



Good 1H 2022 growth, with a double digit increase in order backlog

Sector: Commercial Services

1H22 sales at Euro 11.2 m, order backlog at the end of August of over Euro 4.2 m (+32% YoY).

The result for the first half of 2022 shows good revenue growth and profitability impacted by non-recurring costs as well as investments in the organizational structure.

Value of Production amounted to Euro 11.2 m, up 13% compared to Euro 9.9 m as of 1H 2021, while sales amounted to Euro 10.5 m, up 13% compared to Euro 9.3 m in the same period of 2021. The result is to be considered positive in view of the very negative effects on the economy and on companies in all domestic and international commodity sectors and the tensions, also speculative, on the energy costs front. With reference to the individual product lines, it is noticeable that all sales families continue to grow: in particular Digital Marketing increased by 16%, Digital Platforms by 8%, Brand UX-UI-Customer Journey by 62%, New Media Publishing by 274%, Augmented Virtual Reality and Artificial Intelligence by 32% and Digital Strategy Consulting by 42%. EBITDA amounted to Euro 0.89 m, compared to Euro 1.62 m as of 1H 2021: raw materials, supplies and consumables increased by about 26% due to the growth in sales revenue of products and virtual reality equipment in the subsidiary More S.r.l. The higher costs for services reflect, among others, the increase in marketing expenses to enhance the recognition of the Websolute brand and the Group in the market and the positioning of the same. Net Result amounted to Euro -0.21 m, compared to Euro 0.41 m as at 30 June 2021, after taxes of Euro 0.09 m (Euro 0.3 m as at 1H 2021).

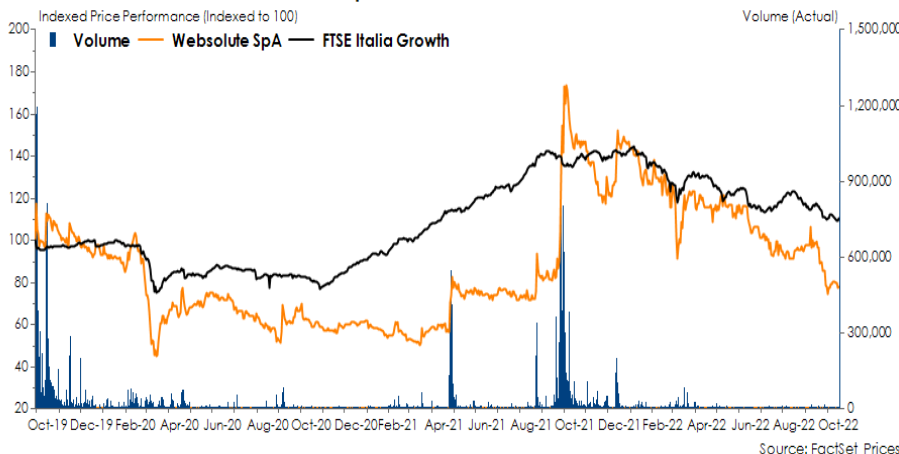
Positive outlook and implementation of strategic, production and organizational investments.

From a financial point of view, Net debt at the end of the period considered was of Euro 1.8 m, down from Euro 2.4 m, shows a positive trend and greater available liquidity, confirming the goodness of management, a dynamic that has manifested itself, despite the presence of investments aimed at ensuring the Company's development in the medium term.

Net Working Capital, amounting to Euro 1.9 m (from Euro 2.38 m as of FY21) demonstrates an adequate movement of flows, thanks to the support of sales and the regularity of collections of trade receivables executed in 2022 at an average of 104 days, compared to 111 days related to revenues from sales and services in the previous year, showing an improved situation in the financial balance originated by the characteristic commercial activities.

Estimate revision and valuation. Based on our updated estimates and peers' multiple re-rating since our last update in March 2022 and considering 1H22 results, we change our estimates and substantially shift the growth previously projected for FY22 to year-end 2023, expecting an EBITDA margin of c. 11% hence implying a FY22 EBITDA of Euro 2.4 m. Regarding FY23, we now assuming sales of Euro 23.3 m, with a net profit of Euro 1 m, as the Group operates on type of customers and sectors that, while still affected by the emergency, manifest the need, as for most Italian companies, to accelerate investments in digitization of their business processes. We finally set a new target price of Euro 4.31 p.s., providing for an upside on current stock price of 138%: 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 17.2x and 11.6x respectively.

Websolute SpA vs. FTSE Italia Growth Index



Target Price 4.31 (5.23 pr.)

Price (€ m) **1.81**

Market Cap (€ m) **17.56**

EV (€ m) **19.40**

As of 19th October 2022

Share Data

Market	Euronext Growth Milan
Reuters/Bloomberg	WEB:IM/WEB:MI
ISIN	IT0005384901
N. of Shares	9,704,217
Market	24.8%
CEO	Lamberto Mattioli

Financials

	2021A	2022E	2023E	2024E
Sales	18.6	21.4	23.3	26.3
YoY %	+34%	+15%	+9%	+13%
EBITDA	2.9	2.4	3.6	5.5
EBITDA %	15%	11%	15%	20%
EBIT	1.0	0.8	1.9	3.7
EBIT %	5%	4%	8%	14%
Net Income	0.5	0.4	1.0	1.9
Net Debt	2.4	2.5	0.7	(1.8)

Performance

	1M	3M	6M
Absolute %	-2.1	-19.4	-18.9
Relative (FTSE Italia Growth)	91.0	93.0	12.9
52-week High/Low (Eu)	4.16	/	1.25

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