

Strategic partnerships to face future challenges

ADD | Fair Value: €5.26 (€5.26) | Current Price: €2.39 | Upside: +120.1%

€ Million	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Value of production	21.3	24.3	33.7	70.0	114.9	126.8	140.0
EBITDA	4.9	5.9	6.9	13.2	22.0	26.0	30.4
margin	23.1%	24.2%	20.6%	18.8%	19.2%	20.5%	21.7%
Net Profit	2.5	2.6	3.7	1.7	9.9	13.3	15.1
margin	11.9%	10.5%	10.9%	2.4%	8.6%	10.4%	10.8%
Net Profit adjusted	3.0	3.2	3.4	5.4	10.7	13.3	15.1
margin	14.1%	13.2%	10.0%	7.7%	9.4%	10.4%	10.8%
EPS	0.27	0.24	0.10	0.04	0.23	0.31	0.35
EPS adj.	0.32	0.31	0.35	0.13	0.25	0.31	0.35
NFP	(0.7)	(0.0)	(1.7)	9.5	0.2	(11.8)	(26.7)

Source: Company data (2018–22), KT&Partners' elaborations (2023–26). Note: EBITDA and EBIT data are reported on an adjusted basis (without considering extraordinary items). Margins are calculated on the value of production.

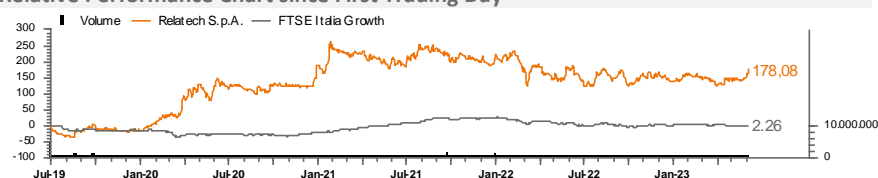
1Q23 results and backlog at the end of May. On May 10, 2023, RLT-IT released its 1Q23 key financial results. The Group achieved €24mn of total revenues, also benefitting from the contribution of companies acquired in 2022. The newly acquired companies have also boosted its internationalization process and in 3M23 the share of consolidated revenues from foreign customers stood at about €6.3mn, up 61% YoY. On the other hand, the share of recurring revenues amounted to approximately €8.8mn, accounting for 37% of consolidated revenues and increasing by 170% YoY compared to 1Q22. The consolidated NFP as of March 31, 2023, shows a value of approximately €15.5mn compared to a NFP as of December 31, 2022, of €9.5mn. Furthermore, as of May 31, 2023, RLT-IT recorded consolidated orders backlog for the current year at 29.5mn, with more than 40% generated by foreign customers. The results confirm a solid and growing business model also driven by significant performances registered by Security Operation Center and Network Operation Center business and new opportunities from the PNRR incentives.

Strengthened business partnerships. During the first months of 2023, RLT-IT strengthened its business partnerships through: i) the renewal of the partnership with Oracle NetSuite, world market leader of ERP systems, for the implementation in cloud of Oracle NetSuite ERP business application, supporting companies and organizations on their digitization process (April 18, 2023); ii) the signing of a collaboration with IT Impresa (March 16, 2023), a company specialized in the provision of IT services, to implement the suite of cybersecurity services and solutions (an integral part of the Group's offerings).

Estimates confirmed. We confirmed our latest estimates updated in April 23. We believe that RLT-IT, following the growth path pursued over the last years, is well positioned to seize future opportunities thanks to: i) an enriched offer, based on RePlatform, able to satisfy customers' needs throughout their entire innovation process; ii) synergies among all the companies within the group to exploit cross- and up-selling opportunities on 1,000+ clients; iii) 800 talents and strengthened partnerships with the academic and scientific world. We expect value of production to increase at a CAGR22–25 of 26%, reaching €140mn in 2025. On the profitability side, we expect EBITDA margin will be positively impacted by cost synergies going from 19.2% in FY23E to 21.7% in FY25E. Finally, we anticipate a net cash position of €0.2mn in FY23E, reaching a net cash position of €26.7mn in FY25E.

Valuation Confirmed. We confirm our valuation – based on both DCF and a market multiples model – which returns an average equity value of €225.2mn or €5.26ps, implying a potential upside of +120.1% on the current market price.

Relative Performance Chart since First Trading Day



Research Update

June 8, 2023 – 7.00 h

Equity Research Team

connect@ktepartners.com

Federica FIORENZA

ffiorenza@ktepartners.com

+39 340 5372563

Mauro IACCINO

miaccino@ktepartners.com

+39 393 1643804

Market Data

Pasquale Lambardi	51.8%
Mkt Cap (€ mn)	102.4
EV (€ mn)	112.1
Number of shares (mn)	43.4
Shares outstanding (mn)	42.8
Free Float (%)	40.4

Market multiples	2022A	2023E	2024E
EV/EBITDA			
RLT-IT	8.5x	5.1x	4.3x
Comps median	14.8x	11.0x	8.9x
RLT-IT vs Median	-43%	-54%	-52%
P/E			
RLT-IT	18.6x	9.6x	7.9x
Comps median	24.4x	26.6x	19.5x
RLT-IT vs Median	-24%	-64%	-60%

Stock Data

52 Wk High (€)	2.52
52 Wk Low (€)	1.90
Avg. Daily Trading 90d	52,812
Price Change 1w (%)	10.65
Price Change 1m (%)	11.68
Price Change YTD (%)	14.90

Note: shares outstanding also consider treasury shares used for the acquisition of a further stake in EFA Automazione and the numbers of treasury shares that will be used for the payment of BTO's earn-out

Key Figures – Relatech S.p.A.

	Current price (€)	Fair Value (€)		Sector						Free Float (%)
	2.39	5.26		Digital Innovation						40.4
Per Share Data	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	
Number of shares (mn)	n.a.	9.33	10.92	37.75	43.35	43.35	43.35	43.35	43.35	
Treasury shares (mn)	n.a.	0.00	0.42	0.91	1.11	0.53	0.53	0.53	0.53	
Shares outstanding (mn)	n.a.	9.33	10.50	36.84	42.24	42.83	42.83	42.83	42.83	
EPS	n.a.	0.27	0.24	0.10	0.04	0.23	0.30	0.34	0.39	
EPS Adjusted	n.a.	0.32	0.31	0.14	0.13	0.25	0.30	0.34	0.39	
Dividend per share (ord)	n.a.	n.a.	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.	n.a.	n.a.	
Profit and Loss (EUR million)										
Sales revenues	13.2	18.0	18.3	27.9	60.7	104.9	116.0	128.1	138.3	
Value of Production	14.9	21.3	24.3	33.7	70.0	114.9	126.8	140.0	151.2	
EBITDA	2.5	4.9	5.9	6.9	13.2	22.0	26.0	30.4	33.8	
EBIT	2.4	4.3	4.1	4.0	8.7	14.7	17.7	20.1	22.5	
EBT	2.4	3.8	3.4	3.2	4.6	13.0	17.2	19.6	22.1	
Taxes	(0.7)	(1.2)	(0.6)	0.7	(2.9)	(3.0)	(4.0)	(4.6)	(5.2)	
Tax rate	32%	31%	19%	-20%	62%	23%	23%	24%	24%	
Net Income	1.6	2.6	2.7	3.9	1.7	10.0	13.2	15.0	16.8	
Net Income attributable to the Group	1.6	2.5	2.6	3.7	1.7	9.8	12.9	14.7	16.5	
Net Income attributable to the Group Adjusted	1.6	3.0	3.2	5.3	5.4	10.6	12.9	14.7	16.5	
Balance Sheet (EUR million)										
Total fixed assets	2.8	6.9	13.5	21.7	48.4	49.9	51.2	51.4	51.3	
Net Working Capital (NWC)	2.1	3.1	3.1	6.7	11.5	17.4	20.9	24.6	27.6	
Provisions	(0.9)	(2.0)	(3.2)	(5.8)	(16.0)	(18.8)	(21.8)	(25.1)	(28.6)	
Total Net capital employed	4.0	8.0	13.4	22.5	43.9	48.5	50.3	50.9	50.3	
Net financial position/(Cash)	1.1	(0.7)	(0.0)	(1.7)	9.5	1.9	(9.5)	(23.9)	(41.3)	
Group Shareholder's Equity	2.8	8.5	12.7	23.1	33.1	45.1	58.0	72.8	89.2	
Minorities	0.1	0.2	0.7	1.1	1.3	1.5	1.7	2.0	2.4	
Total Shareholder's Equity	2.9	8.7	13.4	24.2	34.4	46.6	59.8	74.8	91.6	
Cash Flow (EUR million)										
Net operating cash flow	1.7	3.6	5.2	6.1	10.1	18.5	21.9	25.6	28.5	
Change in NWC	(1.3)	(1.0)	(0.0)	(3.6)	(4.8)	(5.9)	(3.5)	(3.7)	(3.0)	
Capital expenditure	(2.6)	(3.1)	(8.4)	(9.1)	(29.8)	(8.8)	(9.6)	(10.5)	(11.2)	
Other cash items/Uses of funds	0.5	1.1	1.2	0.5	8.8	2.8	3.0	3.3	3.5	
Free cash flow	(1.6)	0.5	(2.0)	(6.0)	(15.7)	6.6	11.8	14.7	17.8	
Enterprise Value (EUR million)										
Market Cap	n.a.	21.0	52.1	96.7	92.9	102.4	102.4	102.4	102.4	
Minorities	0.1	0.2	0.7	1.1	1.3	1.5	1.7	2.0	2.4	
Net financial position/(Cash)	1.1	(0.7)	(0.0)	(1.7)	9.5	1.9	(9.5)	(23.9)	(41.3)	
Enterprise value	n.a.	20.5	52.8	96.1	103.7	105.8	94.6	80.5	63.4	
Ratios (%)										
EBITDA margin	16.7%	23.1%	24.2%	20.6%	18.8%	19.2%	20.5%	21.7%	22.4%	
EBIT margin	16.2%	20.1%	16.9%	11.8%	12.5%	12.8%	14.0%	14.4%	14.9%	
Gearing - Debt/equity	40.1%	-8.2%	-0.4%	-7.4%	28.7%	4.3%	-16.4%	-32.8%	-46.3%	
Interest cover on EBIT	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
NFP/EBITDA	0.4x	-0.1x	0.0x	-0.2x	0.7x	0.1x	-0.4x	-0.8x	-1.2x	
ROCE	59.7%	53.4%	30.6%	17.6%	19.9%	30.4%	35.3%	39.5%	44.7%	
ROE	56.4%	29.8%	20.1%	15.8%	5.1%	21.7%	22.3%	20.2%	18.5%	
EV/Sales	7.5x	5.3x	4.6x	3.3x	1.6x	1.0x	0.9x	0.8x	0.7x	
EV/EBITDA	45.1x	22.7x	19.0x	16.2x	8.5x	5.1x	4.3x	3.7x	3.3x	
P/E	n.a.	8.8x	7.8x	16.5x	18.6x	9.6x	7.9x	7.0x	6.2x	
Free cash flow yield	-1.5%	0.5%	-2.0%	-5.8%	-15.3%	6.5%	11.5%	14.3%	17.3%	
Growth Rates (%)										
Sales	19.5%	36.1%	1.6%	52.9%	117.1%	73.0%	10.5%	10.5%	8.0%	
Value of production	28.0%	43.5%	14.2%	38.3%	107.9%	64.1%	10.4%	10.4%	8.0%	
EBITDA	82.0%	98.3%	19.6%	17.5%	90.2%	67.1%	18.1%	16.7%	11.4%	
EBIT	94.6%	78.5%	-4.3%	-3.5%	120.7%	68.6%	20.4%	13.4%	11.7%	
Net Income	90.8%	59.0%	-10.8%	41.9%	-55.1%	476.9%	32.1%	13.6%	12.1%	

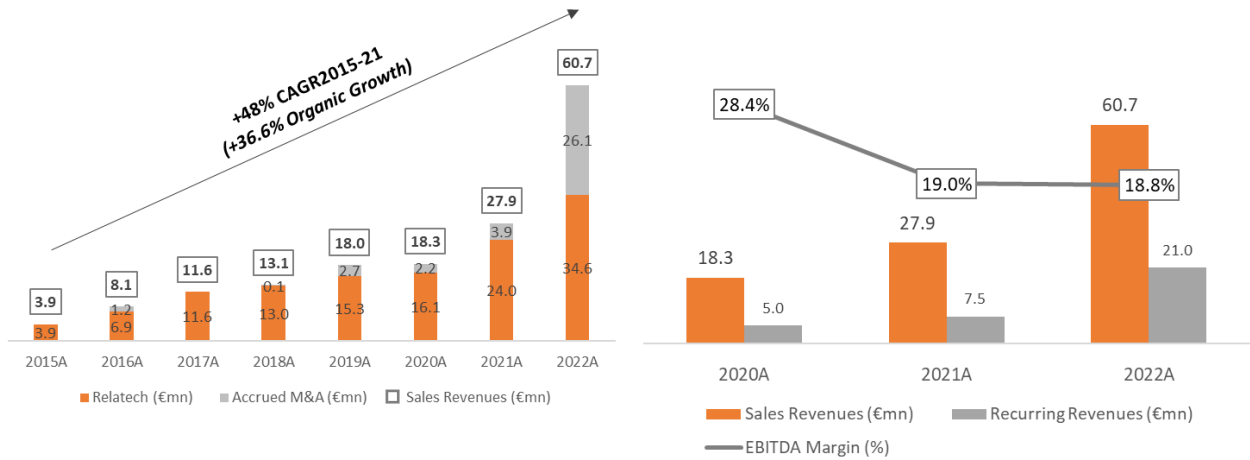
Source: Company data, KT&Partners' elaborations

Note: EBITDA and EBIT data are reported on an adjusted basis (without considering extraordinary items)

Shares outstanding also consider treasury shares used for the acquisition of a further stake in EFA Automazione and the numbers of treasury shares that will be used for the payment of BTO's earn-out

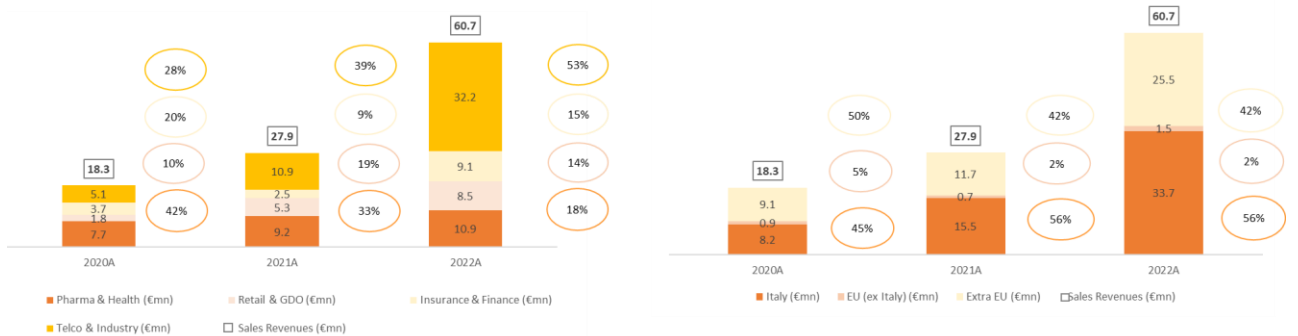
Key Charts

Revenues (€mn) Revenues and EBITDA Margin (€mn, %)



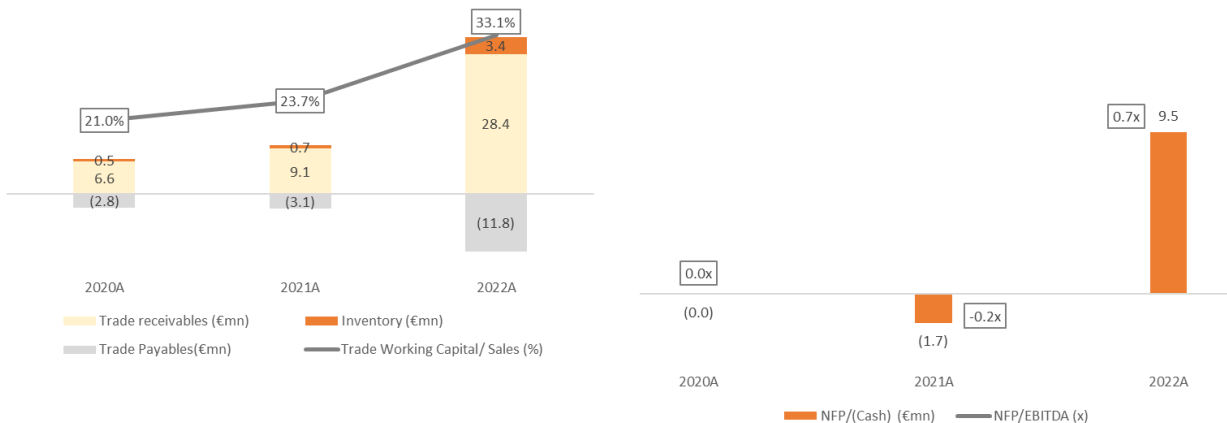
Source: Company data, KT&Partners' elaborations
 Note: M&A data refer to accrued revenue of companies acquired in the year.

Revenues by Industry (€mn, %) Revenues by Geographical Area (€mn, %)



Source: Company data, KT&Partners' elaborations
 Note: Pro-forma data refer to accrued and not accrued revenue of companies acquired in the year.

Trade Working Capital (€mn, %) NFP/(Cash) and NFP/EBITDA (€mn)



Source: Company data, KT&Partners' elaborations

Overview

Company description

Relatech (RLT-IT), a Digital Enabler Solution Know-how (DESK) Company, provides innovative services and digital solutions, enabling the digital innovation of enterprises. The Group's offer is centered on the RePlatform, an internally developed digital cloud-based platform that leverages on the next frontier technologies (i.e., Big Data, Artificial Intelligence (AI), Internet of Things (IoT), Cloud, Augmented and Virtual Reality, Cybersecurity, and Blockchain). RePlatform is based on five modules of software (ReYou, ReData, ReThing, ReSec, and ReHub), making RLT-IT able to satisfy customers' technological needs with a unique comprehensive platform. RLT-IT provides "vertical solutions" (i.e., ReZone – an AI Customer Engagement Solution for the retail industry – and ReFab4.0 – an AIoT predictive maintenance solution for Industry 4.0), customized solutions and "innovation services" for a wide range of end markets (i.e., Pharma and Healthcare, TelCo, Finance, Utilities, Distribution, and Retail).

RLT-IT was listed on Euronext Growth Milan (EGM) on June 28, 2019, with an IPO market capitalization of €20mn and ca. €4.1mn of capital raised. IPO proceeds have been used to: i) grasp M&As opportunities; ii) develop scalable solutions while investing in new technologies; and iii) reinforce the management team and expand the commercial workforce to acquire new clients and enter new end-markets.

Investment case

- ***A scalable business model with an increasing incidence of recurring revenues.*** Over the years, RLT-IT has enriched RePlatform with scalable solutions generating recurring revenues. In FY22, recurring revenues rose by +151% YoY, accounting for 35% of reported sales revenues.
- ***An ongoing focus on R&D.*** RLT-IT is committed to continuously innovating its solutions with the aim of enriching RePlatform with new applications. Over the 2016-22 period, the company has invested ca. +€20mn in R&D and ca. 10% of revenue in 2022. RLT-IT has also embraced an open innovation approach, carrying out R&D in collaboration with universities, academic spin-offs, and research institutes (e.g., the NRC) to spot new trends.
- ***Consolidating partnerships with key IT vendors and system integrators.*** Over the years, RLT-IT has established long-lasting relationships with key IT vendors and system integrators (e.g., IBM, TechData, NTTData, Atos, etc.), which in some cases are also RLT-IT's clients. Business partnerships have allowed RLT-IT to i) add value to its offer by integrating key enabling technologies and services provided by IT suppliers; and ii) expand its market coverage by leveraging on IT vendors' and system integrators' networks.
- ***Grasping M&As opportunities to boost growth.*** Since the IPO, RLT-IT has carried out 9 M&As (14 since its foundation) with the aim of: i) enriching its offer with new cutting-edge and complementary technologies/solutions; ii) expanding its customer base and partners portfolio (e.g., Microsoft, Oracle, etc.); and ii) strengthening its positioning by entering new markets.
- ***Positioned in the digital enablers segment, which is expected to keep driving the Italian digital market growth.*** RLT-IT is active in the digital innovation market, especially in the Digital Enabler market, which has been the fastest-growing segment of the ICT sector for several years. According to NetConsulting Cube, in 2022 the Italian digital market was expected to be worth ca. €76.8bn and it is expected to grow at +4.4% CAGR2022–25, reaching ca. €87.3bn in 2025.

Recent developments

- **Introduction of the increased votes.** In January 2023, the Extraordinary Shareholders' Meeting approved the introduction of shares with increased voting rights. Following the change in the Statute of the Company and the exercise of the redemption rights by some shareholders, RLT-IT will re-purchase 394,340 shares at a price of €2.19 for a total amount of €864k, leading treasury shares at 1.5mn.
- **Opening IULM AI LAB partnered by Relatech.** In January 2023, IUM AI Lab chose RLT-IT as partner for a laboratory of scientific research on AI, with the aim of developing innovative solutions for private firms and PAs (i.e., Metaverse).
- **Industrial agreement with Ascot Industrial S.r.l.** In October 2022, RLT-IT signed an industrial agreement with Ascot Industrial aiming at developing a platform as a service (PAAS) that will be extended to Ascot's entire installation network (ca. 34k installations).
- **Growth Champions Award.** According to a rating published by the German Institute of Quality and Finance, over the 2018-2021 period, RLT-IT was among the 800 companies in Italy with the highest growth rate.
- **Partnership with NIO Cocktails.** In July 2022, RLT-IT started a collaboration with NIO Cocktails to optimize management, accounting, logistics, and production processes. RLT-IT's solution was implemented with *Oracle NetSuite* team support.
- **ESG report 2021.** In June 2022, RLT-IT published its second ESG report prepared in accordance with the "GRI standards: Core option."
- **Warrant exercise and stock grant attribution.** As a result of the closing of the exercise period for the "Warrants Relatech 2019-2022," which occurred in May 2022, RLT-IT issued 5,188,158 shares, raising €4.9mn. Furthermore, RLT has assigned ca. 460,034 shares newly issued to the top management, executing the "Stock Grant Plan 2021."
- **Renewed partnership with HMS Networks.** In May 2022, during the SPS ITALIA 2022 exhibition (for smart, digital, and sustainable industry), RLT-IT announced the renewal of collaboration with the historical technology partner HMS Networks for the distribution on the Italian territory of *Anybus* brand connectivity products, *Ewon*, *Intesis*, and *Ixxat*.
- **Launch of ReSoc, RLT-IT's new cybersecurity service.** In April 2022, seizing on the growing needs of the market, RLT-IT developed the innovative ReSoc, the Security Operation Center, leveraging on the high-level skills of the company Mediatech, the Group's aggregator pole for services and solutions in the Cybersecurity and Cloud segments.
- **Investing in Bigtech.** In April 2022, RLT-IT acquired a 12.5% stake in Bigtech, a university spin-off specializing in the development of innovative digital solutions and services based on artificial intelligence and Internet of Things.
- **Collaboration with Movinlog.** In March 2022, RLT-IT started collaboration with Movinlog S.p.A. (a company operating in the logistics sector) for the digitalization of its corporate assets and business processes in the Cloud.
- **Signed a strategic agreement with Rocket Sharing Company.** In March 2022, RLT-IT signed a strategic agreement with Rocket Sharing Company (innovative start-up active in retail e-market and energy and gas supply). RLT-IT will be the technology partner for the development and enhancement of Rocket's business assets as part of a digital evolution project.

ESG

In 2021, RLT-IT released its second sustainability report, highlighting an Economic Value Generated by the company at €34mn, of which 89% was distributed to stakeholders. The portion retained and invested in the company was about €3.9mn (the remaining 11%). Regarding environmental commitment, RLT-IT highlighted in 2021 (also thanks to the acquisition of Gruppo SIGLA) a growing research and development activity oriented to make a substantial contribution to issues such as water monitoring in the marine environment and energy consumption control in urban-smart cities. During 2021, energy consumption was 135,706 Kwh, registering a 3 % reduction compared to 2020. RLT-IT puts its human resources

at the top of the value chain, a central asset for maintaining a competitive advantage in the market. In 2021, training hours totaled 15,403, higher than the previous year mainly due to the increasing number of employees. Finally, the focus on the organization, management, and control model according to Legislative Decree 231/01 continued in 2021.

M&A Summary

- **BTO Research.** In November 2022, Relatech closed its ninth deal since IPO, acquiring an 80% stake in Exeo S.p.A., holding of BTO S.p.A. for a total consideration of €13mn (4.4x EV/EBITDA). On January 18, 2023, RLT-IT announced the closing of the reverse merger of Exeo into BTO. Following the merger, RLT-IT holds 80% of BTO's capital. With 300 professionals and an international presence (with branches in Munich, Luxembourg and Vienna), BTO is an Italian group that offers advisory services – also leveraging on its research hub – helping enterprises to innovate their business. Thanks to the acquisition of BTO, RLT-IT is expected to provide an end-to-end offer that will be the result of advisory services combined with technology solutions, covering each phase of the innovation process: feasibility, project and change management, and implementation of new technologies. Furthermore, leveraging on the strong ties of BTO with the academic community, the company will strengthen both its open innovation approach and the recruitment of new talents.
- **Venticento.** In September 2022, RLT-IT acquired a further 9.71% stake in Venticento – a firm specialized in cloud and cybersecurity – reaching the controlling stake (51%) for €0.35mn or at ca. 12.4x P/E (based on FY21 data). Moreover, RLT-IT has the right to acquire the remaining 49% stake through put-and-call options. Venticento is an Italian SME founded in Milan, active in several industries, with international branches in New York and Hong Kong. The company specializes in Cybersecurity and Cloud solutions for enterprises, and it will allow RLT-IT to enhance ReHub (Cloud) and ReSec (Cybersecurity) solutions.
- **IoT Catalyst (ex. Fair Wind Digital).** RLT-IT acquired a 100% stake of IoT Catalyst – a firm based in Rome specialized in IoT edge computing – for a total consideration of €0.31mn or at 0.3x EV/EBITDA and 5.3x P/E (based on FY21 figure). The acquisition of a 75% stake was carried out in September 2022 and the remaining 25% was acquired in October 2022. IoT Catalyst is an Italian start-up specializing in IoT edge computing through proprietary platform and tailor-made solutions and active in several sectors, such as industrial IoT, telecommunications, energy, and smart city. Thanks to this acquisition, RLT-IT has enriched Replatform's offer, expanding the Company's customer base toward PAs with a new office in Rome.
- **EFA Automazione SpA.** In February 2022, RLT-IT announced the acquisition of 81.66% stake of EFA Automazione, a leading company in the industrial automation market, for a total consideration of €7.35mn or at 5.7x EV/EBITDA (based on FY20). RLT-IT has the option to acquire the remaining 18.34% stake under determined conditions. On March 29, 2023, RLT-IT announced the acquisition of a further 8% stake in EFA Automazione for €0.72mn. EFA Automazione is active in the industrial IoT market, acting as an exclusive reseller of solutions that allow communication and connectivity of machines and plants. Thanks to the acquisition of EFA, RLT-IT has integrated its ReFab offer providing to the industrial automation industry end-to-end solutions able to cover the entire Industry 4.0 supply chain from infrastructure and connectivity set-up of machines/plants to collection and data analysis solutions, while ensuring data protection. Furthermore, the acquisition has allowed the Group to expand its customer base, also reaching important new international clients.
- **DtoK Lab Srl.** In December 2021, RLT-IT acquired – through lthea Srl – a 51% stake in DtoK Lab Srl – a university spin-off focused on the development of big-data analysis solutions on cloud platforms and high-performance computing platforms (i.e., sentiment analysis, trajectory discovery, and data journalism).

- **Dialog Sistemi Srl.** In May 2021, RLT acquired a 60% stake in Dialog Sistemi – an Italian SME specialized in solutions for performance management and data warehousing – for €0.67mn (the remaining 40% stake will be acquired by 2024). Dialog Sistemi developed a property platform expected to enrich the ReData module of RLT-IT, leading to a higher level of recurring revenue (in FY20 ca. 40% of Dialog’s revenues were recurring). Scaling cross-selling activities on Gruppo Sigla’s clients, RLT-IT is also expected to diversify its customer base by also entering new end-markets, like steel, metallurgy, petrochemicals, and energy sectors.
- **Sigla Srl.** In June 2021, RLT-IT acquired a 60% stake in Gruppo Sigla – an Italian tech SME specialized in industrial automation, data analysis and cybersecurity – for €2.3mn. Pursuing an open innovation approach, Gruppo Sigla develops its solutions by leveraging on a strong collaboration between its internal R&D team and an ecosystem of scientific partnerships. RLT-IT is expected to benefit from scientific partnerships with technological districts and poles, particularly on the topics of cybersecurity, Industry 4.0, Internet of Things and Cloud Architectures.
- **Xonne Srl.** In June 2020, RLT-IT acquired a 53.6% stake in Xonne Srl, a company specialized in virtual and augmented reality solutions and mobile technologies, for €0.32mn. In November 2021, RLT-IT acquired the remaining 46.50% for €0.49mn and in June 2022 announced the closing of the merger through incorporation between Relatech Consulting Srl and Xonne Srl.
- **Mediatech.** In June 2020, RLT-IT acquired a 60% stake in Mediatech Srl, an Italian SME specialized in cloud and Cyber Security technologies, for €1.5mn or at a 6.2x EV/EBITDA. In June 2021, RLT-IT acquired the remaining 40% for a total amount of €1.7mn. With 20 years of experience in the construction of infrastructures and data centers, Mediatech has a high specialization in the world of Cloud (private, hybrid, public, hyperconvergence), allowing RLT-IT to enrich its ReHub and ReSec modules. Based in Milan and Brescia, Mediatech has three data centers in Italy and a customer base of over 300 clients.

Relatech’s M&A deals since IPO

Company Name	Announcement date	Closing date	Acquisition Stake	Deal Value (€mn)	Cash (€mn)	Payment in Kind (€mn)	Revenues (€mn)	EBITDA (€mn)	Net Income (€mn)	NFP (€mn)	EV/Sales	EV/EBITDA	P/E
Mediatech Srl	Jun-2020	Jun-2020	60.0%	1.50	1.00	0.50	3.58	0.44	0.19	0.26	0.8x	6.2x	12.9x
Xonne Srl	Jul-2020	Jul-2020	53.5%	0.32	0.16	0.16	0.71	-0.02	0.10	0.09	1.0x	n.m	6.1x
SIGLA Srl	May-2021	Jun-2021	60.0%	2.30	1.73	0.57	4.99	0.70	0.43	1.20	1.0x	7.2x	8.9x
Dialog Sistemi Srl	May-2021	May-2021	60.0%	0.94	0.70	0.23	1.12	0.15	0.11	-0.60	0.9x	6.4x	14.2x
Mediatech Srl	Jun-2021	Jun-2021	40.0%	1.70	0.38	1.32	3.37	0.33	0.30	n.a.	n.a.	n.a.	14.1x
Xonne Srl	Nov-2021	Nov-2021	46.5%	0.49	0.00	0.49	0.94	-0.01	0.08	-0.10	1.0x	n.m	13.9x
DtoK Lab Srl	Dec-2021	Dec-2021	51.0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
E.F.A. Automazione SpA*	Dec-2021	Feb-2022	81.7%	7.35	7.35	0.00	13.62	1.47	0.95	-0.59	0.6x	5.7x	9.5x
IoT Catalyst**	May-2022	Oct-2022	100%	0.31	0.31	0.00	2.54	0.47	0.06	-0.17	0.1x	0.3x	5.3x
Venticento Srl***	May-2022	Sep-2022	9.7%	0.35	n.a.	n.a.	10.00	0.71	0.29	-0.09	0.4x	5.0x	12.4x
BTO****	Oct-2022	Nov-2022	80.0%	13.00	1.23	5.60	19.50	3.50	0.62	1.20	0.8x	4.4x	23.0x
E.F.A. Automazione SpA*	Feb-2022	Mar-2023	8.0%	0.72	0.36	0.36	13.62	1.47	0.95	-0.59	0.6x	5.7x	9.5x
Average				2.63	1.32	0.92	6.73	0.84	0.37	0.06	0.7x	5.1x	10.8x
Median				0.94	0.54	0.43	3.58	0.47	0.29	-0.09	0.8x	6.0x	12.4x
Total				28.97	13.22	9.23							

*Financials are related to FY20

** ex Fair Wind Digital

*** KT&Part’s EBITDA FY21 estimates

**** Deal value includes earn-out. EBITDA 2021 reported on an adjusted basis

Source: Leanus, KT&Partners’ elaborations

Note: Revenues, EBITDA and NFP are related to the previous fiscal years of the announcement date. Furthermore, following the acquisition of a 9.7% stake in Venticento Srl in May 2022, RLT-IT reached the controlling stake of 51%.

Group Structure



Source: Company presentation

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, ReHub, ReThing and ReSec), which includes:

- Reply S.p.A. (REY-IT): listed on the Borsa Italiana stock exchange with a market capitalization of €4.2bn, 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 FY22, REY-IT reached ca. €1.9bn of sales.
- CY4Gate S.p.A. (CY4-IT): listed on the Borsa Italiana stock exchange with a market capitalization of €222mn, CY4-IT engages in the design, development, and production of technologies, products, systems, and services to provide solutions for cyber intelligence, cyber security, and cyber electronic warfare. It operates through the Cyber Intelligence and Cyber Security business divisions. In FY22, CY4-IT reached ca. €57mn of sales.
- Neosperience (NSP-IT): listed on the Borsa Italiana stock exchange with a market capitalization of €39mn, 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 FY22, NSP-IT reached €21mn of sales.
- SECO S.p.A. (IOT-IT): listed on the Borsa Italiana stock exchange with a market capitalization of €638mn, IOT-IT designs and manufactures proprietary technological solutions for microcomputers and other integrated systems for personal computer miniaturization. It operates through the following product and service areas: Custom Edge Systems, Edge Platforms, and IoT Solutions. In FY22, IOT-IT reached €201mn of sales.
- Almawave S.p.A. (AIW-IT): listed on the Borsa Italiana stock exchange with a market capitalization of €138mn, AIW-IT develops software technologies for artificial intelligence, natural language analysis, and big-data management. The firm owns and distributes patented technologies that offer solutions for text and speech analytics, knowledge management, multi-channel contact management and virtual agent, and customer experience management under the platform brands Iride and Audioma. Its software products also feature automatic speech recognition under its platform brands Audioma, FlyScribe, and Verbamatic. In FY22, AIW-IT reached €48mn of sales.
- WIIT S.p.A. (WIIT-IT): listed on the Borsa Italiana stock exchange with a market capitalization of €560mn, WIIT-IT 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 FY22, WIIT reached €117mn of sales.

DISCLAIMER

THIS DOCUMENT WAS PREPARED BY FEDERICA FIORENZA – ASSOCIATE – AND MAURO IACCINO – ASSOCIATE – 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) THEY HAVE NOT RECEIVED AND WILL NOT RECEIVE ANY DIRECT OR INDIRECT COMPENSATION IN EXCHANGE FOR ANY VIEWS EXPRESSED IN THE RESEARCH; (II) THEY 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 MIT SIM SPA ACTING AS SPECIALIST IN ACCORDANCE TO ART. 35 OF EURONEXT GROWTH MILAN MARKET RULES FOR COMPANIES.

KT&PARTNERS PREVIOUSLY RELEASED RELATECH EQUITY RESEARCH UPDATE ON 04/17/2023 WITH A FAIR VALUE OF €5.26PS.

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



Via della Posta, 10 – Piazza Affari, 20123 Milano – Italy
Tel: +39.02.83424007 Fax: +39.02.83424011
segreteria@ktepartners.com