

# IEG

Sector: Media

# OUTPERFORM

Price: Eu6.10 - Target: Eu7.50

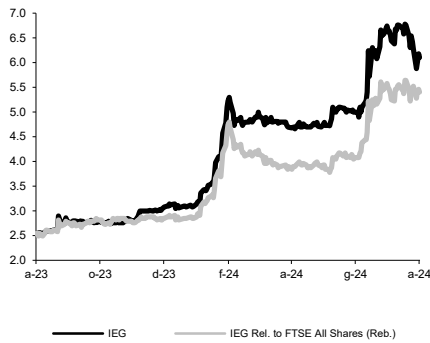
## Solid 2Q24 Results, FY24 Guidance Raised

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### Stock Rating

<b>Rating:</b>	Unchanged		
<b>Target Price (Eu):</b>	from 6.50 to 7.50		
	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>Chg in Adj EPS</b>	27.8%	4.4%	5.0%

### IEG - 12M Performance



### Stock Data

Reuters code:	IEG.MI		
Bloomberg code:	IEG IM		
<b>Performance</b>	<b>1M</b>	<b>3M</b>	<b>12M</b>
Absolute	-9.5%	28.4%	139.2%
Relative	-2.8%	35.4%	126.2%
12M (H/L)	6.78/2.54		
3M Average Volume (th):	75.09		

### Shareholder Data

No. of Ord shares (mn):	31
Total no. of shares (mn):	31
Mkt Cap Ord (Eu mn):	188
Total Mkt Cap (Eu mn):	188
Mkt Float - Ord (Eu mn):	51
Mkt Float (in %):	27.0%
Main Shareholder:	
Rimini Congressi	49.3%

### Balance Sheet Data

Book Value (Eu mn):	130
BVPS (Eu):	4.20
P/BV:	1.5
Net Financial Position (Eu mn):	-70
Enterprise Value (Eu mn):	239

■ **2Q24 results broadly in line.** Yesterday, IEG reported a solid set of 2Q24 results, broadly in line with our estimates and the consensus. In detail, revenues closed at Eu43mn, up 5% YoY vs. Eu43.7mn expected, while adj. EBITDA closed at Eu1.7mn (in line), down vs. the Eu3.2mn recorded in 2Q23 mostly due to higher personnel costs. The bottom line closed in the red for Eu3.1mn (vs. Eu-4.7mn expected), and the NFP (including non-cash items) closed at Eu88mn (vs. Eu85mn expected), with Eu4mn of CapEx, a Eu4mn increase in non-monetary items, affected by the advance payment for the minority stake in the US subsidiary FB International.

■ **Divisional performance.** In 2Q24, revenues at Organised events came to Eu10.9mn, up 46% YoY (13% below estimates) thanks to the positive pricing effect, the performance of scheduled events such as Rimini Wellness (170k sqm both indoors and outdoor, over 100k accesses, foreign visitors +50%), and the contribution of some new International events (in Brazil, Mexico, etc.), while Related services closed at Eu20.8mn, up 7% YoY (in line) partly thanks to an enrichment of the offer beyond catering and fitting out of exhibitions. Among the other divisions, Congresses closed with revenues of Eu7mn, down 13% YoY (in line with expectations) due to a different seasonality compared to last year (management expects the division to accelerate in the second part of the year).

■ **FY24 guidance raised.** Based on the strong 1H24 performance and the positive trend in bookings for the second half of the year (as well as expectations for the launch/acquisition of new events), management decided to raise estimates for FY24, with expected revenues now indicated between Eu240mn and Eu244mn (vs. Eu234-239mn previously), adjusted EBITDA between Eu60mn and Eu63mn (vs. Eu56-58mn previously), net debt between Eu67mn and Eu71mn, and a Monetary NFP of Eu27-31mn (vs. Eu66-70mn previously).

■ **Change in estimates and target price.** On the back of 2Q24 results and statements from the management team, we are lifting our 2024 EBITDA estimate by 8% towards the mid-part of the new guidance range, a change that would have a 12% impact on 2024 EPS before the lower tax rate thanks to the complete absorption of fiscal losses. For future years we are revising EBITDA upwards by some 3-4% and the bottom line by 5% on average. Our target price, still calculated based on a DCF model, moves from Eu6.5 to Eu7.5, partly as a consequence of the reduction of the liquidity discount from 20% to 15% on the back of the strong increase in market cap.

■ **OUTPERFORM; target Eu7.50 (from Eu6.50).** 2Q24 results showed a continuation of the strong progress seen in the last few quarters and management's comments on the group's outlook were once again very constructive. The YTD run in the share price means that the upside to our target price is now more modest, while the initial macroeconomic signs of a possible economic slowdown call for a degree of extra caution when assessing the industry's prospects. Having said that, even after the very strong performance the stock doesn't look expensive, with IEG trading at 5.5x and 6.1x EV/EBIT for 2024E and 2025E respectively, vs. 1-year/2-year forward multiples of c.8.5x before Covid-19.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	162	212	242	248	273
EBITDA Adj (Eu mn)	18	50	62	62	73
Net Profit Adj (Eu mn)	2	17	31	24	30
EPS New Adj (Eu)	0.077	0.545	0.991	0.779	0.967
EPS Old Adj (Eu)	0.077	0.545	0.776	0.746	0.921
DPS (Eu)	0.000	0.120	0.126	0.132	0.139
EV/EBITDA Adj	8.2	2.7	3.9	4.1	3.3
EV/EBIT Adj	nm	4.3	5.5	6.1	4.8
P/E Adj	79.1	11.2	6.2	7.8	6.3
Div. Yield	0.0%	2.0%	2.1%	2.2%	2.3%
Net Debt/EBITDA Adj	5.3	1.5	1.1	1.3	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)

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Frequency of research: quarterly.

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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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OUTPERFORM:	49.59 %
NEUTRAL:	25.61 %
UNDERPERFORM	00.83 %
SELL:	00.00 %

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

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Emittente	%	Long/Short

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