

MAKING SCIENCE

Strong Q2 results, on track to meet FY guidance

- **Q2 EBITDA a touch better.** Making Science (MAKS) has reported Q2 gross profit of €18.2m (up 25% YoY) and €3.7m adj. EBITDA, vs €1m a year ago, 4% better than expected, mainly due to greater profitability in Spain. One-off losses (€0.1m, similar to Q1) led to €3.6m reported EBITDA (vs. €0.2m in 2Q23).
- **Strong recovery.** The core business continued its strong recovery path begun last year in Q2/Q3: a) Spain gross profit soared 29% (vs our +22%), and EBITDA increased 4X (to €2.3m) due to opex control (+4%); b) foreign (excl. US) posted a 22% gross profit and 50% EBITDA growth, with all countries growing strongly; and c) the US and others went from -€741k EBITDA in Q1 to -€588k in Q2, vs our -c.€500k estimate. Although MAKS is on track to reach #20 GMP reselling contracts by year end (#9 as of H1), the impact on EBITDA is progressing more slowly than anticipated. We now see breakeven pushed one quarter to 1Q25; d) MAKS's main technologies Ad-Machina and Gauss AI are in #41 and #26 accounts respectively, vs <30 and <20 a year ago, proving a key competitive advantage and a cross-selling opportunity.
- **Ventis: a positive surprise.** Despite a seasonally weak Q2 for e-commerce, Ventis posted >€0.1m EBITDA (vs our breakeven estimate), thanks to an improved product mix (gross margin expanded >3pp to 41%) and restructuring efforts (headcount cut by 26%).
- **Guidance looks achievable.** If we assume 45-47% of MAKS's gross profit and EBITDA is generated in H1 (in line with historical trends), we would reach €15.5-16.2m EBITDA in FY24, above the €14-15m target. Also, the US and others have posted -€1.3m in H1, which is likely to improve to around -€0.5m in H2. Management said the target is achievable but maintained it unchanged pending more visibility.
- **Our view.** We have left our EBITDA estimates broadly unchanged. We adjusted the final proceeds raised from the capital increase (€4.0m) and treasury shares sold (€0.7m) and included the minorities' acquisitions in Nordics and Ad-Machina for €2.3m. As expected, Q2 results have been strong. The ambitious targets look achievable. The B/S has been strengthened (leverage should end at 2.0-2.5X EBITDA) and maturities extended. The shares are trading at just 7X24E EV/EBITDA, that we deem low for a company that has posted >50% EBITDA CAGR in the L5Y while maintaining healthy RoCEs (low double digits).

Financial Ratios	FY21	FY22	FY23	FY24E	FY25E	FY26E
EBITDA (€m)	5.7	9.2	8.4	15.7	19.3	22.0
Net profit (€m)	(3.5)	(0.9)	(3.8)	4.6	7.8	10.1
EPS (€)	(0.45)	(0.11)	(0.45)	0.52	0.87	1.13
Adj. EPS (€)	0.39	0.25	(0.07)	0.59	0.90	1.15
P/E (x)	n.a	n.a	n.a	15.5	9.2	7.1
P/E Adj. (x)	65.4	63.6	n.a	13.6	8.9	7.0
EV/EBITDA (x)	40.2	18.6	16.8	7.0	5.3	4.2
Debt/EBITDA (x)	4.7	3.7	5.3	2.3	1.5	0.8
P/BV (x)	13.9	6.2	5.7	2.9	2.2	1.7
ROE (%)	(24.6)	(4.2)	(24.2)	18.5	23.7	23.5
DPS (€)	0.0	0.0	0.0	0.00	0.00	0.00
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0

(*) Historical multiples based on average share price of the year

SPONSORED RESEARCH

Share Price (*) € 8.00

*Share price at the close of 15 July 2024

MAKS.MC/

Market Cap	€ 69 m
Enterprise Value	€ 114 m
Free Float	€ 16 m
Nº Shares	8 m
Average Daily Volume	€ 16 k

Performance	1m	3m	12m
Absolute %	-4.1	-7.5	-12.4
Relative %	-7.4	-14.2	-35.6



To have access to the full report
please contact
abernal@alantraequities.com

Analyst

Fernando Abril-Martorell

+34 91 550 87 19

fabrilmartorell@alantraequities.com

MAKING SCIENCE: QUARTERLY RESULTS								
(€ m)	2Q23	3Q23	4Q23	1Q24	2Q24	% YoY	2Q24E	% diff
Revenues	59.9	57.8	64.0	62.4	62.4	4%	69.8	(11%)
Core business	57.3	55.4	60.7	59.4	59.8	4%	67.0	(11%)
o/w Spain	32.1	31.7	34.1	35.8	33.6	5%	35.0	(4%)
o/w Internacional	25.1	23.7	26.7	23.6	26.2	4%	32.0	(18%)
E-commerce & others	2.6	2.5	3.3	3.0	2.6	(1%)	2.8	(6%)
Gross Profit	14.6	15.7	18.6	17.5	18.2	25%	18.1	1%
Core business	13.6	14.9	17.2	16.6	17.1	26%	17.0	1%
o/w Spain	7.0	7.9	9.1	8.5	9.1	29%	8.2	10%
o/w Internacional	6.6	6.9	8.0	8.1	8.1	23%	8.8	(8%)
E-commerce & others	1.0	0.9	1.4	1.0	1.1	7%	1.1	(3%)
Own work capitalised	1.3	1.3	1.3	1.3	1.3	(2%)	1.3	1%
Personnel	(11.5)	(11.8)	(12.9)	(12.0)	(12.6)	10%	(12.7)	(0%)
Opex	(4.2)	(4.0)	(4.8)	(3.3)	(3.2)	(22%)	(3.2)	0%
EBITDA	0.2	1.2	2.3	3.5	3.6	n.a.	3.4	5%
One-offs	0.8	0.6	0.7	0.1	0.1	(84%)	0.1	(1%)
Adj. EBITDA	1.0	1.8	2.9	3.6	3.7	n.a.	3.6	4%
Core business	1.0	1.7	2.8	3.4	3.6	n.a.	3.5	2%
o/w Spain	0.6	1.1	2.4	2.7	2.3	n.a.	2.2	6%
o/w Internacional	0.4	0.6	0.4	0.6	1.2	n.a.	1.3	(4%)
E-commerce & others	(0.0)	0.1	0.1	0.2	0.1	n.a.	0.05	148%
Adj. EBITDA	6.7%	11.3%	15.6%	20.5%	20.4%	13.6 pp		
Core business	7.4%	11.4%	16.6%	20.4%	20.9%	13.5 pp		
o/w Spain	8.6%	14.0%	26.4%	32.2%	25.8%	17.3 pp		
o/w Internacional	6.1%	8.4%	5.3%	7.9%	15.4%	9.3 pp		
E-commerce & others	(2.1%)	8.8%	4.6%	21.4%	11.6%	13.8 pp		

Source: Alantra Equities

KEY DATA

P&L account (€ m)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue	57.7	110.4	210.1	235.8	265.9	302.9	328.8
COGS	(42.9)	(80.4)	(155.2)	(171.6)	(189.4)	(216.9)	(232.9)
Gross margin	14.8	30.0	55.0	64.1	76.5	86.0	95.9
Opex	(11.3)	(27.7)	(46.8)	(58.4)	(61.4)	(67.1)	(74.2)
EBITDA	3.5	2.4	8.1	5.8	15.1	19.0	21.7
One-offs	0.2	3.4	1.1	2.6	0.7	0.3	0.3
Adj. EBITDA	3.7	5.7	9.2	8.4	15.7	19.3	22.0
D&A	(0.9)	(3.8)	(4.0)	(4.4)	(4.9)	(5.4)	(5.6)
Provisions & Other	0.0	(0.0)	-	-	-	-	-
EBIT	2.6	(1.5)	4.1	1.3	10.2	13.6	16.0
Net financials	(0.5)	(1.1)	(3.2)	(3.9)	(4.0)	(3.2)	(2.6)
Equity method & other	(0.1)	-	0.0	(0.0)	-	-	-
EBT	2.0	(2.5)	1.0	(2.6)	6.2	10.4	13.4
Income tax expense	(0.5)	(0.7)	(1.5)	(1.2)	(1.5)	(2.6)	(3.4)
Minorities	-	(0.3)	(0.4)	0.0	0.0	0.0	0.0
Net profit, reported	1.5	(3.5)	(0.9)	(3.8)	4.6	7.8	10.1
Adjustments	0.9	6.4	2.9	3.2	0.5	0.2	0.2
Net profit adjusted	2.3	2.9	2.0	(0.6)	5.1	8.1	10.3
N° of shares (m)	7.1	7.8	8.3	8.4	9.0	9.0	9.0
N° of shares adjusted (m)	6.8	7.6	8.1	8.2	9.0	9.0	9.0
Treasury stock (m)	0.3	0.2	0.2	0.2	-	-	-
YoY Growth	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net Sales	76%	103%	83%	17%	19%	12%	11%
EBITDA	152%	(32%)	243%	(29%)	162%	26%	14%
Adj. EBITDA	118%	55%	61%	(9%)	87%	23%	14%
EBIT	193%	(158%)	n.m.	(67%)	n.m.	34%	18%
Net profit	123%	n.m.	(74%)	n.m.	(222%)	68%	29%
Sales by division	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Core Business	100%	94%	95%	95%	96%	93%	94%
E-commerce	0%	6%	5%	5%	4%	4%	4%
EBITDA by division	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Core Business	100%	125%	119%	98%	97%	97%	96%
E-commerce	0%	(25%)	(19%)	2%	3%	3%	4%
Per share data	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
EPS	0.21	(0.45)	(0.11)	(0.45)	0.52	0.87	1.13
EPS adjusted	0.34	0.39	0.25	(0.07)	0.59	0.90	1.15
CFPS	0.44	(0.02)	0.10	0.30	1.01	1.41	1.71
FCFPS	0.34	0.32	0.22	(0.78)	0.59	0.93	1.14
BVPS	0.41	1.83	2.57	1.87	2.79	3.66	4.79
DPS	-	-	-	-	-	-	-
Cash flow (€ m)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net profit	1.5	(3.5)	(0.9)	(3.8)	4.6	7.8	10.1
Depreciation	0.9	3.8	4.0	4.4	4.9	5.4	5.6
Minorities	-	0.3	0.4	(0.0)	(0.0)	(0.0)	(0.0)
Non-cash adjustments	0.7	(0.8)	(2.6)	2.0	(0.4)	(0.5)	(0.4)
Total cash-flow (CF)	3.1	(0.2)	0.8	2.5	9.1	12.7	15.3
Capex	(1.2)	(3.1)	(4.7)	(5.9)	(5.2)	(5.5)	(5.6)
Working capital investment	0.5	5.8	5.7	(3.2)	1.4	1.1	0.5
Operating FCF	2.4	2.5	1.8	(6.6)	5.3	8.4	10.3
Financial investments	-	-	-	-	-	-	-
Disposals (acquisitions)	(5.0)	(34.3)	(16.4)	(2.8)	(2.3)	-	-
Other	-	-	-	-	-	-	-
Dividends to minorities	-	-	-	-	-	-	-
Rights issues	1.2	10.6	9.3	-	4.0	-	-
Free-cash-flow (FCF)	(1.5)	(21.2)	(5.2)	(9.4)	7.0	8.4	10.3
Dividends paid	-	-	-	-	-	-	-
Share buybacks	-	-	(1.2)	-	0.7	-	-
FCF after buy backs	(1.5)	(21.2)	(6.4)	(9.4)	7.7	8.4	10.3
Balance sheet (€ m)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Shareholders equity	3	14	21	16	25	33	43
Minorities	-	1	1	0	0	0	0
Provisions & others	5	(3)	(2)	(2)	(1)	(0)	1
Net debt (cash)	3	27	34	45	37	29	18
Capital invested	10	40	54	58	61	61	62
Other intangible	11	43	63	64	68	69	70
PP&E	0	1	2	2	3	3	3
Financial assets	0	2	1	2	2	2	2
Equity method	0	1	1	1	1	1	1
Working capital	(1)	(8)	(13)	(11)	(13)	(14)	(14)
Capital employed	10	40	54	58	61	61	62
Working capital/sales	(2.1%)	(7.1%)	(6.0%)	(4.7%)	(4.7%)	(4.5%)	(4.3%)
Financial ratios	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net debt/EBITDA	0.8X	11.4X	4.2X	7.8X	2.4X	1.5X	0.8X
Net debt/Adj. EBITDA	0.7X	4.7X	3.7X	5.3X	2.3X	1.5X	0.8X
Gearing	95%	190%	159%	284%	147%	87%	42%
Interest cover	5.1X	(1.4X)	1.3X	0.3X	2.5X	4.2X	6.2X
Margins & ratios	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
EBITDA margin	6%	2%	4%	2%	6%	6%	7%
Effective tax rate	(26%)	26%	(153%)	48%	(25%)	(25%)	(25%)
Pay-out	0%	0%	0%	0%	0%	0%	0%
ROCE (EBIT/CE)	25%	(4%)	8%	2%	17%	22%	26%
ROE	51%	n.a.	n.a.	n.a.	19%	24%	24%

Alantra Equities: This report (the “**Report**”) has been prepared by Alantra Equities Sociedad de Valores, S.A. (“**Alantra Equities**”), a company pertaining to the Alantra Group that provides investment banking, asset management, equities brokerage, capital markets and financial advisory services. The date and hour of preparation of this investment recommendation refers to the date and hour of preparation and disclosure indicated on the first page of the Report.

Alantra Equities Sociedad de Valores, S.A. is a Spanish investment firm located in Madrid, calle José Ortega y Gasset 29, registered at the *Comisión Nacional del Mercado de Valores* (CNMV) with number 245.

Analyst certification: Each research analyst primarily responsible for the content of this research Report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this Report: (i) all the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, and (ii) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that research analyst in this research Report.

Important disclosures:

Alantra Equities receives remuneration from the issuer that this Report refers to in consideration of the research services that Alantra Equities provides to it. Therefore, this Report is considered sponsored research or marketing material for the purposes of the provisions of the Markets in Financial Instruments Directive.

This Report is solely for the information of clients of Alantra Equities and for distribution only under such circumstances as may be permitted by applicable law. Alantra Equities specifically prohibits the redistribution of this material in whole or in part without the prior written permission of Alantra Equities and therefore Alantra Equities accepts no liability whatsoever for the actions of third parties in this respect.

The opinions contained in this report and in other media used by Alantra Equities (such as the internet), reflect the opinion of the respective Analyst on the date of publication of such material and, therefore, may be subject to change at any time and without notice.

Nothing in this Report constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances or otherwise constitutes a personal recommendation. This Report is published solely for information purposes, it does not constitute an advertisement and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments in any jurisdiction. No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, nor it is intended to be a complete statement or summary of the securities or markets referred to in this Report. Alantra Equities does not undertake that investors will obtain profits nor accept any liability for any investment losses arising from any use of this Report or its contents. Investments involve risks and investors should exercise prudence in making their investment decisions. This Report should not be regarded by recipients as a substitute for the exercise of their own judgement. Any opinions expressed in this Report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas of the Alantra Group as a result of using different assumptions and criteria. Research will be initiated, updated and coverage ceased solely at the discretion of Alantra Equities. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. Alantra Equities is under no obligation to keep current the information contained in this Report.

The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this Report.

Any prices stated in this Report are for information purposes only and do not represent valuations for individual securities or other instruments. There is no representation that any transaction can or could have been effected at those prices.

Neither Alantra Equities nor any of the companies pertaining to the Alantra Group nor any of their shareholders, directors, employees or agents accept any liability for any loss or damage arising out of the use of all or any part of this Report.

Except as otherwise specified herein, this material is communicated by Alantra Equities to persons who are eligible counterparties or professional clients and is only available to such persons. The information contained herein does not apply to retail clients.

Important disclosures on conflicts of interest:

The analysts responsible for the preparation of this Report may interact with trading desk personnel, sales personnel and investment managers. Alantra Equities belongs to the Alantra Group, a group that is engaged in financial advisory services, asset management as well as securities trading and brokerage, and capital markets. Alantra Equities, any other company pertaining to the Alantra Group, and any of their shareholders, directors, employees may, to the extent permitted by law, have a position or otherwise be interested in any transactions, in any investments directly or indirectly the subject of this publication. The Alantra Group relies on information barriers to control the flow of information contained in one or more areas within the Alantra Group, into other areas, units, groups or affiliates of the Alantra Group. The Alantra Group may do and seek to do business with companies covered in its research reports. As a result, investors should be aware that the Alantra Group may have a conflict of interest.

For the purposes of mitigating any conflict of interests, the Alantra Group has established, implemented and maintains an effective conflicts of interest policy appropriate to its size and organisation and to the nature, scale and complexity of its business. The policy, periodically revised, can be consulted at the Alantra Equities website through the following link: Conflicts of Interest. Investors should consider this Report as only a single factor in making their investment decisions.

In addition, Alantra Group's website (www.alantra.com) provides information on closed and public corporate transactions, not subject to confidentiality, in which the Alantra Group, through its subsidiaries in the investment banking area, has acted as financial advisor, from time to time.

The disclosures contained in research Report produced by Alantra Equities shall be governed by and construed in accordance with Spanish law.

The receipt of this Report implies full acceptance by its recipients of the contents of this disclaimer.