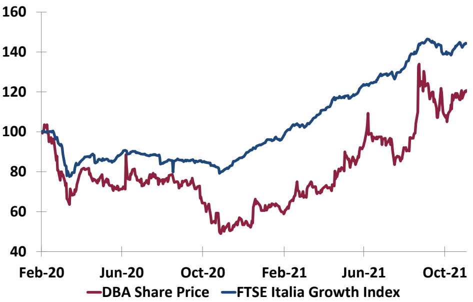
DBA GROUP

OUTPERFORM

Current Share Price (€): 1.69

Target Price (€): 2.22

DBA Group - Performance since Feb 20



Source: S&P Capital IQ - Note: 03/02/2020=100

Company data

ISIN number	IT0005285942
Bloomberg code	DBA IM
Reuters code	DBA.MI
Sector	Engineering & IT Consulting
Stock market	Euronext Growth Milan
Share Price (€)	1.69
Date of Price	04/11/2021
Shares Outstanding (m)	11.5
Market Cap (€m)	19.5
Market Float (%)	49.6%
Daily Volume	38,700
Avg Daily Volume YTD	50,172
Target Price (€)	2.22
Upside (%)	32%
Recommendation	OUTPERFORM

Share price performance

	1M	3M	1Y
DBA - Absolute (%)	12%	34%	141%
FTSE Italia Growth (%)	3%	7%	78%
1Y Range H/L (€)		1.88	0.70
YTD Change (€)/%		0.84	99%

Source: S&P Capital IQ

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H1 2021 operations on track, rumors about Actual IT sale

H1 2021: On track to meet FY21 management targets

H1 2021 consolidated revenues were €31m, +14% on H1 2020, driven by the Slovenian ICT and Engineering & Project Management BUs, and especially from engineering works on data centers in Italy. Operating margins and net results were in line with the same period of the prior year and, as observed in past interim results which alternate limited income and losses close to breakeven, revenues and margins recognition occurs mostly in H2. The net financial debt was nearly unchanged compared to year-end.

As a consequence, in view of our estimates and management 2021 full-year guidelines (€73m tot. revenues, €5.5m EBITDA, net income at breakeven), we deem H1 2021 actual figures suitable, given the historical concentration of revenues and margins in H2. As such, we confirm our previous estimates.

Rumors about interest on subsidiary Actual IT

According to some rumors on the Slovenian press, confirmed by the Company, DBA is currently in talks with Telekom Slovenije about DBA's subsidiary Actual IT, the Slovenian ICT BU of the Group. The consideration range, based on the press content, could be €30-50m. Actual IT generated €36.5m revenues in FY20, with €2.8m EBITDA and net debt in the region of €6-7m. The possible execution of the deal would in all instances reverse the group financial position into cash. We have evaluated this effect on our valuation, leading conservatively to an upside of at least €1.4 per share in case of deal completion. The ensuing trade-off would be a reset of strategy and operations.

Outlook: catching the opportunities from investments in green and digital transition

We recall that DBA, as technology company heavily engaged in infrastructure connectivity and lifecycle management, matches the growing opportunities coming from the EU and national infrastructure investment plans in its reference markets.

Current trading: stock price rose +21% since Feb 2020

DBA share price followed the trend of the Italia Growth index since February to October 2020, then the gap widened. Recently DBA saw its stock climb up to €1.88, hitting a 1Y record, and stabilize in the region of €1.6-1.7, after that Actual IT rumors started to spread. Overall, DBA share price gained 21% since Feb 2020, vs. 44% of its reference index.

Target Price €2.22 per share (from €1.75), OUTPERFORM rating confirmed

Our updated valuation of DBA suggests a Target Price of €2.22 per share (from €1.75), +32% potential upside on current share price, confirming the OUTPERFORM rating on the stock. Also, we have simulated the deal completion alternative scenario, leading to an additional upside of at least €1.4 per share.

Key financials and estimates

€m	2017	2018	2019	2020	2021E	2022E
Revenues	**42.6**	**47.2**	**59.7**	**70.9**	**72.0**	**73.8**
EBITDA	**4.9**	**4.8**	**3.3**	**3.9**	**5.0**	**5.8**
Margin	*11%*	*10%*	*6%*	*6%*	*7%*	*8%*
Net Income (Loss)	**1.0**	**0.4**	**(2.8)**	**(1.3)**	**(0.6)**	**0.0**
Net (Debt) Cash	**1.7**	**(9.7)**	**(14.8)**	**(16.4)**	**(13.9)**	**(12.3)**
Equity	**24.6**	**23.6**	**21.2**	**19.3**	**18.8**	**18.8**

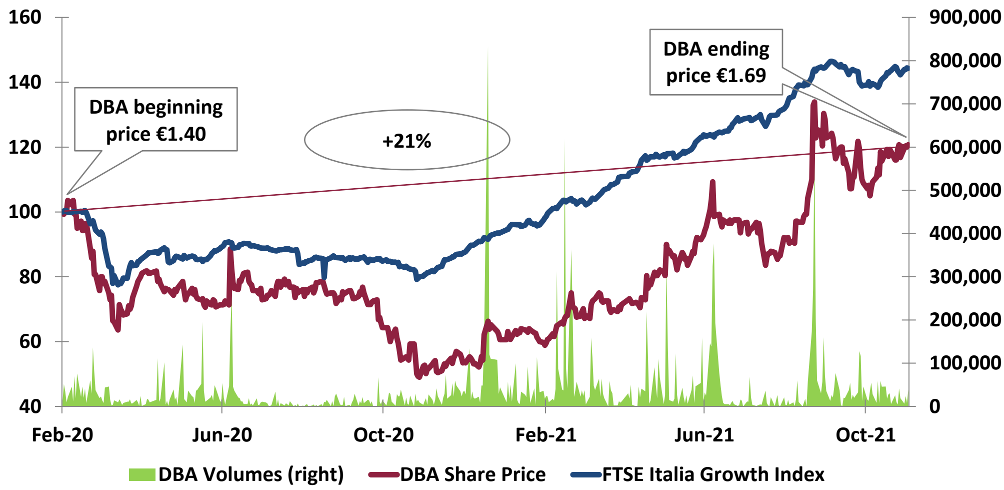
Source: Company data 2017-20A, EnVent Research 2021-22E

Market update

Trading price range €0.69-1.88 per share

+21% for DBA since Feb 2020, in the same period the Italia Growth Index increased by 44%

DBA - Share price performance and trading volumes since Feb 20



Source: EnVent Research on S&P Capital IQ - Note: 03/02/2020=100

H1 2021: Revenues up, profitability expected at year-end

DBA's H1 2021 consolidated revenues were €31.4m including work in progress, +7% on H1 2021 (+14% net of work in progress), increase mainly attributable to the ICT SLO performance (sales +15%, according to management due to the increased sales of IT Services, the development of Portline software and the recently acquired contracts for the digitization of Slovenian hospitals), while EPM sales slightly increased and ICT ITA worsened its performance. There has been a more than proportional increase in operating costs of €1.9m, especially +€1.4m services cost and +€0.6m personnel cost compared to H1 2020.

Adjusted EBITDA at €0.4m, reported EBITDA after non-recurring costs at €0.3m, vs. €0.2m in H1 2020. EBIT was €(1.9)m, as in H1 2020, after €2.1m D&A. Consolidated net loss of €(2.2)m, in line with H1 2020. Net loss adjusted for goodwill amortization would be €(1.4)m.

Trade Working Capital slightly lower at €19.5m, from €20.9m at year-end 2020.

Net financial debt at €16.3m as of June 2021, in line with year-end 2020.

Consolidated Profit and Loss

€m	H1 2020	H1 2021
Revenues	27.3	31.0
Change in work in progress	1.6	0.3
Other income	0.4	0.1
Total Revenues	**29.3**	**31.4**
YoY %	*14.1%*	*7.3%*
Personnel	(12.1)	(12.7)
Services	(11.1)	(12.5)
Other operating costs	(5.9)	(5.8)
Operating costs	**(29.1)**	**(31.0)**
EBITDA	**0.2**	**0.4**
Margin	*0.7%*	*1.2%*
Non-recurring costs	0.0	(0.1)
EBITDA after non-recurring costs	**0.2**	**0.3**
Margin	*0.7%*	*0.8%*
D&A	(2.1)	(2.1)
EBIT	**(1.9)**	**(1.9)**
Margin	*-6.5%*	*-6.0%*
Interest	(0.2)	(0.3)
EBT	**(2.1)**	**(2.2)**
Margin	*-7.2%*	*-7.0%*
Income taxes	0.0	0.0
Net Income (Loss)	**(2.1)**	**(2.2)**
Margin	*-7.2%*	*-7.0%*

Consolidated Balance Sheet

€m	H1 2020	2020	H1 2021
Work in progress	4.4	4.5	4.8
Inventory	0.5	0.6	0.6
Trade receivables	22.0	28.2	23.8
Trade payables	(8.7)	(12.4)	(9.7)
Trade Working Capital	18.2	20.9	19.5
Other assets (liabilities)	(3.4)	(2.5)	(3.2)
Net Working Capital	**14.8**	**18.5**	**16.3**
Intangible assets	6.7	6.6	6.3
Goodwill	9.5	8.7	8.6
Property, plant and equipment	3.4	3.5	3.6
Equity investments and financial assets	0.7	0.6	0.6
Non-current assets	**20.4**	**19.3**	**19.0**
Provisions	**(1.9)**	**(2.1)**	**(1.9)**
Net Invested Capital	**33.2**	**35.8**	**33.5**
Bank debt	15.9	23.9	22.7
Other financial debt	1.3	1.2	1.2
Cash and equivalents	(2.6)	(8.7)	(7.6)
Net Debt (Cash)	**14.6**	**16.4**	**16.3**
Shareholders' Equity	18.6	19.3	17.2
Minority interests	0.0	0.0	0.0
Equity	**18.6**	**19.3**	**17.2**
Sources	**33.2**	**35.8**	**33.5**

Source: Company data

Consolidated Cash Flow

€m	H1 2020	H1 2021
EBIT	**(1.9)**	**(1.9)**
Current taxes	0.0	0.0
D&A	2.1	2.1
Provisions	(0.1)	(0.1)
Cash flow from P&L operations	**0.1**	**0.1**
Trade Working Capital	1.8	1.4
Capex - intangibles	(0.7)	(0.4)
Capex - acquisitions	(0.2)	(0.6)
Capex - PPE	(0.7)	(0.8)
Other assets and liabilities	0.6	0.7
Operating cash flow after working capital and capex	**0.9**	**0.4**
Interest	(0.2)	(0.3)
Equity investments and financial assets	(0.1)	(0.0)
Consolidation adjustments	(0.4)	0.1
Net cash flow	**0.3**	**0.2**
Net (Debt) Cash - Beginning	(14.8)	(16.4)
Net (Debt) Cash - End	(14.6)	(16.3)
Change in Net (Debt) Cash	**0.3**	**0.2**

Ratio Analysis

KPIs	H1 2020	H1 2021
ROE	-18%	-8%
ROS	-7%	-6%
ROIC	-7%	-2%
DSO	113	113
DPO	76	78
TWC/Revenues	29%	27%
Net Debt / EBITDA	3.9x	4.0x
Net Debt / Equity	0.8x	0.9x
Cash flow from operations / EBITDA	52%	26%
FCF / EBITDA	nm	104%
Per-capita revenue (€k)	86	93
Per-capita cost (€k)	38	35

Source: Company data - Note: H1 KPIs calculated on LTM economics

Period facts - New projects

Assignment by Abu Qir Container Terminal Company

May 2021: Consultancy assignment by Abu Qir Container Terminal Company to revise the executive planning and supervise the work for the Terminal Container in Alexandria of Egypt. 3Y contract worth $5m

Supply and maintenance of energy-efficient ICT personal devices for the Slovenian Ministry of Public Administration. 2Y contract worth €3.2m

June 2021: Engineering services for the construction of "Chorus Life", Real Estate complex in Bergamo. May 2021 - July 2022 (15 months) contract worth €1m

Assignment from the Community Health Center in Ljubljana for the activation, maintenance, and management of cyber security of the new communication system. Contract worth €0.5m

July 2021: Partnership between subsidiary Itelis and Telekom Slovenjia for the implementation and maintenance of the SAP ERP solution of University Medical Centre Maribor. 10Y contract worth €1.9m

Serbian Magistracy

August 2021: Design and realization of the Centralized Case Management System for the Serbian Magistracy. 3Y contract worth €9.5m

September 2021: Won the tender procedure organized by the Slovenian public entity Arnes for the supply of computers that transpose the most advanced market standards in energy efficiency. Contract worth €2.6m

Recall of management guidelines 2020-23E

Financial guidelines 2020-23

€m	2020A	2021E	2022E	2023E
Total Revenues (incl. capitalization of intangibles)	71.9	73.0	72.8	76.1
EBITDA	3.9	5.5	6.3	7.3
Margin	*5.4%*	*7.5%*	*8.6%*	*9.6%*
EBIT	(0.7)	0.9	2.0	3.2
Net Income (Loss)	(1.3)	0.0	0.9	1.9
Net (Debt) Cash	(16.4)	(14.1)	(12.3)	(9.4)

Source: Company data - Last management update January 2021

Financial projections

Consolidated Profit and Loss

€m	2017	2018	2019	2020	2021E	2022E
Total Revenues	**42.6**	**47.2**	**59.7**	**70.9**	**72.0**	**73.8**
YoY %	*2.7%*	*10.8%*	*26.5%*	*18.9%*	*1.5%*	*2.5%*
Personnel	(16.0)	(19.0)	(22.3)	(24.0)	(24.0)	(24.5)
Services	(17.7)	(17.7)	(24.9)	(23.0)	(22.9)	(23.2)
Other operating costs	(4.0)	(5.6)	(9.1)	(20.0)	(20.0)	(20.3)
Operating costs	**(37.7)**	**(42.4)**	**(56.4)**	**(67.0)**	**(66.9)**	**(68.0)**
EBITDA	**4.9**	**4.8**	**3.3**	**3.9**	**5.1**	**5.8**
Margin	*11.5%*	*10.2%*	*5.6%*	*5.5%*	*7.1%*	*7.9%*
Non-recurring costs	(0.3)	(0.4)	(1.2)	(0.5)	(0.1)	0.0
EBITDA after non-recurring costs	**4.6**	**4.4**	**2.1**	**3.5**	**5.0**	**5.8**
Margin	*10.7%*	*9.4%*	*3.5%*	*4.9%*	*6.9%*	*7.9%*
D&A	(1.9)	(1.6)	(3.2)	(2.7)	(3.2)	(3.2)
EBITA	**2.6**	**2.8**	**(1.1)**	**0.8**	**1.8**	**2.6**
Margin	*6.2%*	*6.0%*	*-1.9%*	*1.1%*	*2.5%*	*3.5%*
Goodwill amortization	(0.5)	(1.2)	(1.2)	(1.5)	(1.5)	(1.5)
EBIT	**2.1**	**1.6**	**(2.3)**	**(0.7)**	**0.3**	**1.1**
Margin	*4.9%*	*3.5%*	*-3.9%*	*-0.9%*	*0.4%*	*1.5%*
Interest	(0.2)	(0.3)	(0.3)	(0.6)	(0.5)	(0.5)
EBT	**1.9**	**1.4**	**(2.7)**	**(1.2)**	**(0.2)**	**0.6**
Margin	*4.5%*	*2.9%*	*-4.5%*	*-1.7%*	*-0.3%*	*0.8%*
Income taxes	(0.9)	(1.0)	(0.2)	(0.1)	(0.4)	(0.6)
Net Income (Loss)	**1.0**	**0.4**	**(2.8)**	**(1.3)**	**(0.6)**	**0.0**
Margin	*2.4%*	*0.8%*	*-4.8%*	*-1.9%*	*-0.8%*	*0.0%*

Source: Company data 2017-19A, EnVent Research 2020-21E

Consolidated Balance Sheet

No concerns into the B/S

€m	2017	2018	2019	2020	2021E	2022E
Work in progress	0.9	1.3	2.8	4.5	3.0	3.0
Inventory	0.0	0.1	0.9	0.6	0.6	0.6
Trade receivables	19.1	24.0	26.9	28.2	29.1	29.8
Trade payables	(6.9)	(5.4)	(10.7)	(12.4)	(12.2)	(12.4)
Trade Working Capital	13.2	20.1	19.9	20.9	20.4	21.1
Other assets (liabilities)	(1.8)	(3.3)	(2.7)	(2.5)	(2.9)	(3.0)
Net Working Capital	**11.4**	**16.7**	**17.2**	**18.5**	**17.6**	**18.1**
Intangible assets	5.6	6.2	6.7	6.6	6.1	5.8
Goodwill	3.5	8.0	9.9	8.7	7.2	5.7
Property, plant and equipment	3.3	3.5	3.4	3.5	3.2	2.9
Equity investments and financial assets	0.7	0.7	0.7	0.6	0.6	0.6
Non-current assets	**13.1**	**18.4**	**20.8**	**19.3**	**17.2**	**15.0**
Provisions	**(1.5)**	**(1.8)**	**(2.0)**	**(2.1)**	**(2.1)**	**(2.1)**
Net Invested Capital	**23.0**	**33.3**	**36.0**	**35.8**	**32.7**	**31.1**
Net Debt (Cash)	**(1.7)**	**9.7**	**14.8**	**16.4**	**13.9**	**12.3**
Equity	**24.6**	**23.6**	**21.2**	**19.3**	**18.8**	**18.8**
Sources	**23.0**	**33.3**	**36.0**	**35.8**	**32.7**	**31.1**

Source: Company data 2017-19A, EnVent Research 2020-21E

Consolidated Cash Flow

€m	2017	2018	2019	2020	2021E	2022E
EBIT	**2.1**	**1.6**	**(2.3)**	**(0.7)**	**0.3**	**1.1**
Current taxes	(0.9)	(1.0)	(0.2)	(0.1)	(0.4)	(0.6)
D&A	2.4	2.6	4.4	4.1	4.7	4.7
Provisions	(0.3)	0.3	0.2	0.1	0.0	0.0
Cash flow from P&L operations	**3.3**	**3.5**	**2.1**	**3.4**	**4.6**	**5.2**
Trade Working Capital	(4.3)	(6.9)	0.1	(1.0)	0.5	(0.6)
Capex - intangibles	(3.8)	(1.0)	(1.5)	(1.1)	(1.1)	(1.1)
Capex - acquisitions	(0.5)	(5.7)	(3.1)	(0.2)	0.0	0.0
Capex - PPE	(1.7)	(1.3)	(1.1)	(1.4)	(1.4)	(1.4)
Other assets and liabilities	(1.4)	1.5	(1.6)	(0.3)	0.4	0.1
Operating cash flow after working capital and capex	**(8.4)**	**(9.7)**	**(5.1)**	**(0.6)**	**3.0**	**2.2**
Interest	(0.2)	(0.3)	(0.3)	(0.6)	(0.5)	(0.5)
Equity investments and financial assets	0.6	0.1	(0.0)	0.1	0.0	0.0
Paid-in Capital - IPO proceeds (2017)	12.0	0.0	0.0	0.0	0.0	0.0
Capex - IPO costs	(1.6)	0.0	(0.0)	(0.0)	(0.0)	(0.0)
Consolidation adjustments	0.0	(1.4)	0.4	(0.5)	0.0	0.0
Net cash flow	**2.4**	**(11.4)**	**(5.1)**	**(1.6)**	**2.5**	**1.7**
Net (Debt) Cash - Beginning	(0.7)	1.7	(9.7)	(14.8)	(16.4)	(13.9)
Net (Debt) Cash - End	1.7	(9.7)	(14.8)	(16.4)	(13.9)	(12.3)
Change in Net (Debt) Cash	**2.4**	**(11.4)**	**(5.1)**	**(1.6)**	**2.5**	**1.7**

Source: Company data 2017-19A, EnVent Research 2020-21E

Ratio analysis

KPIs	2017	2018	2019	2020	2021E	2022E
ROE	4%	2%	-13%	-7%	-3%	0%
ROS (EBIT/Revenues)	5%	3%	-4%	-1%	0%	1%
ROIC (NOPAT/Invested Capital)	8%	6%	-2%	2%	4%	12%
DSO	136	153	137	121	121	121
DPO	95	69	94	86	85	85
TWC/Revenues	31%	43%	33%	30%	28%	29%
NWC/Revenues	27%	35%	29%	26%	24%	25%
Net Debt / EBITDA	n.m.	2.0x	4.5x	4.2x	2.7x	2.1x
Net Debt / Equity	n.m.	0.4x	0.7x	0.8x	0.7x	0.7x
Net Debt / (Net Debt+Equity)	n.m.	0.3x	0.4x	0.5x	0.4x	0.4x
Cash flow from P&L operations / EBITDA	68%	74%	63%	87%	90%	90%
FCF / EBITDA	neg.	neg.	neg.	neg.	59%	37%
Earnings per Share (€)	0.09	0.03	neg.	neg.	neg.	0.00

Source: Company data 2017-19A, EnVent Research 2020-21E

Valuation

We deem H1 2021 actual figures consistent with our implied estimates and with management 2021 full-year guidelines, given the historical concentration of revenues and margins in H2. As such, we confirm our previous estimates.
For the valuation of DBA we keep applying the DCF method.

Discounted Cash Flows

Updated assumptions:

- Risk free rate: 1.2% (Italian 10-year government bonds interest rate - 3Y average. Source: Bloomberg, November 2021)
- Market return: 12.4% (3Y average. Source: Bloomberg, November 2021)
- Market risk premium: 11.2%
- Beta: 1.2 (Mean of selected industry peers. Source: Bloomberg, November 2021)

- Cost of equity: 14.6%
- Cost of debt: 4% (Source: average historical rate)
- Tax rate: 24% (IRES)
- 40% debt/(debt + equity) as target capital structure
- WACC at 10%
- Perpetual growth rate after explicit projections 2%
- Terminal Value assumes an EBITDA margin of 9%

DCF Valuation

€m		2017	2018	2019	2020	2021E	2022E	Perpetuity
Revenues		**42.6**	**47.2**	**59.7**	**70.9**	**72.0**	**73.8**	**75.3**
EBITDA		**4.9**	**4.8**	**3.3**	**3.9**	**5.1**	**5.8**	**6.8**
Margin		*11.5%*	*10.2%*	*5.6%*	*5.5%*	*7.1%*	*7.9%*	*9.0%*
EBITA		**2.6**	**2.8**	**(1.1)**	**0.8**	**1.8**	**2.6**	**5.3**
Margin		*6.2%*	*6.0%*	*-1.9%*	*1.1%*	*2.5%*	*3.5%*	*7.0%*
Taxes		(0.7)	(0.8)	0.3	(0.2)	(0.5)	(0.7)	(1.5)
NOPAT		**1.9**	**2.0**	**(0.8)**	**0.6**	**1.3**	**1.9**	**3.8**
D&A					2.7	3.2	3.2	1.5
Provisions					0.1	0.0	0.0	0.0
Cash flow from operations					**3.3**	**4.5**	**5.1**	**5.3**
Trade Working Capital					(1.0)	0.5	(0.6)	(0.4)
Capex					(2.7)	(2.5)	(2.5)	(1.5)
Other assets and liabilities					(0.3)	0.4	0.1	0.0
Unlevered free cash flow					**(0.7)**	**2.9**	**2.0**	**3.4**
- H1 unlevered free cash flow						**(0.7)**		
Free cash Flow to be discounted						**2.2**	**2.0**	**3.4**
WACC	10.0%							
Long-term growth (G)	2.0%							
Discounted Cash Flows						**2.1**	**1.8**	
Sum of Discounted Cash Flows	3.8							
Terminal Value								**43.9**
Discounted TV	38.0							
Enterprise Value	**41.9**							
Net Debt as of 30/06/21	(16.3)							
Minorities as of 30/06/21	(0.0)							
Equity Value	**25.6**							

DCF - Implied multiples	**2018**	**2019**	**2020**	**2021E**	**2022E**
EV/Revenues	0.9x	0.7x	0.6x	0.6x	0.6x
EV/EBITDA	8.7x	12.6x	10.7x	8.2x	7.2x
EV/EBITA	14.8x	neg	51.5x	23.5x	16.3x
P/E	65.7x	neg	neg	neg	nm

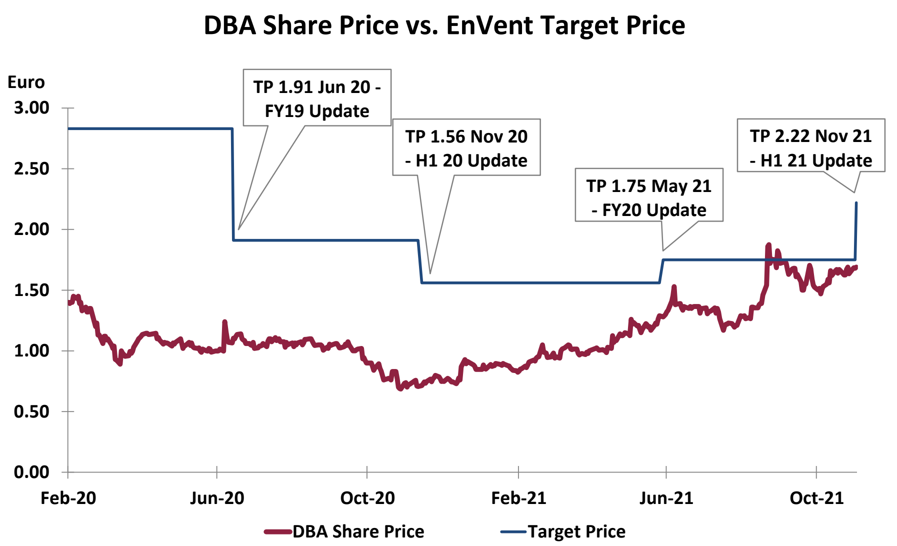
Current market price - Implied multiples		**2018**	**2019**	**2020**	**2021E**	**2022E**
EV/Revenues		0.8x	0.6x	0.5x	0.5x	0.5x
EV/EBITDA		7.4x	10.8x	9.1x	7.0x	6.2x
EV/EBITA		12.6x	neg	44.0x	20.1x	13.9x
P/E		49.9x	neg	neg	neg	nm
Discount	*-15%*					

Source: EnVent Research

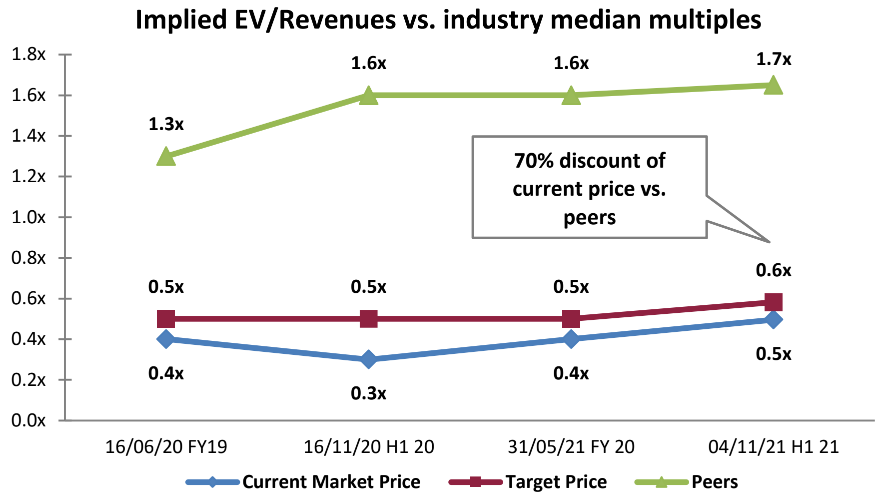
Valuation issues

The possible completion of the Actual IT deal, whose consideration range could be €30-50m, would reverse the group financial position into cash. In such a scenario, it could be advisable to introduce a Sum of the Parts approach. However, DBA peers reveal significant size and service portfolio discrepancies, which imply a low reliability of the outcome of market multiples applied to DBA BUs. Another implication of that scenario would be a strategy reset for the engineering BUs to permit a proper evaluation of the restated mid-term objectives. As a consequence, we deem useful to adopt an alternate scenario approach to our analytical valuation by directly evaluating the potential cash-in effect of the deal completion. We have simulated, as a conservative approach, an offsetting of consolidated net financial debt, together with the removal from our projections of short-term operating cash flows, which would be impacted by the changing scope of operations. The outcome of such *B case* analytical valuation would lead to an upside of at least €1.4 per share, bringing the 36% upside on current share price calculated on the present going concern to over 100% or even significantly more, should the deal be completed. Such conclusion is supported and reinforced by an additional simulation on multiples applicable to Actual IT standalone, which result in a range of Enterprise Values which, even after absorbing the entire group net financial debt, would still imply an upside of over 100% on current Group market price.

Target Price



Source: EnVent Research



Source: EnVent Research

Current market valuations leave room for further upside

Our valuation model applied to unchanged estimates yields a Target Price of €2.22 per share, from €1.75. With a potential upside of 32% on the current share price, we confirm the OUTPERFORM rating on DBA stock.

Please refer to important disclosures at the end of this report.

DBA Price per Share	€
Target Price	**2.22**
Current Share Price (04/11/2021)	1.69
Premium (Discount)	**32%**

Source: EnVent Research

Annex

Peer Group - Market Multiples

Company	EV/REVENUES 2020	EV/REVENUES 2021E	EV/REVENUES 2022E	EV/EBITDA 2020	EV/EBITDA 2021E	EV/EBITDA 2022E	EV/EBIT 2020	EV/EBIT 2021E	EV/EBIT 2022E	P/E 2020	P/E 2021E	P/E 2022E
DBA	**0.4x**	**0.5x**	**0.5x**	**8.9x**	**7.0x**	**6.0x**	**neg**	**31.0x**	**17.8x**	**neg**	**64.7x**	**21.6x**
Core business peers												
Alten	1.3x	1.7x	1.5x	20.6x	13.8x	12.2x	23.0x	17.2x	15.1x	31.9x	24.1x	20.7x
Capgemini	1.7x	2.3x	2.1x	13.9x	13.9x	12.7x	16.8x	17.6x	15.8x	22.3x	23.2x	20.3x
Assystem	0.9x	1.1x	1.0x	15.9x	11.1x	10.0x	19.2x	16.1x	14.6x	neg	16.3x	13.5x
Mean	**1.3x**	**1.7x**	**1.5x**	**16.8x**	**12.9x**	**11.6x**	**19.7x**	**17.0x**	**15.1x**	**27.1x**	**21.2x**	**18.2x**
Median	**1.3x**	**1.7x**	**1.5x**	**15.9x**	**13.8x**	**12.2x**	**19.2x**	**17.2x**	**15.1x**	**27.1x**	**23.2x**	**20.3x**
International IT consultants/system integrators												
Be	1.1x	1.6x	1.5x	8.8x	10.0x	9.0x	16.3x	14.1x	12.5x	23.8x	23.7x	20.9x
Bouvet	2.9x	2.5x	2.2x	20.8x	17.3x	16.2x	21.0x	19.5x	17.2x	30.3x	28.0x	26.0x
Devoteam	0.9x	1.6x	1.5x	9.2x	13.8x	12.4x	15.3x	14.0x	12.6x	18.7x	27.7x	24.9x
Reply	2.7x	4.2x	3.8x	19.2x	24.8x	22.4x	30.6x	27.2x	24.2x	28.8x	43.9x	39.2x
Tieto	1.5x	1.4x	1.3x	15.2x	7.3x	7.5x	10.4x	9.9x	9.2x	33.7x	11.3x	11.2x
Cancom	0.9x	1.7x	1.6x	15.1x	19.2x	17.7x	35.3x	29.5x	25.4x	28.3x	52.1x	46.7x
Sopra Steria	0.8x	0.9x	0.9x	9.9x	7.9x	7.1x	11.4x	10.0x	9.3x	25.1x	15.4x	13.0x
4iG	0.9x	1.2x	1.0x	11.9x	11.9x	9.9x	13.6x	11.4x	9.9x	17.1x	16.7x	13.1x
DataGroup	1.4x	1.7x	1.5x	16.2x	11.6x	10.2x	24.8x	19.8x	16.5x	nm	31.2x	26.8x
Allgeier	0.6x	0.9x	0.9x	15.7x	9.3x	8.5x	19.5x	14.9x	13.3x	neg	45.6x	30.7x
Cenit	0.6x	0.7x	0.6x	16.2x	8.5x	6.7x	19.9x	12.4x	9.8x	45.5x	36.9x	22.0x
GFT	0.9x	2.1x	1.7x	10.1x	18.0x	15.1x	27.5x	22.0x	17.1x	31.6x	35.7x	28.4x
Sourcesense	1.1x	1.1x	0.9x	12.7x	7.8x	5.4x	12.4x	7.0x	4.9x	22.1x	20.9x	11.4x
Spindox	na	1.6x	1.3x	na	21.0x	15.6x	28.8x	19.5x	14.6x	na	48.8x	31.6x
All for One	0.9x	1.0x	0.9x	11.1x	8.5x	7.7x	18.0x	14.6x	12.0x	23.9x	25.8x	21.1x
Mean	**1.2x**	**1.6x**	**1.4x**	**13.7x**	**13.1x**	**11.4x**	**20.3x**	**16.4x**	**13.9x**	**27.4x**	**30.9x**	**24.5x**
Median	**0.9x**	**1.6x**	**1.3x**	**13.9x**	**11.6x**	**9.9x**	**19.5x**	**14.6x**	**12.6x**	**26.7x**	**28.0x**	**24.9x**

Source: EnVent Research on S&P Capital IQ, November 2021

Investment case

Company

DBA Group SpA (DBA) is an Italian Technology Consulting company, specialized in infrastructure connectivity and lifecycle management. Its 25 offices cover Italy, the Balkans, the Caucasus and Russia, targeting the whole Eurasia region. The Group has a track record of 30 years of growth, both organic and through acquisitions.

Drivers

Industry drivers

Infrastructure investment. According to Oxford Economics, global infrastructure investment is expected to keep growing through the next decade, to reach an annual average of $3.2trn through 2040, compared to $2.0trn between 2007 and 2015, a 60% increase. At the same time, the need for infrastructure exceeds the expected investments, a permanent gap linked to GDP growth. Moreover, investments will be uneven geographically between mature and emerging countries, according to GDP geographical region-by-region forecast.

Connectivity. In Huawei's Global Connectivity Index 2017 study, most of the countries in the rankings saw their overall scoring improved on the prior year, based on certain indicators that cover five technology enablers: broadband, data centers, cloud, big data, Internet of Things (IoT). Key areas where inequality is present include mobile broadband, IT workforce per capita, ICT investment per GDP, apps downloaded per capita and IoT installed base per capita.

Broadband evolution calls for new expansion cycles in Europe. Basic broadband is available to everyone in the EU, while fixed-line technologies cover 98% of homes. Next Generation Access (NGA) technologies call for continuous investment even in well-covered areas, that is becoming the rule and a recurring driver for infrastructure investment in the industry.

Broadband in Italy. Italy has in course a program to be equipped with nationwide outlaid uniform broadband technology, closing off the competition gap with major industrial economies. The Open Fiber wholesale-only venture of Italian utility Enel and state-owned lender CDP is investing €6.5bn to build out a fiber-to-the-home network in 250 major cities rolling out broadband cable, in areas witnessing digital divide, all over the country. DBA is engaged through a framework contract and is currently a key partner of the project.

Internet of Things riding the wave. Internet of Things connects devices such as everyday consumer objects and industrial equipment into the internet, enabling information gathering and management of devices via software increasing efficiency, allowing for new services, and achieving health, safety, or environmental benefits. IoT is emerging as the third wave of internet development, impacting individuals' lives, workplace productivity and overall consumption.

Urbanization and mobility. Global population growth (1-2% YoY over the last 65 years, according to United Nations) and migration into urban areas together result in a growing number of large and highly populated cities, especially in emerging countries, requiring more and more investment in infrastructure and connectivity programs, mainly in residential areas, industrial sites, commercial property and social infrastructure. National and local governments are faced with promoting investment to harmonize and rationalize private and public transportation. Custom-made digitization and Internet of Things will be inevitable solutions.

Company drivers

A focused portfolio. DBA provides consulting services to private clients and retains a valuable flexibility in shifting focus between market sectors depending on demand. The client base is diversified across industries: Telco, Transportation and Logistics, Oil & Gas, Real Estate. Most of DBA's clients are large corporations. This kind of client portfolio minimizes receivable risk and working capital investment. The diversity of services and end-markets reflects the accumulated experience and expertise aside from a healthy balanced portfolio approach.

Multidisciplinary skills and integrated business model built around Infrastructure Lifecycle. DBA's service is designed to become the O*ne Stop Business Partner* for its clients, a provider of the key competencies needed during the lifecycle of infrastructure that are critical to their business. This is made possible by a *One of a Kind* business model: a combination and synergy of multidisciplinary teams providing conception, planning, digitization, connectivity, operation and maintenance of critical infrastructure. The dedicated business units Project Management Office, ICT, Architecture & Engineering provide their services on a stand-alone or combined basis and in one or more phases of the infrastructure lifecycle.

Value creation for clients. DBA's business history reveals that its teams assisted some of the major industry players and delivered value by providing know-how, reducing their project cost and lead time, and optimizing their development, realization and marketing processes. These achievements, that in the long-run generate repeat work, sustain prices and reduce marketing costs, build reputation and competitive advantage that qualify DBA as *Strategic Supplier*, not just a *reliable supplier*.

Experience and execution. Experience and a successful track record of project execution are critical factors when proposing for technology and engineering consulting engagements. On-time delivery, and within budget, is a key determinant of clients' decision-making process. Proven expertise and successful delivery of previous assignments are a door-opener for the tenders and, ultimately, drive award of projects, as testified by the regular flow of new work from top clients in recent years.

Sustainability as value added. DBA supports its clients to comply with the environmental and safety regulations applying to their business. As an example, DBA's port management system product ensures implementation of environmental and sustainability management tools.

Quality of personnel. DBA's success strongly depends on the ability to attract and retain qualified staff, allocate skilled labor resources to profitable high growth markets, allowing to secure new contracts and renewing existing ones. An ability that is conditioned by staff motivation and satisfaction. One of DBA's key values is commitment to job protection, quality of life at work and welfare in the workplace.

Sound revenues and cost per headcount. Significant headcount utilization levels are a key to DBA's profitability. Per-capita revenue is consistently over the years in the region of €80-90k. Personnel cost consistently under 50% of revenues. Per-capita cost in the region of €40k.

A defensive engineering consulting operator. DBA's services are primarily consulting engagements, including engineering design studies, project management and outsourcing support. This makes its business model inherently more defensive compared to engineering service companies, given that many competitors also undertake direct investment in the projects, exposing them to payback risk.

Meticulous M&A activity. The Management of DBA has a proven track record of identifying, executing and integrating acquisitions, with a hyper-focused strategy leading to meticulous deal scouting and completion. In the last five years they have successfully executed seven acquisitions, of which four cross-border.

Management-Shareholder alignment of interests. Key managers are also shareholders of the Company and are directly involved in the execution of the Group's growth strategy, leveraging on their engineering and architecture background, entrepreneurial experience and industry expertise.

Absence of litigation and disputes. In the wider engineering and construction industry, global operations produce frequent litigation linked to foreign jurisdictions and legal systems governing intellectual property, large-scale infrastructure projects, construction and engineering projects, joint ventures, etc. So far DBA has not been involved in other than immaterial litigations or disputes with clients, contractors, developers, suppliers and other related parties.

Challenges

Infrastructure investment cycles. Macroeconomic cycles are a determinant of changes to private sector infrastructure spending or to government public infrastructure capex budgets. Demand for DBA's services is growing, but at the same time it is vulnerable to economic downturn and changes in the private sector's and governments' infrastructure spending, which may result in clients delaying, curtailing or canceling proposed and existing projects. Operation and maintenance contracts on completed projects represent a mitigation factor.

Revenue concentration. Large projects for large clients imply several advantages but also recurring risks from concentration of revenues, such as idle cost at projects end and fluctuations of income during backlog rebuilding. Acquisitions and geographical expansion leading to a substantial dilution of risk.

Delays in projects and challenging payment terms. Part of DBA's internationalization strategy is participation in tenders whose financing may come from governments and/or international institutions. While governments and other institutions' spending is a driver for industry growth, at the same time, limited or insufficient public funding might cause delays in projects, thereby exposing contractors to slow capital turnover or claims in payments.

Execution delivery risk. Delivering services which are not in line with client expectations due to cost/time overruns, and quality issues, may impact margins and reputation.

International markets exposure. Revenues coming from foreign operations have been boosted by acquisitions in Eastern Europe. Currently, the Company plans to intensify its promotional efforts in the Balkans, the Caucasus and in Central Asia, focusing on a mix of geographies that offer growth opportunities. However, these countries imply political and financial risks, that may bring currency exposure and cash flow impact.

Staff utilization, charge-out rates and retention rates. Changes in staff utilization rates impact billable hours, sales and margins. Ability to pass-through higher labor costs through higher charge-out rates also impacts margins. Strong economic growth in certain countries may influence local wage costs and retention rates.

Acquisition and integration risk. Acquisitions could be value accretive or dilutive based on valuations paid and market trends. Higher than expected integration costs when consolidating acquisitions into the Group may also impact margins. Larger acquisitions will be targeted in order to be material to the growth of the business, but these can carry greater integration risk.

Increasing competition. The fragmented competitive arena, populated by a small number of large players with multinational reach, together with a large number of small specialists exercising pressure on prices, is a permanent feeder of fierce competition.

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The "OUTPERFORM", "NEUTRAL", AND "UNDERPERFORM" recommendations are based on the expectations within 12-month period of date of initial rating (shown in the chart on the front page of this publication). Equity ratings and valuations are issued in absolute terms, not relative to market performance.

Rating rationale:

OUTPERFORM: stocks are expected to have a total return of at least 20% in the mid-term;

NEUTRAL: stocks are expected to have a performance consistent with market or industry trend and appear less attractive than Outperform rated stocks;

UNDERPERFORM: stocks are among the least attractive in a peer group;

UNDER REVIEW: target price under review, waiting for updated financial data, or other key information such as material transactions involving share capital or financing;

SUSPENDED: no rating/target price assigned, due to material uncertainties or other issues that seriously impair our previous investment ratings, price targets and earnings estimates;

NOT RATED: no rating or target price assigned.

The stock price indicated is the reference price on the day indicated as "Date of Price" in the table on the front page of this publication.

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Date	Recommendation	Target Price (€)	Share Price (€)
01/06/2018	OUTPERFORM	5.05	3.40
07/11/2018	OUTPERFORM	4.41	2.90
18/04/2019	OUTPERFORM	4.14	2.22
27/11/2019	OUTPERFORM	2.83	1.62
16/06/2020	OUTPERFORM	1.91	1.11
16/11/2020	OUTPERFORM	1.56	0.71
31/05/2021	OUTPERFORM	1.75	1.29
04/11/2021	OUTPERFORM	2.22	1.69

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Number of companies covered: 18	OUTPERFORM	NEUTRAL	UNDERPERFORM	SUSPENDED	UNDER REVIEW	NOT RATED
Total Equity Research Coverage %	72%	22%	0%	0%	0%	6%
of which EnVentCM clients % *	100%	100%	0%	0%	0%	100%

* Note: Companies to which corporate and capital markets services were supplied in the last 12 months.