Intermonte

Milan, 05 April 2024

Italian Equity Research – 4Q23 Results

IEG

OUTPERFORM

Sector: Media

Price: Eu4.70 - **Target: Eu6.50**

Good 4Q23 Results and Positive Start to FY24

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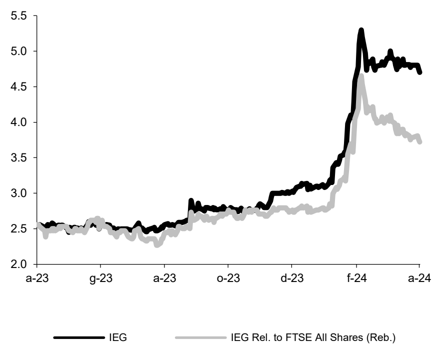
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2024E	**2025E**	**2026E**
Chg in Adj EPS	0.1%	0.8%	0.3%

IEG - 12M Performance



Stock Data			
Reuters code:			IEG.MI
Bloomberg code:			IEG IM
Performance	**1M**	**3M**	**12M**
Absolute	-4.1%	52.6%	83.6%
Relative	-8.7%	39.7%	58.1%
12M (H/L)			5.30/2.45
3M Average Volume (th):			28.47

Shareholder Data	
No. of Ord shares (mn):	31
Total no. of shares (mn):	31
Mkt Cap Ord (Eu mn):	145
Total Mkt Cap (Eu mn):	145
Mkt Float - Ord (Eu mn):	39
Mkt Float (in %):	27.0%
Main Shareholder:	
Rimini Congressi	49.3%

Balance Sheet Data	
Book Value (Eu mn):	122
BVPS (Eu):	3.95
P/BV:	1.2
Net Financial Position (Eu mn):	-67
Enterprise Value (Eu mn):	192

- **4Q23 results broadly in line with expectations.** On 19 March, IEG reported a set of final results for 4Q23 that were substantially in line with the preliminaries and market expectations. In detail: revenues closed at Eu62.7mn vs Eu59.8mn expected, adj. EBITDA was Eu15.8mn vs Eu15.6mn, the bottom line closed at Eu3.7mn vs Eu5.7mn due to higher-than-expected provisions, and the NFP (including non-cash items) was Eu72mn, in line. Regarding the dividend, management proposed paying Eu0.14 per share vs our expectation of Eu0.12 and consensus at Eu0.08.
- **Divisional performance.** In 4Q23, revenues at Organised events came to Eu43.8mn, up 17% YoY thanks to the performance of scheduled events such as Ecomondo (exhibitors up 10% YoY), TTG (+19% trade visitors compared to 2022), INOUT and Dubai Muscle Show (a record edition with the world's leading brands in attendance from 40 countries) while Related services closed at Eu12.5mn, up 20% YoY and 10% above our estimates. Among the other divisions, Congresses closed with revenues of Eu4.9mn, down 15% YoY but in line with our expectations.
- **FY24 guidance confirmed.** The group also confirmed guidance for FY24 provided in January at the time of the Strategic Plan presentation, with revenues seen at Eu234-239mn, adjusted EBITDA at Eu56-58mn, an EBITDA margin of 24%, and the NFP at Eu66-70mn.
- **Other messages from the conference call.** 2024 outlook: the first months of 2024 have shown a positive trend, with the targets foreseen for 1H24 already achieved (net sqm booking +1% vs target). Above all, the Food segment did well after suffering pre-pandemic; Congresses started the year a little below expectation but the company is confident of being able to recoup lost ground during the year. The International activities achieved the same turnover as pre-pandemic but on fewer events thanks to work done on the portfolio that avoids wasting resources on fairs that are unlikely to reach significant profitability in the future. M&A: The company is considering various M&A possibilities that it is confident of concluding during the year. Dividend policy: from the confcall it emerged that the dividend policy target is to maintain Eu0.14 flat over the period of the plan.
- **Estimates and target price confirmed.** On the back of FY23 results and guidance confirmation we substantially confirm our estimates for 2024 and following years. Our target price is also confirmed and still calculated using a DCF model.
- **OUTPERFORM (target Eu6.50).** 4Q23 results showed a continuation of the strong progress seen in the first nine months and management's comments on the group's outlook and prospects were once again very constructive, pointing to another strong year, also supported by a number of biennial events such as Tecna and IBE in Italy, and Fesqua in Brasil. Even after the good performance, the YTD valuation remains attractive with the stock trading at 4.9x and 5.3x EV/EBIT for 2024E and 2025E respectively vs. 1-year/2-year forward multiples of ca. 8.5x before Covid-19.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	162	212	237	245	270
EBITDA Adj (Eu mn)	18	50	57	59	71
Net Profit Adj (Eu mn)	2	17	23	23	28
EPS New Adj (Eu)	0.077	0.545	0.739	0.738	0.914
EPS Old Adj (Eu)	0.077	0.607	0.738	0.732	0.911
DPS (Eu)	0.000	0.120	0.126	0.132	0.139
EV/EBITDA Adj	8.2	2.7	3.4	3.5	2.8
EV/EBIT Adj	nm	4.3	4.9	5.3	4.1
P/E Adj	60.9	8.6	6.4	6.4	5.1
Div. Yield	0.0%	2.6%	2.7%	2.8%	3.0%
Net Debt/EBITDA Adj	5.3	1.5	1.2	1.4	1.0

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

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A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and – 10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between –10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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BUY:	25.21 %
OUTPERFORM:	46.22 %
NEUTRAL:	27.73 %
UNDERPERFORM	00.84 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (50 in total) is as follows:

BUY:	38.78 %
OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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