IGD

OUTPERFORM

Sector: Holdings & RE

Price: Eu3.55 - **Target: Eu4.10**

Continuing to Deliver, Even Ahead of Targets

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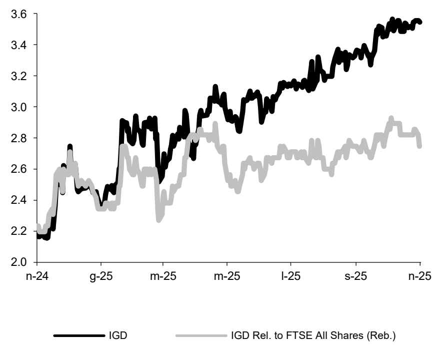
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 3.70 to 4.10
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-0.1%	11.0%	11.0%

IGD - 12M Performance



Stock Data			
Reuters code:			IGD.MI
Bloomberg code:			IGD IM
Performance	**1M**	**3M**	**12M**
Absolute	2.6%	10.1%	58.8%
Relative	-2.7%	3.5%	30.0%
12M (H/L)			3.57/2.15
3M Average Volume (th):			117.38

Shareholder Data	
No. of Ord shares (mn):	110
Total no. of shares (mn):	110
Mkt Cap Ord (Eu mn):	392
Total Mkt Cap (Eu mn):	392
Mkt Float - Ord (Eu mn):	175
Mkt Float (in %):	44.7%
Main Shareholder:	
Coop Alleanza 3.0	40.9%

Balance Sheet Data	
Book Value (Eu mn):	992
BVPS (Eu):	8.99
P/BV:	0.4
Net Debt (Eu mn):	-773
NAV (Eu mn)	1,018

- **3Q25 results a touch better.** Yesterday IGD reported 3Q25 results that were slightly better than expected at most levels. Specifically, total revenues closed at Eu35.3mn (+2.9% YoY; +2.3% vs our estimates), EBITDA at Eu25.4mn, including Eu-0.1mn from trading (+6.8% YoY and 3.8% above expectations), the bottom line at Eu7.0mn, and FFO at Eu11.3mn (+41% YoY and 5% above exp.). On the balance sheet, the NFP came to Eu792mn vs. Eu793mn expected.
- **Solid operating performance.** The quarter showed confirmation of the mall occupancy rate at 95.56%, (+89bp vs. YE24; +140bp vs. 1Q24) while the occupancy rate for malls plus hypermarkets improved slightly to 96.0%, also up +79bp compared to YE24. The 133 contracts signed during 9M25 (8.3% of total mall rents) led to average upside for the entire period of +1.3%. In Romania, 269 contracts were signed in 9M25 with upside of 2.23%. The occupancy rate at the end of the quarter was 95.57%, higher than as at 30 June 2025 (+84bps).
- **2025 guidance confirmed but we see upside risk:** management confirmed its 2025 guidance, which foresees FFO of Eu39mn, up 9.4% YoY. This guidance includes the impact of the expected disposals on the Romanian portfolio as per the targets presented in the business plan (c.Eu20mn in 2025).
- **Messages from the confcall:** Guidance: the company decided to await the outcome of the last quarter before providing an update, but even in the most conservative scenario, net profit should end above Eu39mn; Valuations: for FY25, valuations could adjust thanks to rent growth and a broader transaction market, with possible yield compression. Discount rate cuts have not yet materialized but are expected; Cost of debt: In 1Q26, IGD plans to address the 2028 bond maturity (c.Eu150mn) with the goal of extending debt duration and lowering the overall cost to below 5%; Dividend: net profit for the first nine months reached Eu17mn, almost entirely generated in Italy and therefore exempt under the SIIQ regime. If full-year profit reaches c.Eu20mn, all within the SIIQ perimeter, the mandatory distribution will be about Eu14mn, or 13 cents per share; however, management considers 15 cents a "magic number."
- **Change in estimates and TP.** We confirm 2025 numbers while improving 2026-2027 FFO by 11% on average thanks to better-than-previously expected improvements on cost of debt. Importantly, our FFO estimate for 2026 has reached the company's BP target one year in advance. We are also increasing our target price from Eu3.70 to Eu4.10 (still based on a mix of NAV, FFO and DCF methodologies), in part thanks to the lower risk free rate used in our DCF (3.5% from 4.0%).
- **OUTPERFORM confirmed; target Eu4.1 (from Eu3.7).** 3Q25 results confirmed the group's solid operating momentum and the stock remains appealing in our view (36% discount to GAV and 8.1x P/FFO for 2026E), especially considering stabilising real estate valuations and the work done to lower the cost of debt. In the next few quarters, we think that greater confidence on valuations could have a positive impact not just on NAV but also on dividend growth; in the meantime, the direction of travel for interest rates will also remain a key driver for the stock.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
EBIT Adj (Eu mn)	106	98	91	96	96
Net Profit Adj (Eu mn)	55	36	40	49	52
EPS New Adj (Eu)	0.502	0.323	0.360	0.440	0.473
EPS Old Adj (Eu)	0.502	0.323	0.360	0.396	0.426
DPS (Eu)	0.000	0.100	0.150	0.173	0.182
NAVPS (Eu)	9.215	8.942	9.223	9.383	9.535
P/NAVPS	0.4	0.4	0.4	0.4	0.4
P/E Adj	7.1	11.0	9.9	8.1	7.5
Div. Yield	0.0%	2.8%	4.2%	4.9%	5.1%
Net Debt/EBITDA Adj	9.0	7.9	7.8	7.5	7.6

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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 between 5.5% - 6.0% are being used.
Frequency of research: quarterly.
Reports on all companies listed on the FTSEMIB40 Index, most of those on the MIDEX 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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BUY:	32.06%
OUTPERFORM:	38.17%
NEUTRAL:	29.01%
UNDERPERFORM:	00.76%
SELL:	00.00%

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BUY:	50.65%
OUTPERFORM:	29.87%
NEUTRAL:	18.18%
UNDERPERFORM:	01.30%
SELL:	00.00%

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