



Silloge cloud-based platform totally upgraded and solid FY2022 results

Sector: Technology Services

FY22 sales at Euro 32.5 m and significant investment in the technological development of the Silloge platform. Siav Spa, benefit company and Italian leader in the Enterprise Content Management field, posted a positive set of FY22 results largely in line with our estimates. Indeed, the Company confirmed most of economic and financial results unveiled in their industrial plan (during IPO) as well as started to elaborate the consolidated financial statements in accordance with IAS/IFRS international accounting standards.

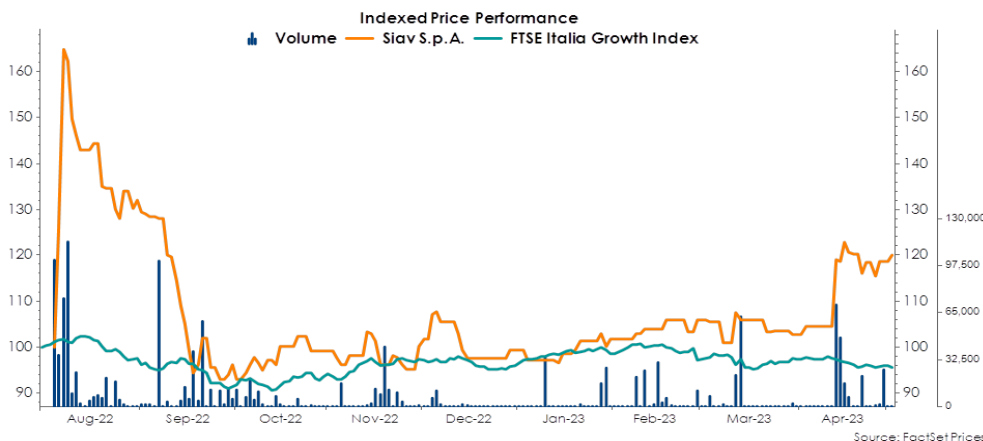
Getting down to business, revenues settled at Euro 32.5 m, up 6% from previous year (Euro 30.7 m) predominantly due to R&D investments made during the year, in order to complete "Silloge" and improve their digital platforms (see our first coverage for an in-depth understanding of all of them). VoP is up from Euro 32.6 m in 2021 to Euro 33.8 m in 2022 (+4% YoY): this figure includes Euro 1.3 m in operating grants for research and development activities carried out by the Group. The amount of investments, certified by an independent expert, generated contributions for both research and development activities (20% on reported activity) and technological innovation (10% on reported activity) implemented on Siav's various software platforms. Absolute margins are substantially stable, with EBITDA reaching Euro 5.8 m (vs. Euro 5.9 m in FY21), while the increase in non-recurring costs, thanks to first procurements (from two of the major Italian public institutions) including the release of the new platform, have contributed to a reduction, however slight, in marginality (17% vs. 18% in previous year). It is worth noting that, once the platform passes the first period of activity (test phase) and becomes fully operational (production phase) these costs will be fully recoverable in future years.

Coherently with Siav's business and structure, D&A mainly relates to intangible assets, so those related to development activities on Company's software platform (once again), which increases from Euro 1.7 m to Euro 1.9 m during the course of fiscal year 2022: as such, EBIT stood at Euro 1.8 m, in mild decline from Euro 2.2 m recorded in the previous year.

Regarding the balance sheet side, net debt came in at Euro 16.5 m, strictly in line with 2021's figure, including Euro 7.2 m in "Cash & cash equivalents" item.

Positive outlook confirmed, with ongoing development activities. As already described above, the completion of a significant upgrade of "Silloge" platform, which has enabled the stipulation of important contracts, demonstrate the ongoing commitment of Siav to research and development in both private and PA spheres; in addition, projects related to cost containment and efficiency improvement were underway to benefit the Group's margins and service management on customers. Beyond the general increase in costs linked to the growth of inflation and, in particular, the price of energy, there are no reasons for particular concern at the moment, given that the markets involved in the war conflict do not constitute a commercial reference: despite this delicate macro-economic situation, Siav is particularly active in scouting companies for appropriate M&A transactions that can generate synergies and enable their customer base.

Estimate revision and valuation. Given the above we finetuned our revenues estimates and upwards. We now expect sales growth of 13% in FY23 (9% previously) and 12% in the years to follow and we also increased profitability to reflect the structural improvement in margins from 2023 onward. Updating our DCF and multiple based valuation model for new estimates and up-to-date market data, we obtain a target price of Euro 7.32 p.s. (Euro 6.36 p.s. previously), providing for a potential upside of 95%. At our TP the stock would be trading at FY23-24 EV/EBITDA multiples of 11.5x and 9.5x. Our forecasts do not assume any M&A activity, which however continues to represent further upside to our valuation.



Target Price 7.32 (6.36 pr.)

Price (€) **3.75**

Market Cap (€ m) **34.39**

EV (€ m) **50.90**

As of May 4th, 2023

Share Data

Market	Euronext Growth Milan
Reuters/Bloomberg	SIAV.MI/SIAV:IM
ISIN	IT0005504128
N. of Shares	9.170.000
Free Float	18.21%
CEO	Nicola Voltan

Financials

	2022A	2023E	2024E	2025E
Sales	32.5	36.8	41.2	46.2
YoY %	+6%	+13%	+12%	+12%
EBITDA	5.8	7.2	8.4	11.8
EBITDA %	17%	19%	20%	25%
EBIT	1.8	2.0	3.8	7.0
EBIT %	5%	8%	9%	15%
Net Income	0.9	2.2	3.1	5.8
Net Debt	16.5	15.8	13.1	7.0

Performance

	1M	3M	6M
Absolute %	17.2	18.3	23.4
Relative (FTSE Italia Growth)	20.2	23.9	20.6
52-week High/Low (Eu)	5.7	/	2.5

Research Department of

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KEY FINANCIALS

Profit&Loss Statement	2021A	2022A	2023E	2024E	2025E
Revenues (VoP)	32.6	33.8	38.1	42.2	47.3
EBITDA	5.9	5.8	7.2	8.4	11.8
EBIT	2.2	1.8	2.9	3.8	7.0
Financial Income (charges)	0.0	0.0	0.0	0.0	0.0
Pre-tax profit (loss)	1.9	1.0	2.7	3.7	6.9
Taxes	(0.3)	(0.1)	(0.5)	(0.7)	(1.2)
Net profit (loss)	1.6	0.9	2.2	3.1	5.8

Balance Sheet					
Net working capital (NWC)	(3.4)	(3.0)	(2.6)	(2.7)	(2.9)
Net fixed assets	26.3	29.1	31.2	32.2	31.9
M/L Funds	(2.3)	(1.9)	(2.4)	(2.4)	(2.5)
Net Capital Employed	22.8	27.0	28.9	29.8	29.2
Net Debt	16.5	16.5	15.8	13.1	7.0
Minorities	0.4	0.5	0.8	1.4	1.2
Equity	5.9	10.0	12.3	15.4	21.1

Cash Flow					
Net Profit	1.6	0.9	2.2	3.1	5.8
Non cash items	1.4	(0.4)	0.5	0.0	0.1
Change in Working Capital	7.8	(0.5)	(0.4)	0.1	0.2
Cash Flow from Operations	10.8	(0.0)	2.3	3.2	6.1
Capex	29.9	(6.9)	(6.3)	(5.6)	(4.5)
Operating Free Cash Flow	40.8	(7.0)	(4.0)	(2.4)	1.6
Acquisitions					
Dividend					
Other (equity)					
Free Cash Flow	40.8	(7.0)	(4.0)	(2.4)	1.6

Per Share Data

Current Price	3.70
Total shares out fully diluted (mn)	9170.00

Ratios					
EBITDA margin	18.0%	17.3%	18.9%	20.0%	25.0%
EBIT margin	6.9%	5.2%	7.6%	9.1%	14.9%
Net Debt/Equity	278.6%	164.8%	128.6%	85.1%	33.1%
Net Debt/(Net Debt + Equity)	73.6%	62.2%	56.3%	46.0%	24.9%
Net Debt/EBITDA	2.81	2.83	2.19	1.55	0.59
Interest cover EBIT	n.s.	n.s.	n.s.	n.s.	n.s.
ROE	27.5%	8.6%	18.3%	20.1%	27.4%
ROCE	11.1%	7.1%	11.6%	15.1%	28.0%
Free Cash Flow Yield	n.m.	n.m.	n.m.	n.m.	n.m.

Growth Rates

Revenues (VoP)		4%	13%	11%	12%
EBITDA		-1%	23%	17%	40%
EBIT		-22%	64%	33%	83%
Net Profit		-47%	160%	38%	87%

Source: Group Consolidated Data & PMI Capital Research Estimate

Revenue breakdown by business line

	2022	%	2021	%	Δ %
Software	13.158	40,6%	12.923	41,3%	+1,8%
Outsourcing	3.872	12,0%	3.933	12,5%	-1,6%
Services	15.361	47,4%	14.453	46,2%	+6,3%
Total sales	32.391	100%	31.309	100%	+3,5%

Source: Company Data and PMI Capital Research Elaboration

Revenue breakdown by market

	2022	%	2021	%	Δ %
Private	19.453	60,0%	18.855	60,2%	+3,2%
PA	5.273	16,3%	7.086	22,6%	-25,6%
Healthcare	6.677	20,6%	4.410	14,1%	+51,4%
Channel	0.988	3,1%	0.958	3,1%	+3,1%
Total sales	32.391	100%	31.309	100%	+3,5%

Source: Company Data and PMI Capital Research Elaboration

Estimate revision – Euro m

Euro m	21A	22A	23E Old	23E New	24E Old	24E New	2025E
Revenues	30.7	32.5	38.1	36.8	43.0	41.2	46.2
yoy	-%	+6%	+12%	+13%	+13%	+12%	+12%
EBITDA	5.9	5.8	6.4	7.2	8.8	8.4	11.8
margin	18%	17,3%	15%	19%	19%	20%	25%
EBIT	2.2	1.8	2.9	2.9	5.0	3.8	7.0
margin	7,3%	5,2%	7%	8%	11%	9%	15%
Net Profit	1.6	0.9	2.6	2.2	4.4	3.1	5.8
yoy	-%	-47%	+94%	+160%	+69%	+38%	+87%
EPS	0,18	0,09	0,44	0,24	0,48	0,34	0,63

Euro m	21A	22A	23E Old	23E New	24E Old	24E New	2025E
Net Working Capital (NWC)	(3.4)	(3.0)	(1.4)	(2.6)	(1.7)	(2.7)	(2.9)
Fixed net assets	26.3	29.1	24.0	31.2	23.3	32.2	31.9
Funds	(2.3)	(1.9)	(2.4)	(2.4)	(2.4)	(2.4)	(2.5)
Net Capital Employed	22.8	27.0	20.2	28.9	19.2	29.8	29.2
Net Debt (Cash)	16.5	16.5	2.7	15.8	(2.5)	13.1	7.0
Equity	6.3	10.5	17.5	13.1	21.7	16.7	22.2
Sources	22.8	27.0	20.2	28.9	19.2	29.8	29.2

Source: Company Data and PMI Capital Research Estimates

Key Milestone – Recent Developments

- **2022:**
 - ✓ On March 22nd, the Market Authority resolved, following SIAV S.p.A.'s submission of the appropriate application, to award the company the Legality Rating with the following score: "★★+";
 - ✓ On April 11th, the consolidating company SIAV S.p.A. resolved, subject to the filing of the application for admission of the shares and warrants on Euronext Growth Milan, on the plan to spin off the "real estate" business unit in favor of the wholly-owned subsidiary Servizi Documentali S.r.l., which it subsequently filed with the competent Padua Companies Register;
 - ✓ On June 27th, the consolidating company SIAV S.p.A. transferred in favor of the parent company Taco Holding S.r.l. the 100% stake in the company Servizi Documentali S.r.l., with a valuation at the nominal value of Euro 20k, equal to the equity of the transferred company;
 - ✓ On August 2nd, SIAV S.p.A. successfully concluded the IPO process on the Euronext Growth Milan market, a multilateral trading system organized and managed by Borsa Italiana S.p.A., with the admission to trading of SIAV S.p.A.'s ordinary shares and warrants and the start of trading on August 4th;
 - ✓ On September 15th, the Company signed the contract, together with Accenture S.p.A, IBM Italia S.p.A., Reply Public Sector Consortium, Go Project S.r.l., and Leonardo S.p.A, as part of the tender called by Consip for the awarding of services on the information systems of I.N.A.I.L. (National Institute for Insurance against Accidents at Work). The total contract amount is Euro 26.3 m over 36 months, of which approximately Euro 1 m is dedicated to supply services by the Siav Group. Of this amount, about Euro 0.15 m was accrued in fiscal year 2022;
 - ✓ On September 19th, SIAV S.p.A. was awarded, in R.T.I. with Cap Gemini Italia S.p.A, Sirfin P.A. Srl, Expleo Italia S.p.A., Dedalus Italia S.p.A., Teleconsys S.p.A. and Vodafone Italia S.p.A., the tender called by Consip for the contracting of cloud application services and demand and PMO (Project Management Office) services for central public administrations. The total award amount is approximately €144 million, of which approximately €20.2 million is due to the SIAV Group, over 48 months starting in fiscal year 2023.

VALUATION UPDATE

Based on our updated estimates and peers' multiple re-rating since our last update in October 2022, we set a new target price of Euro 7.32 p.s. (6.36 pr.) providing for an upside on the current stock price of 95%. Our valuation was obtained by weighing equally the DCF and the multiple comparison analysis. At our target price the stock would be trading at FY23E/24E EV/EBITDA multiples of 11.5x and 9.5x.

Our DCF model is based on a three-stage model with explicit estimates for 2023-25E, 5 years to 2031 with growth normalizing at 5% and terminal value discounted at 7.40% WACC and 1% growth.

Valuation Summary

Method	Weight	Price (Eu p.s.)	Equity Value (Eu m)
Multiple analysis EV/EBITDA, P/E, EV/SALES 23/25 Tech. and EGM Peers	50%	6.70	61.40
DCF (WACC 7.40% and g 1.0%)	50%	7.95	72.89
Target Price	100%	7.32	67.14

Source: PMI Capital Research Estimates

DCF Model

DCF Valuation			
Euro m			
WACC		7.40%	
g		1%	
Sum of PV 2023-26 FCFs		7.3	8.2%
Discounted terminal value		82.1	91.8%
Enterprise Value		89.4	
Net Cash (FY22)		16.5	
Equity Value		72.9	
N. of outstanding shares (m)		9,170.0	
Fair Value p.s.		7.95	

Source: PMI Capital Research Estimates

Multiples Comparison

Following our peers and comparables analysis, we evaluated the company by using the 2023E-25E EV/EBITDA and P/E market multiples of the peers considered.

We also considered FY22 Net Debt at Euro 16.5 m and we end up with our SIAV's equity value of Euro 61.4 m for EV/EBITDA, P/E and EV/SALES.

Companies	Market Cap	Price	Sales	Sales	EBITDA	NI	2022A-2025E CAGR	
			2023E	23/22	2023E	2023E	2023E	2023E
Italian Peers								
Cyberoo	115.81	5.8	27.00	50%	48%	26%	n.a.	n.a.
Expert.ai	42.31	0.7	34.80	10%	16%	-13%	10%	1585%
Growens	88.36	5.7	94.71	-8%	5%	43%	7%	1%
MAPS	39.50	3.4	31.10	19%	24%	9%	16%	20%
Neosperience	35.39	1.8	27.32	23%	31%	5%	27%	29%
Doxee	72.44	8.4	33.77	26%	22%	5%	21%	39%
Relatech	93.21	2.2	104.90	73%	21%	9%	28%	32%
Average	70		51	27%	24%	12%	18%	285%
SIAV			37	13%	19%	6%	12%	27%
International Peers								
Fabasoft	176.00	16.0	76.75	14%	26%	11%	13%	19%
Esker SA	833.22	139.2	179.70	13%	20%	11%	15%	16%
Average	157	78	128	13%	23%	11%	14%	17%
SIAV			37	13%	19%	6%	12%	27%

Factset Data as of May 3rd, 2023, and PMI Capital Research estimates for SIAV

Companies	EV/SALES				EV/EBITDA				P/E			
	22A	23E	24E	25E	22A	23E	24E	25E	22A	23E	24E	25E
Italian Peers												
Cyberoo	4.58	4.21	3.16	n.a.	11.79	8.75	5.42	n.a.	41.43	17.31	10.25	n.a.
Expert.ai	1.37	1.32	1.20	1.09	n.m.	8.38	4.61	3.78	n.m.	n.m.	9.50	22.33
Growens	0.64	0.93	0.85	0.70	16.13	17.20	25.82	20.80	n.a.	n.a.	n.a.	95.67
MAPS	1.69	1.42	1.25	n.a.	5.08	4.42	n.a.	n.a.	14.57	13.96	10.81	8.38
Neosperience	1.82	1.55	1.22	0.93	5.75	4.95	3.81	2.77	43.75	24.33	10.86	5.78
Doxee	3.01	2.02	1.69	1.44	16.46	9.28	6.68	5.15	84.00	40.65	21.91	14.16
Relatech	1.68	1.00	0.90	0.82	7.72	4.76	4.03	3.45	16.54	8.60	6.94	6.14
International Peers												
Fabasoft	2.70	2.12	1.88	n.a.	10.89	8.16	6.92	n.a.	27.83	23.70	18.93	n.a.
Esker SA	5.80	4.53	3.96	3.42	28.61	23.10	19.77	16.26	46.09	43.57	36.81	28.92
Average	2.59	2.12	1.79	1.40	12.80	9.89	9.63	8.70	39.17	24.59	15.75	25.91
SIAV	1.56	1.38	1.24	1.10	8.72	7.08	6.03	4.30	28.92	17.60	13.25	7.24
Premium/Discount to Peers	-40%	-35%	-31%	-0.21	-0.32	-0.28	-0.37	-0.51	-0.26	-0.28	-0.16	-0.72

Factset Data as of May 3rd, 2023, and PMI Capital Research estimates for SIAV

INDUSTRY COMPARISON

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

EGM Sector: average data for listed on EGM included in the Technology Services sub sector: Almaxwave, Circle, Cy4Gate, Cyberoo, Datix, Defence Tech Holding, DHH, Digital Value, Digital360, DigiTouch, Doxee, e-Novia, Expert.ai, FAE Technology, Finanza.Tech, FOS, Franchetti, Growens, IDNTT, MAPS, Matica Fintec, MeglioQuesto, Neosperience, Neurosoft, Prismi, Redelfi, Reevo, Relatech, Reti, Sababa Security, Softec, Spindox, Tecma Solutions, TPS, UCapital24, Vantea Smart, Websolute.

Industry Peers: average data for a selected group of industrial peers (see tables above)

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 Growth Index.

	SIAV-IT SIAV	Business Services EGM Sector	Peers Avg	XS0072 FTSE Italia Growth
Key Financials				
Revenues	32.5	52.8	57	38.3
EBITDA	5.8	6.7	7	6.1
EBITDA %	17.8%	12.7%	13.0%	15.9%
EBIT	1.8	3.2	5	2.7
EBIT %	5.5%	6.1%	9.5%	7.1%
Earnings	0.9	1.5	1	1.7
Earnings %	2.8%	2.8%	1.5%	4.6%
Net Debt	16.5	2.3	0	3.6
ND/EBITDA	2.8	0.3	0.0	0.6
Revenues Growth FY22 YoY	13%	35%	32%	45%
FY22-24 Revenues CAGR	13%	21%	16%	16%
Market Data				
Market Cap	33.8	68.2	166	52.2
EV	50.3	66.6	160	54.9
Free Float	18%	39.1%	53.8%	37.1%
ADTT YTD (Eu k)	18	65	296	57
Market Multiples				
EV/Sales 2022	1.6	2.0	2.6	1.4
EV/Sales 2023	1.4	1.5	2.1	1.2
EV/Sales 2024	1.2	1.2	1.8	1.2
EV/EBITDA 2022	8.7	10.7	12.8	16.9
EV/EBITDA 2023	7.0	6.9	9.9	11.1
EV/EBITDA 2024	6.0	6.1	9.6	6.9
EV/EBIT 2022	22.9	18.2	24.6	25.6
EV/EBIT 2023	17.4	10.6	31.1	12.4
EV/EBIT 2024	13.2	60.4	16.1	21.3
P/E 2022	21.1	38.5	39.2	34.1
P/E 2023	15.4	17.2	24.6	20.0
P/E 2024	10.9	38.0	15.8	19.5
Earnings Yield	4.7%	2.6%	2.6%	2.9%
Stock Performance				
1D	0.3%	-0.9%	0%	-0.6%
1W	3.6%	-1.1%	-3%	-0.8%
1M	17.2%	-1.2%	-3%	-2.5%
3M	18.3%	0.8%	-2%	-4.5%
6M	23.4%	5.8%	15%	2.2%
YTD	21.0%	4.3%	4%	-1.0%
1Y	n.a.	-12.1%	-8%	-8.3%

FactSet and PMI Capital data as of Group data and PMI Capital Research estimates for SIAV

SIAV IN BRIEF

Group Description

Siav was founded in Rubano (Padoa) in 1989 by Alfieri Voltan, current Chairman, and operates on the national and international territory with 10 offices of which 7 in Italy (Rubano, Rome, Milano, Genoa and Bologna) 2 in Switzerland and 1 in Romania.

The Company is specialized in the Enterprise Content Management (ECM) and Business Process Outsourcing (BPO) segments and operates in the market with three business lines: proprietary software for document management, vertical solutions and outsourced services.

Siav's technological solutions are sold directly or indirectly through a network of Partners to Enterprise and PA customer in "On premise" or "SaaS" mode, in the cloud or through mixed configurations; with two thirds of total employees (over 300) being engaged in technical activities (development and implementation) and over 20% of annual turnover invested in R&D activities the Group is strongly focused on innovation. The R&D activities are carried out through a "Factory" dedicated to the improvement of the quality and utility of the proprietary solutions.

Strategy

The IPO of Siav on Euronext Growth Milan, with a Euro 5 m capital increase, is a key step in a strategic path. Strengthen the Group's role as an independent software vendor (ISV), the consolidation and functional development of individual proprietary platforms and highly qualified personnel training and human resource retention.

Siav is looking to invest the funds collected in order to accelerate its organic growth path based on 6 strategic guidelines:

- Development of M&A activities in an internationalization context: acquiring ISV or Professional Services / System Integrator companies operating in the end markets for the purpose of selling the proprietary platforms abroad with particular focus on Canada, France, Germany, UK, USA and the Middle East;
- Strengthening M&A activities related to products area: Acquisition of product companies that market products synergistic to Siav's commercial offerings;
- Commercial development on existing customers in terms of completing and integrating the offering thanks to the consolidation of acquisitions that have taken place in recent years;
- Indirect sales development through loyal Partners capable of offering Siav products to a diversified customer base in terms of sector and size;
- Consolidation of the positioning of proprietary products in the markets that Siav currently covers;
- Structure enhancement of internal academy: Consolidate and make continuous an in-house training school in R&D and Delivery.

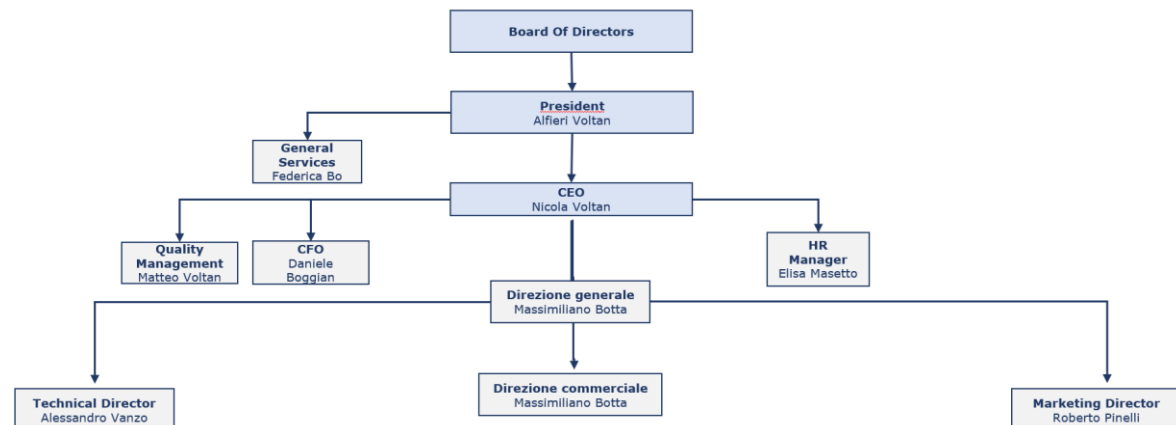
Ownership

Shareholder	%
Taco Holding Srl*	52.60%
Alfieri Voltan	2.58%
Nicola Voltan	4.05%
Matteo Voltan	4.05%
Own Shares	2.38%
Others	16.13%
Market	18.21%
Total	100.00%

Source: Group presentation

* Company associated with the Voltan Family

Organizational chart



Source: Company presentation & PMI Capital Research Elaboration

SIAV ON Euronext Growth Milan

IPO

Trading Market: Euronext Growth Milan – Borsa Italiana SpA
Date: August 04th, 2022
Price: 3.00 Eu
Capital raised: Eu 5 m equity through a capital increase
Capitalisation: 27.5 Eu m

SHARES (as of May 3rd, 2023)

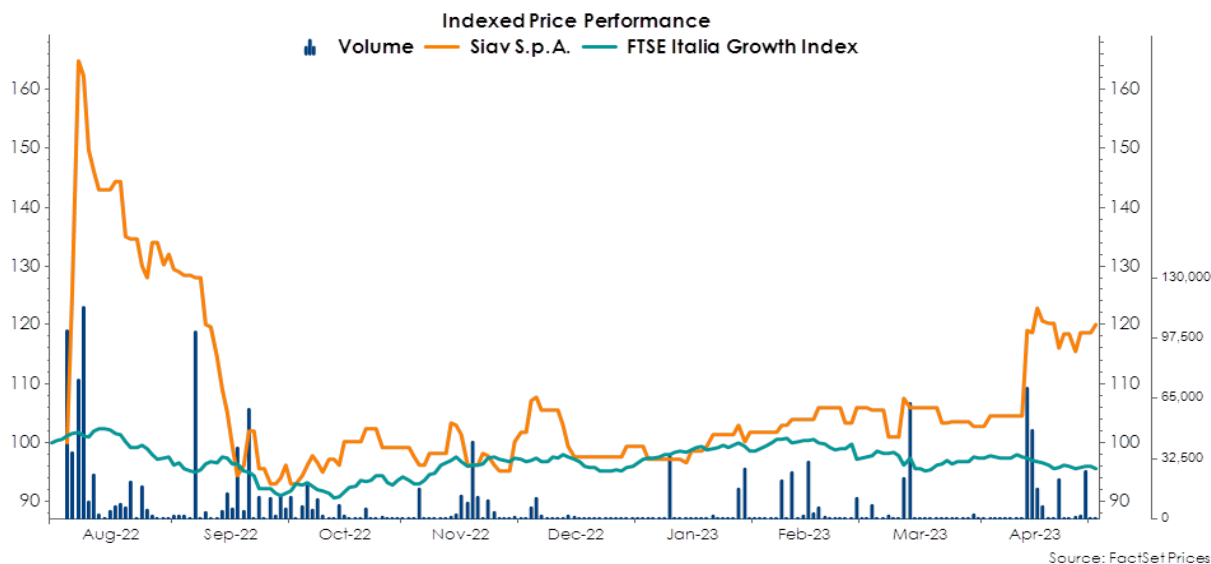
Code: SIAV
Bloomberg: SIAV:IM
Reuters: SIAV.MI
ISIN ordinary shares: IT0005504128
Shares: 9.170.000
Price: Euro 3.75
Performance from IPO: +%
Capitalisation: Euro 34.4 m
Free Float: 18.21%
NomAd: Integrae SIM S.p.A.
Specialist: Integrae SIM S.p.A.

WARRANT 2021-2024

Alphanumeric Code: WSIAV
ISIN: IT0005504094
Issued warrants: 1.670.000
Exercise ratio: 1 new instrument every 4 warrants held.
Exercise periods:
1st exercise period 10/07/2023 – 24/07/2023. exercise price € 3.30
3rd exercise period 08/07/24 – 22/07/2024. exercise price € 3.63
3rd exercise period 07/07/25 – 21/07/2025. exercise price € 3.99

Number of outstanding Warrants at May 4, 2023: 1.670.000

STOCK PERFORMANCE



DISCLAIMER

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Date	Target Price	Market Price	Validity Time
04 May 2023	7.32	3.8	12 months
10 October 2022	6.38	3.0	12 months
05 September 2022	6.47	4.0	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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