

Italy - Software

RAD boosted top line and profitability in 2021

29th March 2022

FY-21 RESULTS RELEASE

RIC: PITE.MI
BBG: PITE IM

Piteco reported a good growing set of results, characterised by the full consolidation of RAD and fair organic growth, confirming the remarkable share of recurring revenues. Margins improved thanks to the operating leverage and the consolidation of the highly profitable RAD. Significant upside to PT makes this quality and visible stock appealing again: rating up to Buy.

Rating:

Buy (Neutral)

Price Target:

€ 12.00

Upside/(Downside): 36.4%

Last Price: € 8.80

Market Cap.: € 177.7m

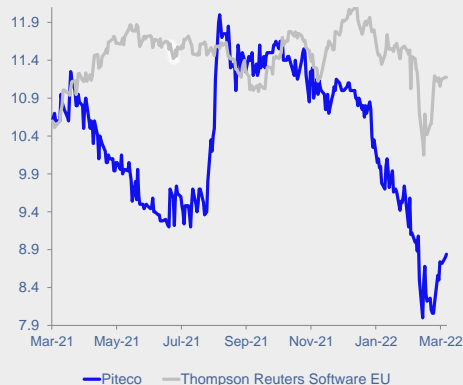
1Y High/Low: € 12.20 / € 7.42

Avg. Daily Turn. (3M, 6M): € 87k, € 80k

Free Float: 25.9%

Major shareholders:

Podini Family 63.8%
Management 6.6%



Stock price performance

	1M	3M	12M
Absolute	-2.2%	-20.4%	-14.6%
Rel.to FTSE Italia	-2.0%	-6.9%	-1.6%
Rel.to EU Sector	-2.7%	-9.5%	1.6%

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Estimates fine tuned, PT unchanged at € 12.00, upside of 36.4%: up to BUY

Piteco reported growing 2021 results thanks to the full consolidation of RAD Informatica and a 4% organic growth. Margins improved thanks to the operating leverage and, to a greater extent, the consolidation of the highly profitable RAD. We have fine-tuned our estimates and introduced 2024 projections. We have updated our DCF valuation criteria, brought the Free Risk Rate up to date and postponed the first estimated year to 2022. As a combined result, our DCF delivers a PT unchanged at € 12.00/s. Also following the sharp 20.4% share price retrenchment in the last 3M, worse than peers and the Software segment in Europe, the upside to the new PT calls for a re-rating of the stock: recommendation up to BUY from Neutral.

TMS unit drove top line progression together with the consolidation of RAD

FY-21 turnover grew 58% to € 39.0m as a result of 1) the full year contribution of RAD Informatica, which had only partially contributed in 2020 and 2) a 4% organic growth mainly due to the increase in recurring fees relating to the use of the software, totalling 51% of total sales in 2021. Piteco TMS sales increased by 8.0% YoY. RAD Informatica, (the Italian leader in NPLs software) achieved revenues of € 14.2m. Myrios (Financial Risk Management), recorded turnover of € 14.2m, up 6% YoY LfL. The USA subsidiary Juniper Payments recorded a sharp decline in top line and consequently in margins as a result of a slowdown in orders in the Banking sector.

EBITDA supported by RAD, margin grew to 45.2%, +500bps

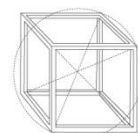
EBITDA grew much more than proportionately to top line to € 17.6m, up 78% YoY, 45.2% margin, in line with our € 17.7m expectation. The increase in margin was mainly driven by the consolidation of RAD Informatica, which reached an EBITDA margin in excess of 56% in 2021. Piteco's TMS unit grew by 7.6% to € 7.4m, Juniper declined by 38.4% and Myrios increased by 3.7%. RAD contributed € 7.9m. Net Profit reached € 11.9m, up 67% YoY, vs. our € 16.3m estimate. The difference is entirely ascribable to the prudent approach adopted by the company in taking into consideration an extraordinary tax realignment of Piteco's parent's goodwill value, which generated tax savings of € 7.6m. In fact, Piteco decided to include just a third of this amount in FY-21.

Significant operating cash flow, 84% of EBITDA

NFP reached € 57.9m (3.3x EBITDA) compared with our € 55.8m projection. It has to be noted that it does include the PUT Options relating to the purchase of the minority interests in Myrios, Juniper and RAD (for total amount of € 23.0m, o/w at least € 4.0m (i.e. 50% of the value of the Myrios Put Option) will eventually be regulated through an exchange with Piteco shares.

Piteco, key financials and ratios

€ m	2020	2021	2022e	2023e	2024e
Sales	24.7	39.0	40.6	43.8	47.2
EBITDA	9.9	17.6	18.8	21.3	23.3
EBITDA adjusted	9.9	17.6	18.8	21.3	23.3
EBIT	6.3	11.9	12.5	13.8	15.4
Net profit	7.1	11.9	10.5	11.8	13.3
Net profit adjusted	6.1	11.5	10.5	11.8	13.3
EPS adjusted	0.34	0.63	0.58	0.65	0.73
EPS adj. growth	8.0%	86.6%	-8.1%	12.3%	12.3%
DPS ord. €/s	0.15	0.00	0.20	0.20	0.20
Dividend yield	1.7%	0.0%	2.3%	2.3%	2.3%
NFP (cash)/debt	65.0	57.9	42.2	27.5	10.7
Free Cash Flow Yield	-19.8%	5.5%	8.8%	10.6%	11.7%
PER x	21.3	18.7	16.9	15.0	13.4
PCF x	12.2	15.1	10.4	8.8	8.0
EV/Sales x	7.9	7.0	5.4	4.7	4.0
EV/EBITDA x	19.7	15.4	11.7	9.6	8.1
EV/EBIT x	31.0	22.9	17.7	14.8	12.3

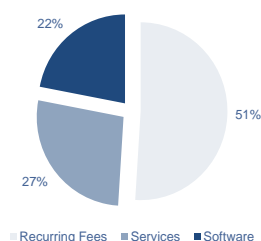


The company at a glance

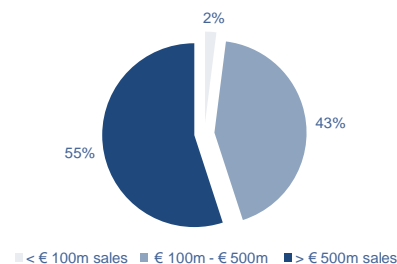
Piteco, more than 4x the size of its closest competitors, is the undisputed domestic leader in corporate treasury management and financial planning software. The company designs, develops and implements proprietary software and solutions for corporate cash and risk management. It focuses on large/mid enterprises operating in all industries except public administration. The Piteco software is 100% proprietary as well as modular (19 different modules), embeddable (it can work within Oracle, Sap or Microsoft environments), customisable (its open architecture allows several combinations of product modules) and available on foreign markets. The group is developing a challenging internationalisation and diversification process. This is boosted by the recent acquisitions: 1) Juniper Payments enables Piteco to penetrate the huge US market with a well-managed cash flow generative company, paid for fairly cheaply; 2) Myrios widened the group's offer with a risk management, capital markets and compliance software dedicated to banks (60% of the business line turnover) as well as to large manufacturing and services companies (40%) and 3) RAD is the leading domestic software house for the management of the credit recovery process, managing approximately 2/3 of the aggregate amount of Italian NPLs.

Piteco's FY-21 turnover grew 58% to 39.0m, driven by the increase in recurring revenues and the full consolidation of RAD Informatica. EBITDA grew much more than proportionately to top line to € 17.6m vs € 9.9m in 2019, in line with our estimates. Piteco's client base currently comprises some 750 companies operating in over 40 countries: a significant number of them are listed, whereas 98% record a turnover of more than € 100m.

2021 revenues and...



... and client profile (sales) breakdown



Shareholder structure

	%	# m
Podini Family	63.8%	12.9
Dedagroup S.p.A.	49.8%	10.1
Marco Podini	6.7%	1.4
Maria Luisa Podini	6.7%	1.4
Francesca Zanella	0.2%	0.1
Lillo S.p.A.	0.3%	0.1
Management	6.6%	1.3
Andrea Guido Guillermez	2.2%	0.4
Riccardo Veneziani	2.2%	0.4
Paolo Virenti	2.2%	0.4
Free Float	25.9%	5.2
Treasury shares	3.7%	0.7
Total	100.0%	20.2

Source: Company data

Peer group absolute performance

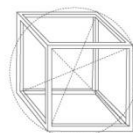
	1D	1W	1M	3M	6M	YTD
Intuit Inc	4.6	3.0	1.3	(26.4)	(15.3)	(25.3)
Microsoft Corp	2.3	3.9	4.0	(9.3)	5.6	(7.6)
Oracle Corp	2.3	3.3	10.0	(6.6)	(8.2)	(4.1)
Salesforce.Com Inc	2.0	0.7	2.3	(16.7)	(23.0)	(15.3)
SAP SE	0.1	(0.9)	(0.3)	(18.7)	(16.8)	(19.2)
Median large player	2.3	3.0	2.3	(16.7)	(15.3)	(15.3)
Datalogic SpA	(1.5)	(1.9)	(21.2)	(35.2)	(46.9)	(35.4)
Digital Bros SpA	0.2	(0.6)	1.7	(14.7)	(12.6)	(15.6)
ExpertAi SpA	(0.6)	2.0	(7.2)	(31.7)	(44.1)	(31.4)
Exprivia SpA	1.0	(2.0)	7.5	(11.4)	1.0	(12.6)
Reply SpA	(0.8)	(3.9)	2.7	(14.6)	(14.3)	(16.2)
TXT e solutions SpA	0.6	1.8	13.5	4.3	16.7	1.2
Median small players	(0.2)	(1.2)	2.2	(14.6)	(13.4)	(15.9)
Piteco SpA	0.9	2.8	(2.2)	(20.4)	(23.1)	(20.0)

Source: Thomson Reuters Eikon

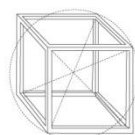
Peer group multiples table

Price & EV multiples x	PER FY1	PER FY2	PCF FY1	PCF FY2	Sales FY1	Sales FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2
Intuit Inc	41.6	35.4	39.1	31.2	11.6	9.8	30.0	24.1	31.4	26.5
Microsoft Corp	32.9	29.0	27.6	24.2	11.3	9.8	22.9	19.7	26.6	22.9
Oracle Corp	17.0	15.8	14.4	13.3	6.5	6.1	12.6	12.0	14.2	13.5
Salesforce.Com Inc	44.6	35.0	26.8	23.2	6.5	5.3	21.7	18.0	32.4	25.1
SAP SE	20.8	18.8	18.4	16.1	4.3	4.0	14.8	13.1	16.3	14.8
Median large player	32.9	29.0	26.8	23.2	6.5	6.1	21.7	18.0	26.6	22.9
Datalogic SpA	23.4	13.2	10.2	7.5	0.9	0.8	8.7	6.2	16.6	9.8
Digital Bros SpA	16.2	15.0	9.0	7.8	2.3	2.1	7.3	6.3	12.0	10.7
ExpertAi SpA	Neg.	Neg.	Neg.	Neg.	2.4	2.0	Neg.	Neg.	Neg.	Neg.
Exprivia SpA	7.7	6.3	5.0	4.6	0.7	0.7	4.8	4.1	6.4	5.0
Reply SpA	33.1	29.6	25.2	22.8	3.1	2.7	18.2	16.2	22.3	19.6
TXT e solutions SpA	16.7	14.8	9.5	8.9	1.2	1.2	8.0	8.1	12.4	12.1
Median small player	16.4	14.0	9.2	7.7	1.7	1.6	7.7	6.2	12.2	10.2
Piteco SpA	16.9	15.0	10.5	9.2	5.4	4.7	11.7	9.6	17.7	14.8

Sources: CFO Sim, Thomson Reuters Eikon



Income statement (€ m)	2020	2021	2022e	2023e	2024e
Turnover	24.7	39.0	40.6	43.8	47.2
Raw Material	(0.4)	(0.8)	(0.8)	(0.3)	(0.3)
Services	(3.9)	(6.4)	(6.3)	(14.9)	(15.9)
Personnel expenses	(10.3)	(13.7)	(14.2)	(6.5)	(6.8)
Other Costs	(0.2)	(0.5)	(0.6)	(0.8)	(0.9)
EBITDA	9.9	17.6	18.8	21.3	23.3
EBITDA adj.	9.9	17.6	18.8	21.3	23.3
D&A	(3.6)	(5.7)	(6.3)	(7.5)	(7.9)
EBIT	6.3	11.9	12.5	13.8	15.4
Financial (charges)/income	(1.1)	(0.1)	(0.7)	(0.7)	(0.6)
Other costs & extraordinary & other	(1.0)	(0.4)	0.0	0.0	0.0
Pre-Tax profit	4.2	11.4	11.7	13.2	14.8
Income taxes	(0.2)	(0.5)	(1.2)	(1.3)	(1.5)
Net Profit	7.1	11.9	10.5	11.8	13.3
Net Profit Adjusted	6.1	11.5	10.5	11.8	13.3
Balance sheet (€ m)	2020	2021	2022e	2023e	2024e
Net Working Capital	4.6	8.7	9.3	10.0	10.8
Net Fixed Assets	124.4	119.8	114.9	108.8	102.2
Equity Investments	0.0	0.0	0.0	0.0	0.0
Other M/L Term A/L	(20.1)	(19.7)	(20.6)	(22.2)	(23.9)
Net Invested Capital	109.0	108.8	103.6	96.7	89.2
Net Financial Debt	65.0	57.9	42.2	27.5	10.7
Minorities	0.0	0.0	0.0	0.0	0.0
Group's Shareholders Equity	44.0	50.9	61.4	69.2	78.5
Financial Liabilities & Equity	109.0	108.8	103.6	96.7	89.2
Cash Flow statement (€ m)	2020	2021	2022e	2023e	2024e
Total net income	7.1	11.9	10.5	11.8	13.3
Depreciation	3.6	5.7	6.3	7.5	7.9
Other non-cash charges	(1.0)	0.7	0.8	1.5	1.7
Cash Flow from Oper. (CFO)	9.7	18.2	17.7	20.9	22.9
Change in NWC	0.9	(4.1)	(0.6)	(0.7)	(0.8)
FCF from Operations (FCFO)	10.7	14.2	17.0	20.2	22.1
Net Investments (CFI)	(36.5)	(2.4)	(1.4)	(1.4)	(1.4)
Free CF to the Firm (FCFF)	(25.9)	11.7	15.7	18.8	20.7
CF from financials (CFF)	33.9	(14.9)	(6.6)	(10.0)	(9.4)
Free Cash Flow to Equity (FCFE)	8.0	(3.2)	9.0	8.8	11.3
Financial ratios	2020	2021	2022e	2023e	2024e
EBITDA margin	40.2%	45.2%	46.2%	48.7%	49.4%
EBIT margin	25.5%	30.5%	30.6%	31.6%	32.6%
Net profit margin	28.7%	30.4%	25.9%	27.0%	28.2%
Tax rate	3.7%	4.5%	10.0%	10.0%	10.0%
Interest coverage x	0.2	0.0	0.1	0.0	0.0
Net Debt/Ebitda x	6.5	3.3	2.3	1.3	0.5
Debt-to-Equity x	1.5	1.1	0.7	0.4	0.1
ROIC	8.5%	10.9%	9.9%	11.8%	14.3%
ROCE	4.7%	9.0%	9.1%	9.9%	10.6%
ROACE	6.2%	8.9%	9.3%	10.0%	10.8%
ROE	18.8%	25.0%	18.8%	18.1%	18.0%
Payout ratio	42.7%	0.0%	38.3%	34.1%	30.4%
Per share figures	2020	2021	2022e	2023e	2024e
Final N. of shares # m	20.2	20.2	20.2	20.2	20.2
Final N. of shares (fully diluted) # m	20.2	20.2	20.2	20.2	20.2
Average N. of shares (fd)# m	19.7	20.2	20.2	20.2	20.2
EPS stated €	0.36	0.59	0.52	0.59	0.66
EPS adjusted €	0.36	0.59	0.52	0.59	0.66
EBITDA €	0.50	0.87	0.93	1.06	1.15
EBIT €	0.32	0.59	0.62	0.68	0.76
FCFO €	0.54	0.70	0.84	1.00	1.10
FCFF €	(1.31)	0.58	0.78	0.93	1.03
FCFE €	0.41	(0.16)	0.45	0.43	0.56
Dividend €	0.15	0.00	0.20	0.20	0.20



Piteco in a nutshell

Piteco, which stands for "**P**ianificazione **T**esoreria **C**omputerizzata" (computerised treasury planning), **is the undisputed domestic leader, over 4x larger than its closest competitors, in the niche of corporate treasury management and financial planning software.** The company designs, develops and implements proprietary software and solutions for corporate cash and risk management. It focuses on large/mid enterprises operating in every industry except public administration. **The group also operates in the digital payment and clearing house sectors** serving approximately 3,300 American banks.

The group has four business lines:

- 1) **Piteco** - A leading domestic software house for proprietary solutions to corporate cash management and financial planning, serving 750 large industrial groups active in a highly diversified number of sectors. **Piteco has a track record of over 30 years** and covers all different links on the software value chain: R&D, project, development, implementation, sales and assistance. **The software is 100% proprietary** and is modular (19 different modules), embeddable (can work within Oracle, Sap or Microsoft environments), customisable (open architecture allows relevant combinations of product modules) and available on foreign markets.
- 2) **Myrios** - an Italian software house offering **treasury, risk management, capital markets and compliance software** to banks and large corporations. The company has developed Myrios Financial Modelling, a software solution dedicated to the manufacturing and services industries (40% of the business line's turnover) as well as to banks (60%). Almost **70% of Myrios's turnover is represented by recurring fees**, granting substantial cash-flow visibility.
- 3) **Juniper payments** - a leading US software house, with proprietary solutions for digital payment services and clearing houses serving approximately 3,300 American banks and managing the settlement of Interbank financial flows (bank transfers and cheque collection) for over \$ 3bn/day. It can be considered one of the largest US interbank networks. JUNIPER was established in Apr-17 to acquire the assets from LendingTools.com Inc., a US company established in 2000.
- 4) **RAD** - an Italian software house which has developed a management tool that connects all those interested in the **operational management of NPL and litigation**, allowing information sharing, file work progress and all procedural aspects and cooperation in real time. The company, established twenty years ago thanks to the expertise and experience that the founding members had gained in the fields of credit management and software development, today boasts key know-how in the debt collection process at legal and non-legal levels. **The company holds 70% of the Italian market** and employs a team of over 50 highly skilled analysts and developers.

Piteco's FY-21 turnover grew 58% to € 39.0m, driven by the increase in recurring revenues and the full consolidation of RAD Informatica. EBITDA grew much more than proportionately to top line to € 17.6m vs € 9.9m in 2019, in line with our estimates.

The client base currently comprises more than 750 companies, a relevant number of which are listed on the Italian stock exchange, with turnover exceeding € 100m with regard to 98% of them, and operating in more than 50 countries. Piteco's long client list and widespread presence in a large variety of industries **significantly reduce its dependence on a key client/sector.**

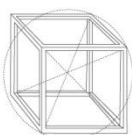
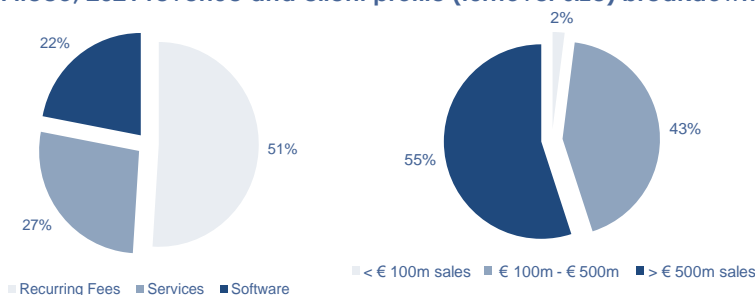


Chart 1 – Piteco, 2021 revenue and client profile (turnover size) breakdown



Source: Company data

The group operates in seven sites (Milan, Rome, Padua, Turin, Salerno, Geneva and Wichita US), with about 174 staff members:

- 6 managers/founding partners: Paolo Virenti (CEO Piteco), Riccardo Veneziani (CFO Piteco), Andrea Guillermaz (Sales Director Piteco), Marco Pecetto (CEO Myrios), Corrado Costa (CEO RAD) and Vanes Bolandrini (General Manager RAD);
- 9 administrative staff;
- 7 staff members employed in the competence centre (research), skilled resources in treasury & finance. These people are involved in the study and design of new functions;
- 46 staff members in delivery: skilled resources in treasury and finance with a focus on consulting and developing the project in accordance with client needs. In addition, they are involved in the sale of additional services to existing clients, with an average 180 days/y spent with clients;
- 11 staff members in sales & marketing, focusing on new client development;
- 77 engineers in development: technical resources with analysis and programming skills, and knowledge of the main programming languages and the most sophisticated market technology. They also provide client services.
- 18 staff members in the subsidiary Juniper Payments, Wichita, Kansas, US.

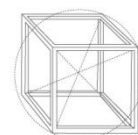
Piteco was listed on Euronext Growth Milan on 31-Jul-15 at € 3.30/share, corresponding to a post-money market capitalisation of € 58.9m. The offer was almost entirely represented by new shares (€ 8.5m), existing shares on sale from Sequenza (€ 1.5m, excluding the green-shoe) and € 5m of convertible bond (2015-20, 4.5%, strike at € 4.20/s). The book was **oversubscribed by more than 2x** the offer size.

The current majority shareholder is the **Podini family owning 63.8%** of the share capital, whereas **management holds a 6.6%** stake and the **free float is 25.9%**.

Table 1 - Piteco, Shareholder structure details

	%	# m
Podini Family	63.8%	12.9
Dedagroup S.p.A.	49.8%	10.1
Marco Podini	6.7%	1.4
Maria Luisa Podini	6.7%	1.4
Francesca Zanella	0.2%	0.1
Lillo S.p.A.	0.3%	0.1
Management	6.6%	1.3
Andrea Guido Guillermaz	2.2%	0.4
Riccardo Veneziani	2.2%	0.4
Paolo Virenti	2.2%	0.4
Free Float	25.9%	5.2
Treasury shares	3.7%	0.7
Total	100.0%	20.2

Source: Company data



The reference market

Piteco is a leading player operating in the financial software market, offering 1) Treasury Management software, 2) Payment Service software dedicated to banks, 3) Risk Management software solutions and 4) NPLs management software.

According to the Assinform report "Il Digitale in Italia 2021", in 2021, the Italian digital economy is expected to grow by 5.5% to € 75.4bn from € 71.5bn reported in 2020. The market is expected to grow at a 5.0% CAGR₂₁₋₂₄ reaching € 87.3bn in 2024. In particular, the **Software & ICT solutions segment** is expected to grow with a **CAGR₂₁₋₂₄ of 6.7%**, reaching € 9.9bn in 2024.

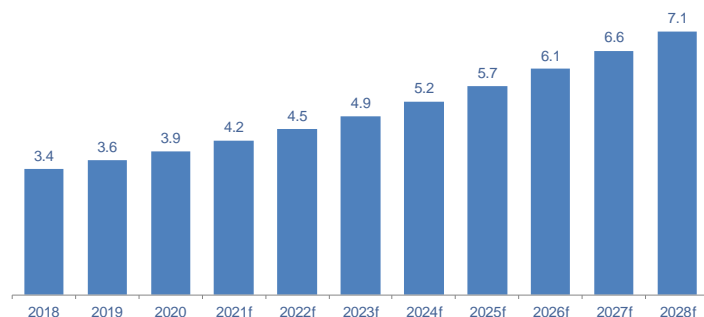
Table 2 – Piteco, Italian Digital Economy

€ bn	2020	2021e	2022e	2023e	2024e	CAGR ₂₁₋₂₄
Content & digital advertising	12.5	13.6	14.6	15.6	16.6	6.8%
Network services	19.4	18.6	18.1	17.8	17.5	-2.0%
ICT services	12.7	13.7	14.8	16.0	17.1	7.7%
Software & ICT solutions	7.5	8.1	8.7	9.3	9.9	6.7%
Devices & Systems	19.4	21.4	23.1	24.7	26.3	7.1%
Total	71.5	75.4	79.3	83.3	87.3	5.0%

Source: Assinform - Il Digitale in Italia 2021

Globally, the **treasury and risk management applications industry**, included in the wider enterprise resource planning (ERP) market, is **projected to grow at a 8.0% CAGR_{20-28e}**, reaching \$ 7.1bn by 2028, mainly driven by substitution or upgrade necessities (source Future Market Insight).

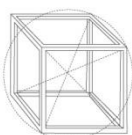
Chart 2 – Piteco, global treasury and risk management application market trend (\$ bn)



Source: CFO Sim elaboration on Future Market Insight data

In addition, with the acquisition of **Juniper Payments**, the group is present on the US wholesale cash management private market for financial institutions. Headquartered in Wichita, Kansas, the company is the largest non-bank third-party provider of inter-bank transaction and reporting systems in the United States. The company develops **proprietary software as a service platform** that has connections with thousands of banks and credit unions across the US. The system is utilised as a **primary payment and reporting mechanism** for the financial institutions that make use of this service. In a rather fragmented oligopoly, characterised by the lack of a single standard for bank interconnection payment platforms, **Juniper Payments is the 4th largest actor in the US arena**.

Finally, thanks to the acquisition of **RAD Informatica**, the group entered the **NPL (Non-Performing Loans) and UTPL (Unlikely To Pay Loans) management software** niche. **RAD is the Italian leader in this industry, with a 70% market share**. In accordance with Banca IFIS's projections, the default rate, i.e. the performing loans that switch to non-performing, should be 2.6% in 2021 and 3.0% in 2022, showing a constant increase in NPL and UTPL. The Non Performing Exposure of the Italian banks, namely adding together NPL and UTPL still present in the bank balance sheet and those already sold, is estimated to grow by 14% in 2021, totalling € 389bn, and it is expected to increase by 13% in 2022, reaching € 441bn.



The competitive arena

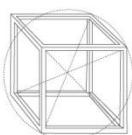
Piteco produces the vast majority of its top line **in the domestic market**, i.e. some 80% of the 2021 turnover. Undoubtedly, the company holds the **leading position** here, being more than **4x larger than its closest competitor**. The market is relatively small and featuring quite a few peculiarities in terms of payment procedures and relationships with the banking system. That is why larger global actors are rather deterred from penetrating the domestic market. According to figures provided by the company, **we believe less than 1% of annual turnover** on average has been lost to competition.

The largest competitor is actually the spreadsheet, widely used by smaller enterprises, dealing with significant time consumption issues and risks of losing data. In the treasury software market, six players are noteworthy worldwide.

- **Sungard** is amongst the global leading players in software and technological services, focusing on financial services, education and the public sector. In 2015, the company was acquired by FIS, a global leader in financial services technology.
- **Kyriba** is the premium software in the industry with cloud solutions, with 2,000 clients and some 400 employees. In 2019, the company was acquired for \$ 1.2bn by Bridgepoint, a private equity fund based in the UK.
- **Wallstreet** offers solutions to improve workflow, control and productivity to company treasury, banking, FX trading and back-office operations.
- **Bellin** operates in several areas, including consulting, software (liquidity management, intercompany reconciliation and credit management) and services. It boasts a peculiarly hybrid structure with a balanced offer positioned amongst risk, treasury and financial operations. Bellin has no clients in Italy.
- **GTreasury**, US based, offers treasury software solutions and services to banks and companies worldwide. The tool can be installed locally or managed via cloud and is modular. GTreasury has no clients in Italy.
- **DocFinance** is the only local actor in the Italian market. However it is focused on small caps (turnover < € 75m). The DocFinance product addresses a market of some 8,000 clients, with a ready-to-go profile. The coverage solution is much lower than Piteco as well as significantly less customisable.

Piteco's competitive positioning is strong and well defended: within its client size target its selling proposition is **the most complete and high performing**. Moreover, the rather limited size and the peculiarity of the domestic market represent **barriers to larger global players**. Piteco is the brand in software for treasury management solutions. In the purchasing decision process, **the price of the software tool is not a key issue** and, according to a Deloitte survey addressing the drivers for choosing treasury management software, it represents just 10% of the total motivation for the choice. Potential clients primarily (almost 75%) value the match with their treasury management needs and the integration with the global ERP software already in place within the organisation. Piteco states that the average value of a typical contract equates to € 65k, cash in hand, o/w € 35k for software and € 30k for advisory. Subsequently, the recurring yearly maintenance fee is worth about € 11k (showing steady growth and inflation linked) and billed in advance at the beginning of the year. Generally, clients upgrade their tool with one or more of the current 19 modules, leading to a steady increase in the average maintenance fee.

The alternatives are **more expensive, limited, inflexible, less modular, adjustable, specific and customisable**. Even the treasury management module developed by **SAP is, to a certain extent, less performing and flexible** than the Piteco tool. Additionally, spreadsheets, still extensively used amongst small companies, are time consuming and entailing a high risk of misplacing data.



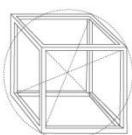
Group strategy

Piteco went public in 2015 with the aim of **boosting its growth profile**. The IPO proceeds amounting to € 11.5m were being used for accelerating top line growth and profitability. We have identified a three-pillar growth plan.

- **Evolution of actual product pipeline** - The current product portfolio comprises three families: Piteco EVO (tailored solution to match integrated corporate finance to the most common ERP, offering 17 modules to manage cash, funds source and application, financial and risk control and economic/financial planning), Piteco CBC (corporate banking communication) and IDM (Intelligent Data Matching, management of large amount of data/flows). The development of new modules will cover **different functionalities and client needs**. Currently Piteco targets companies with a minimum turnover of € 100m. Thanks to the recently developed **cloud solution**, the group has a plentiful pipeline of some 1,100 potential names with a turnover of € 50-100m.
- **Acquisition in the domestic market** - The relative fragmentation of the Italian market offers several small targets. Piteco aims to become **an aggregator of minute domestic companies offering complementary and additional software modules** to further spread its selling proposition. The group has a **solid domestic M&A track record**, thanks to the acquisition of 1) Match.IT asset from Centro Data, 2) Myrios, 3) EveryMake and 5) RAD Informatica.
- **Foreign markets expansion** - Piteco is already present in Europe, Asia and America through foreign subsidiaries of multinational clients. The US has been identified as potential M&A target territory due to the substantial presence of large corporations, i.e. great need for sophisticated solutions for treasury management, quite high selling prices for equivalent products supporting profitability and its presence via the group's controlling shareholder Dedagroup. It is worth mentioning that Piteco's software tools are already compliant with the stringent SOX (Sarbanes-Oxley Act) requirements. This law was approved in the US in 2002 in order to improve companies' corporate governance and ensure the transparency of accounts. The acquisition of Juniper Payments goes in this direction.

The foreign expansion started in 2017 with the Juniper Payments acquisition, which allowed the group to operate in the digital payment services and clearing house segments serving approximately 3,300 American banks. Juniper can be considered one of the largest US interbank networks. It was established in Apr-17 to acquire the assets from LendingTools.com Inc., a US company established in 2000.

In order to enter the European market, **Myrios Switzerland SA**, entirely controlled by Myrios SpA, was established in Feb-19, which proposes all the group's solutions to European corporate clients.



SWOT Analysis

The SWOT analysis, also known as SWOT Matrix, is a structured planning method used to evaluate the strengths, weaknesses, opportunities and threats involved in a project or in a business venture. A SWOT analysis can be carried out for a product, place, industry or person. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favourable and unfavourable to achieve that objective.

- **Strengths:** characteristics of the business or project that give it an advantage over others.
- **Weaknesses:** characteristics that place the business or project at a disadvantage relative to others.
- **Opportunities:** elements that the project could use to its advantage.
- **Threats:** elements in the environment that could cause harm or be detrimental for the business or project.

The technique is credited to Albert Humphrey, who led a research project at Stanford University between the 60s/70s using Fortune 500 data.

S.W.O.T. ANALYSIS

STRENGTHS

- ❑ Undisputed **leading positioning** in Italy, the Brand in treasury management software segment
- ❑ Substantial cash flow generation and sound balance sheet allow for **noteworthy external growth opportunities**
- ❑ Pronounced **visibility** of top line and margin expansion

WEAKNESSES

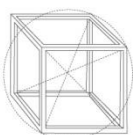
- ❑ More than 80% of revenues come from the **domestic market**, heavy dependence on one single country
- ❑ Limited **size** in the international competitive arena

OPPORTUNITIES

- ❑ Consolidation **opportunities** in the domestic market
- ❑ Relevant **growth potential**: still high use of spreadsheet and cloud opportunities
- ❑ **Expansion into foreign markets**

THREATS

- ❑ Expansion via external growth might erode **marginality** to a certain extent
- ❑ A few key people represent a **vital asset** for the company



FY-21 results

Piteco reported soaring 2021 results thanks to the full consolidation of RAD Informatica and a 4% organic growth. Profitability was in line with our projection. No dividend will be distributed, in order to feed the acquisition campaign.

Table 3 – Piteco, FY-21 result summary

€ m	2021	2020	% YoY	2021e	% Diff.
Turnover	39.0	24.7	57.8	37.3	4.6
Piteco (TMS)	17.9	16.6	8.0	17.4	2.9
Juniper (Banking)	3.7	4.4	(15.0)	4.4	(16.2)
RAD (NPLs)	14.2	0.7	n.m.	11.6	21.6
Myrios (Risk Management)	3.2	3.0	6.1	3.8	(15.1)
Raw material	(0.8)	(0.4)		(0.4)	
Services & other costs	(6.4)	(3.9)		(5.7)	
Personnel	(13.7)	(10.3)		(12.9)	
EBITDA	17.6	9.9	77.5	17.7	(0.2)
% margin	45.2	40.2		47.4	
Piteco (TMS)	7.4	6.9	7.6	7.4	(0.1)
% margin	41.4	41.5		42.6	
Juniper (Banking)	0.8	1.3	(38.4)	1.3	(39.8)
% margin	21.9	30.2		30.5	
RAD (NPLs)	7.9	0.3	n.m.	6.7	17.7
% margin	56.1	43.0		58.0	
Myrios (Risk Management)	1.5	1.4	3.7	2.2	(31.8)
% margin	45.4	46.4		56.5	
D&A	(5.7)	(3.6)		(6.4)	
EBIT	11.9	6.3	88.7	11.3	5.4
% margin	30.5	25.5		30.3	
Financials income/(charges)	0.9	1.9		(0.8)	
Extraordinary	(0.4)	(1.0)		0.0	
Pre-Tax Profit	12.4	7.3	70.7	10.5	18.4
Income taxes	(0.5)	(0.2)		5.9	
Tax rate	4.2%	2.2%		10.0	
Net Profit	11.9	7.1	67.2	16.3	(27.3)
% margin	30.4	28.7		43.7	
NFP incl. PUT	57.9	65.0	(10.8)	55.8	3.8

Sources: company data, CFO Sim

FY-21 turnover grew 58% to € 39.0m as a result of 1) the full year contribution of RAD Informatica, which had only partially contributed in 2020 and 2) a 4% organic growth mainly due to the increase in recurring fees relating to the use of the software, totalling 51% of total sales.

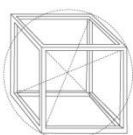
EBITDA grew much more than proportionately to top line to € 17.6m, up 78% YoY, 45.2% margin, in line with our € 17.7m expectation. The increase in margins was mainly driven by the consolidation of RAD Informatica, which reached an EBITDA margin in excess of 56% in 2021.

Piteco TMS sales as well as EBITDA increased by 8.0% YoY.

RAD Informatica, (the Italian leader in NPLs software) achieved revenues of € 14.2m with a top-notch EBITDA margin in excess of 56%.

Myrios (Financial Risk Management), recorded turnover of € 14.2m, up 6% YoY LfL and EBITDA of € 7.9m, up 4% YoY, with margin of 45.4%.

The USA subsidiary **Juniper Payments** recorded a sharp decline in top line and consequently in margins as a result of a slowdown in orders in the Banking sector.



EBIT was € 11.9m, 30.5% margin, up by 89% YoY, slightly higher than our € 11.3m forecast. Net Profit reached € 11.9m, up 67% YoY, vs. our € 16.3m estimate. The difference is entirely ascribable to the prudent approach adopted by the company in taking into consideration an extraordinary tax realignment of Piteco's parent's goodwill value, which generated tax savings of € 7.6m. In fact, Piteco decided to include just a third of this amount in FY-21.

No dividend will be distributed on 2021 results in order to keep resources to feed the acquisition campaign.

NFP reached € 58m (3.3x EBITDA) compared with our € 55.8m projection. It has to be noted that it does include the PUT Options relating to the purchase of the minority interests of Myrios, Juniper and RAD (for total amount of € 23.0m, o/w at least € 4.0m (i.e. 50% of the value of the Myrios Put Option) will be eventually regulated through an exchange with Piteco shares.

The first few months of 2022, despite the perseverance of the pandemic and the increased geo-political risks, confirm the organic growth trend reported in 2021. Piteco TMS is proving successful following the recently launched Piteco Evo 5.0 and IDM, particularly in the cloud versions. RAD Informatica is confirming FY-21 results in terms of growth and profitability. Myrios is registering a rising interest in the Corporate segment. Juniper Payments has started implementing the new Instant Payments solution on the US market, mainly addressed to the Credit Union market, the development of which ended in 2021.

Estimates, valuation and risks

Piteco reported growing 2021 results thanks to the full consolidation of RAD Informatica and a 4% organic growth. Profitability was broadly in line with our projection. Margins improved thanks to the operating leverage and, to a greater extent, to the consolidation of the highly profitable RAD.

Following the publication of FY-21 results, we have fine-tuned our estimates and introduced 2024 projections.

Table 4 – Piteco, 2022e new/old estimates

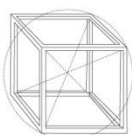
€ m	New	Old	% Diff.	€ m Diff.
Net Sales	40.6	40.1	1.4	0.6
EBITDA	18.8	19.4	(3.5)	(0.7)
% margin	46.2	48.5		
EBIT	12.5	13.1	(5.1)	(0.7)
% margin	30.6	32.8		
Net Profit	10.5	11.1	(5.3)	(0.6)
% margin	25.9	27.8		
Y/E net debt (net cash)	42.2	42.3	(0.1)	(0.0)

Source: CFO Sim

Table 5 – Piteco, 2023e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Net Sales	43.8	43.1	1.6	0.7
EBITDA	21.3	21.3	0.2	0.0
% margin	48.7	49.3		
EBIT	13.8	13.8	0.2	0.0
% margin	31.6	32.0		
Net Profit	11.8	11.8	0.4	0.0
% margin	27.0	27.4		
Y/E net debt (net cash)	27.5	27.9	(1.5)	(0.4)

Source: CFO Sim



We have updated our DCF valuation criteria, brought the Free Risk Rate up to date and postponed the first estimated year to 2022. As a combined result, **our DCF delivers a PT unchanged at € 12.00/s**. Also following the sharp 20.4% share price retrenchment in the last 3M, worse than peers and the Software segment in Europe, the upside to PT calls for a rerating of the stock: **rating upgraded to BUY from Neutral**.

DCF

In applying the DCF valuation method explicit estimates until 2026 and long-term growth of 1.5% were used. Cash flows were discounted back at a weighted average cost of capital calculated according to the following parameters:

Table 6 - WACC derived from:

Interest costs, pre-tax	2.5%
Tax rate	10.0%
Inf. costs, after taxes	2.3%
Risk premium, incl. small size premium	7.0%
Risk-free (10Y Gov. Bond 200 days simple moving average)	1.05%
Beta levered (x)	1.00
Required ROE	8.0%

Source: CFO Sim

Table 7 - Piteco, DCF model

€ m	2022e	2023e	2024e	2025e	2026e	Term. Val.
EBIT	11.9	12.5	13.8	14.8	15.8	
Tax rate	10.0%	10.0%	10.0%	10.0%	10.0%	
Operating profit (NOPAT)	10.7	11.2	12.4	13.3	14.2	
Change working capital	(0.6)	(0.7)	(0.8)	(0.1)	(0.0)	
Depreciation	6.3	7.5	7.9	4.6	1.4	
Investments	(1.4)	(1.4)	(1.4)	(1.4)	(1.4)	
Free Cash Flows	15.1	16.6	18.2	16.5	14.2	300.5
Present value	14.4	14.9	15.4	13.1	10.6	224.6
WACC	6.3%	6.3%	6.3%	6.3%	6.3%	
Long-term growth rate	1.5%					

Source: CFO Sim

Table 8 - Piteco, DCF per share derived from:

Total EV present value € m	293.0
<i>thereof terminal value</i>	76.7%
NFP last reported	(57.9)
Pension provision last reported	(2.5)
Equity value € m	232.6
Shares # m (ex. Treasury shares)	19.44
Discounted CF €/s	12.00
<i>Upside/(downside)</i>	36.4%

Source: CFO Sim

The application of the model produces an equity value of € 232.6m, which corresponds to **€ 12.00/s, with a potential upside of 36.4%**.

The following tables illustrate that sensitivity 1) compared to changes in the terminal growth rate produces an equity value per share of between € 9.88 and € 15.14 (perpetuity range of between 0.50% and 2.50%), while 2) if compared to changes in the free-risk rate, it produces an equity value/s of € 10.45 - 14.56 (free-risk range of between 1.85% and 0.00%) and 3) if compared to changes in the risk premium, including small size premiums, it results in an equity value/s of € 8.70 - 17.89 (risk premium range of between 9.0% and 5.0%).

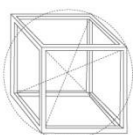


Table 9 – Piteco, equity value sensitivity to changes in terminal growth rate

€ m	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%
Present value of CF	68.4	68.4	68.4	68.4	68.4	68.4	68.4	68.4	68.4
PV of terminal value	184.1	192.9	202.4	213.0	224.6	237.5	251.9	268.1	286.4
Total value	252.5	261.3	270.8	281.4	293.0	305.9	320.3	336.5	354.8
NFP last reported	(57.9)	(57.9)	(57.9)	(57.9)	(57.9)	(57.9)	(57.9)	(57.9)	(57.9)
Pension last reported	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)
Equity value	192.1	200.8	210.4	220.9	232.6	245.5	259.9	276.1	294.4
Equity value €/s	9.88	10.33	10.82	11.36	12.00	12.63	13.37	14.20	15.14

Source: CFO Sim

Table 10 – Piteco, equity value sensitivity to changes in free risk rate

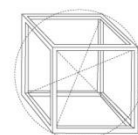
€ m	0.00%	0.45%	0.65%	0.85%	1.05%	1.25%	1.45%	1.65%	1.85%
Present value of CF	69.7	69.1	68.9	68.6	68.4	68.2	67.9	67.7	67.5
PV of terminal value	273.9	250.8	241.5	232.8	224.6	216.9	209.6	202.7	196.2
Total value	343.5	319.9	310.4	301.4	293.0	285.1	277.5	270.4	263.7
NFP last reported	(57.9)	(57.9)	(57.9)	(57.9)	(57.9)	(57.9)	(57.9)	(57.9)	(57.9)
Pension last reported	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)
Equity value	283.1	259.5	250.0	241.0	232.6	224.6	217.1	210.0	203.2
Equity value €/s	14.56	13.35	12.86	12.40	12.00	11.55	11.17	10.80	10.45

Source: CFO Sim

Table 11– Piteco, equity value sensitivity to changes in risk premium

€ m	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	8.50%	9.00%
Present value of CF	70.8	70.2	69.6	69.0	68.4	67.8	67.2	66.7	66.1
PV of terminal value	337.5	301.3	271.3	246.1	224.6	206.1	190.0	175.9	163.5
Total value	408.3	371.5	340.9	315.1	293.0	273.9	257.3	242.6	229.6
NFP last reported	(57.9)	(57.9)	(57.9)	(57.9)	(57.9)	(57.9)	(57.9)	(57.9)	(57.9)
Pension last reported	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)
Equity value	347.9	311.0	280.4	254.6	232.6	213.5	196.8	182.2	169.1
Equity value €/s	17.89	16.00	14.42	13.10	12.00	10.98	10.12	9.37	8.70

Source: CFO Sim



Market multiples

In the sample we have included 11 peer groups, operating in the global software and digital technology arena. Our sample comprises larger global players and smaller local actors. Sizes differ significantly amongst the panel, in particular between smaller and global companies, and so does profitability. Piteco offers one of the highest **EBITDA margins**, lower only than those of Oracle and Microsoft, which however provide a different service. In addition, Piteco offers **higher earnings growth** compared to the peer group. On the other hand, Piteco is amongst the **smallest** companies in terms of market value and **liquidity** (free float 25.9%, i.e. € 46m).

Table 12 - Piteco, peers group summary table

€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	EBITDA margin	Sales CAGR ₂₀₋₂₃	EBITDA CAGR ₂₀₋₂₃	EBIT CAGR ₂₀₋₂₃	EPS CAGR ₂₁₋₂₃	NFP /EBITDA
Intuit Inc	USA	123,785	10,925	4,215	38.6%	22.6%	35.4%	36.5%	18.8%	0.6
Microsoft Corp	USA	2,121,761	181,035	89,026	49.2%	18.6%	20.1%	20.7%	15.2%	(0.9)
Oracle Corp	USA	203,186	38,245	19,675	51.4%	9.5%	12.1%	15.5%	8.2%	2.3
Salesforce.Com Inc	USA	194,140	29,101	8,742	30.0%	19.8%	42.0%	166.4%	26.8%	(0.5)
SAP SE	Germany	124,088	29,540	8,581	29.1%	6.9%	16.5%	21.5%	11.1%	0.4
Median large player		194,140	29,540	8,742	38.6%	18.6%	20.1%	21.5%	15.2%	0.4
Datalogic SpA	Italy	578	650	67	10.4%	6.1%	21.1%	10.3%	46.6%	0.1
Digital Bros SpA	Italy	360	145	46	31.7%	5.7%	5.0%	6.8%	19.4%	(0.6)
ExpertAi SpA	Italy	81	32	(6)	-19.3%	30.6%	-280.4%	-24.4%	-43.1%	0.7
Exprivia SpA	Italy	101	185	28	15.1%	n.a.	n.a.	n.a.	n.a.	1.2
Reply SpA	Italy	5,602	1,727	290	16.8%	12.9%	10.2%	10.6%	10.8%	(1.1)
TXT e solutions SpA	Italy	133	115	17	14.8%	11.3%	11.3%	9.3%	11.8%	0.2
Median small player		247	165	37	15.0%	11.3%	10.2%	9.3%	11.8%	0.2
Piteco SpA	Italy	178	41	19	46.2%	6.5%	9.7%	8.8%	12.3%	2.3

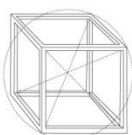
Sources: Thomson Reuters Eikon, CFO Sim

Table 13 - Piteco, peers group multiples table

EV & Price multiples x	PER FY1	PER FY2	PCF FY1	PCF FY2	Sales FY1	Sales FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2
Intuit Inc	41.6	35.4	39.1	31.2	11.6	9.8	30.0	24.1	31.4	26.5
Microsoft Corp	32.9	29.0	27.6	24.2	11.3	9.8	22.9	19.7	26.6	22.9
Oracle Corp	17.0	15.8	14.4	13.3	6.5	6.1	12.6	12.0	14.2	13.5
Salesforce.Com Inc	44.6	35.0	26.8	23.2	6.5	5.3	21.7	18.0	32.4	25.1
SAP SE	20.8	18.8	18.4	16.1	4.3	4.0	14.8	13.1	16.3	14.8
Median large player	32.9	29.0	26.8	23.2	6.5	6.1	21.7	18.0	26.6	22.9
Datalogic SpA	23.4	13.2	10.2	7.5	0.9	0.8	8.7	6.2	16.6	9.8
Digital Bros SpA	16.2	15.0	9.0	7.8	2.3	2.1	7.3	6.3	12.0	10.7
ExpertAi SpA	(6.3)	(8.0)	(24.0)	(697.7)	2.4	2.0	(12.3)	(41.1)	(4.9)	(7.3)
Exprivia SpA	7.7	6.3	5.0	4.6	0.7	0.7	4.8	4.1	6.4	5.0
Reply SpA	33.1	29.6	25.2	22.8	3.1	2.7	18.2	16.2	22.3	19.6
TXT e solutions SpA	16.7	14.8	9.5	8.9	1.2	1.2	8.0	8.1	12.4	12.1
Median small player	16.4	14.0	9.2	7.7	1.7	1.6	7.7	6.2	12.2	10.2
Piteco SpA	16.9	15.0	10.5	9.2	5.4	4.7	11.7	9.6	17.7	14.8
(Disc.)/prem. to large players	-48.8%	-48.2%	-60.7%	-60.3%	-17.0%	-23.6%	-46.0%	-46.7%	-33.5%	-35.2%
(Disc.)/prem. to small players	2.5%	6.9%	14.1%	19.8%	209.5%	195.8%	53.1%	54.5%	44.9%	44.9%

Source: Thomson Reuters Eikon, CFO Sim

Piteco **trades at a discount** compared to the median of larger players considering all metrics in 2022, 2023 and 2024.



Stock performance

Piteco was listed on Euronext Growth Milan on 31-Jul-15 at € 3.30/share, corresponding to a post-money market capitalisation of € 58.9m. Since Sep-18, shares and convertible bonds have been traded on the main market of Borsa Italiana. Piteco now trades **well above the IPO price**, after reaching a 1Y maximum price of € 12.20/s on 30-Aug-21 and a minimum price of € 7.42 on 16-Mar-22.

Table 14 - Piteco, peers group absolute performance

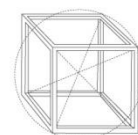
	1D	1W	1M	3M	6M	YTD	1Y
	4.6	3.0	1.3	(26.4)	(15.3)	(25.3)	27.6
Intuit Inc	2.3	3.9	4.0	(9.3)	5.6	(7.6)	31.4
Microsoft Corp	2.3	3.3	10.0	(6.6)	(8.2)	(4.1)	19.0
Oracle Corp	2.0	0.7	2.3	(16.7)	(23.0)	(15.3)	3.0
Salesforce.Com Inc	0.1	(0.9)	(0.3)	(18.7)	(16.8)	(19.2)	(1.8)
SAP SE	2.3	3.0	2.3	(16.7)	(15.3)	(15.3)	19.0
Median large players							
	(1.5)	(1.9)	(21.2)	(35.2)	(46.9)	(35.4)	(44.1)
Datalogic SpA	0.2	(0.6)	1.7	(14.7)	(12.6)	(15.6)	8.9
Digital Bros SpA	(0.6)	2.0	(7.2)	(31.7)	(44.1)	(31.4)	(48.3)
ExpertAi SpA	1.0	(2.0)	7.5	(11.4)	1.0	(12.6)	133.7
Exprivia SpA	(0.8)	(3.9)	2.7	(14.6)	(14.3)	(16.2)	39.1
Reply SpA	0.6	1.8	13.5	4.3	16.7	1.2	33.2
Median small players	(0.2)	(1.2)	2.2	(14.6)	(13.4)	(15.9)	21.1
PITECO SpA	0.9	2.8	(2.2)	(20.4)	(23.1)	(20.0)	(14.6)
Piteco relative to							
large players	(1.4)	(0.2)	(4.5)	(3.7)	(7.9)	(4.7)	(33.6)
small players	1.1	4.0	(4.4)	(5.8)	(9.7)	(4.1)	(35.6)
FTSE Italia All Shares	0.8	2.8	(2.0)	(6.9)	(5.0)	(20.0)	(1.6)
EU sector	0.3	1.3	0.5	(10.9)	(17.2)	(10.1)	(16.1)

Source: Thomson Reuters Eikon

Risks

The principal investment **risks** associated with Piteco include:

- Impact on P&L account and balance sheet profiles triggered by a sharp decline in local and global economic growth,
- Profit margin dilution stemming from the acquisition campaign, in particular penetrating the large US market,
- Potential competition from smaller local players,
- Departure of one, or a few, of the key people,
- Impact of EUR/USD exchange rate fluctuations.



ANALYST CERTIFICATION

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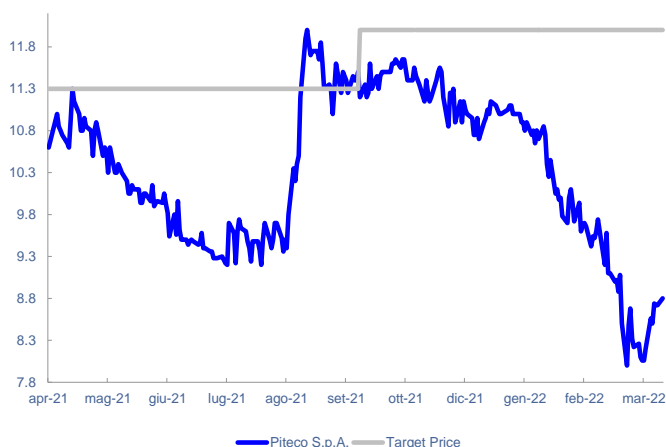
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DATE	TARGET PRICE	RATING
29/03/2022	€12.00	BUY
01/10/2021	€12.00	NEUTRAL
21/05/2021	€11.30	NEUTRAL
29/03/2021	€11.30	NEUTRAL
04/11/2020	€11.30	BUY

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- a **BUY** rating is assigned if the target price is at least 15% higher than the market price;
- a **SELL** rating is assigned if the target price is at least 15% lower than the market price;
- a **NEUTRAL** rating is assigned if the difference between the current price and target price lies within the +/-15% bands identified using the preceding criteria.

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