

CONFINVEST FL

Strong set of FY 19 results outperforming estimates

Revenues and margins outperforming estimates: Confinvest just announced FY 19 results which closed with revenues of Euro 27.3 m, +84% vs FY18 (Euro 14.7 m), and +30% vs. our estimates (Euro 21 m). The growth was 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 services. At profitability level, contribution margin and EBITDA came in at Euro 1.7 m and Euro 820 k respectively, recording growth rates above that of revenues (+103% and +156%), thanks to the scalability of the business. EBITDA margin (on First Margin) increased by 850 bps. to 46.5% (38% in FY 18). Net profit, came in at Euro 0,6 m and the BoD proposed a dividend of Euro 0.06 p.s. (69% of pay-out rate and 1.5% dividend yield). Net cash stood at Euro 0.9 m, recoding a significant improvement vs. FY 18 (net debt of Euro 0.8 m), thanks operating cash flow and IPO proceeds.

Positive outlook thanks to multichannel strategy and expected release of Conto Lingotto in 1H 20. Management confirmed that the positive growth trend of FY 19, continued in the first two and a half months of 2020. Management further confirmed the timing of the release of the Conto Lingotto, expected within 1H 2020, while however stating that the uncertainty on the temporal and geographical extension of the COVID-19 emergency makes it difficult to assess short-term potential effects on the Company's financials.

Hence, although FY 19 results largely overperformed our estimates we prudentially cut our revenues growth in FY 20 by c. 30% whereas we only finetuned our assumptions for FY 21-22. Starting from higher than estimated FY 19 revenues, the result is an average increase in revenues and EPS of +12% and +31% respectively, supported also by the fact that the current uncertainty in financial markets worldwide should tend to favor investments in "secure" assets. We stress that our forecast does not include any potential opportunities arising from partnerships Conto Ligotto "white label", which according to Management should be a key strategic pillar for the Company in the next years.

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 6.07 p.s. (Euro 3.53 p.s. previously) vs. and provides for an upside of 34.6% vs. current market price (Euro 4.51 p.s.).

Sector: Fintech

Target Price (Euro)	6.07
Market Price (Euro)	4.51
Market Cap (Euro m)	31.6
EV (Euro m)	30.7
<i>(as of April 6th 2020)</i>	

Share Data

Market	AIM ITALIA
Bloomberg	CFV-IM
ISIN	IT0005379604
N. of Shares	7,000,000
Free Float	28.57%
CEO	Giacomo Andreoli

Aim Positioning

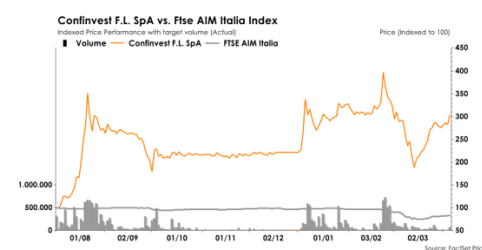
FY 2019	Company	AIM Italia
VoP (Eu m)	27.3	43
Yoy	85%	26%
EBITDA %	47%	14%
ND/EBITDA (x)	-1.1	3.8
Market Data	Company	AIM Italia
Mkt Cap (Eu m)	31.6	44.6
Perf. YTD	37%	-17.3%
Free Float	28.6%	34%
ADIT YTD (Eu k)	667,246	88,002

Performance

	1M	3M	6M
Absolute	4.0%	-10.1%	41.8%
Relative	6.7%	5.1%	61.9%
52-week High/Low (Eu)	6.08 / 1.46		

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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	62.8	+130%	4.7	3.2	68%	3.1	2.1	(3.4)
2021E	87.9	+40%	5.9	4.1	66%	3.9	2.7	(3.8)
2022E	114.2	+30%	7.6	5.5	73%	5.3	3.6	(4.8)

*On first margin