

NEOSPERIENCE

Empathy in Artificial Intelligence

Sector: Technology & AI

Niche Market Leader: Neosperience is a leading Italian Tech Company specialized in Artificial Intelligence & Machine Learning applied to Customer Analytics, to assist and improving decision making. Appointed by Gartner among the world top six most innovative software companies, it is the only Italian company "on the rise" in the "Customer Psychographics" sector. Neosperience is a registered innovative SME since December 2017 and is listed on Euronext Growth Milan (ex. AIM Italia) since 20th February 2019.

Core competence in AI: Thanks to an experienced team of approximately 180 people including engineers, psychologists, computer scientists and data scientists, with an investment of time and resources of over 100 years/man and over 20 years of experience in AI technologies, Neosperience support companies in their digital transformation with a proven set of technology solutions and services that are tailored to each client's needs and help to infuse empathy in relationship with customers, business partners distribution networks and thereby increase revenues and improves operations processes and profitability.

Proprietary Customer Data Platform: Over the last decade Neosperience has developed the first AI-based customer data platform that uses Machine Learning and Deep Learning models. Neosperience Cloud is based on several, scalable and ready-to-use proprietary solutions, each of which responds to a specific need in the customers' digital transformation process, using psychographics to improve customer engagement. The platform is offered to customers with an "as-a-service" licence, providing for an high level of recurring revenues and visibility. (c. Euro 10 m in FY20).

Scalability in vertical solutions: In addition, Neosperience has decided to set up three distinct business units dedicated to Healthcare, Fintech and Industry 4.0 with focused staff. These units will be able to evolve into real autonomous companies if a partner expert in the specific sector is identified (like, i.e., "Neosurance Srl", "BikEvo Srl and WizKey Srl in 2018). Neosperience will be able to bring the technological knowledge and the partner will bring the know-how, the network of commercial contacts and the experience of the sector.

Booming Reference Market: The global customer data platform market is expected to grow from USD 3.5 b in 2021 to USD 15.3 b by 2026, at a CAGR of 34.6% during the forecast period. Proliferation of customer channels are expected to drive the adoption of customer data platform solutions and, in addition to this, services increasing spending on marketing and advertising activities by enterprises are changing landscape of customer intelligence to drive market. The convergence of the physical and digital worlds in Neosperience is driven by new technologies and by visionary management, which are creating the possibility of seizing the extraordinary opportunities offered by the current phase of digital transformation of the economy and society as a whole that we are experiencing.

In terms of future prospects, the overall value of the National Recovery Plan is Euro 222.9 b, c.21% of which (Euro 46.2 b) is dedicated to "Digitalisation, Innovation, Competitiveness and Culture". Under an optimistic assumption of full utilization of the funds allocated annually, the Italian digital market would grow to Euro 95 b in 2024.

International scale and M&A for future growth: The group's development strategy is based on organic growth, continuous investments in R&D and international expansion. The Company intend to grow also through external acquisitions; on this hand, we highlight that the management has a proven M&A track record, with more than 10 acquisitions in the last five years. In particular, the company is currently looking at target with proprietary cutting-edge software solutions able to enrich the group's offer: on 29th November 2021 Neosperience has been strengthened by acquiring control (51%) of Rhei, a company with consolidated experience in the creation of CRM solutions, known in Italy as a reference partner of HubSpot.

2021-2023 estimates: We believe that Neosperience can grow revenues at a 20-23 CAGR of +28%, continuing to outperform the market as the Company is well positioned thanks to the high focus on professional expertise and constant investments in R&D, both key growth drivers in this market. EBITDA should grow at a CAGR of 32%. with an increase in EBITDA margin by 510 bps.

Valuation: We set a Euro 11,66 p.s. target price of Neosperience, providing for a +114% 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 16.3x and 11.7x respectively.

Target Price 11,66

Market Cap (€ m) **46.9**

EV (€ m) **41.0**

As of 24th January, 2021

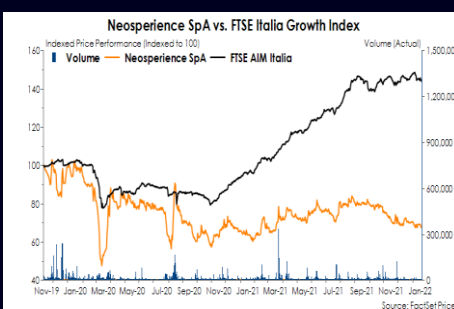
Share Data

Market	Euronext Growth Milan
Reuters/Bloomberg	NSP.MI/NSP:IM
ISIN	IT0005351496
N. of Shares	8.722.161
Free Float	54.81%
Main Shareholder	Neos S.r.l.

Financials

	2020A	2021E	2022E	2023E
Sales	16.4	19.3	29.4	37.3
YoY %	12%	14%	31%	27%
EBITDA	4.8	5.9	8.2	11.1
EBITDA %	25%	26%	28%	30%
EBIT	0.8	1.8	3.9	6.8
EBIT %	4.2%	8%	14%	18%
Net Income	0.4	1.2	2.8	4.6
Net Debt	(5.5)	(3.6)	(0.5)	4.2

Share price graph



Performance

	1M	3M	6M
Absolute %	-3.55	-12.54	-16.31
Relative (FTSE Italia Growth)	-2.53	-12.61	-18.75
52-week High/Low (Eu)	6.90	4.76	

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