
InfraCom - Throwing the baby out with the bathwater

InfraCom's report was weak, and the company faces a cocktail of headwinds. Earnouts relating to Connect were written down, some entrepreneurs from acquisitions departed, InfraCom failed to renew a sizeable public tender, and the macro environment remains weak. CEO Bo Kjellberg is candid about the challenges, and we believe subscription-based business remains sound. Hence, fundamentally, InfraCom faces a cost base issue. Thus, we believe management has several levers to pull to improve profitability – several are already being implemented. Following the sell-off over 27%, InfraCom trades at EV/EBITDA of 8.1x for 2024e, which Redeye believes will be trough earnings. Redeye reduces its fair value range and estimates but views the current entry point as attractive for long-term shareholders.

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Attachments

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