

DOXEE

Strong set of FY20 results with double digit growth in sales and profitability

Double digit top-line growth in line with expectations. Doxee, Innovative SME and Italian leader in the development of cloud technologies, just announced a very strong set of FY20 results with sales of Euro 17.7 m up by +14% yoy. Growth was mainly driven by a strong 2H with revenues up by +18% vs. 10% in 1H. In terms of product lines, document experience (dx) and interactive experience (ix) showed the strongest results and increased by 74% and 21% respectively. The paperless experience (px) business increased revenues by +15% whereas the lower margin bundle (sale of a combination of two of more products at a set price including print and delivery) decreased by 10%. The level of recurring revenues stood at 74%, vs. c. 70% in FY19 thanks to the increase in SaaS delivery mode. Overall production value stood at 22.8 m, +9% vs. FY19 and +5% vs. our estimates (Euro 21.8m).

Strong profitability confirmed. FY20 EBITDA came in at Euro 5.6m, +11% yoy (Euro 5.0 m in FY19) slightly above our estimates of Euro 5.5 m. EBITDA margin increased to 24.7% vs. 23.9% in FY19 thanks to an enhanced product mix and improvements in operational efficiency. EBIT was up by +30% to 2.9 m, (2.3 m in FY19) beating our expectations by +16% (Euro 2.5m). Net Income was of Euro 1.6 m in line with prior year (Euro 1.7 m) and slightly below our estimates after Euro 0.4 m of extraordinary expenses from foreign exchange losses.

Solid balance sheet and good operating cash flow allowing for continuous investments in R&D. Net debt came in at Euro 2.5 m (Euro 2.3 m in FY19) and Net Equity stood at Euro 8.5m. The solid balance sheet and good operating cash flow has allowed Management to proceed with planned investments. In FY20 the Company continue to make important investments in R&D (Euro 3.4 m, or 15% of VP) mainly related to the release of new Cloud Native Doxee Platform® entirely designed on multi-cloud architectural paradigms and a new portal dedicated to the simplified management of ordering and electronic invoicing processes.

Positive outlook confirmed. In the 2017-2020 period Doxee has been able to increase its revenues at a 18% CAGR thanks to the organic development and the ramp up of the ix business. Despite the pandemic the Group has managed to improve revenues and profitability confirming its resilience to the COVID-19 outbreak. Management has not provided any guidance for FY21 but highlighted continuous strong focus on brand awareness, geographical expansion in particular through strategic launch of the highly scalable ix business, new Partner Programs to enter new market segments (Retain, Automotive, Digital Agency) and strengthening of the Tech&Research team for continuous innovation which all remain principal drivers for our revenue forecast. Given the above, our outlook for Doxee continues to be positive as we continue to believe that the Company is well positioned to exploit the ongoing digitalization trend in Italy and the rest of Europe thanks to its technological positioning on which the Group can leverage to expand in new markets. In light of the recent developments in the health emergency, we have prudentially revised the results expected for 2021 whereas we maintained our grow assumptions for FY22. We now estimate a FY21 yoy growth of 15% (25% previously). Overall, we made an average cut in our revenue and EBITDA estimates by 3% and 7% respectively.

Valuation Upgrade. We updated our DCF and multiples models to factor in our new estimates, updated risk-free rate, ERP and peers' multiples to obtain a new target price of Euro 8.50 p.s. (Euro 7.05 p.s.. previously). At our target price the stock would be trading at 9.1 and 6.7x FY21-22 EV/EBITDA multiple.

Sector: Technology

Target Price (Euro)	8.50 (7,05 pr)
Market Price (Euro)	5.18
Market Cap (Euro m)	37
EV (Euro m)	39

As of March 29, 2021

Share Data

Market	AIM Italia
Bloomberg	DOC:IM
ISIN	IT0005394413
N. of Shares	7,201,100
Free Float	22.57%
CEO	Sergio Muratori Casari

Financials

	2019A	2020A	2021E	2022E
Revenues	20.9	22.8	26.1	30.7
YoY %	25%	9%	15%	18%
EBITDA	5.0	5.6	7.0	9.5
EBITDA %	24%	25%	27%	31%
EBIT	2.3	2.9	4.0	6.3
EBIT %	11%	13%	15%	20%
Net Income	1.7	1.6	3.0	4.7
Net Debt	2.3	2.5	0.5	(2.8)

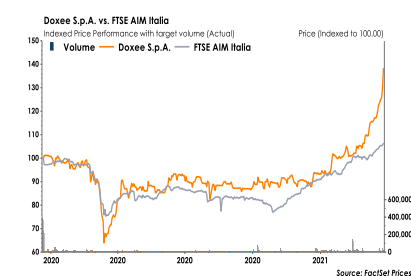
Performance

	1M	3M	6M
Absolute	32%	47%	83%
Relative (FTSE AIM Italia)	24%	26%	39%
52-week High/Low (Eu)	9.00		6.10

IR TOP RESEARCH

Luisa Primi – l.primi@irtop.com

T +39 02 89056957



Source: FactSet Prices