

RELATECH

Sector: Industrials

BUY

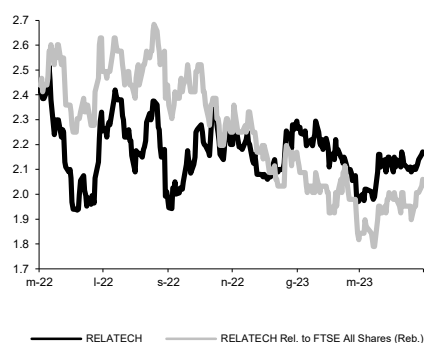
Price: Eu2.17 - Target: Eu4.40

Poised to Seize Opportunities from Leap in Size

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2023E	2024E	2025E
Chg in Adj EPS	3.6%		

RELATECH - 12M Performance



Stock Data			
Reuters code:	RLT.MI		
Bloomberg code:	RLT IM		
Performance	1M	3M	12M
Absolute	0.9%	-1.6%	-11.1%
Relative	3.0%	2.1%	-16.8%
12M (H/L)	2.52/1.94		
3M Average Volume (th):	49.71		

Shareholder Data	
No. of Ord shares (mn):	43
Total no. of shares (mn):	43
Mkt Cap Ord (Eu mn):	94
Total Mkt Cap (Eu mn):	94
Mkt Float - Ord (Eu mn):	41
Mkt Float (in %):	43.7%
Main Shareholder:	
Pasquale Lambardi	51.8%

Balance Sheet Data (2023E)	
Book Value (Eu mn):	41
BVPS (Eu):	0.98
P/BV:	2.2
Net Financial Position (Eu mn):	-8
Enterprise Value (Eu mn):	102

- 2022 marked by an intense M&A campaign...** 2022 was undoubtedly characterised by the large acquisition campaign through which RLT consolidated its presence in the IoT, Cloud and Cybersecurity businesses, entered the management advisory market, increased its international presence, and added highly skilled personnel. Overall, the company brought home ~Eu50mn in turnover, consolidating and diversifying its offering, and increasingly becoming a Group capable of offering end-to-end technological solutions. Remarkably, all these operations took place while maintaining financial discipline (5x to 6x EBITDA paid for larger deals) and are expected to generate significant value once synergies are extracted.
-aimed at exploiting the multiple tailwinds ahead.** Ongoing robust growth is expected for the digital sector in the coming years: in addition to multiple underlying structural factors, important contributions from public investment are expected via the funds allocated by the NRRP (see the dedicated paragraph in the note). Indeed, tech sector growth forecasts point to dynamic development in the coming years: ANITEC-ASSINFORM's latest estimates (dated November 2022) are for the Italian Digital sector growing at a +6.1% CAGR in the next three years, which rises to +8.6% if we focus on the company's core business (ICT Services expected to grow by 11% and Software and ICT Solution by 4.1% in the period).
- Figures expected to grow sizeably in the next three years...** Based on the strong growth expected in the core sector and the expectation that the company will be able to unleash the full potential of the companies acquired during 2022, we forecast an excellent 27.2% net revenue CAGR in the next three years (a sound 10% on an organic basis). Our growth estimates are supported by the robust indications provided alongside the trading update on May 10th, which show net revenues of ~Eu24mn, up ~130% YoY thanks both to organic growth and consolidation of acquired companies. On top of that, profitability is expected to enjoy more-than-proportional growth, again surpassing the 20% threshold by 2025 thanks to investments during the period, especially in personnel.
- ...boasting superior quality than in the past.** Not only are figures growing, they are also of higher quality than in the past thanks to the higher incidence of recurring revenues (37% in 1Q23 vs 22% in 2019), offering higher visibility, and lower dependence on the main clients (the top 10 have gone from 60% of turnover in 2019 to 30% in 2022), with the intention being to reduce reliance further, in particular through the new clients brought aboard by BTO.
- BUY confirmed; target Eu4.40:** We reaffirm our positive view on the stock, as we believe Relatech is in the right place at the right time to seize the opportunities arising in the digital sector. Our investment case is underpinned by: i) the exposure to a market embarking upon a structural upward trajectory, especially thanks to NRRP funds, ii) the possibility to extract material synergies with recently-acquired companies; 3) the company still having financial leeway to pursue further accretive M&A deals that can broaden the customer base and complete the product offering. Our valuation, the average of a DCF and a peer comparison, yields a target price of Eu4.40, offering huge potential upside to the latest closing price and justifying our positive recommendation.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	34	70	111	123	135
EBITDA Adj (Eu mn)	7	13	21	24	28
Net Profit Adj (Eu mn)	5	5	10	11	13
EPS New Adj (Eu)	0.141	0.124	0.221	0.259	0.308
EPS Old Adj (Eu)	0.118	0.166	0.213		
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	14.5	8.3	4.9	4.0	3.1
EV/EBIT Adj	25.4	12.6	6.7	5.4	4.2
P/E Adj	15.4	17.5	9.8	8.4	7.0
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	-0.2	0.7	0.4	0.0	-0.3

RELATECH – Key Figures						
Profit & Loss (Eu mn)	2020A	2021A	2022A	2023E	2024E	2025E
Sales	24	34	70	111	123	135
EBITDA	5	5	10	18	21	25
EBIT	3	2	6	13	15	18
Financial Income (charges)	-0	-0	-1	-1	-1	-1
Associates & Others	0	1	0	0	0	0
Pre-tax Profit	3	3	5	12	14	17
Taxes	-1	1	-3	-4	-4	-5
Tax rate	19.0%	-20.3%	62.7%	30.0%	30.0%	30.0%
Minorities & Discontinued Operations	-0	-0	-0	-0	-0	-0
Net Profit	3	4	2	8	10	12
EBITDA Adj	6	7	13	21	24	28
EBIT Adj	4	4	9	15	18	21
Net Profit Adj	3	5	5	10	11	13
Per Share Data (Eu)	2020A	2021A	2022A	2023E	2024E	2025E
Total Shares Outstanding (mn) - Average	33	38	43	43	43	43
Total Shares Outstanding (mn) - Year End	33	38	43	43	43	43
EPS f.d	0.078	0.097	0.038	0.189	0.226	0.276
EPS Adj f.d	0.094	0.141	0.124	0.221	0.259	0.308
BVPS f.d	0.410	0.642	0.793	0.982	1.208	1.484
Dividend per Share ORD	0.000	0.000	0.000	0.000	0.000	0.000
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash Flow (Eu mn)	2020A	2021A	2022A	2023E	2024E	2025E
Gross Cash Flow	6	8	15	14	16	19
Change in NWC	-0	-2	-7	-0	-2	-2
Capital Expenditure	-4	-6	-7	-7	-8	-9
Other Cash Items	0	0	0	0	0	0
Free Cash Flow (FCF)	2	-0	2	6	6	8
Acquisitions, Divestments & Other Items	-6	-2	-18	-5	1	1
Dividends	0	0	0	0	0	0
Equity Financing/Buy-back	3	4	5	0	0	0
Change in Net Financial Position	-1	2	-11	1	7	9
Balance Sheet (Eu mn)	2020A	2021A	2022A	2023E	2024E	2025E
Total Fixed Assets	14	22	46	47	49	79
Net Working Capital	3	5	11	12	14	15
Long term Liabilities	-3	-4	-13	-8	-9	-10
Net Capital Employed	13	23	44	51	53	56
Net Cash (Debt)	0	2	-10	-8	-1	9
Group Equity	13	24	34	43	52	64
Minorities	1	1	1	1	1	1
Net Equity	13	23	33	41	51	63
Enterprise Value (Eu mn)	2020A	2021A	2022A	2023E	2024E	2025E
Average Mkt Cap	54	102	100	94	94	94
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	0	2	-10	-8	-1	9
Enterprise Value	54	101	110	102	95	86
Ratios (%)	2020A	2021A	2022A	2023E	2024E	2025E
EBITDA Adj Margin	24.2%	20.6%	18.8%	18.8%	19.4%	20.4%
EBIT Adj Margin	16.9%	11.8%	12.4%	13.7%	14.4%	15.2%
Gearing - Debt/Equity	-0.4%	-7.0%	27.6%	19.0%	1.3%	-13.3%
Interest Cover on EBIT	45.8	16.4	4.7	16.2	20.3	31.2
Net Debt/EBITDA Adj	0.0	-0.2	0.7	0.4	0.0	-0.3
ROACE*	32.1%	12.7%	17.4%	27.1%	29.1%	33.1%
ROE*	29.1%	29.7%	19.1%	25.8%	24.3%	23.4%
EV/CE	5.0	5.6	3.3	2.2	1.8	1.6
EV/Sales	2.2	3.0	1.6	0.9	0.8	0.6
EV/EBITDA Adj	9.2	14.5	8.3	4.9	4.0	3.1
EV/EBIT Adj	13.2	25.4	12.6	6.7	5.4	4.2
Free Cash Flow Yield	1.8%	-0.3%	1.8%	6.8%	6.8%	8.8%
Growth Rates (%)	2020A	2021A	2022A	2023E	2024E	2025E
Sales	14.2%	38.3%	107.9%	59.3%	10.0%	10.0%
EBITDA Adj	19.8%	17.5%	90.2%	59.2%	13.4%	15.7%
EBIT Adj	-4.1%	-3.5%	119.7%	75.7%	15.2%	16.6%
Net Profit Adj	0.7%	43.0%	-54.5%	393.6%	19.8%	21.7%
EPS Adj	22.1%	49.4%	-12.1%	78.4%	16.9%	19.0%
DPS						

*Excluding extraordinary items Source: Intermonte SIM estimates

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Company in Brief

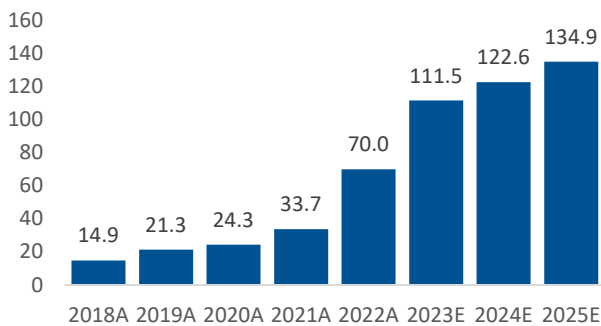
Company description

Relatech is a Digital Enabler Solution Knowledge company that provides support for corporate digital transformation. The group's value proposition focuses on its depth of experience as a digital enabler (CX, Big Data, AI, Blockchain, IoT, Cloud) as well as in the cybersecurity and advisory fields. The group provides its customised digital solutions through RePlatform, a proprietary cloud-based platform.

Strengths/Opportunities

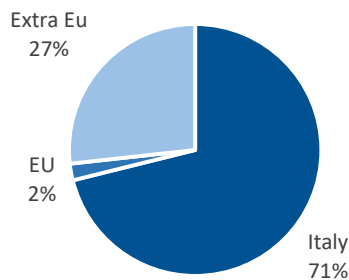
- Highly specialised workforce
- Solid financial structure and M&A track record
- Solid technological partnership
- Important incidence of recurring revenues (37% in 1Q23)
- Geographical expansion and product diversification
- Acceleration of digital services among Italian companies

Revenues Evolution: Historical and Forecast



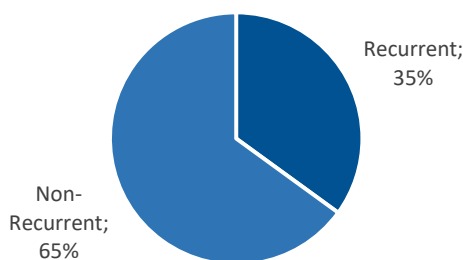
Source: Company data & Intermonte SIM Estimates

Revenue Breakdown by Geography (2022A)



Source: Company data

Recurrent vs non-recurrent Revenues (2022A)



Source: Company data

Management

CEO/Chairman: Pasquale Lambardi
Vice-Chairman: Gianni Franco Papa
CFO: Gianluca Rossi
COO: Silvio Cosoleto

Next BoD renewal: 2025

BoD independent members: 1/5

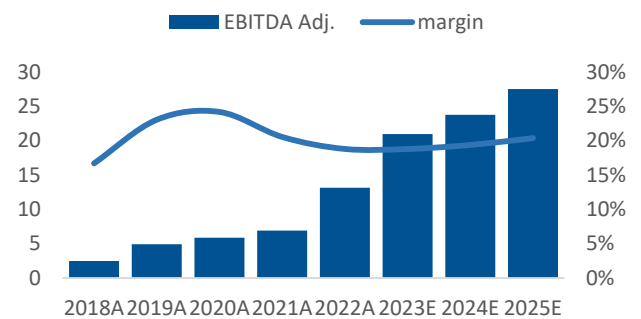
Shareholders

Pasquale Lambardi	51.8%
Lock-up shares	1.4%
Treasury Shares	3.1%
Market	43.7%

Weaknesses/Threats

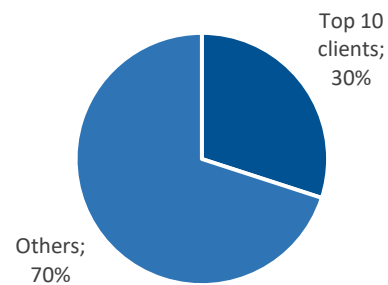
- High level of competition in the digital sector
- Limited size compared to large competitors
- Dependence on key managerial figures
- Shortage of skilled personnel

Adj. EBITDA and Margins Evolution: Historical and Forecast



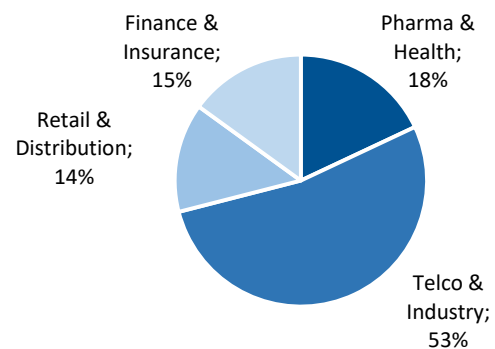
Source: Company data & Intermonte SIM Estimates

Client's concentration (2022A)



Source: Company data

Revenues breakdown by Market Segment (2022A)



Source: Company data

2022 in a nutshell

2022 featured an important acquisition campaign undertaken by the company, which was accompanied by already sustained organic growth (11% YoY). In the following paragraphs we focus on analysis of the transactions completed and the results achieved by the company both in terms of numbers and profile improvement.

An intense M&A campaign undertaken in 2022

The year was undoubtedly characterised by the large M&A campaign carried out by Relatech: four acquisitions finalized in the period, two of which of rather significant dimensions (BTO and EFA Automazione). Overall, the company brought ~Eu50mn in turnover on board, consolidating and diversifying its offering, and increasingly becoming a Group capable of offering end-to-end technological solutions. In the following paragraphs we report the main details of the operations completed in 2022 (by order of size):

BTO: Entering the Management Advisory field with a Digital Vocation

The acquisition will enable Relatech to present itself to the market with a new and differentiating offering that combines its technological footprint with the advisory capability of BTO, one of the main players in management advisory, already operational in Italy and abroad in various market sectors such as insurance, banking, utilities, fashion, and automotive, and whose clientele comprises large enterprises now ripe for targeting with a more complete value proposition. Moreover, the entry of BTO into the Relatech Group will encourage a strong generational shift thanks to the contribution of 300 professionals with an average age of 29.

When: announced 28/10/2022, closed 23/11/2022

Description: BTO is one of the main players in management & change advisory, operating in Italy and abroad (presence in Germany, Austria and Luxembourg) in the insurance, banking, utilities, fashion, and automotive sectors. Furthermore, BTO boasts strong expertise in Digital & Marketing strategy thanks to an international advisory board made up of experts in technology and digital marketing.

Financials: BTO closed 2021 with turnover of ~Eu20mn and adj. EBITDA of ~Eu3.5mn, net profit of ~Eu1mn and net debt of Eu1.2mn.

Rationale: Integration of BTO into Relatech group offers advantages on two fronts: enabling it to present itself as a management advisory firm with a technological vocation, but also to immediately cover some of the critical specialization areas on the market, such as IT, Operations and HR & Change Management, which alone account for over 40% of total turnover in Italian consultancy. Moreover, BTO's strong links to academia will potentially open new channels, both for R&D activities and recruitment of new talent. The synergies identified strengthen strategic coverage of areas in which Relatech Group has already been present for years, encouraging up-selling and cross-selling, and helping build loyalty in the vast customer portfolio. Considering the new and more extensive value proposition, the Relatech group will undertake a project aimed at reformulating and simplifying the proposal as well as improving management of the huge customer portfolio and creation of centres of excellence for industry as well as for technology. BTO management will support Relatech in accelerating the internationalization process, already initiated through the acquisition of the Venticento offices in New York and Hong Kong, to which new offices in Germany, Austria and Luxembourg will be added thanks to the entry of BTO.

Transaction details: Relatech has acquired an equity investment equating to 80% of the share capital through:

- subscription of a capital increase for a total of Eu6.17mn, amounting to a 43.10% stake;
- purchase of the equity investments held by certain non-operating shareholders for an additional 36.90%, meaning a total consideration of up to Eu5.28mn plus an earn-out for a total of Eu1.55mn.

The investment agreement also foresees that BTO Group managers and minority shareholders Florenzo Marra, Fabrizio Manzo and Martino Scanziani will keep 20% of share capital, 10% of which in ordinary shares and the remainder in so-called "price adjustment shares" convertible into an equal number of ordinary shares (or entirely cancellable) in the event of: (a) non-emergence of fiscal liabilities up to a certain amount; and (b) the achievement of certain EBITDA objectives on BTO Group consolidated financial statements from 31st December 2022 to 31st December 2024.

EFA Automazione: Strengthening the Presence in Industrial IoT

Relatech combines its expertise in Digital Enabler Technologies with EFA's experience in the Industrial IoT field, consolidating the Group's presence in the smart city, logistics, energy and critical infrastructure markets thanks to the possibility of connecting smart objects and smart networks. The acquisition creates an entity capable of offering the full range of technology indispensable for completing the digitalisation of processes, and of adding value and innovation. The integration expands the customer base and introduces new clients (including international ones) of high standing in the core industry, with which EFA has longstanding relations. Moreover, the deal enables the group to increase the proportion of recurring revenues.

When: announced 29/12/2021, closed 18/02/2022

Description: EFA Automazione is a Milan-based company with over 35 years in the Industrial Automation sector, developing specific skills in communication and connectivity for machines and systems. The company operates as a technological vector in the world of industrial automation through products, solutions and services aimed at exchanging data between the two IT/OT worlds, an essential element for the realization of digital transformation projects.

Financials: in 2020, EFA registered turnover of ~Eu13.5mn, EBITDA of ~Eu1.5mn, and net profit of ~Eu1mn. However, we point out that the numbers registered in 2021 were markedly higher, as figures for the first 9 months of 2021 substantially matched the results for FY 2020. Indeed, in the first 9 months of 2021 the company registered turnover of Eu12.7mn, EBITDA of Eu1.8mn and net income of Eu1.2mn.

Rationale: the acquisition creates an entity capable of offering the full range of technology indispensable for complete digitalisation of processes, and one that is capable of adding value and innovation. The integration expands the customer base and introduces new clients (including international ones) of high standing in the core industry, with which EFA has longstanding relations. Moreover, the deal enables the group to increase the proportion of recurring revenues.

Transaction details: the transaction was structured in two phases and foresaw (a) an agreement with all the current shareholders of EFA for the purchase of 81.66% of capital for a total consideration of Eu7.35mn; and (b) an agreement with Franco Andrighetti aimed at regulating his role as managing director of EFA, the governance of EFA, and limits to and rights of shareholders in event of the transfer of the stake in EFA.

The agreement with Mr. Andrighetti provided for, inter alia, put option rights in his favour and call option rights in favour of Relatech (exercisable in certain time windows that can be brought forward on occurrence of certain conditions) on a number of shares up to the entire residual shareholding (equal to 18.33% of the share capital of EFA) held by Mr. Andrighetti. If the above put and call options are exercised, Relatech is entitled to ask Mr. Andrighetti to resign from his position as Chief Executive Officer. In the event of the exercise of the aforementioned put and call options, Relatech may, at its discretion, pay the relevant consideration (a) in cash; or (b) 50% in cash and 50% in Relatech shares.

On 29 March 2023, the transfer to Relatech was completed of 8% of EFA share capital by Mr. Franco Andrighetti following the exercise of a put option in his favour. The total consideration for the transfer of the shareholding in EFA was Eu720k, paid 50% in cash and the remainder in 169,507 Relatech treasury shares at the contractually-agreed price of Eu2.12 p.s., calculated by taking into account the volume-weighted average of Relatech daily share prices over the 30 trading days preceding closing, weighted for volumes. The Relatech shares to be transferred are subject to a 6-month lock-up from the allocation date. This transaction has therefore increased Relatech's shareholding in EFA Automazione to 89.66%.

Venticento: Consolidating the Presence in Cybersecurity and Cloud solutions

The acquisition of Venticento enables Relatech to strengthen its offering in the Cloud and Cybersecurity sectors, to widen its offering, and increase the Group's international presence, as Venticento has historically had offices in New York and Hong Kong, therefore enabling a further expansion of the Group's foreign customer base.

When: announced 31/05/2022, closed 13/09/2022

Descriptions: Venticento, based in Bresso (MI), specialises in offering Cybersecurity, Cloud solutions and IT services for the enterprise market. Founded in 2005 in Milan and with offices in the United States and Hong Kong, Venticento's mission is to ensure maximum protection of its customers' data through Cybersecurity technology, while guaranteeing flexibility for the Cloud infrastructure.

Financials: in 2021, Venticento had turnover of ~Eu10mn, net profit of ~Eu290k and a net cash position of ~Eu85k.

Rationale: the acquisition will enable Relatech to strengthen its offering in the Cloud and Cybersecurity sectors, as well as to widen its offering thanks to the technological partnerships with vendors of international importance that are part of the Venticento ecosystem. Moreover, the deal is the first step in increasing the Group's international presence, as Venticento has been historically had offices in New York and Hong Kong, therefore enabling a further expansion of the Group's foreign customer base.

Transaction details: by increasing its stake in capital from 41.29% to 51%, Relatech will consolidate Venticento. The price for the additional 9.71% stake is Euro 350,000, partly in cash and partly in Relatech shares. The agreement also gives Relatech the option to purchase the shares that make up the remaining 49% of capital; the option can be exercised within 1 year of the date of approval by the Venticento shareholders' meeting of the financial statements for the year ended 31 December. The exercise price of the options will be determined using a specific formula that takes into account the EBITDA and NFP values recorded by Venticento subject to a minimum value of Eu680k, to be paid partly in cash and partly in Relatech shares.

IoT Catalyst: Expanding Presence in Public Administration Sector

Relatech has expanded its presence in Italy with a new office in Rome, which will act as a hub for new investments in IoT edge computing and for development of the public administration market and tenders for research and development.

When: announced 23/05/2022, closed 15/09/2022

Description: Rome-based IoT Catalyst (formerly known as Fair Winds Digital) is specialized in IoT technology and in the development of edge computing solutions in the Industry 4.0, Telco and Smart City fields. IoT Catalyst supports customers in the design, roll-out and maintenance of IoT systems, with the ultimate goal of managing complex networks, infrastructures, and industrial plants efficiently, securely and quickly.

Financials: the company closed 2021 with turnover of ~Eu2.5mn, net income of ~Eu59k, and a net cash position of approximately Eu170k.

Rationale: the acquisition will enable Relatech to consolidate its offering as it brings with it an IoT edge computing platform for digital twins. At the same time, Relatech will be able to strengthen its competitive positioning in market sectors in which it is already present via a portfolio of historical customers in areas such as industrial automation, telecommunications, energy, and utilities; to open up to the Smart City sector; and to expand its presence in Italy with a key new office in Rome that will enable the Group to expand its offering to the public administration and give it a hub to seize new opportunities from the world of research and development and calls for tenders, including in new investments resulting from the NRRP.

Transaction details: Eu310k (in two tranches) is the price set for acquisition of 100% of IoT Catalyst capital. In addition, there is an earn-out mechanism to be paid partly in cash and partly in Relatech shares and based on achievement of specific medium and long-term EBITDA objectives.

The recap table (next page) shows that the multiples paid for acquisitions are more than reasonable and generally between 5x and 6x EBITDA for larger deals. Margins of acquired companies are generally lower than those of the Group, which is why we believe that the focus on integrating the companies during 2023 could significantly improve margins thanks to possible synergies.

2022 Acquisitions – Key figures

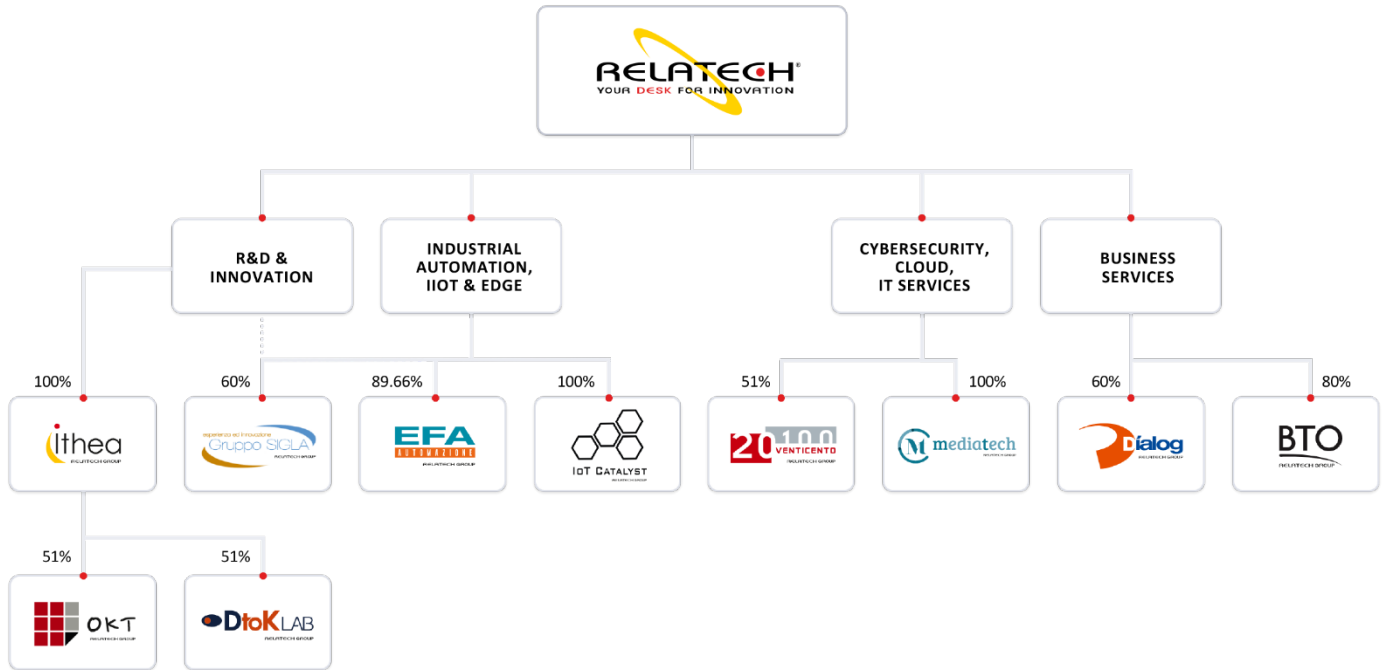
Year	Target	Stake	Revenues	EBITDA	Margin %	PFN	Equity value	EV	EV/EBITDA
2022	EFA Automazione	81.7%	13.5	1.5	11%	0.0	9.0	9.0	6.0
2022	IoT Catalyst (Fair Winds)	100%	2.5	0.5	19%	0.2	0.3	0.1	0.3
2022	Venticento	51%	10	0.7	7%	0.1	3.6	3.5	5.0
2022	BTO	80%	20	3.5	18%	-1.2	16.3	17.5	5.0

Source: Company data & Intermonte SIM Estimates

New Group Structure

At the end of 2022, following the transactions completed during the year, the Group structure was therefore as shown in the figure below. As is clear, to date there are 3 distinct but complementary core competencies, namely Industrial Automation & IoT, Cybersecurity, Cloud & IT Services and Business Services. To these is added a cross-cutting R&D and Innovation activity that characterizes all the companies of the Group.

New Group Structure



Source: Company data

Governance Update

Among the changes that took place in 2022, we also highlight two changes to governance: approval of the introduction of increased voting rights, and the definitive exercise of warrants, which simplified the shareholding structure, as well as generating proceeds of about Eu4.9mn.

Increased voting rights: the EGM held on 21 December 2022 approved the amendment of articles 6 and 9 of the by-laws in order to increase voting rights. Consequently, registered shareholders will accrue two voting rights for each share held for at least 12 months.

Warrant conversion: the third and final exercise period of the "Warrants Relatech 2019-2022" ended on 20 May 2022; during that period, 3,458,772 warrants were exercised leading to the issue of 5,188,158 new Relatech ordinary shares and proceeds of ~Eu4.9mn. As a consequence, unexercised Warrants became entirely null and void.

M&A adds to already strong organic growth

In 2022, the company achieved strong growth in results, thanks not only to the acquisitions completed during the year but also to growth on a like-for-like basis (a sound+11%). Below are the main aspects we highlight:

- **Net revenues** increased by **117.1% YoY** to reach Eu60.7mn. The growth was possible thanks to the 4 acquisitions detailed in the section above and to **11% growth on a like-for-like basis**. Recurring revenues amounted to 35% of the total, while turnover registered abroad reached 29%.
- **Adj. EBITDA** increased **+91% YoY** to reach Eu13.2mn. The margin decreased from 20.6% to 18.8%, mainly due to the dilutive effect from the consolidation of acquired companies.
- **Adj. EBIT** amounted to Eu8.7mn, **+119.7% YoY** and with an increase in the margin from 11.8% to 12.4% thanks to the lower incidence of D&A.
- **NFP** went from positive Eu1.7mn (cash) as at the end of 2021 to negative (debt) Eu9.5mn as at end-FY22 due to the significant cash outlay for the acquisitions (~Eu18mn), the buy-back conducted in the period (~Eu1.5mn), only partially counterbalanced by the cash-in from the conversion of warrants, which added ~Eu4.9mn to the company's balance sheet.

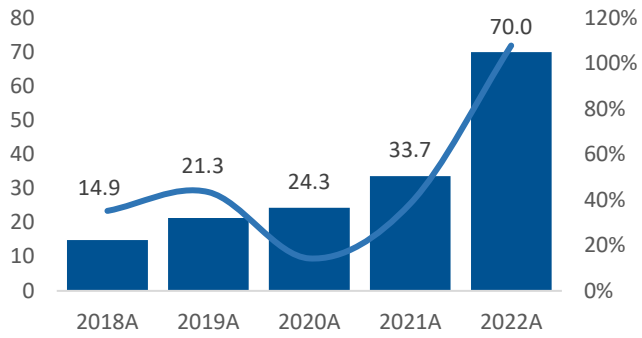
Relatech – FY22 Results

(Eu mn)	2018A	2019A	2020A	2021A	2022A
Value of Production	14.9	21.3	24.3	33.7	70.0
<i>YoY growth</i>	35.1%	43.4%	14.2%	38.3%	107.9%
Adj. EBITDA	2.5	4.9	5.9	6.9	13.2
<i>margin</i>	16.7%	23.1%	24.2%	20.6%	18.8%
EBITDA reported	2.5	4.8	5.2	5.3	10.3
<i>margin</i>	16.7%	22.3%	21.5%	15.6%	14.7%
D&A	(0.1)	(0.6)	(1.8)	(3.0)	(4.5)
Writedowns/Provision	0.0	(0.3)	0.0	0.0	0.0
Adj. EBIT	2.4	4.3	4.1	4.0	8.7
<i>margin</i>	16.2%	20.1%	16.9%	11.8%	12.4%
EBIT reported	2.4	3.8	3.4	2.3	5.8
<i>margin</i>	16.2%	18.0%	14.1%	6.8%	8.3%
Net financial charges	(0.0)	(0.1)	(0.1)	0.9	(1.2)
Pretax	2.4	3.8	3.4	3.2	4.5
Taxes	(0.7)	(1.2)	(0.6)	0.7	(2.9)
<i>tax rate</i>	-31.6%	-31.1%	-19.0%	20.3%	-62.7%
Minorities	(0.1)	(0.0)	(0.2)	(0.2)	(0.0)
Net income	1.6	2.5	2.6	3.6	1.7
<i>YoY growth</i>	11.8%	61.9%	0.7%	43.0%	-54.5%
Adj. Net Income	1.6	2.5	3.1	5.3	5.4

Source: Company data

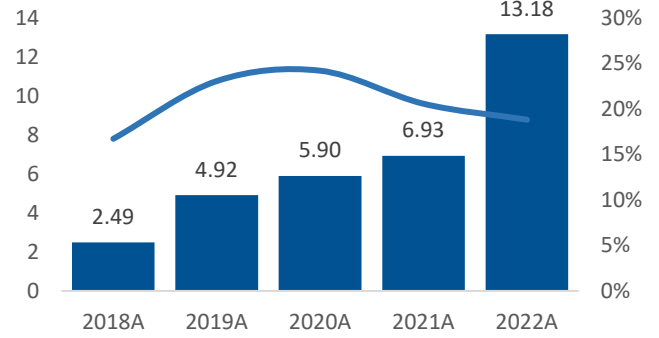
Not only are figures growing, we underline that they are also of **higher quality than in the past** thanks to the **higher incidence of recurring revenues** (37% in 1Q23 vs 22% in 2019), offering higher visibility and **lower dependence on the main clients** (the top 10 have gone from 60% of turnover in 2019 to 30% in 2022), with the intention being to reduce reliance further, in particular through the new clients brought aboard by BTO.

Revenues historical evolution



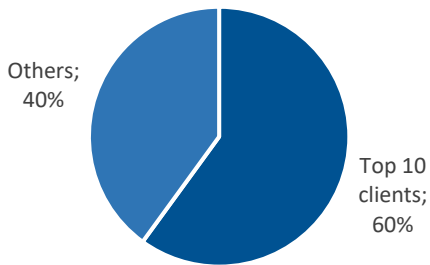
Source: Company data & Intermonte SIM Estimates

Adj. EBITDA and Margins historical evolution



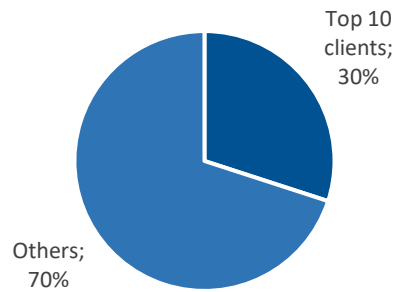
Source: Company data & Intermonte SIM Estimates

Clients concentration in 2019



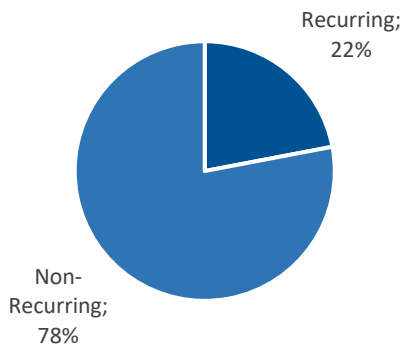
Source: Company data

Clients concentration in 2022



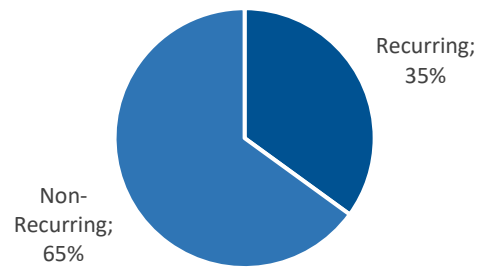
Source: Company data

Recurring vs Non Recurring Revenues in 2019



Source: Company data

Recurring vs Non Recurring Revenues in 2022



Source: Company data

Market Growth and 2023-25 Estimates

We think that the market scenario for the next three years is favourable for Relatech, which we believe is structured to seize the interesting opportunities that will arise. Indeed, while the digital market was already facing growth before 2020, the pandemic made it clear that it was necessary to accelerate investments in order to bridge the gap with other European countries. In addition, the funds allocated by the NRRP will give further impetus to this growth, thereby providing the ideal environment for the company. In the following paragraphs we analyse these current trends in greater depth, trends that are the basis of the strong growth expected in the coming years.

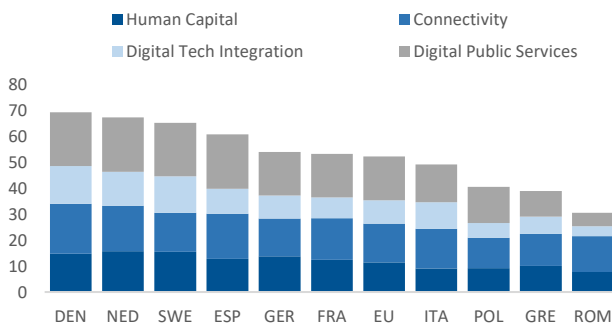
The Italian Digital Market offers a huge untapped potential...

The Italian market has historically lagged the rest of Europe in terms of digitalization; however, driven by corporate needs and transformation plans, growth rates are stable in the mid-single-digit range. Innovative technologies such as Data Analytics, IoT, Cybersecurity, Cloud Computing, and Artificial Intelligence are increasingly perceived as top priorities by domestic corporates – with the pandemic further boosting these needs – and their growth is therefore accelerating. In this context, Relatech is well equipped to address on-going technology trends, leveraging on critical size, wide-ranging innovative and integrated solutions, and strong expertise in specific products/solutions.

Improving but still below the EU average ...

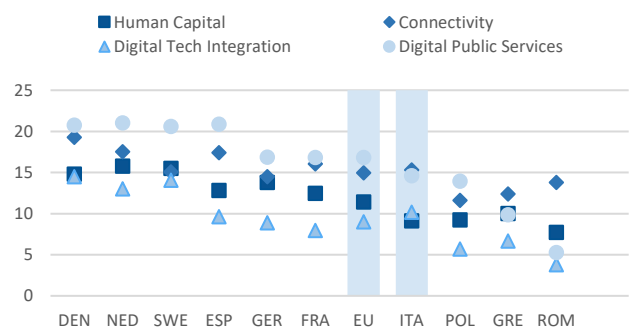
Prior to the pandemic, Italy appeared to be a laggard compared to its European neighbours in terms of integration and adoption of digital practises by individuals, corporations, and government entities, a situation arising out of structural deficits and deeply rooted behaviour. Italy ranks below the EU average on multiple indicators of digital adoption reflected in the Digital Economy and Society Index (DESI), which highlights the country's cumulative delay in digital tech adoption, digital skills, and use of connected features of digital technology. However, the Covid-19 pandemic came as a wake-up call and put the need for accelerated digital transition firmly in the spotlight. Encouraging signs can be seen in the recently released 2022 DESI, as Italy increased its score by +8% YoY, gaining two positions in the final ranking.

DESI index overall score (2022)



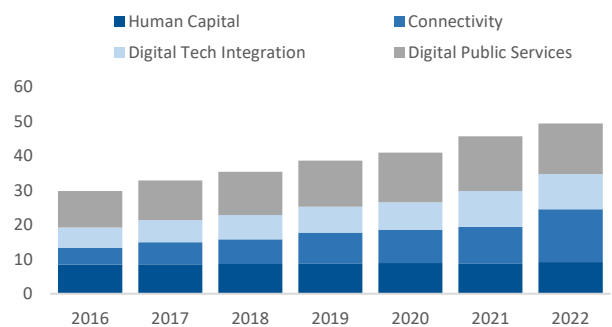
Source: European Commission – DESI 2022

DESI score by component (by score for each category) (2022)



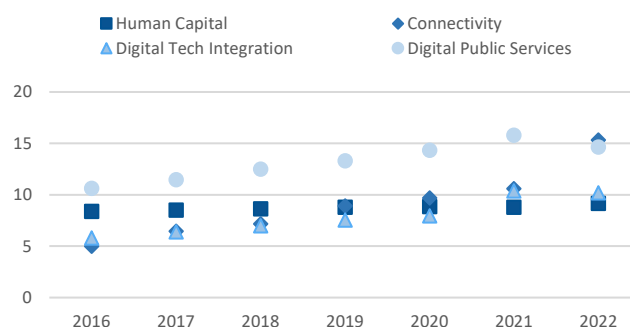
Source: European Commission – DESI 2022

DESI index score evolution in Italy (2016-2022)



Source: European Commission – DESI 2022

DESI index score evolution by component in Italy (2016-2022)



Source: European Commission – DESI 2022

... which may imply superior upside potential

In our view, it seems clear that Italy has started narrowing its digital gap and the initial delay in digital adoption and equipment might indeed offer superior growth prospects. We believe this change of mindset should boost the pre-existing digital transition dynamics in the country with further tailwinds coming from political support, as embodied by Italy’s ambitious digital adoption targets backed by multi-billion public investment projects earmarked for digitalisation in the NRRP.

Summary of Italy 2026 digital targets and EU 2030 digital targets

	2020 situation		2026 Target		2030 Target	
	ITALY	EU AVG.	ITALY	Δ vs 2020	EU AVG.	Δ vs 2020
Use of Digital ID solutions % of population	22%	NA	70%	48%	80%	NA
Digital skills % of population with basic skills	42%	58%	70%	29%	80%	22%
Cloud Adoption % of entities	NA	18% Businesses	75% Govt. Entities	NA	75% Businesses	57%
Online public services % of fundamental public services	NA	NA	80%	NA	100%	NA
Connections with UBB % of households	89% coverage 69% take-up	87% coverage 65% take-up	100%	11% coverage 31% take-up	100%	13% coverage 35% take-up

Source: DESI 2020, ISTAT, OECD, EU Commission, Italian Ministry for Technological Innovation and Digital Transition, Digital observatory of Milan Polytechnic University, AGCOM

Multiple organic tailwinds power our optimism on the sector...

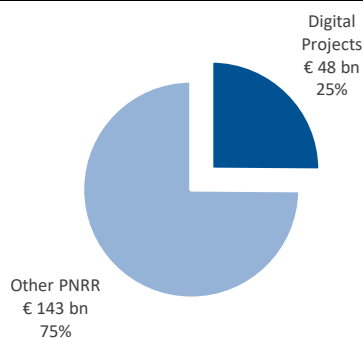
We have identified a set of supportive trends for the local digital sector, composed of organic tailwinds and drivers powered by the NRRP. Inherent trends include:

- **changing digital habits of Italians**, kick-started by the pandemic through the accelerated use of connected technologies (digital payments, e-ID, mobile e-commerce) and set to continue, in our view.
- **increasing digital adoption** by Italian corporations and especially SMEs, as achieving digital transition is vital in an increasingly connected international competitive landscape.
- **digital enablers** (cloud computing, artificial intelligence, cybersecurity, data analytics), which we believe should continue to be the main drivers of digitalisation and for which inferior initial equipment usage rates may indeed offer superior growth prospects for the country.

The upcoming NRRP programme earmarks over Eu48bn overall (25% of the NRRP budget) for projects in the digital arena to 2026. This programme, together with additional funding from ReactEU and supplementary facility schemes, should further help support the inherent trends of growing digital adoption in the country through:

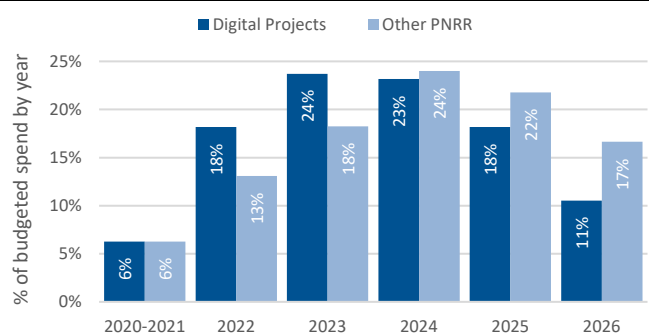
- **digitalisation of government entities and services** (including planned investments in government entities, healthcare, and education).
- **stronger tax incentives for Transition 4.0** and investment programmes to support greater digital inclusion for companies in multiple industries.
- **enhanced infrastructure development plans** for connectivity (fibre, 5G) and technical (cloud platforms, datacentres) infrastructure.

NRRP at a glance – breakdown of the Eu191.5bn plan



Source: Intermonte SIM, NRRP documents

NRRP at a glance – Eu51.4bn or 27% earmarked for digital projects overall



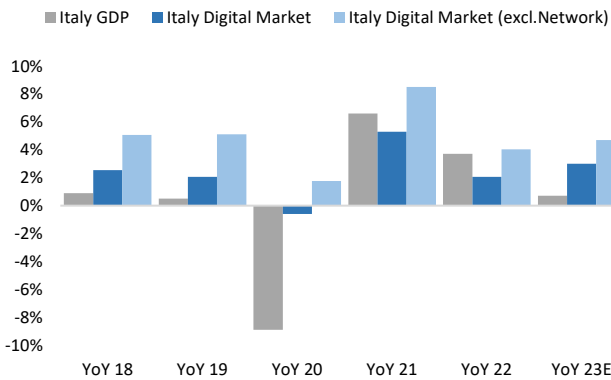
Source: Intermonte SIM, NRRP documents

Italian digital market to increase at mid-single digit by 2025

Overall, Italian ICT activities still benefit from robust underlying growth potential driven by the multiple structural factors that determine the intrinsic characteristics of the country’s tech sector. Indeed, evolving habits point to greater use of (and openness to) digital tools and processes by both companies and individuals and should contribute to bridging the peninsula’s digital gap with other western countries. We also believe that public investment and incentive plans should add to an already attractive intrinsic growth profile, either through planned direct public investments or other incentives, and also potentially by tearing down some entrenched bureaucratic barriers in the public administration.

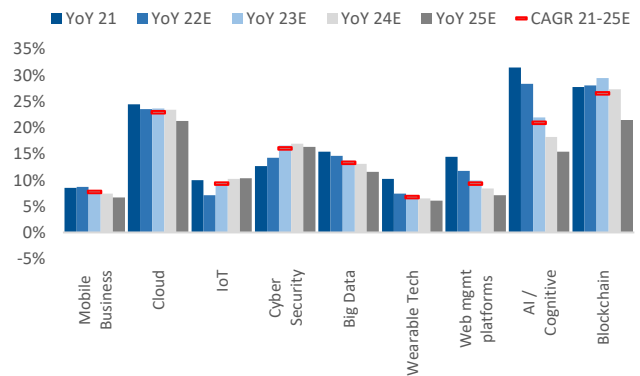
Indeed, tech sector growth forecasts point to dynamic development in the coming years. ANITEC-ASSINFORM’s latest estimates (dated November 2022) are that the Italian Digital sector will grow by +4.7% and +6.7% YoY in 2023 and 2024, excluding the Network Services component, which is heavily burdened by structurally declining fixed and mobile voice markets that are not among the key activities for digital transformation.

Italian ICT sector growth vs GDP



Source: ANITEC ASSINFORM November 2022 report (NetConsulting cube, 2022) – IMF forecast

Growth forecasts for main digital enablers (ranked by market size)



Source: ANITEC ASSINFORM July 2022 report (NetConsulting cube, 2022) – IMF forecasts

Moreover, if we narrow our analysis to look only at market segments most directly related to Relatech’s business activities, we highlight:

- **ICT services:** expected to increase at c. 11% on average per year by 2025, with growth to be driven primarily by Cloud computing services as well as consultancy, as seen in recent years.
- **Software and ICT solutions:** multiple drivers of growth in this segment, with application software solutions doing well, while numerous innovative technologies should contribute dynamic development, including web platforms (websites, e-commerce, and social media) and IoT. It should experience a 4.1% CAGR in the period.

Overall, we believe that the combined 8.6% CAGR expected in the 3-year period bodes well for our 10% organic growth expectations for the company, especially if we consider that Relatech will have the chance to exploit the full potential of cross selling and up-selling opportunities among the newly acquired companies in this period.

Relatech: core market segment expected growth

Growth YoY	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	CAGR 22-25
ICT services	11.1	11.6	12.3	12.7	13.7	14.7	16.1	17.9	20.1	11.0%
YoY growth		5.1%	5.8%	3.3%	7.6%	7.3%	9.6%	11.5%	11.9%	
ICT Software and solutions	6.6	7.1	7.7	7.5	8.1	8.5	8.8	9.2	9.6	4.1%
YoY growth		7.7%	7.8%	-2.3%	8.0%	5.1%	3.3%	4.2%	5.0%	
Total	17.7	18.8	20.0	20.2	21.8	23.2	24.9	27.1	29.7	8.6%
YoY growth		6.1%	6.6%	1.1%	7.8%	6.5%	7.3%	8.9%	9.6%	

Source: ANITEC ASSINFORM November 2022 report (NetConsulting cube, 2022)

...which Relatech is ready to seize, as reflected in our 2023-2025 estimates

Our stance is based on the strong growth expected in the core sectors (detailed in the previous paragraphs) and on the expectation that the company will be able to unleash the full potential of the companies acquired during 2022, extracting important commercial synergies thanks to cross and up-selling.

The main trends we expect are the following:

- **An excellent 27.2% net revenue CAGR expected over the next three years.** Thanks to the expected growth of the technology sector in Italy (further accelerated by the dedicated funds from the NRRP) and to the commercial synergies obtainable with the recently acquired companies, we expect that the company will grow organically at a CAGR of 10% in the 2022-2025 period, outperforming the 8.6% expected for the market. In **addition** to this, 2023 will see a further 60% dictated by the change in perimeter. Our estimates are supported by the robust indications provided on release of the trading update on May 10th, which showed net revenues of ~Eu24mn, up ~130% YoY thanks to organic growth and the consolidation of acquired companies. Moreover, recurring revenues amounted to ~Eu8.8mn, up 170% YoY and accounting for 37% of revenues, a further rise on the 35% achieved at the end of 2022.
- **Profitability forecast to rebound and once again reach the robust 20% threshold.** While the last few years have mainly been dedicated to external growth, we believe that 2023 will mainly be devoted to integrating these companies within the Group, with inevitable investments, especially in personnel, that may weigh on profitability in the short term, but will enable synergies to be extracted and lead to margins rebounding in the medium term. As a matter of fact, we expect the EBITDA margin to once again exceed the 20% threshold by 2025.
- **D&A:** we expect depreciation to increase due to the investments made in recent years and the full consolidation of acquisitions.
- **Financial charges:** we expect these to remain limited given the reduced financial leverage, but in any case higher than in the recent past (the 2022 figure is not perfectly comparable as it also incorporated the negative performance of some financial instruments).
- **Tax rate:** we expect a normal, 30% tax rate going forward.

P&L Estimates

(Eu mn)	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E
Value of Production	14.9	21.3	24.3	33.7	70.0	111.5	122.6	134.9
<i>YoY growth</i>	35.1%	43.4%	14.2%	38.3%	107.9%	59.3%	10.0%	10.0%
Adj. EBITDA	2.5	4.9	5.9	6.9	13.2	21.0	23.8	27.5
<i>margin</i>	16.7%	23.1%	24.2%	20.6%	18.8%	18.8%	19.4%	20.4%
EBITDA reported	2.5	4.8	5.2	5.3	10.3	18.5	21.3	25.0
<i>margin</i>	16.7%	22.3%	21.5%	15.6%	14.7%	16.6%	17.4%	18.6%
D&A	(0.1)	(0.6)	(1.8)	(3.0)	(4.5)	(5.7)	(6.2)	(7.0)
Writedowns/Provision	0.0	(0.3)	0.0	0.0	0.0	0.0	0.0	0.0
Adj. EBIT	2.4	4.3	4.1	4.0	8.7	15.3	17.6	20.5
<i>margin</i>	16.2%	20.1%	16.9%	11.8%	12.4%	13.7%	14.4%	15.2%
EBIT reported	2.4	3.8	3.4	2.3	5.8	12.8	15.1	18.0
<i>margin</i>	16.2%	18.0%	14.1%	6.8%	8.3%	11.5%	12.3%	13.4%
Net financial charges	(0.0)	(0.1)	(0.1)	0.9	(1.2)	(0.8)	(0.7)	(0.6)
Pretax	2.4	3.8	3.4	3.2	4.5	12.0	14.4	17.5
Taxes	(0.7)	(1.2)	(0.6)	0.7	(2.9)	(3.6)	(4.3)	(5.2)
<i>tax rate</i>	-31.6%	-31.1%	-19.0%	20.3%	-62.7%	-30.0%	-30.0%	-30.0%
Minorities	(0.1)	(0.0)	(0.2)	(0.2)	(0.0)	(0.2)	(0.2)	(0.3)
Net income	1.6	2.5	2.6	3.6	1.7	8.2	9.8	11.9
<i>YoY growth</i>	11.8%	61.9%	0.7%	43.0%	-54.5%	393.6%	19.8%	21.7%
Adj. Net Income	1.6	2.5	3.1	5.3	5.4	9.6	11.2	13.3

Source: Company data & Intermonte SIM Estimates

Balance Sheet Estimates

(Eu mn)	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E
Tangible Assets	0.3	0.3	0.4	0.5	1.0	1.0	1.0	1.0
Intangible Assets	2.6	6.6	13.0	19.0	44.0	45.3	47.1	49.1
Financial Assets	0.0	0.0	0.0	2.1	0.6	0.6	0.6	0.6
Fixed Assets	2.8	6.9	13.5	21.7	45.6	46.9	48.7	50.7
Inventories	0.0	0.0	0.5	0.7	3.4	3.6	4.0	4.4
Trade Receivables	2.8	4.7	6.6	9.1	28.4	34.4	37.8	41.6
Trade Payables	-1.0	-0.8	-2.8	-3.1	-11.8	-16.7	-18.1	-19.7
Net Working Capital	2.1	2.8	2.8	4.7	11.5	11.9	13.6	15.3
Provisions	0.0	-0.3	-1.4	-1.6	-11.2	-8.2	-5.2	-5.2
Employees benefits	-0.6	-1.0	-1.8	-4.2	-4.7	-5.4	-6.3	-7.2
Others	-0.3	-0.4	0.3	2.0	2.8	5.5	2.3	2.3
Net capital employed	4.0	8.0	13.4	22.5	43.9	50.7	53.1	55.8
Total equity	2.9	8.7	13.4	24.2	34.4	42.6	52.4	64.3
NFP	-1.1	0.7	0.0	1.7	-9.5	-8.1	-0.7	8.5

Source: Company data & Intermonte SIM Estimates

Cash Flow Estimates

(Eu mn)	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E
Net Profit	1.6	2.5	2.6	3.6	1.7	8.2	9.8	11.9
D&A	0.1	0.9	1.8	3.0	4.5	5.7	6.2	7.0
Change in Working Capital	(2.1)	(0.7)	(0.0)	(1.9)	(6.7)	(0.5)	(1.6)	(1.7)
Change in funds	0.9	0.8	1.2	1.0	9.3	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating CF	0.5	3.6	5.5	5.6	8.7	13.4	14.4	17.2
Capex (Tang & Intang)	(2.8)	(4.7)	(3.9)	(5.9)	(7.0)	(7.0)	(8.0)	(9.0)
Acquisitions	0.0	0.0	(2.0)	(5.6)	(17.8)	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	0.0	(0.3)	0.0	0.0	0.0	0.0	0.0	0.0
Share Buy-back	0.0	0.0	(2.8)	(1.5)	(1.5)	0.0	0.0	0.0
Rights Issue/ ipo	0.0	4.1	3.5	4.0	4.9	0.0	0.0	0.0
Other	1.2	(0.9)	(1.0)	5.0	1.4	(5.0)	1.0	1.0
Cash Flow	(1.1)	1.8	(0.7)	1.7	(11.2)	1.4	7.4	9.2
NFP at the beg. of the year	0.0	(1.1)	0.7	0.0	1.7	(9.5)	(8.1)	(0.7)
Cash Flow: Cash/(Debt)	(1.1)	1.8	(0.7)	1.7	(11.2)	1.4	7.4	9.2
NFP at year end	(1.1)	0.7	0.0	1.7	(9.5)	(8.1)	(0.7)	8.5

Source: Company data & Intermonte SIM Estimates

Valuation

We put the target price of Relatech at Eu4.4 per share, resulting from a DCF model and a peer-based valuation. At our Eu4.4 target price, Relatech would trade at 7.8x EV/EBITDA, 10.6x EV/EBIT adj. and 17.0x P/E adj. based on our FY24E, broadly in line with the relative valuation of a clutch of small/mid caps, and at an appreciable discount to larger companies, all of which we consider comparable for valuation purposes.

Relatech – Valuation summary

	Equity Value EUR mn	Weight	Weighted valuation
DCF valuation (WACC @ 9.0%, g @3.0%)	196.8	50%	98.4
EV/EBITDA 2023/2024	184.6	17%	30.8
EV/EBIT 2023/2024	173.5	17%	28.9
PE 2023/2024	196.1	17%	32.7
SUM			190.8
NOSH fully diluted			43.4
Target Price (Eu per share)			4.4
Current Market Value			2.2
Upside/(Downside)			103%

Source: Intermonte SIM

Relatech @ current price

	2022 A	2023 E	2024 E	2025 E
PE	17.5 x	9.8 x	8.4 x	7.0 x
FCF yield	1.8%	6.8%	6.8%	8.8%
EV/SALES	1.4 x	0.9 x	0.7 x	0.6 x
EV/EBITDA	7.6 x	4.7 x	3.8 x	2.9 x
EV/EBIT	11.5 x	6.4 x	5.1 x	3.9 x

Source: Intermonte SIM

Relatech @ target price

	2022 A	2023 E	2024 E	2025 E
PE	35.5 x	19.9 x	17.0 x	14.3 x
FCF yield	0.9%	3.4%	3.4%	4.3%
EV/SALES	2.8 x	1.7 x	1.5 x	1.3 x
EV/EBITDA	14.9 x	9.3 x	7.8 x	6.4 x
EV/EBIT	22.6 x	12.7 x	10.6 x	8.6 x

Source: Intermonte SIM

DCF Valuation

The outcome of our DCF valuation is a valuation of Eu4.5 per share based on a 9.0% WACC, and a 3.0% perpetual growth rate.

Relatech - DCF

(Eu mn)	2022 A	2023 E	2024 E	2025 E	2026 E	2027 E	2028 E	TV
Total Revenues	70.0	111.5	122.6	134.9	145.7	155.9	165.2	170.2
YoY growth	108%	59%	10%	10%	8%	7%	6%	3.0%
EBITDA Adj.	13.2	21.0	23.8	27.5	30.0	32.1	34.0	35.1
% margin	18.8%	18.8%	19.4%	20.4%	20.6%	20.6%	20.6%	20.6%
D&A	-4.5	-5.7	-6.2	-7.0	-9.5	-10.1	-10.7	-11.1
EBIT IFRS	8.7	15.3	17.6	20.5	20.5	22.0	23.3	24.0
% margin	12.4%	13.7%	14.4%	15.2%	14.1%	14.1%	14.1%	14.1%
Taxes	-5.5	-4.6	-5.3	-6.2	-6.2	-6.6	-7.0	-7.2
tax rate	-63%	-30%	-30%	-30%	-30%	-30%	-30%	-30%
NOPAT	3.2	10.7	12.3	14.4	14.4	15.4	16.3	16.8
D&A	4.5	5.7	6.2	7.0	9.5	10.1	10.7	11.1
Change in WC	-6.7	-0.5	-1.6	-1.7	-1.6	-1.5	-1.4	-0.7
Capex	-7.0	-7.0	-8.0	-9.0	-9.5	-10.1	-10.7	-11.1
Capex/Sales	-10.0%	-6.3%	-6.5%	-6.7%	-6.5%	-6.5%	-6.5%	-6.5%
FCF	-6.0	8.9	8.9	10.7	12.8	13.9	14.9	16.1
TV								269.8
Discounting factor		0.92	0.84	0.77	0.71	0.65	0.60	0.60
Discounted Free cash flow		8.2	7.5	8.2	9.1	9.0	8.9	161.3

Discounted Free cash flows 23-28	51.0
Terminal value	161.3
Total EV (with DCF)	212.3
Net financial position (YE22)	-9.5
Employee benefits	-4.7
Minorities & Adjustments	-1.3
Total EQUITY	196.8
N. of shares (mn)	43.4
TARGET PRICE (Eu)	4.5

WACC	9.0%
Terminal growth	3.0%

Source: Intermonte SIM

DCF sensitivity

		WACC				
		8.0%	8.5%	9.0%	9.5%	10.0%
Terminal Growth	2.0%	4.5	4.2	4.0	3.8	3.6
	2.5%	4.9	4.5	4.2	4.0	3.8
	3.0%	5.2	4.8	4.5	4.2	4.0
	3.5%	5.7	5.2	4.8	4.5	4.2
	4.0%	6.3	5.7	5.2	4.8	4.5

Source: Intermonte SIM

Peers analysis

Akin to Relatech, the firms on our list of domestic and foreign comparables have exposure to secular growth trends stemming from digital transformation, and are mainly involved in IT consulting, IT services, distribution, and system integration. However, we point out that it is no easy matter to select stocks featuring: 1) a business model perfectly aligned to Relatech's; 2) exposure to the same market or providing both proprietary and third-party solutions; 3) and combining both organic and M&A-related growth.

Valuation @ 2023 multiples

	Intermonte Estimates	Peers Multiple	EV Eu mn	NFP Eu mn	Other EV Adj. Eu mn	Equity Value Eu mn	NOSH	Equity Value p.s. Eu
Adj. EBITDA 23	21.0	9.5 x	199.4	-8.1	-6.0	185.2	43.4	4.3
Adj. EBIT 23	15.3	11.8 x	181.0	-8.1	-6.0	166.9	43.4	3.9
Adj. Net Income 23	9.6	20.8 x				199.6	43.4	4.6
Average						183.9		4.2

Source: Intermonte SIM

Valuation @ 2024 multiples

	Intermonte Estimates	Peers Multiple	EV Eu mn	NFP Eu mn	Other EV Adj. Eu mn	Equity Value EUR mn	NOSH	Equity Value p.s. Eu
Adj. EBITDA 24	23.8	8.0 x	189.6	-0.7	-5.0	183.9	43.4	4.2
Adj. EBIT 24	17.6	10.5 x	185.7	-0.7	-5.0	180.0	43.4	4.2
Adj. Net Income 24	11.2	17.2 x				192.7	43.4	4.4
Average						185.5		4.3

Source: Intermonte SIM

Peers comparison

Company name	Mkt cap (Eu mn)	EV/EBITDA			EV/EBIT			PE		
		2022	2023	2024	2022	2023	2024	2022	2023	2024
Bucket 1: Italian co. (Intermonte)										
Alkemy	63	9.9 x	7.0 x	5.9 x	14.2 x	9.7 x	7.8 x	10.8 x	10.8 x	10.5 x
Cy4Gate	198	13.7 x	7.3 x	6.2 x	33.6 x	11.9 x	9.6 x	25.1 x	25.1 x	16.8 x
Cyberoo	114	14.1 x	10.0 x	5.7 x	16.3 x	10.6 x	5.9 x	42.2 x	42.2 x	17.7 x
Reply	3,771	13.7 x	10.3 x	8.8 x	16.4 x	12.4 x	10.5 x	19.7 x	19.7 x	18.7 x
Seco	627	20.1 x	12.5 x	9.2 x	31.5 x	17.9 x	12.2 x	31.3 x	31.3 x	25.1 x
Tinexta	803	14.7 x	9.5 x	8.0 x	17.9 x	11.7 x	9.6 x	16.1 x	16.1 x	15.4 x
Wiiit	108	18.9 x	14.6 x	12.6 x	34.4 x	24.4 x	19.5 x	42.9 x	42.9 x	30.1 x
Bucket 2: International co. (FactSet)										
Wavestone SA	891	10.3 x	8.8 x	7.6 x	11.1 x	9.5 x	8.1 x	16.9 x	14.9 x	13.5 x
D4t4 Solutions plc	83	14.5 x	9.0 x		16.8 x	9.9 x		24.3 x	16.4 x	13.8 x
iomart Group plc	195	5.7 x	5.4 x	5.3 x	12.0 x	11.3 x	11.2 x	14.5 x	14.4 x	14.8 x
Fortinet, Inc.	49,160	39.5 x	32.6 x	25.5 x	42.5 x	35.3 x	28.1 x	56.4 x	45.9 x	38.9 x
Netcompany Group	1,907	14.8 x	14.5 x	12.0 x	18.3 x	18.7 x	14.7 x	22.0 x	24.1 x	19.5 x
CANCOM SE	1,010	7.1 x	6.2 x	5.0 x	14.4 x	11.1 x	8.3 x	31.3 x	21.9 x	17.5 x
Bechtle AG	4,681	10.3 x	9.5 x	8.5 x	13.2 x	12.2 x	10.8 x	18.4 x	17.5 x	16.1 x
Median Italian peers		14.1 x	10.0 x	8.0 x	17.9 x	11.9 x	9.6 x	25.1 x	25.1 x	17.7 x
Median Intern. peers		10.3 x	9.0 x	8.0 x	14.4 x	11.3 x	11.0 x	22.0 x	17.5 x	16.1 x
Median		13.9 x	9.5 x	8.0 x	16.6 x	11.8 x	10.5 x	23.2 x	20.8 x	17.2 x

Source: Intermonte SIM & Factset

Appendix

Trading Update 1Q23

On 10 May, the company provided KPIs on 1Q23 trends. We highlight:

Net revenues of ~Eu24mn, an increase of ~130% YoY thanks to both organic growth and the consolidation of acquired companies.

Recurring revenues amounted to ~Eu8.8mn, an increase of 170% YoY and representing 37% of revenues, a further increase on the 35% reached at the end of 2022.

Revenues from **foreign customers** amounted to ~Eu6.3mn, a 61% YoY increase.

Net debt as at the end of March stood at ~Eu15.5mn, up from Eu9.5mn as at the end of December 2022.

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	RELATECH		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	4.40	Previous Target (Eu):	4.40
Current Price (Eu):	2.17	Previous Price (Eu):	2.66
Date of report:	31/05/2023	Date of last report:	04/10/2021