



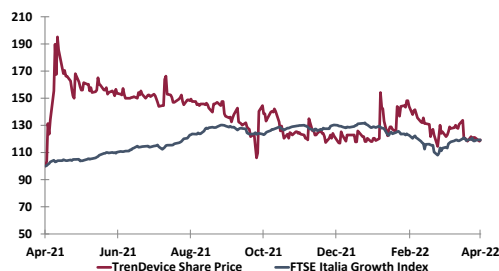
Growth over expectation, service portfolio expanded, new channels to leverage on momentum

OUTPERFORM

Current Share Price (€): 0.99

Target Price (€): 1.66

TrenDevice - 1Y Performance



Source: S&P Capital IQ - Note: 12/04/2021=100

Company data

ISIN number	IT0005422792
Bloomberg code	TD IM
Reuters code	TD.IM
Industry	Online consumer electronics retail
Stock market	Euronext Growth Milan
Share Price (€)	0.99
Date of Price	12/04/2022
Shares Outstanding (m)	12.3
Market Cap (€m)	12.2
Market Float (%)	27.4%
Daily Volume	6,000
Avg Daily Volume YTD	46,792
Target Price (€)	1.66
Upside (%)	68%
Recommendation	OUTPERFORM

Share price performance

	1M	3M	1Y
TrenDevice - Absolute (%)	-5%	-1%	19%
FTSE Italia Growth (%)	5%	-8%	19%
1Y Range H/L (€)	1.62	0.83	
YTD Change (€) / %	-0.05	-5%	

Source: S&P Capital IQ

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Sustained sales growth in FY21, ongoing investments

TrenDevice generated sales of €15.8m in FY21, up 71% YoY, over our €12.5m estimate, driven by new channels such as European marketplaces (€2.7m) and the first store in Italy (€0.9m). Profitability was below expectations with EBITDA margin of 3% vs. 8% in FY20, due to: more expensive import of used devices on wholesale channels, affecting H1 and assumed as a temporary effect; competitive pressure on prices; higher overheads in view of handling larger volumes. In H2, more than doubled sales volumes and cost control resulted in recovery of operating margins. Net financial debt increased to €4.1m to support FY21 €2.5m cash use, mainly for capital expenditure for the retail project, investments in additional revenue streams such as device rental, increased marketing spend, and development of the own ERP platform.

Estimates revision

We have updated our revenues, profits and cash generation estimates to factor in FY21 top-line growth, additional revenue streams, higher cost base and ongoing investments. We have also introduced 2024E. We continue to expect double-digit growth over next years, despite at a slower pace due to intensified competition. The adjustment to costs, together with the assumption of a persisting pressure on prices from well-funded European competitors, reduces our 2022-23E EBITDA margin estimate from 9-10% to 5-6%. We have also lifted yearly capex, from €0.9m to €1.5m, given the ongoing investment projects, including own devices for the development of higher margin rental services.

Outlook: evolving from a pure B2C online retailer to a multi-service partner for the mobile industry, based on a comprehensive strategy

The planned opening of retail stores in selected Italian cities will generate additional sales, moving the competition from online to offline, a channel not yet presided by foreign competitors. Looking ahead, the newly introduced Device-as-a-Service rental extended to B2B customers will add to the revenue mix scalable services, with volumes and margins which we expect to improve profitability.

Target Price €1.66 per share, from €1.71, OUTPERFORM rating confirmed

Our valuation on revised estimates yields a target price of €1.66 per share, from €1.71, reflecting TrenDevice's growth potential, current profitability and increased financial position. We confirm the OUTPERFORM rating on the stock, +68% on current share price.

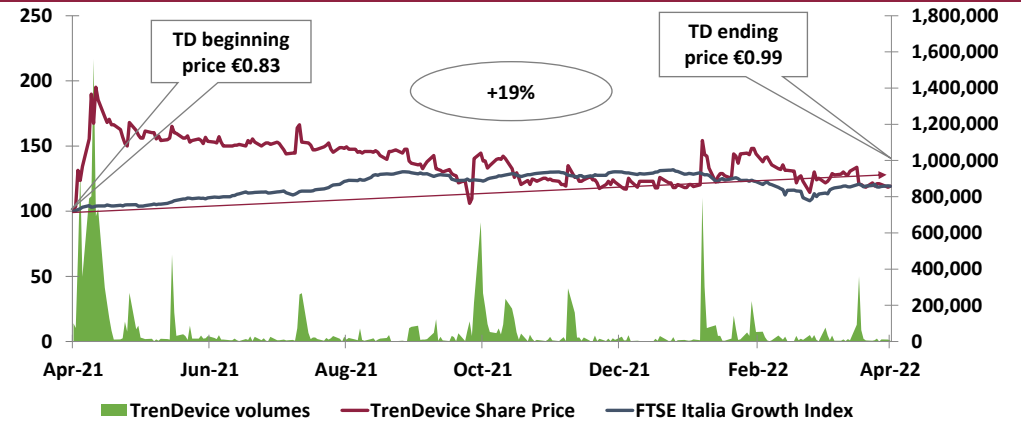
KEY FINANCIALS AND ESTIMATES

€m	2018	2019	2020	2021	2022E	2023E	2024E
Revenues	5.1	7.4	9.8	16.6	22.7	27.9	33.1
EBITDA	0.3	0.7	0.8	0.5	1.1	1.7	2.7
<i>Margin</i>	6%	9%	8%	3%	5%	6%	8%
Net Income (Loss)	0.0	0.0	(0.2)	(1.0)	(0.6)	(0.3)	0.2
Net (Debt) Cash	(2.0)	(1.8)	(1.5)	(4.1)	(4.7)	(4.7)	(3.7)
Equity	0.3	0.7	3.2	2.3	1.6	1.3	1.5
KEY RATIOS							
TWC/Sales	7%	2%	6%	10%	7%	6%	4%
Capex/Revenues	10%	14%	25%	11%	7%	5%	5%
Net Debt/EBITDA	6.9x	2.7x	2.0x	8.4x	4.5x	2.7x	1.4x

Source: Company data 2018-21A, EnVent Research 2022-24E

Market update

TrenDevice - 1Y Share price performance and trading volumes



Source: EnVent Research on S&P Capital IQ - Note: 12/04/2021=100

Trading price range €0.83-1.62 per share

+19% for TrenDevice, in line with the Italia Growth Index

Investment case

Pioneer in the circular economy, a landmark for refurbished smart devices in Italy

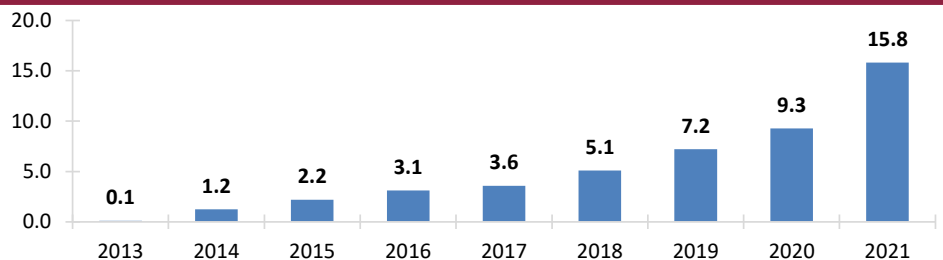
Diversified sales channels and product&service portfolio

Strategy: from a pure B2C online retailer to a multi-service partner for the mobile industry

TrenDevice, listed on Euronext Growth Milan, is an Italian online re-commerce platform of refurbished premium smartphones, tablets, laptops and wearables, which offers fully performing products with mint/near mint appearance at a price up to 30% lower than a brand-new item. Founded in 2013, TrenDevice is among the circular economy pioneers in Italy, providing a quality and hassle-free service to saving and sustainability-conscious customers. Products are sold through the own online e-commerce website TrenDevice.com, foreign online marketplaces, own retail stores (2). Additional revenues come from: sale of own-branded accessories; services such as memberships, repair, warranty extension, insurance; device rental; fees from the C2C marketplace of used e-devices Validato.it; education courses; franchising fees.

TrenDevice strategy envisages: the opening of 10 retail stores in key Italian cities within 2023 (both directly owned and franchised), to preside the unexplored physical channel for refurbished devices; the continuing expansion and diversification of the product&service portfolio; increasing sales abroad through online marketplaces.

Historical sales (€m)



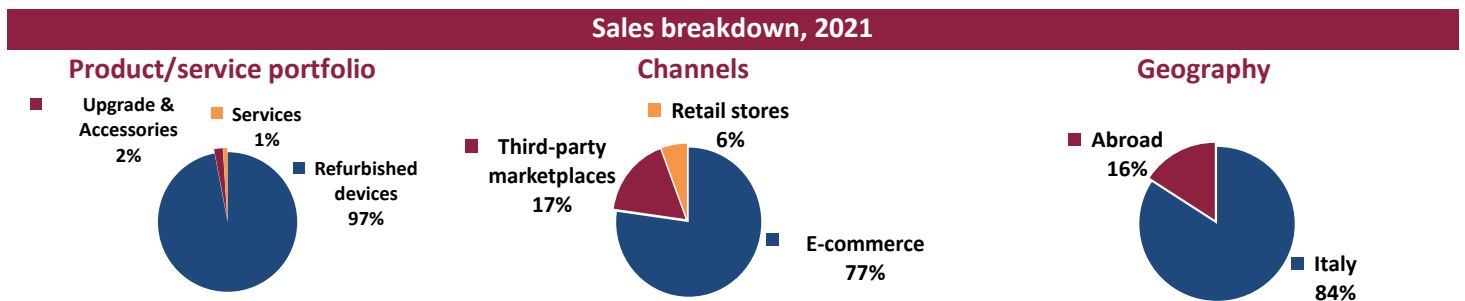
Source: Company data

Industry and Company drivers

- Smartphones' sales driven by both new launches and replacement needs
- Smartphones become underperforming, refurbished ones are smarter options
- Amplified awareness on ESG themes
- Lifetime service of the used device, with control over the entire value chain
- Proprietary e-commerce platform and data
- Ancillary value-added services

Challenges

- Highly competitive arena
- Well-funded foreign competitors
- Price pressure within the industry challenges profitability
- Inventory required to meet retail stores and devices rental business demand



Source: Company data

Business update

Devices rental service

- TrenDevice has entered the Device-as-a-Service market, through the B2C and B2B refurbished devices rental service

New store in Rome

- Opening of a directly-owned and operated retail store in Rome expected for H1 2022

Expansion project in Belgium

- €0.45m financing from Simest, part of Cassa Depositi e Prestiti, to support Trendevice expansion in its target market, Belgium

TrenDevice Academy courses

- Launch of e-learning courses about IT devices and application skills on a pay per use model

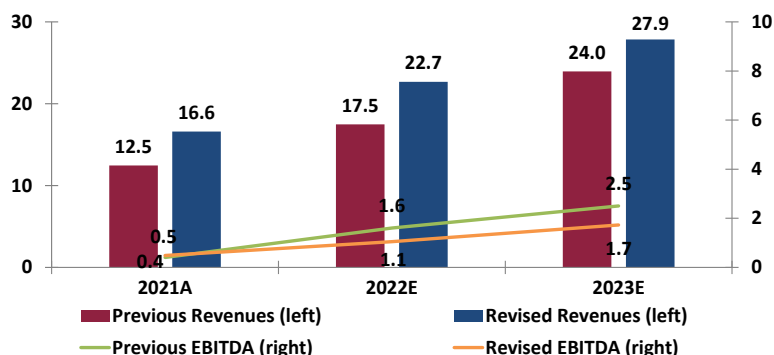
Sustainability update

In 2021, 2,436 tons of CO2 were saved thanks to TrenDevice refurbished products and the consequent reduction of e-waste, +62% on 2020.

Estimates revision

Change in estimates

Previous vs Revised Revenues and EBITDA estimates (€m)



Source: EnVent Research

€m	Revised			Previous			Change %		
	2021	2022E	2023E	2021E	2022E	2023E	2021	2022E	2023E
Revenues	16.6	22.7	27.9	12.5	17.5	24.0	33%	30%	16%
EBITDA	0.5	1.1	1.7	0.4	1.6	2.5	21%	-34%	-31%
<i>Margin</i>	3%	5%	6%	3%	9%	10%			
EBIT	(1.0)	(0.5)	(0.1)	(0.7)	0.3	1.0	nm	-248%	-109%
<i>Margin</i>	-6%	-2%	0%	-5%	2%	4%			
Net Income (Loss)	(1.0)	(0.6)	(0.3)	(0.7)	(0.1)	0.4	nm	nm	-179%
Net Debt (Cash)	4.1	4.7	4.7	2.4	2.5	1.8			
<i>Net Debt / EBITDA</i>	8.4x	4.5x	2.7x	6.0x	1.5x	0.7x			

Source: EnVent Research

Financial projections

Profit and Loss

€m	2018	2019	2020	2021	2022E	2023E	2024E
Sales	5.1	7.2	9.3	15.8	22.2	27.4	32.6
Other income	0.0	0.2	0.5	0.8	0.5	0.5	0.5
Revenues	5.1	7.4	9.8	16.6	22.7	27.9	33.1
<i>YoY %</i>	42.7%	44.2%	32.4%	69.9%	36.6%	22.8%	18.6%
Materials	(4.2)	(5.6)	(7.4)	(12.8)	(17.6)	(21.3)	(24.7)
Services	(0.5)	(0.7)	(1.0)	(2.2)	(2.7)	(3.3)	(3.9)
Personnel	(0.1)	(0.3)	(0.5)	(1.1)	(1.2)	(1.3)	(1.4)
Other operating costs	(0.0)	(0.1)	(0.1)	(0.1)	(0.2)	(0.3)	(0.3)
Operating costs	(4.8)	(6.7)	(9.0)	(16.1)	(21.6)	(26.1)	(30.3)
EBITDA	0.3	0.7	0.8	0.5	1.1	1.7	2.7
<i>Margin</i>	5.7%	8.8%	7.7%	2.9%	4.6%	6.2%	8.2%
D&A	(0.1)	(0.4)	(0.9)	(1.4)	(1.5)	(1.8)	(2.1)
Provisions	0.0	(0.0)	(0.1)	(0.1)	0.0	0.0	0.0
EBIT	0.2	0.2	(0.2)	(1.0)	(0.5)	(0.1)	0.6
<i>Margin</i>	3.3%	2.3%	-2.1%	-6.0%	-2.1%	-0.3%	1.8%
Interest	(0.1)	(0.2)	(0.2)	(0.4)	(0.4)	(0.4)	(0.4)
EBT	0.0	0.0	(0.4)	(1.3)	(0.8)	(0.4)	0.3
<i>Margin</i>	0.6%	0.1%	-4.1%	-8.1%	-3.7%	-1.6%	0.8%
Income taxes	(0.0)	(0.0)	0.2	0.4	0.2	0.1	(0.1)
Net Income (Loss)	0.0	0.0	(0.2)	(1.0)	(0.6)	(0.3)	0.2
<i>Margin</i>	0.6%	0.0%	-2.4%	-5.8%	-2.7%	-1.2%	0.5%

Source: Company data 2018-20A, EnVent Research 2021-24E

Balance Sheet

€m	2018	2019	2020	2021	2022E	2023E	2024E
Inventory	0.6	0.7	1.5	1.9	2.6	3.2	3.8
Trade receivables	0.1	0.0	0.1	0.3	0.4	0.5	0.6
Trade payables	(0.3)	(0.6)	(1.1)	(0.6)	(1.4)	(2.1)	(2.9)
Trade Working Capital	0.3	0.1	0.5	1.6	1.6	1.6	1.4
Other assets (liabilities)	(0.0)	(0.1)	0.2	0.4	0.4	0.4	0.4
Net Working Capital	0.3	0.0	0.8	2.0	2.0	2.0	1.8
Intangible assets	2.0	2.5	4.0	4.3	4.1	3.8	3.1
Property, plant and equipment	0.0	0.1	0.1	0.3	0.4	0.5	0.5
Non-current assets	2.0	2.5	4.1	4.6	4.6	4.2	3.6
Provisions	(0.0)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)
Net Invested Capital	2.3	2.5	4.7	6.3	6.3	6.0	5.2
Net Debt (Cash)	2.0	1.8	1.5	4.1	4.7	4.7	3.7
Equity	0.3	0.7	3.2	2.3	1.6	1.3	1.5
Sources	2.3	2.5	4.7	6.3	6.3	6.0	5.2

Source: Company data 2018-20A, EnVent Research 2021-24E

Cash Flow

€m	2018	2019	2020	2021	2022E	2023E	2024E
EBIT	0.2	0.2	(0.2)	(1.0)	(0.5)	(0.1)	0.6
Current taxes	(0.0)	(0.0)	0.2	0.4	0.2	0.1	(0.1)
D&A	0.1	0.4	0.9	1.4	1.5	1.8	2.1
Provisions	0.0	0.1	0.0	0.1	0.0	0.0	0.0
Cash flow from P&L operations	0.3	0.7	0.9	0.9	1.3	1.9	2.6
Trade Working Capital	0.3	0.2	(0.4)	(1.0)	(0.0)	0.0	0.1
Other assets and liabilities	0.0	0.1	(0.3)	(0.2)	0.0	0.0	0.0
Capex	(0.5)	(1.0)	(2.5)	(1.9)	(1.5)	(1.5)	(1.5)
Operating cash flow after WC and capex	0.1	(0.1)	(2.3)	(2.2)	(0.3)	0.4	1.3
Interest	(0.1)	(0.2)	(0.2)	(0.4)	(0.4)	(0.4)	(0.4)
Paid-in capital - IPO proceeds 2020	0.0	0.4	2.7	0.0	0.0	0.0	0.0
Net cash flow	0.0	0.2	0.2	(2.5)	(0.6)	0.0	0.9
Net Debt (Beginning)	(2.0)	(2.0)	(1.8)	(1.5)	(4.1)	(4.7)	(4.7)
Net Debt (End)	(2.0)	(1.8)	(1.5)	(4.1)	(4.7)	(4.7)	(3.7)
Change in Net Debt (Cash)	0.0	0.2	0.2	(2.5)	(0.6)	0.0	0.9

Source: Company data 2018-20A, EnVent Research 2021-24E

Ratio analysis

KPIs	2018	2019	2020	2021	2022E	2023E	2024E
ROE	10%	0%	-7%	-43%	-38%	-26%	11%
ROS (EBIT/Sales)	3%	2%	-2%	-6%	-2%	0%	2%
ROIC (NOPAT/Invested Capital)	5%	5%	-3%	-11%	-5%	-1%	8%
DSO	5	1	3	5	5	5	5
DPO	20	28	39	12	20	25	30
DOI	42	35	57	42	42	42	42
TWC/Sales	7%	2%	6%	10%	7%	6%	4%
Capex/Revenues	10%	14%	25%	11%	7%	5%	5%
Net Debt/EBITDA	6.9x	2.7x	2.0x	8.4x	4.5x	2.7x	1.4x
Net Debt/Equity	6.6x	2.4x	0.5x	1.8x	2.9x	3.6x	2.5x
Cash flow from P&L operations/EBITDA	108%	101%	121%	175%	122%	107%	97%
FCF/EBITDA	51%	neg	neg	neg	neg	22%	47%
Earnings per Share (€m)	na	na	neg	neg	neg	neg	0.01

Source: Company data 2018-20A, EnVent Research 2021-24E

Valuation

We have updated our DCF with an additional explicit projection for 2024 and market multiples analysis.

Discounted Cash Flows

Updated assumptions:

- Risk free rate: 1.0% (Italian 10-year government bonds interest rate - 3Y average. Source: Bloomberg, April 2022)
- Market return: 12.5% (3Y average. Source: Bloomberg, April 2022)
- Market risk premium: 11.5%
- Beta: 0.9 (neutral figure in absence of reliable records)
- Cost of equity: 11.4%
- Cost of debt: 5%
- Tax rate: 24% (IRES)
- 50% debt/(debt + equity)
- WACC calculated at 7.6%
- Perpetual growth rate after explicit projections: 2.5%
- Terminal Value assumes a normalized sustainable EBITDA margin of 8%

Updated EBITDA margin for Terminal Value calculation from 10% to 8%, to factor in current profitability setback

DCF Valuation

€m	2018	2019	2020	2021	2022E	2023E	2024E	Perpetuity
Revenues	5.1	7.4	9.8	16.6	22.7	27.9	33.1	33.9
EBITDA	0.3	0.7	0.8	0.5	1.1	1.7	2.7	2.7
<i>Margin</i>	6%	9%	8%	3%	5%	6%	8%	8%
EBIT	0.2	0.2	(0.2)	(1.0)	(0.5)	(0.1)	0.6	1.7
<i>Margin</i>	3%	2%	-2%	-6%	-2%	0%	2%	5%
Taxes	(0.0)	(0.0)	0.1	0.3	0.1	0.0	(0.2)	(0.5)
NOPAT	0.1	0.1	(0.1)	(0.7)	(0.3)	(0.1)	0.4	1.2
D&A	0.1	0.4	0.9	1.4	1.5	1.8	2.1	1.0
Provisions	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0
Cash flow from P&L operations	0.3	0.6	0.8	0.7	1.2	1.8	2.6	2.2
Trade Working Capital	0.3	0.2	(0.4)	(1.0)	(0.0)	0.0	0.1	0.3
Other assets and liabilities	0.0	0.1	(0.3)	(0.2)	0.0	0.0	0.0	0.0
Capex	(0.5)	(1.0)	(2.5)	(1.9)	(1.5)	(1.5)	(1.5)	(1.0)
Yearly unlevered free cash flow	0.1	(0.1)	(2.4)	(2.3)	(0.3)	0.3	1.2	1.5
Free cash Flow to be discounted					(0.3)	0.3	1.2	1.5
WACC	7.6%							
Long-term growth (G)	2.5%							
Discounted Cash Flows					(0.3)	0.3	1.0	
Sum of Discounted Cash Flows	0.9							
Terminal Value								29.3
Discounted TV	23.5							
Enterprise Value	24.5							
Net Debt as of 31/12/21	(4.1)							
Equity Value	20.4							
Equity Value per share (€)	1.66							

Source: EnVent Research

DCF - Implied multiples	2018	2019	2020	2021	2022E	2023E	2024E
EV/Revenues	4.8x	3.3x	2.5x	1.5x	1.1x	0.9x	0.7x
EV/EBITDA	84.2x	37.5x	32.4x	50.1x	23.3x	14.1x	9.0x
EV/EBIT	nm	nm	neg	neg	neg	neg	40.2x
P/E	nm	nm	neg	neg	neg	neg	121.1x
Discount of current valuation vs DCF		-34%					
Current market price - Implied multiples	2018	2019	2020	2021	2022E	2023E	2024E
EV/Revenues	3.2x	2.2x	1.7x	1.0x	0.7x	0.6x	0.5x
EV/EBITDA	55.9x	24.9x	21.5x	33.3x	15.4x	9.4x	6.0x
EV/EBIT	95.4x	95.5x	neg	neg	neg	neg	26.7x
P/E	nm	nm	neg	neg	neg	neg	72.2x

Source: EnVent Research

Market multiples

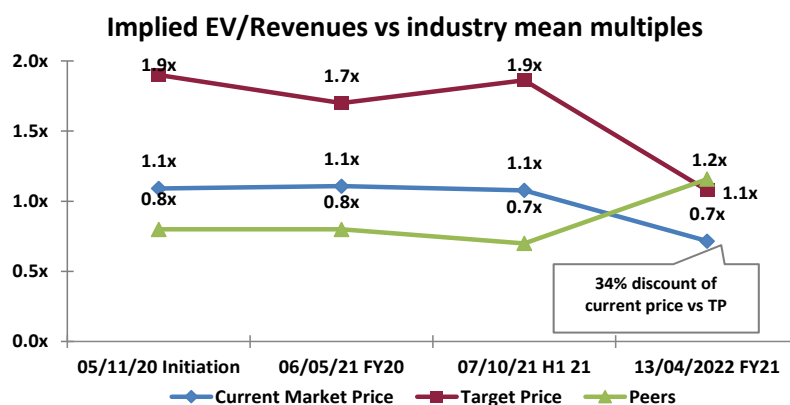
The reported peer group of the few comparable listed companies, except for Largo, includes too different business models. In addition, loss-making or negative performances lead to abnormal multiples, making it not appropriate to use average or median multiples as a reference for the valuation.

As a consequence, for TrenDevice valuation we consider more reliable the outcome of the DCF methodology.

Company	EV/Revenues			EV/EBITDA			EV/EBIT			P/E		
	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E
Jumia	3.5x	2.1x	1.6x	neg	neg	neg	neg	neg	neg	neg	neg	neg
Largo	0.8x	0.6x	0.4x	neg	neg	12.7x	neg	neg	27.5x	neg	neg	nm
Cellularline	1.1x	0.8x	0.7x	6.7x	5.5x	4.3x	279.1x	7.4x	5.4x	neg	7.2x	5.1x
Mean	1.8x	1.2x	0.9x	6.7x	5.5x	8.5x	nm	7.4x	16.5x	neg	7.2x	5.1x
Median	1.1x	0.8x	0.7x	6.7x	5.5x	8.5x	nm	7.4x	16.5x	neg	7.2x	5.1x
TrenDevice	1.0x	0.7x	0.6x	34.6x	15.6x	9.5x	neg	neg	neg	neg	neg	neg

Source: EnVent Research on S&P Capital IQ, 07/04/2022

Target Price



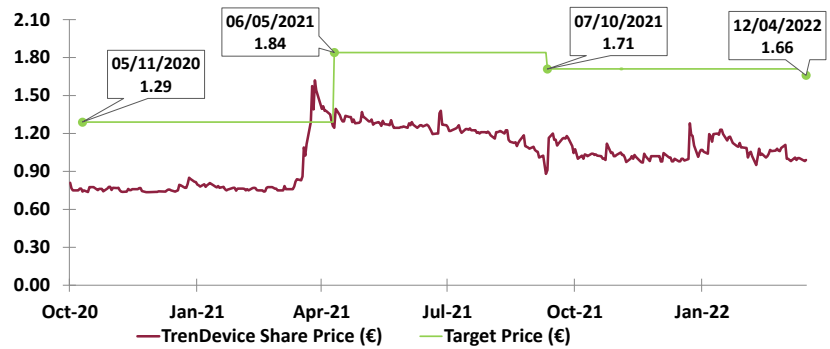
Source: EnVent Research

Our DCF-based valuation on revised estimates yields a target price of €1.66 per share, from €1.71 of our prior note, implying a 68% upside potential on TrenDevice current stock price. We confirm the OUTPERFORM rating on the stock.

TrenDevice Price per Share	€
Target Price	1.66
Current Share Price (12/04/2022)	0.99
Premium (Discount)	68%

Source: EnVent Research

TrenDevice Share Price vs EnVent Target Price



Please refer to important disclosures at the end of this report.

Source: EnVent Research

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Date and time of Production: 12/04/2022 h. 6.10pm

Date and time of Distribution: 13/04/2022 h. 6.50pm

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Date	Recommendation	Target Price (€)	Share Price (€)
05/11/2020	OUTPERFORM	1.29	0.74
06/05/2021	OUTPERFORM	1.84	1.25
07/10/2021	OUTPERFORM	1.71	0.91
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