

MAKING SCIENCE

€12m capital increase at €18 per share

- Details.** Yesterday, Making Science published the term sheet of its capital increase. The company aims to raise up to €12m at €18 per share (12% discount to the last closing price). This is equivalent to 667k shares or c.8.5% of the total. The proceeds raised will be devoted to fund the company's inorganic growth strategy. Alantra is acting as co-Global Coordinator on the deal.
- The funds allocation and M&A targets.** Making Science aims at allocating the proceeds raised to fund new inorganic acquisitions, targeting companies of 20-100 employees located in Europe and LatAm. The company expects new acquisitions worth €66m EV and to contribute with €7m incremental EBITDA proforma (i.e., full year contribution and on a proportional basis) in 2022. This includes Tre Kronor Media purchase made earlier this year (€0.7m EBITDA). The acquisition scheme will consist of a mix of cash payments, earnouts, and newly issued shares (in line with past acquisitions). Beyond 2022, Making Science will seek further acquisitions in 2023-24 in Europe, LatAm, the US, and Asia worth €75m that are expected to contribute with €8m additional PF EBITDA. These purchases are expected to maintain a similar funding scheme and, if needed, new equity raises.
- 2022 outlook.** Making Science has guided for €14.9-16.1m PF EBITDA in 2022 which is made up of: 1) 25-40% organic growth in the core business (vs. €7.2m in 2021); 2) €7m incremental EBITDA from new M&A; 3) an increase in internationalisation/integration costs (vs. -€1.2m in 2021); and 4) lower EBITDA losses from Ventis (vs. -€2m in 2021). We estimate core business EBITDA organic growth at c.20% after assuming c.1pp margin fall reflecting higher integration costs. As for Ventis, we expect EBITDA to go from -€2m PF in 2021 to -€0.7m in 2022.
- 1Q22 trading update.** Making Science anticipated that both revenues and costs in Q1 are on track to reach the above 2022 targets: a) Core business revenues and EBITDA of €35.5m and €2.1-2.3m respectively (vs. our €34m and €2.1m estimate); b) Ventis revenues of €3.2m (vs. our €3.3m).

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Share Price € 20.40

*Share price at the close of 05 May 2022

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Market Cap	€ 162 m
Enterprise Value	€ 192 m
Free Float	€ 37 m
Nº Shares	8 m
Average Daily Volume	€ 9 k

Performance	1m	3m	12m
Absolute %	2.5	-6.8	-28.6
Relative %	1.6	-5.5	-29.0



Financial Ratios	FY19	FY20	FY21	FY22E	FY23E	FY24E
Adj. EBITDA (€m)	2.4	3.7	5.7	10.1	13.1	16.0
Net profit (€m)	0.7	1.5	(3.5)	2.2	4.3	6.5
EPS (€)	0.10	0.22	(0.45)	0.27	0.55	0.82
Adj. EPS (€)	0.28	0.39	0.45	0.70	0.99	1.28
P/E (x)		33.8	n.a	75.4	38.0	25.2
P/E Adj. (x)		19.2	56.1	29.4	20.9	16.2
EV/EBITDA (x)		14.8	38.7	19.0	14.2	11.1
Debt/EBITDA (x)	0.5	0.7	4.1	2.3	1.3	0.5
P/BV (x)		18.1	18.7	10.8	8.4	6.3
ROE (%)		53.6	(33.2)	14.3	22.2	25.0
DPS (€)	0.0	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0

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

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KEY DATA

P&L account (€ m)	FY19	FY20	FY21	FY22E	FY23E	FY24E	Cash flow (€ m)	FY19	FY20	FY21	FY22E	FY23E	FY24E
Revenue	34.6	57.7	110.4	206.5	249.1	290.4	Net profit	0.7	1.5	(3.5)	2.2	4.3	6.5
COGS	(26.1)	(42.9)	(80.4)	(157.3)	(188.5)	(219.0)	Depreciation	0.4	0.9	3.8	4.8	5.4	5.9
Gross margin	8.4	14.8	30.0	49.3	60.5	71.4	Minorities	-	-	0.3	0.5	0.6	0.7
Opex	(7.1)	(11.3)	(27.7)	(39.7)	(47.6)	(55.5)	Non-cash adjustments	0.1	0.7	(6.1)	0.0	(0.0)	0.0
EBITDA	1.4	3.5	2.4	9.6	12.9	15.9	Total cash-flow (CF)	1.2	3.1	(5.5)	7.5	10.3	13.0
One-offs	1.0	0.2	3.4	0.5	0.3	0.1	Capex	(0.8)	(1.2)	(2.5)	(3.2)	(3.3)	(3.3)
Adj. EBITDA	2.4	3.7	5.7	10.1	13.1	16.0	Working capital investment	0.7	0.5	5.8	1.0	0.1	0.6
D&A	(0.4)	(0.9)	(3.8)	(4.8)	(5.4)	(5.9)	Operating FCF	1.1	2.4	(2.2)	5.3	7.2	10.4
Provisions & Other	(0.0)	-	(0.0)	-	-	-	Financial investments	-	-	-	-	-	-
EBIT	0.9	2.6	(1.5)	4.8	7.4	10.0	Disposals (acquisitions)	(0.7)	(5.0)	(26.9)	(7.8)	(1.0)	(1.0)
Net financials	0.0	0.0	0.0	(1.4)	(1.3)	(1.1)	Other	-	-	-	-	-	-
Equity method & other	(0.1)	(0.5)	(1.1)	-	-	-	Dividends to minorities	-	-	-	-	-	-
EBT	0.8	2.1	(2.5)	3.4	6.1	8.9	Rights issues	-	1.2	8.6	2.5	-	-
Income tax expense	(0.1)	(0.5)	(0.7)	(0.7)	(1.2)	(1.8)	Free-cash-flow (FCF)	0.4	(1.5)	(20.5)	(0.0)	6.2	9.4
Minorities	-	-	(0.3)	(0.5)	(0.6)	(0.7)	Dividends paid	-	-	-	-	-	-
Net profit, reported	0.7	1.5	(3.5)	2.2	4.3	6.5	Share buybacks	-	-	-	-	-	-
Adjustments	1.2	1.2	7.0	3.4	3.5	3.6	FCF after buy backs	0.4	(1.5)	(20.5)	(0.0)	6.2	9.4
Net profit adjusted	1.8	2.7	3.5	5.6	7.8	10.1							
Nº of shares (m)	6.7	7.1	7.8	7.9	7.9	7.9	Balance sheet (€ m)	FY19	FY20	FY21	FY22E	FY23E	FY24E
Nº of shares adjusted (m)	6.4	6.8	7.6	7.7	7.7	7.7	Shareholders equity	0	3	11	15	19	26
Treasury stock (m)	0.3	0.3	0.2	0.2	0.2	0.2	Minorities	-	-	1	5	5	6
							Provisions & others	2	5	5	5	5	5
YoY Growth	FY19	FY20	FY21	FY22E	FY23E	FY24E	Net debt (cash)	1	3	23	23	17	8
Sales	83%	67%	92%	87%	21%	17%	Capital invested	4	10	40	49	47	45
EBITDA	(9%)	153%	(32%)	n.m.	35%	24%	Other intangible	5	11	40	49	48	46
Adj. EBITDA	49%	54%	55%	76%	30%	22%	PP&E	0	0	1	1	1	1
EBIT	(142%)	193%	(158%)	n.m.	56%	35%	Financial assets	0	0	1	1	1	1
Net profit	(128%)	132%	n.m.	(162%)	99%	51%	Equity method	0	0	0	0	0	0
							Working capital	(2)	(1)	(2)	(3)	(3)	(3)
Sales by division	FY19	FY20	FY21	FY22E	FY23E	FY24E	Capital employed	4	10	40	49	47	45
Core Business	100%	100%	94%	92%	91%	91%	Working capital/sales	(5.5%)	(2.1%)	(1.4%)	(1.2%)	(1.1%)	(1.1%)
E-commerce	0%	0%	6%	8%	9%	9%							
							Financial ratios	FY19	FY20	FY21	FY22E	FY23E	FY24E
EBITDA by division	FY19	FY20	FY21	FY22E	FY23E	FY24E	Net debt/EBITDA	0.9X	0.8X	9.9X	2.4X	1.3X	0.5X
Core Business	100%	100%	124%	107%	100%	96%	Net debt/Adj. EBITDA	0.5X	0.7X	4.1X	2.3X	1.3X	0.5X
E-commerce	0%	0%	-24%	-7%	0%	4%	Gearing	283%	95%	222%	154%	88%	30%
							Interest cover	(301.2X)	(181.7X)	199.1X	3.4X	5.7X	9.1X
Per share data	FY19	FY20	FY21	FY22E	FY23E	FY24E	Margins & ratios	FY19	FY20	FY21	FY22E	FY23E	FY24E
EPS	0.10	0.22	(0.45)	0.27	0.55	0.82	EBITDA margin	4%	6%	2%	5%	5%	5%
EPS adjusted	0.28	0.39	0.45	0.70	0.99	1.28	Effective tax rate	(14%)	(26%)	26%	(20%)	(20%)	(20%)
CFPS	0.18	0.44	(0.71)	0.95	1.31	1.65	Pay-out	0%	0%	0%	0%	0%	0%
FCFPS	0.16	0.34	(0.28)	0.68	0.91	1.31	ROCE (EBIT/CE)	23%	25%	(4%)	10%	16%	22%
BVPS	0.07	0.41	1.35	1.92	2.46	3.28	ROE	151%	54%	n.a.	14%	22%	25%
DPS	-	-	-	-	-	-							

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