

# Meglio Questo

Customers is all you need

20 July 2021

# BUY

Target Price: **3.2€**

Upside: **+45%**

## The fastest growing company in the sector.

MQ is one of the leaders in Italy in outsourced omnichannel customer relationship management, especially in the telecommunications and energy sectors and with a growing presence in financial services, e-commerce, and healthcare.

MQ is committed to engaging customers at every touch point throughout the consumer lifecycle. The group's solutions include digital marketing, customer acquisition, consumer advice, technical and operational support, and customer retention.

The group has grown significantly over the last 5 years with a turnover CAGR of 36% between 2016 and 2020 also thanks to the strategic acquisition of AQR. Similarly, the number of customers grew by almost 5 times, from 9 to 43, and the EBITDA margin reached 13.2% in 2020 (vs. 6.7% in 2019).

## IPO to support growth and market expansion.

MQ went public on 28 June at a price of €1.4 per share (high end of the range), raising €17.25m (including the greenshoe) with a 5x overbooking.

The resources raised during the IPO will finance the group's expansion and diversification program both organically and through M&A. MQ's strategy includes expansion into new sectors such as insurance, e-commerce, and healthcare. The management also wants to reduce its customer concentration and invest heavily in digitalization, including through strategic partnerships with technology players.

## A 13% CAGR in sales between 2020 and 2025 reaching almost 100M€

The substantial investments in the digitalization of the Customer Acquisition activity and in the Customer Management business will drive the company's growth.

Since MQ Group's current cost structure can support much higher activity levels and the increasing use of digital technologies requires less operational costs, EBITDA should expand rapidly in the near future, reaching a margin of 19.9% in 2025.

MQ's asset-light business model requires low capex and low working capital absorption enabling strong free-cash flow generation. We estimate that the company will gradually achieve 11.2M€ FCF in 2025 meaning an EBITDA conversion of 56.7% (vs 1.9M€ and 15.7% in 2020).

## Valuation: TP of 3.2€ implying a 45% upside potential

Despite the strong rise in MQ's share price on the day of the IPO, the company is trading at an excessive discount to its competitors, namely between 25 and 30%.

Our valuation based 100% on a DCF (WACC 9.4% and TGR 2.0%) leads us to a Target Price of €3.2.

Our price target implies a potential upside of 45% to reach a P/E 2021E of 24.0x (vs. 16.5x currently) more appropriate for a fast-growing company with expanding margins.

Market Data	
Industry	Business Services
Share Price (€)	2.2
Market Cap (€M)	111.6
Market Segment	AIM Italia
Bloomberg	1CALL-IT

Ownership Structure	
MQ Holding	74.1%
Jaime Torrents Rotelli	1.6%
Atlantiscorn srl	1.6%
Francesco Esposito	1.6%
Market	21.1%

€M (31/12)	2020A*	2021E	2022E	2023E
Sales (€M)	55.8	69.8	81.5	89.9
Growth	0.0%	25.2%	16.7%	10.3%
EBITDA	6.7	12.1	15.0	17.1
EBITDA Margin	12.0%	17.3%	18.4%	19.0%
Net Income	2.2	6.8	7.9	9.0
EPS €	0.04	0.13	0.16	0.18
EPS growth		210%	17%	14%
Dividend	0.00	0.00	0.00	0.00
Yield	0.0%	0.0%	0.0%	0.0%
FCF	-12.9	-3.1	4.1	6.6
ROIC	9.7%	24.6%	26.3%	28.2%
EV/Sales (x)		1.6x	1.3x	1.2x
EV/EBIT (x)		10.8x	9.3x	8.2x
PE (x)		16.5x	14.1x	12.4x
Net debt	14.7	-4.7	-10.1	-17.4
Gearing net	215%	-15%	-26%	-37%

\* Pro-forma

Midcap estimates

Upcoming Event	
27/09/2021	- H1 2021

Recommendation History	
20.07.2021	- BUY

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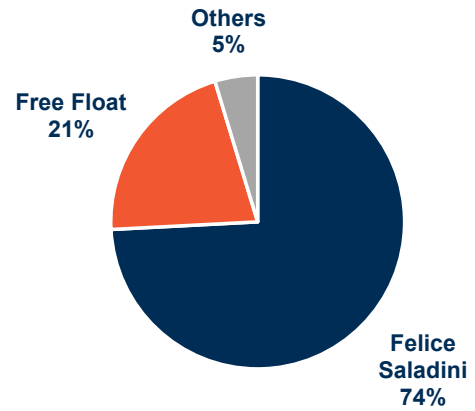


# I. OVERVIEW

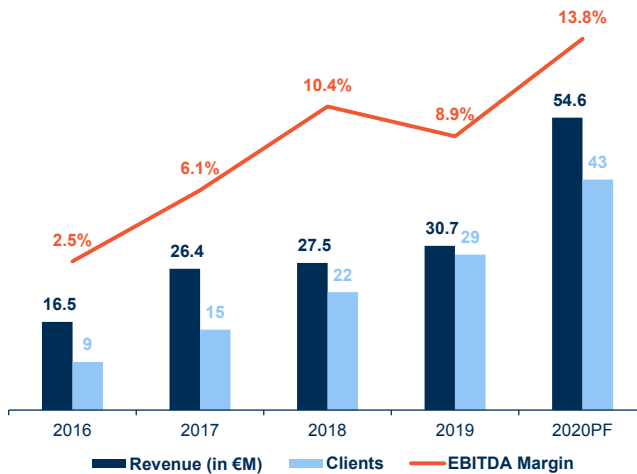
## Description

Founded in 2011 by its current CEO Felice Saladini, MeglioQuesto is a leader in the Customer Experience market in Italy. The group provides a multi-channel offer to leading companies in the telecommunications, utilities, financial services, and insurance sectors. This offer includes customised solutions for customer acquisition (acquisition of new end-users or cross-selling/up-selling techniques) and customer relationship management (commercial and/or technical assistance and back-office activities) by combining voice channel, digital and physical channels.

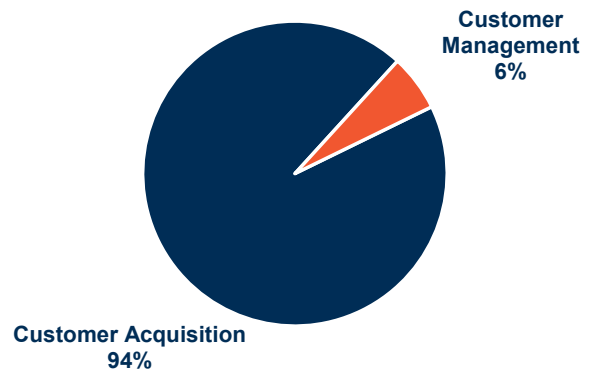
## Shareholders



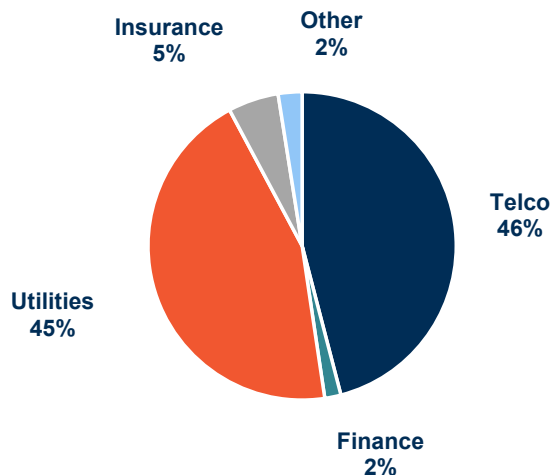
## Revenue, EBITDA & EBITDA margin trends



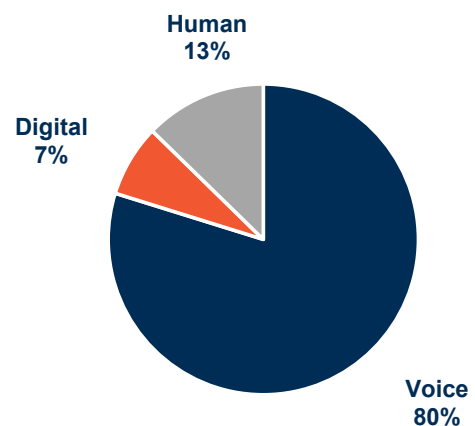
## Revenue by segment (2020A)



## Revenue by reference market (2020A)



## Revenue by channel (2020A)



## SWOT Analysis

### Strengths

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- A leader in customer experience management in the Italian market
- The only Italian player with a multi-channel offering
- A customer retention close to 100% for customer acquisition activities
- 94% customer retention with an average contract length of 3 years for customer management
- Very low staff turnover
- A portfolio of loyal customers, leaders in their reference sector
- Good profitability linked to the unique positioning on customer acquisition activities

### Weaknesses

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- A customer portfolio that is still not very diversified
- A digital channel still too marginal in the mix
- A management structure that needs strengthening
- Size still limited compared to world leaders
- International exposure still limited
- A data-driven approach still limited for in-house lead generation

### Opportunities

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- Customer experience remains a major concern for companies
- Synergies and cross-selling between the various communication channels and services of the group
- Penetration of international markets (France, Spain and Greece)
- Penetration of sectors that have not yet massively outsourced their customer relationship management
- The economic impact of the Recovery Plan in favour of the digitalisation of companies

### Threats

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- A group still dependent on its CEO
- A breach in the protection of personal data, a cyber attack
- A slow digital transition
- Stricter regulation for outbound calls and privacy

Sources: Company, TP ICAP

## II. The Italian leader in omnichannel customer relations

### A) MeglioQuesto at a glance

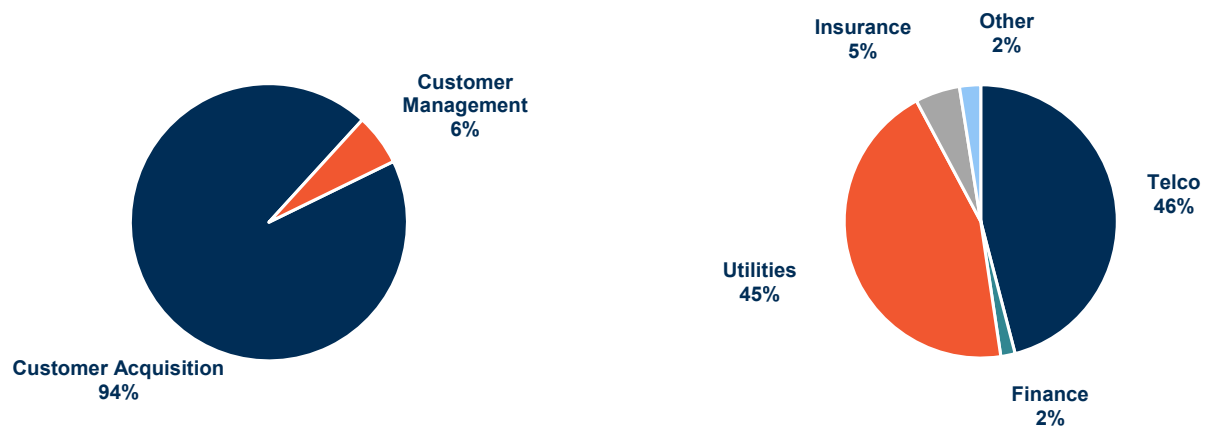
MiglioQuesto (the "Group" or "MQ") is a **customer experience company** that provides a **multi-channel offering** to leading companies in the telecommunications, utilities, financial services and insurance sectors. MeglioQuesto is the market leader in Italy with its offer of customised solutions for customer acquisition and customer relationship management through:

1. Voice channel
2. Digital channel
3. Physical channel

More specifically, the group is active in: (i) **customer acquisition**, which concerns all services aimed at increasing and developing the customer base of companies through the acquisition of new end-users or cross- and up-selling techniques on already active users and (ii) **customer management**, which concerns all services related to the management of the relationship between the company and its customers, including commercial and technical telephone support services or back-office activities.

To date, the Group has a **customer portfolio of more than 40 leading companies in their industry**. The telecom and utilities sectors account for approximately 91% of revenues. However, the company has undertaken a strategy of diversification into other sectors, notably insurance (5.3%), finance (1.7%) and other (2%). The Group can count on c.270 employees, more than 300 subcontractors and a network of nearly 2000 customer experience consultants.

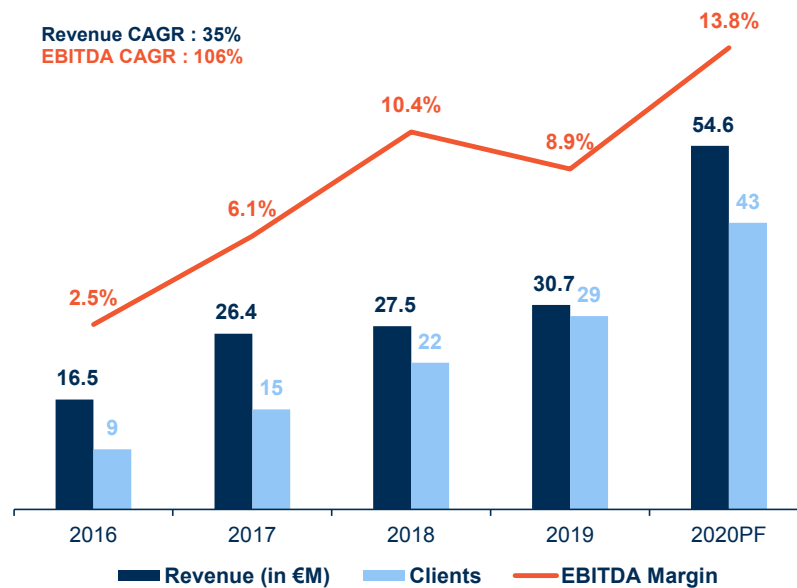
#### Breakdown of 2020A revenue by activity & sector (in %)



Source: Company, TP ICAP

The group reported pro-forma revenue of €55.8m in 2020, up 67.8% from 2019, with pro-forma adjusted EBITDA of €8.5m (EBITDA margin of 15.3%). Driven by sustained organic growth and the integration of AQR last year, the group is delivering a CAGR<sub>2016-2020</sub> of +36% for revenues and 106% for EBITDA thanks to a fourfold increase in the customer base over the same period.

## Breakdown of 2020A revenue by activity & sector (in %)



Source : Company, TP ICAP

### B) Group history

#### • Initial growth phase

MeglioQuesto was born in 2011 when Felice Saladini, the current CEO, founded Planet Group S.r.l., a company operating in the telesales sector. Felice Saladini began his professional career as an operator in a call centre company, where he rose to become a manager with 2000 people under his wing. An entrepreneur at heart, he finally set up his own company, drawing on his experience in marketing consultancy and multi-channel sales services.

The company began to grow a year later with the acquisition of the first contracts in the multi-utilities sector (for ENI S.p.A.) for the provision of telesales services and expanded its customer base in the following years by entering the telecoms market with Telecom S.p.A. The commercial relationship with the latter was consolidated through the launch of the "Human" channel for the physical sale of its hardware services and equipment. In 2017, a process of reorganisation of the company led to the creation of MeglioQuesto Spa, acting as a holding company for the various entities of the group (cf. Group Structure).

#### • AQR Acquisition, a turning point for MQ's growth (cf. Appendices)

In 2020, the group finalised **the acquisition of AQR**, a company specialising in customer interaction. This operation represents **a real turning point in the group's growth strategy**, allowing:

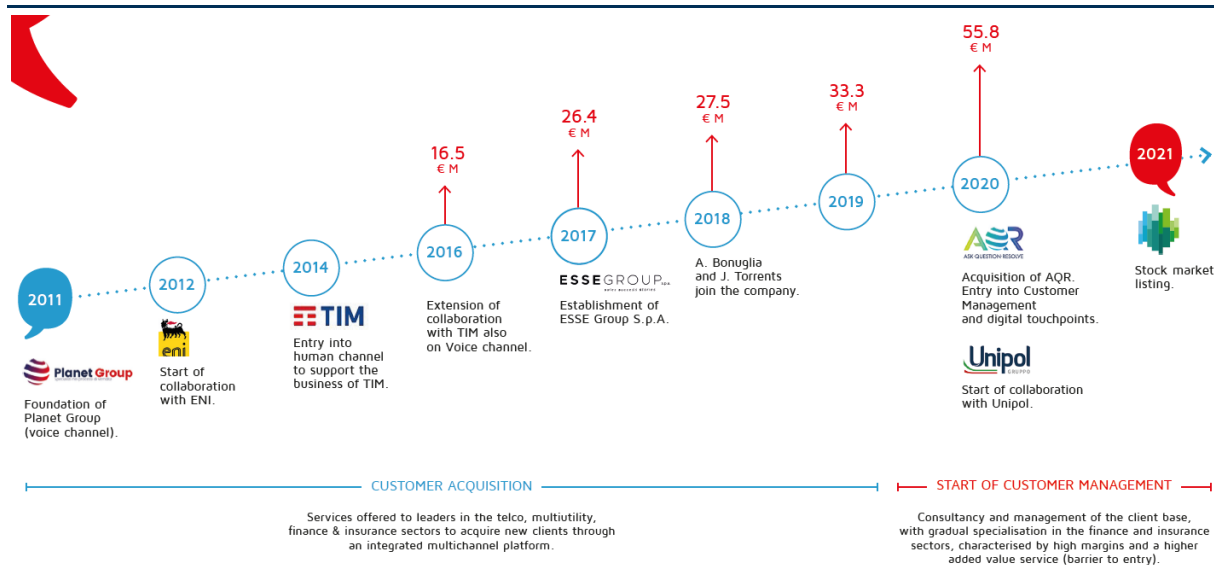
- ✓ Strengthening its business and commercial relationships with the main operators in the telecom and utilities sectors,
- ✓ Broadening the range of services offered with the arrival of the digital channel and the implementation of a multi-channel system,
- ✓ Entry into the financial services and insurance markets, characterised by high margins and higher value-added service due to high barriers to entry,

- ✓ Significant managerial growth with the addition of highly specialised staff in the reference market and strong commercial relationships with strategic clients.
- **IPO: the largest overbooking ever on AIM Italia**

On 24 June, MeglioQuesto took another important step, that of its initial public offering at a price of €1.4 per share, i.e., the maximum of the predefined price range, and a capitalisation at the opening date of trading of approximately €73M (assuming the full exercise of the greenshoe option, entirely in the form of a capital increase). This operation brings the Group's free float to 21.13% (23.55% considering the possible exercise of the greenshoe option). The MeglioQuesto share closed the first day of trading at a price of €2.35 (+67.82%), representing a capitalization of more than €120M.

**The placement generated a total demand from Italian and foreign institutional investors of about 5x the amount offered**, constituting the largest overbooking ever on AIM in terms of relative value compared to the size of the demand. The €17.25m raised are intended to finance a 2021-2026 investment plan of €30m (cf. Strategy) to accelerate the Group's development and expansion & diversification strategy, with the aim of seizing new opportunities in new markets.

## Group History



Source: Company

The in-depth knowledge of the reference sector and the market dynamics has therefore enabled the MQ Group to establish itself in the market over the years thanks to:

- ✓ A wide range of multi-channel services capable of meeting the clients' needs through an offer adapted to their activity and their clientele, essential for creating a relationship of trust with their users/consumers,
- ✓ Its ability to understand and anticipate changes in consumer buying behaviour and to focus on the development of digital services (with performance marketing and lead generation activities),
- ✓ An integrated end-to-end business model that goes from lead generation to sales, including customer service and retention,
- ✓ A capillary organisation based on specialised and loyal staff and a solid base of partners operating throughout the country.

### III. Customised solutions for customer acquisition and customer relationship management

Thanks to its unique multi-channel offering in Italy, the MQ Group is present at all stages of the consumer lifecycle and takes over the customer acquisition and customer management activities of companies that lack the operational skills to do so.

The MQ Group is structured into two main business areas: **Customer Acquisition**, which represents the main source of revenue for the company (94% of 2020 revenue) and **Customer Management**, an activity launched in 2020 (6% of 2020 revenue).

#### Breakdown of MQ revenue between "Customer Acquisition" & "Customer Management"

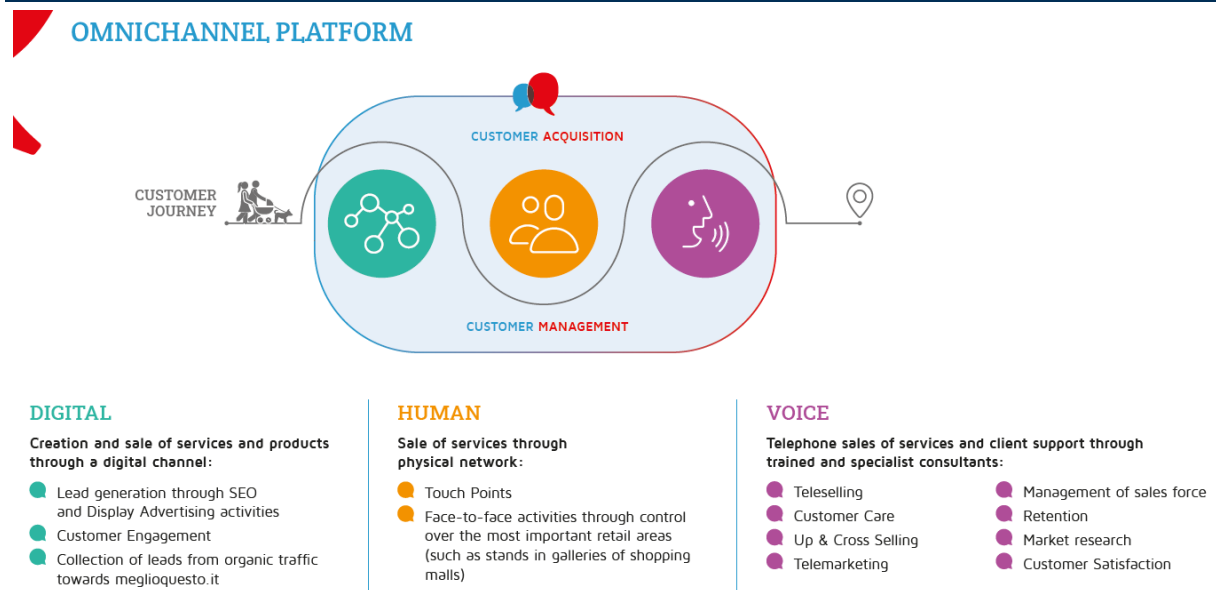


Source: Company

The MQ Group takes an omnichannel approach using 3 types of contact with end consumers:

1. **The voice channel ("Voice")**, from contact centres (inbound and outbound)
2. **The physical channel ("Human")**, through stores/stands
3. **The digital channel ("Digital")**, through its own website and an advanced lead generation system

#### MQ Group's omnichannel platform



Source: Company



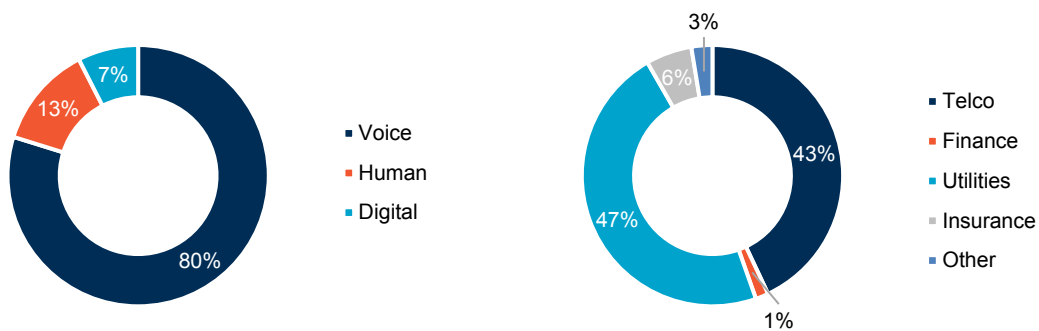


## A) CUSTOMER ACQUISITION

In the Customer Acquisition business area, the Group provides services to increase the customer base of its clients through (i) **the acquisition of new end-users** (thereby expanding the corresponding customer base) and (ii) **the diversification of the products and services purchased by these end-users** through up-selling and cross-selling techniques (changing the product and service mix consumed by end-users already in the customer base).

The activities included in this business area are carried out **based on customer needs and requests through one or a combination of the three channels (voice, digital and human)**.

### Breakdown of Customer Acquisition revenue by channel and by reference sector (2020A)



Source: Company

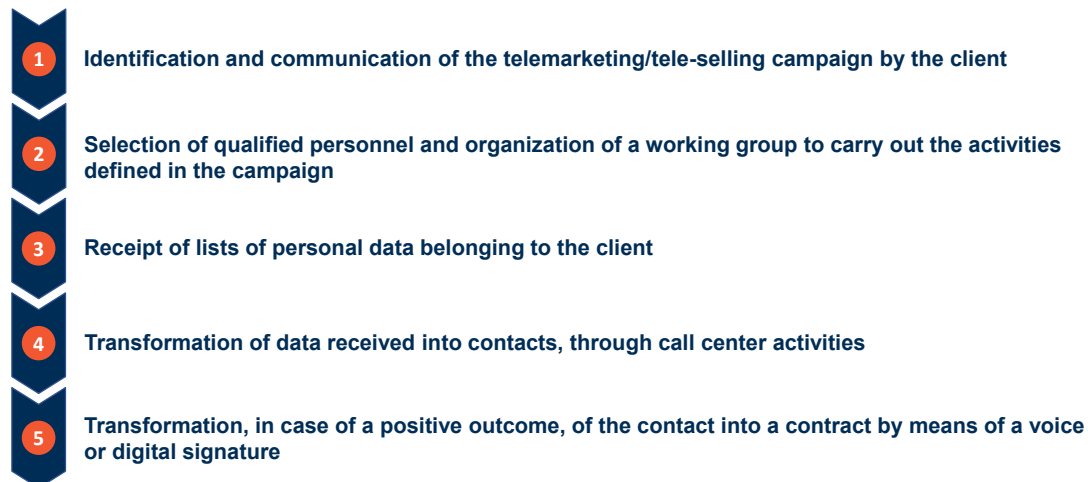
### 1. Voice (79.8% of 2020A revenue)

Customer acquisition services through the voice channel consist mainly in **telemarketing and telesales activities**. Through the voice channel, the Group therefore promotes its customers' products and services and handles the finalisation of the corresponding sales contracts.

The end-users contacted during and for the purposes of these activities are identified based on lists of personal data (known as "leads") provided directly by the Group's customers. Leads may include the names of users who have already expressed through other channels (such as the customer's website or the MQ Group's website directly) their wish to be contacted to conclude a purchase contract or to receive further information on certain products and services (in this case, they are called "**warm lists**"). These lists may also include individuals who have given their generic consent to be contacted for commercial purposes (in this case they are called "**cold lists**").

Telephone contact with the user is usually made based on specific scripts agreed in advance with the Group's customers, containing the terms of presentation of commercial offers. If users express interest in concluding a contract, the consent to purchase expressed over the phone can be recorded (voice signature) or digitally signed (by sending the user a one-time password by SMS).

## Value chain of the voice channel for customer acquisition



Sources: Company, TP ICAP

## 2. Digital Channel (7.5% of 2020A Revenues)

Through the Digital Channel, the Group offers its **customers web-marketing and web-selling services using its website ([www.meglioquesto.it](http://www.meglioquesto.it))**. This price and tariff comparison site (mainly for telecoms and energy suppliers) provides users with useful information for their choice of operator and the most advantageous type of product and/or tariff. The site also offers performance marketing services to create and plan digital campaigns aimed at identifying end-users interested in subscribing to commercial offers on the web (hot lists). A new version of the site will soon be available, with the integration of new technological solutions for better lead generation.

More specifically, the Group offers the following services:

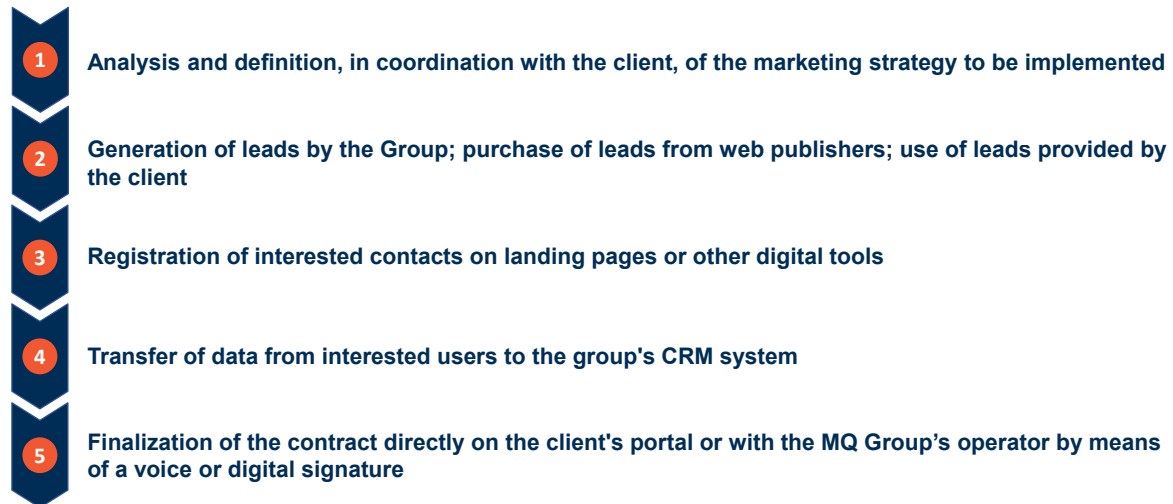
- ✓ **Promotional activities** by re-addressing the client's website: promotional pages containing the client's tariffs and products are placed on the MQ website. End-users interested in a certain service/product/price are redirected, via specific links, to the client's online sales platform where it will be possible to proceed with the purchase and/or activation of the advertised services or offers.
- ✓ **Web call-back activities**: users of the Website who are interested in certain products/services can fill in a form requesting to be contacted by telephone - usually in real time - by a Group operator to obtain further information on the products and/or services concerned. If the user then expresses his/her intention to purchase, the operator directs him/her to the customer's sales platform, possibly providing direct assistance in navigating and filling in the online forms. The user can also activate the requested offer/service directly over the phone by means of a voice or digital signature. This activity can also be carried out by the Group directly on the customer's website following a specific request made by the user.
- ✓ **Comparative activities**: descriptive sheets of the client's products and services are included in a specific section of the site to be compared with products and services offered by other operators in the same sector/market. The Group operates with objective impartiality in relation to the offers disclosed.
- ✓ **Advice and personalised assistance**: a consultant called "angel" is made available to the user on the website. This consultant can guide the consumer in his choices among the various services offered. Depending on the time and preferences of the user, the interaction can take place in the form of web chat, video chat or telephone call.



- ✓ **Performance marketing activities:** the Group implements "display advertising" or SEO (Search Engine Optimization) campaigns both on the Internet and on social networks to promote the client company's products/services to generate leads ("hot lists") that it will then try to convert into customers.

### Value chain of the digital channel for customer acquisition

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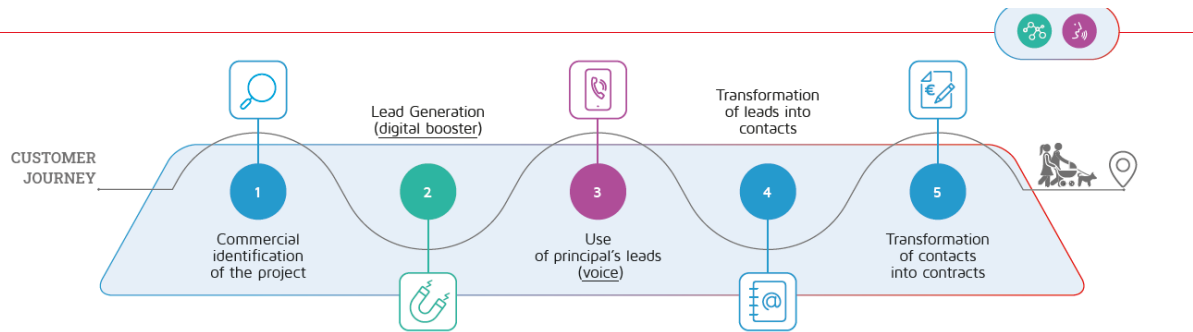
Sources: Company, TP ICAP

The service or agency contracts concluded between MQ and its clients for customer acquisition activities through voice and digital channels are in most cases for **an indefinite period** (with the exception of a right of withdrawal "ad nutum" with a certain notice period varying, depending on the contract and its duration, from 1 to 6 months). **These contracts never provide for exclusivity for the client company**, which can turn to other operators for the provision of the same services. In some cases, the contracts oblige MeglioQuesto not to perform similar services for competitors of the contractual counterparty or not to perform them using the same personnel or the same premises. However, these clauses do not constitute a loss of profit for the Group, which is able to dedicate exclusive teams to the largest clients, at different operational sites, to guarantee the segregation of activities.

Customer acquisition services through the voice and digital channels are carried out through contact centers located at the Group's operating sites, which employ appropriately trained and specialized employees or collaborators. For certain specific orders and with the prior authorization of the customers, the Group may also outsource these activities to external partners with whom it has established strong relationships over the years. There are 19 such partners, spread throughout the country, and they operate mainly based on annual service contracts providing for remuneration based on a percentage (generally between 70% and 85%) of the remuneration received by the Group, together with additional incentives for achieving set targets.

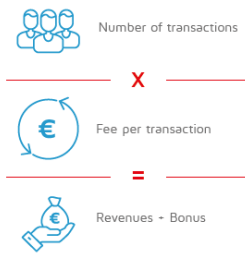
The compensation received for these services is generally determined **by the number of contracts closed by end-users** without any volume obligations. In other words, the base fee paid by clients is closely linked to performance measures based on triggers such as sales, call handling, hands-on management or the quality of sales made and the consequent reduction in churn rates. (For the digital channel, special tracking systems determine that a new user is coming from the MeglioQuesto website.)

## Omnichannel platform: Voice & Digital



### REVENUE MODEL

- **Remuneration** is mainly **variable**. Client relationships are regulated by **open-ended service or agency contracts** (for Customer Care 3 years) and do not contain obligations on volumes for either party.
- The basic fee paid by clients is closely **connected to events** (e.g. sales, call management, case management, etc.).
- On a **monthly/quarterly basis the principals prepare statistics** linked to performance/volumes which envisage the payment of an extra fee (bonus/malus).
- Each month the client decides on the campaigns to be undertaken and shares the benchmark KPIs.
- Should the lists be targeted on clients who have already **expressed** on other channels (e.g. the principal's website) their willingness to conclude the transaction, there is a **hotlist**. In other cases a **cold list**. The lists can be provided by the principal or generated by the company (**lead generation**).



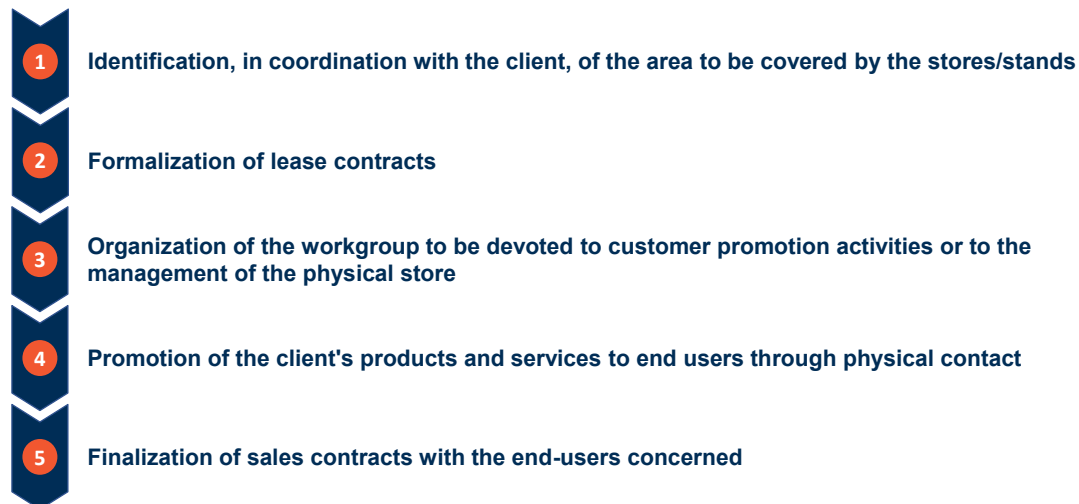
Source: Company

### 3. Human Channel (13% of 2020A revenue)

Through the physical channel, the promotion and commercialization of the products and services of the client companies are carried out in **"monobrand" stores and stands located inside shopping centers**. To date, the group manages 24 stores and 9 stands.

The single-brand stores are managed based on contracts (franchise and sales concession) with (i) **Telecom Italia S.p.A.** for the sale of services and hardware products (mobile telephony, accessories, etc.), (ii) **HeraCom** and (iii) **A2A**. The contracts governing these commercial relationships are also for an indefinite period (except for the right to terminate ad nutum) and provide for compensation and incentive plans linked to the sale of products and services. The sales outlets located within the shopping centers, on the other hand, are managed by the Group based on service and/or agency agreements with A2A. The Group's policy, agreed with the client concerned, is to identify shopping centers located in areas where the commercial activity of these clients is concentrated and, by means of a temporary lease of space, to maintain this presence for the period necessary to take advantage of the targeted clientele (generally between 1 and 6 months). The booth is then transferred to another shopping center at the end of this period.

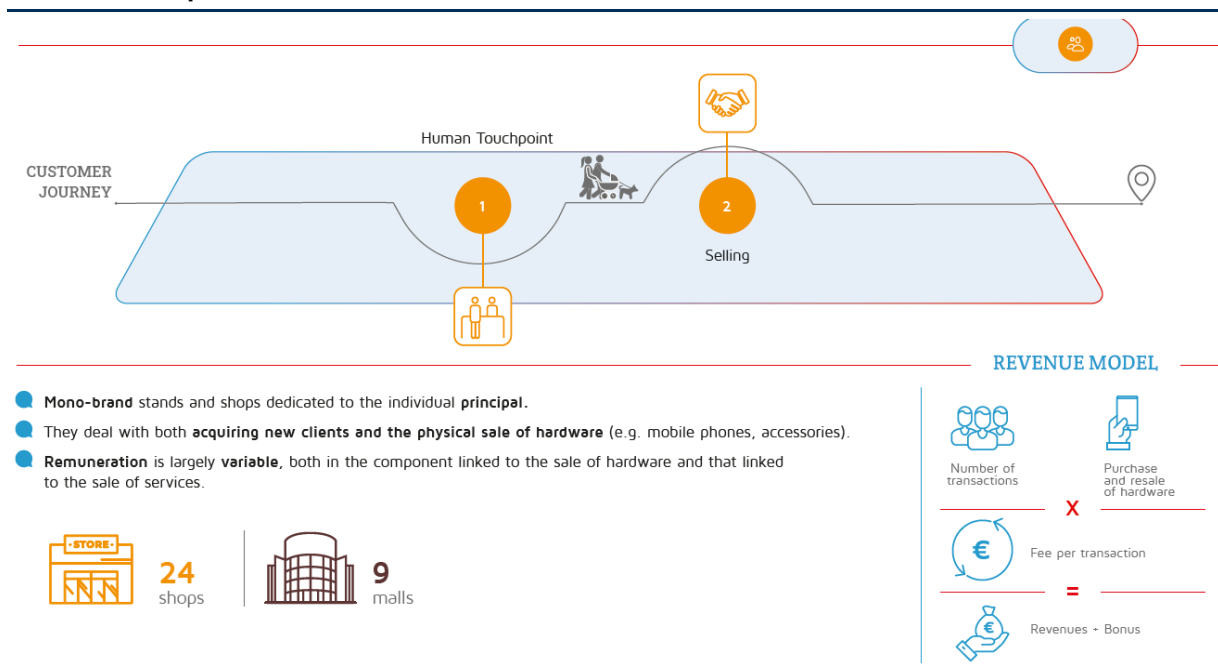
## Value chain of the physical channel for customer acquisition



Sources: Company, TP ICAP

The fees for the provision of services through the human channel are **mainly of a variable nature**, both for the sale of material products and for the sale of services, and strictly related to the number of transactions carried out.

## Omnichannel platform: Human

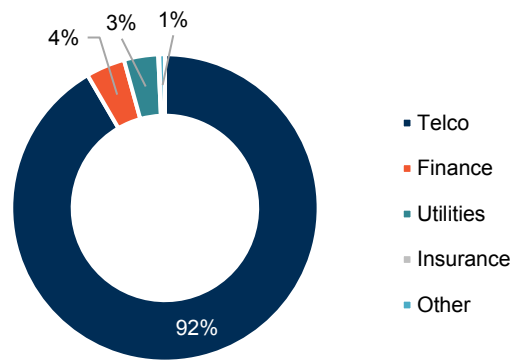


Source: Company

## B) CUSTOMER MANAGEMENT

This business segment focuses on **customer care services**, i.e., **the management of the relationship between a company and its customers/end consumers**. The Group provides customer management services mainly through the telephone channel and, on an ad hoc basis, through the digital channel, mainly to companies operating in the telecommunications, financial services, and insurance sectors.

## Customer Management 2020 revenue breakdown



Source: Company

“Customer management” services consist in contact centre activities which, depending on the channel, include:

- ✓ Post-sales service for end-users through inbound call centers and digital channels such as email, chat, SMS or web browsing assistance. The service includes assistance in contract management, technical assistance on the client's products and services, tariff changes, assistance in the billing and payment processes, management of administrative documents, activation of new products and services, making appointments at the client's physical branches.
- ✓ Document management related to contract registration, user identification and contract activation.
- ✓ Back-office activities, support to distribution networks and credit collection.

In addition to these activities, the group also provides customer satisfaction and market research services, as well as retention and loyalty activities.

Contracts are generally awarded through a competitive bidding process that rewards the most attractive provider. **The differentiating variable is then the commercial proposal since this is a price-driven market**, with customer management representing a cost item for companies. Unlike the customer acquisition business, these contracts have **a fixed duration** (from 1 to 3 years) and are, in some cases, tacitly renewable. They do not provide for any form of exclusivity for both parties. Remuneration is established on a predominantly fixed basis, with a variable component linked to hours/calls made or to the progress of a specific task (e.g. claims management). For services involving cross-selling or up-selling activities, clients also provide for additional bonuses.

The Group performs these services exclusively through internal call centres, without resorting to outsourcing this time.

## Value chain of customer management activities

- 1 Review of the client's needs and definition of the required activities and channel
- 2 Selection of qualified personnel and organization of the working group for the mission
- 3 Provision of the requested services according to the agreed terms

Sources: Company, TP ICAP

**Customer Management activities represented only 6% of total revenues in 2020 but the Group is making their development a priority.** A comprehensive offering covering customer management could make the group more competitive in attracting new businesses or exploit cross-selling potential on existing customers. To counter the lower marginality of this activity compared to customer acquisition (of c. -2% according to management), MeglioQuesto intends to (i) rapidly launch digital services to increase marginality and differentiate itself on the offer and not only on the price and (ii) penetrate markets smaller than the telecom and utilities markets but with higher marginality, such as financial services and insurance, but also e-commerce or automotive.

## Summary of the Group's activities

	Customer acquisition	Customer management
<b>Channel</b>	Voice, Digital, Human	Voice, Digital
<b>Number of clients</b>	45	4
<b>Contract duration</b>	Indefinite	3 years
<b>Compensation</b>	Mainly variable	Mainly fixed
<b>Profitability</b>	+	-
<b>Differentiation factor</b>	Quality	Price

Sources : Company, TP ICAP

## IV. A Successful recipe ...

MeglioQuesto Group boasts over a decade of experience in the reference market and a history of growth and success in its industry. Thanks to the contribution and work of the members of its management team, composed of people with proven expertise in strategic marketing and multi-channel business services, the Group has gained considerable experience in supporting important Italian companies for many years in their marketing campaigns and in implementing and improving their customer experience. **Today MeglioQuesto stands out thanks to a complete & integrated offer and a qualified and loyal workforce at the service of a portfolio of highly loyal customers.**

### 1. A complete, integrated and differentiated offer

The MeglioQuesto Group is one of the main Italian players able to offer its clients a range of customer experience and multi-channel sales services.

Thanks to more than ten years of experience, digital technologies, the in-depth knowledge of its management team, the talent of its workforce and a service offering organised by highly integrated business areas, the Group can provide clients with customised solutions and high-quality standards to reach the stated objectives and to create and strengthen the necessary relationship of trust between companies and their end users.

The Group also has a consolidated leadership position in customer acquisition. Unlike most players in the industry who are much more exposed to customer management contracts (the least profitable side of the market), **MQ has a significant competitive advantage in terms of profitability.**

### 2. A skilled, specialised & loyal workforce

One of MeglioQuesto Group's main assets is the high quality of its services, a result achieved thanks to the skills, specialisation, and staff loyalty. The MeglioQuesto Group makes its employees and collaborators the backbone of its business. Indeed, despite the growth of digital channels, phone conversations are still the preferred option for consumers today. And while a chatbot may be able to answer simple, recurring questions, it is not always able to handle more complex requests. The selection, training and organization of staff and collaborators is, together with the multi-channel approach, a key success factor and one of the main distinguishing features of the MeglioQuesto group. **The selection, training and organisation of its staff and collaborators is, together with the multi-channel approach, an essential factor in the group's success and one of the group's distinguishing features.**

Recruitment (both external and internal) is launched following a thorough needs analysis based on active orders and individual telemarketing and telesales campaigns communicated by customers and are carried out in collaboration with the group's sales and operations departments.

To provide the best possible service, the group is actively involved in the training of its employees. Training modules are delivered in a variety of ways, ranging from **face-to-face teaching** to the use of **e-learning platforms** and fall into 2 main categories:

**A basic training** focused on the main characteristics of the job, which allows the employee or collaborator to acquire the generic skills for a good customer relationship.

**A technical training** which consists in transferring to the employee and/or collaborator the aims and the content of the activity that he will be called to manage. Employees receive a presentation



of the client company, its market & products/services, a technical briefing on the telephone software & CRM, or a review of the management processes & regulatory aspects.

Furthermore, thanks to the massive and successful adoption of smart working, the Group is able to ensure the same efficiency with better profitability, improving the quality of life of its employees and collaborators. Thanks to these training activities, a good company climate, clear personal objectives and the building of interpersonal and professional relationships based on trust, **the group has a very low average staff turnover rate (2.8%<sup>1</sup>** as of December 31, 2020) compared to the sector (between 30 and 40%), which allows it to reinforce the expertise acquired by the workforce and offer its historical clients a staff with a solid knowledge of their business and a strong identification with the corresponding brand.

### 3. A growing portfolio of highly loyal customers

Given the reference sector, MeglioQuesto has always been oriented towards a clientele made up of large companies with a strong B2C vocation that need to develop, improve and optimise their relationships with end consumers.

As an interlocutor capable of offering its customers personalised solutions through a multi-channel offer, MeglioQuesto has been able to establish lasting relationships with its customers based on attentive and competent support. **The Group boasts a large and highly loyal primary customer base. Indeed, the Group never lost a customer acquisition contract** for a lack of satisfaction (as a reminder, these contracts are open-ended, and their continuity depends only on the satisfaction of the client company). Moreover, the development of the digital channel can only strengthen loyalty, since changing subcontractors is much less easy for digital solutions than for a contact centre.

This loyalty then allows the Group to offer its customers a range of services within the customer experience adapted to the business context in which they operate respectively, which represents an additional added value.

Finally, effective management of commercial relationships, based on the relationships of trust established over time and on the quality of the work provided, enables MQ to develop new orders from a **cross-selling** and **up-selling** perspective. The Group can, for example, propose new activities on the communication channel defined in the contract, the integration of another channel or new technological solutions that could optimise processes in collaboration with the Innovation & IT department (which would, among other things, reduce costs and increase the Group's margins).

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<sup>1</sup> This rate refers only to the internal workforce, and therefore does not include subcontractors, whose turnover was 13% and 16% in 2019 and 2020, respectively.

### Main customers by sector (2020A)

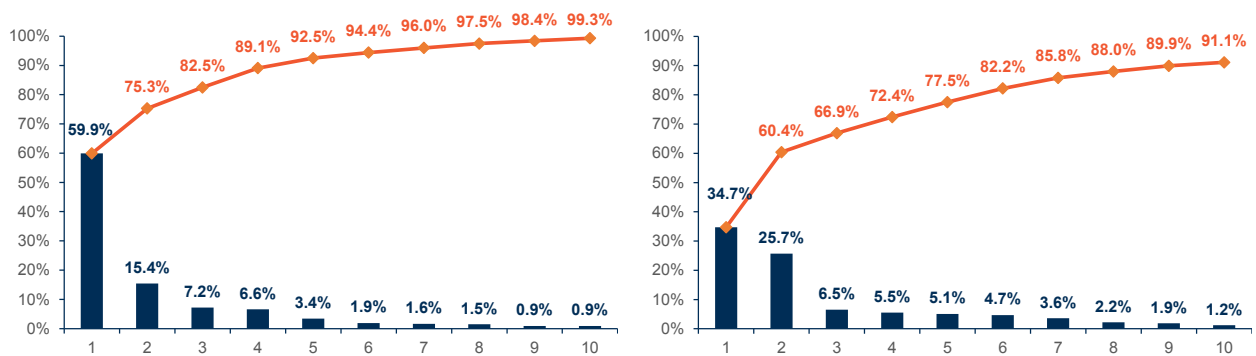


Source: Company

Nevertheless, it must be noted that the Group does not yet have a very diversified client portfolio. In 2020, **the top 10 clients accounted for more than 91% of its revenues**, which can be risky given the indefinite duration of most contracts. However, diversification will progress rapidly as the group expands into the banking/insurance sector and enters new markets. Until now, MQ's operations have been primarily focused on the telecom and utilities sectors (totalling about 91% of 2020PF's sales), **as the increasing outsourcing of the customer experience has been a key driver of market growth in Italy**. With these sectors polarized around a few large players, it is not surprising that the Group's revenues have historically been quite concentrated.

This high concentration of customers has already been significantly reduced in 2020 thanks to the acquisition of AQR, which enabled the Group to acquire new customers and reduce its exposure to Telecom Italia spa.

### Revenue per client & cumulative revenue for 2019 (left) and 2020 (right)



Source: Company

## V. ...in a growing and changing market

### 1. A growing need for outsourcing in a digitalized and omnichannel world

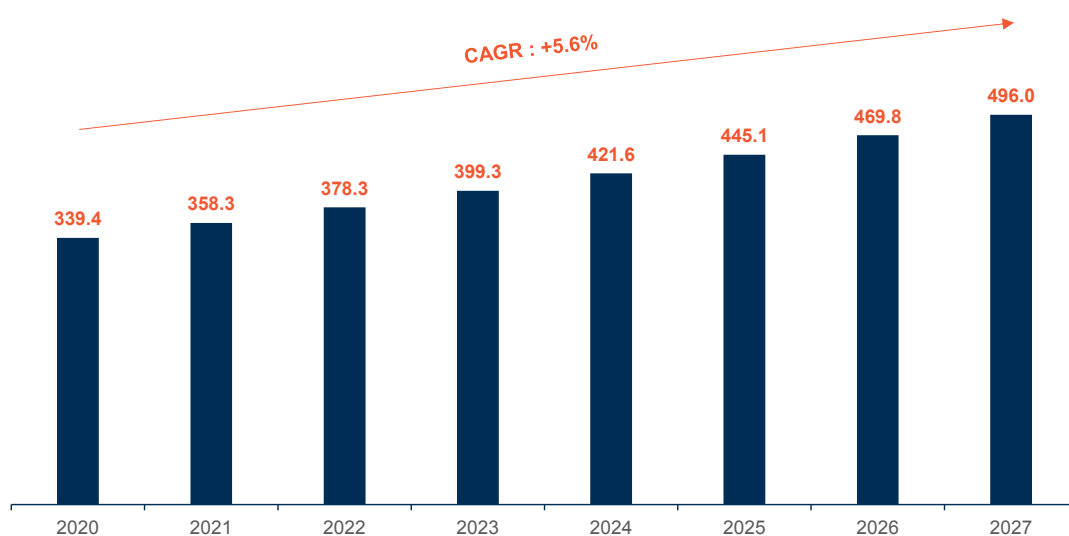
According to Everest, the customer experience management market remains **weakly outsourced at only 26%**. Although estimated to decline from -2% (Source: Everest) to -3% (Frost & Sullivan) in 2020 due to the health crisis causing a disruption in supply, **the market is expected to grow at a rate of 4% (Everest) to 5% (Frost & Sullivan) per year**, supported by an increase in the volume of interactions handled between consumers and companies in an increasingly digitalized and omnichannel world. The health crisis could also accelerate the trend since the difficulties of managing customer relations in a disruptive context and the weakening of cost structures have pushed many companies to turn to outsourced solutions.

The expertise of customer experience companies such as MeglioQuesto or Teleperformance will certainly be a supporting factor for further outsourcing. **Indeed, customer experience is ahead of content marketing and data-driven approach as a strategic axis to drive sales and deploy effective marketing campaigns**, according to Adobe and Econsultancy's 2020 marketing trends report.

MeglioQuesto is mainly positioned on 2 categories of the customer experience market: contact centers and digital innovations for customer experience, which includes cloud technologies, artificial intelligence or automatic language processing (NLP) among others.

**The contact center segment, a market valued at c. \$339.4 billion in 2020 by Statista**, is made up of all companies that specialize in interacting with end consumers through dedicated structures that incorporate software and human resources and integrate telecommunications functions with information systems, adding other communication channels to the telephone. According to Statista, this segment is expected to grow at a **CAGR of 5.6% until 2025**. The global leaders are Concentrix and Teleperformance.

#### Global contact centre market (\$bn)



Source: Statista

In Italy, according to a study carried out by Zeuner (a company specialising in call centres) in 2019, **the telephone is still the preferred means of communication for talking to an operator**, particularly

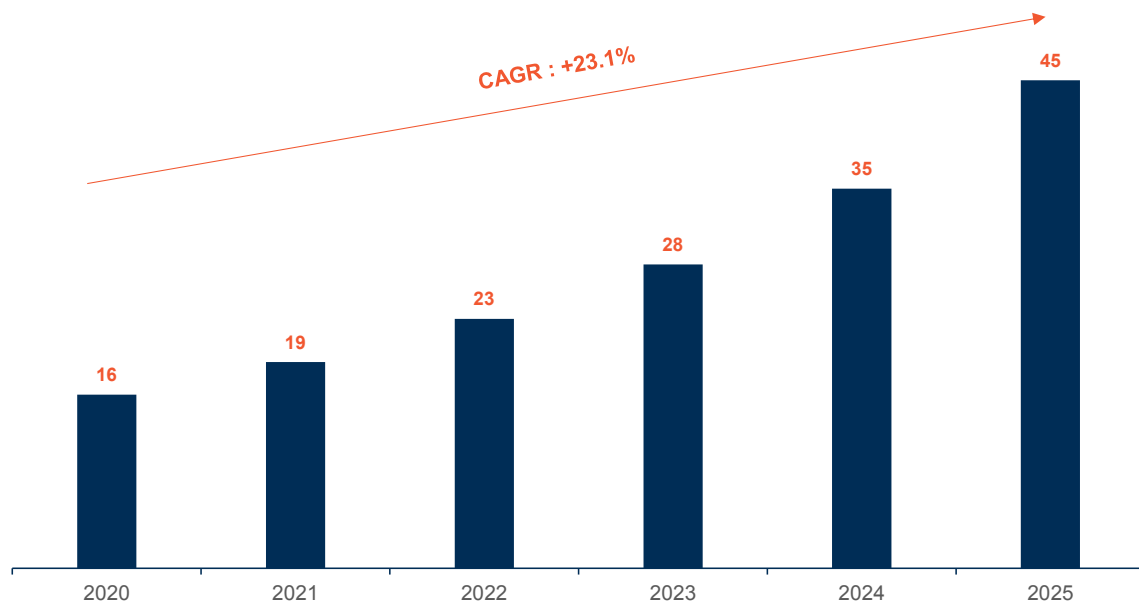
because of the simplicity of the procedure. However, 65% of respondents say they are in favour of using new technologies based on a multi-channel approach (chatbot, mobile, social networks, video, etc.). This is particularly true of the younger generations, 90% of whom say they prefer to use an instant messaging channel.

The growing trend towards the use of digital solutions represents a huge development opportunity for those players who are able to exploit it. These new digital technologies also make it possible to recognize customer purchasing behavior more accurately and efficiently. MeglioQuesto therefore intends to progress on the main digital solutions such as **chatbots, Natural Language Processing and cloud-based contact centers**. **These 3 segments, which today represent a market of 8B\$ should reach nearly 73B\$ in 2025 according to PWC.**

**First, MQ has already embarked on a transition to contact centers supported by cloud technology.** Compared to a traditional contact center, cloud technology enables automated queue management and skill-based routing, workforce optimization, and real-time information gathering and analysis. These services enable contact centers to increase operational efficiency, providing greater flexibility and scalability to the business.

**The global cloud contact center market is expected to grow at CAGR of 23.1% through 2025,** supported by their increasing profitability, growth in e-commerce, digitalization of the banking/insurance industry, or increasing use of data analytics-based solutions.

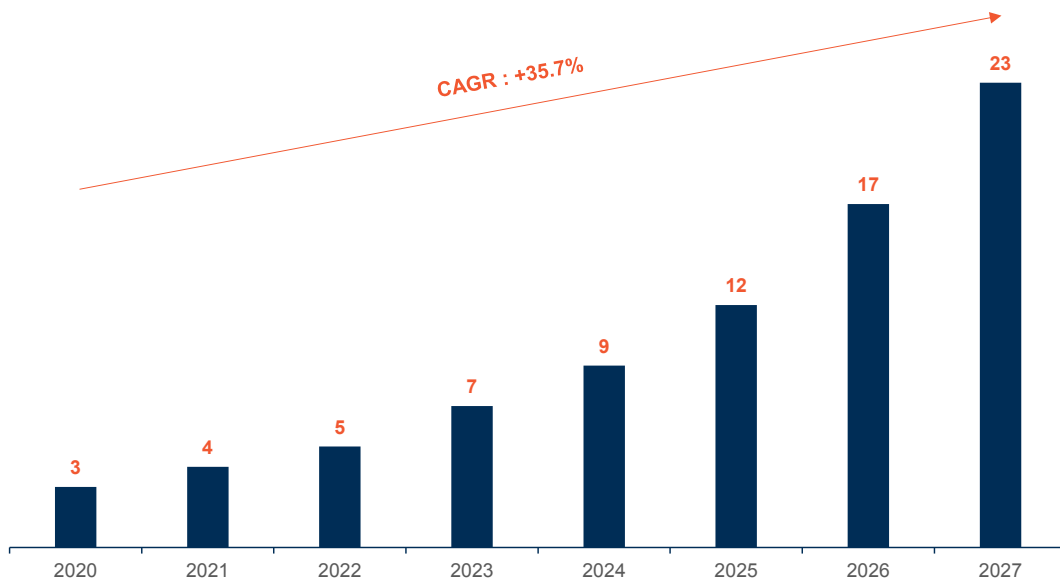
#### Global cloud contact centre market (\$bn)



Source: PWC « Artificial Intelligence Evolution – main trends »

The Group is also progressing on chatbots, chat platforms that leverage AI and NLP to interact with customers, enabling companies to provide continuous customer support. This technology allows them to respond faster while reducing their costs. **With massive investments planned for this purpose, the global chatbot market is expected to reach \$23 billion by 2027, up from \$3 billion today.**

### Global chatbot market (in \$bn)

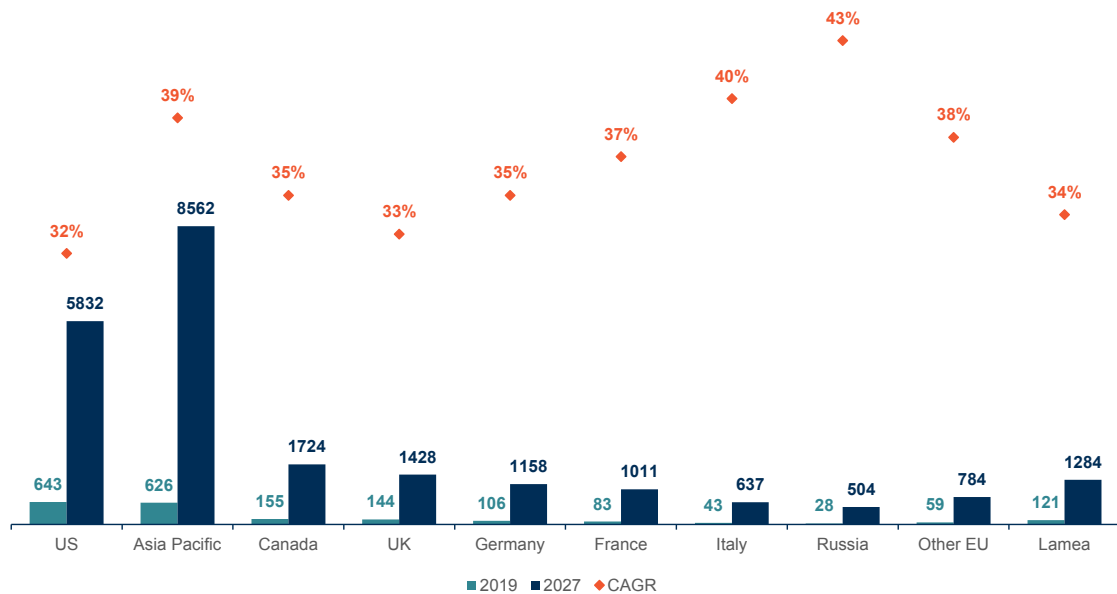


Source: PWC « Artificial Intelligence Evolution – main trends »

The main growth drivers are:

- Increased smartphone penetration and customer engagement through social media
- Increased use in sectors such as healthcare and hospitality
- Acceleration of conversational AI through COVID-19

### Global chatbot market by country (in \$bn)



Source: PWC « Artificial Intelligence Evolution – main trends »

Speech recognition and automatic language processing technologies can accurately convert audio conversations into text, which can then be analysed in an automated way to gather important information. Some use cases are keyword monitoring, quality control and identifying dissatisfied customers. These technologies also allow for better integration of data collected from different touch points and can be used to ensure a high level of data security. NLP technology will also support the expansion of chatbots, which will then be able to handle increasingly complex communications, taking



the burden off customer service agents. What's more, they will eventually be able to remember past conversations with users, and then offer personalised questions and recommendations to each one.

The main growth drivers for this technology are:

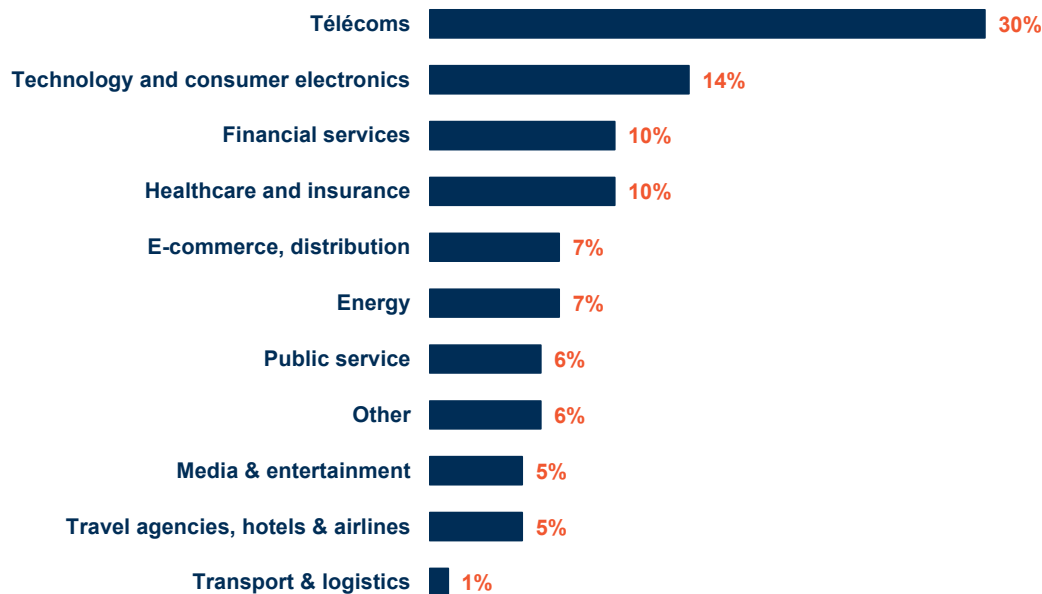
- Increasing adoption by the healthcare sector and public administration, particularly in the wake of the COVID-19 pandemic
- Increased focus by businesses on reducing customer churn
- The gradual transformation of customer service from a reactive to a proactive model

The global NLP market is expected to grow at a CAGR of over 20% until 2026. Therefore, **MQ is developing partnerships with AI players** to make chatbot support more efficient or accelerate the initial support phase through voice recognition. This transition is essential to maintain high levels of profitability and to attract new generations who are more inclined towards new technologies.

## 2. Several industries with low outsourcing penetration in Italy

**The Italian customer experience market still has a huge potential for development**, especially in certain industries. The size of the customer experience outsourcing market amounted to c. €2.1bn or only 3% of the global market. Notably, some industries have made very little use of outsourcing. As the Nelson Hall study shows, retail and e-commerce, healthcare and financial services are the most promising sectors and are expected to grow at a CAGR of 7.9%, 5.7% and 5.7%, respectively, during the period 2020-2024. MQ will therefore focus its expansion efforts on these sectors.

### Outsourced customer experience management market breakdown by sector in 2020



Source : Nelson Hall (2020), Teleperformance annual report

## 3. Long-term and short-term opportunities to exploit in Italy

The COVID-19 pandemic has been an accelerator of digitalisation, which is now a priority for governments. Within the framework of the Italian national recovery and resilience plan with a total budget of €235bn, Mario Draghi, President of the Italian Council of Ministers since February 2021 and former President of the European Central Bank, is making the digitalisation of the productive system a priority. More than €30bn have been earmarked for this purpose, including nearly €7bn to ensure

coverage of the entire country with ultra-high-speed networks (FTTH, FWA<sup>2</sup> and 5G), a necessary condition to enable businesses to reap the benefits of digitalisation and, more generally, to fully achieve the objective of a "gigabit society". **The national coverage of ultra-broadband networks should obviously have a positive impact on the Group over the next few years, with additional sources of revenue from the telecom sector.**

In the short-term, **the award of TV rights for Serie A** (the Italian football championship, one of the most followed in the world) **to DAZN** (a subscription sports streaming service) for the next 3 seasons should **enable the Group to secure an additional source of revenue**. Indeed, Telecom Italia (TIM) and DAZN have recently signed a distribution agreement for the next 3 years. TIM will be the reference operator for DAZN's offer in Italy, as its users will have access to DAZN's content through a set of dedicated offers.

However, the Antitrust Authority is ready to suspend certain parts of this agreement, by fear that the three-year agreement may penalize sports subscribers in terms of quality of service. It could also discriminate against alternative telecommunications operators such as Vodafone, Wind Tre or Fastweb, which will lack the appeal power of soccer, which only is in the hands of Tim.

In any case, this agreement reinforces the transition to streaming through a broadband network, thus accelerating Italy's digitalisation process. This agreement represents a great cross-selling opportunity and a potential expansion of the customer base under MQ management. Indeed, only c. 50% of the 5 million Italian households watching the championship do not have a broadband internet subscription and TIM is MeglioQuesto's largest customer in terms of revenue.

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<sup>2</sup> FTTH: Fiber to the home; FWA: Fixed wireless access

## VI. Strategy: consolidation, digitalisation, internationalisation

The MeglioQuesto Group has formulated a strategic plan based on 5 principles:

### A. Consolidating the position on the reference market

The group intends to pursue a strategy of consolidating its position in the reference market by **rationalising its customer portfolio in the telecommunications and energy sectors**. Although companies in this sector have already started to outsource their customer relations for several years, this process is not completely finalized and some major players in the sector are not yet part of MQ's customer portfolio.

On the other hand, **the banking and insurance sector represents a strong growth potential for the group**. Companies in this sector are in the midst of a digital transformation and have not yet entrusted customer relationship management to specialized companies. Facing a significant reduction in the number of branches, banks and insurance companies have been forced to migrate to digital channels, which are now preferred by users to their control financial transactions and process requests. Moreover, the penetration of online banking is still low in Italy and is expected to accelerate given the cost savings that are essential to maintain profitability in a difficult macro context.

### B. Digitisation

Given end consumers' continuous evolution of their habits and tastes, the group's growth strategy must necessarily go through a process of digital transformation which requires the study and development of important technological partnerships in order to enrich the range of services offered. For example, the group recently entered a partnership with **Relatech** for the integration of a cloud platform and AI and NLP technologies. These partnerships aim at enabling MeglioQuesto to **optimise lead generation & management through a CRM tool, maximise the collection of information on consumer behaviour and improve the quality of chatbots**. The Group does not seek to develop these technologies internally, as in-depth knowledge of the business is more important than the technology itself.

As part of this move towards digitalisation, the Group also intends to devote increasing attention to promoting digital services to customers who are already part of its portfolio but who currently focus on the telephone channel, and to develop the site's organic traffic. The aim is to build up proprietary prospect databases to maximise the effectiveness of digital campaigns and increase revenue through cross-selling. The group hopes to have a fully operational digital platform by the second half of 2022. The ongoing digitalisation of processes should also enable MQ to optimise its cost structure by then.

**The Group has earmarked €15m for investments in the telephony-IT crossover (€1m), lead generation & management (€12m) and platforms/software for digital channel development (€3m), as part of its investment plan.**

### C. Strengthening the managerial growth process

The Group believes that a solid growth strategy must necessarily include a significant strengthening of its management structure. The Group therefore intends to implement a recruitment policy aimed at identifying and attracting new talent and people with complementary skills to those already in place, particularly in the digital field, and to increase its managerial base to strengthen the support functions





(finance, information systems and human resources management). As part of its €30m investment plan, €2m have been set aside for this purpose.

#### D. International expansion

The group currently operates exclusively in the Italian market and intends to define a commercial expansion strategy on the international market, with particular emphasis on the Spanish, French and Greek markets. In fact, thanks to the efficiency, speed and quality of the Group's work recognised by its clients, some of them (and in particular those active in the energy and multiple utilities sector) have shown interest in the possibility of replicating the MeglioQuesto Group's business model in other European countries.

The Group therefore intends to enter new foreign markets, initially following the territorial expansion of its reference customers. The latter are counting on MQ to expand their international customer portfolio. The group also intends to acquire medium-sized companies operating in customer management in the targeted territories. **Part of the €12m investment plan to finance external growth will be allocated to acquisitions of foreign targets.**

The Group will probably wait until it has a fully operational digital platform at its disposal before launching international expansion, which should therefore not take place before 2023.

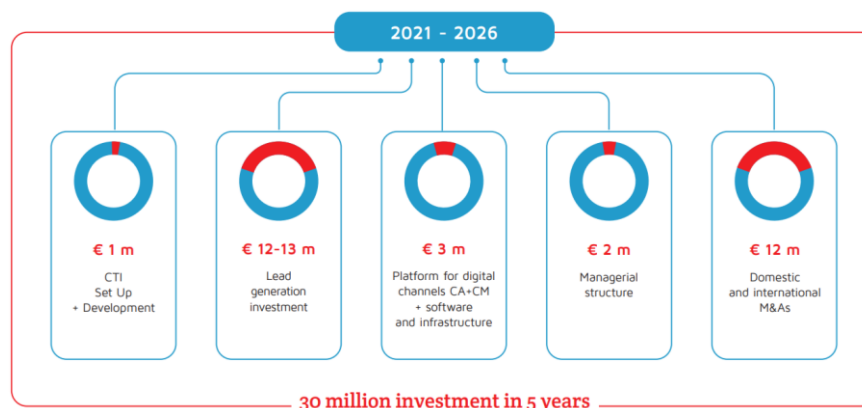
#### E. Penetration of new industries

As part of its growth strategy, the Group intends to focus on expanding its customer portfolio by entering new sectors that are currently not covered or only partially covered. The choice of new industries may be made by the Group on an opportunistic basis, with a **focus on logistics & e-commerce or healthcare**, and potentially on luxury and video games.

A new contract has recently been signed with DHL, a leading player in logistics services. This sector shows great growth prospects. The multiplication of e-commerce companies will necessarily create an outsourcing need to benefit from an expertise that will allow these new players to differentiate themselves.

An opportunity is also emerging in the healthcare sector. More than 10 billion euros will be allocated to the digitalization of health systems and services as part of the national recovery and resilience plan. We expect MQ to look more to private players (clinics, pharmaceutical companies ...) seeking expertise in the digital channel, as the public sector is dominated by large players such as GPI, which have been in the market for decades.

#### Strategic Investment plan 2021-2026



Source: Company

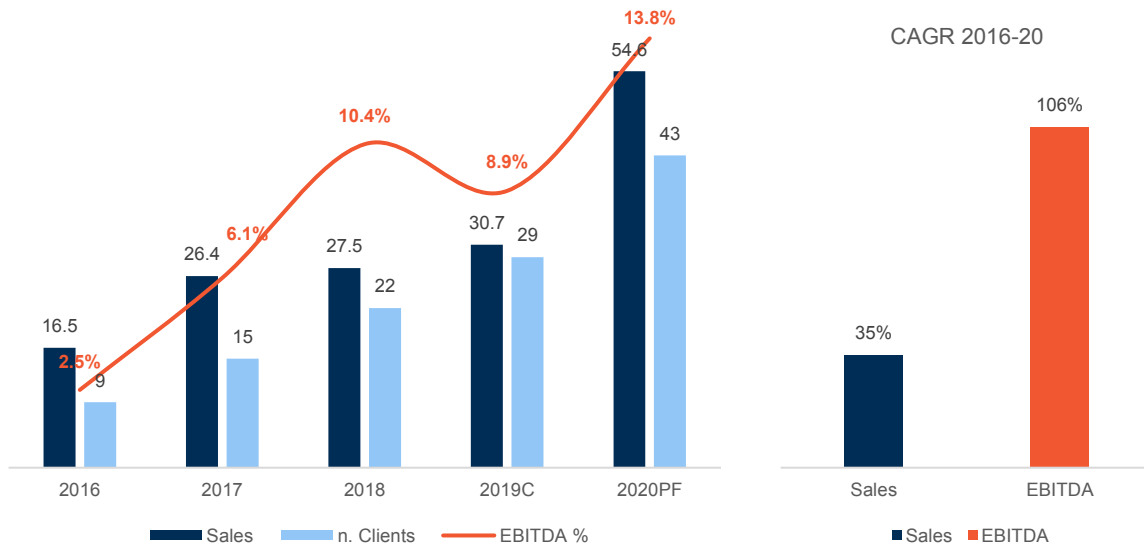


## VII. Financial Analysis: a profitable growth story

The MQ Group's turnover experienced a 36% CAGR between 2016 and 2020 increasing from 16.5M€ to 55.8M€ (pro-forma). This growth was driven by two main factors:

1. Strong growth in the number of clients: passing from 6 in 2016 to 43 in 2020
2. The AQR's acquisition in 2020

### Turnover, EBITDA margin and number of clients trend between 2016 and 2020A



Source: Company

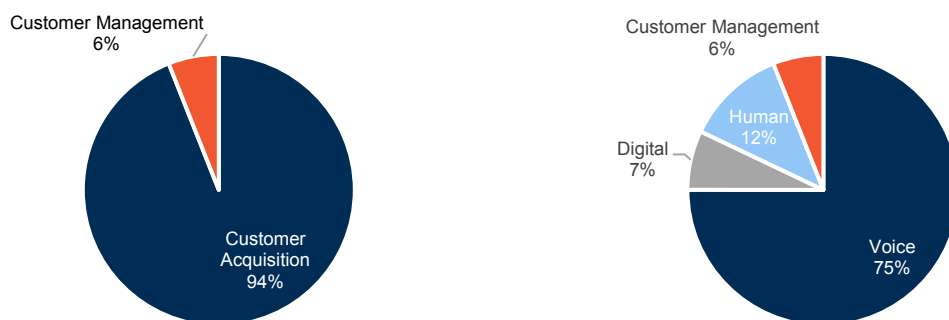
The acquisition of AQR has enabled the MQ Group to acquire new customers, extend the penetration of its second largest customer, enter the finance sector and expand the digital channel.

Analyzing Pro-Forma 2020 data, we can see that "Customer Acquisition" accounts for about 94% of revenues, or €50.8M, broken down as follows:

1. Voice: €40.5m (75% of revenue)
2. Human: €6.4m (12% of revenue)
3. Digital €3.8m (7% of revenue)

The newest division, Customer Management, accounts for 6% of turnover, or €3.2m.

### 2020A Pro forma revenue breakdown



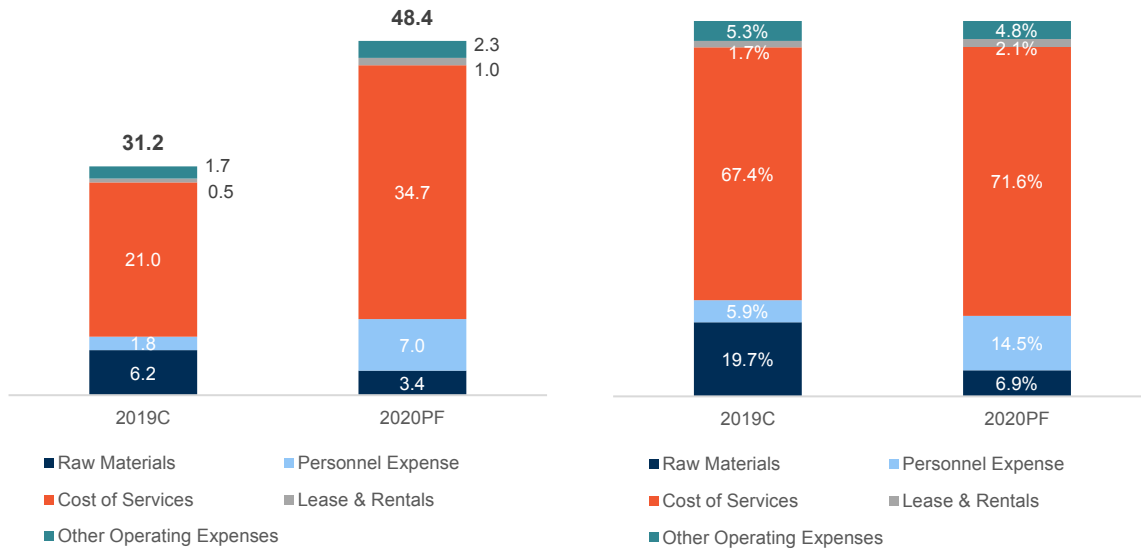
Sources: Company, TP ICAP



MQ Group's cost structure has not changed substantially with the AQR acquisition.

The most important expense voice is external service costs, which represent approximately 62.2% of pro-forma 2020 turnover (i.e., €34.7m), followed by personnel costs, which represent 12.6% (i.e., €7m). It should be noted that in 2020, raw materials and consumables (hardware) expenses were drastically reduced due to the forced closure of physical channels related to the "Human" division caused by the Covid-19 pandemic and by the Cover Store's sale.

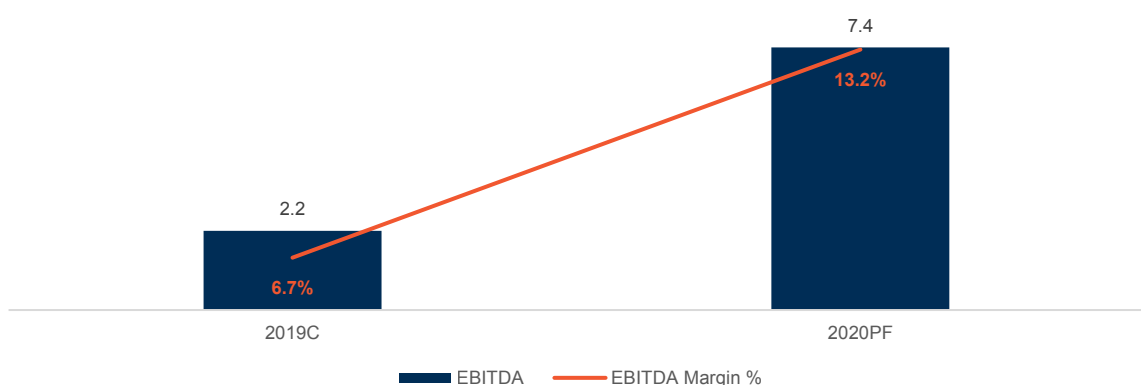
**Breakdown of 2019 consolidated & 2020 Pro-forma costs in €M (left) & in % of total costs (right)**



Sources: Company, TP ICAP

The reduction of the impact of raw materials (hardware), together with the strong growth of the higher margin solutions sold, namely digital and customer management solutions, has enabled the MQ Group to grow from an EBITDA of €2.2m in 2019 (consolidated), with a margin of 6.7%, to €7.4m in 2020 (Pro-forma) with a margin of 13.2%.

**EBITDA growth between 2019 (consolidated) & 2020 (Pro-forma)**



Sources: Company, TP ICAP

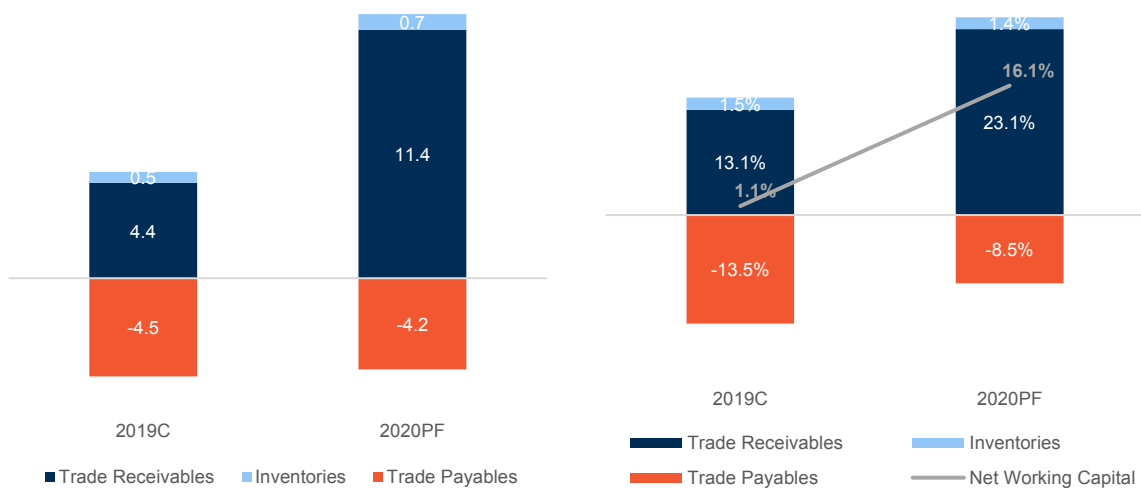
MQ operates on an asset-light business model, so D&A are quite low: €0.9m in 2019 consolidated (2.5% of revenue) and €2m in 2020 Pro-forma (3.6% of revenue). This leads EBIT to not deviate too much from EBITDA, which reached €1.6m in 2019 consolidated (4.9% margin) and €5.4m in 2020 pro-forma (9.6% margin).

Regarding the MQ Group's financial result, we note that in 2019 the investment in Cover Store srl was sold with a capital gain of €1.2m.

Finally, Net Income increased significantly between 2019 consolidated from €0.8m to €2.2m 2020 pro-forma (+182%).

In 2019, according to the consolidated figures, the MQ Group had an extremely low net working capital of only €0.4m, or 1.1% of revenue. With the pandemic and the acquisition of AQR, the group saw the NWC increase to €7.9m according to the pro-forma financial statements, or 16.1% of revenue. This increase comes from a sharp rise in accounts receivable from €4.4m in 2019 to €11.4m in 2020, while inventories and accounts payable remained almost stable.

### Change in working capital requirement between 2019 consolidated & 2020 pro forma.

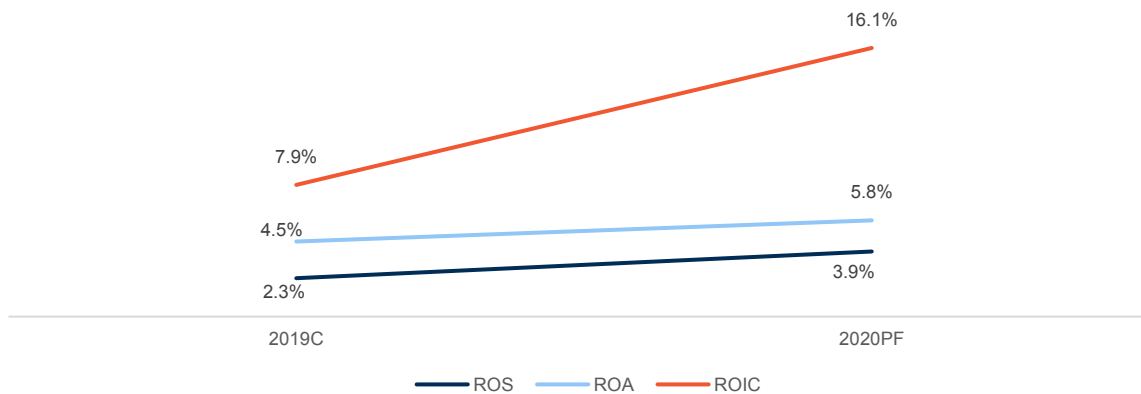


Source: Company, TP ICAP

Non-current assets increased from €7.1m in 2019 (consolidated) to €15.6m in 2020 (pro-forma), mainly due to the increase in goodwill from the AQR acquisition and the increase in assets related to user rights.

The more than proportional increase in profitability in relation to revenue, assets and invested capital has allowed the MQ Group to strongly improve all profitability indicators. In particular, the ROIC increased strongly from 7.9% in 2019 (consolidated) to 16.1% in 2020 (pro-forma).

### Working capital requirement trends between 2019 consolidated & 2020 pro-forma



Sources: Company, TP ICAP



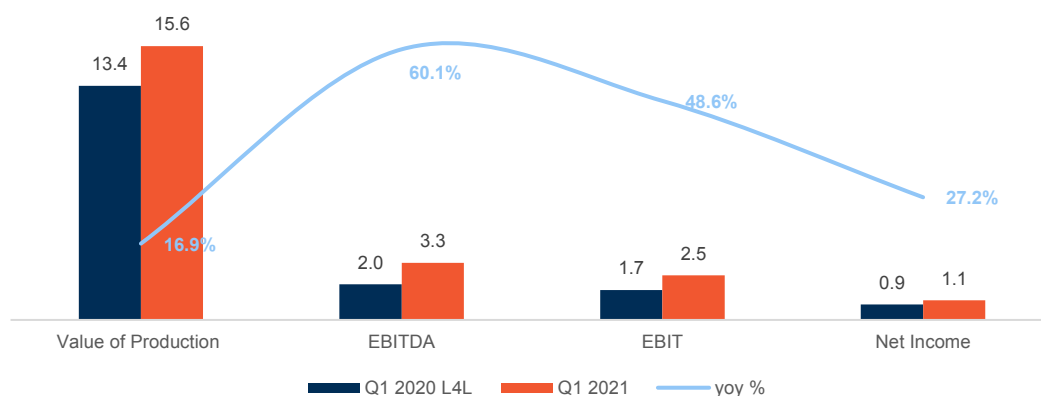
## 1Q 2021: Strong growth in sales and EBITDA

The first quarter of 2021 was very positive for the MQ Group and benefited from management's forward-looking decision to focus on developing digital channels, expanding the client management business and serving new industries such as finance and insurance.

Indeed, the value of production increased by 16.9% to €15.6M (vs. €13.4M in 1Q20 LFL). In analyzing the quarterly figures, we recall that the group has a strong seasonality of revenues, with the first quarter representing on average only 20-22% of annual revenues

Furthermore, we would like to highlight the strong increase in margins, with EBITDA increasing by 60.1% year-on-year to €3.3m in 1Q21, representing a margin of 20.8% compared to 15.2% in the same period last year. This strong improvement in EBITDA is mainly due to a lower impact of external service costs, which represented 56.4% of revenues in Q1 2021 (or €8.8m), compared to 62.4% in Q1 2020 (or €8.3m) thanks to the first effects of the rationalization of the cost structure and the synergies resulting from the merger with AQR.

### Key financials Q1 2021 vs Q1 2020



Source : Société, TP ICAP

## VIII. Estimates: reaching Sales of 99M€ and EBITDA of 19.7M€ in 2025

The MQ Group will invest most of its resources in developing the digital channel of the customer acquisition business and the customer management business. We therefore believe that these two business areas will drive the group's revenue growth.

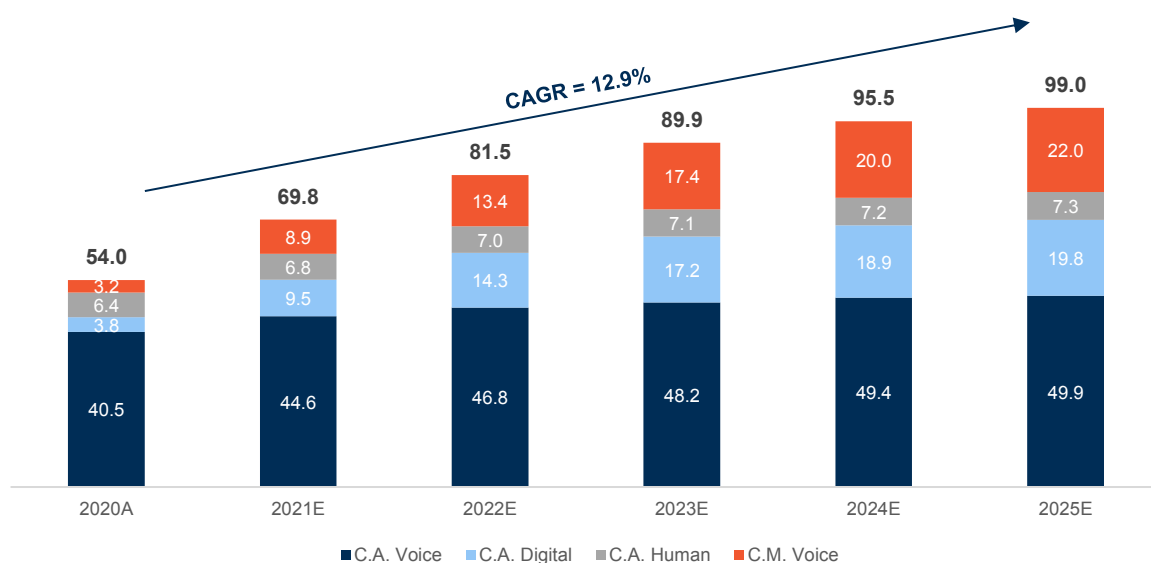
Our estimates forecast CAGR in revenue between 2020 and 2025 of 12.9%, rising from €54m to €99m, especially thanks to new contracts in new verticals.

Specifically, we are expecting :

- ✓ The "**Digital Customer Acquisition**" channel will reach €19.8m in 2025, up from €3.8m in 2020, with a CAGR over the period of 39%.
- ✓ **Customer Management** will grow from €3.2m in 2020 to €22m in 2025, with a CAGR of 46.7% over the period.

### Revenue estimates for 2020A - 2025E (in €M)

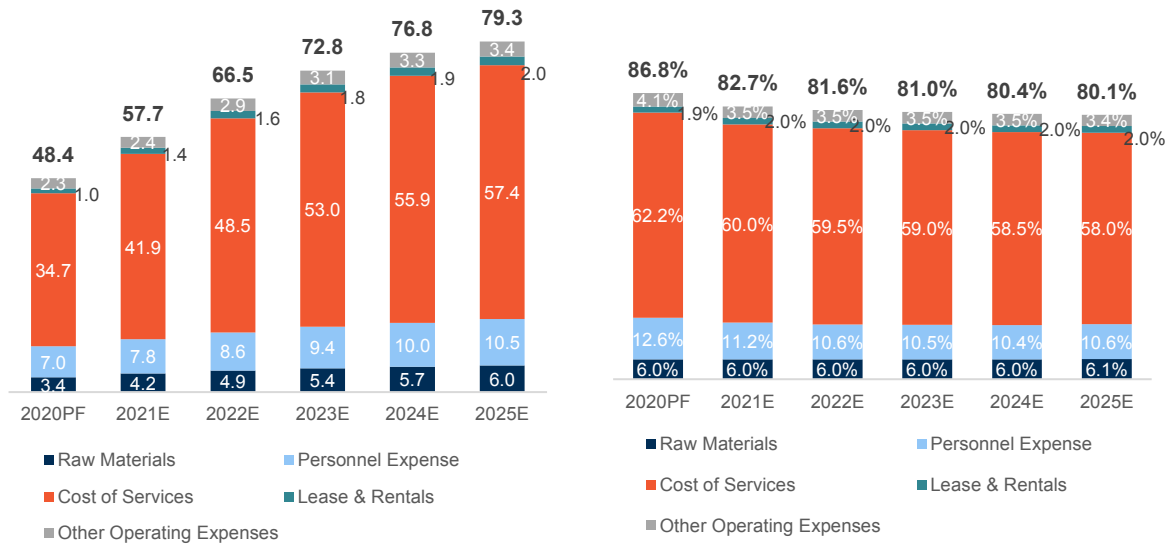
Pro-forma (M€)	2019A	2020A	2021E	2022E	2023E	2024E	2025E	CAGR
<b>Customer Acquisition</b>	<b>50.2</b>	<b>50.8</b>	<b>60.9</b>	<b>68.1</b>	<b>72.5</b>	<b>75.5</b>	<b>77.0</b>	<b>8.7%</b>
% sales	96.9%	94.0%	87.2%	83.6%	80.6%	79.0%	77.8%	
yoy %		1.1%	19.9%	11.8%	6.5%	4.2%	2.0%	
<b>Voice</b>	40.8	40.5	44.6	46.8	48.2	49.4	49.9	<b>4.3%</b>
% sales	78.8%	75.0%	63.9%	57.5%	53.6%	51.7%	50.4%	
<b>Digital</b>	1.7	3.8	9.5	14.3	17.2	18.9	19.8	<b>39.0%</b>
% sales	3.3%	7.1%	13.7%	17.5%	19.1%	19.8%	20.0%	
<b>Human</b>	7.7	6.4	6.8	7.0	7.1	7.2	7.3	<b>2.5%</b>
% sales	14.8%	11.9%	9.7%	8.6%	7.9%	7.6%	7.4%	
<b>Customer Management</b>	<b>1.6</b>	<b>3.2</b>	<b>8.9</b>	<b>13.4</b>	<b>17.4</b>	<b>20.0</b>	<b>22.0</b>	<b>46.7%</b>
% sales	3.1%	6.0%	12.8%	16.4%	19.4%	21.0%	22.2%	
yoy %		103.6%	175.0%	50.0%	30.0%	15.0%	10.0%	
<b>Net Revenues</b>	<b>51.8</b>	<b>54.0</b>	<b>69.8</b>	<b>81.5</b>	<b>89.9</b>	<b>95.5</b>	<b>99.0</b>	<b>12.9%</b>
yoy %		4.3%	29.2%	16.7%	10.3%	6.3%	3.7%	



Sources: Company, TP ICAP

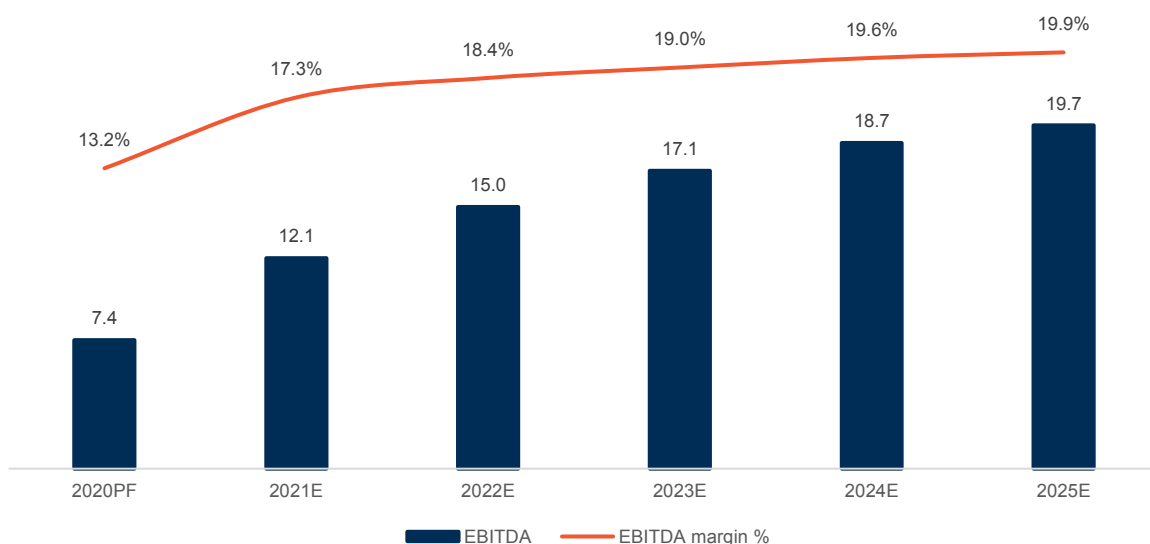
MQ Group's current cost structure can support much higher activity levels. In addition, the increasing use of digital technologies, as well as the synergies resulting from the combination of customer acquisition and customer management activities, should require proportionately lower costs than in the past. Therefore, we estimate that the costs of external services (the largest cost item) will increase less than proportionally to turnover. This dynamic will lead to strong economies of scale which will increase the Group's EBITDA margin from 13.2% in 2020 pro-forma to 19.9% in 2025 with an EBITDA CAGR of 21.7% over the period.

### Cost estimates in €M (left) & as % of revenue (right) between 2020PF and 2025E



Sources: Company, TP ICAP

### EBITDA & EBITDA margin estimates between 2020PF and 2025E

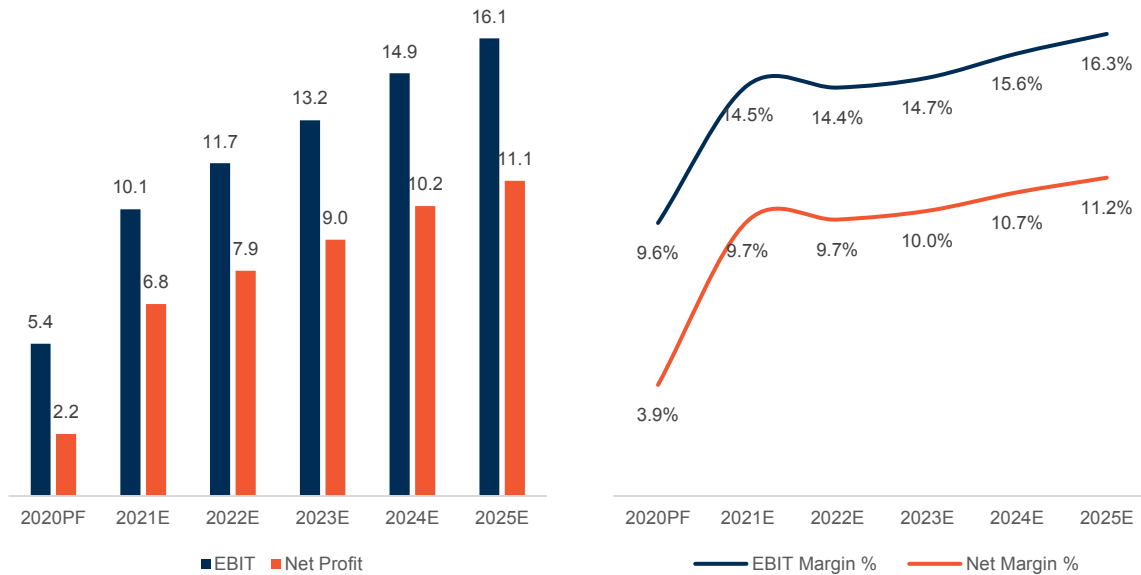


Sources: Company, TP ICAP

The MQ Group's business model, characterized by an asset-light business model, should allow the company to maintain a low level of depreciation, between 3% and 4% of revenue. This dynamic should trigger a multiplier effect on EBIT, which should grow between 2020 and 2025 at a CAGR of 24.6% to

€16.1m. This effect is expected to be even more pronounced when considering the net result, which is expected to grow from €2.2m pro-forma in 2020 to €11.1m in 2025 (CAGR of 38.4% over the period).

### EBIT, Net Profit and Margin estimates between 2020PF and 2025E

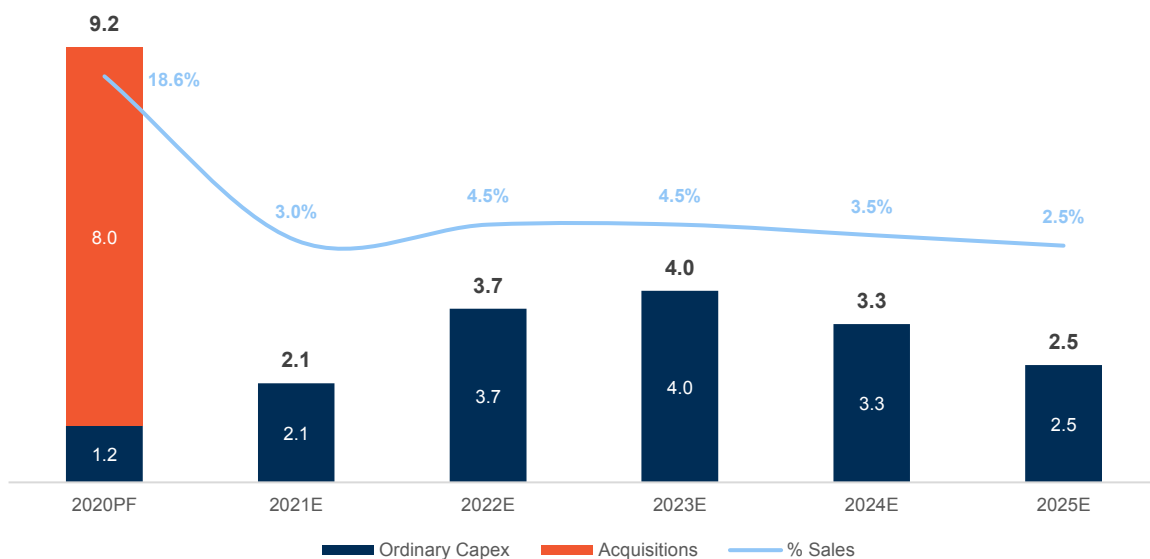


Sources: Company, TP ICAP

Looking at the balance sheet, we do not see much change in the working capital trend which will continue in the range of 14.5-15% of sales.

In terms of investments, MQ has planned to invest between 2021 and 2026, €4m in digitalization programs, €2m on the management structure and finally €12-13m in lead generation. This represents about €18m between 2021 and 2026. In our model, we have estimated €15.6m of capex between 2021 and 2025 with a peak between 2022 and 2023.

### Capex estimates between 2020 PF et 2025E



Source : Company, TP ICAP

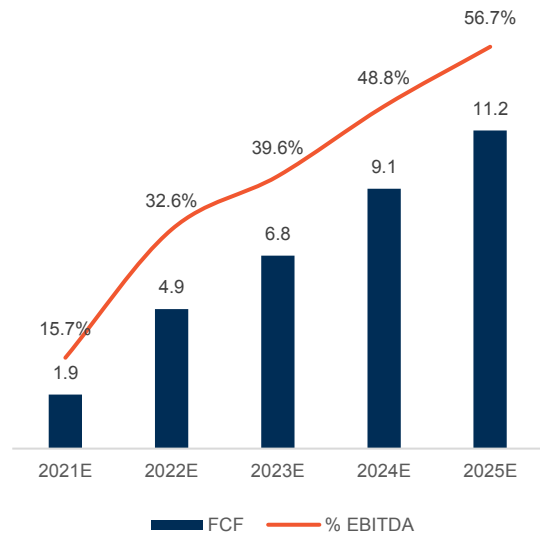




MQ's asset-light business model along with expanding margins and low net working capital absorptions should enable the company to generate increasing cash-flow in the future.

### FCF estimates between 2020 PF and 2025E

	2021E	2022E	2023E	2024E	2025E
CFO	4.5	9.1	11.3	13.0	14.2
Interest expense * (1 - TR)	-0.5	-0.5	-0.5	-0.5	-0.5
Capex	-2.1	-3.7	-4.0	-3.3	-2.5
<b>FCF</b>	<b>1.9</b>	<b>4.9</b>	<b>6.8</b>	<b>9.1</b>	<b>11.2</b>
% EBITDA	15.7%	32.6%	39.6%	48.8%	56.7%



Source : Company, TP ICAP

## IX. Valuation: strong upside potential

### Methods used

To determine the intrinsic value of MeglioQuesto, we have mainly used the discounted free-cash-flow method. The methodology of listed comparable companies is outlined for the completeness of the analysis.

Our valuation does not consider any M&A transactions that would have a positive impact on the growth of the group and its valuation.

### DCF discounting methods

For this approach, the following assumptions are made:

#### Normative flows

- A normative EBITDA margin of 19.9% by 2030E
- Capital expenditure (Capex) stable at 1.5% of revenue
- Stable WCR at 18.3% of revenue
- Corporate tax model in line with the Italian rate at 27.9%

#### Discount rate

- 0.7% risk-free rate (Italian BTP 10-year)
- 8.0% equity risk premium
- 2.75% country, size and liquidity premium
- A re-levered beta of 1.0x incorporating 67% equity and 33% debt financing
- A long-term growth rate of 2.0%.
- A WACC of 9.1%.

### DCF discounting method: Cash flow statement

DCF Valuation - FCFF	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
<i>(All figures in M EUR millions)</i>										
<b>Sales</b>	69.8	81.5	89.9	95.5	99.0	102.5	106.0	109.5	112.9	116.3
% YoY	29.3%	16.7%	10.3%	6.3%	3.7%	3.5%	3.4%	3.3%	3.1%	3.0%
<b>EBITDA</b>	12.1	15.0	17.1	18.7	19.7	20.4	21.1	21.8	22.5	23.1
% margin	17.3%	18.4%	19.0%	19.6%	19.9%	19.9%	19.9%	19.9%	19.9%	19.9%
<b>Depreciation &amp; Amortization</b>	2.0	3.3	3.9	3.8	3.6	3.3	2.9	2.6	2.2	1.7
% of Sales	2.8%	4.0%	4.3%	4.0%	3.6%	3.2%	2.8%	2.4%	1.9%	1.5%
<b>EBIT</b>	10.1	11.7	13.2	14.9	16.1	17.1	18.2	19.2	20.3	21.4
EBIT Margin	14.5%	14.4%	14.7%	15.6%	16.3%	16.7%	17.1%	17.5%	18.0%	18.4%
<b>Marginal tax rate</b>	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%
<b>NOPAT</b>	7.3	8.4	9.5	10.7	11.6	12.3	13.1	13.9	14.6	15.4
<b>Add: Depreciation &amp; Amortization + NCC</b>	2.0	3.3	3.9	3.8	3.6	3.3	2.9	2.6	2.2	1.7
<b>Less: Capital Expenditures</b>	2.1	3.7	4.0	3.3	2.5	2.4	2.2	2.1	1.9	1.7
% of Sales	3.0%	4.5%	4.5%	3.5%	2.5%	2.3%	2.1%	1.9%	1.7%	1.5%
<b>NWC</b>	12.9	15.0	16.6	17.6	18.1	18.8	19.4	20.0	20.7	21.3
% of Sales	18.4%	18.4%	18.4%	18.4%	18.3%	18.3%	18.3%	18.3%	18.3%	18.3%
<b>Less: Increase (decrease) in NWC</b>	4.2	2.1	1.6	1.0	0.5	0.6	0.6	0.6	0.6	0.6
% of Sales	6.1%	2.6%	1.7%	1.1%	0.5%	0.6%	0.6%	0.6%	0.6%	0.5%
<b>Unlevered Free Cash Flow</b>	<b>2.9</b>	<b>5.9</b>	<b>7.8</b>	<b>10.2</b>	<b>12.2</b>	<b>12.6</b>	<b>13.2</b>	<b>13.7</b>	<b>14.3</b>	<b>14.8</b>
<b>Present Value of Free Cash Flow</b>	<b>2.8</b>	<b>5.2</b>	<b>6.3</b>	<b>7.5</b>	<b>8.3</b>	<b>7.9</b>	<b>7.5</b>	<b>7.2</b>	<b>6.8</b>	<b>6.5</b>

Sources: Company, Midcap

## Valuation Summary

Terminal Value Calculation:		WACC CALCULATION	
Perpetuity Growth Rate	2.0%	Risk free rate (10 YR BTP)	0.70%
Terminal Year Free Cash Flow	14.8	Size premium	2.75%
Terminal Value	213.0	Beta	1.00
TV as a % of EV	59%	Equity premium	8.0%
Terminal EBIT Multiple	10.0 x	<b>Cost of equity</b>	<b>11.5%</b>
Terminal FCF Multiple	14.4 x	Interest rate	6.0%
Discount Factor	44%	Tax rate	27.9%
<b>NPV of Terminal Value</b>	<b>93.6</b>	<b>Cost of debt (after tax)</b>	<b>4.3%</b>
Cumulative NPV of Free Cash Flow	66.1	% equity	66.67%
NPV of Terminal Value	93.6	% debt	33.33%
<b>Enterprise Value</b>	<b>159.6</b>	<b>Indirect Method WACC</b>	<b>9.1%</b>
Less : Bridge	-2.5		
<b>Equity Value</b>	<b>162.2</b>		
Shares Outstanding	50.7		
<b>Price Per Share</b>	<b>3.2</b>		
<b>Potential upside</b>	<b>45.3%</b>		

Sources: Company, Midcap

## Sensitivity analysis

		WACC				
		8.1%	8.6%	9.1%	9.6%	10.1%
TGR	1.0%	3.41	3.17	2.95	2.77	2.60
	1.5%	3.57	3.30	3.07	2.86	2.68
	2.0%	3.76	3.46	<b>3.20</b>	2.97	2.77
	2.5%	3.98	3.64	3.35	3.10	2.88
	3.0%	4.25	3.85	3.52	3.24	3.00

		WACC				
		8.1%	8.6%	9.1%	9.6%	10.1%
TGR	1.0%	173.0	160.6	149.8	140.3	131.8
	1.5%	181.2	167.5	155.6	145.2	136.0
	2.0%	190.8	175.4	<b>162.2</b>	150.7	140.7
	2.5%	202.0	184.6	169.8	157.1	146.1
	3.0%	215.5	195.4	178.6	164.4	152.2

Sources: Company, Midcap

According to the DCF method, the equity value stands at €162.2m, for a value of €3.2 per share.

## Market peer method

### Description of peer companies



Teleperformance is the global leader in customer experience management. The Company operates call centers, conducts programs to attract new customers, offers customer service and technical support services, collects debts, offers market research services, conducts telemarketing, and develops customer relationship management software. The Group's 380,000+ employees, based in 83 countries, support billions of connections every year.



TTEC Holdings, Inc. is one of the largest, global CX (customer experience) technology and services innovators for end-to-end, digital CX solutions. The Company delivers leading CX technology and operational CX orchestration at scale through its proprietary cloud-based CXaaS (Customer Experience as a Service) platform. The company's nearly 58,500 employees operate on six continents.



Concentrix Corporation is a leading global provider of customer experience (CX) solutions and technology that facilitates communication between clients and their customers, provides analytics and process optimization, and supports client-centric operations and back-office processing.



Sykes Enterprises, Incorporated and consolidated subsidiaries is a leading full lifecycle provider of global customer experience management services, multichannel demand generation and digital transformation that provides its services primarily to Global 2000 companies and their end customers principally in the financial services, technology, communications, transportation & leisure and healthcare industries.



Ibex delivers innovative business process outsourcing (BPO), smart digital marketing, online acquisition technology, and end-to-end customer engagement solutions to help companies acquire, engage, and retain valuable customers. Today, ibex operates a global contact center of scale consisting of 31 operations facilities around the world, while deploying next-generation technology to drive superior customer experiences for many leading companies across retail, e-commerce, healthcare, fintech, utilities and logistics.



Startek is a global provider of tech-enabled business process management solutions. The company provides omni-channel customer experience, digital transformation, and technology services to over 250 clients across a range of industries such as Banking and Financial Services, Insurance, Technology, Telecom, Healthcare, Travel & Hospitality, Ecommerce, Consumer Goods, Retail, and Energy & Utilities.



TELUS International designs, builds and delivers next-generation digital solutions to enhance the customer experience (CX) for global brands across various industries such as tech and games, communications and media, eCommerce and fintech, healthcare, and travel and hospitality.



TaskUs, Inc. provides digital outsourcing services. It offers customer experience, back-office support and consulting solutions. It offers services to the social media, e-commerce, gaming, streaming media and food delivery and ride sharing sectors. TaskUs went public on June 11, 2021 at \$23/share, or a market cap of c. \$2.5bn (P/E of c. 65x).



Atento is one of the world's five largest providers of customer relationship management and business process outsourcing (CRM/BPO) services and a leader in Latin America. Atento also provides Nearshoring CRM/BPO services for companies operating in the United States. The Company has more than 400 customers to which it provides a wide range of CRM/BPO services through multiple channels. Its clients are multinational companies in sectors such as technology, new digital enterprises, telecommunications, finance, healthcare, consumer consumption and public administration, among others.



Almawave SpA develops software technologies for artificial intelligence, natural language analysis and big data management. The company owns and distributes patented technologies for text and speech analysis, knowledge management, multi-channel contact management, virtual agents and customer experience management. The company is a spin-off of Almagiva Spa, one of the most important companies operating in the customer experience market in Italy.



Relatech is a digital enabler solution company that provides innovative solutions dedicated to the digital transformation of companies. The firm offers services/solutions on the RePlatform cloud-based platform in the Cloud areas (hybrid, public and private), CX, AI, Blockchain, IoT, Cybersecurity, Virtual & Augmented Reality.



Doxee is a hi-tech company and a leading provider of products for Customer Communications Management (CCM), Digital Customer Experience and Dematerialization. Doxee offers innovative technology products based on Doxee's proprietary platform and delivered in cloud mode to over 200 Enterprise companies to ensure scalability, flexibility and reliability for mission-critical processes.



GPI is one of the Italian leaders in the healthcare services and software market. The Group's Care division operates in the management of booking centres for public and private healthcare facilities.



Growens is a vertically integrated player in the field of Cloud Marketing Technologies. The company engages in the provision of a digital platform for the professional management and sending of large quantities of electronic mail, professional newsletters, short message service, and fax without the need for software or hardware installment, with an expertise on small to medium-sized enterprises.

Sources: Company, Factset, Midcap

Among the companies in the sector, MeglioQuesto is expected to grow its revenues between 2020 and 2023 by more than the average of its peers.

At the same time, however, the group has one of the lowest EV/EBITDA, EV/EBIT and P/E multiples in the sector.

## 2020-23E revenue growth & multiples of peer companies

Company Name	Ticker	Country	Market Value (M€)		EV/EBITDA			EV/EBIT			P/E		
			Equity	EV	2021	2022	2023	2021	2022	2023	2021	2022	2023
Teleperformance SE	TEP-FR	France	20,464	22,962	16.5 x	15.0 x	13.9 x	28.8 x	23.8 x	21.0 x	33.3 x	29.3 x	26.3 x
TTEC Holdings, Inc.	TTEC-US	United States	3,948	4,344	15.2 x	13.7 x	12.7 x	20.2 x	18.5 x	16.1 x	23.4 x	21.5 x	19.6 x
Concentrix Corporation	CNXC-US	United States	6,914	8,121							16.7 x	15.3 x	
Sykes Enterprises, Incorporated	SYKE-US	United States	1,805	1,886	10.5 x	9.7 x		14.0 x	12.6 x		17.4 x	15.7 x	
TELLUS Corporation	T-CAN	Canada	24,728	37,191	8.9 x	8.3 x	7.9 x	19.8 x	17.7 x	15.6 x	25.2 x	22.2 x	18.9 x
IBEX Ltd	IBEX-US	Bermuda	318	363							18.3 x	14.6 x	11.6 x
Startek, Inc.	SRT-US	United States	247	436	7.6 x	7.1 x		13.4 x	11.8 x		13.8 x	10.1 x	
Atento SA	ATTO-US	Luxembourg	305	740	4.4 x	4.0 x	3.8 x	10.7 x	7.6 x	5.5 x	54.5 x	12.5 x	7.9 x
Almawave S.p.A.	AIW-IT	Italy	127	138	17.5 x	14.6 x	12.4 x	29.1 x	24.6 x	21.0 x	42.2 x	33.4 x	28.5 x
Relatech S.p.A.	RLT-IT	Italy	100	105	12.2 x	9.8 x	7.9 x	16.4 x	13.1 x	10.4 x	20.5 x	16.6 x	13.3 x
Doxee S.p.A.	DOX-IT	Italy	67	70	10.4 x	8.2 x	7.0 x	17.2 x	13.4 x	10.9 x	25.3 x	20.3 x	16.4 x
GPI SpA	GPH-IT	Italy	213	376	8.1 x	7.6 x	7.2 x	15.7 x	13.9 x	13.1 x	17.1 x	14.7 x	13.6 x
Growens S.p.A.	GROW-IT	Italy	63	66	11.4 x	7.8 x	6.6 x	33.8 x	14.6 x	11.1 x	55.0 x	23.4 x	16.2 x
<b>Mean</b>					<b>11.2x</b>	<b>9.6x</b>	<b>8.8x</b>	<b>19.7x</b>	<b>15.6x</b>	<b>13.8x</b>	<b>27.9x</b>	<b>19.2x</b>	<b>17.2x</b>
<b>Median</b>					<b>10.5x</b>	<b>8.3x</b>	<b>7.9x</b>	<b>17.2x</b>	<b>13.9x</b>	<b>13.1x</b>	<b>23.4x</b>	<b>16.6x</b>	<b>16.3x</b>
<b>Harmonic Mean</b>					<b>9.7x</b>	<b>8.4x</b>	<b>7.6x</b>	<b>17.6x</b>	<b>14.1x</b>	<b>11.9x</b>	<b>23.0x</b>	<b>17.3x</b>	<b>15.1x</b>
MeglioQuesto S.P.A. vs. Peers Average	1CALL-IT	Italy	112	n.a.	9.0 x -19%	7.3 x -24%	6.4 x -28%	10.8 x -45%	9.3 x -40%	8.2 x -40%	16.5 x -41%	14.1 x -27%	12.4 x -28%

Sources: Company, Midcap, FactSet

## Valuation by comparable companies

EV/EBIT	2021	2022	2023	P/E	2021	2022	2023
Figure	10.1	11.7	13.2	Figure	6.8	7.9	9.0
Multiple	19.7x	15.6x	13.8x	Multiple	27.9x	19.2x	17.2x
Multiple at -20% discount	15.8x	12.5x	11.1x	Multiple at -20% discount	22.3x	15.4x	13.8x
Enterprise Value	159.4	146.3	146.6	Equity Value	151.0	121.8	124.5
Bridge 2021E	-2.5	-2.5	-2.5	Diluted number of shares	50.7	50.7	50.7
Equity	162.0	148.8	149.1	Price/Share	3.0	2.4	2.5
Diluted number of shares	50.7	50.7	50.7	Average		2.6	
Price/Share	3.2	2.9	2.9	% upside (downside)		18.7%	
Average		3.0					
% upside (downside)		37.4%					

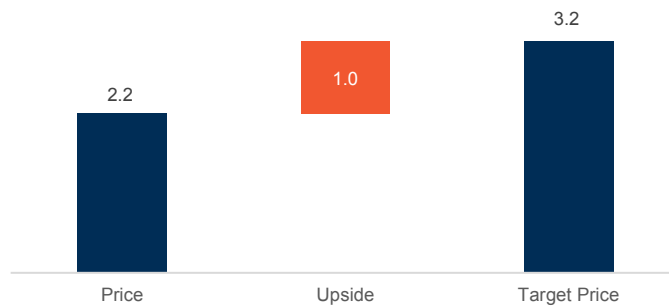
Relative Valuation	Price/Share	weight
EV/EBIT	3.0	50%
P/E	2.6	50%
<b>TARGET PRICE</b>	<b>2.8</b>	<b>VRAI</b>
<b>Upside Potential</b>	<b>28%</b>	

Source : Sociétés, TP ICAP, FactSet

Taking the average of the years 2021E, 2022E and 2023E, we obtain a relative valuation of €2.8 (with a 20% discount), i.e. a potential increase of 28%.

## Valuation Summary

Valuation	Target Price	Weight
DCF	3.2	100%
Relative	2.8	0%
<b>Target price</b>	<b>3.2</b>	<b>100%</b>
<b>Upside</b>	<b>45%</b>	



Sources: Company, Factset, Midcap

According to our DCF method (100% weight), we obtain our target price of €3.2, which implies a potential upside of 45%.

## Implied multiples

Valuation	2021E	2022E	2023E
EBITDA	12.1	15.0	17.1
EV/EBITDA	9.0x	7.3x	6.4x
vs peers	-19.2%	-24.5%	-27.8%
EV/EBITDA implied	13.2x	10.6x	9.3x
vs peers	18.3%	10.5%	5.7%
EBIT	10.1	11.7	13.2
EV/EBIT	10.8x	9.3x	8.2x
vs peers	-45.3%	-40.4%	-40.5%
EV/EBIT implied	15.8x	13.6x	12.1x
vs peers	-19.9%	-12.7%	-12.9%
Net Income	6.8	7.9	9.0
P/E	16.5x	14.1x	12.4x
vs peers	-40.9%	-26.7%	-28.3%
P/E implied	24.0x	20.4x	18.0x
vs peers	-14.1%	6.5%	4.2%

**At our Target Price, MeglioQuesto would have valuation multiples more appropriate for a fast-growing company with expanding margins.**

Source : Factset, TP ICAP



## X. Key Personnel



**FELICE SALADINI - CEO**

Founder and former CEO of Essegroup (now MeglioQuesto), Felice Saladini boasts 15 years of experience in omnichannel business services, consulting and marketing. During his professional career, he has led numerous M&A transactions, including that of the AQR Group in 2020.



**JAIME TORRENTS - Président**

A 1990 graduate in Business Administration from the University of Hartford, he started his career as Project Manager and Financial Marketing Manager at Whirlpool Elettrodomestici S.p.A. From 1994 to 1997, he was responsible for the mass distribution channel of Omintel Pronto Italia S.p.A. From 1997 to 2018, he held management positions (Sales and Operations Manager) at Eni S.p.A., Wind Telecomunicazioni S.p.A., Sky Italia and Mediaset Premium. He finally joined the MeglioQuesto Group in 2018 as a member of the Board of Directors.



**ANTONELLO BONUGLIA – Membre du conseil d'administration**

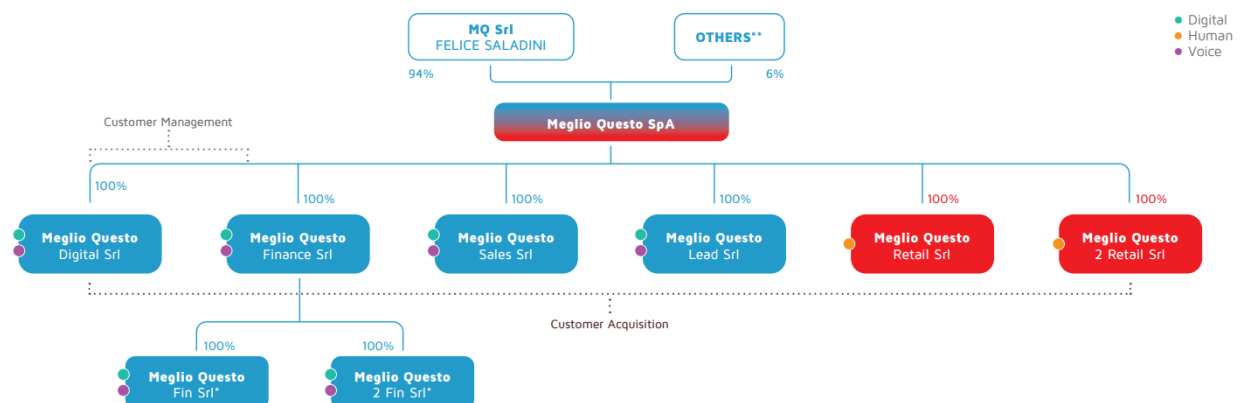
Antonello Bonuglia graduated with an Economics degree from the Catholic University of Milan in 1989 and has been a member of the Ordine dei Dottori Commercialisti of Milan since 1990. He boasts a decade of experience in the audit sector. Before starting his collaboration with the MeglioQuesto Group, he held the positions of Administrative and Financial Director and Managing Director in several companies. He joined MeglioQuesto in 2018 as Head of Administration, Finance and Control.

Analysing MeglioQuesto's corporate governance, we find that the Board of directors now composed of 5 members:

- ✓ Has only 2 independent directors compared to the Italian average of 5.1
- ✓ There is only one woman on the Board, while the Italian average is 40%
- ✓ All directors are Italian

## XI. Group Structure

### Group structure



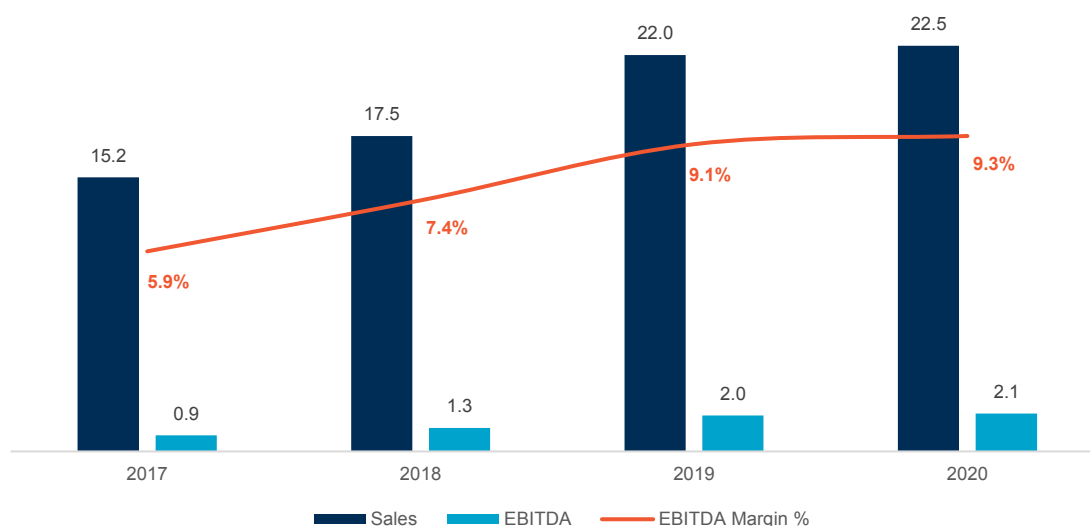
Source: Company

## XII. Acquisition of AQR: a game-changing event

AQR is a Milan-based company that operates in the field of customer experience and customer management for clients in the energy, telecommunications, automotive, finance and insurance sectors. The company provides telesales, telemarketing, customer care, customer retention, digital marketing, online comparison shopping and market research solutions.

In 2020, AQR achieved €22.5M in revenue, up from €22M in 2019 despite the pandemic, confirming the strong growth trend. The company employs around 1,000 people, engaged in customer relationship management with B2C multinationals such as Tim, Wind, Iliad, Eolo, Fastweb, Eni, Metlife and Groupama.

### Evolution of AQR's Revenue and EBITDA since 2017



Source: Orbis, TP ICAP

For the acquisition of AQR, MQ paid €8M in cash with €8.5M in financing from RiverRock (a European private debt specialist). The debt is to be repaid for 30% of the total amount before May 7, 2024 and for the remaining 70% before May 7, 2025.

The interest rate agreed between the parties provides for:

1. 12-month Euribor + 500 bps: to be paid annually
2. Payment in kind (PIK) of 600 bps per year: to be paid at maturity.



## XIII. Financial Data (1/2)

### Income statement

€M	2019A	2020A	2021E	2022E	2023E	2024E	2025E
<b>VoP</b>	<b>33.5</b>	<b>49.4</b>	<b>69.8</b>	<b>81.5</b>	<b>89.9</b>	<b>95.5</b>	<b>99.0</b>
<i>Change</i>	<i>0.0%</i>	<i>47.7%</i>	<i>41.2%</i>	<i>16.7%</i>	<i>10.3%</i>	<i>6.3%</i>	<i>3.7%</i>
Raw materials and consumables	(6.2)	(3.0)	(4.2)	(4.9)	(5.4)	(5.7)	(6.0)
External charges	(21.0)	(31.0)	(41.9)	(48.5)	(53.0)	(55.9)	(57.4)
Personnel costs	(1.8)	(5.9)	(7.8)	(8.6)	(9.4)	(10.0)	(10.5)
Other Operating costs	(0.5)	(0.8)	(1.4)	(1.6)	(1.8)	(1.9)	(2.0)
<b>EBITDA reported</b>	<b>2.2</b>	<b>6.7</b>	<b>12.1</b>	<b>15.0</b>	<b>17.1</b>	<b>18.7</b>	<b>19.7</b>
<i>% of revenue</i>	<i>6.7%</i>	<i>13.6%</i>	<i>17.3%</i>	<i>18.4%</i>	<i>19.0%</i>	<i>19.6%</i>	<i>19.9%</i>
Net depreciation, amortization and provisions	(0.6)	(2.6)	(2.0)	(3.3)	(3.9)	(3.8)	(3.6)
<b>EBIT</b>	<b>1.6</b>	<b>4.2</b>	<b>10.1</b>	<b>11.7</b>	<b>13.2</b>	<b>14.9</b>	<b>16.1</b>
<i>% of revenue</i>	<i>4.9%</i>	<i>8.4%</i>	<i>14.5%</i>	<i>14.4%</i>	<i>14.7%</i>	<i>15.6%</i>	<i>16.3%</i>
Financial result	0.8	(1.2)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)
Income tax	(1.7)	(1.2)	(2.6)	(3.1)	(3.5)	(4.0)	(4.3)
<i>Tax rate</i>	<i>68.5%</i>	<i>41.1%</i>	<i>27.9%</i>	<i>27.9%</i>	<i>27.9%</i>	<i>27.9%</i>	<i>27.9%</i>
Net income	0.8	1.7	6.8	7.9	9.0	10.2	11.1
Minority	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income group share</b>	<b>0.8</b>	<b>1.7</b>	<b>6.8</b>	<b>7.9</b>	<b>9.0</b>	<b>10.2</b>	<b>11.1</b>

### Balance sheet

€M	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Intangible fixed assets	2.0	9.9	9.9	9.9	9.8	9.3	8.5
Tangible fixed assets	1.5	1.6	1.7	2.0	2.4	2.4	2.1
Right of use	2.5	3.5	3.5	3.5	3.5	3.5	3.5
Financials assets	1.0	0.0	0.0	0.0	0.0	0.0	0.0
Current Assets	8.2	19.7	24.4	27.8	30.3	31.9	33.0
Other non-current assets	0.0	0.2	0.2	0.2	0.2	0.2	0.2
Cash	1.8	2.4	22.1	27.5	34.8	44.4	56.1
<b>Assets</b>	<b>17.1</b>	<b>37.3</b>	<b>61.8</b>	<b>71.0</b>	<b>80.9</b>	<b>91.7</b>	<b>103.3</b>
Shareholder's equity	2.4	6.4	30.4	38.3	47.4	57.6	68.7
Minority	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.7	0.7	0.7	0.7	0.7	0.7
Financial debt	1.7	7.5	7.5	7.5	7.5	7.5	7.5
IFRS 16 debt	2.5	3.5	3.5	3.5	3.5	3.5	3.5
Other non-current liabilities	2.1	8.8	8.8	8.8	8.8	8.8	8.8
Current liabilities	8.5	10.4	10.8	12.1	13.0	13.6	14.1
<b>Liabilities</b>	<b>17.3</b>	<b>37.3</b>	<b>61.8</b>	<b>71.0</b>	<b>80.9</b>	<b>91.7</b>	<b>103.3</b>

### Cash-flow statement

€M	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Operating cash-flow	1.4	4.5	8.7	11.2	12.9	14.0	14.7
ΔNWC	0.3	(10.0)	(4.2)	(2.1)	(1.6)	(1.0)	(0.5)
<b>Cash-flow from operating activities</b>	<b>1.7</b>	<b>(5.5)</b>	<b>4.5</b>	<b>9.1</b>	<b>11.3</b>	<b>13.0</b>	<b>14.2</b>
CAPEX	(6.9)	(2.9)	(2.1)	(3.7)	(4.0)	(3.3)	(2.5)
<b>FCF</b>	<b>(5.1)</b>	<b>(8.3)</b>	<b>2.4</b>	<b>5.4</b>	<b>7.3</b>	<b>9.6</b>	<b>11.7</b>
Net acquisition of financial assets	(0.0)	(8.0)	0.0	0.0	0.0	0.0	0.0
<b>Cash-flow from investing activities</b>	<b>(6.9)</b>	<b>(10.9)</b>	<b>(2.1)</b>	<b>(3.7)</b>	<b>(4.0)</b>	<b>(3.3)</b>	<b>(2.5)</b>
Capital increase	1.6	2.3	17.2	0.0	0.0	0.0	0.0
Share repurchase	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in borrowings	3.8	14.4	0.0	0.0	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash-flow from financing activities</b>	<b>5.4</b>	<b>16.6</b>	<b>17.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Change in cash</b>	<b>0.2</b>	<b>0.3</b>	<b>19.7</b>	<b>5.4</b>	<b>7.3</b>	<b>9.6</b>	<b>11.7</b>



## XIV. Financial Data (2/2)

### KEY RATIOS

	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Revenue growth	0.0%	47.7%	41.2%	16.7%	10.3%	6.3%	3.7%
Reported EBITDA margin	6.7%	13.6%	17.3%	18.4%	19.0%	19.6%	19.9%
Adjusted EBITDA margin	6.7%	13.6%	17.3%	18.4%	19.0%	19.6%	19.9%
EBIT margin	4.9%	8.4%	14.5%	14.4%	14.7%	15.6%	16.3%
Net margin	2.3%	3.5%	9.7%	9.7%	10.0%	10.7%	11.2%
Reported EPS	0.0	0.0	0.1	0.2	0.2	0.2	0.2
NWC as a % of Revenue	-0.6%	17.5%	18.4%	18.4%	18.4%	18.4%	18.3%
DIO	29.7	87.4	85.0	85.0	85.0	85.0	85.0
DSO	47.7	84.2	80.0	80.0	80.0	80.0	80.0
DPO	266.9	510.9	510.0	510.0	510.0	510.0	510.0
FCF	-5.1	-8.3	2.4	5.4	7.3	9.6	11.7
FCF yield		0%	2%	5%	7%	9%	10%
Conversion rate (FCF/EBITDA)	-231%	-124%	20%	36%	43%	52%	59%
CAPEX/Sales	20.5%	5.8%	3.0%	4.5%	4.5%	3.5%	2.5%
ROE	32.4%	39.3%	36.8%	23.1%	21.1%	19.5%	17.6%
ROA	4.5%	6.3%	13.7%	12.0%	11.9%	11.8%	11.4%
ROCE (after tax)	7.0%	9.7%	24.6%	26.3%	28.2%	31.2%	34.3%
Gearing, net	106.9%	215.2%	-15.5%	-26.4%	-36.8%	-47.0%	-56.4%
Financial leverage	1.1x	2.6x	-0.2x	-0.5x	-0.9x	-1.3x	-1.8x
EV/Sales		2.0x	1.6x	1.3x	1.2x	1.1x	1.1x
EV/EBITDA		14.8x	9.0x	7.3x	6.4x	5.8x	5.5x
EV/EBIT		20.3x	10.8x	9.3x	8.2x	7.3x	6.8x
PE		51.1x	16.5x	14.1x	12.4x	10.9x	10.1x

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2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
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MeglioQuesto	2.20	Buy	G

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