SIM INTEGRÆ

Data produzione: 01 Ottobre 2021 - h. 18,30 | Data pubblicazione: 04 Ottobre 2021 - h. 7,00

Fos | *Italy* | *FTSE AIM Italia* | *ICT*

Rating: BUY (unch.) | Target Price: € 6,50 (prev. 6,00) | Update | Risk: Medium

Stock performance	1M	3M	6M	1Y
absolute	-1,50%	0,00%	22,43%	52,33%
to FTSE AIM Italia	2,20%	-8,29%	-2,95%	-11,11%
to FTSE STAR Italia	3,82%	-5,58%	2,75%	2,27%
to FTSE All-Share	0,81%	-1,48%	17,83%	17,71%
to EUROSTOXX	3,04%	1,07%	20,17%	25,99%
to MSCI World Index	3,10%	0,71%	16,57%	26,00%

Stock Data	
Price	€ 3,94
Target price	€ 6,50
Upside/(Downside) potential	64,9%
Bloomberg Code	FOS IM EQUITY
Market Cap (€m)	€ 24,51
EV (€m)	€ 22,96
Free Float	35,08%
Share Outstanding	6.221.500
52-week high	€ 4,30
52-week low	€ 2,11
Average daily volumes (3m)	25.000

Key Financials (*€m*)	FY19A	FY20A	FY21E	FY22E
VoP	12,2	15,8	17,0	19,5
EBITDA Adj.	2,4	2,8	3,3	4,3
EBIT	1,2	1,5	1,8	2,7
Net Profit	0,7	1,0	1,2	1,8
EPS (€)	0,12	0,17	0,18	0,29
EBITDA Adj. margin	19,7%	17,7%	19,4%	21,8%
EBIT margin	9,9%	9,6%	10,6%	13,8%

Main Ratios	FY19A	FY20A	FY21E	FY22E
EV/EBITDA (x)	9,6	8,2	7,0	5,4
EV/EBIT (x)	19,1	15,1	12,8	8,5
P/E (x)	34,1	23,7	21,3	13,6

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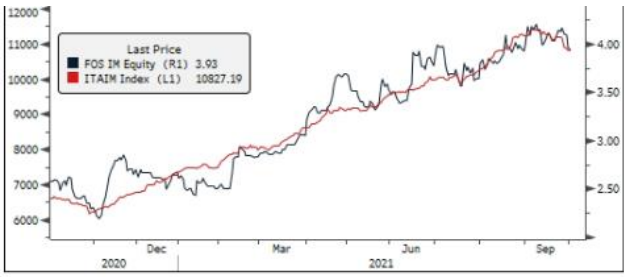
Stocks performance relative to FTSE AIM Italia



1H21A Results

Il valore della produzione si attesta a € 8,59 mln, in aumento del 48,8% rispetto ai valori del semestre dello scorso anno (€ 5,77 mln). Tale risultato è stato possibile grazie al contributo positivo di tutte le linee di ricavo. L'EBITDA, pari a € 1,53 mln, registra un significativo aumento pari al 43,3% rispetto ai € 1,07 mln al 30 giugno 2020. L'EBITDA Margin, pari al 17,9%, rispetto al 18,6% dello scorso anno. L'EBIT è pari a € 0,78 mln (€ 0,58 mln al 30 giugno 2020) dopo ammortamenti e svalutazioni pari a € 0,75 mln. L'Utile Netto si attesta a € 0,53 mln, con una netta crescita pari al 42% rispetto al risultato del primo semestre 2020 (€ 0,37 mln).

Estimates Update

Alla luce dei risultati pubblicati nella relazione semestrale per il 1H21A, confermiamo quasi integralmente le nostre stime. In particolare, stimiamo un VoP 2021E pari a € 17,00 mln ed un EBITDA pari a € 3,20 mln, corrispondente ad una marginalità del 18,8%. Per gli anni successivi, ci aspettiamo che il valore della produzione possa aumentare fino a € 21,50 mln (CAGR 20A-23E: 10,81%) nel 2023E, con EBITDA pari a € 4,60 mln (corrispondente ad un EBITDA margin del 21,4%), in crescita rispetto a € 2,80 mln del 2020A (corrispondente ad un EBITDA margin del 17,7%).

Valuation Update

Abbiamo condotto la valutazione dell'equity value di FOS sulla base della metodologia DCF e dei multipli di un campione di società comparabili. 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 €47,30 mln. L'equity value di FOS utilizzando i market multiples risulta essere pari €33,50 mln (includendo un discount pari al 25%). Ne risulta un equity value medio pari a circa € 40,40 mln. Il target price è di € 6,50 (prev.€ 6,00), confermiamo rating BUY e rischio MEDIUM invariato.

1. Economics & Financials

Table 1 – Economics & Financials

CONSOLIDATED INCOME STATEMENT (€/mln)	FY18A	FY19A	FY20A*	FY21E	FY22E	FY23E
Sales	7,89	9,66	13,00	15,00	17,20	19,00
Other Revenues	1,83	2,53	2,80	2,00	2,30	2,50
Value of Production	**9,72**	**12,19**	**15,80**	**17,00**	**19,50**	**21,50**
COGS	0,81	1,66	1,85	1,30	1,00	0,95
Use of Asset owned by Others	0,17	0,14	0,15	0,20	0,30	0,30
Services	2,44	3,03	3,75	4,50	5,10	5,70
Employees	4,43	4,99	7,00	7,50	8,60	9,50
Other Operating Expenses	0,17	0,19	0,25	0,30	0,35	0,45
EBITDA	**1,69**	**2,19**	**2,80**	**3,20**	**4,15**	**4,60**
EBITDA Margin	*17,4%*	*17,9%*	*17,7%*	*18,8%*	*21,3%*	*21,4%*
Non Recurrent Financial Charges	0,16	0,22	0,00	0,10	0,10	0,10
EBITDA Adj.	**1,86**	**2,40**	**2,80**	**3,30**	**4,25**	**4,70**
EBITDA Margin Adj.	*19,1%*	*19,7%*	*17,7%*	*19,4%*	*21,8%*	*21,9%*
D&A	0,69	0,98	1,28	1,40	1,45	1,50
EBIT	**1,00**	**1,20**	**1,52**	**1,80**	**2,70**	**3,10**
EBIT Margin	*10,3%*	*9,9%*	*9,6%*	*10,6%*	*13,8%*	*14,4%*
Financial Management	(0,23)	(0,15)	(0,17)	(0,10)	(0,05)	(0,05)
EBT	**0,77**	**1,05**	**1,35**	**1,70**	**2,65**	**3,05**
Taxes	0,33	0,33	0,32	0,55	0,85	1,00
Net Income	**0,44**	**0,72**	**1,04**	**1,15**	**1,80**	**2,05**

CONSOLIDATED BALANCE SHEET (€/mln)	FY18A	FY19A	FY20A*	FY21E	FY22E	FY23E
Fixed Asset	**4,11**	**5,23**	**6,09**	**6,60**	**7,15**	**7,65**
Account receivable	2,81	4,38	5,99	6,30	7,20	7,85
Inventories	0,40	0,42	0,41	0,40	0,40	0,40
Account payable	1,38	2,60	2,61	2,80	3,20	3,50
Operating Working Capital	**1,82**	**2,20**	**3,78**	**3,90**	**4,40**	**4,75**
Other Receivable	2,57	3,48	2,61	3,80	4,60	5,00
Other Payable	2,47	2,89	4,14	4,40	4,55	5,00
Net Working Capital	**1,93**	**2,79**	**2,26**	**3,30**	**4,45**	**4,75**
Severance Indemnities & Provision	1,19	1,15	1,38	1,60	1,75	2,00
NET INVESTED CAPITAL	**4,85**	**6,87**	**6,96**	**8,30**	**9,85**	**10,40**
Share Capital	1,00	1,56	1,56	1,56	1,56	1,56
Reserves and Retained Profits	0,35	5,24	5,92	6,95	8,10	9,90
Net Profit	0,44	0,72	1,04	1,15	1,80	2,05
Equity	**1,79**	**7,51**	**8,51**	**9,66**	**11,46**	**13,51**
Cash and Cash Equivalent	1,25	4,67	7,22	7,06	7,41	9,31
Short-Term Financial debt	0,13	1,50	0,90	1,20	1,50	2,00
ML Term Financial Debt	4,18	2,53	4,77	4,50	4,30	4,20
Net Financial Position	**3,06**	**(0,64)**	**(1,55)**	**(1,36)**	**(1,61)**	**(3,11)**
TOTAL SOURCES	**4,85**	**6,87**	**6,96**	**8,30**	**9,85**	**10,40**

CONSOLIDATED CASH FLOW (€/mln)	FY18A	FY19A	FY20A*	FY21E	FY22E	FY23E
EBIT	**1,00**	**1,20**	**1,52**	**1,80**	**2,70**	**3,10**
Taxes	0,33	0,33	0,32	0,55	0,85	1,00
NOPAT	**0,67**	**0,87**	**1,20**	**1,25**	**1,85**	**2,10**
D&A	0,69	0,98	1,28	1,40	1,45	1,50
Change in receivable	(0,67)	(1,57)	(1,61)	(0,31)	(0,90)	(0,65)
Change in inventories	(0,00)	(0,02)	0,02	0,01	0,00	0,00
Change in payable	0,15	1,22	0,01	0,19	0,40	0,30
Other Changes	0,33	(0,49)	2,11	(0,93)	(0,65)	0,05
Change in NWC	**(0,19)**	**(0,86)**	**0,53**	**(1,04)**	**(1,15)**	**(0,30)**
Change in Provision	0,04	(0,04)	0,23	0,22	0,15	0,25
OPERATING CASH FLOW	**1,21**	**0,95**	**3,24**	**1,82**	**2,30**	**3,55**
Investments	(3,42)	(2,10)	(2,13)	(1,91)	(2,00)	(2,00)
FREE CASH FLOW	**(2,21)**	**(1,15)**	**1,11**	**(0,09)**	**0,30**	**1,55**
Financial Management	(0,23)	(0,15)	(0,17)	(0,10)	(0,05)	(0,05)
Change in Payable to Banks	1,63	(0,27)	1,63	0,03	0,10	0,40
Change in Equity	(0,19)	5,00	(0,04)	0,00	0,00	0,00
FREE CASH FLOW TO EQUITY (FCFE)	**(0,99)**	**3,42**	**2,54**	**(0,16)**	**0,35**	**1,90**

Source: FOS and Integrae SIM estimates

1.1 1H21A Results

Table 2 – 1H21A vs 1H20A

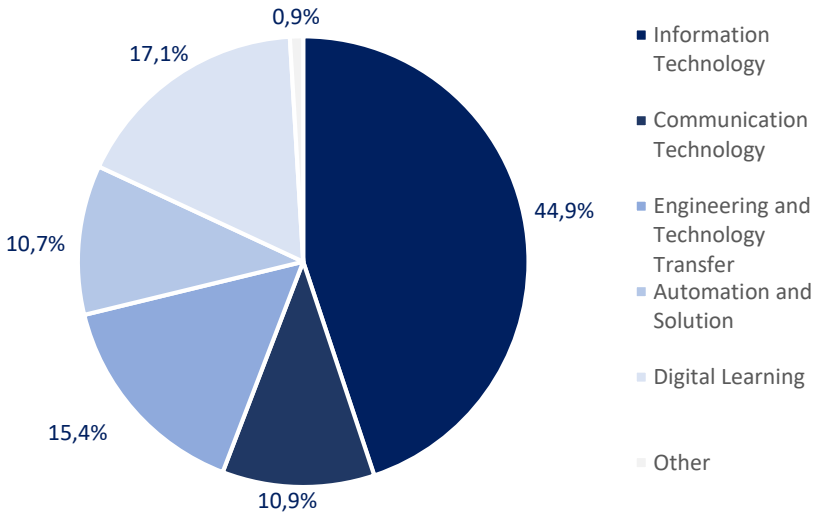
€/mln	VoP	EBITDA	EBITDA %	EBIT	Net Income	NFP
1H21A	**8,59**	**1,53**	**17,9%**	**0,78**	**0,53**	**(2,13)**
1H20A	5,77	1,07	18,6%	0,58	0,37	(1,55)*
Change	*48,8%*	*43,2%*	*-0,7%*	*33,6%*	*42,0%*	*N.A*

Source: Integrae SIM
*NFP al 31/12/2020

Tramite comunicato stampa, la Società, commentando i risultati semestrali, dichiara che: *"Chiudiamo con grande soddisfazione un semestre 2021 in forte crescita. Il mercato apprezza la nostra proposta di business che permette ai clienti di costruire business forti e di successo nel tempo, «integrando» nella loro catena del valore, servizi e prodotti digitali basati sulla sostenibilità e l'innovazione continua. Siamo molto contenti della forte crescita organica, del lancio delle startup che ci aspettiamo porteranno valore nel futuro e dell'integrazione del Digital Learning, frutto dell'acquisizione effettuata a fine 2020. Tutto questo ci lascia molto fiduciosi per il prosieguo dell'esercizio in corso e del nostro percorso di crescita."*

Il valore della produzione si attesta a € 8,59 mln, in aumento del 48,8% rispetto ai valori del semestre dello scorso anno (€ 5,77 mln). Tale risultato è stato possibile grazie al contributo positivo di tutte le linee di ricavo. In particolare, tale dato è comprensivo della nuova linea di business del *Digital Learning*, derivante dall'acquisizione della società Inrebus S.r.l., avvenuta a fine 2020.

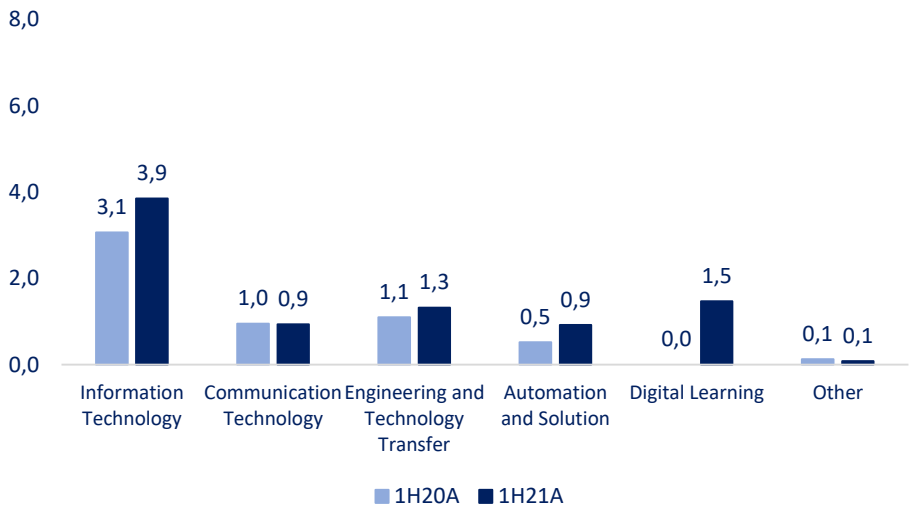
Chart 1 – Revenues Breakdown by Segment



Source: FOS

La principale fonte di ricavo, nel corso del primo semestre 2021, è stata la business line *Information Technology* che ha generato una quota di ricavi pari al 44,9% circa del totale. I restanti ricavi sono così suddivisi: 17,1% dalla linea *Digital Learning*, 15,4% dalla linea *Engineering and Technology Transfer*, 10,9% dalla linea *Communication Technology* e 10,7% dalla linea *Automation and Solution.*

Chart 2 – Revenues by segment 1H20A vs 1H21A



Source: FOS

Le linee di prodotto che maggiormente hanno contribuito all'incremento dei ricavi sono state: la *Information Technology*, che si attesta a € 3,90 mln, con un aumento del 25,8% rispetto a € 3,10 mln del 30 giugno 2020, la *Engineering e Technology Transfer*, che registra ricavi pari a € 1,30 mln (in crescita del 20,3% rispetto a € 1,10 mln del primo semestre 2020) e la *Automation and Solution*, che registra ricavi pari a € 0,90 mln (in crescita del 76,2% rispetto a € 0,50 mln del semestre dell'anno precedente). Si specifica, inoltre, che dal 2021 è stato effettuato un nuovo approccio industriale con l'obiettivo di ampliare la vendita Hardware, che passa dalla linea *Information Technology* a gestione totale della linea *Automation and Solution.*

L'EBITDA, pari a € 1,53 mln, registra un significativo aumento pari al 43,3% rispetto ai € 1,07 mln al 30 giugno 2020. Tale risultato mette in risalto la forza del modello di business del Gruppo, grazie anche ad un efficientamento dei processi derivanti da sinergie di costo sviluppate tra le linee di ricavo. L'EBITDA Margin, pari al 17,9%, rispetto al 18,6% dello scorso anno.

L'EBIT è pari a € 0,78 mln (€ 0,58 mln al 30 giugno 2020) dopo ammortamenti e svalutazioni pari a € 0,75 mln.

L'Utile Netto si attesta a € 0,53 mln, con una netta crescita pari al 42% rispetto al risultato del primo semestre 2020 (€ 0,37 mln).

La NFP è *cash positive* per € 2,13 mln, in miglioramento rispetto al 31 dicembre 2020 (*cash positive* per € 1,55 mln). Il miglioramento è stato ottenuto grazie ad un'intensa attività di monitoraggio e gestione dei crediti, che ha portato ad una migliore regolarità degli incassi.

1.2 FY21E – FY23E Estimates

Table 3 – Estimates Updates FY21E-23E

€/mln	FY21E	FY22E	FY23E
VoP			
New	**17,0**	**19,5**	**21,5**
Old	17,0	19,5	21,5
Change	*0,0%*	*0,0%*	*0,0%*
EBITDA			
New	**3,2**	**4,2**	**4,6**
Old	3,2	4,2	4,6
Change	*0,0%*	*0,0%*	*0,0%*
EBITDA %			
New	**18,8%**	**21,3%**	**21,4%**
Old	18,8%	21,3%	21,4%
Change	*0,0%*	*0,0%*	*0,0%*
EBIT			
New	**1,8**	**2,7**	**3,1**
Old	1,8	2,7	3,1
Change	*0,0%*	*0,0%*	*0,0%*
Net Income			
New	**1,2**	**1,8**	**2,1**
Old	1,2	1,8	2,1
Change	*0,0%*	*0,0%*	*0,0%*
NFP			
New	**(1,4)**	**(1,6)**	**(3,1)**
Old	(0,8)	(1,6)	(3,1)
Change	*N.A*	*N.A*	*N.A*

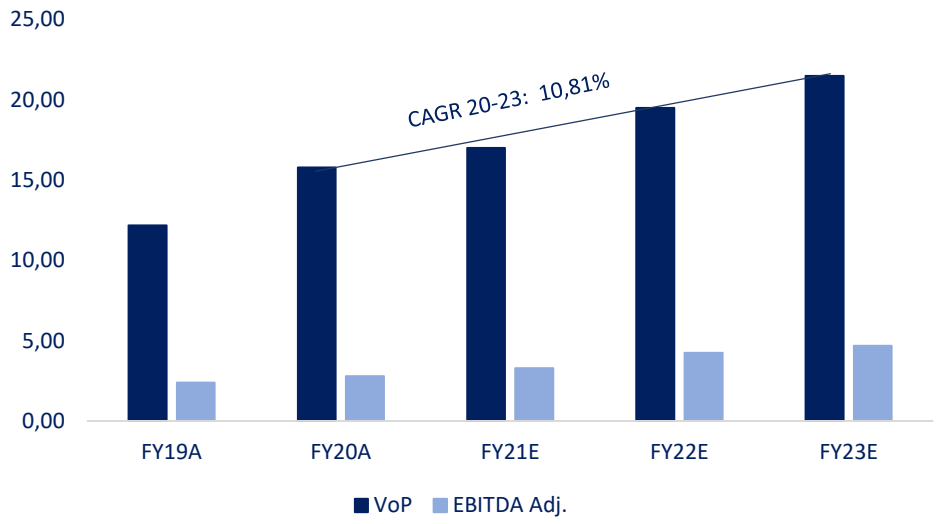
Source: Integrae SIM

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

In particolare, stimiamo valore della produzione 2021E pari a € 17,00 mln ed un EBITDA pari a € 3,20 mln, corrispondente ad una marginalità del 18,8%. Per gli anni successivi, ci aspettiamo che il valore della produzione possa aumentare fino a € 21,50 mln (CAGR 20A-23E: 10,81%) nel 2023E, con EBITDA pari a € 4,60 mln (corrispondente ad un EBITDA margin del 21,4%), in crescita rispetto a € 2,80 mln del 2020A (corrispondente ad un EBITDA margin del 17,7%).

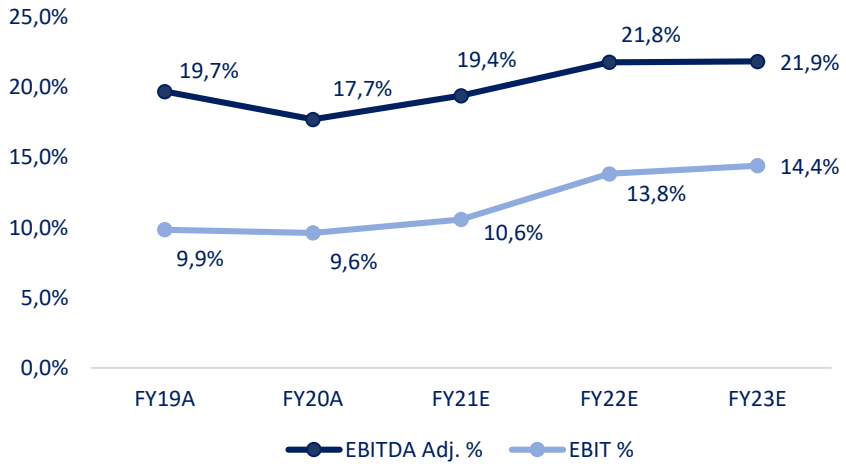
A livello patrimoniale, stimiamo un livello di NFP *cash positive* per il 2023E pari a € 3,10 mln.

Chart 3 – VoP and EBITDA Adj. FY19A-23E



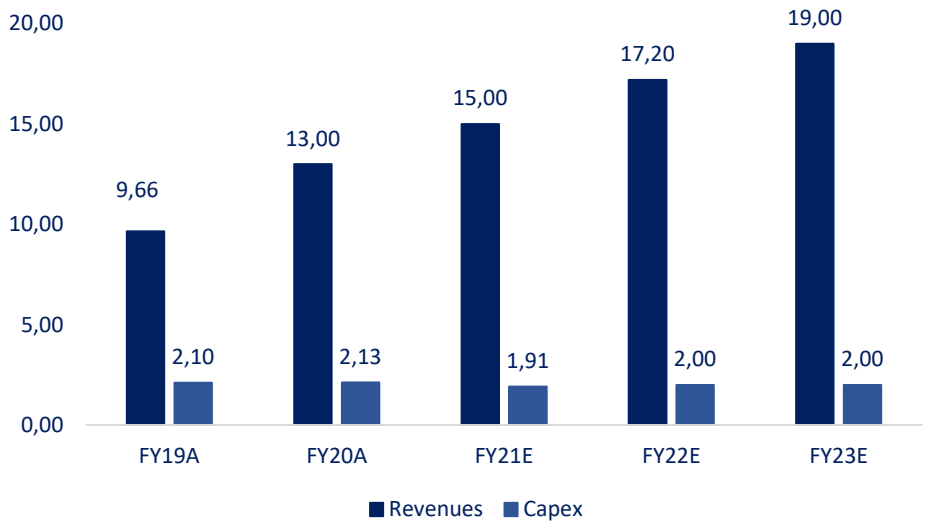
Source: Integrae SIM

Chart 4 – Margin FY19A-23E



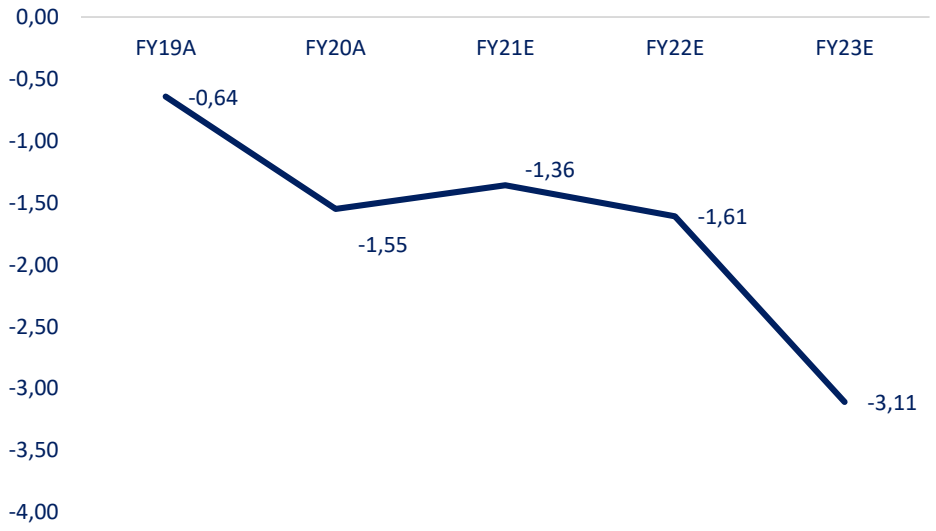
Source: Integrae SIM

Chart 5 – Capex FY19A-23E



Source: Integrae SIM

Chart 6 – NFP FY19A-23E



Source: Integrae SIM

2. Valuation

Abbiamo condotto la valutazione dell'*equity value* di FOS sulla base della metodologia DCF e dei multipli di un campione di società comparabili.

2.1 DCF Method

Table 4 – WACC

WACC			5,21%
Risk Free Rate	-0,19%	α (specific risk)	2,50%
Market Premium	6,85%	Beta Adjusted	0,86
D/E (average)	66,67%	Beta Relevered	1,28
Ke	8,21%	Kd	1,00%

Source: Integrae SIM

A fini prudenziali, abbiamo inserito un rischio specifico pari a 2,5%. Ne risulta quindi un WACC di 5,21%.

Table 5 – DCF Valuation

DCF Equity Value		47,3
FCFO actualized	3,9	9%
TV actualized DCF	41,8	91%
Enterprise Value	**45,8**	100%
NFP (FY20A)	-1,6	

Source: Integrae SIM

Con i dati di cui sopra e prendendo come riferimento le nostre stime ed *assumption*, risulta un ***equity value* di €47,30 mln**.

Table 6 – Equity Value – Sensitivity Analysis

€/mln		WACC						
		3,7%	4,2%	4,7%	5,2%	5,7%	6,2%	6,7%
Growth rate (g)	2,5%	157,8	111,7	86,4	70,5	59,5	51,5	45,4
	2,0%	113,4	87,7	71,5	60,4	52,2	46,0	41,1
	1,5%	89,0	72,6	61,2	53,0	46,7	41,7	37,7
	1,0%	73,7	62,1	53,7	47,3	42,3	38,2	34,8
	0,5%	63,1	54,5	48,0	42,9	38,8	35,3	32,5
	0,0%	55,3	48,7	43,5	39,3	35,8	32,9	30,5
	-0,5%	49,4	44,1	39,9	36,3	33,4	30,9	28,7

Source: Integrae SIM

2.2 Market multiples

Il nostro *panel* è formato da società operanti nello stesso settore di FOS, ma molte hanno capitalizzazione maggiore. Queste società sono le stesse utilizzate per il calcolo del Beta per il *DCF method*. I *panel* sono composti da:

Table 7.1 – Market Multiples IT

Company Name	EV/EBITDA (x)			EV/EBIT (x)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Bouvet ASA	14,5x	13,4x	12,2x	17,6x	16,2x	14,7x
Net One Systems Co., Ltd.	12,5x	11,2x	10,3x	13,8x	12,5x	11,3x
CGI, Inc.	12,2x	11,7x	11,5x	15,6x	14,8x	14,0x
Reply S.p.A.	25,8x	23,5x	21,3x	32,4x	28,9x	25,8x
Tata Consultancy Services Limi…	25,6x	23,2x	21,1x	27,8x	24,9x	22,7x
Eurotech S.p.A.	23,3x	9,2x	8,4x	18,9x	11,8x	10,5x
Citrix Systems Inc.	12,4x	11,4x	10,7x	15,4x	16,0x	11,4x
Median	**14,5x**	**11,7x**	**11,5x**	**17,6x**	**16,0x**	**14,0x**

Source: Infinancials

Table 7.2 – Market Multiples TLC

Company Name	EV/EBITDA (x)			EV/EBIT (x)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Cisco Systems Inc.	12,1x	11,5x	11,0x	13,4x	12,7x	11,9x
Juniper Networks Inc.	10,3x	9,6x	10,3x	13,1x	12,0x	11,4x
F5 Networks Inc.	12,8x	11,6x	11,3x	14,3x	12,8x	11,5x
Accton Technology Corp.	18,3x	14,0x	11,7x	20,4x	15,3x	12,5x
Viavi Solutions Inc.	11,2x	10,3x	10,6x	12,9x	11,9x	13,1x
HMS Networks AB	35,9x	33,8x	31,0x	44,0x	40,3x	37,7x
Ascom Holding AG	16,4x	12,1x	10,6x	28,2x	18,3x	15,0x
Anritsu Corp.	8,2x	7,7x	6,6x	10,1x	9,3x	7,7x
Spirent Communications plc	16,3x	15,3x	14,5x	19,2x	17,9x	16,8x
Median	**12,8x**	**11,6x**	**11,0x**	**14,3x**	**12,8x**	**12,5x**

Source: Infinancials

Table 8 – Market Multiples Valuation

€/mln	2021E	2022E	2023E
Enterprise Value (EV)			
EV/EBITDA	45,0	49,5	52,9
EV/EBIT	28,7	38,9	41,0
Equity Value			
EV/EBITDA	46,3	51,1	56,0
EV/EBIT	30,1	40,5	44,2
Equity Value post 25% discount			
EV/EBITDA	34,7	38,3	42,0
EV/EBIT	22,5	30,4	33,1
Average	**28,6**	**34,3**	**37,5**

Source: Integrae SIM

L'equity value di FOS, utilizzando la media ponderata dei market multiple EV/EBITDA e EV/EBIT risulta essere pari a €44,70 mln. A questo valore, abbiamo applicato uno sconto del 25%. **Pertanto, ne risulta un equity value di €33,50 mln.**

2.3 Equity Value

Table 9 – Equity Value

Average Equity Value (€/mln)	40,4
Equity Value DCF (€/mln)	47,3
Equity Value multiples (€/mln)	33,5
Target Price (€)	**6,50**

Source: Integrae SIM

Ne risulta un *equity value* medio pari a €40,40 mln. **Il *target price* è quindi di € 6,50 (prev. €6,00). Confermiamo rating BUY e rischio MEDIUM.**

Table 10 – Target Price Implied Valuation Multiples

Multiples	FY20A	FY21E	FY22E
EV/EBITDA	13,9x	12,1x	9,4x
EV/EBIT	25,6x	21,6x	14,4x

Source: Integrae SIM

Table 11 – Current Price Implied Valuation Multiples

Multiples	FY20A	FY21E	FY22E
EV/EBITDA	8,2x	7,0x	5,4x
EV/EBIT	15,1x	12,8x	8,5x

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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