



UNIVERSITÀ  
POLITECNICA  
DELLE MARCHE



Buccolini Letizia

Malavolta Chiara

Panzini Claudia

Piattelli Maria

Vallorani Giulia

CURRENT  
PRICE

02-11-22

€140.1

**BUY**

TARGET PRICE

**€176.1**

UPSIDE

25.7%



1 FLEXIBLE BUSINESS MODEL

2 FAST GROWTH OF ICT INDUSTRY

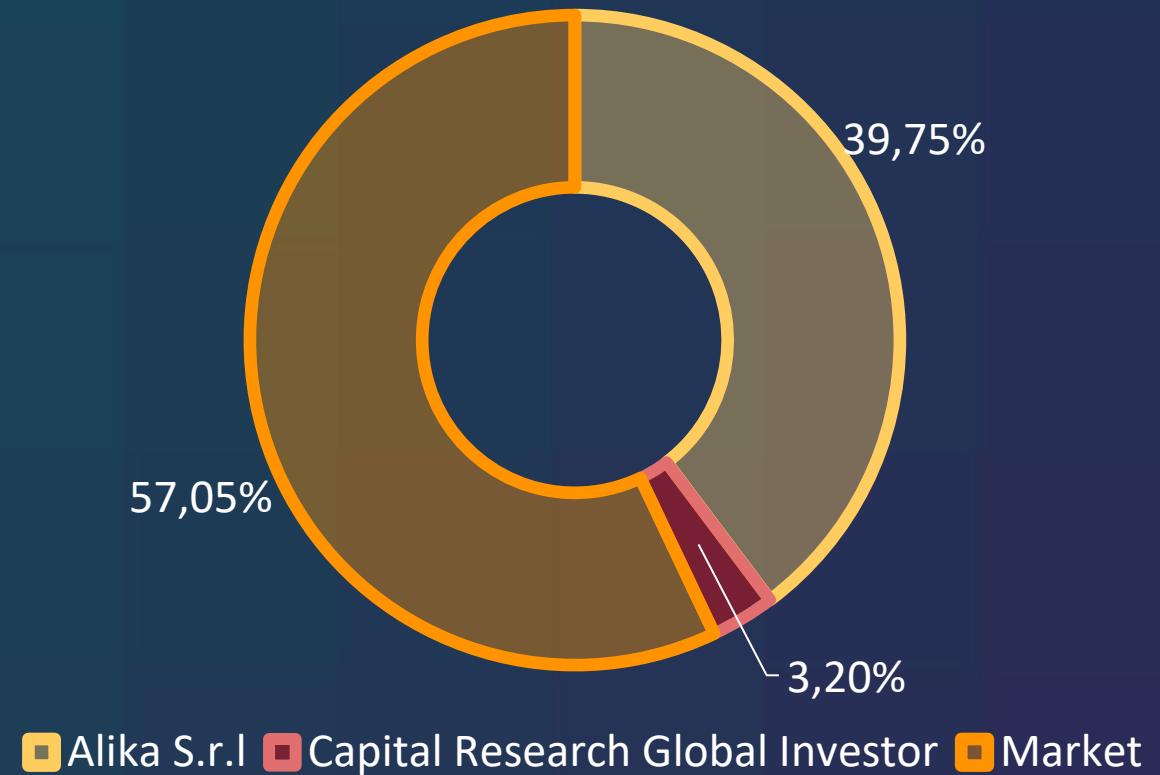
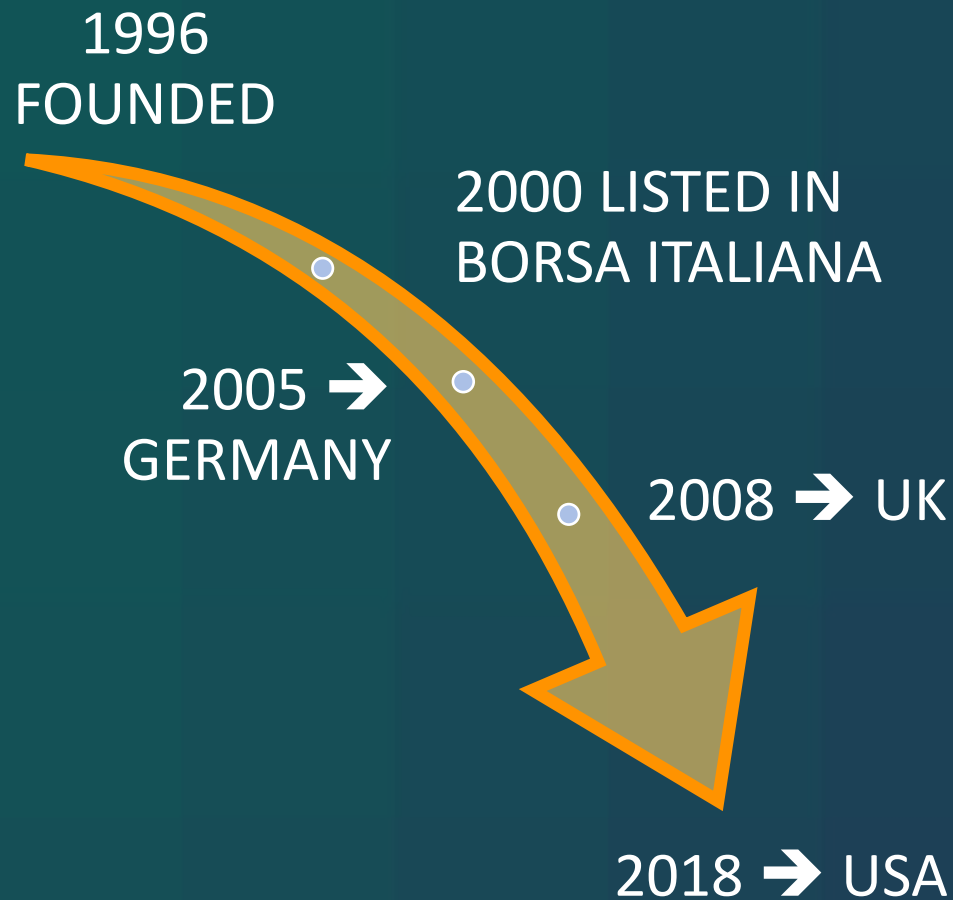
3 STABLE DOUBLE-DIGIT GROWTH

1

FLEXIBLE BUSINESS  
MODEL

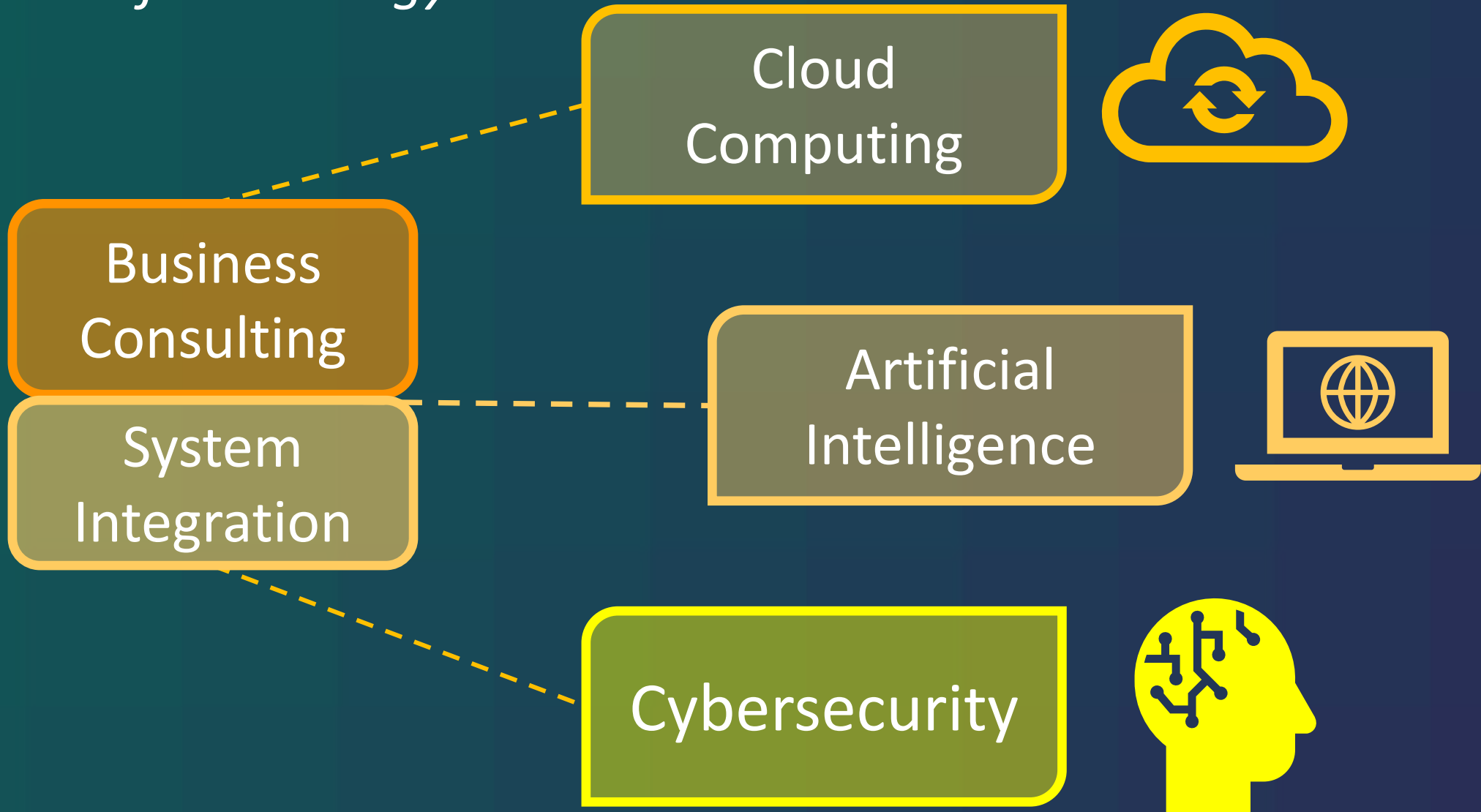


# A little bit of history..



**MARKET CAP: € 6 BILLION**

# *New era of technology*



# Acquisition process



Selection



Acquisition



Ecosystem of specialized boutiques



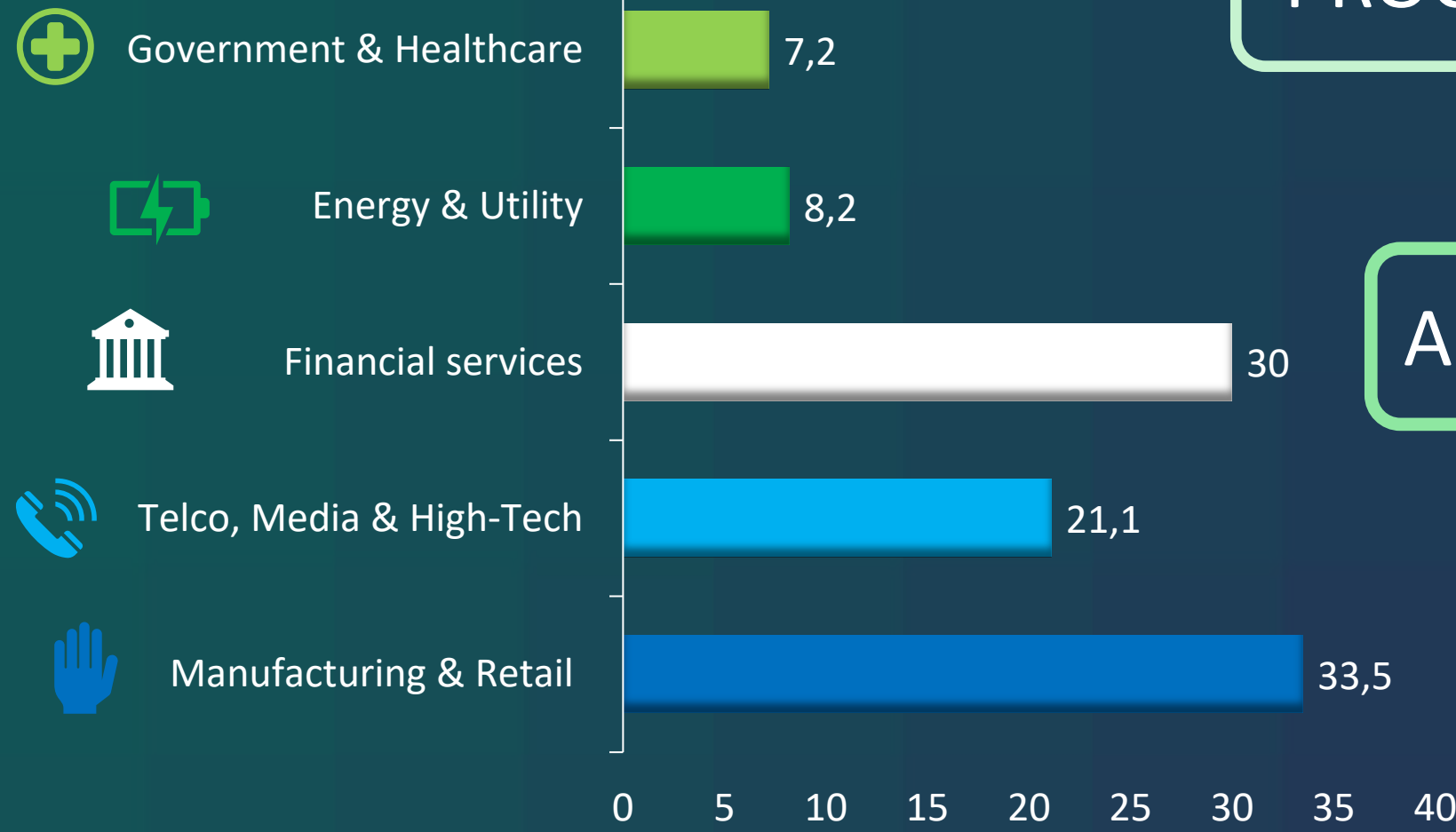


2

FAST GROWTH OF ICT  
INDUSTRY



# Operational Business Areas



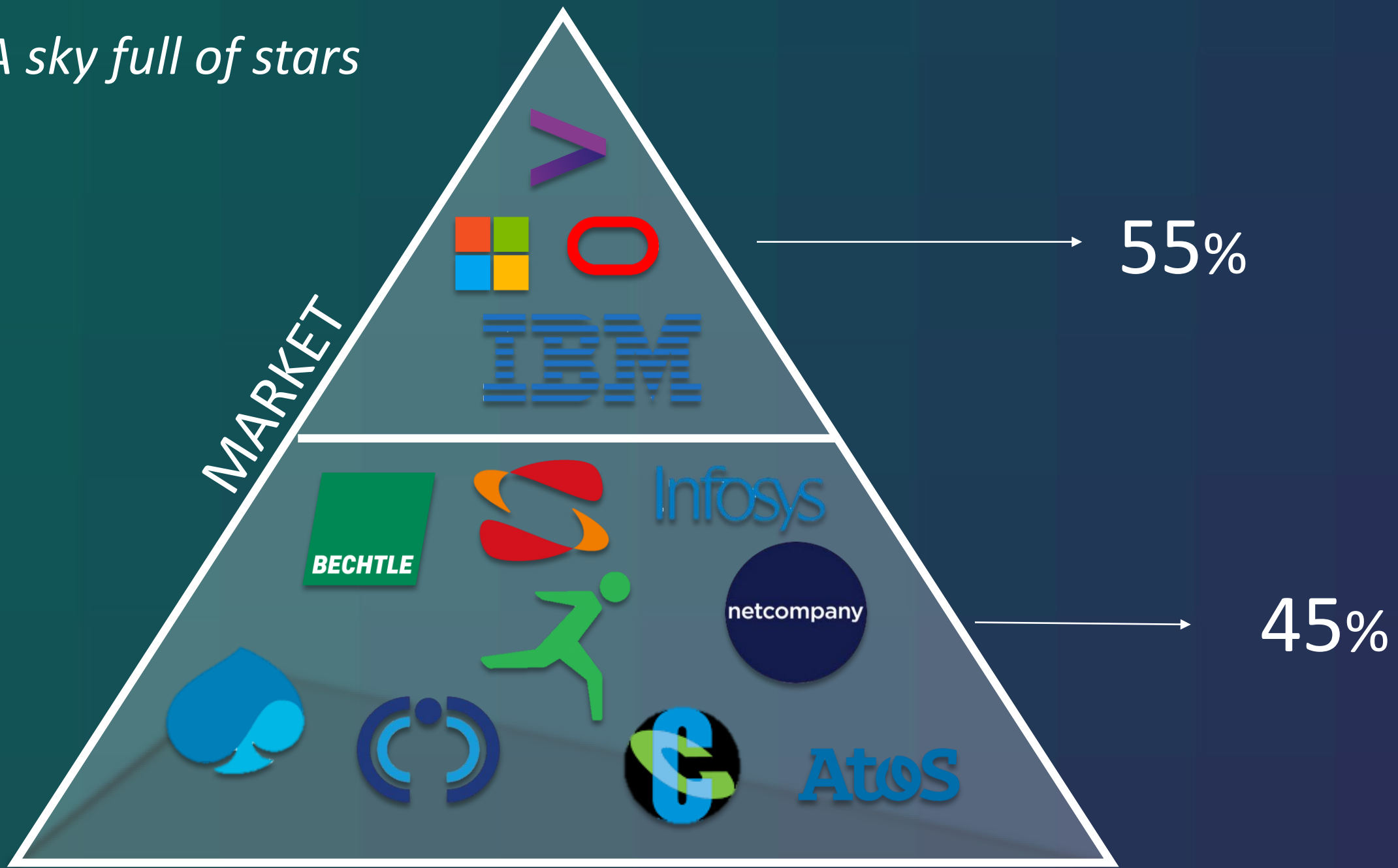
PROCESSES

APPLICATIONS

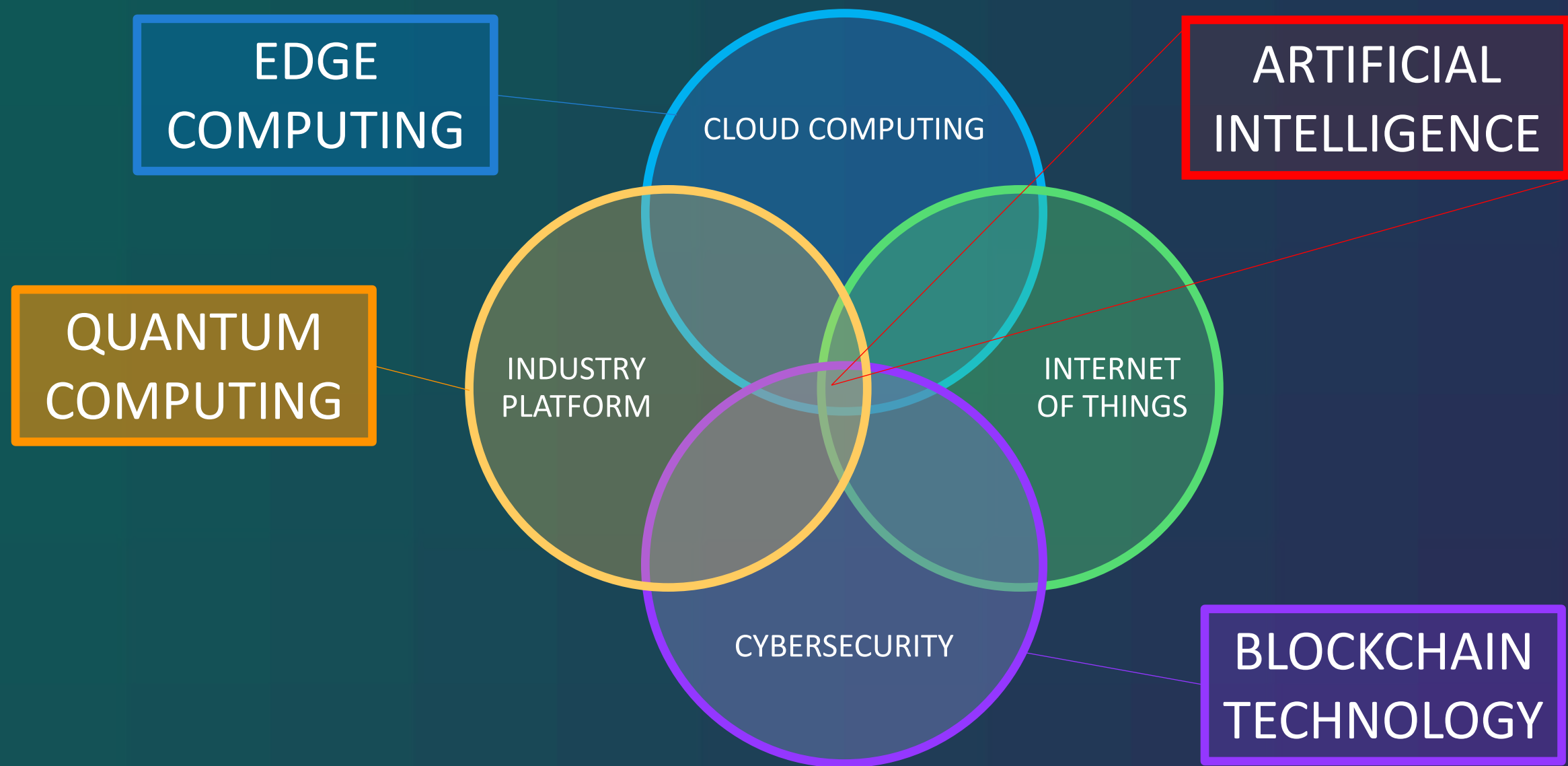
TECHNOLOGIES



*A sky full of stars*



Fast growth of ICT industry



3

A STABLE DOUBLE-DIGIT  
GROWTH



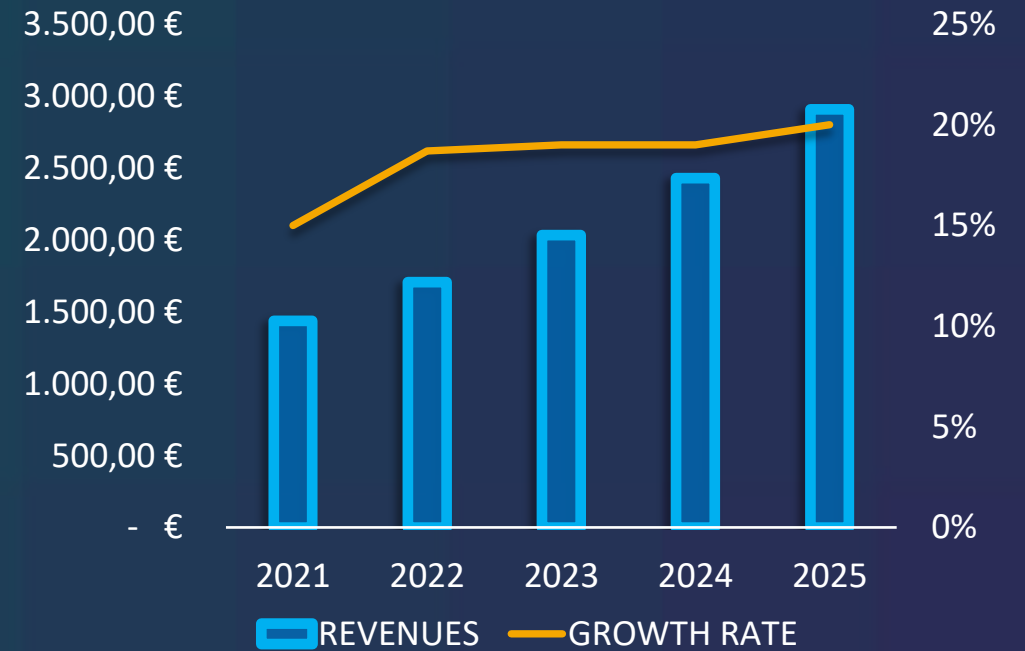
# Great Performances...

## PAST



### CAGR 9%

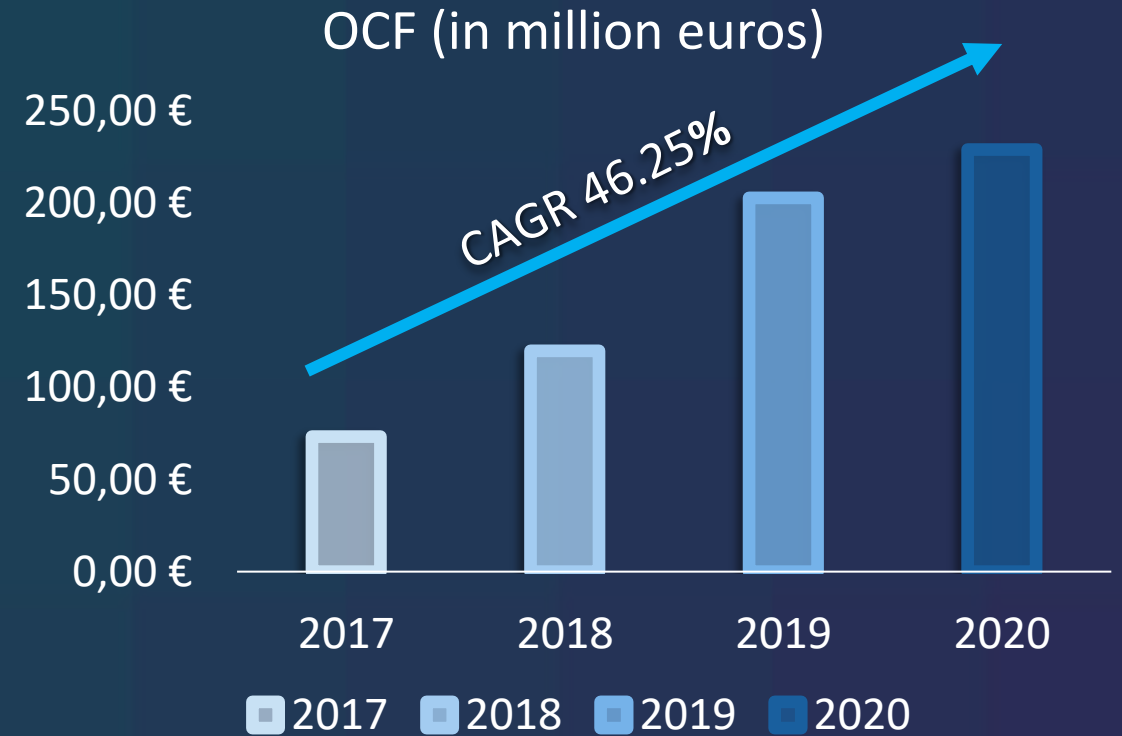
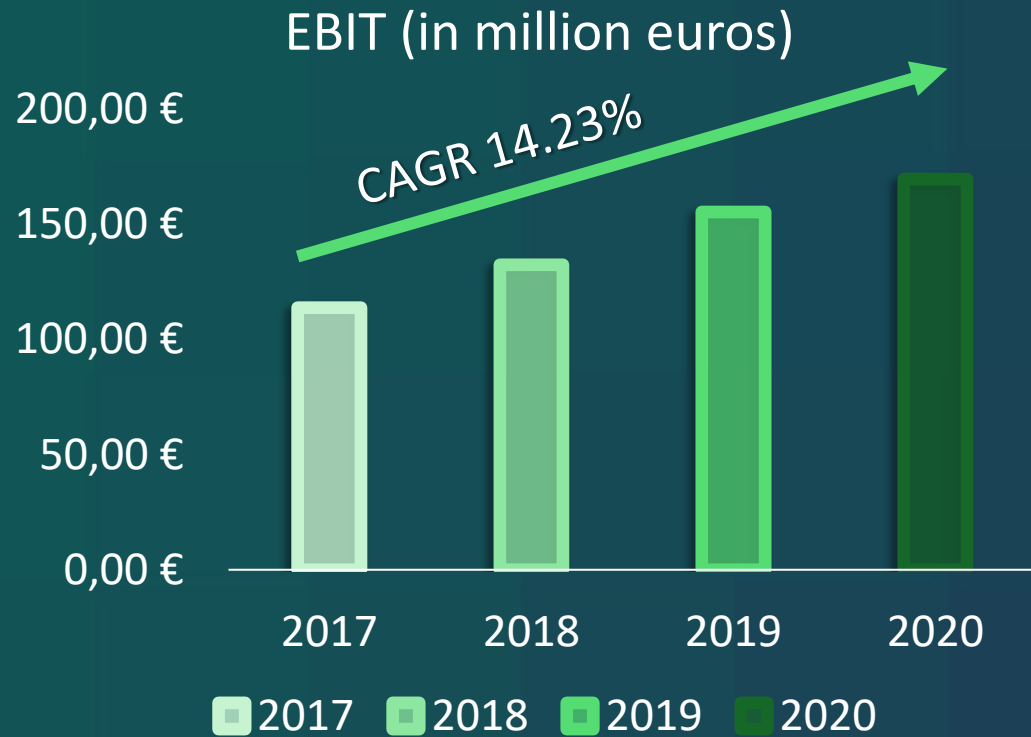
## FUTURE



### CAGR 19.2%

Stable double-digit growth

# Financials



Stable double-digit growth

*Geographical extention today..*

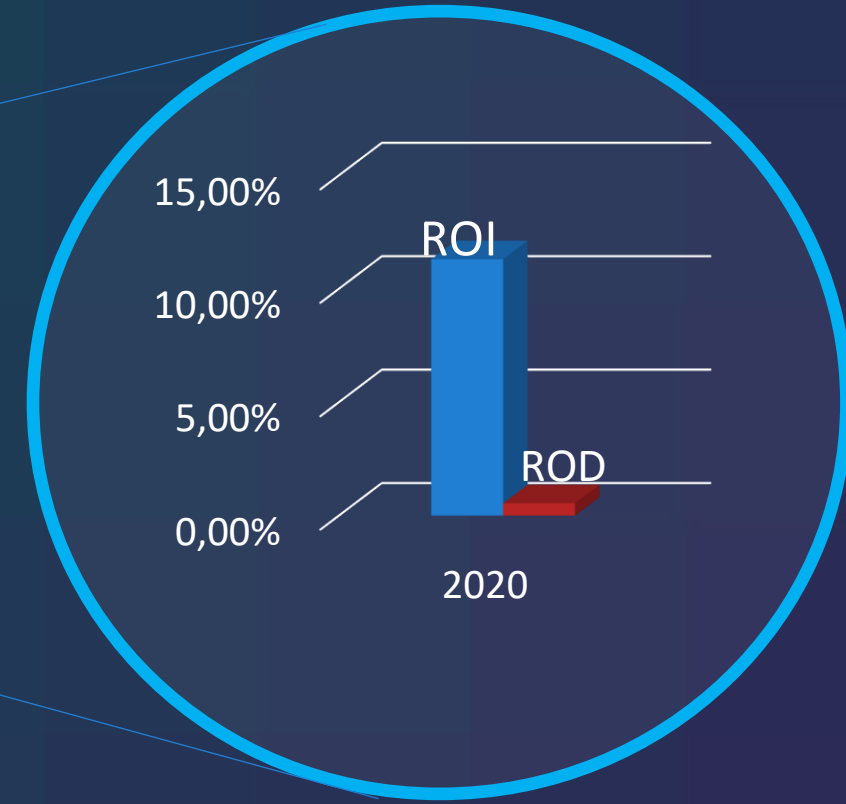
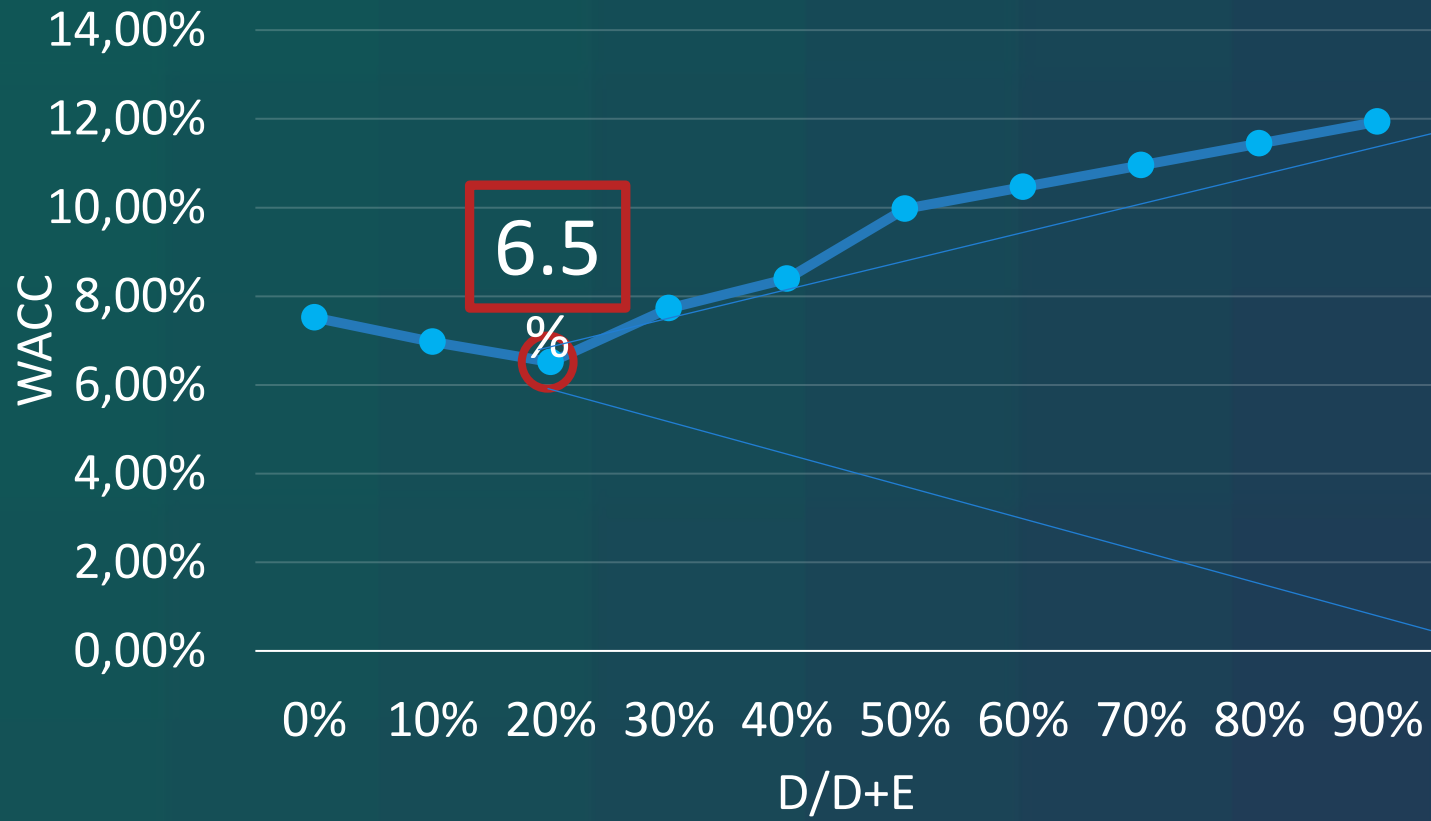




*Geographical extention  
tomorrow..*



# The optimal solution...





# VALUATION

## CURRENT CAPITAL STRUCTURE

Risk free rate 2%  
ERP 4.9%  
Beta 1.12  
Cost of Equity 7.5%  
Cost of Debt 2.7%  
Tax Rate 24%  
→ WACC 7.4%

€ 133.7



Dual face of  
the valuation

## OPTIMAL CAPITAL STRUCTURE

Risk free rate 2%  
ERP 4.9%  
Beta 1.12  
Cost of Equity 7.5%  
Cost of Debt 3%  
Tax Rate 24%  
→ WACC 6.5%

€ 218.6



50%

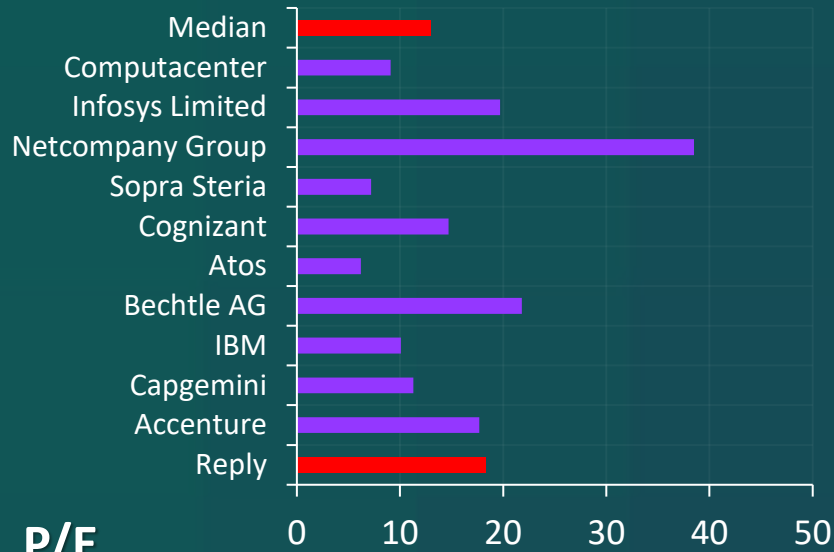
€176

50%

# MULTIPLE ANALYSIS

## EV/EBITDA

## EV/SALES



## P/E

## P/SALES



**METHOD**

**P/E P/SALES EV/SALES EV/EBITDA**

**WITH MARKET PREMIUM**

**WITHOUT MARKET PREMIUM**

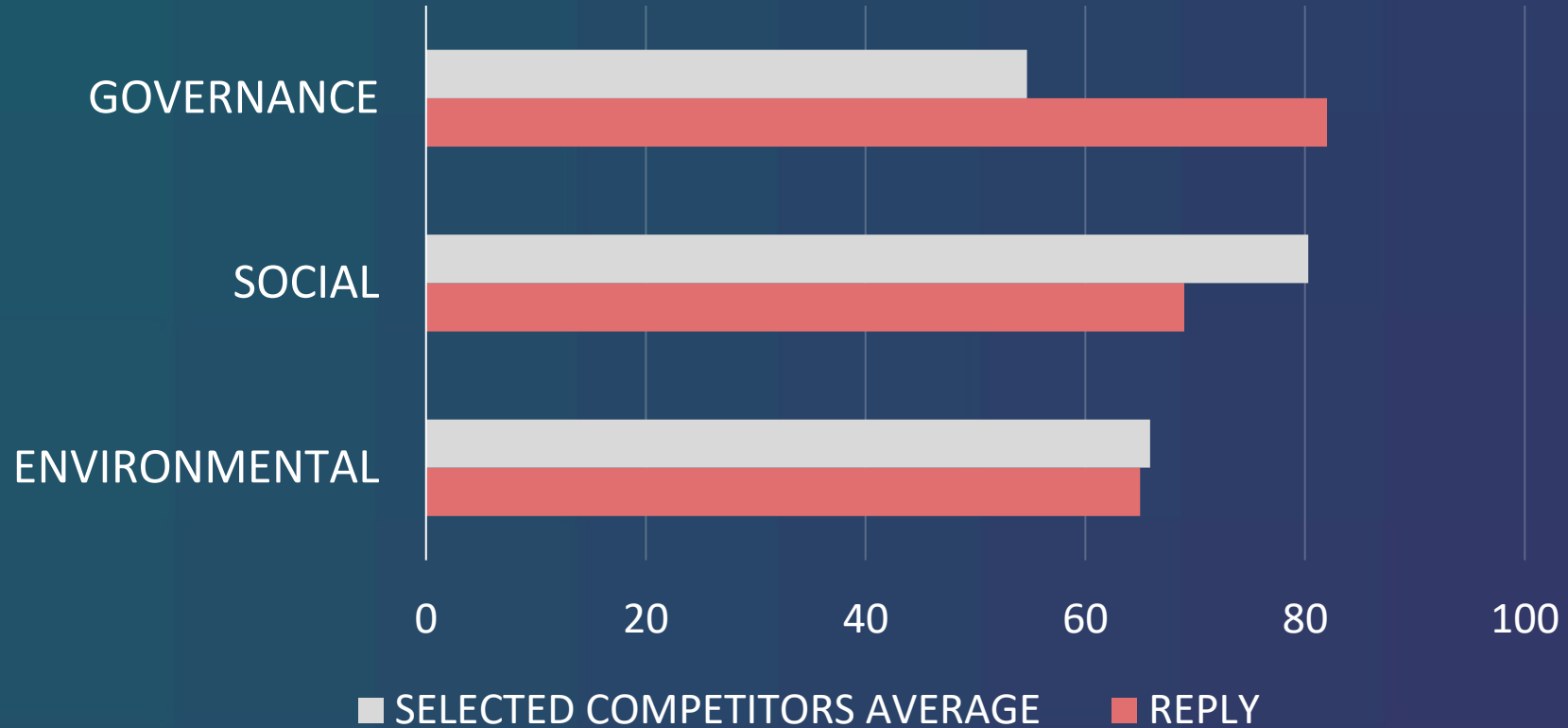
**TP: €199**

**TP: €157.7**

**€178**

Valuation

*Not only  
financials...*



*Reply stands out for the Governance  
pillar...*

OVERALL SCORE: 65 (B) of REY vs 65.9 (B) of industry average

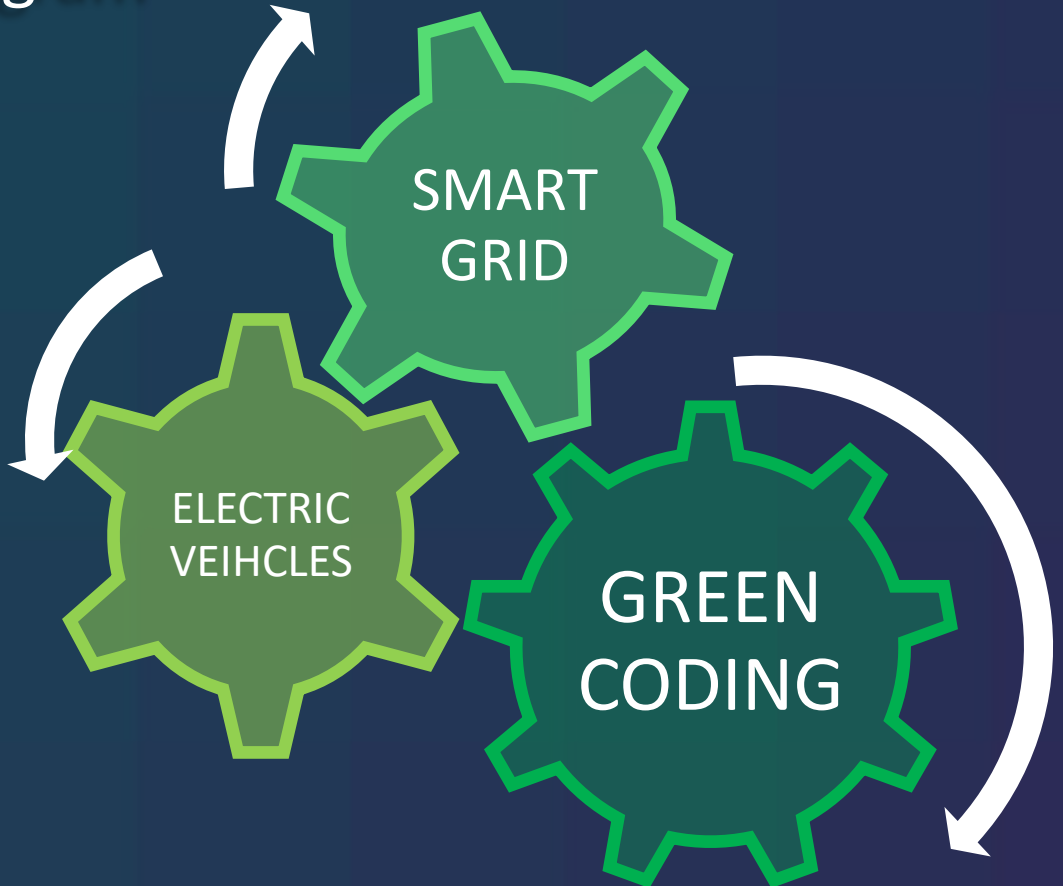
E 20%



Emissions control program



Green initiatives

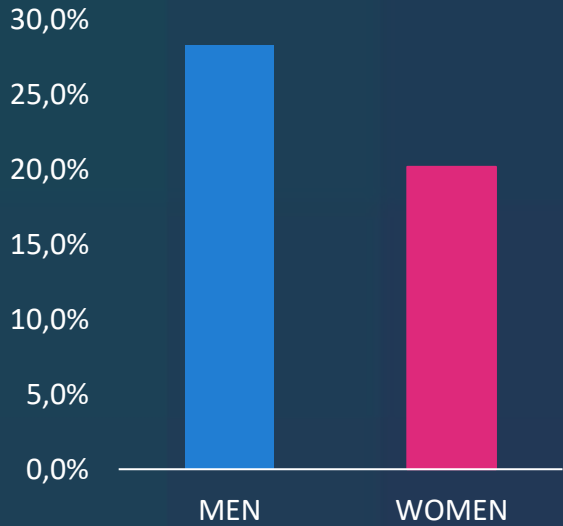


Number of parameters: 46

OVERALL SCORE: 69 (B+) of REY vs 80.3 (A-) of industry average



S 35%



Worker professionalism and reliability

Legality and honesty

Impartiality and no discrimination

Integrity and transparency

CODE OF ETHICS

Number of parameters: 47



OVERALL SCORE: 82 (A-) of REY vs 54.7 (B-) of industry average

G

45%



CHAIRMAN/CEO  
MARIO RIZZANTE

CEO  
TATIANA RIZZANTE

BOD

REMUNERATION  
COMMITTEE

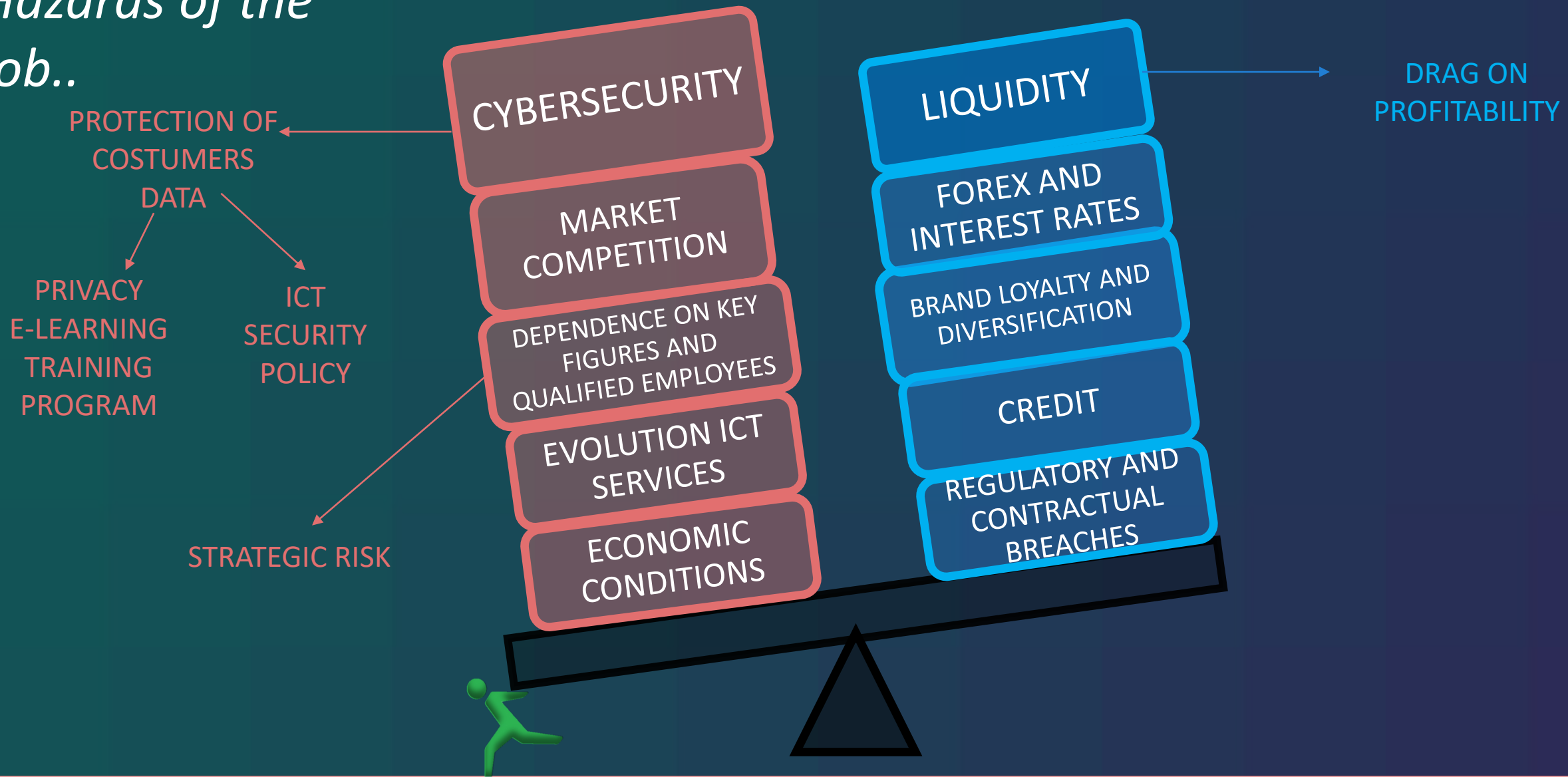
INTERNAL RISK  
CONTROL  
COMMITTEE

COMMITTEE FOR  
TRANSACTIONS  
WITH RELATED  
PARTIES

AUDITOR  
(PRICEWATERHO  
USE COOPERS)

Number of parameters: 47

# Hazards of the job..



*4 Reasons why...* **BUY**

FLEXIBLE  
BUSINESS  
MODEL

FAST  
GROWTH OF  
ICT INDUSTRY

STABLE  
DOUBLE-DIGIT  
GROWTH

OPTIMAL CAPITAL  
STRUCTURE

THANKS FOR THE ATTENTION



## 1. Business

- 1.1 Stock Price evolution
- 1.2 Business Segments
- 1.3 Geographical presence

## 2. Industry

- 2.1 Drivers of growth
- 2.2 Porter's five forces
- 2.3 Concentration of the Industry
- 2.4 SWOT analysis
- 2.5 Competitive financial analysis
- 2.6 The choice of competitors

## 3. Financial analysis

- 3.1 Balance sheet
- 3.2 Income statement
- 3.3 Cash flow
- 3.4 Key financial ratios
- 3.5 Revenues by region
- 3.6 Revenues assumptions
- 3.7 Cost assumptions
- 3.8 Capital Structure

## 4. Valuation

- 4.1 Beta
- 4.2 ERP
- 4.3 Cost of Debt
- 4.4 WACC computation
- 4.5 three-stage DCF model
- 4.6 Relative Valuation

## 5. ESG

- 5.1 Environmental
- 5.2 Social
- 5.3 Governance
- 5.4 ESG risks
- 5.5 Board of directors
- 5.6 Shareholders structure
- 5.7 Remuneration policy
- 5.8 Dividend policy
- 5.9 Impact of ESG

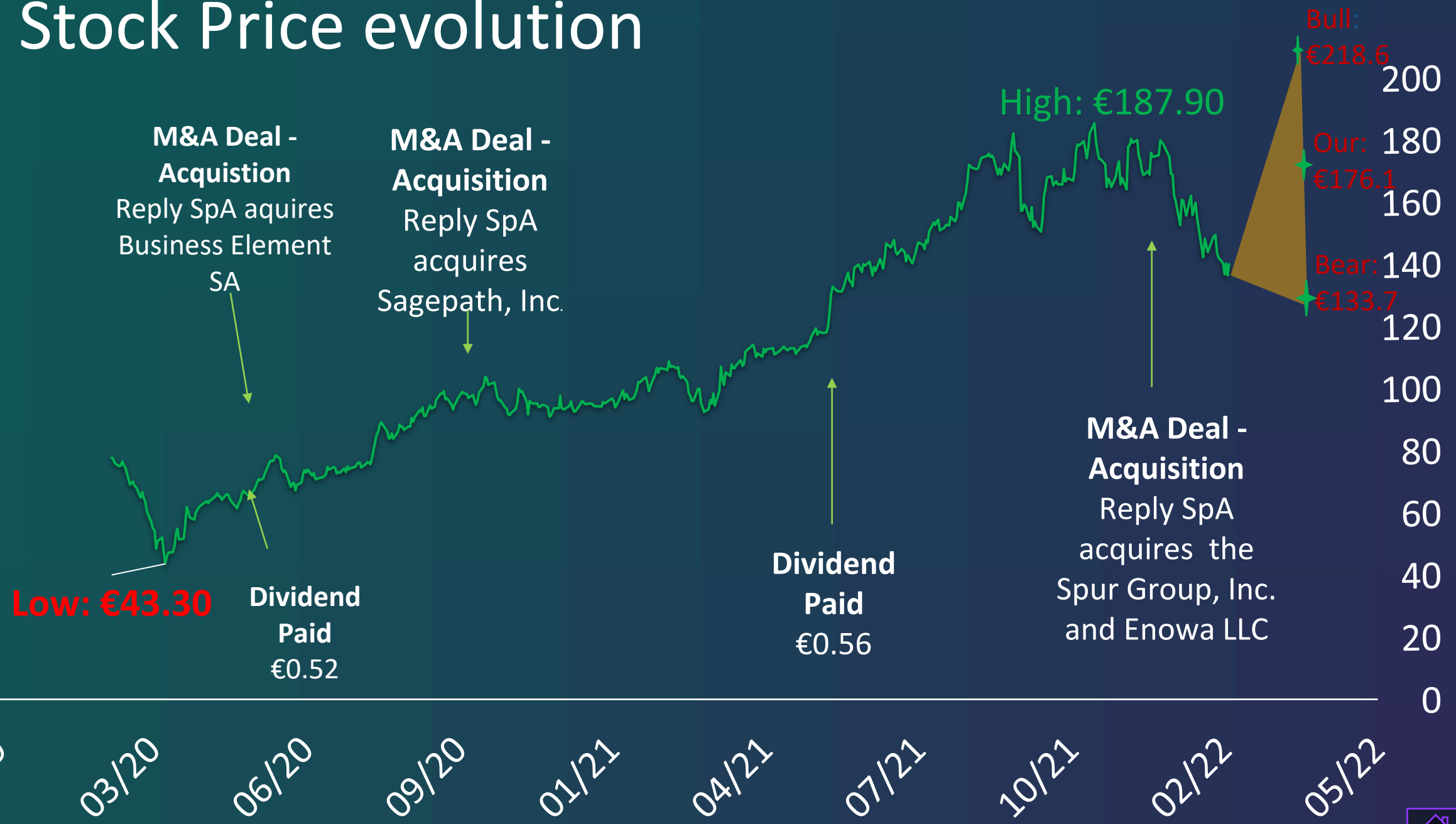
## 6. Risks

- 6.1 Macro
- 6.2 Strategic & Operational
- 6.3 Financial

## 7. Our investment case

- 7.1 History
- 7.2 Technology
- 7.3 Partnerships
- 7.4 Business Areas
- 7.5 Market
- 7.6 Past Financial
- 7.7 Optimal capital structure
- 7.8 Valuation
- 7.9 Multiple Analysis
- 8.0 ESG
- 8.1 Risks

# 1.1 Stock Price evolution



### Reply S.p.A. vs. FTSE Italia Star

01-Jan-2020 to 11-Feb-2022

Price (Local Currency)

Reply S.p.A. (Right) FTSE Italia Star (Left)

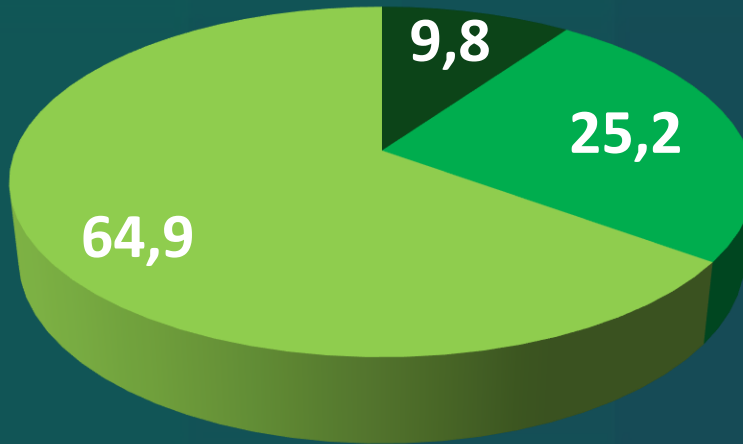


Source: FactSet Prices

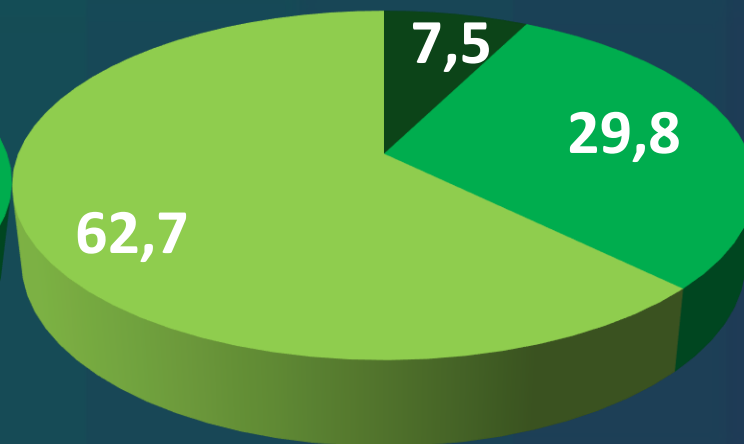
# 1.2 Business segments

**BUSINESS LINES:**

**% of 2021 Group Sales**

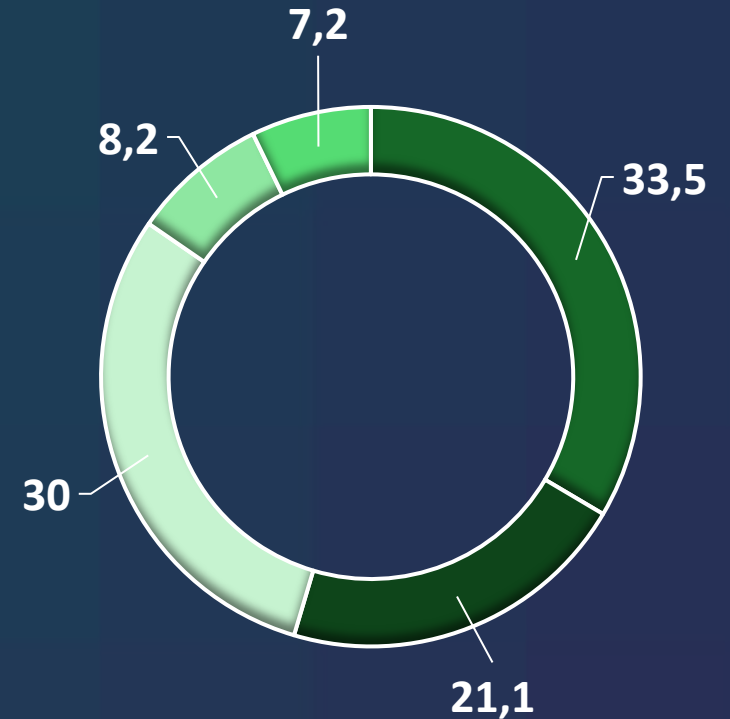


**% of 2020 Group Sales**



■ Processes ■ Applications ■ Technologies

**BUSINESS SECTORS:  
% of 2021 Group Sales**



■ Manufacturing & Retail ■ Telco, Media & High-Tech  
■ Financial services ■ Energy & Utility  
■ Government & Healthcare





# 1.3 Geographical presence

## ITALY

- Bari
- Firenze
- Padova
- Milan
- Parma
- Turin
- Treviso
- Trieste
- Verona

## FRANCE

- Paris

## GERMANY

- Berlin
- Bremen
- Cologne
- Duesseldorf
- Frankfurt
- Guetersloh
- Hamburg
- Munich
- Stuttgart

## UK

- Chester
- London
- Manchester
- Sheffield

## US

- Atlanta
- Chicago
- Detroit
- Kansas City
- Seattle
- St. Louis

## CROATIA

- Zagreb

## INDIA

- Kochi, Bangalore

## NEW ZEALAND

- Auckland

## POLAND

- Katowice

## ROMANIA

- Bucharest

## SINGAPORE

- Singapore

## SWITZERLAND

- Zurich
- BELARUS
- Minsk

## BRAZIL

- Belo Horizonte
- São Paulo

## CHINA

- Beijing, Hong Kong
- Nanjing

## BENELUX

- Brussels
- Luxembourg



# 2.1 Drivers of growth

Software & Services market

USD 601.45 Billion in 2020

CAGR 12.6% 2021-2028

Cloud Computing

→ 19.1% CAGR, reaching €1122 bln (2028)

Cybersecurity

→ 14.5% CAGR, from 139 bln to 315 bln (2026)

Artificial Intelligence

→ 35.4% CAGR, reaching 113 bln (2025)

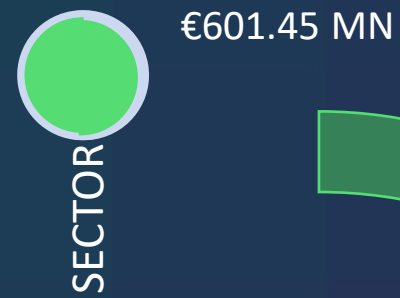
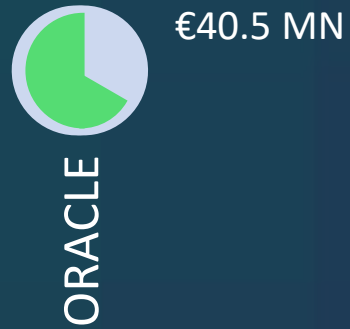
Quantum Computing & Blockchain

→ 55.01% CAGR, from €0.36 bln a €7.7 bln (2027)





# 2.3 Focus on... Concentration



		Sales of 2020 billions	CR4
The 4 largest companies in the sector	Oracle	40,479	0,553196442
	Accenture	50,533	
	IBM	73,62	
	Microsoft	168,088	
	Sector	601,45	



# Strengths



S

W

O

T

Reduced expansion choices due to Reply's size

Economies of scale cannot be exploited by a company with Reply's dimension



Great exposure to Italian market (60% of revenues derive from Italian clients)

Automotive sector (17% of revenues) is correlated with the economic cycle

# Weaknesses

Weak policy of retention and difficulty to replace losses of professionals with hard skills and talent



Increasing rivalry within the industry

Substitute products because of continuous evolution in technologies

# Threats

# Opportunities

Potential acquisition target by one of the giants in the industry



Extension of ESG approach to the supply chain

Consolidation of the M&A strategy in key countries like US, France and Benelux

Continuous R&D investments aimed at anticipating technological innovations and at evolving proprietary platforms



# 2.5 Competitive Financial Analysis (Part 1)

Company Name	Sales (€ mln)	Sales 1Y Growth (%)	Gross Margin(%)	EBIT Margin (%)	EBITDA Margin (%)	SG&A Expenses	ROA (%)	ROE (%)	Working Capital Turnover	Debt to Equity Ratio (%)	Dividend Payout Ratio (%)
<b>Reply</b>	1,250.2	5.7	42.2	11.7	15.1	382.5	8.8	19.6	4.5	26.3	16.9
Accenture	39,825.0	4.4	31.6	14.8	18.8	6,705.0	15.3	32.5	8.7	20.5	40.5
Capgemini	15,848.0	12.2	25.4	11.1	15.2	2,257.0	4.8	13.2	9.0	148.2	34.2
IBM	64,580.0	-6.3	47.3	13.1	22.2	22,085.0	3.6	26.6	-1.1	322.7	104.4
Bechtle AG	5,819.2	8.3	13.8	4.3	6.0	550.0	7.3	17.7	7.2	48.0	29.4
Atos	11,181.0	-3.5	20.5	7.0	14.5	1,513.0	3.0	7.9	5.7	74.1	17.8
Cognizant	14,607.0	-2.6	32.6	14.0	17.3	2,719.0	8.4	12.7	5.0	16.4	34.2
Sopra Steria	4,263.0	-3.9	13.6	6.0	11.2	286.3	2.4	7.7	-3.7	70.7	37.9
Netcompany Group	380.8	15.9	35.5	22.7	28.5	48.5	8.3	14.3	3.5	35.1	15.3
Infosys Limited	11,615.0	0.0	30.0	24.9	28.2	549.0	19.2	27.3	2.7	7.0	59.2
Computacenter	6,120.9	7.7	13.1	4.0	5.5	559.5	7.1	27.4	20.1	41.2	37.2
<b>Average</b>	<b>15,953.6</b>	<b>3.4</b>	<b>27.8</b>	<b>12.1</b>	<b>16.6</b>	<b>3,423.2</b>	<b>8.0</b>	<b>18.8</b>	<b>5.6</b>	<b>73.7</b>	<b>38.8</b>
<b>Median</b>	<b>11,181.0</b>	<b>4.4</b>	<b>30.0</b>	<b>11.7</b>	<b>15.2</b>	<b>559.5</b>	<b>7.3</b>	<b>17.7</b>	<b>5.0</b>	<b>41.2</b>	<b>34.2</b>

Company Name	2FY EBIT MARGIN (%)	1FY EV/SALES	2FY EV/SALES	SALES 1Y GROWTH (%)	SALES 3Y GROWTH (%)	1FY P/E	3FY P/E	1FY EPS	2FY EPS	1FY NET MARGIN (%)	2FY NET MARGIN (%)
<b>Reply</b>	11.1	2.8	2.2	5.7	20.7	28.8	16.5	3.3	3.0	9.9	9.6
Accenture	14.8	3.3	2.8	4.4	15.7	30.4	26.7	7.1	6.5	11.5	11.1
Capgemini	11.8	1.7	1.4	12.2	20.1	22.2	19.9	5.6	5.0	6.0	6.1
IBM	13.8	2.2	2.3	-6.3	-4.3	20.2	11.9	5.5	9.4	7.5	12.2
Bechtle AG	5.5	1.3	1.0	8.3	34.6	38.9	20.8	1.5	1.4	3.3	3.2
Atos	8.4	0,9	1.0	-3.5	5.0	14.8	12.0	5.1	4.4	4.9	3.6
Cognizant	16.6	2.6	1.9	-2.6	6.9	31.8	17.6	2.3	2.9	8.4	11.0
Sopra Steria	6.9	0.8	0.9	-3.9	4.1	25.1	13.0	5.3	7.9	2.5	3.6
Netcompany Group	21.0	11.0	6.8	15.9	38.2	94.9	60.3	0.9	1.1	11.3	15.8
Infosys Limited	21.8	5.5	2.8	0.0	13.7	30.0	20.9	0.5	0.5	19.3	18.3
Computacenter	3.2	0.5	0.4	7.7	24.4	18.0	14.1	1.5	1.0	2.8	2.0
<b>Average</b>	<b>12.3</b>	<b>3.2</b>	<b>2.1</b>	<b>3.4</b>	<b>16.3</b>	<b>32.3</b>	<b>21.2</b>	<b>3.5</b>	<b>3.9</b>	<b>7.9</b>	<b>8.8</b>
<b>Median</b>	<b>11.8</b>	<b>2.4</b>	<b>1.9</b>	<b>4.4</b>	<b>15.7</b>	<b>28.8</b>	<b>17.6</b>	<b>3.3</b>	<b>3.0</b>	<b>7.5</b>	<b>9.6</b>

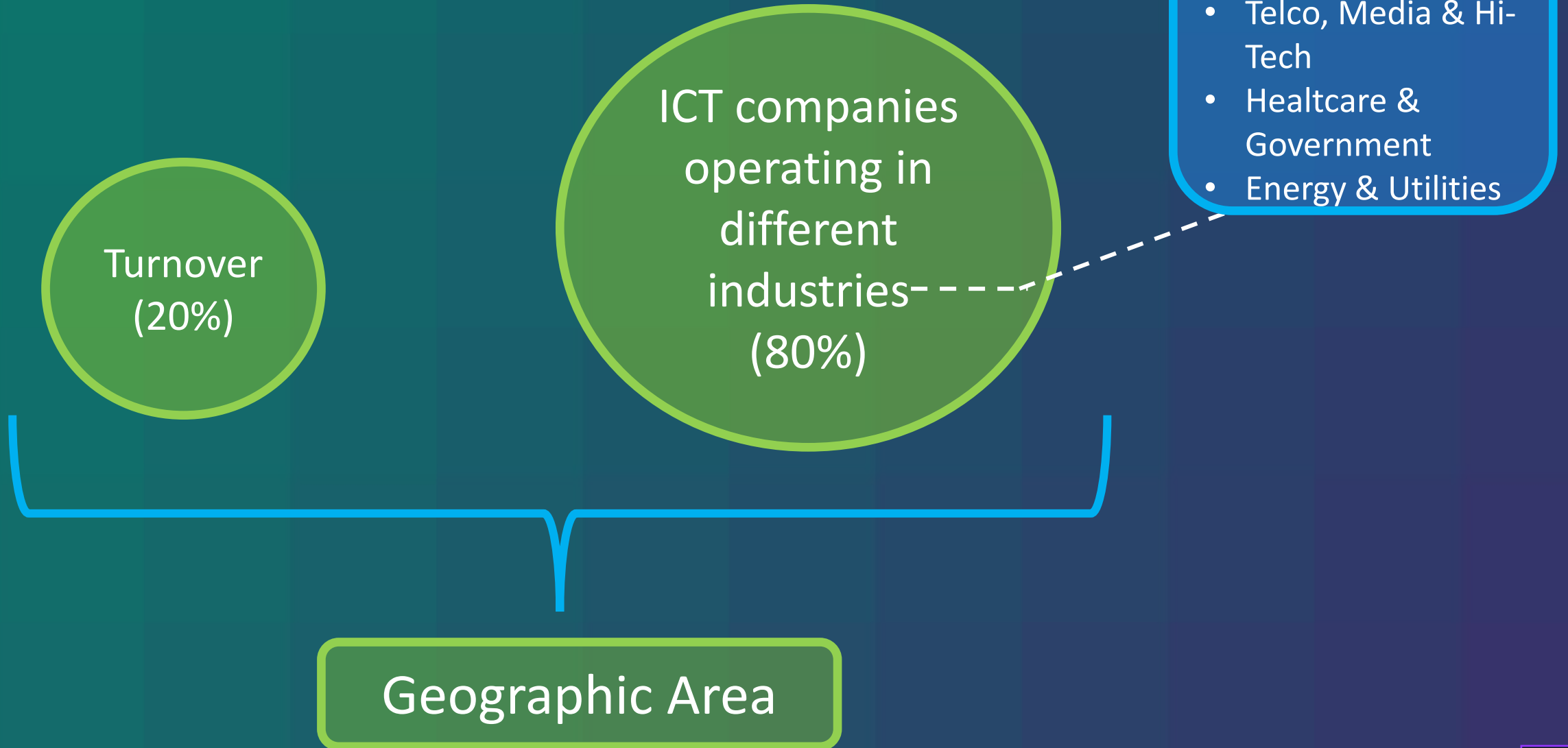


# 2.5 Competitive Financial Analysis (Part 2)

Company Name	1FY EV/EBITDA	2FY EV/EBTIDA	EBITDA 1Y GROWTH (%)	EBITDA 3Y GROWTH (%)	1FY EBITDA MARGIN (%)	2FY EBITDA MARGIN (%)	1FY EV/EBIT	2FY EV/EBIT	EBIT 1Y GROWTH (%)	EBIT 3Y GROWTH (%)
<b>Reply</b>	18.3	15.4	12.1	45.3	15.1	14.2	23.6	19.7	11.6	26.0
Accenture	17.7	16.6	17.1	28.9	18.8	16.8	22.5	18.0	5.1	17.2
Capgemini	11.3	9.0	9.1	32.4	15.2	15.7	15.4	11.9	5.9	16.0
IBM	10.1	10.7	-3.6	-1.9	22.2	21.6	17.0	16.8	-10.5	-21.8
Bechtle AG	21.8	18.5	17.8	57.2	6.0	5.5	30.3	25.8	17.8	38.5
Atos	6.2	6.2	-10.0	27.0	14.5	15.6	12.7	11.2	-19.6	-5.9
Cognizant	14.7	9.8	-14.4	-8.0	17.3	19.7	18.3	11.6	-17.9	-12.4
Sopra Steria	7.2	7.8	-2.5	42.3	11.2	11.1	13.6	12.6	-16.3	-0.8
Netcompany	38.5	24.6	20.3	45.9	28.5	27.5	48.4	32.2	25.3	61.7
Infosys Limited	19.7	11.1	13.9	25.3	28.2	24.9	22.2	12.7	15.5	22.5
Computacenter	9.1	8.3	26.5	101.5	5.5	4.7	12.6	12.1	31.8	89.8
<b>Average</b>	<b>15.9</b>	<b>12.5</b>	<b>7.9</b>	<b>36.0</b>	<b>16.6</b>	<b>16.1</b>	<b>21.5</b>	<b>16.8</b>	<b>4.4</b>	<b>21.0</b>
<b>Median</b>	<b>14.7</b>	<b>10.7</b>	<b>12.1</b>	<b>32.4</b>	<b>15.2</b>	<b>15.7</b>	<b>18.3</b>	<b>12.7</b>	<b>5.9</b>	<b>17.2</b>



## 2.6 The choice of competitors





# 3.1 Balance Sheet

Amounts in million euros	2017A	2018A	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Tangible assets	21.6	44.5	48.3	51.8	58.5	66.1	74.7	84.4	95.4
Goodwill	166.132	243.236	267.541	330.749	345.4	418.4	476.9	535.3	608.4
Other intangible assets	15.5	14.2	13.7	25.8	66.7	70.9	75.4	80.2	85.3
Right of Use assets	0.0	0.0	90.6	137.6	150.3	212.6	262.4	312.3	374.6
Equity investments available for sale	29.2	47.5	57.0	56.4	47.5	55.7	55.7	66.3	73.6
Other financial Assets	6.4	5.3	7.6	9.6	11.3	8.0	9.1	9.5	9.5
Deferred tax assets	24.7	27.3	33.5	52.9	69.1	90.1	117.6	153.5	176.5
<b>Non-Current assets</b>	<b>263.5</b>	<b>382.0</b>	<b>518.2</b>	<b>664.9</b>	<b>748.7</b>	<b>921.9</b>	<b>1071.8</b>	<b>1241.5</b>	<b>1423.2</b>
Inventories	93.7	77.1	75.3	79.8	106.0	125.8	149.9	179.0	214.3
Trade receivables	357.1	434.4	432.2	344.7	508.3	579.2	662.3	759.6	872.7
Other receivables and current assets	45.7	53.6	39.6	81.3	58.2	59.7	66.4	61.4	62.5
Financial assets	2.0	1.0	1.7	2.1	2.1	2.1	2.1	2.1	2.1
Cash and cash equivalents	109.2	128.1	240.9	333.8	363.0	266.2	349.0	453.0	517.0
<b>Current assets</b>	<b>607.7</b>	<b>694.1</b>	<b>789.7</b>	<b>841.7</b>	<b>1037.5</b>	<b>1033.0</b>	<b>1229.7</b>	<b>1455.1</b>	<b>1668.6</b>
<b>Total Assets</b>	<b>871.2</b>	<b>1076.1</b>	<b>1307.9</b>	<b>1506.6</b>	<b>1786.2</b>	<b>1954.9</b>	<b>2301.5</b>	<b>2696.6</b>	<b>3091.8</b>
Share Capital	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9
Other reserves	318.7	380.5	465.0	546.6	651.3	777.7	950.7	1167.6	1441.9
Net result of the period	77.9	99.9	113.9	123.6	149.0	204.1	255.9	323.7	409.2
Group shareholders' equity	401.4	485.3	583.7	675.0	805.2	986.6	1211.5	1496.1	1856.0
Non controlling interest	0.7	1.3	3.3	0.9					
<b>Net Equity</b>	<b>402.1</b>	<b>486.6</b>	<b>587.1</b>	<b>676.0</b>	<b>805.2</b>	<b>986.6</b>	<b>1211.5</b>	<b>1496.1</b>	<b>1856.0</b>
Due to minority shareholders and Earn-out	22.3	45.3	38.4	53.0	118.0	55.4	66.2	73.2	78.2
Financial Liabilities	14.1	24.2	26.9	20.4	21.31	25.0	29.2	34.1	39.5
Financial Liabilities from RoU	0.0	0.0	71.7	118.8	95.40	126.6	151.5	176.4	207.6
Employee benefits	31.8	37.7	43.4	46.1	52.5	62.3	74.2	88.6	106.1
Deferred tax liabilities	18.5	17.1	19.8	16.1	18.5	18.0	17.9	18.1	17.7
Provisions	13.6	7.0	8.9	10.8	10.1	9.2	9.7	9.9	9.7
<b>Non-Current liabilities</b>	<b>100.4</b>	<b>131.4</b>	<b>209.0</b>	<b>265.2</b>	<b>315.8</b>	<b>296.4</b>	<b>348.7</b>	<b>400.3</b>	<b>458.8</b>
Due to minority shareholders and Earn-out	0.0	0.0	13.1	18.4	7.9	9.8	12.3	12.1	10.5
Financial Liabilities	40.1	38.3	18.6	13.6	10.57	11.7	12.5	13.1	13.2
Financial Liabilities from RoU	0.0	0.0	20.5	24.5	14.33	24.7	33.0	41.3	51.7
Trade payables	100.2	123.4	120.0	114.1	138.8	158.7	181.8	208.5	239.2
Other current liabilities	228.2	296.1	339.1	394.1	492.8	466.1	500.8	524.2	461.3
Provisions	0.3	0.3	0.7	0.7	0.8	0.9	0.9	1.0	1.1
<b>Current liabilities</b>	<b>368.7</b>	<b>458.1</b>	<b>511.8</b>	<b>565.4</b>	<b>665.2</b>	<b>671.8</b>	<b>741.4</b>	<b>800.3</b>	<b>777.0</b>
<b>Total liabilities</b>	<b>469.1</b>	<b>589.5</b>	<b>720.9</b>	<b>830.6</b>	<b>981.0</b>	<b>968.3</b>	<b>1090.1</b>	<b>1200.5</b>	<b>1235.8</b>
<b>Total liabilities and shareholders' equity</b>	<b>871.2</b>	<b>1076.1</b>	<b>1307.9</b>	<b>1506.6</b>	<b>1786.2</b>	<b>1954.9</b>	<b>2301.5</b>	<b>2696.6</b>	<b>3091.8</b>



# 3.2 Income Statement

Amounts in million euros	2017A	2018A	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Revenues	884.4	1035.8	1182.5	1250.2	1437.7	1706.6	2032.8	2428.4	2906.4
Other Income	17.7	15.0	23.2	19.4	25.0	25.0	25.0	25.0	25.0
Operating Costs	776.8	908.9	1013.7	1062.1	1196.4	1398.6	1640.4	1929.2	2272.4
<i>Purchases</i>	15.3	20.5	21.3	21.5	26.0	30.8	36.7	43.9	52.5
<i>Personnel</i>	431.6	508.7	578.3	621.4	706.3	838.4	998.7	1193.1	1427.9
<i>Services and miscellaneous costs</i>	329.9	379.7	414.1	419.2	464.0	529.3	605.0	692.2	791.9
<b>Gross Operating Margin</b>	125.3	141.9	192.0	207.5	266.4	332.9	417.4	524.2	659.0
Amortization, Depreciation and write-down:	-12.4	-13.8	-37.2	-42.4	-50.8	-60.0	-72.6	-85.4	-101.1
Other operating and non recurring costs/inc	0.9	4.4	0.5	4.5	-20.0	-1.9	-1.9	-1.9	-1.9
<b>Operating Income (EBIT)</b>	113.8	132.5	155.3	169.6	195.6	271.0	342.8	436.9	556.0
Loss / gain on investments	-0.6	6.9	11.4	1.2	6.0	5.0	5.0	5.0	5.0
Financial Income / expenses	-3.0	-0.1	-5.3	-8.7	-5.5	-5.6	-6.5	-7.4	-7.9
Income before taxes	110.2	139.3	161.4	162.1	196.1	270.3	341.2	434.4	553.0
Income taxes	-31.8	-38.2	-44.8	-37.8	-47.1	-66.2	-85.3	-110.8	-143.8
Net Income	78.4	101.1	116.6	124.3	149.0	204.1	255.9	323.7	409.2
Non-controlling Interest	-0.7	-1.1	-2.7	-0.6					
<b>Group net result</b>	77.7	100.0	113.9	123.7	149.0	204.1	255.9	323.7	409.2



# 3.3 Cash Flows

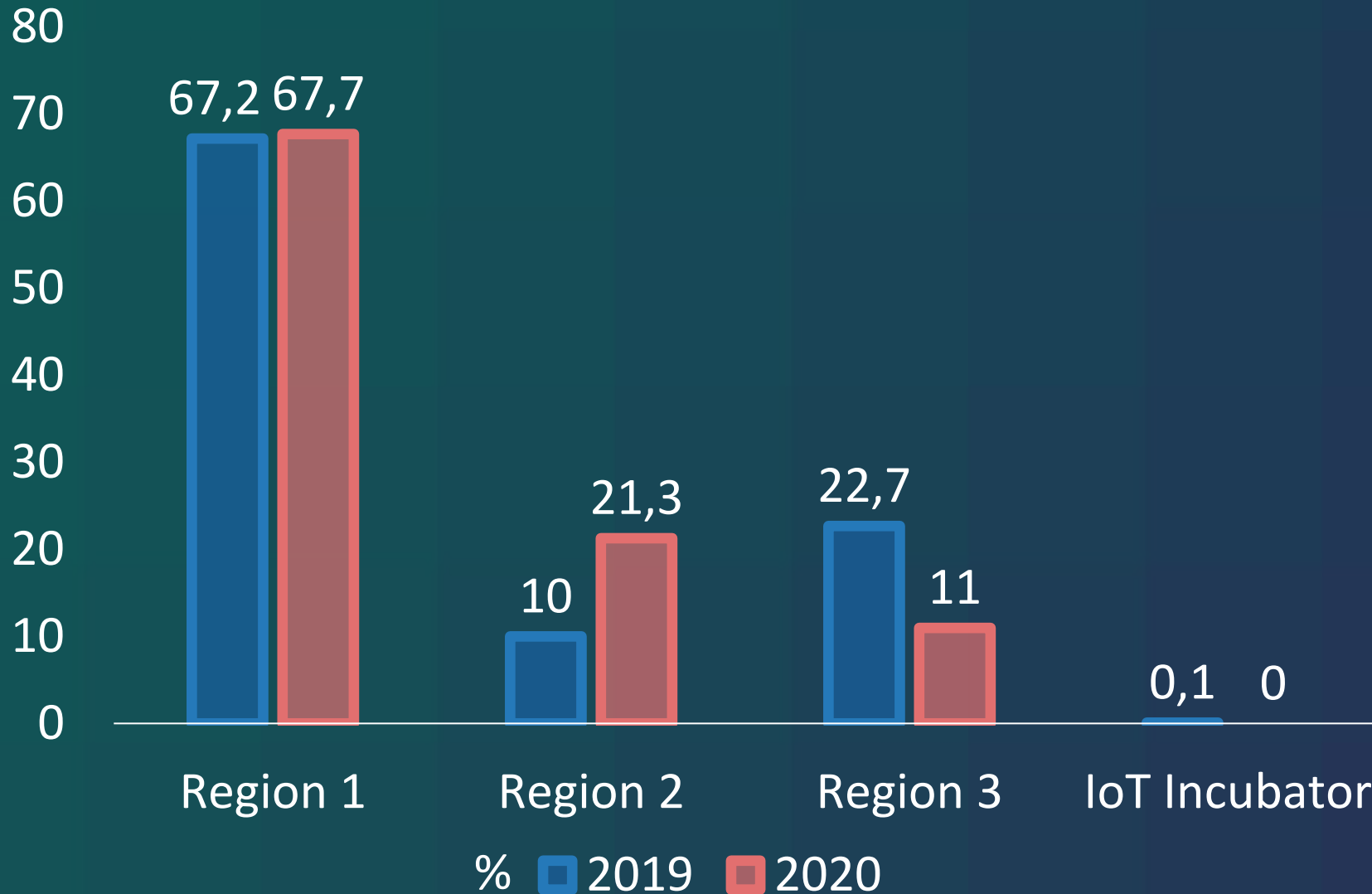
Amount in million euros	2020A	2021E	2022E	2023E	2024E	2025E
EBIT	123.6	195.6	271.0	342.8	436.9	556.0
Income taxes	37.8	-47.1	-66.2	-85.3	-110.8	-143.8
Amortization and Depreciation	42.4	50.8	60.0	72.6	85.4	101.1
Other non monetary expenses/income	-9.4					
Deffered tax assets	-	-16.1	-21.1	-27.5	-35.9	-23.0
Deffered tax liabilities	-	2.4	-0.5	-0.1	0.2	-0.3
Other receivables and current assets	-	23.1	-1.5	-6.7	5.0	-1.1
Due to minority	-	54.5	-60.6	13.3	6.8	3.5
Employee's benefits	-	6.4	9.8	11.9	14.4	17.4
Provisions	-	-0.6	-0.8	0.6	0.3	-0.1
Other liabilities	-	98.7	-26.7	34.7	23.4	-62.9
Change in inventories	-4.5	-26.2	-19.8	-24.1	-29.2	-35.2
Change in trade receivables	87.5	-163.6	-70.9	-83.1	-97.2	-113.1
Change in trade payables	-5.8	24.6	19.9	23.1	26.7	30.7
Change in other assets and liabilities	2.7	168.4	-101.4	26.2	14.1	-66.6
Income taxes paid	-44.8					
Interest paid	-0.8	-5.5	-5.6	-6.5	-7.4	-7.9
Loss / gain on investments	0.2	6.0	5.0	5.0	5.0	5.0
<b>Net cash flows from operating activities</b>	<b>229.0</b>	<b>203.0</b>	<b>91.8</b>	<b>270.7</b>	<b>323.5</b>	<b>326.1</b>
Investments in goodwill and tangible and intangible assets	-16.4	-113.1	-144.9	-144.2	-158.3	-190.2
Investments in financial assets	-3.0	7.2	-4.9	-1.1	-11.0	-7.3
Investments in RoU assets	0.0	-12.6	-62.3	-49.8	-49.8	-62.3
Payments for the acquisition of subsidiaries net of cash acquirec	-57.2					
Net cash flows from investment activities	-76.6	-118.5	-212.2	-195.1	-219.2	-259.8
Dividends paid	-20.9	-19.8	-22.7	-31.1	-39.0	-49.3
Financial liabilities for leasing	-26.5	-33.5	41.5	33.2	33.2	41.5
Financial liabilities	-12.2	-2.1	4.7	5.1	5.4	5.5
Other changes	0.0					
<b>Net cash flows from financing activities</b>	<b>-59.5</b>	<b>-55.4</b>	<b>23.6</b>	<b>7.2</b>	<b>-0.3</b>	<b>-2.3</b>
<b>Net cash flows</b>	<b>92.9</b>	<b>29.2</b>	<b>-96.8</b>	<b>82.8</b>	<b>104.0</b>	<b>64.0</b>
Cash and Cash equivalents at the beginning of period	239.6	333.8	363.0	266.2	349.0	453.0
Cash and Cash equivalents at period end	333.8					
<b>Total change in cash and cash equivalents</b>	<b>92.9</b>	<b>363.0</b>	<b>266.2</b>	<b>349.0</b>	<b>453.0</b>	<b>517.0</b>



# 3.4 Key Financial ratios

	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E
<b>ROE</b>	21.1%	22.5%	21.3%	19.6%	18.5%	20.7%	21.1%	21.6%	22.0%
<b>ROIC</b>	19.9%	21.6%	19.1%	16.5%	18.5%	20.7%	21.1%	21.6%	22.1%
<b>ROA</b>	9.0%	9.4%	8.9%	8.2%	8.3%	10.4%	11.1%	12.0%	13.2%
<b>ROD</b>	0.2%	0.2%	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%
<b>ROI</b>	13.1%	12.3%	11.9%	11.3%	11.0%	13.9%	14.9%	16.2%	18.0%
<b>EBITDA margin</b>	14.2%	13.7%	16.3%	16.6%	16.6%	18.5%	19.5%	20.5%	21.6%
<b>EBIT Margin</b>	12.9%	12.8%	13.1%	13.6%	13.6%	13.6%	15.9%	16.9%	18.0%
<b>Tax Rate</b>	28.6%	27.5%	27.8%	23.3%	24.0%	24.0%	24.0%	24.0%	24.0%
<b>Payout Ratio</b>	16.8%	16.8%	17.1%	16.9%	13.3%	11.1%	12.2%	12.1%	12.1%
<b>Retention Rate</b>	83.2%	83.2%	82.9%	83.1%	86.7%	88.9%	87.9%	88.0%	88.0%
<b>Debt Ratio</b>	6.2%	5.8%	10.5%	11.8%	7.9%	9.6%	9.8%	9.8%	10.1%
<b>Quick Ratio</b>	1.4	1.3	1.4	1.3	1.4	1.4	1.5	1.6	1.9
<b>Financial Leverage</b>	2.17	2.2	2.2	2.2	2.2	2.0	1.9	1.8	1.7

# 3.5 Revenues by Region

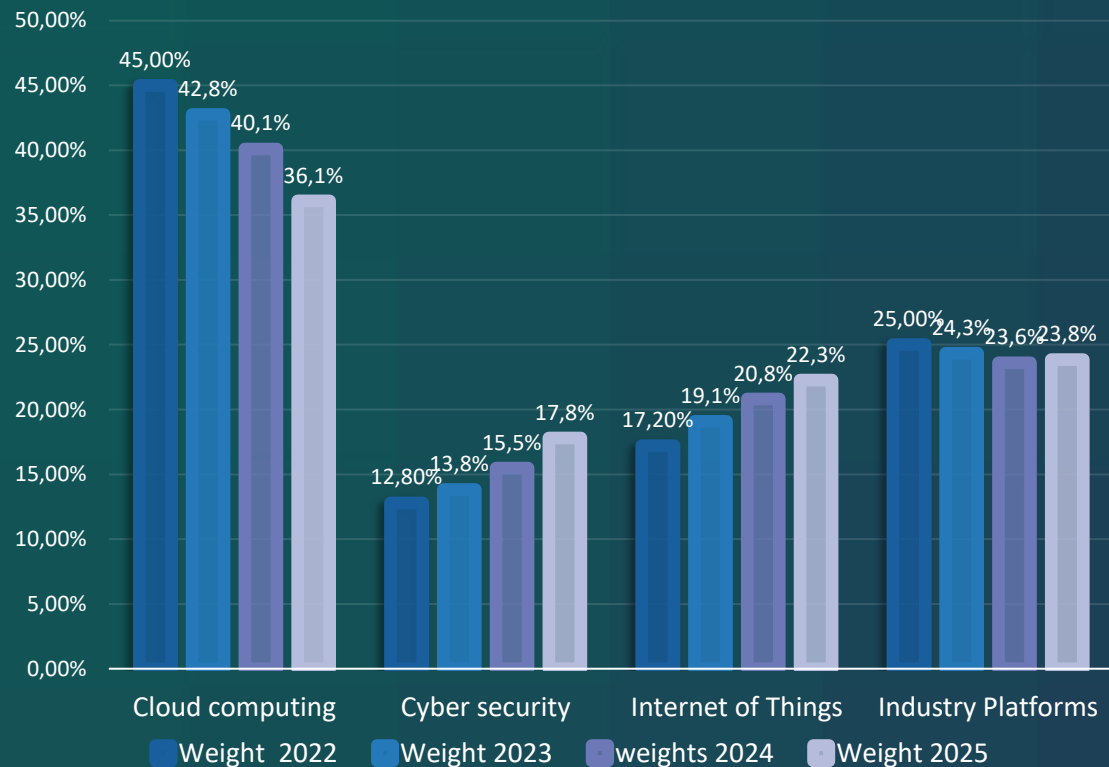


- **Region 1:** ITA, USA, BRA, POL, ROU, CHN(Nanjing)
- **Region 2:** DEU, CHE, CHN (Beijing), HRV
- **Region 3:** GBR, LUX, BEL, NDL, FRA, BLR

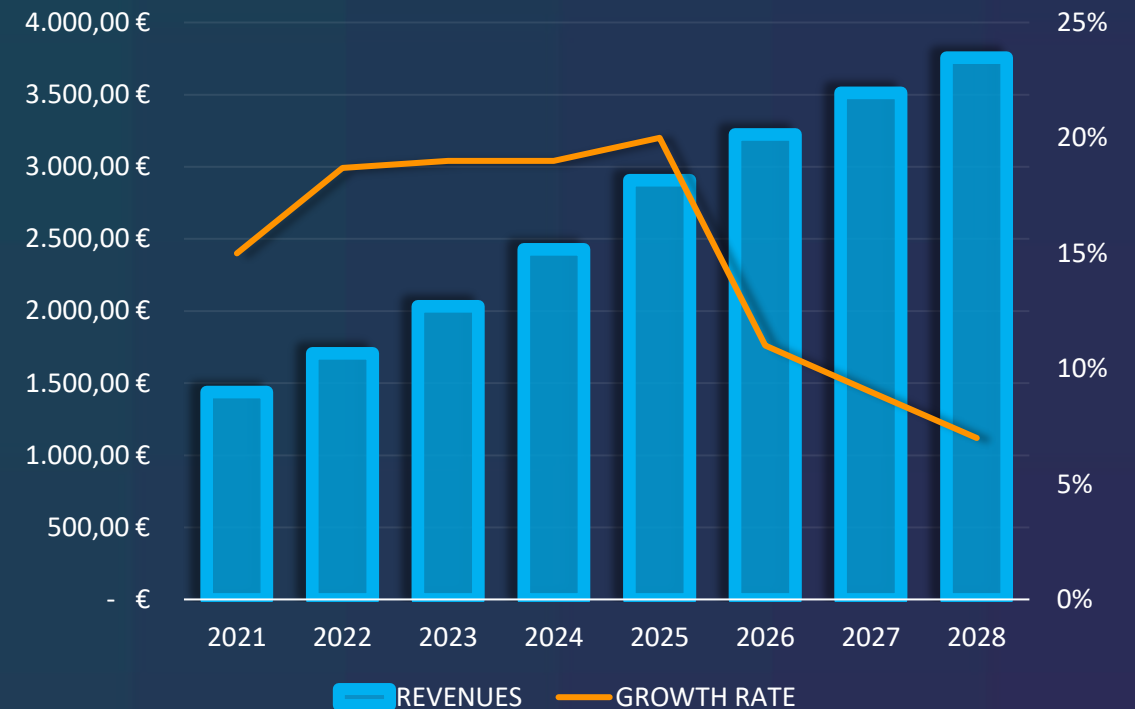


# 3.6 Revenues assumptions

## Distribution of weights by growth drivers



## Revenues performance during the forecast period



TV growth rate: 3%



# 3.7 Our main costs assumptions...

1

## HIGH INCIDENCE OF PERSONNEL COSTS

We considered a high incidence of personnel costs on revenues due to the importance of qualified human resources

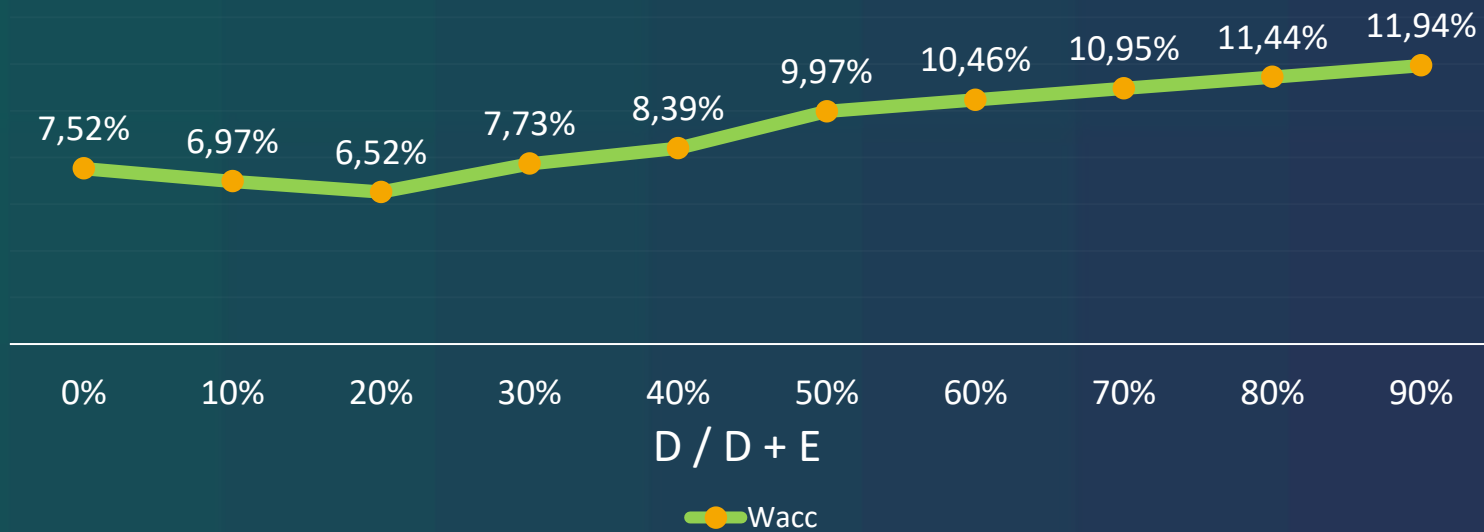
2

## DECREASE IN THE INCIDENCE OF SERVICES COSTS

We considered a slightly decrease in the incidence of services costs due to a progressively vertical integration

# 3.8 Capital Structure

DEBT RATIO	BETA	COST OF EQUITY	BOND RATING	INTEREST RATE ON DEBT	TAX RATE	COST OF DEBT (AFTER TAX)	WACC	ENTERPRISE VALUE
0%	1.12	7.52%	Aaa/AAA	3%	24%	2.04%	7.52%	5,239.65 €
2%	1.12	7.52%	Aaa/AAA	3%	24%	2.04%	7.38%	5,221.44 €
10%	1.12	7.52%	Aaa/AAA	3%	24%	2.04%	6.97%	5,818.68 €
20%	1.12	7.52%	A3/A-	3%	24%	2.51%	6.52%	6,404.85 €
30%	1.12	7.52%	Ca2/CC	11%	24%	8.22%	7.73%	5,048.56 €
40%	1.12	7.52%	C2/C	13%	24%	9.71%	8.39%	4,522.41 €
50%	1.12	7.52%	D2/D	16%	24%	12.43%	9.97%	3,625.75 €
60%	1.12	7.52%	D2/D	16%	24%	12.43%	10.46%	3,415.35 €
70%	1.12	7.52%	D2/D	16%	24%	12.43%	10.95%	3,228.03 €
80%	1.12	7.52%	D2/D	16%	24%	12.43%	11.44%	3,060.19 €
90%	1.12	7.52%	D2/D	16%	24%	12.43%	11.94%	2,908.94 €



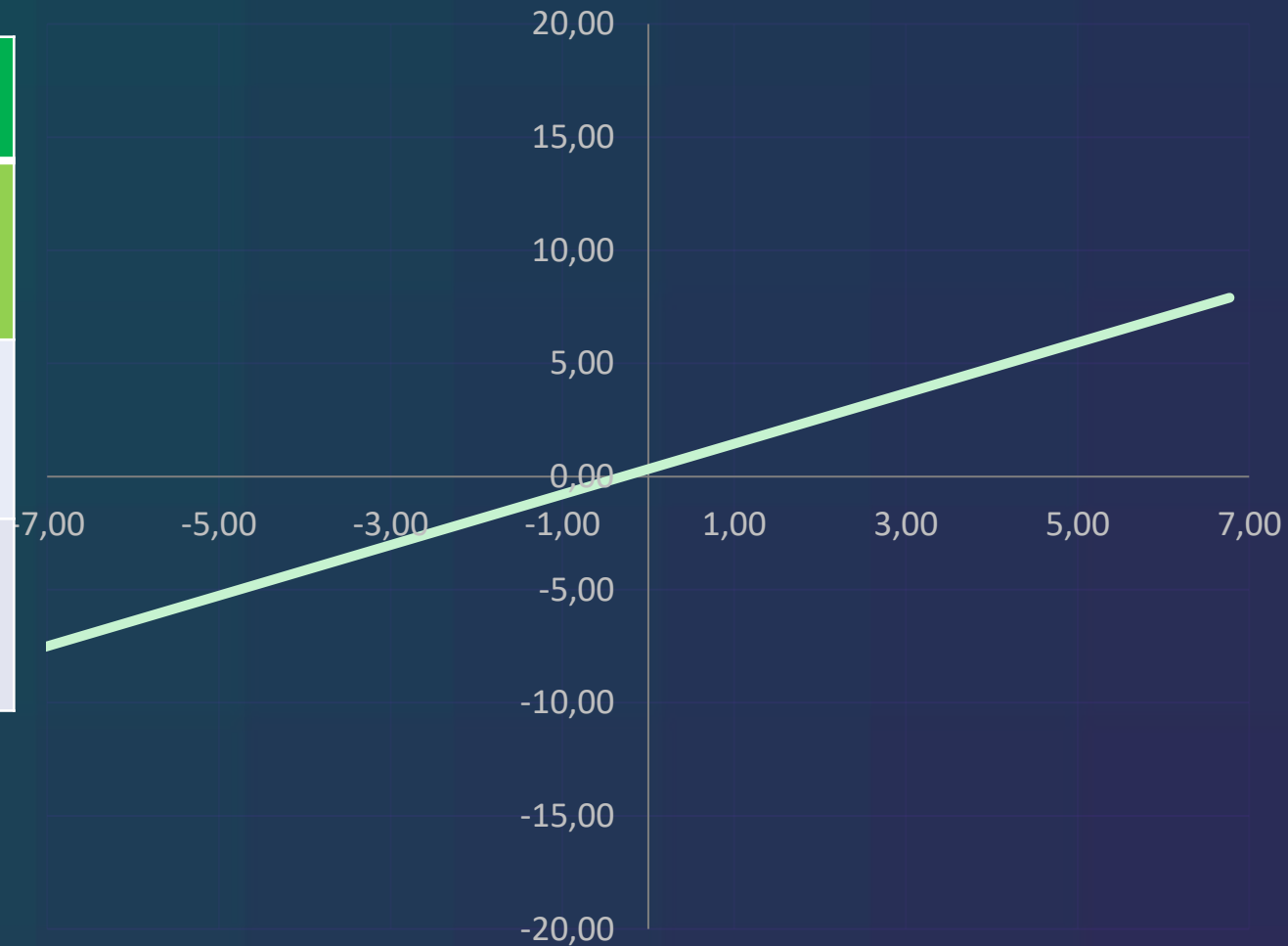


# 4.1 Beta

$$y = 1.1807x + 0.0023344$$

$$R = 0.439$$

Index	Regression Line	Beta	Correlation	R <sup>2</sup>
FTSE Italia STAR	$y = 1.18x + 0.002$	1.18	0.65	0.429
FTSE Italia All-Share	$y = 0.86x + 0.005$	0.75	0.40	0.160
FTSE Italia Mid Cap	$y = 0.94x + 0.005$	0.94	0.48	0.230



# 4.2 Equity Risk Premium

Year	Risk free rate Weighted	FTSE ITALIA Star Earning Yield	ERP
2012	3.8%	4.5%	0.69%
2013	3.3%	1.8%	-1.6%
2014	2.5%	2.9%	0.4%
2015	1.6%	5%	3.4%
2016	1.2%	5.8%	4.6%
2017	1.7	5.9%	4.2%
2018	2%	3.2%	1.1%
2019	1.4%	3%	1.6%
2020	0.7%	5.6%	4.9%
Historical Maximum Equity Risk Premium		4.92%	



# 4.3 Cost of debt

Interest Coverage Ratio (ICR)	37.88
Rating for Reply	AAA
Spread for AAA Companies	0.67%
Risk free rate	2.01%
<b>PRE-TAX COST OF DEBT WITH RATING</b>	<b>2.68%</b>

	Interest Rate	Weight	Weighted Interest Rate
Risk Free Rate			
Germany 10Y	0.58%	19%	0.11%
Risk Free Rate			
Italy 10Y	2.60%	56%	1.46%
Risk Free Rate			
United Kindom			
10Y	1.56%	16%	0.25%
Risk Free Rate			
United States 10	2.10%	9%	0.19%
RISK FREE RATE	<b>2%</b>	100%	2.01%



## Cost of equity

Capital asset pricing model 7.52%

## Index Regression line Beta

FTSE Italia STAR	$y = 1.18x + 0.002$	1.18
FTSE Italia All-Share	$y = 0,75x + 0,007$	0.75
FTSE Italia Mid Cap	$y = 0,94x + 0,005$	0.94

## Risk free rate

	Interest Rate	Weight	Weighted Interest Rate
Risk Free Rate Germany 10Y	0.58%	19%	0.11%
Risk Free Rate Italy 10Y	2.60%	56%	1.46%
Risk Free Rate United Kindom 10Y	1.56%	16%	0.25%
Risk Free Rate United States 10	2.10%	9%	0.19%
<b>RISK FREE RATE</b>	<b>2%</b>	<b>100%</b>	<b>2.01%</b>

## Equity risk premium

Historical maximum ERP 4.92% obtained as the difference between the annual average earnings yields of the FTSE ITALIA STAR Index and the annual risk-free rates weighted

## Tax rate

Italian tax rate 24%

## Cost of debt

Interest Coverage Ratio (ICR)	37.88
Rating for Reply	AAA
Spread for AAA Companies	0.67%
Risk free rate	2.01%
<b>PRE-TAX COST OF DEBT WITH RATING</b>	<b>2.68%</b>

**WACC**  
**7.38%**



# 4.5a DCF Model 1

DCF	Stage 1					Stage 2		
	FY2021E	FY2022E	FY2023E	FY2024E	FY2025E	FY2026E	FY2027E	FY2028E
<b>EBIT(€m)</b>	195.60 €	270.97 €	342.81 €	436.91 €	555.96 €	649.80 €	744.11 €	833.94 €
<i>Income taxes</i>	-47.07 €	-66.23 €	-85.31 €	-110.78 €	-143.79 €	-171.39 €	-200.12 €	-228.49 €
<b>NOPAT</b>	148.53 €	204.74 €	257.50 €	326.12 €	412.17 €	478.42 €	543.99 €	605.45 €
<i>D&amp;A</i>	50.80 €	60.04 €	72.61 €	85.38 €	101.11 €	117.11 €	133.39 €	150.01 €
<i>Change in WC</i>	3.19 €	-172.29 €	-57.89 €	-85.54 €	-184.26 €	-167.10 €	-189.47 €	-130.74 €
<b>FCFO</b>	<b>202.52 €</b>	<b>92.48 €</b>	<b>272.22 €</b>	<b>325.96 €</b>	<b>329.02 €</b>	<b>428.42 €</b>	<b>487.92 €</b>	<b>624.73 €</b>
<i>Loss / gain on investments</i>	6.01 €	4.98 €	4.98 €	4.98 €	4.98 €	4.98 €	4.98 €	4.98 €
<i>CapEx</i>	-118.46 €	-212.17 €	-195.09 €	-219.18 €	-259.81 €	-259.03 €	-290.54 €	-309.58 €
<b>FCFF o UFCF</b>	<b>90.07 €</b>	<b>-114.71 €</b>	<b>82.11 €</b>	<b>111.76 €</b>	<b>74.19 €</b>	<b>174.37 €</b>	<b>202.36 €</b>	<b>320.13 €</b>
WACC	7.38%	7.38%	7.38%	7.38%	7.38%	7.38%	7.38%	7.38%
<b>DISCOUNTED FCFF</b>	<b>90.07 €</b>	<b>-106.82 €</b>	<b>71.21 €</b>	<b>90.26 €</b>	<b>55.80 €</b>	<b>122.14 €</b>	<b>132.00 €</b>	<b>194.46 €</b>
<b>STAGE FCFF</b>			<b>200.52 €</b>				<b>448.60 €</b>	
TV growth rate			3.00%					
Terminal Value			7,526.97 €					
Discounted TV			4,572.33 €					
<b>Enterprise Value</b>			<b>5,221.44 €</b>					
NFP			-221.36 €					
Equity Value			5,000.07 €					
Shares Outstanding			37.411					
<b>TARGET PRICE</b>			<b>133.65 €</b>					



# 4.5b DCF Model 2

DCF	Stage 1					Stage 2		
	FY2021E	FY2022E	FY2023E	FY2024E	FY2025E	FY2026E	FY2027E	FY2028E
<b>EBIT(€m)</b>	195.60 €	270.97 €	342.81 €	436.91 €	555.96 €	649.80 €	744.11 €	833.94 €
<i>Income taxes</i>	-47.07 €	-66.23 €	-85.31 €	-110.78 €	-143.79 €	-171.39 €	-200.12 €	-228.49 €
<b>NOPAT</b>	148.53 €	204.74 €	257.50 €	326.12 €	412.17 €	478.42 €	543.99 €	605.45 €
<i>D&amp;A</i>	50.80 €	60.04 €	72.61 €	85.38 €	101.11 €	117.11 €	133.39 €	150.01 €
<i>Change in WC</i>	3.19 €	-172.29 €	-57.89 €	-85.54 €	-184.26 €	-167.10 €	-189.47 €	-130.74 €
<b>FCFO</b>	<b>202.52 €</b>	<b>92.48 €</b>	<b>272.22 €</b>	<b>325.96 €</b>	<b>329.02 €</b>	<b>428.42 €</b>	<b>487.92 €</b>	<b>624.73 €</b>
<i>Loss / gain on investments</i>	6.01 €	4.98 €	4.98 €	4.98 €	4.98 €	4.98 €	4.98 €	4.98 €
<i>CapEx</i>	-118.46 €	-212.17 €	-195.09 €	-219.18 €	-259.81 €	-259.03 €	-290.54 €	-309.58 €
<b>FCFF o UFCF</b>	<b>90.07 €</b>	<b>-114.71 €</b>	<b>82.11 €</b>	<b>111.76 €</b>	<b>74.19 €</b>	<b>174.37 €</b>	<b>202.36 €</b>	<b>320.13 €</b>
WACC	6.52%	6.52%	6.52%	6.52%	6.52%	6.52%	6.52%	6.52%
<b>DISCOUNTED FCFF</b>	<b>90.07 €</b>	<b>-107.69 €</b>	<b>72.36 €</b>	<b>92.47 €</b>	<b>57.63 €</b>	<b>127.15 €</b>	<b>138.53 €</b>	<b>205.73 €</b>
<b>STAGE FCFF</b>			<b>204.84 €</b>				<b>471.41 €</b>	
TV growth rate			3.00%					
Terminal Value			9,367.38 €					
Discounted TV			6,020.05 €					
<b>Enterprise Value</b>			<b>6,696.30 €</b>					
NFP			1,482.24 €					
Equity Value			8,178.54 €					
Shares Outstanding			37.411					
<b>TARGET PRICE</b>			<b>218.61 €</b>					



# 4.5c DCF Model 3

DCF	Stage1					Stage2		
	FY2021E	FY2022E	FY2023E	FY2024E	FY2025E	FY2026E	FY2027E	FY2028E
<b>Net income</b>	149.0	204.1	255.9	323.7	409.2	475.4	541.1	602.4
<i>(+)Loss/(-)gain on investments</i>	-6.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0
<i>+ Interest paid</i>	5.5	5.6	6.5	7.4	7.9	8.0	7.9	8.0
<i>+ D&amp;A</i>	50.8	60.0	72.6	85.4	101.1	117.1	133.4	150.0
<i>+ delta Working Capital</i>	3.2	-172.3	-57.9	-85.5	-184.3	-167.1	-189.5	-130.7
<b>FCFO</b>	<b>202.5</b>	<b>92.5</b>	<b>272.2</b>	<b>326.0</b>	<b>329.0</b>	<b>428.4</b>	<b>487.9</b>	<b>624.7</b>
<i>delta Capex</i>	-118.5	-212.2	-195.1	-219.2	-259.8	-259.0	-290.5	-309.6
<b>FCFE o UFCE</b>	<b>90.1</b>	<b>-114.7</b>	<b>82.1</b>	<b>111.8</b>	<b>74.2</b>	<b>174.4</b>	<b>202.4</b>	<b>320.1</b>
<i>Cost of Equity</i>	7.52%	7.52%	7.52%	7.52%	7.52%	7.52%	7.52%	7.52%
<b>Discounted FCFE</b>	<b>90.1</b>	<b>-106.7</b>	<b>71.0</b>	<b>89.9</b>	<b>55.5</b>	<b>121.4</b>	<b>131.0</b>	<b>192.8</b>
<b>STAGE FCFE</b>			<b>199.8</b>				<b>445.1</b>	
<i>TV growth rate</i>			3%					
<b>Terminal Value</b>			<b>7300.8</b>					
<i>Discounted TV</i>			4395.9					
<b>Enterprise Value</b>			<b>5040.9</b>					
NFP			-221.4					
<b>Equity Value</b>			<b>4819.5</b>					
Shares Outstanding			37.4					
<b>TARGET PRICE</b>			<b>128.8</b>					



# 4.6 Relative Valuation

<i>Year</i>	<i>P/E</i>	<i>P/SALES</i>	<i>EV/SALES</i>	<i>EV/EBITDA</i>
<b>2018</b>				
<i>Reply</i>	16,5x	1,6x	1,5x	12,3x
Median	18,75x	1,2x	1,45x	9,95x
Market premium	-12%	33%	3%	24%
<b>2019</b>				
<i>Reply</i>	22,8x	2,2x	2,2x	15,4x
Median	20,3x	1,5x	1,7x	10,3x
Market premium	13%	52%	33%	50%
<b>2020</b>				
<i>Reply</i>	28,8x	2,9x	2,8x	18,3x
Median	27,6x	1,5x	2x	13x
Market premium	5%	100%	44%	41%
<b>Average Median Value</b>	<b>22.2x</b>	<b>1.4x</b>	<b>1.7x</b>	<b>11.1x</b>
Average Market Premium	2%	62%	27%	38%
<b>FAIR VALUE</b>	<b>22.60</b>	<b>2.20</b>	<b>2.10</b>	<b>15.30</b>
REY's average forecasted values (mln€ 2021E-2028E)	390.92 €	2,625.51 €	2,625.51 €	624.92 €
Average Market Value (Average Median Value)	7,445.94 €			
Average Market Value (FAIR VALUE)	5,928.53 €			
Number of shares	37.41			
<b>Target Price with premium</b>	<b>199.00 €</b>			
<b>Target Price without Premium</b>	<b>157.68 €</b>			





# 5.1 Environmental

	REY	REY'S Score	Industry Average		
<b>Environmental Pillar Score (Weight: 20%)</b>		<b>65</b>	<b>65.9</b>		
<b>Resource Use Score</b>	-	<b>75</b>	<b>87.8</b>		
Does the company have a policy to improve its water efficiency?	✓	80	80		
Does the company have a policy to improve its energy efficiency?	✓	77	77		
Does the company have a policy to include its supply chain in the company's efforts to lessen its overall environmental impact?	✓	86	86		
Does the company have an environmental management team?	X	0	92		
Total Energy Use / Million in Revenue \$ (Score)	78	42	48.5		
<b>Emissions Score</b>	-	<b>72</b>	<b>89.6</b>		
Has the company set targets or objectives to be achieved on emission reduction?	X	0	92		
Total CO2 Emissions / Million in Revenue \$	5	51	58		
Does the company report on initiatives to recycle, reduce, reuse, substitute, treat or phase out e-waste?	✓	88	88		
Does the company report or provide information on company-generated initiatives to restore the environment?	X	0	0		
Does the company report on initiatives to reduce the environmental impact of transportation used for its staff?	✓	85	85		
Does the company report on partnerships or initiatives with specialized NGOs, industry organizations, governmental or supra-governmental organizations, which are focused on improving environmental issues?	✓	92	92		
<b>Environmental Innovation Score</b>	-	<b>54</b>	<b>54</b>		
Does the company report on at least one product line or service that is designed to have positive effects on the environment or which is environmentally labeled and marketed?	✓	91	91		
Product impact minimization	✓	91	91		
<b>Total Score</b>		<b>65</b>	<b>65.9</b>		

RATING	SCORE
D-	0 - 8.33
D	8.34-16.65
D+	16.66 - 25
C-	25.01 - 33.32
C	33.33-41.65
C+	41.66-49.98
B-	49.9-58.31
B	58.32-66.64
B+	66.65-74.97
A-	74.98-83.3
A	83.4-91.63
A+	92.64 - 100



# 5.2 Social

	REY	REY'S Score	Industry Average
<b>Social Pillar Score (Weight: 35%)</b>		<b>69</b>	80.3
<b>WorkForce Score</b>	-	<b>68</b>	94
Does the company have a policy to improve employee health & safety within the company and its supply chain?	✓	67	67
Does the company have a policy to support the skills training or career development of its employees?	✓	65	65
Does the company have a policy to drive diversity and equal opportunity?	✓	58	58
Has the company set targets or objectives to be achieved on diversity and equal opportunity?	X	0	94
Does the company have health and safety management systems in place like the OHSAS 18001 (Occupational Health & Safety Management System)?	✓	94	94
Salary Gap [CEO's total salary (or the highest salary) divided by average salaries and benefits]	37	19	26.1
Net employment creation [Employment growth over the last year]	11.06%	61	47
Woman Employees [Percentage of women employees]	28.26%	29	48.3
Women managers [Percentage of women managers]	20.21%	21	29.2
Does the company claim to provide flexible working hours or working hours that promote a work-life balance?	X	0	80
Does the company claim to favor promotion from within?	✓	89	89
<b>Human Rights Score</b>	-	<b>74</b>	83.6
Does the company have a policy to ensure the respect of human rights in general?	✓	81	81
Does the company report or show to be ready to end a partnership with a sourcing partner if human rights criteria are not met?	✓	94	0
<b>Community Score</b>	-	<b>59</b>	76.2
Does the company describe in the code of conduct that it strives to be a fair competitor?	X	0	68
Does the company describe in the code of conduct that it strives to avoid bribery and corruption at all its operations?	✓	62	62
Does the company describe in the code of conduct that it strives to maintain the highest level of general business ethics?	✓	60	60
Does the company have appropriate communication tools (whistle blower, ombudsman, suggestion box, hotline, newsletter, website, etc.) to improve general business ethics?	✓	67	67
Does the company have a provision or comply with regulations protecting whistleblowers?	✓	63	63
Has the company received an award for its social, ethical, community, or environmental activities or performance?	✓	88	88
<b>Product Responsibility Score</b>	✓	<b>81</b>	75.2
Does the company have a policy to protect customer health & safety?	X	0	0
Does the company claim to apply quality management systems, such as ISO 9000, Six Sigma, Lean Manufacturing, Lean Sigma, TQM or any other similar quality principles?	✓	89	89
Does the company have a policy to protect customer and general public privacy and integrity?	✓	54	54
<b>Total Score</b>		<b>69</b>	80.3

RATING	SCORE
D-	0 - 8.33
D	8.34-16.65
D+	16.66 - 25
C-	25.01 - 33.32
C	33.33-41.65
C+	41.66-49.98
B-	49.9-58.31
B	58.32-66.64
B+	66.65-74.97
A-	74.98-83.3
A	83.4-91.63
A+	92.64 - 100



# 5.3 Governance

	REY	REY'S Score	Industry Average
<b>Governance Pillar Score (Weight: 45%)</b>	✓	82.00	54.7
<b>Management Score</b>	✓	88	50.7
Does the company have a policy for maintaining a well-balanced membership of the board?	✓	51	51.9
Does the company have the necessary internal improvement and information tools for the board members to develop appropriate compensation/remuneration to attract and retain key executives?	✓	66	33.9
Does the company require that shareholder approval is obtained prior to the adoption of any stock based compensation plans?	✗	0	45.9
Percentage of independent board members on the audit committee as stipulated by the company.	100%	74	62.4
Percentage of independent board members on the compensation committee as stipulated by the company.	100%	84	55.33
Board Background and Skills Score	-	50	50.80
Board Gender Diversity, Percent	33.33%	33	59.5
Board Specific Skills, Percent	66.67%	95	31
Independent Board Members	-	16	63.6
Executive Members Gender Diversity, Percent	33.33%	91	44.20
<b>Shareholders</b>	-	82	62.10
Shareholder Rights Policy	✓	51	47.7
Does the company treat all shareholders equally?	✗	0	51.9
Does the biggest owner (by voting power) hold the veto power or own golden shares?	✗	0	60.8
<b>CSR Strategy</b>	✓	50.5	63.5
Does the company have a CSR committee or team?	✓	61	59.20
Does the company explicitly integrate financial and extra-financial factors in its management discussion and analysis (MD&A) section in the annual report?	✗	0	32.3
Has the company signed the UN Global Compact?	✗	0	28.5
Does the company publish a separate CSR/H&S/Sustainability report or publish a section in its annual report on CSR/H&S/Sustainability?	✓	54	62.2
Is the company's CSR report published in accordance with the GRI guidelines?	✓	54	79.625
<b>Total Score</b>		<b>82</b>	54.7

RATING	SCORE
D-	0 - 8.33
D	8.34-16.65
D+	16.66 - 25
C-	25.01 - 33.32
C	33.33-41.65
C+	41.66-49.98
B-	49.9-58.31
B	58.32-66.64
B+	66.65-74.97
A-	74.98-83.3
A	83.4-91.63
A+	92.64 - 100



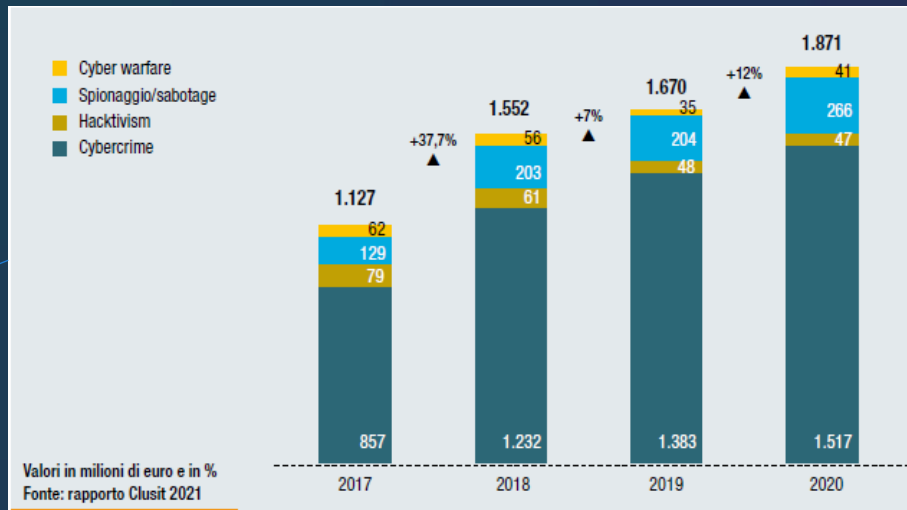
# 5.4 ESG RISKS

E

Reputational risk &  
Risk of  
controversies



Cyber risk: always increasing trend.  
Only in 2020 the economic damage  
amounted to USD 945 945 billion:  
1% of global GDP (McAfee Hidden  
Cost of Cybercrime Report).



S

Lacking policy aimed  
at **employees  
retention and key  
managers**



G

Presence of golden shares

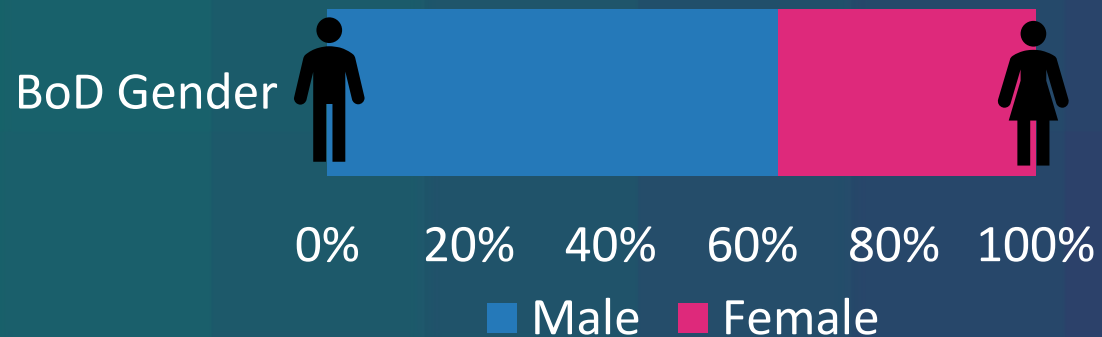


Lack of independence  
between board and  
management

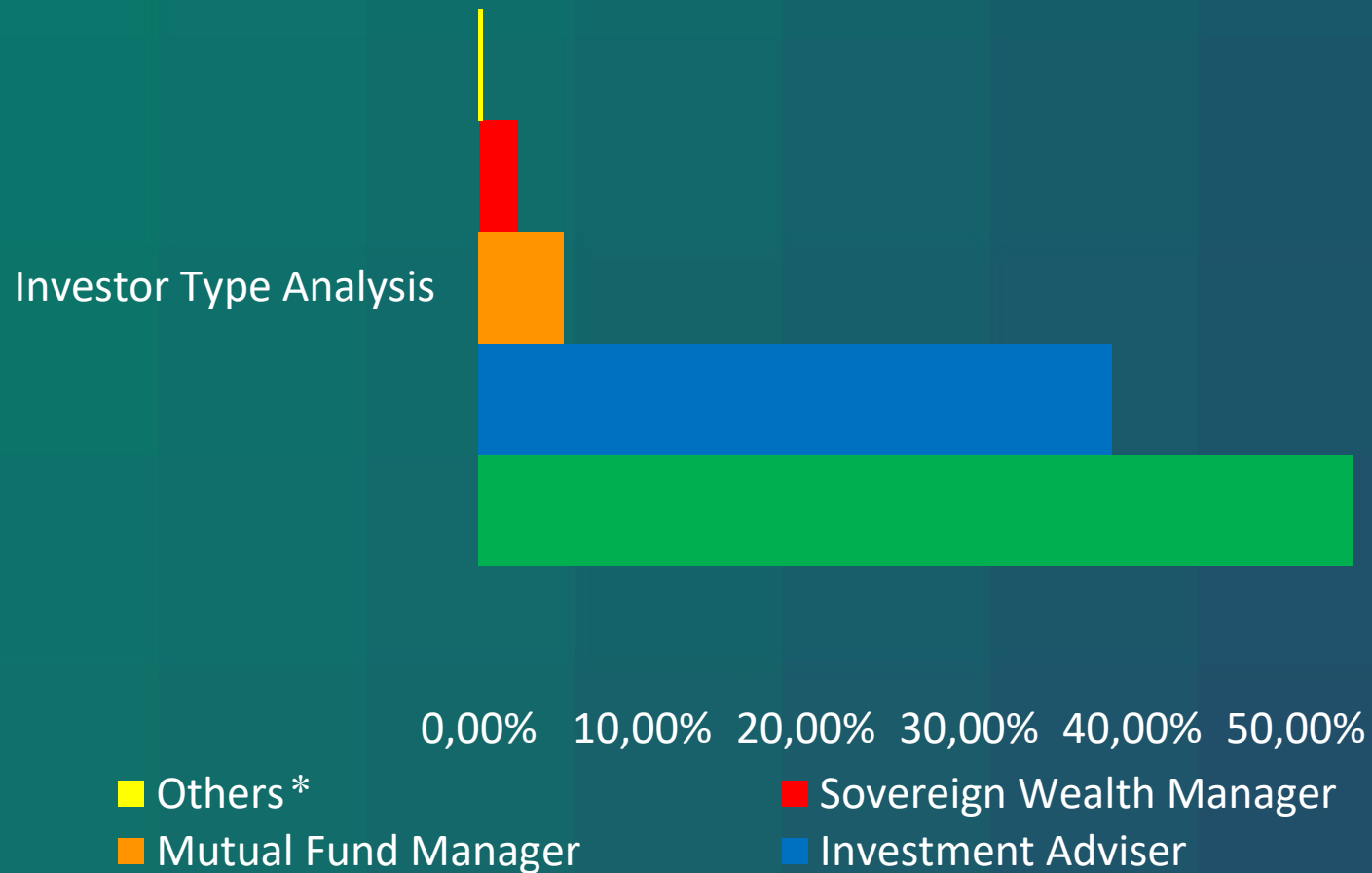


# 5.5 Board of Director

Member	Age	Current Position	Officer/Director	In Position	Total Compensation (€)
Mr. Mario Rizzante	72	Chairman of the Board, Chief Executive Officer	4 Years	4 Years	1,330,000
Eng. Tatiana Rizzante	50	Chief Executive Officer, Executive Director	19 Years	16 Years	1,219,000
Mr. Daniele Angelucci	64	Chief Financial Officer, Executive Director	11 Years	10 Years	931,000
Mr. Claudio Bombonato	75	Executive Director	4 Years	4 Years	750,000
Ms. Elena Maria Previtera	49	Executive Director	4 Years	4 Years	799,000
Mr. Filippo Rizzante	48	Executive Director	10 Years	3 Years	1,002,000
Mr. Fausto Forti	71	Non-Executive Lead Independent Director	--	18 Years	54,000
Mr. Marco Cusinato	--	Director	1 Year	1 Year	--
Ms. Patrizia Polliotto	--	Director	1 Year	1 Year	--
Ms. Secondina Giulia Ravera	54	Non-Executive Independent Director	4 Years	4 Years	50,000
Mr. Francesco Umile Chiappetta	60	Non-Executive Independent Director	4 Years	4 Years	50,000
Dr. Riccardo Lodigiani	--	Investor Relations Officer	--	13 Years	--



# 5.6 Shareholders Structure



Top 7 Shareholders	%
Alika Srl	39.7
Capital Research & Management	3.2
Baillie Gifford & Co.	2.7
Groupama Asset Management SA	1.9
Norges Bank Investment Management	1.8
The Vanguard Group, Inc.	1.7
JPMorgan Asset Management Ltd. (UK)	1.4

\*Private Banking, Pension Fund Manager, Hedge Fund Manager, Venture Capital



# 5.7 Remuneration Policy



CIVIL CODE

ESTABLISHES THE TOTAL AMOUNT

## GOALS

- TO ATTRACT, RETAIN AND MOTIVATE INDIVIDUALS WHO HAVE PROFESSIONAL SKILLS
- TO ALIGN THE INTERESTS OF THE COMPANY WITH THOSE OF SHAREHOLDERS: TO CREATE VALUE



# 5.8 Dividend policy

Performance-based compensation is an essential pillar of the partnership-oriented business model of Reply. Like employees the Reply shareholders shall – in form of dividends - participate in the sustainable operational performance of the group. Each year this principle is balanced with the need of internal financing to fund the investments of Reply (in new start-up companies, new technologies and potential acquisitions to further elaborate the Reply offering portfolio in Germany, UK, US, France, and – newly - Belgium).

On average ~15% - 20% of net profit repaid as dividends.

Year	Dividend	Ex dividend date	Payment date	Stock value
2021	0.56	May 03, 2021	May 05, 2021	140.1
2020	0.52	May 04, 2020	May 06, 2020	95.3
2019	0.45	May 06, 2019	May 08, 2019	69.45
2018	0.35	May 07, 2018	May 09, 2018	44.08
2017	0.288	May 08, 2017	May 10, 2017	46.17



Dividends rebased due to share split (1:4) in 2017





# 5.9 Impact of ESG

	2018	2019	2020
Reply	C+	B-	B+
Capgemini	B	B+	B+
Sopra Steria	B-	B-	B-
Infosys Ltd	B+	B-	B+
Accenture PLC	B+	B+	A-
IBM	A	A-	B+
Atos SE	B+	B	B+
Computacenter PLC	C+	B-	B
Cognizant	B+	C+	C+
Bechtle AG	C	C+	B-
Netcompany Group	C+	B	B-

UNRELATED

RELATED

2019A	P/E	P/SALES	EV/SALES	EV/EBITDA
Reply	22,8x	2,2x	2,2x	15,4x
Accenture	26,9x	3x	2,8x	16,6x
Capgemini	21,1x	1,3x	1,4x	9x
IBM	12,7x	1,6x	2,3x	10,7x
Bechtle AG	30,8x	1x	1x	18,5x
Atos	17,1x	0,7x	1x	6,2x
Cognizant	18,9x	2,1x	1,9x	9,8x
Sopra Steria	18,1x	0,7x	0,9x	7,8x
Netcompany Group A/S	40,1x	6,4x	6,8x	24,6x
Infosys Limited	20,9x	3,9x	2,8x	11,1x
Computacenter	19,6x	0,4x	0,4x	8,3x

2018A	P/E	P/SALES	EV/SALES	EV/EBITDA
Reply	16,5x	1,6x	1,5x	12,3x
Accenture	26,7x	2,7x	2,5x	14,9x
Capgemini	19,9x	1,1x	1,2x	8,6x
IBM	11,9x	1,3x	1,7x	8x
Bechtle AG	20,8x	0,7x	0,7x	13,8x
Atos	12x	0,7x	1,2x	9,8x
Cognizant	17,6x	2,3x	2x	10,1x
Sopra Steria	13x	0,4x	0,6x	6,8x
Netcompany Group A/S	60,3x	5,3x	5,8x	21,6x
Infosys Limited	20,9x	3,6x	3,2x	11,6x
Computacenter	14,1x	0,3x	0,2x	7,3x

2020A	P/E	P/SALES	EV/SALES	EV/EBITDA
Reply	28,8x	2,9x	2,8x	18,3x
Accenture	30,4x	3,5x	3,3x	17,7x
Capgemini	22,2x	1,4x	1,7x	11,3x
IBM	20,2x	1,5x	2,2x	10,1x
Bechtle AG	38,9x	1,3x	1,3x	21,8x
Atos	14,8x	0,7x	0,9x	6,2x
Cognizant	31,8x	2,7x	2,6x	14,7x
Sopra Steria	25,1x	0,6x	0,8x	7,2x
Netcompany Group	94,9x	10,8x	11x	38,5x
Infosys Limited	30x	3x	5,5x	19,7x
Computacenter	18x	0,5x	0,5x	9,1x



# 6.1 Macro

Covid-19 impact

Regulatory Risk

Company's activities are not subject to any particular regulation. However, the technologies used by Reply are subject to continuous monitoring and adaptation to European regulations.



Type of impact

Likelihood

Minor

Likely

Economic conditions

The informatics consultancy market is strictly related to the economic trend of Reply's business areas where the demand for highly innovative products is greater.

Type of impact

Likelihood

Major

Almost Certain

Evolution in ICT services

The ICT service segment in which the Group operates is characterized by rapid and significant technological changes. Hence, REY needs to continuously invest in Research & Development activities to update new products and services.

Type of impact

Likelihood

Severe

Almost Certain



# 6.2 Strategic & Operational

Dependence on key figures

*Type of impact: MAJOR*  
*Likelihood: POSSIBLE*

*Type of impact: MAJOR*  
*Likelihood: LIKELY*

Market competition

The REY's success depends to a large extent on some key figures, such as the Chairman and the executive directors of the Company Reply S.p.A.

Competitors could expand their market share squeezing out and consequently reducing REY's one and new entries would attract and retain human, financial and technological resources.

Brand loyalty and diversification of services

*Type of impact: MODERATE*  
*Likelihood: LIKELY*

*Type of impact: UNLIKELY*  
*Likelihood: UNLIKELY*

Contractual breaches

Maintain speed in adopting technological and IT innovations in order to maintain customer loyalty.

Application of penalties for compliance with the agreed timeframes and quality standards (hedged with insurance policies).



# 6.3 Financial

## Liquidity risk



Liquidity risk is related to the decision on how to spend the funds. The Group's cash flows and financing needs are monitored by the **Group Treasury**. According to our analysis, the mere use of available cash to finance investments could prove to be a limit for the Company.

*Type of impact: MAJOR*  
*Likelihood: UNLIKELY*

## Credit risk



The Reply Group's exposure to credit risk is constituted by potential losses that could derive from the non-fulfilment of obligations assumed by both commercial and financial counterparties. In order to measure this risk over time, the Group has applied a model based on expected credit loss in line with IFRS.

*Type of impact: SEVERE*  
*Likelihood: RARE*

## Forex and interest risk



The exchange rate risk is mitigated by the prevalence of transactions denominated and recorded in local currencies. The interest rate risk to which the Group is exposed mainly derives from bank loans.

*Type of impact: MAJOR*  
*Likelihood: RARE*

