

MeglioQuesto

Sector: Customer Experience Management (CXM)



Marco Greco

marco.greco@value-track.com

Filippo Mazzoleni

filippo.mazzoleni@value-track.com

M&A and organic development to keep growing

MeglioQuesto (MQ) is a leading domestic player in outsourced omnichannel customer interaction / experience (CX) business, across several industries ranging from telco to financial services, from retail & e-Commerce to healthcare sector.

FY21 Financials

Key messages are: 1) Value of Production at €62.5mn, +12.2% y/y thanks to the positive contribution from both CA and CM business lines; 2) EBITDA Adj. at €11.4mn and Adj. EBITDA margin at 18.2%, up +290bps thanks to both revenues mix and cost efficiencies; 3) Net Debt at €6.1mn, benefitting from IPO proceeds but affected by M&A and some buy-back activity.

Putting money at work: M&A deals

In the latest months two M&A deals have been announced, aimed at strengthening MQ competitive positioning in the Human and Digital fields respectively. Both deals are expected to generate material cross selling synergies as there is no overlap in terms of client bases and skills. The “digital” deal is also paramount in strengthening MQ competitive positioning as CXM business is going digital and switch of existing customers to digital channels is in the cards.

Change in MQ 2022E-23E estimates

As far as 2022E-23E forecasts are concerned, we now forecast: 1) Revenues up in the 15%-20% l-f-l and then adding the top line of the recently acquired companies, thus exceeding the €100mn threshold as of 2023E; 2) EBITDA at ca. €25mn as of 2023, 2x 2021 figure; 3) EBITDA margin at ca. 20%; 4) Net Financial Position below the 0.5x Net Debt / EBITDA level even not taking into account the possible conversion of in-the-money warrants.

Non fully diluted fair value p.s. at €5.0. Fully diluted at €4.0.

MeglioQuesto was listed back as of June 2021 on EGM and within the next couple of months some deep in the money financial instruments could become ordinary shares.

If we consider the fully diluted number of shares, and adjust accordingly the Net Financial Position, the fair value is calculated at €4.0 per share.

If we stick to the number of shares currently outstanding, the non fully diluted fair value stands at €5.0 per share.

Market Price (€)	2.85
Non fully Diluted Fair Value (€ p.s.)	5.00
Fully diluted Fair Value (€ p.s.)	4.00

KEY FINANCIALS (€mn)	2021A	2022E	2023E
TOTAL REVENUES (VoP)	62.5	91.5	113.7
EBITDA ADJ.	11.4	18.7	24.8
EBIT	8.0	15.4	20.2
NET PROFIT	3.9	7.2	11.0
ADJ. NET PROFIT	4.7	7.2	11.0
OpFCF a.t.	7.1	6.8	12.4
EQUITY	25.8	34.6	47.0
NET FIN. POSITION	-6.1	-8.5	-9.2

Source: MeglioQuesto (historical figures), Value Track (2022E-23E estimates)

KEY RATIOS	2021A	2022E	2023E
EBITDA MARGIN (%)	18.2%	20.4%	21.8%
EBIT MARGIN (%)	12.8%	16.8%	17.7%
NET DEBT / EBITDA (x)	0.6	0.5	0.4
NET DEBT / EQUITY (%)	24%	24%	20%
EV/SALES (x)	2.6	2.1	1.6
EV/EBITDA (x)	15.4	10.1	7.2
EV/EBIT (x)	20.3	12.3	8.8
P/E (x)	31.6	20.7	13.6

Source: MeglioQuesto (historical figures), Value Track (2022E-23E estimates)

STOCK DATA

MARKET PRICE (€)	2.85
SHS. OUT. (m)	52.3
MARKET CAP. (€m)	149.1
FREE FLOAT (%)	26.8
AVG. -20D VOL. (#)	20,100
RIC / BBG	1CALL.MI / 1CALL.IM
52 WK RANGE	2.01-4.39

Source: Stock Market Data

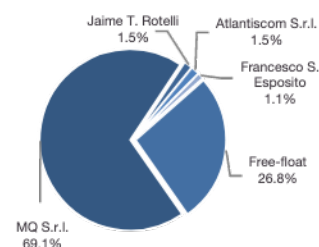
EQUITY RESEARCH PRODUCED IN THE NAME AND ON BEHALF OF MIT SIM ACTING AS SPECIALIST ON MEGLIOQUESTO SHARES



Business Description

MeglioQuesto (“MQ”) is a leading domestic player in outsourced omnichannel customer experience (CX) business, across several industries ranging from telco to financial services, from retail & e-Commerce to healthcare sector. MQ provides two types of outsourced CX services: 1) Customer Acquisition (CA), i.e. convert leads into contracts; 2) Customer Management (CM), i.e. retain as long as possible acquired customers. MQ engages consumers at every touch point in the consumer lifecycle, deployed on three integrated channels: voice, digital and human.

Shareholders Structure



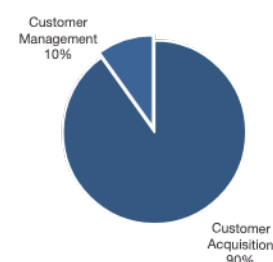
Source: MeglioQuesto SpA

Key Financials

€mn	2020A	2021E	2022E	2023E
Total Revenues	55.8	62.5	91.5	113.7
Chg. % YoY	nm	12.2%	46.3%	24.2%
ADJ. EBITDA	8.5	11.4	18.7	24.8
ADJ. EBITDA Margin (%)	15.3%	18.2%	20.4%	21.8%
EBIT	4.9	8.0	15.4	20.2
EBIT Margin (%)	8.7%	12.8%	16.8%	17.7%
Net Profit	2.2	3.9	7.2	11.0
Chg. % YoY	nm	78.3%	85.6%	52.4%
Adjusted Net Profit	3.3	4.7	7.2	11.0
Chg. % YoY	nm	42.2%	52.8%	52.4%
Net Fin. Position		-6.1	-8.5	-9.2
Net Fin. Pos. / EBITDA (x)		0.6	0.5	0.4
Capex		-3.3	-3.5	-3.6
OpFCF b.t.		9.6	11.9	19.1
OpFCF b.t. as % of EBITDA		90.5%	63.4%	77.1%

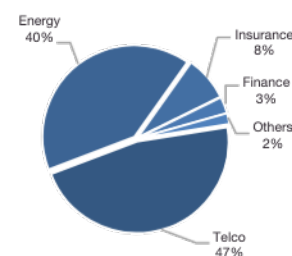
Source: MeglioQuesto SpA (historical figures), Value Track (estimates)

Revenues by business line



Source: MeglioQuesto SpA

Revenues by sector



Source: MeglioQuesto SpA

Investment case

Strengths / Opportunities

- ◆ Increasing trend towards digitalization of CXM activities (virtual assistants / chatbot / NLP / remote-cloud contact center)
- ◆ Higher outsource penetration rate across several industries;
- ◆ Important M&A skills and strong partnerships with Tier 1 clients.

Weaknesses / Risks

- ◆ Regulatory scenario about the authorization and transfer of third parties' data (Do Not Call Registry);
- ◆ Competition in low-end segments of Italian outsourced CXM market;
- ◆ Dependency on few very important clients.

MeglioQuesto business profile at a glance

MeglioQuesto is a **leading domestic player in outsourced omnichannel customer experience (CX) business**, across several industries ranging from telco to financial services, from retail & e-commerce to the healthcare sector.

In a fast-changing environment where B2C corporates are adopting new strategies and new tools to deliver an improved customer experience, MeglioQuesto boasts the following important key features that make it a key touchpoint when corporates need to build strong connections with their clients:

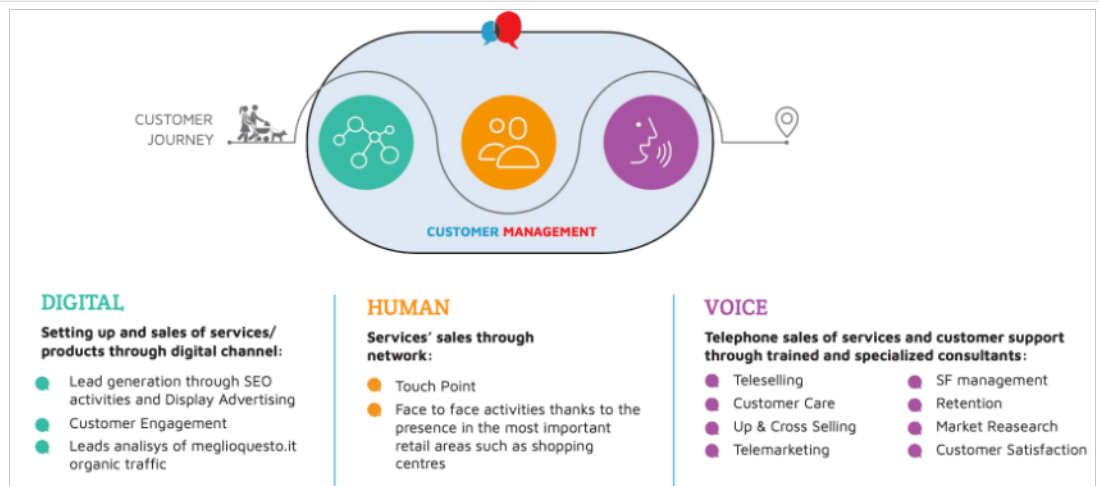
1. Omnichannel offer complementing traditional contact channels (voice, human) with innovative ones (digital);
2. Presence in both Customer Acquisition and Customer Management segments;
3. Focus on most important “verticals” such as TLC, Energy and Multiutilities.

Key feature #1 - Omnichannel to provide the best service to B2C partners

MQ engages consumers at every touch point in the consumer lifecycle, including digital marketing and acquisition, sales expertise, customer service, technical support and retention, by integrating:

- ◆ **Voice** – Telephone sales of services and customer support through trained and specialized consultants, providing several activities;
- ◆ **Digital** – Generation and sale of services through digital channel including *i*) lead generation through SEO and display advertising activities, *ii*) customer engagement and *iii*) lead collection;
- ◆ **Human** – Sale of services and hardware solutions in physical retail locations (stores, mall, booths inside the galleries of shopping centers), in the most important and high traffic areas.

MeglioQuesto: Omnichannel value proposition

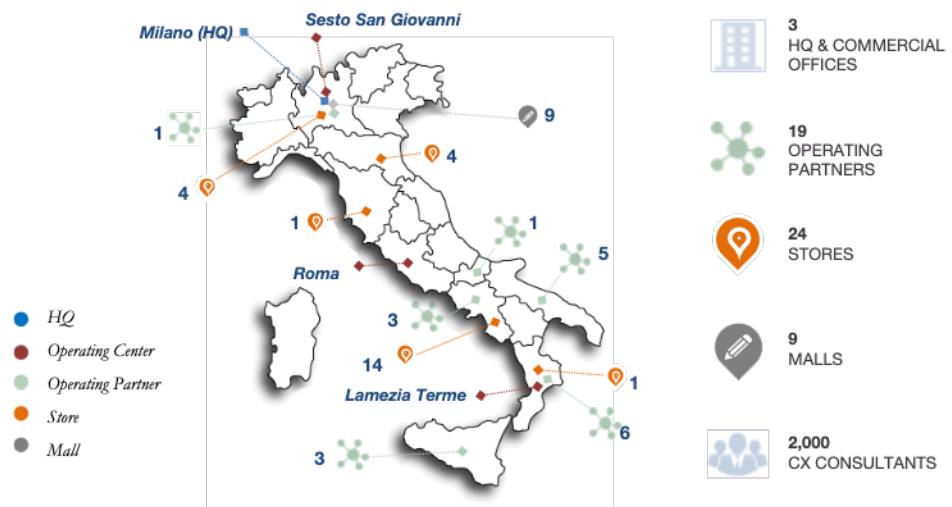


Source: MeglioQuesto, Value Track Analysis

MQ currently operates in +40 cities in Italy, relying on **3 proprietary contact centers, 19 operating partners** almost located in the South of Italy, an extensive network of very loyal professional consultants (+2,000 units with a lower than 3% annual churn rate), and an advanced lead generation system used in the digital channel.

MQ business operations aims at addressing all Italian citizens, either who agreed to process personal data for promotional and marketing purposes (outbound marketing), or helping people in addressing their day-to-day issues, with customer care supports (inbound marketing).

MeglioQuesto: Market coverage throughout Italy



Source: MeglioQuesto, Data as of March'21

Key feature #2 - Presence in both Customer Acquisition and Customer Management activities

Lacking the necessary operational competencies, several firms decide to outsource their customer acquisition and management services to MQ with the aim to maximize the conversion of leads into contracts, (Customer Acquisition activities) and to retain as long as possible the acquired customers through reliable inbound services, (Customer Management services).

We note that **MQ has been historically focused on Customer Acquisition** (ca. 90% of total revenues in 2020) due to the **higher profitability of this business**, as clients transfer the risk of not attracting new customers to the contact center.

Customer Acquisition

Customer Acquisition contracts (voice and digital) are generally featured by a **remuneration which is (by nature) almost variable**, and do not contain any volume obligations for any of the parties and are regulated by service or agency contracts for an indefinite period of time.

Since the average fee per transaction ranges between very far values, the most significant **KPIs** for the customer acquisition market relate to the **hourly output per contract** and the **average hourly time spent per customer**.

As regard the human delivery channel, this refers to single-brand booths and flagship stores dedicated to retail, and deals with both the customer acquisition and the physical sales of hardware (e.g. mobile telephony, accessories), with an almost variable remuneration.

Customer Management

Moving to Customer Management (care) services, the most important market variable relates to the commercial proposal, being a **price-driven market** (i.e. management of existing customers is a costs for corporates). As a consequence, Customer Management contracts usually entail a 3-year expiration date and a **predominant fixed component**, with a smaller variable component depending on hours or calls spent on a customer or on the stage of progress for a specific task (e.g., claim management), with additional bonuses that could be unlocked for one call resolution or other quality services. We note **hourly output** to be the same **KPI** for the Customer Management branch as well, however being less significant given the fixed term "nature" of contracts.

Customer Acquisition and Customer Management: key facts and figures

	Customer Acquisition (CA)	Customer Management (CM)
Main Competitive tool	Service Quality, Trigger Events	Price
Contracts Nature	Almost Variable	Almost Fixed
KPIs	Hourly Output, Avg. Time per Custom.	Hourly Output, others
Type of Activities	Mainly Outbound	Mainly Inbound
Profitability	Higher	Lower
Incidence on MQ Revenues	ca. 90%	ca. 10%
Active Clients (#)	45	4

Source: MeglioQuesto, Value Track Analysis

Key feature #3 - Energy & Telco as main verticals so far

So far, MQ operations were mainly focused on **Telco, Energy & Multi-utility industry**, as the increase in BPO penetration rate by telco and energy service providers has been instrumental in driving the growth of the market, particularly at domestic level.

Being TLC and Energy / Multi-utility sectors polarized around few huge market players, MeglioQuesto turnover structure has been historically quite concentrated, albeit this concentration is progressively decreasing y/y. Overall, top ten clients accounted for ca. 91% of revenues in 2020PF, (99% in 2019), with the most important one accounting for ca. 35% of total.

MQ has built important relationships with multinational companies active in the Telco and Energy space such as TIM, Iliad, Wind3, Fastweb, ENI, Acea Energia, A2A, Iberdrola, and so on.

Out of the above-mentioned actors, a special role is played by **TIM** and **ENI**, by far the main customers in terms of loyalty and revenues contribution to consolidated figure.

We note that **retention is close to 100%**, as MQ lost just one client in ten years of activity (Mediaset Premium), simply because this client shut down its related services.

MeglioQuesto: Examples of clients broken down by sector (FY20 Revenues)

ENERGY (46% of Sales)	TELCO (46% of Sales)	FINANCE (2% of Sales)	INSURANCE (5% of Sales)	OTHERS (1% of Sales)
NEW CLIENTS 2021				

Source: MeglioQuesto, Value Track Analysis

FY21 Financials

Introduction and key items

MeglioQesto FY21 results display a solid picture of the Group economic and financial situation, with all the most relevant figures continuing to grow at double-digit pace.

We report FY21 consolidated results with respect to FY20 financials gross of AQR perimeter to exhibit a closer y/y comparison. We also present pro-forma figures for FY21, i.e. including Omicron Group contribution as if it was merged with MeglioQesto starting from January 1st, 2021. Key messages are:

- ◆ **Value of Production at €62.5mn**, +12.2% y/y thanks to the positive contribution from both customer acquisition and customer management business lines;
- ◆ **EBITDA Adj.at €11.4mn and Adj. EBITDA margin at 18.2%** (EBITDA Reported at €10.6mn and Reported EBITDA margin at 16.9% from 13.2% in FY20) by means of much lower costs of services incidence on top line, revenues mix more impacted by the digital communication channel and higher vertical diversification;
- ◆ **Adj. Net Profit at €4.7mn** in FY21 (Reported Net Profit at €3.9mn) vs €3.3mn in FY20, despite heightening D&A, financial charges and tax expenses;
- ◆ **Net Debt at €6.1mn**, benefitting from IPO proceeds but affected by Omicron Group acquisition and some buy-back activity.

MeglioQesto: FY20-FY21 Key Financial Items

(€mn)	FY20 (*)	FY21	Δ y/y (%)	FY21PF (**)
Value of Production	55.8	62.5	12.2%	71.7
Adj. EBITDA	8.5	11.4	+33.7%	12.8
Adj. EBITDA Margin (%)	15.3%	18.2%	+290bps	17.9%
EBITDA	7.4	10.6	43.1%	10.8
EBITDA Margin (%)	13.2%	16.9%	365bps	15.1%
Adj. Net Profit	3.3	4.7	42.2%	6.1
Net Profit	2.2	3.9	78.3%	4.1
Net Fin. Position [Cash (+)]	-17.4	-6.1	--	-6.1

Source: MeglioQesto, Value Track analysis

(*) Including AQR perimeter; (**) Gross of Omicron perimeter

Profit & Loss

Revenues from Sales up double-digit to €61.4mn

FY21 Revenues from Sales stood at €61.4mn, up 13.7% y/y if compared to €54.0mn of FY20, with both business lines showing positive performances. In particular we highlight:

- ◆ **Customer Acquisition (CA)** contributing with €54.9mn (ca. 89%) to FY21 sales, pointing at a 8.1% rise y/y, however reducing its incidence on revenues for the second consecutive year (ca. 97% in FY19 and 94% in FY20), mainly due to lower-than-expected turnover from TIM and other Tier 1 clients (predicted to recover already as of FY22E);
- ◆ **Customer Management (CM)** providing for ca. €6.5mn worth of revenues (ca. 11% of the total), more than doubling FY20 €3.2mn, thanks to increasing sales from new important clients.

From a client sector perspective, **Telco** continues to be the primary reference industry, with a weight on sales close to 47% and posting a 17.2% y/y increase in absolute value. **Energy** follows with a share

of 39%, however decreasing its contribution y/y in favor of more profitable verticals such as **Insurance** and **Finance**, expected to furtherly benefit in the short-term from the integration of Omicron Group (strongly focused on human CA in the finance and railway sectors).

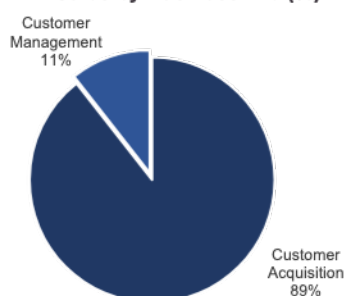
MeglioQuesto: FY20-FY21 Revenues from Sales by Business line and Sector

(€mn)	FY20	FY21	Δ y/y (%)
Customer Acquisition	50.8	54.9	8.1%
Customer Management	3.2	6.5	102.3%
Revenues from Sales	54.0	61.4	13.7%
o/w Telco	24.8	29.1	17.2%
o/w Energy	24.0	23.7	-1.4%
o/w Insurance	2.9	5.4	88.9%
o/w Finance	0.9	2.0	114.1%
o/w Others	1.4	1.3	-8.4%

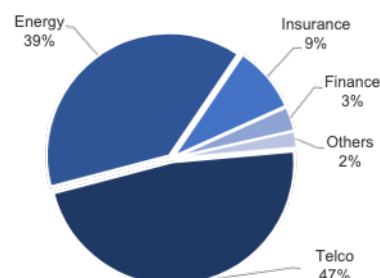
Source: MeglioQuesto, Value Track analysis

MeglioQuesto: FY21 Revenue from Sales by Business line and Sector

FY21 – Sales by Business line (%)



FY21 – Sales by Sector (%)



Source: Market Consensus, Value Track Analysis

Profitability benefitting from digital interaction

Analyzing MQ operating margins, we note outstanding profitability results as the Group experienced a significant increase for the third semester in a row, with EBITDA margin up by over 350bps y/y to 16.9% (Adj. EBITDA margin at 18.2%) and EBIT margin surging by ca. 400bps y/y to 12.8%.

In our view, the main reasons for these outcomes, are:

1. More favourable **revenues mix** towards digitally-enabled solutions for inbound and outbound contact center activities, characterized by higher marginality vs. voice and human channels;
2. Increasing focus on **value-added verticals** such as Finance and Insurance;
3. **Cost optimization** on services expenses, weighting for just 58% on FY21 VoP vs. 64% in FY20.

Despite higher financial charges (mostly due to the River Rock bridge financing facility recently replaced by a new €15.5mn financing line from Illimity Bank at more favourable conditions) and tax expenses, Net Profit marks a 78% y/y growth (Adj. Net Profit +42.2% y/y) and stands at €3.9mn as of 2021 year-end (Adj. Net Profit at €4.7mn).

MeglioQuesto: FY20-FY21 Profit & Loss Statement

(€mn)	FY20	FY21	Δ y/y (%)
Revenues from Sales	54.0	61.4	13.7%
Other Revenues	1.8	1.1	
Value of Production	55.8	62.5	12.2%
Raw Materials	-4.4	-3.8	
Services	-34.7	-36.5	
Labour	-7.0	-8.9	
Other Op. Costs	-2.3	-2.8	
EBITDA	7.4	10.6	43.5%
Adj. EBITDA	8.5	11.4	+33.7%
D&A	-2.5	-2.5	
EBIT	4.9	8.0	64.5%
<i>EBIT Margin (%)</i>	<i>8.7%</i>	<i>12.8%</i>	<i>408bps</i>
Interest expenses / income	-1.2	-1.7	
Taxes	-1.5	-2.4	
Net Profit	2.2	3.9	78.3%
Adj. Net Profit	3.3	4.7	42.2%

Source: MeglioQuesto, Value Track analysis

Balance Sheet and Cash Flow Statement

Contrary to FY20 financials, sound results in terms of top line and operating profitability are replicated at cash flow level, with Net Working Capital at much more sustainable amounts. Indeed, we calculate **Operating Free Cash Flow (before taxes) at ca. 90% of EBITDA**, recording and exceptional cash conversion without considering the capital injection related to the IPO.

Overall, also taking into consideration M&A, shares buyback and IPO proceeds, **Net Debt** has been reduced by ca. €11.2mn and **stands at €6.1mn**.

MeglioQuesto: FY20-FY21 Balance Sheet

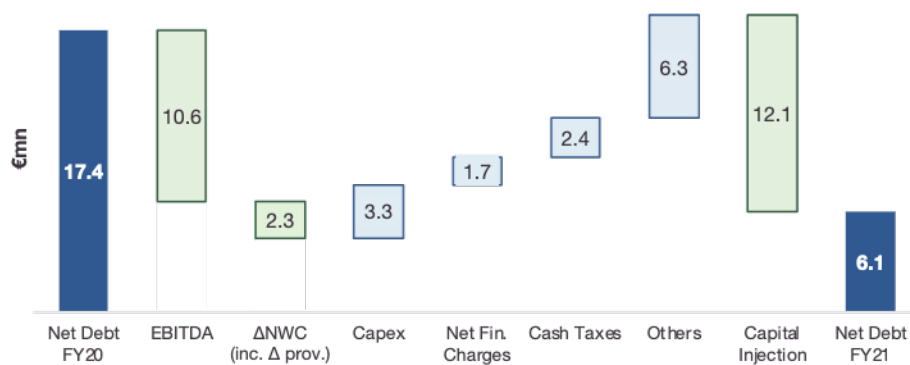
€ mn	FY20	FY21
Net Working Capital	9.7	7.5
Net Fixed assets	15.4	25.4
Severance pay and other funds	1.0	1.1
Net Invested Capital	24.2	31.9
Group Net Equity	6.8	25.8
Net Fin. Position [Net debt (-) / Cash (+)]	-17.4	-6.1

Source: MeglioQuesto, Value Track Analysis

MeglioQuesto: FY20-FY21 Cash Flow Statement

€ mn	FY20	FY21
Reported EBITDA	7.4	10.6
NWC requirements	-8.7	2.2
Capex (not incl. Fin. Inv.)	-2.7	-3.3
Change in provisions	0.2	0.1
OpFCF b.t.	-3.8	9.6
<i>As a % of EBITDA</i>	-51%	90%
Cash Taxes	-1.5	-2.4
OpFCF a.t.	-5.2	7.1
<i>As a % of EBITDA</i>	-71%	68%
Net Financial Charges	-1.2	-1.7
Others Sources/Uses	0.9	-6.3
Capital Injection (IPO proceeds net of costs and buyback)	0.0	12.1
Change in Net Fin. Position	-5.5	11.2
Net Fin. Position [i.e. Net Debt (-) Cash (+)]	-17.4	-6.1

Source: MeglioQuesto, Value Track Analysis (*) "Other Sources/Uses" including OM Group acquisition

MeglioQuesto: FY20-FY21 Bridge Cash Flow


Source: MeglioQuesto, Value Track Analysis

Putting money at work: M&A deals

In the latest months MeglioQuesto (MQ) has announced two M&A deals aimed at strengthening its competitive positioning in the Human (OM Group acquisition) and Digital (Eureweb acquisition) fields respectively.

OM Group deal at a glance

As of end of December 2021 MeglioQuesto (MQ) has acquired 51% of the share capital of Omicron Servizi S.r.l. (OM Group from now on), a group of companies that in the latest 15 years have gained a leading position towards business clients active in the financial sector, (particularly in the credit card segment, e.g. American Express) and in the rail transport (e.g. Italo) by providing:

- ◆ Support in the design, development and management of sales networks (so called field marketing / field sales);
- ◆ Sales training services delivered both in-person and via a proprietary e-learning platform.

OM Group achieved the following results as at 31 December 2020 and 30 June 2021, respectively:

- ◆ Sales revenues at ca. €7.5mn and € 4.9 mn;
- ◆ Adjusted EBITDA at ca. €1.02mn and €1.25 mn;
- ◆ Net Financial Debt at ca €1.77mn and €1.13mn.

As far as 2021E full year figures are concerned, we estimate some €9mn Revenues, €1.7mn EBITDA and ca. €1.1mn Net Debt (Net Cash by ca. €0.4mn if we adjust for some €1.5mn trade receivables estimated to be cashed in soon).

Terms of OM Group deal

We calculate MQ to have finalised the acquisition of 51% stake of OM Group at ca. 6x-7x EV/EBITDA.

Indeed, MQ has agreed to pay €5.6mn for the purchase of 51% of OM Group share capital to be settled as follows:

- ◆ €2.0mn cash on the date of the closing that took place at the end of December;
- ◆ The remaining €3.6mn portion deferred upon calculation of the actual Adjusted Net Financial Position, out of which up to €600k to be paid in kind by transferring to the Seller some MQ's treasury shares valued at the higher of the:
 - average of the last 30 trading days prior to the date of payment of the shares plus 10% and;
 - highest price per share resulting from published research plus 10%;
 and to be bound by a specific 10 months lock-up commitment.

In addition, MQ and the Seller have agreed mutual put / call options relating to the transfer of the residual 49% share capital, the purpose of which being MQ to acquire 100% of OM Group share capital in three different instalments of equal amount, each to be exercised following approval of the financial statements for FYs 2022, 2023 and 2024, respectively. Overall, we estimate that the multiple paid by MQ on the entire 100% capital of OM Group could be in the 6.5x EV/EBITDA range.

Our view on OM Group deal

We appreciate the industrial rationale of the acquisition, that is expected to generate material cross selling synergies. Indeed, from now on it should be possible to:

- ◆ Provide to former OM Groups' clients (none of which was already client to MQ) the multi-channel (voice and digital above all) Customer Acquisition and Customer Management services core to MQ value proposition;
- ◆ Provide to former MQ's clients (none of which was already client to OM Group) a widespread "human based" commercial network spanning across the country.

Eureweb deal at a glance

At the end of March MeglioQuesto (MQ) has also announced the acquisition of 55% of the share capital of Eureweb S.r.l. (Eureweb from now on), company active in digital performance marketing, with specialization in lead generation and drive to store, that starting from data analysis is able to develop highly complex multi-channel digital strategies. The main business lines are:

- ◆ Digital strategies: development of marketing opportunities aimed at the company - final customer dialogue;
- ◆ Content Strategy: construction of identifying contents for the products sold by companies;
- ◆ Digital Planning: development of digital strategies aimed at planning the customer journey;
- ◆ Data & Analytics: dedicated to the development of specific KPIs aimed at assessing the achievement of objectives.

Eureweb was founded back in 2016 and in a few years has gained a leading position towards business clients active in the fashion sector, automotive, industry, consulting and food & beverage.

Eureweb 2021E financials are outstanding:

- ◆ Sales revenues at ca. €8.7mn (+71% y/y);
- ◆ EBITDA at ca. €4.8mn (+243% y/y), with EBITDA margin at 54.7%;
- ◆ Net Cash Debt at ca €6.5mn.

Terms of Eureweb deal

We calculate MQ to have finalised the acquisition of 55% stake of Eureweb at ca. 7.1x EV/EBITDA multiple.

Indeed, MQ has agreed to pay €18.8mn for the purchase of 55% of Eureweb share capital to be settled as follows:

- ◆ €12.0mn cash on the date of the closing that should take place in June 2022;
- ◆ €3.35mn cash to be retained as guarantee for a certain period;
- ◆ The remaining €3.4mn portion to be paid in kind by transferring to the Seller 714k MQ's treasury shares valued at €4.80 each, and to be bound by a specific 12 months lock-up commitment.

In addition, MQ and the Seller have agreed the possibility to transfer the residual 45% share capital, the purpose of which being MQ to acquire 100% of Eureweb share capital in two different instalments i.e. 22% within the approval of 2023FY figures, and 23% within the approval of 2025FY figures.

The price of the 2nd and 3rd tranche has not been announced.

Eureweb financials

We expect Eureweb to keep growing at ca. 15% CAGR, while maintaining EBITDA margin at ca. 50% level.

Even not taking into account any cross-selling synergies, we calculate the deal to be value accretive to MQ's EPS_{23E} by ca. 17%.

Eureweb: P&L 2020A-23E

€mn	2020A	2021E	2022E	2023E
Revenues	5.6	8.7	10.0	12.0
EBITDA	2.1	4.8	5.0	6.0
Net Profit	1.5	3.3	3.4	4.1
Net Fin. Pos. (Adjusted)	5.9	6.5	7.8	9.3

Source: MeglioQuesto (historical figures), Value Track (forecasts)

Our view on Eureweb deal

We appreciate the industrial rationale of the acquisition, that is clearly aimed at strengthening MQ’s competitive positioning and generating material cross selling synergies, not only with the “old” MQ group but also with the recently acquired OM Group.

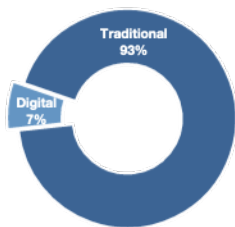
Indeed, from now on it should be possible to:

- ◆ Provide to former Eureweb clients (none of which was already client to MQ) the voice and human Customer Acquisition and Customer Management services core to MQ value proposition;
- ◆ Provide to former MQ’s clients (none of which was already client to Eureweb) state-of-the-art digital marketing drive to store services.

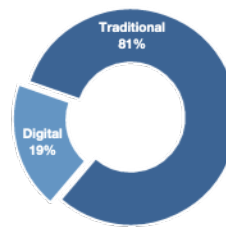
More, we see this deal as paramount in MQ competitive positioning as CXM business is going digital and switch of existing customers to digital channels is in the cards. Already as of 2022E, digital solutions should account for 19% of the whole market, compared to 7% as of 2019.

Outsourced CXM Market Size (2019A vs. 2022E)

Market Size by Contact Channel (2019A)



Market Size by Contact Channel (2022E)



Source: Everest Group, Teleperformance Annual Report, Value Track Analysis

Moreover, the M&A deal just announced should, in our view, materially accelerate MQ evolutionary path designed to profit from the current digitalization trend, and that was based on:

- ◆ Reinforcing in-house IT and Project Management capabilities, through the hiring of dedicated resources with expertise in digital innovation projects;
- ◆ Exploiting the technological partnerships for digital transformation signed with Relatech group;
- ◆ Establishing an integrated lead generation platform engine based on CRM, CMS, ERP, able to collect data, analyze and rationalize them, acting as a customer data platform (CDP).

MeglioQuesto: Digital platform roadmap



Source: MeglioQuesto, Value Track Analysis

What's ahead in 2022? Recap on MQ strategy

As far as 2022 is concerned, we expect MeglioQuesto to keep working on:

1. the integration of recently acquired companies;
2. the exploitation of domestic (and foreign) growth opportunities;
3. adapting to recent regulatory changes.

Integration of recently acquired companies

As a matter of fact, MQ is a truly omnichannel CX player. Such a position has been gained not only by organic growth but also with selected M&A deals.

Voice channel

Back in 2020 it has been finalized the €8mn acquisition of AQR Group, a customer interaction company specialized in voice activities on behalf of energy, telco, automotive, and finance corporates.

Human channel

As of end of December 2021 MQ has acquired the 51% of the share capital of OM Group, player specialized in field marketing / field sales services towards business clients active in the financial sector, (particularly in the credit card segment) and in the rail transport (e.g. Italo).

Digital channel

Some days ago, MQ has announced the purchase of 55% of the share capital of Eureweb, company active in digital performance marketing, with specialization in lead generation and drive to store.

Exploitation of domestic (and foreign) growth opportunities

With the aim to mitigate client concentration risk, MQ has a twofold strategy focused on both traditional “verticals” such as Telco and Energy / Multiutility and on high growth markets such as finance, healthcare, insurance sectors and others.

From MQ's perspective, diversification in the finance & insurance industries stand for one of the outstanding points to strengthen its market share utilizing customer portfolio enlargement.

Similarly, MQ strives for customer portfolio optimization for Multiutility and Telco markets; through:

- ◆ Territorial development according to customer needs to create franchised stores;
- ◆ Implementation of points of presence (shopping centers stands or shop in shops) through partnerships in the multiutility and financial industries.

Iliad entrance in the Italian wireline broadband market

As far as Telco clients are concerned, we believe a noteworthy role in 2022 should be played by Iliad, that back in January has launched its brand-new value for money fiber optic broadband offer with MQ acting on the CA side.

Iliad has positioned its price offer at the very bottom of the market, thus paving the way for a possible sudden change of market shares, as it did in the mobile market a few years ago.

Indeed, for Iliad mobile customers, the service costs €15.99 a month forever, following a €39.99 installation charge, while €23.99 per month will debit to non-mobile customers.

The “fiber-optic to the home” race

Company	BB market share (%)	Max speed of BB offer (Gbps, Mbps)	Monthly fee (€, at regime)	Notes
Fastweb	25.6%	2.5 Gbps download and 300 Mbps. upload	€25.95	--
Vodafone	23.2%	2.5 Gbps download and 500 Mbps. upload	€29.90	--
Wind Tre	22.0%	1 Gbps download and 200 Mbps. upload	€26.99	--
TIM	19.9%	1 Gbps download and 100 Mbps. upload	€29.90	--
Tiscali	5.0%	1 Gbps download and 300 Mbps. upload	€25.95	€96 Installation fee
Aruba	n.a.	1 Gbps download and 300 Mbps. upload	€26.47	€2.20 modem monthly fee
Poste Mobile	n.a.	1 Gbps download and 300 Mbps. upload	€23.90	€39.90 Installation fee
Iliad	n.a.	1 Gbps download and 300 Mbps. upload	€23.99 (1)	€39.90 Installation fee
Iliad	n.a.	1 Gbps download and 300 Mbps. upload	€15.99 (2)	€39.90 Installation fee

Source: SOStariffe.it (1) Clients subscribing only BB offer (2) Clients subscribing both BB and Mobile offer

Internationalization

Internationalization via M&A could constitute an efficient drive to use these deals as a quick way to ramp up MQ overseas presence and address some gaps.

Indeed, the company's goal is to enter new foreign markets such as Spain and Greece by following the territorial expansion of the main customers and through M&A activities aimed at the acquisition of small CX companies.

Adapting to recent regulatory changes in terms of “Do Not Call Registry”

Timetable of changes to “Do Not Call Registry” regulation

Since 2010, the Italian legislation (D.P.R. n. 178/2010) provides for “**Registro Pubblico delle Opposizioni**” (**RPO**), a public telephone directory designed to protect individuals who wish not to receive unsolicited telemarketing calls or postal mails any longer.

As far as this matter is concerned, we note that:

- ◆ Back on January 11th, 2018, the law no. 5 set the framework to extend the RPO to all the national telephone numbers, including landlines and mobiles, not only including numbers listed on the public phone books (as previously established);
- ◆ Back at the end of January 2022, the Council of Ministers approved the regulatory measures extending the scope of the RPO to mobile phones;
- ◆ Publication in Gazzetta Ufficiale took place today April 11th 2022, and the new Register is expected to become effective by the end of July;
- ◆ The violation of users' right of opposition - or the failure of telemarketing operators to comply with the RPO – shall provide for an administrative pecuniary sanction of up to €20mn or companies up to 4% of the previous year's total annual worldwide turnover.

Differences between the soon-to-become-effective regulation and the previous one

The main differences between the soon-to-become-effective regulation and the previous decree are:

1. **Extension to landlines and mobile** phone numbers not necessarily included in public books;
2. **Ban on registered customers' data transfer to third parties**, i.e. a client cannot provide listed phone numbers to its outsourced partners;
3. **Pre-existing contracts** are **exempt** from the regulation. The contact center can still approach existing customers for upselling/cross-selling activities even if the phone number is on the RPO;
4. **Cancellation of all the previously given consents**, however, new given permissions after registry enrollment prevails on the RPO;
5. Creation of a **unique national area code** for telemarketing communications;
6. **Introduction of fees** to consult the registry on a recurring basis.

Possible implications on MeglioQuesto business model

The tightening of RPO regulation is likely to affect the CXM market, particularly for the voice communication channel, in terms of:

- ◆ **Lower employment**, i.e. shorter lists require fewer operators;
- ◆ **Lower market efficiency** due to reduction in competition, information and innovation, thus representing a potential barrier to entry;
- ◆ **Loss of revenues** for contact centers and outsourced partners.

Conversely, the only advantage is represented by productivity gains linked to the reduced number of unwanted calls to customers (eliminating the “cold list” and focusing on an enhanced “warm list”).

In such challenging environment, however, we spot that 85% of MQ customer acquisition revenues (“voice” contact channel) are generated from pre-existing contracts, thus customers that could be contacted for upselling or cross-selling propositions, even if they decide to enroll in the RPO.

Hence, negative effects of the new regulation might impact only the remaining 15% of revenues that arise from customer without contracts in place.

MQ business could also benefit from the regulation as it would allow for a more oriented lead generation, and more profitable users.

Change in MQ 2022E-23E estimates

Changes to our 2022E-23E estimates are mainly related to the company strategy to focus more and more on the most lucrative deals to the direct and indirect effects of Eureweb deal: Indeed, as far as the 2nd point is concerned, we are taking into account of:

- ◆ Eureweb line by line consolidation starting as of June 2022;
- ◆ Impact on MQ's P&L from Eureweb integration costs and additional financial charges;
- ◆ Impact on MQ's Net Debt position from the cash out for Eureweb deal.

MQ: Change in 2022E estimates

	2022E Old	Chg. Est.	2022E New	Chg. %	Eureweb	Eureweb deal	2022E New	Chg. %
Total Revenues	94.7	-9.0	85.7	-9.5%	5.8		91.5	6.8%
EBITDA	17.4	-1.6	15.8	-9.2%	2.9		18.7	18.5%
EBIT	14.0	-1.5	12.5	-10.9%	2.9		15.4	23.4%
Net profit	8.1	-1.3	6.8	-16.5%	2.0	-1.5	7.2	6.9%
Net Financial Position	3.5	-4.3	-0.9	nm	7.8	-15.4	-8.5	nm

Source: Value Track analysis (*) Financial charges related to M&A cash out + minority interests

MQ: Change in 2023E estimates

	2023E Old	Chg. Est.	2023E New	Chg. %	Eureweb	Eureweb deal	2023E New	Chg. %
Total Revenues	106.8	-5.1	101.7	-4.8%	12.0		113.7	11.8%
EBITDA	20.7	-1.9	18.8	-9.3%	6.0		24.8	32.0%
EBIT	16.2	-2.1	14.2	-12.8%	6.0		20.2	42.4%
Net profit	9.8	-0.7	9.1	-7.5%	4.1	-2.2	11.0	21.1%
Net Financial Position	11.1	-4.3	6.8	nm	9.3	-25.3	-9.2	nm

Source: Value Track analysis (*) Financial charges related to M&A cash out + minority interests

As an effect, as far as 2022E-23E forecasts are concerned, we expect the following:

- ◆ Revenues growing in the 15%-20% region on a l-f-l basis, and then adding the top line of the recently acquired companies, thus exceeding the €100mn threshold as of 2023E;
- ◆ EBITDA at ca. €25mn as of 2023, thus more than doubling 2021 figure;
- ◆ EBITDA margin at ca. 20% already as of 2022E, and then further climbing above the 20% level in 2023E thanks to the consolidation of the highly profitable Eureweb;
- ◆ Net Financial Position well under control, below the 0.5x Net Debt / EBITDA level even not taking into account the possible conversion of in-the-money warrants in the next few months, that are worth a maximum €23mn cash in.

MeglioQuesto: 2020PF-23E Value of Production Breakdown

€mn	2020PF	2021A	2022E	2023E
Customer Acquisition	50.8	54.9	76.6	93.3
Customer Management	3.2	6.5	14.3	19.9
Other Revenues	1.8	1.1	0.6	0.5
Value of Production	55.8	62.5	91.5	113.7
Voice	43.7	52.6	59.8	64.4
Digital	3.8	2.9	14.1	30.1
Human	6.4	6.0	17.0	18.7
Other Revenues	1.8	1.1	0.6	0.5
Value of Production	55.8	62.5	91.5	113.7
Change y/y (%)		12%	46%	24%

Source: MeglioQuesto (historical figures), Value Track Analysis (forecasts)

MeglioQuesto: 2020PF-23E P&L Forecasts

€mn	2020PF	2021E	2022E	2023E
Revenues from sales	54.0	61.4	90.9	113.2
Other Revenues	1.8	1.1	0.6	0.5
Value of Production	55.8	62.5	91.5	113.7
Cost of Sales	-41.8	-43.1	-57.4	-71.0
Labour Costs	-6.6	-8.9	-15.4	-18.0
EBITDA	7.4	10.6	18.7	24.8
<i>EBITDA margin (%)</i>	<i>13.2%</i>	<i>16.9%</i>	<i>20.4%</i>	<i>21.8%</i>
Adj. EBITDA	8.5	11.4	18.7	24.8
<i>Adj. EBITDA margin (%)</i>	<i>15.3%</i>	<i>18.2%</i>	<i>20.4%</i>	<i>21.8%</i>
D&A&Provisions	-2.5	-2.5	-3.3	-4.6
EBIT	4.9	8.0	15.4	20.2
<i>EBIT margin (%)</i>	<i>8.7%</i>	<i>12.8%</i>	<i>16.8%</i>	<i>17.7%</i>
Net Fin. Income (charges)	-1.2	-1.7	-1.0	-1.1
Non-Operating items	0.0	0.0	0.0	0.0
Pre-tax Profit	3.6	6.3	14.3	19.0
Taxes	-1.5	-2.4	-5.0	-6.7
<i>Tax rate (%)</i>	<i>-40.1%</i>	<i>-38.4%</i>	<i>-35.0%</i>	<i>-35.0%</i>
Group Net Profit	2.2	3.9	9.3	12.4
Minorities	0.0	0.0	-2.1	-1.4
Net Profit	2.2	3.9	7.2	11.0
Adj. Net Profit	3.3	4.7	7.2	11.0

Source: MeglioQuesto (historical figures), Value Track Analysis (forecasts)

MeglioQuesto: 2020PF-23E Cash Flow Statement

€mn	2020PF	2021E	2022E	2023E
EBITDA	7.4	10.6	18.7	24.8
NWC requirements	-8.7	2.2	-3.9	-2.3
Capex (not incl. Fin. Inv.)	-2.7	-3.3	-3.5	-3.6
Change in provisions	0.2	0.1	0.6	0.3
OpFCF b.t.	-3.8	9.6	11.9	19.1
<i>As a % of EBITDA</i>	<i>-51%</i>	<i>90.5%</i>	<i>63.4%</i>	<i>77.1%</i>
Cash Taxes	-1.5	-2.4	-5.0	-6.7
OpFCF a.t.	-5.3	7.1	6.8	12.4
Net Financial Charges	-1.2	-1.7	-1.0	-1.1
Capital Injection	0.0	12.1	-0.5	0.0
Others Sources/Uses	1.0	-6.3	-7.6	-12.1
Change in Net Fin. Position	-5.5	11.2	-2.3	-0.8

Source: MeglioQuesto, Value Track Analysis

MeglioQuesto: 2020PF-23E Balance Sheet

€mn	2020PF	2021E	2022E	2023E
Net Fixed Assets	15.5	25.4	33.3	44.4
Net Working Capital	9.7	7.5	11.4	13.7
Severance pay and other funds	1.0	1.1	1.7	1.9
Total Capital Employed	24.2	31.9	43.1	56.2
Group Net Equity	6.8	25.8	34.6	47.0
Net Debt	17.4	-6.1	-8.5	-9.2
<i>Net Debt/EBITDA (x)</i>	<i>2.4x</i>	<i>0.6x</i>	<i>0.5x</i>	<i>0.4x</i>

Source: MeglioQuesto, Value Track Analysis

Valuation

We remind that MeglioQuesto was listed back as of June 28th 2021 on Euronext Growth Milan by issuing ca. 12.3mn ordinary shares (at €1.40 IPO price) plus some additional financial instruments, (warrants, bonus shares, GeToCollect warrants) that could become ordinary shares within the next couple of months, as they are currently deeply in the money.

Based on updated MeglioQuesto financial forecasts, we derive a €5.0 fair value per share if we stick to the number of shares currently outstanding.

If we consider the fully diluted number of shares, and adjust accordingly the Net Financial Position, the fair value per share stands at €4.0

Introduction

As far as valuation is concerned, we are taking into consideration the following:

- ◆ 2023 fiscal year as reference one, as there will be the line-by-line consolidation of Eureweb financials for the whole twelve months period;
- ◆ 15.4x EV/EBIT, 22x P/E 2023E sector multiples, as reference values to drive MQ fair multiples.

MeglioQuesto: Peers' stock trading multiples

Company	EV / EBITDA (x)		EV / EBIT (x)		P / E (x)	
	2022E	2023E	2022E	2023E	2022E	2023E
TTEC Holdings, Inc.	10.9	9.6	15.3	13.6	20.5	18.7
Teleperformance SE	13.7	12.2	19.0	16.6	29.0	25.6
Concentrix Corp.	8.6	7.8	10.0	9.0	19.3	16.9
Average – Direct peers	11.1	9.9	14.8	13.1	22.9	20.4
Doxee	12.6	9.1	nm	18.6	nm	21.6
Almawave	15.2	12.3	29.3	22.4	34.1	27.4
Gruppo MutuiOnline	11.0	9.6	13.5	11.6	18.9	17.3
Growens	10.1	7.9	nm	21.2	nm	36.3
GPI	6.1	5.3	11.8	10.1	13.0	12.2
Average – ITA players	11.0	8.8	18.2	16.8	22.0	22.9
Overall Median	11.0	9.2	16.5	15.4	22.5	22.0

Source: Market Consensus, Value Track Analysis

We are hereby providing the fair value of MeglioQuesto shares based on two scenarios:

- ◆ **Scenario (a)** - fair value based on the outstanding number of shares currently issued;
- ◆ **Scenario (b)** - fair value based on the fully diluted number of shares.

Scenario (a) - fair value based on the outstanding number of shares currently issued

In this scenario, we are assuming the following:

- ◆ Outstanding number of shares;
- ◆ Reported Net Financial Position 2023E, excluding both the cash in coming from the likely conversion of deep in-the money warrants and the future cash out for the minority stakes of OM Group and Eureweb that should be likely acquired in the next three years;
- ◆ Ca. €20mn adjustment to the Enterprise Value, related to the value of minorities not owned yet at the end of 2023 fiscal year.

Based on these assumptions, and averaging the previously mentioned 15.4x EV/EBIT and 22x P/E 2023E as fair multiples we calculate a €5.00 per share fair value.

MeglioQuesto: Valuation at fair multiples

(EV/EBIT)	2023E	(P/E)	2023E
Fair Multiple (x)	15.4	Fair Multiple (x)	22.0
MQ EBIT (€mn)	20.2	MQ Net Profit (€mn)	11.0
Fair EV (€mn)	310.5	Fair Eq. Val. (€mn)	242.1
Net Fin. Pos. (€mn)	-9.2		
Adj. To EV (€mn)	-19.7		
Fair Eq. Value (€mn)	281.3	Fair Eq. Value (€mn)	242.1
Fully diluted NOSH (mn)	52.3	Fully diluted NOSH (mn)	52.3
Fair Eq. Value (p/s) (€)	5.38	Fair Eq. Value (p/s) (€)	4.63

Source: Value Track Analysis

Scenario (b) - fair value based on the fully diluted number of shares

In this scenario, we are assuming the following:

- ◆ Pro-forma and fully diluted 2023E Net Financial Position that include on the one side the ca. €23mn cash in coming from the likely conversion of deep in-the money warrants worth, and on the other side the ca. €20mn cash out for the minority stakes of OM Group and Eureweb that should be likely acquired in the next three years;
- ◆ Fully diluted number of shares, as a result of the conversion of deep in-the money warrants, GeToCollect warrants and bonus shares.

Based on these assumptions, and averaging the previously mentioned 15.4x EV/EBIT and 22x P/E 2023E as fair multiples we calculate a €4.00 per share fully diluted fair value.

MeglioQuesto: Valuation at fair multiples

(EV/EBIT)	2023E	(P/E)	2023E
Fair Multiple (x)	15.4	Fair Multiple (x)	22.0
MQ EBIT (€mn)	20.2	MQ Net Profit (€mn)	11.0
Fair EV (€mn)	310.5	Fair Eq. Val. (€mn)	242.1
Net Fin. Pos. (€mn)(*)	5.8		
Adj. To EV (€mn)	0.0		
Fair Eq. Value (€mn)	304.7	Fair Eq. Value (€mn)	242.1
Fully diluted NOSH (mn)	68.1	Fully diluted NOSH (mn)	68.1
Fair Eq. Value (p/s) (€)	4.45	Fair Eq. Value (p/s) (€)	3.55

Source: Value Track Analysis (*) Net Cash Position

Here below we provide a sensitivity analysis of possible MeglioQuesto fully diluted stock trading multiples in an Equity Value range between €3.00 and €5.00 per share.

MeglioQuesto: Sensitivity of fully diluted stock trading multiples between €3.00 and €5.00

Equity Value p/s	EV / EBITDA (x)		EV / EBIT (x)		P / E (x)	
	2022E	2023E	2022E	2023E	2022E	2023E
€ 3.00	11.8	8.5	14.4	10.4	28.3	18.6
€ 3.50	13.7	9.9	16.6	12.1	33.0	21.7
€ 4.00	15.5	11.2	18.8	13.8	37.8	24.8
€ 4.50	17.3	12.6	21.0	15.5	42.5	27.9
€ 5.00	19.1	14.0	23.3	17.2	47.2	31.0

Source: Value Track Analysis

M&A multiples cross check

Although weighed down by the challenging operating environment, as of the end of December 2021, TTEC Holdings, Teleperformance, Concentrix acquired each one a smaller company at ca. 10-18x EV/EBITDA multiple. The industrial rationale of the acquisitions is distinctly aimed at strengthening competitive positioning in the customer channel and generating synergies.

We underline that, with its hefty transaction of approximately \$400mn, the market leader Teleperformance acquired Senture (EV/EBITDA at 13.0x) with the purpose to:

- ◆ support the growth strategy of investing in digital transformation to deliver exceptional customer experiences and;
- ◆ achieve the financial goals of more than \$10bn revenue and an EBITDA margin higher than 16% in 2025.

M&A activities in the CX sector

Acquiring company	Target company	Transaction price (€mn)	EV/EBITDA (x)
TTEC Holding	Faneuil	\$140mn(*)	9.2x
Teleperformance	Senture	\$400mn	13.0x
Concentrix	PK Global	\$1.6bn	18.8x

Source: Various (*) Less an indemnification escrow amount of approximately \$15mn. Faneuil is also eligible to receive additional earn-out payments in an aggregate amount of up to \$25mn

Appendix 1 – Fully diluted capital structure

MeglioQuesto was listed back as of June 28th 2021 on AIM Italia – the multilateral trading platform organized and managed by Borsa Italiana – by issuing ca. 12.3mn ordinary shares (including 1.6mn from greenshoe option) at €1.40 IPO price, corresponding to a €17.2mn capital increase gross of fees.

As result of the successful Initial Public Offering (5x oversubscription), MQ outstanding shares amount to ca. 52.3mn.

More, the company has also issued additional financial instruments, as briefly described in the below table.

MeglioQuesto: Additional financial instruments issued at IPO

Warrant	<ul style="list-style-type: none"> - "Warrant" in the ratio of 1 warrant for every 2 ordinary shares subscribed/purchased in the context of the Offering, allocated on the first day of trading. - Strike Period: 2 calendar weeks for each window, June 2022, June 2023, June 2024, June 2025 - Strike Ratio: 1 newly issued Ordinary Share for every 1 "Warrant" - Strike Price: 1st window, IPO price + 10%; 2nd window, IPO price +40%; 3rd window, IPO price + 60%; 4th window, IPO price + 80% - Expiry: End of the last Strike Period (June 2025) <p>Additional "Warrant" as Dividend in Kind will distributed in the ratio of 1 warrant for every 15 shares owned at ex-date (May 2022) Further 1.5mn "Warrant" assigned to management / BoD</p>
Right of Assignment "GeToCollect Warrant"	<ul style="list-style-type: none"> - "GeToCollect Warrants" in the ratio of 1 Right of Assignment for every 1 ordinary share subscribed/purchased in the context of the Offering, allocated on the first day of trading. GeToCollect Warrants give the right to receive Warrants (fungible with those issued in the IPO) according to the formula: (monthly average Price – Strike Price) / Threshold Price, where Max threshold Price = 300% IPO Price - Strike Period: until May 31, 2022 - Strike Ratio: max 0.75 newly issued "Warrant" for every 1 "GTC Warrant" - Strike Price: IPO Price - Expiry: End of Strike Period
Bonus Shares	<ul style="list-style-type: none"> - "Bonus Shares" in the ratio of 1 newly issued share for every 10 ordinary shares subscribed/purchased in the context of the Offering and possessed for 12 months continuously. Ordinary shares will be allocated 12 months after the IPO

Source: MeglioQuesto, Value Track Analysis

DISCLAIMER

THIS DOCUMENT IS PREPARED BY VALUE TRACK S.R.L. NEITHER THIS DOCUMENT NOR ANY COPY THEREOF MAY BE TAKEN OR TRANSMITTED OR DISTRIBUTED, DIRECTLY OR INDIRECTLY, INTO CANADA OR JAPAN OR AUSTRALIA TO ANY RESIDENT THEREOF OR INTO THE UNITED STATES, ITS TERRITORIES OR POSSESSIONS. THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW AND PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTION. ANY FAILURE TO COMPLY WITH THESE RESTRICTIONS MAY CONSTITUTE A VIOLATION OF THE LAWS OF ANY SUCH OTHER JURISDICTION.

THIS DOCUMENT DOES NOT CONSTITUTE OR FORM PART OF, AND SHOULD NOT BE CONSTRUED AS, AN OFFER, INVITATION OR INDUCEMENT TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES OR MAKE RELATED INVESTMENTS, AND NEITHER THIS DOCUMENT NOR ANYTHING CONTAINED HEREIN SHALL FORM THE BASIS OF OR BE RELIED ON IN CONNECTION WITH OR ACT AS AN INVITATION OR INDUCEMENT TO ENTER INTO ANY CONTRACT OR COMMITMENT WHATSOEVER.

THIS DOCUMENT HAS BEEN PRODUCED IN THE NAME AND ON BEHALF OF MIT SIM THAT IS ACTING AS SPECIALIST ON MEGLIOQUESTO SHARES

THIS DOCUMENT HAS BEEN PREPARED BY ITS AUTHORS INDEPENDENTLY OF MEGLIOQUESTO S.P.A. (THE "COMPANY") AND ITS SHAREHOLDERS AND SUBSIDIARIES AND AFFILIATES, AND ANY FORECASTS, OPINIONS AND EXPECTATIONS CONTAINED HEREIN ARE ENTIRELY THOSE OF THE AUTHORS HEREOF AND ARE GIVEN AS PART OF ITS NORMAL RESEARCH ACTIVITY AND SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORISED OR APPROVED BY ANY OTHER PERSON.

VALUE TRACK S.R.L. HAS NO AUTHORITY WHATSOEVER TO MAKE ANY REPRESENTATION OR WARRANTY ON BEHALF OF ANY SYNDICATE MEMBER, THE COMPANY, ITS SHAREHOLDERS, ANY OF ITS ADVISERS, ANY OF ITS SUBSIDIARIES, ITS AFFILIATES, OR ANY OTHER PERSON IN CONNECTION THEREWITH. WHILE ALL REASONABLE CARE HAS BEEN TAKEN TO ENSURE THAT THE FACTS STATED HEREIN ARE ACCURATE AND THAT THE FORECASTS, OPINIONS AND EXPECTATIONS CONTAINED HEREIN ARE FAIR AND REASONABLE, VALUE TRACK S.R.L. HAS NOT VERIFIED THE CONTENTS HEREOF AND ACCORDINGLY NONE OF VALUE TRACK S.R.L.,

THE COMPANY, ITS SUBSIDIARIES AND AFFILIATES ITS SHAREHOLDERS, ANY ADVISORS TO THE COMPANY OR ITS SHAREHOLDERS OR ANY OTHER PERSON IN CONNECTION THEREWITH NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS OR EMPLOYEES, SHALL BE IN ANY WAY RESPONSIBLE FOR THE CONTENTS HEREOF AND NO RELIANCE SHOULD BE PLACED ON THE ACCURACY, FAIRNESS, OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS DOCUMENT. NO PERSON ACCEPTS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM THE USE OF THIS DOCUMENT OR OF ITS CONTENTS OR OTHERWISE ARISING IN CONNECTION THEREWITH. TO THE EXTENT PERMITTED BY LAW AND BY REGULATIONS, VALUE TRACK S.R.L. (OR ITS OFFICERS, DIRECTORS OR EMPLOYEES) MAY HAVE A POSITION IN THE SECURITIES OF (OR OPTIONS, WARRANTS OR RIGHTS WITH RESPECT TO, OR INTEREST IN THE SHARES OR OTHER SECURITIES OF) THE COMPANY AND MAY MAKE A MARKET OR ACT AS A PRINCIPAL IN ANY TRANSACTIONS IN SUCH SECURITIES.

THIS REPORT CONTAINS PROJECTIONS THAT PRESENT A POSSIBLE OUTCOME ON THE BASIS OF THE ASSUMPTIONS SET OUT HEREIN. THESE REPRESENT ONLY ONE POSSIBLE OUTCOME AND ARE THE INDEPENDENT VIEWS OF THE AUTHOR OF THIS REPORT ONLY. THESE PROJECTIONS ARE SUBJECT TO RISKS, UNCERTAINTIES AND ASSUMPTIONS AND FUTURE ACTUAL RESULTS COULD DIFFER MATERIALLY.