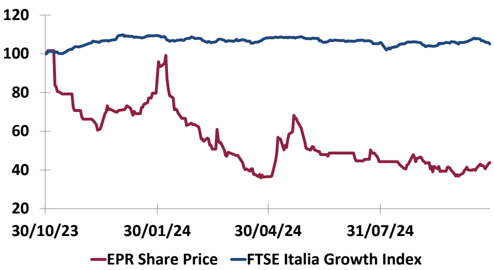
EPR COMUNICAZIONE justbit

H1 2024 recovery of 2023 portfolio level, expanded backlog and reduced client concentration

OUTPERFORM

Current Share Price (€): 1.08
Target Price (€): 2.85

EPRcomunicazione - 1Y Performance



Source: S&P Capital IQ - Note: 30/10/2023=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 (€)	1.08
Date of Price	29/10/2024
Shares Outstanding (m)	2.8
Market Cap (€m)	3.0
Market Float (%)	16.3%
Daily Volume	2,450
Avg Daily Volume since YTD	4,344
Target Price (€)	2.85
Upside (%)	164%
Recommendation	OUTPERFORM

Share price performance

	1M	3M	6M	1Y
EPR - Absolute (%)	10%	-1%	20%	-56%
FTSE Italia Growth Index (%)	-1%	-1%	-3%	5%
1Y Range H/L (€)			2.50	0.89
YTD Change (€) / %			-2.67	-71%

Source: S&P Capital IQ

Analysts

Luigi Tardella - Head of Research
ltardella@envent.it
Alberto Bacciga abacciga@envent.it

EnVent Italia SIM S.p.A.
Via degli Omenoni, 2 - 20121 Milano (Italy)
Phone +39 02 22175979

This Note is issued by arrangement with MIT SIM, Issuer's Specialist

Stock performance

After our latest update in April, when EPR share price was trading at €0.89, the stock started a positive trend with the price reaching an high of €1.68, before shifting into a downward trajectory. In the last months the share price hovered in the range €0.91-1.18. Over LTM EPR share price lost 56%, with the Italia Growth index recording +5% in the same period.

H1 2024 key figures: full recovery of 2023 portfolio level

EPR consolidated revenues were €3.6m, vs €4.1m in H1 2023. EBITDA at breakeven and net result at €(0.3)m as in H1 2023. Net debt at €0.3m from €1.2m as of December 2023, mainly generated by working capital. We recall that in 2023 the shift of long-term engagement from largest EPR client Conou to another supplier and that a major portion of the related revenues was for pass-through costs like media and event expenses. The new engagements, although to date totaling somewhat lower revenues, are generating higher margins overall recovering the previous revenues. As a consequence in a like-for-like comparison of H1 2024 on H1 2023, by excluding Conou pass-through costs, revenues would be at the same level.

Client acquisitions, expanding backlog and lower client concentration

After Conou leaving, the related high-margin portion of the revenues was offset by new clients as GSE (Italian electricity market management hub), the Italian Prime Minister's Office, etc.. We notice 2024 as a turning point: portfolio reshaping after the resignation of the largest client which has impacted revenues volume, and to a certain extent operating profitability, progressively replaced by a parade of eye-catching engagements.

Target Price €2.85 per share, OUTPERFORM rating confirmed

We have fine-tuned our estimates and updated our valuation. We recall the needless derating of EPR stock, now trading at a 55% discount to the peers. We expect EPR in the near future to expand geographically and continue to build a rich and diversified portfolio. Also, now with a lower revenue concentration, reducing its risk profile. Within our valuation area, in view of our expectation of EPR performance, we confirm an equity value of €8m and the target price of €2.85 per share, 164% upside on current share price, together with the OUTPERFORM rating on the stock.

KEY FINANCIALS AND ESTIMATES (€m)	2019A	2020A	2021A	2021PF	2022PF	2023A	2024E	2025E	2026E
Revenues	**4.7**	**4.2**	**5.1**	**7.4**	**8.1**	**9.3**	**8.3**	**9.4**	**10.7**
YoY %	-	*-9.6%*	*20.9%*	*45.4%*	*8.6%*	*14.4%*	*-10.5%*	*14.0%*	*13.5%*
EBITDA	**0.3**	**0.4**	**0.4**	**1.1**	**1.1**	**1.0**	**0.6**	**1.0**	**1.4**
Margin	*6.6%*	*8.9%*	*7.0%*	*14.6%*	*13.2%*	*10.8%*	*6.7%*	*10.2%*	*13.2%*
Net Income	**0.1**	**0.1**	**0.0**	**0.3**	**0.3**	**0.2**	**(0.0)**	**0.3**	**0.6**
Net (Debt) Cash	**(0.3)**	**(0.1)**	**(0.1)**	**(2.5)**	**0.0**	**(1.2)**	**(0.5)**	**0.1**	**1.1**
Equity	**0.1**	**0.8**	**0.6**	**1.7**	**4.2**	**3.9**	**3.9**	**4.2**	**4.8**
KEY RATIOS AND MULTIPLES	2019A	2020A	2021A	2021PF	2022PF	2023A	2024E	2025E	2026E
Per-capita sales (€k)	154	135	159	130	119	127	105	120	136
Net Debt/EBITDA	1.0x	0.3x	0.2x	2.3x	cash	1.2x	0.9x	cash	cash
Basic EPS (€)	na	na	na	na	0.10	0.06	(0.00)	0.11	0.23
EV/Revenues	na	na	na	na	0.4x	0.4x	0.4x	0.4x	0.3x
EV/EBITDA	na	na	na	na	3.2x	3.4x	6.2x	3.6x	2.4x
P/E	na	na	na	na	10.4x	18.9x	neg	10.2x	4.8x

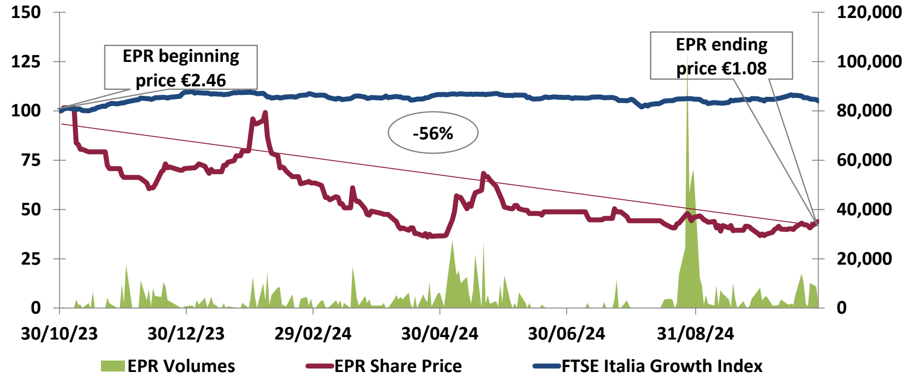
Source: Company data 2019-23A, EnVent Research 2024-26E - Note: 2020-21A EPR unconsolidated figures; 2021-22PF showing effect of Justbit 51% stake acquisition since year begin, from 2023A on consolidated figures

Market update

Trading price range €0.89-2.50 per share

-56% for EPR, vs +5% for the Italia Growth Index

EPR - 1Y Share price performance and trading volumes

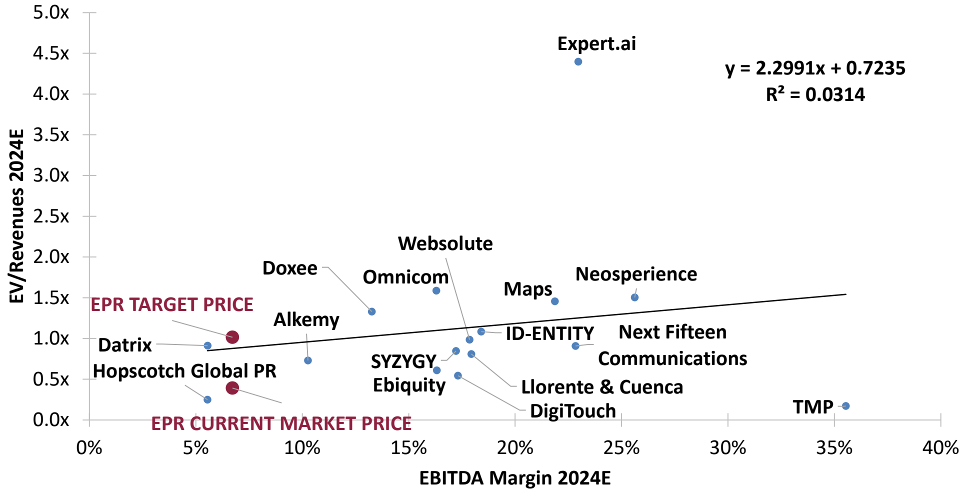


Source: EnVent Research on S&P Capital IQ - Note: 30/10/2023=100

Low correlation within the group

EPR performance consistent with industry ratings

Peer group - Regression analysis and EPR target positioning



Source: EnVent Research on S&P Capital IQ, October 2024

Investment case

Communication and digital innovation

Eprcomunicazione *Benefit Corporation* and B Corp, 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.

Technology transition completed

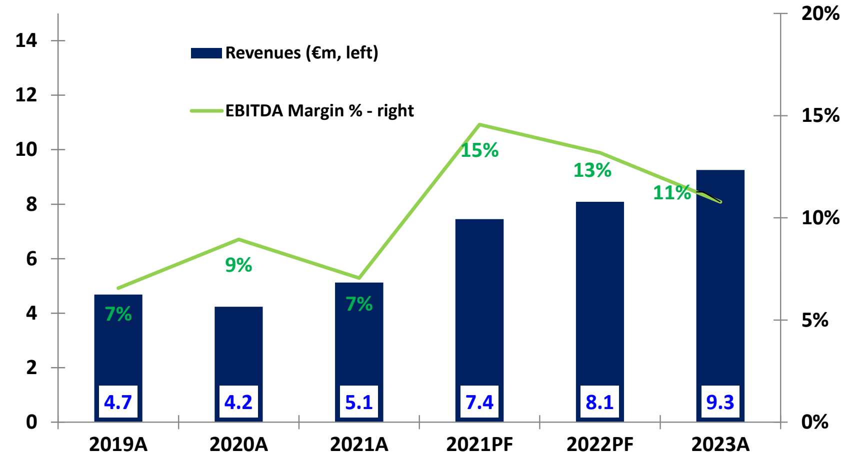
The digital factory Justbit offers a full array of technology solutions, positioning EPR as an integrated firm which has already accomplished the urge of a comprehensive digital technology transition, an investment of time and money that the global industry is still undertaking to cope with the traditional services disruption.

Strategy

Main strategic goals are:

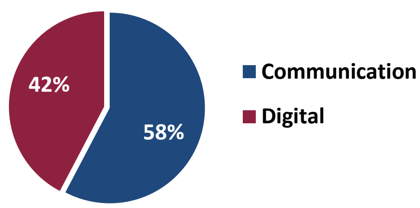
- R&D investment in additional tech applications
- acquisition program of PR teams
- recruiting of mid-management

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 2023A



Source: EnVent Research estimate on 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 2024

Consolidated Profit and Loss

€m	H1 2023	H1 2024
Sales	4.1	3.5
Other income	0.1	0.1
Revenues	**4.1**	**3.6**
YoY %	*25.3%*	*-12.8%*
Services	(2.6)	(2.0)
Personnel	(1.3)	(1.3)
Other operating costs	(0.3)	(0.3)
Operating costs	(4.2)	(3.6)
EBITDA	**(0.0)**	**0.0**
Margin	*-1.0%*	*0.9%*
D&A	(0.3)	(0.4)
EBIT	**(0.3)**	**(0.3)**
Margin	*-7.7%*	*-9.0%*
Interest	(0.0)	(0.0)
EBT	**(0.4)**	**(0.4)**
Margin	*-8.7%*	*-10.2%*
Income taxes	(0.0)	(0.0)
Net Income (Loss)	**(0.4)**	**(0.4)**

Consolidated Balance Sheet

€m	H1 2023	2023	H1 2024
Accounts receivable	2.9	4.4	3.0
Accounts payable	(1.3)	(1.5)	(1.0)
Working Capital	1.7	2.9	2.0
Other assets (liabilities)	(1.1)	(0.9)	(1.4)
Net Working Capital	**0.6**	**2.0**	**0.6**
Intangible assets	1.4	1.3	1.2
Goodwill	2.3	2.2	2.3
Property, plant and equipment	0.1	0.1	0.1
Equity investments and financial assets	0.0	0.0	0.0
Non-current assets	**3.8**	**3.6**	**3.6**
Provisions	**(0.5)**	**(0.6)**	**(0.6)**
Net Invested Capital	**3.8**	**5.1**	**3.5**
Net Debt (Cash)	**0.4**	**1.2**	**0.3**
Shareholders' Equity	3.3	3.5	3.1
Minority interests	0.1	0.4	0.1
Equity	**3.4**	**3.9**	**3.2**
Sources	**3.8**	**5.1**	**3.5**

Source: Company data

Consolidated Cash Flow

€m	H1 2023	H1 2024
EBIT	**(0.3)**	**(0.3)**
Current taxes	(0.0)	(0.0)
D&A	0.3	0.3
Provisions	0.1	0.1
Cash flow from P&L operations	**0.0**	**0.0**
Working Capital	(0.3)	0.9
Other assets and liabilities	0.6	0.6
Operating cash flow before capex	**0.3**	**1.5**
Capex	(0.3)	(0.3)
Operating cash flow after WC and capex	**0.0**	**1.2**
Interest	(0.0)	(0.0)
Equity investments and financial assets	(0.0)	0.0
Paid-in capital and other equity changes	0.0	0.0
Equity adjustments	(0.5)	(0.3)
Net cash flow	**(0.5)**	**0.9**
Net (Debt) Cash - Beginning	0.0	(1.2)
Net (Debt) Cash - End	(0.4)	(0.3)
Change in Net (Debt) Cash	**(0.5)**	**0.9**

Ratio analysis

KPIs	H1 2023	H1 2024
ROE	5%	4%
ROS (EBIT/Sales)	-8%	-9%
DSO	107	127
DPO	64	64
TWC/Sales	19%	24%
NWC/Sales	10%	23%
Net Debt/EBITDA	0.5x	0.3x
Net Debt/Equity	0.1x	0.1x
Net Debt/(Net Debt+Equity)	0.1x	0.1x
Operating cash flow before capex/EBITDA	nm	nm
Per-capita (total workforce) sales (€k)	161	178
Per-capita cost per employee (€k)	47	53

Source: Company data

Business update: new clients

Revenues in H1 2024 were 13% lower than in H1 2023, following the resignation of a key client, Conou which accounted for €750k in H1 2023. A portion of the related revenues worth €0.5m had been linked to pass-through costs, the profitable portion of these revenues, €250k, was completely offset by new clients, including Gestore dei Servizi Energetici, Unidata, and the Italian Prime Minister's Office. EPR successfully replaced Conou consulting revenues.

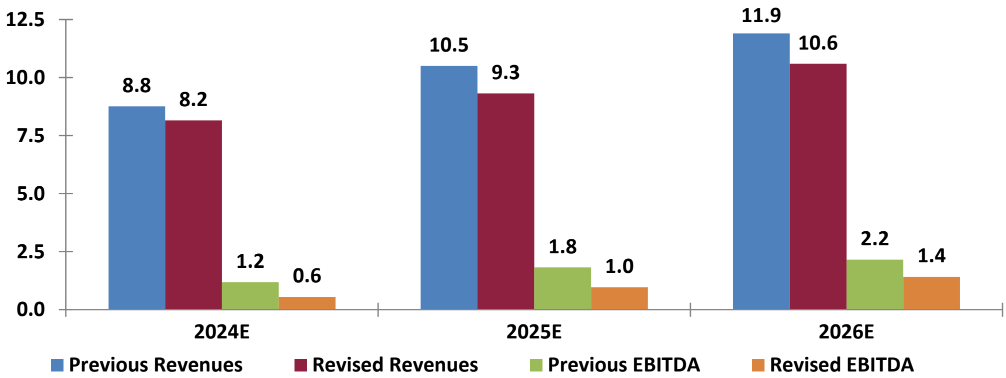
In May 2024, EPR disclosed a backlog of €5.5 million and has since progressively announced new projects:

- Communication plan for ITALIAE (Italian Prime Minister's Office), worth €135k
- Communication plan for a nonprofit organization active in education, worth €110k
- Communication services for a local public authority, worth €65k
- Marketing services for a transport client, worth €150k
- Website redevelopment and digital services implementation for the Municipality of Pescara, worth €244k
- Social media management for a multi-utility, worth €1.1m

Estimates revision

We have factored in H1 2024 figures, considered disclosed backlog and additional client acquisitions, and adjusted our full-year 2024 estimates with a cautious approach. We expect in FY24 a single-digit EBITDA margin, and in 2024-25 profitability returning higher than 10%.

Change in estimates



Source: EnVent Research

€m	Revised 2024E	2025E	2026E	Previous 2024E	2025E	2026E	Change % 2024E	2025E	2026E
Revenues	8.2	9.3	10.6	8.8	10.5	11.9	-7%	-11%	-11%
EBITDA	0.6	1.0	1.4	1.2	1.8	2.2	-53%	-47%	-34%
Margin	*7%*	*10%*	*13%*	*14%*	*17%*	*18%*			
EBIT	0.1	0.4	0.9	0.7	1.3	1.6	-92%	-66%	-45%
Margin	*1%*	*5%*	*8%*	*8%*	*12%*	*14%*			
Net Income (Loss)	(0.0)	0.3	0.6	0.5	0.9	1.2	-100%	-68%	-45%
Net (Debt) Cash	(0.5)	0.1	1.1	(0.3)	0.8	2.4			

Source: EnVent Research

Financial projections

Consolidated Profit and Loss

€m	2019A	2020A	2021A	2021PF	2022PF	2023A	2024E	2025E	2026E
Sales	4.6	4.2	5.1	7.4	8.1	9.1	8.2	9.3	10.6
Other income	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Revenues	**4.7**	**4.2**	**5.1**	**7.4**	**8.1**	**9.3**	**8.3**	**9.4**	**10.7**
YoY %	-	*-9.6%*	*20.9%*	*45.4%*	*8.6%*	*14.4%*	*-10.5%*	*14.0%*	*13.5%*
Services	(3.5)	(2.9)	(3.5)	(4.3)	(4.8)	(5.2)	(4.6)	(5.3)	(6.0)
Personnel	(0.7)	(0.7)	(0.8)	(1.5)	(1.7)	(2.5)	(2.6)	(2.6)	(2.7)
Other operating costs	(0.3)	(0.2)	(0.4)	(0.6)	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)
Operating costs	(4.4)	(3.9)	(4.8)	(6.4)	(7.0)	(8.3)	(7.7)	(8.5)	(9.3)
EBITDA	**0.3**	**0.4**	**0.4**	**1.1**	**1.1**	**1.0**	**0.6**	**1.0**	**1.4**
Margin	*6.6%*	*8.9%*	*7.0%*	*14.6%*	*13.2%*	*10.8%*	*6.7%*	*10.2%*	*13.2%*
D&A	(0.1)	(0.2)	(0.2)	(0.4)	(0.3)	(0.5)	(0.5)	(0.5)	(0.5)
EBIT	**0.2**	**0.2**	**0.2**	**0.7**	**0.7**	**0.4**	**0.1**	**0.4**	**0.9**
Margin	*3.4%*	*5.1%*	*3.5%*	*9.0%*	*8.9%*	*4.9%*	*0.6%*	*4.7%*	*8.3%*
Interest	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)	(0.1)	(0.0)	(0.0)
EBT	**0.1**	**0.2**	**0.2**	**0.6**	**0.7**	**0.4**	**0.0**	**0.4**	**0.9**
Margin	*2.3%*	*4.8%*	*3.3%*	*8.2%*	*8.5%*	*3.9%*	*0.0%*	*4.4%*	*8.2%*
Income taxes	(0.0)	(0.1)	(0.1)	(0.3)	(0.4)	(0.2)	(0.0)	(0.1)	(0.2)
Net Income (Loss)	**0.1**	**0.1**	**0.0**	**0.3**	**0.3**	**0.2**	**(0.0)**	**0.3**	**0.6**
Margin	*1.5%*	*3.4%*	*0.8%*	*3.7%*	*3.6%*	*1.7%*	*0.0%*	*3.1%*	*5.9%*

Source: Company data 2019-23A, EnVent Research 2024-26E - 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	2023A	2024E	2025E	2026E
Accounts receivable	1.2	1.0	1.2	2.3	2.9	4.4	3.8	4.1	4.2
Accounts payable	(1.1)	(0.8)	(0.9)	(1.0)	(1.5)	(1.5)	(1.3)	(1.4)	(1.5)
Working Capital	0.1	0.2	0.3	1.3	1.4	2.9	2.6	2.7	2.7
Other assets (liabilities)	0.1	0.1	(0.2)	(0.6)	(0.6)	(0.9)	(0.9)	(0.9)	(0.9)
Net Working Capital	**0.3**	**0.3**	**0.1**	**0.7**	**0.9**	**2.0**	**1.7**	**1.8**	**1.9**
Intangible assets	0.3	0.7	0.6	0.7	1.5	1.3	1.2	1.1	0.9
Goodwill	0.0	0.0	0.0	2.2	2.2	2.2	1.9	1.7	1.4
Property, plant and equipment	0.0	0.1	0.0	0.1	0.1	0.1	0.1	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
Non-current assets	**0.3**	**0.8**	**0.7**	**3.7**	**3.8**	**3.6**	**3.2**	**2.8**	**2.4**
Provisions	**(0.2)**	**(0.2)**	**(0.2)**	**(0.3)**	**(0.5)**	**(0.6)**	**(0.6)**	**(0.6)**	**(0.6)**
Net Invested Capital	**0.4**	**0.9**	**0.7**	**4.2**	**4.2**	**5.1**	**4.3**	**4.1**	**3.7**
Bank debt	0.4	0.2	0.4	3.2	2.7	1.7	0.6	0.4	0.1
Cash and equivalents	(0.1)	(0.1)	(0.3)	(0.7)	(2.7)	(0.5)	(0.2)	(0.5)	(1.3)
Net Debt (Cash)	**0.3**	**0.1**	**0.1**	**2.5**	**(0.0)**	**1.2**	**0.5**	**(0.1)**	**(1.1)**
Equity	**0.1**	**0.8**	**0.6**	**1.7**	**4.2**	**3.9**	**3.9**	**4.2**	**4.8**
Sources	**0.4**	**0.9**	**0.7**	**4.2**	**4.2**	**5.1**	**4.3**	**4.1**	**3.7**

Source: Company data 2019-23A, EnVent Research 2024-26E - 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	2023A	2024E	2025E	2026E
EBIT	**0.2**	**0.2**	**0.7**	**0.7**	**0.4**	**0.1**	**0.4**	**0.9**
Current taxes	(0.1)	(0.1)	(0.3)	(0.4)	(0.2)	(0.0)	(0.1)	(0.2)
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	0.1	0.0	0.0	0.0
Cash flow from P&L operations	**0.3**	**0.2**	**0.8**	**0.9**	**0.9**	**0.6**	**0.9**	**1.2**
Working Capital	(0.0)	(0.2)	(1.1)	(0.1)	(1.5)	0.3	(0.1)	(0.0)
Other assets and liabilities	0.0	0.3	0.7	(0.0)	0.3	0.0	0.0	0.0
Operating cash flow before capex	**0.3**	**0.4**	**0.4**	**0.7**	**(0.3)**	**0.9**	**0.7**	**1.2**
Capex	(0.1)	0.0	(0.0)	(1.0)	(0.4)	(0.1)	(0.1)	(0.1)
Operating cash flow after WC and capex	**0.2**	**0.4**	**0.4**	**(0.2)**	**(0.7)**	**0.8**	**0.6**	**1.0**
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)	0.0	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	(0.5)	0.0	0.0	0.0
Net cash flow	**0.2**	**0.1**	**(2.4)**	**2.6**	**(1.2)**	**0.7**	**0.6**	**1.0**
(Net Debt) Cash - Beginning	(0.3)	(0.1)	(0.1)	(2.5)	0.0	(1.2)	(0.5)	0.1
(Net Debt) Cash - End	(0.1)	(0.1)	(2.5)	0.0	(1.2)	(0.5)	0.1	1.1
Change in (Net Debt) Cash	**0.2**	**0.1**	**(2.4)**	**2.6**	**(1.2)**	**0.7**	**0.6**	**1.0**

Source: Company data 2019-23A, EnVent Research 2024-26E - 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	2023A	2024E	2025E	2026E
ROE	53%	19%	6%	16%	7%	4%	0%	7%	13%
ROS (EBIT/Sales)	3%	5%	4%	9%	9%	5%	1%	5%	8%
DSO	77	72	73	93	108	143	140	130	120
DPO	85	79	69	61	70	73	73	70	70
WC/Sales	3%	4%	7%	17%	18%	32%	31%	29%	26%
NWC/Sales	6%	7%	3%	10%	11%	22%	21%	20%	18%
Net Debt/EBITDA	1.0x	0.3x	0.2x	2.3x	cash	1.2x	0.9x	cash	cash
Net Debt/Equity	2.4x	0.1x	0.1x	1.5x	cash	0.3x	0.1x	cash	cash
Net Debt/(Net Debt+Equity)	0.7x	0.1x	0.1x	0.6x	cash	0.2x	0.1x	cash	cash
Operating cash flow before capex/EBITDA	nm	84%	102%	37%	69%	-27%	157%	76%	82%

Source: Company data 2019A-23A - EnVent Research 2024-26E; 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
- Portfolio of top-tier clients and engagements
- Creativity by technology
- Client loyalty and repeat engagements

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 2024-26E financial projections
- Market multiples
- Sum of the Parts approach

Discounted Cash Flows

Updated assumptions:

- Risk free rate: 3.0% (last 30 days average. Source: Bloomberg, October 2024)
- Market return: 11.0% (last 30 days average. Source: Bloomberg, October 2024)
- Market risk premium: 8.0%
- Beta: 1.2 (judgmental due to continuing volatility of market indicators)
- Cost of equity: 12.6%
- Cost of debt: 6.0%
- Tax rate: 24% IRES
- 30% debt/(debt + equity) as target capital structure
- WACC calculated at 10.2%, according to above data
- Perpetual growth rate after explicit projections (G): 3.0%
- Terminal Value: sensitivity analysis on long-term EBITDA margin in the range 10.5%-14.5% and long-term growth rate in the range 2.5%-3.5%

DCF Valuation

€m		2022PF	2023A	2024E	2025E	2026E	Perpetuity
Revenues		**8.1**	**9.3**	**8.3**	**9.4**	**10.7**	**11.0**
EBITDA		**1.1**	**1.0**	**0.6**	**1.0**	**1.4**	**1.4**
Margin		*13.2%*	*10.8%*	*6.7%*	*10.2%*	*13.2%*	*12.5%*
EBIT		**0.7**	**0.4**	**0.1**	**0.4**	**0.9**	**1.2**
Margin		*8.9%*	*4.9%*	*0.6%*	*4.7%*	*8.3%*	*10.7%*
Taxes - full rate estimates in case of earnings		(0.2)	(0.1)	(0.0)	(0.1)	(0.2)	(0.3)
NOPAT		**0.5**	**0.3**	**0.0**	**0.3**	**0.6**	**0.9**
D&A		0.3	0.5	0.5	0.5	0.5	0.2
Provisions		0.2	0.1	0.0	0.0	0.0	0.0
Cash flow from operations		**1.1**	**1.0**	**0.5**	**0.8**	**1.2**	**1.1**
Trade Working Capital		(0.1)	(1.5)	0.3	(0.1)	(0.0)	(0.2)
Capex		(1.0)	(0.4)	(0.1)	(0.1)	(0.1)	(0.2)
Equity investments and financial assets		(0.2)	0.0	0.0	0.0	0.0	0.0
Yearly unlevered free cash flows		***(0.2)***	***(0.6)***	***0.8***	***0.6***	***1.0***	***0.7***
- H1 Unlevered free cash flows				***(1.4)***			
Unlevered free cash flows				**(0.6)**	**0.6**	**1.0**	**0.7**
WACC	10.2%						
Long-term growth (G)	3.0%						
Discounted Cash Flows				**(0.6)**	**0.5**	**0.8**	
Sum of Discounted Cash Flows	0.8						
Terminal Value							**9.5**
Discounted TV	7.5						
Enterprise Value	**8.2**						
Net (Debt) Cash as of 30/06/2024	(0.3)						
Minorities as of 30/06/2024	(0.1)						
Equity Value	**7.8**						

DCF - Implied multiples		2022PF	2023A	2024E	2025E	2026E
EV/Revenues		1.0x	0.9x	1.0x	0.9x	0.8x
EV/EBITDA		7.7x	8.3x	14.8x	8.6x	5.8x
EV/EBIT		11.4x	18.4x	153.6x	18.5x	9.2x
P/E		26.9x	48.9x	neg	26.5x	12.4x
Discount of current market price vs DCF	***-58%***					
Current market price - Implied multiples		**2022PF**	**2023A**	**2024E**	**2025E**	**2026E**
EV/Revenues		0.4x	0.4x	0.4x	0.4x	0.3x
EV/EBITDA		3.2x	3.4x	6.2x	3.6x	2.4x
EV/EBIT		4.8x	7.6x	nm	7.7x	3.8x
P/E		10.4x	18.9x	neg	10.2x	4.8x

Source: EnVent Research

Sensitivity analysis

DCF Valuation (€m) - Sensitivity Analysis

		10.5%	11.5%	12.5%	13.5%	14.5%
Long-term growth (G)	2.50%	**5.7**	6.5	7.3	8.1	8.9
	2.75%	5.9	6.7	7.6	8.4	9.2
	3.00%	6.1	7.0	**7.8**	8.7	9.6
	3.25%	6.3	7.2	8.1	9.0	9.9
	3.50%	6.6	7.5	8.4	9.4	**10.3**

Source: EnVent Research

Market multiples

Company	EV/REVENUES 2023	EV/REVENUES 2024E	EV/REVENUES 2025E	EV/EBITDA 2023	EV/EBITDA 2024E	EV/EBITDA 2025E	EV/EBIT 2023	EV/EBIT 2024E	EV/EBIT 2025E	P/E 2023	P/E 2024E	P/E 2025E
PR and communication												
Omnicom	1.4x	1.6x	1.5x	8.9x	9.7x	9.1x	9.8x	10.7x	9.9x	12.3x	12.5x	11.8x
Next Fifteen Communications	1.2x	0.9x	0.9x	8.4x	4.0x	4.1x	11.5x	4.4x	4.6x	514.5x	4.9x	5.3x
Llorente & Cuenca	n.a.	0.8x	0.7x	n.a.	4.5x	4.1x	n.a.	5.4x	5.0x	n.a.	7.9x	7.2x
Hopscotch Global PR	0.3x	0.2x	0.2x	6.5x	4.5x	4.3x	7.6x	6.4x	6.1x	11.0x	9.2x	8.8x
Mean	**1.3x**	**1.1x**	**1.0x**	**8.6x**	**6.1x**	**5.8x**	**10.6x**	**6.8x**	**6.5x**	**263.4x**	**8.4x**	**8.1x**
Median	**1.3x**	**0.9x**	**0.9x**	**8.6x**	**4.5x**	**4.1x**	**10.6x**	**5.4x**	**5.0x**	**263.4x**	**7.9x**	**7.2x**
Technology, AI, Big Data and analytics												
Alkemy	0.6x	0.7x	0.7x	7.0x	7.1x	6.2x	8.9x	11.7x	9.3x	14.7x	15.6x	11.1x
Doxee	1.8x	1.3x	1.1x	neg	10.0x	5.2x	neg	neg	29.6x	neg	neg	96.9x
Datrix	1.6x	0.9x	0.8x	neg	16.4x	8.2x	neg	neg	neg	neg	neg	neg
Maps	1.6x	1.5x	1.3x	10.5x	6.7x	5.6x	37.4x	14.3x	10.4x	41.8x	21.3x	11.7x
Expert.ai	2.3x	4.4x	4.0x	neg	19.2x	14.8x	neg	302.6x	50.4x	neg	n.a.	53.6x
TMP	n.a.	0.2x	0.1x	n.a.	0.5x	0.4x	n.a.	0.6x	0.5x	n.a.	0.7x	0.6x
Mean	**1.6x**	**1.8x**	**1.6x**	**8.7x**	**11.9x**	**8.0x**	**23.1x**	**109.5x**	**24.9x**	**28.2x**	**18.5x**	**43.3x**
Median	**1.6x**	**1.8x**	**1.6x**	**8.7x**	**11.9x**	**8.0x**	**23.1x**	**109.5x**	**24.9x**	**28.2x**	**18.5x**	**43.3x**
Digital marketing												
Ebiquity	0.8x	0.6x	0.6x	6.8x	3.7x	3.3x	12.3x	4.7x	4.0x	neg	n.a.	n.a.
SYZYGY	0.9x	0.8x	0.8x	11.0x	4.9x	4.8x	17.6x	8.1x	7.7x	neg	10.3x	8.3x
DigiTouch	0.9x	0.5x	0.5x	6.1x	3.1x	2.9x	10.3x	4.7x	4.5x	14.7x	6.7x	6.4x
Neosperience	2.1x	1.5x	1.3x	14.0x	5.9x	4.7x	37.5x	69.4x	24.0x	235.0x	neg	38.5x
Websolute	0.8x	1.0x	0.8x	7.9x	5.5x	3.6x	100.1x	12.6x	5.7x	neg	14.6x	7.0x
ID-ENTITY	1.1x	1.1x	1.0x	7.8x	5.9x	5.1x	9.9x	7.3x	6.5x	14.4x	9.2x	8.0x
The Mission	0.3x	0.6x	0.5x	2.8x	4.0x	3.6x	14.2x	5.6x	5.0x	neg	3.8x	3.0x
Mean	**1.0x**	**0.9x**	**0.8x**	**8.0x**	**4.7x**	**4.0x**	**28.8x**	**16.1x**	**8.2x**	**88.0x**	**8.9x**	**11.9x**
Median	**1.0x**	**0.9x**	**0.8x**	**8.0x**	**4.7x**	**4.0x**	**28.8x**	**16.1x**	**8.2x**	**88.0x**	**8.9x**	**11.9x**
Combined Mean	**1.2x**	**1.2x**	**1.1x**	**8.3x**	**7.4x**	**5.7x**	**24.5x**	**35.5x**	**12.6x**	**121.1x**	**10.7x**	**20.7x**
Combined Median	**1.1x**	**0.9x**	**0.8x**	**7.9x**	**5.9x**	**4.8x**	**12.3x**	**8.1x**	**7.1x**	**14.7x**	**9.8x**	**8.3x**
Advertising												
WPP	0.9x	1.3x	1.3x	16.7x	6.8x	7.1x	25.3x	8.4x	8.4x	72.9x	9.4x	9.2x
Publicis Groupe	1.5x	2.0x	1.9x	9.0x	9.1x	8.6x	10.2x	11.1x	10.4x	16.0x	13.7x	12.9x
Hakuhodo DY	0.3x	0.4x	0.5x	4.2x	6.5x	7.0x	6.1x	11.6x	12.2x	11.9x	n.a.	n.a.
Dentsu	1.0x	1.1x	1.1x	6.6x	8.2x	7.1x	10.7x	13.3x	10.3x	neg	n.a.	n.a.
The Interpublic	1.6x	1.5x	1.5x	8.5x	8.0x	8.2x	10.1x	9.7x	9.4x	11.4x	10.6x	10.9x
BlueFocus Intelligent Com.	0.3x	0.3x	0.2x	437.1x	27.2x	20.8x	732.1x	38.3x	26.6x	153.2x	53.0x	48.8x
Mean	**0.9x**	**1.1x**	**1.1x**	**80.4x**	**11.0x**	**9.8x**	**132.4x**	**15.4x**	**12.9x**	**53.1x**	**21.7x**	**20.4x**
Median	**1.0x**	**1.2x**	**1.2x**	**8.8x**	**8.1x**	**7.6x**	**10.5x**	**11.3x**	**10.3x**	**16.0x**	**12.1x**	**11.9x**
EPR	**0.7x**	**0.4x**	**0.4x**	**6.5x**	**6.2x**	**3.6x**	**14.4x**	**64.0x**	**7.7x**	**neg**	**10.2x**	**4.8x**

Source: EnVent Research on S&P Capital IQ, 24/10/2024 - Note: Hopscotch Global PR and TMP not included in mean and median

We have applied to our 2024-25E 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) 30/06/24	Minorities (€m) 30/06/24	Equity Value (€m)
		EPR						
2024E	**Revenues**	8.3	*Mean*	1.2x	10.1	(0.3)	(0.1)	**9.7**
			Median	0.9x	7.6	(0.3)	(0.1)	**7.2**
2025E	**Revenues**	9.4	*Mean*	1.1x	10.4	(0.3)	(0.1)	**10.0**
			Median	0.8x	7.6	(0.3)	(0.1)	**7.2**
Mean 2024-25E								***8.5***
2024E	**EBITDA**	0.6	*Mean*	7.4x	4.1	(0.3)	(0.1)	**3.7**
			Median	5.9x	3.3	(0.3)	(0.1)	**2.9**
2025E	**EBITDA**	1.0	*Mean*	5.7x	5.5	(0.3)	(0.1)	**5.1**
			Median	4.8x	4.6	(0.3)	(0.1)	**4.2**
Mean 2024-25E								***4.0***

Source: EnVent Research

SOP application

Multiples - Comparables	(€m)		EV/Rev multiple			EV/Rev multiple	Sum of the parts EV (€m)	Net (Debt) Cash (€m) 30/06/24	Minorities (€m) 30/06/24	Equity Value (€m)
	EPR Communication Rev.			EPR Digital Rev. (incl. capit. R&D)						
2024E	3.6	*Mean*	1.1x	4.6	*Mean*	1.8x	12.0	(0.3)	(0.1)	11.6
		Median	0.9x		*Median*	1.8x	11.3	(0.3)	(0.1)	10.9
2025E	4.0	*Mean*	1.0x	5.3	*Mean*	1.6x	12.6	(0.3)	(0.1)	12.2
		Median	0.9x		*Median*	1.6x	11.9	(0.3)	(0.1)	11.5
MEAN										**11.6**

Source: EnVent Research

Target Price

Performance rationale

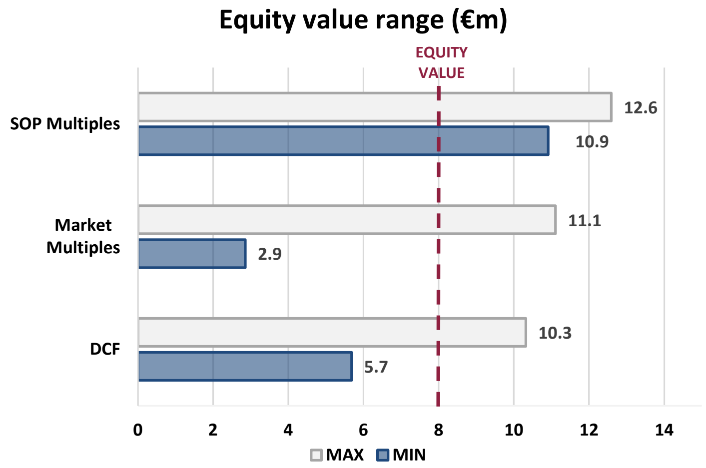
Mid term wrap-up: Prominent communication firm

Rich, prestigious and diversified portfolio

Digital factory as a competitive advantage

We notice 2024 as a turning point: portfolio reshaping after the resignation of the largest client which has impacted revenues volume, and to a certain extent operating profitability, progressively replaced by a parade of eye-catching engagements like Prime Minister Office and GSE (government owned nationwide supervisor and coordinator of the energy market) as major examples, plus other foundations and bodies.

These achievements reflect the evolving competitive profile of EPR as a specialist in reputation management and corporate communication equipped with a digital factory. We expect EPR in the near future to expand geographically and continue to build a rich and diversified portfolio. Also, now with a lower revenue concentration, reducing its risk profile.



Source: EnVent Research

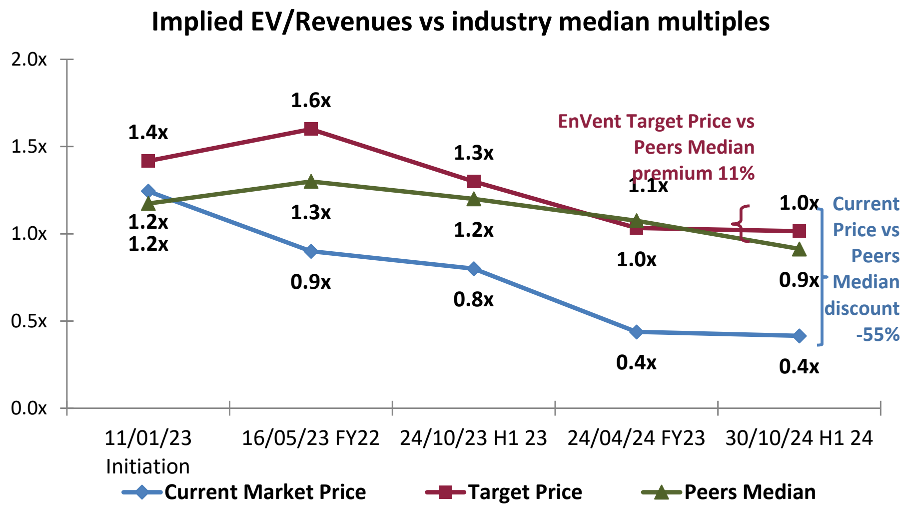
Target price and rating

After a review of our estimates with a more conservative approach, we updated our valuation. We recall the EPR stock derating, which is now trading at a 55% discount to the peers' median. Within our valuation area, in view of our expectation of EPR performance, we confirm an equity value of €8m and the target price of €2.85 per share, 164% upside on current share price, together with the OUTPERFORM rating on the stock.

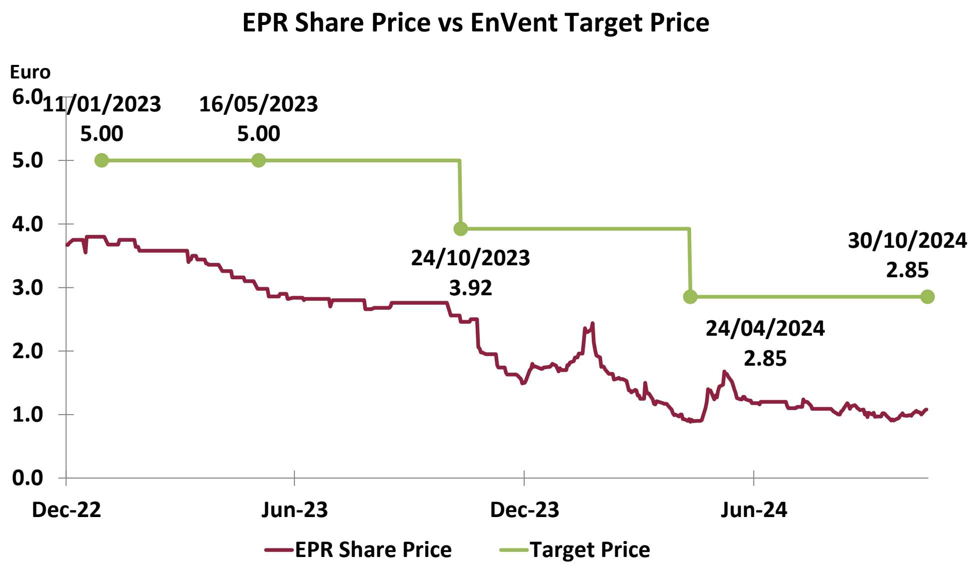
Please refer to important disclosures at the end of this report.

EPR Price per Share	€
Target Price	**2.85**
Current Share Price (29/10/2024)	1.08
Premium (Discount)	**164%**

Source: EnVent Research



Source: EnVent Research on S&P Capital IQ, 30/10/2024



Source: EnVent Research on S&P Capital IQ, 30/10/2024

DISCLAIMER (for more details go to www.enventgroup.eu under “Legal notices - Disclaimer”)

This publication has been prepared by Luigi Tardella, Head of Research Division and Alberto Bacciga, Equity Analyst, on behalf of the Research & Analysis Division of EnVent Italia SIM S.p.A. (“EnVent”). EnVent Italia SIM is authorized and regulated in Italy by Consob (Register of Investment Firms Reg. No. 315).

According to article 35, paragraph 2b of Euronext Growth Milan Rules for Companies (Regolamento Emittenti Euronext Growth Milan), EnVent has been commissioned to produce Equity Research, and particularly this publication, for the Company by arrangement with MIT SIM, the Specialist engaged by the Company.

This publication does not represent to be, nor can it be construed as being, an offer or solicitation to buy, subscribe or sell financial products or instruments, or to execute any operation whatsoever concerning such products or instruments. This publication is not, under any circumstances, intended for distribution to the general public. Accordingly, this document is only for persons who are Eligible Counterparties or Professional Clients only, i.e. persons having professional experience in investments who are authorized persons or exempted persons within the meaning of the Financial Services and Markets Act 2000 and COBS 4.12 of the FCA’s New Conduct of Business Sourcebook. For residents in Italy, this document is intended for distribution only to professional clients and qualified counterparties as defined in Consob Regulation n. 16190 of the 29th October 2007, as subsequently amended and supplemented.

This publication, nor any copy of it, can not be brought, transmitted or distributed in the United States of America, Canada, Japan or Australia. Any failure to comply with these restrictions may constitute a violation of the securities laws provided by the United States of America, Canada, Japan or Australia.

EnVent does not guarantee any specific result as regards the information contained in the present publication and accepts no responsibility or liability for the outcome of the transactions recommended therein or for the results produced by such transactions. Each and every investment/divestiture decision is the sole responsibility of the party receiving the advice and recommendations, who is free to decide whether or not to implement them. The price of the investments and the income derived from them can go down as well as up, and investors may not get back the amount originally invested. Therefore, EnVent and/or the author(s) of the present publication cannot in any way be held liable for any losses, damage, or lower earnings that the party using the publication might suffer following execution of transactions on the basis of the information and/or recommendations contained therein.

The purpose of this publication is merely to provide information that is up to date and as accurate as possible. The information and each possible estimate and/or opinion and/or recommendation contained in this publication is based on sources believed to be reliable. Although EnVent makes every reasonable endeavour to obtain information from sources that it deems to be reliable, it accepts no responsibility or liability as to the completeness, accuracy or exactitude of such information and sources. Past performance is not a guarantee of future results.

Most important sources of information used for the preparation of this publication are the documentation published by the Company (annual and interim financial statements, press releases, company presentations, IPO prospectus), the information provided by business and credit information providers (as Bloomberg, S&P Capital IQ, AIDA) and industry reports.

EnVent has no obligation to update, modify or amend this publication or to otherwise notify a reader or recipient of this publication in the case that any matter, opinion, forecast or estimate contained herein, changes or subsequently becomes inaccurate, or if the research on the subject company is withdrawn. The estimates, opinions, and recommendations expressed in this publication may be subject to change without notice, on the basis of new and/or further available information.

EnVent intends to provide continuous coverage of the Company and the financial instrument forming the subject of the present publication, with a semi-annual frequency and, in any case, with a frequency consistent with the timing of the Company’s periodical financial reporting and of any exceptional event occurring in its sphere of activity.

A draft copy of this publication may be sent to the subject Company for its information and review (without valuation, target price and recommendation), for the purpose of correcting any inadvertent material inaccuracies. EnVent did not disclose the rating to the issuer before publication and dissemination of this document.

ANALYST DISCLOSURES

For each company mentioned in this publication, all of the views expressed in this publication accurately reflect the financial analysts’ personal views about any or all of the subject company (companies) or securities.

Neither the analysts nor any member of the analysts’ households have a financial interest in the securities of the subject Company. Neither the analysts nor any member of the analysts’ households serve as an officer, director or advisory board member of the subject company. Analysts' remuneration was not, is not or will be not related, either directly or indirectly, to specific proprietary investment transactions or to market operations in which EnVent has played a role (as Euronext Growth Advisor, for example) or to the specific recommendation or view in this publication. EnVent has adopted internal procedures and an internal code of conduct aimed to ensure the independence of its financial analysts. EnVent research analysts and other staff involved in issuing and disseminating research reports operate independently of EnVent Group business. EnVent, within the Research & Analysis Division, may collaborate with external professionals. It may, directly or indirectly, have a potential conflict of interest with the Company and, for that reason, EnVent adopts organizational and procedural measures for the prevention and management of conflicts of interest (for details www.enventgroup.eu under "Legal notices - Disclaimer", "Procedures for prevention of conflicts of interest").

MIFID II DISCLOSURES

Eprcomunicazione S.p.A. Società Benefit (the "Issuer or the "Company") is a corporate client of EnVent. This document, being paid for by a corporate Issuer, is a Minor Non-monetary Benefit as set out in Article 12 (3) of the Commission Delegated Act (C2016) 2031.

This note is a marketing communication and not independent research. As such, it has not been prepared in accordance with legal requirements designed to promote the independence of investment research and this note is not subject to the prohibition on dealing ahead of the dissemination of investment research.

CONFLICTS OF INTEREST

In order to disclose its possible conflicts of interest, EnVent states that it acts or has acted in the past 12 months as Euronext Growth Advisor to the subject Company on the Euronext Growth Milan market, a Multilateral Trading Facility regulated by Borsa Italiana (for details www.enventgroup.eu under "Legal notices - Disclaimer", "Potential conflicts of interest").

CONFIDENTIALITY

Neither this publication nor any portions thereof (including, without limitation, any conclusion as to values or any individual associated with this publication or the professional associations or organizations with which they are affiliated) shall be reproduced to third parties by any means without the prior written consent and approval from EnVent.

VALUATION METHODOLOGIES

EnVent Research & Analysis Division calculates range of values and fair values for the companies under coverage using professional valuation methodologies, such as the discounted cash flows method (DCF), dividend discount model (DDM) and multiple-based models (e.g. EV/Revenues, EV/EBITDA, EV/EBIT, P/E, P/BV). Alternative valuation methodologies may be used, according to circumstances or judgement of non-adequacy of most used methods. The target price could be also influenced by market conditions or events and corporate or share peculiarities.

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 expected to have a downside within the reference market or industry, with a target price more than 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: 29/10/2024 h. 7.00pm
Date and time of Distribution: 30/10/2024 h. 6.35pm

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
24/04/2024	OUTPERFORM	2.85	0.89
30/10/2024	OUTPERFORM	2.85	1.08

ENVENT RECOMMENDATION DISTRIBUTION (September 30th, 2024)

Number of companies covered: 26	OUTPERFORM	NEUTRAL	UNDERPERFORM	SUSPENDED	UNDER REVIEW	NOT RATED
Total Equity Research Coverage %	88%	12%	0%	0%	0%	0%
of which EnVent clients % *	73%	33%	na	na	na	na

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

This disclaimer is constantly updated on the website at www.enventgroup.eu under “Disclaimer”.
Additional information available upon request.