



## Halt to Actual IT sale, new acquisitions, estimates released

### Stock performance: untouched by the storm

After an underwhelming trading period, following the €1.75 peak in March, DBA overperformed the Italia Growth index, despite the turmoil affecting global stock markets, holding the same level LTM (+4%), while the reference index lost 16%.

## OUTPERFORM

**Current Share Price (€): 1.66**

**Target Price (€): 3.30**

### DBA Group - 1Y Performance



Source: S&P Capital IQ - Note: 10/01/2022=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 (€)	1.66
Date of Price	10/01/2023
Shares Outstanding (m)	11.5
Market Cap (€m)	19.1
Market Float (%)	49.6%
Daily Volume	6,900
Avg Daily Volume YTD	8,871
Target Price (€)	3.30
Upside (%)	99%
Recommendation	OUTPERFORM

### Share price performance

	1M	3M	1Y
DBA - Absolute (%)	3%	1%	4%
FTSE Italia Growth (%)	0%	7%	-16%
1Y Range H/L (€)	1.75	1.31	
YTD Change (€)/%	0.10	6%	

Source: S&P Capital IQ

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### Halt to Actual IT sale to Telekom Slovenije

Due to the missing Slovenian antitrust authorization, the Actual IT sale agreement has been abandoned. DBA management confirmed the strategic direction towards focus on operations in Italy: engineering services, project management and ICT solutions for infrastructure lifecycle management, together with Slovenian operations.

### Acquisition of General Planning: boost in top-line, sound margins

DBA acquired General Planning (GP), Italian engineering company with established track record in project design and management for corporate factories and buildings, for a consideration of €4.4m (EV). Implied multiples of 0.5x EV/Revenues and 3.7x EV/EBITDA on FY21 €8.6m VoP and €1.2m EBITDA, in line with DBA current multiples. The rationale is to complement the selling proposition in engineering and architectural services.

### H1 2022: Progress in most indicators

H1 2022 revenues were €35.7m, +15% on H1 2021, VoP €37.4m, +18%, almost equally shared between the Engineering & Project Management and the Slovenian ICT BUs. EBITDA was €1.9m (5% margin vs 1% in H1 2021); as observed in past interim results, revenue and margin recognition for engineering works occurs mostly in H2. Period result at breakeven, net loss €(0.3)m, vs €(2.2)m in H1 2021, net income adjusted for goodwill amortization €0.4m. TWC was €15.5m, slightly lower than year-end 2021, about 20% of revenues. Net financial debt from €10.3m as of year-end 2021 to €11.3m as of June 2022.

### FY22 pre-closing consolidated figures and FY23 budget

FY22 pre-closing: VoP €83.3m, +5% YoY, in line with guidance; adjusted EBITDA €7.2m; year-end net debt €13m, from €10.3m as of Dec 2021. FY23 mgmt budget: €105m VoP, +26% over 2022PC, driven by organic growth and recent acquisitions; EBITDA €10.3m; net financial debt €12.3m; updated mid-term strategic guidelines to be released in Q1 2023.

### New estimates

We factor 2022 H1 accounts, FY22 pre-closing and GP acquisition within our estimates, extended up to 2024. We assume sound growth and profitability thanks to engineering works in Italy on data centers, energy transition and ultra-broadband network.

### Target price €3.30 per share and OUTPERFORM rating confirmed

DBA is delivering on its growth plan. Updated estimates and valuation confirm to lead the target price per share of €3.30, implying a substantial 99% upside potential on DBA current price. OUTPERFORM rating confirmed.

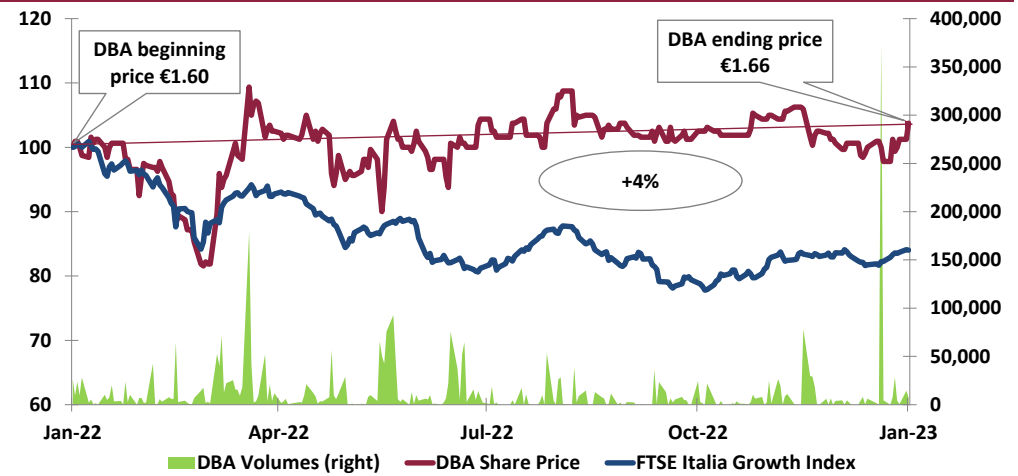
### KEY FINANCIALS AND ESTIMATES

€m	2017	2018	2019	2020	2021	2022E	2023E	2024E
<b>Revenues</b>	<b>42.6</b>	<b>47.2</b>	<b>59.7</b>	<b>70.9</b>	<b>78.8</b>	<b>82.5</b>	<b>97.6</b>	<b>102.5</b>
YoY %	3%	11%	26%	19%	11%	5%	18%	5%
<b>Adj. EBITDA</b>	<b>4.9</b>	<b>4.8</b>	<b>3.3</b>	<b>4.4</b>	<b>7.4</b>	<b>7.2</b>	<b>9.6</b>	<b>10.5</b>
Margin	11%	10%	6%	6%	9%	9%	10%	10%
<b>EBIT</b>	<b>2.1</b>	<b>1.6</b>	<b>(2.3)</b>	<b>(0.7)</b>	<b>0.4</b>	<b>1.4</b>	<b>4.0</b>	<b>4.5</b>
Margin	5%	3%	-4%	-1%	0%	2%	4%	4%
<b>Net Income (Loss)</b>	<b>1.0</b>	<b>0.4</b>	<b>(2.8)</b>	<b>(1.3)</b>	<b>(0.7)</b>	<b>0.7</b>	<b>2.5</b>	<b>2.9</b>
<b>Trade Working Capital</b>	<b>13.2</b>	<b>20.1</b>	<b>19.9</b>	<b>20.9</b>	<b>15.9</b>	<b>15.9</b>	<b>20.6</b>	<b>21.6</b>
<b>Net (Debt) Cash</b>	<b>1.7</b>	<b>(9.7)</b>	<b>(14.8)</b>	<b>(16.4)</b>	<b>(10.3)</b>	<b>(13.1)</b>	<b>(12.1)</b>	<b>(6.9)</b>
<b>Equity</b>	<b>24.6</b>	<b>23.6</b>	<b>21.2</b>	<b>19.3</b>	<b>18.5</b>	<b>19.2</b>	<b>21.7</b>	<b>24.7</b>

Source: Company data 2017-21A, EnVent Research 2022-24E

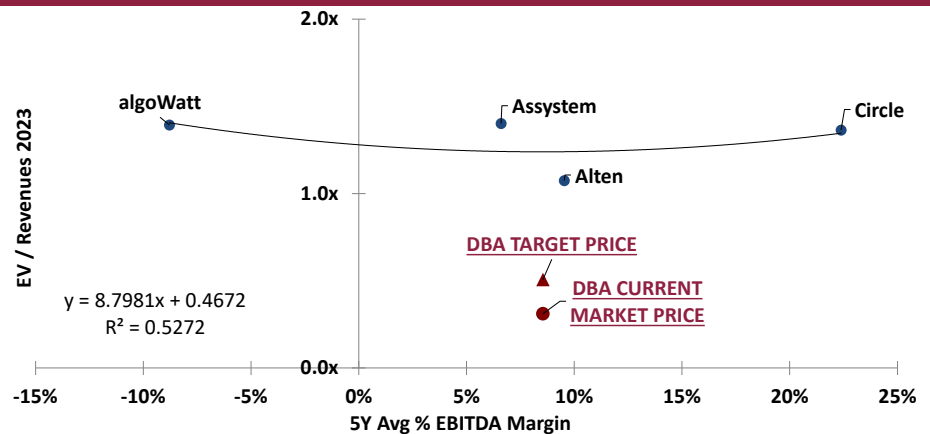
## Market update

### DBA Group - 1Y Share price performance and trading volumes



Source: EnVent Research on S&P Capital IQ - Note: 10/01/2022=100

### Peer group - Regression analysis and DBA target positioning



Source: EnVent Research on S&P Capital IQ, January 2023

## Investment case

DBA, listed on Euronext Growth Milan, is an Italian technology consulting group specialized in mission critical infrastructure connectivity and lifecycle management. DBA operates through three BUs: Engineering & Project Management, ICT Slovenia, ICT Italy. The business model is a combination and synergy of multidisciplinary teams providing conception, planning, digitalization, connectivity, operation and maintenance of critical infrastructure. The client portfolio is diversified across industries: Telco, Transportation and Logistics, Energy, Oil & Gas, Real Estate.

Founded in 1991, DBA got listed in 2017, then grew organically and through 7 acquisitions supporting business mix and geographical diversification.

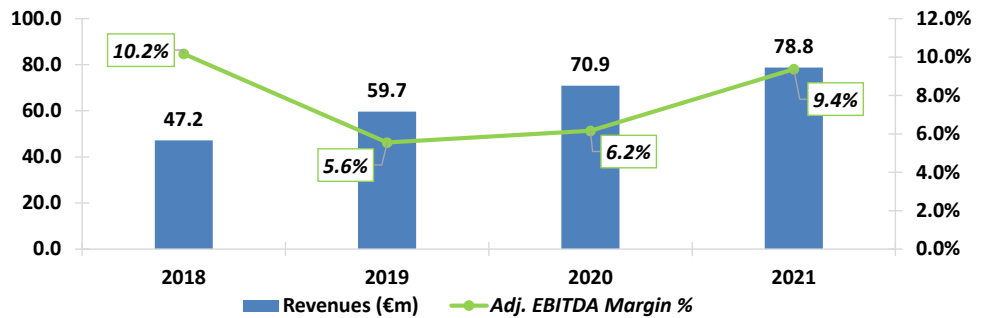
**The mission critical network infrastructure specialist**

**30 years of history, >700 people, 7 M&A**

**Strategy**

Main strategic goals are concentrating on infrastructure lifecycle management, increasing the exposure on the Italian and European markets and capturing the opportunities from infrastructure and energy investment plans, and digital transition, also through M&A.

**Historical Revenues and EBITDA**



Source: Company data

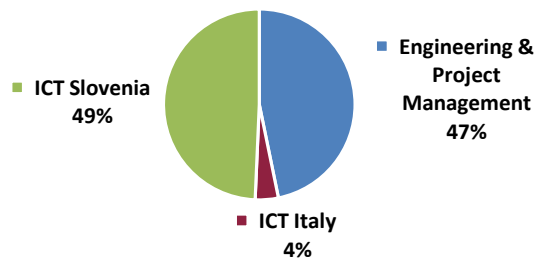
**Industry and Company drivers**

- Global investments in infrastructure and connectivity
- Ultra-broadband evolution calls for new expansion cycles
- IoT is emerging as the third wave of internet development
- Global urbanization and mobility trends
- Integrated business model built around infrastructure lifecycle
- A defensive engineering consulting operator
- Meticulous M&A and integration of acquired companies
- Management-Shareholder alignment of interests

**Challenges**

- Infrastructure investment cycles
- Revenue concentration
- Delays in projects and execution delivery risk
- Increasing competition
- Staff utilization, charge-out rates and retention rates

**Revenue breakdown by BU, 2021**



Source: Company data

## H1 2022 results

### Consolidated Profit and Loss

€m	H1 2021	H1 2022
Revenues	31.0	35.7
Change in work in progress	0.3	1.1
Other income	0.1	0.2
<b>Total Revenues</b>	<b>31.4</b>	<b>37.0</b>
YoY %	7.3%	17.9%
Personnel	(12.7)	(13.0)
Services	(12.5)	(14.4)
Other operating costs	(5.8)	(7.8)
<b>Operating costs</b>	<b>(31.0)</b>	<b>(35.1)</b>
<b>Adjusted EBITDA</b>	<b>0.4</b>	<b>1.9</b>
Margin	1.2%	5.1%
Non-recurring costs	(0.1)	0.0
<b>EBITDA</b>	<b>0.3</b>	<b>1.9</b>
Margin	0.8%	5.1%
D&A	(1.4)	(1.2)
<b>EBITA</b>	<b>(1.1)</b>	<b>0.7</b>
Margin	-3.6%	1.8%
Goodwill amortization	(0.8)	(0.8)
<b>EBIT</b>	<b>(1.9)</b>	<b>(0.1)</b>
Margin	-6.0%	-0.4%
Interest	(0.3)	(0.2)
<b>EBT</b>	<b>(2.2)</b>	<b>(0.3)</b>
Margin	-7.0%	-0.9%
Income taxes	0.0	0.0
<b>Net Income (Loss)</b>	<b>(2.2)</b>	<b>(0.3)</b>
Margin	-7.0%	-0.9%

Source: Company data

### Consolidated Cash Flow

€m	H1 2021	H1 2022
<b>EBIT</b>	<b>(1.9)</b>	<b>(0.1)</b>
Current taxes	0.0	0.0
D&A	2.1	2.0
Provisions	(0.1)	(0.0)
<b>Cash flow from P&amp;L operations</b>	<b>0.1</b>	<b>1.9</b>
Trade Working Capital	1.4	0.3
Capex - intangibles	(0.4)	(0.4)
Capex - acquisitions	(0.6)	(0.4)
Capex - PPE	(0.8)	(1.3)
Other assets and liabilities	0.7	(0.4)
<b>Operating cash flow after WC and capex</b>	<b>0.4</b>	<b>(0.3)</b>
Interest	(0.3)	(0.2)
Equity investments and financial assets	(0.0)	(0.5)
Consolidation adjustments	0.1	(0.1)
<b>Net cash flow</b>	<b>0.2</b>	<b>(1.1)</b>
Net (Debt) Cash - Beginning	(16.4)	(10.3)
Net (Debt) Cash - End	(16.3)	(11.3)
<b>Change in Net (Debt) Cash</b>	<b>0.2</b>	<b>(1.1)</b>

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

### Consolidated Balance Sheet

€m	H1 2021	2021	H1 2022
Work in progress	4.8	4.4	5.5
Inventory	0.6	1.3	0.8
Trade receivables	23.8	29.0	19.9
Trade payables	(9.7)	(18.8)	(10.7)
Trade Working Capital	19.5	15.9	15.5
Other assets (liabilities)	(3.2)	(3.3)	(2.9)
<b>Net Working Capital</b>	<b>16.3</b>	<b>12.5</b>	<b>12.6</b>
Intangible assets	6.3	6.3	6.2
Goodwill	8.6	7.9	7.5
Property, plant and equipment	3.6	3.4	4.0
Equity investments and financial assets	0.6	1.0	1.5
<b>Non-current assets</b>	<b>19.0</b>	<b>18.6</b>	<b>19.1</b>
<b>Provisions</b>	<b>(1.9)</b>	<b>(2.3)</b>	<b>(2.3)</b>
<b>Net Invested Capital</b>	<b>33.5</b>	<b>28.8</b>	<b>29.4</b>
Bank debt	22.7	19.9	19.3
Other financial debt	1.2	1.1	1.1
Cash and equivalents	(7.6)	(10.7)	(9.1)
<b>Net Debt (Cash)</b>	<b>16.3</b>	<b>10.3</b>	<b>11.3</b>
Shareholders' Equity	17.2	18.5	18.2
Minority interests	0.0	0.0	(0.0)
<b>Equity</b>	<b>17.2</b>	<b>18.5</b>	<b>18.1</b>
<b>Sources</b>	<b>33.5</b>	<b>28.8</b>	<b>29.4</b>

### Ratio analysis

KPIs	H1 2021	H1 2022
ROE	-8%	6%
ROS	-6%	0%
ROIC	-2%	7%
DSO	113	80
DPO	78	72
TWC/Revenues	27%	19%
Net Debt/EBITDA	3.6x	1.3x
Net Debt/Equity	0.9x	0.6x
Cash flow from operations/EBITDA	26%	98%
FCF/EBITDA	104%	neg
Per-capita revenue (€k)	93	106
Per-capita cost (€k)	35	39

## Period facts and new projects

### Two acquisitions: General Planning and C&G Engineering

- Acquisition of 100% of General Planning, an Italian engineering company with a long-standing track record in project design and management for construction of factories and buildings for domestic and foreign corporates. The deal rationale is to complement DBA selling proposition in engineering and architectural services to real estate investors for large corporate customers. FY21 key figures of the target company: €8.6m value of production, €1.2m EBITDA (14% margin), €0.7m net income, €0.2m net cash. GP has an internal staff of 80 plus 40 as external support, who will be integrated within the DBA Buildings team.

The deal consideration (Enterprise Value), to be adjusted by financial position at closing, is €4.4m plus earn-out: 50% to be paid at closing, then two instalments at FY22 and FY23 finstats approval. Closing occurred on December 21<sup>st</sup>, 2022.

- Acquisition of 100% of C&G Engineering, an Italian company specialized in high voltage electric power transmission networks, mechanical engineering, automation and fire engineering, for a consideration of €0.8m. 2021 key figures of the target company are: €2.7m value of production, €0.3m EBITDA (11% margin), 30 employees. The purchase price will be paid in two instalments, at closing and at FY22 finstats approval. This deal, in addition to complementing DBA expertise with specialized know-how, will bring additional personnel to energy and utilities services, subject to increasing demand driven by energy transition.

### Halt to Actual IT sale to Telekom Slovenije

- As commented in prior notes, the Actual IT deal closing was subject to explicit no impediment from the Slovenian antitrust authority, due by September 2022, then postponed to end of November 2022, term expired without notice. Due to the missing authorization, the sale agreement has been terminated. DBA management confirmed the group strategic direction towards a greater focus on operations in Italy: engineering services, project management and ICT solutions for infrastructure lifecycle management, together with Slovenian operations.

- Buyback program lasting 18 months as of June 2022, to repurchase own shares for a total disbursement of up to €2m, within the 10% of share capital threshold

### Two new subsidiaries: GH2 and Keypers

- Foundation of the subsidiary GH2, to promote the distributed generation of geothermal energy and green hydrogen for multiutilities, local public transport companies, transport and logistics companies needs

- Foundation of the subsidiary Keypers, based in Milan, providing services to support data centers infrastructure management

- Set up of the Sustainability Steering Committee, in charge of the preparation of the sustainability report and plan

- Award of tender procedure for RAI headquarter upgrading worth €1.2m

## Management guidelines - FY23 budget

Management released their FY23 budget: €105m value of production, +26% over 2022PC, driven by both organic growth and recent acquisitions; EBITDA €10.3m; net financial debt €12.3m.

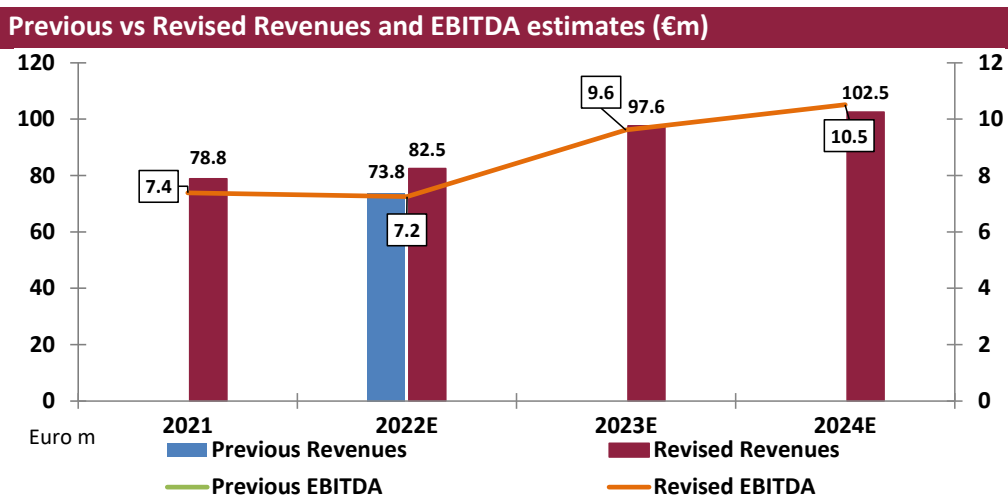
## Estimates revision

As a general assumption, we expect that engineering works in Italy on data centers, energy transition and optic fiber/ultra-broadband network development, together with GP operations, in the short/mid-term will continue to drive a robust market growth resulting in sound revenue and profitability opportunities.

With our last estimates becoming limited, we factored H1 2022 accounts and the recent acquisitions within our estimates, updating group projections.

Key points: alignment of 2022E estimates to pre-closing figures (€83m value of production, €7.2m EBITDA); 2023 and 2024 added to projections, assuming a conservative revenue growth and estimating GP and C&G contribution to revenues; consolidation of coming acquisitions performed without balance sheet details and in line with group drivers and dynamics.

## Change in estimates



Source: EnVent Research

€m	Revised				Previous			Change %		
	2021	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
<b>Total Revenues</b>	78.8	82.5	97.6	102.5	73.8	na	na	12%	na	na
<b>EBITDA</b>	7.4	7.2	9.6	10.5	5.8	-	-	25%	-	-
<i>Margin</i>	9%	9%	10%	10%	8%	-	-	-	-	-
<b>EBIT</b>	0.4	1.4	4.0	4.5	1.1	-	-	23%	-	-
<i>Margin</i>	0%	2%	4%	4%	2%	-	-	-	-	-
<b>Net Income (Loss)</b>	(0.7)	0.7	2.5	2.9	0.0	-	-	-	-	-
<b>Net (Debt) Cash</b>	(10.3)	(13.1)	(12.1)	(6.9)	(12.3)	-	-	-	-	-

Source: EnVent Research

## Financial projections

### Consolidated Profit and Loss

€m	2017	2018	2019	2020	2021	2022E	2023E	2024E
<b>Revenues</b>	<b>42.6</b>	<b>47.2</b>	<b>59.7</b>	<b>70.9</b>	<b>78.8</b>	<b>82.5</b>	<b>97.6</b>	<b>102.5</b>
YoY %	2.7%	10.8%	26.5%	18.9%	11.1%	4.7%	18.3%	5.0%
Personnel	(16.0)	(19.0)	(22.3)	(24.0)	(25.1)	(26.0)	(29.6)	(30.6)
Services	(17.7)	(17.7)	(24.9)	(23.0)	(26.9)	(28.8)	(37.1)	(38.9)
Other operating costs	(4.0)	(5.6)	(9.1)	(19.6)	(19.4)	(20.5)	(21.3)	(22.4)
<b>Operating costs</b>	<b>(37.7)</b>	<b>(42.4)</b>	<b>(56.4)</b>	<b>(66.6)</b>	<b>(71.4)</b>	<b>(75.2)</b>	<b>(88.0)</b>	<b>(92.0)</b>
<b>Adjusted EBITDA</b>	<b>4.9</b>	<b>4.8</b>	<b>3.3</b>	<b>4.4</b>	<b>7.4</b>	<b>7.2</b>	<b>9.6</b>	<b>10.5</b>
Margin	11.5%	10.2%	5.6%	6.2%	9.4%	8.8%	9.9%	10.3%
Non-recurring costs	(0.3)	(0.4)	0.0	(0.5)	(2.6)	(0.5)	0.0	0.0
<b>EBITDA</b>	<b>4.6</b>	<b>4.4</b>	<b>3.3</b>	<b>3.9</b>	<b>4.8</b>	<b>6.7</b>	<b>9.6</b>	<b>10.5</b>
Margin	10.7%	9.4%	5.6%	5.5%	6.1%	8.2%	9.9%	10.3%
D&A	(1.9)	(1.6)	(4.4)	(3.1)	(2.9)	(2.9)	(3.5)	(4.1)
<b>EBITA</b>	<b>2.6</b>	<b>2.8</b>	<b>(1.1)</b>	<b>0.8</b>	<b>1.9</b>	<b>3.9</b>	<b>6.1</b>	<b>6.4</b>
Margin	6.2%	6.0%	-1.9%	1.1%	2.4%	4.7%	6.3%	6.2%
Goodwill amortization	(0.5)	(1.2)	(1.2)	(1.4)	(1.5)	(2.5)	(2.1)	(1.8)
<b>EBIT</b>	<b>2.1</b>	<b>1.6</b>	<b>(2.3)</b>	<b>(0.7)</b>	<b>0.4</b>	<b>1.4</b>	<b>4.0</b>	<b>4.5</b>
Margin	4.9%	3.5%	-3.9%	-0.9%	0.5%	1.6%	4.1%	4.4%
Interest	(0.2)	(0.3)	(0.3)	(0.6)	(0.7)	(0.4)	(0.4)	(0.4)
<b>EBT</b>	<b>1.9</b>	<b>1.4</b>	<b>(2.7)</b>	<b>(1.2)</b>	<b>(0.3)</b>	<b>0.9</b>	<b>3.5</b>	<b>4.1</b>
Margin	4.5%	2.9%	-4.5%	-1.7%	-0.4%	1.1%	3.6%	4.0%
Income taxes	(0.9)	(1.0)	(0.2)	(0.1)	(0.4)	(0.3)	(1.0)	(1.2)
<b>Net Income (Loss)</b>	<b>1.0</b>	<b>0.4</b>	<b>(2.8)</b>	<b>(1.3)</b>	<b>(0.7)</b>	<b>0.7</b>	<b>2.5</b>	<b>2.9</b>
Margin	2.4%	0.8%	-4.8%	-1.9%	-0.9%	0.8%	2.6%	2.9%

Source: Company data 2017-21A, EnVent Research 2022-24E

### Consolidated Balance Sheet

€m	2017	2018	2019	2020	2021	2022E	2023E	2024E
Work in progress	0.9	1.3	2.8	4.5	4.4	5.6	6.7	7.0
Inventory	0.0	0.1	0.9	0.6	1.3	0.8	0.8	0.8
Trade receivables	19.1	24.0	26.9	28.2	29.0	27.6	32.6	34.3
Trade payables	(6.9)	(5.4)	(10.7)	(12.4)	(18.8)	(18.1)	(19.5)	(20.5)
Trade Working Capital	13.2	20.1	19.9	20.9	15.9	15.9	20.6	21.6
Other assets (liabilities)	(1.8)	(3.3)	(2.7)	(2.5)	(3.3)	(3.0)	(3.5)	(3.7)
<b>Net Working Capital</b>	<b>11.4</b>	<b>16.7</b>	<b>17.2</b>	<b>18.5</b>	<b>12.5</b>	<b>13.0</b>	<b>17.1</b>	<b>17.9</b>
Intangible assets	5.6	6.2	6.7	6.6	6.3	6.5	6.4	6.0
Goodwill	3.5	8.0	9.9	8.7	7.9	10.6	8.4	6.6
Property, plant and equipment	3.3	3.5	3.4	3.5	3.4	3.6	3.5	2.8
Equity investments and financial assets	0.7	0.7	0.7	0.6	1.0	1.0	1.0	1.0
<b>Non-current assets</b>	<b>13.1</b>	<b>18.4</b>	<b>20.8</b>	<b>19.3</b>	<b>18.6</b>	<b>21.7</b>	<b>19.3</b>	<b>16.3</b>
<b>Provisions</b>	<b>(1.5)</b>	<b>(1.8)</b>	<b>(2.0)</b>	<b>(2.1)</b>	<b>(2.3)</b>	<b>(2.4)</b>	<b>(2.7)</b>	<b>(2.8)</b>
<b>Net Invested Capital</b>	<b>23.0</b>	<b>33.3</b>	<b>36.0</b>	<b>35.8</b>	<b>28.8</b>	<b>32.3</b>	<b>33.8</b>	<b>31.5</b>
<b>Net Debt (Cash)</b>	<b>(1.7)</b>	<b>9.7</b>	<b>14.8</b>	<b>16.4</b>	<b>10.3</b>	<b>13.1</b>	<b>12.1</b>	<b>6.9</b>
<b>Equity</b>	<b>24.6</b>	<b>23.6</b>	<b>21.2</b>	<b>19.3</b>	<b>18.5</b>	<b>19.2</b>	<b>21.7</b>	<b>24.7</b>
<b>Sources</b>	<b>23.0</b>	<b>33.3</b>	<b>36.0</b>	<b>35.8</b>	<b>28.8</b>	<b>32.3</b>	<b>33.8</b>	<b>31.5</b>

Source: Company data 2017-21A, EnVent Research 2022-24E

### Consolidated Cash Flow

€m	2017	2018	2019	2020	2021	2022E	2023E	2024E
<b>EBIT</b>	<b>2.1</b>	<b>1.6</b>	<b>(2.3)</b>	<b>(0.7)</b>	<b>0.4</b>	<b>1.4</b>	<b>4.0</b>	<b>4.5</b>
Current taxes	(0.9)	(1.0)	(0.2)	(0.1)	(0.4)	(0.3)	(1.0)	(1.2)
D&A	2.4	2.6	4.4	4.1	4.3	5.4	5.7	6.0
Provisions	(0.3)	0.3	0.2	0.1	0.3	0.1	0.3	0.1
<b>Cash flow from P&amp;L operations</b>	<b>3.3</b>	<b>3.5</b>	<b>2.1</b>	<b>3.4</b>	<b>4.6</b>	<b>6.5</b>	<b>8.9</b>	<b>9.4</b>
Trade Working Capital	(4.3)	(6.9)	0.1	(1.0)	5.1	(0.1)	(4.7)	(1.0)
Capex - intangibles	(3.8)	(1.0)	(1.5)	(1.2)	(1.2)	(1.5)	(1.5)	(1.5)
Capex - acquisitions	(0.5)	(5.7)	(3.1)	(0.2)	(0.7)	(5.2)	0.0	0.0
Capex - PPE	(1.7)	(1.3)	(1.1)	(1.4)	(1.3)	(1.8)	(1.8)	(1.5)
Other assets and liabilities	(1.4)	1.5	(1.6)	(0.3)	0.9	(0.4)	0.5	0.2
<b>Operating cash flow after WC and capex</b>	<b>(8.4)</b>	<b>(9.7)</b>	<b>(5.1)</b>	<b>(0.6)</b>	<b>7.3</b>	<b>(2.4)</b>	<b>1.4</b>	<b>5.6</b>
Interest	(0.2)	(0.3)	(0.3)	(0.6)	(0.7)	(0.4)	(0.4)	(0.4)
Equity investments and financial assets	0.6	0.1	(0.0)	0.1	(0.4)	0.0	0.0	0.0
Paid-in Capital - IPO proceeds (2017)	12.0	0.0	0.0	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	0.0	0.0
Consolidation adjustments	0.0	(1.4)	0.4	(0.5)	(0.1)	0.0	0.0	0.0
<b>Net cash flow</b>	<b>2.4</b>	<b>(11.4)</b>	<b>(5.1)</b>	<b>(1.6)</b>	<b>6.2</b>	<b>(2.8)</b>	<b>1.0</b>	<b>5.2</b>
Net (Debt) Cash - Beginning	(0.7)	1.7	(9.7)	(14.8)	(16.4)	(10.3)	(13.1)	(12.1)
Net (Debt) Cash - End	1.7	(9.7)	(14.8)	(16.4)	(10.3)	(13.1)	(12.1)	(6.9)
<b>Change in Net (Debt) Cash</b>	<b>2.4</b>	<b>(11.4)</b>	<b>(5.1)</b>	<b>(1.6)</b>	<b>6.2</b>	<b>(2.8)</b>	<b>1.0</b>	<b>5.2</b>

Source: Company data 2017-21A, EnVent Research 2022-24E

### Ratio analysis

KPIs	2017	2018	2019	2020	2021	2022E	2023E	2024E
ROE	4%	2%	-13%	-7%	-4%	3%	12%	12%
ROS (EBIT/Revenues)	5%	3%	-4%	-1%	0%	2%	4%	4%
ROIC (NOPAT/Invested Capital)	8%	6%	-2%	2%	5%	14%	0%	0%
DSO	136	153	137	121	111	100	100	100
DPO	95	69	94	87	121	110	100	100
TWC/Revenues	31%	43%	33%	30%	20%	19%	21%	21%
NWC/Revenues	27%	35%	29%	26%	16%	16%	18%	18%
Net Debt/EBITDA	nm	2.0x	4.5x	3.8x	1.4x	1.8x	1.3x	0.7x
Net Debt/Equity	nm	0.4x	0.7x	0.8x	0.6x	0.7x	0.6x	0.3x
Net Debt/(Net Debt+Equity)	nm	0.3x	0.4x	0.5x	0.4x	0.4x	0.4x	0.2x
Cash flow from P&L operations/EBITDA	68%	74%	63%	78%	62%	90%	92%	90%
FCF/EBITDA	neg	neg	neg	neg	99%	-33%	15%	53%
Per-capita revenue (€k)	77	90	82	111	109	115	112	118
Per-capita cost (€k)	37	44	39	41	40	41	40	41
Basic EPS (€)	0.09	0.03	neg	neg	neg	0.06	0.22	0.26

Source: Company data 2017-21A, EnVent Research 2022-24E

## Valuation

For the valuation of DBA we keep applying the DCF method. As an additional value indication, we also run our valuation through market multiples by BU under the sum of the parts approach.

### Discounted Cash Flows

Updated assumptions:

- Risk free rate: 3.9% (Italian 10-year government bonds interest rate - last 30 days average. Source: Bloomberg, January 2023)
- Market return: 11.9% (last 30 days average. Source: Bloomberg, January 2023)



- Market risk premium: 8%
- Beta: 1 (judgmental in absence of reliable comparable figures)
- Cost of equity: 11.9%
- Cost of debt: 4% (Source: average historical rate)
- Tax rate: 24% (IRES)
- 30% debt/(debt + equity) as target capital structure
- WACC calculated at 9.2%
- Perpetual growth rate after explicit projections (G): 2.5%
- Terminal Value assumes an EBITDA margin of 8%

### DCF valuation

€m	2017	2018	2019	2020	2021	2022E	2023E	2024E	Perpetuity
<b>Revenues</b>	<b>42.6</b>	<b>47.2</b>	<b>59.7</b>	<b>70.9</b>	<b>78.8</b>	<b>82.5</b>	<b>97.6</b>	<b>102.5</b>	<b>105.0</b>
<b>EBITDA</b>	<b>4.9</b>	<b>4.8</b>	<b>3.3</b>	<b>4.4</b>	<b>7.4</b>	<b>7.2</b>	<b>9.6</b>	<b>10.5</b>	<b>8.4</b>
<i>Margin</i>	11.5%	10.2%	5.6%	6.2%	9.4%	8.8%	9.9%	10.3%	8.0%
<b>EBITA</b>	<b>2.6</b>	<b>2.8</b>	<b>(1.1)</b>	<b>0.8</b>	<b>1.9</b>	<b>3.9</b>	<b>6.1</b>	<b>6.4</b>	<b>6.2</b>
<i>Margin</i>	6.2%	6.0%	-1.9%	1.1%	2.4%	4.7%	6.3%	6.2%	5.9%
Taxes	(0.7)	(0.8)	0.3	(0.2)	(0.5)	(1.1)	(1.7)	(1.8)	(1.7)
<b>NOPAT</b>	<b>1.9</b>	<b>2.0</b>	<b>(0.8)</b>	<b>0.6</b>	<b>1.3</b>	<b>2.8</b>	<b>4.4</b>	<b>4.6</b>	<b>4.4</b>
D&A				3.1	2.9	2.9	3.5	4.1	2.3
Provisions				0.1	0.3	0.1	0.3	0.1	0.1
<b>Cash flow from operations</b>				<b>3.8</b>	<b>4.5</b>	<b>5.7</b>	<b>8.2</b>	<b>8.8</b>	<b>6.8</b>
Trade Working Capital				(1.0)	5.1	(0.1)	(4.7)	(1.0)	(0.5)
Capex				(2.7)	(3.2)	(8.5)	(3.3)	(3.0)	(2.3)
Other assets and liabilities				(0.3)	0.9	(0.4)	0.5	0.2	0.0
<b>Unlevered free cash flow</b>				<b>(0.3)</b>	<b>7.3</b>	<b>(3.2)</b>	<b>0.7</b>	<b>5.0</b>	<b>4.0</b>
<i>- H1 unlevered free cash flow</i>						<b>0.5</b>			
<b>Free cash flow to be discounted</b>						<b>(2.7)</b>	<b>0.7</b>	<b>5.0</b>	<b>4.0</b>
WACC	9.2%								
Long-term growth (G)	2.5%								
<b>Discounted Cash Flows</b>						<b>(2.6)</b>	<b>0.7</b>	<b>4.0</b>	
Sum of Discounted Cash Flows	2.1								
<b>Terminal Value</b>									<b>59.1</b>
Discounted TV	47.4								
<b>Enterprise Value</b>	<b>49.5</b>								
Net Debt as of 30/06/22	(11.3)								
Minorities as of 30/06/22	0.0								
<b>Equity Value</b>	<b>38.2</b>								

DCF - Implied multiples	2018	2019	2020	2021	2022E	2023E	2024E
EV/Revenues	1.0x	0.8x	0.7x	0.6x	0.6x	0.5x	0.5x
EV/EBITDA	10.3x	14.9x	11.3x	6.7x	6.8x	5.1x	4.7x
EV/EBITA	17.5x	neg	64.1x	26.5x	12.7x	8.1x	7.8x
P/E	98.0x	neg	neg	neg	58.2x	15.0x	13.0x

#### Discount of current market price vs DCF -39%

Current market price - Implied multiples	2018	2019	2020	2021	2022E	2023E	2024E
EV/Revenues	0.6x	0.5x	0.4x	0.4x	0.4x	0.3x	0.3x
EV/EBITDA	6.3x	9.2x	7.0x	4.1x	4.2x	3.2x	2.9x
EV/EBITA	10.7x	neg	39.4x	16.3x	7.8x	5.0x	4.8x
P/E	49.0x	neg	neg	neg	29.1x	7.5x	6.5x

Source: EnVent Research

## Sum of the Parts on market multiples per business unit

### Market multiples

Company	EV/REVENUES			EV/EBITDA			EV/EBIT			P/E		
	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E
<b>DBA</b>	<b>0.3x</b>	<b>0.4x</b>	<b>0.3x</b>	<b>3.6x</b>	<b>4.0x</b>	<b>3.7x</b>	<b>73.7x</b>	<b>13.9x</b>	<b>11.2x</b>	<b>neg</b>	<b>15.2x</b>	<b>11.7x</b>
<b>Core business peers</b>												
<b>Alten</b>	1.8x	1.2x	1.1x	17.0x	9.0x	8.6x	17.8x	10.8x	10.3x	25.9x	14.4x	13.8x
<b>Assystem</b>	1.4x	1.5x	1.5x	18.9x	16.3x	15.3x	22.1x	23.0x	21.7x	16.2x	17.7x	16.3x
<b>algoWatt</b>	1.7x	1.3x	1.4x	10.7x	3.7x	7.6x	neg	5.3x	21.0x	nm	nm	29.1x
<b>Circle</b>	1.9x	1.8x	1.4x	12.5x	7.0x	5.1x	26.7x	12.0x	7.9x	28.5x	na	na
<b>Mean</b>	<b>1.7x</b>	<b>1.5x</b>	<b>1.3x</b>	<b>14.8x</b>	<b>9.0x</b>	<b>9.1x</b>	<b>22.2x</b>	<b>12.8x</b>	<b>15.2x</b>	<b>23.5x</b>	<b>16.0x</b>	<b>19.7x</b>
<b>International IT consultants/system integrators</b>												
<b>Bouvet</b>	2.8x	1.9x	1.8x	20.9x	12.7x	12.0x	22.1x	15.2x	14.3x	29.5x	19.9x	18.8x
<b>Reply</b>	4.3x	2.1x	1.8x	28.2x	12.6x	11.4x	30.2x	15.1x	13.6x	44.3x	22.5x	19.7x
<b>Cancom</b>	1.3x	0.7x	0.7x	17.4x	7.9x	7.3x	24.8x	13.3x	11.7x	8.2x	22.9x	20.2x
<b>4iG</b>	2.6x	7.8x	6.9x	23.3x	nm	nm	35.0x	nm	nm	12.2x	30.9x	26.0x
<b>DATAGROUP</b>	2.0x	1.2x	1.2x	16.3x	7.9x	7.3x	31.1x	14.6x	12.5x	38.5x	19.8x	17.1x
<b>Allgeier</b>	2.0x	1.1x	1.0x	25.1x	8.7x	7.8x	30.1x	15.1x	12.0x	53.8x	18.3x	14.5x
<b>CENIT</b>	0.7x	0.7x	0.6x	13.5x	8.9x	6.3x	16.4x	18.2x	12.9x	27.3x	26.2x	15.0x
<b>GFT Technologies</b>	2.2x	1.2x	1.1x	22.0x	10.4x	9.2x	27.3x	13.8x	11.9x	40.7x	18.2x	15.9x
<b>Spindox</b>	1.6x	0.5x	0.4x	20.9x	6.6x	5.0x	26.5x	11.7x	7.7x	41.2x	19.0x	12.8x
<b>All for One</b>	1.0x	0.6x	0.6x	12.8x	5.7x	5.0x	19.0x	15.6x	11.4x	26.9x	21.0x	15.2x
<b>Mean</b>	<b>2.0x</b>	<b>1.8x</b>	<b>1.6x</b>	<b>20.0x</b>	<b>9.0x</b>	<b>7.9x</b>	<b>26.3x</b>	<b>14.8x</b>	<b>12.0x</b>	<b>32.3x</b>	<b>21.9x</b>	<b>17.5x</b>
<b>Median</b>	<b>2.0x</b>	<b>1.2x</b>	<b>1.0x</b>	<b>20.9x</b>	<b>8.7x</b>	<b>7.3x</b>	<b>26.9x</b>	<b>15.1x</b>	<b>12.0x</b>	<b>34.0x</b>	<b>20.5x</b>	<b>16.5x</b>

Source: S&P Capital IQ, 10/01/2023

We have used revenue and EBITDA metrics per BU. We are aware of the limited comparability of DBA to industry peers, due to size, profitability, revenue mix and business model, and also of a quite abnormal width of value range. However, even after application of a 50% judgmental cut to core business current trading multiples, the resulting values leave wide room for upside.

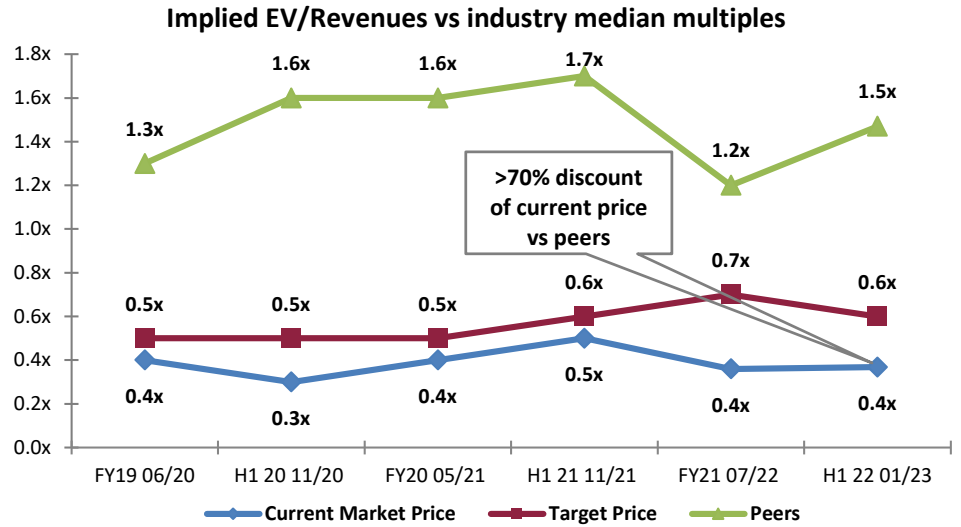
### SOP application

€m			
DBA Group	2022E Market multiples		
<i>EV EPM+ICT Ita</i>		<i>50% cut</i>	
<b>2022E Revenues</b>	<b>44.5</b>	<b>0.7x</b>	32.7
<i>EV ICT Slo</i>			
<b>2022E Revenues</b>	<b>38.0</b>	1.2x	44.6
<b>SOP EV DBA Group</b>			<b>77.3</b>
<i>Net Debt as of 30/06/22</i>			(11.3)
<i>Minorities as of 30/06/22</i>			0.0
<b>Equity value DBA Group</b>			<b>66.1</b>

€m			
DBA Group	2022E Market multiples		
<i>EV EPM+ICT Ita</i>		<i>50% cut</i>	
<b>2022E EBITDA</b>	<b>3.6</b>	<b>4.5x</b>	16.4
<i>EV ICT Slo</i>			
<b>2022E EBITDA</b>	<b>3.1</b>	8.7x	26.9
<b>SOP EV DBA Group</b>			<b>43.3</b>
<i>Net Debt as of 30/06/22</i>			(11.3)
<i>Minorities as of 30/06/22</i>			0.0
<b>Equity value DBA Group</b>			<b>32.0</b>

Source: EnVent Research

## Target Price



Source: EnVent Research on S&P Capital IQ, 11/01/2023

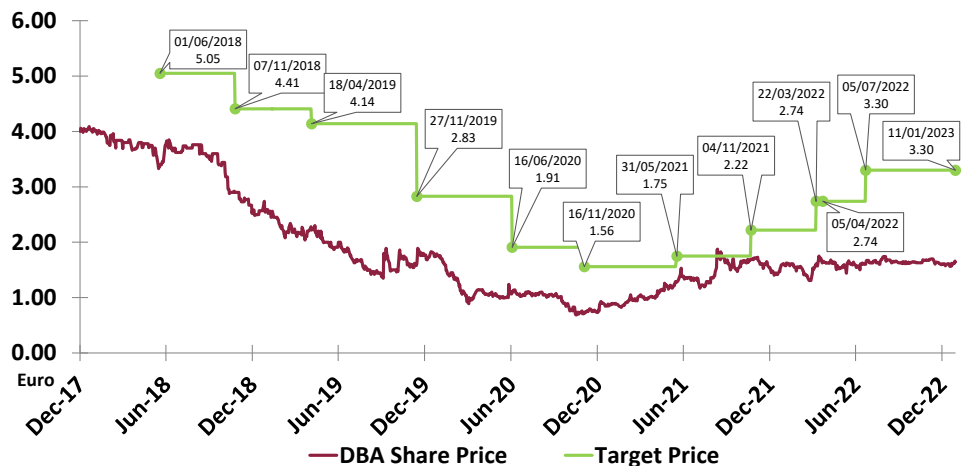
We see DBA progressing on its growth plan, through acquisitions addressing expertise and demand in appealing markets, which confirm our expectations on business size stability and lower risk profile, while the potential value added by acquisitions is to be exploited in the mid-term. In this framework, fundamentals earn relevance, especially when market multiples are subject to turbulence and comparability issues. Updated estimates and valuation concur in confirming the target price per share of €3.30, implying a substantial 99% upside potential on DBA current price. We confirm the OUTPERFORM rating.

DBA Price per Share	€
<b>Target Price</b>	<b>3.30</b>
Current Share Price (10/01/2023)	1.66
<b>Premium (Discount)</b>	<b>99%</b>

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

Source: EnVent Research

## DBA Share Price vs EnVent Target Price



Source: EnVent Research on S&P Capital IQ, 11/01/2023

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Equity ratings and valuations are issued in absolute terms, not relative to market performance.

Rating system and rationale (12-month time horizon):

OUTPERFORM: stocks are expected to have a total return above 10%;

NEUTRAL: stocks are expected to have a performance between -10% and +10% 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, with the target price 10% below the current market price;

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The stock price indicated in the report is the last closing price on the day of Production.

Date and time of Production: 10/01/2023 h. 7.25pm

Date and time of Distribution: 11/01/2023 h. 7.48pm

## DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

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
22/03/2022	OUTPERFORM	2.74	1.61
05/04/2022	OUTPERFORM	2.74	1.63
05/07/2022	OUTPERFORM	3.30	1.60
11/01/2023	OUTPERFORM	3.30	1.66

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