

INTRED

Sector: Tech

Even More Essential

We confirm our BUY rating and we raise our Target Price to Eu9.0 from Eu7.0 per share, providing ca 50% upside. Intred closed 2019 showing excellent growth and better than expected profitability and cash generation. A new milestone was achieved in January with Qcom acquisition, which strengthens Intred's presence in Lombardy accelerating the expansion outside Brescia. We are revising our estimates to consider this acquisition that shows a solid industrial rationale and is strongly EPS accretive thanks to efficiencies and synergies to be extracted in the next 2-3 years (more details at page 5). Intred is experiencing an unprecedented increase of data traffic on its network after the outbreak of Covid-19 in Lombardy forced people to stay at home. Residential and Business customers are asking for upgrades to their connectivity plans and the company is promptly acting to guarantee its essential service for all its clients. What is happening in these days is dramatically accelerating an ongoing digital transformation process, for which Intred is a key enabler. The stock, which is trading at large discount relative to peers, deserves a re-rating given its compelling growth opportunity and its attractive risk-return profile (high visibility of FCF, double digit growth).

- Newsflow.** 2H19 came better than expected in terms of profitability and cash generation. Revenues were up 20.5% YoY to Eu10.8mn. Ultra-broadband continued to drive growth reaching Eu6.3mn (+43% YoY). Recurring fees represented 94% of revenues; churn rate was stable at 4.5%. All business segments grew with Business (+22% YoY, 54% of 2H19 revenues) and Residential (+22% YoY, 29% of 2H19 revenues) being the largest contributor to growth. EBITDA adj. was up 15.8% YoY reaching Eu4.6mn, with a 41.3% margin, while Net Profit was up 10.2% YoY reaching Eu2.3mn, with a 20.5% margin. Net cash stood at Eu8.1mn at YE19, up from Eu6.6mn at YE18 after Eu7.2mn capex.
- Catalysts.** COVID-19 outbreak is forcing people to stay at home causing a dramatic increase of data traffic (+35% YoY, +50% peak levels) on Intred's network (the company is accelerating capex in fiber optics and latest generation equipment to face a further increase of bandwidth demand). Residential customers continue to grow, with rising requests for upgrades to support the increasing use of video streaming (+30%), online gaming (+90%) and social networks (+80%). Business customers as well are asking to increase the bandwidth of existing fiber connections to support Smart Working (data upload is up 40% YoY). On the other hand, the authorization process to start works for the construction of new pieces of network could suffer a slowdown given that public administration offices are now running at reduced rates. This could cause a deceleration in the acquisition of new business customers also given that the sales force is facing more difficulties in getting in contact with prospective clients. Notably, the latest "Cura Italia" decree of 16 March recognizes the strategic role of TLC operators and some simplifications of the authorization process are expected. A prolonged period of lockdown could have significant negative effects on Lombardy's entrepreneurial system: we highlight that Intred's exposure to mostly hit sectors like tourism and retail is limited.
- Estimates.** We revise our estimates to incorporate Qcom acquisition (10 months in 2020). Considering current difficult context for customer acquisition we assume a slightly lower growth compared to what we previously expected for Intred stand-alone in 2020, but we expect the company to fully recover this delay in 2021. We expect revenues to grow from Eu20.8mn to Eu44.3mn in FY19-22E, (+28.6% CAGR) with customers rising from ca 32k at YE18 to ca 50k at YE22 (+16% CAGR). We forecast EBITDA adj. to grow from Eu8.7mn to Eu17.7mn in FY19-22E, (+26.6% CAGR). In line with management expectations we see the dilution of EBITDA margin related to Qcom acquisition to be gradually recovered over the next three years, once synergies and efficiencies are achieved. Net Profit adj. is forecast to post a 26.4% CAGR. We expect Intred to generate Eu10mn FCF after Eu30mn capex in the next three years.
- Recommendation and valuation.** We confirm our BUY rating and we raise our Target Price to Eu9.0 from Eu7.0 per share, providing ca 50% upside to the current share price. Our valuation is the result of a DCF method. At our target price the stock would be trading at 12.0x/9.3x EV/EBITDA FY20/21 and 26.0x/19.7x P/E FY20/21.

BUY

Unchanged

TP 9.00

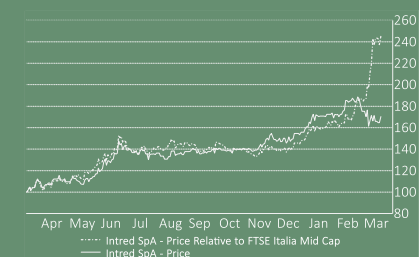
From 7.00

Target price upside 47%

Change in EPS est.	FY20E	FY21E
	16.7%	35.6%

Ticker (BBG, Reut)	ITD IM	ITD MI
Share price Ord. (Eu)		6.1
N. of Ord. shares (mn)		15.9
Total N. of shares (mn)		15.9
Market cap (Eu mn)		97
Total Market Cap (EU mn)		97
Free Float Ord. (%)		20%
Free Float Ord. (Eu mn)		19
Daily AVG liquidity Ord. (Eu k)		44

	1M	3M	12M
Absolute Perf.	-11.1%	10.4%	68.7%
Rel.to FTSEMidCap	26.5%	45.0%	99.9%
52 weeks range		3.6	6.8



	FY19A	FY20E	FY21E
Sales	21	34	41
EBITDA adj.	8.7	11.9	15.1
Net profit adj.	4.3	5.5	7.2
EPS adj.	0.273	0.347	0.457
DPS - Ord.	0.030	0.038	0.050
EV/EBITDA adj.	7.1x	8.1x	6.3x
P/E adj.	16.1x	17.7x	13.4x
Dividend yield	0.7%	0.6%	0.8%
FCF yield	2.7%	2.7%	2.9%
Net debt/(Net cash)	(8.1)	(0.9)	(3.1)
Net debt/EBITDA	nm	nm	nm

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Key Data

P&L account (Eu mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Sales	17.5	21.2	33.9	41.1	45.1
Added Value	9.9	12.0	17.6	21.7	24.4
EBITDA reported	6.8	8.7	11.9	15.1	17.7
D&A	(2.6)	(3.0)	(4.3)	(5.2)	(5.8)
EBIT reported	4.2	5.8	7.6	9.9	11.9
Net financial charges	(0.0)	0.1	(0.2)	(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	4.2	5.8	7.4	9.8	11.8
Taxes	(0.9)	(1.5)	(1.9)	(2.5)	(3.1)
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	3.2	4.3	5.5	7.2	8.7
EBITDA adjusted	7.3	8.7	11.9	15.1	17.7
EBIT adjusted	4.7	5.8	7.6	9.9	11.9
Net profit adjusted	3.6	4.3	5.5	7.2	8.7

Margins (%)	FY18A	FY19A	FY20E	FY21E	FY22E
Added Value margin	56.5%	56.5%	52.0%	52.7%	54.2%
EBITDA margin (adj)	41.7%	41.1%	35.0%	36.7%	39.2%
EBIT margin (adj)	26.7%	27.2%	22.3%	24.1%	26.4%
Pre-tax margin	23.8%	27.6%	21.9%	23.8%	26.2%
Net profit margin (adj)	20.5%	20.4%	16.2%	17.6%	19.4%

Growth rates (%)	FY18A	FY19A	FY20E	FY21E	FY22E
Sales	18.2%	21.3%	60.1%	21.2%	9.7%
EBITDA	19.5%	27.9%	36.4%	27.0%	17.2%
EBITDA adjusted	27.8%	19.6%	36.4%	27.0%	17.2%
EBIT	18.9%	37.4%	31.4%	30.8%	20.1%
EBIT adjusted	32.3%	23.5%	31.4%	30.8%	20.1%
Pre-tax	19.8%	40.4%	27.0%	31.8%	20.7%
Net profit	26.4%	34.8%	27.0%	31.8%	20.7%
Net profit adjusted	40.8%	21.0%	27.0%	31.8%	20.7%

Per share data	FY18A	FY19A	FY20E	FY21E	FY22E
N. of shares AVG	15.851	15.851	15.851	15.851	15.851
N. of shares diluted AVG	15.851	15.851	15.851	15.851	15.851
EPS	0.202	0.273	0.347	0.457	0.551
EPS adjusted	0.225	0.273	0.347	0.457	0.551
DPS - Ord.	0.020	0.030	0.038	0.050	0.061
DPS - Sav.	0.000	0.000	0.000	0.000	0.000
BVPS	1.429	1.682	1.998	2.417	2.918

Enterprise value (Eu m)	FY18A	FY19A	FY20E	FY21E	FY22E
Share price Ord. (Eu)	3.0	4.4	6.1	6.1	6.1
Market cap	46.9	69.5	97.0	97.0	97.0
Net debt/(Net cash)	(6.6)	(8.1)	(0.9)	(3.1)	(6.7)
Adjustments	0.5	0.5	0.5	0.5	0.5
Enterprise value	40.8	61.9	96.6	94.3	90.8

Cash flow (Eu mn)	FY18A	FY19A	FY20E	FY21E	FY22E
EBITDA adjusted	7.3	8.7	11.9	15.1	17.7
Net financial charges	(0.0)	0.1	(0.2)	(0.1)	(0.1)
Cash taxes	(0.9)	(1.5)	(1.9)	(2.5)	(3.1)
Ch. in Working Capital	1.1	1.8	1.3	1.9	0.2
operating cash flow	7.4	9.1	11.1	14.3	14.7
Capex	(6.4)	(7.2)	(8.5)	(11.5)	(10.4)
FCF	1.0	1.9	2.6	2.8	4.3
Disposals/Acquisitions	0.0	0.0	(9.4)	0.0	0.0
Changes in Equity	9.5	0.0	0.0	0.0	0.0
Others	0.1	0.0	0.0	0.0	0.0
Dividends	0.0	(0.3)	(0.5)	(0.6)	(0.8)
Ch. in NFP	10.7	1.6	(7.2)	2.2	3.5

Ratios (%)	FY18A	FY19A	FY20E	FY21E	FY22E
Capex/Sales	36.4%	34.0%	25.0%	28.0%	23.0%
Capex/D&A	2.4x	2.4x	2.0x	2.2x	1.8x
FCF/EBITDA	14.3%	21.4%	22.2%	18.8%	24.4%
FCF/Net profit	32.3%	43.0%	48.1%	39.2%	49.4%
Dividend pay-out	9.9%	11.0%	11.0%	11.0%	11.0%

Balance sheet (Eu mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Working capital	(5.3)	(7.1)	(8.4)	(10.4)	(10.5)
Fixed assets	22.0	26.3	39.8	46.1	50.7
Provisions & others	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
Net capital employed	16.1	18.5	30.8	35.2	39.6
Net debt/(Net cash)	(6.6)	(8.1)	(0.9)	(3.1)	(6.7)
Equity	22.7	26.7	31.7	38.3	46.3
Minority interests	0.0	0.0	0.0	0.0	0.0

Ratios (%)	FY18A	FY19A	FY20E	FY21E	FY22E
Working capital/Sales	-30.5%	-33.6%	-24.9%	-25.2%	-23.3%
Net debt/Equity	nm	nm	nm	nm	nm
Net debt/EBITDA	nm	nm	nm	nm	nm

Valuation	FY18A	FY19A	FY20E	FY21E	FY22E
EV/CE	2.5x	3.2x	3.1x	2.6x	2.3x
P/BV	2.1x	2.6x	3.1x	2.5x	2.1x
EV/Sales	2.3x	2.9x	2.8x	2.3x	2.0x
EV/EBITDA	6.0x	7.1x	8.1x	6.3x	5.1x
EV/EBITDA adjusted	5.6x	7.1x	8.1x	6.3x	5.1x
EV/EBIT	9.7x	10.7x	12.8x	9.5x	7.6x
EV/EBIT adjusted	8.8x	10.7x	12.8x	9.5x	7.6x
P/E	14.6x	16.1x	17.7x	13.4x	11.1x
P/E adjusted	13.1x	16.1x	17.7x	13.4x	11.1x
ROCE pre-tax	30.5%	32.2%	29.9%	29.5%	31.3%
ROE	15.8%	16.2%	17.3%	18.9%	18.9%
EV/FCF	39.3x	33.2x	36.6x	33.2x	21.0x
FCF yield	2.2%	2.7%	2.7%	2.9%	4.5%
Dividend yield	0.7%	0.7%	0.6%	0.8%	1.0%

Share price performance

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



Source: Factset

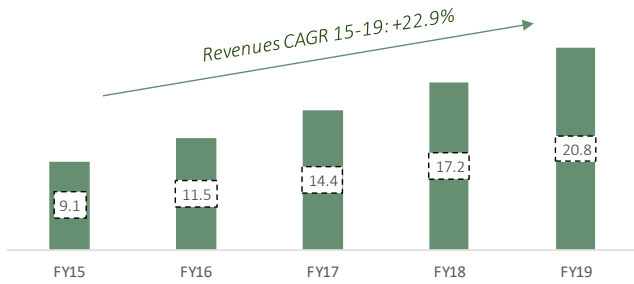
Valuation

Data not available

Key Charts

Revenue trend (FY15-FY19A)

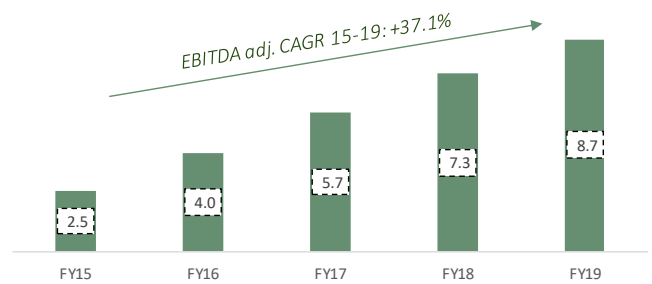
Strong revenues CAGR over the period (+22.9%)



Source: company data

EBITDA margin (FY15A-FY19A)

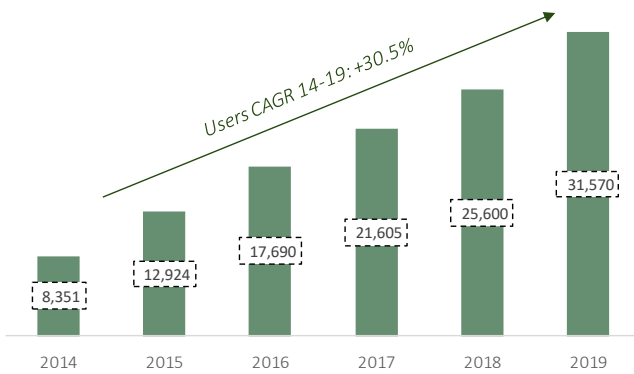
EBITDA margin grew from 26.2% in FY15 to 41.1% in FY19



Source: Company data

Users with datalines (FY14A-FY19A)

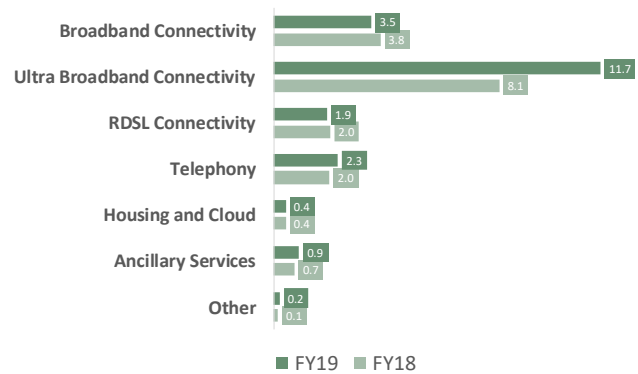
Users with datalines grew 30.5% CAGR over the period



Source: company data

Revenue breakdown by service provided (FY18A-19A)

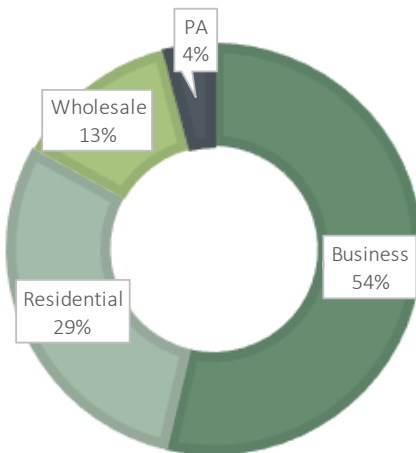
Growth came from Ultra Broadband connectivity (FTTH and FTTC)



Source: company data

Revenue breakdown by segment (FY19A)

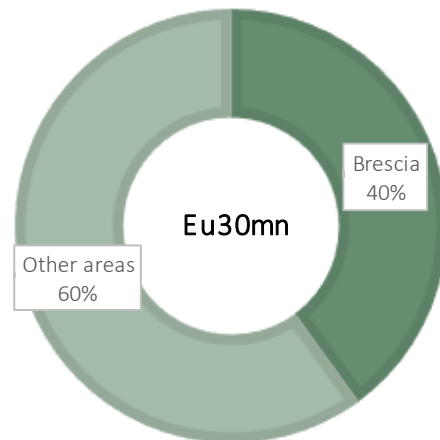
Business customers represent the largest share of Intred's revenues



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

Background	<p>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 Eu35mn for the creation of its network, which at the end of FY19 reached >2,900km 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 (>31k customers at YE19). Intred fully exploits its network by offering its services to corporates (53.7% of FY19 sales), residential users (29.5%) and public administration (4%). Intred also rent its network to other TLC operators through wholesale contracts (12.9%). Churn rate was stable at 4% in 2019. 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.</p>
Positioning	<p>Intred boasts a significant mkt share in the Brescia province (ca 9% of business customers). 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.</p>
Growth	<p>Intred has built an history of outstanding growth: revenues grew organically from Eu7.7mn in FY14 to Eu20.8mn in FY19, posting a 22.9% 5Y 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 41.1% in FY19. 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.</p>
Strategy	<p>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.</p>

Strengths

- Proprietary fiber network
- Significant market share in Brescia province
- High revenue visibility and strong cash generation

Weaknesses

- Small size of the company
- High dependence on key managerial figures
- Low pricing power

Opportunities

- Target SMEs in Lombardy
- Development of FTTH/GPON
- Export residential offer outside Brescia

Threats

- Failure to efficiently deploy capital
- Technological disruption
- Failure in managing growth

Key shareholders

- Peli Family 69.3%
- Value First 9.1%
- Float 20%

Management

- Daniele Peli - Chairman & CEO
- Filippo Leone - CFO
- Adalberto Salvi - Director

Next events

- 1Q20 sales: 5 May 2020
- 1H20 sales: 4 Aug 2020
- 1H20 results: 29 Sept 2020

Significant value creation from QCOM acquisition

Details of the deal

On 8 Jan 2020 Intred announced the signing of a binding offer to acquire Qcom Spa.

Qcom is a provider of connectivity services (broadband, ultrabroadband, cloud) having more than 4,300 business customers in the Lombardy region, with a strong presence in the provinces of Bergamo, Milano, Brescia, Monza e Brianza, Cremona and Varese. With 80 employees the company was able to reach in 2019 revenues of Eu10.9mn, value of production of Eu11.2mn and an adj. EBITDA of Eu1.8mn (16% margin). At YE19 QCOM had a net cash position of Eu0.8mn.

The closing of the acquisition of the 100% of Qcom was finalized on 27 Feb 2020 for a price of Eu10.2mn. Based on FY19 figures the implicit EV/EBITDA multiple of the acquisition was 5.2x. To finalize the deal Intred also agreed very favorable conditions for a new Eu6mn loan with Intesa Sanpaolo: this will improve Intred's funding structure and leave room for relentless investments for future growth.

Comment

The deal, finalized at very favorable multiples, shows a solid industrial rationale and should be strongly EPS accretive thanks to efficiencies and synergies to be extracted in the next 2-3 years.

Strategic Geographical fit which strengthens Intred's presence in Lombardy: with this acquisition Intred is almost doubling its business customer base, accelerating the expansion outside the Brescia province, especially in the provinces of Bergamo and Milano. Qcom brings to Intred high quality customers (e.g. Atalanta, Bianchi, Da Vittorio...) and a very strong sales force.

Qcom profitability is expected to come closer to Intred's within the next 3 years: Qcom relies on third parties' network to offer its services, meaning that its current profitability is capped. Intred is expected to quickly exploit its fiber investments outside the Brescia province (Eu30mn capex to be invested between 2019 and 2021) by moving Qcom customer base on its proprietary network, achieving a much higher profitability. The launch of a residential offer could also be an option to further exploit the network in the new areas.

Qcom acquisition: more than 4000 business customers

Some of the most relevant customers acquired with Qcom



Source: website

Results

Results vs Estimates

2H19 results came above our expectations

Eu mn	1H18A	1H19A	YoY %	2H18A	2H19A	YoY %	2H19E	A vs E	FY18A	FY19A	YoY %
Business	4.4	5.4	21.7%	4.8	5.8	21.8%			9.2	11.2	21.7%
<i>On sales %</i>	53.8%	53.9%		53.2%	53.7%				53.5%	53.8%	
Residential	2.3	2.9	25.0%	2.6	3.2	22.1%			4.9	6.1	23.5%
<i>On sales %</i>	28.4%	29.2%		29.0%	29.4%				28.7%	29.3%	
Wholesale & PA	1.5	1.7	15.1%	1.6	1.8	14.2%			3.1	3.5	14.6%
<i>On sales %</i>	17.8%	16.9%		18.0%	17.0%				17.9%	17.0%	

Eu mn	1H18A	1H19A	YoY %	2H18A	2H19A	YoY %	2H19E	A vs E	FY18A	FY19A	YoY %
Revenues	8.2	10.0	21.4%	9.0	10.8	20.7%	10.7	0.9%	17.2	20.8	21.1%
<i>on sales %</i>	98.8%	98.8%		98.2%	97.9%		98.2%		98.5%	98.3%	
Other revenues and income	0.1	0.1		0.2	0.1		0.1		0.3	0.4	
<i>on sales %</i>	1.2%	0.0%		1.8%	0.9%		0.5%		1.5%	1.7%	

Total Revenues / Value of Producti	8.3	10.1	21.4%	9.1	11.1	21.2%	10.9	1.3%	17.5	21.2	21.3%
<i>on sales %</i>	100.0%	100.0%		100.0%	100.0%		100.0%		100.0%	100.0%	

EBITDA Adjusted	3.3	4.1	24.1%	3.9	4.6	15.8%	4.6	-0.6%	7.3	8.7	19.6%
<i>Ebitda Margin %</i>	40.0%	40.9%		43.2%	41.3%		42.0%		41.7%	41.1%	

Exceptional Items	0.0	0.0		(0.5)	0.0		0.0		(0.5)	0.0	
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EBITDA Reported	3.3	4.1	24.1%	3.5	4.6	31.6%	4.6	-0.6%	6.8	8.7	27.9%
<i>Ebitda Margin %</i>	40.0%	40.9%		38.0%	41.3%		42.0%		39.0%	41.1%	

D&A	(1.3)	(1.4)		(1.4)	(1.6)		(1.8)		(2.6)	(3.0)	
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EBIT Reported	2.1	2.8	32.8%	2.1	3.0	41.9%	2.7	9.4%	4.2	5.8	37.4%
<i>Ebit Margin %</i>	24.9%	27.3%		23.1%	27.1%		25.1%		24.0%	27.2%	

Pretax Profit	2.0	2.8	37.3%	2.1	3.0	43.5%	2.7	12.3%	4.2	5.8	40.4%
<i>Ebit Margin %</i>	24.5%	0.0%		23.2%	27.4%		12.1%		23.8%	27.6%	

Taxes	(0.2)	(0.8)		(0.7)	(0.8)		(0.5)		(0.9)	(1.5)	
<i>Tax rate %</i>	-10.9%	-26.8%		-34.4%	-25.1%		-19.6%		-22.8%	-25.9%	

Net Profit	1.5	2.1	35.8%	2.1	2.3	10.2%	2.2	4.6%	3.6	4.3	21.0%
<i>Net Profit Margin %</i>	18.1%	20.3%		18.6%	20.5%		19.9%		18.4%	20.4%	

NFP end of the period	6.6	5.7		6.6	8.1		5.6		6.6	8.1	
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Source: Company data and Alantra estimates

Estimates

Change in estimates

Our new estimates take into account better than expected FY19 results and the consolidation of Qcom (10 months in 2020)

(Eu mn)	NEW Estimates				% Change				OLD Estimates			
	FY19A	FY20E	FY21E	FY22E	FY19A	FY20E	FY21E	FY22E	FY19A	FY20E	FY21E	FY22E
Total Revenues / Value of Production	21.2	33.9	41.1	45.1	0.7%	36.1%	39.3%	na	21.0	24.9	29.5	na
EBITDA Adjusted	8.7	11.9	15.1	17.7	-0.3%	17.6%	27.9%	na	8.7	10.1	11.8	na
EBIT Adjusted	5.8	7.6	9.9	11.9	4.5%	23.4%	42.3%	na	5.5	6.1	7.0	na
Pretax Profit	5.8	7.4	9.8	11.8	6.7%	21.6%	41.3%	na	5.5	6.1	6.9	na
Net profit	4.3	5.5	7.2	8.7	2.4%	16.7%	35.6%	na	4.2	4.7	5.3	na
Net profit restated	4.3	5.5	7.2	8.7	2.4%	16.7%	35.6%	na	4.2	4.7	5.3	na
EPS	0.273	0.347	0.457	0.551	2.4%	16.7%	35.6%	na	0.267	0.297	0.337	na
Net financial position	8.1	0.9	3.1	6.7	44.8%	nm	-40.1%	na	5.6	4.8	5.2	na

Source: Factset and Alantra estimates

Peers

Trading multiples

The stock is trading at large discount to its peers

Company	Country	Mkt Cap (Eu mn)	EV/Sales			EV/EBITDA			EV/EBIT			PE		
			FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
INTRED	ITALY	94	2.8 x	2.3 x	2.0 x	8.1 x	6.3 x	5.1 x	12.8 x	9.5 x	7.6 x	17.7 x	13.4 x	11.1 x
Premium (discount) to Peers' Median			-23%	-33%	-36%	-17%	-29%	-36%	-36%	-42%	-47%	-44%	-45%	-45%
PEERS	Average		3.7 x	3.4 x	3.1 x	9.8 x	8.8 x	8.0 x	19.8 x	16.5 x	14.4 x	31.3 x	24.3 x	20.2 x
CenturyLink, Inc.	UNITED STATES	10,283	1.9 x	1.8 x	1.8 x	4.6 x	4.4 x	4.4 x	10.7 x	10.0 x	10.6 x	6.5 x	6.1 x	6.6 x
Cogent Communications Holdings Inc	UNITED STATES	3,583	7.2 x	6.8 x	6.2 x	19.2 x	17.6 x	15.5 x	35.5 x	30.8 x	23.7 x	75.8 x	61.0 x	42.3 x
Zayo Group Holdings, Inc.	UNITED STATES	#N/A	5.4 x	5.2 x	4.9 x	10.6 x	10.1 x	9.6 x	24.5 x	23.4 x	21.9 x	54.7 x	42.2 x	37.6 x
United Internet AG	GERMANY	4,693	1.2 x	1.2 x	1.3 x	5.0 x	4.8 x	5.8 x	8.0 x	7.6 x	13.1 x	11.0 x	11.1 x	10.0 x
Bredband2 i Skandinavien AB	SWEDEN	74	0.8 x	0.7 x	0.7 x	7.3 x	6.4 x	5.7 x	10.3 x	8.5 x	7.3 x	17.7 x	12.6 x	11.9 x
PEERS International	Average		3.3 x	3.1 x	3.0 x	9.3 x	8.7 x	8.2 x	17.8 x	16.1 x	15.3 x	33.1 x	26.6 x	21.7 x
Retelit S.p.A.	ITALY	216	4.6 x	3.9 x	3.2 x	9.2 x	7.9 x	6.1 x	26.6 x	18.9 x	11.6 x	28.0 x	20.0 x	12.7 x
WIIT SpA	ITALY	204	4.9 x	4.3 x	3.8 x	13.0 x	10.3 x	8.7 x	23.1 x	16.1 x	12.9 x	25.3 x	17.5 x	na
PEERS Italy	Average		4.7 x	4.1 x	3.5 x	11.1 x	9.1 x	7.4 x	24.9 x	17.5 x	12.2 x	26.7 x	18.7 x	12.7 x

Company	Country	Mkt Cap (Eu mn)	P/BV			Dividend Yield			FCF Yield			Net Debt/EBITDA		
			FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
INTRED	ITALY		3.1 x	2.5 x	2.1 x	0.6%	0.8%	1.0%	2.7%	2.9%	4.5%	nm	nm	nm
PEERS	Average		3.7 x	3.2 x	3.0 x	4.4%	4.7%	5.1%	9.0%	9.1%	9.4%	2.9 x	2.7 x	2.7 x
CenturyLink, Inc.	UNITED STATES	10,283	0.7 x	0.7 x	0.7 x	10.7%	10.7%	10.7%	31.8%	32.1%	31.6%	3.4 x	3.2 x	3.2 x
Cogent Communications Holdings Inc	UNITED STATES	3,583	na	na	na	3.6%	4.1%	4.5%	3.0%	3.4%	3.4%	2.7 x	2.6 x	2.2 x
Zayo Group Holdings, Inc.	UNITED STATES	#N/A	na	na	na	na	na	na	7.6%	4.1%	5.1%	4.2 x	3.9 x	3.5 x
United Internet AG	GERMANY	4,693	1.0 x	0.9 x	1.0 x	1.3%	1.7%	2.0%	8.6%	7.2%	5.0%	1.3 x	1.1 x	1.9 x
Bredband2 i Skandinavien AB	SWEDEN	74	8.7 x	7.6 x	7.1 x	7.1%	7.5%	7.9%	8.7%	9.0%	9.4%	nm	nm	nm
PEERS International	Average		3.5 x	3.1 x	2.9 x	5.7%	6.0%	6.3%	12.0%	11.2%	10.9%	2.9 x	2.7 x	2.7 x
Retelit S.p.A.	ITALY	216	1.5 x	1.4 x	1.3 x	1.3%	1.8%	2.8%	0.9%	4.9%	7.9%	nm	nm	nm
WIIT SpA	ITALY	204	6.5 x	5.5 x	4.7 x	2.2%	2.5%	2.8%	2.6%	2.8%	3.1%	nm	nm	nm
PEERS Italy	Average		4.0 x	3.5 x	3.0 x	1.7%	2.1%	2.8%	1.8%	3.8%	5.5%	nm	nm	nm

Source: Alantra estimates and Factset

Financials

Higher growth compared to peers

Company	Country	Mkt Cap (Eu mn)	FY20E - FY22E average margins					CAGR FY19A - FY22E			
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA	EBIT	EPS
INTRED	ITALY	94	37.0%	24.3%	17.7%	25.3%	-11.0%	28.6%	26.6%	27.3%	26.4%
PEERS	Average		34.5%	18.5%	10.5%	14.5%	85.6%	6.4%	6.8%	9.4%	16.1%
CenturyLink, Inc.	UNITED STATES	10,283	41.6%	17.8%	7.3%	17.1%	68.2%	-2.6%	-2.2%	-2.3%	2.6%
Cogent Communications Holdings Inc	UNITED STATES	3,583	38.6%	22.8%	10.3%	7.3%	238.0%	7.2%	10.7%	20.7%	30.3%
Zayo Group Holdings, Inc.	UNITED STATES	#N/A	50.8%	22.1%	7.4%	31.8%	na	1.3%	2.0%	4.9%	14.5%
United Internet AG	GERMANY	4,693	23.6%	13.5%	6.8%	9.8%	17.4%	2.5%	0.2%	-10.6%	5.8%
Bredband2 i Skandinavien AB	SWEDEN	74	11.6%	8.7%	6.7%	2.5%	104.7%	8.1%	10.5%	15.3%	17.2%
PEERS International	Average		33.2%	17.0%	7.7%	13.7%	107.1%	3.3%	4.2%	5.6%	14.1%
Retelit S.p.A.	ITALY	216	50.8%	21.8%	19.2%	27.7%	35.0%	12.2%	10.7%	23.2%	26.9%
WIIT SpA	ITALY	204	24.7%	23.1%	15.8%	5.5%	50.0%	16.4%	15.5%	14.9%	15.4%
PEERS Italy	Average		37.7%	22.5%	17.5%	16.6%	42.5%	14.3%	13.1%	19.1%	21.1%

Source: Alantra estimates and Factset

Performance

Resilient in the last few weeks

Company	Country	Mkt Cap (Eu mn)	Performance					
			1M	3M	6M	1YR	3YR	5YR
INTRED	ITALY	94	-11.1%	10.4%	20.8%	68.7%	na	na
PEERS	Average		-15.2%	-8.3%	3.7%	14.1%	2.3%	42.6%
	Median		-21.4%	-16.5%	3.4%	4.1%	1.0%	63.0%
CenturyLink, Inc.	UNITED STATES	10,283	-24.2%	-24.2%	-21.2%	-15.2%	-57.3%	-71.0%
Cogent Communications Holdings Inc	UNITED STATES	3,583	6.5%	27.0%	47.5%	57.5%	92.7%	134.2%
Zayo Group Holdings, Inc.	UNITED STATES	#N/A	0.1%	1.2%	3.4%	25.4%	5.1%	24.9%
United Internet AG	GERMANY	4,693	-22.9%	-17.4%	-26.7%	-30.2%	-38.9%	-42.3%
Bredband2 i Skandinavien AB	SWEDEN	74	-21.4%	-9.3%	6.6%	4.1%	15.4%	101.0%
PEERS International	Average		-12.4%	-4.5%	1.9%	8.3%	3.4%	29.4%
	Median		-21.4%	-9.3%	3.4%	4.1%	5.1%	24.9%
Retelit S.p.A.	ITALY	216	-17.0%	-18.6%	-12.5%	-14.7%	-3.0%	108.6%
WIIT SpA	ITALY	204	-27.4%	-16.5%	28.8%	71.9%	na	na
PEERS Italy	Average		-22.2%	-17.6%	8.1%	28.6%	-3.0%	108.6%
	Median		-22.2%	-17.6%	8.1%	28.6%	-3.0%	108.6%

Source: Alantra estimates and Factset

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