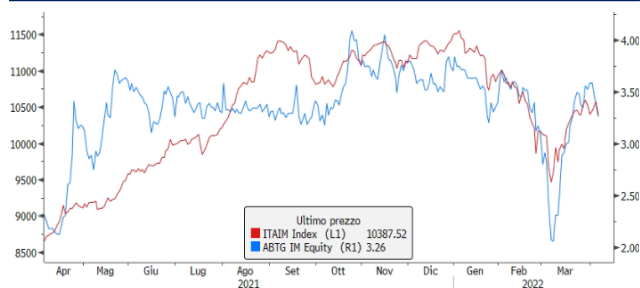


ABTG	Italy	Euronext Growth Milan	Educational Services
Rating: BUY	Target Price: € 8,20 (prev. € 7,25)	Update	Risk: Medium

Stock performance	1M	3M	6M	1Y
absolute	56,73%	-12,37%	2,52%	40,52%
to FTSE Italia Growth	46,96%	-3,09%	6,44%	20,39%
to Euronext STAR Milan	49,52%	2,60%	11,46%	33,48%
to FTSE All-Share	46,42%	-0,61%	7,53%	41,66%
to EUROSTOXX	47,83%	-0,80%	7,20%	44,19%
to MSCI World Index	48,58%	-8,12%	1,41%	34,50%

Stocks performance relative to FTSE Italia Growth



Stock Data

Price	€ 3,26
Target price	€ 8,20
Upside/(Downside) potential	151,7%
Bloomberg Code	ABTG IM EQUITY
Market Cap (€m)	€ 14,90
EV (€m)	€ 14,78
Free Float	49,80%
Share Outstanding	4.569.388
52-week high	€ 4,08
52-week low	€ 2,01
Average daily volumes (3m)	15.050

FY21A Results

The revenues amount to € 13.72 million, compared to € 9.43 million at the end of 2020 and € 13.00 million estimated in our previous report. EBITDA, equal to € 3.82 million, registered a significant increase of 58.9% compared to € 2.40 million in the previous fiscal year and is substantially in line the expectations of € 4.03 million. Also EBITDA Margin, equal to 27.8%, increases compared to 25.5% in 2020, remaining slightly below our previous estimates, equal to 31.0%. EBIT, after amortization and depreciation of € 2.35 million, amounted to € 1.47 million, 20.9% up compared to the previous fiscal year (€ 1.21 million in 2020). Net Profit amounted to € 0.82 million (€ 0.71 million in 2020), down compared to the expected € 1.51 million. The NFP is cash positive, going from € 0.45 million to € 0.12 million.

Key Financials (€m)	FY21A	FY22E	FY23E	FY24E
Revenues	13,7	15,5	18,0	22,0
VoP	14,1	15,5	18,0	22,0
EBITDA	3,8	4,4	5,2	6,7
EBIT	1,5	2,2	3,0	4,4
Net Profit	0,8	1,5	2,1	3,1
EPS (€)	0,18	0,33	0,45	0,68
EBITDA margin	27,8%	28,2%	28,9%	30,2%
EBIT margin	10,7%	14,0%	16,4%	19,8%

Estimates Update

In the light of the results published in the annual report for 2021A, we partially modify the estimates for both the current year and the coming years. In particular, we confirm 2022E revenues equal to € 15.50 million and EBITDA of € 4.37 million, corresponding to a marginality of 28.2%. For subsequent years, we expect the revenues to increase up to € 22.00 million (CAGR 21A-24E: 17.05%) in 2024E, with EBITDA of € 6.65 million (corresponding to an EBITDA margin of 30.2%), up from € 3.82 million in 2021A (corresponding to an EBITDA margin of 27.8%). In terms of Balance Sheet, we estimate a cash positive NFP equal to € 6.79 million for 2024E.

Main Ratios	FY21A	FY22E	FY23E	FY24E
EV/EBITDA (x)	3,9	3,4	2,8	2,2
EV/EBIT (x)	10,1	6,8	5,0	3,4
P/E (x)	18,1	9,8	7,2	4,8

Valuation Update

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 also includes a specific risk of 2.5% for prudential purposes) provides an equity value of € 37.49 million. The target price is, therefore, € 8.20 (prev. € 7.25), BUY rating and MEDIUM risk.

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1. Economics & Financials

Table 1 – Economics & Financials

INCOME STATEMENT (€/mIn)	FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Revenues	9,57	12,17	9,43	13,72	15,50	18,00	22,00
Other Revenues	0,66	0,12	0,26	0,41	0,00	0,00	0,00
Value of Production	10,23	12,29	9,69	14,13	15,50	18,00	22,00
COGS	0,13	0,13	0,02	0,03	0,03	0,04	0,05
Use of assets owned by others	0,23	0,51	0,52	0,69	0,75	0,85	1,00
Services	6,99	8,92	5,60	8,23	8,90	10,30	12,50
Employees	1,14	1,70	1,04	1,18	1,25	1,40	1,60
Other Operating Expenses	0,63	0,27	0,10	0,19	0,20	0,20	0,20
EBITDA	0,60	0,76	2,40	3,82	4,37	5,21	6,65
<i>EBITDA Margin</i>	<i>6,3%</i>	<i>6,2%</i>	<i>25,5%</i>	<i>27,8%</i>	<i>28,2%</i>	<i>28,9%</i>	<i>30,2%</i>
D&A	1,91	1,87	1,19	2,35	2,20	2,25	2,30
EBIT	-1,31	(1,11)	1,21	1,47	2,17	2,96	4,35
<i>EBIT Margin</i>	<i>-12,8%</i>	<i>-9,1%</i>	<i>12,9%</i>	<i>10,7%</i>	<i>14,0%</i>	<i>16,4%</i>	<i>19,8%</i>
Financial Management	(0,11)	(0,08)	(0,03)	(0,06)	(0,05)	(0,05)	(0,05)
EBT	-1,42	(1,19)	1,18	1,41	2,12	2,91	4,30
Taxes	-0,18	0,01	0,47	0,59	0,60	0,85	1,20
Net Income	-1,24	(1,20)	0,71	0,82	1,52	2,06	3,10

BALANCE SHEET (€/mIn)	FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Fixed Assets	7,06	6,41	6,83	6,62	6,50	6,25	5,95
Account receivable	0,82	0,83	0,76	1,39	1,55	1,80	2,20
Inventories	0,00	0,02	0,10	0,10	0,10	0,10	0,10
Account payable	1,51	1,61	1,10	1,11	1,20	1,40	1,70
Operating Working Capital	(0,7)	(0,76)	(0,24)	0,38	0,45	0,50	0,60
Other receivable	1,64	2,57	1,16	1,07	1,20	1,40	1,70
Other payable	1,88	4,27	2,86	2,43	2,65	3,05	3,70
Net Working Capital	(0,9)	(2,46)	(1,93)	(0,98)	(1,00)	(1,15)	(1,40)
Severance Indemnities & Other Provisions	0,21	0,25	0,40	0,65	0,65	0,70	0,80
NET INVESTED CAPITAL	5,93	3,70	4,49	4,99	4,85	4,40	3,75
Share Capital	5,09	5,09	5,09	2,50	2,50	2,50	2,50
Reserves	1,58	0,35	-0,86	1,78	2,44	3,50	4,94
Net Income	-1,24	(1,20)	0,71	0,82	1,52	2,06	3,10
Equity	5,44	4,24	4,94	5,10	6,46	8,06	10,54
Cash & Cash Equivalent	0,37	1,09	1,11	1,36	3,21	5,66	9,39
Short Term Debt to Bank	0,31	0,12	0,00	0,20	0,40	0,60	0,80
M/L Term Debt to Bank	0,55	0,43	0,66	1,05	1,20	1,40	1,80
Net Financial Position	0,5	(0,54)	(0,45)	(0,12)	(1,61)	(3,66)	(6,79)
SOURCES	5,93	3,70	4,49	4,99	4,85	4,40	3,75

CASH FLOW (€/mIn)	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
EBIT	(1,11)	1,21	1,47	2,17	2,96	4,35
Taxes	0,01	0,47	0,59	0,60	0,85	1,20
NOPAT	(1,12)	0,74	0,88	1,57	2,11	3,15
D&A	1,87	1,19	2,35	2,20	2,25	2,30
Change in receivable	(0,01)	0,07	(0,63)	(0,16)	(0,25)	(0,40)
Change in inventories	(0,02)	(0,08)	(0,00)	0,00	0,00	0,00
Change in payable	0,10	(0,51)	0,01	0,09	0,20	0,30
Change in others	1,47	(0,01)	(0,34)	0,09	0,20	0,35
<i>Change in NWC</i>	<i>1,54</i>	<i>(0,53)</i>	<i>(0,96)</i>	<i>0,02</i>	<i>0,15</i>	<i>0,25</i>
Change in provisions	0,04	0,15	0,25	0,00	0,05	0,10
OPERATING CASH FLOW	2,33	1,56	2,53	3,79	4,56	5,80
Capex	(1,22)	(1,61)	(2,14)	(2,08)	(2,00)	(2,00)
FREE CASH FLOW	1,11	(0,05)	0,39	1,71	2,56	3,80
Financial Management	(0,08)	(0,03)	(0,06)	(0,05)	(0,05)	(0,05)
Change in Debt to Bank	(0,31)	0,11	0,58	0,35	0,40	0,60
Change in Equity	0,00	(0,01)	(0,66)	(0,17)	(0,46)	(0,62)
FREE CASH FLOW TO EQUITY	0,72	0,02	0,25	1,84	2,45	3,73

Source: ABTG and Integrae SIM estimates

1.1 FY21A Results

Table 2 – Actual VS Estimates FY21A

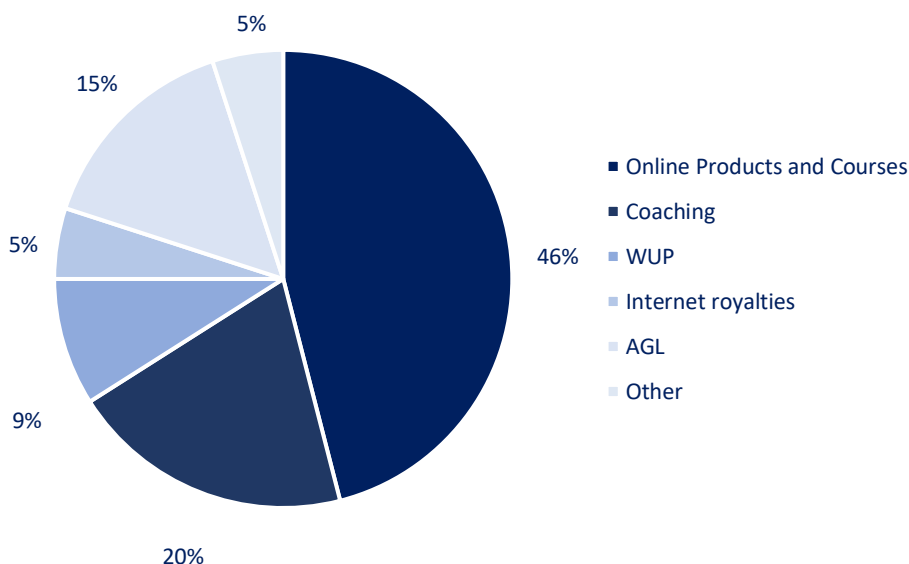
€/mln	Revenues	EBITDA	EBITDA %	EBIT	Net Income	NFP
FY21A	13,72	3,82	27,8%	1,47	0,82	(0,12)
FY21E	13,00	4,03	31,0%	2,26	1,51	(0,16)
Change	5,5%	-5,2%	-3,2%	-35,0%	-45,4%	N.A

Source: Integrae SIM

Through a press release, Alfio Bardolla, President and CEO of ABTG, commenting on the annual results, declares: *“We are very satisfied with the 2021 results of the Group, which are the best ever achieved. We pursue the dividend distribution policy started last year and we believe that the market situation can provide further growth opportunities in the coming fiscal years.”*

The revenues amount to € 13.72 million, compared to € 9.43 million at the end of 2020 and € 13.00 million estimated in our previous report.

Chart 1 – Revenues Breakdown by Segment



Source: ABTG

The growth in revenues is mainly attributable to the good results obtained from the line of products and online courses that generated 46% of total revenues (37% in 2020), becoming the main source of turnover. The revenues generated by Wake Up Call amounted to 9% of the total and the revenues generated by coaching amounted to 20% of the total (24% in 2020). In addition, revenues from the AGL subsidiary represent a share equal to 15% of the total (14% in 2020). Finally, revenues from internet royalties, 134% up compared to 2020, represent 5% of the total. Other revenues account for about 5% of the total (1 % linked to the revenues of the SBL subsidiary). The Group's revenues in 2021 benefit from the Wake Up Call (WUP) event since it was not carried out during 2020 due to the restrictive measures to overcome the healthcare emergency. Management, in response to the pandemic situation, implemented investments and growth strategies from a digitization point of view in 2021 to expand the Group's business.

EBITDA, equal to € 3.82 million, registered a significant increase of 58.9% compared to € 2.40 million in the previous fiscal year and is substantially in line with the expectations of € 4.03 million. Also, EBITDA Margin, equal to 27.8%, increases compared to 25.5% in 2020,

remaining slightly below our previous estimates, equal to 31.0%. The growth of EBITDA is linked to the new business model adopted by management, which has increased the efficiency and profitability of the Group.

EBIT, after amortization and depreciation of € 2.35 million, amounted to € 1.47 million, 20.9% up compared to the previous fiscal year (€ 1.21 million in 2020). Net Profit amounted to € 0.82 million (€ 0.71 million in 2020), down compared to the expected € 1.51 million.

The NFP is cash positive, going from € 0.45 million to € 0.12 million, in line with our NFP estimates of € 0.16 million.

1.2 FY22E – FY24E Estimates

Table 3 – Estimates Updates FY22E-24E

€/mln	FY22E	FY23E	FY24E
Revenues			
New	15,5	18,0	22,0
Old	15,5	18,0	N.A
Change	0,0%	0,0%	N.A
EBITDA			
New	4,4	5,2	6,7
Old	4,9	5,9	N.A
Change	-11,2%	-11,1%	N.A
EBITDA %			
New	28,2%	28,9%	30,2%
Old	31,7%	32,6%	N.A
Change	-3,5%	-3,6%	N.A
EBIT			
New	2,2	3,0	4,4
Old	3,2	4,0	N.A
Change	-32,6%	-25,3%	N.A
Net Income			
New	1,5	2,1	3,1
Old	2,2	2,7	N.A
Change	-30,6%	-24,9%	N.A
NFP			
New	(1,6)	(3,7)	(6,8)
Old	(2,8)	(4,2)	N.A
Change	N.A	N.A	N.A

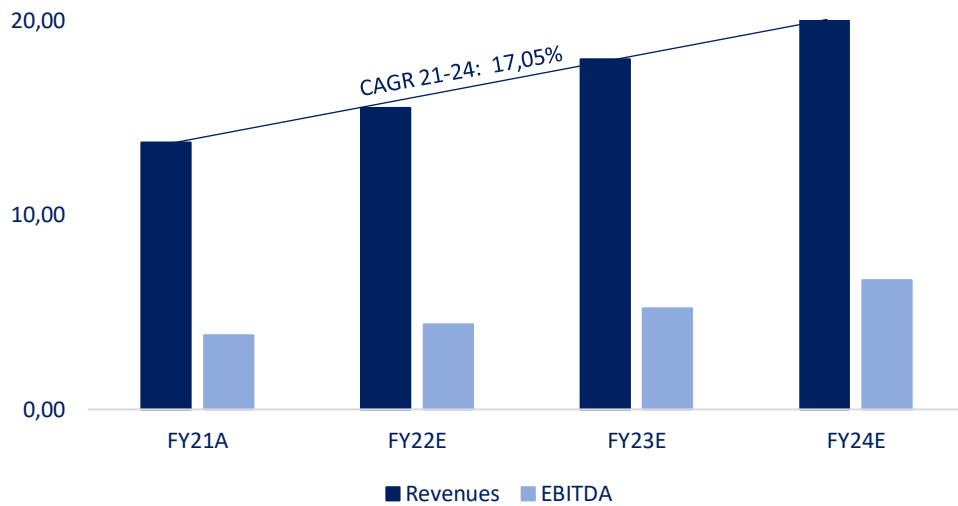
Source: Integrae SIM

In the light of the results published in the annual report for 2021A, we partially modify the estimates for both the current year and the coming years.

In particular, we confirm 2022E revenues equal to € 15.50 million and EBITDA of € 4.37 million, corresponding to a marginality of 28.2%. For subsequent years, we expect the revenues to increase up to € 22.00 million (CAGR 21A-24E: 17.05%) in 2024E, with EBITDA of € 6.65 million (corresponding to an EBITDA margin of 30.2%), up from € 3.82 million in 2021A (corresponding to an EBITDA margin of 27.8%).

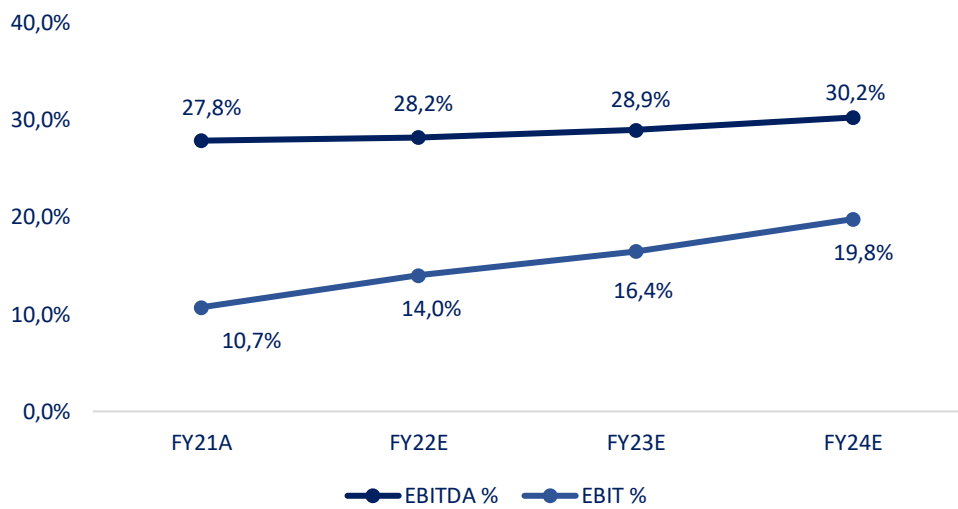
In terms of the Balance Sheet, we estimate a cash positive NFP equal to € 6.79 million for 2024E. In addition, for the plan years, we believe that ABTG will continue to distribute dividends, with a slightly increasing payout ratio compared to that proposed for 2021A.

Chart 2 – Revenues and EBITDA FY21A-24E



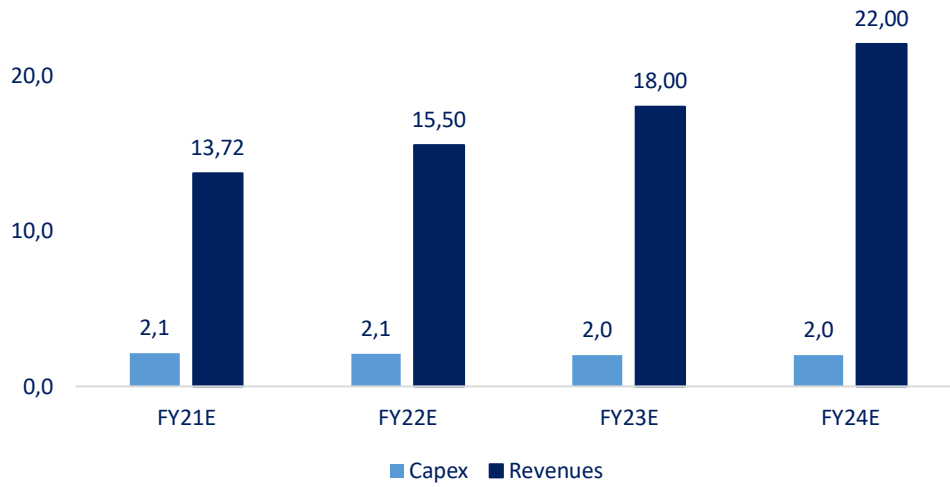
Source: Integrae SIM

Chart 3 – Margin FY21A-24E



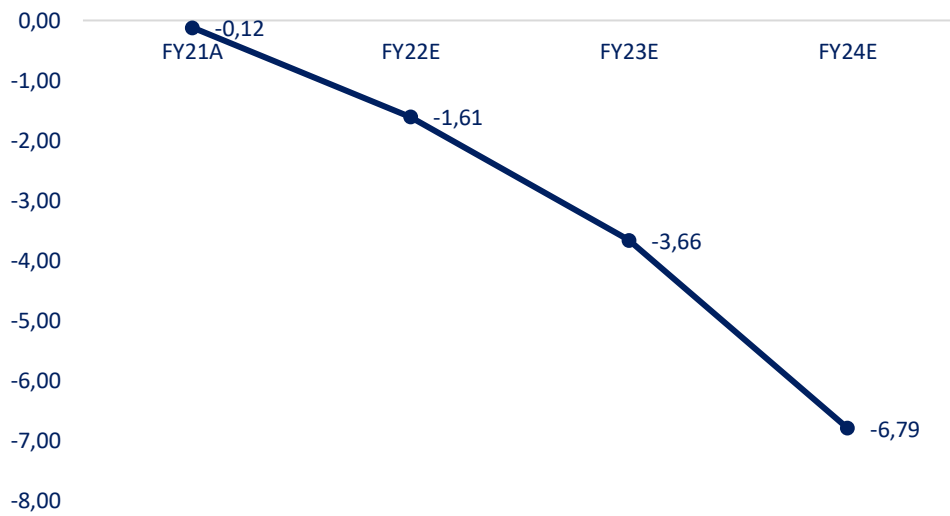
Source: Integrae SIM

Chart 4 – Capex FY21A-24E



Source: Integrae SIM

Chart 5 – NFP FY21A-24E



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		8,17%
Risk Free Rate	0,78% α (specific risk)	2,50%
Market Premium	6,42% Beta Adjusted	1,00
D/E (average)	25,00% Beta Relevered	1,18
Ke	9,68% Kd	3,00%

Source: Integrae SIM

For prudential purposes, we have included a specific risk of 2.5%. The result is a WACC of 8.17%.

Table 5 – DCF Valuation

DCF Equity Value		37,49
FCFO actualized	7,0	19%
TV actualized DCF	30,4	81%
Enterprise Value	37,4	100%
NFP (FY21A)	(0,1)	

Source: Integrae SIM

With the above data and taking as a reference our estimates and assumptions, the result is an **equity value of €37.49 million. The target price is, therefore, €8.20** (prev. €7.25). We confirm **BUY** rating and **MEDIUM** risk.

Table 6 – Equity Value – Sensitivity Analysis

€/mln	Growth Rate (g)	WACC						
		6,7%	7,2%	7,7%	8,2%	8,7%	9,2%	9,7%
2,5%		61,5	55,1	49,8	45,5	41,9	38,9	36,2
2,0%		55,7	50,4	46,1	42,4	39,3	36,6	34,3
1,5%		51,0	46,6	42,9	39,8	37,1	34,7	32,6
1,0%		47,2	43,4	40,2	37,49	35,1	33,0	31,1
0,5%		43,9	40,7	37,9	35,5	33,4	31,5	29,8
0,0%		41,2	38,4	35,9	33,8	31,9	30,2	28,6
-0,5%		38,8	36,3	34,2	32,2	30,5	29,0	27,6

Source: Integrae SIM

Table 7 – Target Price Implied Valuation Multiples

Multiples	FY21A	FY22E	FY23E	FY24E
EV/EBITDA	9,8x	8,6x	7,2x	5,6x
EV/EBIT	25,4x	17,2x	12,6x	8,6x

Source: Integrae SIM

Table 8 – Current Price Implied Valuation Multiples

Multiples	FY21A	FY22E	FY23E	FY24E
EV/EBITDA	3,9x	3,4x	2,8x	2,2x
EV/EBIT	10,1x	6,8x	5,0x	3,4x

Source: Integrae SIM

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

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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)

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