

UPDATE

EQUITY RESEARCH

# Siav

## ISIM INTEGRÆ

Euronext Growth Milan | ECM&amp;BPO | Italy

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Rating  
**BUY**

unchanged

Target Price

**€ 6,80**

prev. € 7,10

Risk



Medium

Upside potential

**178,6%**

Key Financials (€/mln)	FY23A	FY24E	FY25E	FY26E
Revenues	32,09	39,50	46,55	53,50
EBITDA	5,34	8,00	10,25	12,50
EBIT	0,91	3,20	5,35	7,50
Net Profit	(0,46)	1,65	3,45	5,30
NFP	19,64	18,46	14,16	7,46
EBITDA margin	15,8%	20,0%	21,8%	23,1%
EBIT margin	2,7%	8,0%	11,4%	13,9%
Net Profit margin	-1,3%	4,1%	7,3%	9,8%

### Stock performance relative to FTSE Italia Growth



#### Stock Data

Price	€ 2,44
Target price	€ 6,80
Upside/(Downside) potential	178,6%
Ticker	SIAV IM
Market Cap (€/mln)	€ 22,38
EV (€/mln)	€ 42,02
Free Float	18,22%
Share Outstanding	9.170.625
52-week high	€ 4,60
52-week low	€ 2,20
Average daily volumes (3 months)	1.664

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Stock performance	1M	3M	6M	1Y
Absolute	-8,6%	-20,0%	-33,2%	-25,2%
to FTSE Italia Growth	-7,5%	-17,7%	-33,3%	-11,2%
to Euronext STAR Milan	-11,7%	-21,9%	-48,1%	-22,8%
to FTSE All-Share	-11,3%	-31,4%	-56,7%	-49,8%
to EUROSTOXX	-11,1%	-32,4%	-55,5%	-41,8%
to MSCI World Index	-10,8%	-29,9%	-53,4%	-48,7%

Main Ratios	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	7,9x	5,3x	4,1x	3,4x
EV/EBIT	46,3x	13,1x	7,9x	5,6x
P/E	n/a	13,6x	6,5x	4,2x

## FY23A Results

Revenues amounted to € 32.09 million, down 1.4% from € 32.54 million in FY22A. EBITDA was € 5.34 million, remaining substantially in line with that of FY22A, equal to € 5.83 million. The EBITDA margin for FY23A, calculated on the value of production, came in equal to 15.8%, compared to 17.3% in FY22A. EBIT was € 0.91 million, marking a decrease from the FY22A value of € 1.76 million. Net Income for the Group was € -0.46 million. On the balance sheet, the NFP went from € 16.51 million in FY22A to € 19.64 million in FY23A. We estimate a balance sheet debt NFP of € 7.46 million for FY26E.

## Estimates Update

In light of the results published in the annual report for FY23A, we have adjusted our estimates for both the current year and the coming years. In particular, we estimate an FY24E value of production of € 40.00 million, and an EBITDA of € 8.00 million, corresponding to a margin of 20.0%. In the following years, we expect the value of production to reach € 54.00 million (CAGR 23A-26E: 16.8%) in FY26E, with EBITDA equal to € 12.50 million (corresponding to a margin of 23.1%), increasing from € 5.34 million in FY23A (corresponding to an EBITDA margin of 15.8%).

## Valuation Update

We conducted our valuation of the equity value of Siav on the basis of the DCF method and multiples of a sample of comparable companies. The DCF method (including, for prudential purposes, a specific risk of 2.5% in the calculation of the WACC) returned an equity value of € 64.0 million. Using market multiples, the equity value of Siav was calculated to be € 60.7 million (including a 25% discount). The result gives an average equity value of approximately € 62.3 million. The target price is € 6.80, with a BUY rating and MEDIUM risk.

# Economics & Financials

TABLE 1 – ECONOMICS & FINANCIALS

CONSOLIDATED INCOME STATEMENT (€/mln)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenues	32,54	32,09	39,50	46,55	53,50
Other Revenues	1,21	1,78	0,50	0,50	0,50
<b>Value of Production</b>	<b>33,75</b>	<b>33,88</b>	<b>40,00</b>	<b>47,05</b>	<b>54,00</b>
COGS	0,43	0,46	0,50	0,55	0,60
Services	10,29	9,94	12,90	15,10	17,20
Use of Asset owned by others	0,36	0,38	0,40	0,40	0,40
Employees	16,66	17,55	18,00	20,50	23,00
Other Operating Costs	0,19	0,21	0,20	0,25	0,30
<b>EBITDA</b>	<b>5,83</b>	<b>5,34</b>	<b>8,00</b>	<b>10,25</b>	<b>12,50</b>
<i>EBITDA Margin</i>	<i>17,3%</i>	<i>15,8%</i>	<i>20,0%</i>	<i>21,8%</i>	<i>23,1%</i>
D&A	4,07	4,43	4,80	4,90	5,00
<b>EBIT</b>	<b>1,76</b>	<b>0,91</b>	<b>3,20</b>	<b>5,35</b>	<b>7,50</b>
<i>EBIT Margin</i>	<i>5,2%</i>	<i>2,7%</i>	<i>8,0%</i>	<i>11,4%</i>	<i>13,9%</i>
Financial Management	(0,75)	(1,26)	(1,10)	(1,10)	(1,10)
<b>EBT</b>	<b>1,01</b>	<b>(0,35)</b>	<b>2,10</b>	<b>4,25</b>	<b>6,40</b>
Taxes	0,15	0,10	0,45	0,80	1,10
<b>Net Income</b>	<b>0,86</b>	<b>(0,46)</b>	<b>1,65</b>	<b>3,45</b>	<b>5,30</b>

CONSOLIDATED BALANCE SHEET (€/mln)	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Fixed Assets</b>	<b>29,14</b>	<b>32,50</b>	<b>32,70</b>	<b>32,30</b>	<b>31,30</b>
Account receivable	11,52	11,55	13,70	16,00	18,20
Inventories	1,12	2,12	2,50	2,90	3,30
Account payable	9,85	9,59	12,30	14,40	16,40
<b>Operating Working Capital</b>	<b>2,80</b>	<b>4,08</b>	<b>3,90</b>	<b>4,50</b>	<b>5,10</b>
Other receivable	4,70	4,09	4,95	5,80	6,60
Other payable	7,74	9,29	9,70	11,30	12,90
<b>Net Working Capital</b>	<b>(0,24)</b>	<b>(1,11)</b>	<b>(0,85)</b>	<b>(1,00)</b>	<b>(1,20)</b>
Severance Indemnities & Other Provisions	1,90	1,81	1,80	2,10	2,30
<b>NET INVESTED CAPITAL</b>	<b>26,99</b>	<b>29,58</b>	<b>30,05</b>	<b>29,20</b>	<b>27,80</b>
Share Capital	0,31	0,31	0,31	0,31	0,31
Reserves	9,31	10,09	9,63	11,28	14,73
Net Income	0,86	(0,46)	1,65	3,45	5,30
<b>Equity</b>	<b>10,48</b>	<b>9,94</b>	<b>11,59</b>	<b>15,04</b>	<b>20,34</b>
Cash & Cash Equivalent	7,24	2,23	1,54	2,84	7,04
Short Term Financial Debt	4,70	6,98	6,50	6,00	5,50
M/L Term Financial Debt	19,06	14,89	13,50	11,00	9,00
<b>Net Financial Position</b>	<b>16,51</b>	<b>19,64</b>	<b>18,46</b>	<b>14,16</b>	<b>7,46</b>
<b>SOURCES</b>	<b>26,99</b>	<b>29,58</b>	<b>30,05</b>	<b>29,20</b>	<b>27,80</b>

CONSOLIDATED CASH FLOW (€/mln)	FY23A	FY24E	FY25E	FY26E
EBIT	0,91	3,20	5,35	7,50
Taxes	0,10	0,45	0,80	1,10
<b>NOPAT</b>	<b>0,80</b>	<b>2,75</b>	<b>4,55</b>	<b>6,40</b>
D&A	4,43	4,80	4,90	5,00
<b>Change in NWC</b>	<b>0,87</b>	<b>(0,26)</b>	<b>0,15</b>	<b>0,20</b>
Change in receivable	(0,02)	(2,15)	(2,30)	(2,20)
Change in inventories	(1,00)	(0,38)	(0,40)	(0,40)
Change in payable	(0,26)	2,71	2,10	2,00
Change in others	2,16	(0,44)	0,75	0,80
Change in provisions	(0,09)	(0,01)	0,30	0,20
<b>OPERATING CASH FLOW</b>	<b>6,01</b>	<b>7,28</b>	<b>9,90</b>	<b>11,80</b>
Capex	(7,79)	(5,00)	(4,50)	(4,00)
<b>FREE CASH FLOW</b>	<b>(1,78)</b>	<b>2,28</b>	<b>5,40</b>	<b>7,80</b>
Financial Management	(1,26)	(1,10)	(1,10)	(1,10)
Change in Financial debt	(1,89)	(1,87)	(3,00)	(2,50)
Change in equity	(0,08)	0,00	0,00	0,00
<b>FREE CASH FLOW TO EQUITY</b>	<b>(5,01)</b>	<b>(0,69)</b>	<b>1,30</b>	<b>4,20</b>

Source: Siav and Integrae SIM estimates

## Company Overview

Siav is an Italian software company, leader in the Enterprise Content Management (ECM) and Business Process Outsourcing (BPO) sector, and established in 1989 in Rubano, in the Province of Padua, by Alfieri Voltan, the current Chair of the Board of Directors. The Company heads an international group present in particular on the Italian market. The Group's offerings are divided into three main segments: proprietary document management software, vertical proprietary software and solutions and business process outsourcing services. The proprietary document management software segment is mainly concentrated in offering the proprietary software applications Archiflow, Silloge and Catflow, developed internally by Siav, which help customers implement highly-sophisticated and innovative digital transformation projects. The second segment is based on the offer of document management related vertical proprietary software platforms and solutions, such as the proprietary Quality & Audit Management platform Checker, the Health, Safety and Environment (HSE) Management platform Revo, the fintech Digital Financial Services Management platform MyCreditService, SAP dashboards for the integration of active and passive billing cycles and related administration and tax obligations, as well as solutions dedicated to the Healthcare world. Finally, the third segment concerns outsourcing services for the digitalization and electronic storage of documents, managed via a proprietary solution named Virgilio, and B2B electronic invoicing provided through the Siav Services Hub services portal.

## FY23A Results

TABLE 2 – ACTUAL VS ESTIMATES FY23A

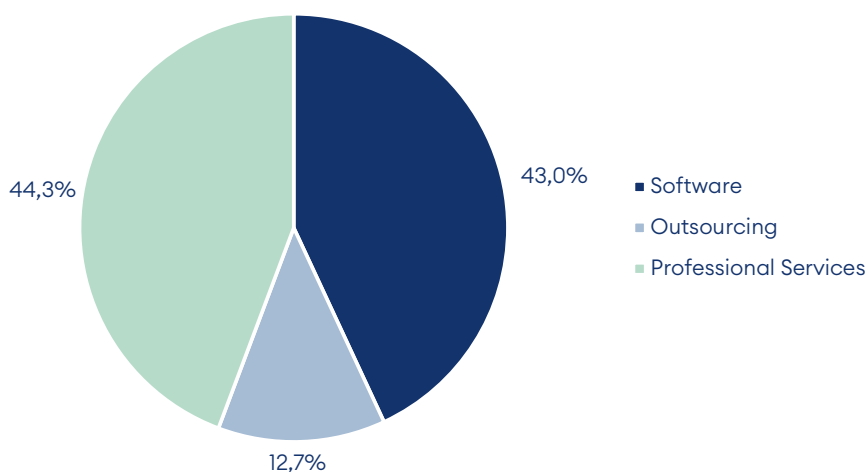
€/mln	Revenues	EBITDA	EBITDA %	EBIT	Net Income	NFP
FY23A	32,09	5,34	15,8%	0,91	(0,46)	19,64
FY23E	35,50	5,65	15,4%	1,45	0,65	18,02
Change	-9,6%	-5,6%	0,4%	-37,4%	n.m.	n/a

Source: Integrae SIM

In the annual results press release, Siav CEO Nicola Voltan commented: “2023 was a year of transition forming part of the expected transformation path. The changes were concentrated on guaranteeing an organizational structure that can respond effectively to future challenges and produce adequate margins, especially in a changing and uncertain market context such as this past year. The completion of investments in the new software platform, strengthening of the partner and alliance structure and concentration on our offering were the elements we concentrated on, in line with the new business model. The focus on what brings value, together with a recent cost efficiency campaign, will enable us to collectively and successfully face the new challenges in our reference market”.

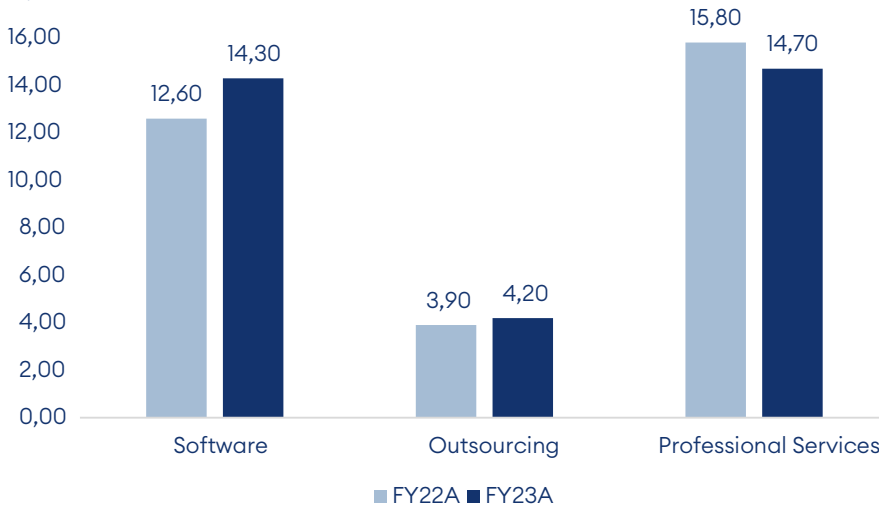
In the financial year just ended, revenues amounted to € 32.09 million, decreasing by 1.4% with respect to € 32.54 million FY22A. This decline is attributable to the postponement in the first months of the year of some projects involving the National Recovery and Resilience Plan projects concerning the healthcare segment, regarding the Local Public Administration business line. In FY23A, however, the Group implemented a strategic plan more oriented to the development of business lines with higher margins.

CHART 1 – REVENUES BREAKDOWN BY BUSINESS LINE FY23A



Source: Integrae SIM

CHART 2 – REVENUES BREAKDOWN BY BUSINESS LINE FY22A VS FY23A



Source: Integrae SIM

As illustrated by the graphs, the Software segment, representing 43.0% of total revenues, saw growth compared to the previous year, bringing in € 14.30 million, compared to € 12.60 in FY22A. The contribution of the Professional Services segment was also important, totaling € 14.70 million, and accounting for 44.3% of total revenues. We note that the 8.0% decline in the segment compared to the previous year is fully attributable to the Group's decision not to renew contracts with low margins, to re-orient the focus to segments with greater added value. Furthermore, Outsourcing segment revenues went from € 3.90 million in FY22A to € 4.20 million in FY23A (+8.0%), representing 12.7% of the total.

The value of production generated in FY23A came in equal to € 33.88 million, in line with the previous year (€ 33.75 million). We note that the value of production includes € 0.60 million of operating grants for R&D activities, compared to € 1.30 million in 2022. The significant reduction in the research and development tax credit was jointly attributable to lower investments in R&D and the halving of rates recognized by current legislation.

EBITDA was € 5.34 million, remaining substantially in line with that of FY22A, equal to € 5.83 million. The EBITDA margin for FY23A, calculated on the value of production, came in equal to 15.8%, compared to the FY22A figure of 17.3%. The reduction is attributable to the 2023 change in legislation regarding the calculation of R&D operating grants. As mentioned above, the halving of applicable rates, combined with the reduction in investments in software development, contributed to a lower EBITDA value. Net of this, the result for FY23A would have been equal to € 6.40 million, totaling a higher value than the EBITDA recorded in FY22A (€ 5.83 million).

EBIT, after amortization and depreciation of € 4.43 million, came in equal to € 0.91 million, marking a decrease from the FY22A value of € 1.76 million. The result is an EBIT margin that

went from 5.2% in FY22A to 2.7% in the reference period. As for Net Income, the Group recorded a value of € -0.46 million, down on the € 0.86 million of the previous year. The negative result is attributable to the subsidiaries, which, having not yet completed the start-up process, are experiencing difficulties in generating adequate profitability.

On the balance sheet, the NFP went from € 16.51 million in FY22A to € 19.64 million in FY23A. The NFP was negatively impacted by lower liquid assets, attributable to both investment activities and the new internal organization, which transferred the management of Application Maintenance On Premises (AM OnPrem) contracts to the newly established Inside Sales office. Only becoming operational in September 2023, the new organizational set-up postponed the renewal and billing of all AM OnPrem contracts to early 2024.

We note that, during the year, the new Connect platform (in its configuration for the public administration denominated Silloge) went LIVE at the leading Italian Promotion Institute. It is estimated that by the second half of 2024, the platform will be released for use by one of the most important Italian financial institutions. Furthermore, Siav was awarded four lots of the CONSIP tender for digital health application and support services for the public administrations of the national health service. The order will be completed by the end of 2024, for a value of between € 8.00 million and € 10.00 million.

## FY24E – FY26E Estimates

TABLE 3 – ESTIMATES UPDATES FY24E-26E

€/mln	FY24E	FY25E	FY26E
<b>VoP</b>			
New	40,00	47,05	54,00
Old	42,95	48,05	n/a
Change	-6,9%	-2,1%	n/a
<b>EBITDA</b>			
New	8,00	10,25	12,50
Old	8,90	12,25	n/a
Change	-10,1%	-16,3%	n/a
<b>EBITDA %</b>			
New	20,0%	21,8%	23,1%
Old	20,7%	25,5%	n/a
Change	-0,7%	-3,7%	n/a
<b>EBIT</b>			
New	3,20	5,35	7,50
Old	4,40	7,55	n/a
Change	-27,3%	-29,1%	n/a
<b>Net Income</b>			
New	1,65	3,45	5,30
Old	3,15	5,85	n/a
Change	-47,6%	-41,0%	n/a
<b>NFP</b>			
New	18,46	14,16	7,46
Old	15,17	8,97	n/a
Change	n/a	n/a	n/a

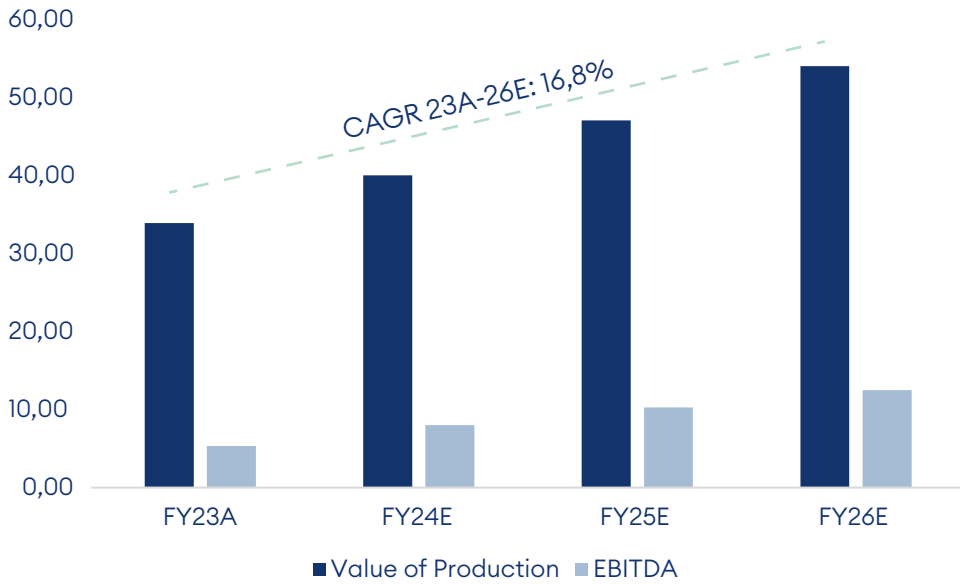
Source: Integrae SIM

In light of the results published in the annual report for FY23A, we have adjusted our estimates for both the current year and the coming years.

In particular, we estimate a value of production of € 40.00 million for FY24E, and an EBITDA of € 8.00 million, corresponding to a margin of 20.0%. In the following years, we expect the value of production to reach € 54.00 million (CAGR 23A-26E: 16.8%) in FY26E, with EBITDA equal to € 12.50 million (corresponding to a margin of 23.1%), up from € 5.34 million in FY23A (corresponding to an EBITDA margin of 15.8%).

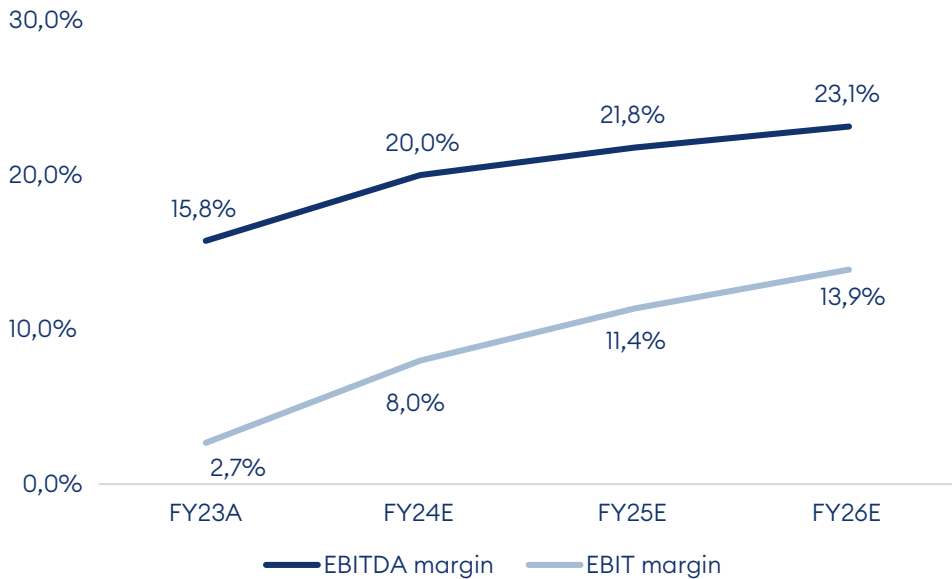
We estimate a balance sheet debt NFP of € 7.46 million for FY26E.

CHART 3 – VOP AND EBITDA FY23A-26E



Source: Integrae SIM

CHART 4 – MARGIN FY23A-26E



Source: Integrae SIM

CHART 5 – CAPEX FY23A-26E

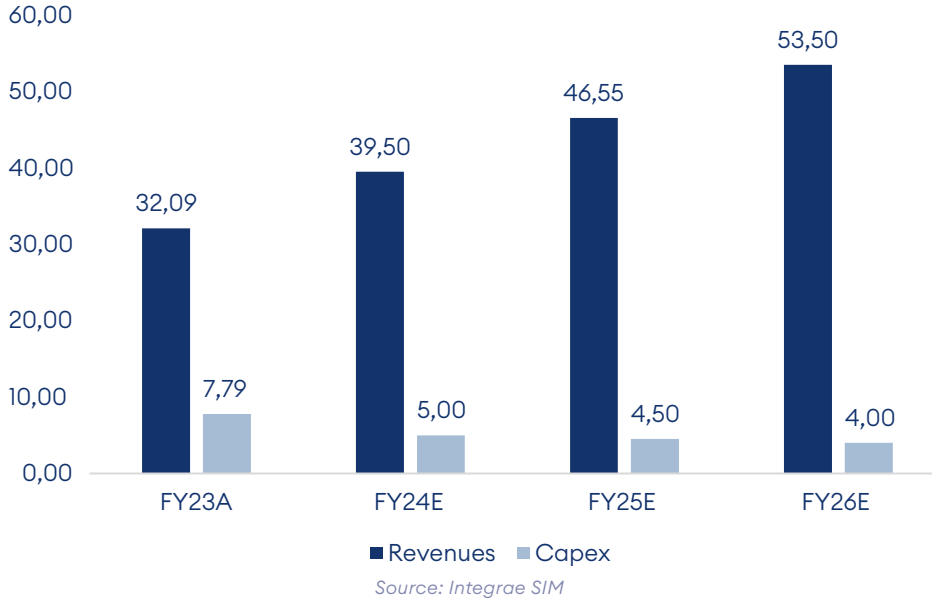
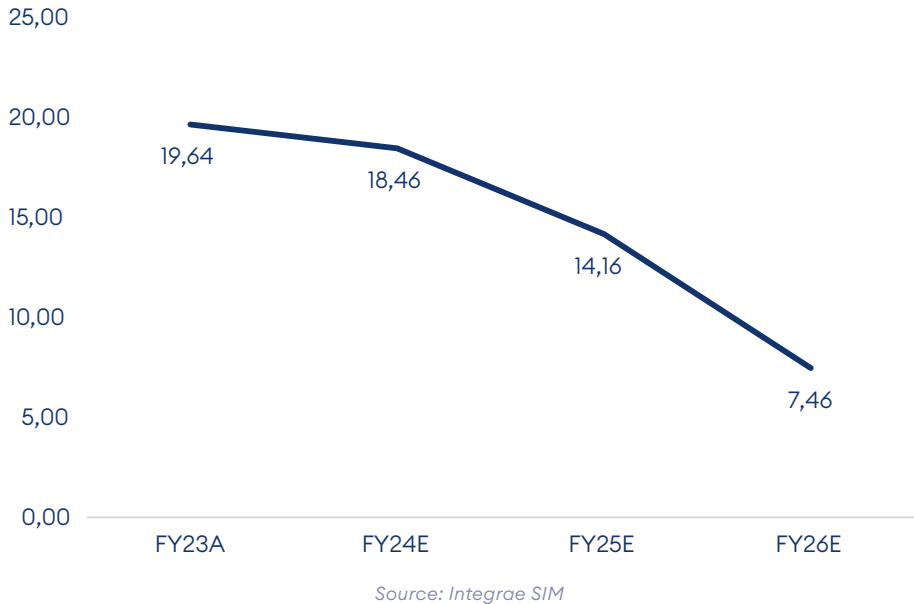


CHART 6 – NFP FY23A-26E



# Valuation

We conducted our valuation of the equity value of Siav on the basis of the DCF method and multiples of a sample of comparable companies.

## DCF Method

TABLE 4 – WACC

WACC				8,00%
D/E 150,00%	Risk Free Rate 3,14%	$\beta$ Adjusted 1,42	$\alpha$ (specific risk) 2,50%	
$K_d$ 3,00%	Market Premium 7,81%	$\beta$ Relevered 1,63	$K_e$ 16,74%	

Source: Integrae SIM

For prudential purposes, we included a specific risk of 2.5%. The result is therefore a WACC of 8.00%.

TABLE 5 – DCF VALUATION

DCF	% of EV	
FCFO actualized	11,4	14%
TV actualized DCF	72,2	86%
<b>Enterprise Value</b>	<b>83,6</b>	<b>100%</b>
NFP (FY23A)	19,6	
<b>Equity Value</b>	<b>64,0</b>	

Source: Integrae SIM

With the above data and taking our estimates and assumptions as a reference, the result is an **equity value of € 64.0 million**.

TABLE 6 – EQUITY VALUE – SENSITIVITY ANALYSIS

€/mln	Growth Rate (g)	WACC						
		6,5%	7,0%	7,5%	8,0%	8,5%	9,0%	9,5%
	3,0%	131,4	112,3	97,5	85,7	76,0	67,9	61,1
	2,5%	113,9	98,9	86,9	77,1	68,9	62,0	56,1
	2,0%	100,4	88,2	78,3	70,0	63,0	57,0	51,8
	1,5%	89,6	79,5	71,1	64,0	57,9	52,6	48,0
	1,0%	80,7	72,2	65,0	58,8	53,5	48,8	44,7
	0,5%	73,3	66,0	59,8	54,4	49,6	45,4	41,7
	0,0%	67,1	60,7	55,2	50,4	46,2	42,4	39,1

Source: Integrae SIM

## Market multiples

Our panel is made up of companies operating in the same sector as Siav. These companies are the same used to calculate Beta for the *DCF method*. The panel is made up of:

TABLE 7 – MARKET MULTIPLES

Company Name	EV/EBITDA			EV/EBIT			P/E		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Box Inc.	8,9 x	8,0 x	6,6 x	10,2 x	8,9 x	7,3 x	11,4 x	10,0 x	8,1 x
NTT Data Corp.	8,0 x	7,4 x	6,2 x	15,2 x	14,2 x	11,8 x	17,4 x	15,4 x	13,7 x
Esker SA	18,9 x	14,9 x	12,7 x	28,2 x	21,2 x	16,8 x	35,1 x	26,6 x	22,1 x
Objective Corp. Ltd.	15,2 x	13,7 x	9,8 x	19,7 x	17,2 x	13,8 x	21,0 x	19,4 x	17,1 x
Workday Inc.	18,5 x	15,6 x	13,1 x	20,9 x	17,4 x	14,5 x	26,0 x	22,1 x	18,6 x
<b>Peer median</b>	<b>15,2 x</b>	<b>13,7 x</b>	<b>9,8 x</b>	<b>19,7 x</b>	<b>17,2 x</b>	<b>13,8 x</b>	<b>21,0 x</b>	<b>19,4 x</b>	<b>17,1 x</b>

Source: Infincials

TABLE 8 – MARKET MULTIPLES VALUATION

€/mln	FY24E	FY25E	FY26E
<b>Enterprise Value (EV)</b>			
EV/EBITDA	121,60	140,43	122,50
EV/EBIT	63,04	92,02	103,50
P/E	34,65	66,93	90,63
<b>Equity Value</b>			
EV/EBITDA	91,20	105,32	91,88
EV/EBIT	47,28	69,02	77,63
P/E	25,99	50,20	67,97
<b>Equity Value post 25% discount</b>			
EV/EBITDA	72,74	91,16	84,42
EV/EBIT	28,82	54,86	70,17
P/E	25,99	50,20	67,97
<b>Average</b>	<b>42,52</b>	<b>65,40</b>	<b>74,19</b>

Source: Integrae SIM

The equity value of Siav was calculated using EV/EBITDA, EV/EBIT and P/E market multiples. After applying a 25.0% discount, the result is an **equity value of € 60.7 million**.

# Equity Value

TABLE 9 – EQUITY VALUE

Average Equity Value (€/mln)	62,3
Equity Value DCF (€/mln)	64,0
Equity Value multiples (€/mln)	60,7
<b>Target Price (€)</b>	<b>6,80</b>

Source: Integrae SIM

The results give an average equity value of approximately € 62.3 million. **The target price is therefore € 6.80 (prev. € 7.10). We confirm a BUY rating and MEDIUM risk.**

TABLE 10 – TARGET PRICE IMPLIED VALUATION MULTIPLES

Multiples	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	15,4 x	10,2 x	8, x	6,6 x
EV/EBIT	90,3 x	25,6 x	15,3 x	10,9 x
P/E	n/a	37,8 x	18,1 x	11,8 x

Source: Integrae SIM

TABLE 11 – CURRENT PRICE IMPLIED VALUATION MULTIPLES

Main Ratios	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	7,9x	5,3x	4,1x	3,4x
EV/EBIT	46,3x	13,1x	7,9x	5,6x
P/E	n/a	13,6x	6,5x	4,2x

Source: Integrae SIM

# Disclosure Pursuant to Delegated Regulation UE n. 2016/958

## Analyst/s certification

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06/10/2023	3,65	Buy	7,10	Medium	Update
01/12/2023	3,03	Buy	7,10	Medium	Breaking News

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#### Equity Total Return (ETR) for different risk categories

Rating	Low Risk	Medium Risk	High Risk
BUY	ETR $\geq$ 7.5%	ETR $\geq$ 10%	ETR $\geq$ 15%
HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR $\leq$ -5%	ETR $\leq$ -5%	ETR $\leq$ 0%
U.R.	Rating e/o target price Under Review		
N.R.	Stock Not Rated		

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