

Italy – ICT Consulting

Focusing on the development of both Italy and Slovenia

15th December 2022

BUSINESS UPDATE

RIC: DBA.MI
BBG: DBA IM

Following the termination of the contract concerning the sale of Actual IT, the group is now focusing on both Italy and Slovenia, boasting a bold and lucrative presence in the fast-growing ICT segment in both countries. The acquisition of General Planning extends the selling proposition in engineering and architecture services for the Real Estate and Healthcare segments.

Rating:

Buy

Price Target:

€ 2.30 (€ 3.50)

Upside/(Downside): 42.9%

Last Price: € 1.61

Market Cap.: € 18.5m

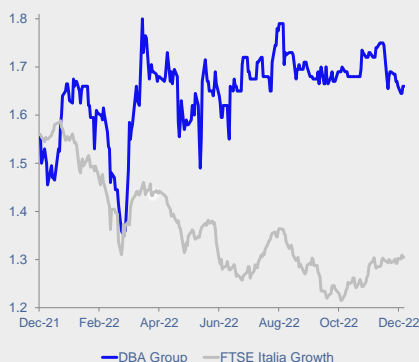
1Y High/Low: € 1.80/ € 1.20

Avg Daily Turn. (3M, 6M): € 22k, € 22k

Free Float: 49.6%

Major shareholders:

De Bettin family 40.5%



Stock price performance

	1M	3M	12M
Absolute	-3.6%	-1.2%	4.5%
Rel.to FTSE IT Growth	-4.6%	-1.3%	21.6%
Rel.to peers	-5.7%	-5.0%	20.3%

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New estimates point to a PT of € 2.30 (€ 3.50), upside at 42.9%. Buy

The falling through of the sale of Actual allows DBA to focus on both Italy and Slovenia: if on one hand the valuation of the Slovenian assets was certainly attractive and the potential proceeds huge, on the other hand, the Slovenian business is certainly fast growing and highly profitable. New estimates entail the re-consolidation of Actual IT and the newly-acquired General Planning, resulting in an average 73.2% and 63.5% increase in VoP and EBITDA in 2022-24. The estimates revision and the update in the valuation criteria set a new DCF-based PT of € 2.30 (€ 3.50), mainly as a combined result of the lack of the cash-in stemming from the Actual sale and the sharp increase in the free risk rate from 2.46% to 3.41% from our previous publication.

Sale of Actual IT fell through due to the non-obtainment of authorisation

DBA announced the termination of the contract concerning the sale of Actual IT to the Slovenian national operator Telekom Slovenije due to the non-obtainment of authorisation from the Slovenian Antitrust Authority. Originally, the deal envisaged the sale of 100% of Actual IT, which was valued at € 30.0m (EV), corresponding to 9x EV/EBITDA₂₁. Considering FY-21 results, the equity value of the transaction was € 20.6m, generating a potential significant capital gain for DBA, to the tune of € 8.6m (€ 6.9m net of deal costs) as well as a cash in of € 18.9m (€ 1.64/s) able to significantly improve the NFP of the company. Moreover, the implicit IRR with regard to the investment in Actual IT would have amounted to 10% per year.

Attractive valuation offset by a not-insubstantial execution risk

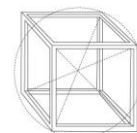
This would have been a disruptive deal for DBA. While on one hand, the valuation of the Slovenian assets was certainly attractive and the potential proceeds for the company were huge, on the other hand, the group's consolidation scope would have changed significantly. In particular, size and profitability would have been considerably reduced. In addition, this game-changing opportunity would have entailed a potential execution risk which was not to be underestimated. The fresh resources would have allowed it to pursue strategic, even large, investments in adjacent segments.

DBA strengthens the EPM division with the acquisition of General Planning

DBA has acquired 100% of General Planning, an independent engineering and architecture firm with over 50 years of experience in project implementation, mainly in the industrial and real estate sectors. The equity value of € 4.6m will be paid half at closing (21st December), while the remainder will be paid in two equal instalments over the next two years. The total consideration (excluding earn-outs) is 0.5x EV/Sales₂₁ and 3.7x EV/EBITDA₂₁. Thanks to this move, DBA will be able to strengthen its EPM division, especially in the Real Estate and Healthcare markets.

DBA Group, key financials and ratios

€ m	2020	2021	2022e	2023e	2024e
Value of production	71.9	79.5	84.1	96.4	99.9
EBITDA	3.9	4.8	7.3	9.0	9.4
EBITDA adj.	4.4	7.3	7.3	9.0	9.4
EBIT	(0.7)	0.4	3.0	4.4	4.8
EBIT adj.	1.3	4.5	4.6	6.2	6.6
Net profit	(1.2)	(0.7)	1.5	2.3	2.5
Net profit adj.	0.3	0.8	3.1	4.1	4.4
NFP (cash)/debt	16.4	10.4	14.3	10.5	5.8
EPS adjusted €	0.02	0.07	0.27	0.36	0.38
EPS adj. growth	n.m.	n.m.	299.4%	33.7%	6.1%
EBITDA margin %	5.4%	6.0%	8.7%	9.4%	9.4%
EBIT margin %	neg.	0.5%	3.6%	4.5%	4.8%
PER adj.	neg.	17.9	6.0	4.5	4.2
EV/Sales	0.40	0.32	0.39	0.30	0.24
EV/EBITDA	7.3	5.3	4.5	3.2	2.6
EV/EBIT adj.	21.8	5.7	7.1	4.7	3.7



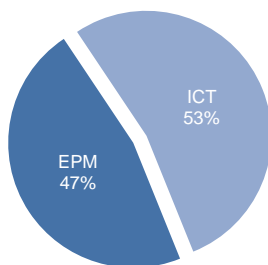


The company at a glance

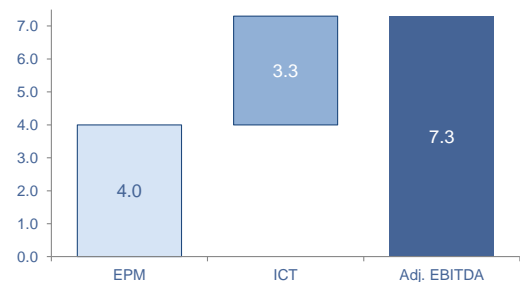
Founded in 1991 by the four De Bettin brothers in the north east of Italy, DBA Group is specialised in network connectivity and infrastructure lifecycle support solutions. DBA Group's core competence is its proven ability to provide telematics solutions for strategic infrastructures to clients whose business is network-performance critical. It provides integrated services and solutions in the ICT, Project Management and Architecture and Engineering fields in six industries. Founded as an engineering and architecture associated firm, now DBA Group is the only player in Italy able to offer a synergic combination of the aforementioned services and solutions for the entire infrastructure lifecycle management. DBA Group offers high value-added services and software platforms which meet a full range of potential technical, technological and ICT customer needs during the entire infrastructure lifecycle with the aim of providing high value-added support services for infrastructure management and maintenance.

The group has grown significantly in the last few years: in the 2011-20 period, top line more than tripled from € 18.8m to € 79.5m, 15.5% CAGR, also thanks to the acquisition of Actual IT in 2015 (minorities buyout in Sep-18), SJS Engineering in Oct-18 and Unistar in Sep-19. In 2021, the value of production reached € 79.5m, up by 10.5% YoY, EBITDA totalled € 4.8m, 6.0% margin and net profit came in negative by € 0.7m. EBITDA adjusted for non-recurring costs came to € 7.3m, 9.2% margin. Net financial position was € 10.4m (debt).

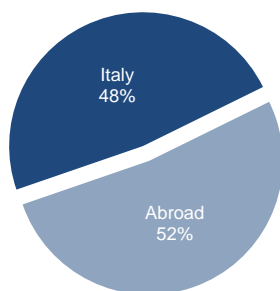
2021 top line ...



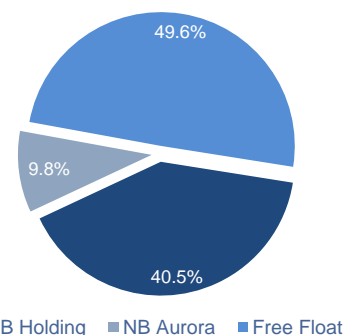
... and Adj. EBITDA breakdown by BU



2021 top line by geography



Shareholders structure



Peer group multiples table

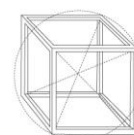
EV multiples x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3	EBIT FY1	EBIT FY2	EBIT FY3
AECOM	0.93	0.91	0.87	13.6	12.6	12.5	15.9	14.3	14.4
Alten SA	1.09	0.96	0.85	8.6	7.8	7.0	10.5	9.5	8.4
Arcadis NV	1.14	0.89	0.79	11.8	8.9	7.7	16.8	12.6	10.4
Jacobs Engineering Group Inc	1.07	1.04	0.94	11.6	10.1	9.2	11.7	10.3	9.3
SNC-Lavalin Group Inc	0.82	0.80	0.69	11.5	8.8	6.8	15.6	11.3	9.1
Sweco AB (publ)	1.73	1.63	1.54	14.3	13.8	12.2	19.5	19.5	16.8
Engineering & PMO median	1.08	0.94	0.86	11.7	9.5	8.5	15.7	11.9	9.9
Accenture PLC	2.83	2.58	2.36	15.0	13.6	12.3	18.5	16.6	14.9
Capgemini SE	1.48	1.34	1.18	9.5	8.5	7.3	12.5	11.1	9.5
Reply SpA	2.30	1.96	1.71	13.9	12.1	10.7	16.7	14.5	12.6
TXT e solutions SpA	1.32	0.91	0.78	8.7	6.5	5.4	12.8	8.9	7.5
ICT software median	1.89	1.65	1.45	11.7	10.3	9.0	14.7	12.8	11.0
DBA Group SpA	0.39	0.30	0.24	4.5	3.2	2.6	7.1	4.7	3.7

Source: CFO Sim, Refinitiv Eikon





Income statement (€ m)	2020	2021	2022e	2023e	2024e
Value of Production	71.9	79.5	84.1	96.4	99.9
Services	(23.0)	(26.9)	(27.7)	(33.3)	(32.5)
Lease, rental and other opex	(20.0)	(22.0)	(21.0)	(24.1)	(25.0)
Personnel expenses	(25.0)	(25.8)	(28.1)	(30.1)	(33.1)
EBITDA	3.9	4.8	7.3	9.0	9.4
D&A	(4.6)	(4.4)	(4.3)	(4.6)	(4.6)
EBIT	(0.7)	0.4	3.0	4.4	4.8
Financial costs	(0.6)	(0.7)	(0.4)	(0.4)	(0.3)
Extraordinary, other costs	0.0	0.0	0.0	0.0	0.0
Pre-Tax profit	(1.2)	(0.3)	2.6	4.0	4.4
Income taxes	(0.1)	(0.4)	(1.1)	(1.7)	(1.9)
Minorities	0.1	0.0	0.0	0.0	0.0
Net Profit	(1.2)	(0.7)	1.5	2.3	2.5
EBIT adj.	1.3	4.5	4.6	6.2	6.6
Net Profit adj.	0.3	0.8	3.1	4.1	4.4
Balance sheet (€ m)	2020	2021	2022e	2023e	2024e
Net Working Capital	20.9	15.9	19.4	21.4	22.1
Net Fixed Assets	19.3	18.6	20.9	18.3	15.7
Equity Investments	0.6	1.0	1.0	1.0	1.0
Other M/L Term A/L	(5.1)	(6.6)	(7.0)	(7.8)	(8.2)
Net Invested Capital	35.7	28.9	34.3	32.8	30.6
Net Financial Position	16.4	10.4	14.3	10.5	5.8
Minorities	0.0	0.0	0.0	0.0	0.0
Group's Shareholders Equity	19.3	18.5	20.0	22.3	24.8
Net Financial Position & Equity	35.7	28.9	34.3	32.8	30.6
Cash Flow statement (€ m)	2020	2021	2022e	2023e	2024e
Total net income	(1.2)	(0.7)	1.5	2.3	2.5
Depreciation	4.6	4.4	4.3	4.6	4.6
Other non-cash charges	(0.9)	(0.1)	0.4	0.8	0.4
Cash Flow from Oper. (CFO)	2.4	3.6	6.2	7.7	7.5
Change in NWC	(1.0)	5.1	(3.5)	(2.0)	(0.8)
FCF from Operations (FCFO)	1.4	8.7	2.6	5.8	6.7
Net Investments (CFI)	(2.6)	(2.6)	(6.6)	(2.0)	(2.0)
Free CF to the Firm (FCFF)	(1.2)	6.0	(4.0)	3.8	4.7
CF from financials (CFF)	6.1	(4.0)	2.3	(1.2)	(1.2)
Free Cash Flow to Equity (FCFE)	4.9	2.0	(1.7)	2.6	3.6
Financial ratios	2020	2021	2022e	2023e	2024e
EBITDA margin	5.4%	6.0%	8.7%	9.4%	9.4%
EBIT margin	-0.9%	0.5%	3.6%	4.5%	4.8%
Net profit margin	-1.7%	-0.9%	1.8%	2.4%	2.5%
Tax rate	n.m.	n.m.	43.0%	43.0%	43.0%
Interest coverage x	(0.84)	1.91	0.14	0.09	0.07
Net Debt/EBITDA x	4.19	2.16	1.95	1.16	0.62
Debt-to-Equity x	0.85	0.56	0.71	0.47	0.23
ROIC	neg.	-2.5%	4.3%	7.0%	8.3%
ROCE	neg.	0.8%	6.4%	8.9%	9.4%
ROACE	neg.	0.8%	6.7%	9.1%	9.6%
ROE	neg.	-3.9%	7.5%	10.2%	10.2%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Per share figures	2020	2021	2022e	2023e	2024e
Number of issued ordinary shares # m	11.50	11.51	11.51	11.51	11.51
Number of shares Fully Diluted # m	13.40	11.51	11.51	11.51	11.51
Average Number of shares Fully Diluted # m	13.40	12.46	11.51	11.51	11.51
EPS reported €	(0.11)	(0.06)	0.13	0.20	0.22
EPS adjusted €	0.02	0.07	0.27	0.36	0.38
EPS reported FD €	(0.09)	(0.06)	0.13	0.20	0.22
EPS adjusted FD €	0.02	0.07	0.27	0.36	0.38
EBITDA €	0.29	0.38	0.64	0.78	0.81
EBIT €	(0.05)	0.03	0.26	0.38	0.42
BV €	1.44	1.61	1.74	1.94	2.16
FCFO €	0.11	0.70	0.23	0.50	0.58
FCFF €	(0.09)	0.48	(0.35)	0.33	0.41
FCFE €	0.36	0.16	(0.15)	0.23	0.31
Dividend €	0.00	0.00	0.00	0.00	0.00



The sale of Actual IT stopped by the Slovenian Antitrust

DBA announces the termination of the contract concerning the sale of Actual IT to the Slovenian national operator Telekom Slovenije due to the non-obtainment of authorisation from the Slovenian Antitrust Authority. In Mar-22 Telekom Slovenije announced the acquisition of Actual IT, the Slovenian subsidiary of DBA Group.

Actual IT: a key ICT player in Slovenia

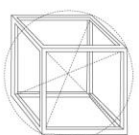
The company is one of the main players in the Slovenian Information and Communication Technology market, providing ICT consulting in support of project management activities as well as developing software solutions for Transport & Logistics and Oil & Gas sectors. Between 2015 and 2018, DBA progressively acquired 100% of Actual IT for a total of € 10.7m (book value FY-21). Actual IT's business corresponds to the Slovenian ICT business unit of DBA Group, which in 2021 reported Value of Production of € 39.8m and EBITDA of € 3.3m (ITA GAAP), accounting for 50% and 55% of consolidated FY-21 Value of Production and EBITDA, respectively. Since 2015, Actual IT has grown both organically and via M&A (Unistar in 2019 and Itelis in 2017), passing from € 10m of turnover and 80 employees in 2015 to almost € 40m of sales and 350 employees in 2021.

Valuation was attractive but...

On 28 March 2022, DBA signed a preliminary contract for the sale of 100% of its equity investment in Actual IT to the Slovenian national operator Telekom Slovenije, which valued the company at € 30.0m (Enterprise Value), corresponding to 9x EV/EBITDA₂₁. Considering FY-21 results, the equity value of the transaction was € 20.6m, generating a potential significant capital gain for DBA, to the tune of € 8.6m (€ 6.9m net of deal costs) as well as a cash in of € 18.9m (€ 1.64/s) able to significantly improve the Net Financial Position of the company. Moreover, the implicit IRR with regard to the investment in Actual IT would have amounted to 10% per year.

...included a not-insubstantial execution risk

This would have been a disruptive deal for DBA Group. While on one hand, the valuation of the Slovenian assets was certainly attractive and the potential proceeds for the company were huge, on the other hand, the group's consolidation scope would have changed significantly, as size and profitability would have significantly decreased. In addition, this game-changing opportunity would have entailed a potential execution risk which was not to be underestimated. The fresh resources would have allowed it to pursue strategic, even large, investments in adjacent segments.



Acquisition of General Planning to enlarge the EPM offer

DBA announced the acquisition of **100% of General Planning, for a total EV of € 4.4m**. The closing is expected by 21st December 2022. General Planning is **a domestic independent engineering, planning and architecture company with over 50 years of proven experience** in project implementation mainly in the industrial and real estate sectors. The company, based and operating mainly in Milan, provides a plethora of highly qualified integrated services by means of the most advanced tools, acting as the sole technical entity for the management of each phase of building projects, from the feasibility study, design and construction to the final tests before delivery. **General Planning employs 80 professionals**, including architects, engineers and technicians and **ranked 12th in the Guamari ranking in 2021**, which encompasses the Top 200 Architecture firms in Italy (DBA ranked 6th).

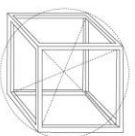
Over the last few years, the company collaborated with the most successful architecture firms to complete a significant number of projects, both in Italy and abroad, primarily with regard to the construction of headquarters and offices, industrial complexes, pharmaceutical and research laboratories, welfare structures and hotels, as well as residences.

In 2021, **General Planning's Value of Production amounted to € 8.6m, with an EBITDA to the tune of € 1.2m (14.0% margin)**, Net Profit to € 0.7m, 8.1% margin and NFP was cash positive for € 0.2m.

DBA Group will pay the first half of the price at the closing date, while the remainder will be paid in two equal instalments (25% each), after the approval of the 2022 and 2023 financial statements. Moreover, the deal provides for additional earn-out based upon specific projects and the financial results achieved in the next two years. **The total consideration**, without considering the earn-out mechanism, **is equivalent to 0.5x EV/Sales₂₁ and 3.7x EV/EBTIDA₂₁**.

Following the termination of the contract for the sale of Actual IT to Slovenian national operator Telekom Slovenije, **DBA is fully committed to continuing the successful development of Actual IT's business in the Balkans area and, at the same time, strengthening its presence in the EPM division**. The acquisition of General Planning will give birth to a specialised and qualified player, capable of providing high value-added architecture, engineering and project management solutions to both domestic and international customers.

Moreover, **DBA will strengthen its service offering in the Real Estate and Healthcare markets**, characterised by solid growth rates in Italy, along with the opportunity to take advantage of General Planning's know-how in order to meet specific design requirements in relation to certain DBA PRO projects focused on industrial and pharmaceutical facilities.



Estimates, Valuation & risks

The sale of Actual IT to Telekom Slovenije would have had a disruptive effect on DBA's scope of activities, although it would have generated a significant capital gain (€ 6.9m net of deal costs) as well as an enticing cash in of € 18.9m. In fact, the fresh resources would have considerably reduced the group's leverage and given it the opportunity to pursue strategic investments in segments linked to the digitalisation and renovation of the domestic infrastructures supported by the National Recovery and Resiliency Plan – NRRP.

On the other hand, Actual IT, one on the main players in the Slovenian ICT landscape, unquestionably represents a valuable asset that will allow DBA group to seize significant opportunities in a structurally fast-growing market.

We revised our estimates by factoring in the reconsolidation of Actual IT and the consolidation of General Planning starting from Jan-23. The result is an average 73.2% and 63.5% increase in Value of Production and EBITDA in 2022-24.

Table 1 – DBA Group, 2022e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Value of Production	84.1	80.7	4.1	3.3
EBITDA	7.3	7.1	3.3	0.2
% margin	8.7	8.8		
EBIT	3.0	3.1	(1.5)	(0.0)
% margin	3.6	3.8		
Net Profit	1.5	5.5	(73.1)	(4.1)
% margin	1.8	6.9		
Y/E net debt (net cash)	14.3	(11.7)	222.3	25.9

Source: CFO Sim

Table 2 – DBA Group, 2023e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Value of Production	96.4	46.2	108.9	50.3
EBITDA	9.0	4.6	95.9	4.4
% margin	9.4	10.0		
EBIT	4.4	3.5	25.1	0.9
% margin	4.5	7.6		
Net Profit	2.3	1.9	23.1	0.4
% margin	2.4	4.0		
Y/E net debt (net cash)	10.5	(11.7)	189.8	22.2

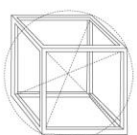
Source: CFO Sim

Table 3 – DBA Group, 2024e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Value of Production	99.9	48.4	106.5	51.6
EBITDA	9.4	4.9	91.2	4.5
% margin	9.4	10.1		
EBIT	4.8	3.8	25.6	1.0
% margin	4.8	7.9		
Net Profit	2.5	2.0	24.8	0.5
% margin	2.5	4.2		
Y/E net debt (net cash)	5.8	(13.0)	144.4	18.8

Source: CFO Sim

Moreover, we updated valuation criteria and bringing the free risk rate up to date. The combined result is **a new DCF-based PT of € 2.30/share, 42.9% upside.**



DCF

In the valuation via the DCF method, explicit estimates until 2026 and a long-term growth of 1.0% were used. Cash flows were discounted back at a weighted average cost of capital calculated in accordance with the following parameters:

Table 4 - WACC derived from:

Interest costs, pre-tax	1.5%
Tax rate	43.0%
Int. costs, after taxes	0.9%
Risk premium, incl. small size premium	9.0%
Risk-free (10Y Gov. Bond 200 days simple moving average)	3.41%
Beta levered (x)	1.00
Required ROE	12.4%

Source: CFO Sim, Refinitiv Eikon

Risk premium at 9.0% factors in the minute size of the company and basically all the concerns and disquiet that an investor might have with regard to the Euronext Growth Milan market segment. **Beta at 1.00** is a usual conservative value for a small cap. The WACC is calculated by using a 70:30 equity/debt balance-sheet structure (previously 80:20), in order to factor in the revised group's balance sheet structure.

Table 5 - DBA Group, DCF model

€ m	2022e	2023e	2024e	2025e	2026e	Term. Val.
EBIT	3.0	4.4	4.8	5.3	6.0	
Tax rate	43.0%	43.0%	43.0%	43.0%	43.0%	
Operating profit (NOPAT)	1.7	2.5	2.7	3.0	3.4	
Change working capital	(3.5)	(2.0)	(0.8)	(0.4)	(0.1)	
Depreciation	4.3	4.6	4.6	3.3	2.0	
Investments	(2.2)	(2.0)	(2.0)	(2.0)	(2.0)	
Free Cash Flows	0.3	3.2	4.5	4.0	3.4	42.7
Present value	0.3	2.9	3.8	3.1	2.4	30.2
WACC	8.9%	8.9%	8.9%	8.9%	8.9%	
Long-term growth rate	1.0%					

Source: CFO Sim

Table 6 – DBA Group, DCF derived from:

€ m	
Total EV present value € m	42.6
<i>thereof terminal value</i>	71%
NFP last reported – FY 21 adjusted for the acquisition of General Planning	(14.8)
Pension provision last reported	(1.9)
Equity value € m	26.0
#m shares	11.51
Equity value €/s	2.30
<i>% upside/(downside)</i>	42.9%

Source: CFO Sim

The application of the model produces an **equity value of DBA Group of € 26.0m, corresponding to € 2.30/share, 42.9% upside.**

The following tables illustrate that sensitivity 1) compared to changes in the terminal growth rate produces an equity value of between **€ 2.01-2.55** per share (**perpetuity range of between 0.25% and 1.75%**), while 2) if compared to changes in the free risk rate it produces an equity value of **€ 2.03-2.51** per share (**free risk range of between 2.66% and 4.16%**) and 3) if compared to changes in the risk premium, including small size premium it results in an equity value of **€ 1.84-2.80** per share (**risk premium range of between 10.50% and 7.50%**).

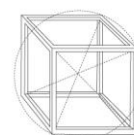


Table 7 – DBA Group, equity value sensitivity to changes in terminal growth rate

€ m	0.25%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%
Present value of CF	12.4	12.4	12.4	12.4	12.4	12.4	12.4
PV of terminal value	27.4	28.3	29.2	30.2	31.3	32.4	33.6
Total value	39.8	40.7	41.6	42.6	43.7	44.8	46.0
Adj. NFP last reported	(14.8)	(14.8)	(14.8)	(14.8)	(14.8)	(14.8)	(14.8)
Pension provision last reported	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)
Equity value	23.1	24.0	25.0	26.0	27.0	28.1	29.3
Equity value/share €	2.01	2.09	2.17	2.30	2.35	2.44	2.55

Source: CFO Sim

Table 8 – DBA Group, equity value sensitivity to changes in free risk rate

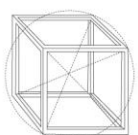
€ m	2.66%	2.91%	3.16%	3.41%	3.66%	3.91%	4.16%
Present value of CF	12.6	12.5	12.5	12.4	12.4	12.3	12.3
PV of terminal value	33.0	32.0	31.1	30.2	29.4	28.6	27.8
Total value	45.6	44.5	43.6	42.6	41.7	40.9	40.1
Adj. NFP last reported	(14.8)	(14.8)	(14.8)	(14.8)	(14.8)	(14.8)	(14.8)
Pension provision last reported	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)
Equity value	28.9	27.9	26.9	26.0	25.1	24.2	23.4
Equity value/share €	2.51	2.42	2.33	2.30	2.18	2.10	2.03

Source: CFO Sim

Table 9 – DBA Group, equity value sensitivity to changes in risk premium

€ m	7.50%	8.00%	8.50%	9.00%	9.50%	10.00%	10.50%
Present value of CF	12.7	12.6	12.5	12.4	12.3	12.2	12.1
PV of terminal value	36.2	34.0	32.0	30.2	28.6	27.1	25.7
Total value	48.9	46.6	44.5	42.6	40.9	39.3	37.8
Adj. NFP last reported	(14.8)	(14.8)	(14.8)	(14.8)	(14.8)	(14.8)	(14.8)
Pension provision last reported	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)
Equity value	32.2	29.9	27.9	26.0	24.2	22.6	21.1
Equity value/share €	2.80	2.60	2.42	2.30	2.10	1.96	1.84

Source: CFO Sim



Market multiples

We conducted an analysis on a cluster of 10 companies operating in the ICT software, engineering and advisory arena, two of which are domestic. We divided the sample into two sub-groups: Engineering and ICT software.

Our Engineering peer sample comprises the following comparable firms:

AECOM (USA): it provides engineering, consulting, program and project management services for several sectors, including energy, environment, oil and gas, transport, and construction.

Alten (France): it operates in the engineering and technology consulting fields and provides support for its clients' development strategies in the fields of innovation, R&D and IT systems.

Arcadis (The Netherlands): it is a multinational firm offering engineering, consulting, program and project management services for different markets, including water and energy resources, commercial development, contractors, renewable energy, finance, retail, industrial, and public transport services.

Jacobs Engineering (USA) it is a corporation providing engineering services including technical and scientific advice, in addition to all engineering aspects, construction, start-up and maintenance of plants for various sectors including industry, defence, energy and infrastructure.

SNC Lavalin (Canada): it is a group providing design, consulting, engineering, software and project management services to the mining and metallurgy, oil and gas, environment and water, infrastructure and clean power sectors. In Apr-17 it acquired Atkins Plc for some \$ 2.7bn (11.5x EBITDA).

Sweco (Sweden): it offers consulting, engineering and architectural services to various sectors including environment and water, infrastructure, energy and industrial.

Our ICT business unit peer sample comprises the following comparable groups:

Accenture (USA): it is a multinational company offering management and strategic consulting services, technology services and outsourcing solutions in a vast array of industries.

Capgemini (France): it is a company providing IT consulting, outsourcing and professional services including application lifecycle services, big data analytics, supply chain management in several sectors including aerospace and defence, automotive, finance, industrial production, oil and gas, and TLC.

Reply (Italy): it is a group that supports its clients in the definition and development of business models enabled by new technological and communication paradigms (Big Data, Cloud Computing, Digital Communication, the Internet of Things, Mobile and Social Networking), to optimise and integrate processes, applications and devices.

TXT e solutions (Italy): it is a software specialist providing high value-added solutions for the aerospace, defence, high tech, finance, luxury, fashion, retail and consumer goods sectors.

Size and profitability vary a lot within the samples, as well as the expected growth rates. Engineering & PMO comparable firms have EBITDA margins ranging from 6.9% to 12.6% and a low single-digit sales growth. ICT software comparable firms show slightly higher growth profiles than the Engineering & PMO sample and higher profitability, ranging from 15.2% to 18.9%.

DBA Group's profitability is broadly in line with the Engineering & PMO peer median but is lower than the ICT software median.

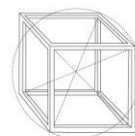


Table 10 - DBA Group, peer group summary table

€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	EBITDA %	Sales CAGR ₂₁₋₂₄	EBITDA CAGR ₂₁₋₂₄	EBIT CAGR ₂₁₋₂₄	EPS CAGR ₂₂₋₂₄	NFP/EBITDA FY1
AECOM	USA	11,035	13,544	930	6.9%	3.4%	5.2%	7.9%	8.3%	1.7
Alten SA	France	4,308	3,730	472	12.6%	13.5%	11.7%	12.9%	4.4%	n.m.
Arcadis NV	Dutch	3,447	3,941	382	9.7%	27.1%	16.6%	20.6%	15.7%	2.8
Jacobs Solutions Inc	USA	14,528	15,224	1,404	9.2%	2.9%	5.4%	13.8%	10.6%	1.2
SNC-Lavalin Group Inc	Canada	3,052	5,351	383	7.2%	2.8%	15.5%	33.7%	31.8%	3.5
Sweco AB (publ)	Sweden	3,500	2,223	269	12.1%	4.3%	0.6%	5.0%	6.9%	1.3
Engineering & PMO median		3,904	4,646	428	9.5%	3.8%	8.6%	13.3%	9.5%	1.7
Accenture PLC	USA	179,635	60,380	11,413	18.9%	4.7%	9.2%	6.0%	10.1%	n.m.
Capgemini SE	France	29,567	21,885	3,419	15.6%	10.8%	13.8%	14.4%	10.6%	0.8
Reply SpA	Italy	4,471	1,862	308	16.5%	15.9%	12.8%	14.4%	13.0%	n.m.
TXT e solutions SpA	Italy	166	145	22	15.2%	31.9%	31.8%	33.8%	29.1%	1.2
ICT software median		17,019	11,874	1,863	16.1%	13.4%	13.3%	14.4%	11.8%	1.0
DBA Group SpA	Italy	19	84	7	8.7%	7.9%	25.1%	14.1%	19.1%	1.9

Source: CFO Sim, Refinitiv Eikon

Table 11 - DBA Group, peer group EV multiple table

x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
AECOM	0.93	0.91	0.87	13.6	12.6	12.5
Alten SA	1.09	0.96	0.85	8.6	7.8	7.0
Arcadis NV	1.14	0.89	0.79	11.8	8.9	7.7
Jacobs Engineering Group Inc	1.07	1.04	0.94	11.6	10.1	9.2
SNC-Lavalin Group Inc	0.82	0.80	0.69	11.5	8.8	6.8
Sweco AB (publ)	1.73	1.63	1.54	14.3	13.8	12.2
Engineering & PMO median	1.08	0.94	0.86	11.7	9.5	8.5
Accenture PLC	2.83	2.58	2.36	15.0	13.6	12.3
Capgemini SE	1.48	1.34	1.18	9.5	8.5	7.3
Reply SpA	2.30	1.96	1.71	13.9	12.1	10.7
TXT e solutions SpA	1.32	0.91	0.78	8.7	6.5	5.4
ICT software median	1.89	1.65	1.45	11.7	10.3	9.0
DBA Group SpA	0.39	0.30	0.24	4.5	3.2	2.6

Source: CFO Sim, Refinitiv Eikon

Table 12 - DBA Group, peer group EV & price multiple table

x	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
AECOM	15.9	14.3	14.4	22.8	19.9	19.4
Alten SA	10.5	9.5	8.4	14.8	14.2	13.6
Arcadis NV	16.8	12.6	10.4	17.5	14.8	13.0
Jacobs Engineering Group Inc	11.7	10.3	9.3	15.8	14.1	12.9
SNC-Lavalin Group Inc	15.6	11.3	9.1	20.0	14.9	11.5
Sweco AB (publ)	19.5	19.5	16.8	24.0	23.9	21.0
Engineering & PMO median	15.7	11.9	9.9	18.8	14.9	13.3
Accenture PLC	18.5	16.6	14.9	26.3	23.8	21.7
Capgemini SE	12.5	11.1	9.5	15.8	14.4	12.9
Reply SpA	16.7	14.5	12.6	25.5	22.0	20.0
TXT e solutions SpA	12.8	8.9	7.5	18.5	12.8	11.1
ICT software median	14.7	12.8	11.0	22.0	18.2	16.4
DBA Group SpA	7.1	4.7	3.7	6.0	4.5	4.2

Source: CFO Sim, Refinitiv Eikon

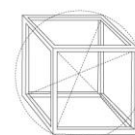


Table 13 – DBA Group, equity assessment, 1#2

€ m	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3	PER FY1	PER FY2	PER FY3
DBA metrics	84.1	96.4	99.9	7.3	9.0	9.4	3.1	4.1	4.4
Multiples (35% discounted)	0.74	0.65	0.59	7.6	6.4	5.7	12.3	9.7	8.8
Enterprise Value	62.1	62.7	58.8	55.8	57.8	53.8	38.1	40.0	38.4
NFP	(14.3)	(10.5)	(5.8)	(14.3)	(10.5)	(5.8)			
Pension Provision	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)			
DBA Equity Value	45.9	50.2	51.1	39.6	45.3	46.1	38.1	40.0	38.4
DBA Equity Value per share €/s	3.99	4.36	4.44	3.44	3.90	4.00	3.31	3.48	3.33
% upside/(downside)	147.8	171.0	175.7	113.7	142.2	148.4	105.5	116.0	107.1

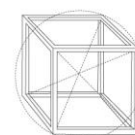
Source: CFO Sim, Refinitiv Eikon

Table 14 – DBA Group, equity assessment, 2#2

€ m	FY1	FY2	FY3
EV/EBITDA	39.6	45.3	46.1
Weighting	0.0%	100.0%	0.0%
Equity Value	45.3		
Equity Value per share €/s	3.90		
% upside/(downside)	142.2%		

Source: CFO Sim, Refinitiv Eikon

We believe that the DBA stock deserves a **discount to peer median not only due to the company's small size but also to the lack of adequate stock liquidity** on the back of the Euronext Growth Milan listing. By applying a 35% discount on peer multiples for EV/EBITDA to DBA's metrics, we attain an **equity value of DBA of € 45.3m, or € 3.90/s**, 142.2% upside. We used 2023 estimates and multiples in order to take into account the new scope following the acquisition of General Planning.



Sum of the parts

The sum-of-the-parts valuation, also known as breakup value analysis, is a process of valuing a company by determining what its aggregate divisions would be worth if spun off or acquired. The valuation provides the company value by aggregating the standalone value of each of its business units. The equity value is then obtained by adjusting the company's net debt, pension provisions, minorities assessment and the perpetuity of holding costs. Please note that for DBA Group we have not applied the perpetuity of holding costs as they are already split in the EBITDA of the two divisions.

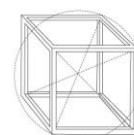
In our SOTP valuation, we used 1) the median EV/EBITDA multiple of the Engineering & PMO panel to evaluate the EPM business units, 2) the median EV/EBITDA multiple of the ICT software panel to appraise the ICT business unit. We applied a **35% discount to peer multiples**, mainly due to DBA's smaller size and low level of the stock liquidity on the back of its listing on the Euronext Growth Milan market.

We decided to assess the equity value using 2023e figures, in order to take into account the new scope following the consolidation of General Planning from Jan-23. As a result, we attained an equity value of € 3.90/s, 142.2% upside to current price levels.

Table 15 – DBA Group, Sum of the Parts equity value assessment

	€ m	% on EV	Methodology
ICT BU	23.5	40.8	6.7x peer multiple on € 3.5m BU EBITDA 2023e
EPM BU	34.1	59.2	6.2x peer multiple on € 5.5m BU EBITDA 2023e
Total EV	57.7	100.0	
NFP	(10.5)		FY-23e Net Financial Position
Pension Provision	(1.9)		Pension provision last reported
Equity Value	45.2		
Per share	3.90		
<i>% upside/(downside)</i>		142.2%	

Source: CFO SIM, Refinitiv Eikon



Peer stock performance

DBA Group went public on 13-Dec-17 on Euronext Growth Milan with market capitalisation of € 52.0m and a free float of 44.0%, 56.8% after warrant conversion and the Price Adjustment Shares cancellation. Adopting the same approach used in setting up the peer sample for assessing the value of DBA Group, we defined a panel of 10 companies, 6 of which mainly operating in the EPM business and the rest in the ICT software sector.

Table 16 - DBA Group, peer group absolute performance

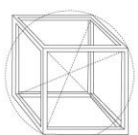
	1D	1W	1M	3M	6M	YTD	1Y
AECOM	(0.4)	0.1	7.2	19.4	31.9	9.9	16.0
Alten SA	1.0	4.4	4.1	0.7	16.8	(21.0)	(15.1)
Arcadis NV	(0.2)	0.6	5.3	13.1	16.8	(9.5)	(3.1)
Jacobs Engineering Group Inc	(0.2)	(0.1)	(1.8)	2.4	(1.7)	(12.0)	(12.6)
SNC-Lavalin Group Inc	0.3	1.6	2.5	(7.7)	5.5	(19.5)	(21.1)
Sweco AB (publ)	1.8	6.0	12.1	3.1	5.1	(38.1)	(29.2)
Engineering & PMO median	0.1	1.1	4.7	2.8	11.1	(15.7)	(13.8)
Accenture PLC	(1.3)	1.7	(0.0)	4.6	3.6	(29.7)	(21.2)
Capgemini SE	(1.3)	1.6	(3.8)	(3.3)	1.7	(20.0)	(14.3)
Reply SpA	0.3	6.9	8.5	4.8	15.4	(32.8)	(31.3)
TXT e solutions SpA	(0.5)	2.9	(0.8)	14.0	33.3	26.6	38.5
ICT software median	(0.9)	2.3	(0.4)	4.7	9.5	(24.9)	(17.8)
DBA Group SpA	0.9	(0.6)	(3.6)	(1.2)	4.2	13.8	4.5

Source: Refinitiv Eikon

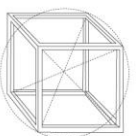
Risks

The principal investment risks associated with DBA Group include:

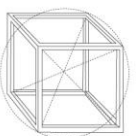
- Risks linked to the postponement of some key projects and ICT malfunctions;
- Risks due to competition in the reference markets, which might put margins or top line developments under pressure in the short term.
- Impact on the P&L and balance sheet profiles triggered by a sharp decline in local and global economic growth;
- Profit margin dilution stemming from the acquisition campaign;
- The departure of one, or a few of, the key relevant people.



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ANALYST CERTIFICATION

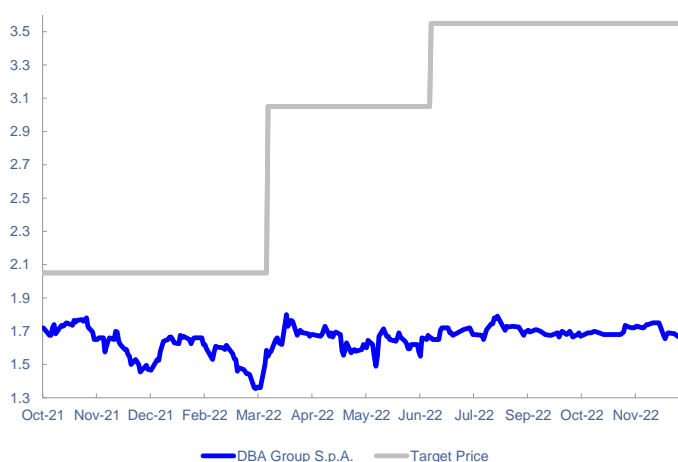
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DATE	TARGET PRICE	RATING
15/12/2022	€2.30	BUY
13/10/2022	€3.50	BUY
30/06/2022	€3.50	BUY
16/03/2022	€3.00	BUY
11/10/2021	€2.00	BUY

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- a **BUY** rating is assigned if the target price is at least 15% higher than the market price;
- a **SELL** rating is assigned if the target price is at least 15% lower than the market price;
- a **NEUTRAL** rating is assigned if the difference between the current price and target price lies within the +/- 15% range identified using the preceding criteria.

The rating is determined on the basis of the **expected absolute return over a 12-month period** and not on the basis of the estimated outperformance or underperformance relative to a market index. Thus, the rating can be directly linked to the estimated percentage difference between current and target prices. The prices of the financial securities mentioned in the report (also used for the calculation of market capitalisation and market multiples) are the reference prices of the stock market trading day preceding the publication date of the report, otherwise stated.

