

IEG

Sector: Media

OUTPERFORM

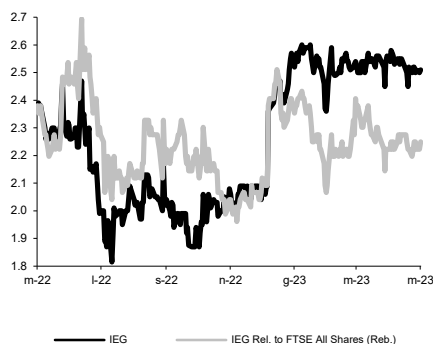
Price: Eu2.51 - Target: Eu3.50

Record 1Q23 Revenues Lift FY23 Expectations

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2023E	2024E	2025E
Chg in Adj EPS	12.1%	3.4%	0.0%

IEG - 12M Performance



Stock Data			
Reuters code:	IEG.MI		
Bloomberg code:	IEG IM		
Performance	1M	3M	12M
Absolute	-2.0%	4.6%	5.5%
Relative	0.5%	7.1%	-6.4%
12M (H/L)	2.60/1.81		
3M Average Volume (th):	5.60		

Shareholder Data	
No. of Ord shares (mn):	31
Total no. of shares (mn):	31
Mkt Cap Ord (Eu mn):	77
Total Mkt Cap (Eu mn):	77
Mkt Float - Ord (Eu mn):	21
Mkt Float (in %):	27.0%
Main Shareholder:	
Rimini Congressi	49.3%

Balance Sheet Data	
Book Value (Eu mn):	108
BVPS (Eu):	3.49
P/BV:	0.7
Net Financial Position (Eu mn):	-89
Enterprise Value (Eu mn):	148

- 1Q23 results beat expectations.** On 10 May, IEG reported 1Q23 results that exceeded our expectations at all levels. In detail, revenues closed at Eu77mn vs. Eu71mn expected, adj. EBITDA was Eu24.7mn vs. Eu23.6mn, EBIT came to Eu8.4mn, the adj. bottom line came in at Eu14mn vs. Eu11.8mn, and the NFP (including non-cash items) was Eu91mn vs. Eu93mn expected.
- Very positive performance from both core and new events.** Management pointed out that the Vicenza Oro exhibition fully booked out the Vicenza headquarters, making it the most successful edition of the last 70 years (setting a historical attendance record, +11.5% compared to the pre-pandemic edition in Jan 2020). My Plant & Garden saw a successful integration after IEG's acquisition as the event delivered excellent results both financially and from a business stand point, surpassing targets (we estimate Eu3.3mn of revenues and Eu0.6mn of EBITDA with a lower-than-average margin due to rental costs for the space at Fiera Milano).
- FY23 outlook:** Against a macroeconomic forecast for 2023 that is still marked by uncertainty, the Group is confident of achieving the 2023 operating margin targets set out in the business plan, improving sales volumes and consolidating cash generation to support investments.
- Other messages from the conference call: More details on 2023 guidance:** on turnover, the company aims to improve by several percentage points (low single-digit), keeping margin forecasts unchanged, while net debt is expected to be slightly below the level communicated last summer at the time of the Strategic Plan presentation (revenues at Eu182mn, EBITDA at Eu38mn, total NFP at Eu99mn); **Congress centres:** despite a very positive start to the year, management noted that the Rimini centre has reached its capacity, so growth prospects are linked entirely to the qualitative mix, with a greater number of international events (in contrast, the Vicenza site is not equipped to host international events).
- Change in estimates and target price.** In light of stronger-than-expected 1Q23 results and positive sector momentum, we are broadly confirming our FY23 top line estimates while lifting EBITDA/EPS numbers by 5% and 12% respectively. Please note that we are currently 7% ahead of the old 2023 targets on the top line but just 3.5% above on EBITDA. Our target price remains at Eu3.50 on the back of a substantial confirmation of estimates beyond 2023.
- OUTPERFORM (target Eu3.50).** 1Q23 results showed stronger-than-expected progress and management's comments on the group's outlook were very constructive. At the moment, visibility remains lower than normal, as the company's performance will partly depend on the impact of the current economic slowdown; having said that, we think potential headwinds are already embedded in the share price, with the stock trading at 6.6x and 5.5x EV/EBIT for 2023E and 2024E respectively, vs. 14.6x and 12.1x for the peer group, and 1-year/2-year forward multiples of c.9.0x and 8.5x before Covid-19.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	103	162	195	205	206
EBITDA Adj (Eu mn)	-7	18	39	44	45
Net Profit Adj (Eu mn)	-27	2	12	14	13
EPS New Adj (Eu)	-0.861	0.079	0.394	0.444	0.426
EPS Old Adj (Eu)	-0.861	0.028	0.352	0.429	0.426
DPS (Eu)	0.000	0.000	0.080	0.100	0.104
EV/EBITDA Adj	nm	8.1	3.8	3.2	3.1
EV/EBIT Adj	nm	nm	6.5	5.5	5.5
P/E Adj	nm	32.0	6.4	5.7	5.9
Div. Yield	0.0%	0.0%	3.2%	4.0%	4.1%
Net Debt/EBITDA Adj	-16.1	5.3	2.3	1.9	1.8

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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.

Reports on all companies listed on the S&P500 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

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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As at 31 March 2023 Intermonte's Research Department covered 119 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	20.83 %
OUTPERFORM:	51.67 %
NEUTRAL:	25.83 %
UNDERPERFORM	01.67 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (49 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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