

IGD

Sector: Holdings & RE

OUTPERFORM

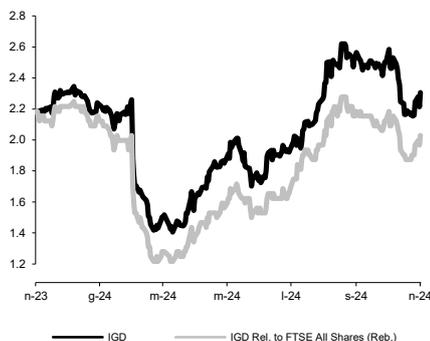
Price: Eu2.31 - Target: Eu2.90

BP 2027: Plotting the Path to Growth

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 2.30 to 2.90		
	2024E	2025E	2026E
Chg in Adj EPS	0.0%	3.3%	15.4%

IGD - 12M Performance



Stock Data			
Reuters code:	IGD.MI		
Bloomberg code:	IGD IM		
Performance	1M	3M	12M
Absolute	-7.8%	0.9%	5.5%
Relative	-3.3%	2.9%	-7.1%
12M (H/L)	2.62/1.41		
3M Average Volume (th):	214.68		

Shareholder Data	
No. of Ord shares (mn):	110
Total no. of shares (mn):	110
Mkt Cap Ord (Eu mn):	254
Total Mkt Cap (Eu mn):	254
Mkt Float - Ord (Eu mn):	114
Mkt Float (in %):	44.7%
Main Shareholder:	
Coop Alleanza 3.0	40.9%

Balance Sheet Data	
Book Value (Eu mn):	968
BVPS (Eu):	8.77
P/BV:	0.3
Net Debt (Eu mn):	-803
NAV (Eu mn)	998

- Presentation of 2025-2027 Business Plan.** On Thursday last week, IGD presented its new 2025-2027 BP, with the objective of embarking upon a period of growth and resuming ongoing, sustainable dividend distribution. Priorities are: 1) optimising the group's financial structure and reducing the cost of finance; 2) maximising value creation in the core business; 3) increasing the appeal of the properties in its portfolio through targeted, ESG-compliant investments.
- Financial targets.** The main 2027 financial targets are as follows: i) LFL net rental income to increase c.+16% vs. YE24; 2) EBITDA from current operations seen at c.Eu98mn (equal to organic growth of c.+16% vs. YE24E considering the impact of non-core asset disposals (c.Eu100mn) and the ending of 2 master leases; 3) FFO at c.Eu48mn (c.+41% vs. c.Eu34mn expected at YE24); 4) improvements to the main financial indicators to be obtained while bringing YE27 LTV to c.40%, from 44.8% as at 9M24.
- Investments and asset rotation:** the company plans to invest c.Eu50mn in order to increase the appeal of its portfolio and reduce the environmental impact. Of these, Eu23mn relate to extraordinary maintenance interventions, while the remainder will be allocated to re-sizing and re-modelling interventions to attract tenants, investments in technology, and ESG-specific interventions. Non-core asset disposals are forecast at c.Eu100mn over the course of the plan, of which c.Eu70mn relate to assets in Romania.
- Back to dividend distribution:** The goal is to resume distribution with a sustainable and continuous remuneration policy, e.g. avoiding the excesses of the past while also considering stock price levels. The base case is to resume dividend distribution as of 2025 (relating to FY24 results).
- Other key messages from the conference call:** key highlights: 1) negotiations with banks for the refinancing of bonds maturing in 2027 are at an advanced stage. Management is "highly confident," and an agreement is expected by 1Q25, although we think updates could arrive sooner; 2) the projected ~5% net rental income CAGR consists of ~1% from indexation and the remainder from a ~350bp increase in occupancy (e.g. 7,600m² of underperforming areas identified), upside from lease renewals, and cost improvements; 3) over the plan period, valuations are expected to remain broadly stable.
- Change in estimates and TP:** we are leaving 2024-2025 FFO estimates broadly unchanged, while raising 2026E FFO by 15% on the back of an improvement in occupancy and a decrease in the average cost of debt (drop in Euribor and refinancing). Please note that at this stage we are not yet incorporating any disposals in our model. Our TP moves to Eu2.9ps (from Eu2.3) with c.35% of the change coming from the change in estimates and the other 65% from the higher multiples used in our valuation.
- OUTPERFORM confirmed (target Eu2.90).** We consider the plan targets to be challenging but achievable, especially taking into account the strong commitment and confidence shown by management. Beside the company's operating trends, in the coming weeks/months, newsflow on disposals, the refinancing of the 2027 bonds, and dividends will be crucial. At a 43% discount to GAV and 6.6x P/FFO for 2025-26E, the stock remains very appealing, in our view, especially considering stabilising valuations and expectations for a soft landing for the European economy. The direction of travel for interest rates will also remain a key driver for the stock.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
EBIT Adj (Eu mn)	102	106	99	98	101
Net Profit Adj (Eu mn)	67	55	35	36	41
EPS New Adj (Eu)	0.609	0.502	0.314	0.323	0.375
EPS Old Adj (Eu)	0.609	0.502	0.314	0.313	0.325
DPS (Eu)	0.300	0.000	0.054	0.154	0.169
NAVPS (Eu)	10.277	9.215	9.042	9.187	9.303
P/NAVPS	0.2	0.3	0.3	0.3	0.2
P/E Adj	3.8	4.6	7.3	7.1	6.1
Div. Yield	13.0%	0.0%	2.4%	6.7%	7.4%
Net Debt/EBITDA Adj	9.5	9.0	7.9	7.9	7.7

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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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BUY:	28.24 %
OUTPERFORM:	48.09 %
NEUTRAL:	23.67 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (61 in total) is as follows:

BUY:	55.74 %
OUTPERFORM:	34.43 %
NEUTRAL:	09.83 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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