

ENERGICA MOTOR COMPANY

Voluntary Tender Offer on Group's Share Capital

Recently announced tender offer. Energica Motor Company (EMC), innovative SME and global leader in the high-performing electric motorcycles niche market, has recently announced that its major shareholders and founders CRP Meccanica, Maison ER & Cie, CRP Technology, Andrea Vezzani and Giampiero Testoni and EMC have entered into a framework agreement with Ideanomics related to the launch, by Ideanomics, of a voluntary tender offer on 100% of the company's ordinary shares at a price of EUR 3.20/share. Following the conclusion of the tender offer, Ideanomics should increase its ownership stake in EMC from 20% to approximately 70%. The offer is expected to be promoted in October 2021 and will be aimed at having EMC's shares delisted from trading on AIM Italy. Ideanomics is a US company (Nasdaq-listed) that facilitates the adoption of commercial electric vehicles and supports next-generation financial services and fintech products. We recall that it had already entered the group's share capital with a 20% stake following the subscription of a tranche of a capital increase.

1H21 Results. Net sales stood at Euro 3.4 m, +54% yoy growth (vs Euro 2.2 m in 1H20): despite the global issues related to the procurement of materials, transport times and the various lockdowns imposed on dealers in different areas of the world, the group was able to continue its activity regularly and to significantly increase orders. The commercial start-up phase of the Company is still ongoing and although 1H21 showed a significant improvement, at current volumes revenues are not yet sufficient to cover fixed costs, hence EBITDA was negative of Euro 3.4 m, worsening yoy (Euro 2.7 m in 1H20) due to investments in new workforce, in view of the increase in orders, and to an increase in expenses for technical consultancy and technical investments. After D&As of Euro 0.6 m (Euro 1.3 m in 1H20), EBIT stood at Euro -3.9 m and net result was negative for Euro 4.0 m, both in line with last year results. Net cash was Euro 6.9 m, improving vs. the net debt of Euro 1.6 m posted at FY20: at the beginning of March 2021, EMC successfully completed a EUR 14.9M capital increase with the entry of Ideanomics as a strategic investor in the group's share capital, with a stake of 20%.

EMC continued its investment plan. The objective for EMC Company is to reduce production costs by 2% starting from the 1H21 and reaching a saving of 19% by the end of the second half: the Company aims at an improvement on average production cost of 8% in 2021 and more than 20% in 2022. The plan envisages total investments of approximately € 2.2 million, of which € 1.9 million will be allocated to Research and Development: indeed, on April 19, the Company was awarded the Emilia Romagna Regional Authority's tender that will finance investment of over Euro 0.8 m in research and development. Lastly, as part of the E-Power project together with Dell'Orto, EMC signed an agreement with Reinova with the aim of continuing and strengthening E-Power's modular approach by further expanding its range, and its technical support and development capacity to OEMs.

Estimates and conclusions. Given all the above, our outlook for the Company remains positive as we believe that efforts to strengthen its leadership in the high-performance e-motorcycle market coupled with the goal of progressively improving financials. Apart from that, investors are now more focused, for sure, on the development linked to the tender offer than on financials.

Consequently, while awaiting the results of the deal, we decided to leave unchanged our FY21-23 expectations forecasts.

Sector: Manufacturing

Market Price (Euro)	3.17
Market Cap (Euro m)	97
EV (Euro m)	99
As of October 17 th 2021	

Share Data

Market	AIM Italia
Reuters/Bloomberg	EMC IM
ISIN	IT0005143547
N. of Shares	30,640,982
Free Float	36.25%
Main Shareholder	CRP Meccanica
CEO	Livia Cevolini

Financials

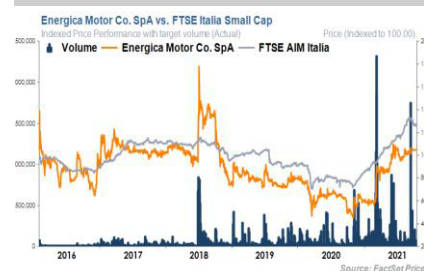
	2020A	2021E	2022E	2023E
Sales	6.0	12.0	24.0	32.5
YoY %	+91%	+98%	+101%	+35%
Revenues	6.7	14.8	32.2	41.5
YoY %	+18%	+121%	+117%	+29%
EBITDA	(4.4)	(3.8)	1.9	4.1
EBITDA %	n.m.	n.m.	6%	10%
EBIT	(6.2)	(5.0)	0.1	2.0
EBIT %	n.m.	n.m.	0.5%	5%
Net Income	(6.3)	(5.1)	0.1	1.5
Net Debt (Cash)	1.6	(7.5)	(4.3)	(3.6)

Performance

	1M	3M	6M
Absolute	+3.3%	-0.6%	+
Relative (FTSE AIM Italia)	+11%	+3%	+
52-week High/Low (Eu)	3.34		1.37

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During the last 12 months, the following indications have been disseminated:

	Target Price	Market Price	Validity Time
October 18 th , 2021	U.R.	3.17	12 months
May 13 th , 2021	U.R.	2.60	12 months
October 19 th , 2020	U.R.	1.55	12 months
September 2 nd , 2020	U.R.	1.93	12 months
January 28 th , 2020	U.R.	2.30	12 months

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Edoardo Fumagalli (Analyst)

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