IEG

OUTPERFORM

Sector: Media

Price: Eu3.00 - **Target: Eu4.20**

Strong 3Q23 Results, FY23 Guidance Improved Again

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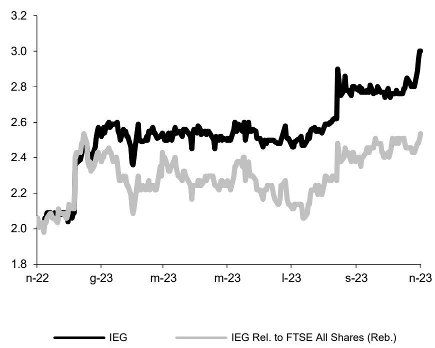
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 3.80 to 4.20
	2023E	**2024E**	**2025E**
Chg in Adj EPS	25.8%	15.6%	16.3%

IEG - 12M Performance



Stock Data			
Reuters code:			IEG.MI
Bloomberg code:			IEG IM
Performance	**1M**	**3M**	**12M**
Absolute	7.5%	16.7%	45.6%
Relative	4.2%	13.4%	28.1%
12M (H/L)			3.00/2.00
3M Average Volume (th):			21.46

Shareholder Data	
No. of Ord shares (mn):	31
Total no. of shares (mn):	31
Mkt Cap Ord (Eu mn):	93
Total Mkt Cap (Eu mn):	93
Mkt Float - Ord (Eu mn):	25
Mkt Float (in %):	27.0%
Main Shareholder:	
Rimini Congressi	49.3%

Balance Sheet Data	
Book Value (Eu mn):	110
BVPS (Eu):	3.55
P/BV:	0.8
Net Financial Position (Eu mn):	-81
Enterprise Value (Eu mn):	154

- **3Q23 results beat expectations.** On Tuesday, IEG reported 3Q23 results that beat estimates at all levels. The company also provided improved FY23 guidance. In detail, revenues closed at Eu33.2mn (vs. Eu31.5mn expected), adj. EBITDA at Eu4.5mn (vs. Eu0.4mn) with a 13.5% margin (up from 3.8% in 3Q22), the bottom line at Eu-0.9mn, affected by c.Eu4mn of extra provisions (vs. Eu-4.8mn), and net debt (including non-monetary items) at Eu87.5mn (vs. Eu90mn expected) on the back of Eu4mn in CapEx. As for 9M23, IEG closed with revenues at Eu152.4mn (+43.6% YoY) and adj. EBITDA at Eu33.8mn, a 22.2% margin, up from 6.5% in 9M22.
- **Divisional performance.** In 3Q23, Revenues at Organised events came to Eu18.1mn, down 1% YoY due to the absence of the biannual Tecna event, but 18% above our expectations (on a LFL basis we estimate a YoY increase of over 25%) while Related services closed at Eu11.4mn, up 3% YoY and in line with our estimates. Among the other divisions, Congresses closed with revenues of Eu2.7mn, down 14% YoY and 20% below our expectations.
- **FY23 outlook/guidance:** the group confirmed that it expects to beat the FY23 targets set in its business plan, exceeding expected turnover and also improving margins and the net financial position. In more detail, during the call management provided an update to FY23 guidance, with revenues now seen at Eu205-210mn (up from Eu197-205mn previously) and adj. EBITDA seen at Eu46-49mn (up from 42-44mn). The improved guidance largely depends on a better-than-forecast trend in exhibitions, especially TTG and Ecomondo (both scheduled for 4Q).
- **Other messages from the conference call.** 2024 outlook: as far as margins are concerned, the company aims to maintain the levels achieved in 2023, even though in 2024 the investment in the Vicenza fair district will get underway, which could have some impact on the cost structure and the pricing of some events. In terms of pricing, net of Vicenza where some discounts will be awarded, the aim for the other exhibitions is for an increase substantially in line with inflation.
- **Estimates and target price.** In light of stronger-than-expected 3Q23 results and positive momentum, we are raising our FY23-24 top line estimates by 3% on average, while lifting EBITDA and EPS numbers by 8% and 20% respectively. Our target price moves from Eu3.80 to Eu4.20 on the back of the change in estimates and despite the increase in the risk-free rate to 4.5% (the target is still calculated using a DCF model).
- **OUTPERFORM; target Eu4.20 (from Eu3.80).** 3Q23 results showed a continuation of the strong progress seen in 1H and management's comments on the group's outlook and prospects were once again very constructive. At the moment, visibility on the economic outlook remains lower than normal; that said, we think potential headwinds are already embedded in the share price, with the stock trading at 4.9x and 4.4x EV/EBIT for 2023E and 2024E respectively, vs. 1-year/2-year forward multiples of ca. 8.5x before Covid-19. The upcoming update to the strategic plan in 1Q24 could represent a positive catalyst.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	103	162	208	223	223
EBITDA Adj (Eu mn)	-7	18	48	52	51
Net Profit Adj (Eu mn)	-27	2	17	19	18
EPS New Adj (Eu)	-0.861	0.079	0.566	0.608	0.578
EPS Old Adj (Eu)	-0.861	0.079	0.450	0.526	0.497
DPS (Eu)	0.000	0.000	0.100	0.104	0.109
EV/EBITDA Adj	nm	8.1	3.2	2.8	2.7
EV/EBIT Adj	nm	nm	4.9	4.4	4.4
P/E Adj	nm	38.2	5.3	4.9	5.2
Div. Yield	0.0%	0.0%	3.3%	3.5%	3.6%
Net Debt/EBITDA Adj	-16.1	5.3	1.7	1.4	1.2