

Italy – Digital Innovation

Stock split aimed at improving the liquidity of the stock

14th June 2022

STOCK SPLIT

RIC: NSP.MI
BBG: NSP IM

Neosperience completed the stock split deliberated at the extraordinary shareholders' meeting on 16-May-22. The decision was taken with the aim of facilitating the trading of NSP shares, thus favouring the liquidity of the stock and making it appreciable to a wider range of investors.

Rating:

Buy

Price Target:

€ 5.35 (€ 10.70)

Upside/(Downside): 170.2%

Last Price: € 1.98

Market Cap.: € 36.0m

1Y High/Low: € 3.44 / € 1.90

Avg. Daily Turn. (3M, 6M): € 62k, € 53k

Free Float: 63.8%

Major shareholder:

Neos Srl 36.2%



Stock price performance

	1M	3M	12M
Absolute	0.3%	-16.1%	-39.4%
Rel.to FTSE IT Growth	4.7%	-10.1%	-36.6%
Rel.to Sector	5.4%	-6.0%	-30.6%

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New PT at € 5.35/s (€ 10.70), following the stock split. Estimates and rating unchanged

On 13-Jun-22, Neosperience completed the stock split deliberated at the extraordinary shareholders' meeting on 16-May-22 with a split ratio of 2:1. This operation is aimed at facilitating the trading of NSP shares, thus favouring the liquidity of the stock and making it appreciable to a wider audience of investors. As a consequence of the stock split, CFO SIM has updated its DCF-based PT to € 5.35/s (€ 10.70) by taking into consideration the new number of shares composing Neosperience's share capital. Estimates have remained unchanged and the Buy recommendation is reiterated.

Split ratio of 2:1, new number of outstanding shares 17,991,322

The stock split took place through the assignment of two new ordinary shares to Neosperience's shareholders (with the new ISIN code IT0005497018) for each of the existing ordinary shares (old ISIN code IT0005351496). The share capital has remained unchanged, while the new number of ordinary shares outstanding is 17,991,322 (compared to 8,995,661 before the stock split), without nominal value. The shares will be visible in the accounts of those entitled on the second day following the ex-date, therefore on 15-Jun-22.

Current Share Capital		Old Share Capital	
€	N. of shares	€	N. of shares
899,566.10	17,991,322	899,566.10	8,995,661

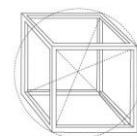
Source: Company Data

NSP trades at 4.9x and 3.6x EV/EBITDA₂₂₋₂₃, with a significant discount to peers

According to our estimates, Neosperience is anticipated to grow with a CAGR₂₁₋₂₄ of 27.2% and a more than proportional progression in margins. NSP stock continues to trade at a huge discount to its peers while unveiling above-median expected growth: 4.9x and 3.6x EV/EBITDA in 2022-23, respectively, vs. 9.4x and 9.6x with regard to peers' median. Despite the unfavourable macroeconomic scenario, the group is poised to leverage its unparalleled know-how in order to grow both organically and via M&A as well as to benefit from the ever-increasing demand for digital transformation fostered by the fresh resourcing arising from the National Recovery and Resiliency Plan.

Neosperience, key financials and ratios

€ m	2020	2021	2022e	2023e	2024e
Revenues	16.4	18.2	25.5	31.7	37.4
Value of Production	19.6	20.7	28.2	34.4	40.0
EBITDA	4.8	5.9	8.2	10.1	12.0
EBIT	0.8	1.5	3.2	5.1	7.0
Net Profit	0.3	0.6	1.7	3.1	4.3
NFP (cash)/debt	5.4	7.0	4.4	0.1	(5.7)
EBITDA margin	24.7%	28.7%	29.0%	29.5%	30.0%
EBIT margin	4.2%	7.1%	11.2%	15.0%	17.4%
EPS stated FD €	0.03	0.07	0.12	0.17	0.24
EPS growth	-72.3%	119.4%	82.5%	36.5%	39.7%
ROCE	2.7%	3.7%	7.5%	11.3%	13.9%
NWC/Sales	21.2%	26.8%	24.2%	22.9%	21.6%
Free Cash Flow Yield	-11.0%	-20.3%	7.2%	12.0%	15.9%
PER x	153.1	74.3	21.4	11.7	8.4
EV/Sales x	2.31	2.48	1.43	1.05	0.76
EV/EBITDA x	9.4	8.6	4.9	3.6	2.5
EV/EBIT x	55.6	34.7	12.8	7.0	4.4



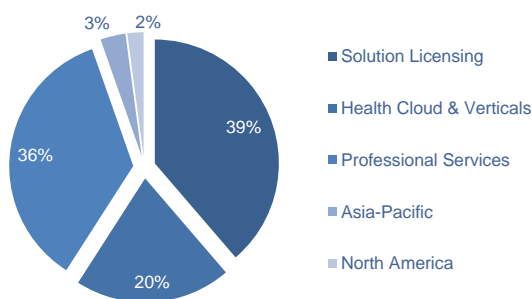


The Company at a Glance

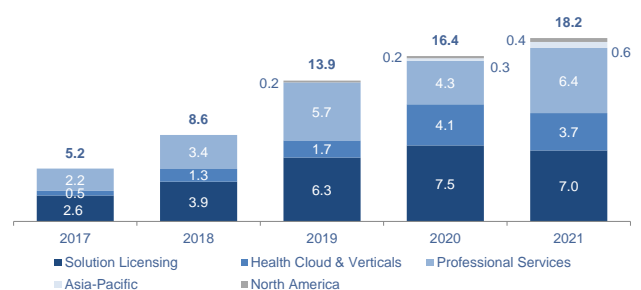
Set up in Brescia by Dario Melpignano and Luigi Linotto in 2006, today Neosperience is a leading software vendor operating in the digital customer experience & customer analytics sector. Thanks to its deep knowledge of software and app development, the group internally designed Neosperience Cloud, an innovative cutting-edge Customer Data Platform based on Artificial Intelligence helping businesses to acquire new customers and increase the value of existing ones. Neosperience's 'empathy in technology' vision perfectly explains the distinctiveness of the group's offer: by applying machine learning to the results of decades of research in cognitive, social, and behavioural psychology, organisations can provide their customers with a customised and optimised experience based on their personality.

The company reported a 36.5% sales CAGR₁₇₋₂₁ mainly driven by the increase in sales of solutions based on its proprietary Neosperience Cloud platform as well as by the strategic acquisition of a few small companies operating in the digital customer experience arena. FY-21 figures show revenues of € 18.2m, value of production of € 20.7m, EBITDA of € 5.9m, 28.7% margin and Net Profit of € 0.6m. Net Financial Position was € 7.0m, corresponding to 1.2x NFP/EBITDA.

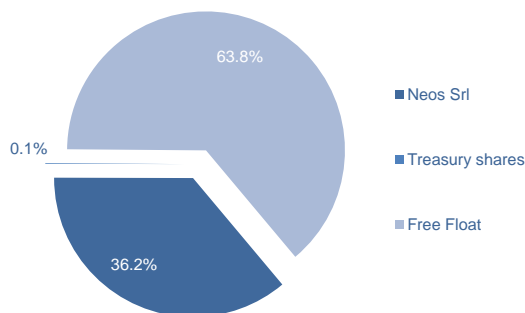
2021 Revenues breakdown by business line



Top line 2017-21 evolution



Shareholder structure



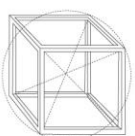
Peer group absolute performance

%	1D	1W	1M	3M	6M	YTD
Accenture PLC	(3.3)	(9.3)	(3.4)	(10.1)	(26.8)	(33.3)
Adobe Inc	(5.6)	(13.5)	(7.7)	(9.7)	(43.5)	(34.5)
Alkemy SpA	(0.3)	(7.3)	(4.2)	(21.3)	(33.2)	(39.6)
Be SpA	(1.1)	(3.7)	(4.8)	1.3	12.4	13.8
Digital360 SpA	(2.4)	(7.2)	(4.6)	(3.0)	(10.9)	(16.3)
dotDigital Group	(3.2)	(12.3)	(5.6)	(7.9)	(59.1)	(61.6)
Gartner Inc	(6.0)	(12.9)	(8.2)	(15.0)	(27.4)	(30.4)
Growens SpA	(1.8)	(5.2)	(11.6)	(7.1)	(9.2)	(12.0)
HubSpot Inc	(9.5)	(17.1)	(12.5)	(23.6)	(59.4)	(55.3)
Kaleyra Inc	(11.3)	(30.7)	(25.2)	(60.5)	(75.4)	(76.6)
Maps SpA	(2.1)	(10.9)	(2.7)	(7.2)	(17.7)	(18.6)
Reply SpA	(4.8)	(15.4)	(12.4)	(26.4)	(41.8)	(41.3)
Salesforce.Com Inc	(7.0)	(9.2)	1.2	(14.0)	(37.5)	(34.7)
TechTarget Inc	(2.2)	(11.2)	(2.5)	(10.1)	(29.6)	(32.0)
Median	(3.3)	(11.0)	(5.2)	(10.1)	(31.4)	(33.9)
Neosperience SpA	(2.2)	(2.9)	0.3	(16.1)	(28.3)	(29.8)

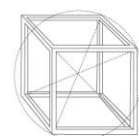
Peer group multiples table

Price & EV multiples x	Sales FY1	Sales FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
Accenture PLC	2.92	2.66	16.0	14.4	19.6	17.3	27.5	24.5
Adobe Inc	10.03	8.32	20.5	17.4	21.7	18.3	27.4	23.7
Alkemy SpA	0.92	0.79	8.0	6.5	10.3	8.1	12.5	10.3
Be Shaping the Future SpA	1.57	1.40	9.4	7.9	14.9	12.2	28.1	23.7
Digital360 SpA	1.59	1.32	8.3	6.6	13.8	9.8	21.5	16.2
dotDigital Group PLC	2.92	2.65	8.9	8.3	13.2	12.2	19.5	18.7
Gartner Inc	3.98	3.48	18.1	16.5	23.2	21.0	28.6	26.4
Growens SpA	0.67	0.54	8.1	5.9	23.8	11.5	43.0	21.6
HubSpot Inc	7.79	5.91	63.8	44.2	88.8	59.8	117.2	81.7
Kaleyra Inc	0.64	0.48	7.2	5.3	n.m.	n.m.	n.m.	n.m.
Maps SpA	1.84	1.45	7.9	5.7	19.8	11.3	15.1	13.7
Reply SpA	2.08	1.82	12.4	10.9	15.1	13.2	22.9	20.7
Salesforce Inc	5.16	4.15	16.4	13.5	24.8	19.3	34.6	27.8
TechTarget Inc	n.a.	5.18	n.a.	12.5	n.a.	13.9	22.8	19.1
Median	2.08	2.24	9.4	9.6	19.7	13.2	27.4	21.6
Neosperience SpA	1.43	1.05	4.9	3.6	12.8	7.0	21.4	11.7

Source: CFO Sim, Thomson Reuters Eikon



Income statement (€ m)	2020	2021	2022e	2023e	2024e
Revenues	16.4	18.2	25.5	31.7	37.4
Value of Production	19.6	20.7	28.2	34.4	40.0
Raw material and processing	(0.5)	(0.6)	(0.7)	(0.7)	(0.8)
Services	(7.1)	(6.9)	(9.9)	(11.7)	(13.6)
Personnel expenses	(5.7)	(7.0)	(8.6)	(11.0)	(12.6)
Other opex	(1.4)	(0.3)	(0.8)	(0.9)	(1.0)
EBITDA	4.8	5.9	8.2	10.1	12.0
D&A	(4.0)	(4.5)	(5.0)	(5.0)	(5.0)
EBIT	0.8	1.5	3.2	5.1	7.0
Financials	(0.1)	(0.4)	(0.4)	(0.3)	(0.3)
Re/(Devaluation) of financial assets	0.2	0.0	0.0	0.0	0.0
Forex gain/(loss)	0.0	0.0	0.0	0.0	0.0
Pre-Tax profit	0.9	1.1	2.8	4.8	6.7
Income taxes	(0.5)	(0.3)	(0.8)	(1.5)	(2.0)
Minorities	(0.1)	(0.2)	(0.3)	(0.3)	(0.4)
Net Profit	0.3	0.6	1.7	3.1	4.3
Balance sheet (€ m)	2020	2021	2022e	2023e	2024e
Net Working Capital	4.1	5.6	6.8	7.9	8.7
Net Fixed Assets	18.0	24.3	22.3	20.3	18.3
Equity Investments	1.0	1.3	1.3	1.3	1.3
Other M/L Term A/L	(1.0)	(0.9)	(1.1)	(1.4)	(1.6)
Net Invested Capital	22.1	30.3	29.3	28.1	26.6
Net Financial Debt	5.4	7.0	4.4	0.1	(5.7)
Minorities	0.7	0.6	0.9	1.2	1.6
Group's Shareholders Equity	16.0	22.6	24.1	26.8	30.7
Financial Liabilities & Equity	22.1	30.3	29.3	28.1	26.6
Cash Flow statement (€ m)	2020	2021	2022e	2023e	2024e
Total net income	0.3	0.6	1.7	3.1	4.3
Depreciation	4.0	4.5	5.0	5.0	5.0
Other non-cash charges	2.0	0.4	0.2	0.3	0.2
Cash Flow from Oper. (CFO)	6.2	5.4	6.9	8.4	9.5
Change in NWC	(2.3)	(1.4)	(1.3)	(1.1)	(0.8)
FCF from Operations (FCFO)	3.9	4.0	5.6	7.3	8.7
Net Investments (CFI)	(7.9)	(11.3)	(3.0)	(3.0)	(3.0)
Free CF to the Firm (FCFF)	(3.9)	(7.3)	2.6	4.3	5.7
CF from financials (CFF)	8.9	9.3	0.0	0.0	(0.0)
Free Cash Flow to Equity (FCFE)	4.9	2.0	2.6	4.3	5.7
Financial ratios	2020	2021	2022e	2023e	2024e
EBITDA margin	24.7%	28.7%	29.0%	29.5%	30.0%
EBIT margin	4.2%	7.1%	11.2%	15.0%	17.4%
Net profit margin	1.3%	2.9%	6.0%	8.9%	10.7%
Tax rate	55.7%	29.2%	30.0%	30.0%	30.0%
Op NWC/Sales	21.2%	26.8%	24.2%	22.9%	21.6%
Interest coverage x	7.78	3.90	8.11	16.51	22.34
Net Debt/EBITDA x	1.12	1.17	0.54	0.01	n.m.
Debt-to-Equity x	0.34	0.31	0.18	0.00	n.m.
ROIC	1.2%	2.0%	5.7%	10.9%	16.1%
ROCE	2.7%	3.7%	7.5%	11.3%	13.9%
ROACE	3.4%	4.2%	7.7%	11.7%	14.5%
ROE	1.6%	2.6%	7.0%	11.4%	13.9%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Per share figures	2020	2021	2022e	2023e	2024e
Number of shares # m	7.51	8.72	17.99	17.99	17.99
Number of shares Fully Diluted # m	8.45	9.00	17.99	17.99	17.99
Average Number of shares Fully Diluted # m	8.33	8.72	13.49	17.99	17.99
EPS stated FD €	0.03	0.07	0.12	0.17	0.24
EPS adjusted FD €	0.03	0.07	0.12	0.17	0.24
EBITDA €	0.58	0.68	0.61	0.56	0.67
EBIT €	0.10	0.17	0.23	0.29	0.39
BV €	1.98	2.59	1.39	1.56	1.80
FCFO €	0.47	0.46	0.41	0.41	0.48
FCFF €	(0.47)	(0.84)	0.19	0.24	0.32
FCFE €	0.59	0.23	0.19	0.24	0.32
Dividend €	0.00	0.00	0.00	0.00	0.00



ANALYST CERTIFICATION

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* Target Price was recalculated according to the stock split

DATE	TARGET PRICE	RATING
14/06/2022	€5.35	BUY
26/05/2022	€10.70	BUY
01/04/2022	€10.70	BUY
15/12/2021	€10.50	BUY
30/09/2021	€10.00	BUY
29/07/2021	€10.00	BUY

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

The rating is determined on the basis of the **expected absolute return over a 12-month period** and not on the basis of the estimated outperformance or underperformance relative to a market index. Thus, the rating can be directly linked to the estimated percentage difference between current and target prices. 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

