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Societa' : IT WAY

Identificativo : 182341

Informazione
Regolamentata

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Diffusione : 17 Ottobre 2023 14:30:05

Oggetto : Itway S.p.A.: KT & Partners aggiorna la
ricerca sul titolo.

Testo del comunicato

Vedi allegato.



ITWAY SPA:

KT&PARTNERS AGGIORNA LA RICERCA SUL TITOLO

Ravenna 17 ottobre 2023 – Itway S.p.A., capogruppo operativa attiva nel settore dell'IT, Cyber Security, AI e Big Data, quotata sul mercato Euronext: ITW.MI, comunica che KT&Partners ha aggiornato la Ricerca sul titolo della Società.

La Ricerca - prodotta in modo indipendente dall'ufficio studi di KT&Partners - rivolta a investitori istituzionali sia domestici che internazionali, fissa il *fair value* a Euro 2,33 per azione (in crescita rispetto al precedente target price di Euro 2,01 in giugno 2023), con un potenziale rialzo del +16,5% rispetto agli attuali prezzi di mercato.

Si allega la ricerca in oggetto in lingua inglese.

CONTATTI:

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New Strategic Partnerships to Accelerate the Growth

ADD | Fair Value: €2.33 (€2.01) | Current Price: €2.01 | Upside: +16.5%

€ Million	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Total Revenues	38.8	43.7	46.7	49.1	51.7	54.6	57.7
EBITDA	2.0	2.6	2.2	2.1	3.5	5.0	6.6
margin	5.2%	6.0%	4.7%	4.3%	6.7%	9.1%	11.5%
Net Profit	1.2	1.3	(0.4)	0.9	1.6	2.4	3.4
margin	3.2%	3.0%	-0.9%	1.8%	3.1%	4.4%	5.9%
NFP	1.4	(0.3)	(1.3)	(1.5)	(2.7)	(5.1)	(8.7)

Source: Company Data (2020-2022), KT&Partners' Elaboration (2023-2026)

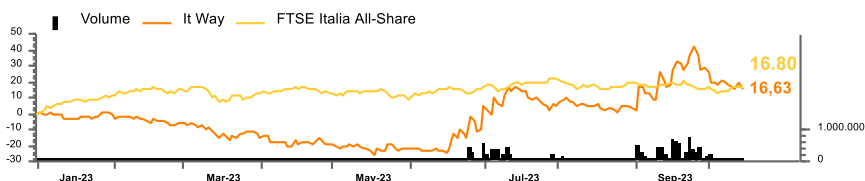
1H23 Financial Results. On September 29th, Itway SpA released its 1H23 sales revenues. The Company reported a positive performance highlighting a double-digit growth equal to 17.1% YoY reaching €21.5mn of sales revenues, slightly our estimates of €20.1mn. This growth was mainly attributable to the ongoing acceleration of the Cybersecurity products VAD+PS business unit, reaching €18.5mn in 1H23 (vs €16.4mn in 1H22), which represents Itway's mature business unit and by far the largest share of the business, accounting for 88.8% of sales revenue in 1H23. Alongside the sales growth registered in 1H23, Itway achieved a gross profit increase from €3.6mn in 1H22 to €4.5mn in 1H23 (+25.4% YoY), and above our estimate of €4mn, even despite the rise in raw materials costs following the several increases in prices worldwide. 1H23 EBITDA stood at €0.7mn, recording a decrease of -10.3% YoY and slightly below our forecasts of €0.8mn. Likewise, the EBITDA margin decreased from 4.5% in 1H22 to 3.5% in 1H23 (vs. 4.2% of our estimates) mainly due to a higher incidence of: i) personnel expenses; ii) cost of services, amounting to €1.4mn from €1.0mn in 1H22 due to higher marketing costs. However, the VAD BU with a margin of 6.6% in 1H23 mitigates the impact of the negative profitability of business units in start-up and scale-up (Cybersecurity, Cybersafety and DataScience BU). Net income came to €0.5mn (compared to -€0.8mn of our estimates), achieving a positive result after a loss of -€0.3mn recorded in 1H22, mainly benefitting from €0.4mn of financial income related to exchange rate differences realized during the period. Finally, the net cash position improved from -€1.3mn in FY22 to -€2.7mn in 1H23.

New Partnerships. During the 2H23, Itway enter into three new strategic partnerships with: i) Mastercard that sees Itway as partner enabled to provide its services in Italy with the extension of the reselling of RiskRecon, a Mastercard company, services in Greece and Turkey; ii) Quest Software aimed at reinforces Itway presence in the cyberresiliency segment; iii) Clouidian Inc aimed at widening Itway cybersecurity and cyberresiliency offer.

Estimates Confirmed. Given Itway results in line with our estimate, we confirmed our prior projection. Therefore, we anticipate total revenues growing at a CAGR22A-26E of 5.5%, reaching €57.5mn in FY26E from €49.1mn in FY23E, mainly driven by i) the development of new solutions offered and ii) the consolidation of its already-strong international presence. Focusing on profitability, we foresee FY23E EBITDA at €2.1mn (€2.2mn in FY22A), with a marginality at 4.3% (vs 4.7% in FY22) mainly impacted by an increase in personnel expenses (€3.9mn in FY23 vs €3.4mn in FY22) to strengthen the management structure. Starting from FY24E, we expect an improving marginality, primarily driven by an ongoing transition in the Company's revenue mix, reducing the share of the VAD & PS business unit's revenues to higher-profit segments (e.g. DataScience). Thus, we foresee EBITDA 2026E at €6.6mn with a margin of 11.5%. Looking at Itway's financial soundness, we expect NFP to enhance from -€1.3mn in FY22A to -€1.5mn in FY23E, progressively improving in the following years to a cash position of -€8.7mn in FY26E, confirming Itway cash-flow generation ability.

Valuation. Our valuation – based on both market multiples method (EV/EBITDA and P/E) and DCF – returns an average equity value of €24.8mn or a fair value of €2.33ps, showing a potential upside of +16.5% on current market price.

Performance Chart – YTD



Research Update

October 17th, 2023 – 7.00h

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Market Data

Main Shareholders	
Giovanni Andrea Farina & Co. S.r.l.	30.0%
Cesare Valenti	9.54%
Sky - Netics SA	6.23%
Mkt Cap (€ mn)	21.3
EV (€ mn)	21.0
Shares out.	10.6
Free Float	54.2%

Market multiples	2023	2024	2025
EV/EBITDA			
It Way	10.0x	6.1x	4.3x
Comps Median	8.8x	7.9x	6.7x
It Way vs Median	14%	-23%	-37%
P/E			
It Way	24.5x	13.4x	8.8x
Comps Median	19.1x	14.9x	12.2x
It Way vs Median	28%	-11%	-28%

Stock Data

52 Wk High (€)	2.37
52 Wk Low (€)	1.18
Avg. Daily Trading 90d	140,820
Price Change 1w (%)	1.88
Price Change 1m (%)	5.42
Price Change YTD (%)	23.46

ITWAY SPA

Price: €2.01 | Fair Value: €2.33

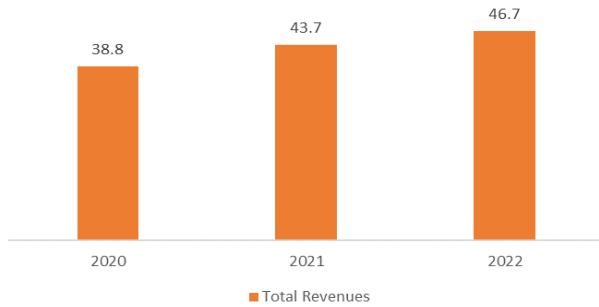
Key Figures - ITWAY S.p.A.

Current price (€)	Fair Value (€)		Sector				Free Float (%)
2.01	2.33		Information Technology				54.23%
Per Share Data	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Total shares outstanding (mn)	10.61	10.61	10.61	10.61	10.61	10.61	10.61
EPS	0.12	0.12	-0.03	0.08	0.15	0.23	0.32
Dividend per share (ord)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend pay out ratio (%)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Profit and Loss (EUR million)	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Total Revenues	38.8	43.7	46.7	49.1	51.7	54.6	57.7
EBITDA	2.0	2.6	2.2	2.1	3.5	5.0	6.6
EBIT	1.4	2.0	1.5	1.3	2.2	3.3	4.6
EBT	1.3	2.0	0.4	1.2	2.1	3.2	4.5
Taxes	(0.0)	(0.7)	0.0	(0.3)	(0.5)	(0.8)	(1.1)
Tax rate	3%	35%	4%	25%	25%	25%	25%
Net Income	1.2	1.3	0.3	0.9	1.6	2.4	3.4
Net Income attributable to the Group	1.2	1.3	0.4	0.9	1.6	2.4	3.4
Balance Sheet (EUR million)	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Total fixed assets	8.3	8.6	9.6	9.8	9.6	9.0	8.0
Net Working Capital (NWC)	2.4	2.0	3.3	4.2	5.1	6.0	7.0
Provisions	(0.5)	(0.9)	(0.8)	(1.1)	(1.4)	(1.7)	(2.0)
Total Net capital employed	10.2	9.8	12.1	12.9	13.3	13.3	13.1
Net financial position/(Cash)	1.4	(0.3)	(1.3)	(1.5)	(2.7)	(5.1)	(8.7)
Total Shareholder's Equity	8.9	10.1	13.4	14.4	16.0	18.4	21.8
Cash Flow (EUR million)	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Net operating cash flow	2.0	1.9	2.2	1.8	2.9	4.1	5.5
Change in NWC	(0.4)	0.4	(1.3)	(0.9)	(0.9)	(0.9)	(1.0)
Capital expenditure	0.9	(1.0)	(1.6)	(1.1)	(1.1)	(1.1)	(1.1)
Other cash items/Uses of funds	0.1	0.4	(0.1)	0.3	0.3	0.3	0.3
Free cash flow	2.5	1.7	(0.8)	0.1	1.3	2.5	3.7
Enterprise Value (EUR million)	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Market Cap	9.2	20.1	17.2	21.3	21.3	21.3	21.3
Minorities	(0.4)	(0.4)	1.1	1.1	1.1	1.1	1.1
Net financial position/(Cash)	1.4	(0.3)	(1.3)	(1.5)	(2.7)	(5.1)	(8.7)
Enterprise value	10.3	19.4	17.0	21.0	19.7	17.3	13.7
Ratios (%)	2020A	2021A	2022A	2023E	2024E	2025E	2026E
EBITDA margin	5.2%	6.0%	4.7%	4.3%	6.7%	9.1%	11.5%
EBIT margin	3.7%	4.5%	3.3%	2.6%	4.3%	6.1%	8.0%
Gearing - Debt/equity	14.9%	-3.0%	-10.7%	-11.0%	-18.1%	-29.4%	-42.2%
Interest cover on EBIT	13.1%	-2.3%	123.4%	7.9%	4.5%	3.0%	2.1%
NFP/EBITDA	0.68x	-0.12x	-0.60x	-0.69x	-0.78x	-1.02x	-1.31x
ROCE	14.1%	20.1%	12.8%	9.7%	16.7%	25.1%	35.4%
ROE	13.3%	12.5%	-3.3%	6.5%	10.7%	14.1%	16.4%
EV/Sales	0.55x	0.49x	0.45x	0.43x	0.41x	0.39x	0.37x
EV/EBITDA	10.48x	8.13x	9.66x	10.04x	6.12x	4.27x	3.19x
P/E	17.41x	16.33x	-52.82x	24.54x	13.36x	8.76x	6.27x
Free cash flow yield	12.0%	8.2%	-3.6%	0.5%	6.2%	11.6%	17.5%
Growth Rates (%)	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Sales	9.6%	12.6%	7.0%	5.2%	5.4%	5.5%	5.7%
EBITDA	-39.8%	28.9%	-15.8%	-3.8%	64.2%	43.3%	33.6%
EBIT	-46.8%	35.8%	-21.3%	-18.8%	77.1%	50.2%	38.4%
Net Income	-40.0%	6.6%	n.m.	n.m.	83.7%	52.5%	39.6%

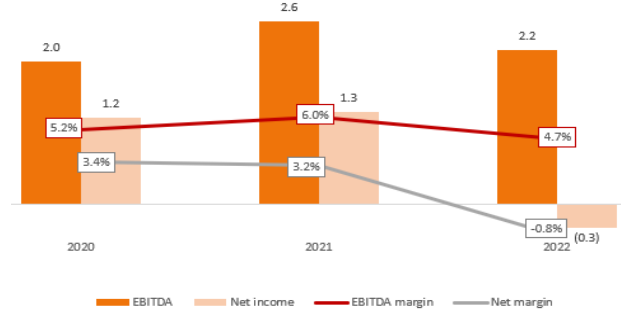
Source: Company Data (2020-2022), KT&Partners' Forecasts (2023-2026)

Key Charts

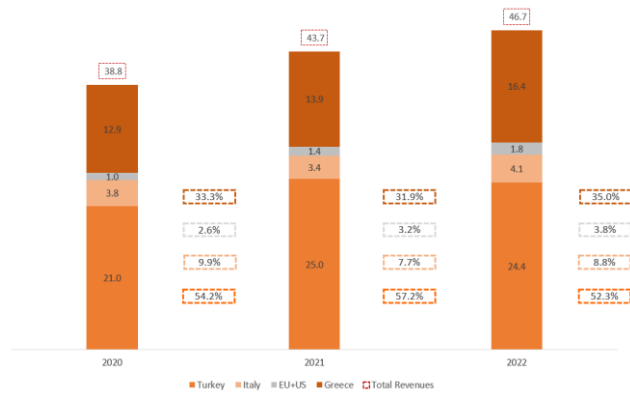
Total Revenues (€mn)



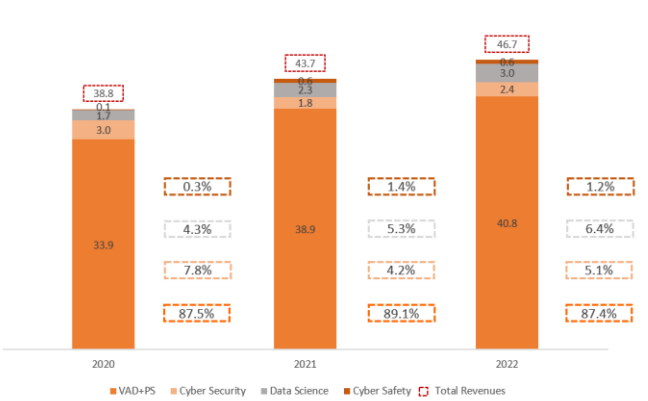
EBITDA and Net Income (€mn, %)



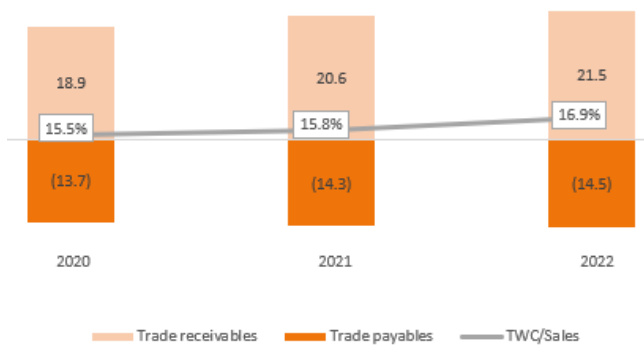
Sales Revenues Breakdown by Geographical Area (€mn)



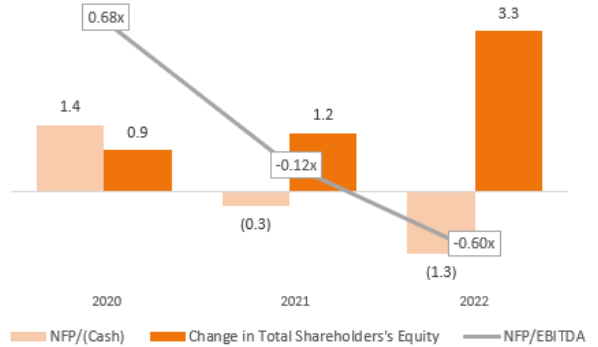
Sales Revenues Breakdown by BU (€mn)



Trade Working Capital (€mn, %)



NFP, Change in Shareholders' Equity and NFP/EBITDA (€mn)



Overview

Company Description

Itway SpA is an Information and Communication Technologies company active in the design, production, and distribution of solutions focused on Cybersecurity, Artificial Intelligence, and Big Data. The Company, headquartered in Milan (Italy), was founded in 1996 by Mr. Andrea G. Farina, who is the current Chairman and CEO. Since its foundation, Itway preserved its long-standing competitive advantage given its constantly in-house development of revolutionary technologies with no similarities.

Itway operates through 4 Business Units: i) Cybersecurity solutions for the privacy, IT infrastructures, and integration systems via a N-SOC in Trento managed by Be Innova Srl; ii) Data Science solutions for digital libraries managed through 4Science SpA (listed on Vienna Stock Exchange); iii) Cybersafety solutions for material handling vehicles; iv) Value Added Distribution (VAD) & Design Support (DS) through the subsidiaries Itway VAD Greece and Itway VAD Turkey. Given the holding company's key role to coordinate the different business units, the Group boasts a well-organized structure with a fast-decision-making business model.

Investment Case

A long-established company that keeps up with the times.... Itway SpA was founded more than 25 years ago with a focus on Value-Added Distribution of technology and e-business solutions. However, the Group, thanks to its disruptive business model, has always demonstrated its capacity to adapt to the constant changes of the technology market, seizing new opportunities, penetrating new markets both geographically and industrially.

...with a strong international presence... Itway boasts a consolidated presence in foreign market, especially in Turkey and Greece, where it is present with its subsidiaries Itway Hellas SA and Itway Turkie ltd. These two markets together counted for the 87% of Group revenues as Itway is leader in high-quality security services in Greece and Turkey. Moreover, the Group is also present in USA with 4Science USA Corp and in France with the subsidiary Itway France.

...in an innovative and fast-growing market... According to Statista, the global cybersecurity industry was worth \$148bn in 2022, with the security services segment accounting for the largest revenue share. The cybersecurity industry is expected to report a CAGR21-28E of +9.3%, reaching \$257bn by 2028, mainly driven by the increasing number of cyberattacks. Whereas in Italy, according to Anitec-Assinform (Confindustria), the cybersecurity industry is expected to reach €2.5bn in 2025, driven also by the NRRP's funds pledged for the country's digitalization, with an expected CAGR21-25E of 13.9%. The big data Italian market in 2022 showed a growth of +20% YoY, reaching a value of over €2.4bn, marking a clear recovery after the slowdown due to the pandemic, with a CAGR 2020-2022 of 15.5%. Finally, the Cyber Safety Market is expected to be characterized by an increasing demand in the coming years, given the preventive measures adopted to avoid the rising number of incidents in the workplace.

...keeping strengthening its high skilled management structure... Itway can rely on a top management with proven experiences in the ICT sector. Over the years, the Company has pursued a strategy aiming to strengthen the management structure with high technical skills resources. Indeed, two strategic executives joined the group in December 2022: Mr. Massimo Fanelli, as Itway Deputy General Manager, well known in the Italian ICT market and with deep knowledge of the Cyber segment, and Mr. Angelo Salice, an expert in the Cyber Security market who joined to lead, as Director, the Cyber Security & Infrastructure Business Unit.

...to preserve its growth path. Over the last 5 years, Itway has been characterized by constant and uninterrupted sales growth. During the following the COVID-19 outbreak in 2020, the Group the group showed its strong resilience, reporting a CAGR18-22 of +9%, reaching its

total revenues record at €46.7mn (+7% YoY) in 2022, mainly thanks to ITWAY's business expansion and constant development investments. For the following years, Itway's goal is to keep expanding and consolidating its business, strongly focusing on i) widening its service offer, ii) consolidating its already-strong international presence; iii) developing new technologies; and iv) strengthening its management structure.

Recent developments

- **Strategic partnership with ONE IDENTITY.** In October 2023, Itway SpA has entered into a strategic partnership with the company ONE IDENTITY, a solution that allows to increase visibility, segregation of duties, role management, attestation, analysis and reporting by enabling account administration, credential administration, user provisioning and devices and rights management. Thanks to the partnership with ONE IDENTITY, Itway helps companies to adopt best protection practices, to choose centralized security solutions and to protect themselves also in compliance with the Sarbanes-Oxley Act (SOX), which first introduced the requirements necessary to govern the access to information through identity profiling. Itway expects revenues of approximately €4mn in the next two years operating in the Banking and Insurance, Healthcare, Energy, Education and Public Administration sectors.
- **Strategic partnership with Cloudian Inc.** In September 2023, Itway SpA established a partnership with Cloudian Inc., a Silicon Valley company leader in enterprise-class object storage software. Through this partnership, It Way is pursuing its expansion strategy through a further high-level technology collaboration aimed at widening its cybersecurity and cyberresiliency offerings through a partner with an agile, scalable, and highly innovative business model. Thereby, Itway will contribute to object storage solutions growth in Italy, realizing significant installations in a market that globally reached €35.3bn in 2022, and is expected to hit €43.1bn in 2023, showing a CAGR of 22.0%. Itway expects revenues of €5mn in the next two years operating in the Service Provider, Public Administration, Healthcare, Energy, Education, Banking, and Insurance sectors.
- **Strategic partnership with Quest Software.** In August 2023, Itway SpA reinforces its presence in the cyberresiliency segment through a partnership with Quest Software, a leading software company founded in 1987 in California that offers cloud management, software as-a-service, security, mobility, and backup services to more than 100k clients worldwide. The agreement represents an important step in Itway's strategic development plan that will enhance its offerings with exclusive services and unique high value-added expertise. Itway S.p.A. forecasts revenues of €6mn over the next three years operating in the Banking and Insurance, Healthcare, Energy, Education and Public Administration sectors.
- **Strategic partnership with Riskrecon.** In June 2023, Itway SpA signed a strategic agreement with RiskRecon, a Mastercard® company active in the Cybersecurity Rating & Assessment. The partnership aims to enhance the Itway's presence in the Cyber Risk Management segment for the provision of managed services in Cyber Risk Exposure, a basic Cyber Risk Assessment activity, and involves Itway as a partner enabled to provide these services in Italy with the extension of the resale of RiskRecon's services in Greece and Turkey. The service offered by Itway with RiskRecon, provides a quantitative and objective assessment of one's level of security with summary views - including an overall rating on a scale of A to F - and detail views, which indicate specific highlighted criticalities. The agreement with RiskRecon, a Mastercard company, is expected to generate for Itway additional revenues of €6mn in 3 years.
- **Top management strengthening.** Aiming to strengthen the management structure, Itway SpA announced the entry of three professional figures with more than 20 years' experience in the information technology and cybersecurity sectors. In February 2023, Roberto Castelli joined Itway as a strategic business development consultant for the Cybersecurity & Infrastructure Business Unit, datacenter, storage, and cloud. In January

2023, Angelo Salice joined as director of the cybersecurity business unit and, in November 2022, Massimo Fanelli entered as Itway deputy general manager.

1H23 Financial Results

On September 29th, Itway SpA released its 1H23 sales revenues. The Company reported a positive performance highlighting a double-digit growth equal to 17.1% YoY reaching €21.5mn of sales revenues, slightly our estimates of €20.1mn.

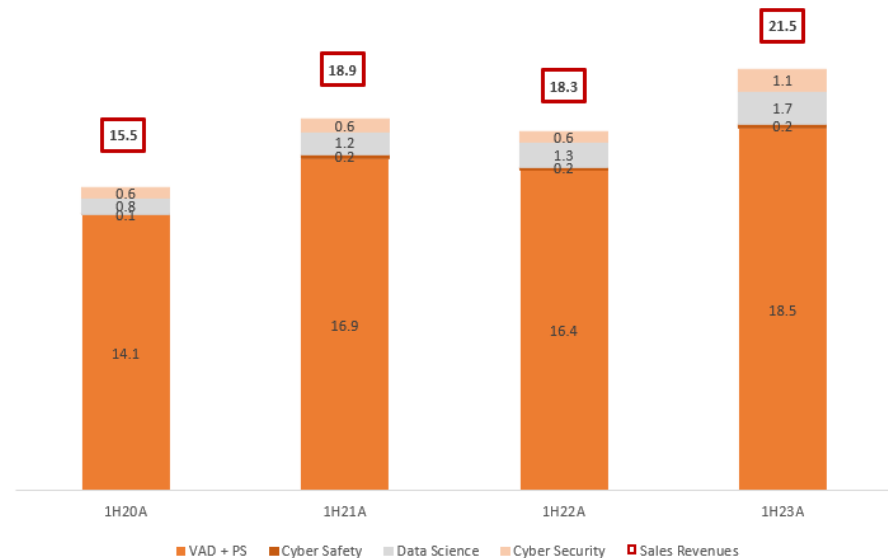
This growth was mainly attributable to the ongoing acceleration of the Cybersecurity products VAD+PS business unit, reaching €18.5mn in 1H23 (vs €16.4mn in 1H22), which represents Itway's mature business unit and by far the largest share of the business, accounting for 88.8% of sales revenue in 1H23.

The remaining 11.2% share is constituted by scale up and start up business units (Data Science, Cybersafety, Cybersecurity). In detail, the Data Science BU, managed by 4Science SpA, achieved €1.7mn (vs €1.3mn in 1H22) backed by i) a substantial increase in revenues from products and services (+34% YoY), ii) growth in orders received significantly above 1H22, iii) a boost from direct presence in the US market.

The Cybersecurity & Infrastructure BU experienced a rising in sales from €0.6mn in 1H22 to €1.1mn in 1H23, registering an increase of 100% YoY, also thanks to its new product line *Itway Cybersecurity & Resiliency 360*, whereby the company offers advanced NOC/SOC and managed security services (MPS) to the market. In this segment, Itway also finalized key international partnerships for the resale of advanced products and services. Notable ones include the exclusive agreement with MasterCard, which has developed innovative Cyber Risk Assessment services, and the strategic partnership with Claudian, a Silicon Valley company specializing in enterprise-class object storage software.

The Cybersafety BU reported revenues in line with 1H22 amounting to €0.2mn. Based on the ICOY product, the BU materialized its first orders in 1H23 and envisions significant growth in future years based on an important pipeline of offerings and opportunities also thanks to a direct marketing action campaign conducted by the Company.

Total Revenues Breakdown by BU 1H20-1H23 (€mn)



Source: Company Data, KT&Partners elaboration

In terms of BU subsidiaries, Itway Turkey recorded an increase in revenues (+18.8 % YoY), despite the challenging geopolitical context given the i) catastrophic effects of the earthquake at the beginning of the year, and ii) initial uncertainty related to the political elections. Likewise, Itway Hellas gradually emerged from an unsettled economic situation by achieving

good results especially in the PA, banking, and large infrastructure sectors, registering an increase in revenues (+5.9% YoY).

Alongside the sales growth registered in 1H23, Itway achieved a gross profit increase from €3.6mn in 1H22 to €4.5mn in 1H23 (+25.4% YoY), and above our estimate of €4mn, even despite the rise in raw materials costs following the several increases in prices worldwide.

1H23 EBITDA stood at €0.7mn, recording a decrease of -10.3% YoY and slightly below our forecasts of €0.8mn. Likewise, the EBITDA margin decreased from 4.5% in 1H22 to 3.5% in 1H23 (vs. 4.2% of our estimates), mainly due to a higher incidence of: i) personnel expenses, which increased their incidence of total revenues from 8.7% to 9.8%, following the induction of qualified employees with an increase from 67 to 80 units in 1H23; ii) cost of services, amounting to €1.4mn from €1.0mn in 1H22 due to higher marketing costs for mainly related to ICOY product sponsorship in the cybersecurity BU.

However, the VAD BU with a margin of 6.6% in 1H23 mitigates the impact of the negative profitability of business units in start-up and scale-up (Cybersecurity, Cybersafety and Datascience BU).

1H23 EBIT reached €0.4mn (vs our expectations of €0.5mn), showing an EBIT margin equal to 1.9% (-1pp compared to 1H22) and D&A almost unchanged at €0.3mn.

Finally, net income came to €0.5mn (compared to -€0.8mn of our estimates), achieving a positive result after a loss of -€0.3mn recorded in 1H22, mainly benefitting from €0.4mn of financial income related to exchange rate differences realized during the period.

As for the balance sheet, net cash position improved from -€1.3mn in FY22 to -€2.7mn in 1H23, on the back of: i) the capital increase transactions carried out in 2H22 of the subsidiary 4Science; ii) revenue from the issuance of a convertible bond loan; iii) improvement in cash due to the proceeds from the sale of the subsidiary Be Innova Srl to SEAC SpA.

1H23 Income Statement

€ Millions	1H20A	1H21A	1H22A	1H23A	YoY %	1H23E	A vs E %
Total Revenues	15.5	18.9	18.3	21.5	17.3%	20.1	6.9%
Products and Raw materials	(12.7)	(15.3)	(14.8)	(17.0)	15.3%	(16.1)	5.8%
Gross Profit	2.8	3.6	3.6	4.5	25.4%	4.0	11.2%
<i>Gross Margin</i>	<i>18.1%</i>	<i>19.0%</i>	<i>19.5%</i>	<i>20.8%</i>	<i>6.9%</i>	<i>20.0%</i>	<i>0.8%</i>
Cost of Services	(1.1)	(0.9)	(1.0)	(1.4)	44.1%	(1.1)	36.0%
Personnel Expenses	(1.2)	(1.3)	(1.6)	(2.1)	32.9%	(1.8)	15.5%
Other Operating Expenses	(0.1)	(0.1)	(0.2)	(0.2)	19.2%	(0.3)	-36.7%
EBITDA	0.4	1.2	0.8	0.7	-10.3%	0.8	-12.5%
<i>EBITDA margin</i>	<i>2.3%</i>	<i>6.5%</i>	<i>4.5%</i>	<i>3.5%</i>	<i>-23.5%</i>	<i>4.2%</i>	<i>-18.1%</i>
D&A and Provisions	(0.3)	(0.3)	(0.3)	(0.3)	8.6%	(0.4)	-17.4%
EBIT	0.1	0.9	0.5	0.4	-21.1%	0.5	-8.2%
<i>EBIT margin</i>	<i>0.5%</i>	<i>5.0%</i>	<i>2.9%</i>	<i>1.9%</i>	<i>-32.7%</i>	<i>2.2%</i>	<i>-14.2%</i>
Financial Income and Expenses	0.2	(0.2)	(0.6)	0.4	n.a.	(0.0)	n.a.
EBT	0.3	0.7	(0.1)	0.8	n.a.	0.4	82.9%
Taxes	(0.1)	(0.2)	(0.2)	(0.3)	33.3%	(1.2)	-76.0%
<i>Tax Rate</i>	<i>27.9%</i>	<i>32.2%</i>	<i>-242.0%</i>	<i>36.9%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
Net Income	0.2	0.5	(0.3)	0.5	n.a.	(0.8)	n.a.
<i>Net margin</i>	<i>1.4%</i>	<i>2.6%</i>	<i>-1.6%</i>	<i>2.3%</i>	<i>n.a.</i>	<i>-3.8%</i>	

Source: Company Data, KT&P's Estimates

1H23 Balance Sheet

€ Millions	1H20A	1H21A	1H22A	1H23A
Fixed Assets	8.8	8.4	8.9	9.8
Trade receivables	13.9	13.4	14.2	13.1
Inventory	0.3	0.4	0.3	0.8
Trade Payables	(10.0)	(9.2)	(9.1)	(9.1)
Trade Working Capital	4.2	4.6	5.4	4.9
Other assets and liabilities	(1.9)	(2.3)	(3.8)	(3.2)
Net Working Capital	2.3	2.3	1.6	1.7
Other Provisions	(0.4)	(0.6)	(1.2)	(0.9)
Net Capital Employed	10.6	10.1	9.2	10.7
Total shareholders' equity	7.8	10.0	10.8	13.4
Short-term debt / Cash (-)	1.0	(3.6)	(5.0)	(6.2)
Long-term liabilities	1.8	3.7	3.4	3.5
Net Financial Position	2.8	0.1	(1.6)	(2.7)
Sources	10.6	10.1	9.2	10.7

Source: Company Data, KT&P's Estimates

Estimates confirmed

In light of 1H23 financial results, we confirmed our latest estimates of June 2023.

Starting from the top line, we anticipate total revenues growing at a CAGR22A-26E of 5.5%, reaching €57.5mn in FY26E. We projected sales considering a growth of the VAS & PS and the Data Science business units at a CAGR2022A-26E of approximately 5%, considering respectively the Big Data global market forecasts. Therefore, the VAS&PS is expected to reach €49.9mn in FY26E from €42.8mn in FY23E, still representing the majority of sales, whereas revenues from Data Science are projected to increase from €3.1mn in FY23E to €3.6mn in FY26E. The cybersecurity segment is expected to grow at a CAGR2022-26E of 9.3%, in line with the global cybersecurity market, boosted by the increasing number of cyberattacks. Finally, the Cyber Safety is anticipated to be the business unit with the fastest growth (CAGR2022A-2026E of +10%), driven by the new ICOY product and the several opportunities in this industry characterized by high demand given by the raising incidents in the workplace and the important measures that central governments are taking to try to reverse this trend (e.g. Law 81/08).

Focusing on profitability, we foresee a slight contraction in FY23E EBITDA forecasted at €2.1mn vs €2.2mn in FY22A, with a marginality at 4.3% (vs 4.7% in FY22) mainly impacted by an increase in personnel expenses (€3.9mn in FY23 vs €3.4mn in FY22) to strengthen the management structure with the aim to boost Itway growth path. Starting from FY24E, we expect an improving marginality primarily driven by an ongoing transition in the Company's revenue mix, reducing the share of the VAD & PS business unit's revenues to higher-profit segments (e.g., DataScience). Thus, we foresee the EBITDA growing at a CAGR2022A-2026E of 31.9% reaching €6.6mn in FY26E from €2.1mn expected in FY23E. For the same reason we expect an increase in terms of margins with the EBITDA margins seen at 11.5% in FY26E from the 4.3% estimated in FY23E.

Looking at the bottom line, we estimate net income at €3.4mn in FY26E (from €0.9mn in FY23E), with a FY26E net margin of 5.9%. We note that in our projections we assume a tax rate as an average of the last two years at 25%.

As for Itway's balance sheet, we forecast Net Working Capital (NWC) to grow from €3.3mn in FY22A to €4.2mn in FY23E, to reach €7mn in FY26E mainly following Itway's business growth.

Moreover, we considered around €1mn of investment in intangible assets per year in the period FY23E-FY26E for the launch of new technologies to boost the Company's growth and to preserve its international competitive advantage.

Looking at Itway's financial soundness, we expect NFP to enhance from -€1.3mn in FY22A to -€1.5mn in FY23E, progressively improving in the following years up to a cash position of -€8.7mn in FY26E, confirming Itway cash-flow generation ability.

Change in Estimates

€ Millions	2022A	Change	2023E	2023E	Change	2024E	2024E	Change	2025E	2025E	Change	2026E	2026E	Change	CAGR
	Actual		Old	New		Old	New		Old	New		Old	New		
Revenues	46.7	9.6%	49.1	49.1	0.0%	51.7	51.7	0.0%	54.6	54.6	0.0%	57.7	57.7	0.0%	5.5%
YoY Change (%)	7.0%		26.7%	26.7%		5.4%	5.4%		5.5%	5.5%		5.7%	5.7%		
EBITDA	2.2	-39.8%	2.1	2.1	0.0%	3.5	3.5	0.0%	5.0	5.0	0.0%	6.6	6.6	0.0%	31.9%
YoY Change (%)	-15.8%		4.4%	4.4%		64.2%	64.2%		43.3%	43.3%		33.6%	33.6%		
EBITDA Margin	4.7%		4.3%	4.3%		6.7%	6.7%		9.1%	9.1%		11.5%	11.5%		
EBIT	1.5	-46.8%	1.3	1.3	0.0%	2.2	2.2	0.0%	3.3	3.3	0.0%	4.6	4.6	0.0%	31.5%
YoY Change (%)	-21.3%		-13.2%	-13.2%		77.1%	77.1%		50.2%	50.2%		38.4%	38.4%		
EBIT Margin	3.3%		2.6%	2.6%		4.3%	4.3%		6.1%	6.1%		8.0%	8.0%		
Net Income	(0.3)	-40.0%	0.9	0.9	0.0%	1.6	1.6	0.0%	2.4	2.4	0.0%	3.4	3.4	0.0%	n.a.
YoY Change (%)	-126.7%		-29.0%	-29.0%		83.7%	83.7%		52.5%	52.5%		39.6%	39.6%		
Net Margin	-0.7%		1.8%	1.8%		3.1%	3.1%		4.4%	4.4%		5.9%	5.9%		
NFP	(1.3)		(1.5)	(1.5)	-	(2.7)	(2.7)	-	(5.1)	(5.1)	-	(8.7)	(8.7)	-	
YoY Change (%)	319.4%		-206.0%	-206.0%		84.7%	84.7%		88.5%	88.5%		71.9%	71.9%		

Source: Company Data (2022), KT&P's Estimates (2023-2026)

Valuation

Following Itway's future financials projections, we have carried out our valuation using the multiples and DCF methods. Our fair value is the result of:

1. EV/EBITDA and P/E multiples which returns a value of €1.88ps;
2. DCF analysis based on WACC of 13.2% and 2% perpetual growth, returns a value of €2.79ps.

The average of the two methods yields a fair value of €2.33ps or an equity value of €24.8mn.

Valuation Recap

	Equity Value €mn	Value per share €
EV/EBITDA	21.3	2.00
P/E	18.7	1.76
Average - multiples	20.0	1.88
DCF	29.6	2.79
Average	24.8	2.33

Source: FactSet, KT&Partners' Elaboration

Peer Comparison

In order to define Itway's peer sample, we carried out an in-depth analysis of both international and domestically listed companies active in the cybersecurity marketing industry. In selecting potential peers, we considered Itway's offering and revenue mix, business model, growth, and profitability profile.

For peer analysis, we built a sample of ten companies, which includes:

- **CY4Gate**: listed on Borsa Italiana Stock Exchange with a market capitalization of €176.1mn, CY4Gate SpA engages in the design, development, and production of technologies, products, systems, and services to provide solutions for cyber intelligence, cyber security, and cyber electronic warfare. It operates through the Cyber Intelligence and Cyber Security business divisions. The Cyber Intelligence division creates and licenses programs which collect and analyze information from open sources on the Internet or social media through the use of electronic and digital devices. The Cyber Security division specializes in products and services that protect information technology systems as well as analyze, catalogue, and counteract threats. In FY22A, the Company achieved €56.6mn of sales revenues.
- **Cyberoo**: listed on Borsa Italiana Stock Exchange, with a market capitalization of €107.2mn, Cyberoo provides information technology solutions for the management, optimization, and support of business information systems with focus on cyber security. It operates through the following business segments: Cyber Security and Device Security, Managed Services, and Digital Transformation. The Cyber Security and Device Security segment provides software services such as anti-spam, anti-virus, web security, log management, threat hunting, and security awareness. The Managed Services segment involves data-center management, cloud management, and device management. The Digital Transformation segment develops systems for customer relationship management, human resources management, and product management. In FY22A, the Company achieved €15.6mn of sales revenues.
- **Defence Tech**: listed on Borsa Italiana Stock Exchange, with a market capitalization of €107.3mn, Defence Tech engages in the design, construction, and certification

of cyber security, big data, and intelligence systems. It operates through the following macro business areas: Cyber Security and Technologies for Intelligence, Engineering and Control Systems, and Electronics. The Cyber Security and Technologies for Intelligence area involves in a set of activities aimed at the prevention and protection of public and private infrastructures from sophisticated cyberattacks and at the development of strategies such as decision-making and marketing based on Big Data through the use of proprietary technologies for data analytics and data intelligence. The Engineering and Control Systems area focuses its activities on providing consultancy services for the creation and implementation of in-house and tailor-made software for industry and service providers operating in the sectors of air traffic control, avionics, naval systems, defense, and space. The Electronics area specializes in engineering activities for the management of obsolescence, refurbishing, design, implementation, integration, and modernization of defense and control systems. In FY22A, the Company achieved €19.5mn of sales revenues.

- **Exclusive Network:** listed on Euronext Paris, with a market capitalization of €1.5bn, Exclusive Networks SA operates as a globally trusted cybersecurity and digital infrastructure specialist. It is specialized in delivering cybersecurity and cloud computing solutions for digital infrastructures. The firm provides technical support, training, professional services, and project management services. It operates through the following segments: Identity and Access Management (IAM), SVM, and Network Security. In FY22A, the Company achieved €3.4bn of sales revenues.
- **Expert.ai:** listed on Borsa Italiana Stock Exchange, with a market capitalization of €68.4mn, Expert.ai engages in the development of semantic technology. It engages in the provision of solutions for online activities such as search and explore, tagging and categorization, intelligence, natural language understanding, and advertisement. In FY22A, the Company achieved €28.5mn of sales revenues.
- **FOS:** listed on Borsa Italiana Stock Exchange, with a market capitalization of €22.3mn, FOS engages in the design, development, and marketing of digital solutions for data management and protection transfer. In FY22A, the Company achieved €18.4mn of sales revenues.
- **Gen Digital:** listed on Nasdaq Stock Exchange, with a market capitalization of €10.4bn, Gen Digital engages in the provision of security, storage, and systems management solutions. The firm focuses on providing consumer cyber safety with its business solutions. In FY22A, the Company achieved €2.8bn of sales revenues.
- **Sesa:** listed on Borsa Italiana Stock Exchange, with a market capitalization of €1.5bn, Sesa engages in the provision of value-added information technology solutions. It operates through the following business areas: VAD IT Value Added Distribution, SI System Integration, and Corporate. The VAD IT Value Added Distribution business area focuses on software house and system integration. The SI System Integration business area offers enterprise system integration services. The Corporate business area provides corporate services such as cloud computing, logistics, marketing, human resources, planning and control, finance, mergers and acquisitions, legal, and information and communication technology and operations. In FY22, the Company achieved €2.4bn of sales revenues.
- **Vantea Smart:** listed on Borsa Italiana Stock Exchange, with a market capitalization of €24.6mn, Vantea Smart engages in the provision of information technology solutions for the management, optimization, and support of business digital transformation processes. The firm specializes in cyber-security consultancy that combines systems integration and software development. It also develops enterprise resource planning systems and initiatives in change management as well

as infrastructural and product innovation. In FY22, the Company achieved €50mn of sales revenues.

- **WIIT:** listed on Borsa Italiana Stock Exchange, with a market capitalization of €389.5mn, WIIT engages in the provision of hosted private and hybrid cloud services. It offers cloud computing, critical applications, business continuity and disaster recovery, cyber security, technology migrations, service desk, and digital transformation solutions. In FY22, the Company achieved €116.6mn of sales revenues.

We analyzed the peer companies by considering their average revenue and EBITDA growth and compared it to Itway's historical and expected financials. By looking at 2021-22 revenue growth, peer companies grew on average by 33.3% YoY while Itway's revenues grew by ca. 7.0% YoY. Over the 2022-25 period Itway's sales are expected to grow at a 5.4% CAGR22-25 vs 15.6% average growth of the ICT peers. Looking at FY22 EBITDA, Itway registered a contraction of 15.8% YoY following the strengthening of management structure vs an average growth for peers' sample that showed +31.3% YoY. According to our financial projections Itway's EBITDA shows an expected 31.3% CAGR22-25, far above the average projected growth of peers (CAGR22-25 of 22.2%), as Itway's strategy for the coming years is to focus on business with higher margins.

Peer comparison – Sales and EBITDA growth 2019-25

Company Name	Sales				YoY 21- 22	Sales			CAGR 2022-'25
	2020	2021	2022			2023	2024	2025	
CY4Gate SpA	13	17	54	<i>n.m.</i>	83	90	96	21.2%	
Cyberoo S.p.A.	6	9	16	76.4%	22	28	34	29.8%	
Defence Tech Holding SpA	17	17	19	12.4%	27	33	37	24.1%	
Exclusive Networks S.A.	1,892	2,483	3,404	37.1%	4,116	4,619	5,143	14.7%	
Expert.ai S.p.A.	28	28	28	0.0%	33	37	43	14.3%	
FOS SpA	11	15	18	24.0%	23	26	29	16.4%	
Gen Digital Inc.	2,189	2,407	3,210	33.3%	3,647	3,815	3,984	7.5%	
SeSa S.p.A.	2,022	2,363	2,868	21.4%	3,205	3,461	3,709	9.0%	
Vantea Smart S.p.A.	17	34	50	46.8%	70	100	140	40.8%	
WIIT SpA	52	76	117	52.7%	134	144	153	9.6%	
Peers Average	625	745	978	33.3%	1,136	1,235	1,337	15.6%	
It Way	39	44	47	7.0%	49	52	55	5.4%	

Company Name	EBITDA				YoY 21- 22	EBITDA			CAGR 2022-'25
	2020	2021	2022			2023	2024	2025	
CY4Gate SpA	7	7	10	36.5%	26	29	32	48.2%	
Cyberoo S.p.A.	2	2	7	<i>n.m.</i>	10	14	19	41.7%	
Defence Tech Holding SpA	1	5	5	11.6%	10	12	14	40.1%	
Exclusive Networks S.A.	98	124	158	27.9%	195	219	244	15.6%	
Expert.ai S.p.A.	-6	-11	-16	46.8%	0	7	12	-189.8%	
FOS SpA	2	3	4	14.6%	5	6	7	22.5%	
Gen Digital Inc.	1,055	1,030	1,659	61.1%	2,121	2,223	2,301	11.5%	
SeSa S.p.A.	103	130	157	21.0%	236	261	285	21.9%	
Vantea Smart S.p.A.	1	3	4	31.3%	5	7	11	41.5%	
WIIT SpA	16	23	39	70.2%	49	55	60	14.9%	
Peers Average	128	132	203	31.3%	266	283	298	22.2%	
It Way	2	3	2	-15.8%	2	3	5	31.3%	

Source: FactSet, KT&P's Elaboration

We then compared peers' profitability with Itway's historical and expected margins. Itway showed a FY22 EBITDA margin at 4.7%, below average peers' EBITDA margin at 23.3%. By 2023, our projections result in an EBITDA margin at 4.3% vs an expected average peers' profitability at 25.0%.

Peer comparison – EBITDA margin, EBIT margin and Net margin 2020-25

Company Name	EBITDA Margin					EBIT Margin					Net Margin								
	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025	
CY4Gate SpA	52.1%	41.8%	18.0%	31.1%	32.0%	32.9%	39.8%	21.9%	neg	17.1%	18.1%	18.9%	42.0%	30.4%	4.1%	6.2%	9.6%	11.3%	
Cyberoo S.p.A.	33.5%	27.5%	43.0%	45.5%	50.0%	55.9%	3.4%	4.7%	27.9%	33.1%	39.3%	44.1%	1.0%	2.0%	17.9%	22.7%	25.0%	29.4%	
Defence Tech Holding SpA	7.1%	26.6%	26.5%	38.7%	37.7%	38.1%	5.0%	20.8%	15.5%	n.m.	n.m.	n.m.	4.6%	21.6%	21.6%	17.8%	18.0%	20.5%	
Exclusive Networks S.A.	5.2%	5.0%	4.6%	4.7%	4.7%	4.7%	1.9%	2.2%	2.5%	4.4%	4.4%	4.4%	0.1%	neg	1.1%	1.8%	2.1%	2.3%	
Expert.ai S.p.A.	neg	neg	neg	0.6%	20.0%	28.0%	neg	neg	neg	neg	neg	neg	neg	neg	neg	neg	neg	neg	4.0%
FOS SpA	22.4%	20.8%	19.2%	19.6%	21.3%	22.4%	10.4%	10.4%	11.0%	10.0%	11.4%	13.4%	8.8%	7.2%	7.3%	6.5%	7.2%	8.6%	
Gen Digital Inc.	48.2%	42.8%	51.7%	58.2%	58.3%	57.8%	41.4%	37.1%	41.1%	58.3%	60.4%	60.6%	27.3%	29.9%	40.4%	33.0%	36.4%	37.5%	
SeSa S.p.A.	5.1%	5.5%	5.5%	7.4%	7.5%	7.7%	3.5%	3.7%	3.6%	5.5%	5.7%	5.9%	2.6%	3.1%	2.9%	3.0%	3.2%	3.4%	
Vantea Smart S.p.A.	8.2%	8.4%	7.5%	7.4%	7.5%	7.6%	7.7%	5.4%	5.6%	4.9%	5.6%	6.2%	8.0%	4.8%	2.2%	3.1%	3.7%	4.3%	
WIIT SpA	31.0%	30.3%	33.8%	36.8%	38.5%	38.9%	9.7%	6.7%	13.9%	19.4%	21.8%	23.0%	3.1%	neg	6.7%	8.2%	10.7%	12.0%	
Peers Average	23.6%	23.2%	23.3%	25.0%	27.7%	29.4%	13.6%	12.5%	15.2%	19.1%	20.8%	20.5%	10.8%	14.2%	11.6%	11.4%	12.9%	13.3%	
It Way	5.2%	6.0%	4.7%	4.3%	6.7%	9.1%	3.7%	4.5%	3.3%	2.6%	4.3%	6.1%	3.2%	3.0%	neg	1.8%	3.1%	4.4%	

Source: FactSet, KT&P's Elaboration

Market Multiples Valuation

Following our comps analysis, we evaluated the company by using the 2023-25 EV/EBITDA and P/E market multiples of the peer sample. Our valuation also includes a 20% liquidity/size discount and takes into account our estimates of Itway's EBITDA and Net Income for 2023, 2024, and 2025. We also considered FY22 NFP at -€1.2mn.

Peer Comparison – Market Multiples 2022-2025

Company Name	Exchange	Market Cap	EV/SALES 2022	EV/SALES 2023	EV/SALES 2024	EV/SALES 2025	EV/EBITDA 2022	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBIT 2022	EV/EBIT 2023	EV/EBIT 2024	EV/EBIT 2025	P/E 2022	P/E 2023	P/E 2024	P/E 2025
CY4Gate SpA	Milan	176	3.6x	2.4x	2.2x	2.0x	20.1x	7.6x	6.8x	6.2x	n.m	13.8x	12.0x	10.7x	n.m	19.1x	15.8x	13.7x
Cyberoo S.p.A.	Milan	107	6.8x	4.8x	3.8x	3.1x	15.7x	10.5x	7.5x	5.5x	24.2x	14.4x	9.6x	7.0x	37.2x	22.0x	14.9x	10.7x
Defence Tech Holding SpA	Milan	107	5.3x	3.8x	3.1x	2.8x	20.1x	9.9x	8.3x	7.3x	34.2x	n.a.	n.a.	n.a.	25.5x	20.7x	17.9x	14.1x
Exclusive Networks S.A.	Euronext Paris	1,500	0.5x	0.4x	0.4x	0.4x	11.5x	9.3x	8.3x	7.5x	21.4x	10.1x	9.1x	8.1x	42.0x	13.9x	11.2x	9.9x
Expert.ai S.p.A.	Milan	68	3.1x	2.7x	2.4x	2.1x	n.m	n.m	11.9x	7.4x	n.m	n.m	n.m	27.5x	n.m	n.m	n.m	33.1x
FOS SpA	Milan	22	1.1x	0.9x	0.8x	0.7x	5.6x	4.4x	3.6x	3.1x	9.8x	8.7x	6.8x	5.1x	16.2x	n.a.	n.a.	n.a.
Gen Digital Inc.	NASDAQ	10,422	5.8x	5.1x	4.9x	4.7x	11.3x	8.8x	8.4x	8.1x	14.1x	8.8x	8.1x	7.7x	7.9x	8.7x	7.5x	6.6x
SeSa S.p.A.	Milan	1,484	0.5x	0.5x	0.4x	0.4x	9.9x	6.6x	6.0x	5.5x	15.0x	8.8x	7.8x	7.1x	17.4x	13.6x	11.9x	10.5x
Vantea Smart S.p.A.	Milan	25	0.6x	0.4x	0.3x	0.2x	7.9x	5.8x	4.0x	2.8x	10.7x	8.8x	5.4x	3.4x	20.0x	n.a.	n.a.	n.a.
WIIT SpA	Milan	389	4.8x	4.2x	3.9x	3.7x	14.3x	11.4x	10.2x	9.5x	34.8x	21.6x	18.0x	16.0x	48.9x	26.4x	21.4x	18.5x
Average peer group		1,430	3.2x	2.5x	2.2x	2.0x	12.9x	8.3x	7.5x	6.3x	20.5x	11.9x	9.6x	10.3x	26.9x	17.8x	14.4x	14.6x
Median peer group		142	3.4x	2.5x	2.3x	2.1x	11.5x	8.8x	7.9x	6.7x	18.2x	9.5x	8.6x	7.7x	22.8x	19.1x	14.9x	12.2x
It Way	Milan	20	0.4x	0.4x	0.4x	0.4x	9.0x	9.3x	5.7x	4.0x	12.7x	15.7x	8.9x	5.9x	n.m	24.5x	13.4x	8.8x

Source: FactSet, KT&Partners' Elaboration

We end up with our Itway's equity value of €21.3mn for EV/EBITDA and of €18.7mn through the P/E method.

EV/EBITDA Multiple Valuation

Multiple Valuation (€mn)	2023E	2024E	2025E
EV/EBITDA Comps	8.8x	7.9x	6.7x
It Way EBITDA	2.1	3.5	5.0
Enterprise value	18.6	27.4	33.5
Average Enterprise Value		26.5	
Liquidity/Size Discount		20%	
Enterprise Value Post-Discout		21.2	
It Way FY22 Net Debt		(1.2)	
It Way FY22 Minorities		1.1	
Equity Value		21.3	
Number of shares (mn)		10.6	
Value per Share €		2.0	

P/E Multiple Valuation

Multiple Valuation (€mn)	2023E	2024E	2025E
P/E Comps	19.1x	14.9x	12.2x
It Way Net Income	0.9	1.6	2.4
Equity Value	16.6	23.8	29.6
Average Equity Value		23.3	
Liquidity/Size Discount		20%	
Equity Value Post-Discout		18.7	
Number of shares (mn)		10.6	
Value per Share €		1.8	

Source: FactSet, KT&Partners' Elaboration

DCF Valuation

We have also conducted our valuation using a four-year DCF model, based on 14.3% cost of equity, 5% cost of debt, and a D/E ratio of 11.7% (Damodaran for software – computer services sector). The cost of equity is a function of the risk-free rate of 4.3% (Italian 10y BTP, last 3 months average) and the equity risk premium of 4.7% (Damodaran for a mature market). We, therefore, obtained 13.2% WACC.

We discounted 2023E-26E annual cash flow and considered a terminal growth rate of 2.0%; then we carried out a sensitivity analysis on the terminal growth rate (+/- 0.25%) and on WACC (+/- 0.25%).

DCF Valuation

€ Millions	2023E	2024E	2025E	2026E
EBIT	1.3	2.2	3.3	4.6
Taxes	(0.3)	(0.6)	(0.8)	(1.2)
D&A	0.9	1.2	1.6	2.0
Change in Net Working Capital	(0.9)	(0.9)	(0.9)	(1.0)
Change in Funds	0.3	0.3	0.3	0.3
Net Operating Cash Flow	1.2	2.4	3.5	4.8
Capex	(1.1)	(1.1)	(1.1)	(1.1)
FCFO	0.1	1.3	2.5	3.7
g	2.0%			
Wacc	13.2%			
FCFO (discounted)	0.1	1.1	1.9	2.5
Discounted Cumulated FCFO	5.6			
TV	33.9			
TV (discounted)	22.8			
Enterprise Value	28.4			
NFP FY2022A	(1.2)			
Minorities FY2022A	1.1			
Equity Value	29.6			
Current number of shares (mn)	10.6			
Value per share (€)	2.79			

Source: Company Data, KT&Partners' Elaboration

Sensitivity analysis

€ Millions		WACC				
		13.7%	13.4%	13.2%	12.9%	12.7%
Terminal growth Rate	1.5%	27.3	27.9	28.5	29.2	29.9
	1.8%	27.8	28.4	29.0	29.7	30.5
	2.0%	28.3	28.9	29.6	30.3	31.1
	2.3%	28.8	29.5	30.2	30.9	31.7
	2.5%	29.3	30.0	30.8	31.6	32.4

Source: Company Data, KT&Partners' Elaboration

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IN THIS STUDY DCF AND MULTIPLE VALUATION MODELS HAVE BEEN USED. RECOMMENDATIONS FOLLOW THE FOLLOWING RULES:

- ADD - FOR A FAIR VALUE > 15% ON CURRENT PRICE
- HOLD - FOR A FAIR VALUE <15% o >-15% ON CURRENT PRICE
- REDUCE - FOR A FAIR VALUE < -15% ON CURRENT PRICE

ITWAY SPA

Price: €2.01 | Fair Value: €2.33

KT&PARTNERS



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