

## MAKING SCIENCE

### SOPEF to invest €20m for M&A growth

- Details.** Making Science (MAKS) has reached an agreement with the Spain Oman Private Equity Fund (SOPEF), which is managed by private equity MCH, to inject up to €40m equity (€20m each) over the next 2 years in its main subsidiary, MSMA (Making Science Marketing & AdTech), which makes c.65% of group gross profit. The agreement will fund the inorganic growth opportunities that Making Science is exploring.
- Deal terms.** The equity injection is split in three stages: 1) an initial €5m investment from SOPEF and €2.5m from MAKS, for which SOPEF gets a 10.53% stake in MSMA, at 6-7X24 implied EV/EBITDA; 2) in one year, an additional €10m from SOPEF and up to €12.5m from MAKS at 10X24 EV/EBITDA; and 3) in two years, a further €5m from SOPEF and up to €5m from MAKS at 10X25 EV/EBITDA. SOPEF will end up owning 18-25% of MASM depending on the valuation and whether Making Science makes its investments (which are optional). MAKS will own call options maturing in 27', 28' and 29' for the MSMA stake owned by SOPEF, and SOPEF will have puts on its stake maturing in 28' and 29'. The strike price will likely be at a premium to the original investments.
- Use of funds.** After the initial €7.5m equity raised, MSMA will have around €20m net debt, equivalent to 2X leverage (if MSMA's EBITDA is 65% of group EBITDA, similar to its weight at the gross profit level). The expected growth of MSMA (>20% in 2025E and >10% in 2026E), together with subsequent capital raises and additional re-leverage headroom (to 2.5X?), will give it some attractive firepower potential, to the tune of €30m in 2025 (after raising €15m) and more afterwards.
- Our view.** MAKS aims to bring forward its inorganic expansion plans to strengthen underpenetrated key markets in the US, Germany and the UK and expand its footprint in Brazil and APAC. That will help MAKS become more global and serve bigger clients. MAKS made c.10 acquisitions since late 2020 until early 2022, and its track record has been very good, with gross profit and EBITDA x9 over 2019-24, all while maintaining a sound 14% ROCE. That has made it a much stronger, more diversified company. Likewise, the timing for M&A is now better than in 2021. SOPEF's €20m capital increase will be at an average multiple of 9X EV/EBITDA (vs c.7X in the recent capital increase at the holdCo). The negatives are that the business structure becomes more complex with a layer of minorities; funding is expensive, as the put/call strike will likely have a hefty premium; and the upside potential will be shared with minorities.

Financial Ratios	FY21	FY22	FY23	FY24E	FY25E	FY26E
EBITDA (€m)	5.7	9.2	8.4	15.7	18.9	21.5
Net profit (€m)	(3.5)	(0.9)	(3.8)	4.8	7.8	9.9
EPS (€)	(0.45)	(0.11)	(0.45)	0.52	0.85	1.08
Adj. EPS (€)	0.39	0.25	(0.07)	0.59	0.87	1.10
P/E (x)	n.a	n.a	n.a	16.2	10.0	7.8
P/E Adj. (x)	65.4	63.6	n.a	14.3	9.7	7.7
EV/EBITDA (x)	40.2	18.6	16.8	7.4	5.7	4.5
Debt/EBITDA (x)	4.7	3.7	5.3	2.1	1.3	0.7
P/BV (x)	13.9	6.2	5.7	2.9	2.3	1.8
ROE (%)	(24.6)	(4.2)	(24.2)	18.0	22.7	22.5
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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Share Price (\*) € 8.25

\*Share price at the close of 01 August 2024

#### MAKS.MC/

Market Cap	€ 71 m
Enterprise Value	€ 116 m
Free Float	€ 16 m
N° Shares	8 m
Average Daily Volume	€ 2 k

#### Performance

	1m	3m	12m
Absolute %	-0.6	-4.8	-10.3
Relative %	-1.3	-7.6	-31.3



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KEY DATA

P&L account (€ m)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	Cash flow (€ m)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue	57.7	110.4	210.1	235.8	279.7	303.0	328.9	Net profit	1.5	(3.5)	(0.9)	(3.8)	4.8	7.8	9.9
COGS	(42.9)	(80.4)	(155.2)	(171.6)	(203.1)	(215.6)	(231.1)	Depreciation	0.9	3.8	4.0	4.4	5.1	5.4	5.6
<b>Gross margin</b>	<b>14.8</b>	<b>30.0</b>	<b>55.0</b>	<b>64.1</b>	<b>76.6</b>	<b>87.5</b>	<b>97.7</b>	Minorities	-	0.3	0.4	(0.0)	(0.0)	(0.0)	(0.0)
Opex	(11.3)	(27.7)	(46.8)	(58.4)	(61.5)	(68.8)	(76.5)	Non-cash adjustments	0.7	(0.8)	(2.6)	2.0	(0.6)	(0.5)	(0.4)
<b>EBITDA</b>	<b>3.5</b>	<b>2.4</b>	<b>8.1</b>	<b>5.8</b>	<b>15.1</b>	<b>18.7</b>	<b>21.2</b>	<b>Total cash-flow (CF)</b>	<b>3.1</b>	<b>(0.2)</b>	<b>0.8</b>	<b>2.5</b>	<b>9.3</b>	<b>12.6</b>	<b>15.1</b>
One-offs	0.2	3.4	1.1	2.6	0.6	0.3	0.2	Capex	(1.2)	(3.1)	(4.7)	(5.9)	(5.1)	(5.2)	(5.3)
<b>Adj. EBITDA</b>	<b>3.7</b>	<b>5.7</b>	<b>9.2</b>	<b>8.4</b>	<b>15.7</b>	<b>18.9</b>	<b>21.5</b>	Working capital investment	0.5	5.8	5.7	(3.2)	1.8	0.5	0.5
D&A	(0.9)	(3.8)	(4.0)	(4.4)	(5.1)	(5.4)	(5.6)	<b>Operating FCF</b>	<b>2.4</b>	<b>2.5</b>	<b>1.8</b>	<b>(6.6)</b>	<b>6.0</b>	<b>7.9</b>	<b>10.3</b>
Provisions & Other	0.0	(0.0)	-	-	-	-	-	Financial investments	-	-	-	-	-	-	-
<b>EBIT</b>	<b>2.6</b>	<b>(1.5)</b>	<b>4.1</b>	<b>1.3</b>	<b>10.0</b>	<b>13.3</b>	<b>15.6</b>	Disposals (acquisitions)	(5.0)	(34.3)	(16.4)	(2.8)	-	-	-
Net financials	(0.5)	(1.1)	(3.2)	(3.9)	(3.7)	(3.0)	(2.4)	Other	-	-	-	-	-	-	-
Equity method & other	(0.1)	-	0.0	(0.0)	-	-	-	Dividends to minorities	-	-	-	-	-	-	-
<b>EBT</b>	<b>2.0</b>	<b>(2.5)</b>	<b>1.0</b>	<b>(2.6)</b>	<b>6.3</b>	<b>10.4</b>	<b>13.2</b>	Rights issues	1.2	10.6	9.3	-	6.0	-	-
Income tax expense	(0.5)	(0.7)	(1.5)	(1.2)	(1.6)	(2.6)	(3.3)	<b>Free-cash-flow (FCF)</b>	<b>(1.5)</b>	<b>(21.2)</b>	<b>(5.2)</b>	<b>(9.4)</b>	<b>12.0</b>	<b>7.9</b>	<b>10.3</b>
Minorities	-	(0.3)	(0.4)	0.0	0.0	0.0	0.0	Dividends paid	-	-	-	-	-	-	-
<b>Net profit, reported</b>	<b>1.5</b>	<b>(3.5)</b>	<b>(0.9)</b>	<b>(3.8)</b>	<b>4.8</b>	<b>7.8</b>	<b>9.9</b>	Share buybacks	-	-	(1.2)	-	-	-	-
Adjustments	0.9	6.4	2.9	3.2	0.4	0.2	0.2	<b>FCF after buy backs</b>	<b>(1.5)</b>	<b>(21.2)</b>	<b>(6.4)</b>	<b>(9.4)</b>	<b>12.0</b>	<b>7.9</b>	<b>10.3</b>
<b>Net profit adjusted</b>	<b>2.3</b>	<b>2.9</b>	<b>2.0</b>	<b>(0.6)</b>	<b>5.2</b>	<b>8.0</b>	<b>10.1</b>								
								<b>Balance sheet (€ m)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>	<b>FY26E</b>
Nº of shares (m)	7.1	7.8	8.3	8.4	9.2	9.2	9.2	Shareholders equity	3	14	21	16	27	34	44
Nº of shares adjusted (m)	6.8	7.6	8.1	8.2	9.0	9.0	9.0	Minorities	-	1	1	0	0	0	0
Treasury stock (m)	0.3	0.2	0.2	0.2	0.2	0.2	0.2	Provisions & others	5	(3)	(2)	(2)	(1)	(1)	0
								Net debt (cash)	3	27	34	45	33	25	14
<b>YoY Growth</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>	<b>FY26E</b>	<b>Capital invested</b>	<b>10</b>	<b>40</b>	<b>54</b>	<b>58</b>	<b>58</b>	<b>59</b>	<b>59</b>
Net Sales	76%	103%	83%	17%	19%	14%	12%	Other intangible	11	43	63	64	65	66	67
EBITDA	152%	(32%)	243%	(29%)	163%	23%	14%	PP&E	0	1	2	2	3	3	3
Adj. EBITDA	118%	55%	61%	(9%)	87%	21%	13%	Financial assets	0	2	1	2	2	2	2
EBIT	193%	(158%)	n.m.	(67%)	n.m.	33%	17%	Equity method	0	1	1	1	1	1	1
Net profit	123%	n.m.	(74%)	n.m.	(226%)	63%	28%	Working capital	(1)	(8)	(13)	(11)	(13)	(13)	(14)
								<b>Capital employed</b>	<b>10</b>	<b>40</b>	<b>54</b>	<b>58</b>	<b>58</b>	<b>59</b>	<b>59</b>
<b>Sales by division</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>	<b>FY26E</b>	Working capital/sales	(2.1%)	(7.1%)	(6.0%)	(4.7%)	(4.6%)	(4.4%)	(4.2%)
Core Business	100%	94%	95%	95%	96%	99%	100%								
E-commerce	0%	6%	5%	5%	4%	4%	4%								
								<b>Financial ratios</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>	<b>FY26E</b>
<b>EBITDA by division</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>	<b>FY26E</b>	Net debt/EBITDA	0.8X	11.4X	4.2X	7.8X	2.2X	1.3X	0.7X
Core Business	100%	125%	119%	98%	97%	97%	96%	Net debt/Adj. EBITDA	0.7X	4.7X	3.7X	5.3X	2.1X	1.3X	0.7X
E-commerce	0%	-25%	-19%	2%	3%	3%	4%	Gearing	95%	190%	159%	284%	123%	72%	33%
								Interest cover	5.1X	(1.4X)	1.3X	0.3X	2.7X	4.5X	6.6X
<b>Per share data</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>	<b>FY26E</b>	<b>Margins &amp; ratios</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>	<b>FY26E</b>
EPS	0.21	(0.45)	(0.11)	(0.45)	0.52	0.85	1.08	EBITDA margin	6%	2%	4%	2%	5%	6%	6%
EPS adjusted	0.34	0.39	0.25	(0.07)	0.59	0.87	1.10	Effective tax rate	(26%)	26%	(153%)	48%	(25%)	(25%)	(25%)
CFPS	0.44	(0.02)	0.10	0.30	1.01	1.38	1.65	Pay-out	0%	0%	0%	0%	0%	0%	0%
FCFPS	0.34	0.32	0.22	(0.78)	0.65	0.86	1.12	ROCE (EBIT/CE)	25%	(4%)	8%	2%	17%	23%	26%
BVPS	0.41	1.83	2.57	1.87	2.89	3.73	4.82	ROE	51%	n.a.	n.a.	n.a.	18%	23%	22%
DPS	-	-	-	-	-	-	-								

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