

## RESEARCH UPDATE



### ADD

Fair Value: €10.12(€9.04)  
Price: €7.24  
Upside: 39.8%

Giancarlo DI VONA

+39.02.83424008

[gdivona@ktepartners.com](mailto:gdivona@ktepartners.com)

Federica FIORENZA

+39.02.83424008

[ffiorenza@ktepartners.com](mailto:ffiorenza@ktepartners.com)

Market Data:	
Pasquale Lambardi	64.9%
Silvio Cosoleto	5.4%
Mkt Cap (€ mn)	79.1
EV (€ mn)	73.5
Shares out.	10.5
Free Float	25.8%

Market multiples	2019	2020	2021
EV/EBITDA			
RLT-IT	15.3x	12.2x	9.9x
Comps median	20.7x	21.0x	12.1x
RLT-IT vs Median	-26%	-42%	-18%
P/E			
RLT-IT	26.7x	19.3x	17.1x
Comps median	20.3x	31.7x	28.0x
RLT-IT vs Median	31%	-39%	-39%

Stock Data:	
52 Wk High (€)	7.80
52 Wk Low (€)	2.53
Avg. Daily Trading 90d	22,656
Price Change 1w (%)	0.56
Price Change 1m (%)	24.83
Price Change YTD (%)	-3.47

## RLT Has Thrived Throughout the Pandemic

€ Million	FY 17A	FY 18A	FY 19A	FY 20E	FY 21E	FY 22E	FY 23E
Total Revenues	11.6	14.9	21.3	25.7	30.9	35.9	44.6
EBITDA	1.4	2.5	4.9	6.2	7.6	9.1	11.5
margin	11.8%	16.7%	23.1%	24.0%	24.6%	25.3%	25.7%
Net Profit	0.9	1.6	2.5	3.9	4.4	5.2	6.7
margin	7.8%	10.5%	11.9%	15.3%	14.4%	14.6%	14.9%
EPS	n.a.	n.a.	0.27	0.38	0.42	0.50	0.63

Source: Company data, KT&Partners' estimates

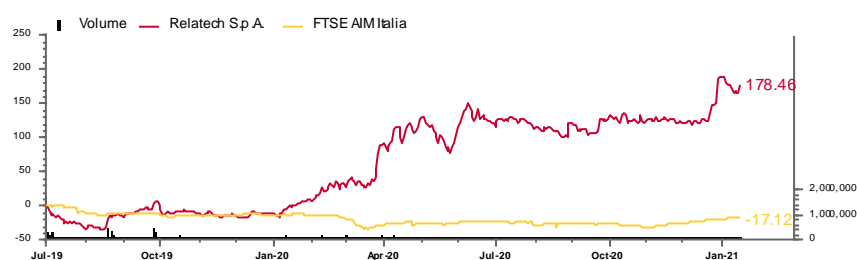
**Industry consolidation.** Amid an unprecedented pandemic, the tech industry has demonstrated good resilience while driving transformation and innovation across other sectors. During this economic downturn, many companies have leveraged on their cash reserves to fund deals, adding new capabilities, intellectual property, or talent to generate future growth. The acquisition of Slack - a business communication platform - by Salesforce for \$27mn was the largest deal of 2020 within the software industry and the third in the tech sector. The Italian technology services market was also involved in a consolidation process, with 100 deals finalized in 2020 (+13.6% YoY). The total transaction value of disclosed deals decreased instead by 17.8% to ca. \$2bn. The largest Italian transaction was the acquisition of Engineering Ingegneria Informatica - an Italian provider of IT services, software development and digital platforms - by Bain Capital Private Equity for a total amount of \$1.6bn. The tech sector is also expected to continue to be a hot market in 2021. Recently, ATOS has announced that it has made a bid of more than \$10bn for the acquisition of DXC.

**RLT has thrived throughout the pandemic.** In this unprecedented time, RLT's stock price has enjoyed strong growth, increasing by +109.9% since Italy's first COVID-19 patient was detected on February 21, 2020. Furthermore, leveraging on depressed markets and its cash position, in 2020 RLT finalized two M&As (Mediatech and Xonne), enriching its value proposition within the Cloud, Cyber Security and Virtual, Augmented and Mixed Reality fields. We also expect that in 2021 M&As could represent a route to accelerate RLT's growth path.

**Estimates unchanged.** While awaiting the FY20 results, we have left unchanged our forecasts, which include the full-year contribution of acquired companies. We expect revenue to reach €44.6mn in FY23 (+20.4% CAGR2019-23) with an EBITDA margin of 25.7% thanks to business growth, cost efficiency, and economy of scale. We foresee net income to go from €3.9mn in FY20 to €6.7mn in FY23 and a net cash position of €21.7mn in FY23.

**Fair value from €9.04ps to €10.12ps.** Our valuation - based on DCF and market multiples methods - yields a fair value of €10.12ps or an equity value of €106.32mn, implying +39.8% upside on the current price, mainly because of comps' multiples expansion. We believe that the strategic moves, as well as RLT's integrated platform and positioning, constitute significant potential for future growth.

### Relative Performance Chart since IPO



Source: FactSet

## RLT - Key Figures

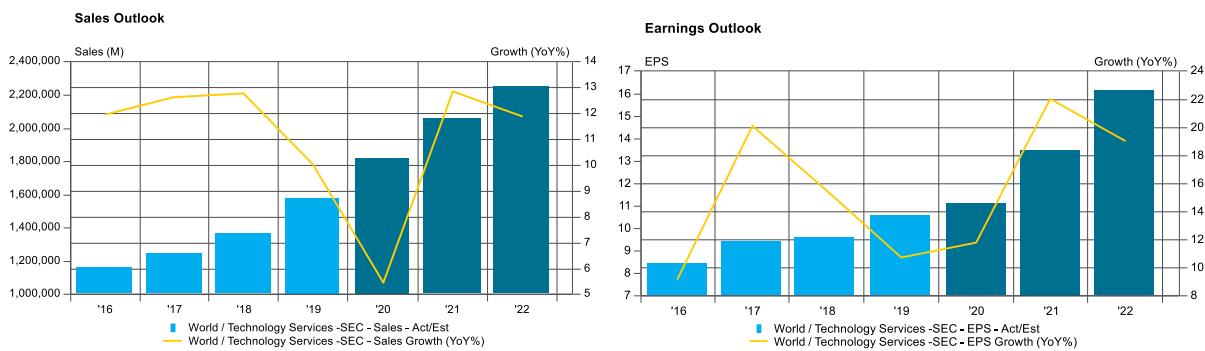
	Current price (€)	Fair Value (€)	Sector				Free Float (%)
	7.2	10.1	Digital Innovation				25.8
Per Share Data							
	2017A	2018A	2019A	2020E	2021E	2022E	2023E
Number of shares (mn)	n.m.	n.m.	9.33	10.92	10.92	10.92	10.92
Treasury shares (mn)	n.m.	n.m.	0.00	0.42	0.42	0.42	0.42
Shares outstanding (mn)	n.m.	n.m.	9.33	10.50	10.50	10.50	10.50
EPS	n.m.	n.m.	0.27	0.38	0.42	0.50	0.63
Dividend per share (ord)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend pay out ratio (%)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Profit and Loss (EUR million)							
Revenues	11.6	14.9	21.3	25.7	30.9	35.9	44.6
EBITDA	1.4	2.5	4.9	6.2	7.6	9.1	11.5
EBIT	1.2	2.4	4.3	5.4	6.4	7.6	9.6
EBT	1.2	2.4	3.8	4.9	6.4	7.5	9.5
Taxes	(0.3)	(0.7)	(1.2)	(0.9)	(1.8)	(2.1)	(2.7)
Tax rate	27%	32%	31%	18%	28%	28%	28%
Net Income	0.9	1.6	2.6	4.1	4.6	5.4	6.9
Net Income attributable to the Group	0.9	1.6	2.5	3.9	4.4	5.2	6.7
Balance Sheet (EUR million)							
Total fixed assets	0.4	2.8	6.9	10.5	11.7	12.5	12.9
Net Working Capital (NWC)	0.9	2.1	3.1	2.9	3.7	4.6	5.9
Provisions	(0.5)	(0.9)	(2.0)	(2.9)	(4.0)	(5.2)	(6.7)
Total Net capital employed	0.8	4.0	8.0	10.5	11.4	11.9	12.1
Net financial position/(Cash)	(0.7)	1.1	(0.7)	(5.9)	(9.7)	(14.8)	(21.7)
Group Shareholder's Equity	1.5	2.8	8.5	16.1	20.6	26.1	32.9
Minorities	-	0.1	0.2	0.3	0.4	0.6	0.8
Total Shareholder's Equity	1.5	3.0	8.7	16.4	21.1	26.7	33.7
Cash Flow (EUR million)							
Net operating cash flow	-	1.7	3.6	5.2	5.8	7.0	8.8
Change in NWC	-	(0.9)	(0.2)	0.2	(0.8)	(0.9)	(1.3)
Capital expenditure	-	(2.6)	(3.1)	(3.8)	(2.3)	(2.3)	(2.3)
Other cash items/Uses of funds	-	0.2	0.4	0.3	1.1	1.2	1.5
Free cash flow	-	(1.6)	0.6	1.9	3.7	5.0	6.7
Enterprise Value (EUR million)							
Market Cap	n.a.	n.a.	21.0	79.1	79.1	79.1	79.1
Minorities	-	0.1	0.2	0.3	0.4	0.6	0.8
Net financial position/(Cash)	(0.7)	1.1	(0.7)	(5.9)	(9.7)	(14.8)	(21.7)
Enterprise value	n.a.	n.a.	20	74	70	65	58
Ratios (%)							
EBITDA margin	11.8%	16.7%	23.1%	24.0%	24.6%	25.3%	25.7%
EBIT margin	10.6%	16.2%	20.1%	20.9%	20.8%	21.1%	21.5%
Gearing - Debt/equity	-48.2%	39.4%	-8.2%	-36.5%	-46.9%	-56.8%	-65.8%
Interest cover on EBIT	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NFP/EBITDA	-54.0%	44.8%	-14.3%	-94.8%	-127.6%	-162.9%	-189.1%
ROCE	155.3%	59.7%	53.3%	51.1%	56.3%	63.9%	79.6%
ROE	59.2%	55.4%	29.7%	24.5%	21.5%	20.1%	20.2%
EV/Sales	n.a.	n.a.	3.5	2.9	2.4	2.1	1.7
EV/EBITDA	n.a.	n.a.	15.3	12.2	9.9	8.3	6.6
P/E	n.a.	n.a.	26.7	19.3	17.1	14.5	11.4
Free cash flow yield	0	0.0	0.0	0.0	0.0	0.1	0.1
Growth Rates (%)							
Sales	n.a.	28.0%	43.4%	20.8%	19.8%	16.3%	24.3%
EBITDA	n.a.	82.0%	97.9%	25.7%	22.6%	19.8%	26.1%
EBIT	n.a.	94.6%	78.1%	25.5%	19.6%	18.0%	26.7%
Net Income	n.a.	90.8%	58.6%	57.3%	12.5%	18.2%	27.0%

Source: Company data, KT&Partners' estimates

## Market Consolidation

The outbreak of the COVID-19 pandemic has severely penalized some sectors, while others have benefited from the new ways of working and living. In the tech sector, COVID-19 has been a catalyst for the ongoing digital transformation. After the pandemic hit hard in March, many tech companies experienced solid growth - both in terms of customers and revenues - following an increase in online collaborative technology for remote working, education, and healthcare. Overall, 2020 sales of the technology services industry are expected to grow at +5.48% YoY, whereas EPS's growth is set at 11.79% YoY.

### World Technology Services Sales and EPS Outlook

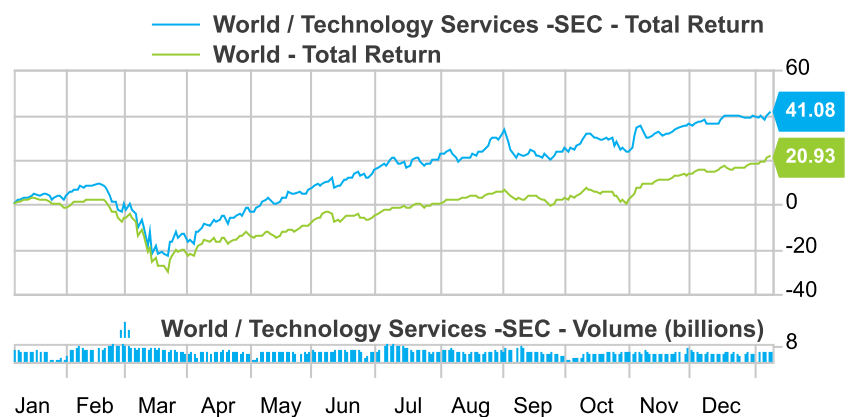


Source: FactSet

Note: FactSet's Technology Services sector includes 1,442 constituents: off-the-shelf software developers, solution developers, information technology services, internet service providers, and services based on the internet such as cloud computing and electronic payment systems.

Many tech companies' share prices showed good resilience during the recent economic downturn. Overall, the technology services sector has recorded a +41% performance since January 2020.

### World Technology Services Performance



Source: FactSet

Note: FactSet's Technology Services sector includes 1,442 constituents: off-the-shelf software developers, solution developers, information technology services, internet service providers, and services based on the internet such as cloud computing and electronic payment systems.

Since depressed markets are the perfect time to consolidate, 2020 also saw tech companies take the opportunity to grow their businesses with M&As.

According to PWC, the tech sector, specifically SaaS, is also expected to continue to be a hot market in 2021 as the shift to the cloud accelerates.<sup>1</sup>

In a recent press statement, the global IT services giant ATOS confirmed rumors that it is seeking to buy DXC for more than \$10bn. The transaction is at an early stage and might enable ATOS to create a digital services powerhouse with a global presence.

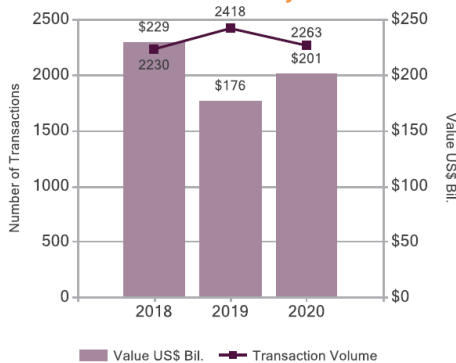
Looking at the software industry, according to a study by Berkery Noyes,<sup>2</sup> total transaction volume in 2020 decreased by 6% YoY, totaling 2,263 deals. After a weak 1H20 - due to extreme uncertainty - M&As activity dramatically improved in the second half of the year. In 2H20, the number of deals rose by 14% over 1H20.

Total disclosed transaction value rose by 14% YoY, going from \$176bn in 2019 to \$201bn in 2020, whereas the average deal value increased by ca. 22% YoY.

The largest deal in 2020 was Salesforce’s announced acquisition (for \$27bn) of Slack, a business communication platform. Furthermore, Salesforce was the only company to make multiple acquisitions over \$1bn. Indeed, in February, Salesforce acquired Vlocity - a leading provider of industry-specific cloud and mobile software - for \$1.3bn. In addition to Slack and Vlocity, in 2020 Salesforce acquired another three software companies: Mobify Research & Development, Evergage and Acumen Solutions.<sup>3</sup>

According to Berkery Noyes, the top ten transactions within the software industry accounted for ca. 42% of total transaction value in 2020.

**2018-20 Software Industry M&A Deals**



Source: Berkery Noyes: “Software Industry - Full Year 2020 Merger and Acquisition Trend Report”

**Software Industry’s Top 10 Transactions**

Deal Date	Target Name	Buyer	Value MM US\$
12/01/20	Slack Technologies, Inc	Salesforce.com, Inc.	\$27,483
08/06/20	Ellie Mae, Inc.	Intercontinental Exchange	\$11,000
12/21/20	RealPage, Inc.	Thoma Bravo, LLC	\$9,773
09/21/20	ZeniMax Media, Inc.	Microsoft Corporation	\$7,500
08/13/20	Vertafore, Inc.	Roper Technologies, Inc.	\$5,350
01/13/20	Plaid Technologies, Inc.	Visa, Inc.	\$5,300
08/26/20	OSISOFT	AVEVA Group plc	\$5,020
01/10/20	Veeam Software	Insight Venture Partners	\$5,000
09/01/20	Epicor Software Corporation	Clayton, Dubilier & Rice, Inc.	\$4,700
10/13/20	Segment.io	Twilio	\$3,200
2020 Aggregate Transaction Value			\$200,891
Top 10 Aggregate Transaction Value			\$84,325
<b>Top 10 Aggregate Value as a Percentage of All Transactions</b>			<b>42 %</b>

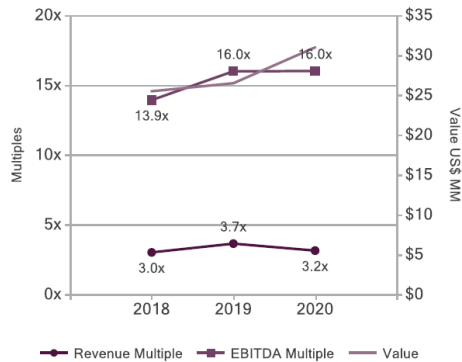
The median EV/Sales multiple declined from 3.7x in 2019 to 3.2x in 2020, whereas the median EV/EBITDA multiple remained almost stable at 16x.

<sup>1</sup> <https://www.pwc.com/us/en/industries/tmt/library/technology-quarterly-deals-insights.html>

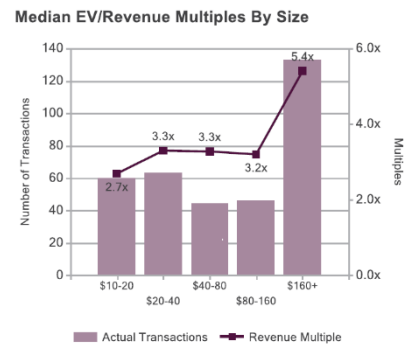
<sup>2</sup> Berkery Noyes: “Software Industry - Full Year 2020 Merger and Acquisition Trend Report”

<sup>3</sup> Source: FactSet

2018-20 EV/Revenue and EV/EBITDA Multiple



2018-20 Median EV/Revenue Multiple by Size Software

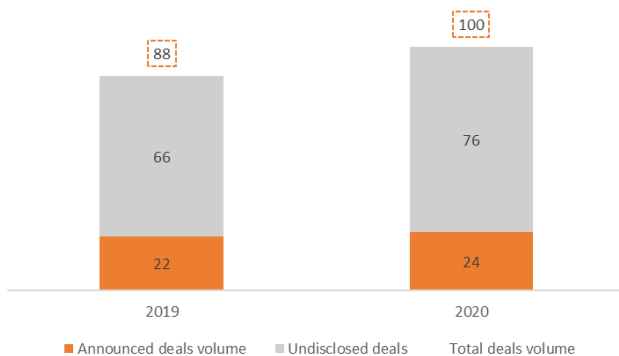


Source: Berkery Noyes: "Software Industry - Full Year 2020 Merger and Acquisition Trend Report"

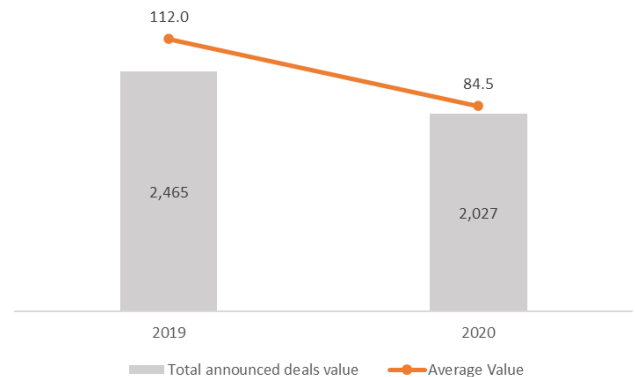
Focus on the Italian Market

According to FactSet data, in 2020 the Italian technology services industry saw 100 M&A deals, +13.6% YoY. The total transaction value of disclosed deals decreased instead by 17.8% to ca. \$2bn, leading to an average deal value of ca. \$85mn (-24.6% YoY).

2019-20 Technology Services M&As



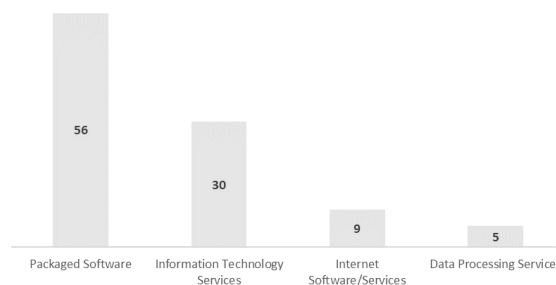
2019-20 Technology Services M&A Deals Value (€mn)



Source: FactSet, KT&Partners' elaborations

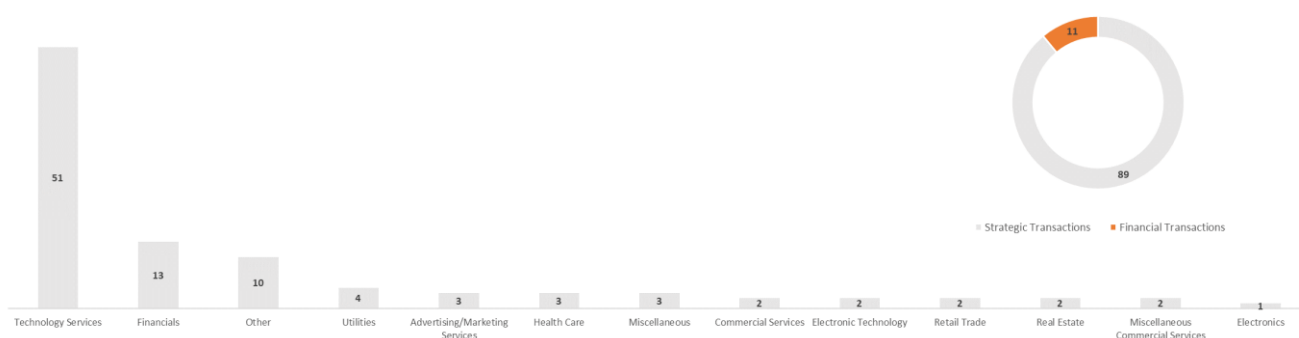
There were 89 strategic transactions and 51% of the total deals were carried out by companies active in the technology services industry. Finally, 56% of deals carried out during 2020 targeted companies providing packaged software.

2020 M&As by Target Subsector



Source: FactSet, KT&Partners' elaborations

### 2020 M&As by Acquirer Sector and Scope



Source: FactSet, KT&Partners' elaborations

Note: Financial transactions are those financed by private equity, venture capital, and other investment firms.

The largest Italian transaction was the acquisition of Engineering Ingegneria Informatica - an Italian provider of IT services, software development and digital platforms - by Bain Capital Private Equity for a total amount of \$1.6bn. Among the strategic disclosed transactions, the largest was the acquisition of RAD Informatica Srl - a provider of software for the management of banks and the financial credit recovery process - by Piteco SpA for a total amount of \$41mn.

### 2020 Disclosed Deals

Target	Acquirer	Industry	Announcement Date	Transaction Value (MM)	EV/Revenue	EV/EBITDA	P/E
1 Engineering Ingegneria Informatica SpA	Bain Capital Private Equity LP;	Financials	05-feb	1,570.2	1.2	-	27.7
2 Namirial SpA	Ambienta SGR SpA	Financials	10-apr	164.1	4.6	27.4	-
3 Techedge SpA	Equilybra SpA; Temistocle Srl	Financials	16-nov	75.0	0.7	6.7	13.5
4 Casa.it Srl	EQT Partners AB	Financials	17-set	44.2	-	-	-
5 RAD Informatica Srl	PITECO SpA	Technology Services	15-ott	41.2	-	-	-
6 Techedge SpA	OEP Capital Advisors LP	Financials	26-lug	37.4	-	-	-
7 SOS Tariffe Srl	Gruppo MutuiOnline SpA	Financials	27-nov	34.2	-	-	-
8 Seeweb Srl	Dominion Hosting Holding SpA	Technology Services	21-mag	23.3	-	-	-
9 BIM Italia Srl	GPI SpA	Health Care	31-lug	6.0	-	-	-
10 Swascan SRL	Tinexta SpA	Technology Services	12-ott	5.0	-	-	-
11 Zoorate SRL	Gruppo MutuiOnline SpA	Financials	04-set	4.4	-	-	-
12 Mindesk Srl	Vection Technologies Ltd.	Technology Services	01-mar	3.6	-	-	-
13 Selfiewealth Srl	UCapital24 SpA	Technology Services	07-ago	2.9	-	-	-
14 Aedera Srl	WIIT SpA	Technology Services	15-gen	2.6	-	-	-
15 DOCK Joined in tech Srl	International Business	Technology Services	11-giu	2.4	-	-	-
16 Eclettica SRL	LinUp Srl	Technology Services	02-lug	2.3	-	-	-
17 Clever Consulting SRL	Computer Gross Italia SpA	Technology Services	12-feb	2.2	0.9	-	-
18 T-Agency SRL /ShinyStat Business/	SevenData SpA	Advertising/Marketing Services	10-ago	1.7	-	-	-
19 Mediatech SRL	Relatech SpA	Technology Services	03-giu	1.7	-	-	-
20 Audiens SRL	Bango Plc	Technology Services	15-gen	1.3	-	-	-
21 EveryMake Srl	PITECO SpA	Technology Services	19-mar	0.6	-	-	-
22 LittleSea SRL	Doxee SpA	Technology Services	14-mag	0.3	-	-	-
23 ADChange Srl	Neosperience SpA	Technology Services	09-ago	0.3	1.2	5.1	-
24 S.A.T.A. Applicazione Tecnologie Avanzate SRL	Credemtel SpA	Technology Services	14-mag	0.3	-	-	-

Source: FactSet, KT&Partners' elaborations

Finally, for disclosed deals the median EV/Sales multiples declined from 3.6x in 2019 to 1.2x in 2020, whereas the median EV/EBITDA multiples amounted to 6.7x in 2020.

**EV/Revenue and EV/EBITDA Multiples by Transaction Value Range**

Ranges	Median EV/Sales		# of Deals		Median EV/EBITDA		# of Deals	
	2019	2020	2019	2020	2019	2020	2019	2020
Over \$1000M	-	1.2x	-	1	-	-	-	-
\$500M to \$999.9M	4.3x	-	2	-	-	-	-	-
\$250M to \$499.9M	-	-	-	-	-	-	-	-
\$100M to \$249.9M	5.5x	4.6x	1	1	-	27.4x	-	1
\$50M to \$99.9M	-	0.7x	-	1	-	6.7x	-	1
\$25M to \$49.9M	7.4x	-	1	-	31.3x	-	1	-
\$10M to \$24.9M	-	-	-	-	-	-	-	-
Under \$10M	0.7x	1.0x	4	1	17.2x	5.1x	4	1
Undisclosed	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3.6x</b>	<b>1.2x</b>	<b>8</b>	<b>4</b>	<b>28.9x</b>	<b>6.7x</b>	<b>5</b>	<b>3</b>

Source: FactSet, KT&Partners' elaborations

Note: Data are based on disclosed deals.

## Valuation

Following the projections of RLT's future financials, we carried out the valuations of the company by applying the DCF and market multiples methods:

1. **EV/EBITDA and P/E multiples**, which returns a value of €11.06ps;
2. **DCF analysis** based on WACC of 8.9% and 2% perpetual growth, which returns a value of €9.19ps.

The average of the two methods yields a fair value of €10.12ps or an equity value of €106.32n.

## Market Multiple Valuation

Following the analysis of comparables, we proceeded with the definition of market multiples of the peer group, focusing on 2020, 2021 and 2022 data.

### Peers Comparison - Market Multiples 2020-22

Company Name	Exchange	Market Cap	EV/SALES 2020	EV/SALES 2021	EV/SALES 2022	EV/EBITDA 2020	EV/EBITDA 2021	EV/EBITDA 2022	EV/EBIT 2020	EV/EBIT 2021	EV/EBIT 2022	P/E 2020	P/E 2021	P/E 2022
Reply S.p.A.	Milan	3,606	2.8x	2.5x	2.3x	17.6x	15.4x	13.9x	21.8x	18.9x	16.8x	31.7x	28.0x	24.7x
Cyberoo S.p.A.	Milan	59	7.0x	4.4x	2.8x	21.0x	11.0x	5.9x	n.m	17.4x	8.3x	n.m.	28.0x	12.1x
Neosperience SpA	Milan	38	2.5x	1.9x	1.4x	9.9x	7.1x	4.7x	n.m	24.0x	10.0x	n.m.	n.m.	14.7x
Eurotech S.p.A.	Milan	172	2.3x	1.9x	1.6x	22.8x	12.1x	8.5x	n.m	17.4x	10.9x	n.m.	23.5x	15.6x
Expert System SpA	Milan	123	4.0x	3.8x	2.7x	n.m	n.m	n.m	n.m	n.m	n.m	n.m.	n.m.	n.m.
WIIT SpA	Milan	400	8.8x	6.4x	5.8x	25.1x	16.6x	14.4x	n.m	29.3x	24.5x	n.m.	n.m.	31.0x
<b>Average peer group</b>		<b>733</b>	<b>4.6x</b>	<b>3.5x</b>	<b>2.8x</b>	<b>19.3x</b>	<b>12.5x</b>	<b>9.5x</b>	<b>21.8x</b>	<b>21.4x</b>	<b>14.1x</b>	<b>31.7x</b>	<b>26.5x</b>	<b>19.6x</b>
<b>Median peer group</b>		<b>147</b>	<b>3.4x</b>	<b>3.2x</b>	<b>2.5x</b>	<b>21.0x</b>	<b>12.1x</b>	<b>8.5x</b>	<b>21.8x</b>	<b>18.9x</b>	<b>10.9x</b>	<b>31.7x</b>	<b>28.0x</b>	<b>15.6x</b>
<b>Relatech S.p.A.</b>	<b>Milan</b>	<b>79</b>	<b>2.9x</b>	<b>2.4x</b>	<b>2.1x</b>	<b>12.2x</b>	<b>9.9x</b>	<b>8.3x</b>	<b>11.7x</b>	<b>9.9x</b>	<b>7.8x</b>	<b>19.3x</b>	<b>17.1x</b>	<b>14.5x</b>

Source: FactSet

We based our evaluation upon 2020 and 2021 EV/EBITDA and P/E multiples, and our estimates of RLT's EBITDA and net income for 2020 and 2021.

### EV/EBITDA Valuation

Multiple Valuation (€mn)	2020E	2021E
EV/EBITDA Comps	19.3x	12.5x
Relatech SpA EBITDA	6.2	7.6
<b>Enterprise value</b>	<b>119.1</b>	<b>94.4</b>
Relatech SpA 1H20 Net Debt	-4.0	-4.0
<b>Equity Value</b>	<b>123.1</b>	<b>98.5</b>
<b>Equity Value Post-Discout</b>	<b>110.8</b>	
Number of shares (mn)	10.5	
<b>Value per Share €</b>	<b>10.55</b>	

Source: FactSet, KT&Partners' estimates

### P/E Valuation

Multiple Valuation (€mn)	2020E	2021E
P/E Comps	31.7x	26.5x
Relatech SpA Net Income	3.9	4.4
<b>Equity Value</b>	<b>125.1</b>	<b>117.7</b>
<b>Average Equity Value</b>	<b>121.4</b>	
<b>Number of shares (thousand)</b>	<b>10.5</b>	
<b>Value per Share €</b>	<b>11.6</b>	



### DCF Model

We have also conducted our valuation using a four-year DCF model, based on 11.6% cost of equity, 3.0% cost of debt, and a target capital structure of 40% debt and 60% equity. The cost of equity is a function of the risk-free rate of 0.62% (Italian 10y BTP), 5.81% mature market expected return, and a premium for size and liquidity of 2.5%. **We, therefore, obtained 8.9% WACC.**

We discounted 2020E-23E annual cash flows and considered a terminal growth rate of 2.0%, then we carried out a sensitivity analysis on the terminal growth rate (+/- 0.25%) and on WACC (+/- 0.25%).

### DCF Valuation

€ thousand	2020E	2021E	2022E	2023E
EBIT	5.4	6.4	7.6	9.6
Taxes	(1.0)	(1.8)	(2.1)	(2.7)
D&A	0.8	1.2	1.5	1.9
Change in Net Working Capital	0.2	(0.8)	(0.9)	(1.3)
Change in Funds	0.9	1.1	1.2	1.5
Net Operating Cash Flow	6.3	6.0	7.3	9.0
Capex	(3.3)	(2.3)	(2.3)	(2.3)
<b>FCFO</b>	<b>3.0</b>	<b>3.7</b>	<b>5.0</b>	<b>6.7</b>
g	2.0%			
Wacc	8.9%			
FCFO (discounted)	3.0	3.4	4.2	5.2
Discounted Cumulated FCFO	15.9			
TV	98.7			
TV (discounted)	76.6			
Enterprise Value	92.5			
1H20 NFP	(4.0)			
Equity Value	96.5			

Current number of shares (k) 10,501

Value per share (€) 9.19

Source: KT&Partners' elaborations

### Sensitivity Analysis (€mn)

€ thousand		WACC				
		9.4%	9.2%	8.9%	8.7%	8.4%
Terminal growth Rate	1.5%	85.9	88.6	91.4	94.5	97.8
	1.8%	88.2	91.0	94.1	97.4	100.9
	2.0%	90.7	93.7	97.0	100.5	104.2
	2.3%	93.3	96.6	100.1	103.8	107.9
	2.5%	96.2	99.6	103.4	107.4	111.8

Source: KT&Partners' elaborations

## Appendix

### Peer Comparison

We carried out an in-depth analysis of public companies that could be considered as peers of RLT, taking into account its offering, business model, growth and profitability profile. Looking at the Italian market, we notice that selected companies - some of which are also RLT's competitors - do not provide a range of solutions for different technology needs like RLT but each one of them is focused on one of RLT's verticals.

We built a six-company sample, based on RLT's offer (Innovation Services, ReYou, ReData, ReSec, ReThing, ReHub), which includes:

- **Reply S.p.A. (REY-IT):** listed on the Borsa Italiana stock exchange with a market capitalization of €3.6bn, REY focuses on conception, design and development of solutions based on the new communication channels and digital media. It supports the main European industrial groups in defining and developing new business models utilizing big data, cloud computing, customer relationship management, mobile, social media, and IoT paradigms. The firm also offers consultancy, system integration and application management, and business process outsourcing. In FY19, REY reached €1.2bn of sales;
- **Cyberoo S.p.A. (CYB-IT):** listed on the Borsa Italiana stock exchange with a market capitalization of €59mn, CYB is an emerging Italian player in the cybersecurity sector. Started in 2008 as a device distributor, the company has been able to evolve initially as a provider of subscription-based managed security services and subsequently entered the cybersecurity market. In 2019, CYB launched three proprietary security software applications, developed in-house. CYB operates through the following business units: Cybersecurity (19%), Managed Services (63%), and Digital Transformation (18%). In FY19, CYB reached €6mn of sales;
- **Neosperience (NSP-IT):** listed on the Borsa Italiana stock exchange with a market capitalization of €38mn, NSP provides digital customers with experience services through its cloud-based platform named "Neosperience Cloud". The company offers AI proprietary models to enhance brand and product experience. In FY19, NSP reached €14mn of sales;
- **Eurotech S.p.A. (ETH-IT):** listed on the Borsa Italiana stock exchange with a market capitalization of €172mn, ETH is a multinational that designs, develops, and supplies IoT services, software, and hardware to leasing systems integrators, and large and small companies. In FY19, ETH reached €102mn of sales;
- **Expert System S.p.A. (EXSY-IT):** listed on the Borsa Italiana stock exchange with a market capitalization of €123mn, EXSY engages in the development of semantic technology. It provides solutions for online activities such as search and explore, tagging and categorization, intelligence, natural language understanding, and advertisement. In FY19, EXSY reached €32mn of sales;
- **WIIT S.p.A. (WIIT-IT):** listed on the Borsa Italiana stock exchange with a market capitalization of €400mn, WIIT is a holding company, which

engages in the provision of hosted private and hybrid cloud services. It offers cloud computing, critical applications, business continuity and disaster recovery, cybersecurity, technology migrations, service desk, and digital transformation solutions. In FY19, WIIT reached €34mn of sales.

Secondly, we compared the peers' historical growth rates and marginalities with RLT's historical financials. In FY19, RLT outperformed its competitors by ca. 27.5pp, growing at the higher pace of 43.4% YoY.

**Peers Comparison - Sales (€mn) and Sales CAGR (%)**

Company Name	RePlatform Module	Sales			YoY 18-19	Sales			CAGR 19-22
		2018	2019	2020		2021	2022		
Reply S.p.A.	Innovation	1,036	1,183	14.2%	1,241	1,393	1,539	9.2%	
Neosperience SpA	ReYou	9	14	n.m.	16	21	28	26.5%	
Expert System SpA	ReData	29	32	10.1%	30	31	44	11.8%	
Cyberoo S.p.A.	ReSec	5	6	22.9%	8	13	20	n.m.	
Eurotech S.p.A.	ReThing	79	102	28.9%	70	87	102	0.0%	
WIIT SpA	ReHub	24	34	38.3%	51	71	78	32.4%	
<b>Peers Average</b>		<b>197</b>	<b>228</b>	<b>15.9%</b>	<b>236</b>	<b>269</b>	<b>302</b>	<b>9.8%</b>	
<b>Relatech SpA</b>		<b>15</b>	<b>21</b>	<b>43.4%</b>	<b>26</b>	<b>31</b>	<b>36</b>	<b>18.9%</b>	

Source: Company data, FactSet, KT&Partners' estimates

**Peers Comparison - EBITDA Margin, EBIT Margin and Net Margin**

Company Name	RePlatform Module	EBITDA Margin					EBIT Margin					Net Margin				
		2018	2019	2020	2021	2022	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
Reply S.p.A.	Innovation Services	12.5%	14.2%	16.0%	16.2%	16.3%	11.2%	11.1%	12.9%	13.3%	13.5%	9.6%	9.6%	9.2%	9.2%	9.5%
Neosperience SpA	ReYou	26.8%	25.6%	25.1%	26.1%	29.9%	neg	8.0%	4.6%	7.7%	14.1%	4.9%	6.6%	2.0%	4.4%	9.2%
Expert System SpA	ReData	11.5%	12.6%	neg	neg	neg	neg	neg	neg	neg	neg	neg	neg	neg	neg	neg
Cyberoo S.p.A.	ReSec	37.2%	43.4%	33.3%	39.8%	48.1%	n.a.	20.2%	7.5%	25.2%	34.3%	n.a.	12.5%	9.4%	16.5%	24.8%
Eurotech S.p.A.	ReThing	9.8%	19.7%	10.3%	15.5%	18.9%	7.2%	15.9%	4.3%	10.8%	14.8%	7.2%	18.9%	1.9%	8.4%	10.8%
WIIT SpA	ReHub	40.9%	35.7%	35.3%	38.4%	40.1%	19.1%	15.5%	17.5%	21.7%	23.7%	13.7%	14.8%	12.5%	14.5%	16.5%
<b>Peers Average</b>		<b>23.1%</b>	<b>25.2%</b>	<b>24.0%</b>	<b>27.2%</b>	<b>30.7%</b>	<b>12.5%</b>	<b>14.1%</b>	<b>9.4%</b>	<b>15.7%</b>	<b>20.1%</b>	<b>8.9%</b>	<b>12.5%</b>	<b>7.0%</b>	<b>10.6%</b>	<b>14.2%</b>
<b>Relatech SpA</b>		<b>16.7%</b>	<b>23.1%</b>	<b>24.0%</b>	<b>24.6%</b>	<b>25.3%</b>	<b>16.2%</b>	<b>20.1%</b>	<b>20.9%</b>	<b>20.8%</b>	<b>21.1%</b>	<b>3.3%</b>	<b>4.3%</b>	<b>6.1%</b>	<b>8.2%</b>	<b>11.0%</b>

Source: FactSet, KT&Partners' estimates

## DISCLAIMER

THIS DOCUMENT WAS PREPARED BY GIANCARLO DI VONA - HEAD OF RESEARCH - FEDERICA FIORENZA - SENIOR ANALYST - ON BEHALF OF KT&PARTNERS S.R.L., WITH REGISTERED OFFICE AT VIA DELLA POSTA 10, MILAN, ITALY, MILAN COMPANY REGISTER NO. 1926922, SPECIALIZING IN FINANCIAL RESEARCH AND ANALYSIS (HEREINAFTER, "KT&PARTNERS").

NO OTHER PEOPLE OR COMPANY CONTRIBUTED TO THE RESEARCH. NEITHER THE MEMBERS OF THE RESEARCH TEAM, NOR ANY PERSON CLOSELY ASSOCIATED WITH THEM HAVE ANY RELATIONSHIPS OR ARE INVOLVED IN CIRCUMSTANCES THAT MAY REASONABLY BE EXPECTED TO IMPAIR THE OBJECTIVITY OF THE RESEARCH, INCLUDING INTERESTS OR CONFLICTS OF INTEREST, ON THEIR PART OR ON THE PART OF ANY NATURAL OR LEGAL PERSON WORKING FOR THEM, WHO WAS INVOLVED IN PRODUCING THE RESEARCH.

FOR THIS PURPOSE, THE MEMBERS OF THE RESEARCH TEAM CERTIFY THAT: (I) HAVE NOT RECEIVED AND WILL NOT RECEIVE ANY DIRECT OR INDIRECT COMPENSATION IN EXCHANGE FOR ANY VIEWS EXPRESSED IN THE RESEARCH; (II) DO NOT OWN ANY SECURITIES AND/OR ANY OTHER FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY OR ANY FINANCIAL INSTRUMENT WHICH THE PRICE DEPENDS ON, OR IS LINKED TO ANY SECURITIES AND/OR ANY FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY; (III) NEITHER THE ANALYSTS NOR ANY MEMBER OF THE ANALYST'S HOUSEHOLD SERVE AS AN OFFICER, DIRECTOR OR ADVISORY BOARD MEMBER OF THE COMPANY.

KT&PARTNERS HAS IN PLACE AN EQUITY RESEARCH POLICY, IN ORDER TO RULE RESEARCH SERVICES IN COMPLIANCE WITH PARLIAMENT REGULATION (EU) NO.596/2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 958/2016 ON MARKET ABUSE. IN THIS POLICY, THERE ARE ALSO DESCRIBED THE ORGANIZATIONAL MECHANISMS ADOPTED BY KT&PARTNERS TO PREVENT AND PROFESSIONALLY MANAGE CONFLICTS OF INTEREST THAT MAY ARISE DURING THE PERFORMANCE OF THE RESEARCH. IN ANY CASE, CHINESE WALLS AND OTHER INFORMATION BARRIERS ARE IN PLACE TO AVOID THE EXCHANGE OF CONFIDENTIAL INFORMATION BETWEEN THE EQUITY RESEARCH DEPARTMENT AND OTHER SERVICES AREAS.

KT&PARTNERS PREPARED THIS DOCUMENT ON BEHALF OF RELATECH SPA ACCORDING TO AN AGREEMENT ENTERED WITH THE SAME AND ON THE BASIS OF THE DATA AND PUBLIC INFORMATION PROVIDED BY THE SAME OR DERIVED FROM SOURCES DEEMED SERIOUS AND RELIABLE ON THE FINANCIAL MARKET BUT WHOSE ABSOLUTE TRUSTWORTHINESS, COMPLETENESS, AND ACCURACY CANNOT BE GUARANTEED. THE FEES AGREED FOR THIS RESEARCH DO NOT DEPEND ON THE RESULTS OF THE RESEARCH.

KT&PARTNERS PREPARED THIS DOCUMENT PURSUANT TO AN ENGAGEMENT LETTER ENTERED INTO WITH BPER BANCA SPA ACTING AS SPECIALIST IN ACCORDANCE TO ART. 35 OF AIM ITALIA MARKET RULES FOR COMPANIES.

KT&PARTNERS PREVIOUSLY RELEASED RELATECH EQUITY RESEARCH UPDATE ON 30/06/2020 WITH A FAIR VALUE OF €8.09PS.

THIS DOCUMENT IS A SOURCE OF INFORMATION ONLY, AND IS NOT PART OF, AND IN NO WAY MUST BE CONSIDERED AN OFFER TO SELL, SUBSCRIBE OR TRADE, OR A SOLICITATION TO PURCHASE, SUBSCRIBE OR TRADE, FINANCIAL INSTRUMENTS/PRODUCTS, OR IN GENERAL TO INVEST, NOR MUST IT BE

CONSIDERED ANY FORM OF CONSULTING FOR AN INVESTMENT IN FINANCIAL INSTRUMENTS.

THE INFORMATION PROVIDED IN THIS DOCUMENT MUST NOT BE UNDERSTOOD AS A REQUEST OR SUGGESTION TO CONDUCT OR CARRY OUT A SPECIFIC TRANSACTION.

EACH INVESTOR MUST FORM HIS/HER OWN OPINION BASED EXCLUSIVELY ON HIS/HER ASSESSMENT OF THE ADVISABILITY OF INVESTING. ANY INVESTMENT DECISION MADE ON THE BASIS OF THE INFORMATION AND ANALYSES IN THIS DOCUMENT IS THE EXCLUSIVE RESPONSIBILITY OF THE RECIPIENTS OF THIS DOCUMENT, WHO MUST CONSIDER THIS DOCUMENT MERELY AS A SOURCE OF INFORMATION AND ANALYSIS TO SUPPORT SUCH DECISION.

ANY OPINIONS, FORECAST OR ESTIMATES CONTAINED HEREIN CONSTITUTE A JUDGEMENT AS AT THE DATE OF THIS DOCUMENT, AND THERE CAN BE NO ASSURANCE THAT THE FUTURE RESULTS OF THE COMPANY AND/OR ANY FUTURE EVENTS WILL BE CONSISTENT WITH ANY OF SUCH OPINIONS, FORECAST OR ESTIMATES.

KT&PARTNERS MAKES NO EXPLICIT OR IMPLICIT GUARANTEE WITH RESPECT TO PERFORMANCE OR THE OUTCOME OF ANY INVESTMENT OR PROJECTIONS MADE.

THEREFORE, KT&PARTNERS, ITS REPRESENTATIVES AND/OR EMPLOYEES WILL NOT BE LIABLE FOR ANY EFFECT DERIVING FROM THE USE OF THIS DOCUMENT, AND HEREBY DECLINE ALL LIABILITY FOR ANY DIRECT OR INDIRECT DAMAGES, FINANCIAL OR OTHERWISE, DERIVING FROM ANY USE OF THE INFORMATION IT CONTAINS.

KT&PARTNERS AIMS TO PROVIDE CONTINUOUS COVERAGE OF THE COMPANY IN CONJUNCTION WITH ANY EXCEPTIONAL EVENT THAT OCCURS AFFECTING THE ISSUER'S SPHERE OF OPERATIONS AND IN ANY CASE AT LEAST TWICE PER YEAR.

IN THIS STUDY DCF AND MULTIPLE VALUATION MODELS HAVE BEEN USED. RECOMMENDATIONS FOLLOW THE FOLLOWING RULES:

- ADD - FOR A FAIR VALUE > 15% ON CURRENT PRICE
- HOLD - FOR A FAIR VALUE <15% AND >-15% ON CURRENT PRICE
- REDUCE - FOR A FAIR VALUE < -15% ON CURRENT PRICE



# KT&PARTNERS

Via della Posta, 10 - Piazza Affari, 20123 Milano - Italy  
Tel: +39.02.83424007 Fax: +39.02.83424011  
[segreteria@ktepartners.com](mailto:segreteria@ktepartners.com)

