

Giglio Group	Italy	FTSE STAR Italia	Advertising and marketing
Rating: BUY (unch.)	Target Price: € 3,00 (prev. € 3,70)	Update	Risk: Medium

Stock performance	1M	3M	6M	1Y
absolute	5,13%	-2,38%	-11,26%	-10,09%
to FTSE AIM Italia	2,88%	-16,32%	-43,96%	-78,65%
to FTSE STAR Italia	3,72%	-10,97%	-37,62%	-69,25%
to FTSE All-Share	8,18%	-1,32%	-15,69%	-43,95%
to EUROSTOXX	7,63%	-0,71%	-16,73%	-38,01%
to MSCI World Index	4,59%	-6,22%	-21,47%	-43,02%

Stock Data	
Price	€ 2,05
Target price	€ 3,00
Upside/(Downside) potential	46,5%
Bloomberg Code	GG IM Equity
Market Cap (€m)	€ 45,03
EV (€m)	€ 55,75
Free Float	44,34%
Share Outstanding	21.968.022
52-week high	€ 2,74
52-week low	€ 1,82
Average daily volumes (3m)	100.000

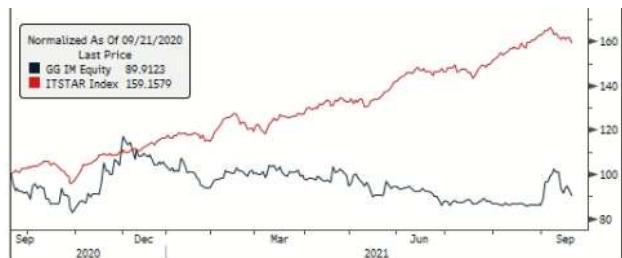
Key Financials (€m)	FY19A	FY20A	FY21E	FY22E
Revenues	37,7	41,3	45,0	55,0
VoP	40,2	42,3	46,5	56,8
EBITDA	-0,2	1,9	1,5	3,8
EBIT	-2,0	-2,3	0,3	2,6
Net Profit	-4,8	-2,6	-1,1	0,8
EBITDA margin	-0,6%	4,6%	3,2%	6,7%
EBIT margin	-5,0%	-5,5%	0,5%	4,5%
Net Profit margin	-11,9%	-6,3%	-2,3%	1,4%

Main Ratios	FY19A	FY20A	FY21E	FY22E
EV/EBITDA (x)	N/A	28,6	37,2	14,7
EV/EBIT (x)	N/A	N/A	223,0	21,9
P/E (x)	N/A	N/A	N/A	56,3

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Stocks performance relative to FTSE STAR Italia



1H21A Results

I ricavi si attestano a € 19,52 mln, rispetto a un valore pari a € 26,26 mln del primo semestre dello scorso anno, mostrando un calo del 26%. I ricavi del primo semestre del 2020 comprendevano, però, ricavi straordinari e non ripetibili provenienti dalla vendita dei dispositivi DPI COVID, pari a € 9,9 mln. Considerando, dunque, la sola attività caratteristica dell'azienda, i ricavi hanno un incremento del 20%. L'EBITDA, pari a - € 0,71 mln, registra un'importante riduzione rispetto a € 1,88 mln del primo semestre del 2020. Tale variazione negativa è principalmente riconducibile alla peggior performance della divisione Healthcare. Il lavoro di razionalizzazione dei costi di struttura ha generato una riduzione dell'EBITDA Corporate pari ad € 0,6 mln.

Estimates Update

Alla luce dei risultati pubblicati nella relazione semestrale per il 1H21A, modifichiamo le nostre stime per l'anno in corso e per i prossimi anni.

In particolare, stimiamo ricavi 2021E pari a € 45,00 mln ed un EBITDA pari a € 1,50 mln, corrispondente ad una marginalità del 3,2%. Per gli anni successivi, ci aspettiamo che i ricavi possano aumentare fino a € 66,00 mln (CAGR 20A-23E: 16,92%) nel 2023E, con EBITDA pari a € 5,50 mln (corrispondente ad un EBITDA margin dell'8,1%), in crescita rispetto a € 1,95 mln del 2020A (corrispondente ad un EBITDA margin del 4,6%). La variazione dei ricavi risulta principalmente riconducibile allo slittamento di alcune commesse in ambito e-commerce.

Valuation Update

Abbiamo condotto la valutazione dell'equity value di Giglio Group sulla base della metodologia DCF. Il DCF method (che nel calcolo del WACC include a fini prudenziali anche un rischio specifico pari al 2,5%) restituisce un equity value pari a € 66,0 mln. Il target price è di € 3,00 (prev. € 3,70) rating BUY e rischio MEDIUM .

1. Economics & Financials

Table 1 – Economics & Financials

INCOME STATEMENT (€/mln)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenues	37,74	41,29	45,00	55,00	66,00
Other Revenues	2,47	0,99	1,50	1,75	2,00
Value of Production	40,21	42,29	46,50	56,75	68,00
COGS	20,73	22,54	24,80	29,00	34,50
Services	14,76	12,33	14,30	17,00	20,00
Use of Asset Owned by Others	0,25	0,09	0,10	0,10	0,10
Employees	4,22	5,13	5,50	6,50	7,50
Other Operating Expenses	0,49	0,24	0,30	0,35	0,40
EBITDA	(0,24)	1,95	1,50	3,80	5,50
<i>EBITDA Margin</i>	-0,6%	4,6%	3,2%	6,7%	8,1%
D&A	1,79	4,29	1,25	1,25	1,25
EBIT	(2,03)	(2,34)	0,25	2,55	4,25
<i>EBIT Margin</i>	-5,0%	-5,5%	0,5%	4,5%	6,3%
Financial Management	(1,59)	(0,02)	(1,30)	(1,30)	(1,30)
EBT	(3,62)	(2,36)	(1,05)	1,25	2,95
Taxes	1,18	0,28	0,00	0,45	1,00
Net Income from Continuing Activities	(4,80)	(2,65)	(1,05)	0,80	1,95
Net Income from Dismissed Activities	(11,03)	0,00	0,00	0,00	0,00
Net Income	(15,82)	(2,65)	(1,05)	0,80	1,95
BALANCE SHEET (€/mln)	FY19A	FY20A	FY21E	FY22E	FY23E
Fixed Assets	21,49	17,44	17,45	17,45	17,45
Account receivable	12,18	9,95	14,80	17,10	19,80
Inventories	1,86	1,75	1,80	1,80	1,80
Account payable	20,62	13,59	16,35	20,30	24,50
Operating Working Capital	(6,58)	(1,89)	0,25	(1,40)	(2,90)
Other receivable	5,39	3,72	6,20	6,80	7,80
Other payable	8,70	7,35	7,50	10,10	12,50
Net Working Capital	(9,89)	(5,52)	(1,05)	(4,70)	(7,60)
Severance Indemnities & Other Provisions	0,92	0,89	0,95	0,95	0,95
NET INVESTED CAPITAL	10,68	11,04	15,45	11,80	8,90
Share Capital	3,66	4,15	4,39	4,39	4,39
Reserves	10,53	(1,18)	(1,89)	(2,94)	(2,14)
Net Income	(15,82)	(2,65)	(1,05)	0,80	1,95
Equity	(1,63)	0,32	1,45	2,25	4,20
Cash & Cash Equivalent	6,51	5,09	3,40	6,55	10,30
Short Term Debt to Bank	15,04	3,62	2,90	2,70	2,70
M/L Term Debt to Bank	3,79	12,18	14,50	13,40	12,30
Net Financial Position	12,31	10,71	14,00	9,55	4,70
SOURCES	10,68	11,04	15,45	11,80	8,90
CASH FLOW (€/mln)	FY20A	FY21E	FY22E	FY23E	
EBIT	(2,34)	0,25	2,55	4,25	
Taxes	0,28	0,00	0,45	1,00	
NOPAT	(2,63)	0,25	2,10	3,25	
D&A	4,29	1,25	1,25	1,25	
Change in receivable	2,23	(4,85)	(2,30)	(2,70)	
Change in inventories	0,11	(0,05)	0,00	0,00	
Change in payable	(7,03)	2,76	3,95	4,20	
Change in others	0,32	(2,33)	2,00	1,40	
<i>Change in NWC</i>	(4,38)	(4,47)	3,65	2,90	
Change in provisions	(0,04)	0,06	0,00	0,00	
OPERATING CASH FLOW	(2,75)	(2,90)	7,00	7,40	
Capex	(0,23)	(1,26)	(1,25)	(1,25)	
FREE CASH FLOW	(2,99)	(4,16)	5,75	6,15	
Financial Management	(0,02)	(1,30)	(1,30)	(1,30)	
Change in Debt to Bank	(3,02)	1,60	(1,30)	(1,10)	
Change in Equity	4,61	2,17	0,00	0,00	
FREE CASH FLOW TO EQUITY	(1,43)	(1,69)	3,15	3,75	

Source: Giglio and Integrale SIM estimates

1.1 1H21A Results

Table 2 – 1H21A vs 1H20A

€/mln	VoP	EBITDA	EBITDA %	EBIT	Net Income	NFP
1H21A	19,52	-0,71	-3,6%	-1,55	-1,98	14,08
1H20A	26,26	1,88	7,2%	1,00	0,03	10,71*
<i>Change</i>	-25,6%	N/A	-10,8%	N/A	N/A	N/A

*Dato al 31/12/2020

Source: Integrae SIM

Tramite comunicato stampa, la Società, commentando i risultati semestrali, dichiara che: “*Il Gruppo ha ripreso l’attività di business primaria, consolidando il portafoglio clienti, grazie alle nuove strategie di riposizionamento post pandemia e completando la fase di ristrutturazione. Ha inoltre sviluppato importanti progetti verso le nuove frontiere tecnologiche di Marketing Automation ed Intelligenza Artificiale, grazie alla neoacquisita 7Hype ed il recente accordo con Edrone, e riorganizzato le linee operative legate alle attività B2B, che si appresta, nel secondo semestre, a confermare la linea di crescita sui segmenti principali nell’E-commerce e nella Distributions*”.

I ricavi si attestano a € 19,52 mln, rispetto a un valore pari a € 26,26 mln del primo semestre dello scorso anno, mostrando un calo del 26%. I ricavi del primo semestre del 2020 comprendevano, però, ricavi straordinari e non ripetibili provenienti dalla vendita dei dispositivi DPI COVID, pari a € 9,9 mln. Considerando, dunque, la sola attività caratteristica dell’azienda, i ricavi hanno un incremento del 20%.

L’EBITDA, pari a - € 0,71 mln, registra un’importante riduzione rispetto a € 1,88 mln del primo semestre del 2020. Tale variazione negativa è principalmente riconducibile alla peggior performance della divisione *Healthcare*. Oltre a questo, l’EBITDA comunicato non incorpora i € 0,46 mln di minori costi del primo semestre 2021 che verranno invece contabilizzati nel terzo trimestre, i benefici delle sostituzioni dei clienti persi in pandemia grazie alle migliori performances dei clienti attuali, per i quali vi è forte attività di consolidamento e rafforzamento della clientela esistente e i benefici relativi all’erogazione di nuovi servizi digitali. Il lavoro di razionalizzazione dei costi di struttura ha generato una riduzione dell’EBITDA Corporate pari ad € 0,6 mln.

L’EBIT è pari a - € 1,55 mln (€ 1,00 mln nel primo semestre del 2020) dopo ammortamenti e svalutazioni pari a € 0,84 mln. L’Utile Netto si attesta a - € 1,98 mln (€ 0,03 mln nel primo semestre dello scorso anno). Tali variazioni negative risentono della riduzione significativa dell’EBITDA.

La NFP è pari a € 14,08 mln, in peggioramento rispetto alla chiusura dell’esercizio 2020 (pari a € 10,71 mln) ed in miglioramento rispetto al primo semestre dello scorso anno (€ 15,90 mln).

1.2 FY21E – FY23E Estimates

Table 3 – Estimates Updates FY21E-23E

€/mln	FY21E	FY22E	FY23E
Revenues			
New	45,0	55,0	66,0
Old	48,0	59,0	70,0
Change	-6,3%	-6,8%	-5,7%
EBITDA			
New	1,5	3,8	5,5
Old	2,5	4,2	6,0
Change	-40,0%	-9,5%	-8,3%
EBITDA %			
New	3,2%	6,7%	8,1%
Old	5,1%	6,9%	8,3%
Change	-1,8%	-0,2%	-0,2%
EBIT			
New	0,3	2,6	4,3
Old	1,3	3,0	4,8
Change	-80,0%	-13,6%	-10,5%
Net Income			
New	(1,1)	0,8	2,0
Old	(0,1)	1,2	2,5
Change	N/A	-33,3%	-20,4%
NFP			
New	14,0	9,6	4,7
Old	8,1	5,9	1,7
Change	N.A	N.A	N.A

Source: Integrale SIM

Alla luce dei risultati pubblicati nella relazione semestrale per il 1H21A, modifichiamo le nostre stime per l'anno in corso e per i prossimi anni.

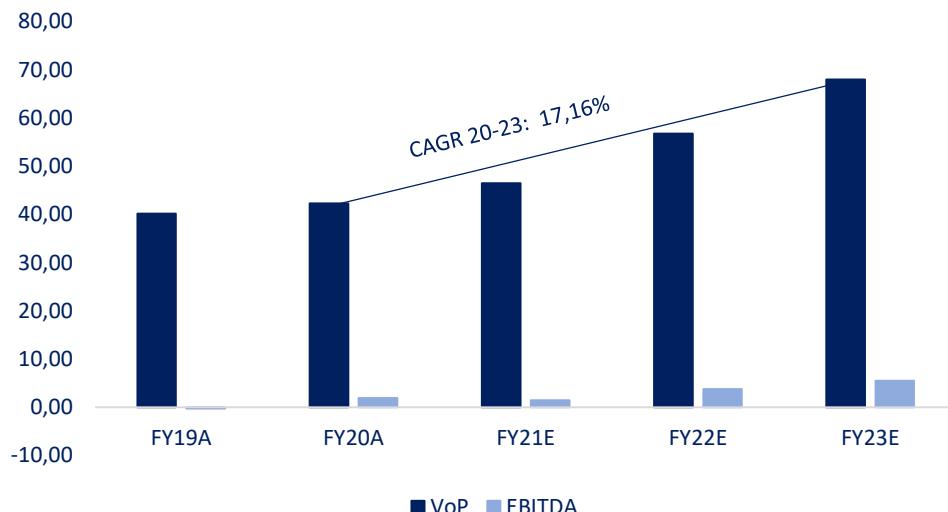
In particolare, stimiamo ricavi 2021E pari a € 45,00 mln ed un EBITDA pari a € 1,50 mln, corrispondente ad una marginalità del 3,2%. Per gli anni successivi, ci aspettiamo che i ricavi possano aumentare fino a € 66,00 mln (CAGR 20A-23E: 16,92%) nel 2023E, con EBITDA pari a € 5,50 mln (corrispondente ad un EBITDA margin dell'8,1%), in crescita rispetto a € 1,95 mln del 2020A (corrispondente ad un EBITDA margin del 4,6%).

La variazione dei ricavi risulta principalmente riconducibile allo slittamento di alcune commesse in ambito *e-commerce*.

La variazione delle stime in termini di EBITDA è invece riconducibile: alla riduzione delle stime di fatturato (circa € 0,15 mln), a costi una tantum sostenuti dal Gruppo per la razionalizzazione dei costi di struttura (pari a circa € 0,6 mln), ad un rallentamento dei possibili benefici della sostituzione dei clienti persi (con clienti caratterizzati da migliori performance) e dei benefici di marginalità apportati dall'erogazione di nuovi servizi (€ 0,25 mln circa).

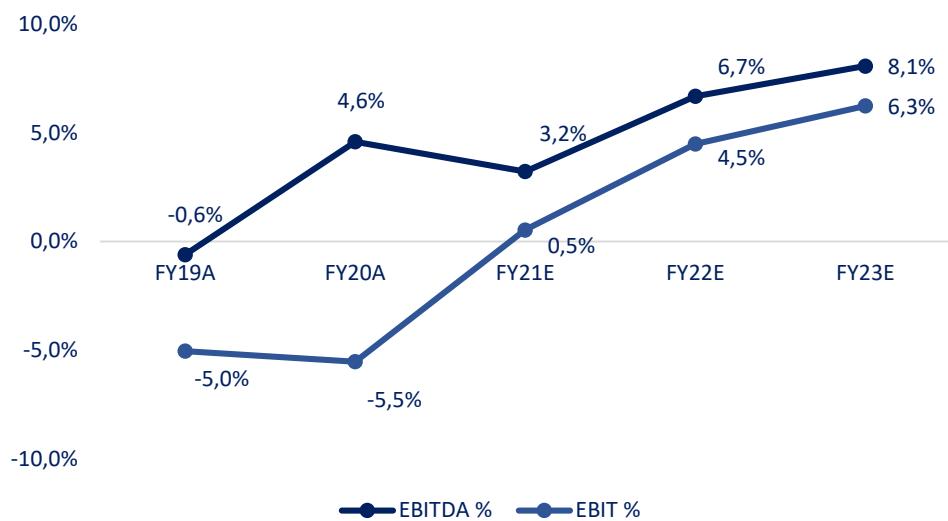
Modifichiamo, inoltre, le nostre stime di NFP in ragione del minor utile stimato e di una maggior stress sul capitale circolante dovuto alla stagionalità dei ricavi prodotti da Giglio.

Chart 1 – VoP and EBITDA FY19A-23E



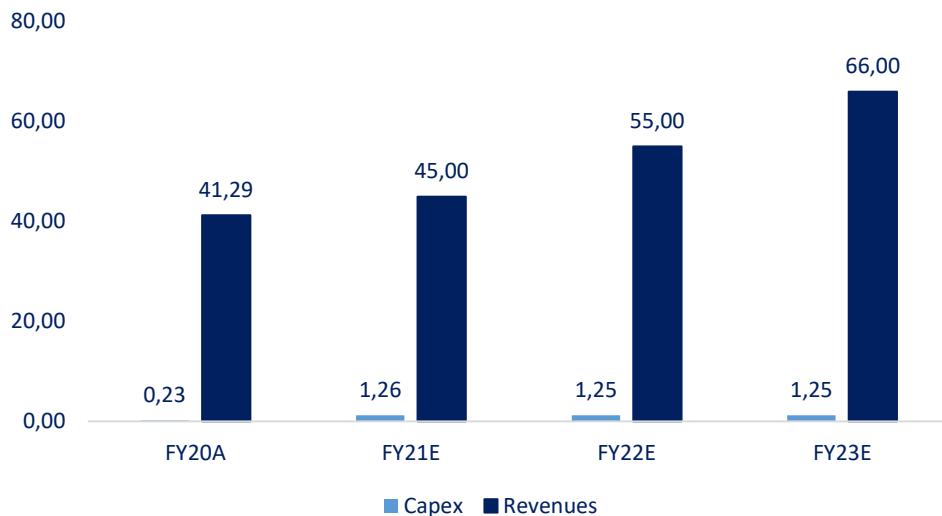
Source: Integrae SIM

Chart 2 – Margin FY19A-23E



Source: Integrae SIM

Chart 3 – Capex FY20A-23E



Source: Integrale SIM

Chart 4 – NFP FY19A-23E



Source: Integrale SIM

2. Valuation

Abbiamo condotto la valutazione dell'*equity value* di Giglio sulla base della metodologia DCF.

2.1 DCF Method

Table 4 – WACC

WACC	4,00%	
Risk Free Rate	-0,19% α (specific risk)	2,50%
Market Premium	6,85% Beta Adjusted	1,0
D/E (average)	900,00% Beta Relevered	7,5
Ke	9,16% Kd	4,75%

Source: Integrae SIM

A fini prudenziali, abbiamo inserito un rischio specifico pari a 2,5%. Ne risulta quindi un WACC di 4,00%.

Table 5 – DCF Valuation

DCF Equity Value	66,0	
FCFO actualized	6,5	8%
TV actualized DCF	73,5	92%
Enterprise Value	80,0	100%
NFP (FY21E)	14,0	

Source: Integrae SIM

Con i dati di cui sopra e prendendo come riferimento le nostre stime ed *assumption*, risulta un **equity value** di € 66,0 mln. Il target price è quindi di € 3,00 (prev. € 3,70), rating **BUY** e rischio **MEDIUM**.

Table 6 – Equity Value – Sensitivity Analysis

€/mln	WACC				
	3,0%	3,5%	4,0%	4,5%	5,0%
Growth Rate (g)	2,5%	444,9	215,8	139,6	101,5
	2,0%	218,3	141,3	102,8	79,7
	1,5%	143,0	104,1	80,7	65,1
	1,0%	105,4	81,8	66,0	54,7
	0,5%	82,8	66,9	55,5	46,9
	0,0%	67,8	56,3	47,6	40,9
	-0,5%	57,0	48,3	41,5	36,0
Source: Integrae SIM					

Table 7 – Target Price Implied Valuation Multiples

Multiples	FY20A	FY21E	FY22E
EV/EBITDA	39,4x	31,7x	12,5x
EV/EBIT	N/A	306,8x	30,1x

Source: Integrae SIM

Table 8 – Current Price Implied Valuation Multiples

Multiples	FY20A	FY21E	FY22E
EV/EBITDA	28,6x	37,2x	14,7x
EV/EBIT	N/A	223,0x	21,9x

Source: Integrae SIM

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Equity Total Return (ETR) for different risk categories

Rating	Low Risk	Medium Risk	High Risk
BUY	ETR >= 7.5%	ETR >= 10%	ETR >= 15%
HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR <= -5%	ETR <= -5%	ETR <= 0%
U.R.	Rating e/o target price Under Review		
N.R.	Stock Not Rated		

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- In the IPO phase, Integrale SIM played the role of global coordinator.

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