

UPDATE

EQUITY RESEARCH

ABTG

ISIM
INTEGRÆ

Euronext Growth Milan | Educational Services | Italy

Production 11/10/2024, h. 06:30 p.m.

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Rating

BUY

unchanged

Target Price

€ 7,00

prev. € 7,20

Risk



Medium

Upside potential

158,5%

Stocks performance relative to FTSE Italia Growth



Stock Data

Price	€ 2,71
Target price	€ 7,00
Upside/(Downside) potential	158,5%
Ticker	ABTG IM
Market Cap (€/mln)	€ 14,61
EV (€/mln)	€ 12,82
Free Float	47,30%
Share Outstanding	5.391.675
52-week high	€ 3,54
52-week low	€ 1,96
Average daily volumes (3 months)	7.207

Key Financials (€/mln)	FY23A	FY24E	FY25E	FY26E
VoP	19,5	26,0	30,5	34,0
EBITDA	3,3	4,5	6,1	7,5
EBIT	1,0	2,7	4,3	5,7
Net Income	0,5	1,6	2,7	3,6
NFP	(1,8)	(2,8)	(4,4)	(5,8)
EBITDA margin	17,2%	17,1%	20,0%	22,1%
EBIT margin	5,3%	10,2%	14,1%	16,6%
Net Income Margin	2,5%	6,0%	8,7%	10,6%

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Stock performance	1M	3M	6M	1Y
Absolute	-6,6%	0,7%	26,0%	29,7%
to FTSE Italia Growth	-8,7%	1,0%	26,8%	29,8%
to Euronext STAR Milan	-8,9%	4,7%	28,3%	19,0%
to FTSE All-Share	-9,1%	1,6%	26,1%	9,6%
to EUROSTOXX	-12,0%	-0,2%	26,0%	10,7%
to MSCI World Index	-26,5%	-15,9%	1,3%	-16,2%

Main Ratios	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	3,8x	2,9x	2,1x	1,7x
EV/EBIT	12,5x	4,8x	3,0x	2,3x
P/E	29,9x	9,4x	5,5x	4,1x

1H24A Results

The value of production stands at €12.55 million, up by 38.0% compared to €9.10 million in 1H23A. EBITDA, amounting to €1.87 million, shows a 19.7% increase from €1.57 million in 1H23A, due to better management of structural costs following the revenue growth. The EBITDA margin decreased from 17.3% in 1H23A to 15.0%, reflecting a 2.3% decline primarily due to the new acquisitions business, which has lower margins compared to traditional operations. EBIT, after depreciation and amortization amounting to €1.04 million, is €0.85 million, an improvement from the €0.17 million recorded in 1H23A. Net Income is positive at €0.56 million, an improvement compared to the negative result of -€0.07 million in 1H23A.

Estimates Update

In light of the results published in the 1H24A semi-annual report, we are revising our estimates for both the current year and the upcoming years. In particular, we estimate a production value of €26.00 million for FY24E and EBITDA of €4.45 million, corresponding to a margin of 17.1%. For the following years, we anticipate that the production value could increase to €34.00 million by FY26E (CAGR 23A-26E: 20.4%), with EBITDA reaching €7.50 million, corresponding to a margin of 22.2%, an increase from €3.35 million in FY23A, which had an EBITDA margin of 17.2%. On a financial level, we estimate a cash-positive NFP of €2.79 million for FY24E.

Valuation Update

We conducted our valuation of the equity value of ABTG based on the DCF method. The DCF method (which includes a specific risk of 2.50% in the WACC calculation for prudence) returns an equity value of €37.8 million. The target price is €7.00, with a BUY rating and MEDIUM risk.

Economics & Financials

TABLE 1 – ECONOMICS & FINANCIALS

CONSOLIDATED INCOME STATEMENT (€/mln)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenues	14,98	19,36	25,90	30,35	33,80
Other revenues	0,86	0,12	0,10	0,15	0,20
Value of Production	15,84	19,48	26,00	30,50	34,00
COGS	0,08	0,06	0,05	0,05	0,05
Services	10,16	12,85	17,55	20,00	21,90
Use of assets owned by others	0,80	0,80	1,00	1,00	1,05
Employees	1,57	1,96	2,45	2,85	3,00
Other operating costs	0,75	0,46	0,50	0,50	0,50
EBITDA	2,48	3,35	4,45	6,10	7,50
<i>EBITDA Margin</i>	<i>15,6%</i>	<i>17,2%</i>	<i>17,1%</i>	<i>20,0%</i>	<i>22,2%</i>
D&A	3,02	2,32	1,80	1,80	1,85
EBIT	(0,55)	1,03	2,65	4,30	5,65
<i>EBIT Margin</i>	<i>-3,5%</i>	<i>5,3%</i>	<i>10,2%</i>	<i>14,1%</i>	<i>16,7%</i>
Financial management	(0,04)	(0,09)	(0,20)	(0,15)	(0,05)
EBT	(0,59)	0,94	2,45	4,15	5,60
Taxes	0,03	0,45	0,90	1,50	2,00
Net Income	(0,62)	0,49	1,55	2,65	3,60

CONSOLIDATED BALANCE SHEET (€/mln)	FY22A	FY23A	FY24E	FY25E	FY26E
Fixed Assets	5,40	5,42	5,65	6,15	6,60
Account receivable	0,69	1,90	2,50	2,80	2,95
Inventory	0,06	0,00	0,00	0,00	0,00
Account payable	1,18	2,16	2,85	3,40	3,95
Operating Working Capital	(0,43)	(0,26)	(0,35)	(0,60)	(1,00)
Other receivable	1,39	1,40	1,80	1,95	2,20
Other payable	2,11	2,91	3,20	3,70	4,00
Net Working Capital	(1,15)	(1,76)	(1,75)	(2,35)	(2,80)
Severance & other provisions	0,87	0,46	0,55	0,65	0,70
NET INVESTED CAPITAL	3,38	3,20	3,35	3,15	3,10
Share capital	2,50	2,65	2,65	2,65	2,65
Reserves	2,28	1,86	1,94	2,22	2,69
Net Income	(0,62)	0,49	1,55	2,65	3,60
Equity	4,16	4,99	6,14	7,52	8,94
Cash & cash equivalents	1,99	2,74	3,29	4,57	5,94
Short term financial debt	0,30	0,44	0,20	0,10	0,05
M/L term financial debt	0,91	0,51	0,30	0,10	0,05
Net Financial Position	(0,78)	(1,79)	(2,79)	(4,37)	(5,84)
SOURCES	3,38	3,20	3,35	3,15	3,10

CONSOLIDATED CASH FLOW (€/mln)	FY23A	FY24E	FY25E	FY26E
EBIT	1,03	2,65	4,30	5,65
Taxes	0,45	0,90	1,50	2,00
NOPAT	0,58	1,75	2,80	3,65
D&A	2,32	1,80	1,80	1,85
Change in NWC	0,62	(0,01)	0,60	0,45
<i>Change in receivable</i>	<i>(1,21)</i>	<i>(0,60)</i>	<i>(0,30)</i>	<i>(0,15)</i>
<i>Change in inventory</i>	<i>0,06</i>	<i>0,00</i>	<i>0,00</i>	<i>0,00</i>
<i>Change in payable</i>	<i>0,97</i>	<i>0,69</i>	<i>0,55</i>	<i>0,55</i>
<i>Change in others</i>	<i>0,79</i>	<i>(0,11)</i>	<i>0,35</i>	<i>0,05</i>
Change in provisions	(0,41)	0,09	0,10	0,05
OPERATING CASH FLOW	3,10	3,63	5,30	6,00
Capex	(2,35)	(2,03)	(2,30)	(2,30)
FREE CASH FLOW	0,75	1,60	3,00	3,70
Financial management	(0,09)	(0,20)	(0,15)	(0,05)
Change in Financial debt	(0,26)	(0,45)	(0,30)	(0,10)
Change in equity	0,35	(0,40)	(1,28)	(2,18)
FREE CASH FLOW TO EQUITY	0,75	0,55	1,27	1,37

Source: ABTG and Integrae SIM estimates

Company Overview

Alfio Bardolla Training Group (ABTG), classed as an ‘Innovative SME’ since July 6, 2017, operates in the non-formal personal financial training sector, in Italy, and, to a lesser extent, in Spain. The Company focuses on personal training in the following fields: the psychology of money, real estate investments, financial market trading, business development, and internet royalties. ABTG is the Italian leader in digital financial and business training, through the creation and development of both online and offline training courses.

The various training topics are delivered through specialized and individual training paths, in the classroom and online. The training generally starts with two or three day events called “Wake Up Calls”.

In addition to courses, ABTG also operates in the publishing sector offering a series of free and paid products, including ebooks, video and audio courses, and board games for practicing skills. Finally, the Group sells the books of the founder and Chairman of the Board of Directors, Alfio Bardolla, published in Italy by Sperling&Kupfer and Gribaudo.

ABTG carries out its business based on highly specialized offerings, a large customer database for marketing campaigns, a high customer satisfaction rate, and consolidated experience in the organization and marketing of seminars and coaching, with all its training courses, products and services aimed at achieving financial freedom for its customers.

1H24A Results

TABLE 2 – 1H24A VS 1H23A

€/mln	VoP	EBITDA	EBITDA %	EBIT	Net Income	NFP
1H24A	12,55	1,89	15,0%	0,85	0,56	(2,52)
1H23A	9,10	1,57	17,3%	0,17	(0,07)	(1,79)*
Change	38,0%	19,7%	-2,3%	384,1%	896,2%	n/a

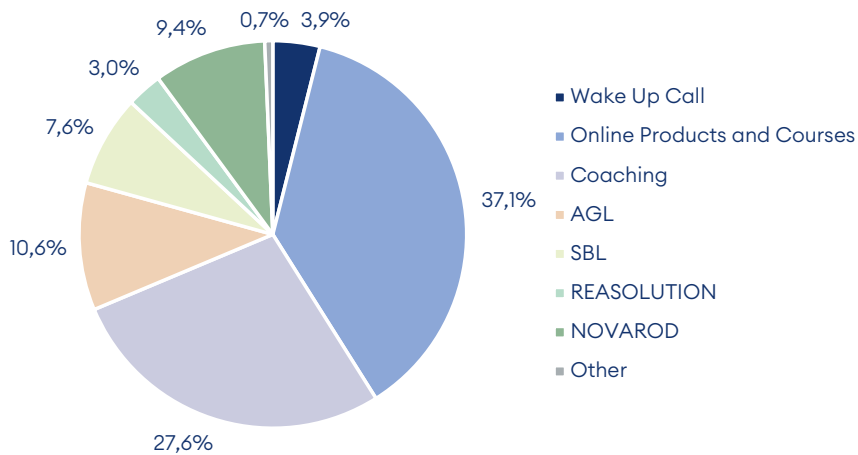
Source: Integrae SIM

*NFP as of 31/12/2023

Alfio Bardolla, Chairman and CEO of ABTG, commented on the half-year results: *“The results confirm the correct strategic direction of our group, with the parent company accounting for 69% of total consolidated revenue, compared to 81% in the same semester of the previous year. We are confident that the subsidiaries will continue their development path aimed at corporate diversification while remaining within the scope of digital companies.”*

The value of production reached €12.55 million, up 38.0% compared to €9.10 million in 1H23A. The edition of the Wake Up Call held on September 13, 14, and 15 achieved excellent results in terms of both participation and revenue, further consolidating ABTG’s position in the B2C market.

CHART 1 – REVENUES BREAKDOWN BY SEGMENT



Source: ABTG

The increase in revenue from the Wake Up Call event, up 28.0% compared to the previous semester (representing 3.9% of total revenue for a total of €0.49 million), drove the growth in revenue from courses and online products (+34.4% vs 1H23A), which accounted for 37.1% of total revenue, amounting to €4.66 million (€3.47 million in 1H23A). Coaching followed,

with a 3.0% increase, generating 27.6% of revenue, totaling €3.47 million. Revenue from AGL (consisting of affiliation fees and monthly recurring affiliate fees) reached €1.34 million, representing 7.6% of the total, while SBL contributed 7.6%, amounting to €0.96 million (+94.3% vs 1H23A). Subsidiaries Reasolution (€0.37 million) and Novarod (€1.18 million) generated 12.4% of the Group's revenue, and combined with the other subsidiaries, they accounted for a total of 30.7% of the Group's revenue.

EBITDA amounted to €1.87 million, showing a 19.7% increase compared to €1.57 million in 1H23A, driven by improved management of structural costs following revenue growth. The EBITDA margin decreased from 17.3% in 1H23A to 15.0%, reflecting a 2.3% drop mainly due to the new acquisitions business, which has lower margins compared to traditional operations.

EBIT, after depreciation and amortization amounting to €1.04 million, reached €0.85 million, an improvement over the €0.17 million recorded in 1H23A. The EBIT margin for 1H24A stood at 6.7%, compared to 1.9% in 1H23A. Net Income was positive at €0.56 million, an improvement from the negative result of -€0.07 million in 1H23A.

From a financial perspective, the Net Financial Position (NFP) as of June 30, 2023, was approximately €2.52 million (cash positive), compared to €1.79 million (also cash positive) at FY23A. This positive change was primarily due to a combined effect of a 28.8% reduction in trade receivables and a 9.4% decrease in trade payables.

Lastly, it is noted that the subsidiary ABTG Legal Srl has changed its name and corporate purpose following a strategic shift. The new name, ABTG Accelerator Srl, reflects the need to leverage the parent company's professional and financial resources to enable new entities to participate more effectively in the entrepreneurial initiatives of the subsidiaries. As stated by the company, ABTG Accelerator Srl will serve as a vehicle for potential future business incorporation.

FY24E – FY26E Estimates

TABLE 3 – ESTIMATES UPDATES FY24E-26E

€/mln	FY24E	FY25E	FY26E
Value of Production			
New	26,00	30,50	34,00
Old	26,00	30,50	34,00
Change	0,0%	0,0%	0,0%
EBITDA			
New	4,45	6,10	7,50
Old	5,20	6,85	8,50
Change	-14,4%	-10,9%	-11,8%
EBITDA %			
New	17,1%	20,0%	22,2%
Old	20,0%	22,5%	25,0%
Change	-2,9%	-2,5%	-2,8%
EBIT			
New	2,65	4,30	5,65
Old	3,40	5,05	6,65
Change	-22,1%	-14,9%	-15,0%
Net Income			
New	1,55	2,65	3,60
Old	2,30	3,50	4,60
Change	-32,6%	-24,3%	-21,7%
NFP			
New	(2,79)	(4,37)	(5,84)
Old	(3,19)	(5,00)	(6,77)
Change	n/a	n/a	n/a

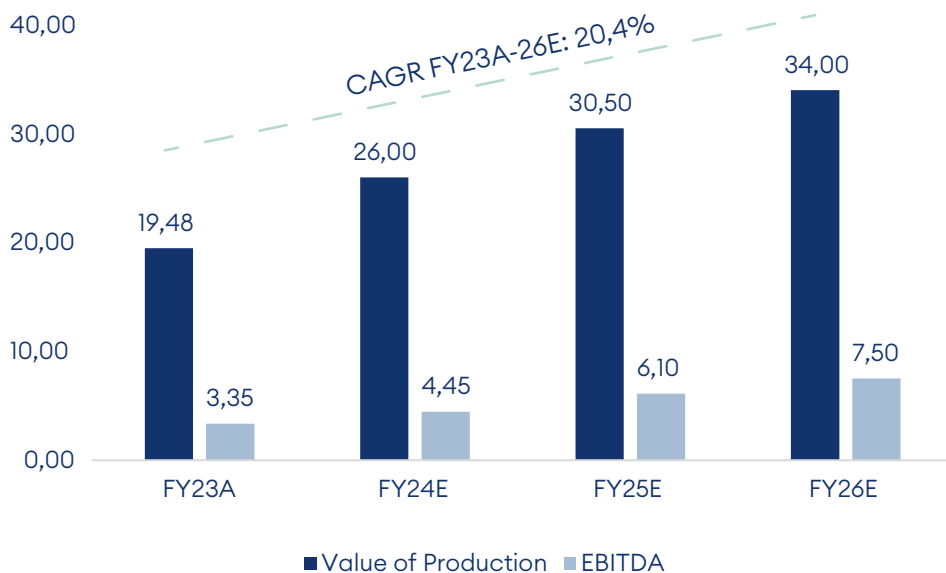
Source: Integrae SIM

In light of the results published in the 1H24A semi-annual report, we are revising our estimates for both the current year and the upcoming years.

In particular, we estimate a production value of €26.00 million for FY24E and EBITDA of €4.45 million, corresponding to a margin of 17.1%. For the following years, we anticipate that the production value could increase to €34.00 million by FY26E (CAGR 23A-26E: 20.4%), with EBITDA reaching €7.50 million, corresponding to a margin of 22.2%, an increase from €3.35 million in FY23A, which had an EBITDA margin of 17.2%.

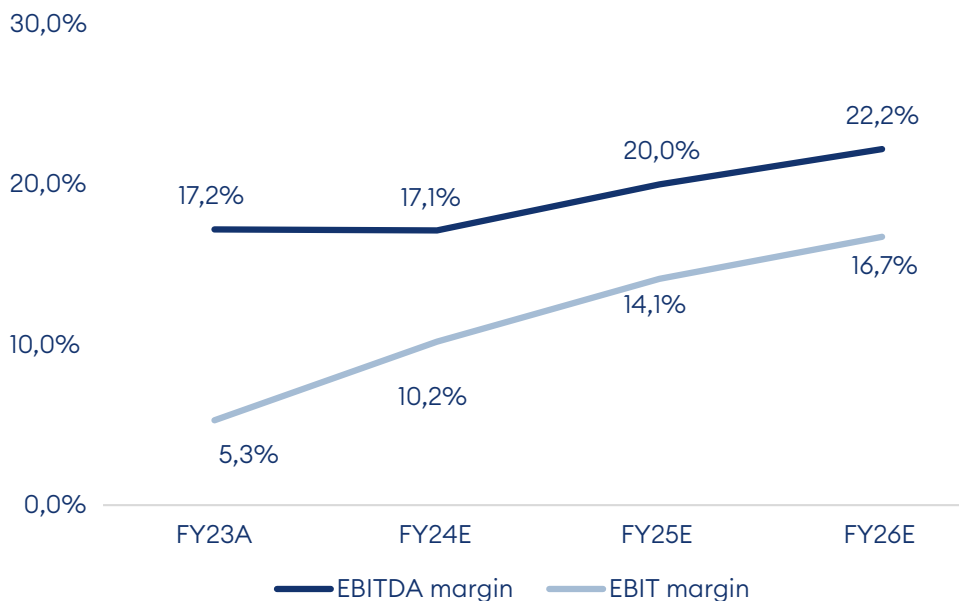
On the balance sheet, we estimate a cash-positive NFP of €2.79 million for FY24E.

CHART 2 - VOP AND EBITDA FY23A-26E



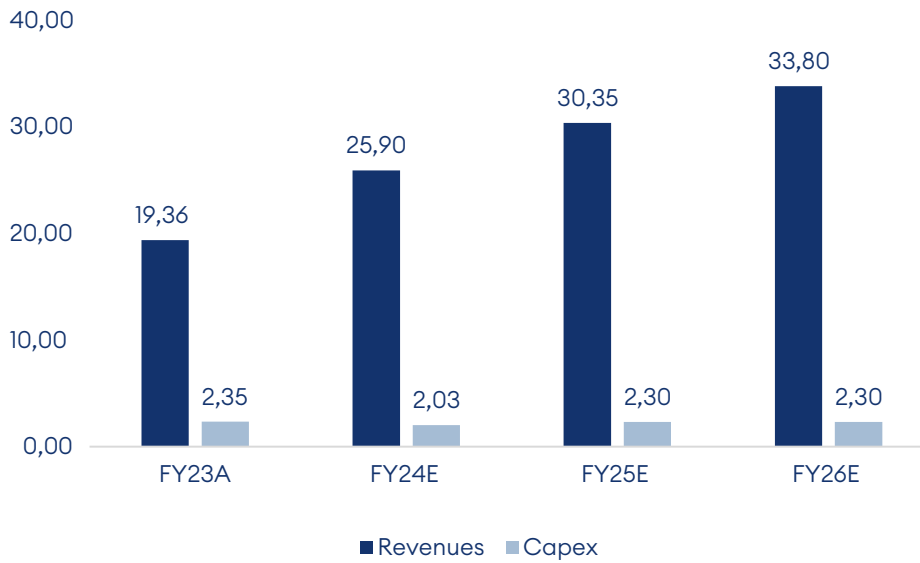
Source: Integrae SIM

CHART 3 - MARGIN FY23A-26E



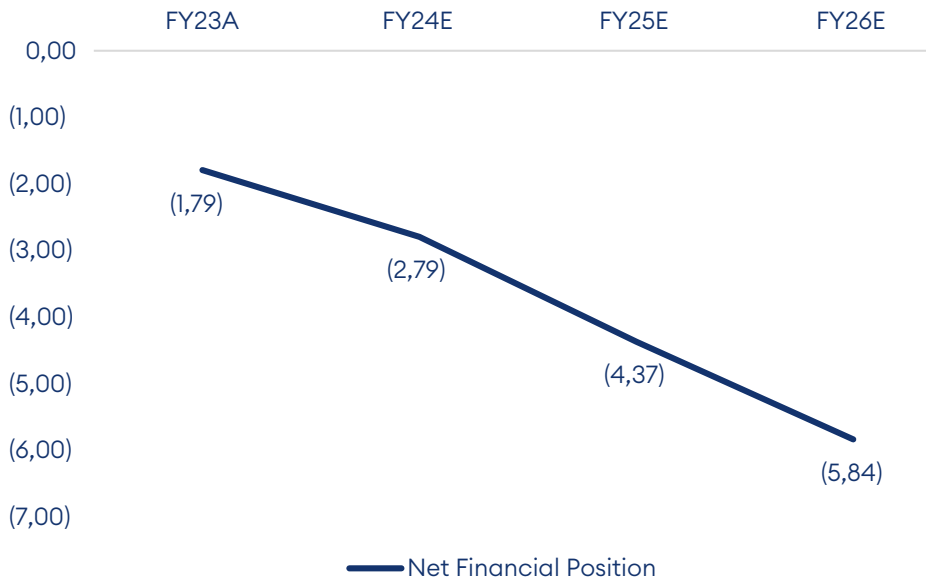
Source: Integrae SIM

CHART 4 – CAPEX FY23A-26E



Source: Integrae SIM

CHART 5 – NFP FY23A-26E



Source: Integrae SIM

Valuation

We conducted our valuation of the equity value of ABTG based on the DCF method.

DCF Method

TABLE 4 – WACC

WACC				12,47%
D/E 11,11%	Risk Free Rate 2,74%	β Adjusted 1,2	α (specific risk) 2,50%	
K_d 3,50%	Market Premium 6,80%	β Relevered 1,1	K_e 13,58%	

Source: Integrae SIM

For prudential purposes, we included a specific risk of 2.50%. This resulted in a WACC of 12.47%.

TABLE 5 – DCF VALUATION

DCF		% of EV
FCFO actualized	10,9	30%
TV actualized DCF	25,0	70%
Enterprise Value	36,0	100%
NFP (FY23A)	(1,8)	
Equity Value	37,8	

Source: Integrae SIM

With the above data and taking our estimates and assumption as a reference, the result is an *equity value of € 37.8 million*.

TABLE 6 – EQUITY VALUE – SENSITIVITY ANALYSIS

€/mIn	Growth Rate (g)	WACC						
		11,0%	11,5%	12,0%	12,5%	13,0%	13,5%	14,0%
	3,0%	49,0	46,3	43,9	41,7	39,8	38,1	36,5
	2,5%	46,8	44,4	42,2	40,3	38,5	36,9	35,4
	2,0%	45,0	42,7	40,8	39,0	37,3	35,8	34,5
	1,5%	43,3	41,3	39,4	37,8	36,2	34,9	33,6
	1,0%	41,8	39,9	38,2	36,7	35,3	34,0	32,8
	0,5%	40,4	38,7	37,1	35,7	34,4	33,1	32,0
	0,0%	39,1	37,5	36,1	34,8	33,5	32,4	31,3

Source: Integrae SIM

Equity Value

TABLE 9 – EQUITY VALUE

Equity Value	
Equity Value DCF (€/mln)	37,8
Target Price (€)	7,00

Source: Integrae SIM

The result is an equity value of € 37.8 million. **The target price is therefore € 7.00 (prev. € 7.20). We confirm a BUY rating, and MEDIUM risk.**

TABLE 10 – TARGET PRICE IMPLIED VALUATION MULTIPLES

Multiples	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	10,7x	8,1x	5,9x	4,8x
EV/EBIT	35,0x	13,6x	8,4x	6,4x
P/E	77,2x	24,4x	14,3x	10,5x

Source: Integrae SIM

TABLE 11 – CURRENT PRICE IMPLIED VALUATION MULTIPLES

Main Ratios	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	3,8x	2,9x	2,1x	1,7x
EV/EBIT	12,5x	4,8x	3,0x	2,3x
P/E	29,9x	9,4x	5,5x	4,1x

Source: Integrae SIM

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24/04/2023	2,10	Buy	7,50	Medium	Update
13/10/2023	2,19	Buy	7,50	Medium	Update
25/10/2023	2,15	Buy	7,50	Medium	Breaking News
19/12/2023	2,59	Buy	8,00	Medium	Update
18/04/2024	2,61	Buy	7,20	Medium	Update

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Equity Total Return (ETR) for different risk categories

Rating	Low Risk	Medium Risk	High Risk
BUY	Upside \geq 7.5%	Upside \geq 10%	Upside \geq 15%
HOLD	-5% < Upside < 7.5%	-5% < Upside < 10%	0% < Upside < 15%
SELL	Upside \leq -5%	Upside \leq -5%	Upside \leq 0%
U.R.	Under Review		
N.R.	Not Rated		

Valuation methodologies (long term horizon: 12 months)

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