

SFAF Feedback

6 April 2022

DOXEE

Feedback Confcall

(Confcall)

The group held an investor conference in London last week to present its results for FY21.

As a reminder, the company recorded a production value (VoP) of €26.1 million. EBITDA was €5.3 million, below our expectations due to higher R&D and marketing investments.

Management seems confident in the company's growth trajectory and anticipates increasing demand for its solutions. As such, the company has increased its investments in R&D, personnel and marketing to 1) facilitate the integration of new solutions into its platform (acquisitions), 2) improve its operational tools 3) and prepare for future growth. In 2021, the group has hired 31 new talents.

As a result, our FY22/23/24 EBITDA estimates are reduced to 5.8m/9.4m/12.3m to account for increased expenses, especially in FY22. Our sales forecast is largely unchanged as we expect strong organic growth from the group's current offering.

Management has hinted that it expects to close several acquisitions this year in the DACH and Iberian markets. The group aims to expand its presence in these growth markets and take advantage of the expected synergies. We consider that these potential acquisitions could have a positive impact on our base case.

Our price target is adjusted to €13.5 (from €13.0), which implies an EV/Sales multiple for FY22 of 4x, close to its current level. We reiterate our Hold recommendation.

Hold, TP of 13,5€ (vs. 13,0€) - Alessandro Cuglietta : +33178957164

| Market Data | |
|-----------------|-----------------------|
| Industry | Software |
| Share Price (€) | 12.4 |
| Market Cap (€M) | 98.9 |
| Market Segment | Euronext Growth Milan |
| Bloomberg | DOX IM |

FY 2021

| Ownership structure | |
|-----------------------|-------|
| Founders & Management | 71.2% |
| IPOC | 5.7% |
| Eiffel IG | 5.0% |
| Treasury Shares | 1.1% |
| Floating | 17.0% |

| €M (31/12) | 2021 | 2022 | 2023 | 2024 |
|-------------------|-------|--------|--------|-------|
| VoP (€M) | 26.1 | 29.0 | 34.0 | 38.4 |
| Growth | | 11.1% | 17.0% | 12.9% |
| EBITDA | 5.3 | 5.8 | 9.4 | 12.3 |
| Marge EBITDA | 20.4% | 19.9% | 27.7% | 32.0% |
| Net income | 1.6 | 1.0 | 3.4 | 5.2 |
| EPS € | 0.23 | 0.14 | 0.48 | 0.72 |
| Growth | | -37.9% | 239.1% | 51.5% |
| Dividende par act | 0.00 | 0.00 | 0.00 | 0.00 |
| Yield (%) | 0.0% | 0.0% | 0.0% | 0.0% |
| FCFF | -2.6 | 1.0 | 3.1 | 4.9 |
| ROCE | 8.9% | 6.2% | 19.6% | 29.0% |
| EV/EBITDA (x) | | 16.2 | 9.9 | 7.6 |
| EV/EBIT (x) | | 67.0 | 20.8 | 13.9 |
| PE (x) | | 88.5 | 26.1 | 17.2 |
| Net Debt | 1.6 | 0.6 | -2.4 | -7.3 |
| Gearing, net | 2% | 1% | -3% | -8% |

Estimations Midcap

Midcap Partners estimates

Upcoming event : 26 Septembre - S1 2022

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1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
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 |
|--------------------|---------------|
| Figeac Aero | D,G |
| Delta Plus | D,G |
| Doxee | G |
| Sidetrade | D,F,G |
| Eurobio Scientific | D,F,G |
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