

IDNTT

Strong growth in FY21 results, with double digit increase on all operational KPIs

Sector: Technology

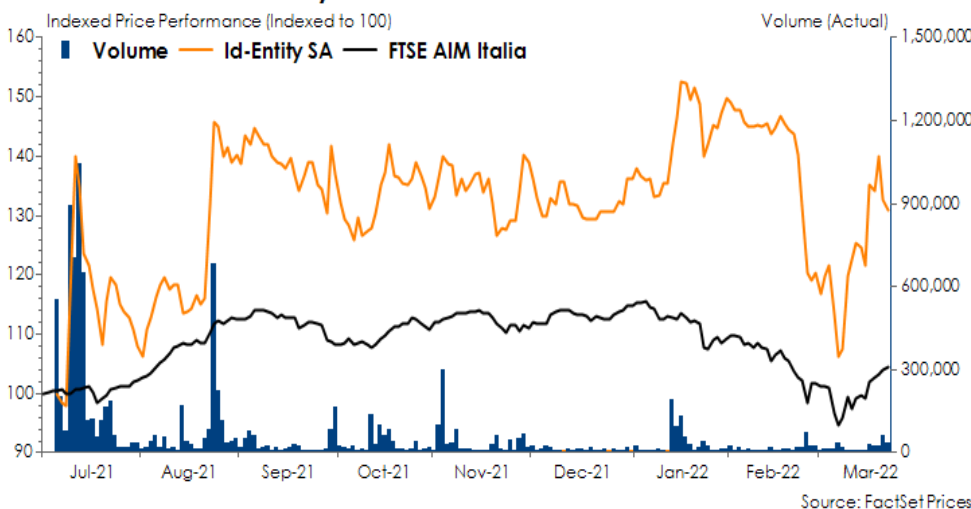
FY21 sales at Euro 8.5 m, strictly in line with expectations. In 2H21, the revenue trend confirmed what expected, driving FY21 revenues to Euro 8.5 m recording a consistent growth of 44.2% compared to Euro 5.9 m in the previous year (FY20 was already up 40% compared to FY19). Thanks to the acquisition of new long-term contracts, both Italian and international, and the consolidation of relations with all major customers, all business lines are growing double and triple digit. Enterprises, which represent 60.4% of revenues, grew by 34% YoY, followed by Public Administrations (+135% vs. FY20) and SMEs (+15% YoY): the increase in this last one category, the most affected by the pandemic of last two years, is a demonstration of the resilience of the Group and how it is able to adapt itself to changing market conditions.

Profitability and cash positive NFP above expectations. FY21 EBITDA was Euro 2.5 m (Euro 2.3 m expected) with a 29.1% EBITDA margin (27.4% expected) vs. 26.8% as of priory year: such EBITDA growth of 57% was made possible by the development of MarTech software solutions that reduced processing times and a general rationalization and containment of all structural costs. Net profit of Euro 1.7 m came in slightly above our estimates (Euro 1.53 m) with a jump of 77.3% compared to Euro 0.9 m achieved in FY20. Net debt at the end of the period considered was of Euro 2.8 m, vs. Euro 1.3 m also growing from Euro 0.8 m cash positive registered in FY20: this result highlights the Group's great ability to generate cash, without recourse to bank debt.

Estimate revision and valuation. Given the above, we have confirmed and maintained our FY22 estimates substantially unchanged and we expect an EBITDA margin of c. 29% hence implying a FY22 EBITDA of Euro 3.3 m (Euro 3.4 m pr.). Net Income is expected to reach Euro 2.5 m and we also kept our expectations unaltered for FY23 now assuming sales of Euro 13.7 as we expect the Group to pursue the technological development and the strengthening of the organizational structure through, also, operations of M&A and internationalization.

Based on our updated estimates and peers' multiple re-rating since our last update in September 2021, we set a new target price of Euro 5.70 p.s. (5.45 pr.) providing for an upside on current stock price of 70%. Our valuation was obtained by weighting equally the DCF and the multiple comparison analysis. At our target price the stock would be trading at FY22E/23E EV/EBITDA multiples of 11.6x and 8.9x.

Id-Entity SA vs. FTSE Italia Growth Index



Target Price 5.70 (5.45 pr.)

Price (€ m) **3.27**

Market Cap (€ m) **24.43**

EV (€ m) **21.60**

As of April 1st, 2022

Share Data

Market	Euronext Growth Milan
Reuters/Bloomberg	IDNTT:IM
ISIN	CH1118852594
N. of Shares	7,470,000
Free Float	25.97%
CEO	Christian Traviglia

Financials

	2020A	2021A	2022E	2023E
Sales	5.9	8.5	11.2	13.7
YoY %	+40%	+44%	+32%	+22%
EBITDA	1.6	2.5	3.3	4.3
EBITDA %	27%	29%	29%	32%
EBIT	1.3	2.1	2.9	4.0
EBIT %	22%	25%	26%	29%
Net Income	1.0	1.7	2.5	3.4
Net Debt	(0.8)	(2.8)	(5.2)	(8.4)

Performance

	1M	3M	6M
Absolute %	11.9	-4.11	-1.95
Relative (FTSE Italia Growth)	8.54	5.49	5.26
52-week High/Low (Eu)	3.97	/	2.30

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