



Analysr

3 October 2022

Buy

Recommendation unchanged

Share price: EUR 11.50

closing price as of 30/09/2022

Target price: EUR 15.50

Target Price unchanged

Upside/Downside Potential 34.8%

Reuters/Bloomberg

SPN.MI/SPN IM

Market capitalisation (EURm) 69

Current N° of shares (m) 6

Free float 18%

Daily avg. no. trad. sh. 12 mth (k) 6

Daily avg. trad. vol. 12 mth (k) 4.60

Price high/low 12 months 20.80 / 9.20

Abs Perfs 1/3/12 mths (%) 21.31/-4.17/2.68

Key financials (EUR) 12/21 12/22e 12/23e

Sales (m) 68 78 85

EBITDA (m) 5 6 7

EBITDA margin 7.8% 8.2% 8.5%

EBIT (m) 4 5 5

EBIT margin 5.9% 5.9% 6.1%

Net Profit (adj.)(m) 3 3 4

ROCE 692.0% 32.4% 27.5%

Net debt/(cash) (m) (1) 4 3

Net Debt/Equity 0.0 0.3 0.2

Debt/EBITDA -0.1 0.7 0.5

Int. cover(EBITDA/Fin. int) 15.9 16.1 12.9

EV/Sales 1.4 0.8 0.7

EV/EBITDA 18.1 9.4 8.3

EV/EBITDA (adj.) 18.1 9.4 8.3

EV/EBIT 24.2 13.1 11.6

P/E (adj.) 38.6 19.8 18.3

P/BV 8.0 4.1 3.4

OpFCF yield -1.6% 10.8% 9.2%

Dividend yield 0.0% 0.0% 0.0%

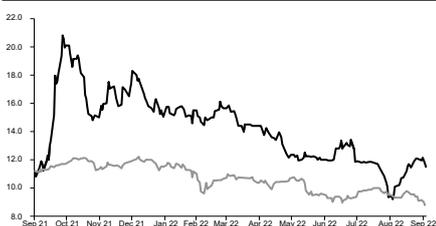
EPS (adj.) 0.47 0.58 0.63

BVPS 2.30 2.82 3.39

DPS 0.00 0.00 0.00

Shareholders

Managers and founders 66%; Treasury shares 8%; Other 8%;



Source: FactSet

SPINDOX FTSE Italy All Share (Rebased)

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H1 22 results confirmed growth and margins. New M&A announced

The facts: SPN reported its H1 22 results on 30 September. The group pre-reported preliminary results (value of production, EBITDA and net debt) on 29 July.

Our analysis: SPN published its H1 22 results on a consolidated basis, including Plan Net and Plan Soft as of Jan 1, 2022 and TMLab since May.

(EURm)	Q2 2022	Q2 21 pf	Y/Y	H1 2022	H1 21 pf	Y/Y
Total sales	19.8	17.2	15.2%	38.8	34.1	13.8%
EBITDA	1.4	1.5	-7.0%	2.9	2.8	1.9%
margin	7.2%	8.9%	-1.4pp	7.4%	8.3%	-0.7pp
EBIT				1.5	2.0	-26.8%
margin				3.8%	6.0%	-0.7pp
Net income				0.6	1.3	-55.0%
Net debt (cash)				-1.7	na	

Source: company data

Revenue growth in Q2 accelerated slightly vs. Q1 (+12.4% Y/Y), as it included less than EUR 300K contribution (c. 1/1.5pp on Q2 growth) from the consolidation of TMLAB as of May 1 and Stakehouse as of June 1. As regards the EBITDA margin, the company explained that it suffered, particularly in Q2, from the postponement of some relevant projects in the Banking&Insurance vertical, for which SPN had already acquired the resources needed. At the EBIT level, the company booked some EUR 0.5m in PPA amortisation.

Corporate action. On September 28, SPN founded a new company, **Ultra**, of which SPN owns a 55% stake. Ultra will design, realise and market virtual reality, augmented reality and mixed reality solutions for industrial and GLAM applications.

On September 30, SPN announced that it had signed the preliminary binding agreement to acquire **Deep Consulting**, with closing expected on Oct 7. Deep Consulting specializes in designing and implementing end-to-end ICT solutions, particularly concerning 5G networks. In FY 2021, Deep Consulting booked EUR 10m in revenues and EUR 0.92m in EBITDA (9.2% margin). The total consideration is in the region of EUR 5.9m (o/w EUR 5.6 equity value and EUR 0.3m net cash). The earn-outs are worth up to further EUR 4/5m, depending on the following conditions: 1) EUR 0.8m if Deep wins a tender by Regione Puglia; 2) EUR 1m if FY 2022 revenues exceed EUR 14m and EBITDA margin exceed 10%; 3) EUR 3m if Deep makes at least EUR 5m/6.5m/8m in revenues with selected customers (TIM, Ericsson, Leonardo, Ferrovie dello Stato, other telecom, aerospace and defense companies); in FY 22/23/24 respectively.

The upfront consideration (EUR 5.9m) implies an EV/EBITDA multiple of nearly 6.4x, whereas we estimate that the maximum value (c. EUR 11m) implies an EV/EBITDA multiple of less than 8x on FY 22 EBITDA.

Conclusion & Action: Neutral impact from the definitive H1 results. We appreciate the strategic sense of the Deep Consulting acquisition and consider the price reasonable, given the milestones included in the contract. We confirm our estimates, which imply c. 8% organic growth in FY 22 revenues (c. 11% Y/Y organic in H2 22).