



## The integrated digital public relations group starts its journey

### Stock performance

EPR share price recorded -21% since IPO in December 2022, with flat FTSE Italia Growth index at -3% in the same period.

### Revenues +8.6% YoY, EBITDA at 13%

EPR 2022PF revenues of €8.1m show a +8.6% vs 2021PF including Justbit deal impact. EBITDA at €1.1m as in 2021PF. The EBITDA margin slightly decreased as a consequence of IPO expenses and personnel cost increase. Net income at €0.3m (same in 2021PF). 2022 year-end net cash at €0.0m, from €2.5m net debt as of June 2022. 2022PF figures are mostly in line with our estimates.

### Business update: Justbit deal, new contracts to consolidate confidence in the expected growth path

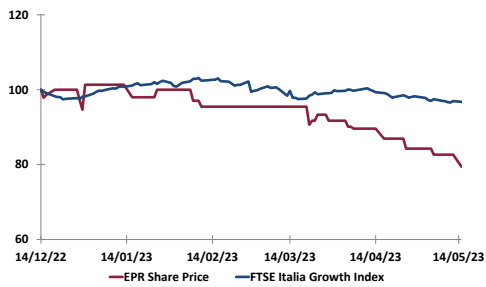
EPR in January 2023 completed the acquisition of 51% of Justbit. Along 2023 Q1, high profile engagements have been awarded by Terna, Federazione Gomma Plastica, Corepla, Itelyum and Teatro di Roma. Moreover, Justbit has been recently appointed by Open Fiber to provide communication services for cumulative €0.9m along 2023-24.

## OUTPERFORM

Current Share Price (€): 2.98

Target Price (€): 5.00

### EPR - Performance since IPO



Source: S&P Capital IQ - Note: 14/12/2022 (IPO offer price)=100

### Company data

ISIN number	IT0005519837
Bloomberg code	EPRB IM
Reuters code	EPRB.MI
Industry	PR - Digital Marketing
Stock market	Euronext Growth Milan
Share Price (€)	2.98
Date of Price	15/05/2023
Shares Outstanding (m)	2.8
Market Cap (€m)	8.4
Market Float (%)	21.5%
Daily Volume	1,050
Avg Daily Volume since IPO	770
Target Price (€)	5.00
Upside (%)	68%
Recommendation	OUTPERFORM

### Outlook: leveraging on the integrated and diversified digital service portfolio

The combined profile of Digital Communication and Public Relations services created by the Justbit acquisition is the key move to exploit the opportunities offered by the evolving PR and communication arena, where huge investments in technology are expected in the short and mid-term, to cope with the digital transformation disruption which is spreading over any form of communication. EPR ongoing strategy is to pursue a combination of organic growth, cross selling opportunities and acquisitions of complementary service offerings.

### Target Price €5.00 per share and OUTPERFORM rating confirmed

We reaffirm our confidence in the long-standing reputation of EPR combined with the digital creativity. Based on our revised estimates and on market growth perspective, we confirm our target price at €5.00 per share, 68% upside on current share price, with EPR currently trading at 0.9x 2023E EV/Revenues vs 1.3x peers median. Rating OUTPERFORM confirmed.

### Share price performance

	1M	3M	IPO
EPR - Absolute (%)	-11%	-17%	-21%
FTSE Italia Growth Index (%)	-3%	-6%	-3%
IPO Range H/L (€)	3.80	2.98	
IPO Change (€) / %	-0.77	-21%	

Source: S&P Capital IQ

### CONSOLIDATED KEY FINANCIALS AND ESTIMATES

€m	2019A	2020A	2021A	2021PF	2022PF	2023E	2024E	2025E	2026E
Revenues	4.7	4.2	5.1	7.4	8.1	9.2	10.7	12.2	13.5
YoY %	na	-9.6%	20.9%	45.4%	8.6%	13.9%	16.5%	13.3%	10.7%
EBITDA	0.3	0.4	0.4	1.1	1.1	1.4	1.8	2.2	2.6
Margin	6.6%	8.9%	7.0%	14.6%	13.2%	15.0%	16.7%	17.7%	19.7%
EBIT	0.2	0.2	0.2	0.7	0.7	1.0	1.4	1.7	2.1
Margin	3.4%	5.1%	3.5%	9.0%	8.9%	10.9%	12.7%	13.9%	16.0%
Net Income	0.1	0.1	0.0	0.3	0.3	0.7	0.9	1.2	1.5
Trade Working Capital	0.1	0.2	0.3	1.3	1.4	1.7	2.1	2.5	2.9
Net (Debt) Cash	(0.3)	(0.1)	(0.1)	(2.5)	0.0	0.7	1.5	2.5	4.0
Equity	0.1	0.8	0.6	1.7	4.2	4.9	5.8	7.0	8.6

Source: Company data 2019A-22PF, EnVent Research 2023-26E

Note: 2020-21A EPR unconsolidated figures. 2021-22PF showing effect of Justbit 51% stake acquisition since year begin

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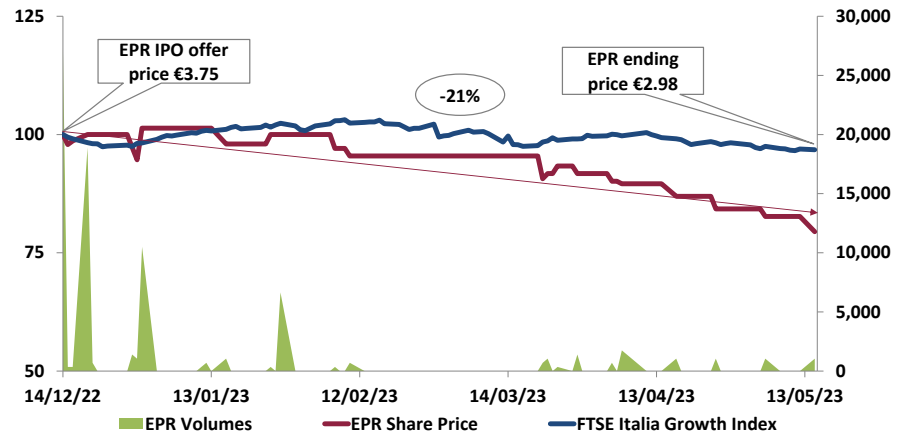
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## Market update

Trading price range €3.80-2.98 per share

-21% for EPR, vs -3% of the Italia Growth Index

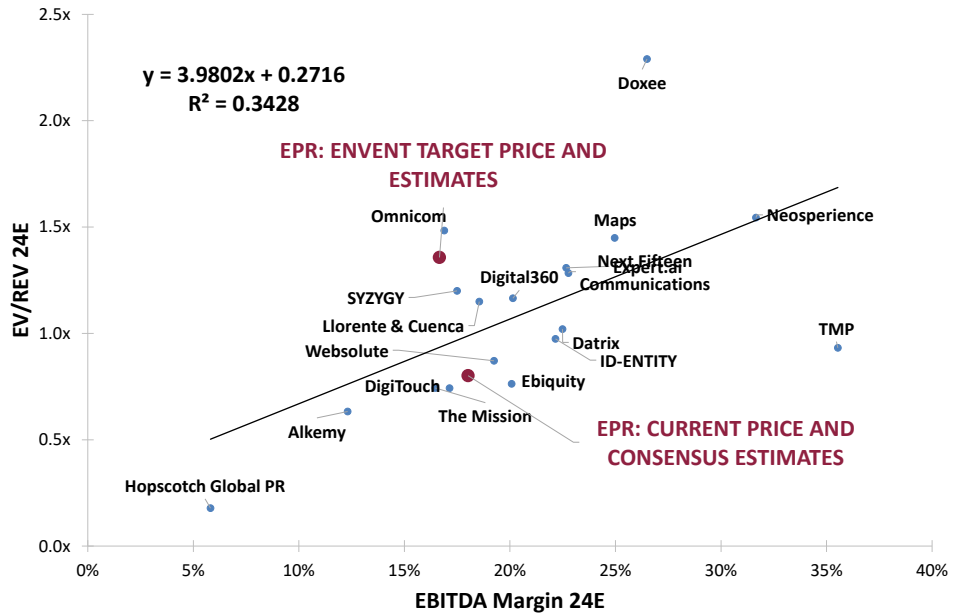
### EPR - Share price performance and trading volumes since IPO



Source: EnVent Research on S&P Capital IQ - Note: 14/12/2022 (IPO offer price)=100

EPR target price positioning consistent with industry top performing peers

### Peer group - Regression analysis and EPR target positioning



Source: EnVent Research on S&P Capital IQ, May 2023

## Investment case

Communication and digital innovation

Eprcomunicazione *Benefit Corporation*, listed on Euronext Growth Milan since December 2022, is a Public Relations and Digital Communication firm, whose core competence is building reputation and interaction with all stakeholders of its clients, proven by over 30 years' experience within the inner circle of Italian providers of PR services. Media relations, press office, public affairs and advocacy support, publishing and event management and crisis communication expertise are major specialties. EPR Institutional Relations practice longstanding reputation has gained over time prominent recurring clients among large domestic and global corporations,

**Strategy**

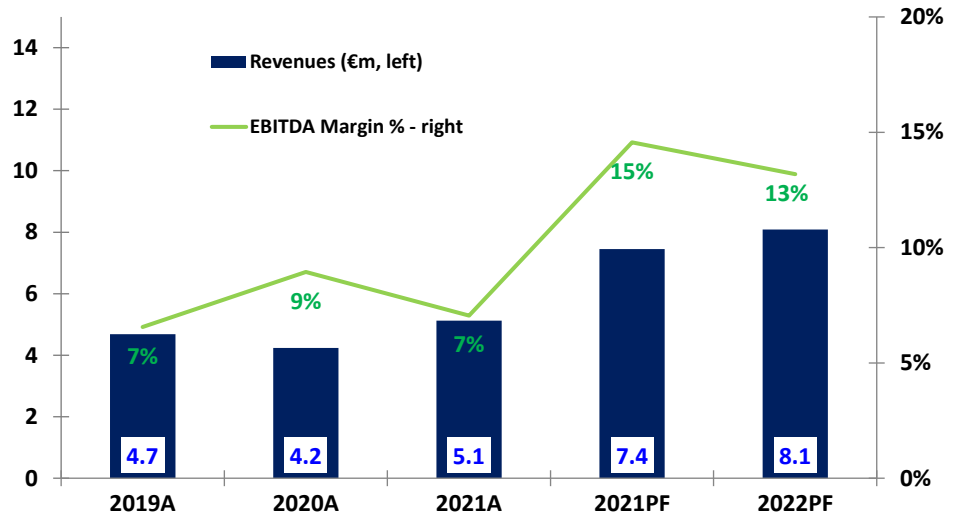
institutions and public authorities, industry and business associations, nonprofit environmental organizations.

The digital factory Justbit added a full array of technology solutions, positioning EPR as an integrated firm which has already accomplished the urge of a comprehensive digital technology transition, an investment of time and money that the global industry is still undertaking to cope with the traditional services disruption.

EPR main strategic goals are:

- R&D investment in additional tech applications
- scouting for acquisitions
- recruiting of mid-management

**Historical Revenues and EBITDA**



Source: Company data - Note: 2019-21A EPR unconsolidated figures; 2021-22PF showing effect of Justbit 51% stake acquisition since year begin

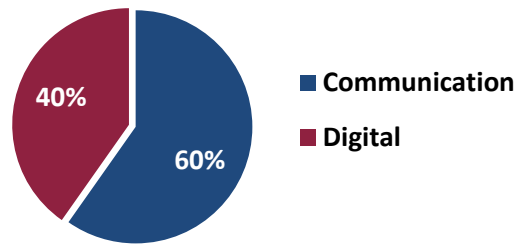
**Industry and Company drivers**

- PR becoming more effective than advertising in the new media anarchy
- PR crucial for reputation in booming ESG market of broader stakeholders communities
- Digital technology is a *must have*
- Expertise and premium clients
- Native digital team as a state-of-the-art boost to quality of service
- Widespread relation with Institution and Public Authorities
- Widest service portfolio within thin the industry
- Proven reputation in ESG and sustainability

**Challenges**

- Low entry barriers to competition
- High rank clients require sizeable agencies
- Acquisition and integration risk
- Weight of outsourced services

**Sales breakdown 2022PF**



Source: Company data

**Industry outlook**

PR companies are increasingly investing in their digitalization, acquiring know-how and advanced technologies. According to Research and Markets, in 2022 the global PR market attained a value around \$100bn, which is expected to grow by around 6.6% in 2023. The growth is expected to continue in the next years exceeding a value of \$130bn in 2027, with a CAGR of 5.7% along 2022-27 (source: Research and Markets, *PR industry market size worldwide 2022-2027, 2023*).

**Business update**

2023 Q1 EPR/Justbit growth path is proceeding with new engagements from Terna, Federazione Gomma Plastica, Corepla, Itelyum and Teatro di Roma. Justbit was selected by Open Fiber for its Digital Communication 2023 project, to provide website, social network, digital communication and CRM services for the next two years with €0.9m fees along 2023-24, with a possible extension of further 12 months.

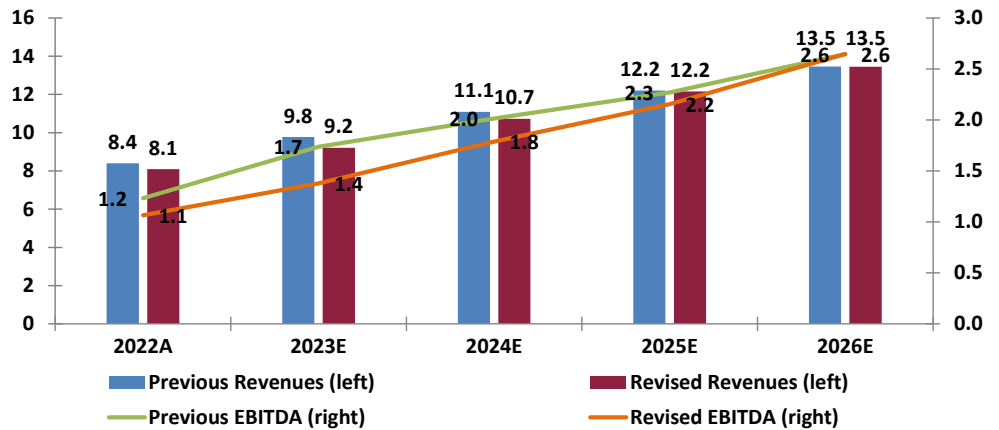
**Estimates revision**

Considering the persistence of inflation and uncertainties of the global macroeconomic framework, we update our 2023-26E estimates as follows:

- sales and profitability overall aligned to our previous lower case for 2023-24E
- factor in of 2022 actual figures
- previous base case 2025-26E projections

## Change in estimates

### Previous vs Revised Revenues and EBITDA estimates (€m)



Source: EnVent Research

€m	Revised					Previous					Change %				
	2022A	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E
<b>Revenues</b>	8.1	9.2	10.7	12.2	13.5	8.4	9.8	11.1	12.2	13.5	-4%	-6%	-3%	0%	0%
<b>EBITDA</b>	1.1	1.4	1.8	2.2	2.6	1.2	1.7	2.0	2.3	2.6	-14%	-21%	-11%	-5%	0%
<i>Margin</i>	13%	15%	17%	18%	20%	15%	18%	18%	19%	20%					
<b>EBIT</b>	0.7	1.0	1.4	1.7	2.1	0.7	1.1	1.4	1.6	1.9	-1%	-10%	1%	7%	13%
<i>Margin</i>	9%	11%	13%	14%	16%	9%	11%	12%	13%	14%					
<b>Net Income (Loss)</b>	0.3	0.7	0.9	1.2	1.5	0.4	0.7	0.9	1.1	1.4	-33%	-10%	1%	7%	13%
<b>Net (Debt) Cash</b>	0.0	0.7	1.5	2.5	4.0	0.3	0.9	2.0	3.3	4.8					

Source: EnVent Research

## Financial projections

### Consolidated Profit and Loss

€m	2019A	2020A	2021A	2021PF	2022PF	2023E	2024E	2025E	2026E
Sales	4.6	4.2	5.1	7.4	8.1	9.0	10.5	11.9	13.2
Capitalization of R&D costs	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.3	0.3
<b>Revenues</b>	<b>4.7</b>	<b>4.2</b>	<b>5.1</b>	<b>7.4</b>	<b>8.1</b>	<b>9.2</b>	<b>10.7</b>	<b>12.2</b>	<b>13.5</b>
<i>YoY %</i>	<i>na</i>	-9.6%	20.9%	45.4%	8.6%	13.9%	16.5%	13.3%	10.7%
Services	(3.5)	(2.9)	(3.5)	(4.3)	(4.8)	(5.0)	(5.6)	(6.2)	(6.6)
Personnel	(0.7)	(0.7)	(0.8)	(1.5)	(1.7)	(2.2)	(2.7)	(3.1)	(3.5)
Other operating costs	(0.3)	(0.2)	(0.4)	(0.6)	(0.5)	(0.7)	(0.7)	(0.7)	(0.7)
Operating costs	(4.4)	(3.9)	(4.8)	(6.4)	(7.0)	(7.8)	(8.9)	(10.0)	(10.8)
<b>EBITDA</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>	<b>1.1</b>	<b>1.1</b>	<b>1.4</b>	<b>1.8</b>	<b>2.2</b>	<b>2.6</b>
<i>Margin</i>	6.6%	8.9%	7.0%	14.6%	13.2%	15.0%	16.7%	17.7%	19.7%
D&A	(0.1)	(0.2)	(0.2)	(0.4)	(0.3)	(0.4)	(0.4)	(0.5)	(0.5)
<b>EBIT</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.7</b>	<b>0.7</b>	<b>1.0</b>	<b>1.4</b>	<b>1.7</b>	<b>2.1</b>
<i>Margin</i>	3.4%	5.1%	3.5%	9.0%	8.9%	10.9%	12.7%	13.9%	16.0%
Financial income/expenses	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)	(0.1)	(0.0)	(0.0)
<b>EBT</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.6</b>	<b>0.7</b>	<b>0.9</b>	<b>1.3</b>	<b>1.7</b>	<b>2.1</b>
<i>Margin</i>	2.3%	4.8%	3.3%	8.2%	8.5%	10.2%	12.2%	13.6%	15.8%
Income taxes	(0.0)	(0.1)	(0.1)	(0.3)	(0.4)	(0.3)	(0.4)	(0.5)	(0.6)
<b>Net Income (Loss)</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>0.3</b>	<b>0.3</b>	<b>0.7</b>	<b>0.9</b>	<b>1.2</b>	<b>1.5</b>
<i>Margin</i>	1.5%	3.4%	0.8%	3.7%	3.6%	7.3%	8.8%	9.8%	11.4%

Source: Company data 2019-22PF, EnVent Research 2023-26E

Note 1: 2019-21A EPR unconsolidated figures

Note 2: 2021-22PF showing effect of Justbit 51% stake acquisition since year begin

**Digital business expected to increase margins**

### Consolidated Balance Sheet

€m	2019A	2020A	2021A	2021PF	2022PF	2023E	2024E	2025E	2026E
Trade receivables	1.2	1.0	1.2	2.3	2.9	3.0	3.6	4.1	4.6
Trade payables	(1.1)	(0.8)	(0.9)	(1.0)	(1.5)	(1.3)	(1.5)	(1.6)	(1.7)
Trade Working Capital	0.1	0.2	0.3	1.3	1.4	1.7	2.1	2.5	2.9
Other assets (liabilities)	0.1	0.1	(0.2)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
<b>Net Working Capital</b>	<b>0.3</b>	<b>0.3</b>	<b>0.1</b>	<b>0.7</b>	<b>0.9</b>	<b>1.1</b>	<b>1.5</b>	<b>1.9</b>	<b>2.3</b>
Intangible assets	0.3	0.7	0.6	0.7	1.5	1.6	1.7	1.7	1.7
Goodwill	0.0	0.0	0.0	2.2	2.2	2.0	1.8	1.5	1.3
Property, plant and equipment	0.0	0.1	0.0	0.1	0.1	0.1	0.0	0.0	0.0
Equity investments and financial assets	0.0	0.0	0.0	0.8	0.0	0.0	0.0	0.0	0.0
<b>Non-current assets</b>	<b>0.3</b>	<b>0.8</b>	<b>0.7</b>	<b>3.7</b>	<b>3.8</b>	<b>3.7</b>	<b>3.5</b>	<b>3.3</b>	<b>3.1</b>
Provisions	(0.2)	(0.2)	(0.2)	(0.3)	(0.5)	(0.6)	(0.7)	(0.8)	(0.8)
<b>Net Invested Capital</b>	<b>0.4</b>	<b>0.9</b>	<b>0.7</b>	<b>4.2</b>	<b>4.176</b>	<b>4.2</b>	<b>4.4</b>	<b>4.5</b>	<b>4.6</b>
Financial debt	0.4	0.2	0.4	3.2	2.7	1.0	0.6	0.4	0.1
Cash and equivalents	(0.1)	(0.1)	(0.3)	(0.7)	(2.7)	(1.7)	(2.1)	(2.9)	(4.1)
<b>Net Debt (Cash)</b>	<b>0.3</b>	<b>0.1</b>	<b>0.1</b>	<b>2.5</b>	<b>(0.0)</b>	<b>(0.7)</b>	<b>(1.5)</b>	<b>(2.5)</b>	<b>(4.0)</b>
<b>Equity</b>	<b>0.1</b>	<b>0.8</b>	<b>0.6</b>	<b>1.7</b>	<b>4.2</b>	<b>4.9</b>	<b>5.8</b>	<b>7.0</b>	<b>8.6</b>
<b>Sources</b>	<b>0.4</b>	<b>0.9</b>	<b>0.7</b>	<b>4.2</b>	<b>4.2</b>	<b>4.2</b>	<b>4.4</b>	<b>4.5</b>	<b>4.6</b>

**2021-22PF Financial debt including Justbit deal funding to be paid along FY23**

Source: Company data 2019-22PF, EnVent Research 2023-26E

Note 1: 2019-21A EPR unconsolidated figures

Note 2: 2021-22PF showing effect of Justbit 51% stake acquisition since year begin

### Consolidated Cash Flow

€m	2020A	2021A	2021PF	2022PF	2023E	2024E	2025E	2026E
<b>EBIT</b>	<b>0.2</b>	<b>0.2</b>	<b>0.7</b>	<b>0.7</b>	<b>1.0</b>	<b>1.4</b>	<b>1.7</b>	<b>2.1</b>
Current taxes	(0.1)	(0.1)	(0.3)	(0.4)	(0.3)	(0.4)	(0.5)	(0.6)
D&A	0.2	0.2	0.4	0.3	0.4	0.4	0.5	0.5
Provisions	0.0	(0.0)	0.1	0.2	0.1	0.1	0.1	0.1
<b>Cash flow from P&amp;L operations</b>	<b>0.3</b>	<b>0.2</b>	<b>0.8</b>	<b>0.9</b>	<b>1.2</b>	<b>1.5</b>	<b>1.8</b>	<b>2.1</b>
Trade Working Capital	(0.0)	(0.2)	(1.1)	(0.1)	(0.3)	(0.4)	(0.4)	(0.4)
Other assets and liabilities	0.0	0.3	0.7	(0.0)	0.0	0.0	0.0	0.0
<b>Operating cash flow before capex</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>	<b>0.7</b>	<b>0.9</b>	<b>1.1</b>	<b>1.4</b>	<b>1.7</b>
Capex	(0.1)	0.0	(0.0)	(1.0)	(0.3)	(0.3)	(0.3)	(0.3)
<b>Operating cash flow after working capital and capex</b>	<b>0.2</b>	<b>0.4</b>	<b>0.4</b>	<b>(0.2)</b>	<b>0.7</b>	<b>0.9</b>	<b>1.1</b>	<b>1.5</b>
Interest	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)	(0.1)	(0.0)	(0.0)
Equity investments and financial assets	0.0	(0.1)	(2.6)	(0.2)	0.0	0.0	0.0	0.0
Paid-in Capital	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0
IPO Proceeds	0.0	0.0	0.0	3.0	0.0	0.0	0.0	0.0
Dividends and other equity changes	0.0	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net cash flow</b>	<b>0.2</b>	<b>0.1</b>	<b>(2.4)</b>	<b>2.6</b>	<b>0.6</b>	<b>0.8</b>	<b>1.1</b>	<b>1.5</b>
(Net Debt)/Cash Beginning	(0.3)	(0.1)	(0.1)	(2.5)	0.0	0.7	1.5	2.5
(Net Debt)/Cash End	(0.1)	(0.1)	(2.5)	0.0	0.7	1.5	2.5	4.0
<b>Change in (Net Debt)/Cash</b>	<b>0.2</b>	<b>0.1</b>	<b>(2.4)</b>	<b>2.6</b>	<b>0.6</b>	<b>0.8</b>	<b>1.1</b>	<b>1.5</b>

Source: Company data 2019-22PF, EnVent Research 2023-26E

Note 1: 2019A-21A EPR unconsolidated figures. 2021PF cash flow may represent just a proxy of consolidated figures

Note 2: 2021-22PF showing effect of Justbit 51% stake acquisition since FY2021 year begin

### Ratio analysis

	2019A	2020A	2021A	2021PF	2022PF	2023E	2024E	2025E	2026E
ROE	53%	19%	6%	16%	7%	14%	16%	17%	18%
ROS (EBIT/Sales)	3%	5%	4%	9%	9%	11%	13%	14%	16%
DSO	77	72	73	93	102	101	102	103	104
DPO	85	79	69	61	70	70	70	70	70
TWC/Sales	3%	4%	7%	17%	18%	19%	20%	21%	22%
NWC/Sales	6%	7%	3%	10%	11%	13%	15%	16%	18%
Net Debt/EBITDA	1.0x	0.3x	0.2x	2.3x	cash	cash	cash	cash	cash
Net Debt/Equity	2.4x	0.1x	0.1x	1.5x	cash	cash	cash	cash	cash
Net Debt/(Net Debt+Equity)	0.7x	0.1x	0.1x	0.6x	cash	cash	cash	cash	cash
Operating cash flow before capex/EBITDA	nm	84%	102%	37%	69%	69%	62%	64%	65%
Per-capita (total workforce) sales (€k)	154	135	159	130	119	124	134	145	155
Personnel costs per employee (€k)	37	38	43	51	47	54	58	62	66
Earnings per Share (€), basic	n.a.	n.a.	n.a.	n.a.	0.10	0.24	0.34	0.42	0.55
Earnings per Share (€), fully diluted	n.a.	n.a.	n.a.	n.a.	0.10	0.23	0.32	0.40	0.52

Source: Company data for 2019A-22PF - EnVent Research for 2023-26E

Note 1: 2019A-21A EPR unconsolidated figures

Note 2: 2021-22PF showing effect of Justbit 51% stake acquisition since FY2021 year begin

Note 3: Per-capita sales and Personnel costs per employee - EnVent Research for 2022PF-26E

## Valuation

Value drivers:

- Market hungry of unprecedented digital solutions
- Appeal of relationships among institutions and media
- Quality clients and engagements
- Creativity by technology
- Client loyalty and repeat engagements

Market trends, industry and competition analyses tell that most growth expectation indicators fall within the 8-15% range.

Our projections are consistent with industry growth expectations and consider Justbit integration with EPR for the intrinsic higher growth rate and profitability of the Digital business and cross-selling opportunities.

Within the wider communication and advertising industry, we have identified clusters of companies that could represent benchmarks to EPR. The peer groups include companies diversified on size, business mix and scope of practice. However, we deem market multiples a suitable method, given that growth is driven by the same factors and dynamics, the exposure to the same reference market and the continuity of relationships with clients. We have excluded from our market multiples application the pure Advertising cluster, given the difference of core services.

The valuation of EPR has been performed through:

- Discounted Cash Flows applied to our 2023-26E financial projections
- market multiples

## Discounted Cash Flows

Main metrics and assumptions:

- Risk free rate: 3.7% (Italian 10-year government bonds interest rate – last 30 days average. Source: Bloomberg, May 2023)
- Market return: 11.7% (last 30 days average. Source: Bloomberg, May 2023)
- Market risk premium: 8.0%
- Beta: 1.2 (judgmental due to continuing volatility of market indicators)
- Cost of equity: 13.3%
- Cost of debt: 6.0%
- Tax rate: 24% IRES
- 30% debt/(debt + equity) as target capital structure
- WACC calculated at 10.7%, according to above data
- Perpetual growth rate after explicit projections (G): 2.0%
- Terminal Value: we estimated equity value according to a sensitivity analysis based on: a) long-term EBITDA margin in the range 17.5%-22.5%; and b) long-term growth rate in the range 1.5%-2.5%

## DCF Valuation

€m	2022PF	2023E	2024E	2025E	2026E	Perpetuity
Revenues	8.1	9.2	10.7	12.2	13.5	13.7
EBITDA	1.1	1.4	1.8	2.2	2.6	2.7
Margin	13.2%	15.0%	16.7%	17.7%	19.7%	20.0%
EBIT	0.7	1.0	1.4	1.7	2.1	2.5
Margin	8.9%	10.9%	12.7%	13.9%	16.0%	18.5%
Taxes - full rate estimates in case of earnings	(0.2)	(0.3)	(0.4)	(0.5)	(0.6)	(0.7)
NOPAT	0.5	0.7	1.0	1.2	1.5	1.8
D&A	0.3	0.4	0.4	0.5	0.5	0.2
Provisions	0.2	0.1	0.1	0.1	0.1	0.0
<b>Cash flow from operations</b>	<b>1.1</b>	<b>1.2</b>	<b>1.5</b>	<b>1.8</b>	<b>2.1</b>	<b>2.0</b>
Trade Working Capital	(0.1)	(0.3)	(0.4)	(0.4)	(0.4)	(0.2)
Capex	(1.0)	(0.3)	(0.3)	(0.3)	(0.3)	(0.2)
<b>Yearly Unlevered Free Cash Flows</b>	<b>(0.2)</b>	<b>0.7</b>	<b>0.8</b>	<b>1.1</b>	<b>1.5</b>	<b>1.6</b>
<b>- H1 Unlevered Free Cash Flows</b>						
<b>Unlevered free cash flow</b>	<b>(0.2)</b>	<b>0.7</b>	<b>0.8</b>	<b>1.1</b>	<b>1.5</b>	<b>1.6</b>
WACC	10.7%					
Long-term growth (G)	2.0%					
<b>Discounted Cash Flows</b>		<b>0.6</b>	<b>0.7</b>	<b>0.8</b>	<b>1.0</b>	
Sum of Discounted Cash Flows	3.1					
<b>Terminal Value</b>						<b>18.7</b>
Discounted TV	12.5					
<b>Enterprise Value</b>	<b>15.6</b>					
Net (Debt) Cash as of 31/12/2022	0.0					
Minorities as of 31/12/22	(0.6)					
<b>Equity Value</b>	<b>15.0</b>					

		DCF Valuation (€m) - Sensitivity Analysis				
		17.5%	18.8%	20.0%	21.3%	22.5%
Long-term growth (G)	1.50%	12.5	13.4	14.3	15.2	16.1
	1.75%	12.8	13.7	14.6	15.6	16.5
	2.00%	13.1	14.1	15.0	16.0	16.9
	2.25%	13.5	14.5	15.4	16.4	17.4
	2.50%	13.8	14.9	15.9	16.9	17.9

Source: EnVent Research

## Market multiples

We have segmented the listed and comparable PR, advertising and communication traditional/digital public companies into the following clusters based on business mix and specialization:

1. Public Relations and communication
2. Advertising
3. Digital marketing
4. Technology, AI, Big Data and analytics

We observed that:

- Advertising and PR clusters made of established multinational multi-service companies, diversified as to business mix, well financed and with a strong trade position, whose size and maturity stage is reflected in their financial performance
- In the Digital Marketing cluster, despite a higher comparability degree as to size and scope of operations, many companies, are only partially comparable to EPR according to scope of activity, range of services and business model
- In the Technology, AI, Big Data and analytics cluster, some companies present a sufficient comparability with Justbit digital factory



As a consequence of our analysis, we have applied to our 2023-25E projections:

- the combined mean and median multiples of: PR, Technology and Digital Marketing clusters
- a Sum of The Parts (SOP) approach, based on: PR and Technology EV/Revenues mean, minimum and maximum multiples applied to communication and digital revenues respectively

Company	EV/REVENUES				EV/EBITDA				EV/EBIT				P/E			
	2022	2023E	2024E	2025E	2022	2023E	2024E	2025E	2022	2023E	2024E	2025E	2022	2023E	2024E	2025E
<b>PR and communications</b>																
Omnicom	1.6x	1.5x	1.5x	1.4x	9.3x	9.2x	8.8x	8.4x	10.3x	10.1x	9.6x	9.1x	13.8x	12.4x	12.0x	11.3x
Next Fifteen Communications	1.7x	1.5x	1.3x	1.2x	12.5x	6.4x	5.6x	5.3x	18.5x	7.2x	6.3x	5.8x	neg	9.4x	8.3x	7.8x
Hopscotch Global PR	0.2x	0.2x	0.2x	0.2x	4.5x	3.2x	3.1x	2.8x	5.1x	5.0x	4.7x	4.2x	8.6x	n.a.	n.a.	n.a.
Llorente & Cuenca	1.5x	1.3x	1.1x	1.1x	8.8x	7.0x	6.2x	5.6x	11.2x	8.3x	7.4x	6.7x	18.4x	13.2x	11.7x	10.4x
Mean	1.6x	1.4x	1.3x	1.2x	10.2x	7.5x	6.9x	6.4x	13.3x	8.5x	7.8x	7.2x	16.1x	11.7x	10.7x	9.9x
Median	1.6x	1.5x	1.3x	1.2x	9.3x	7.0x	6.2x	5.6x	11.2x	8.3x	7.4x	6.7x	16.1x	12.4x	11.7x	10.4x
<b>Technology, AI, Big Data and analytics</b>																
Alkemy	0.8x	0.7x	0.6x	0.6x	8.2x	5.8x	5.1x	4.7x	9.7x	7.9x	6.7x	6.1x	11.1x	9.2x	7.6x	6.8x
Digital360	1.9x	1.3x	1.2x	1.1x	19.2x	6.7x	5.8x	5.3x	24.5x	7.9x	6.9x	6.3x	72.0x	12.5x	10.2x	9.0x
Doxee	3.3x	2.7x	2.3x	2.0x	68.7x	11.8x	8.6x	6.4x	90.2x	26.7x	15.6x	10.2x	63.4x	35.0x	18.6x	11.4x
Datrix	1.7x	1.4x	1.0x	0.8x	neg	9.9x	4.5x	2.8x	neg	21.0x	6.2x	3.5x	neg	24.8x	8.8x	5.8x
Maps	1.9x	1.7x	1.4x	1.3x	8.9x	6.9x	5.8x	5.0x	16.6x	13.0x	10.3x	8.2x	14.0x	14.5x	13.0x	9.6x
TMP	1.7x	1.3x	0.9x	0.7x	4.7x	3.5x	2.6x	2.0x	9.7x	4.2x	3.1x	2.5x	19.2x	6.3x	4.0x	3.5x
Expert.ai	1.8x	2.0x	1.3x	1.6x	neg	12.5x	5.8x	5.6x	neg	33.3x	20.2x	neg	neg	neg	n.a.	29.4x
Mean	1.9x	1.6x	1.3x	1.2x	21.9x	8.2x	5.5x	4.6x	30.2x	13.4x	11.7x	8.1x	35.9x	17.0x	10.4x	10.8x
Median	1.9x	1.6x	1.3x	1.2x	21.9x	8.2x	5.5x	4.6x	30.2x	13.4x	11.7x	8.1x	35.9x	17.0x	10.4x	10.8x
<b>Digital marketing</b>																
The Mission	0.4x	0.8x	0.7x	0.7x	7.6x	4.9x	4.5x	3.9x	9.3x	5.3x	4.9x	4.2x	na	n.a.	n.a.	n.a.
Ebiquity	0.9x	0.8x	0.8x	0.7x	neg	4.6x	3.8x	3.5x	neg	5.5x	4.4x	4.0x	neg	6.9x	5.1x	4.5x
SYZGY	1.4x	1.3x	1.2x	1.1x	14.0x	7.3x	6.9x	6.4x	18.9x	12.7x	11.3x	9.8x	neg	14.9x	13.0x	11.3x
DigiTouch	1.0x	0.8x	0.7x	0.7x	6.6x	4.7x	4.3x	4.0x	9.9x	7.0x	6.8x	6.6x	15.8x	12.9x	12.5x	n.a.
Neosperience	2.0x	2.1x	1.5x	1.2x	7.8x	6.7x	4.9x	3.6x	33.4x	25.1x	11.0x	6.1x	50.0x	32.1x	12.2x	6.4x
Websolute	1.0x	1.0x	0.9x	0.8x	12.0x	5.2x	4.5x	3.8x	neg	11.5x	8.0x	5.9x	neg	18.1x	12.4x	8.6x
ID-ENTITY	2.3x	1.1x	1.0x	0.9x	11.5x	5.8x	4.4x	3.7x	13.3x	6.5x	4.8x	4.0x	17.6x	9.1x	7.5x	6.2x
Mean	1.4x	1.2x	1.0x	0.9x	10.4x	5.7x	4.8x	4.2x	18.9x	11.4x	7.7x	6.1x	27.8x	15.7x	10.5x	7.4x
Median	1.4x	1.2x	1.0x	0.9x	10.4x	5.7x	4.8x	4.2x	18.9x	11.4x	7.7x	6.1x	27.8x	15.7x	10.5x	7.4x
Combined Mean	1.7x	1.4x	1.2x	1.1x	14.8x	7.1x	5.5x	4.8x	22.2x	11.7x	9.5x	7.2x	29.5x	15.4x	10.5x	9.5x
Combined Median	1.7x	1.3x	1.2x	1.1x	9.3x	6.7x	5.4x	4.9x	15.0x	8.3x	7.1x	6.2x	18.0x	12.9x	11.7x	8.6x
<b>Advertising</b>																
WPP	1.0x	1.2x	1.1x	1.1x	9.3x	6.2x	6.0x	5.8x	11.0x	7.6x	7.3x	6.9x	14.3x	8.5x	8.1x	7.6x
Publicis Groupe	1.3x	1.5x	1.4x	1.4x	6.5x	6.5x	6.3x	6.1x	9.1x	8.1x	7.8x	7.6x	14.2x	10.3x	9.9x	9.5x
Hakuhodo DY	0.6x	0.6x	0.5x	0.4x	5.5x	6.7x	6.9x	6.6x	6.9x	9.9x	10.2x	9.2x	9.5x	n.a.	n.a.	n.a.
Dentsu	1.2x	1.2x	1.1x	1.1x	6.0x	6.4x	5.8x	5.6x	8.7x	8.7x	8.0x	7.5x	20.9x	n.a.	n.a.	n.a.
The Interpublic	1.8x	1.8x	1.7x	1.6x	9.5x	9.4x	8.9x	8.6x	11.3x	10.5x	10.0x	9.5x	14.9x	12.7x	12.1x	11.6x
BlueFocus Intelligent Communications	0.8x	0.7x	0.6x	0.5x	66.8x	35.0x	30.2x	25.3x	79.5x	38.5x	32.1x	26.2x	neg	67.0x	58.6x	33.8x
Mean	1.1x	1.1x	1.1x	1.0x	17.3x	11.7x	10.7x	9.7x	21.1x	13.9x	12.6x	11.2x	14.7x	24.6x	22.2x	15.6x
Median	1.1x	1.2x	1.1x	1.1x	7.9x	6.6x	6.6x	6.4x	10.1x	9.3x	9.0x	8.4x	14.3x	11.5x	11.0x	10.6x
<b>EPR - Current price and Consensus Estimates</b>																
	1.1x	0.9x	0.8x	0.7x	8.3x	5.2x	4.4x	3.9x	12.3x	8.1x	6.4x	5.6x	28.7x	11.9x	9.3x	7.6x
<b>EPR - EnVent Research TP and estimates</b>																
	1.8x	1.6x	1.4x	1.2x	13.7x	10.6x	8.1x	6.8x	20.2x	14.5x	10.7x	8.6x	48.2x	20.8x	14.8x	11.8x

Source: EnVent Research on S&P Capital IQ, 15/05/2023

Note: Hopscotch Global PR and The Mission not included in mean and median

### Multiples application

Multiples - Comparables		(€m)	Combined Multiples	EV (€m)	Net (Debt) Cash (€m)	Minorities (€m)	Equity Value (€m)
					31/12/22	31/12/22	
<b>EPR</b>							
2023E	Total revenues	9.2	Mean 1.4x Median 1.3x	12.8	0.0	(0.6)	<b>12.3</b>
2024E	Total revenues	10.7	Mean 1.2x Median 1.2x	12.6	0.0	(0.6)	<b>12.1</b>
2025E	Total revenues	12.2	Mean 1.1x Median 1.1x	13.0	0.0	(0.6)	<b>12.5</b>
<b>Mean 2023-25E</b>							<b>12.1</b>
2023E	EBITDA	1.4	Mean 7.1x Median 6.7x	9.8	0.0	(0.6)	<b>9.3</b>
2024E	EBITDA	1.8	Mean 5.5x Median 5.4x	9.8	0.0	(0.6)	<b>9.3</b>
2025E	EBITDA	2.2	Mean 4.8x Median 4.9x	10.3	0.0	(0.6)	<b>9.7</b>
<b>Mean 2023-25E</b>							<b>9.3</b>
2023E	EBIT	1.0	Mean 11.7x Median 8.3x	11.7	0.0	(0.6)	<b>11.2</b>
2024E	EBIT	1.4	Mean 9.5x Median 7.1x	12.9	0.0	(0.6)	<b>12.4</b>
2025E	EBIT	1.7	Mean 7.2x Median 6.2x	12.1	0.0	(0.6)	<b>11.6</b>
<b>Mean 2023-25E</b>							<b>10.4</b>
2023E	Earnings	0.7	Mean 15.4x Median 12.9x				<b>10.4</b>
2024E	Earnings	0.9	Mean 10.5x Median 11.7x				<b>9.9</b>
2025E	Earnings	1.2	Mean 9.5x Median 8.6x				<b>11.3</b>
<b>Mean 2023-25E</b>							<b>10.3</b>
<b>MEAN</b>							<b>10.5</b>
<b>MIN</b>							<b>7.8</b>
<b>MAX</b>							<b>12.5</b>

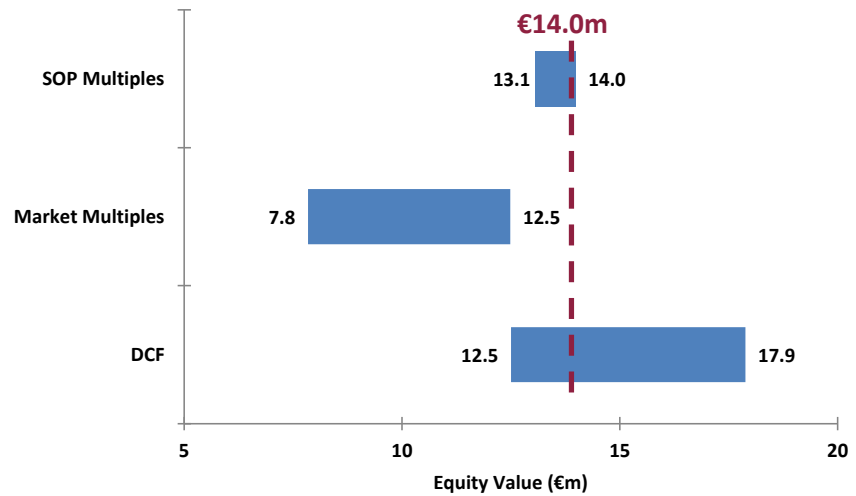
Source: EnVent Research

### SOP application

Multiples - Comparables	(€m)	EV/Rev multiple	EV/Rev multiple	Sum of the parts EV (€m)	Net (Debt) Cash (€m)	Minorities (€m)	Equity Value (€m)
					31/12/22	31/12/22	
		<b>EPR Communication Rev.</b>		<b>EPR Digital Rev. (incl. capit. R&amp;D)</b>			
2023E	5.5	Mean 1.4x Median 1.5x	3.8	Mean 1.6x Median 1.6x	13.6	0.0	(0.6)
2024E	5.9	Mean 1.3x Median 1.3x	4.8	Mean 1.3x Median 1.3x	13.8	0.0	(0.6)
2025E	6.4	Mean 1.2x Median 1.2x	5.7	Mean 1.2x Median 1.2x	14.5	0.0	(0.6)
<b>Mean</b>							<b>13.4</b>
<b>MIN</b>							<b>13.1</b>
<b>MAX</b>							<b>14.0</b>

Source: EnVent Research

## Target Price



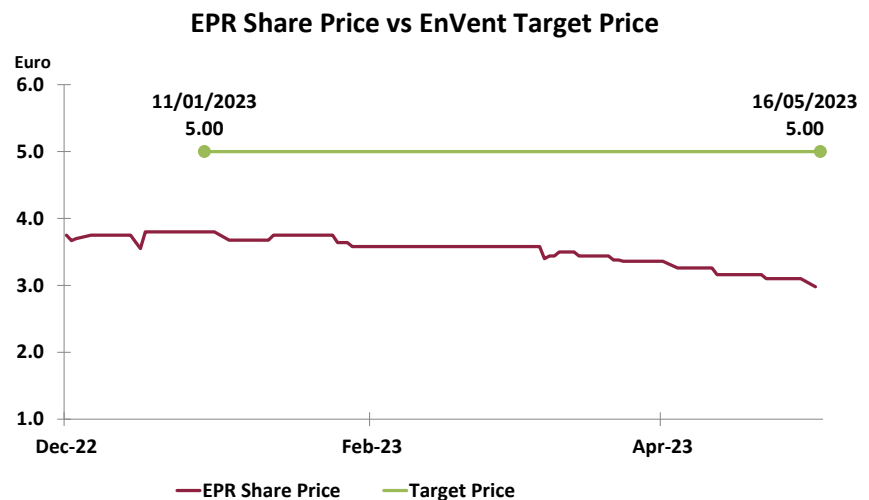
Source: EnVent Research

We observe that the range of values resulting through multiples application is still impacted by global derating of most stocks. This suggests a higher confidence in fundamentals, like DCF methodology-based values. Taking also into account the SOP multiples application, we identify an equity value of €14m. This results in the confirmation of our previous €5.00 target price, which implies a 68% upside potential on EPR current stock price. We confirm the OUTPERFORM rating on the stock.

Please refer to important disclosures at the end of this report

EPR Price per share	€
<b>Target Price</b>	<b>5.00</b>
Current Share Price (16/05/2023)	2.98
<b>Premium (Discount)</b>	<b>68%</b>

Source: EnVent Research

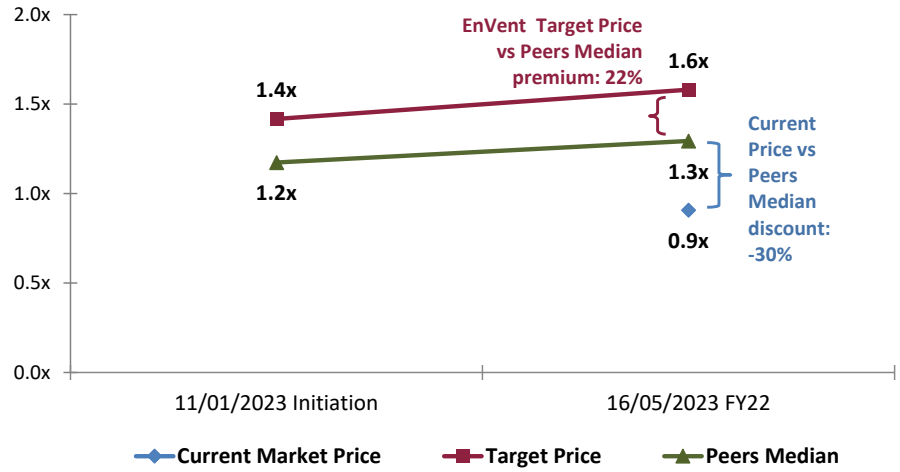


Source: EnVent Research on S&P Capital IQ, 16/05/2023

**EPR current 0.9x EV/Rev 23E  
resulting in 30% discount vs  
peers median**

**Target Price implying a 22%  
premium**

**Implied EV/Revenues vs industry median multiples**



Source: EnVent Research on S&P Capital IQ, 16/05/2023

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#### STOCK RATINGS

The “OUTPERFORM”, “NEUTRAL”, AND “UNDERPERFORM” recommendations are based on the expectations within a 12-month period from the date of rating indicated in the front page of this publication.

Equity ratings and valuations are issued in absolute terms, not relative to market performance.

Rating system and rationale (12-month time horizon):

OUTPERFORM: stocks are expected to have a total return above 10%;

NEUTRAL: stocks are expected to have a performance between -10% and +10% consistent with market or industry trend and appear less attractive than Outperform rated stocks;

UNDERPERFORM: stocks are among the least attractive in a peer group, with the target price 10% below the current market price;

UNDER REVIEW: target price under review, waiting for updated financial data, or other key information such as material transactions involving share capital or financing;

SUSPENDED: no rating/target price assigned, due to material uncertainties or other issues that seriously impair our previous investment ratings, price targets and earnings estimates;

NOT RATED: no rating or target price assigned.

Some flexibility on the limits of the total return rating ranges is permitted, especially during high market volatility cycles.

The stock price indicated in the report is the last closing price on the day of Production.

Date and time of Production: 15/05/2023 h. 6.50pm

Date and time of Distribution: 16/05/2023 h. 6.50pm

#### DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

Date	Recommendation	Target Price (€)	Share Price (€)
11/01/2023	OUTPERFORM	5.00	3.80
16/05/2023	OUTPERFORM	5.00	2.98

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Number of companies covered:	21	OUTPERFORM	NEUTRAL	UNDERPERFORM	SUSPENDED	UNDER REVIEW	NOT RATED
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\* Note: Companies to which corporate and capital markets services were supplied in the last 12 months.

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