UBI Banca

EVISO

Initiation of Coverage **Buy**

15 February 2021 – 5:30 PM *MARKET PRICE:* ***EUR2.13*** ***TARGET PRICE: EUR2.96***

Services

Data

Shares Outstanding (m):	24,57	
Market Cap. (EURm):	52,34	
Enterprise Value (EURm):	47,34	
Free Float (%):	20,9%	
Av. Daily Trad. Vol. (k):	147.2	
Main shareholder	O Caminho 52,9%	
Reuters/Bloomberg:	EVS.MI	EVS IM
52-Week Range (EUR)	1.92	2.50

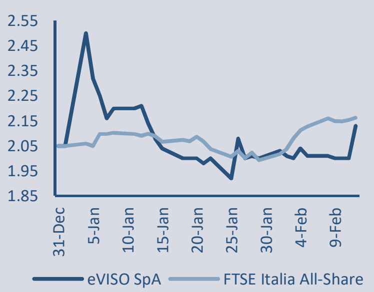
Source: FactSet, UBI Banca estimates

Performance

	1m	3m	12m
Absolute	-3.6%		
Rel. to FTSE IT	-7.1%		

Source: FactSet

Graph Absolute/Relative since IPO



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Smart AI solutions for commodities

We initiate coverage of eVISO with a Buy rating and target price of EUR2.96 per share. eVISO is an innovative company active in the rapidly growing Big Data analytics market through a proprietary AI platform already successful in the Electricity market ready to enter, adding scale, into other commodity markets. The company is currently a leading energy trading player with gross profit margins well above peers (as represented by management) and is entering into new commodity markets (gas, wheat, apple) replicating the success of Electricity. The IPO completed last December at EUR1.75 per share gave to eVISO EUR8 million of new financial resources to expand outside its original area and further develop its AI platform (moving to an open system machine-to-machine). The listing should also help to attract new talents, improve its credit rating (currently B1.1 as for Cerved corresponding to one notch above investment levels) and increase its brand awareness. The company's small but highly experienced management team and a lean cost structure should allow eVISO to grow rapidly while increasing its current 5% EBITDA margin, despite the COVID-19 outbreak. The bottom line, which has always been positive in the past five years, should more than double in the next two years. The company has a solid balance sheet (with net cash) with a minimal net invested capital and an impressive capital turnover.

- eVISO is an innovative company which invented a new paradigm to collect, cluster and analyse Big Data. This new paradigm in based on an automated proprietary AI platform which allows to analyse automatically billions of data in order to elaborate forecasts to be applied on both demand and supply sides of physical commodities' markets optimizing volume and pricing through algorithmic trading. The company has an excellent track record with an outstanding top line growth (23.5% CAGR in 2017-20), significant gross margin improvement (from 5.8% to 10.1% in 2020), a stunning expansion of its net profit (58% CAGR) and a sound free cash flow generation (40% CAGR of gross cash flow).
- We expect the top line to increase to EUR135 million in 2023 (from EUR48.4 million in 2020) with an EBITDA margin >5%. The bottom line should rise to >EUR4.9 million in 2023. Despite an aggressive capex plan (around EUR10 million in the next 3 years of which EUR6 million in its AI paltform) net cash should surpass EUR8.0 million at June-23.
- Our target price of EUR2.96 per share is obtained as the average of a DCF valuation (WACC 6.2%, g 1%), an EVA valuation and a multiple valuation based on a sample of AI and energy companies. eVISO is exposed to some risks; these are mostly related to the low visibility on the entrance into new commodity markets, the strong dependence from few key people and the company's limited commercial network.

Financials

Closing at 30 June	2020A	2021E	2022E	2023E
Revenues (EURm)	48,4	70,6	98,5	136,9
EBITDA (EURm)	2,4	3,4	5,5	7,9
EBITDA margin (%)	4,9%	4,8%	5,6%	5,8%
EBIT (EURm)	1,7	2,5	4,4	6,3
EPS	0,06	0,07	0,13	0,20
CFPS	0,03	0,05	0,20	0,25
DPS	0,01	0,02	0,03	0,05

Source: Company Data, UBI Banca estimates

Ratios

Closing at 30 June	2020A	2021E	2022E	2023E
P/E (x)	30,2	28,8	16,1	10,6
P/CF (x)	50,8	41,4	10,5	8,4
P/BV (x)	11,9	4,2	3,4	2,7
Dividend Yield (%)	0,9%	0,9%	1,6%	2,4%
EV/EBITDA (x)	14,9	14,0	8,4	5,6
Net Debt/Equity (x)	0,0	-0,4	-0,4	-0,4
Net Debt/EBITDA(x)	0,0	-1,5	-1,1	-1,1

Source: Company data, UBI Banca estimates

Key Financials

(EURm)	2020A	2021E	2022E	2023E
Revenues	48,38	70,64	98,46	136,85
EBITDA	2,35	3,37	5,53	7,91
EBIT	1,66	2,55	4,38	6,31
NOPAT	1,11	1,71	2,94	4,22
Free Cash Flow	-1,10	-2,54	1,27	3,22
Net Capital Employed	2,90	7,25	9,24	10,94
Shareholders' Equity	2,94	12,46	15,27	19,37
Net debt/(Net cash)	-0,05	-5,21	-6,03	-8,43

Source: Company data, UBI Banca estimates

Key Profitability Drivers

	2020A	2021E	2022E	2023E
Net Debt/EBITDA (x)	0,0	-1,5	-1,1	-1,1
Net Debt/Equity (x)	0,0	-0,4	-0,4	-0,4
Interest coverage	14,8	18,2	87,7	0,0
Free Cash Flow Yield (%)	-3,1%	-5,2%	2,6%	6,5%
ROE (%)	45,6%	23,6%	23,5%	28,4%
ROI pre-tax (%)	101,0%	46,4%	49,7%	58,1%
ROCE (%)	79,1%	33,7%	35,6%	41,9%

Source: Company data, UBI Banca estimates

Key Valuation Ratios

	2020A *	2021E	2022E	2023E
P/E (x)	30,2	28,8	16,1	10,6
P/BV (x)	11,9	4,2	3,4	2,7
P/CF (x)	50,8	41,4	10,5	8,4
Dividend Yield (%)	0,9%	0,9%	1,6%	2,4%
EV/Sales (x)	0,73	0,67	0,47	0,32
EV/EBITDA (x)	14,9	14,0	8,4	5,6
EV/EBIT (x)	21,2	18,6	10,6	7,0
EV/CE (x)	12,1	6,5	5,0	4,0

Source: Company data, UBI Banca estimates ** based on listing price (EUR1,75)*

Key Value Drivers

(%)	2020A	2021E	2022E	2023E
Payout	25,7%	25,0%	25,0%	25,0%
NWC/Sales	-1,5%	0,8%	-0,1%	0,0%
Capex/Sales	4,4%	5,0%	3,8%	2,2%

Source: Company data, UBI Banca estimates

Index

Investment case

We initiate coverage of eVISO with a Buy rating and a target price of EUR2.96 per share. The stock has strongly overperformed since its listing at the end of December 2020 growing by 21.7% (vs. +8.6% of FTSE AIM Italia index) and, for the time being, presents a healthy liquidity (139K shares traded per day on average since the listing).

eVISO is an innovative company which invented a new paradigm to collect, cluster and analyze Big Data. This new paradigm in based on an automated proprietary AI platform which allows to analyze automatically billions of data in order to elaborate forecasts to be applied on both demand and supply sides optimizing volume and pricing through algorithmic trading. The platform has been applied since 2013 to the Electricity market with a stunning sales and profitability growth.

We believe there are several key factors that could drive share price performance in the coming months:

Disruptive AI technology with high entry barriers: the AI platform created by eVISO not only has one of the highest accuracy rates in the market, according to the management, but presents a huge entry barrier as its algorithms (>100) have been trained for years, significantly reducing the timing to execute analysis and enhance the accuracy of forecasted data. This unique characteristic is difficult to replicate and gives to eVISO a competitive advantage of at least two years according to the management. In addition, the company is evaluating whether the compendium of its AI algorithms and its software constituting the AI platform may be worthy of intellectual property protection by means of a "method patent" or as a "technical means that implements a method";

Control of the entire Data value chain: eVISO is one the few players in the Electricity market able to control the entire Data value chain from the collection of billions of data (the so-called data lake) to the elaboration of reliable forecasts, the orders execution and the pricing & billings. In our view, this is a significant advantage which makes eVISO able to extract more value as its outstanding profitability compared to peers has shown and is the same approach the most successful new-economy companies have already been utilizing (Amazon, Facebook, Alphabet).

Management expertise: eVISO management has an outstanding educational background (mostly in AI and Big Data related topics) and long-dating experience in the energy sector. Furthermore, it works together as a team since more than five years (in some cases almost ten years).

Attractive fundamentals: eVISO not only showed an impressive revenues and profitability growth in the past three years (24% CAGR of the value of production and 38% of EBITDA) but has always reported a positive bottom line. The company was cash positive even before the EUR8 million cash injection stemming from the listing and presents a negative operating net working capital which has led to a stunning capital turnover (14.8x in 2020). The cost structure is lean with a limited weight of fixed costs (5.3% of value of production on average in the past three years) and according to management, this rate will decrease in the coming years due to AI platform's and business' scalability.

New opportunities: the AI paradigm developed by eVISO is applicable to all physical commodities that have huge volumes, stable markets but still with space for more efficiency (e.g. by reducing transaction costs in general and inherent transaction risks) and a high price-volatility. In other words, eVISO's proprietary AI platform has been conceived scalable since its inception and therefore the company is entering the gas, wheat and apple markets (with possible extension to other fruits) scaling-up the business.

Impressive growth prospects: Based on our estimates, eVISO should continue to grow rapidly in the coming years: top line should be driven by the penetration of new clients, particularly electricity resellers, and by the entrance into new commodity markets exploiting the AI capabilities while profitability should increase thanks to eVISO operating leverage and new markets' higher profitability than energy. We estimate a top line CAGR of >40% up to June-23, an EBITDA CAGR of >50% and a bottom line CAGR of around 62%. Net cash should increase up to EUR8.4 million at June-23 despite a significant capex plan (EUR10 million in three years).

Resilient to COVID-19: During the first lockdown in March and April 2020 eVISO has proven to be resilient to the COVID-19 outbreak with revenues increasing by 12.9% on FY2020 despite the pandemic and a decrease of energy price (PUN). This was possible thanks to the clients mix focused on small and medium-sized industrial and agrifood companies whose activities were resilient to the lockdown and to the efficiency of its AI platform that recovered the COVID-19 shock on the electricity market in just few days. The management estimated a negative impact on EBITDA of less than EUR0.5 million in 2020.

In a nutshell, we believe eVISO can rely on a fast-growing and highly-profitable trading activity based on an innovative proprietary platform, while the upcoming new businesses should increase its size and profitability.

We believe the best methods to value eVISO, could be a DCF, which gives a clear view of the long-term potential of the company and an EVA valuation, which shows the strong value creation of eVISO. We also run a relative valuation based on the average of the multiples of Italian AI players and a sample of mid-size energy players. We highlight that eVISO does not have any direct peer listed as AI players are generally adopting a SaaS (software as a service) business model, while energy players normally produce electricity acting as Esco companies. In addition, eVISO closes the financial year on 30 June and this can make a multiple comparison misleading. At our EUR2.96 target price, eVISO would still trade at an average discount of 13% compared AI peers EV/EBITDA and 19% on P/E as for 2022.

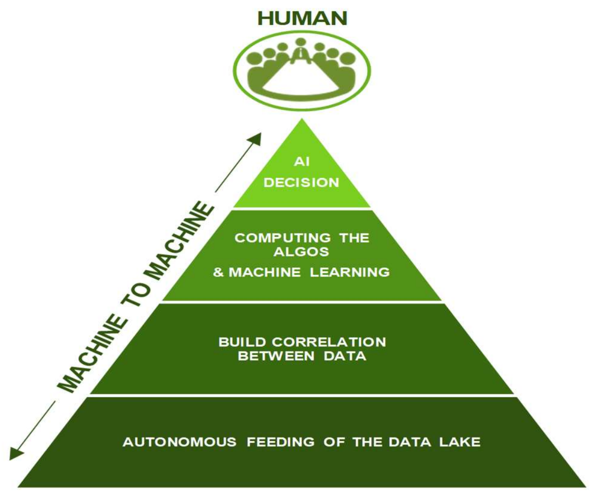
The company is exposed to some risks; these are mostly related to the low visibility on the entrance into new commodity markets, the strong dependence from few key people, potential negative impact from the COVID-19 outbreak and the company's limited commercial network.

Company Profile and Business Model

eVISO, founded in 2012 by a team of nuclear and physics engineers led by Mr. Sorasio, invented a new paradigm to collect, cluster and analyze Big Data. This new paradigm is based on an automated AI platform, internally developed, which allows to analyze automatically billions of data in order to elaborate forecasts to be applied on both demand and supply sides optimizing the pricing through algorithmic trading. To be successful this platform needs huge trading volumes and significant price volatility and therefore can be applied to all the commodity markets where these features manifest (e.g. electricity, gas, fruits, etc.).

Figure 1 – eVISO AI platform

From the collection of billions of data, the platform builds synapses forming all possible connections between data and launch the algorithms that elaborate such data. AI selects the winning algorithms with the best forecasting and strategies for the electricity trading.



Source: Company presentation

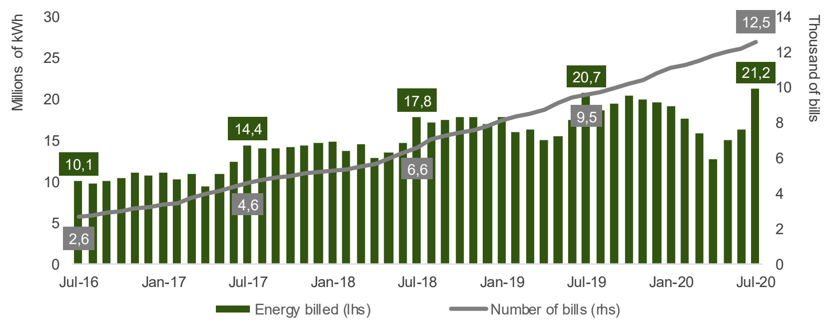
The first step to exploit its platform was identified in the Electricity market which presents important daily price fluctuations coupled with impressive volumes. eVISO, through >23k meters monitored in real-time is able to understand the single customer electricity needs (energy consumption fluctuation during the day) matching its demand with the best electricity price available on the market, elaborating five forecasting cycles per day. In this way clients can have attractive savings (ranging from 4% to 10% according to the management) and eVISO a higher gross margin compared to peers (five times per MWh on direct clients according to the management).

Figure 2 – eVISO at a glance

Source: Company presentation

This new approach to the Electricity market has been quite successful: the timing to execute analysis shrank by a third since 2017, monthly offers in intraday Electricity market have grown to >50k bids, and in November 2020 eVISO reached the "digital supremacy", compared with 24k of the second best and the accuracy of eVISO forecasts now stands at >90%, a much higher rate compared with the traditional approach used by the main players in the market. The result was a single client profile which led to >200 types of contracts dedicated to direct clients and resellers.

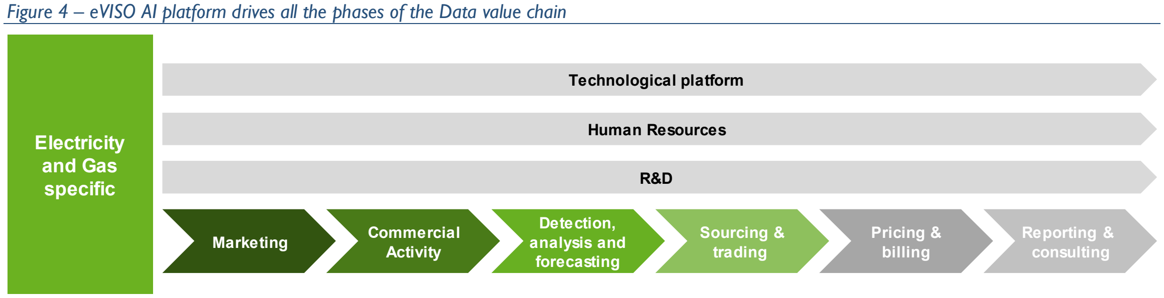
Figure 3 – Energy billed and number of bills to direct clients (i.e. excluding resellers) per month – Jul. 2016-Jul. 2020



Source: Company presentation

These technical data allowed eVISO to have a strong competitive advantage (2-3 years according to the management) gaining market share (direct clients monthly bills CAGR of 48% in the past four years and 20% CAGR of MWh of energy billed) with a minimal switch rate (5.4% vs. 16.1% of the market in 2019 - source: Arera) while revenues reached EUR47.8 million with a growing gross margin (from 5.7% in 2017 to 10% in 2020) also due to the trading technology evolution. Moreover, since 2019, eVISO entered in the resellers market, enlarging in this way its activity to the whole Italy and strongly increasing its meters' number (+80% in two years).

Figure 4 – eVISO AI platform drives all the phases of the Data value chain



Source: Company presentation

eVISO has the full control of the Data value chain applied to the Electricity market: once a supply contract has been signed with a new customer (contracts are automatically renewable and last 12 months for low voltage and 24 months for medium voltage with 1-month and 12-moths cancellation respectively), the company begins to collect data on the customer's energy consumption (also sending its technicians to the customer's premises for the meter onboarding process). The following step is the profiling of the customer (which are dived into 74 clusters) which, thanks to the proprietary algorithms, allows eVISO to predict the customer's electricity needs for the next 24-48 hours, with a high degree of accuracy. In the meantime, AI platform forecasts the most convenient purchase among 7 intraday electricity markets matching the right quantities with the right purchasing price. In this way eVISO is able to maximize the gross profit as the amount of energy purchased at the lowest possible price coincides with the actual energy needs of the customer portfolio.

Figure 5 – How to increase the gross profit?

	Quantity (MWh)	×	Cost (€/MWh)
How to reduce costs?	Order the right quantities for each hour to avoid penalties		Prediction of the most convenient purchase price among 7 intraday markets
How to reduce costs?	Forecast of single users' hourly consumption through close monitoring of 47 variables		Forecast of the MGP[(1)], intraday and features prices
How to increase profits?	Forecast of the market liquidity and the acceptance of its own orders		Forecast of the market dynamic to improve its own strategies
How to increase profits?	Predicting the volumes of each single market operator		Prediction of other players offers and impact on future prices

Source: Company presentation *(1) :Mercato del Giorno Prima*

The last part of the business flow is more traditional but, contrary to other players, pricing and billing activities have been internalized and automated. This strategic choice has given to eVISO the important advantage to collect changes more quickly, modifying the system following any regulatory updates, without incurring penalties. In addition, eVISO can monitor in real time the gross margin per customer reviewing the pricing if the margin drops. A full overview of this process clarifies also why eVISO's bad debt rate (0.05% on its turnover) is far lower than the average shown by the electricity market as a whole (0.25%); in order to reduce potential bad debts, indeed, eVISO's financial department makes preliminary in-depth analyses over single counterparts' credit worthiness based on stiff criteria, refusing 4.0% circa of already pending contracts.

It is important to highlight that eVISO presents monthly full and extensive reports and daily synthetic alerts to customers which can detect anomalies in consumption. The integrated reading of reports and alerts allows the customer to identify and evaluate any inefficiencies in their production cycle in terms of energy waste and to maintain the efficiency levels achieved. In our view, this represents a competitive advantage as only few players can offer this service.

eVISO offer to the domestic channel (i.e. private consumers) is called CLARA (which is also the commercial brand): launched at the end of 2020 is a rechargeable product that provides a flat rate for the supply of electricity derived for 100% from renewable sources. CLARA is sponsored by eVISO's commercial partners (e.g. banks, grocery stores, phone shops, etc.) and encompasses a EUR50 fix per month cost (EUR2 of which goes to charity). The offer includes 200 kWh/month and an additional 200kWh that are included in a "safe". When the monthly 200 kWh are surpassed the "safe" is depleted and, once over, another EUR50 will be charged to refill the "safe". On the other hand, for every 50 kWh saved (i.e. that the client doesn't consume out of its 200 kWh pot), it receives EUR10 bonus for additional recharges.

Finally, eVISO offers ancillary services, such as consulting with specialized engineers, temporary activations, free meter deactivation and reactivation (a useful service during the lockdown period), thermographic and seismic diagnosis, grounding check.

Entering new markets

eVISO has clearly showed that it had passed the start-up phase and now is ready for the next step, that is the application of its AI platform to new commodities markets which have been already identified (gas, wheat and other cereals, apples and other fruits).

In our view, this passage should be easy in the gas market as there are significant upselling opportunities (common commercial network, clients used to deal with gas and electricity together, growing demand from resellers) while the rollout of smart gas meters is nearly completed. Since October eVISO signed gas supplying contracts with 250 customers and therefore we expect the first gas contribution to the top line already in 2021.

The apple and wheat market both fall into the description we made of an appealing business for eVISO (huge amount of data, stable and mature industries but with further room for efficiency, highly volatile). Those markets have also some commonality (in terms of players) with the electricity one and this grants a point of access (through companies which are already eVISO's clients).

The penetration strategy follows four steps similar to what done in the energy market:

> "Pain": understanding customer's needs (e.g. perceived inefficiencies);
> "Application": understanding how eVISO could extract value;
> "Scalability": enlarging the services offered and raise entry barriers;
> "Maximization": optimizing pricing and above all profitability by dividing clients in different clusters.

Figure 6 – Penetration strategy's overview

Penetration Strategy	1 "PAIN"	2 APPLICATION	3 SCALABILITY	4 MAXIMIZE VALUE
Description	Understanding Customer's needs…	… and how to extract value	Testing on few customers, enlarging services offered and raising barriers to entry	Optimizing the pricing to each single unit
Current Status	Peach (2023), Corn (2023), Soy (2023)	Gas (2022), Apple (2023), Wheat (2023)	Energy for Resellers (2022)	Energy for Direct Clients

(Fiscal year of expected entry into the "Maximize Value" phase)

	Gas	Apple	Wheat
Business Framework	Already developed and tested, ready to start cross-selling with new Energy clients	1 MoU signed with Lagnasco Group, starting from min. 20 containers (ca. €350k) with pre-identified buyers	1 MoU under drafting with a leading industrial player, up to 50,000 tons (ca. €10m)
Revenue Model	€ / PDR[1]	Phase-up fee + % / €cents of each contracts value + monthly fee	
Profitability vs. Energy	~	↑	↑

Source: Company presentation

The apple market in Italy is mainly represented by 9 large players (covering around 80% of the total market according to the management) every one of whom groups hundreds of farmers with the aim of concentrating the supply, share costs and plan the production.

eVISO has already signed an agreement with one of them, Lagnasco Group, which is based in Saluzzo (Cuneo, Piedmont) and is already client on the electricity side. Representing more than 300 farmers, Lagnasco Group sells to the GDO and HO.RE.CA. channels not only in Europe but also in North Africa, America and the Middle East.

The "pain" point in this case is the lack of clear forecasts on forward prices of apples to be physically delivered at future dates (e.g. 12-18 months) associated with counterparts' potential behavioral unreliability in term of defaults of forecasted trades, given the market practice of entering on spot into not-fully binding agreements. Economically and financially speaking, this "pain" expresses itself as a sensitive increase of transaction costs (lowering related margins) and inefficient goods (viz. apples) and capital (viz. apple stock financing) allocations (increasing interest expenses and/or lowering players' ROE). In order to overcome these unpleasant current market conditions and their effects (also worsened by the current practice of hand-operated trading procedures), eVISO conceived to set forth and build up the info-technical and legal infrastructure of a "market place" where players (that is, apple producers, as sellers, and purchasers, as wholesalers on the consumers' and GDO markets) could cast their forward bids and asks, sharing price-and-volume of apples' data forecasts and enter on spot into strictly legally binding forward contracts. This market place, whose info-technical infrastructure is already completed and will be open to negotiations expectedly in 2021 (after a so called "warm-up period"), will be managed by eVISO through its AI platform (as to data forecast producing and sharing, and data / contract clearing) and its legal department (as to contract samples and closing activities). While players will be asked exclusivity on the realm of forward delivery contracts , participating into this market place will not require exclusivity on players' side regarding the standard spot price negotiations; the agreement with Lagnasco Group envisages that the apple producer will put a part of its production into the market place and it would also find buyers by itself outside this market place, albeit eVISO's management is confident that benefits to players from participating into the market place will attract great part of their apples' stocks to it in the short term. Invoice settlements of goods traded on the market place will be managed directly by parties, not being this expressly part of eVISO' commitment.

In a nutshell, in the apple market eVISO plans to offer the following services:

> On demand forecasting of prices and quantities in general and advisory on market conditions and trading strategies tailored on single player;
> A market place with standardizes binding forward contracts, on-time data on supply and demand features and other ratios and index;
> Possibly ancillary services.

We understand that the revenues model would be based on:

> A set-up fee – in exchange for setting up the customer to access the market place;
> A monthly fee – in exchange for accessing to the marketplace and benefiting from added value services;
> A % on the counter-value traded (EUR4/5 cents split between sellers and buyers).

Contracts should be 36 months-long and will be exclusive (in terms of forbidding players entering in similar market places potentially set up in the future), granting some revenues visibility in the long run. The platform is scalable as it already envisages several formats (cargo/container), commodity type (several kinds of apples related to specific market's segments), currencies and stocking/delivery locations.

On the wheat market "future" contracts are extremely common and liquid tools that allow buyers to secure supply without being left short of product (eventually it is just a matter of reliably forecasting prices and volumes in future dates). There are also established marketplaces (Euronext, CBOT) so there is no space to set up a “marketplace” like in the case of apples. The “pain” point here, according to eVISO, is the lack of business intelligence on prices and volumes and the limited attention to cost optimization. This is because wheat represents only a marginal part of the final product cost/value.

While on this commodity eVISO doesn’t plan to create a market place, nonetheless it will offer demand forecasting and advisory services together with other ancillary services.
We understand that the revenues model will be similar to the one applied to the apples market, and would be based on:

- A set-up fee;
- A monthly fee and/or a % on the counter-value traded.

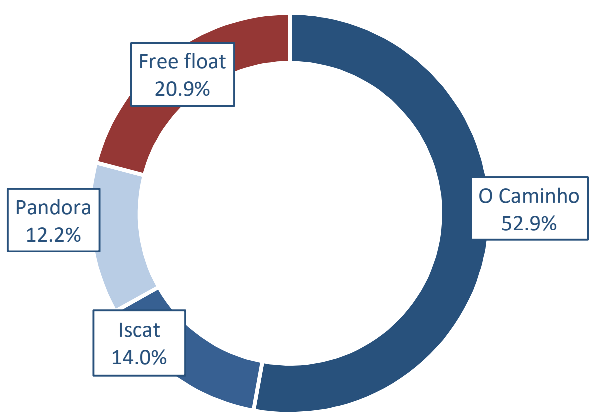
The company is in the drafting phase of an MoU, which should be finalized by the end of February, with a leading industrial player and may soon starting to operate.

Interestingly enough, there are other adjacent markets to the wheat one (like for instance soybeans and corn) which would follow through in case of a successful entrance into this segment.

Corporate Governance

The Company has been listed on the AIM stock market on December 30 2020 at EUR1.75 per share raising EUR8 million of new financial resources through a capital increase reserved to investors and EUR1 million of sale from Iscat (of which EUR0.3 million stemming from the greenshoe). The share capital is now composed by 24.57 million of ordinary shares. The main shareholders are three holdings, namely "O Caminho", "Iscat" and "Pandora" for a total 79.1% stake while the free float is 20.9%. The Company founder, as well as current President and CEO, Mr. Sorasio controls indirectly 50.1% of eVISO capital, being the majority shareholder of "O Caminho" with a stake of 83.3% and holding 43% of "Iscat".

Figure 7 – Shareholder structure



Source: Company data

The Board of Directors is composed of 5 members, 2 of which independent and 2 representatives of the shareholder base (Mr. Sorasio and Mr. Roci), and was nominated in Oct-20 (it will expire following the approval of 2023 financial statements). The total remuneration of the BoD was EUR0.36 million in FY19 (vs. EUR0.28 million the previous year), corresponding to around 17% of EBITDA and 34% of Net Income. The company has also recently approved a stock option plan which imply the distribution of 100k option to subscribe shares at EUR0.015 each in 2021 equal to 0.4% of the outstanding share.

Figure 8 – Board of Directors composition

Director	Role	Experience in energy sector
Gianfranco Sorasio	Chairman and CEO, executive	20+ years
Mauro Bellino Roci	Executive director	10+ years
João Cordovil Wemans	Executive director	10+ years
Antonio Di Prima	Independent director	
Roberto Vancini	Independent director	

Source: Company data

Management Team

eVISO is still managed by its founder together with a management team of very high standing with a solid education background (as can be expected by a technology company).

Gianfranco Sorasio – Founder Preseident And Ceo
Has an impressive educational background: Nuclear engineer (PoliTO) and P.h. D. in Physics (Umea, Sweden) under L. Stenflo (Nobel Committee Chairman). He was author of several scientific papers on supercomputers' numerical simulations. Gianfranco is an ALUMNI of the Harvard Business School where he completed the OPM Program and various executive masters in Leading Innovation and customer service.
He has more than 20 years of professional experience in the energy sector and, merging its educational background and its professional experience, founded eVISO at the very end of 2012.

Joao Cordovil Wemans – Data Services Platform Director
Another impressive educational background as Mr. Wemans is a Physic engineer (Lisbon, Portugal) and a P.h.D. in Ultra-high-Power Laser Technology. He can boast a collaboration in hi works with Professor G. Moreau (Physics Nobel Prize in 2018). He has more than 10 years of professional experience in the energy sector and joined eVISO basically from day one (end of 2012/beginning of 2013), at the time when the company acquired its business.

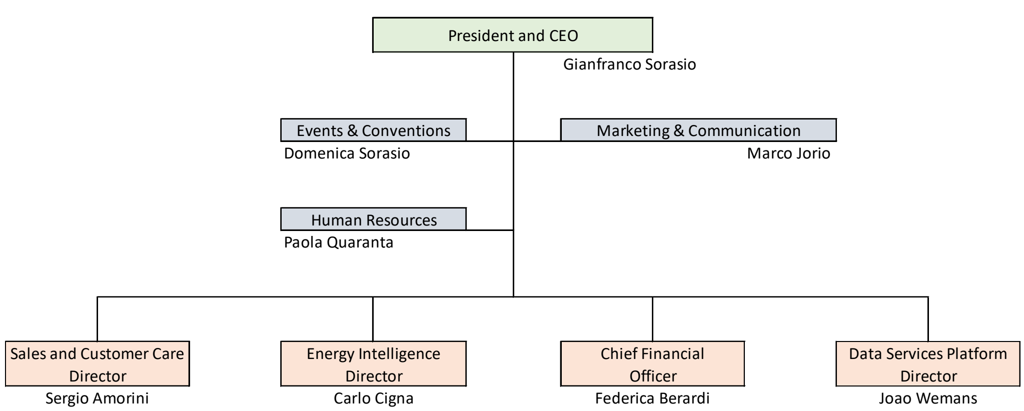
Federica Berardi – Chief Financial Officer
Federica has a degree in Geography at the university of Turin and an executive MBA at IlSole24 ore business school. She has more than 6 years of professional experience in the energy sectors gained entirely in eVISO which she joined in 2014.

Sergio Amorini – Sales And Customer Care Director
Sergio holds a Nuclear engineer degree from PoliTo with a Master in Plasma physics (Lisbon, Portugal). He then added a Master in Relationship Management and an Executive Master in Digital Transformation and Business Strategy (IlSole24ore business school). Sergio has worked several years abroad between: Spain, India, Brazil and Portugal. He has more than 9 years of professional experience in the energy sector and joined eVISO at the end of 2015.

Carlo Cigna – Energy Intelligence Director
Carlo holds a Nuclear engineer degree from PoliTo and an Executive Master at Massachusetts Institute of Technology (MIT) in Data Driven Pricing and an Executive Master in "Leading Innovation" at Harvard Business School. He has more than 9 years of professional experience in the energy sector and joined eVISO since the beginning as a consultant and since 2015 on a full-time basis.

The company organizational structure is the following:

Figure 9 – Organizational structure



Source: Company data

Strategy

We understand that eVISO strategy is based on several different levers:

- **Increasing the penetration of resellers:** Two years ago, eVISO decided to extend its electricity offer to resellers in order to rapidly expand its revenues increasing the number of clients and in 24 months signed contracts with >20 resellers (serving around 15k users), strongly increasing the number of meters (from 6.6k in 2018 to 23.3k in 2020) and few days ago announced to have subscribed new contracts with resellers for supplying 54GWh from March. These new contracts should add around EUR7 million of sales, based on the average energy price of 2020, corresponding to 15% of 2020 turnover. Resellers are fundamental to increase massively the data collection and therefore to train much better and faster the algorithms of eVISO enhancing in this way the capability of the platform. Even if average gross margin on resellers is lower compared with other clients' clusters, the management cost per meter is lower and resellers present a limited risk as invoices are sold to factors without recourse (with the cost of factoring paid by the resellers). eVISO aims to further grow with resellers and to increase its share of wallet, now at 5-10%. According to management, the massive interest of resellers towards eVISO's offer is explained mainly by its capability to provide them with sets of analytical data, management tools (e.g. to reduce billing and trade receivables collection times) and strategy inputs to maximise their clients' portfolios, all tools otherwise not easily accessible which are the basis for resellers' gross margins' increase at favourable conditions;

- **Exploit upselling and cross-selling synergies in Gas:** eVISO has around 5.000 direct clients which could be easily engaged with a gas contract given a common commercial network and clients used to deal with gas and electricity together. In addition, the rollout of smart gas meters in Italy should be completed in 2021 allowing a massive data collection to feed the AI platform and resellers seem eager to expand the partnership with eVISO also to gas. Up to date the company signed 250 contracts but these are expected to strongly increase in the coming months;

- **Entering the markets for new commodities:** Using the cash flow, the existing client base, and visibility provided by its presence in the energy market, eVISO is entering the apple and wheat markets scaling-up its AI platform. Given that its offer consists mainly in services and that it doesn't incorporate any pass-through (like in the energy market), profitability should be much higher on apple and wheat than it is on energy. Furthermore, multi-years contract that include a fix monthly component could provide more visibility in terms of revenues generation;

- **Enhance its proprietary AI platform:** The AI industry is experiencing a terrific growth and eVISO could need additional resources to exploit this trend. EUR6.0 million of proceeds should be used to further enhance its proprietary AI platform moving to a full open architecture with additional software and tools. Inside this EUR6.0 million there are EUR3.7 million of investments already planned for the next 12 months to increase the capacity of the platform in order to be ready to process a massive volume increase (meters should nearly double, GWh processed should increase by 10 times, invoicing capacity should reach 4.5 million monthly bills from current 0.2 million and monthly services should be multiplied by 10 times);

- **Exploiting the economies of scale:** While optically eVISO margins may seem relatively low (also because they incorporate the pass-through of some sort of fixed costs like distribution/dispatching, etc.), there is a huge dispersion in the per-client margin. By focusing on those clusters that boast higher margins and by adding more and more services to the product offer eVISO could improve its profitability more than what the usual "economies of scale" concept would imply;

- **Improve the credit rating:** The recent listing could increase the credit rating of eVISO (currently B1.1 according to Cerved corresponding to BBB+/BBB of S&P's and Fitch). The credit rating is crucial to reduce the guarantees to be given to institutional energy suppliers (Terna, GME and other large distributors) to cover energy payment of invoices currently equal to 13% of the turnover. Given that since October 2015 the guarantees can be replaced by a credit rating equal or higher than B1.2, an operator like eVISO can grow without having to increase the bank guarantee lines, minimizing in this way invested capital and financial charges. Moreover, a high credit rating represents great tool to penetrate resellers that can avoid increasing their bank guarantee lines if are client of eVISO. Management informed us that recent regulatory changes increased securities' amounts required to deal with resellers, not being them replaceable with other forms of guarantees (e.g. credit rating) for the first 6-month dealing period; being the company strongly cash positive, this circumstance will help boost its expansion with resellers to the detriment of other indebted market players;

- **Developing the commercial network and increase the brand awareness:** eVISO need to develop its commercial network, currently composed by 12 internal employees plus 10 external agents and plans to invest EUR1.0 million in the commercial (15 new staff hires) and administrative (5 new staff hires) development while the listing should increase eVISO's brand awareness attracting new clients, even outside its current geographical presence;

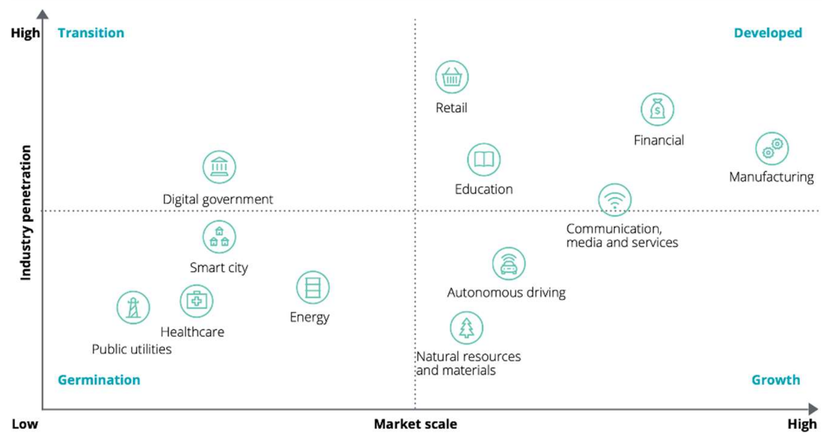
- **Potential M&A opportunities:** The company aims to acquire new technologies in the fields of AI, machine learning and blockchain through the acquisition of qualified minorities in small-size innovative companies. EUR0.5 million of proceeds are expected to be invested in M&A.

Reference market

The combination of unprecedented political uncertainty, trade wars, pandemic waves and rapidly evolving technologies is making commodity markets almost as unpredictable as they were during the financial crisis. Players of the value chain are increasingly demanding support from AI and machine learning technologies to protect ex-ante from such events in order to reduce volatility and reduce margin erosion.

For what concerns eVISO, the AI and Big Data market for energy and natural commodities is at its early stage, compared to industries like banking & finance or the retail market.

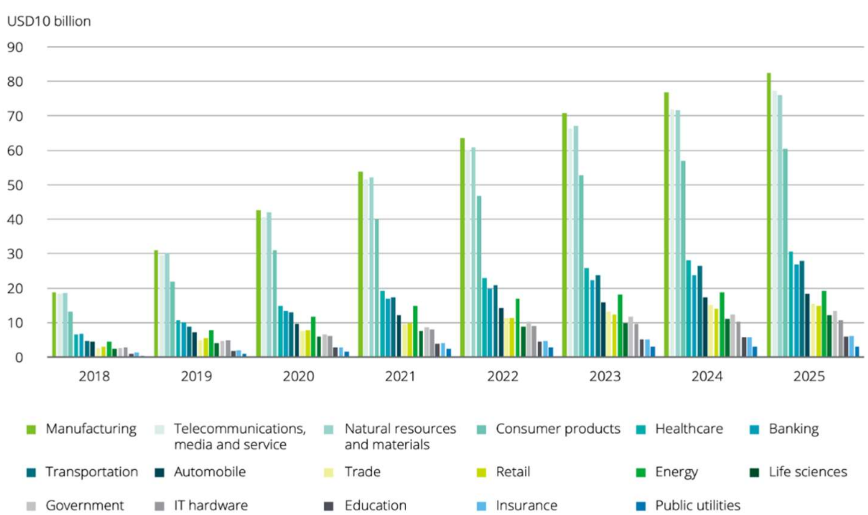
Figure 10 – AI penetration in different industries



Source: Deloitte

In the coming years both energy and natural resources Big Data markets should grow significantly. The latter in particular is expected to become the largest AI market by the end of 2025 according to Gartner.

Figure 11 – AI market size by industry



Source: Gartner

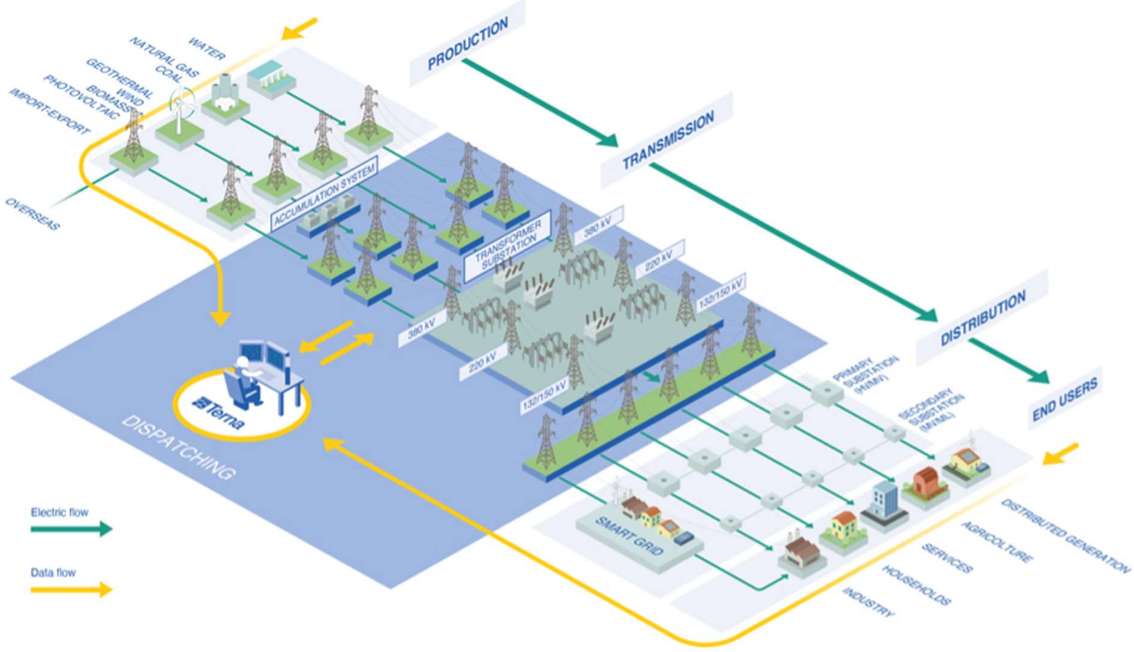
In order to appreciate this growth potential for eVISO specific case, we are going to illustrate the market dynamics and the volume-volatility profile of the electricity, gas, apples and wheat industries.

Electricity market

The electricity market consists of four distinct segments. Upstream, electricity generation is achieved by exploiting fossil or renewable sources under a free market regime. Downstream, companies deal with distributing electricity by managing local networks, and marketing it to end users.

Since the 1990s, regulations have been based on two main pillars: limiting the power generation of former monopolist Enel, and unbundling generation, transmission and retail companies, which led to the introduction of a free market for the sale of electricity to customers. Retail market liberalization started in 1999 with the passing of the so-called Bersani Decree.

Figure 12 – Italian national electricity system



Source: Terna

Production

Electricity production in Italy still largely takes place using non-renewable sources (natural gas, coal and oil represent broadly 60% of national production's sources), although the development of renewable alternatives is constantly increasing (geothermal, hydroelectric, solar and wind energy).
In order to meet Italian energy requirements, electricity also needs to be purchased from other countries. Most of the electricity we import through the 25 interconnections with foreign countries comes nowadays from France and Switzerland.

Transmission

The energy produced is either sold OTC through bilateral contracts or negotiated in the Italian Power Exchange (IPEX) managed by the GME. It follows the transmission phase, carried out by Terna as both TSO (Transmission System Operator) and ISO (Independent System Operator), in a monopoly regime and on the basis of a government concession:

- As transmission operator, Terna is responsible for the development of the Italian National Electricity Grid, construction activities and maintenance of power infrastructure;
- While as system operator, it provides the dispatching service for the Italian electricity system. In other words, it must guarantee that the energy demanded by consumers (households and businesses) is always in balance with the energy produced.

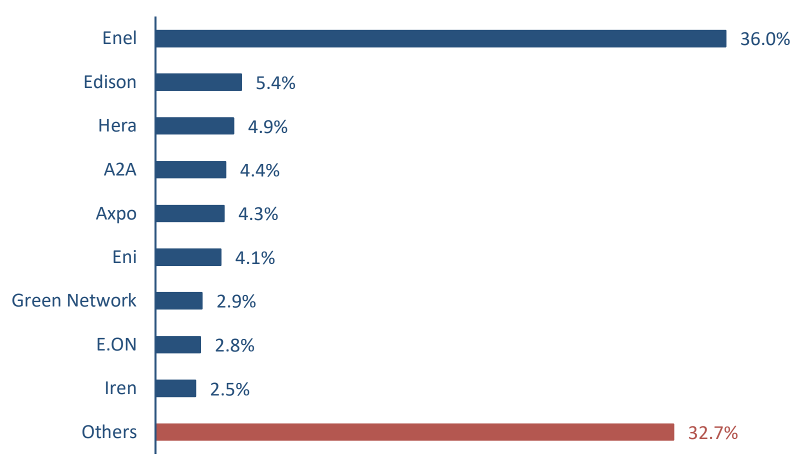
Distribution

A complex network infrastructure allows the transport of electricity to the end user, through the primary substations (which transform high voltage electricity into medium voltage electricity), the secondary substations (from medium voltage to low voltage) and the transformers.
The distribution companies, currently around 280 operators, operating under concessions, operate local, low-voltage electricity grids and maintain them.

Retail sale

Lastly, the sales companies manage the relationship with end customers. From the supply side, the utilities sector in Italy is very fragmented with the first 20 companies in the electricity segment accounting for 85% of the market, while the first 10 firms represent 2/3 of the total.

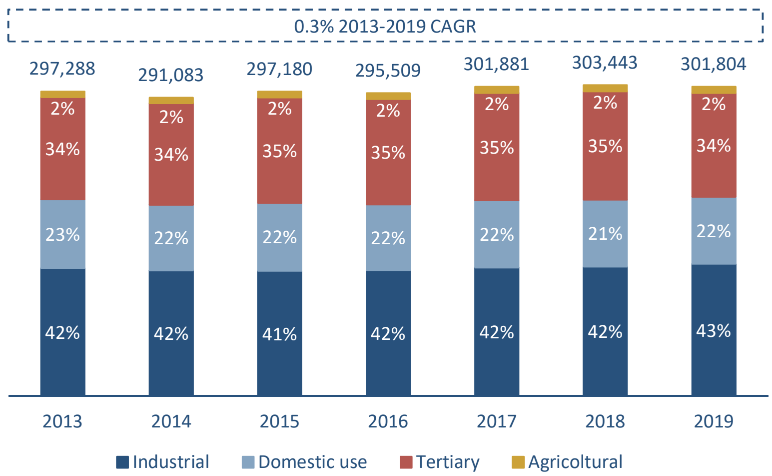
Figure 13 – 2019 shares in electricity end market



Source: ARERA

While, looking at the demand side, the consumption of electricity has been quite stable in recent years, growing at a tiny 0.4% CAGR over the period 2013-2018. We underline that even the breakdown across ending sector kept unchanged in the same interval.

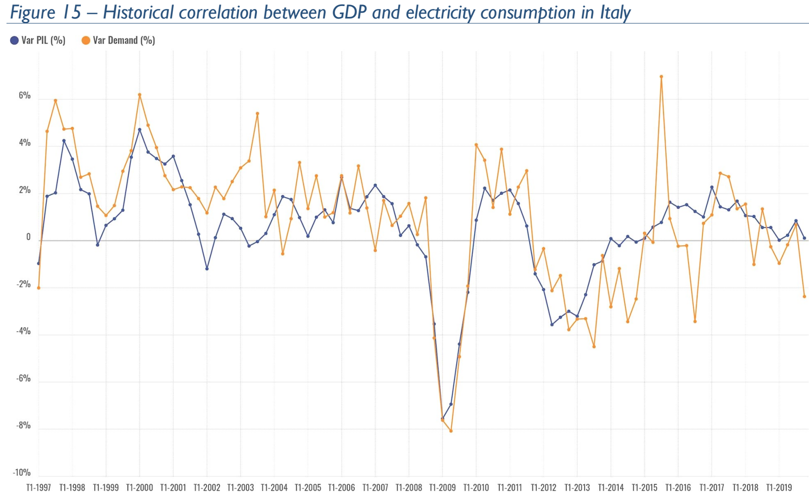
Figure 14 – Historical electricity consumption breakdown by sector (GWh, %)



Source: Terna

As for the 2021 and 2022 estimates, Terna adopts a macroeconomic model based on the relationship between GDP and electricity demand. Looking at Figure 15, it appears that since 1996, even in moments of shock such as the one experienced during the 2008 economic crisis, there has always been a strong correlation between GDP and electricity demand.

Figure 15 – Historical correlation between GDP and electricity consumption in Italy



Source: Terna

While in 2020 electricity demand contracted by 5.3%, according to Terna, a rebound should take place in 2021: in Dec-20, despite the second lockdown measures, the Imcei index (which tracks the industrial production demand of 530 highly energy-demanding selected companies) has increased double digit (+11.4%) compared to the previous year.
In the long term, in addition to the GDP correlation mentioned above, the electricity consumption is driven by two other factors:

1) Energy efficiency: the PNIEC (Piano Nazionale Integrato per l'Energia e il Clima) scenario established by the Ministry of Transport and Environment, is based on

a 43% reduction of energy consumption compared to the PRIMEC 2007 scenario;

2) Consumption electrification: achieving the 2030 and, even more so, 2040 targets requires an extensive spread of efficient and low-emission technologies in the civil sectors (heat pumps) and transport (electric and CNG / H2 vehicles).

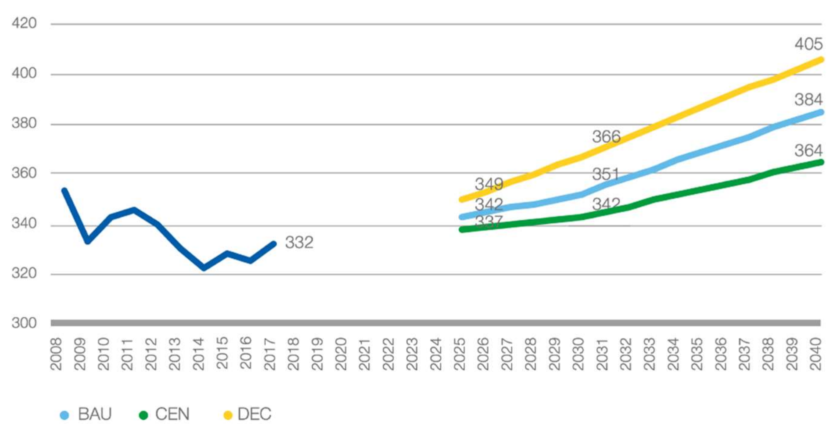
The comprehensive effect of such factors leads to a 2025-2040 CAGR ranging between 0.6% and 1.0% depending on the scenario taken into consideration:

> The Business-As-Usual scenario (BAU - 0.6% implicit CAGR) inertially projects the evolution of current trends, where technological developments are based on economic merit alone;

> Both the Centralized scenario (CEN – 0.8% implicit CAGR) and the Decentralized scenario (DEC – 1.0% implicit CAGR) reach 2030 targets for decarbonisation, RES, energy efficiency and non-binding recommendations for CO2 emissions containment. However, the former is based on a higher development of centralised renewable/low-carbon technologies (i.e. greater development of utility-scale photovoltaic and wind energy and greater reliance on traditional thermoelectric plants supplied by green gas), while the latter assumes a greater development of decentralised power generation systems (i.e. photovoltaic in particular, coupled with small-scale electrochemical storage systems) and increased electrification of final consumption (i.e. the spread of electric heat pumps and electric cars).

Despite these scenarios have been published in Sep-19, thus before the two pandemic waves, we believe that the implied growth rates should not be strongly impacted, given the long-term, irreversible nature of the drivers discussed above.

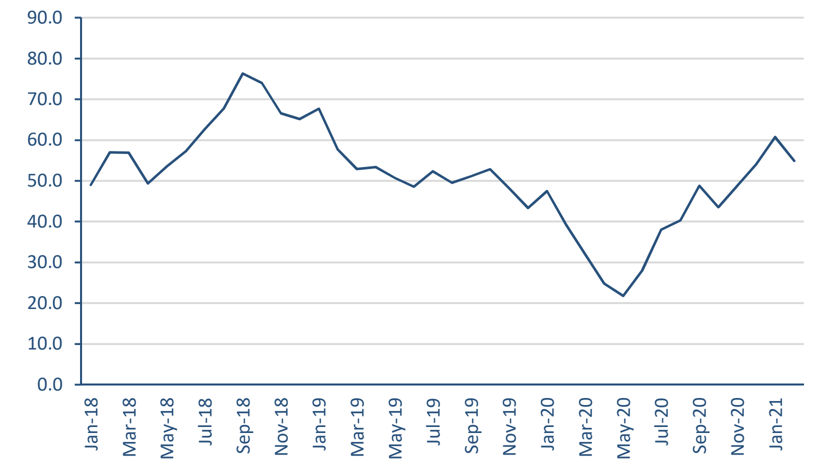
Figure 16 – Italian electricity gross consumption forecast (TWh)



Source: Istat for historical data, Terna for forecast data

In terms of price, the pandemic led to a fall of PUN starting from February 2020. After reaching the historical bottom of 21.8 in May, we saw a swift recovery which brought the PUN in September at the pre-COVID level with a progressive increase of the PUN in the past few months despite the second lockdown wave.

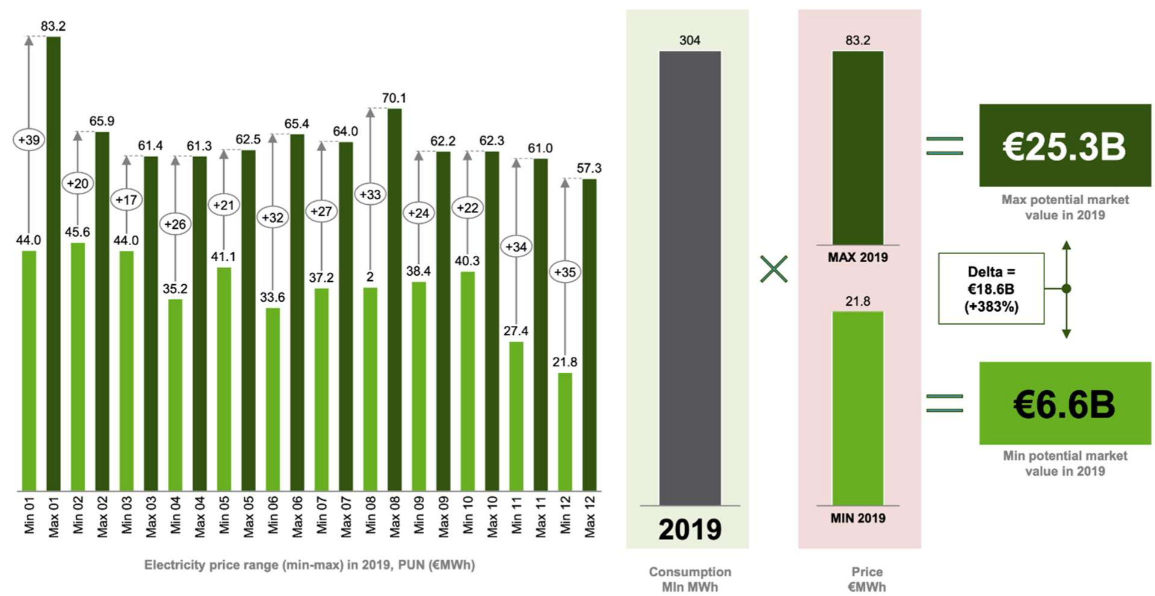
Figure 17 – Historical PUN evolution (EUR/MWh)



Source: GME

Given this significant price volatility and the notable size of the national electricity consumption, the potential addressable market for eVISO ranges from EUR6 billion to more than EUR25 billion.

Figure 18 – 2019 Electricity market price volatility and potential market value



Source: Company presentation based on GME data

Lastly, from a regulatory standpoint, the following years will see a deep change with respect to the current framework. Starting from Jan-21 around 200,000 small and micro businesses were forced to move from regulated service to the free market through a predefined process, while households will be impacted starting from Jan-22. Therefore, significant steps have been taken towards a higher market liberalization.

Gas market

The Italian natural gas market broadly follows the same pattern of the electricity market in terms of supply chain and long-term demand dynamics. First of all, like the electricity market, also the gas market can be divided into six specific main steps:

1) Procurement: the first phase of the supply chain concerns the procurement of the quantities of gas necessary to meet national needs. Unlike electricity, natural gas is found in nature and must be extracted on the national territory or imported from abroad. In Italy, the fields are largely depleted: the extraction satisfies about 10% of national needs while the remaining 90% is imported from abroad via pipelines or by ship. In this last case, the gas is made liquid through a chemical process, thus transforming into LNG (Liquefied Natural Gas), in order to make transportation cheaper (LNG takes up less space than methane gas) and safer. Once at its destination, the LNG is re-gasified to be introduced into the network;

2) Transport: Once injected into the network, the gas must be transported to the end-users: this activity is carried out by Snam Rete Gas, which holds 94% of the transportation network. Despite the liberalization of the market, building a pipeline network is very expensive, therefore it is barely feasible for other companies to invest in this sector;

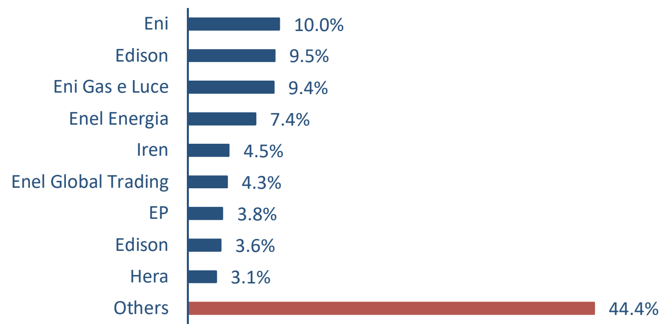
3) Storage: it is process that allows to store purchased and unused natural gas in order to make it available during peak market demand (example: increased use of gas for heating in the residential sector during winter months);

4) Wholesale trade: the activity is carried out by the shippers, who purchase the gas from importers or national producers and resell it to end customers (industries or thermoelectric plants) or to retail companies. The purchase and sale price of natural gas is formed at the virtual trading point, the main meeting point between supply and demand of the gas market in Italy;

5) Distribution: it includes the delivery of natural gas to end customers through networks of functionally integrated local gas pipelines. Technically, the distribution structure consists of the set of delivery points (regulation and measurement stations) and/or connection points, the network itself, reduction units and/or final reduction units and the utility distribution plants to the end customer supply points (referred to as redelivery points). Distribution is a public service activity, subject to the granting of a concession during a public procurement procedure, and relations between the commissioning authority and the operator are governed by a service agreement;

6) Sale to end-customers: sellers buy gas from shippers or directly from producers and sell it to end-customers, managing all commercial and administrative issues as well as the direct relationship with the clients. Similarly, to the electricity industry, also the gas sector is deeply fragmented as the top 20 sellers broadly control 75% of the market.

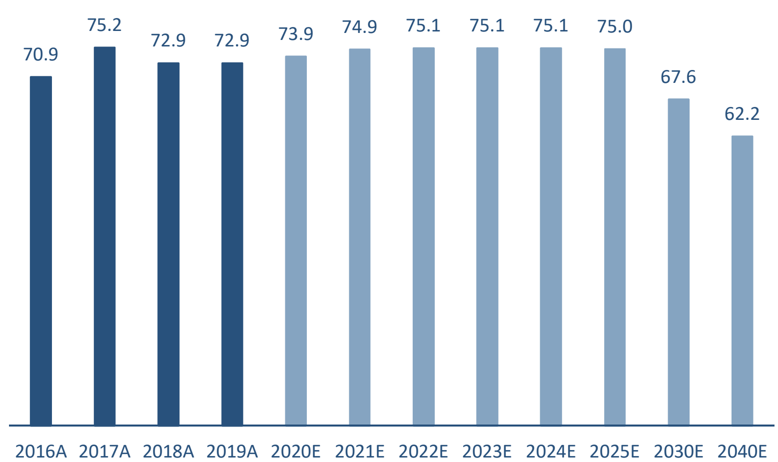
Figure 19 – 2019 shares in natural gas end market



Source: ARERA

From a demand perspective, Unione Petrolifera assumes a limited growth in the short term of natural gas volumes (1.0% CAGR over the period 2019-2025, pre-COVID figure) due to its surging load role in support of electricity production from renewable sources, replacing in this way coal-fired thermoelectric plants. In the long run, such demand is deemed to steadily collapse thanks to a higher efficiency in end-consumption.

Figure 20 – Historical and forecasted national consumption of natural gas (billion m3)



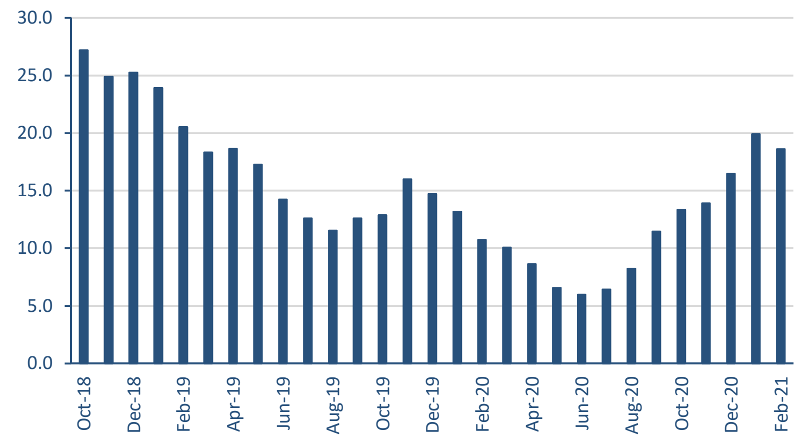
Source: Unione Petrolifera

The final price of gas is determined by a number of components that remunerate all cost items tied to its supply. It is therefore the result of a variety of components:

- cost of the procurement of the raw material, namely the "natural gas product";
- cost of transport from the production site or storage fields along the large national pipelines under high pressure;
- cost of distribution along the local pipeline networks for transfer to the medium-small customers;
- cost of storage and dispatching;
- cost of wholesale and retail marketing;
- taxes, which differ depending on the different territorial areas. The major taxes are the excise tax, VAT and revenue tax.

Overall, after the marked pandemic impact on the segment reported in 1Q20 and 2Q20 (rapidly falling spot prices in Europe and Asia as LNG supply outstripped underlying demand growth), the recovery of consumption and economic activity as well as the usual seasonality of the demand led to a rebound in 2H20 which was particularly strong in December and in January 2021 when the average price reached EUR19.88 per MWh vs. a minimum of around EUR6 per MWh in June 2020.

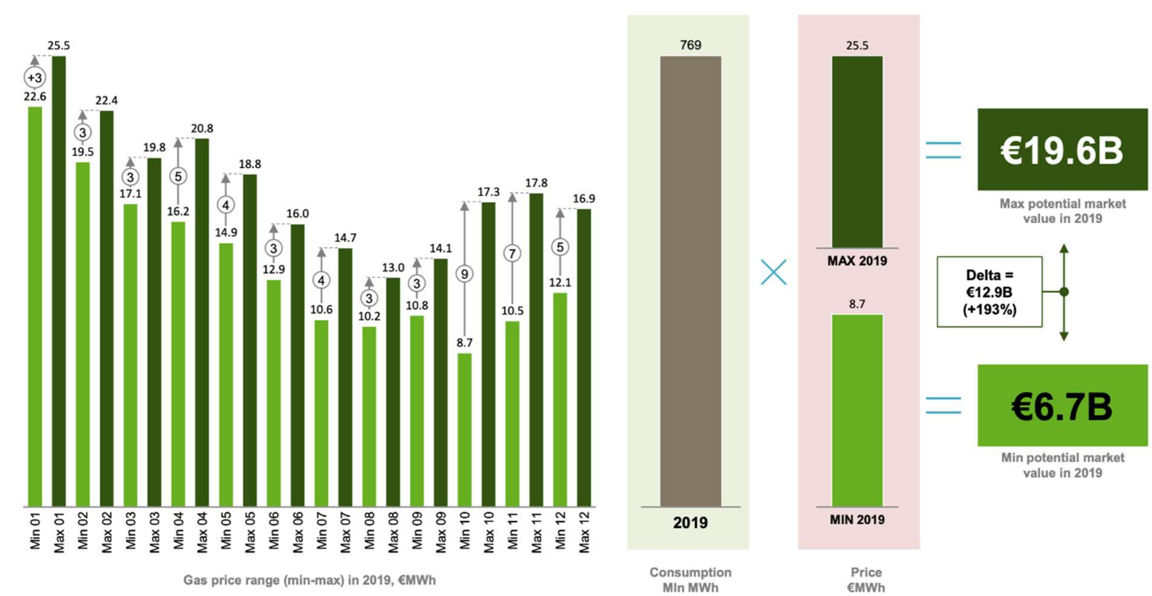
Figure 21 – Historical evolution of natural gas price in MGP-GAS (EUR/MWh)



Source: GME

In addition to the pandemic and vaccination evolution, the price trend for the coming weeks will be impacted by the weather and the temperature (and thus heating needs) of the remaining winter season. This high average volatility comes in handy for eVISO trading platform.

Figure 22 – 2019 natural gas market price volatility and potential market value

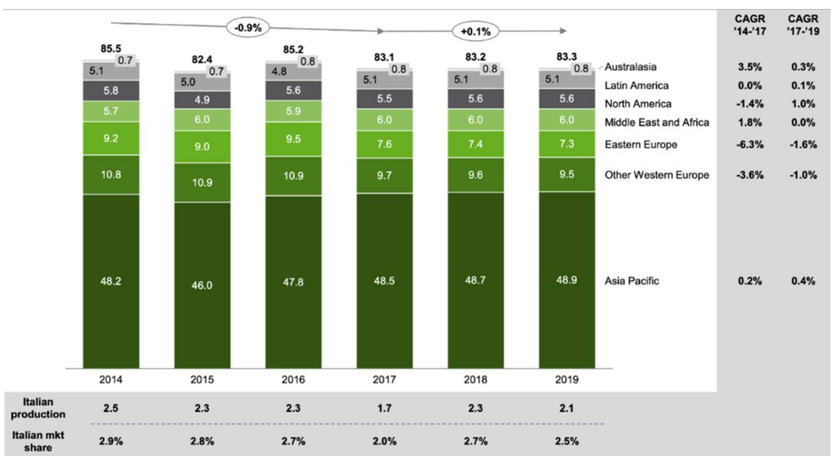


Source: Company presentation based on GME data

Apples market

Apples, thanks to their ability to adapt to the most extreme climates and to the limited need of water and nutrients, have spread and have been farmed to the temperate belt of continents all over the world.
According to Euromonitor, the 2019 worldwide production stood at around 83 million tons, including volumes destined to the processing industry. The leading producer is represented by China with around 40 million tons. The country enjoyed a very strong development in the period 1990-2000 in order to support the growth of rural areas and to feed its >1.4 billion population, which is why the harvest is mainly intended for domestic consumption.
Well behind China, the US is the second producer with almost 5 million tons, while Europe, taken as a whole, represents broadly 20% of total volumes.

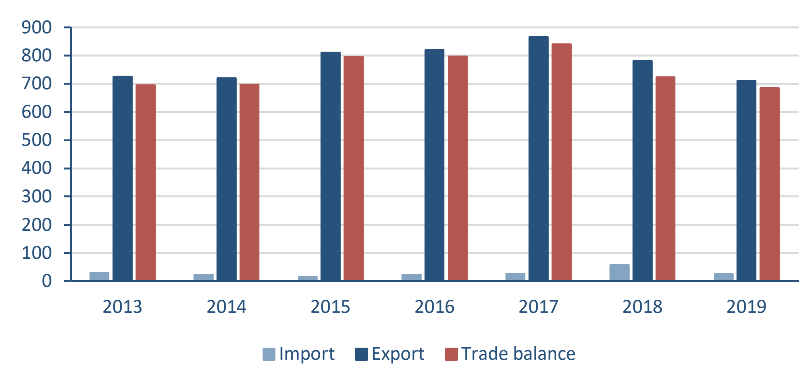
Figure 23 – Apple production by regions between 2014 and 2019 (million tons)



Source: Euromonitor

With just more than 2 million tons produced last year, Italy represents the second market in the UE after Poland (>4 million tons in 2019) and the first in terms of exports, which benefitted in recent years of a growing demand from India and Middle East. Given the marginal amount of imports, the trade balance kept constantly positive around an average EUR0.7 billion in the last seven years.

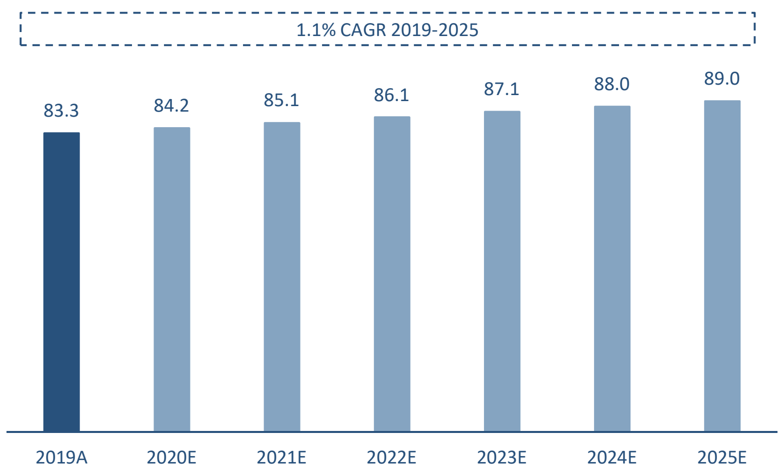
Figure 24 – Italian apples market's trade balance in recent years (EUR million)



Source: ISMEA elaboration on Istat data

Between 2020 and 2025, the worldwide apple market is expected to grow at a 1.1% CAGR, driven by the increasing population (>8.1 billion people according to the United Nations), rising demand from Asian markets, further improvement in storage technologies and, above all, the widespread growing attention to healthy, green and balanced nutrition habits.

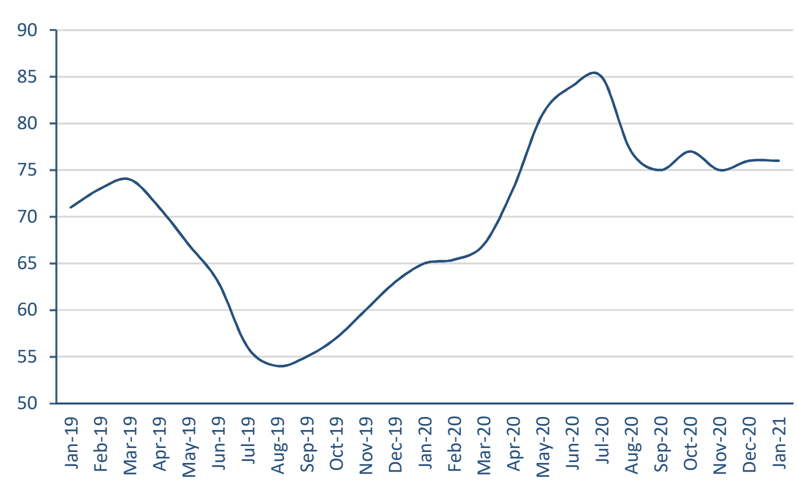
Figure 25– Apple forecast worldwide production (million tons)



Source: Euromonitor

This medium-term trend should also "benefit" from the current pandemic as the apple market had revealed countercyclical with respect to the COVID-19. Like the rest of the agrifood industry, during the lockdown we saw a sharp increase in apples consumption by household (+42% volumes and +12% prices according to Ismea during phase I of first pandemic wave) which more than compensated the ho.re.ca. channel closing. This trend has been further exacerbated by the Italian National Institute of Health' advice to "increase the share of fruit and vegetables in our diet".

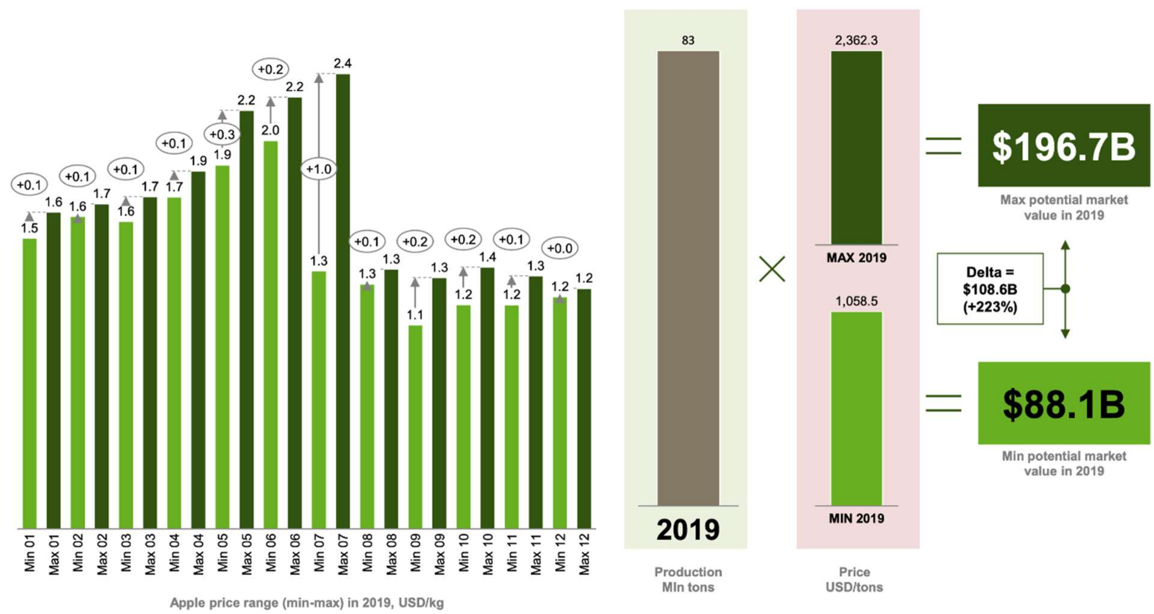
Figure 26 – Italian golden delicious market price evolution (EUR/100kg)



Source: European Commission agri-food data portal

External factors like the mentioned pandemic or international trade wars and the increasing variability of climate and weather conditions are surging price volatility, which, coupled with the considerable trading volume, makes the apple market the ideal target for eVISO commodity platform.

Figure 27 – 2019 Apple market price volatility and potential market value



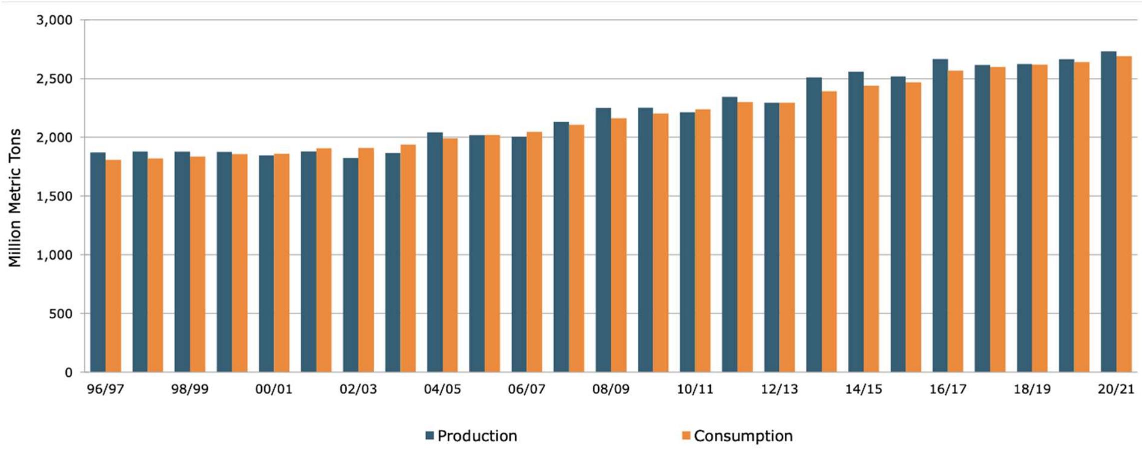
Source: Company presentation based on Bloomberg data

The way eVISO plans to approach the apple market is one of a kind.
In fact, apples' producers are normally long-term investors: an apple tree is characterized by an average life ranging from 15 to 20 years, but the trade sale is always spot.
Instead, the Company projects to be the first European player active in forward physical trades. To do so, eVISO has firstly signed a 36 months contract with the producer Lagnasco appreciating strategically its trend-setter status: its management is part of the BoD of the Italian apple producer association (Assomele) and the firm is tier I supplier of several large-scale retailers. The idea is to meet the large-scale retailers need to fix the apple prices at year-beginning, exploiting the success rate of eVISO forecasting algorithms, creating a steady, high-volume oriented client base.

Wheat market

The supply and demand sides impacting AG commodities prices are very well documented as institutions like the Chicago FED or the US Department of Agriculture issue weekly and, in some cases, even daily reports. The balance between supply & demand is historically tight, thus the prices volatility (given that a minimum swing in one of the two sides implies a dis-equilibrium on the market).

Figure 28 – AG commodities supply & demand balance



Source: Deere, USDA

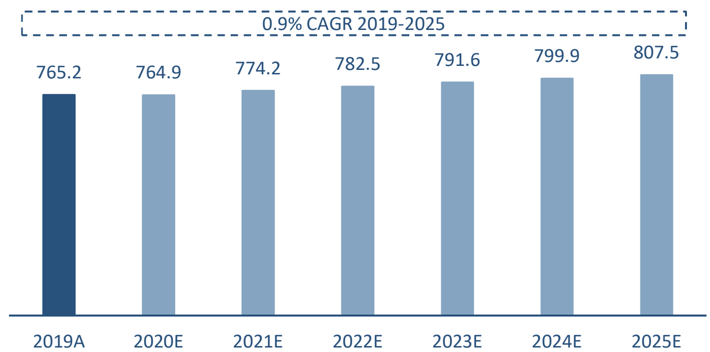
But while demand is quite rigid (people needs to be feed) and growing 1-2% p.a. (driven by demographics and improved wealth conditions) supply is more volatile. Therefore, in our view, this is a supply driven market.

As we already discussed, eVISO new paradigm to cluster and analyze Big Data (based on an automated AI platform) analyzes automatically millions of data in order to elaborate forecasts to be applied on both demand and supply sides optimizing the pricing through algorithmic trading. There are several factors that can be used as input in the AG commodities models and this makes the sector one where AI support can be helpful. Those factors may include:

- Weather conditions in many parts of the world, coinciding with harvesting periods;
- Inventory levels of every single commodity in every single region;
- External factors like government incentives, used vehicle prices, and new product introduction (that increase farmers productivity);
- Geopolitical factors like the US-China trade deal which supported a normalization in purchases from China and a stabilization in the world trade flows (historically the US and Brazil are net exporters while the remaining countries are net importers);
- The weakness in the USD, given that AG commodities are traded using this currency;
- Disruptive one-offs events like Covid-19 that, with its restrictions, meant significant difficulties in harvesting due to the lack of workforce.

Talking about Wheat specifically (which is a market eVISO would like to enter) the worldwide production was, in 2019, at 765 tons, as can be seen in the next graph.

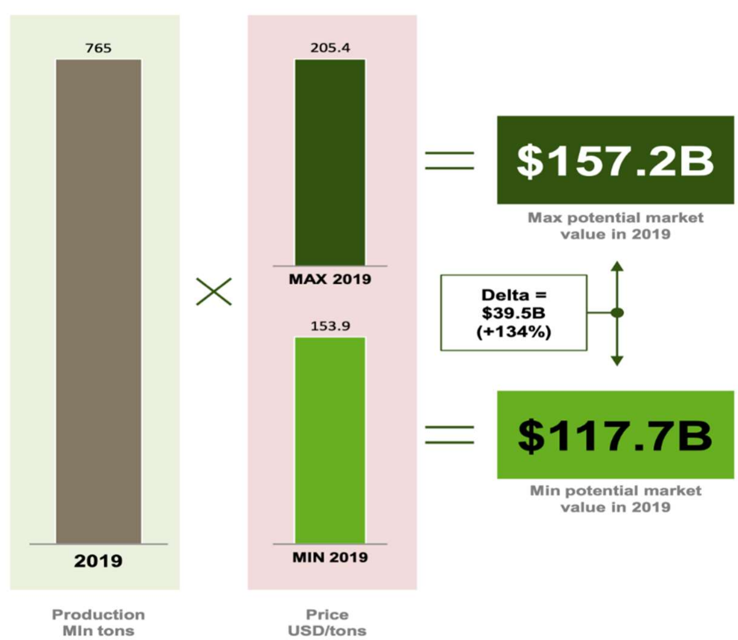
Figure 29 – Wheat forecast production 2019-2025 (million tons)



Source: OECD FAO Agricultural Outlook 2020-2029

Major exporting countries are Russia, the US, France, Australia and Canada while China is the major importer. While the market is a global one, we understand that it can be disarticulated at local levels. For instance, if a windmill close to Saluzzo serves a local food or detergent producer it does it with multi-year contracts which are mainly based on what it expects to be its wheat production. If it will need more wheat than it produces it would need up buying on the market at the prevailing spot price (or on the futures market if it was able to quantify this miss early).
To be successful eVISO platform needs huge trading volumes and significant price volatility which is exactly the case for AG commodities and for Wheat specifically:

Figure 30 – Wheat 2019 potential market value



Source: Company presentation based on Bloomberg data

SWOT Analysis

Figure 31 – SWOT Analysis

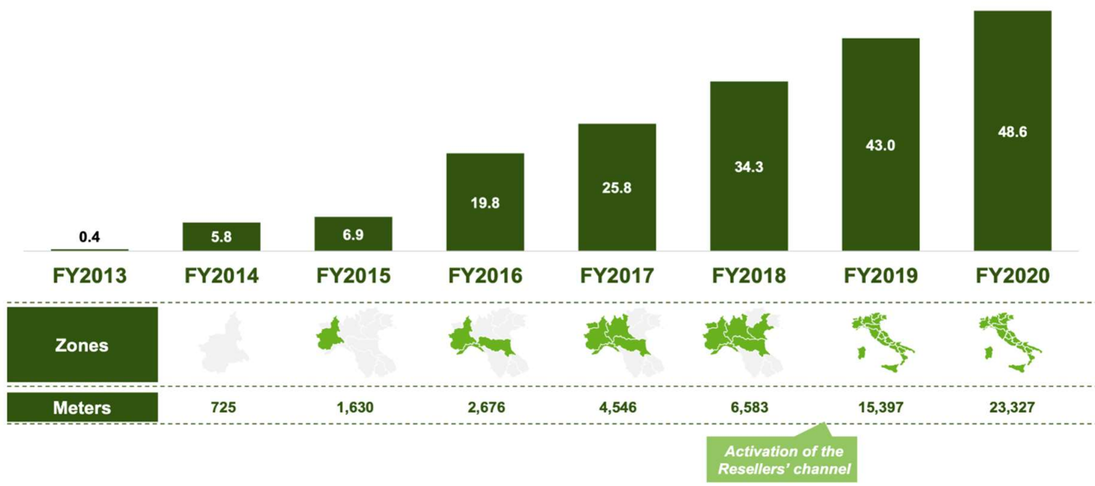
Strengths	**Weaknesses**
Unique AI platform for optimizing physical commodities markets leveraging on Big Data analytics with high forecasting capabilities	Commercial network still to be developed with high investments (currently only Piedmont, Liguria and Emilia Romagna are covered)
Impressive track record in the Electricity market	Limited size and geographical presence
Significant competitive advantage compared to peers thanks to its capability to integrate the entire Big Data value chain	Low visibility on future contracts
Solid credit rating (B1.1 Cerved level) which eliminates the surety guarantee requested by institutional energy suppliers and positive financial position	eVISO capitalizes all the costs for the technological platform implementation (around 30% of personnel costs)
Wide customer base with high loyalty (switch rate at 5.4% vs. 16.1% of the sector)	Clients of commodities apple and wheat still to be educated to this new AI-trading paradigm. Commodities apple and wheat are still in their starting phase
Minimal net invested capital (EUR3.3 million at June -20) with an impressive capital turnover (14.8x) thanks to a structural negative operating NWC	There is not yet certainty on that eVISO AI platform can not be patented, but the company is examining this aspect
Committed and skilled management team	
Opportunities	**Threats**
Development of apple and wheat markets. eVISO is the only player able to offer forward contracts on apple in Europe	Strong dependence from few key people
Upselling and cross-selling opportunities in the gas market	New breakthrough technology in the AI developed by a competitor
eVISO could be an attractive prey for large utilities	Potential difficulties in attracting new talents
Development of ancillary services (advisory, testing, diagnosis)	Possible cyber attacks
Potential expansion in other European electricity markets (France, Germany)	COVID-19 and subsequent lockdowns could jeopardize the expansion of the electricity retail channel (CLARA)

Source: UBI Banca estimates

Recent results

So far, eVISO revenues have been entirely generated by the historical electricity trading activity, supported by the Company's proprietary AI platform, while an increasing contribution from gas, apples and wheat commodities is expected in the years to come. In FY20 (ending in Jun-30), revenues rose by 12.9% (after a remarkable +25.4% reported the previous year) despite an adverse scenario (COVID-19 pandemic and decrease of energy price or PUN) thanks to an increase of electric energy sales volume.

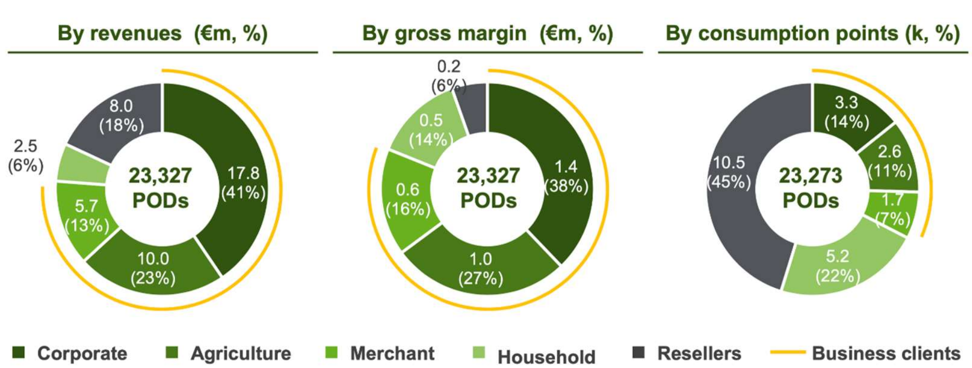
Figure 32 – Revenues evolution since eVISO foundation (EUR million)



Source: Company presentation

From a customer base and geography standpoint, broadly 76% of revenues came from business clients (corporates in first place with >40% share) concentrated in Northern Italy (mainly Piedmont and Lombardy), while resellers were approached since 2H19 and already reached 18% of sales in Jun-20, leading to: 1) lower risk due to the higher diversification (still, we underline that the first direct client, excluding resellers, accounted for 1.8% of top line last year); 2) significant data flow from a much higher number of PODs (6,583 meters in FY18 vs. 23,327 in FY20) located throughout the national territory, not just in a specific area; 3) reduction of sales per meter (EUR4.8 thousand in FY18 vs. EUR2.1 thousand in FY20); 4) dilution at gross margin level (partially offset by the higher profitability from households).

Figure 33 – FY20 breakdown of revenues, gross margin and PODs by customer base



Source: Company presentation

Despite the rise in energy transport costs (+32.6% last year), the lower cost for the purchase of electricity raw material pushed up the profit margin in absolute terms, which moved from EUR4.1 million in Jun-19 to EUR4.9 million in Jun-20, implying a slight gross margin improvement (from 9.6% to 10.0% in FY20). At the same time, the portion of gross margin related to the value created by the proprietary AI platform steadily increase YoY, growing from 55.1% in 2019 to 60.6% in 2020 (it was 49.1% in FY18).

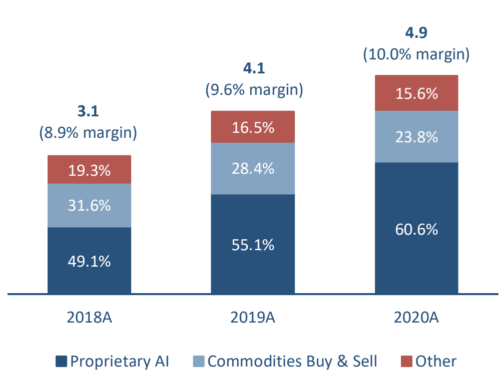
Figure 34 – Revenues, gross margin and EBITDA historical trend

(EURm, %)		2018A	2019A	2020A
Electricity		33.1	41.679	47.826
Growth rate			25.9%	14.7%
	Clients	6,600	9,500	12,500
	Meters (PODs)	6,583	15,397	23,327
	Sales per client (EUR000)	5.0	4.4	3.8
	Sales per meter (EUR000)	5.0	2.7	2.1
R&D capitalised		0.5	0.4	0.6
Other revenues		0.1	0.2	0.2
VoP		**33.7**	**42.3**	**48.6**
Growth rate			25.7%	14.7%
Gross margin		**3.1**	**4.1**	**4.9**
Gross margin %		8.9%	9.6%	10.0%
EBITDA		**1.5**	**2.1**	**2.4**
EBITDA margin		4.3%	4.9%	4.8%

Source: Company data

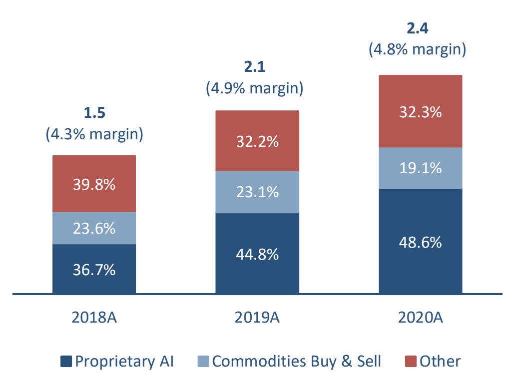
The growth in gross margin reported in the 18-20 period drove a remarkable EBITDA expansion (EUR2.4 million in FY20, +11.8% vs. FY19 and +25.7% 18-20 CAGR) after a 50% hike occurred between FY18 and FY20 in both labor costs (the workforce rose from 24 employees to 30 in FY18 and 33 in FY20) and SG&A expenses (which comprised EUR0.3 million management compensation in 2020). Overall, these figures show a high degree of consistency both in absolute terms (EBITDA has been constantly in the range of 50% of the gross margin in recent years) and in terms of profitability (EBITDA margin ranging between 4.3% and 4.9% in the last three years). Stripping out the effect of COVID-19 on the firm's financials, EBITDA adjusted would have been around EUR0.5 million higher, implying a 5.8% margin.

Figure 35 – Gross margin breakdown 2018-2020 (EUR million, %)



Source: Company data

Figure 36 – EBITDA breakdown 2018-2020 (EUR million, %)



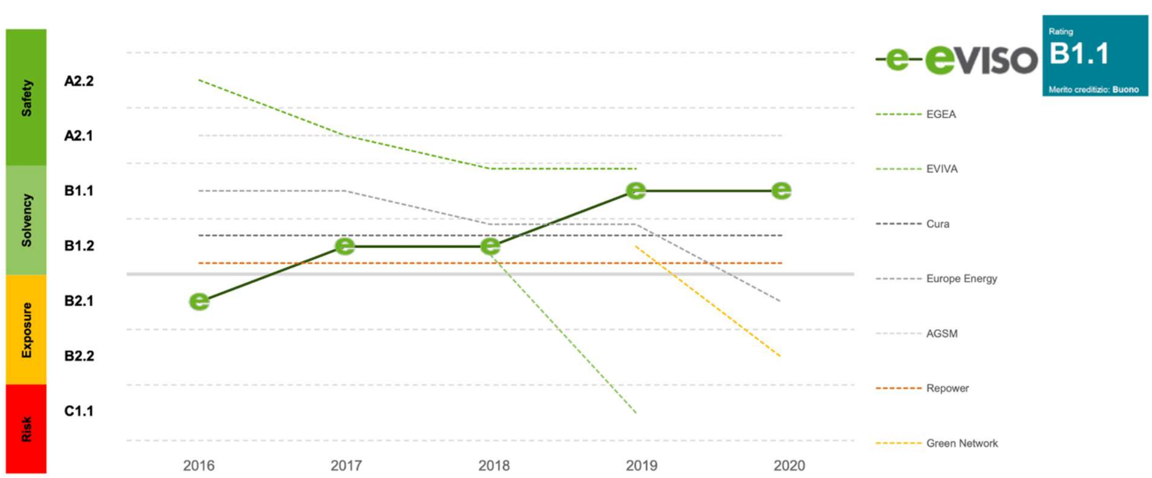
Source: Company data

Below the EBITDA, the P&L appears quite lean. After EUR0.7 million D&A (marginally up compared to previous year for capex plan), EBIT reached EUR1.7 million in Jun-20, implying a 3.5% margin bang in line with 2019. Immaterial financial charges (lower than EUR0.1 million each year between 2018 and 2020) and a constant tax rate (always in the 33% region) brought to a EUR1.2 million bottom line, corresponding to a 2.4% net margin, once again very consistent with respect to the 2019 and 2018 figures (2.5% and 2.3% respectively).

Moving to the balance sheet, at Jun-20 fixed assets were EUR3.9 million divided into EUR1.6 million of tangible assets (increased last year in relation to the purchasing of the land for building the Company's new headquarter), EUR1.2 million of intangible assets (mainly capitalized costs for the technological platform implementation) and EUR1.1 million of financial assets (investments in associates). Instead, the operating working capital is structurally negative (30 days receivables and 40 days payables were reported in 2020 with no inventory), leading to a light million invested capital (EUR2.9 million in June-20), which boosts turnover (14.8x in FY20) and thus ROI and value creation.
Last year the net financial position reached breakeven (from EUR2.2 million net cash in Jun-19), following: 1) EUR0.8 million operating cash flow, which is lower compared to the EUR1.8 million achieved in FY19 due to the negative impact from NWC absorption; 2) EUR1.8 million capex (vs. EUR1.0 million the previous year) attributable to the AI platform evolution, the new headquarter and the acquisition of a qualified minority (33%) in GD System, a firm active in software development and advanced system maintenance; 3) EUR0.3 million dividend (vs. EUR0.2 million distributed in FY19).

Finally, we underline that rating is a relevant factor from a NFP standpoint as a solid creditworthiness leads directly to significant savings.
The Energy Transport Code requires companies operating in the sector to present a 3-month guarantee to institutional suppliers (Terna, GME and distributors) to cover good payment of invoices. The guarantees towards distributors are equal to 13% of the turnover. The guarantees can be in the form of a non-interest-bearing security deposit or a first demand surety guarantee issued by a leading credit institution.
Starting from Oct-15, the guarantees to distributors can be replaced by a credit rating equal to or higher than BBB-S & P's, or B1.2 on the Cerved Rating Agency scale. Since eVISO was assessed as B1.1 by since 2019 by Cerved, it can grow without having to exponentially increase the ban guarantee lines or incur additional costs.

Figure 37 – eVISO historical rating assessment



Source: Company presentation

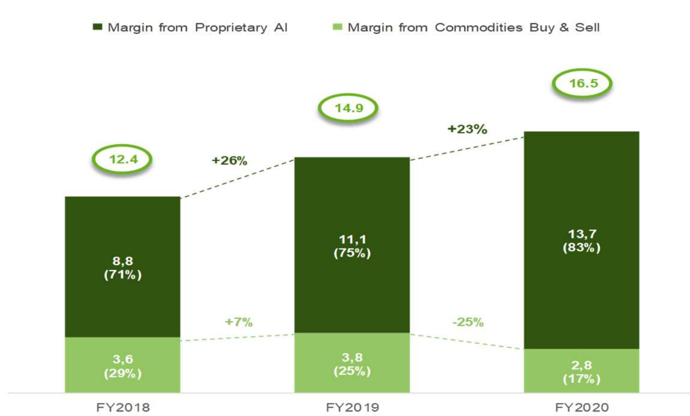
Financial Projections

eVISO has adopted Italian accounting standards but the gaps with IFRS are limited according to the management, being mostly related to rents. We also highlight that the financial year ends on 30 June, and therefore 2020 results already included the impact of the lockdown of last March and April, quantified in around EUR0.5 million at EBITDA level.

We underline that the company has a strong seasonality with a first half of the year (July-December) characterized by lower revenues and profitability but a higher cash generation while January-June generally presents stronger revenues and higher margins.

In order to asses our forecasts we estimated the gross margin for every division. In our view gross margin is the main metric to understand the company's profitability. In fact, eVISO has a minimal gross margin on the sale of electricity (or the gap between purchasing price and selling price, quantified into EUR2.8 per MWh in 2020 for direct clients, while for resellers is lower) while the real profitability stands in the application of eVISO's proprietary AI platform (quantified by the management in EUR13.7 per MWh in 2020 for direct clients, while for resellers is lower). The margin on commodity sales has even decreased in the past two years due to the increasing weight of resellers which presents a much lower gross margin compared with other clients' clusters and due to the company's strategy to increase the appeal of its contracts.

Figure 38 – Gross margin per MWh for direct clients



Source: Company presentation

Our assumptions for the Electricity sector, which represents the bulk of consolidated turnover, are based on the different revenues and profitability trend for direct clients, resellers, retail, pass-through sales and ancillary services.

Direct clients (70.3% of 2020 sales).

Our assumptions are based on the followings:

- A strong growth of the clients (POD or meters) in 2021 due to the contracts already signed since July followed by +15% in 2022 and +10% in 2023;
- A declined on GWh per POD this year due to the impact of the COVID-19 outbreak followed by a 5% recovery in 2022-23;
- An increase of the average price in 2021 after the strong impact of the COVID-19 outbreak on 2020 (PUN declined by >50% during the lockdown of April and May), followed by a further recovery in 2022 and 2023;

- A slight increase of the gross margin (from 10.5% in 2020 to 11% in 2023), assuming a growing efficiency of the AI platform, fixed transport and dispatching cost per MW, in line with 2020, and a variable cost of electricity with an increase in 2021 followed by further recovery in 2022-23.

Altogether, we expect direct clients to double revenues in the next three years topping EUR64 million with >EUR7 million gross profit generated in 2023, or nearly the double of 2020.

Figure 39 – Direct Clients division sales and gross margin forecasts

(EUR, EURm, MWh, %)		2019	2020	2021E	2022E	2023E	CAGR 2020-23
Clients (POD)		9.759	12.606	16.644	19.141	21.055	18,6%
MWh per POD		20,778	17,023	15,321	16,087	16,891	
Total GWh delivered	A	202,77	214,59	255,00	307,91	355,64	18,3%
% change		19,4%	5,8%	18,8%	20,8%	15,5%	
Price per MWh (EUR)	B	172,22	156,53	161,19	167,46	180,13	
Revenues (EURm)	**AxB**	**34,92**	**33,59**	**41,10**	**51,56**	**64,06**	**24,0%**
Gross profit per MWh (EUR)	C	14,91	16,51	16,68	18,01	19,81	
Gross profit (EURm)	**AxC**	**3,02**	**3,54**	**4,25**	**5,55**	**7,05**	**25,8%**
Gross margin		**8,7%**	**10,5%**	**10,3%**	**10,8%**	**11,0%**	

Source: Company presentation, UBI Banca estimates

Resellers (12.1% of 2020 sales).

Resellers should represent the main driver of eVISO growth in the coming years as signing one contract with a single reseller eVISO can add a high number of POD to its portfolio (in 2020 the average POD per reseller was 536). The company on February 12 announced to have subscribed new contracts with resellers for supplying 54GWh from March which is nearly equal to the GWh supplied in the whole 2020 (57.2GWh). These new contracts should add around EUR7 million of sales, based on the average energy price of 2020, corresponding to 15% of 2020 turnover, thus providing a high visibility on 2021.
In addition, we see two specific drivers for resellers: 1) the increase of the share of wallet on every reseller (from around 5-10% at the beginning of the contract to 20-25% according with the management), and, 2) the competitive scenario which has seen a progressive exit of players which have lost the investment grade and therefore cannot sustain the guarantee to institutional suppliers, leaving room to eVISO. Clearly, the gross margin per reseller is much lower compared with direct clients but we believe that it could be progressively increased thanks to the continuous reshuffle of the resellers' PODs which allows eVISO to exclude low-profit PODS from the portfolio.
Our assumptions are based on the followings:

- A strong growth of the PODs in 2021 due to the contracts already signed since July, in particular the contracts signed in February 2021, followed by >50% growth in 2022 and >40% in 2023. We highlight that small resellers should grow more rapidly than the larger ones;
- A stable GWh per POD in line with 2020;
- An increase of the average price in 2021 after the drop of 2019 caused by the COVID-19 outbreak, followed by further recovery in 2022 and 2023;
- A stable gross margin at around 3%, assuming fixed transport and dispatching cost per MW, in line with 2020 and a variable cost of electricity increasing every year up to 2023.

Altogether, we expect eVISO to strongly increase its market share (the management has a target at around 10% of the Italian market in 2023 compared to less than 1% in 2020) also thanks to new contracts with gas resellers that aim to enlarge their offer to electricity and need a reliable partner in this field. Revenues should more than double this year and should surpass EUR47 million in 2023 with around EUR1.5 million gross profit generated in 2023.

Figure 40 – Resellers division sales and gross margin forecasts

(EUR, EURm, MWh, %)		2019	2020	2021E	2022E	2023E	CAGR 2020-23
Clients (POD)		5.638	10.721	20.369	29.535	41.350	56,8%
MWh per POD		1,050	5,336	5,336	5,336	5,336	
Total GWh delivered	A	5,92	57,21	142,03	209,28	298,15	73,4%
% change		0,0%	866,4%	148,3%	47,3%	42,5%	
Price per MWh (EUR)	B	179,0	139,2	143,5	148,9	160,0	
Revenues (EURm)	**AxB**	**1,06**	**7,96**	**20,39**	**31,16**	**47,71**	**81,6%**
Gross profit per MWh (EUR)	C	4,23	4,01	4,14	4,50	4,91	
Gross profit (EURm)	**AxC**	**0,03**	**0,23**	**0,59**	**0,94**	**1,46**	**85,5%**
Gross margin		**2,4%**	**2,9%**	**2,9%**	**3,0%**	**3,1%**	

Source: Company presentation, UBI Banca estimates

Retail (0% of 2020 sales).

eVISO has just launched this product, called "CLARA", which is a rechargeable offer that provides a flat rate offer at EUR50 per month (including VAT) for the supply of electricity deriving from 100% renewable sources. This product will be commercialized through a partner network (banks, tobacco shops, phone shops, white good shops, etc.) starting from Piedmont but with the target to reach the entire Italy. Up to date the company has around 100 clients but this number should rapidly growth reaching 5.000 clients at the end of 2023. Clearly, the recent lockdowns in several Italian regions are jeopardizing the distribution of CLARA and therefore our estimates are particularly conservative for 2021, when we target just 250 customers. The gross margin is particularly attractive (around 14% according to the management) and should be roughly stable as the electricity price fluctuations should be passed to clients reducing the available electricity consumption per month (currently 200 kWh). We believe retail channel should approach EUR2 million sales in 2023 adding >EUR0.2 million gross profit to eVISO.

Figure 41 – Retail division sales and gross margin forecasts

(EUR, EURm, POD, %)		2020	2021E	2022E	2023E
Clients (POD) at year-end		9	250	2.500	5.000
Average clients	A		130	1.375	3.750
Price per POD monthly (EUR)	B	42,5	42,5	42,5	42,5
Revenues (EURm)	**AxB**		**0,07**	**0,70**	**1,91**
Gross profit per MWh (EUR)	C		6,00	5,43	4,83
Gross profit (EURm)	**AxC**		**0,01**	**0,09**	**0,22**
Gross margin			**14,10%**	**12,80%**	**11,40%**

Source: Company presentation, UBI Banca estimates

Pass-through sales (11.5% of 2020 sales).

Pass-through sales are the value of the electricity acquired and sold every year on the energy markets aiming at increasing the Company's gross-margin by means of AI platform's forecasts and aligning final delivery energy's quantities to single clients' demands and correspond to a percentage of the turnover of directs clients, resellers and retail. This percentage, at around 13% in 2020, should remain broadly stable also in the coming years as electricity price fluctuations are passed on to customers. We highlight that pass-through sales do not generate any gross margin.

Ancillary services (1.6% of 2020 sales).

This division includes several optional services (temporary activations, meter unlocking, power variations, thermographic and seismic diagnosis, grounding tests, advisory services) offered to direct clients and resellers. In 2020 eVISO supplied >4.000 ancillary services and we believe should grow along with the GWh delivered with an average price which should slightly grow for resellers and slightly decrease for direct clients. We estimate an average gross margin at around 20%, stable through the years. Altogether, ancillary services should represent 1-1.5% of total electricity sales in the coming years.

Figure 42 – Electricity division sales and gross profit forecasts

(EURm, %, EUR)	2018	2019	2020	2021E	2022E	2023E
Direct clients	27,8	34,9	33,6	41,1	51,6	64,1
Reseller	0	1,1	8,0	20,4	31,2	47,7
Retail	0	0	0	0,1	0,7	1,9
Pass-through sales	5,3	5,8	5,5	6,8	10,0	14,9
Ancillary services	0,6	0,7	0,8	0,9	1,0	1,2
Total electricity sales	**33,7**	**42,5**	**47,8**	**69,2**	**94,5**	**129,8**
Direct clients	2,1	3,0	3,5	4,3	5,5	7,0
Reseller	0,0	0,0	0,2	0,6	0,9	1,5
Retail	0,0	0,0	0,0	0,0	0,1	0,2
Ancillary services	0,1	0,1	0,2	0,2	0,2	0,2
Total electricity gross profit	**2,2**	**3,2**	**3,9**	**5,0**	**6,8**	**9,0**
% margin	**6,6%**	**7,5%**	**8,2%**	**7,3%**	**7,2%**	**6,9%**
% margin ex pass-through sales	**7,8%**	**8,7%**	**9,3%**	**8,0%**	**8,0%**	**7,8%**

Source: Company presentation, UBI Banca estimates

For the gas division we assume that eVISO should start to approach its existing direct clients in electricity (around 5.000). Considering that this new business is starting from scratch we believe it would take time to saturate this client portfolio. We estimate that 800 clients could sign a contract this year, 3.000 in 2022 and 5.000 in 2023. Taking into account that the average bill could be around EUR900 per client we estimate that gas division could contribute to consolidated turnover for EUR0.4 million in 2021 rapidly growing to EUR3.8 million in 2023. The gross margin should be slightly above the margin of the electricity division but should rise along with the development of the AI platform reaching 12% in 2023.

Figure 43 – Gas division sales and gross margin forecasts

(EURm, %)	2021E	2022E	2023E
Sales	0,27	1,67	3,82
Sales growth %	n.m.	515,9%	128,9%
Clients	600	3.000	5.000
Gross profit	0,02	0,18	0,46
% margin	7,0%	11,0%	12,0%

Source: UBI Banca estimates

As for the new businesses of apples and wheat, which are currently in a ramp-up phase with one memorandum of understanding signed for apple (with Lagnasco group starting from a minimum of 20 containers which are valued around EUR0.35 million) and one under drafting for wheat with a leading industrial player (up to 50k tons, or around EUR10 million countervalue) we estimate a minimal contribution this year, than revenues quintupling in 2022 (apples ramp-up coupled with first revenues on wheat) and growing by more than 40% in 2023 which should lead to EUR0.3 million sales for wheat and EUR0.9 million for apples.

In details, on apples we assumed that eVISO will add another customer in 2022 and a third one in 2023. We modelled revenues based on the number of containers that will be sold within the marketplace and for which eVISO takes a fix amount (currently EUR800 per container, which is a very small percentage of the total value of the single container that carries around 21,000 Kg at EUR0.90 cents per kg). We considered also that eVISO would take a monthly fee for the participation to the marketplace, for its maintenance and for the advisory/forecasting services it supplies.
For wheat we assumed first revenues in 2022 and a second customer by 2024. The monthly fee should be lower (no marketplace) but still there should be a percentage on the countervalue traded (which we assumed to be EUR10 million in 2022, as per the MoU under drafting).
Gross margin should be higher than electricity given eVISO will be mostly selling a service, with a platform already developed. We assume a margin of 40% for both divisions in the first year of operations than growing to 50%.

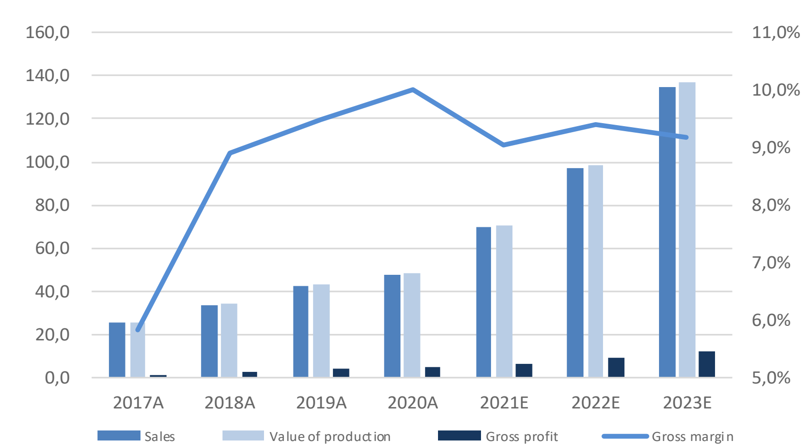
Figure 44 – Wheat and apple divisions sales and gross margin forecasts

(EURm, %)	**Wheat**			**Apple**		
	2021E	**2022E**	**2023E**	**2021E**	**2022E**	**2023E**
Sales		0,28	0,31	0,15	0,58	0,90
Sales growth %		n.m.	50,0%		n.m.	55,6%
Gross profit		0,1	0,2	0,01	0,29	0,45
% margin		40,0%	50,0%	40,0%	50,0%	50,0%

Source: UBI Banca estimates

Altogether, eVISO is expected to increase revenues by 45% this year and by 40% in 2022. Below the revenues line the company capitalizes the cost for the development of its AI proprietary platform (EUR0.6 million in 2020, mostly composed by personnel costs) and other revenues. Therefore, value of production is slightly above the sales data.

Figure 45 – Revenues, value of production and gross profit trend (EURm, %)



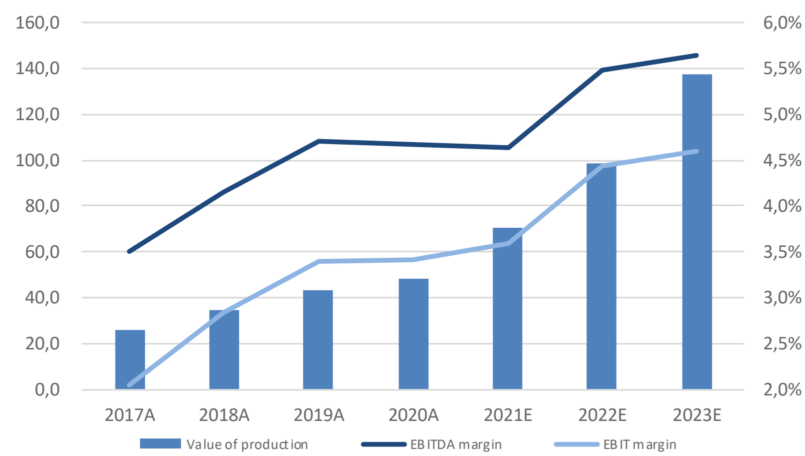
Source: Company data, UBI Banca estimates

Below the gross profit, eVISO has two main fixed costs: 1) labor costs which was around 2-2.5% of revenues in the past three years (a very low level, but we have to consider that around 30% of labor cost is capitalized), and 2) SG&A costs which refer to sales commissions, rating access, management compensation, other general costs, advisory costs and leasing and rentals. Altogether fixed costs represent around 5-6% of value of production, a percentage which should decline in the coming years. This should lead to a slight improvement of the EBITDA margin in the coming years (from 4.8% in 2020 to 5.6% expected in 2022).

Given that variable costs are >90% of the value of production, eVISO has a low operating leverage (2.64x in 2020) which makes the company profitability safe even in front of sharp market downturns.

After annual D&A costs of about EUR1 million in 2021 which should progressively grow on the back of the aggressive capex plan, EBIT is expected to rise to EUR2.6 million this year, reaching EUR6.3 million in 2023.

Figure 46 – Value of production and profitability margin trend



Source: Company data, UBI Banca estimates

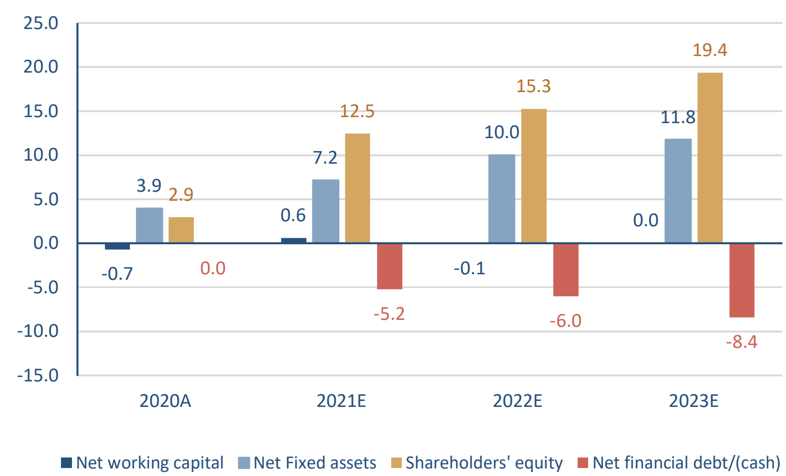
Below the operating line, eVISO is expected to report minimal financial charges in coming years given its net cash position. The tax rate is expected to remain at around 25%, in line with 2017-20. As a result, net profit should reach EUR1.8 million in 2021, EUR3.3 million in 2022 and EUR4.9 million in 2023.

eVISO has not indicated any clear dividend policy even if a dividend has always been distributed in the past. In our estimates we assumed a pay-out ratio of 25%, which is in line with the average of the AIM market and considers that the Group focus is on investing in the AI platform development and its expansion in new businesses rather than offering a higher return to its shareholders. Our DPS projections translate in a dividend yield of around 1% this year, based on the current market price, growing to 1.7% in 2022 and 2.5% in 2023.

The company's operating cash flow generation is satisfactory (about EUR1.4 million p.a. on average over the past three years) and we believe this trend will strongly accelerate in future topping EUR6.4 million in 2023. Capex is expected to reach EUR3.5 million this year, EUR3.7 million in 2022 and EUR3.0 million in 2023, including the investments for the construction of the new headquarter (around EUR6 million investments of which EUR1.3 million already paid in 2020 for the acquisition of the building). Moreover, eVISO has signed the contract for the acquisition of the majority of GD system (33% stake bought last year), a strategic software supplier. The transition will become effective starting 1st July 2021. The investment will be around EUR 0.2 million. Including EUR8 million stemming from the recent listing we believe the current positive net financial position (EUR0.05 million at June-20) should progressively improve in the coming years with net cash reaching EUR5.2 million at June-21, EUR6 million at June-22 and EUR8.4 million at June-23.

eVISO has structurally a negative operating working capital (-3.5% of value of production in the past three years) as the company has no inventory and collects the electricity billing generally within 30 days (trade receivable was at 30 days in 2020, compared with an average of 34.2 days in 2017-19) while trade payables are around 40 days. We expect a slight increase of trade receivables as new businesses, in particular apple and wheat, have a different working capital dynamic. Adding that fixed assets are limited (EUR3.9 million at June-2020), eVISO has a terrific capital turnover (14.8x last year) which is an outstanding factor to increase ROI. In the coming years we expect a reduction of the capital turnover due to growing capex but we believe the capital turnover would remain at 9-11x leading to a ROI after tax of >30% making eVISO a leading company within our peer sample.

Figure 47 – Balance Sheet projections (EUR million)



Source: Company data, UBI Banca estimates

Valuation

Our target price of EUR2.96 per share is based on a DCF valuation, an EVA valuation and a relative valuation based on the average of the multiples of Italian AI players and a sample of mid-size energy players. We highlight that eVISO does not have any direct peer listed as AI players are generally adopting a SaaS (software as a service) business model, while energy players normally produce electricity acting as Esco companies. In Addition, eVISO closes the financial year on 30 June and this can make a multiple comparison misleading.

Given the current upside above 38% we initiate the coverage of eVISO with a BUY rating.

Figure 48 – Valuation summary

(EUR, %)	15/02/2021	% weight
DCF Valuation	2,88	25%
EVA Valuation	2,51	25%
Relative Valuation AI	3,17	25%
Relative Valuation Energy	3,27	25%
Target price	**2,96**	
Current price	2,13	
Potential upside (downside)	38,8%	

Source: UBI Banca estimates

DCF valuation

Our conservative DCF model gives a fair value of EUR2.88 per share; it incorporates the following assumptions:

- a risk-free rate of 2.0%, which is our long-term assumption for the interest rate on Italian bonds;
- a market risk premium of 4.5%;
- an unleveraged beta of 0.94 based on the average of software (systems and application), computer services and information services industry in Europe (*source: Damodaran Jan-21*). This beta has not been leveraged as eVISO presents a net cash position;
- a terminal growth rate of 1% and an operating margin of 4.5% at terminal value, which is above the EBIT margin reported in 2020 (3.5%) but in line with the EBIT margin expected in 2022 and below 2023 (4.7%);
- A target debt/equity ratio of 0/100 as the company currently has a positive net financial position.

We calculated a WACC of 6.22%

Figure 49 - WACC and embedded DCF assumptions

WACC assumptions		**Embedded DCF assumptions**	
Risk Free rate (10Y BTP bench.)	2.0%	Revenue CAGR 2021-2029 (%)	8.4%
Debt spread (%)	2.0%	EBIT CAGR 2021-2029 (%)	10.1%
Cost of debt [net] (%)	2.7%	EBIT margin 2020 (%)	3.5%
Market risk premium (%)	4.5%	Target EBIT margin 2029 (%)	4.5%
Beta (x)	0.94	D&A. on sales (avg. 2021-2029) (%)	1.8%
Cost of equity (%)	6.2%	Capex on sales (avg. 2021-2029) (%)	3.2%
Weight of Debt	0%		
Weight of Equity	100%		
WACC	**6.22%**		

Source: UBI Banca estimates

Figure 50 – DCF Valuation

Our DCF valuation implies an EV/EBITDA of 4.3x at terminal value and of 9.6x in 2022

	Valuation (EURm)	% Weight	Per share (EUR)
Sum of PV 2021-29 FCF	11,6	19%	0,47
Terminal value	51,2	81%	2,08
Total Enterprise value	**62,8**	**100%**	**2,56**
- Pension provision	(0,2)		(0,01)
- Net cash (debt) post IPO	8,0		0,33
Total Equity value	**70,7**		**2,88**
Number of shares outstanding (m)	24,6		
Fair value per share (EUR)	**2,88**		

Source: UBI Banca estimates

Our valuation has limited sensitivity to changes in the terminal growth rate and WACC although a lower beta and/or stronger growth would increase our DCF fair value.

Figure 51 - Sensitivity analysis

Doubling the terminal growth rate would increase our DCF valuation by 18%

g / Wacc	0,00%	0,50%	1,00%	1,50%	2,00%
8,00%	2,09	2,19	2,30	2,43	2,57
7,50%	2,19	2,30	2,43	2,58	2,75
7,00%	2,31	2,44	2,58	2,76	2,97
6,22%	2,53	2,69	**2,88**	3,11	3,40
6,00%	2,59	2,77	2,97	3,23	3,54
5,50%	2,77	2,98	3,23	3,55	3,95
5,00%	2,98	3,23	3,55	3,95	4,49

Source: UBI Banca estimates

EVA Valuation

We particularly like the EVA method because, on top of being an absolute valuation method, it considers the capital efficiency of a company and the level of utilization of its asset base. In this specific case, where no exact comparables have been found, this absolute valuation method is even more useful.

The way we use the EVA theory to value companies is quite straightforward: we look at the post tax ROACE (or ROIC) and then compare it to the WACC. In eVISO's case this ratio, we estimate, is 5.6x. This means that for every euro employed in the company (being it equity or debt), EUR5.6 is obtained in return. Therefore, by applying this ratio to the overall capital employed a fair EV is obtained which returned a fair value of EUR2.51 per share.

Figure 52 – EVA valuation

(EURm, EUR, x, %)	
Average CE	9.8
Average EBIT post tax	3.4
Average ROACE	**35.1%**
WACC	**6.2%**
Risk free rate	2.0%
Beta	0.94
Market premium	4.5%
Cost of Equity	6.2%
Cost of debt	2.7%
ROACE/WACC	**5.6**
CE - Average	9.8
A - Implied EV	55.4
B - Net Debt/(Cash) – average 2021-23	(6.6)
C - Pension liabilities	0.2
Implied Equity value (A-B-C)	**61.7**
Number of shares outstanding (m)	24.6
Fair value per share (EUR)	**2.51**

Source: UBI Banca estimates

We also executed a sensitivity analysis on ROACE post tax (+/- 2%) and WACC (+/- 0.5%) which returned a valuation range of EUR2.23-2.85 per share.

Figure 53 – EVA valuation's sensitivity analysis

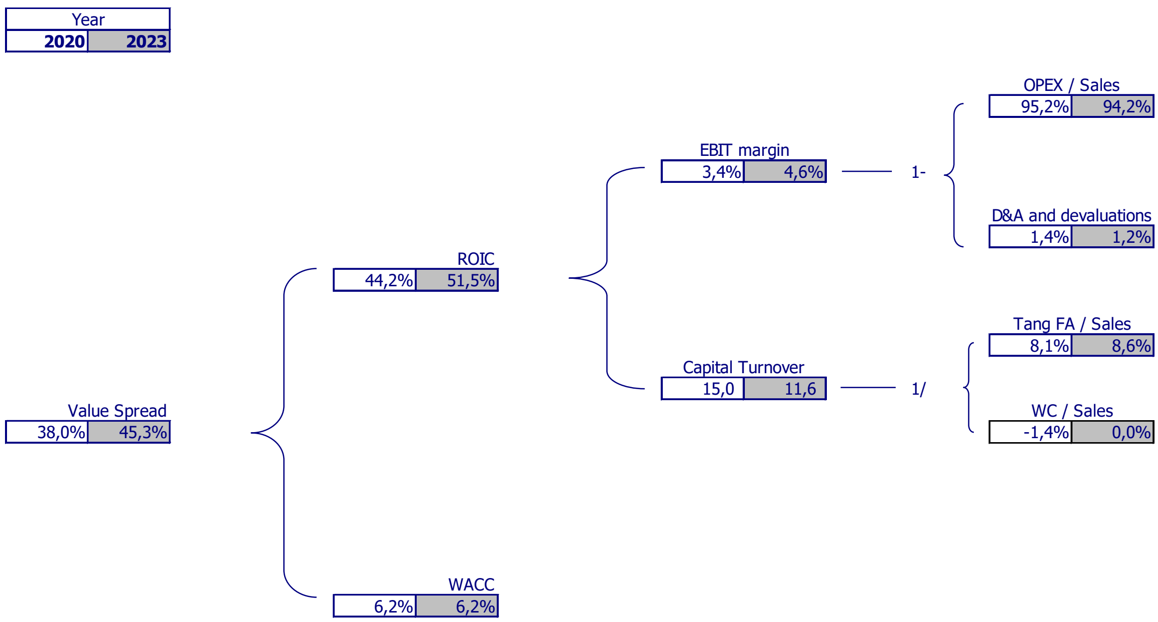
WACC/ROACE	**33.1%**	**35.1%**	**37.1%**
5.9%	2,57	2,71	2,85
6.4%	2,38	**2,51**	2,64
6.9%	2,23	2,34	2,46

Source: UBI Banca estimates

As a complement to our EVA valuation and with the aim of better interpret its outcomes, we looked at how the value spread (i.e. the gap between the ROIC and the WACC) should evolve overtime.

As can be seen in Figure 54, the value spread should enlarge only by 730 bps from 2020 to 2023, thanks to the ROIC improvement as WACC should be stable given an equal financial structure (i.e. no debt). The ROIC grow as the EBIT margin improvement more than offset the asset turnover decline. This is consequence of the investments that the company will lay down, with returns over a time span outside the scope of this analysis.

Figure 54 – Value Tree



Source: Company data, UBI Banca estimates

Relative valuation

eVISO does not have any direct peers that are listed. Therefore, we decided to create a sample group of companies that are active in the AI and energy sectors. These are divided into:

- **AI companies**: these companies are all listed in Italy and generally operate through a SaaS business model. Some of them are specialized in IT services or cybersecurity serving multiple industrial segments (see appendix for more detail). Their EBITDA margin averages about 24% in 2019, well above eVISO and their market capitalization is generally low, ranging from EUR52 million to EUR240 million, with the only exception of Reply which capitalizes EUR4 billion. We highlight that this sample reported an outstanding share performance in the past three months (+41.2% on average and +9% since the beginning of the year).
- **Energy companies:** this group is composed of five companies operating in electricity production, energy efficiency, Esco, energy services. These companies reported an average 37% EBITDA margin in 2019, also in this case well above eVISO, and have a market capitalization ranging from EUR32 million to EUR3.9 billion. The performance of this sample was also positive with an average increase of 15.6% in the past three months and +2% since the beginning of the year.

Not only our sample presents different fundamentals compared with eVISO, but we have also to consider that eVISO closes the financial year at the end of June. To offset this distortion, we applied the average multiples of 2021 and 2022 of our sample to the average 2021-22 and 2022-23 metrics of eVISO. We did not consider the 2020 multiples of peers as they are strongly impacted by the COVID-19 outbreak and therefore less meaningful.

Figure 55 – AI peer group multiples (priced on 12 February 2021)

The average discount to AI peers is 38.5% and is close to 50% on EV/EBITDA

Company name	Price	Mkt Cap	P/E			EV/EBITDA			EV/EBIT		
	(EUR)	(EURm)	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
CY4GATE	8,45	126,7	31,7 x	34,7 x	22,6 x	18,5 x	17,0 x	11,1 x	25,6 x	25,0 x	16,8 x
Cyberoo	5,68	54,8	nm	37,9 x	10,9 x	97,0 x	17,6 x	5,1 x	nm	23,1 x	5,7 x
Expert System	3,18	161,5	nm	nm	nm	89,2 x	nm	nm	nm	nm	nm
PITECO	11,9	240,2	38,7 x	25,3 x	20,9 x	26,5 x	15,6 x	13,4 x	36,2 x	22,6 x	18,7 x
Relatech	2,89	94,7	24,4 x	20,4 x	16,6 x	13,1 x	12,7 x	10,7 x	15,4 x	15,0 x	12,6 x
Reply	107,4	4018,0	35,7 x	31,0 x	27,5 x	17,0 x	16,4 x	14,2 x	21,1 x	20,1 x	17,2 x
TXT e-solutions	7,25	94,3	22,5 x	16,3 x	14,1 x	9,4 x	6,0 x	5,2 x	14,5 x	8,7 x	6,2 x
Average			**30,6 x**	**27,6 x**	**18,8 x**	**38,7 x**	**14,2 x**	**9,9 x**	**22,6 x**	**19,1 x**	**12,9 x**
Median			**31,7 x**	**28,1 x**	**18,7 x**	**18,5 x**	**16,0 x**	**10,9 x**	**21,1 x**	**21,3 x**	**14,7 x**
eVISO	**2,13**	**52**	**28,8 x**	**16,1 x**	**10,6 x**	**14,0 x**	**8,4 x**	**5,6 x**	**18,6 x**	**10,6 x**	**7,0 x**
% Discount (premium) on average			**-5,8%**	**-41,8%**	**-43,3%**	**-63,7%**	**-40,7%**	**-43,7%**	**-17,7%**	**-44,3%**	**-45,4%**

Source: FactSet

Based on the median of 2021-22 EV/EBITDA, EV/EBIT and P/E, applied to the average 2021-22 and 2022-23 data eVISO would be valued at EUR3.17 per share. Applying the multiples of the group of energy companies gave a valuation for eVISO of EUR3.27 per share.

Figure 56 – Relative valuation based on AI players

(EURm, EUR, x)	2021E	2022E	2023E	Average
Net profit	1,8	3,3	4,9	
Average		2,5	4,1	
AI P/E multiple		28,1 x	18,7 x	
eVISO valuation (EUR)		**2,91**	**3,12**	**3,01**
EBITDA	3,3	5,4	7,7	
A - Average		4,3	6,6	
B - AI EV/EBITDA multiple		16,0 x	10,9 x	
A x B		69,5	71,7	
Average net debt (cash)		(5,6)	(7,2)	
eVISO valuation (EUR)		**3,06**	**3,21**	**3,14**
EBIT	2,5	4,4	6,3	
A - Average		3,5	5,3	
B - AI EV/EBIT multiple		21,3 x	14,7 x	
A x B		74,0	78,5	
Average net debt (cash)		(5,6)	(7,2)	
eVISO valuation (EUR)		**3,24**	**3,49**	**3,36**
Average (EUR)				**3,17**

Source: UBI Banca estimates

Figure 57 – Energy peer group multiples (priced on 12 February 2021)

Company name	Price	Mkt Cap	P/E			EV/EBITDA			EV/EBIT		
	(EUR)	(EURm)	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
Ascopiave	3,76	881	26,7 x	24,4 x	23,7 x	19,2 x	18,4 x	18,0 x	31,9 x	29,6 x	29,9 x
Elettra Investimenti	8,40	32	nm	23,8 x	14,0 x	9,1 x	7,9 x	7,6 x	38,2 x	21,3 x	16,9 x
ERG	26,04	3.914	37,2 x	30,4 x	27,8 x	10,1 x	10,0 x	9,4 x	26,3 x	23,5 x	21,6 x
Falk Renewables	6,12	1.782	54,2 x	43,8 x	34,4 x	13,9 x	12,3 x	11,5 x	25,4 x	22,0 x	20,6 x
Albioma	43,60	1.380	26,9 x	24,1 x	21,4 x	11,5 x	10,5 x	10,0 x	19,8 x	17,9 x	16,9 x
Average			**36,3 x**	**29,3 x**	**24,3 x**	**12,8 x**	**11,8 x**	**11,3 x**	**28,3 x**	**22,9 x**	**21,2 x**
Median			**32,1 x**	**24,4 x**	**23,7 x**	**11,5 x**	**10,5 x**	**10,0 x**	**26,3 x**	**22,0 x**	**20,6 x**
eVISO	**2,13**	**52**	**28,8 x**	**16,1 x**	**10,6 x**	**14,0 x**	**8,4 x**	**5,6 x**	**18,6 x**	**10,6 x**	**7,0 x**
% Discount (premium) on average					**-20,5%**	**-45,3%**	**-56,2%**	**10,0%**	**-28,5%**	**-50,4%**	**-34,4%**

Source: FactSet

Figure 58 – Relative valuation based on Energy players

(EURm, EUR, x)	2021E	2022E	2023E	Average
Net profit	1,8	3,3	4,9	
Average		2,5	4,1	
AI P/E multiple		24,4 x	23,7 x	
eVISO valuation (EUR)		**2,52**	**3,94**	**3,23**
EBITDA	3,3	5,4	7,7	
A - Average		4,3	6,6	
B - AI EV/EBITDA multiple		10,5 x	10,0 x	
A x B		45,6	65,5	
Average net debt (cash)		-5,6	-7,2	
eVISO valuation (EUR)		**2,08**	**2,96**	**2,52**
EBIT	2,5	4,4	6,3	
A - Average		3,5	5,3	
B - AI EV/EBIT multiple		22,0 x	20,6 x	
A x B		76,4	110,0	
Average net debt (cash)		-5,6	-7,2	
eVISO valuation (EUR)		**3,34**	**4,77**	**4,05**
Average (EUR)				**3,27**

Source: UBI Banca estimates

Figure 59 – Implicit multiples based on our EUR2.96 target price

At our EUR2.96 target price eVISO would trade at 22.3x 2022 P/E, which is well below the average multiple for the AI players (27.6x) and energy players (29.3x), and at 12.3x EV/EBITDA (vs. an average of 14.2x and 11.8x respectively).

	2021E	2022E	2023E
P/E	40,0 x	22,3 x	14,8 x
EV/EBITDA	20,5 x	12,3 x	8,3 x
EV/EBIT	26,5 x	15,2 x	10,2 x
EV/Sales	0,97 x	0,69 x	0,48 x
P/BV	5,83 x	4,76 x	3,75 x
P/CF	2,3 x	0,6 x	0,5 x
EV/CE	9,3 x	7,2 x	5,9 x

Source: UBI Banca estimates

APPENDIX A – Peers analysis

Artificial Intelligence peers

CY4GATE was founded in 2014 as a joint venture between Elettronica S.p.A. (a leader for over 60 years in the field of Electronic Countermeasures and currently controlling partner with around 54%) and Expert System S.p.A. (a leading developer of semantic intelligence algorithms) to meet demand for unconventional cybersecurity solutions. The Company was created to design, develop and produce technologies, products and services that respond to even the most rigorous and sophisticated cyber intelligence & cybersecurity needs of the Armed forces, Police, Intelligence Agencies and Businesses in Italy and abroad. With its one-of-a-kind Italian business model, CY4GATE covers the entire cyber market with proprietary products for both data collection and analysis and security. In FY19, CY4GATE reported EUR7.1 million sales and 9.4 million VoP.

Cyberoo was founded in 2008 as a hardware components seller from a spin-off of the Sedoc Group, the company started to invest in IT security solutions in 2011. In Aug-19, Cyberoo listed in the Milan Stock Exchange - AIM segment, representing at that time the only Italian public company fully involved in the cyber security industry. The company operates through three business lines: 1) Cyber Security & Device Security; 2) Managed Services; 3) Digital Transformation and sells its products through three main channels: 1) Direct sales with a dedicated team; 2) Partnerships; 3) E-commerce sales. Cyberoo is currently exploiting a significant competitive advantage thanks to its innovative, always on (24/7), proprietary solutions, mostly conceived in the strategic R&D department opened in Kiev in 2016 (choice driven by the expertise and specialization of Ukraine IT graduates). Following the rapid growth of cyber-attacks on SME and the increasing regulation on the matter (General Data Protection Regulation in force from 2018), Cyberoo plans to increase its customers (>600 firms so far) and compete in international markets. In FY19, the firm reported EUR5.6 million revenues and EUR6.7 million VoP.

Expert System is a leading provider of cognitive computing and text analytics software based on its proprietary, patented and multilingual platform “Cogito”, which covers 14 languages including Chinese, Japanese and Korean. It operates worldwide with most of revenues outside Italy, through branches in France, UK, Germany, Spain and the US and has >240 employees. Following the difficulties experienced in 2016 and the first part of 2017, the company began to react by reducing costs and improving its internal organization but also by adopting a new and more focused strategic approach: more recurring fees (now at 91% of turnover vs. 79% in 2018) and fewer perpetual licenses and professional services, higher product standardization and economies of scale, concentration on a selected number of large international clients, focus on specific markets (Italy, UK, US, Germany, France, Spain) and sectors (insurance, banking, media, healthcare, financial services, security intelligence, public agencies), and partnerships with large IT vendors in order to supply its services through multinational and established vendors.

Piteco Group is an international leader in the financial software sector. With over 120 employees in Italy, USA and Switzerland it is characterized by an important organic growth supported by an intense activity of M&A. The business model is characterized by the high level of revenue visibility (recurring fees of around 65%), high profitability and cash generation. The Group has a large portfolio of highly loyal customers from different sectors and operates through 3 business areas:

1) Piteco S.p.A., the leading Italian Software House for Corporate Cash Management and Financial Planning serving more than 650 large industrial groups active in a highly diversified number of business sectors;
2) Juniper Payments LLC, Software House leader in the USA with proprietary solutions for digital payments and clearing house services to approximately 3.300 American Banks, managing the settlement of Interbank financial flows (bank transfers and checks collection) for over USD3 billion per day. It can be

considered one of the largest US interbank networks;

3) Myrios S.r.l., an Italian Software House offering Risk Management, Capital Markets and Compliance software dedicated to Banks (60% of revenues) as well as to the manufacturing and service industries (40%).

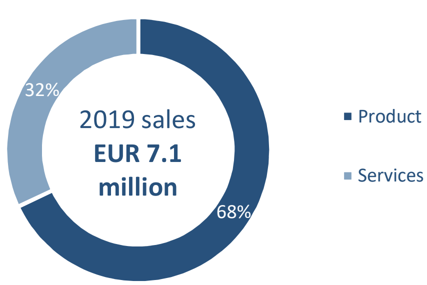
In 2019, Piteco Group reached EUR24 million revenues.

Relatech was founded in 2001 and is listed on AIM Italia – Borsa Italiana since June 2019, is present on the market with innovative solutions dedicated to the digital transformation of companies. Relatech is an innovative SME focused on customers looking for the most innovative solutions, becoming a strategic partner for digitization and ICT services (>70 active clients). Relatech constantly invests in Open innovation with an extensive R&D activity carried out internally and numerous partnerships with the main Italian Universities and research centers. Thanks to its digital platform and cloud based RePlatform, it provides services and develops innovative digital solutions in frontier technologies of Digital Enabler, such as Cloud, Cybersecurity, Blockchain, Big Data, Machine Learning, Artificial Intelligence, Industry 4.0, Internet of Things. Augmented and Virtual Reality. In FY19, Relatech reported a top line of EUR17.9 million.

Reply is one of the largest IT services and software providers in Italy and has a recognized operational excellence also in Germany and the UK in the most attractive and healthiest IT market segments: big data, IoT, cloud, cybersecurity, AI and blockchain. The Group is a network of 130 highly specialized companies, which support leading industrial groups at the forefront of all major innovation trends by offering premium services. Since its foundation in 1996, Reply has been delivering outstanding double-digit revenues growth (>21% CAGR 2000-2018) coupled with high margins (>14% on average at EBITDA level) thanks to both organic growth and an aggressive M&A campaign: since 2006 Reply has acquired 23 companies cumulating into EUR265 million revenues and it has never paid double-digit EBIT multiples. Italy generates >60% of total revenues, Germany ca. 20% and UK 10%; US is below 5%. With over 8,000 employees across 12 countries, Reply reported EUR1,183 million sales in FY19.

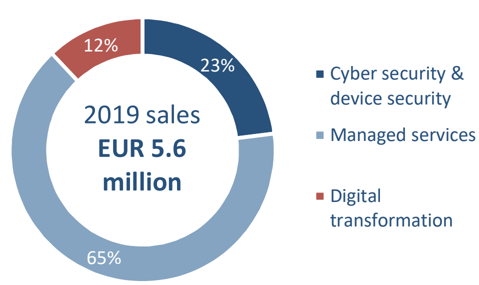
TXT e-solutions is a world leader in the supply of software products and strategic solutions. It operates in dynamic markets that require high specialisation and the capacity to innovate. TXT is focused on software for the aerospace, aeronautical and automotive sector, where it offers specific products and specialist engineering services and on the Fintech sector with services related to testing and IT governance and products and solutions for the management of loans, NPLs and large financial system risks. Listed on the Italian Stock Market since 2000 in the Star segment (TXT.MI), TXT has its registered office in Milan and offices in Italy, France, the UK, Germany, Switzerland and the USA and generated EUR59 million sales last year.

Figure 60 – CY4GATE 2019 revenues breakdown by business line



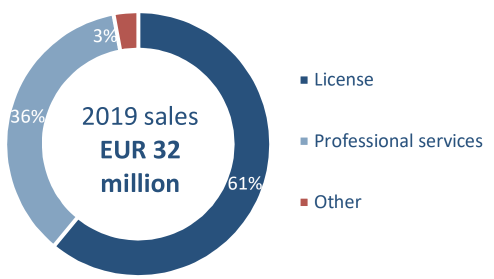
Source: Company data

Figure 61 – Cyberoo 2019 revenues breakdown by business line



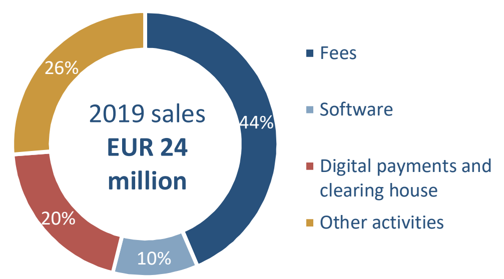
Source: Company data

Figure 62 – Expert System 2019 revenues breakdown by business line



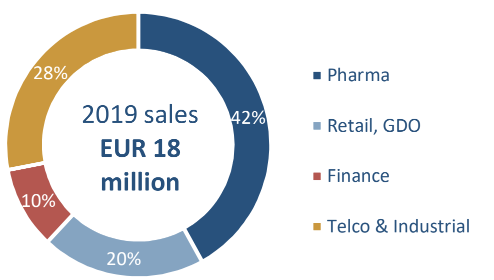
Source: Company data

Figure 63 – Piteco 2019 revenues breakdown by business line



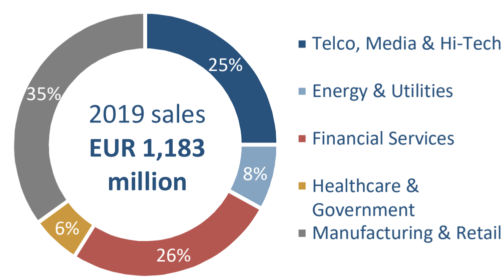
Source: Company data

Figure 64 – Relatech 2019 revenues breakdown by business line



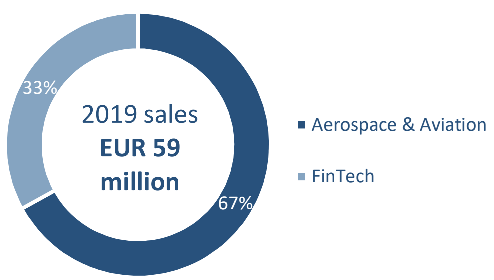
Source: Company data

Figure 65 – Reply 2019 revenues breakdown by business line



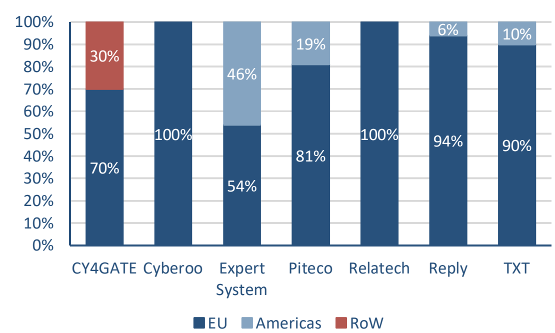
Source: Company data

Figure 66 – TXT e-solutions 2019 revenues breakdown by business line



Source: Company data

Figure 67 – AI peer group 2019 revenues breakdown by geography



Source: Company data

Energy peers

Ascopiave Group is one of the leading operators in natural gas distribution in the country. The Group owns concessions and direct assignments for the management of activities in 268 towns, supplying services to about 775,000 inhabitants, through a network which spreads over 12,000 km. In the long run, the Group intends to consolidate its leadership position in the gas sector on a regional level and is looking to reach a prominent position also at the national level, taking advantage of the liberalisation process currently underway. In this respect, Ascopiave follows a development strategy whose main guiding principles are dimensional growth, diversification in other divisions of the energy sector in synergy with the core business and the improvement of operative processes. Ascopiave is also a partner of the Hera Group in the sale of gas and electricity, through a 48% stake in Estenergy, a leading operator in the field holding a portfolio of over 1 million sales contracts to end users, mainly in Veneto, Friuli Venezia-Giulia and Lombardy regions. The Group closed 2019 with EUR125 million revenues.

Elettra Investimenti is an industrial holding company operating in Italy in the sector of electricity and thermal energy production from natural gas and renewable sources according to the Distributed Generation approach (mainly cogeneration and trigeneration plants with 14 plants for a total 26MW capacity), in energy efficiency and car sharing. The strategy of Elettra Investimenti involves strengthening the competitive position through the acquisition of third-party plants, the development of O&M business lines and energy efficiency, technological innovation in energy service. Elettra Investimenti has been listed on the AIM market since April 2015 at EUR6.0 per share raising EUR4.3 million. In the past four years the company grew substantially, doubling its size, thanks to acquisitions (Tholos in 2016, PHPower in 2017) and internal initiatives (UVAM, car sharing etc.), diversifying its product portfolio. In FY19, the Company reported EUR57 million.

ERG is a major independent operator active in the following electric power generation sectors:

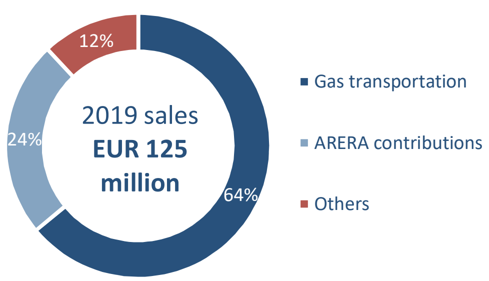
- Wind: the Company is the leading operator in the sector in Italy with 1,093 MW and among the top ten in Europe. Moreover, ERG is active in France (359 MW), Germany (272 MW), Poland (82 MW), Romania (70 MW), Bulgaria (54 MW) and the United Kingdom with projects in progress. In 2019 the in-sourcing process for Operation & Maintenance continued with benefits in terms of higher plant productivity and increased cost effectiveness. At present, the Company directly manages over 1,300 MW, equal to over 67% of total portfolio;
- Solar: In 2018 ERG entered the solar market and acquired 30 photovoltaic plants throughout Italy, for a total of 89 MW and, following a further acquisition in February 2019, reached 141 MW of installed capacity, located in 9 Italian regions;
- Hydroelectric: ERG produces hydroelectric power in the Terni Complex: an integrated asset portfolio, which includes 19 power plants, 7 dams, 3 reservoirs and a pumping station, located in the Umbria, Marche and Lazio regions, and reaching 527 MW of total capacity;
- Natural gas: the firm is present in Sicily, at the Priolo Gargallo (SR) industrial estate, with a natural gas-fuelled thermoelectric power plant (480 MW). This high-yield cogeneration plant is based on modern combined-cycle technology: a programmable, flexible and efficient source of energy, with low environmental impact, which just like hydroelectric power guarantees continual and flexible production.
- Energy management: ERG we sold a total of approximately 15 TWh, 8 TWh of which are directly produced by its plants, enabling to optimise production according to the demand of the electricity market.

In 2019 the Group reached EUR1,022 million revenues.

Falck Renewables, listed on the Italian stock exchange in the STAR segment and included in the FTSE Italia Mid Cap Index, develops, designs, builds and manages power production plants from renewable sources, with an installed capacity of 1,133 MW (1,096.3 MW according to the IFRS 11 reclassification) in the United Kingdom, Italy, United States, Spain, France, Norway and Sweden, using wind power, solar power, WtE and biomass technologies. The Group is a global player in the renewable energy technical advisory and asset management services business, through its wholly owned subsidiary Vector Cuatro, providing asset management services to clients accounting for approximately 2,900 MW of installed capacity and with experience in more than 40 countries. Moreover, Falck Renewables provides highly specialized energy management and downstream services to both energy producers and consumers. In 2019 Falck Renewables' top line reached EUR373 million.

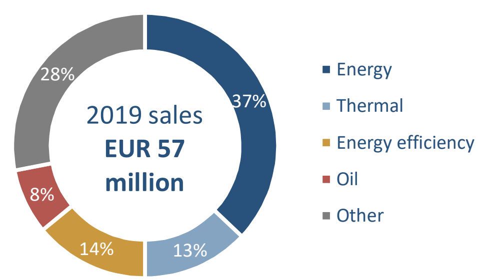
Albioma is an independent renewable energy producer, committed to the energy transition thanks to biomass and photovoltaics. The Company operates in Overseas France, France metropolitan, Mauritius and Brazil. For 25 years, it has developed a unique partnership with the sugar industry to produce renewable energy from bagasse, the fibrous residue of sugar cane. Albioma is the leading producer of photovoltaic energy in Overseas France, where the company builds and operates innovative projects with storage, Albioma has strengthened its position in mainland France. The Company is listed on the Euronext Paris compartment B, is eligible for the deferred settlement service (SRD), PEA and PEA-PME plans and is included in the SBF 120 and CAC Mid 60. The Group is also included in the Gaïa-Index, an index for socially responsible midcaps. In FY19 Albioma reported EUR506 million.

Figure 68 – Ascopiave 2019 revenues breakdown by business line



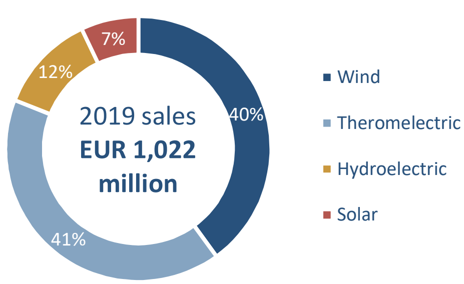
Source: Company data

Figure 69 – Elettra Investimenti 2019 sales breakdown by business line



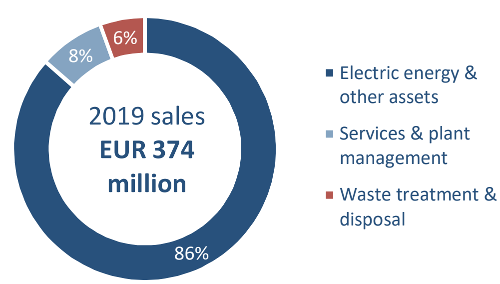
Source: Company data

Figure 70 – ERG 2019 revenues breakdown by business line



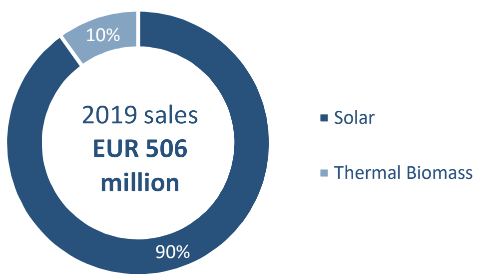
Source: Company data

Figure 71 – Falk Renewables 2019 sales breakdown by business line



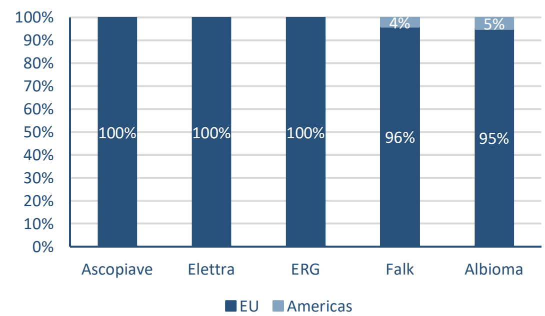
Source: Company data

Figure 72 – Albioma 2019 revenues breakdown by business line



Source: Company data

Figure 73 – Energy peer group 2019 revenues breakdown by geography



Source: Company data

APPENDIX B - ESG Picture

Corporate Governance	
Does the company have a combined Chair/CEO?	Yes
Percentage of independent directors	40.0% (2 out of 5 directors)
Percentage of female directors	0.0% (0 out of 5 directors)
Does the company have loyalty shares?	No
Does major shareholders (if any) have a "shareholders pact" in place?	No
Has the company adopted a "poison pill" or "change of control" clauses?	No
Potential dilution from stock options outstanding + not yet granted?	No
CEO remuneration detail (fixed salary)	Not provided (EUR0.36 million for entire BoD in FY19)
Chairman remuneration detail (fixed salary)	Chair/CEO duality
Is the share price included in the MBO criteria?	No
Percentage of treasury shares	0.0%
Climate related risk	
Has the company defined GHG-emissions targets?	No
How does the company assess climate-related risk? On one hand, energy optimization activity allows eVISO to use electricity in a more efficient way, on the other hand clients can ask a 100% renewable energy supply, guaranteed by GSE certification	
Social Responsibilities	
Does the company publish a separated Sustainability report?	No
Does the company have a Chief SRI/CSR officer (or a committee)?	No
Does the Chief SRI/CSR officer votes in any of the company's committee?	No
Is the Investor Relation officer a different person from CFO (or other officers)?	No
Is the ESG strategy integrated in the Business Plan (or in the group strategy)?	Yes
Does the company have an ethical code?	No
How is the cybersecurity issue managed?	Not detailed

Income Statement

(EURm)	2020A	2021E	2022E	2023E
Value of Production	48,38	70,64	98,46	136,85
EBITDA	2,35	3,37	5,53	7,91
EBITDA margin	4,9%	4,8%	5,6%	5,8%
EBIT	1,66	2,55	4,38	6,31
EBIT margin	3,4%	3,6%	4,5%	4,6%
Net financial income /expense	-0,11	-0,14	-0,05	0,24
Associates & Others	0,00	0,00	0,00	0,00
Profit before taxes	1,56	2,42	4,35	6,56
Taxes	-0,40	-0,61	-1,09	-1,64
Minorities & discontinuing ops	0,00	0,00	0,00	0,00
Net Income	1,16	1,82	3,26	4,92

Source: Company data, UBI Banca estimates

Balance Sheet

(EURm)	2020A	2021E	2022E	2023E
Net working capital	-0,70	0,59	-0,09	0,05
Net Fixed assets	3,94	7,16	10,00	11,75
M/L term funds	-0,34	-0,50	-0,67	-0,86
Capital employed	2,90	7,25	9,24	10,94
Shareholders' equity	2,94	12,46	15,27	19,37
Minorities	0,00	0,00	0,00	0,00
Shareholders' funds	2,94	12,46	15,27	19,37
Net financial debt/(cash)	-0,05	-5,21	-6,03	-8,43

Source: Company data, UBI Banca estimates

Cash Flow Statement

(EURm)	2020A	2021E	2022E	2023E
NFP Beginning of Period	-2,22	-0,05	-5,21	-6,03
Group Net Profit	1,16	1,82	3,26	4,92
Minorities	0,00	0,00	0,00	0,00
D&A	0,61	0,73	1,03	1,44
Change in Funds & TFR	0,00	0,00	0,00	0,00
Gross Cash Flow	1,77	2,55	4,29	6,36
Change in Working Capital	-1,08	-1,29	0,68	-0,14
Other	0,00	0,00	0,00	0,00
Operating Cash Flow	0,69	1,26	4,97	6,22
Net Capex	-1,23	-3,50	-3,70	-3,00
Other Investments	-0,55	-0,30	0,00	0,00
Free Cash Flow	-1,10	-2,54	1,27	3,22
Dividends Paid	-0,30	-0,30	-0,45	-0,82
Other & Chg in Consolid. Area	-0,78	0,00	0,00	0,00
Chg in Net Worth & Capital Incr.	0,00	8,00	0,00	0,00
Change in NFP	-2,18	5,17	0,81	2,40
NFP End of Period	-0,05	-5,21	-6,03	-8,43

Source: Company data, UBI Banca estimates

Financial Ratios

(%)	2020A	2021E	2022E	2023E
ROE	45,6%	23,6%	23,5%	28,4%
ROI (pre-tax)	101,0%	46,4%	49,7%	58,1%
Net Fin. Debt/Equity (x)	0,0	-1,5	-1,1	-1,1
Net Fin. Debt/EBITDA (x)	0,0	0,0	0,0	0,0
Interest Coverage	14,8	18,2	87,7	0,0
NWC/Sales	-1,5%	0,8%	-0,1%	0,0%
Capex/Sales	4,4%	5,0%	3,8%	2,2%
Payout Ratio	25,7%	25,0%	25,0%	25,0%

Source: Company data, UBI Banca estimates

Per Share Data

(EUR)	2020A	2021E	2022E	2023E
EPS	0,06	0,07	0,13	0,20
DPS	0,01	0,02	0,03	0,05
Op. CFPS	0,03	0,05	0,20	0,25
Free CFPS	-0,05	-0,10	0,05	0,13
BVPS	0,15	0,51	0,62	0,79

Source: Company data, UBI Banca estimates

Stock Market Ratios

(x)	2020° *	2021E	2022E	2023E
P/E	30,2	28,8	16,1	10,6
P/OpCFPS	50,8	41,4	10,5	8,4
P/BV	11,9	4,2	3,4	2,7
Dividend Yield (%)	0,9%	0,9%	1,6%	2,4%
Free Cash Flow Yield (%)	-3,1%	-4,8%	2,4%	6,1%
EV (EURm)	35,1	47,3	46,6	44,3
EV/Sales	0,73	0,67	0,47	0,32
EV/EBITDA	14,9	14,0	8,4	5,6
EV/EBIT	21,2	18,6	10,6	7,0
EV/Capital Employed	12,13	6,53	5,04	4,05

Source: Company data, UBI Banca estimates ** Based on EUR1.75 listing price*

Growth Rates

(%)	2020A	2021E	2022E	2023E
Growth Net Sales	13,0%	46,0%	39,4%	39,0%
Growth EBITDA	12,0%	43,4%	63,9%	43,2%
Growth EBIT	13,4%	53,6%	72,0%	43,8%
Growth Net Profit	10,7%	56,7%	79,5%	50,9%

Source: Company data, UBI Banca estimates

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Proportion on issuers to which UBI Banca has supplied investment banking services relating to the last 12 months			
Buy	***Hold***	***Sell***	***No Rating***
59.5%	*8.7%*	*-*	*100.0%*

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