ALFIO BARDOLLA

Positive outlook due to an improved business mix and higher profitability

Strong FY20 results driven by digital (+424%). Alfio Bardolla Training Group, Italian leader in financial and business training, posted a positive set of FY20 results largely in line with our estimates and with a sharp increase in profitability vs. last year thanks to a shift in business model towards digital both in terms of product offering (online courses and livestream) and organizational structure. FY20 consolidated revenues came in at Euro 9.7 m (-21% vs Euro 12.3 m in FY19), largely in line with of our estimates of Euro 10.0 m. In terms of product lines, online courses counted for 37% of total revenues (6% in FY19) thus becoming the principal source of revenues. Offline courses and coaching weighted 19% and 24% of total revenues respectively (vs 54% and 33% in FY19). The business line focusing on judicial real estate auctions, grew revenues by +195% yoy to Euro 1.4 m (Euro 0.5 m in FY19).

Quadrupled EBITDA margin (24.8%). Driven by the shift in product mix with higher weight of online courses and increased operational efficiency thanks to investments in management systems (ERP, Business Intelligence and CRM) and despite a contraction in sales volumes, EBITDA jumped by +217% to Euro 2.4 m (Euro 0.8 m in FY19), providing for and EBITDA margin of 24.8%, quadrupled vs. prior year (6.2%). After D&As of Euro 1.1 m (Euro 1.2 in FY19), EBIT stood at Euro 1.2 m, in line with our expectations, and recording a significative improvement vs. last year (negative of Euro 1.1 m). Net Profit was of Euro 0.7 m vs. a Net Loss as of FY 19 of Euro 1.2 m.

New dividend policy. Net Cash at the end of the year stood at Euro 0.5 m, in line with FY19 (Euro 0.5 m) after total investments in the period of Euro 1.6 m mainly related to lead generation and digitalization of the organizational structure. Net working capital, which due to the business' nature is negative, stood at Euro -2.0 m whereas Net Equity was of Euro 5.0 m (vs. Euro 4.2 m in FY19). Given the positive FY20 results, Management announced the intention to implement a dividend policy, and has hence proposed to the shareholders to approve to fully cover retained losses by using available reserves and part of the share capital. The share capital resulting from the operation should hence be of Euro 2.5m (Euro 5.1 m currently) whereas reserves available for distribution will increase. Following the conclusion of the transaction, the Board intends to propose the distribution of a c. Euro 0.5 m dividend.

New guidance in line with our estimates. FY20 was significantly impacted by the restrictions put in place to contain the spread of the COVID-19 pandemic, limiting in particular, activities related to courses and in person training (which, in FY19, contributed to more than half of the Group's revenues). The Group's reaction to the change in market demand was a prompt acceleration of the digital transformation of the business model. The resulting increase in profitability more than compensated for the contraction in revenues and lay the ground for a sound growth going forward. For FY21 Management highlighted that the growth strategy based on the consolidation and continuous strengthening of the digital transformation of the business model will be extended also to the Spanish subsidiary. AGL will continue to focus on the expansion of its partner's network and lead generation. Management also provided FY21 guidance in line with our previous estimates while highlighting that the recent Wake Up Call event launched in live streaming, overperformed expectations with over 4,500 participants from 15 different countries generating a backlog of Euro 6,1 m. Given the above we confirm our estimates, finetuning only the balance sheet also to factor in the proposed changes to Net Equity and the new dividend policy.

Upgraded target price. We updated our model to factor in new estimates and market multiples and set a new target price of Euro 5.23 p.s. (Euro 3.76 p.s. previously) providing for an upside of +80% to the current share price and obtained by weighting equally a DCF and a multiple comparison analysis. At our target price the stock would be trading at 7.2x and 5.0x FY21-22 EV/EBITDA, respectively.

Sector: Services

Target Price (Euro)	**5.23** (3.76 pr)
Market Price (Euro)	2.90
Market Cap (Euro m)	14.8
EV (Euro m)	14.3

As of April 23rd, 2021

Share Data

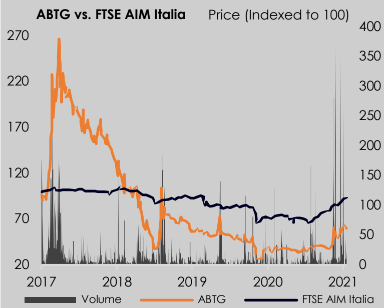
Market	AIM Italia
Reuters/Bloomberg	ABTG:IM
ISIN	IT0005244030
N. of Shares	5,094,361
Free Float	49.65%
CEO	Alfio Bardolla

Financials

	2019A	2020A	2021E	2022E
Revenues	**12.3**	**9.7**	**12.9**	**15.5**
YoY %	*+20%*	*-21%*	*+33%*	*+20%*
EBITDA	**0.8**	**2.4**	**3.6**	**5.2**
EBITDA %	*6%*	*25%*	*28%*	*34%*
EBIT	**(1.1)**	**1.2**	**2.5**	**3.9**
EBIT %	*n.m.*	*13%*	*19%*	*25%*
Net Income	**(1.2)**	**0.7**	**1.5**	**2.4**
Net Cash	**(0.5)**	**(0.5)**	**0.0**	**(2.2)**

Performance

	1M	3M	6M
Absolute	+10%	+66%	+84%
Relative (FTSE AIM Italia)	+1%	+36%	+30%
52-week High/Low (Eu)	3.19		1.15



Source: Factset Prices

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