

INTRED	<i>Italy</i>	<i>FTSE AIM Italia</i>	<i>Tlc</i>
Rating: BUY (unch.)	Target Price: € 8,00 (prev. €6,52)	Update	Risk: Medium

Stock performance	1M	3M	6M	1Y
absolute	-7,19%	11,51%	26,53%	64,89%
to FTSE AIM Italia	13,05%	31,92%	49,37%	94,04%
to FTSE STAR Italia	24,74%	41,66%	47,52%	86,09%
to FTSE All-Share	29,70%	46,23%	55,26%	91,34%
to EUROSTOXX	27,41%	45,70%	56,26%	89,70%
to MSCI World Index	26,14%	43,36%	53,50%	88,41%

Stock Data

Price	€ 6,24
Target price	€ 8,00
Upside/(Downside) potential	28,2%
Bloomberg Code	ITD IM EQUITY
Market Cap (€m)	98,91
EV (€m)	90,77
Free Float	20%
Share Outstanding	15.850.500
52-week high	€ 6,94
52-week low	€ 3,59
Average daily volumes (3m)	13.000

Key Financials (€m)	FY19E	FY20E	FY21E	FY22E
Sales	21,2	35,5	40,6	46,7
EBITDA	8,7	12,0	15,2	18,5
EBIT	5,8	6,1	8,6	11,4
Net Profit	4,3	4,4	6,3	8,4
EPS (€)	0,27	0,28	0,40	0,53
EBITDA margin	41,1%	33,7%	37,5%	39,6%
EBIT margin	27,2%	17,2%	21,1%	24,5%
Net Profit margin	20,4%	12,5%	15,5%	17,9%

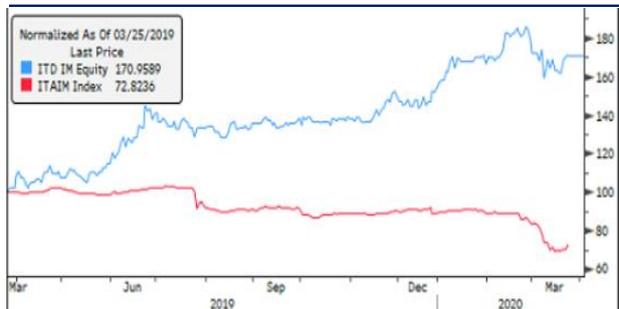
Main Ratios	FY19E	FY20E	FY21E	FY22E
EV/EBITDA (x)	10,4	7,6	6,0	4,9
EV/EBIT (x)	15,8	14,9	10,6	7,9
P/E (x)	22,9	22,4	15,7	11,8

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Stocks performance relative to FTSE AIM Italia



FY19A Results

FY19A results exceeded our previous estimates both in terms of revenues and margins. The Value of Production was 1.9% higher than our estimates, at € 21.2 million, with an increase of 18.5% compared to the previous year. Revenues continue to be driven by sales of fast ultra-wideband connections (FTTH and FTTC) which grew by +45% to € 11.7 million, the telephony sector also improved (+17% to € 2.3 million), supported by sales of commercial flat-band packages.

EBITDA exceeded expectations by 6.9%, with a consequent increase in margins from 39.2% to 41.1% (38.1% in 2018).

Estimates update

We believe that Intred's revenues and margins, due to the nature of the business, will not be affected by the Covid-19 epidemic. In case of updates, we will promptly prepare a revision.

Given the results achieved by Intred and the acquisition of Qcom, we estimate CAGR 20-25E at around 14.8% with revenues rising from €35.0 million in FY20E to around €70.0 million in FY25E. According to our estimates, the Company will again be able to produce margins around 40% starting from 2022.

Valuation Update

We performed the valuation of the equity value of Intred based on the DCF method and the multiples of a sample of comparable companies. The DCF method (which in the calculation of the WACC also includes a specific risk of 2.0% for prudential purposes) returns an equity value of € 130.8 million. The equity value of Intred using the market multiples is equal to € 122.8 million (including a discount of 25%). The result is an average equity value of around € 126.8 million. The target price is therefore € 8.00 (prev. € 6.52). We can confirm our BUY rating and MEDIUM risk.

1. Acquisition of Qcom S.p.A

1.1 Acquisition

On February 27, 2020, Intred S.p.A. published the news about the closing of the acquisition of 100% of the share capital of Qcom S.p.A. through a press release.

The price for the acquisition of the total shares was set equal to € 10.2 million: € 8.3 million already paid at the time of closing, while the remaining part will be paid after the price adjustment procedure, which will be completed following the approval by Qcom of the financial statements at 31 December 2019. The press release also reveals some expected data of the acquired company:

- Expected revenues equal to € 10.9 million;
- Expected Value of Production equal to € 11.2 million;
- Expected positive net financial position equal to € 0.8 million;
- Adjusted EBITDA, to take into account revenues and costs not related to the core business, of € 1.8 million.

The operation will be financed for € 6 million through a debt stipulated with Intesa Sanpaolo: maturity of six years, interest rate in line with the best market conditions, no covenants and no guarantees. The remaining will be financed thanks to the availability of cash.

The deal was concluded at very favourable implied multiples both in terms of expected 2019 Revenues and expected Adjusted Ebitda 2019.

Table 1 – Intred and Qcom Deal Multiples

	EV/Sales	EV/EBITDA (1)
Intred	4,3 (x)	11 (x)
Qcom Deal	0,8 (x)	5,2 (x)

(1) The multiple of the Qcom deal refers to Adjusted Ebitda to take into account revenues and costs not related to ordinary operations.

Source: Intred and Integrae SIM estimates

1.2 Qcom S.p.A.

Qcom is a telecommunications company operating throughout Lombardy with a particular focus on Bergamo, Milano, Brescia, Monza and Brianza, Cremona and Varese. Qcom operates mainly in the business segment and is specialized in ultra-wideband connectivity for which, unlike Intred, it uses third party infrastructures. It has an excellent commercial structure (over 4,200 customers) and a wide range of services aimed at building customer loyalty, including a series of services in the field of security. This business organization is reflected in the personnel structure, which has a rather high number of employees (around 70) in relation to revenues. This figure becomes even more significant in comparison with Intred which, almost with the same number of employees, generates a substantially double Value of Production.

1.3 Integration

Integration will be simplified by the geographical distribution of Qcom customers: 80% of them is located in areas covered by Intred's proprietary network. The portion of customers not covered by the proprietary network will continue to be served through third party infrastructure. In terms of the number of employees, Intred plans to leverage Qcom's resources to keep the sales network and most of the ancillary services offered that have been identified as potentially relevant to customer loyalty.

Qcom's Adj. EBITDA is significantly lower than Intred's in terms of margin (approximately 16% vs. 40%), due to the wide range of services offered and the higher costs arising from the use of third-party assets and from the personnel structure. Through the process of business and systems integration and thanks to the shift of Qcom's customers from the third-party network to the proprietary network, Intred plans to return to margins of around 40% in about 3 years.

2. Pay TV Rights

Sky, a well-known Pay TV provider, has developed a subscription service specifically designed for customers using fibre connections. Initially, Sky had planned to provide the service only to customers of major telecommunications companies. For this reason, Intred filed an application with AgCom against Sky. The Italian Communications Authority has established that Sky will have to sign an agreement with the company in order to allow Intred to convey Pay TV content on fair and non-discriminatory terms with respect to major competitors. The Company has already started the testing phase and, shortly, customers will be able to start using the new service.

3. Economics & Financials

Table 2 – Economics & Financials

INCOME STATEMENT (€/mln)	FY17A	FY18A	FY19A	FY20E	FY21E	FY22E	FY23E	FY24E	FY25E
Revenues	14,40	17,20	20,83	35,00	40,00	46,00	53,00	61,00	70,00
Other Revenues	0,38	0,68	0,36	0,50	0,60	0,70	0,80	0,90	1,00
Value of Production	14,78	17,88	21,19	35,50	40,60	46,70	53,80	61,90	71,00
COGS	0,31	0,12	0,13	0,25	0,28	0,32	0,37	0,40	0,46
Use of assets owned by others	3,70	4,66	5,47	9,50	10,20	11,70	13,50	15,40	17,40
Services	2,25	3,36	3,12	6,70	7,40	8,40	9,60	11,00	12,00
Employees	2,33	2,59	3,27	6,40	6,70	6,90	7,50	8,50	10,00
Other Operating Expenses	0,49	0,35	0,50	0,70	0,80	0,90	1,00	1,20	1,30
EBITDA	5,70	6,81	8,71	11,95	15,22	18,48	21,83	25,40	29,84
<i>EBITDA Margin</i>	<i>39,6%</i>	<i>39,6%</i>	<i>41,1%</i>	<i>33,7%</i>	<i>37,5%</i>	<i>39,6%</i>	<i>40,6%</i>	<i>41,0%</i>	<i>42,0%</i>
D&A	2,17	2,62	2,95	5,85	6,65	7,05	7,45	7,85	8,35
EBIT	3,53	4,19	5,76	6,10	8,57	11,43	14,38	17,55	21,49
<i>EBIT Margin</i>	<i>23,9%</i>	<i>23,4%</i>	<i>27,2%</i>	<i>17,2%</i>	<i>21,1%</i>	<i>24,5%</i>	<i>26,7%</i>	<i>28,4%</i>	<i>30,3%</i>
Financial Management	(0,05)	(0,03)	0,08	(0,08)	(0,06)	(0,05)	0,00	0,08	0,11
EBT	3,47	4,16	5,84	6,02	8,51	11,38	14,38	17,63	21,60
Taxes	0,93	0,95	1,52	1,60	2,20	3,00	3,80	4,50	5,60
Net Income	2,54	3,21	4,33	4,42	6,31	8,38	10,58	13,13	16,00

BALANCE SHEET (€/mln)	FY17A	FY18A	FY19A	FY20E	FY21E	FY22E	FY23E	FY24E	FY25E
Fixed Assets	18,21	21,96	26,26	44,35	50,15	56,15	62,15	68,15	75,15
Account receivable	3,58	3,10	3,71	7,00	7,90	9,00	10,20	11,60	13,10
Account payable	4,49	5,06	5,67	9,00	9,80	11,20	12,80	14,60	16,20
Operating Working Capital	(0,9)	(2,0)	(2,0)	(2,0)	(1,9)	(2,2)	(2,6)	(3,0)	(3,1)
Other receivable	1,62	1,36	1,22	2,50	2,80	3,30	3,80	4,40	5,00
Other payable	4,92	4,72	6,38	7,00	7,60	8,60	10,00	11,50	12,80
Net Working Capital	(4,2)	(5,3)	(7,1)	(6,5)	(6,7)	(7,5)	(8,8)	(10,1)	(10,9)
Severance Indemnities & Other Provisions	0,50	0,57	0,62	1,45	1,50	1,55	1,65	1,85	2,15
NET INVESTED CAPITAL	13,52	16,06	18,52	36,40	41,95	47,10	51,70	56,20	62,10
Share Capital	3,81	10,00	10,00	10,60	10,60	10,60	10,60	10,60	10,60
Reserves	3,09	9,44	12,33	16,23	20,20	25,88	33,42	42,95	54,76
Net Income	2,54	3,21	4,33	4,42	6,31	8,38	10,58	13,13	16,00
Equity	9,44	22,65	26,66	31,25	37,11	44,86	54,60	66,68	81,36
Cash & Cash Equivalent	1,09	9,65	9,95	2,65	1,96	3,56	7,70	14,28	22,06
Short Term Debt to Bank	1,91	1,25	0,59	0,00	0,00	0,00	0,00	0,00	0,00
M/L Term Debt to Bank	3,26	1,81	1,23	7,80	6,80	5,80	4,80	3,80	2,80
Net Financial Position	4,08	(6,6)	(8,1)	5,2	4,8	2,2	(2,9)	(10,5)	(19,3)
SOURCES	13,52	16,06	18,52	36,40	41,95	47,10	51,70	56,20	62,10

CASH FLOW (€/mln)	FY18A	FY19A	FY20E	FY21E	FY22E	FY23E	FY24E	FY25E
EBIT	4,19	5,76	6,10	8,57	11,43	14,38	17,55	21,49
Taxes	0,95	1,52	1,60	2,20	3,00	3,80	4,50	5,60
NOPAT	3,24	4,25	4,50	6,37	8,43	10,58	13,05	15,89
D&A	2,62	2,95	5,85	6,65	7,05	7,45	7,85	8,35
Change in receivable	0,49	(0,62)	(3,29)	(0,90)	(1,10)	(1,20)	(1,40)	(1,50)
Change in payable	0,58	0,60	3,34	0,80	1,40	1,60	1,80	1,60
Change in others	0,07	1,80	-0,66	0,30	0,50	0,90	0,90	0,70
<i>Change in NWC</i>	<i>1,13</i>	<i>1,79</i>	<i>-0,61</i>	<i>0,20</i>	<i>0,80</i>	<i>1,30</i>	<i>1,30</i>	<i>0,80</i>
Change in provisions	0,07	0,05	0,83	0,05	0,05	0,10	0,20	0,30
OPERATING CASH FLOW	7,06	9,03	10,56	13,27	16,33	19,43	22,40	25,34
Capex	(6,36)	(7,2)	(23,9)	(12,5)	(13,1)	(13,5)	(13,9)	(15,4)
FREE CASH FLOW	0,70	1,79	(13,38)	0,82	3,28	5,98	8,55	9,99
Financial Management	(0,03)	0,08	(0,08)	(0,06)	(0,05)	0,00	0,08	0,11
Change in Debt to Bank	(2,10)	(1,25)	5,99	(1,00)	(1,00)	(1,00)	(1,00)	(1,00)
Change in Equity	10,00	(0,32)	0,17	(0,44)	(0,63)	(0,84)	(1,06)	(1,31)
FREE CASH FLOW TO EQUITY	8,56	0,30	(7,30)	(0,68)	1,60	4,14	6,57	7,79

Source: Intred and Integrae SIM estimates

3.1 FY19A Results

Table 3 – Actual VS Estimates FY19A

(€/mln)	VoP	EBITDA	EBITDA %	EBIT	Net Income	NFP
Actual	21,2	8,7	41,1%	5,8	4,3	(8,1)
Forecast	20,8	8,2	39,2%	5,2	3,7	(3,4)
<i>Change</i>	<i>1,9%</i>	<i>6,9%</i>	<i>1,9%</i>	<i>11,8%</i>	<i>16,0%</i>	<i>139,4%</i>

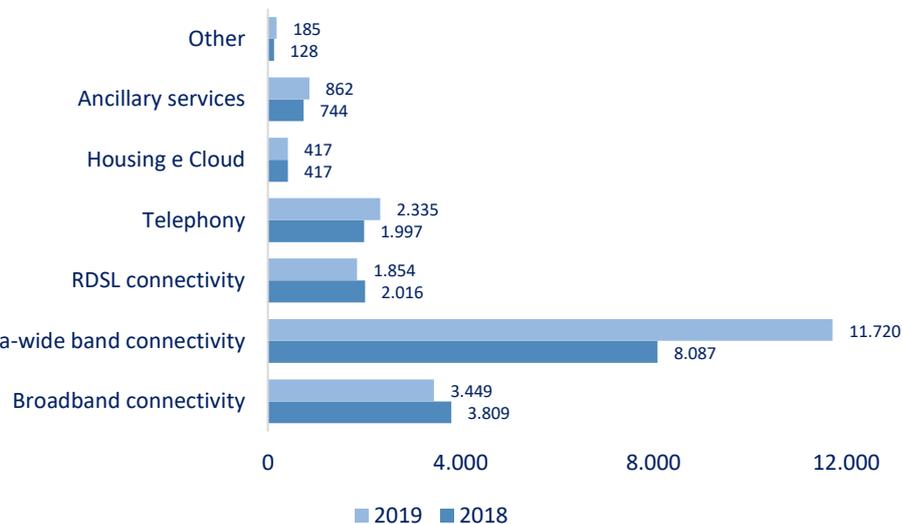
Source: Integrae SIM

Intred, with FY19A results exceeded our previous estimates both in terms of revenues and margins. The Value of Production was 1.9% higher than our estimates, at € 21.2 million, with an increase of 18.5% compared to the previous year. Revenues continue to be driven by sales of fast ultra-wideband connections (FTTH and FTTC) which grew by +45% to € 11.7 million, the telephony sector also improved (+17% to € 2.3 million), supported by sales of commercial flat-band packages.

EBITDA exceeded expectations by 6.9%, with a consequent increase in margins from 39.2% to 41.1% (38.1% in 2018). Ebit and Net Income also increased compared to estimates.

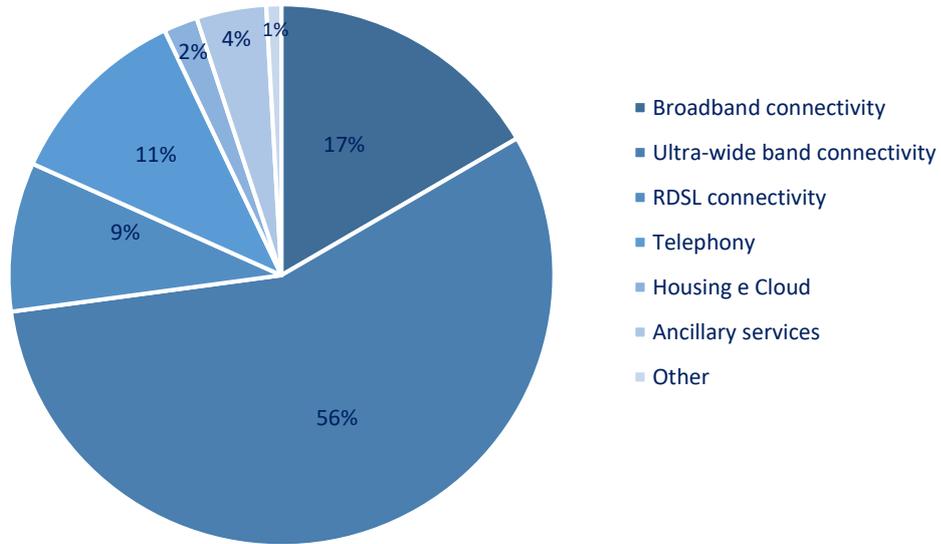
The net financial position was positive for € 8.1 million, compared to € 6.6 million at 31 December 2018. Cash and cash equivalents amounted to € 9.9 million compared to € 9.6 million as at 31 December 2018. Medium and long-term payables to banks amounted to € 1.8 million, compared with € 3.1 million as at 31 December 2018.

Chart 1 – Sales Breakdown per Service FY18A vs FY19A



Source: Intred

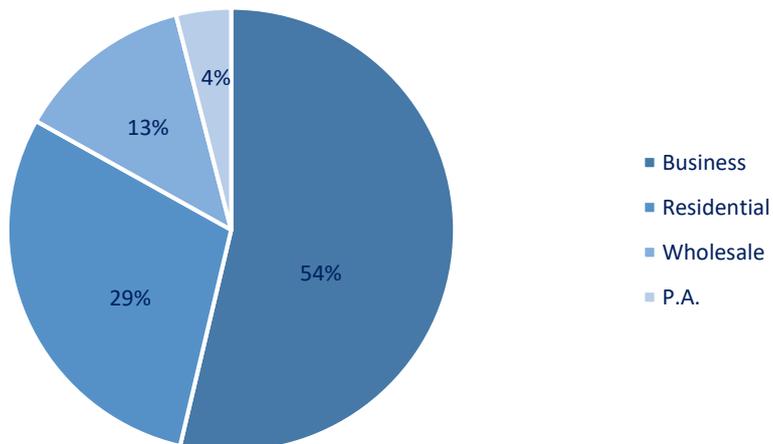
Chart 2 – Sales Breakdown per Service FY19A



Source: Intred

The breakdown of revenues per segment in the Value of Production, albeit with some differences, remains unchanged in terms of importance: ultra-wideband connectivity remains the main source of revenue with an incidence of around 56% (compared to 47% in 2018), the second largest revenue class in terms of importance remains broadband connectivity with a share close to 17% (compared to 22% in 2018). Telephony and RDSL connectivity generate around 10% of revenue (compared to 12% in 2018), while the other revenue classes remain residual.

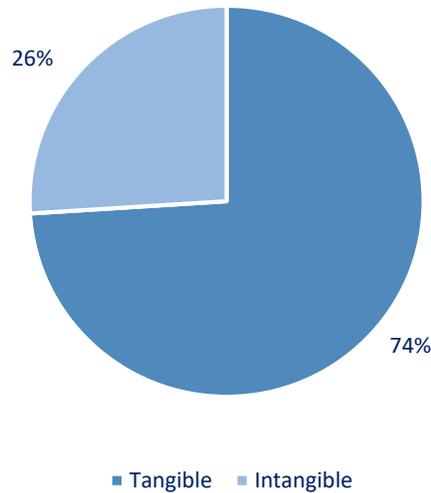
Chart 3 – Sales Breakdown FY19A per Client Type



Source: Intred

The breakdown of sales by type of customer remained broadly stable compared to previous periods and in particular: Wholesale (+15.8% YoY), Residential (+25% YoY), PA (+8.4% YoY) and Business (+21.3% YoY).

Chart 4 – Capex FY19A



Source: Intred

Investments in 2019 amounted to €7.2 million, mainly concentrated on the development of the FTTH and FTTC optical fibre access network, mainly in Lombardia. As at 31 December 2019, the company had a network of almost 3,000 km of optical fibre, up by 53% compared to 1,950 km at the end of 2018.

The majority of investments in Intred's network infrastructure consist of tangible fixed assets (74% of the total) relating to network development and the remaining part (26% of the total) relates to intangible fixed assets, consisting mainly of acquisitions of IRU (Indefeasible Right of Use) rights for a duration of 15 years, for fibre optic cables and/or conduits. These rights were mainly acquired by Telecom Italia, Infratel Italia (in-house company of the Ministry of Economic Development) and the main national operators. With these investments, it has been possible to build network infrastructures at low cost and relatively quickly, with a significant reduction in civil works and the consequent timing linked to the permits issued by the competent authorities.

3.2 FY20E – FY25E Estimates

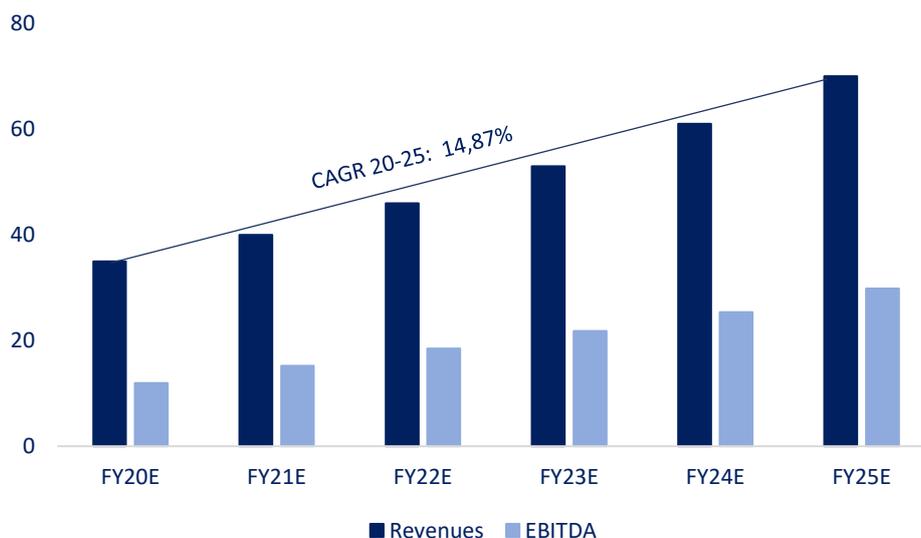
We believe that Intred's revenues and margins, due to the nature of the business, will not be affected by the Covid-19 epidemic. In case of updates, we will promptly prepare a revision.

Table 4 – Estimates Updates FY20E-25E

€/mln	FY2020E	FY2021E	FY2022E	FY2023E	FY2024E	FY2025E
Revenues						
New	35,0	40,0	46,0	53,0	61,0	70,0
Old	24,5	29,2	35,0	43,0	48,0	53,0
Change	42,9%	37,0%	31,4%	23,3%	27,1%	32,1%
EBITDA						
New	12,0	15,2	18,5	21,8	25,4	29,8
Old	10,2	12,4	14,9	18,9	21,1	22,2
Change	17,4%	23,2%	24,4%	15,8%	20,4%	34,4%
EBITDA %						
New	33,7%	37,5%	39,6%	40,6%	41,0%	42,0%
Old	41,0%	41,7%	41,8%	43,4%	43,5%	41,5%
Change	-7,3%	-4,2%	-2,2%	-2,8%	-2,5%	0,5%
EBIT						
New	6,1	8,6	11,4	14,4	17,6	21,5
Old	6,8	8,7	10,8	13,9	15,3	15,5
Change	-10,0%	-0,9%	6,3%	3,8%	14,7%	38,6%
Net Income						
New	4,4	6,3	8,4	10,6	13,1	16,0
Old	4,9	6,2	7,7	10,5	11,1	10,0
Change	-10,1%	1,1%	8,3%	0,4%	18,4%	60,2%
NFP						
New	5,2	4,8	2,2	(2,9)	(10,5)	(19,3)
Old	(2,2)	(2,6)	(5,3)	(4,2)	(1,7)	(3,0)
Change	N/A	N/A	N/A	N/A	N/A	N/A

Source: Integrae SIM

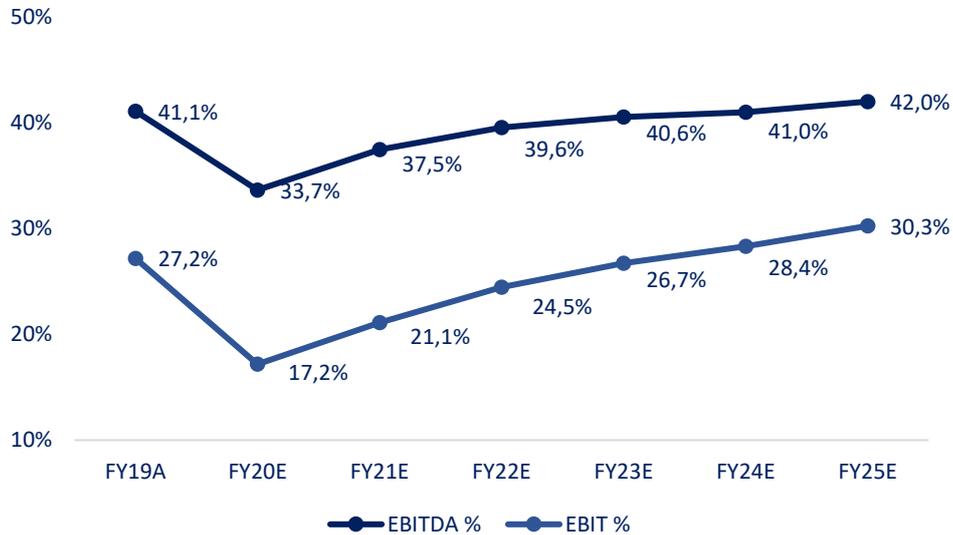
Chart 5 – Sales and EBITDA FY20E-25E



Source: Integrae SIM

We believe that the integration process of the acquired company can proceed quickly and that from 2022 onwards consolidated profitability can reach the pre-transaction level. The estimated CAGR 20-25E is about 14.87% with Sales increasing from €35.0 million in FY20E to about €70.0 million in FY25E.

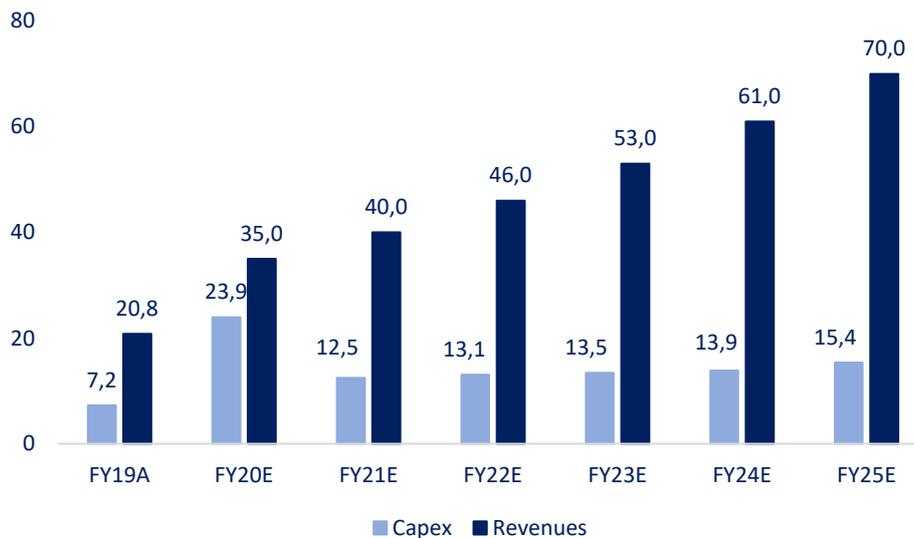
Chart 6 – Estimates Margin FY19A-25E



Source: Integrae SIM

New estimates deviate very significantly from the previous report due to the integration of Qcom values. The acquired company has significantly lower margins, because of this the EBITDA Margin for 2020 and 2021 will be lower than the values recorded in 2019. However, as we said, we are confident that the margin will return to around 40% starting from 2022.

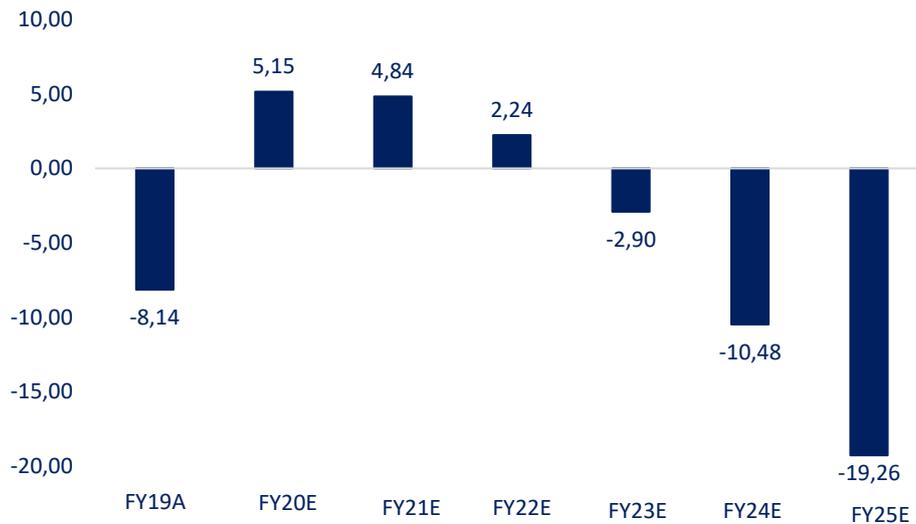
Chart 7 – Estimates Capex FY19A-25E



Source: Integrae SIM

In term of Capex, we estimate growth in proportion to changes in revenues. For the two-year period 2020-2021E, estimates are based on the press release issued on 14 May 2019, according to which the Board of Directors approved a three-year investment plan, from 2019 to 2022, equal to € 30 million aimed at the development of infrastructure networks owned in Lombardia. For the year 2020E, in addition to the investments related to the three-year plan, we also considered the investment of € 10.2 million for the acquisition of Qcom.

Chart 8 – Estimates NFP FY19A-25E



Source: Integrae SIM

NFP, in our estimates, also undergo significant changes because of the acquisition: the purchase of Qcom was financed for a value of € 6 million through a debt agreement with Intesa Sanpaolo (maturity of the loan of 6 years) and the remaining through cash. The cash outflow will be completed by the end of 2020.

4. Valuation

We performed the valuation of the equity value of Intred based on the DCF method and the multiples of a sample of comparable companies.

4.1 DCF Method

Table 5 – WACC

WACC		5,34%
Risk Free Rate	0,37% α (specific risk)	2,00%
Market Premium	7,37% Beta Adjusted	0,56
D/E (average)	25,00% Beta Relevered	0,66
Ke	6,50% Kd	1,00%

Source: Integrae SIM

We have included a specific risk of 2.0% for prudential purposes. The result is a WACC of 5.34%.

Table 6 – DCF Valuation

DCF Equity Value		130,8
FCFO actualized	8,6	7%
TV actualized DCF	114,1	93%
Enterprise Value	122,7	100%
NFP (FY19A)	(8,1)	

Source: Integrae SIM

Given the type of business, which as we know is characterized by recurring revenues, and taking into account the Qcom transaction, we considered it appropriate to consider cash flows up to FY25E. With the above data and taking our estimates and assumptions as a reference, an **equity value of €130.8 million** results.

Table 7 – Equity Value - Sensitivity analysis

€/mln		WACC						
		3,8%	4,3%	4,8%	5,3%	5,8%	6,3%	6,8%
Growth Rate (g)	2,5%	418,6	301,5	234,5	191,0	160,6	138,1	120,8
	2,0%	309,8	240,9	196,2	164,9	141,8	124,0	109,9
	1,5%	247,5	201,6	169,4	145,6	127,4	112,9	101,1
	1,0%	207,1	174,0	149,6	130,8	115,9	103,8	93,8
	0,5%	178,8	153,7	134,3	119,0	106,6	96,3	87,6
	0,0%	157,9	138,0	122,2	109,4	98,8	89,9	82,3
	-0,5%	141,7	125,5	112,4	101,5	92,3	84,5	77,8

Source: Integrae SIM

4.2 Market multiples

Our panel includes companies operating in the same sector as Intred, but with greater capitalization. They are the same as those used to calculate the Beta for the DCF method. These companies include:

Cincinnati Bell Inc. is a telecommunications services company based in Cincinnati, Ohio. It provides fixed-line telephony, fibre-optic Internet and IPTV services through its subsidiaries Cincinnati Bell Telephone and Hawaiian Telcom: local operators in the metropolitan areas of Cincinnati and Dayton and Hawaii.

Euskaltel S.A. is a Spanish operator of fixed telephony, mobile telephony, Pay TV and Internet (fibre and 4G), operating in the Basque Country, Asturias, Galicia and Navarre. It has the largest optical fibre network in the Basque Country, with 350,000 km installed and is the leader in the Basque Country with 216,846 customers and a 41% market share in broadband. In mobile telephony, it controls a 20% share, with 165,411 customers, while in fixed telephony it is the second largest operator with a 38% share.

Atlantic Tele-Network Inc. is a telecommunications company based in Beverly, Massachusetts. It manages digital wireless, cable and optical fibre networks both terrestrial and submarine. It serves poorly connected and technically difficult areas, such as deserts and mountainous areas of the United States.

Retelit - Reti Telematiche Italiane S.p.A. is an Italian operator of data services and infrastructure for the telecommunications market. The company has a proprietary fibre optic network that extends over 8,000 km and connects 9 metropolitan networks and 18 data processing centers throughout Italy. This infrastructure provides access to dedicated broadband and ultra-broadband data transmission services, for the construction of private IP and Ethernet networks and the provision of Internet connectivity.

Cogent Communications Holdings is a multinational Internet service provider based in the United States. The primary services consist of Internet access and data transport, offered over a optical fibre network, IP data-only network and placement in datacenters.

Zayo Group Holdings Inc. is an operator with offices in Colorado and London. The company provides communications infrastructure services, including fibre and bandwidth connectivity, collocation and cloud infrastructure.

Bredband2 i Skandinavien AB is a Swedish company whose products and services can be classified in the broadband, telephony and other categories (storage and back-up, security, consulting). It is aimed at private and corporate customers.

WIIT SpA is a company that deals with cloud computing in the Italian market, specialized in offering Private Cloud solutions, Hosted Private Cloud solutions for critical applications, Public Cloud and Hybrid Cloud applications, as well as advanced cybersecurity solutions.

Table 8 – Market Multiples

Company Name	EV/EBITDA (x)			EV/EBIT (x)		
	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Cincinnati Bell Inc.	6,7	6,6	6,7	23,9	24,8	22,1
Euskaltel SA	8,5	8,3	8,3	20,2	18,7	16,9
Atlantic Tele-Network Inc.	8,2	7,2	N/A	46,2	35,6	N/A
Retelit S.p.A.	6,8	6,2	N/A	16,0	11,0	N/A
Cogent Communications Holdings	21,5	19,9	16,8	39,8	34,4	29,6
Zayo Group Holdings Inc.	10,3	10,0	9,8	23,8	22,8	21,4
Bredband2 i Skandinavien AB	9,8	8,9	N/A	N/A	N/A	N/A
WIIT SpA	15,0	12,2	10,6	26,6	19,0	15,6
Peer median	9,2	8,6	9,8	23,9	22,8	21,4

Source: Infinancials

Table 9 – Market Multiples Valuation

€/mln	2020E	2021E	2022E
Enterprise Value (EV)			
EV/EBITDA	109,6	131,2	180,4
EV/EBIT	145,9	195,4	244,6
Equity Value			
EV/EBITDA	104,4	126,4	178,1
EV/EBIT	140,7	190,6	242,4
Equity Value post 25% discount			
EV/EBITDA	78,3	94,8	133,6
EV/EBIT	105,5	142,9	181,8
Average	91,9	118,8	157,7

Source: Integrae SIM

The equity value of Intred using the EV/EBITDA, EV/EBIT market multiples amounts to approximately € 163.0 million. To this value, we applied a 25% discount in order to also include the lower liquidity in the price that the Intred stock has compared to the companies included in the panel, as well as a lower capitalization. Therefore, this results in an **equity value of € 122.8 million**.

4.3 Equity Value

Table 10 – Equity Value

Average Equity Value (€/mln)	126,8
Equity Value DCF (€/mln)	130,8
Equity Value multiples (€/mln)	122,8
Target Price (€)	8,00

Source: Integrae SIM

The result is an average equity value of around €126.8 million. The *target price* is therefore €8,00 (prev. €6,52). We can confirm our BUY rating and MEDIUM risk.

Table 11 – Target Price Implied Valuation Multiples

Multiples	FY20E	FY21E	FY22E
EV/EBITDA	9,9x	7,8x	6,4x
EV/EBIT	19,5x	13,8x	10,4x

Source: Integrae SIM

Table 12 – Current Price Implied Valuation Multiples

Multiples	FY20E	FY21E	FY22E
EV/EBITDA	7,6x	6,0x	4,9x
EV/EBIT	14,9x	10,6x	7,9x

Source: Integrae SIM

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Equity Total Return (ETR) for different risk categories			
Rating	Low Risk	Medium Risk	High Risk
BUY	ETR >= 7.5%	ETR >= 10%	ETR >= 15%
HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR <= -5%	ETR <= -5%	ETR <= 0%
U.R.	Rating and/or target price Under Review		
N.R.	Stock Not Rated		

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