



Digital Magics

Sponsored Research

Italy | Financial Services Holdings

Analyst

26 November 2021

Buy

Recommendation unchanged

Share price: EUR 3.94

closing price as of 25/11/2021

Target price: EUR 5.80

Target Price unchanged

Upside/Downside Potential 47.2%

Reuters/Bloomberg

DMG.MI/DM IM

Market capitalisation (EURm) 41

Current N° of shares (m) 10

Free float 37%

Daily avg. no. trad. sh. 12 mth (k) 14

Daily avg. trad. vol. 12 mth (k) 67.61

Price high/low 12 months 4.48 / 3.63

Abs Perfs 1/3/12 mths (%) -6.19/-0.15/5.63

Estimated NAV breakdown (EURm)

NAV unlisted companies 52.7 87%

Consultancy business 5.5 9%

Write Offs -3.0 -5%

Net Financial position 5.0 8%

Total Net Asset Value 60.2 100%

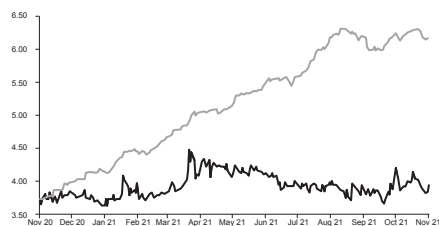
NAVPS (EUR) 5.801

Share price*: EUR 3.94

Discount/(Premium) to NAV 0.0%

Shareholders

StarTIP 23%; Innogest 6%;



Source: FactSet

DIGITAL MAGICS

FTSE AIM Italia (Rebased)

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Luiss to invest in DM

The facts: DM announced that the Luiss university will subscribe a reserved capital increase worth EUR 2.5m.

Our analysis: DM announced yesterday that its board approved a strategic partnership with the Luiss University, which includes a dedicated capital increase of EUR 2.5m. DM and Luiss (which is already a shareholder in the Roma-based incubator L-Venture with 14% stake) will collaborate on innovation projects and on their respective industrial and financial networks to help development of the start-up portfolio. DM said that the strategic relevance of the deal triggered a reserved capital increase, without options for existing shareholders, which will be voted in an EGM on December 15. The new shares will be issued at EUR 4.0 each, taking into account the average share price (EUR 3.964) of the previous 6 months. Post-deal, Luiss university will own a 5.68% stake in DM's capital.

DM added that the next EGM will also appoint Marco Gay (current CEO) as new chairman of the board, in substitution of Alberto Fioravanti).

Conclusion & Action: positive strategic implications, also providing some welcomed additional cash to help implement the recently announced industrial plan. Modest dilution on our valuation 2/2.5%, from a cash inflow at below our TP, easily offset by the potential benefits coming from the strategic partnership.