

ADVENTURE
S.p.A.

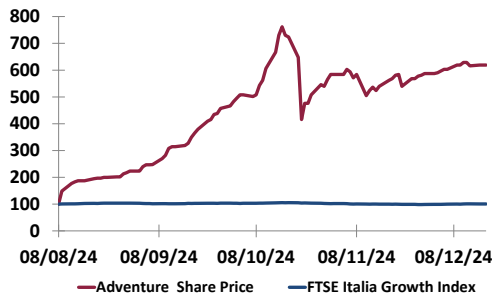
FLASH NOTE

UNDERPERFORM

Current Share Price (€): 19.50

Target Price (€): 9.00

Adventure - Performance since IPO



Source: S&P Capital IQ - Note: 08/08/2024 (IPO offer price)=100

Company data

| | |
|----------------------------|-----------------------|
| ISIN number | IT0005607715 |
| Bloomberg code | ADV IM |
| Reuters code | ADV.MI |
| Industry | Consumer Services |
| Stock market | Euronext Growth Milan |
| Share Price (€) | 19.50 |
| Date of Price | 18/12/2024 |
| Shares Outstanding (m) | 7.0 |
| Market Cap (€m) | 136.5 |
| Market Float (%) | 22.9% |
| Daily Volume | 3,500 |
| Avg Daily Volume since IPO | 12,293 |
| Target Price (€) | 9.00 |
| Downside (%) | -54% |
| Recommendation | UNDERPERFORM |

Share price performance

| | 3M | IPO |
|------------------------------|-------|------|
| Adventure - Absolute (%) | 70% | 875% |
| FTSE Italia Growth Index (%) | -2% | 1% |
| IPO Range H/L (€) | 24.00 | 3.15 |
| IPO Change (€) / % | 17.50 | 875% |

Source: S&P Capital IQ

Analysts

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Adding personal and corporate loan brokerage

Acquisition of credit broker Primo Network

Adventure has announced an agreement to acquire 100% of Primo Network, an Italian credit broker for retail and corporate customers. The €4.7m deal consideration will be paid €1.9m cash (€1.5m at closing and €0.4m after 180 days) and €2.8m through 167,467 (€16.76 per share) new Adventure shares to be issued in favor of sellers. Closing expected by the end of February 2025. Primo Network FY23 key financials: revenues €4.9m, EBITDA €(0.4)m.

Primo Network snapshot and deal rationale

The target company has a track record of over 20 years, 60 employees and over 150 brokers, operating across 16 regions in Italy. Products and services offered to customers include personal and salary-backed loans, mortgages, insurance, leasing, bank guarantees, factoring and credit facilities. The acquisition, consistently with stated use of IPO proceeds, will expand Adventure service portfolio and is expected to bring synergies.

Target Price of €9.00 and UNDERPERFORM rating confirmed

The acquisition rationale looks consistent with Adventure business model and strategy, and overall anticipates the revenue growth we have assumed for FY25. Full consolidation and 2024 year-end figures will be needed for a comprehensive assessment, given the soft materiality of the deal, which does not imply a quantum leap, nor estimates and valuation process revision before start of relevant operations. We carry forward the €9.00 target price, 54% downside potential on current price, and the UNDERPERFORM rating.

KEY FINANCIALS AND ESTIMATES

| €m | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E | 2027E |
|--------------------------------|------|-------|--------|--------|-------|-------|-------|-------|
| Revenues | 0.6 | 0.9 | 2.8 | 8.1 | 11.1 | 14.7 | 19.4 | 25.1 |
| YoY % | - | 55.9% | 203.2% | 189.3% | 37.1% | 32.6% | 31.7% | 29.2% |
| EBITDA | 0.0 | (0.1) | 0.4 | 1.8 | 2.5 | 3.4 | 4.8 | 6.5 |
| Margin | 5.8% | neg | 14.8% | 22.0% | 22.1% | 23.2% | 24.6% | 25.8% |
| EBIT | 0.0 | (0.1) | 0.3 | 1.3 | 1.5 | 2.1 | 3.2 | 4.6 |
| Margin | 5.8% | neg | 12.0% | 15.5% | 13.6% | 14.3% | 16.6% | 18.5% |
| Net Income (Loss) | 0.1 | (0.1) | 0.2 | 0.8 | 1.0 | 1.4 | 2.2 | 3.3 |
| Net (Debt) Cash | 0.0 | (0.1) | (0.4) | (0.6) | 5.0 | 5.8 | 7.3 | 9.5 |
| Equity | 0.2 | 0.1 | 0.2 | 1.0 | 8.4 | 9.9 | 12.1 | 15.3 |
| DCF - Implied multiples | | | | | 2024E | 2025E | 2026E | 2027E |
| EV/Revenues | | | | | 3.3x | 2.5x | 1.9x | 1.4x |
| EV/EBITDA | | | | | 14.8x | 10.6x | 7.6x | 5.6x |
| EV/EBIT | | | | | 24.0x | 17.2x | 11.3x | 7.8x |
| P/E | | | | | 42.4x | 29.1x | 18.6x | 12.7x |

Source: Company data 2020-23A, EnVent Research 2024-27E

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The “OUTPERFORM”, “NEUTRAL”, AND “UNDERPERFORM” recommendations are based on the expectations within a 12-month period from the date of rating indicated in the front page of this publication.

Equity ratings and valuations are issued in absolute terms, not relative to market performance.

Rating system and rationale (12-month time horizon):

OUTPERFORM: stocks are expected to have a total return above 10%;

NEUTRAL: stocks are expected to have a performance between -10% and +10% consistent with market or industry trend and appear less attractive than Outperform rated stocks;

UNDERPERFORM: stocks expected to have a downside within the reference market or industry, with a target price more than 10% below the current market price;

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SUSPENDED: no rating/target price assigned, due to material uncertainties or other issues that seriously impair our previous investment ratings, price targets and earnings estimates;

NOT RATED: no rating or target price assigned.

Some flexibility on the limits of the total return rating ranges is permitted, especially during high market volatility cycles.

The stock price indicated in the report is the last closing price on the day of Production.

Date and time of Production: 18/12/2024 h. 7.00pm

Date and time of Distribution: 19/12/2024 h. 6.55pm

DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

| Date | Recommendation | Target Price (€) | Share Price (€) |
|------------|----------------|------------------|-----------------|
| 27/10/2024 | UNDERPERFORM | 9.00 | 16.00 |
| 19/12/2024 | UNDERPERFORM | 9.00 | 19.50 |

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| Number of companies covered: | 26 | OUTPERFORM | NEUTRAL | UNDERPERFORM | SUSPENDED | UNDER REVIEW | NOT RATED |
|----------------------------------|----|------------|---------|--------------|-----------|--------------|-----------|
| Total Equity Research Coverage % | | 88% | 12% | 0% | 0% | 0% | 0% |
| of which EnVent clients % * | | 73% | 33% | na | na | na | na |

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