



Good FY22 results with 2H22 under acceleration and a great start for 2023

Sector: Technology Services

FY22 sales at Euro 21.5 m, growth strictly in line with expectations. In light of the market environment that has been created with the consequences of Russia-Ukraine conflict, the energy crisis and the inflationary impact on prices in almost all merchandise sectors, the highlights of FY22 for Websolute are the maintenance of double-digit growth in revenues, which saw an acceleration in 2H22, the confirmation of a solid financial structure, with a very low incidence of financial charges and the timely reaction and recovery of operating margins, thanks to the moves put in place to make the Group more efficient in terms of structural costs. The Group scored revenues of Euro 21.5 m, with an increase of +15.9% from Euro 18.6 m in FY2021, to which all business families contributed (see table on pages below), especially with the "Augmented reality and Artificial Intelligence" (+142%) and "Digital Strategy Consulting" (+66%) BUs; EBITDA stood at Euro 2.1 m (vs. Euro 2.9 m in FY21) with a marginality of 9% compared to 15% posted in previous year.

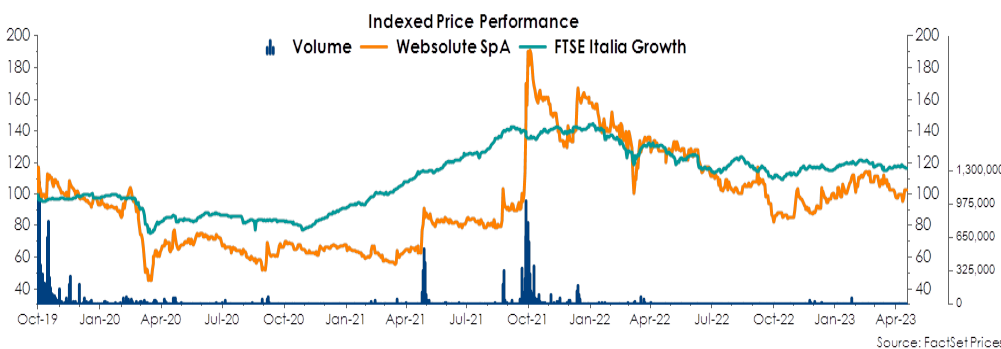
The goodness of these revenues and EBITDA results emerges through the intra-period analysis, which shows a 2H22 characterized by accelerated revenue growth (+19% YoY compared to +13% YoY) and significantly better characteristic income performance compared to 1H22: while EBITDA in the first half stood at Euro 0.89 m (down significantly from Euro 1.62 m in 1H21), in the second half amounted to Euro 1.2 m (Euro 1.3 m in 2H21), a result that could not fully benefit from the advantages of the rationalization and efficiency actions implemented since last June. Net Income was negative and amounted to Euro -0.4 m, compared to Euro 0.2 m in FY21; the change was negatively affected by the full write-down for impairment of the investment in WS WEBNESS SRL, put into liquidation on last December 20, for Euro 0.178 m. Net debt at the end of the period considered was of Euro 3.2 m, up from Euro 2.4 m.

Great start for 2023 and scalability phase confirmed. In 2H22 the Group concretely created the pre-conditions to seize the restart of 2023, which already shows positive signs both in terms of order backlog and sales performance, with respect to the first 3 months of previous year.

The order backlog as of January 1, 2023, exceeding Euro 5 m, shows a positive trend that conservatively allows for coverage approximating 4 months of production planning.

Sales trend in the first two months of 2023 shows a growth of +8.6% and sales management are engaged in introducing specific actions aimed at increasing order intake in the short term. Group companies are benefiting from the positive effects of synergies, which are a significant component of the sales achieved by subsidiaries, in addition to the fact that the type of customers for which Websolute operates manifest the need, as for most Italian companies, to accelerate investments in digital transformation. The constant search for optimization aimed at structural cost containment already started with great effort in the past fiscal year and whose benefits will already be enjoyed in 2023, the inclusion of new products and services that are innovative and in line with the need of the market and in particular of Websolute's target at group level represent the motivation that will animate investments in M&A.

Estimate revision and valuation. Based on our updated estimates and peers' multiple re-rating since our last update in October 2022 and considering FY22 results, we finetuned our estimates to factor in, on the one hand, an acceleration in FY23 of revenues to Euro 24.5 m (Euro 24.3 m previously), while on the other we slightly increase our EBITDA margin to 18% (15% previously). We set a new target price of Euro 4.80 p.s., providing for an upside on current stock price of 129%. Our valuation was obtained by weighting equally the DCF and the multiple comparison analysis. At our target price the stock would be trading at FY23E/24E EV/EBITDA multiples of 11.9x and 10.2x respectively.



Target Price **4.80 (4.31 pr.)**

Price (€) **2.1**

Market Cap (€ m) **21.5**

EV (€ m) **24.7**

As of April 26th, 2023

Share Data

Market	Euronext Growth Milan
Reuters/Bloomberg	WEB:IM
ISIN	IT0005384901
N. of Shares	10.226.825
Free Float	25.03%
CEO	Lamberto Mattioli

Financials

	2022A	2023E	2024E	2025E
Sales	21.5	23.5	26.5	29.2
YoY %	+16%	+9%	+13%	+10%
EBITDA	2.1	4.4	5.1	6.1
EBITDA %	9%	18%	19%	20%
EBIT	(0.2)	2.0	2.9	3.9
EBIT %	n.m.	8%	10%	13%
Net Income	(0.5)	1.1	1.6	2.3
Net Debt	3.2	1.6	(0.3)	(2.3)

Performance

	1M	3M	6M
Absolute %	-1.9	-9.5	18.0
Relative (EGM) %	-1.3	-6.4	16.0
52-week High/Low (Eu)	2.81	/	1.16

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