

Facephi

Roadshow Feedback – Good Commercial Momentum and Positive Outlook for FY25. Buy Rating Reiterated and PT Raised to €2.8

Sponsored Research

Price Target: €2.8

Close Price: €2.07

Potential: +35.3%

BUY

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FY25 Preview and Current Developments:

- Marex held a Paris-based **roadshow** with Facephi on 23/01. Co reassured on current trajectory and confirmed positive outlook for FY24 and FY25.
- **Positive momentum** recently noted with an increased presence/influence in North America via a partnership signed with the Digital ID and Authentication Council of Canada (DIACC) to become a member (14/01) and the joining of the Secure Technology Alliance to strengthen digital security in the USA (20/02).
- Co also successfully partnered with IATA during 2H24 to demonstrate the feasibility of fully digital air travel (faster and paperless) using Facephi's digital ID verification technology. Facephi is also currently participating to IATA World Data Symposium in Dublin, Ireland on 26-27 February.
- No top-line impact yet but these elements underline Facephi's future areas of development and diversification potential with relevant new products (KYP, mule accounts, etc).
- Facephi set to continue expanding the ongoing **partnership strategy**, similar to what peers such as Jumio, Onfido or Veriff are doing (partnership strategies representing >50% sales of for some of those peers).
- As per discussions with management, current commercial execution and business developments are good. Marex is exp. FY24e ARR of c.€28m (vs. €27.4m 1H24, €21.8m FY23 and €12.7m FY22), TCV stands at c.€43.6m and est. revenue pipe of >€60m. Co confirmed churn rate close to 0% with very good retention and relationship with clients (similar to prior years).
- **This could drive solid FY25e Sales** which could reach >€40m (+44.2% YoY), with c.70% of this amount already covered by ARR. This is c.19.5% above our initial FY25e Sales target of €33.6m. We also exp. better FY25e EBITDA of €6.9 (vs. prior est. of €2.6m) and EBITDA margin of c.17% (vs. prior est. of 8.2%) on reduced commission costs and contained payroll costs as targeted FTEs are now hired. Hence Facephi's top-line set to grow >than Opex over the next few years. Positive FCF exp. over FY25 and net debt of €6m exp. for FY24e and €5m for FY25e (leverage ratio improving, could be debt free by FY26/27).
- **M&A:** Likely to proceed with M&A when share price rise as 1/ Co's profile will be improved and 2/ more efficient share exchange on higher share price to limit cash outflow. Targets identified by Facephi have either a solid client book or an innovative tech. As expected, management also confirmed they got approached by buyers but turned down offers as not interested in selling at the current share price (c.€50m market cap, undervalued in our take).

Key data	
Country	Spain
Subsector	Biometrics
Bloomberg	FACE-SM
Market Cap. (EURm)	46.8
Free Float (%)	64.7%
30d avg. Volume (k)	28.9

Financials				
	2022A	2023A	2024E	2025E
Sales (EURm)	22.3	25.2	28.2	40.7
Growth rate (%)	75.7%	12.9%	12.2%	44.2%
EBITDA (EURm)	4.4	0.6	0.9	6.9
Margin (%)	19.9%	2.5%	3.3%	17.0%
EBIT (EURm)	1.7	(5.4)	(4.7)	(0.9)
Margin (%)	7.8%	(21.4%)	(16.7%)	(2.2%)
Net Profits (EURm)	1.1	(4.3)	(4.3)	(1.4)
Basic EPS (EUR)	0.1	(0.2)	(0.2)	(0.1)
Net Debt (EURm)	5.7	9.0	6.0	5.0
FCF (EURm)	(7.8)	(9.0)	(4.6)	1.1
RoCE (%)	7.8%	(8.2%)	(10.2%)	(1.5%)
ND/EBITDA (x)	1.3x	14.4x	6.5x	0.7x

Valuation metrics				
	2022A	2023A	2024E	2025E
P/E (x)	13.7x	(8.1x)	(10.9x)	(33.1x)
FCF Yield (%)	(51.5%)	(25.7%)	(9.8%)	2.3%
EV/Sales (x)	0.9x	1.7x	1.7x	1.2x
EV/EBITDA (x)	4.7x	70.5x	53.0x	6.9x
EV/EBIT (x)	11.9x	(8.1x)	(10.4x)	(52.5x)

Source: Company, Marex



Source: Marex, FactSet



Exhibit 1: Change in Estimates

Δ Estimates (EURm)	2025E			2026E		
	NEW	OLD	Δ N/O	NEW	OLD	Δ N/O
Sales	40.7	33.6	21.2%	55.2	41.5	33.0%
EBITDA	6.9	2.7	151.0%	13.6	6.5	108.8%
Margin	17.0%	8.2%	877bps	24.7%	15.7%	897bps
EBIT	(0.9)	(3.8)	76.0%	3.5	(1.4)	355.3%
Margin	(2.2%)	(11.3%)	907bps	6.3%	(3.3%)	957bps
Net Income	(1.4)	(3.7)	62.2%	1.8	(2.0)	191.3%
Margin	(3.5%)	(11.1%)	766bps	3.3%	(4.7%)	800bps
Basic EPS (EUR)	(0.06)	(0.16)	66.0%	0.07	(0.09)	182.3%
FCFF	1.1	(1.2)	190.4%	2.4	2.5	(4.5%)
FCFF conversion	15.3%	(42.4%)	5761bps	17.6%	38.4%	-2084bps
Net Debt	5.0	12.2	(59.1%)	2.6	9.7	(73.2%)
Lev. Ratio	0.7x	4.4x	(3.7x)	0.2x	1.5x	(1.3x)

Source: Company, Marex

Rating & Valuation

- **Buy rating reiterated, PT increased to €2.8** (vs. prior PT of €2.1) derived from a blended DCF (75%) and FY25e EV/Sales (25%) valuation.
- Facephi' shares currently experiencing a re-rating. **Positive momentum** (+38% since stock price low of €1.50 reached in Oct-24) on positive newsflow and successful business development. However, we still believe the stock suffers from a liquidity and size discount (c.€50m market cap. with 64.7% float).
- **Risks to our rating:** 1/ Business development and commercial execution risks (inability to achieve successful diversification, access new geos and gain new customer to diversify the current concentrated client base) and 2/ tougher competitive environment against major peers (Idemia, Jumio, Onfido, Veriff, etc).



BUY

Facephi Biometria SA

FACE-SM
Price (EUR) 2.07
Market Cap. (EURm) 47
30d avg. Volume (k) 29



Ratios & Valuation	2022A	2023A	2024E	2025E	2026E	2027E	2028E
EV/Sales (x)	0.9x	1.7x	1.7x	1.2x	0.8x	0.5x	0.2x
EV/EBITDA (x)	4.7x	70.5x	53.0x	6.9x	3.3x	1.7x	0.7x
EV/EBIT (x)	11.9x	-8.1x	-10.4x	-52.5x	13.1x	4.4x	1.6x
P/E (x)	13.7x	-8.1x	-10.9x	-33.1x	26.0x	8.8x	5.5x
FCF Yield (%)	(51.5%)	(25.7%)	(9.8%)	2.3%	5.1%	24.0%	32.1%
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Leverage Ratio (x)	9.3x	(2.5x)	(1.6x)	3.0x	0.3x	(0.6x)	(1.2x)
Debt to Equity (%)	36.2%	44.0%	25.2%	22.0%	10.2%	(30.4%)	(63.4%)
Interest Cover (x)	(0.2x)	0.3x	0.2x	0.6x	(0.2x)	(0.0x)	(0.0x)
WC/Sales (%)	21.6%	9.9%	7.1%	2.3%	0.7%	(3.4%)	(4.9%)
RoE (%)	7.3%	(21.5%)	(18.5%)	(6.5%)	7.6%	18.3%	22.8%
RoCE (%)	7.8%	(8.2%)	(10.2%)	(1.5%)	9.4%	20.4%	24.7%
RoA (%)	3.4%	(9.4%)	(9.3%)	(2.9%)	3.3%	8.9%	11.7%
BV per share (EUR)	0.87	0.94	0.92	0.86	0.93	1.14	1.48
FCF per share (EUR)	(0.45)	(0.42)	(0.18)	0.04	0.09	0.44	0.59

Growth & Margins (%)	2022A	2023A	2024E	2025E	2026E	2027E	2028E
Sales growth	75.7%	12.9%	12.2%	44.2%	35.7%	27.1%	18.6%
EBITDA growth	(145.0%)	(683.5%)	9.2%	(143.2%)	380.6%	76.5%	40.5%
EBIT growth	(9.8%)	360.3%	(0.8%)	(35.5%)	(65.4%)	(186.4%)	224.5%
EPS growth	4.6%	156.1%	(10.6%)	(27.0%)	(42.8%)	(83.1%)	(451.1%)
DPS growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA margin	19.9%	2.5%	3.3%	17.0%	24.7%	28.7%	31.5%
EBIT margin	7.8%	(21.4%)	(16.7%)	(2.2%)	6.3%	11.1%	14.7%
Net margin	5.0%	(17.1%)	(15.2%)	(3.5%)	3.3%	7.6%	10.3%

Income Statement (€m)	2022A	2023A	2024E	2025E	2026E	2027E	2028E
Sales	22.3	25.2	28.2	40.7	55.2	70.2	83.2
COGS	(3.2)	(3.4)	(4.2)	(5.9)	(7.9)	(9.8)	(11.2)
Gross Profits	19.1	21.8	24.0	34.8	47.3	60.3	71.9
Opex	(14.7)	(21.2)	(23.1)	(27.9)	(33.7)	(40.2)	(45.7)
EBITDA	4.4	0.6	0.9	6.9	13.6	20.1	26.2
D&A	(2.7)	(6.0)	(5.6)	(7.8)	(10.2)	(12.3)	(14.0)
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	1.7	(5.4)	(4.7)	(0.9)	3.5	7.8	12.3
Net interest inc./(exp.)	(0.7)	(1.7)	(1.0)	(1.0)	(1.1)	(0.7)	(0.8)
Profits/(losses) from asso.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	1.0	(7.1)	(5.7)	(1.9)	2.4	7.1	11.4
Income tax	0.1	2.7	1.4	0.5	(0.6)	(1.8)	(2.9)
Other items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profits	1.1	(4.3)	(4.3)	(1.4)	1.8	5.3	8.6
Basic EPS (EUR)	0.1	(0.2)	(0.2)	(0.1)	0.1	0.2	0.3
DPS (EUR)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio (%)	0%	0%	0%	0%	0%	0%	0%
Basic NoShm	17.4	21.3	25.4	25.4	25.4	25.4	25.4

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Balance Sheet (€m)	2022A	2023A	2024E	2025E	2026E	2027E	2028E
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Intangible Assets	7.6	11.8	13.0	12.6	14.9	14.1	12.8
PPE & ROUA	1.8	2.7	3.5	4.1	4.9	5.5	6.0
Investments	0.2	0.1	0.1	0.1	0.1	0.1	0.1
NC receivables & DTA	6.8	12.0	10.9	9.3	6.1	3.3	(0.7)
Non-current assets	16.4	26.6	27.5	26.2	26.1	23.0	18.2
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade receivables	11.2	13.6	13.1	16.2	20.4	24.0	26.2
Other AR and prepaid exp.	2.3	2.6	2.7	3.3	3.8	3.8	4.6
ST investments	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Cash and cash equivalents	2.2	2.7	2.7	2.2	4.1	8.8	23.8
Current assets	15.9	19.1	18.7	21.9	28.5	36.9	54.8
Total assets	32.3	45.7	46.2	48.1	54.6	59.9	73.0
LT financial liabilities	3.8	3.0	2.1	1.5	0.1	0.1	0.1
Provisions	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Other non-current liabilities	0.4	0.2	0.2	0.2	0.2	0.2	0.2
Non-current liabilities	4.3	3.3	2.4	1.8	0.4	0.4	0.4
ST financial liabilities	4.0	8.7	6.6	5.7	6.6	6.1	0.1
Trades payable	5.2	10.8	9.7	12.8	15.9	20.2	21.6
Tax liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contract liabilities	3.2	1.5	1.7	1.9	2.1	2.2	2.6
Other current liabilities	0.3	1.4	2.6	4.0	6.0	8.1	10.8
Current liabilities	12.8	22.4	20.6	24.4	30.6	30.5	35.1
Total liabilities	17.0	25.7	23.0	26.2	30.9	30.9	35.4
SH Equity	15.2	20.0	23.3	21.9	23.7	29.0	37.6

Cash Flow Statement (€m)	2022A	2023A	2024E	2025E	2026E	2027E	2028E
Net profits	1.1	(4.3)	(4.3)	(1.4)	1.8	5.3	8.6
Net finance costs / (income)	(0.0)	0.6	0.0	0.0	0.0	0.0	0.0
Tax	(0.1)	(2.7)	1.3	1.0	1.1	1.2	1.1
D&A and non-cash	2.7	6.5	5.6	7.8	10.2	12.3	14.0
Δ WC	(6.8)	0.6	(0.6)	0.4	1.0	2.3	2.2
Other elements	(2.7)	0.2	0.0	0.0	0.0	0.0	0.0
Cash flow from operations	(5.8)	0.9	2.1	7.8	14.0	21.2	25.8
CapEx	(2.0)	(9.9)	(6.7)	(6.7)	(11.6)	(10.0)	(10.8)
(M&A) / Divestures	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing	(2.2)	(9.8)	(6.7)	(6.7)	(11.6)	(10.0)	(10.8)
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Δ Debt	3.9	1.6	(3.0)	(1.5)	(0.5)	(6.5)	0.0
Δ Equity	4.7	8.0	7.4	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Cash flow from financing	8.6	9.5	4.5	(1.5)	(0.5)	(6.5)	0.0
Effects of FX & Δ in scope	(0.1)	(0.0)	0.0	0.0	0.0	0.0	0.0
Δ cash	0.5	0.6	(0.1)	(0.4)	1.9	4.7	15.0
FCFF	(7.8)	(9.0)	(4.6)	1.1	2.4	11.2	15.0

Share Price Performance (EUR)



	YTD	3M	6M	12M
Absolute (%)	24.0%	33.5%	30.2%	4.0%
Relative to Index (%)	9.0%	18.8%	11.8%	(27.5%)

Source: Marex, FactSet



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Trading multiples method	Application of stock-market valuation multiples, or multiples observed for recent transactions. These multiples may be used as benchmarks and be applied to the company's financial aggregates to determine their valuation. The sample is prepared by the analyst based on the company's characteristics (size, growth, profitability etc.). The analyst may also apply a premium/discount based on his perception of the company's specificities
Net asset-based method (NAV)	Estimation of the value of the equity based on the revalued assets and corrected for the value of the liability
Discounted dividend method (DDM)	Discounted future value of estimated dividend flows and share buybacks. The discount rate applied is generally the cost of equity
Sum of the parts	This method consists of estimating a company's different operations by using the most appropriate valuation method for each one, then calculating the sum
Return on Capital Employed (ROCE)	Measures the efficiency of a company at deploying capital to generate profits. In practice, the ROCE is a method to ensure the strategic capital allocation by the management team of a company is supported by sufficient returns. The formula for computing ROCE is as follows: Numerator: NOPAT (EBIT + Interest Income)*(1-Tax Rate)+Goodwill Amortization Denominator: Total Assets – Current Liabilities – Cash + ST Debt + Current Leases Liabilities + Accumulated Goodwill Amortization The EV Calculation is computed as follows: (ROCE/(WACC-g))*Capital Employed
Cash Return on Capital Invested (CROCI)	Returns based analysis that measures the excess value created by a company calculated as cash return on cash invested. The formula for computing CROCI is as follows: Numerator: Debt Adjusted Cash Flow (DACF) calculated as Operating cash flow (ignoring Working Capital) plus after-tax interest and lease expense. Non-cash items and the company's financial structure have no impact, making comparisons more meaningful. Denominator: Gross Cash Invested (GCI) calculated as Gross Assets plus Operating working capital plus capitalized leases plus investments. Figures assumed are pre-depreciation and write-off value of tangible and intangible assets. Depreciation policies do not impact this figure. The EV Calculation is computed as follows: (CROCI/WACC)*GCI

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27/02/2025	Buy	2.8	2.07	Romain Dobral, ACA

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Coverage Universe	Count	Percent		Count	Percent
Buy	2	40%	Buy	0	0%
Hold	2	40%	Hold	0	0%
Sell	1	20%	Sell	0	0%
Under Review	0	0%	Under Review	0	0%

Sponsored Research			Corporate Finance Relationships		
	Count	Percent		Count	Percent
Buy	1	100%	Buy	0	0%
Hold	0	0%	Hold	0	0%
Sell	0	0%	Sell	0	0%
Under Review	0	0%	Under Review	0	0%

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Location	Regulator	Abbreviation
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