

Italy - Software

US exit to focus on becoming a hub for financial software

31st May 2022

DISPOSAL OF JUNIPER PAYMENT

RIC: PITE.MI
BBG: PITE IM

With the sale of its entire participation in the US Juniper Payment, Piteco can now direct all its operative and financial energies towards the creation of a domestic hub for financial software. Generous cash flow, further leverage opportunities and the option to ask the market for fresh resources, put Piteco in a position to seize additional M&A targets.

Rating:

Buy

Price Target:

€ 11.50 (12.00)

Upside/(Downside): 25.5%

Last Price: € 9.16

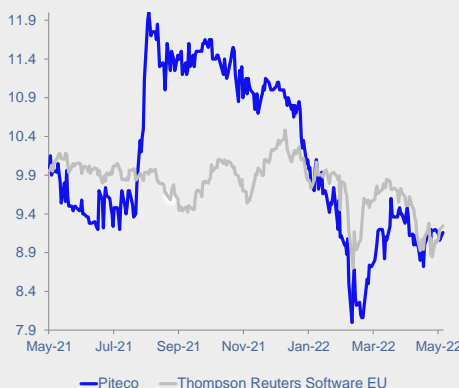
Market Cap.: € 184.0m

1Y High/Low: € 12.20/€ 7.42

Free Float: 25.9%

Major shareholders:

Podini Family 63.8%
Management 6.6%



Stock price performance

	1M	3M	12M
Absolute	0.2%	1.8%	-8.9%
Rel.to FTSE Italia	4.9%	8.1%	13.6%
Rel.to EU Sector	3.8%	-2.3%	-1.8%

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A new round of M&A to create a leading financial software hub

Following the disposal of Juniper Payment, we have updated our model, factoring in the deconsolidation of the US subsidiary as from June and the net cash in of € 11.4m. The result is a fine-tuning of estimates. The group's operating cash flow is massive, 84% of EBITDA in 2021. This, coupled with further leverage opportunities and the possibility to ask the market for fresh resources, will put Piteco in a position to seize additional M&A targets. The possible subjects are located in Italy, Germany and Switzerland. The goal is to create a hub for financial software. The updated estimates and DCF valuation criteria (free risk), have prompted a new DCF PT of € 11.50 (12.00), 25.5% upside: Buy.

Juniper Payment sold for \$ 20m EV, i.e. 6x Sales_{22e}

Bought in 2017 for some \$ 13m, in 2021 the USA subsidiary Juniper Payments recorded a sharp decline in top line and consequently in margins because of a slowdown in orders in the Banking sector. It represented 10% and 5% of group turnover and EBITDA, respectively. We believe that this weakness, in addition to the lack of concrete selling synergies generation with the Piteco software platform, led management to sell the US subsidiary to the not-for-profit corporation PSCU Incorporated. The price agreed for the 60% controlling interest corresponds to a total EV of some \$ 20m, in addition to a few minor WC adjustments.

Juniper was the US division developing software for inter-bank transaction...

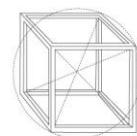
Headquartered in Wichita, Kansas, the company is the largest non-bank third-party provider of inter-bank transaction and reporting systems in the US. The company has developed a proprietary software as a service platform that has connections with thousands of banks and credit unions across the US. The system is utilised as a primary payments and reporting mechanism for the financial institutions that utilise the service. In a rather fragmented oligopoly, characterised by the lack of a unique standard for banks' interconnection payment platforms, LendingTools is the 4th player.

...but lacked real tangible selling synergies with Piteco

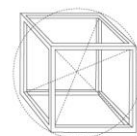
Since its acquisition in Apr-17, Juniper had not brought noticeable synergies with Piteco's system in Italy. Piteco addresses companies' financial teams with treasury management, risk management, and NPL software solutions. Juniper sells its products to banks. Ideally, banks' customers could have been addressed in order to generate additional turnover for the group in the US. Practically, banks are 'protective' of their customers and therefore quite reluctant to share their database.

Piteco, key financials and ratios

€ m	2020	2021	2022e	2023e	2024e
Sales	24.7	39.0	38.6	40.2	43.6
EBITDA	9.9	17.6	18.3	20.2	22.0
EBITDA adjusted	9.9	17.6	18.3	20.2	22.0
EBIT	6.3	11.9	12.5	13.2	14.5
Net profit	7.1	11.9	10.6	11.3	12.5
Net profit adjusted	6.1	11.5	10.6	11.3	12.5
EPS adjusted	0.34	0.63	0.58	0.62	0.69
EPS adj. growth	8.0%	86.6%	-8.0%	7.0%	11.0%
DPS ord. €/s	0.15	0.00	0.20	0.20	0.20
Dividend yield	1.6%	0.0%	2.2%	2.2%	2.2%
NFP (cash)/debt	65.0	57.9	31.5	18.2	2.7
Free Cash Flow Yield	-19.8%	5.5%	8.0%	9.4%	10.6%
PER x	21.3	18.7	17.4	16.3	14.7
PCF x	12.3	15.2	11.5	9.9	8.8
EV/Sales x	7.9	7.0	5.6	5.0	4.3
EV/EBITDA x	19.7	15.4	11.8	10.0	8.5
EV/EBIT x	31.0	22.9	17.3	15.3	12.9



Income statement (€ m)	2020	2021	2022e	2023e	2024e
Turnover	24.7	39.0	38.6	40.2	43.6
Raw Material	(0.4)	(0.8)	(0.8)	(0.3)	(0.3)
Services	(3.9)	(6.4)	(5.5)	(13.7)	(14.7)
Personnel expenses	(10.3)	(13.7)	(13.5)	(5.3)	(5.7)
Other Costs	(0.2)	(0.5)	(0.5)	(0.8)	(0.8)
EBITDA	9.9	17.6	18.3	20.2	22.0
EBITDA adj.	9.9	17.6	18.3	20.2	22.0
D&A	(3.6)	(5.7)	(5.9)	(7.0)	(7.5)
EBIT	6.3	11.9	12.5	13.2	14.5
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	12.5	13.9
Income taxes	(0.2)	(0.5)	(1.2)	(1.3)	(1.4)
Net Profit	7.1	11.9	10.6	11.3	12.5
Net Profit Adjusted	6.1	11.5	10.6	11.3	12.5
Balance sheet (€ m)	2020	2021	2022e	2023e	2024e
Net Working Capital	4.6	8.7	8.9	9.2	10.0
Net Fixed Assets	124.4	119.8	103.6	98.0	91.8
Equity Investments	0.0	0.0	0.0	0.0	0.0
Other M/L Term A/L	(20.1)	(19.7)	(19.5)	(20.4)	(22.0)
Net Invested Capital	109.0	108.8	92.9	86.8	79.8
Net Financial Debt	65.0	57.9	31.5	18.2	2.7
Minorities	0.0	0.0	0.0	0.0	0.0
Group's Shareholders Equity	44.0	50.9	61.4	68.7	77.2
Financial Liabilities & Equity	109.0	108.8	92.9	86.8	79.8
Cash Flow statement (€ m)	2020	2021	2022e	2023e	2024e
Total net income	7.1	11.9	10.6	11.3	12.5
Depreciation	3.6	5.7	5.9	7.0	7.5
Other non-cash charges	(1.0)	0.7	(0.2)	0.8	1.6
Cash Flow from Oper. (CFO)	9.7	18.2	16.2	19.1	21.7
Change in NWC	0.9	(4.1)	(0.1)	(0.4)	(0.8)
FCF from Operations (FCFO)	10.7	14.2	16.1	18.7	20.9
Net Investments (CFI)	(36.5)	(2.4)	10.3	(1.4)	(1.4)
Free CF to the Firm (FCFF)	(25.9)	11.7	26.4	17.4	19.5
CF from financials (CFF)	33.9	(14.9)	(6.6)	(10.0)	(9.4)
Free Cash Flow to Equity (FCFE)	8.0	(3.2)	19.8	7.3	10.1
Financial ratios	2020	2021	2022e	2023e	2024e
EBITDA margin	40.2%	45.2%	47.5%	50.3%	50.6%
EBIT margin	25.5%	30.5%	32.3%	32.8%	33.4%
Net profit margin	28.7%	30.4%	27.3%	28.1%	28.8%
Tax rate	3.7%	4.5%	10.0%	10.0%	10.0%
Interest coverage x	0.2	0.0	0.1	0.1	0.0
Net Debt/Ebitda x	6.5	3.3	1.7	0.9	0.1
Debt-to-Equity x	1.5	1.1	0.5	0.3	0.0
ROIC	8.5%	10.9%	10.5%	12.6%	15.0%
ROCE	4.7%	9.0%	9.2%	9.6%	10.2%
ROACE	6.2%	8.9%	9.3%	9.7%	10.4%
ROE	18.8%	25.0%	18.8%	17.4%	17.2%
Payout ratio	42.7%	0.0%	38.3%	35.8%	32.2%
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	0.56	0.62
EPS adjusted €	0.36	0.59	0.52	0.56	0.62
EBITDA €	0.50	0.87	0.91	1.00	1.09
EBIT €	0.32	0.59	0.62	0.65	0.72
FCFO €	0.54	0.70	0.80	0.93	1.04
FCFF €	(1.31)	0.58	1.31	0.86	0.97
FCFE €	0.41	(0.16)	0.98	0.36	0.50
Dividend €	0.15	0.00	0.20	0.20	0.20

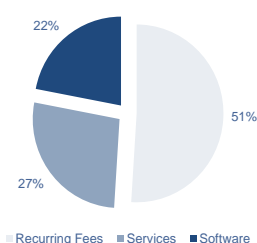


The company at a glance

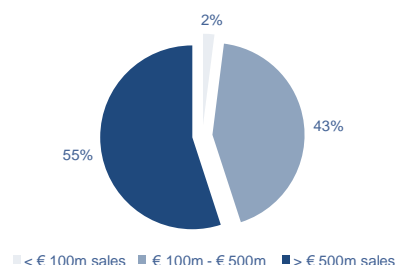
Piteco, at more than 4x the size of its closest competitors, is the undisputed domestic leader in corporate treasury management and financial planning software. The company designs, develops and implements proprietary software and solutions for corporate cash and risk management. It focuses on large/mid enterprises operating in all industries except the public administration. The Piteco software is 100% proprietary as well as modular (19 different modules), embeddable (it is compatible with 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 has been boosted by the recent acquisitions: 1) 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 2) 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 Guilleramaz	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

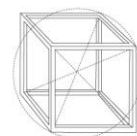
	1D	1W	1M	3M	6M	YTD
Intuit Inc	4.0	14.9	0.9	(13.3)	(36.7)	(34.3)
Microsoft Corp	2.8	8.2	(1.5)	(8.1)	(17.1)	(18.8)
Oracle Corp	1.6	6.0	(0.8)	(4.7)	(21.2)	(16.5)
Salesforce.Com Inc	1.6	3.4	(6.2)	(20.7)	(41.9)	(35.0)
SAP SE	1.2	2.3	(0.9)	(5.6)	(18.1)	(23.4)
Median large player	1.6	6.0	(0.9)	(8.1)	(21.2)	(23.4)
Datalogic SpA	3.5	4.8	0.5	(27.1)	(38.7)	(40.3)
Digital Bros SpA	3.6	3.6	4.8	1.7	(19.7)	(15.6)
ExpertAi SpA	(1.0)	(3.8)	(16.8)	(38.4)	(54.9)	(54.5)
Exprivia SpA	5.1	5.7	8.9	8.9	(6.4)	(11.4)
Reply SpA	3.5	7.2	(9.5)	(12.1)	(24.0)	(28.4)
TXT e solutions SpA	(0.6)	(0.8)	7.3	13.7	12.3	1.4
Median small players	3.5	4.2	2.7	(5.2)	(21.8)	(22.0)
Piteco SpA	1.1	(0.4)	0.2	1.8	(17.8)	(16.7)

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	37.2	30.7	34.2	27.9	9.6	8.2	26.3	21.2	28.0	22.8
Microsoft Corp	28.5	25.1	23.5	20.5	9.8	8.4	19.6	16.7	23.1	19.8
Oracle Corp	15.2	13.5	13.2	12.5	5.8	5.3	11.7	11.1	12.8	11.7
Salesforce.Com Inc	34.4	27.0	19.5	16.9	5.0	4.0	15.9	13.1	25.0	19.1
SAP SE	20.4	18.3	16.2	15.0	4.1	3.7	12.9	12.1	15.3	14.1
Median large player	28.5	25.1	19.5	16.9	5.8	5.3	15.9	13.1	23.1	19.1
Datalogic SpA	26.4	13.9	10.8	7.9	0.9	0.8	10.0	6.4	20.4	10.0
Digital Bros SpA	16.1	14.9	8.9	7.8	2.3	2.1	7.2	6.2	11.9	10.7
ExpertAi SpA	Neg.	Neg.	Neg.	13.6	1.7	1.4	Neg.	17.7	Neg.	Neg.
Exprivia SpA	7.3	6.0	5.1	4.6	0.7	0.6	4.6	3.9	5.8	4.7
Reply SpA	27.5	24.9	21.0	19.2	2.5	2.2	15.1	13.4	18.4	16.2
TXT e solutions SpA	16.6	13.3	9.5	8.3	1.1	1.1	7.6	7.7	11.3	11.2
Median small player	16.4	13.6	9.2	8.1	1.4	1.3	7.4	7.0	11.6	10.3
Piteco SpA	17.4	16.3	11.2	10.1	5.6	5.0	11.8	10.0	17.3	15.3

Source: CFO Sim, Thomson Reuters Eikon



Piteco sells Juniper Payment for \$ 20m EV

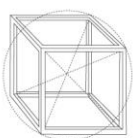
Bought in 2017 for some \$ 13m, in 2021 the US subsidiary Juniper Payments recorded a sharp decline in top line and consequently in margins because of a slowdown in orders in the Banking sector. It represented 10% and 5% of group turnover and EBITDA, respectively. We believe that this weakness, in addition to the lack of concrete selling synergies generation with the Piteco software platform, led management to sell the US subsidiary to the not-for-profit corporation PSCU Incorporated. The price agreed for the 60% controlling interest corresponds to a total EV of some \$ 20m, in addition to a few minor WC adjustments. Compared to the 2017 purchase price, Juniper's current absolute valuation is significantly higher. The disposal of the US subsidiary translates into a net cash in of some € 11.4m for Piteco.

Juniper was the US inter-bank transaction software arm...

Headquartered in Wichita, Kansas, the company is the largest non-bank third-party provider of inter-bank transaction and reporting systems in the US. The company has developed a 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 payments and reporting mechanism for the financial institutions that utilise the service. In a rather fragmented oligopoly characterised by the lack of a unique standard for banks' interconnection payment platforms, Juniper is the 4th player.

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Since its acquisition in Apr-17, Juniper had not brought noticeable synergies with Piteco's software system in Italy. Piteco addresses companies' financial team with treasury management, risk management, NPL software solutions. Juniper sells its products to banks. Ideally, banks' customers could have been addressed in order to generate additional turnover for the group in the US. Practically, banks are 'protective' of their clients and therefore quite reluctant to share their database. Consequently, revenues stemming from the treasury management, NPL and risk management software solutions in the US market were not significant.



Estimates, valuation and risks

With the sale of its entire participation in the US Juniper Payment, Piteco can now direct all its operative and financial energies towards the creation of a domestic hub for financial software. Generous cash flow, further leverage opportunities and the option to ask the market for fresh resources, put Piteco in a position to seize additional M&A targets.

Following the disposal of Juniper Payment we have updated our model, factoring in the deconsolidation of the US subsidiary as from June and the net cash in of € 11.4m. The result is a fine-tuning of estimates.

Table 1 – Piteco, 2022e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Net Sales	38.6	40.6	(5.0)	(2.0)
EBITDA	18.3	18.8	(2.3)	(0.4)
% margin	47.5	46.2		
EBIT	12.5	12.5	0.1	0.0
% margin	32.3	30.6		
Net Profit	10.6	10.5	0.1	0.0
% margin	27.3	25.9		
Y/E net debt (net cash)	31.5	42.2	(25.4)	(10.7)

Source: CFO Sim

Table 2 – Piteco, 2023e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Net Sales	40.2	43.8	(8.1)	(3.5)
EBITDA	20.2	21.3	(5.1)	(1.1)
% margin	50.3	48.7		
EBIT	13.2	13.8	(4.4)	(0.6)
% margin	32.8	31.6		
Net Profit	11.3	11.8	(4.7)	(0.6)
% margin	28.1	27.0		
Y/E net debt (net cash)	18.2	27.5	(33.8)	(9.3)

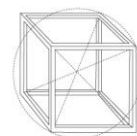
Source: CFO Sim

Table 3 – Piteco, 2024e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Net Sales	43.6	47.2	(7.7)	(3.6)
EBITDA	22.0	23.3	(5.5)	(1.3)
% margin	50.6	49.4		
EBIT	14.5	15.4	(5.5)	(0.8)
% margin	33.4	32.6		
Net Profit	12.5	13.3	(5.7)	(0.8)
% margin	28.8	28.2		
Y/E net debt (net cash)	2.7	10.7	(75.3)	(8.1)

Source: CFO Sim

We have updated our DCF valuation criteria and brought the Free Risk Rate up to date. As a combined result, **our DCF delivers a PT broadly unchanged at € 11.50/s (€ 12.00)**, mainly as a result of the rise in the Free Risk Rate. We confirm our **BUY recommendation**.



DCF

In the valuation via the DCF 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 in accordance with the following parameters:

Table 4 – WACC derived from:

Interest costs, pre-tax	2.5%
Tax rate	10.0%
Int. costs, after taxes	2.3%
Risk premium, incl. small size premium	7.0%
Risk-free (10Y Gov. Bond 200 simple moving average)	1.35%
Beta levered (x)	1.00
Required ROE	8.3%

Source: CFO Sim

Table 5 – Piteco, DCF model

€ m	2022e	2023e	2024e	2025e	2026e	Term. Val.
EBIT	11.9	12.5	13.2	14.1	15.1	
Tax rate	10.0%	10.0%	10.0%	10.0%	10.0%	
Operating profit (NOPAT)	10.7	11.2	11.9	12.7	13.6	
Change working capital	(0.1)	(0.4)	(0.8)	(0.1)	(0.0)	
Depreciation	5.9	7.0	7.5	4.4	1.4	
Investments	(1.4)	(1.4)	(1.4)	(1.4)	(1.4)	
Free Cash Flows	15.1	16.5	17.2	15.7	13.6	275.1
Present value	14.5	14.9	14.7	12.5	10.2	206.0
WACC	6.5%	6.5%	6.5%	6.5%	6.5%	
Long-term growth rate	1.5%					

Source: CFO Sim

Table 6 – Piteco, DCF per share derived from:

Total EV present value € m	272.7
thereof terminal value	75.5%
NFP last reported adj.	(46.2)
Pension provision last reported	(2.5)
Equity value € m	224.0
Shares # m (ex. Treasury shares)	19.44
Discounted CF €/s	11.50
<i>Upside/(downside)</i>	25.5%

Source: CFO Sim

The application of the model produces an equity value of € 224.0m, which corresponds to **€ 11.50/s** (€ 12.00), **with a potential upside of 25.35%**.

The following tables illustrate that sensitivity 1) compared to changes in the terminal growth rate produces an equity value per share of between € 9.67 and € 14.29 (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 € 10.19 – 14.59 (free-risk range of between 2.15% and 0.00%) and 3) if compared to changes in the risk premium, including small size premium, it results in an equity value/s of € 8.62 – 16.65 (risk premium range of between 9.0% and 5.0%).

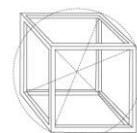


Table 7 – Piteco, equity value sensitivity to changes in terminal growth rate

€ m	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%
Present value of CF	66.8	66.8	66.8	66.8	66.8	66.8	66.8	66.8	66.8
PV of terminal value	170.0	177.9	186.4	195.7	206.0	217.3	229.9	243.9	259.8
Total value	236.8	244.6	253.2	262.5	272.7	284.1	296.7	310.7	326.5
NFP last reported	(46.2)	(46.2)	(46.2)	(46.2)	(46.2)	(46.2)	(46.2)	(46.2)	(46.2)
Pension last reported	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)
Equity value	188.1	195.9	204.4	213.8	224.0	235.4	247.9	262.0	277.8
Equity value €/s	9.67	10.08	10.51	10.99	11.50	12.10	12.75	13.48	14.29

Source: CFO Sim

Table 8 – Piteco, equity value sensitivity to changes in free risk rate

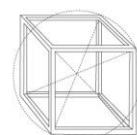
€ m	0.00%	0.75%	0.95%	1.15%	1.35%	1.55%	1.75%	1.95%	2.15%
Present value of CF	68.2	67.4	67.2	67.0	66.8	66.6	66.4	66.2	66.0
PV of terminal value	264.2	228.9	220.8	213.1	206.0	199.2	192.7	186.7	180.9
Total value	332.4	296.3	288.0	280.2	272.7	265.7	259.1	252.8	246.8
NFP last reported	(46.2)	(46.2)	(46.2)	(46.2)	(46.2)	(46.2)	(46.2)	(46.2)	(46.2)
Pension last reported	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)
Equity value	283.7	247.6	239.3	231.4	224.0	217.0	210.4	204.1	198.1
Equity value €/s	14.59	12.73	12.31	11.90	11.50	11.16	10.82	10.50	10.19

Source: CFO Sim

Table 9 – 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	69.0	68.4	67.9	67.3	66.8	66.3	65.7	65.2	64.7
PV of terminal value	303.5	272.6	246.7	224.8	206.0	189.7	175.4	162.8	151.7
Total value	372.5	341.0	314.6	292.1	272.7	255.9	241.1	228.1	216.4
NFP last reported	(46.2)	(46.2)	(46.2)	(46.2)	(46.2)	(46.2)	(46.2)	(46.2)	(46.2)
Pension last reported	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)
Equity value	323.8	292.2	265.8	243.4	224.0	207.2	192.4	179.3	167.7
Equity value €/s	16.65	15.03	13.67	12.52	11.50	10.66	9.90	9.22	8.62

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 Microsoft and Oracle, which however provide a different service. On the other hand, Piteco is one of the **smallest** companies in terms of market value and **liquidity** (free float 25.9%, i.e. € 47.6m).

Table 10 – Piteco, peer group summary table

€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	EBITDA margin	Sales CAGR ₂₁₋₂₄	EBITDA CAGR ₂₁₋₂₄	EBIT CAGR ₂₁₋₂₄	EPS CAGR ₂₂₋₂₄	NFP /EBITDA
Intuit Inc	USA	111,096	11,785	4,327	36.7%	24.6%	37.0%	38.1%	18.8%	0.6
Microsoft Corp	USA	1,905,078	188,209	93,807	49.8%	19.9%	22.4%	21.7%	14.7%	(0.7)
Oracle Corp	USA	181,028	39,050	19,256	49.3%	9.9%	11.4%	14.7%	7.5%	2.3
Salesforce.Com Inc	USA	152,915	29,893	9,324	31.2%	21.3%	54.1%	161.8%	28.6%	(0.5)
SAP SE	Germany	116,313	29,916	9,384	31.4%	7.5%	16.1%	20.5%	12.1%	0.6
Median large player		152,915	29,916	9,384	36.7%	19.9%	22.4%	21.7%	14.7%	0.6
Datalogic SpA	Italy	532	640	57	8.9%	5.2%	-0.6%	-2.3%	52.0%	0.7
Digital Bros SpA	Italy	359	145	46	31.7%	5.7%	5.0%	6.8%	19.4%	(0.6)
Expert System SpA	Italy	53	40	(4)	-8.9%	36.6%	-216.7%	-162.3%	n.a.	(4.2)
Exprivia SpA	Italy	102	193	28	14.5%	n.a.	n.a.	n.a.	n.a.	1.0
Reply SpA	Italy	4,766	1,753	295	16.8%	13.0%	10.4%	11.3%	9.6%	(1.1)
TXT e solutions SpA	Italy	133	120	18	15.0%	12.7%	14.5%	16.0%	17.3%	0.2
Median small player		246	169	37	14.8%	12.7%	5.0%	6.8%	18.3%	(0.2)
Piteco SpA	Italy	184	39	18	47.5%	3.7%	7.7%	6.8%	9.0%	1.7

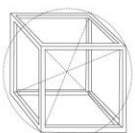
Source: Thomson Reuters Eikon, CFO Sim

Table 11 – Piteco, peer 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	37.2	30.7	34.2	27.9	9.6	8.2	26.3	21.2	28.0	22.8
Microsoft Corp	28.5	25.1	23.5	20.5	9.8	8.4	19.6	16.7	23.1	19.8
Oracle Corp	15.2	13.5	13.2	12.5	5.8	5.3	11.7	11.1	12.8	11.7
Salesforce.Com Inc	34.4	27.0	19.5	16.9	5.0	4.0	15.9	13.1	25.0	19.1
SAP SE	20.4	18.3	16.2	15.0	4.1	3.7	12.9	12.1	15.3	14.1
Median large player	28.5	25.1	19.5	16.9	5.8	5.3	15.9	13.1	23.1	19.1
Datalogic SpA	26.4	13.9	10.8	7.9	0.9	0.8	10.0	6.4	20.4	10.0
Digital Bros SpA	16.1	14.9	8.9	7.8	2.3	2.1	7.2	6.2	11.9	10.7
Expert System SpA	(4.8)	(9.5)	(82.8)	13.6	1.7	1.4	(19.4)	17.7	(4.9)	(13.4)
Exprivia SpA	7.3	6.0	5.1	4.6	0.7	0.6	4.6	3.9	5.8	4.7
Reply SpA	27.5	24.9	21.0	19.2	2.5	2.2	15.1	13.4	18.4	16.2
TXT e solutions SpA	16.6	13.3	9.5	8.3	1.1	1.1	7.6	7.7	11.3	11.2
Median small player	16.4	13.6	9.2	8.1	1.4	1.3	7.4	7.0	11.6	10.3
Piteco SpA	17.4	16.3	11.2	10.1	5.6	5.0	11.8	10.0	17.3	15.3
(Disc.)/prem. to large players	-38.7%	-35.0%	-42.6%	-40.5%	-3.0%	-5.1%	-26.2%	-23.6%	-25.1%	-19.9%
(Disc.)/prem. to small players	6.5%	19.6%	21.7%	24.2%	291.5%	300.8%	58.8%	42.2%	48.8%	48.1%

Source: Thomson Reuters Eikon, CFO Sim

Piteco **trades at a discount** vs. larger players' median considering every metric in 2022, 2023 and 2024.



Stock performance

Piteco was listed on the Milan AIM (Alternative Investment Market) 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**, and reached a 1Y maximum price of € 12.20/s on 30-Aug-21 and a minimum price of € 7.42 on 16-Mar-22. The stock comes from a remarkably positive performance relative to indexes.

Table 12 – Piteco, peer group absolute performance

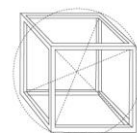
	1D	1W	1M	3M	6M	YTD	1Y
Intuit Inc.	4.0	14.9	0.9	(13.3)	(36.7)	(34.3)	(2.2)
Microsoft Corporation	2.8	8.2	(1.5)	(8.1)	(17.1)	(18.8)	9.6
Oracle Corporation	1.6	6.0	(0.8)	(4.7)	(21.2)	(16.5)	(7.9)
salesforce.com, inc.	1.6	3.4	(6.2)	(20.7)	(41.9)	(35.0)	(26.9)
SAP SE	1.2	2.3	(0.9)	(5.6)	(18.1)	(23.4)	(16.9)
Median large players	1.6	6.0	(0.9)	(8.1)	(21.2)	(23.4)	(7.9)
Datalogic S.p.A.	3.5	4.8	0.5	(27.1)	(38.7)	(40.3)	(57.3)
Digital Bros S.p.A.	3.6	3.6	4.8	1.7	(19.7)	(15.6)	0.1
Expert System SpA	(1.0)	(3.8)	(16.8)	(38.4)	(54.9)	(54.5)	(64.5)
Exprivia S.p.A.	5.1	5.7	8.9	8.9	(6.4)	(11.4)	71.0
Reply S.p.A.	3.5	7.2	(9.5)	(12.1)	(24.0)	(28.4)	(3.7)
TXT e-solutions S.p.A.	(0.6)	(0.8)	7.3	13.7	12.3	1.4	29.8
Median small players	3.5	4.2	2.7	(5.2)	(21.8)	(22.0)	(1.8)
PITECO SpA	1.1	(0.4)	0.2	1.8	(17.8)	(16.7)	(8.9)
Piteco relative to large players	(0.5)	(6.5)	1.1	9.9	3.3	6.7	(1.0)
small players	(2.4)	(4.6)	(2.4)	7.0	4.0	5.2	(7.1)
FTSE Italia All Shares	0.5	(1.5)	4.9	8.1	0.3	(16.7)	13.6
EU sector	0.3	(3.3)	(3.6)	4.1	(12.8)	(7.2)	(7.1)

Source: Thomson Reuters Eikon

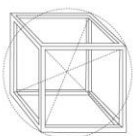
Risks

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

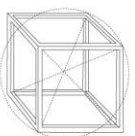
- impact on P&L account and balance sheet profiles triggered by a sharp decline in local and global economic growth,
- Dilution of profitability stemming from the acquisition campaign, in particular penetrating the large US market,
- Potential competition arising from smaller local players,
- Departure of one or a few key people,
- Impact of the \$/€ currency fluctuation.



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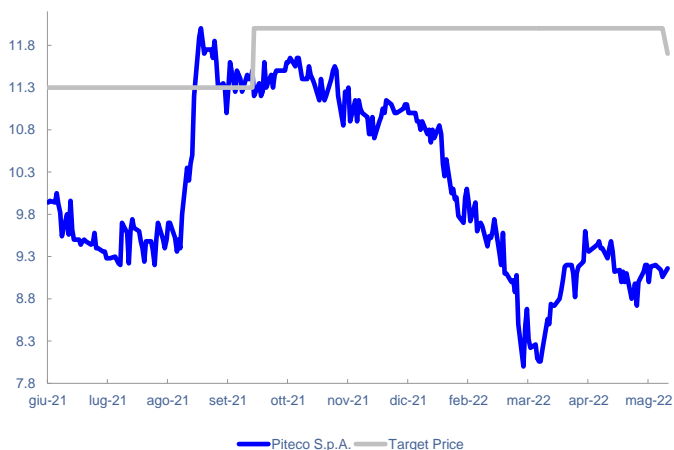
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DATE	TARGET PRICE	RATING
31/05/2022	€11.50	BUY
29/03/2022	€12.00	BUY
01/10/2021	€12.00	NEUTRAL
21/05/2021	€11.30	NEUTRAL

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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.

The rating is determined on the basis of the **expected absolute return 12 months forward** and not on the basis of the estimated out/underperformance relative to a market index. Thus, the rating can be directly linked with the estimated percentage difference between current price and target price. The prices of the financial securities mentioned in the report (also used for the calculation of market capitalisation and market multiples) are the reference prices of the stock market trading day preceding the publication date of the report, otherwise stated.

