

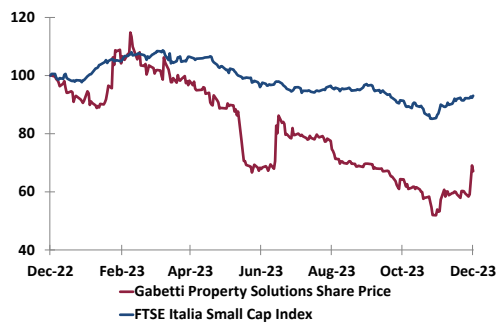


OUTPERFORM

Current Share Price (€): 0.77

Target Price (€): 1.50

Gabetti - 1Y Performance



Source: S&P Capital IQ - Note: 01/12/2022=100

Company data

ISIN number	IT0005023038
Bloomberg code	GAB IM
Reuters code	GAB.MI
Industry	Real Estate
Stock market	Euronext Milan
Share Price (€)	0.77
Date of Price	01/12/2023
Shares Outstanding (m)	60.3
Market Cap (€m)	46.5
Market Float (%)	41.1%
Daily Volume	0
Avg Daily Volume YTD	95,532
Target Price (€)	1.50
Upside (%)	95%
Recommendation	OUTPERFORM

Share price performance

	1M	3M	6M	1Y
Gabetti - Absolute (%)	26%	-4%	-2%	-33%
FTSE Italia Small Cap (%)	7%	-4%	-5%	-7%
1Y Range H/L (€)			1.32	0.60
YTD Change (€)/%			-0.28	-27%

Source: S&P Capital IQ

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Working to reshape revenue mix and profitability

Stock trading update

Over last 12 months, until mid-February 2023 Gabetti shares have traded in a side channel bounded between €1.0 and a peak of €1.3, to take a downward trend, gradually falling to the current price around €0.77. Overall, the stock lost 33% LTM, underperforming the Italia Small Cap Index, which in the same period lost around 7%.

9M results dealing with the incentives cut and ongoing market headwinds, Gabetti Lab on the rise in Q3 to offset H1 downturn and bring 2023 on track

9M 2023 figures depict a summary made of a 6 month downturn - facing an even worse industry fall - then offset by a fast recover in H2 and a substantial backlog.

Revenues were €117.2m, -7% on 9M 2022. Group EBITDA was €11.5m (9.8% margin vs 16.9% in 9M 2022). EBT was €0.8m vs €14.7m in 9M 2022, impacted by receivables writedown, interest and one-off capital loss from Grimaldi Franchising sale. Net debt at €41.4m from €12.0m as of year-end 2022, after Voxel acquisition, increasing accrued income and portfolio financing. A recover coming from GLab direct business, with €62.9m revenues, of which €40.9m in Q3 2023. Management expects revenues growth coming from the direct business to continue in Q4, counterbalancing former advisory services in H1, downsized after the regulatory change in tax incentives.

Challenging macroeconomic environment, solid industry drivers outlook

The ECB's proactive approach and economic slowdown should bring interest rates to lower levels over the medium term helping to cool down inflationary pressures, although geopolitics remain a headwind; regulatory uncertainties over tax incentives make the building renovation business volatile. Nonetheless major needs are rising: large part of Italy's real estate properties requires energy efficiency upgrading and refurbishment; urbanization is raising new needs in the residential segment, such as senior and student housing, co-living, multi-family properties; demand for professional property management is expected to grow in the coming years.

Target Price €1.50 per share and OUTPERFORM rating confirmed

Based on historical records, revenues and margins are mostly generated in H2, especially in the building renovation business. Factoring in 9M 2023 results, also considering the current macroeconomic environment and Group recent introduction of a direct contractor business, we fine-tuned our estimates for 2023-25E, confirming previous top-line and overall profitability projections. Gabetti is currently trading at 2023E EV/Revenues of 0.5x vs 0.7x for its peers. Our valuation leads to confirm our Target Price per share of €1.50, implying 0.7x EV/Revenues, 95% upside on current share price, and OUTPERFORM rating on the stock.

KEY FINANCIALS AND ESTIMATES (€m)	2021	2022	2023E	2024E	2025E
Revenues	167.3	151.8	155.2	165.0	165.5
YoY %	154%	-9%	2%	6%	0.3%
EBITDA	18.7	26.8	19.9	22.3	24.1
Margin	11%	18%	13%	14%	15%
EBIT	12.8	13.6	7.0	13.9	15.2
Margin	8%	9%	5%	8%	9%
Net Income	12.2	14.5	0.5	5.1	6.6
Trade Working Capital	22.2	37.8	64.6	62.0	69.4
TWC/Revenues	13%	25%	42%	38%	42%
Net (Debt) Cash	(8.2)	(12.0)	(36.5)	(27.6)	(26.8)
Equity	26.6	38.0	38.5	43.7	50.3
MULTIPLIES	2021	2022	2023E	2024E	2025E
EV/Revenues	0.4x	0.5x	0.5x	0.4x	0.4x
EV/EBITDA	3.9x	2.7x	3.7x	3.3x	3.0x
EV/EBIT	5.7x	5.4x	10.4x	5.3x	4.8x

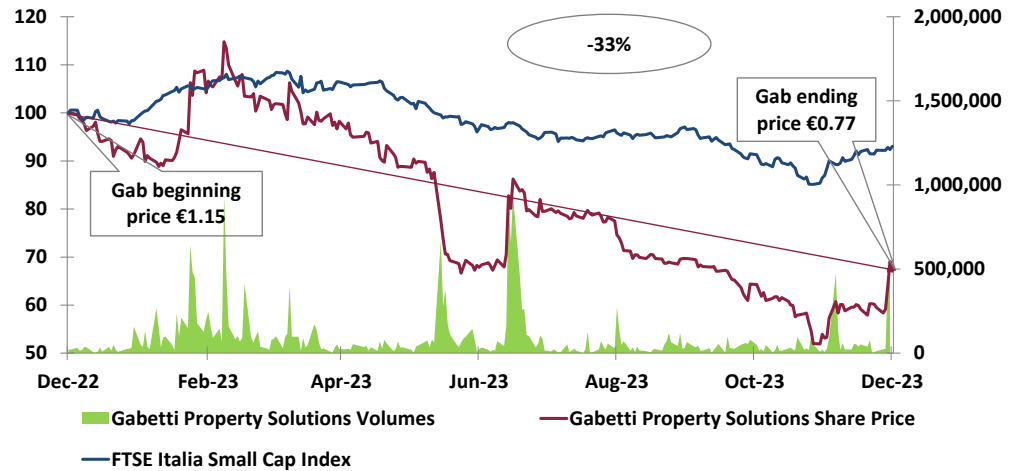
Source: Company data 2021-22A, EnVent Research 2023-25E

Market update

Trading price range €0.60-1.32 per share, with a peak in the first two months, then decline and a sharp recover, in the framework of prolonged mayhem on tax incentives policy

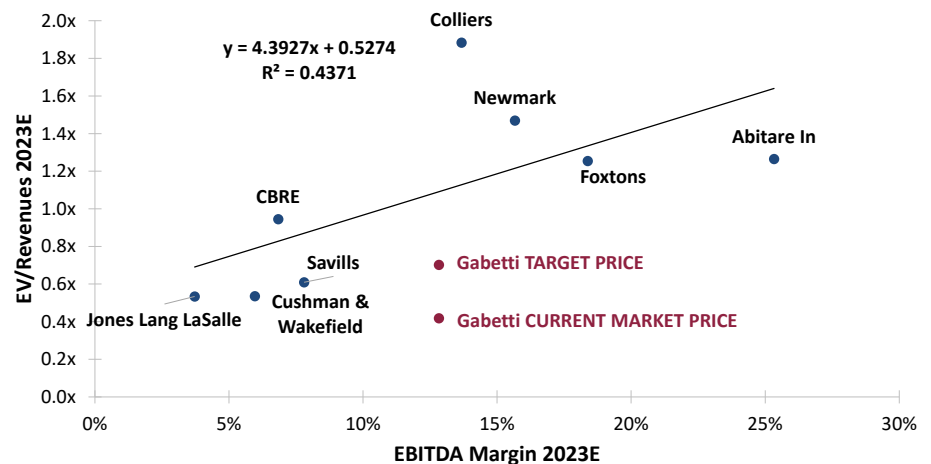
-33% for Gabetti Property Solutions, vs -7% of the Italia Small Cap index

Gabetti Property Solutions - 1Y Share price performance and trading volumes



Source: EnVent Research on S&P Capital IQ - Note: 01/12/2022=100

Real Estate services firms - Regression analysis and Gabetti target positioning



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

Investment case

Traditional and advanced real estate services

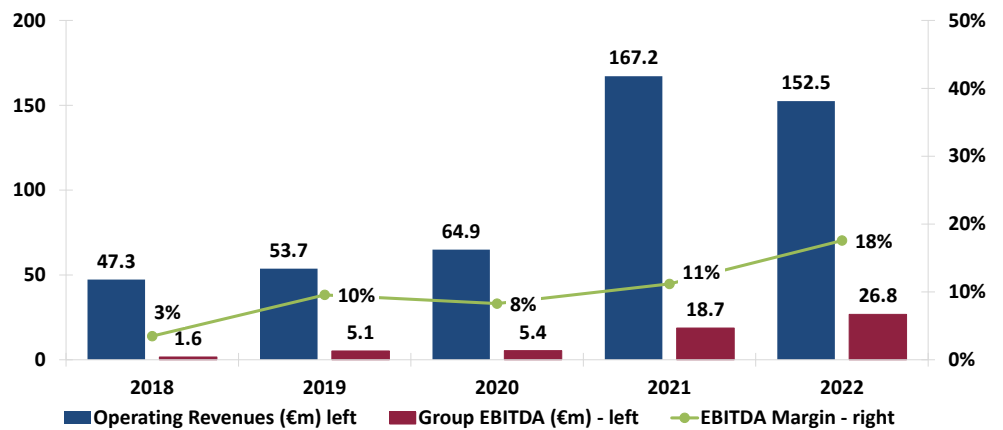
Gabetti Property Solutions, listed on Euronext Milan, is an Italian real estate services provider of the full range of brokerage, advisory and technical services, credit and insurance brokerage, and building renovation services, with over 70 years of track record and expertise across residential, office, production facilities & logistic, retail, hospitality, sporting and speciality properties.

Key figures (FY22):

- Revenues €152m
- €40bn valued assets
- €10.5bn assets under management

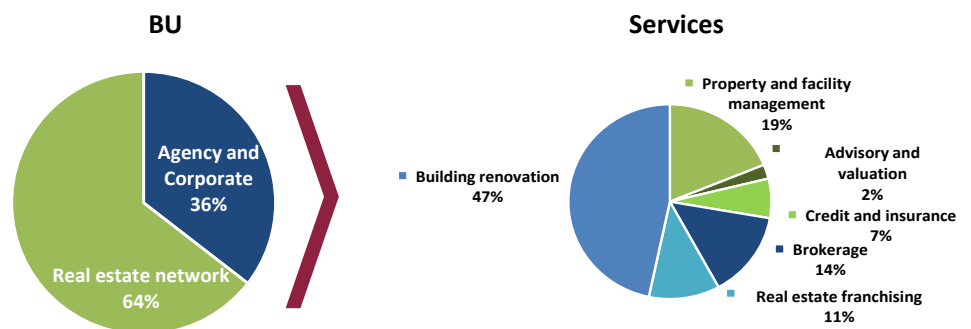
- Transactions worth €1bn
- Workforce of over 460 people
- 660 franchised agencies under Gabetti Franchising with 1,500 agents, 188 condo management associates, 352 associated renovation companies - current figures
- 10 regional corporate offices and 24 franchising corporate agencies in Italy

5Y Historical financial performance



Source: Company data - Note: Consolidated figures

Revenue breakdown, FY22



Source: Company data

Drivers

Industry drivers

Real estate industry sensitive to economic cycles and macroeconomic factors. Real estate market conditions have historically been and continue to be cyclical. The industry is influenced by macroeconomic factors, demographics and general economy conditions, such as interest rates, inflation trends and market liquidity, inherently correlated to prices and availability of real estate. Government policies and tax regulations also influence demand for real estate.

Defensive capital allocation to real estate. Investors continue to be interested in real estate as a core and growing asset class, with attractive returns compared to other investment options, especially when macroeconomic uncertainties put challenges on other asset allocations.

Permanent appeal of the residential market. Diversification in the type of housing offers opportunities going forward: more livable spaces and a shift to single-family rental property for the increased time spent at home reflect common post-pandemic needs. There is also demand for multi-family properties, student-housing and new formats like co-living. Senior housing, such as assisted care and living facilities, are experiencing a spike in investment interest, also supported by long-term demographics. Overall, residential assets have proven their resilience and investors are turning more towards this market segment as opposed to other assets with exposure to industry trends and dynamics such as offices, retail and Horeca.

Office sector amid a major reset: growth in corporate outsourcing. Offices are being impacted by falling rents and occupancy. The workplace is no longer seen as a fixed asset, but as an experience not tied to a physical location, but rather influenced by increased investments in amenities, technology, flexible layout, work models and green footprint. Given the widespread recognition about working environment critical role in employee welfare, corporate clients and investors are increasingly seeking comprehensive specialist professional advice.

RE 4.0: technology influences real estate investment decisions. Advances in technology, data and AI continue to transform how buildings are designed, built, operated and lived, as well as client expectations for real estate advisory competencies. Proptech has taken its place, reshaping the whole concept of real estate services, all interlinked with the future of work, changing workstyles and sustainability. Technology and e-commerce trends impact the attractiveness of certain assets, such as warehouses, data centers and telecom towers. The surge in online spending has increased demand for logistical properties by e-commerce operators.

Sustainability is a must-have. Preserving resources and environmental concerns are more than ever crucial factors in the analysis of real estate projects. Climate change is in the spotlight and ESG is now secured as a long-term priority for investors and tenants. Industry players are called to contribute in reducing the climate impact and mitigating environmental risks, since the buildings and buildings construction sectors are responsible globally for 30% of energy consumption and 27% of energy emissions (Source: International Energy Agency, *Buildings topics* at iea.org, on 2021 data).

Urbanization. Continuing moving trend towards most dynamic urban areas which attract professionals, students and skilled workers result in a restless need for investment in infrastructure and connectivity programs, mainly in residential areas, industrial sites, commercial properties and social infrastructure.

Home rental from DIY to professionalization. The home rental market is more and more becoming professionally managed. As long as homeowners discover short/mid/long-term rents as business opportunity, the demand for professional property management will keep growing in the years to come and is expected to foster new forms of hospitality and related services.

Italian real estate properties obsolete and poorly energy efficient: need for massive refurbishment. In Italy more than 40% of properties were built before 1976 and 18% before 1945 (Source: ENEA, *Rapporto Annuale Efficienza Energetica*, 2021). In addition, as to energy, most buildings show the lower energy efficiency classes. As a consequence, the potential market for refurbishment and energy retrofitting is huge.

Tax credits and incentives. For buildings renovation, especially the adaptation to environmental-friendly regulations and energy saving retrofitting, homeowners in Italy are entitled to certain tax benefits. In addition, the medium/long run energy efficiency targets set by EU for real estate properties, combined with the current status of Italian real estate stock, will continue to drive demand for renovation.

Company drivers

Multidisciplinary skills and integrated business model built around property. The portfolio of comprehensive and complementary real estate services is supported by decades of local market experience. The multi-service offering, based on an integrated business model and verticals, addresses the entire lifecycle of real estate. Business model is designed to facilitate cross-selling opportunities across service lines.

Value proposition to serve a diversified set of clients. Services are provided to both B2B and B2C clients who represent a wide range of industries: residential, offices, hospitality, industrial & logistics, infrastructure, retail, sporting facilities. The diversity of services and market segments reflects the accrued knowledge and expertise.

Recurring client relationships. The client-driven focus enables to develop and sustain long-term client relationships that generate repeat business and create recurring revenue opportunities, especially for technical services. Superior service is delivered through ongoing staff investment and training, processes and tools that support client relationship management.

National brand and reputation. Gabetti is a nationwide player, with an extended presence through direct regional offices and franchised agencies. The brand has over 70 years of history and has been awarded national Historic Brand, a reputation coming from industry knowledge and breadth of professional real estate services.

Defensive real estate industry player. Gabetti services include brokerage, consultancy engagements, management and outsourcing support, a low-risk business model compared to real estate services and investment firms which also undertake direct investments.

Acquisitions of companies and new businesses. Gabetti has a proven track record of identifying, executing and integrating acquisitions and of establishing new businesses to fill market needs along the real estate value chain.

Quality of the inhouse industry research department. The analysis and monitoring of the real estate sector and its market segments, provided by the inhouse research department, support internal professionals and network brokers. Research also investigates emerging trends to reshape services based on evolving clients' needs.

Challenges

Ongoing headwinds for geopolitical instability and inflationary pressures. In the last decade, low interest rates and increased funding activities have triggered prices, especially in the residential market segment. Currently, inflation is one of the biggest areas of risk, followed by geopolitical tensions. Rising interest rates are a major challenge for investors and private property buyers. Geopolitical risks bring changed market dynamics and governments influence in economies. Current uncertainties may also counterbalance the real estate perception as defensive investment.

Low/medium barriers to entry, high rivalry. The competitive arena of the real estate services industry is fragmented and heterogeneous, populated by multinational companies, domestic and local businesses. Barriers to entry are generally low or medium, however, scale and network represent obstacles to new entrants. As to building renovation segment, current market trends and low barriers, along with tax benefits, have pushed newcomers to enter the market.

Downsizing of tax incentives and regulatory changes. The exceptional benefits introduced in last years to help recovery from economy slowdowns have been major boosters for the building renovation market in recent years. The downsizing of tax incentives to building renovations and other tax benefits may normalize

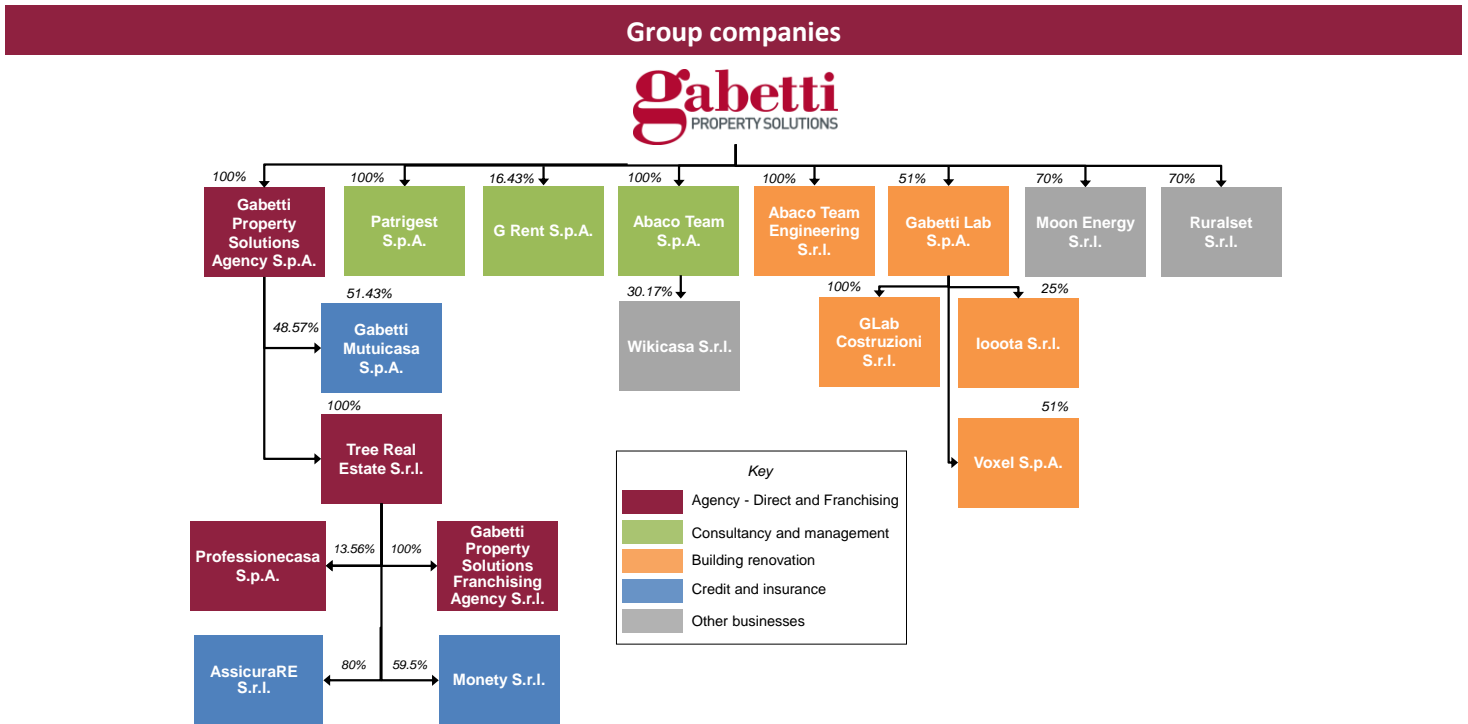
growth and profitability in the industry.

Managing multi-service organization. Attraction and retention of talents who have to deal with a mix of emotional and rational behaviors of B2C individual clients. This includes developing an effective base of brokers, both at direct and franchisee level, educated at gaining trust as a key competitive advantage. Conversely, for B2B services, technical skills, track record, tangible quality of service and innovation require continuous professional advancement and upgrading of solutions.

Period corporate facts

- January 2023: Professionecasa SpA share capital increase; Tree Real Estate Srl current stake 13.6%
- February 2023: Wikicasa Srl share capital increase; Abaco Team SpA current stake 30.2%
- March 2023: GLab Costruzioni Srl founded to act as a contractor; Gabetti Lab SpA stake 100%
- April 2023: Tree Real Estate Srl sold a 10% stake in Assicurare Srl (current stake 80%)
- May 2023: GLab Costruzioni, through Recrowd (Italian real estate lending crowdfunding platform), obtained a €2.5m loan for the renovation of 12 condos in Italy
- June 2023: Gabetti Lab acquired 51% of Voxel SpA for €0.3m, an Italian general contractor for building renovations and renewable energy
- June 2023: 100% of Grimaldi Immobiliare was dismissed through a management buy-out transaction
- July 2023: agreement with a bank for the Superbonus tax credits, up to €70m
- July 2023: €15m of shareholder loan by Marcegaglia Holding to boost the completion of building renovation projects by 2023 year end
- October 2023: Consorzio Work & Build has been wound up
- October 2023: additional agreement with a bank for the Superbonus tax credits, up to €15m

Following the above transactions, the updated group structure is:



Source: Company data, update 30/09/2023

Business update: Gabetti Lab to replace declining superbonus revenues

Gabetti Lab direct business - At the end of 2022 Gabetti introduced the direct business to complement the advisory services for building renovations, a move to counterbalance the sales downturn generated by tax credit framework uncertainties. According to Company's management, direct onboarding of construction and renovations works permits to avoid interruptions and other troubles implied in smaller sub-contractors chains. To execute this program, Gabetti Lab has established a dedicated BU, a dedicated subsidiary and in June 2023 acquired 51% of Voxel for €0.3m, an Italian general contractor.

In 9M 2023 Gabetti Lab revenues were €62.9m, of which €40.9m generated in Q3 2023. Gabetti Lab revenues also include €7.1m related to Smart Building, a new business started in 2023 consisting of installation and management services of HW and SW solutions to monitor energy consumption in buildings.

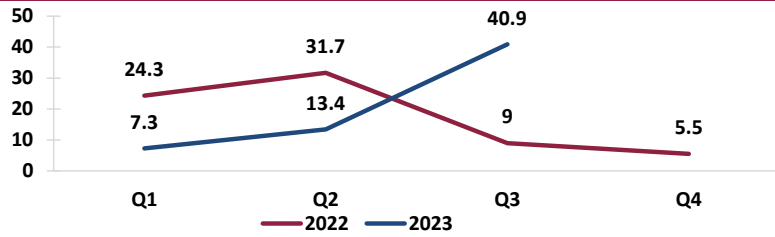
Management expects revenues growth coming from the direct business to continue in Q4, counterbalancing former advisory services in H1, downsized after the regulatory change in tax incentives.

The following graph shows how Gabetti Lab is promptly replacing advisory services as major revenue generator and is going to be a major driver for 2024 onward expected performance

Direct engagements and smart building services reshape the advisory profile toward technology provider

GLab jump offsets the H2 22 and H1 23 decline

Gabetti Lab 2022-2023 quarter revenues (€m)



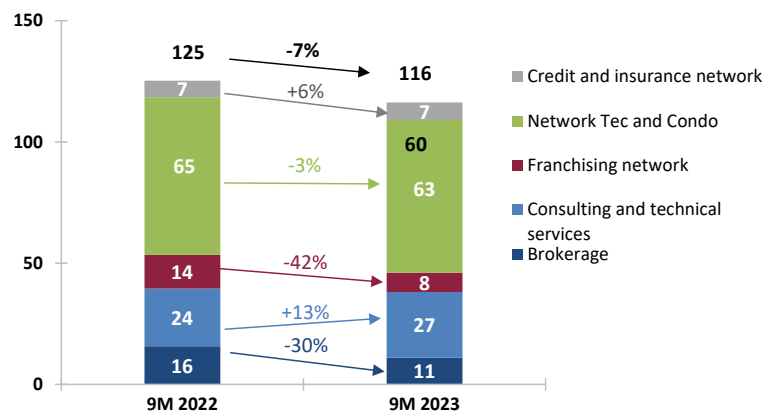
Source: Company data

9M 2023

Gabetti unveiled financial key figures as of September 30th 2023:

- Revenues €117.2m, -7% on 9M 2022
- EBITDA
 - Group €11.5m, 9.8% margin vs 16.9% in 9M 2022
 - BU Agency and Corporate €2.3m vs €4.5m in 9M 2022
 - BU Real Estate Network €10.0m vs €17.1 in 9M 2022
- EBT was €0.8m vs €14.7m in 9M 2022, impacted by receivables writedown, interest and one-off capital loss from Grimaldi Franchising sale
- Net financial debt as of September 2023 at €41.4m, of which €5.6m leases from IFRS 16 application and €3.7m stemming from the acquisition of Voxel, from €12.0m as of year-end 2022. An additional substantial increase is due to financing rising GLab works

Revenue breakdown by service (€m)



Source: Company data; Note: rounded figures

Segment performance

**Market framework:
according to management
downturn over 60% in the
domestic corporate sector**

BU		€m	YoY (%)
Agency:	Luxury Santandrea	€3.36m	-24%
	Home value	€3.45m	-28%
	Corporate	€3.45m	-38%
	Portfolio management	€0.78m	-15%
Corporate services:	Abaco	€23.48m	+9%
	Patrigest	€3.49m	+47%
	Ruralset	€53k	-
Agency and Corporate		€38.09m	-4%
Real Estate network	Franchising	€8.03m	-42%
	Condo and tec network	€62.93m	-3%
	Financial network	€7.21m	+6%
Real Estate network		€78.19m	-9%

Source: Company data

Income Statement

€m	9M 2022	9M 2023
Revenues	125.3	116.3
Other income	0.8	0.9
Total Revenues	126.1	117.2
YoY %	-	-7.0%
Operating costs	(104.4)	(104.9)
EBITDA Holding	(0.1)	(0.6)
EBITDA Other businesses	(0.2)	(0.3)
Group EBITDA	21.3	11.5
Write-down of receivables	(5.1)	(4.6)
Provisions and other costs	(0.0)	(0.7)
D&A	(2.0)	(2.0)
EBIT	14.3	4.2
Margin	11.3%	3.6%
Interest	(0.8)	(3.2)
Capital gain (loss)	1.1	(0.2)
EBT	14.6	0.8
Margin	11.6%	0.7%
Minorities	(5.5)	(2.4)
Group EBT	9.1	(1.6)

Source: Company data

Balance Sheet

€m	2022	9M 2023
Net Invested Capital	50.0	78.5
Net Debt (Cash)	12.0	41.4
Equity	38.0	37.2
Sources	50.0	78.5

Macro scenario and outlook

In the first nine months of 2023, domestic corporate real estate recorded investment for €3.5bn, reflecting a noteworthy -63% on the corresponding period in 2022 (Source: Gabetti Research Office), while Gabetti's Agency revenues were down by 30% YoY.

Notably, several sub-sectors witnessed substantial declines: Industrial/Logistics (-51%), Living (-40%), Offices (-86%), Hospitality (-52%), Retail (-30%), Other Use (-63%), and Mixed Use (-93%). In stark contrast, Healthcare stood out as a remarkable exception, experiencing an impressive surge of 206%.

Gabetti 9M operating cash flow recorded heavy working capital financing needs, consistent with the new direct contractor activity, however management expects to recover in Q4 through the year-end concentration of accrued receivables.

In the short-term perspective geopolitical headwinds and the regulatory uncertainties around tax incentives continue to stir volatility in the building renovation business. ECB's proactive approach and economic slowdown should bring interest rates to lower levels over the medium term helping to cool down inflationary pressures.

Besides, considerable portion of Italy's real estate demands energy efficiency upgrades and refurbishments. Urbanization is driving up the residential segment, with a surge in senior and student housing, co-living spaces, and multi-family properties. The anticipated spike in professional property management trend is set to play out in the coming years.

Estimates revision

In Q4 2023, we expect turnover upswing, thanks to the growing backlog of Gabetti Lab direct business. We assume in our projection a debt financial position consistent with this activity, which requires higher cash use in the early stages of projects. The current market environment should dent profitability through higher debt and credit transfer costs. Factoring in 9M 2023 figures, we confirm our top-line projections for 2023-25E, expecting 3% CAGR revenue growth and lower profitability in 2023 compared to 2022 (i.e. 13% vs 18%), sequentially recovering in the coming years.

Change in estimates

€m	Revised			Previous			Change % (Rev vs Prev)		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Revenues	155.2	165.0	165.5	155.2	165.0	165.5	0%	0%	0%
EBITDA	19.9	22.3	24.1	19.9	22.3	24.1	0%	0%	0%
<i>Margin</i>	13%	14%	15%	13%	14%	15%			
EBIT	7.0	13.9	15.2	7.0	13.9	15.2	0%	0%	0%
<i>Margin</i>	5%	8%	9%	5%	8%	9%			
Net Income (Loss)	0.5	5.1	6.6	1.3	5.1	6.6	-63%	0%	0%
Net Debt (Cash)	38.1	27.7	26.9	37.1	28.2	27.4	-3%	2%	2%

Source: EnVent Research

Financial projections

Consolidated Profit and Loss

€m	2021	2022	2023E	2024E	2025E
Revenues	165.5	150.2	153.6	163.4	163.9
Other income	1.8	1.6	1.5	1.6	1.6
Total Revenues	167.3	151.8	155.2	165.0	165.5
YoY %	153.7%	-9.3%	2.2%	6.4%	0.3%
Services	(129.7)	(104.6)	(113.7)	(119.9)	(116.0)
Personnel	(14.9)	(16.0)	(15.4)	(16.3)	(18.0)
Other operating expenses	(4.1)	(4.3)	(6.1)	(6.5)	(7.4)
Operating costs	(148.6)	(125.0)	(135.3)	(142.7)	(141.5)
EBITDA Adjusted	18.7	26.8	19.9	22.3	24.1
Margin	11.2%	17.7%	12.8%	13.5%	14.6%
Write-down of receivables	(2.6)	(10.3)	(10.0)	(5.0)	(5.0)
Provisions and other costs	(0.6)	(0.2)	0.0	0.0	0.0
EBITDA	15.4	16.3	9.9	17.3	19.1
Margin	9.2%	10.7%	6.4%	10.5%	11.5%
D&A	(2.6)	(2.7)	(2.9)	(3.4)	(3.9)
EBIT	12.8	13.6	7.0	13.9	15.2
Margin	7.7%	9.0%	4.5%	8.4%	9.2%
Interest	(0.5)	(1.0)	(5.0)	(6.4)	(5.7)
Capital gain (loss)	0.0	1.5	(1.0)	0.0	0.0
Write-down of investments and financial receivables	(0.6)	(1.0)	0.0	0.0	0.0
EBT	11.7	13.1	1.0	7.4	9.5
Margin	7.0%	8.6%	0.6%	4.5%	5.7%
Income taxes	0.5	1.5	(0.5)	(2.3)	(2.9)
Net Income (Loss)	12.2	14.5	0.5	5.1	6.6
Margin	7.3%	9.6%	0.3%	3.1%	4.0%

Source: Company data 2022A, EnVent Research 2023-25E

Consolidated Balance Sheet

€m	2021	2022	2023E	2024E	2025E
Trade receivables	134.0	192.3	186.4	180.3	180.8
Trade payables	(111.8)	(154.5)	(120.2)	(118.3)	(111.4)
Trade Working Capital	22.2	37.8	66.2	62.0	69.4
Other assets (liabilities)	0.1	0.2	0.2	0.2	0.2
Net Working Capital	22.3	38.0	66.4	62.2	69.6
Intangible assets	1.3	1.4	1.5	1.5	1.3
Goodwill	8.2	7.9	5.8	5.8	5.8
Property, plant and equipment	7.1	6.7	6.8	5.9	4.7
Equity investments and financial assets	1.0	1.1	1.1	1.1	1.1
Non-current assets	17.6	17.1	15.2	14.2	12.8
Provisions	(5.1)	(5.1)	(5.0)	(5.1)	(5.3)
Net Invested Capital	34.8	50.0	76.6	71.3	77.1
Net Debt (Cash)	8.2	12.0	38.1	27.7	26.9
Equity	26.6	38.0	38.5	43.6	50.2
Sources	34.8	50.0	76.6	71.3	77.1

Source: Company data 2021A, EnVent Research 2023-25E

Consolidated Cash Flow

€m	2022	2023E	2024E	2025E
EBIT	13.6	7.0	13.9	15.2
Current taxes	1.5	(0.5)	(2.3)	(2.9)
D&A	2.7	2.9	3.4	3.9
Provisions	(0.1)	(0.1)	0.1	0.2
Cash flow from P&L operations	17.7	9.3	15.1	16.4
Trade Working Capital	(15.7)	(28.4)	4.2	(7.4)
Other assets and liabilities	(0.1)	(0.0)	(0.0)	(0.0)
Capex	(2.0)	(1.0)	(2.5)	(2.5)
Operating cash flow after WC and capex	(0.0)	(20.0)	16.8	6.5
Interest	(1.0)	(5.0)	(6.4)	(5.7)
Capital gain (loss)	1.5	(1.0)	0.0	0.0
Write-down of investments and financial receivables	(1.0)	0.0	0.0	0.0
Equity investments and financial assets	(0.1)	0.0	0.0	0.0
Changes in Equity	(3.1)	0.0	(0.0)	0.0
Net cash flow	(3.8)	(26.1)	10.4	0.8
Net Debt (Beginning)	(8.2)	(12.0)	(38.1)	(27.7)
Net Debt (End)	(12.0)	(38.1)	(27.7)	(26.9)
Change in Net Debt (Cash)	(3.8)	(26.1)	10.4	0.8

Source: Company data 2022A, EnVent Research 2023-25E

Ratio analysis

KPIs	2021	2022	2023E	2024E	2025E
ROE	46%	38%	1%	12%	13%
ROS (EBIT/Revenues)	8%	9%	5%	8%	9%
ROIC (NOPAT/Invested Capital)	72%	72%	72%	72%	72%
DSO	242	383	363	330	330
DPO	250	424	300	280	270
TWC/Revenues	13%	25%	43%	38%	42%
NWC/Revenues	13%	25%	43%	38%	42%
Net Debt/EBITDA adj	0.4x	0.4x	1.9x	1.2x	1.1x
Net Debt/Equity	0.3x	0.3x	1.0x	0.6x	0.5x
Net Debt/(Net Debt+Equity)	0.2x	0.2x	0.5x	0.4x	0.3x
Cash flow from P&L operations/EBITDA	0%	66%	47%	68%	68%
FCF/EBITDA	neg	neg	neg	75%	27%
Basic EPS (€)	0.137	0.193	0.006	0.068	0.088
Book Value per share (€)	0.371	0.567	0.573	0.640	0.728

Source: Company data 2022A, EnVent Research 2023-25E

Valuation

We have updated our valuation of Gabetti through DCF, market multiples and Sum of the Parts.

Discounted Cash Flows

Updated assumptions:

- Risk free rate: 3.9% (Italian 10-year government bonds interest rate – 30 days average. Source: Bloomberg, December 2023)

- Market return: 13.1% (30 days average. Source: Bloomberg, November 2023)
- Market risk premium: 9.3%
- Beta: 1.2 (judgmental)
- Cost of equity: 14.5%
- Cost of debt: 6%
- Tax rate: 24% (IRES)
- 40% debt/(debt + equity) as target capital structure
- WACC calculated at 10.5%, according to above data
- Perpetual growth rate after explicit projections (G): 2%
- Terminal Value assumes a 12.5% EBITDA margin

DCF Valuation

€m	2021	2022	2023E	2024E	2025E	Perpetuity
Revenues	167.3	151.8	155.2	165.0	165.5	168.9
EBITDA Adjusted	18.7	26.8	19.9	22.3	24.1	21.1
<i>Margin</i>	<i>11.2%</i>	<i>17.7%</i>	<i>12.8%</i>	<i>13.5%</i>	<i>14.6%</i>	<i>12.5%</i>
EBIT	12.8	13.6	7.0	13.9	15.2	19.4
<i>Margin</i>	<i>7.7%</i>	<i>9.0%</i>	<i>4.5%</i>	<i>8.4%</i>	<i>9.2%</i>	<i>11.5%</i>
Taxes	(3.6)	(3.8)	(1.9)	(3.9)	(4.2)	(5.4)
NOPAT	9.2	9.8	5.0	10.0	10.9	14.0
D&A			2.9	3.4	3.9	1.7
Provisions			(0.1)	0.1	0.2	0.0
Cash flow from operations			7.9	13.5	15.1	15.7
Trade Working Capital			(28.4)	4.2	(7.4)	(2.1)
Other assets and liabilities			(0.0)	(0.0)	(0.0)	0.0
Capex			(1.0)	(2.5)	(2.5)	(1.7)
Yearly unlevered free cash flow			(21.5)	15.3	5.1	11.9
- H1 unlevered free cash flow			8.6			
Free cash Flow to be discounted			(12.9)	15.3	5.1	11.9
WACC	10.5%					
Long-term growth (G)	2.0%					
Discounted Cash Flows			(12.2)	13.1	4.0	
Sum of Discounted Cash Flows	4.9					
Terminal Value						139.3
Discounted TV	108.5					
Enterprise Value	113.4					
Net debt 30/06/23	(24.4)					
Minorities 30/06/23	(2.2)					
Equity Value	86.8					

Source: EnVent Research

Market multiples valuation

We have applied to our 2023-24E estimates the combined median EV/Revenues and EV/EBITDA multiples of the selected peer groups.

Company	EV/REVENUES				EV/EBITDA			
	2022	2023E	2024E	2025E	2022	2023E	2024E	2025E
Gabetti	0.5x	0.4x	0.4x	0.4x	3.0x	3.3x	2.9x	2.7x
Real estate services firms								
CBRE	0.9x	0.9x	0.9x	0.8x	12.9x	13.8x	12.2x	10.5x
Jones Lang LaSalle	0.5x	0.5x	0.5x	0.5x	7.8x	14.4x	10.5x	8.9x
Cushman & Wakefield	0.6x	0.5x	0.5x	0.5x	8.5x	9.0x	7.4x	6.5x
Colliers	1.6x	1.9x	1.8x	1.7x	11.3x	13.8x	12.4x	11.2x
Newmark	1.1x	1.5x	1.4x	1.2x	6.3x	9.4x	9.3x	7.6x
Savills	0.5x	0.6x	0.6x	0.6x	6.1x	7.8x	6.5x	5.7x
Foxtons	0.9x	1.3x	1.2x	1.1x	7.4x	6.8x	5.7x	5.1x
Abitare In	10.7x	1.3x	1.0x	0.9x	17.5x	5.0x	3.9x	3.5x
Mean	2.1x	1.1x	1.0x	0.9x	9.7x	10.0x	8.5x	7.4x
Median	0.9x	1.1x	0.9x	0.9x	8.2x	9.2x	8.3x	7.1x
Franchisors								
Anywhere Real Estate	0.6x	0.7x	0.6x	0.6x	8.4x	17.2x	10.3x	7.7x
LSL Property Services	0.7x	1.3x	1.3x	1.2x	6.0x	13.0x	7.3x	6.0x
RE/MAX	0.8x	0.3x	0.3x	0.3x	3.0x	1.0x	1.0x	0.9x
Belvoir	2.1x	2.7x	2.5x	2.4x	7.4x	9.1x	8.4x	8.2x
Mean	1.1x	1.2x	1.2x	1.1x	6.2x	10.1x	6.8x	5.7x
Median	0.8x	1.0x	1.0x	0.9x	6.7x	11.0x	7.9x	6.9x
Facility management and building renovation specialists								
ABM Industries	0.5x	0.5x	0.5x	0.5x	8.7x	7.6x	8.3x	8.0x
Mears	0.4x	0.4x	0.4x	0.4x	7.2x	3.8x	4.0x	3.9x
City Service	0.7x	na	na	na	9.2x	na	na	na
EdiliziAcrobatica	0.9x	0.7x	0.7x	0.6x	4.0x	4.7x	4.0x	3.4x
Imprendiroma	1.0x	0.4x	0.5x	0.4x	4.7x	2.0x	2.1x	1.8x
Mean	0.7x	0.5x	0.5x	0.5x	6.8x	4.5x	4.6x	4.3x
Median	0.7x	0.5x	0.5x	0.5x	7.2x	4.3x	4.0x	3.6x
Combined Mean	1.4x	1.0x	0.9x	0.9x	8.0x	8.6x	7.1x	6.2x
Combined Median	0.8x	0.7x	0.7x	0.6x	7.4x	8.4x	7.4x	6.3x
Property managers								
Vacasa	0.4x	0.1x	0.1x	0.1x	neg	5.2x	3.1x	1.6x
Sonder	3.3x	2.8x	2.2x	1.8x	neg	neg	nm	nm
HomeToGo	1.0x	1.2x	1.0x	0.8x	neg	nm	35.4x	10.9x
CleanBnB	0.5x	0.1x	0.1x	0.1x	neg	1.9x	1.2x	0.8x
Emma Villas	n.a.	0.6x	0.5x	1.1x	n.a.	22.6x	14.5x	10.2x
G Rent	7.1x	na	na	na	neg	na	na	na
Mean	2.5x	0.9x	0.8x	0.8x	nm	nm	13.6x	5.9x
Median	2.5x	0.9x	0.8x	0.8x	nm	nm	13.6x	5.9x
Tech real estate brokers								
Compass	0.2x	0.3x	0.3x	0.3x	neg	nm	15.4x	6.7x
Redfin	0.6x	1.6x	1.6x	1.4x	neg	neg	nm	28.5x
Zillow	3.1x	4.5x	4.1x	3.6x	nm	22.8x	17.9x	13.4x
Fathom	0.2x	0.2x	0.1x	0.1x	neg	neg	14.1x	3.4x
Mean	1.0x	1.6x	1.5x	1.4x	nm	22.8x	15.8x	13.0x
Median	0.4x	0.9x	1.0x	0.9x	nm	22.8x	15.4x	10.1x

Source: S&P Capital IQ, 01/12/2023

Application of market multiples

€m

Gabetti (€m)		Market Multiples	EV	Net debt 30/06/23	Minorities 30/06/23	Equity value	Equity value per share (€)
2023E Revenues	155.2	0.7x	109.5	(24.4)	(2.2)	82.9	1.37
2024E Revenues	165.0	0.7x	107.9	(24.4)	(2.2)	81.3	1.35
Mean			108.7			82.1	1.36
2023E EBITDA Adj	19.9	8.4x	167.1	(24.4)	(2.2)	140.6	2.33
2024E EBITDA Adj	22.3	7.4x	164.0	(24.4)	(2.2)	137.5	2.28
Mean			165.6			139.0	2.30

Source: EnVent Research

Sum of the Parts

We performed SoP method by BU applying revenues and EBITDA multiples.

SoP application - Revenues multiples

€m

Gabetti	2023 Market multiples		
EV Agency and corporate BU			
2023 Revenues	55.2	1.1x	60.6
EV Real estate network BU			
2023 Revenues	98.5	0.6x	57.3
SOP EV Gabetti			118.0
Net debt 30/06/23			(24.4)
Minorities 30/06/23			(2.2)
Equity value Gabetti			91.4
Equity value Gabetti per share (€)			1.51

Source: EnVent Research

SoP application – Adj. EBITDA multiples

€m

Gabetti	2023 Market multiples		
EV Agency and corporate BU			
2022 Adj. EBITDA	6.0	8.2x	49.0
EV Real estate network BU			
2022 Adj. EBITDA	21.5	7.2x	155.8
SOP EV Gabetti			204.7
Net debt 30/06/23			(24.4)
Minorities 30/06/23			(2.2)
Equity value Gabetti			178.2
Equity value Gabetti per share (€)			2.95

Source: EnVent Research

Target Price

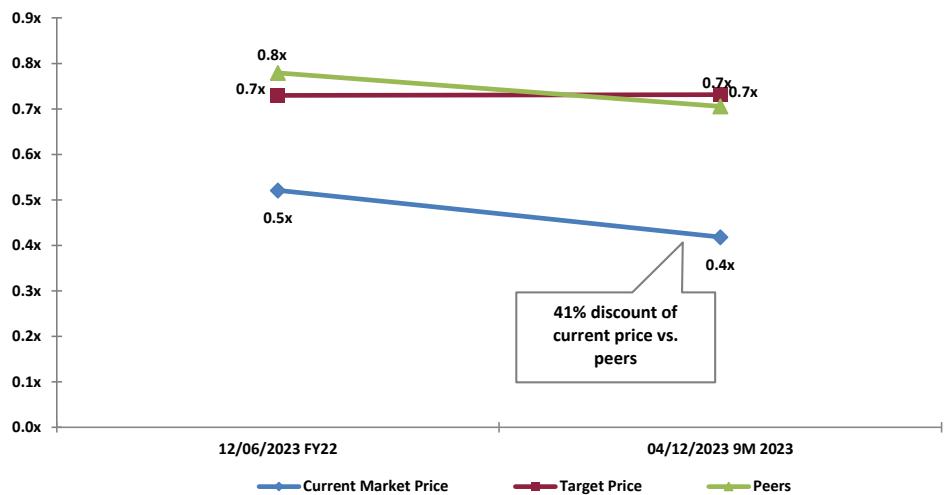
We derived Gabetti’s target price from our DCF model, believing it to be the most reliable methodology in the current framework, using the other methodologies to support our outcome. We confirm a Target Price of €1.50, implying 95% upside potential on current share price, and an OUTPERFORM rating.

Please refer to important disclosures at the end of this report.

Gabetti Property Solutions Price per Share	€
Target Price	1.50
Current Share Price (01/12/2023)	0.77
Premium (Discount)	95%

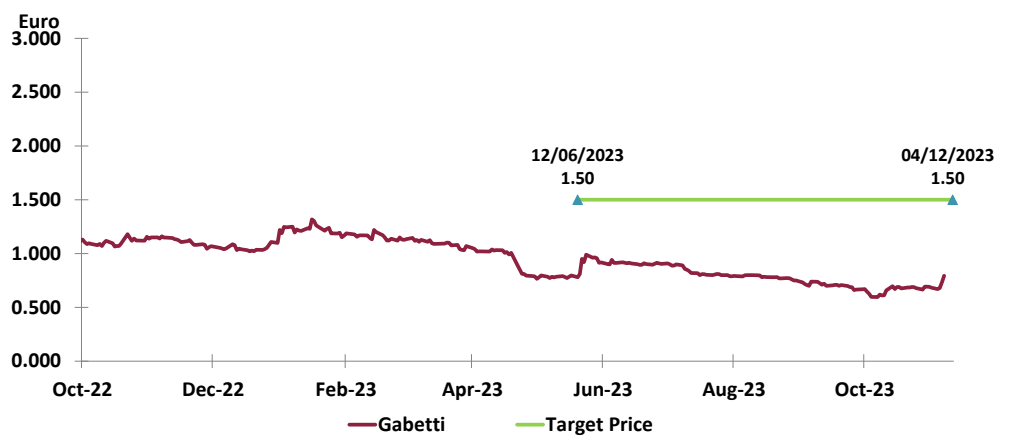
Source: EnVent Research

Implied EV/Revenues vs industry median multiples



Source: EnVent Research on S&P Capital IQ, 04/12/2023

Gabetti Share Price vs EnVent Target Price



Source: EnVent Research on S&P Capital IQ, 04/12/2023

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Date and time of Production: 01/12/2023 h. 7.00pm

Date and time of Distribution: 04/12/2023 h. 6.30pm

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Date	Recommendation	Target Price (€)	Share Price (€)
12/06/2023	OUTPERFORM	1.50	0.80
04/12/2023	OUTPERFORM	1.50	0.77

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