

WEBSOLUTE

A Strategic Partner for Digital Transformation

Company Description: founded in 2001 by Lamberto Mattioli (current chairman and CEO), Websolute Spa is an innovative SME and operating holding company of the Websolute Group specialized in digital communication and digital marketing. The Group is characterized by a wide and constantly updated product and service offering and a capillary presence in the national territory thanks to 9 local offices and 19 sales professionals. With approx. 150 employees and a client base of ~700 mostly Mid/Large sized companies highly diversified in terms of industry, the Group has realized significant growth over the last three years (2016-2018 CAGR of 36%) thanks to a strategy based on a mix of organic and external growth through M&As. In FY 2018, the Company recorded consolidated revenues (VoP) of Euro 12.8 m (100% in Italy), and an EBITDA of Euro 1.6 m.

IPO: On September 30th, 2019 Websolute listed on the Italian AIM market. The IPO price was set at Euro 1.5 per share, corresponding to a market capitalization of 12.9 Eu m. The offer, that saw an oversubscription of 3x, consisted of a capital increase of 2,000,000 new shares and a greenshoe option of 300,000 shares that was fully exercised. Total capital raised was of approx. Euro 3.5 m with a resulting freefloat (post greenshoe) of 26.59%

Strategy: Over the next years the Group's growth strategy will focus on: (i) Strengthening the direct commercial structure in order to increase geographical presence in Italy (ii) Creation of an indirect commercial network through partnership agreements with advertising agencies and research/integration of personnel specialized in the commercial field (iii) Websolute Academy, special training in the commercial, technical and consulting field for Group resources (iv) M&A

2019-2021 estimates: We believe Websolute can grow revenues at a 2018-2021 CAGR of +15% and reach a top line of Euro 19.2 m at the end of 2021 thanks to the exploitation of the Digital Transformation trend involving Italian enterprises. EBITDA is expected to reach a marginality of 20% in 2021, while Net Profit should grow at a 2018-2021 CAGR of +42%.

Valuation: We initiate our coverage of Websolute with a target price of Euro 3.66 p.s., providing for a 62% upside to the current share price. Our valuation is based on a DCF and on a multiple comparison, weighted equally. At our target price the stock would be trading at 12.5x and 10.1x 2019 and 2020 EBITDA respectively.

| | Revenues (VoP) | Yoy % | EBITDA | EBITDA % | EBIT | EBIT % | Net Profit | Net Debt |
|--------------|----------------|-------|--------|----------|------|--------|------------|----------|
| 2018A | 12.8 | +69% | 1.7 | 13% | 1.1 | 9% | 0.7 | 2.5 |
| 2019E | 14.6 | +14% | 2.5 | 17% | 1.7 | 12% | 1.2 | (0.5) |
| 2020E | 17.0 | +17% | 3.1 | 18% | 2.3 | 13% | 1.6 | (1.7) |
| 2021E | 19.2 | +13% | 3.8 | 20% | 2.9 | 15% | 2.0 | (4.0) |

Source: Company data (ITA GAAP-OIC) Consolidate Results 2018A and IR Top estimates 2019-2021

Sector: Technology

| | |
|---|-------------|
| Target Price (Euro) | 3.66 |
| Market Price (Euro) | 2.26 |
| Market Cap (Euro m) | 20 |
| EV (Euro m) | 20 |
| <i>(as of November 13th, 2019)</i> | |

Share Data

| | |
|--------------|-------------------|
| Market | AIM ITALIA |
| Bloomberg | WEB.IM |
| ISIN | IT0005384901 |
| N. of Shares | 8,648,950 |
| Free Float | 26.59% |
| CEO | Lamberto Mattioli |

Aim Positioning

| FY 2018 | Company | AIM Sector | AIM Italia |
|---------------|---------|------------|------------|
| VoP (Eu m) | 13 | 40 | 44 |
| Yoy | 70% | 31% | 30% |
| EBITDA % | 13% | 17% | 14% |
| ND/EBITDA (x) | 1.4 | 0.2 | 4.0 |

| Market Data | Company | AIM Sector | AIM Italia |
|----------------|---------|------------|------------|
| Mkt Cap Eu m | 20 | 70 | 51 |
| Perf. YTD | 55% | 27% | -9% |
| Free Float | 27% | 31% | 35% |
| ADIT YTD (Euk) | 546 | 276 | 130 |

Performance

| | 1M | 3M | 6M |
|-----------------------|-----------|------|------|
| Absolute | -0.45% | n.a. | n.a. |
| Relative | n.a. | n.a. | n.a. |
| 52-week High/Low (Eu) | 1.91/2.87 | | |

IR TOP RESEARCH

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