

# ADOMOS

ALTERNEXT - FR0013247244 - ALADO

- ✓ H1 Sales of € 3.21 M, +2.6% - Operating Revenues +11.5%
- ✓ EBIT of € 1.45 M, +40%, EBIT Margin of 45.3%
- ✓ Acceleration of growth in H2
- ✓ Important potential of real estate property division

Adomos announces for its H1 2018 the following results: sales amounted to € 3.21 M, up slightly by 2.6% and operating revenues to € 4.34 M, up 11.5%. As for the EBIT it shows a very strong progression of 40% to € 1.45 M, a record operating margin of 45.3%. The Net Result stands at € 1.45 M, down 15.5%. However, the H1 2017 NR had benefited from exceptional capital gains for a total of € 0.68 M. Corrected for this element, the NR increases by 40.4%.

On the H1, real estate activity is stable. In question: many bookings saw their passages in front of notary to shift, delaying the recognition in sales for an estimated amount of € 600 K. A catch-up is expected on the H2 with the prospect of strong growth. With regard to lead sales, activity remained dynamic with a 30% increase over the half-year. It should be seen here the first effects of the expansion of the offer including the positioning on the sale of contacts in primary residence and the impact of a more wait-and-see market that pushed the players to intensify their purchases of contacts.

Adomos once again demonstrates the strong leverage effect of its business model: in fact, based on a 2.5% increase in turnover, staff costs remained stable while operating expenses fell by 13%. % due to lower sales commissions.

At the level of the balance sheet the situation is still solid with equity of € 17.9 M and no financial debt. It should be noted that the free cash position of € 1.02 M decreased by € 1.26 M since December 31, 2017 due to the € 600 K turnover shift to H2 and an increase in intangible assets of € 2.3 million. The group has temporarily increased its investments with the development of a public website and the opportunistic acquisition of quality files at broken prices. Cash should rise sharply on the H2.

Regarding the outlook for the second half of the year, they are expected to be dynamic with: 1 / in real estate activity, a catch-up effect taking into account the lags noted in H1. The group indicates that its bookings are up 73% on the Q3 compared to last year, 2 / a sales activity Lead always supported in the image of the H1.

Our expectation of an annual turnover of € 9.3 M (which implies a H2 of € 6.1 M or +38% vs. H2 2017) seems too optimistic. Even though growth will accelerate in H2, the shift in H1 will not, in our opinion, be fully bridged. We are therefore adjusting our estimates and are now planning for 2018<sup>e</sup> on a turnover of € 9 M. However, this has only a minor effect on the net result that we estimate at € 3.06 M vs. € 3.29 M previously.

In addition, in the medium term, the group is pursuing the development of its new real estate property division. For the record, the strategy is to buy residential buildings in the province already rented and put them in co-ownership to then arbitrate between the conservation of buildings and resale by apartments. Adomos has already announced the acquisition of a first real estate asset for an amount of € 2.96 M in Périgueux and offering a gross rental profitability after works of 9.7%. The financing of the transaction consists of a contribution of € 200 K from Adomos, bank loans of € 1.96 M and the balance through crowdfunding. In addition to the rental yield, the potential gain on the operation is expected to more than € 1 M through a sale in blocks or cutting in 2019.

In order to measure the potential of this activity, we carried out a modeling exercise assuming that Adomos was able to repeat the same type of operation for an annual acquisition volume of € 10 million. Based on these assumptions, the property division could generate around € 2.5 million in net income by 2021. In terms of valuation this could bring an extra of € 0.8 per share, nearly € 25 million. However, it seems premature at this stage to integrate these elements, especially since the activity is not yet consolidated.

**In the end, we confirm our Buy opinion with an unchanged target price of € 1.56, a potential upside of 67.4%.**

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# BUY

## H1 Result + Contact

PEA-PME

TARGET

€ 1.56

PREVIOUS

€ 1.56

PRICE (09/20/2018)

€ 0.932

POTENTIAL

+67.4%

MARKET CAP

€ 27.4 M

FREE FLOAT

€ 20.5 M

Ratios	2017	2018e	2019e	2020e
EV/Sales		2,91	2,34	2,02
EV/EBIT		8,65	6,13	4,95
P/E		9,19	6,51	5,25
P/CF		6,23	4,80	4,09
Dividend Yield		0%	0%	0%

Data per share	2017	2018e	2019e	2020e
EPS restated diluted	0,11	0,10	0,14	0,18
%Change		-8,2%	41,3%	24,1%
FCF	0,04	0,02	0,06	0,10
%Change		ns	230,6%	61,1%
Dividend	-	-	-	-

Income Statement (€M)	2017	2018e	2019e	2020e
Net Sales	7,54	9,02	11,21	13,01
%Change		19,7%	24,3%	16,1%
Operating Income	8,45	10,15	12,47	14,56
% Sales		20,1%	22,8%	16,7%
EBITDA	3,54	4,48	5,81	6,80
% Sales	47,0%	49,7%	51,8%	52,3%
EBIT	2,13	3,04	4,29	5,30
% Sales	28,3%	33,7%	38,2%	40,8%
Net Result	3,26	3,06	4,32	5,36
% Sales	43,2%	33,9%	38,6%	41,2%

Cash Flow Statement (€M)	2017	2018e	2019e	2020e
FCF	5,03	4,13	5,59	6,65
Net Debt	-2,23	-2,90	-4,72	-7,65
Shareholder Equity	16,26	19,62	23,94	29,31
Gearing	-13,7%	-14,8%	-19,7%	-26,1%
ROCE	10,1%	12,1%	14,8%	16,3%

### Shareholders

F. Rosset (PDG)	8,7%
Global Exchange TS	8,5%
Better Options LLP	4,9%
Talence Gestion	3,1%
Free Float	74,9%

Performances	2018	3m	6m	1 an
Adomos	8,4%	0,0%	-23,6%	-12,1%
Alternext	-2,4%	-5,7%	-5,1%	0,5%
12 months Low-High	0,78	1,370		

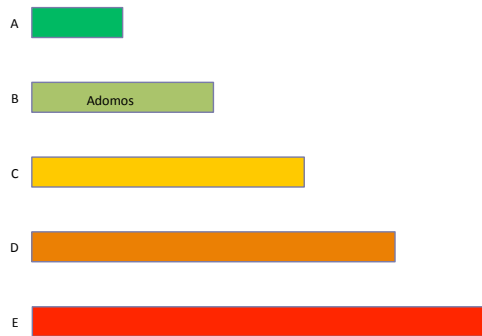
Liquidity	2018	3m	6m	1 an
Cumulative volume (000)	76 767	4 932	21 236	86 983
% of capital	255%	16%	71%	289%
% of Free Float	341%	22%	94%	386%
€ Million	85,97	4,43	21,64	95,62

Next Event 2018 Sales: 31/01/2019

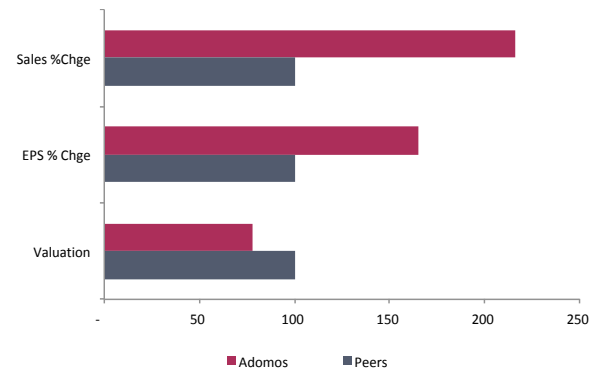
## Snapshot ADOMOS

Established in 1999, Adomos is an intermediary in the Internet distribution of real estate rental investment to the individual. In 2017, it registered 320 sales vs 251 in 2016. It has a network of 50 independent business advisors. Since 2012, it has also developed an activity of leads marketing sold to real estate developers, private wealth managers and marketing platforms.

### Fondamental Matrix



### Investment Profile



### Price Target and Rating History

DATE	TYPE	OPINION	PRICE	TARGET PRICE
03/27/2018	2017 Results	BUY	€ 1.17	€ 1.56
02/01/2018	2017 Sales	ACCUMULATE	€ 1.25	€ 1.40
09/21/2017	H1 Results	BUY	€ 1.06	€ 1.30

## Financial Data

Income Statement (€ m)	2015	2016	2017	2018e	2019e	2020e
Revenues	4,7	5,9	7,5	9,0	11,2	13,0
Others Revenues	0,7	1,4	0,9	1,1	1,3	1,5
<b>Total Operating Income</b>	<b>5,4</b>	<b>7,3</b>	<b>8,5</b>	<b>10,2</b>	<b>12,5</b>	<b>14,6</b>
Purchase	0,0	0,0	0,0	0,0	0,0	0,0
<b>Gross Margin</b>	<b>5,4</b>	<b>7,3</b>	<b>8,5</b>	<b>10,2</b>	<b>12,5</b>	<b>14,6</b>
Externals costs	2,3	3,2	3,7	4,3	5,1	6,0
Personnals Costs	1,0	1,1	1,1	1,2	1,4	1,5
Taxes	0,1	0,1	0,1	0,1	0,2	0,2
<b>EBITDA</b>	<b>2,1</b>	<b>2,9</b>	<b>3,5</b>	<b>4,5</b>	<b>5,8</b>	<b>6,8</b>
Amortization	1,2	1,3	1,4	1,4	1,5	1,5
Depreciation	0,1	0,1	0,0	0,0	0,0	0,0
<b>EBIT</b>	<b>0,8</b>	<b>1,5</b>	<b>2,1</b>	<b>3,0</b>	<b>4,3</b>	<b>5,3</b>
Financial Result	0,5	0,5	1,3	0,0	0,0	0,1
Extraordinary items	-0,1	0,0	0,0	0,0	0,0	0,0
Tax	0,0	0,0	0,2	0,0	0,0	0,0
Goodwill Amortization	0,0	0,0	0,0	0,0	0,0	0,0
<b>Net Result</b>	<b>1,2</b>	<b>2,0</b>	<b>3,3</b>	<b>3,1</b>	<b>4,3</b>	<b>5,4</b>
<b>Group Net Result</b>	<b>1,2</b>	<b>2,0</b>	<b>3,3</b>	<b>3,1</b>	<b>4,3</b>	<b>5,4</b>

Balance Sheet (€ m)	2015	2016	2017e	2018e	2019e	2020e
Fixed Assets	8,6	10,8	13,4	15,7	18,0	20,2
Stock Inventories	0,5	1,0	1,0	1,8	2,6	3,0
Accounts Receivable	2,4	2,5	2,8	3,2	3,7	4,3
Other Currents Assests	0,0	0,0	0,0	0,0	0,0	0,0
Cash & Equivalents	1,6	1,2	2,3	2,9	4,8	7,7
Differed Taxes	0,0	0,0	0,0	0,0	0,0	0,0
<b>TOTAL Assets</b>	<b>13,0</b>	<b>15,5</b>	<b>19,5</b>	<b>23,6</b>	<b>29,1</b>	<b>35,3</b>
Shareholders' Equity	10,9	12,9	16,3	19,6	23,9	29,3
Minority Interests	0,0	0,0	0,0	0,0	0,0	0,0
Provisions	0,0	0,1	0,1	0,1	0,1	0,1
Long Term Debt	0,1	0,1	0,0	0,0	0,0	0,0
Short Term Debt	0,0	0,0	0,0	0,0	0,0	0,0
Accounts Payables	1,9	2,4	3,2	3,9	5,0	5,9
Others Liabilities	0,0	0,0	0,0	0,0	0,0	0,0
<b>TOTAL Liabilitites</b>	<b>13,0</b>	<b>15,5</b>	<b>19,5</b>	<b>23,6</b>	<b>29,1</b>	<b>35,3</b>

Cash Flow Statements (€ m)	2015	2016	2017e	2018e	2019e	2020e
Cash Flow from Operating Activities	2,0	2,9	4,7	4,5	5,8	6,9
Change in Net Working Capital	-0,3	0,1	-0,4	0,4	0,3	0,2
<b>Cash Flow from Operations</b>	<b>2,3</b>	<b>2,8</b>	<b>5,0</b>	<b>4,1</b>	<b>5,6</b>	<b>6,7</b>
Capex	2,7	3,2	4,0	3,8	3,8	3,7
Disposal	0,0	0,0	0,0	0,0	0,0	0,0
<b>Cash Flow from Investing</b>	<b>2,7</b>	<b>3,2</b>	<b>4,0</b>	<b>3,8</b>	<b>3,8</b>	<b>3,7</b>
Capital Increase	1,4	0,0	0,0	0,3	0,0	0,0
Others	0,0	0,0	0,0	0,0	0,0	0,0
Long Term Debt	0,0	0,0	0,0	0,0	0,0	0,0
<b>Cash Flow from Financing</b>	<b>1,4</b>	<b>0,0</b>	<b>0,0</b>	<b>0,3</b>	<b>0,0</b>	<b>0,0</b>
<b>Net Change in cash position</b>	<b>1,1</b>	<b>-0,4</b>	<b>1,0</b>	<b>0,7</b>	<b>1,8</b>	<b>3,0</b>

RATIOS	2015	2016	2017e	2018e	2019e	2020e
EBITDA Margin	44,1%	49,2%	47,0%	49,7%	51,8%	52,3%
EBIT Margin	17,4%	25,7%	28,3%	33,7%	38,2%	40,8%
Net Margin	26,1%	33,6%	43,2%	33,9%	38,6%	41,2%
ROE	11,3%	15,5%	20,0%	15,6%	18,1%	18,3%
ROCE	5,8%	8,6%	10,1%	12,1%	14,8%	16,3%
Gearing	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
FCF	-0,3	-0,4	1,0	0,6	1,8	3,0
FCF per share	0,0	0,0	0,0	0,0	0,1	0,1
EPS (€)	0,05	0,08	0,11	0,10	0,14	0,18
EPS Restated fully diluted (€)	0,05	0,08	0,11	0,10	0,14	0,18
Dividend per share (€)	0,0	0,0	0,0	0,0	0,0	0,0
Dividen Yield	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Outstanding number of shares (m)	336,16	336,16	29,50	30,20	30,20	30,20

## Rating Definition

### From 3 april 2018

BUY	NEUTRAL	SELL
Upside > +10%	-10% < Upside < +10%	Upside < -10%

### Before 2 april 2018

BUY	ACCUMULATE	REDUCE	SELL
Upside > +15%	0% < Upside < +15%	-15% < Downside < 0%	Downside < -15%

## Disclosures

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NO	NO	YES	YES	NO	NO

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