



## 1H22: ILPRA continues to deliver solid results

### Sector: Producer Manufacturing

**ILPRA continues its growth path: revenues +6% YoY and EBITDA margin at 22%.** ILPRA innovative SME specialized in the design and production of packaging machines for food, cosmetics, and medical applications, published another sound set of results with continuous growth despite a slowdown of its reference market (Ilpra +6% YoY vs. market -4% in 1H22 according to UCIMA). Sales came in a Euro 21.5 m up from Euro 20.3 m in 1H22 with growth mainly driven by export revenues which reached Euro 13.7 m, c. +13% YoY whereas sales in the domestic market saw a minor slowdown (Euro 7.8 m, -4% YoY) compared to last year which however enjoyed extraordinary demand driven by governmental incentives. Production Value reached Euro 26.3 m up by +21% (Euro 21.8 m in 1H21), mainly following sales growth and an increase of inventory as an effect of consolidating recent M&A (MACS) and the result of a strategy of maintaining of higher level of inventory to reduce time-to-market and to avoid shortages of raw material and electronic components. EBITDA stood at Euro 4.6 m, +6% YoY and posting an EBITDA margin of 21.4% (on sales), in line with prior year (21.6% in 1H21) and thus not by inflation as Management was able to timely implement the necessary measures to protect margins (increase in list price and commercial agreements with suppliers). Net Income was of Euro 2.6 m, in line with prior year. On the balance sheet, the Group presented a Net Debt of Euro 0.1 m, down from a cash position of Euro 3.4 m at FY21 following some NWC absorption (linked to the above-mentioned increase in inventory), M&A (total effect of Euro 1.4 m), and a dividend payments of c. Euro 2.0 m.

**Positive outlook confirmed thanks to strong order backlog and recovery in market demand.** Over the last 30 months Ilpra has shown extraordinary resilience and ability to navigate difficult and uncertain market conditions. After a period of consolidation, the Group recently resumed M&A activities (MACS) confirming Management's strong commitment to its external growth strategy. Thanks to this coupled with its position as one of the market leaders, continuous investments in R&D and relentless commitment to improve internal efficiency we believe Ilpra to be very well-positioned to benefit from and continue to exceed expected market growth. The recent general increase in raw material prices and shortage of electronic components are issues that are being monitored closely but should, according to Management, not have any significant effect on FY22. In addition, the increase in energy costs, should not affect the Group significantly as most of the electricity need is covered by a proprietary PV plant. Management did not provide guidance for FY22 but expressed confidence about the business environment for the second half of 2022 based on an expected recovery in market demand in (UCIMA), full contribution of MACS (consolidated as of 2Q22) and a very strong order backlog.

**Estimates adjusted for M&A; TP confirmed.** We adjusted our estimates to include the positive impact of the MACS acquisition (9 months in FY22) whereas we confirm our previous assumptions for organic growth. Given the above we slightly increased our revenue forecast now assuming Euro 46.5 m in FY22 (Euro 45.6 m previously) while leaving unchanged our profitability. Overall, we increased our revenue, EBITDA and EPS forecast by an average +2% respectively. Finally, we added FY24 to our explicit forecast period. We confirm our Euro 7.55 p.s. target price, which is the result of a DCF and a peer comparison and which provides for an upside on current stock price of 99%. The stock is currently trading at FY22E/23E EV/EBITDA multiples of 4.6x and 4.2x at an average discount of 52% to peers.

**Target Price 7.55 (7.55 pr.)**

Market Cap (€ m) **46**

EV (€ m) **46**

Market Price (€) **3.80**

*As of 27 September 2022*

#### Share Data

Market	Euronext Growth Milan
Reuters/Bloomberg	ILP:IM/ILP.MI
ISIN	IT0005359101
N. of Shares	12,038,600
Free Float	22.51%
CEO	Maurizio Bertocco

#### Financials

	21A	22E	23E	24E
<b>Sales</b>	<b>42.2</b>	<b>46.5</b>	<b>50.2</b>	<b>54.2</b>
YoY %	30%	10%	8%	8%
<b>EBITDA</b>	<b>9.0</b>	<b>10.0</b>	<b>11.0</b>	<b>12.2</b>
EBITDA %	21%	22%	22%	23%
<b>EBIT</b>	<b>7.0</b>	<b>8.1</b>	<b>9.1</b>	<b>10.3</b>
EBIT %	17%	17%	18%	19%
<b>Net Income</b>	<b>5.3</b>	<b>5.7</b>	<b>6.4</b>	<b>7.2</b>
<b>Net D/(C)</b>	<b>(3.4)</b>	<b>(3.7)</b>	<b>(8.4)</b>	<b>(13.6)</b>
<b>Equity</b>	<b>24.9</b>	<b>28.9</b>	<b>33.6</b>	<b>38.9</b>

#### Performance

	1M	3M	6M
Absolute %	-2%	+3%	+2%
Relative (FTSE Italia Growth)	+5%	+7%	+19%
52-week High/Low (Eu)	5.10 /		2.74



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This Note is issued by arrangement with MIT SIM SpA, the Specialist engaged by the Company.

### KEY FINANCIALS

<b>Profit&amp;Loss Statement</b>	<b>2017A</b>	<b>2018A</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Sales	20,4	28,4	32,0	32,4	42,2	46,5	50,2	54,2
Revenues (VoP)	21,4	31,5	34,4	36,3	44,0	48,0	51,7	55,7
EBITDA	3,2	5,5	4,5	6,2	9,0	10,0	11,0	12,2
EBIT	2,1	4,2	2,7	4,2	7,0	8,1	9,1	10,3
Extraordianry items		(0,0)	0,0	0,0	0,0	0,0	0,0	0,0
Financial Income (charges)	(0,4)	(0,4)	(0,3)	(0,2)	(0,2)	(0,2)	(0,2)	(0,2)
Pre-tax profit (loss)	1,7	3,8	2,4	4,0	6,8	7,9	8,9	10,1
Taxes	(0,6)	(0,9)	(0,3)	(0,8)	(1,5)	(2,2)	(2,5)	(2,8)
Net profit (loss)	1,1	2,9	2,1	3,2	5,3	5,7	6,4	7,2
Group's Net profit (loss)	0,0	2,4	1,6	2,7	4,3	4,7	5,3	6,0

<b>Balance Sheet</b>								
Fixed assets	7,1	9,5	11,7	12,1	11,2	11,9	10,8	9,8
NWC	12,0	13,0	14,7	13,9	13,3	16,7	17,9	19,3
M/L Funds	(2,0)	(2,5)	(2,6)	(2,9)	(3,1)	(3,3)	(3,5)	(3,7)
Net Capital Employed	17,2	20,0	23,8	23,1	21,5	25,2	25,2	25,4
Net Debt	8,1	9,5	6,5	1,9	(3,4)	(3,7)	(8,4)	(13,6)
Equity	9,1	10,5	17,3	21,1	24,9	28,9	33,6	38,9

<b>Cash Flow</b>								
Net Income	1,1	2,9	2,1	3,2	5,3	5,7	6,4	7,2
Non Cash Items	1,1	1,5	1,9	2,2	2,0	2,1	2,1	2,1
Change in NWC	(3,5)	(2,5)	(1,7)	0,8	0,6	(3,3)	(1,3)	(1,4)
Cash from Operations	(1,2)	1,9	2,3	6,2	7,9	4,4	7,2	7,9
Capex	(1,1)	(2,2)	(3,9)	(2,3)	(1,0)	(1,3)	(0,8)	(0,8)
Other non current assets	2,3	(0,3)	(0,0)	(0,0)	(0,0)	0,0	0,0	0,0
Operating Free Cashflow	0,0	(0,6)	(1,6)	3,9	6,9	3,1	6,4	7,1
Dividend	0,0	0,0	0,0	0,7	1,6	1,7	1,9	2,2
Change in equity	0,0	(0,5)	4,7	(0,1)	(3,2)	(3,3)	(3,6)	(4,1)
Change in Net Debt	0,0	(1,1)	3,0	4,5	5,3	1,5	4,7	5,2

<b>Per Share Data</b>								
Price	3,80							
Total shares out (mn)	12,04							
EPS	0,1	0,2	0,2	0,3	0,4	0,5	0,5	0,6
DPS	-	-	0,0	(0,1)	(0,1)	(0,1)	(0,2)	(0,2)
FCF	0,0	(0,1)	0,3	0,4	0,4	0,1	0,4	0,4
Pay-out ratio (on cons. NP)	0%	0%	0%	27%	31%	30%	30%	30%

<b>Ratios</b>								
EBITDA margin	15,5%	19,5%	14,1%	19,0%	21,3%	21,5%	22,0%	22,5%
EBIT margin	10,4%	14,8%	8,5%	12,9%	16,6%	17,3%	18,1%	18,9%
Net Debt/Equity (Gearing)	88,6%	90,1%	37,3%	9,2%	-13,6%	-12,7%	-24,9%	-34,9%
Net Debt/EBITDA	2,56	1,71	1,43	0,32	-0,38	-0,37	-0,76	-1,11
Interest cover EBIT	4,86	10,31	8,66	20,05	32,58	40,28	45,50	51,28
ROCE	15,5%	25,7%	12,9%	21,6%	39,7%	40,6%	45,9%	51,5%
ROE	12,3%	27,2%	12,1%	15,1%	21,2%	19,6%	19,1%	18,6%

<b>Growth Rates</b>								
Sales	27%	11%	13%	1%	30%	10%	8%	8%
Revenues (VoP)	21%	16%	9%	6%	21%	9%	8%	8%
EBITDA	30%	5%	-19%	37%	46%	11%	11%	10%
EBIT	36%	4%	-35%	54%	67%	15%	13%	13%
Net Profit	188%	13%	-27%	52%	65%	7%	13%	13%

### Sales breakdown – Euro m

	1H22A	%	1H21A	%	1H20A	%	21A	%	20A	%
Italy	7.8	36%	8.2	40%	4.8	31%	17.6	42%	10.2	31%
Export	13.7	64%	12.1	60%	10.5	69%	24.7	58%	22.2	69%
<b>Total sales</b>	<b>21.5</b>	<b>100%</b>	<b>20.3</b>	<b>100%</b>	<b>15.3</b>	<b>100%</b>	<b>42.3</b>	<b>100%</b>	<b>32.4</b>	<b>100%</b>

Source: Consolidated Group Data

### Key Financials – Euro m

Income Statement	1H22A	1H21A	1H20A	1H19A	21A	20A	19A	
Sales	21.5	20.3	15.3	15.3	42.2	32.4	32.0	
	yoy	6,1%	32,5%	0,0%	13,8%	30,5%	1,0%	12,8%
<b>Revenues</b>	<b>26.3</b>	<b>21.8</b>	<b>17.5</b>	<b>16.4</b>	<b>44.0</b>	<b>36.3</b>	<b>34.4</b>	
<b>EBITDA</b>	<b>4.6</b>	<b>4.4</b>	<b>2.6</b>	<b>1.5</b>	<b>9.0</b>	<b>6.2</b>	<b>4.5</b>	
	margin	21.6%	21.6%	17,2%	9,5%	21.3%	19.0%	14.1%
EBIT	3.6	3.4	1.7	0.7	7.0	4.2	2.7	
Pre-tax Profit	3.4	3.3	1.6	0.6	6.8	4.0	2.4	
<b>Net Profit</b>	<b>2.6</b>	<b>2.6</b>	<b>1.3</b>	<b>0.4</b>	<b>5.3</b>	<b>3.2</b>	<b>2.1</b>	
Group's Net Profit	2.0	2.1	1.1	0.2	4.5	2.7	1.6	

Balance Sheet	1H22A	1H21A	1H20A	1H19A	21A	20A	19A
Net Working Capital	17.3	13.8	17.0	14.7	13.3	13.9	14.7
Fixed Net Assets	12.6	11.2	11.3	11.7	11.2	12.1	11.7
Funds	(3.4)	(3.2)	(2.8)	(2.6)	(3.1)	(2.9)	(2.6)
<b>Net Capital Employed</b>	<b>26.5</b>	<b>21.8</b>	<b>25.6</b>	<b>23.8</b>	<b>21.5</b>	<b>23.1</b>	<b>23.8</b>
Net Debt (Cash)	0.1	(1.0)	7.2	6.5	(3.4)	1.9	6.5
Total Equity	26.4	22.9	18.4	17.3	24.9	21.2	17.3
of which Group's Equity	22.7	19.7	15.8	13.6	22.1	18.3	14.9
<b>Sources</b>	<b>26.5</b>	<b>21.8</b>	<b>25.6</b>	<b>23.8</b>	<b>21.5</b>	<b>23.1</b>	<b>23.8</b>

Source: Consolidated Group Data

### Estimates Revision – Euro m

P&L Euro m	21A	22E Old	22E New	23E Old	23E New	24E New
Sales	42,2	45,6	46,5	49,3	50,2	54,2
yoy	30%	8%	10%	8%	8%	10%
Revenues (VoP)	44,0	47,1	48,0	50,8	51,7	55,7
EBITDA	9,0	9,8	10,0	10,8	11,0	12,2
margin	21%	22%	22%	22%	22%	23%
EBIT	7,0	7,9	8,1	8,9	9,1	10,3
margin	17%	17%	17%	18%	18%	19%
Pre-tax	6,8	7,7	7,9	8,7	8,9	10,1
Net profit (loss)	5,3	5,5	5,7	6,3	6,4	7,2

Balance Sheet Euro m	21A	22E Old	22E New	23E Old	23E New	23E New
Fixed assets	11,2	10,2	11,9	9,2	10,8	9,8
NWC	13,3	14,6	16,7	15,7	17,9	19,3
M/L Funds	(3,1)	(3,3)	(3,3)	(3,5)	(3,5)	(3,7)
NetCap.Empl.	21,5	21,5	25,2	21,4	25,2	25,4
Net Debt	(3,4)	(7,3)	(3,7)	(12,0)	(8,4)	(13,6)
Equity	24,9	28,8	28,9	33,4	33,6	38,9

PMI Capital Research estimates

### VALUATION

Method	Weight	Price (Eu p.s.)	Equity Value (Eu m)
Multiple analysis EV/EBITDA 22/23 Industrial (@ 20% discount)	50%	6.90	82
DCF (WACC 7.6% and g 1.0%)	50%	8.19	98
<b>Target Price</b>	<b>100%</b>	<b>7.55</b>	<b>90</b>

### Market Multiples

Companies	Country	Market Cap	Sales 2021A	Sales YoY 21/20	EBITDA % 2021A	EBIT % 2021A	NI % 2021A
Alfa Laval AB	Sweden	10.014,1	4.032	2%	22%	17%	12%
GEA Group Aktiengesellschaft	Germany	5.714,4	4.703	1%	12%	9%	6%
John Bean Technologies Corp.	US	2.837,4	1.582	5%	13%	9%	6%
Krones AG	Germany	2.784,9	3.634	9%	7%	4%	4%
<b>Average</b>			<b>3.049</b>	<b>5%</b>	<b>13%</b>	<b>9%</b>	<b>7%</b>
<b>ILPRA</b>	<b>Italy</b>	<b>46</b>	<b>42</b>	<b>30%</b>	<b>21%</b>	<b>17%</b>	<b>12%</b>

Companies	EV/EBITDA		
	21A	22E	23E
Alfa Laval AB	14.2	12.3	10.5
GEA Group Aktiengesellschaft	10.8	8.2	7.6
John Bean Technologies Corporation	13.7	11.7	10.1
Krones AG	7.5	6.8	5.7
<b>Average</b>	<b>11.6</b>	<b>9.8</b>	<b>8.5</b>
<b>ILPRA</b>	<b>5.1</b>	<b>4.6</b>	<b>4.2</b>
<i>Premium/Discount to Peers</i>	-56%	-53%	-51%

FactSet and PMI Capita Research data as of September 27<sup>th</sup>, 2022. Group data and PMI Capital Research estimates for Ilpra

**INDUSTRY COMPARISON**
**Ilpra Spa (ILP-IT):** PMI Capital Research estimates and Factset Data

**EGM Sector:** average data for companies listed on EGM included in the Producer Manufacturing sub sector: ATON Green Storage (ATON-IT), Clabo (CLA-IT), Comer Industries (COM-IT), COFLE (CFL-IT), Esautomation (ESAU-IT), Fervi (FVI-IT), Gel (GEL-IT), Gibus (GIBUS-IT), Jonix (JNX-IT), Marzocchi Pompe (MARP-IT), Nusco (NUS-IT), Omer (OMER-IT), OSAI Automation System (OSA-IT), Racing Force Group (RFG-IT), Sciuker Frames (SCK-IT), Serbino (SEB-IT), Tenax International (TNX-IT), Vimi Fasteners (VIM-IT).

**Industry Peers:** average data for a selected group industrial peer: Alfa Laval AB (ALFA-SE), GEA Group Aktiengesellschaft (G1A-DE), John Bean Technologies Corporation (JBT-US), Kronos AG (KRN-DE) and SPX Flow, Inc. (FLOW-US).

**EGM All:** average financial and market data for all the companies listed on EGM, reported price performance data are related to the FTSE Italia Index (Tecnoprobe excluded)

	ILP-IT	Producer Manufacturing		XS0072
	Ilpra	EGM Sector	Peers Avg	FTSE Italia Growth
<b>Key Financials FY21</b>				
Revenues	42,2	94,0	3.480	31,5
EBITDA	9,0	14,9	486	4,8
EBITDA %	21,3%	15,8%	14,0%	15,3%
EBIT	7,0	10,9	340	1,7
EBIT %	16,6%	11,6%	9,8%	5,3%
Earnings	5,3	7,1	255	1,1
Earnings %	12,6%	7,5%	7,3%	3,4%
Net Debt	-3,4	11,6	183	2,0
ND/EBITDA	-0,4	0,8	0,4	0,4
FY18-20 Revenues CAGR	2%	-28%	-3%	-3%
FY21-23 Revenues CAGR	9%	12%	11%	23%
FY18-20 Earnings CAGR	27%	-6%	-24%	-8%
FY21-23 Earnings CAGR	10%	23%	16%	95%
<b>Market Data</b>				
Market Cap	45,7	81,2	4.276	50,7
EV	45,8	92,3	7.713	53,7
Free Float	22,51%	27,47%	69,85%	33,76%
ADTT YTD (Eu k)	35.916	31.660	72.170.747	45.806
<b>Market Multiples</b>				
EV/Sales 2022	1,0	1,0	1,4	1,7
EV/Sales 2023	0,9	0,9	1,3	1,2
EV/EBITDA 2022	4,6	5,7	9,8	10,2
EV/EBITDA 2023	4,2	4,8	8,5	7,0
EV/EBIT 2022	5,7	9,0	13,7	13,6
EV/EBIT 2023	5,0	7,3	11,4	10,3
P/E 2022	9,7	16,5	17,7	22,0
P/E 2023	8,6	10,9	14,8	16,8
Earnings Yield	10,3%	6,1%	5,7%	4,6%
<b>Stock Performance</b>				
1D	3,5%	-1,9%	3%	-0,1%
1W	-4,0%	-8,7%	-4%	-4,3%
1M	-1,6%	-10,3%	-8%	-6,0%
3M	2,7%	-11,6%	0%	-4,2%
6M	1,6%	-19,2%	-9%	-14,5%
YTD	-16,9%	-27,0%	-27%	13,9%
1Y	-11,2%	-23,4%	-22%	-20,4%

 FactSet and PMI Capital Research data as of September 27<sup>th</sup>, 2022.

### Company Profile

ILPRA S.p.A., is an innovative SME specialized in the design and production of packaging machines for food, cosmetics, and medical applications. Headquartered in Mortara (Lombardy), and with 265 FTEs, the Group is currently among the principal players in the market thanks to its wide range of high-quality "Made in Italy" products and cutting-edge technological solutions. A continuous commitment to invest in R&D has allowed the Group to internally develop innovative packaging technologies and techniques ready to satisfy customers every need. Since foundation in 1955 the Group has been able to successfully expand in international markets and can now boast over 17.750 machines installed worldwide a widespread network of distributors and service centres and direct presence in 6 countries (Italy, UK, Hong Kong, UAE, India, and Russia). In FY21 Ilpra closed with consolidated revenues of Euro 44 m, of which approx. 64% generated outside the domestic market, and an EBITDA of Euro 9 m, with an EBITDA margin of 21%. Net profit was of Euro 5.3 m with a net margin of 12% and a Net Cash position of Euro 3.4 m.

### Strategy

Ilpra's Management is committed to a strategy based on three key strategic pillars:

**Innovation:** continuous investments in training, innovative technological tools and R&D activities

**Quality:** adapt production facilities to "Industry 4.0" requirements and introduction of Lean Manufacturing logics

**Internationalization:** opening of new subsidiaries abroad. Focus on France, Germany, Eastern Europe, Turkey, Australia, Central America, and the US.

**External Growth:** focus on targets which allow the Group to consolidate its competitive market position and expand its subsidiary network abroad.

### Products

The Group focuses on the production of packaging machinery with particular focus on three main types: heat sealers, fillers, welders and thermoformers, covering most of the packaging market. Machines are designed to suit both customers who have small and medium productions and customers with high productivity automatic lines, integrating with other machinery for large volume productions.

To ensure maximum customer satisfaction and high-quality standards, machines are entirely designed in Italy in the Mortara plant. ILPRA offers a wide range of machines such as FoodPack Tray Sealer, Fill Seal Pot Filler, FormPack Thermoformer, Form Fill Seal, End Of Line as well as design of custom complete lines.

### Innovation

As a registered innovative SME, ILPRA makes significant investments in R&D (over Euro 2.3 m in the last three years). The Group has developed the innovative patented ProGas technology which is based on an exclusive work cycle that can be applied to ILPRA's packaging machines. The Company has also developed E-Mec, a technology based entirely on the electro-mechanical motion of workstations. The R&D department works constantly to anticipate market trends and created technologically advanced systems and solutions. Management is currently focusing on the following areas of innovation:

- Development of new production lines
- Industry 4.0
- Environmental impact reduction policies
- Human resources growth and training

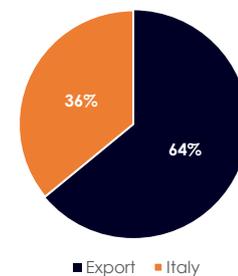
### Board

- Maurizio Bertocco – President and CEO
- Gianluca Apicella – Board Member
- Liborio Livio Portera – Board Member
- Andrea Zini – Board Member
- Paolo Arata – Board Member
- Vittorio Vecchio – Board Member
- Carlo Alberto Carnevale Maffè – Independent Board Member

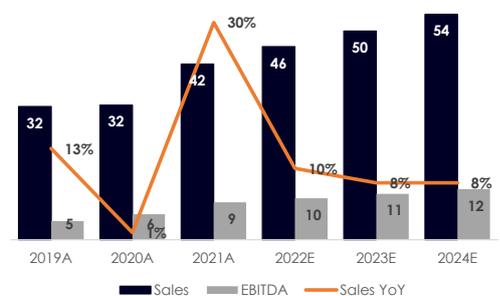
### Key Shareholders

HOLDS S.r.l.	77.49%
Market	22.51%

### Sales breakdown FY21



### Sales and EBITDA growth FY19A-24E



## ILPRA ON EURONEXT GROWTH MILAN

### IPO

Trading Market: Euronext Growth Milan

Date: February 15th, 2019

Price: 2.10

Capital raised: Euro 5.3 m

Capitalisation: Euro 25.3 m

### SHARES (as of September 27<sup>th</sup>, 2022)

Code: ILP

Bloomberg: ILP IM

Reuters: ILP.MI

ISIN: IT0005359101

Shares: 12,038,600

Price: Euro 3.80

Performance from IPO: +81%

Capitalisation: Euro 46 m

Free Float 22.51%

EGA: Integrae Sim SpA

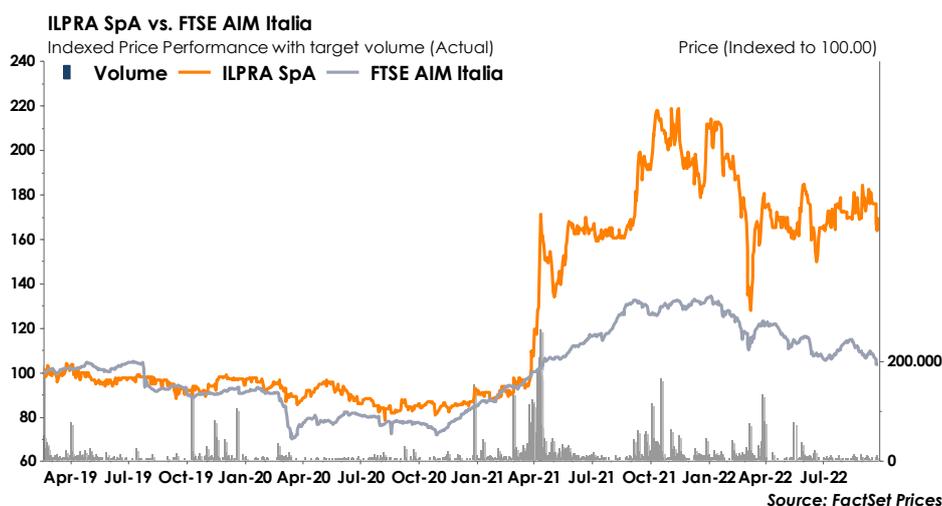
### OWNERSHIP

Through the indirect holding in Holds, the Bertocco family controls 77.49% of the shares. ILPRA Spa currently holds 102.000 own shares equal to a 0.8473% of the share capital.

Shareholder	N° of shares	%
HOLDS S.r.l.	9.328.400	77,49%
Free Float	2.710.200	22,51%
<b>Total</b>	<b>12.038.600</b>	<b>100,00%</b>

Source: Company data as of September 27<sup>th</sup>, 2022

### STOCK PERFORMANCE



**DISCLAIMER**

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Date	Target Price	Market Price	Validity Time
September 28 <sup>th</sup>	7.55	3.80	12 months
April 5 <sup>th</sup> , 2022	7.55	3.92	12 months
September 28 <sup>th</sup> , 2021	6.88	4.28	12 months
April 13 <sup>th</sup> , 2020	5.62	3.84	12 months
September 30 <sup>th</sup> , 2020	3.40	1.90	12 months
April 29 <sup>th</sup> , 2020	3.10	2.12	12 months
October 31 <sup>st</sup> , 2019	3.53	2.00	12 months
April 11 <sup>th</sup> , 2019	3.30	2.26	12 months

**VALUATION METHODOLOGY (HORIZON: 12M):** IR Top obtained a fair value using different valuation methodologies including Discounted Cash Flow method and Multiple-based models. Detailed information about the valuation or methodology and the underlying assumptions and information about the proprietary model used is accessible at IR Top premises.

**RESEARCH TEAM:**

Luisa Primi, (Senior Analyst, AIAF Associated)

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