

## Bundle REsearch And THEmatic

### EUROPE



## Family matters

### What's it all about?

KECH's first-ever report on family businesses is aimed at mapping our coverage. We surveyed our analysts, agreed upon a definition, and tagged 269 names as family businesses in our coverage of 943 companies. For us, this term means that the founding family or entrepreneur owns over 25% of the voting rights and still runs the company (i.e. with a presence either on the executive committee or boards). Unsurprisingly, this universe is geared more towards mid-caps, quality, and growth. Our Quant analysis shows that family businesses tend to moderately outperform over long-term investment horizons. Careful selection is thus required. Our governance expert looks at the pros and cons of family ownership and presents our framework of best practices. We take them into account to select our ten preferred names in the universe, offering solid cases for the medium term. Our ten family plays are: **Axfood, Banca Mediolanum, Beneteau, ERG, Inditex, Knorr-Bremse, Saab, SFS, Systemair, and UCB.**

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## 360 in 1 minute

### Investment case summary

- Our first-ever report on family businesses is aimed at defining the universe of stocks in our coverage that would match this definition (28.5% of our pan-European universe). We surveyed our analysts and built a database of family ownership.
- We consider a family business to be any company that is still owned and run by the founder or his/her family. In several cases, the current owners are not the founding family, but they have taken it over and have been at the helm for a very long time. For ownership, we use 25% voting rights as our threshold. For management, we consider a company to be family-run if family members are on the executive committee or boards (supervisory or management).
- We tag our coverage accordingly. In line with the definition above, 269 out of the 943 companies in our coverage universe can be considered family businesses. We roll out the tagging of our coverage. We indicate them using a new family logo that you can find on our website and in our reports, near the names of the management and key shareholders for any company we consider to be a family business.
- It is often believed that family businesses outperform thanks to their greater focus, culture, caution, and better alignment of interests. With the help of our Quant team, we demonstrate that family businesses tend to moderately outperform over long-term investment horizons (ten years). On a five-year horizon, the outperformance is less consistent. Thus, cautious selection and stock-picking are required.
- Our Quant analysis also shows that, versus the benchmark, family-owned businesses tend to have lower goodwill, lower leverage, and higher ROEs. We also see evidence of a sharper improvement in the operating metrics in recent years (vs. the benchmark and sector peers). Looking at our Quant beta profiles, family businesses are over-represented in the Quality, Momentum, and Growth profiles. All of these outcomes are consistent with the more cautious management approach typically seen in this universe.
- As opposed to equity investors, ESG investors tend to have a negative bias to family businesses. This is also reflected in most cases by lower ESG ratings. In this context, Paul Marsland, our governance expert on the ESG team, discusses governance tailwinds and red flags for family businesses. The main advantage for minority shareholders of a family business is the long-term angle and staying power, with longer CEO and board tenure, which ensures better strategic decision-making, and accountability. It is also about of having “skin in the game” and the alignment of interests between shareholders. However, there are some pitfalls to watch out for. Independence is the main one, as well as potential succession issues or related-party transactions. We have created a framework to assess companies in our coverage, which we use as a guide for our top picks selection.
- Our ultimate goal is to leave you with a selection of our top-ten preferred family businesses in our coverage. We select our highest convictions with a long-term investment horizon that is aligned with the family-owned businesses approach. We screen for good corporate governance practices, strong historical shareholder returns, and solid management teams. The list is: **Axfood, Banca Mediolanum, Beneteau, ERG, Inditex, Knorr-Bremse, Saab, SFS, Systemair, and UCB.**
- As a side comment, we also discuss why we have dismissed some names. Together with our equity analysts and Quant team, we have built a large database related to family businesses. Please do not hesitate to get in touch for more details.

## Investment case in six charts

Chart 1: Our family business logo



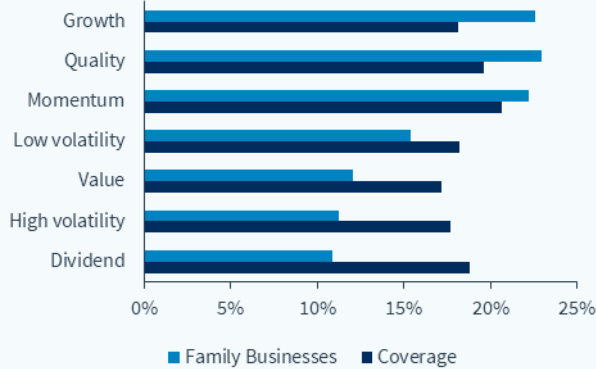
Source: 123RF, Kepler Cheuvreux

Chart 2: Share of family businesses within our coverage by country (average of 28.5% for the overall coverage)



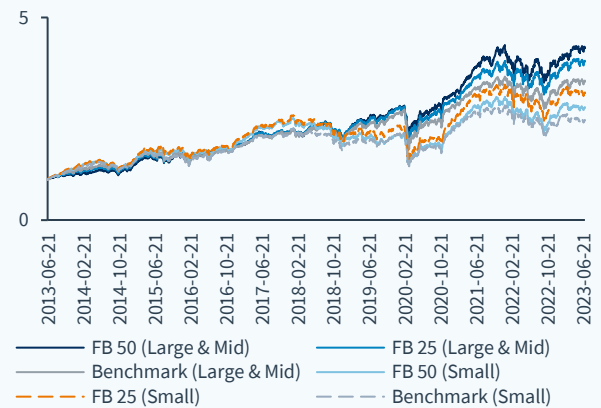
Source: Kepler Cheuvreux

Chart 3: Share of family businesses within our coverage by Smart Beta Profile (average of 28.5% for the overall coverage)



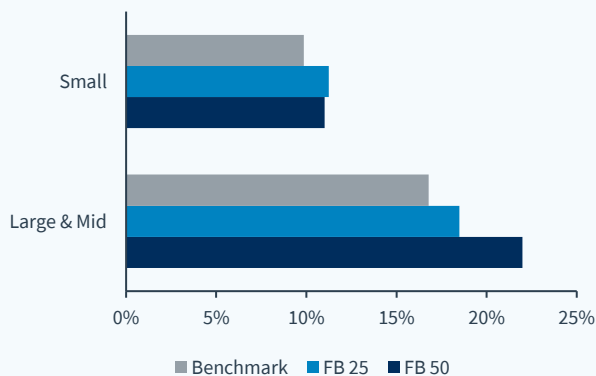
Source: Kepler Cheuvreux

Chart 4: 10Y return of family-owned business vs. benchmark



Source: Kepler Cheuvreux

Chart 5: ROEs of family-owned businesses vs. benchmark (average over 5Y)



Source: Kepler Cheuvreux

Chart 6: Our family-owned business top picks

Company	Sector	Country	MCAP (EURbn)	Family name	% capital	% voting rights
Axfood	Food retail	SE	4.9	Johnson	50.1%	50.1%
Banca Mediolanum	Bank	IT	6.1	Doris	42.3%	42.3%
Beneteau	Leisure	FR	1.1	Beneteau	54.4%	70.5%
ERG	Utilities	IT	3.7	Garrone	62.5%	62.5%
Inditex	Apparel	ES	110.9	Ortega	54.0%	54.0%
Knorr-Bremse	Cap Goods	DE	9.4	Knorr, Thiele	59.0%	59.0%
Saab	Defence	SE	6.9	Wallenberg	68.9%	48.2%
SFS	Cap Goods	CH	4.1	Huber, Stadler, Tschan	53.0%	53.0%
Systemair	Cap Goods	SE	1.2	Engström	43.0%	43.0%
UCB	Pharma	BE	15.7	Janssen	36.0%	36.0%

Source: Kepler Cheuvreux

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## Defining and tagging the universe

In this first-ever report by Kepler Cheuvreux on family businesses, our first objective was to define the universe. We looked at the names in our coverage that would qualify as family businesses. To do that, we surveyed our team of c. 100 analysts across Europe. We then picked a definition of what we would consider to be a family business. We agreed to consider a 25% ownership threshold (voting rights) and presence either on the executive committee or boards.

Out of the 943 stocks currently under coverage, 269 or 28.5% qualify as family-owned businesses, according to our definition. Unsurprisingly, they are more geared towards small & mid-cap companies, defensive sectors, and certain countries (Italy, Spain, France, and Sweden). We indicate them using a new logo that you can find on our website and in our reports.

### Our survey

We asked our team of 100 analysts across Europe to answer the following questions for all stocks under their coverage:

- Is your company still owned by the founding family or by a family? Please specify the capital they own and the percentage of votes they control.
- What is the legal structure of the company?
- Is the company still run by the founding family, or was it acquired by a family?
- Please specify the names, the position and the generation (1 for the founder, 2 for the children, 3 for the grand-children, etc.).

The results of this survey served as the basis for the definition of our universe, and the results are presented throughout this report.

### Family business: our definition

**We decided to define a family business as any company in our coverage that is still owned (25% of voting rights or more) and run (executive committee or board seat) by a family.**

We decided to consider voting rights rather than the percentage of capital held as some mechanisms (notably, double voting rights) allow some families to retain control.

We choose a 25% stake as we consider this to be a reasonable controlling metric, but it is still below the 30% threshold.

This simple definition served as the basis of our work, but we came across a number of specific cases that led to the conclusions below.

First, we decided to not only consider the founding families and entrepreneurs still at the helm (that still represent the vast majority of the cases), but also the companies that were acquired by a family that is currently leading the operations (with no financial investment). Therefore, companies in which family investment companies (e.g. GBL, Peugeot Invest, Exor, Investor AB, Latour, and so on) own a minority stake are not considered family businesses.

Indeed, the family needs to be the first shareholder and we did not consider companies where a larger shareholder owns a stake to be a family-owned business unless a family member is part of the board of the company.

When several families are present in the ownership structure, we added their positions.

### The universe: tagging and main features

According to the definition outlined above, a little less than one-third of our coverage consists of family businesses (269 out of 943 companies). We tagged the companies in our coverage as family businesses when they fit our definition. Please refer to our logo, presented below, in all documents and our website.

Chart 7: Our family business logo



**Family-owned businesses geared towards SMID caps**

Unsurprisingly, our family business universe is naturally more geared towards small and mid-cap companies.

Chart 8: Split of our family business universe by size (269 companies)

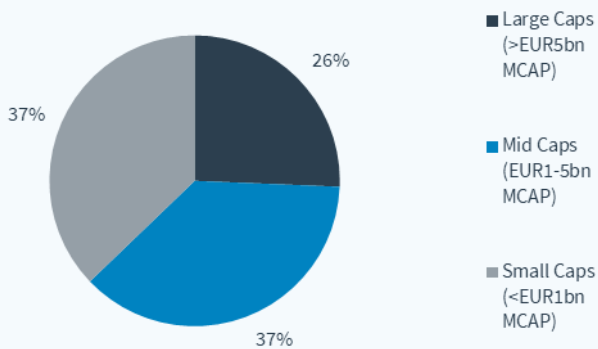
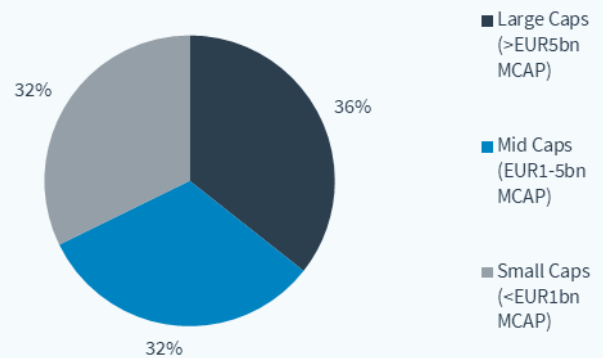


Chart 9: Split of our overall coverage by size (943 companies)



**By country, Italy, Spain, France and Sweden stand out**

Looking at the different markets, we see that Italy, Spain, France, and Sweden have a higher proportion of family-owned listed companies, while the UK and the Nordics are less represented.

Chart 10: Split of our family business universe by region (269 companies)

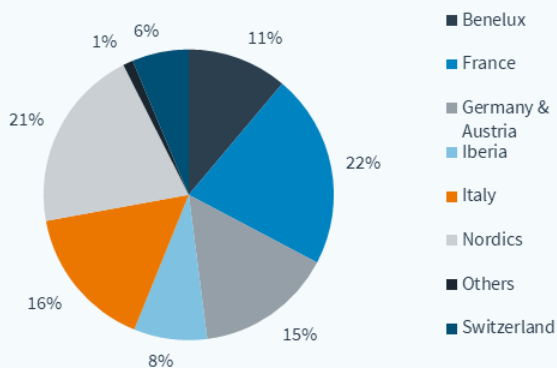
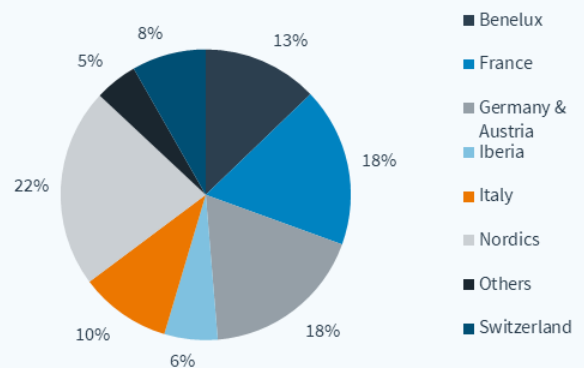
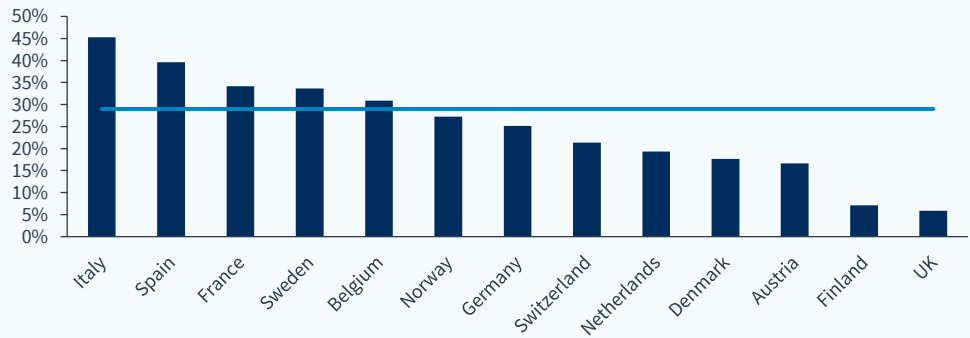


Chart 11: Split of our overall coverage by region (943 companies)



Looking at this grouping by region, we see that the Nordics seem to be underrepresented, although Sweden actually has a lot of family businesses (34% of companies in our coverage), slightly less than Italy (45%) and Spain (40%), but in line with France. On the other hand, Denmark and Finland have fewer family businesses.

**Chart 12: Share of family businesses within our coverage by country (average of 28.5% for the overall coverage)**

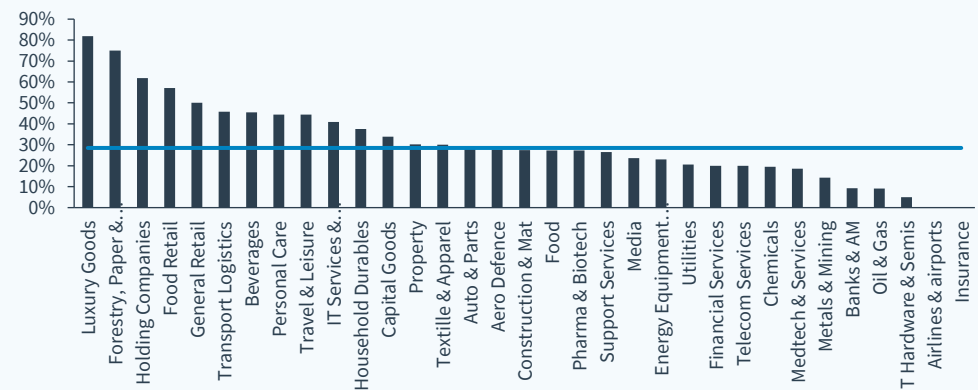


Source: Kepler Cheuvreux

**By sector, IT Services and Software, Travel and Leisure, Luxury Goods, and Holdings are the most represented**

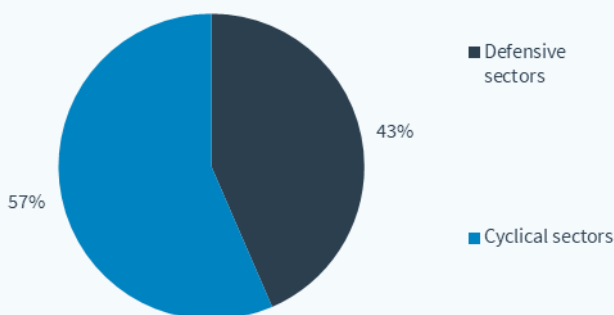
By sector, there are fewer Financial, Oil and Gas and Utilities companies in the family business universe, and a higher proportion of IT Services and Software, Travel and Leisure, Luxury Goods, and Holding companies.

**Chart 13: Share of family businesses within each sector in our coverage**



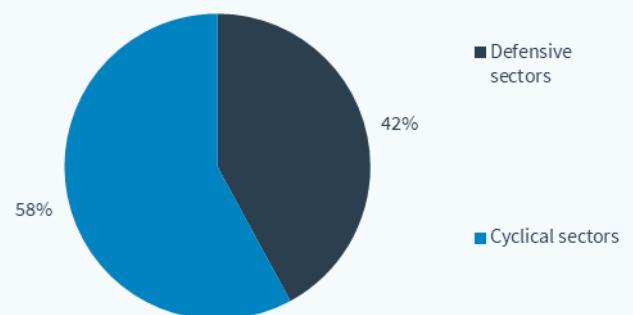
Source: Kepler Cheuvreux

**Chart 14: Our family business universe by sector (269 companies)**



Source: Kepler Cheuvreux

**Chart 15: Our overall coverage by region by sector (943 companies)**



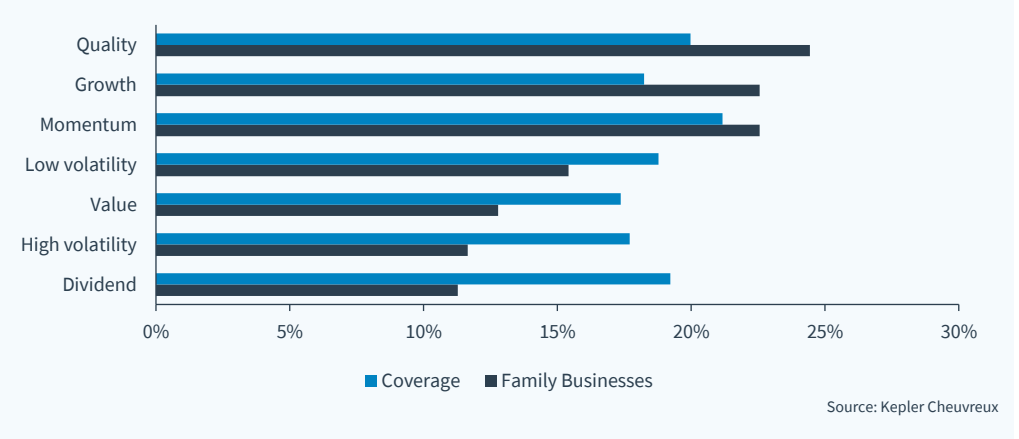
Source: Kepler Cheuvreux

Next, looking at defensive versus cyclical sectors, we highlight that family businesses tend to be similarly geared towards defensive sectors (43% of all names vs. 42% for our overall coverage).

**More Growth, Quality, and Momentum**

As we will see in more detail further on in this report, according to the Quant Smart Beta Profiles we use for our overall coverage, our family business universe is made of more Growth, Quality and Momentum companies than our overall coverage. Conversely, the family businesses are less represented in the Value, Dividend and High-/low-risk categories.

**Chart 16: Share of every category of our Smart Beta profiles in our family business universe and overall coverage**





## Do family businesses really stand out?

Section done with the help of Ksenya Rulik & Tom Le of our Quant team.

The common belief, and our expectations as we started to investigate this theme, were that family businesses (FB) tend to outperform due to a mix of culture, commitment, caution, and alignment of interests. The truth is less clear-cut and more subtle, and we see different fortunes among the various family businesses we cover. Therefore, selectivity is key, as it often is when investing.

Our Quant team found some evidence of some moderate outperformance of the family businesses versus the benchmark over the long term, which is more consistent when looking at a ten-year reference period. Valuation-wise, we did not find strong evidence of premiums versus sector peers looking at history.

We also analyse the family-owned financial metrics versus the benchmark and sector peers and how they have evolved in the past. Interestingly, they tend to reflect the cautious approach of this universe as well as the bias towards quality, growth, and momentum profiles.

Our Quant team has undertaken an extensive analysis of the family-owned business universe. Thus, more information and details are available upon request.

### Some moderate evidence of higher returns for FB, especially over ten years

Our Quant team has carried out a full review of the past performance of our family business universe, as defined in the previous section. We call it **FB25** and it is composed of the 269 companies we define as family businesses, equally weighted with quarterly rebalancing.

### Moderate evidence of outperformance looking at a five-year period

Our starting point was a five-year period (June 2018 to June 2023).

For our analysis, the **FB25** universe we just mentioned was split into two capitalisation groups:

1. The large- and mid-caps group (hereafter **Large & Mid FB**): is made up of companies that we defined as family businesses (please refer to the previous section) and that are constituents of the Stoxx Europe 600 index. The group includes 77 companies and compares to a benchmark made up of companies in our coverage that are constituents of the Stoxx 600 (i.e. 393 names).
2. The small-caps group (hereafter **Small FB**): is made up of companies that we defined as family businesses (please refer to the previous section) and that are not constituents of the Stoxx Europe 600 index. The group includes 184 companies and compares to a benchmark made up of companies in our coverage that are not constituents of the Stoxx Europe 600 (i.e. 526 names).

Over a five-year period (June 2018 to June 2023), Large & Mid FB **outperformed their benchmark by 2.4%** per year on average, while **Small FB outperformed by 2.3% a year on average**. Over 2018-21, family businesses performed similarly to their benchmarks across both capitalisation groups, and the deviation in performance occurred mainly after 2022 due to the specific market conditions and a growth bias for family business stocks.

**Table 1: Performance of our family business universe (FB25) (five-year period)**

	Annual return	Volatility	Dividend yield	Max. drawdown
Large & Mid family businesses	11.06%	18.11%	2.18%	-32.04%
Benchmark	8.66%	18.87%	2.94%	-36.57%
<b>Outperformance vs. benchmark</b>	<b>2.4%</b>			
Small family businesses	5.72%	18.00%	2.51%	-38.21%
Benchmark	3.46%	18.11%	2.60%	-39.34%
<b>Outperformance vs. benchmark</b>	<b>2.3%</b>			

Source: Kepler Cheuvreux

By sector, the only statistically significant family business outperformance was detected in the **Consumer Discretionary industry**, and only for large- and mid-cap family companies.

**A look at a different definition of FB: 50% controlling stake (FB50)**

We also tested the five-year performance of the family-owned companies using a different definition of the universe: a 50% family-held controlling stake instead of a 25% stake. This universe is limited to 141 companies (instead of 269 in the FB25 definition). Our idea was to investigate whether a stronger alignment of interests could result in a greater outperformance.

We concluded that, versus the benchmarks, the five-year performance of the **FB50** was slightly better than that of the **FB25**, but only for the Large & Mid FB universe. Conversely, for the **Small FB**, the performance is weaker than the benchmark. All in all, the results were less consistent for this FB50 group.

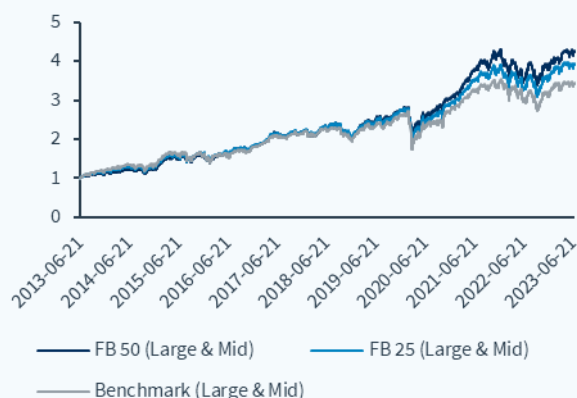
**Table 2: Performance of our family business groups (FB50) (five-year period)**

	Annual return	Volatility	Dividend yield	Max. drawdown
Large & Mid family businesses	12.52%	17.50%	2.09%	-29.14%
Benchmark	8.66%	18.87%	2.94%	-36.57%
<b>Outperformance vs. benchmark</b>	<b>3.86%</b>			
Small family businesses	2.82%	17.35%	2.21%	-41.37%
Benchmark	3.86%	18.11%	2.60%	-39.34%
<b>Outperformance vs. benchmark</b>	<b>-1.04%</b>			

Source: Kepler Cheuvreux

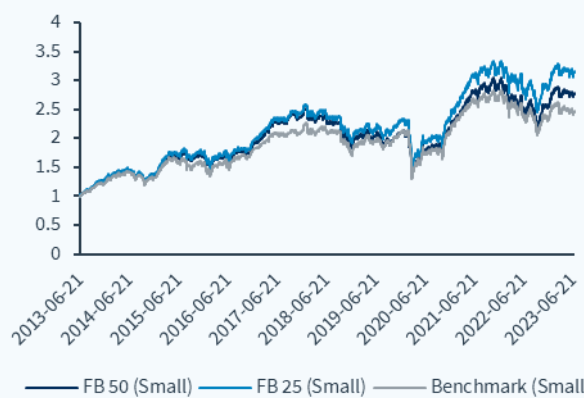
**Looking at a ten-year period: Outperformance of both FB25 and FB50 selections**

**Chart 17: Performance of Large & Mid FB vs. benchmark over 10Y**



Source: Kepler Cheuvreux

**Chart 18: Performance of Small FB vs. benchmark over 10Y**



Source: Kepler Cheuvreux

Running the tests over a **ten-year period** (June 2013 to June 2023), the outperformance of the family-owned business universe is more statistically relevant for both the **Large & Mid FB** and the **Small FB categories, and it applies to both the FB25 and the FB50 universes**. In this case, we have excluded companies that were not present in the sample during the period due to new listings. This means that we focus more on what we call “mature” family-owned companies.

**Table 3: Performance of our family business groups (FB25) (ten-year period)**

	Annual return	Volatility	Dividend yield	Max. drawdown
Large & Mid family businesses	14.73%	15.96%	2.25%	-31.87%
Benchmark	13.17%	16.77%	3.02%	-36.57%
<b>Outperformance vs. benchmark</b>	<b>1.56%</b>			
Small family businesses	12.21%	15.86%	2.55%	-43.86%
Benchmark	9.48%	15.83%	2.75%	-42.79%
<b>Outperformance vs. benchmark</b>	<b>2.73%</b>			

Source: Kepler Cheuvreux

**Table 4: Performance of our family business groups (FB50) (ten-year period)**

	Annual return	Volatility	Dividend yield	Max. drawdown
Large & Mid family businesses	15.68%	15.46%	2.06%	-28.64%
Benchmark	13.17%	16.77%	3.02%	-36.57%
<b>Outperformance vs. benchmark</b>	<b>2.51%</b>			
Small family businesses	10.80%	15.10%	2.27%	-45.87%
Benchmark	9.48%	15.83%	2.75%	-42.79%
<b>Outperformance vs. benchmark</b>	<b>1.32%</b>			

Source: Kepler Cheuvreux

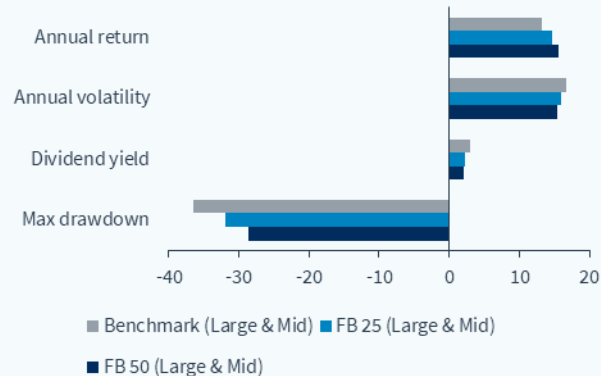
Again, from a sector point of view, it was not possible to identify any significant outperformance of family businesses, except in the **Consumer Discretionary** (FB25 Extra-small) and **Consumer Discretionary** (FB50 SXXP) categories.

**In other words, according to our Quant analysis, the family business effect might be present, but it is probably more pronounced for established companies (which we have covered for more than ten years) and the effect does not intensify when the level of family control increases.**

**Separately, the dividend yield is below the benchmark in the family business groups, while volatility is below the benchmark in the Large & Mid FB segments.**

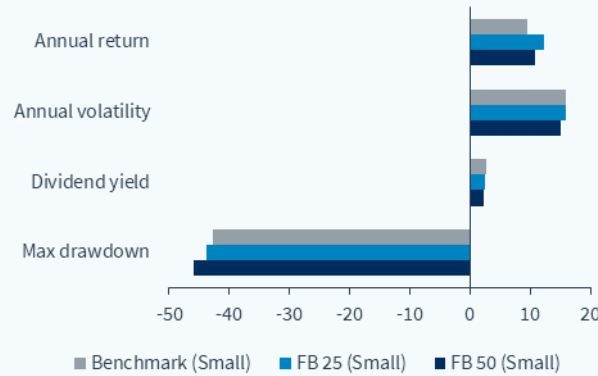
**The moderate outperformance we highlight is backed by comprehensive statistical significance analysis, with significance levels varying between 86% and 99%, ensuring a robust foundation for our conclusions. Further details and analysis are available upon request.**

**Chart 19: Comparison of annual return for our Large & Mid FB25 and FB50 universe vs. benchmark over ten years**



Source: Kepler Cheuvreux

**Chart 20: Comparison of annual returns for our Small FB25 and FB50 universe vs. benchmark over ten years**



Source: Kepler Cheuvreux

**A more cautious management approach is reflected in the financials**

We have also investigated other operating features to try to detect specific patterns in our family business universe. Again, in this section, we present a snapshot of the data, but feel free to contact our Quant team for more details.

We highlight two key takeaways:

- **The “Static” picture:** Versus the benchmark, family businesses have higher ROEs and lower capex/sales, goodwill/equity, and net debt/EBITDA. The extent of the similarities/differences to their sector peers varies significantly across sectors, although the lower goodwill/equity and lower leverage are clear patterns.
- **Historical variations:** We find evidence of a higher improvement in adjusted EBITA margins and ROEs and a higher EPS growth in the family-owned universe versus the benchmark, which is confirmed when comparing with sector peers.

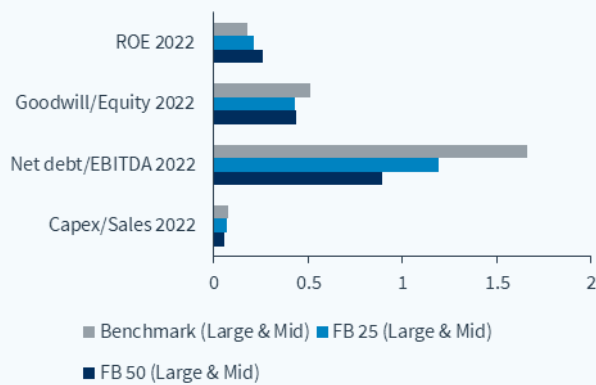
We believe this is a reflection of: 1) a cautious management approach when it comes to capex and financial spending; and 2) the growth and quality profile of the family businesses.

**Higher ROEs, lower goodwill, and lower leverage than the benchmark**

We use data from our proprietary databases, and we look at a five-year period (2018-22) as well as a snapshot of 2022. We compare each of the metrics of the family-owned companies with those of: 1) their benchmarks; and 2) sector peers. Due to the type of reporting, not all of the metrics are available for all sectors. Thus, our universe is more limited: 209 family businesses in total instead of 269 (and 699 companies in the benchmark instead of 943).

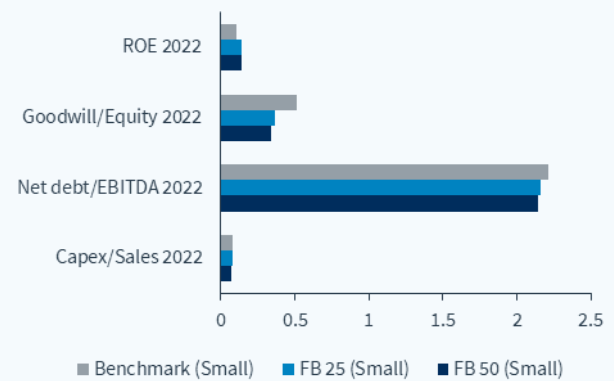
Specifically, we look at: ROE, adj. EBITA margins, capex/sales, goodwill/equity, payout, and net debt/EBITDA. In the case of goodwill, net debt/EBITDA we take the data for 2022 only.

**Chart 21: Comparison on financial metrics for our Large & Mid universe, in 2022**



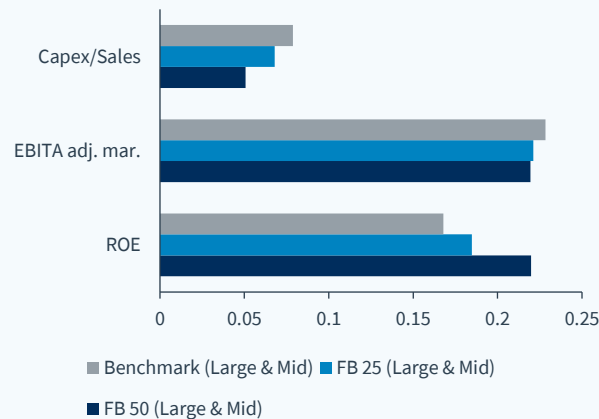
Source: Kepler Cheuvreux

**Chart 22: Comparison on financial metrics for our Small universe, in 2022**



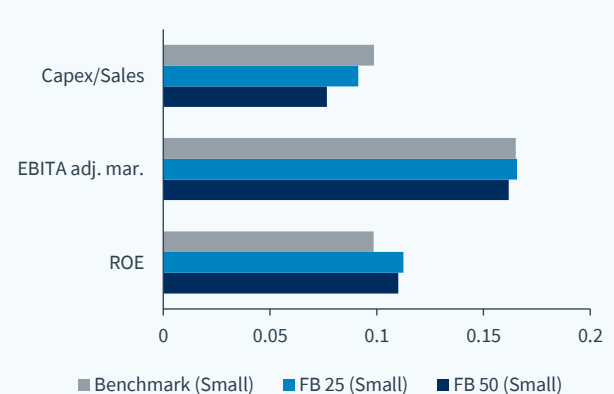
Source: Kepler Cheuvreux

**Chart 23: Comparison on financial metrics for our Large & Mid universe, average over 5Y**



Source: Kepler Cheuvreux

**Chart 24: Comparison on financial metrics for our Large & Mid universe, average over 5Y**



Source: Kepler Cheuvreux

**Higher ROEs than the Benchmark**

We note consistently higher ROEs for family businesses compared to the benchmark in both the Large & Mid and Small FB categories.

However, versus sector peers, the difference is only significant in 2022, but not in terms of the average of the last five years.

**Less goodwill than the benchmark and sector peers**

The feature that stands out is the lower goodwill as a percentage of equity for the family business universe versus sector peers and versus the benchmark. This confirms the fact that family-owned businesses tend to be less acquisitive and that perhaps they take a more cautious approach when it comes to the prices paid. In addition, the fact that families do not want to dilute their stakes implies that the financing of large deals with capital increases is less frequent.

**Lower net debt/EBITDA**

Net debt/EBITDA is lower than for the benchmark, especially in the large-cap segment. This is the result of the lower capex/sales ratio and the lower level of M&A activity undertaken by family businesses. Thus, it is consistent with the other metrics that we look at in this report and the generally prudent approach taken by families.

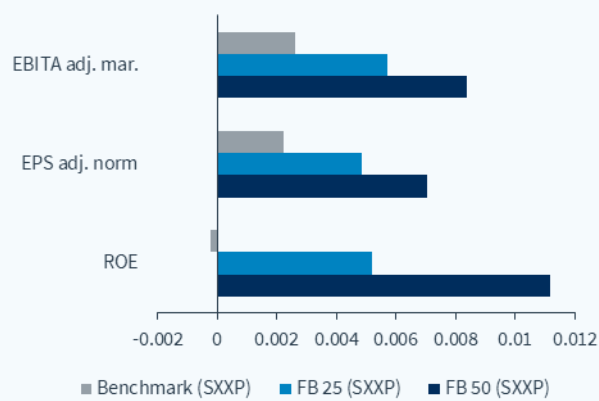
**Lower capex/sales**

The capex/sales ratio of our FB universe is below the benchmark and below that of sector peers, which could again be a reflection of the cautious investment approach in our family universe.

**Family businesses outperform the benchmark and sector peers in terms of EPS growth, improvement in adjusted EBITA margins, and ROE.**

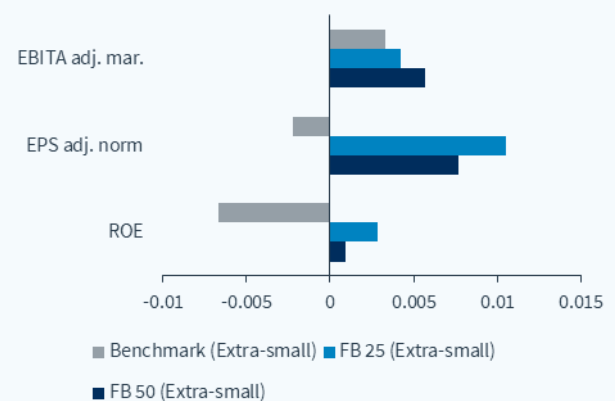
Looking at the key operating metrics over the last five years, we find higher adjusted EPS growth and stronger improvements in the adjusted EBITDA margin and ROEs versus the benchmark and sector peers. This was especially the case in some sectors such as Utilities and Metals and Mining, with greater improvements than sector peers in all of the metrics analysed.

**Chart 25: Comparison on main P&L metrics for our Large & Mid universe (% change over 5Y)**



Source: Kepler Cheuvreux

**Chart 26: Comparison on main P&L metrics for our Small universe, average over 2018-22 (% change over 5Y)**



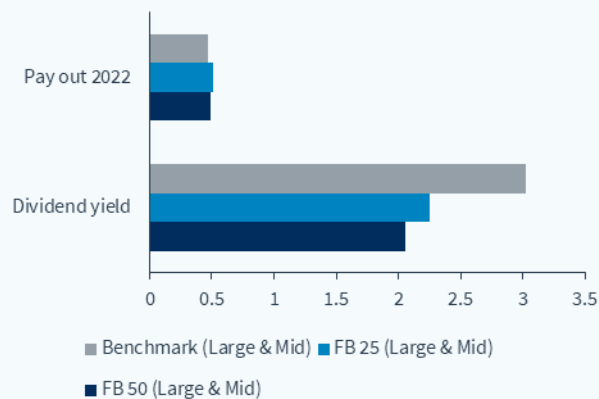
Source: Kepler Cheuvreux

**A specific comment on dividends**

**Payouts above peers in the large-cap universe**

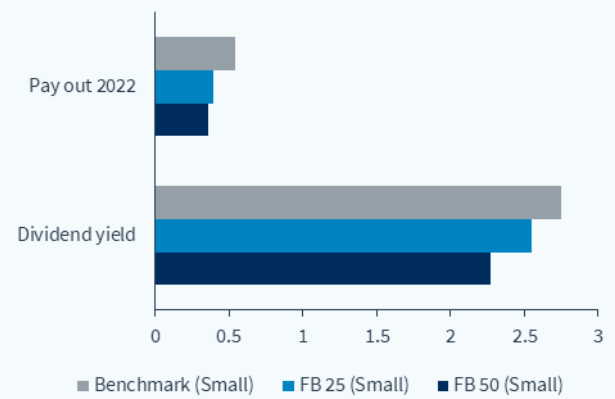
The average payout for family businesses is above that of sector peers in the large-cap universe, although it is well below that of sector peers in the small-cap universe. Still, the dividend yield is below the benchmark for the large- and mid-cap family businesses. In our view, this is due to the under-representation of higher-paying sectors in the family-owned business universe: Oils & Banks among others.

**Chart 27: Comparison of payout ratio (2022) and dividend yield (10Y average) for our Large & Mid universe**



Source: Kepler Cheuvreux

**Chart 28: Comparison of payout ratio (2022) and dividend yield (10Y average) for our Small universe**



Source: Kepler Cheuvreux

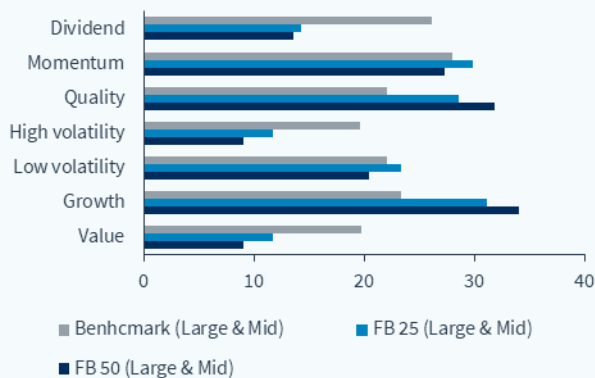
**Our beta profiles: more representation in quality, growth, and momentum**

Our Quant team has defined seven beta profiles for our universe: Low volatility, High volatility, Growth, Value, Quality, Momentum, and Dividend (definitions can be found [here](#)). Note that our Quant beta profiles eliminate the “sector effect” in all the factors except Momentum and Dividend, so that the companies are compared to their peer groups (sector and size).

We note that the family-owned universe has a smaller proportion of companies with a high dividend profile than the benchmark. In the Large & Mid FB group there are fewer FB companies classified as Value, and hence more companies classified as Growth. We also note that in the Small FB category there are more Momentum companies in the FB selections than in the benchmark.

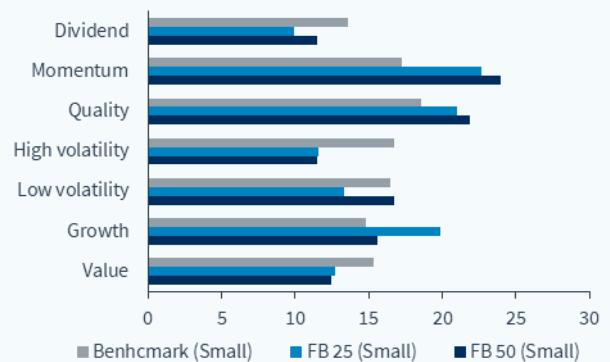
Finally, in both capitalisation categories, family businesses have more Quality companies than the benchmarks.

**Chart 29: Split of Quant tags in our Large & Mid universe**



Source: Kepler Cheuvreux

**Chart 30: Split of Quant tags in our Small universe**



Source: Kepler Cheuvreux

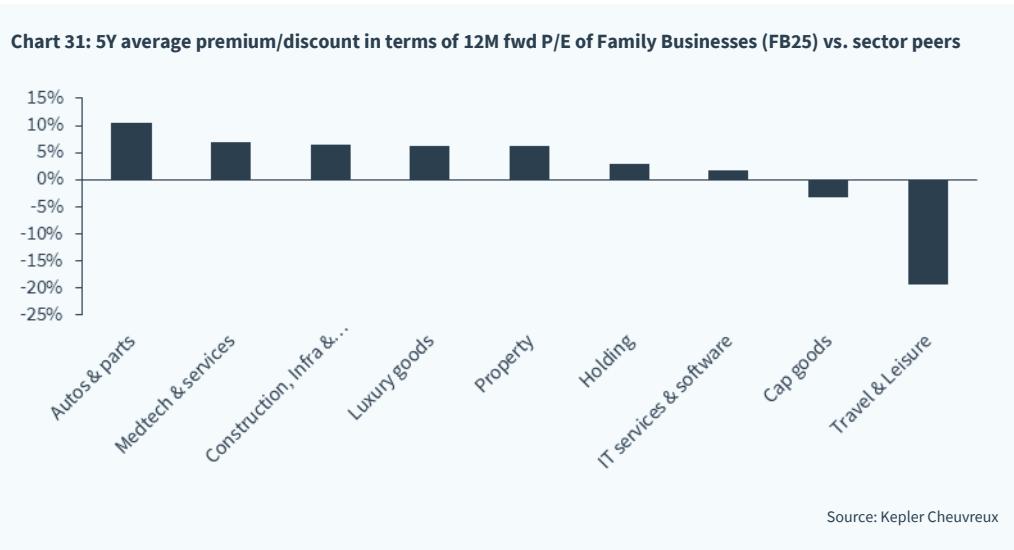
**Do family-owned companies trade at a premium to peers? Mixed results**

**No clear historical premium versus sector peers**

Finally, we have analysed the historical multiples (2018-23) of family-owned companies to assess whether there is a sustained premium versus sector peers associated with the family-owned tag.

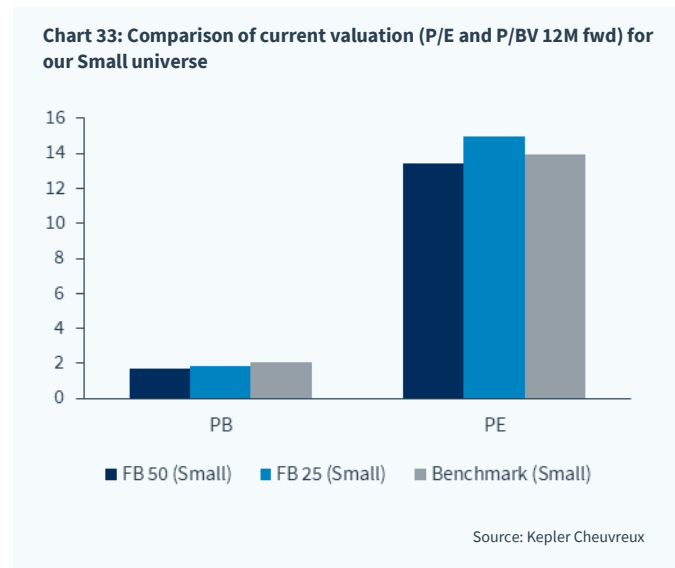
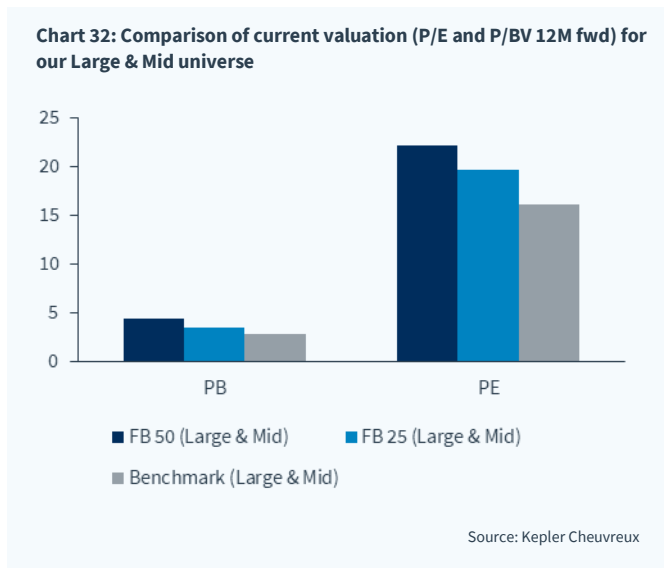
We analysed the historical multiples for nine sectors; family businesses have significant levels of representation in five of these in particular (Capital goods, Property, IT services & software, Autos & parts, Travel & leisure), and three sectors are relevant for the large-mid group of family businesses (Holding Companies, Luxury goods, Medtech & services). One sector is relevant for the small-cap group (Construction, Infra & Materials).

The results are mixed: there is no universal premium for family businesses across sectors. Among the most important nine sectors in family business selection, only four have higher P/B ratios (Property, Autos & parts, Holding companies, and Medtech & services), and five out of ten have higher P/Es (Property, Autos & parts, Luxury goods, Medtech & Services, and Construction, Infra & Materials).



**Premium versus sector peers looking at the 12M forward multiples**

Looking only at the most recent 12M forward P/E and P/B multiples, we do find some premiums versus sector peers. However, this is not enough to justify the concept of a premium related strictly to the family-owned business tag considering we are only looking at a certain moment in time.



## The governance angle

Investing alongside a family comes with both advantages and drawbacks for investors. We now discuss the governance aspect of having family shareholders. Some of the positive aspects pave the way for outperformance, like having “skin in the game” and a long-term vision. However, as seen in the previous sections, the outperformance of family businesses cannot be taken for granted and it is unwise to rely solely on this factor.

In fact, most family businesses do not score highly with ESG rating agencies, and ESG investors are particularly cautious when assessing family businesses. We highlight certain red flags that minority shareholders should beware of and relevant best practices. We present our framework to assess the companies in our coverage universe and our top picks, which are presented in the next section of our report.

### The advantages

As discussed in the previous section, some equity investors consider family-owned and -led businesses to be attractive. Among the advantages, we highlight that the management often has “skin in the game” and that family businesses tend to take a long-term approach thanks to longer management or board tenure. These investors are willing to invest alongside a founding family as they appreciate the alignment of interests.

#### Emotional capital

External investors in family businesses with family involved in leadership roles can rely on the kind of intrinsic motivation that is hard to reproduce with recruitment packages. When a family sells an organisation into it which has poured its blood, sweat, and tears, it is a highly personal decision and much more than just a simple business transaction. These personal factors can be summed up as emotional capital which has accrued across generations, and we see evidence of this emotional attachment in most of the companies in our defined family business universe. In the following section, we provide evidence of the emotional capital angle of our family business top picks.

#### Skin in the game

Most companies rely on complex management incentives to try and align management and shareholder interests, with varying degrees of success. These incentives try to solve what corporate governance academics call “the principle-agent problem” i.e. how to prevent management acting in its own interests rather than those of the shareholders. For family companies, where family members are involved in the day-to-day management of the operations, the alignment of interests is assured. In effect, shareholder remuneration is management remuneration.

The acceptance that share ownership brings adequate alignment provides clear assurance to investors that the negative impacts on shareholders’ interests are meaningful for the management.

Such assurance is hard to replicate with complex long-term incentive schemes, which often fail to present a downside for executives that matches the downside risk faced by investors. A remuneration policy that is properly aligned with shareholders’ interests is typical for family businesses, where the family is part of the executive management team.

In our defined family business universe, we find several examples of companies that prefer “skin in the game” to complex management incentives.

For example, at **Technogym**, the CEO does not participate in incentive plans. The controlling stake owned by the members of the family offers sufficient alignment.

At **Danieli**, there is no remuneration committee and there are no share incentive plans. There are currently no incentive plans for the directors or executives based on shares or other financial instruments. There are also no vesting periods, deferred payment mechanisms, or ex-post correction mechanisms. In fact, the company has one significant shareholder, the family, which holds a 67.175% stake.

**Juventus** also has no equity-based compensation mechanism and no long-term incentive plan. The executive chairman does not receive a bonus.



**Balder’s** remuneration for the CEO consists of salary, benefits, and pension, with no variable element. The company has not established any long-term share-related incentive programmes and the remuneration policy confirms that no variable remuneration will be paid.

At **Sanlorenzo**, there is no variable remuneration for the executive chairman, who represents a major shareholder. The chairman is excluded from earning any form of variable remuneration, on the grounds that his status as a major shareholder naturally aligns his interests with those of the company.

At **Cementir**, performance targets apply to long-term remuneration, but the company believes that, as the CEO represents the interests of all of the company’s shareholders and stakeholders, there is no need for an additional medium-/long-term incentive plan beyond the yearly MBO.

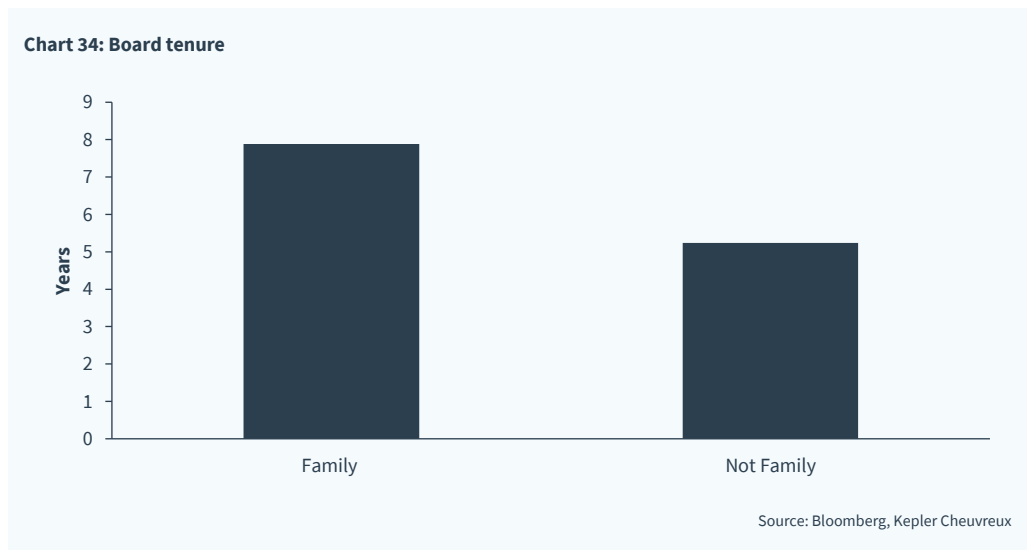
**TFF** has the option to offer incentives to its main managers, with the possibility of offering variable compensation in the form of a bonus. However, the chairman of the management board does not receive any variable compensation. The CEO is a member of the controlling family, which holds more than 70% of the capital.

All of these examples help illustrate our point.

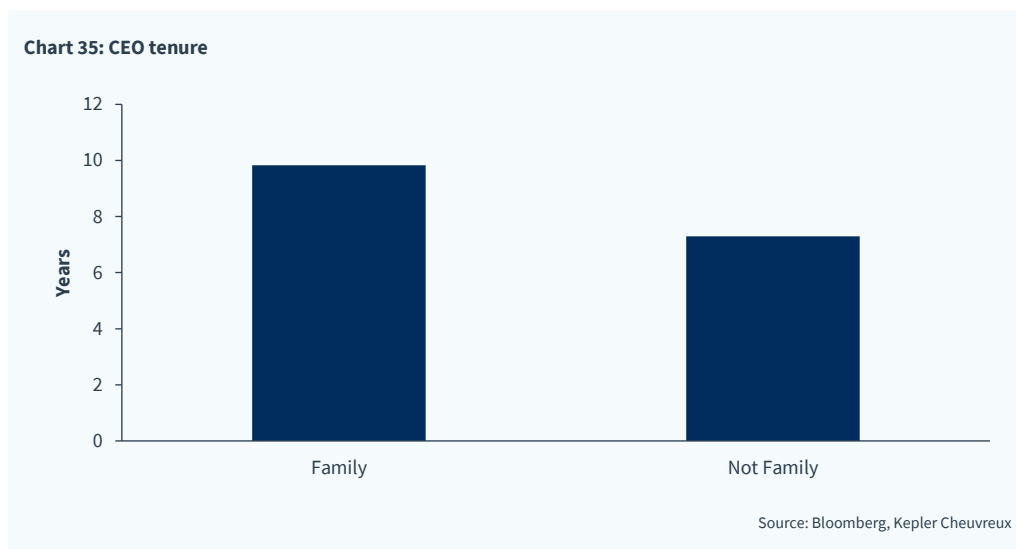
**Staying power**

The equity story for family-controlled companies is that long-term stability of ownership creates an environment in which management can afford to take a longer-term approach towards the interests of stakeholders, including the employees, customers, and local communities, which ultimately benefits shareholder returns.

There is support from the governance data for the idea that the involvement of the founder or family creates a stronger longer-term governance environment. As shown below, the median board tenure for family businesses is close to eight years (vs. just over five years for non-family businesses).



The “patient capital” approach to board terms is also reflected in the duration of CEO terms. Family companies are more likely to have longer CEO tenure than other companies (ten years as a median vs. seven for non-family business). These longer tenures imply enduring shareholder accountability for decision-making.



### Family finance

Another argument in favour of the benefits of family ownership is that it provides a sound equity base (in the form of paid-in capital and retained earnings), which is key for sustainable growth. For external shareholders, family equity is a reassuring signal of a long-term commitment and for lenders a strong equity/assets ratio makes lending less problematic. In other words, equity attracts other financing and family equity attracts other equity.

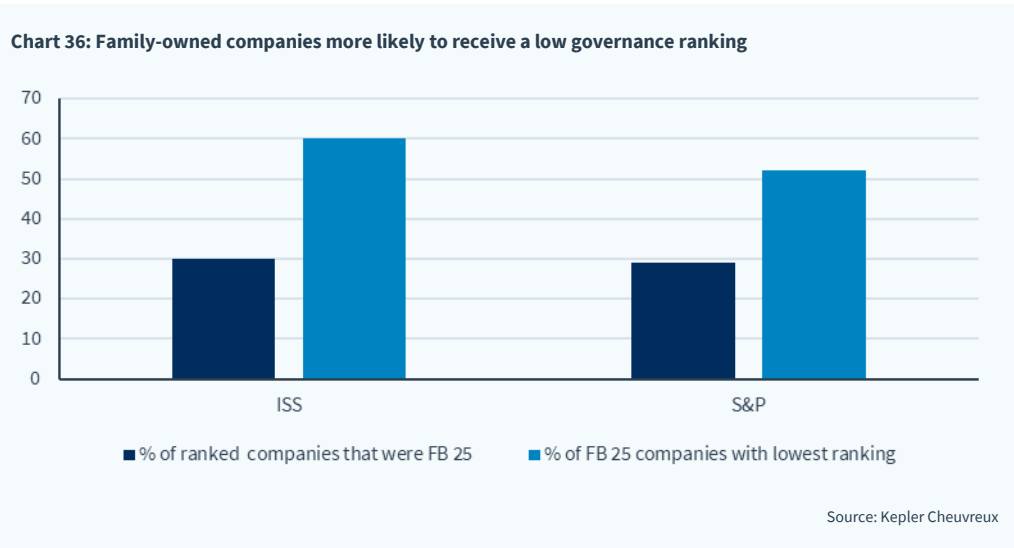
Corporate governance is about giving shareholders rights that protect their invested capital, but ultimately the shareholders' liability is limited. To be truly sustainable, companies must be run with the aim of creditor protection, so we looked for evidence of greater prudence at family-owned companies compared to non-family companies. Our analysis finds lower leverage for family-owned companies both compared to the benchmark and to sector peers, as discussed earlier in our report (ND/EBITDA is on average 0.5x lower).

The capital markets thrive on deal making, but some of the research suggests that most M&A fails to create value (see PwC report [here](#)). Family ownership acts a shield which protects against acquisitions at any cost and correlates with a more cautious approach to expansion. Lower goodwill at family businesses is a standout feature of our Quant team's analysis, and it is consistent with the belief that family-owned companies are less acquisitive.

The fact that families are not willing, in many cases, to dilute their stakes, also limits the number of capital increases seen in this universe. Within a database of 1,163 capital increases (both ABB and rights issue) in Europe since 2015, compiled by our ECM team and close to exhaustive, 291 were made by companies we currently have in our coverage. Among these 291 deals, only 53 (or 18%) were made by Family Businesses.

### Watch out for...

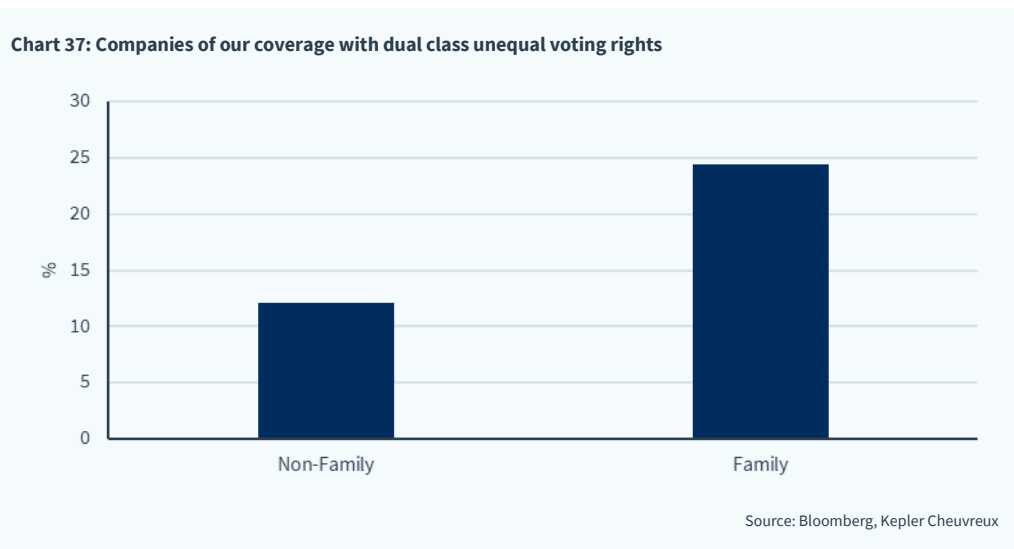
Despite these advantages, family-owned companies often have poorer ESG ratings than other companies, and these companies must be checked for some red flags to ensure that minority shareholders' rights are respected. In the following section, we discuss some of the main drawbacks to family ownership.



**The cost of control**

For family-owned companies, the benefits of long-term stability need to be weighed against the risk of a reduced voice for minority investors in their governance arrangements.

Loss of control is implicit when the founder or family retains a holding above 25%, and it is also a significant influence within leadership bodies. However, a loss of control is also explicit when there are unequal voting rights, and such share structures are more prevalent among family-owned companies than other types of companies.



The families behind these companies disproportionately make use of enhanced voting rights, thus amplifying their control via voting rights that are disproportionate to the economic interest they hold. Many family-owned companies use these “excess votes” to secure control of the company.

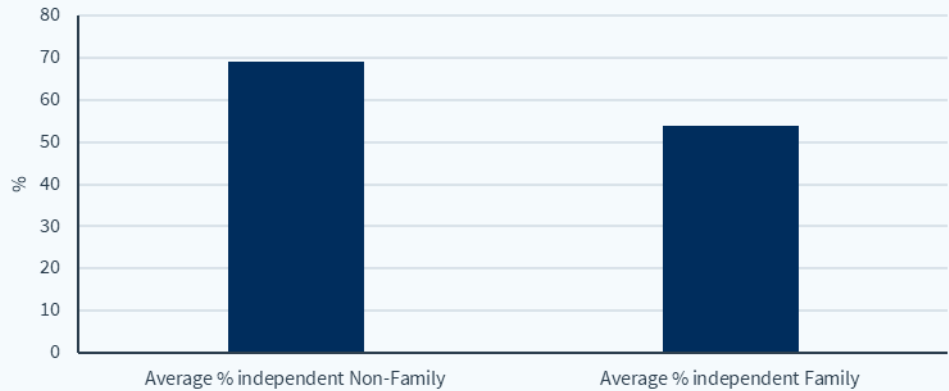
We see a greater risk for minority shareholders when the excess family votes take the family voting power above the governance thresholds. These thresholds are either a majority vote, which is typically the threshold for director elections, or a qualified majority vote, which is typically the threshold for dilutive share issuance. Around three-quarters of the FB25 companies that have unequal voting rights have excess rights that take the family control across a governance threshold.

**Independence**

Many of the features of corporate governance regimes in advanced capital markets have evolved to provide a counterbalance to the kind of concentration of power that has been a common feature of many of the companies that have been involved in corporate governance scandals. The

independence of the board is perhaps the most widely used tool to avoid this. Non-family companies have a greater proportion of independent board members than family companies.

**Chart 38: Percentage board independence in our coverage**



Source: Bloomberg, Kepler Cheuvreux

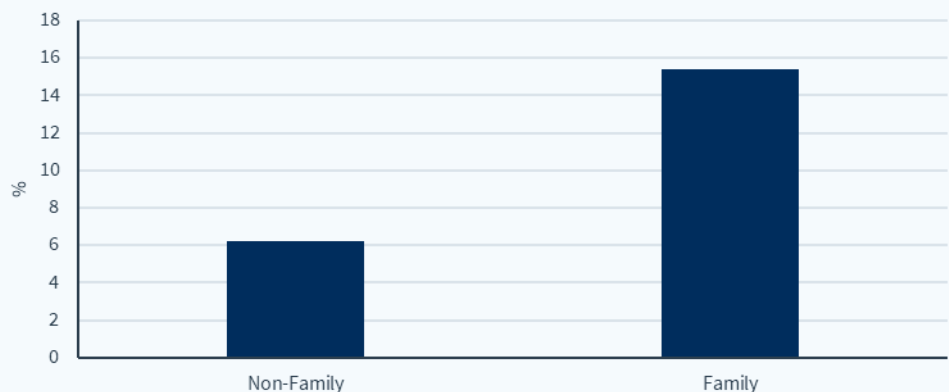
At least some of this difference is accounted for by the lower independence requirements for controlled companies in European governance best practice codes. In particular, in Italy and France, the difference between the independence requirements for companies with concentrated ownership and other companies has an impact on the relative weight of independent directors on the board.

Independent directors must account for one-third of the total number of board members at Italian and French companies with concentrated ownership, but at least one-half of the total at other companies. As highlighted earlier in the report, our selection of family companies is more heavily weighted towards the Italian and French markets.

A governance feature where there is a greater difference is the combination of Chairman and CEO roles. Some of this difference is attributable to market norms. Clearly, all those companies with a combined Chairman and CEO role are companies with a unitary board structure. Such board structures are not permitted in markets like Germany or Austria.

Comparing only unitary boards in each cohort, it is clear that there is a bias towards having combined roles at family companies. We have taken this factor into account when selecting our top picks. Where companies combine these roles, we have looked for governance features that mitigate the concentration of power, for example, the presence of a lead independent director or a high proportion of independent board directors.

**Chart 39: Combined roles within our coverage**



Source: Bloomberg, Kepler Cheuvreux

A controlling family member holds the top executive role at the vast majority of the family-owned companies where the top roles are combined.

### Succession

When family members are set to succeed to leadership positions, there is the obvious question of how the succession should be decided. This question is made easier to answer when the next generation of family members have had exposure to the business before they become succession candidates. In fact, exposure to a variety of senior roles is a fair indicator that a particular family member is being prepared for a leadership role.

A smooth succession to the top job from one controlling family generation to the next is clearly easier to achieve when family members have been exposed to the business over a period of years, before taking on a leadership role. In other words, after they have undergone a form of apprenticeship. Family members have served “apprenticeship” roles at all of our top picks.

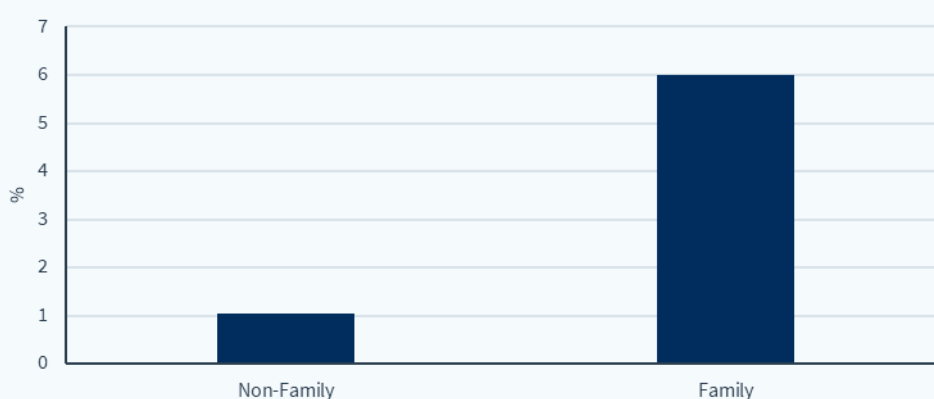
We think this operational experience leads to better decision making when the next generation of the family takes over management roles. It also improves the ability to challenge management when the family is involved in non-executive oversight.

### Forget the control premium

Family control clearly diminishes the opportunity for the share price to benefit from speculative interest at the time of takeover.

In some cases, an unrecommended takeover is made impossible by the legal structure of the company. Many family-controlled companies have adopted the legal structure of a partnership limited by shares such as the SCA in France or the KGaA in Germany.

**Chart 40: Proportion of companies in our coverage with legal form that restricts shareholder rights**



Source: Bloomberg, Kepler Cheuvreux

Such structures position family owners as the sole decision makers in matters related to the company’s strategy, acquisitions, or disposals.

Unlike normal limited liability public companies, the outside shareholders at these companies have no indirect influence over management decisions through the supervisory board, given that the management is not appointed by the directors who the shareholders have elected.

The general partners appoint management and even with a majority of supervisory board seats, a shareholder has no formal influence on the managing partner’s decisions or strategy. A managing partner may only be dismissed by the unanimous decisions of the general partners.

Such structures are an effective takeover defence and are more prevalent among family-controlled companies, but they are employed by only a small minority of companies regardless of the ownership. Conversion from partnership status removes an obstacle to a potential takeover, but it comes at a cost.

For example, Lagardère converted from SCA status prior to the Vivendi takeover, but the conversion coincided with the dilutive issue of 10m new shares to the benefit of the general

partners, through the incorporation of reserves as compensation for the loss of their status and rights.

### **Related-party transactions (RPTs)**

By definition, family companies are controlled companies. The risk that a controlled company will take decisions regarding transactions that are not intended to promote the interests of *all* its shareholders has long been recognised by the regulators. At the EU level, the relevant regulations were updated in 2017 with the updated Shareholder Rights Directive (SRD II).

As a result, a certain degree of protection for minority investors is ensured by the legal framework for companies in EU member states. The governance arrangements put in place by family companies reflect the way in which each country of incorporation has transposed the Shareholder Rights Directive (SRD II) into national law.

The SRD II mandates that EU member states implement requirements for companies to disclose material related-party transactions (RPTs) and certain information related to them when the transaction is concluded. This directive provides some flexibility for member states to set criteria for such transactions, so when choosing our top picks we have taken a company's legal framework for RPTs into account, along with any features that supplement legal protections.

### **Our governance framework for best practices**

All in all, despite the appeal of long-term, aligned ownership, ESG rating companies and ESG investors are usually cautious about family businesses. We would argue that investors have to take an extremely careful and selective approach.

We present our framework for a more granular assessment of companies in our coverage below. We discuss the six criteria we apply when assessing a family business from a corporate governance standpoint.

#### **Independence assessment**

As discussed above, one of the main pitfalls of family businesses is the lack of independence when executive roles and boards are in the hands of family members.

#### **Experience/Succession**

We recommend that investors try to assess the qualifications and past experience of the family members and descendants that are given a role in the management of the company or a seat on the board. Have they been groomed for the role with an apprenticeship that has exposed them to the different segments and the operational challenges facing the business?

#### **Legal form**

We have avoided the special legal structures highlighted in the section above: the “*commandite*” in France or the KGaA in Germany.

#### **Guardrails to related-party transactions**

We have looked for evidence that minority investors are protected. At controlled companies the controlling family is in a position to conduct transactions that may be favourable to the family position, with the risk that minority shareholders are disadvantaged. Analysis of governance at a family company should take into account a company's legal framework for RPTs together with any features that supplement legal protections

#### **Control concentration**

We estimate that the necessary checks and balances are in place when the CEO and Chairman roles are differentiated. This is particularly important for family-controlled businesses, as both roles are usually combined and held by a member of the founding family, which also has a majority stake in the company.

#### **Excess votes**

We recommend avoiding companies with an unbalanced share of capital and voting rights, particularly when they allow the family to cross an important control threshold.

## Stock-picking recommendations

**From our defined universe of family-owned businesses, we select our highest convictions with a five-year investment horizon. In our analysis, we looked above all for strong historical shareholder returns and good management teams, and then screened for good corporate governance practices. This brought us to our final list of ten family business plays: Axfood, Banca Mediolanum, Beneteau, ERG, Inditex, Knorr-Bremse, Saab, SFS, Systemair, and UCB.**

### The process: how we selected our best ideas in the universe

#### **Our starting point: Buy-rated family-owned companies**

As we mentioned earlier, our family-owned business universe consists of 269 companies (28.5% of our coverage). This includes companies in which the founding families own more than 25% of the voting rights and have a family member on the board and or the executive committee.

Out of this universe, 63% are Buy-rated stocks (170 companies) vs 61% for our coverage. See the Appendices for the full list of Family Businesses of our coverage, according to our definition.

#### **Key criteria: strong track record and solid management team**

When making our selection, we looked mainly for companies with a strong track record supported by a solid management team. As we said before, the alignment of interests with families is strong in the case of family-owned business, while the “emotional ownership” of the business is also a critical factor. This makes this assessment, which relies both on a qualitative view and the experience of our team of analysts, particularly relevant.

#### **A five-year investment horizon**

Our ratings and target prices are usually based on a 12-month horizon. In this instance, we have tried to escape the current cycle and taken a longer-term view by selecting companies with strong potential for the next five years.

The reason is simple: as we said before, family-owned companies tend to have longer investment horizons and a focus on ensuring sustainable returns for future generations.

Thus, we are looking for returns of at least 10% a year over the next five years (50% for the period).

This means that we are not particularly concerned about short-term factors, including quarterly releases, but we try to look for good entry points into long-term stories.

#### **Governance as the last, but most important consideration**

As stated in our previous comments on corporate governance, in our selection of top picks we have tried to seek out best practices, and even more importantly, to avoid red flags.

Summing up our previous statements:

#### ■ **Best practices:**

1. A high percentage of independent directors on the board.
2. Related-party transaction committee that does not include family members.
3. If a family member is the chairman, the company should have a lead independent director.

#### ■ **Red flags:**

1. Excess voting rights, especially in those cases in which the voting stake exceeds 50%.
2. Lack of transparency and poor shareholder communication.
3. Related-party insider transactions.
4. The use of company shares as collateral for family finance. This point is sometimes difficult to assess, but we still want to highlight its relevance.
5. We avoid legal structures such as SCAs and KGaAs (partnerships limited by shares).
6. We avoid companies with succession issues.

Improvements in corporate governance could potentially trigger a re-rating of the shares. Later in this report, we provide some examples of interesting ideas on that front.

**The outcome: our selection of ten family-owned business plays**

Our final selection consists of ten stocks, five in the Large caps (above EUR5bn market cap) bracket and five in the SMID and Small caps group. We have tried to create a balanced portfolio from both a geographic and a sector standpoint, although we are not particularly concerned about this point.

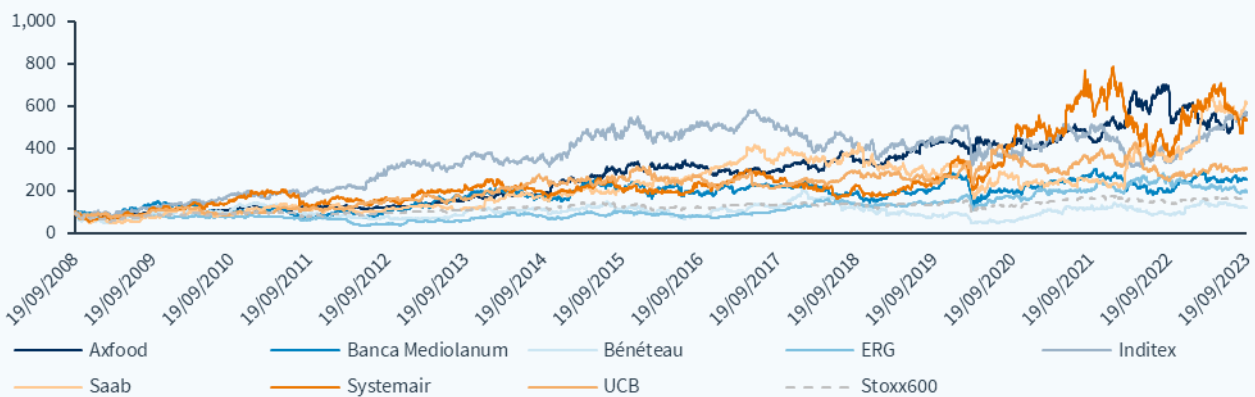
**Table 5: Our family-owned top picks (upsides on 19.09.2023 closing prices)**

Company	Sector	Country	Market cap (EURm)	Rating	TP (in local currency)	Upside
Axfood	Food retail	Sweden	4,920	Buy	330	22%
Banca Mediolanum	Bank	Italy	6,113	Buy	11	26%
Beneteau	Leisure	France	1,081	Buy	23	71%
ERG	Utilities	Italy	3,716	Buy	38	54%
Inditex	Apparel	Spain	109,737	Buy	42	19%
Knorr-Bremse	Capital goods	Germany	9,411	Buy	75	28%
Saab	Defence	Sweden	6,819	Buy	647	6%
SFS	Capital goods	Switzerland	4,077	Buy	130	29%
Systemair	Capital goods	Sweden	1,220	Buy	97	39%
UCB	Pharma	Belgium	15,509	Buy	110	34%

Source: Kepler Cheuvreux

We show in the charts below the long term share price performance of companies that we selected. For 8 stocks we show the performance vs Stoxx 100 over 15 years and for SFS and Knorr-Bremse, we show the performance since their respective IPO.

**Chart 41: Long term share price performance of our top picks (base 100 on 19/09/2008)**



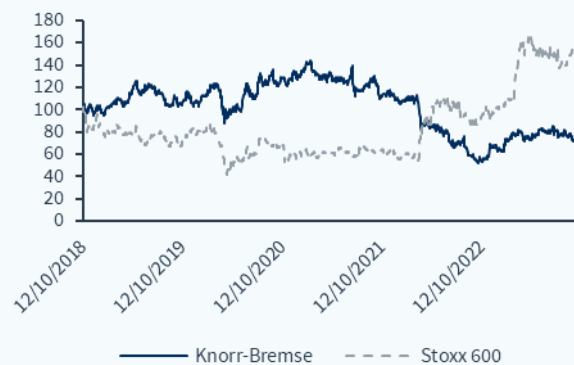
Source: Kepler Cheuvreux

**Chart 42: Long term share price performance of SFS (base 100 on 07/05/2014)**



Source: Kepler Cheuvreux

**Chart 43: Long term share price performance of Knorr-Bremse (base 100 on 12/10/2018)**



Source: Kepler Cheuvreux



**Table 6: Details of the families' involvement in our family-owned top picks**

Company	Family name	% capital	% voting rights	Executive role	Board members	Generation
Axfood	Johnson	50.1%	50.1%		4 out of 10 o/w Caroline Berg (Johnson)	5
Banca Mediolanum	Doris	42.3%	42.3%	Massimo Doris, CEO	2 out of 15	2
Beneteau	Beneteau	54.4%	70.5%		2 out of 7	3/4
ERG	Garrone	62.5%	62.5%		3 out of 13	2
Inditex	Ortega	54.0%	54.0%		4 out of 10, o/w Marta Ortega Pérez, Chairwoman	2
Knorr-Bremse	Knorr, Thiele	59.0%	59.0%		1 out of 12	2
Saab	Wallenberg	68.9%	48.2%		3 out of 14 o/w Marcus Wallenberg, Chairman	4
SFS	Huber, Stadler, Tschan	53.0%	53.0%		2 out of 7	3/4
Systemair	Engström	43.0%	43.0%	Claude Stadler, Corporate services	2 out of 7 o/w Gerlad Engström, founder and Chairman	1/2
UCB	Janssen	36.0%	36.0%		4 out of 13	4/5

Source: Kepler Cheuvreux

**Table 7: Governance data for our family-owned top picks**

Company	Legal structure	One or two-tier board	Independence % from company/management	Independence % from family	Combined roles/ concentration	Lead independent
Axfood	AB	Two	100%	42%	No	No
Banca Mediolanum	SPA	One	76%	84%	No	Yes
Beneteau	SA	Two	57%	57%	No	N/A
ERG	SPA	One	54%	75%	No	Yes
Inditex	SA	One	50%	60%	No	Yes
Knorr-Bremse	AG	Two	83%	83%	No	N/A
Saab	AB	Two	91%	72%	No	No
SFS	AG	Two	71%	71%	No	Yes
Systemair	AB	Two	60%	60%	No	No
UCB	SA	Two	54%	69%	No	N/A

Source: Kepler Cheuvreux

**Table 8: Our top picks satisfied all of the governance tests we applied to our family companies**

	Independence satisfies local market best practice standard	Family directors have had relevant experience prior to board appointment	Legal form does not prevent takeover	Related-party transaction rules provide minority protection	Family does not have concentrated control via combined Chairman/CEO role	Excess votes do not cross governance threshold
Axfood	Y	Y	Y	Y	Y	Y
Beneteau	Y	Y	Y	Y	Y	Y
Banca Mediolanum	Y	Y	Y	Y	Y	Y
ERG	Y	Y	Y	Y	Y	Y
Inditex	Y	Y	Y	Y	Y	Y
Knorr-Bremse	Y	Y	Y	Y	Y	Y
Saab	Y	Y	Y	Y	Y	Y
SFS	Y	Y	Y	Y	Y	Y
Systemair	Y	Y	Y	Y	Y	Y
UCB	Y	Y	Y	Y	Y	Y

Source: Kepler Cheuvreux

### What are the governance ratings missing for some of our top picks?

Overall, we are satisfied that the minority risks that family-controlled public companies typically face are well mitigated by the governance arrangements in place at our top picks.

While governance ratings often tend to be somewhat negative for family-controlled businesses, we think these ratings fail to capture some important positives that help explain why family ownership should be an important part of the investment case.

It is well understood that there is little correlation between the ESG ratings assigned by the different agencies. In the table below, we show the corporate governance ratings of our top picks

**Table 9: Top picks ESG corporate governance scores according to ISS and S&P**

Name	ISS quality score	S&P governance ranking
Inditex	2	99
UCB	3	87
Knorr-Bremse	5	95
Saab	6	82
Banca Mediolanum	5	94
SFS Group	9	58
Axfood	4	76
ERG	5	83
Systemair	3	NA
Beneteau	9	68

Source: Bloomberg

The only two cases in which both agencies have a negative view are for **SFS and Beneteau**. In both cases, we explain what the agencies might be missing.

**SFS** is controlled by the Huber and Stadler/Tschan families, its founding families. In May 2022, SFS concluded the acquisition of Hoffmann. The acquisition was EPS-accretive in year one and has an appealing strategic and financial rationale. Strategic mergers and acquisitions of businesses that were family-owned like Hoffman, or by management and employees like Unisteel and Tegra Medical, have helped SFS to leverage its expertise into new verticals, add economies of scale, and better balance its capacity utilisation.

SFS claims its family ownership promotes a high level of trust and loyalty among employees, customers, and suppliers and the rationale for all these business combinations, as stated by the previous owners, has included references to a “good cultural fit”. We consider the family ownership to be part of the appeal that has made the company’s M&A strategy possible.

At **Beneteau**, the family connection should be regarded as an asset. Goodwill is an intangible asset that can increase a business’s competitive advantages and can include strong brand identity, and reputation. We regard the continuing Roux family stewardship as part of Beneteau’s brand identity and consider it to be an integral part of the company’s strong reputation. Board director Annette Roux, the granddaughter of the founder, is known as the “first lady of yachting”.

Her reputation has been built on her success in revitalising the family business. The business was servicing a declining fishing trade when she joined in 1964. Her involvement coincided with a change in the company’s boat designs, and subsequently Beneteau’s move into leisure fibreglass boats was successful. The family has not been complacent about its brand identity, which relies on the company’s reputation for craftsmanship. In 2017, it began updating its identity to reflect a new phase in its development. The new branding was based on a “B” monogram that represents the company’s founder.

The ESG agencies have different ratings for companies like **Axfood, Saab, and Banca Mediolanum**.

At **Axfood**, the success of the strategy can be partly attributed to the family’s involvement. Caroline Berg, who represents the fifth generation of the controlling family, is jointly responsible for strategy at Axel Johnson AB. The Axel Johnson family is the controlling shareholder. It is clear that the family has some influence on the strategic direction at Axfood, given that the supervisory board includes four members with connections to the family (including the chairman) and it is the board that is tasked with ensuring that the strategy is aligned with the vision, mission, and values of the company.

In her speech at the Axel Johnson Summit in 2022, Caroline Berg said that sustainability is a core value and a driving force for Axel Johnson, and she has stated in interviews that she sees sustainability as a competitive advantage for Axfood. This family’s advocacy for sustainability is reflected in Axfood’s product range, but the push for a greater share of sustainable products might not have survived without the family’s long-term perspective.

Sustainability-labelled products often command higher prices, as they are generally more expensive to produce. However, the company has stuck to its sustainability ambitions throughout this new period of food inflation. Axfood’s sustainability target is to increase the share of sustainability-labelled products as a percentage of store sales to 30% by 2025.

In 2022, Axfood reported that it had increased its assortment of own-brand organic products by 10% compared to 2020 and had achieved its target of having at least one organic alternative for every own-brand product category. This commitment to sustainability has coincided with significant market share gains and sales growth which continues to outpace market sales growth by a wide margin.

The Wallenberg family holding in **Saab** is more than a straightforward financial investment. Chairman Marcus Wallenberg is the third generation of the Wallenberg family to be involved since the creation of the company in the 1930s. The Wallenberg family interest is best understood in the context of the family's role in Sweden's industrial development.

In the 1970s, it is estimated that up to 40% of Sweden's industrial workforce was employed by the family. An example of how the Wallenberg's close association benefits the company and Sweden's industrial development more generally is the Wallenberg Foundation funding of projects and initiatives related to Saab, such as the Wallenberg AI, Autonomous Systems and Software Program (WASP), which aims to strengthen Sweden's expertise and competitiveness in artificial intelligence, autonomous systems, and software engineering.

**Banca Mediolanum** has made a virtue of its family ownership by capitalising on the trust in family businesses in its domestic Italian market. The group's focus is on households, which is a more profitable segment than institutional customers. The Family Banker is the name that the company gives to the financial advisers that sell its products and services and is a distinguishing feature of the company's sales network.

The framing of advisers as Family Bankers deliberately appeals to customers' familiarity with and trust in family-run businesses. Family Bankers are the main source of revenue for Mediolanum Group, as they generate commissions from the sale of Mediolanum's products and services to their clients. Client loyalty and satisfaction is a factor in the generation of these commissions, and the company scores significantly higher than peers in customer satisfaction surveys for its Family Banker network.

#### **Finally, both Inditex and UCB are top ranked by the agencies**

At **Inditex**, the appointment of the founder's daughter Marta Ortega as chairwoman completed a long generational handover process that was first initiated in 2011 with the replacement of Amancio Ortega as the Executive Chairman of Inditex. We think the period over which the generational handover took place provides some assurance about management continuity.

It is clear that a family appointee brought the advantage of unrivalled exposure to, and familiarity with, the business. Marta Ortega's involvement with brand image and fashion at Zara (70% of Inditex's revenues) over the 15 years in which she has worked at Inditex is likely to continue. So far, however, the leadership changes, which have strengthened the family influence, have coincided with a strong trading performance and record Q1 2023 numbers.

At **UCB**, the long-term perspective of the family owner has supported management's decision to spend substantial amounts on R&D. High R&D expenditure versus non-family peers has allowed the company to launch three new drugs in 2023.

#### **A closer look at our top picks, company sections**

Please find below some company sections detailing why we picked these names. For each we provide a company profile and a summary of investment case with upcoming catalysts, as well as a summary of the family story, insight into the governance, and a longer-term angle into valuation. In addition, please find at the end of this report the main financials of the companies as well as links to the full ESG profiles.

#### **Axfood (Buy | SEK330 TP | 22% upside | MCap: SEK58.5bn)**

Sweden | Food Retail | Analyst: Magnus Raman

**Company profile:** Axfood is Sweden's second-largest food retailer and has a 20% market share in its home country. Its best-known concept is the soft discount retailer Willys, famous for its competitive prices. The company also operates the traditional supermarket chain Hemköp, the wholesale concept Axfood Snabbgross, and supply chain company Dagab.

The company is well positioned relative to market trends and stands to benefit from upcoming downtrading amid tougher economic conditions. Additionally, Axfood's business model is well suited to an online rollout, which could underpin future growth.

**Investment case:** Willys accounts for around three-quarters of Axfood's earnings (including its weight in the Dagab wholesale operation) and its LFL growth stands out as phenomenal, at an average of 18% over the last four quarters, compared to market growth of 7-8% during the same period.

Since 2019, Axfood has invested no less than SEK2.5bn in a new giant warehouse north of Stockholm, and the bounty in terms of profitability should be reaped over the next several years as six existing warehouses are closed and volumes move to the new, highly automated facility. Management expects SEK200-300m in annual savings from 2025 and SEK300-400m as of 2027 from its automation investments. We are 2-5% above consensus on 2023-24E EBIT, with what we regard as rather conservative estimates.

**Catalysts:** Axfood's shares have fallen by c. 20% since last autumn (2022), driven by a multiple contraction (forward P/E down from 28x to 22x). The most recent rebound is set to continue, in our view. We argue that the effects of a slowdown in food price inflation, combined with rising rents and salaries, are well priced in.

However, we think the market's concerns about an outright price war, as well as a reversal of traffic gained by discounters, are overblown. In contrast, we expect the market share gains at Axfood's soft discount banner, Willys, to continue for years. We are c. 5% above the consensus 2024 EBIT forecast and view the current 20x 2024E P/E based on our estimates as attractive. Axfood holds a CMD every second year and on 24 November 2023 it is set to invite investors to a new CMD at the new fulfilment centre outside Stockholm, Sweden.

**The family story:** Around the turn of the millennium, the family-owned company Axel Johnson AB set out to create Sweden's best food company. The idea was to gather the best wholesalers and retailers and offer customers the finest stores. Axfood was formed in May 2000 through the merger of Hemköpskedjan, Dagab, and D-gruppen.

The Axel Johnson company was founded by Axel Johnson in 1873.

Chart 44: Antonia Ax:son Johnson and her family



Source: Axel Johnson

Antonia Margaret Ax:son Johnson was the fourth-generation head of the family conglomerate Axel Johnson AB, which owns a 50% stake in Axfood. In 1982, she succeeded her father as chairman of the board at Axel Johnson.

She stepped down as chairman in March 2015, handing the reins over to her daughter, Caroline Berg, who is also a member of the board of Axfood.

Upon her appointment, Caroline Berg brought nearly ten years of relevant experience to the role. Three other board members also have a connection to the family, including the chairman.

**Corporate governance:** Axfood is controlled by the Ax:son Johnson family through the Axel Johnson group, which is its principal owner and controls 50.1% of the capital and votes. The residual ownership is widely spread among domestic and international institutions as well as private owners, for a total of c. 100,000 shareholders. The free float is c. 49%.

Axfood's CEO is independent of the principal shareholder. There is only one share class with aligned voting rights, no golden share, and no direct government ownership in Axfood. The group is protected from hostile takeovers, as the principal shareholder controls a majority of the votes. The company's shares have been issued in accordance with Swedish law and shareholders' rights may only be altered or modified in accordance with the Swedish Companies Act. There have not been any noteworthy objections or votes against proposals at recent AGMs.

Axfood's board is all Nordic and comprises ten members, of which three are employee representatives. Three out of seven elected board members (excluding the employee representatives), or 43% of the board, are independent of the main shareholder, the Axel Johnson family. This exceeds the Swedish Governance Code's threshold.

There is no overlap between the executive management team and the board of directors. We argue that the board is highly competent, with plenty of relevant industry experience, and the members bring expertise gained in both senior management and senior board roles. Relevant areas of expertise among the board members include: food retail, online retail, food producers, general retail, and IT/industrial.

The board is relatively young, with an average age of 52, and only two members are over 60. The gender balance of 38% females (27% including employee representatives) leaves some room for improvement, although the chairman of the board, Mia Brunell Livfors, is female. One of the ten board members, Caroline Berg, is from the leading shareholder family, while two others, Mia Brunell and Stina Andersson, hold senior board positions within the family sphere. There was 97% cumulative participation of members in board meetings in 2022.

There is no special committee responsibility for related-party transactions or other governance measures to deal specifically with such transactions. However, as a Swedish company, Axfood is also subject to the Swedish Companies Act. Therefore, minority investors are assured of the protections provided by the Swedish Companies Act, which prohibits the shareholders' meeting, the board, and the managing director from taking any measures that would give an undue advantage to a shareholder or other person to the disadvantage of another shareholder.

Axfood leases properties and premises and purchases certain goods in the food service segment through companies in the Axel Johnson Group. The company confirms that all prices are set on an arm's length basis.

**The long-term view:** Despite Axfood being a low-risk investment, with a business comprising nearly 100% grocery retail concentrated in its home market, we see ample growth opportunities and good long-term share price potential. ICA, the dominant grocery retail player in the Swedish market with a c. 50% market share, is struggling to keep up with market growth and has started losing market share.

**Five-year valuation:** We believe that Axfood's core Willys banner will continue to gain market share in the next five years, just as it has been doing in the last decade. Assuming a five-year (2023-28E) top-line CAGR of 5%, EBIT margin expansion from 4.5% to 5.0%, and a P/E multiple recovery to 25x would yield a potential share price of SEK393, implying 50% upside.

Chart 45: Axfood fwd P/E relative five-year history (consensus)

**Further reading**

Link to our latest comments: [Several reasons to get excited](#) (AO, 14 September 2023)

[Continued market share gains](#) (1K, 21 July 2023)

**Banca Mediolanum (Buy | EUR10.5 TP | 26% upside | Mcap: EUR6.1bn)**

Italy | Banks & Asset Managers | Analyst: Filippo Prini, CFA

**Company profile:** Banca Mediolanum is Italy's second-largest network of financial advisors with 6,000 professionals split between Italy (4,400) and Spain (1,600) and EUR103bn of assets at end-2022 (EUR94bn in Italy and EUR9bn in Spain). It offers life insurance, asset management (predominantly mutual funds), and direct banking to clients (1.8m including those on the digital platform Flowe).

**Investment case:** Banca Mediolanum is reaping the benefits from a EUR22.6bn banking book at floating rates. The bank is also seeing a gradual increase in retail funding costs, albeit with a limited deposit beta, with the increase in remuneration on deposits always below the rise in the interest margin on assets. The bank is managing to increase its retail deposits in a different way to its direct peers. Once interest rates peak, investors are set to again focus on the generation of fees (wealth management), which represents the bank's core business.

**Catalysts:** We see three main catalysts: 1) net inflows, with the three main investment programmes being Double Chance, Doppio Valore and Intelligent Investment Strategy; 2) the offers on current accounts to cope with high interest rates; and 3) the evolution of the windfall tax on profit for banks.

**The family story:** In 1982, Ennio Doris, in partnership with Fininvest, established Programma Italia, the first sales network in Italy with the specific goal of supplying customers with comprehensive consultancy services in savings and pension funds. In 1984, the insurance companies Mediolanum Vita and Mediolanum Assicurazione were acquired to expand the product range. With the establishment of Gestione Fondi the following year, the company was able to provide mutual funds, thereby increasing its potential. The company made sweeping changes, expanding into Spain from scratch and transforming itself into a banking and insurance group).

Banca Mediolanum has worked intensively on the leadership transition. Massimo Doris, the son of founder Ennio Doris, has been CEO since 2008 (after nine years spent in various roles, including managing the business abroad). When the founder (and honorary chairman) Ennio Doris passed away in October 2021, there were no issues in terms of leadership transition (externally and internally with the network of financial advisors) because everything had already been put in place in the previous years.

**Chart 33: Ennio and Massimo Doris**

Source: Forbes

**Corporate governance:** The main shareholders of Banca Mediolanum are the Doris family (including investment vehicles and personal holdings) with a >40% stake, and Fininvest with a 30% stake. In 2017, the Doris family signed a three-year shareholders' agreement, which was renewed in 2020 and is next up for renewal in December 2023.

This agreement was signed when Fininvest's voting rights had been largely frozen (20.1% out of 30%) under banking regulations, due to the tarnished reputation of Silvio Berlusconi (the controlling shareholder of Fininvest). The death of Silvio Berlusconi in June eased this situation, and control of Fininvest has been transferred (through the legacy process) to Silvio Berlusconi's sons and heirs, all of whom have untarnished reputations.

Currently, two members of Doris the family sit on the board. Only one of them (Massimo Doris, the CEO) has an executive role. Massimo's sister, Annalisa Sara Doris, is also a board member. We believe that the Doris family and Fininvest could sign a new shareholding agreement when the board is renewed at next year's AGM.

There are 13 directors, two of whom are family members. Corporate governance best practice in Italy requires that, in large companies with concentrated ownership, independent directors account for at least one-third of the board. Banca Mediolanum comfortably exceeds this threshold.

In addition, the bank adopted a lead independent director role to mitigate the Chairman's lack of independence. The lead independent director convenes meetings made up exclusively of the independent directors.

Massimo Doris, CEO and son of the bank's founder, spent 22 years on the board before becoming CEO, during which time he worked in increasingly senior roles across the business. He started as a financial promoter in 1999 and later became Head of Marketing for the launch of the online banking site and Head of Training for the sales network. Subsequently, he was the Italian Network Manager and was responsible for the Italian sales network, after which he served as CEO of Banca Mediolanum SA, the Spanish business.

When it comes to related-party transactions, as an Italian company, Banca Mediolanum is subject to Consob Resolution no. 17221 (the Related Parties Regulation). The bank is also subject to Bank of Italy rules on conflicts of interest in relation to associated entities. The Related Parties Committee has the role of assessing and making proposals on internal controls relating to the management of transactions with related parties.

The role of the Related Parties Committee is undertaken by the Risk Committee (for assessment of transactions of lesser importance) and the Independent Directors Committee. Both the Independent Directors Committee and the current Related Party Committee are comprised of three non-executive and independent directors who are independent of the family. We note that the CEO (a family member) may attend the meetings of the Risk Committee, although only when invited to do so by the committee Chair. We have to assume that discussions about any transactions involving the controlling shareholder would preclude such an invitation.

**The long-term view:** Current business conditions are not favourable for a company like Banca Mediolanum. The savings rate of Italian households is below the historical average, competition from government bonds (rates and tax regime) does not bode well for wealth management products, and the increase in NII is not rewarded by investors.

Nevertheless, Banca Mediolanum plans to collect EUR5bn of new wealth management products this year (EUR6bn was the all-time high) and is improving its capital ratios (the CET1 ratio is 21% and the leverage ratio is over 6%) and shareholder remuneration (annual DPS growth is set to be above the usual rate of +EUR0.02 per year).

We believe that once interest rates peak, investors are likely to again focus on the generation of fees (wealth management), which represents the bank's core business.

**Five-year valuation:** The stock trades at respective P/Es of 7.7x and 7.6x for 2023E and 2024E and there has been a derating of the multiples over the past 12 months. In September 2022, the stock was trading at respective P/Es of 9x and 8.6x for 2023E and 2024E, meaning that the increase in net profit estimates for 2023E and 2024E (+45% on average) over the past year was not fully rewarded by investors.

We believe that over the next five years, earnings estimates for Banca Mediolanum are set to improve further and the valuation applied to the earnings is also likely to be rerated. The catalyst to trigger the valuation rerating may materialise once interest rates peak and start to moderately decline.

On a five-year view, we do not see Banca Mediolanum becoming a takeover target, given the strong stance taken on this matter by the CEO, who is also a member of the family that controls the bank.

#### Further reading

Link to our latest comment: [Buy confirmed after Q2 results](#) (1K, 2 August 2023)

Link to our latest report: [Bucking the deposit outflow trend](#) (1K, 11 May 2023)

#### Beneteau (Buy | EUR23TP | 71% upside | Mcap: EUR1.1bn)

France | Travel & Leisure | Analyst: Alessandro Cuglietta, CFA

**Company profile:** Beneteau is the world's second-largest recreational boat manufacturer (85% of group sales), with eight brands offering around 130 models, including sailing vessels, monohulls, catamarans (43% of total sales), and motorboats (57%). The group is also a leading European manufacturer of mobile homes, offering a comprehensive range of leisure homes, lodges, and pods through three brands (15% of total sales).

**Investment case:** Beneteau's current order book offers very good visibility. Improving procurement conditions and the premiumisation of its boat offering are also supporting strong sales growth (an 8.5% CAGR over the next three years). The company set ambitious targets at its recent CMD, and we trust that margins can be improved further. The ROCE, which has already improved significantly in the past few years, is set to rise further to 25%.

**Catalysts:** Given market concerns about a potential slowdown in demand in a recession, the current valuation is a bargain at 8.6x P/E and 4.2% EV/adj. EBIT for 2024E. We view this as undeserved for such a cash-generative business, with a high ROCE, a healthy balance sheet, and strong earnings momentum (a 16% EPS CAGR). We also highlight a double-digit FCF yield in the next two years. Hence, we believe that Beneteau's risk-reward profile is highly attractive for the long-term investor and recommend buying this compelling value growth strategy.

**The family's story:** Beneteau is one of the world's oldest family-owned shipbuilders. The company was founded in 1884 by Benjamin Bénéteau and, from 1928, run by his son André Bénéteau.



Chart 46: Benjamin Bénéteau, founder of the group



Source: Beneteau

Initially a builder of fishing boats, the company started to make sailing boats in the 1960s and the elder son and daughter of André Bénéteau took the helm. From there, the company built up a diversified product range with industrial production capacity. The firm was listed in Paris in 1984 and opened its first plant in the US in 1985. The 1990s marked the first significant crisis in the sector and the company carried out its first two acquisitions in 1992 and 1995. Beneteau grew significantly in size, thus successfully recovering over the subsequent decade. The company then embarked on the restructuring of its governance. It switched from having a family-controlled board of directors and a CEO and chairman from the family to a combination of a supervisory board and an operational board of directors.

Link to a Beneteau document about the family's story: [The Beneteau saga](#)

**Corporate governance:** In February 2019, Beneteau changed its governance structure, moving from a supervisory board/management board to a board of directors/general management. The aim was to separate the roles of the chairman and CEO and make sure there is a majority of independent directors on the board. These roles have effectively been separated since June 2022, after Jerome de Metz decided to retire, stepping down from his CEO and chairman positions. Bruno Thivoyon, former deputy CEO of the group, was appointed CEO, while Yves-Lyon Caen, former member of the board and president of the supervisory board, was appointed chairman.

The board of directors is made up of eight members (including one employee representative), of which four are independent (accounting for 57%, excluding the employee representative), which is above the company's free float (44%), and includes four women (50%). Minority shareholders are thus well represented on the board. The rest of the company is held by the Beneteau family, which controls 54.4% of the group through Beri 21. With only two members (25%) linked to the family on the board of directors (Annette Roux and Louis-Claude Roux), we believe the conflict-of-interest risk remains quite limited, especially when considering the group's recent restructuring, which demonstrates the board's ability to make decisions in the best interests of the company.

Beneteau is controlled by the group's founding family through its holding company BERI 21, which holds 54% of the group's capital and 70% of the voting rights. The rest of the capital is free float (45%) and treasury stock (1%). BERI 21 is entitled to double voting rights, as are any shareholders registered for at least two years.

**The long-term view:** Looking beyond the short-term headwinds, we think that Beneteau will continue its growth trajectory, fuelled by its value-driven growth strategy. Through brand support, the ongoing premiumisation of its boat offering, and the expansion of its service portfolio, we see Beneteau becoming a structurally more profitable company. We firmly believe that this will be reflected in its valuation in the long run.

**Five-year valuation:** We estimate that Beneteau's revenues will exceed EUR2bn by 2028E, with adj. EBIT of EUR250m. By applying a historical average EV/EBIT multiple of 12x to our 2028E adj.

EBIT forecast, and discounting it back at a 9% cost of equity, we arrive at a EUR30 fair value per share, offering significant upside.

#### Further reading

Link to our latest comments: [H1 results preview \(positive\)](#) (AO, 18 September 2023)

[Solid sales beat, FY EBIT guidance raised again](#) (1K, 25 July 2023)

Link to our latest report: [A sea change](#) (360 report, 25 January 2021)

#### ERG (Buy | EUR38 TP | 54% upside | Mcap: EUR3.7bn)

Italy | Utilities | Analyst: Emanuele Oggioni

**Company profile:** ERG is a successful transformation story. It has almost completed (CCGT disposal expected to be closed by year-end) its transition from an oil company into a pure renewables utility (3GW in 2022). The ongoing reinvestment process will speed up wind/solar development: a pure renewables player deserves higher multiples.

**Investment case:** ERG has become a pure renewables player (86% of its capacity is in onshore wind and 14% in PV solar), while the shares are still trading at a discount versus peers. Management aims to reach 4.6GW of installed capacity by 2026, with an increase of 1.6GW (for EUR2.5bn capex in 2023-26, or c. EUR1.5m per MW on average) and more than EUR650m in EBITDA, versus EUR502m in 2022 (wind and solar scope). The new plan assumes higher geographical diversification and that 85-90% of EBITDA is quasi-regulated, through participation in auctions to award CFDs or long-term power purchase agreements at fixed prices (PPAs).

**Catalysts:** The weak Q2 numbers (mainly due to poor wind availability) and cut in guidance (by 5% for EBITDA, while net profit indications were confirmed thanks to lower financial charges) were a disappointment to the market and brought the share price down by 15% between end July and end August. In our view, this provides an attractive entry point into the long-term story. Furthermore, at the current share price (EUR25), ERG is trading at a 15% discount to the value of its assets in operation and visible short-term pipeline under construction/authorised, thus pricing in negative growth beyond 2026.

Most potential negatives (taxes on “windfall profits”, falling returns) are priced in and positive catalysts are now unfolding. ERG announced that it has signed a disposal agreement for a CCGT (a combined cycle cogeneration plant gas turbine) in Sicily.

In our view, the next catalyst will be an acceleration in inorganic capex and acquisitions, thanks to the positive effects of the debottlenecking of the authorisation process in Europe. The group has ample room for releveraging (2023E net debt/EBITDA of 3x vs. 5x on average for the renewables sector). Lastly, the new management team, which has overdelivered since the start of its mandate, has presented ambitious targets for 2026.

**The family story:** Edoardo Raffinerie Garrone (ERG) was founded in 1938 by Edoardo Garrone for the refining of petroleum. During the 1960s and 1970s, the company built some oil refineries and pipelines in Italy. In the 1980s, it acquired the fuel station networks of Elf, Chevron, and BP in Italy. In 2013, the company completely repositioned itself, moving out of the refining sector and becoming the leading wind operator in Italy.

Chart 47: Edoardo Garrone



Source: ERG

**Corporate governance:** ERG's board of directors is made up of 12 members, including Chairman Edoardo Garrone, Deputy Chairmen Alessandro Garrone and Giovanni Mondini, and CEO Paolo Merli, who was appointed in April 2021 (he previously served as CFO). Half of the board members are independent directors, above the 42% quota stipulated in the Italian Corporate Governance Code.

There is a separation of the roles of chairman and CEO. Women make up 41% of the board, just above the 40% threshold required by law. The majority of the board of directors has more than ten years of experience.

Board profiles are adequate for the company's strategy, offering a range of international experience with a specific focus on the utilities sector. The board has appointed the following internal committees to coordinate its work: risk, investment, human capital, management running, management business development, sustainability, and credit. ERG also has a board of statutory auditors, comprised of a chairman, two standing statutory auditors, and three substitute auditors.

ERG's connection to the founding family is evident through its name, which includes the initials of founder Eduardo Garrone, who founded the business in 1938 in Genoa. Riccardo Garrone took over after the death of his father Eduardo in 1963. Then, in 2003, after 40 years, Riccardo Garrone left the chairmanship of ERG to Edoardo, his eldest son. Eduardo is the current Chairman.

At ERG, the Chairman's role (president) is an executive role held by Edoardo Garrone, the son of the founder. He does not participate in the incentive plans, although we note that Alessandro Garrone (Executive Deputy Chairman) does participate in the schemes. Although both family members are on the slate of directors put forward by Quirico (the controlling shareholder), Edoardo has a formal role at Quirico as a director, while Alessandro Garrone has no formal role.

The company has 12 directors, three of whom are family members. Corporate governance best practice in Italy requires that in large companies with concentrated ownership, independent directors account for at least one-third of the board. The company comfortably exceeds this threshold. In addition, ERG appointed a lead independent director role to mitigate the Chairman's lack of independence. The lead independent director coordinates meetings made up exclusively of independent directors.

It is 35 years since Executive Chairman Eduardo Garrone first joined the business. He undertook management roles in the strategic planning division before assuming a role on the board. Similarly, Alessandro Garrone (Executive Deputy Chairman) has been involved with the business since 1988 when he worked at ERG Petroleum in the US, moving to operating and control roles at ISAB, then ship freighting and oil purchasing at ERG Petroli, followed by refining management roles and a finance role. He eventually became CEO at ERG SpA.

At ERG, the Control and Risk Committee and the Nomination and Remuneration Committee are both responsible for formulating opinions on transactions with related parties. Both committees are 100% independent of the family.

**The long-term view:** ERG is trading at a c. 18% discount versus its existing asset base in operation (plus the deployment of the current short-term pipeline under construction and authorised). At

EUR24, the share price discounts zero pipeline growth and a WACC of 6.5% for solar and 7% for wind, or 100bps more than our current model. To arrive at these WACC levels, it is necessary to increase cost of debt to 5%, while keeping everything else unchanged. We highlight that: 1) the current cost of debt is 1.4%; 2) the business plan (as of March 2023) foresees an increase up to 2.1%; 3) we have up to 2.5% cost of debt to compute financial charges in our estimates; and 4) we have 3% in our DCF model. Final simulation on beta (we use 1x vs. 0.6x of the Bloomberg adjusted beta): to get EUR24 you need to use a beta of 1.4x.

#### Further reading

Link to our latest comment: [Poor wind conditions weigh on guidance](#) (1K, 31 July 2023)

#### Inditex (Buy | EUR41.95 TP | 19% upside | Mcap: EUR110bn)

Iberia | Textile & Apparel | Analyst: Iñigo Egusquiza

**Company profile:** Inditex is the world's largest fashion retailer in terms of sales, running the business through eight formats (Zara, Pull & Bear, Massimo Dutti, Stradivarius, Bershka, Oysho, Zara Home, and Uterque) in 213 markets worldwide. Inditex's unique value-for-money profile and its flexible business model allow the company to outperform its peers.

**Investment case:** Inditex keeps producing all-time high quarterly earnings despite the shutdown of its operations in Russia (8% of group EBIT), high inflation, high interest rates, and a pre-recessionary environment that could impact consumer spending. This shows that Inditex is better positioned than its peers to weather current challenges due to its agility, flexibility, innovation, and proximity sourcing. In addition, growth capex returned in 2022, with the company guiding for a positive space contribution to sales for the first time since 2019.

**Catalysts:** We identify three main catalysts: 1) sales performance in the US (execution of the new capex plan); 2) cooling inflation; and 3) lower interest rates.

**The family's story:** Inditex was founded by Amancio Ortega with his ex-wife Rosalia in 1975 in Galicia, Spain. The company started as a small family-run workshop making women's clothing before expanding into men's and children's clothing. In 1988, the company began expanding internationally with the opening of a Zara store in Porto, Portugal. Later that year, the company also acquired a 65% stake in the upscale Massimo Dutti brand and started to open new formats in different segments. Currently, it runs eight formats and over the last few years it has decided to launch new product lines (including Zara Beauty and Zara Athleticz) within existing formats.

Chart 36: Amancio Ortega Gaona (co-founder) and his daughter Marta Ortega Pérez (Chair)



Source: Inditex

As we explain in more detail in the *Corporate governance* section, the family controls 59% of Inditex's votes and is represented by four proprietary directors out of ten board members.

Given that 50% of the board members are independent, the board meets Spain's corporate governance best practice requirement that the ratio of proprietary members to independent members does not exceed the proportion of the capital represented on the board by proprietary directors to the remainder of the capital.

Marta Ortega Pérez, Amancio Ortega's daughter, was appointed chairwoman of the group in 2021.

#### **Corporate governance:**

##### **Control in hands of the family, 50% independent board members**

Family control is maintained through three holdings. Sandra Ortega Mera and Marcos Ortega Mera are the children of Amancio Ortega with his first wife, Rosalia Mera, who passed away in 2013. Neither of them is involved in the business. Sandra Ortega Mera indirectly controls 5% of Inditex's voting rights via Rospcorunna Participaciones Empresariales, S.L.

Flora Pérez Marcote is the current spouse of Amancio Ortega and is the legal representative of Inditex's significant shareholder, Pontegadea Inversiones, S.L., which is controlled by Amancio Ortega and directly holds 50.01% of the voting rights in Inditex. Amancio Ortega controls a further 9.3% of voting rights via PARTLER 2006, S.L.

The family is represented by four proprietary directors out of ten board members. Amancio Ortega and Pontegadea Inversiones, S.L., represented by Flora Pérez Marcote, sit on Inditex's board of directors as proprietary directors. Marta Ortega, non-executive chair, also sits on the board as a proprietary director and is the daughter of Amancio Ortega and Flora Pérez.

She sits on the board of directors of the significant shareholders Pontegadea Inversiones, S.L. and Partler Participaciones, S.L.U. José Arnau Sierra is also a proprietary director, representing Amancio Ortega.

##### **Generational handover on track, supported by an experienced management team**

In 2021, Inditex announced the appointment of Marta Ortega Pérez, Amancio Ortega's daughter, as the chairwoman of the group. The appointment became effective on 1 April 2022 but completed a generational handover process that was first initiated in 2011 with the replacement of Amancio Ortega as the Executive Chairman of Inditex.

The appointment of Marta Ortega coincided with management changes. Óscar García Maceiras, who had been the general counsel and secretary of the board, was appointed CEO in November 2021, replacing Pablo Isla, who as CEO and then Executive Chairman, had overseen a period of spectacular performance and growth.

When the leadership changes were announced, both Marta Ortega and the CEO Oscar García Maceiras had a lot to prove. Questions still had to be answered about the abilities of the new CEO, who had no retail experience and was a family appointee, especially given that Marta Ortega's role was more hands-on than a straightforward non-executive oversight role.

She is also responsible for the internal audit body and the firm's communication strategy, which was a weakness during times of macro uncertainty with Russia's invasion of Ukraine and rising inflation.

However, we think the fact that the generational handover took place over a long period is reassuring in terms of management continuity. It is clear that a family appointee brought the advantage of unrivalled exposure to and familiarity with the business.

Marta Ortega had spent her entire career with the group before being appointed Chairperson in 2022. She joined as a graduate in 2007 and worked at several international branches and in a range of business areas, later joining the Zara Woman design and product development team. She was an assistant at Bershka and led the launch campaigns for some of Zara's premium collections.

Another reassuring point about the family appointment is the extensive experience of the management team supporting the new leadership. Inditex has a very flat management structure and the members of the top management team have been with Inditex for between 18 and 42 years.

##### **Related-party transaction rules protect minorities**

The power to approve any transaction between the company and a director or a significant shareholder is the exclusive remit of the board of directors. Before such approval, the Audit and Control Committee must report on the transactions that might entail a conflict of interest. The board cannot approve a transaction without such a report. The Audit and Control Committee looks at whether the transaction is in line with market conditions and whether it treats all shareholders equally.

The Committee does not look at every individual transaction. Where transactions are conducted in the ordinary course of business, general authority is given for a line of transactions. The Committee has six members, of whom five are independent. Although one member, José Arnau Sierra, is a “proprietary” director and represents Amancio Ortega, we think the composition of the committee is sufficiently independent to provide protection for minorities.

The chairman of the committee is independent and Anne Lange brings considerable experience of family-controlled companies via Pernod-Ricard and FFP (Peugeot family holding). Rodrigo Gordillo also has experience in family-influenced governance from his time at Santander. The accountability for family control is reinforced in the Spanish market by the mandatory disclosures through CNVM reports that ensure transparency about the family’s position within governance arrangements.

**The long-term view:** We see Inditex as a real compounder and long-term oriented company. We expect it to continue winning market share thanks to its integrated online/offline strategy, its in-proximity sourcing, format and country diversification, and good value-for-money proposition. We believe that Covid created a unique opportunity for the company, as a third of the retail industry was forced to shut down, with Inditex and other large formats benefitting from this. This is the main reason behind the annual capex acceleration (EUR1.6bn), with a special focus on the US.

**Five-year valuation:** Inditex trades at a 19x P/E in 2024E or c. 17x adjusted for the cash position, still providing attractive upside compared to the pre-pandemic P/E level of 25x and the 20-year average of 27x. From a FCF yield standpoint, assuming FCF of EUR6bn in 2024E, the stock trades at a 5.5% equity FCF yield, which is very attractive for a company that still sees good growth opportunities, holds EUR10.5bn in cash, and has a proven track record of outperforming, generating high returns (a 37% ROIC in 2022).

On a five-year view, we see no reason for a derating of current multiples (the opposite could apply if Inditex is able to recover its double-digit top-line growth in the medium term; also, the US market, with its ridiculous 0.5% market share currently, offers a unique growth opportunity after Covid with 30 new projects well identified right across the US), suggesting an annual appreciation of more than 10% a year, in line with EPS growth, plus a c. 3% yield (a 60% payout). In addition, we would not rule out Inditex increasing its shareholder remuneration through extraordinary dividends (as ITX has been doing since 2018) or in the form of share buybacks.

#### Further reading

Link to our last report: [To the next Level](#) (1K, 14 September 2023)

#### **Knorr-Bremse (Buy | EUR75 TP | 28% upside | MCap: EUR9.4bn)**

Germany | Capital Goods | Analyst: William Mackie

**Company profile:** As a leading Tier 1 supplier to the Rail Vehicles and Commercial Vehicles industries, the group sells safety-critical braking systems, steering, and control products for heavy trucks and door entry and HVAC for rail.

Revenues are concentrated in the Rail and Commercial Vehicle divisions, which hold respective market shares of c. 50% and 35% in braking and leading market positions in all business areas. Aftermarket sales account for around 35% of group sales. The group has a balanced geographical presence, with 50% of sales in Europe, 23% in the Americas, and 27% in Asia Pacific. Knorr-Bremse employs c. 29,000 people at 100 locations.

**Investment case:** Knorr-Bremse has global market leadership in segments with high barriers to entry and strong growth prospects in each of its end-market verticals. The Rail Vehicle Systems (RVS) business accounts for 60% of EBIT, enjoys a record order backlog and stable growth underpinned by policymakers’ continued push to shift transport volumes from road to rail.

The CVS (Commercial Vehicle Systems) division accounts for the remaining 40% EBIT and is positioned as the leading braking system supplier to the heavy trucking industry globally. It has strong customer relationships with all leading truck makers and benefits from a large installed base. The arrival of a new CEO brings fresh energy to further refresh and streamline the portfolio toward higher growth segments, including automated driving, e-mobility, and connectivity.

All in all, the group’s core businesses are market leaders in the fields of safety-critical, regulated, and technically challenged sub-systems, and the group’s leading market positions ensure real economies of scale and support the group’s business moat. Furthermore, the company has a

strong culture of excellence in production, supply-chain management, productivity, and efficiency that enables best-in-class financial returns and high cost flexibility, underpinned by a huge installed base of braking systems and equipment that generate high-margin aftermarket revenues (reaching c. 55% of the total for RVS).

The new CEO is set to reinvigorate the group's investment narrative, returning the focus to the group's medium-term earnings power and giving clarity on its strategic direction. The impacts of withdrawing from the Russian market and adjusting to lower demand in China are now fully integrated into expectations. In the past, management has shown its ability to constantly refine the portfolio by exiting low-return/non-core businesses, and executing enhancing M&A, while maintaining a balanced capital allocation policy.

**Catalysts:** We see several main catalysts: 1) growth of rail revenues to exceed end markets, while margins continue to expand toward previous highs, led by pricing and volume growth; 2) risk linked to cyclical nature of the heavy trucks markets to be limited by excellence in flexibility and cost management in the CVS division, thereby supporting margin resilience; and 3) enhancing M&A execution and divestments of underperforming businesses.

**The family story:** Knorr-Bremse was founded in 1905 by Georg Knorr, who was born in 1859 in Berlin. He was a mechanical engineer who specialised in railway technology. He had four children with Anna Maria Schultze: Georg, Hans, Margarete, and Erich. Only Georg and Hans became managers of the company.

The descendants of Georg Knorr continued to be involved in Knorr-Bremse for some years. Heinz-Hermann Thiele worked his way up to executive board level after 15 years with the company and then bought the stake in the company held by the original founder's grandson.

He became CEO in 1987 and then switched to the supervisory board in 2007 when he relinquished operational management and moved to the chairman role. Thiele was chairman until 2016 and then rejoined the board as deputy chairman in 2020 during the pandemic.

Following his death, the Thiele family will remain the anchor shareholder through a foundation. Under the terms of Heinz Hermann Thiele's will, the majority stake in the company (59%) held via holding companies will in the future be transferred to a family foundation.

Another major shareholder in the holding companies continues to be Thiele's daughter, Julia Thiele-Schürhoff. The Thiele family will thus continue to be closely associated with Knorr-Bremse.

All in all, the modern history of the company has been one of regional expansion from a leading German industrial company to a global leader, a journey supported by globalisation of the group's customers and underpinned by continuous innovations, starting with a freight train brake in 1918 and continuing with the development of its own brake pads and a wide-ranging portfolio of on-board power converters for all types of rail vehicles. The company was listed in October 2018 through the disposal of part of Heinz Hermann Thiele's stake.

Chart 48: Heinz Hermann Thiele, Nadia Thiele (left), Julia Thiele-Schürhoff (right)



Source: Forbes

**Corporate governance:** KB Holding GmbH, the holding company of the Thiele family, holds 58.99% of Knorr-Bremse's capital and voting rights (thus, there are no excess voting rights). KB Holding GmbH is indirectly controlled via TIB Vermögens- und Beteiligungsholding GmbH, Grünwald, Germany, and Stella Vermögensverwaltungs GmbH ("Stella"), Grünwald, Germany.

The majority of shares in Stella were held by former Chairman of the Executive Board Heinz Hermann Thiele until 23 February 2021, when passed away. On 25 March 2021, Nadia Thiele, wife of Hermann, informed Knorr-Bremse AG that the stake in Knorr-Bremse AG held by KB Holding GmbH had been attributed to her.

The 12 supervisory board members include one family member. German corporate governance best practice maintains that representatives of controlling shareholders are automatically not independent.

The code requires at least two shareholder-elected directors to be independent of the controlling shareholder. Knorr-Bremse easily satisfies the German code requirement, with a large majority of independent directors.

Julia Thiele-Schürhoff, Heinz Hermann Thiele's daughter, worked for the group for 14 years before becoming a board member. She has held various positions in different departments such as Corporate Law, Sales & Marketing, and Corporate Human Resources. She also built and led the company's sustainability department.

Knorr-Bremse is another company where there is no specific related-party transaction committee or board committee with explicit responsibility for oversight of such transactions. Knorr-Bremse's minority investors rely on protections provided by the legal framework. Knorr-Bremse defines related parties by reference to IAS 24 and the company confirms that the transactions conducted with IAS 24 related parties were conducted at arm's length.

Further assurance comes from the fact that auditors are required to report in the management report on relationships with affiliated enterprises (German Stock Corporation Act s. 312). In fact, if the management report on relationships with affiliated enterprises is incomplete, the auditor is required to qualify the audit report or refuse to sign it.

The company operates using a two-tier board structure. The supervisory board is responsible for overseeing the activities of the executive committee. The supervisory board is composed of 12 members, with five of them being women (equating to 42% female representation). Overall, the group has a high independence rate of 92% (above that of its peers and the industry average).

The roles of CEO and chairman are separated and are held by Marc Llistosella and Reinhard Ploss, respectively. Llistosella assumed the role of CEO in 2023, while Reinhard Ploss replaced Heinz Hermann Thiele.

We find no evidence of concerns about the quality and integrity of the reporting.

**The long-term view:** Knorr-Bremse is exposed to interesting long-term trends such as urbanisation, sustainability, digitalisation, and mobility. The group's close development ties with customers mean it will also benefit from new markets such as digital trucks, automated driving, and e-mobility.

The group's close proximity to its final customers and hence its service capability and aftermarket presence will remain important value drivers, supporting a stream of high-margin, strongly cash-generative business.

The company's leading development capabilities and track record in innovation ensure a close relationship to OEM customers to support new innovation and continuous improvement. Knorr-Bremse has constantly evolved its product range and capability to become a larger, more important, supplier to the OEM customers, which supports the key growth driver of rising content per vehicle. We expect the trend to remain driven by ongoing innovation and regulatory change.

One of the priorities for the new CEO is a review of past M&A, the refinement of the capital allocation and acquisition process, and the definition of future deal targets. Looking across the group, RVS has a clear strategic direction, with the intent to increase the digitalisation of the service offer and develop complementary technologies and sub-systems.



For CVS, its future strategy must still be fully defined, to align with changing technologies in the heavy truck industry. Large parts of the CVS business will continue for the foreseeable future, unchanged by technological evolution. However, CVS must clarify how to position itself ahead of the big changes in the segment relating to autonomous and semi-autonomous heavy trucks.

The company has already identified EUR1.4bn of revenues, or 20% of the total, that are delivering below-target returns. A fix, sell, or close process is expected to deliver a 200bp margin expansion for the group by 2026, while enhancing management focus on the core activities and lifting returns on capital and cash conversion.

**Five-year valuation:** We think that Knorr-Bremse is likely to be able to sustainably generate annual free cashflow of over EUR600m, driven by EBIT margin expansion and consequent normalisation of profitability, working capital reduction, and stable demand development. The high profit contribution from aftermarket activities combined with the countercyclical nature of the two segments has created a business with stable cashflows, excluding the period since Q2 2020, limiting the risk profile. We consider DCF to be an important tool to derive a fair value for Knorr-Bremse.

At the moment, the company is trading in the lower half of its historical valuation range. Assuming a recovery to historical levels of close to 20x earnings and incorporating our 10-15% annual growth in net profit over 2023-25E, we believe annual returns could be close to 20%.

#### Further reading

Link to our latest comment: [Q2 results: Rail lifts performance, guidance raised](#) (AO, 10 August 2023)

Link to our latest report: [On track again](#) (1K, 22 March 2023)

#### Saab (Buy | SEK647 TP | 6% upside | MCap: SEK81.1bn)

Nordics | Aerospace & Defence | Analyst: Aymerick Poulain

**Company profile:** Saab is active in the aerospace and defence sector in around 100 countries. As Sweden's defence prime, the company operates in all the main areas of defence and offers a wide variety of products including portable weapon systems, defence electronic and surveillance solutions, as well as combat jets (e.g. the JAS 39 Gripen fighter jet) and naval equipment (e.g. submarines).

**Investment case:** Sweden's decision to join NATO is set to increase domestic defence budgets from less than 1.4% to over 2% of GDP. As Sweden's defence prime (42% of group sales), Saab is set to be on the receiving end of this reinvestment wave.

Also, the group's two most international, fastest-growing and best-margin divisions (Dynamics and Surveillance) are seeing strong global demand for their advanced weapons and defence electronics systems, pointing to a 10%+ organic sales CAGR (including 15%+ this year) over 2022-27E at an incremental margin.

With net cash on its balance sheet and the continued enhancement of the ROIC on its portfolio, Saab is looking to further extend its international presence through M&A.

**Catalysts:** We see three main catalysts: 1) Order intake momentum; 2) incremental margins; and 3) accretive M&A.

**The family's story:** The Swedish Wallenberg family has been involved in business and finance since the mid-19th century. The family's business history began with André Oscar Wallenberg (1816-86), who decided to leave his career as a naval officer to capitalise on the new wave of entrepreneurship that he had witnessed in other countries. In 1856, André Oscar Wallenberg founded Stockholms Enskilda Bank (SEB) together with a group of people with similar interests.

The Wallenberg family's business empire grew rapidly in the late 19th and early 20th centuries. The family invested in a wide range of industries, including banking, shipping, manufacturing, and telecoms. By the 1970s, the Wallenberg family businesses employed 40% of Sweden's industrial workforce and represented 40% of the total value of the Stockholm Stock Exchange.

One of the most famous members of the Wallenberg family is Raoul Wallenberg, who is credited with saving the lives of thousands of Hungarian Jews during World War II. Raoul Wallenberg was a Swedish diplomat who was sent to Budapest in 1944 to help with the rescue of Jews. He issued

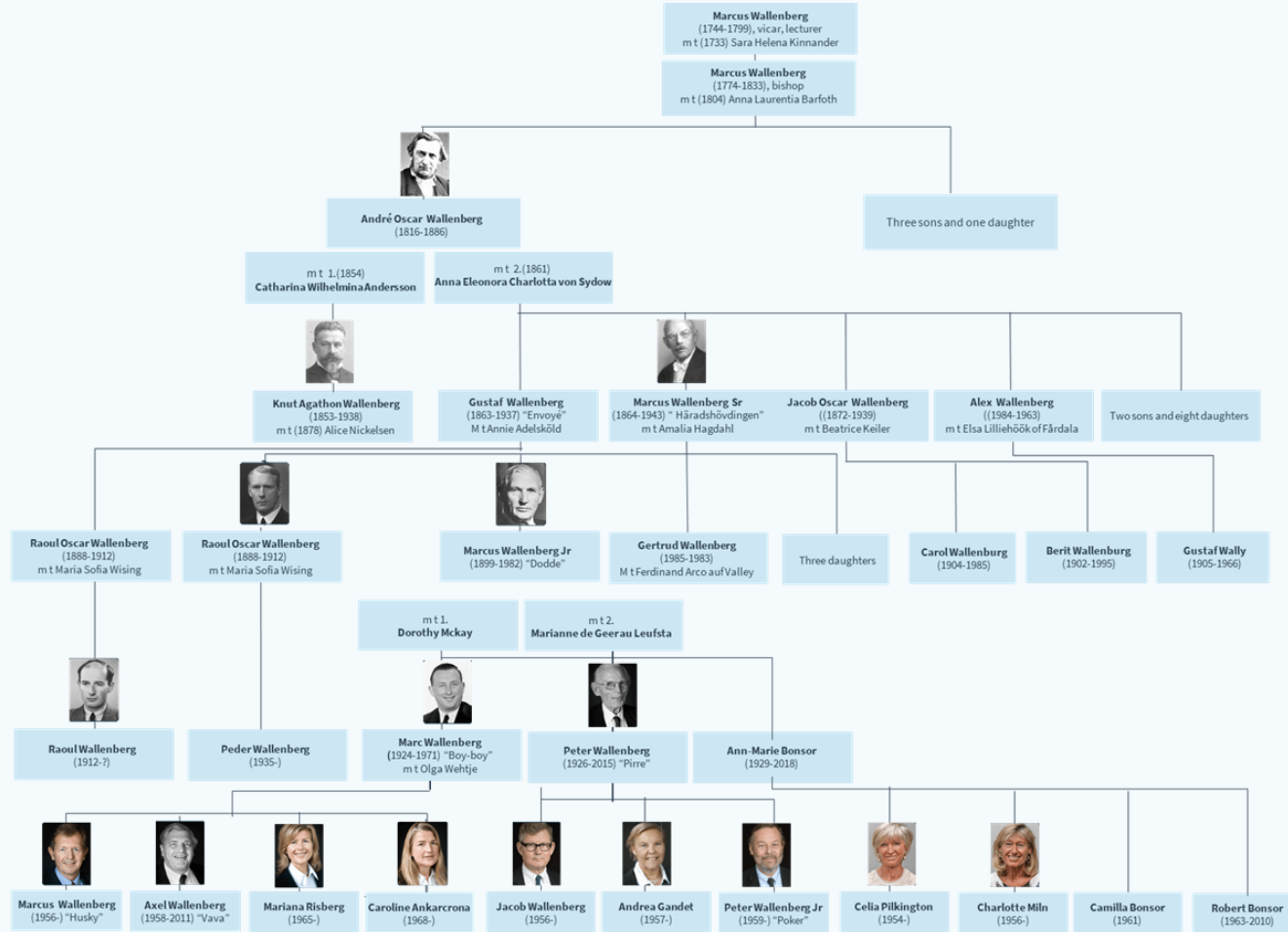
protective passes to thousands of Jews, which allowed them to avoid deportation to concentration camps. Raoul Wallenberg disappeared in 1945, and his fate is still unknown.

The Wallenberg family remains a major force in Swedish business today. The family's holding company, Investor AB, owns a stake in over 100 companies, including some of the largest companies in Sweden, such as ABB, Electrolux, and Ericsson. The Wallenberg family is also active in philanthropy, and the family's foundations donate billions of dollars each year to charitable causes. At the moment, the Wallenberg sphere's holdings employ about 600,000 people and generate sales of c. USD154bn a year.

Some of the most notable members of the Wallenberg family include:

- Oscar André Oscar Wallenberg (1816-86): Founder of Stockholms Enskilda Bank.
- Knut Agathon Wallenberg (1853-1938): Led the family's business during the early twentieth century.
- Marcus Wallenberg Sr. (1864-1943): Expanded the family's business empire in the early twentieth century.
- Marcus Wallenberg Jr. (1901-82): Led the family's business during the post-war era.
- Peter Wallenberg Jr. (1931-2015): Led the family's business from the 1970s to the 2010s.

Chart 49: The Wallenberg family



Source: Investor, Kepler Cheuvreux

The initial funding for the creation of the business in 1937 was provided by the Wallenberg family investment company Investor AB, and the family has remained invested ever since. The Saab investment embodies the family investment philosophy of creating long-term value through active ownership and responsible governance.

**Corporate governance:** Since its creation in 1937, Saab has been controlled by the Wallenberg family via two investment vehicles: Investor AB and Wallenberg Investments AB, which own 30.2% and 8.7% of the shares, respectively, but have a majority of the voting rights via A shares. Class A shares account for 1.8% of the shares outstanding but hold 15.6% of the voting rights. Class B shares, which account for the other 98.2%, hold 84.4% of the voting rights.

Clearly, the excess voting control held by the family shareholders is a challenge to the one share, one vote principle advocated by many institutional investors. However, we think this A and B shares model should be understood in the context of the Swedish corporate governance norm rather than as an idiosyncratic feature of family ownership at Saab. The ownership of many Swedish companies is dominated by one or a few major shareholders.

These controlling shareholders are expected to take long-term responsibility, and the Swedish system provides strong ownership powers that are often enhanced through the use of multiple voting rights. This system, which allows for high-voting shares with up to ten times the votes of other shares, is currently in use by about half of Swedish listed companies.

Defenders of this system argue that it counteracts the trend towards the increased ownership power of various forms of institutional investors, some of them with a relatively short investment horizon, at the expense of long-term owners such as the Wallenberg family. In line with this system, Swedish rules of board independence require that only two board members be independent of major owners.

At Saab, the company's 11-member non-executive board has been chaired by Marcus Wallenberg since 1992. We understand that eight out of the 11 board members are independent from the key Wallenberg shareholding blocks, while the entirety of the board, with the exception of Micael Johansson (CEO appointed in October 2019), is independent from the company, marking a clear separation between the role of the non-executive board and that of the management board.

As such, Saab exceeds the expectations of the Swedish corporate governance best practice Code, which recommends that at least two board members must be independent of the company's major shareholders.

The non-executive board's main duties are the appointment of senior management (nomination committee) and oversight of their remuneration (remuneration committee), as well as the review of the financial performance (audit committee). Although the executive board is dominated by Saab veterans, we note that a change of mindset took place in 2020 with a series of key appointments and external hires.

At Saab, the absence of supplementary governance protection is not a concern. The legal protections are strong and under Swedish law, the shareholders' meeting, the board of directors, and the managing director of the company may not adopt any resolutions or undertake any other measures that would give an undue advantage to a shareholder or other person to the disadvantage of the company or another shareholder. Saab has not carried out any significant transactions with Wallenberg-controlled Investor AB in the last five years.

Marcus Wallenberg's experience suits the family role as a long-term anchor investor at the company. Marcus is not a newcomer to the business: his 28 years working in investment firms before becoming Saab Chairman suggest that he joined the board fully equipped to look after shareholder interests. His experience includes employment outside Investor AB at Deutsche, Citi, and SG Warburg.

**The long-term view:** Saab's long-term prospects are linked to the increase in defence spending in the Nordics and elsewhere. The Swedish defence budget was recently increased by SEK22bn and will amount to SEK119bn in 2024, to reach 1.7% of GDP. We believe growth coming from other areas could accelerate from 2025 onwards, namely Brazil and the US. Our model uses prudent assumptions and we expect short-term hikes, while the cash-rich balance sheet will be used to buy more earnings via M&A.

**Five-year valuation:** Our Saab model assumes the low end of the group's mid-term guidance for a c. 10% organic sales CAGR over the next five years at an incremental EBIT margin (we have a 9.7% margin estimate for 2027E versus an estimated 8% in 2023E, or well below the old margin target of 10%). However, we believe the group will beat these estimates, with organic growth likely to be over 15% in the short term on the back of ongoing strong order intake growth.

The group is also cash-rich and free cash generation is solid at 80% of net profits, pointing to additional growth optionality from international markets via M&A. Our TP is based on a DCF using a WACC of 8.5% (Swedish cost of equity) and would react positively to ROE-enhancing and WACC-diluting cash/debt financed deals.

Saab currently trades at the higher end of its 12-month forward P/E range, which has fluctuated between 15x and 24x. This is consistent with strong forward-looking growth (12x expected in 2027E based on our conservative estimates). As a rule, defence companies typically trade at equity market P/Es, which would be 13x in Europe, in line with domestic GDP-like long-term growth rates and ROIC capped at the domestic cost of equity.

The same applies in the US; the S&P has tended to trade at 15x because of higher-growth tech names and substantial buybacks. Any premium above 13-15x can be explained by book-to-bill multipliers (forward-looking growth) or releveraging (buybacks or M&A allowing the recycling of cash flows into further EPS growth).

Forward growth is in the backlog, such that the EV/backlog has tended to be the most reliable measure of value. The average EV/backlog of 36% will be there in 2027E, but our call is that orders are set to grow faster than we currently assume, leading to estimate hikes.

#### Further reading

Link to our latest comment: [Hello NATO](#) (1K, 25 August 2023)

Link to our upgrade report: [Money, money, money](#) (1K, 3 May 2023)

Link to our initiation report: [Voulez-vous](#) (360, 8 March 2023)

#### SFS (Buy | CHF130 TP | 29% upside | MCap: CHF3.9bn)

Switzerland | Capital Goods | Analyst: Torsten Sauter

**Company profile:** SFS is a global leader when it comes to mission-critical, precision-engineered components and mechanical fastening systems, which are tailored to its customers' specific needs. Differentiation factors versus low-tech peers include longstanding relationships with blue-chip customers, a global network, short time-to-volume, substantial economies of scale, and finally SFS's excellent value selling capabilities. The Hoffmann acquisition significantly enhances the small Distribution & Logistics unit.

**Investment case:** SFS is not just a maker and distributor of fasteners. It is an engineering-driven and customer-needs-led company that wins clients by helping them to critically improve their end-product designs and costs. Such skills help SFS to grow by winning share of customer wallet and avoiding commoditisation.

The acquisition of Hoffmann is a strategic M&A deal for SFS, and it adds to its track record of growing its platform through far-sighted acquisitions. The deal is clearly financially attractive: Hoffmann has already been EPS accretive since FY 2022, and the transaction helped the group's Distribution and Logistics (D&L) segment to post strong results in H1 and to deliver a nice H1 2023 segment-level beat. As a net exporter out of Switzerland, SFS needs to watch EUR/CHF swings, even after major efforts to improve natural hedges in recent years. The euro is currently weak.

**Catalysts:** On the back of the softer H1 performance, SFS trimmed the FY 2023 outlook slightly, triggering weakness in the shares. Profitability was impacted by mix effects, uneven capacity utilisation from new programme ramp-ups, and a partially increased cost base (especially higher labour costs).

In H1, the performance of the company's biggest profit-driving segment, Engineered Components (EC), was significantly negatively affected by the weakness in the business with customers from the electronics industry (lower end-market demand, amplified by destocking/customer supply chain management, inventory reductions in HDD) and thus by the subsequent under-utilisation.

The weakness in demand has hit the company just when it is expanding its capacities in Nantong, China (first expansion phase of the site now in the completion phase).

Only very few of the effects that hurt the performance in H1 are structural and thus – over time – a reversal of the growth dynamics and higher margins could reasonably be expected.

SFS has demonstrated the resilience of its operating model on many occasions, and it should be able to quickly rebuild its growth track record. There is little doubt that the Engineered Components business will achieve its medium-term margin ambitions. The issues that caused the H1 hiccup seem to have been mostly transitory.

The updated FY 2023 guidance and outlook are realistic. Organic growth in FY 2024 is still a likely scenario. After H1 results, SFS explicitly confirmed its medium-term financial targets, i.e. sales growth of 3-6% per year and a group EBIT margin of 12-15%. We therefore remain positive on the shares, regardless of the more uncertain near-term macroeconomic outlook, and confirm our Buy rating.

**The family story:** SFS's story began in 1928 in what was then the Stadler hardware store in Altstätten. The founding families of SFS, Huber and Stadler/Tschan, are still in control via a partnership with a combined stake of 54.9% (votes and capital). The family intends to retain at least 50% of the capital and voting rights.

**Chart 39: Stadler hardware store in Altstätten**



Source: Kepler Cheuvreux

According to a charter established before the IPO, the founding families see their role in providing the company with stability for consistent implementation of the strategy and in promoting the SFS culture. The Stadler family is represented on the group executive board by one (highly regarded) family member, Claude Stadler, who has been head of corporate services since 2018, and was head of corporate communications and investor relations between 2013 (when he joined the company) and 2017. At SFS, Nick Huber served for 20 years in various management positions before being appointed to the board. Fabian Tschan has recently been elected as the new board member to represent the family shareholders in the future.

In FY 2022, Hoffmann was incorporated into the SFS organisation, with Hoffmann family members contributing parts of their company in kind in the deal and in turn re-participating in SFS, thus making the former owners of Hoffmann significant minority shareholders of SFS.

**Corporate governance:** At SFS, only two of the seven directors are affiliated with the founding families. The founding families of Huber and Stadler/Tschan form an organised group that controls a stake of 54.9% (votes and capital). There is no universally adopted governance code for Swiss companies, but a charter sets limits on the families' involvement in the company's governance and management (limit of two seats per family on the board of directors).

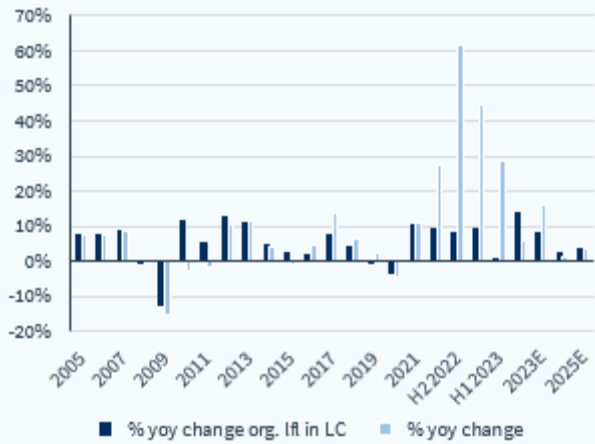
SFS sells goods and services (mainly IT & finance services) to companies owned by the founding families. The company states that transactions with related parties are generally conducted based on usual market conditions.

Although this wording allows for exceptions, we are reassured by the fact that the amounts reported for the sale of goods and services to family-owned companies for the last two years of around CHF3m are negligible in terms of the accounts.

**The long-term view:** There is an obvious correlation with manufacturing PMIs, and as an exporter out of Switzerland, the Swiss franc appreciation is also perceived to be a major challenge.

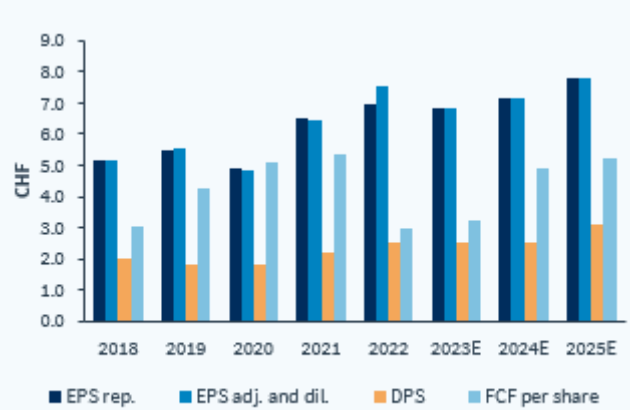
At the same time, the group is less cyclical than what is widely perceived, and SFS's track record suggests that the company should also emerge from the current situation with its fundamentals unimpaired, if not enhanced.

Chart 18: Components of top-line growth



Source: Company data, Kepler Cheuvreux

Chart 19: Per share data



Source: Company data, Kepler Cheuvreux

SFS has proven to be even more resilient than in previous crises, thanks to its: 1) strong geographical and end-market diversification; 2) strong key accounts and business partners; 3) innovative edge and value-selling capabilities; and 4) better cost position (scale, capex, innovation, learning curve, and customer proximity, etc.).

SFS remains a growth story. Innovation helps SFS to grow its client share of wallet and outperform cycles. Combined with its proven resilience and increasing share of structurally growing tech and medtech businesses in the portfolio, this should all support a multiple expansion story and eventually drive the shares higher.

The Hoffmann acquisition adds a platform for growth and cross-selling, with attractive long-term margin upside.

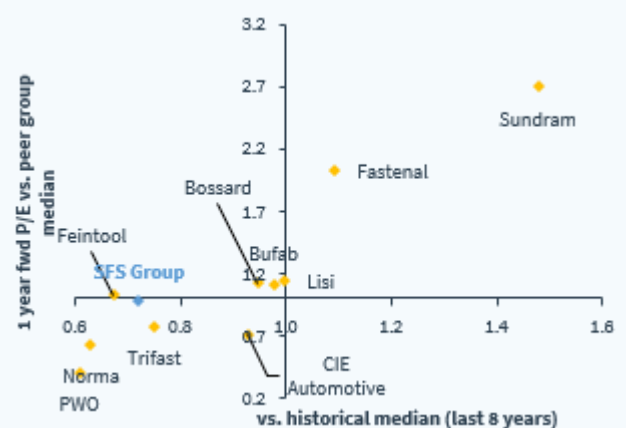
**Five-year valuation:** We believe a premium valuation is justified given SFS's resilient profile, steady growth profile, attractive margins, global niche market lead, far-sighted management, and other credentials.

Chart 14: SFS Group historical P/E bands



Source: Bloomberg, Kepler Cheuvreux

Chart 15: Peer group relative P/E



Source: Bloomberg, Kepler Cheuvreux

SFS shares recently declined in anticipation of macroeconomic risks, but are now recovering. The current valuation levels are now below the historical boundaries in terms of P/E ranges and are broadly in line with peers.

Based on one-year forward P/E, SFS is again trading at a discount to the Swiss Exchange Industrials Sector TR Index (blended 12M). The group has been trading at a P/E discount since about 2018. However, in 2021, and also before 2018 and since the IPO, SFS traded in line with the sector or was more expensive. A premium seems justified, given its proven resilience and attractive margins.

**Chart 16: SFS Group rel. P/E vs. Swiss Exchange Industrials Sector TR Index (blended 12M)**



Source: Bloomberg, Kepler Cheuvreux

**Chart 17: SFS Group rel. P/E vs. Bossard (blended 12M)**



Source: Bloomberg, Kepler Cheuvreux

Moreover, we believe that given the scope change (greater weight of Distribution & Logistics), SFS is now likely to be compared with its Switzerland-listed peer Bossard. Here, interestingly, based on one-year forward P/E, SFS is trading at lower multiples than Bossard, while in the past there was a premium.

#### Further reading

Link to our latest report: [Estimates and TP down after H1 hiccup](#) (1K, 20 July 2023)

#### Systemair (Buy | SEK97TP | 39% upside | MCap: SEK14.5bn)

Sweden | Capital Goods | Analyst: Anders Jafs

**Company profile:** Systemair is a leading ventilation company with a 50-year history. The company sells a wide range of ventilation products with c. 76% sales exposure to Europe. Currently, Systemair has c. 6,400 employees and 29 factories in 21 countries, exporting to 135 countries. The stock has been traded on the Nasdaq OMX Nordic Stock Exchange since October 2007.

**Investment case:** Systemair is an overlooked ESG story and a play on energy efficiency. The HVAC business is expected to grow by 4-5% over 2021-26E, driven by energy-efficient ventilation needs and data centres. While legacy acquisitions weighed on profitability until recently, we believe that investors will rediscover the name after some changes are implemented.

The recent divestment of lower-margin air-conditioning businesses significantly improves the company's financial profile. Margins are set to improve by 130bps by 2025, and gearing has been lowered from 55% to 25%. A stronger balance sheet (0.8x ND/EBITDA vs. over 2x historically) will allow the pursuit of M&A when opportunities arise.

**Catalysts:** Despite potential short-term cyclical headwinds (exposure to construction and renovation markets), we see solid mid-term growth potential for the business, driven by energy efficiency (new regulation) as well as demand for data centres. Q1 was a positive surprise, as the operating margin was above 10% for the first time in a while, and we expect Q2 to be the strongest quarter historically. We see some upside from current consensus levels, particularly on the margin side.

**The family story:** LHG kanalfläkt was founded by Gerald Engström in 1974 in Skinnskatteberg (Sweden) with a pioneering idea to develop and introduce the circular in-line centrifugal duct fan, which simplified ventilation systems. In 1985, the German supplier of fan motors Ziehl-Abegg and



ebm-papst invested in the business through their Swedish subsidiary. They remain the second-largest shareholder (ebm-papst) today.

In the 1980s and 90s, the group grew, partly through acquisitions. The name of the group was changed to Systemair in 2001 and the company was listed in 2007. The group continued its active M&A policy. Although the company and its product range has grown substantially since inception, the concept that inspired Gerlad Engstrom's creation of the business, the simplification of a system, is still central to the firm's business model.

**Chart 50: Gerald Engström (on the right), receiving an award for outstanding contribution to Swedish business**



Source: Systemair

Gerald Engström remains by far the largest shareholder with a 43% stake via Färna Invest. The appointment of his son Niklas Engström to the board in 2021 further strengthened the connection with Färna. Before being appointed to the board, Niklas had been a subsidiary manager, and was a Business Development Director before that.

**Corporate governance:** Gerald Engström, founder and Chairman, is classed as a senior executive, but his remuneration consists only of fixed salary and he does not participate in the variable pay awards.

The board consists of five directors and two employee representatives. Three of the five directors are independent. As such, the company exceeds the expectations of the Swedish corporate governance best practice code, which recommends that at least two board members must be independent of the company's major shareholders. We believe that the board is effective and that it provides a true counterpower to the CEO, especially as the chairman, Gerald Engström, is the group's largest shareholder by far and also the company's founder.

At Systemair, there is no special committee responsibility for related-party transactions or other governance measures to deal specifically with such transactions. However, as a Swedish company, Systemair is also subject to the Swedish Companies Act, so minority investors are assured of the protections provided by this act, which prohibits the shareholders' meeting, the board, or the managing director from taking any measures that would give an undue advantage to a shareholder or other person to the disadvantage of another shareholder.

**The long-term view:** The underlying need to renovate the building stock in the European market is a core driver. Currently, c. 75% of the total building stock in the EU is classified as energy-inefficient, failing to meet the required standards. This creates the potential for a long-lasting renovation wave. Today, c. 1% of the building stock is renovated annually, and that ratio needs to double in order to meet the future standards.

This has the potential to increase demand for energy-efficient ventilation within buildings over a longer period. M&A has historically been a growth driver and given the strong balance sheet, Systemair is in a good position to leverage that situation. However, future acquisitions will be made with a profitability focus, given that some previous acquisitions have had a negative impact on the margin.

**Five-year valuation:** If Systemair continues on its current path, (with an EBIT margin and growth above 10%), we would expect new financial targets on the profitability side to appear within a year or two. If the company makes a few profitable acquisitions on top of that, and given the underlying drivers within ventilation, we think that the valuation could reach and even exceed SEK160 per share given historical multiples on a five-year horizon.

#### Further reading

Link to our latest report: [Market proved robust and profitability is back](#) (1K, 1 September 2023)

Link to our initiation report: [Clearing the air](#) (360, 31 March 2023)

#### UCB (Buy | EUR110 TP | 35% upside | MCap: EUR15.5bn)

Benelux | Pharma & Biotech | Analyst: David Evans

**Company profile:** UCB is a Belgian mid-cap pharma company focused on autoimmune and CNS. Its lead drug Cimzia is expected to grow until 2026, despite competition from biosimilars and new brands. UCB has seen improving pipeline prospects in recent years, with osteoporosis drug Evenity (romosozumab) launched and doing better than consensus expected. UCB's next-generation psoriasis candidate bimekizumab has delivered outstanding results and really is now the company's key value driver, while the FcRn drug class (rozanolixizumab) is also in focus.

**Investment case:** UCB's key pipeline drug Bimekizumab has best-in-class potential in psoriasis and psoriatic arthritis, which we think the markets underappreciate. We see EUR3bn+ of sales potential from Bime alone. US approval – expected in the short term – can transform the picture. UCB's "at least EUR6bn" total 2025 revenue outlook shows its confidence, and we expect closer to EUR7bn.

Evenity (in osteoporosis) should also be a big contributor to UCB's margins over the medium term and account for 20% of UCB's earnings. Scepticism weighs on the stock, including investors seemingly not believing that UCB can reach its margin target of above 30% by 2025. Very high R&D spend (30% of sales) makes UCB look more expensive than it is.

Overall, the scale of new product launches, and the associated margin transformation once these become profitable, appear to be underestimated by the markets: we estimate EUR6bn+ in peak sales for five new assets that have either been recently launched or are set to be launched this year, while UCB's total top line is just over EUR5bn.

**Catalysts:** In the short term, we expect an approval decision for bimekizumab from the US authorities. The FDA has cleared the manufacturing process, which was the main source of recent concerns. In H2 2023, we believe that the launches of rozimab in myasthenia gravis (MG) and then (if approved) bime in the US will be very relevant. Finally, we also expect the launch of zilucoplan in MG from Q4.

**The family story:** UCB originates from the company founded in 1928 by the entrepreneur Emmanuel Janssen. Four successive generations of the Janssen family have been reference shareholders of the company, leading it in new directions while also providing stability.

Across generations, members of the family have always held board positions at UCB over the years, which continues to be the case today.

Financière de Tubize SA is a holding company that owns 35% of UCB. In turn, Tubize's controlling shareholders form a concert party that includes the Janssen, Rijckevorsel, and Du Monceau families (which are linked by marriage) and controls 56% of the voting rights at Financière de Tubize (see below for more details).

UCB was historically involved in both chemicals and pharmaceuticals. However, over time the company has evolved to become a pure pharmaceuticals player. In 2004, UCB reinforced its pharmaceuticals expertise and further expanded its immunology portfolio by acquiring the science-based British biotech company Celltech.

Celltech was focused on antibody drug technology, and gave UCB the crucial drug Cimzia, as well as the antibody platform that evolved to create other future key assets including bimekizumab and Evenity (romosozumab). In 2004, UCB also sold its chemicals and other activities, making it a pure biopharmaceuticals company. And in 2006, it acquired the German firm Schwarz Pharma, expanding its neurology pipeline.

Chart 51: Charles-Antoine Janssen



Source: Investor

**Corporate governance:** The family ownership has supported management's decision to spend substantial amounts on R&D versus non-family peers. The R&D spend has allowed the launch of three new drugs in 2023 to date, which for a company of this size is unprecedented.

#### Family-owned but professionally managed

UCB is a family-controlled company but is professionally managed. None of the members of the executive committee are identified as family members.

The fourth and fifth generations of the controlling family are still involved at board level.

Charles-Antoine Janssen and Cyril Janssen are UCB board members and are also members of the board of Financière de Tubize SA, the main shareholder. Charles-Antoine and Cyril are the great grandsons of the company founder Emmanuel Janssen. Another UCB board member, Cédric van Rijckevorsel, is also a member of the board at Financière de Tubize SA. He is the son of Jean van Rijckevorsel, husband of the founder's granddaughter Bridget Janssen.

Another UCB director, Fiona du Monceau, is the daughter of Evelyn du Monceau, a former chair of UCB and the granddaughter of the company founder Emmanuel Janssen. Evelyn du Monceau controls a member of the concert party that controls the controlling shareholder. As such, we consider the fourth (and third) generations of the controlling family to be involved at board level.

The Janssen, Rijckevorsel, and Du Monceau families are linked by marriage and are members of a concert party that controls 56% of the voting rights at Financière de Tubize SA, the controlling shareholder. SPRL FEJ, Daniel Janssen, SA Altaï Invest (controlled by Evelyn du Monceau), Barnfin (controlled by Bridget van Rijckevorsel), and Jean van Rijckevorsel act in concert in this respect.

At UCB, four out of 13 directors are from the controlling families. Independent directors make up 54% of the board composition. The proportion of directors that are independent of the family and the company is aligned with the requirements of the Belgian Code on Corporate Governance for a one-tier structure, which stipulate that at least three members be independent.

#### Succession

Fiona du Monceau worked for UCB for seven years before being appointed to the board, firstly as Bone Commercial Lead and then as Head of EU Bone. Prior to this, she spent eight years working on launches at Eli Lilly. Charles Antoine Janssen worked for the company for 11 years before being appointed to the board, initially in Global Business Development, then as General Manager of Austria, then India, and finally as manager of International Major Markets Operations.

#### Related-party transaction framework: No specific committee

At UCB, there is no specific focus on related-party transactions in the governance arrangements, with no special committee and no delegated responsibility for a board committee. However, the board, which is sufficiently independent, approves transactions of EUR50m or more.

In 2022, there were no financial transactions with related parties other than affiliates of UCB SA. With regard to related-party transactions, the company states that conditions governing intra-UCB Group transactions were similar to the conditions governing third-party transactions.

For the sale of products, in most cases the production cost for each party is increased by a profit margin that is calculated on an arm's length basis. Services fees are charged in a sufficient amount to cover each party's respective incurred costs and with a mark-up that is calculated on an arm's length basis. For Belgian companies, related-party transactions are defined by reference to company law (Art. 7:97, §1 Code of Companies and Associations) and accounting standard IAS 24, which requires disclosures about transactions with related parties.

**The long-term view:** UCB's pharmaceutical products portfolio is in the process of undergoing one of its most radical ever periods of turnover and renewals. The three ageing blockbuster drugs Vimpat and Keppra (epilepsy) and Cimzia (arthritis, Crohn's, and immunology) have patents that have already expired (Vimpat, Keppra) or are expiring in the next few years (Cimzia). However, to replace these, UCB has an unprecedented portfolio of future new drug launches and growth. We believe this is the beginning of a new portfolio era, having seen great pipeline readouts in recent years.

While this means high R&D spend in 2022/23, we believe it is equally important to recognise the resulting likelihood of huge margin expansion in the coming years, from the low c. 23% EBITDA margin in 2023E.

The new drugs are as follows:

By far the most important one is UCB's next-generation psoriasis candidate **bimekizumab** (brand name: "Bimzelx", or bime for short). This is the key value driver, having delivered outstanding clinical results in the last two years. However, it is awaiting US approval. Once approved, we think Bimekizumab should become a EUR3bn+ drug, and it is entirely owned by UCB.

Osteoporosis drug **Evenity** (partnered with Amgen, which books most of the sales, but profits are shared) was launched in 2019. Sales are beating consensus and it is clearly on its way to reaching well over EUR1bn in sales.

In Myasthenia Gravis (MG – rare immune disease, see Argenx), UCB should have two more launches in 2023: FcRn drug **rozanolixizumab**, and **zilucoplan**.

The acquired drug **Fintepla** (rare epilepsy) has c. EUR800m in sales potential.

On the downside, as noted above, one big patent expiry – for Vimpat (an old epilepsy drug) – is now in full swing, bringing down 2022/23 EPS. However, we think 2023 is the trough for EPS. Cimzia biosimilar competition could emerge around 2026, but that is not guaranteed, hence Cimzia sales might hold up for longer than the markets expect, before they decline.

In total, five new drugs with EUR6bn+ of combined sales potential have either been launched very recently or are due to be launched this year. This constitutes huge revenue potential compared to UCB's current total top line of just over EUR5bn.

We therefore see double-digit revenue growth for UCB in 2024 and 2025.

We also expect to see a transformation in the EBITDA margin from the current 23% level to a much more typical industry (though still not demanding) margin of 33% by 2026. Combined, these factors lead to a doubling of our estimated EPS for UCB over 2023-26E, from below EUR4 to well over EUR8 by 2026-27E. This corresponds to a 33% EPS CAGR over 2024-26E.

At present, we value UCB at EUR110 per share, implying 35% upside to the current share price. If UCB delivers and becomes valued at a more typical pharma mid-teen P/E multiple, based on 2027E EPS of close to EUR10, that could imply a valuation close to EUR150 per share, almost double the current share price of EUR83.

Currently, the previous delays and significant market uncertainty over bimekizumab's US approval (which has been delayed) are depressing UCB's shares hugely, to a level far below fair value, in our view.

If and when "Bime" receives US approval, we think investor perceptions of UCB's risk-reward profile will change dramatically and almost overnight.

While it is currently seen simply as a “binary” stock, with many investors adopting a “wait and see” stance, after bime’s approval we think that investors will be looking to quantify and value the huge future growth potential.

On a five-year view, Bimekizumab is likely to be the key value driver for many years, along with the MG assets and Evenity. As we discuss above, in five years UCB’s EPS should be at least double the current EPS levels.

Furthermore, UCB stands to receive royalties on any future sales of Merck & Co (US)’s “oral PCSK9” drug, a potential transformational treatment for cholesterol. If the Merck phase 3 study reads out positively in the next two to three years, these royalties would certainly be a significant driver of earnings growth for UCB beyond 2027, adding to its valuation multiple.

In the interim, we still model UCB’s spending on R&D far more as a percentage of sales than for any other large-cap pharma peers. This should, in theory, translate into more assets (relative to its size) emerging from UCB’s pipeline compared to peers in the medium term.

Earlier-stage pipeline assets that could drive future optimism include an Alzheimer’s “anti-Tau” antibody, partnered with Roche.

#### **Further reading**

Link to the latest comment on Bimekizumab approval: [\*Bime US approval decision not in Q3, but manufacturing is cleared\*](#) (AO, 20 September 2023)

Link to our latest comment: [\*H1 benefits from one-offs but no outlook raise\*](#) (AO, 27 July 2023)

Link to our latest report: [\*2023 outlook done, now look at the launches\*](#) (1K, 27 February 2023)

#### **Which stocks did we disregard, and why?**

During our analysis, we disregarded some potential candidates for family-owned top picks, although they are Buy rated and are considered quality companies.

The following table sets out the reasons, with a focus on the large-cap segment.

Table 10: Companies disregarded in our final selection and reason why

Company	Sector	Country	Mkt cap (EURbn)	Rating	TP (LC)	Upside (%)	Economic stake	% voting rights owned by the family	Comments
LVMH	Luxury goods	France	370	Buy	940	27.6	48%	64%	Excess voting rights,
Hermès	Luxury goods	France	195	Buy	2300	24.6	67%	78%	Legal structure: partnership limited by shares
Richemont	Luxury goods	Switzerland	70	Buy	175	48.7	10%	50%	Excess voting rights
Merck KGaA	Pharma & biotech	Germany	68	Buy	195	23.8	70%	70%	Legal structure: KGaA
Dassault Systèmes	IT services & software	France	46	Buy	48	38.4	40%	53%	Excess voting rights
Hexagon	Capital goods	Sweden	22	Buy	140	47.5	21%	42%	Issues with the former CEO (current Chairman), lack of transparency, low tax rate
Coloplast	Medtech & services	Denmark	23	Buy	1000	32.8	44%	68%	Excess voting rights
Kone	Capital goods	Finland	21	Buy	61	50.7	23%	62%	Excess voting rights
Ferrovial	Constr., Infra & Materials	Spain	22	Buy	33	7.9	35%	35%	Country diversification (we chose Inditex in Spain)
Tenaris	Energy equip. & services	Italy	18	Buy	30	97.9	60%	60%	Question marks about corporate governance, too much control from the family
Prada	Luxury goods	Italy	15	Buy	70	45.8	80%	80%	Excess control in hands of the co-CEOs, lack of independent Board
Dassault Aviation	Aerospace & defence	France	15	Buy	230	26.2	62%	62%	Prefer SAAB in Defence
Campari	Beverages	Italy	13	Buy	13.5	17.4	54%	67%	Increasing gap between economic rights and voting rights
Swatch Group	Luxury goods	Switzerland	13	Buy	420	74.7	20%	40%	Too much power concentration
BioMérieux	Medtech & services	France	11	Buy	119	32.1	59%	73%	New management to be proven, need to improve corporate governance further
Solvay	Chemicals	Belgium	11	Buy	135	25.4	31%	31%	Business split to come
Acciona	Utilities	Spain	7	Buy	227	78.2	55%	55%	Combined CH/CEO José Manuel Entrecanales represents majority shareholder
D'leteren	Holding companies	Belgium	9	Buy	230	43.3	60%	60%	Some of the recent acquisitions need to be proven
Grifols	Pharma & biotech	Spain	8	Buy	17.5	33.8	19%	31%	New management to be proven, need to improve corporate governance further
Bankinter	Banks & Asset Managers	Spain	5	Buy	7.5	26.6	28%	28%	ex-Chairman Jaime Botín legal issues
SEB	Household durables	France	5	Buy	125	38.2	42%	51%	Excess voting rights

Source: Kepler Cheuvreux

**A comment on Luxury Goods**

Luxury Goods is strongly represented in the family-owned business universe, especially in terms of market cap contribution (26% of the total). Still, we have not included any Luxury Goods stocks in our selection. This does not relate so much to our sector views but is based on a case-by-case analysis. For some of the Large Cap Buy-rated stocks (**LVMH, Richemont, Swatch, Hermès, Prada**) we have identified corporate governance red flags (see table above). In the SMID cap segment, we have disregarded **Tod's** despite the Buy rating and it being in our European SMID Selected List, due to weak governance. The recent attempt to take the company private created some distrust. As for **Kering**, we have a Hold rating, while in the case of **Salvatore Ferragamo**, we have a Reduce.

## Appendices

### Full list of family businesses in our coverage

We provide below the entire list of companies that match our definition of a family business (voting rights above 25% and presence in executive functions or boards). Our full database is at your disposal.

**Table 11: Family Businesses in our coverage, according to our definition**

Name	Bloomberg code	Country	Sector	Analyst name	Mkt cap (EURm)	Rating	TP LC	Up/Down. (%)
1&1	1U1 GR	Germany	Telecom serv.	Andrei Dragolici	2,866.15	Hold	10.80	-34
AB InBev	ABI BB	Belgium	Beverages	Richard Withagen	108,602.01	Buy	64.00	19
Abeo	ABEO FP	France	Travel & leisure	Fabien Le Disert	119.56	Buy	25.00	58
Abitare In	ABT IM	Italy	Property	Federico Belluati	149.41	Buy	8.50	48
Acciona	ANA SM	Spain	Utilities	Jose Porta	6,988.74	Buy	227.00	78
Acciona Energia	ANE SM	Spain	Utilities	Jose Porta	8,521.01	Buy	43.00	66
Ackermans & van Haaren	ACKB BB	Belgium	Holding companies	Andre Mulder	4,800.11	Buy	185.00	29
Adesso	ADN1 GR	Germany	IT serv. & software	Sven Sauer	716.35	Buy	166.00	51
Alerion	ARN IM	Italy	Utilities	Emanuele Oggioni	1,466.91	Buy	39.00	44
Alfa Laval	ALFA SS	Sweden	Capital goods	Johan Eliason	12,864.52	Hold	395.00	7
Almirall	ALM SM	Spain	Pharma & biotech	Pablo de Renteria	2,081.37	Buy	13.30	34
Altarea	ALTA FP	France	Property	Pierre Boucheny	1,866.98	Hold	101.00	10
Alten	ATE FP	France	IT serv. & software	Laurent Daure	4,473.78	Buy	180.00	39
AMA	ALAMA FP	France	IT serv. & software	Baptiste de Leudeville	3.46	Hold	0.26	69
Amplifon	AMP IM	Italy	Medtech & serv.	Niccolò Guido Storer	6,504.15	Hold	31.50	10
Aquafil	ECNL IM	Italy	Chemicals	Niccolò Guido Storer	141.88	Buy	4.60	66
Assystem	ASY FP	France	Support serv.	Hugo Paternoster	615.64	Buy	53.00	28
Atresmedia	A3M SM	Spain	Media	Iñigo Egusquiza	826.06	Buy	3.80	4
Austevoll Seafood ASA	AUSS NO	Norway	Food	Christian Nordby	1,379.26	Buy	102.00	31
Axfood	AXFO SS	Sweden	Food retail	Magnus Råman	4,919.88	Buy	330.00	22
Axway Software	AXW FP	France	IT serv. & software	Hugo Paternoster	508.39	Hold	21.00	-11
B&S Group	BSGR NA	Netherlands	Support services	Patrick Roquas	319.03	Hold	3.80	0
Bactiguard	BACTIB SS	Sweden	Medtech & serv.	Jon Berggren	192.89	Reduce	47.00	-28
Bakkavor	BAKK LN	UK	Food	Karel Zoete	646.68	Hold	105.00	9
Balder	BALDB SS	Sweden	Property	Jan Ihrfelt	5,296.57	Buy	68.00	33
Banca Mediolanum	BMED IM	Italy	Banks & Asset Managers	Filippo Prini	6,113.30	Buy	10.50	26
Bankinter	BKT SM	Spain	Banks & Asset Managers	Maria Antonia Casado	5,323.09	Buy	7.50	27
Barry Callebaut	BARN SW	Switzerland	Food	Jon Cox	8,453.24	Buy	2,000.00	35
Beiersdorf	BEI GR	Germany	Personal care	Karel Zoete	27,998.46	Hold	120.00	-3
Beneteau	BEN FP	France	Travel & leisure	Alessandro Cuglietta	1,080.92	Buy	23.00	71
Besqab (Restricted)	BESQ SS	Sweden	Property	Jan Ihrfelt	99.92	Hold	28.00	9
Bic	BB FP	France	Personal care	Alessandro Cuglietta	2,737.09	Buy	80.00	26
Bilia	BILIA SS	Sweden	General retail	Mats Liss	821.58	Buy	125.00	19
BioMérieux	BIM FP	France	Medtech & serv.	Maja Pataki	10,667.84	Buy	119.00	32
BMW	BMW GR	Germany	Autos & parts	Michael Raab	63,814.21	Reduce	90.00	-8
Bollore	BOL FP	France	Holding comp.	David Cerdan	15,607.56	Hold	6.40	21
Bonava	BONAVB SS	Sweden	Property	Jan Ihrfelt	165.84	Buy	30.00	65
Bonduelle	BON FP	France	Food	Baptiste de Leudeville	340.10	Hold	11.50	8
Bouygues	EN FP	France	Telecom serv.	Javier Borrachero	12,812.76	Buy	36.00	7
Brederode	BREB BB	Luxembourg	Holding comp.	Jon Pérez	2,792.82	Hold	103.00	8
Brembo	BRE IM	Italy	Autos & parts	Alexandre Raverdy	3,970.86	Reduce	11.50	-6
Brinova	BRINB SS	Sweden	Property	Jan Ihrfelt	119.47	Buy	21.00	44
Brunello Cucinelli	BC IM	Italy	Luxury goods	Marco Baccaglio	4,841.60	Hold	79.00	11
Bucher	BUCN SW	Switzerland	Capital goods	Torsten Sauter	3,826.46	Buy	440.00	23
Buzzi Unicem	BZU IM	Italy	Constr., Infra & Mat.	Matteo Bonizzoni	5,085.33	Buy	36.00	36
BW LPG	BWLPG NO	Norway	Transport Logistics	Axel Styrman	1,571.76	Buy	142.00	3
Bystronic	BYS SW	Switzerland	Capital goods	Torsten Sauter	1,196.40	Buy	725.00	31
Campari	CPR IM	Italy	Beverages	Richard Withagen	12,855.63	Buy	13.50	17
Carel Industries	CRL IM	Italy	Capital goods	Niccolò Guido Storer	2,310.00	Buy	30.50	32
Cargotec	CGCBV FH	Finland	Capital goods	Johan Eliason	2,548.21	Hold	46.00	17
Catana Group	CATG FP	France	Travel & leisure	Baptiste de Leudeville	200.14	Buy	10.00	51
CECONOMY	CEC GR	Germany	General retail	Alessandro Cuglietta	1,005.38	Hold	2.50	21
Cegedim	CGM FP	France	IT serv. & software	Hugo Paternoster	266.01	Hold	20.00	3
Cementir	CEM IM	Italy	Constr., Infra & Mat.	Matteo Bonizzoni	1,210.90	Buy	11.80	55
CIE Automotive	CIE SM	Spain	Autos & parts	Alexandre Raverdy	3,158.70	Hold	27.00	3
Clas Ohlson	CLASB SS	Sweden	General retail	Magnus Råman	499.95	Hold	95.00	-18

Source: Kepler Cheuvreux



**Table 12: Family Businesses in our coverage, according to our definition (continued)**

Name	Bloomberg code	Country	Sector	Analyst name	Mkt cap (EURm)	Rating	TP LC	Up/Down. (%)
Clasquin	ALCLA FP	France	Support serv.	Baptiste de Leudeville	206.93	Hold	88.00	-3
CM.com	CMCOM NA	Netherlands	IT serv. & software	Robert Vink	263.11	Buy	13.00	42
Coca-Cola Europacific P.	CCEP NA	Netherlands	Beverages	Richard Withagen	27,211.42	Hold	58.00	-2
Coloplast	COLOB DC	Denmark	Medtech & serv.	Maja Pataki	23,051.42	Buy	1,000.00	33
CompuGroup Medical	COP GR	Germany	IT serv. & software	Florian Treisch	1,995.42	Buy	56.00	47
Corem (Restricted)	COREB SS	Sweden	Property	Jan Ihrfelt	702.97	Hold	8.50	10
Cosmo Pharmaceuticals	COPN SW	Switzerland	Pharma & biotech	Nicolas Pauillac	723.97	Buy	70.00	65
CTP	CTPNV NA	Netherlands	Property	Frederic Renard	5,889.35	Buy	14.80	13
CTS Eventim	EVD GR	Germany	Media	Craig Abbott	5,260.80	Hold	70.00	28
D/S Norden	DNORD DC	Denmark	Transport Logistics	Axel Styrman	1,618.76	Hold	453.00	22
d'Amico Intern. Shipping	DIS IM	Italy	Transport Logistics	Matteo Bonizzoni	532.15	Buy	5.80	35
Danieli	DAN IM	Italy	Capital goods	Matteo Bonizzoni	1,698.34	Buy	32.00	37
Dassault Aviation	AM FP	France	Aerospace & def.	Aymeric Poulain	15,219.69	Buy	230.00	26
Dassault Systèmes	DSY FP	France	IT serv. & software	Laurent Daure	46,085.10	Buy	48.00	38
Datalogic	DAL IM	Italy	Capital goods	Matteo Bonizzoni	349.80	Hold	7.10	19
De Nora	DNR IM	Italy	Capital goods	Matteo Bonizzoni	3,388.31	Hold	20.60	23
De'Longhi	DLG IM	Italy	Household durables	Niccolò Guido Storer	3,329.36	Hold	21.60	-2
Derichebourg	DBG FP	France	Support serv.	Fabien Le Disert	755.54	Buy	8.70	84
D'leteren	DIE BB	Belgium	Holding comp.	Alexander Craeymeersch	8,543.57	Buy	230.00	43
DLSI	ALDLS FP	France	Support serv.	Baptiste de Leudeville	33.17	Hold	14.40	10
Do & Co	DOC AV	Austria	Travel & leisure	Julien Richer	995.84	Buy	145.00	42
Dormakaba	DOKA SW	Switzerland	Capital goods	Martin Flueckiger	1,627.13	Buy	530.00	18
Draegerwerk	DRW8 GR	Germany	Medtech & serv.	Oliver Reinberg	790.20	Hold	46.00	2
Dürr	DUE GR	Germany	Capital goods	Hans-Joachim Heimbuerger	1,792.33	Buy	38.00	47
Ebusco	EBUS NA	Netherlands	Autos & parts	Auguste Deryckx	214.65	Hold	8.00	68
Eckert & Ziegler	EUZ GR	Germany	Pharma & biotech	Nicolas Pauillac	621.23	Buy	62.00	107
Ecoener	ENER SM	Spain	Utilities	Jose Porta	240.89	Buy	8.20	94
Ekopak	EKOP BB	Belgium	Utilities	Alexander Craeymeersch	292.05	Hold	19.00	-4
Elekta	EKTAB SS	Sweden	Medtech & serv.	Oliver Reinberg	2,411.13	Hold	80.00	7
Embracer	EMBRACB SS	Sweden	Media	Mathias Lundberg	2,780.25	Buy	46.00	83
Ence	ENC SM	Spain	Forestry, paper & pack.	Pablo de Renteria	761.47	Buy	5.00	62
Energy	ENY IM	Italy	Capital goods	Federico Belluati	129.13	Buy	3.20	52
Entra	ENTRA NO	Norway	Property	Albin Sandberg	1,537.50	Hold	105.00	8
Eramet	ERA FP	France	Metals & mining	Fabien Le Disert	2,061.74	Buy	98.00	37
ERG	ERG IM	Italy	Utilities	Emanuele Oggioni	3,715.91	Buy	38.00	54
EssilorLuxottica	EL FP	France	Medtech & serv.	Niccolò Guido Storer	77,957.41	Buy	194.00	13
Eurazeo	RF FP	France	Holding comp.	David Cerdan	4,472.22	Buy	72.00	28
Eurofins	ERF FP	France	Support serv.	Pablo Cuadrado	10,678.79	Hold	61.00	11
EuroGroup Laminations	EGLA IM	Italy	Capital goods	Matteo Bonizzoni	726.11	Buy	7.20	66
Exmar	EXM BB	Belgium	Transport Logistics	Andreas Nygard	607.62	Accept Offer	11.10	4
EXOR	EXO NA	Netherlands	Holding comp.	Jon Pérez	19,978.28	Buy	103.00	21
Fagerhult	FAG SS	Sweden	Capital goods	Mats Liss	744.45	Buy	67.00	34
Fastned	FAST NA	Netherlands	Energy equip. & serv.	Hans Pluijgers	533.48	Buy	57.00	105
Fastpartner	FPARA SS	Sweden	Property	Albin Sandberg	691.63	Hold	45.00	0
Ferrari	RACE IM	Italy	Autos & parts	Thomas Besson	50,951.50	Hold	300.00	7
Ferrovial	FER SM	Spain	Constr., Infra & Mat.	Luis Prieto	22,237.94	Buy	33.00	8
Fielmann	FIE GR	Germany	General retail	Craig Abbott	3,494.40	Hold	48.00	15
FILA	FILA IM	Italy	General retail	Niccolò Guido Storer	401.32	Buy	11.30	44
Fluidra	FDR SM	Spain	Capital goods	Pablo de Renteria	3,585.09	Reduce	14.40	-23
FM Mattsson	FMMB SS	Sweden	Constr., Infra & Mat.	Mats Liss	168.17	Buy	60.00	27
Foncière INEA	INEA FP	France	Property	Pierre Boucheny	406.54	Hold	42.00	12
Formycon	FYB GR	Germany	Pharma & biotech	Nicolas Pauillac	936.66	Buy	92.00	58
Frontline	FRO NO	Norway	Transport Logistics	Axel Styrman	3,563.13	Buy	292.00	59
Fuchs Petrolub	FPE3 GR	Germany	Chemicals	Martin Roediger, CEFA	4,633.78	Buy	43.00	16
GBL	GBLB BB	Belgium	Holding comp.	Jon Pérez	10,742.63	Buy	86.00	17
Genova	GPG SS	Sweden	Property	Jan Ihrfelt	151.57	Hold	45.00	15
Geox	GEO IM	Italy	Textile & apparel	Federico Belluati	186.89	Hold	1.00	39
Gestamp	GEST SM	Spain	Autos & parts	Alexandre Raverdy	2,239.90	Buy	5.50	41
GFT Technologies	GFT GR	Germany	IT serv. & software	Sven Sauer	626.56	Buy	41.00	72
Golden Ocean Group	GOGL NO	Norway	Transport Logistics	Axel Styrman	1,450.49	Buy	148.00	78
Greenyard	GREEN BB	Belgium	Food	Alexander Craeymeersch	317.85	Hold	8.30	35
Grenke	GLJ GR	Germany	Banks & Asset Managers	Tobias Lukesch, CIIA	1,062.42	Not Rated		
Grieg Seafood ASA	GSF NO	Norway	Food	Christian Nordby	821.94	Buy	90.00	8

Source: Kepler Cheuvreux

Table 13: Family Businesses in our coverage, according to our definition (continued)

Name	Bloomberg code	Country	Sector	Analyst name	Mkt cap (EURm)	Rating	TP LC	Up/Down. (%)
Grifols	GRF SM	Spain	Pharma & biotech	Pablo de Renteria	7,862.80	Buy	17.50	34
Groupe LDLC	ALLDL FP	France	General retail	Alessandro Cuglietta	131.50	Hold	20.00	-4
Gruppo MutuiOnline	MOL IM	Italy	Financial serv.	Filippo Prini	1,013.58	Hold	29.00	7
Guerbet	GBT FP	France	Pharma & biotech	Justine Telliez	252.82	Hold	18.00	-10
GVS	GVS IM	Italy	Capital goods	Matteo Bonizzoni	959.88	Buy	6.20	13
H & R	2HRA GR	Germany	Chemicals	Martin Roediger, CEFA	182.01	Reduce	5.00	2
Haulotte Group	PIG FP	France	Capital goods	Auguste Deryckx	90.96	Reduce	2.90	-6
Heineken	HEIA NA	Netherlands	Beverages	Richard Withagen	48,802.50	Hold	93.00	8
Henkel	HEN3 GR	Germany	Chemicals	Christian Faitz	27,465.01	Buy	87.00	27
Hennes & Mauritz	HMB SS	Sweden	Textile & apparel	Magnus Råman	21,903.07	Buy	220.00	38
Hermès	RMS FP	France	Luxury goods	Charles-Louis Scotti	194,838.91	Buy	2,300.00	25
Hexagon	HEXAB SS	Sweden	Capital goods	Johan Eliason	21,681.09	Buy	140.00	48
Hexpol	HPOLB SS	Sweden	Capital goods	Johan Sjöberg	2,884.24	Hold	115.00	15
Home Invest Belgium	HOMI BB	Belgium	Property	Frederic Renard	307.72	Hold	17.50	12
Hornbach Holding	HBH GR	Germany	General retail	Ludovic Allègre	966.78	Hold	70.00	16
Hufvudstaden	HUFVA SS	Sweden	Property	Albin Sandberg	2,118.16	Buy	175.00	40
Hyloris Pharmaceuticals	HYL BB	Belgium	Pharma & biotech	Christophe Dombu, PhD	320.60	Buy	17.00	48
ID Logistics	IDL FP	France	Support serv.	Ludovic Allègre	1,482.30	Buy	340.00	35
IDI	IDIP FP	France	Holding comp.	Fabien Le Disert	504.09	Hold	58.00	-17
Inditex	ITX SM	Spain	Textile & apparel	Iñigo Egusquiza	109,737.32	Buy	41.95	19
Interparfums	ITP FP	France	Personal care	David Cerdan	3,612.06	Buy	75.00	44
Investor	INVEB SS	Sweden	Holding comp.	Johan Sjöberg	54,232.40	Buy	250.00	16
Ipsen	IPN FP	France	Pharma & biotech	Justine Telliez	10,560.63	Buy	120.00	-5
Italmobiliare	ITM IM	Italy	Holding comp.	Filippo Prini	1,015.75	Buy	37.00	55
JCDecaux	DEC FP	France	Media	Conor O'Shea	3,533.04	Hold	19.00	14
Jeronimo Martins	JMT PL	Portugal	Food retail	Iñigo Egusquiza	13,416.53	Reduce	22.40	5
Jungheinrich	JUN3 GR	Germany	Capital goods	Hans-Joachim Heimbuerger	2,888.64	Hold	35.00	24
K2A	K2AB SS	Sweden	Property	Jan Ihrfelt	66.96	Buy	14.00	51
Kering	KER FP	France	Luxury goods	Charles-Louis Scotti	56,971.51	Hold	580.00	27
Kinopolis	KIN BB	Belgium	Travel & leisure	Julien Richer	1,260.17	Buy	54.00	17
Knorr-Bremse	KBX GR	Germany	Capital goods	William Mackie	9,410.86	Buy	75.00	28
Koenig & Bauer	SKB GR	Germany	Capital goods	Hans-Joachim Heimbuerger	229.36	Hold	20.00	44
Kone	KNEBV FH	Finland	Capital goods	Martin Flueckiger	20,931.77	Buy	61.00	51
Krones	KRN GR	Germany	Capital goods	Hans-Joachim Heimbuerger	3,064.23	Reduce	90.00	-7
KSB	KSB GR	Germany	Capital goods	Hans-Joachim Heimbuerger	1,091.04	Buy	598.00	3
Kuehne + Nagel	KNIN SW	Switzerland	Transport Logistics	Nikolas Mauder	32,653.38	Hold	275.00	4
KWS Saat	KWS GR	Germany	Chemicals	Christian Faitz	1,782.00	Buy	68.00	26
lastminute.com	LMN SW	Switzerland	Travel & leisure	Baptiste de Leuderville	266.74	Buy	30.00	21
Lifco	LIFCOB SS	Sweden	Holding comp.	Mathias Lundberg	7,378.02	Hold	205.00	6
Lisi	FII FP	France	Aerospace & def.	Aymeric Poulain	1,029.11	Reduce	24.10	5
L'Oréal	OR FP	France	Personal care	Charles-Louis Scotti	214,055.44	Buy	480.00	20
Lotus Bakeries	LOTB BB	Belgium	Food	Alexander Craeymeersch	6,024.67	Reduce	5,100.00	-31
LVMH	MC FP	France	Luxury goods	Charles-Louis Scotti	370,210.57	Buy	940.00	28
Lyko	LYKOA SS	Sweden	General retail	Magnus Råman	150.52	Buy	220.00	88
Maersk	MAERSKB DC	Denmark	Transport Logistics	Axel Styrman	29,630.78	Reduce	10,700.0	-15
Maire	MAIRE IM	Italy	Energy equip. & serv.	Kevin Roger	1,245.39	Buy	6.00	58
Manitou	MTU FP	France	Capital goods	Auguste Deryckx	928.91	Hold	27.00	12
MARR	MARR IM	Italy	Food retail	Matteo Bonizzoni	882.12	Buy	16.00	21
Materialise	MTLS US	Belgium	IT serv. & software	Alexander Craeymeersch	317.16	Buy	11.00	92
Media and Games Invest	M8G SS	Sweden	Media	Mathias Lundberg	179.85	Buy	24.00	79
Melexis	MELE BB	Belgium	IT Hardware & Semis	Ruben Devos	3,244.12	Buy	112.00	39
Melia Hotels	MEL SM	Spain	Travel & leisure	Iñigo Egusquiza	1,338.10	Hold	6.40	5
Merck KGaA	MRK GR	Germany	Pharma & biotech	David Evans	68,455.78	Buy	195.00	24
MFE - Media for Europe	MFEB IM	Italy	Media	Iñigo Egusquiza	1,501.04	Reduce	0.60	-1
MLP	MLP GR	Germany	Financial serv.	Fabien Le Disert	531.84	Buy	8.00	64
Montana Aerospace	AERO SW	Switzerland	Aerospace & def.	Aymeric Poulain	869.68	Buy	21.00	63
MotorK	MTRK NA	Netherlands	IT serv. & software	Hugo Paternoster	80.73	Buy	2.90	46
Munters	MTRS SS	Sweden	Capital goods	Mats Liss	2,107.49	Hold	135.00	-2
Navigator	NVG PL	Portugal	Forestry, paper & packaging	Pablo de Renteria	2,385.31	Hold	4.10	22
NCC	NCCB SS	Sweden	Constr., infra & Mat.	Albin Sandberg	980.08	Buy	130.00	9
Nemetschek	NEM GR	Germany	IT serv. & software	Florian Treisch	6,567.33	Hold	72.00	27
Neoen	NEOEN FP	France	Utilities	Juan Rodriguez	4,065.81	Buy	40.00	41
New Wave	NEWAB SS	Sweden	General retail	Magnus Råman	849.74	Buy	115.00	51
NOS	NOS PL	Portugal	Telecom serv.	Javier Borrachero	1,858.32	Hold	4.00	11
Novabase	NBA PL	Portugal	IT serv. & software	Sven Sauer	142.85	Hold	5.20	12

Source: Kepler Cheuvreux

**Table 14: Family Businesses in our coverage, according to our definition (continued)**

Name	Bloomberg code	Country	Sector	Analyst name	Mkt cap (EURm)	Rating	TP LC	Up/Down. (%)
OCI	OCI NA	Netherlands	Chemicals	Christian Faitz	5,324.16	Buy	48.00	89
Odfjell	ODF NO	Norway	Transport Logistics	Axel Styrman	652.26	Buy	166.50	76
OHB	OHB GR	Germany	Aerospace & def.	Aymeric Poulain	744.43	Accept Offer	44.00	3
One United Properties	ONE RO	Romania	Property	Thomas Neuhold	694.98	Buy	1.15	23
Orascom Development	ODHN SW	Switzerland	Holding comp.	Ferran Tort Barniol	253.79	Hold	10.00	67
Palfinger	PAL AV	Austria	Capital goods	Patrick Steiner	803.11	Hold	25.00	8
Pandox	PNDX SS	Sweden	Property	Albin Sandberg	1,861.63	Buy	165.00	37
Peab	PEAB SS	Sweden	Constr., Infra & Mat.	Albin Sandberg	1,138.87	Buy	70.00	48
Peugeot Invest	PEUG FP	France	Holding comp.	David Cerdan	2,527.15	Buy	160.00	58
Piaggio	PIA IM	Italy	Autos & parts	Niccolò Guido Storer	1,196.53	Buy	5.00	48
Piovan	PVN IM	Italy	Capital goods	Matteo Bonizzoni	477.72	Buy	14.00	49
Plastic Omnium	POM FP	France	Autos & parts	Thomas Besson	2,328.86	Hold	22.00	37
Platzler	PLAZB SS	Sweden	Property	Albin Sandberg	665.79	Buy	100.00	51
Porsche Holding SE	PAH3 GR	Germany	Autos & parts	Michael Raab	14,745.94	Buy	78.00	62
PPHE Hotel Group	PPH LN	UK	Travel & leisure	Ferran Tort Barniol	517.99	Buy	1,750.00	67
Prada	1913 HK	Italy	Luxury goods	Charles-Louis Scotti	14,693.68	Buy	70.00	46
Prosegur	PSG SM	Spain	Support serv.	Iñigo Egusquiza	854.55	Buy	3.30	110
Prosegur Cash	CASH SM	Spain	Support serv.	Iñigo Egusquiza	906.19	Buy	1.20	102
RATIONAL	RAA GR	Germany	Capital goods	Craig Abbott	6,822.00	Buy	725.00	21
Ratos	RATOB SS	Sweden	Holding comp.	Johan Sjöberg	1,000.03	Buy	45.00	34
Réalités	ALREA FP	France	Property	Ferran Tort Barniol	84.05	Hold	44.00	87
Rémy Cointreau	RCO FP	France	Beverages	Richard Withagen	6,425.11	Hold	150.00	17
Reply	REY IM	Italy	IT serv. & software	Hugo Paternoster	3,271.63	Hold	115.00	32
Reworld Media	ALREW FP	France	Media	Alessandro Cuglietta	184.83	Buy	7.50	129
Richemont	CFR SW	Switzerland	Luxury goods	Jon Cox	70,421.70	Buy	175.00	49
Roche	ROG SW	Switzerland	Pharma & biotech	David Evans	214,276.47	Hold	306.00	19
Rosenbauer	ROS AV	Austria	Autos & parts	Patrick Steiner	206.04	Hold	35.00	16
Rothschild & Co	ROTH FP	France	Banks & Asset Managers	Nicolas Payen	2,956.89	Buy	66.00	72
Rovi	ROVI SM	Spain	Pharma & biotech	Pablo de Renteria	2,906.07	Buy	70.90	32
Saab	SAAB SS	Sweden	Aerospace & def.	Aymeric Poulain	6,819.10	Buy	647.00	6
Sagax	SAGAB SS	Sweden	Property	Jan Ihrfelt	6,067.89	Buy	275.00	26
SalMar	SALM NO	Norway	Food	Christian Nordby	7,121.79	Buy	555.00	-1
Salmones Camanchaca	SACAM NO	Norway	Food	Christian Nordby	253.37	Hold	49.00	25
Salvatore Ferragamo	SFER IM	Italy	Luxury goods	Charles-Louis Scotti	2,308.96	Reduce	13.00	-8
Sanlorenzo	SL IM	Italy	Travel & leisure	Niccolò Guido Storer	1,224.89	Buy	46.80	33
Saras	SRS IM	Italy	Oil & gas	Niccolò Guido Storer	1,283.85	Buy	1.45	7
SBB	SBBB SS	Sweden	Property	Jan Ihrfelt	388.11	Hold	5.70	79
Schaeffler	SHA GR	Germany	Autos & parts	Michael Raab	3,576.42	Buy	7.50	40
Schindler	SCHP SW	Switzerland	Capital goods	Martin Flueckiger	21,002.05	Hold	225.00	20
Schoeller-Bleckmann	SBO AV	Austria	Energy equip. & serv.	Kevin Roger	882.34	Buy	90.00	60
Sciuker Frames	SCK IM	Italy	Capital goods	Niccolò Guido Storer	115.11	Buy	10.00	89
SEB	SK FP	France	Household durables	Charles-Louis Scotti	4,979.76	Buy	125.00	38
SERI Industrial	SERI IM	Italy	Capital goods	Niccolò Guido Storer	218.88	Buy	9.80	142
SFS Group	SFSN SW	Switzerland	Capital goods	Torsten Sauter	4,076.80	Buy	130.00	29
Sligro Food Group	SLIGR NA	Netherlands	Food retail	Patrick Roquas	789.43	Buy	23.00	29
Sodexo	SW FP	France	Travel & leisure	Julien Richer	14,821.26	Buy	115.00	14
Sofina	SOF BB	Belgium	Holding comp.	Jon Pérez	6,611.67	Buy	261.00	32
SoftwareONE	SWON SW	Switzerland	IT serv. & software	Florian Treisch	2,925.79	Buy	22.00	21
Sogefi	SGF IM	Italy	Autos & parts	Alexandre Raverdy	156.32	Hold	1.30	-3
Solvay	SOLB BB	Belgium	Chemicals	Martin Roediger, CEFA	11,168.09	Buy	135.00	25
Stadler Rail	SRAIL SW	Switzerland	Capital goods	William Mackie	3,634.49	Hold	32.50	-7
Stolt-Nielsen	SNI NO	Norway	Transport Logistics	Axel Styrman	1,375.54	Buy	425.01	44
Ströer	SAX GR	Germany	Media	Craig Abbott	2,449.01	Buy	56.00	30
Swatch Group	UHR SW	Switzerland	Luxury goods	Jon Cox	13,105.94	Buy	420.00	75
Systemair	SYSR SS	Sweden	Capital goods	Anders Jafs	1,220.01	Buy	97.00	39
Technogym	TGYM IM	Italy	Household durables	Niccolò Guido Storer	1,525.06	Hold	8.00	6
Télévision Française 1	TFI FP	France	Media	Conor O'Shea	1,539.55	Buy	11.00	50
Tenaris	TEN IM	Italy	Energy equip. & serv.	Kevin Roger	17,896.94	Buy	30.00	98
TFF Group	TFF FP	France	Forestry, paper & pack.	Ludovic Allègre	938.74	Buy	50.00	15
The Italian Sea Group	TISG IM	Italy	Travel & leisure	Niccolò Guido Storer	395.38	Buy	11.00	47
Tikehau Capital	TKO FP	France	Banks & Asset Managers	Nicolas Payen	3,810.45	Buy	33.00	52
Titan Cement	TITC BB	Belgium	Constr., Infra & Mat.	Auguste Deryckx	1,326.40	Buy	22.00	30

Source: Kepler Cheuvreux

Table 15: Family Businesses in our coverage, according to our definition (continued)

Name	Bloomberg code	Country	Sector	Analyst name	Mkt cap (EURm)	Rating	TP LC	Up/Down. (%)
Tod's Group	TOD IM	Italy	Luxury goods	Charles-Louis Scotti	1,244.98	Buy	55.00	46
Trianon	TRIANB SS	Sweden	Property	Albin Sandberg	203.83	Hold	18.50	20
Trigano	TRI FP	France	Travel & leisure	Alessandro Cuglietta	2,391.90	Hold	126.00	2
UCB	UCB BB	Belgium	Pharma & biotech	David Evans	15,509.28	Buy	110.00	34
United Internet	UTDI GR	Germany	Telecom serv.	Andrei Dragolici	3,874.18	Hold	15.60	-22
va-Q-tec	VQT GR	Germany	Medtech & serv.	Hugo Paternoster	327.39	Hold	26.00	9
VGP	VGP BB	Belgium	Property	Frederic Renard	2,366.16	Buy	102.00	18
Vicat	VCT FP	France	Constr., Infra & Materials	Auguste Deryckx	1,395.60	Buy	38.00	22
Vidrala	VID SM	Spain	Capital goods	Iñigo Egusquiza	2,415.21	Buy	115.50	40
Villeroy & Boch	VIB3 GR	Germany	Constr., Infra & Mat.	Alessandro Cuglietta	471.03	Hold	20.00	12
Virbac	VIRP FP	France	Pharma & biotech	Nicolas Pauillac	2,110.27	Hold	260.00	4
Visiativ	ALVIV FP	France	IT serv. & software	Ludovic Allègre	144.71	Buy	40.00	25
Vivendi	VIV FP	France	Media	Conor O'Shea	8,711.49	Buy	12.00	45
Voltaia	VLTA FP	France	Utilities	Juan Rodriguez	1,872.69	Buy	23.00	61
Volvo	VOLVB SS	Sweden	Autos & parts	Mats Liss	39,477.01	Buy	260.00	13
Wacker Neuson	WAC GR	Germany	Capital goods	Hans-Joachim Heimbuerger	1,371.94	Reduce	17.00	-13
Wallenius Wilhelmsen (Restricted)	WAWI NO	Norway	Transport Logistics	Axel Styrman	3,316.47	Buy	144.00	60
Wallenstam	WALLB SS	Sweden	Property	Albin Sandberg	2,093.88	Buy	48.00	27
Wavestone	WAVE FP	France	IT serv. & software	Hugo Paternoster	1,015.88	Buy	55.00	9
Webuild	WBD IM	Italy	Constr., Infra & Mat.	Matteo Bonizzoni	1,783.42	Buy	2.70	52
Wendel	MF FP	France	Holding companies	David Cerdan	3,479.15	Buy	117.00	50
Zehnder Group	ZEHN SW	Switzerland	Constr., Infra & Mat.	Martin Flueckiger	618.77	Buy	85.00	60
Zumtobel	ZAG AV	Austria	Capital goods	Patrick Steiner	278.30	Buy	8.00	24

Source: Kepler Cheuvreux

## Euronext Family business Index

The **Euronext Family business** Index was created in 2017 as the first European Index dedicated to family businesses, including 85 companies in four markets. The objective was to support and promote the financial markets as a source of financing for this segment.

We have compared the Euronext Index with our own definition of what constitutes a family business. Apart from the wider scope of our Universe (269 vs. 85) we have tried to identify four companies under our coverage that are not tagged as family businesses but are included in Euronext Family Index: These are: **Nextensa, Umicore, Valneva, and Recticel**.

In the case of **Nextensa**, this is due to the fact that there is no representative from the family on the board and/or executive committee. The main shareholder is the holding company Ackermans & van Haaren, which is in turn controlled by a family vehicle.

In the cases of **Umicore and Valneva**, the families do not have the required voting rights under our definition.

Finally, for **Recticel**, we do not consider it a family business because the entrepreneur-owned private equity company who owns a stake (Baltisse) only invested in 2022.

Find [here](#) the Euronext criteria for family businesses.

Table 16: Euronext Family Business Index

KECH covered	Included in our Family Universe	Company	ISIN	Country
x	Yes	AB INBEV	BE0974293251	Belgium
		ADVINI	FR0000053043	France
		AKWEL	FR0000053027	France
		ARCELMITTAL SA	LU1598757687	Luxembourg
x	Yes	AXWAY SOFTWARE	FR0011040500	France
		BASSAC	FR0004023208	France
x	Yes	BENETEAU	FR0000035164	France
		BIOCORP	FR0012788065	France
x	Yes	BIOMERIEUX	FR0013280286	France
		BOIRON	FR0000061129	France
x	Yes	BOLLORE	FR0000039299	France
x	Yes	BONDUELLE	FR0000063935	France
x	Yes	BOUYGUES	FR0000120503	France
		CATERING INTL SCES	FR0000064446	France
x	Yes	CEGEDIM	FR0000053506	France
		CHRISTIAN DIOR	FR0000130403	France
		CIE BOIS SAUVAGE	BE0003592038	Belgium
x	Yes	CLASQUIN	FR0004152882	France
x	Yes	COCA-COLA EUROPACIFIC PARTNERS	GB00BDCPN049	United Kingdom
		COLRUYT	BE0974256852	Belgium
		DAMARTEX	FR0000185423	France
x	Yes	DASSAULT SYSTEMES	FR0014003TT8	France
		DELTA PLUS GROUP	FR0013283108	France
		DERICHEBOURG	FR0000053381	France
x	Yes	ECONOCOM GROUP	BE0974313455	Belgium
x	Yes	ESSILORLUXOTTICA	FR0000121667	France
		EXACOMPTA CLAIREF.	FR0000064164	France
		FLEURY MICHON	FR0000074759	France
		FONTAINE PAJOT	FR0010485268	France
		GBL	BE0003797140	Belgium
		GEA GRENOBL.ELECT.	FR0000053035	France
		GEVELOT	FR0000033888	France
		GPE GROUP PIZZORNO	FR0010214064	France
		GROUPE CRIT	FR0000036675	France
		GROUPE GUILLIN	FR0012819381	France
x	Yes	GUERBET	FR0000032526	France
		HAL TRUST	BMG455841020	Bermuda
x	Yes	HEINEKEN	NL0000009165	Netherlands
		HEINEKEN HOLDING	NL0000008977	Netherlands
		HERIGE	FR0000066540	France
x	Yes	HERMES INTL	FR0000052292	France
		IMMOB.DASSAULT	FR0000033243	France
		INSTALLUX	FR0000060451	France
x	Yes	IPSEN	FR0010259150	France
x	Yes	J.MARTINS,SGPS	PTJMT0AEO001	Portugal
		JACQUES BOGART	FR0012872141	France
x	Yes	KERING	FR0000121485	France
		KINGSPAN GROUP PLC	IE0004927939	Ireland
x	Yes	L'OREAL	FR0000120321	France
		LACROIX GROUP	FR0000066607	France
		LANSON-BCC	FR0004027068	France
		LAURENT-PERRIER	FR0006864484	France
		LEBON	FR0000121295	France
		LES HOTELS BAVEREZ	FR0007080254	France
		LNA SANTE	FR0004170017	France
x	Yes	LVMH	FR0000121014	France
x	Yes	MANITOU BF	FR0000038606	France
x	Yes	MICHELIN	FR001400AJ45	France
		MIKO	BE0003731453	Belgium
x	No	NEXTENSA	BE0003770840	Belgium
		OENEO	FR0000052680	France
		PAYTON PLANAR	IL0010830391	Israel
x	Yes	PERNOD RICARD	FR0000120693	France
		PISCINES DESJOYAUX	FR0000061608	France
		PRECIA	FR0014004EC4	France
		PRODWAYS	FR0012613610	France
		QRF	BE0974272040	Belgium

Source: Bloomberg

Table 17: Euronext Family Business Index (continued)

KECH covered	Included in our Family Universe	Company	ISIN	Country
x	No	<b>RECTICEL</b>	<b>BE0003656676</b>	<b>Belgium</b>
x	Yes	S.E.B.	FR0000121709	France
		SAINT JEAN GROUPE	FR0000060121	France
		SAVENCIA	FR0000120107	France
		SIPEF	BE0003898187	Belgium
x	Yes	SODEXO	FR0000121220	France
x	Yes	SOFINA	BE0003717312	Belgium
x	Yes	SOLVAY	BE0003470755	Belgium
		SYNERGIE	FR0000032658	France
		TEXAF	BE0974263924	Belgium
x	Yes	TFF GROUP	FR0013295789	France
		TOYOTA CAETANO	PTSCT0AP0018	Portugal
		UCB	BE0003739530	Belgium
x		<b>UMICORE</b>	<b>BE0974320526</b>	<b>Belgium</b>
x		<b>VALNEVA</b>	<b>FR0004056851</b>	<b>France</b>
		VASTNED	NL0000288918	Netherlands
		VETOQUINOL	FR0004186856	France
x	Yes	VIVENDI SE	FR0000127771	France

Source: Bloomberg

## Company parts

- **Axfood** | Buy | TP: SEK330.00 (+22.2%)  
ESG Highlights: *Low CO2 emissions*
- **Banca Mediolanum** | Buy | TP : EUR10.50 (+26.1%)  
ESG Highlights: *A family-owned business that gives space to minorities*
- **Beneteau** | Buy | TP: EUR23.00 (+70.9%)  
ESG Highlights: *Working on non-ICE alternatives is key to lower GHG emissions of motorboats*
- **ERG** | Buy | TP: EUR38.00 (+53.7%)  
ESG Highlights: *Transformation into pure renewable player completed*
- **Inditex** | Buy | TP: EUR41.95 (+19.1%)  
ESG Highlights: *Not quite there yet on the E side*
- **Knorr-Bremse** | Buy | TP: EUR75.00 (+28.5%)  
ESG Highlights: *Committed to progressive improvement*
- **Saab** | Buy | TP: SEK647.00 (+6.3%)  
ESG Highlights: *Scoring well on ESG*
- **SFS Group** | Buy | TP: CHF130.00 (+29.2%)  
ESG Highlights: *A family-controlled company, but with good scores in its ESG metric*
- **Systemair** | Buy | TP: SEK97.00 (+39.0%)  
ESG Highlights: *Well aligned with long-term ESG trends*
- **UCB** | Buy | TP: EUR110.00 (+34.5%)  
ESG Highlights: *Navigating the way forward*

Sweden | Food retail | MCap: SEK58.5bn

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Last model update: 21 July 2023

**Research framework**

**Investment case**

- Axfood is well-positioned relative to market trends. The price-value theme is growing in importance and Axfood is propelled by its highly successful Willys soft discount concept, which has a unique position in the Swedish market.
- We argue that Axfood’s business model is well suited to an online rollout, which could underpin future growth. Furthermore, we believe that Axfood’s strategy to centralise and automate its fulfilment will lead to best-in-class efficiency in its store supply, which still represents the lion’s share of the market.
- The combination of defensive qualities, strong business fundamentals, and beneficial trends should make Axfood’s shares a good fit in a long-term portfolio.

**Catalysts**

- Willys continuing to outpace market growth
- Efficiency gains from the new Bålsta logistics centre.
- Synergies from the Bergendahl acquisition.

**Valuation methodology**

- Our TP is based on a DCF with a WACC of 7.0%, LT EBITDA margin (excl. IFRS 16) of 6.0% and LT growth assumption of 2.5%.
- Axfood’s exposure to structurally growing parts of the Swedish grocery market warrants a premium versus its key peers.
- The group’s resilient business model, strong balance sheet and stable cash flow generation should merit a continued compressed yield.

**Risks to our rating**

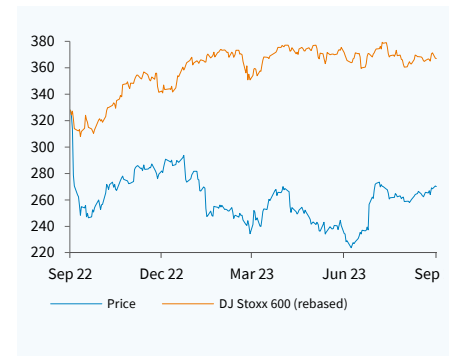
- Willys losing its growth momentum.
- Intensifying price competition from key competitors.
- Price inflation cannot be fully passed on to end consumers.

**Description** AXFO SS | AXFO.ST | Free float: 39% | ADV (SEKm): 103.2

- Axfood's best-known concept is the soft discount retailer Willys, famous for its competitive prices. The company also operates the traditional supermarket chain Hemköp, the wholesale concept Axfood Snabbgross and supply chain company Dagab.

**12M performance**

YTD: -5.6%



**Management** Klas Balkow, CEO | Anders Lexmon, CFO | Mia Brunell Livfors, Chairman

**Key shareholders** Free float: 38.70% | Ax:son Johnson family: 50.06% | Handelsbanken Fonder: 2.30% | Swedbank Robur: 2.11%

**SWOT analysis**

**Strengths**

- Strong number two position in the Swedish market
- Positioned in line with Swedish trends
- High barriers to entry
- Strong balance sheet

**Weaknesses**

- Lack of hypermarkets
- Still in early phase in online sales.
- Lack of regional diversification (purely domestic).

**Opportunities**

- Store expansion
- Increased online presence
- Increased offering of private label

**Threats**

- Potential pricing pressure in the market
- Tough competition from pure online
- Shifting consumer preferences.



**Key financials**

Last model update: 21 July 2023

Market data date: 19 September 2023

FY to 31/12 (SEK)	12/16	12/17	12/18	12/19	12/20	12/21	12/22	12/23E	12/24E	12/25E
<b>Income Statement (SEKm)</b>										
Sales	43,355.0	45,968.0	48,085.0	50,740.0	53,696.0	57,891.0	73,475.0	81,440.1	84,405.4	87,160.4
% Change	5.1%	6.0%	4.6%	5.5%	5.8%	7.8%	26.9%	10.8%	3.6%	3.3%
EBITDA adjusted	2,621.0	2,630.0	2,785.0	4,433.8	4,762.5	5,001.5	5,805.4	7,208.7	7,933.9	7,965.6
EBITDA adj. margin (%)	6.0%	5.7%	5.8%	8.7%	8.9%	8.6%	7.9%	8.9%	9.4%	9.1%
EBIT adjusted	1,902.0	1,886.0	2,025.0	2,287.8	2,509.5	2,689.5	3,189.4	3,651.4	3,908.5	4,162.0
EBIT adj. margin (%)	4.4%	4.1%	4.2%	4.5%	4.7%	4.6%	4.3%	4.5%	4.6%	4.8%
Net financial items & associates	-8.0	-5.0	-8.0	-116.4	-115.4	-121.5	-167.0	-356.3	-293.2	-23.7
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax	-421.0	-414.0	-440.0	-493.0	-531.0	-488.5	-564.4	-648.6	-744.7	-852.5
Net profit from continuing operations	1,473.0	1,467.0	1,577.0	1,678.4	1,863.1	2,093.5	2,330.0	2,396.5	2,870.5	3,285.9
Net profit from discontinuing activities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	1,473.0	1,467.0	1,577.0	1,678.4	1,863.1	2,093.5	2,330.0	2,396.5	2,870.5	3,285.9
Net profit reported	1,473.0	1,467.0	1,577.0	1,678.4	1,863.1	2,093.5	2,330.0	2,396.5	2,870.5	3,285.9
Net profit adjusted	1,473.0	1,467.0	1,577.0	1,678.4	1,863.1	2,079.5	2,458.0	2,646.5	2,870.5	3,285.9
<b>Cash Flow Statement (SEKm)</b>										
Levered post tax CF before capex	2,241.0	2,534.0	2,702.0	2,136.0	4,505.0	2,888.0	4,090.0	3,351.8	5,171.2	5,356.7
Capex	-508.0	-651.0	-711.0	-1,403.0	-1,028.0	-1,825.0	-2,593.0	-2,081.0	-1,519.3	-1,568.9
Free cash flow	1,733.0	1,883.0	1,991.0	733.0	3,477.0	1,063.0	1,497.0	1,270.8	3,651.9	3,787.8
Acquisitions & divestments	-2.0	0.0	0.0	-2.0	-4.0	0.0	-2.0	-14.6	128.1	397.6
Dividend paid	-1,889.0	-1,259.0	-1,485.0	-1,488.0	-1,517.0	-1,569.0	-1,646.0	-1,763.4	-1,789.0	-1,843.2
Others	-43.0	-1,014.0	-314.0	95.0	-1,217.0	-1,895.0	1,376.0	-220.0	0.0	0.0
Change in net financial debt	201.0	390.0	-192.0	662.0	-739.0	2,401.0	-1,225.0	727.2	-1,991.0	-2,342.2
<b>Balance Sheet (SEKm)</b>										
Intangible assets	2,478.0	3,388.0	3,449.0	3,472.0	3,519.0	5,295.0	4,990.0	4,988.0	4,988.0	4,988.0
Tangible assets	1,799.0	2,032.0	2,202.0	8,151.0	8,568.0	10,199.0	14,319.0	14,754.9	13,993.3	13,503.1
Financial & other non-current assets	199.0	215.0	168.0	259.0	286.0	731.0	851.0	879.0	879.0	879.0
Total shareholders' equity	4,118.0	4,478.0	4,528.0	4,249.0	4,563.0	5,176.0	6,901.0	6,326.8	7,441.7	9,187.2
Pension provisions	428.0	418.0	411.0	421.0	403.0	371.0	292.0	272.0	272.0	272.0
Liabilities and provisions	5,993.0	6,573.0	7,305.0	12,624.0	13,847.0	18,184.0	21,425.0	23,066.9	23,484.9	23,873.7
Net debt	-1,228.0	-848.0	-1,047.0	5,133.0	4,576.0	7,641.0	8,983.0	9,839.2	7,848.1	5,505.9
Net financial debt	-1,656.0	-1,266.0	-1,458.0	-796.0	-1,535.0	866.0	-359.0	368.2	-1,622.9	-3,965.1
IFRS 16 debt	0.0	0.0	0.0	5,508.0	5,708.0	6,404.0	9,050.0	9,199.0	9,199.0	9,199.0
Net working capital	-885.0	-1,192.0	-1,456.0	-1,498.0	-2,147.0	-2,139.0	-2,981.0	-3,161.0	-3,275.5	-3,382.0
Invested capital	3,392.0	4,228.0	4,195.0	10,125.0	9,940.0	13,355.0	16,328.0	16,581.9	15,705.8	15,109.1
<b>Per share data (SEK)</b>										
EPS adjusted	7.02	6.99	7.52	8.00	8.88	9.91	11.47	12.20	13.24	15.15
EPS adj and fully diluted	7.02	6.99	7.51	8.00	8.88	9.91	11.68	12.36	13.41	15.35
% Change	8.0%	-0.4%	7.5%	6.4%	11.0%	11.6%	17.9%	5.8%	8.5%	14.5%
EPS reported	7.02	6.99	7.52	8.00	8.88	9.98	10.88	11.05	13.24	15.15
Cash flow per share	10.68	12.08	12.88	10.18	21.47	13.76	19.09	15.46	23.85	24.70
Book value per share	19.62	20.33	20.51	19.15	20.64	23.60	30.85	27.84	32.99	41.04
Dividend per share	6.00	7.00	7.00	7.25	7.50	7.75	8.15	8.25	8.50	8.75
Number of shares, YE (m)	209.87	209.68	209.87	209.87	209.87	209.87	216.84	216.84	216.84	216.84
<b>Ratios</b>										
ROE (%)	34.1%	35.0%	36.8%	40.3%	44.6%	44.8%	42.5%	41.9%	43.5%	40.9%
ROIC (%)	42.8%	38.6%	37.5%	25.1%	19.7%	18.1%	16.9%	17.4%	19.0%	21.2%
ND(F+IFRS16) / EBITDA (x)	-0.6	-0.5	-0.5	1.1	0.9	1.5	1.5	1.3	1.0	0.7
Gearing (%)	-40.2%	-28.3%	-32.2%	-18.7%	-33.6%	16.7%	-5.2%	5.8%	-21.8%	-43.2%
<b>Valuation</b>										
P/E adjusted	21.0	20.3	21.4	23.4	22.3	22.2	24.6	22.1	20.4	17.8
P/E adjusted and fully diluted	21.0	20.3	21.4	23.4	22.3	22.2	24.2	21.8	20.1	17.6
P/BV	7.5	7.0	7.8	9.8	9.6	9.3	9.2	9.7	8.2	6.6
P/CF	13.8	11.8	12.5	18.4	9.2	16.0	14.8	17.5	11.3	10.9
Dividend yield (%)	4.1%	4.9%	4.4%	3.9%	3.8%	3.5%	2.9%	3.1%	3.1%	3.2%
FCF yield (%)	5.6%	6.3%	5.9%	1.9%	8.4%	2.3%	2.4%	2.2%	6.2%	6.5%
EV/Sales	0.7	0.6	0.7	0.9	0.9	0.9	1.0	0.8	0.8	0.7
EV/EBITDA adj.	11.3	11.0	11.7	10.0	9.7	10.7	12.1	9.5	8.4	8.0
EV/EBIT adj.	15.6	15.4	16.1	19.4	18.4	20.0	22.0	18.7	17.0	15.4

Italy | Banks & Asset Managers | MCap: EUR6.1bn

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Last model update: 19 September 2023

## Research framework

### Investment case

- Banca Mediolanum is reaping the benefits from EUR22.6bn of banking book at floating rates. The bank is also passing through a gradual increase in retail funding costs, albeit with a limited deposit beta, and always below the rise in the interest margin on assets. The bank is managing to increase its retail deposits in a different way to its direct peers.
- Despite higher rates offered by the government bonds, financial advisors should get new inflows of EUR5bn versus all-time high of EUR6bn in 2022.
- Management has worked in the past to weaken the link between financial markets and net profit generation, shifting the balance between variable and recurring fees.

### Catalysts

- Net inflow trend (with two main investment programmes being Double Chance and Intelligent Investment Strategy) and market performance of AUM.
- Offers on current accounts to cope with high rates.

### Valuation methodology

- We have a DDM with a COE of 12% and g of 2%, and an EVA-based model (12% COE) that values the return from variable fees separately.

### Risks to our rating

- More severe-than-expected drop in financial markets.
- Higher share of current accounts subject to the repricing.
- Outflows of wealth management.

**Description** BMED IM | BMED.MI | Free float: 30% | ADV (EURm): 12.8

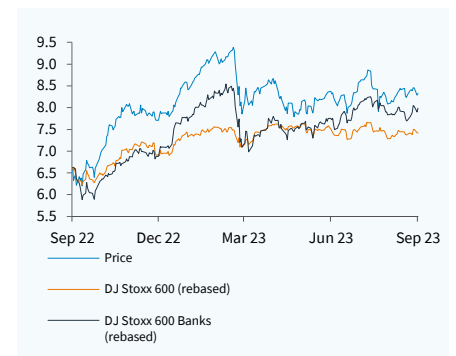
- Banca Mediolanum is the second-largest Italian financial advisor (FA) network with 6,000 professionals (4,400 only in Italy) and EUR103bn of assets at end-2022 (EUR94bn only in Italy). It offers life insurance, asset management (predominantly mutual funds), and direct banking to clients (1.8m including its digital platform Flowe).

**Management** Giovanni Pirovano, Chairman | Massimo Doris, CEO

**Key shareholders** Free float: 30.00% | Doris family: 40.30% | Fininvest: 30.00%

## 12M performance

YTD: 6.8%



## SWOT analysis

### Strengths

- Second-largest FA network in Italy
- Comprehensive banking service platform
- Solid bank ratios

### Opportunities

- Winning customers from traditional banks
- Excess of capital to be distributed.

### Weaknesses

- High Total Expense ratio for clients

### Threats

- Reputational risk for FAs
- Decline of equity market to which clients' assets are largely exposed

**Key financials**

Last model update: 19 September 2023

Market data date: 19 September 2023

FY to 31/12 (EUR)	12/16	12/17	12/18	12/19	12/20	12/21	12/22	12/23E	12/24E	12/25E
<b>Income Statement (EURm)</b>										
Total revenues	839	843	917	1,104	1,087	1,258	1,449	1,799	1,855	1,868
% Change	0.2%	0.5%	8.8%	20.3%	-1.5%	15.7%	15.2%	24.2%	3.1%	0.7%
Total operating costs	-576	-596	-595	-597	-617	-664	-728	-752	-816	-881
Cost income ratio (%)	68.7%	70.7%	64.8%	54.1%	56.7%	52.8%	50.2%	41.8%	44.0%	47.2%
<b>Gross operating income</b>	<b>263</b>	<b>247</b>	<b>323</b>	<b>506</b>	<b>471</b>	<b>594</b>	<b>721</b>	<b>1,047</b>	<b>1,039</b>	<b>987</b>
Loan loss provisions	-11	-11	-11	-19	-20	-23	-22	-32	-34	-35
Loan loss ratio (% of loans)	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Associates & asset disposals	0	0	0	0	0	0	0	0	0	0
Goodwill and other except.	227	267	53	308	142	388	-19	19	28	50
Income tax	-55	-67	-77	-174	-97	-177	-140	-231	-228	-222
<b>Reported net profit</b>	<b>393</b>	<b>380</b>	<b>256</b>	<b>565</b>	<b>435</b>	<b>713</b>	<b>522</b>	<b>773</b>	<b>784</b>	<b>763</b>
<b>Reported net profit group share</b>	<b>393</b>	<b>380</b>	<b>256</b>	<b>565</b>	<b>435</b>	<b>713</b>	<b>522</b>	<b>773</b>	<b>784</b>	<b>763</b>
<b>Net attributable profit adjusted</b>	<b>375</b>	<b>361</b>	<b>361</b>	<b>649</b>	<b>435</b>	<b>667</b>	<b>532</b>	<b>773</b>	<b>784</b>	<b>763</b>
<b>Balance sheet (EURm)</b>										
Loans to customers	8,624	8,521	21,342	24,587	28,104	31,417	35,677	40,373	42,093	42,813
Loans to banks	721	559	692	659	825	4,890	455	455	455	455
Derivatives	1	1	0	0	0	0	0	0	0	0
Other trading portfolio	368	232	538	315	303	244	1,148	1,148	1,148	1,148
Investments	13,321	13,605	4,397	2,623	2,141	1,613	1,277	1,277	1,277	1,277
Fixed assets	1,288	1,183	1,051	1,278	1,322	1,602	1,811	-2,061	-2,286	-1,532
Intangible assets	199	215	207	203	203	211	208	208	208	208
Other assets	1,068	968	843	1,009	1,062	1,353	1,582	-2,290	-2,515	-1,761
Total assets	41,971	43,267	47,179	53,374	59,029	73,520	73,596	74,419	75,915	77,389
Deposits from customers	18,494	18,702	23,168	23,858	25,769	32,418	35,626	32,730	33,530	34,330
Deposits from banks	462	178	98	236	54	42	371	1,347	1,347	1,347
Derivatives	47	33	30	31	29	20	3	3	3	3
Trading liabilities	372	171	247	77	78	61	12	12	12	12
Debt securities & subord. liabilities	187	152	108	68	0	0	300	300	300	300
Other liabilities	5,325	6,504	6,858	9,016	10,794	15,684	14,367	14,367	14,367	14,367
Total liabilities	39,823	41,058	45,313	51,094	56,291	70,638	70,660	71,459	72,986	74,520
Shareholders' equity after rev. reserves	2,149	2,209	1,865	2,280	2,738	2,882	2,936	2,960	2,929	2,869
Minority interests	0	0	0	0	0	0	0	0	0	0
<b>Total equity</b>	<b>2,149</b>	<b>2,209</b>	<b>1,865</b>	<b>2,280</b>	<b>2,738</b>	<b>2,882</b>	<b>2,936</b>	<b>2,960</b>	<b>2,929</b>	<b>2,869</b>
Total liabilities + net equity	41,972	43,267	47,179	53,374	59,029	73,520	73,595	74,419	75,915	77,389
Risk weighted assets	7,824	7,582	8,112	9,388	9,810	11,270	12,410	13,445	14,472	15,529
Tier one capital	1,565	1,660	1,558	1,831	2,001	2,355	2,544	2,894	3,211	3,471
Total capital	1,565	1,660	1,558	1,831	2,001	2,355	2,544	2,894	3,211	3,471
<b>Per share</b>										
EPS adj and fully diluted	0.51	0.49	0.49	0.88	0.59	0.91	0.72	1.05	1.07	1.04
% Change	-14.5%	-3.6%	-0.1%	79.8%	-33.0%	53.4%	-20.3%	45.4%	1.4%	-2.6%
EPS reported	0.53	0.52	0.35	0.77	0.59	0.97	0.71	1.05	1.07	1.04
Book value per share	2.93	3.01	2.54	3.11	3.73	3.93	4.00	4.03	3.99	3.91
Tangible BV per share	2.66	2.72	2.26	2.83	3.45	3.64	3.72	3.75	3.71	3.62
Dividend per share	0.40	0.40	0.40	0.21	0.78	0.58	0.50	0.58	0.64	0.69
Payout ratio	74.8%	77.2%	114.9%	27.3%	131.8%	59.7%	70.3%	55.0%	59.5%	66.0%
Weighted avg number of shares (m)	734.2	734.2	734.2	734.2	734.2	734.2	734.2	734.2	734.2	734.2
<b>Solvency &amp; Asset quality</b>										
CET 1 ratio	20.0%	21.9%	19.2%	19.5%	20.4%	20.9%	20.5%	21.5%	22.2%	22.4%
Tier 1 leverage ratio	7.5%	8.0%	6.4%	7.1%	7.1%	6.8%	6.8%	7.6%	8.3%	8.8%
Loan to deposit ratio	46.6%	45.6%	92.1%	103.1%	109.1%	96.9%	100.1%	123.4%	125.5%	124.7%
Net NPL ratio	0.6%	0.7%	0.3%	0.2%	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%
<b>Valuation</b>										
P/E adj. and fully diluted	12.7	14.5	12.7	7.6	11.2	9.1	10.1	7.9	7.8	8.0
P/BV	2.2	2.4	2.5	2.2	1.8	2.1	1.8	2.1	2.1	2.1
P/TBV	2.4	2.6	2.8	2.4	1.9	2.3	2.0	2.2	2.2	2.3
Dividend yield (ord.)	6.2%	5.6%	6.4%	3.1%	11.8%	7.0%	6.9%	7.0%	7.6%	8.2%
ROE	17.8%	16.6%	17.7%	31.3%	17.3%	23.7%	18.3%	26.2%	26.6%	26.3%
RoTBV	19.6%	18.3%	19.8%	34.7%	18.9%	25.6%	19.7%	28.2%	28.6%	28.4%
RoRWAs	4.8%	4.7%	4.6%	7.4%	4.5%	6.3%	4.5%	6.0%	5.6%	5.1%

France | Travel & leisure | MCap: EUR1.1bn

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Last model update: 25 July 2023

**Research framework**

**Investment case**

- With improving procurement conditions and a solid order book, Beneteau is set to post strong sales growth in FY 2023, supported by a solid order book, offering excellent visibility for the company.
- Through brand support and the ongoing premiumisation of its boat offering, coupled with further price hikes, we expect the group's sales to continue on their growth path over 2023-25E.
- Management has implemented an ambitious plan that will make Beneteau a more profitable (10% EBIT, adj. margin by 2023E) and ROIC-oriented company (20% by 2023E), which we expect to be reflected in its valuation multiples.

**Catalysts**

- Stronger-than-expected demand in the day boating segment.
- Recovery in tourism activities driving demand from charters.
- Announcement of the discontinuation of the four non-core brands.

**Valuation methodology**

- Our Buy rating and EUR23 TP are based on the average of a DCF and target EV/adjusted EBIT, applying a 9x multiple to our 2023E EBIT, adj.
- Our ten-year DCF yields a fair value per share of EUR20 based on a 12.5% COE and a 2% terminal growth rate.
- We have cross-checked our DCF valuation method against a target EV/EBIT of 9x that returns a EUR26 fair value per share.

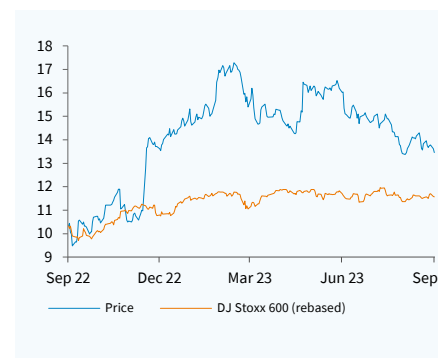
**Risks to our rating**

- Supply tensions and shortage of components (e.g. engines) or raw materials (e.g. resin, polyester, wood) leading to temporary production shutdown.
- After a post-pandemic surge in demand, repeated price increases and long delivery times could dampen demand for recreational boats and leisure homes in such an inflationary environment.
- Prolonged downturn of the tourism activity and absence of recovery in air traffic dragging on charters/fleet demand of monohull and catamarans.

**Description** BEN FP | CHBE.PA | Free float: 44% | ADV (EURm): 1.4

- With annual sales of up to EUR1.2bn, Beneteau is the world's second-largest recreational boat manufacturer (85% of group's sales), with eight brands offering around 130 models, including sailing, monohulls, catamarans (43% of total sales), and motorboats (57%). The group is also a leading European manufacturer of mobile-homes, offering a comprehensive range of leisure homes, lodges, and pods through three brands (15% of total sales).

**12M performance** YTD: -4.8%



**Management** Bruno Thivoyon, CEO | Gianguido Girotti, deputy CEO | Yves Lyon-Caen, CoB

**Key shareholders** Free float: 44.30% | BERT 21 (founding family): 54.36% | Treasury shares: 1.34% | Free float: 44.30%

**SWOT analysis**

**Strengths**

- Undisputed leader in sailboats, key player in motorboats
- Boating industry's broadest brand and boat range
- Largest distribution network with more than 1,000 POS in 150 countries
- Sole mass-market generalist with strong exposure to dayboating

**Opportunities**

- Leadership position in the fastest-growing multihull boats segment
- Streamlining of the product range and industrial reorganisation
- Improved industrial efficiency through standardisation and automation
- Improvement in returns through margin gains and reduced capex

**Weaknesses**

- Limited growth prospects in emerging markets (lack of sailing culture)
- High exposure to monohull sailboats (losing shares to multihulls)
- Highly cyclical activity with inventory risk in a downturn
- Highest labour intensity in the industry and low staff productivity

**Threats**

- Drop in consumer confidence and rising unemployment rate
- Shift from boat ownership to rentals and shared ownership
- Elevated oil prices may dampen demand for motorboats.
- Persisting supply chain disruptions.

**Key financials**

Last model update: 25 July 2023

Market data date: 19 September 2023

FY to 31/12 (EUR)	08/16	08/17	08/18	08/19	12/20	12/21	12/22	12/23E	12/24E	12/25E
<b>Income Statement (EURm)</b>										
Sales	1,083.6	1,208.3	1,287.2	1,336.2	1,096.4	1,227.2	1,508.1	1,798.8	1,889.4	1,925.5
% Change	11.8%	11.5%	6.5%	3.8%	-17.9%	11.9%	22.9%	19.3%	5.0%	1.9%
EBITDA adjusted	106.3	149.6	152.9	156.3	99.9	159.9	214.6	287.1	295.4	304.3
EBITDA adj. margin (%)	9.8%	12.4%	11.9%	11.7%	9.1%	13.0%	14.2%	16.0%	15.6%	15.8%
EBIT adjusted	43.6	85.6	87.6	82.1	27.4	95.8	154.7	206.1	219.8	227.2
EBIT adj. margin (%)	4.0%	7.1%	6.8%	6.1%	2.5%	7.8%	10.3%	11.5%	11.6%	11.8%
Net financial items & associates	-2.2	0.3	5.2	-2.1	-2.8	1.4	-14.7	2.8	3.7	4.8
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax	-6.6	-19.9	-32.4	-27.6	6.3	-25.1	-39.6	-65.6	-70.2	-72.9
Net profit from continuing operations	25.2	60.1	60.4	48.2	-47.6	73.3	103.2	143.3	153.3	159.2
Net profit from discontinuing activities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	25.2	60.1	60.4	48.2	-47.6	73.3	103.2	143.3	153.3	159.2
Net profit reported	24.8	59.7	61.3	49.5	-46.8	73.4	103.1	143.1	153.1	159.0
Net profit adjusted	32.2	64.0	61.3	52.0	21.3	72.5	101.1	143.1	153.1	159.0
<b>Cash Flow Statement (EURm)</b>										
Levered post tax CF before capex	139.5	181.4	154.8	83.3	238.2	226.8	-24.2	197.7	236.8	228.0
Capex	-71.1	-75.9	-82.7	-79.8	-53.8	-54.5	-73.9	-89.9	-94.5	-96.3
Free cash flow	68.4	105.5	72.0	3.6	184.5	172.3	-98.0	107.7	142.3	131.7
Acquisitions & divestments	1.1	-0.8	-2.5	-21.7	-0.3	-47.6	3.0	0.0	0.0	0.0
Dividend paid	-4.9	-8.3	-20.4	-21.4	-18.9	0.0	-24.3	-33.7	-46.8	-50.1
Others	-2.5	-3.3	4.3	-6.1	5.9	8.6	-12.2	0.0	0.0	0.0
Change in net financial debt	-62.1	-93.1	-53.4	45.6	-171.2	-133.2	131.5	-74.0	-95.4	-81.6
<b>Balance Sheet (EURm)</b>										
Intangible assets	116.1	107.1	109.7	118.4	102.6	108.6	109.7	109.7	109.7	109.7
Tangible assets	302.2	312.6	330.2	346.5	295.2	306.2	317.5	326.5	345.4	364.6
Financial & other non-current assets	39.7	42.4	47.1	277.7	188.6	236.4	358.6	355.8	352.8	349.7
Total shareholders' equity	532.3	590.6	633.3	644.1	541.2	630.5	706.5	816.0	922.4	1,031.5
Pension provisions	29.4	25.6	26.0	33.7	34.5	25.0	23.9	23.9	23.9	23.9
Liabilities and provisions	351.0	415.9	448.3	720.1	707.5	745.7	995.1	1,030.5	1,058.6	1,069.8
Net debt	16.0	-84.0	-135.9	-63.3	-58.9	-197.3	-187.2	-261.2	-356.7	-438.3
Net financial debt	-13.5	-109.7	-161.9	-97.0	-102.1	-230.2	-200.6	-274.7	-370.1	-451.7
IFRS 16 debt	0.0	0.0	0.0	0.0	8.7	7.8	-10.5	-10.5	-10.5	-10.5
Net working capital	126.4	82.4	42.7	103.1	84.6	-16.8	61.3	90.7	85.8	97.0
Invested capital	544.8	502.3	483.0	568.2	482.7	398.4	490.2	528.5	542.5	573.0
<b>Per share data (EUR)</b>										
EPS adjusted	0.39	0.78	0.75	0.64	0.26	0.89	1.26	1.78	1.91	1.98
EPS adj and fully diluted	0.38	0.77	0.74	0.63	0.26	0.88	1.23	1.74	1.86	1.93
% Change	95.2%	99.9%	-4.2%	-14.6%	-59.1%	242.0%	39.6%	41.6%	7.0%	3.8%
EPS reported	0.30	0.73	0.75	0.60	-0.57	0.90	1.28	1.78	1.91	1.98
Cash flow per share	1.71	2.22	1.88	1.02	2.92	2.78	-0.30	2.46	2.95	2.84
Book value per share	6.51	7.21	7.68	7.88	6.67	7.73	8.80	10.16	11.48	12.84
Dividend per share	0.10	0.25	0.26	0.23	0.00	0.30	0.42	0.58	0.62	0.65
Number of shares, YE (m)	81.63	81.68	82.24	81.85	81.45	81.55	80.31	80.31	80.31	80.31
<b>Ratios</b>										
ROE (%)	6.1%	11.4%	10.0%	8.2%	3.6%	12.4%	15.1%	18.8%	17.6%	16.3%
ROIC (%)	5.1%	10.7%	11.7%	10.2%	3.7%	14.3%	22.8%	26.5%	26.9%	26.7%
ND(F+IFRS16) / EBITDA (x)	-0.1	-0.7	-1.1	-0.6	-0.9	-1.4	-1.0	-1.0	-1.3	-1.5
Gearing (%)	-2.5%	-18.6%	-25.6%	-15.1%	-18.9%	-36.5%	-28.4%	-33.7%	-40.1%	-43.8%
<b>Valuation</b>										
P/E adjusted	28.6	16.1	23.3	17.9	30.5	14.4	9.7	7.6	7.1	6.8
P/E adjusted and fully diluted	29.4	16.4	23.6	18.1	31.0	14.5	9.9	7.7	7.2	7.0
P/BV	1.7	1.7	2.3	1.4	1.2	1.7	1.4	1.3	1.2	1.0
P/CF	6.6	5.7	9.2	11.2	2.7	4.6	na	5.5	4.6	4.7
Dividend yield (%)	0.9%	2.0%	1.5%	2.0%	0.0%	2.3%	3.5%	4.3%	4.6%	4.8%
Dividend yield preference shares (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	7.4%	10.3%	5.0%	0.4%	28.4%	16.5%	-10.0%	10.0%	13.2%	12.2%
EV/Sales	0.9	0.8	1.0	0.6	0.6	0.6	0.5	0.4	0.4	0.3
EV/EBITDA adj.	8.9	6.4	8.1	5.4	6.2	4.7	3.4	2.8	2.5	2.2
EV/EBIT adj.	21.8	11.2	14.2	10.3	22.6	7.8	4.7	3.9	3.3	2.9

Italy | Utilities | MCap: EUR3.7bn

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Last model update: 31 July 2023

**Research framework**

**Investment case**

- ERG is a successful transformation story. It has almost completed its journey from an oil company into a pure renewable utility (3GW in 2022). The ongoing reinvestment process will speed up the wind/solar development: a pure renewable player deserves higher multiples.
- Management aims to achieve 4.6GW of installed capacity by 2026, with an increase of 1.6GW (for EUR2.5bn capex in 2023-2026, or c. EUR1.5m per MW on average) and >EUR650m from EUR502m in 2022 (wind and solar scope).
- The new plan assumes higher geographical diversification and that 85-90% of EBITDA is quasi-regulated, through participation in auctions to award CFDs or long-term power purchase agreements at fixed prices (PPAs).

**Catalysts**

- ERG has become a pure renewables player, while the shares are still trading at a discount versus peers.
- Repowering of wind plants in Italy.
- Greenfield projects and M&A in wind/solar plants in Europe.

**Valuation methodology**

- We use an SOP based on DCF models for each business, with a 5.5% WACC for solar (EUR2m/MW) and a 6.0% WACC for wind (EUR1.6m/MW).
- Current assets/pipeline account for c. 80% of the equity value, and 20% is value creation from the new projects in our LT model from 2027 until 2050 at a 6.0% WACC: 400MW of additional capacity a year for EUR0.3m/MW unitary capital gain.
- EV: c. 80% wind, c. 20% solar.

**Risks to our rating**

- Extension of “windfall profits” taxes to RES. This could slow the company's development and new investments in the group’s main European countries.
- Falling renewable returns due to cost inflation for new projects. Acquisitions of operating capacity at expensive multiples. Management’s remuneration is not directly linked to ROCE/IRR projects.
- Supply chains are under stress in many countries. There is a potential risk of delays in project execution or permitting processes.

**Description** ERG IM | ERG.MI | Free float: 37% | ADV (EURm): 14.4

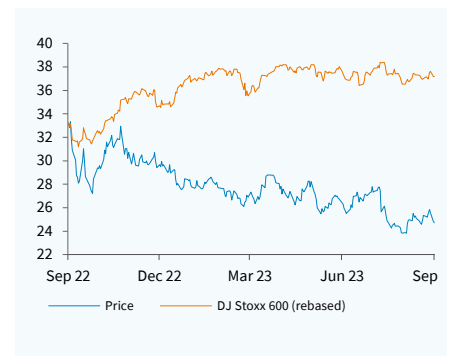
- ERG has almost completed its transformation from an oil company (the largest independent operator in oil downstream in Italy) into a renewable company (largest player in Italian wind generation thanks to its external growth and greenfield development in Italy). Management is focused on the ongoing reinvestment process, which could speed up wind/solar development compared with investors’ expectations. Management aims to achieve 4.6 GW of installed capacity by the end of 2026 (+1.6GW from 2022).

**Management** Edoardo Garrone, Chairman | Alessandro Garrone, Executive Vice Chairman | Paolo Merli, CEO

**Key shareholders** Free float: 37.00% | San Quirico (Garrone & Mondini families): 62.53% | Own shares: 0.52%

**12M performance**

**YTD: -14.6%**



**SWOT analysis**

**Strengths**

- Strong geographical diversification across Europe.
- Experienced management team, which has consistently delivered.
- Supportive governance system, with no historical issues.
- Focus on ESG target improvements.

**Opportunities**

- Low net debt: potential re-leveraging room (up to 4x net debt/EBITDA).
- Re-rating towards pure renewable players, after disposal of CCGT plant.
- Acceleration in repowering and re-blading in Italy.
- Next Generation EU funds to speed up and support additional projects.

**Weaknesses**

- Complexity of the authorisation process in Europe (mainly in Italy).
- Wind farms in Italy near the end of their incentives' lifespan.
- Incentives phase-out in the short term (next few years).

**Threats**

- Inflation cost and delays in execution due to supply chain disruption.
- Value destruction from acquisitions at expensive multiples.
- Interest rates increase. Higher financing costs.
- Extension of taxes on "windfall profits" to renewables players.

**Key financials**

Last model update: 31 July 2023

Market data date: 19 September 2023

FY to 31/12 (EUR)	12/16	12/17	12/18	12/19	12/20	12/21	12/22	12/23E	12/24E	12/25E
<b>Income Statement (EURm)</b>										
Sales	1,025.0	1,035.6	1,049.5	1,036.1	995.6	1,243.0	749.0	767.4	869.9	890.6
% Change	9.4%	1.0%	1.3%	-1.3%	-3.9%	24.8%	-39.7%	2.5%	13.4%	2.4%
EBITDA adjusted	456.0	472.0	496.5	510.0	481.0	581.1	540.2	518.5	611.8	619.3
EBITDA adj. margin (%)	44.5%	45.6%	47.3%	49.2%	48.3%	46.7%	72.1%	67.6%	70.3%	69.5%
EBIT adjusted	202.0	220.5	221.0	187.5	183.2	302.7	305.1	279.5	347.6	339.1
EBIT adj. margin (%)	19.7%	21.3%	21.1%	18.1%	18.4%	24.4%	40.7%	36.4%	40.0%	38.1%
Net financial items & associates	-46.2	-43.0	-70.0	-61.1	-46.9	-29.0	-25.0	-14.7	-26.1	-34.7
Others	0.0	0.0	0.0	0.0	0.0	0.0	274.0	0.0	0.0	0.0
Tax	-28.7	-36.0	-39.0	-38.9	-29.0	-72.0	-194.0	-58.3	-70.7	-67.0
Net profit from continuing operations	125.1	141.5	106.8	105.0	107.4	203.0	363.0	206.6	250.8	237.4
Net profit from discontinuing activities	0.0	0.0	0.0	0.0	0.0	0.0	20.0	0.0	0.0	0.0
Net profit before minorities	125.1	141.5	106.8	105.0	107.4	203.0	383.0	206.6	250.8	237.4
Net profit reported	122.7	141.5	106.7	103.8	105.7	201.5	379.0	203.7	247.8	234.5
Net profit adjusted	122.7	141.5	106.7	103.8	105.7	201.5	232.0	203.7	247.8	234.5
<b>Cash Flow Statement (EURm)</b>										
Levered post tax CF before capex	428.3	410.0	363.7	402.7	414.5	534.2	613.4	481.0	497.5	519.3
Capex	-369.7	-44.2	-147.0	-128.0	-159.5	-276.5	-307.0	-377.3	-411.7	-535.8
Free cash flow	58.6	365.8	216.7	274.7	255.0	257.7	306.4	103.7	85.8	-16.5
Acquisitions & divestments	0.0	31.0	-162.9	-304.0	-87.6	-390.0	627.0	-200.0	0.0	0.0
Dividend paid	-142.8	-74.4	-171.1	-111.6	-111.6	-111.7	-134.6	-149.5	-149.5	-149.5
Others	-26.1	0.0	0.0	2.4	-104.5	-267.5	-182.4	200.0	0.0	0.0
Change in net financial debt	110.3	-322.4	117.3	138.5	48.7	511.4	-616.4	45.8	63.7	166.1
<b>Balance Sheet (EURm)</b>										
Intangible assets	701.1	701.1	701.1	701.1	1,049.8	1,200.6	1,573.6	1,573.6	1,573.6	1,573.6
Tangible assets	2,531.0	2,292.7	2,327.8	2,525.1	2,360.1	2,177.0	2,431.3	2,769.5	2,917.1	3,172.7
Financial & other non-current assets	139.8	162.8	162.8	162.9	52.3	46.0	72.0	72.0	72.0	72.0
Total shareholders' equity	1,729.4	1,850.5	1,623.0	1,314.3	1,758.0	1,559.0	2,054.7	2,111.7	2,213.0	2,300.8
Pension provisions	4.9	5.0	5.1	5.2	5.3	5.4	4.0	4.2	4.4	4.6
Liabilities and provisions	2,535.8	2,191.1	2,477.1	2,981.0	2,896.0	4,534.9	3,325.0	3,547.0	3,614.6	3,786.6
Net debt	1,557.2	1,234.8	1,352.1	1,554.6	1,640.0	2,179.7	1,591.6	1,637.4	1,701.1	1,867.1
Net financial debt	1,557.2	1,234.8	1,352.1	1,490.6	1,539.3	2,050.7	1,434.3	1,480.1	1,543.8	1,709.8
IFRS 16 debt	0.0	0.0	0.0	64.0	100.7	129.0	157.3	157.3	157.3	157.3
Net working capital	246.6	260.6	278.5	196.0	135.8	844.2	17.5	-217.9	-200.5	-202.2
Invested capital	2,903.1	2,678.8	2,731.8	2,846.6	2,621.4	3,146.7	2,574.3	2,677.1	2,842.1	3,096.0
<b>Per share data (EUR)</b>										
EPS adjusted	0.82	0.94	0.71	0.69	0.70	1.34	1.54	1.35	1.65	1.56
EPS adj and fully diluted	0.82	0.94	0.71	0.69	0.70	1.34	1.54	1.35	1.65	1.56
% Change	27.4%	15.3%	-24.6%	-2.7%	1.8%	90.6%	15.1%	-12.2%	21.7%	-5.3%
EPS reported	0.82	0.94	0.71	0.69	0.70	1.34	2.52	1.35	1.65	1.56
Cash flow per share	2.85	2.73	2.42	2.68	2.76	3.55	4.08	3.20	3.31	3.45
Book value per share	11.50	12.31	10.80	8.73	11.63	10.31	13.61	13.97	14.62	15.19
Dividend per share	0.50	1.15	0.75	0.75	0.75	0.90	1.00	1.00	1.00	1.00
Number of shares, YE (m)	150.32	150.32	150.32	150.32	150.32	150.32	150.32	150.32	150.32	150.32
<b>Ratios</b>										
ROE (%)	7.3%	7.9%	6.1%	7.1%	6.9%	12.2%	12.9%	9.8%	11.5%	10.5%
ROIC (%)	5.7%	6.3%	6.0%	4.9%	5.3%	7.7%	7.0%	8.3%	9.8%	8.9%
ND(F+IFRS16) / EBITDA (x)	3.4	2.6	2.7	3.0	3.4	3.8	2.9	3.2	2.8	3.0
Gearing (%)	90.0%	66.7%	83.3%	113.4%	87.6%	131.5%	69.8%	70.1%	69.8%	74.3%
<b>Valuation</b>										
P/E adjusted	13.0	13.4	25.1	25.7	28.5	19.5	19.5	18.2	15.0	15.8
P/E adjusted and fully diluted	13.0	13.4	25.1	25.7	28.5	19.5	19.5	18.2	15.0	15.8
P/BV	0.9	1.0	1.7	2.0	1.7	2.5	2.2	1.8	1.7	1.6
P/CF	3.7	4.6	7.4	6.6	7.3	7.3	7.4	7.7	7.5	7.2
Dividend yield (%)	4.7%	9.1%	4.2%	4.2%	3.7%	3.4%	3.3%	4.0%	4.0%	4.0%
FCF yield (%)	3.5%	18.3%	7.7%	9.8%	8.0%	6.2%	6.4%	2.7%	2.2%	-0.4%
EV/Sales	2.9	2.9	3.7	3.9	4.5	4.8	7.9	6.7	6.0	6.0
EV/EBITDA adj.	6.6	6.3	7.8	7.8	9.4	10.2	10.9	9.9	8.5	8.7
EV/EBIT adj.	14.9	13.5	17.5	21.3	24.6	19.6	19.4	18.4	15.0	15.9

Spain | Textile & apparel | MCap: EUR109.7bn

**Inigo Egusquiza**  
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Last model update: 14 September 2023

**Research framework**

**Investment case**

- ITX trades at 20x 2024E earnings, at a discount to its 2001-21 historical P/E of 27x, after increasing our EPS by 6%. We see ITX as being better protected than others (textile retailers), thanks to its flexible business model, value-for-money proposition, and EUR10.5bn net cash pile.
- The shares offer appealing upside, even after the share price rebound, also due to the new business plan (higher capex and no bonus DPS announcement).
- Its flexible business model has adapted faster than expected to a new digital world, accelerated by the Covid pandemic (online represents 25% of group sales), in terms of cost structure and future profitability.

**Catalysts**

- Strong early trading update and solid outlook (gross margin stable).
- Top-line growth acceleration (driven by higher capex and online sales).
- DPS payment: 60% ordinary payout and a new bonus DPS.

**Valuation methodology**

- We calculate our TP using an equally weighted blend of a DCF with an 8.5% WACC and 2.5% g, and a 12M forward-looking P/E multiple of 23x, reaching EUR41.95.
- A 100bp WACC change moves the target price to EUR37 or EUR45.

**Risks to our rating**

- Global GDP recovery (consumer driven) at risk after Russia-Ukraine conflict.
- Further pressure from emerging online players.
- Inflationary environment taking its toll.

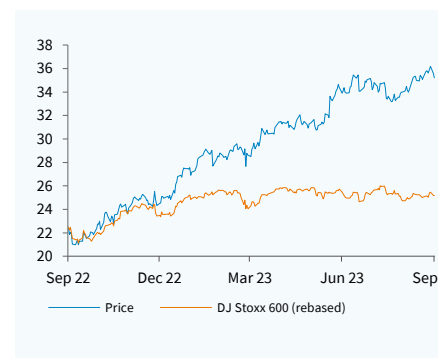
**Description** ITX SM | ITX.MC | Free float: 41% | ADV (EURm): 178.8

- Inditex is the largest fashion retailer in the world by sales, running the business through eight different formats (Zara, P&B, Massimo Dutti, Stradivarius, Bershka, Oysho, Zara Home, and Uterque) across 213 markets worldwide. Inditex's unique value-for-money profile and flexible business model allow it to outperform peers.

**Management** Marta Ortega, Chairwoman | Oscar Garcia Maceiras, CEO | Ignacio Fernandez, CFO

**Key shareholders** Free float: 40.60% | Amancio Ortega: 59.30% | Management: 0.10%

**12M performance** YTD: 41.7%



**SWOT analysis**

**Strengths**

- Flexible business model.
- Value for money proposition.
- Geographical diversification.
- Strong financial situation.

**Opportunities**

- Potential to grow worldwide.
- Online growth.
- Entry into new markets.
- New business lines under existing formats.

**Weaknesses**

- Low financial disclosure
- Sourcing under a strong US dollar.
- Higher production costs than peers
- Exposure to US.

**Threats**

- Macro uncertainties in key markets.
- Competitive pressures
- Currencies
- Corporate governance



**Key financials**

Last model update: 14 September 2023

Market data date: 19 September 2023

FY to 31/01 (EUR)	01/16	01/17	01/18	01/19	01/20	01/21	01/22	01/23	01/24E	01/25E
<b>Income Statement (EURm)</b>										
Sales	20,900	23,311	25,336	26,145	28,286	20,403	27,716	32,569	36,394	39,326
% Change	15.4%	11.5%	8.7%	3.2%	8.2%	-27.9%	35.8%	17.5%	11.7%	8.1%
EBITDA adjusted	4,699	5,083	5,277	5,457	7,598	4,552	7,183	8,649	9,752	10,616
EBITDA adj. margin (%)	22.5%	21.8%	20.8%	20.9%	26.9%	22.3%	25.9%	26.6%	26.8%	27.0%
EBIT adjusted	3,677	4,021	4,314	4,357	4,772	1,507	4,282	5,520	6,607	7,273
EBIT adj. margin (%)	17.6%	17.2%	17.0%	16.7%	16.9%	7.4%	15.4%	16.9%	18.2%	18.5%
Net financial items & associates	67	62	58	71	-91	-106	-78	-151	154	110
Others	-1	-4	-7	0	0	0	0	0	0	0
Tax	-861	-917	-979	-980	-1,034	-297	-949	-1,211	-1,487	-1,624
Net profit from continuing operations	2,882	3,161	3,386	3,448	3,647	1,104	3,255	4,157	5,274	5,758
Net profit from discontinuing activities	0	0	0	0	0	0	0	0	0	0
Net profit before minorities	2,882	3,161	3,386	3,448	3,647	1,104	3,255	4,157	5,274	5,758
Net profit reported	2,874	3,157	3,381	3,444	3,639	1,106	3,248	4,140	5,257	5,741
Net profit adjusted	2,874	3,157	3,381	3,444	3,639	1,106	3,248	4,140	5,257	5,741
<b>Cash Flow Statement (EURm)</b>										
Levered post tax CF before capex	4,522	4,605	4,028	4,389	5,341	1,315	5,100	5,050	6,980	7,609
Capex	-1,574	-1,460	-1,800	-1,649	-1,208	-729	-1,122	-1,441	-1,597	-1,565
Free cash flow	2,948	3,145	2,228	2,740	4,133	586	3,977	3,609	5,383	6,045
Acquisitions & divestments	-56	-936	565	0	0	0	0	0	0	0
Dividend paid	-1,614	-1,863	-2,111	-2,329	-2,732	-1,087	-2,173	-2,887	-3,726	-3,136
Others	14	444	-386	-93	-46	-2	32	-34	-13	0
Change in net financial debt	-1,291	-790	-296	-319	-1,355	502	-1,836	-688	-1,645	-2,909
<b>Balance Sheet (EURm)</b>										
Intangible assets	888	911	919	1,016	798	591	418	259	310	508
Tangible assets	6,619	7,305	7,664	8,359	14,239	12,914	13,068	12,194	11,860	11,552
Financial & other non-current assets	1,401	1,507	1,501	1,689	1,941	1,918	1,826	1,815	1,815	1,815
Total shareholders' equity	11,451	12,752	13,525	14,685	14,952	14,557	15,777	17,036	18,584	21,207
Pension provisions	61	61	61	61	61	61	61	61	61	61
Liabilities and provisions	5,845	6,808	6,645	6,938	13,378	11,804	13,122	12,886	13,667	14,235
Net debt	-5,240	-6,030	-6,326	-6,645	-1,188	-1,347	-3,495	-4,600	-6,245	-9,154
Net financial debt	-5,301	-6,091	-6,387	-6,706	-8,061	-7,559	-9,380	-10,083	-11,728	-14,636
IFRS 16 debt	0	0	0	0	6,812	6,151	5,824	5,422	5,422	5,422
Net working capital	-1,523	-1,643	-1,417	-1,475	-2,311	-1,350	-2,200	-975	-789	-965
Invested capital	5,984	6,573	7,166	7,900	12,726	12,156	11,287	11,478	11,381	11,095
<b>Per share data (EUR)</b>										
EPS adjusted	0.92	1.01	1.08	1.11	1.17	0.35	1.04	1.33	1.69	1.84
EPS adj and fully diluted	0.92	1.01	1.08	1.11	1.17	0.35	1.04	1.33	1.69	1.84
% Change	14.9%	9.8%	7.1%	1.8%	5.7%	-69.6%	193.7%	27.5%	27.0%	9.2%
EPS reported	0.92	1.01	1.08	1.11	1.17	0.35	1.04	1.33	1.69	1.84
Cash flow per share	1.45	1.48	1.29	1.41	1.71	0.42	1.64	1.62	2.24	2.44
Book value per share	3.66	4.08	4.33	4.70	4.78	4.66	5.05	5.46	5.95	6.78
Dividend per share	0.60	0.68	0.75	0.88	0.35	0.70	0.93	1.20	1.01	1.11
Number of shares, YE (m)	3,116.65	3,116.65	3,116.65	3,116.65	3,116.65	3,116.65	3,116.65	3,116.65	3,116.65	3,116.65
<b>Ratios</b>										
ROE (%)	26.3%	26.2%	25.8%	24.5%	24.6%	7.5%	21.5%	25.3%	29.6%	28.9%
ROIC (%)	43.5%	49.3%	48.4%	44.5%	35.6%	9.3%	28.1%	37.3%	44.5%	49.8%
ND(F+IFRS16) / EBITDA (x)	-1.1	-1.2	-1.2	-1.2	-0.2	-0.3	-0.5	-0.5	-0.6	-0.9
Gearing (%)	-46.3%	-47.8%	-47.2%	-45.7%	-53.9%	-51.9%	-59.5%	-59.2%	-63.1%	-69.0%
<b>Valuation</b>										
P/E adjusted	32.7	30.2	29.8	23.8	23.4	70.3	28.3	17.4	20.9	19.1
P/E adjusted and fully diluted	32.7	30.2	29.8	23.8	23.4	70.3	28.3	17.4	20.9	19.1
P/BV	8.2	7.5	7.5	5.6	5.7	5.4	5.8	4.2	5.9	5.2
P/CF	20.8	20.7	25.0	18.7	16.0	59.1	18.0	14.3	15.7	14.4
Dividend yield (%)	2.0%	2.2%	2.3%	3.3%	1.3%	2.8%	3.2%	5.2%	2.9%	3.2%
Dividend yield preference shares (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	3.2%	3.3%	2.2%	3.3%	4.8%	0.8%	4.3%	5.0%	4.9%	5.5%
EV/Sales	4.2	3.8	3.7	2.9	3.0	3.7	3.2	2.1	2.8	2.6
EV/EBITDA adj.	18.9	17.5	17.8	13.8	11.0	16.7	12.3	7.8	10.6	9.5
EV/EBIT adj.	24.1	22.2	21.8	17.2	17.6	50.5	20.6	12.2	15.6	13.8

Germany | Capital goods | MCap: EUR9.4bn

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Last model update: 13 July 2023

**Research framework**

**Investment case**

- Global market leadership and strong growth prospects. Rail (60% of revenues) is exposed to stable growth, truck markets offer long-term growth, structural growth from share gains, and rising content per vehicle.
- Strong culture of excellence in production, supply chain management, productivity and efficiency that enables best-in-class financial returns and high cost flexibility, underpinned by a huge installed base of braking systems that generate high-margin aftermarket revenues.
- Strong capital structure. Management has shown its ability to constantly refine the portfolio by exiting low-return/non-core businesses, and executing enhancing M&A.

**Catalysts**

- Growth of rail revenues to exceed end markets, while margins continue to expand.
- Cyclical Commercial Vehicles risk to be limited by excellence in flexibility and cost management.
- Enhancing M&A execution

**Valuation methodology**

- Our central valuation approach is DCF-based. We consider a range of growth, margin and WACC assumptions. Central case is 8.0% WACC, 3.0% growth and 13.5% EBIT margin. Fair value EUR75.
- We use target valuation multiples of 11x EV/EBITDA and 14x EV/EBIT, applied to 2024 discounted for a 12-month forward target.
- We see upside to EUR80 and downside to EUR60, hinged on LT growth and margin assumptions.

**Risks to our rating**

- Demand declines in China (20% RVS revenues), Rail OE investment in high-speed or regional trains, and increased aftermarket competition could all weigh on the growth and return prospects of the rail division.
- A cyclical slowdown in North American and European commercial vehicle markets, causing an adverse impact on revenue development. Furthermore, efforts to cut costs may not be as effective as expected.
- New management may fail to make value-accretive M&A.

**Description** KBX.GR | KBX.DE | Free float: 41% | ADV (EURm): 21.0

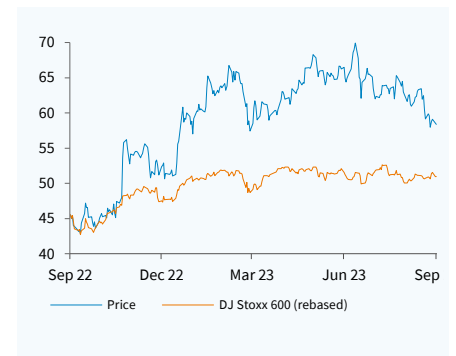
- Knorr-Bremse employs c.29,000 people at 100 locations. As a leading Tier 1 supplier to the Rail Vehicles and Commercial Vehicles industries, the group supplies safety critical braking systems. Revenues are balanced between the Rail and Commercial Vehicle divisions, which hold c.50% and 35% market shares respectively. Around 35% of group sales are from aftermarket sales. The group has a balanced geographical footprint with 50% of sales from Europe, 23% from the Americas and 27% from Asia Pacific.

**Management** Mr Frank Markus Weber, Board spokesperson/CFO | Dr Jurgen Wilder, Head of RVS | Bernd Spies, Head of CVS

**Key shareholders** Free float: 41.00% | Heinz-Hermann Thiele & family: 59.00% | Capital Group: 3.00%

**12M performance**

**YTD: 14.4%**



**SWOT analysis**

**Strengths**

- No.1 market position supplying safety critical rail and truck brakes.
- Largest IP portfolio and cutting edge technology in target markets
- Geographically diversified earnings streams and a strong balance sheet
- Profitable and reliable aftermarket earnings from huge installed base.

**Opportunities**

- Increase scope of supply in Rail value chain.
- Capitalise on shift to autonomous driving in trucks.
- Broaden aftermarket and service offer.
- Further expansion of international footprint

**Weaknesses**

- Limited software/electronics content as digitalisation evolves.
- Exposure to cyclical nature of commercial vehicle market
- Volatility of executive governance structure.
- Limited software capabilities for autonomous driving

**Threats**

- Emergence of Chinese competitors in Rail braking.
- Loss of negotiating power if electronics competence not maintained.
- Misallocation of capital as M&A strategy executed
- Rapid escalation of labour or material costs

**Key financials**

Last model update: 13 July 2023

Market data date: 19 September 2023

FY to 31/12 (EUR)	12/16	12/17	12/18	12/19	12/20	12/21	12/22	12/23E	12/24E	12/25E
<b>Income Statement (EURm)</b>										
Sales	5,471	6,154	6,616	6,937	6,157	6,706	7,150	7,748	7,930	8,285
% Change	-6.0%	12.5%	7.5%	4.8%	-11.2%	8.9%	6.6%	8.4%	2.3%	4.5%
EBITDA adjusted	1,052	1,116	1,179	1,329	1,107	1,207	1,046	1,192	1,266	1,389
EBITDA adj. margin (%)	19.2%	18.1%	17.8%	19.2%	18.0%	18.0%	14.6%	15.4%	16.0%	16.8%
EBIT adjusted	886	904	972	1,063	814	916	721	837	908	1,023
EBIT adj. margin (%)	16.2%	14.7%	14.7%	15.3%	13.2%	13.7%	10.1%	10.8%	11.5%	12.3%
Net financial items & associates	12	26	12	-54	46	76	69	57	57	57
Others	-57	-78	-109	-102	-110	-112	-101	-112	-112	-112
Tax	-274	-265	-246	-275	-218	-233	-183	-211	-230	-261
Net profit from continuing operations	567	587	629	632	532	647	506	571	623	707
Net profit from discontinuing activities	0	0	0	0	0	0	0	0	0	0
Net profit before minorities	567	587	629	632	532	647	506	571	623	707
Net profit reported	526	536	592	588	496	621	488	556	608	692
Net profit adjusted	526	536	592	588	496	621	488	556	608	692
<b>Cash Flow Statement (EURm)</b>										
Levered post tax CF before capex	769	680	725	986	1,036	975	542	1,135	1,170	1,201
Capex	-246	-230	-324	-318	-362	-261	-227	-453	-460	-479
Free cash flow	523	450	401	668	674	714	314	681	710	722
Acquisitions & divestments	-241	-77	-16	-240	-235	-164	-220	-4	-4	-4
Dividend paid	-429	-433	-898	-337	-339	-275	-339	-307	-343	-371
Others	23	-73	-41	-309	376	-819	-569	-237	-105	-105
Change in net financial debt	125	133	555	218	-477	543	814	-133	-258	-241
<b>Balance Sheet (EURm)</b>										
Intangible assets	484	540	643	842	888	1,006	1,340	1,340	1,340	1,340
Tangible assets	1,099	1,116	1,167	1,469	1,545	1,790	1,814	1,928	2,047	2,176
Financial & other non-current assets	231	213	282	312	360	481	455	455	455	455
Total shareholders' equity	1,966	1,996	1,607	1,902	1,922	2,426	2,691	2,685	3,007	3,380
Pension provisions	345	332	315	360	371	312	232	232	232	232
Liabilities and provisions	3,124	3,399	4,340	4,585	5,098	4,462	5,088	5,171	5,206	5,275
Net debt	-969	-836	-281	-58	-103	-109	727	594	337	96
Net financial debt	-969	-836	-281	-63	-540	4	817	684	427	186
IFRS 16 debt	0	0	0	0	0	0	0	0	0	0
Net working capital	-83	-8	44	41	-554	10	629	377	322	325
Invested capital	1,991	2,131	2,467	2,800	1,929	3,473	4,361	4,252	4,325	4,475
<b>Per share data (EUR)</b>										
EPS adjusted	3.27	3.32	3.67	3.65	3.07	3.85	3.03	3.45	3.77	4.29
EPS adj and fully diluted	na	na	3.67	3.65	3.07	3.85	3.03	3.45	3.77	4.29
% Change	na	na	na	-0.6%	-15.8%	25.4%	-21.5%	13.9%	9.4%	13.8%
EPS reported	3.27	3.32	3.67	3.65	3.07	3.85	3.03	3.45	3.77	4.29
Cash flow per share	4.77	4.22	4.50	6.12	6.43	6.05	3.36	7.04	7.26	7.45
Book value per share	11.25	11.46	9.32	11.07	11.36	14.44	15.89	15.86	17.85	20.17
Dividend per share	2.26	2.26	1.69	1.75	1.75	1.73	1.52	1.72	1.89	2.15
Number of shares, YE (m)	161.20	161.20	161.20	161.20	161.20	161.20	161.20	161.20	161.20	161.20
<b>Ratios</b>										
ROE (%)	30.1%	29.3%	35.3%	35.8%	27.4%	29.9%	19.9%	21.7%	22.4%	22.6%
ROIC (%)	32.0%	30.2%	30.4%	28.1%	24.4%	24.9%	13.5%	14.2%	15.5%	17.0%
ND(F+IFRS16) / EBITDA (x)	-0.9	-0.7	-0.2	0.0	-0.5	0.0	0.8	0.6	0.3	0.1
Gearing (%)	-49.3%	-41.9%	-17.5%	-3.3%	-28.1%	0.2%	30.4%	25.5%	14.2%	5.5%
<b>Valuation</b>										
P/E adjusted	na	na	22.2	24.6	31.3	26.0	20.6	16.9	15.5	13.6
P/E adjusted and fully diluted	na	na	22.2	24.6	31.3	26.0	20.6	16.9	15.5	13.6
P/BV	na	na	8.7	8.1	8.5	6.9	3.9	3.7	3.3	2.9
P/CF	na	na	18.1	14.7	15.0	16.6	18.5	8.3	8.0	7.8
Dividend yield (%)	na	na	2.1%	1.9%	1.8%	1.7%	2.4%	3.0%	3.2%	3.7%
FCF yield (%)	na	na	3.1%	4.6%	4.3%	4.4%	3.1%	7.2%	7.5%	7.7%
EV/Sales	na	na	2.1	2.3	2.7	2.7	1.8	1.5	1.5	1.4
EV/EBITDA adj.	na	na	12.0	12.1	15.1	14.9	12.1	10.0	9.2	8.2
EV/EBIT adj.	na	na	14.5	15.2	20.5	19.6	17.5	14.2	12.8	11.1

Sweden | Aerospace & defence | MCap: SEK81.1bn

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Last model update: 25 August 2023

**Research framework**

**Investment case**

- Sweden's decision to join NATO is set to increase domestic defense budgets from less than 1.4% to 2%+ of GDP. As Sweden's defence prime (42% of group's sales), Saab will be on the receiving end of this reinvestment wave.
- Also, the group's two most international, fastest-growing and highest-margin divisions (Dynamics and Surveillance) are recording strong global demand for their advanced weapons and defence electronics systems, pointing to a 10%+ organic sales growth CAGR (including 15%+ this year) over 2022-27E at an incremental margin.
- With net cash on its balance sheet and the ROIC of its portfolio continually enhanced, Saab is looking to further extend its international presence through M&A.

**Catalysts**

- Order intake momentum.
- Double-digit sales growth at incremental margin producing earnings upgrades.
- Deployment of FCF and cash balances into M&A could further enhance future earnings.

**Valuation methodology**

- EV/Backlog, the most reliable valuation metrics, stands at a premium to the 10y 40% average, thereby anticipating strong order flow growth.
- The use of DCF and PE ratio have proven less useful, given the group's poor FCF history. Yet both methodologies (using a cost of equity of 8.5%) can explain the current share price on an absolute and relative basis.
- Releveraging via M&A comes as a free option.

**Risks to our rating**

- The share price discounts already high expectations, even if short-term momentum continues to surprise on the upside.
- Future order flows depend on defence budgets that need to be funded and rely on political will and priorities than can be fickle.
- The group is investing for growth. FCF could continue to be volatile and below the unlevered pre tax FCF/EBIT conversion of 70% as a result.

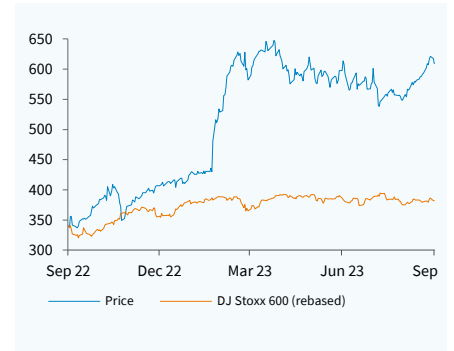
**Description** SAABB.SS | SAABb.ST | Free float: 57% | ADV (SEKm): 294.3

- Saab is active in the aerospace and defence sector in around 100 countries. As Sweden's defence prime, the company operates in all of the main areas of Defence and offers a wide variety of products including portable weapon systems, defence electronic and surveillance solutions as well as combat jets (e.g. JAS 39 Gripen fighter jet) and naval equipment (e.g. submarines).

**Management** Micael Johansson, President and CEO | Christian Luiga, CFO | Marcus Wallenberg, Chairman of the Board

**Key shareholders** Free float: 57.00% | Investor AB: 30.00% | Wallenberg Foundations: 8.70% | Swedbank Robur Funds: 5.10%

**12M performance** YTD: 48.2%



**SWOT analysis**

**Strengths**

- World-class product portfolio.
- Cost-efficient products.
- Significant share of Sweden's defence procurements.
- Growing international franchise.

**Opportunities**

- Significant global order potential both at home and overseas.
- Global product expansion of portfolio boosted by NATO entry.
- Sales growth and efficiency initiatives to boost margins.
- FCF growth to further accelerate through M&A.

**Weaknesses**

- Weak/volatile cash-flow conversion.
- Margin improvements have not been linear despite solid volume growth.
- Complex organisation with numerous underperforming businesses.
- Global scale disadvantages?.

**Threats**

- NATO allies' competition.
- Political second thoughts may delay defence spending plans.
- Supply chain issues can hamper growth.
- Low historical ROIC must be addressed to secure self-financing.

Key financials

Last model update: 25 August 2023

Market data date: 19 September 2023

FY to 31/12 (SEK)	12/16	12/17	12/18	12/19	12/20	12/21	12/22	12/23E	12/24E	12/25E
<b>Income Statement (SEKm)</b>										
Sales	28,631	31,666	33,156	35,433	35,431	39,154	42,006	49,567	56,182	63,112
% Change	5.3%	10.6%	4.7%	6.9%	0.0%	10.5%	7.3%	18.0%	13.3%	12.3%
EBITDA adjusted	2,743	3,089	3,480	4,305	4,256	4,305	5,401	6,265	7,227	8,137
EBITDA adj. margin (%)	9.6%	9.8%	10.5%	12.1%	12.0%	11.0%	12.9%	12.6%	12.9%	12.9%
EBIT adjusted	1,797	2,250	2,564	2,937	2,738	2,888	3,274	4,178	4,863	5,777
EBIT adj. margin (%)	6.3%	7.1%	7.7%	8.3%	7.7%	7.4%	7.8%	8.4%	8.7%	9.2%
Net financial items & associates	-186	-151	-470	-330	-203	-311	-455	-157	70	123
Others	0	0	0	0	0	0	0	0	0	0
Tax	-436	-591	-430	-582	-20	-552	-536	-865	-1,085	-1,298
Net profit from continuing operations	1,175	1,508	1,366	2,025	1,092	1,504	2,283	3,156	3,847	4,602
Net profit from discontinuing activities	0	0	0	0	0	0	0	0	0	0
Net profit before minorities	1,175	1,508	1,366	2,025	1,092	1,504	2,283	3,156	3,847	4,602
Net profit reported	1,133	1,477	1,313	1,983	1,073	1,405	2,195	3,056	3,725	4,455
Net profit adjusted	1,133	1,477	1,540	1,983	2,496	1,405	2,195	3,056	3,725	4,455
<b>Cash Flow Statement (SEKm)</b>										
Levered post tax CF before capex	4,118	3,580	-441	605	5,487	4,544	4,130	5,418	6,188	6,937
Capex	-1,689	-2,157	-2,819	-2,801	-2,891	-2,953	-2,310	-2,710	-3,110	-3,310
Free cash flow	2,429	1,423	-3,260	-2,196	2,596	1,591	1,820	2,708	3,078	3,627
Acquisitions & divestments	-1,614	-8	-4,469	3,115	-1,111	-2,183	-128	0	0	0
Dividend paid	-520	-563	-626	-625	-97	-649	-709	-762	-1,035	-1,249
Others	1,613	-536	10,201	-2,838	1,884	2,991	12	0	0	0
Change in net financial debt	-1,908	-316	-1,846	2,544	-3,272	-1,750	-995	-1,945	-2,042	-2,379
<b>Balance Sheet (SEKm)</b>										
Intangible assets	7,094	7,862	9,057	10,465	11,520	12,162	12,248	12,984	13,720	14,456
Tangible assets	4,811	5,271	6,129	6,223	6,608	7,147	7,965	7,852	7,862	8,076
Financial & other non-current assets	2,034	1,991	1,958	4,633	4,266	4,198	4,649	5,118	5,587	6,056
Total shareholders' equity	13,301	14,377	19,633	20,809	21,644	23,249	29,876	32,270	35,082	38,435
Pension provisions	3,069	3,424	5,113	6,014	6,445	5,918	1,304	1,304	1,304	1,304
Liabilities and provisions	24,841	26,876	31,382	33,035	32,479	35,872	41,185	42,183	42,983	43,783
Net debt	3,041	3,080	2,923	8,506	5,622	3,311	-2,119	-4,064	-6,106	-8,485
Net financial debt	-28	-344	-2,190	354	-2,918	-4,668	-5,663	-7,608	-9,650	-12,029
IFRS 16 debt	0	0	0	2,138	2,095	2,061	2,240	2,240	2,240	2,240
Net working capital	3,446	3,841	6,699	9,558	7,225	5,800	6,691	5,991	5,491	4,991
Invested capital	13,302	14,289	18,138	21,136	18,974	18,200	20,040	19,227	18,737	18,451
<b>Per share data (SEK)</b>										
EPS adjusted	10.65	13.75	13.14	14.81	18.64	10.54	16.41	22.93	27.94	33.42
EPS adj and fully diluted	10.65	13.75	13.14	14.81	18.64	10.54	16.41	22.93	27.94	33.42
% Change	-10.6%	29.2%	-4.4%	12.7%	25.9%	-43.5%	55.7%	39.7%	21.9%	19.6%
EPS reported	10.65	13.75	11.21	14.81	8.01	10.54	16.41	22.93	27.94	33.42
Cash flow per share	38.70	33.33	-3.76	4.52	40.99	34.09	30.88	40.64	46.42	52.05
Book value per share	123.64	132.11	165.71	153.33	160.34	172.37	220.50	238.89	259.53	284.05
Dividend per share	5.25	5.50	4.50	0.00	4.70	3.16	5.30	7.36	8.98	10.73
Number of shares, YE (m)	106.41	107.40	117.14	133.93	133.88	133.29	133.72	133.29	133.29	133.29
<b>Ratios</b>										
ROE (%)	8.7%	10.8%	9.2%	9.9%	11.9%	6.3%	8.4%	10.0%	11.2%	12.3%
ROIC (%)	9.6%	12.4%	12.0%	11.4%	10.4%	11.8%	13.0%	16.2%	19.5%	23.6%
ND(F+IFRS16) / EBITDA (x)	0.0	-0.1	-0.6	0.6	-0.2	-0.6	-0.6	-0.9	-1.0	-1.2
Gearing (%)	-0.2%	-2.4%	-11.2%	1.7%	-13.5%	-20.1%	-19.0%	-23.6%	-27.5%	-31.3%
<b>Valuation</b>										
P/E adjusted	24.9	26.5	27.0	20.3	13.5	22.9	21.8	26.5	21.8	18.2
P/E adjusted and fully diluted	24.9	26.5	27.0	20.3	13.5	22.9	21.8	26.5	21.8	18.2
P/BV	2.1	2.8	2.1	2.0	1.6	1.4	1.6	2.5	2.3	2.1
P/CF	6.9	10.9	na	66.6	6.1	7.1	11.6	15.0	13.1	11.7
Dividend yield (%)	2.0%	1.5%	1.3%	0.0%	1.9%	1.3%	1.5%	1.2%	1.5%	1.8%
FCF yield (%)	8.6%	3.6%	-7.9%	-5.5%	7.4%	4.9%	3.7%	3.3%	3.7%	4.4%
EV/Sales	1.2	1.4	1.5	1.5	1.3	1.0	1.1	1.6	1.4	1.2
EV/EBITDA adj.	12.3	14.5	13.9	12.4	10.4	9.4	8.7	12.5	10.5	9.1
EV/EBIT adj.	18.8	19.9	18.9	18.2	16.2	14.0	14.3	18.7	15.7	12.8

Switzerland | Capital goods | MCap: CHF3.9bn

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Last model update: 20 July 2023

**Research framework**

**Investment case**

- SFS is not just a maker and distributor of fasteners. It is an engineering-driven and customer-needs-led company that wins clients by helping them to critically improve their end-product designs and costs. Such skills help SFS to grow by winning share of customer wallet and avoiding commoditisation.
- The acquisition of Hoffmann is a strategic M&A deal for SFS, and it adds to its track record of growing its platform through far-sighted acquisitions. The deal is financially attractive: it is set to be EPS accretive by FY 2022.
- As a net exporter out of Switzerland, SFS needs to watch EUR/CHF swings, even after major efforts to improve natural hedges in recent years. The euro is currently weak.

**Catalysts**

- Investors should assess the performance of the main customers (automotive and tech sectors).
- Integration of Hoffmann creates new growth platform.
- Any Swiss franc strength is a near-term obstacle.

**Valuation methodology**

- We primarily base our TP on a DCF-based fair value.
- We complement our assessment by running a peer group valuation and looking at historical multiples.
- Although SFS's business is based on three revenue streams and operating models, we have refrained from calculating an SOP. SFS's share price is determined by the performance of its biggest business unit by far: Engineered Components.

**Risks to our rating**

- Natural hedges have been refined in recent years, but the strong Swiss franc vs. euro is still a challenge.
- In the short term, SFS is significantly exposed to macroeconomic cycles and the shares trade in line with Industrial PMIs. We note that there is a cyclical softening ahead.
- Although Hoffmann as a distribution business is more asset-light, SFS remains a capital-intensive grower. Though they significantly increase the group's USP, investment cycles can weigh on cashflows.

**Description** SFSN SW | SFSN.S | Free float: 43% | ADV (CHFm): 3.8

- SFS is a global leader when it comes to mission-critical precision engineered components and mechanical fastening systems, which are tailored to its customers' specific needs. Differentiation factors versus low-tech peers include long-standing relationships with blue-chip customers, a global network, short time-to-volume, substantial economies of scale, and finally SFS's excellent value selling capabilities. The Hoffmann acquisition significantly enhances the small Distribution & Logistics unit.

**Management** Jens Breu, CEO | Volker Dostmann, CFO | Thomas Oetterli, Chairman

**Key shareholders** Free float: 42.90% | Huber & Stadler/Tschan families : 53.00% | Former Hoffmann shareholders: 4.10%

**12M performance**

**YTD: 15.0%**



**SWOT analysis**

**Strengths**

- Technology leader for mission-critical, customer-specific products
- Large multinational clients rely on SFS global manufacturing network
- Long-standing customer relationships due to value selling
- Rock-solid balance sheet, high FCF generation capability.

**Opportunities**

- Reduce European exposure
- New product launches enhancing growth
- New key account gains and applications. e.g. Medtech
- Regulation-driven growth (efficiency, safety)

**Weaknesses**

- Cyclical nature of end markets (automotive, construction, electronics).
- Large Swiss production base exposes SFS to forex moves.
- Relatively high capital intensity.
- Engineered Components has cluster risks (largest client c. 20% sales).

**Threats**

- Risk of substitution via alternative techniques, e.g. HDD with SDD
- Electronics with short product life cycles: perhaps opportunity also.
- Once tailor-made products become commodities over time
- Loss of innovative power

Key financials

Last model update: 20 July 2023

Market data date: 19 September 2023

FY to 31/12 (CHF)	12/16	12/17	12/18	12/19	12/20	12/21	12/22	12/23E	12/24E	12/25E
<b>Income Statement (CHFm)</b>										
Sales	1,436.7	1,634.8	1,736.9	1,782.1	1,707.1	1,897.3	2,738.7	3,174.2	3,221.8	3,334.6
% Change	4.7%	13.8%	6.2%	2.6%	-4.2%	11.1%	44.3%	15.9%	1.5%	3.5%
EBITDA adjusted	306.2	323.5	332.8	334.5	325.5	404.0	471.0	509.2	520.7	546.7
EBITDA adj. margin (%)	21.3%	19.8%	19.2%	18.8%	19.1%	21.3%	17.2%	16.0%	16.2%	16.4%
EBIT adjusted	209.5	230.5	243.1	239.1	225.3	298.6	353.2	379.7	389.3	410.7
EBIT adj. margin (%)	14.6%	14.1%	14.0%	13.4%	13.2%	15.7%	12.9%	12.0%	12.1%	12.3%
Net financial items & associates	-3.5	1.1	-8.0	-6.6	-7.1	0.0	7.5	-17.5	-13.1	-8.9
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax	-31.5	-39.7	-41.2	-23.2	-35.5	-53.7	-67.2	-90.6	-90.3	-92.4
Net profit from continuing operations	124.8	159.1	193.9	206.5	184.8	248.0	270.6	271.7	285.9	309.4
Net profit from discontinuing activities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	124.8	159.1	193.9	206.5	184.8	248.0	270.6	271.7	285.9	309.4
Net profit reported	124.6	159.1	192.8	205.3	183.9	243.8	266.7	264.7	278.9	302.4
Net profit adjusted	174.3	191.9	192.8	208.1	181.8	240.7	289.6	264.7	278.9	302.4
<b>Cash Flow Statement (CHFm)</b>										
Levered post tax CF before capex	242.7	226.6	263.5	277.6	296.4	324.5	287.9	328.5	397.5	425.1
Capex	-84.6	-137.0	-149.1	-116.7	-104.1	-121.4	-171.0	-199.8	-202.8	-216.6
Free cash flow	158.1	89.6	114.4	160.9	192.3	203.1	116.9	128.6	194.7	208.4
Acquisitions & divestments	-227.2	1.8	-5.3	-73.7	-52.9	8.0	-517.7	1.6	1.6	1.7
Dividend paid	-56.9	-65.6	-71.2	-75.0	-67.5	-67.5	-82.0	-97.3	-97.2	-97.2
Others	-1.0	8.4	-13.5	-2.6	3.6	-8.6	-274.1	-12.8	71.7	0.7
Change in net financial debt	127.0	-34.2	-24.4	-9.6	-75.5	-135.0	756.9	-20.2	-170.8	-113.6
<b>Balance Sheet (CHFm)</b>										
Intangible assets	50.0	13.0	14.8	13.6	16.7	28.4	57.7	73.0	74.1	89.2
Tangible assets	592.1	638.2	706.5	710.0	701.6	702.0	1,001.5	1,054.9	1,059.9	1,117.8
Financial & other non-current assets	70.7	73.1	62.4	82.0	75.5	79.9	120.5	120.5	124.3	120.5
Total shareholders' equity	987.8	1,087.0	1,204.6	1,237.2	1,278.2	1,450.4	1,303.6	1,475.2	1,510.1	1,694.3
Pension provisions	7.6	4.7	5.8	6.0	10.1	9.7	13.4	13.4	13.8	13.4
Liabilities and provisions	474.3	427.3	408.9	395.4	395.8	379.0	1,257.2	1,177.9	1,146.5	1,134.8
Net debt	7.1	-30.0	-53.3	-62.7	-133.1	-267.5	493.1	472.9	302.6	188.6
Net financial debt	-0.5	-34.7	-59.1	-68.7	-144.2	-279.2	477.7	457.5	286.8	173.2
IFRS 16 debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net working capital	366.0	411.7	444.2	440.5	424.1	445.8	701.6	784.3	634.3	640.1
Invested capital	1,008.1	1,062.9	1,165.5	1,164.1	1,142.4	1,176.2	1,760.8	1,912.2	1,768.3	1,847.0
<b>Per share data (CHF)</b>										
EPS adjusted	4.65	5.12	5.14	5.55	4.85	6.42	7.55	6.81	7.17	7.77
EPS adj and fully diluted	4.65	5.12	5.14	5.55	4.85	6.42	7.55	6.81	7.17	7.77
% Change	13.4%	10.0%	0.5%	7.9%	-12.6%	32.5%	17.5%	-9.8%	5.4%	8.4%
EPS reported	3.32	4.24	5.14	5.47	4.90	6.50	6.95	6.81	7.17	7.77
Cash flow per share	6.47	6.04	7.03	7.40	7.90	8.66	7.50	8.45	10.22	10.93
Book value per share	26.07	28.85	31.52	32.55	33.63	38.20	33.49	37.34	38.05	42.61
Dividend per share	1.75	1.90	2.00	1.80	1.80	2.20	2.50	2.50	2.50	3.10
Number of shares, YE (m)	37.50	37.50	37.50	37.50	37.50	37.46	38.37	38.89	38.89	38.89
<b>Ratios</b>										
ROE (%)	12.6%	18.6%	17.0%	17.3%	14.6%	17.9%	21.3%	19.3%	19.0%	19.3%
ROIC (%)	11.5%	17.8%	18.0%	18.5%	16.4%	21.2%	19.3%	15.5%	16.1%	17.5%
ND(F+IFRS16) / EBITDA (x)	0.0	-0.1	-0.2	-0.2	-0.4	-0.7	1.0	0.9	0.6	0.3
Gearing (%)	-0.1%	-3.2%	-4.9%	-5.6%	-11.3%	-19.2%	36.6%	31.0%	19.0%	10.2%
<b>Valuation</b>										
P/E adjusted	15.5	20.6	21.2	15.0	18.2	19.3	14.2	14.8	14.0	12.9
P/E adjusted and fully diluted	15.5	20.6	21.2	15.0	18.2	19.3	14.2	14.8	14.0	12.9
P/BV	2.8	3.7	3.4	2.6	2.6	3.2	3.2	2.7	2.6	2.4
P/CF	11.1	17.5	15.5	11.3	11.1	14.3	14.3	11.9	9.8	9.2
Dividend yield (%)	2.4%	1.8%	1.8%	2.2%	2.0%	1.8%	2.3%	2.5%	2.5%	3.1%
FCF yield (%)	5.8%	2.3%	2.8%	5.1%	5.8%	4.3%	2.8%	3.2%	4.9%	5.2%
EV/Sales	1.9	2.4	2.3	1.7	1.9	2.3	1.7	1.4	1.3	1.3
EV/EBITDA adj.	8.9	12.2	12.1	9.2	9.8	10.9	9.9	8.8	8.2	7.6
EV/EBIT adj.	12.9	17.1	16.6	12.9	14.1	14.8	13.2	11.7	11.0	10.2

Sweden | Capital goods | MCap: SEK14.5bn

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Last model update: 01 September 2023

**Research framework**

**Investment case**

- Its recent divestment of the margin-heavy air conditioning business will give it a healthier net gearing, from 55% in 2021/22 to 47% in 2023/24E. This, combined with a net debt/EBITDA of 1.6x in 2022/23E (historical avg. of 2.1x over 2011-21), will allow it to pursue M&A when opportunities arise.
- Systemair's legacy acquisitions have weighed on profitability until recently. Now profitability is set to increase to desired levels, due in part to the recent divestment of the air conditioning business.
- Systemair is an ESG story and a play on energy-efficiency. The HVAC business is expected to grow by 4-5% over 2021-26.

**Catalysts**

- Potential new M&A announcements with clear cost and profit synergies.
- Upside risk to consensus margin estimates.
- New ventilation regulation for buildings (mainly in Systemair's key market Europe).

**Valuation methodology**

- Our TP is based on the average of our DCF valuation, using a 7.6% WACC, a peer valuation, and a target 2023/24E EV/EBIT of 15.0x. At our TP, Systemair would still trade at a c. 15% discount to the historical EV/EBIT average of c. 17.0x.

**Risks to our rating**

- Risk that the profitability does to develop as intended and that the financial target regarding EBIT margin is not reached.
- Risk that the new construction, HVAC, or renovation markets do not develop as expected.
- A risk is how the market will choose to value ESG-driven companies going forward. There has been tendencies on the market that they are valued as growth more so than value stocks. Higher interest rates for longer could push down valuations.

**Description** SYSR SS | SYSR.ST | Free float: 47% | ADV (SEKm): 6.4

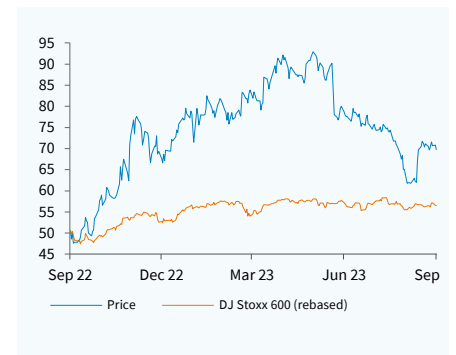
- Systemair is a leading ventilation company with a 50-year history. The company sells a wide range of ventilation products with c. 76% sales exposure to Europe. Currently c. 6,400 people are employed by Systemair. It currently has 29 factories in 21 countries and exports to 135 different countries. The stock has been traded on the Nasdaq OMX Nordic Stock Exchange market since October 2007.

**Management** Roland Kasper, CEO & President | Anders Ulff, CFO

**Key shareholders** Free float: 46.50% | Färna Invest AB: 42.80% | ebm-papst AB: 10.70%

**12M performance**

YTD: -2.8%



**SWOT analysis**

**Strengths**

- Strong and wide-ranging product line, aligned with ESG growth.
- Offering includes package solutions, not just single-product sales.
- M&A growth of average c. 5% annually for a decade.

**Opportunities**

- ESG-driven growth due to more building ventilation regulation.
- M&A-driven growth.
- Improved profitability profile through internal restructuring efforts.
- Growth in new and existing markets.

**Weaknesses**

- Has not fully realised acquisition synergies.
- Historically weak integration of acquisitions.
- Highly dependent on the broader construction cycle.

**Threats**

- Muted growth in underlying markets.
- Heavy dependency on European construction and renovation markets.
- Potential pricing pressure from low-cost competitors.
- Changed view on company valuation.



**Key financials**

Last model update: 01 September 2023

Market data date: 19 September 2023

FY to 30/04 (SEK)	04/16	04/17	04/18	04/19	04/20	04/21	04/22	04/23	04/24E	04/25E
<b>Income Statement (SEKm)</b>										
Sales	6,112.6	6,863.7	7,301.3	8,326.4	8,915.0	8,519.1	9,634.7	12,058.1	12,704.9	13,931.3
% Change	3.9%	12.3%	6.4%	14.0%	7.1%	-4.4%	13.1%	25.2%	5.4%	9.7%
EBITDA adjusted	522.3	670.5	624.1	761.3	1,014.3	1,064.0	1,132.6	1,969.7	1,952.4	2,171.1
EBITDA adj. margin (%)	8.5%	9.8%	8.5%	9.1%	11.4%	12.5%	11.8%	16.3%	15.4%	15.6%
EBIT adjusted	344.1	483.8	419.5	528.0	656.5	700.0	769.8	1,123.0	1,287.7	1,449.2
EBIT adj. margin (%)	5.6%	7.0%	5.7%	6.3%	7.4%	8.2%	8.0%	9.3%	10.1%	10.4%
Net financial items & associates	-36.8	-28.8	-16.4	-70.1	-82.0	-112.7	-28.1	-106.5	-22.4	-29.2
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax	-100.1	-116.0	-103.1	-136.8	-158.4	-153.4	143.3	250.2	-360.6	-405.8
Net profit from continuing operations	207.2	294.2	230.3	321.1	385.3	410.6	885.0	1,545.1	927.1	1,043.4
Net profit from discontinuing activities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	207.2	294.2	230.3	321.1	385.3	410.6	885.0	1,545.1	927.1	1,043.4
Net profit reported	207.2	294.2	230.3	321.1	385.3	410.6	885.0	1,545.1	927.1	1,043.4
Net profit adjusted	207.2	326.3	278.5	321.1	407.1	438.4	885.0	1,545.1	927.1	1,043.4
<b>Cash Flow Statement (SEKm)</b>										
Levered post tax CF before capex	224.1	499.1	261.0	404.9	799.9	910.5	525.4	1,023.6	1,269.4	1,210.5
Capex	-174.7	-196.5	-402.5	-241.5	-148.0	-198.3	-197.6	-397.8	-449.6	-484.9
Free cash flow	49.4	302.6	-141.5	163.4	651.9	712.2	327.8	625.8	819.8	725.6
Acquisitions & divestments	-37.4	-84.8	-79.4	-273.9	-87.0	-250.0	-173.2	500.0	0.0	0.0
Dividend paid	-104.0	-104.0	-104.0	-104.0	-104.0	0.0	-157.8	-309.8	-213.2	-324.5
Others	-38.9	-98.6	-122.6	-19.9	-361.0	-34.6	-571.7	-275.5	-612.5	-401.1
Change in net financial debt	130.9	-15.2	447.5	234.4	-99.9	-427.6	574.9	-540.5	5.9	0.0
<b>Balance Sheet (SEKm)</b>										
Intangible assets	811.1	884.7	976.0	1,111.9	1,074.7	973.1	1,105.0	1,279.9	987.0	671.1
Tangible assets	1,273.6	1,413.4	1,722.2	1,769.4	1,988.1	2,118.1	2,325.6	2,526.0	2,626.2	2,734.3
Financial & other non-current assets	180.5	200.6	240.4	267.6	247.8	210.7	193.6	179.9	179.9	179.9
Total shareholders' equity	2,108.2	2,381.3	2,620.3	2,839.2	3,084.7	3,330.1	3,853.4	5,272.5	5,986.4	6,705.3
Pension provisions	58.5	61.9	61.9	61.9	61.9	61.9	78.7	0.0	0.0	0.0
Liabilities and provisions	2,656.0	2,918.0	3,512.8	3,909.7	3,953.3	3,563.5	4,540.2	4,360.6	4,360.6	4,360.6
Net debt	1,387.3	1,375.5	1,823.0	2,057.4	1,957.5	1,529.9	2,121.6	1,502.4	1,508.3	1,508.3
Net financial debt	1,328.8	1,313.6	1,761.1	1,995.5	1,895.6	1,468.0	2,042.9	1,502.4	1,508.3	1,508.3
IFRS 16 debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net working capital	1,410.5	1,455.3	1,718.3	1,974.4	1,941.6	1,756.1	2,547.9	3,047.6	4,107.5	4,975.3
Invested capital	3,305.9	3,560.1	4,199.6	4,590.6	4,749.6	4,609.8	5,762.4	6,562.2	7,722.3	8,698.2
<b>Per share data (SEK)</b>										
EPS adjusted	1.00	1.57	1.34	1.54	1.96	2.11	4.25	7.43	4.46	5.02
EPS adj and fully diluted	1.00	1.57	1.34	1.54	1.96	2.11	4.25	7.43	4.46	5.02
% Change	-33.1%	57.5%	-14.7%	15.3%	26.8%	7.7%	101.9%	74.6%	-40.0%	12.5%
EPS reported	1.00	1.41	1.11	1.54	1.85	1.97	4.25	7.43	4.46	5.02
Cash flow per share	1.08	2.40	1.25	1.95	3.85	4.38	2.53	4.92	6.10	5.82
Book value per share	10.14	11.45	12.60	13.65	14.83	16.01	18.34	25.35	28.78	32.24
Dividend per share	0.50	0.50	0.50	0.50	0.00	0.75	1.49	1.03	1.56	1.76
Number of shares, YE (m)	208.00	208.00	208.00	208.00	208.00	208.00	208.00	208.00	208.00	208.00
<b>Ratios</b>										
ROE (%)	9.9%	14.5%	11.1%	11.8%	13.7%	13.7%	24.8%	34.0%	16.5%	16.4%
ROIC (%)	na	na	na	na	na	na	na	na	na	na
ND(F+IFRS16) / EBITDA (x)	2.5	2.0	2.8	2.6	1.9	1.4	1.8	0.8	0.8	0.7
Gearing (%)	63.0%	55.2%	67.2%	70.3%	61.5%	44.1%	53.0%	28.5%	25.2%	22.5%
<b>Valuation</b>										
P/E adjusted	28.5	19.1	24.1	16.3	17.7	26.5	19.0	8.9	15.7	13.9
P/E adjusted and fully diluted	28.5	19.1	24.1	16.3	17.7	26.5	19.0	8.9	15.7	13.9
P/BV	2.8	2.6	2.6	1.8	2.3	3.5	4.4	2.6	2.4	2.2
P/CF	26.4	12.5	25.7	13.0	9.0	12.8	32.0	13.5	11.4	12.0
Dividend yield (%)	1.8%	1.7%	1.6%	2.0%	0.0%	1.3%	1.8%	1.5%	2.2%	2.5%
FCF yield (%)	0.8%	4.8%	-2.1%	3.1%	9.0%	6.1%	1.9%	4.5%	5.6%	5.0%
EV/Sales	1.2	1.1	1.2	0.9	1.0	1.5	2.0	1.3	1.3	1.2
EV/EBITDA adj.	14.0	11.4	13.7	9.6	9.1	12.4	16.7	7.8	8.2	7.4
EV/EBIT adj.	21.2	15.8	20.3	13.8	14.0	18.8	24.6	13.6	12.4	11.1

Belgium | Pharma & biotech | MCap: EUR15.5bn

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Last model update: 02 August 2023

**Research framework**

**Investment case**

- UCB's key pipeline drug Bimekizumab has best-in-class potential in psoriasis and psoriatic arthritis, which we think markets underappreciate. We see EUR3bn+ sales potential from Bime alone. US approval - delayed to Q3 - can transform the picture. UCB's "at least EUR6bn" total 2025 revenue outlook shows its confidence, and we expect closer to EUR7bn.
- Evenity (in osteoporosis) should also be a big contributor to UCB's margins over the medium term and account for 20% of UCB's earnings.
- Scepticism weighs on the stock, including investors seemingly not believing that UCB can reach its over 30% margin target by 2025. Very high R&D spend (30% of sales) makes UCB look more expensive than it is.

**Catalysts**

- By Q3 2023: bimekizumab US approval decision.
- By Q4 2023: US approval of zilucoplan (MG).
- H2 2023: launches of rozimab in myasthenia gravis (MG) and later bime in the US.

**Valuation methodology**

- Our TP of EUR110 is based on an NPV SOP, using an undemanding WACC of 8.9% (cost of equity of 9.5%). While 2023 EPS face major headwinds (Vimpat generics, launch spending), that all makes minimal difference to UCB's value.
- Bimekizumab now makes up EUR47 of our NPV valuation. We assume a very high chance of US approval in Q3.
- Our TP equates to 12.5x 2026E core EPS.

**Risks to our rating**

- Failure of bimekizumab would clearly be a significant negative, taking up to EUR47 off our valuation globally (cEUR30 in the US). However, this seems highly unlikely. We only model c. 6% market share for bimekizumab in psoriasis itself, so even factoring in a highly competitive market, upside is possible.
- Earnings disappointment due to more spending and the bime delay to US launch.
- Any setbacks for roza or zilucoplan in MG (regulatory or commercial) could limit the EPS growth potential.

**Description** UCB BB | UCB.BR | Free float: 62% | ADV (EURm): 26.2

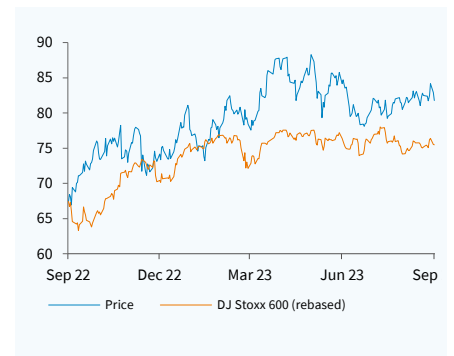
- UCB is a Belgian mid-cap pharma company focused on autoimmune and CNS. Lead drug Cimzia is expected to grow until 2024 despite competition from biosimilars and new brands. UCB has seen improving pipeline prospects in recent years, with osteoporosis drug Evenity (romosozumab) launched and doing better than consensus expected. UCB's next-generation psoriasis candidate bimekizumab has delivered outstanding results and the FcRn drug class (rozanolixizumab) is also in focus.

**Management** CEO: Jean-Christophe Tellier | CSO: Dhavalkumar Patel | CFO: Sandrine Dufour

**Key shareholders** Free float: 61.74% | Financiere de Tubize: 35.00% | Wellington Management: 6.85% | BlackRock: 5.19%

**12M performance**

**YTD: 11.2%**



**SWOT analysis**

**Strengths**

- Successfully carved out niche for Cimzia despite position in market.
- Outstanding phase III psoriasis data from best-in-class bimekizumab.
- Solid CNS performance and epilepsy leadership.
- Unprecedented three new launches in 2023 for a company this size.

**Opportunities**

- Maximise the huge commercial potential of bimekizumab.
- Bimekizumab results in PsA and AxSpA can be best in disease.
- Osteoporosis drug Evenity to beat consensus and drive the margin up.
- Zogenix acquisition (rare epilepsy drugs) can be highly accretive.

**Weaknesses**

- Upcoming patent expiries (Vimpat, then Cimzia) have to be negotiated
- Relatively small scale in R&D and commercial.
- Late-stage pipeline saw some failures in prior years.
- Concentrated portfolio.

**Threats**

- Biosimilar competition impacting Cimzia
- New non-TNF autoimmune competition facing Cimzia and bimekizumab
- Rozanolixizumab failure, or competition versus Argenx and others
- Any negative US pricing changes for the industry as a whole

**Key financials**

Last model update: 02 August 2023

Market data date: 19 September 2023

FY to 31/12 (EUR)	12/16	12/17	12/18	12/19	12/20	12/21	12/22	12/23E	12/24E	12/25E
<b>Income Statement (EURm)</b>										
Sales	3,858	4,182	4,412	4,680	5,052	5,471	5,140	4,967	5,629	6,419
% Change	9.8%	8.4%	5.5%	6.1%	7.9%	8.3%	-6.0%	-3.4%	13.3%	14.0%
EBITDA adjusted	1,031	1,375	1,398	1,431	1,441	1,641	1,260	1,225	1,611	2,159
EBITDA adj. margin (%)	26.7%	32.9%	31.7%	30.6%	28.5%	30.0%	24.5%	24.7%	28.6%	33.6%
EBIT adjusted	796	1,130	1,105	1,118	1,093	1,318	675	603	976	1,525
EBIT adj. margin (%)	20.6%	27.0%	25.0%	23.9%	21.6%	24.1%	13.1%	12.1%	17.3%	23.8%
Net financial items & associates	-112	-99	-94	-108	-91	-58	-74	-110	-96	-83
Others	0	0	0	0	0	0	0	0	0	0
Tax	-199	-218	-200	-146	-119	-170	-91	-89	-148	-238
Net profit from continuing operations	564	770	815	814	761	1,056	420	367	720	1,193
Net profit from discontinuing activities	-23	1	8	2	0	3	-2	-2	-2	-2
Net profit before minorities	542	771	823	816	761	1,058	418	365	718	1,191
Net profit reported	520	753	800	791	732	1,058	418	365	718	1,191
Net profit adjusted	600	907	901	974	1,015	1,226	829	717	1,060	1,533
<b>Cash Flow Statement (EURm)</b>										
Levered post tax CF before capex	427	927	1,089	882	1,081	1,553	1,119	757	983	1,386
Capex	-134	-209	-341	-294	-348	-492	-371	-293	-332	-379
Free cash flow	293	718	748	588	733	1,061	748	464	650	1,007
Acquisitions & divestments	451	-19	21	59	-1,880	5	-1,210	-17	-17	-17
Dividend paid	-231	-217	-222	-228	-235	-240	-247	-252	-262	-275
Others	-430	-166	-260	-170	-41	-275	-433	-207	-158	-150
Change in net financial debt	-83	-316	-287	-249	1,423	-551	1,141	11	-215	-566
<b>Balance Sheet (EURm)</b>										
Intangible assets	6,053	5,655	5,840	5,898	7,937	8,332	10,156	9,704	9,252	8,800
Tangible assets	678	673	805	840	1,035	1,275	1,434	1,552	1,717	1,910
Financial & other non-current assets	1,150	912	919	1,048	765	893	974	974	974	974
Total shareholders' equity	5,477	5,736	6,255	7,009	7,272	8,386	8,802	8,522	8,634	9,161
Pension provisions	479	441	419	382	402	315	162	162	162	162
Liabilities and provisions	4,256	3,740	3,840	3,690	5,645	5,509	6,642	6,621	6,703	6,800
Net debt	1,319	965	656	370	1,813	1,175	2,163	2,174	1,959	1,394
Net financial debt	840	524	237	-12	1,411	860	2,001	2,012	1,797	1,232
IFRS 16 debt	0	0	0	0	0	0	0	0	0	0
Net working capital	-821	-282	-401	-86	-137	-322	-445	-380	-195	25
Invested capital	5,910	6,046	6,244	6,652	8,835	9,285	11,145	10,876	10,773	10,735
<b>Per share data (EUR)</b>										
EPS adjusted	3.19	4.82	4.78	5.20	5.37	6.49	4.37	3.78	5.59	8.09
EPS adj and fully diluted	3.19	4.82	4.78	5.20	5.37	6.49	4.37	3.78	5.59	8.09
% Change	47.0%	51.2%	-0.8%	8.8%	3.2%	20.8%	-32.6%	-13.5%	47.8%	44.7%
EPS reported	2.76	4.00	4.25	4.23	3.87	5.60	2.20	1.93	3.79	6.28
Cash flow per share	2.27	4.93	5.78	4.71	5.72	8.22	5.90	3.99	5.18	7.31
Book value per share	29.70	30.92	33.52	37.60	38.47	44.40	46.42	44.95	45.54	48.32
Dividend per share	1.10	1.18	1.21	1.25	1.27	1.30	1.33	1.38	1.45	1.50
Number of shares, YE (m)	188.00	188.00	188.25	187.22	189.00	188.86	189.60	189.60	189.60	189.60
<b>Ratios</b>										
ROE (%)	10.7%	15.9%	14.9%	14.6%	14.2%	15.7%	9.6%	8.3%	12.4%	17.2%
ROIC (%)	10.1%	15.1%	14.5%	14.9%	12.5%	12.7%	5.5%	4.4%	7.5%	11.8%
ND(F+IFRS16) / EBITDA (x)	0.8	0.4	0.2	0.0	1.0	0.5	1.6	1.6	1.1	0.6
Gearing (%)	15.3%	9.1%	3.8%	-0.2%	19.4%	10.3%	22.7%	23.6%	20.8%	13.4%
<b>Valuation</b>										
P/E adjusted	21.5	13.3	14.8	13.8	16.9	13.8	19.3	21.6	14.6	10.1
P/E adjusted and fully diluted	21.5	13.3	14.8	13.8	16.9	13.8	19.3	21.6	14.6	10.1
P/BV	2.3	2.1	2.1	1.9	2.4	2.0	1.8	1.8	1.8	1.7
P/CF	30.2	13.0	12.2	15.2	15.9	10.9	14.3	20.5	15.8	11.2
Dividend yield (%)	1.6%	1.8%	1.7%	1.7%	1.4%	1.4%	1.6%	1.7%	1.8%	1.8%
Dividend yield preference shares (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	2.3%	5.9%	5.6%	4.4%	4.3%	6.3%	4.7%	3.0%	4.2%	6.5%
EV/Sales	3.7	3.1	3.2	3.0	3.8	3.3	3.5	3.6	3.1	2.6
EV/EBITDA adj.	13.8	9.5	10.0	9.7	13.2	11.0	14.4	14.4	10.8	7.8
EV/EBIT adj.	17.9	11.5	12.6	12.4	17.4	13.7	26.9	29.3	17.9	11.1

## Research ratings and important disclosures

The term "KEPLER CHEUVREUX" shall, unless the context otherwise requires, mean each of KEPLER CHEUVREUX and its affiliates, subsidiaries and related companies (see "Regulators" table below).

The investment recommendation(s) referred to in this report was (were) completed on 20/09/2023 21:04 (GMT) and was first disseminated on dd/mm/yyyy at hh:mm:ss (GMT).

Unless otherwise stated, all prices are aligned with the "Market Data date" on the front page of this report.

## Disclosure checklist - Potential conflict of interests

Company Name	ISIN	Disclosure
1&1	DE0005545503	nothing to disclose
AB InBev	BE0974293251	nothing to disclose
Abeo	FR0013185857	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Abitare In	IT0005445280	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Acciona	ES0125220311	nothing to disclose
Acciona Energia	ES0105563003	nothing to disclose
Ackermans & van Haaren	BE0003764785	KEPLER CHEUVREUX is or may be regularly carrying out proprietary trading in equity securities of this company KEPLER CHEUVREUX is a market maker in the issuer's financial instruments KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments
Adesso	DE000A0223Q5	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Alerion	IT0004720733	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer KEPLER CHEUVREUX and UniCredit Bank AG have entered into a Co-operation Agreement to form a strategic alliance in connection with certain services including services connected to investment banking transactions. UniCredit Bank AG provides investment banking services to this issuer in return for which UniCredit Bank AG has received a consideration or a promise of consideration. Separately, through the Co-operation Agreement with UniCredit Bank AG for services provided by KEPLER CHEUVREUX in connection with such activities, KEPLER CHEUVREUX has also received consideration or a promise of a consideration in accordance with the general terms of the Co-operation Agreement UniCredit Bank AG holds or owns or controls 10% or more of the issued share capital of KEPLER CHEUVREUX. UniCredit Bank AG provides investment banking services to this issuer in return for which UniCredit Bank AG has received a consideration or a promise of consideration A representative of UniCredit Bank AG serves on the board of directors of KEPLER CHEUVREUX Unicredit in cooperation with Kepler Cheuvreux is acting as Joint Global Coordinator in the upcoming Re-IPO of Alerion Clean Power S.p.A (10/05/2021)
Alfa Laval	SE0000695876	nothing to disclose
Almirall	ES0157097017	nothing to disclose
Altarea	FR0000033219	KEPLER CHEUVREUX is or may be regularly carrying out proprietary trading in equity securities of this company KEPLER CHEUVREUX is a market maker in the issuer's financial instruments KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments
Alten	FR0000071946	KEPLER CHEUVREUX is or may be regularly carrying out proprietary trading in equity securities of this company KEPLER CHEUVREUX is a market maker in the issuer's financial instruments KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments
AMA	GB00BNKGZC51	KEPLER CHEUVREUX is a market maker in the issuer's financial instruments
Amplifon	IT0004056880	nothing to disclose
Aquafil	IT0005241192	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Assystem	FR0000074148	KEPLER CHEUVREUX is or may be regularly carrying out proprietary trading in equity securities of this company KEPLER CHEUVREUX is a market maker in the issuer's financial instruments KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments
Atresmedia	ES0109427734	nothing to disclose
Austevoll Seafood ASA	NO0010073489	nothing to disclose
Axfood	SE0006993770	nothing to disclose
Axway Software	FR0011040500	KEPLER CHEUVREUX is a market maker in the issuer's financial instruments KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments
B&S Group	LU1789205884	nothing to disclose
Bactiguard	SE0005878741	nothing to disclose
Bakkavor	GB00BF8J3Z99	nothing to disclose
Balder	SE0017832488	nothing to disclose
Banca Mediolanum	IT0004776628	nothing to disclose
Bankinter	ES0113679137	KEPLER CHEUVREUX has received or expected to receive compensation from this company for the provision of services of investments firms set out in Sections A and B of Annex I of Directive 2014/65/EU of the European Parliament and of the Council within the previous twelve months
Barry Callebaut	CH0009002962	nothing to disclose
Beiersdorf	DE0005200000	nothing to disclose
Beneteau	FR0000035164	nothing to disclose
Besqab	SE0005991411	Kepler Cheuvreux, in cooperation with Swedbank, is acting as Financial Advisor in the potential Rights issue of Besqab. Swedbank in cooperation with Kepler Cheuvreux is acting as Sole Global Coordinator of the c. SEK 833m Right Issue of Besqab AB KEPLER CHEUVREUX and Swedbank AB have entered into a Co-operation Agreement to form a strategic alliance in connection with certain services including services connected to investment banking transactions. Swedbank provides investment banking services to this issuer in return for which Swedbank AB has received a consideration or a promise of consideration. Separately, through the Co-operation Agreement with Swedbank AB for services provided by KEPLER CHEUVREUX in connection with such activities, KEPLER CHEUVREUX has also received consideration or a promise of a consideration in accordance with the general terms of the Co-operation Agreement Swedbank AB holds or owns or controls 5% or more of the issued share capital of KEPLER CHEUVREUX. Swedbank AB provides investment banking services to this issuer in return for which Swedbank AB has received a consideration or a promise of consideration; A representative of Swedbank AB serves on the board of directors of KEPLER CHEUVREUX;

Bic	FR0000120966	KEPLER CHEUVREUX has received or expected to receive compensation from this company for the provision of services of investments firms set out in Sections A and B of Annex I of Directive 2014/65/EU of the European Parliament and of the Council within the previous twelve months
Bilia	SE0009921588	Swedbank, in cooperation with Kepler Cheuvreux, is acting as co-lead manager in the IPO of Volvo Car AB (04/10/2021)
BioMérieux	FR0013280286	KEPLER CHEUVREUX has received or expected to receive compensation from this company for the provision of services of investments firms set out in Sections A and B of Annex I of Directive 2014/65/EU of the European Parliament and of the Council within the previous twelve months
BMW	DE0005190003	nothing to disclose
Bolloré	FR0000039299	nothing to disclose
Bonava	SE0008091581	nothing to disclose
Bonduelle	FR0000063935	nothing to disclose
Bouygues	FR0000120503	KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will provide a Market Watch service to the said issuer.
Brederode	LU1068091351	nothing to disclose
Brembo	IT0005252728	nothing to disclose
Brinova	SE0008347652	nothing to disclose
Brunello Cucinelli	IT0004764699	nothing to disclose
Bucher	CH0002432174	nothing to disclose
Buzzi	IT0001347308	nothing to disclose
BW LPG	BMG173841013	nothing to disclose
Bystronic	CH0244017502	nothing to disclose
Campari	NL0015435975	nothing to disclose
Carel Industries	IT0005331019	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Cargotec	FI0009013429	nothing to disclose
Catana Group	FR0010193052	KEPLER CHEUVREUX is a market maker in the issuer's financial instruments KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments
CECONOMY	DE0007257503	KEPLER CHEUVREUX is or may be regularly carrying out proprietary trading in equity securities of this company KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments
Cegedim	FR0000053506	KEPLER CHEUVREUX is or may be regularly carrying out proprietary trading in equity securities of this company KEPLER CHEUVREUX is a market maker in the issuer's financial instruments KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments KEPLER CHEUVREUX has received or expected to receive compensation from this company for the provision of services of investments firms set out in Sections A and B of Annex I of Directive 2014/65/EU of the European Parliament and of the Council within the previous twelve months
Cementir	NL0013995087	nothing to disclose
CIE Automotive	ES0105630315	nothing to disclose
Clas Ohlson	SE0000584948	nothing to disclose
Clasquin	FR0004152882	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
CM.com	NL0012747059	nothing to disclose
Coca-Cola Europacific Partners	GB00BDCPN049	nothing to disclose
Coloplast	DK0060448595	nothing to disclose
CompuGroup Medical	DE000A288904	nothing to disclose
Corem	SE0010714287	nothing to disclose
Cosmo Pharmaceuticals	NL0011832936	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
CTP	NL00150006R6	nothing to disclose
CTS Eventim	DE0005470306	nothing to disclose
D/S Norden	DK0060083210	nothing to disclose
d'Amico International Shipping	LU2592315662	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Danieli	IT0000076502	nothing to disclose
Dassault Aviation	FR0014004L86	nothing to disclose
Dassault Systèmes	FR0014003TT8	nothing to disclose
Datalogic	IT0004053440	nothing to disclose
De Nora	IT0005186371	nothing to disclose
De'Longhi	IT0003115950	nothing to disclose
Derichebourg	FR0000053381	nothing to disclose
D'Ieteren	BE0974259880	KEPLER CHEUVREUX is a market maker in the issuer's financial instruments
DLSI	FR0010404368	KEPLER CHEUVREUX is or may be regularly carrying out proprietary trading in equity securities of this company KEPLER CHEUVREUX is a market maker in the issuer's financial instruments KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Do & Co	AT0000818802	nothing to disclose
Dormakaba	CH0011795959	nothing to disclose
Draegerwerk	DE0005550636	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer

Dürr	DE0005565204	nothing to disclose
Ebusco	NL0015000C22	nothing to disclose
Eckert & Ziegler	DE0005659700	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Ecoener	ES0105548004	nothing to disclose
Ekopak	BE0974380124	nothing to disclose
Elekta	SE0000163628	nothing to disclose
Embracer	SE0016828511	Swedbank, in cooperation with Kepler Cheuvreux, is acting as Joint Bookrunner in the primary ABB of Embracer up to SEK 2BN. (05/07/2023) KEPLER CHEUVREUX and Swedbank AB have entered into a Co-operation Agreement to form a strategic alliance in connection with certain services including services connected to investment banking transactions. Swedbank provides investment banking services to this issuer in return for which Swedbank AB has received a consideration or a promise of consideration. Separately, through the Co-operation Agreement with Swedbank AB for services provided by KEPLER CHEUVREUX in connection with such activities, KEPLER CHEUVREUX has also received consideration or a promise of a consideration in accordance with the general terms of the Co-operation Agreement Swedbank AB holds or owns or controls 5% or more of the issued share capital of KEPLER CHEUVREUX. Swedbank AB provides investment banking services to this issuer in return for which Swedbank AB has received a consideration or a promise of consideration; A representative of Swedbank AB serves on the board of directors of KEPLER CHEUVREUX;
Ence	ES0130625512	nothing to disclose
Energy	IT0005500712	nothing to disclose
Entra	NO0010716418	nothing to disclose
Eramet	FR0000131757	KEPLER CHEUVREUX and UniCredit Bank AG have entered into a Co-operation Agreement to form a strategic alliance in connection with certain services including services connected to investment banking transactions. UniCredit Bank AG provides investment banking services to this issuer in return for which UniCredit Bank AG has received a consideration or a promise of consideration. Separately, through the Co-operation Agreement with UniCredit Bank AG for services provided by KEPLER CHEUVREUX in connection with such activities, KEPLER CHEUVREUX has also received consideration or a promise of a consideration in accordance with the general terms of the Co-operation Agreement UniCredit Bank AG holds or owns or controls 10% or more of the issued share capital of KEPLER CHEUVREUX. UniCredit Bank AG provides investment banking services to this issuer in return for which UniCredit Bank AG has received a consideration or a promise of consideration A representative of UniCredit Bank AG serves on the board of directors of KEPLER CHEUVREUX
ERG	IT0001157020	KEPLER CHEUVREUX and UniCredit Bank AG have entered into a Co-operation Agreement to form a strategic alliance in connection with certain services including services connected to investment banking transactions. UniCredit Bank AG provides investment banking services to this issuer in return for which UniCredit Bank AG has received a consideration or a promise of consideration. Separately, through the Co-operation Agreement with UniCredit Bank AG for services provided by KEPLER CHEUVREUX in connection with such activities, KEPLER CHEUVREUX has also received consideration or a promise of a consideration in accordance with the general terms of the Co-operation Agreement UniCredit Bank AG holds or owns or controls 10% or more of the issued share capital of KEPLER CHEUVREUX. UniCredit Bank AG provides investment banking services to this issuer in return for which UniCredit Bank AG has received a consideration or a promise of consideration A representative of UniCredit Bank AG serves on the board of directors of KEPLER CHEUVREUX
EssilorLuxottica	FR0000121667	nothing to disclose
Eurazeo	FR0000121121	KEPLER CHEUVREUX is or may be regularly carrying out proprietary trading in equity securities of this company KEPLER CHEUVREUX is a market maker in the issuer's financial instruments KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments KEPLER CHEUVREUX has received or expected to receive compensation from this company for the provision of services of investments firms set out in Sections A and B of Annex I of Directive 2014/65/EU of the European Parliament and of the Council within the previous twelve months KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will provide a Market Watch service to the said issuer.
Eurofins	FR0014000MR3	KEPLER CHEUVREUX is a market maker in the issuer's financial instruments
EuroGroup Laminations	IT0005527616	KEPLER CHEUVREUX is or may be regularly carrying out proprietary trading in equity securities of this company KEPLER CHEUVREUX is a market maker in the issuer's financial instruments KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments KEPLER CHEUVREUX and UniCredit Bank AG have entered into a Co-operation Agreement to form a strategic alliance in connection with certain services including services connected to investment banking transactions. UniCredit Bank AG provides investment banking services to this issuer in return for which UniCredit Bank AG has received a consideration or a promise of consideration. Separately, through the Co-operation Agreement with UniCredit Bank AG for services provided by KEPLER CHEUVREUX in connection with such activities, KEPLER CHEUVREUX has also received consideration or a promise of a consideration in accordance with the general terms of the Co-operation Agreement UniCredit Bank AG holds or owns or controls 10% or more of the issued share capital of KEPLER CHEUVREUX. UniCredit Bank AG provides investment banking services to this issuer in return for which UniCredit Bank AG has received a consideration or a promise of consideration A representative of UniCredit Bank AG serves on the board of directors of KEPLER CHEUVREUX UniCredit, in cooperation with Kepler Cheuvreux, is acting as Joint Global Coordinator and Listing agent in the IPO EuroGroup Laminations S.p.A. (20/01/2023). KEPLER CHEUVREUX acts as a Specialist to this company. In this context and in accordance to the obligations set by the Article 2.3.5 of the Rules of the Markets organised and managed by Borsa Italiana S.p.A., KEPLER CHEUVREUX ensures the production of at least two research reports per year on the said company.
Exmar	BE0003808251	nothing to disclose
EXOR	NL0012059018	nothing to disclose
Fagerhult	SE0010048884	nothing to disclose
Fastned	NL0013654809	Kepler Cheuvreux and Rabobank (Coöperatieve Rabobank U.A.) have entered into a Co-operation Agreement to form a strategic alliance in connection with certain services including services connected to investment banking transactions. Rabobank provides investment banking services to this issuer in return for which Rabobank will receive a consideration or a



		promise of consideration. Separately, through a Co-operation Agreement between with Kepler Cheuvreux and Rabobank, Kepler Cheuvreux provides services in connection with such activities. Kepler Cheuvreux also receives a consideration or a promise of a consideration in accordance with the general terms of the Co-operation Agreement
		Rabobank (Coöperatieve Rabobank U.A.) holds or owns or controls 5% or more of the issued share capital of Kepler Cheuvreux. Rabobank provides investment banking services to this issuer in return for which Rabobank has received a consideration or a promise of consideration
		A representative of Rabobank (Coöperatieve Rabobank U.A.) serves on the board of directors of Kepler Cheuvreux
		Rabobank, in cooperation with Kepler Cheuvreux, acted as financial advisor and Joint Global Coordinators in the announced EUR 75 million private placement of Fastned (17/10/2022)
Fastpartner	SE0013512506	nothing to disclose
Ferrari	NL0011585146	nothing to disclose
Ferrovial	NL0015001FS8	nothing to disclose
Fielmann	DE0005772206	KEPLER CHEUVREUX is or may be regularly carrying out proprietary trading in equity securities of this company KEPLER CHEUVREUX is a market maker in the issuer's financial instruments
FILA	IT0004967292	The author of, or an individual who assisted in the preparation of, this report (or a member of his/her household), or a person who although not involved in the preparation of the report had or could reasonably be expected to have access to the substance of the report prior to its dissemination has a direct ownership position in securities issued by this company KEPLER CHEUVREUX and UniCredit Bank AG have entered into a Co-operation Agreement to form a strategic alliance in connection with certain services including services connected to investment banking transactions. UniCredit Bank AG provides investment banking services to this issuer in return for which UniCredit Bank AG has received a consideration or a promise of consideration. Separately, through the Co-operation Agreement with UniCredit Bank AG for services provided by KEPLER CHEUVREUX in connection with such activities, KEPLER CHEUVREUX has also received consideration or a promise of a consideration in accordance with the general terms of the Co-operation Agreement UniCredit Bank AG holds or owns or controls 10% or more of the issued share capital of KEPLER CHEUVREUX. UniCredit Bank AG provides investment banking services to this issuer in return for which UniCredit Bank AG has received a consideration or a promise of consideration A representative of UniCredit Bank AG serves on the board of directors of KEPLER CHEUVREUX
Fluidra	ES0137650018	nothing to disclose
FM Mattsson	SE0018040883	nothing to disclose
Fonciere INEA	FR0010341032	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Formycon	DE000A1EWWY8	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Frontline	CY0200352116	nothing to disclose
Fuchs Petrolub	DE000A3E5D64	nothing to disclose
GBL	BE0003797140	KEPLER CHEUVREUX has received or expected to receive compensation from this company for the provision of services of investments firms set out in Sections A and B of Annex I of Directive 2014/65/EU of the European Parliament and of the Council within the previous twelve months
Genova	SE0007184189	nothing to disclose
Geox	IT0003697080	nothing to disclose
Gestamp	ES0105223004	nothing to disclose
GFT Technologies	DE0005800601	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Golden Ocean Group	BMG396372051	nothing to disclose
Greenyard	BE0003765790	nothing to disclose
Grenke	DE000A161N30	nothing to disclose
Grieg Seafood ASA	NO0010365521	nothing to disclose
Grifols	ES0171996087	nothing to disclose
Groupe LDLC	FR0000075442	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Gruppo MutuiOnline	IT0004195308	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Guerbet	FR0000032526	nothing to disclose
GVS	IT0005411209	KEPLER CHEUVREUX is a market maker in the issuer's financial instruments UniCredit Bank AG and KEPLER CHEUVREUX entered into a Co-operation Agreement for services including research coverage services provided by KEPLER CHEUVREUX for which KEPLER CHEUVREUX received or will receive a compensation.
H & R	DE000A2E4T77	nothing to disclose
Haulotte Group	FR0000066755	nothing to disclose
Heineken	NL0000009165	nothing to disclose
Henkel	DE0006048432	nothing to disclose
Hennes & Mauritz	SE0000106270	nothing to disclose
Hermès	FR0000052292	nothing to disclose
Hexagon	SE0015961909	nothing to disclose
Hexpol	SE0007074281	nothing to disclose
Home Invest Belgium	BE0974409410	Belfius, in cooperation with Kepler Cheuvreux, acted as Joint Global Coordinator, Joint Bookrunner in the Primary ABB of Home Invest Belgium up to EUR 28M. (28/06/2023) Kepler Cheuvreux and Belfius have entered into a Co-operation Agreement to form a strategic alliance in connection with certain services including services connected to investment banking transactions. Belfius provides investment banking services to this issuer in return for which Belfius will receive a consideration or a promise of consideration. Separately, through a Co-operation Agreement between Kepler Cheuvreux and Belfius, Kepler Cheuvreux provides services in connection with such activities. Kepler Cheuvreux also receives a consideration or a promise of a consideration in accordance with the general terms of the Co-operation Agreement. Belfius holds or owns or controls 5% or more of the issued share capital of KEPLER CHEUVREUX. Belfius provides investment banking services to this issuer in return for which Belfius has received a consideration or a promise of consideration; A representative of Belfius serves on the board of directors of KEPLER CHEUVREUX;
Hornbach Holding	DE0006083405	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer

Hufvudstaden	SE0000170375	nothing to disclose
Hyloris Pharmaceuticals	BE0974363955	nothing to disclose
ID Logistics	FR0010929125	nothing to disclose
IDI	FR0000051393	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Inditex	ES0148396007	nothing to disclose
Interparfums	FR0004024222	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Investor	SE0015811963	nothing to disclose
Ipsen	FR0010259150	nothing to disclose
Italmobiliare	IT0005253205	KEPLER CHEUVREUX is or may be regularly carrying out proprietary trading in equity securities of this company KEPLER CHEUVREUX is a market maker in the issuer's financial instruments KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments KEPLER CHEUVREUX acts as a Specialist to this company. In this context and in accordance to the obligations set by the Article 2.3.5 of the Rules of the Markets organised and managed by Borsa Italiana S.p.A., KEPLER CHEUVREUX ensures the production of at least two research reports per year on the said company.
JCDecaux	FR0000077919	KEPLER CHEUVREUX is or may be regularly carrying out proprietary trading in equity securities of this company KEPLER CHEUVREUX is a market maker in the issuer's financial instruments KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments
Jeronimo Martins	PTJMT0AE0001	nothing to disclose
Jungheinrich	DE0006219934	nothing to disclose
K2A	SE0010520254	nothing to disclose
Kering	FR0000121485	nothing to disclose
Kinepolis	BE0974274061	nothing to disclose
Knorr-Bremse	DE000KBX1006	nothing to disclose
Koenig & Bauer	DE0007193500	nothing to disclose
Kone	FI0009013403	nothing to disclose
Krones	DE0006335003	nothing to disclose
KSB	DE0006292030	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Kuehne + Nagel	CH0025238863	KEPLER CHEUVREUX is or may be regularly carrying out proprietary trading in equity securities of this company KEPLER CHEUVREUX is a market maker in the issuer's financial instruments KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments
KWS Saat	DE0007074007	nothing to disclose
lastminute.com	NL0010733960	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer KEPLER CHEUVREUX has received compensation from this company for the provision of investment banking or financial advisory services within the previous twelve months
Lifco	SE0015949201	nothing to disclose
Lisi	FR0000050353	nothing to disclose
L'Oréal	FR0000120321	KEPLER CHEUVREUX has received or expected to receive compensation from this company for the provision of services of investments firms set out in Sections A and B of Annex I of Directive 2014/65/EU of the European Parliament and of the Council within the previous twelve months
Lotus Bakeries	BE0003604155	nothing to disclose
LVMH	FR0000121014	KEPLER CHEUVREUX has received or expected to receive compensation from this company for the provision of services of investments firms set out in Sections A and B of Annex I of Directive 2014/65/EU of the European Parliament and of the Council within the previous twelve months
Lyko	SE0010468918	nothing to disclose
Maersk	DK0010244508	nothing to disclose
Maire	IT0004931058	nothing to disclose
Manitou	FR0000038606	nothing to disclose
MARR	IT0003428445	The author of, or an individual who assisted in the preparation of, this report (or a member of his/her household), or a person who although not involved in the preparation of the report had or could reasonably be expected to have access to the substance of the report prior to its dissemination has a direct ownership position in securities issued by this company
Materialise	US57667T1007	nothing to disclose
Media and Games Invest	SE0018538068	nothing to disclose
Melexis	BE0165385973	Kepler Cheuvreux and Belfius have entered into a Co-operation Agreement to form a strategic alliance in connection with certain services including services connected to investment banking transactions. Belfius provides investment banking services to this issuer in return for which Belfius will receive a consideration or a promise of consideration. Separately, through a Co-operation Agreement between Kepler Cheuvreux and Belfius, Kepler Cheuvreux provides services in connection with such activities. Kepler Cheuvreux also receives a consideration or a promise of a consideration in accordance with the general terms of the Co-operation Agreement. Belfius holds or owns or controls 5% or more of the issued share capital of KEPLER CHEUVREUX. Belfius provides investment banking services to this issuer in return for which Belfius has received a consideration or a promise of consideration; A representative of Belfius serves on the board of directors of KEPLER CHEUVREUX;
Melia Hotels	ES0176252718	nothing to disclose
Merck KGaA	DE0006599905	nothing to disclose
MFE - Media for Europe	NL0015000N09	nothing to disclose
MLP	DE0006569908	KEPLER CHEUVREUX is or may be regularly carrying out proprietary trading in equity securities of this company KEPLER CHEUVREUX is a market maker in the issuer's financial instruments KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments

Montana Aerospace	CH1110425654	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
MotorK	GB00BMXH3352	nothing to disclose KEPLER CHEUVREUX is or may be regularly carrying out proprietary trading in equity securities of this company KEPLER CHEUVREUX is a market maker in the issuer's financial instruments KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Munters	SE0009806607	nothing to disclose
Navigator	PTPTIOAM0006	nothing to disclose
NCC	SE0000117970	nothing to disclose
Nemetschek	DE0006452907	nothing to disclose
Neoen	FR0011675362	KEPLER CHEUVREUX is or may be regularly carrying out proprietary trading in equity securities of this company KEPLER CHEUVREUX is a market maker in the issuer's financial instruments KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments KEPLER CHEUVREUX and Crédit Agricole Corporate , Investment Bank ("CACIB") have entered into a Co-operation Agreement to form a strategic alliance in connection with certain services including services connected to investment banking transactions. CACIB provides investment banking services to this issuer in return for which CACIB has received a consideration or a promise of consideration. Separately, through the Co-operation Agreement with CACIB for services provided by KEPLER CHEUVREUX in connection with such activities, KEPLER CHEUVREUX has also received a consideration or a promise of a consideration in accordance with the general terms of the Co-operation Agreement CACIB holds or owns or controls 10% of more of the issued share capital of KEPLER CHEUVREUX. CACIB provides investment banking services to this issuer in return for which CACIB has received a consideration or a promise of consideration Two representatives of CACIB serve on the supervisory board of KEPLER CHEUVREUX. CACIB provides investment banking services to this issuer in return for which CACIB has received a consideration or a promise of consideration CACIB, in cooperation with Kepler Cheuvreux, is acting as Joint Bookrunner in the c. EUR 750M fully underwritten rights issue of NEOEN SA (07/03/2023).
New Wave	SE0020356970	nothing to disclose
NOS	PTZON0AM0006	nothing to disclose
Novabase	PTNBA0AM0006	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
OCI	NL0010558797	KEPLER CHEUVREUX is or may be regularly carrying out proprietary trading in equity securities of this company KEPLER CHEUVREUX is a market maker in the issuer's financial instruments KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments
Odfjell	NO0003399909	nothing to disclose
OHB	DE0005936124	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
One United Properties	ROJ8YZPDHWW8	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer KEPLER CHEUVREUX and UniCredit Bank AG have entered into a Co-operation Agreement to form a strategic alliance in connection with certain services including services connected to investment banking transactions. UniCredit Bank AG provides investment banking services to this issuer in return for which UniCredit Bank AG has received a consideration or a promise of consideration. Separately, through the Co-operation Agreement with UniCredit Bank AG for services provided by KEPLER CHEUVREUX in connection with such activities, KEPLER CHEUVREUX has also received consideration or a promise of a consideration in accordance with the general terms of the Co-operation Agreement UniCredit Bank AG holds or owns or controls 10% or more of the issued share capital of KEPLER CHEUVREUX. UniCredit Bank AG provides investment banking services to this issuer in return for which UniCredit Bank AG has received a consideration or a promise of consideration A representative of UniCredit Bank AG serves on the board of directors of KEPLER CHEUVREUX UniCredit, in cooperation with Kepler Cheuvreux, acted as Joint Bookrunner in the Primary ABB of One United Properties. (02/08/2022).
Orascom Development	CH0038285679	KEPLER CHEUVREUX is or may be regularly carrying out proprietary trading in equity securities of this company KEPLER CHEUVREUX is a market maker in the issuer's financial instruments KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Palfinger	AT0000758305	nothing to disclose
Pandox	SE0007100359	nothing to disclose
Peab	SE0000106205	nothing to disclose
Peugeot Invest	FR0000064784	KEPLER CHEUVREUX has received or expected to receive compensation from this company for the provision of services of investments firms set out in Sections A and B of Annex I of Directive 2014/65/EU of the European Parliament and of the Council within the previous twelve months KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will provide a Market Watch service to the said issuer.
Piaggio	IT0003073266	The author of, or an individual who assisted in the preparation of, this report (or a member of his/her household), or a person who although not involved in the preparation of the report had or could reasonably be expected to have access to the substance of the report prior to its dissemination has a direct ownership position in securities issued by this company
Piovan	IT0005337958	KEPLER CHEUVREUX is or may be regularly carrying out proprietary trading in equity securities of this company KEPLER CHEUVREUX is a market maker in the issuer's financial instruments KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments KEPLER CHEUVREUX acts as a Specialist to this company. In this context and in accordance to the obligations set by the Article 2.3.5 of the Rules of the Markets organised and managed by Borsa Italiana S.p.A., KEPLER CHEUVREUX ensures the production of at least two research reports per year on the said company.
Plastic Omnium	FR0000124570	KEPLER CHEUVREUX is or may be regularly carrying out proprietary trading in equity securities of this company

		KEPLER CHEUVREUX is a market maker in the issuer's financial instruments
		KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments
Platzer	SE0004977692	nothing to disclose
Porsche Holding SE	DE000PAH0038	UniCredit in cooperation with Kepler Cheuvreux acted as Joint Bookrunner in the IPO of Porsche AG (06/09/2022).
PPHE Hotel Group	GG00B1Z5FH87	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Prada	IT0003874101	nothing to disclose
Prosegur	ES0175438003	nothing to disclose
Prosegur Cash	ES0105229001	nothing to disclose
RATIONAL	DE0007010803	nothing to disclose
Ratos	SE0000111940	nothing to disclose
Réalités	FR0011858190	KEPLER CHEUVREUX is a market maker in the issuer's financial instruments
		KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Rémy Cointreau	FR0000130395	KEPLER CHEUVREUX is or may be regularly carrying out proprietary trading in equity securities of this company
		KEPLER CHEUVREUX is a market maker in the issuer's financial instruments
		KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments
Reply	IT0005282865	nothing to disclose
Reworld Media	FR0010820274	KEPLER CHEUVREUX is a market maker in the issuer's financial instruments
		KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
		KEPLER CHEUVREUX has received or expected to receive compensation from this company for the provision of services of investments firms set out in Sections A and B of Annex I of Directive 2014/65/EU of the European Parliament and of the Council within the previous twelve months
Richemont	CH0210483332	nothing to disclose
Roche	CH0012032048	nothing to disclose
Rosenbauer	AT0000922554	KEPLER CHEUVREUX is or may be regularly carrying out proprietary trading in equity securities of this company
		KEPLER CHEUVREUX is a market maker in the issuer's financial instruments
		KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments
Rothschild & Co	FR0000031684	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Rovi	ES0157261019	nothing to disclose
Saab	SE0000112385	nothing to disclose
Sagax	SE0005127818	nothing to disclose
SalMar	NO0010310956	nothing to disclose
Salmones Camanchaca	NO0012451915	nothing to disclose
Salvatore Ferragamo	IT0004712375	nothing to disclose
Sanlorenzo	IT0003549422	nothing to disclose
Saras	IT0000433307	nothing to disclose
SBB	SE0009554454	Kepler Cheuvreux, in cooperation with Swedbank, is acting as adviser in the potential Spin Off of Neobo Fastigheter AB, a subsidiary of SBB.
		KEPLER CHEUVREUX and Swedbank AB have entered into a Co-operation Agreement to form a strategic alliance in connection with certain services including services connected to investment banking transactions. Swedbank provides investment banking services to this issuer in return for which Swedbank AB has received a consideration or a promise of consideration. Separately, through the Co-operation Agreement with Swedbank AB for services provided by KEPLER CHEUVREUX in connection with such activities, KEPLER CHEUVREUX has also received consideration or a promise of a consideration in accordance with the general terms of the Co-operation Agreement
		Swedbank AB holds or owns or controls 5% or more of the issued share capital of KEPLER CHEUVREUX. Swedbank AB provides investment banking services to this issuer in return for which Swedbank AB has received a consideration or a promise of consideration;
		A representative of Swedbank AB serves on the board of directors of KEPLER CHEUVREUX;
Schaeffler	DE000SHA0159	nothing to disclose
Schindler	CH0024638196	nothing to disclose
Schoeller-Bleckmann	AT0000946652	nothing to disclose
Sciuker Frames	IT0005340051	nothing to disclose
SEB	FR0000121709	nothing to disclose
SERI Industrial	IT0005283640	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
SFS Group	CH0239229302	nothing to disclose
Sligro Food Group	NL0000817179	KEPLER CHEUVREUX is or may be regularly carrying out proprietary trading in equity securities of this company
		KEPLER CHEUVREUX is a market maker in the issuer's financial instruments
		KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments
Sodexo	FR0000121220	KEPLER CHEUVREUX is a liquidity provider in relation to price stabilisation activities for the issuer to provide liquidity in such instruments
Sofina	BE0003717312	nothing to disclose
SoftwareONE	CH0496451508	nothing to disclose
Sogefi	IT0000076536	nothing to disclose
Solvay	BE0003470755	nothing to disclose
Stadler Rail	CH0002178181	nothing to disclose
Stolt-Nielsen	BMG850801025	nothing to disclose
Ströer	DE0007493991	nothing to disclose
Swatch Group	CH0012255151	nothing to disclose

Systemair	SE0016609499	nothing to disclose
Technogym	IT0005162406	nothing to disclose
Télévision Française 1	FR0000054900	nothing to disclose
Tenaris	LU0156801721	nothing to disclose
TFF Group	FR0013295789	KEPLER CHEUVREUX is a market maker in the issuer's financial instruments KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
The Italian Sea Group	IT0005439085	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Tikehau Capital	FR0013230612	KEPLER CHEUVREUX has received or expected to receive compensation from this company for the provision of services of investments firms set out in Sections A and B of Annex I of Directive 2014/65/EU of the European Parliament and of the Council within the previous twelve months
Titan Cement	BE0974338700	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Tod's Group	IT0003007728	nothing to disclose
Trianon	SE0018013658	nothing to disclose
Trigano	FR0005691656	nothing to disclose
UCB	BE0003739530	nothing to disclose
United Internet	DE0005089031	nothing to disclose
va-Q-tec	DE0006636681	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
VGP	BE0003878957	Belfius, in cooperation with Kepler Cheuvreux, is acting as Joint Global Coordinateur in the VGP's rights issue. (16/11/2022). Kepler Cheuvreux and Belfius have entered into a Co-operation Agreement to form a strategic alliance in connection with certain services including services connected to investment banking transactions. Belfius provides investment banking services to this issuer in return for which Belfius will receive a consideration or a promise of consideration. Separately, through a Co-operation Agreement between Kepler Cheuvreux and Belfius, Kepler Cheuvreux provides services in connection with such activities. Kepler Cheuvreux also receives a consideration or a promise of a consideration in accordance with the general terms of the Co-operation Agreement. Belfius holds or owns or controls 5% or more of the issued share capital of KEPLER CHEUVREUX. Belfius provides investment banking services to this issuer in return for which Belfius has received a consideration or a promise of consideration; A representative of Belfius serves on the board of directors of KEPLER CHEUVREUX;
Vicat	FR0000031775	KEPLER CHEUVREUX has received or expected to receive compensation from this company for the provision of services of investments firms set out in Sections A and B of Annex I of Directive 2014/65/EU of the European Parliament and of the Council within the previous twelve months
Vidrala	ES0183746314	nothing to disclose
Villero & Boch	DE0007657231	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Virbac	FR0000031577	nothing to disclose
Visiativ	FR0004029478	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Vivendi	FR0000127771	KEPLER CHEUVREUX and Crédit Agricole Corporate , Investment Bank ("CACIB") have entered into a Co-operation Agreement to form a strategic alliance in connection with certain services including services connected to investment banking transactions. CACIB provides investment banking services to this issuer in return for which CACIB has received a consideration or a promise of consideration. Separately, through the Co-operation Agreement with CACIB for services provided by KEPLER CHEUVREUX in connection with such activities, KEPLER CHEUVREUX has also received a consideration or a promise of a consideration in accordance with the general terms of the Co-operation Agreement CACIB holds or owns or controls 10% of more of the issued share capital of KEPLER CHEUVREUX. CACIB provides investment banking services to this issuer in return for which CACIB has received a consideration or a promise of consideration Credit Agricole Corporate and Investment Bank ("CA-CIB") is acting as financial adviser in the spin-off of Universal Music Group from Vivendi. Kepler Cheuvreux SA received a compensation for research services. Two representatives of CACIB serve on the supervisory board of KEPLER CHEUVREUX. CACIB provides investment banking services to this issuer in return for which CACIB has received a consideration or a promise of consideration
Voltalia	FR0011995588	KEPLER CHEUVREUX and Crédit Agricole Corporate , Investment Bank ("CACIB") have entered into a Co-operation Agreement to form a strategic alliance in connection with certain services including services connected to investment banking transactions. CACIB provides investment banking services to this issuer in return for which CACIB has received a consideration or a promise of consideration. Separately, through the Co-operation Agreement with CACIB for services provided by KEPLER CHEUVREUX in connection with such activities, KEPLER CHEUVREUX has also received a consideration or a promise of a consideration in accordance with the general terms of the Co-operation Agreement CACIB holds or owns or controls 10% of more of the issued share capital of KEPLER CHEUVREUX. CACIB provides investment banking services to this issuer in return for which CACIB has received a consideration or a promise of consideration Two representatives of CACIB serve on the supervisory board of KEPLER CHEUVREUX. CACIB provides investment banking services to this issuer in return for which CACIB has received a consideration or a promise of consideration CACIB, in cooperation with Kepler Cheuvreux, is acting as Joint Global Coordinator in the C.EUR 490M rights issue of Voltalia. (16/11/2022).
Volvo	SE0000115446	nothing to disclose
Wacker Neuson	DE000WACK012	nothing to disclose
Wallenius Wilhelmsen	NO0010571680	nothing to disclose
Wallenstam	SE0017780133	nothing to disclose
Wavestone	FR0013357621	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer
Webuild	IT0003865570	nothing to disclose
Wendel	FR0000121204	nothing to disclose
Zehnder Group	CH0276534614	nothing to disclose
Zumtobel	AT0000837307	nothing to disclose

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## Analyst disclosures

The functional job title of the person(s) responsible for the recommendations contained in this report is Equity/Credit Research Analyst unless otherwise stated on the cover.

Name of the Research Analyst(s): Kathleen Gailliot, Natalia Bobo

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## Research ratings

### Kepler Cheuvreux rating split as of 21 September 2023

Rating Breakdown	A	B
Buy	60%	66%
Hold	30%	28%
Reduce	6%	1%
Not Rated/Under Review/Accept Offer	4%	5%
Total	100%	100%

Source: Kepler Cheuvreux

A: % of all research recommendations

B: % of issuers to which material services of investment firms are supplied

## 12 months rating history

The below table shows the history of recommendations and target prices changes issued by KEPLER CHEUVREUX research department (Equity and Credit) over a 12 months period.

Company Name	Date	Business Line	Rating	Target Price	Closing Price
I&I (EUR)	28/03/2023 05:31	Equity Research	Hold	12.00	10.90
	16/05/2023 04:23	Equity Research	Hold	10.80	10.60
AB InBev (EUR)	28/10/2022 05:12	Equity Research	Buy	63.00	50.00
	14/04/2023 04:34	Equity Research	Buy	69.00	58.14
	14/06/2023 04:41	Equity Research	Buy	67.00	51.46
	04/08/2023 04:38	Equity Research	Buy	64.00	51.72
Abeo (EUR)	17/05/2023 04:47	Equity Research	Buy	25.00	17.70
Abitare In (EUR)	27/10/2022 05:04	Equity Research	Buy	8.50	5.38
Acciona (EUR)	10/01/2023 05:07	Equity Research	Buy	218.00	177.50
	13/03/2023 06:18	Equity Research	Buy	227.00	174.90
Acciona Energia (EUR)	20/10/2022 04:55	Equity Research	Buy	42.20	36.70
	08/03/2023 08:54	Equity Research	Buy	43.00	34.64
Ackermans & van Haaren (EUR)	15/12/2022 05:50	Equity Research	Buy	185.00	152.00
Adesso (EUR)	16/11/2022 05:35	Equity Research	Buy	164.00	128.80
	15/02/2023 05:45	Equity Research	Buy	171.00	149.00
	03/04/2023 04:41	Equity Research	Buy	180.00	147.00
	04/08/2023 05:16	Equity Research	Buy	165.00	107.40
	15/08/2023 06:23	Equity Research	Buy	166.00	109.60
Alerion (EUR)	27/02/2023 06:09	Equity Research	Buy	40.00	30.85
	16/05/2023 04:19	Equity Research	Buy	39.00	30.50
Alfa Laval (SEK)	25/01/2023 06:37	Equity Research	Hold	325.00	326.20
	03/02/2023 06:57	Equity Research	Hold	360.00	359.20
	26/04/2023 05:20	Equity Research	Hold	385.00	382.30
	21/07/2023 04:52	Equity Research	Hold	395.00	387.60
Almirall (EUR)	15/12/2022 05:42	Equity Research	Buy	13.30	9.12
Altarea (EUR)	09/01/2023 05:54	Equity Research	Hold	139.00	129.80
	01/08/2023 06:21	Equity Research	Hold	101.00	85.00
Alten (EUR)	17/01/2023 05:55	Equity Research	Buy	162.00	131.80
	30/01/2023 06:43	Equity Research	Buy	168.00	138.60

	27/04/2023 05:57	Equity Research	Buy	180.00	148.50
AMA (EUR)	04/11/2022 05:56	Equity Research	Hold	0.70	0.60
	02/02/2023 07:37	Equity Research	Hold	0.50	0.52
	02/05/2023 05:38	Equity Research	Hold	0.26	
Amplifon (EUR)	27/10/2022 05:50	Equity Research	Hold	27.50	25.15
	02/03/2023 06:32	Equity Research	Hold	29.60	27.11
	03/05/2023 04:42	Equity Research	Hold	31.50	33.12
Aquafil (EUR)	07/03/2023 05:41	Equity Research	Buy	7.90	5.67
	07/08/2023 05:03	Equity Research	Buy	4.60	3.69
Assystem (EUR)	16/03/2023 06:48	Equity Research	Buy	50.00	43.40
	26/07/2023 05:11	Equity Research	Buy	53.00	45.60
Atresmedia (EUR)	18/11/2022 06:31	Equity Research	Buy	3.80	3.12
Austevoll Seafood ASA (NOK)	07/10/2022 05:07	Equity Research	Buy	108.00	68.20
	16/11/2022 05:42	Equity Research	Buy	106.00	82.80
	18/01/2023 06:14	Equity Research	Buy	126.00	91.35
	22/02/2023 05:57	Equity Research	Buy	114.00	90.35
	13/04/2023 04:52	Equity Research	Buy	129.00	92.10
	17/05/2023 04:43	Equity Research	Buy	116.00	92.25
	05/07/2023 05:04	Equity Research	Buy	106.00	74.60
	24/08/2023 04:32	Equity Research	Buy	102.00	77.00
Axway Software (EUR)	18/01/2023 06:34	Equity Research	Hold	19.00	17.45
	27/01/2023 06:33	Equity Research	Hold	21.00	18.40
B&S Group (EUR)	08/11/2022 06:20	Equity Research	Hold	5.00	5.06
	21/02/2023 06:37	Equity Research	Hold	4.25	4.25
	18/04/2023 04:42	Equity Research	Hold	4.00	3.90
	22/08/2023 04:34	Equity Research	Hold	3.80	3.84
Bactiguard (SEK)	09/06/2023 05:09	Equity Research	Reduce	47.00	81.40
Bakkavor (GBP)	06/01/2023 05:33	Equity Research	Hold	100.00	98.30
	18/04/2023 04:32	Equity Research	Hold	94.00	95.40
	07/09/2023 04:41	Equity Research	Hold	105.00	101.00
Balder (SEK)	11/10/2022 05:10	Equity Research	Buy	63.00	39.22
	31/10/2022 06:27	Equity Research	Buy	60.00	39.34
	25/01/2023 06:05	Equity Research	Buy	73.00	57.55
	13/02/2023 06:15	Equity Research	Buy	76.00	56.36
	12/04/2023 04:50	Equity Research	Buy	70.00	44.39
	12/05/2023 05:09	Equity Research	Buy	65.00	40.84
	19/07/2023 04:43	Equity Research	Buy	68.00	45.40
Banca Mediolanum (EUR)	18/10/2022 05:12	Equity Research	Buy	9.50	6.81
	10/11/2022 05:47	Equity Research	Buy	9.60	7.78
	09/02/2023 05:37	Equity Research	Buy	10.50	9.10
Bankinter (EUR)	10/10/2022 05:32	Equity Research	Buy	7.10	5.77
	30/11/2022 07:08	Equity Research	Buy	7.00	6.37
	18/01/2023 05:33	Equity Research	Buy	7.30	6.48
	24/01/2023 05:43	Equity Research	Buy	7.00	6.41
	10/05/2023 04:42	Equity Research	Buy	7.50	5.16
Barry Callebaut (CHF)	25/10/2022 05:04	Equity Research	Buy	2250.00	1868.00
	08/09/2023 04:38	Equity Research	Buy	2000.00	1514.00
Beiersdorf (EUR)	11/10/2022 04:38	Equity Research	Hold	100.00	99.94
	04/01/2023 05:55	Equity Research	Hold	106.00	107.50
	02/03/2023 05:42	Equity Research	Hold	112.00	112.45
	27/06/2023 04:27	Equity Research	Hold	118.00	119.70
	04/08/2023 04:40	Equity Research	Hold	120.00	120.40
Beneteau (EUR)	06/12/2022 07:22	Equity Research	Buy	20.00	12.78
	14/02/2023 06:27	Equity Research	Buy	22.00	15.68
	25/07/2023 05:09	Equity Research	Buy	23.00	15.10
Besqab (SEK)	02/11/2022 05:40	Equity Research	Buy	91.14	72.29
	12/06/2023 05:23	Equity Research	Hold	30.00	28.10
	10/07/2023 05:18	Equity Research	Hold	28.00	26.60
Bic (EUR)	19/10/2022 04:35	Equity Research	Buy	80.00	69.35
	16/02/2023 05:52	Equity Research	Buy	78.00	60.75
	28/07/2023 06:07	Equity Research	Buy	80.00	55.90
Bilia (SEK)	20/10/2022 04:43	Equity Research	Hold	150.00	138.20
	27/10/2022 04:35	Equity Research	Hold	135.00	120.10
	09/02/2023 05:39	Equity Research	Hold	150.00	141.90
	27/04/2023 04:36	Equity Research	Hold	135.00	114.30
	24/07/2023 04:39	Equity Research	Buy	125.00	106.10
BioMérieux (EUR)	20/02/2023 05:42	Equity Research	Buy	119.00	95.78
BMW (EUR)	04/11/2022 05:49	Equity Research	Hold	81.00	76.50
	13/12/2022 05:44	Equity Research	Hold	86.00	84.43
	02/02/2023 06:06	Equity Research	Reduce	78.00	95.27
	16/03/2023 05:48	Equity Research	Reduce	83.00	94.69
	05/05/2023 04:38	Equity Research	Reduce	87.00	103.80
	04/08/2023 04:38	Equity Research	Reduce	90.00	102.98

Bolloré (EUR)	30/11/2022 05:36	Equity Research	Buy	6.00	5.24
	16/03/2023 06:45	Equity Research	Buy	6.30	5.55
	19/04/2023 06:50	Equity Research	Buy	6.60	6.09
Bonava (SEK)	05/06/2023 05:48	Equity Research	Hold	6.40	5.93
	30/09/2022 05:04	Equity Research	Buy	48.00	27.68
	03/02/2023 06:14	Equity Research	Buy	40.00	29.48
Bonduelle (EUR)	28/04/2023 04:47	Equity Research	Buy	30.00	19.01
	09/11/2022 07:07	Equity Research	Hold	13.00	11.68
	08/03/2023 05:42	Equity Research	Hold	15.00	13.34
Bouygues (EUR)	02/08/2023 05:19	Equity Research	Hold	11.50	10.78
	31/10/2022 06:35	Equity Research	Buy	35.00	28.72
	27/03/2023 04:37	Equity Research	Buy	36.00	30.32
Brederode (EUR)	04/11/2022 17:04	Equity Research	Not Rated		94.60
	01/09/2023 05:07	Equity Research	Hold	103.00	97.20
Brembo (EUR)	15/11/2022 06:39	Equity Research	Reduce	10.00	11.61
	03/03/2023 06:42	Equity Research	Reduce	11.00	14.26
	10/05/2023 04:45	Equity Research	Reduce	11.50	13.93
Brinova (SEK)	11/10/2022 05:07	Equity Research	Buy	22.00	19.70
	26/10/2022 05:32	Equity Research	Hold	21.50	21.10
	25/01/2023 06:06	Equity Research	Reduce	28.00	29.00
	08/03/2023 05:44	Equity Research	Buy	25.00	21.40
	12/04/2023 04:38	Equity Research	Buy	23.00	19.90
	26/05/2023 04:38	Equity Research	Buy	21.50	17.50
	17/07/2023 05:37	Equity Research	Buy	21.00	17.05
Brunello Cucinelli (EUR)	20/10/2022 04:46	Equity Research	Hold	53.00	52.20
	07/12/2022 05:39	Equity Research	Hold	63.00	63.00
	16/03/2023 05:53	Equity Research	Hold	68.00	73.70
	19/04/2023 05:14	Equity Research	Reduce	76.00	91.70
	14/07/2023 04:36	Equity Research	Reduce	79.00	83.35
	30/08/2023 04:56	Equity Research	Hold	79.00	72.20
	03/02/2023 05:47	Equity Research	Buy	480.00	423.60
Bucher (CHF)	31/07/2023 04:32	Equity Research	Buy	440.00	385.40
	09/11/2022 07:05	Equity Research	Buy	22.50	17.13
Buzzi (EUR)	10/02/2023 07:19	Equity Research	Buy	26.50	21.41
	30/03/2023 06:16	Equity Research	Buy	28.00	22.79
	15/05/2023 05:49	Equity Research	Buy	29.50	22.62
	21/07/2023 05:32	Equity Research	Buy	32.00	23.82
	04/08/2023 05:13	Equity Research	Buy	36.00	28.00
	15/11/2022 05:41	Equity Research	Buy	106.00	87.35
BW LPG (NOK)	17/11/2022 05:35	Equity Research	Buy	108.00	87.45
	22/02/2023 05:54	Equity Research	Buy	121.00	86.60
	22/05/2023 04:36	Equity Research	Buy	136.00	92.85
	24/05/2023 04:42	Equity Research	Buy	142.00	101.80
	14/11/2022 05:36	Equity Research	Buy	750.00	651.00
	03/03/2023 05:47	Equity Research	Buy	800.00	682.00
Bystronic (CHF)	24/07/2023 04:50	Equity Research	Buy	725.00	630.00
	28/10/2022 05:48	Equity Research	Hold	9.80	9.01
	12/12/2022 06:06	Equity Research	Buy	12.00	9.96
Campari (EUR)	22/02/2023 06:09	Equity Research	Buy	12.50	10.45
	03/05/2023 04:41	Equity Research	Buy	13.50	11.99
	11/11/2022 06:08	Equity Research	Buy	27.00	23.75
Carel Industries (EUR)	03/03/2023 06:45	Equity Research	Buy	30.50	25.70
	14/12/2022 06:30	Equity Research	Hold	40.00	41.78
	17/04/2023 06:03	Equity Research	Hold	45.00	46.00
Cargotec (EUR)	28/04/2023 05:18	Equity Research	Hold	55.00	51.85
	25/07/2023 04:36	Equity Research	Hold	46.00	44.82
	18/10/2022 04:53	Equity Research	Buy	10.00	6.29
CECONOMY (EUR)	19/01/2023 05:45	Equity Research	Restricted		2.16
	12/06/2023 05:09	Equity Research	Hold	2.20	2.23
	11/08/2023 06:54	Equity Research	Hold	2.50	2.74
Cegedim (EUR)	28/10/2022 06:07	Equity Research	Hold	18.50	15.82
	27/03/2023 05:12	Equity Research	Hold	20.00	19.00
	04/11/2022 06:31	Equity Research	Buy	9.00	5.90
Cementir (EUR)	27/01/2023 07:48	Equity Research	Buy	9.40	6.48
	09/02/2023 06:46	Equity Research	Buy	10.00	7.81
	28/07/2023 05:33	Equity Research	Buy	11.80	8.32
CIE Automotive (EUR)	20/10/2022 05:24	Equity Research	Hold	24.00	25.08
	28/02/2023 06:33	Equity Research	Hold	26.00	27.80
	05/05/2023 04:44	Equity Research	Hold	27.00	27.80
Clas Ohlson (SEK)	30/11/2022 06:39	Equity Research	Hold	75.00	76.75
	03/03/2023 06:18	Equity Research	Hold	65.00	66.85
	09/03/2023 05:42	Equity Research	Hold	75.00	77.40
	29/08/2023 04:37	Equity Research	Hold	95.00	96.75



Clasquin (EUR)	31/01/2023 16:21	Equity Research	Buy	70.00	59.80
	04/05/2023 05:51	Equity Research	Hold	76.00	70.20
	28/07/2023 06:54	Equity Research	Hold	84.00	78.60
	14/09/2023 06:22	Equity Research	Hold	88.00	85.00
CM.com (EUR)	25/04/2023 04:33	Equity Research	Buy	13.00	9.28
Coca-Cola Europacific Partners (EUR)	08/11/2022 07:03	Equity Research	Hold	50.00	49.16
	26/04/2023 05:42	Equity Research	Hold	56.00	58.00
	03/08/2023 05:36	Equity Research	Hold	58.00	59.60
Coloplast (DKK)	11/11/2022 05:51	Equity Research	Buy	1056.00	899.20
	29/08/2023 04:35	Equity Research	Buy	1000.00	797.80
Corem (SEK)	15/09/2023 05:09	Equity Research	Hold	8.50	7.97
Cosmo Pharmaceuticals (CHF)	18/07/2023 09:51	Equity Research	Buy	70.00	44.65
CTP (EUR)	13/10/2022 05:11	Equity Research	Hold	10.50	9.71
	09/01/2023 06:09	Equity Research	Hold	12.00	11.50
	23/03/2023 06:10	Equity Research	Hold	12.60	12.02
	11/09/2023 05:20	Equity Research	Buy	14.80	12.82
CTS Eventim (EUR)	30/05/2023 04:34	Equity Research	Buy	70.00	63.15
	13/06/2023 05:33	Equity Research	Hold	70.00	64.70
D/S Norden (DKK)	14/10/2022 04:35	Equity Research	Buy	472.33	338.47
	07/11/2022 05:54	Equity Research	Hold	416.00	382.80
	28/04/2023 04:37	Equity Research	Hold	450.00	437.80
	04/05/2023 04:50	Equity Research	Hold	453.00	407.00
d'Amico International Shipping (EUR)	03/11/2022 05:50	Equity Research	Buy	3.80	3.10
	11/11/2022 05:42	Equity Research	Buy	4.20	3.32
	02/03/2023 05:38	Equity Research	Buy	5.00	4.59
	10/03/2023 05:44	Equity Research	Buy	5.60	4.95
	28/07/2023 06:11	Equity Research	Buy	5.80	3.66
Danieli (EUR)	28/09/2022 04:57	Equity Research	Buy	25.00	15.94
	10/03/2023 06:23	Equity Research	Buy	32.00	24.45
Dassault Aviation (EUR)	10/03/2023 06:52	Equity Research	Buy	230.00	179.20
Dassault Systèmes (EUR)	03/02/2023 06:54	Equity Research	Hold	41.00	38.51
	22/05/2023 05:18	Equity Research	Buy	48.00	37.94
Datalogic (EUR)	13/03/2023 07:32	Equity Research	Hold	9.40	8.73
	15/05/2023 04:32	Equity Research	Hold	8.20	7.26
	04/08/2023 04:35	Equity Research	Hold	7.10	5.72
	14/03/2023 06:17	Equity Research	Hold	21.60	22.54
De'Longhi (EUR)	22/05/2023 08:33	Equity Research	Not Rated		5.51
Derichebourg (EUR)	27/06/2023 05:16	Equity Research	Buy	8.70	4.91
	29/09/2022 04:36	Equity Research	Buy	205.00	144.50
	04/11/2022 17:20	Equity Research	Not Rated		162.90
	16/05/2023 05:36	Equity Research	Buy	215.00	165.80
	08/09/2023 05:48	Equity Research	Buy	230.00	153.60
DLSI (EUR)	03/05/2023 04:33	Equity Research	Hold	14.40	13.45
Do & Co (EUR)	20/02/2023 06:12	Equity Research	Buy	120.00	102.80
	16/06/2023 04:35	Equity Research	Buy	145.00	132.00
Dormakaba (CHF)	08/03/2023 06:17	Equity Research	Buy	470.00	414.00
	04/09/2023 05:51	Equity Research	Buy	530.00	454.00
Draegerwerk (EUR)	07/10/2022 05:16	Equity Research	Hold	45.00	43.35
	07/11/2022 05:38	Equity Research	Hold	42.00	41.50
	30/01/2023 05:36	Equity Research	Hold	43.00	42.85
	02/06/2023 05:16	Equity Research	Hold	45.00	42.35
	04/08/2023 04:30	Equity Research	Hold	46.00	44.90
	11/11/2022 05:49	Equity Research	Buy	35.00	30.54
Dürr (EUR)	02/02/2023 06:06	Equity Research	Buy	42.00	34.74
	03/07/2023 04:32	Equity Research	Buy	38.00	29.64
	12/10/2022 05:00	Equity Research	Buy	25.00	15.95
Ebusco (EUR)	21/02/2023 06:03	Equity Research	Buy	22.00	13.25
	03/04/2023 04:43	Equity Research	Buy	19.00	9.52
	28/07/2023 08:29	Equity Research	Hold	8.00	7.54
	09/11/2022 06:43	Equity Research	Buy	71.00	41.38
Eckert & Ziegler (EUR)	31/03/2023 06:19	Equity Research	Buy	64.00	43.66
	11/08/2023 04:48	Equity Research	Buy	62.00	33.42
	28/02/2023 05:59	Equity Research	Buy	8.20	5.08
Ecoener (EUR)	21/10/2022 05:53	Equity Research	Hold	19.00	18.16
Ekopak (EUR)	28/11/2022 05:34	Equity Research	Hold	64.00	58.78
Elekta (SEK)	31/08/2023 04:37	Equity Research	Hold	80.00	78.48
Embracer (SEK)	01/11/2022 06:01	Equity Research	Buy	102.00	53.17
	18/11/2022 05:49	Equity Research	Buy	99.00	45.55
	25/01/2023 06:17	Equity Research	Buy	93.00	44.98
	17/02/2023 05:37	Equity Research	Buy	90.00	58.75
	03/05/2023 04:36	Equity Research	Buy	82.00	50.37
	25/05/2023 05:28	Equity Research	Buy	44.00	22.76
	27/07/2023 05:52	Equity Research	Buy	45.00	29.65

	18/08/2023 04:28	Equity Research	Buy	46.00	29.50
Ence (EUR)	17/10/2022 04:32	Equity Research	Buy	4.60	3.18
	13/02/2023 06:55	Equity Research	Buy	5.00	3.59
Energy (EUR)	30/03/2023 05:37	Equity Research	Buy	5.10	3.45
	20/07/2023 05:24	Equity Research	Buy	3.20	2.43
Entra (NOK)	11/10/2022 05:11	Equity Research	Hold	110.00	98.55
	20/10/2022 04:52	Equity Research	Hold	100.00	92.40
	25/01/2023 06:26	Equity Research	Hold	125.00	121.30
	12/04/2023 04:47	Equity Research	Hold	110.00	102.20
	17/07/2023 06:07	Equity Research	Hold	105.00	96.85
Eramet (EUR)	21/03/2023 06:02	Equity Research	Buy	135.00	91.70
	02/05/2023 04:40	Equity Research	Buy	121.00	
	06/07/2023 04:38	Equity Research	Buy	108.00	83.80
	01/08/2023 04:32	Equity Research	Buy	98.00	76.50
ERG (EUR)	31/10/2022 07:22	Equity Research	Buy	37.70	31.22
	16/03/2023 05:50	Equity Research	Buy	38.00	26.54
EssilorLuxottica (EUR)	13/01/2023 06:04	Equity Research	Buy	200.00	170.45
	24/02/2023 05:52	Equity Research	Buy	196.00	167.15
	26/07/2023 05:18	Equity Research	Buy	194.00	177.28
Eurazeo (EUR)	08/12/2022 05:45	Equity Research	Buy	95.00	59.50
	17/08/2023 06:10	Equity Research	Buy	72.00	54.35
Eurofins (EUR)	19/10/2022 04:42	Equity Research	Hold	74.00	62.40
	18/01/2023 07:46	Credit Research	H23-28/B25		66.06
	19/01/2023 06:00	Equity Research	Hold	69.00	66.64
	02/03/2023 05:46	Equity Research	Hold	61.00	58.00
	26/07/2023 07:06	Credit Research	Buy NC25/Hold NC28		60.90
EuroGroup Laminations (EUR)	21/03/2023 06:05	Equity Research	Buy	7.40	4.80
	23/05/2023 04:40	Equity Research	Buy	7.60	5.93
	03/08/2023 05:13	Equity Research	Buy	7.20	5.37
Exmar (EUR)	24/05/2023 04:34	Equity Research	Hold	11.10	10.88
	07/06/2023 06:50	Equity Research	Accept Offer	11.10	10.78
EXOR (EUR)	01/12/2022 05:40	Equity Research	Buy	102.00	75.08
	04/04/2023 05:13	Equity Research	Buy	110.00	75.52
	15/08/2023 06:21	Equity Research	Buy	103.00	81.22
Fagerhult (SEK)	23/02/2023 05:40	Equity Research	Buy	65.00	53.80
	03/04/2023 04:34	Equity Research	Buy	67.00	62.00
	26/04/2023 04:43	Equity Research	Buy	75.00	68.10
	21/07/2023 04:56	Equity Research	Buy	67.00	53.00
Fastned (EUR)	15/12/2022 05:37	Equity Research	Buy	58.00	35.52
	16/01/2023 05:06	Equity Research	Buy	61.00	41.96
	14/04/2023 05:26	Equity Research	Buy	57.00	34.75
Fastpartner (SEK)	11/10/2022 04:49	Equity Research	Hold	60.00	56.50
	21/10/2022 05:14	Equity Research	Hold	65.00	62.40
	25/01/2023 06:15	Equity Research	Hold	95.00	91.40
	10/02/2023 11:31	Equity Research	Hold	90.00	81.90
	12/04/2023 04:47	Equity Research	Hold	70.00	62.20
	30/06/2023 05:16	Equity Research	Hold	45.00	39.65
Ferrari (EUR)	02/02/2023 06:07	Equity Research	Hold	240.00	230.00
	03/02/2023 06:42	Equity Research	Hold	250.00	246.80
	05/05/2023 05:29	Equity Research	Hold	275.00	265.00
	03/08/2023 05:25	Equity Research	Hold	300.00	289.00
Ferrovial (EUR)	11/10/2022 05:06	Equity Research	Buy	30.60	23.04
	23/02/2023 06:17	Equity Research	Buy	31.30	25.76
	04/05/2023 05:07	Equity Research	Buy	33.00	28.81
Fielmann (EUR)	16/11/2022 05:46	Equity Research	Hold	38.50	38.64
	08/05/2023 04:21	Equity Research	Hold	48.00	47.46
FILA (EUR)	14/11/2022 06:14	Equity Research	Buy	11.30	7.21
Fluidra (EUR)	08/11/2022 06:11	Equity Research	Reduce	10.70	13.58
	07/09/2023 04:38	Equity Research	Reduce	14.40	20.30
FM Mattsson (SEK)	31/10/2022 06:32	Equity Research	Buy	70.00	55.00
	07/02/2023 09:42	Equity Research	Hold	70.00	65.90
	27/02/2023 05:34	Equity Research	Hold	67.00	60.00
	08/05/2023 04:16	Equity Research	Buy	70.00	58.00
	28/08/2023 04:38	Equity Research	Buy	60.00	49.90
Fonciere INEA (EUR)	09/01/2023 06:17	Equity Research	Hold	44.00	41.90
	27/07/2023 05:44	Equity Research	Hold	42.00	37.90
Formycon (EUR)	31/08/2023 05:37	Equity Research	Buy	92.00	61.30
Frontline (NOK)	23/11/2022 05:41	Equity Research	Buy	199.00	145.40
	12/12/2022 06:11	Equity Research	Buy	212.00	129.70
	21/02/2023 05:42	Equity Research	Buy	227.00	175.14
	01/03/2023 05:44	Equity Research	Buy	242.00	192.22
	26/05/2023 04:39	Equity Research	Buy	258.00	159.06
	01/06/2023 04:53	Equity Research	Buy	267.00	157.88

	31/07/2023 04:53	Equity Research	Buy	271.00	159.88
	25/08/2023 04:36	Equity Research	Buy	292.00	197.14
Fuchs Petrolub (EUR)	10/03/2023 05:41	Equity Research	Buy	43.00	37.34
GBL (EUR)	04/11/2022 06:10	Equity Research	Not Rated		72.96
	01/09/2023 05:08	Equity Research	Buy	86.00	74.36
Genova (SEK)	11/10/2022 05:19	Equity Research	Hold	52.00	48.50
	24/11/2022 05:57	Equity Research	Hold	57.00	53.40
	25/01/2023 06:17	Equity Research	Hold	66.00	63.00
	06/03/2023 06:17	Equity Research	Hold	65.00	62.00
	12/04/2023 04:45	Equity Research	Hold	64.00	57.80
	29/05/2023 05:13	Equity Research	Hold	53.00	48.00
	30/06/2023 05:18	Equity Research	Hold	47.00	43.40
	17/08/2023 04:44	Equity Research	Hold	45.00	42.80
Geox (EUR)	03/02/2023 06:50	Equity Research	Hold	1.00	0.96
	10/03/2023 06:42	Equity Research	Hold	1.15	1.15
	14/07/2023 05:57	Equity Research	Hold	1.00	0.84
Gestamp (EUR)	28/02/2023 06:25	Equity Research	Buy	5.00	4.09
	26/07/2023 04:44	Equity Research	Buy	5.50	4.42
GFT Technologies (EUR)	15/11/2022 05:38	Equity Research	Buy	54.50	36.20
	16/03/2023 05:39	Equity Research	Buy	47.00	33.85
	04/08/2023 04:40	Equity Research	Buy	41.00	25.34
Golden Ocean Group (NOK)	14/11/2022 05:44	Equity Research	Buy	124.00	97.00
	14/02/2023 06:09	Equity Research	Buy	118.00	96.96
	10/05/2023 04:34	Equity Research	Buy	148.00	91.82
Greenyard (EUR)	15/11/2022 08:36	Equity Research	Hold	8.30	7.66
Grenke ()	09/05/2023 00:00	Equity Research	Not Rated		
Grieg Seafood ASA (NOK)	07/10/2022 05:11	Equity Research	Hold	75.00	67.50
	20/10/2022 04:39	Equity Research	Reduce	60.00	68.85
	14/11/2022 05:39	Equity Research	Reduce	66.00	70.00
	18/01/2023 06:27	Equity Research	Hold	88.00	85.05
	17/02/2023 05:45	Equity Research	Hold	80.00	78.55
	13/04/2023 04:53	Equity Research	Buy	100.00	79.20
	05/07/2023 05:07	Equity Research	Buy	90.00	68.70
Grifols (EUR)	13/10/2022 16:29	Equity Research	Not Rated		8.28
	20/04/2023 05:25	Equity Research	Buy	17.50	9.42
	10/05/2023 06:36	Credit Research	Buy		10.42
Groupe LDLC (EUR)	28/10/2022 05:57	Equity Research	Buy	35.00	21.75
	27/01/2023 05:36	Equity Research	Hold	24.00	22.15
	19/06/2023 05:11	Equity Research	Hold	20.00	20.15
Gruppo MutuiOnline (EUR)	17/11/2022 07:11	Equity Research	Hold	29.00	25.24
Guerbet (EUR)	13/02/2023 06:32	Equity Research	Hold	20.00	19.10
	24/03/2023 05:44	Equity Research	Hold	18.00	17.64
GVS (EUR)	10/11/2022 05:58	Equity Research	Hold	5.40	4.89
	07/03/2023 06:38	Equity Research	Hold	5.50	5.00
	22/03/2023 06:31	Equity Research	Buy	5.70	4.58
	16/05/2023 05:44	Equity Research	Buy	6.00	5.37
	06/09/2023 05:24	Equity Research	Buy	6.20	5.47
H & R (EUR)	02/02/2023 06:01	Equity Research	Reduce	5.00	6.06
Haulotte Group (EUR)	15/02/2023 05:50	Equity Research	Reduce	2.90	3.47
Heineken (EUR)	27/10/2022 04:43	Equity Research	Hold	86.00	83.42
	16/02/2023 05:43	Equity Research	Hold	88.00	93.78
	23/03/2023 05:35	Equity Research	Hold	92.00	97.88
	20/04/2023 04:18	Equity Research	Hold	98.00	103.85
	01/08/2023 05:14	Equity Research	Hold	93.00	89.14
Henkel (EUR)	01/09/2023 05:20	Equity Research	Buy	87.00	70.72
Hennes & Mauritz (SEK)	30/09/2022 05:00	Equity Research	Buy	140.00	99.67
	16/12/2022 05:38	Equity Research	Buy	130.00	111.24
	30/01/2023 06:15	Equity Research	Buy	140.00	125.80
	16/03/2023 05:45	Equity Research	Buy	135.00	122.94
	31/03/2023 04:54	Equity Research	Buy	160.00	142.90
	30/06/2023 04:39	Equity Research	Buy	210.00	186.06
	12/09/2023 05:12	Equity Research	Buy	220.00	169.36
Hermès (EUR)	23/01/2023 06:19	Equity Research	Buy	1800.00	1628.00
	21/02/2023 05:43	Equity Research	Buy	1900.00	1714.00
	04/04/2023 04:33	Equity Research	Buy	2100.00	1861.00
	17/04/2023 04:43	Equity Research	Buy	2150.00	1975.00
	31/07/2023 04:34	Equity Research	Buy	2300.00	2011.50
Hexagon (SEK)	28/10/2022 04:57	Equity Research	Buy	140.00	109.30
	26/06/2023 05:36	Equity Research	Buy	150.00	
	27/07/2023 04:44	Equity Research	Buy	140.00	104.45
Hexpol (SEK)	12/10/2022 05:58	Equity Research	Hold	100.00	96.55
	24/10/2022 04:43	Equity Research	Hold	105.00	100.80
	30/01/2023 05:57	Equity Research	Hold	115.00	112.80

	02/05/2023 05:13	Equity Research	Hold	125.00	
	24/07/2023 04:45	Equity Research	Hold	115.00	107.80
Home Invest Belgium (EUR)	23/03/2023 06:13	Equity Research	Hold	22.00	20.39

Credit research does not issue target prices. Left intentionally blank.

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Kathleen is Head of European SMID Cap Research. She is responsible for coordinating SMID research (c. 700 names under coverage below a EUR5bn market cap), our European SMID Selected List and other thematic reports. Prior to joining Kepler Cheuvreux in August 2018, she worked at Natixis for eight years. She started as an Auto analyst and then covered French SMID Caps (mainly capital goods and business services). Kathleen graduated from the Grenoble Ecole de Management and Aston Business School.



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Natalia was a sell-side analyst for more than 25 years, covering a range of sectors in various brokerage firms – including 14 years at Kepler Cheuvreux, where she focused on Healthcare, Retail, IT, Media, and Energy stocks. In 2017, she joined TREA Asset Management as Head of Equity Research and member of the ESG team. She returned to Kepler Cheuvreux in 2021 to form part of the content management team as Deputy Head of Research, leveraging her extensive expertise in research on both the sell-side and buy-side. In July 2022 she was appointed Co-Head of Institutional Research. Natalia has a degree in Business Administration from CUNEF University in Madrid.

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