

## MAKING SCIENCE

### Q4 results: core business above, Ventis below

- Q4 EBITDA in line.** Q4 revenues jumped by 71% YoY to €60m, slightly below our €65m estimate and mainly due to a weaker Ventis. Adj. EBITDA almost trebled to €2.9m, in line with our €3.0m estimate, with core business exceeding expectations despite rising integration costs. Reported EBITDA reached €2.3m, below our €2.7m after booking €0.3m one-off costs at Ventis.
- Delivers on the core business ambitious targets.** Core business revenues reached a new all-time high of €58m, +84% YoY with: a) Spain up 20% organically to €33m (57% of the total) with continued client gains & upselling; and b) International jumping by >3X, mainly reflecting the integration of Tre Kronor in early 2022. Gross profit stood at €14.7m (+67%), 7% above estimates thanks to the sales mix (lower media & higher consultancy). Adj. EBITDA reached €3.1m, +67% YoY, and 7% above estimates thanks to cost control. The company delivered on its FY22 organic EBITDA growth guidance: +31% (+25-40% targeted), and a touch above our +29% estimate.
- Ventis clouds Q4 results.** Ventis, the ecommerce platform, reported a 40% fall in sales YoY in Q4 (50% below estimates), yet also reported a much better gross margin (+€0.6m vs. -€0.5m a year ago). Adj. EBITDA was still negative at -€0.3m (Q4 is typically the strongest quarter) and worse than our breakeven estimate. On top of this, the company booked €0.4m of restructuring costs.
- Our view.** Q4 preliminary results have shown two opposite trends: the core business ended strongly, benefiting from the structural growth prospects of digital marketing and Making Science's competitive advantages (Google partner, brand awareness, proprietary technology), whilst the ecommerce business was weaker than expected. Looking into 2023, we do not anticipate major changes in our EBITDA estimates: we expect +15% in the core business to €12m and Ventis still negative at -€0.8m, both combining for >25% organic growth. The company will release its FY22 results in the coming weeks and more comments will follow.

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Share Price (\*) € 13.00

\*Share price at the close of 02 March 2023

#### MAKS.MC/

Market Cap	€ 108 m
Enterprise Value	€ 130 m
Free Float	€ 25 m
Nº Shares	8 m
Average Daily Volume	€ 11 k

Performance	1m	3m	12m
Absolute %	-6.6	13.3	-33.4
Relative %	-9.3	0.9	-52.2



Financial Ratios	FY19	FY20	FY21	FY22E	FY23E	FY24E
EBITDA (€m)	2.4	3.7	5.7	9.3	11.7	14.3
Net profit (€m)	0.7	1.5	(3.5)	(1.3)	0.9	3.1
EPS (€)	0.10	0.22	(0.45)	(0.16)	0.10	0.37
Adj. EPS (*) (€)	0.28	0.39	0.45	0.38	0.58	0.82
P/E (x)		33.8	n.a	n.a	122.2	35.0
P/E Adj. (x)		19.2	56.1	33.9	21.9	15.6
EV/EBITDA (x)		14.8	38.7	14.5	11.1	8.6
Debt/EBITDA (x)	0.5	0.7	4.1	2.4	1.5	0.7
P/BV (x)		18.1	18.7	5.1	4.9	4.3
ROE (%)		53.6	(33.2)	(6.3)	4.0	12.4
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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## MAKING SCIENCE: QUARTERLY P&amp;L REVIEW

(€ m)	4Q21	1Q22	2Q22	3Q22	4Q22	% YoY	4Q22E	% diff
<b>Revenues</b>	<b>35.3</b>	<b>39.7</b>	<b>58.4</b>	<b>51.8</b>	<b>60.3</b>	<b>71%</b>	<b>66.4</b>	<b>(9%)</b>
o/w core business	31.4	36.1	56.0	49.5	57.9	84%	59.9	(3%)
o/w Ventis	3.9	3.6	2.4	2.3	2.4	(38%)	6.5	(63%)
<b>Gross Profit</b>	<b>8.5</b>	<b>11.8</b>	<b>13.9</b>	<b>14.0</b>	<b>15.3</b>	<b>81%</b>	<b>14.9</b>	<b>2%</b>
o/w core business	9.0	11.3	12.8	13.4	14.7	63%	13.7	7%
o/w Ventis	(0.5)	0.5	1.1	0.7	0.6	n.a.	1.3	(52%)
Own work capitalised	0.6	0.8	0.9	0.6	0.9	56%	0.6	42%
Personnel	(6.5)	(7.3)	(8.3)	(9.3)	(9.9)	52%	(9.6)	3%
Opex	(2.5)	(3.6)	(4.4)	(3.8)	(4.0)	63%	(3.2)	25%
<b>EBITDA</b>	<b>0.1</b>	<b>1.6</b>	<b>2.1</b>	<b>1.6</b>	<b>2.3</b>	<b>n.a.</b>	<b>2.7</b>	<b>(16%)</b>
One-offs	(1.0)	(0.4)	(0.3)	(0.4)	(0.6)	(37%)	(0.3)	130%
<b>Adj. EBITDA</b>	<b>1.1</b>	<b>2.0</b>	<b>2.4</b>	<b>2.0</b>	<b>2.9</b>	<b>174%</b>	<b>3.0</b>	<b>(2%)</b>
o/w core business	1.9	2.5	2.8	2.5	3.1	67%	2.9	7%
o/w Ventis	(0.8)	(0.5)	(0.4)	(0.6)	(0.3)	(69%)	0.0	n.m.

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	216.2	244.0	277.7
COGS	(9.8)	(26.1)	(42.9)	(80.4)	(161.7)	(180.5)	(205.2)
<b>Gross margin</b>	<b>9.0</b>	<b>8.4</b>	<b>14.8</b>	<b>30.0</b>	<b>54.6</b>	<b>63.5</b>	<b>72.5</b>
Opex	(7.5)	(7.1)	(11.3)	(27.7)	(46.6)	(52.5)	(58.5)
<b>EBITDA</b>	<b>1.5</b>	<b>1.4</b>	<b>3.5</b>	<b>2.4</b>	<b>8.0</b>	<b>11.0</b>	<b>14.0</b>
One-offs	0.1	1.0	0.2	3.4	1.3	0.7	0.3
<b>Adj. EBITDA</b>	<b>1.6</b>	<b>2.4</b>	<b>3.7</b>	<b>5.7</b>	<b>9.3</b>	<b>11.7</b>	<b>14.3</b>
D&A	(0.1)	(0.4)	(0.9)	(3.8)	(6.7)	(7.1)	(7.5)
Provisions & Other	(3.5)	(0.0)	-	(0.0)	-	-	-
<b>EBIT</b>	<b>(2.1)</b>	<b>0.9</b>	<b>2.6</b>	<b>(1.5)</b>	<b>1.2</b>	<b>3.9</b>	<b>6.5</b>
Net financials	(0.1)	0.0	0.0	0.0	(2.2)	(2.1)	(1.8)
Equity method & other	-	(0.1)	(0.5)	(1.1)	-	-	-
<b>EBT</b>	<b>(2.2)</b>	<b>0.8</b>	<b>2.1</b>	<b>(2.5)</b>	<b>(1.0)</b>	<b>1.8</b>	<b>4.7</b>
Income tax expense	(0.2)	(0.1)	(0.5)	(0.7)	0.2	(0.4)	(0.9)
Minorities	-	-	-	(0.3)	(0.5)	(0.6)	(0.7)
<b>Net profit, reported</b>	<b>(2.4)</b>	<b>0.7</b>	<b>1.5</b>	<b>(3.5)</b>	<b>(1.3)</b>	<b>0.9</b>	<b>3.1</b>
Adjustments	3.6	1.2	1.2	7.0	4.5	4.0	3.8
<b>Net profit adjusted</b>	<b>1.2</b>	<b>1.8</b>	<b>2.7</b>	<b>3.5</b>	<b>3.2</b>	<b>4.9</b>	<b>6.9</b>
Nº of shares (m)	4.0	6.7	7.1	7.8	8.4	8.4	8.4
Nº of shares adjusted (m)	4.0	6.4	6.8	7.6	8.2	8.2	8.2
Treasury stock (m)	-	0.3	0.3	0.2	0.2	0.2	0.2
<b>YoY Growth</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
Sales	40%	83%	67%	92%	96%	13%	14%
EBITDA	36%	(9%)	153%	(32%)	238%	39%	27%
Adj. EBITDA	46%	49%	54%	55%	62%	26%	23%
EBIT	(290%)	(142%)	193%	(158%)	(183%)	220%	65%
Net profit	n.m.	(128%)	132%	n.m.	(62%)	(167%)	250%
<b>Sales by division</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
Core Business	100%	100%	100%	94%	93%	93%	93%
E-commerce	0%	0%	0%	6%	7%	7%	7%
<b>EBITDA by division</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
Core Business	100%	100%	100%	124%	116%	107%	101%
E-commerce	0%	0%	0%	(24%)	(16%)	(7%)	(1%)
<b>Per share data</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
EPS	(0.60)	0.10	0.22	(0.45)	(0.16)	0.10	0.37
EPS adjusted	0.29	0.28	0.39	0.45	0.38	0.58	0.82
CFPS	0.12	0.18	0.44	0.06	0.70	1.02	1.34
FCFPS	0.36	0.16	0.34	0.48	0.25	0.68	1.03
BVPS	0.19	0.07	0.41	1.35	2.49	2.59	2.96
DPS	-	-	-	-	-	-	-
Cash flow (€ m)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Net profit	(2.4)	0.7	1.5	(3.5)	(1.3)	0.9	3.1
Depreciation	0.1	0.4	0.9	3.8	6.7	7.1	7.5
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
<b>Total cash-flow (CF)</b>	<b>0.5</b>	<b>1.2</b>	<b>3.1</b>	<b>0.5</b>	<b>5.9</b>	<b>8.6</b>	<b>11.3</b>
Capex	(0.4)	(0.8)	(1.2)	(2.5)	(4.0)	(3.2)	(3.2)
Working capital investment	1.3	0.7	0.5	5.8	0.2	0.3	0.6
<b>Operating FCF</b>	<b>1.5</b>	<b>1.1</b>	<b>2.4</b>	<b>3.7</b>	<b>2.1</b>	<b>5.7</b>	<b>8.7</b>
Financial investments	-	-	-	-	-	-	-
Disposals (acquisitions)	-	(0.7)	(5.0)	(34.9)	(12.4)	(1.0)	(1.0)
Other	-	-	-	-	-	-	-
Dividends to minorities	-	-	-	-	-	-	-
Rights issues	-	-	1.2	10.6	11.8	-	-
<b>Free-cash-flow (FCF)</b>	<b>1.5</b>	<b>0.4</b>	<b>(1.5)</b>	<b>(20.5)</b>	<b>1.4</b>	<b>4.7</b>	<b>7.7</b>
Dividends paid	-	-	-	-	-	-	-
Share buybacks	-	-	-	-	-	-	-
<b>FCF after buy backs</b>	<b>1.5</b>	<b>0.4</b>	<b>(1.5)</b>	<b>(20.5)</b>	<b>1.4</b>	<b>4.7</b>	<b>7.7</b>
Balance sheet (€ m)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Shareholders equity	1	0	3	11	21	22	25
Minorities	-	-	-	1	5	5	6
Provisions & others	3	2	5	5	5	5	5
Net debt (cash)	2	1	3	23	22	17	9
<b>Capital invested</b>	<b>5</b>	<b>4</b>	<b>10</b>	<b>40</b>	<b>53</b>	<b>50</b>	<b>46</b>
Other intangible	3	5	11	40	52	49	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)	(2)	(2)	(3)
<b>Capital employed</b>	<b>5</b>	<b>4</b>	<b>10</b>	<b>40</b>	<b>53</b>	<b>50</b>	<b>46</b>
Working capital/sales	(6.4%)	(5.5%)	(2.1%)	(1.4%)	(0.8%)	(0.8%)	(0.9%)
Financial ratios	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Net debt/EBITDA	1.1X	0.9X	0.8X	9.9X	2.7X	1.5X	0.7X
Net debt/Adj. EBITDA	1.0X	0.5X	0.7X	4.1X	2.4X	1.5X	0.7X
Gearing	222%	283%	95%	222%	104%	78%	38%
Interest cover	(26.3X)	(301.2X)	(181.7X)	199.1X	0.6X	1.9X	3.6X
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%)	2%	8%	14%
ROE	n.a.	151%	54%	n.a.	n.a.	4%	12%

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