

## Growing Among New Projects and Disrupting Technologies

ADD | Fair Value: €2.40 (€2.40) | Current Price: €1.10 | Upside: +118%

€ Million	FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Total Revenues	69.6	77.2	83.3	97.7	103.1	106.5	115.4	124.6
EBITDA	9.9	8.6	12.6	13.0	15.7	16.0	17.9	19.9
margin	14.2%	11.1%	15.2%	13.3%	15.2%	15.0%	15.5%	16.0%
Net Profit attributable to the Group	1.8	0.1	0.6	1.8	3.2	3.5	4.8	7.2
margin	2.5%	0.1%	0.7%	1.9%	3.1%	3.3%	4.1%	5.8%
EPS	0.06	0.00	0.02	0.06	0.11	0.12	0.17	0.25
NFP/(Cash)	6.1	9.9	5.6	2.4	0.5	(7.0)	(15.5)	(25.7)

Source: Company Data, KT&amp;Partners' Elaboration

**9M22 financial results.** In 9M22, Triboo's sales revenues reached €68.7mn, from €67.1mn in 9M21 (+2.4% YoY). Thanks to a team of high-skilled resources and the strong investments made by the Group for the development of always more flexible and scalable solutions, Triboo showed resilient in this challenging and uncertain market scenario. The main contribution came from the Digital segment, with €51.9mn of sales, while the Media division reached €17.3mn of sales. EBITDA grew by 5.4% YoY to €8.5mn (of which €6.3mn attributable to Digital division and the remaining €2.1mn coming from Media segment), with EBITDA margin that increased by 0.3pp YoY to 12.3%. On balance sheet side, net debt was at €9.8mn (vs €2.4mn at the end of 2021 and vs €9.1mn in 1H22), of which ca. €6mn were attributable to financial liabilities from leased assets related to IFRS 16 implementation.

## 9M21- 9M22 Triboo's Key Financials

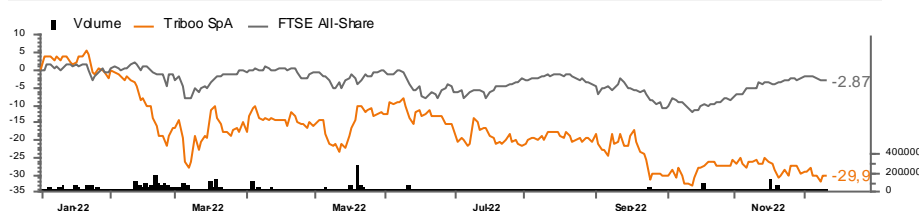
€ Millions	9M21A	9M22A	YoY %
Sales Revenues	67.1	68.7	2.4%
EBITDA	8.0	8.5	5.4%
EBITDA margin	12.0%	12.3%	0.3%

Source: Company Data. Note: EBITDA margin is calculated on Sales Revenues

**Launch of T-Podcast and of TWINS, the new project of E-Photo.** Plenty of new releases for the Group in latest months. In October, the company launched the new channel "T-Podcast", ending the reorganization process of its audio production house. The new channel includes all the old podcasts realized – more than 400 in the last three years – and is expected to be further enriched with new podcasts series in coming months. Moreover, leveraging on Milano Fashion Week visibility, E-Photo introduced for the first time a new state-of-the-art 3D technology through the event "Twins Hyperrealistic 3D content solutions". The new technology enables to create an interactive 3D-CGI lookbook, with the aim of preserving the real features of the subject: a disruptive innovation in the fashion and luxury world.

**Estimates and valuation confirmed.** On the back of 9M22 results, we confirmed our latest estimates and valuation (October 19<sup>th</sup>, 2022). We expected Group's sales revenues to grow at a CAGR21-25 of 6.7%, amounting to €122.9mn in FY25. We anticipated the Digital division to lead the growth, reaching ca. €98.7mn in FY25. EBITDA was expected to grow at a higher CAGR21-25 of 11.2%, with FY22 EBITDA margin at 15.2% forecasted to improve by +0.8pp over the period 2022-25, thanks to i) a more profitable revenue mix and ii) increased synergies on fixed costs. At the bottom line, we anticipated FY22 net income attributable to the group at €3.2mn (+41.2% CAGR21-25). Finally, we expected NFP to progressively improve from a net debt of €2.4mn in FY21 to a net cash position of €25.7mn in FY25 (with an average FCF/EBITDA at ca. 37% over the 2022-25 period). Our valuation – based on both market multiples and DCF method – returns an average equity value of €68.9mn or a fair value of €2.40ps, showing a potential upside of +118% on current market price.

## Relative Performance Chart YTD



## Research Update

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## Market Data

Main Shareholders	
Compagnia Digitale Italiana SpA	56.3%
First Capital SpA	5.0%

Mkt Cap (€ mn)	31.6
EV (€ mn)	34.6
Shares issued (mn)	28.7
Shares outstanding (mn)	28.1
Free Float	36.5%

Market multiples	2021	2022	2023
EV/EBITDA			
Triboo SpA	2.7x	2.2x	2.2x
Comps Median	7.4x	5.3x	4.5x
Triboo SpA vs Median	-64%	-58%	-52%
P/E			
Triboo SpA	17.4x	9.8x	8.9x
Comps Median	15.2x	13.3x	9.0x
Triboo SpA vs Median	14%	-27%	-1%

## Stock Data

52 Wk High (€)	1.69
52 Wk Low (€)	1.01
Avg. Daily Trading 90d	15,584
Price Change 1w (%)	0.00
Price Change 1m (%)	-4.68
Price Change YTD (%)	-29.26

## Key Figures - Triboo S.p.A.

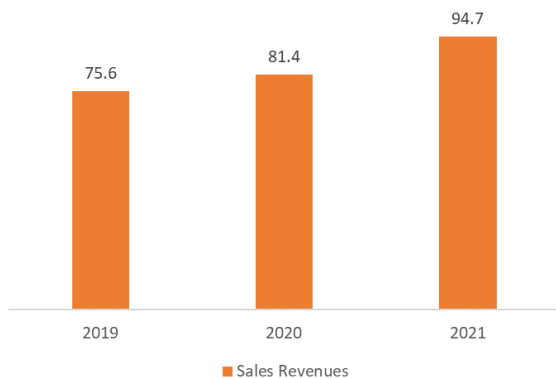
	Current price (€)	Fair Value (€)	Sector					Free Float (%)
	1.10	2.40	Digital and Media					36.5%
Per Share Data	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E
Total shares issued (mn)	28.7	28.7	28.7	28.7	28.7	28.7	28.7	28.7
Treasury shares (mn)	0.0	0.1	0.3	0.4	0.6	0.6	0.6	0.6
Total shares outstanding (mn)	28.7	28.7	28.4	28.3	28.1	28.1	28.1	28.1
EPS	0.06	0.00	0.02	0.06	0.11	0.12	0.17	0.25
Dividend per share (ord)	0.07	-	-	-	-	-	-	-
Dividend pay out ratio (%)	114%	-	-	-	-	-	-	-
Profit and Loss (EUR million)	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E
Sales Revenues	66.3	75.6	81.4	94.7	101.7	105.0	113.8	122.9
Total Revenues	69.6	77.2	83.3	97.7	103.1	106.5	115.4	124.6
EBITDA	9.9	8.6	12.6	13.0	15.7	16.0	17.9	19.9
EBIT	3.2	0.0	2.3	1.8	6.6	7.1	9.4	13.9
EBT	2.8	0.4	1.7	1.8	6.0	6.5	8.8	13.3
Taxes	-0.6	-0.2	-0.9	0.5	-1.7	-1.9	-2.6	-3.9
Tax rate	20%	46%	53%	-29%	29%	29%	29%	29%
Net Income	2.2	0.2	0.8	2.4	4.2	4.6	6.3	9.5
Net Income attributable to the Group	1.8	0.1	0.6	1.8	3.2	3.5	4.8	7.2
Balance Sheet (EUR million)	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E
Total fixed assets	59.7	65.6	61.1	65.5	62.4	59.4	56.7	56.7
Net Working Capital (NWC)	-15.0	-19.2	-18.6	-24.0	-16.6	-13.9	-10.7	-8.2
Provisions	-2.4	-2.7	-2.8	-3.0	-4.4	-5.9	-7.6	-9.3
Total Net capital employed	42.3	43.7	39.6	38.5	41.4	39.5	38.4	39.2
Net financial position/(Cash)	6.1	9.9	5.6	2.4	0.5	-7.0	-15.5	-25.7
Group Shareholder's Equity	35.6	33.5	33.6	35.5	39.3	43.9	49.7	58.4
Minorities	0.6	0.3	0.5	0.6	1.6	2.7	4.2	6.4
Total Shareholder's Equity	36.2	33.8	34.1	36.1	40.9	46.6	53.9	64.9
Cash Flow (EUR million)	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E
Net operating cash flow	9.3	8.4	11.8	13.6	13.8	13.9	15.1	15.9
Change in NWC	6.3	4.2	-0.6	5.3	-7.4	-2.7	-3.2	-2.5
Capital expenditure*	-13.6	-13.3	-3.4	-11.6	-5.5	-5.3	-5.3	-5.6
Other cash items/Uses of funds	-0.5	-0.8	-2.2	-3.8	1.0	1.0	1.1	1.2
Free cash flow	1.5	-1.5	5.6	3.5	1.8	6.9	7.8	9.0
Enterprise Value (EUR million)	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E
Market Cap	57.8	47.1	36.6	39.8	31.6	31.6	31.6	31.6
Minorities	0.6	0.3	0.5	0.6	1.6	2.7	4.2	6.4
Net financial position/(Cash)	6.1	9.9	5.6	2.4	0.5	-7.0	-15.5	-25.7
Enterprise value	64.5	57.3	42.7	42.8	33.7	27.3	20.3	12.4
Ratios (%)	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E
EBITDA margin	14.2%	11.1%	15.2%	13.3%	15.2%	15.0%	15.5%	16.0%
EBIT margin	4.6%	0.0%	2.8%	1.9%	6.4%	6.7%	8.1%	11.1%
Gearing - Debt/equity	17.2%	29.6%	16.6%	6.8%	1.2%	-16.0%	-31.2%	-43.9%
Interest cover on EBIT	12.9%	n.m.	28.8%	-0.8%	9.4%	8.4%	5.9%	3.7%
NFP/EBITDA	0.6x	1.2x	0.4x	0.2x	0.0x	-0.4x	-0.9x	-1.3x
ROCE	7.6%	0.0%	5.9%	4.8%	15.9%	18.0%	24.4%	35.3%
ROE	4.9%	0.2%	1.8%	5.1%	8.2%	8.1%	9.6%	12.4%
EV/Sales	0.52x	0.46x	0.43x	0.37x	0.34x	0.33x	0.30x	0.28x
EV/EBITDA	3.49x	4.04x	2.74x	2.66x	2.21x	2.17x	1.94x	1.74x
P/E	17.99x	n.m.	n.m.	17.39x	9.77x	8.94x	6.62x	4.38x
Free cash flow yield	4.4%	-4.5%	16.0%	10.0%	5.2%	20.1%	22.4%	26.1%
Growth Rates (%)	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E
Sales	n.m.	10.9%	7.9%	17.3%	5.5%	3.2%	8.4%	8.0%
EBITDA	n.m.	-13.5%	47.5%	3.1%	20.2%	1.9%	11.9%	11.4%
EBIT	n.m.	-99.7%	n.m.	-21.6%	260.3%	8.1%	31.5%	47.8%
Net Income attributable to the Group	n.m.	-96.4%	841.3%	206.6%	77.9%	9.3%	35.0%	51.4%

\* historical Capex net of change in ROU Assets - IFRS16

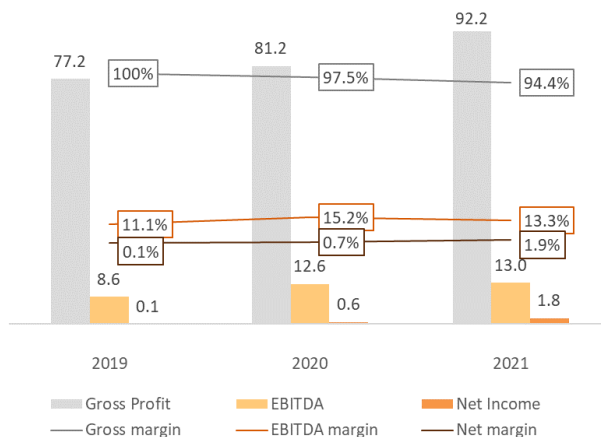
Source: Company Data, KT&amp;Partners' Elaboration

## Key Charts

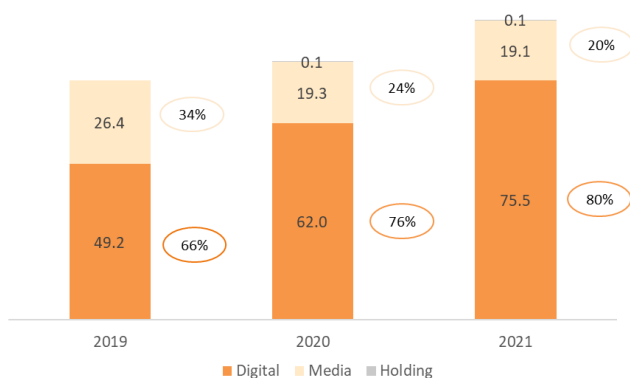
Sales Revenues (€mn)



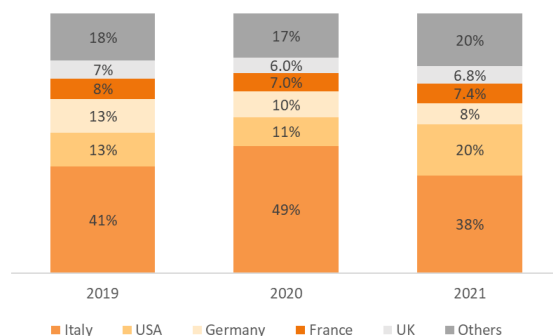
Gross Profit, EBITDA and Net Income (€mn, %)<sup>1</sup>



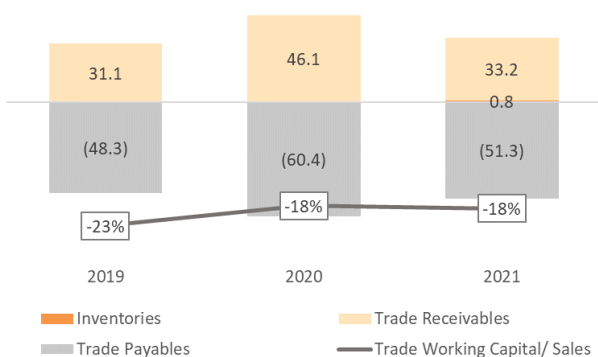
Sales Revenues by Business Line (€mn, %)<sup>2</sup>



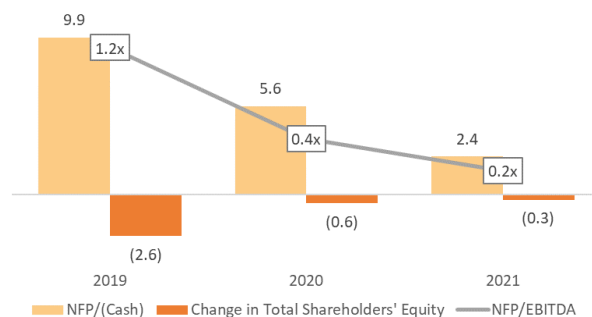
E-commerce Sales Revenues by Geographical Area (%)



Trade Working Capital (€mn, %)



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



<sup>1</sup> Margins are calculated on Total Revenues

<sup>2</sup> FY19 sales of the media BU include holding contribution

## Overview

### *Company Description.*

Triboo is a leading European Digital Transformation Factory supporting its customers in the set-up and management of their activities worldwide. Triboo is partner to many major international brands across a wide range of consumer industries, supporting their digital transformation with a complementary portfolio of high-quality services: i) E-commerce and Online to Offline; ii) Data & Technology; iii) Agency Services; iv) Media & Advertising; and v) Consulting.

To further enhance its growth path, in 2014 Triboo went public on **Euronext Growth Milan** market with a market capitalization of €63.6mn. The company is now listed on the **Euronext Milan** market, currently trading at €1.10ps.

Over the coming years, Triboo plans to i) enrich its portfolio of services and brand partners by exploiting up- and cross-selling opportunities; ii) expand its international presence, particularly China and the United States markets; iii) enrich its digital offering, focusing on highest added-value services, such as digital marketing and content creation; and iv) grow through external lines, seeking acquisitions to strengthen its offering, technology, and capabilities.

### *Investment Case.*

- **From a media company to a 360-degree digital marketing and e-commerce provider.** Born in 2005 as an online advertising provider, the Group has enriched and diversified its portfolio with Digital Marketing and e-commerce services. Today, Triboo is the only Italian service provider able to satisfy all clients' needs leveraging on i) a comprehensive offering, including highly synergic services; and ii) an omnichannel approach (online mono-brand stores, marketplaces, social channels, O2O solutions).
- **A certified partner to reach foreign markets.** Triboo helps companies in their internationalization process with tailor-made strategies, ensuring a direct access to high-potential markets among which China is included. Indeed, 62% of FY21 e-commerce revenues came from foreign markets. Triboo is the exclusive Italian "Tmall Partner" certified by Alibaba and works in partnership with the most important search engine and social networks in China (i.e., Baidu, WeChat, and Weibo).
- **Partnering with leading brands thanks to an integrated and high-quality offer.** Triboo is partner of 150+ leading brands – such as Chiara Ferragni, Moschino, René Caovilla, Aquazzura, Maserati, Jeep, Vespa, Bialletti, Henkel – across a wide range of consumer industries (i.e., Luxury & Fashion, Automotive, Beauty & Health, Food & Beverage, Home Furnishing & Appliances).
- **A solid M&A track record.** Over years, Triboo has shown a sound M&As execution ability. The company successfully entered or expanded its presence into different but at the same time synergic markets, making the Group's offer an integrated suite of complementary solutions in web advertising, content creation, online publishing, digital marketing, e-commerce, and Online to Offline markets.

### *Recent Developments.*

- **Expanding its presence in the Digital Marketing.** To complete its offering and always keep pace with market demands, in 2021 Triboo acquired a 69.5% stake in Adglow (increased at 100% in April, 2022), one of the world's leading social advertising agencies, which supports companies in promoting their products on the main social platforms.
- **Entering the Online to Offline channel (O2O).** In early 2021, Triboo acquired a 50.01% stake in Innovas, integrating the e-commerce with the offline channel of brands. Innovas owns the *Moscova District Market*, an innovative physical store in the heart of

Milan where periodic private and promotion sales are organized to increase sales of both e-commerce customers and renowned third-party fashion companies.

- ***A strengthened partnership with Chiara Ferragni.*** In 2021, Chiara Ferragni entrusted the Group with the management of its e-commerce channel, *chiaraferragnicollection.com*. Previously in 2020, Chiara Ferragni chose Triboo as reference partner for the restyling of her blog, *The Blonde Salad*.

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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

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