

Italy – IT Services

A resilient highly cash flow generative stock

10th August 2020

H1-20 RESULT RELEASE

RIC: DGV.MI
BBG: DGV IM

Interim results offered a solid top line double-digit rise and a more than proportional progression of EBITDA. Thanks to its focus on large clients, DGV was able once again to outperform the market in a very particular period, heavily impacted by the pandemic. Estimates revised upwards. New PT offers 34% upside: Reiterating the Buy on the stock, still trading at unjustified undemanding multiples.

Rating:

Buy

Price Target:

€ 38.40 (€ 27.70)

Upside/(Downside): 34.3%

Last Price: € 28.60

Market Cap.: € 283.1m

1Y High/Low: € 29.50/€ 15.20

Free Float: 25.3%

Major shareholders:

DV Holding 67.2%



Stock price performance

| | 1M | 3M | 12M |
|--------------------------|--------------|--------------|--------------|
| Absolute | 9.6% | 41.6% | 81.0% |
| Rel.to AIM Italia | 13.4% | 40.7% | 96.9% |
| Rel.to Peers | 3.6% | 14.3% | 73.4% |

Analysts:

Luca Arena
+39 02 30343 395
luca.arena@cfosim.com

Gianluca Mozzali
+39 02 30343 396
gianluca.mozzali@cfosim.com

Estimates and PT upgrade: 34.3% upside

Following the publication of H1-20 results, we have updated our projections factoring in: 1) an increase in top line projections on the back of the unexpected double digit growth in H1-20, 2) a fine-tuning of the operating costs with the results of higher EBITDA margin, 3) higher D&A linked to a shorter-than-anticipated depreciation period of the recent capex linked to the Infrastructure on Premise As A Service contracts and 4) a little less favourable WC management mainly in 2020 also on the back of the sustained growth projected. The result is a 12.2% and 22.6% avg. 2020-22 rise in Sales and EBITDA respectively. The new PT of € 38.40/s (€ 27.70) offers 34.3% upside: Buy recommendation reiterated.

Resilient business profile, top-notch results

Interim results clearly proved DGV is resilient to such a deep emergency situation. The lockdown contributed to revealing the many technological gaps in firms' and PAs level of digitalisation. DGV, thanks to its wide array of offers developed together with the best technological partners and its exposure towards large customers, is very well positioned to benefit from the trend of digitalisation empowerment. Order portfolio in excess of € 300m offers a fairly good short-medium term visibility and is based on and sustained by long-term relationships with customers. H1-20 figures definitely enthrone DGV as a resilient stock to have in this particular market scenario.

In lockdown times, revenues soared 23.5% to € 210.6m

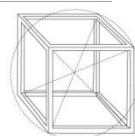
In a semester characterised by more than two months of lock-down in Italy, H1-20 revenues soared 23.5% to € 210.6m, thanks to DGV focus on the large account segment (P.A. entities and private corporations) and the capability in obtaining several multi-year contracts for the digital transformation of Telco and Public Administration sectors. In addition, all the sector covered by DGV customers were less impacted by COVID effect: DGV largely outperformed the reference market, which we estimate up 3-4% in the same period.

EBITDA margin at 9.6% of sales and net cash at € 11.7m

EBITDA was up 31.4% to € 20.2m, 9.6% margin (9.0% in H1-19). The more than proportional progression of profitability compared to top line is due to in our view a few aspects: the volume effect on purchasing, the price increase and a better mix. After higher D&A YoY following the 2019 and H1-20 investments related to a few Infrastructure on Premises As A Service contracts (no more than 4/5% of total sales), EBIT reached € 15.2m, 7.2% margin. Net profit was € 10.5m up 12.4%. NFP was € 11.7m (cash positive), after capex for € 8.0m and a few payment postponements to the first weeks of July granted to some clients.

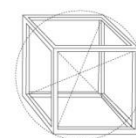
Digital Value, key financials and ratios

| € m | 2018 | 2019 | 2020e | 2021e | 2022e |
|-------------------------|--------|--------|--------|--------|---------|
| Sales | 296.2 | 363.2 | 437.4 | 494.4 | 558.5 |
| EBITDA | 24.0 | 31.9 | 40.6 | 48.7 | 56.7 |
| EBIT | 21.5 | 27.1 | 30.3 | 38.1 | 46.1 |
| Net profit | 14.8 | 19.0 | 20.3 | 23.9 | 29.0 |
| NFP (cash)/debt | (31.8) | (28.0) | (36.6) | (69.9) | (102.1) |
| EBITDA margin | 8.1% | 8.8% | 9.3% | 9.8% | 10.2% |
| EBIT margin | 7.2% | 7.5% | 6.9% | 7.7% | 8.2% |
| EPS FD | 1.48 | 1.90 | 2.04 | 2.40 | 2.91 |
| EPS FD growth | 37.3% | 28.3% | 7.0% | 17.7% | 21.5% |
| DPS ord. €/s | - | - | 0.62 | 0.72 | 0.88 |
| Dividend Yield | - | - | 2.2% | 2.5% | 3.1% |
| ROCE | 34.9% | 27.5% | 25.1% | 27.3% | 28.2% |
| NWC/Sales | -25.5% | -29.4% | -21.8% | -21.4% | -20.7% |
| Free Cash Flow Yield FD | 12.2% | -1.1% | 3.0% | 13.9% | 13.9% |
| PER FD x | 19.3 | 6.4 | 14.0 | 11.9 | 9.8 |
| EV/Sales FD x | 0.13 | 0.26 | 0.57 | 0.44 | 0.33 |
| EV/EBITDA FD x | 1.6 | 2.9 | 6.1 | 4.4 | 3.2 |
| EV/EBIT FD x | 1.7 | 3.4 | 8.2 | 5.6 | 4.0 |





| Income statement (€ m) | 2018 | 2019 | 2020e | 2021e | 2022e |
|--|---------|---------|---------|---------|---------|
| Sales | 296.2 | 363.2 | 437.4 | 494.4 | 558.5 |
| Value of Production | 298.1 | 364.8 | 438.7 | 495.6 | 559.7 |
| Raw material and processing | (226.1) | (280.7) | (335.8) | (377.6) | (425.9) |
| Services | (33.9) | (38.2) | (46.1) | (51.5) | (57.6) |
| Personnel expenses | (13.2) | (13.6) | (15.3) | (16.8) | (18.3) |
| Other opex | (0.9) | (0.4) | (0.9) | (1.0) | (1.1) |
| EBITDA | 24.0 | 31.9 | 40.6 | 48.7 | 56.7 |
| D&A | (2.6) | (4.9) | (10.3) | (10.6) | (10.7) |
| EBIT | 21.5 | 27.1 | 30.3 | 38.1 | 46.1 |
| Financials | (1.0) | (0.3) | (1.0) | (1.0) | (1.0) |
| Re/(Devaluation) of financial assets | (0.0) | 0.0 | 0.0 | 0.0 | 0.0 |
| Extraordinary | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Pre-Tax profit | 20.5 | 26.8 | 29.3 | 37.1 | 45.1 |
| Income taxes | (5.7) | (7.6) | (8.8) | (13.0) | (15.8) |
| Minorities | 0.0 | (0.2) | (0.2) | (0.2) | (0.2) |
| Net Profit | 14.8 | 19.0 | 20.3 | 23.9 | 29.0 |
| Net Profit Adjusted | 14.8 | 19.0 | 20.3 | 23.9 | 29.0 |
| Balance sheet (€ m) | 2018 | 2019 | 2020e | 2021e | 2022e |
| Net Working Capital | (75.9) | (107.4) | (95.6) | (106.2) | (116.1) |
| Net Fixed Assets | 17.8 | 47.9 | 54.5 | 61.0 | 67.3 |
| Equity Investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other M/L Term A/L | 76.9 | 101.1 | 94.3 | 82.9 | 76.2 |
| Net Invested Capital | 18.8 | 41.6 | 53.3 | 37.7 | 27.4 |
| Net Financial Debt | (31.8) | (28.0) | (36.6) | (69.9) | (102.1) |
| Minorities | 0.0 | 0.2 | 0.4 | 0.6 | 0.8 |
| Group's Shareholders Equity | 50.6 | 69.4 | 89.5 | 107.1 | 128.8 |
| Financial Liabilities & Equity | 18.8 | 41.6 | 53.3 | 37.7 | 27.4 |
| Cash Flow statement (€ m) | 2018 | 2019 | 2020e | 2021e | 2022e |
| Total net income | 14.8 | 19.0 | 20.3 | 23.9 | 29.0 |
| Depreciation | 2.6 | 4.9 | 10.3 | 10.6 | 10.7 |
| Other non-cash charges | (42.2) | (24.2) | 6.8 | 11.4 | 6.8 |
| Cash Flow from Oper. (CFO) | (24.8) | (0.4) | 37.4 | 45.8 | 46.5 |
| Change in NWC | 58.0 | 31.5 | (11.9) | 10.6 | 9.9 |
| FCF from Operations (FCFO) | 33.2 | 31.2 | 25.6 | 56.5 | 56.3 |
| Net Investments (CFI) | 1.4 | (34.4) | (17.0) | (17.0) | (17.0) |
| Free CF to the Firm (FCFF) | 34.6 | (3.2) | 8.6 | 39.5 | 39.3 |
| CF from financials (CFF) | (34.7) | 17.5 | 1.3 | (4.7) | (5.6) |
| Free Cash Flow to Equity (FCFE) | (0.1) | 14.2 | 9.9 | 34.8 | 33.7 |
| Financial ratios | 2018 | 2019 | 2020e | 2021e | 2022e |
| EBITDA margin | 8.1% | 8.8% | 9.3% | 9.8% | 10.2% |
| EBIT margin | 7.2% | 7.5% | 6.9% | 7.7% | 8.2% |
| Net profit margin | 5.0% | 5.2% | 4.6% | 4.8% | 5.2% |
| Tax rate | 27.8% | 28.5% | 30.0% | 35.0% | 35.0% |
| Op NWC/Sales | -25.5% | -29.4% | -21.8% | -21.4% | -20.7% |
| Interest coverage x | 0.05 | 0.01 | 0.03 | 0.03 | 0.02 |
| Net Debt/EBITDA x | (1.32) | (0.88) | (0.90) | (1.44) | (1.80) |
| Debt-to-Equity x | (0.63) | (0.40) | (0.41) | (0.65) | (0.79) |
| ROIC | 78.7% | 45.6% | 38.1% | 63.4% | 105.8% |
| ROCE | 34.9% | 27.5% | 25.1% | 27.3% | 28.2% |
| ROACE | 28.0% | 33.8% | 27.7% | 29.3% | 30.4% |
| ROE | 29.2% | 27.3% | 22.7% | 22.3% | 22.6% |
| Payout ratio | 0.0% | 0.0% | 30.0% | 30.0% | 30.0% |
| Per share figures | 2018 | 2019 | 2020e | 2021e | 2022e |
| Number of shares # m | 9.90 | 9.90 | 9.90 | 9.90 | 9.90 |
| Number of shares Fully Diluted # m | 9.97 | 9.97 | 9.97 | 9.97 | 9.97 |
| Average Number of shares Fully Diluted # m | 9.97 | 9.97 | 9.97 | 9.97 | 9.97 |
| EPS stated FD € | 1.48 | 1.90 | 2.04 | 2.40 | 2.91 |
| EPS adjusted FD € | 1.48 | 1.90 | 2.04 | 2.40 | 2.91 |
| EBITDA € | 2.41 | 3.20 | 4.07 | 4.88 | 5.69 |
| EBIT € | 2.15 | 2.71 | 3.04 | 3.82 | 4.62 |
| BV € | 5.08 | 6.98 | 9.02 | 10.80 | 13.00 |
| FCFO € | 3.33 | 3.13 | 2.56 | 5.67 | 5.65 |
| FCFF € | 3.47 | (0.32) | 0.86 | 3.96 | 3.94 |
| FCFE € | (0.01) | 1.43 | 0.99 | 3.49 | 3.38 |
| Dividend € | 0.00 | 0.00 | 0.62 | 0.72 | 0.88 |



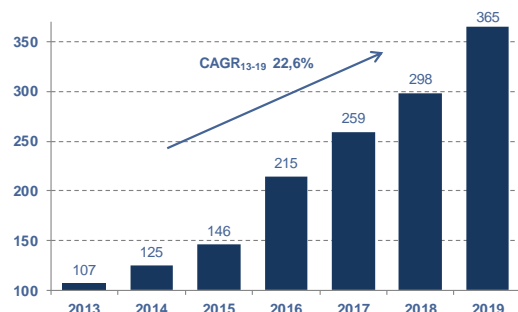
The company at a glance

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

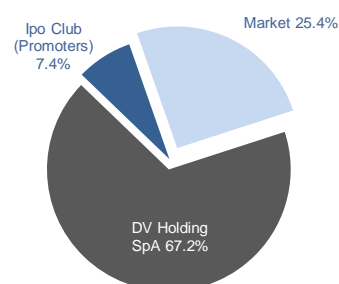
The group boasts key expertise in network infrastructure and data centres, security, network testing and monitoring, workstation management, Help Desk, data management and analysis, ERP systems management, retail applications, information systems on premise support and governance, outsourcing and cloud. According to Simi elaborations and based on 2019 CFO estimates, DGV is the 10th player in the IT provider industry in Italy.

With 197 employees DGV reported 2019 Total Revenues of € 364.8m, EBITDA of € 31.9m (8.8% margin), € 19.0m Net Profit and a Net Financial Position of € 28.0m (cash positive). With Working Capital structurally negative, ROE of 27.3% and ROCE of 27.5%, DGV has a well-balanced and lucratively allocated capital structure. Currently 100% of the business is generated in Italy.

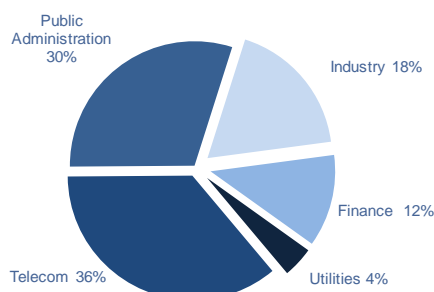
2013-19 top line progression



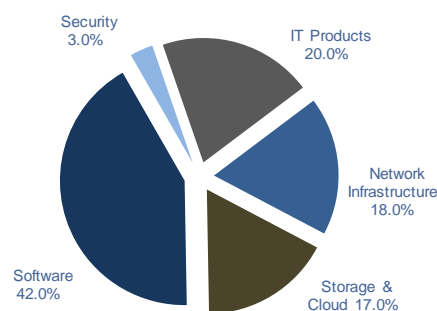
Fully diluted shareholders structure



FY-19 top line breakdown by sector



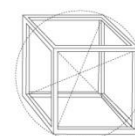
FY-19 top line breakdown by products



Peers 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 | 3.15 | 3.13 | 2.77 | 17.6 | 17.5 | 16.1 | 21.4 | 21.0 | 18.7 |
| Alten SA | 0.90 | 0.80 | 0.77 | 11.1 | 8.1 | 7.0 | 15.6 | 9.8 | 9.6 |
| Atos SE | 0.71 | 0.67 | 0.60 | 5.3 | 4.7 | 4.0 | 9.1 | 7.8 | 6.6 |
| Aubay SA | 1.10 | 1.08 | 1.05 | 10.0 | 9.5 | 9.1 | 12.9 | 11.9 | 11.1 |
| Capgemini SE | 1.51 | 1.35 | 1.25 | 10.6 | 9.2 | 8.3 | 14.3 | 12.1 | 10.7 |
| Computacenter PLC | 0.44 | 0.42 | 0.39 | 10.6 | 10.1 | 9.6 | 14.5 | 13.7 | 12.9 |
| Devoteam SA | 0.97 | 0.89 | 0.77 | 8.6 | 7.7 | 6.6 | 11.0 | 9.0 | 7.2 |
| Econocom Group SE | 0.29 | 0.26 | 0.25 | 4.6 | 3.8 | 3.7 | 6.8 | 6.0 | 5.3 |
| Indra Sistemas SA | 0.54 | 0.49 | 0.43 | 7.3 | 4.6 | 3.9 | 16.8 | 7.2 | 5.9 |
| Reply SpA | 2.54 | 2.26 | 2.03 | 16.6 | 14.3 | 12.6 | 20.7 | 17.6 | 15.3 |
| Sesa SpA | 0.50 | 0.45 | n.a. | 9.3 | 8.2 | n.a. | 13.6 | 11.7 | n.a. |
| Sopra Steria Group SA | 0.75 | 0.69 | 0.63 | 7.6 | 6.4 | 5.4 | 13.1 | 9.9 | 8.2 |
| TietoEVRY Corp | 1.38 | 1.31 | 1.27 | 9.6 | 7.9 | 7.4 | 14.7 | 11.4 | 10.8 |
| Median | 0.90 | 0.80 | 0.77 | 9.6 | 8.1 | 7.2 | 14.3 | 11.4 | 10.1 |
| Digital Value SpA* | 0.57 | 0.44 | 0.33 | 6.1 | 4.4 | 3.2 | 8.2 | 5.6 | 4.0 |

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



Lockdown accelerates the business

Interim results offered double digit growth on the top line and a more than proportional progression of EBITDA. Thanks to its focus on large clients and PA (firms and public entities with more than 500 employees, representing more than 50% of current domestic IT demand), DGV was able once again to outperform the market in a very particular year, heavily impacted by the pandemic. Throughout H1-20 DGV was awarded several sizeable multi-year contracts.

Table 1 – Digital Value, H1-20 results summary

| € m | H1-20 | H1-19 | % YoY |
|-----------------------------|---------------|--------------|-------------|
| Total Revenues | 210.6 | 170.5 | 23.5 |
| Raw material and processing | (163.3) | (128.7) | |
| Services | (17.4) | (19.0) | |
| Personnel expenses | (6.5) | (7.3) | |
| Other opex | (3.2) | (0.1) | |
| EBITDA | 20.2 | 15.4 | 31.4 |
| % margin | 9.6 | 9.0 | |
| D&A | (5.1) | (1.9) | |
| EBIT | 15.2 | 13.5 | 12.5 |
| % margin | 7.2 | 7.9 | |
| Financials | (0.2) | (0.3) | |
| Extraordinary | 0.0 | 0.0 | |
| Pre-Tax profit | 14.9 | 13.2 | 13.5 |
| % margin | 7.1 | 7.7 | |
| Income taxes | (4.4) | (3.8) | |
| Tax rate | 29.5% | 28.7% | |
| Minorities | (0.0) | (0.0) | |
| Net Profit | 10.5 | 9.4 | 12.4 |
| % margin | 5.0 | 5.5 | |
| NFP (cash)/debt | (11.7) | (9.6) | 21.9 |

Source: Company data, CFO SIM

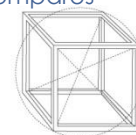
In a semester characterised by more than two months of lock-down in Italy, **H1-20 revenues soared 23.5% to € 210.6m**, thanks to DGV focus on the large account segment (P.A. entities and private corporations) and the capability in obtaining several multi-year contracts for the digital transformation of Telco and Public Administration sectors. In addition, all the sector covered by DGV customers were less impacted by COVID effect: **DGV largely outperformed the reference market**, which we estimate up 3-4% in the same period.

EBITDA was up 31.4% to € 20.2m, 9.6% margin (9.0% in H1-19). Excluding the IFRS 16 effect (€ 1.2m), EBITDA totalled € 19.0m, 9.0% on turnover. The more than proportional progression of profitability compared to top line is due to in our view a few aspects: the volume effect on purchasing (in some cases DGV goes directly to suppliers disintermediating vendors), the price increase and a better mix. The systems integrator business is characterised by a high degree of variable costs, and in DGV's case this represented 94% of the total costs in H1-20: operating leverage is therefore nearly absent.

After higher D&A YoY following the 2019 and H1-20 investments related to a few Infrastructure on Premises As A Service contracts (no more than 4/5% of total sales), EBIT reached € 15.2m, 7.2% margin. Net profit was € 10.5m up 12.4%.

Several lucrative long-term contracts were obtained by DGV in the last part of 2019 and in the first part of the year, with execution projected to start in the second part of 2020 and with a duration in excess of 3/4 years. Therefore, the positive effects on profitability are anticipated only in the mid-term. The € 8m H1-20 capex in technology are mainly related to these long-term projects.

NFP was € 11.7m (cash positive), after capex for € 8.0m and a few payment postponements to the first weeks of July granted to some clients. The figure compares with € 28.0m (cash positive) at end-19 and € 9.6m in Jun-19.



On premise infrastructure as a service contracts

As of 2019 DGV experienced with a few tier-1 clients, a different contract approach, the so called 'on premises infrastructure as a service'. DGV purchases the technologies and installs them on the customer premises. The company offers the client hardware and service in a multi-year contract. This innovative approach, if from one side increases to a certain extent the capital intensity of part of the business; on the other side, it allows DGV to **1) have pluriennial relationship** with tier1 customers, **2) provide the client with a vast array of services**, **3) increase the returns related from the clients**, and **4) have a better positioning to offer additional new services** to the customers in the long-term relationship.

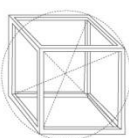
It is not really a change in the business model, it is **an opportunistic selected challenge to continue to feed growth and margins** in the medium / long term. In particular, the technological assets acquired for these contracts will be entirely depreciated during the lifespan of the contract. It means that **any year of extension implies a generous contribution to group EBIT, since EBIT equals to EBITDA because D&A effectively become zero**.

M&A: a prey or a hunter?

DGV showed in the last three years a remarkable revenue and profitability progression. According to our new estimates, **the company will double in size in 2021 compared to 2017PF sales figure and already in 2020 considering EBITDA**. To further accelerate this trend, DGV is considering a few acquisitions.

Dimension could be sizeable: with an estimated net cash position of € 37m at end-20 and an EBITDA in excess of €40m, **firepower could stand conservatively at some € 150m** (3x NFP/EBITDA + cash). In our view, **with such an armament DGV might purchase at least additional € 25-30m EBITDA** (acquisition multiple in line with current 6x EBITDA DGV valuation multiple). This amount does not take into consideration any share swap or rights issue. Ideal targets should add 1) **geographical reach** (northern east/west of Italy are well equipped with solid large profitable firms or a few selected foreign countries), 2) **technologies and services** (namely in network infrastructures, storage & cloud, software and security) and 3) **additional sector coverage** (finance for instance is a segment not yet properly guarded).

DGV can definitely play a primary active role in the sector consolidation process and obtain considerable market share in this arena. **Large customers request more and more reliable one-stop shop partners in their digitalisation process**. Once reached an appropriate dimension, in our opinion ideally **above € 1bn turnover**, the company could **find a proper partner to merge with and to increase new entity geographical reach and service selling proposition**, with the aim of enlarging the value for stakeholders.



Estimates, Valuation & risks

2020 interim results clearly proved **the segment in which DGV operates is resilient** to such a deep emergency situation. The lock-down contributed to revealing many of the technological gaps in firms' and PAs level of digitisation. DGV, thanks to **its wide array of offers developed together with the best technological partners and its exposure towards large customers** (firms and PAs), is very well positioned to benefit from the trend of digitalisation empowerment. **Order portfolio at some € 300m offers a fairly good short-medium term visibility** and is based on and sustained by long-term relationships with customers. **H1-20 figures definitely enthrone DGV as a resilient stock** to have in this particular market scenario.

A quarter ago, **we thought FY-20 figures might had been hit by a certain slowdown in growth and impacted by a less favourable mix**, namely an increase of hardware technology sales share (items required to facilitate smart-working) characterised by lower margins compared to high value-added services and solutions. **The current developments have proven to us that we have been too conservative and interim numbers and company indications corroborates this trend**: the management expect to continue to grow **double digit at top line and profitability levels** in the next few years.

Following the publication of H1-20 results, **we have updated our projections**, on the back of higher top line and profitability improvement compared to our FY estimates. We have factored in: 1) **an increase in top line projections** on the back of the unexpected double digit growth in H1-20, 2) **a fine-tuning of the operating costs** with the result of higher **EBITDA margins**, 3) higher D&A linked to a shorter-than-anticipated depreciation period of the recent capex linked to the Infrastructure on Premise As A Service contracts and 4) a little **less favourable WC management** in 2020 also on the back of the solid growth projected.

The result is a **12.2% and 22.6% avg. 2020-22 increase in Sales and EBITDA** respectively.

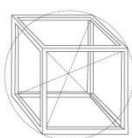
Table 2 – Digital Value, new/old estimates

| € m | 2020N | 2020O | % Diff. | 2021N | 2021O | % Diff. | 2022N | 2022O | % Diff. |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|--------------|----------------|---------------|--------------|
| Value of production | 438.7 | 398.1 | 10.2% | 495.6 | 440.9 | 12.4% | 559.7 | 490.8 | 14.0% |
| EBITDA | 40.6 | 33.6 | 20.7% | 48.7 | 39.7 | 22.6% | 56.7 | 45.5 | 24.6% |
| % margin | 9.3 | 8.5 | | 9.8 | 9.0 | | 10.1 | 9.3 | |
| EBIT | 30.3 | 28.6 | 5.9% | 38.1 | 34.6 | 10.1% | 46.1 | 40.1 | 14.8% |
| % margin | 6.9 | 7.2 | | 7.7 | 7.8 | | 8.2 | 8.2 | |
| Net Profit | 20.3 | 19.1 | 6.1% | 23.9 | 21.6 | 10.4% | 29.0 | 25.2 | 15.2% |
| % margin | 4.6 | 4.8 | | 4.8 | 4.9 | | 5.2 | 5.1 | |
| Capex | 17.0 | 17.0 | 0.0% | 17.0 | 17.0 | 0.0% | 17.0 | 17.0 | 0.0% |
| Y/E net debt (net cash) | (36.6) | (48.1) | -23.9% | (69.9) | (68.4) | 2.2% | (102.1) | (88.6) | 15.3% |

Source: CFO Sim

As a consequence, **we have updated our PT to € 38.40 (€ 27.70), 34.3% upside, based on DCF rather than on a market multiple comparison**, to better factor in the medium-long term value of the stock.

CFO Sim reiterate the Buy rating on the shares: in this market turmoil, DGV represents a fairly cheap, growing, cash flow generative safe resilient player with upside potential arising from the active leading role it can play in this **unavoidably consolidating arena**. On the back of the extremely solid balance sheet and the 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 2024 and cautious long-term growth of 1.0%. Cash flows are discounted back at a weighted average cost of capital calculated according to the following parameters:

Table 3 - 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 Moving Average) | 1.39% |
| Beta levered (x) | 1.00 |
| Required ROE | 10.4% |

Source: CFO Sim, Thomson Reuters Eikon

Risk premium at 9.0% factors in the minute size of the company and basically all AIM Italia market segment related concerns and disquiets that an investor might have. **Beta has been assumed conservatively at 1.00x**. The WACC is accordingly computed cautiously using 100% equity balance sheet current structure.

Table 4 - Digital Value, DCF model

| € k | 2020e | 2021e | 2022e | 2023e | 2024e | Term. Val. |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| EBIT | 30.3 | 38.1 | 46.1 | 51.1 | 56.7 | |
| Tax rate | 30.0% | 35.0% | 35.0% | 35.0% | 35.0% | |
| Operating profit (NOPAT) | 21.2 | 24.8 | 29.9 | 33.2 | 36.9 | |
| Change working capital | (11.9) | 10.6 | 9.9 | 2.0 | (0.1) | |
| Depreciation | 10.3 | 10.6 | 10.7 | 5.0 | 2.0 | |
| Investments | (17.0) | (17.0) | (17.0) | (10.0) | (2.0) | |
| Free Cash Flows | 2.7 | 29.0 | 33.5 | 30.2 | 36.8 | 395.8 |
| Present value | 2.6 | 25.2 | 26.4 | 21.6 | 23.8 | 256.5 |
| WACC | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | |
| Long-term growth rate | 1.0% | | | | | |

Source: CFO Sim

Table 5 – Digital Value, DCF derived from:

| € m | |
|---------------------------------|--------------|
| Total EV present value € m | 356.2 |
| thereof terminal value | 72.0% |
| NFP last reported | 28.0 |
| Pension provision last reported | (1.3) |
| Equity value € m | 383.0 |
| #m shares fully diluted | 9.97 |
| Equity value €/s | 38.40 |
| % upside/(downside) | 34.3% |

Source: CFO Sim

The result of our DCF model set up an equity value of € 383.0m for Digital Value, 38.40/s fully diluted, 34.3% upside.

The following tables illustrate that sensitivity 1) compared to changes in the terminal growth rate produces an equity value/s of between **€ 35.70-41.77/s (perpetuity range between 0.00% and 2.00%)**, while 2) compared to changes in the free risk rate produces an equity value/s of **€ 34.79-42.91/s (free risk range between 2.39% and 0.39%)** and 3) compared to changes in the risk premium, including small size premium results into an equity value/s of **€ 31.80-48.64/s (risk premium range between 11.00% and 7.00%)**.

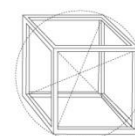


Table 6 – Digital Value, equity value sensitivity to changes in terminal growth rate

| € m | 0.00% | 0.25% | 0.50% | 0.75% | 1.00% | 1.25% | 1.50% | 1.75% | 2.00% |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Present value of CF | 99.7 | 99.7 | 99.7 | 99.7 | 99.7 | 99.7 | 99.7 | 99.7 | 99.7 |
| PV of terminal value | 229.5 | 235.8 | 242.3 | 249.2 | 256.5 | 264.2 | 272.3 | 280.8 | 289.9 |
| Total value | 329.2 | 335.4 | 342.0 | 348.9 | 356.2 | 363.9 | 372.0 | 380.5 | 389.6 |
| NFP last reported | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 |
| Pension provision last reported | (1.3) | (1.3) | (1.3) | (1.3) | (1.3) | (1.3) | (1.3) | (1.3) | (1.3) |
| Equity value | 356.0 | 362.2 | 368.8 | 375.7 | 383.0 | 390.6 | 398.7 | 407.3 | 416.4 |
| Equity value/share € | 35.70 | 36.33 | 36.99 | 37.68 | 38.40 | 39.18 | 39.99 | 40.85 | 41.77 |

Source: CFO Sim

Table 7 – Digital Value, equity value sensitivity to changes in free risk rate

| € m | 0.39% | 0.64% | 0.89% | 1.14% | 1.39% | 1.64% | 1.89% | 2.14% | 2.39% |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Present value of CF | 102.3 | 101.6 | 101.0 | 100.3 | 99.7 | 99.1 | 98.4 | 97.8 | 97.2 |
| PV of terminal value | 298.8 | 287.2 | 276.4 | 266.2 | 256.5 | 247.4 | 238.7 | 230.6 | 222.8 |
| Total value | 401.0 | 388.9 | 377.3 | 366.5 | 356.2 | 346.4 | 337.2 | 328.4 | 320.0 |
| NFP last reported | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 |
| Pension provision last reported | (1.3) | (1.3) | (1.3) | (1.3) | (1.3) | (1.3) | (1.3) | (1.3) | (1.3) |
| Equity value | 427.8 | 415.6 | 404.1 | 393.2 | 383.0 | 373.2 | 364.0 | 355.2 | 346.8 |
| Equity value/share € | 42.91 | 41.69 | 40.53 | 39.44 | 38.40 | 37.43 | 36.51 | 35.62 | 34.79 |

Source: CFO Sim

Table 8 – 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 | 104.9 | 103.6 | 102.3 | 101.0 | 99.7 | 98.4 | 97.2 | 96.0 | 94.9 |
| PV of terminal value | 353.2 | 324.2 | 298.8 | 276.4 | 256.5 | 238.7 | 222.8 | 208.4 | 195.4 |
| Total value | 458.1 | 427.8 | 401.0 | 377.3 | 356.2 | 337.2 | 320.0 | 304.5 | 290.3 |
| NFP last reported | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 |
| Pension provision last reported | (1.3) | (1.3) | (1.3) | (1.3) | (1.3) | (1.3) | (1.3) | (1.3) | (1.3) |
| Equity value | 484.9 | 454.5 | 427.8 | 404.1 | 383.0 | 364.0 | 346.8 | 331.2 | 317.0 |
| Equity value/share € | 48.64 | 45.59 | 42.91 | 40.53 | 38.40 | 36.51 | 34.79 | 33.22 | 31.80 |

Source: CFO Sim

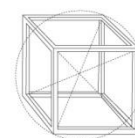
Market multiples

We conducted an analysis on a cluster of 13 companies operating in the large digital IT system integrators segment.

Accenture – USA, multinational offering management and strategic consulting services, technology services and outsourcing solutions in a vast array of industries. Market capitalisation is € 130.4bn, turnover FY1 € 39.7bn, and EBITDA FY1 is € 7.1bn (17.9% margin).

Alten – France, operates in engineering and technology consulting, provides support for its clients' development strategies in the fields of innovation, R&D and IT systems. Market capitalisation is € 2.3bn, turnover FY1 € 2.4bn, and EBITDA FY1 is € 195m (8.1% margin).

Atos – France, Atos is a global leader in digital transformation. 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. Market capitalisation is € 8.2bn, turnover FY1 € 11.3bn, and EBITDA FY1 is € 1.5bn (13.5% margin).



Aubay – France, Aubay is a digital services company and operates in France and elsewhere in Europe. From advice to all kinds of technological projects, Aubay accompanies the transformation and modernization of information systems in all sectors, including industry, R&D, telecommunications and infrastructure, and specifically major banks and insurance companies. Market capitalisation is € 452m, turnover FY1 € 426m, and EBITDA FY1 is € 46m (10.9% margin).

Capgemini – France, company providing 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. Market capitalisation is € 19.0bn, turnover FY1 € 15.8bn, and EBITDA FY1 is € 2.3bn (14.3% margin).

Computacenter – UK, Computacenter is a leading independent provider of IT infrastructure services, enabling users and their business in a digital world. The firm advises organisations on IT strategy, implements the most appropriate technology, optimises their performance, and manages customers' infrastructures. Market capitalisation is € 2.6bn, turnover FY1 € 5.6bn, and EBITDA FY1 is € 231m (4.1% margin).

Devoteam – France, group offers IT consulting services, system integration, project management, cyber security and outsourcing solutions. Market capitalisation is € 824m, turnover FY1 € 760m, and EBITDA FY1 is € 85m (11.2% margin).

Econocom – France, it helps companies and public organisations in their digital transformation transition process. It sustains to get the most out of digital by focusing on users as the starting point for their digital transformation. Market capitalisation is € 589m, turnover FY1 € 2.8bn, and EBITDA FY1 is € 178m (6.3% margin).

Indra Sistemas – Spain, Indra Sistemas is a global technology and consulting company. It provides proprietary solutions in specific segments such as in Transport and Defence markets and in Digital Transformation Consultancy and Information Technologies in Spain and Latin America. Market capitalisation is € 1.1bn, turnover FY1 € 3.1bn, and EBITDA FY1 is € 229m (7.4% margin).

Reply – Italy, Reply is a specialised group, supporting leading firms in defining and developing business models to optimise and integrate processes, applications and devices, using new technology and communication solutions, such as Big Data, Cloud Computing, Digital Communication, IoT, Mobile and Social Networking. Market capitalisation is € 3.3bn, turnover FY1 € 1.2bn, and EBITDA FY1 is € 190m (15.3% margin).

SeSa – Italy, Sesa is a reference partner and service integrator of the IT Global Vendors, leader in Italy in distribution of value-added IT solutions for enterprises, integrating sector's leading value-added brands, particularly those active in the business segments. Market capitalisation is € 1.0m, turnover FY1 € 1.9bn, and EBITDA FY1 is € 105m (5.4% margin).

Sopra Steria Group – France, It is an information technology consultancy. The primary business areas of the company 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 and application maintenance and outsourcing services and operation of professional processes. Market capitalisation is € 2.7bn, turnover FY1 € 4.4bn, and EBITDA FY1 is € 431m (9.9% margin).

Tieto – Finland, It is an IT software and service company providing IT and product engineering services. The company provides services to financial services, public, healthcare & welfare, industrial and consumer services industries. Market capitalisation is € 3.0bn, turnover FY1 € 2.8bn, and EBITDA FY1 is € 405m (14.4% margin).

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 (17.9% margin). The least profitable is Computacenter with a 4.1% EBITDA margin. Within the sample, **DGV is the smallest group** in terms of sales and EBITDA in absolute terms and shows an EBITDA margin only slightly lower than the peer median. However, **it offers by far higher projected growth, both in terms of top line and margins compared to the peer median.** If we look at pure systems integrators, DGV profitability is in line with European best in class.

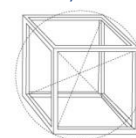




Table 9 - Digital Value, peer group summary table

| € m | Country | Mkt Cap | Sales FY1 | EBITDA FY1 | EBITDA % | Sales CAGR ₁₉₋₂₂ | EBITDA CAGR ₁₉₋₂₂ | EBIT CAGR ₁₉₋₂₂ | EPS CAGR ₂₀₋₂₂ | NFP FY1 | NFP/EBITDA |
|--------------------------|--------------|--------------|--------------|------------|--------------|-----------------------------|------------------------------|----------------------------|---------------------------|-------------|-------------|
| Accenture PLC | USA | 130,398 | 39,468 | 7,081 | 17.9% | 4.0% | 6.4% | 4.6% | 6.6% | (6,031) | n.m. |
| Alten SA | France | 2,327 | 2,414 | 195 | 8.1% | 0.2% | -3.2% | -6.5% | 23.7% | (154) | n.m. |
| Atos SE | France | 8,163 | 11,296 | 1,528 | 13.5% | 0.2% | 1.6% | 7.4% | 9.3% | (114) | n.m. |
| Aubay SA | France | 452 | 426 | 46 | 10.9% | 2.3% | 2.3% | 0.9% | 12.0% | 15 | 0.3 |
| Capgemini SE | France | 19,002 | 15,822 | 2,255 | 14.3% | 8.0% | 14.4% | 10.8% | 15.2% | 4,943 | 2.2 |
| Computacenter PLC | UK | 2,576 | 5,600 | 231 | 4.1% | -0.7% | -5.2% | -2.9% | 2.8% | (124) | n.m. |
| Devoteam SA | France | 824 | 760 | 85 | 11.2% | 3.8% | 1.3% | 6.0% | 25.2% | (85) | n.m. |
| Econocom Group SE | France | 589 | 2,842 | 178 | 6.3% | -1.0% | 0.9% | 0.6% | 7.0% | 231 | 1.3 |
| Indra Sistemas SA | Spain | 1,118 | 3,100 | 229 | 7.4% | 1.3% | 2.4% | 3.6% | 90.3% | 565 | 2.5 |
| Reply SpA | Italy | 3,336 | 1,244 | 190 | 15.3% | 7.3% | 7.2% | 8.0% | 12.2% | (178) | n.m. |
| Sesa SpA | Italy | 1,030 | 1,949 | 105 | 5.4% | 10.0% | 17.5% | 14.1% | 16.2% | (52) | n.m. |
| Sopra Steria Group SA | France | 2,740 | 4,354 | 431 | 9.9% | 2.0% | 2.2% | 5.4% | 22.7% | 545 | 1.3 |
| TietoEVRY Corp | Finland | 3,024 | 2,816 | 405 | 14.4% | 19.7% | 22.9% | 27.2% | 14.8% | 861 | 2.1 |
| Median | | 2,576 | 2,842 | 229 | 10.9% | 2.3% | 2.3% | 5.4% | 14.8% | (52) | 1.7 |
| Digital Value SpA | Italy | 283 | 437 | 41 | 9.3% | 15.4% | 21.1% | 19.4% | 19.6% | (37) | n.m. |

Source: CFO Sim, Thomson Reuters Eikon

Table 10 - Digital Value, peer group EV multiple table

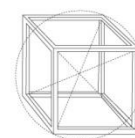
| x | Sales FY1 | Sales FY2 | Sales FY3 | EBITDA FY1 | EBITDA FY2 | EBITDA FY3 |
|---------------------------|-------------|-------------|-------------|------------|------------|------------|
| Accenture PLC | 3.15 | 3.13 | 2.77 | 17.6 | 17.5 | 16.1 |
| Alten SA | 0.90 | 0.80 | 0.77 | 11.1 | 8.1 | 7.0 |
| Atos SE | 0.71 | 0.67 | 0.60 | 5.3 | 4.7 | 4.0 |
| Aubay SA | 1.10 | 1.08 | 1.05 | 10.0 | 9.5 | 9.1 |
| Capgemini SE | 1.51 | 1.35 | 1.25 | 10.6 | 9.2 | 8.3 |
| Computacenter PLC | 0.44 | 0.42 | 0.39 | 10.6 | 10.1 | 9.6 |
| Devoteam SA | 0.97 | 0.89 | 0.77 | 8.6 | 7.7 | 6.6 |
| Econocom Group SE | 0.29 | 0.26 | 0.25 | 4.6 | 3.8 | 3.7 |
| Indra Sistemas SA | 0.54 | 0.49 | 0.43 | 7.3 | 4.6 | 3.9 |
| Reply SpA | 2.54 | 2.26 | 2.03 | 16.6 | 14.3 | 12.6 |
| SeSa SpA | 0.50 | 0.45 | n.a. | 9.3 | 8.2 | n.a. |
| Sopra Steria Group SA | 0.75 | 0.69 | 0.63 | 7.6 | 6.4 | 5.4 |
| Tieto Oyj | 1.38 | 1.31 | 1.27 | 9.6 | 7.9 | 7.4 |
| Median | 0.90 | 0.80 | 0.77 | 9.6 | 8.1 | 7.2 |
| Digital Value SpA* | 0.57 | 0.44 | 0.33 | 6.1 | 4.4 | 3.2 |
| % premium/(discount) | (36.9) | (45.6) | (57.5) | (36.2) | (45.7) | (55.2) |

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

Table 11 - Digital Value, peer group EV/EBIT & price multiple table

| X | EBIT FY1 | EBIT FY2 | EBIT FY3 | PER FY1 | PER FY2 | PER FY3 |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Accenture PLC | 21.4 | 21.0 | 18.7 | 30.6 | 29.7 | 27.0 |
| Alten SA | 15.6 | 9.8 | 9.6 | 21.6 | 14.9 | 14.1 |
| Atos SE | 9.1 | 7.8 | 6.6 | 10.8 | 10.0 | 9.1 |
| Aubay SA | 12.9 | 11.9 | 11.1 | 20.4 | 17.9 | 16.2 |
| Capgemini SE | 14.3 | 12.1 | 10.7 | 17.9 | 15.2 | 13.4 |
| Computacenter PLC | 14.5 | 13.7 | 12.9 | 21.8 | 21.2 | 20.7 |
| Devoteam SA | 11.0 | 9.0 | 7.2 | 23.5 | 18.4 | 15.0 |
| Econocom Group SE | 6.8 | 6.0 | 5.3 | 9.2 | 9.0 | 8.0 |
| Indra Sistemas SA | 16.8 | 7.2 | 5.9 | 25.9 | 8.7 | 7.1 |
| Reply SpA | 20.7 | 17.6 | 15.3 | 30.8 | 26.8 | 24.5 |
| SeSa SpA | 13.6 | 11.7 | n.a. | 23.6 | 20.6 | 17.5 |
| Sopra Steria Group SA | 13.1 | 9.9 | 8.2 | 17.2 | 13.4 | 11.4 |
| Tieto Oyj | 14.7 | 11.4 | 10.8 | 14.3 | 11.8 | 10.9 |
| Median | 14.3 | 11.4 | 10.1 | 21.6 | 15.2 | 14.1 |
| Digital Value SpA* | 8.2 | 5.6 | 4.0 | 14.0 | 11.9 | 9.8 |
| % premium/(discount) | (42.8) | (50.6) | (60.8) | (35.1) | (21.6) | (30.6) |

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



Italware and ITD Solutions have shown a solid growth trend and a lucrative profitability profile since their establishment, over 30 years ago. We believe DGV bases its roots on two well-known, successful and reliable firms and has to build a solid track record with investors.

Applying a 30% discount to peer multiples on peer average median for EV/EBITDA and EV/EBIT to DGV metrics we attain an **equity value of DGV of € 330.3m, or € 33.10/s**, using 2020-21-22 estimates and multiples (20-70-10 weighted, respectively), **in order to consider in the valuation part of the upside stemming from the higher than peer median growth perspectives.**

Table 12 - Digital Value, equity assessment, 1#3

| € m | Sales FY1 | Sales FY2 | Sales FY3 | EBITDA FY1 | EBITDA FY2 | EBITDA FY3 |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Median Peers (x) | 0.90 | 0.80 | 0.77 | 9.6 | 8.1 | 7.2 |
| DGV metric | 437.4 | 494.4 | 558.5 | 40.6 | 48.7 | 56.7 |
| NFP | 28.0 | 36.6 | 69.9 | 28.0 | 36.6 | 69.9 |
| DGV Equity Value | 303.6 | 313.4 | 371.1 | 300.8 | 313.8 | 355.6 |
| DGV Equity Value €/s (FD) | 30.50 | 31.40 | 37.20 | 30.20 | 31.50 | 35.70 |
| % upside/(downside) | 6.6 | 9.8 | 30.1 | 5.6 | 10.1 | 24.8 |

Source: CFO Sim, Thomson Reuters Eikon

Table 13 - Digital Value, equity assessment, 2#3

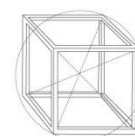
| € m | EBIT FY1 | EBIT FY2 | EBIT FY3 | PER FY1 | PER FY2 | PER FY3 |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Median Peers (x) | 14.3 | 11.4 | 10.1 | 21.6 | 15.2 | 14.1 |
| DGV metric | 30.3 | 38.1 | 46.1 | 20.3 | 23.9 | 29.0 |
| NFP | 28.0 | 36.6 | 69.9 | | | |
| DGV Equity Value | 332.0 | 341.5 | 396.9 | 307.4 | 254.7 | 287.4 |
| DGV Equity Value €/s (FD) | 33.30 | 34.30 | 39.80 | 30.80 | 25.60 | 28.80 |
| % upside/(downside) | 16.4 | 19.9 | 39.2 | 7.7 | (10.5) | 0.7 |

Source: CFO Sim, Thomson Reuters Eikon

Table 14 - Digital Value, equity value assessment, 3#3

| € m | FY1 | FY2 | FY3 |
|-------------------------|--------------|-------|-------|
| EV/EBITDA | 300.8 | 313.8 | 355.6 |
| EV/EBIT | 332.0 | 341.5 | 396.9 |
| Weighting | 20.0% | 70.0% | 10.0% |
| Equity Value | 330.3 | | |
| Per share FD €/s | 33.10 | | |
| % upside/(downside) | 15.7% | | |

Source: CFO Sim, Thomson Reuters Eikon



Peer stock performance

Digital Value was listed on the AIM Italia (Alternative Investment Market) on **8 November 2018 at € 10.0/share**, corresponding to a market **capitalisation post money of € 89.1m**. Adopting the same approach used in setting up the peer sample for assessing the value of DGV, we defined a panel of 13 firms operating in the digital IT systems integrators segment. **DGV consistently outperformed peers and indexes** in the period analysed.

Table 15 - Digital Value, peer group absolute performance

| % | 1D | 1W | 1M | 3M | 6M | YTD | 1Y |
|--------------------------|--------------|------------|------------|-------------|--------------|-------------|-------------|
| Accenture PLC | 0.3 | 3.0 | 5.1 | 22.8 | 9.4 | 10.0 | 19.3 |
| Alten SA | 0.1 | 2.6 | (2.4) | (1.9) | (39.4) | (39.6) | (37.1) |
| Altran Technologies SA | 0.0 | 0.0 | 2.6 | 5.2 | 3.1 | 4.3 | 37.1 |
| Atos SE | (1.2) | 1.7 | (4.4) | 11.4 | (9.1) | (0.9) | 5.5 |
| Aubay SA | (0.1) | 2.0 | 16.9 | 32.1 | 9.5 | 1.5 | 3.3 |
| Capgemini SE | (0.5) | 1.6 | 6.8 | 25.1 | (4.2) | 2.2 | (0.6) |
| Computacenter PLC | 0.2 | 2.8 | 25.1 | 36.3 | 6.1 | 14.9 | 41.0 |
| Devoteam SA | 0.4 | 0.4 | 0.3 | 37.6 | 18.5 | 3.8 | (4.0) |
| Econocom Group SE | 0.0 | 2.1 | 37.9 | 32.3 | (11.4) | (1.3) | (22.3) |
| Indra Sistemas SA | (1.2) | (0.6) | (8.0) | (18.0) | (42.6) | (37.8) | (16.3) |
| Reply SpA | (0.8) | 14.2 | 21.3 | 31.9 | 16.4 | 27.4 | 65.0 |
| SeSa SpA | (0.2) | 3.7 | 16.5 | 40.9 | 25.0 | 39.6 | 87.1 |
| Sopra Steria Group SA | (1.0) | 5.5 | 13.7 | 29.4 | (10.8) | (7.0) | 13.4 |
| Tieto Oyj | (0.5) | 1.8 | 4.5 | 15.4 | (16.9) | (8.6) | 9.8 |
| Median | (0.1) | 2.0 | 5.9 | 27.3 | (0.5) | 1.8 | 7.6 |
| Digital Value SpA | (1.0) | 5.9 | 9.6 | 41.6 | 37.5 | 60.7 | 81.0 |

Source: Thomson Reuters Eikon

Table 16 – Digital Value, relative performances

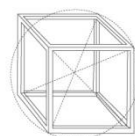
| % | 1D | 1W | 1M | 3M | 6M | YTD | 1Y |
|--------------------------|-------|-----|------|------|------|------|------|
| to MSCI World Index | (0.9) | 3.7 | 5.3 | 27.3 | 39.5 | 60.8 | 71.3 |
| to EUROSTOXX | (1.4) | 3.5 | 10.3 | 30.8 | 51.0 | 72.3 | 83.7 |
| to FTSE Italia All Share | (1.3) | 3.7 | 10.5 | 29.6 | 57.1 | 77.3 | 87.2 |
| to FTSE STAR Italia | (1.5) | 2.4 | 2.7 | 26.4 | 40.8 | 63.5 | 68.5 |
| to FTSE AIM Italia | (1.4) | 4.6 | 13.4 | 40.7 | 52.4 | 76.6 | 96.9 |
| to Peer Median | (0.9) | 3.9 | 3.6 | 14.3 | 38.0 | 58.8 | 73.4 |

Source: CFO Sim

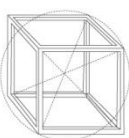
Risks

The principal investment **risks** in Digital Value include:

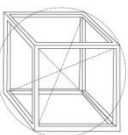
- Risks linked to the postponement of some key projects;
- Risks due to competition in some segments, which might put margins or top line developments under pressure in the short term.
- Impact on economics and balance sheet profile triggered by a deep decline in local and global economic growth;
- Dilution on profitability stemming from a potential acquisition campaign;
- The departure of one of few key relevant people.



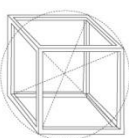
This page has been intentionally left blank



This page has been intentionally left blank



This page has been intentionally left blank

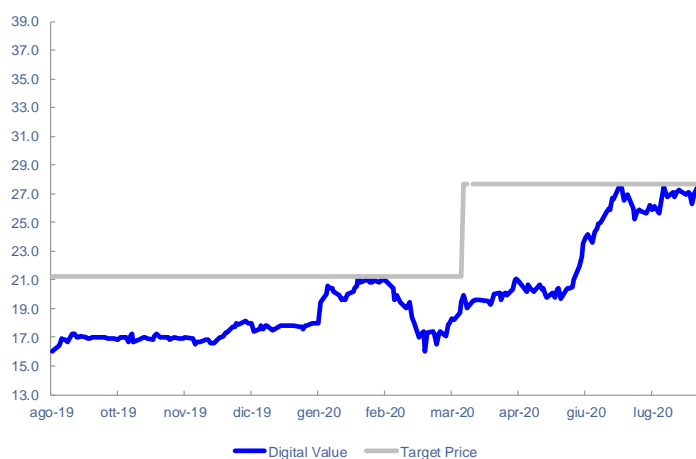


ANALYST CERTIFICATION

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

DISCLAIMER

This document has been drafted by CFO SIM, authorised by the Bank of Italy to provide investment services. CFO SIM does not have a specific interest in either the issuer, the financial instruments or the transactions covered by the analysis. The news and data used in this document come from information supplied to the public by the company concerned and/or from other documentation of public domain. CFO SIM is not liable for the accuracy, completeness, exactitude and impartiality of such news and data. This document has been drafted autonomously and independently and without the collaboration of the company analysed or of any company linked to the latter by shareholdings or control. This document has been prepared by the financial analysts of the Equity Research Department of CFO SIM, whose names are indicated therein. LUCA ARENA, Head of the Equity Research Department of CFO SIM is an ordinary member of the Italian Association of Financial Analysts (AIAF). In no case can the company and the analysts, as authors of this document be held liable (culpably or otherwise) for damage stemming from use of the information or opinions set out therein. The purpose of this document is solely informative. The document cannot be reproduced directly or indirectly and redistributed to third parties, nor can it be published, either totally or in part, for any reason whatsoever. This document is not an invitation to purchase, nor is it intended to solicit the purchase or sale of the securities in question. The recipients of this document are formally bound to observe the constraints indicated above. CFO SIM wishes to provide ongoing coverage of the stocks mentioned in this document, with a frequency depending on circumstances considered to be important (corporate events and changes of recommendation, etc.). CFO SIM acts as a Nominated Adviser, Specialist and Corporate Broker for Digital Value stock, listed on the AIM Italia. The next table shows the ratings issued on the stock in the last 12 months.



| DATE | TARGET PRICE | RATING |
|------------|--------------|--------|
| 10/08/2020 | €38.40 | BUY |
| 01/04/2020 | €27.70 | BUY |
| 25/09/2019 | €21.20 | BUY |
| 17/05/2019 | €21.20 | BUY |

This document is distributed via electronic mail and fax as from the date indicated in the document itself and addressed to some 300 Italian and non-Italian professional investors. The document is available in electronic format at CFO SIM's Internet site, to Italian and non-Italian institutional investors, and/or in Borsa Italiana's Internet site.

RATING SYSTEM

- 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.

