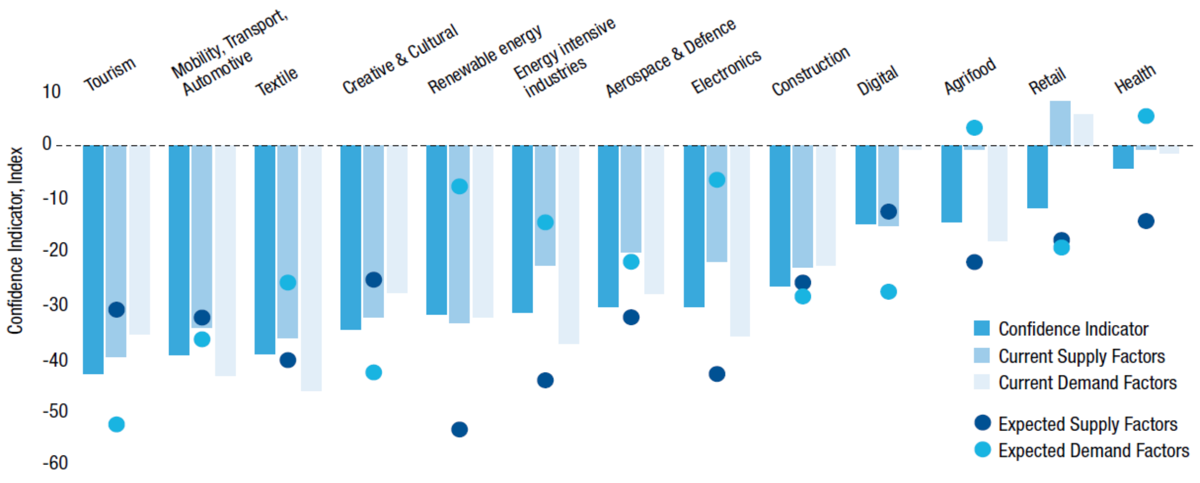
Close to the business of GPI, we note in particular a large deal (EUR 975m) announced last May by the national leader Dedalus, i.e. the acquisition of some activities of Agfa Gevaert's healthcare division. In detail, these activities include software in the clinic, diagnostic, hospital management, and IT imaging systems (radiology, cardiology etc.) in the German, French, Austrian, Swiss and Brazilian markets. The reported involved revenue base is in the region of EUR 260m, suggesting a rich 3.7x EV/sales ratio for the deal.

Sector perspectives

The care segment remains very predictable (97% recurring revenues) as it is operated according to pluri-annual contracts (4/6years) with regions and healthcare institutions. While the company has already two thirds of the available market for outsourced administrative services, we can expect the business perspectives only to improve with increased outsourcing and automation of the counter and booking services. Telemedicine is also going to be an important driver in the next few years, as the government has only recently established a framework and more and more regions are introducing the option of "televisits".

In the healthcare software segment, GPI identifies (based on Gartner estimates) a domestic market worth USD 650m in the current year. Gartner is now expecting for 2020 a 0.9% contraction in the global market (worth USD 70bn), however the growth rates for next four years are actually higher than before. In particular, for the Western Europe region (worth around USD 14bn) is seen growing by a CAGR of 9.9% until 2024, from 5.4% in 2018/2022. The EUR 750bn "Recovery Fund" should give a boost to digitalization investments, with a particular focus on "e-Health". From a recent survey (May 2020) across EU industrial ecosystems (see graph below), also illustrated by the Italian annual Assinform report, it emerges that the "health" ecosystems scores highest on most indicators in terms of general confidence, demand and also supply.

Confidence indicators for EU industrial ecosystem (current/expected supply/demand)



Source: EU survey, May 2020 (from Assinform report)

A different perimeter for the Italian digital health industry as measured by Netconsulting Cube for Assinform indicates a value of EUR 1,649m for the year 2019, up by 4.4%. Netconsulting is also more optimistic on the current year, as it sees a 0.4% growth compared to 3.1% decline for the whole digital sector. Only Central (expected +3%), Local (+0.8%) Public Administration, Utilities (+0.9%) and Banks (+0.7%) are expected to do better. The expected growth rates for 2021 and 2022 are +5.8% and +6.1% respectively, again outperforming the digital market-business segment (+5.8%, +4.8% respectively).

Outlook

With FY 2019 results, GPI exceeded its own revenues guidance of EUR 230m by EUR 10m, and delivered an EBITDA in line with the goal in absolute terms although lower on margins ("above 14% margin guidance"; 13.5% reported but 14.4% when measured on adjusted revenues).

The management presented in mid-April 2020 an **updated industrial plan**, which included (unspecified) growth in revenues in the current year assuming the pandemic would end soon, and introduced new goals for FY 2024, namely a) revenues of EUR 295m, implying 4% 4Y CAGR, EBITDA margin above 15% (from 13.5% reported in FY 2019) and NFP below 1x the EBITDA (vs. 2.6 at the end of last year). We understand the targets were based on the perimeter at the time, whereas GPI has announced two new deals worth almost EUR 15m incremental annual revenues.

With the release of H1 2020 results on September 30, GPI released its fresh outlook for FY 2020, which basically confirms the H1 trends for the remainder of the year, namely a growth exceeding 6% in revenues and above 8% in EBITDA.

Estimates review

Following FY 2019 results and amid the peak of the first pandemic wave, we had downward revised our estimates on both revenues and EBITDA by a couple of millions Euros each (implying -1% and -6% respectively) to EUR 241m and EUR 33m respectively. Our preliminary estimate of the impact of subsequent M&A was around EUR 8m and EUR 2m incremental revenues and EBITDA respectively. The new FY 2020 guidance provided by the company suggested that the revenue upside is actually higher, while on EBITDA our estimate was basically in line. The current review incorporates all the announced M&A, assuming MedInfo is completed in early November, as well as the new contract with the Basilicata region from 2021. In particular, H2 will be supported by the revenue contribution of Haemonetics close to EUR 6m, and of Oslo for the full six months (>EUR 2m vs. <EUR 1m in H1). The former deal also explains >EUR 5m incremental revenues in FY 20201 with a 12m consolidation. We expect EBITDA margins to slightly increase in all the divisions in the next three years, achieving a target 7.5% for the Care SBU and 25% of Software, which reflect the >30% margin of the last acquisitions. Due to the higher growth of software vs. Care, the blended group margin should improve further. For FY 2024, our estimates are above the company targets for revenues and EBITDA, mainly as a consequence of wider consolidation perimeter, and the expected leverage (1.6x) is also higher due to M&A.

GPI: new estimates

	FY 2019a	FY 2020e	FY 2021e	FY 2022e	FY 2023e	FY 2024e	CAGR 19/24
Sales	237.0	250.9	275.6	284.4	290.7	296.0	*4.2%*
Turnover	**240.9**	**255.1**	**280.2**	**289.2**	**295.6**	**301.0**	***4.2%***
ow Care	119.1	127.0	133.4	136.8	138.1	138.8	*2.3%*
ow SW	91.8	98.6	114.8	118.5	121.8	124.6	*6.0%*
ow other	30.0	29.5	31.9	33.9	35.7	37.5	*6.2%*
EBITDA	**32.2**	**35.0**	**40.0**	**42.4**	**44.5**	**46.6**	***7.5%***
margin	*13.4%*	*13.7%*	*14.3%*	*14.7%*	*15.1%*	*15.5%*	*nm*
EBIT	15.1	16.0	21.1	23.6	25.8	28.0	*15.1%*
margin	*6.3%*	*6.3%*	*7.5%*	*8.2%*	*8.7%*	*9.3%*	*nm*
Net result	9.4	8.2	11.8	13.7	15.3	16.9	*19.7%*
Debt (cash)	82.8	118.9	117.4	105.6	93.1	79.7	*-9.5%*

Source: Company data

Valuation Update

Our DCF model, based on unchanged parameters of 7.35% WACC and 1% terminal growth rate, points to a fair value of EUR 10.9, with a potential upside of 70%. **The peer comparison, as described below, supports the DCF valuation and a Target Price of at least EUR 11.0. We confirm out positive recommendation. We see the company offering resilience to the current scenario of pandemic resurgence.**

Our target price has been calculated considering the conversion of all outstanding warrants (2,368,380 new ordinary shares based on a 1:1 conversion ratio) given that our target price exceeds the strike price (EUR 9.5). We remind that full exercise of the warrants would provide a cash-in of around EUR 22.5m and that they will expire on 29th December 2021.

GPI: valuation sum-up

EUR	Fully Diluted n. shares	Outstanding n. shares
DCF model	**11.0**	**11.2**
Market multiples (average)	**11.2**	**11.8**
o/w Health IT companies	15.3	16.6
o/w ESN Software & Computer Services	8.4	8.6
o/w Customer Relationship management services	9.9	10.3
Average DCF and Mkt multiples	**11.1**	**11.5**
GPI market price	6.48	6.48
Potential upside	*71%*	*78%*

Source: Banca Akros estimates

GPI Fair Value: Sensitivity to WACC/g

WACC / g	*-0.5%*	*0.0%*	*0.5%*	*1.0%*	*1.5%*	*2.0%*	*2.5%*
5.85%	12.7	13.6	14.6	**15.9**	17.5	19.5	22.1
6.35%	11.3	12.1	12.9	**14.0**	15.2	16.8	18.7
6.85%	10.2	10.8	11.5	**12.4**	13.3	14.5	16.0
7.35%	**9.2**	**9.7**	**10.3**	**11.0**	**11.8**	**12.7**	**13.9**
7.85%	8.3	8.8	9.3	**9.8**	10.5	11.3	12.2
8.35%	7.6	7.9	8.3	**8.8**	9.4	10.0	10.7
8.85%	6.9	7.2	7.5	**7.9**	8.4	8.9	9.5

Source: Banca Akros estimates

GPI Fair Value: Sensitivity to WACC/terminal EBITDA margin

WACC/Term. EBITDA	*12.0%*	*13.0%*	*14.0%*	*15.0%*	*16.0%*	*17.0%*	*18.0%*
5.85%	11.7	13.1	14.5	**15.9**	17.3	18.7	20.2
6.35%	10.3	11.5	12.8	**14.0**	15.2	16.4	17.6
6.85%	9.2	10.3	11.3	**12.4**	13.4	14.5	15.5
7.35%	**8.2**	**9.2**	**10.1**	**11.0**	**11.9**	**12.8**	**13.8**
7.85%	7.4	8.2	9.0	**9.8**	10.6	11.4	12.3
8.35%	6.7	7.4	8.1	**8.8**	9.5	10.3	11.0
8.85%	6.0	6.7	7.3	**7.9**	8.6	9.2	9.8

Source: Banca Akros estimates

Peers' comparison

GPI has quite a peculiar business mix, when compared to other similar listed companies. As such, we performed our relative valuation analysis dividing our selection of peer companies into three clusters: 1) **IT Solutions and services for Health**, 2) **Software and Computer services** (companies covered by the ESN LLP Partnership), 3) **Customer Relationship Management Services**. We finally excluded the outliers from the median.
We note that, compared to our latest update (April 2020), all the three panels have experienced a rerating, thanks to a rebound of the stock prices. When it comes to estimates, on average, the Health IT companies' main lines have worsened (FY 2020 sales growth is now 4pp lower than April's consensus and the average EBITDA margin estimate has dropped by 1pp to 25.3%). For Customer relationship services companies, sales estimates have increased slightly (1pp higher), whereas the EBITDA margin has eroded by 0.5pp.

Health IT companies: Key multiples

	EV/Sales 2020e	EV/Sales 2021e	EV/EBITDA 2020e	EV/EBITDA 2021e	EV/EBIT 2020e	EV/EBIT 2021e	P/E 2020e	P/E 2021e
Computer Programs & Systems	1.9	1.8	11.6	9.6	10.1	11.5	12.7	10.2
Allscripts Healthcare Solutions	1.6	1.6	8.3	9.1	12.2	15.6	15.0	15.7
Cerner	4.0	3.8	12.7	11.7	16.9	18.3	24.7	21.6
Craneware (*)	6.9	6.7	20.1	19.3	24.5	23.4	33.1	31.7
Emis Group	3.8	3.7	13.9	13.1	17.7	15.9	20.9	19.5
Nexus	4.5	4.0	19.6	17.5	36.6	26.6	48.5	40.5
Compugroup Medical	4.8	4.4	19.1	17.2	29.3	25.7	33.2	30.1
Cegedim	1.1	1.1	5.7	5.1	16.4	12.5	21.9	15.5
Pharmagest Interactive	7.9	7.2	25.2	22.4	28.6	26.2	40.5	36.0
HMS Holdings	3.6	3.3	13.4	11.9	13.3	18.1	22.0	20.1
Median (*)	**2.7**	**2.5**	**12.1**	**10.7**	**14.9**	**15.7**	**21.4**	**17.6**

Source: Bloomberg consensus data

ESN Software & computer services: Key multiples

	EV/Sales 2020e	EV/Sales 2021e	EV/EBITDA 2020e	EV/EBITDA 2021e	EV/EBIT 2020e	EV/EBIT 2021e	P/E 2020e	P/E 2021e
Median (21 companies)	**0.7**	**0.6**	**6.6**	**5.8**	**13.0**	**8.9**	**16.8**	**9.7**

Source: Banca Akros, ESN estimates

Customer relationship management services companies: Key multiples

	EV/Sales 2020e	EV/Sales 2021e	EV/EBITDA 2020e	EV/EBITDA 2021e	EV/EBIT 2020e	EV/EBIT 2021e	P/E 2020e	P/E 2021e
Sykes Enterprises	0.9	0.9	7.2	7.0	na	na	14.0	12.7
Teleperformance	3.2	2.9	16.2	14.0	29.0	22.9	34.2	27.1
Serco Group	0.5	0.6	8.3	8.4	13.4	13.0	16.2	16.0
TTEC Holdings	1.7	1.7	11.4	11.3	na	na	22.8	23.1
WNS Holdings	3.2	3.3	11.4	12.9	13.5	15.2	18.9	23.5
Atento	0.5	0.5	4.6	3.8	na	na	na	8.9
Median (*)	**0.9**	**0.9**	**8.3**	**8.4**	**13.4**	**14.1**	**17.6**	**16.0**

Source: Bloomberg consensus data

GPI: Summary tables

PROFIT & LOSS (EURm)	12/2017	12/2018	12/2019	12/2020e	12/2021e	12/2022e
Sales	**180**	**204**	**241**	**255**	**280**	**289**
Cost of Sales & Operating Costs	-154.0	-176.9	-208.7	-220.1	-240.2	-246.8
Non Recurrent Expenses/Income	-0.2	-1.9	0.0	0.0	0.0	0.0
EBITDA	**25.9**	**26.7**	**32.2**	**35.0**	**40.0**	**42.4**
EBITDA (adj.)*	**26.1**	**28.6**	**32.2**	**35.0**	**40.0**	**42.4**
Depreciation	-9.2	-13.4	-16.1	-19.0	-18.9	-18.8
EBITA	**16.7**	**13.3**	**16.1**	**16.0**	**21.1**	**23.6**
EBITA (adj)*	**16.9**	**15.2**	**16.1**	**16.0**	**21.1**	**23.6**
Amortisations and Write Downs	-0.9	-0.1	-1.0	0.0	0.0	0.0
EBIT	**15.9**	**13.2**	**15.1**	**16.0**	**21.1**	**23.6**
EBIT (adj.)*	**16.1**	**15.1**	**15.1**	**16.0**	**21.1**	**23.6**
Net Financial Interest	-2.2	-0.3	-2.3	-3.6	-3.6	-3.5
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	-0.1	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	**13.6**	**12.9**	**12.8**	**12.4**	**17.5**	**20.1**
Tax	-5.5	-3.3	-3.0	-3.7	-5.2	-6.0
Tax rate	*40.2%*	*26.0%*	*23.7%*	*30.0%*	*30.0%*	*30.0%*
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	-0.3	-0.3	-0.4	-0.4	-0.4	-0.4
Net Profit (reported)	**7.9**	**9.2**	**9.4**	**8.2**	**11.8**	**13.7**
Net Profit (adj.)	**7.9**	**9.2**	**9.4**	**8.2**	**11.8**	**13.7**

CASH FLOW (EURm)	12/2017	12/2018	12/2019	12/2020e	12/2021e	12/2022e
Cash Flow from Operations before change in NWC	18.2	23.0	26.9	27.7	31.1	32.9
Change in Net Working Capital	-5.7	-0.9	-9.3	-14.8	-0.0	-1.7
Cash Flow from Operations	**12.5**	**22.0**	**17.7**	**12.9**	**31.1**	**31.2**
Capex	-5.5	-12.0	-13.5	-47.0	-24.4	-11.6
Net Financial Investments	-40.6	-2.6	-1.9	0.0	0.0	0.0
Free Cash Flow	**-33.6**	**7.5**	**2.3**	**-34.1**	**6.7**	**19.7**
Dividends	-4.6	-4.8	-5.3	0.0	-3.2	-5.9
Other (incl. Capital Increase & share buy backs)	2.1	12.4	14.1	-0.2	-0.2	-0.2
Change in Net Debt	**-36**	**15**	**11**	**-34**	**3**	**14**
NOPLAT	9.6	11.2	11.5	12.2	16.1	16.5

BALANCE SHEET & OTHER ITEMS (EURm)	12/2017	12/2018	12/2019	12/2020e	12/2021e	12/2022e
Net Tangible Assets	14.8	15.6	27.8	58.0	65.7	60.6
Net Intangible Assets (incl.Goodwill)	73.2	80.1	83.2	82.8	82.4	82.1
Right-of-Use Assets (Lease Assets)	0.0	0.0	0.0	0.0	0.0	0.0
Net Financial Assets & Other	10.3	14.2	14.4	14.4	14.4	14.4
Total Fixed Assets	**98.2**	**110**	**125**	**155**	**162**	**157**
Inventories	4.0	3.9	4.8	5.6	6.2	6.4
Trade receivables	41.7	41.0	43.2	56.1	61.6	63.6
Other current assets	64.5	68.7	88.2	93.9	98.1	101.2
Cash (-)	-46.0	-66.1	-80.9	-98.9	-99.4	-103.1
Total Current Assets	**156**	**180**	**217**	**255**	**265**	**274**
Total Assets	**254**	**290**	**342**	**410**	**428**	**431**
Shareholders Equity	63.2	67.3	70.4	78.7	87.3	95.0
Minority	1.1	1.3	1.7	1.8	2.0	2.2
Total Equity	**64.3**	**68.6**	**72.1**	**80.5**	**89.3**	**97.3**
Long term interest bearing debt	62.9	87.0	109	156	155	149
Provisions	6.6	6.6	6.8	6.9	7.0	7.0
Lease Liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	2.8	0.7	0.5	0.5	0.5	0.6
Total Long Term Liabilities	**72.4**	**94.3**	**117**	**163**	**162**	**157**
Short term interest bearing debt	34.1	40.6	54.2	62.2	61.9	59.6
Trade payables	77.3	53.6	79.0	83.6	91.8	94.8
Other current liabilities	6.3	32.5	20.4	20.4	22.4	23.1
Total Current Liabilities	**118**	**127**	**154**	**166**	**176**	**178**
Total Liabilities and Shareholders' Equity	**254.4**	**289.6**	**342.4**	**409.7**	**427.8**	**431.5**
Net Capital Employed	**124.8**	**137.5**	**162.1**	**206.7**	**214.1**	**210.4**
Net Working Capital	**26.6**	**27.6**	**36.8**	**51.6**	**51.6**	**53.3**

GROWTH & MARGINS	12/2017	12/2018	12/2019	12/2020e	12/2021e	12/2022e
Sales growth	*32.1%*	*13.2%*	*18.3%*	*5.9%*	*9.8%*	*3.2%*
EBITDA (adj.)* growth	***29.9%***	***9.7%***	***12.6%***	***8.5%***	***14.3%***	***6.1%***
EBITA (adj.) growth*	*13.6%*	*-10.2%*	*5.8%*	*-0.8%*	*32.0%*	*12.1%*
*EBIT (adj)*growth*	*8.7%*	*-5.9%*	*-0.2%*	*5.8%*	*32.0%*	*12.1%*

GPI: Summary tables

GROWTH & MARGINS	12/2017	12/2018	12/2019	12/2020e	12/2021e	12/2022e
Net Profit growth	*26.4%*	*17.2%*	*1.4%*	*-12.0%*	*43.4%*	*15.7%*
EPS adj. growth	*23.7%*	*16.3%*	*1.4%*	*-12.0%*	*43.4%*	*15.7%*
DPS adj. growth	*150.3%*	*2.7%*	*10.3%*	*n.m.*	*n.m.*	*85.5%*
EBITDA (adj) margin*	*14.5%*	*14.1%*	*13.4%*	*13.7%*	*14.3%*	*14.7%*
EBITA (adj) margin*	*9.4%*	*7.5%*	*6.7%*	*6.3%*	*7.5%*	*8.2%*
EBIT (adj) margin*	*8.9%*	*7.4%*	*6.3%*	*6.3%*	*7.5%*	*8.2%*

RATIOS	12/2017	12/2018	12/2019	12/2020e	12/2021e	12/2022e
Net Debt/Equity	0.8	0.9	1.1	1.5	1.3	1.1
Net Debt/EBITDA	2.0	2.3	2.6	3.4	2.9	2.5
Interest cover (EBITDA/Fin.interest)	11.6	89.4	14.1	9.7	11.1	12.1
Capex/D&A	54.4%	88.5%	78.5%	247.1%	128.8%	61.5%
Capex/Sales	3.0%	5.9%	5.6%	18.4%	8.7%	4.0%
NWC/Sales	14.8%	13.5%	15.3%	20.2%	18.4%	18.4%
ROE (average)	12.7%	14.1%	13.6%	11.0%	14.2%	15.0%
ROCE (adj.)	8.4%	9.1%	7.8%	6.3%	8.0%	8.4%
WACC	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%
ROCE (adj.)/WACC	1.1	1.2	1.1	0.9	1.1	1.1

PER SHARE DATA (EUR)***	12/2017	12/2018	12/2019	12/2020e	12/2021e	12/2022e
Average diluted number of shares	15.8	15.9	15.9	15.9	15.9	15.9
EPS (reported)	0.50	0.58	0.59	0.52	0.74	0.86
EPS (adj.)	0.50	0.58	0.59	0.52	0.74	0.86
BVPS	4.00	4.23	4.43	4.94	5.49	5.97
DPS	0.29	0.30	0.33	0.00	0.20	0.37

VALUATION	12/2017	12/2018	12/2019	12/2020e	12/2021e	12/2022e
EV/Sales	1.2	0.9	0.9	0.9	0.8	0.7
EV/EBITDA	8.4	6.8	6.4	6.3	5.4	4.9
EV/EBITDA (adj.)*	**8.3**	**6.3**	**6.4**	**6.3**	**5.4**	**4.9**
EV/EBITA	12.9	13.6	12.9	13.7	10.3	8.7
EV/EBITA (adj.)*	**12.8**	**11.9**	**12.9**	**13.7**	**10.3**	**8.7**
EV/EBIT	13.6	13.7	13.7	13.7	10.3	8.7
EV/EBIT (adj.)*	**13.5**	**11.9**	**13.7**	**13.7**	**10.3**	**8.7**
P/E (adj.)	**21.1**	**13.4**	**13.8**	**12.8**	**8.9**	**7.7**
P/BV	2.6	1.8	1.8	1.3	1.2	1.1
Total Yield Ratio	2.9%	4.2%	0.0%	3.0%	5.6%	6.5%
EV/CE	1.9	1.5	1.4	1.1	1.1	1.0
OpFCF yield	4.2%	8.1%	3.3%	-32.5%	6.4%	18.7%
OpFCF/EV	3.2%	5.6%	2.0%	-15.6%	3.1%	9.6%
Payout ratio	58.5%	51.6%	56.1%	0.0%	27.0%	43.2%
Dividend yield (gross)	2.8%	3.8%	5.0%	0.0%	3.0%	5.6%

EV AND MKT CAP (EURm)	12/2017	12/2018	12/2019	12/2020e	12/2021e	12/2022e
Price** (EUR)	10.52	7.78	8.10	6.60	6.60	6.60
Outstanding number of shares for main stock	15.8	15.9	15.9	15.9	15.9	15.9
Total Market Cap	**166.1**	**123.8**	**128.9**	**105.0**	**105.0**	**105.0**
Gross Financial Debt (+)	97.0	127.6	163.7	217.9	216.8	208.7
Cash & Marketable Securities (-)	-46.0	-66.1	-80.9	-98.9	-99.4	-103.1
Net Financial Debt	**51.0**	**61.5**	**82.8**	**118.9**	**117.4**	**105.6**
Lease Liabilities (+)	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt	**51.0**	**61.5**	**82.8**	**118.9**	**117.4**	**105.6**
Other EV components	**-0.6**	**-4.7**	**-4.4**	**-5.0**	**-4.9**	**-4.8**
Enterprise Value (EV adj.)	**216.5**	**180.6**	**207.2**	**218.9**	**217.4**	**205.8**

Source: Company, Banca Akros estimates.

Notes

** Where EBITDA (adj.) or EBITA (adj)= EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj)= EBIT-/+ Non Recurrent Expenses/Income - PPA amortisation*

***Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years*

****EPS (adj.) diluted= Net Profit (adj.)/Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported/Avg DIL. Ord. (+ Ord. equivalent) Shs.*

Sector: Software & Computer Services/Software

Company Description: GPI, founded in 1988, is a highly integrated and specialised provider of technologies and services to healthcare companies and social services with a predominant presence on the domestic market (~92%), though the internalisation process has recently started. The group, with a total turnover of over EUR 240m, has a leading position in all the reference markets in which it is present (respectively N.1 and N. 3 for healthcare administrative services and healthcare software solutions) and has an overall portfolio of more than 2,200 customers.

European Coverage of the Members of ESN

Aerospace & Defense	**Mem(*)**
Airbus Se	CIC
Avio	BAK
Dassault Aviation	CIC
Figeac Aero	CIC
Latecoere	CIC
Leonardo	BAK
Lisi	CIC
Safran	CIC
Thales	CIC
Alternative Energy	**Mem(*)**
Encavis Ag	CIC
Plc	BAK
Siemens Gamesa Re	GVC
Voltalia	CIC
Automobiles & Parts	**Mem(*)**
Brembo	BAK
Faurecia	CIC
Ferrari	BAK
Fiat Chrysler Automobiles	BAK
Gestamp	GVC
Indelb	BAK
Landi Renzo	BAK
Piaggio	BAK
Plastic Omnium	CIC
Sogefi	BAK
Valeo	CIC
Banks	**Mem(*)**
Banca Mps	BAK
Banco Sabadell	GVC
Banco Santander	GVC
Bankia	GVC
Bankinter	GVC
Bbva	GVC
Bnp Paribas	CIC
Bper	BAK
Caixabank	GVC
Credem	BAK
Credit Agricole Sa	CIC
Creval	BAK
Intesa Sanpaolo	BAK
Liberbank	GVC
Mediobanca	BAK
Natixis	CIC
Rothschild & Co	CIC
Societe Generale	CIC
Ubi Banca	BAK
Unicredit	BAK
Basic Resources	**Mem(*)**
Acerinox	GVC
Altri	CBI
Arcelormittal	GVC
Corticeira Amorim	CBI
Ence	GVC
Semapa	CBI
The Navigator Company	CBI
Tubacex	GVC
Verallia	CIC
Chemicals	**Mem(*)**
Air Liquide	CIC
Arkema	CIC
Plasticos Compuestos	GVC
Electronic & Electrical Eq.	**Mem(*)**
Rexel	CIC
Fin. Serv. Holdings	**Mem(*)**
Cir	BAK
Corp. Financiera Alba	GVC
Digital Magics	BAK
Eurazeo	CIC
Ffp	CIC
Gbl	CIC
Rallye	CIC
Tip Tamburi Investment Partners	BAK
Wendel	CIC
Fin. Serv. Industrials	**Mem(*)**
Abitare In	BAK
Dovalue	BAK
Nexi	BAK
Tinexta	BAK
Financial Services Banks	**Mem(*)**
Amundi	CIC
Anima	BAK
Azimut	BAK
Banca Farmafactoring	BAK
Banca Generali	BAK
Banca Ifis	BAK
Banca Mediolanum	BAK
Banca Sistema	BAK
Finecobank	BAK
Poste Italiane	BAK
Food & Beverage	**Mem(*)**
Advini	CIC
Bonduelle	CIC
Campari	BAK
Danone	CIC
Ebro Foods	GVC
Enervit	BAK
Fleury Michon	CIC
Italian Wine Brands	BAK
Lanson-Bcc	CIC
Laurent Perrier	CIC
Ldc	CIC
Orsero	BAK
Pernod Ricard	CIC
Remy Cointreau	CIC
Tipiak	CIC
Vidrala	GVC
Vilmorin	CIC
Viscofan	GVC
Vranken Pommery Monopole	CIC
Food & Drug Retailers	**Mem(*)**
Carrefour	CIC
Casino Guichard-Perrachon	CIC
Jeronimo Martins	CBI
Marr	BAK
Sonae	CBI
General Industrials	**Mem(*)**
Adl Bionatur Solutions	GVC
Cembre	BAK
Sergeferrari Group	CIC
General Retailers	**Mem(*)**
Emova Group	IAC
Fnac Darty	CIC
Inditex	GVC
Maisons Du Monde	CIC
Ovs	BAK
Unieuro	BAK
Healthcare	**Mem(*)**
Abionyx Pharma	CIC
Amplifon	BAK
Atrys Health	GVC
Crossject	CIC
Diasorin	BAK
El.En.	BAK
Fermentalg	CIC
Fine Foods	BAK
Genfit	CIC
Guerbet	CIC
Korian	CIC
Oncodesign	CIC
Orpea	CIC
Recordati	BAK
Shedir Pharma	BAK
Theraclion	CIC
Household Goods	**Mem(*)**
Abeo	CIC
De Longhi	BAK
Fila	BAK
Groupe Seb	CIC
Industrial Engineering	**Mem(*)**
Alstom	CIC
Biesse	BAK
Caf	GVC
Carraro	BAK
Cnh Industrial	BAK
Danieli	BAK
Datalogic	BAK
Exel Industries	CIC
Fincantieri	BAK
Groupe Gorge	CIC
Haulotte Group	CIC
Ima	BAK
Interpump	BAK
Manitou	CIC
Prima Industrie	BAK
Prysmian	BAK
Saes	BAK
Talgo	GVC
Zardoya Otis	GVC
Industrial Transportation	**Mem(*)**
Bollore	CIC
Clasquin	IAC
Ctt	CBI
Insurance	**Mem(*)**
Axa	CIC
Catalana Occidente	GVC
Cattolica Assicurazioni	BAK
Generali	BAK
Mapfre	GVC
Net Insurance	BAK
Unipolsai	BAK
Materials, Construction	**Mem(*)**
Acs	GVC
Aena	GVC
Astm	BAK
Atlantia	BAK
Buzzi Unicem	BAK
Capelli	CIC
Cementir	BAK
Clerhp Estructuras	GVC
Eiffage	CIC
Ezentis	GVC
Fcc	GVC
Ferrovial	GVC
Groupe Adp	CIC
Groupe Poujoulat	CIC
Groupe Sfpi S.A.	CIC
Herige	CIC
Hexaom	CIC
Imerys	CIC
Kaufman & Broad	IAC
Lafargeholcim	CIC
Maire Tecnimont	BAK
Mota Engil	CBI
Obrascon Huarte Lain	GVC
Sacyr	GVC
Saint Gobain	CIC
Salcef	BAK
Sonae Industria	CBI
Tarkett	CIC
Thermador Groupe	CIC
Vicat	CIC
Vinci	CIC
Webuild	BAK
Media	**Mem(*)**
Arnoldo Mondadori Editore	BAK
Atresmedia	GVC
Cairo Communication	BAK
Cofina	CBI
Digital Bros	BAK
Gl Events	CIC
Il Sole 24 Ore	BAK

Impresa	CBI
Ipsos	CIC
Jcdecaux	CIC
Lagardere	CIC
M6-Metropole Television	CIC
Mediaset	BAK
Mediaset Espana	GVC
Nrj Group	CIC
Publicis	CIC
Rcs Mediagroup	BAK
Teleperformance	CIC
Tf1	CIC
Ubisoft	CIC
Vivendi	CIC
Vogo	CIC
Oil & Gas Producers	**Mem(*)**
Ecoslops	CIC
Enauta	CBI
Eni	BAK
Galp Energia	CBI
Gas Plus	BAK
Maurel Et Prom	CIC
Repsol	GVC
Total	CIC
Oil Services	**Mem(*)**
Bourbon	CIC
Cgg	CIC
Gtt	CIC
Rubis	CIC
Saipem	BAK
Technipfmc Plc	CIC
Tecnicas Reunidas	GVC
Tenaris	BAK
Vallourec	CIC
Personal Goods	**Mem(*)**
Basicnet	BAK
Brunello Cucinelli	BAK
Cellularline	BAK
Cie Fin. Richemont	CIC
Geox	BAK
Hermes Intl.	CIC
Interparfums	CIC
Kering	CIC
L'Oreal	CIC
Lvmh	CIC
Moncler	BAK
Monnalisa	BAK
Safilo	BAK
Salvatore Ferragamo	BAK
Smcp	CIC
Swatch Group	CIC
Technogym	BAK
Tod'S	BAK
Real Estate	**Mem(*)**
Igd	BAK
Lar España	GVC

Merlin Properties	GVC
Quabit Immobiliaria	GVC
Realia	GVC
Software & Computer Ser.	**Mem(*)**
Agile Content	GVC
Akka Technologies	CIC
Alten	CIC
Altran	CIC
Amadeus	GVC
Assystem	CIC
Atos	CIC
Axway Software	CIC
Capgemini	CIC
Cast	CIC
Catenon	GVC
Econocom	CIC
Ekinops	CIC
Esi Group	CIC
Exprivia	BAK
Gigas Hosting	GVC
Gpi	BAK
Groupe Open	CIC
Indra Sistemas	GVC
Lleida.Net	GVC
Neurones	CIC
Reply	BAK
Sii	CIC
Sopra Steria Group	CIC
Visiativ	CIC
Worldline	CIC
Support Services	**Mem(*)**
Bureau Veritas	CIC
Cellnex Telecom	GVC
Edenred	CIC
Enav	BAK
Fiera Milano	BAK
Inwit	BAK
Openjobmetis	BAK
Prosegur	GVC
Prosegur Cash	GVC
Rai Way	BAK
Technology Hardware & Eq.	**Mem(*)**
Adeunis	CIC
Evolis	CIC
Hf Company	CIC
Ingenico	CIC
Memscap	IAC
Osmozis	CIC
Stmicroelectronics	BAK
Tier 1 Technology	GVC
Telecommunications	**Mem(*)**
Altice Europe	CIC
Bouygues	CIC
Euskaltel	GVC
Iliad	CIC
Masmovil	GVC

Nos	CBI
Orange	CIC
Retelit	BAK
Telecom Italia	BAK
Telefonica	GVC
Tiscali	BAK
Vodafone	BAK
Travel & Leisure	**Mem(*)**
Accor	CIC
Autogrill	BAK
Beneteau	CIC
Codere	GVC
Compagnie Des Alpes	CIC
Edreams Odigeo	GVC
Elior	CIC
Europcar	CIC
Fdj	CIC
Groupe Partouche	IAC
I Grandi Viaggi	BAK
Ibersol	CBI
Int. Airlines Group	GVC
Melia Hotels International	GVC
Nh Hotel Group	GVC
Pierre Et Vacances	CIC
Sodexo	CIC
Sonae Capital	CBI
Trigano	CIC
Utilities	**Mem(*)**
A2A	BAK
Acciona	GVC
Acea	BAK
Albioma	CIC
Audax	GVC
Derichebourg	CIC
Edp	CBI
Edp Renováveis	CBI
Enagas	GVC
Endesa	GVC
Enel	BAK
Erg	BAK
Falck Renewables	BAK
Greenalia	GVC
Hera	BAK
Holaluz	GVC
Iberdrola	GVC
Iren	BAK
Italgas	BAK
Naturgy	GVC
Red Electrica Corporacion	GVC
Ren	CBI
Snam	BAK
Solaria	GVC
Terna	BAK

LEGEND: BAK: Banca Akros; CIC: CIC Market Solutions; CBI: Caixa-Banco de Investimento; GVC: GVC Gaesco Valores, SV, SA — as at 21 September 2020

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(**) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts

Il presente documento è stato redatto da Andrea Devita (Socio AIAF) e Gian Marco Gadini che svolgono funzioni di analista presso Banca Akros SpA ("Banca Akros"), soggetto responsabile della produzione del documento stesso. **Esso è prodotto e distribuito dal giorno 6 November 2020, ore 08:48 italiane.**
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Banca Akros, nell'ultimo anno, ha pubblicato sulla società oggetto di analisi tre studi in data 4 agosto, 1 e 20 ottobre 2020.
Ai sensi degli artt. 5 e 6 del Regolamento Delegato 2016/958, **Banca Akros ha specifici interessi nei confronti della società oggetto di analisi nel presente documento, in quanto è specialist. Banca Akros ha partecipato in qualità di Joint Bookrunner al consorzio di collocamento all'emissione di obbligazioni quotate nel mese dicembre 2019 e alla riapertura del bond: grey market 28 agosto – 3 settembre 2020 / grey market 28 ottobre – 3 novembre 2020**

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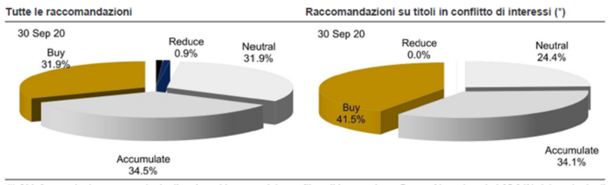
Percentuale delle raccomandazioni al 30 settembre 2020

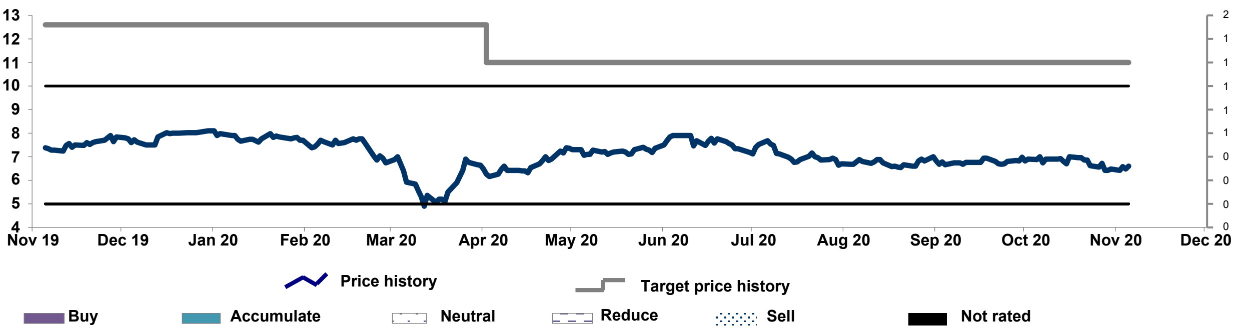


(*) Si informa che la percentuale degli emittenti in potenziale conflitto di interessi con Banca Akros è pari al 35.34% del totale degli emittenti oggetto di copertura

Recommendation history for GPI

Date	Recommendation	Target price	Price at change date
02-Apr-20	Buy	11.00	6.26
10-Oct-19	Buy	12.60	7.56
02-May-19	Buy	14.10	9.38

Source: Factset & ESN, price data adjusted for stock splits.
This chart shows Banca Akros continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.
Current analyst: Andrea Devita, CFA (since 01/12/2018)



ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated based on **total return**, measured by the upside/downside potential (including dividends and capital reimbursement) over a **12-month time horizon**. The final responsible of the recommendation of a listed company is the analyst who covers that company. The recommendation and the target price set by an analyst on one stock are correlated but not totally, because an analyst may include in its recommendation also qualitative elements as market volatility, earning momentum, short term news flow, possible M&A scenarios and other subjective elements.

The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B), Accumulate (A), Neutral (N), Reduce (R) and Sell (S)**.

Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy**: the stock is expected to generate total return of **over 15%** during the next 12-month
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12-month
- **Neutral**: the stock is expected to generate total return of **-5% to +5%** during the next 12-month
- **Reduce**: the stock is expected to generate total return of **-5% to -15%** during the next 12-month
- **Sell**: the stock is expected to generate total return **under -15%** during the next 12-month
- **Rating Suspended**: the rating is suspended due to: a) a capital operation (take-over bid, SPO, etc.) where a Member of ESN is or could be involved with the issuer or a related party of the issuer; b) a change of analyst covering the stock; c) the rating of a stock is under review by the Analyst.
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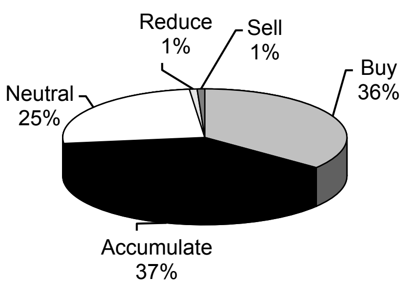
Note: a certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

Banca Akros Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website Link
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