

## BIFIRE

Sector: Industrial

### Building Better

*Bifire's innovative building products in fire protection and thermal insulation contribute to safety, better living standards and CO2 emissions reduction. They play a crucial role in the renovation of the old and energy-inefficient stock of Italian buildings. Focus on innovation, local production and high level of service are competitive edges versus large international players. We expect a front-end loaded double digit 2021-24 Sales / EBITDA growth. The recent IPO should strengthen market share gain / development of new products, and add M&A optionality. We initiate with BUY and TP of Eu5.4/share.*

- **Niche Italian producer of innovative building materials.** Bifire is a niche Italian producer of innovative fire protection (53% of FY21 sales), cladding (26%) and insulation (21%) materials, which contribute to CO2 emissions reduction, safety and better living standards. The 5 different technologies / families of products have diversified applications in the Building (68% of FY21 sales) and Industrial (32%) sectors. Production is concentrated in Lombardy (2 plants and a 3rd one from 2H22) while distribution is spread across Italy and abroad (25%). Thanks to a network of 50 agents, Bifire serves fragmented specialised resellers and maintains strong relationships with key decision makers (architects and engineers of construction companies).
- **Demand supported by multiple structural trends and fiscal incentives.** Bifire's products (mainly used in renovation works) are sustained by: 1) the EU decarbonisation targets; 2) Householders' demand for better living standards and safety; 3) Regulation on fire protection. In the Italian market, fiscal incentives coupled with an old stock of energy inefficient buildings (>60% of buildings are in poor energy efficiency categories and >45 years old) have pushed spending in renovation (2.4% 2005-19 CAGR), before a peak in 2021 (triggered by the "Superbonus 110"). We believe that, after another record high in 2022, the phase-out of the special incentive (from 2023) should hit the market, but innovative materials should continue to gain share.
- **R&D, local production and high level of service are key competitive advantages.** Focused on innovative products, Bifire has a competitive advantage versus traditional building materials producers and mainly competes with international groups. Bifire takes advantage of a high level of service to different players in the value chain and local production. The incidence of transportation costs and the USD strength versus Euro are a protection from low-cost country producers. Technological know-how (5% of sales in R&D), including a high number of certifications, is the main barrier versus potential newcomers. We believe that the high ROCE of Bifire (>20% in 2021) is sustainable and can be expanded in the future.
- **Front-end loaded double-digit growth from market share gain, a new product and international expansion.** A more capillary coverage of the Italian market (including brand awareness through D2C marketing), enlargement of the product catalogue and further expansion in the DACH region should drive Bifire's organic growth. We expect market share gains in Italy with existing products, and the ramp-up of a new product (Bilife) from 2H 2022. Net revenues should post a 16.9% 21-24E CAGR (32% yoy growth in 2022E, after 80% in 1Q). We estimate Adj. EBITDA margin to shrink from the record level of 2021 (23.5% on total sales). The gradual phase-out of the "Superbonus 110" should be a margin headwind in our view. We expect Adj. EBITDA to reach Eu10.5mn in 2024, with a 15% 21-24E CAGR (29% yoy growth in 2022E).
- **Capital allocation skewed to organic growth. The recent IPO should add M&A optionality.** The group has historically paid no dividends and reinvested its FOCF in capex to support the launch of new products, R&D spending and production expansion. We expect Bifire to generate a positive FCF of Eu5.6mn in 2022-24. However, we believe management will continue to prioritize business expansion to cash generation. This could be an important driver of future value creation. The Eu9mn net proceeds from the recent IPO should add M&A optionality.
- **We initiate with BUY and TP of Eu5.4/share.** Listed at the end of May 2022, Bifire is down 19% from IPO, with a slight underperformance versus the FTSE Italian Mid Cap index. The stock is trading at >55% discount on EV/EBIT 23E vs. International Producers of Innovative Building Materials and Italian SMC exposed to green trends. We set a TP of Eu5.4/share, based on EV/EBIT multiples of the selected peers after a 15% discount.

## BUY

New Coverage

### TP 5.4

New Coverage

Target price upside 81%

Ticker (BBG, Reut)	FIRE IM	FIRE.IM
Share price Ord. (Eu)		3.0
N. of Ord. shares (mn)		17.5
Total N. of shares (mn)		17.5
Market cap (Eu mn)		52
Total Market Cap (EU mn)		52
Free Float Ord. (%)		16%
Free Float Ord. (Eu mn)		8
Daily AVG liquidity Ord. (Eu k)		41

	1M	3M	12M
Absolute Perf.	6.7%	na	na
Rel. to FTSEMIDCap	5.3%	na	na
52 weeks range		2.7	3.7



	FY21A	FY22E	FY23E
Sales	30	39	42
EBITDA adj.	7.0	9.0	9.6
Net profit adj.	4.2	5.3	5.7
EPS adj.	0.000	0.302	0.326
DPS - Ord.	0.000	0.000	0.000
EV/EBITDA adj.		5.1x	4.5x
P/E adj.		9.9x	9.1x
Dividend yield		0.0%	0.0%
FCF yield		0.4%	4.2%
Net debt/(Net cash)	2.0	(7.2)	(9.3)
Net debt/EBITDA	0.3x	nm	nm

#### Head of Research

Giuseppe Marsella  
giuseppe.marsella@alantra.com  
+39 02 63 671 620

Andrea Zampaloni  
andrea.zampaloni@alantra.com  
+39 02 63 671 621

Marco Costantini  
marco.costantini@alantra.com  
+39 02 63 671 614

## Index

Summary Financials.....	5
Executive Summary .....	6
Niche Italian producer of innovative fire protection and thermal insulation materials.....	13
Product innovation and high level of service.....	23
Demand of innovative building materials supported by multiple structural trends .....	32
Market share gain, new products and potential M&A boost .....	42
Front-end loaded double-digit growth.....	47
Sound BS. Capital allocation policy skewed to organic growth .....	50
Valuation: TP of Eu5.4/share .....	56
Main risks.....	61
Appendix.....	62

# ALANTRA

Italian Equity Research

## Summary Financials

P&L account (Eu mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total Revenues	19.8	29.6	39.1	42.4	46.7
First margin	12.6	19.3	25.5	27.5	30.0
EBITDA reported	3.8	7.0	9.0	9.6	10.5
D&A	(1.2)	(1.4)	(1.9)	(2.1)	(2.2)
EBIT reported	2.7	5.6	7.1	7.6	8.3
Net financial charges	(0.0)	(0.1)	(0.2)	(0.2)	(0.2)
Associates	0.0	0.0	0.0	0.0	0.0
Extraordinary items	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	2.6	5.5	6.8	7.4	8.1
Taxes	(0.4)	(1.3)	(1.6)	(1.7)	(1.9)
Minorities	0.0	0.0	0.0	0.0	0.0
Discontinued activities	0.0	0.0	0.0	0.0	0.0
Net profit reported	2.3	4.2	5.3	5.7	6.2
<b>EBITDA adjusted</b>	<b>3.8</b>	<b>7.0</b>	<b>9.0</b>	<b>9.6</b>	<b>10.5</b>
<b>EBIT adjusted</b>	<b>2.7</b>	<b>5.6</b>	<b>7.1</b>	<b>7.6</b>	<b>8.3</b>
<b>Net profit adjusted</b>	<b>2.3</b>	<b>4.2</b>	<b>5.3</b>	<b>5.7</b>	<b>6.2</b>

Margins (%)	FY20A	FY21A	FY22E	FY23E	FY24E
First margin	63.7%	65.3%	65.3%	64.8%	64.3%
EBITDA margin	19.4%	23.5%	23.0%	22.7%	22.5%
EBITDA margin (adj)	19.4%	23.5%	23.0%	22.7%	22.5%
EBIT margin	13.4%	18.8%	18.1%	17.9%	17.8%
EBIT margin (adj)	13.4%	18.8%	18.1%	17.9%	17.8%
Net profit margin	11.4%	14.3%	13.5%	13.4%	13.4%
Net profit margin (adj)	11.4%	14.3%	13.5%	13.4%	13.4%

Growth rates (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Sales	-6.7%	49.3%	32.1%	8.6%	10.1%
EBITDA	-8.0%	81.1%	29.2%	7.3%	9.0%
EBITDA adjusted	-8.0%	81.1%	29.2%	7.3%	9.0%
EBIT	-19.2%	108.9%	26.9%	7.5%	9.5%
EBIT adjusted	-19.2%	108.9%	26.9%	7.5%	9.5%
Pre-tax	-20.0%	109.9%	24.3%	7.9%	9.8%
Net profit	-22.1%	87.2%	24.3%	7.9%	9.8%
Net profit adjusted	-22.1%	87.2%	24.3%	7.9%	9.8%

Per share data	FY20A	FY21A	FY22E	FY23E	FY24E
Shares			17.450	17.450	17.450
N. of shares AVG			17.450	17.450	17.450
N. of shares diluted AVG			17.450	17.450	17.450
<b>EPS</b>			<b>0.302</b>	<b>0.326</b>	<b>0.358</b>
<b>EPS adjusted</b>			<b>0.302</b>	<b>0.326</b>	<b>0.358</b>
<b>DPS - Ord.</b>			<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
DPS - Sav.			0.000	0.000	0.000
BVPS			1.825	2.151	2.509

Enterprise value (Eu mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Share price Ord. (Eu)	na	na	3.0	3.0	3.0
Market cap			52.0	52.0	52.0
Net debt/(Net cash)	3.2	2.0	(7.2)	(9.3)	(12.6)
Adjustments	0.6	0.6	0.7	0.8	0.9
Enterprise value			45.6	43.5	40.3

Source: Company data, Alantra estimates from 2022.

Cash flow (Eu mn)	FY20A	FY21A	FY22E	FY23E	FY24E
EBITDA reported	3.8	7.0	9.0	9.6	10.5
Net financial charges	(0.0)	(0.1)	(0.2)	(0.2)	(0.2)
Cash taxes	(0.2)	(0.7)	(1.6)	(1.7)	(1.9)
Ch. in Working Capital	0.5	(3.0)	(3.8)	(4.3)	(3.8)
Other Op. items	(0.1)	(0.1)	0.1	(0.0)	0.0
<b>Operating cash flow</b>	<b>4.1</b>	<b>3.1</b>	<b>3.6</b>	<b>3.5</b>	<b>4.6</b>
Capex	(3.4)	(2.0)	(3.4)	(1.3)	(1.4)
<b>FCF</b>	<b>0.7</b>	<b>1.1</b>	<b>0.2</b>	<b>2.2</b>	<b>3.2</b>
Disposals/Acquisitions	0.0	0.0	0.0	0.0	0.0
Changes in Equity	0.0	0.1	9.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0
<b>Ch. in NFP</b>	<b>0.7</b>	<b>1.2</b>	<b>9.2</b>	<b>2.2</b>	<b>3.2</b>

Ratios (%)	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Capex/Sales</b>	<b>17.1%</b>	<b>6.7%</b>	<b>8.7%</b>	<b>3.0%</b>	<b>3.0%</b>
Capex/D&A	2.9x	1.4x	1.8x	0.6x	0.6x
FCF/EBITDA	17.8%	16.1%	2.1%	22.6%	30.9%
FCF/Net profit	30.2%	26.4%	3.5%	38.3%	52.0%
<b>Dividend pay-out</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

Balance sheet (Eu mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Working capital	5.0	7.4	11.2	15.4	19.3
Fixed assets	12.1	12.8	14.3	13.6	12.8
Provisions & others	(0.6)	(0.6)	(0.7)	(0.8)	(0.9)
<b>Net capital employed</b>	<b>16.5</b>	<b>19.6</b>	<b>24.7</b>	<b>28.2</b>	<b>31.2</b>
<b>Net debt/(Net cash)</b>	<b>3.2</b>	<b>2.0</b>	<b>(7.2)</b>	<b>(9.3)</b>	<b>(12.6)</b>
Equity	13.3	17.6	31.8	37.5	43.8
Minority interests	0.0	0.0	0.0	0.0	0.0

Ratios (%)	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Working capital/Sales</b>	<b>25.1%</b>	<b>25.0%</b>	<b>28.6%</b>	<b>36.4%</b>	<b>41.2%</b>
<b>Net debt/Equity</b>	<b>24.3%</b>	<b>11.5%</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>
<b>Net debt/EBITDA</b>	<b>0.8x</b>	<b>0.3x</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>

Valuation	FY20A	FY21A	FY22E	FY23E	FY24E
<b>EV/CE</b>			<b>1.8x</b>	<b>1.5x</b>	<b>1.3x</b>
P/BV			1.6x	1.4x	1.2x
EV/Sales			1.2x	1.0x	0.9x
EV/EBITDA			5.1x	4.5x	3.8x
<b>EV/EBITDA adjusted</b>			<b>5.1x</b>	<b>4.5x</b>	<b>3.8x</b>
EV/EBIT			6.5x	5.7x	4.9x
<b>EV/EBIT adjusted</b>			<b>6.5x</b>	<b>5.7x</b>	<b>4.9x</b>
P/E			9.9x	9.1x	8.3x
<b>P/E adjusted</b>			<b>9.9x</b>	<b>9.1x</b>	<b>8.3x</b>
ROCE pre-tax	16.3%	29.8%	30.9%	27.9%	27.2%
<b>ROE</b>	<b>17.1%</b>	<b>24.1%</b>	<b>16.6%</b>	<b>15.2%</b>	<b>14.3%</b>
EV/FCF			247.2x	19.9x	12.4x
<b>FCF yield</b>			<b>0.4%</b>	<b>4.2%</b>	<b>6.2%</b>
<b>Dividend yield</b>			<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

### Strengths

Focus on innovative dry construction products with superior performance vs traditional  
 Capillary coverage of Specialized Resellers in Italy and proximity to key decision makers  
 Product diversification across different end-markets & fragmented client base

### Opportunities

Development of new products  
 Vertical and horizontal intergration through M&A  
 Stronger market share gain of dry products

### Weaknesses

Small size versus international competitors  
 Dependency on 2 key people  
 High working capital requirements

### Threats

Increased competition from large international players  
 Reduction of fiscal incentives for renovation in the Italian market  
 Loss of profitability subsequent to the expiration of the "Superbonus 110"

### Key shareholders

Altus S.r.l. (Alberto Abbo) - 68.8%  
 Alfredo Varini - 15.6%  
 Free Float - 15.6%

### Management

Alberto Abbo, Chairman & CEO  
 Alfredo Varini, Director  
 Alessandro Porro, CFO

### Next events

1H 2022 - 30/09/2022

## Executive Summary

Bifire's innovative building products in fire protection and thermal insulation contribute to safety, better living standards and CO2 emissions reduction. They play a crucial role in the renovation of the old and energy-inefficient stock of Italian buildings. Focus on innovation, local production and high level of service are competitive edges versus large international players. A more capillary coverage of the Italian market (including brand awareness through DtoC marketing), enlargement of the product catalogue and further expansion in the DACH region should drive Bifire's organic growth. We expect front-end loaded double digit 2021-24 Sales / EBITDA growth. The recent IPO should strengthen market share gain / development of new products, and add M&A optionality. We initiate with BUY and TP of Eu5.4/share.

### Niche Italian producer of innovative fire protection and thermal insulation materials

With Eu29mn net sales in 2021, Bifire is an Italian niche producer of innovative fire protection (53% of FY21 sales), cladding (26%) and insulation (21%) materials, which contribute to CO2 emissions reduction, safety and better living standards. The product portfolio includes 5 different technologies / family products, with several applications across different end-markets in the Building (68% of FY21 sales) and Industrial (32%) sectors. In the building sector, products are mainly used in renovations. In the industrial sector, applications include lift and fire doors, fire dampers and high temperatures (industrial furnaces and dryers). Bifire has a long story of profitable top-line growth with CAGR 2011-21 of 11.8% (only organic), thanks to a constant product innovation. Production is made in three plants in Lombardy (out of which one should start operations in 2H 2022), but the distribution reach is much broader. Bifire distributes its products in foreign countries, mainly in the DACH region (25% of FY21 sales), and the entire Italian territory (75%). Thanks to a network of c. 50 agents, Bifire serves fragmented specialised resellers and maintains strong relationships with key decision makers in the value chain (architects and engineers of construction companies). The group leverages on a structured organisation and the know-how of its two founders, key persons and shareholders. The proceeds from the recent IPO should support further product innovation, organic growth and pave the way for M&A.

### Bifire's 5 product technologies / families at a glance

*Innovative products covering several Building and Industrial applications*

Products type	Fire Protection (53% of FY21 sales) & Claddings (26%)			Thermal Insulation (21%)	
Sector	Buildings/Industrial	Buildings	Buildings	Industrial	Buildings
Main Technology					
Indoor/Outdoor	Mainly outdoor	Mainly outdoor / Indoor with high humidity	Mainly indoor	Mainly indoor	Indoor/Outdoor
Characteristics	Strong fire-resistance, Umidity-resistance, Abrasion-resistance, Strenght, Sound absorbtion	Strong fire-resistance, Umidity-resistance, Water-resistance, Lightweight	Thermal insulation, Umidity-resistance, lLightness, Sound absorbtion, Mold-resistance, Recyclability, Natural & breathable	Strong insulation capacity, working at high temperature range - 70/+1100 °C	Strong insulation capacity working at temperature range -70/80 °C
Ideal for..	Not-directly exposed surfaces, Reinforced concrete (RC) structural walls, Dropped ceiling, Self-supporting structures	Directly exposed surfaces, External facades, Dividing walls, Lining walls, Soffits and humid ambient (bath, showers, etc.)	Protected outdoor walls, Indoor perimeter walls, Internal/outdoor protected ceilings, Under floors	Industrial furnace, Refrigerators, Household appliances, Automotive	Roof, Floors, External insulation
Type					
Applications					
Features					
Legend	Fire protection	Sound-absorbing	Humidity	Water-resistant	Light-weight
				Thermal insulation	Recyclable
					Natural

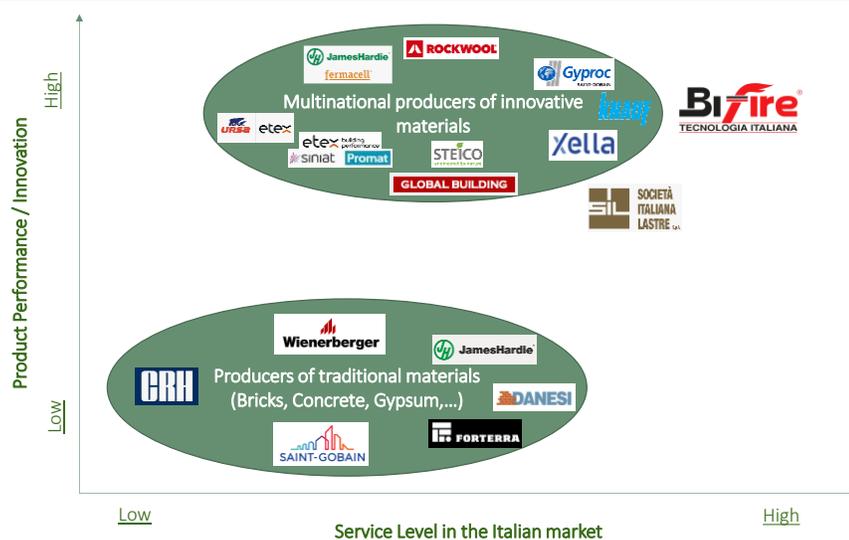
Source: Company's website and product catalogues, Alantra

## Product innovation and high level of service

Focused on the dry segment of the construction market, with innovative products dedicated to fire protection and thermal insulation, Bifire has a competitive advantage versus traditional building material producers. Its products are on average more expensive than traditional ones, but they have potentially a lower total ownership cost, thanks to reduced installation costs, superior performances during their lifecycle and higher fiscal incentives. In addition, they have lower environmental impact, thanks to reduced CO2 emissions in the production process and recyclability. In the specific segment of innovative dry building materials sold in Italy, Bifire mainly competes with international groups, as (apart from few exceptions) Italian players are usually wholesale distributors of third-party products. In our view, Bifire can take advantage of high level of service to different players in the value chain and local production. The incidence of transportation costs is a protection from low-cost-country producers. Significant entry barriers protect from potential newcomers in our view: 1) Technological know-how (5% of sales in R&D), including development of new products and high number of certifications; 2) Production set-up and process know-how; 3) Distribution set up; 4) Diversified procurement network. We believe that the high ROCE generated by Bifire (>20% in 2021) is sustainable and can be expanded in the future.

## Competitive landscape in the Italian building materials market

*Product innovation and high level of service are key competitive advantages versus other producers*



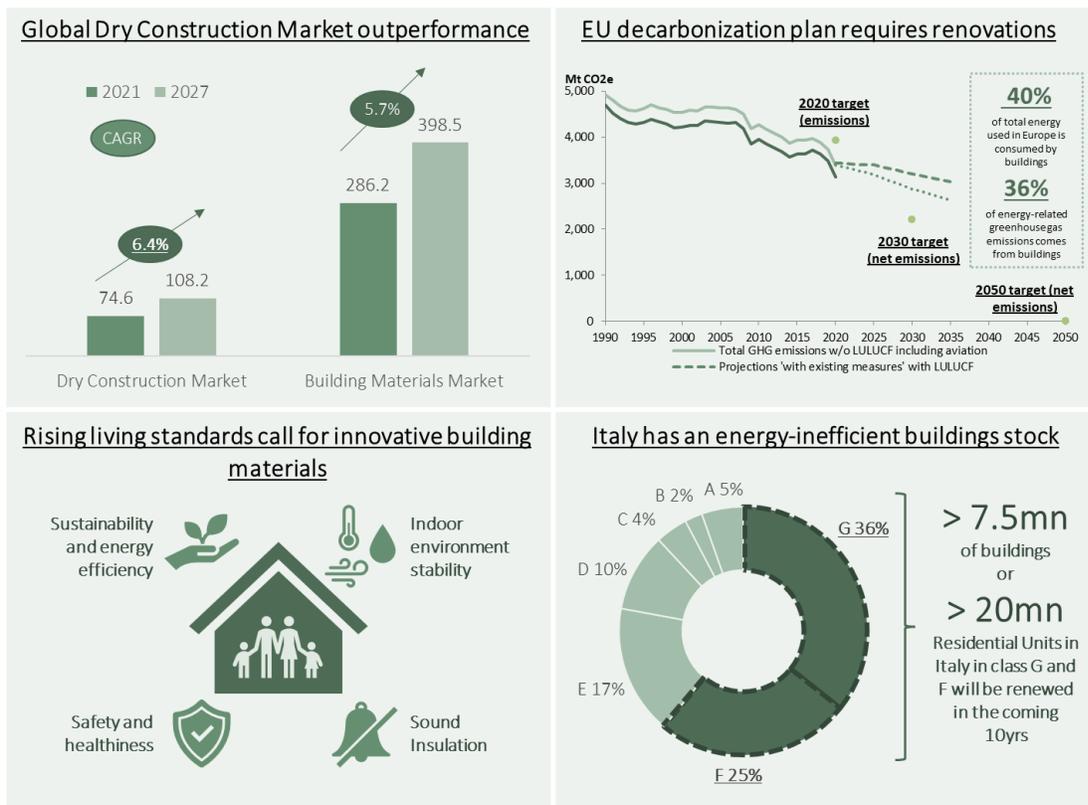
Source: Alantra. Note: mentioned players do not cover the entire competitive landscape

## Demand of innovative building materials supported by multiple structural trends

The Dry Construction market is increasingly gaining relevance in the universe of building materials, thanks to several advantages versus the Wet or Traditional Construction: 1) Light-weight and modularity; 2) Performance and safety; 3) Thermal, sound insulation, fire protection and moisture resistance; 4) Reduction of the environmental impact. According to Research and Markets, the growth of the Global Dry Construction market is expected at a 2021-27 CAGR of 6.4%, 70bps higher than the overall market. Bifire's products (mainly used in renovation works) are sustained by a wave of renovations across Europe, supported by EU decarbonisation targets (buildings use 40% of the energy consumed in Europe). In addition, living standards have been rising, together with demand of safety, sound insulation and temperature stability in houses. Finally, regulation on fire protection has been advancing over time, setting new construction standards. According to Business Wire, the Global Fire Protection Materials market is expected to grow at a 7.3% 2020-27 CAGR. In the Italian market, a series of fiscal incentives coupled with an old stock of energy inefficient buildings (>60% of buildings are in poor-energy-efficiency categories and >45 years old) have pushed spending in residential renovation (2.4% 2005-19 CAGR), before a peak in 2021 (triggered by the "Superbonus 110" fiscal incentive). According to CRESME, a total of 20mn residential units should be renovated in the next 10 years, implying an average of 2mn worksites per year. We believe that, after another record high in 2022, the phase-out of the "Superbonus 110" from 2023 should hit the market, but innovative materials should continue to gain share.

## Specific drivers to foster growth of innovative building materials

The Dry Construction market is set to outperform the overall building materials market. Fiscal incentives, decarbonisation targets and demand of better living standards push for the renovation of an old and energy-inefficient stock of buildings in Italy



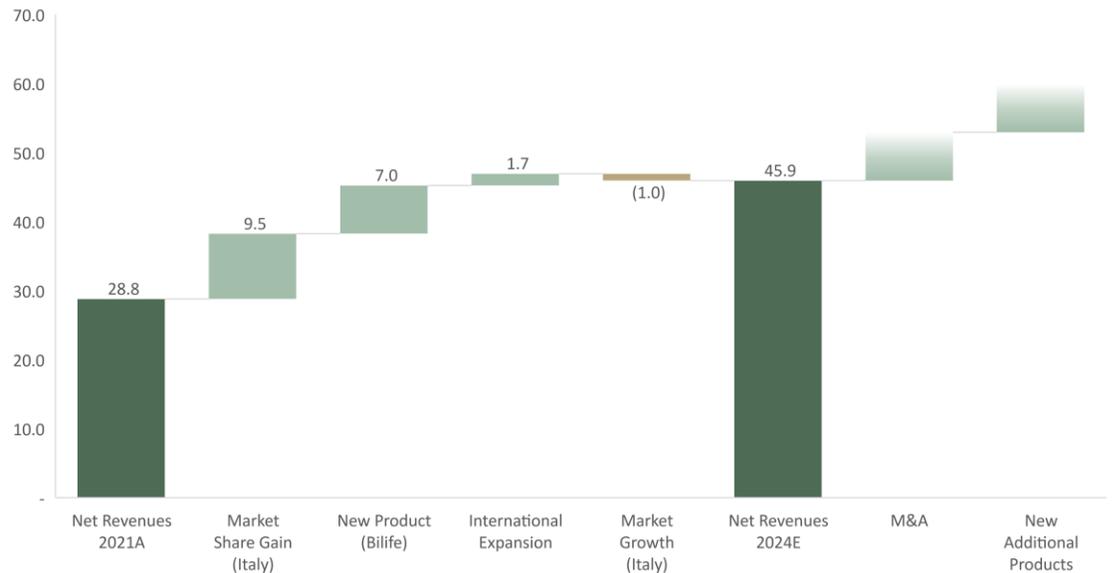
Source: ENEA, CRESME, Research and Markets, ISTAT, Alantra

## Market share gain, new products and potential M&A boost

We believe that Bifire’s future organic expansion should be deployed on several fronts: 1) a more capillary coverage of the Italian market, including increasing brand awareness through direct-to-consumer marketing; 2) enlargement of the catalogue with new products; 3) further expansion into the DACH region. Bifire should gain market share with existing products versus the total spending in building renovations in Italy, thanks to: 1) its focus on certified, performing and innovative materials; 2) the investments in marketing; 3) the enlargement of the sales force and 4) the gradual market phase-out of the “Superbonus 110” (we believe that Bifire’s exposure to the incentive is lower than that of the overall market). We assume an Italian renovation market in 2024 at the same level of 2021, after a peak in 2022 (6% 2019-24 CAGR). In our estimates, we only assume the contribution of one new product (Bilife, to rump-up from 2H 2022), which should produce Eu7mn sales in 2024. At the same time, we expect R&D spending to maintain a relatively strong pace going forward, in turn sustaining the development of new products. The company has a proven method for the identification, creation, and launch of new products: (i) scouting of innovative solutions in the market, (ii) identification of potential improvements to adapt the product to the Italian market and (iii) engineering and assessment of the production process. Possible new product launches in the coming years are not included in our estimates. M&A could be an additional growth driver in the coming years. Bifire could target both producers of complementary products (to enlarge and diversify the product portfolio and develop commercial synergies) and selected suppliers (vertical integration).

## 2021A-2024E Net Revenues Bridge – Growth Drivers

Market share gains and the launch of a new product (Bilife) should be the prevailing growth drivers to 2024. M&A and additional new products are a potential boost



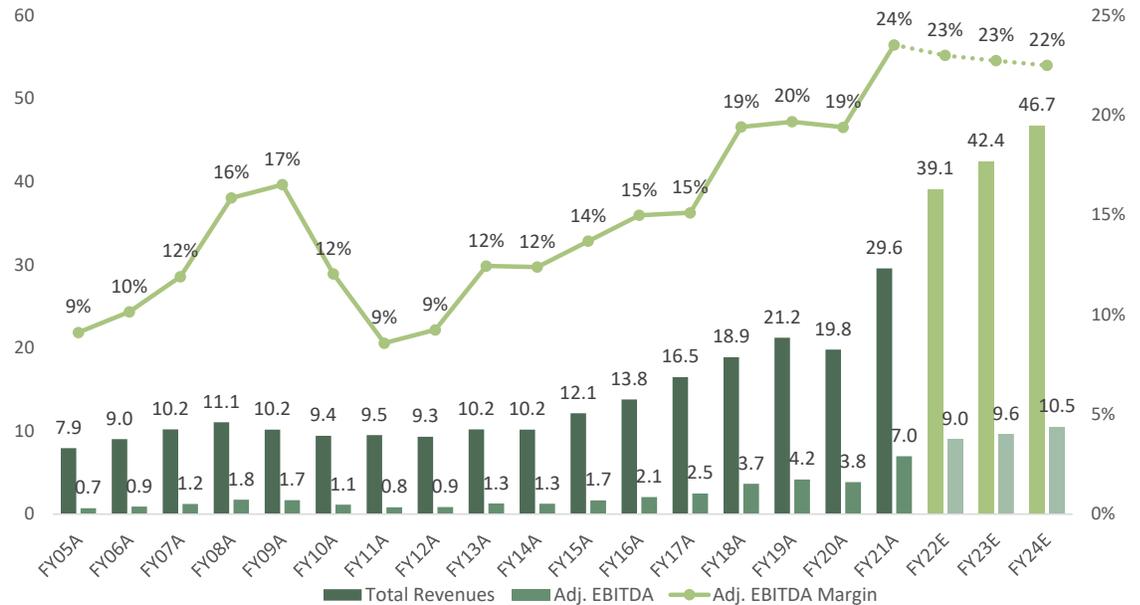
Source: Company presentation for 2021, Alantra

### Front-end loaded double-digit growth

We expect net revenues to post a 16.9% 21-24E CAGR (32% yoy growth in 2022E after 80% in 1Q), mainly driven by market share gains in Italy, the recently launched product and, to a lower extent, international expansion. According to our estimates, the Building business segment should post a robust performance (21% 21-24E CAGR), with a further jump in 2022 driven by the “*Superbonus 110*” (which should gradually fade away in the following years). In the Industrial business, the company is expected to post a 6% 21-24E CAGR, mostly driven by the Fire Door and the Elevator markets. Despite benefitting from operational leverage, we estimate Adj. EBITDA margin to shrink over time, from the record level experienced in 2021 (23.5% on total sales). We believe that, by making final consumers price insensitive, the “*Superbonus 110*” was one of the factors contributing to the high level of profitability in 2021. The gradual phase-out of the incentive should be a margin headwind in the coming years. We expect Adj. EBITDA to reach Eu10.5mn in 2024, posting a 15% 21-24E CAGR (29% yoy growth in 2022E), and landing at a 22.5% margin. EBIT should grow at similar rates, with margin at 17.8% in 2024. Bifire historically experienced a low tax rate (below 20% before 2021), thanks to multiple fiscal incentives (i.e. Patent Box, Accelerated depreciation,...), which we expect to stabilize at 2021 level going forward. We expect a 13.8% 21-24E Net Profit CAGR with margin on sales of 13.4% in 2024.

## Mid-double-digit top line CAGR to 2024, with EBITDA margin set to experience a slight readjustment

Revenues have still strong room to grow, despite the extraordinary growth experienced in 2021, while EBITDA margin should slightly adjust downwards



Source: Bifire, Alantra estimates

## Sound BS. Capital allocation policy skewed to organic growth

Bifire has a very solid balance sheet (Eu2mn net debt only at YE 2021). The group has historically paid no dividends and reinvested its FOCF in capex to support organic growth, R&D spending, increase in production capacity and launch of new products. Eu7mn capex related to the new production plant (up and running in 2H 2022) is almost entirely done and included in 2021 Net debt. Assuming no further addition of capacity in the next few years (current capacity should have room to match our expected volumes), we believe that Bifire should be able to generate a positive FCF of Eu5.6mn in 2022-24. We estimate a Net cash of Eu12.6mn in 2024, although we model some cash absorption from an increase of inventory on sales over time, as quick availability of products should be an additional factor to gain market share. Although not included in our estimates, we believe management will prioritize business expansion, and not cash generation, in the future. The group has a history of new product launches and addition of production capacity, which, we believe will not stop here. This could be an important driver of future value creation. With the recent IPO, Bifire should also have scope to add M&A to organic growth. Assuming a conservative target leverage of 2x Net Debt / EBITDA and acquisitions at 10x EV/EBITDA, we estimate an M&A firepower of Eu31mn based on FY22 figures. We believe that Bifire could also be a potential target for large international players, due to its focus on innovative products and strong positioning in the Italian market.

## 2021-24E Net Debt Bridge

We believe that Bifire should be able to generate a positive FCF of Eu5.6mn in 2022-24. We estimate a Net cash of Eu12.6mn in 2024. However, we believe that management should prioritize business development to cash generation. This could be an important driver of future value creation (not included in our estimates)



Source: Company presentation for 2021, Alantra estimates

## Valuation: TP of Eu5.4/share

Listed at the end of May 2022, Bifire is down 19% since its IPO, with a slight underperformance versus the FTSE Italian Mid Cap index. Bifire has no direct listed comparable companies in Italy in our view. We have looked at European producers of innovative building materials to have a valuation benchmark. Steico, Recticel and Rockwool International are exposed to the construction sector with a similar product offering (insulation and fire protection materials). We have also included in the cluster producers of insulation materials, similar to those of Bifire, but more exposed to different end-markets (Kingspan, Bewi and va-Q-tec). We have selected a second panel of Italian industrial companies exposed to green trends: ATON, Comal, LU-VE, Seri Industrial, Carel and Zignago. This second cluster is more heterogenous. Taking into account that, on average, Bifire has lower capital intensity than the selected peers, EV/EBIT multiples are more meaningful than EV/EBITDA. P/E multiples are biased by financial leverage. Finally, we believe that DCF is a good alternative to capture the long-term potential of Bifire. We set a TP of Eu5.4/share, based on EV/EBIT multiples of the selected peers after a 15% discount.

## Trading multiples

Company	Country	Mkt Cap (Eu mn)	EV/EBITDA			EV/EBIT			PE			EV/Sales		
			FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
BIFIRE S.p.A.	ITALY	55	5.1 x	4.5 x	3.8 x	6.5 x	5.7 x	4.9 x	9.9 x	9.1 x	8.3 x	1.2 x	1.0 x	0.9 x
Premium (discount) to Peers' Median			-47%	-47%	-43%	-57%	-58%	-56%	-50%	-47%	-40%	-20%	-23%	-29%
PEERS														
Average			10.4 x	8.9 x	7.5 x	17.8 x	13.4 x	10.7 x	24.8 x	17.6 x	14.5 x	1.7 x	1.6 x	1.4 x
Median			9.6 x	8.5 x	6.7 x	15.0 x	13.7 x	11.0 x	19.8 x	17.3 x	13.9 x	1.5 x	1.3 x	1.2 x
STEICO SE	GERMANY	1,076	11.9 x	10.5 x	9.8 x	17.0 x	15.4 x	13.8 x	21.5 x	19.7 x	17.8 x	2.5 x	2.3 x	2.1 x
Rectical SA	BELGIUM	826	5.7 x	5.6 x	4.7 x	9.3 x	7.7 x	6.4 x	21.2 x	18.6 x	15.2 x	0.7 x	0.7 x	0.6 x
Etex S.A.	BELGIUM	1,723	na	na	na	na	na	na	na	na	na	na	na	na
ROCKWOOL A/S Class B	DENMARK	5,069	6.9 x	6.7 x	6.3 x	10.0 x	9.9 x	9.2 x	13.8 x	13.2 x	12.3 x	1.3 x	1.3 x	1.2 x
Kingspan Group Plc	IRELAND	10,555	11.7 x	11.3 x	10.0 x	14.4 x	13.8 x	12.2 x	16.8 x	17.2 x	15.8 x	1.5 x	1.4 x	1.3 x
Bewi ASA	NORWAY	999	9.5 x	8.6 x	7.6 x	14.5 x	13.3 x	11.8 x	19.5 x	17.4 x	16.2 x	1.3 x	1.2 x	1.1 x
va-Q-tec AG	GERMANY	173	11.0 x	8.6 x	7.3 x	31.2 x	18.0 x	13.7 x	45.8 x	22.9 x	18.3 x	2.0 x	1.8 x	1.5 x
International Producers of Innovative Building Materials														
Average			9.4 x	8.6 x	7.6 x	16.1 x	13.0 x	11.2 x	23.1 x	18.2 x	15.9 x	1.5 x	1.4 x	1.3 x
Median			10.2 x	8.6 x	7.4 x	14.5 x	13.6 x	12.0 x	20.3 x	18.0 x	16.0 x	1.4 x	1.4 x	1.2 x
ATON Green Storage S.p.A.	ITALY	45	6.4 x	5.2 x	4.6 x	7.8 x	6.4 x	5.9 x	11.4 x	9.7 x	9.6 x	1.4 x	1.2 x	na
LU-VE SpA	ITALY	477	9.2 x	7.6 x	6.5 x	15.5 x	13.7 x	11.2 x	17.0 x	14.3 x	11.9 x	1.1 x	1.0 x	0.9 x
Seri Industrial S.p.A.	ITALY	346	12.8 x	8.6 x	4.1 x	34.6 x	15.6 x	5.3 x	57.7 x	18.7 x	5.6 x	1.7 x	1.4 x	0.7 x
Carel Industries SpA	ITALY	1,980	21.3 x	19.4 x	17.5 x	27.8 x	25.0 x	22.3 x	36.0 x	32.8 x	29.7 x	4.2 x	3.9 x	3.5 x
Zignago Vetro SpA	ITALY	1,044	9.8 x	8.3 x	6.9 x	18.8 x	14.4 x	10.7 x	20.1 x	15.2 x	12.6 x	2.2 x	2.0 x	1.8 x
Comal S.p.A.	ITALY	37	9.1 x	6.3 x	4.7 x	12.5 x	8.0 x	5.7 x	17.4 x	11.3 x	8.7 x	0.8 x	0.6 x	0.5 x
Italian Green Industrial														
Average			11.4 x	9.2 x	7.4 x	19.5 x	13.8 x	10.2 x	26.6 x	17.0 x	13.0 x	1.9 x	1.7 x	1.5 x
Median			9.5 x	8.0 x	5.6 x	17.1 x	14.0 x	8.3 x	18.8 x	14.8 x	10.8 x	1.6 x	1.3 x	0.9 x

Source: Factset, Alantra

**Main risks.** We believe that the main risks related to Bifire's business can be summarised in the following factors: 1) Increasing competition from large players; 2) Increasing competition from Asian players; 3) Dependency on two key people; 4) Reduction of fiscal incentives, which would hit volumes of the Italian renovation residential market; 5) Pressures on profitability as soon as the "Superbonus 110" expires; 6) No patents on technologies; 7) Lack of M&A track-record.

## Niche Italian producer of innovative fire protection and thermal insulation materials

With Eu29mn net sales in 2021, Bifire is an Italian niche producer of innovative fire protection (53% of FY21 sales), cladding (26%) and insulation (21%) materials, which contribute to CO2 emissions reduction, safety and better living standards. The product portfolio includes 5 different technologies / family products, with applications well-diversified across different end-markets in the Building (68% of FY21 sales) and Industrial (32%) sectors. In the building sector, products are mainly used in renovations. In the industrial sector, applications include lift and fire doors, fire dampers and high temperatures (industrial furnaces and dryers). Bifire has a long story of profitable top-line growth with CAGR 11-21 of 11.8% (only organic), thanks to a constant product innovation. Production is made in three plants in Lombardy (out of which one should start operations in 2H 2022), but the distribution reach is much broader. Bifire distributes its products in foreign countries, mainly the DACH region (25% of FY21 sales), and the entire Italian territory (75%). Thanks to a network of c. 50 agents, Bifire serves fragmented specialised resellers and maintains strong relationships with key decision makers in the value chain (architects and engineers of construction companies). The group leverages on a structured organisation and the know-how of its two founders, key persons and shareholders.

### Innovative materials in fire protection, cladding and thermal insulation...

Bifire products are divided in 5 main technologies / families: **Supersil**, **Aquafire**, **Bilife** (used in fire protection, 53% of 2021 sales, and Claddings, 26%), **Microbifire** and **Vacunanex** (Thermal insulation; 21%). All the products are easy-to-cut materials (thin and manageable), resulting in an easy installation, and delivering high performances in terms of fire protection and/or thermal insulation, contributing to CO2 emissions reduction and better living standards.

#### Bifire's 5 product technologies / families at a glance

*Innovative products covering several Building and Industrial applications*

Products type	Fire Protection (53% of FY21 sales) & Claddings (26%)			Thermal Insulation (21%)	
Sector	Buildings/Industrial	Buildings	Buildings	Industrial	Buildings
Main Technology					
Indoor/Outdoor	Mainly outdoor	Mainly outdoor / Indoor with high humidity	Mainly indoor	Mainly indoor	Indoor/Outdoor
Characteristics	Strong fire-resistance, Umidity-resistance, Abrasion-resistance, Strenght, Sound absorbtion	Strong fire-resistance, Umidity-resistance, Water-resistance, Lightweight	Thermal insulation, Umidity-resistance, lLightness, Sound absorbtion, Mold-resistance, Recyclability, Natural & breathable	Strong insulation capacity, working at high temperature range - 70/+1100 °C	Strong insulaton capacity working at temperature range -70/80 °C
Ideal for..	Not-directly exposed surfaces, Reinforced concrete (RC) structural walls, Dropped ceiling, Self-supporting structures	Directly exposed surfaces, External facades, Dividing walls, Lining walls, Soffits and humid ambient (bath, showers, etc.)	Protected outdoor walls, Indoor perimeter walls, Internal/outdoor protected ceilings, Under floors	Industrial furnace, Refrigerators, Household appliances, Automotive	Roof, Floors, External insulation
Type					
Applications					
Features					
Legend	Fire protection	Sound-absorbing	Humidity	Water-resistant	Light-weight
	Thermal insulation	Recyclable	Natural		

Source: Company's website and product catalogues, Alantra

## *Fire protection & Claddings*

The fire protection and Claddings product offering is based on three main products: Supersil, Aquafire, and Bilife. Each product offers different characteristics such as humidity and sound resistance (Supersil), Water-resistance and lightweight (Aquafire), Mold-resistance and natural-based (Bilife). More in detail:

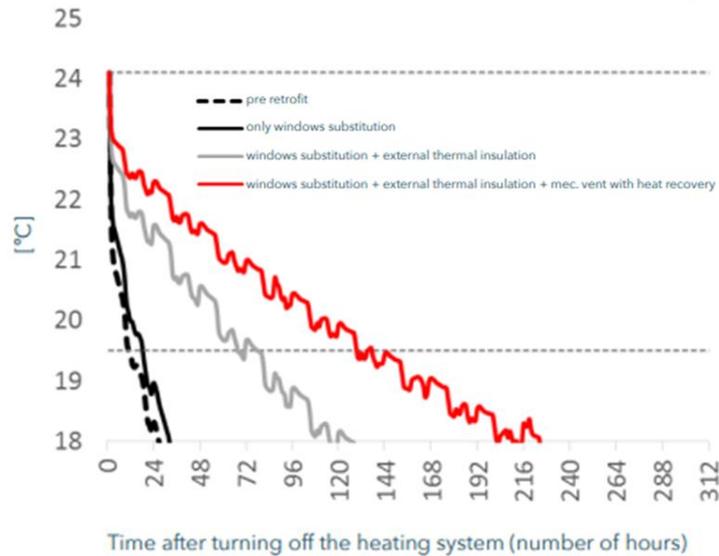
- **SUPERSIL** is a high-performance calcium fibrosilicate based board. It is non-combustible (A1 class, the highest rate), it is stable at high and low temperatures, with high or low humidity. SUPERSIL is one of the first calcium fibrosilicate boards on the market that can be easily chopped with a cutter. For these reasons, Supersil is the ideal board for high-humidity indoor installations or not-directly-exposed outdoor walls. Bifire has also developed some alternatives to increase flexibility and use-cases: Supersil *light* (c. 40% lighter), Supersil 6mm (c. 50% thinner) and Supersil *sound* (more sound absorption). Applications may vary from doors to self-supporting structures and structural walls. It is applied to both Industrial and Buildings sectors.
- **AQUAFIRE** is a fibre-reinforced lightweight cement board. It is extremely lightweight, non-combustible (class A1), highly insulating, water resistant. It can be used for indoor (with high humidity) or outdoor applications. It is the easiest board to cut on the market and does not deteriorate in the presence of water, making it the solution for directly exposed surfaces. AQUAFIRE is a resistant support for the application of ceramic tiles, glass mosaics brick coverings and other specific applications. The group offers also Aquafire *easy*, a lighter (c. 35% more) and slimmer (c. 30%) alternatives to the basic solution.
- **BILIFE** is an innovative panel of only 13mm of thickness, completely natural and recyclable, based on expanded perlite, specific to solve the problem of mold formation as well as to ensure strong insulation of the building walls, by maintaining a humidity balance. It regulates naturally the humidity in the rooms, improves the thermal and acoustic comfort, and aesthetically requalifies the walls. The product is at the forefront of natural building materials for better living conditions and healthier environments. With strong thermal insulation performance and sound absorbing, Bilife is used for indoor perimeter surfaces, under floors and protected outdoor walls.

## *Thermal Insulation*

Thermal insulation products act as reducers of heat transfer between objects, creating a thermal barrier and better living conditions. The use of thermal insulation materials in buildings improve energy consumption, CO2 emissions and living conditions.

**Improving the comfort of living**

*Thermal insulating products can maintain desired temperature for longer time, resulting in a better living comfort and lower energy consumption / CO2 emissions*



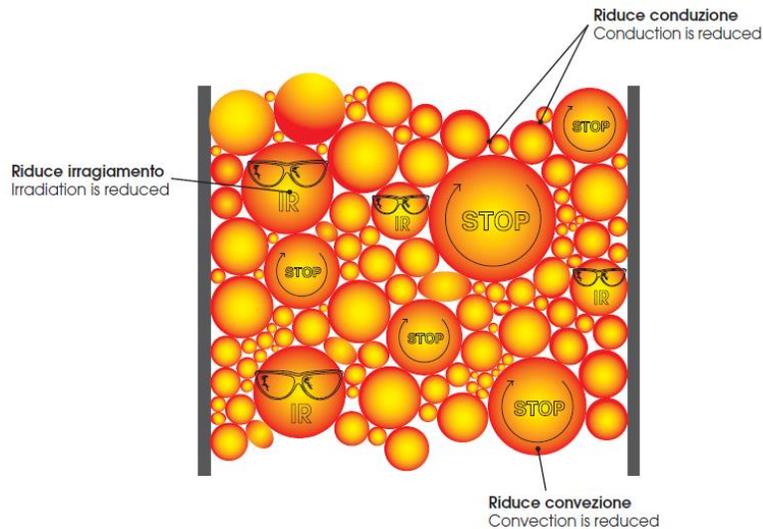
Source: Knaufinsulation, *Highly insulated buildings as a crucial element for smart cities, grid balancing and energy storage for renewables*, 2020

Bifire’s thermal insulation products are based on a developed technology named NANEX, with higher associated level of insulation compared to traditional materials, and applied to two products:

- **MICROBIFIRE** is a material derived from the technology used in nuclear and aerospace industries. It combines two unique features to obtain the perfect insulating capacity: microporous structure and irradiation opacity (IR). The microporous material is made up of micro ionized cells from idle material (silicon dioxide) and thanks to their dimension (smaller than gas molecules) is not affected by thermal effects produced by their collision when heated, reducing the dispersion of energy. The Microbifire structure produces a minimum contact between cells, which translates into a minimum heat transfer, reducing dramatically the radiation of heat. With reflective and absorbent materials, the product also reduces its radiation opacity. Microbifire can work at very high temperature (-70/+1100 °C), with several Industrial applications: Automotive, Refrigerators, Household appliances, industrial furnaces and dryers etc.

## Microbifire – Thermal insulation technology

*Microbifire reduces heating conduction, convection and irradiation*

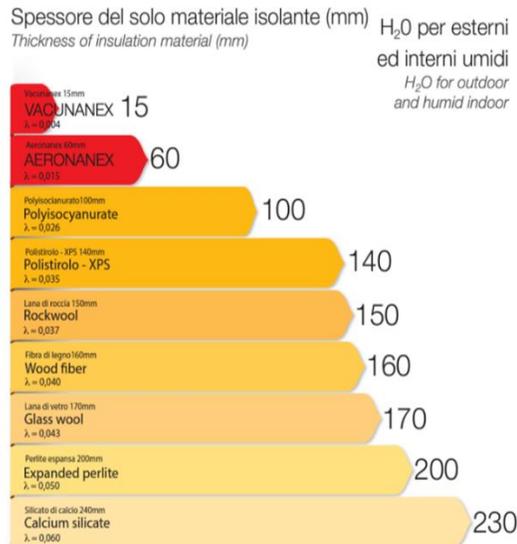


Source: Company information

- VACUNANEX** is a high-performance thermal insulation material based on Microbifire technology under vacuum. The product boasts microporous insulation with strong thermal performance based on powder silicon dioxide and sealed. It can be used for thermal insulation of walls and floors, both indoor and outdoor. Vacunanex boasts a lower thermal conductivity, and thus better insulating capacity than other materials. This product is compliant with the requirements to apply the “*Superbonus 110*” special fiscal incentive.

## Vacunanex – Thinner but stronger isolation capabilities

*Vacunanex has stronger isolation capabilities and is thinner than other materials*



Source: Bifire’s product catalogue

...with applications well-diversified across different end-markets

Product applications are well-diversified across different end-markets in the Building (68% of FY21 sales) and Industrial (32%) sectors. In the building sector, products are mainly used in renovations. In the industrial sector, applications include lift and fire doors, fire dampers and high temperatures (industrial furnaces, dryers).

## Exposure to different end-markets

Product applications are well-diversified across different end-markets in the Building (68% of FY21 sales) and Industrial (32%) sectors



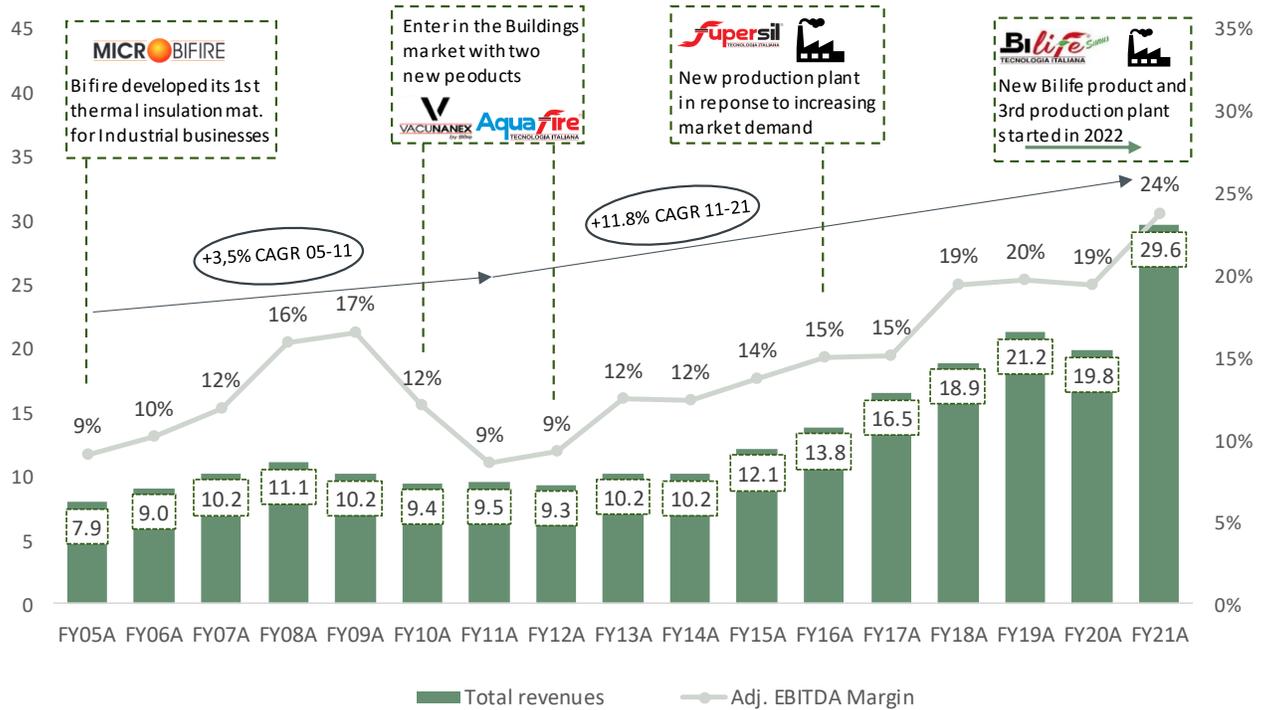
Source: Company data

## A long story of profitable top line growth triggered by product development efforts

Bifire was established in 2002 as a commercial enterprise. In 2005, the group has started the development and production of Microbifire, thermal insulation material for Industrial applications. The development of cutting-edge materials for the Buildings sector in 2010-12 in both fire protection and thermal insulation (Aquafire and Vacunanex) has fuelled the long and profitable growth (11.8% CAGR 11-21), which are recently enjoyed the benefits of renovation incentives. Bifire has three production plants (the 3<sup>rd</sup> one starting to produce from 2H22) in Lombardy and has invested over Eu3.5mn in R&D in the last three years.

## A long history of profitable top-line growth, thanks to a strong R&D track-record

*Born as distributor then switched to producer of innovative solutions for thermal insulation and fire protection*



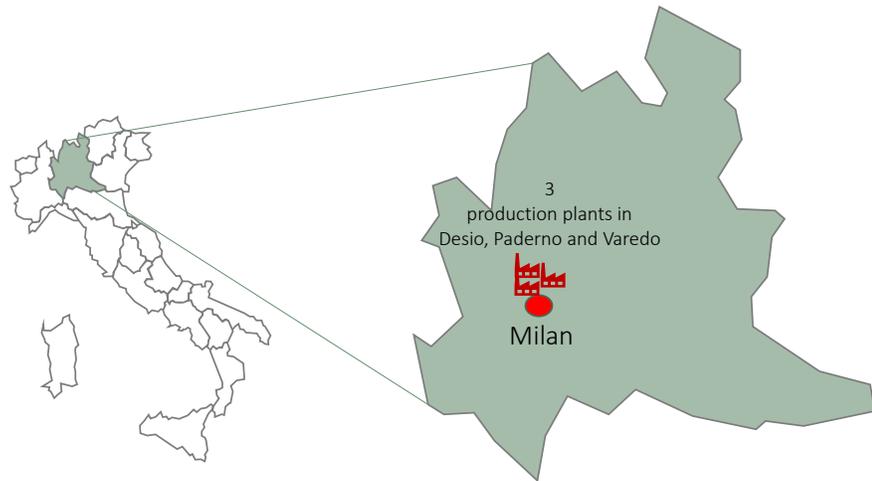
Source: Company presentation, Alantra

### Production set-up in Lombardy...

The current three production sites are located in Desio, Paderno and Varedo (in Lombardy, close to Milan). Varedo should start production in 2H 2022 and it will be mainly dedicated to the new product (Bilife).

## Localisation of production capacity

Bifire has 3 production plants in Lombardy for a total production surface >20k sqm, out of which Varedo should start production in 2H 2022



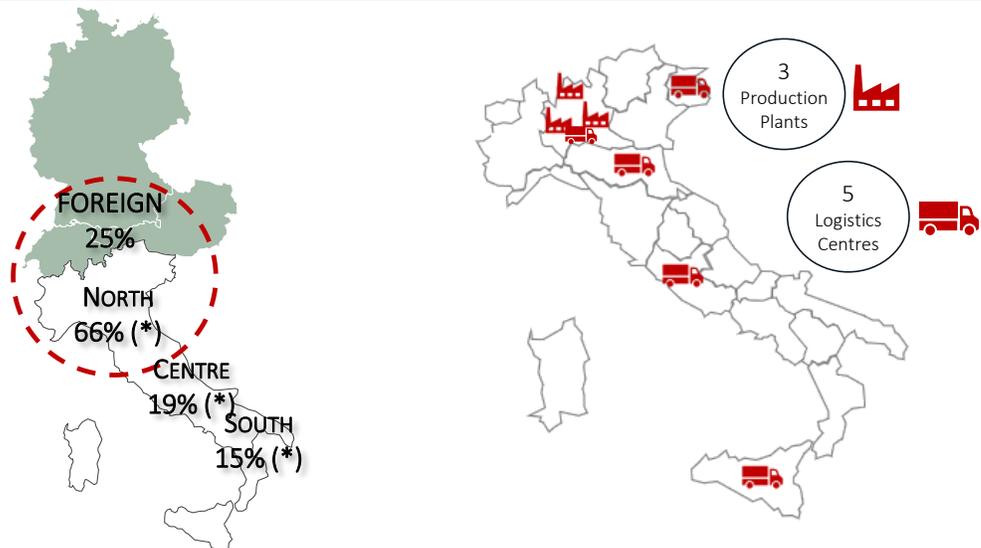
Source: Company presentation, Alantra

## ... but broad distribution reach, thanks to around 50 agents and specialised distributors

Bifire has a capillary presence in Italy through five logistic centres and distributes its products with a network of 50 agents, both nationwide (75% of FY21 sales) and in foreign countries (25%), especially in the DACH region (Switzerland, Austria and Germany).

## Production / Logistic set-up and % of sales by geographical area

Thanks to its production and logistic set-up, the group generates sales in the overall Italian territory and in DACH

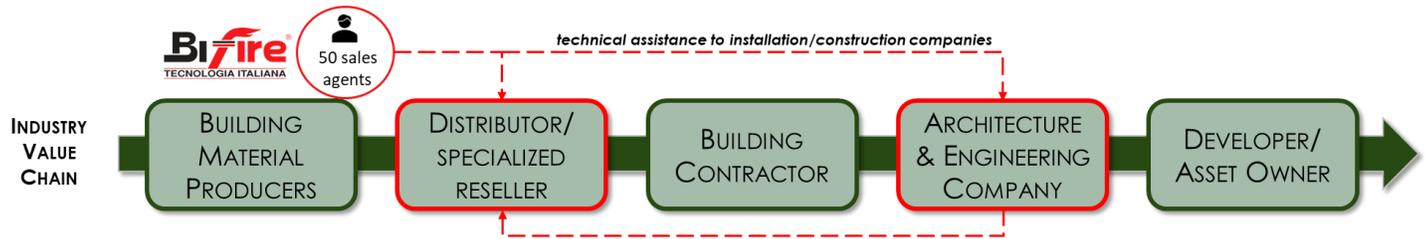


Source: Company presentation, Alantra. (\*) as % of 2021 sales in Italy

Bifire sells its products mostly through specialised resellers (clients) served by c. 50 sales agents. They also develop relationships with the architecture and engineering companies, the decision makers in the value chain. Bifire sales team (5 persons) offers technical support and after-sale assistance to installation/construction operators and to architecture and engineering companies. The group has also implemented a “prime” shipping service (1-day delivery) increasing its service and proximity to clients. In a pre-sales phase, Bifire also offers tailor-made service to its clients (mostly Industrials) through the co-development of products, providing cutting-edge materials to the market and satisfying specific needs.

## Value chain and proximity to key decision makers

*Bifire shortens the industry value chain by building a direct line with the key decision makers and fuelling purchase decisions, thanks to its sales network*



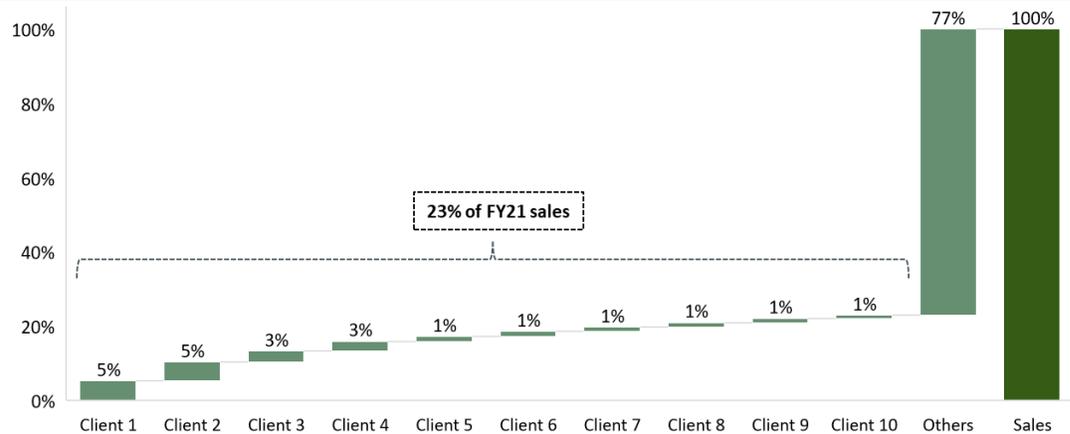
Source: Company presentation

## ...and diversified cross-sector exposure and clients' portfolio

Clients (industrial companies and distributors) are very fragmented, with the top ten clients weighing 23% on FY21 sales and the first representing only 5% of the total.

### Top 10 clients (FY21)

*Fragmentated clients' portfolio with top 10 clients weighing 23% on FY21 sales*



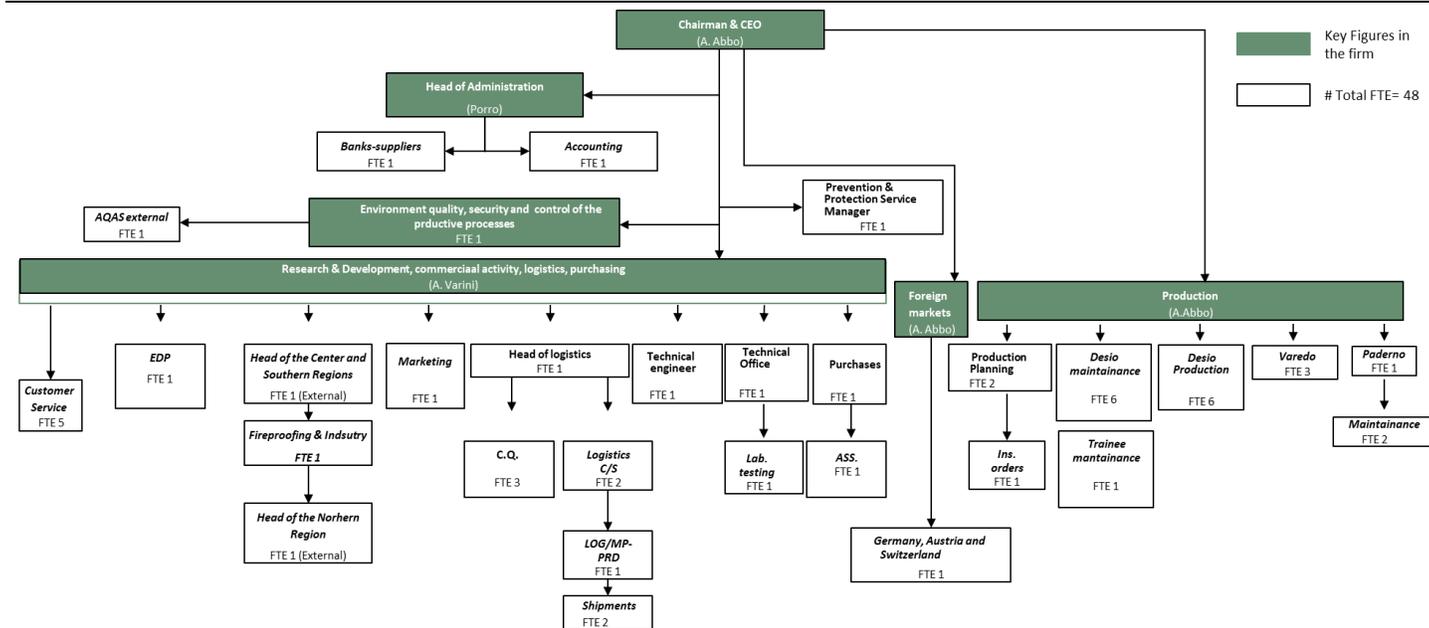
Source: Company data

## Structured organisation led by two key persons

The structure of Bifire counted a total workforce of 48 employees as of January 2022. The production process is strongly capital intensive. 5 persons are dedicated to customer service and 1 to distribution outside Italy.

## Flexible structure with R&D and human capital concentration on R&D and production

R&D division represents the bulk in terms of personnel with over 20 FTE



Source: Company information, as per January 2022

Bifire was founded in 2002 via acquisition of a business branch from Abbo family by Alberto Abbo (current CEO and responsible of production and operations) and Alfredo Varini (Sales and R&D Director). They had previous experiences, but most of their professional career has been in Bifire. They led all the growth of the company and its product development.

## Top management team

The top management team has multi-year of experience in the fire protection industry



**Alberto Abbo**  
Chairman & CEO

- (2002- current) Bifire, Founder & CEO
- (2000- 2002) Wacker Chemie
- Degree in Business Administration from Bocconi University



**Alfredo Varini**  
Director

- (2002- current) Bifire, Founder & Director
- (Previous - 2002) GTE Silvana / Morgan Refrattari, Sales and Technical



**Alessandro Porro**  
CFO

- (2015- current) Bifire, CFO
- (2013- 2015) Kinexia/Wasteitalia, Head of Treasury
- (2002-2007) Larusmiani, Accounting & control
- Degree in Business Administration from University of Milan

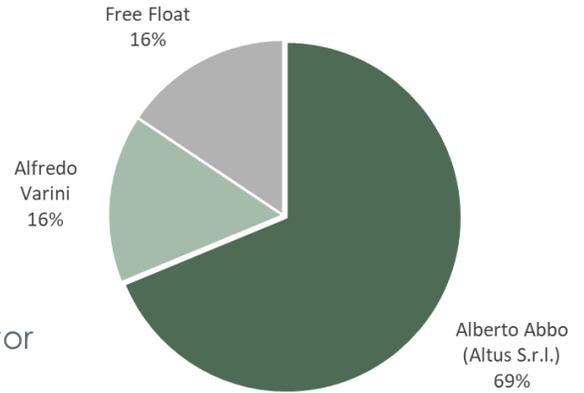
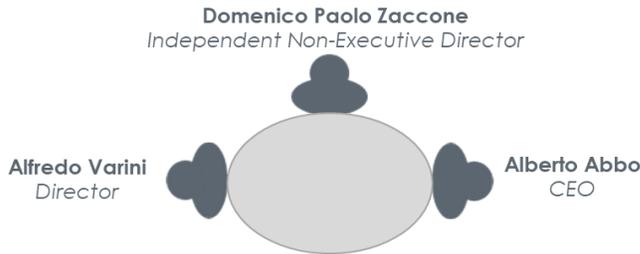
Source: Company information

Alberto Abbo currently owns indirectly, through Altus srl, 69% of Bifire, followed by Alberto Varini with 16% and market float of remaining 16%. The BoD includes 3 members, out of which 1 independent director.

## BoD and Shareholding structure

The BoD includes 3 members, out of which 1 independent director

### Board of Directors



### Board of Statutory Auditors

<b>Francesca Sanseverino</b> Chairman	<b>Maurizio Moccaldi Ruggiero</b> Statutory Auditor	<b>Federico Mariscalco Inturreta</b> Statutory Auditor
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### Independent Auditor



Source: Company information

## Product innovation and high level of service

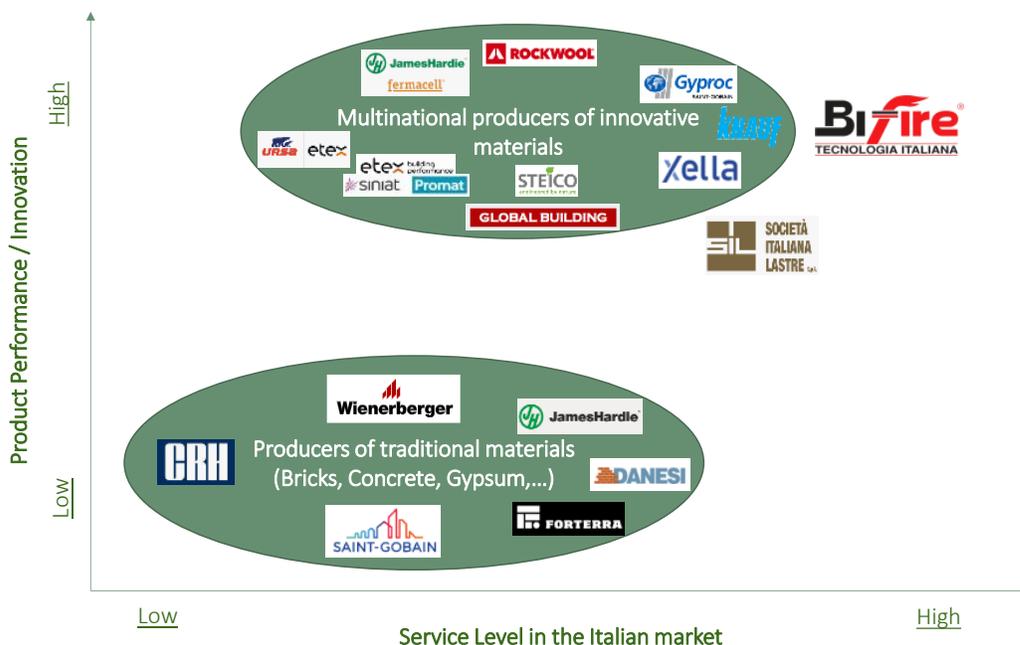
Focused on the dry segment of the construction market with innovative products dedicated to fire protection and thermal insulation, Bifire has a competitive advantage versus traditional building material producers. Its products are on average more expensive than traditional products, but they have potentially a lower total ownership cost, thanks to lower installation cost, superior performances during their lifecycle and higher fiscal incentives. In addition, they have lower environmental impact, thanks to reduced CO2 emissions in the production process and recyclability. In the specific segment of innovative dry building materials sold in Italy, Bifire mainly competes with international groups, as (apart few exceptions) Italian players are usually wholesale distributors of third-party products. In our view, Bifire can take advantage on: high level of service to different players in the value chain and local production. The incidence of transportation costs is a protection from low-cost country producers. Significant entry barriers protect from potential newcomers in our view: 1) Technological know-how (5% of sales in R&D), including development of new products and high number of certifications; 2) Production set-up and process know-how; 3) Distribution set up; 4) Diversified procurement network. We believe that the high ROCE generated by the Bifire (>20% in 2021) is sustainable and can be expanded in the future.

### A positioning skewed to innovative products and high level of service

Focused on the dry segment of the construction market with innovative products dedicated to fire protection and thermal insulation, Bifire competes with Italian and international producers of traditional materials and international producers of innovative materials. We highlight that, apart from some exceptions, there are few independent Italian producers of innovative materials with a relevant size. We believe that product innovation and high level of service are key competitive advantages of the group.

#### Competitive landscape in the Italian building materials market

*Product innovation and high level of service are key competitive advantages versus other producers*



Source: Alantra. Note: mentioned players do not cover the entire competitive landscape

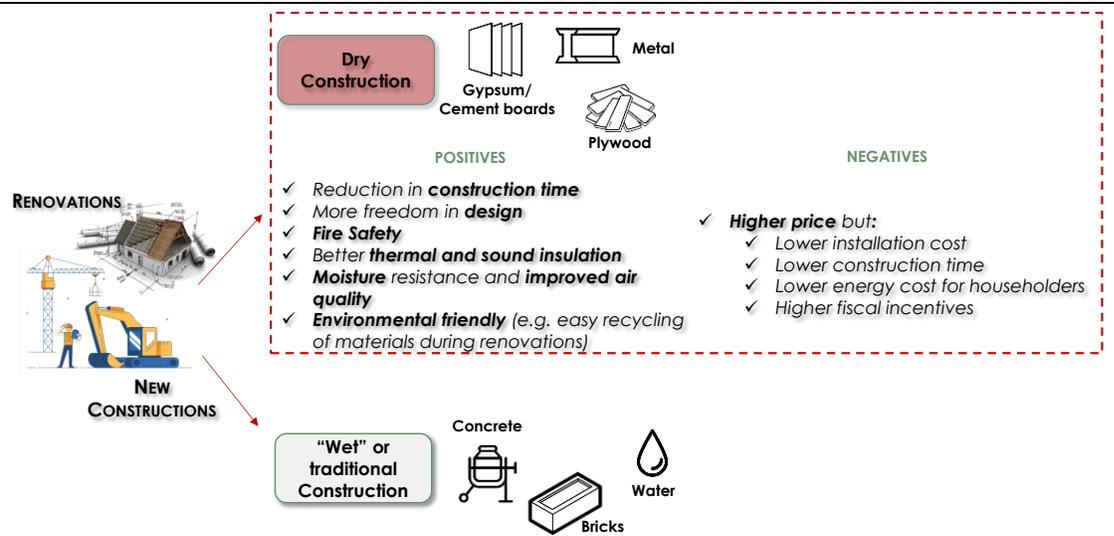
## Superior performance versus traditional products

Bifere's products belong to Dry construction, which involves materials other than concrete, mortar, plaster and bricks. It employs plaster boards, wood, steel and prefab concrete panels. The primary advantages of dry construction are the reduction of construction time and the freedom of design. In addition, materials used in dry construction are easier to install and more performing in terms of fire safety, thermal and sound insulation and moisture resistance.

The higher price of dry building materials is the main disadvantage versus traditional materials. However, the gap is much lower, if not in favour of dry materials, when considering the lower installation cost, the reduction of construction or renovation time of a building, the superior performances during their lifecycle and potential to obtain higher fiscal incentives. In addition, dry construction materials have lower environmental impact, thanks to reduced CO2 emissions in the production process and recyclability. Finally, dry construction materials have lower environmental impact, thanks to reduced CO2 emissions in the production process and recyclability.

### Dry versus Wet products

*Superior performance of dry versus wet products. The higher price is partially or totally offset by cost advantages*



Source: Company presentation, Alantra

## Performance of Bifere's products are comparable to those of innovative international producers,...

With Eu14mn sales in 2020, Società Italiana Lastre is one of the few Italian direct competitors, although smaller than Bifire. International groups have historically followed different strategies: 1) the listed Belgian group Etex has acquired other Italian groups (Ursa, Siniat) or international players with strong presence in Italy (Promat). We estimate that Etex generated more than Eu120mn sales in Italy in 2020 with its three brands. James Hardie has followed a similar approach with the acquisition of Fermacel, German producer with significant presence in Italy; 2) Rockwool is present with its own brands and a commercial subsidiary, but without production activities. The same approach is followed by Steico and Global Building; 3) Saint-Gobain and the German groups Knauf and Xella have production capacity in Italy and sell products under their own brands. Finally, we highlight that several distributors sell national and international products.

## Main players in innovative building materials in Italy

Product innovation and high level of service are key competitive advantages

GROUPS	MAIN PRODUCTS/BRANDS IN ITALY	2020 SALES IN ITALY - Eu mn
<b>International M&amp;A Builders</b> Etex (Promat; Siniat; Ursa) James Hardie (Fermacel)	Promatex, Solidtex, Duripanel, Ursa Powerpanel	23.2 + 56.5 + 45.0 = 124.7 (*) na
<b>International groups with local production presence</b> Knauf Saint-Gobain (Gyproc, Isover, Weber) Xella	Aquapanel Gyproc, Isover, Weber Ytong, Multipor, Siporex	24.8 (*) na 35.8 (*)
<b>International groups with local commercial presence</b> Rockwool Steico Global Building	Rockwool Steico Unipan, Uniflex	58.5 (*) 9.8 7.9 (**)
<b>Independent Italian producers</b> Bifire Società Italiana Lastre	Aquafire, Supersil, Microbifire, Vacunanex Sibonit	19.2 13.8
<b>Importers (Distributors)</b> Baustoff + Metall Cidiene	Brands of several producers Brands of several producers	22.3 (*) 8.7

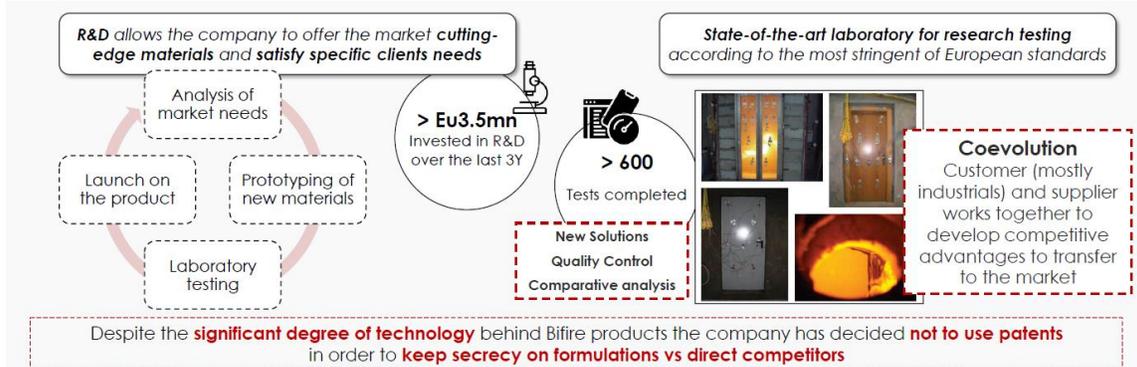
Source: Alantra, Aida. (\*) Sales of the Italian subsidiaries. (\*\*) Latest available data is related to 2018

We believe that Bifire products are comparable to those of innovative international producers. The group has invested in R&D Eu3.5mn in the last 3 years or 5% of sales (including operating and capitalised costs). R&D spending involves development of new products and product certifications:

- Product development.** The group has internally developed its innovative products. The process is usually based on the analysis of the market needs and the solutions offered by competitors. Prototyping of new materials is followed by laboratory testing before launch. We highlight that, while the names of the products are registered, the technology behind them is not protected by patents, in order to keep secrecy on formulations. This is something usual in the industry.
- High number of certifications.** The group has obtained several certifications since its establishment, with an estimated total Eu12mn spending. They are very important in both building and industrial applications. In the former, they are crucial for Architecture & Engineering companies to suggest specific products. In the latter, Bifire products need to be tested together with the final products sold by the industrial clients and respond to all the regulatory requirements. Bifire has an in-house laboratory for research testing (>600 tests completed).

## Industry's value chain and Bifire's marketing approach

Bifire has a marketing approach skewed to two key players in the value chain: distributors/specialised resellers and Architecture & Engineering companies

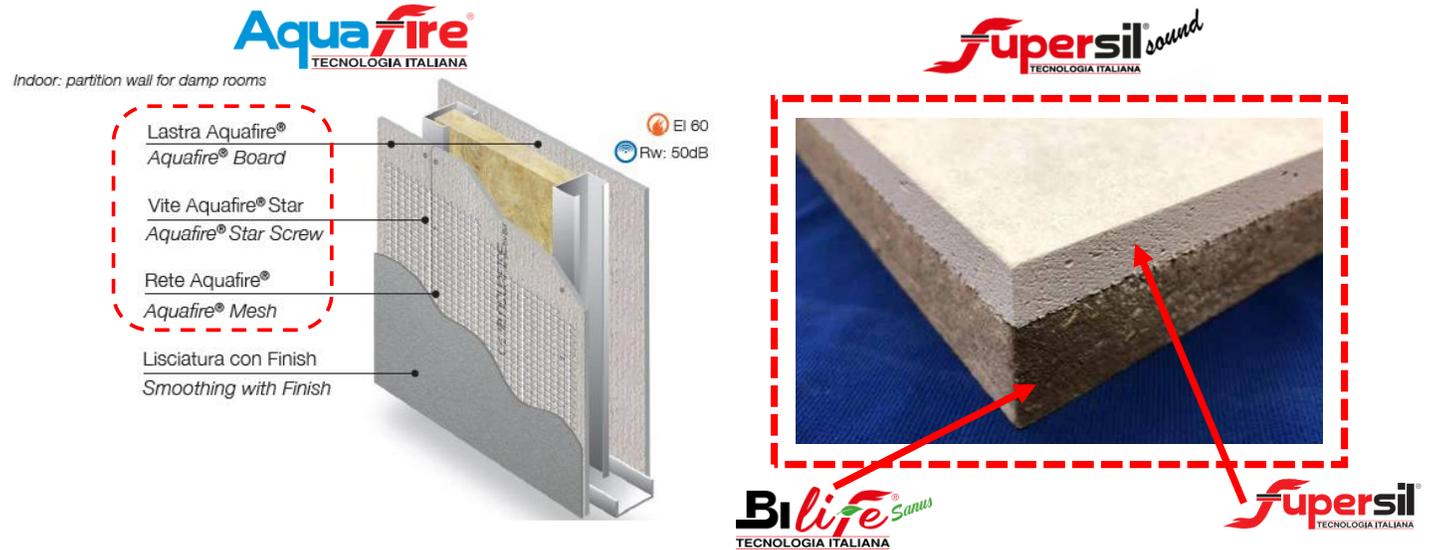


Source: Company presentation

Certifications are also a competitive tool to upsell additional products. For example, Aquafire solution for indoor walls requires the Aquafire's boards, star screws and mesh. Awarded certifications usually include an overall solution encompassing all the needed complementary products and the use of the overall solution can be crucial to comply with regulatory requirements in industrial applications.

## Product certification are also a source of potential product upselling

*Certifications are also a competitive tool to upsell additional products, as the awarded certifications usually include an overall solution encompassing all the needed complementary products*



Source: Bifire's product catalogue

We have compared Aquafire, Supersil and Microbifire with the closest products sold by competitors. We highlight that the most similar product to Vacunanex (produced by the German Va-Q-Tec) is not available on the Italian market and it is mainly used for different end markets. In addition, we have not found other products similar to Bilife.

## Bifire products are comparable to those of innovative international producers

*Aquafire, Supersil and Microbifire versus the most similar products sold in the Italian market*

Producer	  		
	Bifire	Knauf	Fermacel
Water resistant	Y	Y	Y
Non-combustible	Y (A1)	Y (A1)	Y (A1)
Weight - Kg/sqm	12	16	13
Dry Density - Kg/cu m	960	1,150	1,000
Thickness - mm	12.5	12.5	12.5
Global Warming Potential (EPD) - Kg CO2 eq	4.91	4.82	na
Thermal Conductivity - W / mk	0.2	0.35	0.173
Price - Eu/Sqm	15-20	15-20	28

Producer	 	
	Bifire	Promat (Etex)
Water resistant	N	N
Non-combustible	Y (A1)	Y (A1)
Weight - Kg/sqm	20	nm
Dry Density - Kg/cu m	870	870
Thickness - mm	12-18	6-25
Global Warming Potential (EPD) - Kg CO2 eq (6/9/12 mm thickness)	2.76/3.92/4.98	na
Thermal Conductivity - W / mk at 100 °C	0.187	0.19
Price - Eu/Sqm	23.9	30.4

Producer	 	
	Bifire	Promat (Etex)
Water resistant	na	na
Non-combustible	Y (A1)	Y (A1)
Weight - Kg/sqm	nm	nm
Dry Density - Kg/cu m	270	280
Thickness - mm	5-40	10-50
Global Warming Potential (EPD) - Kg CO2 eq (6/9/12 mm thickness)	na	na
Thermal Conductivity - W / mk at 200 °C	0.023	0.023
Price - Eu/Sqm	na	na

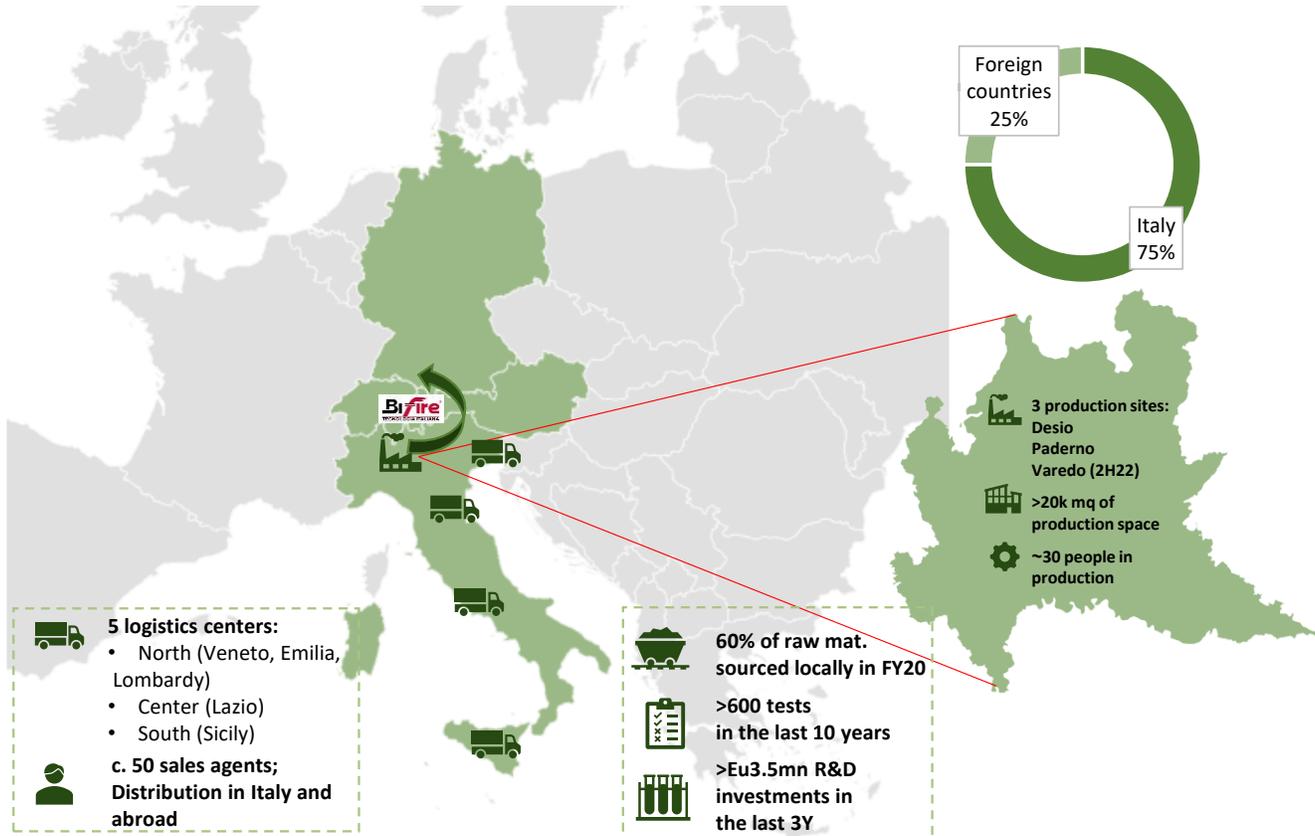
Source: Companies, price lists of online distributors, EPD

## Local production and...

Bifire has three production sites in Lombardy for a total production surface of >20k sqm. The production sites in Desio and Paderno started operations in 2011 and 2016 respectively. They both produce all the product lines. The 3<sup>rd</sup> plant in Varedo is currently under construction and it is expected to start production in 2H 2022. With a covered surface of >10k sqm, the new plant will be dedicated to the production of a new product line: innovative green countertops (Bilife). We highlight that, on top of the production sites, Bifire uses 5 logistic centres to store final products and increase client proximity. The group generates sales also in central (19% of 2021 Italian sales) and southern Italy (15%). From its sites located in the North of Italy, Bifire can also serve the DACH territories. 25% of sales were generated outside Italy in 2021. We believe that the Industrial division has significant exposure to international industrial clients.

## Localisation of production capacity and commercial reach

Italian production with commercial exposure to all the Italian territory and the DACH region



Source: Company information

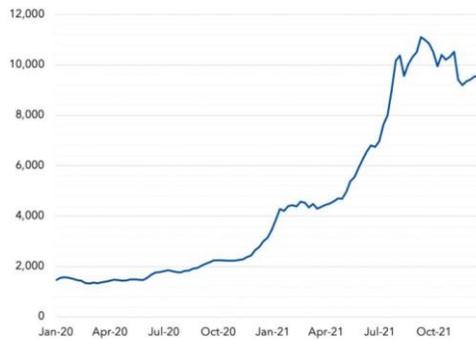
A limited number of international players has production capacity of similar products in Italy. The Italian market is served by some of them through sites located in other European countries. Due to the high incidence of transportation costs in the building material industry, we believe that Bifire has a competitive advantage. Local production capacity is also a protection from Asian competitors due to the high incidence of transportation costs on their products. In addition, we highlight that shipping costs are currently on the rise. Only a strong appreciation of the Euro versus other currencies could make Asian products more competitive in the Italian market.

## Evolution of shipping costs and USD/EURO exchange rate

*Shipping costs close to record highs and USD strength versus Euro protect from Chinese competition*

### Turning of the tide

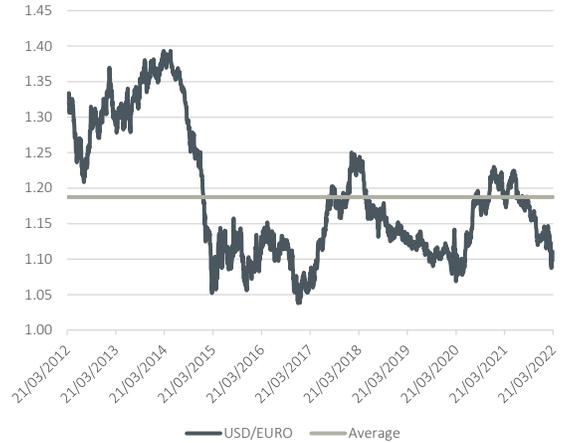
Global shipping rates have fallen from their September peak following an unprecedented surge in the wake of the pandemic. (global container freight index - Freightos Baltic Index, \$US)



Source: Freightos.  
Note: The Freightos Baltic Index represents a weighted average of spot rates for 40-foot shipping containers using real-time data from hundreds of logistical providers on 12 global trade lanes.

IMF

### USD per Euro



Source: IMF, Factset

### ... high level of service

Bifire has a marketing approach skewed to two key players in the value chain: distributors/specialised resellers and Architecture & Engineering companies, served through a network of c. 50 multi-firm commercial agents and >5 people for after sales services.

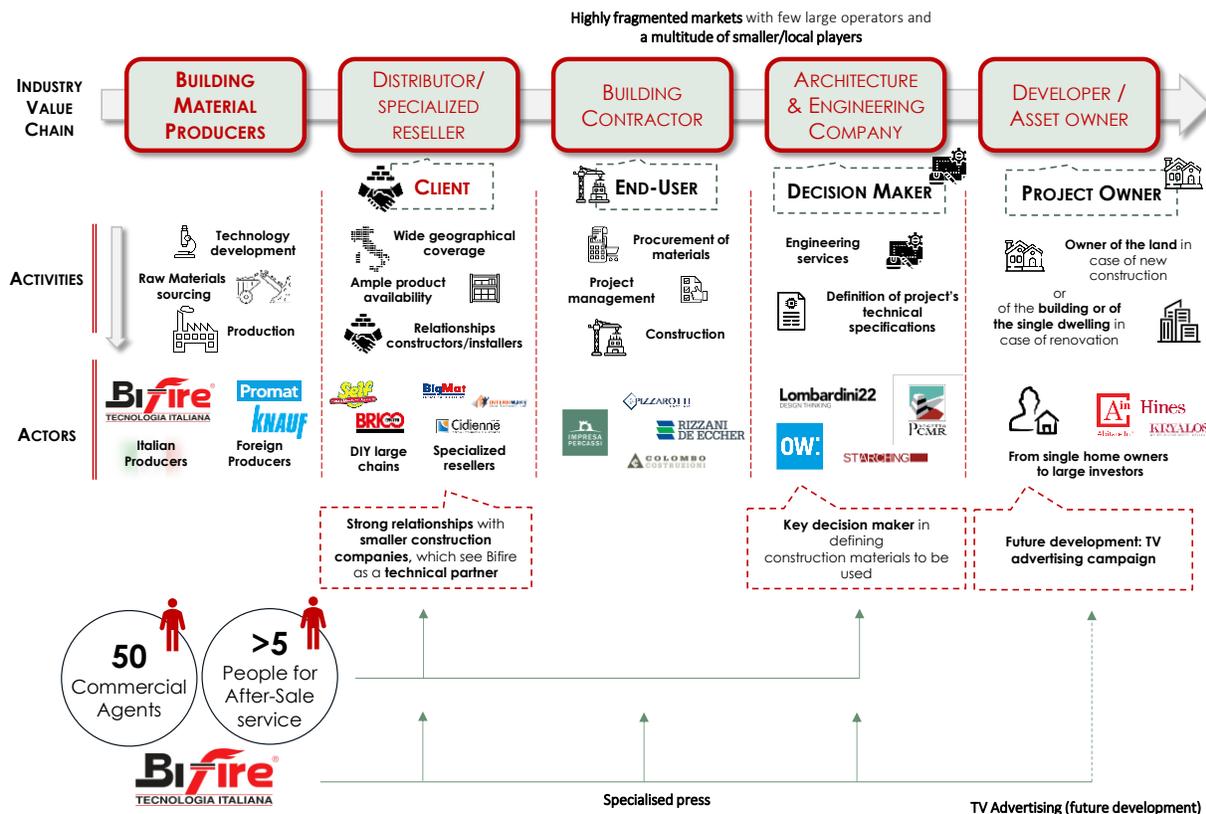
The company has a capillary coverage of Specialized Resellers in Italy. In this way the group has scope to cover also smaller building contractors in a capillary way and to give indirect technical assistance to installation/construction companies. Agents have a strong focus on Technical information to Architecture & Engineering companies, which are in charge of defining the technical specifications of materials to be used. Ensuring they are aware of the superior properties of Bifire's materials is critical to be included into projects.

Communication today is mainly through specialised press. However, the group plans to invest in TV advertising in the future, to increase awareness among specialised operators but also to reach the asset owners.

Bifire has recently introduced a *prime* service: delivery in one day. This is also a service to increase product upselling. In case of products sold through the *prime* service, Bifire includes in the package all the complementary products to execute the works.

## Industry's value chain and Bifire's marketing approach

Bifire has a marketing approach skewed to two key players in the value chain: distributors/specialised resellers and Architecture & Engineering companies



Source: Company presentation, Alantra

## Entry barriers trigger a high sustainable ROCE

In our view, Bifire enjoys significant barriers to entry, which protect from potential newcomers:

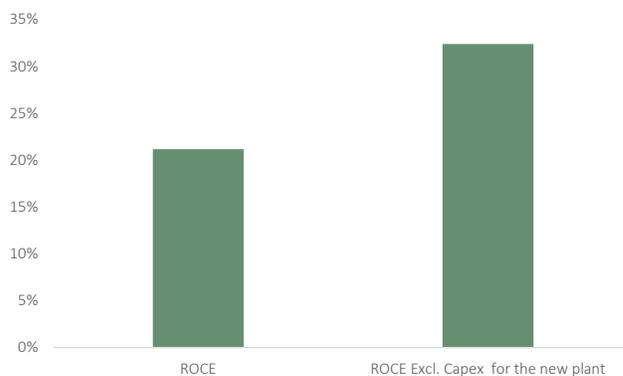
- 1) R&D spending**, which involves development of new products and product certifications. The group has invested in R&D Eu3.5mn in the last 3 years or 5% of sales (including operating and capitalised costs)
- 2) Production set-up and process know-how.** Bifire has three production sites in Lombardy for a total production surface of >20k sqm. Apart the investments required to replicate the capacity, we highlight that production processes of innovative building materials are not standardized, and that production process innovation and know-how are very difficult to be replicated. Bifire has internally engineered its production process, also with the intent of reducing waste, minimize energy consumption and maximize the level of automation
- 3) Distribution set up.** The company has a capillary coverage of Specialized Resellers in Italy, served with a network of 50 multi-firm agents
- 4) Diversified procurement network.** Bifire a diversified network of suppliers. The first supplier represents 15% of procurement costs, Top3 accounts to 32% and Top10 to 54%. Main materials include concrete, silica, gas and fiberglass mess. None of the suppliers is exclusive.

We finally add that the group plans investments in TV advertising in the future, which could increase brand awareness and represent an additional entry barrier.

We estimate a ROCE >20% for Bifire in 2021, which would be up to >30% excluding Eu7mn investments for the construction of the new production plant, which is not yet in operations.

## Bifire – 2021E ROCE

*We estimate a ROCE >20% for Bifire in 2021, which would be up to >30% excluding Eu7mn investments for the construction of the new production plant*



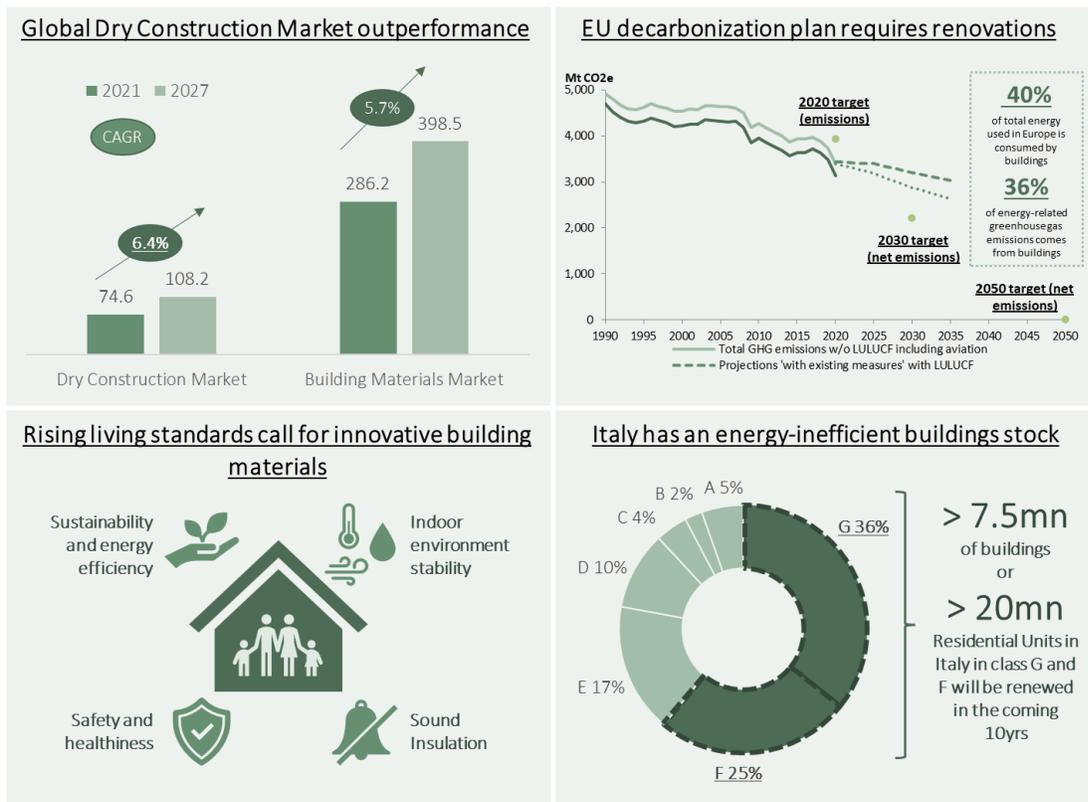
Source: Alantra estimates based on company data

## Demand of innovative building materials supported by multiple structural trends

The Dry Construction market is increasingly gaining relevance in the universe of building materials, thanks to several advantages versus the Wet or Traditional Construction: 1) Light-weight and modularity; 2) Performance and safety; 3) Thermal, sound insulation, fire protection and moisture resistance; 4) Reduction of the environmental impact. According to Research and Markets, the growth of the Global Dry Construction market is expected at a 2021-27 CAGR of 6.4%, 70bps higher than the overall market. Bifire's products (mainly used in renovation works) are sustained by a wave of renovations across Europe, supported by EU decarbonisation targets (buildings use 40% of the energy consumed in Europe). In addition, living standards have been rising, together with demand of safety, sound insulation and temperature stability in the houses. Finally, regulation on fire protection has been advancing over time, setting new construction standards. According to Business Wire, the Global Fire Protection Materials market is expected to grow at a 7.3% 2020-27 CAGR. In the Italian market, a series of fiscal incentives coupled with an old stock of energy inefficient buildings (>60% of buildings are in poor energy efficiency categories and >45 years old) have pushed spending in residential renovation (2.4% 2005-19 CAGR), before a Eu75bn peak in 2021 (triggered by the "Superbonus 110" fiscal incentive). According to CRESME, a total of 20mn residential units should be renovated in the next 10 years, implying an average of 2mn worksites per year. We believe that, after another record high in 2022, the phase-out of the "Superbonus 110" from 2023 should hit the market, but innovative materials should continue to gain share.

### Specific drivers to foster growth of innovative building materials

*The Dry Construction market is set to outperform the overall building materials market. Fiscal incentives, decarbonisation targets and demand of better living standards push for the renovation of an old and energy inefficient stock of buildings in Italy*



Source: ENEA, CRESME, Research and Markets, ISTAT, Alantra

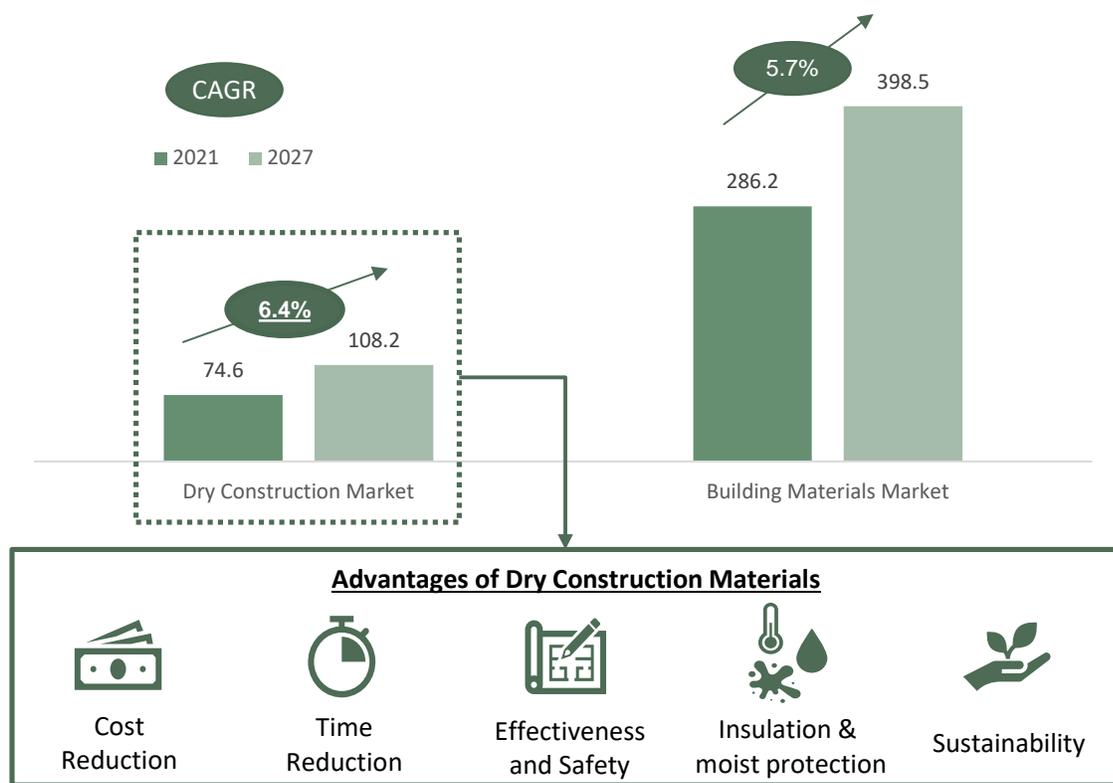
## The dry construction market set to outperform

The Dry Construction market is set to outperform the broader market of building construction materials in the coming years. According to Research and Markets, while the former is poised to reach a 6.4% CAGR between 2021 and 2027, the latter should experience a lower growth, at 5.7%. These brighter prospects are due to the advantages of the dry construction methods versus traditional ones. Dry Construction Techniques (“DTC”) consists of a construction system based on prefabricated, light-weight components that are mechanically assembled in several functional layers, hence transforming a worksite in an assembly workshop. This process thus implies: 1) Lightweight and modularity (8x to 10x lighter than traditional methods), in turn allowing for a reduction in construction time (ca. -70%) and cost; 2) Higher effectiveness and safety than standard solutions; 3) Better thermal and sound insulation properties, as well as fire protection and moisture resistance; 4) Reduction of the environmental impact.

According to a research from Global News Wire, favourable governments initiatives have also fostered the growth of the Dry Construction Techniques. Indeed, dry materials can drive a reduction in materials waste and use of water. Furthermore, the relatively high R&D investments made by construction companies in the DTC space has also been a driver of market share gain versus traditional construction methods.

## The global Dry Construction market is poised to outperform

*While the Global Building Materials market should post a 5.7% 21-27 CAGR, dry materials are set to accelerate to 6.4%*



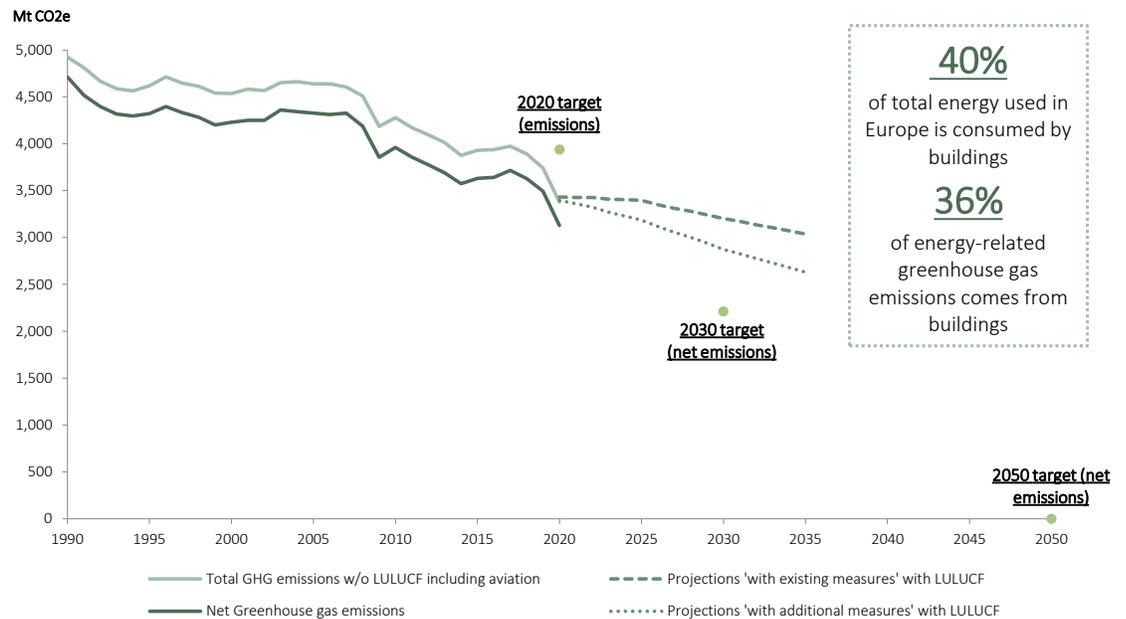
Source: Research and Markets, Alantra

## EU decarbonization targets call for energy efficiency of buildings

The emission of greenhouse gas in the European Union has diminished by 31% in the period 1990-2020 (according to the European Environment Agency), overshooting by 11% versus EU's 2020 target (20%) thanks to the steep emissions cut in 2019 and 2020. However, the trajectory that is now underway is not enough to reach the decarbonization targets set by the EU for 2030 and 2050, with annual decarbonization required to almost double to 4% per year (from ca. 2% in the period 2007-2019).

### A huge decarbonization effort must take place to achieve the targets set by the EU

*Decarbonization targets set the need for the renovation of residential buildings, which accounts for a large share of EU CO2 emissions*



Source: European Environment Agency (EEA), European Commission, Alantra

In Italy, decarbonization has been stronger than the European average. Italian Mt CO2 emissions stood at 427 in 2019, down 28% from 595 in 2005 (versus an EU-27 total reduction of 19% in the same period, from 4,639 Mt CO2 to 3,743 Mt CO2).

## Italy has done better than overall EU-27

Italy has made more progress than the overall European Union so far, with a decrease in total emission of 28% since 2005

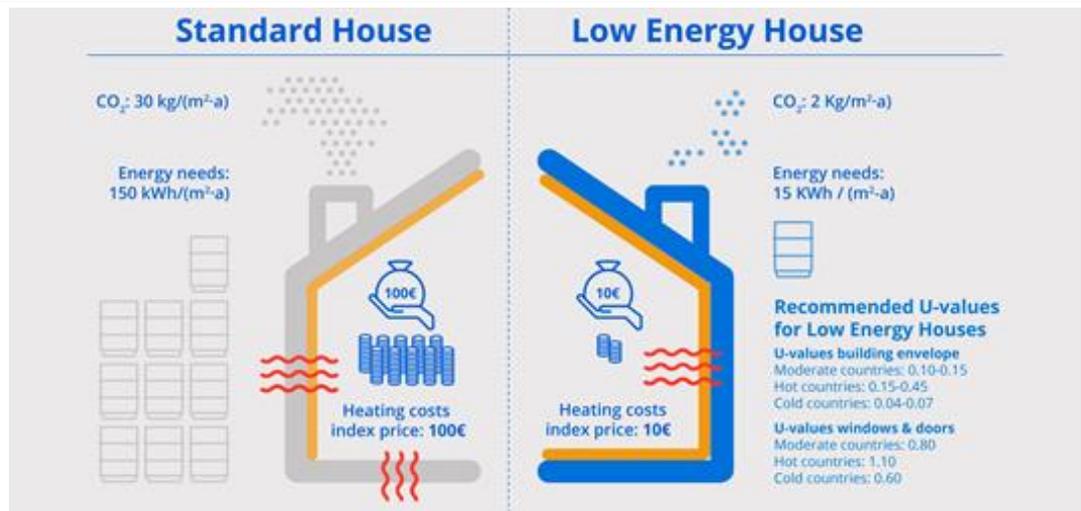


Source: European Parliamentary Research Service, Alantra

With buildings accounting for as much as 36% of energy-related greenhouse gas emissions, renovations of residential buildings will be key to reduce CO2 emissions going forward and in turn achieve the targets set by the EU. Innovative building materials play a key role here. According to PU Europe, the European association of the insulation industry, insulating buildings can improve expenses, energy needs and Co2 emissions up to 90% compared to old buildings.

## Insulation as key materials for low energy house

Insulation is a key aspect to build the house of tomorrow, which might reduce up to 90% costs, energy needs and emissions

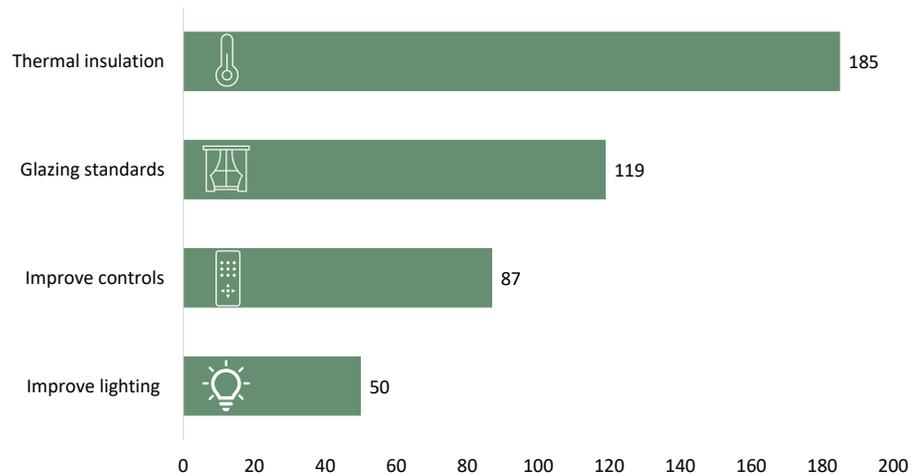


Source: PU Europe, Highperformanceinsulation.eu

Thermal insulation can save up to 185 Mt of CO2 per year, resulting in the most effective product in reducing carbon footprint.

## Potential emissions saving from thermal insulation in EU (Mt CO2 per year)

*Thermal insulation can save up to 185Mt of CO2 in Europe per year*

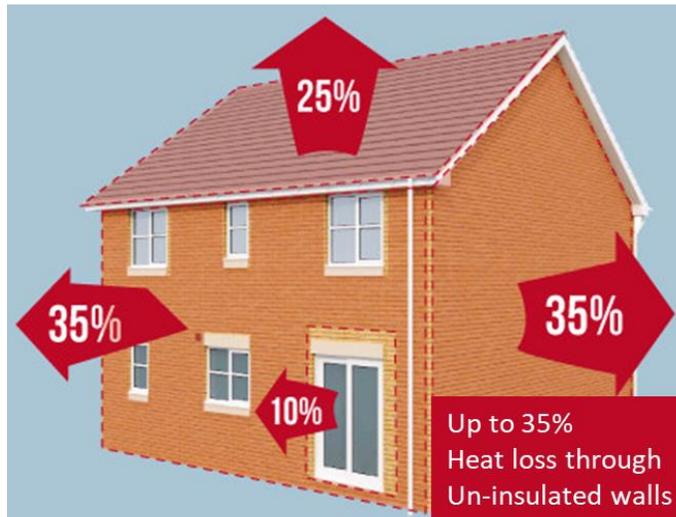


Source: PU Europe, Highperformanceinsulation.eu

Thermal insulation of external walls should be the most important intervention to reduce the heat loss.

## Heath loss of uninsulated buildings

*Up to 35% of heath loss through un-insulated walls*



Source: PU Europe, Highperformanceinsulation.eu

## Sustainability and better living standards to increasingly gain relevance

On top of the push by the EU decarbonization targets, the fiscal incentives, and the age of the Italian buildings stock, housing renovations have been growing over time also thanks to the higher living standards that people are increasingly demanding. These standards imply some few features that buildings should have to make people's life better off at home, such as: 1) Stable temperature, without strong excursion in temperatures; 2) No mould issues, which could also trigger allergic reactions and asthma symptoms (especially for infants, children and the elderly); 3) Effective sound insulation from neighbouring apartments or external sources of noise; 4) Safety inside the house (i.e. almost inexistent risk of major incidents such as flames propagation during a fire).

## Sustainable building and rising living standards are at the core

*As people get used to better living standards, few features are required from buildings, hence requiring renovations going forward*



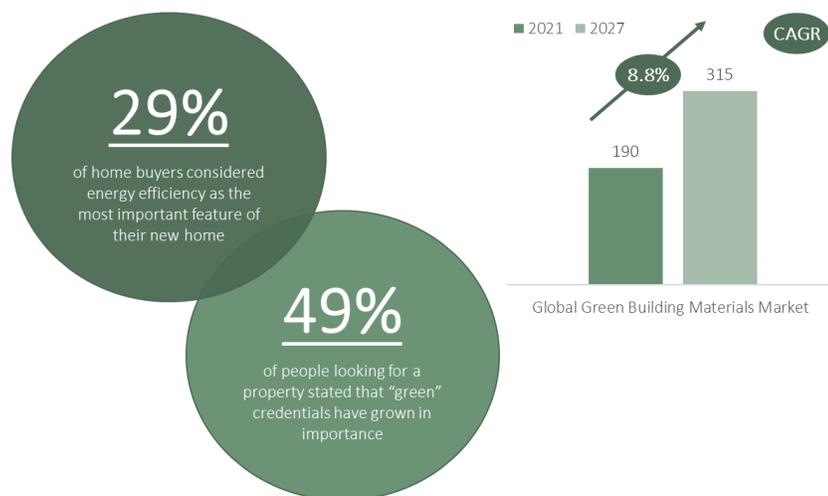
Source: Alantra

These better living standards are also part of a more general tendency towards sustainability. Not just public entities push for a greener future, but also tenants, who are developing a growing interest towards sustainability. A survey from Savillis highlighted that 49% of people looking for a property stated that “green” credentials have grown in importance, while another survey by Redrow showed that 29% of home buyers considered energy efficiency as the most important feature of their new home.

As a result of the push from the government (incentives) as well as the one from people (rising living standards and sustainable housing), the Global Green Building Materials market is expected to grow at a 8.8% CAGR between 2021 and 2027 (according to Mordor Intelligence).

## Rising living standards and sustainable housing to foster Green Building Materials market growth

*The global Green Building Materials market is set to experience a 8.8% CAGR between 2021 and 2027*



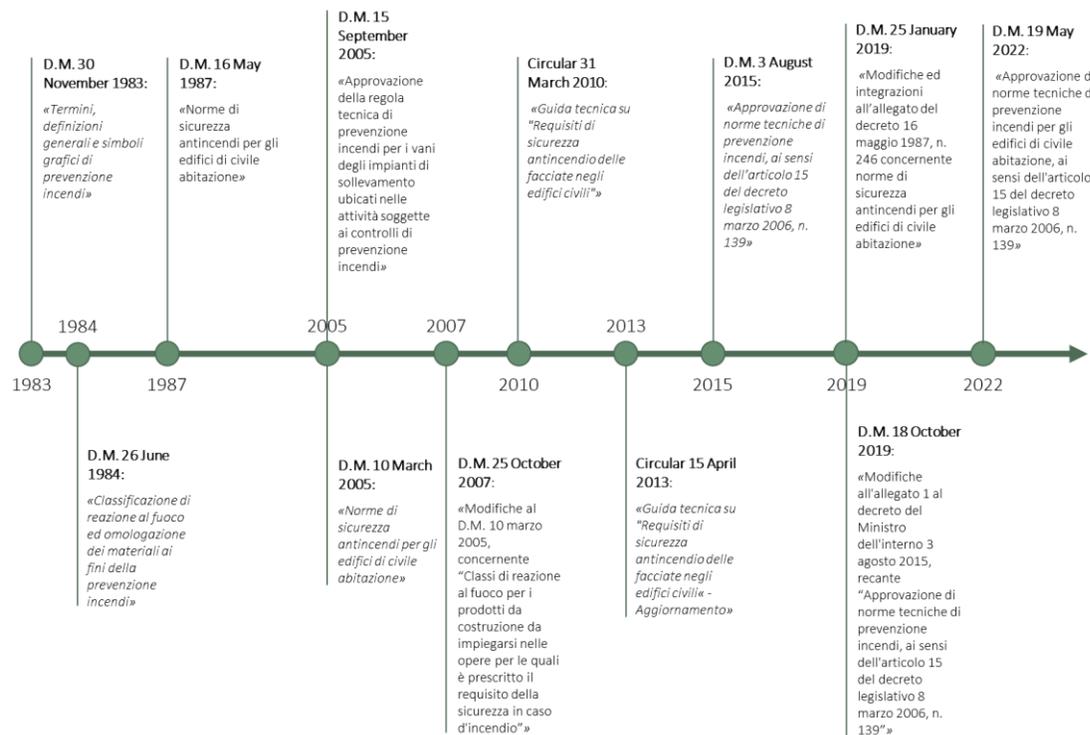
Source: Mordor Intelligence, Savillis, Redrow, Alantra

## Regulation on fire protection and prevention has been advancing over time

While recent disasters in Milan and the UK (as well as others around the world) have been spreading awareness on the importance of safety measures and the consequent use of fire protection materials, the regulation has progressively moved on in Italy to include all the technological advancements made by the industry. For example, a recent DM dated 19<sup>th</sup> May 2022 increased the fire protection standards of facades in residential buildings, introducing new requirements aimed to prevent the propagation of flames in buildings of height above 24mt (the new regulation requires the implementation of preventive measures seeking to increase thermal and acoustic insulation of facades by using specific fire-protection materials in renovation works and/or new projects). Regulation is therefore another important driver for the growth of the Fire Protection market.

### The regulatory topic of fire protection has constantly being evolving over time

*Starting from the DMs of 1983 and 1987, regulation has been evolving, with the last relevant update done in 2022*



Source: Ministero dell'Interno, Dipartimento dei Vigili del Fuoco, Alantra

At the same time, the recent disasters that happened in the past few years (the Greenfell Tower in London and the Torre dei Moro in Milan) have been further influencing people's mentality towards the requirement of more safety measures in buildings. Indeed, the combustible materials used in the facades of the two burnt-down buildings in Milan and London were the primary cause of the quick spread of fire all over the building. Such investments in fire safety would in turn give more comfort to Architecture & Engineering companies, which not only are a key decision maker in the Buildings Construction and Renovations value chain, but also have a huge responsibility by being in charge of defining the technical specifications of the materials to be used. As a consequence, the Fire Protection Materials market is expected to experience a 7.3% CAGR between 2020 and 2027 (from Eu2.8mn in 2020 to Eu4.6mn in 2027), with coatings projected to outperform the average with a 8.4% CAGR (according to Business Wire).

## The fire protection materials market to grow HSD

The Fire Protection Materials market is expected to grow at a 7.3% CAGR between 2020 and 2027



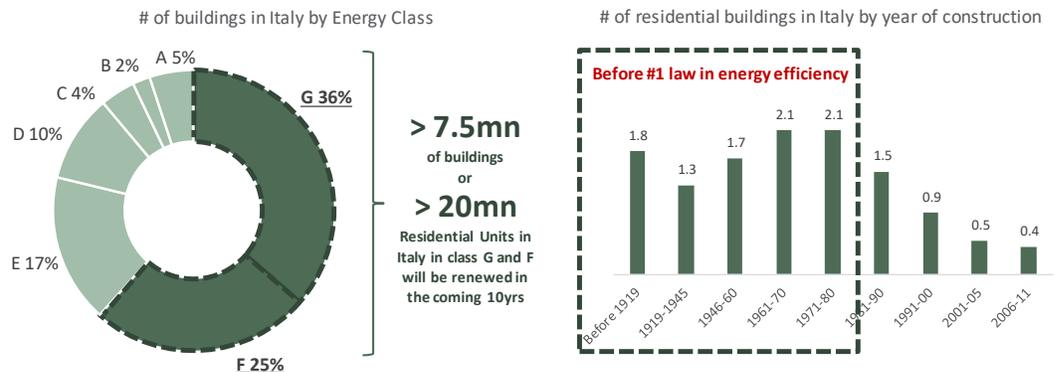
Source: Business Wire, Alantra

## Italian renovation market supported by fiscal incentives and an old stock of energy inefficient buildings

According to the European Commission, by 2030 all class G residential buildings will need to be upgraded to at least class F, and by 2033 all buildings should be at least at class E. Considering that ca. 60% of residential buildings in Italy are in class F or G, more than 20mn residential units should need to be renewed in the coming 10 years. Furthermore, according to data from EeMAP and GBC Italia, the Italian buildings stock is aging, being largely built before the advent of the first law on energy efficiency (law 373/76, in 1976), and thus it is an extremely large market for housing renovation. As per statistics from the ANCE, ca. 77% of Italian Residential Construction market revenues come from the renovation of the existing residential buildings stock.

### Italy exhibits an energy-inefficient, old stock of buildings

More than 60% of Italian buildings belong to the energy class G and F, with the majority of residential buildings being built before 1976



Source: CRESME, ENEA, SIAPE, Alantra

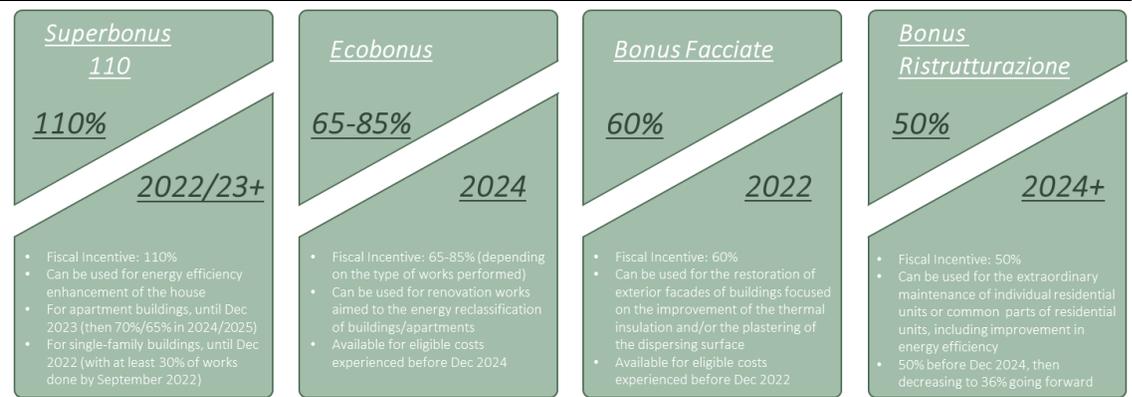
The renovation of residential buildings stands at the core of the fiscal incentives in Italy in the construction sector. Over the last few years, new incentives (“Ecobonus” and “Bonus Facciate”) were added to the ordinary “Bonus Ristrutturazione”. Under these incentives, householders had initially to directly fund the amount spent for the renovation works, with the possibility to recover from their tax charges part of the spending in the following 5 / 10 years. The government has then introduced the possibility to transfer the fiscal credit and to receive an immediate discount on the amount of the works. The main existing incentives can be grouped in:

1. **“Bonus Ristrutturazione”**: available for extraordinary maintenance of individual residential units or common parts of residential units, including improvement in energy efficiency. This incentive stands at 50% until 31 Dec 2024, then planned to decrease to 36% under current legislation
2. **“Ecobonus”**: available for renovation works aimed to the energy reclassification of buildings/apartments, offering a fiscal incentive ranging from 65% to 85% (depending on the type of work implemented). This bonus will be available for eligible costs experienced before 31 Dec 2024
3. **“Bonus Facciate”**: available for the restoration of exterior facades of buildings focused on the improvement of the thermal insulation and/or the plastering of the dispersing surface of the buildings. This fiscal incentive stands at 60% and lasts until 31 Dec 2022. Introduced in 2020, it was 90% until the end of 2021.

In 2020, the Italian government has used a real “bazooka” to support the construction sector in the post-COVID rebound, with the introduction of a 110% fiscal incentive (the so-called **“Superbonus 110”**). Under certain conditions (certifications needed to attest the energy efficiency enhancement of the works), householders can fiscally recover more than the amount spent in renovation works. More important, the introduced measures supported the possibility to transfer the fiscal credit and to avoid any upfront investment for the householder (100% discount applied by the general contractor on the amount of the works). According to the Italian Budget Law of 2022 the **“Superbonus 110”** will be gradually eliminated. It will remain in place until Dec 2022 for single-family buildings (with the requirement that at least 30% of the works have already taken place by September 2022) and until Dec 2023 for apartment buildings (then, this incentive will be reduced to 70% and 65% of total renovation costs by, respectively, 2024 and 2025).

### Quick summary of relevant fiscal incentives (based on current legislation)

*The ordinary “Bonus Ristrutturazione” is accompanied by other fiscal incentives of various nature, expiration date and magnitude*



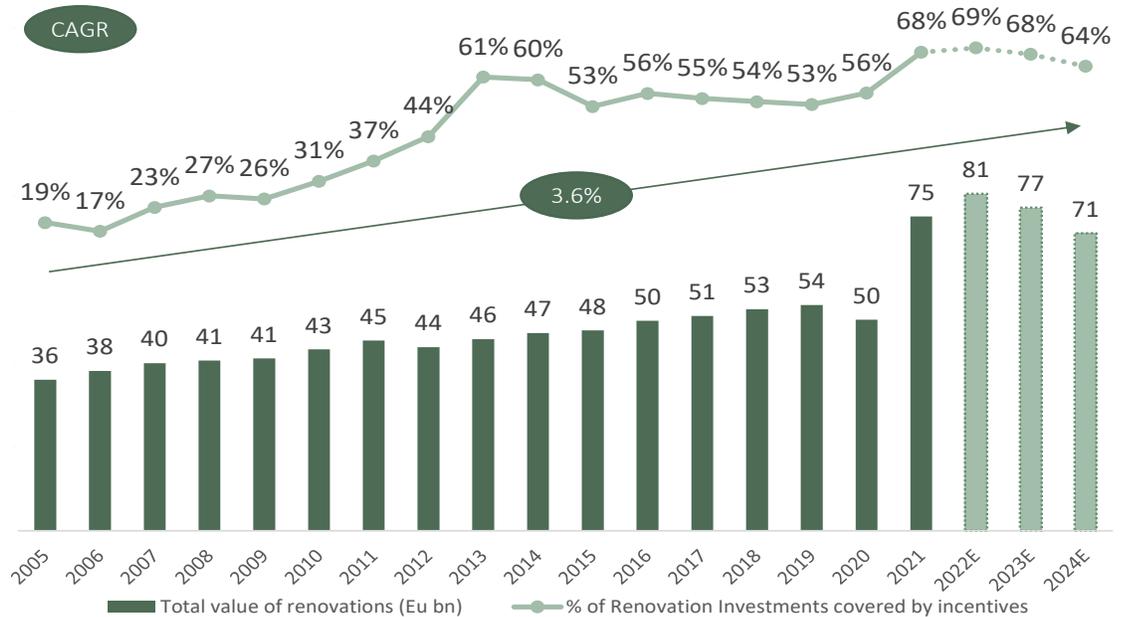
Source: Alantra

The Italian market of residential renovations experienced a 2.4% 2005-19 CAGR. It was hit by the pandemic in 2020 (down 7% yoy). It rebounded in 2021 (up 50% yoy) due to the post-COVID rebound and the **“Superbonus 110”**. There is a correlation above 75% between the renovation market and the percentage of investments driven by incentives. As of October 2021, more than Eu9.7bn of investments were covered by **“Superbonus 110”** according to CRESME and ENEA, with Eu10.5bn investments estimated for the full year 2021.

We believe that the market should continue to increase in 2022. We expect a reduction in the following years with the phase-out of the “Superbonus 110”. Our estimate of Eu71bn in 2024 implies 6% 2019-2024E CAGR. We believe that the Italian government will continue to support the sector with new measures after 2024, due to the importance of renovation works to reduce CO2 emissions and the importance of the sector for the Italian economy (6.2% of the Italian workforce is in the construction sector as of 2020).

## Fiscal incentives and an old stock of energy efficient buildings support growth of the Italian renovation market

Since 2006, incentives have been a key driver for renovations, with the “Superbonus 110” triggering a spike in 2021 and 2022E



Source: CRESME, Alantra estimates

We highlight that all the listed Italian players with exposure to Italian residential renovation works have provided a positive outlook for 2022. We point out that most of the listed Italian players mentioned below are strongly skewed to the “Superbonus 110” incentive (e.g. c. 65% of Sciuker Frames’s backlog announced in April 2022). By contrast, we believe that Bifire’s exposure to such incentive is more negligible, with only one dedicated product (Vacunanex), whose sales have been intentionally capped. For this reason, top line growth of Bifire in 2020-22E was or is expected to be below that of the other companies, but more sustainable for the following years.

## Top line trend and financials of Italian listed stocks exposed to residential renovation works

All the listed Italian players with exposure to Italian residential renovation works have provided a positive outlook for 2022

Company	2021 Sales yoy growth	2019-21 Sales CAGR	2022E Sales yoy growth	Management outlook / 1Q 2022 trend
<b>Bifire</b>	<b>49%</b>	<b>18%</b>	<b>32%</b>	<b>80% yoy top line growth in 1Q 22</b>
Aton	190%	65%	24%	"The company sees a further material increase in revenues in 2022"
Edilizia Acrobatica	95%	49%	39%	"The future that we can see today, also in light of the trends we've seen in the first months of 2022, is therefore a very positive one..."
Sciuker Frames	281%	146%	110%	Guidance: Eu153m sales in 2022E (+110% yoy)

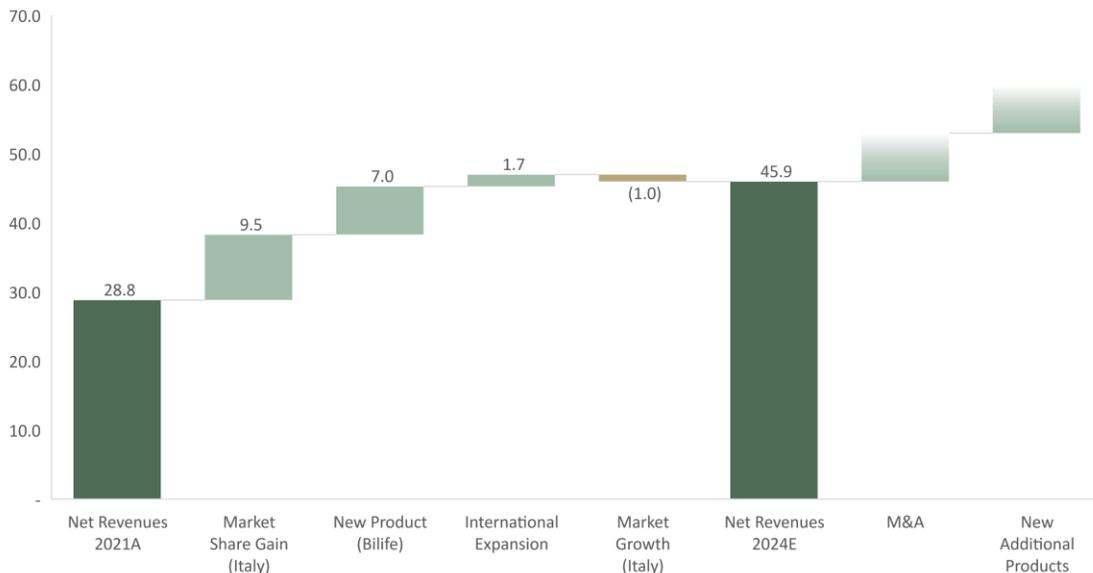
Source: Factset, Companies

## Market share gain, new products and potential M&A boost

We believe that Bifire’s future organic expansion should be deployed on several fronts: 1) a more capillary coverage of the Italian market, including increasing brand awareness through direct-to-consumer marketing; 2) enlargement of the catalogue with new products; 3) further expansion into the DACH region. Bifire should gain market share with existing products versus the total spending in building renovations in Italy, thanks to: 1) its focus on certified, performing and innovative materials; 2) the investments in marketing; 3) the enlargement of the sales force and 4) the gradual market phase-out of the “*Superbonus 110*” (we believe that Bifire’s exposure to the incentive is lower than that of the overall market). We assume an Italian renovation market in 2024 at the same level of 2021, after a peak in 2022 (6% 2019-24 CAGR). In our estimates, we only assume the contribution of one new product (Bilife, to rump-up from 2H 2022), which should produce Eu7mn sales in 2024. At the same time, we expect R&D spending to maintain a relatively strong pace going forward, in turn sustaining the development of new products. The company has a proven method for the identification, creation, and launch of new products: (i) scouting of innovative solutions in the market, (ii) identification of potential improvements to adapt the product to the Italian market and (iii) engineering and assessment of the production process. Possible new product launches in the coming years are not included in our estimates. M&A could be an additional growth driver in the coming years. Bifire could target both producers of complementary products (to enlarge and diversify the product portfolio and develop commercial synergies) and selected suppliers (vertical integration).

### 2021A-2024E Net Revenues Bridge – Growth Drivers

*Market share gains and the launch of a new product (Bilife) should be the prevailing growth drivers to 2024. M&A and additional new products are a potential boost*



Source: Company presentation for 2021, Alantra

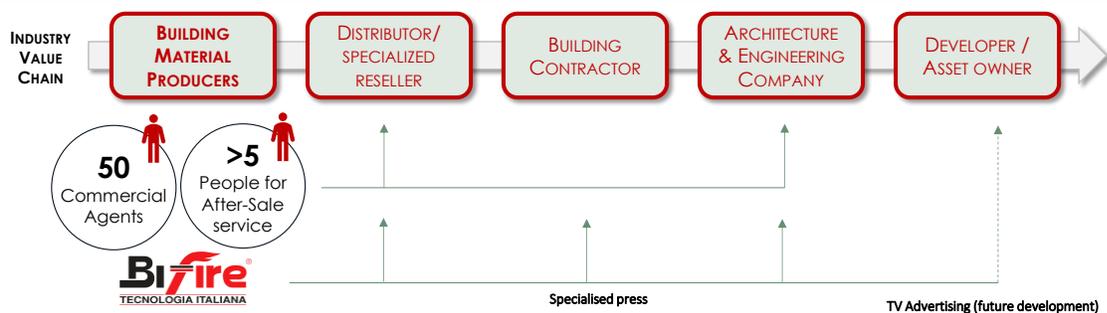
**Leverage on marketing to increase brand awareness. Market share gains are expected**

Bifire has always advertised its products principally through the use of an extensive (c. 50 commercial agents as of 2021) sales force (and some few publications on technical magazines), targeting two key players of the value chain: 1) Distributors/Specialized Resellers, which are ultimately its clients; 2) Architecture & Engineering companies, which are the decision makers of the industry, considering that they define the project’s technical specifications, and thus the required materials to be used. The company has planned to also implement a marketing strategy going forward, which aims to create brand identity across the entire value chain and expand its target audience. The first marketing initiative should be set to start in 2H22. It should be done in the form of television advertisement on Italian television channels, expensed in 2H 2022, once the new production plant is finalised. By TV advertising, Bifire aims to reach also the project owner (i.e. the land owner or the building/apartment owner), hence positioning its product as top-of-mind. The project owner himself/herself could specifically request to the building contractor or the Architecture & Engineering Company (when starting a renovation work) Bifire products.

Bifire should gain market share versus the total spending in building renovations in Italy, thanks to: 1) its focus on certified, performing and innovative materials; 2) TV advertising and brand awareness; 3) expansion of the sales force and 4) gradual phase-out of the “Superbonus 110”, which should have higher negative impact on the market than on Bifire.

**A new marketing strategy should complement the existing sales force**

*The new marketing strategy aims to create brand identity through the entire value chain, up to the houseowner*



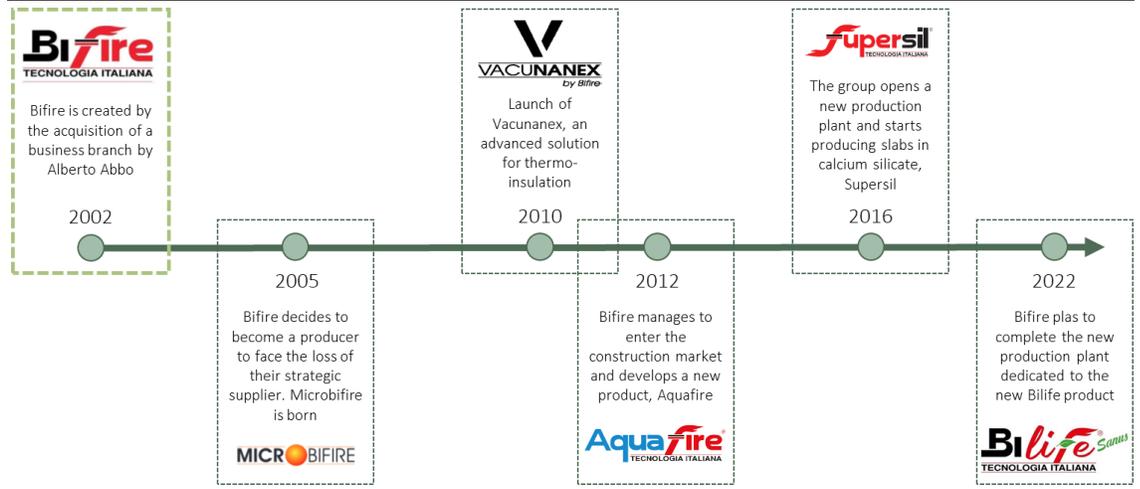
Source: Company presentation, Alantra

**New products, new capacity, new horizons for growth**

Bifire has a proven history of product development and subsequent go-to-market strategy, with a total of 5 lines of products successfully launched since its creation. The company has a proven method for the identification, creation, and launch of new products: (i) scouting of innovative solutions produced outside of Italy, (ii) identification of potential improvements to adapt the product to the Italian market and (iii) engineering and assessment of production process. Supported by its history, proven methodology and R&D efforts, we expect the group to continue expanding its product catalogue in the future (not included in our estimates). The new production plant, which should start operations in 2022, should be primarily used for the production of the recently developed product, Bilife. We expect it to generate around Eu12mn in revenues at full steam (in 2026) and Eu7mn in 2024. This facility should also be able to use recycled materials (such as cellulose) in the production process, further enhancing the ESG profile of the company.

## A proven history of product developments set good prospects for future solutions

As the company has successfully launched multiple products in its history, we expect it to continue doing so



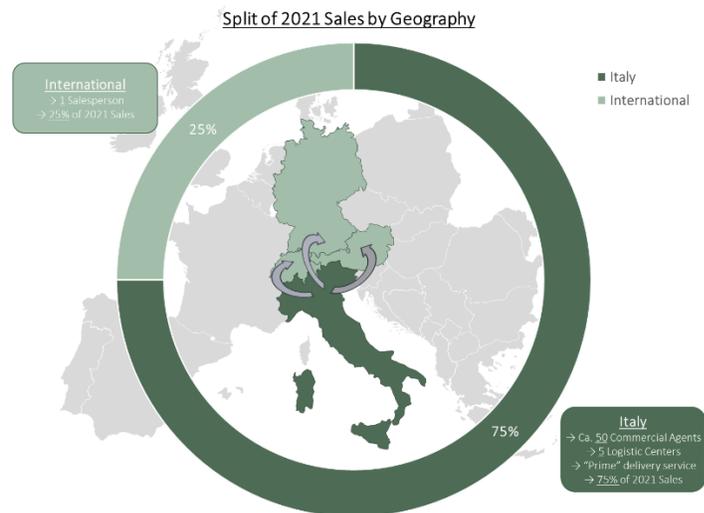
Source: Company presentation, Alantra

## A more geographically ramified approach to expand the addressable market

Due to the incidence of transportation costs in the industry, the addressable market is supposed to be in a maximum distance from the production sites of 600km. For this reason, Bifire is present primarily in Italy and in the DACH region (Germany, Austria and Switzerland) as of 2021. While the Italian market is covered by 50 commercial agents and 5 logistic centres, the DACH region counts only one salesperson who sells Bifire products to specialized resellers. The group plans to intensify its presence outside of Italy in the mid-term, and the recent IPO could be a possible catalyst to attract resources and expand foreign operations with a solid base. Establishing new logistic centres in targeted locations outside of the Italian territory could allow the group to diminish transportation costs and increase its served area, in turn expanding its addressable market. The company has also recently put in place a “Prime” delivery system in Italy (allowing for a next-day delivery each time a customer places a standard order), which could also be expanded abroad with the implementation of new logistic centres.

## An Italian focus with potential further penetration into the DACH region

75% of 2021 Sales were generated in Italy. However, the company has ambitions to expand also outside of Italy in the coming years



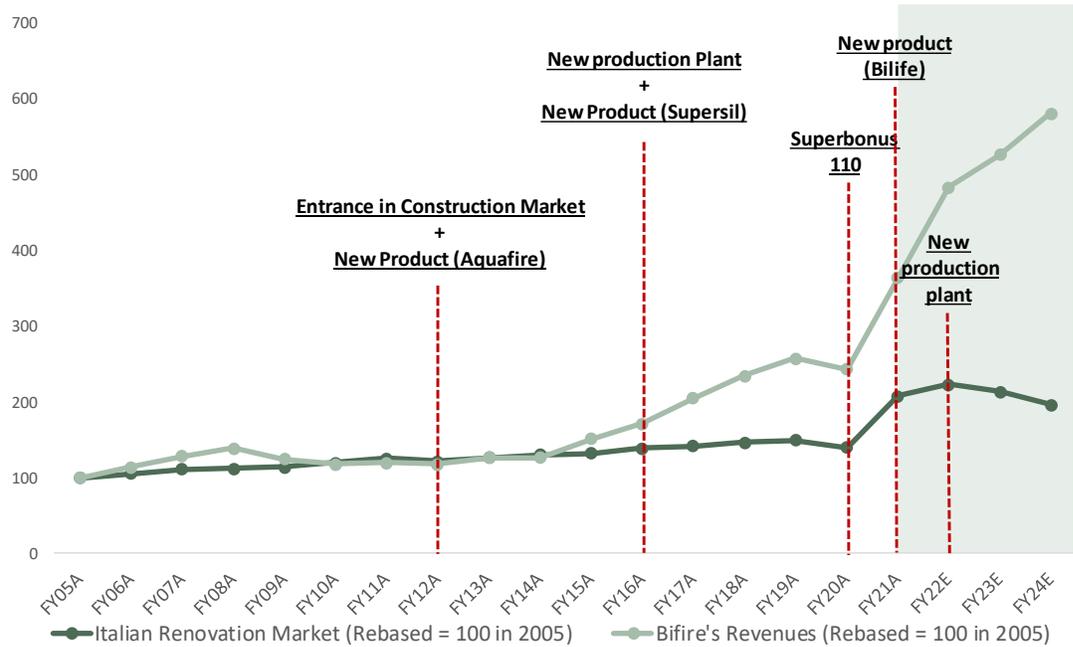
Source: Company presentation, Alantra

## A track record of outperformance is set to continue

We expect Bifire to post 2021-24 top line CAGR of 16.9%. By contrast, we assume an Italian renovation market in 2024 at the same level of 2021, after a peak in 2022 (6% 2019-24 CAGR). This trend would be consistent with the past outperformance of the group. Bifire's top line growth accelerated after 2015 (in 2016 Bifire completed its second production plant and launched Supersil).

### A recent history of market outperformance / market share gain sets to continue

*Bifire has outperformed by a large margin the broader Italian Renovation market between 2005 and 2021 (+264% vs +108%)*



Source: CRESME, Alantra estimates

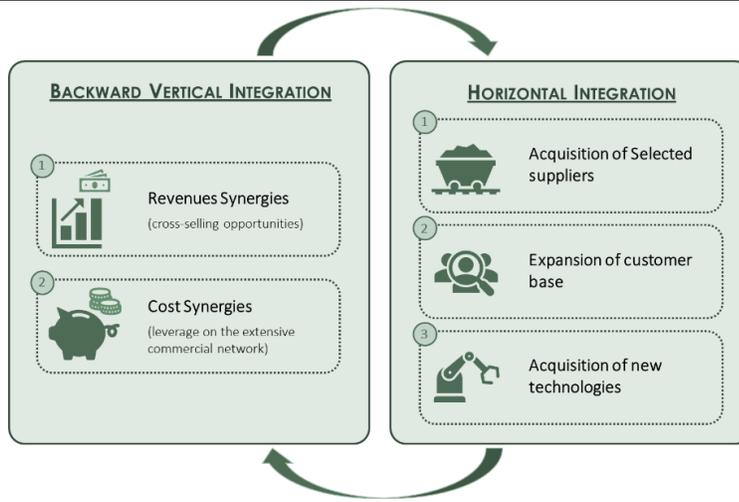
## M&A to diversify the product offering and secure access to key materials

On top of organic growth, Bifire should deploy its financial firepower in the acquisition of two possible types of targets: 1) companies that produce complementary products, in order to generate value from the implementation of revenues synergies (cross-selling opportunities) as well as cost synergies (leveraging on the extensive commercial network); 2) selected suppliers, expansion of customer base and acquire new technologies.

## M&A could complement organic growth

*Both vertical and horizontal integration should be additional growth drivers*

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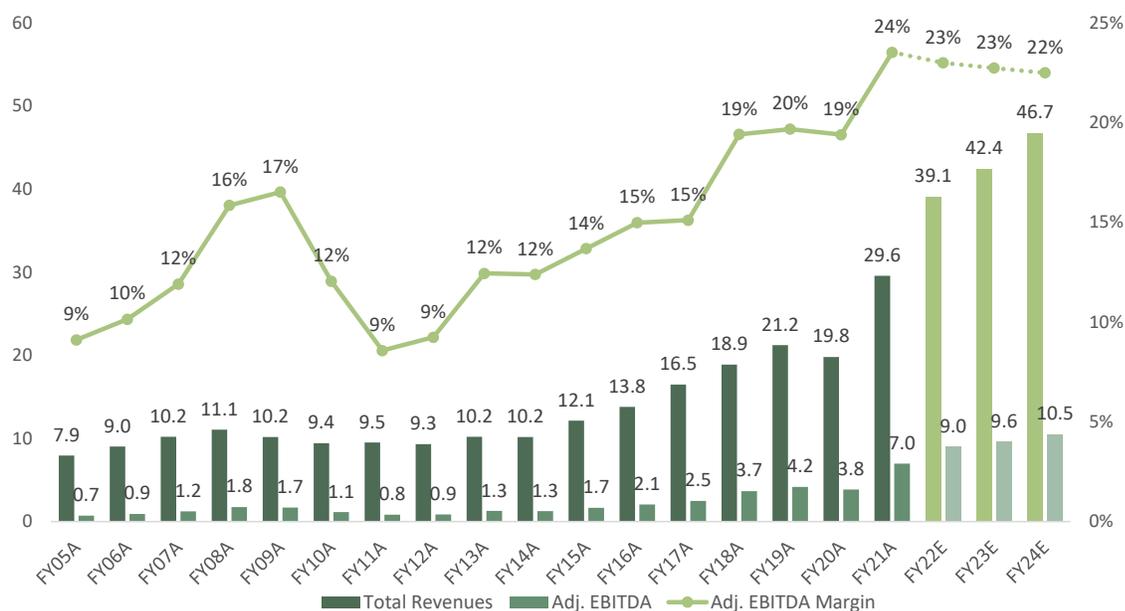
Source: Alantra

## Front-end loaded double-digit growth

We expect net revenues to post a 16.9% 21-24E CAGR (32% yoy growth in 2022E after 80% in 1Q), mainly driven by market share gains in Italy, the recently launched product and, to a lower extent, international expansion. According to our estimates, the Building business segment should post a robust performance (21% 21-24E CAGR), with a further jump in 2022 driven by the “Superbonus 110” (which should gradually fade away in the following years). In the Industrial business, the company is expected to post a 6% 21-24E CAGR, mostly driven by the Fire Door and the Elevator markets. Despite benefitting from operational leverage, we estimate Adj. EBITDA margin to shrink over time, from the record level experienced in 2021 (23.5% on total sales). We believe that, by making final consumers price insensitive, the “Superbonus 110” was one of the factors contributing to the high level of profitability in 2021. The gradual phase-out of the incentive should be a margin headwind in the coming years. We expect Adj. EBITDA to reach Eu10.5mn in 2024, posting a 15% 21-24E CAGR (29% yoy growth in 2022E), and landing at a 22.5% margin. EBIT should grow at similar rates, with margin at 17.8% in 2024. Bifire historically experienced a low tax rate (below 20% before 2021), thanks to multiple fiscal incentives (i.e. Patent Box, Accelerated depreciation,...), which we expect to stabilize at 2021 level going forward. We expect a 13.8% 21-24E Net Profit CAGR with margin on sales of 13.4% in 2024.

### Mid-double-digit top line CAGR to 2024, with EBITDA margin set to experience a slight readjustment

Revenues have still strong room to go, despite the extraordinary growth experienced in 2021, while EBITDA margin should slightly adjust downwards



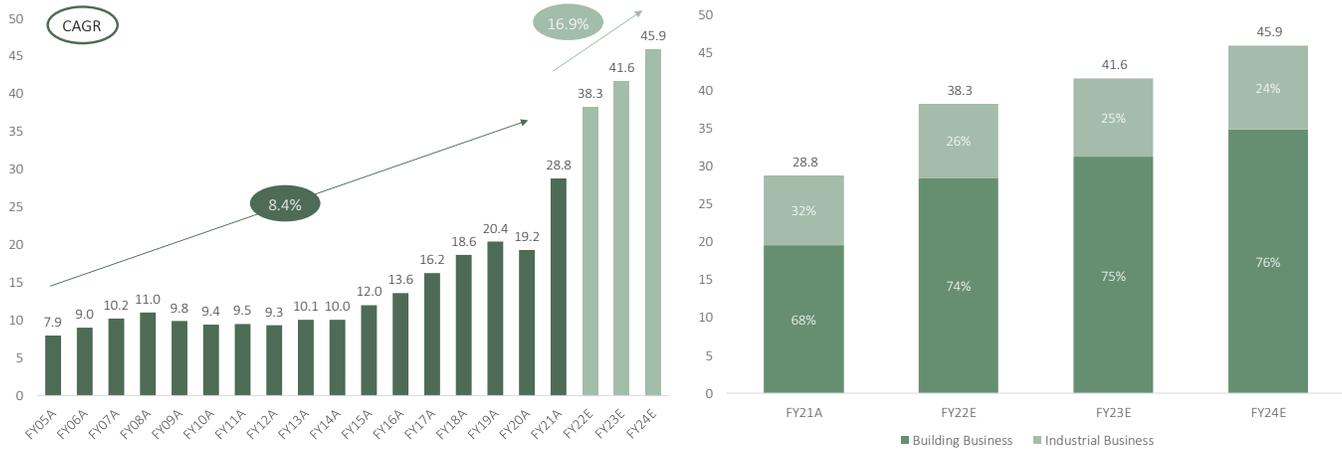
Source: Bifire, Alantra estimates

### 16.9% 21-24E Net revenues CAGR, with the Building business set to drive growth

We expect net revenues to post a 16.9% 21-24E CAGR, mainly driven by market share gains in Italy, the recently launched product and, to a lower extent, international expansion. The company should experience a stronger growth from its Building business, which is expected to post a 21% CAGR between 2021 and 2024 (while the industrial division should grow mid-double-digit in the same period). In particular, we see 2022 as a strong year for the Building division, supported by the “Superbonus 110”. We expect Building revenues to jump 45.6% yoy in 2022, to Eu28.5mn. After 2022, the market should experience a gradual phase out of the fiscal incentives. In the Industrial business, we expect Bifire to post a 6.2% 21-24E CAGR, mostly driven by the Fire Door and the Elevator markets.

## Net revenues expected to experience a 16.9% CAGR in 21-24E, with the building business gaining further relevance

The building business should experience a higher 21-24E CAGR, at 21%, resulting in a Net Revenues growth of 16.9% in the same period



Source: Bifire, Alantra estimates

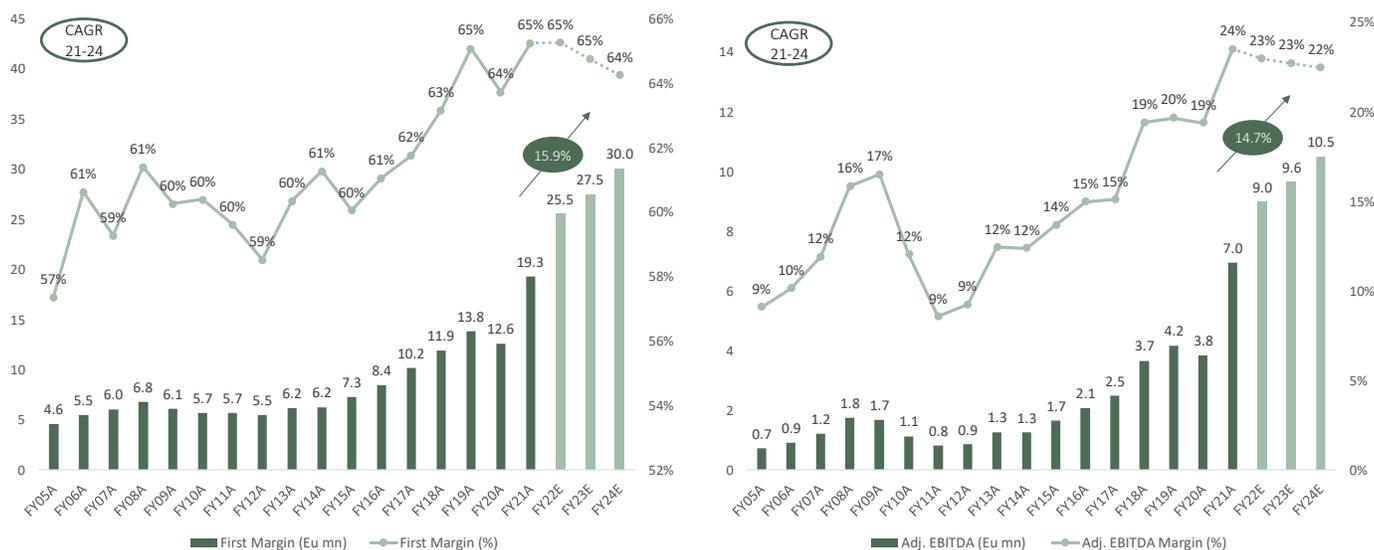
As a result of the outperformance of the Building business versus the industrial one, we expect the former to jump from 68.0% of Net Revenues in 2021 to 76% in 2024.

### First Margin and EBITDA should grow at double digit CAGR to 2024, with margins slightly shrinking over time

Despite benefitting from operating leverage, we believe that Adj. EBITDA margin should decrease over time from the record level experienced in 2021 (23.5% on total sales). As a matter of fact, 2021 was influenced by the "Superbonus 110", which made the final customer price-insensitive. We believe that the gradual phase-out of this incentive should be a margin headwind in the coming years. Adj. EBITDA margin should consequently reduce from 23.5% in FY21A to 22.5% in FY24E (reaching Eu10.5mn), resulting in a FY21-FY24E CAGR of 14.7%. EBITDA should also be affected by the planned marketing strategy: the management foresees a marketing expense in 2H 2022 (in the form of TV advertising), with the plan to continue investing in brand awareness also in the following years.

## First Margin and EBITDA margin expected to slightly adjust downwards

We expect First margin and EBITDA margin to land at 64.3% and 22.5% respectively in 2024, posting a CAGR of 15.9% and 14.7% between 2021 and 2024



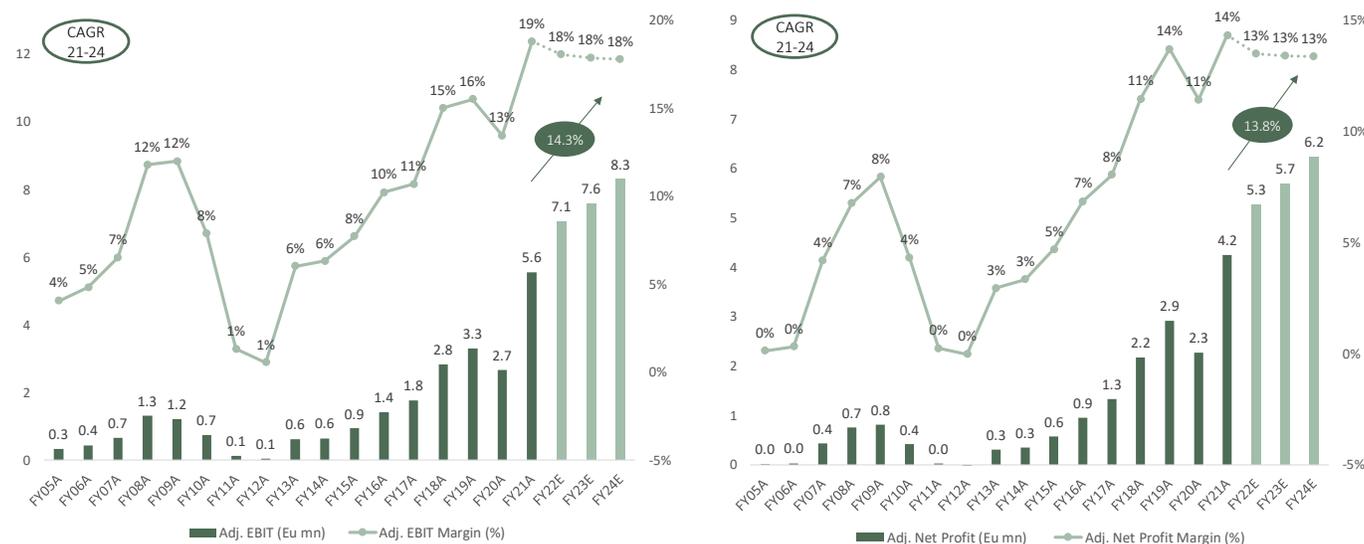
Source: Bifire, Alantra estimates

## EBIT to grow in line with EBITDA. Net Profit to post a 13.8% FY21-FY24E CAGR

We expect EBIT to grow at similar rates to those of EBITDA (14.3% FY21-FY24E EBIT CAGR), with FY24E EBIT margin at 17.8%, reaching Eu8.3mn. The tax rate has been historically low (below 20% before 2021), due to multiple fiscal incentives (i.e. "Patent Box", "Accelerated depreciation" and others). We expect it to stabilize at 2021 levels (23.0%) going forward, as a consequence of a progressive disappearance of some fiscal benefits. Bifire should continue to enjoy fiscal benefits from R&D spending. Net financial costs should remain low, as a consequence of the low gross debt. We expect a 13.8% 21-24E Net Profit CAGR with margin on sales of 13.4%.

## Both EBIT and Net profit are expected to grow at double digit rates from 2021 to 2024

EBIT and Net Profit should post a 14.3% and 13.8% 21-24E CAGR, with Net margin being partially affected by a gradual disappearance of fiscal benefits



Source: Bifire, Alantra estimates

## Sound BS. Capital allocation policy skewed to organic growth

Bifire has a very solid balance sheet (Eu2mn net debt only at YE 2021). The group has historically paid no dividends and reinvested its FOCF in capex to support organic growth, R&D spending, increase in production capacity and launch of new products. Eu7mn capex related to the new production plant (up and running in 2H 2022) is almost entirely done and included in 2021 Net debt. Assuming no further addition of capacity in the next few years (current capacity should have room to match our expected volumes), we believe that Bifire should be able to generate a positive FCF of Eu5.6mn in 2022-24. We estimate a Net cash of Eu12.6mn in 2024, although we model some cash absorption from an increase of inventory on sales over time, as quick availability of products should be an additional factor to gain market share. Although not included in our estimates, we believe management will prioritize business expansion, and not cash generation, in the future. The group has an history of new product launches and addition of production capacity, which, we believe will not stop here. This could be an important driver of future value creation. With the recent IPO, Bifire should also have scope to add M&A to organic growth. Assuming a conservative target leverage of 2x Net Debt / EBITDA and acquisitions at 10x EV/EBITDA, we estimate an M&A firepower of Eu31mn based on FY22 figures. We believe that Bifire could also be a potential target for large international players, due to its focus on innovative products and strong positioning in the Italian market.

### 2021-24E Net Debt Bridge

*We believe that Bifire should be able to generate a positive FCF of Eu5.6mn in 2022-24. We estimate a Net cash of Eu12.6mn in 2024. However, we believe that management should prioritize business development to cash generation. This could be an important driver of future value creation (not included in our estimates)*



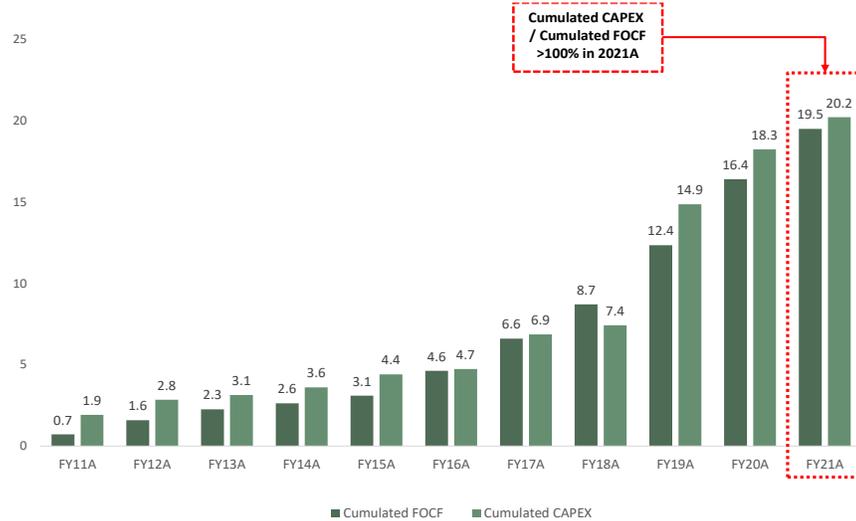
Source: Company presentation for 2021, Alantra estimates

## Cash generation historically reinvested to support organic growth

The company has generated a cumulated FOCF of Eu19.5mn by 2021, with cumulated CAPEX standing at Eu20.2mn for the same period. FOCF reinvestment has been a key resource for the long-term development of the business. Bifire has consistently reinvested its operating cash flow into CAPEX, supporting organic growth, R&D spending, increase in production capacity and launch of new products.

### Operating Cash Flow has been constantly reinvested in the business

*Cumulated CAPEX from 2011 to 2021 is in line with the cumulated FOCF for the period*

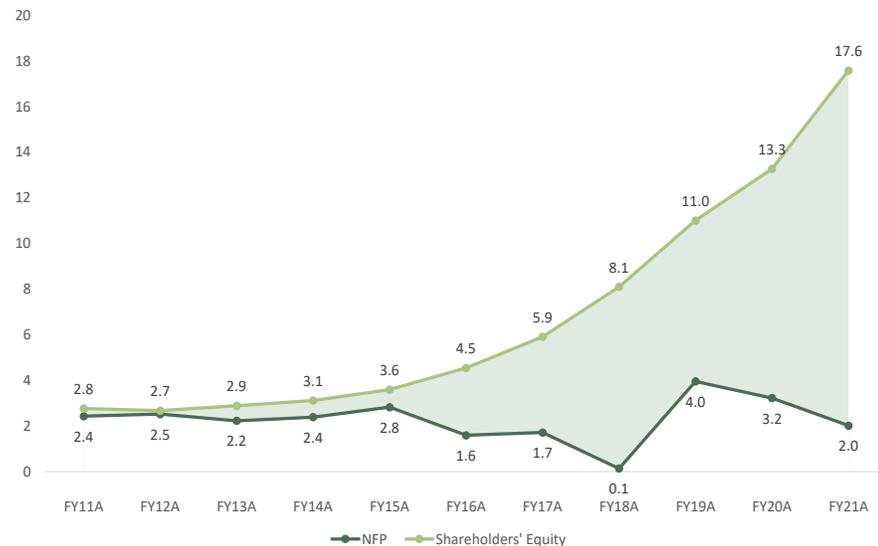


Source: Bifire, Alantra estimates

Thanks to the reinvestment of operating cash flows as well as the conservative dividend policy (less than Eu200k distributed since 2005), the group's balance sheet is increasingly strong. Net Debt has remained almost flat over time (around Eu2mn), while Shareholders' Equity has been rising from Eu2.8mn in 2005 to Eu17.6mn in 2021.

### Fortress balance sheet: historical evolution of Shareholders' Equity and Net Debt

*Bifire has consistently financed its growth with FOCF and limited debt. No dividend distribution has triggered expansion of shareholders' equity over time*



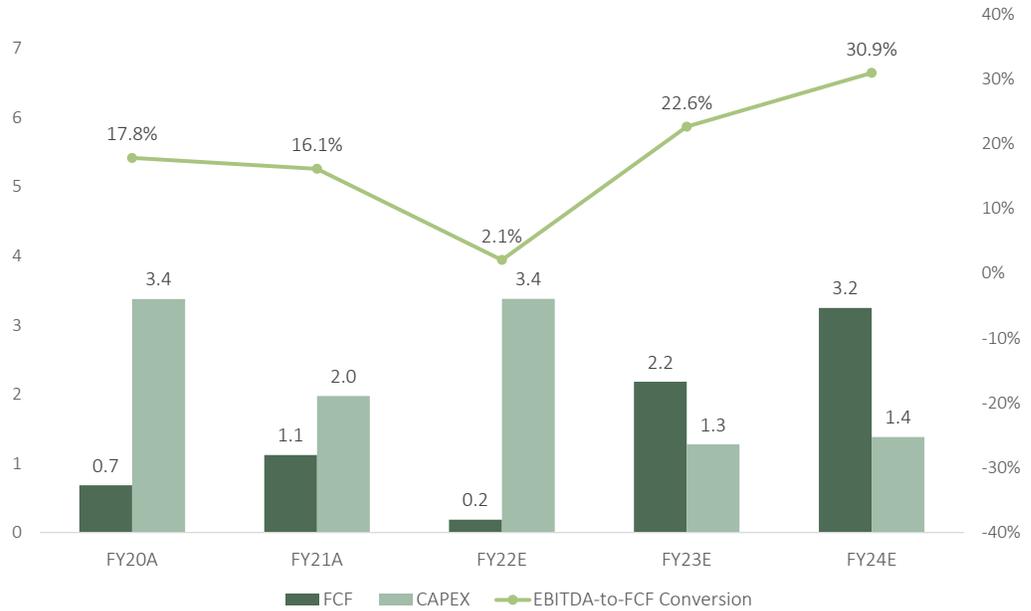
Source: Bifire, Alantra estimates

**Eu5.6mn FCF in 2022E-24E**

We expect the company to generate a substantial FCF in the period 2022-2024, at Eu5.6mn, under the assumption that CAPEX will only be for maintenance purposes, except for the residual investment to be completed in 2022 for the new production plant located in Varedo (Eu7mn capex related to this investment is almost entirely done and included in 2021 Net debt), which should remain below Eu1mn. As of 2021 there was spare production capacity for ca. 34% on average in the period, excluding the new production plant.

**FCF should prosper from 2023, with EBITDA-to-FCF to surpass 30%**

*Assuming only maintenance CAPEX going forward (except the residual amount from the Varedo production plant), Bifire should generate ca. Eu5.6mn FCF in the period 2022-2024*

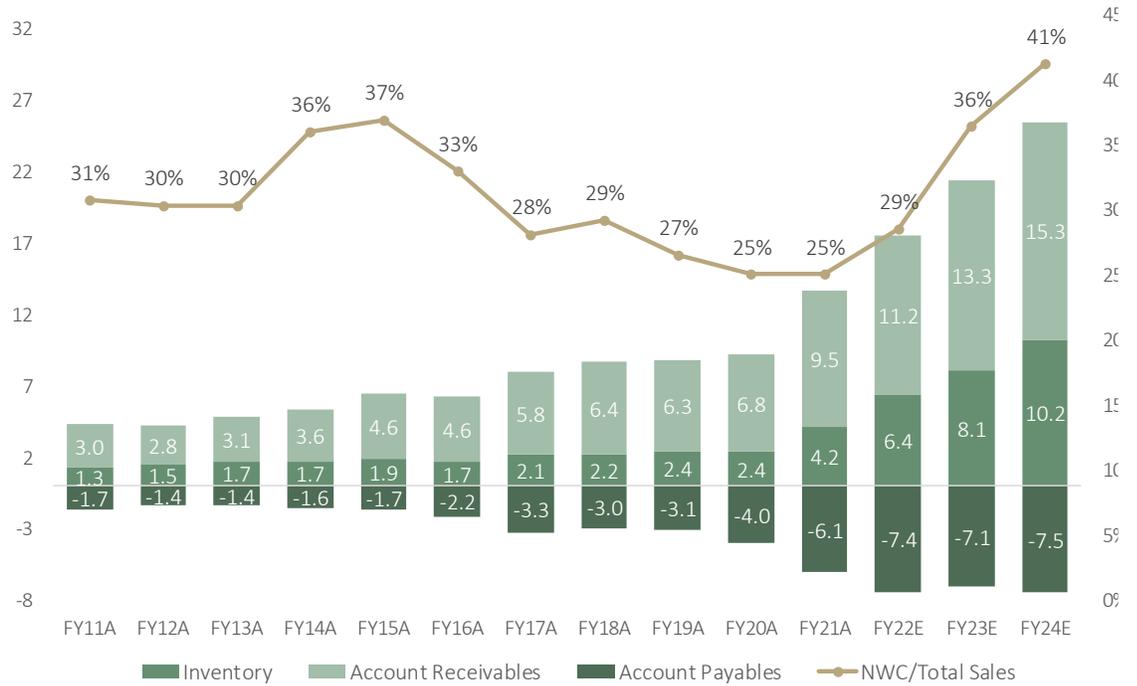


Source: Bifire, Alantra estimates

We model some cash absorption from the increase of inventory on sales over time, as quick availability of products should be a further factor in order to gain market share. We see inventory to steadily increase from Eu4.2mn in FY21A to Eu10.2mn in FY24E, with an average annual increase of ca. Eu2mn. Consequently, we expect NWC/Total Sales to increase in the coming years, surpassing 40% in 2024E.

## NWC / Total Sales sets to surpass 40% by 2024, driven by an increase in Inventory / Sales over time

As a quick availability of products should be a key success factor to gain market share, NWC / Total Sales is expected to exceed 40% in 24E

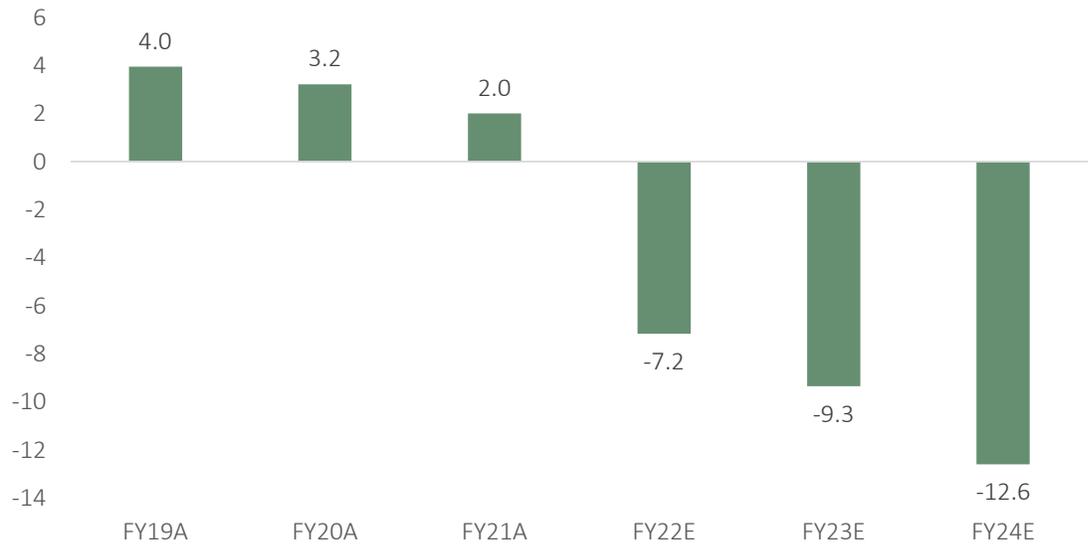


Source: Bifire, Alantra estimates

Despite the NWC absorption, we expect the group to turn Eu2.0mn of Net Debt in 2021 into Eu12.6mn of Net Cash in 2024E. Although not included in our estimates, we believe that the management will prioritize business expansion and not cash generation in the future. The group has an history of new product launches and addition of production capacity, which, we believe will not stop here. This could be an important driver of future value creation.

## Eu12.6mn net cash position by 2024

*Despite NWC absorption and CAPEX, Bifire should reach a solid Net Cash position of Eu12.6mn in 2024E*



Source: Bifire, Alantra estimates

## M&A should be added in the future

Considering the recent Eu9mn IPO proceeds, the management could also complement organic growth with M&A. Assuming a conservative target leverage of 2x Net Debt / EBITDA and acquisitions at 10x EV/EBITDA, we estimate an M&A firepower of Eu31mn. The low level of Net Debt as of 2021, as well as the solid balance sheet, are favourable factors in a scenario of potential M&A deal financed with additional debt.

### Eu31mn pre-money M&A Firepower

*Assuming a target leverage of 2x Net Debt / EBITDA and acquisitions at 10x EV/EBITDA, we estimate an M&A firepower of Eu31mn*

	Acquisition multiple (EV/EBITDA)				
	8.0x	9.0x	10.0x	11.0x	12.0x
<b>EBITDA of the target</b>					
2022 - Eu mn	4.2	3.6	3.1	2.8	2.5
<b>Additional Debt (Deals 100% financed with debt)</b>					
2022 - Eu mn	33.5	32.3	31.4	30.7	30.2
Target Net Debt/EBITDA of the group post-deals	<b>2.0x</b>				

Source: Alantra estimates

## Bifire could be also a potential target for large international players

Due to its focus on innovative products and strong positioning in the Italian market, we believe that Bifire could also be a potential target for large international players. These companies have constantly been on the lookout for potential acquisition in the last years, with multiple M&A deals performed by Etex (URSA Insulation, Knauf Plasterboard division, FSi Limited, Pladur, etc...), Kingspan (Ondura Group, Trolldtekt A/S,...) and many others.

## Global players have been very active in the M&A – Selection of recent relevant deals

*Multiple deals have been done in the sector recently, and further consolidation cannot be ruled out in the future*

Acquirer	Target	Date	Stake	EV
Recticel	Trimo d.o.o.	22-Mar-22	100%	164.3
Kingspan	Ondura group	24-Feb-22	100%	na
Kingspan	Troldekt A/S	21-Feb-22	100%	na
ETEX	URSA Insulation SA	11-Jan-22	100%	na
Bewi	Kemisol Group	29-Oct-21	100%	28.4
Kingspan	Minnesota Diversified Products	01-Oct-21	100%	na
Recticel	Gór-Stal Sp. z o.o.	19-Mar-21	100%	30.0
ETEX	Knauf Plasterboard Pty Ltd.	24-Nov-20	100%	na
ETEX	FSi Limited	23-Sep-20	100%	20.1
James Hardie	Fermacell	03-Apr-18	100%	473.0
ETEX	Pladur	22-Dec-17	59%	215.5

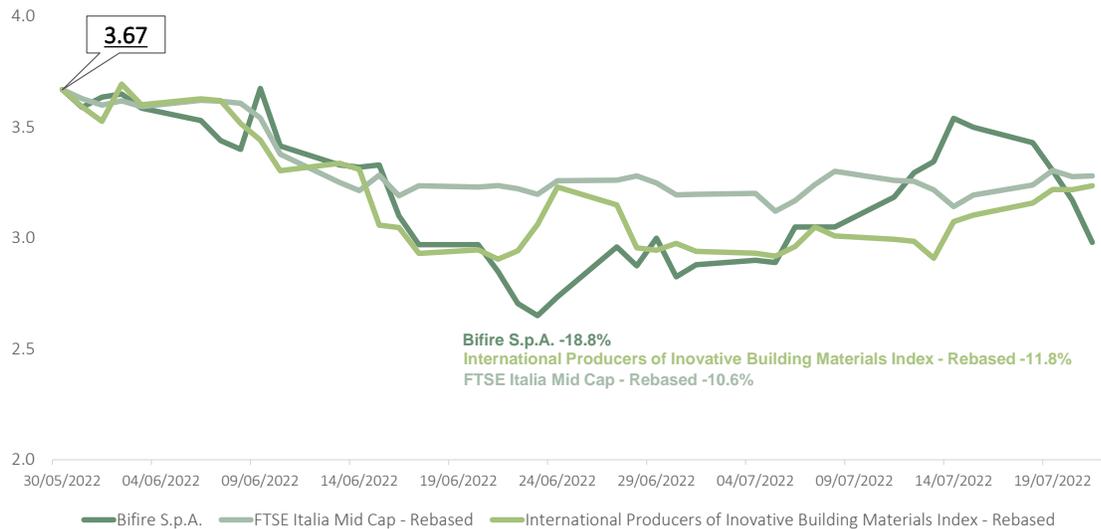
Source: Alantra. Note: The list of acquisitions is not exhaustive

## Valuation: TP of Eu5.4/share

Listed at the end of May 2022, Bifire is down 19% since its IPO, with a slight underperformance versus the FTSE Italian Mid Cap index. Bifire has no direct listed comparable companies in Italy in our view. We have looked at European producers of innovative building materials to have a valuation benchmark. Steico, Recticel and Rockwool International are exposed to the construction sector with a similar product offering (insulation and fire protection materials). We have also included in the cluster producers of insulation materials, similar to those of Bifire, but more exposed to different end-markets (Kingspan, Bewi and va-Q-tec). We have selected a second panel of Italian industrial companies exposed to green trends: ATON, Comal, LU-VE, Seri Industrial, Carel and Zignago. This second cluster is more heterogenous. Taking into account that, on average, Bifire has lower capital intensity than the selected peers, EV/EBIT multiples are more meaningful than EV/EBITDA. P/E multiples are biased by financial leverage. Finally, we believe that DCF is a good alternative to capture the long-term potential of Bifire. We set a TP of Eu5.4/share, based on EV/EBIT multiples of the selected peers after a 15% discount.

### Market performance since IPO

*Bifire's share price performance is down vs the Italian MidCaps index and vs producers of innovative building materials since IPO*



Source: Factset, Alantra

### Valuation approach based on multiples of peers

In our view, Bifire has no direct listed comparable companies in Italy. We have analyzed two different clusters of listed companies to have a valuation benchmark:

- 1. International producers of innovative building materials.** We have selected groups which share with Bifire products and end markets. In this sample, we have selected European manufacturers of innovative building materials. We consider **Steico**, **Recticel** and **Rockwool International** as the main benchmarks, due to their exposure to the construction sector with the offer of similar products (insulation and fire protection materials). Etex is also a direct comparable, but there are no consensus estimates on the stock. We have also included **Bewi** and **va-Q-tec**, which produce and sell insulation materials, but for several end-markets (more skewed to packaging sector rather than building), and **Kingspan** exposed to other segments of the building sector. All the players are larger and more geographically diversified than Bifire
- 2. Italian industrial groups exposed to green trends.** We have expanded our analysis to Italian industrial companies exposed to green trends. We have selected **ATON**, **Carel**, **Comal**, **LU-VE**, **Seri Industrial**, and **Zignago**. Their profitability and growth rates are comparable to those of Bifire.

We have not considered in our analysis a potential 3<sup>rd</sup> cluster of Italian companies exposed to building renovations in Italy. It would include EdiliziAcrobatica, Aton and Sciuker Frames. However, they differ by business model (EdiliziAcrobatica is a service company) and they are significantly exposed to the “Superbonus 110” (e.g. c. 65% of Sciuker Frames’s backlog announced in April 2022 was linked to this special incentive). For this cluster, we see a risk of inflated financials, which could be penalised by the phase-out of the “Superbonus 110”. By contrast, we believe that Bifire’s exposure to such incentive is more negligible (only one product is directly linked to the incentive and its production volumes have been capped by the group).

## Peers – Company description

We have selected two different peer groups: International producers of innovative building materials, Italian industrial groups exposed to green trends

Company	Country	Mkt Cap (Eu mn)	Company Description
<b>International Producers of Innovative Building Materials</b>			
STEICO SE	GERMANY	1,076	STEICO SE engages in the provision of renewable raw construction materials with a strong focus on insulation and natural-based materials. The firm offers solutions for roofs, floors, and walls for new construction and renovation projects. Its products include wood fibre insulation materials, sheet materials, and sealing system. The company was founded in 1986 and is headquartered in Feldkirchen, Germany.
Recticel SA	BELGIUM	826	Recticel SA engages in manufacturing and selling of plastics, polymers, and polyurethane foam products. It operates through the following segments: Bedding (29% on FY20 sales), Flexible Foams (39%) and Insulation (30%, focusing on construction). During 1H22, the company divest its Bedding and Flexible foams divisions. The Insulation segment sells finished thermal and acoustic insulation products. Founded in 1778, HQ in Belgium.
Etex S.A.	BELGIUM	1,723	Etex NV engages in the provision of building materials. It operates through the following segments: Building Performance, Exteriors, Industry, and New Ways. The Building Performance segment manufactures plasterboards and fibre cement boards. The Exteriors segment provides fibre cement exterior materials for architectural, residential, and agricultural projects. The Industry segment focuses in the fire protection in the industrial, aerospace and energy sectors. The New Ways segment offers lightweight, factory-assembled panel, and modular building solutions based on timber and steel framing. The company was founded in 1905 and is headquartered in Belgium.
ROCKWOOL A/S Class B	DENMARK	5,069	Rockwool International A/S engages in the manufacture and development of stone wool. It operates through the Insulation and System segment. The Insulation segment includes interior building, façade, roof, industrial, and technical insulations. The Systems segment covers acoustic ceilings, cladding boards, etc.. The company was founded by H. J. Henriksen and Valdemar Kähler in 1909 and is headquartered in Hedehusene, Denmark.
Kingspan Group Plc	IRELAND	10,555	Kingspan Group Plc engages in the manufacture of insulation and building envelopes. It operates through the following segments: Insulated Panels (64% of FY21 sales); Insulation Boards (20%); Light and Air (7%); Water and Energy (5%); and Data and Flooring Technology (4%). The Insulates Panels segment offers insulated panels, structural framing, and metal facades. The Insulation Boards segment manufactures rigid insulation boards, building services insulation, and engineered timber systems. The Light and Air segment manufactures provides daylighting, smoke management, and ventilation systems. The Water and Energy segment includes energy and water solutions and all related service activities. The Data and Flooring segment consists of raised access floors and data center storage solutions. The company was founded in 1965 and is headquartered in Kingscourt, Ireland.
Bewi ASA	NORWAY	999	Bewi ASA engages in the production, marketing, and sale of packaging and insulation solutions. It operates through the following segments: RAW (37% of FY20 sales), Packaging and Components (35%), and Insulation (28%, of which 70% new construction and 30% renovation). The RAW segment produces and sells white and grey expanded polystyrene (EPS) beads and BioFoam. The Packaging and Component segment manufactures and supplies packaging materials and technical components made out of converted EPS beads, polypropylene, and other materials. The Insulation segment develops and produces a range of insulation products for the construction and infrastructure industries. The company was founded on July 29, 2020 and is headquartered in Froya, Norway.
va-Q-tec AG	GERMANY	173	va-Q-tec AG engages in the manufacture and development of vacuum insulation panels. The firm also develops and sells thermal packaging, airfreight containers and heat and cool storage elements. It operates through three divisions: Vacuum Insulation Panels (29% of FY19 sales), Thermal packaging systems (23%) and serviced rental (46%). Main end markets are: Pharma and biotech thermal transport systems (69%), Food transport systems (18%) while building weighs 3%. The company was founded in 2001 and is headquartered in Germany.
<b>Italian Green Industrial</b>			
ATON Green Storage S.p.A.	ITALY	45	ATON Green Storage specializes in the engineering and production of storage equipment for photovoltaic systems. The company was founded in 2014 and is headquartered in Spilamberto, Italy.
LU-VE SpA	ITALY	477	LU-VE SpA engages in the manufacture and sale of heat exchangers, air cooled equipment, and close control products. The company was founded in 1985 and is headquartered in Uboldo, Italy.
Seri Industrial S.p.A.	ITALY	346	Seri Industrial SpA is a holding company, which engages in the design, engineering, and implementation of solutions aimed at the production of electric accumulators and energy from renewable sources. Its activities include the production of lead from the recovery of spent batteries; design and construction of plants for the production of secondary lead recovered from spent batteries, etc. The company was founded in 1991 and is headquartered in San Potito Sannitico, Italy.
Carel Industries SpA	ITALY	1,980	Carel Industries SpA manufactures controllers for humidifiers, refrigerators, and microprocessors. It offers isothermal humidifiers, programmable controls, terminals, HVAC controls, food retail, refrigeration parametric controls, adiabatic humidifiers, etc. The firm was founded in 1973 and is headquartered in Padua, Italy.
Zignago Vetro SpA	ITALY	1,044	Zignago Vetro SpA engages in the manufacture of hollow glass containers. The company was founded in 1979 and is headquartered in Fossalta di Portogruaro, Italy.
Comal S.p.A.	ITALY	37	Comal SpA specializes in the construction of large-scale photovoltaic power plants. It operates through the Renewable Energy and Conventional Energy business units. The Renewable Energy business unit engages in engineering, purchase, construction, and management activities of photovoltaic systems; and provides assistance in the operations and maintenance department. The Conventional Energy business unit involves in the ordinary and extraordinary maintenance of conventional power plants. The company was founded by Guido Paolini on May 26, 2001 and is headquartered in Montalto di Castro, Italy.
<b>Italian Building Renovation</b>			
EdiliziAcrobatica SpA	ITALY	116	EdiliziAcrobatica SpA engages in outdoor construction works using double safety rope access techniques. Its services include facade and wall clean-up, balcony repair, roof renovation, and facade painting. The company was founded in 1994 and is headquartered in Genoa, Italy.
Sciuker Frames SpA	ITALY	126	Sciuker Frames SpA engages in the development, production, and marketing of windows in natural wood-aluminum materials and in structural wood-glass. It specializes in using eco-sustainable raw materials and designs. The company was founded in 1999 and is headquartered in Contrada, Italy.
ATON Green Storage S.p.A.	ITALY	45	ATON Green Storage specializes in the engineering and production of storage equipment for photovoltaic systems. The company was founded in 2014 and is headquartered in Spilamberto, Italy.

Source: Factset, Alantra

Based on average expected 2022-24 figures, Bifire’s profitability should be above those of international producers of innovative building materials and the Italian green industrial groups. Our expected growth rates are roughly in line. In addition, Bifire has a lower capital intensive business (Capex / Sales of 5% in 2022-24). We highlight that in the 2022-24 period, capex of Bifire should be almost entirely dedicated to maintenance needs, as the investments for the new production plant (which is not yet contributing to the P&L) are almost entirely included in the balance sheet at YE 2021.

## Financials – BIFIRE versus selected peers

*Bifire boats higher profitability and lower capital intensity than peers*

Company	Country	Mkt Cap (Eu mn)	FY22E - FY24E average margins					CAGR FY21A - FY24E			
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA	EBIT	Net profit
BIFIRE S.p.A.	ITALY	55	22.7%	17.9%	13.4%	4.9%	0.0%	16.5%	14.7%	14.3%	13.8%
PEERS	Average		17.0%	11.4%	9.5%	6.8%	23.6%	16.6%	20.1%	19.3%	18.6%
	Median		17.2%	9.8%	8.9%	5.9%	26.8%	11.1%	11.4%	13.7%	11.9%
STEICO SE	GERMANY	1,076	21.3%	14.8%	10.5%	15.0%	12.9%	13.4%	9.5%	7.9%	7.6%
Recticel SA	BELGIUM	826	12.3%	8.5%	22.9%	3.2%	37.4%	nm	nm	nm	nm
Etex S.A.	BELGIUM	1,723	na	na	na	na	na	na	na	na	na
ROCKWOOL A/S Class B	DENMARK	5,069	19.0%	13.0%	9.8%	12.0%	33.3%	9.8%	9.2%	10.5%	10.9%
Kingspan Group Plc	IRELAND	10,555	12.8%	10.4%	8.0%	2.4%	15.0%	9.1%	6.6%	6.8%	6.5%
Bewi ASA	NORWAY	999	13.8%	8.9%	5.7%	4.1%	40.5%	17.8%	17.0%	17.8%	22.6%
va-Q-tec AG	GERMANY	173	19.8%	9.1%	5.1%	10.1%	0.0%	11.1%	16.6%	47.4%	63.6%
International Producers of Innovative Building Materials	Average		16.5%	10.8%	10.3%	7.8%	23.2%	12.2%	11.8%	18.1%	22.2%
	Median		16.4%	9.8%	8.9%	7.1%	24.1%	11.1%	9.5%	10.5%	10.9%
ATON Green Storage S.p.A.	ITALY	45	22.9%	18.4%	13.1%	7.6%	0.0%	13.8%	21.0%	21.5%	19.8%
LU-VE SpA	ITALY	477	12.9%	7.5%	5.8%	6.2%	26.8%	9.0%	11.4%	14.1%	13.5%
Seri Industrial S.p.A.	ITALY	346	15.4%	9.0%	5.6%	5.5%	0.0%	59.1%	77.9%	nm	nm
Carel Industries SpA	ITALY	1,980	20.0%	15.5%	11.8%	3.9%	30.2%	10.5%	9.7%	10.8%	10.7%
Zignago Vetro SpA	ITALY	1,044	24.1%	14.1%	10.8%	7.8%	63.9%	10.2%	10.1%	13.3%	11.9%
Comal S.p.A.	ITALY	37	10.0%	7.9%	5.2%	3.3%	na	19.0%	32.0%	43.3%	na
Italian Green Industrial	Average		17.6%	12.1%	8.7%	5.7%	24.2%	20.3%	27.0%	20.6%	14.0%
	Median		17.7%	11.6%	8.3%	5.9%	26.8%	12.2%	16.2%	14.1%	12.7%

Source: Factset, Alantra

International and Italian green industrial players trade at similar multiples. At 5.7x 2023E EV/EBIT, Bifire trades at a discount close to 60%.

## Trading multiples

Company	Country	Mkt Cap (Eu mn)	EV/EBITDA			EV/EBIT			PE			EV/Sales		
			FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
BIFIRE S.p.A.	ITALY	55	5.1 x	4.5 x	3.8 x	6.5 x	5.7 x	4.9 x	9.9 x	9.1 x	8.3 x	1.2 x	1.0 x	0.9 x
Premium (discount) to Peers' Median			-47%	-47%	-43%	-57%	-58%	-56%	-50%	-47%	-40%	-20%	-23%	-29%
PEERS	Average		10.4 x	8.9 x	7.5 x	17.8 x	13.4 x	10.7 x	24.8 x	17.6 x	14.5 x	1.7 x	1.6 x	1.4 x
	Median		9.6 x	8.5 x	6.7 x	15.0 x	13.7 x	11.0 x	19.8 x	17.3 x	13.9 x	1.5 x	1.3 x	1.2 x
STEICO SE	GERMANY	1,076	11.9 x	10.5 x	9.8 x	17.0 x	15.4 x	13.8 x	21.5 x	19.7 x	17.8 x	2.5 x	2.3 x	2.1 x
Recticel SA	BELGIUM	826	5.7 x	5.6 x	4.7 x	9.3 x	7.7 x	6.4 x	21.2 x	18.6 x	15.2 x	0.7 x	0.7 x	0.6 x
Etex S.A.	BELGIUM	1,723	na	na	na	na	na	na	na	na	na	na	na	na
ROCKWOOL A/S Class B	DENMARK	5,069	6.9 x	6.7 x	6.3 x	10.0 x	9.9 x	9.2 x	13.8 x	13.2 x	12.3 x	1.3 x	1.3 x	1.2 x
Kingspan Group Plc	IRELAND	10,555	11.7 x	11.3 x	10.0 x	14.4 x	13.8 x	12.2 x	16.8 x	17.2 x	15.8 x	1.5 x	1.4 x	1.3 x
Bewi ASA	NORWAY	999	9.5 x	8.6 x	7.6 x	14.5 x	13.3 x	11.8 x	19.5 x	17.4 x	16.2 x	1.3 x	1.2 x	1.1 x
va-Q-tec AG	GERMANY	173	11.0 x	8.6 x	7.3 x	31.2 x	18.0 x	13.7 x	45.8 x	22.9 x	18.3 x	2.0 x	1.8 x	1.5 x
International Producers of Innovative Building Materials	Average		9.4 x	8.6 x	7.6 x	16.1 x	13.0 x	11.2 x	23.1 x	18.2 x	15.9 x	1.5 x	1.4 x	1.3 x
	Median		10.2 x	8.6 x	7.4 x	14.5 x	13.6 x	12.0 x	20.3 x	18.0 x	16.0 x	1.4 x	1.4 x	1.2 x
ATON Green Storage S.p.A.	ITALY	45	6.4 x	5.2 x	4.6 x	7.8 x	6.4 x	5.9 x	11.4 x	9.7 x	9.6 x	1.4 x	1.2 x	na
LU-VE SpA	ITALY	477	9.2 x	7.6 x	6.5 x	15.5 x	13.7 x	11.2 x	17.0 x	14.3 x	11.9 x	1.1 x	1.0 x	0.9 x
Seri Industrial S.p.A.	ITALY	346	12.8 x	8.6 x	4.1 x	34.6 x	15.6 x	5.3 x	57.7 x	18.7 x	5.6 x	1.7 x	1.4 x	0.7 x
Carel Industries SpA	ITALY	1,980	21.3 x	19.4 x	17.5 x	27.8 x	25.0 x	22.3 x	36.0 x	32.8 x	29.7 x	4.2 x	3.9 x	3.5 x
Zignago Vetro SpA	ITALY	1,044	9.8 x	8.3 x	6.9 x	18.8 x	14.4 x	10.7 x	20.1 x	15.2 x	12.6 x	2.2 x	2.0 x	1.8 x
Comal S.p.A.	ITALY	37	9.1 x	6.3 x	4.7 x	12.5 x	8.0 x	5.7 x	17.4 x	11.3 x	8.7 x	0.8 x	0.6 x	0.5 x
Italian Green Industrial	Average		11.4 x	9.2 x	7.4 x	19.5 x	13.8 x	10.2 x	26.6 x	17.0 x	13.0 x	1.9 x	1.7 x	1.5 x
	Median		9.5 x	8.0 x	5.6 x	17.1 x	14.0 x	8.3 x	18.8 x	14.8 x	10.8 x	1.6 x	1.3 x	0.9 x

Source: Factset, Alantra

Taking into account the lower capital intensity of Bifire, we believe that EV/EBIT multiples should be preferred to EV/EBITDA. P/E multiples are biased by the financial leverage (Bifire is cash positive after the recent IPO). In addition, the larger size and higher geographical diversification of international players should command a discount. Using EV/EBIT multiples of the entire sample after a 15% discount, we derive a valuation close to Eu5.4/share.

## Valuation (Eu mn), using peers' multiples

Taking into account the lower capital intensity of Bifire, we believe that EV/EBIT multiples should be preferred to EV/EBITDA

Eu mn	International Producers of Innovative Building Materials			Italian Green Industrial			All sample		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
EBITDA	9.0	9.6	10.5	9.0	9.6	10.5	9.0	9.6	10.5
EV/EBITDA Peer Group	10.3x	8.6x	7.5x	9.5x	8.0x	5.6x	9.7x	8.5x	6.7x
Premium (Discount)	-20%	-20%	-20%	0%	0%	0%	-15%	-15%	-15%
EV/EBITDA Peer Group after discount	8.2x	6.9x	6.0x	9.5x	8.0x	5.6x	8.2x	7.2x	5.7x
EV based on multiples	73.7	66.5	62.8	85.5	77.1	58.9	74.0	69.7	60.1
Net Financial Position	7.2	9.3	12.6	7.2	9.3	12.6	7.2	9.3	12.6
Adjustments	(0.7)	(0.8)	(0.9)	(0.7)	(0.8)	(0.9)	(0.7)	(0.8)	(0.9)
Equity Value on EV/EBITDA	80	75	75	92	86	71	80	78	72
Eu Per Share	4.6	4.3	4.3	5.3	4.9	4.0	4.6	4.5	4.1

Eu mn	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
EBIT	7.1	7.6	8.3	7.1	7.6	8.3	7.1	7.6	8.3
EV/EBIT Peer Group	14.6x	13.7x	12.1x	17.2x	14.0x	8.4x	15.0x	13.8x	11.0x
Premium (Discount)	-20%	-20%	-20%	0%	0%	0%	-15%	-15%	-15%
EV/EBIT Peer Group after discount	11.7x	10.9x	9.7x	17.2x	14.0x	8.4x	12.8x	11.7x	9.3x
EV based on multiples	82.3	82.8	80.3	121.1	106.5	69.7	90.1	88.8	77.5
Net Financial Position	7.2	9.3	12.6	7.2	9.3	12.6	7.2	9.3	12.6
Adjustments	(0.7)	(0.8)	(0.9)	(0.7)	(0.8)	(0.9)	(0.7)	(0.8)	(0.9)
Equity Value on EV/EBIT	89	91	92	128	115	81	97	97	89
Eu Per Share	5.1	5.2	5.3	7.3	6.6	4.7	5.5	5.6	5.1

Eu mn	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Net income	5.3	5.7	6.2	5.3	5.7	6.2	5.3	5.7	6.2
PE Peer Group	20.4x	18.0x	16.1x	18.8x	14.8x	10.8x	19.9x	17.4x	13.9x
Premium (Discount)	-20%	-20%	-20%	0%	0%	0%	-15%	-15%	-15%
P/E Peer Group after discount	16.3x	14.4x	12.9x	18.8x	14.8x	10.8x	16.9x	14.8x	11.8x
Equity Value on P/E	86	82	81	99	84	68	89	84	74
Eu Per Share	4.9	4.7	4.6	5.7	4.8	3.9	5.1	4.8	4.2

Source: Alantra, Alantra estimates

## Valuation based on DCF approach

We have also used DCF to value Bifire and capture its long-term potential. We have used detailed estimates for the period 2022-2026. We derive a valuation of Eu5.6/share, consistent with that based on market multiples. We have applied a terminal growth rate of 2.5%, reflecting the positive structural trends Bifire is exposed to. We use a WACC of 9.5%. We have made a sensitivity to terminal growth rate and cost of capital.

## DCF Valuation

(Eu mn)	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E	FY26E	TV
EBITDA	4.2	3.8	7.0	9.0	9.6	10.5	11.3	12.0	12.3
taxes on EBIT	(0.4)	(0.4)	(1.3)	(1.6)	(1.7)	(1.9)	(2.1)	(2.2)	(2.4)
Non recurring Cash-out	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
NWC Change	0.4	0.5	(3.0)	(3.8)	(4.3)	(3.8)	(1.9)	(1.7)	(0.0)
Capex	(7.4)	(3.4)	(2.0)	(3.4)	(1.3)	(1.4)	(1.5)	(1.6)	(1.7)
Capex/Revenues	-36.5%	-17.6%	-6.9%	-8.8%	-3.1%	-3.0%	-3.0%	-2.9%	-3.0%
<b>Free cash flow</b>	<b>(3.2)</b>	<b>0.6</b>	<b>0.7</b>	<b>0.2</b>	<b>2.3</b>	<b>3.4</b>	<b>5.8</b>	<b>6.6</b>	<b>116.7</b>
<b>Disc. Free Cash Flow</b>	<b>(3.2)</b>	<b>0.6</b>	<b>0.7</b>	<b>0.2</b>	<b>2.1</b>	<b>2.7</b>	<b>4.3</b>	<b>4.4</b>	<b>78.2</b>
Year				0.4	1.4	2.4	3.4	4.4	4.4
Total Disc. FCF	13.7	15%							
Terminal value	78.2	85%							
<b>Total EV (Eu mn)</b>	<b>91.9</b>								
NFP FY22E	7.2								
Adjustments	(0.7)								
<b>TOTAL Equity Value</b>	<b>98.3</b>								
# of shares (mn)	17.5								
<b>Fair Value per share (Eu)</b>	<b>5.6</b>								

Implied multiples	FY22E	FY23E	FY24E
EV/ Adj. EBITDA	10.2 x	9.3 x	8.2 x
EV/Adj. EBIT	13.0 x	11.8 x	10.4 x
P/Adj. E	18.6 x	17.3 x	15.7 x

Source: Alantra

## Valuation with sensitivity based on DCF

		Wacc				
		9.0%	9.2%	9.5%	9.7%	10.0%
Term. Growth	2.00%	5.7	5.5	5.3	5.1	5.0
	2.25%	5.9	5.7	5.5	5.3	5.1
	2.50%	6.1	5.9	5.6	5.4	5.2
	2.75%	6.3	6.0	5.8	5.6	5.4
	3.00%	6.5	6.3	6.0	5.8	5.6

Source: Alantra

## Main risks

We believe that the main risks related to Bifire's business can be summarised in the following factors:

**Increasing competition from large players.** Large groups could leverage on higher R&D investments, broader product offerings and financial resources compared to smaller competitor. Bifire has a solid track-record of product performance, R&D activity and extensive presence in Italy. The incidence of transportation costs is a protection from low-cost country producers (Asian players)

**Increasing competition from Asian players.** We believe that in case of a future strong appreciation of the Euro versus other currencies and over inflation of the product cost versus freights, Asian products could become more competitive in the Italian market

**Dependency on two key people.** The top management of the company (with particular reference to Alberto Abbo and Alfredo Marini) has been the principal contributor to the growth and product development of the group. Bifire strongly relies on these key persons. However, we believe that their important equity shareholding (69% Abbo, indirectly through Altus srl, and 16% Varini) is a strong mitigating factor

**Reduction of fiscal incentives would hit volumes of the Italian renovation residential market.** The recent fiscal incentives in the Italian renovation market have boosted construction works. In the foreseeable future, reduction of these drivers might hit volumes in the industry and thus part of Bifire's end-market demand. However, fiscal incentives are unlikely to be completely eliminated, as the old stock of energy inefficient buildings in Italy is huge. In addition, incentives also support the employment levels in a sector traditionally important in terms of work force. Finally, we highlight the Bifire has a history of market outperformance.

**Pressures on profitability as soon as the "Superbonus 110" expires.** The 110% fiscal incentive in place in Italy is making end-users price insensitive. This should allow extra profits for all the operators in the value chain. The incentive should be phased-out from 2023. Its elimination could hit profitability throughout the entire business value chain. We highlight that incentives should not go from 110% to 0%. The amount should decline to 70% in 2024 and to 65% in 2025. A floor could be the 50% incentive in place before the introduction of the "Superbonus 110". We highlight that fiscal support is not just a measure to stimulate an economy hit by the virus outbreak, but it is also a powerful trigger to accelerate the energy transition and comply with the green energy targets. Furthermore, in our estimates, we already assume a slowdown of profitability for the group from 2021 peak. Last, we believe that the phase-out of the "Superbonus 110" might pave the way for further market share gains versus players more exposed to such incentive.

**No patents on technologies.** Bifire has developed more than five technologies in fire protection and thermal insulation materials. None of them are patented, which might facilitate product's emulation from competitors or can reduce barriers to entry. We highlight that secrecy of the formulation is preferred to patents by the group (and this is not unusual in the industry). In addition, production process know-how and innovation are not easy to be replicated.

**Lack of M&A track-record.** Bifire aims to grow through acquisitions in the future, also thanks to the proceeds from the recent IPO, targeting both producers of complementary products (to expand and diversify the product portfolio) and selected suppliers (vertical integration). Growth of the group was historically organic, and no M&A / integration track record has been developed.

## Appendix

### BIFIRE – Revenue breakdown

Eu mn		FY15A	FY16A	FY17A	FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Revenues by End Market</b>											
<b>Building Business</b>								<b>19.6</b>	<b>28.5</b>	<b>31.2</b>	<b>34.9</b>
	<i>YoY Growth on NET revenues %</i>							68.0%	45.6%	9.6%	11.7%
									74.4%	75.0%	76.0%
<b>Industrial Business</b>								<b>9.2</b>	<b>9.8</b>	<b>10.4</b>	<b>11.0</b>
	<i>YoY Growth on NET revenues %</i>							32.0%	6.2%	6.2%	6.2%
									25.6%	25.0%	24.0%
<b>Revenues By Geography</b>											
<b>Existing Products - Italy</b>								<b>21.7</b>	<b>29.6</b>	<b>30.4</b>	<b>30.1</b>
	<i>YoY Growth on NET revenues %</i>							75.2%	36.8%	2.6%	-1.0%
									77.4%	73.1%	65.5%
<b>New Products - Italy</b>								<b>0.0</b>	<b>1.0</b>	<b>3.0</b>	<b>7.0</b>
	<i>YoY Growth on NET revenues %</i>							0.0%	nm	200.0%	133.3%
									2.6%	7.2%	15.2%
<b>International</b>								<b>7.1</b>	<b>7.7</b>	<b>8.2</b>	<b>8.8</b>
	<i>YoY Growth on NET revenues %</i>							24.8%	7.4%	7.4%	7.4%
									20.0%	19.7%	19.2%

Source: Company presentation, Alantra estimates from 2022

## BIFIRE – P&L

Eu mn		FY15A	FY16A	FY17A	FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Net revenues</b>		<b>12.0</b>	<b>13.6</b>	<b>16.2</b>	<b>18.6</b>	<b>20.4</b>	<b>19.2</b>	<b>28.8</b>	<b>38.3</b>	<b>41.6</b>	<b>45.9</b>
	YoY Growth	19.2%	13.6%	19.3%	14.7%	9.6%	-5.7%	49.6%	33.0%	8.8%	10.3%
<b>Other revenues</b>		<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.3</b>	<b>0.8</b>	<b>0.6</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>
	YoY Growth	12.6%	34.9%	25.5%	3.5%	221.4%	-32.0%	39.6%	0.0%	0.0%	0.0%
<b>Revenues</b>		<b>12.1</b>	<b>13.8</b>	<b>16.5</b>	<b>18.9</b>	<b>21.2</b>	<b>19.8</b>	<b>29.6</b>	<b>39.1</b>	<b>42.4</b>	<b>46.7</b>
	YoY Growth	19.2%	13.8%	19.3%	14.6%	12.5%	-6.7%	49.3%	32.1%	8.6%	10.1%
<b>Material Costs</b>		<b>(4.8)</b>	<b>(5.4)</b>	<b>(6.3)</b>	<b>(7.0)</b>	<b>(7.4)</b>	<b>(7.2)</b>	<b>(10.3)</b>	<b>(13.6)</b>	<b>(15.0)</b>	<b>(16.7)</b>
	YoY Growth	22.9%	10.9%	17.2%	10.4%	6.6%	-3.1%	43.1%	32.1%	10.1%	11.7%
	% total revenues	-39.9%	-38.9%	-38.2%	-36.8%	-34.9%	-36.3%	-34.7%	-34.7%	-35.2%	-35.7%
<b>First Margin</b>		<b>7.3</b>	<b>8.4</b>	<b>10.2</b>	<b>11.9</b>	<b>13.8</b>	<b>12.6</b>	<b>19.3</b>	<b>25.5</b>	<b>27.5</b>	<b>30.0</b>
	YoY Growth	16.8%	15.7%	20.7%	17.2%	15.9%	-8.6%	52.9%	32.1%	7.7%	9.3%
	% total revenues	60.1%	61.1%	61.8%	63.2%	65.1%	63.7%	65.3%	63.3%	64.8%	64.3%
<b>Services</b>		<b>(3.1)</b>	<b>(3.6)</b>	<b>(4.6)</b>	<b>(5.1)</b>	<b>(5.9)</b>	<b>(5.3)</b>	<b>(8.3)</b>	<b>(10.5)</b>	<b>(11.3)</b>	<b>(12.2)</b>
	YoY Growth	23.0%	13.8%	29.5%	10.4%	17.1%	-10.9%	56.7%	27.0%	7.4%	8.1%
	% total revenues	-25.7%	-25.7%	-27.9%	-26.9%	-28.0%	-26.7%	-28.1%	-27.0%	-26.7%	-26.2%
<b>Personnel Costs</b>		<b>(2.0)</b>	<b>(2.0)</b>	<b>(2.2)</b>	<b>(2.4)</b>	<b>(2.8)</b>	<b>(2.6)</b>	<b>(3.2)</b>	<b>(4.0)</b>	<b>(4.2)</b>	<b>(4.7)</b>
	YoY Growth	4.6%	0.5%	11.1%	9.2%	18.6%	-9.3%	23.0%	26.3%	6.4%	10.1%
	% total revenues	-16.1%	-14.2%	-13.3%	-12.6%	-13.3%	-12.9%	-10.7%	-10.2%	-10.0%	-10.0%
<b>Third Party Assets (Rents)</b>		<b>(0.5)</b>	<b>(0.6)</b>	<b>(0.6)</b>	<b>(0.7)</b>	<b>(0.8)</b>	<b>(0.8)</b>	<b>(0.8)</b>	<b>(1.0)</b>	<b>(1.2)</b>	<b>(1.5)</b>
	YoY Growth	2.2%	16.2%	9.6%	12.5%	15.1%	4.5%	-7.6%	25.7%	25.9%	25.3%
	% total revenues	-4.0%	-4.1%	-3.8%	-3.7%	-3.8%	-4.2%	-2.6%	-2.5%	-2.9%	-3.3%
<b>Other Expenses</b>		<b>(0.1)</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(1.0)</b>	<b>(1.0)</b>	<b>(1.1)</b>
	YoY Growth	-37.8%	385.3%	1.9%	-65.5%	-33.6%	26.1%	31.9%	843.8%	3.0%	3.0%
	% total revenues	-0.5%	-2.0%	-1.7%	-0.5%	-0.3%	-0.4%	-0.4%	-2.6%	-2.4%	-2.3%
<b>Extraordinary Revenues/Expenses</b>		<b>(0.0)</b>	<b>0.0</b>								
	YoY Growth	-56.0%	-100.0%	nm							
	% total revenues	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Operating Costs</b>		<b>(10.5)</b>	<b>(11.7)</b>	<b>(14.0)</b>	<b>(15.2)</b>	<b>(17.0)</b>	<b>(16.0)</b>	<b>(22.6)</b>	<b>(30.1)</b>	<b>(32.8)</b>	<b>(36.2)</b>
	YoY Growth	17.4%	12.1%	19.2%	8.8%	12.1%	-6.4%	41.7%	33.0%	9.0%	10.5%
	% total revenues	-86.3%	-85.0%	-84.9%	-80.6%	-80.3%	-80.6%	-76.5%	-78.6%	-78.7%	-78.8%
<b>EBITDA Adj.</b>		<b>1.7</b>	<b>2.1</b>	<b>2.5</b>	<b>3.7</b>	<b>4.2</b>	<b>3.8</b>	<b>7.0</b>	<b>9.0</b>	<b>9.6</b>	<b>10.5</b>
	YoY Growth	31.6%	24.6%	20.4%	47.2%	nm	nm	nm	29.2%	7.3%	9.0%
	on net revenues %	13.8%	15.2%	15.3%	19.7%	20.5%	19.9%	24.2%	23.5%	23.2%	22.9%
	% total revenues	13.7%	15.0%	15.1%	19.4%	19.7%	19.4%	23.5%	23.0%	22.7%	22.5%
<b>EBITDA Adjustments</b>		<b>0.0</b>									
<b>EBITDA</b>		<b>1.7</b>	<b>2.1</b>	<b>2.5</b>	<b>3.7</b>	<b>4.2</b>	<b>3.8</b>	<b>7.0</b>	<b>9.0</b>	<b>9.6</b>	<b>10.5</b>
	YoY Growth	32.0%	24.8%	20.4%	47.2%	14.0%	-8.0%	81.1%	29.2%	7.3%	9.0%
	% total revenues	13.7%	15.0%	15.1%	19.4%	19.7%	19.4%	23.5%	23.0%	22.7%	22.5%
<b>D&amp;A</b>		<b>(0.7)</b>	<b>(0.6)</b>	<b>(0.7)</b>	<b>(0.8)</b>	<b>(0.8)</b>	<b>(1.1)</b>	<b>(1.3)</b>	<b>(1.9)</b>	<b>(2.0)</b>	<b>(2.1)</b>
	YoY Growth	16.2%	-10.0%	10.5%	13.8%	6.5%	34.7%	17.9%	38.4%	6.5%	6.7%
	% total revenues	-5.8%	-4.6%	-4.3%	-4.2%	-4.0%	-5.8%	-4.6%	-4.3%	-4.2%	-4.1%
<b>Tangible</b>		<b>(0.5)</b>	<b>(0.5)</b>	<b>(0.6)</b>	<b>(0.7)</b>	<b>(0.8)</b>	<b>(1.0)</b>	<b>(1.2)</b>	<b>(1.5)</b>	<b>(1.7)</b>	<b>(1.8)</b>
<b>Intangible</b>		<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(0.3)</b>
<b>Provisions/Writedown</b>		<b>(0.0)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.1)</b>						
	YoY Growth	28.9%	0.3%	24.4%	16.7%	-0.9%	6.7%	40.4%	32.1%	8.6%	10.1%
	% total revenues	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%
<b>EBIT Adj.</b>		<b>0.9</b>	<b>1.4</b>	<b>1.8</b>	<b>2.8</b>	<b>3.3</b>	<b>2.7</b>	<b>5.6</b>	<b>7.1</b>	<b>7.6</b>	<b>8.3</b>
	YoY Growth	45.4%	51.0%	24.7%	60.9%	16.2%	-19.2%	108.9%	26.9%	7.5%	9.5%
	% total revenues	7.7%	10.2%	10.7%	15.0%	15.5%	13.4%	18.8%	18.1%	17.9%	17.8%
<b>EBIT Adjustments</b>		<b>0.0</b>									
<b>EBIT</b>		<b>0.9</b>	<b>1.4</b>	<b>1.8</b>	<b>2.8</b>	<b>3.3</b>	<b>2.7</b>	<b>5.6</b>	<b>7.1</b>	<b>7.6</b>	<b>8.3</b>
	YoY Growth	47.3%	51.8%	24.7%	60.9%	16.2%	-19.2%	108.9%	26.9%	7.5%	9.5%
	% total revenues	7.7%	10.2%	10.7%	15.0%	15.5%	13.4%	18.8%	18.1%	17.9%	17.8%
<b>Net financial income (costs)</b>		<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.2)</b>
	YoY Growth	-32.2%	2.4%	-38.4%	-53.1%	-7.1%	220.2%	40.0%	287.2%	-5.4%	0.0%
	% total revenues	-0.4%	-0.3%	-0.2%	-0.1%	-0.1%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%
<b>Pre-tax profits</b>		<b>0.9</b>	<b>1.4</b>	<b>1.7</b>	<b>2.8</b>	<b>3.3</b>	<b>2.6</b>	<b>5.5</b>	<b>6.8</b>	<b>7.4</b>	<b>8.1</b>
	YoY Growth	56.3%	54.2%	26.8%	62.8%	16.3%	-20.0%	109.9%	24.3%	7.9%	9.8%
	% total revenues	7.3%	9.9%	10.5%	14.9%	15.5%	13.2%	18.6%	17.5%	17.4%	17.4%
<b>Taxes</b>		<b>(0.3)</b>	<b>(0.4)</b>	<b>(0.4)</b>	<b>(0.7)</b>	<b>(0.4)</b>	<b>(0.4)</b>	<b>(1.3)</b>	<b>(1.6)</b>	<b>(1.7)</b>	<b>(1.9)</b>
	tax rate %	-36.1%	-30.8%	-23.4%	-23.3%	-11.3%	-13.6%	-23.0%	-23.0%	-23.0%	-23.0%
<b>Net Profit</b>		<b>0.6</b>	<b>0.9</b>	<b>1.3</b>	<b>2.2</b>	<b>2.9</b>	<b>2.3</b>	<b>4.2</b>	<b>5.3</b>	<b>5.7</b>	<b>6.2</b>
	YoY Growth	69.6%	67.2%	40.2%	63.1%	34.5%	-22.1%	87.2%	24.3%	7.9%	9.8%
	% total revenues	4.7%	6.9%	8.1%	11.5%	13.7%	11.4%	14.3%	13.5%	13.4%	13.4%
<b>Restated Net Profit</b>		<b>0.6</b>	<b>0.9</b>	<b>1.3</b>	<b>2.2</b>	<b>2.9</b>	<b>2.3</b>	<b>4.2</b>	<b>5.3</b>	<b>5.7</b>	<b>6.2</b>
	YoY Growth	67.1%	66.2%	40.2%	63.1%	34.5%	-22.1%	87.2%	24.3%	7.9%	9.8%
	% total revenues	4.7%	6.9%	8.1%	11.5%	13.7%	11.4%	14.3%	13.5%	13.4%	13.4%

Source: Company presentation, Company financial reports, Alantra estimates from 2022

## BIFIRE – Balance Sheet

(Eu mn)		FY15A	FY16A	FY17A	FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Inventory</b>		<b>1.9</b>	<b>1.7</b>	<b>2.1</b>	<b>2.2</b>	<b>2.4</b>	<b>2.4</b>	<b>4.2</b>	<b>6.4</b>	<b>8.1</b>	<b>10.2</b>
	% total revenues	15.5%	12.2%	13.0%	11.8%	11.4%	12.1%	14.1%	16.3%	19.1%	21.9%
	DIO	57	45	47	43	43	45	52	60	70	80
<b>Receivables</b>		<b>4.6</b>	<b>4.6</b>	<b>5.8</b>	<b>6.4</b>	<b>6.3</b>	<b>6.8</b>	<b>9.5</b>	<b>11.2</b>	<b>13.3</b>	<b>15.3</b>
	% total revenues	38.0%	33.1%	35.2%	34.0%	29.8%	34.2%	32.1%	28.6%	31.4%	32.8%
	DSO	139	121	129	124	112	127	119	105	115	120
<b>Payables</b>		<b>(1.7)</b>	<b>(2.2)</b>	<b>(3.3)</b>	<b>(3.0)</b>	<b>(3.1)</b>	<b>(4.0)</b>	<b>(6.1)</b>	<b>(7.4)</b>	<b>(7.1)</b>	<b>(7.5)</b>
	% external costs	15.5%	18.2%	20.5%	18.9%	12.5%	21.0%	24.9%	23.1%	21.0%	20.1%
	DPO	55	65	74	68	45	75	89	80	75	72
Other current assets		0.3	1.1	0.4	0.6	0.6	0.6	1.9	2.5	2.7	3.0
Other current liabilities	% total revenues	2.4%	7.8%	2.6%	3.0%	2.8%	2.8%	6.5%	6.5%	6.5%	6.5%
		(0.6)	(0.6)	(0.4)	(0.7)	(0.6)	(0.7)	(2.1)	(1.4)	(1.6)	(1.7)
	% total revenues	-4.8%	-4.3%	-2.6%	-3.9%	-3.0%	-3.7%	-7.0%	-3.7%	-3.7%	-3.7%
<b>Net Working capital</b>		<b>4.5</b>	<b>4.6</b>	<b>4.6</b>	<b>5.5</b>	<b>5.6</b>	<b>5.0</b>	<b>7.4</b>	<b>11.2</b>	<b>15.4</b>	<b>19.3</b>
	% total revenues	36.9%	33.0%	28.1%	29.2%	26.6%	25.1%	25.0%	28.6%	36.4%	41.2%
Property, plant and equipment		1.7	1.5	3.0	2.9	9.6	11.8	12.4	13.0	12.4	11.8
Intangible assets		0.7	0.6	0.5	0.4	0.3	0.3	0.4	1.3	1.1	1.0
Financial assets		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investments in other companies											
Others											
<b>Total fixed assets</b>		<b>2.5</b>	<b>2.1</b>	<b>3.5</b>	<b>3.3</b>	<b>9.9</b>	<b>12.1</b>	<b>12.8</b>	<b>14.3</b>	<b>13.6</b>	<b>12.8</b>
Employee pension benefits		(0.5)	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)	(0.7)	(0.8)	(0.9)
<b>Net Invested Capital</b>		<b>6.4</b>	<b>6.1</b>	<b>7.6</b>	<b>8.2</b>	<b>15.0</b>	<b>16.5</b>	<b>19.6</b>	<b>24.7</b>	<b>28.2</b>	<b>31.2</b>
Short Term debts		2.1	1.3	1.7	0.3	0.9	0.8	1.3	1.3	1.3	1.3
Long Term debts		1.1	0.3	0.0	0.0	4.1	6.5	5.3	5.3	5.3	5.3
Short term credits		(0.0)	(0.0)								
Cash		(0.3)	(0.0)	(0.0)	(0.2)	(1.0)	(4.1)	(4.5)	(13.7)	(15.9)	(19.2)
<b>Net Debt (Cash)</b>		<b>2.8</b>	<b>1.6</b>	<b>1.7</b>	<b>0.1</b>	<b>4.0</b>	<b>3.2</b>	<b>2.0</b>	<b>(7.2)</b>	<b>(9.3)</b>	<b>(12.6)</b>
Share capital		0.7	0.7	0.7	0.7	0.7	0.7	0.8	9.7	9.7	9.7
Reserves		2.4	3.0	3.9	5.3	7.4	10.3	12.6	16.8	22.1	27.8
Net result		0.6	0.9	1.3	2.2	2.9	2.3	4.2	5.3	5.7	6.2
Minorities											
<b>Shareholders Equity</b>		<b>3.6</b>	<b>4.6</b>	<b>5.9</b>	<b>8.1</b>	<b>11.0</b>	<b>13.3</b>	<b>17.6</b>	<b>31.8</b>	<b>37.5</b>	<b>43.8</b>
<b>Source of Funds</b>		<b>6.4</b>	<b>6.1</b>	<b>7.6</b>	<b>8.2</b>	<b>15.0</b>	<b>16.5</b>	<b>19.6</b>	<b>24.7</b>	<b>28.2</b>	<b>31.2</b>

Source: Company presentation, Company financial reports, Alantra estimates from 2022

## BIFIRE – Cash-flow statement

(Eu mn)	FY15A	FY16A	FY17A	FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Net Profit	0.6	0.9	1.3	2.2	2.9	2.3	4.2	5.3	5.7	6.2
Interests	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.2	0.2
Taxes	0.3	0.4	0.4	0.7	0.4	0.4	1.3	1.6	1.7	1.9
Losses (gains) on disposal of fixed assets	(0.0)	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	0.0	0.0	0.0
Provisions/Writedowns	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1
D&A	0.7	0.6	0.7	0.8	0.8	1.1	1.3	1.9	2.0	2.1
Change in net working capital	(0.8)	(0.1)	(0.0)	(1.1)	0.4	0.5	(3.0)	(3.8)	(4.3)	(3.8)
Interests paid	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.2)	(0.2)	(0.2)
Taxes paid	(0.3)	(0.4)	(0.5)	(0.4)	(0.9)	(0.2)	(0.7)	(1.6)	(1.7)	(1.9)
Use of funds	0.0	0.0	0.0	0.0	0.0	(0.1)	(0.2)	0.1	(0.0)	0.0
Other operating items	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	0.1	0.1			
<b>Cash flow from operating activities</b>	<b>0.5</b>	<b>1.5</b>	<b>2.0</b>	<b>2.1</b>	<b>3.6</b>	<b>4.1</b>	<b>3.1</b>	<b>3.6</b>	<b>3.5</b>	<b>4.6</b>
Intangibles (CAPEX)	(0.1)	(0.1)	(0.0)	(0.0)	0.0	(0.1)	(0.1)	(1.2)	(0.2)	(0.2)
% total revenues	-0.9%	-0.5%	-0.1%	-0.2%	0.0%	-0.6%	-0.5%	-0.5%	-0.5%	-0.5%
Tangibles (CAPEX)	(0.7)	(0.3)	(2.1)	(0.5)	(7.4)	(3.3)	(1.8)	(2.1)	(1.1)	(1.1)
% total revenues	-5.7%	-2.0%	-12.8%	-2.8%	-35.1%	-16.5%	-6.2%	-5.5%	-2.5%	-2.5%
<b>Intangibles + Tangible</b>	<b>(0.8)</b>	<b>(0.3)</b>	<b>(2.1)</b>	<b>(0.6)</b>	<b>(7.4)</b>	<b>(3.4)</b>	<b>(2.0)</b>	<b>(3.4)</b>	<b>(1.3)</b>	<b>(1.4)</b>
% total revenues	-6.6%	-2.4%	-12.9%	-3.0%	-35.1%	-17.1%	-6.7%	-8.7%	-3.0%	-3.0%
Financials	(0.0)	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
% total revenues	-0.1%	0.0%	0.0%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
% total revenues	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Disposals	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from investment activities</b>	<b>(1.0)</b>	<b>(0.3)</b>	<b>(2.1)</b>	<b>(0.6)</b>	<b>(7.5)</b>	<b>(3.3)</b>	<b>(2.0)</b>	<b>(3.4)</b>	<b>(1.3)</b>	<b>(1.4)</b>
Change in shareholders equity	-8.4%	-2.4%	-12.9%	-3.0%	-35.1%	-16.8%	-6.6%	-8.7%	-3.0%	-3.0%
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.1	9.0	0.0	0.0
Other items	0.1	0.0	(0.0)	(0.0)	0.0	0.0	0.0			
<b>Change in NFP</b>	<b>(0.4)</b>	<b>1.2</b>	<b>(0.2)</b>	<b>1.6</b>	<b>(3.8)</b>	<b>0.7</b>	<b>1.2</b>	<b>9.2</b>	<b>2.2</b>	<b>3.2</b>
NFP at year beginning	(2.4)	(2.8)	(1.6)	(1.7)	(0.1)	(4.0)	(3.2)	(2.0)	7.2	9.3
<b>NFP at YE (debt)/cash</b>	<b>(2.8)</b>	<b>(1.6)</b>	<b>(1.7)</b>	<b>(0.1)</b>	<b>(4.0)</b>	<b>(3.2)</b>	<b>(2.0)</b>	<b>7.2</b>	<b>9.3</b>	<b>12.6</b>

Source: Company presentation, Company financial reports, Alantra estimates from 2022

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