

Italy – EPM & ICT Consulting

Well on track to meet targets. Risk/Return profile still attractive

15th October 2024

H1-24 RESULTS RELEASE

RIC: DBA.MI
BBG: DBA IM

DBA Group's interim results exhibited double-digit growth in Value of Production thanks to a solid contribution of all BUs, in particular the EPM. On an adjusted basis, EBITDA margin slightly improved mainly supported by the Italian ICT BU, whose profitability more than doubled YoY. A sizeable order backlog enhances visibility on FY targets and definitely well-positions DBA to reach the targets set in the 2024-26 Business Plan.

Rating:

Buy

Price Target:

€ 3.90 (€ 3.70)

Upside/(Downside): 61.2%

Last Price: € 2.42

Market Cap.: € 27.9m

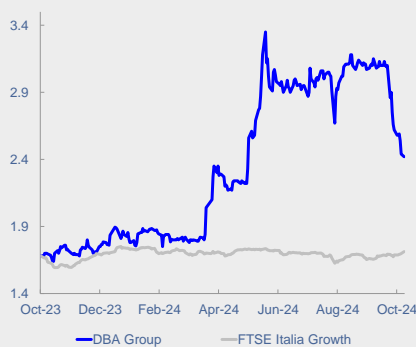
1Y High/Low: € 3.38 / € 1.63

Avg Daily Turn. (3M, 6M): € 25k, € 22k

Free Float: 52.3%

Major shareholders:

De Bettin family 43.6%



Stock price performance

	1M	3M	12M
Absolute	-21.4%	-18.5%	44.0%
Rel.to FTSE IT Growth	-24.4%	-18.9%	42.1%
Rel.to peers	-23.0%	-19.8%	20.3%

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Estimates fine-tuned: new DCF-based PT at € 3.90/s (€ 3.70). Buy reiterated

On the back of the H1-24 results release, we have updated our model by factoring in 1) unchanged expectations with respect to Value of Production and EBITDA in FY-24, 2) a fine-tuning of profitability assumptions for 2025-26, 3) an upward revision in Capex and, consequently, D&A expenses. The combined result is almost unchanged Value of Production and an average 0.7% decline in EBITDA in 2024-26, respectively, along with an average 7.6% increase in Net Financial Position in 2024-25. Moreover, we have updated the DCF valuation criteria, bringing the risk-free rate up-to-date (from 4.18% to 3.80%), leading to new DCF-based PT of € 3.90/s (€ 3.70), 61.2% upside potential. Buy confirmed.

Value of Production up by 11.5% YoY, largely driven by the EPM BU (+15.7% YoY)

Value of Production showed a double-digit increase (+11.5% YoY), reaching € 53.4m (vs € 47.9m reported in H1-23). All DBA's Business Units grew YoY, with the EPM BU contributing the most to the company's growth. In greater detail, the EMP BU (60.9% of the total) came in at € 32.6m, up by 15.4% YoY from € 28.2m reported in H1-23. The Slovenian ICT BU (34.5% of the total), which refers to DBA's operations in the Balkan region, grew by 3.5% YoY to € 18.4m (€ 17.8m in H1-23), while the Italian ICT BU (4.6% of the total) soared by 27.2% YoY to € 2.4m from € 1.9m in H1-23, continuing to exhibit a positive upward trend.

Adjusted EBITDA up by 14.4% YoY, thanks to a solid contribution from all BUs

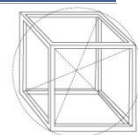
Reported EBITDA rose by 6.4% YoY to € 5.3m, 10.0% margin, (€ 5.0m, 10.4% margin in H1-23), mainly attributable to higher top line. Adjusted EBITDA was € 5.7m, 10.7% margin, after excluding € 0.3m related to the renewal of the SJS Engineering's management team after DBA acquired the remaining 25% stake in Mar-24. As regards the contribution of each BUs to Adjusted EBITDA: EPM contributed € 4.4m, 13.5% margin, (vs € 4.0m, 14.3% margin in H1-23); the Italian ICT contributed € 0.7m, 28.2% margin, more than doubled compared to € 0.3m, 14.8% margin in H1-23 while the Slovenian ICT's contribution to EBITDA stood at € 0.6m, 3.5% margin, broadly aligned with € 0.7m, 3.8% margin, reported in the first semester of 2023. EBIT was € 3.1m, 5.8% margin, up by 3.0% YoY from € 2.9m, 6.2% margin in H1-23, after a mild YoY increase of approximately € 0.1m in D&A charges. Net Profit came in at € 1.5m, 2.9% margin. In light of interest rate expenses only slightly higher YoY, the main difference compared to the figure reported last year (€ 2.5m, 5.3% margin) is due to the estimation of tax charges while until H1-23 the group used to communicate profit before taxes without forecasting any taxes.

NFP at € 11.5m, affected by tangible Capex along with the minorities-buyout

NFP stood at € 11.5m, higher compared to € 8.4m reported at year-end 2023, primarily resulting from the acquisition of the remaining minority interest of SJS Engineering (25%) in Mar-24 and of the Slovenian company DBA Doo (12.5%). NWC absorption was € 0.5m.

DBA Group, key financials and ratios

€ m	2022	2023	2024e	2025e	2026e
Value of production	85.4	112.1	115.8	119.5	123.3
EBITDA	7.2	12.1	11.8	12.5	13.2
Adjusted EBITDA	7.5	12.5	12.2	12.5	13.2
EBIT	3.4	7.9	7.4	8.1	8.8
Adjusted EBIT	5.0	9.8	9.7	9.9	10.6
Net profit	0.6	4.0	3.2	3.7	4.1
Adjusted Net Profit	2.9	5.5	5.1	5.5	5.9
NFP (cash)/debt	12.6	8.4	10.0	5.3	0.4
Adjusted EPS €	0.25	0.48	0.44	0.48	0.51
Adjusted EPS growth	n.m.	90.8%	-7.9%	8.3%	6.1%
EBITDA margin %	8.4%	10.8%	10.2%	10.5%	10.7%
EBIT margin %	4.0%	7.1%	6.4%	6.8%	7.1%
EV/Sales x	0.36	0.25	0.33	0.28	0.23
EV/Adjusted EBITDA x	4.2	2.2	3.1	2.7	2.2
EV/Adjusted EBIT x	6.2	2.8	4.0	3.4	2.7
Adjusted PER x	6.4	3.4	5.5	5.0	4.8

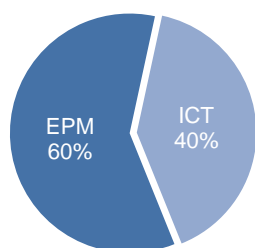


The company at a glance

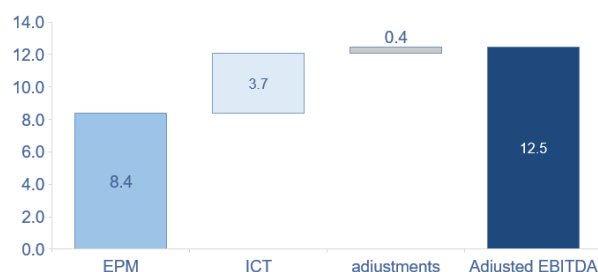
Founded in 1991 by the four De Bettin brothers in the north east of Italy, DBA Group is specialised in network connectivity and infrastructure lifecycle support solutions. DBA Group's core competence is its proven ability to provide telematics solutions for strategic infrastructures to clients whose 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 2014-23 period, Value of Production more than quadrupled from € 23.7m to € 112.1m, 18.8% CAGR, also thanks to the acquisition of Actual IT in 2015 (minorities buyout in Sep-18), SJS Engineering in Oct-18, Unistar in Sep-19 and General Planning in Dec-22. In 2023, the Value of Production reached € 112.1m, up by 31.5% YoY, EBITDA amounted to € 12.1m, 10.8% margin and Net Profit stood at € 4.0m. EBITDA adjusted for non-recurring costs came in at € 12.5m, 11.1% margin. Net Financial Position was € 8.4m (debt).

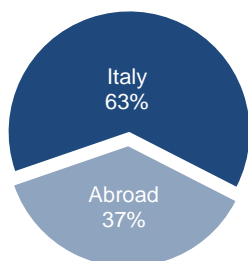
2023 top line ...



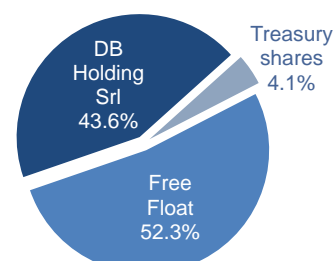
... and Adjusted EBITDA breakdown by BU



2023 top line by geography



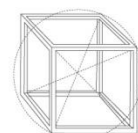
Shareholders structure



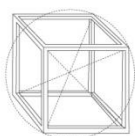
Peer group multiples table

EV multiples x	SALES FY1	SALES FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
AECOM	0.98	0.89	14.3	12.8	15.8	14.0	23.2	21.1
Alten SA	0.70	0.64	6.7	5.7	8.3	7.1	12.9	11.6
Arcadis NV	1.43	1.30	11.9	10.2	16.2	13.3	21.8	18.0
Atkinsrealis Group Inc	1.30	1.16	14.9	12.0	17.7	13.3	27.1	20.6
Jacobs Solutions Inc	2.70	2.59	24.1	23.1	24.6	23.9	36.6	34.1
Sweco AB (publ)	2.16	1.99	16.9	14.8	22.5	19.2	29.6	24.9
Engineering median	1.30	1.16	14.3	12.0	16.2	13.3	23.2	20.6
Accenture PLC	3.49	3.23	18.2	16.7	22.3	20.4	30.9	28.4
Bechtle AG	0.71	0.64	9.1	8.2	12.2	10.8	17.7	16.1
Capgemini SE	1.48	1.35	9.5	8.4	11.9	10.5	15.3	14.4
CDW Corp	1.64	1.54	16.3	15.1	17.3	16.0	22.5	20.7
Computacenter PLC	0.34	0.31	6.7	6.0	8.6	7.7	13.8	13.1
Digital Value SpA	0.62	0.43	5.9	4.3	8.9	6.9	13.4	10.7
Reply SpA	2.09	1.87	12.8	11.4	15.7	13.8	24.5	22.0
TXT e solutions SpA	1.52	1.28	11.0	8.9	17.9	14.2	24.1	19.3
ICT median	1.50	1.32	10.2	8.7	14.0	12.3	20.1	17.7
DBA Group SpA	0.33	0.28	3.1	2.7	4.0	3.4	5.5	5.0

Source: CFO SIM, Refinitiv Eikon



Income statement (€ m)	2022	2023	2024e	2025e	2026e
Value of Production	85.4	112.1	115.8	119.5	123.3
Services	(31.8)	(41.1)	(40.9)	(36.9)	(37.1)
Lease, rental and other opex	(18.3)	(25.4)	(24.4)	(25.2)	(26.0)
Personnel expenses	(28.2)	(33.6)	(38.8)	(44.9)	(47.1)
EBITDA	7.2	12.1	11.8	12.5	13.2
D&A	(3.8)	(4.1)	(4.4)	(4.4)	(4.4)
EBIT	3.4	7.9	7.4	8.1	8.8
Financial costs	(0.4)	(0.9)	(0.9)	(0.7)	(0.7)
Extraordinary, other costs	(1.3)	0.0	0.0	0.0	0.0
Pre-Tax profit	1.7	7.0	6.5	7.4	8.1
Income taxes	(1.1)	(2.7)	(2.9)	(3.3)	(3.6)
Minorities	0.0	(0.3)	(0.4)	(0.4)	(0.4)
Net Profit	0.6	4.0	3.2	3.7	4.1
Adjusted EBITDA	7.5	12.5	12.2	12.5	13.2
Adjusted EBIT	5.0	9.8	9.7	9.9	10.6
Adjusted Net Profit	2.9	5.5	5.1	5.5	5.9
Balance sheet (€ m)	2022	2023	2024e	2025e	2026e
Net Working Capital	18.7	23.4	26.5	27.5	28.4
Net Fixed Assets	19.2	18.3	20.0	18.1	16.2
Equity Investments	3.5	2.2	2.2	2.2	2.2
Other M/L Term A/L	(9.3)	(12.6)	(13.2)	(13.8)	(14.5)
Net Invested Capital	32.1	31.4	35.6	34.0	32.4
Net Financial Position	12.6	8.4	10.0	5.3	0.4
Minorities	0.1	0.4	0.7	1.1	1.5
Group's Shareholders Equity	19.5	22.6	24.8	27.6	30.5
Net Financial Position & Equity	32.1	31.4	35.6	34.0	32.4
Cash Flow statement (€ m)	2022	2023	2024e	2025e	2026e
Total net income	0.6	4.4	3.6	4.0	4.4
Depreciation	3.8	4.1	4.4	4.4	4.4
Other non-cash charges	0.4	1.7	0.6	0.6	0.7
Cash Flow from Oper. (CFO)	4.8	10.3	8.6	9.1	9.5
Change in NWC	(2.8)	(4.7)	(3.1)	(1.0)	(0.9)
FCF from Operations (FCFO)	1.9	5.5	5.5	8.1	8.6
Net Investments (CFI)	(4.4)	(2.4)	(6.1)	(2.5)	(2.5)
Free CF to the Firm (FCFF)	(2.5)	3.1	(0.6)	5.6	6.1
CF from financials (CFF)	(2.8)	0.3	(1.0)	(1.0)	(1.1)
Free Cash Flow to Equity (FCFE)	(5.3)	3.4	(1.6)	4.7	5.0
Financial ratios	2022	2023	2024e	2025e	2026e
EBITDA margin	8.4%	10.8%	10.2%	10.5%	10.7%
EBIT margin	4.0%	7.1%	6.4%	6.8%	7.1%
Net profit margin	0.7%	3.6%	2.8%	3.1%	3.3%
Tax rate	63.8%	37.9%	45.0%	45.0%	45.0%
Interest coverage x	0.12	0.11	0.12	0.09	0.08
Net Debt/EBITDA x	1.76	0.70	0.85	0.43	0.03
Debt-to-Equity x	0.65	0.37	0.40	0.19	0.01
ROIC	2.0%	12.9%	9.0%	10.8%	12.6%
ROCE	8.1%	17.0%	14.9%	15.2%	15.4%
ROACE	8.0%	17.9%	15.3%	15.7%	15.9%
ROE	3.2%	17.9%	12.9%	13.4%	13.3%
Payout ratio	0.0%	24.6%	30.0%	30.0%	30.0%
Per share figures	2022	2023	2024e	2025e	2026e
Number of issued ordinary shares # m	11.51	11.51	11.51	11.51	11.51
Number of shares Fully Diluted # m	11.51	11.51	11.51	11.51	11.51
Average Number of shares Fully Diluted # m	11.51	11.51	11.51	11.51	11.51
EPS reported €	0.05	0.35	0.28	0.32	0.35
EPS adjusted €	0.25	0.48	0.44	0.48	0.51
EPS reported FD €	0.05	0.35	0.28	0.32	0.35
EPS adjusted FD €	0.25	0.48	0.44	0.48	0.51
EBITDA €	0.62	1.05	1.03	1.09	1.14
EBIT €	0.30	0.69	0.64	0.70	0.76
BV €	1.70	2.00	2.22	2.49	2.78
FCFO €	0.17	0.48	0.48	0.71	0.75
FCFF €	(0.21)	0.27	(0.05)	0.49	0.53
FCFE €	(0.46)	0.30	(0.14)	0.41	0.43
Dividend €	0.00	0.09	0.09	0.10	0.11



H1-24 Results

DBA Group's interim results exhibited double-digit growth in Value of Production, thanks to a solid contribution of all BUs, in particular the EPM. On an adjusted basis, EBITDA margin slightly improved mainly supported by the Italian ICT BU, whose margins more than doubled YoY.

A satisfactory set of interim results coupled with a **robust order backlog, up by almost 50% YoY**, enhance visibility on FY targets and well-position the group to reach the financial goals set in the 2024-26 Business Plan.

Table 1 – DBA Group, H1-24 results

€ m	H1-24	H1-23	YoY (%)
Revenues	51.2	47.8	7.1
Other	2.2	0.1	
Value of Production	53.4	47.9	11.5
Raw material	(4.5)	(6.9)	
Services	(22.7)	(18.2)	
Lease & rental	(2.1)	(1.7)	
Other opex	(0.2)	(0.2)	
Personnel expenses	(18.6)	(16.0)	
EBITDA	5.3	5.0	6.4
% margin	10.0	10.4	
D&A	(2.2)	(2.1)	
EBIT	3.1	2.9	6.0
% margin	5.8	6.2	
Financial costs	(0.4)	(0.3)	
Pre-Tax profit	2.7	2.6	3.0
% margin	5.0	5.5	
Income taxes	(0.9)	0.0	
Tax rate	35.0%	n.m.	
Minorities	(0.2)	(0.1)	
Net Profit	1.5	2.5	(38.8)
% margin	2.9	5.3	
Adjusted EBITDA	5.7	5.0	14.4
% margin	10.7	10.4	
NFP (cash)/debt *	11.5	8.4	37.0
Group Equity *	23.7	23.0	2.8

Source: Company data, *compared to FY-23

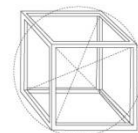
Value of Production showed a double-digit increase (+11.5% YoY), reaching € 53.4m (vs € 47.9m reported in H1-23). All DBA's Business Units grew YoY, with the EPM contributing the most. In greater detail:

- The **EMP BU (60.9% of the total) came in at € 32.6m**, up by 15.4% YoY from € 28.2m reported in H1-23, contributing the most to the company's growth;
- The **Slovenian ICT BU (34.5% of the total)**, which refers to DBA's operations in the Balkan region, grew by 3.5% YoY to € 18.4m (€ 17.8m in H1-23), while the **Italian ICT BU (4.6% of the total)** soared by 27.2% YoY to € 2.4m from € 1.9m in H1-23, continuing to show a positive upward trend.

Table 2 – DBA Group, H1-24 Value of Production breakdown by BUs

€ m	H1-24	H1-23	% YoY	% on H1-24	% on H1-23
EPM	32.6	28.2	15.4	60.9%	58.8%
ICT ITA	2.4	1.9	27.2	4.6%	4.0%
ICT SLO	18.4	17.8	3.5	34.5%	37.2%
Value of Production	53.4	47.9	11.5	100.0%	100.0%

Source: Company data



Reported EBITDA rose by 6.4% YoY to € 5.3m, 10.0% margin, (€ 5.0m, 10.4% margin in H1-23), mainly attributable to higher top line. **Adjusted EBITDA was € 5.7m, 10.7% margin**, after excluding € 0.4m related to the renewal of the SJS Engineering's management team after DBA acquired the remaining 25% stake in Mar-24.

As regards the contribution of each BUs to DBA's Adjusted EBITDA:

- **EPM contributed € 4.4m, 13.5% margin**, (vs € 4.0m, 14.3% margin in H1-23);
- **Italian ICT contributed € 0.7m, 28.2% margin**, more than doubled compared to € 0.3m, 14.8% margin in H1-23;
- **Slovenian ICT's contribution to EBITDA stood at € 0.6m, 3.5% margin**, broadly aligned with € 0.7m, 3.8% margin, reported in the first semester of 2023.

Table 3 – DBA Group, H1-24 Adjusted EBITDA breakdown by BUs

€ m	H1-24	H1-23	% YoY	% on H1-24	% on H1-23
Adjusted EBITDA EPM	4.4	4.0	8.6	76.6%	80.7%
% margin	13.5	14.3	-	-	-
Adjusted EBITDA ICT ITA	0.7	0.3	n.m.	12.1%	5.7%
% margin	28.2	14.8	-	-	-
Adjusted EBITDA ICT SLO	0.6	0.7	(4.9)	11.3%	13.6%
% margin	3.5	3.8	-	-	-
Total Adjusted EBITDA	5.7	5.0	14.4	100.0%	100.0%
% margin	10.7	10.4	-	-	-

Source: Company data

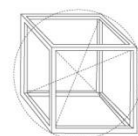
EBIT was € 3.1m, 5.8% margin, up by 3.0% YoY from € 2.9m, 6.2% margin in H1-23, after a mild YoY increase of approximately € 0.1m in D&A charges. **Net Profit came in at € 1.5m, 2.9% margin**. In light of interest rate expenses only slightly higher YoY, the main difference compared to the figure reported last year (€ 2.5m, 5.3% margin) is due to the estimation of tax charges while until H1-23 the group used to communicate profit before taxes without forecasting any taxes.

Net Financial Position stood at € 11.5m, higher compared to € 8.4m reported at year-end 2023, primarily resulting from the acquisition of the remaining minority interest of SJS Engineering (25%) in Mar-24 and of the Slovenian company DBA Doo (12.5%). NWC absorption was € 0.5m.

Table 4 – DBA Group, H1-24 Op. NWC dynamic

€ m	H1-24	FY-23	Δ (€ m)
Inventories	5.7	4.9	0.8
Receivables	36.1	35.9	0.2
Payable	(14.7)	(14.1)	(0.6)
Op. NWC	27.1	26.6	0.5

Source: Company data



Estimates, Valuation & Risks

DBA Group reported a robust set of interim results characterised by double-digit growth in Value of Production, a key metric to gauge the company's performance, thanks to a solid contribution of all BUs, in particular the EPM.

Therefore, considering a **sizeable order backlog at € 141.7m, up by almost 50% YoY** (€ 95.2m in H1-23), DBA is well on track to reach the targets set in the 2024 Budget, which were confirmed by the company's management, namely:

- **Value of Production of € 116.1m**, up 3.6% YoY;
- **EBITDA equal to € 12.0m**, 10.3% margin, unchanged YoY;
- **Net Financial Position at € 8.8m debt (0.7x NFP/EBITDA)**, from € 8.4m reported at year-end 2023.

On the back of the H1-24 results release, **we have updated our model** by factoring in 1) unchanged expectations with respect to Value of Production and EBITDA in FY-24, 2) a fine-tuning of profitability assumptions in relation to 2025-26, 3) an upward revision in Capex and, consequently, D&A expenses. The combined result is **almost unchanged Value of Production and an average 0.7% decrease in EBITDA in 2024-26, respectively, along with an average 7.6% increase in Net Financial Position in 2024-25.**

Table 5 – DBA Group, 2024e new/old estimates

€ m	New	Old	Δ %.	Δ € m
Value of Production	115.8	115.8	(0.0)	(0.0)
EBITDA	11.8	11.8	(0.1)	(0.0)
% margin	10.2	10.2		
EBIT	7.4	7.6	(2.9)	(0.2)
% margin	6.4	6.6		
Net Profit	3.2	3.5	(7.7)	(0.3)
% margin	2.8	3.0		
Net debt / (net cash)	10.0	9.3	7.1	0.7

Source: CFO SIM

Table 6 – DBA Group, 2025e new/old estimates

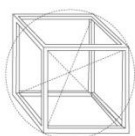
€ m	New	Old	Δ %.	Δ € m
Value of Production	119.5	119.7	(0.2)	(0.2)
EBITDA	12.5	12.6	(0.3)	(0.0)
% margin	10.5	10.5		
EBIT	8.1	8.3	(3.3)	(0.3)
% margin	6.8	7.0		
Net Profit	3.7	3.9	(5.5)	(0.2)
% margin	3.1	3.3		
Net debt / (net cash)	5.3	5.0	7.6	0.4

Source: CFO SIM

Table 7 – DBA Group, 2026e new/old estimates

€ m	New	Old	Δ %.	Δ € m
Value of Production	123.3	123.7	(0.4)	(0.4)
EBITDA	13.2	13.4	(1.7)	(0.2)
% margin	10.7	10.8		
EBIT	8.8	9.2	(5.0)	(0.5)
% margin	7.1	7.5		
Net Profit	4.1	4.4	(7.5)	(0.3)
% margin	3.3	3.6		
Net debt / (net cash)	0.4	(0.0)	n.m.	0.4

Source: CFO SIM



Moreover, we have updated the DCF valuation criteria, bringing the risk-free rate up-to-date (from 4.18% to 3.80%), leading to **new DCF-based PT of € 3.90/s** (€ 3.70), **61.2% upside potential**. Buy rating confirmed.

DCF

In the valuation via the DCF method, explicit estimates until 2028 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 8 - WACC derived from:

Interest costs, pre-tax	5.0%
Tax rate	43.0%
Int. costs, after taxes	2.9%
Risk premium, incl. small size premium	9.0%
Risk-free (10Y Gov. Bond 200 days simple moving average)	3.80%
Beta levered (x)	1.00
Required ROE	12.8%

Source: CFO SIM, Refinitiv Eikon

Risk premium at 9.0% factors in the minute size of the company and basically all the concerns that an investor might have with regard to the Euronext Growth Milan market segment. **Beta set at 1.00**. The WACC is calculated by using a 70:30 equity/debt balance-sheet structure.

Table 9 - DBA Group, DCF model

€ m	2024e	2025e	2026e	2027e	2028e	TV
EBIT	7.4	8.1	8.8	9.0	9.3	
Tax rate	45.0%	45.0%	45.0%	43.0%	43.0%	
Operating profit (NOPAT)	4.1	4.4	4.8	5.1	5.3	
Change working capital	(3.1)	(1.0)	(0.9)	(0.6)	(0.2)	
Depreciation	4.4	4.4	4.4	3.6	2.8	
Investments	(6.1)	(2.5)	(2.5)	(2.6)	(2.8)	
Free Cash Flows	(0.7)	5.4	5.8	5.5	5.1	58.4
Present value	(0.7)	4.8	4.7	4.1	3.4	39.4
WACC	9.8%	9.8%	9.8%	9.8%	9.8%	
Long-term growth rate	1.0%					

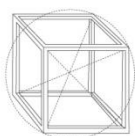
Source: CFO SIM

Table 10 – DBA Group, DCF derived from:

€ m	
Total EV present value € m	55.7
<i>thereof terminal value</i>	71%
NFP last reported - FY-23	(8.4)
Pension provision last reported	(3.6)
Minorities (valued at BV)	(0.4)
Equity value € m	43.3
#m shares (excl. Treasury shares)	11.04
Equity value €/s	3.90
<i>% upside/(downside)</i>	61.2%

Source: CFO SIM

The application of the model produces an **equity value of DBA Group of € 43.3m, corresponding to € 3.90/s (€ 3.70), 61.2% upside.**



The following tables illustrate that sensitivity 1) compared to changes in the terminal growth rate produces an equity value of between € 3.62-4.28 per share (**perpetuity range of between 0.25% and 1.75%**), while 2) if compared to changes in the risk-free rate it produces an equity value of € 3.64-4.25 per share (**risk-free range of between 4.55% and 3.05%**) and 3) if compared to changes in the risk premium, including small size premium it results in an equity value of € 3.38-4.61 per share (**risk premium range of between 10.50% and 7.50%**).

Table 11 – 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	16.3	16.3	16.3	16.3	16.3	16.3	16.3
PV of Terminal Value	36.0	37.1	38.2	39.4	40.6	41.9	43.3
Total value	52.3	53.4	54.5	55.7	57.0	58.3	59.7
NFP last reported - FY-23	(8.4)	(8.4)	(8.4)	(8.4)	(8.4)	(8.4)	(8.4)
Pension provision last reported	(3.6)	(3.6)	(3.6)	(3.6)	(3.6)	(3.6)	(3.6)
Minorities (valued at BV)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Equity value	40.0	41.0	42.1	43.3	44.6	45.9	47.3
Equity value/share €	3.62	3.72	3.82	3.90	4.04	4.16	4.28

Source: CFO SIM

Table 12 – DBA Group, equity value sensitivity to changes in risk-free rate

€ m	3.05%	3.30%	3.55%	3.80%	4.05%	4.30%	4.55%
Present value of CF	16.6	16.5	16.4	16.3	16.3	16.2	16.1
PV of Terminal Value	42.7	41.5	40.4	39.4	38.3	37.4	36.4
Total value	59.3	58.0	56.8	55.7	54.6	53.6	52.5
NFP last reported - FY-23	(8.4)	(8.4)	(8.4)	(8.4)	(8.4)	(8.4)	(8.4)
Pension provision last reported	(3.6)	(3.6)	(3.6)	(3.6)	(3.6)	(3.6)	(3.6)
Minorities (valued at BV)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Equity value	46.9	45.6	44.5	43.3	42.2	41.2	40.2
Equity value/share €	4.25	4.13	4.03	3.90	3.82	3.73	3.64

Source: CFO SIM

Table 13 – 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	16.8	16.6	16.5	16.3	16.2	16.1	15.9
PV of Terminal Value	46.5	43.9	41.5	39.4	37.4	35.5	33.8
Total value	63.3	60.5	58.0	55.7	53.6	51.6	49.7
NFP last reported - FY-23	(8.4)	(8.4)	(8.4)	(8.4)	(8.4)	(8.4)	(8.4)
Pension provision last reported	(3.6)	(3.6)	(3.6)	(3.6)	(3.6)	(3.6)	(3.6)
Minorities (valued at BV)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Equity value	50.9	48.2	45.6	43.3	41.2	39.2	37.3
Equity value/share €	4.61	4.36	4.13	3.90	3.73	3.55	3.38

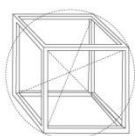
Source: CFO SIM

Market Multiples

We conducted an analysis on a cluster of 14 companies operating in the Engineering and ICT sectors, four of which are domestic. We divided the sample into two sub-groups: Engineering and ICT.

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 engineering and technology consulting, and provides support for its customers' 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 peer sample comprises the following comparable groups:

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

Bechtle (Germany): it is a digital service company, with 80 houses in Germany, Austria and Switzerland as well as 24 e-commerce companies in 14 European countries. It offers a blend of direct IT product sales and extensive systems integration services. Backed by extensive experience and expertise in future-proof IT architecture, Bechtle values traditional infrastructures just as highly as current trends like digitalisation, cloud computing, modern workplace, security and IT-as-a-Service.

Capgemini (France): the company provides 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, TLC.

CDW Corp (USA): it is a leading multi-brand provider of information technology solutions to business, government, education and healthcare customers in the US, the UK and Canada. Founded in 1984, it employs approximately 10,000 coworkers. Its broad array of products and services range from hardware and software to integrated IT solutions such as security, cloud, hybrid infrastructure and digital experience.

Computacenter (UK): it is a leading independent provider of IT infrastructure services, supporting users and their business in the digital world. The company advises organisations on IT strategy, implements the most appropriate technology, optimises their performance, and manages customers' infrastructures.

Digital Value (Italy): it provides IT solutions and services in partnership with other IT providers. Its offering includes Data Centre and Hybrid Cloud, Networking and Intelligence Networks, Enterprise Infrastructural Software, ICT Security and Cybersecurity, and Digital Transformation. The company provides certifications for the whole IT offering of the major market brands. It is active in the telecommunications, utilities, automotive, defence, transportations, central public administration and finance businesses with a focus on large account clients.

Reply (Italy): it is a highly specialised group, supporting leading industrial companies in defining and developing business models to optimise and integrate processes, applications and devices, using new technology and communication paradigms, such



as Big Data, Cloud Computing, Digital Communication, Internet of Things, Mobile and Social Networking.

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 samples, as well as the expected growth rates. Engineering comparable firms have EBITDA margins ranging from 6.8% to 12.7% and a mid-single digit median sales growth. ICT comparable firms show slightly higher sales growth than the Engineering sample, accompanied by higher profitability, as EBITDA margin ranges from 5.2% to 19.2%.

Table 14 - DBA Group, peer group summary table

€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	EBITDA %	Sales CAGR ₂₃₋₂₆	EBITDA CAGR ₂₃₋₂₆	EBIT CAGR ₂₃₋₂₆	EPS CAGR ₂₃₋₂₆	NFP/EBITDA
AECOM	US	13,071	14,565	994	6.8%	5.9%	8.3%	12.3%	66.0%	1.1
Alten SA	FR	3,232	4,166	436	10.5%	3.9%	5.7%	6.0%	10.4%	n.m.
Arcadis NV	NL	5,853	4,585	552	12.0%	13.2%	11.7%	18.8%	32.5%	1.3
Atkinsrealis Group Inc	CA	7,133	6,348	554	8.7%	7.2%	9.0%	25.5%	40.8%	2.1
Jacobs Solutions Inc	US	31,074	12,040	1,349	11.2%	-6.8%	-0.4%	6.5%	13.0%	1.1
Sweco AB (publ)	SE	5,551	2,724	347	12.7%	6.3%	7.6%	14.8%	18.1%	0.9
Engineering median		5,853	4,585	552	11.2%	6.3%	8.3%	14.8%	18.1%	1.1
Accenture PLC	US	224,823	63,161	12,144	19.2%	7.6%	11.9%	8.9%	9.3%	n.m.
Bechtle AG	DE	4,699	6,472	508	7.8%	5.4%	2.6%	2.7%	6.4%	n.m.
Capgemini SE	FR	31,798	22,278	3,475	15.6%	2.9%	6.8%	7.5%	12.8%	0.3
CDW Corp	US	27,364	19,375	1,952	10.1%	4.1%	4.4%	7.2%	12.5%	2.2
Computacenter PLC	UK	3,151	7,967	411	5.2%	3.6%	4.9%	6.1%	3.5%	n.m.
Digital Value SpA	IT	599	971	103	10.6%	18.8%	18.4%	17.5%	19.3%	0.0
Reply SpA	IT	5,187	2,281	372	16.3%	8.5%	7.8%	8.6%	11.4%	n.m.
TXT e solutions SpA	IT	364	283	39	13.8%	15.6%	17.3%	16.7%	11.7%	1.7
ICT median		4,943	7,219	459	12.2%	6.5%	7.3%	8.1%	11.5%	1.0
DBA Group SpA	IT	28	116	12	10.5%	3.2%	1.8%	2.4%	7.2%	0.8

Source: CFO SIM, Refinitiv Eikon

Table 15 - DBA Group, peer group EV multiple table

x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
AECOM	0.98	0.89	0.82	14.3	12.8	11.4
Alten SA	0.70	0.64	0.54	6.7	5.7	4.6
Arcadis NV	1.43	1.30	1.11	11.9	10.2	8.7
Atkinsrealis Group Inc	1.30	1.16	n.a.	14.9	12.0	n.a.
Jacobs Solutions Inc	2.70	2.59	2.54	24.1	23.1	21.5
Sweco AB (publ)	2.16	1.99	1.84	16.9	14.8	13.4
Engineering median	1.30	1.16	1.03	14.3	12.0	10.1
Accenture PLC	3.49	3.23	2.90	18.2	16.7	15.1
Bechtle AG	0.71	0.64	0.58	9.1	8.2	7.4
Capgemini SE	1.48	1.35	1.22	9.5	8.4	7.5
CDW Corp	1.64	1.54	1.42	16.3	15.1	14.0
Computacenter PLC	0.34	0.31	0.28	6.7	6.0	5.4
Digital Value SpA	0.62	0.43	0.53	5.9	4.3	5.1
Reply SpA	2.09	1.87	1.65	12.8	11.4	10.0
TXT e solutions SpA	1.52	1.28	1.12	11.0	8.9	7.6
ICT median	1.50	1.32	1.17	10.2	8.7	7.5
DBA Group SpA	0.33	0.28	0.23	3.1	2.7	2.2

Source: CFO SIM, Refinitiv Eikon

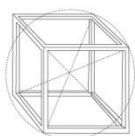
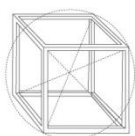


Table 16 - DBA Group, peer group EV & price multiple table

x	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
AECOM	15.8	14.0	12.5	23.2	21.1	19.2
Alten SA	8.3	7.1	5.9	12.9	11.6	10.3
Arcadis NV	16.2	13.3	11.2	21.8	18.0	15.8
Jacobs Solutions Inc	17.7	13.3	n.a.	27.1	20.6	13.0
SNC-Lavalin Group Inc	24.6	23.9	21.8	36.6	34.1	31.6
Sweco AB (publ)	22.5	19.2	17.3	29.6	24.9	22.5
Engineering median	16.2	13.3	11.8	23.2	20.6	15.8
Accenture PLC	22.3	20.4	18.1	30.9	28.4	25.7
Bechtle AG	12.2	10.8	9.6	17.7	16.1	14.7
Capgemini SE	11.9	10.5	9.3	15.3	14.4	13.2
CDW Corp	17.3	16.0	14.8	22.5	20.7	19.2
Computacenter PLC	8.6	7.7	6.8	13.8	13.1	12.3
Digital Value SpA	8.9	6.9	7.6	13.4	10.7	9.2
Reply SpA	15.7	13.8	12.0	24.5	22.0	19.9
TXT e solutions SpA	17.9	14.2	11.7	24.1	19.3	16.9
ICT median	14.0	12.3	10.7	20.1	17.7	15.8
DBA Group SpA	4.0	3.4	2.7	5.5	5.0	4.8

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 17 - DBA Group, peer group absolute performance

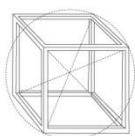
%	1D	1W	1M	3M	6M	YTD	1Y
AECOM	0.5	1.1	8.1	21.9	13.5	15.1	31.7
Alten SA	0.1	(1.8)	(6.1)	(16.1)	(29.8)	(32.0)	(22.3)
Arcadis NV	0.6	1.5	(0.6)	4.4	9.3	32.2	61.9
Atkinsrealis Group Inc	3.2	4.6	22.4	5.2	12.4	44.0	40.8
Jacobs Solutions Inc	0.6	1.0	16.2	16.2	16.8	29.6	21.5
Sweco AB (publ)	0.4	(0.5)	1.7	9.9	47.9	27.9	69.6
Engineering median	0.6	1.1	1.7	5.2	12.4	27.9	31.7
Accenture PLC	1.1	2.2	3.0	14.7	16.4	3.9	20.8
Bechtle AG	0.4	(4.0)	0.8	(9.2)	(22.7)	(18.0)	(13.5)
Capgemini SE	1.1	(0.1)	(3.4)	(4.2)	(10.5)	(2.6)	10.9
CDW Corp	0.7	1.4	0.9	(4.0)	(7.4)	(1.7)	7.8
Computacenter PLC	0.6	(2.2)	0.4	(13.4)	(7.6)	(12.8)	(6.6)
Digital Value SpA	4.0	8.2	20.5	0.3	16.0	(4.0)	34.5
Reply SpA	3.8	4.9	1.9	(1.4)	8.9	15.7	57.5
TXT e solutions SpA	(0.4)	3.9	4.1	5.3	27.6	41.0	67.6
ICT median	0.9	1.8	1.4	(2.7)	0.7	(2.2)	15.8
DBA Group SpA	(0.8)	(6.2)	(21.4)	(18.5)	6.6	28.7	44.0

Source: Refinitiv Eikon

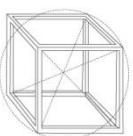
Risks

The principal investment **risks** associated with DBA Group include:

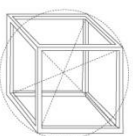
- Risks linked to the postponement of some key projects and ICT malfunctions;
- Risks due to competition in the reference markets, which might put margins or top line developments under pressure in the short term;
- Impact on the P&L and balance sheet profiles triggered by a sharp decline in local and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



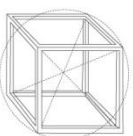
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DATE	TARGET PRICE	RATING
15/10/2024	€3.90	BUY
09/04/2024	€3.70	BUY
05/10/2023	€3.00	BUY
08/06/2023	€2.50	BUY
27/04/2023	€2.50	BUY

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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.

