



Good 1H 2022 growth, with a double digit increase in order backlog

Sector: Commercial Services

1H22 sales at Euro 11.2 m, order backlog at the end of August of over Euro 4.2 m (+32% YoY).

The result for the first half of 2022 shows good revenue growth and profitability impacted by non-recurring costs as well as investments in the organisational structure.

Value of Production amounted to Euro 11.2 m, up 13% compared to Euro 9.9 m as of 1H 2021, while sales amounted to Euro 10.5 m, up 13% compared to Euro 9.3 m in the same period of 2021. The result is to be considered positive in view of the very negative effects on the economy and on companies in all domestic and international commodity sectors and the tensions, also speculative, on the energy costs front. With reference to the individual product lines, it is noticeable that all sales families continue to grow: in particular Digital Marketing increased by 16%, Digital Platforms by 8%, Brand UX-UI-Customer Journey by 62%, New Media Publishing by 274%, Augmented Virtual Reality and Artificial Intelligence by 32% and Digital Strategy Consulting by 42%. EBITDA amounted to Euro 0.89 m, compared to Euro 1.62 m as of 1H 2021: raw materials, supplies and consumables increased by about 26% due to the growth in sales revenue of products and virtual reality equipment in the subsidiary More S.r.l. The higher costs for services reflect, among others, the increase in marketing expenses to enhance the recognition of the Websolute brand and the Group in the market and the positioning of the same. Net Result amounted to Euro -0.21 m, compared to Euro 0.41 m as at 30 June 2021, after taxes of Euro 0.09 m (Euro 0.3 m as at 1H 2021).

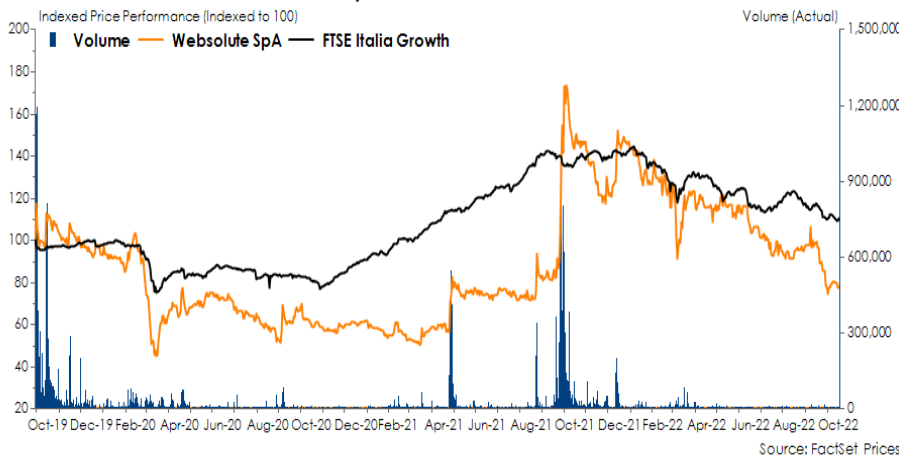
Positive outlook and implementation of strategic, production and organizational investments.

From a financial point of view, Net debt at the end of the period considered was of Euro 1.8 m, down from Euro 2.4 m, shows a positive trend and greater available liquidity, confirming the goodness of management, a dynamic that has manifested itself, despite the presence of investments aimed at ensuring the Company's development in the medium term.

Net Working Capital, amounting to Euro 1.9 m (from Euro 2.38 m as of FY21) demonstrates an adequate movement of flows, thanks to the support of sales and the regularity of collections of trade receivables executed in 2022 at an average of 104 days, compared to 111 days related to revenues from sales and services in the previous year, showing an improved situation in the financial balance originated by the characteristic commercial activities.

Estimate revision and valuation. Based on our updated estimates and peers' multiple re-rating since our last update in March 2022 and considering 1H22 results, we change our estimates and substantially shift the growth previously projected for FY22 to year-end 2023, expecting an EBITDA margin of c. 11% hence implying a FY22 EBITDA of Euro 2.4 m. Regarding FY23, we now assuming sales of Euro 23.3 m, with a net profit of Euro 1 m, as the Group operates on type of customers and sectors that, while still affected by the emergency, manifest the need, as for most Italian companies, to accelerate investments in digitization of their business processes. We finally set a new target price of Euro 4.31 p.s., providing for an upside on current stock price of 138%: our valuation was obtained by weighting equally the DCF and the multiple comparison analysis. At our target price the stock would be trading at FY22E/23E EV/EBITDA multiples of 17.2x and 11.6x respectively.

Websolute SpA vs. FTSE Italia Growth Index



Source: FactSet Prices

Target Price 4.31 (5.23 pr.)

Price (€ m) **1.81**

Market Cap (€ m) **17.56**

EV (€ m) **19.40**

As of 19th October 2022

Share Data

Market	Euronext Growth Milan
Reuters/Bloomberg	WEB:IM/WEB:MI
ISIN	IT0005384901
N. of Shares	9,704,217
Market	24.8%
CEO	Lamberto Mattioli

Financials

	2021A	2022E	2023E	2024E
Sales	18.6	21.4	23.3	26.3
YoY %	+34%	+15%	+9%	+13%
EBITDA	2.9	2.4	3.6	5.5
EBITDA %	15%	11%	15%	20%
EBIT	1.0	0.8	1.9	3.7
EBIT %	5%	4%	8%	14%
Net Income	0.5	0.4	1.0	1.9
Net Debt	2.4	2.5	0.7	(1.8)

Performance

	1M	3M	6M
Absolute %	-2.1	-19.4	-18.9
Relative (FTSE Italia Growth)	91.0	93.0	12.9
52-week High/Low (Eu)	4.16	/	1.25

Research Department of



Edoardo Fumagalli

e.fumagalli@irtop.com

KEY FINANCIALS

Profit&Loss Statement	2021A	2022E	2023E	2024E
Sales	18.6	21.4	23.3	26.3
Revenues (VoP)	19.9	22.4	24.3	27.3
EBITDA	2.9	2.4	3.6	5.5
EBITDA Adjusted	2.8	2.7	3.6	5.5
EBIT	1.0	0.8	1.9	3.7
Financial Income (charges)	(0.1)	(0.1)	(0.1)	(0.1)
Pre-tax profit (loss)	0.9	0.7	1.8	3.6
Taxes	(0.4)	(0.4)	(0.9)	(1.7)
Net profit (loss)	0.5	0.4	1.0	1.9

Balance Sheet				
Net working capital (NWC)	2.4	3.0	3.2	3.7
Net fixed assets	7.3	7.4	6.6	5.7
M/L Funds	(2.0)	(2.2)	(2.4)	(2.6)
Net Capital Employed	7.6	8.1	7.4	6.8
Net Debt	2.4	2.5	0.7	(1.8)
Minorities	0.9	1.0	1.2	1.6
Equity	4.3	4.6	5.5	7.0

Cash Flow				
EBIT	1.0	0.8	1.9	3.7
D&A	1.7	1.6	1.8	1.8
Provisions and write-downs	0.3	0.0	0.0	0.0
Tax	(0.4)	(0.4)	(0.9)	(1.7)
Change in M/L Funds	0.2	0.2	0.2	0.2
Gross Cash Flow	2.8	2.3	3.0	4.0
Change in NWC	(0.2)	(0.6)	(0.2)	(0.5)
Operating Cash Flow	2.6	1.7	2.7	3.5
Capex	(1.3)	(1.6)	(1.0)	(0.9)
Change in other non-current asset	(0.2)	(0.2)	(0.1)	(0.1)
Financial Income (charges)	(0.1)	(0.1)	(0.1)	(0.1)
Free Cash Flow	1.0	(0.0)	1.6	2.5
Change in Equity	(0.1)	0.0	0.0	0.0
Change in Net debt	0.9	(0.0)	1.6	2.5

Per Share Data				
Current Price	1.80			
Total shares out (mn)	9.70			
EPS	0.0	0.1	0.1	0.2
FCF	0.1	(0.0)	0.2	0.3
Pay out ratio	0%	0%	100%	100%

Ratios				
EBITDA margin	14.8%	12.0%	15.0%	20.0%
EBIT margin	4.9%	4.7%	7.8%	13.6%
Net Debt/Equity	55.9%	50.4%	13.1%	-25.8%
Net Debt/(Net Debt + Equity)	35.8%	33.5%	11.6%	-34.8%
Net Debt/EBITDA	0.82	0.89	0.20	-0.33
Interest cover EBIT	13.18	14.18	25.74	50.50
ROE	10.9%	10.8%	17.4%	27.3%
ROCE	18.3%	18.5%	37.3%	80.3%
Free Cash Flow Yield	2.8%	n.m.	4.6%	7.1%

Growth Rates				
Revenues (VoP)	34%	12%	9%	12%
EBITDA	106%	-9%	36%	50%
EBIT	86%	8%	82%	96%
Net Profit	37%	8%	88%	100%

Source: Company Data and PMI Capital Research Estimates

Key Financials 1H20-22

Euro m	1H 2022	1H 2021	1H 2020	2021A
Sales	10.5	9.3	6.0	18.6
	+13%	+55%	-4%	+39%
Revenues	11.2	9.9	6.8	19.9
	yoy +13%	46%	-1%	+34%
EBITDA	0.9	1.6	0.7	2.9
	margin 8%	16%	11%	15%
EBITDA adjusted	1.2	1.6	0.7	2.9
	margin 11,4%	16%	11%	15%
EBIT	(0.08)	0.8	0.1	1.0
	margin -1%	8%	2%	5%
Net Profit	(0.2)	0.4	0.1	0.5
Net Working Capital (NWC)	1.9	2.0	1.3	2.4
Fixed net assets	7.1	7.4	5.5	7.3
Funds	(2.2)	(1.9)	(1.5)	(2.0)
Net Capital Employed	6.8	7.6	5.2	7.6
Minorities	0.9	1.0	0.5	0.9
Net Debt (Cash)	1.8	2.7	0.9	2.4
Equity	4.1	3.9	3.7	4.3
Sources	6.8	7.6	5.2	7.6

Estimate revision – Euro m

Euro m	21A	22E Old	22E New	23E Old	23E New	2024E
Revenues (VoP)	19.9	24.2	22.4	28.9	24.3	27.3
	yoy 34%	22%	15%	19%	9%	12%
EBITDA	2.9	4.12	2.4	5.8	3.6	5.5
	margin 15%	17%	11%	20%	15%	20%
EBIT	0.97	2.48	0.8	4.0	1.9	3.7
	margin 5%	10%	4%	17%	8%	14%
Net Profit	0.47	1.26	0.4	2.1	1.0	1.9
	yoy 37%	168%	-17%	43%	88%	100%
EPS	0.04	0.13	0.04	0.21	0.1	0.2

Euro m	21A	22E Old	22E New	23E Old	23E New	2024E
Net Working Capital (NWC)	2.4	3.2	3.0	3.8	3.2	3.7
Fixed net assets	7.3	7.4	7.4	6.6	6.6	5.7
Funds	(2.2)	(2.2)	(2.2)	(2.4)	(2.4)	(2.6)
Net Capital Employed	7.6	8.3	8.1	8.0	7.4	6.8
Minorities	1.2	1.2	1.0	1.6	1.2	1.6
Net Debt (Cash)	2.4	1.9	2.4	(0.6)	0.7	(1.8)
Equity	4.3	5.3	4.7	7.0	5.5	7.0
Sources	7.6	8.3	8.1	8.0	7.4	6.8

Source: Company Data and PMI Capital Research Estimates

INDUSTRY COMPARISON

WEBSOLUTE Spa (WEB-IT): PMI Capital Research estimates and Factset Data

EGM Sector: average data for listed on EGM included in the Commercial Services sub sector: ALA Alfio Bardolla Training Group, Allcore, Ambromobiliare, Circle, DigiTouch, G Rent, Growens, H-FARM, Iscc Fintech, Portobello, Promotica, Redelfi, Softec, Spindox, Telesia, The Lifestyle Group, TPS, Visibilia Editore, Websolute

Industry Peers: average data for a selected group of industrial peers (see tables below)

Euronext Growth Milan: average financial and market data for all the companies listed on EGM, reported price performance data are related to the FTSE Italia Growth Index.

	WEB-IT Websolute	Commercial Services EGM Sector	Peers Avg	XS0072 FTSE Italia Growth
Key Financials				
Revenues	18.6	39.1	104	31.5
EBITDA	2.9	5.1	14	4.8
EBITDA %	15.6%	13.1%	13.2%	15.3%
EBIT	1.0	3.0	9	1.7
EBIT %	5.4%	7.7%	8.6%	5.3%
Earnings	0.5	1.9	6	1.1
Earnings %	2.7%	4.7%	5.9%	3.4%
Net Debt	2.4	-0.7	1	2.0
ND/EBITDA	0.8	-0.1	0.1	0.4
<i>FY18-20 Revenues CAGR</i>	-11%	18%	25%	40%
<i>FY21-23 Revenues CAGR</i>	21%	28%	25%	23%
<i>FY18-20 Earnings CAGR</i>	200%	3%	26%	-8%
<i>FY21-23 Earnings CAGR</i>	104%	75%	28%	95%
Market Data				
Market Cap	17.6	31.3	75	51.3
EV	19.4	30.8	241	54.4
Free Float	29.34%	45.61%	48.87%	33.81%
ADTT YTD (Eu k)	2,987	25,405	181,082	37,891
Market Multiples				
EV/Sales 2022	0.9	2.6	1.4	1.7
EV/Sales 2023	0.8	0.8	1.2	1.2
EV/EBITDA 2022	7.9	8.2	7.7	10.1
EV/EBITDA 2023	5.3	4.8	6.1	7.0
EV/EBIT 2022	24.2	10.8	12.5	13.5
EV/EBIT 2023	10.2	6.7	8.8	10.2
P/E 2022	49.6	17.8	16.9	22.0
P/E 2023	20.3	9.9	12.4	16.9
Earnings Yield	2.0%	5.6%	5.9%	4.5%
Stock Performance				
1D	0.0%	1.7%	-1%	0.2%
1W	-2.2%	3.9%	3%	0.0%
1M	-18.5%	-4.7%	-1%	-3.9%
3M	-17.0%	-10.2%	5%	-4.0%
6M	-32.0%	-19.0%	-8%	-14.0%
YTD	-45.2%	-24.9%	-17%	-22.3%
1Y	-46.1%	-29.0%	-12%	-19.8%

FactSet and PMI Capital data as of 20th October 2022 Group data and PMI Capital Research estimates for WEBSOLUTE

VALUATION UPDATE

Valuation Summary

Method	Weight	Price (Eu p.s.)	Equity Value (Eu m)
Multiple analysis EV/EBITDA, P/E 22/23 and Peers	50%	2.50	23.45
DCF (WACC 5.72% and g 1.0%)	50%	6.11	57.33
Target Price	100%	4.31	40.39

Multiples Comparison

	Country	Market Cap	Price	Sales 2022	Sales yoy 22/21	EBITDA % 2022E	NI % 2022E
Digital Value	Italy	648	65.0	697.6	25%	10%	118%
Digital360	Italy	88	4.3	56.0	66%	19%	157%
DigiTouch	Italy	32	2.3	42.2	8%	16%	133%
MAPS	Italy	43	3.5	28.6	18%	23%	111%
Neosperience	Italy	28	1.5	26.0	43%	29%	224%
Relatech	Italy	93	2.1	76.1	172%	18%	145%
DHH	Italy	75	15.1	28.3	45%	29%	88%
Average		143.8	13.4	136.4	54%	21%	139%
Websolute		17.56	1.81	21.37	15%	11%	-17%

Source: FactSet data as of 19th October 2022 and Group data for Websolute

	EV/EBITDA		P/E	
	22E	23E	22E	23E
Digital Value	8.9	7.4	18.3	14.5
Digital360	7.9	5.3	17.9	12.1
DigiTouch	5.0	4.3	42.9	28.6
MAPS	7.2	5.8	15.3	11.3
Neosperience	4.7	3.6	13.2	6.2
Relatech	8.3	6.3	14.3	10.7
DHH	8.9	7.0	26.4	19.1
Average	7.2	5.7	21.2	14.6
Websolute	7.9	5.3	49.6	20.3
Premium/Discount to Peers	8.8%	-6.1%	134.1%	38.8%

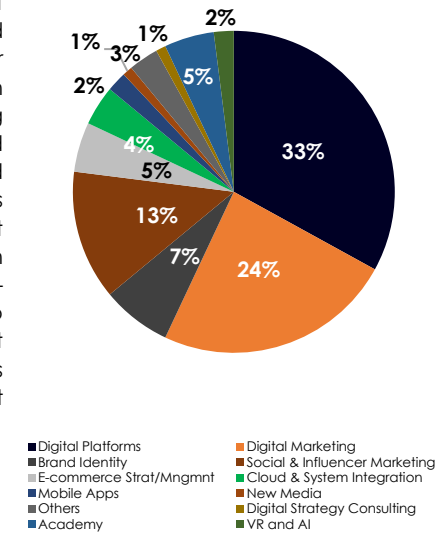
Source: FactSet data as of 19th October 2022 and Group data for Websolute

WEBSOLUTE IN BRIEF

Group Description

Founded in 2001 by Claudio Tonti and Lamberto Mattioli (current chairman and CEO), Websolute Spa is an innovative SME and operating holding company of the Websolute Group, Italian leader in digital communication, digital marketing, and e-commerce. In 2015 Maurizio Lanciaprima became a Partner, with a shareholding equal to that of the founding partners. The Group is characterized by a wide and constantly updated product and service offering and a capillary presence in the national territory thanks to 13 local offices and 21 sales professionals. With approx. 233 employees and a client base of ~700 mostly Mid/Large sized companies highly diversified in terms of industry. Websolute efficiently produces and controls in-house the entire value creation chain, from strategic consulting to the implementation and maintenance of digital services aimed at enhancing the brand to the implementation of marketing strategies and the integration of e-commerce activities aimed at development and consolidation of the business of its customers.

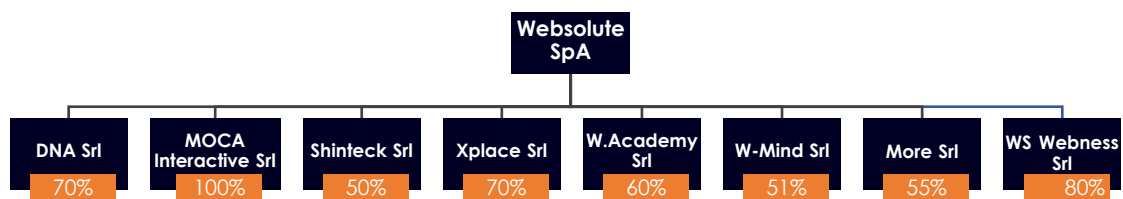
Revenues breakdown by segment



Strategy	Investment Opportunity
<p>Over the next years the Group's growth strategy will focus on:</p> <ul style="list-style-type: none"> • Strengthening the direct commercial structure in order to increase geographical presence in Italy • Creation of an indirect commercial network through partnership agreements with advertising agencies and research/integration of personnel specialized in the commercial field • Websolute Academy, special training in the commercial, technical and consulting field for Group resources • M&A 	<ul style="list-style-type: none"> • Wide product and service offering • High portion of recurring revenues • Continuous focus on innovation and R&D • Strong M&A and integration track record • Wide and diversified client portfolio, high standing clients • Long term relationship with clients and continuous scouting activities • Strong M&A track record

Product/Service Portfolio	Governance
<p>Product/Service Portfolio</p> <p>The Group's product/service offering is characterized by its wide range of integrated services designed ad-hoc to satisfy every client's specific need.</p> <ul style="list-style-type: none"> • Digital platforms • Digital Marketing • Brand UX-CX & Customer Journey • Social & Influencer Marketing • Academy Business school • VR/AR • Data Science & AI 	<ul style="list-style-type: none"> • Lamberto Mattioli – Chairman (General Commercial Director) • Maurizio Lanciaprima – President, CFO, Investor Relations Manager • Claudio Tonti - Marketing and Digital Strategy • Paolo Pecetto – Board Member • Alfonso Del Giudice – Independent director

Group Structure



Source: Company Data

WEBSOLUTE ON EGM

IPO

Trading Market: AIM Italia – Borsa Italiana SpA
Date: September 30th, 2019
Price: 1.50 Eu
Capital raised: 3 Eu m equity through a capital increase
Capitalisation: 12.9 Eu m

SHARES (as of 20 October 2022)

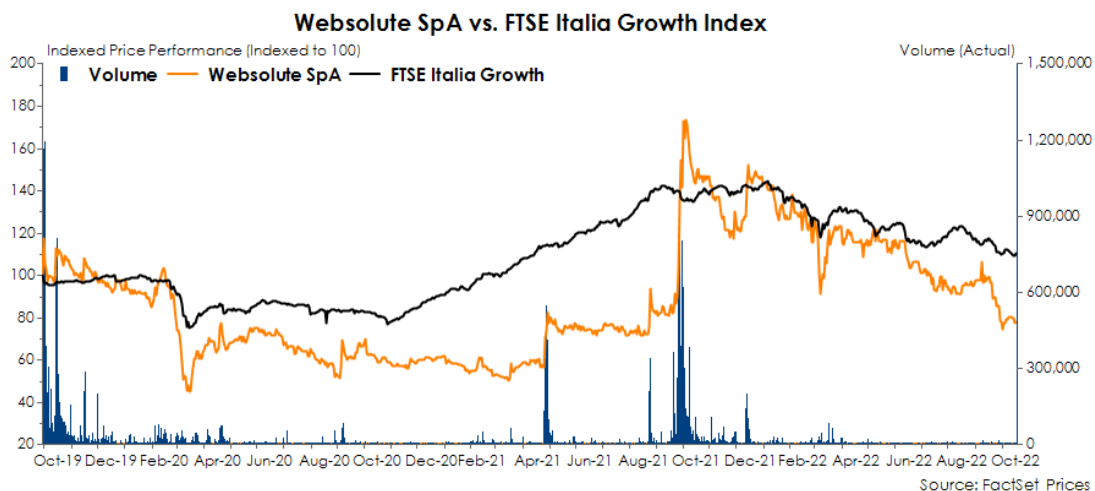
Code: WEB
Bloomberg: WEB:IM
Reuters: WEB.MI
ISIN ordinary shares: IT0005384901
Shares: 9.704.217
Price: 1.80 Euro
Performance from IPO: +21%
Capitalisation: Euro 17.56 m
Free Float: 24.83%
NomAd: Integrae SIM S.p.A.
Specialist: Integrae SIM S.p.A.

WARRANT 2019-2022

Alphanumeric Code: WWEB22
ISIN: IT0005385197
Issued warrants: 8.648.950
Exercise ratio: 1.1 new instrument every 10 warrants held.
Exercise periods:
3rd exercise period 01/11/22 – 30/11/2022. exercise price € 1.82

Number of outstanding Warrants at XXX October 2022: 6.918.270.

STOCK PERFORMANCE



OWNERSHIP

Shareholder	# Shares	%
Lyra Srl	1,875,115	19.32%
Cartom Srl	1,875,115	19.32%
W Srl	1,837,715	18.94%
Innovative – RFK SpA	1,220,531	12.58%
Paolo Pescetto	100,405	1.03%
Eredi Hasmonai Hazan	38,616	0.40%
Antares Srl	15,446	0.16%
Own Shares	332,200	3.42%
Market	2,409,074	24.83%
Total	9,704,217	100.00%

DISCLAIMER

UPDATES: This Research is an update coverage made by IR Top Consulting S.r.l. (IR Top) on WEBSOLUTE SpA (the "Company"). Update frequency might depend on circumstances considered to be important (corporate events and changes of recommendation, etc.) or on further advisory commitment. Last Research on the same Company was released on September 28th 2021. Opinions and estimates of this Research are as the date of this material and are subject to change. Information and opinions have been obtained from sources public and believed to be reliable, but no warranty is made as to their accuracy or correctness. Past performances of the Company are not guarantee of future results. During the last 12 months, the following indications have been disseminated:

Date	Target Price	Market Price	Validity Time
20 October 2022	4.30	1.85	12 months
22 March 2022	5.23	2.74	12 months
28 September 2021	5.06	3.56	12 months
23 April, 2021	2.55	1.31	12 months
8 October 2020	2.30	1.44	12 months
13 May 2020	3.26	1.64	12 months
14 November 2019	3.66	2.26	12 months

VALUATION METHODOLOGY (HORIZON: 12M): IR Top obtained a fair value using different valuation methodologies including Discounted Cash Flow method and Multiple-based models. Moreover, IR Top used a proprietary model, "EGM Positioning rating", which incorporates a number of variables selected by IR Top based on research of "Osservatorio EGM", managed by IR Top and focused on research about performance of Companies listed on Euronext Growth Milan.

Detailed information about the valuation or methodology and the underlying assumptions and information about the proprietary model used is accessible at IR Top premises.

RESEARCH TEAM:

Edoardo Fumagalli (Analyst, AIAF Associated)

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