

## Company Update

## Reason: Company newsflow

23 April 2018

### Accumulate

Recommendation unchanged

**Share price: EUR 7.30**

closing price as of 20/04/2018

**Target price: EUR 8.30**

from Target Price: EUR 8.10

**Upside/Downside Potential 13.7%**

Reuters/Bloomberg DMG.MI/DM IM

**Market capitalisation (EURm) 54**

Current N° of shares (m) 7

**Free float 37%**

Daily avg. no. trad. sh. 12 mth 15

Daily avg. trad. vol. 12 mth (m) 4.40

Price high/low 12 months 5.36 / 8.82

Abs Perfs 1/3/12 mths (%) -7.36/-12.05/25.86

#### Estimated NAV breakdown (EURm)

NAV listed companies 0.0 0%

NAV unlisted companies 71.7 100%

Hyperloop 27.9 38.8%

Talent Garden 10.1 14.1%

NAV component 5 0.0 0%

NAV component 6 0.0 0%

NAV component 7 0.0 0%

NAV component 8 0.0 0%

NAV component 9 0.0 0%

Net Financial position 2.4 3.0%

**Total Net Asset Value 71.8 100%**

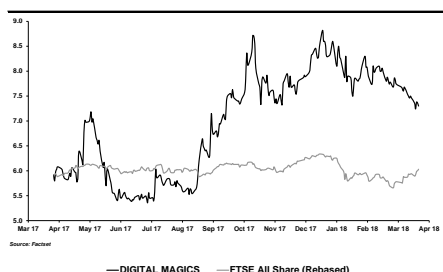
NAVPS (EUR) 8.3

Share price: EUR 7.30

Discount/(Premium) to NAV 12.0%

### Shareholders

TIP 18%; Innogest 5%;



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## Cast an eye on portfolio investments

Digital Magics is the main Italian business incubator supporting Italians that want to start up and scale up their businesses by leveraging on a unique ecosystem. It's portfolio accounts for 58 start-ups with a few shareholdings that we believe can drive valuation going forward.

In this report we provide a fresh overview of the past activities and a reading of the strategy through new initiatives. On the back of our SoP valuation, including both portfolio management and consultancy services, we point to a EUR 8.3/sh fully diluted target price. Accumulate recommendation confirmed.

After we initiated the coverage in September 2017 the stock price peaked at EUR 9.0 in the period on the back of the warrant exercise in October, while it has more recently retraced to EUR 7.3 in a period that has seen the fashionable Italian PIRs trade under pressure. Stock market behaviour so far has not mirrored the activity of the incubator that, unsurprisingly for the industry, is multiplying its projects and initiatives:

- ✓ **Magic Wand** the Fintech and Insurtech excellence accelerator
- ✓ **Star Tip** newco investing in digital, innovation and startups
- ✓ **Open Innovation**, internal innovation working directly in the team of the partner that are well established operators of a traditional business
- ✓ **DM Warrants attribution** to start-up co-investors

Digital Magic is showing a stronger commitment to a more limited number of projects: a strategy that is promoted by the management of Tamburi & Partners (holding through StarTIP, 23% of Digital Magics). This will limit the potential dilution that is typically faced in the following rounds of fresh capital by the accelerator. Since 2011, Digital Magics raised over €50.2 million for incubated start-ups, of which EUR 23m directly invested and EUR 27.7m by third-party investors, and today has 58 active shareholdings. StarTip will be acting as a venture capital provider with a ticket above 1 million euros and a total of EUR 100m to invest over the coming years.

A more convinced capital commitment leads to less "statistical" diversification of the portfolio to favour very specific trends. The Artificial Intelligence and Enterprise 4.0 sectors are seen to offer the highest potential out of 9 sectors targeted by DM.

FY 2017 results show investments for a total of EUR 2.8m, in line with the previous year, and almost flat revenues of EUR 2.8m (from EUR 2.9m in 2016), while revenues were up by 43% to EUR 33.3m for the 39 start-ups already held in December 2016. There was an EBITDA loss of EUR 0.64m (vs EUR 0.33m in 2016) and a negative bottom line of EUR 6.8m that stemmed from a write-down of shareholdings for 4.8m and credits for 0.9m. The net cash of EUR 2.4m (vs EUR -3.9m as at December 2016), following the capital increase, and the exercise of warrants both caused a capital injection for a total of EUR 9.3m.

DM's portfolio now includes some 58 start-ups (o/w 32 innovative start-ups and 7 innovative PMI) and other relevant shareholdings, such as its 5.09% stake in Hyperloop Transportation Technology (held through JumpStarter) and 18.72% of Talent Garden, which we understand is gaining momentum in 2018 after important investments concentrated towards the end of 2017.

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## Investment Case

Since its establishment in 2004, Digital Magics has become a key character in the Italian start-up story-line, consolidating its strong leadership. Every year Digital Magics screens c. 1,000 pitches sent by start-ups and selects only c. 10/15 new start-ups to invest in. As an incubator, the company supports start-ups through a combination of various measures.

- **Financing:** Digital Magics acts as a financial investor in the pre-seed and seed stage of the fund-raising process, also in partnership with other investment professionals (i.e. business angels, VCs). As at today, DM holds stakes in 58 companies (66 considering the indirect holding through Withfounders), of which 32 are registered as innovative start-ups (eligible for fiscal incentives).
- **professional and support services** as business accelerators, logistical and IT services, legal, administrative and financial services and strategic support in business model / business plan validation.

The entry of Tamburi Investment Partners, now holding 23% of DM, contributed to better focus in the selection of projects that, we understand, favour a higher capital commitment on a smaller range of start-ups.

During FY 2017 investments amounted to EUR 2.8m, in line with the previous year. DM posted almost flat revenues of EUR 2.8m (from EUR 2.9m in 2016), while revenues were up by 43% to EUR 33.3m for the 39 start-ups already held in Dec-2016.

For other highlights see: a negative EBITDA of EUR 0.64m (vs EUR 0.33m in 2016) and a negative bottom line for EUR 6.8m after shareholdings of 4.8m and credits of 0.9m were written off. Recurring service revenues, revenues from courses and the Open Innovation project only partially cover operating costs.

In our last report we pointed out Talent Garden (18.7% stake), the Italian start-up in co-working and Hyperloop TT (c. 5.09% stake) as the real crown jewels in DM's portfolio: six months on this perception is even more enhanced due to visible acceleration in the two projects.

We have valued the company using a SoP approach considering the potential value of the portfolio and the service activities, together with the negative contribution from the ongoing write-offs, which in 2017 peaked at EUR 4.8m on shareholdings and EUR 0.9m on credits.

We then obtained a target price of EUR 8.3/sh fully diluted. In addition to material exits to be finalised over the next few years – we believe the development of Talent Garden and Hyperloop can further drive value creation over the coming months.

## Digital Magics at a glance

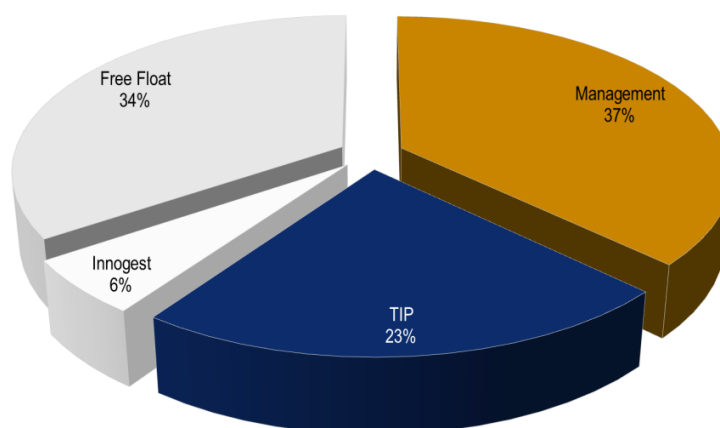
Digital Magics was established in 2004 by Enrico Gasperini, Alberto Fioravanti, Gabriele Ronchini and Bibop G. Gresta, all professionals with a long track record in the digital arena (see Appendix 1). Leveraging on its founders expertise and the partnership with several other professionals in the digital and start-up arena, DM is currently the main business incubator in Italy with a portfolio of 73 start-ups (as at December 2017 and including 15 companies already discontinued). DM usually has minority stakes in these companies, even though in 6 of them the incubator is the main shareholder. To increase available financial resources and to further support an increase in portfolio size or new investment rounds in companies already invested in, Digital Magics went public in 2013 at EUR 7.5/sh through a listing on the Italian Alternative Investment Market.

After the listing, the capital was increase three times while, going forward, the issuance of warrants is taking the lions share as they are allocated to shareholders, managers and co-investors in the start-ups.

In 2017 alone the company collected EUR 9.3m in fresh capital; additional cash-injections are likely in October this year for a further exercise of warrants for a total consideration up to EUR 5.8m cash-in.

In the following chart we summarise Digital Magics' current shareholder structure, which has changed because of the first exercise of the warrants in October 2017.

### Shareholder structure as at March 2018



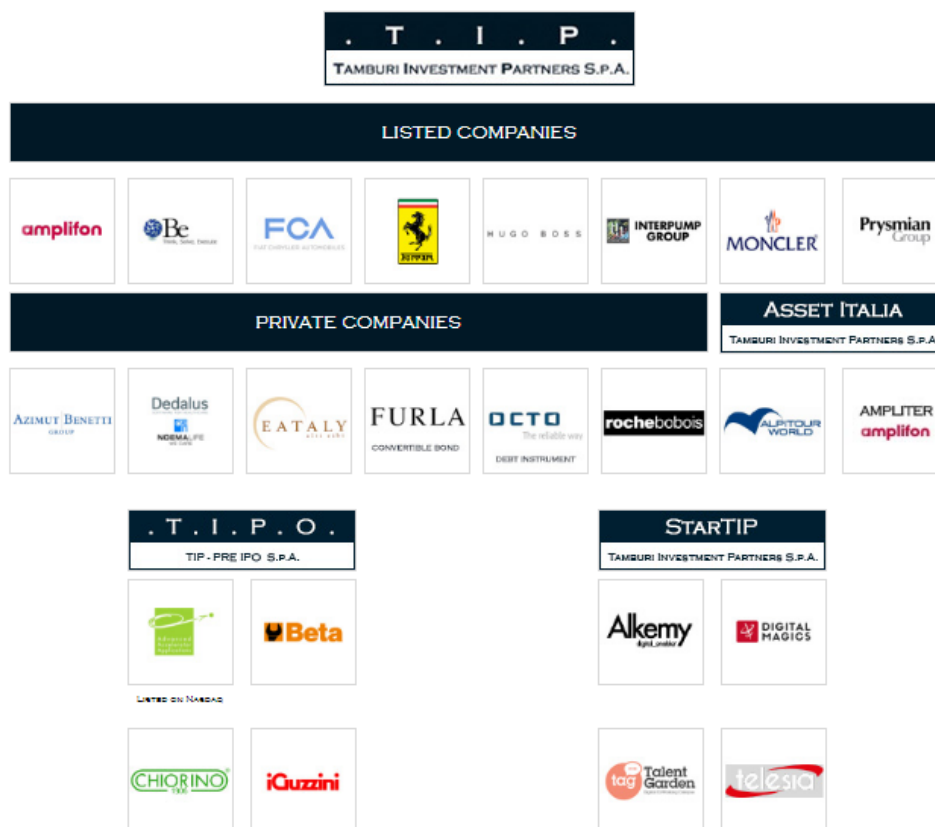
Source: Company data

The remaining 905k warrants can be exercised over the coming years based on an annual progression of the strike price until expiry in 2022.

The above exercise provides, at the same time, more financial resources in addition to the execution of the strategy and strong validation to the entire project. We remind readers that early exercise was announced by TIP for a cash injection of EUR 2.8m in October, leading to a 23% stake held through the subsidiary StarTIP.

In September 2017, Tamburi Investment Partners launched a new project focused on innovation and the digital economy: StarTIP. StarTIP is a new company that invests in digital, innovation and start-up companies, such as Digital Magics, Talent Garden and Telesia. The aim is to create synergies among Italian digital players.

### StarTIP control structure



Source: Company presentation

In April, Digital Magics' BoD approved the issuance of warrants to entities investing directly in the start-ups that make up DM's portfolio. The exercise of these 600,000 warrants, allocated at no cost, will provide a new capital injection of up to EUR 4.99m (at € 8/sh). The aim is clearly to boost new early-stage investments in DM's start-ups by attracting direct investors into DM's startup portfolio.

Moreover, the BoD approved the 2018-2022 stock option plan, which will spark a maximum capital injection of EUR 4.8m at EUR 8/sh (the AGM will take place on April 22).

## Magic Wand, the Fintech and Insurtech excellence accelerator

In October 2017, Digital Magics launched “MAGIC WAND, the Fintech and Insurtech excellence accelerator” with an acceleration programme aimed to develop innovative early-stage start-ups in the FinTech and InsurTech (Banking&Payment, investments, financing, insurance and Infrastructure & enabling technologies) fields. After the first round in January 2018, 10 projects have been selected, out of more than 50 ideas, for a six-month acceleration process and a first grant of EUR 5K. Followed by a Program Manager and DM’s mentors and advisors, participants had the opportunity to take part in targeted courses, workshops and masterclasses to improve their business projects. Based on specific targets and KPIs, the best 6 start-ups have been selected in a second round, receiving a second grant of EUR 15K and the possibility to conclude the programme. In March, DM presented the 6 winners. To participate in the acceleration programme, DM acquires the right to subscribe to 10% of the capital of the 6 selected start-ups:

**#InvestFT** is a roboadvisor focused on alternative investments (P2P Lending, equity crowdfunding, invoice trading and real estate crowdfunding). It consists of a digital platform that, thanks to machine learning algorithms, aims to create efficient and balanced portfolios based on users’ risk/reward profiles.

**Axieme** is a digital platform that offers insurance services based on a social network framework. By aggregating users’ needs and requests (both individual or corporate), the platform is able to provide more competitive fees compared to traditional insurance companies. Information and risks are shared across the community and, if the casualty does not occur, the user has the opportunity to receive a giveback. The platform’s aim is to reduce inefficiencies in insurance services.

**Coverholder** is a digital platform aimed to simplify and integrate insurance brokerage processes. Thanks to integrated algorithms, the platform can greatly reduce timing and inefficiencies in underwriting.

**DIAMAN Tech** is an innovative start-up that operates in the financial technologies sector to provide software to support of its professionals. Thanks to its proprietary online platforms (ExAnte and iRating) the user can build balanced and bespoke investment portfolios. In detail, exAnte is a software to provide advanced portfolio analysis, enhanced assessments thanks to multiranking selection criteria and proprietary indicators (DIAMAN Ratio) and statistic tools, while iRating is a professional bond selector monitoring and valuating credit risk.

**Moneymour** is a loan service for e-commerce transactions. This innovative start-up’s moto is “Buy now, pay later” which, thanks to its proprietary algorithm, aims to provide instant loans, thus reducing credit and fraud risk by valuating users’ credit history and other social variables. After the loan is confirmed, the online stores can process and ship orders immediately. The APR for monthly payments ranges from 0% to 20%, based on a customer’s credit score.

**MyCreditService** has developed an invoice trading platform that can manage companies’ working capital cycle. A proprietary algorithm operates in three main areas (Credit risk management, invoice trading and credit collection), allowing users to reduce timing, costs and sources of risk.

The final winner will be presented at the DM Investor Day on 8 June 2018.

## Talent Garden, the value of internationalisation

In 2017, Talent Garden posted a turnover for EUR 8.7m (in line with its 2015 business plan), while EBITDA was better than the initially planned EUR 0.3K.

The co-working **market** has experienced an impressive growth in the last year and Talent Garden has been able to be part of this positive trend by doubling its size and the number of members every year since it started to operate 6 years ago.

In the 2015-2017 period, the company recorded a total turnover CAGR of 149%, up from around EUR 1.4m in 2015 to EUR 4.3m in 2016 and then to EUR 8.7m in 2017; in terms of members, Talent Garden reached 3,500 members (including franchising) in 2017 from around 650 in 2015. Talent Garden is the leader at a European level due to its presence in 9 markets with 23 workspaces, but the company is targeting further expansion thanks to significant investments to be done in 2018, which are likely to boost revenues also in 2019. Here follow some company targets for 2018 and 2019, which we discussed with the company:

### Talent Garden highlights

	2016	2017	2018e	2019e
SQM	10,665	16,074	25,106	25,106
Revenue SQM	404	546	502	986
Investment SQM	260	273	264	227

Source: Digital Magics, Banca Akros estimates

The above projections consider the existing financial resources; a capital injection, in our opinion, could further accelerate international diversification and lead to a desirable floatation of the company.

The development of a truly international footprint is essential to the value creation in co-working operators because of synergies that are more easily developed within the community of Talent Garden members.

Recently, agencies reported the likely acquisition by the US giant WeWork, which is interested in buying its largest competitor in China, Naked Hub.

The company is primarily present in China, with most of its locations in Beijing and Shanghai, but it has expanded into Australia, Hong Kong and Vietnam. All told, it claims to have 10,000 members across its 24 office locations.

The business plan is essentially based of four main pillars:

- Less but bigger campuses: a bigger size will allow it to improve synergies in the work-learn-connect activities;
- Less SQM but more revenues: the increase in revenues per SQM is seen improving profitability also for the perimeter already in operation;
- Education: events and education showed significant and better than expected results, which created new business possibilities for the future;
- Speed: the company's aim is to build a strong and unique position as a European player. Thanks to the above mentioned strategy, Talent Garden is planning to reach a potential of 15+ new European cities in two-year; this can boost the turnover by around EUR 36m by 2020, EBITDA Adj. is seen at EUR 5.3m by the same year.

## HYPERLOOP, hold tight

Following the newsflow on Hyperloop, we have noted an acceleration in initiatives and a global basis coherently with agreements signed by the company in the US, India, Slovakia, Abu Dhabi, the Czech Republic, France, Indonesia, Brazil and Korea.

We remind readers that the company is one of the two operators entitled to use the know-how for this innovative magnetic railway. Revenues are represented by a commission whose future development will correspond to the company, in proportion to the size of the investment plan.

- Hyperloop recently signed agreements with the Northeast Ohio Coordination Agency, an environmental transport and planning agency, and the Illinois Department of Transportation, to start the feasibility study for an interstate train link. The company will receive fees for the application of the exclusive technology while the two states will fund the sizeable investment plan. This supersonic train (a magnetic proofing capsule inside a low-pressure tube) will connect Chicago and Cleveland, in Ohio, traveling over 500 km in 28 minutes.
- Hyperloop Transportation Technologies has announced that it will begin building the first of two test tracks at its facility in France. In a statement, the company said that the first shipment of tubes has arrived at its R&D site in Toulouse. The first track, which is about to enter construction, is a ground-level setup running around 320 meters in length. It's thought that the smaller run will be ready for testing at some point this year.
- India's first Hyperloop transportation facility is likely to be introduced in Andhra Pradesh, connecting Vijayawada with upcoming state capital Amaravati.

We can imagine that after the pioneering period, Hyperloop will probably be listed and boast significant rates of growth with limited capital requirements considering that partner countries will compete to host new R&D centres: this makes this investment very attractive in perspective.



## 2017 results

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For other highlights see: a negative EBITDA of EUR 0.64m (vs EUR 0.33m in 2016) and a negative bottom line of EUR 6.8m after shareholdings of 4.8m and credits of 0.9m were written off. The net financial position was positive at EUR 2.4m (vs EUR -3.9m as at December 2016) following the capital increase and the exercise of warrants for a total of EUR 9.3m.

DM's portfolio now includes some 58 start-ups (o/w 32 innovative start-ups and 7 innovative PMI) and other relevant shareholdings, such as its 5.09% of stake in Hyperloop Transportation Technology (held through JumpStarter).

Net assets increased to EUR 18.9m in 2017 from EUR 14.9m one year earlier. Fiscal year 2017 is clearly marking a new starting point, at least for DM's balance sheet, helped by the capital injection obtained in two steps during the year.

### P&L analysis

Data in EUR m	2015	2016	2017
Revenues	2.51	2.91	2.75
EBITDA	0.18	0.33	(0.64)
EBIT	(0.24)	(0.25)	(2.04)
Net Profit	(1.23)	(3.19)	(6.83)

Source: Company data

### Balance-sheet analysis

Data in EUR m	2015	2016	2017
Fixed assets	15.4	16.9	14.8
NWC	1.76	2.03	1.80
Total funds	(0.06)	(0.07)	(0.06)
Total Assets	17.1	18.8	16.5
Shareholders Equity	16.6	14.9	18.9
Net Debt	0.41	3.94	(2.43)
Total Liabilities	17.1	18.8	16.5

Source: Company data

## Digging into the start-up portfolio

Here we provide a quick overview of the key shareholdings in Digital Magics' portfolio. We look positively to the important clean-up approved in 2017 following the important capital injection.

Our portfolio analysis highlights that the aggregated turnover of 39 incubated start-ups, already held in Dec-16, was up Y/Y by 43% to EUR 33.3m.

Even though the next holdings represent a quarter of the total book value of the portfolio, we believe they provide the biggest appreciation potential, with some companies already being valued significantly above the book value, after recent fund raisings.

A better knowledge of the underlying business model and economic drivers of these companies should allow investors to better understand DM's focus on fast growing stories and the management team's scouting skills. We note that the majority of the portfolio is composed of Italian incorporated companies that are, however, in the middle of international expansion (i.e. Talent Garden). The company also owns a sizeable stake in HTT, the Hyperloop company focused on developing the new innovative transportation system from Elon Musk.

### Digital Magics's top holdings: key takeaways

Holdings	Sector	DM's stake	Revenues (EUR k)		Last Cap. Inj (EUR m)	Date	Implied valuation (EUR m)	Implied EV/Sales
			2016	2017				
XoKo	Traveltech	13.5%	44.4	250	0.2	2016	1.3	5.2x
Epic SIM	Fintech	3.0%	248	327	4.8	2016	13.4	41.0x
Buzzoole Holdings	Digital Platform	8.4%	2,500	4,500	1.8	2016	6.0	1.3x
4W marketplace	Online Advertising	32.2%	6,935	7,100	2.2	2015	8.8	1.2x
Intertwine	Digital Marcom	12.0%	nm	167	0.4	2016	1.3	7.8x
Prestiamoci	P2P lending	16.8%	66.7	380	1.6	2017	6.1	16.1x
Talent Graden (TAG)	Co-Working	18.7%	4,282	8,800	6.0	2016	18.0	2.0x
Macingo Technologies	Transportation Online Mkt	8.0%	141	275	1.0	Ongoing	4.0	14.5x
The ING Project	Fintech	3.6%	na	na	0.3	2017	1.25	na
Leevia	Digital Platform	7.0%	111	420	0.3	2017-2018	2.0	4.8x
Quomi	Food e-commerce	10.2%	145	270	0.6	2017	2.0	7.4x
Hyperloop TT	Transportation	5.1%	na	650	150	2016	350	538.5x

Source: Company data

Note: The latest Cap inj refers to the latest capital injection finalised by DM and/or other investors professionals; Implied valuation refers to the valuation underlying the aforementioned capital injections.

Implied valuation must be considered only indicative. Please refer to our valuation section of our estimates on these holdings.

## XOKO

**Company profile.** The company provides instruments to optimise reputation and price analysis at hotel facilities (Hotel and B&B). The key software is the Hotelbrand platform which combines rate checker functions with guests' reviews, thus allowing hotel managers to quickly compare their offers with competitors.

**The market.** The tool developed by Xoko targets the travel & hospitality segment, focusing on hotels. We highlight that increasing general economic conditions positively impacted tourist arrivals in Europe. In 2017, the travel&hospitality sector represented around 6.9% of Italian GDP (+10% vs 2016).

Business model. The company operates under a Software-as-a-Service scheme selling Hotelbrand to Hotels and B&B. The applied fee – from monthly to yearly – depends on the stars of the facility. New customers have to pay a set-up fee, including initial instalment and teaching/support services.

Business risks and competition. The company seems to have no specific competitor. The Hotel Brand platform, in fact, produces reports and analyses similar to the analytic tools provided by search engines or social networks but with a peculiar and pretty unique focus on the hospitality segment.

## **Epic SIM**

Company profile. The company developed and launched the 1st platform in Italy to match SME fund raising requests and professional investors looking for yields and alternative investments. Investors can evaluate the risk/profile of each deal considering both issuers figures, third parties credit analysis and other investor feedback. The founders still own 80% of the company.

The market. According to the Statistical Data Warehouse ECB, Jan 2017, total loans to corporate clients has reached EUR 825bn in Italy. Over the next few years the banking sector is believed to face increasing pressure from alternative fund raising platforms and fin-tech initiatives. In 2017, according to Minibond Markets Trends, ExtraMot Pro market has been characterized by 300 minibond issues, for a total amount of EUR 14bn, with a strong performance of minibonds below EUR 50m in face value.

Business model. EPIC Sim is a financial player authorised by the Bank of Italy. It is working to become the core fin-tech player in Italy, thus benefitting from the changing attitude of investors and corporates to bypass traditional financial institutions. Investable instruments range from bonds to loans and equity. The business model provides for: i) a transaction fee applicable as a success fee if the deal is finalised; ii) a one-off retainer fee for all the tasks related to mandate execution from corporates. The company has launched a dedicated channel for start-up financing and currently accounts for c. 100 domestic and foreign professional investors.

Business risks and competition. The reference market ought to grow fast over the next decade as a direct consequence of banking system disintermediation. EPIC is one of the few European players in this field and by leveraging on the Italian experience they are already providing services in another 7 countries in the EU. Epic is still a start-up but the SIM license from Bank of Italy – necessary to operate in Italy – is a material asset which should defend it from new players, at least in the short term.

## **Buzzoole**

Company profile. Buzzoole is a digital platform by end-to-end influencers marketing supporting brands in planning automatic digital PR, stimulating influencers' speeches on the internet and leveraging on the world-of-mouth potential. The platform core is the proprietary Growing Artificial Intelligence for Influencers Affinity (GAIIA), the most advanced AI technology to match brands and influencers. In 2016, Buzzoole closed a EUR 1.75m financing round through a convertible note for an implied valuation of around EUR 6.3m. The founders currently own 55.5% of the company.

The market. Influencers marketing has recorded c. 90x growth over the past three years thanks to its capacity to generate/increase brand awareness. The market size was estimated at c. USD 1bn in 2017 and it should be able to reach USD 10bn in 2020.

Business model. The company offers a full media channel solution supporting different kinds of campaigns, from social boost to live tweeting and on-site events.

Business risks and competition. Very high competition in the sector with several global players like TapFusion, Speakr, Traackr, Revfluence, NeoReach or Webfluential. Business

risks in the mid-long run can include stricter regulation of online advertising (i.e. influencers start to be forced to put an “Adv note” under commercial posts) or the increasing pay-out required by influencers (we note that Buzzoole currently pays influencers with Amazon coupons while other players pay in cash).

## **4W Marketplace**

Company profile. 4W is the main independent advertising network in Italy. The company aggregates several digital publishers (mobile/web), thanks to agreements with both media centres and top tier brands, to better monetise advertising spaces. Thanks to the acquisition of Register.it, 4W consolidated its leadership positioning; the company posted revenues for EUR 7.1m in 2017.

The market. According to the latest IAB survey, the Italian Digital Advertising market can be valued EUR 2.6bn in 2017, with a double-digit growth of 12% compared to 2016. Further expected growth will be driven by the go-to-digital phenomenon across many SMEs and SoHos in the country.

Business model. The company operates its own technological platform aimed at managing both publisher acquisitions and the adv campaign management. The business model includes the sale of advertising space both under reservation (direct campaign, 58% of sales) or programmatic (42% of sales) agreements with a revenue share mechanism that provides for a 40 / 70% rebate for publishers on the revenues recorded by 4W. The pricing model is CPM/CPC based. As at today, the management is looking to a combination of internal and external growth strategy, coupling new in-house developed solutions with possible software acquisitions (i.e. ProAdv-Simply acquisition from Register.it). Due to the still wide digital gap with other EU countries, the company is currently focused on the Italian market.

Business risks and competition. Even though market growth is seen good enough to allow most sector players to record a good performance in the mid-term, we highlight that the company competes with other national / international programmatic players like Ligatus, thus making the product innovation strategy extremely important.

## **Intertwine**

Company profile. Intertwine is a social network that connect writers, readers and creative. Focused on storytelling, users have the opportunity to post their writings and publish independent magazines. The community is characterized by high quality contents and it is composed by professional bloggers and emerging writers but also by companies working on corporate storytelling and content marketing. Intertwine can be seen as an entertainment product able to connect writing to digital communication and social media.

The market. Content Marketing and, in detail, storytelling has become a key tool for brands and companies that want to connect with customers: leveraging people’s affinity for brand storytelling can transform the content marketing strategy, allowing to produce contents with the power to engage the audience. According to IAB Forum, in 2017 Italian content marketing market is estimated at more than EUR 350m, posting a strong double-digit growth of 17% Y/Y.

Business model. Intertwine generates revenues by producing and selling high quality contents. The platform allows corporates to organize contests to find ad hoc contents, the revenue model consists of a fixed fee for the contest organization and a variable one based on the amount of contents received. In 2017, with average transactions of EUR 3k and a total of 25,000 registered users, the company has been able to generate revenues for EUR 167k.

## Prestiamoci

Company profile. Prestiamoci is an Italian platform for Peer-to-Peer lending. The company has two licenses (financial and payment tools) and it is under the supervision of the Bank of Italy (ex. art 106). The founders are still among the shareholders but with a minority stake (16.3%). In 2017, Prestiamoci closed a EUR 1.6m financing round for a post-money valuation of around EUR 6.1m

The market. According to Allied Market Research, the Peer to Peer (p2p) lending market ought to grow at a 51% CAGR from 2016 to 2022, thus reaching USD 900bn in 2024. P2P lending is among the fastest growing segments in the financial lending market and, after the 2008 financial crisis, became an alternative way to collect money other than from financial institutions. The small lending market share accounted for 7.7% of the US lending market in 2016 (up from 4.35% in 2015).

Business model. The company originates loans and manages payments and collection terms. The lenders, individuals or corporates, can lend EUR 1.5/25k at interest rates between 3.9% and 10.35% with a maturity between 1 and 6 years. The deals are signed and validated under a digital signature procedure and Prestiamoci directly manages a secondary market for each loan with a maximum size of 5% of total outstanding loan per month. Prestiamoci collects a 1% fee on loans issued, whilst the mandatory account on the platform and/or the secondary market are free of charges. The company invests along with its clients.

Business risks and competition. The main risks range from business risks (i.e. increasing default rate or lower interests can decrease the number of potential investors) to competition from the biggest Int'l players (i.e. Lending Club, Prosper, Upstart, Funding Circle), even though the regulatory requirements in Italy (you must receive approval from the Bank of Italy) can act as a steep entry barrier for new players.

## Talent Garden

Company profile. The company's aim is to provide sand digital entrepreneurs with an integrated ecosystem ranging from co-working to skills & connections sharing, thus supporting the growth of a new digital ecosystem. In just a few years, the company has become a leading player in co-working, not only in Italy, but also in Europe. As at today, Talent Garden is present in 9 European countries with 23 campuses (Dublin and Copenhagen just opened in 2018). On the back of a EUR 18m valuation, implied in a EUR 6m round (2016), estimated revenues are for EUR 8.8m in 2017 (+150% vs 2016), TAG is currently one of the crown jewel in DM's portfolio. The founders have a 36.7% stake in TAG.

The market. By the end of 2018, c. 1.8 million people will work in co-working spaces globally. This trend was not only supported by the fast spread of start-ups from the US to Europe, and APAC too – a start-up usually does not have enough money to pay a full office rent in its early stage – but also by the high business opportunities that digitalisation can generate through connections among professionals. Given such a developing environment, some co-working companies have decided to start educational courses for digital professionals.

Business model. TAG's business model is a combination of three pillars: i) the rental income related to co-working spaces (each customer pays a monthly fee, which usually includes a desk, IT services and cleaning service); ii) the educational courses held by the Talent Garden Innovation School (these courses are medium-high level or job specific courses, thus they do not compete with the more generalist courses held by DM and Pegaso University); iii) the set-up of special events or initiatives to promote the digitalisation and the cooperation among the sector players. Finally, we need to highlight that the TAG business model, unlike some competitors, does not provide for ownership of the buildings where branches are located.

Business risks and competition. The expected increase in demand for co-working spaces led to the birth of several local players after the US behemoth WeWork (USD 20bn

valuation on the back of USD 760 round G fund raising finalised in July 2017). The sector is growing very quickly even in the APAC region: in China two big local players, UR Work and New Space, merged in 2017 at a USD 2bn valuation, coupling the merger with a USD 400m capital injection from Sequoia VC and some Chinese investors to further boost growth and globally compete with WeWork. In Europe, big regulatory and business related differences led to the birth of several mid/small-sized companies and initiatives with a more local focus. Among these projects we underline StationF, the French co-working space launched in Paris by the entrepreneur Xavier Niel with a public/private total investment of c. EUR 250m, or the British The Office Group, recently acquired by Blackstone to try to build a European alternative to WeWork. Looking at the Italian market, which is still the core focus for the company, we must highlight that the competitive environment includes both mid/big-sized players like Copernico, Impact Hub or Regus and several local co-working (i.e. 311 Verona, Cesena Lab, Le Serre), in some cases held directly inside some accelerators (i.e. Tim #Wcap, H-Farm). However, we believe few of the Italian alternatives can be really compared to TAG in terms of a fully integrated offering for start-ups and start-uppers.

### **Macingo Technologies**

Company profile. Macingo Technologies is an innovative startup operating in transportation online market. Thanks to independent carriers (more than 2,000 as of 2017), the company created a marketplace that allows the transport of bulky goods over long distances. Through carriers' capacity optimization, it is possible to cut costs up to 50% by obtaining prices directly from the logistic provider and reduce CO<sub>2</sub> emissions, compared to traditional operators. Macingo posted revenues for EUR 275K in 2017 (+95% vs 2016).

Business model. Through an active bidding process, website provides shippers with a range of quotes directly from the logistics provider. The platform has a mobile first approach, so carriers and shippers can communicate constantly. The company is planning to launch soon its B2B platform, Macingo for Business,

### **The ING Project (TWO HUNDRED)**

Company profile. Two Hundred is a digital platform of equity crowdfunding that allows non-listed companies to raise money from private investors; the company developed a unique syndicate funding model based on retail and professional investors (business angels, venture capital and financial holdings). Candidates are subjected to a selection process operating on a proprietary algorithm. In 2017, the platform raised c. EUR 2m with a strong double-digit revenues growth of 50% Y/Y.

The market. The equity crowdfunding market is booming and is expected to perform strongly also in 2018. Just to provide the magnitude of this growth, Italian market raised around EUR 11bln in 2017 (EUR 19m since 2014), posting an increase of 150% compared to 2016. According to AIEC (Associazione Italiana Equity Crowdfunding), Q1 18 collection is around EUR 5.88m (vs FY 17 collection of EUR 11.79m), laying the foundations for a new record.

Business model. Revenues are based on a two-step fee composed by: a flat fee on consulting services (legal, marketing and fundraising strategy) and a success fee on the total amount raised. The platform can rely on 12 campaign with a success rate of c. 70%; In 2017, Two Hundred closed a EUR 300K financing round for a valuation of around EUR 1.25m.

Business risks and competition. As said before, the equity crowdfunding market is growing at an impressive pace, thus attracting several other local players such as StarsUp, CrowdFundMe, Mamacrowd, OpStart or WeareStarting. As at November 2017, the market counted 21 digital platforms for a total amount of 143 different offers (average success rate of 60.3%).

## Leevia

Company profile. The company operates a digital marketing platform that allows for online contests aimed at generating successful online advertising campaigns. The company's platform fully respects the strict parameters set by the Italian regulator. Leevia proposes a suite of instruments: from photo contests to social media awareness, all aimed at increasing the online audience of brands or campaigns. The company currently has a little pp market share but it is expected to pick-up significantly in 2017 & 2018 to a c. 8% market share. The founders are still the main shareholders with a 70% stake.

The market. Premium deals management is a tangible part of the marketing software segment, with an estimated 13.5% CAGR to EUR 2bn in 2018, according to idc.com. According to the company's survey the current size of the Italian market is c. EUR 200m.

Business model. B2B brands, corporates and media agencies paying Leevia to publish their contests to improve their lead generation, sales conversion, brand awareness and costumers' engagement. The service can be provided through a hosting on Leevia (EUR 99/w) or as a white label solution with hosting on a costumer's site (EUR 500/w).

Business risks and competition. According to our analysis, competition can include lawyers and consultancies that can support corporates in setting-up new contests. There are also few online platforms – i.e. MerlinWizard – but with significant lower market reach.

## Quomi

Company profile. The company offers a specific offer in the growing field of food e-commerce. Thanks to Quomi, customers can start cooking their desired meal (chosen out of 9 available per week) with fresh ingredients packaged in a box along with the cooking instructions. As at today, the company has c. 2,500 clients (+150% vs 2016), with the aim of reaching c. 10,000 active clients in 2018. The founders currently hold a 50.6% stake in the company.

The market. The Italian food retail business can be valued at c. EUR 108bn and in 2016 the online part of the business stood at only EUR 575m (1.4m online costumers spending c. EUR 455/y each). As for the other online segments, the share of business covered by ecommerce is expected to increase and it should reach EUR 1bn by 2019 (+30% CAGR) thanks to the booming expansion in the food delivery business.

Business model. The business model aims to support a healthier lifestyle giving end-users several meals to cook at home; all meals are in line with the Mediterranean cuisine. The service is provided through a meal kit (variety of meal boxes per week with ingredients and cooking instructions) and a flexible weekly ticket that can be stopped upon request. Following an increase in Italian active costumers the company will look to international expansion in 2019.

Business risks and competition. Even though the cooking box market niche seems to be less crowded than the general food delivery business, we must highlight that there are several competitors in the field in Italy, even though with maybe slightly different business models; among the main peers we note MyCookingBox, Second Chef and Fanceat. Focusing on the US market, we can find peers like Blue Apron and Hello Fresh.

## Hyperloop Transportation Technologies

Company profile. Digital Magics entered the project on the back of a direct stake from one of the core founders of the company, Mr. Bibop Gresta (DM's fully diluted stake is actually at 5.09%). In February 2018, HTT announced the signing of an official agreement to start work on a feasibility study for the first cross-state route, which should connect Cleveland and Chicago. For the time being all the revenues are attributable to feasibility studies, subsidies and advertising. In 2017 revenues were USD 650K.

The market. Most mass transportation is outdated, overburdened and costly to maintain. Too many cities are plagued by traffic congestion and poor air quality driven by fossil fuel based transportation infrastructure. The need for greener, more efficient transportation has never been greater than today and this intent is continuously pushing for new more efficient transportation worldwide. Potential market is estimated at EUR 6.24m with a CAGR of 47.2% up to 2026.

Business model. The company aims at developing a vacuum tube train based on an initial open-source project released by Elon Musk's Tesla and SpaceX on the back of the initial Robert Goddard's vacetrain model (original idea dates back to the end of the 20th century). The hyperloop project consists of a sealed tube or system of tubes through which a pod can travel without air resistance or friction, conveying people or objects at optimal speed. According to preliminary statements, the capsules – the company recently tested its first capsules, which reached c. 350km/h in a few hundred meters – are estimated to reach c. 1,100 Km/h thus becoming the fastest transportation system worldwide.

Business risks and competition. The company is working on the development of open-source technology provided by Tesla and SpaceX. There are few companies working globally to succeed in the same field: HTT, Transpod and CASIC. However, we note that HTT seems to be the most advanced both in engineering and testing and in contracts signed with several preliminary agreements signed to develop a Hyperloop-based infrastructure in UAE, California, Indonesia and South Korea. The main issue in ramping-up this technology is how to reduce the average cost per mile – current estimates for the Abu Dhabi – Dubai connections point to USD 52m/mile not so far from high speed trains costs (USD 35/40m per mile ); however, only a significant reduction in technology costs will pave the way to the widespread use of this transportation system worldwide.



## Valuation

We believe Digital Magics' valuation must be based on a Sum-of-the-Parts (SoP) approach, thus including a specific valuation of the current portfolio along with a valuation of the consulting business. We note that our portfolio valuation has been based on a significant top line growth, supported by DM's professionals and network.

On the back of our approach, and taking into account a negative contribution from potential write offs, we estimated a EUR 8.3/sh on a fully diluted basis.

Despite the positive recommendation and valuation compared to the current stock price, we need to remind readers, as a risk factor, that the company operates in a sector where defaults or devaluations are possible / probable and that a significant portion of our valuation (c. EUR 3.2/sh) depends on HTT success.

In the following table we summarise our gross valuation of DM's portfolio. We generally base our valuation on the combination of: i) top line CAGR to 2018 in top holdings, factoring in our expectations for both single sectors and start-ups; ii) an estimated EV/Sales multiple in line with the last transaction recorded on each company; iii) such a calculated Enterprise Value discounted to date at 20% Cost of Equity rate.

For the remaining 46 shareholdings, we simply projected an average 2x exit multiple, which has been set prudentially below the average recorded by DM (2.6x) and does not seem demanding (some seed / VC funds are used to experience significantly higher returns).

### Portfolio valuation scheme

Holdings	Sales 19E (EUR k)	CAGR 2017-19	Valuation Akros 100%.	Valuation criteria	DM Stake valuation	Book Value
XoKo	640	60%	2.8	5.2x EV/Sales on 2019E discounted	0.4	0.1323
Epic SIM	553	30%	18.9	41x EV/Sales on 2019E discounted	0.6	0.3328
Buzzoole Holdings	8,820	40%	9.8	1.3x EV/Sales on 2019E discounted	0.8	0.3377
4W marketplace	8,591	10%	8.9	1.2x EV/Sales on 2019E discounted	2.9	1.3615
Intertwine	240	20%	1.6	7.8x EV/Sales on 2019E discounted	0.2	0.1947
Prestiamoci	1,035	65%	13.8	16.1x EV/Sales on 2019E discounted	2.3	0.2970
Talent Graden (TAG)	18,502	45%	54.0	2x EV/Sales on 2019E discounted	10.1	0.8200
Macingo	539	40%	6.5	14.5x EV/Sales on 2019E discounted	0.5	0.0548
The ING Project	na	50%	nm		na	0.0598
Leevia	1,075	60%	4.3	4.8x EV/Sales on 2019E discounted	0.3	0.0067
Quomi	529	40%	3.3	7.4x EV/Sales on 2019E discounted	0.3	0.0029
Hyperloop TT	1,220	37%	547	20% discount on current fundraising val.	27.9	0.3206
<b>Top 13 holdings</b>					<b>46.3</b>	<b>3.9</b>
<b>Other holdings</b>					<b>25.5</b>	<b>12.8</b>
<b>Gross Portfolio Value</b>					<b>71.8</b>	<b>16.7</b>

Source: Company data, Banca Akros estimates

As regards the consultancy business, we have valued it on the back of an EV/sales multiple from a panel of peers, thus reaching EUR 3.0m as detailed in the following table.

**DM's consultancy business: peers and valuation**

Peer panel	Mkt Cap (EUR m)	Sales (EUR m)	EV/Sales 2017
Reply	1,829	902	1.85
BE	121	128	0.95
Acando	311	235	1.17
Cancom	1,662	1,161	0.91
Digia	61	96	0.70
<b>Average</b>			<b>1.1</b>
DM revenues 2017 (EUR m)	2.8		
Applied multiple	1.1		
<b>EV business valuation (EUR m)</b>	<b>3.1</b>		

Source: Banca Akros estimates, Bloomberg

We have also included in our valuation DM's historical 25% write-off rate on book value, that in our representation translates in a negative contribution to our SoP of EUR 12.7m being the NAV calculated on presumable exit valuations.

We note that in our fully diluted calculation we have included a positive contribution from a full conversion of the outstanding warrants in the Oct-18 window, thus granting a EUR 5.71m total cash-in on the top of 1.52m from the exercise of stock the options in issue.

**Digital Magics valuation**

SoP components	EUR m	/sh fully diluted
Portfolio Gross Asset Value	71.8	8.33
Consultancy business	3.07	0.36
Write Offs	-12.7	-1.48
Net Debt (as of 2017)	2.43	0.28
Proceeds from Warrants	5.75	0.67
Proceeds stock option	1.52	0.18
<b>NAV</b>	<b>71.8</b>	<b>8.33</b>

Source: Company data

The new issuance of stock options and the attribution of warrants to co-investors injecting capital in the start-up, were not considered in the above calculation given that the strike price floor, set at 8 euro per share, is still above the current DM stock price.

## Appendix – top executives profile

As usual, in the valuation of a closed fund in private markets a screening of the competences and track record of the founders & top management is a key due diligence requirement. Here below investors can find a short summary of executives' track records and skills.

**Alberto Fioravanti** founded Inferentia in 1988 with Enrico Gasperini. In the 90s the company became the first new media agency in Italy focused on online marketing. In 2000, Inferentia went public, being listed on the New Market segment of Borsa Italiana. Soon after the company changed its name to Fullsix (the company is still listed). In 2004, Mr Fioravanti founded – along with Enrico Gasperini, Gabriele Ronchini and Gabriele Gresta – Digital Magics and was Executive Director. As a start-upper he established : i) the Premium Store (developer and publisher of Edicola Italiana, the online newsstand for Italy's premium publishers); ii) 4w MarketPlace (2008) (online adv), which closed in April 2015 with a EUR 2.1m capital increase from Dada Group, valuing the entire company c. EUR 8m. On November 30th 2015, he was appointed Executive Chairman of Digital Magics.

**Marco Gay** began his business career at Proma Spa. He worked as a consultant in the commercial area and in human resources. As a start-upper, Mr Gay: i) co-founded Webworking, a webagency (2000); ii) he acquired Ottovolante (2007), a company specialised in Digital Project for the pharmaceutical sector and became the CEO of the company; iii) he co-founded AD2014, an innovative start-up in the Internet of Things (2013); iv) he co-founded Torino1884, a company operating in the food and beverage business for the development of sales outlets in Italy and abroad (2013). Finally, from May 2014 to May 2017 he was the President of the Young Entrepreneurs of *Confindustria* and Vice President of *Confindustria*. On 30th November 2015, he was appointed Deputy Chairman of Digital Magics.

**Alessandro Malacart** held C-level positions and has been a director of several listed companies in the technology sector since the 90s, like AISoftw@re (now Exprivia) and Inferentia (now FullSix). He was in charge of the listing for AISoftw@re, Inferentia and Digital Magics. Since 2012 he has been a director on the Board of Digital Magics, being the co-CEO. On November 30th 2015, he was appointed Managing Director of Digital Magics for Corporate & Finance.

**Layla Pavone** began her professional career in the Marketing Department of *SPI Società per la Pubblicità in Italia*. From 2000 to April 2014 Layla Pavone worked at Dentsu Aegis Network as Isobar Italia Managing Director, founding iProspect. From 2003 to 2010 Layla Pavone was President of IAB Italy and in 2003 she founded the IAB Forum, which today is the most important event in the world of online advertising. In April 2014, she joined the Board of Directors of Digital Magics as a Partner. On November 30th 2015, she was appointed Managing Director of Digital Magics for Industry Innovation.

**Gabriele Ronchini:** after a long track record in digital and interactive solutions (Inferentia, IBM Consulting and Grey Interactive) was one of the founders of DM in 2004. Mr Ronchini is also among the founders of 4W MarketPlace – one of DM's top holdings – and since Nov 2005 he has been CEO Portfolio Development.

**Edmondo Sparano** has a long track record in web marketing and digital business initiatives. He began its collaboration with Digital Magics in 2005 and since Nov 2005 he has been Chief Digital Officer.

Along with these professionals, currently in office, we cannot but mention the legacy of Mr Enrico Gasperini, one of the pioneers in the spread of the digital culture and the Internet in Italy. After Inferentia, he founded Digital Magics with the aim to promote the digitalisation process in Italy and to support the development of new initiatives that could be achieved despite the diffusion of the Open Innovation concept. The GIOIN initiatives are still carried out by Digital Magics with several yearly events, the aim being to try to unlock the hidden digital potential among the main actors of the domestic digital arena.

## Main domestic and international peers

Incubator	Business and company description
<b>BioUpper</b>	Top Italian platform for training and business acceleration focused on the bio-science segment. The platform was established out of a partnership between Novartis, Fondazione Cariplo, PoliHub and with the scientific support from Humanitas. BioUpper offers three winning projects worth EUR 50k in services and activities to support the development of the business idea.
<b>Boox</b>	Accelerator established in 2012 leveraging on high skills in the digital area of the two founders Mr Di Camilo and Mr Magnocavallo, who contributed to the development of top Italian digital companies such as Yoox, Banzai, and NeoData. The business model ranges from mentorship to seed investments and at the moment the company has a portfolio of 13 start-ups mainly focused on ecommerce segment.
<b>BiovelocITA</b>	Top Italian accelerator aimed at supporting promising research projects to proof of concept and transform them into biotech companies. BiovelocITA was established by Mr Silvano Spinelli, Mrs Gabriella Camboni and Sofinnova Partners and it provides financial resources and managerial skills necessary to design and conduct project development addressing different therapeutic areas.
<b>Como Next</b>	Como Next is a Technological Science Park founded in 2010 by the Chamber of Commerce in Como, thanks also to an extraordinary contribution by Cariplo Foundation. ComoNExT goals are basically three: attracting innovative businesses, transferring innovation to the territory and encouraging new business development by incubating start-ups. The technical structure of the Park supports the creation and growth of innovative companies offering specialised consultancy services. The incubation process takes place by participating to the incubation call "Dall'idea all'impresa" promoted by the Chamber of Commerce in Como through a voucher that is valid for work spaces and services at the ComoNExT Incubator. At the moment, the TSP (14,000 SQM) hosts more than 125 corporates of which 1/3 are start-ups and it has supported a total investment of EUR 10m in hosted businesses.
<b>Fashion Technology Accelerator</b>	FTA is an international hub that fosters digital and technology innovation in Fashion, Luxury and Retail industry. It is part of an international network with offices in Silicon Valley and Seoul. The business model looks at supporting start-ups and young enterprises, operating at the intersection between the industries of fashion and technology, accelerating their businesses. The company has an Acceleration programme lasting 6-months, in which the start-up and the FTA team work together to boost revenues thanks to an integrated approach taking into account activities in marketing, business development and fundraising. The business model foresees a payment for services through the acquisition of a stake in the company (c. 6%). Together with the core incubation, FTA also provides Co-Working services at monthly or daily fees.
<b>Alimenta</b>	Alimenta Accelerating Programme (AAP) is the Technology and Business Acceleration programme developed by PTP Science Park through 10 years' experience in supporting start-ups with a high technology and innovation level. The incubation lasts 6 months and is carried out in the PTP Science Park in Lodi. Start-ups are supported in the development of a Business Plan, in the commercial execution and in searching for new financial resources.
<b>Key Capital</b>	Venture incubator covering all the steps necessary to start-up a new business, from the valuation of the business idea to support in business modelling and marketing initiatives. The boutique supports start-ups in an acceleration and growth phase and the activity is paid back through a cash & paper scheme.
<b>Make a Cube</b>	One of the first Italian incubators focused on companies with a social / environmental / cultural attitude. The team will support start-ups for 3/12months. The programme also includes an open innovation programme.
<b>Nuvolab</b>	Nuvolab is a business accelerator focused on: i) accelerate start-ups through support in fund raising and scale-up initiatives; ii) support the digitalisation of the Italian economy through consultancy agreements and open innovation initiatives.
<b>PoliHub</b>	PoliHub is the incubator of the Politecnico di Milano, one of the most awarded Italian university. PoliHub's mission is to support highly innovative startups with scalable business models to foster cross-fertilization between the academy, the various startups and consolidated companies focused on innovation. Among services provided we highlight scouting, tutorship, mentorship, advisory and open innovation programs.
<b>Unicredit Start lab</b>	The project is aimed at innovative startups in all sectors, offering a multidimensional accelerator program to help drive business ideas forward, including cash grants, mentoring, network development, targeted training and specially tailored banking services.
<b>Startmiup</b>	Talent Hub based in Milan and founded in 2012. The organisation aims at promoting start-up and digital culture among young start-uppers on the professional background for 4 founding partners. The target companies, that will receive both mentorship and coworking services, are in the digital and technological arena.
<b>Pi Campus</b>	Pi Campus is both a start-up district and a venture fund that invests in talent. It provides start-ups with money, mentoring, and the best possible working environment for them to grow. As at today, Pi Campus has invested in 39 start-ups and supported more than 350 talents in growing their businesses.
<b>Startalia</b>	The initiative aims at supporting the development of new start-ups through both tutorship, mentorship, services providing and fund raising. The group, in fact, actively searches for potential investors in supported projects.
<b>Tim #Wcap</b>	The incubator and open innovation hub promoted by TIM since 2009 under the Call for ideas program. The accelerator was opened in 2013 and in 2016 the strategy moved from Call for Idea to Call for Startups, aimed at early stage startups, and Call for Partners, aimed to ready-to-market startups and SMEs. Tim#Wcap focuses on finding startups in line with the TI business strategy, mainly the ones providing digital services which could be integrated in the TI products offering.
<b>Sella LAB</b>	A business incubator established by Banca Sella and aimed at supporting start-ups both with mentoring and service providing (under consultancy agreements based on cash payment) funding or co-working spaces. The company currently operates three office facilities, in Biella, Turin and Lecce.



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## European Coverage of the Members of ESN

<b>Aerospace &amp; Defense</b>	<b>Mem(*)</b>	Bper	BAK	Kemira	OPG	Campari	BAK
Airbus Se	CIC	Bpi	CBI	Kws Saat	EQB	Coca Cola Hbc Ag	IBG
Dassault Aviation	CIC	Caixabank	GVC	Lanxess	EQB	Corbion	NIBC
Latecoere	CIC	Commerzbank	EQB	Linde	EQB	Danone	CIC
Leonardo	BAK	Credem	BAK	Siegfried Holding Ag	EQB	Ebro Foods	GVC
Lisi	CIC	Credit Agricole Sa	CIC	Symrise Ag	EQB	Enervit	BAK
Mtu Aero Engines	EQB	Creval	BAK	Tikkurila	OPG	Fleury Michon	CIC
Ohb Se	EQB	Deutsche Bank	EQB	<b>Electronic &amp; Electrical Equipment</b>	<b>Mem(*)</b>	Forfarmers	NIBC
Rheinmetall	EQB	Deutsche Pfandbriefbank	EQB	Euro micron Ag	EQB	Heineken	NIBC
Safran	CIC	Eurobank	IBG	Neways Electronics	NIBC	Hkscan	OPG
Thales	CIC	Intesa Sanpaolo	BAK	Pkc Group	OPG	La Doria	BAK
<b>Alternative Energy</b>	<b>Mem(*)</b>	Liberbank	GVC	Rexel	CIC	Lanson-Bcc	CIC
Daidrup & Soehne	EQB	Mediobanca	BAK	Vaisala	OPG	Laurent Perrier	CIC
Siemens Gamesa Re	GVC	Merkur Bank	EQB	Viscom	EQB	Ldc	CIC
Sif Group	NIBC	National Bank Of Greece	IBG	<b>Financial Services</b>	<b>Mem(*)</b>	Lucas Bols	NIBC
Solaria	GVC	Natixis	CIC	Amundi	CIC	Massimo Zanetti	BAK
<b>Automobiles &amp; Parts</b>	<b>Mem(*)</b>	Nordea	OPG	Anima	BAK	Naturex	CIC
Bittium Corporation	OPG	Piraeus Bank	IBG	Athex Group	IBG	Olvi	OPG
Bmw	EQB	Poste Italiane	BAK	Azimut	BAK	Orsero	BAK
Brembo	BAK	Procredit Holding	EQB	Banca Farmafactoring	BAK	Pernod Ricard	CIC
Continental	EQB	Rothschild & Co	CIC	Banca Generali	BAK	Raisio	OPG
Daimler Ag	EQB	Societe Generale	CIC	Banca Ifis	BAK	Refresco Group	NIBC
ErlingKlinger	EQB	Ubi Banca	BAK	Banca Sistema	BAK	Remy Cointreau	CIC
Ferrari	BAK	Unicredit	BAK	Bb Biotech	EQB	Suedzucker	EQB
Fiat Chrysler Automobiles	BAK	<b>Basic Resources</b>	<b>Mem(*)</b>	Bolsas Y Mercados Espanoles Sa	GVC	Takeaway.Com	NIBC
Hella Gmbh & Co. Kga	EQB	Acerinox	GVC	Capman	OPG	Telepizza	GVC
Indelb	BAK	Altri	CBI	Cir	BAK	Vapiano	EQB
Kamux	OPG	Arcelormittal	GVC	Comdirect	EQB	Vidrala	GVC
Landi Renzo	BAK	Corticeira Amorim	CBI	Corestate Capital Holding S.A.	EQB	Vilmorin	CIC
Leoni	EQB	Ence	GVC	Corp. Financiera Alba	GVC	Viscofan	GVC
Nokian Tyres	OPG	Europac	GVC	Digital Magics	BAK	Vranken Pommery Monopole	CIC
Norma Group	EQB	Metka	IBG	Dobank	BAK	Wessanen	NIBC
Piaggio	BAK	Metsä Board	OPG	<b>Dws</b>	EQB	<b>Food &amp; Drug Retailers</b>	<b>Mem(*)</b>
Pwo	EQB	Mytilineos	IBG	Eq	OPG	Ahold Delhaize	NIBC
<b>Schaeffler</b>	EQB	Outokumpu	OPG	Eurazeo	CIC	Carrefour	CIC
Sogefi	BAK	Ramada	CBI	Eyemaxx Real Estate	EQB	Casino Guichard-Perrachon	CIC
Stabilus	EQB	Semapa	CBI	Ferratum	EQB	Ceconomy Ag	EQB
Stern Groep	NIBC	Ssab	OPG	Ffp	CIC	Dia	GVC
Volkswagen	EQB	Stora Enso	OPG	Finecobank	BAK	Jeronimo Martins	CBI
<b>Banks</b>	<b>Mem(*)</b>	Surteco	EQB	Grenke	EQB	Kesko	OPG
Aareal Bank	EQB	The Navigator Company	CBI	Hypoport Ag	EQB	Marr	BAK
Aktia	OPG	Tubacex	GVC	Mlp	EQB	Metro Ag	EQB
Alpha Bank	IBG	Upm-Kymmene	OPG	Ovb Holding Ag	EQB	Sligro	NIBC
Banca Carige	BAK	<b>Chemicals</b>	<b>Mem(*)</b>	Patrizia	EQB	Sonae	CBI
Banca Mps	BAK	Air Liquide	CIC	Rallye	CIC		
Banco Sabadell	GVC	Arkema	CIC	Tip Tamburi Investment Partners	BAK		
Banco Santander	GVC	Avantium	NIBC	Unipol Gruppo Finanziario	BAK		
Bankia	GVC	Brenntag	EQB	Wendel	CIC		
Bankinter	GVC	Fuchs Petrolub	EQB	<b>Food &amp; Beverage</b>	<b>Mem(*)</b>		
Bbva	GVC	Holland Colours	NIBC	Acomo	NIBC		
Bcp	CBI	Imcd	NIBC	Atria	OPG		

<b>General Industrials</b>	<b>Mem(*)</b>	Oriola-Kd	OPG	Talgo	GVC	Salini Impregilo	BAK
2G Energy	EQB	Orion	OPG	Technotrans	EQB	Sias	BAK
Aalberts	NIBC	Orpea	CIC	Valmet	OPG	Sonae Industria	CBI
Accell Group	NIBC	Pihlajalinna	OPG	Wacker Neuson Se	EQB	Srv	OPG
Ahlstrom	OPG	Recordati	BAK	Wärtsilä	OPG	Tarkett	CIC
Arcadis	NIBC	Silmaasema	OPG	Zardoya Otis	GVC	Thermador Groupe	CIC
Aspo	OPG	Terveystalo	OPG	<b>Industrial Transportation</b>	<b>Mem(*)</b>	Titan Cement	IBG
Cembre	BAK	<b>Household Goods</b>	<b>Mem(*)</b>	Bollore	CIC	Trevi	BAK
Huhtamäki	OPG	De Longhi	BAK	Ctt	CBI	Uponor	OPG
Kendrion	NIBC	Elica	BAK	Logwin	EQB	Vicat	CIC
Nedap	NIBC	Fila	BAK	<b>Insurance</b>	<b>Mem(*)</b>	Vinci	CIC
Pöyry	OPG	Maisons Du Monde	CIC	Allianz	EQB	Volkerwessels	NIBC
Prelios	BAK	Philips Lighting	NIBC	Axa	CIC	Yit	OPG
Saf-Holland	EQB	<b>Industrial Engineering</b>	<b>Mem(*)</b>	Banca Mediolanum	BAK	<b>Media</b>	<b>Mem(*)</b>
Serge Ferrari Group	CIC	Accsys Technologies	NIBC	Cattolica Assicurazioni	BAK	Alma Media	OPG
Tkh Group	NIBC	Aixtron	EQB	Generali	BAK	Arnoldo Mondadori Editore	BAK
<b>General Retailers</b>	<b>Mem(*)</b>	Alstom	CIC	Hannover Re	EQB	Atresmedia	GVC
Beter Bed Holding	NIBC	Ansaldo Sts	BAK	Mapfre Sa	GVC	Axel Springer	EQB
Elumeo Se	EQB	Biesse	BAK	Munich Re	EQB	Brill	NIBC
Fielmann	EQB	Caf	GVC	Sampo	OPG	Cairo Communication	BAK
Fnac Darty	CIC	Cargotec Corp	OPG	Talanx Group	EQB	Cofina	CBI
Folli Follie Group	IBG	Carraro	BAK	Unipol Sai	BAK	Cts Eventim	EQB
Fourlis Holdings	IBG	Cnh Industrial	BAK	<b>Materials, Construction &amp; Infrastructure</b>	<b>Mem(*)</b>	Digital Bros	BAK
Grandvision	NIBC	Danieli	BAK	Abertis	GVC	Gedi Gruppo Editoriale	BAK
Hornbach Holding	EQB	Datalogic	BAK	Acs	GVC	GI Events	CIC
Inditex	GVC	Deutz Ag	EQB	Aena	GVC	Impresa	CBI
Jumbo	IBG	Duerr	EQB	Aeroports De Paris	CIC	loI	BAK
Ovs	BAK	Emak	BAK	Astaldi	BAK	Ipsos	CIC
Rapala	OPG	Envipco	NIBC	Atlantia	BAK	Jcdecaux	CIC
Stockmann	OPG	Exel Composites	OPG	Boskalis Westminster	NIBC	Lagardere	CIC
Takkt Ag	EQB	Fincantieri	BAK	Buzzi Unicem	BAK	M6-Metropole Television	CIC
Tokmanni	OPG	Gea Group	EQB	Caverion	OPG	Mediaset	BAK
Unieuro	BAK	Gesco	EQB	Cramo	OPG	Mediaset Espana	GVC
Windeln.De	EQB	Heidelberger Druck	EQB	Eiffage	CIC	Notorious Pictures	BAK
Yoox Net-A-Porter	BAK	Ima	BAK	Ellaktor	IBG	Nrj Group	CIC
Zalando	EQB	Indus Holding Ag	EQB	Eltel	OPG	Publicis	CIC
<b>Healthcare</b>	<b>Mem(*)</b>	Interpump	BAK	Ezentis	GVC	Rcs Mediagroup	BAK
4Sc	EQB	Koenig & Bauer	EQB	Fcc	GVC	Relx	NIBC
Abivax	NIBC	Kone	OPG	Ferrovial	GVC	Rtl Group	EQB
Advicenne	NIBC	Konecranes	OPG	Heidelberg Cement Ag	CIC	Sano ma	OPG
Amplifon	BAK	Krones Ag	EQB	Heijmans	NIBC	Solocal Group	CIC
Bayer	EQB	Manitou	CIC	Imerys	CIC	Spir Communication	CIC
Biotest	EQB	Manz Ag	EQB	Lafargeholcim	CIC	Szygy Ag	EQB
Diasorin	BAK	Max Automation Ag	EQB	Lehto	OPG	Teleperformance	CIC
Ei.En.	BAK	Metso Corporation	OPG	Lemminkäinen	OPG	Tf1	CIC
Epigenomics Ag	EQB	Outotec	OPG	Maire Tecnimont	BAK	Ubisoft	CIC
Genfit	CIC	Pfeiffer Vacuum	EQB	Mota Engil	CBI	Vivendi	CIC
Gerresheimer Ag	EQB	Ponsse	OPG	Obrascon Huarte Lain	GVC	Wolters Kluwer	NIBC
Guerbet	CIC	Prima Industrie	BAK	Ramirent	OPG	Xing Ag	EQB
Heidelberg Pharma	EQB	Prysmian	BAK	Royal Bam Group	NIBC		
Korian	CIC	Schaltbau Holding Ag	EQB	Sacyr	GVC		
Merck	EQB	Smt Scharf Ag	EQB	Saint Gobain	CIC		

<b>Oil &amp; Gas Producers</b>	<b>Mem(*)</b>	Hispania Activos Inmobiliarios	GVC	Lassila & Tikanoja	OPG	I Grandi Viaggi	BAK
Eni	BAK	Igd	BAK	Openjobmetis	BAK	Ibersol	CBI
Galp Energia	CBI	Lar España	GVC	Rai Way	BAK	Int. Airlines Group	GVC
Gas Plus	BAK	Merlin Properties	GVC	<b>Technology Hardware &amp; Equipment</b>	<b>Mem(*)</b>	Intralot	IBG
Hellenic Petroleum	IBG	Realia	GVC	Asm International	NIBC	Kotipizza	OPG
Maurel Et Prom	CIC	Technopolis	OPG	Asml	NIBC	Melia Hotels International	GVC
Motor Oil	IBG	Wcm Ag	EQB	Besi	NIBC	Nh Hotel Group	GVC
Neste Corporation	OPG	<b>Software &amp; Computer Services</b>	<b>Mem(*)</b>	Ericsson	OPG	Opap	IBG
Qgep	CBI	Affecto	OPG	Gigaset	EQB	Snaitech	BAK
Repsol	GVC	Akka Technologies	CIC	Nokia	OPG	Snowworld	NIBC
Total	CIC	Alten	CIC	Roodmicrotec	NIBC	Sodexo	CIC
<b>Oil Services</b>	<b>Mem(*)</b>	Altran	CIC	S&T Ag	EQB	Sonae Capital	CBI
Bourbon	CIC	Assystem	CIC	Slm Solutions	EQB	Trigano	CIC
Cgg	CIC	Atos	CIC	Stmicroelectronics	BAK	<b>Utilities</b>	<b>Mem(*)</b>
Fugro	NIBC	Axway Software	CIC	Suess Microtec	EQB	Acciona	GVC
Rubis	CIC	Basware	OPG	Teleste	OPG	Acea	BAK
Saipem	BAK	Comptel	OPG	Va-Q-Tec	EQB	Albioma	CIC
Sbm Offshore	NIBC	Ctac	NIBC	<b>Telecommunications</b>	<b>Mem(*)</b>	Direct Energie	CIC
Technipfmc Plc	CIC	Digia Plc	OPG	1&1Drillisch Ag	EQB	Edp	CBI
Tecnicas Reunidas	GVC	Econocom	CIC	Acotel	BAK	Edp Renováveis	CBI
Tenaris	BAK	Esi Group	CIC	Bouygues	CIC	Enagas	GVC
Vallourec	CIC	Exprivia	BAK	Deutsche Telekom	EQB	Endesa	GVC
Vopak	NIBC	F-Secure	OPG	Dna	OPG	Enel	BAK
<b>Personal Goods</b>	<b>Mem(*)</b>	Gft Technologies	EQB	Elisa	OPG	Erg	BAK
Adidas	EQB	Ict Group	NIBC	Euskaltel	GVC	Eydap	IBG
Adler Modemaerkte	EQB	Indra Sistemas	GVC	Freenet	EQB	Falck Renewables	BAK
Amer Sports	OPG	Nemetschek Se	EQB	Iliad	CIC	Fortum	OPG
Basicnet	BAK	Neurones	CIC	Kpn Telecom	NIBC	Gas Natural Fenosa	GVC
Cie Fin. Rlichemont	CIC	Nexus Ag	EQB	Masmovil	GVC	Hera	BAK
Geox	BAK	Novabase	CBI	Nos	CBI	Iberdrola	GVC
GerryWeber	EQB	Ordina	NIBC	Orange	CIC	Iren	BAK
Hermes Intl.	CIC	Psi Software Ag	EQB	Ote	IBG	Italgas	BAK
Hugo Boss	EQB	Reply	BAK	Retelit	BAK	Public Power Corp	IBG
Kering	CIC	Rib Software	EQB	Tele Columbus	EQB	Red Electrica De Espana	GVC
Luxottica	BAK	Rovio Entertainment	OPG	Telecom Italia	BAK	Ren	CBI
Lvmh	CIC	Scout24	EQB	Telefonica	GVC	Snam	BAK
Marimekko	OPG	Seven Principles Ag	EQB	Telefonica Deutschland	EQB	Terna	BAK
Moncler	BAK	Sii	CIC	Telia	OPG		
Puma	EQB	Software Ag	EQB	Tiscali	BAK		
Safilo	BAK	Sopra Steria Group	CIC	United Internet	EQB		
Salvatore Ferragamo	BAK	Tieto	OPG	Vodafone	BAK		
Sarantis	IBG	Tomtom	NIBC	<b>Travel &amp; Leisure</b>	<b>Mem(*)</b>		
Swatch Group	CIC	<b>Support Services</b>	<b>Mem(*)</b>	Accor	CIC		
Technogym	BAK	Amadeus	GVC	Aegean Airlines	IBG		
Tod'S	BAK	Asiakastieto Group	OPG	Air France Klm	CIC		
<b>Real Estate</b>	<b>Mem(*)</b>	Batenburg	NIBC	Autogrill	BAK		
Adler Real Estate	EQB	Cellnex Telecom	GVC	Beneteau	CIC		
Beni Stabili	BAK	Dpa	NIBC	Compagnie Des Alpes	CIC		
Citycon	OPG	Ei Towers	BAK	Elior	CIC		
Demire	EQB	Enav	BAK	Europcar	CIC		
Deutsche Euroshop	EQB	Fiera Milano	BAK	Finnair	OPG		
Grivalia	IBG	Inwit	BAK	Gamenet	BAK		

LEGEND: BAK: Banca Akros; CIC: CM CIC Market Solutions; CBI: Caixa-Banco de Investimento; GVC: GVC Gaesco Beksa, SV, SA; EQB: equinet bank; IBG: Investment Bank of Greece, NIBC: NIBC Bank N.V.; OPG: OP Corporate Bank; as of 4<sup>th</sup> April 2018



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(\*\*) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts

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#### Recommendation history for DIGITAL MAGICS

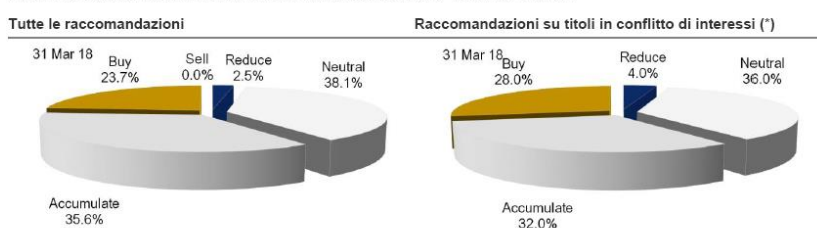
Date	Recommendation	Target price	Price at change date
23-Apr-18	Accumulate	8.30	7.30
26-Sep-17	Accumulate	8.10	6.57

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows Banca Akros continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Francesco Previtera (since 26/09/2017)



#### Percentuale delle raccomandazioni al 31 marzo 2018



(\*) Si informa che la percentuale degli emittenti in potenziale conflitto di interessi con Banca Akros è pari al 21% del totale degli emittenti oggetto di copertura

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The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



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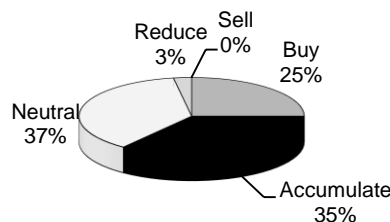
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### Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
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- **Not Rated:** there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

### Banca Akros Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

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