Digital Magics

Sponsored Research

Italy | Financial Services Holdings

Analyser

Buy

Market capitalisation (EURm) 32 Current N° of shares (m) 11 Free float 37% Daily avg. no. trad. sh. 12 mth (k) 5 Daily avg. trad. vol. 12 mth (k) 1.79 Price high/low 12 months 3.64 / 2.90 Abs Perfs 1/3/12 mths (%) -3.59/-5.75/-13.24 Estimated NAV breakdown (EURm) NAV unlisted companies 52.2 91% Consultancy business 5.5 10% Write Offs -3.2 -6% Net Financial position 3.0 5% Total Net Asset Value 57.5 100% NAVPS (EUR) 5.226 5.226	Buy		
closing price as of 19/07/2023 Target price: EUR 5.20 Target Price unchanged Upside/Downside Potential Upside/Downside Potential 76.3% Reuters/Bloomberg DMG.M/DM IM Market capitalisation (EURm) 32 Current N° of shares (m) 11 Free float 37% Daily avg. no. trad. sh. 12 mth (k) 5 Daily avg. rad. vol. 12 mth (k) 1.76 Price high/low 12 months 3.64 / 2.90 Abs Perfs 1/3/12 mths (%) -3.59/-5.75/-13.24 Estimated NAV breakdown (EURm) NAV unlisted companies NAV unlisted companies 52.2 91% Consultancy business 5.5 10% Write Offs -3.0 5% Total Net Asset Value 57.5 100% NAVPS (EUR) 5.226 5.226	Recommendation unchanged		
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Net Financial position 3.0 5% Total Net Asset Value 57.5 100% NAVPS (EUR) 5.226	Consultancy business	5.5	10%
Total Net Asset Value57.5100%NAVPS (EUR)5.226	Write Offs	-3.2	-6%
NAVPS (EUR) 5.226	Net Financial position	3.0	5%
	Total Net Asset Value	57.5	100%
Share price*: EUR 2.95	NAVPS (EUR)	5.226	
	Share price*: EUR	2.95	

Discount/(Premium) to NAV Shareholders





0.0%

Analyst(s)

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The facts: DM and Tinexta announced a 50/50 JV to invest EUR 5m in digital startups in the next 5 years.

Our analysis: Tinexta is an Italian company, listed in the STAR segment of the Milan stock exchange, operating in the Digital Trust, Cyber Security and Business Innovation areas. According to the PR, the JV will invest in early stage, seed stage and follow-rounds in digital companies, including those working on AI solutions, operating in sectors related to the target markets of Tinexta according to a logic of "business innovation". The target companies will be mainly those in whose capital DM is already present, along with others in which DM and Tinexta will first time jointly invest.

The program will involve a total of 10 companies with an average ticket of EUR 250K plus potential follow-ons, for a total of EUR 5m in a 5-year investment cycle, while the JV will have a duration of 10 years. Tinext

Tinexta will provide the funding for the initiative through Financial Participative Instruments (SFP), while the deal flow of the JV will be managed by DM through an advisory contract.

This set-up is similar to other initiatives adopted by DM and its partners such as Apside with Intesa San Paolo. The funding structure allows DM to help its portfolio companies continue their growth trajectories with new finance and industrial support from specialized operators.

Conclusion & Action: Positive implications, this agreement provide a good boost to the EUR 10.5m planned investment by the company on a stand-alone basis in the next 5 years.





20 July 2023