

IDNTT

A fast-growing Martech Content Factory

- IDNTT is a Swiss-based international Martech Content Factory, founded in 2010 and active in the production of daily, multichannel, data driven contents aimed at promoting interaction and drive traffic on customers' social channels, ecommerce, and physical stores, with the ultimate objective to convert content consumption into online/offline sales and growing the client's brand awareness.
- The Group distinguishes itself by its full-outsourcing business model based on highly industrialized ISO9001 certificated technology driven industrial processes which allows for efficiency and flexibility. IDNTT's internally developed proprietary software plays a fundamental role in the production process and is able to automatize up to 90% of the phases and/or activities of the content creation processes.
- The Group operates with three business lines: Enterprises, Public Administration and SMEs to provide a client portfolio of over 5,000 clients (telco, consumer electronics, food, sports, and services) an extensive range of services and digital expertise.
- The ecommerce industry is one of the main consumers of digital contents and was strongly boosted by the COVID-19 pandemic which has structurally changed consumer behaviours. According to Traction 2020, the Italian e-commerce market is expected to grow at a 36% CAGR to Euro 170 b in 2023, anticipating pre-COVID expectations by 5 years.
- Revenues surged to Euro 3.7 m in 1H21, up from Euro 2.4 m in 1H20 (+55% YoY). Revenues grew at 15% CAGR between 2017 and 2020 thanks to a strategy based on a mix of widening of client portfolio, upselling, and signing of partnerships to enter new client segments (Almaviva, TIM, Vodafone). 84% of total revenues are realized in Italy.
- 1H21 EBITDA was Euro 0.98 m posting a 26% margin after a sharp increase vs. 1H20 (+101%) following a structural increase in Gross profit and operational leverage. EBIT also grew from Euro 0.36 m to Euro 0.82 m and the EBIT margin reached 21.9% compared to 14.9% as at 30 June 2020. The cash flow generated by operating activities, gross of the dividend approved in 2020 and paid in the first few months of 2021, would have been approximately Euro 1.3 m. Consequently, the net financial position would have been approximately Euro 1.8 m with a cash generation in the semester of Euro 1.04 m Euro.
- On July 6th 2021, IDNTT was admitted to trading on the AIM market managed by the Milan Stock Exchange. The listing took place with the placement of a total of 1.690.000 ordinary shares, of which 1.470.000 newly issued and the IPO enabled IDNTT to raise around Euro 2.5 m, which further strengthened the company's equity and financial structure.
- We estimate revenue to grow at a 33% FY20-23 CAGR over the next three years. IDNTT should have Euro 13.8 m revenue and Euro 4.5 m EBITDA (33% margin) at the end of 2023. Continuous improvement of the efficiency of the business model through R&D, consolidation and expansion of client portfolio, external growth through M&A will be hallmark of IDNTT's growth strategy in the coming years.
- We initiate our coverage on IDNTT with a target price of euro 5.45 p.s., obtained as the average between a DCF and multiple comparison analysis. Our target price represent a potential upside of 71% and an implicit 2021-2022 EV/EBITDA multiple of 11.5x and 8.7x respectively.

Sector: Technology

Target Price (Euro)	5.45
Market Price (Euro)	3.18
Market Cap (Euro m)	24
EV (Euro m)	23

As of October 11th, 2021

Share Data

Market	AIM Italia
Reuters/Bloomberg	IDNTT:IM
ISIN	CH1118852594
N. of Shares	1,690,000
Free Float	25.97%
Main Shareholder	C. Traviglia
CEO	C. Traviglia

Financials

	2020A	2021E	2022E	2023E
Sales	5.9	8.6	11.2	13.8
YoY %	40%	46%	30%	23%
EBITDA	1.6	2.4	3.4	4.5
EBITDA %	27%	27.4%	30.3%	32.6%
EBIT	1.3	2.0	3.0	4.1
EBIT %	22%	23%	27%	30%
Net Income	0.9	1.6	2.5	3.4
Net Debt	(0.8)	(1.3)	(4.0)	(7.8)

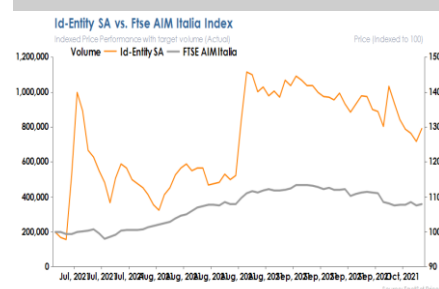
Performance

	1M	3M	6M
Absolute %	-10.70	29.39	n.a.
Relative (FTSE AIM Italia)	-6.38	18.82	n.a.
52-week High/Low (Eu)	3.84	2.30	

IR TOP RESEARCH

Edoardo Fumagalli -
e.fumagalli@irtop.com

T +39 02 89056957



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Edoardo Fumagalli (Analyst)

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