

UPDATE

EQUITY RESEARCH

# ABTG

**ISIM**  
**INTEGRÆ**

Euronext Growth Milan | Educational Services | Italy

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Rating

**BUY**

unchanged

Target Price

**€ 7,50**

prev. € 8,20



Risk

Medium

Upside potential

**257,2%**

Key Financials (€/mln)	FY22A	FY23E	FY24E	FY25E
VoP	15,84	18,70	22,00	25,50
EBITDA	2,48	3,75	5,25	6,55
EBIT	(0,55)	1,75	3,25	4,55
Net Income	(0,62)	1,05	1,95	2,75
NFP	(0,78)	(2,00)	(4,38)	(7,50)
EBITDA margin	15,6%	20,1%	23,9%	25,7%
EBIT margin	-3,5%	9,4%	14,8%	17,8%
Net Income Margin	-3,9%	5,6%	8,9%	10,8%

## Stocks performance relative to FTSE Italia Growth



### Stock Data

Price	€ 2,10
Target price	€ 7,50
Upside/(Downside) potential	257,2%
Ticker	ABTG IM
Market Cap (€/mln)	€ 10,70
EV (€/mln)	€ 9,92
Free Float	52,53%
Share Outstanding	5.095.554
52-week high	€ 3,46
52-week low	€ 1,88
Average daily volumes (3 months)	4.380

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Stock performance	1M	3M	6M	1Y
Absolute	0,96%	-1,87%	-10,64%	-36,56%
to FTSE Italia Growth	1,31%	1,52%	-13,24%	-25,75%
to Euronext STAR Milan	1,39%	0,69%	-23,71%	-27,05%
to FTSE All-Share	-3,16%	-8,66%	-38,30%	-46,93%
to EUROSTOXX	-4,47%	-8,08%	-37,44%	-48,79%
to MSCI World Index	-3,12%	-4,32%	-25,26%	-31,91%

Main Ratios	FY22A	FY23E	FY24E	FY25E
EV/EBITDA	4,0 x	2,6 x	1,9 x	1,5 x
EV/EBIT	N/A	5,7 x	3,1 x	2,2 x
P/E	N/A	10,2 x	5,5 x	3,9 x

## FY22A Results

The value of production came in at € 15.84 million, up on the value of € 14.18 million recorded at the end of 2021, and down slightly on the € 15.50 million estimated in our previous report. EBITDA, amounting to € 2.48 million, fell by 34.3% compared to € 3.77 million in the previous year, and was lower than our estimate of € 3.15 million. The EBITDA Margin, equal to 15.6%, was also down on the value of 2021 (26.6%), and below our previous estimate of 20.3%. Net Income was € -0.62 million, compared to € 0.82 million in 2021.

## Estimates Update

In light of the results published in the annual report for FY22A, we have adjusted our estimates for both the current year and the coming years. In particular, we estimate an FY23E value of production of € 18.70 million, and EBITDA of € 3.75 million, corresponding to a margin of 20.1%. In the following years, we expect the value of production to rise to € 25.50 million (CAGR 22Y-25E: 17.2%) in FY25E, with EBITDA equal to € 6.55 million (corresponding to a margin of 25.7%), up from € 2.48m in FY22A (corresponding to an EBITDA margin of 15.6%). On the balance sheet, we estimate a cash positive NFP for FY25E of € 7.50 million.

## Valuation Update

We conducted our valuation of the equity value of ABTG based on the DCF method. The DCF method (including, for prudential purposes, a specific risk of 2.50% in the calculation of the WACC) returned an equity value of € 38.2 million. The target price is € 7.50, with a BUY rating, and MEDIUM risk.

# Economics & Financials

TABLE 1 – ECONOMICS & FINANCIALS

CONSOLIDATED INCOME STATEMENT (€/mln)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenues	13,72	14,98	18,70	22,00	25,50
Other Revenues	0,46	0,86	0,00	0,00	0,00
<b>Value of Production</b>	<b>14,18</b>	<b>15,84</b>	<b>18,70</b>	<b>22,00</b>	<b>25,50</b>
COGS	0,03	0,08	0,05	0,05	0,05
Use of assets owned by others	0,69	0,80	0,85	1,00	1,15
Services	8,23	10,16	12,00	13,40	15,15
Employees	1,18	1,57	1,65	1,90	2,20
Other Operating Expenses	0,28	0,75	0,40	0,40	0,40
<b>EBITDA</b>	<b>3,77</b>	<b>2,48</b>	<b>3,75</b>	<b>5,25</b>	<b>6,55</b>
<i>EBITDA Margin</i>	<i>26,6%</i>	<i>15,6%</i>	<i>20,1%</i>	<i>23,9%</i>	<i>25,7%</i>
D&A	2,35	3,02	2,00	2,00	2,00
<b>EBIT</b>	<b>1,42</b>	<b>(0,55)</b>	<b>1,75</b>	<b>3,25</b>	<b>4,55</b>
<i>EBIT Margin</i>	<i>10,3%</i>	<i>-3,7%</i>	<i>9,4%</i>	<i>14,8%</i>	<i>17,8%</i>
Financial Management	(0,01)	(0,04)	(0,05)	(0,05)	(0,05)
<b>EBT</b>	<b>1,41</b>	<b>(0,59)</b>	<b>1,70</b>	<b>3,20</b>	<b>4,50</b>
Taxes	0,59	0,03	0,65	1,25	1,75
<b>Net Income</b>	<b>0,82</b>	<b>(0,62)</b>	<b>1,05</b>	<b>1,95</b>	<b>2,75</b>

CONSOLIDATED BALANCE SHEET (€/mln)	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Fixed Assets</b>	<b>6,62</b>	<b>5,40</b>	<b>5,50</b>	<b>5,00</b>	<b>4,50</b>
Account receivable	1,39	0,69	1,20	1,35	1,50
Inventories	0,10	0,06	0,10	0,10	0,10
Account payable	1,11	1,18	1,50	1,75	2,10
<b>Operating Working Capital</b>	<b>0,38</b>	<b>(0,43)</b>	<b>(0,20)</b>	<b>(0,30)</b>	<b>(0,50)</b>
Other receivable	1,07	1,39	1,70	1,95	2,20
Other payable	2,43	2,11	2,65	2,95	3,35
<b>Net Working Capital</b>	<b>(0,98)</b>	<b>(1,15)</b>	<b>(1,15)</b>	<b>(1,30)</b>	<b>(1,65)</b>
Severance Indemnities & Other Provisions	0,65	0,87	0,95	1,05	1,15
<b>NET INVESTED CAPITAL</b>	<b>4,99</b>	<b>3,38</b>	<b>3,40</b>	<b>2,65</b>	<b>1,70</b>

Share Capital	2,50	2,50	2,50	2,50	2,50
Reserves	1,78	2,28	1,84	2,58	3,94
Net Income	0,82	(0,62)	1,05	1,95	2,75
<b>Equity</b>	<b>5,10</b>	<b>4,16</b>	<b>5,40</b>	<b>7,03</b>	<b>9,20</b>
Cash & Cash Equivalent	1,36	1,99	4,00	6,58	10,00
Short Term Debt to Bank	0,20	0,30	0,60	0,80	0,90
M/L Term Debt to Bank	1,05	0,91	1,40	1,40	1,60
<b>Net Financial Position</b>	<b>(0,12)</b>	<b>(0,78)</b>	<b>(2,00)</b>	<b>(4,38)</b>	<b>(7,50)</b>
<b>SOURCES</b>	<b>4,99</b>	<b>3,38</b>	<b>3,40</b>	<b>2,65</b>	<b>1,70</b>

CONSOLIDATED CASH FLOW (€/mln)	FY22A	FY23E	FY24E	FY25E
EBIT	(0,55)	1,75	3,25	4,55
Taxes	0,03	0,65	1,25	1,75
<b>NOPAT</b>	<b>(0,58)</b>	<b>1,10</b>	<b>2,00</b>	<b>2,80</b>
D&A	3,02	2,00	2,00	2,00
Change in receivable	0,70	(0,51)	(0,15)	(0,15)
Change in inventories	0,04	(0,04)	0,00	0,00
Change in payable	0,07	0,32	0,25	0,35
Change in others	(0,64)	0,23	0,05	0,15
<i>Change in NWC</i>	<i>0,17</i>	<i>0,00</i>	<i>0,15</i>	<i>0,35</i>
Change in provisions	0,22	0,08	0,10	0,10
<b>OPERATING CASH FLOW</b>	<b>2,84</b>	<b>3,18</b>	<b>4,25</b>	<b>5,25</b>
Capex	(1,80)	(2,10)	(1,50)	(1,50)
<b>FREE CASH FLOW</b>	<b>1,03</b>	<b>1,08</b>	<b>2,75</b>	<b>3,75</b>
Financial Management	(0,04)	(0,05)	(0,05)	(0,05)
Change in Debt to Bank	(0,04)	0,79	0,20	0,30
Change in Equity	(0,32)	0,19	(0,32)	(0,59)
<b>FREE CASH FLOW TO EQUITY</b>	<b>0,63</b>	<b>2,00</b>	<b>2,59</b>	<b>3,42</b>

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.

## FY22A Results

TABLE 2 – ACTUAL VS ESTIMATES FY22A

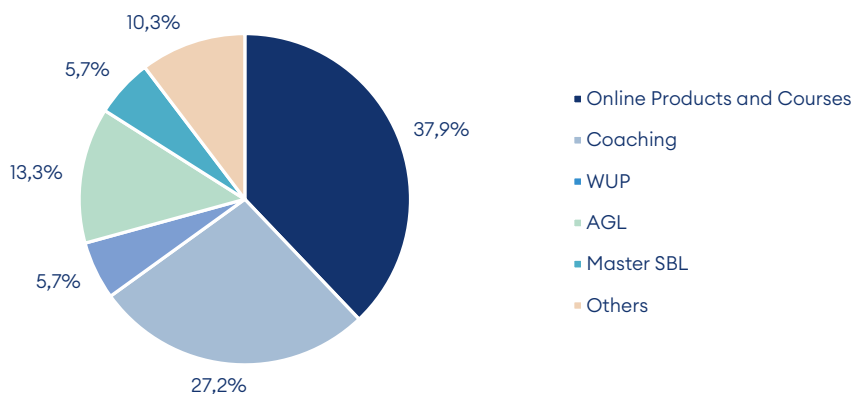
€/mln	VoP	EBITDA	EBITDA	EBIT	Net Income	NFP
FY22A	15,84	2,48	15,6%	(0,55)	(0,62)	(0,78)
FY22E	15,50	3,15	20,3%	0,95	0,55	(1,14)
Change	2,2%	-21,4%	-4,7%	-157,8%	-212,6%	N/A

Source: Integrae SIM

Commenting on the annual results in a press release, Alfio Bardolla, Chairman of the BoD and CEO of ABTG, stated: “We are satisfied with the continued growth. 2022 was characterized by an important commitment and extraordinary costs in the search for new acquisitions, in the consolidation of the business, and in the move to new offices. The net financial position, which is constantly positive and clearly improving, compared to the same period of the previous year, reflects the good management performance of the business. The first few months of the year are seeing higher performance than budget forecasts, which is also reflected by the growing number of participants in our Wake Up Calls.”

The value of production came in at € 15.84 million, up on €14.18 million reported at the end of 2021, and down slightly on the € 15.50 million estimated in our previous report.

CHART 1 – REVENUES BREAKDOWN BY SEGMENT FY22A



Source: ABTG

The breakdown of Revenues by product shows that the main contribution comes from the sale of online courses and products, amounting to € 6.00 million, and accounting for approximately 37.9% of total Revenues. This is followed by Revenues from Coaching, amounting to € 4.30 million, and a share of 27.2%, while Revenues from the subsidiary Aste Giudiarie Lombardia Srl (AGL), which operates in the real estate auction sector, accounted for a share of 13.3%, amounting to € 2.10 million. Revenues from Wake Up Calls amounted to €

0.90 million (5.7%), as did Revenues from the Master Smart Business Lab.

EBITDA, equal to € 2.48 million, fell by 34.3%, compared to € 3.77 million in the previous year, and lower than our estimate of € 3.15 million. The EBITDA Margin, equal to 15.6%, was also down on the value of 2021 (26.6%), and below our previous estimate of 20.3%. The reduction in EBITDA is attributable to the increase in costs necessary for business development, and to the change in accounting of lead generation expenses.

EBIT, after amortization and depreciation of € 3.02 million (up 28.6% compared to 2021), was negative and equal to € -0.55 million, compared to the positive sum of € 1.42 million in previous year.

Net Income was € -0.62 million, compared to € 0.82 million in 2021.

The NFP is cash positive, going from € 0.12 million to € 0.78 million, slightly lower than our estimate of €1.14 million.

## FY23E – FY25E Estimates

TABLE 3 – ESTIMATES UPDATES FY23E-25E

€/mln	FY23E	FY24E	FY25E
<b>Revenues</b>			
New	18,70	22,00	25,50
Old	18,00	22,00	N/A
Change	3,9%	0,0%	N/A
<b>EBITDA</b>			
New	3,75	5,25	6,55
Old	5,20	6,65	N/A
Change	-27,9%	-21,1%	N/A
<b>EBITDA %</b>			
New	20,1%	23,9%	25,7%
Old	28,9%	30,2%	N/A
Change	-8,8%	-6,4%	N/A
<b>EBIT</b>			
New	1,75	3,25	4,55
Old	3,20	4,55	N/A
Change	-45,3%	-28,6%	N/A
<b>Net Income</b>			
New	1,05	1,95	2,75
Old	2,00	2,80	N/A
Change	-47,5%	-30,4%	N/A
<b>NFP</b>			
New	(2,00)	(4,38)	(7,50)
Old	(2,97)	(5,42)	N/A
Change	N/A	N/A	N/A

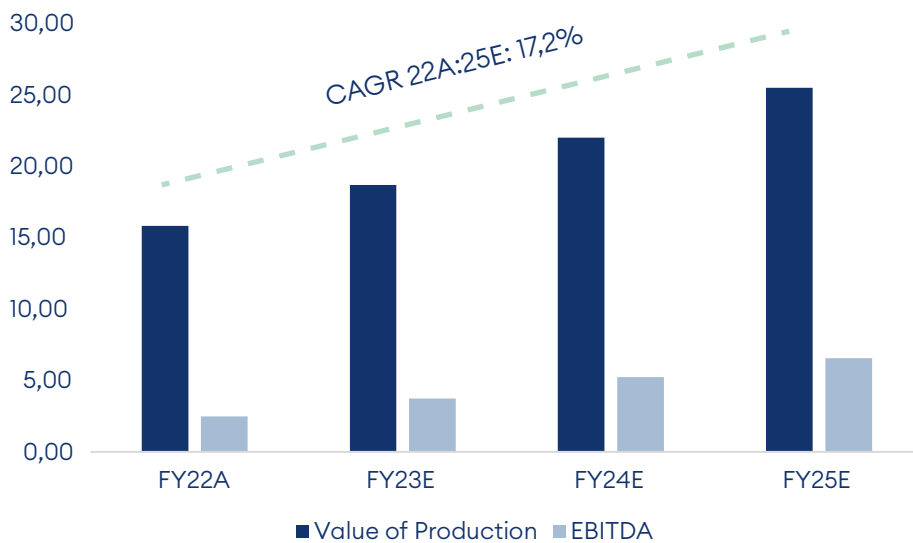
Source: Integrae SIM

In light of the results published in the annual report for FY22A, we have adjusted our estimates for both the current year and the coming years.

In particular, we estimate an FY23E value of production of € 18.70 million, and EBITDA of € 3.75 million, corresponding to a margin of 20.1%. In the following years, we expect the value of production to rise to € 25.50 million (CAGR 22Y-25E: 17.2%) in FY25E, with EBITDA equal to € 6.55 million (corresponding to a margin of 25.7%), up from € 2.48m in FY22A (corresponding to an EBITDA margin of 15.6%).

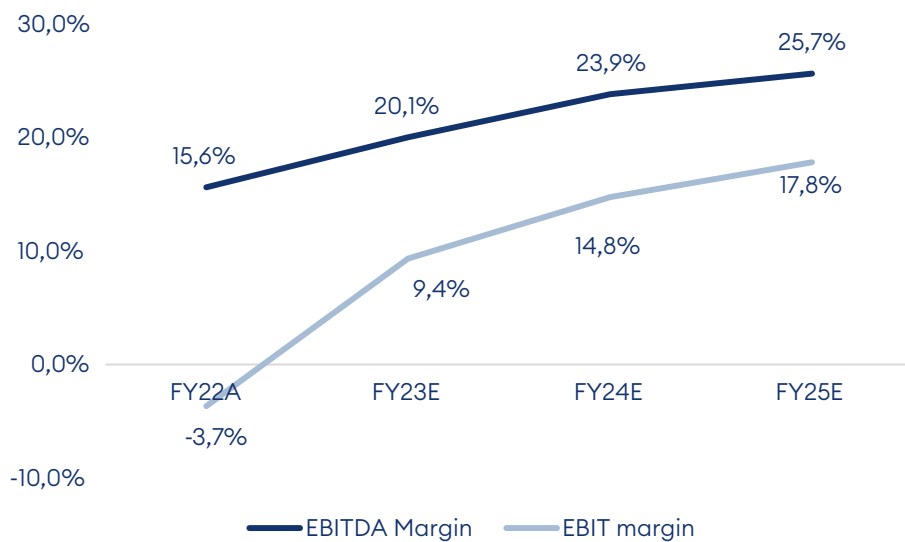
On the balance sheet level, we estimate a cash positive NFP for FY25E of € 7.50 million.

CHART 2 - VOP AND EBITDA FY22A-25E



Source: Integrae SIM

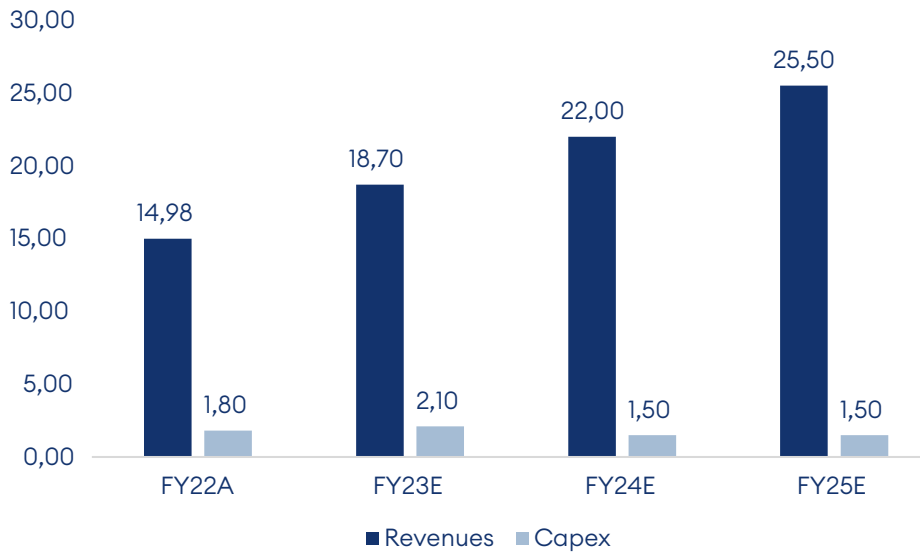
CHART 3 - MARGIN FY22A-25E



Source: Integrae SIM

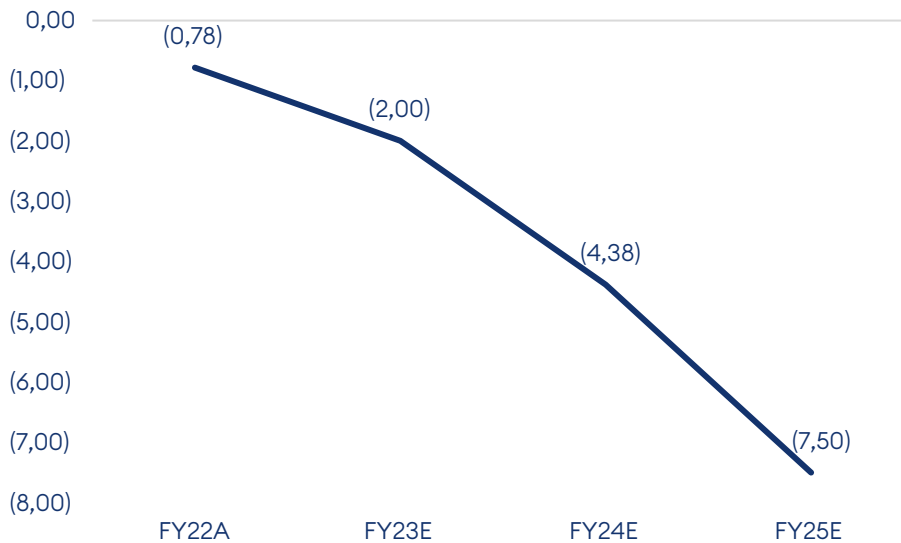


CHART 4 – CAPEX FY22A-25E



Source: Integrae SIM

CHART 5 – NFP FY22A-25E



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			11,45%
D/E 42,86%	Risk Free Rate 3,51%	$\beta$ Adjusted 1,00	$\alpha$ (specific risk) 2,50%
$K_d$ 2,00%	Market Premium 9,73%	$\beta$ Relevered 1,31	$K_e$ 15,74%

Source: Integrae SIM

For prudential purposes, we included a specific risk of 2.50%. The result is therefore a WACC of 11.45%.

TABLE 5 – DCF VALUATION

DCF	% of EV
FCFO actualized	6,9 19%
TV actualized DCF	30,5 81%
<b>Enterprise Value</b>	<b>37,4</b> <b>100%</b>
NFP (FY22A)	(0,8)
<b>Equity Value</b>	<b>38,2</b>

Source: Integrae SIM

With the above data and taking our estimates and assumptions as a reference, the result is an *equity value of € 38.2 million*.

TABLE 6 – EQUITY VALUE – SENSITIVITY ANALYSIS

€/mln	Growth Rate (g)	WACC						
		9,9%	10,4%	10,9%	11,4%	11,9%	12,4%	12,9%
	2,5%	52,2	48,9	45,9	43,3	41,0	38,9	37,0
	2,0%	49,4	46,5	43,8	41,4	39,3	37,4	35,7
	1,5%	47,0	44,3	41,9	39,8	37,8	36,0	34,4
	1,0%	44,8	42,4	40,2	38,2	36,4	34,8	33,3
	0,5%	42,8	40,6	38,6	36,8	35,2	33,7	32,3
	0,0%	41,1	39,1	37,2	35,6	34,0	32,6	31,3
	-0,5%	39,5	37,6	35,9	34,4	33,0	31,6	30,4

Source: Integrae SIM

# Equity Value

TABLE 9 – EQUITY VALUE

Average Equity Value (€/mln)	
Equity Value DCF (€/mln)	38,2
<hr/>	
Target Price (€)	7,50

Source: Integrae SIM

The result is an equity value of € 38.2 million. **The target price is therefore € 7.50 (prev. € 8.20). We confirm a BUY rating, and MEDIUM risk.**

TABLE 10 – TARGET PRICE IMPLIED VALUATION MULTIPLES

Multiples	FY22A	FY23E	FY24E	FY25E
EV/EBITDA	15,1 x	10,0 x	7,1 x	5,7 x
EV/EBIT	N/A	21,4 x	11,5 x	8,2 x
P/E	N/A	36,4 x	19,6 x	13,9 x

Source: Integrae SIM

TABLE 11 – CURRENT PRICE IMPLIED VALUATION MULTIPLES

Main Ratios	FY22A	FY23E	FY24E	FY25E
EV/EBITDA	4,0 x	2,6 x	1,9 x	1,5 x
EV/EBIT	N/A	5,7 x	3,1 x	2,2 x
P/E	N/A	10,2 x	5,5 x	3,9 x

Source: Integrae SIM

# Disclosure Pursuant to Delegated Regulation UE n. 2016/958

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#### Equity Total Return (ETR) for different risk categories

Rating	Low Risk	Medium Risk	High Risk
BUY	ETR $\geq$ 7.5%	ETR $\geq$ 10%	ETR $\geq$ 15%
HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR $\leq$ -5%	ETR $\leq$ -5%	ETR $\leq$ 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 INTEGRÆ 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).

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### Conflict of interest

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

- It operates or has operated in the past 12 months as the entity responsible for carrying out the activities of Euronext Growth Advisor of the ABTG SpA;