

# IEG

Sector: Media

# OUTPERFORM

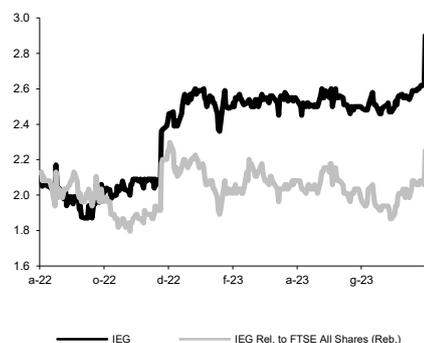
Price: Eu2.90 - Target: Eu3.80

## Positive 2Q23 Results and Another FY23 Guidance Upgrade

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 3.50 to 3.80		
	2023E	2024E	2025E
Chg in Adj EPS	14.2%	18.5%	16.7%

### IEG - 12M Performance



Stock Data			
Reuters code:	IEG.MI		
Bloomberg code:	IEG IM		
Performance	1M	3M	12M
Absolute	17.4%	12.4%	36.2%
Relative	19.4%	4.8%	6.8%
12M (H/L)	2.90/1.87		
3M Average Volume (th):	7.12		

Shareholder Data	
No. of Ord shares (mn):	31
Total no. of shares (mn):	31
Mkt Cap Ord (Eu mn):	90
Total Mkt Cap (Eu mn):	90
Mkt Float - Ord (Eu mn):	24
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):	-85
Enterprise Value (Eu mn):	156

- 2Q23 results beat expectations.** Yesterday, IEG reported a set of 2Q23 results that exceeded our expectations on most levels. In detail: revenues closed at Eu42.2mn vs. Eu38.9mn expected, adj. EBITDA was Eu4.6mn vs. Eu2.6mn, EBIT came to Eu-0.2mn, the bottom line came in at Eu-2.7mn (in line), and the NFP (including non-cash items) was Eu95mn vs. Eu98mn expected, partly due to lower-than-expected CapEx.
- FY23 outlook:** Although the macroeconomic scenario expected in 2023 is still marked by uncertainty, 2Q23 confirmed the consolidation of growth in all business lines, enabling the Group to outperform 2019 results on revenues. In this context, for 2023 the Group expects to “improve the margin targets set in the business plan, exceeding the expected turnover volumes, improving cash generation to support investments”.
- Launch of share buyback programme.** Acting on the decision taken at the shareholder meeting in April, yesterday the board passed a resolution to launch a programme for the purchase and disposal of treasury shares. The programme is aimed at building a so-called “share warehouse” to serve any future extraordinary financing operations as well as to realise a medium and long-term investment. The purchases, which could occur in several tranches, will target a maximum of 400,000 ordinary company shares in total, amounting to 1.30% of share capital and circa 4.8% of the float.
- Other messages from the conference call.** More details on 2023 guidance: on turnover, the company aims to end the year within a Eu197-205mn range while on the EBITDA margin it is now targeting a level close to 21.5% (this is 50bps above the target provided last summer at the time of the Strategic Plan presentation) which means EBITDA in the Eu42-44mn range. Guidance thus implies 2H23 revenues down ca. 8% YoY at the mid-point but, when adjusting for the absence of Tecna (which was held in 2H22) and the bringing-forward of Key Energy from 2H23 to 1H23, this actually means a YoY increase of ca. 2%; Cost of debt: Group net debt (monetary NFP Eu61mn) is mainly variable rate and the Group has no significant maturities in 2023-2024. For FY23, management expects borrowing costs at 2.3% of turnover.
- Change in estimates and target price.** In light of stronger-than-expected 2Q23 results and positive momentum, we are increasing our FY23-24 top-line estimates by 4.5% on average, while lifting EBITDA/EPS numbers by 8% and 16% respectively. Our target price moves to Eu3.80 from Eu3.50 on the back of the change in estimates (the target is still calculated using a DCF model).
- OUTPERFORM, TP Eu3.80 (from Eu3.50).** 2Q23 results showed a continuation of the strong progress seen in 1Q and management’s comments on the group’s outlook and prospects were once again 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; that said, we think potential headwinds are already embedded in the share price, with the stock trading at 5.9x and 4.9x EV/EBIT for 2023E and 2024E respectively, vs. 15.4x and 12.3x for the peer group, and 1-year/2-year forward multiples of c.9.0x and 8.5x before Covid-19. The upcoming update to the strategic plan in the autumn could also be a catalyst.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	103	162	204	215	215
EBITDA Adj (Eu mn)	-7	18	43	48	47
Net Profit Adj (Eu mn)	-27	2	14	16	15
EPS New Adj (Eu)	-0.861	0.079	0.450	0.526	0.497
EPS Old Adj (Eu)	-0.861	0.079	0.394	0.444	0.426
DPS (Eu)	0.000	0.000	0.080	0.100	0.104
EV/EBITDA Adj	nm	8.1	3.6	3.1	3.0
EV/EBIT Adj	nm	nm	5.9	4.9	5.1
P/E Adj	nm	36.9	6.4	5.5	5.8
Div. Yield	0.0%	0.0%	2.8%	3.4%	3.6%
Net Debt/EBITDA Adj	-16.1	5.3	2.0	1.6	1.5