

Italy – IT Services

Solid interim results and buoyant growth opportunities

7th October 2024

H1-24 RESULTS RELEASE

RIC: DGV.MI
BBG: DGV IM

Digital Value reported H1-24 results characterised by high-single-digit growth of revenues and a more than proportional progression of margins, which benefited from a more lucrative revenue mix and keen cost control. The management is confident of returning to double-digit growth in H2 also thanks to an order backlog of over € 1bn. The acquisitions of Infordata and Italtel strengthened the group's leadership in the domestic ICT sector.

Rating:

Buy

Price Target:

€ 94.00 (€ 93.00)

Upside/(Downside): **81.8%**

Last Price: **€ 51.70**

Market Cap.: **€ 523.5m**

1Y High/Low: **€ 68.10 / € 42.70**

Avg. Daily Turn. (3M, 6M): **€ 539k, € 584k**

Free Float: **37.6%**

Major shareholders:

DV Holding 62.0%



Stock price performance

	1W	3M	12M
Absolute	11.5%	-13.0%	12.6%
Rel.to FTSE IT All Share	10.5%	-11.6%	-9.3%
Rel.to Peers	6.8%	-6.2%	10.4%

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Estimates upgraded: new DCF-based PT of € 94.00/s (€ 93.00). Buy

Following the acquisitions of Infordata and Italtel, Digital Value aims to become an undisputed leader in the domestic infrastructure ICT sector. Thanks to these acquisitions, the group strengthened its positioning in services with distinctive technological skills highly demanded by the Enterprise market, enriched its team with several qualified professionals, which are a scarce resource on the market and added to its offer technical certifications and engineering ability to design, develop and implement innovative technological solutions. On the back of the release of H1-24 results and the acquisition of Italtel, we have updated our model by factoring in 1) the consolidation of Infordata for 3 months (previously assumed for the entire year) and of Italtel for 1 month, 2) the cash-out for the acquisition of Italtel, and 3) a slight rise of capex in 2025-26, in light of the increased group's dimension. The combined result is an average 16.4%, 10.9% increase in revenues and EBITDA and a 4.7% decrease in Net Profit, in 2024-26. Moreover, we have updated the DCF valuation criteria, bringing the risk-free rate up to date: the combined result is a new DCF-based PT of € 94.00/s (€ 93.00), 81.8% upside. Buy recommendation reiterated.

Revenues up by 8.4% driven by as-a-service contracts and data centre projects

Total revenues were € 450.7m, up by 8.4% YoY, outperforming once again the reference market. Digital Business Transformation totalled € 124.1m, up by 9% YoY, thanks to Cloud solutions and software platforms, as well as system integration activities and cybersecurity services. Next Generation Data Centre grew by 11% YoY to € 246.9m (55% of the total), thanks to several projects focused on the development and maintenance of data centres as well as, among others, a project for the modernisation and management of the infrastructure of a major transport operator through an "as-a-service" contract. Smart Workplace Transformation remained broadly stable YoY at € 79.7m, although a declining reference market, thanks to Digital Value's capacity of efficiently delivering best-of-breed solutions.

EBITDA margin grew by 60bps thanks to a more lucrative revenue mix

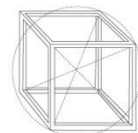
EBITDA reached € 51.2m, 11.4% margin (+60bps YoY), thanks to an ever-increasing contribution of the most innovative and lucrative solutions and careful cost control. EBIT was € 34.7m, 7.7% margin (+90bps YoY), up by 23.7% YoY, after broadly stable D&A. Net Profit totalled € 22.3m (+30.6% YoY). Net Profit margin reached 4.9%, up by 80bps YoY.

Net cash at € 38.7m thanks to a good Op. CF

Net cash increased to € 38.7m compared to € 23.9m at year-end 2023, thanks to good cash generation and reduced leasing-related right-of-use according to the IFRS16 accounting principle. It is worth remembering that, the NFP does not include the dividends payment of ca. € 9.5m occurred in July, and cash-outs for the two acquisitions.

Digital Value, key financials and ratios

€ m	2022	2023	2024e	2025e	2026e
Total Revenues	708.5	847.4	992.5	1,462.6	1,569.8
EBITDA	73.6	90.5	105.0	140.0	156.8
EBIT	51.1	61.0	59.4	80.1	96.8
Net profit	33.9	38.4	37.6	52.2	64.4
NFP (cash)/debt	(16.4)	(23.9)	100.9	64.8	0.4
EBITDA margin	10.4%	10.7%	10.6%	9.6%	10.0%
EBIT margin	7.2%	7.2%	6.0%	5.5%	6.2%
EPS	3.49	3.94	3.75	5.18	6.39
EPS growth	14.3%	12.8%	-4.8%	38.1%	23.3%
DPS ord. €/s	0.85	0.95	0.94	1.30	1.60
ROCE	19.7%	19.3%	16.9%	20.3%	21.7%
NWC/Sales	4.9%	1.4%	3.1%	2.2%	2.2%
Free Cash Flow Yield	2.9%	3.6%	-23.3%	8.7%	14.8%
PER x	21.2	15.7	13.9	10.0	8.1
EV/Sales x	1.02	0.70	0.63	0.40	0.33
EV/EBITDA x	9.8	6.5	5.9	4.2	3.3
EV/EBIT x	14.1	9.7	10.5	7.3	5.4





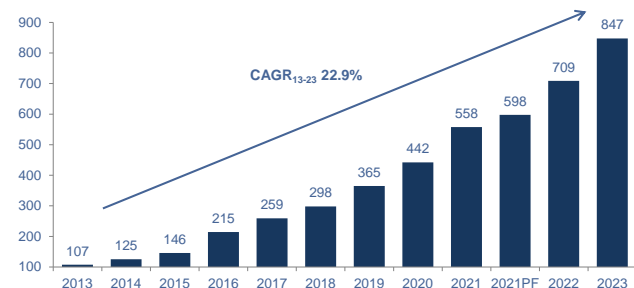
The company at a glance

Digital Value originates from the combination of two domestic IT system integrators, Italtware and ITD Solutions, with more than 30 years of experience in the field. The group supports the digital transformation of its customers through customised solutions and services. Headquartered in Milan, 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.

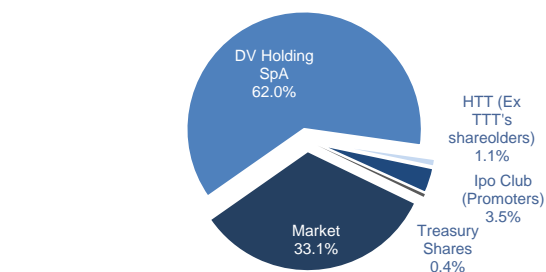
The group boasts key expertise in network infrastructure and data centres, security, network testing and monitoring, workstation management, Help Desk, data management and analysis, ERP systems management, retail applications, information systems, on-premise support and governance, outsourcing and cloud.

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

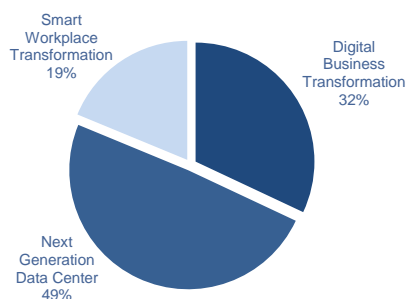


Shareholder structure

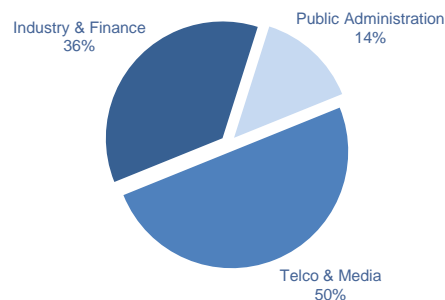


Free Float is 37.6%

FY-23 top line breakdown by line of business



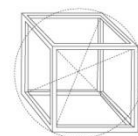
...and by industry verticals



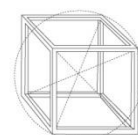
Peer group multiples table

EV multiples x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3	EBIT FY1	EBIT FY2	EBIT FY3
Accenture PLC	3.24	3.00	2.69	16.8	15.4	14.0	20.9	19.1	17.0
Alten SA	0.74	0.68	0.58	7.1	6.1	5.0	8.8	7.5	6.2
Atos SE	0.38	0.40	0.46	4.8	4.0	3.8	12.5	10.3	10.1
Aubay SA	0.86	0.79	0.70	8.2	7.2	6.3	9.9	8.6	7.5
Bechtle AG	0.76	0.68	0.61	9.6	8.7	7.8	12.9	11.4	10.2
Capgemini SE	1.52	1.39	1.26	9.7	8.7	7.7	12.2	10.8	9.6
CDW Corp	1.62	1.52	1.41	16.1	14.9	13.9	17.1	15.8	14.6
Computacenter PLC	0.36	0.33	0.29	6.9	6.2	5.6	8.9	7.9	7.0
Econocom Group SE	0.17	0.15	0.13	3.1	2.7	2.2	4.4	3.8	3.0
Indra Sistemas SA	0.62	0.54	0.48	5.6	4.8	4.1	7.0	5.9	5.0
Reply SpA	1.98	1.77	1.55	12.1	10.8	9.5	14.8	13.1	11.3
Sesa SpA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Sopra Steria Group SA	0.77	0.71	0.66	6.5	5.8	5.4	8.7	7.7	7.2
Tietoenvy Oyj	1.03	1.00	0.94	6.6	6.2	5.9	10.1	8.9	8.5
Median	0.77	0.71	0.66	7.1	6.2	5.9	10.1	8.9	8.5
Digital Value SpA	0.63	0.40	0.33	5.9	4.2	3.3	10.5	7.3	5.4

Source: CFO Sim, Refinitiv Eikon



Income statement (€ m)	2022	2023	2024e	2025e	2026e
Revenues	706.2	846.5	991.5	1,461.1	1,568.2
Total Revenues	708.5	847.4	992.5	1,462.6	1,569.8
Raw material and processing	(507.3)	(570.6)	(665.0)	(965.3)	(1,036.1)
Services	(104.2)	(160.6)	(188.6)	(234.0)	(251.2)
Personnel expenses	(22.3)	(25.0)	(33.0)	(121.9)	(124.3)
Other opex	(1.1)	(0.7)	(1.0)	(1.3)	(1.4)
EBITDA	73.6	90.5	105.0	140.0	156.8
D&A	(22.5)	(29.5)	(45.6)	(60.0)	(60.0)
EBIT	51.1	61.0	59.4	80.1	96.8
Financials	(1.7)	(4.6)	(5.4)	(5.0)	(4.3)
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	54.0	75.1	92.5
Income taxes	(13.9)	(16.9)	(16.2)	(22.5)	(27.7)
Minorities	(0.1)	(0.2)	(0.2)	(0.4)	(0.4)
Net Profit	33.9	38.4	37.6	52.2	64.4
Net Profit Adjusted	34.8	39.2	37.6	52.2	64.4
Balance sheet (€ m)	2022	2023	2024e	2025e	2026e
Net Working Capital	34.8	11.5	30.3	32.7	34.3
Net Fixed Assets	80.0	109.5	242.9	222.9	203.0
Equity Investments	0.2	0.2	0.2	0.2	0.2
Other M/L Term A/L	26.4	43.3	50.8	75.5	81.1
Net Invested Capital	141.4	164.5	324.3	331.3	318.5
Net Financial Debt	(16.4)	(23.9)	100.9	64.8	0.4
Minorities	0.9	1.1	1.4	1.7	2.1
Group's Shareholders Equity	156.9	187.3	222.0	264.7	316.0
Financial Liabilities & Equity	141.4	164.5	324.3	331.3	318.5
Cash Flow statement (€ m)	2022	2023	2024e	2025e	2026e
Total net income	34.0	38.6	37.8	52.5	64.7
Depreciation	22.5	29.5	45.6	60.0	60.0
Other non-cash charges	(1.3)	(14.9)	(7.6)	(24.7)	(5.6)
Cash Flow from Oper. (CFO)	55.2	53.2	75.9	87.9	119.1
Change in NWC	(4.0)	23.3	(18.8)	(2.3)	(1.7)
FCF from Operations (FCFO)	51.2	76.5	57.1	85.6	117.5
Net Investments (CFI)	(35.9)	(57.6)	(179.0)	(40.0)	(40.0)
Free CF to the Firm (FCFF)	15.3	19.0	(121.9)	45.6	77.5
CF from financials (CFF)	(12.8)	14.4	(2.9)	(9.5)	(13.1)
Free Cash Flow to Equity (FCFE)	2.5	33.4	(124.8)	36.1	64.4
Financial ratios	2022	2023	2024e	2025e	2026e
EBITDA margin	10.4%	10.7%	10.6%	9.6%	10.0%
EBIT margin	7.2%	7.2%	6.0%	5.5%	6.2%
Net profit margin	4.8%	4.5%	3.8%	3.6%	4.1%
Tax rate	29.1%	30.4%	30.0%	30.0%	30.0%
Op NWC/Sales	4.9%	1.4%	3.1%	2.2%	2.2%
Interest coverage x	0.03	0.08	0.09	0.06	0.04
Net Debt/EBITDA x	(0.22)	(0.26)	0.96	0.46	0.00
Debt-to-Equity x	(0.10)	(0.13)	0.45	0.24	0.00
ROIC	24.0%	23.3%	11.6%	15.8%	20.2%
ROCE	19.7%	19.3%	16.9%	20.3%	21.7%
ROACE	20.5%	21.2%	17.8%	21.5%	23.0%
ROE	21.6%	20.5%	16.9%	19.7%	20.4%
Payout ratio	25.0%	24.7%	25.0%	25.0%	25.0%
Per share figures	2022	2023	2024e	2025e	2026e
Number of shares # m	9.97	9.97	10.08	10.08	10.08
Number of shares Fully Diluted # m	9.97	9.97	10.08	10.08	10.08
Average Number of shares Fully Diluted # m	9.97	9.97	10.02	10.08	10.08
EPS stated FD €	3.41	3.85	3.75	5.18	6.39
EPS adjusted FD €	3.49	3.94	3.75	5.18	6.39
EBITDA €	7.38	9.08	10.48	13.90	15.56
EBIT €	5.12	6.12	5.93	7.95	9.61
BV €	15.83	18.90	22.17	26.45	31.57
FCFO €	5.14	7.68	5.69	8.49	11.66
FCFF €	1.54	1.90	(12.17)	4.52	7.69
FCFE €	0.25	3.35	(12.45)	3.58	6.39
Dividend €	0.85	0.95	0.94	1.30	1.60



H1-24 results

Digital Value reported H1-24 results characterised by high-single-digit growth of revenues, outperforming once again the reference market, and a more than proportional progression of margins, which benefited from a more lucrative revenue mix and keen cost control. The management is confident of returning to double-digit growth in H2, thus meeting the consensus estimates.

H1-24 results do not include Infodata, whose acquisition was announced in April and the closing of the deal occurred on 26th September, as well as Italtel, as the binding agreement for its acquisition was signed in July.

Table 1 – Digital Value, H1-24 results

€ m	H1-24	H1-23	% YoY
Revenues	449.2	415.5	8.1
Increase in finished products	0.0	0.0	
Other revenues	1.5	0.1	
Total Revenues	450.7	415.5	8.4
Raw material and processing	(312.6)	(282.3)	
Services	(73.6)	(74.4)	
Personnel expenses	(12.3)	(13.7)	
Other opex	(1.0)	(0.2)	
EBITDA	51.2	44.9	13.9
% margin	11.4	10.8	
D&A	(16.4)	(16.8)	
EBIT	34.7	28.1	23.7
% margin	7.7	6.8	
Financials	(2.2)	(2.1)	
Re/(Devaluation) of financial assets	(0.0)	0.0	
Extraordinary	(0.6)	(1.1)	
Pre-Tax profit	31.8	24.9	27.8
% margin	7.1	6.0	
Income taxes	(9.5)	(7.8)	
Tax rate	29.7%	31.1%	
Minorities	(0.1)	(0.1)	
Group's Net Profit	22.3	17.1	30.6
% margin	4.9	4.1	
NFP (cash)/debt *	(38.7)	(23.9)	(61.7)

Source: Company data, CFO SIM *compared to FY-23

In H1-24, **total revenues were € 450.7m, up by 8.4% YoY**, outperforming once again the reference market, which is expected to grow by 5-6%.

EBITDA reached € 51.2m, 11.4% margin (+60bps YoY), thanks to an ever-increasing contribution of the most innovative and lucrative solutions and careful cost control.

EBIT was € 34.7m, 7.7% margin (+90bps YoY), up by 23.7% YoY, after broadly stable D&A.

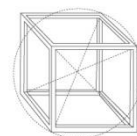
Net Profit totalled € 22.3m compared to € 17.1m (up by 30.6%). **Net Profit margin reached 4.9%, up by 80bps YoY.**

Net cash increased to € 38.7m compared to € 23.9m at year-end 2023, thanks to good cash generation and reduced leasing-related right-of-use according to the IFRS16 accounting principle. It is worth remembering that, the NFP does not include the dividends payment of ca. € 9.5m occurred in July, after the end of the first semester.

Table 2 – Digital Value, H1-24 revenues by Line of Business

€ m	H1-24	H1-23	% YoY	% on tot. 24	% on tot. 23
Digital Business Transformation	124.1	113.8	9.0	27.5	27.4
Next Generation Data Centre	246.9	222.1	11.2	54.8	53.4
Smart Workplace Transformation	79.7	79.6	0.1	17.7	19.2
Total Revenues	450.7	415.5	8.4	100.0	100.0

Source: Company data



Digital Business Transformation totalled € 124.1m, up by 9% YoY, thanks to Cloud solutions and software platforms, as well as system integration activities and cybersecurity services. For example, the group is working on a large-scale cloud project for an Italian company operating in the Defence sector.

Next Generation Data Centre grew by 11% YoY to € 246.9m (55% of the total), thanks to several projects focused on the development and maintenance of data centres as well as, among others, a project for the modernisation and management of the infrastructure of a major transport operator through an “as-a-service” contract.

Smart Workplace Transformation remained broadly stable YoY at € 79.7m, although a declining reference market, thanks to Digital Value’s capacity of efficiently delivering best-of-breed solutions.

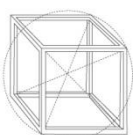
Table 3 – Digital Value, H1-24 preliminary revenues by industry verticals

€ m	H1-24	H1-23	% YoY
Telco & Media	44.0	66.9	(34.2)
Industries	87.1	93.7	(7.0)
Finance & Insurance	59.3	32.0	85.3
Public Administration	260.3	222.9	16.7
Total Revenues	450.7	415.5	8.4

Source: Company data

Concerning reference markets, the Public Administration contributed 57.8% of the total, followed by Industries (19.3%), Finance and Insurance (13.2%) and Telco & Media (9.8%).

The decline in Telco & Media is due to the reduction of investments by the major telecommunication providers (i.e. TIM because of the focus on the disposal of its network in H1-24 and Fastweb and Vodafone which are involved in their merger) while the public administration segment was negatively impacted by the approximately two-months stop of purchasing by Consip because of the renewal of its board of directors.



Estimates, Valuation & Risks

H1-24 turnover represented ca. 48% of our latest FY-24 forecast of € 940m (+11% YoY organically, thus excluding Infordata) while H1-23 contributed 49% to FY-23 turnover, hence showing a tiny slowdown in revenue growth compared to our projections due to a few contingent situations. However, **the management is confident of recovering the historical growth trend in H2**. Moreover, management stated that the **order backlog as of the end of June was over € 1bn**.

In late July, Digital Value signed a binding agreement to acquire Italtel, a historical multinational group operating in the Information & Communication Technology sector, and on 26-Sep completed the acquisition of Infordata. The management expects to consolidate the latter for 3 months in 2024 whilst the closing of the acquisition of Italtel is projected in mid-November, thus it should be consolidated for only one month in 2024.

Following the acquisitions of Infordata and Italtel, Digital Value aims to become an undisputed leader in the domestic infrastructure ICT sector. Thanks to these acquisitions, the group strengthened its positioning in services with distinctive technological skills highly demanded by the Enterprise market, enriched its team with several qualified professionals, which are a scarce resource on the market and added to its offer technical certifications and engineering ability to design, develop and implement innovative technological solutions. Furthermore, Digital Value's healthy balance sheet and strong cash flow generation leave room for further M&A deals in the future.

On the back of the release of H1-24 results and the acquisition of Italtel, **we have updated our model by factoring in** 1) the consolidation of Infordata for 3 months (previously assumed for the entire year) and of Italtel for 1 month, 2) the cash-out of € 120m for the acquisition of Italtel, and 3) a slight rise of capex in 2025-26, in light of the increased group's dimension. The combined result is an **average 16.4%, 10.9% increase in revenues and EBITDA and a 4.7% decrease in Net Profit, in 2024-26**.

Table 4 – Digital Value, 2024e new/old estimates

€ m	New	Old	Δ %	Δ € m
Total Revenues	992.5	1,050.3	(5.5)	(57.8)
EBITDA	105.0	105.7	(0.7)	(0.7)
% margin	10.6	10.1		
EBIT	59.4	66.7	(11.0)	(7.3)
% margin	6.0	6.4		
Net Profit	37.6	43.6	(13.8)	(6.0)
% margin	3.8	4.1		
NFP (cash)/debt	100.9	(28.3)	n.m.	129.2

Source: CFO SIM

Table 5 – Digital Value, 2025e new/old estimates

€ m	New	Old	Δ %	Δ € m
Total Revenues	1,462.6	1,144.9	27.8	317.7
EBITDA	140.0	120.5	16.2	19.5
% margin	9.6	10.5		
EBIT	80.1	80.5	(0.5)	(0.4)
% margin	5.5	7.0		
Net Profit	52.2	53.5	(2.5)	(1.3)
% margin	3.6	4.7		
NFP (cash)/debt	64.8	(67.9)	n.m.	132.7

Source: CFO SIM

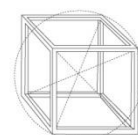


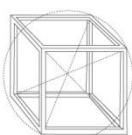
Table 6 – Digital Value, 2026e new/old estimates

€ m	New	Old	Δ %	Δ € m
Total Revenues	1,569.8	1,236.2	27.0	333.6
EBITDA	156.8	133.7	17.3	23.1
% margin	10.0	10.8		
EBIT	96.8	93.7	3.3	3.1
% margin	6.2	7.6		
Net Profit	64.4	63.1	2.1	1.3
% margin	4.1	5.1		
NFP (cash)/debt	0.4	(114.9)	n.m.	115.4

Source: CFO SIM

Moreover, we have updated the DCF valuation criteria, bringing the risk-free rate up to date: the combined result is a new **DCF-based PT of € 94.00/s (€ 93.00), 81.8% upside.**

The Buy recommendation is reiterated.



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%
Int. costs, after taxes	2.1%
Risk premium, incl. small size premium	9.0%
Risk-free (10Y Gov. Bond 200d simple moving average)	3.80%
Beta levered (x)	1.00
Required ROE	12.8%

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 3.80% (previously 4.18%) 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	59.4	80.1	96.8	126.0	143.6	
Tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	
Operating profit (NOPAT)	41.6	56.0	67.8	88.2	100.5	
Change working capital	(18.8)	(2.3)	(1.7)	(0.9)	(0.2)	
Depreciation	45.6	60.0	60.0	50.0	40.0	
Investments	(179.0)	(40.0)	(40.0)	(40.0)	(40.0)	
Free Cash Flows	(110.6)	73.7	86.1	97.2	100.3	1,181.6
Present value	(108.1)	65.1	68.7	70.1	65.3	769.7
WACC	10.7%	10.7%	10.7%	10.7%	10.7%	
Long-term growth rate	2.0%					

Source: CFO SIM

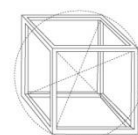
Table 9 – Digital Value, DCF derived from:

€ m	
Total EV present value € m	930.8
<i>thereof terminal value</i>	82.7%
NFP last reported (debt)/cash	23.9
Pension provision last reported	(1.3)
Equity value € m	953.4
#m shares (excl. treasury shares)	10.14
Equity value €/s	94.00
<i>% upside/(downside)</i>	81.8%

Source: CFO SIM

By applying our DCF model, we obtained an equity value of € 953.4m for Digital Value, € 94.00/s (€ 93.00/s), 81.8% upside.

The number of shares includes those that will be assigned to Infordata's selling shareholders through a reserved capital increase.



The following tables illustrate that sensitivity 1) compared to changes in the terminal growth rate produces an equity value/s of € 85.49-104.76/s (perpetuity range between 1.00% and 3.00%), while 2) if compared to changes in the risk-free rate, it produces an equity value/s of € 86.69-102.52/s (risk-free range between 4.60% and 3.00%) and 3) compared to changes in the risk premium, including the small-size premium, results in an equity value/s of € 77.42-118.18/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	161.1	161.1	161.1	161.1	161.1	161.1	161.1	161.1	161.1
PV of terminal value	683.3	703.1	724.1	746.3	769.7	794.5	820.9	848.9	878.7
Total value	844.4	864.3	885.2	907.4	930.8	955.7	982.0	1,010.0	1,039.8
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)
Equity value	867.0	886.9	907.9	930.0	953.4	978.3	1,004.6	1,032.6	1,062.4
Equity value/share €	85.49	87.45	89.52	91.70	94.00	96.46	99.06	101.82	104.76

Source: CFO SIM

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

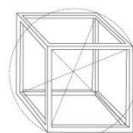
€ m	3.00%	3.20%	3.40%	3.60%	3.80%	4.00%	4.20%	4.40%	4.60%
Present value of CF	165.3	164.2	163.2	162.2	161.1	160.1	159.1	158.1	157.1
PV of terminal value	851.8	830.0	809.1	789.0	769.7	751.1	733.3	716.0	699.4
Total value	1,017.1	994.2	972.3	951.2	930.8	911.2	892.3	874.1	856.5
NFP last reported	23.9	23.9	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)
Equity value	1,039.7	1,016.8	994.9	973.8	953.4	933.8	914.9	896.7	879.1
Equity value/share €	102.52	100.27	98.10	96.02	94.00	92.08	90.22	88.42	86.69

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	171.7	169.0	166.4	163.7	161.1	158.6	156.1	153.6	151.2
PV of terminal value	1,004.2	935.7	874.5	819.4	769.7	724.6	683.5	645.9	611.4
Total value	1,175.9	1,104.7	1,040.8	983.2	930.8	883.1	839.5	799.5	762.5
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)
Equity value	1,198.5	1,127.3	1,063.4	1,005.8	953.4	905.7	862.1	822.1	785.1
Equity value/share €	118.18	111.16	104.86	99.17	94.00	89.31	85.01	81.06	77.42

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.

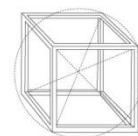
Computacenter – UK: it is a leading independent provider of IT infrastructure services, supporting users and their business in the digital world. The company advises organisations on IT strategy, implements the most appropriate technology, optimises their performance, and manages customers' infrastructures.

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 (19.2% margin). The least profitable is Computacenter with a 5.2% EBITDA margin. Within the sample, **Digital Value is the second smallest player** 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 ₂₃₋₂₆	EBITDA CAGR ₂₃₋₂₆	EBIT CAGR ₂₃₋₂₆	EPS CAGR ₂₃₋₂₆	NFP FY1
Accenture PLC	USA	206,725	62,428	12,009	19.2%	30.8%	7.2%	8.0%	8.1%	9.3%	(4,627)
Alten SA	France	3,417	4,175	437	10.5%	16.7%	3.9%	5.7%	6.5%	9.7%	(327)
Atos SE	France	76	9,803	784	8.0%	5.5%	-2.4%	9.3%	9.3%	n.m.	3,684
Aubay SA	France	570	542	57	10.5%	19.8%	3.4%	7.4%	6.2%	9.9%	(102)
Bechtle AG	Germany	4,972	6,478	509	7.9%	16.7%	5.4%	2.6%	2.6%	6.3%	(78)
Capgemini SE	France	32,786	22,304	3,478	15.6%	16.9%	3.0%	6.8%	7.7%	12.9%	1,124
CDW Corp	USA	26,979	19,375	1,952	10.1%	19.0%	4.1%	4.4%	7.2%	12.5%	4,366
Computacenter PLC	UK	3,239	7,967	411	5.2%	20.9%	3.6%	4.9%	6.1%	3.5%	(409)
Econocom Group SE	France	362	2,833	154	5.4%	13.8%	3.8%	5.0%	5.4%	14.2%	115
Indra Sistemas SA	Spain	3,050	4,799	528	11.0%	19.2%	7.1%	12.0%	14.0%	18.3%	(78)
Reply SpA	Italy	4,963	2,280	372	16.3%	28.3%	8.5%	7.9%	8.7%	11.6%	(457)
Sesa SpA	Italy	1,443	3,449	260	7.5%	26.7%	8.3%	14.1%	14.2%	19.1%	n.a.
Sopra Steria Group SA	France	3,992	5,866	702	12.0%	22.0%	3.3%	5.7%	8.6%	34.2%	551
Tietoevry Oyj	Finland	2,151	2,894	453	15.6%	10.2%	2.3%	2.2%	3.1%	14.5%	825
Median		3,328	5,333	481	10.5%	19.1%	3.9%	6.3%	7.5%	12.5%	(78)
Digital Value SpA	Italy	524	992	105	10.6%	19.3%	22.8%	20.1%	16.7%	18.8%	101

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	3.24	3.00	2.69	16.8	15.4	14.0
Alten SA	0.74	0.68	0.58	7.1	6.1	5.0
Atos SE	0.38	0.40	0.46	4.8	4.0	3.8
Aubay SA	0.86	0.79	0.70	8.2	7.2	6.3
Bechtle AG	0.76	0.68	0.61	9.6	8.7	7.8
Capgemini SE	1.52	1.39	1.26	9.7	8.7	7.7
CDW Corp	1.62	1.52	1.41	16.1	14.9	13.9
Computacenter PLC	0.36	0.33	0.29	6.9	6.2	5.6
Econocom Group SE	0.17	0.15	0.13	3.1	2.7	2.2
Indra Sistemas SA	0.62	0.54	0.48	5.6	4.8	4.1
Reply SpA	1.98	1.77	1.55	12.1	10.8	9.5
Sesa SpA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Sopra Steria Group SA	0.77	0.71	0.66	6.5	5.8	5.4
Tietoevry Oyj	1.03	1.00	0.94	6.6	6.2	5.9
Median	0.77	0.71	0.66	7.1	6.2	5.9
Digital Value SpA	0.63	0.40	0.33	5.9	4.2	3.3
% premium/(discount)	(18.7)	(43.4)	(49.7)	(15.9)	(32.7)	(43.1)

Sources: CFO SIM, Refinitiv Eikon

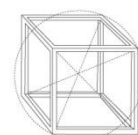


Table 15 - Digital Value, peer group EV/EBIT & price multiple table

x	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
Accenture PLC	20.9	19.1	17.0	28.4	26.1	23.6
Alten SA	8.8	7.5	6.2	13.6	12.0	11.1
Atos SE	12.5	10.3	10.1	0.9	0.3	0.4
Aubay SA	9.9	8.6	7.5	15.7	14.1	12.9
Bechtle AG	12.9	11.4	10.2	18.7	17.1	15.6
Capgemini SE	12.2	10.8	9.6	15.7	14.8	13.6
CDW Corp	17.1	15.8	14.6	22.2	20.4	18.9
Computacenter PLC	8.9	7.9	7.0	14.2	13.4	12.7
Econocom Group SE	4.4	3.8	3.0	5.1	4.7	4.1
Indra Sistemas SA	7.0	5.9	5.0	10.9	9.8	8.8
Reply SpA	14.8	13.1	11.3	23.4	21.0	18.9
Sesa SpA	n.a.	n.a.	n.a.	12.9	11.5	10.3
Sopra Steria Group SA	8.7	7.7	7.2	11.0	9.8	9.0
Tietoevry Oyj	10.1	8.9	8.5	9.6	8.6	8.3
Median	10.1	8.9	8.5	13.9	12.7	11.9
Digital Value SpA	10.5	7.3	5.4	13.9	10.0	8.1
% premium/(discount)	4.3	(17.9)	(36.7)	0.2	(21.3)	(31.6)

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 € 709.1, or € 71.10/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
Median Peers (x)	0.77	0.71	0.66	7.1	6.2	5.9
DGV metric	991.5	1,461.1	1,568.2	105.0	140.0	156.8
NFP	(100.9)	(64.8)	(0.4)	(100.9)	(64.8)	(0.4)
DGV Equity Value	666.9	974.6	1,042.0	641.8	809.3	919.9
DGV Equity Value €/s	66.90	97.80	104.50	64.40	81.20	92.30
% upside/(downside)	29.4	89.2	102.1	24.6	57.1	78.5

Sources: CFO SIM, Refinitiv Eikon

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

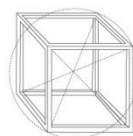
€ m	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
Median Peers (x)	10.1	8.9	8.5	13.9	12.7	11.9
Digital Value metric	59.4	80.1	96.8	37.6	52.2	64.4
NFP	(100.9)	(64.8)	(0.4)			
Digital Value Equity Value	497.8	651.4	827.5	522.4	664.9	765.4
Digital Value Equity Value €/s	49.90	65.30	83.00	52.40	66.70	76.80
% upside/(downside)	(3.5)	26.3	60.5	1.4	29.0	48.5

Sources: CFO SIM, Refinitiv Eikon

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

€ m	FY1	FY2	FY3
EV/EBITDA	641.8	809.3	919.9
EV/EBIT	497.8	651.4	827.5
Weighting	40.0%	30.0%	30.0%
Equity Value	709.1		
Equity Value per share €/s	71.10		
% upside/(downside)	37.5%		

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

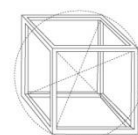
%	1D	1W	1M	3M	6M	YTD	1Y
Accenture PLC	0.3	3.6	6.6	21.1	8.8	3.2	17.0
Alten SA	1.8	(6.7)	6.2	(10.8)	(26.5)	(28.3)	(20.0)
Atos SE	(0.6)	(3.9)	(2.5)	(6.9)	(65.1)	(90.4)	(87.2)
Aubay SA	1.6	(1.1)	20.9	10.0	8.1	4.2	17.6
Bechtle AG	1.4	(3.0)	7.3	(7.8)	(20.5)	(13.5)	(10.6)
Capgemini SE	0.5	(5.5)	5.0	(1.1)	(10.6)	0.1	16.2
CDW Corp	1.6	(2.1)	4.5	2.5	(13.1)	(2.5)	9.2
Computacenter PLC	1.5	(1.0)	(3.8)	(14.8)	(8.4)	(10.8)	0.0
Econocom Group SE	0.5	(0.5)	(2.2)	(9.7)	(6.9)	(21.8)	(15.5)
Indra Sistemas SA	2.4	2.3	5.1	(10.5)	(8.8)	22.7	32.7
Reply SpA	0.0	(3.5)	(1.5)	(6.6)	2.8	10.5	49.5
Sesa SpA	2.0	(0.7)	3.3	(22.4)	(7.3)	(24.7)	(3.1)
Sopra Steria Group SA	3.2	(1.0)	11.3	(1.6)	(16.4)	(2.3)	4.5
Tietoenvy Oyj	1.7	(3.8)	(2.5)	(2.1)	(6.7)	(16.2)	(13.2)
Median	1.6	(1.6)	4.7	(6.8)	(8.6)	(6.6)	2.2
Digital Value SpA	3.0	(1.5)	11.5	(13.0)	(1.9)	(16.3)	12.6

Source: Refinitiv Eikon

Table 20 – Digital Value, relative performances

%	1D	1W	1M	3M	6M	YTD	1Y
to MSCI World Index	2.4	(0.8)	6.4	(16.2)	(10.6)	(33.0)	(18.7)
to EUROSTOXX	2.3	0.6	7.7	(13.0)	(1.4)	(24.2)	(5.9)
to FTSE Italia All Share	1.7	1.6	10.5	(11.6)	(0.6)	(26.4)	(9.3)
to FTSE Italia STAR	2.2	0.5	9.4	(8.1)	0.9	(12.6)	0.9
to FTSE Italia Growth	2.1	(1.2)	9.4	(12.4)	(1.1)	(13.2)	13.2
to Peer Median	1.4	0.1	6.8	(6.2)	6.7	(9.7)	10.4

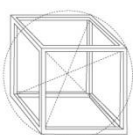
Source: Refinitiv Eikon



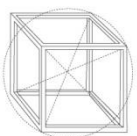
Risks

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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ANALYST CERTIFICATION

This publication was prepared by Corporate Family Office SIM S.p.A. ("CFO SIM"), namely by **GIANLUCA MOZZALI, LUCA SOLARI, and CHIARA FRANCOMACARO** Equity Analysts. This is to certify that the views expressed on the companies mentioned in this document reflect the analysts' personal opinions and no direct or indirect remuneration has been, or will be, received by the analysts further to the views expressed herein.

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DATE	TARGET PRICE	RATING
07/10/2024	€94.00	BUY
01/08/2024	€93.00	BUY
06/03/2024	€93.00	BUY
01/02/2024	€91.00	BUY
27/09/2023	€91.00	BUY

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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.

