

INTRED

Sector: Telecoms

BUY

Price: Eu9.58 - Target: Eu16.00

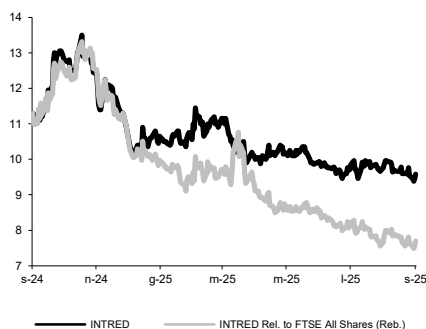
Record Margins Support Scalability and Financial Flexibility

Giorgio Tavolini +39-02-77115.279
giorgio.tavolini@intermonte.it
Andrea Randone +39-02-77115.364
andrea.randone@intermonte.it

Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2025E	2026E	2027E
Chg in Adj EPS	0.0%	0.0%	0.0%

Next Event
9M25 Results Out 5 November

INTRED - 12M Performance



Stock Data			
Reuters code:	INTD.MI		
Bloomberg code:	ITD IM		
Performance	1M	3M	12M
Absolute	-1.8%	-3.6%	-15.2%
Relative	0.4%	-11.0%	-39.8%
12M (H/L)	13.50/9.38		
3M Average Volume (th):	5.17		

Shareholder Data	
No. of Ord shares (mn):	16
Total no. of shares (mn):	16
Mkt Cap Ord (Eu mn):	152
Total Mkt Cap (Eu mn):	152
Mkt Float - Ord (Eu mn):	46
Mkt Float (in %):	30.2%
Main Shareholder:	
DM Holding S.r.l.	60.3%

Balance Sheet Data	
Book Value (Eu mn):	65
BVPS (Eu):	4.09
P/BV:	2.3
Net Financial Position (Eu mn):	-36
Enterprise Value (Eu mn):	189

1H preliminary sales (released on 1 August) had already confirmed high single-digit organic growth and a recurring revenue share above 92%. The rest of the P&L came in marginally above our estimates, with record profitability both in absolute and percentage terms (~45%), underlining the company's operating strength and its ability to sustain major investments while maintaining a balanced financial structure. We confirm our FY estimates, which point to sustainable revenue and margin growth in the second half of the year based on current visibility.

■ **1H25 results:** net sales (€27.8mn, +7.8% organic) were already reported on 1 August (see our [note](#)). Adj. EBITDA came to €12.5mn (+1% vs. our exp), a record margin of 44.9% (+1.3pp YoY). While reported sales rose 7% (+€1.87mn YoY), the increase in OpEx was slower (4% YoY, +€0.44mn), resulting in efficiency gains and supporting margin expansion. Services rose 8.1% YoY (+€0.35mn), mainly linked to business expansion, while the use of third-party assets increased 11.8% (+€0.54mn), reflecting higher network leasing and infrastructure-related expenses. Personnel costs were up 2.6% YoY (+€0.11mn) but declined as a percentage of sales (16.1% vs. 16.7%), highlighting productivity gains. Conversely, purchases fell 40.2% YoY (-€0.28mn) and inventory changes turned slightly negative (-€0.25mn), partly offsetting the rise in other cost items. The merger of Connecting Italia S.r.l. into Intred S.p.A. will further enhance synergies from business integration and streamlining of costs, supporting margin expansion and improved profitability. Net debt rose to €38.5mn (€1mn below our exp), as the €9.8mn of FCFO (our exp. €8.0mn) was entirely absorbed by CapEx of c.€12.6mn and a €1.6mn dividend.

■ **Short-term outlook:** growth prospects for the remainder of 2025 remain positive, supported by ultrafast broadband services and the ongoing network expansion across Lombardy. The company expects results to accelerate in 2H, driven by School Tenders, steady customer growth, and strong visibility on recurring revenues.

■ **No change in estimates:** our FY estimates point at sustainable revenue and margin growth in the second half of the year based on current visibility.

■ **BUY confirmed; target still €16.0.** After a solid 1H, 2H prospects are closely linked to the brand repositioning effort launched in FY24, the phasing out of the top line contribution from School Tenders, and the company's ability to rapidly unlock cost synergies from Connecting Italia, aligning its margins with Group levels. In the meantime, we believe the company is well placed to seize differentiation opportunities in adjacent sectors. The DC opportunity stands out, as it requires no significant CapEx, is perfectly synergistic with existing operations, and offers high, long-term visibility on revenues, strong profitability once capacity saturation is reached, and an IRR in the low 20s. Further upside could come from M&A, as the company holds valuable assets, such as a proprietary network and a well-established, loyal customer base, positioning it advantageously in a market consolidation scenario. The stock is currently trading at c.7x EV/EBITDA'25 (Unidata c.4x, EU Telco Sector c.6x).

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	51	56	57	61	65
EBITDA Adj (Eu mn)	23	24	26	29	32
Net Profit Adj (Eu mn)	8	7	8	9	12
EPS New Adj (Eu)	0.516	0.434	0.477	0.594	0.725
EPS Old Adj (Eu)	0.516	0.434	0.477	0.594	0.725
DPS (Eu)	0.100	0.100	0.119	0.131	0.145
EV/EBITDA Adj	9.4	8.4	7.3	6.3	5.2
EV/EBIT Adj	16.6	17.2	15.1	12.1	9.3
P/E Adj	18.6	22.1	20.1	16.1	13.2
Div. Yield	1.0%	1.0%	1.2%	1.4%	1.5%
Net Debt/EBITDA Adj	0.9	1.4	1.4	1.1	0.5

IMPORTANT DISCLOSURES

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.

The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on Intermonte's website www.intermonte.it under LEGAL NOTICES. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the web page CUSTOMER AREA.

Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

ANALYST CERTIFICATION

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certify that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities. Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Plural Securities LLC, 950 3rd Avenue, Suite 1702, NY 10022, USA.

GUIDE TO FUNDAMENTAL RESEARCH

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 FTSEIMIB40 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.

Explanation of our ratings system:

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

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 26 September 2025 Intermonte's Research Department covered 132 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	30.30%
OUTPERFORM:	38.64%
NEUTRAL:	31.06%
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 (77 in total) is as follows:

BUY:	49.35%
OUTPERFORM:	32.47%
NEUTRAL:	18.18%
UNDERPERFORM:	00.00%
SELL:	00.00%

CONFLICT OF INTEREST

In order to disclose its possible conflicts of interest Intermonte SIM states that:

Intermonte SIM S.p.A. operates or has operated in the last 12 months as the person in charge of carrying out the share buyback plan approved by the shareholders' meeting of ABITARE IN, AZIMUT, ELEN., ELICA, INTERCOS, INTRED, PHARMANUTRA, SERVIZI ITALIA, SESA, STAR7, TMP GROUP, UNIDATA, VALSOIA, WEBUILD

Intermonte SIM S.p.A. provides or has provided corporate brokerage services to ALLCORE, ALMAWAVE, ANTARES VISION, AQUAFIL, AVIO, CASTA DIVA GROUP, CUBE LABS, CY4GATE, CYBEROO, DIGITOUCH, DOMINION HOSTING HOLDING, ELICA, ESPRINET, EVISO, EXECUS, FINE FOODS & PHARMACEUTICALS NTM, FNM, FRANCHI UMBERTO MARM, G.M. LEATHER, GPI, GREEN OLEO, HIGH QUALITY FOOD, IGD, IKONISYS SA, INTRED, ISCC FINTECH, ITALIAN EXHIBITION GROUP, LEMON SISTEMI, LUVÉ, MAPS, MARE ENGINEERING GROUP, NEODECORTECH, NOTORIOUS PICTURES, PREATONI GROUP, REDFISH LONGTERM CAPITAL, REVO INSURANCE, REWAY GROUP, SERI INDUSTRIAL, SPINDOX, STAR7, TALEA GROUP, ULISSE BIOMED, XENIA HOTELLERIE SOLUTION, Zest Group SpA **in the last 12 months**

Intermonte SIM S.p.A. operates or has operated in the last 12 months as Financial Content Provider on the company ALLCORE, ALMAWAVE, B&C SPEAKERS, BANCA SISTEMA, BIFIRE, CASTA DIVA GROUP, COFLE, CROWDFUNDME, CUBE LABS, DIGITOUCH, DOMINION HOSTING HOLDING, ECOSUNTEK, EDILIZIACROBATICA, ELES, ENERGY, EVISO, EXECUS, FAE TECHNOLOGY, FIERA MILANO, FOPE, G.M. LEATHER, GREEN OLEO, HIGH QUALITY FOOD, IGD, IKONISYS SA, INTERCOS, INTRED, ISCC FINTECH, LEMON SISTEMI, MAPS, MARE ENGINEERING GROUP, MASI AGRICOLA, MISITANO & STRACUZZI SPA, NEODECORTECH, NOTORIOUS PICTURES, OLIDATA, OSAI AUTOMATION SYSTEM, PREATONI GROUP, RACING FORCE, REDFISH LONGTERM CAPITAL, RETI, SCIUKER FRAMES, SG COMPANY, SIMONE, SOLID WORLD GROUP, SPINDOX, TALEA GROUP, TAMBURI, TINEXA, TMP GROUP, TPS, ULISSE BIOMED, XENIA HOTELLERIE SOLUTION, Zest Group SpA

Intermonte SIM S.p.A. performs or has performed in the last 12 months the role of intermediary appointed in the public purchase and/or exchange offer transaction of MARE ENGINEERING GROUP, TINEXA

Intermonte SIM S.p.A. operates or has operated in the last 12 months as liquidity provider of BANCA SISTEMA, Zest Group SpA

Intermonte SIM is acting as counterparty to WIIT Fin S.r.l. **in connection with call and put options having** WIIT S.p.A. **shares and dividends as reference underlying.****Intermonte SIM S.p.A. performs or has performed in the last 12 months the role of financial advisor for** AQUAFIL, BANCA GENERALI, BANCA IFIS, BANCO BPM, MARE ENGINEERING GROUP, TINEXA

Intermonte SIM S.p.A. operates or has operated in the last 12 months as market maker on financial instruments with underlying shares issued by A2A, AMPLIFON, AZIMUT, BANCA IFIS, BANCA MEDIOLANUM, BANCO BPM, BCA MPS, BCA POP SONDRIO, BFF BANK, Bper Banca, BREMBO, BUZZI, CAMPARI, DANIELI & C, DIASORIN, ENEL, ENI, ERG, FERRARI, FINCOBANK, INDUSTRIE DE NORA, INTERPUMP GROUP, INTESA SANPAOLO, INWIT, IREN, ITALGAS, IVECO GROUP, LEONARDO, LOTTOMATICA GROUP, MEDIOBANCA, MFE B, MONCLER, MONDADORI EDIT., NEXI, OVS, PIRELLI & C, POSTE ITALIANE, PRYSMIAN, SAIPEM, SESA, SNAM S.p.A., STELLANTIS, STMICROELECTRONICS, TECHNOGYM, TECHNOPROBE, TELECOM ITALIA, TELECOM ITALIA R, TENARIS, TERNA, UNICREDIT, UNIPOL, WEBUILD

Intermonte Sim S.p.A. has or had in the last 12 months a marketing contract on instruments issued by BARCLAYS, BNP PARIBAS, GOLDMAN SACHS GROUP INC, LEONTEQ, MAREX FINANCIAL, MEDIOBANCA, MORGAN STANLEY, NATIXIS, SOCIETE GENERALE, UNICREDIT, VONTOBEL N, WISDOMTREE IRELAND LIMITED

Intermonte SIM S.p.A. performs or has performed in the last 12 months the role of specialist on financial instruments issued by ABITARE IN, ALKEMY, BANCA IFIS, BANCA SISTEMA, COFLE, CYBEROO, DIGITOUCH, ECOSUNTEK, ELEN., EMAK, ENERGY, GREEN OLEO, MISITANO & STRACUZZI SPA, MONDADORI EDIT., OLIDATA, OMER, PHARMANUTRA, QF ALPHA IMM, REPLY, SERVIZI ITALIA, SESA, SG COMPANY, SOMEQ, SYS-DAT, TAMBURI, TESMEC, THE ITALIAN SEA GROUP, TINEXA, TMP GROUP, TXT E-SOLUTIONS, UNIDATA, WIIT **with the obligation to disseminate studies**

Intermonte SIM S.p.A. plays or has played in the last 12 months the role of sponsor for UNIDATA S.p.A.

© Copyright 2025 by Intermonte SIM - All rights reserved

It is a violation of national and international copyright laws to reproduce all or part of this publication by email, xerography, facsimile or any other means. The Copyright laws impose heavy liability for such infringement. The Reports of Intermonte SIM are provided to its clients only. If you are not a client of Intermonte SIM and receive emailed, faxed or copied versions of the reports from a source other than Intermonte SIM you are violating the Copyright Laws. This document is not for attribution in any publication, and you should not disseminate, distribute or copy this e-mail without the explicit written consent of Intermonte SIM.

INTERMONTE will take legal action against anybody transmitting/publishing its Research products without its express authorization.

INTERMONTE Sim strongly believes its research product on Italian equities is a value added product and deserves to be adequately paid.

Intermonte Sim sales representatives can be contacted to discuss terms and conditions to be supplied the INTERMONTE research product.

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website <https://www.intermonte.it/it/avvertenze-legali/mifid-ii.html>

Further information is available.