

UPDATE

EQUITY RESEARCH

Doxee

Euronext Growth Milan | ICT | Italy

Production 05/04/2024, h. 06:30 pm

Published 08/04/2024, h. 07:00 am



Rating

BUY

unchanged

Target Price

€ 6,80

prev. € 9,70

Risk



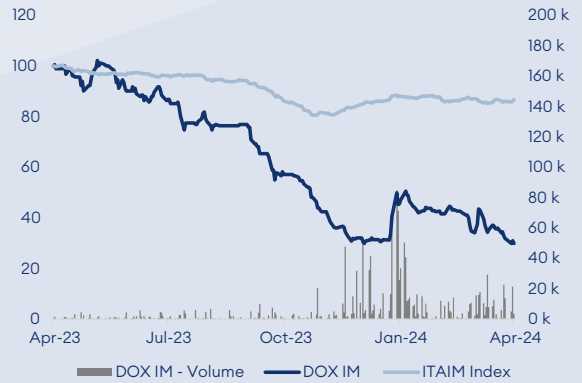
Medium

Upside potential

185,9%

Key Financials (€/mln)	FY23A	FY24E	FY25E	FY26E
VoP	28,89	35,50	39,00	42,00
EBITDA	(0,99)	7,70	8,95	12,00
EBIT	(5,33)	1,70	3,45	6,50
Net Income	(5,34)	0,55	1,95	4,35
Net Financial Position	20,94	15,29	12,59	7,09
EBITDA margin	n.m.	21,7%	22,9%	28,6%
EBIT margin	n.m.	4,8%	8,8%	15,5%
Net Income margin	n.m.	1,5%	5,0%	10,4%

Stocks performance relative to FTSE Italia Growth



Stock Data

Price	€ 2,38
Target price	€ 6,80
Upside/(Downside) potential	185,9%
Ticker	DOX IM
Market Cap (€/mln)	€ 20,52
EV (€/mln)	€ 41,47
Free Float	18,97%
Share Outstanding	8.623.807
52-week high	€ 9,30
52-week low	€ 2,50
Average daily volumes (3 months)	8.887

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Stock performance	1M	3M	6M	1Y
Absolute	-23,2%	-42,5%	-54,2%	-73,8%
to FTSE Italia Growth	-22,7%	-40,9%	-54,7%	-60,5%
to Euronext STAR Milan	-26,3%	-45,4%	-70,7%	-71,8%
to FTSE All-Share	-27,9%	-55,4%	-79,5%	-99,3%
to EUROSTOXX	-26,4%	-55,9%	-77,9%	-91,4%
to MSCI World Index	-24,0%	-51,9%	-73,9%	-96,2%

Main Ratios	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	n/a	5,4x	4,6x	3,5x
EV/EBIT	n/a	24,4x	12,x	6,4x
P/E	n/a	37,3x	10,5x	4,7x

FY23A Results

Revenues came in at € 25.21 million, substantially in line with the previous year's result of € 25.46 million and with our estimate of € 25.60 million. EBITDA, equal to € -0.99 million, recorded a decrease from € 4.39 million in the previous year. As a consequence, EBIT was € -5.33 million, compared to the result of the last financial year of € 1.80 million and our previous estimate of € -4.25 million. Net Income came in at € -5.34 million, compared to € 1.25 million in FY22A, and € -5.75 million estimated in our previous report. NFP went from € 14.43 million in FY22A to € 20.94 million of debt in FY23A.

Estimates Update

In light of the results published in the annual report for FY23A, we have adjusted our estimates for both the current year and the coming years. In particular, we now estimate an FY24E value of production of € 30.00 million, and an EBITDA of € 3.90 million, corresponding to a margin of 13.0%. In the following years, we expect the value of production to reach € 42.00 million (CAGR 23A-27E: 9.8%) in FY27E, with EBITDA equal to € 12.00 million (corresponding to a margin of 28.6%), up from € -0.99 million in FY23A (corresponding to an EBITDA margin of -3.4%). On the balance sheet, we estimate a debt NFP of € 7.09 million for FY27E.

Valuation Update

We conducted our valuation of the equity value of Doxee based on the DCF method and multiples of a sample of comparable companies. The DCF method (including, for prudential purposes, a specific risk of 2.5% in the calculation of the WACC) returned an equity value of € 67.0 million. Using market multiples, the equity value of Doxee was calculated to be € 50.3 million (including a discount of 25%). The result is an average equity value of approximately € 58.7 million. The target price is € 6.80, with a BUY rating, and MEDIUM risk.

Economics & Financials

TABLE 1 – ECONOMICS & FINANCIALS

CONSOLIDATED INCOME STATEMENT (€/mln)	FY22A	FY23A	FY24E	FY25E	FY26E	FY27E
Revenues	25,46	25,21	27,00	32,50	36,00	39,00
Other revenues	3,28	3,69	3,00	3,00	3,00	3,00
Value of Production	28,75	28,89	30,00	35,50	39,00	42,00
COGS	0,01	0,01	0,00	0,00	0,00	0,00
Services	13,27	14,71	11,70	12,30	13,50	14,00
Employees	10,12	13,39	13,90	15,00	16,00	15,40
Other operating costs	0,41	1,77	0,50	0,50	0,55	0,60
EBITDA	4,93	(0,99)	3,90	7,70	8,95	12,00
<i>EBITDA Margin</i>	<i>17,2%</i>	<i>-3,4%</i>	<i>13,0%</i>	<i>21,7%</i>	<i>22,9%</i>	<i>28,6%</i>
D&A	3,13	4,34	5,70	6,00	5,50	5,50
EBIT	1,80	(5,33)	(1,80)	1,70	3,45	6,50
<i>EBIT Margin</i>	<i>6,3%</i>	<i>-18,4%</i>	<i>-6,0%</i>	<i>4,8%</i>	<i>8,8%</i>	<i>15,5%</i>
Financial management	(0,17)	(1,08)	(1,00)	(1,00)	(0,90)	(0,80)
EBT	1,63	(6,41)	(2,80)	0,70	2,55	5,70
Taxes	0,38	(1,07)	0,00	0,15	0,60	1,35
Net Income	1,25	(5,34)	(2,80)	0,55	1,95	4,35

CONSOLIDATED BALANCE SHEET (€/mln)	FY22A	FY23A	FY24E	FY25E	FY26E	FY27E
Fixed Assets	29,62	32,72	31,00	28,50	26,00	23,50
Account receivable	11,81	9,26	9,60	11,00	12,95	15,00
Account payable	10,44	10,67	12,00	14,50	15,50	16,00
Operating Working Capital	1,37	(1,41)	(2,40)	(3,50)	(2,55)	(1,00)
Other receivable	3,15	4,79	5,00	5,50	6,00	6,50
Other payable	4,49	5,08	5,50	7,00	6,50	7,00
Net Working Capital	0,02	(1,70)	(2,90)	(5,00)	(3,05)	(1,50)
Severance & other provisions	1,81	2,02	2,20	2,40	2,60	2,80
NET INVESTED CAPITAL	27,83	29,00	25,90	21,10	20,35	19,20

Share capital	1,91	1,91	1,91	1,91	1,91	1,91
Reserves	10,32	11,48	6,15	3,35	3,90	5,85
Net Income	1,16	(5,34)	(2,80)	0,55	1,95	4,35
Equity	13,39	8,06	5,26	5,81	7,76	12,11
Cash & cash equivalents	2,59	0,78	3,36	7,21	8,91	13,41
Short term financial debt	4,69	7,00	8,00	7,00	6,50	6,00
M/L term financial debt	12,34	14,71	16,00	15,50	15,00	14,50
Net Financial Position	14,43	20,94	20,64	15,29	12,59	7,09
SOURCES	27,83	29,00	25,90	21,10	20,35	19,20

CONSOLIDATED CASH FLOW (€/mln)	FY23A	FY24E	FY25E	FY26E	FY27E
EBIT	(5,33)	(1,80)	1,70	3,45	6,50
Taxes	(1,07)	0,00	0,15	0,60	1,35
NOPAT	(4,25)	(1,80)	1,55	2,85	5,15
D&A	4,34	5,70	6,00	5,50	5,50
Change in NWC	1,73	1,20	2,10	(1,95)	(1,55)
Change in receivable	2,56	(0,34)	(1,40)	(1,95)	(2,05)
Change in payable	0,23	1,33	2,50	1,00	0,50
Change in others	(1,05)	0,21	1,00	(1,00)	0,00
Change in provisions	0,20	0,18	0,20	0,20	0,20
OPERATING CASH FLOW	2,02	5,28	9,85	6,60	9,30
Capex	(7,45)	(3,98)	(3,50)	(3,00)	(3,00)
FREE CASH FLOW	(5,43)	1,30	6,35	3,60	6,30
Financial Management	(1,08)	(1,00)	(1,00)	(0,90)	(0,80)
Change in Financial debt	4,69	2,28	(1,50)	(1,00)	(1,00)
Change in equity	0,00	0,00	0,00	0,00	0,00
FREE CASH FLOW TO EQUITY	(1,82)	2,58	3,85	1,70	4,50

Source: Doxee and Integrae SIM estimates

Company Overview

Doxee is a company specialized in the high-tech sector and leader in Customer Communications Management (CCM), Paperless and Digital Customer Experience (DCX) markets. Addressing companies, particularly large companies in the Enterprise segment, the Issuer offers technological products delivered via the cloud on a single patented, proprietary platform, named Doxee Platform.

The products make communications interactive and highly personalized and are a powerful marketing tool for companies that contribute to the development and growth of their businesses. The Group has strongly innovated in the CCM, Paperless and DCX markets, designing three product lines that can be used through three different delivery models, SaaS, PaaS, and Op, and help customers to significantly improve the operational efficiency of their mission-critical processes.

FY23A Results

TABLE 2 – ACTUAL VS ESTIMATES FY23A

€/mln	Revenues	EBITDA	EBITDA %	EBIT	Net Income	NFP
FY23A	25,21	(0,99)	-3,4%	(5,33)	(5,34)	20,94
FY23E	25,60	(0,05)	-0,2%	(4,25)	(5,75)	20,06
<i>Change</i>	-1,5%	n.m.	-3,2%	n.m.	n.m.	n/a

Source: *Integrae SIM*

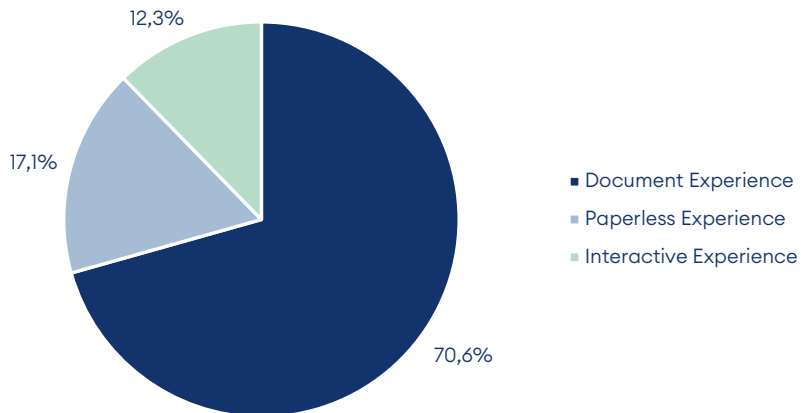
In the annual results press release, Paolo Cavicchioli, CEO of Doxee, commented: “2023 was a year of transition and repositioning for Doxee. We implemented and concluded the group reorganization process, and the integration into the organization of the roles of Chief Revenues Officer, Chief Financial Officer, and Chief Product Officer. We made important steps forward in achieving the integration of technology and products, with investments reaching their peak phase in the current financial year. These actions, fundamental for building foundations for the near future, were reflected in the costs and investments of the 2023 financial year. Today, Doxee thus presents itself as a One Company, which, thanks to the One Platform project, has a European One Value Proposition, with post-merger integration, based on a single technology. The focus on the Top Enterprise segment will allow us to consolidate our presence on the Italian market, and to expand into the DACH and CEE markets, with the aim of pursuing a return to sustainable growth starting from the current financial year. In support of this path, taking on an important significance is the equity investment proposal presented today to the Board of Directors, which has resolved to convene the Shareholders’ Meeting for an extraordinary session, so that it can proceed to delegate the Board of Directors to see to a divisible capital increase, to be offered as a preemptive option to shareholders, up to a maximum amount of € 6 million, including the share premium, to ensure operational flexibility and sustain growth in the reference markets. The capital increase will be fully guaranteed, including any unexercised portion, by the majority shareholder P&S, further confirming the significant value of the project and the development potential of Doxee”.

During the year, the Group focused on the growth and expansion of the business through the One Company and One Platform projects. The goal is the perfect integration of the organizational structure and technology of the newly acquired company Infinica, aimed at creating a single European organization and issuing a further release, within the first half of the year, of the Doxee Platform®, which will bring considerable benefits in extending and improving Customer Experience features. Today, the Group thus presents itself as a One Company, which, thanks to the One Platform project, has a European One Value Proposition, with post-merger integration, based on a single technology. Furthermore, the efficiency recovery expectations are being confirmed, with a consequent boost to margins, in relation to the ease of use and configuration that will bring down professional services and technological infrastructure costs.

Revenues came in at € 25.21 million, substantially in line with the previous year’s result of

€ 25.46 million and with our estimate of € 25.60 million. This result is attributable to the lengthening of the duration of sales cycles, caused by the complex macroeconomic context which has led numerous customers to postpone investments in dematerialization processes. The decline in revenues is also partly attributable to the effectiveness of the communication digitalization services provided by Doxee, which, by helping customers in their digital communications transformation process, has led to a consequent reduction in the need for paper-based products.

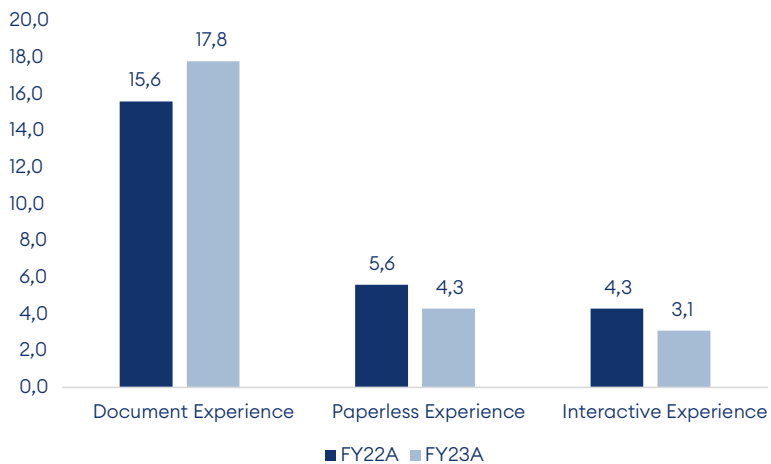
CHART 1 – REVENUES BREAKDOWN BY BU FY23A



Source: Doxee

The main source of revenues in FY23A was the Document Experience product line, contributing 70.6% of the total. The remaining revenues are divided up between the Paperless Experience (17.1%) and Interactive Experience (12.3%) product lines.

CHART 2 – REVENUES BREAKDOWN BY BU FY22A VS FY23A



Source: Doxee

In absolute terms, the Document Experience product line generated revenues of € 17.80

million, marking growth of 14.1% compared to FY22A. As for the other two product lines, Paperless Experience brought in € 4.30 million, compared to € 5.60 million in the previous year, and Interactive Experience also saw a contraction, down from € 4.30 million in FY22A to € 3.10 million in FY23A.

EBITDA, equal to € -0.99 million, was down from € 4.39 million in the previous year, and the € -0.05 million estimated in our previous report. The Group's margin was affected by the continuous investments made throughout the year, aimed at accelerating progress on the roadmap for the merger of the newly acquired Doxee AT, which led to an increase in indirect and R&D costs compared to the previous year. These costs amounted to € 15.46 million, a notable increase from € 11.00 million in 2022. In particular, investments in R&D amounted to € 6.90 million, which, according to IAS/IFRS accounting principles, are shown in the income statement for a total of € 3.10 million, while the remaining part, attributable to costs for external consultancy (equal to € 3.70 million), is capitalized in the balance sheet. The R&D activities were focused on the development of the new release of the Doxee Platform®, a cloud-native platform, designed entirely according to multi-cloud architectural paradigms, and capable of supporting customers in offering full omnichannel interactive experiences, on a global scale, as well as on the merger of Doxee AT, and on investments in innovative areas related to AI and big data analysis.

As a consequence, EBIT came in at € -5.33 million, compared to € 1.80 million in the previous financial year and our expectation of € -4.25 million, against depreciation mainly linked to investments in technological development. Net Income stands at € -5.34 million, compared to € 1.25 million in FY22A, and the € -5.75 million estimated in our previous report.

The NFP went from € 14.43 million in FY22A to € 20.94 million of debt in FY23A, in line with the expected figure of € 20.06 million. The worsening of the debt situation is mainly attributable to the need to support the costs of integrating Doxee AT into the Group and the strategic repositioning of the company on the market in the Top Enterprise segment.

We note that, on approval of the draft balance sheet, the Board of Directors decided to propose, at an extraordinary session of the Shareholders' Meeting, the granting of a delegation for a divisible capital increase, to be offered as a preemptive option to shareholders, for € 6.00 million, guaranteed entirely by the majority shareholder P&S Srl. With this operation, the company intends to accelerate progress on the growth plan, ensure operational flexibility, and sustain expansion in the reference markets.

FY24E – FY27E Estimates

TABLE 2 – ESTIMATES UPDATES FY24E-27E

€/mln	FY24E	FY25E	FY26E	FY27E
VoP				
New	30,00	35,50	39,00	42,00
Old	34,00	40,95	45,70	n/a
Change	-11,8%	-13,3%	-14,7%	n/a
EBITDA				
New	3,90	7,70	8,95	12,00
Old	7,75	11,00	12,65	n/a
Change	-49,7%	-30,0%	-29,2%	n/a
EBITDA %				
New	13,0%	21,7%	22,9%	28,6%
Old	22,8%	26,9%	27,7%	n/a
Change	-9,8%	-5,2%	-4,7%	n/a
EBIT				
New	(1,80)	1,70	3,45	6,50
Old	3,05	5,80	6,95	n/a
Change	n.m.	-70,7%	-50,4%	n/a
Net Income				
New	(2,80)	0,55	1,95	4,35
Old	1,25	3,35	4,30	n/a
Change	n.m.	-83,6%	-54,7%	n/a
NFP				
New	20,64	15,29	12,59	7,09
Old	14,76	10,66	4,11	n/a
Change	n/a	n/a	n/a	n/a

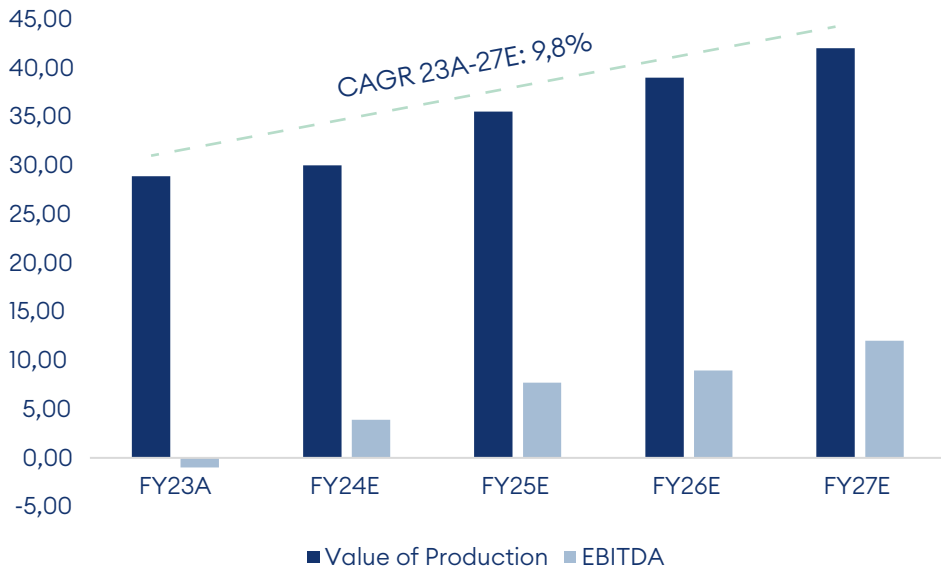
Source: Integrae SIM

In light of the results published in the annual report for FY23A, we have adjusted our estimates for both the current year and the coming years.

In particular, we now estimate an FY24E value of production of € 30.00 million, and an EBITDA of € 3.90 million, corresponding to a margin of 13.0%. In the following years, we expect the value of production to reach € 42.00 million (CAGR 23A-27E: 9.8%) in FY27E, with EBITDA equal to € 12.00 million (corresponding to a margin of 28.6%), up from € -0.99 million in FY23A (corresponding to an EBITDA margin of -3.4%).

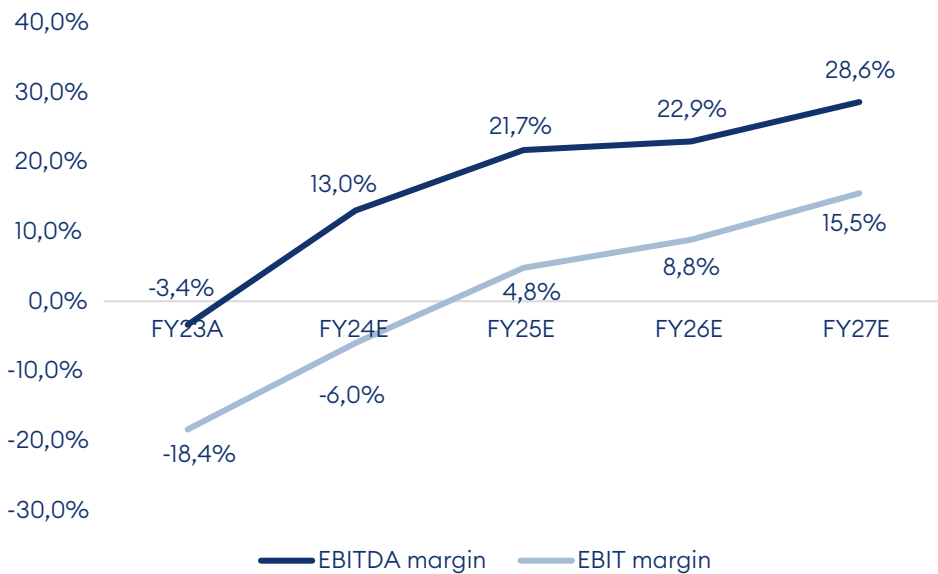
On the balance sheet, we estimate a debt NFP of € 7.09 million for FY27E.

CHART 3 – VOP AND EBITDA FY23A-27E



Source: Integrae SIM

CHART 4 – MARGIN FY23A-27E



Source: Integrae SIM

CHART 5 – CAPEX FY23A-27E

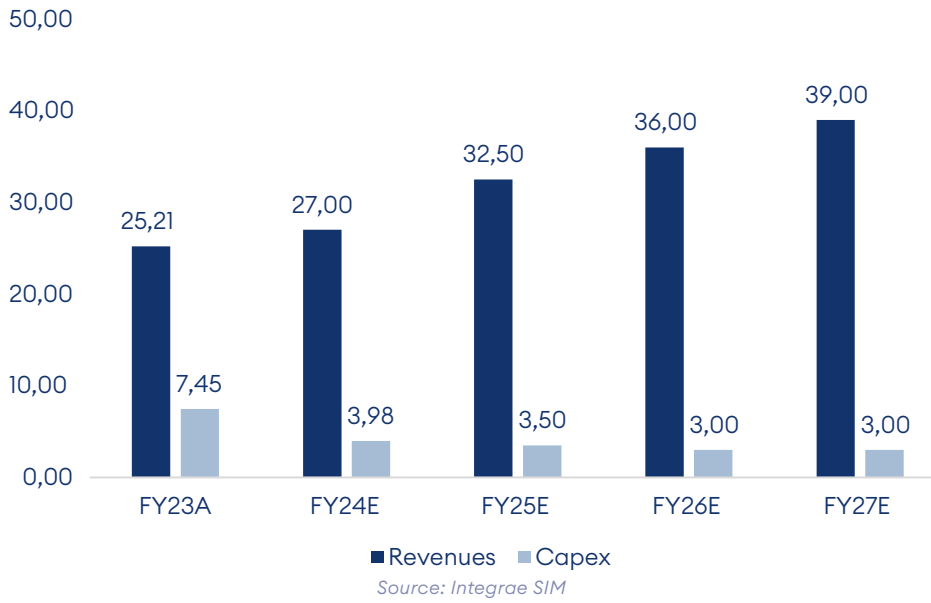
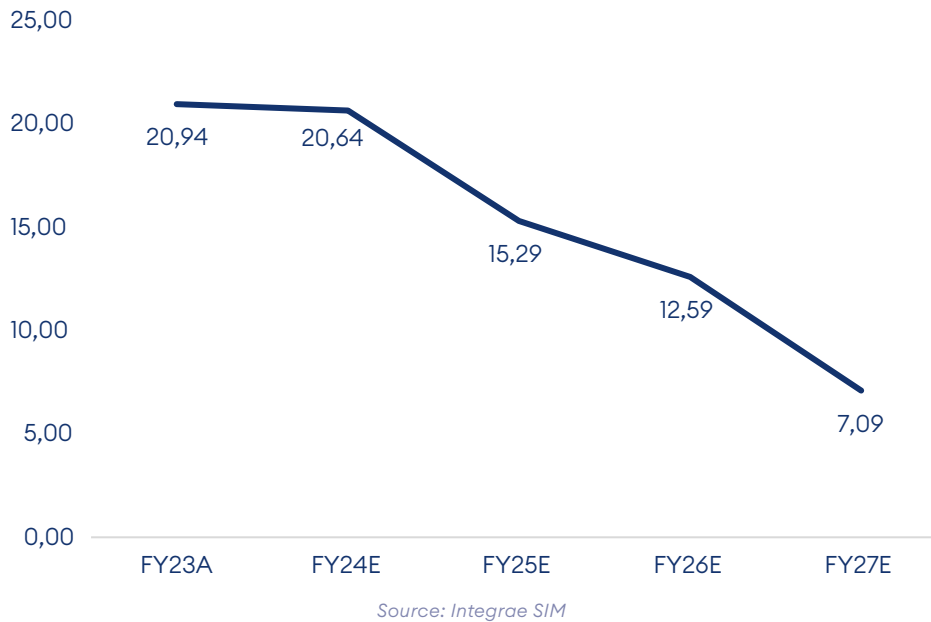


CHART 6 – NFP FY23A-27E



Valuation

We conducted our valuation of the equity value of Doxee based on the DCF method and multiples of a sample of comparable companies.

DCF Method

TABLE 3 – WACC

WACC				6,13%
D/E 233,33%	Risk Free Rate 3,20%	β Adjusted 1,2	α (specific risk) 2,50%	
K_d 3,00%	Market Premium 7,81%	β Relevered 1,4	K_e 15,40%	

Source: Integrae SIM

For prudential purposes, we included a specific risk of 2.5%. The result is therefore a WACC of 6.13%.

TABLE 4 – DCF VALUATION

DCF		% of EV
FCFO actualized	14,6	17%
TV actualized DCF	73,3	83%
Enterprise Value	88,0	100%
NFP (FY23A)	20,9	
Equity Value	67,0	

Source: Integrae SIM

With the above data and taking our estimates and assumptions as a reference, the result is an **equity value of € 67.0 million**.

TABLE 5 – EQUITY VALUE – SENSITIVITY ANALYSIS

€/mln	Growth Rate (g)	WACC						
		4,6%	5,1%	5,6%	6,1%	6,6%	7,1%	7,6%
	3,0%	213,4	158,9	125,1	102,1	85,4	72,8	62,9
	2,5%	162,0	127,6	104,2	87,2	74,3	64,2	56,1
	2,0%	130,1	106,3	89,0	75,9	65,6	57,3	50,5
	1,5%	108,4	90,8	77,5	67,0	58,6	51,6	45,8
	1,0%	92,7	79,1	68,5	59,9	52,8	46,9	41,9
	0,5%	80,8	70,0	61,2	54,0	48,0	42,9	38,5
	0,0%	71,5	62,6	55,2	49,1	43,9	39,4	35,5

Source: Integrae SIM

Market multiples

Our panel consists of companies operating in the same sector as Doxee. These companies are the same used to calculate Beta for the *DCF method*. The panel is made up by:

TABLE 6 – MARKET MULTIPLES

Company Name	EV/EBITDA			EV/EBIT			P/E		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Alkemy SpA	6,0 x	5,2 x	n/a	8,4 x	7,0 x	n/a	10,6 x	8,3 x	n/a
Esker SA	28,9 x	22,8 x	18,7 x	43,5 x	32,8 x	25,7 x	53,9 x	41,2 x	33,9 x
Unifiedpost Group SA	17,5 x	10,4 x	5,1 x	n/a	49,2 x	9,4 x	n/a	n/a	19,0 x
Objective Corp. Ltd.	26,7 x	22,9 x	19,6 x	31,9 x	27,8 x	23,7 x	36,9 x	33,0 x	28,5 x
Peer median	22,1 x	16,6 x	18,7 x	31,9 x	30,3 x	23,7 x	36,9 x	33,0 x	28,5 x

Source: *Infinancials*

TABLE 7 – MARKET MULTIPLES VALUATION

€/mln	FY24E	FY25E	FY26E
Enterprise Value (EV)			
EV/EBITDA	86,22	127,85	167,47
EV/EBIT	n/a	51,46	81,63
P/E	n/a	18,14	55,49
Enterprise Value post 25% discount			
EV/EBITDA	64,66	95,88	125,60
EV/EBIT	n/a	38,59	61,22
P/E	n/a	13,60	41,61
Equity Value			
EV/EBITDA	44,02	80,59	113,01
EV/EBIT	n/a	23,30	48,63
P/E	n/a	13,60	41,61
Average	44,02	39,17	67,75

Source: *Integrae SIM*

The equity value of Doxee was calculated using EV/EBITDA, EV/EBIT and P/E market multiples. After applying a 25.0% discount, the result was an **equity value of € 50.3 million**.

Equity Value

TABLE 8 – EQUITY VALUE

Average Equity Value (€/mln)	58,7
Equity Value DCF (€/mln)	67,0
Equity Value multiples (€/mln)	50,3
Target Price (€)	6,80

Source: Integrae SIM

The results give an average equity value of approximately € 58.7 million. **The target price is therefore € 6.80 (prev. € 9.70). We confirm a BUY rating and MEDIUM risk.**

TABLE 9 – TARGET PRICE IMPLIED VALUATION MULTIPLES

Multiples	FY23A	FY25E	FY26E	FY27E
EV/EBITDA	n/a	10,3 x	8,9 x	6,6 x
EV/EBIT	n/a	46,8 x	23,1 x	12,2 x
P/E	n/a	106,7 x	30,1 x	13,5 x

Source: Integrae SIM

TABLE 10 – CURRENT PRICE IMPLIED VALUATION MULTIPLES

Main Ratios	FY23A	FY25E	FY26E	FY27E
EV/EBITDA	n/a	5,4x	4,6x	3,5x
EV/EBIT	n/a	24,4x	12,x	6,4x
P/E	n/a	37,3x	10,5x	4,7x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958

Analyst/s certification

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Date	Price	Recommendation	Target Price	Risk	Comment
11/04/2023	9,00	Buy	13,00	Medium	Update
19/06/2023	8,00	Buy	13,00	Medium	Breaking News
30/06/2023	8,05	Buy	13,00	Medium	Breaking News
11/10/2023	5,20	Buy	9,70	Medium	Update

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Equity Total Return (ETR) for different risk categories

Rating	Low Risk	Medium Risk	High Risk
BUY	ETR \geq 7.5%	ETR \geq 10%	ETR \geq 15%
HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR \leq -5%	ETR \leq -5%	ETR \leq 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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