

## Italy – IT Services

## A strong set of results. Fairly-paid strategic acquisition

6<sup>th</sup> May 2024

### FY-23 RESULTS RELEASE

RIC: DGV.MI  
BBG: DGV IM

FY-23 results came in better than consensus estimates and were characterised once again by organic growth close to 20% thanks to DGV's focus on large customers, the ability to offer high-value-added solutions, and the solid relationship with several vendors. The acquisition of Infordata allows the group to strengthen its offer concerning managed services and system integration, highly requested by large customers.

#### Rating:

**Buy**

#### Price Target:

**€ 93.00 (91.00)**

Upside/(Downside): 52.5%

Last Price: € 61.00

Market Cap.: € 606.3M

1Y High/Low: € 68.10 / € 42.70

Avg. Daily Turn. (3M, 6M): € 612k, € 582k

Free Float: 34.9%

#### Major shareholders:

DV Holding 64.7%



#### Stock price performance

	1W	3M	12M
<b>Absolute</b>	15.7%	-5.6%	-5.4%
<b>Rel.to FTSE IT Growth</b>	16.8%	-14.6%	-29.8%
<b>Rel.to Peers</b>	20.3%	0.7%	-15.3%

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#### Estimates updated: new DCF-based PT of € 93.00/s (€ 91.00). Buy reiterated

Following the release of FY-23 results and the acquisition of Infordata, we have updated our model by factoring in: 1) the acquisition of Infordata, consolidated on a pro-forma basis for 12M in 2024; 2) a fine-tuning of NWC dynamic; and 3) an increase in capex to € 37m per year (prev. € 20m). Furthermore, we have introduced the 2026 projections. The combined result is an average 8.5%, 2.2% and 1.0% increase in revenues, EBITDA and Net Profit, respectively, in 2024-25. Moreover, we have updated the DCF valuation criteria, bringing the risk-free rate up to date and postponing the first estimated year to 2024: the combined result is a new DCF-based PT of € 93.00/s (€ 91.00), 52.5% upside. Buy reiterated.

#### Revenues up by ca. 20% YoY driven by the Next Generation Data Centre business

Total revenues were € 847.4m, up by 19.6% YoY, on the back of the group's strong ability to drive the digitalisation of the top-tier Italian ICT spenders. In terms of business lines: Digital Business Transformation (31.9% of total) rose by 14.2% YoY to € 271.0m, driven by a soaring demand for cybersecurity-related solutions along with the realisation of large cloud-computing projects. Next Generation Data Centre (49.1% of total) stood at € 417.3m, up by 40.0% YoY, driven by buoyant demand for digital infrastructures and datacentres. Smart Workplace Transformation (19.0% of total) recorded € 161.2m, down by 6.9% YoY.

#### EBITDA margin up by ca. 30bps YoY. Strong FCF despite massive capex

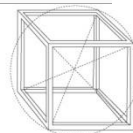
EBITDA was € 90.5m, 10.7% margin (+30bps YoY), thanks to the focus on higher-value-added products and services coupled with careful costs control. EBIT totalled € 61.0m, 7.2% margin (€ 51.1m, 7.2% margin in 2022), after D&A increased to € 29.5m (€ 22.5m in FY-22), on the back of the massive investments related to the IaaS projects made in the last years. Net Profit came in at € 38.4m, 4.5% margin (€ 33.9m, 4.8% margin in 2022), following increased financial charges and a broadly stable tax rate. NFP reached € 23.9m cash from € 30.4m debt at the end of June-23 and € 16.4m cash at year-end 2022, mainly thanks to a massive decrease in Op. NWC. In 2023, Digital Value made capex of € 57.3m, € 24.2m of which related to a few IaaS multi-year contracts and paid € 8.5m of dividends.

#### Strategic acquisition aimed at reinforcing the group in managed services

On April 19<sup>th</sup>, Digital Value signed a binding offer for the acquisition of Infordata for a total consideration of € 22m (€ 6.6m will be reinvested in DGV by the seller via a reserved capital increase). Infordata is a domestic group operating as value-added reseller and system integrator with about 400 highly qualified personnel. In 2023, Infordata's revenues totalled € 119.1m and EBITDA equal to € 7.9m (6.6% margin). Considering FY-22/23 average numbers, the price paid corresponds to 5.3x EV/EBITDA. The acquisition represents a strategic add-on for Digital Value, which can strengthen its positioning in the services segment with distinctive technological skills highly demanded by the Enterprise market.

#### Digital Value, key financials and ratios

€ m	2022	2023	2024e	2025e	2026e
Total Revenues	708.5	847.4	1,050.3	1,144.9	1,236.2
EBITDA	73.6	90.5	105.7	120.5	133.7
EBIT	51.1	61.0	66.7	80.5	93.7
Net profit	33.9	38.4	43.6	53.5	63.1
NFP (cash)/debt	(16.4)	(23.9)	(28.3)	(67.9)	(114.9)
EBITDA margin	10.4%	10.7%	10.1%	10.5%	10.8%
EBIT margin	7.2%	7.2%	6.4%	7.0%	7.6%
EPS	3.49	3.94	4.37	5.37	6.32
EPS growth	14.3%	12.8%	11.1%	22.7%	17.9%
DPS ord. € /s	0.85	0.95	1.10	1.35	1.59
ROCE	19.7%	19.3%	18.7%	20.1%	20.8%
NWC/Sales	4.9%	1.4%	1.7%	1.7%	1.6%
Free Cash Flow Yield	2.5%	3.1%	1.2%	8.3%	10.0%
PER x	21.2	15.7	13.9	11.3	9.6
EV/Sales x	1.02	0.70	0.55	0.47	0.40
EV/EBITDA x	9.8	6.5	5.5	4.5	3.7
EV/EBIT x	14.1	9.7	8.7	6.7	5.2



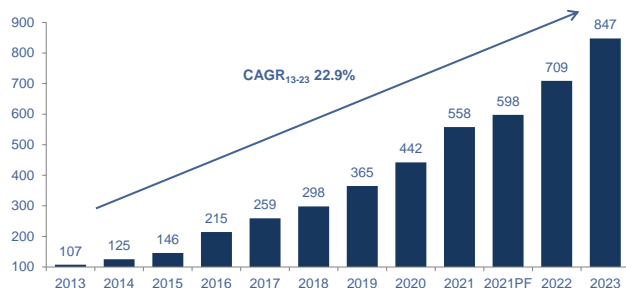
## The company at a glance

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, 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.

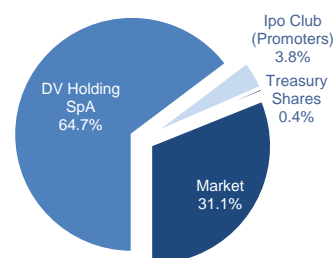
The group boasts key expertise in network infrastructure and data centres, security, network testing and monitoring, workstation management, Help Desk, data management and analysis, ERP systems management, retail applications, information systems, on-premise support and governance, outsourcing and cloud.

With over 400 employees, Digital Value reported 2023 Total Revenues of € 847.4m, EBITDA of € 90.5m (10.7% margin), Net Profit of € 38.4m and Net Cash of € 23.9m. With ROE of 20% and ROCE of 19%, Digital Value has a well-balanced and lucratively allocated capital structure. Currently, 100% of the business is generated in Italy.

## 2013-23 top line progression

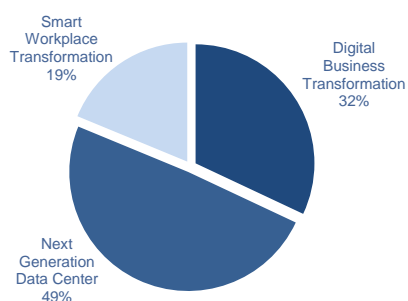


## Shareholder structure

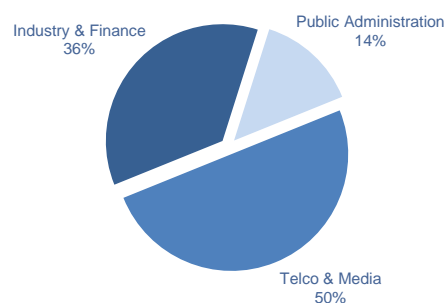


Free Float is 34.9%, including IPO Club

## FY-23 top line breakdown by line of business



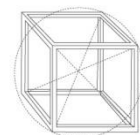
## ...and by industry verticals



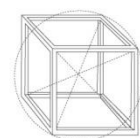
## Peer group multiples table

EV multiples x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3	EBIT FY1	EBIT FY2	EBIT FY3
Accenture PLC	3.04	2.83	2.60	16.3	14.9	13.5	19.6	18.1	16.4
Alten SA	0.85	0.75	0.70	7.7	6.4	6.0	9.5	7.9	7.5
Atos SE	0.33	0.31	0.43	3.6	2.9	4.5	7.1	6.5	11.1
Aubay SA	0.99	0.94	1.15	9.4	8.3	n.a.	11.3	10.1	12.5
Bechtle AG	0.81	0.74	0.66	10.2	9.3	8.4	13.5	12.1	10.8
Capgemini SE	1.55	1.39	1.27	9.9	8.6	7.7	12.2	10.6	9.6
CDW Corp	1.57	1.46	1.33	15.4	14.1	13.0	16.5	15.1	13.7
Computacenter PLC	0.36	0.33	0.30	6.9	6.2	5.7	8.7	7.9	7.1
Econocom Group SE	0.22	0.16	0.13	3.8	2.7	2.2	5.4	3.7	3.0
Indra Sistemas SA	0.68	0.59	0.54	6.2	5.3	4.7	7.8	6.5	5.7
Reply SpA	1.89	1.69	1.54	12.0	10.6	9.6	14.6	12.9	11.5
Sesa SpA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Sopra Steria Group SA	0.80	0.71	0.67	6.7	5.8	5.4	9.1	7.7	7.1
Tietoenvy Oyj	1.00	0.98	0.94	6.3	6.0	5.8	8.9	8.2	8.0
<b>Median</b>	<b>0.85</b>	<b>0.75</b>	<b>0.70</b>	<b>7.7</b>	<b>6.4</b>	<b>5.9</b>	<b>9.5</b>	<b>8.2</b>	<b>9.6</b>
<b>Digital Value SpA</b>	<b>0.55</b>	<b>0.47</b>	<b>0.40</b>	<b>5.5</b>	<b>4.5</b>	<b>3.7</b>	<b>8.7</b>	<b>6.7</b>	<b>5.2</b>

Source: CFO Sim, Refinitiv Eikon



<b>Income statement (€ m)</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
Revenues	706.2	846.5	1,049.3	1,143.7	1,235.0
Total Revenues	708.5	847.4	1,050.3	1,144.9	1,236.2
Raw material and processing	(507.3)	(570.6)	(698.5)	(759.0)	(818.4)
Services	(104.2)	(160.6)	(193.3)	(210.7)	(227.5)
Personnel expenses	(22.3)	(25.0)	(51.8)	(53.5)	(55.4)
Other opex	(1.1)	(0.7)	(1.1)	(1.1)	(1.2)
EBITDA	73.6	90.5	105.7	120.5	133.7
D&A	(22.5)	(29.5)	(39.0)	(40.0)	(40.0)
EBIT	51.1	61.0	66.7	80.5	93.7
Financials	(1.7)	(4.6)	(4.1)	(3.7)	(3.2)
Re/(Devaluation) of financial assets	(0.4)	0.1	0.0	0.0	0.0
Extraordinary	(1.0)	(1.1)	0.0	0.0	0.0
Pre-Tax profit	48.0	55.5	62.6	76.8	90.5
Income taxes	(13.9)	(16.9)	(18.8)	(23.0)	(27.2)
Minorities	(0.1)	(0.2)	(0.3)	(0.3)	(0.3)
Net Profit	33.9	38.4	43.6	53.5	63.1
Net Profit Adjusted	34.8	39.2	43.6	53.5	63.1
<b>Balance sheet (€ m)</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
Net Working Capital	34.8	11.5	17.5	18.9	20.0
Net Fixed Assets	80.0	109.5	129.5	126.5	123.5
Equity Investments	0.2	0.2	0.2	0.2	0.2
Other M/L Term A/L	26.4	43.3	53.9	58.8	63.5
Net Invested Capital	141.4	164.5	201.1	204.3	207.2
Net Financial Debt	(16.4)	(23.9)	(28.3)	(67.9)	(114.9)
Minorities	0.9	1.1	1.4	1.7	2.0
Group's Shareholders Equity	156.9	187.3	228.0	270.5	320.1
Financial Liabilities & Equity	141.4	164.5	201.1	204.3	207.2
<b>Cash Flow statement (€ m)</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
Total net income	34.0	38.6	43.8	53.8	63.4
Depreciation	22.5	29.5	39.0	40.0	40.0
Other non-cash charges	(1.3)	(14.9)	(10.6)	(4.9)	(4.7)
Cash Flow from Oper. (CFO)	55.2	53.2	72.3	88.9	98.6
Change in NWC	(4.0)	23.3	(6.0)	(1.4)	(1.1)
FCF from Operations (FCFO)	51.2	76.5	66.3	87.5	97.5
Net Investments (CFI)	(35.9)	(57.6)	(59.0)	(37.0)	(37.0)
Free CF to the Firm (FCFF)	15.3	19.0	7.3	50.5	60.5
CF from financials (CFF)	(12.8)	14.4	(2.9)	(11.0)	(13.5)
Free Cash Flow to Equity (FCFE)	2.5	33.4	4.4	39.5	47.0
<b>Financial ratios</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
EBITDA margin	10.4%	10.7%	10.1%	10.5%	10.8%
EBIT margin	7.2%	7.2%	6.4%	7.0%	7.6%
Net profit margin	4.8%	4.5%	4.1%	4.7%	5.1%
Tax rate	29.1%	30.4%	30.0%	30.0%	30.0%
Op NWC/Sales	4.9%	1.4%	1.7%	1.7%	1.6%
Interest coverage x	0.03	0.08	0.06	0.05	0.03
Net Debt/EBITDA x	(0.22)	(0.26)	(0.27)	(0.56)	(0.86)
Debt-to-Equity x	(0.10)	(0.13)	(0.12)	(0.25)	(0.36)
ROIC	24.0%	23.3%	21.7%	26.2%	30.4%
ROCE	19.7%	19.3%	18.7%	20.1%	20.8%
ROACE	20.5%	21.2%	19.8%	21.3%	22.0%
ROE	21.6%	20.5%	19.1%	19.8%	19.7%
Payout ratio	25.0%	24.7%	25.0%	25.0%	25.0%
<b>Per share figures</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
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 # m	9.97	9.97	9.97	9.97	9.97
EPS stated FD €	3.41	3.85	4.37	5.37	6.32
EPS adjusted FD €	3.49	3.94	4.37	5.37	6.32
EBITDA €	7.38	9.08	10.61	12.09	13.41
EBIT €	5.12	6.12	6.69	8.07	9.40
BV €	15.83	18.90	23.01	27.30	32.31
FCFO €	5.14	7.68	6.65	8.78	9.78
FCFF €	1.54	1.90	0.73	5.07	6.07
FCFE €	0.25	3.35	0.44	3.97	4.72
Dividend €	0.85	0.95	1.10	1.35	1.59



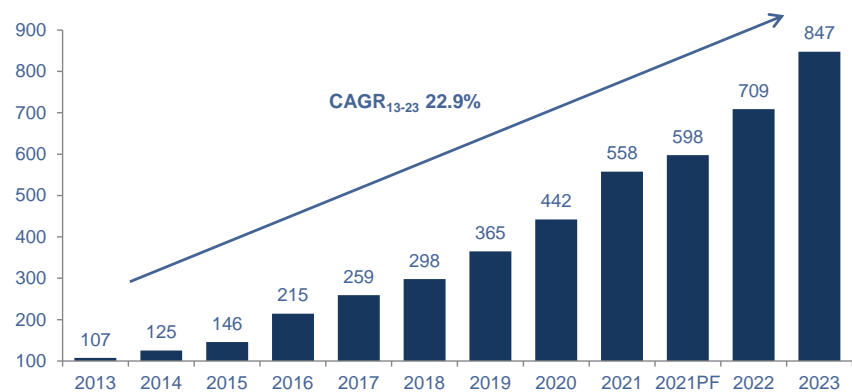
## Digital Value in a nutshell

**Digital Value originates from the combination of two domestic IT systems integrators, Italware 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, **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 400 employees, Digital Value reported 2023 Total Revenues of € 847.4m, EBITDA of € 90.5m (10.7% margin), Net Profit of € 38.4m and Net Cash of € 23.9m. With ROE of 20% and ROCE of 19%, **Digital Value 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**

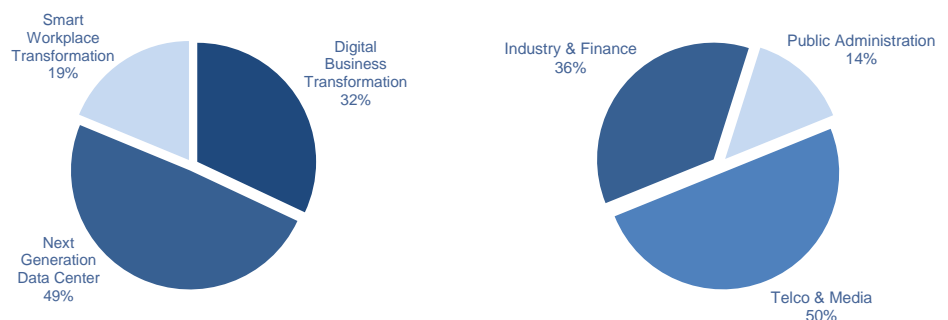


Source: Company data

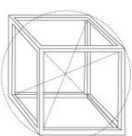
Digital Value has over **600 technical and technological certifications** (in Data Centre, Hybrid Cloud, Networking and Intelligence Networks, Infrastructure software, ICT Security - Cybersecurity and Digital Transformation fields), **30-year seniority** in the business, a **customer portfolio including over 2,000 names** and the **status of a listed company**.

**Digital Value 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, 2023 top line breakdown by line of business & industry**

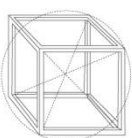


Source: Company data



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.**

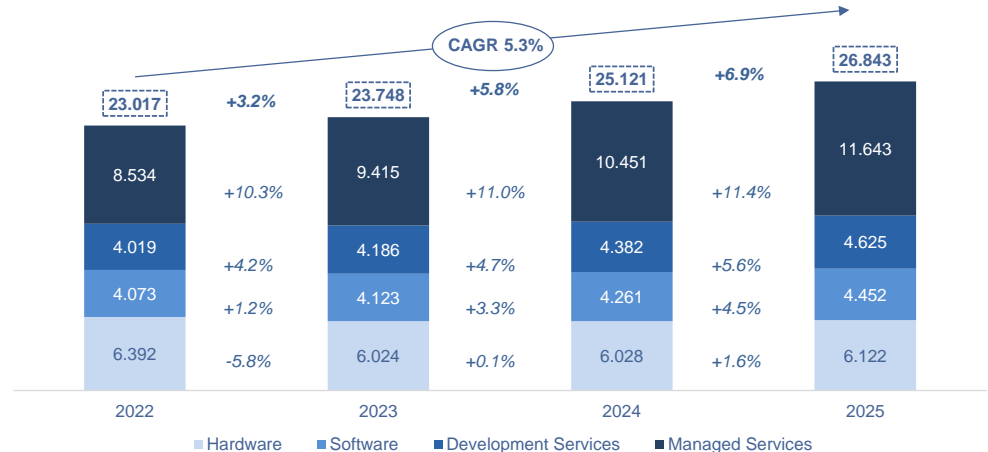
Digital Value's goal is to consolidate its positioning as a **Hyper Value-Added Reseller**, enhancing the customer's infrastructures and platforms, thanks to: 1) **highly skilled technical and commercial professionals**; 2) a specific **multi-vendor/multi-cloud/multi-security approach**, 3) its positioning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



## The reference market

**Digital Value 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 product/service, 2022-25, € bn**



Source: Netconsulting, Anitec-Assinform – March/April 2024

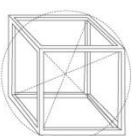
According to the latest estimates elaborated by Netconsulting and Anitec-Assinform in March/April 2024, **the domestic Information Technology market is anticipated to total € 23.7bn in 2023, up by 3.2% YoY, and it is expected to grow with a CAGR<sub>22-25</sub> of 5.3%, reaching € 26.8bn in 2025.**

**The updated projections envisage approximately € 6.5bn of lower spending in IT in Italy over the 2022-25 period,** compared to the estimates elaborated in March/April 2023, when the domestic IT market was anticipated to grow with a CAGR<sub>22-25</sub> of 8.5%, with an estimated level of € 24.9bn in 2023. The lower spending is related to a certain extent to the **postponement of some investments in IT by several companies** because of the current interest rates environment, which made investing more expensive.

In addition, **certain difficulties in spending the NRRP-related funds** by the local Public Administration are visible: market forecasts show a reduction of € 1.4bn concerning the total NRRP-related funds dedicated to the IT sector in the 2022-25 period (now anticipated at € 6.3bn vs a previous forecast of € 7.7bn).

Nevertheless, **Digital Value focuses on Top Customers** (companies and public entities totalling more than 500 employees), **representing more than 60% of the Information Technology demand in Italy,** which are less impacted by the current tough macroeconomic environment.

In terms of products/services, **the highest growth is expected concerning the Managed Services segment,** which is anticipated to rise with a CAGR<sub>22-25</sub> of 10.9%, reaching € 11.6bn in 2025. In particular, the evolution is driven by digital enablers, mainly focusing on **Cloud Computing services and Artificial Intelligence solutions.**



## Business model

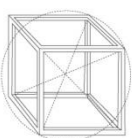
Digital Value has developed a business model based on a salesforce overseeing comprehensive customer portfolio development, with **specific solution units for every business area** able to provide adequate services and solutions. **Digital Value boasts consolidated partnerships with key reference industry 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, Digital Value can face every project with a really integrated array of business solutions and partners, such as:

- **Vendors** – IT technology (hardware and software) producers and developers, with their own brands, mainly large global companies. Digital Value 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 Digital Value in its selling proposition.

With this value structure, **Digital Value 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 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 Digital Value 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** – Digital Value finally installs the solution offered on the customer's systems.
- **Solution operation** – Digital Value 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, Digital Value experienced a different contract approach with a few Tier-1 customers, selectively offering **Infrastructure-as-a-Service (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. These so-called 'special deals' allow **Digital Value to secure multi-year contracts with top-tier strategic customers**, thus considerably enhancing the overall business visibility. This innovative approach, if on the one hand **increases the business capital intensity to a certain extent**, on the other hand, it allows Digital Value to 1) have **long-standing relationships** with Tier-1 customers and 2) provide the customer with a **vast array of upselling value-added services** (mainly design, integration, customisation, or maintenance), furtherly strengthening ties with customers. Furthermore, in order to neutralise the impact on cash-flow, **Digital Value fully matches the collection of fees from customers with the cash outflows associated with the repayment of the loan contracted to finance the investment.**



## 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 and most resilient segment** in the market
- ❑ **Complete technological solution portfolio** from major global IT vendors
- ❑ **Solid balance sheet and massive cash-flow generation**
- ❑ **Highly-specialised team** and **several technical certifications**

#### WEAKNESSES

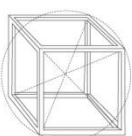
- ❑ Rather high **customer concentration in TLC, Media and PA sectors**
- ❑ Decisions are **in the hands of a few key important people**, even though DGV is becoming increasingly structured with the hiring of new senior management

#### OPPORTUNITIES

- ❑ Further **consolidation opportunities** in the domestic market
- ❑ **Penetration of new markets segment**, such as Finance
- ❑ **Cross-/Up-selling** opportunities with the recently acquired Infordata

#### THREATS

- ❑ Larger global players might **intensify competition** to grab market share
- ❑ 100% of turnover in Italy: **exposure to one single country**
- ❑ **Other potential consolidating players** in the industry with huge fire power (i.e. private equity funds)





## FY-23 results

Digital Value reported a strong set of FY-23 results, slightly better than our forecasts concerning revenues and margins, and strongly exceeding our NFP projection because NWC was significantly lower than expected. Digital Value once again outperformed its reference market, thus continuing to increase its leadership position. The company benefitted from ever-increasing demand for digital infrastructure and services, especially concerning the Public Administration, with the acceleration of projects linked to the National Recovery and Resilience Plan, although the bulk of its impact is expected over the 2024-26 period, leaving room for further upside potential.

**Table 1 – Digital Value, FY-23 results**

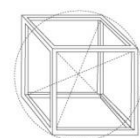
€ m	2023	2022	% YoY	2023e	% Diff.
<b>Revenues</b>	<b>846.5</b>	<b>706.2</b>	<b>19.9</b>	<b>819.1</b>	<b>3.3</b>
Increase in finished products	0.0	0.0		0.0	
Other revenues	0.9	2.3		1.6	
<b>Total Revenues</b>	<b>847.4</b>	<b>708.5</b>	<b>19.6</b>	<b>820.8</b>	<b>3.2</b>
Raw material and processing	(570.6)	(507.3)		(562.2)	
Services	(160.6)	(104.2)		(145.3)	
Personnel expenses	(25.0)	(22.3)		(25.8)	
Other opex	(0.7)	(1.1)		(0.8)	
<b>EBITDA</b>	<b>90.5</b>	<b>73.6</b>	<b>23.0</b>	<b>86.7</b>	<b>4.4</b>
% margin	10.7	10.4		10.6	
D&A	(29.5)	(22.5)		(32.8)	
<b>EBIT</b>	<b>61.0</b>	<b>51.1</b>	<b>19.4</b>	<b>53.9</b>	<b>13.1</b>
% margin	7.2	7.2		6.6	
Financials	(4.6)	(1.7)		(4.1)	
Re/(Devaluation) of financial assets	0.1	(0.4)		0.0	
Extraordinary	(1.1)	(1.0)		(1.0)	
<b>Pre-Tax profit</b>	<b>55.5</b>	<b>48.0</b>	<b>15.6</b>	<b>48.8</b>	<b>13.7</b>
% margin	6.5	6.8		5.9	
Income taxes	(16.9)	(13.9)		(14.6)	
Tax rate	30.4%	29.1%		30.0%	
Minorities	(0.2)	(0.1)		(0.1)	
<b>Net Profit</b>	<b>38.4</b>	<b>33.9</b>	<b>13.0</b>	<b>34.1</b>	<b>12.7</b>
% margin	4.5	4.8		4.1	
<b>NFP (cash)/debt</b>	<b>(23.9)</b>	<b>(16.4)</b>	<b>(45.6)</b>	<b>(0.7)</b>	<b>n.m.</b>

Source: Company data, CFO SIM estimates

**FY-23 total revenues were € 847.4m, up by 19.6% YoY** and exceeding our forecast by 3.2%, on the back of the brilliant strategy execution and a strong ability to drive the digitalisation of the top-tier Italian ICT spenders. Notably, 2023 witnessed a solid acceleration of NRRP-funded projects for the Public Administration, for which Digital Value is further increasing its positioning as a trusted and valuable Hyper-VAR partner. H2-23 top line amounted to € 431.8m, up by 16.3% YoY. As a result, Digital Value achieved revenues growth for the 10<sup>th</sup> consecutive semester.

In terms of business line:

- **Digital Business Transformation (31.9% of total) rose by 14.2% YoY, from € 237.4m to € 271.0m**, and came in 6.7% higher compared to our estimate of € 254.0m. Growth was mainly underpinned by soaring demand for cybersecurity-related projects and preventive solutions in the wake of a spike in hacker attacks, along with the realisation of large cloud-computing projects.
- **Next Generation Data Centre (49.1% of total), posted the strongest YoY growth since the listing, totalling € 417.3m, soaring 40.0% YoY (+ € 119.3m)** and a touch better compared to our € 402.3m projection, primarily driven by buoyant demand for digital infrastructure and datacentres. It is worth underlining that the division will enjoy a growing contribution of the 'as-a-service' component in the future, with positive effects on margins.



- **Smart Workplace Transformation**, a division focused on customers' digital workstations and personal productivity, **recorded revenues of € 161.2m**, down by 6.9% YoY and 2.0% below our estimate, accounting for 19.0% of total.

**Table 2 – Digital Value, FY-23 top line by business line**

€ m	2023	2022	% YoY	2023e	% Diff.
Digital Business Transformation	271.0	237.4	14.2	254.0	6.7
Next Generation Data Centre	417.3	298.0	40.0	402.3	3.7
Smart Workplace Transformation	161.2	173.1	(6.9)	164.5	(2.0)
<b>Total Revenues</b>	<b>849.5</b>	<b>708.5</b>	<b>19.9</b>	<b>820.8</b>	<b>3.5</b>
<b>% on total</b>					
Digital Business Transformation	31.9	33.5		30.9	
Next Generation Data Centre	49.1	42.1		49.0	
Smart Workplace Transformation	19.0	24.4		20.0	
<b>Total Revenues</b>	<b>100.0</b>	<b>100.0</b>		<b>100.0</b>	

Source: Company data, CFO SIM estimates

**EBITDA was € 90.5m, 10.7% margin** (€ 73.6m, 10.4% margin in 2022), slightly better compared to our estimate of € 86.7m (10.6% margin), thanks to the focus on higher-value-added products and services, such as managed services and as-a-service solutions, coupled with careful costs control notwithstanding the strengthening of the governance of the sales department.

**EBIT totalled € 61.0m, 7.2% margin** (€ 51.1m, 7.2% margin in 2022), after D&A increased to € 29.5m compared to € 22.5m in FY-22, on the back of massive investments related to the on-premises Infrastructure-as-a-Service projects made in the last years.

**Net Profit came in at € 38.4m, 4.5% margin** (€ 33.9m, 4.8% margin in 2022), following increased financial charges on the back of higher interest rates and a broadly stable tax rate (both in line with expectations).

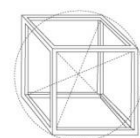
**NFP reached € 23.9m cash** from € 30.4m debt at the end of June-23 and € 16.4m cash at year-end 2022, mainly thanks to a massive decrease in Op. NWC, which totalled € 11.5m compared to € 55.1m in H1-23 and € 34.8m in FY-22. In 2023, Digital Value made capex of € 57.3m, € 24.2m of which related to a few on-premises Infrastructure-as-a-Service multi-year contracts with top-tier strategic customers. Furthermore, in 2023, Digital Value paid € 8.5m of dividends (€ 0.85/s).

**The BoD resolved to propose to the next AGM the distribution of a € 0.95 dividend per share (overall € 9.5m)**, corresponding to a pay-out of 25% and a yield of 1.6%. The dividend ex-date will be on July 1<sup>st</sup>, the record date on July 2<sup>nd</sup> and the payment date on July 3<sup>rd</sup>.

**Table 3 – Digital Value, FY-23 Op. NWC**

€ m	2023	2022	€ m YoY	2023e	€ m Diff.
Inventories	220.5	234.9	(14.4)	273.6	(53.1)
Receivables	193.0	162.9	30.2	202.4	(9.4)
Payable	(402.0)	(362.9)	(39.0)	(422.4)	20.4
<b>Op NWC</b>	<b>11.5</b>	<b>34.8</b>	<b>(23.3)</b>	<b>53.6</b>	<b>(42.0)</b>
Op NWC/Sales %	1.4%	4.9%		6.5%	

Source: Company data, CFO SIM estimates



## Acquisition of Infordata

On April 19<sup>th</sup>, Digital Value announced it had signed a **binding offer for the acquisition of 100% of Infordata SpA for a total consideration of € 22m**, to be paid as follows: 1) € 10m at the closing date, 2) € 6m within 12 months and 3) € 6m within 24 months. In addition, **the seller In Holding SpA** (who currently fully owns Infordata) **will subscribe to a reserved capital increase in Digital Value of € 6.6m** with a price per share which will be determined based on the weighted average price of the DGV shares in the 30 days before the approval of the capital increase by the extraordinary shareholders' meeting. The seller will benefit from a put option in favour of DV Holding SpA (the majority shareholder of Digital Value) on DGV's shares starting from 2027 at a price equal to the subscription price net of dividends and other proceeds received.

**Infordata**, along with its subsidiaries Eurolink Srl (owned by 100%) and Technis Blu SpA (owned by 78.8%), **is a domestic group offering design and development of programs for business process automation, provision of assistance services, consultancy, and training for the implementation of information systems**, with 9 locations in central Italy and about 400 highly qualified employees. In particular, Eurolink (€ 40m revenues in 2023) boasts a significant presence in the Public Administration market within application and systems services, while Technis Blu (€ 12m revenues in 2023) is among the leading Italian entities in terms of SAP solutions expertise.

In 2023, Infordata reported **revenues of € 119.1m** (€ 19.0m of which realised with Digital Value) and **EBITDA equal to € 7.9m** (6.6% margin). Considering FY-22/23 average numbers, the price paid corresponds to **approximately 5.3x EV/EBITDA and 0.3x EV/Sales**.

**Table 4 – Digital Value, Infordata's key figures 2023-22**

€ m	2023	2022	% YoY
<b>Revenues</b>	<b>119.1</b>	<b>71.4</b>	<b>66.8</b>
<b>EBITDA</b>	<b>7.9</b>	<b>3.7</b>	<b>n.m.</b>
% margin	6.6	5.2	
<b>EBIT</b>	<b>5.0</b>	<b>1.0</b>	<b>n.m.</b>
% margin	4.2	1.4	
<b>NFP debt/(cash)</b>	<b>2.4</b>	<b>15.3</b>	<b>(84.3)</b>
NFP/EBITDA - x	0.3	4.1	
Employees #	386	344	

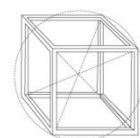
Source: Company data

The acquisition represents a **strategic add-on for Digital Value**, which can allow the group to **strengthen its positioning in services with distinctive technological skills highly demanded by the Enterprise market**. In particular, about 40% of the workforce comprises engineers and highly specialised technicians.

Following the integration of Infordata, Digital Value expects to **take advantage of significant synergies in a 2-3 years' time frame**, consequently increasing EBITDA margin from 6.0-7.0% today to a level greater than Digital Value's stand-alone one. In particular:

- ✓ **cost efficiency**: reduction of general & administrative expenses and economy of scale concerning purchasing;
- ✓ **up-selling / cross-selling**: offering products and services on the respective existing customer bases via a unified commercial department;
- ✓ **enhanced offering portfolio**: thanks to the strong expertise of Infordata in managed services and system integration, the group's offer will definitely be expanded.

In addition to the expertise and know-how brought in, there is also a sustainable vision and approach to business, thanks to the path taken over the years to improve ESG performance.



## Estimates, Valuation & Risks

Digital Value posted a good set of FY-23 results, better than consensus estimates, characterised once again by organic growth close to 20% thanks to its **focus on large customers** (companies and public entities totalling more than 500 employees), namely the greater IT spenders. Furthermore, the group's ability to provide its customers with **high-value-added solutions characterised by strong technological content** is unquestionably a key success factor. Finally, the **solid relationship with several vendors** allows Digital Value to offer customers the most updated solutions, mainly in important segments such as cyber security and Artificial Intelligence integration.

Following the release of FY-23 results and the acquisition of Infordata, **we have updated our model by factoring in:** 1) the acquisition of Infordata, consolidated on a pro-forma basis for 12 months in 2024; 2) a fine-tuning of NWC dynamic; and 3) an increase in capex to € 37m per year (previously € 20m). Furthermore, we have introduced the 2026 projections. The combined result is an average **8.5%, 2.2% and 1.0% increase in revenues, EBITDA and Net Profit**, respectively, in 2024-25.

**Table 5 – Digital Value, 2024e new/old estimates**

€ m	New	Old	% Diff.	€ m Diff.
<b>Total Revenues</b>	<b>1,050.3</b>	<b>951.1</b>	10.4	<b>99.2</b>
<b>EBITDA</b>	<b>105.7</b>	<b>102.9</b>	2.7	<b>2.8</b>
% margin	10.1	10.8		
<b>EBIT</b>	<b>66.7</b>	<b>65.2</b>	2.4	<b>1.5</b>
% margin	6.4	6.9		
<b>Net Profit</b>	<b>43.6</b>	<b>43.3</b>	0.7	<b>0.3</b>
% margin	4.1	4.6		
<b>NFP (cash)/debt</b>	<b>(28.3)</b>	<b>(42.5)</b>	(33.3)	<b>14.2</b>

Source: CFO SIM

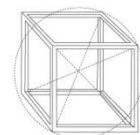
**Table 6 – Digital Value, 2025e new/old estimates**

€ m	New	Old	% Diff.	€ m Diff.
<b>Total Revenues</b>	<b>1,144.9</b>	<b>1,073.5</b>	6.6	<b>71.4</b>
<b>EBITDA</b>	<b>120.5</b>	<b>118.6</b>	1.6	<b>1.9</b>
% margin	10.5	11.0		
<b>EBIT</b>	<b>80.5</b>	<b>78.3</b>	2.8	<b>2.2</b>
% margin	7.0	7.3		
<b>Net Profit</b>	<b>53.5</b>	<b>52.8</b>	1.3	<b>0.7</b>
% margin	4.7	4.9		
<b>NFP (cash)/debt</b>	<b>(67.9)</b>	<b>(91.0)</b>	(25.4)	<b>23.1</b>

Source: CFO SIM

Moreover, we have updated the DCF valuation criteria, bringing the risk-free rate up to date and postponing the first estimated year to 2024: the combined result is a new **DCF-based PT of € 93.00/s (€ 91.00), 52.5% upside potential**.

**CFO SIM reiterates the Buy rating on the shares:** in this complex scenario, Digital Value represents a growing, cash-flow generative, safe, resilient player with upside potential arising from the active leader 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 further M&A deals 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 2028 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	3.0%
Tax rate	30.0%
<b>Int. costs, after taxes</b>	<b>2.1%</b>
Risk premium, incl. small size premium	9.0%
Risk-free (10Y Gov. Bond 200d simple moving average)	4.18%
Beta levered (x)	1.00
<b>Required ROE</b>	<b>13.2%</b>

Source: CFO SIM, Refinitiv Eikon

**Risk premium at 9.0%** factors in the minute size of the company and basically all the small capitalisation-related concerns that an investor might have. The risk-free rate at 4.18% (previously 4.20%) corresponds to the 200-day moving average of the 10Y Italian Government Bond yield. **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	2024e	2025e	2026e	2027e	2028e	TV
EBIT	66.7	80.5	93.7	122.7	135.2	
Tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	
<b>Operating profit (NOPAT)</b>	<b>46.7</b>	<b>56.3</b>	<b>65.6</b>	<b>85.9</b>	<b>94.7</b>	
Change working capital	(6.0)	(1.4)	(1.1)	(0.6)	(0.1)	
Depreciation	39.0	40.0	40.0	38.5	37.0	
Investments	(59.0)	(37.0)	(37.0)	(37.0)	(37.0)	
<b>Free Cash Flows</b>	<b>20.7</b>	<b>58.0</b>	<b>67.4</b>	<b>86.8</b>	<b>94.6</b>	<b>1,076.6</b>
Present value	19.4	48.8	51.2	59.3	58.3	<b>663.4</b>
WACC	11.0%	11.0%	11.0%	11.0%	11.0%	
<b>Long-term growth rate</b>	<b>2.0%</b>					

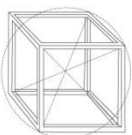
Source: CFO SIM

**Table 9 – Digital Value, DCF derived from:**

€ m	
Total EV present value € m	900.4
<i>thereof terminal value</i>	73.7%
NFP last reported (debt)/cash	23.9
Pension provision last reported	(1.3)
<b>Equity value € m</b>	<b>923.1</b>
#m shares (excl. treasury shares)	9.93
<b>Equity value €/s</b>	<b>93.00</b>
<i>% upside/(downside)</i>	52.5%

Source: CFO SIM

**By applying our DCF model, we obtained an equity value of € 923.1 for Digital Value, € 93.00/s (€ 91.00/s), 52.5% upside.**



The following tables illustrate that sensitivity 1) compared to changes in the terminal growth rate produces an equity value/s of **€ 85.68-102.10/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 **€ 86.46-100.50/s (free risk range between 4.98% and 3.38%)** and 3) compared to changes in the risk premium, including the small-size premium, results in an equity value/s of **€ 78.19-114.26/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	237.0	237.0	237.0	237.0	237.0	237.0	237.0	237.0	237.0
PV of terminal value	591.0	607.7	625.3	643.8	663.4	684.1	706.1	729.3	754.0
<b>Total value</b>	<b>828.0</b>	<b>844.7</b>	<b>862.3</b>	<b>880.8</b>	<b>900.4</b>	<b>921.1</b>	<b>943.0</b>	<b>966.3</b>	<b>991.0</b>
NFP last reported	23.9	23.9	23.9	23.9	23.9	23.9	23.9	23.9	23.9
Pension provision last reported	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)
<b>Equity value</b>	<b>850.6</b>	<b>867.3</b>	<b>884.9</b>	<b>903.5</b>	<b>923.1</b>	<b>943.8</b>	<b>965.7</b>	<b>989.0</b>	<b>1,013.7</b>
<b>Equity value/share €</b>	<b>85.68</b>	<b>87.36</b>	<b>89.13</b>	<b>91.00</b>	<b>93.00</b>	<b>95.06</b>	<b>97.27</b>	<b>99.61</b>	<b>102.10</b>

Source: CFO SIM

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

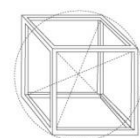
€ m	3.38%	3.58%	3.78%	3.98%	4.18%	4.38%	4.58%	4.78%	4.98%
Present value of CF	241.2	240.1	239.1	238.0	237.0	236.0	234.9	233.9	232.9
PV of terminal value	733.9	715.2	697.3	680.0	663.4	647.4	632.0	617.2	602.9
<b>Total value</b>	<b>975.1</b>	<b>955.4</b>	<b>936.4</b>	<b>918.1</b>	<b>900.4</b>	<b>883.4</b>	<b>867.0</b>	<b>851.1</b>	<b>835.8</b>
NFP last reported	23.9	23.9	23.9	23.9	23.9	23.9	23.9	23.9	23.9
Pension provision last reported	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)
<b>Equity value</b>	<b>997.7</b>	<b>978.0</b>	<b>959.0</b>	<b>940.7</b>	<b>923.1</b>	<b>906.0</b>	<b>889.6</b>	<b>873.7</b>	<b>858.4</b>
<b>Equity value/share €</b>	<b>100.50</b>	<b>98.51</b>	<b>96.60</b>	<b>94.75</b>	<b>93.00</b>	<b>91.26</b>	<b>89.60</b>	<b>88.01</b>	<b>86.46</b>

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	247.7	244.9	242.2	239.6	237.0	234.4	231.9	229.4	227.0
PV of terminal value	864.0	805.7	753.4	706.2	663.4	624.5	589.0	556.5	526.7
<b>Total value</b>	<b>1,111.7</b>	<b>1,050.7</b>	<b>995.6</b>	<b>945.8</b>	<b>900.4</b>	<b>859.0</b>	<b>820.9</b>	<b>785.9</b>	<b>753.6</b>
NFP last reported	23.9	23.9	23.9	23.9	23.9	23.9	23.9	23.9	23.9
Pension provision last reported	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)
<b>Equity value</b>	<b>1,134.4</b>	<b>1,073.3</b>	<b>1,018.3</b>	<b>968.4</b>	<b>923.1</b>	<b>881.6</b>	<b>843.6</b>	<b>808.6</b>	<b>776.3</b>
<b>Equity value/share €</b>	<b>114.26</b>	<b>108.11</b>	<b>102.56</b>	<b>97.54</b>	<b>93.00</b>	<b>88.80</b>	<b>84.97</b>	<b>81.44</b>	<b>78.19</b>

Source: CFO SIM



## Market multiples

We conducted an analysis on a cluster of 14 companies operating in the digital IT systems integration segment:

**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.

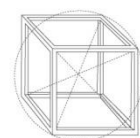
**Computacenter** – UK: it is a leading independent provider of IT infrastructure services, supporting users and their business in the digital world. The company advises organisations on IT strategy, implements the most appropriate technology, optimises their performance, and manages customers' infrastructures.

**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, **Digital Value 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, Digital Value's profitability is in line with European best-in-class companies.

**Table 13 - Digital Value, peer group summary table**

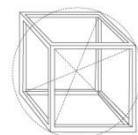
€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	EBITDA margin	ROCE FY1	Sales CAGR <sub>23-26</sub>	EBITDA CAGR <sub>23-26</sub>	EBIT CAGR <sub>23-26</sub>	EPS CAGR <sub>23-26</sub>	NFP FY1
Accenture PLC	USA	189,267	60,470	11,274	18.6%	28.4%	5.7%	10.0%	6.7%	9.4%	(5,612)
Alten SA	France	4,009	4,274	472	11.0%	19.0%	5.7%	7.7%	8.1%	14.8%	(390)
Atos SE	France	241	10,218	928	9.1%	17.7%	-1.0%	2.8%	5.0%	n.m.	3,086
Aubay SA	France	538	545	58	10.5%	18.8%	3.8%	n.a.	6.0%	6.9%	4
<b>Bechtle AG</b>	<b>Germany</b>	<b>5,698</b>	<b>6,931</b>	<b>547</b>	<b>7.9%</b>	<b>17.7%</b>	<b>7.9%</b>	<b>5.4%</b>	<b>5.9%</b>	<b>9.4%</b>	<b>(93)</b>
Capgemini SE	France	34,863	22,901	3,604	15.7%	17.1%	4.9%	9.3%	10.2%	15.2%	706
<b>CDW Corp</b>	<b>USA</b>	<b>27,423</b>	<b>20,259</b>	<b>2,061</b>	<b>10.2%</b>	<b>20.1%</b>	<b>5.8%</b>	<b>6.5%</b>	<b>9.4%</b>	<b>15.1%</b>	<b>4,360</b>
<b>Computacenter PLC</b>	<b>UK</b>	<b>3,441</b>	<b>7,962</b>	<b>419</b>	<b>5.3%</b>	<b>25.1%</b>	<b>3.5%</b>	<b>5.2%</b>	<b>6.9%</b>	<b>4.7%</b>	<b>(571)</b>
Econocom Group SE	France	396	2,777	160	5.8%	16.5%	4.1%	5.6%	5.1%	21.6%	218
Indra Sistemas SA	Spain	3,172	4,666	508	10.9%	18.5%	6.1%	10.6%	12.5%	17.2%	(9)
Reply SpA	Italy	4,629	2,292	363	15.8%	27.9%	9.0%	7.5%	8.3%	11.2%	(287)
Sesa SpA	Italy	1,529	3,195	240	7.5%	30.6%	8.1%	14.0%	14.3%	14.6%	n.a.
Sopra Steria Group SA	France	4,347	6,351	761	12.0%	18.5%	6.1%	8.1%	11.9%	37.4%	721
Tietoevry Oyj	Finland	2,134	2,902	463	16.0%	10.2%	2.7%	2.4%	5.3%	15.7%	775
<b>Median</b>		<b>3,725</b>	<b>5,508</b>	<b>490</b>	<b>10.7%</b>	<b>18.6%</b>	<b>5.7%</b>	<b>7.5%</b>	<b>7.5%</b>	<b>14.8%</b>	<b>4</b>
<b>Digital Value SpA</b>	<b>Italy</b>	<b>606</b>	<b>1,049</b>	<b>106</b>	<b>10.1%</b>	<b>19.3%</b>	<b>13.4%</b>	<b>13.9%</b>	<b>15.4%</b>	<b>18.0%</b>	<b>(28)</b>

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	3.04	2.83	2.60	16.3	14.9	13.5
Alten SA	0.85	0.75	0.70	7.7	6.4	6.0
Atos SE	0.33	0.31	0.43	3.6	2.9	4.5
Aubay SA	0.99	0.94	1.15	9.4	8.3	n.a.
<b>Bechtle AG</b>	<b>0.81</b>	<b>0.74</b>	<b>0.66</b>	<b>10.2</b>	<b>9.3</b>	<b>8.4</b>
Capgemini SE	1.55	1.39	1.27	9.9	8.6	7.7
<b>CDW Corp</b>	<b>1.57</b>	<b>1.46</b>	<b>1.33</b>	<b>15.4</b>	<b>14.1</b>	<b>13.0</b>
<b>Computacenter PLC</b>	<b>0.36</b>	<b>0.33</b>	<b>0.30</b>	<b>6.9</b>	<b>6.2</b>	<b>5.7</b>
Econocom Group SE	0.22	0.16	0.13	3.8	2.7	2.2
Indra Sistemas SA	0.68	0.59	0.54	6.2	5.3	4.7
Reply SpA	1.89	1.69	1.54	12.0	10.6	9.6
Sesa SpA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Sopra Steria Group SA	0.80	0.71	0.67	6.7	5.8	5.4
Tietoevry Oyj	1.00	0.98	0.94	6.3	6.0	5.8
<b>Median</b>	<b>0.85</b>	<b>0.75</b>	<b>0.70</b>	<b>7.7</b>	<b>6.4</b>	<b>5.9</b>
<b>Digital Value SpA</b>	<b>0.55</b>	<b>0.47</b>	<b>0.40</b>	<b>5.5</b>	<b>4.5</b>	<b>3.7</b>
% premium/(discount)	(34.9)	(36.8)	(43.3)	(28.8)	(30.0)	(37.8)

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	19.6	18.1	16.4	26.2	24.5	22.4
Alten SA	9.5	7.9	7.5	12.4	10.8	11.4
Atos SE	7.1	6.5	11.1	1.1	0.7	1.0
Aubay SA	11.3	10.1	12.5	14.8	13.2	13.2
<b>Bechtle AG</b>	<b>13.5</b>	<b>12.1</b>	<b>10.8</b>	<b>19.7</b>	<b>18.0</b>	<b>16.4</b>
Capgemini SE	12.2	10.6	9.6	16.3	14.8	13.6
<b>CDW Corp</b>	<b>16.5</b>	<b>15.1</b>	<b>13.7</b>	<b>21.5</b>	<b>19.7</b>	<b>18.0</b>
<b>Computacenter PLC</b>	<b>8.7</b>	<b>7.9</b>	<b>7.1</b>	<b>14.7</b>	<b>13.8</b>	<b>13.0</b>
Econocom Group SE	5.4	3.7	3.0	5.0	4.7	3.7
Indra Sistemas SA	7.8	6.5	5.7	11.9	10.7	9.4
Reply SpA	14.6	12.9	11.5	22.1	19.9	17.9
Sesa SpA	n.a.	n.a.	n.a.	14.5	12.6	11.3
Sopra Steria Group SA	9.1	7.7	7.1	11.2	10.0	9.2
Tietoevry Oyj	8.9	8.2	8.0	9.0	8.2	8.0
<b>Median</b>	<b>9.5</b>	<b>8.2</b>	<b>9.6</b>	<b>14.6</b>	<b>12.9</b>	<b>12.2</b>
<b>Digital Value SpA</b>	<b>8.7</b>	<b>6.7</b>	<b>5.2</b>	<b>13.9</b>	<b>11.3</b>	<b>9.6</b>
% premium/(discount)	(8.9)	(18.0)	(45.1)	(4.5)	(12.1)	(21.2)

Sources: CFO SIM, Refinitiv Eikon

By applying the peer group EV/EBITDA and EV/EBIT multiple medians to Digital Value's metrics, we attain an **equity value of Digital Value of € 821.9m, or € 82.40/s**. We have used 2024-25-26 estimates and multiples (40-30-30 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
<b>Median Peers (x)</b>	<b>0.85</b>	<b>0.75</b>	<b>0.70</b>	<b>7.7</b>	<b>6.4</b>	<b>5.9</b>
Digital Value metric	1,049.3	1,143.7	1,235.0	105.7	120.5	133.7
NFP	28.3	67.9	114.9	28.3	67.9	114.9
<b>Digital Value Equity Value</b>	<b>916.7</b>	<b>920.2</b>	<b>981.1</b>	<b>839.5</b>	<b>837.0</b>	<b>905.1</b>
<b>Digital Value Equity Value €/s</b>	<b>92.00</b>	<b>92.30</b>	<b>98.40</b>	<b>84.20</b>	<b>84.00</b>	<b>90.80</b>
% upside/(downside)	50.8	51.3	61.3	38.0	37.7	48.9

Sources: CFO SIM, Refinitiv Eikon

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

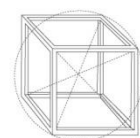
€ m	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
<b>Median Peers (x)</b>	<b>9.5</b>	<b>8.2</b>	<b>9.6</b>	<b>14.6</b>	<b>12.9</b>	<b>12.2</b>
Digital Value metric	66.7	80.5	93.7	43.6	53.5	63.1
NFP	28.3	67.9	114.9			
<b>Digital Value Equity Value</b>	<b>662.6</b>	<b>724.1</b>	<b>1,010.1</b>	<b>634.9</b>	<b>690.0</b>	<b>769.3</b>
<b>Digital Value Equity Value €/s</b>	<b>66.50</b>	<b>72.60</b>	<b>101.30</b>	<b>63.70</b>	<b>69.20</b>	<b>77.20</b>
% upside/(downside)	9.0	19.0	66.1	4.4	13.4	26.6

Sources: CFO SIM, Refinitiv Eikon

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

€ m	FY1	FY2	FY3
EV/EBITDA	839.5	837.0	905.1
EV/EBIT	662.6	724.1	1,010.1
Weighting	40.0%	30.0%	30.0%
Equity Value	821.9		
<b>Equity Value per share €/s</b>	<b>82.40</b>		
% upside/(downside)	35.1%		

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**. Adopting the same approach used in setting up the peer sample for assessing Digital Value'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**

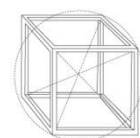
%	1D	1W	1M	3M	6M	YTD	1Y
Accenture PLC	1.1	(1.4)	(8.8)	(18.6)	(3.1)	(13.5)	14.0
Alten SA	3.6	(11.4)	(13.1)	(20.1)	(1.1)	(15.2)	(24.7)
Atos SE	7.6	14.9	11.9	(44.7)	(67.3)	(69.2)	(82.2)
Aubay SA	1.0	3.8	2.9	1.1	21.5	(0.8)	(5.8)
<b>Bechtle AG</b>	<b>0.8</b>	<b>(1.4)</b>	<b>(8.3)</b>	<b>(6.8)</b>	<b>4.3</b>	<b>(0.3)</b>	<b>8.3</b>
Capgemini SE	1.7	0.7	(4.2)	(1.4)	16.7	7.3	25.0
<b>CDW Corp</b>	<b>0.5</b>	<b>(9.4)</b>	<b>(14.0)</b>	<b>(5.6)</b>	<b>4.8</b>	<b>(3.4)</b>	<b>34.0</b>
<b>Computacenter PLC</b>	<b>2.3</b>	<b>0.6</b>	<b>(4.8)</b>	<b>(10.3)</b>	<b>(1.2)</b>	<b>(7.3)</b>	<b>11.6</b>
Econocom Group SE	1.6	2.1	2.8	(3.3)	(2.8)	(13.6)	(27.6)
Indra Sistemas SA	(0.2)	(0.5)	(4.4)	12.6	39.2	28.6	50.6
Reply SpA	0.6	0.0	(3.3)	(2.2)	29.6	3.8	20.4
Sesa SpA	0.7	2.4	(0.9)	(20.2)	(3.2)	(19.5)	(9.5)
Sopra Steria Group SA	2.4	(0.7)	(8.2)	0.4	19.5	7.3	12.9
Tietoenvy Oyj	0.3	3.9	(6.8)	(17.0)	(11.1)	(16.3)	(32.2)
<b>Median</b>	<b>1.1</b>	<b>0.3</b>	<b>(4.6)</b>	<b>(6.2)</b>	<b>1.6</b>	<b>(5.4)</b>	<b>9.9</b>
<b>Digital Value SpA</b>	<b>3.0</b>	<b>11.3</b>	<b>15.7</b>	<b>(5.6)</b>	<b>24.5</b>	<b>(1.3)</b>	<b>(5.4)</b>

Source: Refinitiv Eikon

**Table 20 – Digital Value, relative performances**

%	1D	1W	1M	3M	6M	YTD	1Y
to MSCI World Index	1.8	10.5	17.0	(9.1)	7.9	(7.4)	(26.4)
to EUROSTOXX	2.5	12.2	16.8	(11.2)	8.5	(8.6)	(17.6)
to FTSE Italia All Share	3.3	12.0	16.8	(14.6)	7.2	(11.6)	(29.8)
to FTSE Italia STAR	2.7	9.2	15.9	(5.8)	12.6	(0.2)	(4.3)
to FTSE Italia Growth	3.2	10.8	14.4	(5.1)	17.8	(0.2)	4.7
to Peer Median	2.0	11.0	20.3	0.7	22.9	4.1	(15.3)

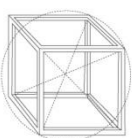
Source: Refinitiv Eikon



## 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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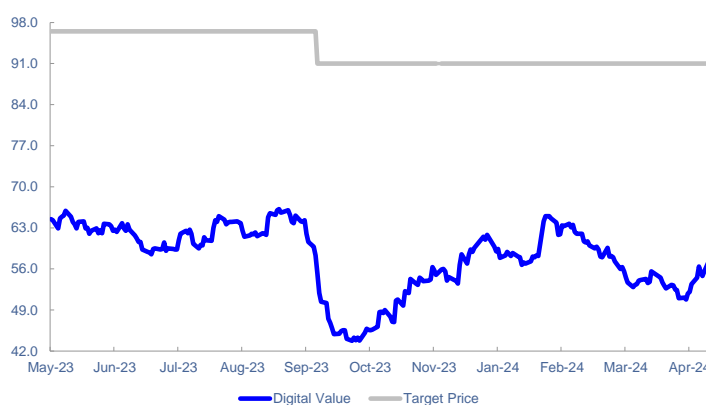
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DATE	TARGET PRICE	RATING
06/03/2024	€93.00	BUY
01/02/2024	€91.00	BUY
27/09/2023	€91.00	BUY
04/08/2023	€96.50	BUY
22/03/2023	€96.50	BUY

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- a **BUY** rating is assigned if the target price is at least 15% higher than the market price;
- 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.

