

# CIRCLE

**1H20: strong revenue growth +21% yoy**

**Strong growth trend in revenues:** CIRCLE, “innovative SME” specialized in the provision of innovative technological solutions for the optimization and digitalization of the supply chain for the port and intermodal logistic sector, recently released strong set of 1H20 results that confirmed the growth trend of FY19 revenues (+21%) and a high profitability with an EBITDA margin adjusted of ca. 22%. Revenues reached Euro 3.2 m, up by +21% (Euro 2.6 m in 1H19) mainly driven by a sharp increase in revenues from proprietary products (+54%). EBITDA adjusted stood at Euro 0.7 m in line with 1H19. EBITDA non adjusted was of Euro 0.4 m (12.5% on revenues). Net Profit came at Euro 43 k compared with Euro 0.3 m in 1H19. Net Cash stood at Euro 0.5 m compared with Euro 0.3 m of FY19.

**Positive outlook:** Our outlook for Circle remains positive, as the Company's exposure to digital and Management's focus on external growth and innovation of product/service portfolio should mitigate any potential negative impact from reduction of industrial production and lay ground for future growth. More in particular the Company launched a new set of innovative services (Federative Services) in September, in order to respond to customers' needs of a fully digitalized Supply Chain, also in light of the current pandemic which has put emphasis on the importance of digital, and has recently announced the participation in two important Connecting EU projects (MOSES and 5G-LOGINNOV) for which the Company will be granted a total of c. Euro 560k.

Management stated that the growth trend of FY19 and 1H20 continued in the first two months of 2H20, during which the Group saw an increase in commercial activity confirming a recovery in the market. Management further anticipated the new industrial plan will focus on the development of the recently acquired business segments (Progetto Adele) as well as the widening of product/service portfolio by internal development and/or M&A activity, in order to boost revenues and create synergies in terms of cross and upselling opportunities.

**Valuation:** We set a target price of Euro 4.40 per share, (Euro 4.49 p.s. previously), providing for a +56% upside on current stock price and obtained by weighting equally the DCF and the multiple comparison analysis.

## Sector: Technology

Target Price (Euro) 4.40 (4.49 pr)  
Market Price (Euro) 2.82  
Market Cap (Euro m) 10  
EV (Euro m) 10  
*(as of September 29<sup>th</sup>, 2020)*

### Share Data

Market	AIM ITALIA
Bloomberg/Reuters	CIRC:IM / CIRC.MI
ISIN	IT0005344996
N. of Shares	3,470,115
Free Float	23.67%
CEO	Luca Abatello

### Aim Positioning

FY 2019	Company	AIM Italia
VoP (Eu m)	6.1	44.5
Yoy	26.9%	16.9%
EBITDA %	19.9%	15.4%
ND/EBITDA (x)	(0.3)	2.1
Market Data	Company	AIM Italia
Mkt Cap (Eu m)	10.1	44.7
Perf. YTD	-4.9%	-7.4%
Free Float	23.7%	32.8%
ADTT YTD (Eu k)	14,971	71,392

### Credit Risk Profile

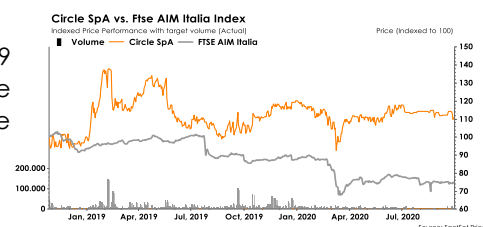
	Circle	Italian PMI Av
Wiserfunding Bond Rating Equivalent	BB+	B+

### Performance

	1M	3M	6M
Absolute	-2.76%	-4.73%	1.44%
Relative	-2.17%	-0.42%	-0.97%
52-week High/Low (Eu)	3.16 / 2.16		

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Key Figures (Euro m)	Revenue	YoY %	EBITDA	EBITDA %	EBIT	EBIT %	Net Profit	Net Debt
2019A	6.1	+27%	1.2	20%	0.6	10%	0.5	(0.3)
2020E	7.2	+19%	1.0	14%	0.4	6%	0.3	(0.7)
2021E	8.3	+15%	1.5	18%	0.8	9%	0.6	(1.5)
2022E	9.6	+15%	2.9	20%	1.1	12%	0.9	(2.9)