

EQUITY RESEARCH

FREELANCE.COM

RESULTS REVIEW

BUY

TP 8.6€ (vs 8.7€)

Up/Downside: 27%

A Challenging Year-End

Yesterday after market close, Freelance.com released FY 2022 revenue, landing at €800.2m, slightly below our expectations of €804.2m. While 2022's performance should be welcomed, Q4 showed a slowdown in growth that could continue into 2023.

With revenue of €800.2m, Freelance.com will close FY 2022 with 59% growth, of which 19% is organic.

In detail, the group recorded revenue of €509.7m in the French market, showing 2022 organic growth of 25%, representing 64% of consolidated revenue. Internationally, growth (+203% yoy) was obviously driven by the integration of Helvetic Payroll, but also with 10% organic growth. For the first time, the group announced a GMV of €820.7m for 2022, up 63%.

After recording organic growth of 22.7% over 9M, Freelance.com seemed to have experienced a slowdown of growth towards the end of 2022. With Q4 revenue of €218.5m (+23% yoy), slightly below our expectation of €222.4m (+25% yoy), Q4 organic growth (not specified in the press release) should logically come in at around 11% (vs. 14-15% estimated) based on our estimates. This drop in momentum, caused by the current macroeconomic context, seems to have impacted Freelance.com's international business in particular. While the group indicates a possible "impact on future growth," this drop in momentum does not currently call into question our 2023 scenario, which is based on 13.3% top line growth (vs. 19% organic growth over 2022).

Management also mentioned in its press release that it is studying external growth opportunities in France and in Europe, confirming our opinion on the possible closing of an acquisition in 2023.

Freelance.com once again confirmed its objective of generating €1bn in revenue by 2025, which we are still one year ahead of in our estimates. After updating our estimates, on which our top-line growth expectations have been reiterated, our TP has been slightly revised to €8.6 (vs. €8.7). We are reiterating our Buy rating for the company.

Research partially paid for by the Issuer

Key data

Price (€)	6.8
Industry	Commercial Services
Ticker	ALFRE-FR
Shares Out (m)	57.000
Market Cap (m €)	384.8
Average trading volumes (k shares / day)	10.251
Next event	RN 2022 - 24/04/2022

Ownership (%)

Groupe CBV INGENIERIE	60.0
Famille Vieujeot	12.0
Helvetic Payroll	13.5
Free float	11.4

EPS (€)

	12/22e	12/23e	12/24e
Estimates	0.43	0.51	0.58
Change vs previous estimates (%)	-0.69	-0.77	-0.77

Performance (%)

	1D	1M	YTD
Price Perf	2.6	-4.9	1.0
Rel CAC Mid&Small	1.3	-6.9	-8.2



TP ICAP Midcap Estimates	12/21	12/22e	12/23e	12/24e	Valuation Ratio	12/22e	12/23e	12/24e
Sales (m €)	502.4	800.2	906.9	1,014.3	EV/Sales	0.5	0.4	0.4
Current Op Inc (m €)	13.8	28.0	33.2	38.4	EV/EBITDA	14.0	11.0	8.7
Current op. Margin (%)	2.7	3.5	3.7	3.8	EV/EBIT	14.9	11.8	9.3
EPS (€)	0.27	0.43	0.51	0.58	PE	15.8	13.2	11.6
DPS (€)	0.00	0.00	0.00	0.00				
Yield (%)	0.0	0.0	0.0	0.0				
FCF (m €)	8.5	15.8	27.3	31.9				

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FINANCIAL DATA

Income Statement	12/19	12/20	12/21	12/22e	12/23e	12/24e
Sales	237.1	325.0	502.4	800.2	906.9	1,014.3
Changes (%)	26.3	37.1	54.6	59.3	13.3	11.8
Gross profit	34.8	39.3	64.3	104.3	119.8	135.3
% of Sales	14.7	12.1	12.8	13.0	13.2	13.3
EBITDA	8.4	9.9	15.2	29.8	35.5	41.4
% of Sales	3.5	3.0	3.0	3.7	3.9	4.1
Current operating profit	7.8	8.9	13.8	28.0	33.2	38.4
% of Sales	3.3	2.7	2.7	3.5	3.7	3.8
Non-recurring items	-0.2	1.2	-0.4	0.0	0.0	0.0
EBIT	7.6	10.1	13.4	28.0	33.2	38.4
Net financial result	-0.7	-0.7	-1.2	-1.2	-1.2	-1.2
Income Tax	-1.0	-0.6	-2.1	-6.3	-7.3	-8.4
Tax rate (%)	14.8	6.0	16.2	22.4	22.1	21.9
Net profit, group share	0.0	8.3	9.4	19.3	24.1	28.2
EPS	0.16	0.23	0.27	0.43	0.51	0.58
Financial Statement	12/19	12/20	12/21	12/22e	12/23e	12/24e
Goodwill	35.7	48.6	178.6	178.6	178.6	178.6
Tangible and intangible assets	3.6	4.6	5.9	8.1	10.1	12.1
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	1.4	1.5	2.5	2.5	2.5	2.5
Working capital	-14.6	-18.7	-21.4	-18.9	-23.7	-28.8
Other Assets	0.5	1.3	2.4	2.4	2.4	2.4
Assets	26.5	37.3	168.0	172.7	170.0	166.8
Shareholders equity group	39.7	47.8	116.2	135.3	159.4	187.6
Minorities	0.0	1.2	0.4	1.2	1.7	2.3
LT & ST provisions and others	1.1	1.4	1.2	1.2	1.2	1.2
Net debt	-15.1	-14.8	48.3	33.1	5.7	-26.2
Other liabilities	0.8	1.8	1.9	1.9	1.9	1.9
Liabilities	26.5	37.3	168.0	172.7	170.0	166.8
Net debt excl. IFRS 16	-15.1	-14.8	48.3	33.1	5.7	-26.2
Gearing net	-0.4	-0.3	0.4	0.2	0.0	-0.1
Leverage	-1.8	-1.5	3.2	1.1	0.2	-0.6
Cash flow statement	12/19	12/20	12/21	12/22e	12/23e	12/24e
CF after elimination of net borrowing costs and taxes	6.1	8.1	11.5	21.6	26.2	30.9
ΔWCR	1.0	1.9	-0.4	-2.6	4.8	5.1
Operating cash flow	7.1	10.0	11.1	19.0	31.0	36.0
Net capex	-1.3	-2.0	-2.5	-3.2	-3.6	-4.1
FCF	5.8	8.0	8.5	15.8	27.3	31.9
Free Cash Flow excl IFRS 16	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions/Disposals of subsidiaries	0.0	-7.9	-82.2	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0	0.0
Change in borrowings	0.0	26.7	75.6	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	0.0	0.0	11.1	0.0	0.0	0.0
Others	-0.4	-0.5	0.0	-0.5	-0.5	-0.5
Change in net cash over the year	5.5	26.3	13.1	15.3	26.8	31.4
ROA (%)	4.5%	4.0%	2.3%	3.8%	4.3%	4.5%
ROE (%)	14.9%	16.9%	8.1%	14.1%	15.0%	14.8%
ROCE (%)	26.1%	23.2%	7.0%	12.8%	15.4%	18.2%

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Analyst certifications

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This Report may mention evaluation methods defined as follows:

1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
5. Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

Conflict of Interests between TP ICAP Midcap and the Issuer

G. Midcap and the Issuer have agreed to the provision by the former to the latter of a service for the production and distribution of the investment recommendation on the said Issuer: Freelance.com

History of investment rating and target price – Freelance.com



Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	84%	63%
Hold	14%	40%
Sell	1%	50%
Under review	1%	0%

Midcap employs a rating system based on the following:

Buy: Expected to outperform the markets by 10% or more over a 6 to 12 months horizon.

Hold: expected performance between -10% and +10% compared to the market over a 6 to 12 months horizon.

Sell: Stock is expected underperform the markets by 10% or more over a 6 to 12 months horizon.

The history of ratings and target prices for the Issuers covered in this report are available on request at <https://researchtpicap.midcapp.com/en/disclaimer>.

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