

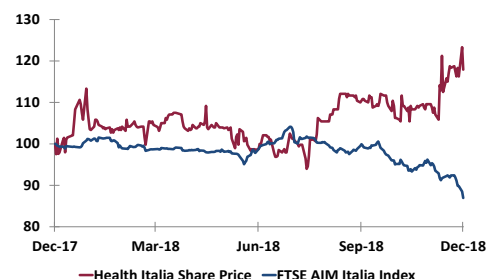


NEUTRAL

Current Share Price (€): 5.66

Target Price (€): 6.37

Health Italia - 1Y Performance



Source: S&P Capital IQ - Note: 11/12/2017=100

Company data

ISIN number	IT0005221004
Bloomberg code	HI IM
Reuters code	HI.MI
Share Price (€)	5.66
Date of Price	11/12/2018
Shares Outstanding (m)	14.3
Market Cap (€m)	81.1
Market Float (%)	24.0%
Daily Volume	38,850
Avg Daily Volume YTD	13,602
Target Price (€)	6.37
Upside (%)	13%
Recommendation	NEUTRAL

Share price performance

	1M	3M	1Y
Health Italia - Absolute (%)	7.6%	6.4%	17.9%
FTSE AIM Italia (%)	-9.6%	-12.7%	-13.0%
1Y Range H/L (€)		5.92	4.51
YTD Change (€)/%		0.46	8.8%

Source: S&P Capital IQ

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Double-digit growth in H1 2018, new businesses costs delay bottom line expectations

Revenues up over 20% and net income at breakeven, two acquisitions

In H1 2018 Health Italia's revenues grew by over 20% on H1 2017, reaching €13.5m. EBITDA decreased from €2.3m, 21% margin in H1 2017 to €1.7m, 13% margin in H1 2018, due to startup costs of the businesses acquired and of the Health Points project. The period result was at breakeven. Net financial debt as of June 2018 grew to €4.6m, from €1.6m as of year-end 2017.

Two acquisitions completed:

- 51% of Fingerlinks, IT company specialized in software development and engaged in HI software projects, for a consideration of €240k
- 90% of Eugheia, private medical practice in Rome, for a consideration of €280k

Ongoing Health Points project

A new Health Point was recently opened in Rome, the 9th in Italy. One more is foreseen in 2018, a further step towards the target of 20 within 2020, within the Group strategy envisaged in the 2018-20 business plan.

Projections updated, longer road towards 2020 targets

Following H1 2018 results, we have confirmed our revenue estimates for HI, given the revenue increase rate of the first six months of the year. Due to the startup of new businesses, which are still in an early stage phase, we have fine-tuned our estimates to factor in the H1 lower profitability level facing a growing invested capital. The impact of the estimates revision is more visible in 2018E, while profitability levels in 2019-20E are almost aligned to prior estimates. We will monitor year-end figures for the first results of the Health Points project and other new businesses looking for a deeper divisional analysis, based on disclosed information, and consequent fine-tuning of estimates.

Target Price €6.37 per share, NEUTRAL recommendation

Our updated projections reflect the reduced profitability of the current year together with a better outlook for other indicators. The updated DCF model (11% WACC, 3% G) yields a Target Price of €6.37 per share (from €6.03), 13% over current share price. We rate Health Italia's stock Neutral, from Outperform.

Key financials and estimates

€m	2017E	2018E	2019E	2020E
Revenues	21.8	32.3	41.5	52.7
EBITDA	5.0	5.9	9.7	12.9
<i>Margin</i>	22.9%	18.4%	23.5%	24.5%
EBIT	4.3	4.4	7.9	10.8
<i>Margin</i>	19.8%	13.5%	18.9%	20.4%
Net Income	2.9	2.5	5.3	7.3
Operating Working Capital	6.4	7.7	9.4	10.9
Net Invested Capital	28.1	30.0	30.7	31.1
Net (Debt) Cash	(1.6)	(2.3)	1.3	6.2
Equity	26.4	27.8	32.0	37.3

Source: Company data 2017A; EnVent Research 2018-20E

H1 2018: Revenues up over 20% and net income at breakeven, two acquisitions

**Revenues keep growing,
profitability lags behind**

In H1 2018 Health Italia reported €13.5m consolidated revenues, over 20% higher than H1 2017. Services and personnel costs rose respectively by 45% and 34%, the latter driven by new workforce. Leases also increased, by 38%, while other operating costs were stable at €0.9m. EBITDA was €1.7m, 13% margin, a decrease of 26% compared to H1 2017, when it was €2.3m (21% margin). The decrease in profitability is attributable to startup costs of the businesses acquired and of the Health Points project, still in a development phase. EBIT was €0.9m (6% margin), down 57%, after higher D&A driven by amortization of group acquisitions.

The period result was at breakeven.

Due to divisional results and details on operating costs no longer disclosed in the interim financial statements, our reclassified statements are reported, differently from the past, without detail of revenue breakdown and variable costs on gross income, such as fee expense.

Consolidated Profit and loss

€m	H1 2017	H1 2018
Revenues	9.9	13.2
Other income	1.0	0.3
Total Revenues	10.9	13.5
YoY %	-	24.4%
Services	(5.9)	(8.5)
Personnel	(1.5)	(2.1)
Leases	(0.2)	(0.3)
Other operating costs	(0.9)	(0.9)
EBITDA	2.3	1.7
Margin	21.2%	12.6%
D&A	(0.3)	(0.9)
EBIT	2.0	0.9
Margin	18.2%	6.3%
Interest	(0.0)	(0.2)
Writedown of financial assets	(0.1)	(0.3)
EBT	1.9	0.3
Margin	17.0%	2.4%
Income taxes	(0.6)	(0.3)
Net Income (Loss)	1.2	0.0
Margin	11.3%	0.2%

Source: Company data

Reported EBITDA vs EBITDA by EnVent Research as per international practice

Reconciliation (€m)	H1 2017	H1 2018
Reported EBITDA	2.8	2.3
Provisions	(0.3)	(0.3)
Bonus to the network of promoters	0.0	(0.2)
Other contingent operating charges	(0.4)	(0.1)
EnVent Research EBITDA	2.3	1.7

Source: EnVent Research

On the balance sheet side, operating working capital increased from €6.4m as of year-end 2017 to €7.5m at June 2018, driven by both receivables and payables, respectively up 13% and 10%. Other assets and liabilities increased by €0.4m. Fixed assets increased by 20% reflecting investments into new Health Points.

Net financial debt as of June 2018 grew to €4.6m, from €1.6m as of year-end 2017. Equity was €25.7m, down by €0.7m for the combined effect of dividends distribution and an increase in the hedging reserve for the convertible bond.

Consolidated Balance Sheet

€m	H1 2017	2017	H1 2018
Receivables	13.6	13.2	14.9
Payables	(4.2)	(6.8)	(7.5)
Operating Working Capital	9.4	6.4	7.5
Other assets (liabilities)	0.8	1.2	1.6
Net Working Capital	10.2	7.6	9.1
Intangible assets	0.9	2.8	2.7
Goodwill	2.5	8.2	7.7
Fixed assets	0.2	7.6	9.1
Financial assets	4.6	2.8	2.8
Non-current assets	8.2	21.4	22.2
Provisions	(0.7)	(1.0)	(1.0)
Net Invested Capital	17.7	28.1	30.3
Cash and cash equivalents	(0.6)	(2.1)	(3.5)
Marketable securities	0.0	0.0	(4.6)
Bonds	0.0	0.4	9.8
Short-term bank debt	0.4	0.5	0.2
Long-term bank debt	0.0	2.8	2.6
Other financial debt	0.0	0.1	0.1
Net Debt (Cash)	(0.2)	1.6	4.6
Shareholders' equity	17.9	25.4	24.9
Minorities	0.0	1.0	0.8
Equity	17.9	26.4	25.7
Sources	17.7	28.1	30.3

Source: Company data

Invested capital reaches €30m

Consolidated Cash Flow

€m	H1 2017	H1 2018
EBIT	2.0	0.9
Current taxes	(0.6)	(0.3)
D&A	0.3	0.9
Provisions	0.1	0.1
Cash flow from P&L operations	1.8	1.5
Operating Working Capital	(3.9)	(1.1)
Other assets and liabilities	(1.3)	(0.4)
Capex	(0.3)	(1.7)
Cash flow minus capex and working capital	(3.8)	(1.7)
Interest	(0.0)	(0.2)
Financial assets	(0.0)	(0.3)
Paid-in capital / IPO proceeds, net	3.6	0.0
Dividends	0.0	(1.2)
Reserves	(0.1)	0.4
Net cash flow	(0.4)	(3.0)
Net (Debt) Cash - Beginning	0.6	(1.6)
Net (Debt) Cash - End	0.2	(4.6)
Change in Net (Debt) Cash	(0.4)	(3.0)

Source: Company data

Ratio analysis

KPIs	H1 2017	H1 2018
ROE (Net Income / EoP Equity)	14%	7%
ROS (EBIT/Revenues)	18%	6%
DSO	203	167
DPO	94	120
OWC / Revenues	43%	31%
Net Debt (Cash) / EBITDA	cash	1.0x
Net Debt (Cash) / Equity	cash	0.2x
Debt / (Debt+Equity)	cash	0.2x
Cash flow from P&L operations / EBITDA	77%	88%
CF / EBITDA	neg.	neg.

Source: Company data

Period facts

New Health Point

Health Italia recently opened its ninth Health Point, in Rome; one more foreseen in 2018, to reach the target of 20 within 2020.

Group changes in H1 2018

Two acquisitions:

- 51% of Fingerlinks, IT company specialized in software development and engaged in HI software projects, for a consideration of €240k

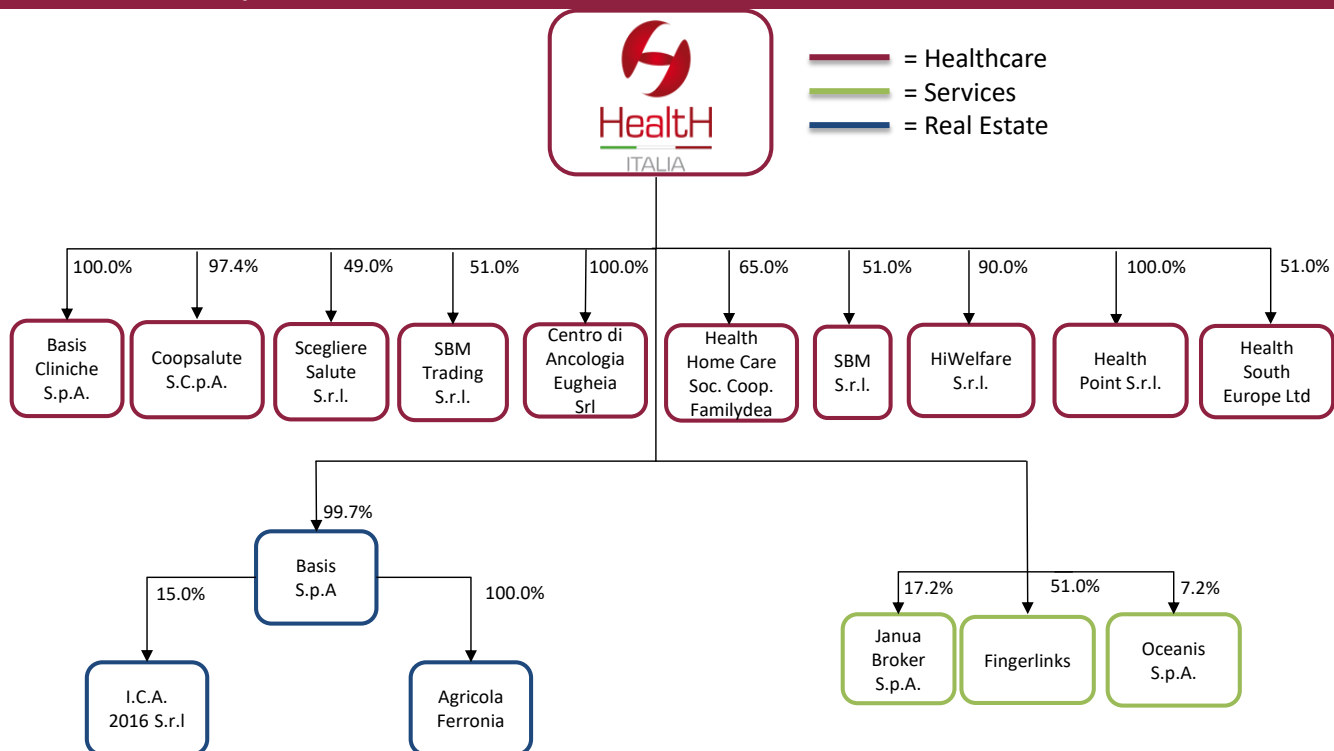
- 90% of Eugheia, private medical practice in Rome, for a consideration of €280k

Consolidation of group companies:

- 100% of Basis Cliniche
- 100% of SBM Trading

The updated group structure is:

Health Italia - Group structure



Source: Company data - Update: November 2018

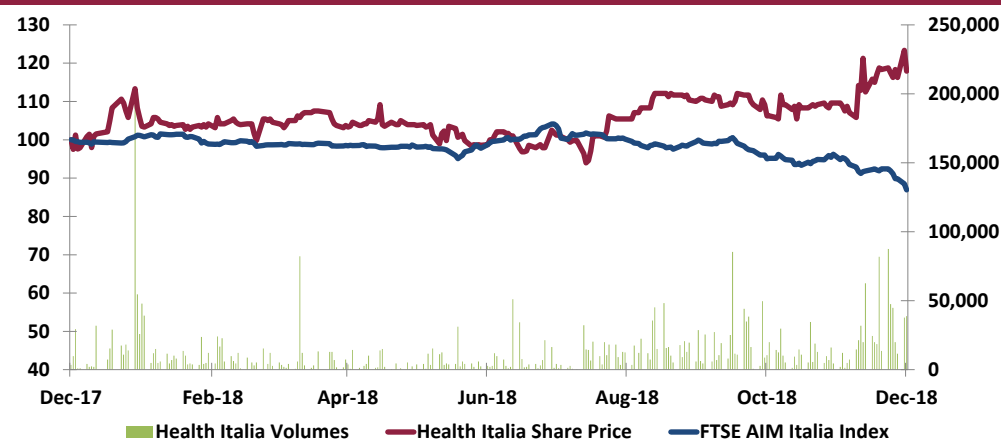
Trading update

Over 30% outperformance over AIM Italia index

HI's shares in the last 12 months traded in the range €4.51-5.92, with beginning price at €4.80 and ending at €5.66, a 18% increase

In the same period, the FTSE AIM Italia decreased by 13%

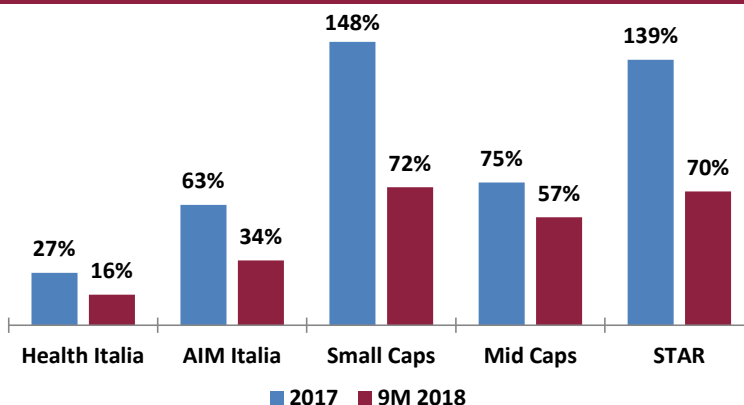
Health Italia - 1Y share price performance and trading volumes



Source: S&P Capital IQ - Note: 11/12/2017=100

Low trading volume in 9M 2018,
with 2.2m traded shares out of
14.3m shares outstanding

Health Italia - Liquidity analysis and velocity turnover



Source: EnVent Research on Bloomberg - Note: The velocity turnover is the ratio of total traded shares to total ordinary shares in a given period

Management guidance

We recall that in January 2018, HI's Management announced its guidance for 2018-20 business plan targets:

- Over €60m revenues in 2020, +285% vs 2017
- Over €20m EBITDA, +300% vs 2017
- Earnings before tax over 30% of revenues
- +300% increase of net equity by 2020

Estimates update

We confirm our revenue estimates for HI, given the revenue increase rate of the first six months of the year. We recall that our 2020 revenue estimate is more conservative compared to Management's guidance which envisages over €60m revenues in 2020.

On the operating profits side, following H1 2018 results we have fine-tuned our estimates to factor in a lower profitability level due to the startup of new businesses and have thus postponed by one year the achievement of the EBITDA margin target of over 25% (which is lower compared to the 30% EBITDA margin target of the Company for 2020). In our opinion, the early stage of the businesses under development suggests a conservative set of assumptions. On the cash flow side, we feel comfortable with our capex estimates, thanks to the progress of the Health Point opening program. Consistently, most investments should be concentrated in 2018 and 2019 and recurring investments would decrease from 2020 on.

The impact of the estimates update is mainly visible in 2018E, while profitability levels in 2019-20E are aligned to prior estimates.

We will monitor year-end actual results for a deeper analysis based on disclosed

information and fine-tuning of estimates.

Change in estimates

€m	Revised			Previous			Change % (Rev. vs. Prev.)		
	2018E	2019E	2020E	2018E	2019E	2020E	2018E	2019E	2020E
Revenues	32.3	41.5	52.7	32.3	41.5	52.7	0%	0%	0%
EBITDA	5.9	9.7	12.9	7.4	10.2	13.2	-20%	-4%	-2%
<i>Margin</i>	18%	23%	25%	23%	24%	25%			
EBIT	4.4	7.9	10.8	5.9	8.4	11.2	-26%	-7%	-4%
<i>Margin</i>	14%	19%	20%	18%	20%	21%			
Net Income (Loss)	2.5	5.3	7.3	3.8	5.7	7.7	-35%	-7%	-4%
Net (Debt) Cash	(2.3)	1.3	6.2	0.0	4.5	10.9	n.m.	-70%	-43%

Source: EnVent Research

Financial projections

Our assumptions and estimates are reported differently from our previous Research Notes, due to reduced disclosure of information in Company's interim statements.

Assumptions

Revenues	<ul style="list-style-type: none"> • Fee income: +20-25% YoY • Services to partners: +20% YoY • Health Points: +10 points in 2018E, +5 in 2019E, +5 in 2020E, €500k yearly revenue per store • Nutraceuticals-SBM: starting from €0.8m in 2017, +50% YoY in 2018-20E • Other income: +15% YoY
Operating costs	<ul style="list-style-type: none"> • Fee expense (included in Services), 50% of fee income • Other services 22% of revenues • Personnel +40% in 2018E, factoring in H1, then +10% YoY • Leases 2-3% of revenues • Other operating costs: consumables and provisions at H1 2018 level, stable; write-down of current receivables 2%; other expenses 7-8% of revenues
Income taxes	<ul style="list-style-type: none"> • Corporate tax (IRES): 24% • Regional tax (IRAP): 3.9%
Working capital	Operating Working Capital estimated by (historical level): <ul style="list-style-type: none"> • DSO 170,160,150 • DPO 155, 150, 145 Other working capital at H1 level in 2018, then decreasing for debt repayment
Capex	<ul style="list-style-type: none"> • Intangible assets: €1m per year, of which €0.5m recurring capex and €0.5m R&D for the nutraceutical business • Fixed assets €300k per year for Health Points

Dividends	40% Payout ratio
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Source: EnVent Research

Consolidated Profit and Loss

€m	2017A	2018E	2019E	2020E
Revenues	21.4	31.9	41.2	52.3
Other income	0.4	0.4	0.4	0.4
Total Revenues	21.8	32.3	41.5	52.7
YoY %	18.6%	48.0%	28.7%	26.8%
Services	(11.6)	(17.4)	(22.0)	(27.7)
Personnel	(3.0)	(4.3)	(4.7)	(5.2)
Leases	(0.4)	(1.0)	(1.0)	(1.9)
Other operating costs	(1.8)	(3.7)	(4.1)	(5.0)
EBITDA	5.0	5.9	9.7	12.9
Margin	22.9%	18.4%	23.5%	24.5%
D&A	(0.7)	(1.6)	(1.9)	(2.1)
EBIT	4.3	4.4	7.9	10.8
Margin	19.8%	13.5%	18.9%	20.4%
Interest	(0.1)	(0.5)	(0.5)	(0.5)
Writedown of financial assets	0.0	(0.3)	0.0	0.0
EBT	4.3	3.5	7.3	10.2
Margin	19.7%	10.9%	17.6%	19.4%
Income taxes	(1.4)	(1.0)	(2.1)	(2.9)
Net Income (Loss)	2.9	2.5	5.3	7.3
Margin	13.2%	7.7%	12.7%	14.0%

Source: Company data 2017A; EnVent Research 2018-20E

Consolidated Balance Sheet

€m	2017A	2018E	2019E	2020E
Receivables	13.2	18.1	22.0	26.2
Payables	(6.8)	(10.4)	(12.6)	(15.3)
Operating Working Capital	6.4	7.7	9.4	10.9
Other assets (liabilities)	1.2	1.6	1.2	1.0
Net Working Capital	7.6	9.3	10.6	11.9
Intangible assets	2.8	3.9	4.2	4.3
Goodwill	8.2	7.2	6.2	5.2
Fixed assets	7.6	8.0	8.1	8.2
Financial assets	2.8	2.8	2.8	2.8
Non-current assets	21.4	21.9	21.3	20.4
Provisions	(1.0)	(1.2)	(1.2)	(1.3)
Net Invested Capital	28.1	30.0	30.7	31.1
Net Debt (Cash)	1.6	2.3	(1.3)	(6.2)
Equity	26.4	27.8	32.0	37.3
Sources	28.1	30.0	30.7	31.1

Source: Company data 2017A; EnVent Research 2018-20E

Consolidated Cash Flow

€m	2017A	2018E	2019E	2020E
EBIT	4.3	4.4	7.9	10.8
Current taxes	(1.4)	(1.0)	(2.1)	(2.9)
D&A	0.7	1.6	1.9	2.1
Provisions	0.4	0.2	0.1	0.1
Cash flow from P&L operations	4.0	5.1	7.8	10.1
Operating Working Capital	(1.0)	(1.3)	(1.7)	(1.5)
Other assets and liabilities	(1.7)	(0.4)	0.4	0.2
Capex	(0.5)	(2.0)	(1.3)	(1.3)
Cash flow minus capex and working capital	0.9	1.4	5.1	7.5
Interest	(0.1)	(0.5)	(0.5)	(0.5)
Financial assets	0.0	(0.3)	0.0	0.0
Basis and SBM fixed assets and goodwill contribution	(15.3)	0.0	0.0	0.0
Financial receivable writedown from contribution in ki	2.0	0.0	0.0	0.0
Equity increase from contribution in kind	7.8	0.0	0.0	0.0
Paid-in capital / IPO proceeds, net	3.6	0.0	0.0	0.0
Dividends	(1.0)	(1.2)	(1.0)	(2.1)
Net cash flow	(2.2)	(0.6)	3.6	4.9
Net (Debt) Cash - Beginning	0.6	(1.6)	(2.3)	1.3
Net (Debt) Cash - End	(1.6)	(2.3)	1.3	6.2
Change in Net (Debt) Cash	(2.2)	(0.6)	3.6	4.9

Source: Company data 2017A; EnVent Research 2018-20E

Ratio analysis

KPIs	2017A	2018E	2019E	2020E
ROE (Net Income / EoP Equity)	10.9%	9.0%	16.4%	19.7%
ROS (EBIT / Revenues)	19.8%	13.5%	18.9%	20.4%
ROIC (NOPAT / EoP Invested Capital)	11.1%	10.5%	18.5%	25.0%
DSO	184	170	160	150
DPO	158	155	150	145
OWC / Revenues	29.3%	23.9%	22.7%	20.8%
Net Debt (Cash) / EBITDA	0.3x	0.4x	cash	cash
Net Debt (Cash) / Equity	0.1x	0.1x	cash	cash
Debt / (Debt+Equity)	0.1x	0.1x	n.m.	n.m.
Cash flow from P&L operations / EBITDA	79.8%	86.2%	79.5%	78.3%
CF / EBITDA	17.3%	23.6%	52.4%	58.2%
Dividend yield	1.6%	1.4%	2.9%	4.1%
Pay-out ratio	41%	40%	40%	40%

Source: Company data 2017A; EnVent Research 2018-20E

Valuation

Discounted Cash Flows

DCF assumptions updated as to market factors:

- Risk free rate: 1.8% (Italian 10-year government bonds interest rate - 3Y average. Source: Bloomberg, December 2018)
- Market return: 14.0% (3Y average. Source: Bloomberg, December 2018)

- Market risk premium: 12.2%
- Beta: Unlevered Beta 0.9; Re-levered Beta 1.2 (Median Beta of selected comps. Source: Bloomberg, December 2018)
- Cost of equity: 16.1%
- Cost of debt: 4.5%
- Tax rate (IRES): 24%
- 40% debt/(debt + equity) as sustainable capital structure
- WACC 11.0%
- Perpetual growth rate after explicit projections: 3%
- Terminal Value assumes a normalized sustainable EBIT margin of 20%

DCF Valuation

€m	2017A	2018E	2019E	2020E	Perpetuity
Revenues	21.8	32.3	41.5	52.7	54.3
EBITDA	5.0	5.9	9.7	12.9	13.0
<i>Margin</i>	<i>22.9%</i>	<i>18.4%</i>	<i>23.5%</i>	<i>24.5%</i>	<i>24.0%</i>
EBIT	4.3	4.4	7.9	10.8	11.7
<i>Margin</i>	<i>19.8%</i>	<i>13.5%</i>	<i>18.9%</i>	<i>20.4%</i>	<i>21.6%</i>
Taxes	(1.2)	(1.2)	(2.2)	(3.0)	(3.3)
NOPAT	3.1	3.2	5.7	7.8	8.5
D&A	0.7	1.6	1.9	2.1	1.3
Provisions	0.4	0.2	0.1	0.1	0.0
Cash flow from operations	4.2	4.9	7.6	10.0	9.8
Operating Working Capital	(1.0)	(1.3)	(1.7)	(1.5)	(0.3)
Other assets and liabilities	(1.7)	(0.4)	0.4	0.2	0.0
Capex	(0.5)	(2.0)	(1.3)	(1.3)	(1.3)
Free cash flow	1.1	1.2	5.0	7.4	8.2
WACC	11.0%				
Long-term growth (G)	3.0%				
Discounted Cash Flows		1.2	4.5	6.0	
Sum of Discounted Cash Flows	11.7				
Terminal Value					104.8
Discounted TV	85.0				
Enterprise Value	96.7				
Net Debt as of 30/06/18	(4.6)				
Minorities as of 30/06/18	(0.8)				
Equity Value	91.2				
DCF - Implied multiples	2017A	2018E	2019E	2020E	
EV/Revenues	4.4x	3.0x	2.3x	1.8x	
EV/EBITDA	19.4x	16.3x	9.9x	7.5x	
EV/EBIT	22.4x	22.1x	12.3x	9.0x	
P/E	31.6x	36.5x	17.3x	12.4x	

Source: EnVent Research

Target Price

For Health Italia's valuation, we rely on the analytical DCF method, in view of the comparability issues that may impact the reliability of the market multiple method. Our updated projections reflect the reduced profitability of the current year and a better outlook for other indicators, which, altogether, confirm the overall value perspective associated with current management guidelines.

The updated DCF valuation model yields a Target Price of €6.37 per share, from €6.03. Given the 13% premium on current share price, we assign a Neutral rating to the stock, from our previous Outperform rating.

Health Italia Price per Share	€
Target Price	6.37
Current Share Price (11/12/2018)	5.66
Premium (Discount)	13%

Source: EnVent Research

Please refer to important disclosures at the end of this report.

Market update

Peer Group - Market Multiples

Company	EV/REVENUES			EV/EBITDA			EV/EBIT			P/E		
	2018E	2019E	2020E	2018E	2019E	2020E	2018E	2019E	2020E	2018E	2019E	2020E
Health Italia	2.6x	2.0x	1.6x	14.1x	8.6x	6.5x	19.1x	10.6x	7.7x	31.2x	14.8x	10.6x
Assiteca	1.5x	1.5x	1.4x	9.9x	9.6x	8.8x	11.3x	10.8x	9.9x	14.2x	13.4x	13.4x
Aon	4.1x	3.9x	3.7x	15.7x	14.4x	13.2x	16.7x	15.0x	13.9x	19.4x	17.6x	16.2x
Arthur J Gallagher	2.5x	2.3x	2.2x	14.7x	13.0x	n.a.	33.1x	27.6x	21.8x	22.0x	19.1x	17.2x
Brown & Brown	4.2x	3.6x	3.5x	13.7x	12.0x	11.3x	17.4x	n.a.	n.a.	22.7x	20.7x	19.2x
Marsh & McLennan	3.2x	3.1x	2.9x	13.6x	12.2x	11.4x	16.3x	14.7x	13.7x	19.8x	18.4x	17.2x
Jardine Lloyd Thompson	3.1x	2.9x	2.7x	13.9x	12.3x	11.3x	20.5x	16.9x	15.3x	30.6x	23.5x	20.6x
Steadfast	4.3x	3.7x	3.4x	14.6x	12.0x	10.8x	17.3x	14.2x	12.6x	23.1x	19.2x	17.4x
Willis Towers Watson	2.8x	2.7x	2.6x	11.5x	10.8x	10.1x	14.1x	12.5x	12.2x	15.7x	14.6x	13.6x
Mean	3.2x	3.0x	2.8x	13.4x	12.0x	11.0x	18.3x	16.0x	14.2x	21.0x	18.3x	16.9x
Mean w/out extremes	3.3x	3.0x	2.9x	13.7x	12.0x	11.0x	17.0x	14.7x	13.5x	20.5x	18.3x	16.8x
Median	3.2x	3.0x	2.8x	13.8x	12.1x	11.3x	17.0x	14.7x	13.7x	20.9x	18.8x	17.2x

Source: S&P Capital IQ - Update 27/11/2018

Investment thesis

Health Italia, listed on AIM Italia, is a promoter of complementary health solutions and provider of healthcare service management for mutual benefit societies, mutual health funds and healthcare funds.

Health Italia has created a unique business model for the promotion of complementary health solutions:

- 169 employees
- 3,200 promoters
- 3,700 approved healthcare facilities
- 400,000 persons assisted

A network of proprietary Health Points providing primary prevention through diagnostics, exams and other healthcare services and Nutraceutical research and products have been added to the business portfolio.

We see several investment positives:

- Italian private healthcare expense continues to gain ground
- Unique highly scalable business model with a wide and integrated offer
- Strong client growth thanks to three specialized sales networks and a wide geographical coverage
- Visibility of future revenues helped by a strong customer loyalty, implying, according to Management, a high client retention rate, together with the length of contracts life (around 1-3 years)
- Highly skilled and experienced team

Risks to rating and target price

Downside risks include:

- Wide persons assisted base, but high revenue concentration from partners
- A relatively low cost and high margin growing segment for new entrants
- Operational and IT risks since HI's operations and service perception rely extensively on IT applications, including customized software developed in-house
- Reputation of the network of promoters
- Regulatory environment

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Rating rationale:

OUTPERFORM: stocks are expected to have a total return of at least 20% in the mid-term;

NEUTRAL: stocks are expected to have a performance consistent with market or industry trend and appear less attractive than Outperform rated stocks;

UNDERPERFORM: stocks are among the least attractive in a peer group;

UNDER REVIEW: target price under review, waiting for updated financial data, or other key information such as material transactions involving share capital or financing;

SUSPENDED: no rating/target price assigned, due to material uncertainties or other issues that seriously impair our previous investment ratings, price targets and earnings estimates;

NOT RATED: no rating or target price assigned.

The stock price indicated is the reference price on the day indicated as “Date of Price” in the table on the front page of this publication.

DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

Date	Recommendation	Target Price (€)	Share Price (€)
23/05/2017	NEUTRAL	4.74	4.09
24/11/2017	UNDER REVIEW	n.a.	4.44
29/05/2018	OUTPERFORM	6.03	4.83
11/12/2018	NEUTRAL	6.37	5.66

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