

Italy – IT Services

Accelerating the digitisation process supports value creation

9<sup>th</sup> April 2021

FY-20 RESULTS RELEASE

RIC: DGV.MI  
BBG: DGV IM

A massive set of results, better than our forecasts as to profitability, two years ahead in terms of EBITDA margin. The company's acceleration in the digitisation process, cash flow generation capabilities and huge cash pile available to seize significant external growth opportunities represent robust value drivers for the stock. Undemanding multiples make the stock even more appealing.

Rating:

**Buy**

Price Target:

**€ 68.00 (€ 38.40)**

Upside/(Downside): 46.7%

Last Price: € 46.35

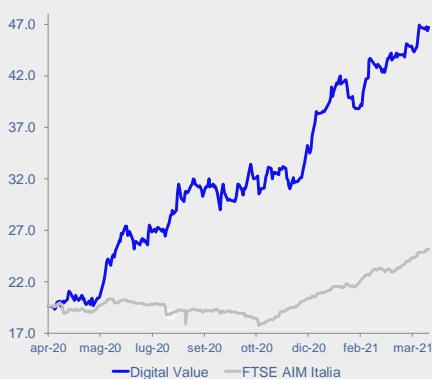
Market Cap.: € 458.8m

1Y High/Low: € 47.80/€ 18.70

Free Float: 27.2%

Major shareholders:

DV Holding 67.2%



Stock price performance

|                          | 1W   | 3M    | 12M    |
|--------------------------|------|-------|--------|
| <b>Absolute</b>          | 5.1% | 15.9% | 136.5% |
| <b>Rel.to AIM Italia</b> | 8.9% | 15.0% | 152.4% |
| <b>Rel.to Peers</b>      | 2.2% | 7.9%  | 69.4%  |

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Estimates upgraded, new PT offers almost 50% upside potential: Buy reiterated

Once again, DGV results exceeded expectations; double-digit EBITDA margin is two years ahead. With its 450 certifications, 30-year seniority in the business, a customer portfolio including over 2,000 names and the status of a listed company, DGV is well positioned to continue to outperform the market. The group will be able to intercept the megatrend related to the acceleration in the digitisation process also driven by the massive impact of the Recovery Fund, being its second most important pillar with € 46bn out of € 210bn. DGV aims at consolidating its role of a trusted, large Hyper Value Added Reseller, fostering the adoption of the newest technologies, allowing the scouting of the 'best-of-breed' in the offering of the most innovative global vendors. All this provided via an integrated two-sided platform approach which bonds the relation with customers and vendors, increasing the value for all stakeholders. In this market turmoil, DGV represents a cheap, growing, cash-flow generative, resilient player with further upside potential arising M&A, whose magnitude might be considerable. Our estimates do not take into account any external growth opportunity. New DCF based PT stands at € 68.00/s (€ 38.40): Buy reiterated.

FY-20 revenues up 22.0% in a dramatic year for the Italian economy

Digital Value reported FY-20 revenues up by almost 22% to € 441m, bang in line with our € 437m projection. This achievement implies consolidation of growth in H2-20 vs H1-20: according to our elaboration, sales soared 19.3% in H2-20 vs. 23.5% in H1-20. Once again, DGV largely outperformed the reference market, which was anticipated to remain broadly unchanged in the same period. DGV focuses on Top Clients, representing more than 50% of domestic IT demand and offering the fastest growth rates, superior to the market.

Once again two years ahead of EBITDA margin target

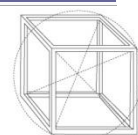
Profitability rose much more than proportionately to top line: EBITDA grew 42.1% to 45.4m, 10.3% margin, as a result of a lower-than-expected increase in services and personnel costs. The double-digit EBITDA margin was a target expected in 2022 in our previous estimates. EBIT totalled € 34.0m, up 25.7% YoY, margin of 7.7%. Net profit came in at € 24.1m, 5.5% margin, up 27.0% YoY, better than our € 20.3m assumption, as a result of a higher EBITDA, lower financial charges and a more favourable tax rate.

Cash pile stands at € 32.9m: M&A firepower is huge

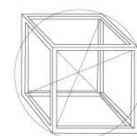
NFP was cash positive at € 32.9m, up from € 28.0m in 2019 after operating cash flow of € 18.1m and capex of € 13m. Investments mainly refer to the acquisition of hardware and equipment, installed at the customers' premises and intended for the provision of services to the latter against payment of long-term service fees (On Premises Infrastructure as a Service). In particular, this opportunity arose from a few contracts with large Tier-1 clients.

Digital Value, key financials and ratios

| € m                     | 2019   | 2020   | 2021e  | 2022e   | 2023e   |
|-------------------------|--------|--------|--------|---------|---------|
| Sales                   | 363.2  | 440.6  | 529.0  | 601.6   | 684.0   |
| EBITDA                  | 31.9   | 45.4   | 55.2   | 63.8    | 75.6    |
| EBIT                    | 27.1   | 34.0   | 40.6   | 46.4    | 61.3    |
| Net profit              | 19.0   | 24.1   | 27.7   | 31.7    | 42.1    |
| NFP (cash)/debt         | (28.0) | (32.9) | (62.6) | (102.8) | (154.1) |
| EBITDA margin           | 8.8%   | 10.3%  | 10.4%  | 10.6%   | 11.1%   |
| EBIT margin             | 7.5%   | 7.7%   | 7.7%   | 7.7%    | 9.0%    |
| EPS FD                  | 1.90   | 2.42   | 2.78   | 3.18    | 4.23    |
| EPS FD growth           | 28.3%  | 27.0%  | 14.9%  | 14.6%   | 32.7%   |
| DPS ord. €/s            | -      | 0.00   | 0.00   | 0.00    | 0.00    |
| ROCE                    | 27.5%  | 25.0%  | 24.4%  | 23.2%   | 25.0%   |
| NWC/Sales               | -29.4% | -20.7% | -15.9% | -14.1%  | -13.1%  |
| Free Cash Flow Yield FD | -0.7%  | 1.1%   | 6.5%   | 8.8%    | 11.2%   |
| PER FD x                | 6.4    | 10.5   | 16.7   | 14.6    | 11.0    |
| EV/Sales FD x           | 0.26   | 0.50   | 0.76   | 0.60    | 0.45    |
| EV/EBITDA FD x          | 2.9    | 4.9    | 7.2    | 5.6     | 4.1     |
| EV/EBIT FD x            | 3.4    | 6.5    | 9.8    | 7.7     | 5.0     |



| Income statement (€ m)                     | 2019    | 2020    | 2021e   | 2022e   | 2023e   |
|--|---------|---------|---------|---------|---------|
| Sales                                      | 363.2   | 440.6   | 529.0   | 601.6   | 684.0   |
| Value of Production                        | 364.8   | 442.3   | 530.3   | 602.8   | 685.4   |
| Raw material and processing                | (280.7) | (342.7) | (406.2) | (458.7) | (520.9) |
| Services                                   | (38.2)  | (40.2)  | (53.0)  | (60.3)  | (67.9)  |
| Personnel expenses                         | (13.6)  | (13.6)  | (14.8)  | (18.8)  | (19.6)  |
| Other opex                                 | (0.4)   | (0.3)   | (1.1)   | (1.2)   | (1.4)   |
| EBITDA                                     | 31.9    | 45.4    | 55.2    | 63.8    | 75.6    |
| D&A  | (4.9)   | (11.4)  | (14.6)  | (17.4)  | (14.4)  |
| EBIT                                       | 27.1    | 34.0    | 40.6    | 46.4    | 61.3    |
| Financials                                 | (0.3)   | (0.5)   | (1.0)   | (1.0)   | (1.0)   |
| Re/(Devaluation) of financial assets       | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| Extraordinary                              | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| Pre-Tax profit                             | 26.8    | 33.6    | 39.6    | 45.4    | 60.3    |
| Income taxes                               | (7.6)   | (9.4)   | (11.9)  | (13.6)  | (18.1)  |
| Minorities                                 | (0.2)   | (0.0)   | (0.0)   | (0.0)   | (0.0)   |
| Net Profit                                 | 19.0    | 24.1    | 27.7    | 31.7    | 42.1    |
| Net Profit Adjusted                        | 19.0    | 24.1    | 27.7    | 31.7    | 42.1    |
| Balance sheet (€ m)                        | 2019    | 2020    | 2021e   | 2022e   | 2023e   |
| Net Working Capital                        | (107.4) | (91.4)  | (84.4)  | (85.1)  | (90.0)  |
| Net Fixed Assets                           | 47.9    | 50.2    | 48.5    | 44.2    | 42.8    |
| Equity Investments                         | 0.0     | 0.4     | 0.4     | 0.4     | 0.4     |
| Other M/L Term A/L                         | 101.1   | 101.7   | 94.3    | 90.9    | 88.0    |
| Net Invested Capital                       | 41.6    | 60.9    | 58.9    | 50.4    | 41.2    |
| Net Financial Debt                         | (28.0)  | (32.9)  | (62.6)  | (102.8) | (154.1) |
| Minorities                                 | 0.2     | 0.2     | 0.2     | 0.3     | 0.3     |
| Group's Shareholders Equity                | 69.4    | 93.5    | 121.2   | 152.9   | 195.0   |
| Financial Liabilities & Equity             | 41.6    | 60.9    | 58.9    | 50.4    | 41.2    |
| Cash Flow statement (€ m)                  | 2019    | 2020    | 2021e   | 2022e   | 2023e   |
| Total net income                           | 19.0    | 24.1    | 27.7    | 31.7    | 42.1    |
| Depreciation                               | 4.9     | 11.4    | 14.6    | 17.4    | 14.4    |
| Other non-cash charges                     | (24.2)  | (1.3)   | 7.4     | 3.5     | 2.9     |
| Cash Flow from Oper. (CFO)                 | (0.4)   | 34.1    | 49.7    | 52.6    | 59.4    |
| Change in NWC                              | 31.5    | (16.0)  | (7.0)   | 0.6     | 4.9     |
| FCF from Operations (FCFO)                 | 31.2    | 18.1    | 42.7    | 53.2    | 64.3    |
| Net Investments (CFI)                      | (34.4)  | (13.0)  | (13.0)  | (13.0)  | (13.0)  |
| Free CF to the Firm (FCFF)                 | (3.2)   | 5.1     | 29.7    | 40.2    | 51.3    |
| CF from financials (CFF)                   | 17.5    | 13.3    | 2.0     | 2.1     | 2.2     |
| Free Cash Flow to Equity (FCFE)            | 14.2    | 18.4    | 31.7    | 42.3    | 53.6    |
| Financial ratios                           | 2019    | 2020    | 2021e   | 2022e   | 2023e   |
| EBITDA margin                              | 8.8%    | 10.3%   | 10.4%   | 10.6%   | 11.1%   |
| EBIT margin                                | 7.5%    | 7.7%    | 7.7%    | 7.7%    | 9.0%    |
| Net profit margin                          | 5.2%    | 5.5%    | 5.2%    | 5.3%    | 6.2%    |
| Tax rate                                   | 28.5%   | 28.1%   | 30.0%   | 30.0%   | 30.0%   |
| Op NWC/Sales                               | -29.4%  | -20.7%  | -15.9%  | -14.1%  | -13.1%  |
| Interest coverage x                        | 0.01    | 0.01    | 0.02    | 0.02    | 0.02    |
| Net Debt/EBITDA x                          | (0.88)  | (0.72)  | (1.13)  | (1.61)  | (2.04)  |
| Debt-to-Equity x                           | (0.40)  | (0.35)  | (0.52)  | (0.67)  | (0.79)  |
| ROIC                                       | 45.6%   | 39.6%   | 47.1%   | 63.0%   | 102.3%  |
| ROCE                                       | 27.5%   | 25.0%   | 24.4%   | 23.2%   | 25.0%   |
| ROACE                                      | 33.8%   | 29.0%   | 26.8%   | 25.3%   | 27.5%   |
| ROE  | 27.3%   | 25.8%   | 22.9%   | 20.8%   | 21.6%   |
| Payout ratio                               | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| Per share figures                          | 2019    | 2020    | 2021e   | 2022e   | 2023e   |
| Number of shares # m                       | 9.90    | 9.90    | 9.90    | 9.90    | 9.90    |
| Number of shares Fully Diluted # m         | 9.97    | 9.97    | 9.97    | 9.97    | 9.97    |
| Average Number of shares Fully Diluted # m | 9.97    | 9.97    | 9.97    | 9.97    | 9.97    |
| EPS stated FD €                            | 1.90    | 2.42    | 2.78    | 3.18    | 4.23    |
| EPS adjusted FD €                          | 1.90    | 2.42    | 2.78    | 3.18    | 4.23    |
| EBITDA €                                   | 3.20    | 4.55    | 5.54    | 6.40    | 7.59    |
| EBIT €                                     | 2.71    | 3.41    | 4.07    | 4.65    | 6.15    |
| BV €                                       | 6.98    | 9.40    | 12.18   | 15.36   | 19.59   |
| FCFO €                                     | 3.13    | 1.82    | 4.28    | 5.34    | 6.45    |
| FCFF €                                     | (0.32)  | 0.51    | 2.98    | 4.03    | 5.15    |
| FCFE €                                     | 1.43    | 1.84    | 3.18    | 4.25    | 5.37    |
| Dividend €                                 | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    |



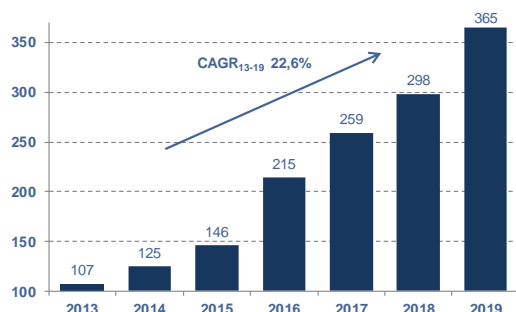
### The company at a glance

Digital Value originates from the combination of two domestic IT systems integrators, Italtware and ITD Solutions, with more than 30 years of experience in the field. The group supports the digital transformation of its customers through an offer of customised solutions and services. Headquartered in Milan, DGV (Digital Value) focuses on large accounts, firms with more than 500 employees, accounting for more than 50% of total IT spending in Italy in 2019 and the most promising segment in the IT service arena in terms of growth.

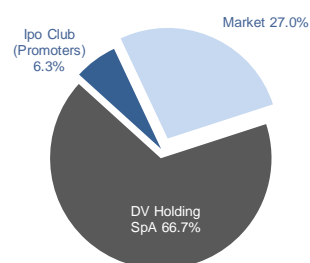
The group boasts key expertise in network infrastructure and data centres, security, network testing and monitoring, workstation management, Help Desk, data management and analysis, ERP systems management, retail applications, information systems, on-premise support and governance, outsourcing and cloud.

With its 193 employees, DGV reported 2020 Total Revenues of € 442.3m, EBITDA of € 45.4m (10.3% margin), € 24.1m Net Profit and a Net Financial Position of € 32.9m (cash positive). With structurally negative Working Capital, ROE of 25.7% and ROCE of 25.0%, DGV has a well-balanced and lucratively allocated capital structure. Currently, 100% of the business is generated in Italy.

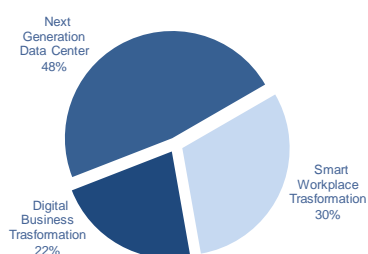
### 2013-20 top line progression



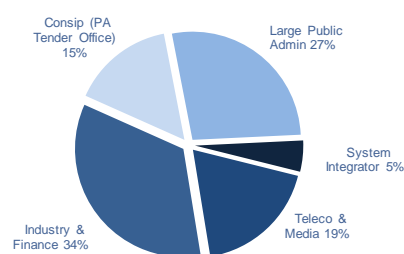
### Fully diluted shareholder structure



### FY-20 top line breakdown by line of business



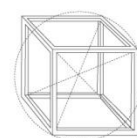
### FY-20 top line breakdown by industry



### Peer group multiples table

| EV multiples x            | Sales FY1   | Sales FY2   | Sales FY3   | EBITDA FY1 | EBITDA FY2 | EBITDA FY3 | EBIT FY1    | EBIT FY2    | EBIT FY3    |
|---------------------------|-------------|-------------|-------------|------------|------------|------------|-------------|-------------|-------------|
| Accenture PLC             | 3.66        | 3.36        | 3.10        | 19.5       | 18.0       | 16.3       | 24.4        | 22.1        | 20.2        |
| Alten SA                  | 1.34        | 1.21        | 1.11        | 13.0       | 10.8       | 9.6        | 17.8        | 13.6        | 11.7        |
| Afos SE                   | 0.56        | 0.49        | 0.43        | 3.9        | 3.3        | 2.8        | 6.9         | 5.6         | 4.5         |
| Aubay SA                  | 1.13        | 1.03        | 1.16        | 9.3        | 8.6        | 9.4        | 11.4        | 10.4        | 11.4        |
| Bechtle AG                | 1.08        | 0.96        | 0.88        | 17.0       | 15.2       | 13.8       | 22.5        | 19.9        | 17.7        |
| Capgemini SE              | 1.74        | 1.59        | 1.44        | 11.3       | 10.2       | 9.0        | 15.0        | 13.1        | 11.5        |
| CDW Corp                  | 1.41        | 1.33        | 1.20        | 16.5       | 15.7       | 14.1       | 18.3        | 17.0        | 15.2        |
| Computacenter PLC         | 0.42        | 0.39        | 0.37        | 9.2        | 8.5        | 8.1        | 12.6        | 11.5        | 10.8        |
| Devoteam SA               | 0.91        | 0.80        | 0.68        | 7.8        | 7.0        | 5.6        | 9.2         | 7.8         | 6.7         |
| Econocom Group SE         | 0.36        | 0.34        | n.a.        | 5.2        | 5.0        | n.a.       | 7.1         | 6.8         | n.a.        |
| Indra Sistemas SA         | 0.56        | 0.50        | 0.45        | 5.5        | 4.6        | 4.0        | 8.4         | 6.9         | 5.8         |
| Reply SpA                 | 2.66        | 2.33        | 2.03        | 16.4       | 14.2       | 12.4       | 20.3        | 17.2        | 14.9        |
| Sesa SpA                  | 0.79        | 0.69        | 0.60        | 12.8       | 10.5       | 8.8        | 18.2        | 14.7        | 12.3        |
| Sopra Steria Group SA     | 0.73        | 0.66        | 0.60        | 6.6        | 5.6        | 5.0        | 10.6        | 8.7         | 7.4         |
| TietoEVRY Corp            | 1.38        | 1.31        | 1.22        | 7.9        | 7.3        | 6.8        | 11.5        | 10.5        | 9.7         |
| <b>Median</b>             | <b>1.08</b> | <b>0.96</b> | <b>1.00</b> | <b>9.3</b> | <b>8.6</b> | <b>8.9</b> | <b>12.6</b> | <b>11.5</b> | <b>11.4</b> |
| <b>Digital Value SpA*</b> | <b>0.76</b> | <b>0.60</b> | <b>0.45</b> | <b>7.2</b> | <b>5.6</b> | <b>4.1</b> | <b>9.8</b>  | <b>7.7</b>  | <b>5.0</b>  |

Source: CFO Sim, Thomson Reuters Eikon. \* FD multiples



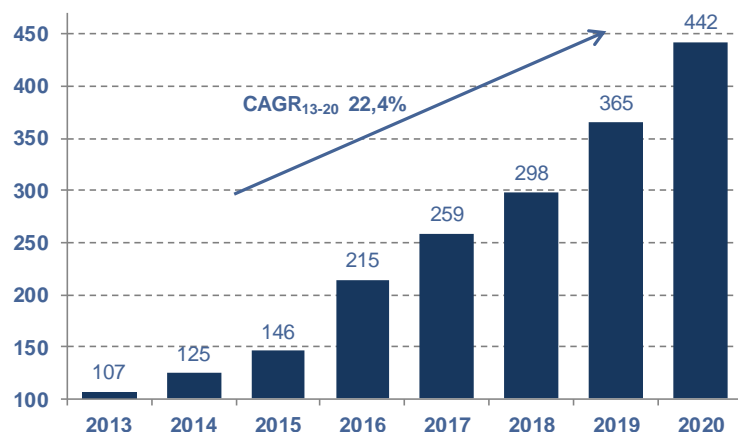
## Digital Value in a nutshell

**Digital Value originates from the combination of two domestic IT systems integrators, Itaware and ITD Solutions, with more than 30 years of experience in the field.** The group supports the digital transformation of its customers through an offer of customised solutions and services. Headquartered in Milan, **DGV (Digital Value) focuses on large accounts**, firms with more than 500 employees, accounting for more than 50% of the total IT spending in Italy in 2020 and the most promising segment in the IT service arena in terms of growth.

The group boasts key expertise in **network infrastructure and data centres, security, network testing and monitoring, workstations management, Help Desk, data management and analysis, ERP systems management, retail applications, information systems, on-premise support and governance, outsourcing and cloud.**

With its 193 employees, DGV reported 2020 Total Revenues of € 442.3m, EBITDA of € 45.4m (10.3% margin), € 24.1m Net Profit and a Net Financial Position of € 32.9m (cash positive). With structurally negative Working Capital, ROE of 25.7% and ROCE of 25.0%, **DGV has a well-balanced and lucratively allocated capital structure.** Currently, 100% of the business is generated in Italy.

Chart 1 – Digital Value, 2013-20 top line progression



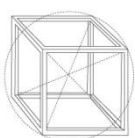
Source: Company data

DGV has **450 technical and technological certifications** (in the Data Center and Hybrid Cloud, Networking and Intelligence Networks, Infrastructure software, ICT Security - Cybersecurity and Digital Transformation fields), **30-year seniority** in the business, a **customer portfolio including over 2,000 names** and the **status of a listed company**.

**DGV aims at consolidating its role of a trusted, large domestic player**, fostering the adoption of the newest technologies, allowing the scouting of the 'best-of-breed' in the offering of the most innovative global vendors. All this provided via an **integrated two-sided platform approach** which bonds the relation with customers and vendors, increasing the value for all stakeholders.

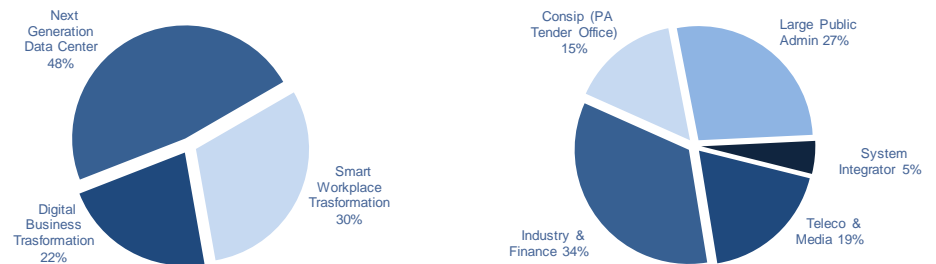
The group's mission is to become the key player in the domestic ICT market for the **design and the implementation of the most appropriate solutions offered by the largest and most complete digital technologies providers.**

DGV paradigm is to consolidate its positioning as an **Hyper Value Added Reseller**, enhancing the customer's infrastructures and platforms, thanks to: 1) **highly skilled technical and commercial professionals**; 2) specific **multi-vendor/multi-cloud/multi-security approach**, 3) **One-stop-shop in the supply chain for private large customer**, leveraging public sector experiences.



That is why, DGV is well-positioned to continue **to outperform the reference market and to play an active role in the sectoral consolidation process.**

**Chart 2 – Digital Value, 2020 top line breakdown by line of business & industry**



Source: Company data

## The Digital Value listing

Digital Value was listed on AIM Italia (Alternative Investment Market) on **8 November 2018 at € 10.0/share**, corresponding to a **post-money market capitalization of € 89.1m** (including the Price Adjustment Shares held by Digital Value's core shareholders, see details below). **The IPO was carried out via a Club Deal**, where IPO Club acted as anchor investor. IPO Club is an Italian innovative closed-end Alternative Investment Fund, reserved for institutional investors and managed by Azimut. The fund invests in medium-term development projects. The € 22.5m **rights issue proceeds financed the creation of DGV, via the integration of Italware and ITD Solution.**

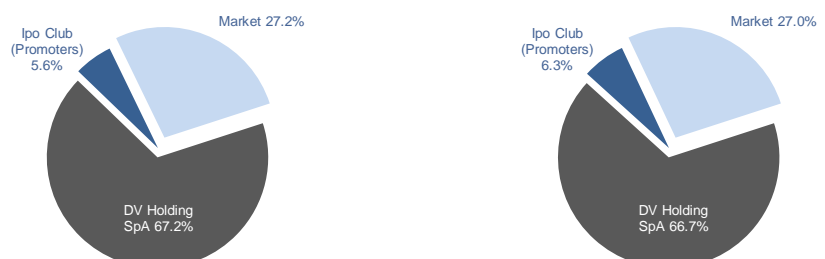
Amongst **Digital Value Holding's** shareholders, in addition to the founders and senior management of Italware and ITD Solutions (79.8% Massimo Rossi, 5.7% Riccardo Benedini and 5.7% Carlo Brigada), is **Sesa, which holds 6.0% of the holding company** (i.e. some 4.0% of DGV). Sesa is a listed company (STAR, mkt cap of € 1.7bn) and a leading domestic player in the value-added IT solutions sector for businesses and professionals.

**Table 1 – Digital Value, shareholder structure**

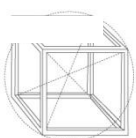
| Shareholders         | Issued number of shares |               | Fully diluted number of shares |               |
|----------------------|-------------------------|---------------|--------------------------------|---------------|
|                      | #                       | %             | #                              | %             |
| DV Holding SpA       | 6.652                   | 67.2%         | 6.652                          | 66.7%         |
| Ipo Club (Promoters) | 0.554                   | 5.6%          | 0.626                          | 6.3%          |
| Market               | 2.691                   | 27.2%         | 2.691                          | 27.0%         |
| <b>Total</b>         | <b>9.898</b>            | <b>100.0%</b> | <b>9.970</b>                   | <b>100.0%</b> |

Source: Company data

**Chart 3 – Digital Value, shareholder structure, current and fully diluted**



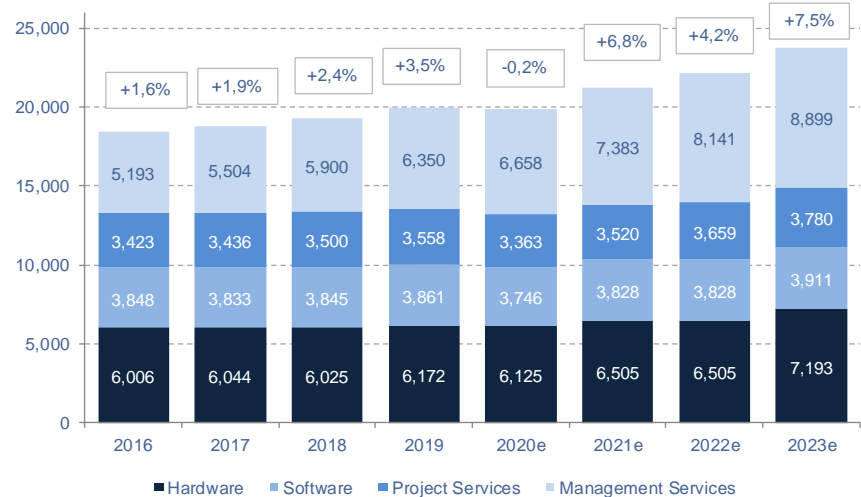
Source: Company data



## The reference market & competitive positioning

**DGV operates in the Information Technology Provider sector in Italy.** After several years of structural weakness, started in 2007 and ended in 2015, **the reference market reversed its trend in 2016 with accelerating growth rates.** Growth here has more than doubled GDP growth and has been concentrated in those areas where IT spending has been rising worldwide. The driver is technological innovation, i.e. 1) digital transformation, 2) managed and security services and 3) the cloud. The market is characterised by the progressive adoption of the 'technology as a service' approach (that is why the Project Services segment is estimated to show a 4.0% CAGR<sub>20-23</sub>) and by a switch from hardware and software to Cloud services, at the infrastructure and application levels.

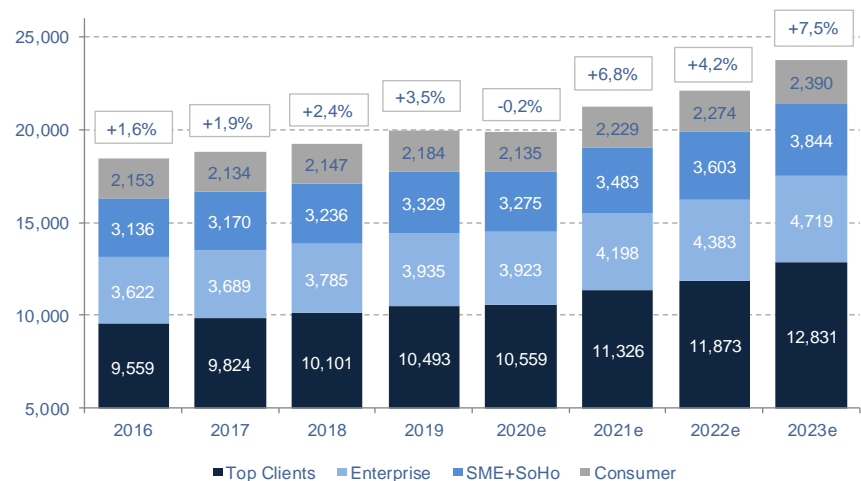
**Chart 4 – Digital Value, IT Provider market in Italy by sector, 2016-23e, € m**



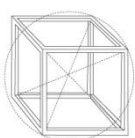
Source: Sirmi data Jan-21

**DGV focuses on Top Clients** (firms and public entities totalling more than 500 employees). **It represents more than 50% of the current Information Technology demand in Italy,** showing progressive polarization of IT spending in Italy as well as in the main advanced economies, and **presents the fastest growth rates** within the industry, superior to the market (6.7% CAGR<sub>20-23</sub> vs. 6.0%).

**Chart 5 – Digital Value, IT Provider market in Italy by client type, 2016-23e, € m**



Source: CFO SIM elaboration on Sirmi data



Having said that, within the Top Client segment, **DGV's total addressable market is worth some € 9.0bn** in 2020 and comprises Hardware, Software and Management Services. DGV in this context has a **market share of some 5.0%**.

**The market is rather concentrated:** the top five players hold more than 50% of the total, the top ten actors total 80% of the market. **The other smaller players are struggling** in a sector where size is becoming more and more important. Size is becoming a barrier to potential newcomers. A sufficient size to properly reassure customers and provide a guarantee is becoming one of the key factors required in the sector:

- Plentiful and comprehensive **employee certifications**.
- **References, track record.** It is necessary to produce documentation about the amount of revenues - broken down by technology, solution and architecture - achieved in the last three years.
- Indicators of **balance-sheet solidity**.

Price-based discrimination is increasingly diminishing in importance to the benefit of technical proposals based on technology and architecture solutions. Generally, price weighs 30% in the decision-making process to entrust the work. The preponderant part is determined by the technical score attributed to the offer.

DGV has **450 technical and technological certifications** (in the Data Center and Hybrid Cloud, Networking and Intelligence Networks, Infrastructure software, ICT Security - Cybersecurity and Digital Transformation fields), **30-year seniority** in the business, a **customer portfolio including over 2,000 names** and the **status of a listed company**

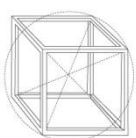
**DGV aims at consolidating its role of a trusted, large domestic player**, fostering the adoption of the newest technologies, allowing the scouting of the 'best-of-breed' in the offering of the most innovative global vendors. All this provided via an **integrated two-sided platform approach** which bonds the relation with customers and vendors, increasing the value for all stakeholders.

The group's mission is to become the key player in the domestic ICT market for the **design and the implementation of the most appropriate solutions offered by the largest and most complete digital technologies providers**.

DGV paradigm is to consolidate its positioning as an **Hyper Value Added Reseller**, enhancing the customer's infrastructures and platforms, thanks to: 1) **highly skilled technical and commercial professionals**; 2) specific **multi-vendor/multi-cloud/multi-security approach**, 3) **One-stop-shop in the supply chain for private large customer**, leveraging public sector experiences.

Management developed distinctive skills in managing complex IT projects and solutions for customers in strategic sectors for the Italian economy and for the competitiveness of the country. Within the Top Client segment, Digital Value focuses on industrial sectors with greater investment capacity, such as:

- **Telecom & Media** (19% of 2020 sales), DGV is a reference partner for the main TLC and Media companies operating in the Italian market. They play a key role in offering integrated IT and TLC services with sizeable future investment pipelines.
- **Large Public Administrations + Consip** (43%), DGV is a key sponsor via the participation in tenders and bids issued by Consip (central procurement department of the Italian Public Administration sector) thanks to a dedicated Finance & Legal team with a solid track record.
- **Industry & Finance** (34%), DGV is a supportive partner of the main Italian players in the large accounts segment (automotive, defense, transport) as well as in finance. These are promising areas, with growing investment needs in ICT solutions, IT Services and Business Applications.



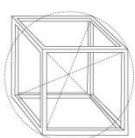
**Table 2 – Digital Value, 2020 turnover by client**

| € m                    | #         | Sales, € m | % on total  | % progressive |
|------------------------|-----------|------------|-------------|---------------|
| Consp                  | 1         | 180        | 41%         | 41%           |
| TIM                    | 2         | 128        | 29%         | 70%           |
| Sogei                  | 3         | 29         | 6%          | 76%           |
| Gruppo Poste Italiane  | 4         | 19         | 4%          | 81%           |
| INPS                   | <b>5</b>  | 18         | 4%          | <b>85%</b>    |
| Ministry of Justice    | 6         | 10         | 2%          | 87%           |
| Atos Italia            | 7         | 7          | 2%          | 88%           |
| IBM                    | 8         | 7          | 1%          | 90%           |
| Banca d'Italia         | 9         | 7          | 1%          | 91%           |
| ENI                    | <b>10</b> | 6          | 1%          | <b>93%</b>    |
| Stellantis - FCA Group | 11        | 5          | 1%          | 94%           |
| Amplifon               | 12        | 3          | 1%          | 94%           |
| Other                  | 13        | 25         | 6%          | 100%          |
| <b>Total</b>           |           | <b>441</b> | <b>100%</b> |               |

Source: CFO Sim elaboration on company data

**DGV presents a client portfolio that looks rather over-concentrated, but only apparently:** the top five clients account for 85% of 2020 top line, the top ten reached 93%. Below this, a plethora of smaller customers account for 6% of revenues.

However, it has to be noted that group's first client is Consip, the Central Procurement Department of the Italian Public Administration sector, which embodies a great number of legal entities. Therefore, **41% of revenues accounted for by Consip are actually** spread out over several companies.





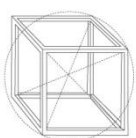
## IPO rationale

DGV originates from the integration of **two leading Italian Systems Integrators: Itaware Srl and ITD Solutions Spa.**

- **Itaware** – based in Rome, established more than 30 years ago, the firm focuses on Technology Solutions and Managed Services for **Public Administrations** and large industrial groups (>500 employees), mainly **Telecom**. With more than 2,000 customers and 400 technological certifications, sales CAGR has been in excess of 20% in the last few years, solidly outperforming the market, up by some 3.0% in the same period. In 2017, Sales, EBITDA, Net Profit and Net Financial Position were, respectively, € 185m, € 12.1m (6.6% margin), € 8.3m and € 7.3m (cash positive).
- **ITD Solutions** – based in Milan, established more than 30 years ago, the firm focuses on private large groups (>500 employees) mainly in **Manufacturing** and **Finance**. ITD solutions has more than 200 customers and has been awarded with more than 40 certified technological partnerships. In 2017, Sales, EBITDA, Net Profit and Net Financial Position were, respectively, € 83m, € 6.3m (7.6% margin), € 2.1m and € 6.8m (debt, 1.1x EBITDA).

The combined entity, **Digital Value, consolidates and magnifies the skills, track record, achievements and expertise of the two merged companies.** Sales, EBITDA, Net Profit and Net Financial Position in 2020 were, respectively, € 442m, € 45.4m (10.3% margin), € 24.1m and € 32.9m cash positive. DGV has developed a **solid ecosystem consisting of the main technology suppliers** that allows the group to propose **effective and customised solutions via its network of highly skilled experts** distributed throughout the country with which DGV is able to **manage every phase of the lifecycle of an ICT project.**

- **DGV can boast an even more complete and integrated offer** in the field of IT Solutions and Services, with areas of different specialisations and high growth potential (Big Data Analytics, Networking and Security, Hybrid Cloud, Managed Services and Business Applications).
- **Focus remains on the Large Users segment** (Top Clients, organisations with more than 500 employees) in the **Telecom & Media, PA and Industry** sectors and, with an increasing future relevance, **Banks and Insurance**, to which DGV proposes itself as a reference partner for projects and services in Data Centers, Cloud, Networking and Security and Digital Workplace.
- **Enlarged size embodies higher critical mass**, even more effective **solidity and business credentials** to further penetrate existing and new potential customers and segments.
- Greater balance-sheet solidity allows **significant firepower to play a primary role in the further consolidation process** of the sector.



## Business model

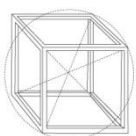
DGV has developed a business model based on sales force overseeing client portfolio development in a transversal way, with **specific solution units for every business area** able to provide adequate services and solutions. **DGV boasts consolidated partnerships with key reference industry actors** and a **team of skilled and geographically widespread** professionals. Customer needs require marked, specific expertise and the aptitude to integrate complex technological solutions. As a result, DGV can face every project with a really integrated array of business solutions and partners.

- **Vendors** – IT technology (hardware and software) producers and developers, with their own brands, mainly large global firms. DGV has long-term relationships with them.
- **Technology distributors** – they purchase from vendors and sell to systems integrators providing solutions together with integrated logistics, financing and pre/post sales services.
- **Service Partners** – operators that offer IT services used by DGV in its selling proposition.

With this value structure, **DGV acts throughout the entire value chain**, providing innovative technology and solutions to its customers. The business model of the group is based on:

- **Customer needs analysis** – the dedicated team collects customer characteristics and business requirements, latent and explicit, independently from the technology that will be used. Every single step and event are carefully analysed and scheduled.
- **Analysis of different possible solutions** – in this phase, every different solution is carefully analysed, both in terms of market and tailor-made solutions, using the existing project capabilities internal to the group.
- **Solution design** – the best solution for the customer needs is then designed acting as a technology integrator, via the competencies expressed by DGV solution units.
- **Solution implementation** - the adopted solution is then implemented and tested on the customer's infrastructure in accordance with the customer's needs.
- **Solution installation** - DGV finally installs the solution offered on the the customer's systems.
- **Solution operation** – DGV constantly monitors possible malfunctions and provides ordinary solution maintenance, procedure fault resolution, solution updates and improvements.
- **KPI check** – a complete KPI analysis report is provided to the client's top management structure.

As of 2019, DGV experienced a different contract approach with a few tier-1 clients, the so called '**on-premises infrastructure as a service**'. DGV purchases the technologies and installs them on the customer's premises. The company offers the client hardware and service in a multi-year contract. This innovative approach, if on the one hand **increases the business capital intensity to a certain extent**, on the other hand, it allows DGV to 1) have **long-standing relationships** with tier1 customers, 2) provide the client with a **vast array of services**, 3) **increase its returns** relating to the clients, and 4) have a better positioning to offer **additional new services** to the customers in the long-term relationship. It is not really a change in the business model, it is an opportunistic challenge to continue to foster growth and margins in the medium- / long-term.



## SWOT Analysis

The SWOT analysis, also known as SWOT Matrix, is a structured planning method used to evaluate the strengths, weaknesses, opportunities and threats involved in a project or in a business venture. A SWOT analysis can be carried out for a product, place, industry or person. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favourable and unfavourable to achieve that objective.

- **Strengths:** characteristics of the business or project that give it an advantage over others.
- **Weaknesses:** characteristics that place the business or project at a disadvantage vs others.
- **Opportunities:** elements that the project could exploit to its advantage.
- **Threats:** elements in the environment that could cause trouble or be detrimental for the business or project.

The technique is credited to Albert Humphrey, who led a research project at Stanford University between the 60s/70s using Fortune 500's data.

### S.W.O.T. ANALYSIS

#### STRENGTHS

- ❑ Focus on Top Clients (>500 employees) **the fastest growing segment** in the market
- ❑ **Complete technological solution portfolio** from major global IT vendors
- ❑ **Solid balance sheet**, skilled and **motivated team**, copious technical **certifications and competences**

#### WEAKNESSES

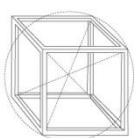
- ❑ Rather high **customer concentration in TLC, Media and PA sectors**
- ❑ Decisions are **in the hands of few key relevant people**, even though DGV is becoming increasingly structured with new senior management hiring

#### OPPORTUNITIES

- ❑ Further **consolidation opportunities** in the domestic market
- ❑ **Penetration of new markets segment** : Automotive and Finance
- ❑ Stronger **selling synergies** arising from the combined group

#### THREATS

- ❑ Larger global players might **intensify competition** to grab market share
- ❑ 100% of turnover in Italy: **exposure to one single country**



## Recent results: FY-20 numbers

A terrific set of results, better than our forecasts as to profitability. Margin grew much more than proportionately to top line. Operating Cash Flow was almost entirely absorbed by capex with the aim of foster growth and development for the next years. The group is one year ahead of our projections in terms of top line and profitability. Its huge cash pile allows DGV to seize significant external growth opportunities.

**Table 3 – Digital Value, FY-20 results**

| € m                                  | 2020          | 2019           | % YoY       | 2020e         | % diff.       |
|--------------------------------------|---------------|----------------|-------------|---------------|---------------|
| <b>Revenues</b>                      | <b>440.6</b>  | <b>363.2</b>   | <b>21.3</b> | <b>437.4</b>  | <b>0.7</b>    |
| Increase in finished products        | 0.0           | 0.0            |             | 0.0           |               |
| Other revenues                       | 1.7           | 1.6            |             | 1.3           |               |
| <b>Value of Production</b>           | <b>442.3</b>  | <b>364.8</b>   | <b>21.2</b> | <b>438.7</b>  | <b>0.8</b>    |
| Raw material and processing          | (342.7)       | (280.7)        |             | (335.8)       |               |
| Services                             | (40.2)        | (38.2)         |             | (46.1)        |               |
| o/w third party services             | (31.7)        | (32.1)         |             | (39.0)        |               |
| Personnel expenses                   | (13.6)        | (13.6)         |             | (15.3)        |               |
| Other opex                           | (0.3)         | (0.4)          |             | (0.9)         |               |
| <b>EBITDA</b>                        | <b>45.4</b>   | <b>31.9</b>    | <b>42.1</b> | <b>40.6</b>   | <b>11.7</b>   |
| % margin                             | 10.3          | 8.8            |             | 9.3           |               |
| D&A                                  | (11.4)        | (4.9)          |             | (10.3)        |               |
| <b>EBIT</b>                          | <b>34.0</b>   | <b>27.1</b>    | <b>25.7</b> | <b>30.3</b>   | <b>12.4</b>   |
| % margin                             | 7.7           | 7.4            |             | 6.9           |               |
| Financials                           | (0.5)         | (0.3)          |             | (1.0)         |               |
| Re/(Devaluation) of financial assets | 0.0           | 0.0            |             | 0.0           |               |
| Extraordinary                        | 0.0           | 0.0            |             | 0.0           |               |
| <b>Pre-Tax profit</b>                | <b>33.6</b>   | <b>26.8</b>    | <b>25.4</b> | <b>29.3</b>   | <b>14.6</b>   |
| % margin                             | 7.6           | 7.3            |             | 6.7           |               |
| Income taxes                         | (9.4)         | (7.6)          |             | (8.8)         |               |
| Tax rate                             | 28.1%         | 28.5%          |             | 30.0%         |               |
| Minorities                           | (0.0)         | (0.2)          |             | (0.2)         |               |
| <b>Net Profit</b>                    | <b>24.1</b>   | <b>19.0</b>    | <b>27.0</b> | <b>20.3</b>   | <b>18.7</b>   |
| % margin                             | 5.4           | 5.2            |             | 4.6           |               |
| <b>NFP (cash)/debt</b>               | <b>(32.9)</b> | <b>(28.0)</b>  | <b>17.2</b> | <b>(36.6)</b> | <b>(10.2)</b> |
| <b>Op NWC</b>                        | <b>(91.4)</b> | <b>(107.4)</b> |             | <b>(95.6)</b> |               |
| Op NWC/Sales                         | -20.7%        | -29.4%         |             | -21.8%        |               |
| <b>ROE</b>                           | <b>25.7%</b>  | <b>27.3%</b>   |             | <b>22.6%</b>  |               |
| <b>ROCE</b>                          | <b>25.0%</b>  | <b>27.5%</b>   |             | <b>25.1%</b>  |               |

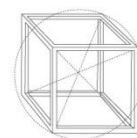
Source: Company data, CFO SIM

Digital Value reported FY-20 **revenues up almost 22% to € 441m**, bang in line with our € 437m projection. This achievement implies consolidation of growth in H2-20 vs H1-20: according to our elaboration, sales soared 19.3% in H2-20 vs. 23.5% in H1-20. **Once again DGV largely outperformed the reference market**, which was anticipated to remain broadly unchanged in the same period. DGV focuses on Top Clients (namely Large Accounts and PAs). This segment represents more than 50% of the current IT demand in Italy, showing progressive polarisation of IT spending in Italy as well as in the main advanced economies, and offers the fastest growth rates, superior to the market.

**Table 4 – Digital Value, FY-20 top line by Industry**

| € m                       | 2020         | 2019         | % YoY       | % on tot 20 | % on tot 19 |
|---------------------------|--------------|--------------|-------------|-------------|-------------|
| Teleco & Media            | 82.0         | 88.1         | (6.9)       | 19%         | 24%         |
| Industry & Finance        | 151.5        | 128.4        | 18.0        | 34%         | 35%         |
| Consip (PA Tender Office) | 67.5         | 49.1         | 37.5        | 15%         | 13%         |
| Large Public Admin        | 120.7        | 85.0         | 42.0        | 27%         | 23%         |
| System Integrator         | 20.6         | 14.2         | 45.1        | 5%          | 4%          |
| <b>Total</b>              | <b>442.3</b> | <b>364.8</b> | <b>21.2</b> | <b>100%</b> | <b>100%</b> |

Source: Company data



**Table 5 – Digital Value, FY-20 top line by Line of Business**

| € m                             | 2020         | 2019         | % YoY       | % on tot 20 | % on tot 19 |
|---------------------------------|--------------|--------------|-------------|-------------|-------------|
| Digital Business Transformation | 96.7         | 56.2         | 72.1        | 22%         | 15%         |
| Next Generation Data Center     | 210.4        | 210.2        | 0.1         | 48%         | 58%         |
| Smart Workplace Transformation  | 135.2        | 98.4         | 37.4        | 31%         | 27%         |
| <b>Total</b>                    | <b>442.3</b> | <b>364.8</b> | <b>21.2</b> | <b>100%</b> | <b>100%</b> |

Source: Company data

**Table 6 – Digital Value, FY-20 top line by Activity**

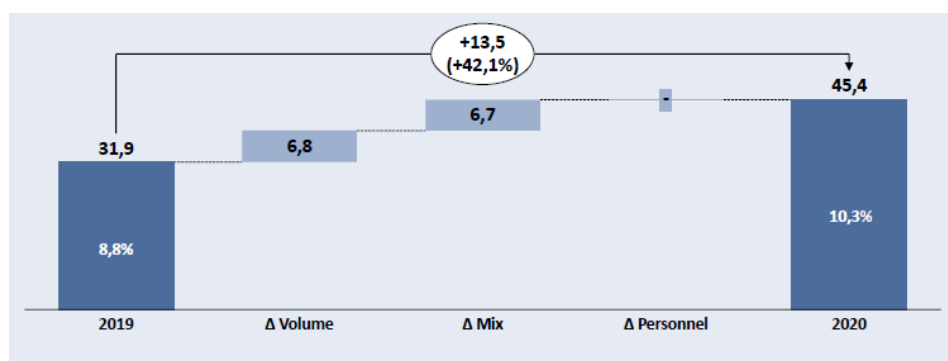
| € m                | 2020         | 2019         | % YoY       | % on tot 20 | % on tot 19 |
|--------------------|--------------|--------------|-------------|-------------|-------------|
| Technical Services | 64.5         | 61.9         | 4.2         | 15%         | 17%         |
| Software           | 157.7        | 111.5        | 41.4        | 36%         | 31%         |
| Infrastructure     | 220.1        | 191.4        | 15.0        | 50%         | 52%         |
| <b>Total</b>       | <b>442.3</b> | <b>364.8</b> | <b>21.2</b> | <b>100%</b> | <b>100%</b> |

Source: Company data

Profitability rose much more than proportionately to top line: **EBITDA grew 42.1% to 45.4m**, 10.3% margin, better than our € 40.6m forecast, as a result of a **lower-than-expected increase in services and personnel costs**. The **double-digit EBITDA margin was a target expected in 2022 in our previous estimates**. EBIT totaled € 34.0m, up 25.7% YoY, margin of 7.7%, better than our € 30.3m forecast.

**The systems integrator business is characterised by a high degree of variable costs**. For DGV, variable costs accounted for 95% of total costs in 2019: operating leverage is therefore almost absent. The improvement of profitability was mainly driven by a price increase and a better mix rather than by cost savings. **Net profit came in at € 24.1m, 5.5% margin, up 27.0% YoY, better than our € 20.3m assumption**, as a result of a higher EBITDA, lower financial charges and a more favourable tax rate.

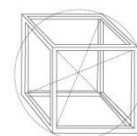
**Chart 6 – Digital Value, FY-20 EBITDA Bridge**



Source: Company data

**Net Financial Position was cash positive by € 32.9m, up** from € 28.0m in 2019 after operating cash flow of € 18.1m and capex of € 13m. Investments mainly refer to the acquisition of hardware and equipment, installed at the customers' premises and intended for the provision of services to the latter against payment of long-term service fees (**On Premises Infrastructure as a Service**). In particular, this opportunity arose from a few contracts with large tier-1 customers. These contracts are expected to create 1) multi-year relations with top-tier customers, 2) provide customers with a vast array of services, 3) increase the returns related to these customers, and 4) a better positioning to offer additional/new services to the customer during the course of the relationship.

**Operating cash flow and Capex came in lower than our forecasts**. The former was lower as a result of WC resource absorption, driven by an increase in inventories, from 32 to 41 days. According to the company, this increase refers to products relating to a few projects, delivered in the first weeks of 2021. Lower Capex is due to fewer investments made in the second part of the year, € 4.2m vs. € 8.8m in H1-20.



## Estimates, Valuation & risks

The company's 2020 results clearly proved that **the segment in which DGV operates is resilient** to such a difficult emergency situation. The pandemic contributed to revealing many of the technological and innovation gaps in the digitalisation levels of firms and PAs. DGV, thanks to **its wide array of offers developed together with the best technological partners and its exposure towards large customers** (firms and PAs), is very well-positioned to benefit from the digitalisation trend. Last but not least, digitalisation is the second most important pillar of the **Italian Recovery Fund** (Piano Nazionale di Ripresa e Resilienza), which accounts for some **€ 46bn of a total of € 210bn**. This should represent a game changer, a tremendous boost to the group's reference market over the next years.

**Backlog currently covers approximately 80% of FY-21 top line, offering fairly good visibility**, and is based on, and sustained by, long-term relationships with customers.

Following the publication of FY-20 results, **we have updated our projections**, on the back of much higher profitability compared to our FY estimates. We have factored in: 1) **an increase in top line projections** on the back of an over-conservative approach implied in our previous estimates, 2) **a fine-tuning of the operating costs** resulting in higher **EBITDA margins**, in spite of the company's plans to strengthen its operating structure with the addition of some senior staff, 3) **a lower amount of capex**, and 4) **no dividends** in the coming years, since all the resources will be allocated to finance external growth opportunities. **The result in 2021-22 is an average upgrade of 13% in EBITDA and Net Profit**. We have also introduced estimates for 2023.

**Table 7 – DGV, 2021e new/old estimates**

| € m                            | New           | Old           | % Diff. | € m Diff.   |
|--------------------------------|---------------|---------------|---------|-------------|
| <b>Value of Production</b>     | <b>530.3</b>  | <b>495.6</b>  | 7.0     | <b>34.7</b> |
| <b>EBITDA</b>                  | <b>55.2</b>   | <b>48.7</b>   | 13.5    | <b>6.6</b>  |
| % margin                       | 10.4          | 9.8           |         |             |
| <b>EBIT</b>                    | <b>40.6</b>   | <b>38.1</b>   | 6.6     | <b>2.5</b>  |
| % margin                       | 7.7           | 7.7           |         |             |
| <b>Net Profit</b>              | <b>27.7</b>   | <b>23.9</b>   | 15.9    | <b>3.8</b>  |
| % margin                       | 5.2           | 4.8           |         |             |
| <b>Y/E net debt (net cash)</b> | <b>(62.6)</b> | <b>(69.9)</b> | (10.6)  | <b>7.4</b>  |

Source: CFO Sim

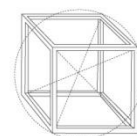
**Table 8 – DGV, 2022e new/old estimates**

| € m                            | New            | Old            | % Diff. | € m Diff.    |
|--------------------------------|----------------|----------------|---------|--------------|
| <b>Value of Production</b>     | <b>602.8</b>   | <b>559.7</b>   | 7.7     | <b>43.1</b>  |
| <b>EBITDA</b>                  | <b>63.8</b>    | <b>56.7</b>    | 12.4    | <b>7.1</b>   |
| % margin                       | 10.6           | 10.1           |         |              |
| <b>EBIT</b>                    | <b>46.4</b>    | <b>46.1</b>    | 0.8     | <b>0.4</b>   |
| % margin                       | 7.7            | 8.2            |         |              |
| <b>Net Profit</b>              | <b>31.7</b>    | <b>29.0</b>    | 9.3     | <b>2.7</b>   |
| % margin                       | 5.3            | 5.2            |         |              |
| <b>Y/E net debt (net cash)</b> | <b>(102.8)</b> | <b>(102.1)</b> | 0.6     | <b>(0.6)</b> |

Source: CFO Sim

Since our last update dated 10-Aug-20, we have updated our valuation criteria, bringing the free risk rate up-to-date and postponing the first estimated year to 2021: the combined result is a **new DCF-based PT of € 68.00/s** (€ 38.40), **46.7% upside potential**.

**CFO Sim reiterates the Buy rating on the shares:** in this complex scenario, DGV represents a cheap, growing, cash-flow generative, safe, resilient player with upside potential arising from the active leading role it can play in this **unavoidably consolidating arena**. On the back of its extremely solid balance-sheet and massive cash flow generation capability, **the magnitude of a possible move might be considerable**. Our estimates do not take into account any external growth opportunity.



## DCF

In the valuation via the DCF method, we assess explicit estimates until 2025 and cautious long-term growth of 1.0%. Cash flows are discounted back at a weighted average cost of capital calculated according to the following parameters:

**Table 9 - WACC derived from:**

|  |             |
|--|-------------|
| Interest costs, pre-tax                              | 2.0%        |
| Tax rate   | 30.0%       |
| <b>Int. costs, after taxes</b>                       | <b>1.4%</b> |
| Risk premium, incl. small size premium               | 9.0%        |
| Risk-free (10Y Gov. Bond 200d simple moving average) | 0.86%       |
| Beta levered (x)                                     | 1.00        |
| <b>Required ROE</b>                                  | <b>9.9%</b> |

Source: CFO Sim, Thomson Reuters Eikon

**Risk premium at 9.0%** factors in the minute size of the company and basically all the AIM Italia market segment's related concerns and disquiet that an investor might have. **Beta has been assumed conservatively at 1.00x.**

The WACC is computed by using 20:80% debt/equity balance-sheet structure, thus taking into account some leverage required for the likely acquisition campaign (previously 100% equity).

**Table 10 - Digital Value, DCF model**

| € m                             | 2021e       | 2022e       | 2023e       | 2024e       | 2025e       | Term. Val.   |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| EBIT                            | 40.6        | 46.4        | 61.3        | 67.4        | 71.1        |              |
| Tax rate                        | 30.0%       | 30.0%       | 30.0%       | 30.0%       | 30.0%       |              |
| <b>Operating profit (NOPAT)</b> | <b>28.4</b> | <b>32.5</b> | <b>42.9</b> | <b>47.2</b> | <b>49.8</b> |              |
| Change working capital          | (7.0)       | 0.6         | 4.9         | 1.0         | (0.1)       |              |
| Depreciation                    | 14.6        | 17.4        | 14.4        | 8.0         | 2.0         |              |
| Investments                     | (13.0)      | (13.0)      | (13.0)      | (10.0)      | (2.0)       |              |
| <b>Free Cash Flows</b>          | <b>23.1</b> | <b>37.5</b> | <b>49.2</b> | <b>46.2</b> | <b>49.7</b> | <b>699.9</b> |
| Present value                   | 21.8        | 32.7        | 39.7        | 34.5        | 34.3        | <b>482.9</b> |
| WACC                            | 8.2%        | 8.2%        | 8.2%        | 8.2%        | 8.2%        |              |
| <b>Long-term growth rate</b>    | <b>1.0%</b> |             |             |             |             |              |

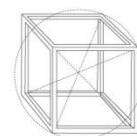
Source: CFO Sim

**Table 11 – Digital Value, DCF derived from:**

| € m                             |                               |
|---------------------------------|-------------------------------|
| Total EV present value € m      | 645.8                         |
|                                 | <i>thereof terminal value</i> |
|                                 | 74.8%                         |
| NFP last reported (debt)/cash   | 32.9                          |
| Pension provision last reported | (1.1)                         |
| <b>Equity value € m</b>         | <b>677.5</b>                  |
| #m shares fully diluted         | 9.97                          |
| <b>Equity value €/s</b>         | <b>68.00</b>                  |
| <i>% upside/(downside)</i>      | 46.7%                         |

Source: CFO Sim

**By applying our DCF model, we obtained an equity value of € 677.5m for Digital Value, 68.00/s fully diluted, 46.7% upside.**



The following tables illustrate that sensitivity 1) compared to changes in the terminal growth rate produces an equity value/s of € 61.61-76.37/s (perpetuity range between 0.00% and 2.00%), while 2) if compared to changes in the free risk rate, it produces an equity value/s of € 61.26-75.04/s (free risk range between 1.86% and 0.00%) and 3) compared to changes in the risk premium, including the small-size premium, results in an equity value/s of € 55.79-87.15/s (risk premium range between 11.00% and 7.00%).

**Table 12 – Digital Value, equity value sensitivity to changes in terminal growth rate**

| € m                             | 0.00%        | 0.25%        | 0.50%        | 0.75%        | 1.00%        | 1.25%        | 1.50%        | 1.75%        | 2.00%        |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Present value of CF             | 162.9        | 162.9        | 162.9        | 162.9        | 162.9        | 162.9        | 162.9        | 162.9        | 162.9        |
| PV of terminal value            | 419.5        | 433.9        | 449.1        | 465.4        | 482.9        | 501.5        | 521.6        | 543.3        | 566.7        |
| <b>Total value</b>              | <b>582.5</b> | <b>596.8</b> | <b>612.0</b> | <b>628.3</b> | <b>645.8</b> | <b>664.5</b> | <b>684.5</b> | <b>706.2</b> | <b>729.6</b> |
| NFP last reported               | 32.9         | 32.9         | 32.9         | 32.9         | 32.9         | 32.9         | 32.9         | 32.9         | 32.9         |
| Pension provision last reported | (1.1)        | (1.1)        | (1.1)        | (1.1)        | (1.1)        | (1.1)        | (1.1)        | (1.1)        | (1.1)        |
| <b>Equity value</b>             | <b>614.2</b> | <b>628.5</b> | <b>643.8</b> | <b>660.1</b> | <b>677.5</b> | <b>696.2</b> | <b>716.3</b> | <b>737.9</b> | <b>761.3</b> |
| <b>Equity value/share €</b>     | <b>61.61</b> | <b>63.04</b> | <b>64.57</b> | <b>66.21</b> | <b>68.00</b> | <b>69.83</b> | <b>71.85</b> | <b>74.02</b> | <b>76.37</b> |

Source: CFO Sim

**Table 13 – Digital Value, equity value sensitivity to changes in free risk rate**

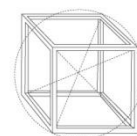
| € m                             | 0.00%        | 0.11%        | 0.36%        | 0.61%        | 0.86%        | 1.11%        | 1.36%        | 1.61%        | 1.86%        |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Present value of CF             | 166.0        | 165.6        | 164.7        | 163.8        | 162.9        | 162.0        | 161.2        | 160.3        | 159.5        |
| PV of terminal value            | 550.5        | 541.0        | 520.4        | 501.1        | 482.9        | 465.7        | 449.4        | 434.1        | 419.5        |
| <b>Total value</b>              | <b>716.4</b> | <b>706.6</b> | <b>685.1</b> | <b>664.9</b> | <b>645.8</b> | <b>627.7</b> | <b>610.6</b> | <b>594.4</b> | <b>579.0</b> |
| NFP last reported               | 32.9         | 32.9         | 32.9         | 32.9         | 32.9         | 32.9         | 32.9         | 32.9         | 32.9         |
| Pension provision last reported | (1.1)        | (1.1)        | (1.1)        | (1.1)        | (1.1)        | (1.1)        | (1.1)        | (1.1)        | (1.1)        |
| <b>Equity value</b>             | <b>748.2</b> | <b>738.3</b> | <b>716.8</b> | <b>696.6</b> | <b>677.5</b> | <b>659.4</b> | <b>642.3</b> | <b>626.1</b> | <b>610.7</b> |
| <b>Equity value/share €</b>     | <b>75.04</b> | <b>74.05</b> | <b>71.90</b> | <b>69.87</b> | <b>68.00</b> | <b>66.14</b> | <b>64.43</b> | <b>62.80</b> | <b>61.26</b> |

Source: CFO Sim

**Table 14 – Digital Value, equity value sensitivity to changes in risk premium**

| € m                             | 7.00%        | 7.50%        | 8.00%        | 8.50%        | 9.00%        | 9.50%        | 10.00%       | 10.50%       | 11.00%       |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Present value of CF             | 170.1        | 168.3        | 166.5        | 164.7        | 162.9        | 161.2        | 159.5        | 157.8        | 156.2        |
| PV of terminal value            | 667.0        | 611.3        | 562.9        | 520.4        | 482.9        | 449.4        | 419.5        | 392.6        | 368.3        |
| <b>Total value</b>              | <b>837.1</b> | <b>779.6</b> | <b>729.4</b> | <b>685.1</b> | <b>645.8</b> | <b>610.6</b> | <b>579.0</b> | <b>550.4</b> | <b>524.4</b> |
| NFP last reported               | 32.9         | 32.9         | 32.9         | 32.9         | 32.9         | 32.9         | 32.9         | 32.9         | 32.9         |
| Pension provision last reported | (1.1)        | (1.1)        | (1.1)        | (1.1)        | (1.1)        | (1.1)        | (1.1)        | (1.1)        | (1.1)        |
| <b>Equity value</b>             | <b>868.8</b> | <b>811.3</b> | <b>761.1</b> | <b>716.8</b> | <b>677.5</b> | <b>642.3</b> | <b>610.7</b> | <b>582.1</b> | <b>556.2</b> |
| <b>Equity value/share €</b>     | <b>87.15</b> | <b>81.38</b> | <b>76.34</b> | <b>71.90</b> | <b>68.00</b> | <b>64.43</b> | <b>61.26</b> | <b>58.39</b> | <b>55.79</b> |

Source: CFO Sim





## Market multiples

We conducted an analysis on a cluster of 16 companies operating in the digital IT systems integration segment, adding Bechtle AG and CDW Corp compared to our previous sample, whose business model is very similar to that of DGV:

**Accenture** – USA: it is a multinational organisation offering management and strategic consulting services as well as technology services and outsourcing solutions in a vast array of industries.

**Alten** – France: it operates in engineering and technology consulting, and provides support for its clients' development strategies in the fields of innovation, R&D and IT systems.

**Atos** – France: it is a global leader in digital transformation. A European leader in Cloud, Cybersecurity and High-Performance Computing, Atos provides end-to-end Orchestrated Hybrid Cloud, Big Data, Business Applications and Digital Workplace solutions through its Digital Transformation Factory, as well as transactional services through Worldline, the European leader in the payment industry.

**Aubay** – France: it is a digital services company and operates in high added-value markets, in France and elsewhere in Europe. From advice to all kinds of technological projects, Aubay accompanies the transformation and modernization of information systems in all sectors, including industry, R&D, telecommunications and infrastructure, and specifically major banks and insurance companies.

**Bechtle** – Germany: it is a digital service firm, with 80 houses in Germany, Austria and Switzerland as well as 24 e-commerce companies in 14 European countries. It offers a blend of direct IT product sales and extensive systems integration services. Backed by extensive experience and expertise in future-proof IT architecture, Bechtle values traditional infrastructures just as highly as current trends like digitalisation, cloud computing, modern workplace, security and IT-as-a-Service.

**Capgemini** – France: the company provides IT consulting, outsourcing and professional services including application lifecycle services, big data analytics, supply chain management in several sectors including aerospace and defence, automotive, finance, industrial production, oil and gas, TLC.

**CDW Corp** – USA: it is a leading multi-brand provider of information technology solutions to business, government, education and healthcare customers in the US, the UK and Canada. Founded in 1984, it employs approximately 10,000 coworkers. Its broad array of products and services range from hardware and software to integrated IT solutions such as security, cloud, hybrid infrastructure and digital experience.

**Computacenter** – UK: it is a leading independent provider of IT infrastructure services, supporting users and their business in the digital world. The firm advises organisations on IT strategy, implements the most appropriate technology, optimises their performance, and manages customers' infrastructures.

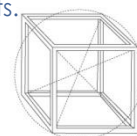
**Devoteam** – France: the group offers IT consulting services as well as system integration, project management, cyber security and outsourcing solutions.

**Econocom** – France: it helps companies and public organisations in their digital transformation process. It sustains them in getting the most out of digital processes by having them focus on users as the starting point of their digital transformation.

**Indra Sistemas** – Spain: it is a global technology and consulting company. It provides proprietary solutions in specific segments, such as Transport and Defence, Digital Transformation Consultancy and Information Technology in Spain and Latin America.

**Reply** – Italy: it is a highly specialised group, supporting leading industrial firms in defining and developing business models to optimise and integrate processes, applications and devices, using new technology and communication paradigms, such as Big Data, Cloud Computing, Digital Communication, Internet of Things, Mobile and Social Networking.

**SeSa** – Italy: it is a reference strategic partner and service integrator of IT Global Vendors. It is also leader in Italy in the distribution of value-added IT solutions for enterprises, including the sector's leading brands, particularly those in the business segments.



**Sopra Steria Group** – France: it is an information technology consultancy company. The primary business areas include consulting services, systems integration and solutions, integration of ERP solutions, implementation of application solutions, as well as subcontracting solutions for providing technical support to users, application maintenance and outsourcing services, and operation of professional processes.

**Tieto** – Finland: it is an IT software and services company providing IT and product engineering services. The company provides services to financial services, public, healthcare & welfare, industrial and consumer services industries.

**Size and profitability vary a lot within the sample, as well as expected growth rates.** Accenture is the largest player in the sample in terms of size and offers the highest EBITDA margin (18.8% margin). The least profitable is Computacenter with a 4.5% EBITDA margin. Within the sample, **DGV is the second smallest group** in terms of sales and EBITDA in absolute terms and shows an EBITDA margin broadly aligned to the peer median. However, **it offers higher projected growth, both in terms of top line and margins compared to the peer median.** If we look at pure systems integrators, DGV's profitability is in line with European best-in-class companies.

**Table 15 - Digital Value, peer group summary table**

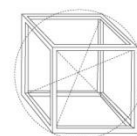
| € m                      | Country      | Mkt Cap      | Sales FY1    | EBITDA FY1 | EBITDA %     | Sales CAGR <sub>20-23</sub> | EBITDA CAGR <sub>20-23</sub> | EBIT CAGR <sub>20-23</sub> | EPS CAGR <sub>21-23</sub> | NFP FY1     | NFP/EBITDA  |
|--------------------------|--------------|--------------|--------------|------------|--------------|-----------------------------|------------------------------|----------------------------|---------------------------|-------------|-------------|
| Accenture PLC            | USA          | 158,808      | 41,412       | 7,797      | 18.8%        | 8.6%                        | 14.3%                        | 10.2%                      | 9.0%                      | (7,112)     | n.m.        |
| Alten SA                 | France       | 3,506        | 2,491        | 257        | 10.3%        | 7.7%                        | n.a.                         | n.a.                       | 20.5%                     | (168)       | n.m.        |
| Atos SE                  | France       | 6,465        | 11,323       | 1,621      | 14.3%        | 2.2%                        | 4.4%                         | 9.6%                       | 10.3%                     | (177)       | n.m.        |
| Aubay SA                 | France       | 546          | 439          | 53         | 12.1%        | 4.2%                        | n.a.                         | n.a.                       | 10.6%                     | (51)        | n.m.        |
| Bechtle AG               | Germany      | 6,889        | 6,386        | 405        | 6.3%         | 8.9%                        | 8.6%                         | 10.5%                      | 10.7%                     | (15)        | n.m.        |
| Capgemini SE             | France       | 25,237       | 16,907       | 2,595      | 15.3%        | 6.0%                        | 8.8%                         | 11.9%                      | 11.9%                     | 4,190       | 1.6         |
| CDW Corp                 | USA          | 20,665       | 16,472       | 1,402      | 8.5%         | 8.0%                        | 6.7%                         | 14.9%                      | 11.3%                     | 2,487       | 1.8         |
| Computacenter PLC        | UK           | 3,301        | 7,339        | 331        | 4.5%         | 8.5%                        | 3.8%                         | 6.1%                       | 4.4%                      | (248)       | n.m.        |
| Devoteam SA              | France       | 880          | 796          | 93         | 11.6%        | 6.1%                        | 1.4%                         | 8.9%                       | 10.0%                     | (156)       | n.m.        |
| Econocom Group SE        | France       | 866          | 2,705        | 185        | 6.8%         | n.a.                        | n.a.                         | n.a.                       | n.a.                      | 103         | 0.6         |
| Indra Sistemas SA        | Spain        | 1,311        | 3,151        | 322        | 10.2%        | 3.4%                        | 71.2%                        | -301.1%                    | 18.9%                     | 451         | 1.4         |
| Reply SpA                | Italy        | 4,108        | 1,433        | 232        | 16.2%        | 11.5%                       | 10.8%                        | 12.7%                      | 13.1%                     | (303)       | n.m.        |
| Sesa SpA                 | Italy        | 1,677        | 2,035        | 125        | 6.2%         | 12.2%                       | 26.0%                        | 24.5%                      | 19.9%                     | (73)        | n.m.        |
| Sopra Steria Group SA    | France       | 2,902        | 4,476        | 494        | 11.0%        | 4.4%                        | 6.7%                         | 13.9%                      | 14.2%                     | 385         | 0.8         |
| TietoEVRY Corp           | Finland      | 3,196        | 2,807        | 492        | 17.5%        | 2.2%                        | 1.0%                         | 3.3%                       | 6.3%                      | 680         | 1.4         |
| <b>Median</b>            |              | <b>3,301</b> | <b>3,151</b> | <b>331</b> | <b>11.0%</b> | <b>6.9%</b>                 | <b>7.7%</b>                  | <b>10.3%</b>               | <b>11.0%</b>              | <b>(51)</b> | <b>1.4</b>  |
| <b>Digital Value SpA</b> | <b>Italy</b> | <b>460</b>   | <b>530</b>   | <b>55</b>  | <b>10.4%</b> | <b>15.7%</b>                | <b>18.6%</b>                 | <b>21.7%</b>               | <b>23.4%</b>              | <b>(63)</b> | <b>n.m.</b> |

Source: CFO Sim, Thomson Reuters Eikon

**Table 16 - Digital Value, peer group EV multiple table**

| x                         | Sales FY1   | Sales FY2   | Sales FY3   | EBITDA FY1 | EBITDA FY2 | EBITDA FY3 |
|---------------------------|-------------|-------------|-------------|------------|------------|------------|
| Accenture PLC             | 3.66        | 3.36        | 3.10        | 19.5       | 18.0       | 16.3       |
| Alten SA                  | 1.34        | 1.21        | 1.11        | 13.0       | 10.8       | 9.6        |
| Atos SE                   | 0.56        | 0.49        | 0.43        | 3.9        | 3.3        | 2.8        |
| Aubay SA                  | 1.13        | 1.03        | 1.16        | 9.3        | 8.6        | 9.4        |
| Bechtle AG                | 1.08        | 0.96        | 0.88        | 17.0       | 15.2       | 13.8       |
| Capgemini SE              | 1.74        | 1.59        | 1.44        | 11.3       | 10.2       | 9.0        |
| CDW Corp                  | 1.41        | 1.33        | 1.20        | 16.5       | 15.7       | 14.1       |
| Computacenter PLC         | 0.42        | 0.39        | 0.37        | 9.2        | 8.5        | 8.1        |
| Devoteam SA               | 0.91        | 0.80        | 0.68        | 7.8        | 7.0        | 5.6        |
| Econocom Group SE         | 0.36        | 0.34        | n.a.        | 5.2        | 5.0        | n.a.       |
| Indra Sistemas SA         | 0.56        | 0.50        | 0.45        | 5.5        | 4.6        | 4.0        |
| Reply SpA                 | 2.66        | 2.33        | 2.03        | 16.4       | 14.2       | 12.4       |
| Sesa SpA                  | 0.79        | 0.69        | 0.60        | 12.8       | 10.5       | 8.8        |
| Sopra Steria Group SA     | 0.73        | 0.66        | 0.60        | 6.6        | 5.6        | 5.0        |
| TietoEVRY Corp            | 1.38        | 1.31        | 1.22        | 7.9        | 7.3        | 6.8        |
| <b>Median</b>             | <b>1.08</b> | <b>0.96</b> | <b>1.00</b> | <b>9.3</b> | <b>8.6</b> | <b>8.9</b> |
| <b>Digital Value SpA*</b> | <b>0.76</b> | <b>0.60</b> | <b>0.45</b> | <b>7.2</b> | <b>5.6</b> | <b>4.1</b> |
| % premium/(discount)      | (29.8)      | (38.1)      | (54.9)      | (22.4)     | (34.3)     | (54.4)     |

Source: CFO Sim, Thomson Reuters Eikon. \* multiples are fully diluted



**Table 17 - Digital Value, peer group EV/EBIT & price multiple table**

| X                         | EBIT FY1    | EBIT FY2    | EBIT FY3    | PER FY1     | PER FY2     | PER FY3     |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Accenture PLC             | 24.4        | 22.1        | 20.2        | 34.5        | 31.3        | 29.0        |
| Alten SA                  | 17.8        | 13.6        | 11.7        | 25.4        | 20.4        | 17.5        |
| Atos SE                   | 6.9         | 5.6         | 4.5         | 8.5         | 7.5         | 7.0         |
| Aubay SA                  | 11.4        | 10.4        | 11.4        | 19.6        | 18.4        | 16.1        |
| Bechtle AG                | 22.5        | 19.9        | 17.7        | 32.2        | 29.1        | 26.2        |
| Capgemini SE              | 15.0        | 13.1        | 11.5        | 19.4        | 16.9        | 15.5        |
| CDW Corp                  | 18.3        | 17.0        | 15.2        | 24.3        | 22.4        | 19.6        |
| Computacenter PLC         | 12.6        | 11.5        | 10.8        | 19.5        | 18.7        | 17.9        |
| Devoteam SA               | 9.2         | 7.8         | 6.7         | 19.5        | 17.3        | 16.1        |
| Econocom Group SE         | 7.1         | 6.8         | n.a.        | 11.8        | 10.7        | n.a.        |
| Indra Sistemas SA         | 8.4         | 6.9         | 5.8         | 10.5        | 8.6         | 7.4         |
| Reply SpA                 | 20.3        | 17.2        | 14.9        | 31.0        | 27.2        | 24.2        |
| Sesa SpA                  | 18.2        | 14.7        | 12.3        | 31.7        | 26.0        | 22.0        |
| Sopra Steria Group SA     | 10.6        | 8.7         | 7.4         | 13.7        | 11.7        | 10.5        |
| TietoEVRY Corp            | 11.5        | 10.5        | 9.7         | 12.4        | 11.5        | 11.0        |
| <b>Median</b>             | <b>12.6</b> | <b>11.5</b> | <b>11.4</b> | <b>19.5</b> | <b>18.4</b> | <b>16.8</b> |
| <b>Digital Value SpA*</b> | <b>9.8</b>  | <b>7.7</b>  | <b>5.0</b>  | <b>16.7</b> | <b>14.6</b> | <b>11.0</b> |
| % premium/(discount)      | (21.7)      | (33.0)      | (56.0)      | (14.6)      | (21.0)      | (34.9)      |

Source: CFO Sim, Thomson Reuters Eikon. \* multiples are fully diluted

Italtel and ITD Solutions have shown a solid growth trend and a lucrative profitability profile since their establishment, over 30 years ago. We believe DGV bases its roots on two well-known, successful and reliable firms and has to continue in building a solid track record with investors. We believe **DGV stock deserves a discount to peer median not only due to the firm's small size but also due to the lack of adequate stock liquidity** on the back of the AIM Italia listing.

By applying a 30% discount on peer multiples for EV/EBITDA and EV/EBIT to DGV's metrics, we attain an **equity value of DGV of € 595.2m, or € 59.70/s**, 28.8% upside. We used 2021-22-23 estimates and multiples (20-70-10 weighted, respectively), **in order to consider the higher than peer median growth.**

**Table 18 - Digital Value, equity assessment, 1#3**

| € m                              | Sales FY1    | Sales FY2    | Sales FY3    | EBITDA FY1   | EBITDA FY2   | EBITDA FY3   |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Median Peers (x)</b>          | <b>1.08</b>  | <b>0.96</b>  | <b>1.00</b>  | <b>9.3</b>   | <b>8.6</b>   | <b>8.9</b>   |
| DGV metric                       | 529.0        | 601.6        | 684.0        | 55.2         | 63.8         | 75.6         |
| NFP                              | 62.6         | 102.8        | 154.1        | 62.6         | 102.8        | 154.1        |
| <b>DGV Equity Value</b>          | <b>575.1</b> | <b>625.2</b> | <b>768.3</b> | <b>526.0</b> | <b>595.2</b> | <b>761.6</b> |
| <b>DGV Equity Value €/s (FD)</b> | <b>57.70</b> | <b>62.70</b> | <b>77.10</b> | <b>52.80</b> | <b>59.70</b> | <b>76.40</b> |
| % upside/(downside)              | 24.5         | 35.3         | 66.3         | 13.9         | 28.8         | 64.8         |

Source: CFO Sim, Thomson Reuters Eikon

**Table 19 - Digital Value, equity assessment, 2#3**

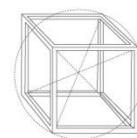
| € m                              | EBIT FY1     | EBIT FY2     | EBIT FY3     | PER FY1      | PER FY2      | PER FY3      |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Median Peers (x)</b>          | <b>12.6</b>  | <b>11.5</b>  | <b>11.4</b>  | <b>19.5</b>  | <b>18.4</b>  | <b>16.8</b>  |
| DGV metric                       | 40.6         | 46.4         | 61.3         | 27.7         | 31.7         | 42.1         |
| NFP                              | 62.6         | 102.8        | 154.1        | 62.6         | 102.8        | 154.1        |
| <b>DGV Equity Value</b>          | <b>521.7</b> | <b>585.1</b> | <b>784.7</b> | <b>486.7</b> | <b>526.4</b> | <b>638.5</b> |
| <b>DGV Equity Value €/s (FD)</b> | <b>52.30</b> | <b>58.70</b> | <b>78.70</b> | <b>48.80</b> | <b>52.80</b> | <b>64.00</b> |
| % upside/(downside)              | 12.8         | 26.6         | 69.8         | 5.3          | 13.9         | 38.1         |

Source: CFO Sim, Thomson Reuters Eikon

**Table 20 - Digital Value, equity assessment, 3#3**

| € m                     | FY1          | FY2   | FY3   |
|-------------------------|--------------|-------|-------|
| EV/EBITDA               | 526.0        | 595.2 | 761.6 |
| EV/EBIT                 | 521.7        | 585.1 | 784.7 |
| Weighting               | 20.0%        | 70.0% | 10.0% |
| Equity Value            | 595.2        |       |       |
| <b>Per share FD €/s</b> | <b>59.70</b> |       |       |
| % upside/(downside)     | 28.8%        |       |       |

Source: CFO Sim, Thomson Reuters Eikon



## Peer stock performance

Digital Value was listed on AIM Italia (Alternative Investment Market) on **8 November 2018 at € 10.0/share**, corresponding to a market **post-money capitalisation of € 89.1m** (including the Price Adjustment Shares held by Digital Value's core shareholders, see details above). Adopting the same approach used in setting up the peer sample for assessing DGV's value, we defined a panel of 16 firms operating in the digital IT systems integration segment. **DGV consistently outperformed peers and indexes** in the period analysed.

**Table 21 - Digital Value, peer group absolute performance**

| %                        | 1D           | 1W         | 1M         | 3M          | 6M          | YTD         | 1Y           |
|--------------------------|--------------|------------|------------|-------------|-------------|-------------|--------------|
| Accenture PLC            | 0.7          | 3.0        | 6.8        | 8.1         | 26.1        | 8.9         | 65.6         |
| Alten SA                 | 0.1          | 4.6        | 4.5        | 6.8         | 20.9        | 10.8        | 61.6         |
| Altran Technologies SAS  | 0.0          | 0.0        | 2.6        | 5.2         | 3.1         | 4.3         | 37.1         |
| Atos SE                  | (0.6)        | (10.6)     | (9.4)      | (9.8)       | (15.3)      | (21.1)      | (2.4)        |
| Aubay SA                 | 0.6          | (1.7)      | 10.7       | 19.4        | 32.2        | 20.8        | 101.9        |
| Bechtle AG               | 0.0          | 0.0        | 2.6        | (5.7)       | (6.5)       | (5.7)       | 72.8         |
| Capgemini SE             | 0.7          | 3.5        | 3.0        | 21.4        | 34.2        | 18.3        | 94.5         |
| CDW Corp                 | 2.5          | 5.3        | 9.1        | 32.3        | 38.3        | 32.5        | 70.7         |
| Computacenter PLC        | 0.7          | 5.8        | 12.5       | 4.8         | 4.8         | 2.5         | 68.4         |
| Devoteam SA              | (0.9)        | (0.4)      | 2.1        | 8.2         | 8.7         | 13.9        | 65.6         |
| Econocom Group SE        | (0.6)        | 7.1        | 7.3        | 48.4        | 39.4        | 43.0        | 92.0         |
| Indra Sistemas SA        | (1.8)        | (1.3)      | (1.8)      | 7.3         | 21.5        | 6.7         | (8.3)        |
| Reply SpA                | (2.2)        | 2.7        | 11.9       | 16.2        | 14.3        | 15.6        | 80.8         |
| Sesa SpA                 | 0.6          | 1.9        | (3.4)      | 8.6         | 28.1        | 5.4         | 171.5        |
| Sopra Steria Group SA    | (0.6)        | (1.7)      | 2.8        | 7.9         | 2.5         | 7.3         | 31.5         |
| TietoEVERY Corp          | (1.2)        | 1.8        | 0.6        | 1.3         | 15.0        | 0.8         | 32.0         |
| <b>Median</b>            | <b>0.0</b>   | <b>1.8</b> | <b>2.9</b> | <b>8.0</b>  | <b>18.0</b> | <b>8.1</b>  | <b>67.0</b>  |
| <b>Digital Value SpA</b> | <b>(0.9)</b> | <b>1.0</b> | <b>5.1</b> | <b>15.9</b> | <b>47.1</b> | <b>20.4</b> | <b>136.5</b> |

Source: Thomson Reuters Eikon

**Table 22 - Digital Value, relative performances**

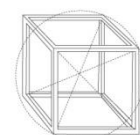
| %                        | 1D    | 1W    | 1M  | 3M   | 6M   | YTD  | 1Y    |
|--------------------------|-------|-------|-----|------|------|------|-------|
| to MSCI World Index      | (1.4) | (1.0) | 1.9 | 10.0 | 27.9 | 12.7 | 87.2  |
| to EUROSTOXX             | (1.3) | 0.3   | 2.1 | 7.9  | 26.3 | 10.1 | 95.3  |
| to FTSE Italia All Share | (0.3) | 1.0   | 3.1 | 7.7  | 22.1 | 9.7  | 95.1  |
| to FTSE STAR Italia      | (0.6) | (0.8) | 1.7 | 5.6  | 23.0 | 9.2  | 75.6  |
| to FTSE AIM Italia       | (1.0) | (0.2) | 8.9 | 15.0 | 62.0 | 36.3 | 152.4 |
| to Peer Median           | (0.9) | (0.9) | 2.2 | 7.9  | 29.2 | 12.3 | 69.4  |

Source: CFO Sim

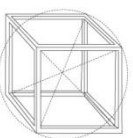
## Risks

The principal investment **risks associated with** Digital Value include:

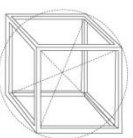
- Risks linked to the postponement of some key projects;
- Risks due to competition in some segments, which might put margins or top line developments under pressure in the short term.
- Impact on the P&L account and balance sheet profiles triggered by a sharp decline in local and global economic growth;
- Profit margin dilution stemming from a potential acquisition campaign;
- The departure of one, or a few of, key people.



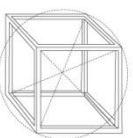
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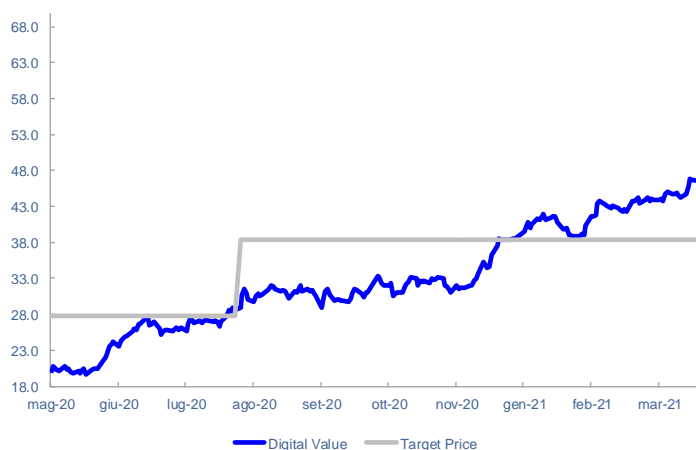


## ANALYST CERTIFICATION

This publication was prepared by **LUCA ARENA**, Head of the Equity Research Department of "Corporate Family Office SIM S.p.A." ("CFO SIM") and **GIANLUCA MOZZALI**, Equity Analyst of CFO SIM. This is to certify that the views expressed on the companies mentioned in this document reflect the analysts' personal opinions and that no direct or indirect recompense has been, or will be, received by the analyst further to the views expressed herein.

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| DATE       | TARGET PRICE | RATING |
|------------|--------------|--------|
| 09/04/2021 | €68.00       | BUY    |
| 10/08/2020 | €38.40       | BUY    |
| 01/04/2020 | €27.70       | BUY    |
| 25/09/2019 | €21.20       | BUY    |

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- a **SELL** rating is assigned if the target price is at least 15% lower than the market price;
- a **NEUTRAL** rating is assigned if the difference between the current price and target price lies within the +/-15% bands identified using the preceding criteria.

The rating is determined on the basis of the **expected absolute return 12 months forward** and not on the basis of the estimated out/underperformance relative to a market index. Thus, the rating can be directly linked with the estimated percentage difference between current price and target price. The prices of the financial securities mentioned in the report (also used for the calculation of market capitalisation and market multiples) are the reference prices of the stock market trading day preceding the publication date of the report, otherwise stated.

