

13 October 2016

NETBOOSTER

Share Price (10/12/16) : € 2.44

Market Cap : €m 46.63

Alternext - FR0000079683 - ALNBT

BUY

Target Price : € 3.53

Potential : +44.7%

BPI « Innovative Company »

H1 Results + Analysts Meeting: Strong results

After the publication in late July of its gross margin (€ 18.8 million, + 8%) and EBITDA (€ 2.3 million, + 9.5%), NetBooster has announced its detailed results for H1 2016. These are in line with expectations with an EBIT of € 1.8 million, up 5.9% and an EBT of € 1.4 million, up 7.7%. Only the net profit was down 33% to € 0.6 million due to the release of differed tax linked to the reimbursement of the convertible bonds in march for € 0,3 million. This technical impact has no cash effect for the company.

(€ m)	H1 2015	H1 2016	% Chge
Revenues	52,3	64,7	23,7%
Gross Margin	17,4	18,8	8,0%
EBITDA	2,1	2,3	9,5%
% Gross Margin	12,1%	12,2%	
EBIT	1,7	1,8	5,9%
% Gross Margin	9,8%	9,6%	
EBT	1,3	1,4	7,7%
% Gross Margin	7,5%	7,4%	
Net Result	0,9	0,6	-33,3%
% Gross Margin	5,2%	3,2%	

The group also said its performance by business. The fastest growing in H1 were the media/social media (19% of the GM) and SEO (13% of the GM) which increased respectively by + 50% + 18%. PPC division which represents 41% of the gross margin increased by 9%.

By region, growth was driven by Germany (+ 37%, 37% of the GM), Southern Europe (+ 39%, 9% of the GM), the Middle East (+ 29%, 5.2% of the GM). However France (-15.3%, 21.6% of the GM) and Northern Europe (-21.5%, 14.9% of the GM) suffer due for the first one, to the loss of a major client end of 2015 and, for the second, to the departure of key managers and reorganization that has resulted.

In terms of profitability, France and Germany have high levels with EBITDA/GM ratio of 20% and 22% vs. 6% and 19% in H1 2015. However profitability decline in the Middle East at 9% vs 20% and the UK at 12% vs. 24% in connection with recruitments to support growth. As for Northern Europe, the loss is a direct result of the decline in gross margin.

During the analysts meeting, management came back on the acquisition of 4PS in the UK announced in late September. It reiterated that this operation allowed it to strengthen in the largest digital advertising market in Europe, to finally have a significant position and integrate new high quality managers. However, no financial data were reported, the group stating only that it doubled in size in the country. Which according to our calculations it could mean that 4PS achieves full-year gross margin of approximately € 4.5 million and an EBITDA of € 1 million.

From a strategic point of view, the management also said it was increasingly able to gain market shares facing the 6 existing major networks in so far as all traditional media digitize and requires skills that these players have not necessarily developed.

Finally, concerning the end of the year, NetBooster has confirmed its targets ie growth of its gross margin around 10% and an EBITDA of € 5.5 million.

We confirm our BUY opinion with an unchanged target price of € 3.53 a potential upside of 44.7%. In addition we find the reaction of the market yesterday disproportionate (-11.27% decrease) compare to the quality of results and development outlook.

Stock Market Profile

Ratios	2016e	2017e	2018e
EV/GM	1,06	0,85	0,69
EV/EBIT	8,70	6,57	5,33
PE	15,93	12,92	11,40
P/CF	13,52	11,19	9,97
Dividend Yield	0%	0%	0%

Data per share	2015	2016e	2017e	2018e
EPS restated diluted	0,16	0,15	0,19	0,21
%Change		-7,1%	23,3%	13,3%
FCF	0,15	0,16	0,20	0,23
%Change		0,08	21%	15%
Dividend	0,00	0,00	0,00	0,00

Income Statement (€M)	2015	2016e	2017e	2018e
Gross Margin	37,2	41,0	44,3	46,9
%Change		10,3%	8,0%	6,0%
EBITDA	5,5	5,5	6,6	7,2
EBITDA/GM	14,8%	13,4%	14,9%	15,4%
EBIT	4,3	5,0	6,1	6,7
EBIT/GM	11,7%	12,2%	13,7%	14,2%
Net Result	2,6	2,9	3,6	4,1
Margin	6,9%	7,1%	8,1%	8,6%

Cash Flow Statement (€M)	2015	2016e	2017e	2018e
FCF	3,2	3,8	4,4	5,0
Net Debt	5,2	-3,2	-6,9	-11,1
Shareholder Equity	18,3	26,5	30,1	34,1
Gearing	28,7%	-12,0%	-22,8%	-32,6%
ROCE	13,3%	15,4%	18,8%	20,9%

Shareholders	
Truffle Capital	18,4%
Pure Invest	15,0%
Nobel	12,8%
Idinvest	6,9%
Flottant	46,9%

Performance	2016	3m	6m	1y
Netbooster	-0,8%	22,0%	-6,9%	11,3%
Alternext	-1,4%	1,0%	1,8%	2,7%
12-month Low-High	1,90	2,85		

Average Daily Volume	2016	3m	6m	1y
Netbooster	22 844	28 306	20 847	21 096

Next Event Q3 Gross Margin + EBITDA: 25 October



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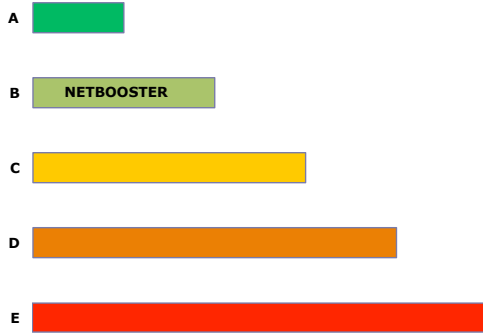
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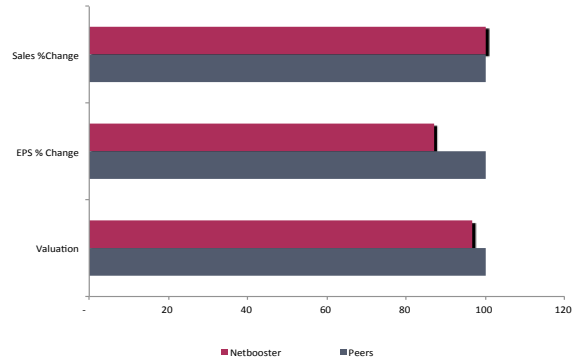
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NETBOOSTER

Fondamental Matrix



Investment Profile



PRICE TARGET AND RATING HISTORY

DATE	COMMENTS	RATING	PRICE	PRICE TARGET
09/29/2016	Press Release	BUY	€ 2.68	€ 3.53
09/05/2016	Press Release	BUY	€ 2.54	€ 3.53
07/21/2016	H1 GM	BUY	€ 1.95	€ 3.60
06/27/2016	2016 AGM	BUY	€ 2.10	€ 3.77
05/04/2016	Q3 GM + EBITDA	BUY	€ 2.61	€ 3.77
04/27/2016	2015 Results	BUY	€ 2.83	€ 3.88
03/22/2016	Press Release	BUY	€ 2,44	€ 3.88
01/29/2016	2015 GM + EBITDA	BUY	€ 2.30	€ 3.25
11/05/2015	Q3 GM + EBITDA	BUY	€ 2.54	€ 3.24
10/15/2015	H1 Results	BUY	€ 2.69	€ 3.17

DISCLOSURES

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NO	NO	YES	YES	NO	NO

FINANCIAL DATA

INCOME STATEMENT (M€)	2013	2014	2015	2016e	2017e	2018e
Gross Margin	34,4	34,1	37,2	41,0	44,3	46,9
Externals Costs	6,1	6,9	7,7	8,3	9,0	9,5
Personnels Costs	24,7	23,0	24,3	27,0	28,5	30,0
Taxes	0,4	0,2	0,2	0,2	0,2	0,2
EBITDA	2,6	4,4	5,5	5,5	6,6	7,2
Amortization	0,4	0,4	0,5	0,5	0,6	0,6
Depreciation	0,0	0,0	0,0	0,0	0,0	0,0
EBIT	1,4	4,1	4,3	5,0	6,1	6,7
Financial Results	-0,6	-1,8	-0,5	-0,6	-0,7	-0,6
Extraordinary items	0,0	0,0	0,0	0,0	0,0	0,0
Tax	1,4	-0,4	1,3	1,4	1,8	2,0
Goodwill Amortization	0,0	0,0	0,0	0,0	0,0	0,0
Net Profit	-0,6	2,7	2,6	2,9	3,6	4,1
Net Profit Restated	-0,6	2,8	2,7	2,9	3,6	4,1

BALANCE SHEET (M€)	2013	2014	2015	2016e	2017e	2018e
Fixed Assets	22,6	27,4	28,7	28,9	29,0	29,1
Stocks Inventories	0,0	0,0	0,0	0,0	0,0	0,0
Accounts Receivable	34,0	32,9	43,7	45,7	47,3	49,3
Cash & Equivalents	7,5	5,8	7,1	22,6	24,5	26,9
Other Current Assets	1,3	3,0	3,5	3,5	3,5	3,5
TOTAL Assets	65,4	69,1	82,9	100,7	104,3	108,8
Shareholders' Equity	7,5	15,3	18,3	26,5	30,1	34,1
Minority Interest	0,0	0,0	0,3	0,3	0,3	0,3
Provisions	0,7	0,1	0,1	0,1	0,1	0,1
Long Term Debt	13,3	12,5	0,8	19,4	17,6	15,8
Short Term Debt	0,4	1,2	11,5	0,0	0,0	0,0
Accounts Payable	43,5	39,3	51,0	53,4	55,2	57,5
Others Current Liabilities	0,0	0,8	0,9	0,9	0,9	0,9
TOTAL Liabilities	65,4	69,1	82,9	100,7	104,3	108,8

CASH FLOW STATEMENT (€ m)	2013	2014	2015	2016e	2017e	2018e
Cash Flow from Operating Activities	0,9	2,7	3,5	3,4	4,1	4,6
Change in Working Capital	-0,7	3,5	0,4	-0,3	-0,3	-0,3
Cash Flow from Operations	1,6	-0,9	3,2	3,8	4,4	5,0
CAPEX	1,1	1,2	0,9	0,7	0,7	0,7
Cession	0,7	0,7	0,3	0,0	0,0	0,0
Cash Flow from Investing	0,4	0,4	0,6	0,7	0,7	0,7
Capital Increase	0,0	-0,5	-1,0	5,3	0,0	0,0
Others	-2,0	0,2	-0,1	0,0	0,0	0,0
Long Term Debt	-0,1	-1,2	-0,2	9,4	-1,8	-1,8
Cash Flow from Financing	-2,1	-1,5	-1,3	14,7	-1,8	-1,8
Net Change Cash	-0,9	-2,8	1,2	17,8	1,9	2,5

RATIOS	2013	2014	2015	2016e	2017e	2018e
EBITDA/Gross Margin	7,6%	12,8%	14,8%	13,4%	14,9%	15,4%
EBIT/Gross Margin	4,1%	12,0%	11,7%	12,2%	13,7%	14,2%
NI/Gross Margin	-1,7%	7,9%	6,9%	7,1%	8,1%	8,6%
ROE	-8,0%	17,7%	14,0%	10,9%	11,9%	11,9%
ROCE	7,0%	12,7%	13,3%	15,4%	18,8%	20,9%
Gearing	81,3%	51,6%	28,7%	-12,0%	-22,8%	-32,6%
FCF	0,9	-1,6	2,4	3,1	3,7	4,3
FCF per share	0,1	-0,1	0,1	0,2	0,2	0,2
EPS (€)	-0,04	0,17	0,16	0,15	0,19	0,22
EPS restated diluted (€)	-0,04	0,18	0,16	0,15	0,19	0,22
Dividend per share (€)	0,0	0,0	0,0	0,0	0,0	0,0
Dividend Yield	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Outstanding Shares (m)	15,3	16,1	16,6	19,0	19,0	19,0

Estimates : GreenSome Finance

RATING DEFINITION

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

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