

## COMPANY UPDATE



### ADD

**Fair Value:** €3.99 (€3.46)  
**Price:** €1.91  
**Upside:** 108%

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Market Data:	
<b>Main Shareholders</b>	
Marco Ciscato	20.65%
Maurizio Pontremoli	17.05%
Domenico Miglietta	12.86%
<b>Mkt Cap (€ mn)</b> 17.6	
<b>EV (€ mn)</b> 25.6	
<b>Shares out.</b> 9.2	
<b>Free Float</b> 26.5%	

Market multiples	2019	2020	2021
<b>EV/EBITDA</b>			
MAPS	4.6x	4.6x	3.1x
Comps median	11.1x	10.8x	9.3x
MAPS vs Median	-58%	-58%	-67%
<b>P/E</b>			
MAPS	8.9x	14.8x	9.0x
Comps median	18.1x	18.3x	15.3x
MAPS vs Median	-51%	-19%	-41%

Stock Data:	
52 Wk High (€)	3.47
52 Wk Low (€)	1.80
Avg. Daily Trading 90d	8,104
Price Change 1w (%)	0.53
Price Change 1m (%)	-13.96
Price Change YTD (%)	-38.59

## Healthcare MAPS to navigate uncertain times

€ Million	FY 17PF	FY 18PF	FY 19A	FY 20E	FY 21E	FY 22E	FY 23E
Total Revenues	14.5	16.6	17.0	19.0	23.8	28.1	33.4
EBITDA	2.1	3.6	3.8	3.8	5.7	7.0	8.4
margin	14.3%	22.0%	22.2%	20.2%	24.0%	24.8%	25.1%
Net Profit	0.9	2.0	2.0	1.2	2.0	2.7	3.5
margin	6.5%	12.2%	11.6%	6.3%	8.2%	9.7%	10.5%
EPS	n.m.	n.m.	n.m.	0.22	0.13	0.21	0.30

**Lights and shadows during the pandemic.** COVID-19 had differing effects on Maps' business, driving acceleration in digital transformation and even more so in the Healthcare sector, which relied on Maps' healthcare offer that registered 21% growth in 1H20. On the other hand, the postponement of some projects slowed down the Large Enterprise division. Looking at company structure, Maps acquired 20% of Maps Healthcare for €1.7mn, anticipating the deal closing (from 2022) and thus saving ca. €0.5mn.

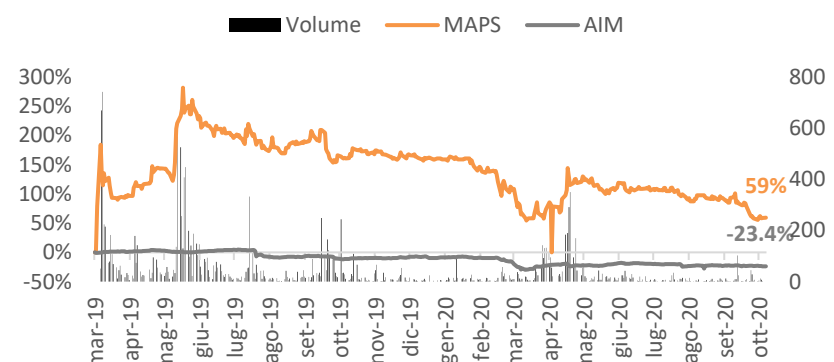
**1H20 Results.** Maps reached €8.5mn of revenues (€9.0mn in 1H19), growing on subscription revenues - mainly thanks to the Healthcare division - reaching €2.3mn (+26% YoY) - 27% of total revenues (vs 20% of 1H19). Maps maintained a stable EBITDA margin of ca. 19% reaching €1.6mn. The high D&A, associated with strong investments and prudent accounting methods, drove EBIT to €0.1mn (€1.1mn in 1H19). The savings registered on Maps' healthcare deal contributed positively to both net income (at €0.4mn in 1H20) and NFP (€4.8mn at the end of 1H20 compared to €4.5mn at the end of 2019). NFP has been also affected by the IFRS 16 accounting effects (by €1.6mn).

**A highly synergic M&A in the Healthcare sector.** On September 16, the company signed an agreement for the acquisition of SCS Computers for €4.2mn. SCS, with 2019 revenues of €1.6mn, an EBITDA margin of 34% and net cash of €0.5mn, is a healthcare software house offering proprietary solutions.

**Revised Estimates.** On the back of the lower than expected 1H20 profitability and SCS acquisition, we update our forecast as follows: we reduced expected 2020 profitability (-8% on EBITDA and -36% on net income) while increasing our estimates on Revenues (+6%) and EBITDA (+9%) for the following years.

**Valuation.** In our valuation we factored in the recent updates and the M&A clos expected in 4Q20. We therefore obtained a fair value - coming from our DCF and Multiple Valuation - of €36.7mn or €3.99ps (against our previous fair value of €31.6mn or €3.46ps), resulting in an upside of 108% on the current market price of €1.91ps.

### Relative Performance Chart since IPO



Source: Company data, KT&Partners' estimates, FactSet data

## Maps Group's Key Data

	Current price (€) Fair Value (€)		Sector						Free Float (%)
	1.91	3.99	Information Technologies						26.5
<b>Per Share Data</b>									
	2016A	2017A	2018A	2019A	2020E	2021E	2022E	2023E	
Total shares outstanding (mn)	n.m.	n.m.	n.m.	9.13	9.20	9.20	9.20	9.20	
EPS	n.m.	n.m.	n.m.	0.22	0.13	0.21	0.30	0.38	
Dividend per share (ord)	n.a.	n.a.	n.a.	-	-	-	-	-	
Dividend pay out ratio (%)	n.a.	n.a.	n.a.	0%	0%	0%	0%	0%	
<b>Profit and Loss (EUR thousand)</b>									
Revenues	12,313	14,514	16,570	17,030	18,962	23,813	28,079	33,427	
EBITDA	1,853	2,072	3,639	3,788	3,839	5,726	6,971	8,391	
EBIT	1,580	1,504	3,181	2,042	1,490	2,989	3,924	5,004	
EBT	1,406	1,276	2,804	2,503	1,624	2,681	3,729	4,809	
Taxes	(422)	(327)	(778)	(533)	(438)	(724)	(1,007)	(1,299)	
Tax rate	30%	26%	28%	21%	27%	27%	27%	27%	
Net Income	-	-	-	-	-	-	-	-	
Net Income attributable to the Group	984	949	2,026	1,970	1,185	1,957	2,722	3,511	
<b>Balance Sheet (EUR thousand)</b>									
Total fixed assets	-	6,687	7,210	10,307	14,890	13,654	12,207	10,420	
Net Working Capital (NWC)	-	3,438	3,244	6,966	7,458	8,258	10,006	12,183	
Provisions	-	-	-	-	-	-	-	-	
Total Net capital employed	-	7,645	7,583	13,814	18,589	17,852	17,853	17,944	
Net financial position/(Cash)	-	4,493	2,989	4,444	8,034	5,340	2,619	(801)	
Group Shareholder's Equity	-	3,152	4,593	9,370	10,555	12,512	15,234	18,745	
Minorities	-	-	-	-	-	-	-	-	
Total Shareholder's Equity	-	3,152	4,593	9,370	10,555	12,512	15,234	18,745	
<b>Cash Flow (EUR thousand)</b>									
Net operating cash flow	-	-	2,861	3,255	3,401	5,002	5,964	7,092	
Change in NWC	-	-	194	(3,723)	(492)	(800)	(1,748)	(2,178)	
Capital expenditure	-	-	(1,132)	(2,721)	(5,315)	(1,500)	(1,600)	(1,600)	
Other cash items/Uses of funds	-	-	550	579	318	300	300	300	
Free cash flow	-	-	2,473	(2,609)	(2,088)	3,002	2,916	3,615	
<b>Enterprise Value (EUR thousand)</b>									
Market Cap	n.a.	n.a.	n.a.	28,586	17,565	17,565	17,565	17,565	
Minorities	-	-	-	-	-	-	-	-	
Net financial position/(Cash)	-	4,493	2,989	4,444	8,034	5,340	2,619	(801)	
Enterprise value	n.a.	n.a.	n.a.	33,031	25,599	22,905	20,184	16,764	
<b>Ratios (%)</b>									
EBITDA margin	15.0%	14.3%	22.0%	22.2%	20.2%	24.0%	24.8%	25.1%	
EBIT margin	12.8%	10.4%	19.2%	12.0%	7.9%	12.6%	14.0%	15.0%	
Gearing - Debt/equity		142.5%	65.1%	47.4%	76.1%	42.7%	17.2%	-4.3%	
Interest cover on EBIT	2.8%	4.1%	2.1%	-27.1%	-9.0%	10.3%	5.0%	3.9%	
NFP/EBITDA		216.8%	82.1%	117.3%	209.3%	93.3%	37.6%	-9.5%	
ROCE		19.7%	42.0%	14.8%	8.0%	16.7%	22.0%	27.9%	
ROE		30.1%	44.1%	21.0%	11.2%	15.6%	17.9%	18.7%	
EV/Sales	n.m.	n.m.	n.m.	1.03	0.93	0.74	0.63	0.53	
EV/EBITDA	n.m.	n.m.	n.m.	4.64	4.58	3.07	2.52	2.09	
P/E	n.m.	n.m.	n.m.	8.92	14.82	8.98	6.45	5.00	
Free cash flow yield	n.m.	n.m.	n.m.	-15%	-12%	17%	17%	21%	
<b>Growth Rates (%)</b>									
Sales	7.3%	17.9%	14.2%	2.8%	11.3%	25.6%	17.9%	19.0%	
EBITDA	8.0%	11.8%	75.6%	4.1%	1.3%	49.1%	21.7%	20.4%	
EBIT		-4.8%	111.5%	-35.8%	-27.0%	100.6%	31.3%	27.5%	
Net Income		-3.6%	113.4%	-2.7%	-39.8%	65.1%	39.1%	29.0%	

Source: Company data, KT&Partners' elaborations

## Company Overview

Maps is one of the main Italian digital transformation enablers focused on big data software solutions, offering its services and products to **large enterprises**, the **healthcare sector** and **public administration**.

The company is characterized by strong client retention: clients with a 5+ years relationship generated more than 65% of revenues in 2018.

Maps' business model is based on:  
a) proprietary solutions, which guarantee recurring revenues, and  
b) customized services.

## 1H20 Results Summary

The COVID-19 breakout resulted in multiple combined effects on Maps' business. The lockdown measures pushed an acceleration of digital transformation strategies and implementations in order to deal with social distancing, working from home measures and the need to reduce gatherings even in public spaces. On the other hand, the uncertainty brought about by COVID-19 caused the postponement of some investments related to big projects.

The pandemic had major effects on the Healthcare sector requiring the cure and the prevention of the virus' spread. Maps had a key role in easing the healthcare decision-making processes - offering its data-driven governance solutions - and on healthcare patient management - offering its patient journey solutions. The digital transformation path started by the Healthcare sector - following the pandemic breakout - is expected to be a permanent shift rather than a temporary solution to deal with COVID-19.

Looking at Maps' 1H20 results, the above-mentioned dynamics are clear. In the first six months of the year, Maps registered total revenues of €8.5mn, growing by 2% YoY, despite the €1.0mn reduction in service fees, associated with the large enterprise business slowdown. The Healthcare unit sustained Maps' business, growing by 21% YoY and registering €1.2mn of subscription revenues leading to an overall growth of Maps' subscription revenues of 26.3% YoY.

People and commercial investments are not fully reflected in a growth of revenue in 1H20 due to the partial lag between Maps' investments and Maps' revenues and because of the effects of COVID-19. Despite the higher investments, the EBITDA margin has been maintained at around 19%, resulting in an EBITDA of €1.6mn (-9% YoY).

Looking at the EBIT level, in 1H20 Maps registered more than expected D&A costs totaling €1.6mn (of which €0.4mn related to IFRS 16). The high level of D&A is mainly due to two effects: a) a physiological effect due to the strong investments made by the company; and b) an accounting effect due to a more prudent treatment of the intangible asset registered in the balance sheet (effect that is not expected in the second half of the year). EBIT closed at €0.1mn (vs €1.1mn in 1H19).

Finally, the anticipated acquisition of 20% of Maps Healthcare occurred in 1H20, which allowed Maps to save ca. €0.5mn when compared to the price that should have been paid in 2022. Indeed, the company closed the deal with a price of €1.6mn instead of ca. €2.0mn, since the transaction multiple has been applied to 2019 data rather than 2022 data. The saving on the deal resulted in a positive contribution on P&L, leading to a net income of €0.4mn.

On the financial side, Maps closed 1H20 with a NFP of €4.8mn (vs €4.5mn at the end of 2019), influenced also by a €0.6mn payment for Maps Healthcare (the remaining €1.1mn will be paid throughout 2021 and 2022) and by the IFRS 16 debt increase of ca. €1.6mn due to the rental of a new office in Milan.

Maps' 1H20 Results

€ thousand	1H18A	1H19A	1H20A	YoY growth
Subscription Fee	1.1	1.9	2.3	26%
Services Fee	5.7	5.7	4.7	-18%
Other Revenues	-	0.8	1.5	94%
<b>Total Revenues</b>	<b>7.2</b>	<b>8.4</b>	<b>8.5</b>	<b>2.0%</b>
Growth %		15.8%	2.0%	
Direct Labour Costs	(3.2)	(3.8)	(3.4)	
Direct Services Costs	(0.8)	(1.0)	(1.5)	
<b>Gross Profit</b>	<b>2.9</b>	<b>3.6</b>	<b>3.7</b>	<b>2.5%</b>
Gross Margin	42.3%	43.2%	43.4%	
Commercial Costs	(0.3)	(0.8)	(1.0)	
General and Administrative Costs	(0.8)	(1.1)	(1.1)	
<b>EBITDA</b>	<b>1.7</b>	<b>1.8</b>	<b>1.6</b>	<b>-8.5%</b>
EBITDA margin	25.6%	21.4%	19.2%	
Growth %		3.1%	-8.5%	
D&A and Provisions	(0.2)	(0.7)	(1.6)	
<i>Ammortization related to IFRS 16</i>		(0.3)	(0.4)	
<b>EBIT</b>	<b>1.5</b>	<b>1.1</b>	<b>0.1</b>	<b>-93.8%</b>
EBIT margin	22.7%	12.9%	0.8%	
Growth %		-29.9%	-93.8%	
Financial Income and Expenses	(0.0)	(0.2)	0.4	
<i>Artexe call, fairvalue adjustment</i>		(0.2)	0.4	
Extraordinary Items	(0.0)	(0.0)	(0.0)	
<b>EBT</b>	<b>1.5</b>	<b>0.8</b>	<b>0.4</b>	<b>-48.9%</b>
Taxes	(0.4)	(0.2)	0.1	
Tax Rate	24.0%	21.8%	-20.3%	
<b>Net Income</b>	<b>1.2</b>	<b>0.6</b>	<b>0.5</b>	<b>-21.5%</b>
Net margin	17.0%	7.4%	5.7%	

Source: Company data, KT&Partners' elaborations

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## Estimates Review

In the first two months of 2020, Maps started with the foot on the accelerator, signing conspicuous deals in both the Healthcare and Large Enterprise divisions. The company closed an agreement with Emilia-Romagna for a three-year project that will be delivered by the Healthcare division and will grant a maximum of €5.5mn over the next three years. Furthermore, the Patient Journey solution has been chosen by the Italian auxologic institution, bringing more than €100k to the company. On the other hand, Maps signed a partnership with Circle offering the “SmartAggregator” solution to the logistic market. Finally, Maps extended its activity with Philips Morris International with new orders for ca. €180k.

Despite the pandemic, Maps has conducted several extraordinary operations during the last few months.

On the business side, it concluded a strategic M&A deal buying 100% of SCS Computers, a software house operating in the healthcare sector. Maps will buy SCS for €4.24mn - €2.7mn of which will be paid at the closing and the remaining after five years. In 2019, SCS registered revenues of €1.6mn and an EBITDA margin of 34% (EBITDA €0.5mn), closing the year with net cash of €0.5mn (projected to be €0.8mn at the closing). The SCS offer is strongly synergic for Maps, since it includes two proprietary solutions dedicated to the integration and automatization of analysis laboratories (ca. 90% of revenues) and to the management of data for hospital first aid areas (ca. 10% of revenues). The merger will allow the two companies to benefit from geographical synergies on revenues - thanks to the cross-selling of solutions. SCS is a leading operator in its niche in the Marche region, allowing easier penetration of Maps' offer. At the same time, SCS' solutions will be offered to Maps' current and future clients, completing Maps' healthcare offer. Indeed, thanks to SCS acquisition, Maps management expect to a) strengthen Clinika offer, thanks to laboratory data coming from SCS solutions and by offering Clinika to Emergency and Pathological Anatomy units; b) sell, as a complete offer, Patient journey solutions and SCS solutions.

Furthermore, on October 12, Maps announced the constitution of Micuro Srl, an innovative startup of the insurtech sector. Micuro has been selected by Vittoria Hub - the incubator of Vittoria Assicurazioni - in a group of 10 startups - among 141 companies. Micuro will develop - also supported by Vittoria Hub - its insurtech solutions that will allow insurance companies to penetrate the market of medical services distribution. Micuro solutions will be integrated in the Patient Journey offer and is expected to strengthen Maps positioning in the mid-size health structures.

On the financial side, Maps strengthened its position by closing a deal with Bper Banca for financing of ca. €3mn and signed a deal for a convertible bond issuance - for a maximum of €5mn - that could be called by Maps to take advantage of future investing opportunities.

On the commercial side, after closing in 1Q20 several deals such as the three-year agreement with Emilia-Romagna (total value of €5.5mn), the deal with Italian auxologic institution and the agreement with Philip Morris and the partnership with Circle, Maps kept signing new agreements even during the pandemic. Among the new agreements, EFSA renewed the contract with Maps for the third time, Artex closed two deals, one with Emilia-Romagna and another with ASL Monza and Gzoom signed an agreement with the Piemonte

region. In addition to Large enterprise and Healthcare, also Gzoom division is expected to benefit from the digital transformation acceleration of the public sector in the next years.

Finally, we notice that Maps received a financing from Emilia-Romagna to develop two different projects related to COVID initiatives. The projects, expected to be completed at the end of 2020, will strengthen the patient journey solutions and the Maps patented semantic engine (Clinika) since the beginning of 2021.

On the back of a) the digital transformation acceleration driven by the COVID-19 outbreak, b) the M&A deal with SCS, and c) the 1H20 results and the recent developments in commercial activities, we updated our financial estimates.

We left unchanged 2020 expected revenues while lowering profitability levels: a) on EBITDA due to higher costs following the investment in the company structure; and b) on net income following both higher costs and higher D&A. Looking at 2021 and 2022 data, we considered on the one hand the slight reduction of profitability while on the other hand the contribution of SCS Computers to both revenues and EBITDA (ca. €1.6mn and €0.5 respectively in 2021).

On the financial side, 2020E NFP factors in the lower expected profitability and the acquisition of SCS Computers (€4.2mn or €3.4mn considering SCS' expected net cash of €0.8mn at the deal closing).

The key points of our estimates are as follows:

- FY20 revenues at €18.9mn reaching €28.1 in 2022 (CAGR 19-22 of 18%)
- FY20 EBITDA at €3.8mn reaching €7.0 in 2022 (CAGR 19-22 of 23%)
- FY20 net income at €1.2mn reaching €2.7 in 2022 (CAGR 19-22 of 22%)
- FY20 NFP at €8.0mn reaching €2.6 in 2022.

### Change in Estimates 2020-22

€ thousand	2019A	2020E		Change Old vs New	2021E		Change Old vs New	2022E		Change Old vs New
		Old	New		Old	New		Old	New	
		KT&P	KT&P		KT&P	KT&P		KT&P	KT&P	
Revenues	17,030	18,975	18,962	-0.1%	22,584	23,813	5.4%	26,347	28,079	6.6%
YoY Change (%)	2.8%	11.4%	11.3%		19.0%	25.6%		16.7%	17.9%	
EBITDA	3,788	4,175	3,839	-8.0%	5,272	5,726	8.6%	6,358	6,971	9.6%
YoY Change (%)	4.1%	14.7%	1.3%		26.3%	49.1%		20.6%	21.7%	
EBITDA margin%	22.2%	22.0%	20.2%		23.3%	24.0%		24.1%	24.8%	
EBIT	2,042	2,278	1,490	-34.6%	3,075	2,989	-2.8%	3,852	3,924	1.9%
YoY Change (%)	-35.8%	-28.4%	-27.0%		35.0%	100.6%		25.2%	31.3%	
EBIT margin%	12.0%	12.0%	7.9%		13.6%	12.6%		14.6%	14.0%	
Net Income	1,970	1,547	1,185	-23.4%	2,128	1,957	-8.0%	2,794	2,722	-2.6%
YoY Change (%)	-2.7%	-23.7%	-39.8%		37.6%	65.1%		31.3%	39.1%	
Net margin%	11.6%	8.2%	6.3%		9.4%	8.2%		10.6%	9.7%	
NFP/(Cash)	4,444	1,470	8,034	n.m.	(161)	5,340	n.m.	(2,620)	2,619	n.m.
YoY Change (%)		-50.8%	80.8%		-111.0%	-33.5%		1525.8%	-51.0%	

Source: Company data, KT&Partners' elaborations

## Valuation

Following the projections of Maps' future financials, we carried out the valuations of the company by applying two major methods: i) the market multiples analysis based on EV/EBITDA and P/E, and ii) the DCF model.

The average of the three different valuation methods returns an equity value equal to €36.7mn or €3.99 per share.

## Peer Comparison

We carried out an in-depth analysis of potential public companies that could be considered as peers of Maps, taking into account its software development business and its digital transformation services.

Firstly, we built an eight-company sample (see appendix). Secondly, we analyzed the peer companies by considering their marginalities at EBITDA and net income level.

Peers have a level of marginality which is below Maps' 2019 results: the average EBITDA margin in 2019 recorded by peers was 15.0%, whereas Maps' margin registered in the same period was 22.2%. At net income level, the peers' average net margin was equal to 6.6%, while Maps' was 11.6%.

## Market Multiple Valuation

Following the comparables analysis, we proceeded with the definition of market multiples of the peer group, focusing on 2020-22 data.

### Peers Comparison - Market Multiples

Company Name	Exchange	Market Cap	EV/SALES 2020	EV/SALES 2021	EV/SALES 2022	EV/EBITDA 2020	EV/EBITDA 2021	EV/EBITDA 2022	EV/EBIT 2020	EV/EBIT 2021	EV/EBIT 2022	P/E 2020	P/E 2021	P/E 2022
Reply S.p.A.	Milan	3,696	2.9x	2.6x	2.4x	18.5x	16.2x	14.7x	22.9x	19.9x	19.9x	34.4x	29.7x	26.4x
Capgemini SE	Euronext Paris	19,131	1.6x	1.5x	1.5x	11.1x	9.9x	9.6x	15.2x	13.4x	13.4x	17.7x	15.3x	13.5x
adesso SE	XETRA	452	1.1x	1.0x	0.9x	10.8x	9.3x	8.3x	20.2x	15.5x	15.5x	26.7x	19.8x	16.2x
GPI SpA	Milan	110	0.9x	0.9x	n.a.	6.7x	6.1x	n.a.	13.1x	11.1x	n.a.	11.8x	9.5x	n.a.
Expert System SpA	Milan	121	3.8x	3.5x	2.5x	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Atos SE	Euronext Paris	7,763	0.9x	0.9x	0.8x	6.7x	6.3x	5.7x	9.8x	9.0x	9.0x	10.2x	9.5x	8.6x
Software AG	XETRA	2,938	3.1x	3.1x	2.9x	13.4x	12.4x	11.1x	16.4x	14.9x	14.9x	21.6x	20.1x	17.9x
Sopra Steria Group SA	Euronext Paris	3,796	0.8x	0.8x	0.8x	8.6x	7.5x	6.7x	14.5x	11.6x	11.6x	18.3x	14.1x	12.1x
<b>Average peer group</b>		<b>4,751</b>	<b>1.9x</b>	<b>1.8x</b>	<b>1.7x</b>	<b>10.8x</b>	<b>9.7x</b>	<b>9.3x</b>	<b>16.0x</b>	<b>13.6x</b>	<b>14.1x</b>	<b>20.1x</b>	<b>16.8x</b>	<b>15.8x</b>
<b>Median peer group</b>		<b>3,317</b>	<b>1.4x</b>	<b>1.3x</b>	<b>1.5x</b>	<b>10.8x</b>	<b>9.3x</b>	<b>8.9x</b>	<b>15.2x</b>	<b>13.4x</b>	<b>14.2x</b>	<b>18.3x</b>	<b>15.3x</b>	<b>14.9x</b>

Source: FactSet

We based our evaluation upon 2020-22 EV/EBITDA and P/E multiples, including a size discount of 15%, and our estimates of Maps' EBITDA and net income for 2020-22.

We note that for EV/EBITDA valuation, we considered:

- 1H20 NFP estimating 2020E Equity Value;
- FY20E NFP - so as to factor in the M&A acquisition costs - estimating 2021E and 2022E Equity Value.

**EV/EBITDA Valuation**

Multiple Valuation (€mn)	2020E	2021E	2022E
EV/EBITDA Comps	10.8x	9.3x	8.9x
Maps EBITDA	3.84	5.73	6.97
<b>Enterprise value</b>	<b>41.3</b>	<b>53.0</b>	<b>62.2</b>
Maps NFP*	4.8	8.0	8.0
<b>Equity Value</b>	<b>36.5</b>	<b>45.0</b>	<b>54.2</b>
Average Equity Value		45.2	
Size Discount		15%	
<b>Equity Value Post-Discout</b>		<b>38.5</b>	
Number of shares (thousand)		9,196	
<b>Value per Share €</b>		<b>4.18</b>	

Source: FactSet, KT&Partners' estimates

**P/E Valuation**

Multiple Valuation (€mn)	2020E	2021E	2022E
P/E Comps	18.3x	15.3x	14.9x
Maps Net Income	1.19	1.96	2.72
<b>Equity Value</b>	<b>21.7</b>	<b>29.9</b>	<b>40.5</b>
Average Equity Value		30.7	
Size Discount		15%	
<b>Equity Value Post-Discout</b>		<b>26.1</b>	
Number of shares (thousand)		9,196	
<b>Value per Share €</b>		<b>2.84</b>	

Source: FactSet, KT&Partners' estimates



### DCF Model

We have also conducted our valuation using a four-year DCF model, based on 10.9% cost of equity, 3.0% cost of debt and a target capital structure with 50% of debt. The cost of equity is a function of the risk-free rate of 0.90% (Italian 10y BTP), 5.8% mature market expected return and a premium for size and liquidity of 4.0%. **We, therefore, obtained 8.0% WACC.**

We discounted 2020E-23E annual cash flows and considered a terminal growth rate of 1.5%, then we carried out a sensitivity analysis on the terminal growth rate (+/- 0.25%) and on WACC (+/- 0.25%).

We note that in the 2020E FCFO we included the expected investment related to the SCS acquisition.

### DCF Valuation

€ million	2020E	2021E	2022E	2023E
EBIT	1.5	3.0	3.9	5.0
Taxes	(0.4)	(0.7)	(1.0)	(1.3)
D&A	2.3	2.7	3.0	3.4
Change in Net Working Capital	(0.5)	(0.8)	(1.7)	(2.2)
Change in Funds	0.3	0.3	0.3	0.3
<b>Net Operating Cash Flow</b>	<b>3.2</b>	<b>4.5</b>	<b>4.5</b>	<b>5.2</b>
Capex	(5.3)	(1.5)	(1.6)	(1.6)
<b>FCFO</b>	<b>-2.11</b>	<b>3.00</b>	<b>2.92</b>	<b>3.61</b>
g	1.5%			
Wacc	8.1%			
FCFO (discounted)	-2.1	3.0	2.9	3.6
Discounted Cumulated FCFO	7.5			
TV	55.15			
TV (discounted)	42.9			
<b>Enterprise Value</b>	<b>50.4</b>			
NFP 1H20	4.8			
<b>Equity Value</b>	<b>45.6</b>			
# shares (k)	9,196			
<b>Value per share (€)</b>	<b>4.96</b>			

Source: KT&Partners' elaborations

### Sensitivity Analysis (€mn)

		WACC			
		8.3%	8.1%	7.8%	7.6%
Terminal growth Rate	1.0%	41.0	42.7	44.4	46.3
	1.3%	42.5	44.2	46.1	48.2
	1.5%	44.0	45.9	48.0	50.2
	1.8%	45.7	47.7	49.9	52.3
	2.0%	47.5	49.7	52.1	54.7

Source: KT&Partners' elaborations

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## Appendix

Firstly, we built an eight-company sample, consisting of:

- **Reply SpA:** listed on the Borsa Italiana, with a market capitalization of ca. €4bn. Reply engages in the creation and implementation of solutions based on new communication channels and digital media. It supports its clients in defining and developing new business models using big data, cloud computing, customer relationship management, mobile, social media and IoT paradigms. In 2019, Reply reached revenues of €1.2bn.
- **Capgemini SE:** listed on Euronext Paris with a market capitalization of ca. €19bn. Capgemini provides consulting, technology, professional and outsourcing services. The consulting services business aims to help the group's clients in digital transformation programs, while the technology services business involves system integration and IT application development. Revenues for 2019 reached €14.1bn.
- **Adesso AG:** listed on XETRA (Frankfurt, Germany) with a market capitalization of ca. €450mn. Adesso is engaged in the provision of IT services, focused on consulting and software development, and IT solutions, i.e. distribution of software products and industry-specific or industry-neutral solutions. The company reached revenues of €450mn in 2019.
- **GPI SpA:** listed on Borsa Italiana with a market capitalization of ca. €110mn. GPI provides IT management and consulting services focusing on the health and social assistance sectors. It registered €237mn of revenues in 2019.
- **Expert System SpA:** listed on Borsa Italiana with a market capitalization of ca. €120mn. Expert System engages in the development of semantic technology, providing solutions for online activities. In 2019, Expert reached revenues of €32mn.
- **Atos SE:** listed on Euronext Paris with a market capitalization of ca. €8bn. Atos provides consulting and system integration services. It provides managed services and NPO, cloud operations, big data and cyber security solutions. Atos reached revenues of €11.6bn in 2019.
- **Software AG:** listed on XETRA (Frankfurt, Germany) with a market capitalization of ca. €3bn. Software AG engages in the development and provision of technology solutions for digitalization. It reached revenues of €891mn in 2019.
- **Sopra Steria Group SA:** listed on Euronext Paris with a market capitalization of ca. €4bn. Sopra Steria Group engages in the business of digital transformation, providing consulting, system integration, software development, infrastructure management and business process services. In 2019, revenues equaled €4.4bn.

Peers Comparison - EBITDA Margin and Net Margin

Company Name	EBITDA Margin							Net Margin						
	2016	2017	2018	2019	2020	2021	2022	2016	2017	2018	2019	2020	2021	2022
Reply S.p.A.	11.1%	11.9%	12.5%	14.2%	15.5%	15.9%	16.0%	8.7%	8.8%	9.6%	9.6%	8.8%	9.1%	9.4%
Capgemini SE	13.3%	13.8%	13.8%	15.7%	14.8%	15.4%	15.4%	7.3%	6.5%	5.5%	6.1%	6.8%	7.4%	8.0%
adesso SE	9.1%	8.0%	7.9%	9.7%	10.2%	10.6%	10.8%	4.7%	3.4%	3.7%	3.9%	3.2%	3.9%	4.4%
GPI SpA	12.6%	12.2%	11.2%	13.2%	13.6%	14.2%	n.m.	4.6%	4.2%	4.6%	3.9%	3.8%	4.7%	n.m.
Expert System SpA	neg	neg	11.5%	12.6%	2.5%	neg	neg	neg	neg	neg	neg	neg	neg	neg
Atos SE	12.5%	13.8%	12.0%	15.6%	13.0%	13.7%	14.7%	4.8%	5.0%	5.3%	3.6%	6.5%	7.1%	7.6%
Software AG	29.7%	30.4%	29.2%	28.9%	23.3%	24.6%	26.0%	16.1%	16.0%	19.0%	17.4%	12.4%	13.6%	14.9%
Sopra Steria Group SA	8.6%	8.4%	8.2%	11.1%	9.9%	10.8%	11.7%	4.0%	4.5%	3.1%	3.6%	3.0%	4.0%	4.6%
Average	13.8%	14.1%	13.3%	15.1%	12.8%	15.0%	15.8%	7.2%	6.9%	7.3%	6.9%	6.4%	7.1%	8.2%
MAPS	15.0%	14.3%	22.0%	22.2%	20.2%	24.0%	24.8%	8.0%	6.5%	12.2%	11.6%	6.3%	8.2%	9.7%

Source: Maps' company presentation, FactSet, KT&Partners' estimates

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