

directa

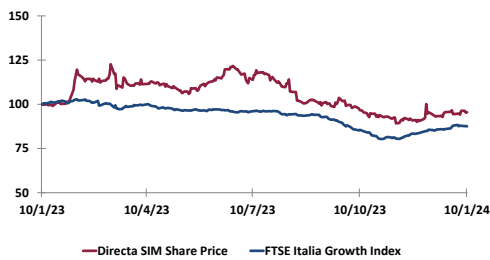
FLASH NOTE

OUTPERFORM

Current Share Price (€): 3.50

Target Price (€): 5.40

Directa SIM Milano - 1Y Performance



Source: S&P Capital IQ - Note: 10/01/2023=100

Company data

ISIN number	IT0001463063
Bloomberg code	D IM
Reuters code	D.MI
Industry	Financial services
Stock market	Euronext Growth Milan
Share Price (€)	3.50
Date of Price	10/01/2024
Shares Outstanding (m)	18.8
Market Cap (€m)	65.6
Market Float (%)	18.4%
Daily Volume	41,500
Avg Daily Volume YTD	40,917
Target Price (€)	5.40
Upside (%)	54%
Recommendation	OUTPERFORM

Share price performance

	1M	3M	6M	1Y
Directa SIM - Absolute (%)	1%	-1%	-19%	-4%
FTSE Italia Growth (%)	2%	3%	-9%	-13%
1Y Range H/L (€)			4.50	3.27
YTD Change (€)/%			0.04	1%

Source: S&P Capital IQ

Analysts

Luigi Tardella - Head of Research
ltardella@envent.it
Silvestro Bonora sbonora@envent.it

EnVent Italia SIM S.p.A.

Via degli Omenoni, 2 - 20121 Milano (Italy)
Phone +39 02 22175979

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2023 KPIs: customer base and assets up by 27% and 35%, chance for figures better than our expectations

KPIs 2023: customers close to 80,000, assets +35% YoY

Directa has communicated 2023 KPIs: customers over 78,000, +27% YoY (roughly 69,000 as of June 2023) and +8% vs our estimate. Customers' assets approached €4.7bn, +35% YoY and +15% vs our projections, in spite of institutional business ceasing worth ca. €250m cash and over €180m of assets, occurred during last summer. We estimate a like-for-like asset increase in the region of 50%, assuming an overall equal size of discontinued cash and assets in prior year. In 2023, total filled orders were over 4m, basically in line with our assumptions, recording a slight decrease compared to 2022 (i.e. -4%). On domestic cash markets, filled orders were -2.6% YoY, compared to -10.1% of the Italian Stock Exchange in the first 11 months of the year, while volumes were up by 16%, compared to +4% in 11 months for the Italian Stock Exchange, approaching the threshold of €30bn overall (ca. €29bn our estimates), mainly due to increase in bond transactions. Trading on derivative instruments was mixed: domestic futures decreased over 6%, partially offset by higher volumes on Eurex and CME.

Target price and OUTPERFORM rating confirmed, with chance of exceeding our estimates for FY 2023

2023 KPIs fully support our rating on Directa equity story, suggesting better financial figures on FY than our estimates. The dynamic of the reported data showed a robust trend for customer assets. Noteworthy is the growth in customer liquidity (non-remunerated), representing a potential base for use in trading activities, also in light of the higher opportunity cost in the present markets compared to the recent past. As such we envisage rising fundamentals which may imply growing equity value concurring with growing capital stock. In conclusion, we confirm our OUTPERFORM rating and target price of €5.40 on the stock, which implies an upside of 54% from current price, remaining confident in the effectiveness of the Company's strategy.

Consolidated key financials and estimates

€m	2020A	2021A	2022A	2023E	2024E	2025E
Brokerage Margin	18.8	23.3	23.5	24.2	26.9	31.3
Net Income (Loss)	2.4	5.2	5.6	5.0	5.9	7.7
Total Assets	55.1	94.1	92.3	95.9	107.7	122.2
Equity	17.1	26.6	29.9	32.1	38.0	45.6
Trading Customers Assets (Cash+Securities), €m	1,905	3,016	3,484	4,094	4,646	4,995
Trading Customers (including non active), k	36.5	50.8	61.3	72.1	81.8	91.6
Trading Executed orders, million	3.85	4.07	4.19	4.28	4.71	5.23
Trading Fee income, €m	16.7	19.9	19.5	19.9	21.9	24.3
Trading Fee expense/Fee income	31.0%	29.6%	28.0%	28.0%	28.0%	28.0%
Cost/Income	0.63	0.55	0.61	0.61	0.60	0.57
Earnings per share, basic (€)	0.00	0.30	0.32	0.28	0.34	0.44
ROE (Net Income/Equity)	14.3%	19.7%	18.7%	15.5%	15.5%	16.9%

Source: Company data 2020-22A, EnVent Research 2023-25E

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STOCK RATINGS

The “OUTPERFORM”, “NEUTRAL”, AND “UNDERPERFORM” recommendations are based on the expectations within a 12-month period from the date of rating indicated in the front page of this publication.

Equity ratings and valuations are issued in absolute terms, not relative to market performance.

Rating system and rationale (12-month time horizon):

OUTPERFORM: stocks are expected to have a total return above 10%;

NEUTRAL: stocks are expected to have a performance between -10% and +10% consistent with market or industry trend and appear less attractive than Outperform rated stocks;

UNDERPERFORM: stocks are among the least attractive in a peer group, with the target price 10% below the current market price;

UNDER REVIEW: target price under review, waiting for updated financial data, or other key information such as material transactions involving share capital or financing;

SUSPENDED: no rating/target price assigned, due to material uncertainties or other issues that seriously impair our previous investment ratings, price targets and earnings estimates;

NOT RATED: no rating or target price assigned.

Some flexibility on the limits of the total return rating ranges is permitted, especially during high market volatility cycles.

The stock price indicated in the report is the last closing price on the day of Production.

Date and time of Production: 10/01/2024 h. 7.00pm

Date and time of Distribution: 11/01/2024 h. 6.15pm

DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

Number of companies covered:	24	OUTPERFORM	NEUTRAL	UNDERPERFORM	SUSPENDED	UNDER REVIEW	NOT RATED
Total Equity Research Coverage %		92%	8%	0%	0%	0%	0%
of which EnVent clients % *		77%	50%	na	na	na	na

* Note: Companies to which corporate and capital markets services were supplied in the last 12 months.

ENVENT RECOMMENDATION DISTRIBUTION (January 11th, 2024)

Date	Recommendation	Target Price (€)	Share Price (€)
19/01/2022	NEUTRAL	5.61	5.51
14/04/2022	OUTPERFORM	5.85	4.93
06/10/2022	OUTPERFORM	5.02	3.64
05/04/2023	OUTPERFORM	5.37	4.07
02/10/2023	OUTPERFORM	5.40	3.65
11/01/2024	OUTPERFORM	5.40	3.50

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