

MAKING SCIENCE

On track to meet its FY22 guidance

- Q2 revenues above.** Q2 revenues more than doubled (+127%) to €58m, 12% above fully driven by a better than expected core business (95% of Q2 revenues). Gross profit and adj. EBITDA (i.e., ex one-offs but including internationalisation and integration costs) jumped by 90% and 55% to €13.9m and €2.4m respectively, 9% above and 3% above. Reported EBITDA stood at €2.1m, in line. Making Science did not report net profit nor net debt.
- On track to meet guidance.** Making Science is on track to meet its 2022 guidance: a) as of H1, LFL growth in core businesses' EBITDA was 30%, thus within the guidance range (25-40%); b) Ventis gross profit went from break-even in 1H21 to +€1.5m in 1H22, and recurring EBITDA from -€1.3m to -€0.9m, in a context in which H2 is typically way much stronger in terms of sales (2/3 of the total) and EBITDA. Making Science sticks to its -€0.7m EBITDA guidance for Ventis in 2022 and thus, to its statement that it will become profit-making in H2; c) Making Science targeted €14.9-16.1m PF EBITDA in 2022 including €7m of 2022 targeted M&A (€0.7m of which executed already with the Tre Kronor deal). Adjusted by pending M&A, the target range is €8.6-9.8m, which compares to Making Science's c.€4m reported in H1. Considering both the 30% organic growth in the core business and that Ventis should go from -€0.9m EBITDA to above breakeven, we are very confident that Making Science will deliver on its guidance.
- Fine-tuning estimates.** We are raising our revenues by 10% in 2022 and our adj. EBITDA by c.5% (now closer to the upper range of guidance). However, we are not extrapolating these better trends to 2023-24 in order to reflect a weaker economic environment that should soften digital advertising budgets.
- Our view.** Making Science is delivering strong revenue growth (we believe outperforming the market by 5-10pp) while continuing to invest on platform build-up (€1m in internationalisation costs in 1H22) and strengthening the business model. In addition, we expect new M&A to come that will further reinforce Making Science's franchise worldwide (especially in Europe) and generate revenues and (some) cost synergies.

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Share Price (*) € 13.90

*Share price at the close of 29 July 2022

MAKS.MC/

Market Cap	€ 117 m
Enterprise Value	€ 136 m
Free Float	€ 25 m
Nº Shares	8 m
Average Daily Volume	€ 14 k

Performance	1m	3m	12m
Absolute %	-9.3	-34.8	-43.6
Relative %	-9.4	-30.8	-40.1



Financial Ratios	FY19	FY20	FY21	FY22E	FY23E	FY24E
EBITDA (€m)	2.4	3.7	5.7	10.6	13.3	16.2
Net profit (€m)	0.7	1.5	(3.5)	1.9	4.0	6.3
EPS (€)	0.10	0.22	(0.45)	0.23	0.48	0.74
Adj. EPS (*) (€)	0.28	0.39	0.45	0.72	0.96	1.23
P/E (x)		33.8	n.a	59.8	28.8	18.6
P/E Adj. (x)		19.2	56.1	19.2	14.4	11.2
EV/EBITDA (x)		14.8	38.7	12.7	9.7	7.4
Debt/EBITDA (x)	0.5	0.7	4.1	1.3	0.6	(0.1)
P/BV (x)		18.1	18.7	4.8	4.1	3.4
ROE (%)		53.6	(33.2)	8.0	14.3	18.1
DPS (€)	0.0	0.0	0.0	0.00	0.00	0.00
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0

(*) Historical multiples based on average share price of the year

Analyst

Fernando Abril-Martorell

+34 91 550 87 19

fabrilmartorell@alantraequities.com

MAKING SCIENCE: QUARTERLY RESULTS

(€ m)	2Q21	3Q21	4Q21	1Q22	2Q22	% YoY	2Q22E	% diff
Revenues	25.7	27.3	35.3	39.7	58.4	127%	52.0	12.3%
o/w core business	25.1	25.1	31.4	36.1	56.0	123%	49.5	13.2%
o/w Ventis	0.6	2.2	3.9	3.6	2.4	n.a.	2.5	(5.5%)
Gross Profit	7.1	7.4	8.5	11.8	13.9	96%	12.7	9.1%
o/w core business	7.1	6.9	9.0	11.3	12.8	80%	11.6	10.8%
o/w Ventis	(0.0)	0.5	(0.5)	0.5	1.1	n.a.	1.2	(8.0%)
Own work capitalised	0.7	0.7	0.6	0.8	0.9	28%	0.8	13.3%
Personnel	(4.4)	(5.1)	(6.5)	(7.3)	(8.3)	89%	(7.5)	10.3%
Opex	(3.7)	(2.3)	(2.5)	(3.6)	(4.4)	20%	(3.9)	13.3%
EBITDA	(0.3)	0.8	0.1	1.6	2.1	n.a.	2.1	(1.7%)
One-offs	(1.8)	(0.2)	(1.0)	(0.4)	(0.3)	(83%)	(0.2)	53.0%
Adj. EBITDA	1.5	1.0	1.1	2.0	2.4	55%	2.3	3.0%
o/w core business	1.5	1.5	1.9	2.5	2.8	83%	2.6	7.7%
o/w Ventis	-	(0.5)	(0.8)	(0.5)	(0.4)	n.a.	(0.3)	43.0%

Source: Alantra Equities

KEY DATA

P&L account (€ m)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Revenue	18.8	34.6	57.7	110.4	227.1	273.8	319.1
COGS	(9.8)	(26.1)	(42.9)	(80.4)	(172.9)	(207.6)	(241.5)
Gross margin	9.0	8.4	14.8	30.0	54.2	66.1	77.6
Opex	(7.5)	(7.1)	(11.3)	(27.7)	(44.6)	(53.3)	(61.6)
EBITDA	1.5	1.4	3.5	2.4	9.6	12.8	15.9
One-offs	0.1	1.0	0.2	3.4	1.0	0.5	0.3
Adj. EBITDA	1.6	2.4	3.7	5.7	10.6	13.3	16.2
D&A	(0.1)	(0.4)	(0.9)	(3.8)	(5.3)	(6.0)	(6.5)
Provisions & Other	(3.5)	(0.0)	-	(0.0)	-	-	-
EBIT	(2.1)	0.9	2.6	(1.5)	4.3	6.9	9.5
Net financials	(0.1)	0.0	0.0	0.0	(1.3)	(1.1)	(0.8)
Equity method & other	-	(0.1)	(0.5)	(1.1)	-	-	-
EBT	(2.2)	0.8	2.1	(2.5)	3.1	5.8	8.6
Income tax expense	(0.2)	(0.1)	(0.5)	(0.7)	(0.6)	(1.2)	(1.7)
Minorities	-	-	-	(0.3)	(0.5)	(0.6)	(0.7)
Net profit, reported	(2.4)	0.7	1.5	(3.5)	1.9	4.0	6.3
Adjustments	3.6	1.2	1.2	7.0	4.1	4.0	4.1
Net profit adjusted	1.2	1.8	2.7	3.5	6.0	8.1	10.3
YoY Growth	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Sales	40%	83%	67%	92%	106%	21%	17%
EBITDA	36%	(9%)	153%	(32%)	n.m.	33%	24%
Adj. EBITDA	46%	49%	54%	55%	86%	25%	22%
EBIT	(290%)	(142%)	193%	(158%)	n.m.	58%	38%
Net profit	n.m.	(128%)	132%	n.m.	(156%)	108%	55%
Sales by division	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Core Business	100%	100%	100%	94%	92%	92%	92%
E-commerce	0%	0%	0%	6%	8%	8%	8%
EBITDA by division	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Core Business	100%	100%	100%	124%	107%	100%	96%
E-commerce	0%	0%	0%	(24%)	(7%)	0%	4%
Per share data	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
EPS	(0.60)	0.10	0.22	(0.45)	0.23	0.48	0.74
EPS adjusted	0.29	0.28	0.39	0.45	0.72	0.96	1.23
CFPS	0.12	0.18	0.44	0.06	0.92	1.26	1.59
FCFPS	0.36	0.16	0.34	0.48	0.66	0.84	1.24
BVPS	0.19	0.07	0.41	1.35	2.88	3.36	4.10
DPS	-	-	-	-	-	-	-
Cash flow (€ m)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Net profit	(2.4)	0.7	1.5	(3.5)	1.9	4.0	6.3
Depreciation	0.1	0.4	0.9	3.8	5.3	6.0	6.5
Minorities	-	-	-	0.3	0.5	0.6	0.7
Non-cash adjustments	2.8	0.1	0.7	(0.2)	0.0	0.0	0.0
Total cash-flow (CF)	0.5	1.2	3.1	0.5	7.7	10.6	13.4
Capex	(0.4)	(0.8)	(1.2)	(2.5)	(3.5)	(3.6)	(3.6)
Working capital investment	1.3	0.7	0.5	5.8	1.3	0.2	0.7
Operating FCF	1.5	1.1	2.4	3.7	5.5	7.1	10.5
Financial investments	-	-	-	-	-	-	-
Disposals (acquisitions)	-	(0.7)	(5.0)	(34.9)	(7.8)	(1.0)	(1.0)
Other	-	-	-	-	-	-	-
Dividends to minorities	-	-	-	-	-	-	-
Rights issues	-	-	1.2	10.6	11.8	-	-
Free-cash-flow (FCF)	1.5	0.4	(1.5)	(20.5)	9.5	6.1	9.5
Dividends paid	-	-	-	-	-	-	-
Share buybacks	-	-	-	-	-	-	-
FCF after buy backs	1.5	0.4	(1.5)	(20.5)	9.5	6.1	9.5
Balance sheet (€ m)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Shareholders equity	1	0	3	11	24	28	35
Minorities	-	-	-	1	5	5	6
Provisions & others	3	2	5	5	5	5	5
Net debt (cash)	2	1	3	23	14	8	(2)
Capital invested	5	4	10	40	48	47	44
Other intangible	3	5	11	40	49	47	46
PP&E	0	0	0	1	1	1	1
Financial assets	0	0	0	1	1	1	1
Equity method	3	0	0	0	0	0	0
Working capital	(1)	(2)	(1)	(2)	(3)	(3)	(4)
Capital employed	5	4	10	40	48	47	44
Working capital/sales	(6.4%)	(5.5%)	(2.1%)	(1.4%)	(1.2%)	(1.1%)	(1.1%)
Financial ratios	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Net debt/EBITDA	1.1X	0.9X	0.8X	9.9X	1.4X	0.6X	(0.1X)
Net debt/Adj. EBITDA	1.0X	0.5X	0.7X	4.1X	1.3X	0.6X	(0.1X)
Gearing	222%	283%	95%	222%	57%	27%	(5%)
Interest cover	(26.3X)	(301.2X)	(181.7X)	199.1X	3.4X	6.5X	11.4X
Margins & ratios	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
EBITDA margin	8%	4%	6%	2%	4%	5%	5%
Effective tax rate	11%	(14%)	(26%)	26%	(20%)	(20%)	(20%)
Pay-out	0%	0%	0%	0%	0%	0%	0%
ROCE (EBIT/CE)	(40%)	23%	25%	(4%)	9%	15%	21%
ROE	n.a.	151%	54%	n.a.	8%	14%	18%

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