

# ISCC FINTECH

Sector: Financial Services

**BUY**

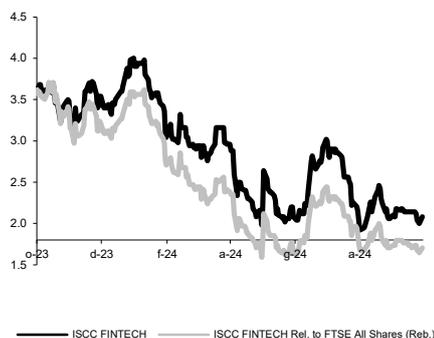
Price: Eu2.08 - Target: Eu4.00

## La top line punta a €10mn già nel 2024

 Websim Team +39-02-76418200  
 research@websim.it

Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2024E	2025E	2026E
Chg in Adj EPS	0.3%	0.0%	-0.3%

### ISCC FINTECH - 12M Performance



Stock Data			
Reuters code:	ISC.MI		
Bloomberg code:	ISC IM		
Performance	1M	3M	12M
Absolute	1.0%	-28.8%	-42.5%
Relative	-0.6%	-28.0%	-63.8%
12M (H/L)	4.00/1.92		
3M Average Volume (th):	20.98		

Shareholder Data	
No. of Ord shares (mn):	13
Total no. of shares (mn):	13
Mkt Cap Ord (Eu mn):	27
Total Mkt Cap (Eu mn):	27
Mkt Float - Ord (Eu mn):	5
Mkt Float (in %):	19.4%
Main Shareholder:	
Conafi SpA	60.9%

Balance Sheet Data	
Book Value (Eu mn):	14
BVPS (Eu):	1.10
P/BV:	1.9
Net Financial Position (Eu mn):	1
Enterprise Value (Eu mn):	26

- Turnaround dei risultati in 1H24.** ISCC Fintech nell'1H24 ha realizzato risultati che mostrano un forte balzo dei ricavi (+221% YoY a €4.7mn) ed il conseguimento di un risultato netto positivo (€0.8mn da €-1.5mn dell'1H23), pur in presenza di una dinamica dei costi operativi ancora molto sostenuta (+40% YoY a €3.3mn).
- Ricavi più che triplicati.** Alla forte crescita della top line ha contribuito principalmente la cessione, il 18 aprile scorso, di un portafoglio di crediti NPL composto da crediti consolidati in decreti ingiuntivi già emessi, per un Gross Book Value complessivo di circa €12.9mn ed un controvalore di circa €3.2mn (pari al 24% del GBV). Tale cessione ha dato un contributo in termini di ricavi pari a €2.9mn, a fronte di un contributo nullo da cessioni nell'1H23. Anche la componente di ricavi da piani di rientro e transazioni ha mostrato una dinamica molto positiva, registrando una crescita del 31% YoY a €1.5mn grazie all'ottimo andamento dell'attività di recupero giudiziale, la cui incidenza è salita al 65% dal 55% dell'1H23 per effetto delle azioni legali compiute ed in corso di effettuazione; l'attività di recupero stragiudiziale risulta invece stabile, con ricavi pari a circa €0.5mn.
- EBITDA di nuovo positivo.** L'EBITDA ha raggiunto €1.4mn (29.4% EBITDA margin) a fronte della perdita di €0.9mn registrata nell'1H23, evidenziando un deciso turnaround grazie alla forte crescita della top line. La dinamica dei costi operativi è risultata tuttavia ancora molto sostenuta per effetto delle attività connesse alla lavorazione del portafoglio ed alle rivendite, oltre che di alcune componenti non ricorrenti. In particolare, le spese legali per il recupero giudiziale dei crediti sono più che quadruplicate a €0.9mn da €0.2mn dell'1H23, ma queste sono destinate a diminuire già dal 2H24. Le nostre stime assumevano invece una sostanziale stabilità dei costi nel 2024. Il miglioramento del risultato netto riflette la crescita dell'EBITDA, in quanto non ci sono state variazioni significative nelle altre poste.
- PFN in netto miglioramento, il portafoglio NPL sale a €1.1bn di nominale.** La PFN, già positiva per €0.6mn a fine 2023, è migliorata a €2.0mn, in quanto la cessione di portafoglio ha permesso di realizzare un operating cash flow di €1.5mn, da €-1.5mn dell'1H23. Il valore nominale del portafoglio crediti NPL è diminuito del 7% da inizio anno a €795mn, per via delle cessioni; tuttavia, in luglio è stato perfezionato l'acquisto di un portafoglio del valore nominale di €300mn, che ha portato a circa €1.1bn il valore nominale complessivo del portafoglio crediti NPL.
- TP a €4.0 e rating BUY confermati.** A seguito dell'ottimo andamento della top line nell'1H24, rivediamo al rialzo dell'8% la stima di ricavi 2024 a €10.0mn, mantenendo tuttavia invariata a €4.3mn la stima di EBITDA a causa della crescita dei costi operativi registrata nell'1H. Nel 2H24 ci attendiamo comunque un'inversione di tendenza nell'andamento dei costi operativi, che dovrebbero diminuire di almeno il 10% YoY, in quanto alcuni costi registrati nell'1H includevano componenti non ricorrenti. Per quanto riguarda i prossimi esercizi non abbiamo per ora elementi nuovi che ci inducano a modificare le stime, per cui confermiamo il nostro target price di €4.0 (che incorpora uno sconto liquidità del 20%) e la raccomandazione BUY sul titolo.

Key Figures & Ratios	2023A	2024E	2025E	2026E	2027E
Sales (Eu mn)	3	10	10	11	12
EBITDA Adj (Eu mn)	-2	4	5	5	6
Net Profit Adj (Eu mn)	-3	3	3	3	4
EPS New Adj (Eu)	-0.264	0.245	0.233	0.253	0.282
EPS Old Adj (Eu)	-0.264	0.244	0.233	0.253	0.281
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	nm	6.0	5.5	4.7	4.0
EV/EBIT Adj	nm	7.9	7.0	5.4	4.6
P/E Adj	nm	8.5	8.9	8.2	7.4
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	0.3	-0.2	-0.4	-0.5	-0.7

ISCC FINTECH – Key Figures						
Profit & Loss (Eu mn)	2022A	2023A	2024E	2025E	2026E	2027E
Sales	5	3	10	10	11	12
EBITDA	1	-2	4	5	5	6
EBIT	0	-3	3	4	4	5
Financial Income (charges)	-0	-0	0	0	0	0
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	-0	-3	3	4	5	5
Taxes	-0	-0	-0	-1	-1	-1
Tax rate	-547.6%	-0.3%	3.9%	15.9%	27.8%	27.8%
Minorities & Discontinued Operations	-0	-0	-0	-0	-0	-0
Net Profit	-0	-3	3	3	3	4
EBITDA Adj	1	-2	4	5	5	6
EBIT Adj	0	-3	3	4	4	5
Net Profit Adj	-0	-3	3	3	3	4
Per Share Data (Eu)	2022A	2023A	2024E	2025E	2026E	2027E
Total Shares Outstanding (mn) - Average	13	13	13	13	13	13
Total Shares Outstanding (mn) - Year End	13	13	13	13	13	13
EPS f.d	-0.005	-0.264	0.245	0.233	0.253	0.282
EPS Adj f.d	-0.005	-0.264	0.245	0.233	0.253	0.282
BVPS f.d	1.114	0.850	1.095	1.328	1.581	1.863
Dividend per Share ORD	0.000	0.000	0.000	0.000	0.000	0.000
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash Flow (Eu mn)	2022A	2023A	2024E	2025E	2026E	2027E
Gross Cash Flow	1	-2	4	3	3	4
Change in NWC	-9	-1	-3	-2	-2	-2
Capital Expenditure	-0	-0	-0	-0	-0	-0
Other Cash Items	0	0	-0	-0	-0	-0
Free Cash Flow (FCF)	-8	-4	0	1	1	1
Acquisitions, Divestments & Other Items	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Equity Financing/Buy-back	0	0	0	0	0	0
Change in Net Financial Position	-8	-4	0	1	1	1
Balance Sheet (Eu mn)	2022A	2023A	2024E	2025E	2026E	2027E
Total Fixed Assets	5	4	3	3	2	2
Net Working Capital	8	9	12	14	16	19
Long term Liabilities	-3	-2	-2	-1	-1	-0
Net Capital Employed	10	10	13	15	18	20
Net Cash (Debt)	4	1	1	2	3	4
Group Equity	14	11	14	17	20	24
Minorities	0	0	0	0	0	0
Net Equity	14	11	14	17	20	24
Enterprise Value (Eu mn)	2022A	2023A	2024E	2025E	2026E	2027E
Average Mkt Cap	63	50	27	27	27	27
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	4	1	1	2	3	4
Enterprise Value	59	50	26	25	24	23
Ratios (%)	2022A	2023A	2024E	2025E	2026E	2027E
EBITDA Adj Margin	19.7%	nm	42.9%	46.4%	47.9%	49.0%
EBIT Adj Margin	0.5%	nm	32.8%	36.1%	41.3%	42.8%
Gearing - Debt/Equity	-29.8%	-5.6%	-7.4%	-11.1%	-13.4%	-16.4%
Interest Cover on EBIT	0.8	nm	nm	nm	nm	nm
Net Debt/EBITDA Adj	-4.5	0.3	-0.2	-0.4	-0.5	-0.7
ROACE*	0.4%	-32.8%	30.4%	25.0%	27.1%	26.3%
ROE*	-0.4%	-25.0%	27.8%	20.0%	17.9%	16.9%
EV/CE	8.2	4.9	2.4	1.8	1.5	1.2
EV/Sales	12.1	18.4	2.6	2.5	2.2	2.0
EV/EBITDA Adj	nm	nm	6.0	5.5	4.7	4.0
EV/EBIT Adj	nm	nm	7.9	7.0	5.4	4.6
Free Cash Flow Yield	-28.9%	-13.7%	1.8%	3.3%	3.1%	4.5%
Growth Rates (%)	2022A	2023A	2024E	2025E	2026E	2027E
Sales	224.0%	-44.3%	271.1%	-1.8%	10.1%	7.4%
EBITDA Adj	62356.7%	nm	nm	6.2%	13.6%	9.9%
EBIT Adj	nm	nm	nm	8.2%	26.0%	11.5%
Net Profit Adj	nm	nm	nm	-5.1%	8.7%	11.8%
EPS Adj	nm	nm	nm	-5.1%	8.7%	11.8%
DPS						

\*Excluding extraordinary items

Source: Intermonte SIM estimates

### ISCC Fintech – 1H24 Results

	1H23A	1H24A	YoY	2H23A	2H24E	YoY	2023A	2024E	YoY
<b>Sales</b>	<b>1.5</b>	<b>4.7</b>	<b>221%</b>	<b>1.2</b>	<b>5.3</b>	<b>331%</b>	<b>2.7</b>	<b>10.0</b>	<b>271%</b>
o/w Debt collection	1.1	1.5	31%	1.0	1.6	68%	2.1	3.1	48%
o/w Portfolio resale	0.0	2.9	n.m.	0.0	3.3	n.m.	0.0	6.2	n.m.
o/w Services and other revenues	0.4	0.3	-6%	0.2	0.4	50%	0.6	0.7	16%
<b>EBITDA</b>	<b>-0.9</b>	<b>1.4</b>	<b>n.m.</b>	<b>-1.4</b>	<b>2.9</b>	<b>n.m.</b>	<b>-2.3</b>	<b>4.3</b>	<b>n.m.</b>
% of sales	-62.2%	29.4%		-116.8%	55.0%		-86.9%	42.9%	
D&A and Provisions	-0.5	-0.5		-0.5	-0.5		-1.0	-1.0	
<b>EBIT</b>	<b>-1.4</b>	<b>0.9</b>	<b>n.m.</b>	<b>-1.9</b>	<b>2.4</b>	<b>n.m.</b>	<b>-3.4</b>	<b>3.3</b>	<b>n.m.</b>
% of sales	-95.3%	19.1%		-159.7%	45.1%		-124.5%	32.8%	
Net Financial Charges	0.0	0.0		0.0	0.0		0.0	0.0	
Associates	0.0	0.0		0.0	0.0		0.0	0.0	
<b>Pretax Profit</b>	<b>-1.4</b>	<b>0.9</b>	<b>n.m.</b>	<b>-2.0</b>	<b>2.4</b>	<b>n.m.</b>	<b>-3.4</b>	<b>3.3</b>	<b>n.m.</b>
Taxes	0.0	-0.1		0.0	0.0		0.0	-0.1	
tax rate	-1%	13%		1%	1%		0%	4%	
<b>Consolidated Net Profit</b>	<b>-1.4</b>	<b>0.8</b>	<b>n.m.</b>	<b>-2.0</b>	<b>2.4</b>	<b>n.m.</b>	<b>-3.4</b>	<b>3.2</b>	<b>n.m.</b>
% of sales	-97.7%	16.4%		-160.0%	45.6%		-125.9%	31.7%	
Minorities	0.0	0.0		0.0	-0.1		0.0	0.0	
<b>Net Profit</b>	<b>-1.5</b>	<b>0.8</b>	<b>n.m.</b>	<b>-1.9</b>	<b>2.3</b>	<b>n.m.</b>	<b>-3.4</b>	<b>3.2</b>	<b>n.m.</b>
% of sales	-99.9%	17.4%		-158.3%	44.5%		-126.4%	31.6%	
<b>Net Financial Position</b>	<b>2.8</b>	<b>2.0</b>		<b>0.6</b>	<b>1.0</b>		<b>0.6</b>	<b>1.0</b>	
<b>Net Working Capital</b>	<b>8.7</b>	<b>7.8</b>		<b>8.6</b>	<b>11.5</b>		<b>8.6</b>	<b>11.5</b>	
<b>Capex</b>	<b>0.0</b>	<b>0.1</b>		<b>0.2</b>	<b>0.0</b>		<b>0.3</b>	<b>0.1</b>	

Source: Company actual data, Websim Corporate estimates

### ISCC Fintech – Estimates revision

	2024 New	2025 New	2026 New	2027 New	2024 Old	2025 Old	2026 Old	2027 Old	ch.%	ch.%	ch.%	ch.%
<b>Sales</b>	<b>10.0</b>	<b>9.8</b>	<b>10.8</b>	<b>11.6</b>	<b>9.3</b>	<b>9.8</b>	<b>10.8</b>	<b>11.6</b>	<b>8%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
% YoY growth	271.1%	-1.8%	10.1%	7.4%	245.0%	5.6%	10.1%	7.4%				
o/w Debt collection	3.1	4.5	6.1	7.6	2.5	4.5	6.1	7.6	22%	0%	0%	0%
o/w Portfolio resale	6.2	4.5	3.8	3.0	6.0	4.5	3.8	3.0	3%	0%	0%	0%
o/w Services and other revenues	0.7	0.8	0.9	1.0	0.7	0.8	0.9	1.0	0%	0%	0%	0%
<b>EBITDA</b>	<b>4.3</b>	<b>4.6</b>	<b>5.2</b>	<b>5.7</b>	<b>4.3</b>	<b>4.6</b>	<b>5.2</b>	<b>5.7</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
% of sales	42.9%	46.4%	47.9%	49.0%	46.1%	46.4%	48.0%	48.8%				
% YoY growth	n.m.	6.2%	13.6%	9.9%	n.m.	6.3%	14.0%	0.0%				
D&A and Provisions	-1.0	-1.0	-0.7	-0.7	-1.0	-1.0	-0.7	-0.7	0%	0%	0%	0%
<b>EBIT</b>	<b>3.3</b>	<b>3.5</b>	<b>4.5</b>	<b>5.0</b>	<b>3.3</b>	<b>3.5</b>	<b>4.5</b>	<b>5.0</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
% of sales	32.8%	36.1%	41.3%	42.8%	35.2%	36.1%	41.5%	42.7%				
% YoY growth	n.m.	8.2%	26.0%	11.5%	n.m.	8.2%	26.5%	0.0%				
Net Financial Charges	0.0	0.0	0.1	0.1	0.0	0.0	0.1	0.1				
Associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
<b>Pretax Profit</b>	<b>3.3</b>	<b>3.6</b>	<b>4.5</b>	<b>5.1</b>	<b>3.3</b>	<b>3.6</b>	<b>4.5</b>	<b>5.0</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
Taxes	-0.1	-0.6	-1.3	-1.4	-0.1	-0.6	-1.3	-1.4				
tax rate	4%	16%	28%	28%	4%	16%	28%	28%				
<b>Consolidated Net Profit</b>	<b>3.2</b>	<b>3.0</b>	<b>3.3</b>	<b>3.7</b>	<b>3.2</b>	<b>3.0</b>	<b>3.3</b>	<b>3.6</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
% of sales	31.7%	30.7%	30.3%	31.5%	34.0%	30.7%	30.3%	31.3%				
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
<b>Net Profit</b>	<b>3.2</b>	<b>3.0</b>	<b>3.3</b>	<b>3.6</b>	<b>3.2</b>	<b>3.0</b>	<b>3.3</b>	<b>3.6</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
% of sales	31.6%	30.6%	30.1%	31.4%	33.9%	30.6%	30.2%	31.2%				
<b>Net Financial Position</b>	<b>1.0</b>	<b>1.9</b>	<b>2.7</b>	<b>3.9</b>	<b>1.0</b>	<b>1.9</b>	<b>2.7</b>	<b>3.9</b>				

Source: Websim Corporate estimates

## Company in Brief

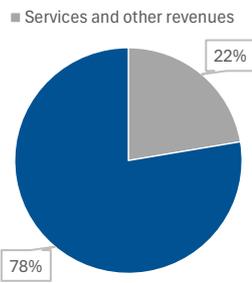
### Descrizione della società

ISCC Fintech, azienda nata nel 2019, è specializzata nell'analisi e nell'acquisto di portafogli granulari *non performing loans*, da parte di istituzioni finanziarie, *special purpose vehicles* e intermediari finanziari autorizzati ex art. 106 TUB. Opera, inoltre, nell'attività di gestione completa del recupero del credito in via stragiudiziale ex art. 115 TULPS (tramite azioni di *phone collection* e *home collection*) e giudiziale (mediante la partecipata Lawyers StA). Il mercato di riferimento, definito granulare, comprende *size* fino a €30k sul settore *unsecured*.

### Punti di forza/Oportunità

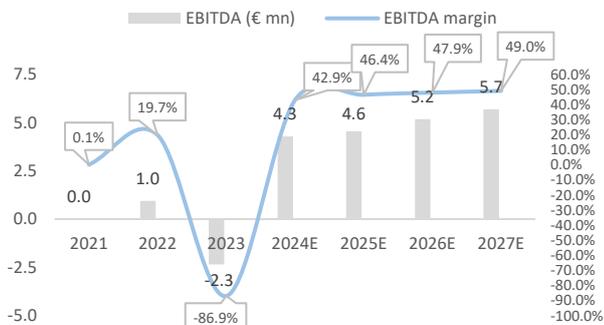
- Forte esperienza nel mondo del credito retail maturata dalla controllante Conafi SpA, presente sul mercato da oltre 30 anni
- Forte specializzazione nel segmento granulare, con industrializzazione dei processi tramite la piattaforma ISCC WEB
- Capacità di gestire in modo efficace ed efficiente ogni fase dell'attività di recupero crediti grazie al controllo di Lawyers StA, che oltre ad una decina di risorse interne conta 250 studi convenzionati e specializzati nelle attività di recupero crediti giudiziale
- Potenziale utilizzo della piattaforma ISCC WEB per sviluppare l'attività di recupero crediti per conto terzi

### ISCC Fintech – 2023 Turnover Breakdown



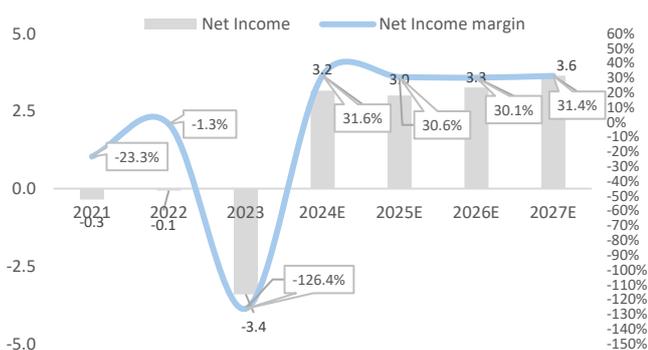
Source: Company Data

### ISCC Fintech - 2021-2027E EBITDA (€ mn) and EBITDA Margin (%)



Source: Company Data & Websim Corporate estimates

### ISCC Fintech - 2021-2027E Net Income (€ mn) & Net Income Margin (%)



Source: Company Data & Websim Corporate estimates

### Management

**Chairman:** Nunzio Chiolo  
**CEO:** Gianluca De Carlo

### Azionisti

Conafi SpA	60.9%
AcomeA SGR SpA	5.4%
Others	14.3%
Market float	19.4%

### Rischi/Debolezze

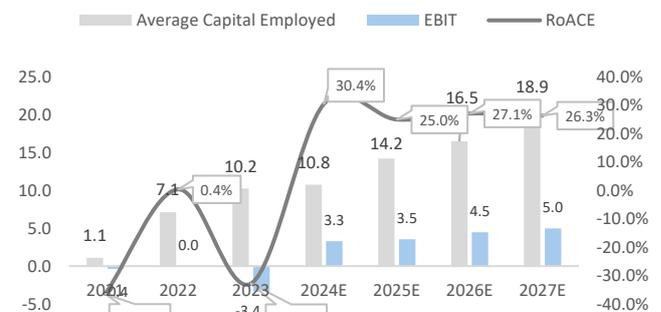
- Disponibilità ridotta di risorse finanziarie per acquisire nuovi portafogli
- Tempi relativamente lunghi necessari per la valorizzazione dei portafogli
- Forte aumento dei costi operativi nel 2022 (+161% YoY, 90% dei ricavi) e nel 2023 (+29% YoY, 199% dei ricavi)
- I ricavi da recupero stragiudiziale non mostrano una dinamica crescente (-2% YoY a €0.94mn nel 2023)
- La componente del portafoglio di qualità più bassa, pari al 92% del totale, con un valore di carico netto di €6.7mn (0.85% del *gross book value*) potrebbe non generare ricavi significativi

### ISCC Fintech - 2021-2027E Net Turnover Breakdown by Division (€ mn)



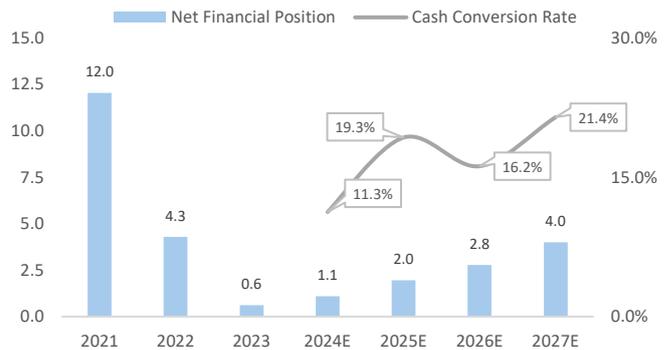
Source: Company Data & Websim Corporate estimates

### ISCC Fintech - 2021-2027E RoACE Evolution (%)



Source: Company Data & Websim Corporate estimates

### ISCC Fintech - 2021-2027E NFP (€ mn) and Cash Conversion Rate (%)



Source: Company Data & Websim Corporate estimates

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	ISCC FINTECH		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	4.00	Previous Target (Eu):	4.00
Current Price (Eu):	2.08	Previous Price (Eu):	3.02
Date of report:	08/10/2024	Date of last report:	09/07/2024

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 30 September 2024 Intermonte's Research Department covered 125 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	28.24 %
OUTPERFORM:	48.09 %
NEUTRAL:	23.67 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (61 in total) is as follows:

BUY:	55.74 %
OUTPERFORM:	34.43 %
NEUTRAL:	09.83 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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