



**FY21 double digit revenues growth (+39%), +29% in the first two months of FY22**

**Sector: Technology**

**FY21 sales at Euro 18.6 m, growth above expectations.** In 2H21, the revenue trend improved more than expected, driving FY21 revenues to Euro 18.6 m (+39% YoY and vs. Euro 18.2 m expected) with a growth in all sales families, in particular Digital Marketing (+60), New Media publishing (+121%), Academy (+106%) and Virtual Reality and Artificial Intelligence (+75%). The Group has always managed to keep all its operating activities, planning to the strengthening of innovative products and services created in relation to new market needs and continued its strategic path by investing resources.

**Profitability in line with expectations and FY22 off to a good start.** FY21 EBITDA was Euro 2.9 m (Euro 3.0 m expected) with a 14.8% EBITDA margin (16% expected) vs. 9.6% as of priory year, despite an increase in costs for services and payroll costs by 30.3% and 26.6% respectively, due to the consolidation of the new companies acquired in 2020/2021 and the higher internal production resulting from the growth in revenues.

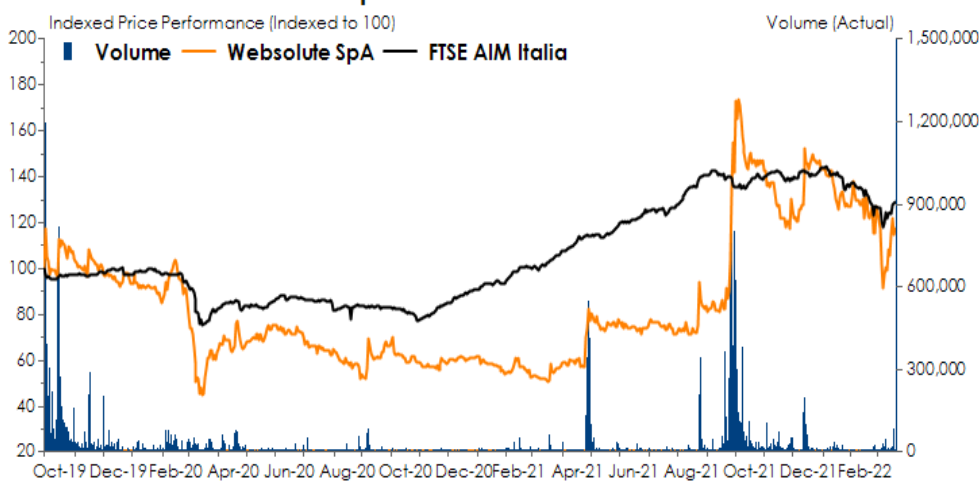
Net profit of Euro 0.47 m came in slightly below our estimates (Euro 1.1) after an increase in amortization and other provisions (Euro 2.0 m vs. 0.9 m in FY20) given the conclusion and, therefore, the production of the effects of some projects in progress.

Net debt at the end of the period considered was of Euro 2.4 m, down from Euro 3.1 m, thanks to an increase in cash thus confirming the substantial maintenance of a good level of cash elasticity in the presence of an increase in bank debt.

Further positive elements are represented by the presence of a sales order backlog that shows an increase of about 29%, compared to the same period of 2021, in the first two months of 2022.

**Estimate revision and valuation.** Based on our updated estimates and peers' multiple re-rating since our last update in Semptember 2021 and considering FY21 results, we finetuned our estimates to factor in, on the one hand, an acceleration in FY22 of revenues to Euro 23.2 m (Euro 21.9 m previously), while on the other we slightly reduced our EBITDA margin to 17% (20% previously) considering higher costs due to the consolidation of new business acquisition and increased internal production resulting from revenue growth. For FY23E we have also finetuned our sales growth (+20% vs +15% previously). We set the same target price of Euro 5.23 p.s., providing for an upside on current stock price of 94%. 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 10.9x and 7.8x respectively.

**Websolute SpA vs. FTSE Italia Growth Index**



Source: FactSet Prices

**Target Price 5.23 (5.22 pr.)**

Price (€ m) **2.74**

Market Cap (€ m) **27**

EV (€ m) **29**

*As of March 22<sup>nd</sup>, 2022*

**Share Data**

Market	Euronext Growth Milan
Reuters/Bloomberg	WEB:IM
ISIN	IT0005384901
N. of Shares	9.704.217
Free Float	24.90%
CEO	Lamberto Mattioli

**Financials**

	2020A	2021A	2022E	2023E
<b>Sales</b>	<b>13.34</b>	<b>18.59</b>	<b>23.23</b>	<b>27.88</b>
YoY %	+5.2%	+34%	+22%	+19%
<b>EBITDA</b>	<b>1.42</b>	<b>2.94</b>	<b>4.12</b>	<b>5.78</b>
EBITDA %	9.6%	14.8%	17%	20%
<b>EBIT</b>	<b>0.52</b>	<b>0.97</b>	<b>2.48</b>	<b>4.02</b>
EBIT %	4%	5%	10%	14%
<b>Net Income</b>	<b>0.34</b>	<b>0.47</b>	<b>3.58</b>	<b>5.86</b>
<b>Net Debt</b>	<b>3.08</b>	<b>2.41</b>	<b>1.9</b>	<b>(0.57)</b>

**Performance**

	1M	3M	6M
Absolute %	-2.14	-19.41	-18.93
Relative (FTSE Italia Growth)	90.99	92.99	-12.91
52-week High/Low (Eu)	4.16	/	1.25

Edoardo Fumagalli

[e.fumagalli@irtop.com](mailto:e.fumagalli@irtop.com)

## KEY FINANCIALS

<b>Profit&amp;Loss Statement</b>	<b>2018A</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>
Sales	12.3	12.8	13.3	18.6	23.2	27.9
Revenues (VoP)	12.8	14.1	14.8	19.9	24.2	28.9
EBITDA	1.7	2.1	1.4	2.9	4.1	5.8
EBIT	1.1	0.9	0.5	1.0	2.5	4.0
Financial Income (charges)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Pre-tax profit (loss)	1.1	0.8	0.4	0.9	2.4	3.9
Taxes	(0.4)	(0.3)	(0.1)	(0.4)	(1.1)	(1.9)
Net profit (loss)	0.7	0.5	0.3	0.5	1.3	2.1
<b>Balance Sheet</b>						
Net working capital (NWC)	1.8	1.2	2.2	2.4	3.2	3.8
Net fixed assets	3.2	5.4	7.5	7.3	7.4	6.6
M/L Funds	(1.3)	(1.5)	(1.8)	(2.0)	(2.2)	(2.4)
Net Capital Employed	3.7	5.2	7.9	7.6	8.3	8.0
Net Debt	2.5	0.9	3.1	2.4	1.9	(0.6)
Minorities	0.3	0.5	0.9	0.9	1.2	1.6
Equity	0.9	3.8	3.9	4.3	5.3	7.0
<b>Cash Flow</b>						
EBIT	1.1	0.9	0.5	1.0	2.5	4.0
D&A	0.5	1.1	0.9	1.7	1.6	1.8
Provisions and write-downs	0.1	0.2	0.0	0.3	0.0	0.0
Tax	(0.4)	(0.3)	(0.1)	(0.4)	(1.1)	(1.9)
Change in M/L Funds	0.3	0.2	0.3	0.2	0.2	0.2
Gross Cash Flow	1.6	2.0	1.6	2.8	3.2	4.1
Change in NWC	(0.3)	0.6	(1.0)	(0.2)	(0.8)	(0.6)
Operating Cash Flow	1.4	2.6	0.7	2.6	2.4	3.5
Capex	(2.1)	(3.5)	(2.5)	(1.3)	(1.6)	(1.0)
Change in other non-current asset	(0.1)	(0.1)	(0.5)	(0.2)	(0.2)	(0.1)
Financial Income (charges)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Free Cash Flow	(0.9)	(1.0)	(2.5)	1.0	0.5	2.4
Change in Equity	(0.6)	2.5	0.2	(0.1)	0.0	0.0
Change in Net debt	(1.4)	1.5	(2.3)	0.9	0.5	2.4
<b>Per Share Data</b>						
<b>Current Price</b>	2.74					
Total shares out (mn)	9.70					
EPS	0.1	0.1	0.0	0.0	0.1	0.2
FCF	(0.1)	(0.1)	(0.3)	0.1	0.0	0.2
Pay out ratio	n.a.	95%	0%	0%	0%	100%
<b>Ratios</b>						
EBITDA margin	13.1%	15.2%	9.6%	14.8%	17.0%	20.0%
EBIT margin	8.8%	6.3%	3.5%	4.9%	10.2%	13.9%
Net Debt/Equity	273.8%	23.2%	78.0%	55.9%	35.0%	-8.1%
Net Debt/(Net Debt + Equity)	73.3%	18.8%	43.8%	35.8%	25.9%	-8.8%
Net Debt/EBITDA	1.49	0.41	2.17	0.82	0.45	-0.10
Interest cover EBIT	15.14	13.60	7.04	13.18	33.69	54.73
ROE	76.2%	13.4%	8.7%	10.9%	23.7%	29.7%
ROCE	39.9%	23.0%	7.9%	18.3%	43.4%	73.9%
Free Cash Flow Yield	n.m.	n.m.	n.m.	2.8%	1.4%	6.8%
<b>Growth Rates</b>						
Revenues (VoP)	69%	10%	5%	34%	22%	19%
EBITDA	168%	28%	-33%	106%	40%	40%
EBIT	173%	-22%	-41%	86%	156%	62%
Net Profit	85%	-27%	-32%	37%	168%	64%

**Estimate revision – Euro m**

Euro m	20A	21A	22E Old	22E New	23E Old	23E New
<b>Revenues (VdP)</b>	<b>14,8</b>	<b>19,9</b>	<b>22,9</b>	<b>24,2</b>	<b>26,2</b>	<b>28,9</b>
yoy	+5%	<b>34%</b>	19%	22%	14%	19%
<b>EBITDA</b>	<b>1,4</b>	<b>2,9</b>	<b>4,6</b>	<b>4,12</b>	<b>5,8</b>	<b>5,8</b>
margin	10%	<b>14,8%</b>	20%	17%	22%	20%
<b>EBIT</b>	<b>0,5</b>	<b>0,97</b>	<b>3,0</b>	<b>2,48</b>	<b>4,2</b>	<b>4,0</b>
margin	4%	<b>5%</b>	13%	10%	16%	17%
<b>Net Profit</b>	<b>0,3</b>	<b>0,47</b>	<b>2,25</b>	<b>1,26</b>	<b>2,25</b>	<b>2,1</b>
yoy	-32%	<b>37%</b>	95%	168%	10%	43%
EPS	<b>0,03</b>	<b>0,04</b>	<b>0,24</b>	<b>0,13</b>	<b>0,33</b>	<b>0,21</b>

Euro m	20A	21A	22E Old	22E New	23E Old	23E New
Net Working Capital (NWC)	2,2	2,4	2,2	3,2	2,5	3,8
Fixed net assets	7,5	7,3	7,4	7,4	6,9	6,6
Funds	(1,8)	(2,2)	(2,1)	(2,2)	(2,3)	(2,4)
<b>Net Capital Employed</b>	<b>7,9</b>	<b>7,6</b>	<b>7,6</b>	<b>8,3</b>	<b>7,1</b>	<b>8,0</b>
Minorities	0,9	1,2	1,5	1,2	2,1	1,6
<b>Net Debt (Cash)</b>	<b>3,1</b>	<b>2,4</b>	<b>(0,7)</b>	<b>1,9</b>	<b>(4,2)</b>	<b>(0,6)</b>
<b>Equity</b>	<b>3,9</b>	<b>4,3</b>	<b>6,7</b>	<b>5,3</b>	<b>9,2</b>	<b>7,0</b>
<b>Sources</b>	<b>7,9</b>	<b>7,6</b>	<b>7,6</b>	<b>8,3</b>	<b>7,1</b>	<b>8,0</b>

Source: Company Data and PMI Capital Research Estimates

## VALUATION UPDATE

### Valuation Summary

Method	Weight	Price (Eu p.s.)	Equity Value (Eu m)
Multiple analysis EV/EBITDA, P/E 22/23 and EGM Peers	50%	3.38	40.3
DCF (WACC 7.2% and g 1.0%)	50%	7.07	55.8
<b>Target Price</b>	<b>100%</b>	<b>5.23</b>	<b>48.0</b>

### Multiples Comparison

	Country	Market Cap	Price	Sales 2022E	Sales yoy 22/21	EBITDA % 2022E	NI % 2022E
Digital Value	Italy	867	87.0	690.5	28%	10%	129%
Digital360	Italy	83	4.4	46.3	39%	19%	140%
DigiTouch	Italy	24	1.8	42.2	8%	16%	133%
MAPS	Italy	39	3.4	29.9	26%	27%	140%
Neosperience	Italy	41	4.6	27.0	32%	28%	307%
Relatech	Italy	94	2.5	45.6	63%	25%	97%
<b>Average</b>		<b>191.6</b>	<b>17.3</b>	<b>146.9</b>	<b>33%</b>	<b>21%</b>	<b>158%</b>
Websolute		26.59	2.74	23.2	25%	17%	168%

Source: FactSet data as of March 22<sup>nd</sup>, 2022 and Group data for Websolute

	EV/EBITDA		P/E	
	22E	23E	22E	23E
Digital Value	12.0	9.8	23.4	17.6
Digital360	8.8	7.4	20.3	16.2
DigiTouch	3.8	3.3	33.2	22.1
MAPS	5.0	4.4	12.7	11.0
Neosperience	5.6	4.1	20.9	11.1
Relatech	7.8	6.3	15.4	12.1
<b>Average</b>	<b>7.2</b>	<b>5.9</b>	<b>21.0</b>	<b>15.0</b>
Websolute	10.9	7.8	20.8	12.8
Premium/Discount to Peers	51.6%	32.8%	-0.8%	-14.8%

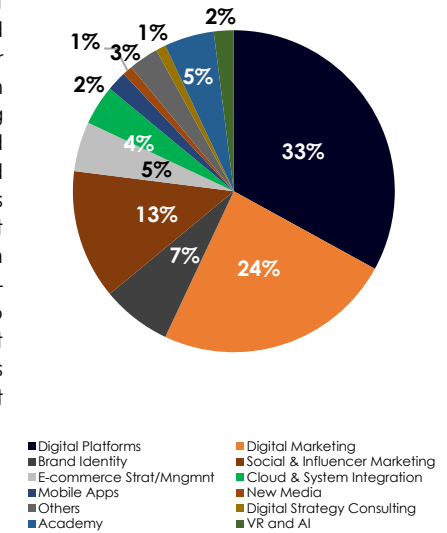
Source: FactSet data as of March 22<sup>nd</sup>, 2022 and Group data for Websolute

**WEBSOLUTE IN BRIEF**

**Group Description**

Founded in 2001 by Claudio Tonti and Lamberto Mattioli (current chairman and CEO), Websolute Spa is an innovative SME and operating holding company of the Websolute Group, Italian leader in digital communication, digital marketing, and e-commerce. In 2015 Maurizio Lanciaprima became a Partner, with a shareholding equal to that of the founding partners. The Group is characterized by a wide and constantly updated product and service offering and a capillary presence in the national territory thanks to 13 local offices and 21 sales professionals. With approx. 209 employees and a client base of ~700 mostly Mid/Large sized companies highly diversified in terms of industry. Websolute efficiently produces and controls in-house the entire value creation chain, from strategic consulting to the implementation and maintenance of digital services aimed at enhancing the brand to the implementation of marketing strategies and the integration of e-commerce activities aimed at development and consolidation of the business of its customers.

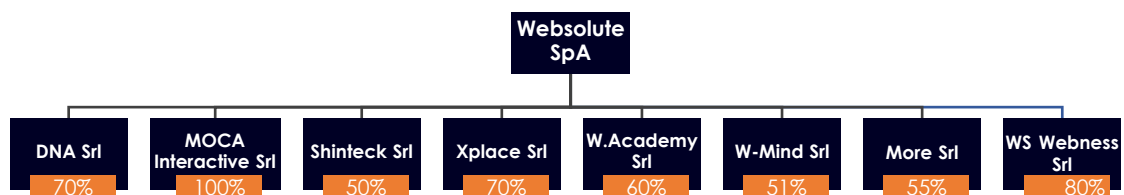
**Revenues breakdown by segment**



Strategy	Investment Opportunity
<p>Over the next years the Group's growth strategy will focus on:</p> <ul style="list-style-type: none"> <li>Strengthening the direct commercial structure in order to increase geographical presence in Italy</li> <li>Creation of an indirect commercial network through partnership agreements with advertising agencies and research/integration of personnel specialized in the commercial field</li> <li>Websolute Academy, special training in the commercial, technical and consulting field for Group resources</li> <li>M&amp;A</li> </ul>	<ul style="list-style-type: none"> <li>Wide product and service offering</li> <li>High portion of recurring revenues</li> <li>Continuous focus on innovation and R&amp;D</li> <li>Strong M&amp;A and integration track record</li> <li>Wide and diversified client portfolio, high standing clients</li> <li>Long term relationship with clients and continuous scouting activities</li> <li>Strong M&amp;A track record</li> </ul>

Product/Service Portfolio	Governance
<p><b>Product/Service Portfolio</b></p> <p>The Group's product/service offering is characterized by its wide range of integrated services designed ad-hoc to satisfy every client's specific need.</p> <ul style="list-style-type: none"> <li>Digital platforms</li> <li>Digital Marketing</li> <li>Brand UX-CX &amp; Customer Journey</li> <li>Social &amp; Influencer Marketing</li> <li>Academy Business school</li> <li>VR/AR</li> <li>Data Science &amp; AI</li> </ul>	<ul style="list-style-type: none"> <li><b>Lamberto Mattioli</b> – Chairman (General Commercial Director)</li> <li><b>Maurizio Lanciaprima</b> – CFO, Investor Relations Manager &amp; E-commerce Business Strategy</li> <li><b>Claudio Tonti</b> - Marketing and Digital Strategy</li> <li><b>Paolo Pecetto</b> – Board Member</li> <li><b>Alfonso Del Giudice</b> – Independent director</li> </ul>

**Group Structure**



## WEBSOLUTE ON EGM

### IPO

Trading Market: AIM Italia – Borsa Italiana SpA  
Date: September 30<sup>th</sup>, 2019  
Price: 1.50 Eu  
Capital raised: 3 Eu m equity through a capital increase  
Capitalisation: 12.9 Eu m

### SHARES (as of March 22<sup>th</sup>, 2022)

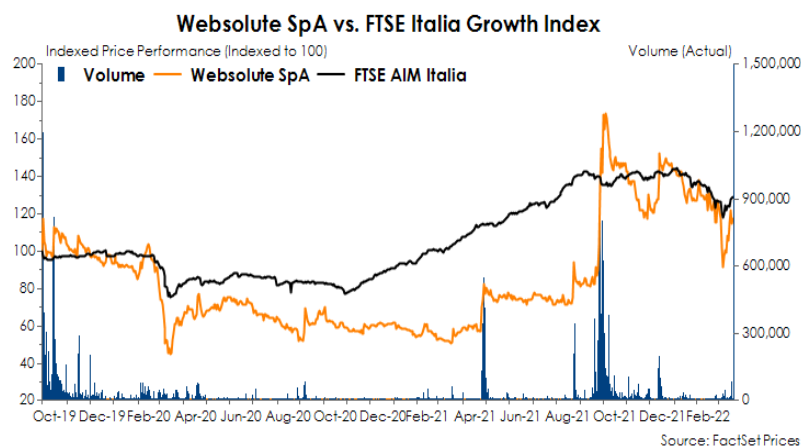
Code: WEB  
Bloomberg: WEB:IM  
Reuters: WEB.MI  
ISIN ordinary shares: IT0005384901  
Shares: 9.704.217  
Price: 2.74 Euro  
Performance from IPO: +83%  
Capitalisation: Euro 27 m  
Free Float: 24.90%  
NomAd: Integrae SIM S.p.A.  
Specialist: Integrae SIM S.p.A.

### WARRANT 2019-2022

Alphanumeric Code: WWEB22  
ISIN: IT0005385197  
Issued warrants: 8.648.950  
Exercise ratio: 1.1 new instrument every 10 warrants held.  
Exercise periods:  
3<sup>rd</sup> exercise period 01/11/22 – 30/11/2022. exercise price € 1.82

Number of outstanding Warrants at March 21<sup>st</sup>, 2021: 6.918.270.

### STOCK PERFORMANCE



### OWNERSHIP

Shareholder	N° of shares	%
Lyra S.r.l. (Lamberto Mattioli)	1,875,115	19.32%
Cartom S.r.l. (Maurizio Lanciaprima)	1,875,115	19.32%
W S.r.l. (Claudio Tonti)	1,837,715	18.94%
Innovative RFK S.p.a.	1,220,531	12.58%
Paolo Pescetto	100,405	1.03%
Heirs Hasmonai Hazan	38,616	0.40%
Antares Srl	15,446	0.16%
Own shares	324,500	3.34%
Market	2,416,774	24.90%
<b>Total</b>	<b>9,704,217</b>	<b>100.00%</b>

**DISCLAIMER**

**UPDATES**

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Date	Target Price	Market Price	Validity Time
22 March 2022	5.23	2.70	12 months
28 September 2021	5.22	3.56	12 months
23 April, 2021	2.55	1.31	12 months
8 October 2020	2.30	1.44	12 months
13 May 2020	3.26	1.64	12 months
14 November 2019	3.66	2.26	12 months

**VALUATION METHODOLOGY (HORIZON: 12M)** IR Top Research obtained a fair value using different valuation methodologies including Discounted Cash Flow method and Multiple-based models.

Moreover, IR Top Research used a proprietary model, "AIM Positioning rating", which incorporates a number of variables selected by IR Top based on research of "Osservatorio AIM Italia", managed by IR Top and focused on research about performance of Companies listed on AIM Italia.

Detailed information about the valuation or methodology and the underlying assumptions and information about the proprietary model used is accessible at IR Top premises.

**RESEARCH TEAM**

Edoardo Fumagalli (Analyst, AIAF Associated)

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