



Growth process continues, upcoming "Wake Up Call" in hybrid mode

Sector: Commercial Services

1H22 sales at Euro 7.4 m, consistently in line with expectations. Alfio Bardolla Training Group, Italian leader in financial and business training, posted a positive set of 1H22 results largely in line with our estimates. Total revenues amounted to Euro 7.4 m vs. Euro 7.3 m registered in previous year; an analysis of the revenues breakdown shows that the reduction from online courses (-20%), offset by the increase in coaching revenues (+103%), expresses the market trend toward a return to courses conducted live due to the gradual reduction in the health emergency. For this reason, the Group is structuring itself to a gradual evolution of organizing events in hybrid mode, indeed the upcoming Wake Up Call in October 2022 will be held for the first time in both livestream and presence mode. Consolidated EBITDA amounted to Euro 0.87 m, equal to 12% of revenues and recording a decrease of Euro 1.3 m compared to the same half of 2021. EBIT is negative for Euro 0.3 m and mainly affected by the decrease of EBITDA, while the consolidated Net Loss of 1H22 is equal to Euro -0.5 m. Production costs increased by 32% compared to the second half of 2021: this increase can be attributed firstly to the change in the accounting treatment used for *lead generation costs*, but secondly and mainly to the strengthening of the structure with the hiring of new resources (see increase in personnel costs) and the expansion of the marketing and events area and expenses related to research necessary for the exogenous growth of the Group.

On the balance sheet side, we see a slightly increase in Net Financial Position that it is quantified in Euro 0.8 m (cash positive) vs. Euro 0.1 m at the end of 2021; Net working capital, which due to the business' nature is negative, stood at Euro -1.5 m whereas Net Equity was of Euro 4.2 m (vs. Euro 5.4 m in 1H21).

Positive outlook despite international turmoil. The uncontrolled increase in prices, caused by the reduction in supplies of raw materials, amplified by the Russia/Ukraine conflict to date is not having any particular impact on the Company. To date, the Group, although it has legal control of the Russian company, does not exercise control over it due to the particular situation and therefore has not included it in its scope of consolidation. ABTG also plans to market the first "edutainment" software product, which combines personal financial education and entertainment and whose development phase is currently in beta testing on major app stores. In line with the digital strategy, the Company launched a control and time reporting system for all coaches and strengthened digital marketing tools and content to serve the sales network. Finally, ABTG has begun renovation work on its new headquarters, planning to relocate the Group's offices by early 2023.

Estimate revision and valuation. Given the above we finetuned our revenue forecast now assuming Euro 15.8 m in FY22 (previously Euro 15.5 m) and slightly decrease our EBITDA margin (now 25% in FY22 and 29% in FY23 vs 28% and 30% previously). Based on peers' multiple re-rating (c. -25% since our last report), we updated our target price to Euro 8.27 p.s. (8.45 pr.) providing for an upside on current stock price of +288%. The stock is currently trading at FY22E/23E EV/EBITDA multiples of 1.7x and 1.1x at an average discount of 20% to peers. At our target price the stock would be trading at 10.5x and 8.7x respectively.

As of 10th October 2022

Target Price 8.27 (8.45 pr.)

Price (€ m) **2.13**

Market Cap (€ m) **10.85**

EV (€ m) **10.05**

Share Data

Market	Euronext Growth Milan
Reuters/Bloomberg	ABTG.MI/ABTG:IM
ISIN	IT0005244030
N. of Shares	5,094,361
Free Float	52.5%
CEO	Alfio Bardolla

Financials

	2021A	2022E	2023E	2024E
Sales	14.1	15.8	18.3	21.2
YoY %	+46%	+16%	+16%	+16%
EBITDA	3.8	3.9	4.8	5.9
EBITDA %	27%	25%	26%	28%
EBIT	1.5	1.8	2.5	3.6
EBIT %	10.4%	11%	14%	17%
Net Income	0.8	1.2	1.8	2.7
Net Debt	(0.1)	(0.8)	(2.8)	(5.3)

Performance

	1M	3M	6M
Absolute %	1.5	6.9	-40.4
Relative (FTSE Italia Growth)	5.3	8.5	-30.4
52-week High/Low (Eu)	4.2	/	1.9

Sustainability

ESG Profile available

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