

INTRED

Sector: Telecoms

BUY

Price: Eu10.05 - Target: Eu16.50

Strong Volume Expansion Underpins Revenue Growth in 1H

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Stock Rating

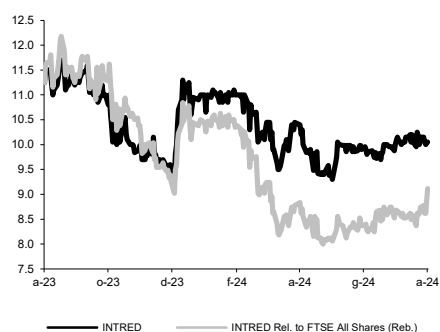
Rating: Unchanged

Target Price (Eu): Unchanged

	2024E	2025E	2026E
Chg in Adj EPS	0.0%	0.0%	0.0%

Next Event: 1H24 Results & BP'24-27 24th Sep

INTRED - 12M Performance



Stock Data

Reuters code: INTD.MI

Bloomberg code: ITD IM

Performance	1M	3M	12M
Absolute	0.5%	6.7%	-10.7%
Relative	4.7%	11.6%	-20.8%
12M (H/L)		11.70/9.28	
3M Average Volume (th):		7.56	

Shareholder Data

No. of Ord shares (mn):	16
Total no. of shares (mn):	16
Mkt Cap Ord (Eu mn):	160
Total Mkt Cap (Eu mn):	160
Mkt Float - Ord (Eu mn):	48
Mkt Float (in %):	30.2%
Main Shareholder:	
DM Holding S.r.l.	60.3%

Balance Sheet Data

Book Value (Eu mn):	60
BVPS (Eu):	3.77
P/BV:	2.7
Net Financial Position (Eu mn):	-33
Enterprise Value (Eu mn):	192

■ **1H24 preliminary sales.** Intred reported revenue of over €27.5mn for 1H (our exp. €27.4mn), marking a 12.1% increase. Excluding the contribution of Connecting Italia of c. €1.6mn (our exp. €1.5mn), standalone revenue was €25.9mn, up 5.6% (1Q: +6.4%, 2Q: 5.1%). The growth is attributed to successful expansion into traditionally weaker provinces like Milan, Pavia, Lecco, Mantua, and Sondrio, largely due to the School Tenders initiative, which facilitated the deployment of proprietary fibre. Management also highlights the positive impact of ongoing communication campaigns featuring football legend Andrea Pirlo, which are expected to further boost revenue and market penetration in the coming months.

■ **Revenue growth across all customer segments:** Business segment (56% of total) including Connecting Italia, a 100% business-dedicated asset, confirmed the high-teen trajectory (1Q: +19%, 2Q: +18%) and was the major contributor to growth in 1H. Wholesale segment (8% of total) saw a 12% increase in the first half, with a notable acceleration from 5% growth in 1Q to 19% in 2Q, likely due to different phasing. The Public Administration (19% of total) and Residential (17%) segments showed steady growth, each increasing by mid-single digits in 1H. The company's core business, recurring services, accounted for over 87% of total revenue, reaching €24.1mn, a 14.1% increase. Fibre optic connections drove a significant revenue rise of 13.3% to €16.8mn.

■ **Strong execution on School Tenders, solid KPIs.** The School Tenders programme led to the activation of >3,900 schools (out of a total of approximately 5,000), generating €4.4mn top line (16% of 1H revenues). Intred's proprietary fibre network expanded by 10.1%, reaching nearly 13,000km by June 2024, from >11,700km as at the end of 2023. The company maintained an industry-leading low churn rate of 4.6%, reflecting high customer loyalty.

■ **No change in estimates.** 1H sales growth is on track with our FY assumption (+14.9% YoY to €57.5mn, including a €3mn boost from Connecting Italia). Consequently, we are keeping our estimates unchanged.

■ **BUY confirmed; target still €16.5.** The strong first-half results across all customer segments, combined with accelerated value creation through Connecting Italia, bode well for the coming quarters and provide greater visibility on our current estimates. We appreciate INTRED's business model, as it offers a very attractive risk-return profile thanks to: a) a proprietary network focused on future-proof UBB technology (no risk of disruptive change and limited long-term CapEx needs) and first-mover advantage in Lombardy, a highly strategic location (1/5 of Italy's GDP) with a strong presence of SMEs; b) footprint expansion from School Tenders and a commercial investment cycle to support long-term growth and a faster take-up rate; c) strong visibility on IRR (upfront CapEx with guaranteed returns) with downside protection (visible and recurring revenue streams, low churn); d) a supportive regulatory framework (NRRP); e) long-term optionality offered by attractive assets (proprietary network, well-established and loyal customer base) in a potential market consolidation scenario.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	46	51	58	65	73
EBITDA Adj (Eu mn)	20	23	23	27	30
Net Profit Adj (Eu mn)	9	8	6	7	9
EPS New Adj (Eu)	0.546	0.516	0.408	0.457	0.556
EPS Old Adj (Eu)	0.546	0.516	0.408	0.457	0.556
DPS (Eu)	0.070	0.100	0.102	0.114	0.122
EV/EBITDA Adj	12.4	9.4	8.2	7.1	5.9
EV/EBIT Adj	20.2	16.6	17.9	15.4	12.5
P/E Adj	18.4	19.5	24.6	22.0	18.1
Div. Yield	0.7%	1.0%	1.0%	1.1%	1.2%
Net Debt/EBITDA Adj	0.6	0.9	1.4	1.1	0.7

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- 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)

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Frequency of research: quarterly.

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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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OUTPERFORM:	49.59 %
NEUTRAL:	25.61 %
UNDERPERFORM	00.83 %
SELL:	00.00 %

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NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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