

Centrale del Latte d'Italia

FY16 Results

| Centrale del Latte d'Italia - Key estimates and data | | | | |
|--|-------|-------|-------|-------|
| Y/E December | | 2016A | 2017E | 2018E |
| Revenues | EURM | 117.8 | 180.6 | 184.2 |
| EBITDA | EUR M | 2.90 | 8.09 | 8.46 |
| EBIT | EUR M | -1.61 | 3.60 | 4.00 |
| Net Income | EUR M | 12.02 | 1.58 | 1.85 |
| Dividend ord. | EUR | 0 | 0 | 0 |
| Adj. EPS | EUR | 0.86 | 0.11 | 0.13 |
| EV/EBITDA | x | 34.7 | 12.4 | 11.6 |
| Adj. P/E | x | 3.4 | 25.5 | 21.9 |

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

- FY16 results.** Centrale del Latte d'Italia's FY16 results highlighted the merger of Centrale del Latte di Firenze, Pistoia e Livorno into Centrale del Latte di Torino (effective from 30 September 2016). Results are not comparable to the previous year due to the change in consolidation scope. We highlight that the new entity has become the third largest milk/cheese player in Italy. The key points of the FY16 results were: Net revenues at EUR 117.8M (pro-forma revenues were EUR 176.1M in FY16); EBITDA at EUR 2.9M (EBITDA pro-forma was EUR 7.9M); EBIT loss of EUR 1.6M (EUR 1.3M EBIT pro-forma) due to one-off costs related to the merger by incorporation of Centrale del Latte di Firenze and Pistoia e Livorno; Net income of EUR 12M due to a not-distributable result from the business combination; Group shareholders' equity amounted to EUR 63.5M while net debt was EUR 60.2M in FY16.
- Outlook.** According to management, the ongoing sales trend is positive for all group brands and the market sees the first signs of a recovery in both consumption and domestic demand. FY17 is generally seen as a consolidation year by management following the merger. Management has confirmed that the merger should lead to potential post-merger opportunities on the product development and commercial front in the current year, while potential cost synergies could materialise in the production plant utilisation and could be exploited in the medium term. We also highlight that in FY17E management sees the expected increase in the raw material milk price (+4% in January, according to CLAL) passing through to the companies' price list.
- Change in estimates.** We revised our FY17E estimates after the FY16 results and rolled them over to FY18E. We now expect a 53% revenue growth in FY17E, benefiting from organic growth (+2.5%) and the full consolidation of CL Toscana, in line with management's guidance. In FY17E we expect a 4.5% EBITDA margin vs. 3.8% in FY16 (adjusted for one-off costs).
- Valuation.** We updated our DCF based valuation following our change in estimates and the roll-out of our forecasts to FY18E. Our valuation points to a **EUR 3.0/share target price (EUR 2.8/share previously) and we confirm our HOLD recommendation.**
- Key risks.** In our view, the key risks of the ongoing merger process with CLF.P.L. mostly relate to the undefined timeframe and thus its execution. Other company risks relate to, in our view, potentially lower volumes sold as a result of a possible increase in the raw milk price. We also view the increasing competition from private labels as a risk, especially in the fresh milk product category, despite the group's key brand being quite defensive.

13 March 2017: 12:33 CET
Date and time of production

HOLD

Target Price: EUR 3.0
(from EUR 2.8)

Italy/Food Producers &
Processors
Company Update

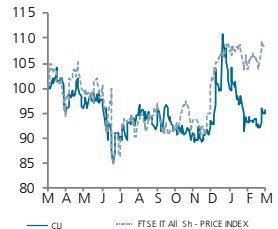
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Price performance, -1Y
08/03/2017



Source: FactSet

Date and time of first circulation:
13 March 2017: 13:00 CET

| Data priced on 08.03.2017 | |
|---------------------------|---------------------|
| Target price (€) | 3.0 |
| Target upside (%) | 3.81 |
| Market price (€) | 2.89 |
| 52Wk range (€) | 3.35/2.57 |
| Market cap (€ M) | 40.46 |
| No. of shares | 14.00 |
| Free float (%) | 37.7 |
| Major shr | Fin. CLT |
| (%) | 37.8 |
| Reuters | CLII.MI |
| Bloomberg | CLI IM |
| FTSE IT All Sh | 21358 |
| Performance % | |
| Absolute | Rel. to FTSE IT All |
| -1M | 2.9 -1M -1.0 |
| -3M | 2.9 -3M -3.3 |
| -12M | -4.3 -12M -12.0 |

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

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FY16 Results

Centrale del Latte d'Italia's FY16 results highlighted the merger of Centrale del Latte di Firenze, Pistoia e Livorno into Centrale del Latte di Torino (effective from 30 September 2016). While Centrale del Latte della Toscana's balance sheet is consolidated from 1 January 2016, the profit and loss is consolidated from 1 October 2016. Results are therefore not comparable to the previous year due to the change in consolidation scope.

CLI's FY16 results were achieved in a difficult market context denoted by a decrease in food consumption and higher competition. CLI increased its presence in its geographic reference regions and strengthened its brands. Overall, revenues were in line with our merged entity assumptions, while EBIT was below, reflecting the one-off costs reported by the group. The key points of the FY16 results were:

- Net revenues of EUR 117.8M (pro-forma revenues were EUR 176.2M in FY16);
- EBITDA at EUR 2.9M (EBITDA pro-forma was EUR 7.9M); EBIT loss of EUR 1.6M (EUR 1.3M EBIT pro-forma) due to EUR 1.6M one-off costs related to the merger by incorporation of Centrale del Latte di Firenze, Pistoia e Livorno. We highlight that in FY16 the group: 1) entered new areas, such as Cuneo and Liguria (west coast, from Savona to Imperia) and opened a distribution centre in the area at the beginning of 2016; 2) performed maintenance work in the Turin production plant; and 3) incurred merger related costs with CLF and PL.;
- Net income was EUR 12M due to a EUR 13.9M not-distributable result from the business combination;
- Group shareholders' equity amounted to EUR 63.5M while net debt was EUR 60.2M in FY16. The average cost of debt in FY16 was 1.5% vs. 2.5% in FY15.

| Centrale del Latte d'Italia - FY16 results | | | |
|--|-------|---------|-------|
| EUR M | FY16A | FY16 PF | 2015A |
| Revenues | 117.8 | 176.2 | 96.9 |
| EBITDA | 2.9 | 7.9 | 4.9 |
| EBIT | -1.6 | 1.3 | 1.7 |
| Net profit | 12.0 | | 0.5 |
| Net debt | 60.2 | | 20.7 |

Source: Company data. Note: FY16A P&L shows the consolidation of Centrale del Latte della Toscana from October 1st; FY16PF for 12 months. FY15A relates to Centrale del Latte di Torino standalone pre-merger.

FY16 group revenues were not comparable due to the change in consolidation scope.

CLI Spa reported a stable trend for milk and ESL (extended shelf life); UHT milk was pressured from promotional campaigns from other competitors; yogurt revenues increased; IV range salads, vegetable drinks and other products increased. The export sales decrease was mainly due to a shift in delivery.

| Centrale del Latte d'Italia - Revenue breakdown (%) | | | | |
|---|-------------|--------------|-------------|------------|
| EUR M | FY15A | FY16A | chg % | % of total |
| Fresh milk | 40.8 | 49.1 | 20.4 | 42 |
| UHT milk | 18.5 | 24.1 | 30.6 | 20 |
| Yogurt | 7.7 | 7.0 | -8.3 | 6 |
| IV gamma products | 5.5 | 5.9 | 6.3 | 5 |
| Cream and milk | 2.8 | 3.2 | 12.4 | 3 |
| Vegetable drink | 1.3 | 1.8 | 36.7 | 2 |
| Other products | 19.5 | 26.0 | 33.5 | 22 |
| Export | 0.9 | 0.8 | -13.4 | 1 |
| Total | 96.9 | 117.8 | 21.6 | 100 |

Source: Company data

Earnings Outlook

Estimates revision

We revised our FY17E estimates after the FY16 results and rolled them over to FY18E. We now expect a 53% revenue growth in FY17E, benefiting from organic growth (+2.5%) and the full consolidation of CL Toscana, in line with management's guidance. In FY17E we expect a 4.5% EBITDA margin vs. 3.8% in FY16 (adjusted for the EUR 1.6M one-off costs).

According to management, the ongoing sales trend is positive for all group brands and the market context sees a recovery in both consumption and domestic demand. We also highlight that management sees the expected increase in the raw material milk price (+4% in January, according to CLAL) in FY17E to pass to the companies' price list.

Following the merger, management sees FY17 as a general consolidation year, effective from 4Q16. The merger of the two groups has led to the third-largest milk/cheese player in Italy. We highlight that the group has five production plants in Turin, Florence, Vicenza, Rapallo (GE) and Casteggio (PV); 430 employees and 2,750 points of sale in the retail channel.

Management expects potential post-merger opportunities on the product development and on the commercial front, in part already included in FY17E, such as:

- Product exchanges between the CL Torino and CL Toscana, to enhance each region's product offer;
- More coordination in the commercial sales force of the groups' companies.

Potential cost synergies (i.e. more efficiency in the utilisation of the production plants) can only be exploited in the medium term, according to management.

Overall, we decreased our FY17E revenues by 3.4%, while we increased our net profit from EUR 1.3M (our merged entity assumption) to EUR 1.6M, benefiting from a lower fiscal impact from 37% to 34% as a result of the lower Ires impact in Italy.

Centrale del Latte d'Italia - Estimates revision (2017E)

| | Old | Old | New | |
|---------------|----------------|------------|------------|-------|
| EUR M | CLT standalone | CLI merged | CLI merged | chg % |
| Revenues | 97.3 | 187.0 | 180.6 | -3.4 |
| EBIT | 1.4 | 3.9 | 3.6 | -7.7 |
| EBIT margin % | 1.4 | 2.1 | 2.0 | |
| Net profit | -0.5 | 1.3 | 1.6 | 21.8 |
| Net debt | -24 | -56 | -60 | |

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

FY17E revision and FY18E rollover

The merged entity

Potential synergies

Change in estimates

Valuation

DCF model

Our DCF-based valuation, after the revision of our 2017E estimates and the rollout to FY18E points to a **EUR 3.0/share target price (EUR 2.8/share previously) and we confirm our HOLD recommendation.**

Our key 2016A-27E DCF assumptions a 1.6% sales CAGR, a 2% perpetual growth rate, an average FY16-27E 2.0% EBIT margin and an average tax rate at 34% (vs. 37% previously). We updated our risk free rate to 2.0% (1.75% previously) and maintained our risk premium of 6.25%, a 60% gearing ratio (59% previously), based on a FY16A net debt of EUR 60M. We derived a 5.2% WACC (5.5% previously).

| Centrale del Latte d'Italia - WACC calculation | | Centrale del Latte d'Italia - DCF key assumptions (%) | |
|--|------|---|-----|
| Gearing ratio % | 60 | Sales 2016-27E CAGR | 1.6 |
| Risk-free rate % | 2.0 | Perpetual growth rate | 2.0 |
| Risk premium % | 6.25 | EBIT margin 2016-27E avg | 2.0 |
| Beta*(x) | 0.90 | EBIT 2016-27E CAGR | 1.6 |
| Required return % | 7.6 | Tax rate 2016-27E avg. | 34 |
| WACC % | 5.2 | Capex to sales 2016-27E avg. | 2 |

Source: *Bloomberg, Intesa Sanpaolo Research estimates

Source: Intesa Sanpaolo Research estimates

| Centrale del Latte d'Italia - DCF valuation (EUR M) | |
|---|------------|
| Forecast cash flows | 14 |
| Terminal value | 89 |
| Enterprise value | 103 |
| Net cash/-debt | -60 |
| Equity value | 42 |
| Number of shares (M) | 14.0 |
| Equity value per share (EUR) | 3.0 |

Source: Intesa Sanpaolo Research estimates

| Centrale del Latte d'Italia – Sensitivity analysis | | | | | |
|--|--------------|-----|-------------|-----|------|
| EUR/share | Growth rate% | | | | |
| Discount rate% | 1.0 | 1.5 | 2.0 | 2.5 | 3.0 |
| 4.2% | 3.8 | 5.0 | 6.9 | 9.8 | 15.1 |
| 4.7% | 2.5 | 3.4 | 4.6 | 6.4 | 9.2 |
| 5.2% | 1.5 | 2.2 | 3.03 | 4.2 | 5.9 |
| 5.7% | 0.8 | 1.3 | 1.9 | 2.7 | 3.8 |
| 6.2% | 0.2 | 0.5 | 1.0 | 1.6 | 2.4 |

Source: Intesa Sanpaolo Research estimates

Multiples comparison

In the following table, we show the 2017E-18E peers' multiples in terms of EV/sales, EV/EBITDA and P/E, taken from FactSet consensus estimates.

| Multiples comparison | | | | | | | | |
|------------------------------|--------|---------|----------|------|-----------|-------|-------|-------|
| x | Price | Mkt cap | EV/sales | | EV/EBITDA | | P/E | |
| | EUR | EUR M | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 |
| Dean Foods Co. | 17.19 | 1,647 | 0.37 | 0.30 | 5.55 | 5.25 | 13.0 | 12.1 |
| Associated British Foods PLC | 30.09 | 20,663 | 1.65 | 1.36 | 11.51 | 10.51 | 21.9 | 20.0 |
| Dairy Crest Group PLC | 6.42 | 786 | 2.69 | 2.25 | 10.49 | 9.88 | 14.7 | 13.5 |
| Saputo Inc. | 32.11 | 17,643 | 1.75 | 1.53 | 12.47 | 11.56 | 21.6 | 20.0 |
| Emmi AG | 602.70 | 3,453 | 1.05 | 1.06 | 10.62 | 9.67 | 23.3 | 21.7 |
| Parmalat S.p.A. | 2.87 | 5,318 | 0.82 | 0.74 | 9.34 | 7.84 | 27.5 | 22.0 |
| Average | | | 1.39 | 1.21 | 10.00 | 9.12 | 20.34 | 18.20 |
| CLI | 2.89 | 40 | 0.56 | 0.55 | 12.5 | 11.9 | 25.5 | 21.9 |
| Premium/-discount (%) | | | -60 | -55 | 25 | 31 | 26 | 20 |

Priced at market close on 08.03.2017; Source: FactSet. Note CLT multiples based on post-merger simulation

| Centrale del Latte d'Italia - Key data | | | | | | |
|--|-----------------------|--------------------|-----------------------------|----------------|--------------|--|
| Rating | Target price (EUR/sh) | Mkt price (EUR/sh) | Sector | Free float (%) | Reuters Code | |
| HOLD | Ord 3.0 | Ord 2.89 | Food Producers & Processors | 37.7 | CLII.MI | |
| Values per share (EUR) | | 2015A | 2016A | 2017E | 2018E | |
| No. ordinary shares (M) | | 10.00 | 14.00 | 14.00 | 14.00 | |
| No. NC saving/preferred shares (M) | | 0.00 | 0.00 | 0.00 | 0.00 | |
| Total no. of shares (M) | | 10.00 | 14.00 | 14.00 | 14.00 | |
| Market cap | | 34.86 | 40.44 | 40.46 | 40.46 | |
| Adj. EPS | | 0.05 | 0.86 | 0.11 | 0.13 | |
| CFPS | | 0.37 | 1.2 | 0.43 | 0.45 | |
| BVPS | | 4.1 | 4.5 | 4.7 | 4.8 | |
| Dividend ord | | 0.06 | 0 | 0 | 0 | |
| Dividend SAV Nc | | 0 | 0 | 0 | 0 | |
| Income statement (EUR M) | | 2015A | 2016A | 2017E | 2018E | |
| Revenues | | 96.85 | 117.8 | 180.6 | 184.2 | |
| EBITDA | | 4.85 | 2.90 | 8.09 | 8.46 | |
| EBIT | | 1.70 | -1.61 | 3.60 | 4.00 | |
| Pre-tax income | | 0.60 | 11.46 | 2.40 | 2.80 | |
| Net income | | 0.52 | 12.02 | 1.58 | 1.85 | |
| Adj. net income | | 0.52 | 12.02 | 1.58 | 1.85 | |
| Cash flow (EUR M) | | 2015A | 2016A | 2017E | 2018E | |
| Net income before minorities | | 0.5 | 12.0 | 1.6 | 1.8 | |
| Depreciation and provisions | | 3.2 | 4.5 | 4.5 | 4.5 | |
| Others/Uses of funds | | 0 | 0 | 0 | 0 | |
| Change in working capital | | 2.0 | -0.6 | -1.6 | 0 | |
| Operating cash flow | | 5.6 | 16.0 | 4.5 | 6.3 | |
| Capital expenditure | | -4.0 | -4.3 | -4.0 | -4.0 | |
| Financial investments | | 0 | 0 | 0 | 0 | |
| Acquisitions and disposals | | 0 | 0 | 0 | 0 | |
| Free cash flow | | 1.6 | 11.7 | 0.5 | 2.3 | |
| Dividends | | -0.6 | -0.6 | 0 | 0 | |
| Equity changes & Other non-operating items | | -4.4 | -17.0 | 0 | 0 | |
| Net cash flow | | -3.4 | -5.9 | 0.5 | 2.3 | |
| Balance sheet (EUR M) | | 2015A | 2016A | 2017E | 2018E | |
| Net capital employed | | 61.4 | 123.3 | 124.8 | 124.4 | |
| of which associates | | 0 | 0 | 0 | 0 | |
| Net debt/-cash | | 20.6 | 60.2 | 59.7 | 57.4 | |
| Minorities | | 0 | 0 | 0 | 0 | |
| Net equity | | 40.8 | 63.5 | 65.1 | 67.0 | |
| Minorities value | | 0 | 0 | 0 | 0 | |
| Enterprise value | | 55.4 | 100.7 | 100.2 | 97.9 | |
| Stock market ratios (x) | | 2015A | 2016A | 2017E | 2018E | |
| Adj. P/E | | 67.4 | 3.4 | 25.5 | 21.9 | |
| P/CFPS | | 9.5 | 2.4 | 6.7 | 6.4 | |
| P/BVPS | | 0.85 | 0.64 | 0.62 | 0.60 | |
| Payout (%) | | 116 | 0 | 0 | 0 | |
| Dividend yield (% ord) | | 1.7 | 0 | 0 | 0 | |
| FCF yield (%) | | 4.7 | 33.2 | 1.3 | 5.7 | |
| EV/sales | | 0.57 | 0.85 | 0.55 | 0.53 | |
| EV/EBITDA | | 11.4 | 34.7 | 12.4 | 11.6 | |
| EV/EBIT | | 32.6 | Neg. | 27.8 | 24.5 | |
| EV/CE | | 0.90 | 0.82 | 0.80 | 0.79 | |
| D/EBITDA | | 4.2 | 20.7 | 7.4 | 6.8 | |
| D/EBIT | | 12.1 | Neg. | 16.6 | 14.4 | |
| Profitability & financial ratios (%) | | 2015A | 2016A | 2017E | 2018E | |
| EBITDA margin | | 5.0 | 2.5 | 4.5 | 4.6 | |
| EBIT margin | | 1.8 | -1.4 | 2.0 | 2.2 | |
| Tax rate | | 14.3 | NM | 34.0 | 34.0 | |
| Net income margin | | 0.5 | 10.2 | 0.9 | 1.0 | |
| ROCE | | 2.8 | -1.3 | 2.9 | 3.2 | |
| ROE | | 1.3 | 23.0 | 2.5 | 2.8 | |
| Interest cover | | 1.6 | -1.9 | 3.0 | 3.3 | |
| Debt/equity ratio | | 50.4 | 94.8 | 91.7 | 85.7 | |
| Growth (%) | | 2016A | 2017E | 2018E | | |
| Sales | | 21.6 | 53.3 | 2.0 | | |
| EBITDA | | -40.1 | NM | 4.6 | | |
| EBIT | | NM | NM | 11.1 | | |
| Pre-tax income | | NM | -79.1 | 16.7 | | |
| Net income | | NM | -86.8 | 16.7 | | |
| Adj. net income | | NM | -86.8 | 16.7 | | |

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

Notes

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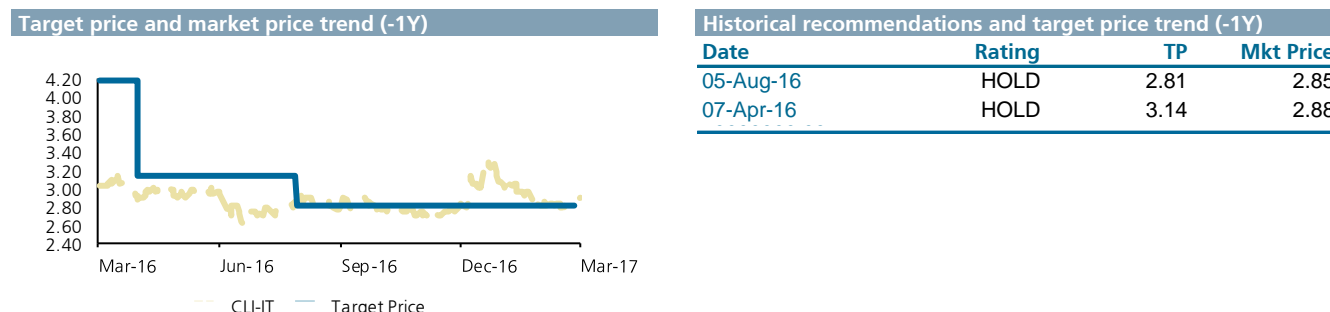
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|--|---|
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| ADD | If the target price is 10%-20% higher than the market price |
| HOLD | If the target price is 10% below or 10% above the market price |
| REDUCE | If the target price is 10%-20% 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 February 2017) | | | | | |
|---|-----|-----|------|--------|------|
| Number of companies considered: 101 | BUY | ADD | HOLD | REDUCE | SELL |
| Total Equity Research Coverage relating to last rating (%) | 41 | 29 | 30 | 1 | 0 |
| of which Intesa Sanpaolo's Clients (%) (*) | 56 | 55 | 37 | 100 | 0 |

(*) Companies on behalf of whom Intesa Sanpaolo and the other companies of the Intesa Sanpaolo Group have provided corporate and Investment banking services in the last 12 months; percentage of clients in each rating category

Valuation methodology (short-term horizon: 3M)

Our short-term investment ideas are based on ongoing special market situations, including among others: spreads between share categories; holding companies vs. subsidiaries; stub; control chain reshuffling; stressed capital situations; potential extraordinary deals (including capital increase/delisting/extraordinary dividends); and preys and predators. Investment ideas are presented either in relative terms (e.g. spread ordinary vs. savings; holding vs. subsidiaries) or in absolute terms (e.g. preys).

The companies to which we assign short-term ratings are under regular coverage by our research analysts and, as such, are subject to fundamental analysis and long-term recommendations. The main differences attain to the time horizon considered (monthly vs. yearly) and definitions (short-term 'long/short' vs. long-term 'buy/sell'). Note that the short-term relative recommendations of these investment ideas may differ from our long-term recommendations. We monitor the monthly performance of our short-term investment ideas and follow them until their closure.

Equity rating key (short-term horizon: 3M)

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

Company specific disclosures

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

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

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

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

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

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