

ABTG

ISIM INTEGRÆ

Euronext Growth Milan | Educational Services | Italy

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Rating

BUY

unchanged

Target Price

€ 7,20

prev. € 8,00



Risk

Medium

Upside potential

176,0%

Stocks performance relative to FTSE Italia Growth



Stock Data

Price	€ 2,61
Target price	€ 7,20
Upside/(Downside) potential	176,0%
Ticker	ABTG IM
Market Cap (€/mln)	€ 14,07
EV (€/mln)	€ 12,28
Free Float	47,90%
Share Outstanding	5.391.675
52-week high	€ 2,69
52-week low	€ 1,92
Average daily volumes (3 months)	7.312

Key Financials (€/mln)	FY23A	FY24E	FY25E	FY26E
VoP	19,5	26,0	30,5	34,0
EBITDA	3,3	5,2	6,9	8,5
EBIT	1,0	3,4	5,1	6,7
Net Income	0,5	2,3	3,5	4,6
NFP	(1,8)	(3,2)	(5,0)	(6,8)
EBITDA margin	17,2%	20,0%	22,5%	25,0%
EBIT margin	5,3%	13,1%	16,6%	19,6%
Net Income Margin	2,5%	8,8%	11,5%	13,5%

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Stock performance	1M	3M	6M	1Y
Absolute	27,9%	11,1%	21,4%	18,6%
to FTSE Italia Growth	28,4%	13,9%	20,6%	33,1%
to Euronext STAR Milan	29,0%	12,4%	9,7%	24,8%
to FTSE All-Share	28,9%	0,8%	3,0%	-0,2%
to EUROSTOXX	29,4%	0,5%	3,0%	6,7%
to MSCI World Index	2,0%	-23,8%	-24,4%	-32,5%

Main Ratios	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	3,7x	2,4x	1,8x	1,4x
EV/EBIT	11,9x	3,6x	2,4x	1,8x
P/E	28,8x	6,1x	4,0x	3,1x

FY23A Results

The value of production amounted to € 19.48 million, up from € 15.84 million at the end of 2022 and the € 18.90 million estimated in our previous report. EBITDA, equal to € 3.35 million, recorded a growth of 35.3% compared to the figure of € 2.48 million for the previous year, and was lower than our estimate of € 3.80 million. The EBITDA margin, equal to 17.2%, also grew compared to the 2022 figure (15.6%), and came in below our previous estimate of 20.1%. EBIT, after depreciation and amortization of € 2.32 million (down by 23.3% compared to 2022), was € 1.03 million, compared to the negative value of € -0.55 million for previous financial year. Net Income stands at € 0.49 million, compared to € -0.62 million in 2022.

Estimates Update

In light of the results published in the annual report for FY23A, we have adjusted our estimates for both the current year and the following years. In particular, we estimate an FY24E value of production of € 26.00 million, and an EBITDA of € 5.20 million, corresponding to a margin of 20.0%. In the following years, we expect the value of production to reach € 34.00 million (CAGR 23A-26E: 20.4%) in FY26E, with EBITDA equal to € 8.50 million (corresponding to a margin of 25.0%), up from € 3.35 million in FY23A (corresponding to an EBITDA margin of 17.2%).

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 € 38.8 million. The target price is € 7.20, 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	26,00	30,50	34,00
Other revenues	0,86	0,12	0,00	0,00	0,00
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	16,80	19,25	20,90
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	5,20	6,85	8,50
<i>EBITDA Margin</i>	<i>15,6%</i>	<i>17,2%</i>	<i>20,0%</i>	<i>22,5%</i>	<i>25,0%</i>
D&A	3,02	2,32	1,80	1,80	1,85
EBIT	(0,55)	1,03	3,40	5,05	6,65
<i>EBIT Margin</i>	<i>-3,5%</i>	<i>5,3%</i>	<i>13,1%</i>	<i>16,6%</i>	<i>19,6%</i>
Financial management	(0,04)	(0,09)	(0,10)	(0,05)	(0,05)
EBT	(0,59)	0,94	3,30	5,00	6,60
Taxes	0,03	0,45	1,00	1,50	2,00
Net Income	(0,62)	0,49	2,30	3,50	4,60

CONSOLIDATED BALANCE SHEET (€/mln)	FY22A	FY23A	FY24E	FY25E	FY26E
Fixed Assets	5,40	5,42	6,00	6,50	6,95
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	3,70	3,50	3,45
Share capital	2,50	2,65	2,65	2,65	2,65
Reserves	2,28	1,86	1,94	2,35	2,97
Net Income	(0,62)	0,49	2,30	3,50	4,60
Equity	4,16	4,99	6,89	8,50	10,22
Cash & cash equivalents	1,99	2,74	3,69	5,20	6,77
Short term financial debt	0,30	0,44	0,20	0,10	0,00
M/L term financial debt	0,91	0,51	0,30	0,10	0,00
Net Financial Position	(0,78)	(1,79)	(3,19)	(5,00)	(6,77)
SOURCES	3,38	3,20	3,70	3,50	3,45

CONSOLIDATED CASH FLOW (€/mln)	FY23A	FY24E	FY25E	FY26E
EBIT	1,03	3,40	5,05	6,65
Taxes	0,45	1,00	1,50	2,00
NOPAT	0,58	2,40	3,55	4,65
D&A	2,32	1,80	1,80	1,85
Change in NWC	0,62	(0,01)	0,60	0,45
Change in receivable	(1,21)	(0,60)	(0,30)	(0,15)
Change in inventory	0,06	0,00	0,00	0,00
Change in payable	0,97	0,69	0,55	0,55
Change in others	0,79	(0,11)	0,35	0,05
Change in provisions	(0,41)	0,09	0,10	0,05
OPERATING CASH FLOW	3,10	4,28	6,05	7,00
Capex	(2,35)	(2,38)	(2,30)	(2,30)
FREE CASH FLOW	0,75	1,90	3,75	4,70
Financial management	(0,09)	(0,10)	(0,05)	(0,05)
Change in Financial debt	(0,26)	(0,45)	(0,30)	(0,20)
Change in equity	0,35	(0,40)	(1,89)	(2,88)
FREE CASH FLOW TO EQUITY	0,75	0,95	1,51	1,57

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.

FY23A Results

TABLE 2 – ACTUAL VS ESTIMATES FY23A

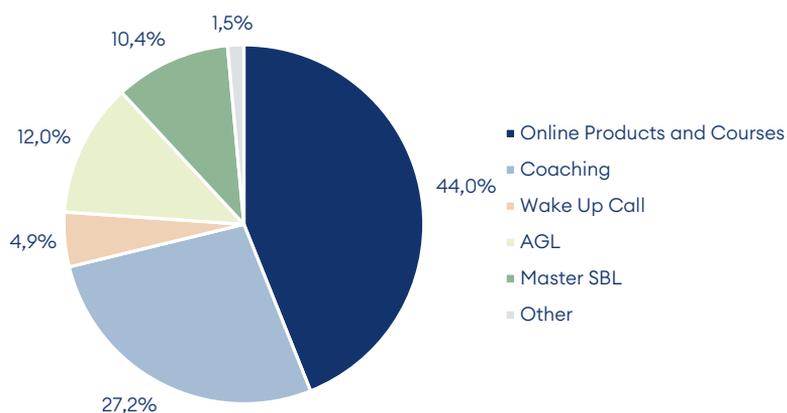
€/mln	Revenues	EBITDA	EBITDA %	EBIT	Net Income	NFP
FY23A	19,36	3,35	17,2%	1,03	0,49	(1,79)
FY23E	18,90	3,80	20,1%	1,80	1,25	(1,96)
Change	2,4%	-11,9%	-2,9%	-42,9%	-60,9%	n/a

Source: Integrae SIM

In the annual results press release, President and CEO of ABTG, Alfio Bardolla, commented: *“I am extremely proud of the performance of our company and the strategic direction taken. These results are not only a confirmation of the effectiveness of our strategies, but also of the hard work and commitment of our team. Looking to the future, we remain committed to further expanding our training offerings, investing in innovative technologies, and exploring new market opportunities, in order to continue to deliver inestimable value to our customers and shareholders. Our vision is clear: to continue to be a leader in the financial training sector, driving change and promoting the personal and professional development of all our students”.*

The value of production amounted to € 19.48 million, up from € 15.84 million at the end of 2022 and the € 18.90 million estimated in our previous report.

CHART 1 – REVENUES BREAKDOWN BY SEGMENT FY23A



Source: ABTG

The breakdown of revenues by product shows that the main contribution came from the Sale of Online courses and Products, amounting to € 8.56 million, and accounting for approximately 44.0% of total revenues. Next came revenues from Coaching, at € 5.30 million, accounting for 27.2% of the total, while revenues from the subsidiary AGL contributed € 2.35 million, representing 12.0%. Wake Up Call revenues amounted to € 0.96 million (4.9%).

Finally, those coming from the Master Smart Business Lab amounted to approximately € 2.03 million (10.4%)

EBITDA, equal to € 3.35 million, recorded a growth of 35.3% compared to the figure of € 2.48 million for the previous year, and was lower than our estimate of € 3.80 million. The EBITDA margin, equal to 17.2%, also grew compared to the 2022 figure (15.6%), and came in below our previous estimate of 20.1%. This increase in EBITDA is mainly attributable to business development and cost containment improvements, coming from the continuation of structural cost efficiency actions.

EBIT, after depreciation and amortization of € 2.32 million (down by 23.3% compared to 2022), was € 1.03 million, compared to the negative value of € -0.55 million for previous financial year.

Net Income stands at € 0.49 million, compared to € -0.62 million in 2022.

The NFP was cash positive, going from € 0.78 million (cash positive) to € 1.79 million, in line with our estimate (€ 1.96 million).

FY24E – FY26E Estimates

TABLE 3 – ESTIMATES UPDATES FY24E-26E

€/mln	FY24E	FY25E	FY26E
Value of Production			
New	26,00	30,50	34,00
Old	25,50	30,50	n/a
Change	2,0%	0,0%	n/a
EBITDA			
New	5,20	6,85	8,50
Old	5,75	8,35	n/a
Change	-9,6%	-18,0%	n/a
EBITDA %			
New	20,0%	22,5%	25,0%
Old	22,5%	27,4%	n/a
Change	-2,5%	-4,9%	n/a
EBIT			
New	3,40	5,05	6,65
Old	3,65	6,25	n/a
Change	-6,8%	-19,2%	n/a
Net Income			
New	2,30	3,50	4,60
Old	2,55	4,40	n/a
Change	-9,8%	-20,5%	n/a
NFP			
New	(3,19)	(5,00)	(6,77)
Old	(5,31)	(10,71)	n/a
Change	n/a	n/a	n/a

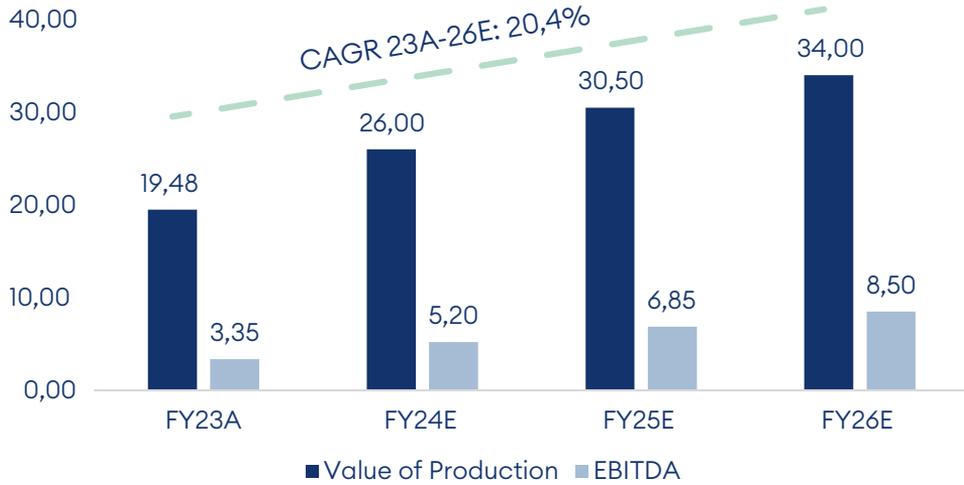
Source: Integrae SIM

In light of the results published in the annual report for FY23A, we have adjusted our estimates for both the current year and the following years.

In particular, we estimate an FY24E value of production of € 26.00 million, and an EBITDA of € 5.20 million, corresponding to a margin of 20.0%. In the following years, we expect the value of production to reach € 34.00 million (CAGR 23A-26E: 20.4%) in FY26E, with EBITDA equal to € 8.50 million (corresponding to a margin of 25.0%), up from € 3.35 million in FY23A (corresponding to an EBITDA margin of 17.2%).

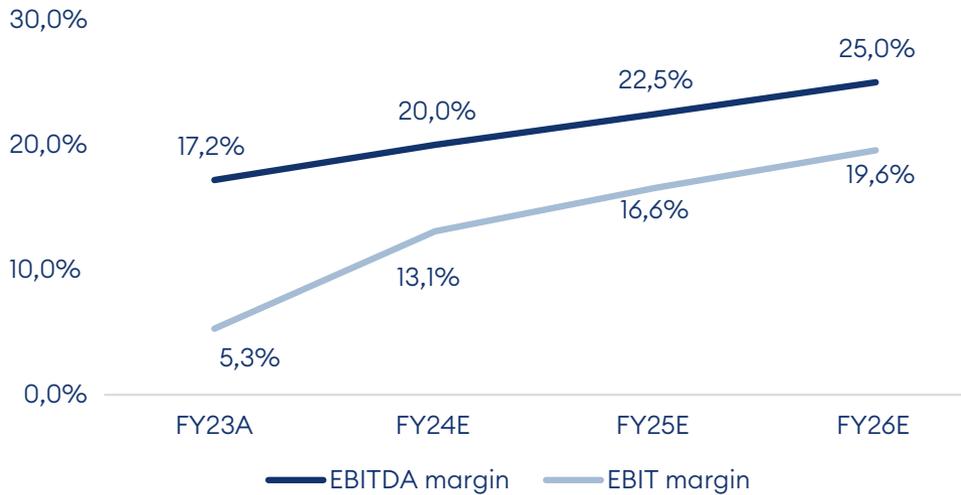
On the balance sheet, we estimate a cash positive NFP for FY24E of € 3.19 million.

CHART 2 - VOP AND EBITDA FY23A-26E



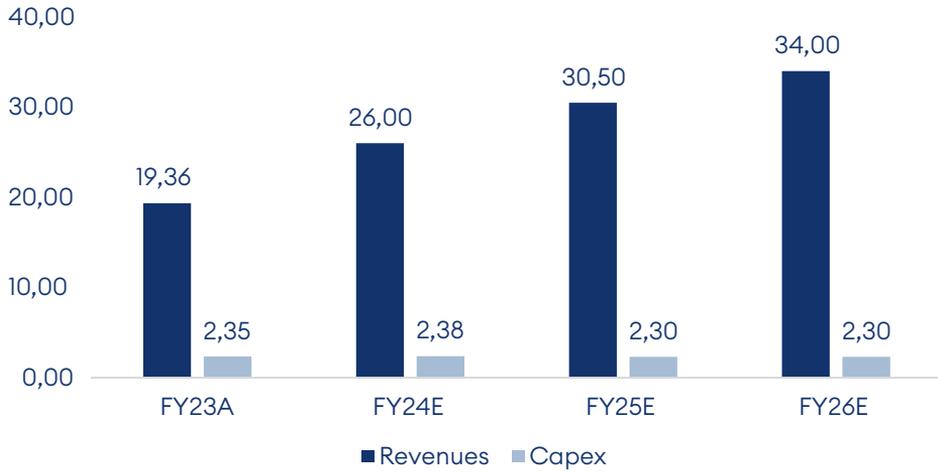
Source: Integrae SIM

CHART 3 - MARGIN FY23A-26E



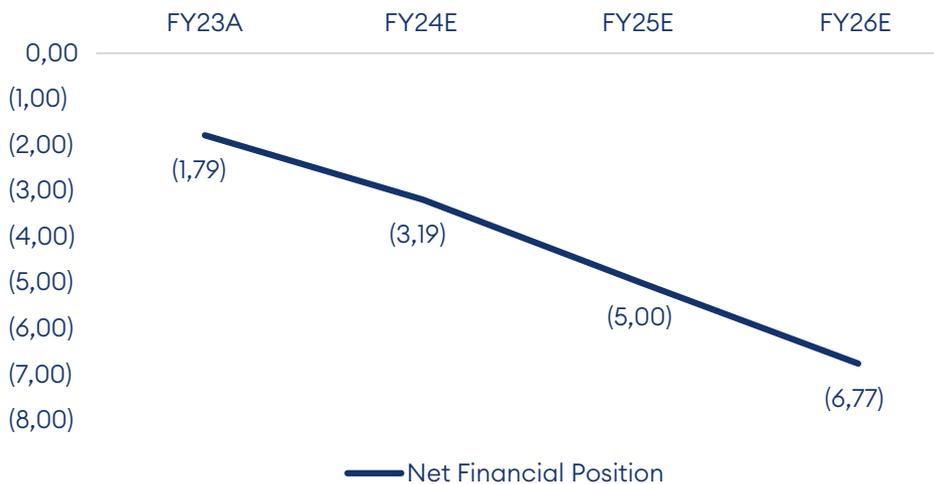
Source: Integrae SIM

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				13,54%
D/E 11,11%	Risk Free Rate 3,14%	β Adjusted 1,2	α (specific risk) 2,50%	
K_d 3,50%	Market Premium 7,81%	β Relevered 1,1	K_e 14,76%	

Source: Integrae SIM

For prudential purposes, we included a specific risk of 2.50%. This resulted in a WACC of 13.54%.

TABLE 5 - DCF VALUATION

DCF		% of EV
FCFO actualized	8,4	23%
TV actualized DCF	28,7	77%
Enterprise Value	37,1	100%
NFP (FY23A)	(1,8)	
Equity Value	38,8	

Source: Integrae SIM

With the above data and taking our estimates and assumption as a reference, the result is an *equity value of € 38.8 million.*

TABLE 6 - EQUITY VALUE - SENSITIVITY ANALYSIS

€/mIn	Growth Rate (g)	WACC						
		12,0%	12,5%	13,0%	13,5%	14,0%	14,5%	15,0%
	3,0%	50,0	47,4	45,0	42,9	41,0	39,3	37,7
	2,5%	47,9	45,5	43,4	41,4	39,7	38,0	36,6
	2,0%	46,0	43,9	41,9	40,1	38,4	36,9	35,5
	1,5%	44,3	42,3	40,5	38,8	37,3	35,9	34,6
	1,0%	42,8	40,9	39,3	37,7	36,3	34,9	33,7
	0,5%	41,4	39,7	38,1	36,6	35,3	34,1	32,9
	0,0%	40,1	38,5	37,0	35,7	34,4	33,2	32,1

Source: Integrae SIM

Equity Value

TABLE 9 – EQUITY VALUE

Equity Value	
Equity Value DCF (€/mln)	38,8
Target Price (€)	7,20

Source: Integrae SIM

The result is an equity value of € 38.8 million. **The target price is therefore € 7.20 (prev. € 8.00). We confirm a BUY rating, and MEDIUM risk.**

TABLE 10 – TARGET PRICE IMPLIED VALUATION MULTIPLES

Multiples	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	11,1x	7,1x	5,4x	4,4x
EV/EBIT	36,0x	10,9x	7,3x	5,6x
P/E	79,4x	16,9x	11,1x	8,4x

Source: Integrae SIM

TABLE 11 – CURRENT PRICE IMPLIED VALUATION MULTIPLES

Main Ratios	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	3,7x	2,4x	1,8x	1,4x
EV/EBIT	11,9x	3,6x	2,4x	1,8x
P/E	28,8x	6,1x	4,0x	3,1x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958

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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

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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		

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