

UPDATE

EQUITY RESEARCH

ISIM
INTEGRÆ

Doxee

Euronext Growth Milan | ICT | Italy

Production 8/10/2024, h. 06:30 pm

Publication 9/10/2024, h. 07:00 am



Rating

BUY

unchanged

Target Price

€ 6,60

prev. € 6,75

Risk

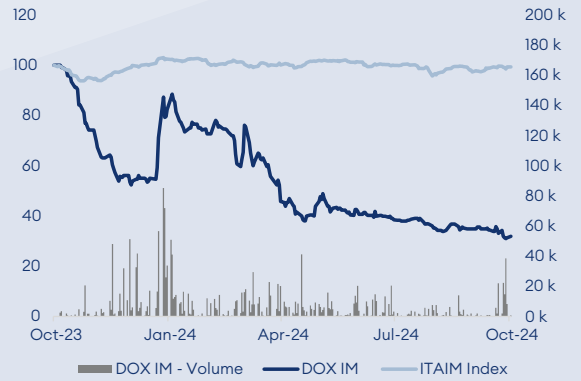


Medium

Upside potential

307,4%

Stocks performance relative to FTSE Italia Growth



Stock Data

Price	€ 1,62
Target price	€ 6,60
Upside/(Downside) potential	307,4%
Ticker	DOX IM
Market Cap (€/mln)	€ 18,61
EV (€/mln)	€ 35,69
Free Float	17,00%
Share Outstanding	11.489.575
52-week high	€ 5,32
52-week low	€ 1,59
Average daily volumes (3 months)	3.295

Key Financials (€/mln)	FY23A	FY24E	FY25E	FY26E
VoP	29,53	30,00	34,00	38,00
EBITDA	(0,20)	3,60	6,80	8,95
EBIT	(4,54)	(1,80)	1,30	3,55
Net Income	(5,10)	(2,80)	0,20	1,90
NFP	21,61	17,08	15,73	11,88
EBITDA margin	n.m.	12,0%	20,0%	23,6%
EBIT margin	n.m.	n.m.	3,8%	9,3%
Net Income margin	n.m.	n.m.	0,6%	5,0%

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Stock performance	1M	3M	6M	1Y
Absolute	-10,0%	-18,6%	-31,5%	-68,7%
to FTSE Italia Growth	-12,0%	-17,9%	-30,7%	-68,0%
to Euronext STAR Milan	-12,4%	-14,0%	-29,0%	-80,2%
to FTSE All-Share	-11,6%	-17,8%	-30,8%	-89,9%
to EUROSTOXX	-14,9%	-18,4%	-30,6%	-88,6%
to MSCI World Index	-15,0%	-20,5%	-39,0%	-96,6%

Main Ratios	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	n/a	9,9x	5,2x	4,x
EV/EBIT	n/a	n/a	27,5x	10,1x
P/E	n/a	n/a	93,1x	9,8x

1H24A Results

Sales revenues amounted to € 12.54 million, marking a 3.2% increase compared to € 12.14 million recorded in 1H23A. EBITDA stands at € 0.54 million, an improvement compared to € -0.50 million in 1H23A. The EBITDA Margin is 3.9%, compared to -3.6% as of June 30, 2023. EBIT amounts to € -2.00 million, showing an improvement compared to € -2.56 million in 1H23A. The Net Income is negative at € 2.41 million, yet improved from € -3.25 million in 1H23A. On a balance sheet level, the Group's NFP stands at € 16.96 million, marking a significant reduction from € 21.61 million in the previous semester.

Estimates Update

In light of the results published in the half-year report for 1H24A, we are revising estimates for both the current year and the upcoming years. Specifically, we estimate FY24E production value at € 30.00 million, with EBITDA of € 3.60 million, corresponding to a margin of 12.0%. For subsequent years, we expect production value to increase to € 42.00 million (CAGR 23A-27E: 9.2%) in FY27E, with EBITDA of € 11.20 million (corresponding to a margin of 26.7%), up from € -0.20 million in FY23A (corresponding to an EBITDA margin of -0.7%). On a balance sheet level, we estimate a debt NFP of € 6.63 million for FY27E.

Valuation Update

We conducted our valuation of the equity value of Doxee based on the DCF method and multiples of a sample of comparable companies. The DCF method (including, for prudential purposes, a specific risk of 2.5% in the calculation of the WACC) returned an equity value of € 77.9 million. Using market multiples, the equity value of Doxee was calculated to be € 73.7 million (including a discount of 25%). The result is an average equity value of approximately € 75.8 million. The target price is € 6.60, with a BUY rating, and MEDIUM risk.

Economics & Financials

TABLE 1 – ECONOMICS & FINANCIALS

CONSOLIDATED INCOME STATEMENT (€/mln)	FY22A	FY23A	FY24E	FY25E	FY26E	FY27E
Sales	23,82	25,84	27,00	31,00	35,00	39,00
Other Revenues	3,28	3,69	3,00	3,00	3,00	3,00
Value of Production	27,10	29,53	30,00	34,00	38,00	42,00
COGS	0,01	0,01	0,00	0,00	0,00	0,00
Services	12,78	14,90	13,00	13,20	14,20	14,80
Employees	9,85	13,55	12,90	13,50	14,30	15,40
Other Operating Expenses	0,41	1,27	0,50	0,50	0,55	0,60
EBITDA	4,05	(0,20)	3,60	6,80	8,95	11,20
<i>EBITDA Margin</i>	<i>15,0%</i>	<i>-0,7%</i>	<i>12,0%</i>	<i>20,0%</i>	<i>23,6%</i>	<i>26,7%</i>
D&A	3,25	4,34	5,40	5,50	5,40	5,40
EBIT	0,80	(4,54)	(1,80)	1,30	3,55	5,80
<i>EBIT Margin</i>	<i>3,0%</i>	<i>-15,4%</i>	<i>-6,0%</i>	<i>3,8%</i>	<i>9,3%</i>	<i>13,8%</i>
Financial Management	(0,17)	(1,08)	(1,00)	(1,00)	(0,90)	(0,80)
EBT	0,63	(5,62)	(2,80)	0,30	2,65	5,00
Taxes	0,14	(0,52)	0,00	0,10	0,75	1,40
Net Income	0,49	(5,10)	(2,80)	0,20	1,90	3,60

CONSOLIDATED BALANCE SHEET (€/mln)	FY22A	FY23A	FY24E	FY25E	FY26E	FY27E
Fixed Asset	29,62	32,72	31,30	29,30	26,90	24,50
Account receivable	8,75	8,00	8,10	9,15	10,20	11,25
Account payable	10,44	10,69	10,00	10,20	11,00	11,50
Operating Working Capital	(1,69)	(2,69)	(1,90)	(1,05)	(0,80)	(0,25)
Other Receivable	4,47	5,22	5,00	5,50	6,00	6,50
Other Payable	4,49	5,08	5,50	6,00	6,20	6,40
Net Working Capital	(1,72)	(2,55)	(2,40)	(1,55)	(1,00)	(0,15)
Severance Indemnities & Provision	1,81	2,02	2,20	2,20	2,30	2,40
NET INVESTED CAPITAL	26,08	28,16	26,70	25,55	23,60	21,95
Share Capital	1,91	1,91	2,54	2,54	2,54	2,54
Reserves and Retained Profits	9,24	9,74	9,88	7,08	7,28	9,18
Net Profit	0,49	(5,10)	(2,80)	0,20	1,90	3,60
Equity	11,65	6,55	9,62	9,82	11,72	15,32
Cash and Cash Equivalent	2,59	0,78	6,92	6,77	9,62	13,87
Short-Term Financial debt	4,69	7,67	8,00	7,00	6,50	6,00
ML Term Financial Debt	12,34	14,71	16,00	15,50	15,00	14,50
Net Financial Position	14,43	21,61	17,08	15,73	11,88	6,63
TOTAL SOURCES	26,08	28,16	26,70	25,55	23,60	21,95

CONSOLIDATED CASH FLOW (€/mln)	FY23A	FY24E	FY25E	FY26E	FY27E
EBIT	(4,54)	(1,80)	1,30	3,55	5,80
Taxes	(0,52)	0,00	0,10	0,75	1,40
NOPAT	(4,02)	(1,80)	1,20	2,80	4,40
D&A	4,34	5,40	5,50	5,40	5,40
Change in NWC	0,83	(0,15)	(0,85)	(0,55)	(0,85)
Change in receivable	0,75	(0,10)	(1,05)	(1,05)	(1,05)
Change in payable	0,25	(0,69)	0,20	0,80	0,50
Change in others	(0,17)	0,64	0,00	(0,30)	(0,30)
Change in provisions	0,20	0,18	0,00	0,10	0,10
OPERATING CASH FLOW	1,35	3,63	5,85	7,75	9,05
Capex	(7,45)	(3,98)	(3,50)	(3,00)	(3,00)
FREE CASH FLOW	(6,10)	(0,34)	2,35	4,75	6,05
Financial Management	(1,08)	(1,00)	(1,00)	(0,90)	(0,80)
Change in Financial debt	5,36	1,61	(1,50)	(1,00)	(1,00)
Change in equity	0,00	5,87	0,00	0,00	0,00
FREE CASH FLOW TO EQUITY	(1,82)	6,15	(0,15)	2,85	4,25

Source: Doxee and Integrae SIM estimates

Company Overview

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

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

1H24A Results

TABLE 2 – 1H23A VS 1H24A

€/mln	VoP	EBITDA	EBITDA %	EBIT	Net Income	NFP
1H24A	12,54	0,54	3,9%	(2,00)	(2,41)	16,96
1H23A	12,14	(0,50)	-3,6%	(2,56)	(3,25)	21,61*
Change	3,2%	n/a	7,5%	n/a	n/a	n/a

*NFP pro-forma al 31/12/2023

Source: Integrae SIM

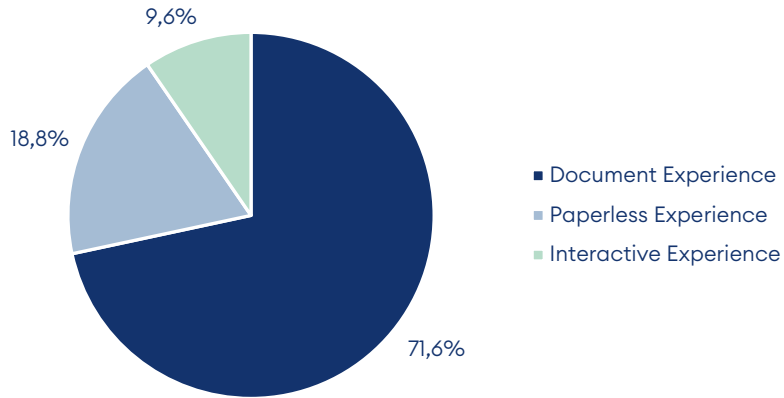
Through a press release, Paolo Cavicchioli, CEO of Doxee, commented: *“The first half of 2024 confirms the effectiveness of the interventions initiated in the second half of 2023 and shows results contrary to those of the same period in the previous year. The first six months were characterized by an improvement in all economic and financial indicators, confirming the effectiveness of the governance initiatives undertaken in the second half of 2023, and reinforce our goal to pursue a gradual return to growth and profitability for the Group. The capital increase carried out in June played a significant role in supporting this process, allowing us to ensure the necessary operational flexibility and support our growth.”*

In the first half of 2024, Doxee adopted an approach aligned with estimates, maintaining a focus on risk containment but with a clear openness to a potential turning point. Compared to the same period in 2023, a marked improvement in all economic and financial indicators was observed, further validating the strategy implemented. Specifically, the Group focused its efforts on efficiency initiatives and targeted investments in the DACH area, which have shown encouraging signs towards breakeven. Additionally, the Group benefited from the new organizational (ONE Company) and technological (ONE Platform) structure.

In the half-year report for 1H24A, sales revenues amounted to € 12.54 million, marking a 3.2% growth compared to € 12.14 million recorded in the first half of 2023. This increase is primarily attributable to higher revenues in the DACH (Germany, Austria, Switzerland) and CEE (Czech Republic and Slovakia) regions, while Italy showed a slight decline compared to the same period last year. A noteworthy figure is that recurring revenues represent approximately 75.0% of the total, driven by greater adoption of SaaS offerings, thus strengthening the business’s resilience to market uncertainties. Additionally, the Group intensified efforts to expand its customer base, supporting growth through a new positioning in the enterprise market, which further contributed to the achieved results.

Regarding the contribution of different business lines to revenue, the Document Experience BU was the largest contributor, accounting for 71.6% of total revenue. The remaining revenue comes from the Paperless Experience BU (18.8%) and the Interactive Experience BU (9.6%).

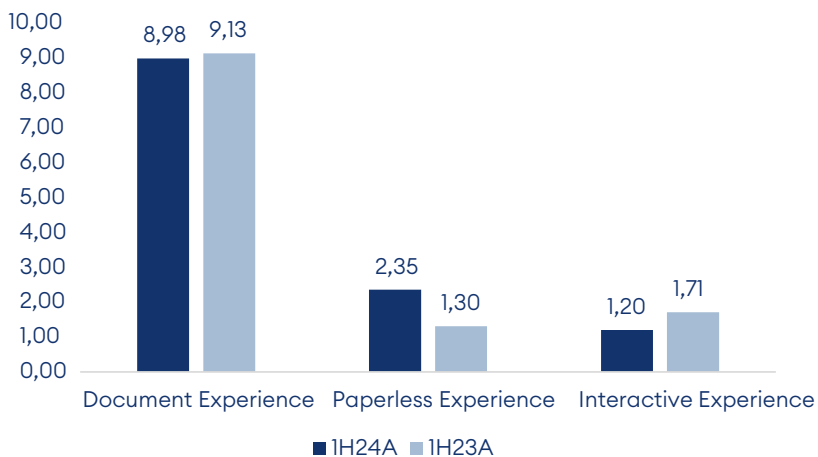
CHART 1 – REVENUES BREAKDOWN BY SEGMENT 1H24A



Source: Doxee

Comparing revenue breakdown with that of 1H23A, the contribution from the Document Experience BU, amounting to € 8.98 million, remains in line with the € 9.13 million generated in the previous semester. The Paperless Experience BU grew, increasing from € 1.30 million in 1H23A to the current € 2.35 million. Lastly, the Interactive Experience BU showed a 29.7% contraction, falling from € 1.71 million in 1H23A to € 1.20 million in 1H24A.

CHART 2 – REVENUES BREAKDOWN BY BU 1H23A VS 1H24A



Source: Doxee

The EBITDA for the period benefited from several positive dynamics in the first half of 2024. A reduction in R&D costs was recorded, falling from € 1.80 million to € 1.50 million, thanks to the completion of some projects related to Doxee Platform® 3, which also ensured internal process efficiencies. Another key element was the successful integration of Infinica GmbH's technology into the Doxee platform, which allowed for reduced reliance on external consul-

ting, consequently lowering costs, and developing a more coherent approach in marketing and sales in the DACH and CEE areas. These factors contributed to generating a positive EBITDA of € 0.54 million, a significant improvement from the negative result of € -0.50 million recorded in the first half of 2023. As a result, the EBITDA Margin is positive at 3.9%, compared to the negative figure of -3.6% in 1H23A.

Net of depreciation and amortization amounting to € 2.53 million, largely related to technological development investments, EBIT is negative at € - 2.00 million, an improvement compared to € -2.56 million in the previous semester, with an EBIT Margin of -14.3%. The Net Income is negative at € - 2.41 million, still an improvement from € -3.25 million in 1H23A.

On a balance sheet level, the Group's NFP stands at € 16.96 million, showing a significant reduction compared to € 21.61 million in the previous semester. At the same time, significant investments remain, predominantly oriented toward technological innovation and internal harmonization, aimed at consolidating the ongoing growth path.

FY24E – FY27E Estimates

TABLE 3 – ESTIMATES UPDATES FY24E-27E

€/mln	FY24E	FY25E	FY26E	FY27E
VoP				
New	30,00	34,00	38,00	42,00
Old	30,00	35,50	39,00	42,00
Change	0,0%	-4,2%	-2,6%	0,0%
EBITDA				
New	3,60	6,80	8,95	11,20
Old	3,90	7,70	8,95	12,00
Change	-7,7%	-11,7%	0,0%	-6,7%
EBITDA %				
New	12,0%	20,0%	23,6%	26,7%
Old	13,0%	21,7%	22,9%	28,6%
Change	-1,0%	-1,7%	0,6%	-1,9%
EBIT				
New	(1,80)	1,30	3,55	5,80
Old	(1,80)	1,70	3,45	6,50
Change	0,0%	-23,5%	2,9%	-10,8%
Net Income				
New	(2,80)	0,20	1,90	3,60
Old	(2,80)	0,55	1,95	4,35
Change	0,0%	-63,6%	-2,6%	-17,2%
NFP				
New	17,08	15,73	11,88	6,63
Old	21,35	15,80	12,65	7,10
Change	n/a	n/a	n/a	n/a

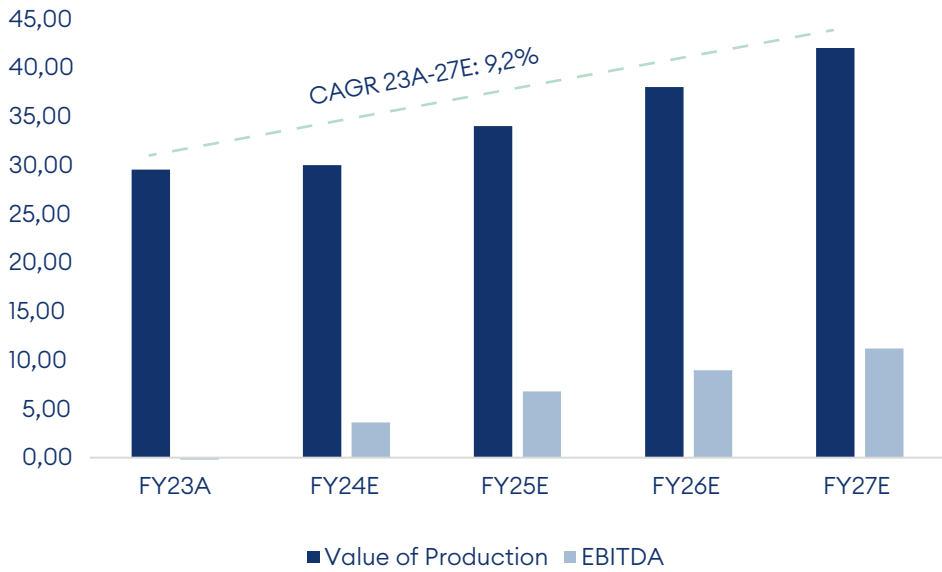
Source: Integrae SIM

In light of the results published in the half-year report for 1H24A, we are revising estimates for both the current year and the coming years.

Specifically, we estimate FY24E production value at € 30.00 million, with EBITDA of € 3.60 million, corresponding to a margin of 12.0%. For subsequent years, we expect production value to increase to € 42.00 million (CAGR 23A-27E: 9.2%) in FY27E, with EBITDA of € 11.20 million (corresponding to a margin of 26.7%), up from € -0.20 million in FY23A (corresponding to an EBITDA margin of -0.7%).

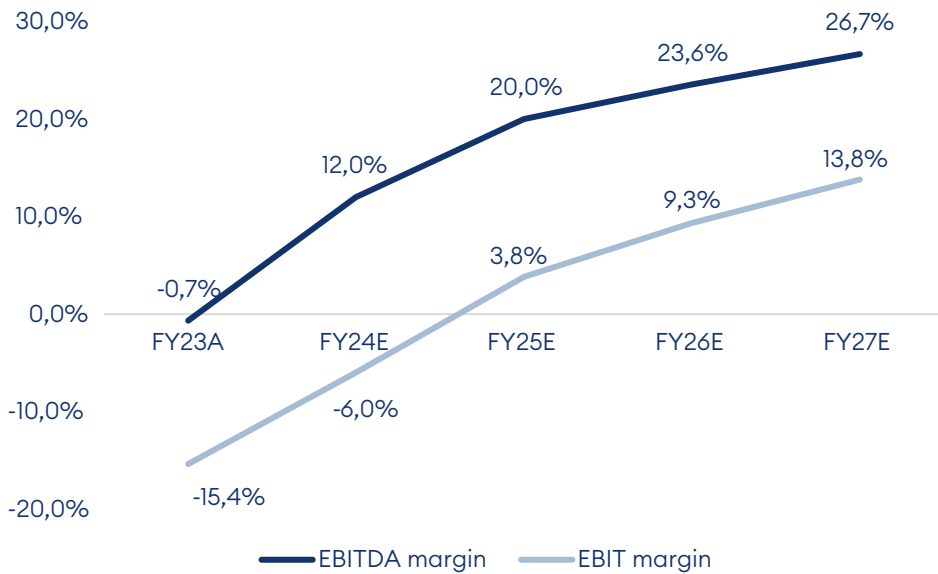
On a balance sheet level, we estimate a debt NFP of € 6.63 million for FY27E.

CHART 3 – VOP AND EBITDA FY23A-27E



Source: Integrae SIM

CHART 4 – MARGIN FY23A-27E



Source: Integrae SIM

CHART 5 – CAPEX FY23A-27E

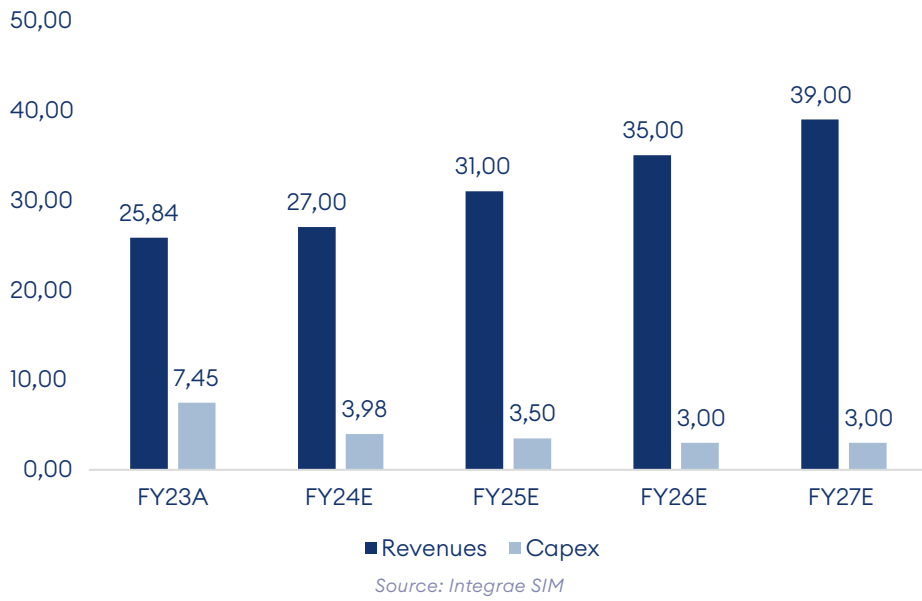
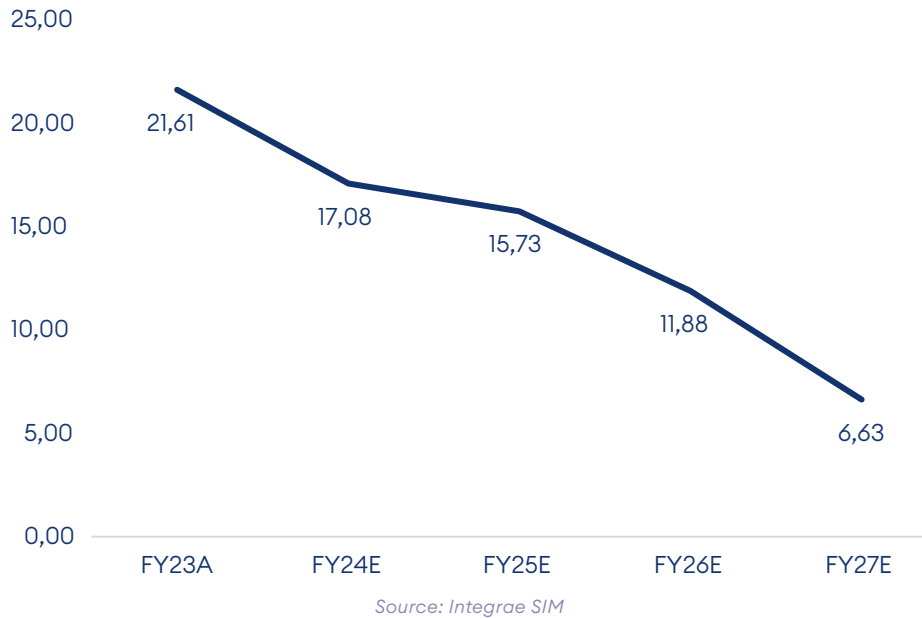


CHART 6 – NFP FY23A-27E



Valuation

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

DCF Method

TABLE 3 – WACC

WACC				5,65%
D/E 233,33%	Risk Free Rate 2,74%	β Adjusted 1,3	α (specific risk) 2,50%	
K_d 3,00%	Market Premium 6,80%	β Relevered 1,4	K_e 13,77%	

Source: Integrae SIM

For prudential purposes, we included a specific risk of 2.5%. The result is therefore a WACC of 5.65%.

TABLE 4 – DCF VALUATION

DCF		% of EV
FCFO actualized	11,0	12%
TV actualized DCF	84,0	88%
Enterprise Value	95,0	100%
NFP (FY24E)	17,1	
Equity Value	77,9	

Source: Integrae SIM

With the above data and taking our estimates and assumptions as a reference, the result is an **equity value of € 77.9 million**.

TABLE 5 – EQUITY VALUE – SENSITIVITY ANALYSIS

€/mln	WACC							
		4,1%	4,6%	5,1%	5,6%	6,1%	6,6%	7,1%
Growth Rate (g)	3,0%	312,2	212,2	158,7	125,5	102,8	86,4	73,9
	2,5%	215,6	161,4	127,6	104,6	87,9	75,2	65,2
	2,0%	164,1	129,8	106,4	89,4	76,5	66,4	58,3
	1,5%	132,0	108,2	91,0	77,9	67,6	59,4	52,5
	1,0%	110,1	92,6	79,3	68,9	60,5	53,5	47,7
	0,5%	94,2	80,7	70,1	61,6	54,6	48,7	43,7
	0,0%	82,2	71,4	62,7	55,6	49,6	44,5	40,2

Source: Integrae SIM

Market multiples

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

TABLE 6 – MARKET MULTIPLES

Company Name	EV/EBITDA			EV/EBIT		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Workday Inc.	24,6 x	20,4 x	16,4 x	27,8 x	22,6 x	18,1 x
Esker SA	40,3 x	32,5 x	27,1 x	60,2 x	46,7 x	37,8 x
Unifiedpost Group SA	22,9 x	25,7 x	15,4 x	n/a	n/a	300,3 x
Objective Corp. Ltd.	24,9 x	28,4 x	24,5 x	29,1 x	33,8 x	29,9 x
Peer median	24,8 x	27,0 x	20,4 x	29,1 x	33,8 x	33,8 x

Source: *Infinancials*

TABLE 7 – MARKET MULTIPLES VALUATION

€/mln	FY24E	FY25E	FY26E
Enterprise Value (EV)			
EV/EBITDA	89,15	183,81	182,86
EV/EBIT	n/a	43,94	120,17
Enterprise Value post 25% discount			
EV/EBITDA	66,86	137,86	137,15
EV/EBIT	n/a	32,95	90,12
Equity Value			
EV/EBITDA	49,78	122,13	125,27
EV/EBIT	n/a	17,23	78,25
Average	49,78	69,68	101,76

Source: *Integrae SIM*

The equity value of Doxee was calculated using EV/EBITDA, EV/EBIT and P/E market multiples. After applying a 25.0% discount, the result was an **equity value of € 73.7 million**.

Equity Value

TABLE 8 – EQUITY VALUE

Average Equity Value (€/mln)	75,8
Equity Value DCF (€/mln)	77,9
Equity Value multiples (€/mln)	73,7
Target Price (€)	6,60

Source: Integrae SIM

The results give an average equity value of approximately € 75.8 million. **The target price is therefore € 6.60 (prev. € 6.75). We confirm a BUY rating and MEDIUM risk.**

TABLE 9 – TARGET PRICE IMPLIED VALUATION MULTIPLES

Multiples	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	n/a	25,8 x	13,7 x	10,4 x
EV/EBIT	n/a	n/a	71,5 x	26,2 x

Source: Integrae SIM

TABLE 10 – CURRENT PRICE IMPLIED VALUATION MULTIPLES

Main Ratios	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	n/a	9,9x	5,2x	4,x
EV/EBIT	n/a	n/a	27,5x	10,1x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958

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Date	Price	Recommendation	Target Price	Risk	Comment
11/10/2023	5,20	Buy	9,70	Medium	Update
08/04/2024	2,38	Buy	6,80	Medium	Update
15/05/2024	2,28	Buy	6,75	Medium	Update
30/05/2024	2,16	Buy	6,75	Medium	Breaking News
28/06/2024	2,06	Buy	6,75	Medium	Breaking News

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The BUY, HOLD and SELL ratings are based on the Upside Potential (increase in value or return that the investment could achieve based on the current price and a future target price set by the analysts), and the risk associated to the share analyzed. The degree of risk is based on the liquidity and volatility of the share, and on the rating provided by the analyst and contained in the report. Due to daily fluctuations in share prices, the upside potential may temporarily fall outside the proposed range.

Upside Potential (for different risk categories)			
Rating	Low Risk	Medium Risk	High Risk
BUY	Upside \geq 7.5%	Upside \geq 10.0%	Upside \geq 15.0%
HOLD	-5.0% < Upside < 7.5%	-5.0% < Upside < 10%	0% < Upside < 15.0%
SELL	Upside \leq -5.0%	Upside \leq -5.0%	Upside \leq 0%
U.R.	Under Review		
N.R.	Not Rated		

Valuation methodologies (long term horizon: 12 months)

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