

# RETI S.p.A

## A Campus to drive Technology & Sustainability

- A pioneer in System Integration for Mid & Large Corps: founded in 1994, Reti is specialized in System Integration services and supports companies in the Enterprise segment in their digital transformation by providing a wide range of IT Solutions, Business Consulting and Managed Service Provider services implemented using the main Key Enabling Technologies. Reti can rely on over 300 highly qualified employees and well-established partnerships with the major international IT vendors (Microsoft, Apple, Cisco, Oracle, etc.).
- Sustainable IPO on AIM Italia. Reti listed on AIM Italia on September 8<sup>th</sup>, 2020. The IPO price was set at Euro 1.00 per share, corresponding to a market capitalization of Euro 12.5 m and with a resulting free float of 19.99%. Total capital raised was of Euro 2.5 m. Reti S.p.A. was the first IT Benefit Corporation to list on AIM Italia and has recently become a certified B- Corp®.
- Technology Campus for innovation. Innovation, technological research and training is carried out at the Campus, which is split in 6 Competence Centres: Business & Artificial Intelligence, Cyber Security, Project Management and Business Analysis, ERP, IoT and Cloud. The Campus allows Reti to increase entry barriers and remain highly competitive with an innovative service offering.
- COVID-19 resilience of Digital market in Italy. In 2020, with the outbreak of the Covid pandemic, the Italian digital market showed strong resilience recording only a slight contraction (-0.6%) compared to a -9.2% in GDP, and mainly driven by emerging technologies (cloud, big data, AI, blockchain etc.). In 2021 the market is expected to grow by +3.5% YoY. Technology plays an essential role in a post Covid scenario as businesses have gained awareness about the crucial importance of ICT and digital. The industry faces a unique opportunity to offer solutions that will positively impact productivity and help enterprises to move forward.
- Solid growth above market rates. Over the FY17-19 period Reti was able to increase revenues at a CAGR of +9% well above market rates (+2.3%). In FY20 Reti continued to gain market share (+4% vs. a market contraction of -0.6%) and reached total revenues of Euro 21.8 m. EBITDA in FY20 reached Euro 2.5 m, +16% YoY and with an EBITDA margin of 11.4%, up from 10.3% in FY19 thanks to operational leverage (higher sales volumes and optimization of project management). Net Income stood at Euro 0.8 m, +58% vs. FY19. Net Debt was of 11.9 m of which Euro 1.4 m related to the core business.
- Continuous growth driven by new know-how. We believe that Reti can grow revenues at a 20-23 CAGR of +11%, continuing to outperform the market as the Company is well positioned thanks to the Campus and high focus on professional expertise and constant scouting for new talents, both key growth drivers in this market EBITDA should grow at a CAGR of 17%. with an increase in EBITDA margin by 210 bps.
- Valuation. We set a Euro 2.30 p.s. target price of Reti, providing for a +53% upside on current stock price and obtained by weighting equally the DCF and the multiple comparison analysis. At our TP the stock would be trading at EV/EBITDA 2021 and 2022 multiple of 14.4x and 12.2x respectively.

## Sector: Technology

Target Price (Euro)	2.30
Market Price (Euro)	1.50
Market Cap (Euro m)	18.7
EV (Euro m)	35.3

As of June 2<sup>nd</sup>, 2021

### Share Data

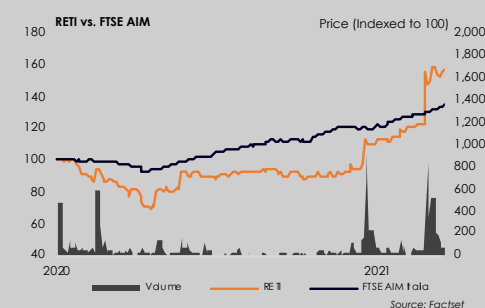
Market	AIM ITALIA
Bloomberg	RETI.IM
ISIN	IT0005418204
N. of Shares	12,499,000
Free Float	19.99%
CEO	Bruno Paneghini

### Financials

	2019A	2020A	2021E	2022E	2023E
Revenues	21.2	22.0	24.3	26.9	29.6
	yoy	+10%	+4%	+11%	+10%
EBITDA	2.2	2.5	2.8	3.3	4.0
	EBITDA %	10%	11%	12%	14%
EBIT	1.2	1.3	1.6	2.2	2.8
	EBIT %	6%	6%	7%	8%
Net Income	0.6	0.8	1.0	1.4	1.9
Net Debt	13.6	11.9	9.7	7.9	5.9

### Performance

	1M	3M	1Y
Absolute	+20%	+73%	+88%
Relative (FTSE Italia STAR)	+13%	+45%	+32%
52-week High/Low (Eu)	1.55		0.61



### IR TOP RESEARCH

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