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Vantea Smart | *Italy* | *FTSE AIM Italia* | *IT, F&B and Concierge*

Rating: BUY (unch.) | Target Price: € 12,50 (Prev €11,25) | Update | Risk: Medium

Stock performance	1M	3M	6M	1Y
absolute	0,24%	12,43%	110,92%	N/A
to FTSE AIM Italia	4,53%	3,70%	84,67%	N/A
to FTSE STAR Italia	6,98%	7,69%	91,71%	N/A
to FTSE All-Share	1,82%	10,46%	105,43%	N/A
to EUROSTOXX	4,49%	12,97%	108,53%	N/A
to MSCI World Index	5,81%	14,30%	106,86%	N/A

Stock Data	
Price	€ 8,50
Target price	€ 12,50
Upside/(Downside) potential	47,1%
Bloomberg Code	VNT IM Equity
Market Cap (€m)	€ 102,00
EV (€m)	€ 102,33
Free Float	19,17%
Share Outstanding	12.000.000
52-week high	9,34 €
52-week low	2,20 €
Average daily volumes (3m)	51.700

Key Financials (*€m*)	FY20A	FY21E	FY22E	FY23E
Revenues	17,2	35,6	58,3	87,3
VoP	19,2	36,8	59,7	89,3
EBITDA	2,1	3,8	9,1	18,2
EBIT	2,0	2,2	6,2	14,8
Net Profit	1,4	1,3	3,8	9,9
EBITDA margin	12,2%	10,5%	15,7%	20,8%
EBIT margin	11,4%	6,0%	10,7%	16,9%
Net Profit margin	8,0%	3,5%	6,6%	11,3%

Main Ratios	FY20A	FY21E	FY22E	FY23E
EV/EBITDA (x)	48,7	27,3	11,2	5,6
EV/EBIT (x)	52,2	47,6	16,4	6,9
P/E (x)	74,5	81,6	26,6	10,4

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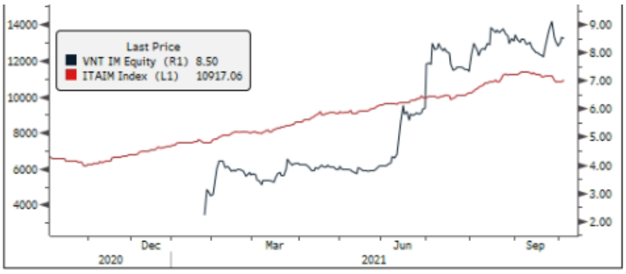
Stocks performance relative to FTSE AIM Italia



1H21A Results

Revenues amounted to € 14.24 million, compared to a value of €4.88 million in 1H20A for growth of 186.1%. This result is the effect of the constant contribution of the cybersecurity area and the significant boost given by the digital area, in particular with the application of digital technologies and skills in the Food & Beverage market. EBITDA Adj. amounted to € 1.42 million, registering an increase of 142.7% compared to the adjusted values of the first half of last year (€ 0.59 million). Marginality stands at 10.0% against the marginality as of June 30, 2020, equal to 11.8%. EBIT amounted to € 1.01 million after amortization and depreciation of € 0.23 million. Net Profit amounted to € 0.71 million (€ 0.88 million as of June 30, 2020).

Estimates Update

In the light of the results published in the half-yearly report for 1H21A, we modify our previous estimates both for the current year and for the coming years. In particular, we estimate 2021E revenues equal to € 35.60 million and EBITDA Adj. of € 4.25 million, corresponding to a marginality of 11.9%. For subsequent years, we expect the value of revenues to increase up to € 125.80 million (CAGR 20A-24E: 64.54%) in 2024E, with EBITDA Adj. of € 35.25 million (corresponding to an EBITDA Adj. margin of 28.0%), up from € 1.82 million in 2020A (corresponding to an EBITDA margin of 10.6%). In terms of the Balance Sheet, we estimate an NFP for 2024E cash positive and equal to € 30.55 million.

Valuation Update

We have conducted the valuation of Vantea equity value based on the DCF methodology and market multiples of a comparable companies sample. The DCF method (which in the calculation of the WACC includes for prudential purposes also a specific risk of 2.0%) provides an equity value of € 196.60 million. The equity value of Vantea using market multiples is € 103.50 million (including a discount of 25%). The result is an average equity value of approx. € 150.00 million. The target price is € 12.50, rating BUY and MEDIUM risk.

SIM INTEGRÆ

1. Economics & Financials

Table 1 – Economics & Financials

INCOME STATEMENT (€/mln)	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E
Revenues	7,44	17,16	35,60	58,30	87,30	125,80
Other Revenues	1,66	2,06	1,20	1,40	2,00	2,50
Value of Production	**9,10**	**19,23**	**36,80**	**59,70**	**89,30**	**128,30**
COGS	1,67	10,27	23,80	38,20	56,25	78,15
Services	4,85	4,44	4,14	5,00	5,80	6,60
Use of assets owned by others	0,15	0,17	0,22	0,40	0,90	1,20
Employees	0,75	1,95	4,80	5,76	6,20	7,10
Other Operating Expenses	0,05	0,29	0,09	1,20	2,00	3,00
EBITDA	**1,64**	**2,10**	**3,75**	**9,14**	**18,15**	**32,25**
EBITDA Margin	*22,0%*	*12,2%*	*10,5%*	*15,7%*	*20,8%*	*25,6%*
Adjustement	0,69	0,28	(0,50)	(2,01)	(2,50)	(3,00)
EBITDA Adj.	**0,95**	**1,82**	**4,25**	**11,15**	**20,65**	**35,25**
EBITDA Adj. Margin	*12,8%*	*10,6%*	*11,9%*	*19,1%*	*23,7%*	*28,0%*
D&A	0,04	0,14	1,60	2,90	3,40	4,15
EBIT	**1,60**	**1,96**	**2,15**	**6,24**	**14,75**	**28,10**
EBIT Margin	*21,5%*	*11,4%*	*6,0%*	*10,7%*	*16,9%*	*22,3%*
Financial Management/Extraordinary Items	(0,01)	(0,03)	(0,10)	0,00	0,05	0,10
EBT	**1,58**	**1,93**	**2,05**	**6,24**	**14,80**	**28,20**
Taxes	0,35	0,56	0,80	2,40	4,95	8,20
Net Income	**1,23**	**1,37**	**1,25**	**3,84**	**9,85**	**20,00**

BALANCE SHEET (€/mln)	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E
Fixed Assets	**1,49**	**3,17**	**7,85**	**9,90**	**11,50**	**13,30**
Account receivable	4,78	5,82	9,20	13,00	17,85	24,55
Inventories	0,16	0,27	0,35	0,45	0,65	1,00
Account payable	1,80	4,30	5,10	7,60	11,00	16,40
Operating Working Capital	**3,13**	**1,79**	**4,45**	**5,85**	**7,50**	**9,15**
Other receivable	0,47	1,90	0,10	0,15	0,20	0,25
Other payable	1,39	1,05	1,00	2,90	4,35	5,10
Net Working Capital	**2,21**	**2,64**	**3,55**	**3,10**	**3,35**	**4,30**
Severance Indemnities & Other Provisions	0,30	0,31	1,00	1,60	2,40	3,40
NET INVESTED CAPITAL	**3,39**	**5,50**	**10,40**	**11,40**	**12,45**	**14,20**
Share Capital	1,50	2,00	2,55	2,55	2,55	2,55
Reserves	1,26	1,80	7,26	8,51	12,35	22,20
Net Income	1,23	1,37	1,25	3,84	9,85	20,00
Equity	**4,00**	**5,17**	**11,06**	**14,90**	**24,75**	**44,75**
Cash & Cash Equivalent	1,66	1,15	1,76	4,20	12,60	30,60
Short Term Debt to Bank	0,18	0,40	0,00	0,00	0,00	0,00
M/L Term Debt to Bank	0,88	1,09	1,10	0,70	0,30	0,05
Net Financial Position	**(0,60)**	**0,33**	**(0,66)**	**(3,50)**	**(12,30)**	**(30,55)**
SOURCES	**3,39**	**5,50**	**10,40**	**11,40**	**12,45**	**14,20**

CASH FLOW (€/mln)	FY20A	FY21E	FY22E	FY23E	FY24E
EBIT	1,96	2,15	6,24	14,75	28,10
Taxes	0,56	0,80	2,40	4,95	8,20
NOPAT	**1,40**	**1,35**	**3,84**	**9,80**	**19,90**
D&A	0,28	-0,50	-2,01	-2,50	-3,00
Change in receivable	(1,05)	(3,38)	(3,80)	(4,85)	(6,70)
Change in inventories	(0,11)	(0,08)	(0,10)	(0,20)	(0,35)
Change in payable	2,49	0,81	2,50	3,40	5,40
Change in others	(1,76)	1,74	1,85	1,40	0,70
Change in NWC	*(0,43)*	*(0,91)*	*0,45*	*(0,25)*	*(0,95)*
Change in provisions	0,01	0,69	0,60	0,80	1,00
OPERATING CASH FLOW	**1,26**	**0,63**	**2,88**	**7,85**	**16,95**
Capex	(2,0)	(4,2)	(0,0)	0,9	1,2
FREE CASH FLOW	**(0,71)**	**(3,55)**	**2,84**	**8,75**	**18,15**
Financial Management	(0,03)	(0,10)	0,00	0,05	0,10
Change in Debt to Bank	0,43	(0,38)	(0,40)	(0,40)	(0,25)
Change in Equity	(0,19)	4,64	0,00	0,00	0,00
FREE CASH FLOW TO EQUITY	**(0,51)**	**0,61**	**2,44**	**8,40**	**18,00**

Source: Vantea and Integrae SIM estimate

1.1 1H21A Results

Table 2 – 1H21A vs 1H20A

€/mln	Revenues	EBITDA Adj.	EBITDA %	Net Income	NFP
1H21A	**14,24**	**1,42**	**10,0%**	**0,71**	**(0,89)**
1H20A	4,98	0,59	11,8%	0,88	0,33*
Change	*186,1%*	*142,7%*	*-1,8%*	*-19,4%*	*N.A*

Source: Integrae SIM

Through a press release, the Company, commenting on the half-yearly results, states that: "*We are perfectly in line with the business plan, which reflects, moreover, a second semester in growth compared to the first. The second half of the year, in fact, will demonstrate the confirmation of the growth trend and will include the results of the subsidiary ESC 2 Srl, which entered the consolidation scope on July 1, 2021. The growth is not accidental, but the result of the technological innovation that Vantea brings to the markets. To the Cybersecurity component, now consolidated and constantly growing, the Digital component is added, which has even more significant growth spaces. The company's commitment to scouting companies to be acquired continues, both in the Cybersecurity and Digital sectors.*"

Revenues amounted to € 14.24 million, compared to a value of € 4.88 million in 1H20A for a growth of 186.1%. This result is the effect of the constant contribution of the cybersecurity area and the significant boost given by the digital area, in particular with the application of digital technologies and skills in the Food & Beverage market.

EBITDA Adj. amounted to € 1.42 million, registering an increase of 142.7% compared to the adjusted values of the first half of last year (€ 0.59 million). Marginality stands at 10.0% against the marginality as of June 30, 2020, equal to 11.8%.

EBIT amounted to € 1.01 million after amortization and depreciation of € 0.23 million. Net Profit amounted to € 0.71 million (€ 0.88 million as of June 30, 2020).

The NFP is cash positive and equal to € 0.89 million, an improvement compared to the data as of December 31, 2020 (debt for € 0.33 million).

1.2 FY21E – FY24E Estimates

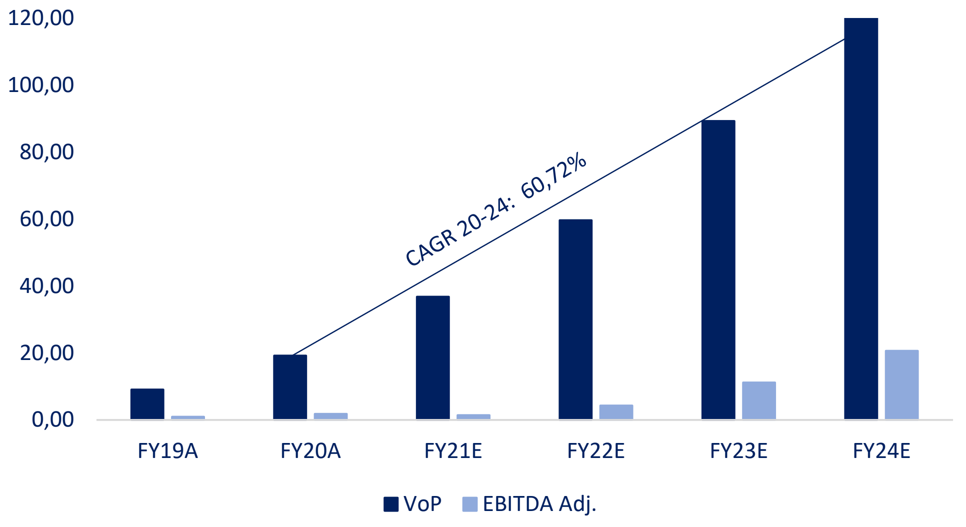
The company has carried out a different reclassification of the half-year financial statements, with the consequent definition of an EBITDA Adj. The adjustment refers to revenues and costs that are not connected to ordinary activities, which should therefore be excluded from the calculation of EBITDA.

In the light of the results published in the half-yearly report for 1H21A, we modify our previous estimates both for the current year and for the coming years.

In particular, we estimate 2021E revenues equal to € 35.60 million and EBITDA Adj. of € 4.25 million, corresponding to a marginality of 11.9%. For subsequent years, we expect the value of revenues to increase up to € 125.80 million (CAGR 20A-24E: 64.54%) in 2024E, with EBITDA Adj. of € 35.25 million (corresponding to an EBITDA Adj. margin of 28.0%), up from € 1.82 million in 2020A (corresponding to an EBITDA margin of 10.6%).

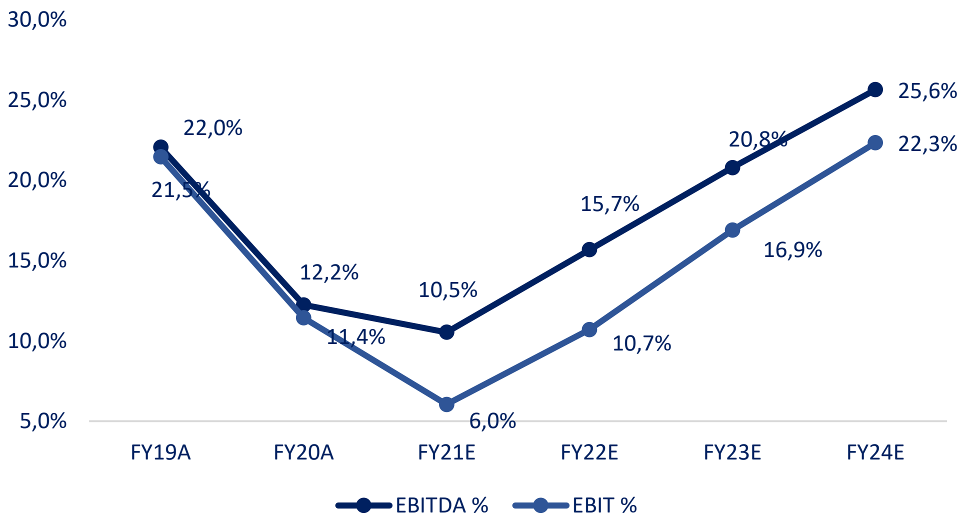
In terms of the Balance Sheet, we estimate an NFP for 2024E cash positive and equal to € 30.55 million.

Chart 1 – Value of Production and EBITDA Adj. FY19A-24E



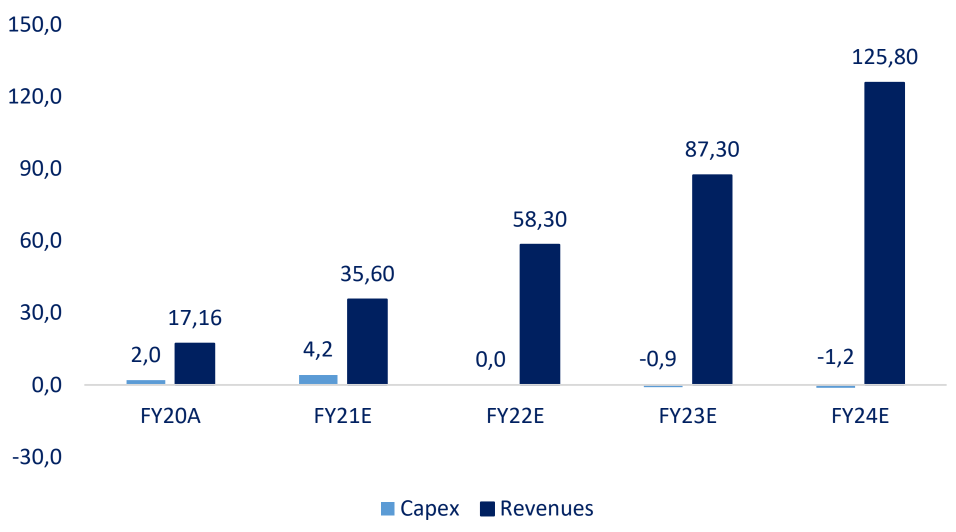
Source: Integrae SIM

Chart 2 – Margin FY19A-24E



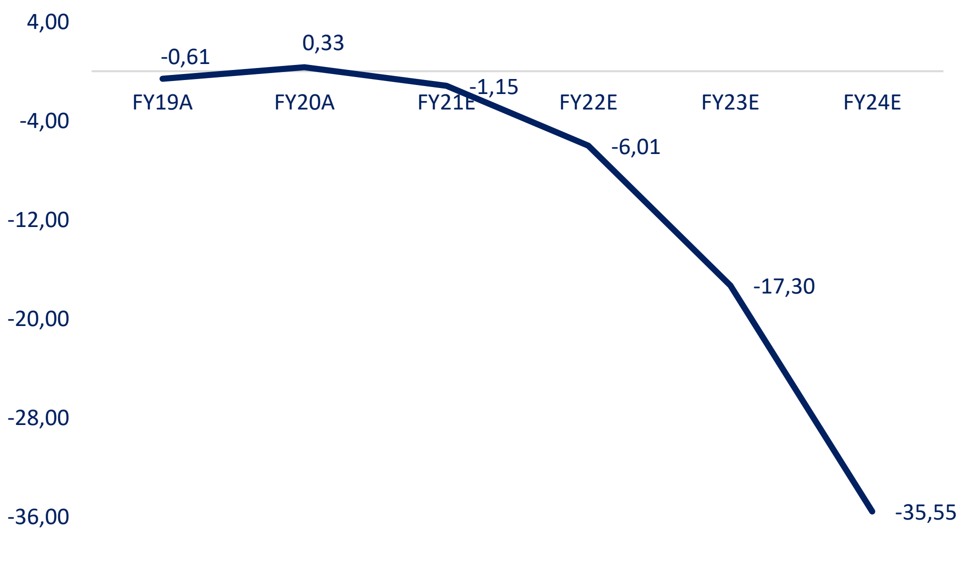
Source: Integrae SIM

Chart 3 – Capex FY20A-24E



Source: Integrae SIM

Chart 4 – NFP FY19A-24E



Source: Integrae SIM

2. Valuation

We have conducted the valuation of Vantea's equity value based on the DCF methodology and market multiples of a comparable companies sample.

2.1 DCF Method

Table 3 – WACC

WACC			7,46%
Risk Free Rate	-0,10%	α (specific risk)	2,00%
Market Premium	6,85%	Beta Adjusted	0,9
D/E (average)	11,11%	Beta Relevered	1,0
Ke	8,17%	Kd	1,50%

Source: Integrae SIM

For prudential purposes, we have included a specific risk of 2.0%. This results in a WACC of 7.46%.

Table 4 – DCF Valuation

DCF Equity Value		196,6
FCFO actualized	22,8	12%
TV actualized DCF	173,1	88%
Enterprise Value	**195,9**	100%
NFP (FY21E)	(0,7)	

Source: Integrae SIM

With the above data and taking as a reference our estimates and assumption, the result is an **equity value of € 196.6 million**.

Table 5 – Equity Value – Sensitivity Analysis

€/mln		WACC						
		6,0%	6,5%	7,0%	7,5%	8,0%	8,5%	9,0%
Growth Rate (g)	2,5%	362,2	314,9	278,2	248,9	224,9	205,0	188,2
	2,0%	319,6	282,3	252,5	228,2	208,0	190,9	176,3
	1,5%	286,5	256,3	231,6	211,1	193,7	178,9	166,0
	1,0%	260,1	235,0	214,2	196,6	181,5	168,4	157,0
	0,5%	238,5	217,4	199,5	184,1	170,9	159,3	149,1
	0,0%	220,6	202,4	186,8	173,4	161,6	151,2	142,0
	-0,5%	205,4	189,6	175,9	164,0	153,4	144,1	135,7

Source: Integrae SIM

2.2 Market multiples

Our panel is made up of companies operating in the same sector as Vantea, but many of them with higher capitalization. These companies are the same ones used for the calculation of Beta for the DCF method. Panels are composed of:

Table 6.1 – Market Multiples IT

Company Name	EV/EBITDA (x)			EV/EBIT (x)			P/E (x)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Reply S.p.A.	23,5	21,3	19,3	29,4	26,2	23,4	41,6	37,4	33,5
Cyberoo SpA	18,2	8,0	4,3	33,5	9,0	4,8	N/M	20,1	8,7
CY4Gate SpA	20,6	13,4	11,0	30,1	20,4	16,2	44,7	29,1	23,0
Fortinet Inc.	49,8	42,2	35,4	54,7	45,6	38,0	75,7	65,6	55,3
Palo Alto Networks Inc.	44,2	38,3	31,8	58,5	47,2	37,6	78,0	66,3	53,9
Check Point Software Technology	12,7	12,3	11,7	13,4	12,8	12,1	16,6	15,6	14,2
NCC Group plc	10,4	9,5	9,9	13,8	12,5	12,4	21,0	19,2	18,1
F-Secure Oyj	20,2	17,7	15,6	32,1	25,8	22,7	43,6	36,9	30,0
SAP SE	16,3	16,0	15,0	19,1	18,3	16,6	19,2	22,0	20,3
Peer median	**20,2**	**16,0**	**15,0**	**30,1**	**20,4**	**16,6**	**42,6**	**29,1**	**23,0**

Source: Infinancials

Table 6.2 – Market Multiples F&B

Company Name	EV/EBITDA (x)			EV/EBIT (x)			P/E (x)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Performance Food Group	10,6	10,8	9,9	15,1	12,2	11,7	19,4	15,3	13,5
US Food Holding Corp	11,6	9,0	8,2	17,9	14,3	11,0	19,8	13,3	11,6
Sysco Corporation	13,5	12,0	11,2	17,0	14,7	14,0	22,4	18,5	16,5
MARR SpA	16,2	12,5	12,0	19,8	15,7	16,2	44,4	22,7	21,7
Premium Brands Holdings Corp.	15,4	13,2	12,2	21,4	18,3	16,6	29,2	23,5	21,0
Metcash Limited	8,0	7,9	7,6	11,9	11,7	11,0	15,8	15,7	15,1
Peer median	**12,5**	**11,4**	**10,5**	**17,4**	**14,5**	**12,8**	**21,1**	**17,1**	**15,8**

Source: Infinancials

Table 7 – Market Multiples Valuation

€/mln	2021E	2022E	2023E
Enterprise Value (EV)			
EV/EBITDA	61,4	125,1	231,8
EV/EBIT	51,1	108,7	217,0
Equity Value			
EV/EBITDA	62,0	128,6	244,1
EV/EBIT	51,7	112,2	229,3
Equity Value post 25% discount			
EV/EBITDA	46,5	96,4	183,1
EV/EBIT	38,8	84,2	172,0
Average	**42,7**	**90,3**	**177,5**

Source: Integrae SIM

The equity value of Vantea using the weighted average of market multiples EV/EBITDA and EV/EBIT is equal to € 138.00 million. To this value, we have applied a 25% discount. **Therefore, as a result, the equity value is € 103.50 million.**

2.3 Equity Value

Table 8 – Equity Value

Average Equity Value (€/mln)	150,0
Equity Value DCF (€/mln)	196,6
Equity Value multiples (€/mln)	103,5
Target Price (€)	**12,50**

Source: Integrae SIM

The result is an average equity value of € 150.00 million. **The target price is, therefore, € 12.50 (prev. €11.25). We confirm BUY rating and MEDIUM risk.**

Table 9 – Target Price Implied Valuation Multiples

Multiples	FY20A	FY21E	FY22E
EV/EBITDA	71,6x	40,1x	16,5x
EV/EBIT	76,6x	69,9x	24,1x

Source: Integrae SIM

Table 10 – Current Price Implied Valuation Multiples

Multiples	FY20A	FY21E	FY22E
EV/EBITDA	48,7x	27,3x	11,2x
EV/EBIT	52,2x	47,6x	16,4x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958 and Consob Regulation n. 20307/2018

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Date	Price	Recommendation	Target Price	Risk	Comment
01/02/2021	2,89	Buy	7,55	Medium	Initiation of Coverage
23/03/2021	3,63	Buy	7,70	Medium	Update
06/07/2021	7,56	Buy	11,25	Medium	Update

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Rating system (long term horizon: 12 months)

The BUY, HOLD and SELL ratings are based on the expected total return (ETR – absolute performance in the 12 months following the publication of the analysis, including the ordinary dividend paid by the company), and the risk associated to the share analyzed. The degree of risk is based on the liquidity and volatility of the share, and on the rating provided by the analyst and contained in the report. Due to daily fluctuations in share prices, the expected total return may temporarily fall outside the proposed range

Equity Total Return (ETR) for different risk categories			
Rating	Low Risk	Medium Risk	High Risk
BUY	ETR >= 7.5%	ETR >= 10%	ETR >= 15%
HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR <= -5%	ETR <= -5%	ETR <= 0%
U.R.	Rating e/o target price Under Review		
N.R.	Stock Not Rated		

Valuation methodologies (long term horizon: 12 months)

The methods that INTEGRAE SIM SpA prefers to use for value the company under analysis are those which are generally used, such as the market multiples method which compares average multiples (P/E, EV/EBITDA, and other) of similar shares and/or sectors, and the traditional financial methods (RIM, DCF, DDM, EVA etc). For financial securities (banks and insurance companies) Integrae SIM SpA tends to use methods based on comparison of the ROE and the cost of capital (embedded value for insurance companies).

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Conflict of interest

In order to disclose its possible interest conflict Integrae SIM states that:

- It operates or has operated in the past 12 months as the entity responsible for carrying out the activities of Nominated Adviser of the Vantea SpA;
- It plays, or has played in the last 12 months, role of specialist financial instruments issued by Vantea SpA;
- In the IPO phase, It played the role of global coordinator.