

Italy – IT Services

Strong FY-22 results, once again exceeding consensus

22nd March 2023

FY-22 RESULTS RELEASE

RIC: DGV.MI
BBG: DGV IM

Once again, Digital Value reported a soaring set of results, slightly better than our forecasts in terms of top line and EBITDA, thanks to its leadership positioning as a Hyper-VAR player boasting long-lasting experience in the delivery of digitalisation projects. Overall, we believe in 2023 DGV is well-positioned to further gain market share in promising verticals and to benefit from the acceleration of projects linked to the NRRP.

Rating:

Buy

Price Target:

€ 96.50 (100.00)

Upside/(Downside): **38.8%**

Last Price: **€ 69.50**

Market Cap.: **€ 689.8m**

1Y High/Low: **€ 95.00 / € 53.90**

Avg. Daily Turn. (3M, 6M): **€ 351k, € 336k**

Free Float: **33.3%**

Major shareholders:

DV Holding 66.7%



Stock price performance

	1W	3M	12M
Absolute	-1.1%	2.5%	-20.1%
Rel.to FTSE IT Growth	2.7%	1.6%	-4.2%
Rel.to Peers	3.5%	-6.0%	-2.8%

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Estimates fine-tuned, Buy recommendation reiterated

Following 2022 results, we have fine-tuned our 2023-24 projections and introduced 2025 figures. We have left almost unchanged our assumptions with regard to sales and EBITDA growth, while we have slightly increased D&A and financial charges. Furthermore, we have incorporated the dividend policy with a pay-out ratio of 25.0%. Moreover, we have updated our valuation criteria, bringing the free risk rate up-to-date and postponing the first estimated year to 2023: the new DCF-based PT is € 96.50/s (€ 100.00), 38.8% upside potential. The reduction in PT is entirely due to the sharp increase in the free risk rate. Still a Buy.

Revenues up by 27% YoY to € 708.5m, slightly better than consensus

Revenues totalled € 708.5m, up by 27.0% YoY (+18.6% vs FY-21PF), slightly better than our € 700.3m forecast. DGV largely outperformed the reference market, which grew by 6-7%, thanks to its leadership among the infrastructure ICT segment and its focus on top customers. Furthermore, DGV increased its market share thanks a few significant multiyear contracts with top customers operating in the Banking & Insurance industry. Digital Business Transformation totalled € 237.4m (34% of total), up by 59.2% YoY. Next Generation Data Centre, which constitutes the core business of the group as well as the most recurring part of revenues, came in at € 298.0m (42% of total), growing by 7.5% YoY. Smart Workplace Transformation remained basically unchanged YoY at € 173.1m (24% of total).

EBITDA at € 73.6m, 10.4% margin, +10bps YoY

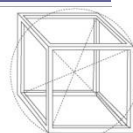
EBITDA was € 73.6m, 10.4% margin (10.3% FY-21PF), thanks to a greater focus on more lucrative contracts and a careful monitoring of operating costs. The figure is 28.0% higher than FY-21 EBITDA (+20.3% compared to FY-21PF) as well as slightly better than our € 71.2m projection (10.2% margin). EBIT came in at € 51.1m, 7.2% margin, up by 14.7% YoY. The figure is perfectly aligned with our € 51.2m forecast, despite higher-than-expected D&A on the back of a significant amount of capex mainly related to the Infrastructure as a Service (IaaS) solutions offered to certain Tier 1 customers and based on multiyear contracts (at least 3 years). Net Profit was € 33.9m, 4.8% margin, up by 12.6% YoY.

Net cash at € 16.4m. Dividend of € 0.85 per share, 25% pay-out, 1.2% yield

Since FY-22, DGV reported NFP in accordance with the Prospectus Regulation requested by Euronext Milan: net cash was € 16.4m compared to € 4.9m cash in 2021, thanks to a strong Op.CF sustained by the excellent management of WC, partially offset by € 31.9m capex, € 26.2m of which related to IaaS solutions. 'Standard' NFP was € 36.6m cash, broadly in line with our estimate of € 35.8m. Nevertheless, our forecasts envisaged a heavier increase in NWC but lower capex. At the AGM, DGV will propose a DPS of € 0.85 (25.0% pay-out, 1.2% yield), as well as a dividend policy for the next few years with a payout ratio of 25% and a buy-back program for a maximum of 100,000 shares (i.e. € 10.0m). Finally, Digital Value recently started the uplisting process on Euronext Milan.

Digital Value, key financials and ratios

€ m	2021	2022	2023e	2024e	2025e
Total Revenues	557.8	708.5	818.2	949.8	1,073.1
EBITDA	57.5	73.6	85.5	102.1	118.0
EBIT	44.5	51.1	57.5	72.1	88.0
Net profit	30.1	33.9	38.0	48.2	59.4
NFP (cash)/debt	(4.9)	(16.4)	(37.2)	(77.5)	(127.8)
EBITDA margin	10.3%	10.4%	10.4%	10.7%	11.0%
EBIT margin	8.0%	7.2%	7.0%	7.6%	8.2%
EPS	3.05	3.49	3.82	4.84	5.96
EPS growth	26.3%	14.3%	9.3%	26.8%	23.2%
DPS ord. €/s	0.00	0.85	0.96	1.21	1.49
ROCE	18.6%	19.7%	19.6%	21.3%	22.5%
NWC/Sales	7.5%	4.9%	6.3%	6.2%	6.1%
Free Cash Flow Yield	-2.4%	2.2%	4.2%	7.2%	9.1%
PER x	23.3	21.2	18.1	14.3	11.6
EV/Sales x	1.27	1.02	0.80	0.65	0.52
EV/EBITDA x	12.3	9.8	7.6	6.0	4.8
EV/EBIT x	15.8	14.1	11.4	8.5	6.4



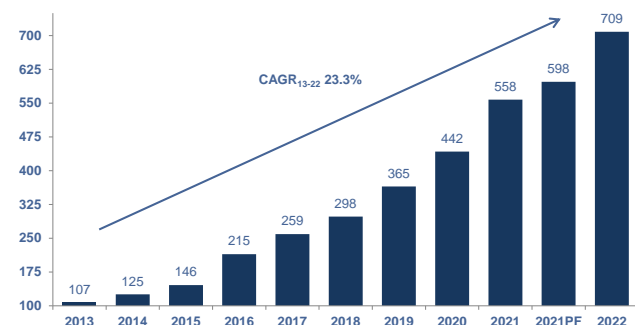
The company at a glance

Digital Value originates from the combination of two domestic IT system 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 customised solutions and services. Headquartered in Milan, DGV (Digital Value) focuses on large accounts, i.e. companies with more than 500 employees, and the most promising segment in the IT services arena in terms of growth.

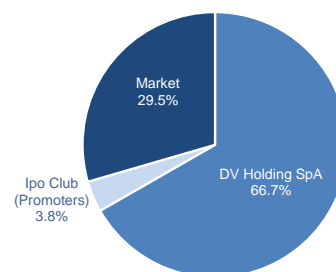
The group boasts key expertise in network infrastructure and data centres, security, network testing and monitoring, workstation management, Help Desk, data management and analysis, ERP systems management, retail applications, information systems, on-premise support and governance, outsourcing and cloud.

With over 300 employees, DGV reported 2022 Total Revenues of € 708.5m, EBITDA of € 73.6m (10.4% margin), € 33.9m Net Profit and a Net Financial Position of € 16.4m (cash positive). With ROE of 22% and ROCE of 20%, DGV has a well-balanced and lucratively allocated capital structure. Currently, 100% of the business is generated in Italy.

2013-22 top line progression

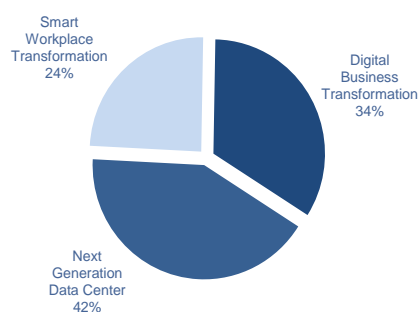


Shareholder structure

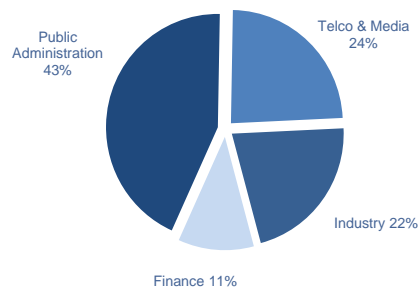


Free Float is 33.3%, including IPO Club

FY-22 top line breakdown by line of business



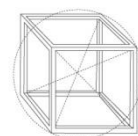
...and by industry verticals



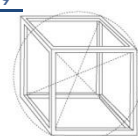
Peer group multiples table

EV multiples x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3	EBIT FY1	EBIT FY2	EBIT FY3
Accenture PLC	2.49	2.30	2.09	13.3	12.2	11.0	16.2	14.8	13.2
Alten SA	1.25	1.09	0.98	9.9	8.9	7.9	11.9	10.6	9.5
Atos SE	0.32	0.32	0.33	3.8	3.3	3.0	10.4	6.6	7.4
Aubay SA	1.15	1.06	0.98	9.7	9.0	8.3	11.5	10.6	9.8
Bechtle AG	0.79	0.71	0.65	10.2	9.3	8.6	13.3	12.3	11.0
Capgemini SE	1.35	1.20	1.07	8.7	7.6	6.7	11.2	9.6	8.4
CDW Corp	1.34	1.24	1.21	14.3	13.0	12.1	14.9	13.7	12.9
Computacenter PLC	0.39	0.35	0.33	7.3	6.8	6.2	8.7	8.3	7.5
Econocom Group SE	0.27	0.25	n.a.	4.1	3.8	n.a.	5.0	4.6	n.a.
Indra Sistemas SA	0.52	0.45	0.42	4.8	4.2	3.6	6.4	5.5	4.7
Reply SpA	1.87	1.63	1.48	11.7	10.2	9.3	14.2	12.2	11.1
Sesa SpA	0.81	0.71	0.67	11.7	9.9	9.1	16.5	13.9	12.6
Sopra Steria Group SA	0.73	0.63	0.60	6.2	5.2	4.9	8.9	7.2	6.8
Tietoenvy Oyj	1.25	1.21	1.13	7.4	7.0	6.7	10.6	10.0	9.0
Median	0.98	0.88	0.98	9.2	8.2	7.9	11.4	10.3	9.5
Digital Value SpA	0.80	0.64	0.52	7.6	6.0	4.8	11.4	8.5	6.4

Source: CFO Sim, Refinitiv Eikon



Income statement (€ m)	2021	2022	2023e	2024e	2025e
Sales	555.9	706.2	816.6	947.9	1,070.9
Total Revenues	557.8	708.5	818.2	949.8	1,073.1
Raw material and processing	(434.3)	(506.3)	(585.0)	(679.1)	(767.2)
Services	(48.2)	(105.3)	(122.7)	(142.5)	(161.0)
Personnel expenses	(17.4)	(22.3)	(24.2)	(25.2)	(25.8)
Other opex	(0.5)	(1.1)	(0.8)	(0.9)	(1.1)
EBITDA	57.5	73.6	85.5	102.1	118.0
D&A	(13.0)	(22.5)	(28.0)	(30.0)	(30.0)
EBIT	44.5	51.1	57.5	72.1	88.0
Financials	(0.7)	(1.7)	(3.0)	(3.0)	(3.0)
Re/(Devaluation) of financial assets	0.0	(0.4)	0.0	0.0	0.0
Extraordinary	(0.4)	(1.0)	0.0	0.0	0.0
Pre-Tax profit	43.4	48.0	54.5	69.0	85.0
Income taxes	(12.8)	(13.9)	(16.3)	(20.7)	(25.5)
Minorities	(0.5)	(0.1)	(0.1)	(0.1)	(0.1)
Net Profit	30.1	33.9	38.0	48.2	59.4
Net Profit Adjusted	30.4	34.8	38.0	48.2	59.4
Balance sheet (€ m)	2021	2022	2023e	2024e	2025e
Net Working Capital	41.8	34.8	51.4	58.7	64.9
Net Fixed Assets	69.4	80.0	67.9	53.9	39.9
Equity Investments	0.3	0.2	0.2	0.2	0.2
Other M/L Term A/L	12.8	26.4	30.6	35.7	40.5
Net Invested Capital	124.3	141.4	150.1	148.5	145.5
Net Financial Debt	(4.9)	(16.4)	(37.2)	(77.5)	(127.8)
Minorities	5.5	0.9	1.0	1.1	1.2
Group's Shareholders Equity	123.7	156.9	186.3	224.9	272.1
Financial Liabilities & Equity	124.3	141.4	150.1	148.5	145.5
Cash Flow statement (€ m)	2021	2022	2023e	2024e	2025e
Total net income	30.1	33.9	38.0	48.2	59.4
Depreciation	13.0	22.5	28.0	30.0	30.0
Other non-cash charges	(12.4)	(1.2)	(4.2)	(5.1)	(4.8)
Cash Flow from Oper. (CFO)	30.7	55.2	61.8	73.2	84.7
Change in NWC	(15.5)	(4.0)	(16.6)	(7.3)	(6.2)
FCF from Operations (FCFO)	15.3	51.2	45.2	65.8	78.4
Net Investments (CFI)	(31.6)	(35.9)	(16.0)	(16.0)	(16.0)
Free CF to the Firm (FCFF)	(16.4)	15.4	29.2	49.8	62.4
CF from financials (CFF)	55.2	(12.9)	(3.6)	(4.4)	(6.6)
Free Cash Flow to Equity (FCFE)	38.9	2.5	25.7	45.4	55.8
Financial ratios	2021	2022	2023e	2024e	2025e
EBITDA margin	10.3%	10.4%	10.4%	10.7%	11.0%
EBIT margin	8.0%	7.2%	7.0%	7.6%	8.2%
Net profit margin	5.4%	4.8%	4.6%	5.1%	5.5%
Tax rate	29.5%	29.1%	30.0%	30.0%	30.0%
Op NWC/Sales	7.5%	4.9%	6.3%	6.2%	6.1%
Interest coverage x	0.02	0.03	0.05	0.04	0.03
Net Debt/EBITDA x	(0.08)	(0.22)	(0.44)	(0.76)	(1.08)
Debt-to-Equity x	(0.04)	(0.10)	(0.20)	(0.34)	(0.47)
ROIC	24.2%	24.0%	25.3%	32.5%	40.8%
ROCE	18.6%	19.7%	19.6%	21.3%	22.5%
ROACE	23.7%	20.5%	20.8%	22.8%	24.1%
ROE	24.4%	21.6%	20.4%	21.4%	21.8%
Payout ratio	0.0%	25.0%	25.0%	25.0%	25.0%
Per share figures	2021	2022	2023e	2024e	2025e
Number of shares # m	9.97	9.97	9.97	9.97	9.97
Number of shares Fully Diluted # m	9.97	9.97	9.97	9.97	9.97
Average Number of shares Fully Diluted	9.97	9.97	9.97	9.97	9.97
EPS stated FD €	3.02	3.41	3.82	4.84	5.96
EPS adjusted FD €	3.05	3.49	3.82	4.84	5.96
EBITDA €	5.77	7.38	8.57	10.24	11.84
EBIT €	4.47	5.12	5.76	7.23	8.83
BV €	12.95	15.83	18.79	22.67	27.42
FCFO €	1.53	5.14	4.54	6.60	7.87
FCFF €	(1.64)	1.54	2.93	5.00	6.26
FCFE €	3.90	0.25	2.58	4.56	5.60
Dividend €	0.00	0.85	0.96	1.21	1.49



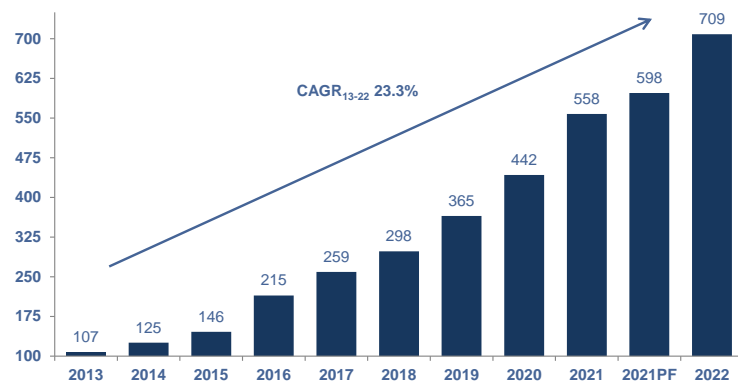
Digital Value in a nutshell

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**, namely companies with more than 500 employees, 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 over 300 employees, DGV reported 2022 Total Revenues of € 708.5m, EBITDA of € 73.6m (10.4% margin), € 33.9m Net Profit and a Net Financial Position of € 16.4m (cash positive). With ROE of 22% and ROCE of 20%, **DGV has a well-balanced and lucratively allocated capital structure.** Currently, 100% of the business is generated in Italy.

Chart 1 – Digital Value, 2013-22 top line progression

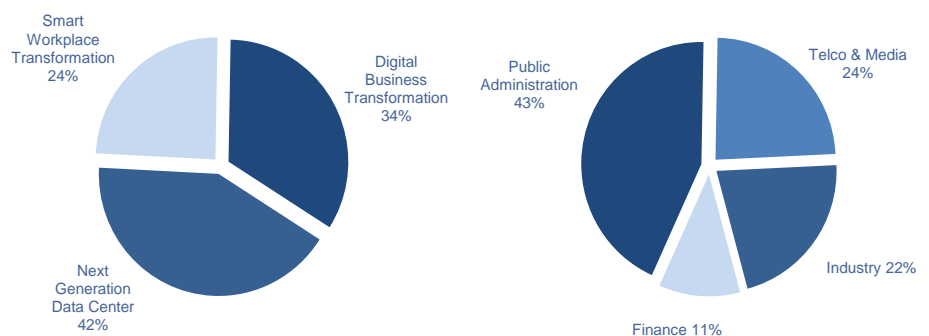


Source: Company data

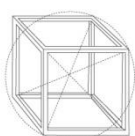
DGV has **450 technical and technological certifications** (in Data Centre, Hybrid Cloud, Networking and Intelligence Networks, Infrastructure software, ICT Security - Cybersecurity and Digital Transformation fields), **30-year seniority** in the business, a **customer portfolio including over 2,000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

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

Chart 2 – Digital Value, 2022 top line breakdown by line of business & industry

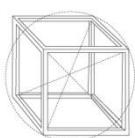


Source: Company data



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.**

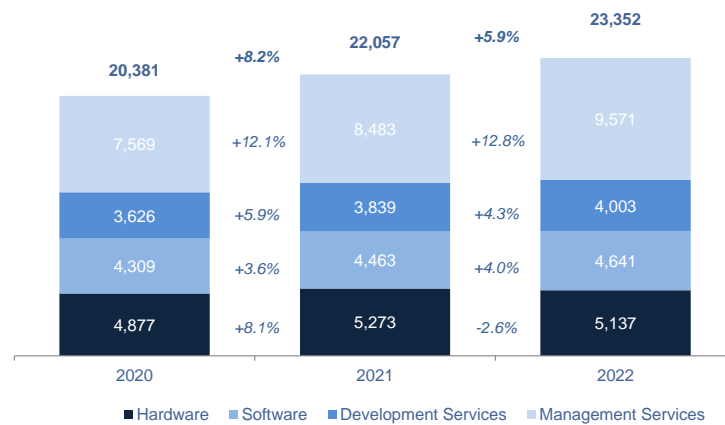
DGV's goal is to consolidate its positioning as a **Hyper Value-Added Reseller**, enhancing the customer's infrastructures and platforms, thanks to: 1) **highly skilled technical and commercial professionals**; 2) a specific **multi-vendor/multi-cloud/multi-security approach**, 3) its positioning as a **one-stop-shop in the supply chain for large private customers**, leveraging public sector experiences. This is why DGV is well-positioned to continue **outperforming the reference market and to play an active role in the sectoral consolidation process.**



The reference market & competitive positioning

DGV operates in the Information Technology Provider sector in Italy. The main growth driver here is technological innovation, i.e. 1) digital transformation, 2) managed and security services and 3) cloud. The market is characterised by the progressive adoption of the 'technology as a service' approach and by a switch from hardware and software to Cloud services, at infrastructural and application levels.

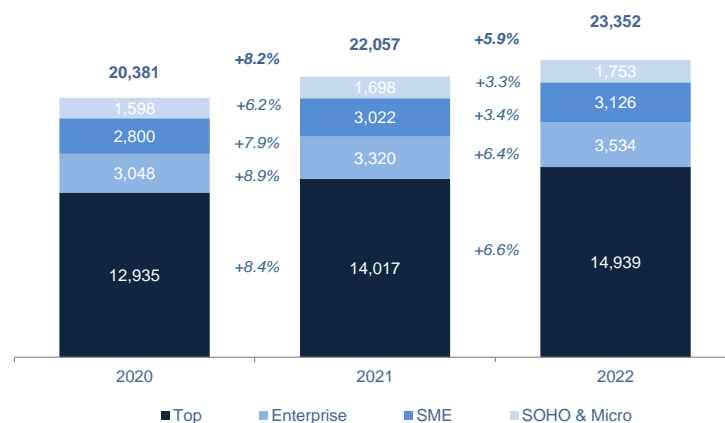
Chart 3 – Digital Value, IT market in Italy by sector, 2020-22, € m



Source: Simi, March 2023

DGV focuses on Top Customers (companies and public entities totalling more than 500 employees). **It represents more than 50% of the current Information Technology demand in Italy**, showing progressive polarisation of IT spending in Italy as well as in the main advanced economies, and it **presents the fastest growth rates** within the industry.

Chart 3 – Digital Value, IT market in Italy by customers, 2020-22, € m



Source: Simi, March 2023

According to Digital Value's management, **DGV's total addressable market is worth some € 12.2bn** in 2022. DGV in this context has a **market share of some 5.8% in 2022, compared to 5.3% in 2021 and 4.3% in 2020.**

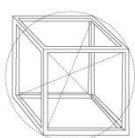
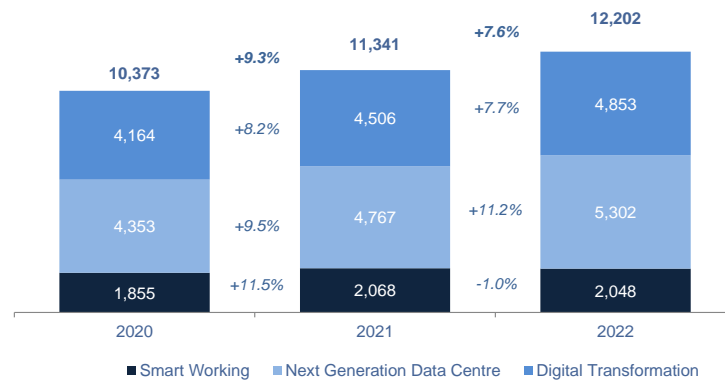


Chart 3 – Digital Value, IT market in Italy addressable by DGV, 2020-22, € m

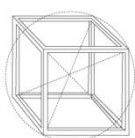


Source: Simi, March 2023

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 due to:

- 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 compared to the benefit of technical proposals based on technology and architecture solutions. Generally, price weighs 30% in the decision-making process for assigning the work. The dominant part is determined by the technical score attributed to the offer.



Business model

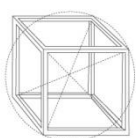
DGV has developed a business model based on a salesforce overseeing comprehensive customer portfolio development, with **specific solution units for every business area** able to provide adequate services and solutions. **DGV boasts consolidated partnerships with key reference industry actors** and a **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 companies. 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 is 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 within the group.
- **Solution design** – the best solution for customer needs is then designed by way of a technology integrator, via the skills 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 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 customer's top management structure.

As of 2019, DGV experienced a different contract approach with a few tier-1 customers, 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 customer 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 Tier 1 customers, 2) provide the customer with a **vast array of services**, 3) **increase its returns** relating to the customers, and 4) improve its positioning to offer **additional new services** to its customers in the long-term. It is not really a change in the business model, it is an opportunistic challenge to continue fostering 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 achieving 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 use to its advantage.
- **Threats:** elements in the environment that could cause harm 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 Customers (>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

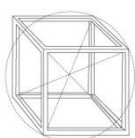
- ❑ Rather high **customer concentration in TLC, Media and PA sectors**
- ❑ Decisions are **in the hands of few key important people**, even though DGV is becoming increasingly structured with the hiring of new senior management

OPPORTUNITIES

- ❑ Further **consolidation opportunities** in the domestic market
- ❑ **Penetration of new markets segment**, such as Finance
- ❑ Up-listing on the main market (**Euronext Milan**)

THREATS

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



FY-22 results

Once again, Digital Value reported a soaring set of results, slightly better than our forecasts in terms of top line and EBITDA. The group grew more than the reference market (up by 6-7% in 2022 according to Sirmi), thus gaining market share. This brilliant achievement was possible thanks to 1) the leading positioning of the group among the Infrastructure ICT segment, 2) its focus on high-potential customers, namely large accounts and the Public Administration and 3) its wide portfolio of key certifications with global vendors.

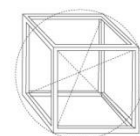
Table 1 – Digital Value, FY-22 results

€ m	2022	2021	% YoY	2022e	% diff.
Revenues	706.2	555.9	27.0	698.9	1.0
Increase in finished products	0.0	0.0		0.0	
Other revenues	2.3	1.9		1.4	
Total Revenues	708.5	557.8	27.0	700.3	1.2
Raw material and processing	(506.3)	(434.3)		(538.9)	
Services	(105.3)	(48.2)		(65.1)	
Personnel expenses	(22.3)	(17.4)		(23.7)	
Other opex	(1.1)	(0.5)		(1.4)	
EBITDA	73.6	57.5	28.0	71.2	3.3
% margin	10.4	10.3		10.2	
D&A	(22.5)	(13.0)		(20.0)	
EBIT	51.1	44.5	14.7	51.2	(0.4)
% margin	7.2	8.0		7.3	
Financials	(1.7)	(0.7)		(1.0)	
Re/(Devaluation) of financial assets	(0.4)	0.0		0.0	
Extraordinary	(1.0)	(0.4)		0.0	
Pre-Tax profit	48.0	43.4	10.4	50.2	(4.5)
% margin	6.8	7.8		7.2	
Income taxes	(13.9)	(12.8)		(15.1)	
Tax rate	29.1%	29.5%		30.0%	
Minorities	(0.1)	(0.5)		(0.6)	
Net Profit	33.9	30.1	12.6	34.6	(1.8)
% margin	4.8	5.4		4.9	
NFP ex ESMA (cash)/debt	(16.4)	(4.9)	<i>n.m.</i>	-	-
NFP (cash)/debt	(36.6)	(21.3)	(72.1)	(35.8)	2.2
Op NWC	34.8	41.8		72.6	
Op NWC/Sales	4.9%	7.5%		10.4%	
ROE	21.5%	23.3%		21.1%	
ROCE	19.7%	18.6%		19.5%	

Source: Company data, CFO SIM

FY-22 revenues totalled € 708.5m, up by 27.0% YoY (+18.6% compared to FY-21 pro-forma revenues), slightly better than our € 700.3m forecast. Once again, DGV largely outperformed the reference market, which is anticipated to be up by 5.9% with regard to the IT business as a whole and by 6.6% with regard to Top-tier IT. This achievement was obtained thanks to DGV's leadership among the infrastructure ICT segment and its focus on top customers (namely Large Accounts and the Public Administrations). Furthermore, Digital Value increased its market share thanks to a few significant multiyear contracts with top customers operating in the Banking & Insurance sector.

- **Digital Business Transformation** totalled **€ 237.4m (33.5% of total revenues), up by 59.2% YoY**. Once again, the business line represented the main growth driver for the company thanks to its deep technological know-how and expertise with regard to Big Analytics, Edge Computing, as well as Software and Cloud Platforms provided via PaaS and SaaS, in addition to Video Communication services.
- **Next Generation Data Centre**, which constitutes the group's core business as well as the most recurring part of revenues, came in at **€ 298.0m (42.1% of total revenues), growing by 7.5% YoY**.



- **Smart Workplace Transformation**, which is engaged in the implementation of the digital transformation of its customers' workstations and personal productivity, remained basically unchanged YoY at **€ 173.1m (24.4% of total revenues)**.

Table 2 – Digital Value, FY-22 top line by Line of Business

€ m	2022	2021PF	% YoY	% on tot 22	% on tot 21
Digital Business Transformation	237.4	149.1	59.2	33.5	25.0
Next Generation Data Centre	298.0	277.2	7.5	42.1	46.4
Smart Workplace Transformation	173.1	171.2	1.1	24.4	28.7
Total	708.5	597.5	18.6	100.0	100.0

Source: Company data

The Public Administration confirms its position as the big ICT spender, also thanks to the first tranches of the NRRP funds. Finance reported strong growth on the back of the group's commercial efforts to strengthen its positioning in an industry characterised by large investments in ICT and digitalisation.

Table 3 – Digital Value, FY-22 top line by Industry Vertical

€ m	2022	2021PF	% YoY	% on tot 22	% on tot 21
Telco & Media	169.8	149.1	13.9	24.0	25.0
Industry	152.9	144.8	5.6	21.6	24.2
Finance	77.5	55.0	40.8	10.9	9.2
Public Administration	308.3	248.6	24.1	43.5	41.6
Total	708.5	597.5	18.6	100.0	100.0

Source: Company data

EBITDA was € 73.6m, 10.4% margin (compared to 10.3% in FY-21PF), thanks to a greater focus on more lucrative contracts and a careful monitoring of operating costs and overheads. Digital Value was able to properly manage the inflationary effect on costs by co-sharing price increases with both vendors and customers, with a consequent modest impact on margins. The figure is 28.0% higher than FY-21 EBITDA (+20.3% compared to FY-21 pro-forma EBITDA) and slightly better than our € 71.2m projection (10.2% margin).

EBIT came in at € 51.1m, 7.2% margin, up by 14.7% YoY. The figure is perfectly aligned with our € 51.2m forecast, despite higher-than-expected D&A on the back of a significant amount of capex mainly related to the On Premises Infrastructure as a Service (IaaS) solutions offered to certain Tier 1 customers and based on multiyear contracts (at least 3 years). **Net Profit was € 33.9m, 4.8% margin, up by 12.6% YoY.**

Starting from FY-22, Digital Value reported NFP in accordance with the Prospectus Regulation requested by Euronext Milan (i.e. NFP ex ESMA). As a consequence, **net cash was € 16.4m compared to € 4.9m cash at year-end 2021** thanks to a **strong operating cash-flow** sustained by the **excellent management of working capital**, which grew by only € 4.0m YoY. The strong operating cash-flow was partially offset by **total investments of € 31.9m**, € 26.2m of which related to IaaS solutions, namely hardware and equipment installed at customers' premises and intended for the provision of services to the latter against payment of long-term service fees. With respect to the 'standard' calculation methodology, in 2022 net cash was € 36.6m compared to € 21.3m at year-end 2021 and broadly in line with our estimate of € 35.8m. Nevertheless, our forecasts envisaged a heavier increase in net working capital (ca. € 30m) but lower capex (ca. € 13m).

Table 4 – Digital Value, FY-22 Net Financial Position

€ m	2022	2021	€ m Diff	2022e	% Diff.
NFP (cash)/debt	(36.6)	(21.3)	(15.3)	(35.8)	2.2
Non-Current Trade & Other Payables*	20.2	16.4	3.8	-	-
NFP ex ESMA (cash)/debt	(16.4)	(4.9)	(17.4)	-	-

Source: Company data *include non-remunerated debt (i.e. debt to suppliers beyond 12 months)

At the AGM, DGV's BoD will propose a dividend of € 0.85 per share (max. € 8.5m, 25% pay-out, 1.2% yield) with ex-dividend date 28-Apr-23, record date 26-Apr-23 and payment date 27-Apr-23. Furthermore, at the same meeting, the BoD will propose a dividend policy for the coming years with a pay-out ratio of 25%. Finally, DGV intends to start a buy-back program for a maximum of 100,000 shares (i.e. € 10.0m).



Estimates, Valuation & Risks

In 2022, Digital Value demonstrated its ability to properly navigate the harsh economic environment characterised by soaring inflation and, to a lesser extent, prolonged shortages of certain key hardware components in light of its **leadership positioning as a Hyper-VAR player** boasting long-lasting experience in the delivery of digitalisation projects. Moreover, key certifications with global vendors allow the company to stand out from the competition. Overall, **we believe in 2023 DGV is well-positioned to further gain market share** in promising verticals and to benefit from the acceleration of projects linked to the Recovery Plan, especially in the Public Administration sector.

Following the release of FY-22 results, **we have fine-tuned our 2023-24 projections**, and introduced 2025 figures. In detail, we have left almost unchanged our assumptions with regard to top line and EBITDA growth, while we have slightly increased D&A and financial charges, in line with FY-22 figures. Furthermore, **we have introduced the payment of dividends starting from 2023** (with respect to FY-22 net profit) with a **pay-out ratio of 25.0%**.

The difference compared to our previous NFP estimates is mainly due to the new calculation methodology in accordance with the Prospectus Regulation requested by Euronext Milan (i.e. NFP ex ESMA) and, to a lesser extent, to the introduction of the dividend policy.

Table 5 – Digital Value, 2023e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Total Revenues	818.2	815.2	0.4	3.1
EBITDA	85.5	85.2	0.3	0.3
% margin	10.4	10.4		
EBIT	57.5	65.4	(12.1)	(7.9)
% margin	7.0	8.0		
Net Profit	38.0	44.3	(14.2)	(6.3)
% margin	4.6	5.4		
NFP (cash)/debt	(37.2)	(88.1)	(57.8)	50.9

Source: CFO Sim

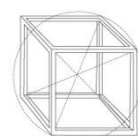
Table 6 – Digital Value, 2024e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Total Revenues	949.8	949.7	0.0	0.1
EBITDA	102.1	102.5	(0.4)	(0.4)
% margin	10.7	10.8		
EBIT	72.1	82.7	(12.8)	(10.6)
% margin	7.6	8.7		
Net Profit	48.2	56.3	(14.4)	(8.1)
% margin	5.1	5.9		
NFP (cash)/debt	(77.5)	(151.1)	(48.7)	73.6

Source: CFO Sim

Since our last update, we have updated our valuation criteria, bringing the free risk rate up to date and postponing the first estimated year to 2023: the combined result is a **DCF-based PT of € 96.50/s (€ 100.00), 38.8% upside potential**. The reduction in PT is entirely due to the sharp increase in the free risk rate from 2.46% to 4.00% (200d moving average) since our last publication.

CFO SIM reiterates the Buy rating on the shares: in this complex scenario, DGV represents a 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 2027 and long-term growth of 2.0%. Cash flows are discounted back at a weighted average cost of capital calculated according to the following parameters:

Table 7 - WACC derived from:

Interest costs, pre-tax	2.0%
Tax rate	30.0%
Int. costs, after taxes	1.4%
Risk premium, incl. small size premium	9.0%
Risk-free (10Y Gov. Bond 200d simple moving average)	4.00%
Beta levered (x)	1.00
Required ROE	13.0%

Source: CFO Sim, Refinitiv Eikon

Risk premium at 9.0% factors in the minute size of the company and basically all the concerns and disquiet that an investor might have related to the EGM market segment. **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.

Table 8 - Digital Value, DCF model

€ m	2023e	2024e	2025e	2026e	2027e Term. Val.
EBIT	57.5	72.1	88.0	110.2	137.7
Tax rate	30.0%	30.0%	30.0%	30.0%	30.0%
Operating profit (NOPAT)	40.2	50.5	61.6	77.1	96.4
Change working capital	(16.6)	(7.3)	(6.2)	(3.1)	(0.0)
Depreciation	28.0	30.0	30.0	23.0	16.0
Investments	(16.0)	(16.0)	(16.0)	(16.0)	(16.0)
Free Cash Flows	35.7	57.1	69.4	81.0	96.4
Present value	33.0	47.7	52.4	55.2	59.4
WACC	10.7%	10.7%	10.7%	10.7%	10.7%
Long-term growth rate	2.0%				
					1,132.5
					697.5

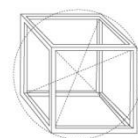
Source: CFO Sim

Table 9 – Digital Value, DCF derived from:

€ m	
Total EV present value € m	945.2
<i>thereof terminal value</i>	73.8%
NFP last reported (debt)/cash	16.4
Pension provision last reported	(1.7)
Equity value € m	959.8
#m shares (excl. treasury shares)	9.95
Equity value €/s	96.50
<i>% upside/(downside)</i>	38.8%

Source: CFO Sim

By applying our DCF model, we obtained an equity value of € 959.8m for Digital Value, € 96.50/s (€ 100.00/s), 38.8% upside.



The following tables illustrate that sensitivity 1) compared to changes in the terminal growth rate produces an equity value/s of € 88.60-106.36/s (perpetuity range between 1.00% and 3.00%), while 2) if compared to changes in the free risk rate, it produces an equity value/s of € 89.44-104.60/s (free risk range between 4.80% and 3.20%) and 3) compared to changes in the risk premium, including the small-size premium, results in an equity value/s of € 80.57-119.61/s (risk premium range between 11.00% and 7.00%).

Table 10 – Digital Value, equity value sensitivity to changes in terminal growth rate

€ m	1.00%	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%	3.00%
Present value of CF	247.6	247.6	247.6	247.6	247.6	247.6	247.6	247.6	247.6
PV of terminal value	619.3	637.3	656.3	676.4	697.5	720.0	743.8	769.1	796.1
Total value	867.0	885.0	903.9	924.0	945.2	967.6	991.4	1,016.7	1,043.7
NFP last reported	16.4	16.4	16.4	16.4	16.4	16.4	16.4	16.4	16.4
Pension provision last reported	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)
Equity value	881.6	899.6	918.6	938.7	959.8	982.3	1,006.1	1,031.4	1,058.4
Equity value/share €	88.60	90.41	92.31	94.33	96.50	98.71	101.10	103.65	106.36

Source: CFO Sim

Table 11 – Digital Value, equity value sensitivity to changes in free risk rate

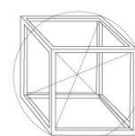
€ m	3.20%	3.40%	3.60%	3.80%	4.00%	4.20%	4.40%	4.60%	4.80%
Present value of CF	252.0	250.9	249.8	248.7	247.6	246.5	245.5	244.4	243.4
PV of terminal value	774.2	753.9	734.3	715.6	697.5	680.2	663.5	647.5	632.0
Total value	1,026.2	1,004.8	984.1	964.3	945.2	926.7	909.0	891.9	875.3
NFP last reported	16.4	16.4	16.4	16.4	16.4	16.4	16.4	16.4	16.4
Pension provision last reported	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)
Equity value	1,040.9	1,019.4	998.8	979.0	959.8	941.4	923.7	906.6	890.0
Equity value/share €	104.60	102.44	100.37	98.38	96.50	94.61	92.82	91.10	89.44

Source: CFO Sim

Table 12 – 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	258.8	255.9	253.1	250.3	247.6	244.9	242.3	239.7	237.2
PV of terminal value	916.8	852.7	795.4	744.0	697.5	655.4	617.1	582.1	550.0
Total value	1,175.6	1,108.6	1,048.6	994.3	945.2	900.4	859.4	821.8	787.1
NFP last reported	16.4	16.4	16.4	16.4	16.4	16.4	16.4	16.4	16.4
Pension provision last reported	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)
Equity value	1,190.3	1,123.3	1,063.2	1,009.0	959.8	915.0	874.1	836.4	801.8
Equity value/share €	119.61	112.88	106.85	101.40	96.50	91.95	87.84	84.06	80.57

Source: CFO Sim



Market multiples

We conducted an analysis on a cluster of 14 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 customers' 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 modernisation 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 company, 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.

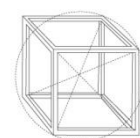
Computacenter – UK: it is a leading independent provider of IT infrastructure services, supporting users and their business in the digital world. The company advises organisations on IT strategy, implements the most appropriate technology, optimises their performance, and manages customers' infrastructures.

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 companies 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.

Tietoevry – 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 (18.6% margin). The least profitable is Computacenter with a 5.3% 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 13 - Digital Value, peer group summary table

€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	EBITDA %	Sales CAGR ₂₂₋₂₅	EBITDA CAGR ₂₂₋₂₅	EBIT CAGR ₂₂₋₂₅	EPS CAGR ₂₃₋₂₅	NFP FY1	NFP/EBITDA
Accenture PLC	USA	157,531	59,949	11,177	18.6%	4.2%	8.5%	5.7%	9.0%	(8,449)	n.m.
Alten SA	France	4,970	3,771	476	12.6%	5.4%	n.a.	n.a.	6.6%	(269)	n.m.
Atos SE	France	1,494	11,132	945	8.5%	0.2%	n.a.	n.a.	42.6%	2,113	2.2
Aubay SA	France	616	514	61	11.9%	4.2%	n.a.	n.a.	7.2%	(26)	n.m.
Bechtle AG	Germany	5,287	6,454	495	7.7%	8.0%	7.2%	8.3%	8.8%	(216)	n.m.
Capgemini SE	France	29,464	23,008	3,573	15.5%	5.9%	20.4%	11.6%	10.0%	1,631	0.5
CDW Corp	USA	24,493	22,330	2,092	9.4%	3.1%	7.3%	10.3%	6.8%	5,349	2.6
Computacenter PLC	UK	2,868	6,832	362	5.3%	-2.3%	-2.2%	1.2%	2.7%	(205)	n.m.
Econocom Group SE	France	681	2,790	183	6.6%	n.a.	n.a.	n.a.	n.a.	70	0.4
Indra Sistemas SA	Spain	2,093	3,959	423	10.7%	1.3%	3.9%	3.4%	9.5%	(49)	n.m.
Reply SpA	Italy	4,276	2,147	342	15.9%	11.2%	6.7%	7.2%	9.4%	(266)	n.m.
Sesa SpA	Italy	1,809	2,390	165	6.9%	10.8%	16.0%	15.7%	20.2%	116	0.7
Sopra Steria Group SA	France	3,860	5,528	650	11.8%	6.6%	7.2%	10.0%	12.6%	201	0.3
Tietoevry Oyj	Finland	3,362	3,003	510	17.0%	3.4%	2.6%	5.6%	6.0%	404	0.8
Median		3,611	4,744	486	11.2%	4.2%	7.2%	7.7%	9.0%	22	0.7
Digital Value SpA	Italy	690	818	85	10.4%	14.8%	17.1%	19.9%	25.0%	(37)	n.m.

Sources: CFO Sim, Refinitiv Eikon

Table 14 - Digital Value, peer group EV multiple table

x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
Accenture PLC	2.49	2.30	2.09	13.3	12.2	11.0
Alten SA	1.25	1.09	0.98	9.9	8.9	7.9
Atos SE	0.32	0.32	0.33	3.8	3.3	3.0
Aubay SA	1.15	1.06	0.98	9.7	9.0	8.3
Bechtle AG	0.79	0.71	0.65	10.2	9.3	8.6
Capgemini SE	1.35	1.20	1.07	8.7	7.6	6.7
CDW Corp	1.34	1.24	1.21	14.3	13.0	12.1
Computacenter PLC	0.39	0.35	0.33	7.3	6.8	6.2
Econocom Group SE	0.27	0.25	n.a.	4.1	3.8	n.a.
Indra Sistemas SA	0.52	0.45	0.42	4.8	4.2	3.6
Reply SpA	1.87	1.63	1.48	11.7	10.2	9.3
Sesa SpA	0.81	0.71	0.67	11.7	9.9	9.1
Sopra Steria Group SA	0.73	0.63	0.60	6.2	5.2	4.9
Tietoevry Oyj	1.25	1.21	1.13	7.4	7.0	6.7
Median	0.98	0.88	0.98	9.2	8.2	7.9
Digital Value SpA	0.80	0.64	0.52	7.6	6.0	4.8
% premium/(discount)	(18.3)	(27.1)	(46.3)	(16.9)	(27.1)	(40.0)

Sources: CFO Sim, Refinitiv Eikon

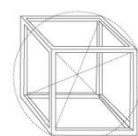


Table 15 - Digital Value, peer group EV/EBIT & price multiple table

X	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
Accenture PLC	16.2	14.8	13.2	23.1	21.3	19.4
Alten SA	11.9	10.6	9.5	17.1	16.4	15.1
Atos SE	10.4	6.6	7.4	6.3	4.3	3.1
Aubay SA	11.5	10.6	9.8	16.9	15.6	14.7
Bechtle AG	13.3	12.3	11.0	19.6	17.9	16.6
Capgemini SE	11.2	9.6	8.4	14.6	13.2	12.0
CDW Corp	14.9	13.7	12.9	18.6	17.2	16.3
Computacenter PLC	8.7	8.3	7.5	13.7	13.6	13.0
Econocom Group SE	5.0	4.6	n.a.	7.1	6.6	n.a.
Indra Sistemas SA	6.4	5.5	4.7	10.1	9.2	8.5
Reply SpA	14.2	12.2	11.1	21.0	19.0	17.6
Sesa SpA	16.5	13.9	12.6	22.1	17.8	15.3
Sopra Steria Group SA	8.9	7.2	6.8	11.5	10.3	9.0
Tietoevry Oyj	10.6	10.0	9.0	12.2	11.4	10.9
Median	11.4	10.3	9.5	15.7	14.6	14.7
Digital Value SpA	11.4	8.5	6.4	18.1	14.3	11.6
% premium/(discount)	0.0	(17.5)	(32.5)	15.2	(2.0)	(21.2)

Sources: CFO Sim, Refinitiv Eikon

We believe **DGV still deserves a certain discount to peer median not only due to the company's small size but also due to the lack of ample stock liquidity** on the back of the its listing on Euronext Growth Milan.

By applying the peer group EV/EBITDA and EV/EBIT multiple median, discounted by 10.0% to DGV's metrics, we attain an **equity value of DGV of € 846.2m, or € 84.90/s**. We have used 2023-24-25 estimates and multiples (10-40-50 weighted, respectively), **in order to consider higher-than-peer median growth**.

Table 16 - Digital Value, equity assessment, 1#3

€ m	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
Median Peers (x)	0.98	0.88	0.98	9.2	8.2	7.9
DGV metric	818.2	949.8	1,073.1	85.5	102.1	118.0
NFP	37.2	77.5	127.8	37.2	77.5	127.8
DGV Equity Value	756.4	833.6	1,070.3	743.8	833.6	970.5
DGV Equity Value €/s	75.90	83.60	107.40	74.60	83.60	97.30
% upside/(downside)	9.2	20.3	54.5	7.3	20.3	40.0

Sources: CFO Sim, Refinitiv Eikon

Table 17 - Digital Value, equity assessment, 2#3

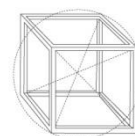
€ m	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
Median Peers (x)	11.4	10.3	9.5	15.7	14.6	14.7
DGV metric	57.5	72.1	88.0	38.0	48.2	59.4
NFP	37.2	77.5	127.8			
DGV Equity Value	624.5	745.3	877.6	538.7	633.6	787.7
DGV Equity Value €/s	62.60	74.80	88.00	54.00	63.60	79.00
% upside/(downside)	(9.9)	7.6	26.6	(22.3)	(8.5)	13.7

Sources: CFO Sim, Refinitiv Eikon

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

€ m	FY1	FY2	FY3
EV/EBITDA	743.8	833.6	970.5
EV/EBIT	624.5	745.3	877.6
Weighting	10.0%	40.0%	50.0%
Equity Value	846.2		
Per share €/s	84.90		
% upside/(downside)	22.2%		

Sources: CFO Sim, Refinitiv Eikon



Peer stock performance

Digital Value was listed on Euronext Growth Milan 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). Adopting the same approach used in setting up the peer sample for assessing DGV's value, we defined a panel of 14 companies operating in the digital IT systems integration segment.

Table 19 - Digital Value, peer group absolute performance

%	1D	1W	1M	3M	6M	YTD	1Y
Accenture PLC	2.0	2.0	(4.3)	(1.6)	(4.7)	(3.5)	(20.6)
Alten SA	3.0	1.6	(1.0)	24.3	23.5	23.5	2.0
Atos SE	4.8	(7.7)	4.9	51.8	63.1	50.1	(51.7)
Aubay SA	2.6	(1.8)	(8.6)	(1.2)	5.7	(4.6)	(17.3)
Bechtle AG	0.0	0.0	5.0	19.2	(1.6)	19.2	(17.3)
Capgemini SE	1.9	(0.6)	(6.3)	9.2	5.4	9.3	(12.0)
CDW Corp	1.6	1.7	(5.4)	8.7	15.6	8.9	8.8
Computacenter PLC	3.6	(1.9)	(9.0)	8.2	0.7	7.3	(30.5)
Econocom Group SE	(0.3)	(0.5)	(9.2)	6.6	13.7	7.7	(21.5)
Indra Sistemas SA	2.8	2.9	1.6	15.8	47.6	11.7	18.4
Reply SpA	1.0	(0.9)	(3.4)	6.1	7.7	7.3	(26.3)
Sesa SpA	1.9	(1.5)	(6.7)	6.2	7.9	1.1	(19.7)
Sopra Steria Group SA	(0.5)	(3.8)	16.6	34.9	37.8	33.6	12.3
Tietoenvy Oyj	1.7	(0.1)	(4.9)	6.8	17.6	7.5	13.6
Median	1.9	(0.5)	(4.6)	8.5	10.8	8.3	(17.3)
Digital Value SpA	3.0	(0.7)	(1.1)	2.5	5.8	4.2	(20.1)

Source: Refinitiv Eikon

Table 20 - Digital Value, relative performances

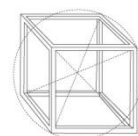
%	1D	1W	1M	3M	6M	YTD	1Y
to MSCI World Index	1.7	(2.1)	(0.1)	(2.1)	(0.4)	0.0	(10.2)
to EUROSTOXX	1.3	(0.4)	1.3	(6.2)	(11.1)	(4.5)	(23.2)
to FTSE Italia All Share	0.5	0.1	1.9	(9.3)	(15.8)	(7.6)	(28.3)
to FTSE Italia STAR	2.0	0.5	1.3	(4.1)	(9.8)	(1.0)	(9.5)
to FTSE Italia Growth	2.2	0.6	2.7	1.6	20.7	20.1	(4.2)
to Peer Median	1.1	(0.2)	3.5	(6.0)	(5.0)	(4.1)	(2.8)

Source: Refinitiv Eikon

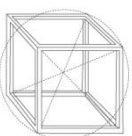
Risks

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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DATE	TARGET PRICE	RATING
22/03/2023	€96.50	BUY
02/02/2023	€100.00	BUY
13/09/2022	€100.00	BUY
04/08/2022	€120.00	BUY
01/04/2022	€120.00	BUY
27/01/2022	€122.00	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.

