



PUBLICATIONS

23 September 2021

DOXEE

H1 2021 (=)

(Company)

Meeting Expectations

Doxee released its results for the first half of 2021 last night, which were broadly in line with our expectations. Revenue came in at €11.57m (+19.7% yoy), vs. expectations of €11.54m. The company saw its net revenues increase by 18.5% yoy to €9.13m vs. our expectations of €9.08m. In terms of product lines, Document Experience grew by 30% to €5.5m, Paperless Experience reached €1.8m in line with the previous year and Interactive Experience remained stable at €1.2m. Gross margin improved by a remarkable 270bps from 52.5% to 55.2%, in line with our expectations. EBITDA remained fairly stable at €1.54m vs. €1.64m in H1 2020. This resulted in a slight margin decrease, falling from 17% to 13.3%. This is due to higher personnel costs of €3.9m (vs. €3.4m expected) due to the expansion of the sales force, higher general and administrative costs of €0.3m. These increased costs are the result of a strategic choice by the company to prepare a structure that is congruent to support the strong growth expected in all product lines and international markets.

Depreciation and amortisation increased slightly to €1.3m vs. €1.1m in the previous year due to higher R&D investments, €2.3m in H1 2021. EBIT was then €0.25m vs. €0.5m in H1 2020. Finally, net profit landed at €0.25m, down very slightly from €0.28m the previous year.

On a positive note, the group's net financial position stands at €1.55m, an improvement on the €2.46m from 31 December 2020. It should be noted that Doxee's business benefits from a certain seasonality with an H2 that is significantly stronger than H1.

The strong demand for digitisation and the increasing need for personalised communications continue to be important growth drivers, even in new sectors such as public administration. The NRP push could open up important spaces in this area from H2 2021 thanks to the ability to support, through iX products, the evolution of interaction with citizens towards greater involvement and use of digital tools. In addition, the process of moving to the Cloud also provides a potential opening in sectors such as Finance and Insurance in which Doxee operates to establish itself as a reference player for DX and iX products.

Overall, we believe that Doxee's management is executing its strategy as announced to the investment community without any hitches. Nevertheless, we believe the company is correctly valued at the moment, so we are changing our rating to Hold and adjusting our TP to €13.0 (vs. €12.8), while awaiting news on M&A deals both in the DACH region and in Spain that could be game-changing for Doxee.

Hold (vs. Buy), TP of 13.0€ (vs 12.8€) - Alessandro Cuglietta: +33 1 78 95 71 64

Market Data	
Industry	Technology
Share Price (€)	12.4
Market Cap (€M)	106.5
Market Segment	AIM
Bloomberg	DOX-IT

Ownership structure	
P&S Srl	76.7%
Free float	23.3%

€M (31/12)	2020	2021	2022	2023
Sales	22.8	25.9	29.8	34.0
Growth	9.0%	13.9%	14.9%	14.3%
EBIT	2.9	4.4	5.5	7.1
EBIT Margin	13.0%	16.9%	18.4%	20.8%
Net income	1.6	3.0	3.8	5.0
EPS €	0.23	0.38	0.44	0.58
Growth	-3.6%	68.7%	15.8%	29.8%
Dividend	0.00	0.00	0.00	0.00
Yield (%)	0.0%	0.0%	0.0%	0.0%
FCF	-0.1	0.0	2.7	3.9
ROCE				4.4%
EV/Sales (x)		3.6	3.1	2.8
EV/EBIT (x)		21.3	17.1	13.3
PE (x)		29.4	23.4	18.0
Net Debt	3.0	-4.4	-7.1	-11.0
Gearing net	35%	-26%	-35%	-43%

Midcap Partners estimates

Upcoming event : Nd

Consensus - Number of analysts : 2

	2021	2022	2023
Sales	23.9	27.8	31.9
EBIT	4.1	5.2	6.4
Net income	2.8	3.6	4.5

Source: FACTSET

TOP Peers	Market Cap (€M)	EV/Sales 2021	EV/Sales 2022	EV/EBIT 2021	EV/EBIT 2022
Open Text Corporation	11,844	4.8	4.7	13.6	13.0
businessOn Communication Co.,L	181	6.0	5.2	20.9	17.2
Heeros Oyj	25	2.8	2.6	38.0	18.8

Source: FACTSET

Analyst certifications

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2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
5. Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

Conflict of Interests

Company	Conflict Type
DOXEE	G
INFOTEL	Nil
MAPS GROUP	G
ROBERTET	Nil
SIDETRADE	D,G
SYNERGIE	Nil

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The history of ratings and target prices for the Issuers covered in this report are available on request at marketing@midcapp.com.

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