

# IDNTT

**Strong growth in FY21 results, with double digit increase on all operational KPIs**

**Sector: Technology**

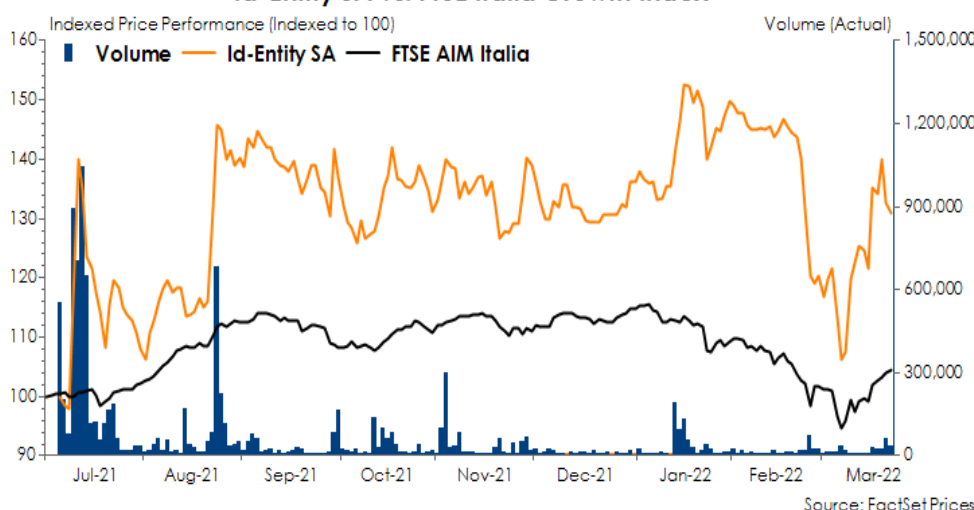
**FY21 sales at Euro 8.5 m, strictly in line with expectations.** In 2H21, the revenue trend confirmed what expected, driving FY21 revenues to Euro 8.5 m recording a consistent growth of 44.2% compared to Euro 5.9 m in the previous year (FY20 was already up 40% compared to FY19). Thanks to the acquisition of new long-term contracts, both Italian and international, and the consolidation of relations with all major customers, all business lines are growing double and triple digit. Enterprises, which represent 60.4% of revenues, grew by 34% YoY, followed by Public Administrations (+135% vs. FY20) and SMEs (+15% YoY): the increase in this last one category, the most affected by the pandemic of last two years, is a demonstration of the resilience of the Group and how it is able to adapt itself to changing market conditions.

**Profitability and cash positive NFP above expectations.** FY21 EBITDA was Euro 2.5 m (Euro 2.3 m expected) with a 29.1% EBITDA margin (27.4% expected) vs. 26.8% as of prior year: such EBITDA growth of 57% was made possible by the development of MarTech software solutions that reduced processing times and a general rationalization and containment of all structural costs. Net profit of Euro 1.7 m came in slightly above our estimates (Euro 1.53 m) with a jump of 77.3% compared to Euro 0.9 m achieved in FY20. Net debt at the end of the period considered was of Euro 2.8 m, vs. Euro 1.3 m also growing from Euro 0.8 m cash positive registered in FY20: this result highlights the Group's great ability to generate cash, without recourse to bank debt.

**Estimate revision and valuation.** Given the above, we have confirmed and maintained our FY22 estimates substantially unchanged and we expect an EBITDA margin of c. 29% hence implying a FY22 EBITDA of Euro 3.3 m (Euro 3.4 m pr.). Net Income is expected to reach Euro 2.5 m and we also kept our expectations unaltered for FY23 now assuming sales of Euro 13.7 as we expect the Group to pursue the technological development and the strengthening of the organizational structure through, also, operations of M&A and internationalization.

Based on our updated estimates and peers' multiple re-rating since our last update in September 2021, we set a new target price of Euro 5.70 p.s. (5.45 pr.) providing for an upside on current stock price of 70%. Our valuation was obtained by weighting equally the DCF and the multiple comparison analysis. At our target price the stock would be trading at FY22E/23E EV/EBITDA multiples of 11.6x and 8.9x.

## Id-Entity SA vs. FTSE Italia Growth Index



**Target Price 5.70 (5.45 pr.)**

Price (€ m) **3.27**

Market Cap (€ m) **24.43**

EV (€ m) **21.60**

*As of April 4<sup>th</sup>, 2022*

### Share Data

Market	Euronext Growth Milan
Reuters/Bloomberg	IDNTT:IM
ISIN	CH1118852594
N. of Shares	7,470,000
Free Float	25.97%
CEO	Christian Traviglia

### Financials

	2020A	2021A	2022E	2023E
<b>Sales</b>	<b>5.9</b>	<b>8.5</b>	<b>11.2</b>	<b>13.7</b>
YoY %	+40%	+44%	+32%	+22%
<b>EBITDA</b>	<b>1.6</b>	<b>2.5</b>	<b>3.3</b>	<b>4.3</b>
EBITDA %	27%	29%	29%	32%
<b>EBIT</b>	<b>1.3</b>	<b>2.1</b>	<b>2.9</b>	<b>4.0</b>
EBIT %	22%	25%	26%	29%
<b>Net Income</b>	<b>1.0</b>	<b>1.7</b>	<b>2.5</b>	<b>3.4</b>
<b>Net Debt</b>	<b>(0.8)</b>	<b>(2.8)</b>	<b>(5.2)</b>	<b>(8.4)</b>

### Performance

	1M	3M	6M
Absolute %	11.9	-4.11	-1.95
Relative (FTSE Italia Growth)	8.54	5.49	5.26
52-week High/Low (Eu)	3.97	/	2.30

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## KEY FINANCIALS

Profit&Loss Statement	2019A	2020A	2021A	2022E	2023E
Revenues (VoP)	4.2	5.9	8.5	11.2	13.7
EBITDA	0.7	1.6	2.5	3.3	4.3
EBIT	0.4	1.3	2.1	2.9	4.0
Financial Income (charges)	0.0	0.0	0.0	0.0	0.0
Extraordinary items	-0.1	-0.1	-0.1	0.0	0.0
Pre-tax profit (loss)	0.2	1.2	1.9	2.9	4.0
Taxes	0.0	-0.2	-0.2	-0.4	-0.6
Minorities	0.0	0.0	0.0	0.0	0.0
Net profit (loss)	0.2	0.9	1.7	2.5	3.4

Balance Sheet					
Net working capital (NWC)	0.7	-0.6	0.9	1.1	1.4
Net fixed assets	0.6	0.7	0.8	0.7	0.6
M/L Funds	0.0	-0.2	-0.2	-0.2	-0.2
Net Capital Employed	1.2	0.0	1.4	1.6	1.7
Net Debt	0.2	-0.8	-2.8	-5.2	-8.4
Minorities	0.0	0.0	0.0	0.0	0.0
Equity	1.0	0.8	4.3	6.7	10.1

Cash Flow					
Net Income		0.9	1.7	2.5	3.4
Non-cash items		0.4	0.4	0.4	0.3
Change in Working Capital		1.2	-1.5	-0.2	-0.2
Cash Flow from Operations		2.6	0.6	2.6	3.5
Capex		-0.3	-0.4	-0.4	-0.3
Operating Free Cash Flow		2.3	0.2	2.2	3.2
Dividend		-1.1	0.0	0.0	0.0
Other (equity)		0.0	0.0	0.0	0.0
Free Cash Flow		1.2	0.2	2.2	3.2

Ratios					
EBITDA margin	15.5%	26.8%	29.1%	29.2%	31.7%
EBIT margin	9.4%	21.7%	25.0%	26.1%	29.2%
Net Debt/Equity	16.5%	-105.0%	-66.4%	-76.5%	-82.7%
Net Debt/(Net Debt + Equity)	14.2%	2113.2%	-197.3%	-326.3%	-477.9%
Net Debt/EBITDA	0.25	-0.51	-1.14	-1.57	-1.93
Interest cover EBIT	24.69	116.27	303.71	243.56	199.18
ROE	16.4%	123.8%	39.5%	36.8%	33.4%
ROCE	35.9%	-4078.4%	164.5%	213.1%	261.8%

Growth Rates					
Revenues (VoP)		40%	44%	32%	22%
EBITDA		142%	57%	32%	32%
EBIT		224%	66%	37%	36%
Net Profit		477%	77%	47%	36%

Source: Group Consolidated Data & PMI Capital Research Estimates

#### Revenue breakdown by segment

	2021	%	2020	%	Δ %
SMEs	1.438	16.9%	1.252	21,2%	+14,9%
Enterprises	5.126	60.4%	3.827	64,9%	+33,9%
Public Administration	1.918	22.6%	0.816	13,8%	+135%
<b>Total sales</b>	<b>8.481</b>	<b>100%</b>	<b>5.895</b>	<b>100%</b>	<b>+44%</b>

#### Revenue breakdown by geography

	2021	%	2020	%	Δ %
Italy	6.471	76,3%	4.962	84,2%	+30,4%
Switzerland	125	1,5%	30	0,5%	+316%
Europe	1.885	22,2%	904	15,3%	+109%
<b>Total sales</b>	<b>8.481</b>	<b>100%</b>	<b>5.895</b>	<b>100%</b>	<b>+44%</b>

#### Estimate revision – Euro m

Euro m	20A	21A	22E Old	22E New	23E Old	23E New
<b>Revenues (VdP)</b>	<b>5,8</b>	<b>8,5</b>	<b>11,2</b>	<b>11,2</b>	<b>13,8</b>	<b>13,7</b>
yoy	+40%	+44%	30%	+32%	+23%	+23%
<b>EBITDA</b>	<b>1,6</b>	<b>2,9</b>	<b>3,4</b>	<b>3,3</b>	<b>4,5</b>	<b>4,3</b>
margin	27%	15%	30%	29%	33%	32%
<b>EBIT</b>	<b>1,3</b>	<b>2,1</b>	<b>3,0</b>	<b>2,9</b>	<b>4,1</b>	<b>4,0</b>
margin	22%	25%	27%	29%	30%	29%
<b>Net Profit</b>	<b>0,95</b>	<b>1,7</b>	<b>2,5</b>	<b>2,5</b>	<b>3,4</b>	<b>3,4</b>
yoy	+488%	+71%	+59%	+47%	+36%	+36%
<b>EPS</b>	<b>0,12</b>	<b>0,22</b>	<b>0,33</b>	<b>0,33</b>	<b>0,45</b>	<b>0,45</b>

Euro m	20A	21A	22E Old	22E New	23E Old	23E New
Net Working Capital (NWC)	(0,6)	0,89	0,3	1,1	1,0	1,4
Fixed net assets	0,7	0,750	0,7	0,7	0,6	0,6
Funds	(0,19)	(0,2)	(0,2)	(0,2)	(0,2)	(0,2)
<b>Net Capital Employed</b>	<b>(0,04)</b>	<b>1,4</b>	<b>0,8</b>	<b>1,6</b>	<b>1,4</b>	<b>1,7</b>
<b>Net Debt (Cash)</b>	<b>(0,8)</b>	<b>(2,8)</b>	<b>(4,0)</b>	<b>(5,2)</b>	<b>(7,7)</b>	<b>(8,4)</b>
<b>Equity</b>	<b>0,8</b>	<b>4,3</b>	<b>6,7</b>	<b>6,7</b>	<b>6,3</b>	<b>10,1</b>
<b>Sources</b>	<b>(0,04)</b>	<b>1,4</b>	<b>0,8</b>	<b>1,6</b>	<b>1,4</b>	<b>1,7</b>

Source: Company Data and PMI Capital Research Estimates

## VALUATION UPDATE

### Valuation Summary

Method	Weight	Price (Eu p.s.)	Equity Value (Eu m)
Multiple analysis EV/EBITDA, P/E 22/23 and Peers	50%	5.04	37.66
DCF (WACC 7.84% and g 1.0%)	50%	6.32	47.21
<b>Target Price</b>	<b>100%</b>	<b>5.70</b>	<b>42.44</b>

Source: PMI Capital Research Estimates

### Multiples Comparison

Companies	Country	Market Cap	Price	Sales 2022E	Sales YoY 22/21	EBITDA % 2022E	NI % 2022E
Antevenio SA	FR	66.1	4.4	107.1	7%	7%	130%
Dentsu Group	JP	10,475.9	36.3	8,622.5	3%	19%	81%
Septeni Holdings	JP	1,027.5	4.9	219.5	32%	24%	178%
SYZGY AG	DE	82.4	6.1	66.4	11%	18%	103%
Next Fifteen Communication	GB	1,618.9	16.6	612.0	44%	23%	147%
<b>Average</b>		<b>2,654.1</b>		<b>1,925.5</b>	<b>19%</b>	<b>18%</b>	<b>128%</b>
<b>IDNTT</b>	<b>IT</b>	<b>24.4</b>	<b>3.3</b>	<b>11,195</b>	<b>32%</b>	<b>29%</b>	<b>11%</b>

Source: FactSet data as of April 4<sup>th</sup>, 2022 and PMI Capital Research Estimates for IDNTT

Companies	EV/EBITDA			P/E		
	21A	22E	23E	21A	22E	23E
Antevenio SA	11.1	10.2	6.7	17.8	13.7	8.7
Dentsu Group	4.7	6.6	6.4	10.5	14.4	13.2
Septeni Holdings	10.3	9.9	8.4	23.1	25.7	21.6
SYZGY AG	9.3	8.9	8.1	19.3	18.2	16.1
Next Fifteen Communication	13.2	11.3	9.3	24.8	20.1	17.3
<b>Average</b>	<b>9.7</b>	<b>9.4</b>	<b>7.8</b>	<b>19.1</b>	<b>18.4</b>	<b>15.4</b>
<b>IDNTT</b>	<b>2.20</b>	<b>7.41</b>	<b>5.45</b>	<b>47.88</b>	<b>25.00</b>	<b>16.97</b>
Premium/Discount to Average Peers	-77%	-21%	-30%	151%	36%	10%

Source: FactSet data as of April 4<sup>th</sup>, 2022 and PMI Capital Research Estimates for IDNTT

## INDUSTRY COMPARISON

IDNTT Spa (IDNTT-IT): PMI Capital Research estimates and Factset Data

**EGM Sector:** average data for listed on EGM included in the Technology sub sector: Almwave (AIW-IT), Circle (CIRC-IT), CY4gate (CY4-IT), Cyberoo (CYB-IT), Datrix (DATA-IT), Defence Tech Holding (DTH-IT), DHH (DHH-IT), Digital Value (DGV-IT), Doxee (DOX-IT), Eles (ELES-IT), Esautomotion (ESAU-IT), Expert.ai (EXAI-IT), Finlogic (FNL-IT), FOS (FOS-IT), Growens (GROW-IT), Jonix (JNX-IT), MAPS (MAPS-IT), Matica Fintec (MFT-IT), MeglioQuesto (ICALL-IT), Neosperience (NSP-IT), Neurosoft (NRST-IT), OSAI Automation System (OSA-IT), Powersoft (PWS-IT), Prismi (PRM-IT), REEVO (REEVO-IT), Relatech (RLT-IT), Reti (RETI-IT), Softec (YSFT-IT), Sourcesense (SOU-IT), Tecma Solutions (TCM-IT), Vantea Smart (VNT-IT), Vetrya (VTY-IT), Websolute (WEB-IT).

**Industry Peers:** average data for a selected group industrial peers: Antevenio SA (ALANT-FR), Dentsu Group (4324-JP), Septeni Holdings (4293-JP), SYZGY AG (SYZ-DE), Next Fifteen Communication (NFC-GB).

**Euronext Growth Milan:** average financial and market data for all the companies listed on EGM, reported price performance data are related to the FTSE Italia Index.

	IDNTT-IT	Technology	XS0072	
	Id-Entity	EGM Sector	Peers Avg	FTSE Italia Growth
<b>Key financials (Euro m)</b>				
Revenues	8.5	44.4	1,802	36.0
EBITDA	2.5	6.4	423	4.2
EBITDA %	29.2%	14.4%	23.4%	11.5%
EBIT	2.1	4.2	394	7.9
EBIT %	25.1%	9.6%	21.9%	22.0%
Earnings	1.7	2.3	180	0.6
Earnings %	19.8%	5.2%	10.0%	1.8%
NFP	-2.8	-0.4	-182	3.4
NFP/EBITDA	-1.1	-0.1	-0.4	0.8
FY18-20 Revenues CAGR	9%	14%	-2%	9%
FY20-22 Revenues CAGR	38%	20%	11%	22%
<b>Market data</b>				
Market Cap Euro m	24.4	82.6	536	58.1
EV Euro m	21.6	82.3	2,680	59.9
Free Float	25.97%	37.67%	53.99%	40.15%
ADTT YTD (Eu k)	6,540	60,034	944,534,639	94,114
<b>Market Multiples</b>				
EV/Sales 2022	1.9	2.2	1.7	1.8
EV/Sales 2023	1.6	1.8	1.5	1.4
EV/EBITDA 2022	6.6	10.2	9.2	14.5
EV/EBITDA 2023	5.0	8.8	7.6	8.1
EV/EBIT 2022	7.4	14.4	11.2	16.3
EV/EBIT 2023	5.4	10.4	9.1	9.6
P/E 2022	9.9	21.2	18.0	25.6
P/E 2023	7.3	15.0	15.1	18.7
Earnings Yield	10.1%	4.7%	5.6%	3.9%
<b>Stock Performance</b>				
1D	-0.2%	-0.1%	2%	0.4%
1W	3.5%	0.3%	1%	0.5%
1M	12.0%	2.8%	4%	3.2%
3M	-4.1%	-10.6%	10%	-9.1%
6M	-1.1%	-6.7%	11%	-3.5%
YTD	-4.1%	-13.5%	10%	33.8%
1Y	n.a.	22.8%	24%	20.9%

FactSet and PMI Capital data as of April 1<sup>st</sup>, 2022, Group data and PMI Capital Research estimates for IDNTT

## IDNTT IN BRIEF

### Group Description

IDNTT is a Swiss-based international Martech Content Factory, founded in 2010 and active in the production of daily, multichannel, data driven contents aimed at promoting interaction and drive traffic on customers' social channels, ecommerce, and physical stores, with the ultimate objective to convert content consumption into online/offline sales and growing the client's brand awareness.

The Group distinguishes itself by its full-outsourcing business model based on highly industrialized ISO9001 certificated technology driven industrial processes which allows for efficiency and flexibility. IDNTT's internally developed proprietary software plays a fundamental role in the production process and is able to automatize up to 90% of the phases and/or activities of the content creation processes.

The Group operates with three business lines: Enterprises, Public Administration and SMEs to provide a client portfolio of over 5,000 clients (telco, consumer electronics, food, sports, and services) an extensive range of services and digital expertise.

### Strategy

#### Continuous client support:

- "AS-IS" client Analysis;
- On going screening of new needs;
- Continuous update on new digital trends

#### Measurable Results:

- Data driven creativity
- Conversion rate
- KPI monitoring (# of contents streamed, engagement, and more)

#### Full Outsourcing model w/processes efficiency:

- Daily content management
- Processes re-design and industrialization
- Workflow simplification
- Timely delivery
- Effectiveness and flexibility

#### Technology at its core MARTECH:

- Use of proprietary MARTECH solutions to optimize contents' elaboration times
- High efficiency due to limited use of resources
- Automated reporting
- Cloud operations

### Ownership

Shareholder	%
Christian Traviglia	64.66%
Umanware S.r.l.*	2.01%
Andrea Besana**	4.02%
Aerre People S.r.l.***	2.68%
Alberto Costa**	0.67%
Free float	25.97%
<b>Total</b>	<b>100.00%</b>

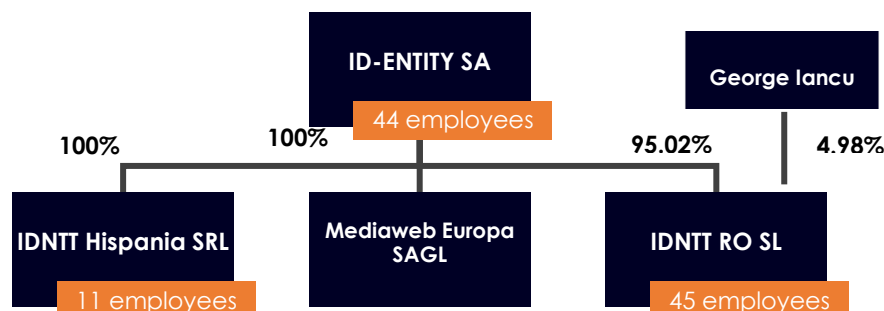
Source: Group presentation

\*Controlled for 95% by Christian Traviglia and for 5% by Roberta Mattiellig

\*\*Through PPA Professional Partners SA

\*\*\*87.16% controlled by Riccardo Adamo and 12.84% by Lorenzo Adamo

### Group Structure and international presence



Source: Group presentation & PMI Capital Research presentation

## **IDNTT ON EGM**

### **IPO**

Trading Market: Euronext Growth Milan – Borsa Italiana SpA

Date: July 06<sup>th</sup>, 2021

Price: 1.50 Eu

Capital raised: Eu m equity through a capital increase

Capitalisation: 12.9 Eu m

### **SHARES (as of April 04<sup>th</sup>, 2022)**

Code: IDNTT

Bloomberg: IDNTT:IM

Reuters: IDNTT.MI

ISIN ordinary shares: CH1118852594

Shares: 7.470.000

Price: Euro

Performance from IPO: +118%

Capitalisation: Euro 24.4 m

Free Float: 25.97%

NomAd: Integrae SIM S.p.A.

Specialist: Integrae SIM S.p.A.

### **WARRANT 2021-2024**

Alphanumeric Code: WIDNTT

ISIN: CH1120637330

Issued warrants: 1.690.000

Exercise ratio: 1 new instrument every 3 warrants held.

Exercise periods:

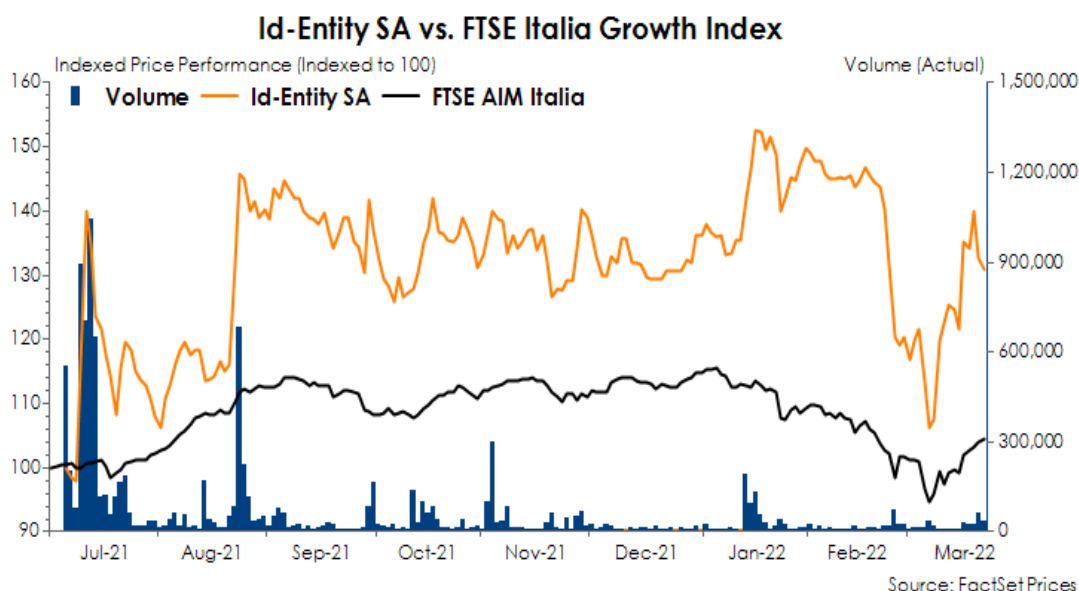
1<sup>st</sup> exercise period 14/07/2022 – 29/07/2022. exercise price € 2.21

3<sup>rd</sup> exercise period 01/11/22 – 30/11/2022. exercise price € 2.43

3<sup>rd</sup> exercise period 01/11/22 – 30/11/2022. exercise price € 2.67

Number of outstanding Warrants at April 04<sup>th</sup>, 2022: 1.690.000

## **STOCK PERFORMANCE**



DISCLAIMER



UPDATES: This Research is an update coverage made by IR Top Consulting S.r.l. (IR Top) on IDNTT SA (the "Company"). Update frequency might depend on circumstances considered to be important (corporate events and changes of recommendation, etc.) or on further advisory commitment. Last Research on the same Company was released on October 8<sup>th</sup> 2021. Opinions and estimates of this Research are as the date of this material and are subject to change. Information and opinions have been obtained from sources public and believed to be reliable, but no warranty is made as to their accuracy or correctness. Past performances of the Company are not guarantee of future results. During the last 12 months, the following indications have been disseminated:

Date	Target Price	Market Price	Validity Time
04 April 2022	5.70	3.27	12 months
08 October 2021	5.45	3.18	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. Moreover, IR Top used a proprietary model, "EGM Positioning rating", which incorporates a number of variables selected by IR Top based on research of "Osservatorio EGM", managed by IR Top and focused on research about performance of Companies listed on Euronext Growth Milan. 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:

Edoardo Fumagalli (Analyst, AIAF Associated)

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