

Siav	Italy	Euronext Growth Milan	ECM&BPO
Rating: BUY (unch.)	Target Price: € 7,25 (prev € 7,43)	Update	Risk: Medium

Stock performance	1M	3M	6M	1Y
absolute	-27,86%	N/A	N/A	N/A
to FTSE Italia Growth	-22,93%	N/A	N/A	N/A
to Euronext STAR Milan	-20,25%	N/A	N/A	N/A
to FTSE All-Share	-23,16%	N/A	N/A	N/A
to EUROSTOXX	-22,16%	N/A	N/A	N/A
to MSCI World Index	-21,13%	N/A	N/A	N/A

Stock Data	
Price	€ 2,90
Target price	€ 7,25
Upside/(Downside) potential	150,1%
Bloomberg Code	SIAV IM EQUITY
Market Cap (€m)	€ 26,59
EV (€m)	€ 32,92
Free Float	18,21%
Share Outstanding	9.170.000
52-week high	€ 5,70
52-week low	€ 2,63
Average daily volumes (3m)	11.200

Key Financials (€m)	FY21A*	FY22E	FY23E	FY24E
Revenues	31,6	34,0	38,1	43,0
VoP	40,1	42,1	42,2	46,8
EBITDA	4,0	5,5	6,5	8,8
EBIT	1,3	2,6	2,8	4,8
Net Profit	0,9	2,3	2,4	4,2
EBITDA margin	9,9%	13,0%	15,3%	18,7%
EBIT margin	3,3%	6,1%	6,5%	10,3%
Net Profit margin	2,3%	5,4%	5,7%	9,0%

Main Ratios	FY21A*	FY22E	FY23E	FY24E
EV/EBITDA (x)	8,3	6,0	5,1	3,8
EV/EBIT (x)	24,8	12,9	12,0	6,9
P/E (x)	28,9	11,8	11,1	6,3

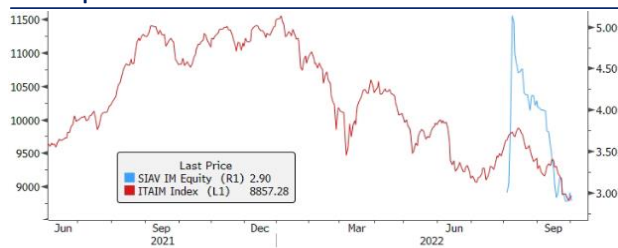
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Stocks performance vs FTSE Italia Growth



1H22A Results

On 30 June 2022, the Group recorded the value of production equal to € 19.53 million, 8.8% up compared to € 17.95 million in 1H21A. EBITDA at the end of the period analyzed amounted to € 1.40 million, 0.7% down compared to 1H21A, when it amounted to € 1.41 million. Similarly, the EBITDA margin decreased from 7.8% of 1H21A to 7.2% of the current period. EBIT, after amortization and depreciation for a total of € 1.36 million, is equal to € 0.03 million down compared to the value of the previous period equal to € 0.06 million. With reference to Net Income, the Group recorded a loss for the period of € -0.16 million, a worsening compared to € -0.09 million in the first half of 2021. The NFP on 30 June 2022 amounted to € 8.22 million, a worsening compared to the value of 31 December 2021 equal to € 7.77 million.

Estimates Update

In light of the results published in the half-yearly report for 1H22A, we confirm almost entirely our estimates for both the current year and the coming years. In particular, we estimate FY22E value of production equal to € 42.05 million and EBITDA of € 5.45 million, corresponding to a marginality of 13.0%. For subsequent years, we expect the value of production to increase up to € 52.70 million (CAGR 21A*-25E: 7.1%) in FY25E, with EBITDA equal to € 12.05 million (corresponding to an EBITDA margin of 22.9%), up compared to € 3.99 million in FY21A Pro-Forma corresponding to an EBITDA margin of 9.9%). In terms of the Balance Sheet we estimate an NFP for FY25E cash positive and equal to € 10.85 million.

Valuation Update

We have conducted the valuation of Siav's equity value based on the DCF methodology and on multiples of a comparable companies sample. The value resulting from the application of the DCF method (which in the calculation of the WACC includes for prudential purposes a specific risk of 2.5%) is equal to € 78.8 million, while that resulting from the multiples method, applying a 25% discount, is equal to € 54.2 million. The result is an average equity value of € 66.5 million. The target price is € 7.25 (prev. € 7.43), BUY rating and MEDIUM risk.

1. Economics & Financials

Table 1 – Economics & Financials

CONSOLIDATED INCOME STATEMENT (€/mIn)	FY20A	FY21A	FY21A*	FY22E	FY23E	FY24E	FY25E
Revenues	28,87	30,65	31,61	34,00	38,10	43,00	48,85
Work in progress	4,29	6,17	6,28	6,40	2,90	2,80	2,80
Other Revenues	0,98	2,13	2,19	1,65	1,20	1,00	1,05
Value of Production	34,14	38,95	40,07	42,05	42,20	46,80	52,70
COGS	0,46	0,82	1,25	1,50	1,50	1,65	1,80
Services	12,13	13,59	13,83	11,75	10,65	11,65	13,05
Use of Asset owned by others	1,86	1,86	2,29	2,65	3,20	3,25	3,35
Employees	16,80	18,41	18,72	20,70	20,40	21,50	22,45
EBITDA	2,90	4,26	3,99	5,45	6,45	8,75	12,05
<i>EBITDA Margin</i>	<i>8,5%</i>	<i>10,9%</i>	<i>9,9%</i>	<i>13,0%</i>	<i>15,3%</i>	<i>18,7%</i>	<i>22,9%</i>
D&A	1,95	2,70	2,66	2,90	3,70	3,95	4,10
EBIT	0,96	1,56	1,33	2,55	2,75	4,80	7,95
<i>EBIT Margin</i>	<i>2,8%</i>	<i>4,0%</i>	<i>3,3%</i>	<i>6,1%</i>	<i>6,5%</i>	<i>10,3%</i>	<i>15,1%</i>
Financial Management	(0,18)	(0,28)	(0,24)	(0,20)	(0,20)	(0,15)	(0,10)
EBT	0,77	1,28	1,09	2,35	2,55	4,65	7,85
Taxes	0,02	0,14	0,17	0,10	0,15	0,45	1,10
Net Income	0,75	1,15	0,92	2,25	2,40	4,20	6,75

CONSOLIDATED BALANCE SHEET (€/mIn)	FY20A	FY21A	FY21A*	FY22E	FY23E	FY24E	FY25E
Fixed Assets	15,72	22,60	19,30	24,40	25,20	24,20	23,15
Account receivable	13,93	10,96	10,96	11,50	12,00	13,00	14,50
Inventories	0,69	1,21	1,21	1,25	1,30	1,30	1,35
Account payable	11,66	10,31	10,31	10,30	10,00	10,75	11,85
Operating Working Capital	2,95	1,86	1,86	2,45	3,30	3,55	4,00
Other receivable	0,19	1,22	1,17	2,15	1,90	1,90	2,20
Other payable	4,93	6,19	6,42	6,45	6,65	7,05	7,55
Net Working Capital	(1,78)	(3,12)	(3,39)	(1,85)	(1,45)	(1,60)	(1,35)
Severance Indemnities & Other Provisions	2,15	2,25	2,11	2,30	2,35	2,45	2,50
NET INVESTED CAPITAL	11,78	17,24	13,80	20,25	21,40	20,15	19,30
Share Capital	0,25	0,25	0,25	0,30	0,30	0,30	0,30
Reserves	7,50	8,08	6,31	13,35	15,75	18,55	23,10
Net Income	0,75	1,15	0,92	2,25	2,40	4,20	6,75
Equity	8,50	9,47	7,48	15,90	18,45	23,05	30,15
Cash & Cash Equivalent	6,10	5,05	5,05	6,70	5,65	9,30	15,35
Short Term Financial Debt	2,88	4,48	3,22	1,15	1,30	1,50	1,80
M/L Term Financial Debt	6,51	8,34	8,15	9,90	7,30	4,90	2,70
Net Financial Position	3,28	7,77	6,32	4,35	2,95	(2,90)	(10,85)
SOURCES	11,78	17,24	13,80	20,25	21,40	20,15	19,30

CONSOLIDATED CASH FLOW (€/mIn)	FY21A	FY22E	FY23E	FY24E	FY25E
EBIT	1,56	2,55	2,75	4,80	7,95
Taxes	0,14	0,10	0,15	0,45	1,10
NOPAT	1,42	2,45	2,60	4,35	6,85
D&A	2,70	2,90	3,70	3,95	4,10
Change in receivable	2,97	(0,54)	(0,50)	(1,00)	(1,50)
Change in inventories	(0,52)	(0,04)	(0,05)	0,00	(0,05)
Change in payable	(1,35)	(0,01)	(0,30)	0,75	1,10
Change in others	0,25	(0,95)	0,45	0,40	0,20
<i>Change in NWC</i>	<i>1,34</i>	<i>(1,54)</i>	<i>(0,40)</i>	<i>0,15</i>	<i>(0,25)</i>
Change in provisions	0,10	0,19	0,05	0,10	0,05
OPERATING CASH FLOW	5,56	4,00	5,95	8,55	10,75
Capex	(9,6)	(8,0)	(4,5)	(3,0)	(3,1)
FREE CASH FLOW	(4,04)	(4,00)	1,45	5,60	7,70
Financial Management	(0,28)	(0,20)	(0,20)	(0,15)	(0,10)
Change in Debt to Bank	3,43	(0,32)	(2,45)	(2,20)	(1,90)
Change in Equity	(0,18)	6,17	0,15	0,40	0,35
FREE CASH FLOW TO EQUITY	(1,05)	1,65	(1,05)	3,65	6,05

* Pro-forma Data

Source: SIAV and Integrae SIM estimates

1.1 1H22A Results

Table 2 – 1H22A vs 1H21A

€/mln	VoP	EBITDA	EBITDA %	EBIT	Net Income	NFP
1H22A	19,53	1,40	7,2%	0,03	-0,16	8,22
1H21A	17,95	1,41	7,8%	0,06	-0,09	7,77*
<i>Change</i>	<i>8,8%</i>	<i>-0,7%</i>	<i>-0,7%</i>	<i>-41,7%</i>	<i>N.A.</i>	<i>N.A.</i>

Source: Integrae SIM

*NFP as of 31/12/2021

On 30 June 2022, the Group recorded the value of production equal to € 19.53 million, 8.8% up compared to € 17.95 million in 1H21A. In particular, revenues from sales services grew by 4.2% and amounted to € 14.99 million, while the Group's growth was driven by work in progress on contracts in progress and not yet completed (€ 0.84 million in 1H22A), which grew by 28.4%, and increases in fixed assets for internal development, which amounted to € 3.69 million compared to € 2.91 million in 1H21A (+27.1%). The latter in particular is attributable to the completion of the new ECM cloud-based platform Silloge and the development of the Archiflow, Catflow, and Quality & Audit Management platforms Checker and Revo.

EBITDA at the end of the period analyzed amounted to € 1.40 million, 0.7% down compared to 1H21A when it amounted to € 1.41 million. Similarly, the EBITDA margin decreased from 7.8% of 1H21A to 7.2% in the current period. This variation is mainly due to the costs incurred to promote the technological development of the group through R&D activities such as costs for services and costs for Employees which grow respectively by a total of € 0.40 million and € 1.24 million.

EBIT, after amortization and depreciation for a total of € 1.36 million, is equal to € 0.03 million down compared to the value of the previous period equal to € 0.06 million. The result is an EBIT margin that goes from 0.3% of 1H21A to 0.2% of the analyzed period.

With reference to Net Income, the Group recorded a loss for the period of € -0.16 million, a worsening compared to € -0.09 million in the first half of 2021.

Finally, the NFP on 30 June 2022 amounted to € 8.22 million, a worsening compared to the value of 31 December 2021 equal to € 7.77 million. This variation is mainly due to the continuous investments made in research and development necessary to develop the proprietary software through which the Group provides its services to customers. It should be noted that the figure at 1H22A does not take into account the income deriving from the listing on Euronext Growth Milan on 04 August 2022.

1.2 FY22A – FY25E Estimates

Table 3 – Estimates Updates FY22A-25E

€/mln	FY22E	FY23E	FY24E	FY25E
VoP				
New	42,1	42,2	46,8	52,7
Old	43,1	42,2	46,8	52,7
Change	-2,3%	0,0%	0,0%	0,0%
EBITDA				
New	5,5	6,5	8,8	12,1
Old	5,5	6,5	8,8	12,1
Change	0,0%	0,0%	0,0%	0,0%
EBITDA %				
New	13,0%	15,3%	18,7%	22,9%
Old	12,7%	15,3%	18,7%	22,9%
Change	0,3%	0,0%	0,0%	0,0%
EBIT				
New	2,6	2,8	4,8	7,9
Old	2,3	2,8	4,8	7,9
Change	13,3%	0,0%	0,0%	0,0%
Net Income				
New	2,3	2,4	4,2	6,7
Old	2,0	2,4	4,2	6,7
Change	15,4%	0,0%	0,0%	0,0%
NFP				
New	4,3	3,0	(2,9)	(10,9)
Old	5,3	2,6	(3,3)	(11,3)
Change	N.A	N.A	N.A	N.A

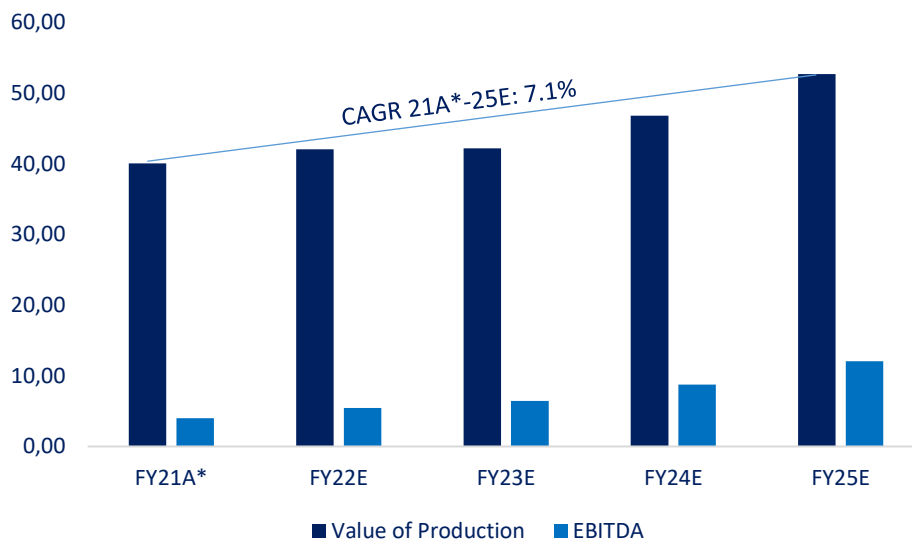
Source: Integrae SIM

In light of the results published in the half-yearly report for 1H22A, we confirm almost entirely our estimates for both the current year and the coming years.

In particular, we estimate the FY22E value of production equal to € 42.05 million and EBITDA of € 5.45 million, corresponding to a marginality of 13.0%. For subsequent years, we expect the value of production to increase up to € 52.70 million (CAGR 21A*-25E: 7.1%) in FY25E, with EBITDA equal to € 12.05 million (corresponding to an EBITDA margin of 22.9%), up compared to € 3.99 million in FY21A Pro-Forma corresponding to an EBITDA margin of 9.9%.

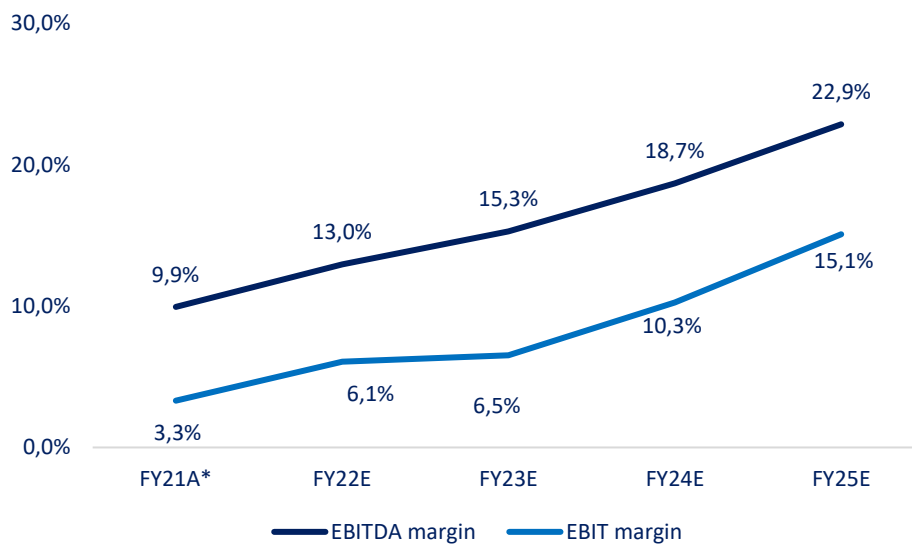
In terms of the Balance Sheet, we estimate a NFP for FY25E cash positive and equal to € 10.85 million.

Chart 1 – VoP and EBITDA FY21A*-25E



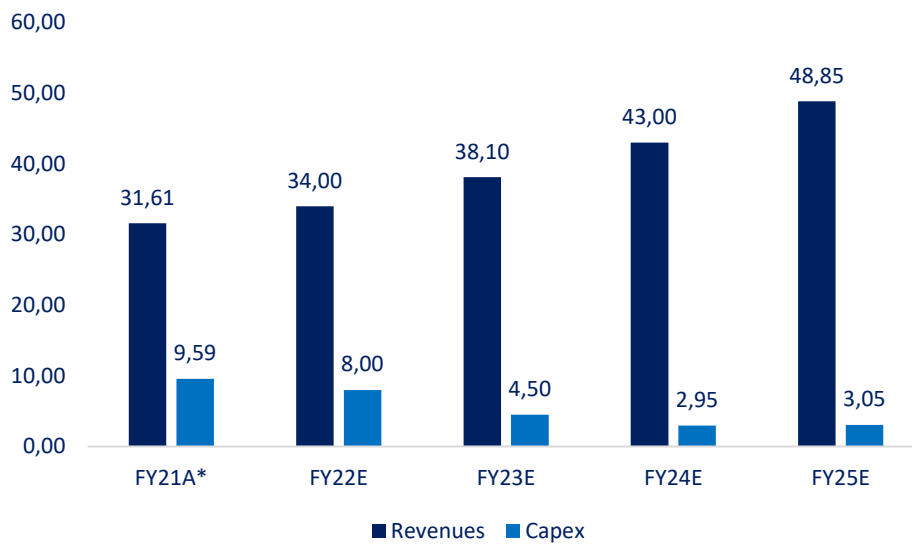
Source: Integrae SIM

Chart 2 – Margin FY21A*-25E



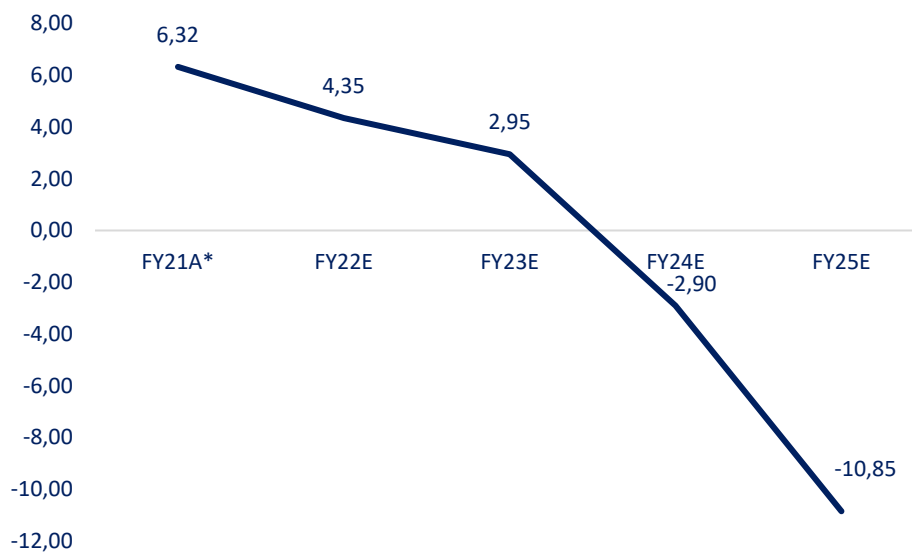
Source: Integrae SIM

Chart 3 – Capex FY21A*-25E



Source: Integrae SIM

Chart 4 – NFP FY21A*-25E



Source: Integrae SIM

2. Valuation

We have conducted the valuation of SIAV's equity value based on the DCF methodology and market multiples of a comparable companies sample.

2.1 DCF Method

Table 4 – WACC

WACC		7,56%
Risk Free Rate	2,18% α (specific risk)	2,50%
Market Premium	9,08% Beta Adjusted	0,8
D/E (average)	66,67% Beta Relevered	1,2
Ke	11,88% Kd	1,50%

Source: Integrae SIM

For prudential purposes, we have included a specific risk of 2.5%. This results in a WACC of 7.56%.

Table 5 – DCF Valuation

DCF Equity Value		78,8
FCFO actualized	5,5	6%
TV actualized DCF	79,7	94%
Enterprise Value	85,2	100%
NFP (FY21A*)	6,3	

Source: Integrae SIM

With the above data and taking as a reference our estimates and assumptions, the result is an **equity value of € 78.8 million**.

Table 6 – Equity Value – Sensitivity Analysis

€/mln		WACC						
		6,1%	6,6%	7,1%	7,6%	8,1%	8,6%	9,1%
Growth Rate (g)	2,5%	153,1	132,0	115,6	102,5	91,7	82,7	75,1
	2,0%	134,1	117,5	104,1	93,2	84,0	76,3	69,7
	1,5%	119,4	105,8	94,7	85,4	77,5	70,8	65,0
	1,0%	107,5	96,2	86,8	78,8	72,0	66,1	60,9
	0,5%	97,8	88,2	80,1	73,2	67,2	61,9	57,2
	0,0%	89,7	81,5	74,4	68,3	62,9	58,2	54,0
	-0,5%	82,8	75,6	69,4	64,0	59,2	54,9	51,1

Source: Integrae SIM

2.2 Market multiples

Our panel is made up of companies operating in the same sector as SIAV. These companies are the same ones used for the calculation of Beta for the DCF method. The Panel is composed of:

Table 7 – Market Multiples

Company Name	EV/EBITDA (x)		
	FY22E	FY23E	FY24E
Doxee SpA	13,7	8,1	6,1
Fabasoft AG	8,2	6,9	6,0
Box Inc.	11,3	10,2	9,3
Esker SA	19,5	18,5	15,3
Objective Corp. Ltd.	31,0	24,7	20,9
Peer median	13,7	10,2	9,3

Source: Infinancials

Table 8 – Market Multiples Valuation

€/mln	FY22E	FY23E	FY24E
Enterprise Value (EV)			
EV/EBITDA	74,7	65,5	81,0
Equity Value			
EV/EBITDA	70,3	62,6	83,9
Equity Value post 25% discount			
EV/EBITDA	52,7	46,9	62,9
Average	52,7	46,9	62,9

Source: Integrae SIM

The equity value of SIAV, using the market multiple EV/EBITDA is **equal to € 72.3 million**. To this value, we have applied a 25% discount. **Therefore, as a result, the equity value is € 54.2 million.**

2.3 Equity Value

Table 9 – Equity Value

Average Equity Value (€/mln)	66,5
Equity Value DCF (€/mln)	78,8
Equity Value multiples (€/mln)	54,2
Target Price (€)	7,25

Source: Integrae SIM

The result is an average equity value of € 66.5 million. **The target price is, therefore, € 7.25 (prev. €7.43). We confirm BUY rating and MEDIUM risk.**

Table 10 – Target Price Implied Valuation Multiples

Multiples	FY21A*	FY22E	FY23E	FY24E
EV/EBITDA	18,3x	13,4x	11,3x	8,3x
EV/EBIT	54,9x	28,6x	26,5x	15,2x

Source: Integrae SIM

Table 11 – Current Price Implied Valuation Multiples

Multiples	FY21A*	FY22E	FY23E	FY24E
EV/EBITDA	8,3x	6,0x	5,1x	3,8x
EV/EBIT	24,8x	12,9x	12,0x	6,9x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958

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08/08/2022	3,90	Buy	7,45	Medium	Initiation of Coverage
06/09/2022	4,00	Buy	7,43	Medium	Update

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Equity Total Return (ETR) for different risk categories			
Rating	Low Risk	Medium Risk	High Risk
BUY	ETR >= 7.5%	ETR >= 10%	ETR >= 15%
HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR <= -5%	ETR <= -5%	ETR <= 0%
U.R.	Rating e/o target price Under Review		
N.R.	Stock Not Rated		

Valuation methodologies (long term horizon: 12 months)

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Conflict of interest

In order to disclose its possible interest conflict Integrae SIM states that:

- It operates or has operated in the past 12 months as the entity responsible for carrying out the activities of Euronext Growth Advisor of SIAV S.p.A.;
- It plays, or has played in the last 12 months, role of specialist financial instruments issued by SIAV SpA;
- In the IPO phase, it played the role of global coordinator.