

# IDNTT

Growth trend continues, despite a challenging market scenario

Sector: Consumer Services

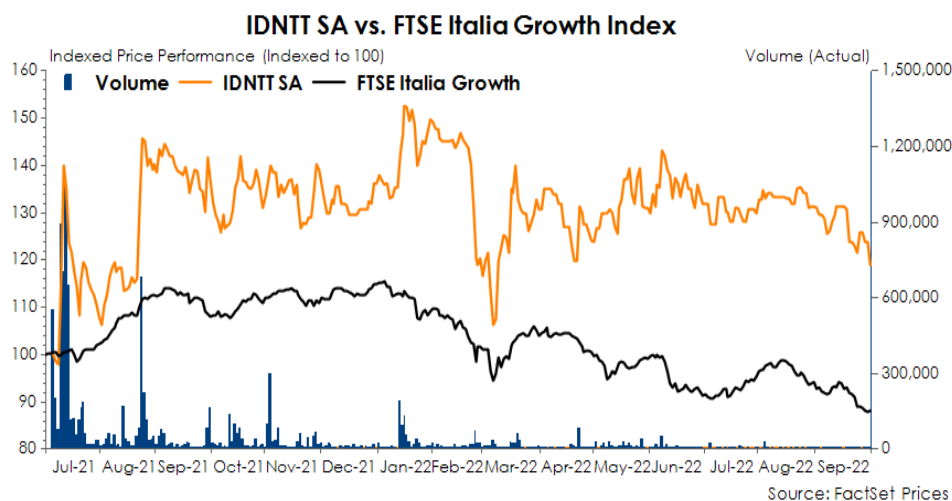
**1H22 sales at Euro 4.7 m, reaching strong growth results across all KPIs.** During the first half of 2022, IDNTT acquired new contracts and increased the value of existing ones in all macro geographical areas where it is present. The Company continued to grow its revenues, boosting them by approximately 25.5% over the same period in 2021; more in detail, 1H22 revenues stood at Euro 4.7, an increase of c.a. Euro 1 m, EBITDA margin remain steady at 25.9%, even with the presence of higher start up and pre-sales costs related to the new and ongoing orders, recording a value of Euro 1.21 m (+25.1% YoY).

According to Management, this growth was primarily headed by the Public Administration segment that recorded an outstanding +109% YoY (more than doubled), as a result of new important orders made possible by the implementation of projects under the NRRP. Also, the Enterprise business line has reached a positive performance in 1H22, growing at +9% YoY with an incidence on sales revenues of 59.2% (from 67.8% in 1H21). Thanks to this significant growth, the PA segment increased its incidence on sales revenues from 19.4% in 1H21 to 32.3% in 1H22, and it is expected to continue its rise due to the ever-growing government efforts aimed at digitalizing public services. Net profit of Euro 0.7 m came in with a smaller increase of 8.4% compared to Euro 0.6 m achieved in 1H21.

**Cash positive NFP, in line with expectations, and implementation of internationalization project.** Net debt at the end of the period considered was of Euro 3.1 m, vs. Euro 2.8 m also growing from Euro 0.8 m cash positive registered in FY20: this result highlights the Group's great ability to generate cash: the absence of financial debt has protected IDNTT from the significant interest rate increases during 1H22. In addition to this, the Company has given further concreteness to its internationalization, with the expansion in the Benelux and North Europe area, where IDNTT recently opened a Dutch subsidiary ("IDNTT NEDERLAND B.V.") already signing on July an important order of more than Euro 7 m (for a total duration of 3 years) from an international e-commerce player.

**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 3.1 m (Euro 3.3 m pr.). Net Income is expected to reach Euro 2.2 m and we also kept our expectations unaltered for FY23 now assuming sales of Euro 12.6 as we expect the Group to pursue the technological development and the strengthening of the organizational structure.

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 5.80 p.s. (5.70 pr.) providing for an upside on current stock price of 95%. 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 13.9x and 10.9x.



Target Price **5.80 (5.70 pr.)**

Price (€ m) **2.98**

Market Cap (€ m) **22.31**

EV (€ m) **19.23**

As of October 4<sup>th</sup>, 2022

## Share Data

Market	Euronext Growth Milan
Reuters/Bloomberg	IDNTT.MI/IDNTT:IM
ISIN	CH1118852594
N. of Shares	7,486,476
Free Float	29.34%
CEO	Christian Traviglia

## Financials

	2021A	2022E	2023E	2024E
<b>Sales</b>	<b>8.5</b>	<b>10.7</b>	<b>12.6</b>	<b>14.9</b>
YoY %	+44%	+26%	+18%	+18%
<b>EBITDA</b>	<b>2.5</b>	<b>3.1</b>	<b>4.0</b>	<b>4.8</b>
EBITDA %	29%	29%	32%	32%
<b>EBIT</b>	<b>2.1</b>	<b>2.7</b>	<b>3.7</b>	<b>4.4</b>
EBIT %	25%	26%	29%	30%
<b>Net Income</b>	<b>1.7</b>	<b>2.2</b>	<b>3.0</b>	<b>3.6</b>
<b>Net Debt</b>	<b>(2.8)</b>	<b>(5.0)</b>	<b>(7.5)</b>	<b>(10.9)</b>

## Performance

	1M	3M	6M
Absolute %	-9.4	-9.7	-10.2
Relative (FTSE Italia Growth)	-3.5	-6.6	7.1
52-week High/Low (Eu)	3.97	/	2.49

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