

ABTG	Italy	FTSE AIM Italia	Educational Services
Rating: BUY	Target Price: € 5,00 (prev. €3,10)	Update	Risk: Medium

Stock performance	1M	3M	6M	1Y
absolute	11,28%	59,71%	70,77%	60,87%
to FTSE AIM Italia	1,44%	38,81%	31,62%	28,17%
to FTSE STAR Italia	6,22%	46,79%	43,79%	-3,13%
to FTSE All-Share	8,96%	49,33%	43,19%	13,72%
to EUROSTOXX	6,55%	47,77%	46,50%	17,47%
to MSCI World Index	7,10%	51,30%	50,21%	11,11%

Stock Data

Price	€ 2,22
Target price	€ 5,00
Upside/(Downside) potential	125,4%
Bloomberg Code	ABTG IM EQUITY
Market Cap (€m)	11,31
EV (€m)	10,86
Free Float	49,65%
Share Outstanding	5.094.361
52-week high	€ 2,44
52-week low	€ 1,15
Average daily volumes (3m)	50.000

Key Financials (€m)	FY20A	FY21E	FY22E	FY23E
Revenues	9,4	13,0	15,5	18,0
VoP	9,7	13,0	15,5	18,0
EBITDA	2,4	3,5	4,2	5,8
EBIT	1,2	1,8	2,5	3,9
Net Profit	0,7	1,1	1,6	2,7
EPS (€)	0,14	0,22	0,32	0,52
EBITDA margin	25,5%	26,9%	27,1%	32,2%
EBIT margin	12,9%	13,8%	16,1%	21,7%

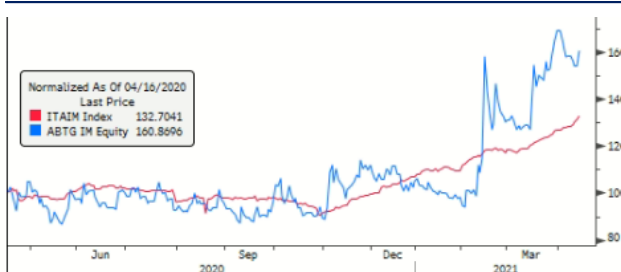
Main Ratios	FY20A	FY21E	FY22E	FY23E
EV/EBITDA (x)	4,5	3,1	2,6	1,9
EV/EBIT (x)	8,9	6,0	4,3	2,8
P/E (x)	15,9	10,3	7,0	4,3

Mattia Petracca

+39 02 87208 765

mattia.petracca@integraesim.it

Stocks performance relative to FTSE AIM Italia



FY20A Results

Revenues amount to € 9.43 million, compared to € 12.17 million at the end of 2019 and € 10.00 million estimated in our previous report. The variation in comparison to 2019 was mainly influenced by the effects of the pandemic, which limited the performance of activities, particularly off-line training courses.

EBITDA, equal to € 2.40 million, registered a significant increase of 217% compared to € 0.76 million in the previous fiscal year. Also, the EBITDA Margin equal to 25.5%, increased compared to 6.2% in 2019.

The growth of EBITDA is linked to the development of the new digital business model, which has reduced costs and increased efficiency.

Estimates Update

In the light of the results published in the annual report for 2020A, we confirm almost entirely estimates both for the current year and for the coming years.

In particular, we confirm 2021E revenues of € 13.0 million and EBITDA equal to € 3.50 million, corresponding to a marginality of 26.9%. For subsequent years, we expect the revenues to increase up to € 18.0 million (CAGR 20A-23E: 24.05%) in 2023E, with EBITDA of € 5.8 million (corresponding to an EBITDA margin of 32.2%), up from € 2.4 million in 2020A (corresponding to an EBITDA margin of 25.5%).

Valuation

We have conducted the valuation of ABTG's equity value based on the

DCF methodology. The DCF method (which in the calculation of the

WACC includes for prudential purposes also a specific risk of 2.5%)

provides an equity value of € 25.5 million. The target price is,

therefore, € 5.00 (prev. € 3.10), BUY rating and MEDIUM risk.

1. Economics & Financials

Table 1 – Economics & Financials

INCOME STATEMENT (€/mln)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenues	12,17	9,43	13,00	15,50	18,00
Other Revenues	0,12	0,26	0,00	0,00	0,00
Value of Production	12,29	9,69	13,00	15,50	18,00
COGS	0,13	0,02	0,15	0,20	0,25
Use of assets owned by others	0,51	0,52	0,70	0,90	1,00
Services	8,92	5,60	6,90	8,25	8,75
Employees	1,70	1,04	1,50	1,65	1,85
Other Operating Expenses	0,27	0,10	0,25	0,30	0,35
EBITDA	0,76	2,40	3,50	4,20	5,80
<i>EBITDA Margin</i>	<i>6,2%</i>	<i>25,5%</i>	<i>26,9%</i>	<i>27,1%</i>	<i>32,2%</i>
D&A	1,87	1,19	1,70	1,70	1,90
EBIT	(1,11)	1,21	1,80	2,50	3,90
<i>EBIT Margin</i>	<i>-9,1%</i>	<i>12,9%</i>	<i>13,8%</i>	<i>16,1%</i>	<i>21,7%</i>
Financial Management	(0,08)	(0,03)	(0,20)	(0,18)	(0,15)
EBT	(1,19)	1,18	1,60	2,32	3,75
Taxes	0,01	0,47	0,50	0,70	1,10
Net Income	(1,20)	0,71	1,10	1,62	2,65

BALANCE SHEET (€/mln)	FY19A	FY20A	FY21E	FY22E	FY23E
Fixed Assets	6,41	6,87	6,55	5,90	6,00
Account receivable	0,83	0,69	1,55	1,80	2,10
Inventories	0,02	0,10	0,10	0,10	0,10
Account payable	1,61	1,10	2,20	2,00	1,90
Operating Working Capital	(0,76)	(0,31)	(0,55)	(0,10)	0,30
Other receivable	2,57	1,24	2,40	2,20	2,25
Other payable	4,27	2,97	2,85	3,30	3,60
Net Working Capital	(2,46)	(2,05)	(1,00)	(1,20)	(1,05)
Severance Indemnities & Other Provisions	0,25	0,29	0,17	0,18	0,21
NET INVESTED CAPITAL	3,70	4,53	5,38	4,52	4,74
Share Capital	5,09	5,09	2,50	2,50	2,50
Reserves	0,35	(0,82)	2,00	2,35	2,86
Net Income	(1,20)	0,71	1,10	1,62	2,65
Equity	4,24	4,98	5,60	6,47	8,01
Cash & Cash Equivalent	1,09	1,11	1,21	2,69	3,82
Short Term Debt to Bank	0,12	0,00	0,00	0,00	0,00
M/L Term Debt to Bank	0,43	0,66	1,00	0,75	0,55
Net Financial Position	(0,54)	(0,45)	(0,21)	(1,94)	(3,27)
SOURCES	3,70	4,53	5,38	4,52	4,74

CASH FLOW (€/mln)	FY19A	FY20A	FY21E	FY22E	FY23E
EBIT	(1,11)	1,21	1,80	2,50	3,90
Taxes	0,01	0,47	0,50	0,70	1,10
NOPAT	(1,12)	0,74	1,30	1,80	2,80
D&A	1,87	1,19	1,70	1,70	1,90
Change in receivable	(0,01)	0,14	(0,86)	(0,25)	(0,30)
Change in inventories	(0,02)	(0,08)	(0,00)	0,00	0,00
Change in payable	0,10	(0,51)	1,10	(0,20)	(0,10)
Change in others	1,47	0,03	(1,28)	0,65	0,25
<i>Change in NWC</i>	<i>1,54</i>	<i>(0,41)</i>	<i>(1,05)</i>	<i>0,20</i>	<i>(0,15)</i>
Change in provisions	0,04	0,04	(0,12)	0,01	0,03
OPERATING CASH FLOW	2,33	1,56	1,83	3,71	4,58
Capex	(1,22)	(1,64)	(1,38)	(1,05)	(2,00)
FREE CASH FLOW	1,11	(0,08)	0,45	2,66	2,58
Financial Management	(0,08)	(0,03)	(0,20)	(0,18)	(0,15)
Change in Debt to Bank	(0,31)	0,11	0,34	(0,25)	(0,20)
Change in Equity	0,00	0,03	(0,48)	(0,75)	(1,10)
FREE CASH FLOW TO EQUITY	0,72	0,02	0,10	1,48	1,12

Source: ABTG and Integrae SIM estimates

1.1 FY20A Results

Table 2 – Actual VS Estimates FY20A

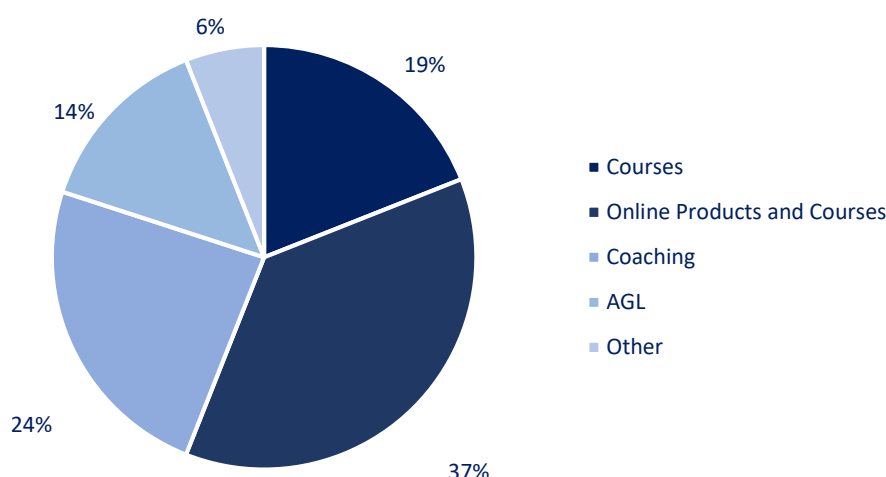
€/mln	Revenues	EBITDA	EBITDA %	EBIT	Net Income	NFP
FY20A	9,43	2,40	25,5%	1,21	0,71	(0,45)
FY20E	10,00	2,60	26,0%	1,25	0,60	(0,30)
Change	-5,7%	-7,6%	-0,5%	-3,1%	17,6%	N.A

Source: Integrae SIM

Through a press release, the Company, commenting on the annual results, declares: “We are extremely satisfied with the results achieved in 2020. Despite the difficulties that the pandemic has created on a global level, resulting in both healthcare and economic crisis, we immediately seize the opportunity to start a new business model, as well as protecting the safety of employees, clients, and providers, by putting in place a new strategy of digital development and transformation. The new strategic direction has enabled us not only not to reduce operating margins but also to increase significantly EBITDA (+217%), EBIT and Net Profit.”

The revenues amount to € 9.43 million, compared to € 12.17 million at the end of 2019 and € 10.00 million estimated in our previous report. The variation in comparison with 2019 was mainly influenced by the effects of the pandemic, which limited the performance of activities, particularly off-line training courses.

Chart 1 – Revenues Breakdown by Segment



Source: ABTG

The growth in revenues is mainly due to good results from the online products and courses line, which generated 37% of total revenues (6% in 2019), becoming the main source of turnover. The revenues generated by the off-line courses were equal to 19% of the total and revenues generated by coaching were 24% of the total. In addition, revenues from the subsidiary AGL, amounting to approximately € 1,4 million (€ 0.5 million in 2019), represent a share of 14% of the total (3% in 2019) and are divided as follows: 7% revenues from location and 7% revenues from partner. Finally, other revenues account for about 6% of the total (3% linked to the Internet Royalties branch). Compared to previous years, the Wake Up Call (WUP) event was not carried out because of the limitations for these events and therefore did not generate revenues in 2020. From these data, it follows that management, in response to the business limitations arising from the pandemic situation, was able to react, innovating the business model following a strong digital direction, both on the commercial offer side (with

the launch of courses online and events livestream) and on the organizational structure (with the new ERP, BI, and CRM systems).

EBITDA, equal to € 2.40 million, registered a significant increase of 217% compared to € 0.76 million in the previous fiscal year and is substantially in line with the expectations of € 2.60 million. Also, EBITDA Margin, equal to 25.5%, rose compared to 6.2% in 2019, remaining in line with our previous estimates, equal to 26.0%. The growth of EBITDA is linked to the development of the new digital business model, which has reduced costs and increased efficiency.

EBIT amounted to € 1.21 million (- € 1.11 million in 2019) after amortization and depreciation of € 1.19 million. Also, the value of EBIT is in line with our previous estimates, equal to € 1.25 million. Net Income amounts to € 0.71 million (- € 1.20 million in 2019) compared to the estimated value of € 0.60.

The NFP from - € 0.54 million becomes - € 0.45 million. Our NFP estimates were equal to - € 0.30 million.

1.2 Significant Events

Following our latest publication, ABTG announced:

- On 12/02/2021, the Wake Up Call event launched in live streaming from February, 12 to February, 14 2021 has reached record numbers for the Group, with over 4,500 participants from 15 different countries (Italy, Germany, United States, Spain, Mexico, Ecuador, Colombia, Andorra, Argentina, Peru, Uruguay, Russia, Austria, United Arab Emirates, and Switzerland);
- On 22/02/2021, that the Wake Up Call event held in live streaming on a global level from February, 12 to February, 14 2021, generated, at the date of the press release, an order backlog of more than € 6.1 million on the vertical courses and coaching on the topics of Finance, Real Estate, and Business. The Company also communicated the authorization to pay in cryptocurrencies.

1.3 FY21E – FY23E Estimates

Table 3 – Estimates Updates FY21E-23E

€/mln	FY21E	FY22E	FY23E
Revenues			
New	13,0	15,5	18,0
Old	13,0	15,5	18,0
Change	0,0%	0,0%	0,0%
EBITDA			
New	3,5	4,2	5,8
Old	3,5	4,2	5,8
Change	0,0%	0,0%	0,0%
EBITDA %			
New	26,9%	27,1%	32,2%
Old	26,9%	27,1%	32,2%
Change	0,0%	0,0%	0,0%
EBIT			
New	1,8	2,5	3,9
Old	1,8	2,5	3,9
Change	0,0%	0,0%	0,0%
Net Income			
New	1,1	1,6	2,7
Old	1,1	1,6	2,7
Change	0,0%	0,0%	0,0%
NFP			
New	(0,2)	(1,9)	(3,3)
Old	(1,4)	(3,8)	(6,4)
Change	N.A	N.A	N.A

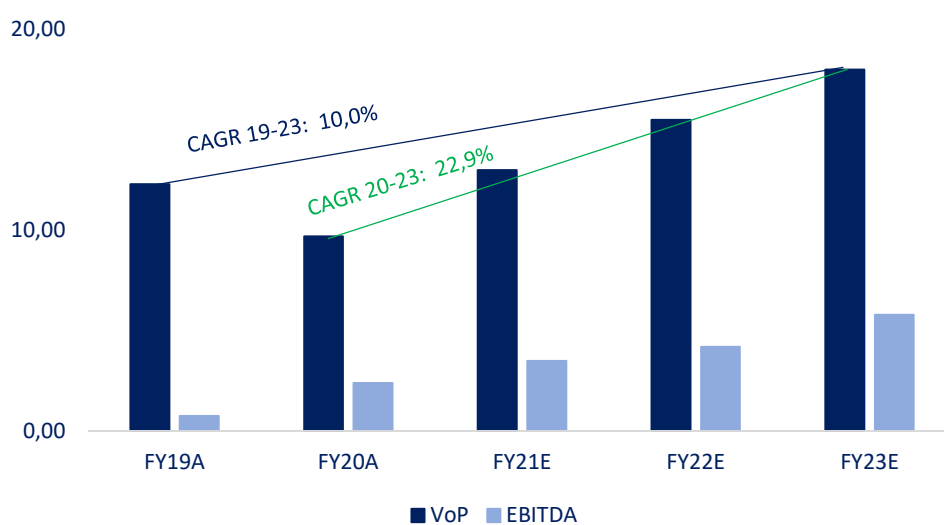
Source: Integrae SIM

In the light of the results published in the annual report for 2020A, we confirm almost entirely estimates both for the current year and for the coming years.

In particular, we confirm 2021E revenues of € 13.0 million and EBITDA of € 3.50 million, corresponding to a marginality of 26.9%. For subsequent years, we expect the revenues to increase up to € 18.0 million (CAGR 20A-23E: 24.05%) in 2023E, with EBITDA of € 5.8 million (corresponding to an EBITDA margin of 32.2%), up from € 2.4 million in 2020A (corresponding to an EBITDA margin of 25.5%).

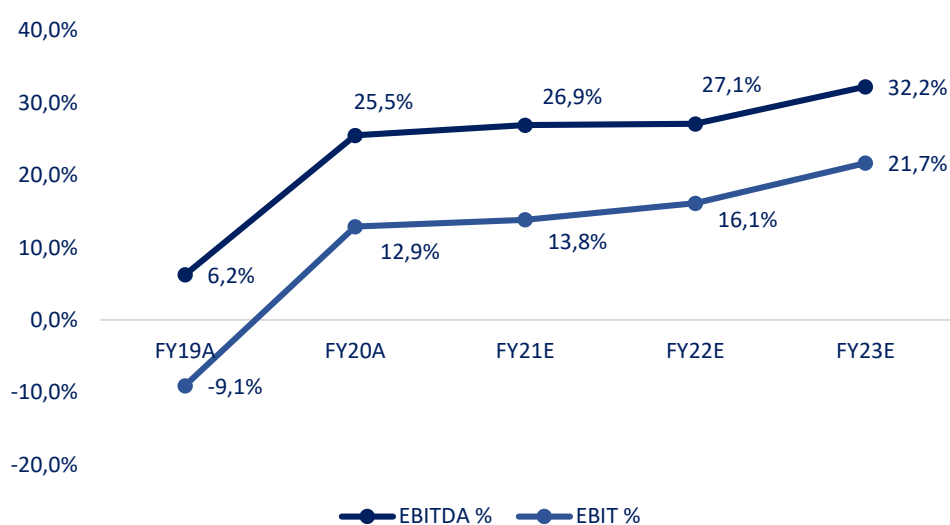
Regarding the Balance Sheet, however, we modify our previous estimates, given the distribution of dividends and the changes in the composition of equity proposed by the Board of Directors. In particular, intending to initiate a dividend distribution policy, ABTG plans to fully cover the retained losses by using other reserves and part of the share capital. As a result of these changes, the share capital from around € 5.09 million will become € 2.5 million and the total value of the reserves will increase. Once the above-mentioned transactions have been completed, according to the proposal of the Board of Directors, ABTG will distribute dividends for a total value of approximately € 0.483 million. For the years of the plan, we believe that ABTG will continue to distribute dividends, maintaining a payout ratio in line with the one proposed.

Chart 2 – VoP and EBITDA FY19A-23E



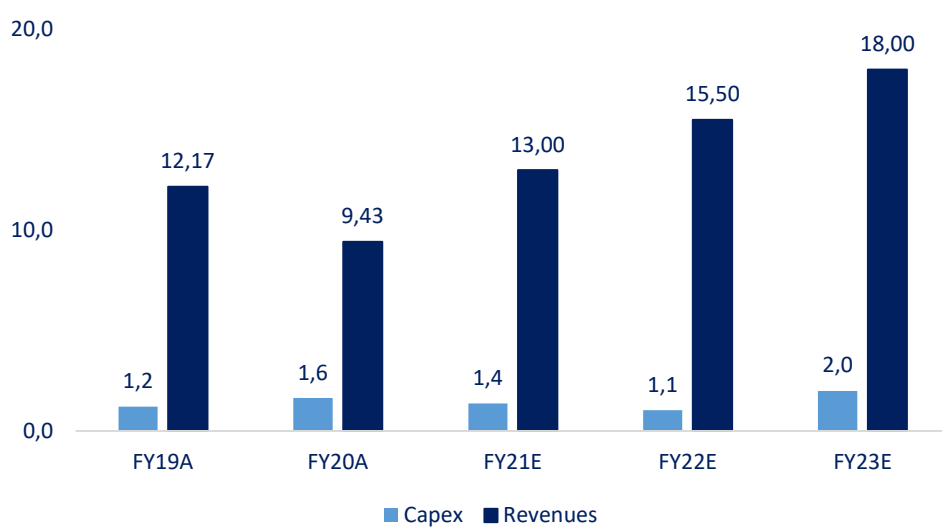
Source: Integrae SIM

Chart 3 – Margin FY19A-23E



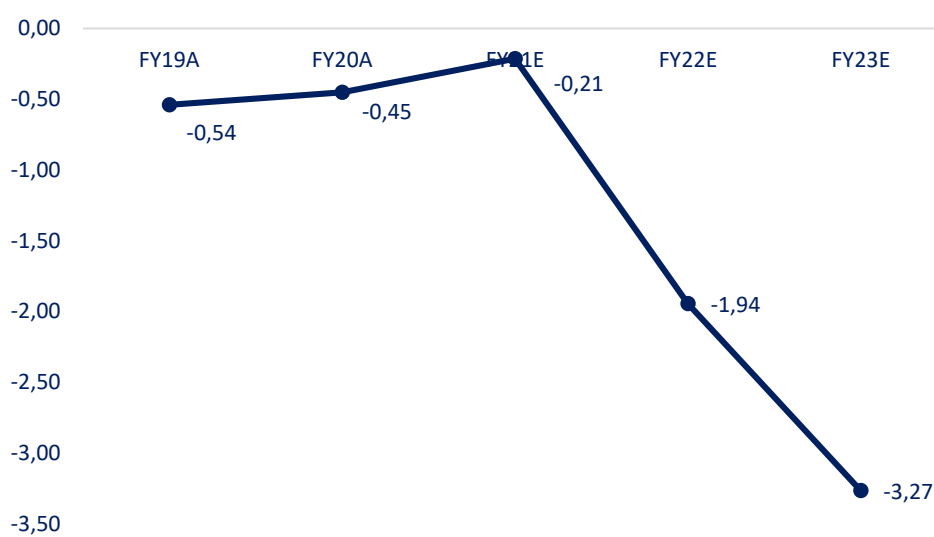
Source: Integrae SIM

Chart 4 – Capex FY19A-23E



Source: Integrae SIM

Chart 5 – NFP FY19A-23E



Source: Integrae SIM

2. Valuation

We have conducted the valuation of ABTG's equity value based on the DCF methodology.

2.1 DCF Method

Table 4 – WACC

WACC		8,55%
Risk Free Rate	-0,13% α (specific risk)	2,50%
Market Premium	6,85% Beta Adjusted	1,00
D/E (average)	11,11% Beta Relevered	1,09
Ke	9,26% Kd	3,00%

Source: Integrae SIM

For prudential purposes, we have included a specific risk of 2.5%. This results in a WACC of 8.55%.

Table 5 – DCF Valuation

DCF Equity Value		25,5
FCFO actualized	4,8	19%
TV actualized DCF	20,2	81%
Enterprise Value	25,0	100%
NFP (FY20A)	(0,5)	

Source: Integrae SIM

With the above data and taking as a reference our estimates and assumption, the result is an **equity value of € 25.5 million. The target price is, therefore, € 5.00** (prev. €3.10). **We confirm BUY rating and MEDIUM risk.**

Table 6 – Equity Value – Sensitivity Analysis

€/mln		WACC						
		7,0%	7,5%	8,0%	8,5%	9,0%	9,5%	10,0%
Growth Rate (g)	2,5%	40,2	36,4	33,2	30,5	28,3	26,3	24,6
	2,0%	36,8	33,6	30,9	28,6	26,6	24,9	23,4
	1,5%	34,0	31,2	28,9	26,9	25,2	23,7	22,4
	1,0%	31,6	29,3	27,2	25,5	24,0	22,6	21,4
	0,5%	29,6	27,6	25,8	24,2	22,9	21,6	20,6
	0,0%	27,9	26,1	24,5	23,1	21,9	20,8	19,8
	-0,5%	26,4	24,8	23,4	22,1	21,0	20,0	19,1

Source: Integrae SIM

Table 7 – Target Price Implied Valuation Multiples

Multiples	FY20A	FY21E	FY22E
EV/EBITDA	10,4x	7,2x	6,0x
EV/EBIT	20,6x	13,9x	10,0x

Source: Integrae SIM

Table 8 – Current Price Implied Valuation Multiples

Multiples	FY20A	FY21E	FY22E
EV/EBITDA	4,5x	3,1x	2,6x
EV/EBIT	8,9x	6,0x	4,3x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958 and Consob Regulation n. 20307/2018

Analyst/s certification

The analyst(s) which has/have produced the following analyses hereby certifies/certify that the opinions expressed herein reflect their own opinions, and that no direct and/or indirect remuneration has been, nor shall be received by the analyst(s) as a result of the above opinions or shall be correlated to the success of investment banking operations. INTEGRAE SPA is comprised of the following analysts who have gained significant experience working for INTEGRAE and other intermediaries: Antonio Tognoli. Neither the analysts nor any of their relatives hold administration, management or advising roles for the Issuer. Antonio Tognoli is Integrae SIM's current Head of Research, Vice President of Associazione Nazionale Private and Investment Banking – ANPIB, member of Organismo Italiano di Valutazione – OIV and Journalists guild. Mattia Petracca and Emanuele Negri are current financial analysts.

Disclaimer

This publication was produced by INTEGRAE SIM SpA. INTEGRAE SIM SpA is licensed to provide investment services pursuant to Italian Legislative Decree n. 58/1998, released by Consob, with Resolution n. 17725 of March 29th 2011.

INTEGRAE SIM SpA performs the role of corporate broker for the financial instruments issued by the company covered in this report.

INTEGRAE SIM SpA is distributing this report in Italian and in English, starting from the date indicated on the document, to approximately 300 qualified institutional investors by post and/or via electronic media, and to non-qualified investors through the Borsa Italiana website and through the leading press agencies.

Unless otherwise indicated, the prices of the financial instruments shown in this report are the prices referring to the day prior to publication of the report. INTEGRAE SIM SpA will continue to cover this share on a continuing basis, according to a schedule which depends on the circumstances considered important (corporate events, changes in recommendations, etc.), or useful to its role as specialist.

The table below, shows INTEGRAE SIM's recommendation, target price and risk issued during the last 12 months:

Date	Price	Recommendation	Target Price	Risk	Comment
02/11/2020	1,23	Buy	3,10	Medium	Initiation of Coverage

The list of all recommendations on any financial instrument or issuer produced by Integrae SIM Research Department and distributed during the preceding 12-month period is available on the Integrae SIM website.

The information and opinions contained herein are based on sources considered reliable. INTEGRAE SIM SpA also declares that it takes all reasonable steps to ensure the correctness of the sources considered reliable; however, INTEGRAE SIM SpA shall not be directly and/or indirectly held liable for the correctness or completeness of said sources.

The most commonly used sources are the periodic publications of the company (financial statements and consolidated financial statements, interim and quarterly reports, press releases and periodic presentations). INTEGRAE SIM SpA also makes use of instruments provided by several service companies (Bloomberg, Reuters, JCF), daily newspapers and press in general, both national and international. INTEGRAE SIM SpA generally submits a draft of the analysis to the Investor Relator Department of the company being analyzed, exclusively for the purpose of verifying the correctness of the information contained therein, not the correctness of the assessment. INTEGRAE SIM SpA has adopted internal procedures able to assure the independence of its financial analysts and that establish appropriate rules of conduct for them. Integrae SIM S.p.A. has formalised a set of principles and procedures for dealing with conflicts of interest. The Conflicts Management Policy is clearly explained in the relevant section of Integrae SIM's web site (www.integraesim.it). This document is provided for information purposes only. Therefore, it does not constitute a contractual proposal, offer and/or solicitation to purchase and/or sell financial instruments or, in general, solicitation of investment, nor does it constitute advice regarding financial instruments. INTEGRAE SIM SpA does not provide any guarantee that any of the forecasts and/or estimates contained herein will be reached. The information and/or opinions contained herein may change without any consequent obligation of INTEGRAE SIM SpA to communicate such changes. Therefore, neither INTEGRAE SIM SpA, nor its directors, employees or contractors, may be held liable (due to negligence or other causes) for damages deriving from the use of this document or the contents thereof. Thus, Integrae SIM does not guarantee any specific result as regards the information contained in the present publication, and accepts no responsibility or liability for the outcome of the transactions recommended therein or for the results produced by such transactions. Each and every investment/divestiture decision is the sole responsibility of the party receiving the advice and recommendations, who is free to decide whether or not to implement them. Therefore, Integrae SIM and/or the author of the present publication cannot in any way be held liable for any losses, damage or lower earnings that the party using the

publication might suffer following execution of transactions on the basis of the information and/or recommendations contained therein.

This document is intended for distribution only to professional clients and qualified counterparties as defined in Consob Regulation no. 20307/2018, as subsequently amended and supplemented, either as a printed document and/or in electronic form.

Rating system (long term horizon: 12 months)

The BUY, HOLD and SELL ratings are based on the expected total return (ETR – absolute performance in the 12 months following the publication of the analysis, including the ordinary dividend paid by the company), and the risk associated to the share analyzed. The degree of risk is based on the liquidity and volatility of the share, and on the rating provided by the analyst and contained in the report. Due to daily fluctuations in share prices, the expected total return may temporarily fall outside the proposed range

Equity Total Return (ETR) for different risk categories			
Rating	Low Risk	Medium Risk	High Risk
BUY	ETR >= 7.5%	ETR >= 10%	ETR >= 15%
HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR <= -5%	ETR <= -5%	ETR <= 0%
U.R.	Rating e/o target price Under Review		
N.R.	Stock Not Rated		

Valuation methodologies (long term horizon: 12 months)

The methods that INTEGRAE SIM SpA prefers to use for value the company under analysis are those which are generally used, such as the market multiples method which compares average multiples (P/E, EV/EBITDA, and other) of similar shares and/or sectors, and the traditional financial methods (RIM, DCF, DDM, EVA etc). For financial securities (banks and insurance companies) Integrae SIM SpA tends to use methods based on comparison of the ROE and the cost of capital (embedded value for insurance companies).

The estimates and opinions expressed in the publication may be subject to change without notice. Any copying and/or redistribution, in full or in part, directly or indirectly, of this document are prohibited, unless expressly authorized.

Conflict of interest

In order to disclose its possible interest conflict Integrae SIM states that:

- Integrae SIM S.p.A. It operates or has operated in the past 12 months as the entity responsible for carrying out the activities of Nominated Adviser of the ABTG SpA;
- Integrae SIM S.p.A. It pays, or has paid in the past 12 months inside of the engagement of specialist, research services in favor of ABTG SpA;
- Integrae SIM S.p.A. He plays, or has played in the last 12 months, role of specialist financial instruments issued by ABTG SpA..

At the Integrae SIM website you can find the archive the last 12 months of the conflicts of interest between Integrae SIM and issuers of financial instruments, and their group companies, and referred to in research products produced by analysts at Integrae SIM.