

Company: **Riba Mundo Tecnología**      Rating: **BUY**      Target Price: **€35.8 (unchanged)**

Sector: **Consumer Electronics Wholesalers**

## ePRICE majority paves the way for B2C entry

### FY23 revenue surges 31.9% confirming the strong growth phase

Riba Mundo released FY23 results: revenues at €434.2m (€434.2m (+31.9% yoy), falling short -13.1% of our estimate (€499.6m) [Please refer to our Company Update on 17<sup>th</sup> October 2023]. Adjusted EBITDA margin decrease 20bp yoy to 2.1%, below our FY23 projections at 2.4%. Net income dropped to €0.7m (-86% yoy) due to (i) non-recurring expenditures related to the IPO (€1.2m), (ii) a €0.8m impairment of the equity stake in ePRICE IT S.r.l. (ex PB Online S.r.l.) and (iii) financial expenses amounting to some €5m to remodulate the financial structure of the Company. At the end of FY23 adjusted Net Debt increased to €36.0m from €33.1m at the end of June 2023.

### Entering B2C market with ePRICE and expanding product range

On March 27, 2024, Riba Mundo increased its ownership in ePRICE IT S.r.l. to 67% by subscribing €3.6m of a €4.1m capital increase, gaining control of the Company. The transaction aims to provide ePRICE with the financial means to implement its development strategy, utilizing Riba Mundo's expertise and global industry connections. This involves analyzing ePrice's business model, reorganizing as necessary, and then launching commercial initiatives through B2C and B2B channels, backed by marketing investments. In addition, Riba Mundo continues to expand its product range by entering new, higher margin product categories.

### ePRICE consolidation and FY24-26 estimates fine tuning

From FY24 (E), our forecasts include the consolidation of ePRICE into Riba Mundo. Revenue is forecasted to grow at a 16% CAGR in FY23-26 (E), reaching €683m by FY26 (E), of which €58m will come from ePRICE. We expect EBITDA margin to improve by 20bps to 2.3% in FY24(E), rising to 3.1% by FY26 (E), driven by the gradual reduction in procurement costs and the higher margin B2C channel. Efficient working capital management, coupled with anticipated revenue and margin growth, will generate cash flow to reduce adjusted Net Debt from the elevated levels of end-2023. Our projection indicates a decrease to €17.2m by end-2026, returning to levels seen in 2022.

### Valuation: 12-month TP unchanged at €35.8; BUY confirmed

Our DCF estimates indicate a cumulative FCFs of €21.8m (vs previous €25.2m) in 2024-26 (E), a terminal value of €7.3m (vs previous €5.7m) and a WACC of 8.2% (vs previous 8.0%), leading us to a fair value of €32.1/share (vs previous €30.9/share). For relative valuation, we preferred to use EV/Sales multiple since EBITDA remains very modest in the B2B Consumer Electronics distribution industry: the median EV/Sales for FY24 (E) of the peer group stands at 0.2x, higher than Riba Mundo's current trading multiple of 0.1x (as of April 19, 2024), leading us to a fair value of €39.4/share (vs previous €40.7/share). By averaging the DCF and Market Multiples approaches, our target price (TP) reaches €35.8/share (unchanged). Considering the significant potential upside based on the difference between Riba Mundo's closing price and our target, we confirm BUY.

April 24, 2024 at 18:00

Company Profile				
Bloomberg				RMT IM
FactSet				RMT-IT
Stock exchange				Italian Stock Exchange
Reference Index				FTSE Italia Growth Index
Market Data				
Price (as of April 19, 2024)				€ 16.0
Number of shares (mln)				2.3
Market cap. (mln)				€ 37
Performance since IPO				
Absolute				-32.3%
Max/Min				32.8/15.5
(€/min)	FY23	FY24 (E)	FY25 (E)	FY26 (E)
<b>Revenue</b>	<b>434.2</b>	<b>547.7</b>	<b>614.2</b>	<b>683.3</b>
	yoy	31.9%	198.2%	41.5%
		11.3%		
<b>Adj. EBITDA</b>	<b>9.2</b>	<b>12.6</b>	<b>16.3</b>	<b>21.2</b>
	Adj. EBITDA margin	2.1%	2.3%	2.7%
		3.1%		
<b>EBIT</b>	<b>7.0</b>	<b>10.3</b>	<b>14.2</b>	<b>19.2</b>
	EBIT margin	1.6%	1.9%	2.3%
		2.8%		
<b>Net income</b>	<b>0.7</b>	<b>5.3</b>	<b>8.1</b>	<b>11.4</b>
	Margin	0.2%	1.0%	1.3%
		1.7%		
Adj. Net Financial Position (Cash)				
	<b>36.0</b>	<b>29.1</b>	<b>25.5</b>	<b>17.2</b>
Shareholders' equity	13.7	28.4	36.3	47.4
Net Operating Working Capital	28.3	33.6	37.8	41.0
CapEx	3.3	1.7	1.2	1.1
<b>Free Cash Flow</b>	<b>(11.1)</b>	<b>2.9</b>	<b>7.1</b>	<b>11.8</b>



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## SWOT analysis

### STRENGTHS

- Know-how and proprietary technology through MarVin
- Wide geographical network
- Strategic positioning for fast deliveries and time to market
- Big Data disruptive business model
- Customer oriented approach
- Market positioning as a global B2B trader

### WEAKNESSES

- Low profitability
- High volume concentration in the smartphone category

### OPPORTUNITY

- B2C market expansion through ePRICE
- Highly scalable business
- Large addressable market
- Highly fragmented competition
- US market penetration for Consumer Electronics
- M&A opportunities
- Products range diversification, including Pharmaceuticals, White Goods and Toys

### THREATS

- Low Sector marginality in a complex scenario
- Impressive growth to be managed
- Quick evolving technology
- Rapid products and inventory obsolescence

## The reference market

Riba Mundo Tecnología: a Consumer Electronics B2B global trader

Riba Mundo Tecnología (“Riba Mundo”) is specialized in the global B2B commerce of technological products, including smartphones, tablets, headphones, game consoles, TVs, smartwatches, personal computer components and portable electronic devices. The Company is a B2B mainly European trader, even if it operates also in the United Kingdom, United States and the United Arab Emirates, serving more than 45 countries.

## The Consumer Electronics market

Global Consumer Electronics market

Consumer Electronics devices refer to a range of products designed for everyday use. The market includes several categories such as personal computing and devices, audio and video systems, mobile devices and smart home technology. These products are developed to enhance personal productivity, communication and entertainment. Main drivers propelling the Consumer Electronics market are (i) technological upgrades, (ii) consumer preferences evolution and (iii) a growing desire for cost-effective, easy-to-use and high-performance devices.

In its latest report on the subject, GfK estimates that global sales (excl. North America) in the Consumer Tech & Durables sector reached \$813bn last year, a decline of 2.9% from 2022.

Decline across regions after saturation - only Middle East/Africa outperforms

By geographical area, the Middle East & Africa witnessed robust growth, while Latin America and Eastern Europe maintained stability; however, Developed Asia, Emerging Asia, and China faced notable declines in sales revenue for 2023.

Figure 1: Consumer Tech & Durable Sales Value (excl. North America)



Source: Consumer Technology & Durables Outlook 2024, GfK

Wide variation in performance across sectors

Across sectors, there were notable variations in performance:

- Globally, Photo experienced strong revenue growth, driven by renewed consumer interest in travel and out-of-home activities.
- Small Domestic Appliances (SDA) saw a modest growth of 1.2%, attributed to higher product innovation and a lower price point.
- Telecom sales remained nearly stable, supported by short replacement cycles for products like smartphones and increased sales of 5G models.
- Major Domestic Appliances (MDA) focused on energy-efficient models due to rising electricity costs and Europe's energy efficiency labelling.
- Office, Information Tech (IT) and Consumer Electronics (TV/audio) experienced the largest decline in sales revenue compared to 2022.

**Stabilization in 4Q23 and FY24 outlook**

After successive improvements quarter by quarter, the final three months of last year saw Consumer Tech & Durables finally flip into positive growth, posting a 2.3% increase compared to 4Q22. This upturn was primarily driven by strong demand in Telecom (+5.9% in 4Q23 vs 4Q22), Major Domestic Appliances (MDA) (+4.9%) and Small Domestic Appliances (SDA) (+4.7%), effectively offsetting the challenges faced by the IT office and consumer electronics segments. With current market dynamics, GfK project that Consumer Tech & Durables revenue will grow by approximately 1% in FY24 and forecast a particularly pronounced demand in the telecom and small domestic appliance sectors. Products purchased during lockdowns, such as smartphones, which have shorter replacement cycles, are anticipated to drive replacement demand. Furthermore, low-cost items like IT accessories, which impose less strain on consumers' budgets, are expected to remain popular.

**The Mobile Phones segment**

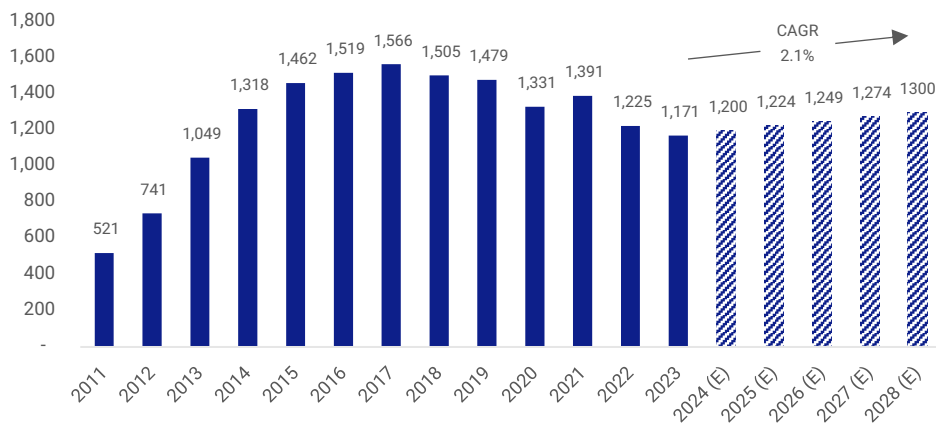
By the end of 2020, 78% of world's population were smartphone users

The Smartphone segment has been steadily developing and growing since 2008, both in market size and in number of models and vendors. By the end of 2020, 78% of world's population were smartphone users, with many people using more than one smartphone. Apple and Samsung tend to swap places at the top of the smartphone market, but the fight for the remaining places among the top five vendors is hotly contested. Huawei once had a solid hold on this position, even leading the market for a brief period, but restrictions on trade have taken a heavy toll on the Chinese smartphone manufacturer. Other Chinese manufacturers, such as Xiaomi, have primarily filled the gap left by Huawei's decline.

Mobile Phones shipments to grow at 2.8% in 2024 (E) and 2.1% CAGR in 2023-28 (E)

According to the International Data Corporation (IDC) Worldwide Quarterly Mobile Phone Tracker, smartphone shipments are forecasted to reach 1.20bn units in 2024, showing a 2.8% year-over-year increase, with growth expected to continue in the low single digits through 2028. Although overall volumes remain below pre-pandemic levels, IDC suggests that the market has stabilized and is progressing beyond its previous lows. The budget-economy segment (\$150-\$249), which shrank yoy in 2023 due to macroeconomic headwinds, especially in emerging markets, and the premium segment (\$600-\$799) are expected to drive the rebound.

**Figure 2: Global Smartphone shipments 2011-28 (E) (units/mln)**



Source: Countpoint, Global Smartphone Shipments 2011-2023 and IDC, Worldwide Quarterly Mobile Phone Tracker

**The Tablets segment**

128.5mln/units of tablets shipped worldwide in 2023

The tablets market consists of portable computers that use touchscreens as their primary input. Most tablets are slightly smaller and weigh less than an average laptop. In 2023, worldwide tablet shipments totaled 128.5mln units, a decline of 20.5% compared to 2022 and the lowest annual volume since 2011.

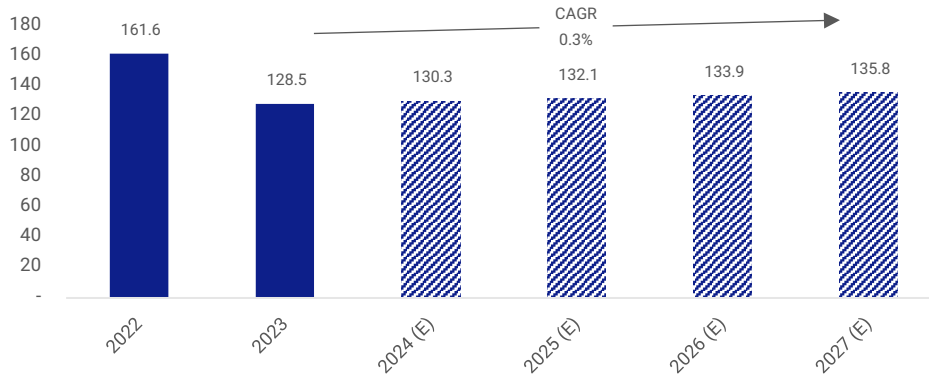
**Apple remains the leading tablets vendor; Samsung follows**

According to the IDC Worldwide Quarterly Personal Computing Device Tracker, Apple maintains its position as the leader in the tablets market, holding nearly 37.8% of the share in 2023, albeit experiencing a decline in recent years. This decline is attributed to the increasing market share of Samsung Android tablets, which reached 20.4% in 2023, with a total of 26.2mln units compared to Apple's 48.5mln units.

**Tablets shipments to grow at 0.3% CAGR in 2023-27 (E)**

Demand has continued to cool as many macroeconomic indicators have worsened or remain unchanged in the past few months, contributing to the lowered outlook. However, IDC expects the market to rebound in 2024 with global volumes reaching 135.8mln units by 2027, a 0.3% CAGR 2023-27 (E).

**Figure 3: Global Tablet shipments 2022-27 (E) (units/mln)**



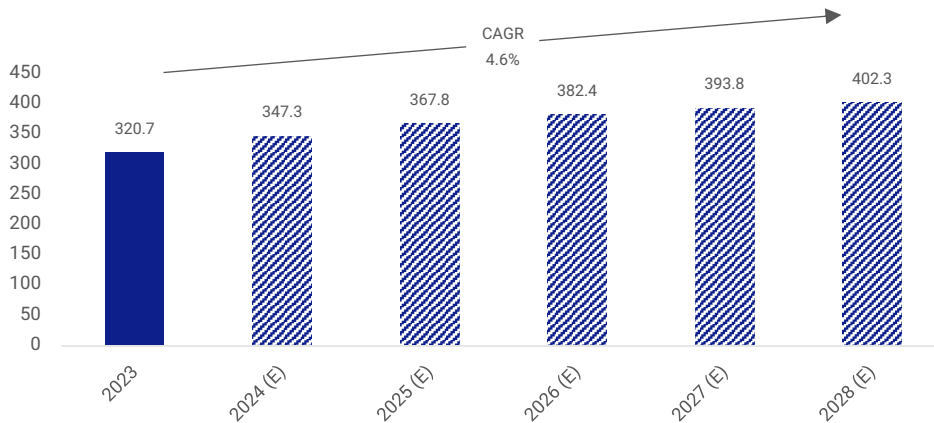
Source: IDC, Worldwide Quarterly Personal Computing Device Tracker

**The Headphones segment**

**Earwear shipments to grow at 4.6% CAGR in 2023-28 (E)**

According to IDC, in 2023 global shipments of Earwear devices reached 320.7mln units and it is expected to grow at 4.6% CAGR over 2023-28 (E) to reach 402.2mln units. Main driver is the changing consumer preferences for wireless headphones and earphones in the coming years.

**Figure 4: Global Earwear shipments 2023-28 (E) (units/mln)**



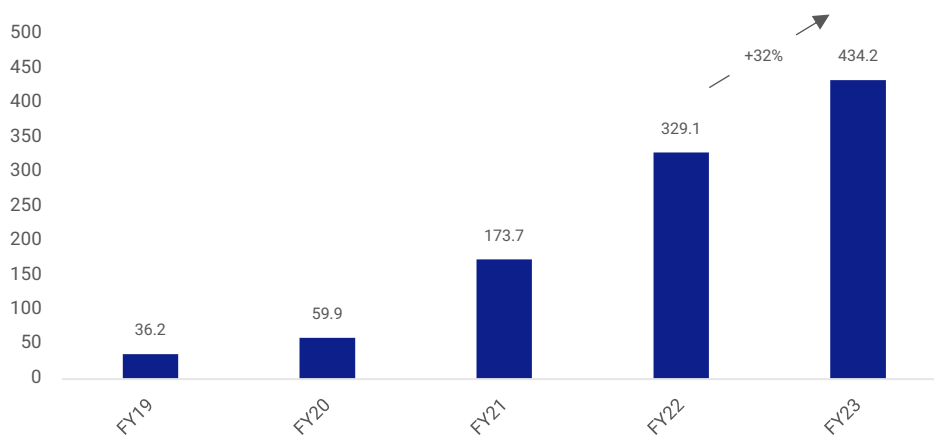
Source: Banca Profilo elaborations on IDC data

## FY23 results: strong revenue growth towards diversification

**FY23 Revenues increased by 32% to €434.2mln**

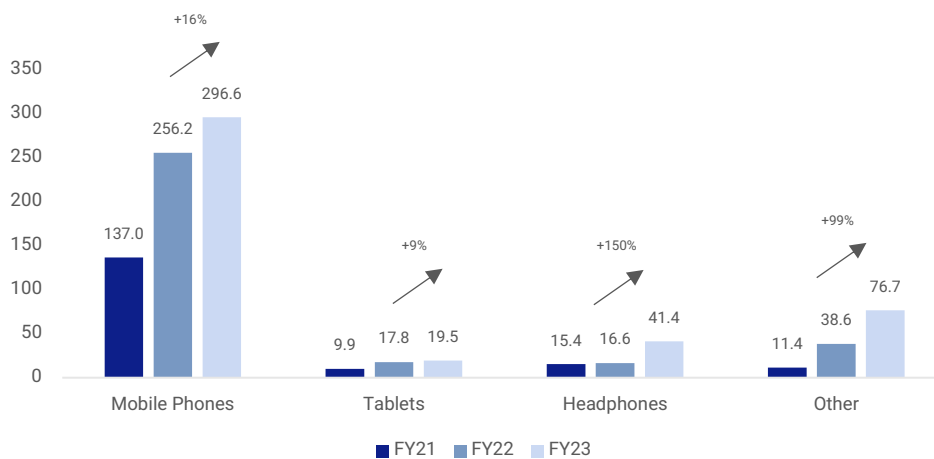
Riba Mundo released FY23 results: Revenue increased to €434.2mln (+32% yoy), but below our FY23 estimate (€499.6mln) [Please refer to our Company Update on 17<sup>th</sup> October 2023]. Regarding Revenues breakdown by products, Mobile Phones stood at €296.6 (+16% yoy), Tablets at €19.5 (+9% yoy), Headphones at €41.4mln (+150% yoy) and Other at €76.7mln (+99% yoy). The Mobile Phones segment remains the primary revenue driver, though its share has decreased from 78% in FY22 to 68%. On the other hand, the contributions of the Headphones and Other categories significantly increase, consistent with the management's diversification strategies.

**Figure 5: Revenue FY19-23 (€/mln)**



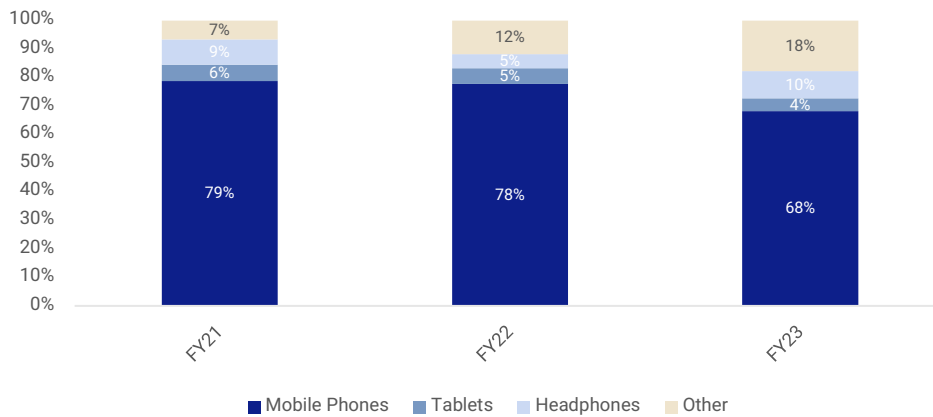
Source: Banca Profilo elaborations on Company data

**Figure 6: Revenues growth by segment FY21-23 (€/mln)**



Source: Banca Profilo elaborations on Company data

Figure 7: Revenues breakdown by segment 2021-23

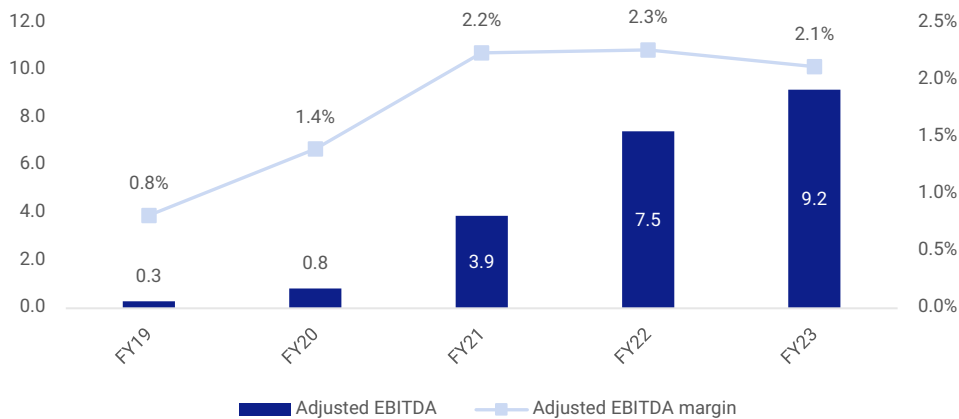


Source: Banca Profilo elaborations on Company data

FY23 Adj. EBITDA margin at 2.1% (-20bps)

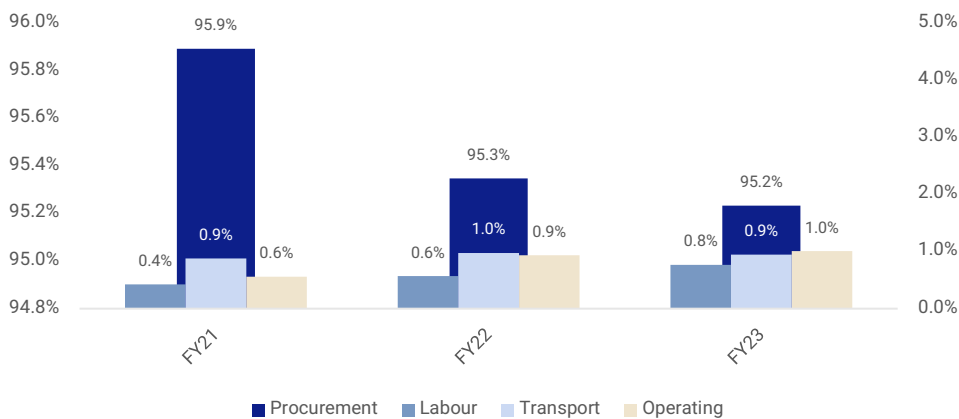
Adjusted EBITDA for IPO expenses came in at €9.2mIn (+23% yoy), below our FY23 estimate (€11.9mIn) [Please refer to our Company Update on 17<sup>th</sup> October 2023]. EBITDA margin decreased 20bps to 2.1%, also below our estimate of 2.4%. This decline was primarily attributed to higher labor costs offsetting the benefits of reduced procurement costs.

Figure 8: EBITDA (€/mIn) and EBITDA margin on Revenues 2019-23



Source: Banca Profilo elaborations on Company data

Figure 9: Incidence of costs on Revenues FY21-23



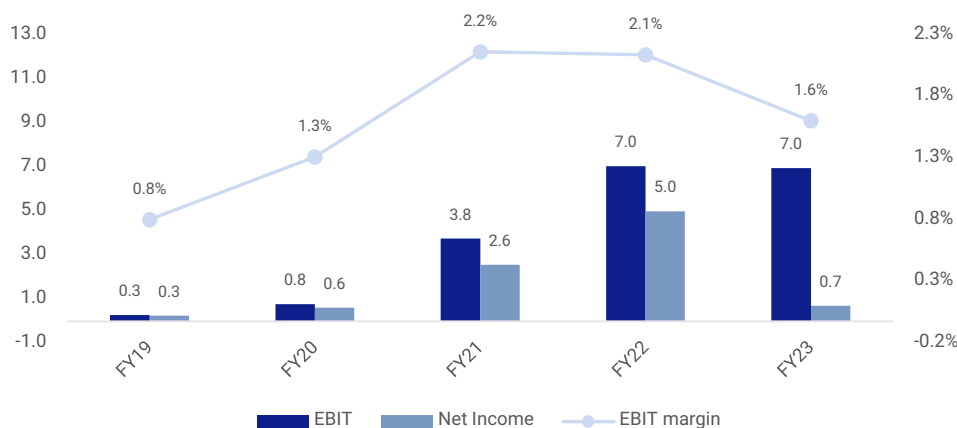
Source: Banca Profilo elaborations on Company data



### FY23 Net income dropped to €0.7mln

EBIT came in flat yoy at €7.0mln and below our FY23 estimate (€11.0mln), with a margin of 1.6% (vs 2.1% in 2022). Net income dropped to €0.7mln, down from €5mln in FY22, due to (i) non-recurring expenditures related to the IPO (approx. €1.2mln), (ii) an approx. €0.8mln impairment of the equity stake in PB Online S.r.l., now rebranded in ePRICE IT S.r.l (“ePRICE”), and financial expenses amounting to some €5mln in FY23.

Figure 10: EBIT, Net Profit (€/mln) and EBIT margin FY19-23



Source: Banca Profilo elaborations on Company data

Table 1: Income Statement FY19-23 (€/mln)

		Profit & Loss (€/mln)					
		FY19	FY20	FY21	FY22	FY23 OLD	FY23
<b>Revenue</b>		<b>36.2</b>	<b>59.9</b>	<b>173.7</b>	<b>329.1</b>	<b>499.6</b>	<b>434.2</b>
	<i>yoy</i>	<i>n.a.</i>	<i>65.4%</i>	<i>190.1%</i>	<i>89.5%</i>	<i>51.8%</i>	<i>31.9%</i>
Procurement costs		(35.7)	(57.4)	(166.6)	(313.8)	(475.1)	(413.5)
	<i>% on Revenue</i>	<i>98.5%</i>	<i>95.9%</i>	<i>95.9%</i>	<i>95.3%</i>	<i>95.1%</i>	<i>95.2%</i>
<b>Gross Profit</b>		<b>0.5</b>	<b>2.4</b>	<b>7.1</b>	<b>15.3</b>	<b>24.5</b>	<b>20.7</b>
	<i>Gross margin</i>	<i>1.5%</i>	<i>4.1%</i>	<i>4.1%</i>	<i>4.7%</i>	<i>4.9%</i>	<i>4.8%</i>
Cost of services and other operating expenses		(0.1)	(1.3)	(2.5)	(6.3)	(9.6)	(9.4)
	<i>% on Revenue</i>	<i>0.3%</i>	<i>2.2%</i>	<i>1.4%</i>	<i>1.9%</i>	<i>1.9%</i>	<i>2.2%</i>
Labour cost		(0.1)	(0.3)	(0.7)	(1.9)	(3.1)	(3.3)
	<i>% on revenue</i>	<i>0.3%</i>	<i>0.5%</i>	<i>0.4%</i>	<i>0.6%</i>	<i>0.6%</i>	<i>0.8%</i>
Comprehensive operating costs		(35.9)	(59.0)	(169.8)	(321.6)	(487.8)	(426.2)
	<i>% on Revenue</i>	<i>99.2%</i>	<i>98.6%</i>	<i>97.8%</i>	<i>97.7%</i>	<i>97.6%</i>	<i>98.2%</i>
<b>EBITDA</b>		<b>0.3</b>	<b>0.8</b>	<b>3.9</b>	<b>7.5</b>	<b>11.9</b>	<b>8.0</b>
	<i>EBITDA margin</i>	<i>0.8%</i>	<i>1.4%</i>	<i>2.2%</i>	<i>2.3%</i>	<i>2.4%</i>	<i>1.8%</i>
<b>Adjusted EBITDA</b>		<b>0.3</b>	<b>0.8</b>	<b>3.9</b>	<b>7.5</b>	<b>11.9</b>	<b>9.2</b>
	<i>Adjusted EBITDA margin</i>	<i>0.8%</i>	<i>1.4%</i>	<i>2.2%</i>	<i>2.3%</i>	<i>2.4%</i>	<i>2.1%</i>
D&A		(0.0)	(0.1)	(0.1)	(0.4)	(0.8)	(1.0)
	<i>% on Revenue</i>	<i>0.0%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.2%</i>	<i>0.2%</i>
<b>EBIT</b>		<b>0.3</b>	<b>0.8</b>	<b>3.8</b>	<b>7.0</b>	<b>11.0</b>	<b>7.0</b>
	<i>EBIT margin</i>	<i>0.8%</i>	<i>1.3%</i>	<i>2.2%</i>	<i>2.1%</i>	<i>2.2%</i>	<i>1.6%</i>
Financial income and expenses		0.0	0.0	(0.3)	(0.2)	(2.7)	(5.7)
	<i>% on Revenue</i>	<i>0.0%</i>	<i>-0.1%</i>	<i>0.2%</i>	<i>0.1%</i>	<i>0.5%</i>	<i>1.3%</i>
<b>EBT</b>		<b>0.3</b>	<b>0.8</b>	<b>3.4</b>	<b>6.9</b>	<b>8.3</b>	<b>1.3</b>
	<i>Pretax margin</i>	<i>0.8%</i>	<i>1.4%</i>	<i>2.0%</i>	<i>2.1%</i>	<i>1.7%</i>	<i>0.3%</i>
Taxes		(0.0)	(0.2)	(0.9)	(1.9)	(2.3)	(0.6)
	<i>Tax Rate</i>	<i>14.9%</i>	<i>24.2%</i>	<i>25.3%</i>	<i>27.1%</i>	<i>27.1%</i>	<i>44.1%</i>

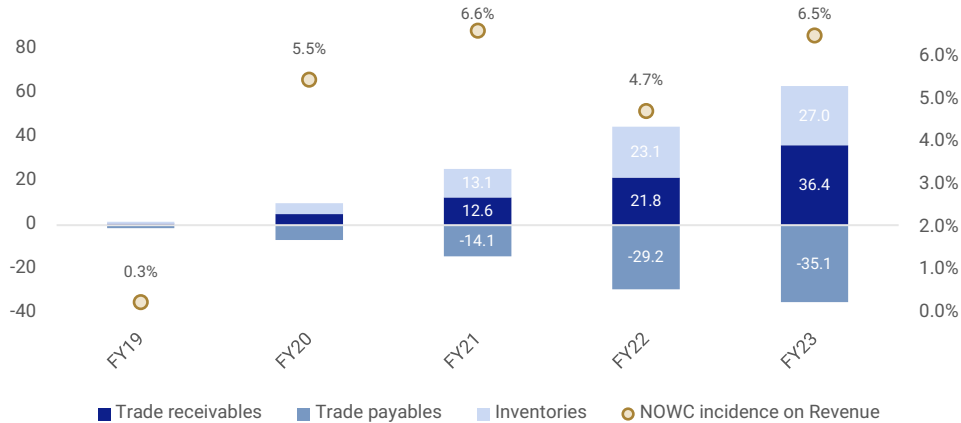
<b>Net Income</b>	<b>0.3</b>	<b>0.6</b>	<b>2.6</b>	<b>5.0</b>	<b>6.1</b>	<b>0.7</b>
<i>Margin</i>	<i>0.7%</i>	<i>1.0%</i>	<i>1.5%</i>	<i>1.5%</i>	<i>1.2%</i>	<i>0.2%</i>

Source: Banca Profilo elaborations on Company data

**Net Operating Working Capital at €28.3mln or 6.5% of Revenues**

At the end of December 2023, Net Operating Working Capital stood at €28.3mln (or 6.5% of Revenue). The incidence of Trade Receivables on Revenue increased to 8.4% from 6.6% by the end of 2022, while the incidence of Inventories decreased to 6.2% from 7.0% and Trade Payables as a percentage of COGS w/o labor costs decreased to 8.3% from 9.1%.

**Figure 11: Net Operating Working Capital FY19-23 (€/mln)**

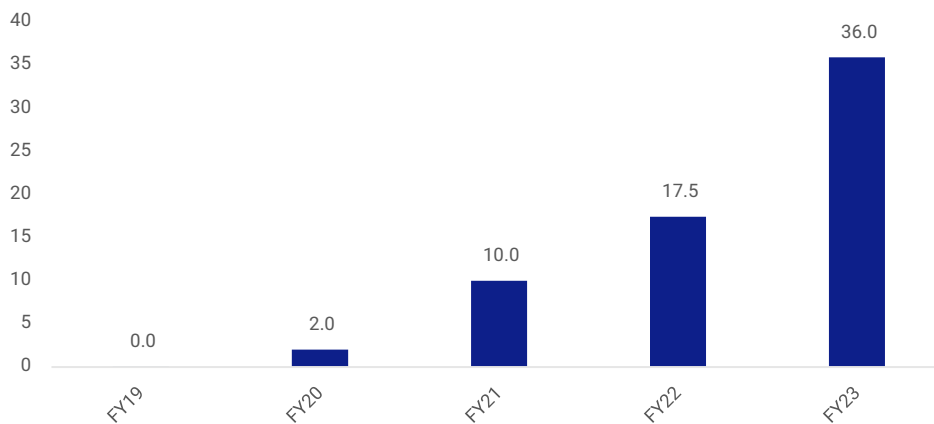


Source: Banca Profilo elaborations on Company data

**Adj. Net Debt increased to €36.0mln**

At the close of 2023, Adjusted Net Debt rose to €36.0mln from €33.1mln in June 2023 and €17.1mln in December 2022. It is worth noting that given the management’s strategy to pay suppliers earlier to boost margins, advance payments in December 2023 amounted to approx. €9.7mln but deliveries underwent an extraordinary delay to January 2024: this means that inventory rotation occurred in January 2024 and the €9.7mln proportional positive impact on Net Debt has occurred in January 2024 rather than December 2023.

**Figure 12: Net Debt (Cash) FY19-23 (€/mln)**



Source: Banca Profilo elaborations on Company data

**Shareholder equity at €13.7mln**

At the end of 2023, Shareholders’ equity stood at €13.7mln from €7.4mln in December 2022.

Table 2: Balance Sheet FY19-23 (€/ mln)

Balance Sheet (€/mln)						
	FY19	FY20	FY21	FY22	FY23 OLD	FY23
Intangible assets	0.0	0.0	0.4	1.7	4.5	3.8
Right of use	0.0	0.1	0.1	1.2	1.0	1.0
Tangible fixed assets	0.0	0.2	1.5	0.4	0.5	0.8
Financial assets	0.0	0.5	1.4	5.2	4.9	1.5
<b>Fixed Assets</b>	<b>0.1</b>	<b>0.8</b>	<b>3.3</b>	<b>8.6</b>	<b>10.9</b>	<b>7.1</b>
Inventories	0.9	5.0	13.1	23.1	35.4	27.0
<i>% on Revenue</i>	<i>2.4%</i>	<i>8.3%</i>	<i>7.5%</i>	<i>7.0%</i>	<i>7.1%</i>	<i>6.2%</i>
Trade receivables	0.6	5.0	12.6	21.8	33.4	36.4
<i>% on Revenue</i>	<i>1.8%</i>	<i>8.4%</i>	<i>7.2%</i>	<i>6.6%</i>	<i>6.7%</i>	<i>8.4%</i>
Trade payables	(1.4)	(6.8)	(14.1)	(29.2)	(44.3)	(35.1)
<i>% on COGS w/o labour cost</i>	<i>4.0%</i>	<i>11.5%</i>	<i>8.4%</i>	<i>9.1%</i>	<i>9.1%</i>	<i>8.3%</i>
<b>Net Operating Working Capital</b>	<b>0.1</b>	<b>3.3</b>	<b>11.5</b>	<b>15.6</b>	<b>24.6</b>	<b>28.3</b>
<i>% on Revenue</i>	<i>0.3%</i>	<i>5.5%</i>	<i>6.6%</i>	<i>4.7%</i>	<i>4.9%</i>	<i>6.5%</i>
Other current assets	0.1	0.3	0.9	3.8	2.0	21.9
Other current liabilities	(0.1)	(0.2)	(1.0)	(3.4)	(2.8)	(1.4)
<b>Net Working Capital</b>	<b>0.2</b>	<b>3.3</b>	<b>11.4</b>	<b>16.1</b>	<b>23.8</b>	<b>48.8</b>
<i>% on Revenue</i>	<i>0.5%</i>	<i>5.5%</i>	<i>6.6%</i>	<i>4.9%</i>	<i>4.8%</i>	<i>11.2%</i>
Non-current assets	0.0	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	(0.0)	(0.0)	(0.1)	(1.1)	(1.0)	(0.8)
<b>Net Invested Capital</b>	<b>0.2</b>	<b>4.1</b>	<b>14.7</b>	<b>23.6</b>	<b>33.7</b>	<b>55.1</b>
<b>CapEx</b>	<b>0.0</b>	<b>1.2</b>	<b>1.6</b>	<b>2.0</b>	<b>3.3</b>	<b>3.3</b>
<i>% on Revenue</i>	<i>0.0%</i>	<i>2.0%</i>	<i>0.9%</i>	<i>0.6%</i>	<i>0.7%</i>	<i>0.8%</i>
Intangible	0.0	1.0	0.4	1.6	3.2	2.7
Tangible	0.0	0.2	1.3	0.4	0.1	0.7
Share capital	0.0	1.2	2.0	2.0	2.3	2.3
Reserves and retained earnings	0.0	0.3	0.1	0.4	9.7	10.7
Group Net Income	0.3	0.6	2.6	5.0	7.0	0.7
Financial assets at fair value through equity	0.0	0.0	0.0	(0.1)	0.0	0.0
<b>Shareholders' equity</b>	<b>0.3</b>	<b>2.1</b>	<b>4.7</b>	<b>7.4</b>	<b>18.9</b>	<b>13.7</b>
<b>Net Financial Position (Cash)</b>	<b>(0.1)</b>	<b>1.9</b>	<b>10.0</b>	<b>16.2</b>	<b>14.8</b>	<b>41.4</b>
<b>Adjusted Net Financial Position (Cash)</b>	<b>0.0</b>	<b>2.0</b>	<b>10.0</b>	<b>17.1</b>	<b>16.0</b>	<b>36.0</b>

Source: Banca Profilo elaborations on Company data

Figure 13: Free Cash Flows FY19-23 (€/mln)

Free Cash Flow (€/mln)						
	FY19	FY20	FY21	FY22	FY23 OLD	FY23
EBIT	0.3	0.8	3.8	7.0	11.0	7.0
<i>Tax rate</i>	<i>14.9%</i>	<i>24.2%</i>	<i>25.3%</i>	<i>27.1%</i>	<i>27.1%</i>	<i>44.1%</i>
<b>NOPAT</b>	<b>0.2</b>	<b>0.6</b>	<b>2.8</b>	<b>5.1</b>	<b>8.0</b>	<b>3.9</b>
D&A	0.0	0.1	0.1	0.4	0.8	1.0
Changes in Funds	n.a.	(0.0)	(0.0)	(0.9)	0.0	(0.0)
Changes in NOWC	n.a.	(3.2)	(8.2)	(4.1)	(8.1)	(12.7)
CapEx	0.0	(1.2)	(1.6)	(2.0)	(3.2)	(3.3)
<b>Free Cash Flow</b>	<b>0.3</b>	<b>(3.7)</b>	<b>(7.0)</b>	<b>(1.4)</b>	<b>(2.4)</b>	<b>(11.1)</b>

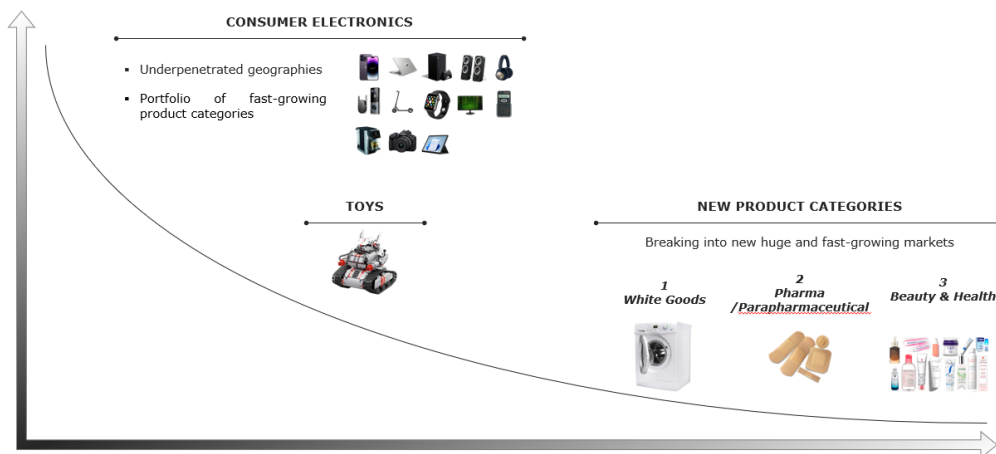
Source: Banca Profilo elaborations on Company data

## 2024-26 Strategy and Estimates

### Corporate Strategies

<p><b>Strategic guidelines:</b> products range expansion</p> <p><b>Use of proceeds:</b> 70% new product categories</p> <p><b>20% new Riba Mundo proprietary brand</b></p> <p><b>10% increasing warehouse capacity</b></p>	<p>Since its IPO (July 2023), Riba Mundo has focused on expanding its product range, by entering new categories such as Personal &amp; Household Small Appliances, Smartphones &amp; Tablets accessories.</p> <p>The IPO (July 2023) proceeds (€5.3mln) are being used for both internal and external business expansion:</p> <ul style="list-style-type: none"> <li>new product categories (~70% of IPO proceeds): Riba Mundo is directing investments towards research and development to integrate new global markets into its Big Data ecosystem. The Company aims to venture into the White Goods &amp; Household Appliances, Pharma &amp; Para Pharmaceuticals and Beauty &amp; Personal Care markets through research and potential M&amp;A.</li> <li>proprietary brand (~20% of IPO proceeds): the Group intends to invest in R&amp;D to launch its brand and secure higher margins;</li> <li>warehouse capacity (~10% of IPO proceeds) to support the growth acceleration in the next years; after the listing, the Company started the restructuring of the warehouse.</li> </ul>
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**Figure 14: Riba Mundo's strategic product lines**



Source: Banca Profilo elaborations on Company data

**Strategic repositioning:** from resellers to Retailers/E-Tailers

In terms of final clients, Riba Mundo aims to enhance profitability by increasing the weight of Retailers/e-Tailers. To achieve this objective, Riba Mundo has ventured into the B2C business, initially through an equal shareholding in ePRICE and subsequently by acquiring a majority stake.

**March 2024:** Riba Mundo increased stake to 67% in ePRICE

In June 2022, Riba Mundo entered a Joint Venture agreement with Portobello, acquiring 50% each of the Marketplace business unit of ePrice Operations S.r.l. for €2.65mln. In March 2024, Riba Mundo increased its ownership in the subsidiary, now rebranded as ePRICE IT S.r.l., to 67%. This increase was achieved by subscribing to €3.7mln of the €4.1mln raised in a capital increase, while Portobello subscribed to the remaining portion, reducing its stake to 33%.

The primary objective of the transaction is to provide ePRICE with the necessary financial resources to kickstart its development strategy, collaborating with and leveraging Riba Mundo's expertise and extensive network with major global distributors and electronics manufacturers. Following an initial analysis and assessment of ePRICE's business model and corporate restructuring, the focus will shift towards launching commercial development

initiatives on the portal, utilizing both B2C and B2B channels, alongside strategic marketing investments. The ePRICE business model will be restructured to encompass three distinct sales channels within the same portal: B2C for direct transactions with end consumers, B2B for corporate clientele and Marketplace for the facilitation of third-party product sales to end customers.

### Our 2024-26 estimates: fine tuning and ePRICE consolidation

**Riba Mundo to outperform market in 2024-26 (E) increasing share**

In 2023, amidst various crises, the global Consumer Technology and Durables (T&D) market faced challenges but is poised for a rebound in 2024. Anticipated trends driving growth include:

- Rising replacement cycles, notably in categories like smartphones and mobile PCs, leading to growth in the Telecom sector, especially towards premium devices.
- Major sporting events like the 2024 Olympic Games and European Football Championship are expected to drive sales in the Consumer Electronics category, following historical trends.
- Global market performance divergence observed in 2023, with regions like the Middle East and Africa benefiting while China faced challenges. This divergence is likely to widen in 2024, with emerging regions like India showing promise amidst slower growth in China and the US.
- Predicted inflation decrease in 2024 may boost consumer confidence, but high interest rates could deter investments for both consumers and businesses.

Riba Mundo has showcased impressive growth in recent years, with turnover soaring at a 86% CAGR in 2019-23. We anticipate the Company will sustain its remarkable performance, projecting a nearly 20% yoy turnover increase this year. Looking ahead to 2025-26 (E), we expect growth to moderate and align more closely with estimated segment growth. However, we maintain our expectation that Riba Mundo will continue to outperform market growth and gain market share due to its competitive pricing strategies.

According to recent independent studies (see chapter “The reference market”), we revise our revenue estimates as follows:

- Mobile Phones are projected to grow by 10% in FY24 (E) and at a 7.3% CAGR in 2025-26 (E);
- Tablets are expected to rise at a 16.5% CAGR in 2024-26 (E);
- Headphones are forecasted to continue their strong growth trajectory from the previous year with another 50% increase in FY24 (E), followed by a 12.5% CAGR in 2025-26 (E);
- Other products are estimated to grow by 33% yoy in 2023 and to rise at a 17.5% CAGR in 2025-26 (E).

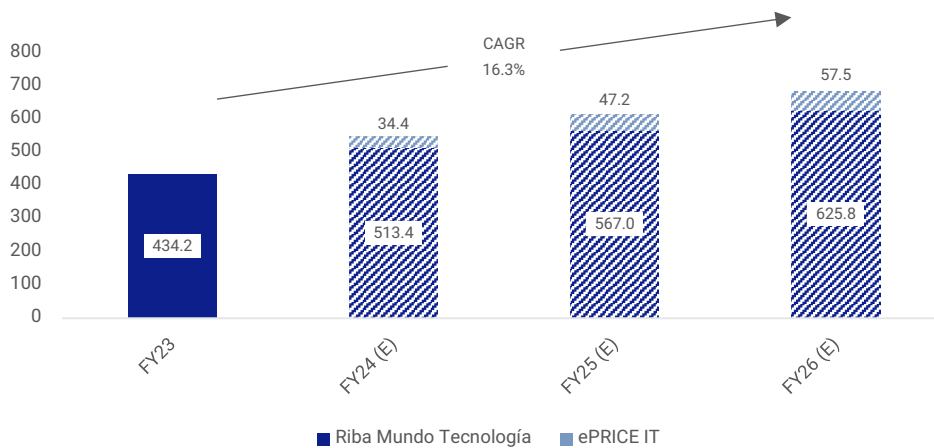
**New Group perimeter includes ePRICE: Revenue to grow at 16.3% CAGR in 2023-26 (E)**

Beginning in FY24 (E), our estimates incorporate the consolidation of ePRICE into Riba Mundo. We anticipate consolidated revenue to grow at a 16.3% CAGR in 2023-26 (E), reaching €683.3mIn, with €57.5mIn attributed to ePRICE.

**Riba Mundo standalone to grow at 13.0% CAGR in 2023-26 (E)**

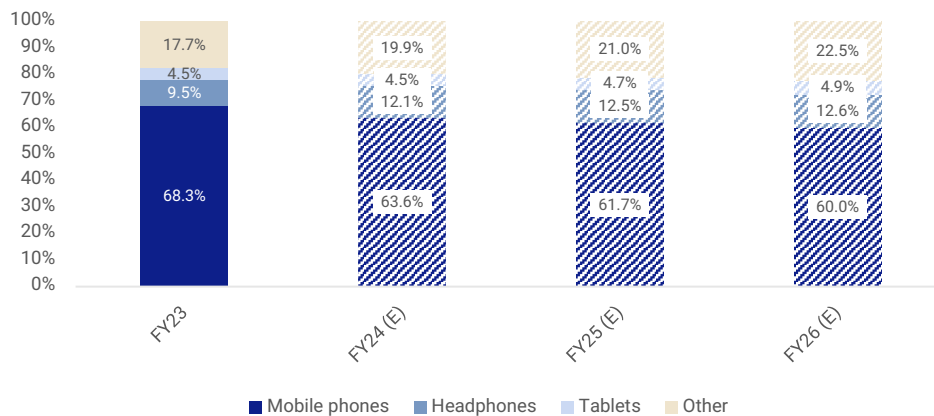
For Riba Mundo on a standalone basis, our projections anticipate a turnover growth at 13.0% CAGR during the same period, reaching €625.8mIn in FY26 (E) (vs previous estimate of €658.2mIn). Over this timeframe, while mobile phones will still dominate revenue, their share is projected to decline to 60% by FY26 (E), as other segments are expected to experience significant growth.

Figure 15: Revenue 2023-26 (E) (€/mln)



Source: Banca Profilo elaborations and estimates on Company data

Figure 16: Riba Mundo Revenue breakdown trend 2023-26 (E)



Source: Banca Profilo elaborations and estimates on Company data

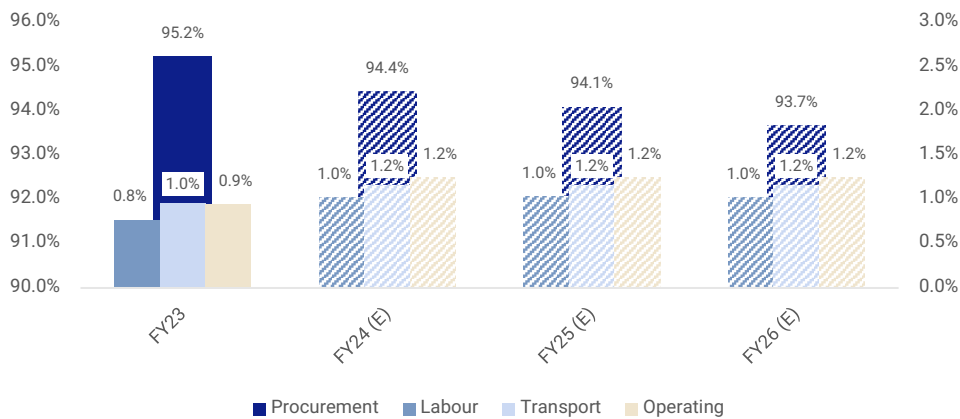
Costs incidence is expected to decline from 97.9% in FY23 to 97.5% of revenue in FY26 (E)

In our projections for FY23-26 (E):

- Procurement costs are anticipated to gradually decrease in relation to revenue, reaching 93.7% by FY26 (E). This implies an average gross margin of 5.9% for the period 2023-26 (E), peaking at 6.3% in FY26 (E), resulting in €43.3mln of gross profit. Specifically, €11.2mln of this gross profit is attributed to ePRICE.
- Transport and operating costs are forecasted to increase their incidence starting this year, reflecting their greater significance in ePRICE's operations;
- Labour costs are expected to initially rise due to the integration of ePRICE, stabilizing thereafter.

Overall, the total cost as a percentage of revenue is projected to decrease from 97.9% in FY23 to 97.5% by FY26 (E), primarily driven by the decreasing impact of procurement expenses.

Figure 17: Incidence of costs on Revenue 2023–26 (E)

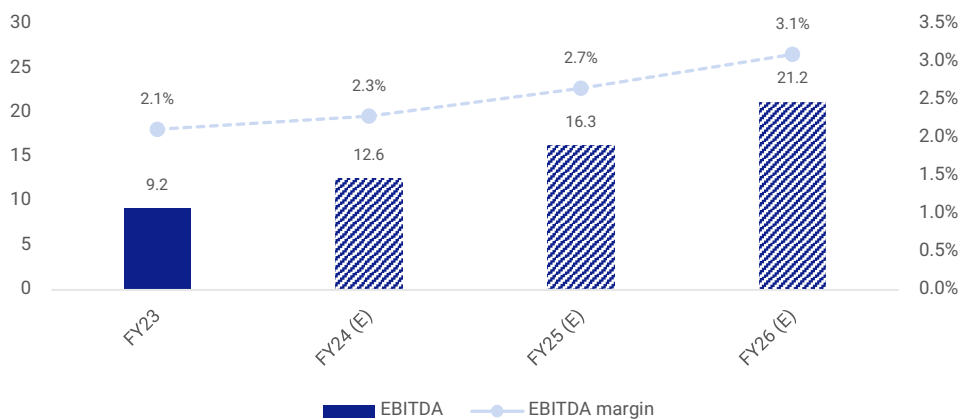


Source: Banca Profilo elaborations and estimates on Company data

**EBITDA to reach €21.2mIn in FY26 (E) or 3.1% margin**

In FY24 (E), we anticipate adjusted EBITDA to rise to €12.6mIn from €9.2mIn in FY23, with its margin expected to increase by approximately 20bps to 2.3%. Our projections suggest that EBITDA will subsequently increase to €21.2mIn by FY26 (E), with a margin of 3.1% (vs previous estimate of €19.6mIn and 3.0% margin). It's worth noting that not all of the increase in gross margin is reflected in EBITDA due to higher fixed costs, particularly labour costs, in the ePRICE business.

Figure 18: EBITDA (€/mIn) and EBITDA margin on Revenue 2023-26 (E)



Source: Banca Profilo elaborations and estimates on Company data

**EBIT is projected at €19.2mIn in FY26 (E)**

We forecast EBIT to grow at a 40% CAGR in 2023-26 (E), primarily driven by improvements in margin. EBIT is expected to reach €19.2mIn in FY26 (E), compared to our previous estimate of €17.9mIn.

**Gradual decrease in financial expenses**

Ultimately, Net Profit is poised to rise from €0.7mIn in FY23 to €11.4mIn in FY26 (E) (vs previous estimate of €12.7mIn), largely propelled by the aforementioned factors alongside a slow decline in the cost of debt. Given the Company's early-stage status, we anticipate that Riba Mundo will refrain from paying dividends throughout the specified period.

Figure 19: Pro forma Income Statement 2023-26 (E)

Profit & Loss (€/mln)							
	FY23	FY24 (E) OLD*	FY24 (E)	FY25 (E) OLD*	FY25 (E)	FY26 (E) OLD*	FY26 (E)
<b>Revenue</b>	<b>434.2</b>	<b>547.8</b>	<b>547.7</b>	<b>600.5</b>	<b>614.2</b>	<b>658.2</b>	<b>683.3</b>
<i>yoy</i>	31.9%	9.7%	198.2%	9.6%	41.5%	9.6%	11.3%
Procurement costs	(413.5)	(519.9)	(517.2)	(568.7)	(577.9)	(622.0)	(640.1)
<i>% on Revenue Riba</i>	95.2%	94.9%	94.4%	94.7%	94.1%	94.5%	93.7%
<b>Gross Profit</b>	<b>20.7</b>	<b>28.0</b>	<b>30.5</b>	<b>31.8</b>	<b>36.3</b>	<b>36.2</b>	<b>43.3</b>
<i>Gross margin</i>	4.8%	5.1%	5.6%	5.3%	5.9%	5.5%	6.3%
Cost of services and other operating expenses	(9.4)	(10.5)	(12.3)	(11.5)	(13.6)	(12.6)	(15.0)
<i>% on Revenue</i>	2.2%	1.9%	2.3%	1.9%	2.2%	1.9%	2.2%
Labour cost	(3.3)	(3.4)	(5.6)	(3.7)	(6.4)	(4.0)	(7.0)
<i>% on revenue</i>	0.8%	0.6%	1.0%	0.6%	1.0%	0.6%	1.0%
Comprehensive operating costs	(426.2)	(533.8)	(535.2)	(583.9)	(597.8)	(638.7)	(662.1)
<i>% on Revenue</i>	98.2%	97.4%	97.7%	97.2%	97.3%	97.0%	96.9%
<b>EBITDA</b>	<b>8.0</b>	<b>14.0</b>	<b>12.6</b>	<b>16.6</b>	<b>16.3</b>	<b>19.6</b>	<b>21.2</b>
<i>EBITDA margin</i>	1.8%	2.6%	2.3%	2.8%	2.7%	3.0%	3.1%
<b>Adj. EBITDA</b>	<b>9.2</b>	<b>14.0</b>	<b>12.6</b>	<b>16.6</b>	<b>16.3</b>	<b>19.6</b>	<b>21.2</b>
<i>Adj. EBITDA margin</i>	2.1%	2.6%	2.3%	2.8%	2.7%	3.0%	3.1%
D&A	(1.0)	(1.3)	(2.3)	(1.5)	(2.2)	(1.7)	(2.0)
<i>% on Revenue</i>	0.2%	0.2%	0.4%	0.3%	0.4%	0.3%	0.3%
<b>EBIT</b>	<b>7.0</b>	<b>12.8</b>	<b>10.3</b>	<b>15.1</b>	<b>14.2</b>	<b>17.9</b>	<b>19.2</b>
<i>EBIT margin</i>	1.6%	2.3%	1.9%	2.5%	2.3%	2.7%	2.8%
Financial income and expenses	(5.7)	(2.4)	(2.0)	(1.2)	(1.5)	(0.5)	(1.5)
<i>% on Revenue</i>	1.3%	0.4%	0.4%	0.2%	0.3%	0.1%	0.2%
<b>EBT</b>	<b>1.3</b>	<b>10.4</b>	<b>8.2</b>	<b>13.8</b>	<b>12.6</b>	<b>17.4</b>	<b>17.7</b>
<i>Pretax margin</i>	0.3%	1.9%	1.5%	2.3%	2.1%	2.6%	2.6%
Taxes	(0.6)	(2.8)	(2.9)	(3.8)	(4.5)	(4.7)	(6.3)
<i>Tax Rate</i>	44.1%	27.1%	35.6%	27.1%	35.6%	27.1%	35.6%
<b>Net Income</b>	<b>0.7</b>	<b>7.6</b>	<b>5.3</b>	<b>10.1</b>	<b>8.1</b>	<b>12.7</b>	<b>11.4</b>
<i>Margin</i>	0.2%	1.4%	1.0%	1.7%	1.3%	1.9%	1.7%

Source: Banca Profilo elaborations and estimates on Company data

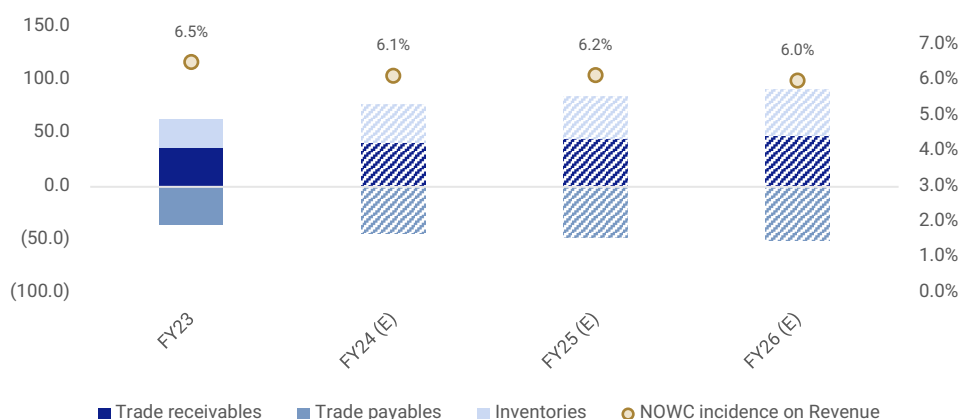
Note: \*without ePRICE IT

**NOWC to grow in line with projected revenue growth**

In FY24 (E), we anticipate the NOWC to increase in absolute terms while maintaining stability as a percentage of turnover, averaging 6.1% over the forecasted period. Overall, we project the NOWC to grow by some €4mln on average per year, in line with our previous estimates, and to reach €41.0mln by FY26 (E).



Figure 20: Net Operating Working Capital 2023-26 (E) (€/mln)

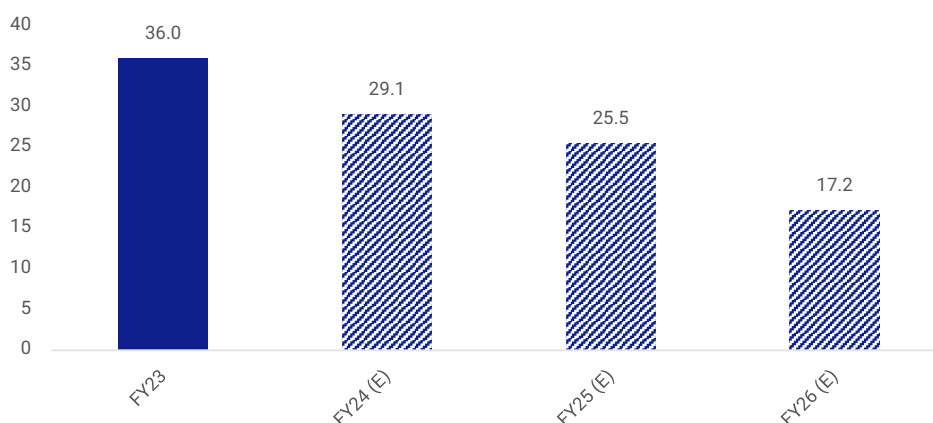


Source: Banca Profilo elaborations and estimates on Company data

Adj. Net debt at  
€29.1mln at the end  
of 2024

After the rise in Net Debt in 2023, we anticipate a decline in the coming years, driven by cash generation from operations. Consequently, by the end of 2024, we project the Net Debt to decrease to €29.1mln from the current €36mln and to reach €17.2mln by the end of 2026.

Figure 21: Net Debt (Cash) 2023-26 (E) (€/mln)



Source: Banca Profilo elaborations and estimates on Company data

Figure 22: Balance Sheet 2023-26 (E) (€/mln)

Balance Sheet (€/mln)								
	FY23	FY24 (E) OLD*	FY24 (E)	FY25 (E) OLD*	FY25 (E)	FY26 (E) OLD*	FY26 (E)	
Intangible assets	3.8	5.1	11.3	5.2	10.5	4.8	9.7	
Right of use	1.0	0.8	0.8	0.6	0.6	0.6	0.5	
Tangible fixed assets	0.8	0.7	1.7	0.6	1.8	0.6	1.7	
Financial assets	1.5	3.0	0.1	2.4	0.1	2.6	0.1	
<b>Fixed Assets</b>	<b>7.1</b>	<b>9.5</b>	<b>14.0</b>	<b>8.9</b>	<b>13.0</b>	<b>8.5</b>	<b>12.0</b>	
Inventories	27.0	38.8	35.5	42.6	39.9	46.7	43.1	
% on Revenue	6.2%	7.1%	6.5%	7.1%	6.5%	7.1%	6.3%	
Trade receivables	36.4	36.2	42.0	40.5	45.4	44.4	48.7	
% on Revenue	8.4%	6.6%	7.7%	6.7%	7.4%	6.7%	7.1%	
Trade payables	(35.1)	(48.9)	(44.0)	(54.3)	(47.5)	(59.4)	(50.8)	
% on COGS w/o labour cost	8.3%	9.2%	8.3%	9.4%	8.0%	9.4%	7.8%	
<b>Net Operating Working Capital</b>	<b>28.3</b>	<b>26.1</b>	<b>33.6</b>	<b>28.8</b>	<b>37.8</b>	<b>31.7</b>	<b>41.0</b>	
% on Revenue	6.5%	4.8%	6.1%	4.8%	6.2%	4.8%	6.0%	

Other current assets	21.9	7.2	17.9	6.2	17.8	5.3	18.0
Other current liabilities	(1.4)	(3.6)	(2.7)	(3.9)	(3.0)	(4.2)	(3.5)
<b>Net Working Capital</b>	<b>48.8</b>	<b>29.7</b>	<b>48.8</b>	<b>31.0</b>	<b>52.6</b>	<b>32.8</b>	<b>55.6</b>
<i>% on Revenue</i>	<i>11.2%</i>	<i>5.4%</i>	<i>8.9%</i>	<i>5.2%</i>	<i>8.6%</i>	<i>5.0%</i>	<i>8.1%</i>
Non-current assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	(0.8)	(1.0)	(0.8)	(1.0)	(0.8)	(1.0)	(0.8)
<b>Net Invested Capital</b>	<b>55.1</b>	<b>38.2</b>	<b>62.1</b>	<b>28.9</b>	<b>64.8</b>	<b>40.3</b>	<b>66.9</b>
<b>CapEx</b>	<b>3.3</b>	<b>2.0</b>	<b>1.7</b>	<b>1.5</b>	<b>1.2</b>	<b>1.1</b>	<b>1.1</b>
<i>% on Revenue</i>	<i>0.8%</i>	<i>0.4%</i>	<i>0.3%</i>	<i>0.2%</i>	<i>0.2%</i>	<i>0.2%</i>	<i>0.2%</i>
Intangible	2.7	1.9	1.3	1.4	0.9	1.0	0.8
Tangible	0.7	0.1	0.3	0.1	0.2	0.1	0.2
Share capital	2.3	2.3	11.7	2.3	11.7	2.3	11.7
Reserves and retained earnings	10.7	15.7	11.4	23.3	16.7	33.4	24.6
Group Net Income	0.7	7.6	5.3	10.1	7.9	12.7	11.1
Financial assets at fair value through equity	0.02	0.0	0.0	0.0	0.0	0.0	0.0
<b>Shareholders' equity</b>	<b>13.7</b>	<b>25.6</b>	<b>28.4</b>	<b>35.7</b>	<b>36.3</b>	<b>48.4</b>	<b>47.4</b>
<b>Net Financial Position (Cash)</b>	<b>41.4</b>	<b>12.5</b>	<b>33.7</b>	<b>3.2</b>	<b>28.5</b>	<b>(8.1)</b>	<b>19.5</b>
<b>Adjusted Net Financial Position (Cash)</b>	<b>36.0</b>	<b>12.1</b>	<b>29.1</b>	<b>3.3</b>	<b>25.5</b>	<b>(8.1)</b>	<b>17.2</b>

Source: Banca Profilo elaborations and estimates on Company data

Note: \*without ePRICE IT

Cumulated FCFs at €21.8mIn in FY24-26 (E)

As a result, we anticipate positive FCFs from FY24 (E) onwards, reaching €11.8mIn in FY26 (E). Cumulative FCFs for the period 2023-26 (E) are projected at €21.8mIn, slightly below our previous estimate of €25.2mIn. This adjustment is primarily attributed to lower cumulative EBIT of €43.7mIn (compared to the prior estimate of €46.2mIn) and increased cash absorption by cumulative OWC, estimated at €12.7mIn versus the prior estimate of €8.0mIn.

Figure 23: Free Cash Flows 2023-26 (E) (€/mIn)

		Free Cash Flow (€/mIn)						
		FY23	FY24 (E) OLD*	FY24 (E)	FY25 (E) OLD*	FY25 (E)	FY26 (E) OLD*	FY26 (E)
EBIT		7.0	12.8	10.3	15.1	14.2	18.4	19.2
	<i>Tax rate</i>	<i>44.1%</i>	<i>27.1%</i>	<i>26.9%</i>	<i>27.1%</i>	<i>26.9%</i>	<i>27.1%</i>	<i>26.9%</i>
<b>NOPAT</b>		<b>3.9</b>	<b>9.3</b>	<b>7.5</b>	<b>11.0</b>	<b>10.4</b>	<b>13.4</b>	<b>14.1</b>
D&A		1.0	1.3	2.3	1.5	2.2	1.3	2.0
Changes in Funds		(0.0)	0.0	0.1	0.0	0.0	0.0	0.0
Changes in NOWC		(12.7)	(2.4)	(5.3)	(2.7)	(4.2)	(3.0)	(3.2)
CapEx		(3.3)	(2.0)	(1.7)	(1.5)	(1.2)	(1.1)	(1.1)
<b>Free Cash Flow</b>		<b>(11.1)</b>	<b>6.2</b>	<b>2.9</b>	<b>8.4</b>	<b>7.1</b>	<b>10.7</b>	<b>11.8</b>

Source: Banca Profilo elaborations and estimates on Company data

Note: \*without ePRICE IT

## Key Risks

	TYPE OF RISK	DESCRIPTION
EXTERNAL CONTEXT	<i>Hacker attack:</i> - low likelihood - high impact	Risk of hacker attacks on MarVin platform causing the loss and/or dissemination of all data collected on customers and suppliers.
	<i>Obsolescence:</i> - medium likelihood - medium impact	High level of technological innovation in the Consumer Electronics industry. Risk of having an obsolete warehouse with an increase in turnover days.
	<i>Cycle demand:</i> -medium-low likelihood -medium impact	Potential risk of contraction in demand deriving from a reduction in the activity of the main customers or from potential exogenous events that could negatively impact the business.
	<i>Theft of product in stock:</i> - medium likelihood -medium-low impact	Riba Mundo' warehouse may be subject to attempts by unauthorised person to steal products. The occurrence of such risks would have an adverse effect on the Riba Mundo results, even if the Company is insured against theft.
BUSINESS & STRATEGY EXECUTION	<i>Low marginality:</i> - medium likelihood - high impact	High revenues but risk of low margins; the Company has so far defended it, striking a balance between marginality and top line growth.
	<i>Personnel:</i> - low likelihood - medium impact	Management and key people retention, especially the management who thanks to their consolidated experience in the sector or within the scope of their specific responsibilities and competencies, contribute significantly to the development of the Company activities.
	<i>Rapid growth management:</i> - medium-low likelihood - medium-low impact	The prospect of high growth will entail an increase in technology and human capital investments compared to the current organisational structure. Should the actual growth in the coming years turn out to be lower than budgeted, Riba Mundo's ability to repay the investments in the organisational structure could be impaired, with consequent negative effects on its growth prospects as well as on its results.
	<i>Customer concentration:</i> - low likelihood - high impact	The Consumer Electronic market in which Riba Mundo operates is very competitive and there is a high possibility for customers to replace the operator. The occurrence of such risks would have a detrimental effect on the Company results.

**Table 3: Risk matrix**

<b>Impact</b>	Very high					
	High	Hacker attack; customer concentration		Low marginality		
	Medium	Personnel	Cycle demand	Obsolescence		
	Medium-Low		Rapid growth management	Theft of product in stock		
	Low					
<b>Potential impact on the business VS likelihood of occurrence</b>		Low	Medium-Low	Medium	High	Very high
		<b>Likelihood</b>				

*Source: Banca Profilo elaborations on Company data*

## Valuation

### DCF method and market multiples

Given Riba Mundo's potential cash generating business model, a DCF method well adapts as a valuation approach. In addition, we have curated a selection of international listed companies, referred to as peers, aligning with Riba Mundo's profile. This allows us to establish an appropriate sample for relative valuation using market multiples.

### DCF valuation

#### €21.8mln of cumulated FCFs in 2024-26 (E) and Terminal Value at €7.3mln

To run a DCF model, we used our projections of FCFs for the 2024-26 (E) explicit period: €21.8mln of cumulated FCFs (vs previous €25.2mln). We would consider the 2024-26 (E) average FCF of €7.3mln as the Terminal Value cash flow (vs previous €5.7mln).

#### 8.2% WACC

We would use an 8.2% WACC (vs previous 8.0%) derived from:

- a risk-free rate at 4.4%, (vs previous 5.1%) as implicitly expected by consensus on the 30Y Italian BTP yield curve (moving average of the last 100 days);
- a market risk premium equal to 5.5%;
- a levered beta of 1.2 coming from the average of chosen listed peers (vs previous 1.0);
- a target Debt-to-Equity (D/E) ratio of 1;
- a perpetual growth rate of 2%.

Table 4: WACC calculation

WACC Calculation	
Perpetual growth rate	2.0%
<b>WACC</b>	<b>8.2%</b>
Risk free rate (30Y)	4.4%
Equity risk premium	5.5%
Beta	1.2
<b>KE</b>	<b>11%</b>
Cost of debt	7.6%
Tax rate	26.9%
<b>KD</b>	<b>5.5%</b>

Table 5: DCF Valuation

DCF Valuation (€/mln)					
	FY23	FY24 (E)	FY25 (E)	FY26 (E)	Over
<b>Free Cash Flow</b>	<b>(11.1)</b>	<b>2.9</b>	<b>7.1</b>	<b>11.8</b>	<b>7.3</b>
Years		1	2	3	
Discount factor		0.92	0.85	0.79	
NPV Free Cash Flows		2.7	6.1	9.3	
Sum of NPVs					18.1
Terminal Value					116.4
NPV Terminal Value					91.8
<b>Enterprise Value</b>					<b>109.9</b>
Net Debt as of end 2023					36.0
<b>Equity Value</b>					<b>73.9</b>
Number of shares (mln)					2.3
<b>Per share value (€)</b>					<b>32.1</b>
Current price (€)					16.0

Source: Banca Profilo elaborations and estimates on Company data

#### DCF valuation: €32.1/share

The DCF method leads us to an Enterprise Value of €109.9mln (vs previous €87.7mln) and to an Equity Value of €73.9mln (vs previous €71.1mln) showing a fair value of €32.1/share (vs previous €30.9/share).

### Riba Mundo competitive arena

#### A sample of seven listed companies

Riba Mundo faces competition from non-listed companies such as Yukatel, TelePart, Globomatik, Datamatic, Ingram Micro and Computer Gross. Nevertheless, there are cases where Riba Mundo might operate in conjunction with some competitors that do not have a specific capability.

We selected seven listed traditional B2B Consumer Electronics distributors: Esprinet, Also Holding, DistIT, Arrow Electronics, TD Synnex Corporation, PC Connection and Sesa. None of these companies has a software as sophisticated as MarVin, the data management

application that Riba Mundo created for best-in value and time Consumer Electronics trading worldwide. On the other hand, these listed selected companies can rely on strong relationships with big Consumer Electronics suppliers.

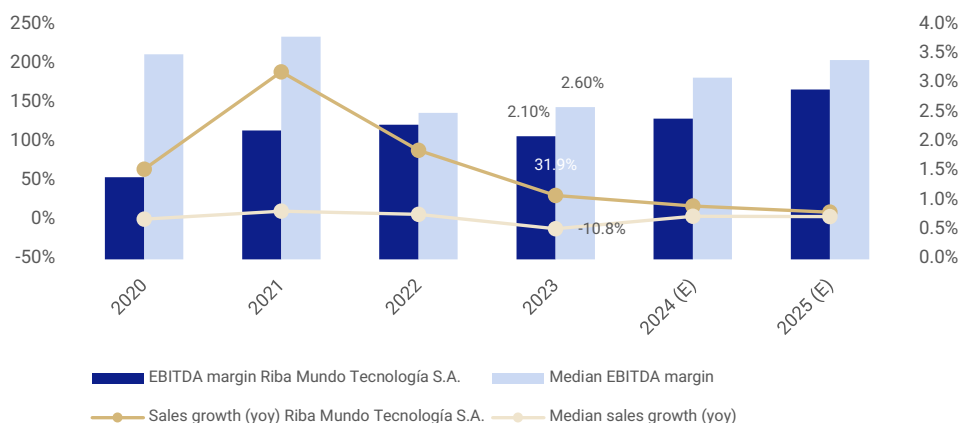
<p><b>Esprinet (IT):</b>  <b>FY23 sales €4.0bn;</b>  <b>EBITDA margin 0.9%</b></p>	<p>Esprinet is an Italian company specialized in the wholesale distribution of information technology, consumer electronics, and solutions to resellers, VARs, system integrators, specialized stores, retailers, and ecommerce portals. The Company also offers traditional wholesale sales services, logistics and financial services through consumption-based sales model. It serves customers in Italy, Spain, and Portugal. The Company was founded in 2000 and is headquartered in Vimercate, Italy.</p>
<p><b>ALSO Holding (CH)</b>  <b>FY23 sales</b>  <b>CHF9.7bn; EBITDA</b>  <b>margin 2.6%</b></p>	<p>ALSO Holding is a B2B distributor of personal computers (hardware and software) and consumer electronics. The Company operates in Central and Northern/Eastern Europe. It was founded in 1984 and is based in Emmen, Switzerland.</p>
<p><b>DistIT (SE)</b>  <b>FY23 sales SEK2.1bn;</b>  <b>EBITDA margin -1.2%</b></p>	<p>DistIT distributes electronic products including web camera's, modems, USB connectors, docking stations, computer power supplies, HDMI cables, servers and home electronics. The Company was founded in 1968 and is headquartered in Alvsjo, Sweden.</p>
<p><b>Arrow Electronics (US):</b>  <b>FY23 sales €33.1bn;</b>  <b>EBITDA margin 5.3%</b></p>	<p>Arrow Electronics is a global distributor of electronic components and computing solutions. It sells semiconductors, passive components, interconnect products, computing and memory and computer peripherals to more than 220,000 equipment and contract manufacturers and resellers. The Company, which generates about 70% of revenue outside the US, serves about 210,000 customers over 90 countries. The Company was founded in 1946 in New York.</p>
<p><b>TD SYNEX (US):</b>  <b>FY23 sales \$57.2bn;</b>  <b>EBITDA margin 2.6%</b></p>	<p>TD SYNEX is a leading global provider of IT hardware, software, and systems including personal computing devices and peripherals, mobile phones and accessories, printers, server and datacentre infrastructure, hybrid cloud, security, networking, communications and storage solutions and system components. SYNEX operates in the Americas, Europe and Asia-Pacific and generates about 65% of its revenues in the US. In 2021, SYNEX and Tech Data completed a merger and became TD SYNEX, a leading global distributor and solutions aggregator for the IT ecosystem. The Company was founded in 1980 and is headquartered in Fremont, California.</p>
<p><b>PC Connection (US):</b>  <b>FY23 sales \$2.9bn;</b>  <b>EBITDA margin 4.4%</b></p>	<p>PC Connection is a wholesaler of personal computers and related peripherals, software, accessories, and networking products. It offers more than 460,000 items from manufacturers such as Apple, Cisco Systems, and Microsoft as well as a range of IT services. Through its websites, catalogues, and direct sales force, Connection targets mainly small and mid-sized businesses, large corporations, government agencies and educational institutions. The Company was founded in 1982 and is headquartered in Merrimack, New Hampshire.</p>
<p><b>SeSa (IT):</b>  <b>FY23 sales €3.1bn;</b>  <b>EBITDA margin 7.8%</b></p>	<p>Sesa is the holding of the Group active throughout Italy and some foreign countries including Germany, Switzerland, Austria, France, Spain, Romania and China that constitutes the reference operator in Italy in the sector of technological innovation and IT and digital services for the business segment. We choose this Company because Sesa holds 100% of Computer Gross, a major company within the Group with 2023 revenues amounted approximately to €1.9bn compared to €3.1bn of Sesa revenues. As a market-leading value-added distributor, Computer Gross stands out in the ICT landscape for its comprehensive range of technology solutions from leading vendors including device and printing, business applications, video surveillance and more.</p>

## Key peers' financials

### Riba Mundo's sales growth superiority

An analysis of the key financial indicators of Riba Mundo's selected peers revealed its sustained superiority in terms of growth, confirmed also in 2023 with a 31.9% yoy increase in turnover, contrasting sharply with the median peer decline of -10.8%. While this dominance is expected to diminish over time, Riba Mundo's growth trajectory is anticipated to continue outpacing peers in the near future. In contrast, the Company consistently records margins below the peer median, trend confirmed in 2023 as well with an EBITDA margin of 2.1% compared to the peer median of 2.6%. We foresee this margin gap persisting in the coming years, yet with Riba Mundo gradually closing in on its competitors.

**Table 6: Riba Mundo and Peers Sales Growth and EBITDA margin evolution (%)**



Source: Banca Profilo elaborations and estimates

## Market multiples

### EV/Sales the multiple to be used

To assess a relative valuation of Riba Mundo through the market multiples relative approach, we selected a sample of listed national and international companies specialized in B2B Consumer Electronics distribution. Riba Mundo competitive advantage compared to these operators is its MarVin Real Time Database to assess the best-in-value and time B2B trade.

We used a blend of FY24 (E) EV/Sales multiple since EBITDA remains very modest in this Industry. Our selected sample comprises: Esprinet, Also Holding, DistIT, Arrow Electronics, TD SYNEX Corporation, PC Connection and SeSa.

**Table 7: Market multiples**

Comparables	EV / Sales	
	19/04/2024	FY24 (E)
Esprinet S.p.A.		0.1x
ALSO Holding AG		0.2x
DistIT AB		0.2x
Arrow Electronics, Inc.		0.4x
TD SYNEX Corporation		0.2x
PC Connection, Inc.		0.5x
SeSa S.p.A.		0.5x
<b>Median</b>		<b>0.2x</b>
<b>Riba Mundo Tecnología S.A.</b>		<b>0.1x</b>

Source: Banca Profilo elaborations and estimates on Company data (as of April 19, 2024)

### Median EV/Sales FY24 (E) at 0.2x

To compute valuation through market multiples, we use the median FY24 EV/Sales at 0.2x (as of April 19, 2024).

**Table 8: Relative valuation**

Valuation on EV/Sales market multiples (€/mln)	
	FY24 (E)
<b>EV/Sales</b>	<b>0.2x</b>
Sales	513.4
<b>Enterprise Value</b>	<b>126.5</b>
Net Debt as of end 2023	36.0
<b>Total Equity</b>	<b>90.6</b>
Number of shares (mln)	2.3
<b>Price per share (€)</b>	<b>39.4</b>
Current price (€)	16.0

**Market multiples valuation:**  
**€39.4/share**

The relative method leads us to an Enterprise Value of €126.5mln and to an Equity Value of €90.6mln or €39.4/share (vs previous €40.7/share).

**BUY with 12-month price target at €35.8 (unchanged)**

We took the simple average of the DCF and multiple valuation and ended up with a TP of €35.8/share (unchanged). Given the significant potential upside on Riba Mundo closing price (as of April 19, 2024), we set a BUY recommendation.



## Appendix

### Riba Mundo: a Big Data Company in Consumer Electronics

Riba Mundo Tecnología has radically changed B2B global commerce

Riba Mundo launched its proprietary Big Data software, MarVin, to radically change the Business-to-Business (B2B) global commerce, mainly in Consumer Electronics. Riba Mundo trades Consumer Electronics among retailers and resellers, using Marvin database as the sole software.

#### Company's evolution

An Innovative SME with a B2B model in Consumer Electronics trading

Riba Mundo is a Tech Company established in 2018 operating as a B2B trader of Consumer Electronics.

2020 pivotal change: the MarVin software was created

Riba Mundo business model follows the pivotal change made in 2020, when the MarVin software was created. The software was designed to meet the needs of its business model and it was registered with a copyright by Riba Mundo. In the following years, the Company continued its organic growth through the launch of a Global B2B E-commerce platform. Moreover, Riba Mundo strengthened its logistics through the purchase of 5,000 sqm warehouse and diversified its offering adding new product categories. In 2022, just four years after its establishment, the Company reached a milestone turnover of €329mIn and bought, together with Portobello SpA (50% stake each), E-price assets.

Ownership in ePRICE climbs to 67% in March 2024

Riba Mundo acquired 50% of share capital of PB Online for a total amount of €2.65mIn (the average market capitalization of E-price in that period - between the announcement and the acquisition - was €6.1mIn).

The offer of the "marketplace" business unit relates to eprice.it portal and consists of the following assets:

- ePrice brand and eprice.it domain;
- the goodwill, understood as the intangible value of ePrice market positioning, brand and commercial reputation, suppliers and customers networks;
- capital goods and hardware needed to ensure business continuity;
- the database including i) customers' personal data; ii) marketplace sellers' personal data; iii) users (i.e. web visitors) data;
- contracts and all authorizations related to the functioning of the business unit;
- 25% equity interest in the Dutch company International Marketing Network, which is a JV founded with 3 other operators to develop an international marketplace between Italy, France, Germany and Romania;
- 25 employees needed to ensure business continuity.

In March 2024, Riba Mundo increased its ownership in the subsidiary, now rebranded as ePRICE IT S.r.l., to 67%. This increase was achieved by subscribing to €3.7mIn of the €4.1mIn raised in a capital increase, while Portobello subscribed to the remaining portion, reducing its stake to 33%.

#### Group structure

IPO completed in July 2023 and raising ~€5.3mIn

The Company was listed on the Euronext Growth segment of the Milan Stock Exchange on 28th July 2023. The IPO was carried out through a capital increase. Riba Mundo issued 268k new shares raising ~€5.3mIn. The share capital is made of 2.3mIn shares. Moreover, the greenshoe option exercise concerned 11,200 ordinary shares held by main shareholder Marco

Dezi, which were subscribed at 19.70€/per share (equal to the IPO price), for a total amount of €220,640.

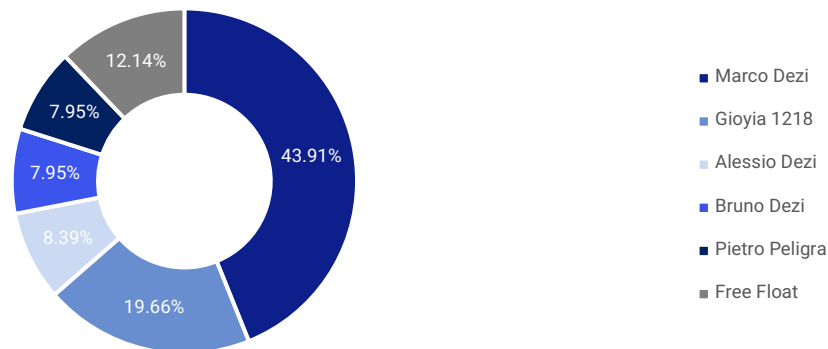
**18-month lock-up**

Pre-money shareholders have a 18-month lock-up period.

**Marco Dezi is CEO and main shareholder with 43.91%; free float is 12.14%**

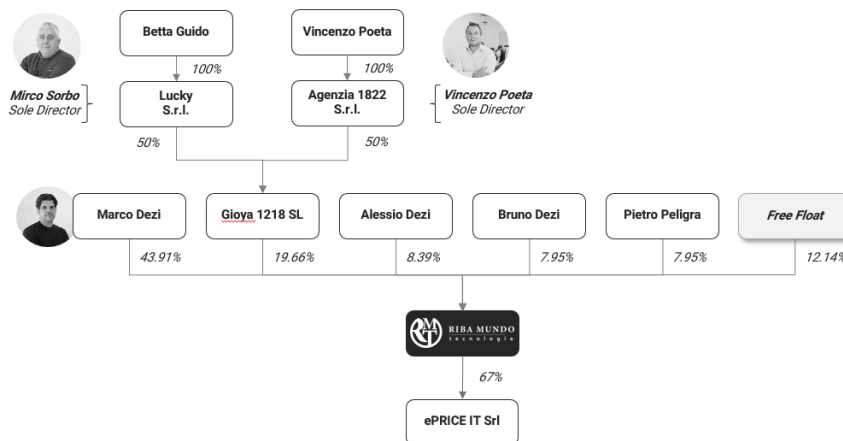
Marco Dezi, CEO of the Company, owns 43.91%, whereas Vincenzo Poeta and Mirco Sorbo, Buyer Director and Sales Director respectively, own 19.66% through Gioya 1218 SL. The remaining stake is owned by Alessio Dezi (8.39%), Bruno Dezi (7.95%) and Pietro Peligra (7.95%). Free float is 12.14%. Moreover, Riba Mundo owns 67% of ePRICE IT S.r.l.

**Figure 24: Shareholders post IPO**



Source: Banca Profilo elaborations on Company data

**Figure 25: Group Structure post IPO**



Source: Banca Profilo elaborations on Company data

**Headquarter in Valencia, a strategic hub in Europe**

The Company’s headquarter is in Valencia (Spain), a strategic choice at 12km only distance from Valencia International Airport and the City itself is considered as a strategic logistics hub in Europe.

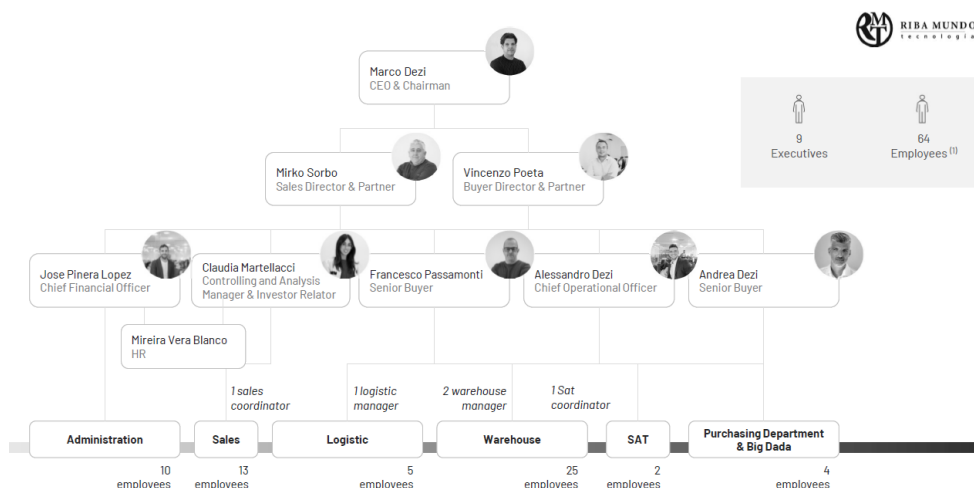
**Riba Mundo traded in over 45 countries in 2022**

In 2022, Riba Mundo sold in more than 45 countries, of which 16% in Spain, 66% in Europe and the remaining in Extra European countries. The top 5 countries in terms of 2022 revenues were Italy (20%), Spain (16%), UAE (12%), Austria (6%) and Germany (6%). In addition, key perspective countries include United Kingdom, the United States and the United Arab Emirates.

**The Group employees 73 people including 9 executives**

As of August 2023, the Group employed 73 people (from 63 peoples as of March 2023) including 9 executives. The warehouse is the largest department with 25 employees (from 21 employees as of March 2023).

Figure 26: Riba Mundo's Organizational chart and workforce



Source: Banca Profilo elaborations on Company data

**Marco Dezi: CEO & Partner**

Marco Dezi, main shareholder and CEO of Riba Mundo, graduated in Business & Economics in Rome, took an MBA in Milan and mastered in Marketing at the Business School Sole 24 Ore. He set up his first business (sold in 2004) focused on the importation and assembling of LCD and Plasma TVs.

**Mirco Sorbo: Sales Director**

Mirco Sorbo is Riba Mundo Sales Director. He holds 25 years of experience in phones and tablets trading.

**Vincenzo Poeta: Buyer Director**

Vincenzo Poeta is Riba Mundo Buyer Director. He has been working as a buyer in Consumer Electronics since 2010. He coordinates the in-depth analysis of end-markets, looking for most appealing products categories and best purchasing prices for each brand.

**Jose Pinera Lopez: Secretary and CFO**

Jose Pinera Lopez is Riba Mundo Secretary and CFO. He graduated in Business Administration at Catolica University in San Antonio de Murcia; he then took an MBA at the Luiss Business School in Rome and, finally, an Executive MBA at ENAE Business School in Murcia. Mr. Lopez has been working in the Food Industry for more than 15 years; he successfully completed the sale of the company where he had previously worked as CEO.

**Product Offering and Key Brands**

**Broad and diversified product portfolio including 14 main categories**

Riba Mundo has a broad and diversified product portfolio, including smartphones, computing, gaming, smartwatches, speakers, headphones, office supplies, home and ecosystem products, household appliances, personal technologies, photo and video devices, tablets, toys and TV & Accessories.

**Over 130 brands and 5,000 SKUs in 14 categories**

Riba Mundo offering is made of more than 5,000 references (stock keeping units, "SKUs") and over 130 brands in 14 different Consumer Electronics categories. The Company's aim is to progressively expand its products range, leveraging on MarVin capacity to Big Data analysis and spotting the most prospectively requested SKUs. The Group's SKUs rose from 775 in 2020 to 5,141 in 2022.

**Business Model and Value Chain**

**Data-driven layer in global B2B Consumer Electronics commerce**

Riba Mundo business model has its roots in its proprietary MarVin software. The Group operates worldwide buying products at the lowest price from global suppliers and reselling it to global customers, i.e. retailers and resellers.

**MarVin technology at the core of the business**

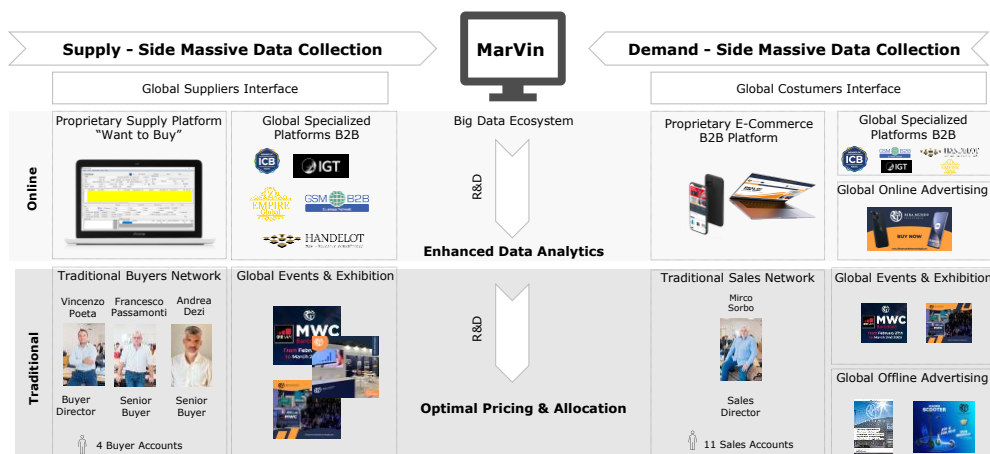
MarVin was created in 2020 and it relies on a fully centralized Big Data ecosystem, which integrated automated business processes from warehouse management to customer orders analysis and optimal pricing & allocation. In details, using MarVin, the Group can benefit from:

- Global big data analytics, which gives real-time visibility on the existing stock and on the demand-supply pricing dynamics worldwide;
- Decision-making on data analytics which spots real time buying and selling opportunities worldwide;
- Optimal pricing & allocation in any market trends;
- Data-driven market forecast through data empowered algorithmics for forecasting pricing and stock evolution;
- Accelerated inventory rotation based on data driven stock optimization;
- Efficient inventory management through MarVin-linked inbound and outbound flows of goods accelerating pick-ups;
- Transport costs minimization thanks to international courier costs monitoring for shipping processes optimization;
- Business process automation to minimize Sales Accounts discretion.

**MarVin supply and demand cross analysis**

MarVin is integrated both on demand and supply side. On one hand, MarVin works out the quantities that are needed for an optimal stock and the right target price. Therefore, both in online (Proprietary Supply Platform “Want to Buy” and Global Specialized Platforms B2B) and traditional form (traditional buyer network and global events and exhibition), Riba Mundo procures its resources from suppliers. On the other hand, the Group uses MarVin algorithm to sell its products at the optimal price both online (proprietary E-Commerce B2B platform, global specialized platforms B2B and online advertising) and on traditional channels (traditional sales network, global events and exhibition or global offline advertising).

**Figure 27: Riba Mundo supply and demand cross analysis**



Source: Banca Profilo elaborations on Company data

## Supply Side Channel

### Combining online and traditional procurement channels

Riba Mundo uses few channels for procurement:

- Its proprietary Supply Platform, named “Want to Buy” which indicates the optimal quantity and type of electronic item to purchase;
- Its membership to Global Specialized B2B Platforms, including ICB, Igt, Z-empire, Handelot and Gsm;
- Traditional networks of four experienced buyers, including Vincenzo Poeta, Mirco Sorbo and Andrea Dezi who negotiate significant size orders;
- Participation to specific events and exhibitions focused on consumer electronics to expand its supplier network on a global scale.

### The proprietary supply platform “Want to Buy”

Thanks to its proprietary platform “Want to Buy”, which is integrated in MarVin, Riba Mundo can quickly identify both the type and the optimal quantity of electronic products to purchase. MarVin can compare global prices in real-time, not only through the identification of the arithmetic average of the sales prices charged but also through the calculation of the “potential” average, re-measured according to a propriety algorithm.

Thanks to its ability to import, standardise and reprocess data, MarVin can return a complete information to set the best procurement in terms of both quantity and price and thus guarantee the targeted margin and minimum stock piling.

In addition, MarVin can draw up detailed reports taking into account current and future stock requirements and suggest a range of possible solutions to efficiently pursue the predetermined purchasing, storage and subsequent resale objectives (such as the automatic creation of orders to suppliers according to predetermined deadlines, to avoid the out-of-stock of a certain product or the reporting of products on which price reductions are necessary).

## Demand Side Channel

### On and off-line distribution channels

Riba Mundo resells to its customers through on- and off-line channels:

- Its proprietary e-Commerce B2B multilingual (7 languages) platform which leverages on around 1.4k registered users (as of March 2023). It also offers a real-time update of tailored offering in terms of price and stock;
- Global specialized B2B Platforms to reach out to new customers;
- Global online advertising, SEO and digital marketing to improve its e-Commerce positioning;
- Traditional sales network of experienced first-class senior executives and 11 Sales Accounts usually managing larger orders from tier-one customers;
- Offline advertising which typically involves leaflets and billboards in major cities;
- Global B2B Consumer Electronics events & exhibitions to expand customers’ network on a global scale.

### Retailers and Resellers

Riba Mundo’s main customers are:

- Retailers/e-Tailers which are basically B2C stores;
- Resellers that act as an intermediary between either Consumer Electronics producers or distributors and final customers.

In 2022, Riba Mundo served more than 300 resellers and more than 770 retailers. Riba Mundo aims to increase the weight of Retailers/e-Tailers on revenues to improve profitability.

“Drop Shipping” service offered mainly to E-tailers

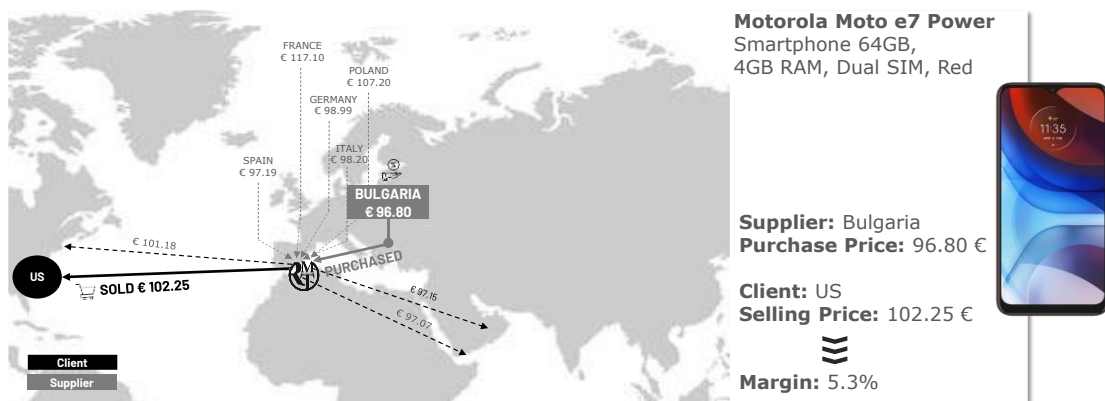
Riba Mundo has been working to increase its strategic positioning in the E-tailers market by offering a new service called “Drop Shipping” which is a form of retail business in which the E-tailers accepts customer orders without keeping stock on hand. By doing this, it eliminates the costs of maintaining warehouses – or even a storefront – purchasing and storing inventory and reduce the related personnel. Overall, Riba Mundo will take care of products shipping to end customers, thus streamlining the whole distribution process.

### Case Study and value chain operation

Case study of Riba Mundo’s value chain

By analysing a specific purchase and resale transaction of a Motorola smartphone, it is possible to gain a deeper understanding of Riba Mundo’s value chain. In this case study, the Company buys a Motorola smartphone from Bulgaria for €96.8 and resells it in the US for €102.25, gaining a 5.3% margin.

Figure 28: Riba Mundo customer base structure in 2022



Source: Banca Profilo elaborations on Company data

### Order and delivery management

Riba Mundo developed a warehouse application to manage and handle the stock

In order to optimize the logistics including in-coming, products storage and deliveries, Riba Mundo developed an application, linked and fully integrated in MarVin and running on Android and iOS systems, which is used by warehouse staff to manage the handling of goods. The application also indicates the specific position of products according to the calculated rotation, optimising the route within the warehouses. Thanks to this application, the available stock is always mapped and updated.

An efficient and well organised warehouse thanks to MarVin systems integration

The warehouse is approximately 4,500 square metres and is composed of:

- 3 separate areas: storage area, entrance area and exit area;
- 4 workstations for goods entry;
- 6 picking and check stations;
- 6 stations for final packaging;
- 4 electric forklifts for picking, including 2 electric pallet trucks for goods positioning and picking and 2 forklift trucks for loading and unloading;
- 64 pallet racks with a total capacity of approximately 1,200 pallets. There is also space for another 800 pallets outside the racks.

The warehouse is organised using MarVin algorithms, with the rationale of placing the highest-rotation products in the easiest to collect parts of the warehouse and leading the pickers to

spend as little time as possible on picking, also through the application installed on the smartphones provided to the warehouse staff.

Moreover, MarVin uses its algorithms to calculate the target duration for which each SKU should remain in stock: if the turnover index for a SKU is higher than the target calculated by MarVin, the price of the SKU is gradually increased until the stock is completely sold; conversely, if the turnover index is lower than the target, the price is gradually reduced until the stock is completely sold.

**Fast shipping within  
24 hours to European  
countries at the  
lowest real-time cost**

Thanks to agreements with major national and international couriers, Riba Mundo is able to guarantee products delivery within 24 hours to all European countries, and thanks to MarVin, to optimise transport costs through data analysis that selects, in real time, the best courier for each type of shipment. To this end, MarVin uses, among others, key elements such as actual and volumetric weight of the product, as well as the courier rates in the various destination countries.



### Riba Mundo Tecnología S.A. ID Card

Recommendation

Target Price

Upside

**BUY**

**35.8 €**

**123%**

apr, 24 2024 - 18:00

#### Company Overview

Riba Mundo is a Tech Company established in 2018 operating as a B2B trader of Consumer Electronics. The Company launched its proprietary Big Data software, MarVin, to radically change Business-to-Business (B2B) distribution, mainly in Consumer Electronics. Riba Mundo trades Consumer Electronics to retailers and resellers, using MarVin as the only software. MarVin was created in 2020 and it relies on a fully centralized Big Data ecosystem, which integrated automated business processes from warehouse management to customer orders analysis and optimal pricing & allocation. In details, using MarVin, the Group can benefit from:

- Global Big Data Analytics, which gives real-time visibility on the existing stock and on the demand-supply pricing dynamics worldwide;
- Decision-making on Data Analytics which spots real time buying and selling opportunities worldwide;
- Optimal Pricing & Allocation in any market trends;
- Data-driven Market Forecast through data empowered algorithms for forecasting pricing and stock evolution;
- Accelerated Inventory rotation based on data driven stock optimization;
- Efficient Inventory Management through MarVin-linked inbound and outbound flows of goods accelerating pick-ups;
- Transport costs minimization thanks to international courier costs monitoring for shipping processes optimization;
- Business Process Automation to minimize Sales Accounts discretion.

The Group operates worldwide buying products at the lowest price from global suppliers and reselling it to global customers, i.e. retailers and resellers. Riba Mundo Tecnología has a broad and diversified product portfolio, including smartphones, computing, gaming, smartwatches, speakers, headphones, office supplies, home and ecosystem products, household appliances, personal technologies, photo and video devices, tablets, toys and TV & Accessories. The Company's aim is to progressively expand its products range, leveraging on MarVin capacity to Big Data analysis and spotting the most prospectively requested SKUs. The Group's SKUs rose from 775 in 2020 to 5,141 in 2022.

#### SWOT Analysis

##### Strengths

- Know-how and proprietary technology through MarVin
- Wide geographical network
- Strategic positioning for fast deliveries and time to market
- Big Data disruptive business model
- Customer oriented approach
- Market positioning as a global B2B distributor

##### Weaknesses

- Low profitability
- High volumes concentration in the mobile phones segment

##### Opportunities

- B2C market expansion through ePRICE IT
- Highly scalable business
- Large addressable market
- Highly fragmented competition
- US market penetration for Consumer Electronics
- M&A opportunities
- Products range diversification, including Pharmaceuticals, White Goods and Toys

##### Threats

- Low Sector's marginality in a complex scenario
- Impressive growth to be manage
- Quick evolving technology
- Rapid products and inventory obsolescence

#### Main Catalysts

- 👉 Consumer Electronic market is expected to grow at 2.5% CAGR in 2022-27E
- 👉 Higher marginality in new categories such as personal, household and micro-mobility products
- 👉 Increasing the weight of Retailers/e-Tailers on Revenues in the next years to further improve profitability

#### Main Risks

- 👎 Risk of hacker attacks on MarVin platform
- 👎 Risk of having an obsolete warehouse with an increase in turnover days
- 👎 Low marginality





## Riba Mundo Tecnología S.A. ID Card

apr, 24 2024 - 17:00

Recommendation

BUY

Target Price

35.8 €

Upside

123%

### Main financial data

(€/mln)	FY22	FY23	FY24 (E)	FY25 (E)	FY26 (E)
<b>Revenue</b>	<b>329.1</b>	<b>434.2</b>	<b>547.7</b>	<b>614.2</b>	<b>683.3</b>
yoy	89.5%	31.9%	198.2%	41.5%	11.3%
<b>Gross Profit</b>	<b>15.3</b>	<b>20.7</b>	<b>30.5</b>	<b>36.3</b>	<b>43.3</b>
Gross margin	4.7%	4.8%	5.6%	5.9%	6.3%
<b>Adj. EBITDA</b>	<b>7.5</b>	<b>9.2</b>	<b>12.6</b>	<b>16.3</b>	<b>21.2</b>
Adj. EBITDA margin	2.3%	2.1%	2.3%	2.7%	3.1%
<b>EBIT</b>	<b>7.0</b>	<b>7.0</b>	<b>10.3</b>	<b>14.2</b>	<b>19.2</b>
EBIT margin	2.1%	1.6%	1.9%	2.3%	2.8%
<b>EBT</b>	<b>6.9</b>	<b>1.3</b>	<b>8.2</b>	<b>12.6</b>	<b>17.7</b>
Pretax margin	2.1%	0.3%	1.5%	2.1%	2.6%
<b>Net Income</b>	<b>5.0</b>	<b>0.7</b>	<b>5.3</b>	<b>8.1</b>	<b>11.4</b>
Net Profit margin	1.5%	0.2%	1.0%	1.3%	1.7%
<b>Adj. Net Financial Position (Cash)</b>	<b>17.1</b>	<b>36.0</b>	<b>29.1</b>	<b>25.5</b>	<b>17.2</b>
Shareholders' equity	7.4	13.7	28.4	36.3	47.4
Net Operating Working Capital	15.6	28.3	33.6	37.8	41.0
CapEx	2.0	3.3	1.7	1.2	1.1
<b>Free Cash Flow</b>	<b>(1.4)</b>	<b>(11.1)</b>	<b>2.9</b>	<b>7.1</b>	<b>11.8</b>

### Activity ratios

	FY22	FY23	FY24 (E)	FY25 (E)	FY26 (E)
Days of inventory On Hand (DOH)	26	23	24	24	23
Days of Sales Outstanding (DSO)	24	31	28	27	26
Number of days of payables	33	30	30	29	28
Fixed Assets Turnover ratio (FAT)	38.4	61.5	39.2	47.2	56.8

### Liquidity ratios

	FY22	FY23	FY24 (E)	FY25 (E)	FY26 (E)
Current ratio	1.3	1.7	2.6	2.6	2.7
Cash conversion cycle	16	23	21	21	21

### Solvency ratios

	FY22	FY23	FY24 (E)	FY25 (E)	FY26 (E)
Net Debt (Cash)-to-Equity	2.3x	2.6x	1.0x	0.7x	0.4x
Net Debt (Cash)-to-EBITDA	2.3x	4.5x	2.3x	1.6x	0.8x
Interest Coverage ratio	37.5x	1.2x	5.0x	9.2x	12.5x

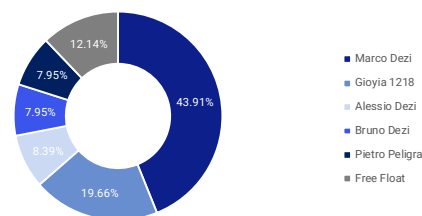
### Profitability ratios

	FY22	FY23	FY24 (E)	FY25 (E)	FY26 (E)
Return On Invested Capital (ROIC)	21.8%	7.1%	12.1%	16.0%	21.0%
Return On Capital Employed (ROCE)	5.0%	3.4%	5.7%	7.2%	8.9%

### Company Description

Company Sector	Consumer Electronic Wholesalers
Price (as of April 19, 2024)	16.0
Number of shares (mln)	2.3
Market Cap (€/mln)	36.8
Reference Index	FTSE Italia Small Cap
Main Shareholders	Marco Dezi, Mirco Sorbo, Vincenzo Poeta
Daily Average Volumes	349
Sample of comparables	Esprinet (IT), Also Holding (CH), DistIT (SE), Arrow Electronics (US), TD Synnex Corporation (US), PC Connection (US), SeSa (IT)

### Group Structure



### Data of peers

Median	FY22	FY23	FY24 (E)	FY25 (E)
Sales growth (yoy)	7.7%	-10.8%	4.2%	4.9%
EBITDA margin	2.5%	2.6%	3.1%	4.4%

### Multiples of peers

Median	FY24 (E)	FY25 (E)
EV/EBITDA	8.1x	6.8x

Source: Bloomberg, Facset, Banca Profilo estimates and elaborations

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