

## INTRED

Sector: Tech

### 1H21 results consistent with our expectations

**We confirm our BUY rating, and we raise our Target Price to Eu21.5 from Eu18.0/share, after updating our DCF model. Strong competitive positioning, compelling capex-driven growth opportunity (avg FY21/22E capex/sales close to 50%, 15% EBITDA CAGR20-23E), and high visibility of FCF justify a further rerating of the stock**

- 1H21 top line up 9% yoy, core connectivity up 12.4% yoy.** Solid 1H21 top line performance (disclosed in August) was driven by new customer additions (+13% yoy to 43.7k). All business segments grew organically with Business (+4% yoy, 64% of 1H21 revenues) and Residential (+20% yoy, 23% of 1H21 revenues) being the largest contributors to growth. We highlight that the Business segment suffered a slowdown due to Covid and was also hampered by the phase-out of one-off services previously offered by Qcom (e.g., website management, web marketing, HW sales), which declined 23% yoy to Eu1.1mn. Churn rate was broadly stable at 4.5%. Network expanded as well, rising to 4,200 km at 30/6/21 (+28% yoy and +14% vs YE20).
- Margin expansion continues.** Since pro-forma 1H20 results were not available below top line, we cannot comment growth rates vs 1H20. Profitability was again on the rise with EBITDA reaching Eu7.8mn in 1H21 and with margin expanding to 40.5% from 38.4% in FY20PF, thanks to increasing utilization of proprietary network and integration synergies. 1H21 EBIT reached Eu5.3mn, with margin expanding to 27.2% from 22.3% in FY20PF. Net cash stood at Eu1.2mn from Eu0.4mn at YE20, despite Eu6.5mn capex, supported by a solid operating cash flow.
- Infratel tender to connect schools in Lombardy is highly strategic.** Intred won Infratel's tender for the provision of gigabit connectivity to all the public schools located in Lombardy (ca 4,600) over a five years period. The tender is worth ca Eu40mn, of which 20% to be paid in advance upon the signing of the framework agreement, and the remaining amount to be paid in different installments based on the finalization of works, which must be completed within 3 years. The award of the tender is highly strategic and strongly accelerates Intred expansion in Lombardy (we expect the company to add ca 6,000km to its proprietary network). The company should be able to get in an easier way all the necessary authorizations for network rollout from municipalities, which are interested in having their school provided with fast connectivity. Once created the infrastructure to serve the schools, Intred could easily add new private clients on its "subsidiized" network, maximizing ROI and securing long term revenue streams beyond the natural expiration of the contract with Infratel.
- 1H21 results consistent with our expectations, we fine-tune our estimates.** We see an acceleration in 2H as reasonable considering that (i) Infratel's tender kicks in (>1100 schools should be covered by YE from just 20 schools at the end of May 2021); (ii) the normalization of living conditions should bring an acceleration of business customers' acquisition; (iii) the phase out of Qcom's non-core activities will be less significant. We slightly revise the timing of schools' roll-out and Infratel's revenue recognition over 2021-2023, while leaving underlying estimates broadly unchanged. We expect Intred to spend over FY21/22E ca Eu44mn capex for network rollout (avg capex/sales almost at 50%), o/w Eu22mn to connect schools (ca 1,100 schools delivered by YE21, ca 3,900 by YE22). Annual revenue coming from Infratel should reach its maximum contribution (Eu9mn) in 2022, to then decline over the following years gradually. Infratel's favorable payment conditions allow for a significant cumulated FCF (Eu19mn) over FY21-23E. We expect revenues to grow to Eu53.6mn in FY20-23E, (+15% CAGR), EBITDA to jump to Eu22mn (+16.4% CAGR) and net profit to post a 18% CAGR.
- BUY reiterated, TP raised to 21.5/share.** We confirm our BUY rating, and we raise our Target Price to Eu21.5 from Eu18.0/share (>10% upside), after updating our DCF model. The stock was up >20% over the last three months and is now trading at 13.8x FY22 EV/EBITDA, at premium to connectivity peers and at more than 40% discount to WIIT, which is comparable in terms of market exposure, FCF visibility, expected growth rates and profitability levels.

## BUY

Unchanged

### TP 21.50

From 18.00

Target price upside 13%

Change in EPS est.	FY21E	FY22E
	5.6%	5.4%

Ticker (BBG, Reut)	ITD IM	ITD MI
Share price Ord. (Eu)	19.0	19.0
N. of Ord. shares (mn)		15.9
Total N. of shares (mn)		15.9
Market cap (Eu mn)		301
Total Market Cap (Eu mn)		301
Free Float Ord. (%)		25%
Free Float Ord. (Eu mn)		76
Daily AVG liquidity Ord. (Eu k)		124

	1M	3M	12M
Absolute Perf.	4.2%	18.4%	112.5%
Rel. to FTSEMIDCap	8.4%	17.6%	72%
52 weeks range		8.9	20.0



	FY20A	FY21E	FY22E
Sales	36	42	51
EBITDA adj.	14.0	16.6	21.0
Net profit adj.	6.1	7.6	9.6
EPS adj.	0.386	0.482	0.605
DPS - Ord.	0.040	0.050	0.063
EV/EBITDA adj.	9.2x	18.1x	13.8x
P/E adj.	20.9x	39.4x	31.4x
Dividend yield	0.5%	0.3%	0.3%
FCF yield	1.7%	1.0%	3.6%
Net debt/(Net cash)	(0.4)	(2.8)	(12.8)
Net debt/EBITDA	nm	nm	nm

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## Key Data

P&L account (Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Value of Production	21.2	36.4	41.5	51.3	54.5
Added Value	12.0	20.5	23.0	29.2	31.0
EBITDA reported	8.7	14.0	16.6	21.0	22.0
D&A	(3.0)	(5.9)	(6.5)	(8.3)	(8.6)
EBIT reported	5.8	8.1	10.1	12.7	13.4
Net financial charges	0.1	0.1	0.1	0.1	0.1
Associates	0.0	0.0	0.0	0.0	0.0
Extraordinary items	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	5.8	8.2	10.2	12.8	13.5
Taxes	(1.5)	(2.1)	(2.6)	(3.2)	(3.4)
Minorities	0.0	0.0	0.0	0.0	0.0
Discontinued activities	0.0	0.0	0.0	0.0	0.0
Net profit reported	4.3	6.1	7.6	9.6	10.1
<b>EBITDA adjusted</b>	<b>8.7</b>	<b>14.0</b>	<b>16.6</b>	<b>21.0</b>	<b>22.0</b>
<b>EBIT adjusted</b>	<b>5.8</b>	<b>8.1</b>	<b>10.1</b>	<b>12.7</b>	<b>13.4</b>
<b>Net profit adjusted</b>	<b>4.3</b>	<b>6.1</b>	<b>7.6</b>	<b>9.6</b>	<b>10.1</b>

Margins (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Added Value margin	56.5%	56.3%	55.5%	57.0%	57.0%
EBITDA margin (adj)	41.1%	38.4%	40.0%	41.0%	40.5%
EBIT margin (adj)	27.2%	22.3%	24.4%	24.8%	24.6%
Pre-tax margin	27.6%	22.5%	24.6%	25.0%	24.8%
Net profit margin (adj)	20.4%	16.8%	18.4%	18.7%	18.5%

Growth rates (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Sales	21.3%	71.7%	14.2%	23.5%	6.2%
EBITDA	27.9%	60.6%	18.7%	26.6%	4.9%
EBITDA adjusted	19.6%	60.6%	18.7%	26.6%	4.9%
EBIT	37.4%	41.1%	24.8%	25.4%	5.5%
EBIT adjusted	23.5%	41.1%	24.8%	25.4%	5.5%
Pre-tax	40.4%	40.1%	24.9%	25.5%	5.4%
Net profit	34.8%	41.3%	24.9%	25.5%	5.4%
Net profit adjusted	21.0%	41.3%	24.9%	25.5%	5.4%

Per share data	FY19A	FY20A	FY21E	FY22E	FY23E
Shares	15.851	15.851	15.851	15.851	15.851
N. of shares AVG	15.851	15.851	15.851	15.851	15.851
N. of shares diluted AVG	15.851	15.851	15.901	15.951	15.951
<b>EPS</b>	<b>0.273</b>	<b>0.386</b>	<b>0.482</b>	<b>0.605</b>	<b>0.637</b>
<b>EPS adjusted</b>	<b>0.273</b>	<b>0.386</b>	<b>0.482</b>	<b>0.605</b>	<b>0.637</b>
<b>DPS - Ord.</b>	<b>0.030</b>	<b>0.040</b>	<b>0.050</b>	<b>0.063</b>	<b>0.066</b>
DPS - Sav.	0.000	0.000	0.000	0.000	0.000
BVPS	1.682	2.037	2.479	3.034	3.608

Enterprise value (Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Share price Ord. (Eu)	4.4	8.1	19.0	19.0	19.0
Market cap	69.5	127.6	301.2	301.2	301.2
Net debt/(Net cash)	(8.1)	(0.4)	(2.8)	(12.8)	(16.6)
Adjustments	0.6	1.6	1.6	1.6	1.6
<b>Enterprise value</b>	<b>62.0</b>	<b>128.8</b>	<b>300.0</b>	<b>290.0</b>	<b>286.2</b>

Cash flow (Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E
EBITDA adjusted	8.7	14.0	16.6	21.0	22.0
Net financial charges	0.1	0.1	0.1	0.1	0.1
Cash taxes	(1.5)	(2.1)	(2.6)	(3.2)	(3.4)
Ch. in Working Capital	1.8	2.2	9.7	16.4	(2.6)
Other operating items	-	-1.2	-	-	-
<b>Operating cash flow</b>	<b>9.1</b>	<b>12.9</b>	<b>23.8</b>	<b>34.3</b>	<b>16.2</b>
Capex	(7.2)	(10.8)	(20.8)	(23.5)	(11.4)
<b>FCF</b>	<b>1.9</b>	<b>2.1</b>	<b>3.0</b>	<b>10.8</b>	<b>4.8</b>
Disposals/Acquisitions	0.0	(9.4)	0.0	0.0	0.0
Changes in Equity	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Dividends	(0.3)	(0.5)	(0.6)	(0.8)	(1.0)
<b>Ch. in NFP</b>	<b>1.6</b>	<b>(7.7)</b>	<b>2.4</b>	<b>10.0</b>	<b>3.8</b>

Ratios (%)	FY19A	FY20A	FY21E	FY22E	FY23E
<b>Capex/Sales</b>	<b>34.0%</b>	<b>29.7%</b>	<b>50.0%</b>	<b>45.9%</b>	<b>20.9%</b>
Capex/D&A	2.4x	1.8x	3.2x	2.8x	1.3x
FCF/EBITDA	21.4%	15.3%	18.1%	51.2%	21.7%
FCF/Net profit	43.0%	35.0%	39.4%	112.3%	47.4%
<b>Dividend pay-out</b>	<b>11.0%</b>	<b>10.4%</b>	<b>10.4%</b>	<b>10.4%</b>	<b>10.4%</b>

Balance sheet (Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Working capital	(7.1)	(9.3)	(19.0)	(35.4)	(32.8)
Fixed assets	26.3	42.8	57.1	72.3	75.0
Provisions & others	(0.6)	(1.6)	(1.6)	(1.6)	(1.6)
<b>Net capital employed</b>	<b>18.5</b>	<b>31.9</b>	<b>36.5</b>	<b>35.3</b>	<b>40.6</b>
<b>Net debt/(Net cash)</b>	<b>(8.1)</b>	<b>(0.4)</b>	<b>(2.8)</b>	<b>(12.8)</b>	<b>(16.6)</b>
Equity	26.7	32.3	39.3	48.1	57.2
Minority interests	0.0	0.0	0.0	0.0	0.0

Ratios (%)	FY19A	FY20A	FY21E	FY22E	FY23E
<b>Working capital/Sales</b>	<b>-33.6%</b>	<b>-25.5%</b>	<b>-45.7%</b>	<b>-69.0%</b>	<b>-60.2%</b>
<b>Net debt/Equity</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>
<b>Net debt/EBITDA</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>

Valuation	FY19A	FY20A	FY21E	FY22E	FY23E
<b>EV/CE</b>	<b>3.2x</b>	<b>3.8x</b>	<b>7.9x</b>	<b>7.9x</b>	<b>6.8x</b>
P/BV	2.6x	4.0x	7.7x	6.3x	5.3x
EV/Sales	2.9x	3.5x	7.2x	5.7x	5.3x
EV/EBITDA	7.1x	9.2x	18.1x	13.8x	13.0x
<b>EV/EBITDA adjusted</b>	<b>7.1x</b>	<b>9.2x</b>	<b>18.1x</b>	<b>13.8x</b>	<b>13.0x</b>
EV/EBIT	10.8x	15.9x	29.6x	22.8x	21.4x
<b>EV/EBIT adjusted</b>	<b>10.8x</b>	<b>15.9x</b>	<b>29.6x</b>	<b>22.8x</b>	<b>21.4x</b>
P/E	16.1x	20.9x	39.4x	31.4x	29.8x
<b>P/E adjusted</b>	<b>16.1x</b>	<b>20.9x</b>	<b>39.4x</b>	<b>31.4x</b>	<b>29.8x</b>
ROCE pre-tax	32.2%	30.9%	28.3%	33.9%	33.9%
<b>ROE</b>	<b>16.2%</b>	<b>18.9%</b>	<b>19.4%</b>	<b>19.9%</b>	<b>17.7%</b>
EV/FCF	33.3x	60.2x	99.6x	26.9x	59.8x
<b>FCF yield</b>	<b>2.7%</b>	<b>1.7%</b>	<b>1.0%</b>	<b>3.6%</b>	<b>1.6%</b>
<b>Dividend yield</b>	<b>0.7%</b>	<b>0.5%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.3%</b>

### Share price performance

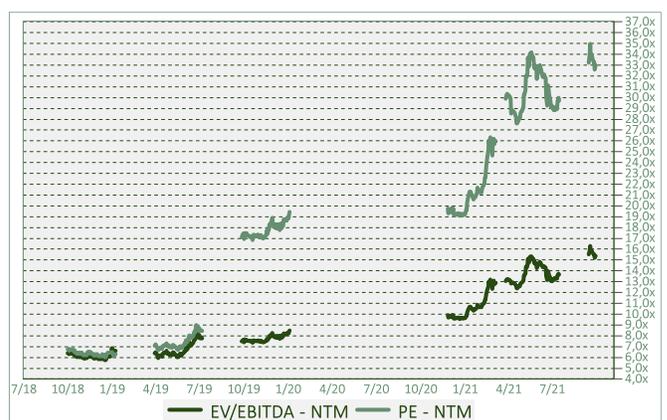
Strong performance since listing in July 2018... (low quality EPS consensus data)



Source: Factset

### Valuation

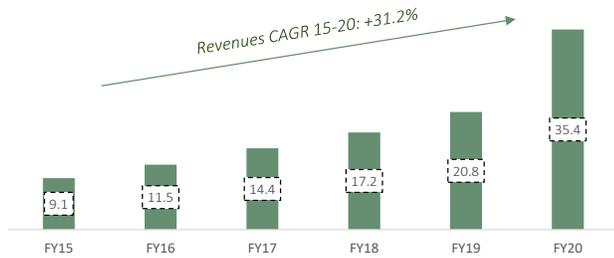
Significant rerating



## Key Charts

### Revenue trend (FY15-FY20A)

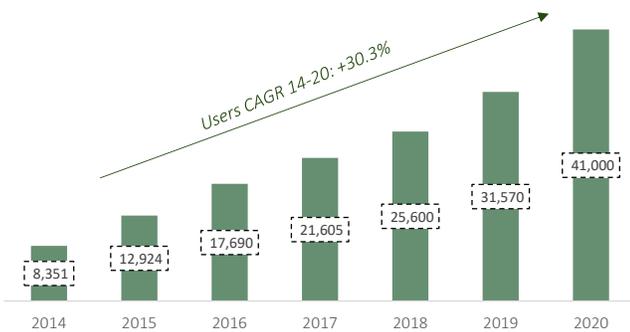
Strong revenues CAGR over the period (+31.2%)



Source: company data

### Users with datalines (FY14A-FY20A)

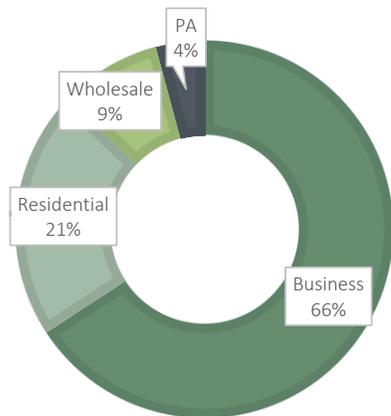
Users with datalines grew 30.3% CAGR over the period



Source: company data

### Revenue breakdown by segment (FY20A)

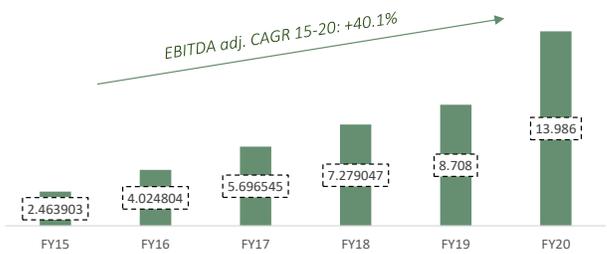
Business customers represent the largest share of Intred's revenues



Source: company data

### EBITDA margin (FY15A-FY20A)

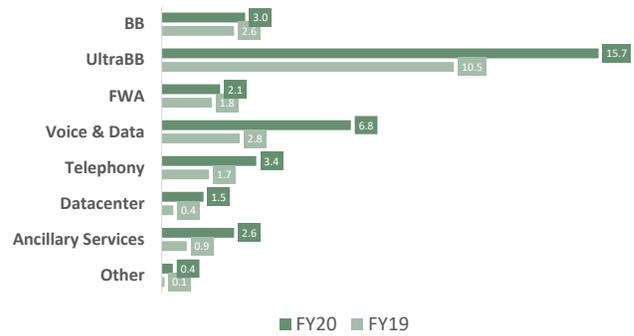
EBITDA margin grew from 26.2% in FY15 to 38.4% in FY20



Source: Company data

### Revenue breakdown by service provided (FY19A-20A)

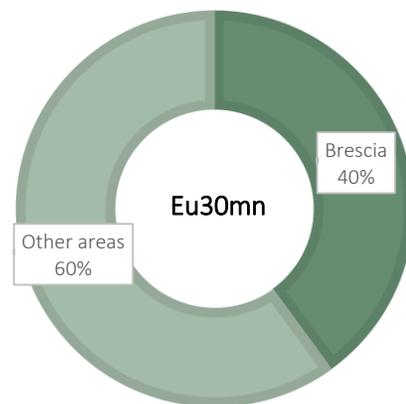
Growth came from Ultra Broadband connectivity (FTTH and FTTC)



Source: company data

### Capex plan (FY19A-FY21E)

Eu30mn capex plan over a three-year period to expand outside Brescia province



Source: company data

# ALANTRA

Italian Equity Research

## Profile

<b>Background</b>	Intred provides ultrabroadband connectivity to corporates and residential customers leveraging on a proprietary fiber network built in the Lombardy region. Up to date, Intred has invested about >Eu40mn for the creation of its network, which at the end of FY20 reached >3,700km length. This turned to be a key competitive advantage for Intred, allowing the company to compete on price and on quality of the service and to achieve outstanding profitability levels as the customer base increased (>41k customers at YE20). Intred fully exploits its network by offering its services to corporates (66% of FY20 sales), residential users (21%) and public administration (4%). Intred also rent its network to other TLC operators through wholesale contracts (9%). Churn rate was stable at 4% in 2020. Founded in 1996 and based in Brescia, the Group today employs ca 80 employees and is listed on AIM since July 2018. With the acquisition of Qcom, finalized at the end of Feb 2020, Intred acquired 80 employees and ca 4.3k business customers in Lombardy.
<b>Positioning</b>	Intred boasts a significant mkt share in the Brescia province. Recent data collected by the Italian Government show that Italy is far behind the targets of its ultrabroadband strategy and that current penetration of ultrabroadband connectivity in Italy is low compared to the European average. Intred benefits from a first mover advantage by bringing fiber to areas with a high concentration of SMEs (the largest share of Intred's revenues is generated by companies with an annual turnover in the range Eu1mn-Eu20mn), and we estimate that less than 50% of these SMEs is already reached by an FTTH connection. While large national operators are slowly working to cover Tier 1 cities with fiber networks, Intred is fastly and efficiently spreading its proprietary network into smaller towns, suburban and rural areas that give access to a sizable number of SMEs. Local focus, lean organization, direct sales force and high service level give Intred a further edge over large players when dealing with mid-sized customers.
<b>Growth</b>	Intred has built an history of outstanding growth: revenues grew organically from Eu7.7mn in FY14 to Eu35.4mn in FY20, posting a 29% 6Y CAGR. Growth was mainly driven by investments made to expand proprietary fiber network and by the launch of the residential offering under the brand EIR. This resulted in a sharp increase in the number of customers which more than tripled over the period. The launch of a residential offer allowed to exploit a positive operating leverage on fixed costs related to existing proprietary network. Adj. EBITDA margin expanded from 18.7% in FY14 to 38.4% in FY20. Given the recurring nature of fees (>90% of turnover is recurring), the high visibility over revenues (85% of anticipated invoices paid within 30 days), Intred boasts an attractive risk-return profile.
<b>Strategy</b>	Growth plans point to a consolidation inside Brescia province and to an expansion into other areas of Lombardy where to replicate its scalable and successful business model (the acquisition of Qcom goes in this direction). We expect the company to deploy 60% of its planned capex for the development of the network outside Brescia. Capex will be dedicated to the implementation of the main network routes to reach targeted areas (mainly through IRU) and for the construction of FTTH-Point-to-Point connections for newly acquired business customers. The launch of a residential offering in the new targeted areas could represent a strong catalyst for future growth. Further M&A to accelerate the expansion in new areas could not be ruled out and could bring significant synergies.

<b>Strengths</b>	<b>Weaknesses</b>	
Proprietary fiber network Significant market share in Brescia province High revenue visibility and strong cash generation	Small size of the company High dependence on key managerial figures Low pricing power	
<b>Opportunities</b>	<b>Threats</b>	
Target SMEs in Lombardy Development of FTTH/GPON Export residential offer outside Brescia	Failure to efficiently deploy capital Technological disruption Failure in managing growth	
<b>Key shareholders</b>	<b>Management</b>	<b>Next events</b>
Peli Family 64.4% Value First 9.4% Float 26.2%	Daniele Peli - Chairman & CEO Filippo Leone - CFO Adalberto Salvi - Director	3Q21 sales 5 Nov 2021

## Results

### 1H21 top line up 9% yoy, core connectivity up 12.4% yoy

All business segments grew organically with Business (+4% yoy, 64% of 1H21 revenues) and Residential (+20% yoy, 23% of 1H21 revenues) being the largest contributors to growth. We highlight that the Business segment suffered a slowdown due to Covid and was also hampered by the phase-out of one-off services previously offered by Qcom (e.g., website management, web marketing, HW sales), which declined 23% yoy to Eu1.1mn.

Eu mn	1H20A	1H21A	YoY %	2H20A	2H21E	YoY %	FY20A	FY21E	YoY %
<b>Business</b>	<b>11.6</b>	<b>12.1</b>	<b>4%</b>						
On sales %	67%	64%							
<b>Residential</b>	<b>3.6</b>	<b>4.3</b>	<b>20%</b>						
On sales %	21%	23%							
<b>PA</b>	<b>0.7</b>	<b>0.8</b>	<b>21%</b>						
On sales %	4%	4%							
<b>Wholesale</b>	<b>1.5</b>	<b>1.7</b>	<b>15%</b>						
On sales %	9%	9%							
Eu mn	1H20A	1H21A	YoY %	2H20A	2H21E	YoY %	FY20A	FY21E	YoY %
<b>Revenues</b>	<b>17.4</b>	<b>18.9</b>	<b>8.9%</b>	<b>18.1</b>	<b>22.0</b>	<b>22.0%</b>	<b>35.4</b>	<b>41.0</b>	<b>15.6%</b>
on sales %	144.1%	97.9%		74.3%	99.2%		97.4%	98.6%	

Source: Company data and Alantra estimates

### Margin expansion continues

Pro-forma 1H20 results were not available below top line and we cannot comment growth rates vs 1H20.

Profitability was again on the rise with EBITDA reaching Eu7.8mn in 1H21 and with margin expanding to 40.5% from 38.4% in FY20PF, thanks to increasing utilization of proprietary network and integration synergies.

Net cash stood at Eu1.2mn from Eu0.4mn at YE20, despite Eu6.5mn capex, supported by a solid operating cash flow.

Eu mn	1H20A	1H21A	YoY %	2H20A	2H21E	YoY %	FY20A	FY21E	YoY %
<b>Value of Production</b>	<b>12.1</b>	<b>19.3</b>	<b>60.2%</b>		<b>22.2</b>	<i>na</i>	<b>36.4</b>	<b>41.5</b>	<b>14.2%</b>
on sales %	100.0%	100.0%			100.0%		100.0%	100.0%	
<b>EBITDA Reported</b>	<b>5.4</b>	<b>7.8</b>	<b>45.0%</b>		<b>8.8</b>	<i>na</i>	<b>14.0</b>	<b>16.6</b>	<b>18.7%</b>
Ebitda Margin %	44.7%	40.5%			39.5%		38.4%	40.0%	
<b>D&amp;A</b>	<b>(1.6)</b>	<b>(2.5)</b>			<b>(3.9)</b>		<b>(5.9)</b>	<b>(6.5)</b>	
<b>EBIT Reported</b>	<b>3.8</b>	<b>5.3</b>	<b>37.6%</b>		<b>4.9</b>	<i>na</i>	<b>8.1</b>	<b>10.1</b>	<b>24.8%</b>
Ebit Margin %	31.7%	27.2%			21.9%		22.3%	24.4%	
<b>Pretax Profit</b>	<b>3.9</b>	<b>5.4</b>	<b>38.6%</b>		<b>4.9</b>	<i>na</i>	<b>8.2</b>	<b>10.2</b>	<b>24.9%</b>
Ebit Margin %	0.0%	0.0%			21.9%		22.5%	24.6%	
<b>Taxes</b>	<b>(1.0)</b>	<b>(1.6)</b>			<b>(1.0)</b>		<b>(2.1)</b>	<b>(2.6)</b>	
Tax rate %	-25.8%	-29.1%			-21.1%		-25.3%	-25.3%	
<b>Net Profit</b>	<b>2.1</b>	<b>2.1</b>	<b>0.0%</b>		<b>5.6</b>	<i>na</i>	<b>6.1</b>	<b>7.6</b>	<b>24.9%</b>
Net Profit Margin %	23.8%	19.6%			17.3%		16.8%	18.4%	
<b>NFP end of the period</b>	<b>(1.6)</b>	<b>1.2</b>		<b>0.4</b>	<b>2.8</b>		<b>0.4</b>	<b>2.8</b>	

Source: Company data and Alantra estimates

## Estimates

**1H21 results consistent with our expectations, we fine-tune our estimates.**

We see an acceleration in 2H as reasonable considering that (i) Infratel's tender kicks in (>1100 schools should be covered by YE from just 20 schools at the end of May 2021); (ii) the normalization of living conditions should bring an acceleration of business customers' acquisition; (iii) the phase out of Qcom's non-core activities will be less significant.

We slightly revise the timing of schools' roll-out and Infratel's revenue recognition over 2021-2023, while leaving underlying estimates broadly unchanged.

(Eu mn)	FY20A	FY21E	FY22E	FY23E	FY20A	FY21E	FY22E	FY23E	FY20A	FY21E	FY22E	FY23E
Value of Production	36.4	41.5	51.3	54.5	0.0%	0.1%	2.1%	-4.8%	36.4	41.5	50.2	57.2
EBITDA Adjusted	14.0	16.6	21.0	22.0	0.0%	0.1%	2.1%	-4.8%	14.0	16.6	20.6	23.1
EBIT Adjusted	8.1	10.1	12.7	13.4	0.0%	5.7%	5.4%	-6.3%	8.1	9.6	12.1	14.3
Pretax Profit	8.2	10.2	12.8	13.5	0.0%	5.6%	5.4%	-6.2%	8.2	9.7	12.2	14.4
Net profit	6.1	7.6	9.6	10.1	0.0%	5.6%	5.4%	-6.2%	6.1	7.2	9.1	10.8
Net profit restated	6.1	7.6	9.6	10.1	0.0%	5.6%	5.4%	-6.2%	6.1	7.2	9.1	10.8
EPS	0.386	0.482	0.605	0.637	0.0%	5.6%	5.4%	-6.2%	0.386	0.456	0.574	0.679
Net financial position	0.4	2.8	12.8	16.6	0.0%	-25.4%	10.3%	-6.9%	0.4	3.8	11.6	17.8

Source: Factset and Alantra estimates

## Peers

### Trading multiples

The stock is trading at higher multiples compared to Italian peers in the connectivity business

Company	Country	Mkt Cap (Eu mn)	EV/Sales			EV/EBITDA			EV/EBIT			PE		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
INTRED	ITALY	296	7.2 x	5.7 x	5.3 x	18.1 x	13.8 x	13.0 x	29.6 x	22.8 x	21.4 x	39.4 x	31.4 x	29.8 x
Premium (discount) to Peers' Median			108%	14%	44%	64%	16%	52%	24%	-29%	18%	20%	10%	32%

PEERS			5.2 x	5.1 x	4.5 x	15.1 x	14.2 x	12.4 x	31.5 x	28.0 x	22.0 x	46.7 x	36.5 x	30.2 x
Average			3.5 x	4.9 x	3.6 x	11.0 x	11.9 x	8.5 x	23.9 x	32.3 x	18.2 x	32.9 x	28.6 x	22.7 x
Median														

Cogent Communications Holdings Inc	UNITED STATES	2,874	7.1 x	6.8 x	6.5 x	18.2 x	17.1 x	16.0 x	36.3 x	32.3 x	28.3 x	81.0 x	60.4 x	47.5 x
WideOpenWest, Inc.	UNITED STATES	1,457	3.5 x	4.9 x	3.6 x	8.4 x	11.9 x	8.3 x	22.0 x	32.7 x	18.2 x	32.9 x	28.6 x	22.7 x
Bredband2 i Skandinavien AB	SWEDEN	227	1.6 x	1.5 x	1.4 x	11.0 x	9.3 x	8.5 x	22.4 x	15.4 x	13.1 x	20.9 x	17.4 x	16.5 x
PEERS International			4.0 x	4.4 x	3.8 x	12.5 x	12.8 x	10.9 x	26.9 x	26.8 x	19.8 x	44.9 x	35.5 x	28.9 x
Average			3.5 x	4.9 x	3.6 x	11.0 x	11.9 x	8.5 x	22.4 x	32.3 x	18.2 x	32.9 x	28.6 x	22.7 x
Median														

WIIT SpA	ITALY	687	10.4 x	9.2 x	8.2 x	27.8 x	23.5 x	21.2 x	52.9 x	40.0 x	34.7 x	69.2 x	53.3 x	46.2 x
Retelit S.p.A.	ITALY	508	3.4 x	3.1 x	2.8 x	10.2 x	9.1 x	7.9 x	23.9 x	19.5 x	15.8 x	29.6 x	22.9 x	18.3 x
Unidata S.P.A.	ITALY	104	na	na	na	na	na	na	na	na	na	na	na	na
Planetel S.p.A.	ITALY	52												
PEERS Italy			6.9 x	6.1 x	5.5 x	19.0 x	16.3 x	14.6 x	38.4 x	29.8 x	25.2 x	49.4 x	38.1 x	32.3 x
Average			6.9 x	6.1 x	5.5 x	19.0 x	16.3 x	14.6 x	38.4 x	29.8 x	25.2 x	49.4 x	38.1 x	32.3 x
Median														

Company	Country	Mkt Cap (Eu mn)	P/BV			Dividend Yield			FCF Yield			Net Debt/EBITDA		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
INTRED	ITALY		7.7 x	6.3 x	5.3 x	0.3%	0.3%	0.3%	1.0%	3.6%	1.6%	nm	nm	nm

PEERS			4.1 x	3.7 x	82.5 x	2.5%	2.9%	3.5%	3.7%	4.8%	6.0%	2.1 x	2.6 x	2.0 x
Average			4.3 x	4.3 x	4.5 x	2.2%	2.5%	2.9%	2.9%	5.1%	6.9%	2.0 x	1.9 x	1.9 x
Median														

Cogent Communications Holdings Inc	UNITED STATES	2,874	na	na	na	4.4%	5.0%	5.6%	2.9%	3.0%	3.3%	3.5 x	3.5 x	3.6 x
WideOpenWest, Inc.	UNITED STATES	1,457	na	na	319.8 x	0.0%	0.0%	0.0%	4.9%	5.2%	6.9%	4.7 x	6.5 x	4.4 x
Bredband2 i Skandinavien AB	SWEDEN	227	4.3 x	4.3 x	4.4 x	4.6%	5.4%	6.2%	7.1%	7.8%	8.1%	0.5 x	0.3 x	0.3 x
PEERS International			4.3 x	4.3 x	162.1 x	3.0%	3.5%	3.9%	5.0%	5.3%	6.1%	2.9 x	3.4 x	2.7 x
Average			4.3 x	4.3 x	162.1 x	4.4%	5.0%	5.6%	4.9%	5.2%	6.9%	3.5 x	3.5 x	3.6 x
Median														

WIIT SpA	ITALY	687	1.5 x	1.4 x	1.3 x	1.3%	1.8%	2.9%	0.9%	5.1%	8.3%	nm	nm	nm
Retelit S.p.A.	ITALY	508	6.5 x	5.5 x	4.7 x	2.2%	2.5%	2.8%	2.6%	2.8%	3.1%	nm	nm	nm
Unidata S.P.A.	ITALY	104	na	na	na	na	na	na	na	na	na	na	na	na
Planetel S.p.A.	ITALY	52										-0.1 x	-0.1 x	-0.1 x
PEERS Italy			4.0 x	3.4 x	3.0 x	1.8%	2.1%	2.8%	1.8%	4.0%	5.7%	-0.1 x	-0.1 x	-0.1 x
Average			4.0 x	3.4 x	3.0 x	1.8%	2.1%	2.8%	1.8%	4.0%	5.7%	-0.1 x	-0.1 x	-0.1 x
Median														

Source: Alantra estimates and Factset

## Financials

Higher profitability and similar growth compared to peers

Company	Country	Mkt Cap (Eu mn)	FY21E - FY23E average margins					CAGR FY20A - FY23E			
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA	EBIT	EPS
INTRED	ITALY	296	40.5%	24.6%	18.5%	38.9%	10.4%	14.4%	16.4%	18.2%	18.2%
PEERS	Average		32.6%	16.1%	8.7%	13.2%	86.5%	12.2%	22.3%	35.1%	54.0%
	Median		36.5%	16.5%	8.2%	15.9%	43.5%	10.9%	20.1%	26.2%	36.0%
Cogent Communications Holdings Inc	UNITED STATES	2,874	39.8%	21.2%	9.0%	9.0%	309.1%	5.7%	8.3%	13.0%	126.0%
WideOpenWest, Inc.	UNITED STATES	1,457	42.3%	17.0%	6.3%	20.7%	0.0%	-4.0%	0.8%	10.6%	72.7%
Bredband2 i Skandinavien AB	SWEDEN	227	15.4%	9.0%	6.4%	1.8%	97.1%	30.3%	52.1%	62.0%	36.4%
PEERS International	Average		32.5%	15.7%	7.2%	10.5%	135.4%	10.7%	20.4%	28.5%	78.3%
	Median		39.8%	17.0%	6.4%	9.0%	97.1%	5.7%	8.3%	13.0%	72.7%
WIIT SpA	ITALY	687	38.5%	22.1%	14.0%	15.8%	42.7%	19.3%	27.3%	36.0%	35.6%
Retelit S.p.A.	ITALY	508	34.5%	16.1%	9.4%	16.0%	25.9%	7.9%	13.0%	16.4%	18.3%
Unidata S.P.A.	ITALY	104	na	na	na	na	na	na	na	na	na
Planetel S.p.A.	ITALY	52	24.9%	11.0%	7.3%	16.2%	44.2%	14.0%	32.1%	72.4%	34.8%
PEERS Italy	Average		32.7%	16.4%	10.2%	16.0%	37.6%	13.7%	24.1%	41.6%	29.6%
	Median		34.5%	16.1%	9.4%	16.0%	42.7%	14.0%	27.3%	36.0%	34.8%

Source: Alantra estimates and Factset

## Performance

Outperforming peers in the last 12 months

Company	Country	Mkt Cap (Eu mn)	Performance					
			1M	3M	6M	1YR	3YR	5YR
INTRED	ITALY	296	4.2%	18.4%	29.4%	112.5%	493.7%	na
PEERS	Average		1.1%	12.4%	42.4%	88.1%	148.2%	202.1%
	Median		2.2%	7.4%	44.7%	39.5%	85.1%	197.5%
Cogent Communications Holdings Inc	UNITED STATES	2,874	-2.2%	-8.9%	3.4%	15.5%	26.1%	88.4%
WideOpenWest, Inc.	UNITED STATES	1,457	-9.7%	7.4%	44.7%	274.9%	74.2%	na
Bredband2 i Skandinavien AB	SWEDEN	227	-3.8%	12.3%	18.9%	39.4%	85.1%	197.5%
PEERS International	Average		-5.2%	3.6%	22.3%	109.9%	61.8%	143.0%
	Median		-3.8%	7.4%	18.9%	39.4%	74.2%	143.0%
WIIT SpA	ITALY	687	3.2%	28.4%	63.5%	39.7%	449.8%	na
Retelit S.p.A.	ITALY	508	5.3%	6.5%	36.0%	36.6%	105.8%	320.2%
Unidata S.P.A.	ITALY	104	2.2%	4.7%	50.7%	122.5%	na	na
Planetel S.p.A.	ITALY	52	12.9%	36.2%	80.0%	na	na	na
PEERS Italy	Average		5.9%	19.0%	57.5%	66.3%	277.8%	320.2%
	Median		4.2%	17.5%	57.1%	39.7%	277.8%	320.2%

Source: Alantra estimates and Factset

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