

#### Accumulate

Recommendation unchanged

**Share price: EUR 5.98**

closing price as of 18/03/2019

**Target price: EUR 8.30**

Target Price unchanged

**Upside/Downside Potential 38.8%**

Reuters/Bloomberg DMG.MI/DM IM

**Market capitalisation (EURm) 44**

Current N° of shares (m) 7

**Free float 37%**

Daily avg. no. trad. sh. 12 mth 4

Daily avg. trad. vol. 12 mth (m) 87.85

Price high/low 12 months 5.80 / 7.88

Abs Perfs 1/3/12 mths (%) -2.92/-3.55/-25.06

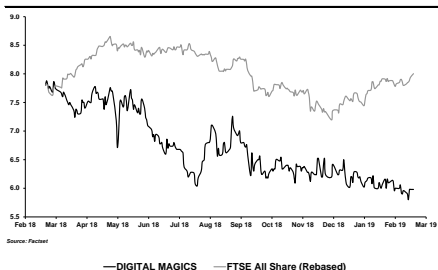
Total Net Asset Value 0.0 0%

**NAVPS (EUR) nm**

Share price\*: EUR 5.98

#### Shareholders

TIP 18%; Innogest 5%;



#### Analyst(s)

Andrea Devita, CFA

andrea.devita@bancaakros.it

+39 02 4344 4031

## Net profit and dividend in FY 2018

**The facts:** Digital Magics published FY 2018 results. The company posted its first profit ever and the board proposed the distribution of a EUR 5c DPS.

**Our analysis:** the main elements of the FY 2018 publication include:

**Positive Net Result** EUR 385K, vs. EUR 6.8m net loss in FY 2017. The performance was mainly driven by the capital gain (EUR 3.2m) generated in H2 with the exit from Talent Garden. The net result includes EUR 1.6m write offs (9 investments) vs. EUR 4.8m a year earlier (7 companies).

**Positive Net Financial Position** for EUR 3.0m vs. EUR 2.4m as at December 31, 2018 and vs. EUR 1.4m at the end of June.

Revenues and EBITDA are not crucial in this business but were in any case better Y/Y with EUR 2.6m (+27%) and EUR -0.35m (EUR -0.64m).

The **current portfolio** includes 62 operating companies (29 innovative start-ups and 15 innovative SMEs) vs. 58 at the end of 2017 and stable vs. the end of June (63). DM invested in 14 new participations during the year (including 6 in H2) for a total of EUR 2.3m. The total financing collected by the portfolio exceeded EUR 11m.

The main events involving the key participations include **new financing rounds** for Talent Garden (March 2019 EUR 44m with implied post-money valuation of EUR 100m), Hyperloop TT (ongoing USD 200m fundraising) and Buzzoole (H2 2018, EUR 7.8m with implied post-money valuation of EUR 18.8m).

**Conclusion & Action:** we consider the above a strong set of results with a significant partial exit and supporting new round of financing for the main companies in the portfolio. The achievement of a positive net result and the distribution of a dividend seem to validate further the viability of DM's business model.