



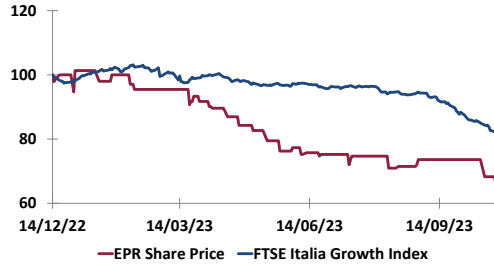
## H1 figures in progress, working to expand portfolio and reduce revenue concentration

### OUTPERFORM

**Current Share Price (€): 2.46**

**Target Price (€): 3.92**

#### EPRcomunicazione - Performance since IPO



Source: S&P Capital IQ - Note: 14/12/2022 (IPO offer price)=100

#### Company data

ISIN number	IT0005519837
Bloomberg code	EPRB.IM
Reuters code	EPRB.MI
Industry	PR - Digital Marketing
Stock market	Euronext Growth Milan
Share Price (€)	2.46
Date of Price	24/10/2023
Shares Outstanding (m)	2.8
Market Cap (€m)	6.9
Market Float (%)	21.5%
Daily Volume	2,800
Avg Daily Volume since IPO	453
Target Price (€)	3.92
Upside (%)	60%
Recommendation	OUTPERFORM

#### Share price performance

	1M	3M	6M	IPO
EPR - Absolute (%)	-11%	-12%	-22%	-34%
FTSE Italia Growth Index (%)	-9%	-15%	-16%	-18%
IPO Range H/L (€)			3.80	2.46
IPO Change (€) / %			-1.29	-34%

Source: S&P Capital IQ

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#### Stock performance

EPR share price recorded -34% since IPO in December 2022, with the Italia Growth index losing -18% in the same period.

#### H1 2023: Revenues +25%, EBITDA at breakeven

Organic growth in H1 2023, with consolidated revenues up by 25% on H1 2022PF reaching €4.1m, driven by the acquisition of new top-tier clients. We note that consolidated H1 2023 accounts include Justbit acquisition since January 1<sup>st</sup> and H1 2022 proforma figures are shown for comparison purposes. EBITDA was at breakeven, after personnel cost increase by 50% (+12 headcount) and services up by over 20%. Period result was a €(0.4)m loss, close to prior year; net of goodwill amortization, bottom line would be €(0.1)m. Net financial debt was €0.4m, from net cash at €0.0m as of year-end 2022.

#### Business update: ongoing top-tier additions to client portfolio; loss of a key client

In the first months of H2, new engagements have been awarded by Associazione Infrastrutture Sostenibili, Cobat, Philip Morris, Maire Tecnimont, Utilitalia. In September, the Company announced the loss of a key client from 2024, except for minor engagements to be carried out by Justbit, and a consequent cut of personnel cost worth €0.4m in 2024.

#### Estimates revision

The 6-months P&L is likely to be of limited relevance considering that historical records of EPR and Justbit indicate, as well as in most consulting firms, a recurring shifting of billed revenues in the second half of the year. On the other hand, the 2024 and following periods will see a necessary portfolio reshaping to recover the churn rate and fuel expected growth. As such, we revise our revenue and profitability estimates for the short-term, through one year shifting forward.

#### Target Price €3.92 per share (from €5.00), OUTPERFORM rating confirmed

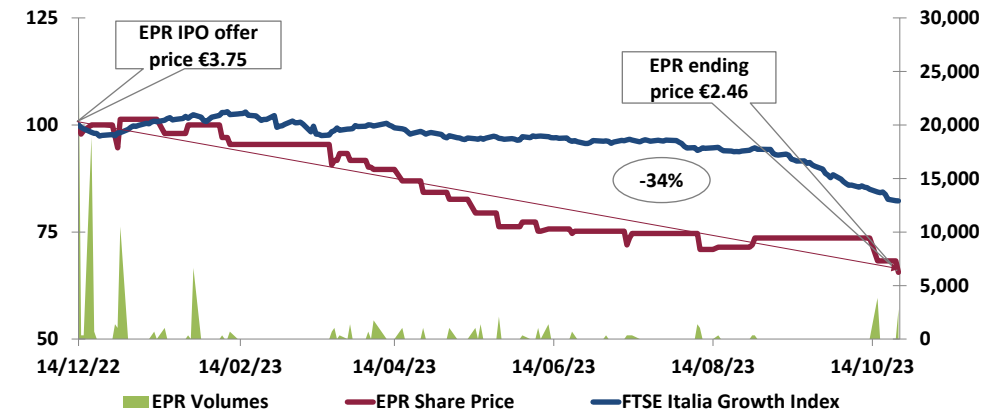
Since the IPO and soon after the acquisition of Justbit, EPR is engaged in a process of operational integration and mid-management recruiting; in addition, the client portfolio and the range of services have been expanded. Based on our revised estimates and updated valuation, we assign a target price of €3.92 per share (from €5.00), 60% upside on current share price, with EPR currently trading at 0.8x 2023E EV/Revenues vs 1.2x peers median. Rating OUTPERFORM confirmed.

KEY FINANCIALS AND ESTIMATES (€m)	2019A	2020A	2021A	2021PF	2022PF	2023E	2024E	2025E	2026E
Revenues	4.7	4.2	5.1	7.4	8.1	9.1	8.9	10.6	12.0
YoY %	-	-9.6%	20.9%	45.4%	8.6%	12.3%	-2.2%	19.6%	13.3%
EBITDA	0.3	0.4	0.4	1.1	1.1	1.0	0.9	1.5	1.8
Margin	6.6%	8.9%	7.0%	14.6%	13.2%	10.6%	10.6%	14.5%	15.3%
Net Income	0.1	0.1	0.0	0.3	0.3	0.3	0.3	0.7	1.0
Net (Debt) Cash	(0.3)	(0.1)	(0.1)	(2.5)	0.0	0.4	1.2	2.0	3.1
Equity	0.1	0.8	0.6	1.7	4.2	4.5	4.8	5.5	6.5
KEY RATIOS AND MULTIPLES	2019A	2020A	2021A	2021PF	2022PF	2023E	2024E	2025E	2026E
Per-capita sales (€k)	154	135	159	130	119	124	112	128	140
Net Debt/EBITDA	1.0x	0.3x	0.2x	2.3x	cash	cash	cash	cash	cash
Basic EPS (€)	na	na	na	na	0.10	0.10	0.10	0.26	0.35
EV/Revenues	na	na	na	na	0.9x	0.8x	0.8x	0.7x	0.6x
EV/EBITDA	na	na	na	na	7.0x	7.7x	7.9x	4.8x	4.0x
P/E	na	na	na	na	23.7x	23.9x	24.2x	9.4x	7.1x

Source: Company data 2019A-22PF, EnVent Research 2023-26E - Note: 2020-21A EPR unconsolidated figures; 2021-22PF showing effect of Justbit 51% stake acquisition since year begin

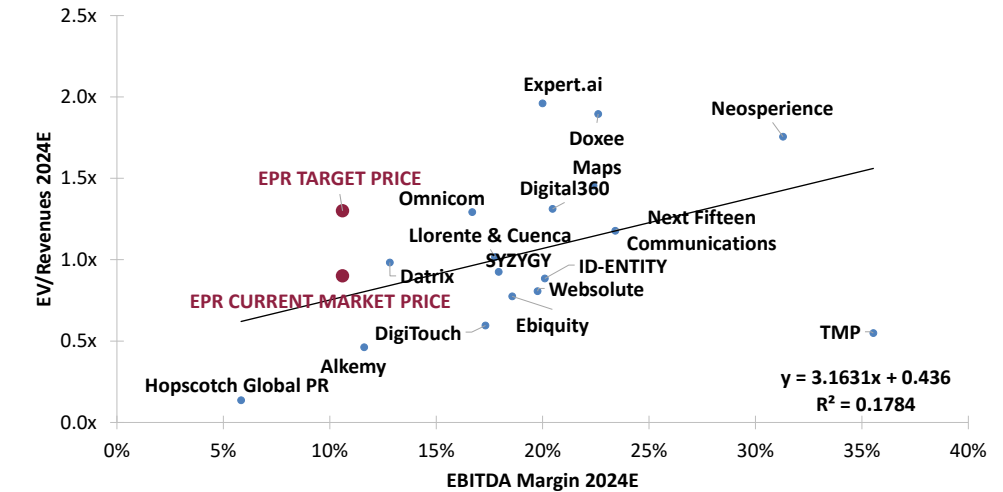
## Market update

### EPR - Share price performance and trading volumes since IPO



Source: EnVent Research on S&P Capital IQ - Note: 14/12/2022 (IPO offer price)=100

### Peer group - Regression analysis and EPR target positioning



Source: EnVent Research on S&P Capital IQ, October 2023

## Investment case

Eprcomunicazione *Benefit Corporation*, listed on Euronext Growth Milan since 2022, is a Public Relations and Digital Communication firm, whose core competence is building reputation and interaction with stakeholders of its clients, proven by over 30 years' experience within the inner circle of Italian PR firms. Media relations, press office, public affairs and advocacy support, publishing and event management, and crisis communication expertise are major specialties. EPR Institutional Relations practice long-standing reputation has gained over time prominent recurring clients among large domestic and global corporations, institutions and public authorities, industry and business associations, nonprofit environmental organizations.

The digital factory Justbit added a full array of technology solutions, positioning EPR as an integrated firm which has already accomplished the urge of a

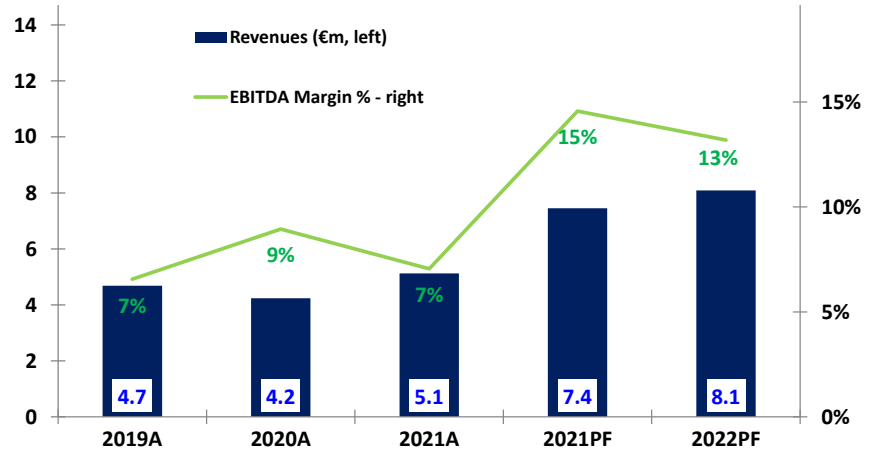
comprehensive digital technology transition, an investment of time and money that the global industry is still undertaking to cope with the traditional services disruption.

Main strategic goals are:

**Strategy**

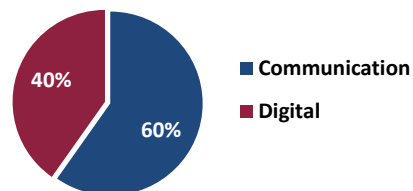
- R&D investment in additional tech applications
- scouting for acquisitions
- recruiting of mid-management

**Historical Revenues and EBITDA**



Source: Company data - Note: 2019-21A EPR unconsolidated figures; 2021-22PF showing effect of Justbit 51% stake acquisition since year begin

**Sales breakdown 2022PF**



Source: Company data

**Industry and Company drivers**

- PR becoming more effective than advertising in the new media anarchy
- PR crucial for reputation in booming ESG market of broader stakeholders communities
- Digital technology is a *must have*
- Expertise and premium clients
- Native digital team as a state-of-the-art boost to quality of service
- Widespread relations with Institutions and Public Authorities
- Widest service portfolio within the industry
- Reputation in ESG and sustainability

**Challenges**

- Low entry barriers to competition

- High rank clients require sizeable agencies
- Acquisition and integration risk
- Weight of outsourced services

## H1 2023 results

### Consolidated Profit and Loss

€m	H1 2022PF	H1 2023
Sales	3.3	4.1
Other income	0.0	0.1
<b>Revenues</b>	<b>3.3</b>	<b>4.1</b>
YoY %	-	25.3%
Services	(2.1)	(2.6)
Personnel	(0.9)	(1.3)
Other operating costs	(0.2)	(0.3)
Operating costs	(3.2)	(4.2)
<b>EBITDA</b>	<b>0.1</b>	<b>(0.0)</b>
Margin	3.5%	-1.0%
D&A	(0.1)	(0.3)
<b>EBIT</b>	<b>(0.0)</b>	<b>(0.3)</b>
Margin	-1.0%	-7.7%
Interest	(0.0)	(0.0)
<b>EBT</b>	<b>(0.1)</b>	<b>(0.4)</b>
Margin	-2.0%	-8.7%
Income taxes	(0.2)	(0.0)
<b>Net Income (Loss)</b>	<b>(0.3)</b>	<b>(0.4)</b>
Margin	-7.7%	-8.9%
Minorities	0.0	(0.0)
Group Net Income (Loss)	(0.3)	(0.3)

### Consolidated Balance Sheet

€m	H1 2022PF	2022PF	H1 2023
Account receivable	2.2	2.9	2.9
Account payable	(1.0)	(1.5)	(1.3)
Working Capital	1.2	1.4	1.7
Other assets (liabilities)	(0.6)	(0.6)	(1.1)
<b>Net Working Capital</b>	<b>0.6</b>	<b>0.9</b>	<b>0.6</b>
Intangible assets	0.7	1.5	1.4
Goodwill	2.2	2.2	2.3
Property, plant and equipment	0.1	0.1	0.1
Equity investments and financial assets	0.8	0.0	0.0
<b>Non-current assets</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>
<b>Provisions</b>	<b>(0.3)</b>	<b>(0.5)</b>	<b>(0.5)</b>
<b>Net Invested Capital</b>	<b>4.0</b>	<b>4.2</b>	<b>3.8</b>
Bank debt	2.9	2.7	1.2
Cash and equivalents	(0.4)	(2.7)	(0.7)
<b>Net Debt (Cash)</b>	<b>2.5</b>	<b>(0.0)</b>	<b>0.4</b>
Shareholders' Equity	1.2	3.6	3.3
Minority interests	0.3	0.6	0.1
<b>Equity</b>	<b>1.5</b>	<b>4.2</b>	<b>3.4</b>
<b>Sources</b>	<b>4.0</b>	<b>4.2</b>	<b>3.8</b>

### Consolidated Cash Flow

€m	H1 2022PF	H1 2023
<b>EBIT</b>	<b>(0.0)</b>	<b>(0.3)</b>
Current taxes	(0.2)	(0.0)
D&A	0.1	0.3
Provisions	0.1	0.1
<b>Cash flow from P&amp;L operations</b>	<b>0.0</b>	<b>0.0</b>
Working Capital	0.1	(0.3)
Other assets and liabilities	0.0	0.6
<b>Operating cash flow before capex</b>	<b>0.2</b>	<b>0.3</b>
Capex	(0.1)	(0.3)
<b>Operating cash flow after WC and capex</b>	<b>0.1</b>	<b>0.0</b>
Interest	(0.0)	(0.0)
Equity investments and financial assets	(0.1)	(0.0)
Paid-in capital and other equity changes	0.1	0.0
Equity adjustments	0.0	(0.5)
<b>Net cash flow</b>	<b>0.0</b>	<b>(0.5)</b>
Net (Debt) Cash - Beginning	(2.5)	0.0
Net (Debt) Cash - End	(2.5)	(0.4)
<b>Change in Net (Debt) Cash</b>	<b>0.0</b>	<b>(0.5)</b>

### Ratio analysis

KPIs	H1 2022PF	H1 2023
ROE	-33%	5%
ROS (EBIT/Sales)	-1%	-8%
DSO	100	108
DPO	64	65
TWC/Sales	18%	19%
NWC/Sales	9%	18%
Net Debt/EBITDA	10.9x	0.5x
Net Debt/Equity	1.6x	0.1x
Net Debt/(Net Debt+Equity)	0.6x	0.1x
Operating cash flow before capex/EBITDA	139%	nm
Per-capita (total workforce) sales (€k)	98	161
Per-capita cost per employee (€k)	49	47

Source: Company data - Note: H1 2022PF showing effect of Justbit 51% stake acquisition since year begin; H1 2023 consolidated figures Note: H1 KPIs calculated on LTM economics

## Business update

- New engagements by Associazione Infrastrutture Sostenibili, Cobat, Philip Morris, Maire Tecnimont, Utilitalia
- Loss of a key client from 2024, except for minor engagements to be carried out by Justbit, and a consequent cut of personnel cost worth €0.4m in 2024

## Corporate period facts

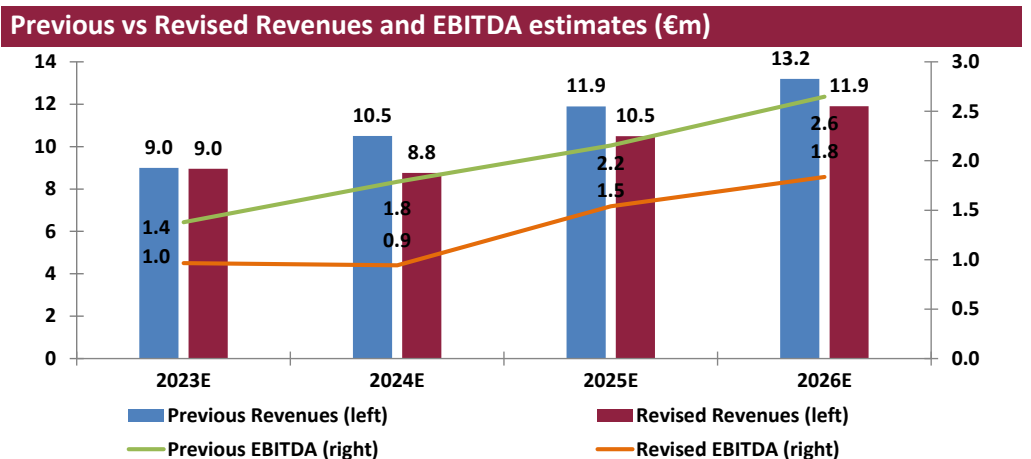
- During the first exercise period between October 2-13, 2023 (strike price of €4.12) no Warrant Eprcomunicazione 2022-25 has been exercised, being out of the money

## Estimates revision

The 6-months P&L is likely to be of limited relevance considering that historical records of EPR and Justbit indicate, as well as in most consulting firms, a recurring shifting of billed revenues in the second half of the year. As such, we maintain our 2023E revenue estimates, that we see at reach, while we factor in higher operating costs coming from H1 accounts, leading to a finetuning on profitability.

For 2024, based on the Company announcement regarding the loss of a key client, worth, according to our estimate, around €2m yearly revenues, and the consequent cut of personnel cost worth €0.4m, we revise our revenue and profitability estimates for the necessary short-term portfolio reshaping.

## Change in estimates



Source: EnVent Research

€m	Revised				Previous				Change %			
	2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E
<b>Revenues</b>	9.0	8.8	10.5	11.9	9.0	10.5	11.9	13.2	0%	-17%	-12%	-10%
<b>EBITDA</b>	1.0	0.9	1.5	1.8	1.4	1.8	2.2	2.6	-30%	-47%	-29%	-31%
<i>Margin</i>	11%	11%	15%	15%	15%	17%	18%	20%				
<b>EBIT</b>	0.5	0.4	1.1	1.4	1.0	1.4	1.7	2.1	-53%	-67%	-38%	-36%
<i>Margin</i>	5%	5%	10%	11%	11%	13%	14%	16%				
<b>Net Income (Loss)</b>	0.3	0.3	0.7	1.0	0.7	0.9	1.2	1.5	-57%	-70%	-38%	-37%
<b>Net (Debt) Cash</b>	0.4	1.2	2.0	3.1	0.7	1.5	2.5	4.0				

Source: EnVent Research

## Financial projections

### Consolidated Profit and Loss

€m	2019A	2020A	2021A	2021PF	2022PF	2023E	2024E	2025E	2026E
Sales	4.6	4.2	5.1	7.4	8.1	9.0	8.8	10.5	11.9
Other income	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1
<b>Revenues</b>	<b>4.7</b>	<b>4.2</b>	<b>5.1</b>	<b>7.4</b>	<b>8.1</b>	<b>9.1</b>	<b>8.9</b>	<b>10.6</b>	<b>12.0</b>
<i>YoY %</i>	<i>na</i>	-9.6%	20.9%	45.4%	8.6%	12.3%	-2.2%	19.6%	13.3%
Services	(3.5)	(2.9)	(3.5)	(4.3)	(4.8)	(5.0)	(5.0)	(5.8)	(6.5)
Personnel	(0.7)	(0.7)	(0.8)	(1.5)	(1.7)	(2.5)	(2.3)	(2.6)	(2.9)
Other operating costs	(0.3)	(0.2)	(0.4)	(0.6)	(0.5)	(0.7)	(0.7)	(0.7)	(0.7)
Operating costs	(4.4)	(3.9)	(4.8)	(6.4)	(7.0)	(8.1)	(7.9)	(9.1)	(10.2)
<b>EBITDA</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>	<b>1.1</b>	<b>1.1</b>	<b>1.0</b>	<b>0.9</b>	<b>1.5</b>	<b>1.8</b>
<i>Margin</i>	6.6%	8.9%	7.0%	14.6%	13.2%	10.6%	10.6%	14.5%	15.3%
D&A	(0.1)	(0.2)	(0.2)	(0.4)	(0.3)	(0.5)	(0.5)	(0.5)	(0.5)
<b>EBIT</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.7</b>	<b>0.7</b>	<b>0.5</b>	<b>0.4</b>	<b>1.1</b>	<b>1.4</b>
<i>Margin</i>	3.4%	5.1%	3.5%	9.0%	8.9%	5.2%	5.1%	9.9%	11.4%
Interest	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)	(0.1)	(0.0)	(0.0)
<b>EBT</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.6</b>	<b>0.7</b>	<b>0.4</b>	<b>0.4</b>	<b>1.0</b>	<b>1.4</b>
<i>Margin</i>	2.3%	4.8%	3.3%	8.2%	8.5%	4.4%	4.5%	9.6%	11.2%
Income taxes	(0.0)	(0.1)	(0.1)	(0.3)	(0.4)	(0.1)	(0.1)	(0.3)	(0.4)
<b>Net Income (Loss)</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.7</b>	<b>1.0</b>
<i>Margin</i>	1.5%	3.4%	0.8%	3.7%	3.6%	3.2%	3.2%	6.9%	8.1%

Source: Company data 2019-22PF, EnVent Research 2023-26E - Notes: 2019-21A EPR unconsolidated figures; 2021-22PF showing effect of Justbit 51% stake acquisition since year begin

### Consolidated Balance Sheet

€m	2019A	2020A	2021A	2021PF	2022PF	2023E	2024E	2025E	2026E
Account receivable	1.2	1.0	1.2	2.3	2.9	3.0	3.0	3.6	4.2
Account payable	(1.1)	(0.8)	(0.9)	(1.0)	(1.5)	(1.3)	(1.3)	(1.5)	(1.7)
Working Capital	0.1	0.2	0.3	1.3	1.4	1.7	1.6	2.1	2.5
Other assets (liabilities)	0.1	0.1	(0.2)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
<b>Net Working Capital</b>	<b>0.3</b>	<b>0.3</b>	<b>0.1</b>	<b>0.7</b>	<b>0.9</b>	<b>1.1</b>	<b>1.1</b>	<b>1.5</b>	<b>1.9</b>
Intangible assets	0.3	0.7	0.6	0.7	1.5	1.3	1.1	0.9	0.7
Goodwill	0.0	0.0	0.0	2.2	2.2	2.2	2.0	1.7	1.4
Property, plant and equipment	0.0	0.1	0.0	0.1	0.1	0.1	0.0	0.0	0.0
Equity investments and financial assets	0.0	0.0	0.0	0.8	0.0	0.0	0.0	0.0	0.0
<b>Non-current assets</b>	<b>0.3</b>	<b>0.8</b>	<b>0.7</b>	<b>3.7</b>	<b>3.8</b>	<b>3.6</b>	<b>3.1</b>	<b>2.6</b>	<b>2.2</b>
Provisions	(0.2)	(0.2)	(0.2)	(0.3)	(0.5)	(0.6)	(0.6)	(0.7)	(0.7)
<b>Net Invested Capital</b>	<b>0.4</b>	<b>0.9</b>	<b>0.7</b>	<b>4.2</b>	<b>4.2</b>	<b>4.1</b>	<b>3.6</b>	<b>3.5</b>	<b>3.4</b>
Bank debt	0.4	0.2	0.4	3.2	2.7	1.0	0.6	0.4	0.1
Cash and equivalents	(0.1)	(0.1)	(0.3)	(0.7)	(2.7)	(1.4)	(1.8)	(2.4)	(3.3)
<b>Net Debt (Cash)</b>	<b>0.3</b>	<b>0.1</b>	<b>0.1</b>	<b>2.5</b>	<b>(0.0)</b>	<b>(0.4)</b>	<b>(1.2)</b>	<b>(2.0)</b>	<b>(3.1)</b>
<b>Equity</b>	<b>0.1</b>	<b>0.8</b>	<b>0.6</b>	<b>1.7</b>	<b>4.2</b>	<b>4.5</b>	<b>4.8</b>	<b>5.5</b>	<b>6.5</b>
<b>Sources</b>	<b>0.4</b>	<b>0.9</b>	<b>0.7</b>	<b>4.2</b>	<b>4.2</b>	<b>4.1</b>	<b>3.6</b>	<b>3.5</b>	<b>3.4</b>

Source: Company data 2019-22PF, EnVent Research 2023-26E - Notes: 2019-21A EPR unconsolidated figures; 2021-22PF showing effect of Justbit 51% stake acquisition since year begin

## Consolidated Cash Flow

€m	2020A	2021A	2021PF	2022PF	2023E	2024E	2025E	2026E
<b>EBIT</b>	<b>0.2</b>	<b>0.2</b>	<b>0.7</b>	<b>0.7</b>	<b>0.5</b>	<b>0.4</b>	<b>1.1</b>	<b>1.4</b>
Current taxes	(0.1)	(0.1)	(0.3)	(0.4)	(0.1)	(0.1)	(0.3)	(0.4)
D&A	0.2	0.2	0.4	0.3	0.5	0.5	0.5	0.5
Provisions	0.0	(0.0)	0.1	0.2	0.2	(0.0)	0.1	0.1
<b>Cash flow from P&amp;L operations</b>	<b>0.3</b>	<b>0.2</b>	<b>0.8</b>	<b>0.9</b>	<b>1.0</b>	<b>0.8</b>	<b>1.3</b>	<b>1.5</b>
Working Capital	(0.0)	(0.2)	(1.1)	(0.1)	(0.3)	0.0	(0.5)	(0.3)
Other assets and liabilities	0.0	0.3	0.7	(0.0)	0.0	0.0	0.0	0.0
<b>Operating cash flow before capex</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>	<b>0.7</b>	<b>0.7</b>	<b>0.8</b>	<b>0.9</b>	<b>1.2</b>
Capex	(0.1)	0.0	(0.0)	(1.0)	(0.0)	(0.0)	(0.0)	(0.0)
<b>Operating cash flow after WC and capex</b>	<b>0.2</b>	<b>0.4</b>	<b>0.4</b>	<b>(0.2)</b>	<b>0.7</b>	<b>0.8</b>	<b>0.9</b>	<b>1.2</b>
Interest	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)	(0.1)	(0.0)	(0.0)
Equity investments and financial assets	0.0	(0.1)	(2.6)	(0.2)	(0.3)	0.0	0.0	0.0
Paid-in Capital	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0
IPO Proceeds	0.0	0.0	0.0	3.0	0.0	0.0	0.0	0.0
Dividends and other equity changes	0.0	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net cash flow</b>	<b>0.2</b>	<b>0.1</b>	<b>(2.4)</b>	<b>2.6</b>	<b>0.4</b>	<b>0.8</b>	<b>0.8</b>	<b>1.2</b>
(Net Debt) Cash - Beginning	(0.3)	(0.1)	(0.1)	(2.5)	0.0	0.4	1.2	2.0
(Net Debt) Cash - End	(0.1)	(0.1)	(2.5)	0.0	0.4	1.2	2.0	3.1
<b>Change in (Net Debt) Cash</b>	<b>0.2</b>	<b>0.1</b>	<b>(2.4)</b>	<b>2.6</b>	<b>0.4</b>	<b>0.8</b>	<b>0.8</b>	<b>1.2</b>

Source: Company data 2019-22PF, EnVent Research 2023-26E - Notes: 2019A-21A EPR unconsolidated figures; 2021PF cash flow may represent just a proxy of consolidated figures; 2021-22PF showing effect of Justbit 51% stake acquisition since FY21 year begin

## Ratio analysis

KPIs	2019A	2020A	2021A	2021PF	2022PF	2023E	2024E	2025E	2026E
ROE	53%	19%	6%	16%	7%	6%	6%	13%	15%
ROS (EBIT/Sales)	3%	5%	4%	9%	9%	5%	5%	10%	11%
DSO	77	72	73	93	102	101	102	103	104
DPO	85	79	69	61	70	70	70	70	70
WC/Sales	3%	4%	7%	17%	18%	19%	19%	20%	21%
NWC/Sales	6%	7%	3%	10%	11%	13%	12%	15%	16%
Net Debt/EBITDA	1.0x	0.3x	0.2x	2.3x	cash	cash	cash	cash	cash
Net Debt/Equity	2.4x	0.1x	0.1x	1.5x	cash	cash	cash	cash	cash
Net Debt/(Net Debt+Equity)	0.7x	0.1x	0.1x	0.6x	cash	cash	cash	cash	cash
Operating cash flow before capex/EBITDA	nm	84%	102%	37%	69%	76%	88%	56%	64%
Per-capita (total workforce) sales (€k)	154	135	159	130	119	124	112	128	140
Per-capita cost per employee (€k)	37	38	43	51	47	61	49	52	55

Source: Company data 2019A-22PF - EnVent Research 2023-26E; Notes: 2019A-21A EPR unconsolidated figures; 2021-22PF showing effect of Justbit 51% stake acquisition since FY21 year begin; Per-capita sales and costs per employee EnVent Research for 2022PF-26E

## Valuation

Value drivers:

- Market hungry of unprecedented digital solutions
- Appeal of relationships among institutions and media
- Quality clients and engagements
- Creativity by technology
- Client loyalty and repeat engagements

Our projections consider Justbit integration with EPR for the intrinsic higher growth rate and profitability of the digital business and cross-selling opportunities. Within the communication and advertising industry, we have identified clusters of companies that could represent benchmarks to EPR. The peer groups include companies diversified on size, business mix and scope of practice. However,

growth is driven by the same factors and dynamics, exposure to the same reference market and continuity of relationships with clients. We have excluded from our market multiples application of the pure Advertising cluster, given the difference of core services.

The valuation of EPR has been performed through:

- Discounted Cash Flows applied to our 2023-26E financial projections
- market multiples
- Sum of the Parts approach

### **Discounted Cash Flows**

Updated assumptions:

- Risk free rate: 4% (Italian 10-year government bonds interest rate - last 30 days average. Source: Bloomberg, October 2023)
- Market return: 12.5% (last 30 days average. Source: Bloomberg, October 2023)
- Market risk premium: 8.0%
- Beta: 1.2 (judgmental due to continuing volatility of market indicators)
- Cost of equity: 14.2%
- Cost of debt: 6.0%
- Tax rate: 24% IRES
- 30% debt/(debt + equity) as target capital structure
- WACC calculated at 11.3%, according to above data, from 10.7%
- Perpetual growth rate after explicit projections (G): 2.0%
- Terminal Value: sensitivity analysis on long-term EBITDA margin in the range 15%-22.5% and long-term growth rate in the range 1.5%-2.5%



### DCF Valuation

€m	2022PF	2023E	2024E	2025E	2026E	Perpetuity
<b>Revenues</b>	<b>8.1</b>	<b>9.1</b>	<b>8.9</b>	<b>10.6</b>	<b>12.0</b>	<b>12.3</b>
<b>EBITDA</b>	<b>1.1</b>	<b>1.0</b>	<b>0.9</b>	<b>1.5</b>	<b>1.8</b>	<b>2.1</b>
<i>Margin</i>	13.2%	10.6%	10.6%	14.5%	15.3%	17.5%
<b>EBIT</b>	<b>0.7</b>	<b>0.5</b>	<b>0.4</b>	<b>1.1</b>	<b>1.4</b>	<b>1.9</b>
<i>Margin</i>	8.9%	5.2%	5.1%	9.9%	11.4%	15.9%
Taxes - full rate estimates in case of earnings	(0.2)	(0.1)	(0.1)	(0.3)	(0.4)	(0.5)
<b>NOPAT</b>	<b>0.5</b>	<b>0.3</b>	<b>0.3</b>	<b>0.8</b>	<b>1.0</b>	<b>1.4</b>
D&A	0.3	0.5	0.5	0.5	0.5	0.2
Provisions	0.2	0.2	(0.0)	0.1	0.1	0.0
<b>Cash flow from operations</b>	<b>1.1</b>	<b>1.0</b>	<b>0.8</b>	<b>1.3</b>	<b>1.5</b>	<b>1.6</b>
Trade Working Capital	(0.1)	(0.3)	0.0	(0.5)	(0.3)	(0.2)
Capex	(1.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)
Equity investments and financial assets	(0.2)	(0.3)	0.0	0.0	0.0	0.0
<b>Yearly Unlevered Free Cash Flows</b>	<b>(0.2)</b>	<b>0.4</b>	<b>0.8</b>	<b>0.8</b>	<b>1.2</b>	<b>1.2</b>
<b>- H1 Unlevered Free Cash Flows</b>		<b>(0.1)</b>				
<b>Unlevered free cash flow</b>		<b>0.3</b>	<b>0.8</b>	<b>0.8</b>	<b>1.2</b>	<b>1.2</b>
WACC	11.3%					
Long-term growth (G)	2.0%					
<b>Discounted Cash Flows</b>		<b>0.3</b>	<b>0.7</b>	<b>0.7</b>	<b>0.8</b>	
Sum of Discounted Cash Flows	2.4					
<b>Terminal Value</b>						<b>13.1</b>
Discounted TV	9.0					
<b>Enterprise Value</b>	<b>11.4</b>					
Net (Debt) Cash as of 30/06/2023	(0.4)					
Minorities as of 30/06/2023	(0.1)					
<b>Equity Value</b>	<b>10.9</b>					

Source: EnVent Research

DCF - Implied multiples	2022PF	2023E	2024E	2025E	2026E
EV/Revenues	1.4x	1.3x	1.3x	1.1x	1.0x
EV/EBITDA	10.7x	11.8x	12.1x	7.4x	6.2x
EV/EBIT	15.9x	24.1x	25.4x	10.9x	8.4x
P/E	37.5x	37.8x	38.2x	14.9x	11.2x
<b>Discount of current market price vs DCF</b>	<b>-35%</b>				
Current market price - Implied multiples	2022PF	2023E	2024E	2025E	2026E
EV/Revenues	0.9x	0.8x	0.8x	0.7x	0.6x
EV/EBITDA	7.0x	7.7x	7.9x	4.8x	4.0x
EV/EBIT	10.3x	15.7x	16.5x	7.1x	5.4x
P/E	23.7x	23.9x	24.2x	9.4x	7.1x

Source: EnVent Research

### Sensitivity analysis

DCF Valuation (€m) - Sensitivity Analysis						
Long-run EBITDA margin						
15.0% 16.3% 17.5% 20.0% 22.5%						
Long-term growth (G)	1.50%	8.8	9.6	10.4	11.9	13.5
	1.75%	9.1	9.8	10.6	12.2	13.8
	2.00%	9.3	10.1	10.9	12.5	14.2
	2.25%	9.5	10.3	11.2	12.9	14.5
	2.50%	9.7	10.6	11.5	13.2	14.9

Source: EnVent Research

## Market multiples

Company	EV/REVENUES					EV/EBITDA					EV/EBIT					P/E				
	2021	2022	2023E	2024E	2025E	2021	2022	2023E	2024E	2025E	2021	2022	2023E	2024E	2025E	2021	2022	2023E	2024E	2025E
<b>PR and communication</b>																				
Omnicom	1.3x	1.4x	1.3x	1.3x	1.2x	7.7x	8.3x	8.2x	7.7x	7.4x	8.5x	9.1x	9.0x	8.4x	8.1x	11.1x	11.4x	10.0x	9.7x	9.2x
Next Fifteen Communications	4.1x	1.4x	1.2x	1.2x	1.1x	39.7x	9.6x	5.5x	5.0x	4.7x	88.6x	13.8x	6.1x	5.6x	5.2x	neg	neg	7.4x	7.3x	6.7x
Llorente & Cuenca	2.1x	1.3x	1.1x	1.0x	0.9x	12.5x	7.5x	6.4x	5.7x	5.3x	16.1x	9.5x	7.8x	6.9x	6.2x	25.1x	14.5x	11.6x	10.0x	8.9x
Hopscotch Global PR	0.2x	0.1x	0.1x	0.1x	0.1x	4.4x	3.6x	2.5x	2.3x	2.2x	5.5x	4.1x	3.8x	3.6x	3.2x	5.4x	6.5x	6.6x	6.0x	5.4x
<b>Mean</b>	<b>2.5x</b>	<b>1.3x</b>	<b>1.2x</b>	<b>1.2x</b>	<b>1.1x</b>	<b>20.0x</b>	<b>8.5x</b>	<b>6.7x</b>	<b>6.2x</b>	<b>5.8x</b>	<b>37.7x</b>	<b>10.8x</b>	<b>7.6x</b>	<b>7.0x</b>	<b>6.5x</b>	<b>18.1x</b>	<b>12.9x</b>	<b>9.7x</b>	<b>9.0x</b>	<b>8.3x</b>
<b>Median</b>	<b>2.1x</b>	<b>1.4x</b>	<b>1.2x</b>	<b>1.2x</b>	<b>1.1x</b>	<b>12.5x</b>	<b>8.3x</b>	<b>6.4x</b>	<b>5.7x</b>	<b>5.3x</b>	<b>16.1x</b>	<b>9.5x</b>	<b>7.8x</b>	<b>6.9x</b>	<b>6.2x</b>	<b>18.1x</b>	<b>12.9x</b>	<b>10.0x</b>	<b>9.7x</b>	<b>8.9x</b>
<b>Technology, AI, Big Data and analytics</b>																				
Alkemy	1.4x	0.6x	0.5x	0.5x	0.4x	16.0x	6.1x	4.5x	4.0x	3.6x	18.0x	7.3x	7.0x	5.6x	4.9x	29.4x	7.2x	9.1x	5.8x	4.8x
Digital360	2.5x	2.2x	1.5x	1.3x	n.a.	13.1x	22.6x	7.7x	6.4x	n.a.	25.0x	29.0x	8.9x	7.3x	n.a.	50.9x	nm	14.7x	11.2x	n.a.
Doxee	4.0x	2.1x	2.3x	1.9x	1.6x	nm	nm	nm	8.4x	5.7x	nm	nm	17.3x	24.8x	11.5x	nm	32.8x	neg	81.6x	14.0x
Datrix	2.0x	1.2x	1.3x	1.0x	0.7x	neg	neg	nm	7.7x	3.7x	neg	neg	neg	neg	6.2x	neg	neg	neg	neg	10.4x
Maps	1.8x	1.7x	1.6x	1.5x	1.3x	9.0x	7.9x	9.3x	6.5x	5.3x	19.4x	15.2x	28.3x	12.9x	9.1x	15.1x	11.7x	31.4x	11.6x	9.0x
Expert.ai	3.1x	1.9x	2.2x	2.0x	1.7x	neg	neg	nm	9.8x	6.1x	neg	neg	neg	neg	22.7x	neg	neg	neg	neg	31.2x
TMP	0.1x	1.0x	0.7x	0.5x	0.4x	0.5x	2.8x	2.1x	1.5x	1.2x	0.6x	5.7x	2.5x	1.8x	1.4x	0.0x	11.3x	3.7x	2.4x	2.1x
<b>Mean</b>	<b>2.5x</b>	<b>1.6x</b>	<b>1.6x</b>	<b>1.3x</b>	<b>1.1x</b>	<b>12.7x</b>	<b>12.2x</b>	<b>7.2x</b>	<b>7.1x</b>	<b>4.9x</b>	<b>20.8x</b>	<b>17.2x</b>	<b>15.4x</b>	<b>12.7x</b>	<b>10.9x</b>	<b>31.8x</b>	<b>17.2x</b>	<b>18.4x</b>	<b>27.6x</b>	<b>13.9x</b>
<b>Median</b>	<b>2.5x</b>	<b>1.6x</b>	<b>1.6x</b>	<b>1.3x</b>	<b>1.1x</b>	<b>12.7x</b>	<b>12.2x</b>	<b>7.2x</b>	<b>7.1x</b>	<b>4.9x</b>	<b>20.8x</b>	<b>17.2x</b>	<b>15.4x</b>	<b>12.7x</b>	<b>10.9x</b>	<b>31.8x</b>	<b>17.2x</b>	<b>18.4x</b>	<b>27.6x</b>	<b>13.9x</b>
<b>Digital marketing</b>																				
Ebiquity	0.8x	0.9x	0.8x	0.8x	0.8x	10.3x	neg	4.7x	4.2x	3.7x	15.8x	neg	5.5x	4.8x	4.3x	neg	neg	6.1x	5.1x	4.6x
SVZGY	1.8x	1.0x	1.0x	0.9x	0.9x	14.4x	10.4x	5.3x	5.2x	5.1x	18.8x	14.1x	17.5x	8.8x	8.5x	21.3x	neg	neg	9.5x	8.3x
DigiTouch	0.8x	0.8x	0.8x	0.6x	0.6x	5.5x	5.3x	4.6x	3.4x	3.2x	9.6x	8.0x	7.5x	5.2x	4.9x	12.1x	12.0x	9.9x	9.6x	n.a.
Neosperience	2.5x	2.0x	2.1x	1.8x	1.4x	8.7x	7.8x	6.7x	5.6x	4.3x	34.6x	33.3x	24.5x	14.3x	8.2x	72.9x	48.3x	29.8x	16.0x	8.5x
Websolute	1.7x	0.9x	0.9x	0.8x	0.7x	11.9x	10.5x	4.8x	4.1x	3.3x	30.2x	neg	10.9x	7.3x	5.2x	68.1x	neg	16.0x	10.6x	7.3x
ID-ENTITY	3.3x	2.1x	1.0x	0.9x	0.8x	11.5x	10.4x	5.3x	4.4x	3.8x	13.3x	12.1x	6.0x	4.8x	4.1x	15.6x	15.6x	8.5x	6.6x	5.3x
The Mission	0.5x	0.2x	0.5x	0.5x	0.4x	8.9x	5.0x	4.9x	3.4x	3.1x	10.8x	6.1x	8.0x	4.8x	4.3x	10.6x	na	4.1x	1.8x	1.6x
<b>Mean</b>	<b>1.7x</b>	<b>1.1x</b>	<b>1.0x</b>	<b>0.9x</b>	<b>0.8x</b>	<b>10.2x</b>	<b>8.2x</b>	<b>5.2x</b>	<b>4.3x</b>	<b>3.8x</b>	<b>19.0x</b>	<b>14.7x</b>	<b>11.4x</b>	<b>7.2x</b>	<b>5.6x</b>	<b>33.4x</b>	<b>25.3x</b>	<b>12.4x</b>	<b>8.5x</b>	<b>5.9x</b>
<b>Median</b>	<b>1.7x</b>	<b>1.1x</b>	<b>1.0x</b>	<b>0.9x</b>	<b>0.8x</b>	<b>10.2x</b>	<b>8.2x</b>	<b>5.2x</b>	<b>4.3x</b>	<b>3.8x</b>	<b>19.0x</b>	<b>14.7x</b>	<b>11.4x</b>	<b>7.2x</b>	<b>5.6x</b>	<b>33.4x</b>	<b>25.3x</b>	<b>12.4x</b>	<b>8.5x</b>	<b>5.9x</b>
<b>Combined Mean</b>	<b>2.1x</b>	<b>1.4x</b>	<b>1.3x</b>	<b>1.1x</b>	<b>1.0x</b>	<b>13.0x</b>	<b>9.3x</b>	<b>6.0x</b>	<b>5.7x</b>	<b>4.6x</b>	<b>23.7x</b>	<b>14.3x</b>	<b>11.7x</b>	<b>8.7x</b>	<b>7.6x</b>	<b>30.2x</b>	<b>19.2x</b>	<b>13.2x</b>	<b>14.0x</b>	<b>9.3x</b>
<b>Combined Median</b>	<b>1.9x</b>	<b>1.3x</b>	<b>1.2x</b>	<b>1.0x</b>	<b>0.9x</b>	<b>11.5x</b>	<b>8.1x</b>	<b>5.3x</b>	<b>5.4x</b>	<b>4.3x</b>	<b>18.0x</b>	<b>12.1x</b>	<b>8.5x</b>	<b>7.1x</b>	<b>6.2x</b>	<b>21.3x</b>	<b>13.3x</b>	<b>10.0x</b>	<b>9.6x</b>	<b>8.4x</b>
<b>Advertising</b>																				
WPP	1.3x	1.0x	1.1x	1.1x	1.1x	11.2x	8.7x	5.9x	6.0x	5.7x	13.3x	10.3x	7.6x	7.2x	6.8x	20.2x	11.1x	7.2x	6.8x	6.3x
Publicis Groupe	1.4x	1.5x	1.6x	1.5x	1.5x	8.0x	8.8x	7.1x	6.9x	6.6x	10.3x	10.1x	8.8x	8.5x	8.2x	14.4x	14.9x	10.4x	10.0x	9.7x
Hakuhodo DY	0.5x	0.4x	0.4x	0.4x	0.3x	10.7x	4.0x	4.9x	6.2x	5.5x	14.3x	5.1x	7.3x	9.0x	8.1x	26.8x	6.9x	n.a.	n.a.	n.a.
Dentsu	1.1x	0.9x	1.0x	0.9x	0.9x	5.6x	4.5x	6.1x	5.2x	4.6x	8.6x	6.5x	9.9x	7.4x	6.6x	10.4x	17.0x	n.a.	n.a.	n.a.
The Interpublic	1.8x	1.5x	1.5x	1.4x	1.4x	9.4x	7.9x	7.9x	7.6x	7.3x	11.2x	9.4x	8.9x	8.6x	8.3x	15.5x	11.6x	9.9x	9.9x	9.4x
BlueFocus Intelligent Com.	0.6x	0.4x	0.3x	0.3x	0.3x	25.9x	nm	17.8x	15.4x	12.9x	30.0x	nm	20.7x	16.7x	13.5x	50.7x	neg	33.6x	24.2x	17.8x
<b>Mean</b>	<b>1.1x</b>	<b>0.9x</b>	<b>1.0x</b>	<b>1.0x</b>	<b>0.9x</b>	<b>11.8x</b>	<b>6.8x</b>	<b>8.3x</b>	<b>7.9x</b>	<b>7.1x</b>	<b>14.6x</b>	<b>8.3x</b>	<b>10.5x</b>	<b>9.6x</b>	<b>8.6x</b>	<b>23.0x</b>	<b>12.3x</b>	<b>15.3x</b>	<b>12.7x</b>	<b>10.8x</b>
<b>Median</b>	<b>1.2x</b>	<b>0.9x</b>	<b>1.0x</b>	<b>1.0x</b>	<b>1.0x</b>	<b>10.0x</b>	<b>7.9x</b>	<b>6.6x</b>	<b>6.5x</b>	<b>6.2x</b>	<b>12.2x</b>	<b>9.4x</b>	<b>8.9x</b>	<b>8.6x</b>	<b>8.1x</b>	<b>17.8x</b>	<b>11.6x</b>	<b>10.2x</b>	<b>9.9x</b>	<b>9.5x</b>
	na	1.0x	0.8x	0.9x	0.7x	na	7.2x	8.0x	8.2x	5.0x	na	10.7x	16.2x	17.1x	7.3x	na	24.7x	24.9x	25.1x	9.8x

Source: EnVent Research on S&P Capital IQ, 24/10/2023 - Note: Hopscotch Global PR and TMP not included in mean and median

We have applied to our 2023-25E projections:

- the combined mean and median EV/Revenues and EV/EBITDA multiples of PR, Technology and Digital Marketing clusters
- a Sum of The Parts (SOP) approach, based on PR and Technology EV/Revenues mean, minimum and maximum multiples applied to communication and digital revenues respectively

### Market multiples application

Multiples - Comparables		(€m)	Combined Multiples	EV (€m)	Net (Debt) Cash (€m) 30/06/23	Minorities (€m) 30/06/23	Equity Value (€m)
<b>EPR</b>							
2023E	Revenues	9.1	Mean 1.3x	11.5	(0.4)	(0.1)	<b>11.0</b>
			Median 1.2x	10.7	(0.4)	(0.1)	<b>10.2</b>
2024E	Revenues	8.9	Mean 1.1x	9.9	(0.4)	(0.1)	<b>9.3</b>
			Median 1.0x	8.9	(0.4)	(0.1)	<b>8.3</b>
2025E	Revenues	10.6	Mean 1.0x	10.3	(0.4)	(0.1)	<b>9.8</b>
			Median 0.9x	9.1	(0.4)	(0.1)	<b>8.6</b>
<b>Mean 2023-25E</b>							<b>9.5</b>
<b>EBITDA</b>							
2023E	EBITDA	1.0	Mean 6.0x	5.8	(0.4)	(0.1)	<b>5.3</b>
			Median 5.3x	5.1	(0.4)	(0.1)	<b>4.6</b>
2024E	EBITDA	0.9	Mean 5.7x	5.4	(0.4)	(0.1)	<b>4.9</b>
			Median 5.4x	5.1	(0.4)	(0.1)	<b>4.6</b>
2025E	EBITDA	1.5	Mean 4.6x	7.0	(0.4)	(0.1)	<b>6.5</b>
			Median 4.3x	6.6	(0.4)	(0.1)	<b>6.1</b>
<b>Mean 2023-25E</b>							<b>5.3</b>

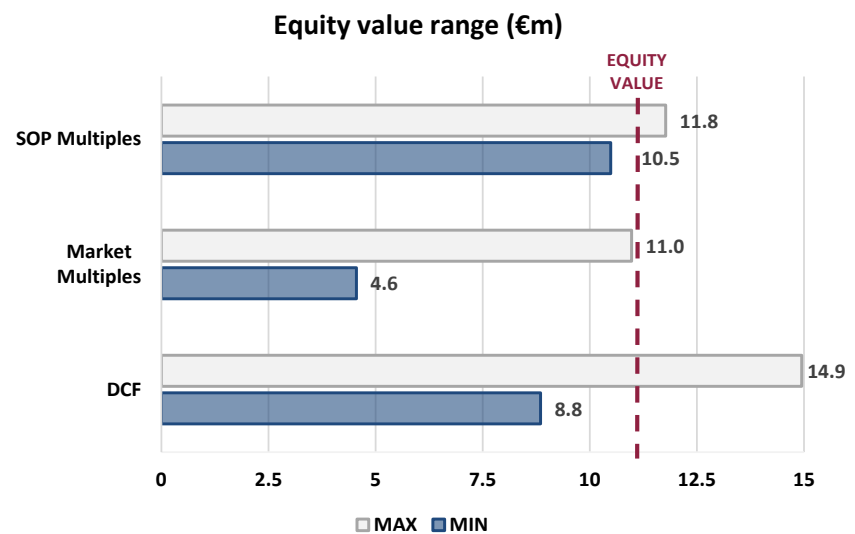
Source: EnVent Research

### SOP application

Multiples - Comparables	(€m)	EV/Rev multiple	EV/Rev multiple	Sum of the parts EV (€m)	Net (Debt) Cash (€m) 30/06/23	Minorities (€m) 30/06/23	Equity Value (€m)
EPR Communication Rev.		EPR Digital Rev. (incl. capit. R&D)					
2023E	5.5	Mean 1.2x	3.5	12.3	(0.4)	(0.1)	<b>11.7</b>
		Median 1.2x	3.5	12.3	(0.4)	(0.1)	<b>11.8</b>
2024E	4.2	Mean 1.2x	4.6	11.0	(0.4)	(0.1)	<b>10.5</b>
		Median 1.2x	4.6	11.1	(0.4)	(0.1)	<b>10.6</b>
2025E	5.0	Mean 1.1x	5.5	11.8	(0.4)	(0.1)	<b>11.3</b>
		Median 1.1x	5.5	11.9	(0.4)	(0.1)	<b>11.4</b>
<b>MEAN</b>							<b>11.2</b>

Source: EnVent Research

## Target Price



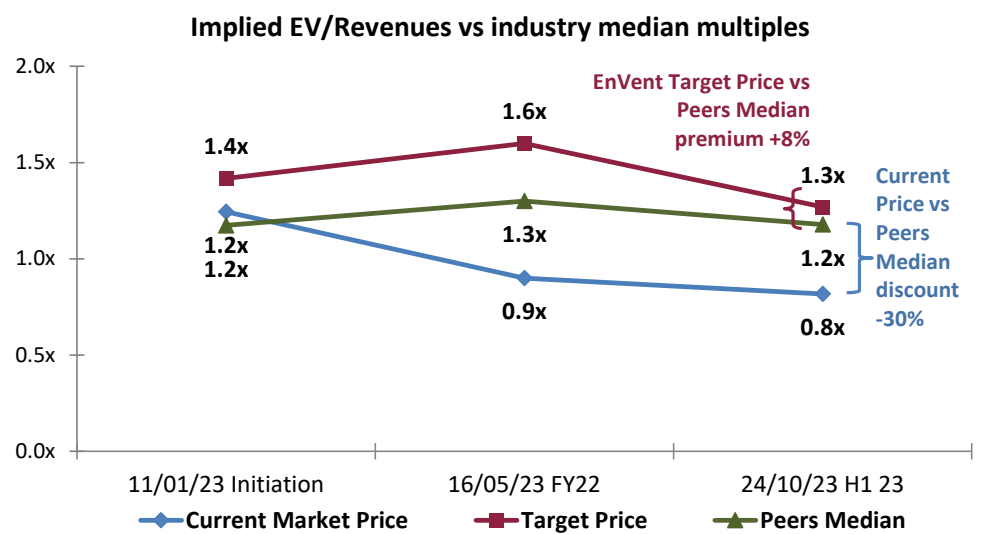
Source: EnVent Research

The range of values resulting through multiples application is still impacted by global deratings. This suggests a higher confidence in fundamentals, like DCF methodology-based values. Taking also into account the SOP multiples application, we identify an equity value of €11m, resulting in a target price per share of €3.92, from €5.00, which implies a 60% upside potential on EPR current stock price. We confirm the OUTPERFORM rating on the stock.

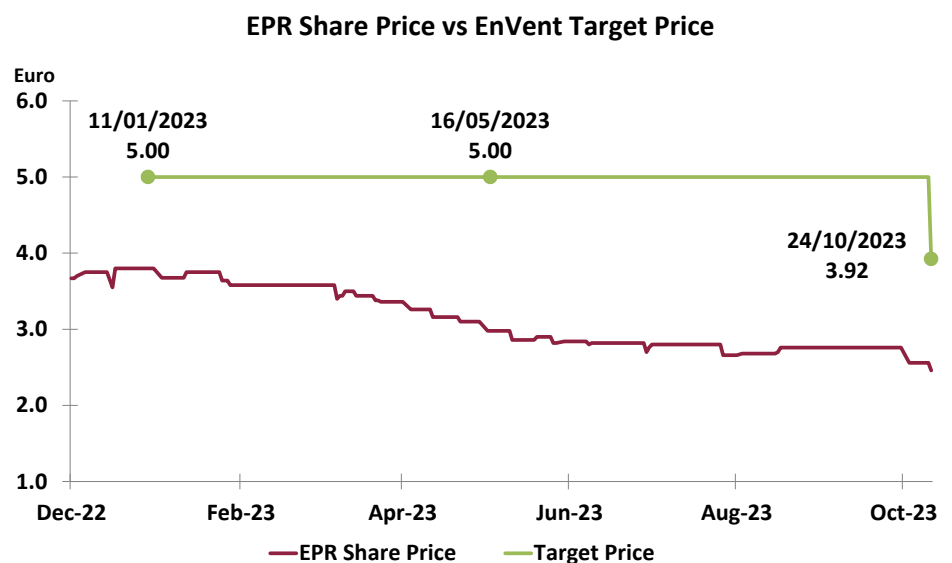
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<b>EPR Price per Share</b>	€
<b>Target Price</b>	<b>3.92</b>
Current Share Price (24/10/2023)	2.46
<b>Premium (Discount)</b>	<b>60%</b>

Source: EnVent Research



Source: EnVent Research on S&P Capital IQ, 24/10/2023



Source: EnVent Research on S&P Capital IQ, 24/10/2023

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Date and time of Production: 23/10/2023 h. 6.20pm

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## DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

Date	Recommendation	Target Price (€)	Share Price (€)
11/01/2023	OUTPERFORM	5.00	3.80
16/05/2023	OUTPERFORM	5.00	2.98
24/10/2023	OUTPERFORM	3.92	2.46

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