



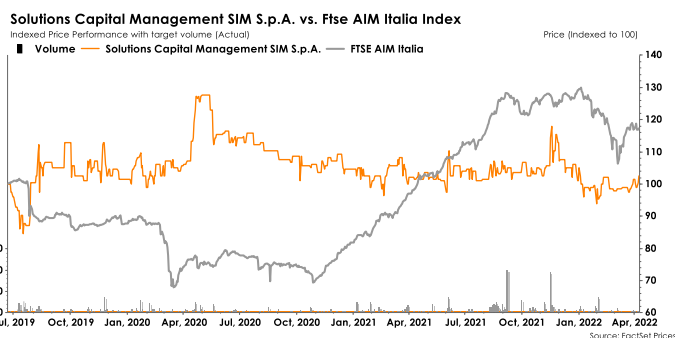
A very strong set of FY21 results

Sector: Finance

Double digit growth in fee income (+15%) and sharp increase in brokerage margin. SCM SIM delivered a strong set of FY21 results generally in line with our estimates. Assets under control stood at Euro 959, up from Euro 924 m, FY 20 as the net result of the collection of c. Euro 75 m new contracts and the dismissal of c. 52 m non-active advisory contracts. Fee income came in at Euro 6.3 m, +15% YoY and slightly above our forecast of Euro 6.0 m and driven by strong performance fees (Euro 2.0 m vs. 0.6 m in FY2020) following favorable market trends and the positive performance of the asset management line (+15% YoY). Brokerage Margin stood at Euro 3.9 m, +21% vs. FY20 and vs. Euro 3.8 m as of our estimates, and above pre-Covid FY19 results (Euro 3.8 m). The Brokerage Margin on Fee income ratio increased to 60.8% from 57.5% as of FY20 thanks to a favorable sales mix (higher weight of performance fees) and the implementation of a new pay-out policy to the commercial network (payout of 39% vs. 42% in FY20). The Cost/Income ratio improved significantly to 97.6% from 103.6% of prior year, despite an increase by 14% in operating expenses following the consolidation of the commercial network and resumed operations post the pandemic emergency. Net result was negative of Euro 0.3 m (Euro 0.1 m in FY20 and a Net Profit of Euro 0.1 as of our estimates). Equity stood at Euro 3.0 m. The total number of consultants reported was 41 at year-end 2021 (37 year-end 2022).

FY21 achievements confirm positive outlook. In FY21, Management continued to pursue its growth strategy based on actions aimed at increasing AuC and consolidate profitability, expansion and training of commercial network and digitalization across all corporate functions. The achievements in FY21, confirmed our expectations for the year and hence the medium-term prospects for the Company. Management however stressed that the uncertainties regarding the impact of the Russia – Ukraine conflict on financial markets could potentially affect FY22 results in terms of a contraction in performance fees. In our view, the Company has shown strong resilience and ability to adapt to difficult market conditions over the last 24 months of Covid-emergency with continuous launch of new products and signing of new partnerships while working on internal efficiency. Therefore, we believe that the Company is well positioned to continue its growth path, also in difficult market conditions.

Estimate revision and target price. Given the above, we leave our FY22-23 estimates for Fee income and brokerage margin largely unchanged for now, however factoring in the increased efficiency of the corporate structure by slightly reducing weight of operating costs. Overall, this translates in an av. Increase in EPS of +13%. Based on new estimate and updated risk-free rate and ERP our DCF model yields a target price of Euro 7.63 p.s.. At our target price the stock would be trading at 2022-2023 Equity Value/AuM multiples of 1.3% and 1.1% respectively, vs. peers' 2.7% and 2.6% and current stock price at 0.7% and 0.6%.



Target Price 7.63 (6.66 pr.)

Market Cap (€ m) **7.9**

EV (€ m) **8.4**

Market Price (€) **3.96**

As of 14th April 2022

Share Data

Market	Euronext Growth Milan
Reuters/Bloomberg	SCM IM/SCM.MI
ISIN	IT0005200248
N. of Shares	2,006,240
Free Float	17.94%
CEO	Antonello Sanna

Financials

	2020A	2021A	2022E	2023E
Fee Income	5.5	6.3	7.7	8.9
YoY %	-20%	+15%	+22%	+15%
Net Fees	3.2	3.9	4.6	5.3
Brokerage M.	3.2	3.9	4.6	5.3
Brok. Mgn/Fee	58%	61%	60%	60%
Income %				
Cost/Income ratio %	104%	98%	84%	78%
Net Result	(0.1)	(0.3)	0.4	0.7
Equity	3.3	3.0	3.4	4.1

Performance

	1M	3M	1Y
Absolute %	+3%	+3%	-1%
Relative (FTSE Italia Growth)	+1%	+11%	-14%
52-week High/Low (Eu)	5.00	/	3.32

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