

CONFINVEST FL

1H20: revenues +113% and release of Fintech solution (ContoLingotto)

A first half with sharp increase in revenues and profitability.

Confinvest, market dealer of physical investment gold, just announced a very strong set of 1H20 results with revenues up by 113% and an EBITDA that more than tripled. More in detail, sales came in at Euro 19.9 m vs. Euro 9.3 m in 1H19 with growth mainly driven by the increase in sales/purchase volumes and the continuous development of the strategic plan based on a multi-channel approach and the introduction of new products/services (Gold Plan and Vaulting). The positive trend was also in part related to the increase in gold prices, which in 1H20 reached all-time high. EBITDA was of Euro 1.02 m, with an EBITDA margin of 54% on First Margin, up by 500 bps vs 1H19 (49%) thanks to operational leverage and the scalability of the business model. Net Profit stood at Euro 0.67 m, 35% of First Margin and up by 241% vs Euro 0.20 m in 1H19. Net Cash was of Euro 1.03 m, up from Euro 0.92 m at year end 2019, thanks to good operating cash flow and in spite of the investments made in the period of c. Euro 0.2 m mainly related to the development of the Conto Lingotto platform, and a dividend payment of c. Euro 0.4 m. Net Cash adjusted for gold inventory in excess of the physiological needs required by the business (10 days) was of Euro 4.0 m.

Positive outlook thanks to multichannel strategy and release of Conto Lingotto (fintech solution).

Management stated that it expects the current macro-economic situation to present positive opportunities for the Company in terms of trend in gold prices. Despite the COVID-19 emergency, which hit Europe in 1H20, the Company has continued an important growth path, and Management confirmed the validity of the strategies presented in IPO based on a multichannel approach and widening of product/service offering. In line with the above, this August the Company released its fintech solution “ContoLingotto”, an important strategic pillar of the Fintech business line. Based on the above we revised our FY20 top-line forecast to factor in a slight delay in the release of Conto Lingotto vs. our estimates, However we expect this to be partly offset at EBITDA level following higher than expected profitability in terms of First Margin which we believe is structural. We left our yoy revenue growth forecasts unchanged for FY21-22 while increasing slightly First Margin.

Valuation: Following the update of our DCF model to include our new estimates and up-to-date risk-free rate and ERP, our model points to a new target price of Euro 6.12 p.s. (Euro 6.07 p.s. previously) and provides for an upside of 47% vs. current market price (Euro 4.16 p.s.).

Sector: Fintech

Target Price (Euro)	6.12 (6.07 pr.)
Market Price (Euro)	4.16
Market Cap (Euro m)	29.1
EV (Euro m)	28.9

(as of September 29th 2020)

Share Data

Market	AIM ITALIA
Bloomberg	CFV-IM
ISIN	IT0005379604
N. of Shares	7,000,000
Free Float	41.08%
CEO	Giacomo Andreoli

Aim Positioning

FY 2019	Company	AIM Italia
VoP (Eu m)	27	43
Yoy	85%	26%
EBITDA %	47%	14%
ND/EBITDA (x)	-1.1	3.8

Market Data	Company	AIM Italia
Mkt Cap (Eu m)	29	45
Perf. YTD	26%	-8%
Free Float	41%	33%
ADTT YTD (Eu k)	294.405	70.831

Credit Risk Profile

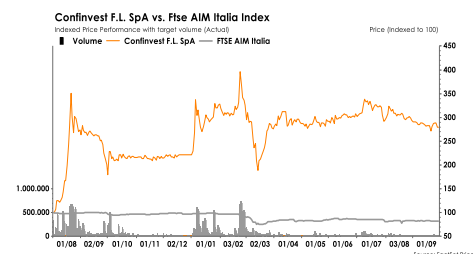
	CONFINVEST	Italian PMII Av
Wiserfunding Bond Rating Equivalent	BBB	B+

Performance

	1M	3M	6M
Absolute	-6,62%	-7,35%	-1,89%
Relative	-6,06%	-3,16%	-4,22%
52-week High/Low (Eu)	5.99 / 2.62		

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Key Figures (Eu m)	Sales	Yoy %	First Margin	EBITDA	EBITDA %*	EBIT	Net Profit	Net Debt
2019A	27.3	+85%	1.8	0.8	47%	0.8	0.6	(0.9)
2020E	50.5	+85%	4.0	2.5	62%	2.4	1.7	(1.1)
2021E	70.7	+40%	5.7	3.8	68%	3.6	2.6	(1.5)
2022E	91.9	+30%	7.3	5.4	73%	5.1	3.6	(2.0)

*On first margin