

Doxee	Italy	FTSE AIM Italia	ICT
Rating: BUY (unch.)	Target Price: € 8,25 (prev. 6,00)	Update	Risk: Medium

Stock performance	1M	3M	6M	1Y
absolute	24,81%	39,43%	49,69%	73,67%
to FTSE AIM Italia	18,84%	23,34%	22,83%	44,97%
to FTSE STAR Italia	18,35%	29,77%	25,72%	6,59%
to FTSE All-Share	17,94%	29,93%	23,15%	32,75%
to EUROSTOXX	18,48%	31,28%	30,10%	37,89%
to MSCI World Index	23,04%	35,76%	32,42%	25,71%

Stock Data

Price	€ 4,88
Target price	€ 8,25
Upside/(Downside) potential	69,0%
Bloomberg Code	DOX IM EQUITY
Market Cap (€m)	€ 35,14
EV (€m)	€ 37,60
Free Float	23,28%
Share Outstanding	7.201.100
52-week high	€ 4,98
52-week low	€ 2,78
Average daily volumes (3m)	14.000

Key Financials (€m)	FY19A	FY20A	FY21E	FY22E
VoP	20,9	22,8	25,6	30,6
EBITDA	5,0	5,6	6,7	9,2
EBIT	2,3	2,9	4,0	6,4
Net Profit	1,7	1,6	2,8	4,5
EPS (€)	0,24	0,23	0,40	0,63
EBITDA margin	24,0%	24,7%	26,2%	30,1%
EBIT margin	10,9%	13,0%	15,6%	20,9%
Net Profit margin	8,1%	7,1%	11,1%	14,9%

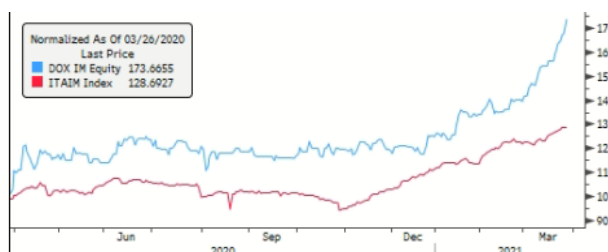
Main Ratios	FY19A	FY20A	FY21E	FY22E
EV/EBITDA (x)	7,5	6,7	5,6	4,1
EV/EBIT (x)	16,6	12,8	9,4	5,9
P/E (x)	20,7	21,7	12,3	7,7

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Stocks performance relative to FTSE AIM Italia



FY20A Results

The value of production amounts to € 22.76 million, compared to € 20.88 million at the end of 2019 and € 21.80 million estimated in our previous report. This result was achieved mainly thanks to the growth of the business lines: document experience, interactive experience, and paperless experience.

EBITDA, equal to € 5.61 million, registered a significant increase of 11.9% compared to € 5.02 million of the previous fiscal year and was also higher compared to our previous estimates of € 5.50 million. Also EBITDA Margin, equal to 24.7%, rose slightly compared to 24.0% in 2019, remaining substantially in line with our expectations, equal to 25.2%.

Estimates Update

In the light of the results published in the annual report for 2020A, we confirm almost entirely estimates both for the current year and for the coming years.

In particular, we confirm 2021E value of production of € 25.6 million and EBITDA of € 6.7 million, corresponding to an EBITDA margin of 26.2%. For subsequent years, we expect the value of production to increase to € 34.8 million (CAGR 20A-23E: 15.21%) in 2023E, with EBITDA of € 10.60 million (corresponding to an EBITDA margin of 30.5%), up from € 5.61 million in 2020A (corresponding to an EBITDA margin of 24.7%).

Valuation Update

We have conducted the valuation of Doxee's 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 2.5%) provides an equity value of € 61.6 million. The equity value of Doxee using market multiples is € 57.1 million. The result is an average equity value of approx. € 59.4 million. The target price is € 8.25, we confirm BUY rating and MEDIUM risk unchanged.

1. Economics & Financials

Table 1 – Economics & Financials

CONSOLIDATED INCOME STATEMENT (€/mIn)	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
Sales	13,74	15,49	17,71	21,50	26,00	30,00
Other Revenues	3,01	5,39	5,05	4,10	4,60	4,80
Value of Production	16,75	20,88	22,76	25,60	30,60	34,80
COGS	0,29	0,30	0,55	0,35	0,40	0,45
Use of Asset owned by Others	0,38	0,44	0,44	0,50	0,60	0,70
Services	7,58	8,75	8,81	10,00	11,40	12,90
Employees	5,07	6,02	7,00	7,60	8,50	9,60
Other Operating Expenses	0,28	0,36	0,35	0,45	0,50	0,55
EBITDA	3,14	5,02	5,61	6,70	9,20	10,60
EBITDA Margin	18,8%	24,0%	24,7%	26,2%	30,1%	30,5%
D&A	2,11	2,75	2,67	2,70	2,80	2,90
EBIT	1,03	2,27	2,95	4,00	6,40	7,70
EBIT Margin	6,2%	10,9%	13,0%	15,6%	20,9%	22,1%
Financial Management	(0,04)	(0,16)	(0,63)	(0,13)	(0,10)	(0,10)
EBT	1,00	2,11	2,31	3,87	6,30	7,60
Taxes	0,40	0,41	0,69	1,02	1,75	2,30
Net Income	0,60	1,70	1,62	2,85	4,55	5,30
CONSOLIDATED BALANCE SHEET (€/mIn)	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
Fixed Asset	7,37	8,61	10,49	10,30	10,50	11,10
Account receivable	6,44	6,30	7,58	8,75	10,60	12,20
Account payable	4,55	4,60	5,44	5,30	6,10	6,80
Operating Working Capital	1,89	1,71	2,14	3,45	4,50	5,40
Other Receivable	1,39	2,06	2,08	2,80	3,30	3,80
Other Payable	1,91	2,05	2,34	2,35	2,70	3,00
Net Working Capital	1,37	1,72	1,87	3,90	5,10	6,20
Severance Indemnities & Provision	1,00	1,49	1,34	1,50	1,70	1,90
NET INVESTED CAPITAL	7,75	8,83	11,02	12,70	13,90	15,40
Share Capital	1,00	1,60	1,60	1,60	1,60	1,60
Reserves and Retained Profits	(1,18)	3,23	5,34	6,97	9,81	14,36
Net Profit	0,60	1,70	1,62	2,85	4,55	5,30
Equity	0,42	6,53	8,56	11,41	15,96	21,26
Cash and Cash Equivalent	0,54	3,75	3,21	4,51	8,86	15,36
Short-Term Financial debt	4,54	3,41	2,68	2,80	3,30	4,80
ML Term Financial Debt	3,32	2,65	2,99	3,00	3,50	4,70
Net Financial Position	7,32	2,31	2,46	1,29	(2,06)	(5,86)
TOTAL SOURCES	7,75	8,83	11,02	12,70	13,90	15,40
CONSOLIDATED CASH FLOW (€/mIn)	FY19A	FY20A	FY21E	FY22E	FY23E	
EBIT	2,27	2,95	4,00	6,40	7,70	
Taxes	0,41	0,69	1,02	1,75	2,30	
NOPAT	1,86	2,26	2,98	4,65	5,40	
D&A	2,75	2,67	2,70	2,80	2,90	
Change in receivable	0,14	(1,28)	(1,17)	(1,85)	(1,60)	
Change in payable	0,05	0,85	(0,14)	0,80	0,70	
Other Changes	(0,54)	0,28	(0,72)	(0,15)	(0,20)	
Change in NWC	(0,35)	(0,15)	(2,03)	(1,20)	(1,10)	
Change in Provision	0,50	(0,15)	0,16	0,20	0,20	
OPERATING CASH FLOW	4,75	4,62	3,81	6,45	7,40	
Investments	(3,98)	(4,55)	(2,51)	(3,00)	(3,50)	
FREE CASH FLOW	0,77	0,07	1,30	3,45	3,90	
Financial Management	(0,16)	(0,63)	(0,13)	(0,10)	(0,10)	
Change in Payable to Banks	(1,80)	(0,39)	0,13	1,00	2,70	
Change in Equity	4,40	0,42	0,00	0,00	0,00	
FREE CASH FLOW TO EQUITY (FCFE)	3,21	(0,54)	1,30	4,35	6,50	

Source: Doxee and Integrae SIM estimates

1.1 FY20A Results

Table 2 – Actual VS Estimates FY20A

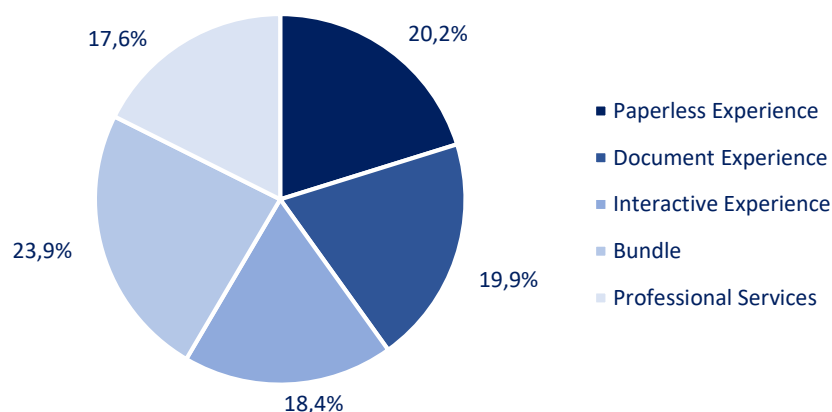
€/mln	VoP	EBITDA	EBITDA %	EBIT	Net Income	NFP
FY20A	22,76	5,61	24,7%	2,95	1,62	2,46
FY20E	21,80	5,50	25,2%	2,80	2,00	1,68
Change	4,4%	2,1%	-0,6%	5,3%	-18,7%	N.A

Source: Integrae SIM

Through a press release, the Company, commenting on the annual results, declares that: *“In a year characterized by important difficulties, from every point of view, we have managed to improve significantly revenues and marginality”, “All this was possible also thanks to the constant attention to R&D activity, culminating in the new release of the Doxee Platform®, which is recognized to be one of the best-in-class solutions globally reported by several international advisors.”.*

The value of production amounted to € 22.76 million, compared to € 20.88 million recorded at the end of 2019 and € 21.80 million estimated in our previous report. This result was achieved mainly thanks to the growth of the business lines: **document experience**, **interactive experience**, and **paperless experience**.

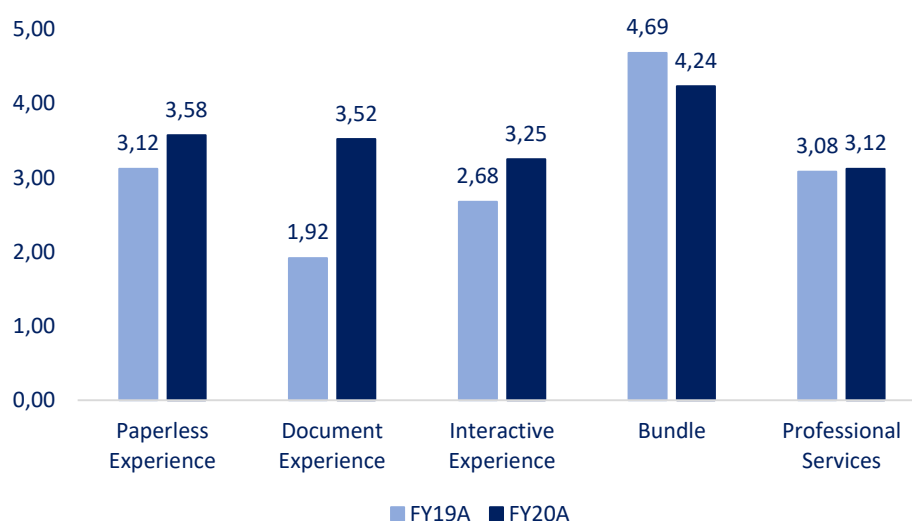
Chart 1 – Revenues Breakdown by Segment



Source: Doxee

The main source of revenue during 2020A was the **bundle** business line, which generated approximately 23.9% of revenues. The remaining revenues are divided as follows: 20.2% from the **paperless experience** line, 19.9% from the **document experience** line, 18.4% from the **interactive experience** line, and 17.6% from **professional services** with high added value.

Chart 2 – Revenues by Business Unit FY19A vs FY20A



Source: Doxee

The business lines that contributed most to the increase in revenues were: paperless experience, which amounts to € 3.58 million, with an increase of 14.6% compared to € 3.12 million in 2019, document experience, which recorded revenues of € 3.52 million (83.7% up from € 1.92 million in 2019) and interactive experience, which recorded revenues of € 3.25 million (21.6% up compared to € 2.68 million in 2019). Professional services also grew slightly and the bundle line declined by 9.6%. Recurring revenues, thanks also to the increase in the activities provided through SaaS mode, amount to approx. 74%.

EBITDA, equal to € 5.61 million, registered a significant increase of 11.9% compared to € 5.02 million in the previous fiscal year and was also higher compared to our previous estimates of € 5.50 million. Also EBITDA Margin, equal to 24.7%, rose slightly compared to 24.0% in 2019, remaining substantially in line with our expectations, equal to 25.2%. EBITDA Margin benefits from the increased impact of the product lines with higher marginality on the total and from increased operational efficiency.

EBIT amounted to € 2.95 million (€ 2.27 million in 2019) after amortization and depreciation of € 2.67 million mainly due to investments in technological development. The value of EBIT also exceeds our previous expectations, equal to € 2.80 million. EBIT Margin, equal to 13.0% shows an increase compared to the last year (10.9%), while Net Income was € 1.62 million compared to € 1.70 million recorded in 2019A and € 2.00 million expected. The variation is due to inter-company financing with Doxee USA.

The NFP rose from € 2.31 million to € 2.46 million. The value of NFP is strongly influenced by the significant investments sustained during the year. An important part of investments is related to R&D activities, mainly due to the new release of the Doxee Platform® and the launch of the new API program. In addition to this, the new portal dedicated to the simplified management of the electronic ordering and invoicing processes has been developed.

1.2 FY21E – FY23E Estimates

Table 3 – Estimates Updates FY21E-23E

€/mln	FY21E	FY22E	FY23E
VoP			
New	25,6	30,6	34,8
Old	25,6	30,6	N/A
Change	0,0%	0,0%	N/A
EBITDA			
New	6,7	9,2	10,6
Old	6,7	9,2	N/A
Change	0,0%	0,0%	N/A
EBITDA %			
New	26,2%	30,1%	30,5%
Old	26,2%	30,1%	N/A
Change	0,0%	0,0%	N/A
EBIT			
New	4,0	6,4	7,7
Old	4,0	6,4	N/A
Change	0,0%	0,0%	N/A
Net Income			
New	2,8	4,5	5,3
Old	2,8	4,5	N/A
Change	0,0%	0,0%	N/A
NFP			
New	1,3	(2,1)	(5,9)
Old	(0,6)	(3,9)	N/A
Change	N.A	N.A	N.A

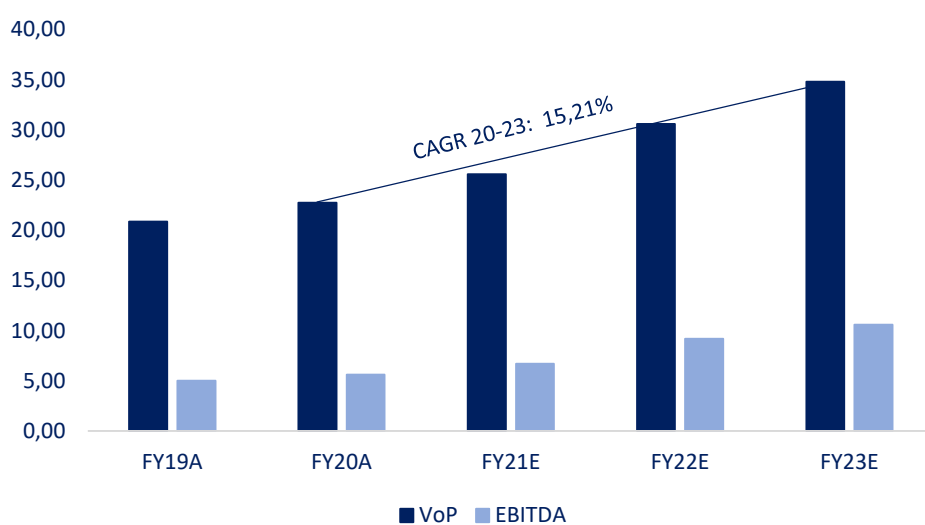
Source: Integrae SIM

In the light of the results published in the annual report for 2020A, we confirm almost entirely estimates both for the current year and for the coming years.

In particular, we confirm 2021E value of production of € 25.6 million and EBITDA of € 6.7 million, corresponding to an EBITDA margin of 26.2%. For subsequent years, we expect the value of production to increase to € 34.8 million (CAGR 20A-23E: 15.21%) in 2023E, with EBITDA of € 10.60 million (corresponding to an EBITDA margin of 30.5%), up from € 5.61 million in 2020A (corresponding to an EBITDA margin of 24.7%).

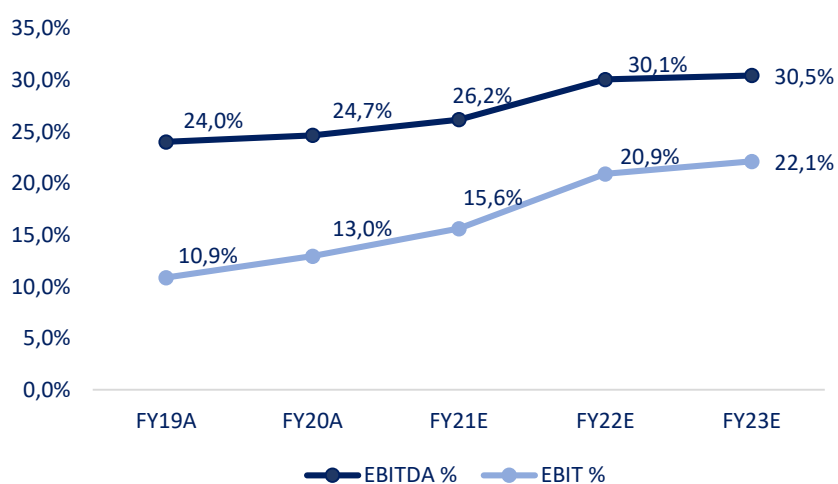
On the balance sheet level, we modify our previous estimates of NFP, given the differences encountered in 2020A.

Chart 3 – VoP and EBITDA FY19A-23E



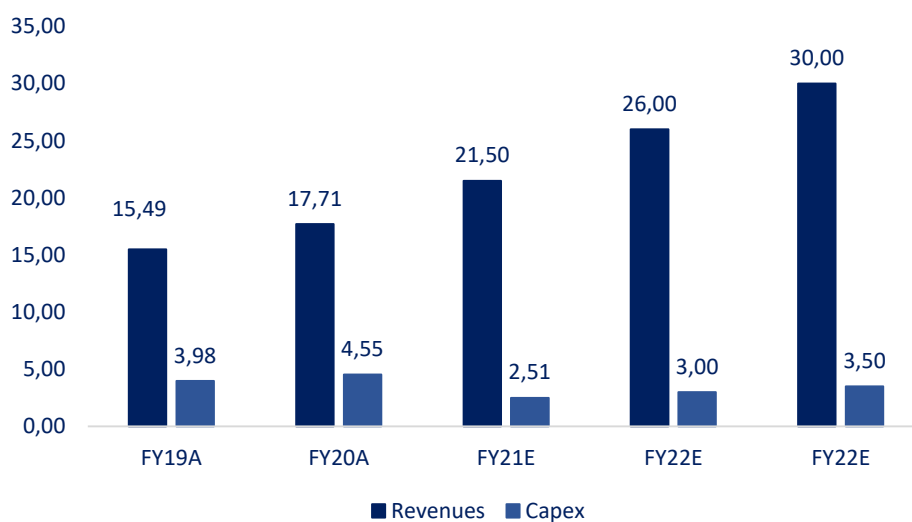
Source: Integrae SIM

Chart 4 – Margin FY19A-23E



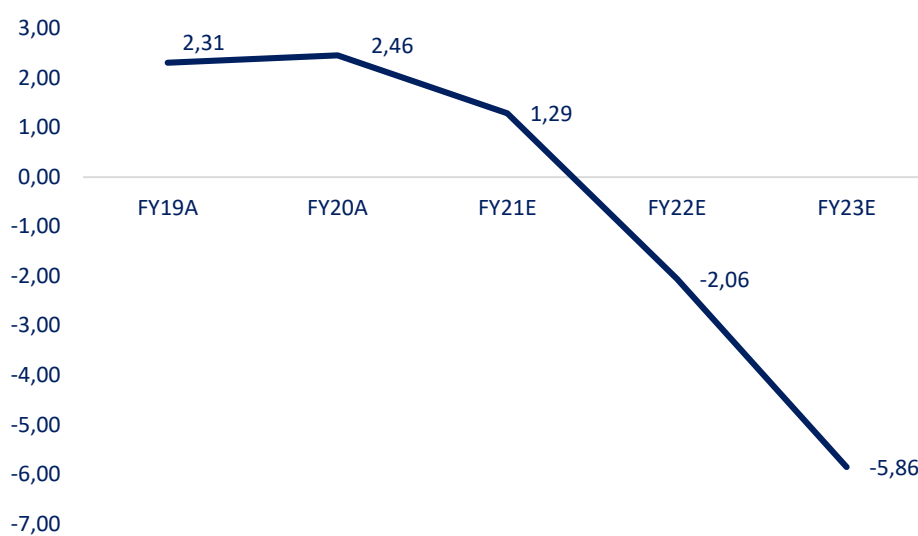
Source: Integrae SIM

Chart 5 – Capex FY19A-23E



Source: Integrae SIM

Chart 6 – NFP FY19A-23E



Source: Integrae SIM

2. Valuation

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

2.1 DCF Method

Table 4 – WACC

WACC		5,44%
Risk Free Rate	-0,13% α (specific risk)	2,50%
Market Premium	6,85% Beta Adjusted	0,70
D/E (average)	42,86% Beta Relevered	0,91
Ke	7,15% Kd	2,00%

Source: Integrae SIM

For prudential purposes, we have included a specific risk of 2.5%. This results in a WACC of 5.44%.

Table 5 – DCF Valuation

DCF Equity Value		61,6
FCFO actualized	7,8	12%
TV actualized DCF	56,3	88%
Enterprise Value	64,1	100%
NFP (FY20A)	2,5	

Source: Integrae SIM

With the above data and taking as a reference our estimates and assumption, the result is an **equity value of € 61.6 million.**

Table 6 – Equity Value – Sensitivity Analysis

€/mln		WACC						
		3,9%	4,4%	4,9%	5,4%	5,9%	6,4%	6,9%
Growth rate (g)	2,5%	186,5	137,9	109,3	90,4	77,0	67,0	59,3
	2,0%	139,8	110,7	91,6	78,0	67,9	60,0	53,8
	1,5%	112,2	92,8	79,1	68,8	60,8	54,5	49,3
	1,0%	94,1	80,1	69,7	61,6	55,2	50,0	45,6
	0,5%	81,2	70,6	62,5	55,9	50,6	46,2	42,4
	0,0%	71,6	63,3	56,7	51,3	46,8	43,0	39,7
	-0,5%	64,1	57,4	52,0	47,4	43,6	40,3	37,4

Source: Integrae SIM

2.2 Market multiples

Our panel is made up of companies belonging to the same sector of Doxee. These companies are the same ones used for the calculation of Beta for the DCF method. The Panel is composed of:

Table 7 – Market Multiples

Company Name	EV / EBITDA (x)		EV / EBIT (x)		P / E (x)	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
Maps S.p.A.	4,5x	3,7x	8,7x	6,6x	11,0x	7,9x
Neosperience SpA	8,0x	5,3x	27,1x	11,3x	46,1x	16,7x
Piteco SpA	11,8x	10,6x	17,1x	14,8x	20,1x	16,6x
Alkemy SpA	7,2x	5,9x	9,9	8,1	18,5	13,1
Median	7,6x	5,6x	13,5x	9,7x	19,3x	14,9x

Source: Infiniti

Table 8 – Market Multiples Valuation

€/mln	2021E	2022E
Enterprise Value (EV)		
EV/EBITDA	51,2	51,5
EV/EBIT	53,9	61,9
P/E	54,9	67,6
Equity Value		
EV/EBITDA	49,9	53,6
EV/EBIT	52,6	64,0
P/E	54,9	67,6
Average	52,5	61,7

Source: Integrae SIM

The equity value of Doxee using the market multiples EV/ EBITDA, EV/EBIT, and P/E is **equal to € 57.1 million.**

2.3 Equity Value

Table 9 – Equity Value

Average Equity Value (€/mln)	59,4
Equity Value DCF (€/mln)	61,6
Equity Value multiples (€/mln)	57,1
Target Price (€)	8,25

Source: Integrae SIM

The result is an average equity value of € 59.4 million. **The target price is, therefore, € 8.25 (prev. €6.00). We confirm BUY rating and MEDIUM risk.**

Table 10 – Target Price Implied Valuation Multiples

Multiples	FY20A	FY21E	FY22E
EV/EBITDA	11,0x	9,2x	6,7x
EV/EBIT	21,0x	15,5x	9,7x

Source: Integrae SIM

Table 11 – Current Price Implied Valuation Multiples

Multiples	FY20A	FY21E	FY22E
EV/EBITDA	6,7x	5,6x	4,1x
EV/EBIT	12,8x	9,4x	5,9x

Source: Integrae SIM

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03/04/2020	3,12	Buy	6,10	Medium	Update
02/10/2020	3,31	Buy	6,00	Medium	Update

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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)

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- Integræ SIM S.p.A. It pays, or has paid in the past 12 months inside of the engagement of specialist, research services in favor of Doxee SpA;
- Integræ SIM S.p.A. He plays, or has played in the last 12 months, role of specialist financial instruments issued by Doxee SpA;
- In the IPO phase, Integræ SIM played the role of global coordinator.

At the Integræ SIM website you can find the archive the last 12 months of the conflicts of interest between Integræ SIM and issuers of financial instruments, and their group companies, and referred to in research products produced by analysts at Integræ SIM.