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ANALISI DEL SETTORE E VALUTAZIONE FINANZIARIA
IL CASO ELICA S.P.A.

INDUSTRY ANALYSIS AND FINANCIAL VALUATION
THE CASE OF ELICA S.P.A.

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ABSTRACT

L'obiettivo di questa tesi è quello di condurre un'Analisi di Settore e Valutazione Finanziaria per determinare il valore fondamentale di Elica S.p.A. e proporre una raccomandazione di investimento attraverso un'approfondita analisi qualitativa e quantitativa svolta in un arco temporale che va dagli ultimi cinque ai futuri cinque anni fiscali.

Il primo capitolo è foccalizzato sul dare una panoramica dell'azienda: la sua storia, come si è sviluppata nel corso degli anni, il segmento dell'industria in cui opera, la rete distributiva, i marchi e i prodotti che offre e come sono organizzati; qui, una particolare attenzione viene data alla struttura organizzativa, alla sua composizione, in modo da comprendere come si svolge la gestione quotidiana dell'azienda.

Successivamente, nel secondo capitolo l'attenzione è rivolta alle prospettive di crescita del mercato delle cappe da cucina in tutte le regioni in cui l'azienda opera e ha interessi commerciali e tratterà brevemente le tendenze macroeconomiche globali e gli sviluppi futuri che influenzerebbero l'attività dell'azienda. Successivamente, viene condotta un'analisi della concorrenza prendendo in considerazione le cinque forze di Porter e un'ulteriore enfasi è data all'analisi SWOT, che risulta fondamentale nel determinare il posizionamento di Elica in termini di capacità di sfruttare i suoi punti di forza e trarre vantaggio dalle opportunità e 'soffrire' dalle debolezze e dalle minacce .

Questo porta al terzo capitolo, dove esaminiamo la performance passata dell'azienda per quanto riguarda i ricavi e la loro distribuzione geografica, i flussi di cassa degli ultimi anni e la struttura

del capitale. In particolare, per quanto riguara la performace futura, prendiamo in considerazione i ricavi futuri stimati, i margini e i costi e l'utile netto per il periodo 2022-2026.

Le ultime parti del paper sono più specifiche e analizzano in profondità l'azienda per determinarne il valore fondamentale attraverso l'implementazione di un modello DCF a tre stadi, considerando una prima fase di crescita, una seconda fase di crescita consolidata nonostante le prime proiezioni macroeconomiche negative grazie ai punti di forza dell'azienda e ad una terza fase di crescita di lungo termine a un tasso costante. Accanto al modello DCF, viene riportato un metodo di analisi dei multipli per valutare meglio l'azienda. Ai fini della stima del fair value di Elica, è stato considerato il multiplo EV/EBITDA, in quanto non influenzato da differenti politiche di prezzo, efficienza produttiva e politiche finanziarie.

Per sintetizzare numericamente i rischi, è stata condotta anche un'analisi di sensitività su WACC e tasso di crescita TV. Infine, i rischi direttamente o indirettamente connessi alle fluttuazioni dei prezzi generali di mercato e dei mercati finanziari a cui la società è esposta inclusi i rischi connessi alle fluttuazioni dei tassi di cambio, dei tassi di interesse, del costo delle principali materie prime e dei flussi di cassa sono rappresentati in una matrice dei rischi insieme alla loro probabilità di accadimento e al possibile impatto sull'azienda, espressi rispettivamente in una scala di punteggio.

Terminata l'analisi, si trattano le relative conclusioni finali.

Nella sezione appendice sono presentati gli elaborati di bilancio che sono serviti per la realizzazione dello studio.

ACKNOWLEDGEMENT

I want to thank my thesis supervisor Professor Marco Cucculelli for the support and guidelines he has given me for the progress of this thesis. His instructions and recommendations have been very important in the realization of it.

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CONTENTS

INTRODUCTION

The aim of this paper is to conduct an Industry Analysis and Financial Valuation to determine the Elica S.p.A. fundamental value and propose an investment recommendation through an in-depth qualitative and quantitative analysis in a time frame that extends from the last five to the future five fiscal years.

The first chapter will be focused on giving an overview of the company: its history, how they developed through the years, the business segment which operates, the distribution network, the brands and products it offers, and how they are organized; here, a particular attention will be given to the organizational structure, the composition of it, so as to understand how the day-to-day management of the company is done.

Afterwards, in the second chapter the focus will be given to the cooker hoods market growth prospections in the all regions where the company operates and has business interests and treats briefly the global macroeconomic trends and future developments that would affect the company business. Later on, it will be conducted a competition analysis carrying out the Porter's five forces and an additional emphasis will be given to the SWOT analysis, which results fundamental in determining Elica's positioning in terms of ability to leverage strengths and opportunities and suffer from weaknesses and threats.

This will lead to the third chapter, where we will be examining the past performance of the firm with regard to revenues and their geographical distribution, the last years' cash flows and the capital structure. In particular, we will be taking into consideration an analysis of future revenues, costs margins and net profit for the 2022-2026 period.

The last parts of the paper will be more specific, and will deeply analyze the company to determine Elica's fundamental value it through the implementation of a three-stage DCF model, considering a first stage of paltry growth, a second stage of consolidated growth despite the initial negative macroeconomic projections thanks to the company's strengths and a third stage of long-term growth. Beside the DCF model, will be reported a multiples analysis method in order to better evaluate the company. In order to estimate Elica's fair value, will be considered the EV/EBITDA multiple, because it is not affected by different pricing policies, productive efficiency and financial policies.

To numerically summarize the risks, will be also conducted a sensitivity analysis on WACC and TV growth rate. Lastly, the risks directly or indirectly related to the fluctuations of the general market prices and the financial markets in which the company is exposed including risks associated with fluctuations in exchange rates, interest rates, the cost of its main raw materials and cash flows. These and other risks to the company are represented in a risks matrix together with their likelihood of happening and the possible impact on company, expressed in a score scale respectively.

Once the analysis has been completed, the relative final conclusions will be outlined.

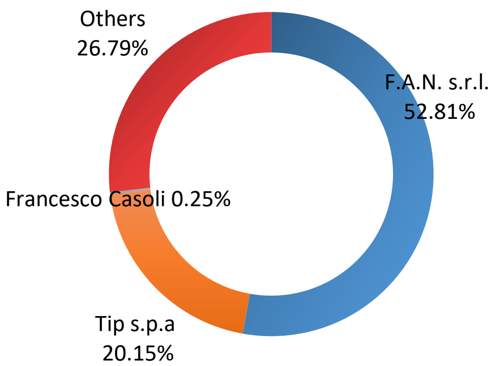
In the appendix section, the elaborated financial statements that served for the realization of the study will be presented.

1. BUSINESS DESCRIPTION

Elica is an italian based multinational hoods company founded in 1970 by Ermanno Casoli in Fabriano, where today there are Elica‘s headquarter, the factories of production, the laboratory of research and development and the subsidiary Airforce. In 1972 Elica presented the first air extractor in Paris and signed the first contract with Philips. In 1978 the company ownership passed from Ermanno to his son Francesco Casoli, who in 1990 became the principal administrator. Since 2000 Elica has started to expand more and more in the world, opening seven factories worldwide. Since 2006 the company is listed on the Milan Stock Exchange on the STAR segment, suitable for companies who comply with high standards.

Elica is today the world leader in terms of units sold in the sector of hoods for domestic use. In 2021 Elica had revenues for 541.3 millions, +19.5% more than previous year. On January 10 of this year, Elica’s current price is €3.17 per share. Elica’s ownership is structured in the following way: F.A.N. S.r.l. hold the absolute majority with a 52,81% of total shares, Tip S.p.A. has the 20.15%, Francesco Casoli has the 0,25% and others have the 26,79 %.[1]

Figure 1.1: Main shareholders



[1] https://www.elica.com/corporation/en/investor-relations/shareholders

1.1. COMPANY PRESENTATION

Elica's Group has been active in the kitchen hood and stoves market since 1970, founded by Ermanno Casoli in Fabriano, where there is Elica's headquarter and its principal laboratory. Today the company is chaired by Francesco Casoli and led by Mauro Sacchetto and it is the world leader in terms of units sold in its sector. It is also the European leader in the design, manufacture and sale of motors for hoods and central heating boilers. With 3,800 employees, Elica's Group has plants in various locations including in Italy, Poland, Mexico, India and China, with an annual production of 20.7 millions of hoods and motors for domestic use. [2]

With a large experience in the sector, Elica has combined meticulous care for design with judicious choice of high-quality materials and cutting-edge technology to guarantee maximum efficiency and low energy consumption, enhancing the brand perception. They are no longer seen as a simple accessory but as a design element that improves the quality of life. This has enabled the Group to revolutionize the traditional image of cooker hoods: they produce design hoods. The production is based on the following values: satisfying the customers' needs and serving them with passion, offering a post-sell service for assistance; innovation, to meet the needs of each customer; improve efficiency to reduce costs and simplify work.

As a matter of fact, Elica uses all its innovative products to reduce the costs allowing them to perform multiple functionsand utilizes its laboratory to reduce the harmful rate of the materials used and test the acoustics of the hoods, to design them in a safer way. The company follows a sustainable footprint, through policies that respect the environment, such as the use of environmentally friendly materials and packing, it trains its employees, through the

[2] https://www.elica.com/corporation/en/about/profile

organization of courses and events to update them continuously. The design is made in Italy and personalized. The keys of the company's success are: passion, creativity and enthusiasm that every employee brings with him every day.

1.1.1. Business Segment [3]

Elica SpA is an Italian company specialized in hoods market. It produces hoods, aspiration hob and hobs. There are several models of hoods: wall-mounted, built-in, island, corner, ceiling and downdraft. Elica's product line includes also aspiration hob and hobs. The Group's revenues are split in 2 main business divisions:

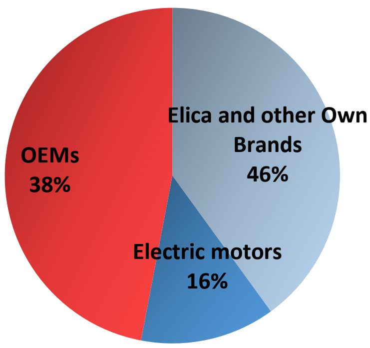
Cooking:

- production and sale of third-party brand home appliances (accounting for approximately 45% of cooking revenues or 38% of total revenues)
- production and sale of own-brand home appliances (accounting for approximately 55% of cooking revenues or 46% of total revenues)

Motors:

- production and sale of electric motors, also for internal use (accounting for approximately 16% of total revenues).

Figure 1.2: Revenues by product

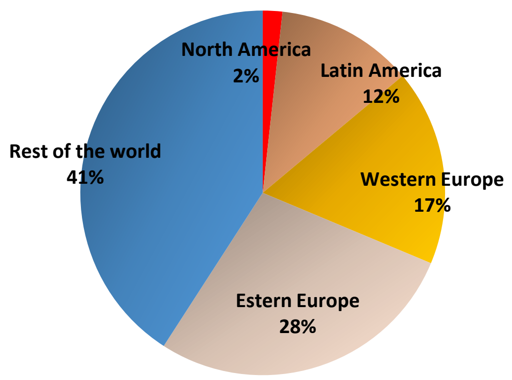


[3] Elica S.p.A., *Non Financial Report*, 2021, pp. 27

The countries served at the commercial level are divided into five main geo-clusters for a total of 115 nations.

In particular, the Eastern Europe cluster includes the geographical area that extends from the Balkans to the former Soviet Union, including Turkey and the former Soviet Republics. The "Rest of the World" cluster comprises India, China, APAC, Africa and others.

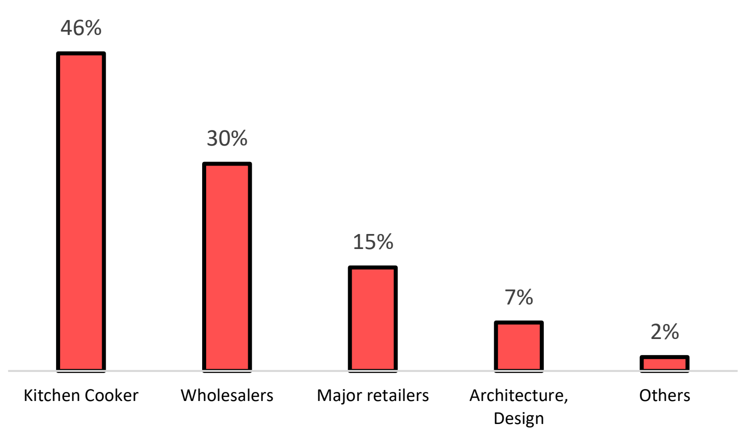
Figure 1.3: Geographical distribution of revenues



The main distribution channels provide the sale of own branded products; their weight as a percentage of net revenues are shown below:

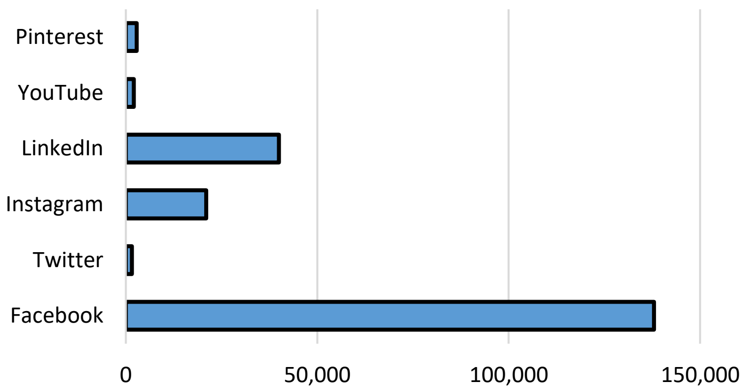
Kitchen cooker manufacturers 46%, Wholesalers 30%, Major Retailers 15%, Architecture and Interior Design firms 7%, Others 2%.

Figure 1.3: Main distribution channels



Elica Spa uses social networks to spread its brand all over the world, thanks to IM*MEDIA, which is a company specialized in Web marketing and Social Media marketing. Elica has a business profile in Facebook, Instagram, Twitter, LinkedIn, Pinterest and YouTube, followed by 205K people.

Figure 1.4: Followers on social media



1.1.2. Distribution Network

Over the years, Elica Corporation has conquered a greater market share and today it is a true global player in its reference market. It is the market leader in the hoods sector and it is gaining leadership positions in the sector of the motors for heating boilers in Western and Eastern Europe. In Europe the company operates in the Italian region of Marche, where its headquarter is located, in Poland through the Elica Group Polska, in Germany with Elica GmbH; in Spain and France with Elica France, based in Paris.

In the Americas, it operates in Mexico with Elicamex, the production and commercial headquarters for Latin America and North America. The presence in this country is part of the strategic project, carried out by Elica Corporation over the years to better understand the needs and preferences of that market segment. In Asia, Elica Corporation has been present since 2002, the year of the joint venture with Fuji Industrial, the first manufacturer of extractor hoods in

Japan, where since 2006 Elica has been in control, from which Ariafina was born, a reference brand for the Japanese range hood market high range. Elica PB India Ltd. was born in 2010, collaborating with the entrepreneur Pralhad Bhutada, which manufactures and sells its own and third part hoods, hobs and ovens, thought for the Indian market. In the same year, Elica entered the Chinese market, the world's largest hood market, acquiring the majority stake in the Chinese company Zhejiang Putian Electric Co. Ltd, owner of the Puti brand, with which it manufactures and sells hoods, gas hobs and sterilizers for dishes for the local market.

1.2. BRANDS AND PRODUCTS

1.2.1. Range hoods and Cooking [4]

Elica's brand was created in 1970 with an ambitious goal: to bring healthy air to kitchens throughout the world. For over 40 years, Elica's range of hoods has satisfied millions of customers across the world because of the design, reliability and innovation of the brand.

New and original products are constantly being created to add to the wealth of products developed, the fruit of devoted and intense research focused on innovating not only the aesthetic of the models but the entire production process.

Turboair: sold in Italy and in the markets of the Far East and the CIS (Commonwealth of Independent States), the Turboair brand offers mid-range products known for their quality, originality and care of materials.

[4] Elica S.p.A., *Non Financial Report*, 2021, pp. 28

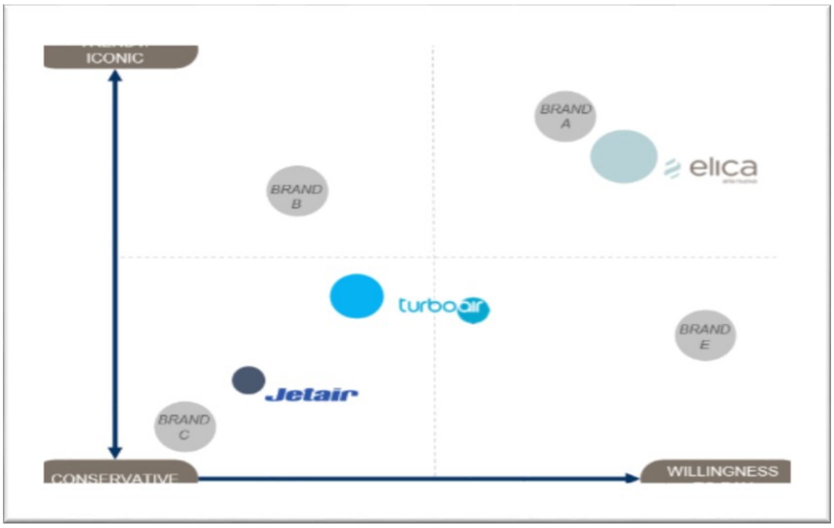
Ariafina: the brand, created through a joint venture with Fuji Industrial, produces hoods intended for the top end of the Japanese market, where it has succeeded in making a name for itself. Ariafina products harmoniously marry the best Japanese technology with unmistakable Italian design.

Arietta: this brand, distributed in North America, includes a highly competitive range of products which fully encapsulate the Company's values: reliability, functionality, aesthetics and quality, in keeping with Italian design culture.

Jet Air: this historical brand on the Russian market is particularly appreciated for the capacity of its products to deliver the values of Italian craftsmanship, translating into excellent technical features and high aesthetic quality.

Puti: acquired as part of the Chinese joint venture, Puti is a leading brand in the sector in China, offering hobs and kitchen sterilisers in addition to range hoods. Puti's range hoods cater to the medium and high end of the Chinese market, offering competitive products that are highly functional and technologically advanced, with an European style attention to design.

Figure 1.5: Power of brand consequence



1.2.2. Electric motors

FIME represents the Elica Group’s Motors Division.

Over the years, FIME has developed its presence in electric motors and ventilation systems for home appliances, domestic heating and commercial refrigeration.

FIME’s biggest clients include major industrial groups in various sectors such as Vaillant, Bosch, Viessmann, BDR Thermea, Riello, Ariston Thermo, Immergas, BSH, Miele, Whirlpool, Electrolux and Indesit Company. The Company has developed extensive know-how not just in electromechanical design of electric motors, but also in electronic and fluid-dynamic design, which today make it possible for it to offer integrated air circulation systems.

In line with the Elica Group’s industrial policy, FIME is also orientated towards production focused on the well-being of the individual and the environment. FIME brand ventilation systems comply with the regulatory requirements concerning sustainability and reduced consumption, in all sectors of application.

1.3. CORPORATE GOVERNANCE [5]

Elica S.p.A. is a joint-stock company structured with a traditional governance model. It has been listed on the MTA STAR segment of Borsa Italiana S.p.A. since November 2006. Its governance model is in line with the principles of the Corporate Governance Code, approved in January 2020.

The Company's Board of Directors plays a pivotal role in defining the Company's strategies and processes in order to achieve the key objective of sustainable success, seeking to create long-term value for the benefit of stakeholders. The Board are attributed the widest powers for

[5] Elica S.p.A., *Corporate Governance and Ownership Structure Report,* 2021

the management of the company and the faculty to carry out all acts and operations considered necessary for the reaching of the corporate objectives, except in the case of those attributed by law to the Shareholders' Meeting or deriving from specific authorisations required.

The Board of Directors have the following duties:

a) merger and spin-off resolutions;

b) the opening, transfer and closing of secondary offices;

c) the indication of which Directors may represent the Company;

d) the issue of non-convertible bonds within the limits set out in articles of the Civil Code;

e) the reduction of the share capital in the case of return of shares by shareholders;

f) updating the company By-Laws and the Shareholders' Meeting regulation in accordance with law;

g) the transfer of the registered office to another municipality in the national territory;

h) the reduction of the share capital where losses are greater than one-third of the share capital and the Company has issued shares without nominal value;

Elica's Board of Directors is also responsible for: the review and approval of the Company's and the Group's business plan, including an analysis of issues relevant to the creation of long-term value; periodic monitoring of the implementation of the business plan and assessment of general operating performance, periodically comparing the results achieved with those planned on a quarterly basis; defining the nature and level of risk compatible with the strategic objectives of the Issuer, including in its assessments every element considered significant with regard to the sustainability success of the Company. The Board of Directors is systematically involved in setting sustainable strategic objectives and assesses their compatibility with the defined level of risk, for example when approving corporate transactions; establishing the Company's corporate governance system and the structure of the Group it heads. In 2022 the Board assessed the corporate model, shares rights and the percentages set out for the exercise of the prerogatives of minority shareholders as appropriate and functional to the needs of the business. It did not deem it necessary or appropriate to prepare reasoned proposals to submit to the Shareholders' Meeting in order to establish a different corporate governance system. Another responsability of the Board is the evaluation of the adequacy of the organisational, administration and general accounting system of the Issuer and of its subsidiaries having strategic importance, with particular reference to the Internal Control and Risk Management System.

At its meeting on July 30, the Board concluded that the general operating performance, seeking to safeguard the Company's continuity and competitiveness, was good. It considered that the general organisational, administrative and accounting structure of the Company and its subsidiaries was adequate in terms of the Group's current structure and ongoing strategic projects. Finally, it considered that the Internal Control and Risk Management System was adequate and effective within the parameters identified ; The Board also takes decisions on transactions by the Company and its subsidiaries that have a significant strategic, business or financial impact or an impact in terms of the Company's capital, establishing the general criteria for identifying significant transactions.

The Company's Board of Directors consists of Executive and Non-Executive Directors with the skills and professionalism appropriate to their duties. The Shareholders' Meeting of the Company has conferred administration to a Board of Directors comprising seven members.

The composition of the Board of Directors is as follows:

- Francesco Casoli (Chairperson)
- Giulio Cocci (Managing Director and Chief Executive Officer)
- Elio Cosimo Catania (Independent Director)
- Angelo Catapano (Independent Director)
- Liliana Fratini Passi (Independent Director)
- Susanna Zucchelli (Independent Director)
- Monica Nicolini (Independent Director)

From January 1, 2021 to March 16, 2021, the role of Managing Director and Chief Executive Officer was held by Mauro Sacchetto. Following his resignation for personal reasons, effective March 16, 2021, Giulio Cocci was co-opted to replace him. The appointment of Giulio Cocci was in accordance with the Executive Director succession plan adopted by the Company, on the conclusion of a selection process and on the proposal of the Appointments and Remuneration Committee, reflecting its opinion and follows approval by the Board of Statutory Auditors. In the current composition of the Board, the number and skills of the Non-Executive Directors are such as to ensure that they have a significant weight when Board resolutions are taken and to ensure that management is effectively monitored.

Internal Committees of the Board

The Board of Directors of the Company approved and subsequently confirmed the setting-up of an “Appointments and Remuneration Committee” and a “Control, Risks and Sustainability Committee”, formed by Independent Directors. The decision to create and maintain a single Appointments and Remuneration Committee is based on the size of the Board and of the

Company, in addition to the need of the company to maintain, and in compliance with the conditions of the Code, a responsive and effective organisation. The functions and activities of the Committee with regard to remuneration and the replacement of Directors are, in any case, clearly distinct. The work of the Committees is co-ordinated by the respective Chairpersons.

The Committees have adopted their own regulations which, for matters not governed by the Board of Directors' Regulation, set out the functions, operating procedures and taking of the minutes of each Committee. The provision of information to members of the Committee is governed and carried out in accordance with the Board of Directors' Regulation.

Appointments and Remuneration Committee

The Company's Board of Directors has established an Appointments and Remuneration Committee. The Company decided not to set up a specific Appointments Committee. Consequently, the Appointments and Remuneration Committee was assigned also the functions of the Appointments Committee. Committee members are the Independent Directors Elio Cosimo Catania (Chairperson), Angelo Catapano, Liliana Fratini Passi, Monica Nicolini and Susanna Zucchelli.

The members of the Committee have knowledge and experience in accounting and finance and/or in remuneration policies. When determining the composition of the Committee, the Board gave priority to the expertise and experience of its members, as well as to the need to ensure adequate involvement of all Independent Directors in the issues to be assessed by the Committee and subsequently approved by the Board. This committee guarantees the greatest information and transparency on the remuneration of Directors vested with specific offices, as well as the manner for determining the remuneration. The Committee has solely proposing and consultative functions, while the power of determining the remuneration of the Directors vested with specific offices remains with the Board of Directors, having consulted with the Board of Statutory Auditors.

In particular, the Committee, using the methods set out in its Regulation, provides the following support functions to the Board in the following activities:

(a) self-assessment of the Board and its committees;

(b) deciding on the optimum composition of the Board and its committees, where deemed appropriate;

c) identify candidates for the position of Director in the event of co-option;

d) presentation of a slate by the outgoing Board of Directors to be carried out according to methods that ensure its transparent formation and presentation;

(e) preparing, updating and implementing the succession plan, if any, for the Chief Executive Officer and the other Executive Directors;

(f) producing the remuneration policy;

g) presenting proposals or expressing opinions on the remuneration of the Executive Directors and Other Directors in addition to establishing the performance objectives related to the variable component of this remuneration;

h) monitoring the concrete application of the remuneration policy, verifying, in particular, the effective achievement of the performance objectives;

(i) periodically assessing the adequacy and overall consistency of the remuneration policy for Directors and top management.

There were no changes to the Committee’s composition in 2022.

Control, Risks and Sustainability Committee

The Company's Board of Directors has established a Control, Risks and Sustainability Committee. The members of the Committee, as from April 29, 2021, are the Independent Directors Susanna Zucchelli (Chairperson), Elio Cosimo Catania, Angelo Catapano, Liliana Fratini Passi and Monica Nicolini.

The Control, Risks and Sustainability Committee is composed of members with adequate financial, accounting and risk management experience. At least one member has adequate knowledge and experience in accounting and finance and / or risk management. The Control, Risks and Sustainability Committee, within the scope of its powers, supports, with appropriate preparatory activities, the assessments and decisions of the Board of Directors on the Internal Control and Risk Management System, in addition to those concerning the approval of the periodic financial reports. The Committee performs investigative, proposing and advisory functions.

Specifically, the Committee, in assisting the Board of Directors:

a) evaluates, having consulted with the Corporate Financial Reporting Officer, the independent audit firm and the Board of Statutory Auditors, the correct application of the accounting policies and, in the case of groups, their uniformity in the preparation of the consolidated financial statements;

b) assesses the suitability of periodic financial and non-financial information to correctly represent the Company's business model, strategies, impact of its activities and performance;

c) examines the periodic non-financial information relevant to the Internal Control and Risk Management System;

d) expresses opinions on specific aspects concerning the identification of the main corporate risks and supporting the assessments and decisions of the Board of Directors relating to the management of risks arising from prejudicial events of which the Board has become aware;

e) examines the periodic reports and those of particular relevance prepared by the Internal Audit function;

(f) monitors the independence, adequacy, efficacy and efficiency of the Internal Audit department;

g) entrusts the Internal Audit department with verifications on specific operational areas, simultaneously communicating such to the Chairperson of the Board of Statutory Auditors;

h) reports, at least upon the approval of the annual and half-yearly accounts, to the Board of Directors on the work carried out and on the adequacy of the Internal Control and Risk Management System;

In relation to sustainability, the Committee undertakes proposal and consultative functions with regards to the Board of Directors, in application of the European sustainability regulation, i.e. the processes, initiatives and activities required to communicate the Company's commitment to sustainable development throughout the supply chain.

The Committee:

- examines and evaluates:

a) sustainability policies aimed at ensuring the creation of value over time for the collectivity of shareholders and for all other stakeholders over a medium-long term period in accordance with the principles of sustainable development;

b) the guidelines, objectives and consequent processes of sustainability and sustainability reporting submitted annually to the Board of Directors;

- examines any sustainability initiatives submitted to the Board of Directors;
- expresses an opinion on other sustainability issues at the Board's request.

2. INDUSTRY OVERVIEW AND COMPETITIVE POSITIONING

2.1. COOKER HOODS MARKET [6]

In 2021, the global range hood market grew 7.7%, featuring - although on average positive - divergent developments across the various geographic areas. EMEA saw expansion of 6.6%, with a very strong recovery in demand in the initial part of the year and a reversal in Q4 2021, with a contraction of 4.2%, essentially due to its comparison with a Q4 2020 which had seen a significant rebound and also due to the raw material supply difficulties. Regional growth in Central and Eastern Europe remained stable, while Western Europe regained prepandemic levels after a strong rebound in the first half of the year. The Americas market grew 9.8%, with the strongest growth in North America of 11.3% and an expansion of 5% in Latin America, with Q4 2021 also in this case slowing on the initial part of the year. Asia saw 8.1% growth amid divergent performances across the region. China, for example, grew 10.2%, as did India (+12.9%), with Japan however reporting stable demand on the previous year.

[6] Elica S.p.A., *Financial Statement*, 2021, pp. 7

2.1.1. Macro and micro trends[7]

In 2021, the global economic recovery continued amidst an improvement in the pandemic, which has posed unique policy challenges and requires a strong multilateral effort. The fracture lines opened up by COVID-19 appeared more persistent: the short-term divergences are expected to leave lasting impacts on the medium-term performance. Access to vaccines and timely policy supports are the main factors for such gaps. The global economy is expected to grow by 4.9% in 2022. The weaker outlook for 2021 on previous estimates reflects the downgrade for the advanced economies due to supply interruptions, and for the low-income developing countries caused by the worsening pandemic. This has been partially offset by expectations of a more solid short-term recovery for the emerging markets, commodity exporters and the developing economies. The rapid spread of the Delta and Omicron variants and the threat of new variants increased uncertainty on the speed with which the pandemic shall be overcome. Policy choices have become more difficult, with limited room for manoeuvre.

Global growth is expected to moderate from 5.9% in 2021 to 4.4% in 2022, largely reflecting the projected slowing of the two leading economies. A revised assumption which removes the Build Back Better fiscal policy package from the baseline and considers the early withdrawal of monetary accommodation, results in a continued supply shortage, producing a downward revision of 1.2% in the United States. In China, pandemic-induced disruptions related to the zero-tolerance policy for COVID-19 and prolonged financial stress among real estate developers prompted a 0.8 percentage point downgrade. Global growth is expected to slow to 3.8% in 2023.

[7] International Monetary Fund, *World Economic Outlook*, 2022.
World Bank, *Global Economic Prospects*, 2022

A military conflict broke out in the final week of February 2022. Russia invaded the Ukraine. These events are cause for serious concern, mainly for the human toll and the suffering of ordinary people. In terms of the economic impact, the International Monetary Fund speaks of a serious situation which will progressively deteriorate as the conflict goes on. This crisis comes at a delicate time, in which the global economy is recovering from the devastation of the COVID-19 pandemic and threatens to undo some of this progress.

Beyond the Ukraine, the repercussions of the conflict pose significant economic risks for the region and the world. The International Monetary Fund is assessing the potential implications, also in terms of the functioning of the financial system, the raw material markets and the direct impacts on countries with economic links with the region. Although the Elica Group's business in the affected area is limited as the Russian market accounts for approx. 3% of revenues, all necessary actions have been taken, with the accessing of appropriate financial instruments to protect the Group from transaction and economic risks deriving from Euro/Ruble currency fluctuations.

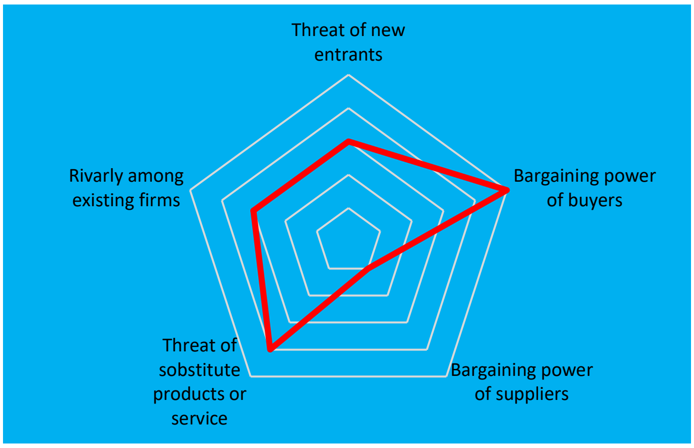
2.2. COMPETITIVE ANALYSIS

2.2.1. Competitive driver and Competitive advantages

Competitive driver

Carrying out the Porter's five forces and SWOT analysis for Elica business, we can define the factors that shape the competitive landscape. Competition in the global cooker hood market is very high. There are a large number of small and big companies on the market. Companies are opting for various strategies to expand their market share, including merger and acquisition, innovation and product development. For example, the Indian company Faber has started offering unfiltered fireplaces. The most famous competitors are: Asko Appliances; Broan Inc; BSH Home Appliances Corp; Faber S.p.A; Falmec S.p.A; Miele Inc; Panasonic Corp; Samsung Electronics; Whirlpool Corp;

Figure 2.3: Porter's five forces



- Threat of new entrants

In the hood kitchen sector, Elica in order to obtain economies of scale has chosen to increase the production flexibility, by investing in the manufacturing of electric motors; in this way the company will be able to oversee the entire production and distribution process chain, which begins with the idealization of the product and ends with the delivery to the customer.

The barriers for new entrants to the sector are medium / high, as being able to achieve important results in this sector is difficult due to the high input costs required for the production chain. In this market we need strong skills in planning, design, engineering, energy, components, logistics and so on and so forth.

- Bargaining power of buyers

The largest portion of Elica's proceeds derives from the work of OEMs towards famous brands such as Ikea and Samsung; therefore it is necessary to maintain an excellent quality standard in order to keep commercial relationships, given the strength of customers and the strong competitive drive in wanting to interact with the biggest companies.

Among the major customers of Fime, in the electric motors department, there are the main industrial groups from different sectors including Vaillant, Bosch, Viessmann, BDR Thermea, Riello, Ariston Thermo, Immergas, BSH, Miele, Whirlpool, Electrolux, Indesit. Therefore, the same argument made previously holds done, indeed the bargaining power of customers is very high.

- Bargaining power of suppliers

The high variety and complexity of the product range entails the management of around 600 different suppliers located all over the world. About 40% of the current expenditure for purchases of materials and components comes from Low Cost Country (China, Poland, Mexico, etc...) while the remaining 60% comes from suppliers in the EMEA area.

Having many and small suppliers, which can fluctuate even by 100 units per year; as a result the bargaining power of suppliers is very limited.

As an evidence of the strong control of Elica over its related suppliers, it's remarkable the fact that 128 suppliers (17% of the total) were or are being audited.

- Threat of substitute products or service

In this context, the risk concerning the cooking area and electric motors is similar.

Undoubtedly there are cheaper products than those offered by Elica, but on the other hand this does not mean that the replacement product is of equal or superior quality. On the perspective of the final consumer, the risk of replacing the product is relevant, given that durability of the goods requires the right control and the maintenance. The final consumer can also be induced to purchase goods of a lower quality standard because it is cheaper. Since maintenance cost of hood products is very high, the consumer is tempted to save money by purchasing an alternative product at a lower price.

As regards the OEM side, the threat of new substitutes remains high, for the same reason examined in the bargaining power of customers, but at the same time the quality of the product remains the trump card to reduce the risk of replacement.

- Rivalry among existing firms

The sector is generally not concentrated, competition in the global kitchen hood market is very high. As a consequence, a large number of small and big players are present on the market. Companies are opting for various strategies to expand their market share, including merger and acquisition, innovation and product development. All the main competitors would like to obtain employment contracts to operate in synergy with the biggest brands such as Bosch, Ikea, Samsung, Indesit etc. The growth of the sector is defined moderately rapid, and this lowers the degree of intensity of the rivalry.

The production differentiation and diversification capacity of the Elica company represents a competitive advantage over many other rivals, leading to greater market shares.

It should be pointed out that in this type of market, brand loyalty is not significant, as it can be for example in the clothing sector, and therefore the brand does not really affect the market: this aspect lowers the intensity of rivalry.

Key drivers of the global Range Hood market are:

- Increasing number of food chains globally is driving growth of the kitchen hood market. Food chain companies prefer to install advanced kitchen hoods for its easy cleaning ability.
- Rising working population at the global level is expected to boost the usage of this product among residential consumers. Governments of different countries have stringent regulations pertaining to the cleanliness of food manufacturing companies. Furthermore, these devices have added features such as maintenance of air quality, heat reduction, and increased safety, which is likely to drive the market in the next few years.
- Increasing consumer spending through online distribution channels is also likely to propel market growth. Key companies are offering their products through online and offline channels to increase their customer base.

Competitive advantages

In 2006, the company started the IPO process, aimed at obtaining the financial resources necessary to support the Elica Group's industrial development plan and advantages in terms of image and visibility in the world market, territorial expansion and strengthening of own-brand products to optimize logistic and industrial flows.

Elica wanted to anticipate market trends by investing in planning and design by characterizing the “hood” product as a furnishing item.

To obtain increasing market shares in the Asian markets, the company has opened branches in this countries (Ariafina Japan, Elica India, Putian China), because they are the fastest growing regions of the global market. The growing active population is investing in advanced kitchen equipment and the increase in disposable income in developing economies such as China and India will stimulate future market growth.

Elica has entered North America (Elica Chicago Usa, Elicamex Mexico, Leonardo Mexico) because it is currently the largest market for kitchen hood products. Consumers in this area are leaning towards products that consume less energy. Elica is investing in R&D in order not to take disadvantageous positions compared to competitors.

2.2.2. SWOT Analysis

The evaluation of the four areas of SWOT Analysis is done associating for each element a score from 1 to 5. In particular, in Elica's points section is analysed the Company's positioning in terms of ability to leverage strengths and opportunities and suffer from weaknesses and threats.

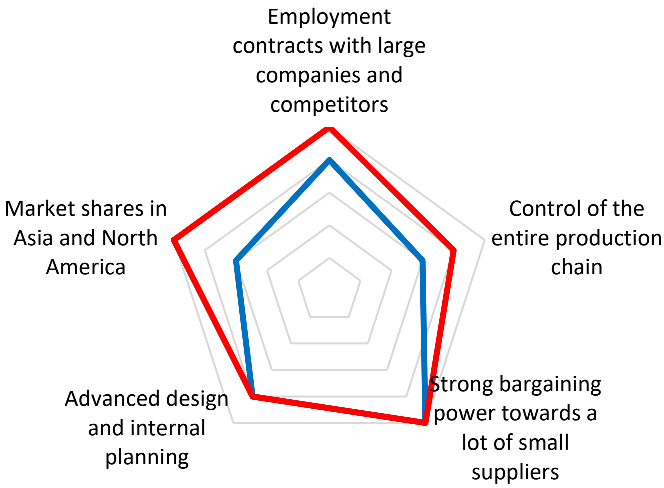
Effect on Returns (EoR) show how the relative item should be addressed by the company. A higher score on EoR means that the company should keep exploiting its strength/opportunity or undertake measure to reduce its weaknesses or exposure to future threats. A lower score implies the item's lower importance in generating returns and should not be given more strategic importance than necessary. Effects on Returns are assigned based on an overall assessment of Elica's characteristics.

Table 2.1: Strengths

Strengths	Points	Effect on returns
Employment contracts with large companies and competitors (Whirlpool, Electrolux, General Electric, Bosch...)	**4**	**5**
Control of the entire production chain	**3**	**4**
Strong bargaining power towards a lot of small suppliers	**5**	**5**
Advanced design and internal planning	**4**	**4**
Market shares in Asia and North America	**3**	**5**

As shown in the above table regarding the points section, the two most important items are "Employment contracts with large companies and competitors (Whirlpool, Electrolux, General Electric, Bosch...)" and "Strong bargaining power towards a lot of small suppliers" with a score of 4 and 5 points respectively but with a maximum Effect on Returns. The company should also continue to exploit its strengths by expanding its market share in Asia and North America as well as ensuring an even higher control throughout its production chain.

Figure 2.4: Strengths



In the chart above are represented the same items before-mentioned regarding the strengths of the company, but in the form of a chart so as to create a more visually clear approach. Each item's score is represented by the blue line intersect on the score's net, while the red line represents the Effect on Returns of each item.

Some other strengths of the company are:

- The success of new product mix. - Elica provides exhaustive product mix options to its customers. It helps the company in catering to various customers segments in the Appliance & Tool industry.

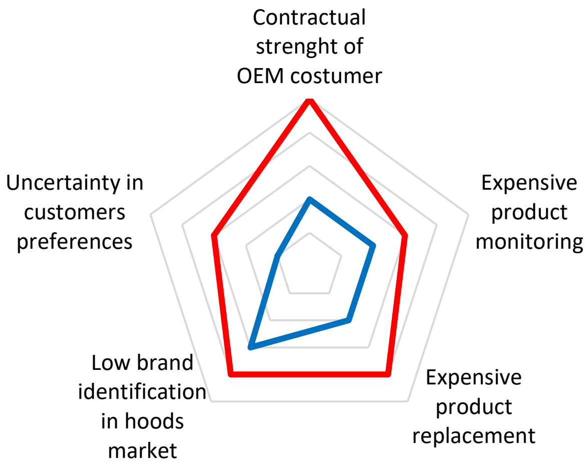
- Brands catering to different customers segments within Appliance & Tool segment. - Elica extensive product offerings have helped the company to penetrate different customer segments in Appliance & Tool segment. It has also helped the organization to diversify revenue streams.
- Diverse Revenue models. - Over the years Elica has ventured into various businesses outside the Consumer Cyclical sector. This has enabled the company do develop a diversified revenue stream.
- Wide geographic presence. - Elica has extensive dealer network and associates network that not only help in delivering efficient services to the customers but also help in managing competitive challenges in the Appliance & Tool industry.
- Talent management at Elica and skill development of the employees. - Human resources are integral to the success of Elica in the industry.

Table 2.2: Weaknesses

Weaknesses	Points	Effect on returns
Contractual strength of OEM costumer	2	5
Expensive product monitoring	2	3
Expensive product replacement	2	4
Low brand identification in hoods market	3	4
Uncertainty in customers preferences	1	3

Some of the weaknesses of the company are presented in table 2.2. These items have an important weight on Effects on Returns. The most worth mentioning are "Contractual strength of OEM customers", "Expensive product replacement" and "Low brand identification in the hoods market".

Figure 2.5: Weaknesses



There are some other relevant items to be considered as weaknesses or absence of strengths:

- Low investments into Elica's customer oriented services. - This can lead to competitors gaining advantage in near future. Elica needs to increase investment into research and development especially in customer services oriented applications.
- Extra cost of building new supply chain and logistics network. - Internet and Artificial Intelligence has significantly altered the business model in the Consumer Cyclical industry and given the decreasing significance of the dealer network Elica has to build a new robust supply chain network. That can be extremely expensive.
- Niche markets and local monopolies. - Companies such as Elica able to exploit them are fast disappearing. The customer network that Elica has promoted is proving less and less effective.
- Loyalty among suppliers is low. - Given the history of Elica coming up with new innovations to drive down prices in the supply chain.
- Declining market share of Elica with increasing revenues. - The Appliance & Tool industry is growing faster than the company. In such a scenario Elica has to carefully

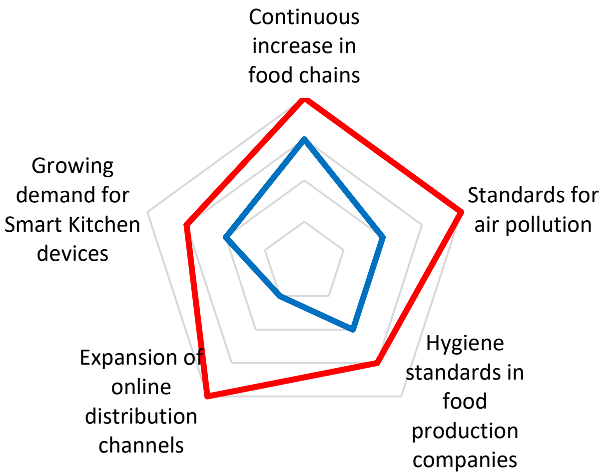
analyze the various trends within the Consumer Cyclical sector and figure out what it needs to do to drive future growth.

Table 2.3: Opportunities

Opportunities	Points	Effect on returns
Continuous increase in food chains	3	4
Standards for air pollution (especially in large cities)	2	4
Hygiene standards in food production companies	2	3
Expansion of online distribution channels	1	4
Growing demand for Smart Kitchen devices	2	3

Opportunities are potential areas where the firm can identify potential for growth, profits and market share. There are a lot of opportunities for Elica in its industry which need to be exploited. The table above gives us a few important opportunities that could have a very significant Effect on Returns if the company would take good advantage knowing how to properly exploit them. “Continuous increase in food chains”, the raising “Standards for air pollution (especially in large cities)” and “Expansion of online distribution channels” are some of the opportunities that would give a high Effect on Return to the company.

Figure 2.6: Opportunities



There are actually a lot of other opportunities for Elica in its industry, as below:

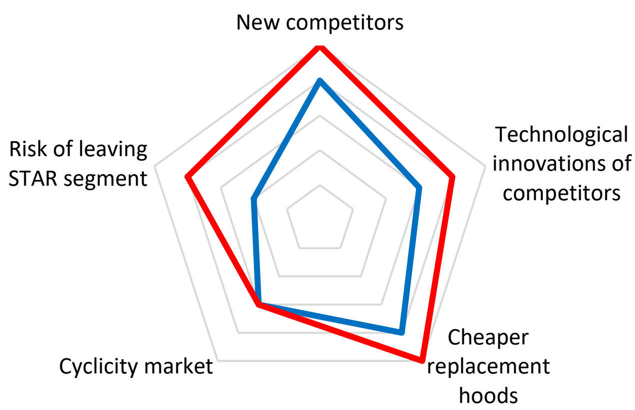
- Trend of customers migrating to higher end products. - It represents great opportunity for Elica, as the firm has strong brand recognition in the premium segment, customers have experience with excellent customer services provided by Elica brands in the lower segment. It can be a win-win for the company and provides an opportunity to increase the profitability.
- Lowering of the cost of new product launches. - Through third party retail partners and dedicated social network. Elica can use the emerging trend to start small before scaling up after initial success of a new product.
- Local Collaboration. - Tie-up with local players can also provide opportunities of growth for the Elica in international markets. The local players have local expertise while Elica can bring global processes and execution expertise on table.
- Increasing government regulations are making it difficult for unorganized players to operate in the Appliance & Tool industry. This can provide Elica an opportunity to increase the customer base.
- Increasing customer base in lower segments. - As customers have to migrate from unorganized operators in the Consumer Cyclical industry to licensed players. It will provide Elica an opportunity to penetrate entry level market with a no-frill offering.
- Accelerated technological innovations and advances are improving industrial productivity, allowing suppliers to manufacture vast array of products and services. This can help Elica to significantly venture into adjacent products.

Table 2.4: Threats

Threats	Points	Effect on returns
New competitors	**4**	**5**
Technological innovations of competitors	**3**	**4**
Cheaper replacement hoods	**4**	**5**
Cyclicity market	**3**	**3**
Risk of leaving STAR segment	**2**	**4**

Threats are factors that can be potential dangers to the firm's business models because of changes in macro economic factors and changing consumer perceptions. Threats can be managed but not controlled. Some of them are of enough importance to be left aside. Therefore the table above represents some threats that are to be considered by the company in its everyday activity and for the medium and long term.

Figure 2.7: Threats



For instance, the entrance of “New competitors” and costumers choosing “Cheaper replacement products” are amongst the most important threats to the company for the sole reason that their Effect on Returns and on overall company performance can be very negative.

Below there are other significant threats to be taken into consideration by the company:

- Commoditization of the product segment. - Another challenge for Elica and other players in the industry is the increasing commoditization of the products in Consumer Cyclical industry.
- Changing political environment. - With US and China trade war, Brexit impacting European Union, and overall instability in the middle east can impact Elica business both in local market and in international market.
- Changing demographics. - As the babyboomers are retiring and new generation finding hard to replace their purchasing power. This can lead to higher profits in the short run for Elica but reducing margins over the long run as young people are less brand loyal and more open to experimentation.
- Saturation in urban market and stagnation in the rural markets. - For Elica this trend is an ongoing challenge in the Appliance & Tool segment. One of the reasons is that the adoption of products is slow in rural market. Secondly, it is more costly for Elica to serve the rural customers than urban customers given the vast distances and lack of infrastructure.
- Shortage of skilled human resources. - Given the high turnover of employees and increasing dependence on innovative solution, the company might face skilled human resources challenges in the near future.
- Distrust of institutions and increasing threat of legal actions for Elica - As the WTO regulations and laws are difficult to enforce in various markets. Legal procedures have become expensive and long drawn process. It can lead to less investment into emerging markets by Elica thus resulting in slower growth.

3. FINANCIAL ANALYSIS

3.1. PAST PERFORMANCE ANALYSIS

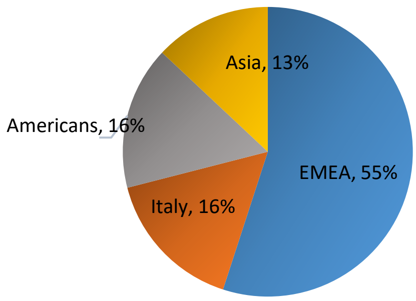
3.1.1. Revenue and geographical distribution

During the last 5 years, Elica's revenues grew by 2.75% 4Y CAGR reaching €549 mln in 2021, despite the fluctuations of the world economy because of the pandemic .

Elica is the global leader of the cooking hoods market with a 14% share and 21 mln of units sold. Last years' growth is mainly due to an increase in sales of own brands products, reaching 55% of the cooking area revenues and driving further increase in the Group's margins.

Geographical distribution of revenues is divided into four macro areas: EMEA (55%); Italy (16%); Americas (16%): The prevailing segment of product sales is OEMs. Asia (13%): The prevailing segment of product sales is own brands.

Figure 3.1: Geographical distribution



<u>Margin & Operative Structure</u>

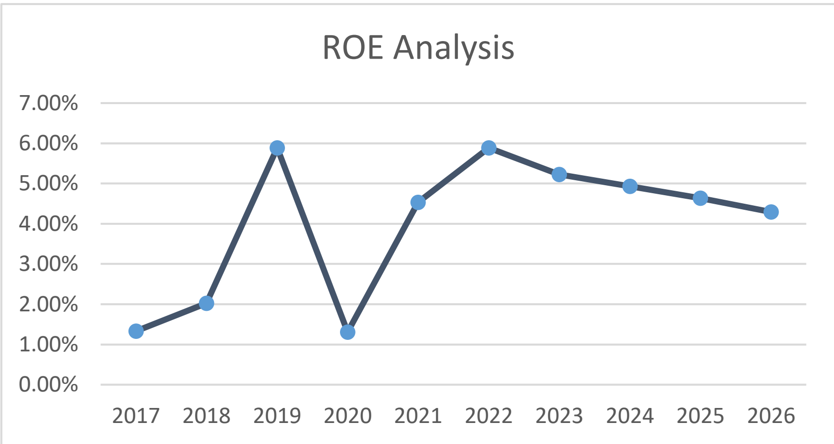
Gross Margin decreased by 2.39% from 2017 to 2020 with some other fluctuations in between, but declined further in the 2021 because of the increase in personal costs and raw materials.

The trend of the EBIT was fluctuating: in fact it decreased by 39% from 2017 to 2018, then it rebounded by 99% and stands at approximately 9.93 mln in 2021.

3.1.2. Return and Cash flows

Returns: As shown in the figure 3.2, Elica experienced some volatility in ROE in the last 5 years: in 2017 it was 1.33% and in 2018 it was 2.03%. Then it started increasing significanly reaching 5.89% in 2019, and fell to 1.31% due to the loss in 2020 before bouncing back to 4.53% in 2021. Even if the cooking hoods market is close to maturity and growth rates are lowering, the company has kept a growing ROE in these years, thanks to the operating management.

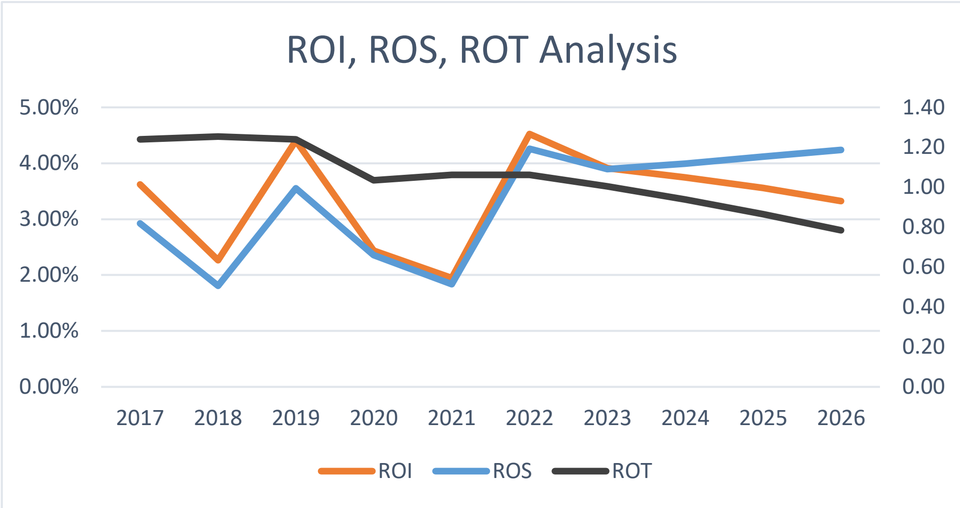
Figure 3.2: ROE Analysis



As reported in the following exhibit, ROI has been around an average of 2.94%. In the period 2018-2020 this ratio was higher than in 2021 due to increasing difficulties in world economy because of Covid-19 pandemic. The trend of ROS was changeable over the period 2017-2021, mainly caused by the increase in operating expenses and decrease in sales which reduced profitability.

On the opposite, the tendency of Return on Turnover ROT(Revenues/ Assets) was very stable with an average of 116.6% until 2021, even though the revenues decreased rapidly in 2020, as pandemic restrictions made the economy in general suffer severe consequences.

Figure 3.3: ROI, ROS, ROT Analysis



Regarding taxation, the average tax rate is estimated to be around 24% because of the different regimes in which the company operates.

The impact of taxation has always been stable throughout the period, but with an important effect on profits especially in the year 2017 and 2018. In fact, the Group in the first year was affected by the impact amounted to around 71% of revenues because of non-recurring events. This extraordinary event regarded the agreement signed between the company and the Italian State for the Patent Box, which provideed tax breaks for the utilisation of intangible assets.

Cash Flows: Elica's CFOs grew from €29 mln in 2017 to €52.5 mln in 2021 (+15.99% 4Y CAGR) thanks to investments that led to an improvement in profitability and efficiency: this is represented by an initial impact of Capex on revenues. Then, the company's target was to reduce the impact of Capex, so the CFOs would have been higher than CFFs (and so happened in 2018 and 2019) in order to generate free cash flows.

With regard to dividend distribution policy, the pay-out ratio has been in average around 42% and decreasing in the last years, in order to let the company re-invest cash flows.

3.1.3. Capital Structure Analysis

As said before, the quantity of investments made in these last years caused an increase in non-current assets, reaching €212.3 mln in 2021. On the other side, current assets have always been quite variable even though the average stands at €224.7 mln.

A good signal came from liabilities: the company succeeded in extending the debt maturity. In fact, current liabilities decreased from €211.5 mln in 2017 to €171.3 mln in 2019 before increasing to €254.7 mln in 2021, while non-current liabilities increased from €70.7 mln in 2017 to €130.8 mln in 2021.

The capitalization of the company has been affected by the volatility of financial markets in the recent years, in 2021 it reached the top at €230 mln nearing the end of the year.

The average Debt-to-equity ratio was 70% in the last five years, with a debt burden that increased considerably in 2021, but so did equity, with a preponderance of equity, standing at 37% and 63% respectively.

3.2. FUTURE PERFORMANCE ANALYSIS

<u>Methodology</u>

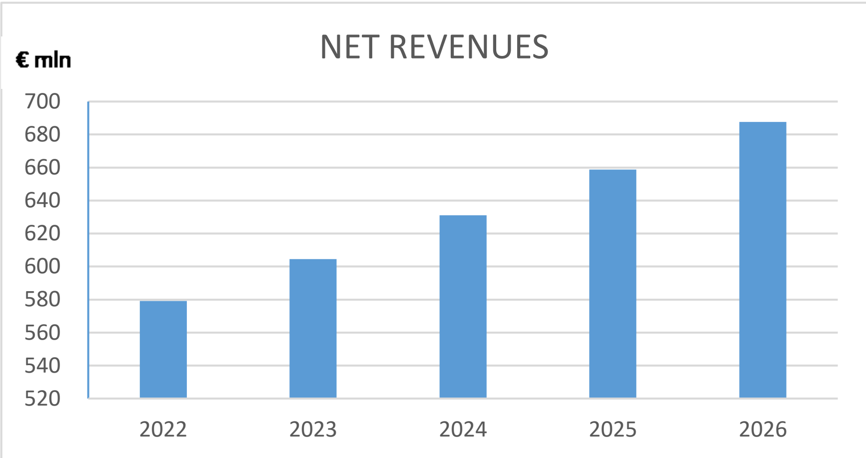
In this analysis, it was considered the likely impact of energy crisis, the lack of raw materials and high inflation especially on the future revenues and the various margins amid world economy concerns.

For the main balance sheet items were used market researches and forecasts reported in the management relation, while the other ones were estimated through CAGR, considering also the mean of the most significant margins and the average ratios of the industry in which the company operates. Nevertheless, every forecast is based on personal estimates based on analysis, researches and discussions.

3.2.1. Revenues Analysis

The global cooking hoods market revenues are expected to reach $18.7 bn (4.8% CAGR) [8], mainly driven by the increasing demand in Latin America, North America and Asia. In particular, in the latter the expected CAGR for 2026 is 5%. However, as already mentioned, the growth of revenues might be affected by the impact of economic uncertainties. That's why it was tried to adequate the estimates for each year with a weighted average of revenues growth, considering the different countries in which the company operates.

Figure 3.4: Net Revenues



2022E: in this year, revenues won't be particularly affected by the restrictions adopted in most of the countries. Real global GDP is estimated to decrease to 3.1% in 2022 and to 2.2% in 2023 (OCSE) [9], while in Italy the main hypothesis is that italian firms will suffer the rising energy costs, yet the company revenues are expected to grow to €579 mln in 2022 and to €604 mln in 2023, considering that the company belongs to the category of cyclical consumption.

2023E-2024E: the company owns an important global market share that will allow it to stay firmly. Thanks to the investments made in own brand products and the Asian market expected growth, especially in India, it is estimated a 5% growth in 2023-2024: this difference is due to

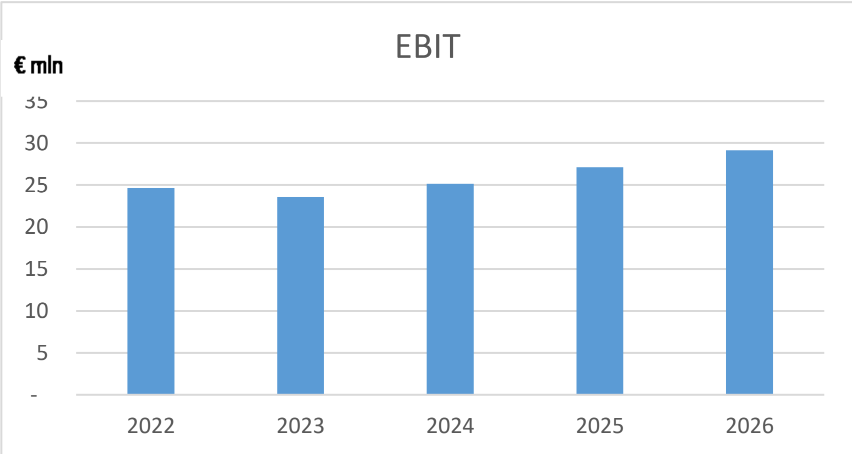
[8] https://www.transparencymarketresearch.com/cooking-hood-market
[9] https://www.oecd.org/economic-outlook/november-2022

the high probability that, at least in the second half of 2022, the economy will still be affected by various uncertainties.

2025E-2026E: in these last years of forecasts, we expect revenues to keep growing and overcome the past levels, surpassing the threshold of €650 mln. We estimated a 4.39% CAGR for these years.

3.2.2. Costs and Margin

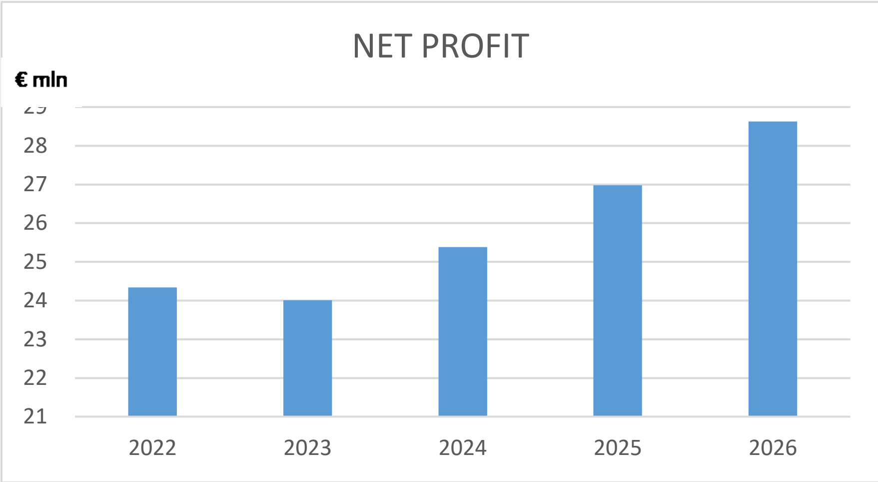
Figure 3.5: EBIT



EBITDA and EBIT: EBITDA is expected to grow by 44.46%, mainly driven by the return of the investments made in the previous years that, thanks to the increase in revenues and the greater efficiency, will allow to contain operating costs and increase the gross operating margin.

As previously underlined, the company will reduce its percentage of investments in order to generate free cash flows. Consequently, also D&A are not seen upward by a large difference, increasing from €20.9 mln in 2022 to €28.6 mln in 2026; this will also allow to increase the net margin.

Figure 3.6: Net Profit



Net Profit: the trend of Net Profit is clearly related to the one of revenues: that's why in 2022 it will be equal to €24.3 mln, incresing by 39% from the previous year. However, in the next years, it will benefit from the increasing operating margin, reaching €28.6 mln in 2026.

Cash flows: in our model, the cash flow from operating activities increases by 16% CAGR; the cash flow used in investing activities shows a rise of 8.84% CAGR: as a matter of fact, the company wants to raise the amount of investments.

In the previous years (2017-2021), the level of cash flows used in financial activities were unpredictable with high variability. To predict the future years' cash flow (until 2026) coming from the financial activities, it was used a 8% CAGR.

4. VALUATION

Following the estimates, the final **Target Price** is **€3.66**, implying a **BUY** recommendation.

To determine Elica's fundamental value it was implemented a three-stage DCF, in order to take into account the initial possible impact of energy crisis, high inflation and other macroeconomic threats followed by a recovery and the consequential growth. To obtain a more accurate result, the DCF-based valuation was contrasted with a Multiples Analysis. It was then concluded stressing some key variables of our model by performing a sensitivity analysis on WACC and terminal growth rate.

4.1. DISCOUNTED CASH FLOW (DCF) MODEL

It was decided to calculate the company's value through a **three-stage DCF Model**. We do not consider 2022E because of the possible negative impact of energy crisis and other beforementioned macro threats, and we let the first phase match with 2023E-2024E. In this phase it is estimated a growth rate of revenues (cash flows) that starts from 2023 to 9.6% in 2024: this growth is due to an expected increase in demand, especially in foreign countries.

Table 4.1: DCF

In Euro thousand	2022E	2023E	2024E	2025E	2026E
EBIT	24,622	23,557	25,177	27,124	29,140
Less taxes	5,841	5,762	6,092	6,475	6,870
NOPAT	**18,781**	**17,795**	**19,084**	**20,649**	**22,270**
Less incr. in NWC	14,225	14,849	15,502	16,182	16,893
Less capex.	13,597	16,154	17,040	17,788	18,569
Plus depreciation and amort.	20,972	24,915	26,282	27,436	28,641
Free cash flow	**11,930**	**11,707**	**12,825**	**14,115**	**15,449**
Present value of Terminal value	**171,974**				
Free cash flow with terminal value	**183,904**	**11,707**	**12,825**	**14,115**	**15,449**

In the second phase (2025E-2026E) the growth rate decreases very little compared to the previous years and keeps its positive trend, which corresponds to a 9.4% growth rate. It was used a constant WACC considering that the weights of debt and equity were quite stable in the period 2017-2021 and that the deviations from its average D/E ratio, equal to 70%, were due to the rise of investments and the greater market capitalization in 2021, caused by the positive trend in financial markets.

The WACC assumptions are shown in the exhibit 4.2. First, it was estimated the cost of equity through the CAPM : it was used the 10Y Italian BTP as risk-free rate, which equals to 4.21%, as it is considered to be the most representative considering the company's exposure; it was then computed the Equity Risk Premium (ERP) as 9.73%, which is considered the risk premium for the Italian mature equity markets and it is also the difference between the earning yield of FTSE Italia All Share of the last years and the risk-free rate.

At the end, it was computed Beta with a linear regression between Elica's stock weekly returns of the last five years and the FTSE STAR weekly returns of the last five years, with a result of 1.27, but it was seen more reasonable utilizing the unlevered Beta with a result of 0.90, because is considered to be more accurate when evaluating the equity rate of return because removes the part of debt effect on returns. The final cost of equity amounts to 12.97%.

Table 4.2: WACC

WACC = 8.87%		
Risk Free Rate (Rf)	4.21%	**Return of the 10Y Italian BTP**
Equity Risk Premium (ERP)	9.73%	**The most used risk premium for Italian mature equity markets, similar to the difference between FTSE Italia All Share earning yield and the risk-free rate**
Unlevered Beta (β)	0.90	**Computed with a linear regression between Elica's stock weekly returns of the last five years and the FTSE Star weekly returns of the last five years, excluding debt effect on returns**
Cost of Equity (ke)	12.97%	**Capital Asset Pricing Model: Rf + β ∗ EquityRiskPremium**
Cost of Debt (kd)	3%	**Average Financial Expenses/Financial debts of the last five years**
Tax Rate (t)	24%	**Average tax rate considering the different tax rates in the countries in which Elica operates**

After that, considering that the company has never issued any bond, it was computed the cost of debt as the average ratio between financial expenses and financial debts of the last five years, with a result of 3%. Moreover, due to the constant cost of debt for each year, we can reasonably assume that the book value of debt is similar to its possible market value: consequently, there were found the weights of debt and equity comparing the average book value of debt and the average market capitalization to the total capital, resulting in a weight of 40% for debt and 60% for equity.

In the third phase it was then computed the present value of Terminal Value (TV), considering a greater stability in company's revenues and a long-term growth rate of 2.21%, computed as an average between the forecasts of the company and my estimates. The TV growth rate was computed as the product between the average ROE of the last five years and the average retention rate of the last five years.

Lastly, it was calculated the present value of Terminal Value utilizing the TV growth rate and the WACC as discount rate, then it was optained the cash flow with Terminal Value. To get the Enterprise value it was calculated as the NPV (Net Present Value) of future cash flows discounted with WACC as discount rate. Finally through the "Bridge to Equity" and dividing by the number of shares, it was optained the Elica's final **Target Price** of **€3.66**.

4.2. MULTIPLES ANALYSIS

4.2.1. EV multiple

Beside the DCF model, it is reported a multiples analysis method in order to better evaluate the company. However, we must consider that the company's competitors do not pursue exactly the same business as Elica, which makes it hard to find suitable comparables.

EV/EBITDA: in order to estimate Elica's fair value, it was considered the EV/EBITDA multiple, because it is not affected by different pricing policies, productive efficiency and financial policies. Hence, it was computed the median of the peers' historical multiples, then it was calculated for each year the premium assigned to Elica's stock by the market. Then, it was added the average premium (which equals -61.55%) multiplied by average median to the average median of the peers' historical multiples, finding what should be EV/EBITDA fair value.

Table 4.3: EV/EBITDA

	2019	2020	2021
Whirlpool	6.18x	5.88x	5.72x
Electrolux	19.3x	18.1x	22.3x
Bosch	17.3x	31.3x	26.8x
Haier	6.20x	12.5x	11.6x
Midea	10.9x	18.2x	14.2x
Siemens	15.3x	16.8x	11.2x
MEDIAN	13.2x	17.4x	12.9x
ELICA	5.52x	6.09x	4.97x
Market premium	-58.18%	-65%	-61.47%
EV/EBITDA Fair Value = 5.57x			

Then, this value was multiplied by the average forecasted EBITDA for 2022E-2026E period which equals 64.79 €mln, in order to get the Enterprise Value which equals 360.89 €mln. At the end, through the "Bridge to Equity" and dividing it for the number of shares, we got a Target Price of €6.05. The result is exaggerated compared to the expectations due to the reasons aforementioned, but it is consistent with our BUY recommendation.

4.2.2. Price multiples

Table 4.4: Price multiples

	2017	2018	2019	2020	2021
P/E	109.5	46.2	27.8	47.5	12.94
P/Sales	0.31	0.22	0.42	0.43	0.41
P/Book Value	1.46	0.94	1.64	1.63	1.82
P/Cash Flow	10.95	12.53	12.03	18.47	22.77

P/E: in 2017A, this indicator was 109.5, while in the following year it has a lower value because the company has made a profit asa double as the previous year. In 2019A, a low value of this indicator was obtained, the price per share was high and not in the same proportion as the increase in earnings per share. In 2021A this indicator was lower than the previous years which is due to the high earnings optained in this year and the good overall performance. While in the last trailing period, 2022E, this indicator remains low and does create indications to think about an underestimation of the share price.

P/Sales: this ratio remained constant in the period 2017A-2021A, going from 0,31 to 0,41: a ratio of less than 1 indicates that investors are paying less than €1 per €1 of the company's sales and this is considered favourable for whom is willing to invest.

P/Book Value: in the years 2017-2021, it remained above the value of 1.0, except in 2018 it was below this threshold, giving the impression of an undervalued share, going back to that level in the following years.

P/Cash Flow: In the last five years it was at a constant level, except in 2020A-2021A when it was higher, standing at 18.47 and 22.77 respectively. The company constantly generates a considerable cash flow, which is the principal reason this indicator remains relatively sustainable during the time, even though in the last two years it was higher than usual.

4.3. SENSITIVITY ANALYSIS

As already explained, it was considered the possible impact of economy perturbations on the revenues. However, it was also tried to stress more our assumptions through a sensitivity analysis. As shown in exhibit below, it was estimated how the target price may vary with fluctuations in WACC (Weighted Average Cost of Capital) and TV growth rate. It was considered a floor of 7.87% and a top of 10.27% for the WACC, and a fluctuation band that varies from - 0.6% to +0.8% for the TV growth rate.

Table 4.5: Sensitivity analysis

		PERPETUAL GROWTH RATE (in Terminal Value)							
WACC (Discount rate)	**3.66**	**0.0161**	**0.0181**	**0.0201**	**0.0221**	**0.0241**	**0.0261**	**0.0281**	**0.0301**
	0.0787	3.90	3.99	4.09	4.20	4.32	4.44	4.58	4.73
	0.0817	3.73	3.82	3.91	4.00	4.11	4.22	4.34	4.47
	0.0847	3.58	3.66	3.74	3.83	3.92	4.02	4.12	4.24
	0.0877	3.44	3.51	3.58	**3.66**	3.75	3.83	3.93	4.03
	0.0907	3.31	3.38	3.44	3.51	3.59	3.67	3.75	3.85
	0.0937	3.19	3.25	3.31	3.38	3.45	3.52	3.60	3.68
	0.0967	3.08	3.14	3.19	3.25	3.32	3.38	3.45	3.52
	0.0997	2.98	3.03	3.08	3.14	3.19	3.25	3.32	3.38
	0.1027	2.89	2.93	2.98	3.03	3.08	3.14	3.20	3.26

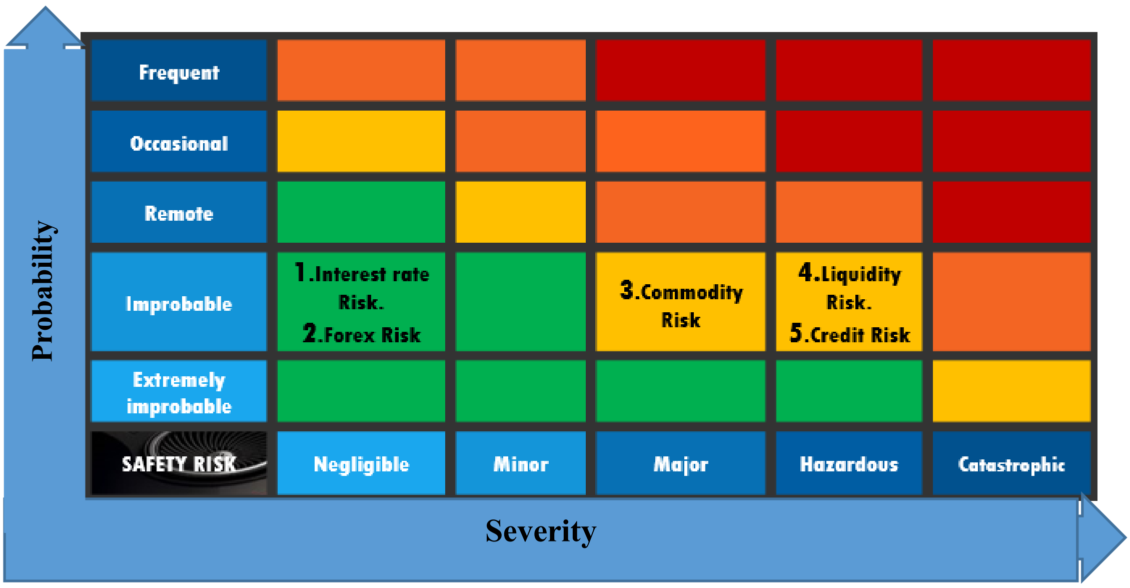
The above table is an important tool because it helps us to have a clear picture of what can happen to the share price, how it might vary, if two of the above variables which are two very important inputs of our analysis, change in both directions, positive and negative. The values rapresented at the top right corner in dark green colour are considered to be the highest values that share price can get within our defined bounderies and those in dark red colour are considered the worst ones it can reach out.

5. INVESTMENT RISKS

In this last section we examine in detail the risks to which the company is exposed.

The Elica Group's operations are exposed to different types of risks. Some of them are **market risks** wich include all the risks directly or indirectly related to the fluctuations of the general market prices and the financial markets in which the company is exposed including risks associated with fluctuations in exchange rates, interest rates, the cost of its main raw materials and cash flows. These and **other risks** to the company are represented below and also in a risks matrix together with their likelihood of happening and the possible impact on company, expressed in a score model respectively.

Table 5.1: Risks matrix



Forex risk (Likelihood: 2/5; Impact: 2/5)

The company carries on relationships with different countries, which adopt different currencies like American Dollar (USD), British Pound (GBP), Japanese Yen (JPY), Polish Zloty (PLN), Mexican Pesos (MXN), Swiss Francs (CHF), Russian Rubles (RUB), Chinese Renminbi

(CNY) and Indian Rupees (INR). Therefore, the exchange rate fluctuations affect its revenues and costs, precisely in this way: the appreciation of the euro has a negative impact on the revenues and operative earnings whereas the depreciation of the euro has a positive impact on the revenues and operative earnings.

The hedge is entered into through agreements with third party lenders for forward contracts and options for the purchase and sale of foreign currency.

Commodities risk (Likelihood: 2/5; Impact: 3/5)

The Group is subject to market risk deriving from price fluctuations in commodities used in the production process. The raw materials purchased by the Group (including copper and aluminium) are affected by the trends of the principal markets. The Group regularly evaluates its exposure to the risk of changes in the price of commodities and manages this risk through fixing the price of contracts with suppliers and through hedging contracts with financial counterparties.

Operating in this manner, the Group covers the standard cost of the raw materials contained in the budget from possible increases in commodity prices, achieving the operating profit target

Interest rate risk (Likelihood: 2/5; Impact: 2/5)

The Group's debt mainly bears a floating interest rate. The management of interest rate risk by the Elica Group is in line with practices to reduce the volatility risk on the interest rates. The Group hedges the interest rate risk through the conclusion of interest rate swaps. Relating to the Group debt, a decrease of 25 bps in the interest rate curve in the short-term would lower the interest expense, while an increase of 25 bps in the same interest rate curve would imply a higher interest expense.

Credit risk (Likelihood: 2/5; Impact: 4/5)

This concerns the exposure to potential losses deriving from the non-compliance with obligations by trading partners. This risk derives in particular from economic-financial factors related to a potential solvency crisis of one or more counterparties. The Group follows the Credit Policy (related to the Financial Risk Policy) which governs credit management and the reduction of the related risk, partly through insurance policies with leading international insurance companies.

The maximum theoretical credit risk exposure for the Group at December 31, 2021 is based on the carrying amount of recognised receivables, net of the specific insurance coverage, non-recourse receivables factored and letters of credit, in addition to the nominal value of the guarantees given to third parties.

Liquidity risk **(**Likelihood: 2/5; Impact: 4/5)

Liquidity risk is also managed and represents the risk related to the unavailability of financial resources necessary to meet short-term commitments assumed by the Group and its own financial needs. Liquidity risk may negatively affect the business continuity. However, the structure of the covenants on some of the non-current loans does not immediately determine the default of the line through non respecting of the limits, but in first instance a transgression would result in an increase in the cost of the loan. At December 31, 2021 the level of the covenants in question were complied with, both in relation to the increase in the cost of the loan and the level of default of the credit line.

CONCLUSIONS

This chapter concludes the study by summarising the key research findings in relation to the research aims of conducting an Industry Analysis and Financial Valuation to determine the Elica S.p.A. fundamental value and propose an investment recommendation taking into account the limitations of the study.

- All the researches and analysis made, led to a **BUY** recommendation, assessing a **Target Price** of **€3.66**, which means a potential upside of 15% from its closing stock price of €3.17 at the 10th January 2023.

  This recommendation is sustained by three main factors:

  - an important global market share, as it owns a 14% of the global cooking hoods market
  - a widespread distribution, with its subsidiaries in the three main continents
  - the powerful and differentiated brands, which allow the firm to create value for the customer through the reliability of the products and, above all, the refinement of design.

- To determine Elica's fundamental value it was implemented a **three-stage DCF model**, considering a first stage of paltry growth, a second stage of consolidated growth despite the initial negative macroeconomic projections thanks to the company's strengths and a third stage of long-term growth of 2.21%, computed as an average between company's forecasts and this model's findings, considering the presence of some market potential despite it almost reached its maturity.

Lastly, it was calculated the present value of Terminal Value utilizing the TV growth rate and the WACC of 8.87% as discount rate, then it was optained the cash flow with Terminal Value. To get the Enterprise value it was calculated as the NPV (Net Present Value) of future cash flows discounted with WACC as discount rate. Finally through the "Bridge to Equity" and dividing by the number of shares, it was optained the Elica's final Target Price.

- Beside the DCF model, it was reported a **multiples analysis** method in order to better evaluate the company. However, we must consider that the company's competitors do not pursue exactly the same business as Elica, which makes it hard to find suitable comparables. Nevertheless, in order to estimate Elica's fair value, it was considered the EV/EBITDA multiple, because it is not affected by different pricing policies, productive efficiency and financial policies. At the end, through a series of consecutive calculation steps, we got a Target Price of €6.05. The result is exaggerated compared to the expectations, but it is consistent with the BUY recommendation.

  In addition to this, the price multiples generally represent a positive overview of overall performance of the company in the last years.

- To numerically summarize the risks, it was also conducted a **sensitivity analysis** on WACC and TV growth rate, considering a floor of 7.87% and a top of 10.27% for the WACC and a fluctuation band that varies from **-** 0.6% to +0.8% for the TV growth rate, in order to show all the possible deviations from Target Price.

- The Elica Group's operations are exposed to different types of risks. Some of them are **market risks** wich include all the risks directly or indirectly related to the fluctuations of the general market prices and the financial markets in which the company is exposed including risks associated with fluctuations in exchange rates, interest rates, the cost of its main raw materials and cash flows. These and **other risks** to the company are represented in a risks matrix together with their likelihood of happening and the possible impact on company, expressed in a score scale respectively.

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APPENDIX

1. **Balance Sheet**
2. **Income Statement**
3. **Cash Flow Statement**
4. **Ratios**

1. BALANCE SHEET

In Euro Thousands	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E
Property, plant & equipment	97,686	102,854	101,399	91,875	93,324	92,264	91,217	90,181	89,157	88,144
Goodwill	39,405	39,273	39,340	39,017	50,115	53,220	56,517	60,018	63,736	67,684
Other intangible assets	26,063	27,146	28,276	22,363	30,818	32,137	33,512	34,945	36,441	38,000
Rights of use as per IFRS16	-	-	12,679	10,270	10,211	-	-	-	-	-
Investments in associates	1,391	1,396	770	275	-	-	-	-	-	-
Other assets	2,632	300	393	307	1,388	1,183	1,008	859	732	624
Tax assets	417	-	-	-	-	-	-	-	-	-
Deferred tax assets	15,464	18,339	19,925	22,876	26,249	29,961	34,199	39,035	44,556	50,857
AFS financial assets	52	52	-	-	-	-	-	-	-	-
Derivative financial instruments	8	-	-	-	208	470	1,061	2,395	5,408	12,212
Total non-current assets	**183,118**	**189,360**	**202,783**	**186,983**	**212,313**	**209,234**	**217,512**	**227,433**	**240,029**	**257,521**
Trade receivables	75,923	51,192	55,022	88,821	82,186	83,831	85,509	87,220	88,966	90,746
Inventories	73,298	76,196	72,890	76,876	84,861	88,026	91,310	94,715	98,248	101,913
Other assets	4,180	6,589	5,374	4,802	5,413	5,774	6,160	6,571	7,010	7,478
Tax assets	14,306	17,275	14,966	17,049	24,575	28,134	32,209	36,874	42,215	48,330
Derivative financial instruments	1,006	513	498	4,078	664	598	539	486	436	395
Cash and cash equivalents	34,823	35,612	35,613	59,147	99,673	129,598	168,508	219,101	284,882	370,414
Marketable securities	-	-	-	-	-	-	-	-	-	-
Current assets	**203,587**	**187,377**	**184,363**	**250,773**	**297,372**	**335,963**	**384,235**	**444,968**	**521,759**	**619,275**
Total assets	**386,705**	**376,736**	**387,146**	**437,756**	**509,685**	**545,197**	**601,747**	**672,401**	**761,788**	**876,796**
Liabilities for post-employment benefits	10,903	10,465	10,737	10,475	10,380	10,253	10,128	10,004	9,882	9,761
Provisions for risks and charges	8,916	10,647	12,377	17,228	21,830	27,307	34,158	42,728	53,449	66,859
Deferred tax liabilities	3,256	2,992	3,496	4,017	5,874	6,808	7,890	9,144	10,597	12,281
Finance leases and loans and borrowings from other lenders	33	-	8,233	6,027	8,314	10,014	16,050	23,441	32,915	46,157
Bank loans and borrowings	47,121	54,102	55,451	94,053	77,866	88,284	100,095	113,487	128,671	145,886
Other liabilities	225	64	-	-	6,546	-	-	-	-	-
Tax liabilities	183	53	-	-	-	-	-	-	-	-
Derivative financial instruments	75	12	198	690	-	-	-	-	-	-
Non-current liabilities	**70,712**	**78,443**	**90,492**	**132,490**	**130,810**	**142,666**	**168,321**	**198,805**	**235,514**	**280,944**
Provisions for risks and charges	6,679	9,318	6,487	5,351	22,069	29,754	40,116	54,086	72,921	98,315
Finance leases and loans and borrowings from other lenders	-	-	3,525	3,650	4,106	4,431	4,783	5,162	5,571	6,013
Bank loans and borrowings	57,040	37,792	27,317	16,459	44,543	41,873	39,362	37,002	34,784	32,699
Trade payables	120,541	109,916	110,100	133,247	141,222	146,925	152,857	159,030	165,451	172,132
Other liabilities	16,706	14,503	15,749	15,908	27,857	31,656	35,972	40,877	46,451	52,785
Tax liabilities	9,784	10,844	7,775	9,088	14,536	16,048	17,718	19,561	21,596	23,843
Derivative financial instruments	749	1,737	386	551	398	70	39	23	39	23
Current liabilities	**211,499**	**184,110**	**171,339**	**184,254**	**254,731**	**270,757**	**290,847**	**315,741**	**346,814**	**385,810**
Total liabilities	**282,211**	**262,553**	**261,831**	**316,744**	**385,541**	**413,422**	**459,169**	**514,546**	**582,328**	**666,754**
Share capital	12,665	12,665	12,665	12,665	12,665	12,665	12,665	12,665	12,665	12,665
Capital reserves	71,123	71,123	71,123	71,123	71,123	71,123	71,123	71,123	71,123	71,123
Hedging and translation reserves	-14,766	-15,096	-11,759	-17,562	-14,904	-14,939	-14,973	-15,008	-15,043	-15,078
Actuarial reserve losses	-3,197	-2,802	-3,345	-3,264	-3,159	-3,150	-3,140	-3,131	-3,121	-3,112
Treasury shares	-3,551	-3,551	-	-	-	-	-	-	-	-
Income-related reserves	37,049	41,535	39,395	42,621	39,386	39,993	40,609	41,235	41,870	42,516
Profit/(loss) attributable to the owners of the Parent	166	-961	3,063	-1,787	12,119	17,092	24,106	33,998	47,950	67,626
Equity attributable to the owners of the Parent	**99,489**	**102,913**	**111,142**	**103,796**	**117,230**	**122,785**	**130,390**	**140,882**	**155,443**	**175,740**
Capital and reserves attributable to non-controlling interests	3,779	7,995	9,857	11,284	1,561	1,251	1,003	804	645	517
Profit attributable to non-controlling interests	1,226	3,275	4,316	5,932	5,353	7,738	11,185	16,169	23,372	33,786
Equity attributable to non-controlling interests	**5,005**	**11,270**	**14,173**	**17,216**	**6,914**	**8,989**	**12,189**	**16,973**	**24,017**	**34,302**
Total equity	**104,494**	**114,183**	**125,315**	**121,012**	**124,144**	**131,774**	**142,578**	**157,855**	**179,461**	**210,042**
Total liabilities and equity	**386,705**	**376,736**	**387,146**	**437,756**	**509,685**	**545,197**	**601,747**	**672,401**	**761,788**	**876,796**

2. INCOME STATEMENT

In Euro Thousands	2017	2018	2019	2020	2021	2022 E	2023 E	2024 E	2025 E	2026 E
Net revenues	492,541	479,249	486,002	462,035	548,912	579,040	604,466	631,008	658,716	687,640
External costs	-349,220	-335,945	-341,147	-331,570	-400,246	-409,671	-427,660	-446,438	-466,041	-486,505
Added Value	**143,321**	**143,304**	**144,855**	**130,465**	**148,666**	**169,369**	**176,806**	**184,570**	**192,674**	**201,135**
Personal expenses	-93,625	-87,606	-93,899	-85,385	-99,879	-110,022	-114,853	-119,897	-125,161	-130,657
EBITDA	**49,696**	**55,698**	**50,956**	**45,080**	**48,787**	**59,347**	**61,953**	**64,673**	**67,513**	**70,478**
Amortisation and depreciation	-20,516	-20,202	-25,415	-25,437	-24,829	-20,972	-24,915	-26,282	-27,436	-28,641
Other operating expenses and accruals	-15,175	-26,957	-8,489	-8,979	-14,031	-13,753	-13,481	-13,214	-12,953	-12,697
EBIT	**14,005**	**8,539**	**17,052**	**10,664**	**9,927**	**24,622**	**23,557**	**25,177**	**27,124**	**29,140**
Income (loss) on non operating revenue	-5,888	-1,536	-1,588	-782	15,709	16,180	16,666	17,166	17,681	18,211
Net financial	-3,262	-2,517	-3,531	-3,206	-2,396	-2,336	-2,278	-2,221	-2,165	-2,111
Profit before taxes	**4,855**	**4,486**	**11,933**	**6,676**	**23,240**	**38,466**	**37,945**	**40,122**	**42,640**	**45,240**
Income taxes	-3,463	-2,172	-4,554	-2,531	-5,768	-14,128	-13,937	-14,737	-15,662	-16,617
Profit from continuing operations	**1,392**	**2,314**	**7,379**	**4,145**	**17,472**	**24,337**	**24,008**	**25,385**	**26,978**	**28,623**
Net profit	**1,392**	**2,314**	**7,379**	**4,145**	**17,472**	**24,337**	**24,008**	**25,385**	**26,978**	**28,623**

3. CASH FLOW STATEMENT

In Euro thousand	***2017***	***2018***	***2019***	***2020***	***2021***	***2022 E***	***2023 E***	***2024 E***	***2025 E***	***2026 E***
Opening cash and cash equivalents	31,998	34,873	35,612	35,613	59,147	99,673	129,598	168,508	219,101	284,882
Cash flow from operating activities	29,012	33,333	35,946	20,531	52,504	60,897	70,632	81,923	95,018	110,207
Cash flow used in investing activities	-32,507	-27,166	-24,463	-17,198	-20,919	-40,704	-42,315	-42,820	-41,787	-38,335
Cash flow from (used in) financing activities	6,370	-5,428	-12,209	20,201	8,941	9,732	10,593	11,530	12,550	13,660
Closing cash and cash equivalents	**34,873**	**35,612**	**35,613**	**59,147**	**99,673**	**129,598**	**168,508**	**219,101**	**284,882**	**370,414**

4. RATIOS

	2017	2018	2019	2020	2021	2022 E	2023 E	2024 E	2025 E	2026 E
ROCE	3,62%	2,27%	4,40%	2,44%	1,95%	4,52%	3,91%	3,74%	3,56%	3,32%
ROIC (inc. goodwill)	2,57%	2,93%	6,84%	10,80%	10,66%	108,14%	-33,58%	-13,18%	-7,81%	-5,32%
ROIC (ex. gdw)	3,44%	3.96%	9,18%	29,69%	37,53%	-40,23%	-14,77%	-8,80%	-6,05%	-4,45%
ROI	3,62%	2,27%	4,40%	2,44%	1,95%	4,52%	3,91%	3,74%	3,56%	3,32%
ROE	1,33%	2,03%	5,89%	1,31%	4,53%	5,89%	5,23%	4,93%	4,63%	4,29%
ROA	0,36%	0,61%	1,91%	0,95%	3,43%	4,46%	3,99%	3,78%	3,54%	3,26%
ROS	2.92%	1.81%	3,55%	2,36%	1,83%	4,26%	3,90%	3,99%	4,12%	4,24%
ROT	123,9%	125,4%	124%	103,4%	106,2%	106,2%	100,5%	93,8%	86,5%	78,4%
Tax rate	71,33%	48,42%	38,16%	37,91%	24,82%	36,73%	36,73%	36,73%	36,73%	36,73%
Asset turnover (Revenues/Assets)	1,239	1,254	1,240	1,034	1,062	1,062	1.005	0,938	0,865	0,784
Capex/D&A	0,900	0,963	0,503	0,019	0,027	0,025	0,027	0,025	0,023	0,021
Interest coverage ratio (ICR)	4,293	3,393	4,829	3,326	4,143	10,557	10,341	11,336	12,528	13,804
Quick ratio	0,524	0,471	0,529	0,803	0,714	0,788	0,873	0,970	1,078	1,195
Net debt/Equity	2,701	2,299	2,089	2,617	3,106	3,137	3,220	3,260	3,245	3,174
Net debt/EBITDA	5,679	4,714	5,138	7,026	7,903	6,966	7,412	7,956	8,625	9,460
Retention	0,094	0,414	0,800	0,618	0,956	0,972	0.975	0,979	0,983	0,986
CFO/NI	2084,2%	1440,49%	487,14%	495,32%	300,50%	250,22%	294,20%	322,72%	352,21%	385,03%
Current asset/Total asset	52,65%	49,74%	47,62%	57,29%	58,34%	61,62%	63,85%	66,18%	68,49%	70,63%
Non current liabilities/Total liabilities	25,06%	29,88%	34,56%	41,83%	33,93%	34,51%	36,66%	38,64%	40,44%	42,14%