

ALFIO BARDOLLA

Positive outlook due to an improved business mix and higher profitability

Strong FY20 results driven by digital (+424%). Alfio Bardolla Training Group, Italian leader in financial and business training, posted a positive set of FY20 results largely in line with our estimates and with a sharp increase in profitability vs. last year thanks to a shift in business model towards digital both in terms of product offering (online courses and livestream) and organizational structure. FY20 consolidated revenues came in at Euro 9.7 m (-21% vs Euro 12.3 m in FY19), largely in line with of our estimates of Euro 10.0 m. In terms of product lines, online courses counted for 37% of total revenues (6% in FY19) thus becoming the principal source of revenues. Offline courses and coaching weighted 19% and 24% of total revenues respectively (vs 54% and 33% in FY19). The business line focusing on judicial real estate auctions, grew revenues by +195% yoy to Euro 1.4 m (Euro 0.5 m in FY19).

Quadrupled EBITDA margin (24.8%). Driven by the shift in product mix with higher weight of online courses and increased operational efficiency thanks to investments in management systems (ERP, Business Intelligence and CRM) and despite a contraction in sales volumes, EBITDA jumped by +217% to Euro 2.4 m (Euro 0.8 m in FY19), providing for and EBITDA margin of 24.8%, quadrupled vs. prior year (6.2%). After D&As of Euro 1.1 m (Euro 1.2 in FY19), EBIT stood at Euro 1.2 m, in line with our expectations, and recording a significative improvement vs. last year (negative of Euro 1.1 m). Net Profit was of Euro 0.7 m vs. a Net Loss as of FY 19 of Euro 1.2 m.

New dividend policy. Net Cash at the end of the year stood at Euro 0.5 m, in line with FY19 (Euro 0.5 m) after total investments in the period of Euro 1.6 m mainly related to lead generation and digitalization of the organizational structure. Net working capital, which due to the business' nature is negative, stood at Euro -2.0 m whereas Net Equity was of Euro 5.0 m (vs. Euro 4.2 m in FY19). Given the positive FY20 results, Management announced the intention to implement a dividend policy, and has hence proposed to the shareholders to approve to fully cover retained losses by using available reserves and part of the share capital. The share capital resulting from the operation should hence be of Euro 2.5m (Euro 5.1 m currently) whereas reserves available for distribution will increase. Following the conclusion of the transaction, the Board intends to propose the distribution of a c. Euro 0.5 m dividend.

New guidance in line with our estimates. FY20 was significantly impacted by the restrictions put in place to contain the spread of the COVID-19 pandemic, limiting in particular, activities related to courses and in person training (which, in FY19, contributed to more than half of the Group's revenues). The Group's reaction to the change in market demand was a prompt acceleration of the digital transformation of the business model. The resulting increase in profitability more than compensated for the contraction in revenues and lay the ground for a sound growth going forward. For FY21 Management highlighted that the growth strategy based on the consolidation and continuous strengthening of the digital transformation of the business model will be extended also to the Spanish subsidiary. AGL will continue to focus on the expansion of its partner's network and lead generation. Management also provided FY21 guidance in line with our previous estimates while highlighting that the recent Wake Up Call event launched in live streaming, overperformed expectations with over 4,500 participants from 15 different countries generating a backlog of Euro 6,1 m. Given the above we confirm our estimates, finetuning only the balance sheet also to factor in the proposed changes to Net Equity and the new dividend policy.

Upgraded target price. We updated our model to factor in new estimates and market multiples and set a new target price of Euro 5.23 p.s. (Euro 3.76 p.s. previously) providing for an upside of +80% to the current share price and obtained by weighting equally a DCF and a multiple comparison analysis. At our target price the stock would be trading at 7.2x and 5.0x FY21-22 EV/EBITDA, respectively.

Sector: Services

Target Price (Euro)	5.23 (3.76 pr)
Market Price (Euro)	2.90
Market Cap (Euro m)	14.8
EV (Euro m)	14.3
As of April 23 rd , 2021	

Share Data

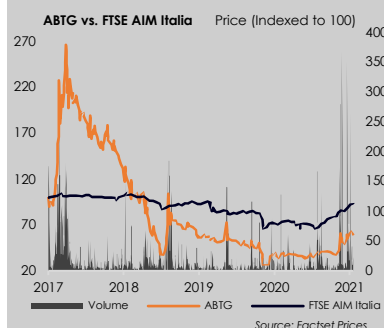
Market	AIM Italia
Reuters/Bloomberg	ABTG:IM
ISIN	IT0005244030
N. of Shares	5,094,361
Free Float	49.65%
CEO	Alfio Bardolla

Financials

	2019A	2020A	2021E	2022E
Revenues	12.3	9.7	12.9	15.5
YoY %	+20%	-21%	+33%	+20%
EBITDA	0.8	2.4	3.6	5.2
EBITDA %	6%	25%	28%	34%
EBIT	(1.1)	1.2	2.5	3.9
EBIT %	n.m.	13%	19%	25%
Net Income	(1.2)	0.7	1.5	2.4
Net Cash	(0.5)	(0.5)	0.0	(2.2)

Performance

	1M	3M	6M
Absolute	+10%	+66%	+84%
Relative (FTSE AIM Italia)	+1%	+36%	+30%
52-week High/Low (Eu)	3.19		1.15



IR TOP RESEARCH

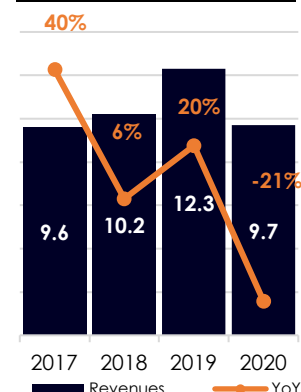
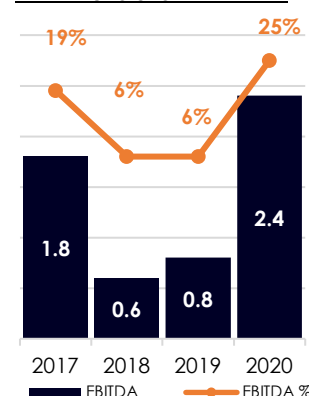
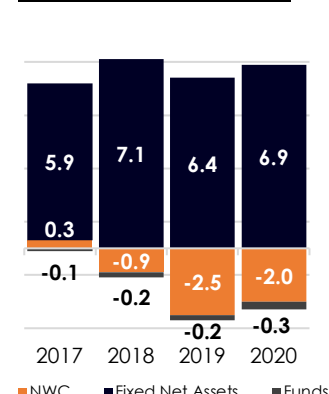
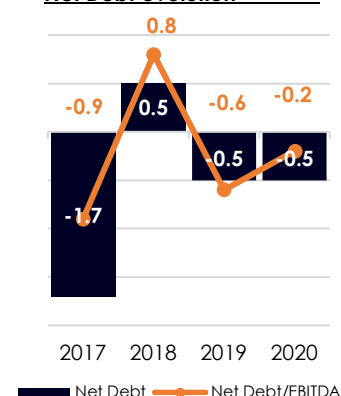
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KEY FINANCIALS

Profit&Loss Statement	2017A	2018A	2019A	2020A	2021E	2022E
Revenues (VoP)	9.6	10.2	12.3	9.7	12.9	15.5
EBITDA	1.8	0.6	0.8	2.4	3.6	5.2
EBIT	0.7	-1.2	(1.1)	1.2	2.5	3.9
Financial Income (charges)	-0.1	-0.1	(0.1)	(0.0)	(0.0)	(0.0)
Extraordinary items	0.0	-0.1	0.0	0.0	(0.1)	(0.2)
Pre-tax profit (loss)	0.6	-1.4	(1.2)	1.2	2.3	3.7
Taxes	-0.2	0.2	(0.0)	(0.5)	(0.8)	(1.3)
Minorities	0.0	0.0	1.2	(0.5)	(0.9)	(1.7)
Net profit (loss)	0.4	(1.2)	(1.2)	0.7	1.5	2.4
Balance Sheet						
Net working capital (NWC)	0.3	-0.9	(2.5)	(2.0)	(1.1)	(1.3)
Net fixed assets	5.9	7.1	6.4	6.9	7.0	6.9
M/L Funds	-0.1	-0.2	(0.2)	(0.3)	(0.2)	(0.2)
Net Capital Employed	6.1	5.9	3.7	4.5	5.7	5.4
Net Debt	-1.7	0.5	(0.5)	(0.5)	0.0	(2.2)
Minorities	0.0	0.0	0.0	0.6	1.4	2.2
Equity	7.8	5.4	4.2	5.0	5.7	7.6
Cash Flow						
Net Profit	0.4	-1.2	(1.2)	0.7	1.5	2.4
Non cash items	0.7	1.9	1.9	1.2	1.0	1.3
Change in Working Capital	0.0	1.3	1.5	(0.4)	(0.9)	0.2
Cash Flow from Operations	1.1	1.9	2.2	1.5	1.6	3.9
Capex	-2.1	-2.9	(1.2)	(1.6)	(1.3)	(1.2)
Operating Free Cash Flow	-1.0	-1.1	1.0	(0.1)	0.3	2.7
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Dividend	0.0	0.0	0.0	0.0	(0.5)	(0.5)
Other (equity)	0.0	0.0	0.0	0.0	(0.3)	0.0
Free Cash Flow	-1.0	-1.1	1.0	(0.1)	(0.5)	2.2
Per Share Data						
Current Price	2.90					
Total shares out (mn)	5.09					
EPS	0.1	(0.2)	(0.2)	0.1	0.2	0.3
FCF	(0.2)	(0.2)	0.2	(0.0)	(0.1)	0.4
Pay out ratio	0%	0%	68%	33%	21%	0%
Ratios						
EBITDA margin	18.7%	5.9%	6.2%	24.8%	28.0%	33.5%
EBIT margin	7.2%	n.s.	n.s.	12.5%	19.2%	25.2%
Net Debt/Equity	-21.7%	9.0%	-12.6%	-9.0%	0.7%	-28.8%
Net Debt/(Net Debt + Equity)	-27.6%	8.3%	-14.4%	-9.9%	0.7%	-40.5%
Net Debt/EBITDA	-0.94	0.81	-0.70	-0.19	0.01	-0.42
Interest cover EBIT	7.39	n.s.	n.s.	35.89	133.27	275.92
ROE	5.4%	-22.8%	-28.4%	14.2%	26.6%	32.0%
ROCE	14.4%	-22.9%	-29.7%	37.3%	57.6%	96.4%
Free Cash Flow Yield	n.m.	n.m.	8.8%	n.m.	n.m.	19.1%
Growth Rates						
Revenues (VoP)	40%	6%	20%	-21%	33%	20%
EBITDA	94%	-67%	26%	217%	50%	44%
EBIT	722%	-268%	6%	209%	104%	58%
Net Profit	235%	-395%	3%	159%	112%	61%

Revenues evolution

EBITDA evolution

Assets evolution

Net Debt evolution


Source: Consolidated Group data for FY 2017-2020, IR TOP Research estimates for FY 2021-2022

Revenue breakdown – Euro m

	FY20	%	FY19	%	Δ %
Wake Up Call	0.0	0%	1.1	9%	-100%
Courses	1.9	19%	5.9	48%	-68%
Online courses/products	3.6	37%	0.7	6%	424%
Coaching	3.4	24%	4.1	33%	-42%
Products	0.02	0%	0.1	1%	-79%
Database	0.0	0%	0.01	0%	-100%
Internet Royalties	0.3	3%	0.0	0%	-
AGL	0.7	7%	0.2	2%	227%
AGL partnerships	0.7	7%	0.1	1%	376%
Other	0.3	3%	0.1	1%	113%
Total sales	9.7	100%	12.3	100%	-21%

Source: IR Top elaboration on Group data

Key Financials – Euro m

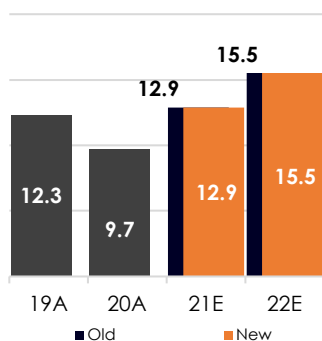
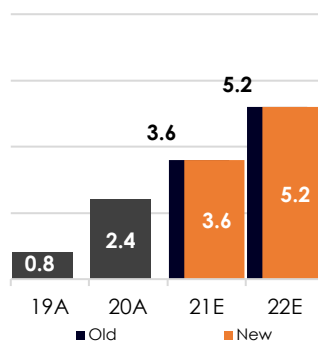
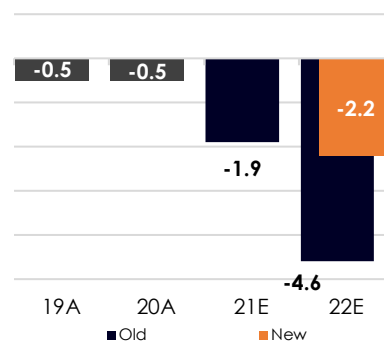
Income Statement				Balance Sheet			
	20A	19A	Δ %		20A	19A	Δ %
Revenues	9.7	12.3	-21%	Net Working Capital	(2.0)	(2.5)	-20%
yoy	-21%	+20%	-	Fixed Net Assets	6.9	6.4	+8%
EBITDA	2.4	0.8	+217%	Funds	(0.3)	(0.2)	+50%
margin	25%	6%	-	Net Capital Employed	4.5	3.7	+22%
EBIT	1.2	(1.1)	-	Net Debt (Cash)	(0.5)	(0.5)	0%
margin	13%	n.m.	-	Equity	5.0	4.2	+19%
Net Profit	0.7	(1.2)	-	Sources	4.5	3.7	+22%

Source: Consolidated Group Data

Estimates Revision – Euro m

Income Statement							
	20A	21E Old	21E New	Δ %	22E Old	22E New	Δ %
Revenues	9.7	12.9	12.9	0%	15.5	15.5	0%
yoy	-21%	+29%	+33%	14%	+20%	+20%	0%
EBITDA	2.4	3.6	3.6	0%	5.2	5.2	0%
margin	25%	28%	28%	0%	34%	34%	0%
EBIT	1.2	1.9	2.5	32%	3.4	3.9	15%
margin	13%	15%	19%	27%	22%	25%	14%
Net Profit	0.7	1.2	1.5	25%	2.4	2.4	0%

Balance Sheet							
	20A	21E Old	21E New	Δ %	22E Old	22E New	Δ %
Net Working Capital (NWC)	(2.0)	(1.3)	(1.1)	-15%	(0.9)	(1.3)	44%
Fixed net assets	6.9	5.7	7.0	23%	5.0	6.9	38%
Funds	(0.3)	(0.2)	(0.2)	0%	(0.2)	(0.2)	0%
Net Capital Employed	4.5	4.2	5.7	36%	3.9	5.4	38%
Net Debt (Cash)	(0.5)	(1.9)	0.0	-100%	(4.6)	(2.2)	-52%
Equity	5.0	5.5	5.7	4%	7.1	7.6	7%
Sources	4.5	4.2	5.7	36%	3.9	7.6	95%

Revenues Revision – Euro m

EBITDA Revision – Euro m

Net Debt Revision – Euro m


Source: Consolidated Group data for FY2020, IR TOP Research estimates for FY 2021-2022

VALUATION

Method	Weight	Price (Eu)
Multiple analysis	50%	5.09
DCF	50%	5.37
Target Price	100%	5.23

DCF model

WACC calculation	
WACC	8.2%
Risk free rate (BTP 10Y 12 months avg)	1.34%
β unlevered	1.0
Equity risk premium	6.85%
Ke	8.2%
Pre-tax Cost of debt	4.0%
Tax rate	24.0%
Kd	3.04%

DCF		
Euro m		
Sum of PV 2021-22 FCFs	5.5	21%
Discounted terminal value	20.8	79%
Enterprise Value	26.3	100%
Net Debt (Cash)	(0.5)	
Minorities	(0.6)	
Equity Value	27.3	
N. of outstanding shares (m)	5.09	
Fair Value p.s.	5.37	

Market Multiples

Companies	Country	Market Cap	Price	Sales 2020	Sales YoY 20/19	EBITDA % 2020	EBIT % 2020	NI % 2020
GP Strategies Corporation	USA	232.7	13.4	395.6	-24%	7%	3%	2%
Strategic Education, Inc.	USA	1,747.5	70.9	846.6	-5%	26%	21%	9%
K12 Inc.	USA	1,082.2	26.1	881.7	-1%	12%	5%	3%
Chegg, Inc	USA	10,833.8	76.4	532.6	45%	32%	9%	-1%
Pearson PLC	UK	6,934.0	9.2	3,957.1	-10%	17%	10%	9%
Learning Technologies Group Plc	UK	1,449.1	2.0	154.2	4%	37%	30%	13%
Average	-	3,713.22	-	1,127.97	2%	22%	13%	6%
Median	-	1,598.30	-	689.60	-3%	22%	10%	6%
Alfio Bardolla Training Group	Italy	14.8	2.90	9.4	-23%	26%	13%	8%

Source: FactSet data as of April 23rd, 2021 and Group data for ABTG

Companies	EV/EBITDA	
	21E	22E
GP Strategies Corporation	6.3	5.0
Strategic Education, Inc.	7.1	5.8
K12 Inc.	5.3	4.8
Chegg, Inc	47.3	37.0
Pearson PLC	10.3	9.4
Learning Technologies Group Plc	20.6	17.6
Median	8.7	7.6
Alfio Bardolla Training Group	3.9	2.7
Premium/Discount to Median Peers	-55%	-64%

Source: FactSet data as of April 23rd, 2021 and IR Top estimates for ABTG

Group Description

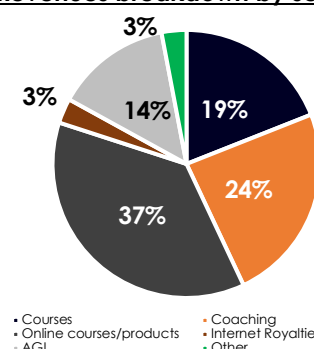
Alfio Bardolla Training Group S.P.A. (ABTG), Innovative SME since 2017 is Italian leader in digital financial and business training. With its two subsidiaries (ABTG Spain and Aste Giudiziarie Lombardia) the Group creates, develops and markets highly specialized on-and offline training courses in the personal finance and wealth creation fields. The Group was founded in 2012 by Alfio Bardolla, entrepreneur and best-selling author of six books (over 300,000 copies sold) including "I soldi fanno la felicità".

ABTG, headquartered in Milan, was listed on AIM Italia on July 2017, and has to date sold its training courses to over 43,000 clients through audio programs, videos, live courses and personalized coaching. The Group can rely on staff of 17 employees (as of December 31st, 2020) and external consultants including a sales force paid on commission. In FY20 ABTG recorded revenues of Euro 9.7 m, posting an EBITDA margin of 25%.

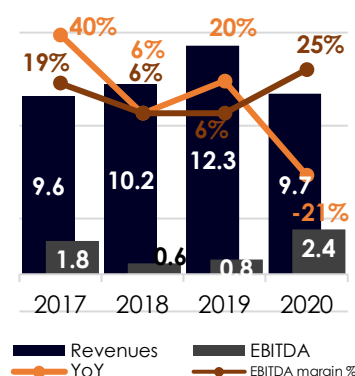
Key Managers

- **Alfio Bardolla** – Chairman & CEO
- **Federica Parigi** – Non-executive Director
- **Robert Allen** – Non-executive Director
- **Nicola De Biase** – Non-executive Director

Revenues breakdown by segment

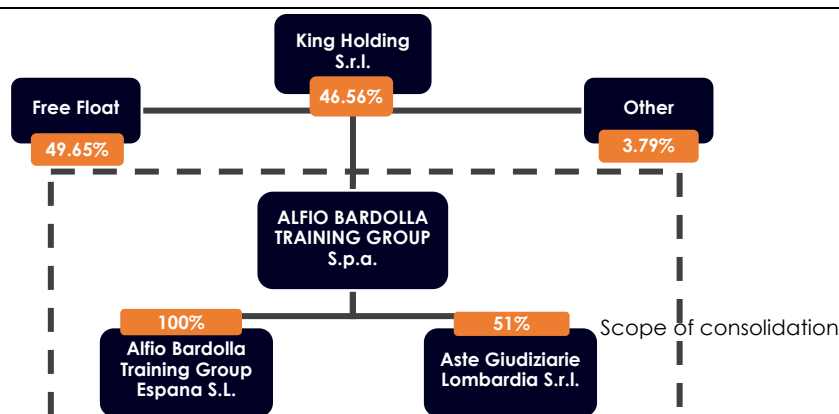


Revenues & EBITDA evolution



Strategy	Main Risks
<ul style="list-style-type: none"> • Consolidation of the Group's position in the Italian market and international expansion, by increasing brand awareness through marketing and commercial activities, exploiting cross-selling opportunities and decline the current courses offer in Spanish and English-speaking countries • Further development of online business model and M&A • Customers' database capitalization in order to product additional revenues streams with activities such as advertisement • Commercial Partnerships created by leveraging on the proprietary database 	<ul style="list-style-type: none"> • Dependence on key figures including founder Alfio Bardolla who still plays an important role in ABTG's marketing strategy and brand awareness, although less so than at the time of the IPO • Services quality highly dependent on qualified coaches and trainers, whose departure from the Group could affect its competitive positioning • Possible data breaches could impact the Group's reputation, due to its high reliance on its database • Risks related to the international expansion strategy due to lower brand awareness and possible regulatory differences

Group Structure



ALFIO BARDOLLA TRAINING GROUP ON AIM
IPO

Date: July 28th, 2017
 Capital raised: Euro 3.1 m through capital increase
 Price: 4.14 Euro
 Capitalization: 10.6 Euro m

SHARES (as of April 23rd, 2021)

Code: ABTG
 Bloomberg / Reuters: ABTG IM / ABTG.MI
 ISIN: IT0005244030
 Warrant: n. 5,094,361
 Price: Euro 2.90
 Performance from IPO: -30%
 Capitalisation: Euro 14.7 m
 Free Float: 49.65%
 NomAd and Specialist: Integrae SIM

OWNERSHIP

The share capital subscribed and paid up is Euro 5,094,361, made up by n. 5,094,361 ordinary shares.
 Free float is 49.65%

Shareholder	%
King Holding S.r.l.	46.56%
Free Float	49.65%
Other	3.79%
Total	100%

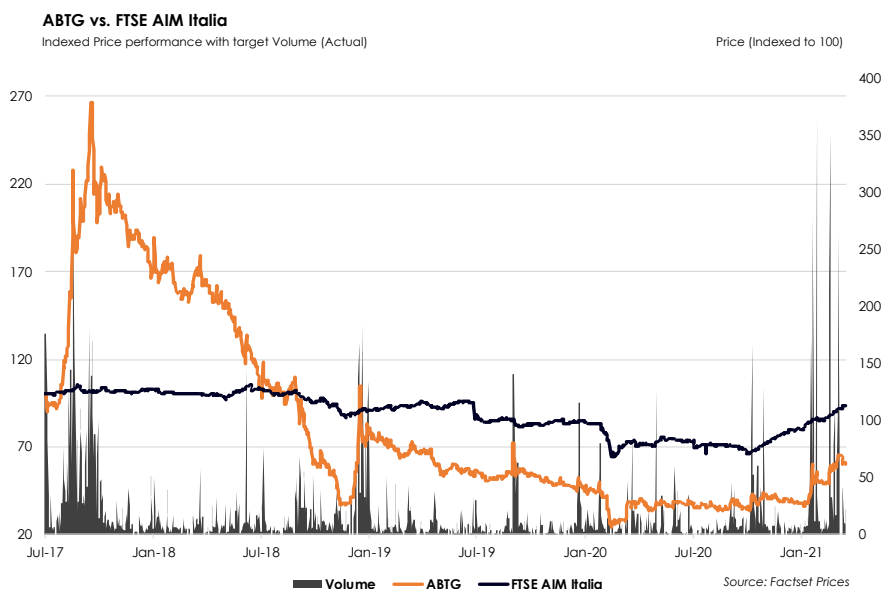
Source: Group data

WARRANT 2017-2027 (as of April 23rd, 2021)

Alphanumeric Code: WABTG
 ISIN: IT0005245607
 Issued warrants: 5,479,210
 Exercise ratio: 1 new instrument every 1 warrants held

Period	from	To	Strike Price (Euro)	Converted (n. of Warrant)
First	07/16/18	07/27/18	4.14	100
Second	12/10/18	12/21/18	4.14	-
Third	07/15/19	07/26/19	4.14	730
Fourth	12/09/19	12/20/19	4.14	-
Fifth	07/20/20	07/31/20	3.00	-
Sixth	12/07/20	12/18/20	3.00	-
Seventh	07/19/21	07/30/21	3.50	-
Eighth	12/13/21	12/24/21	3.50	-
Ninth	07/18/22	07/29/22	4.00	-
Tenth	12/12/22	12/23/22	4.00	-
Eleventh	07/17/23	07/28/23	4.50	-
Twelfth	12/11/23	12/22/23	4.50	-
Thirteenth	07/15/24	07/26/24	5.00	-
Fourteenth	12/09/24	12/20/24	5.00	-
Fifteenth	07/14/25	07/25/25	5.50	-
Sixteenth	12/08/25	12/19/25	5.50	-
Seventeenth	07/20/26	07/31/26	6.00	-
Eighteenth	12/07/26	12/18/26	6.00	-
Nineteenth	07/19/27	07/30/27	6.50	-

As of April 23rd, 2021 outstanding warrant: n. 5,478,380.

STOCK PERFORMANCE


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	Date	Target Price	Market Price	Validity Time
	April 23 rd , 2021	5.23	2.90	12 months
	November 16 th , 2020	3.76	1.35	12 months

VALUATION METHODOLOGY (HORIZON: 12M): IR Top obtained a fair value using different valuation methodologies including Discounted Cash Flow method and Multiple-based models. Moreover, IR Top used a proprietary model, "AIM Positioning rating", which incorporates a number of variables selected by IR Top based on research of "Osservatorio AIM Italia", managed by IR Top and focused on research about performance of Companies listed on AIM Italia.

Detailed information about the valuation or methodology and the underlying assumptions and information about the proprietary model used is accessible at IR Top premises.

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No other people or companies participated or anyhow contributed to the Research. Neither the members of the research team, nor any person closely associated with them have any relationships or are involved in circumstances that may reasonably be expected to impair the objectivity of the Research, including interests or conflicts of interest, on their part or on the part of any natural or legal person working for them, who was involved in producing the Research.

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