

FNM

Sector: Utilities

BUY

Price: Eu0.41 - Target: Eu0.60

2Q Results Overall in Line; Refinancing is Good News

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Stock Rating

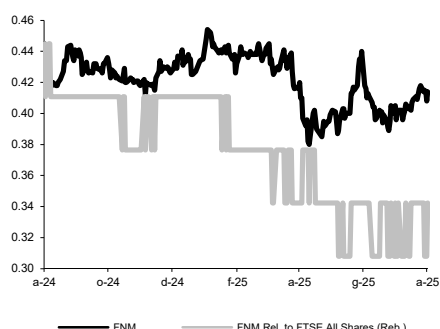
Rating: Unchanged
Target Price (Eu): Unchanged

	2025E	2026E	2027E
Chg in Adj EPS	0.0%	0.4%	2.9%

Next Event

3Q25 Results Out 13th November

FNM - 12M Performance



Stock Data

Reuters code: FNMI.MI

Bloomberg code: FNM:IM

Performance	1M	3M	12M
Absolute	2.2%	3.8%	-7.0%
Relative	1.2%	-2.6%	-28.1%
12M (H/L)			0.45/0.38
3M Average Volume (th):			296.93

Shareholder Data

No. of Ord shares (mn):	435
Total no. of shares (mn):	435
Mkt Cap Ord (Eu mn):	180
Total Mkt Cap (Eu mn):	180
Mkt Float - Ord (Eu mn):	50
Mkt Float (in %):	27.7%
Main Shareholder:	
Lombardy Region	57.6%

Balance Sheet Data

Book Value (Eu mn):	422
BVPS (Eu):	0.97
P/BV:	0.4
Net Financial Position (Eu mn):	-752
Enterprise Value (Eu mn):	811

■ **2Q25 results broadly in line with our expectations.** 2Q results were broadly in line with our estimates. Revenues came in 1% above expectations at €173mn (+7% YoY), while EBITDA reached €64mn (+11% YoY), 3% above forecast, driven by a stronger performance by Motorways and a €4.5mn one-off in Mobility & Services linked to Covid-related revenue recovery. Below the line, the beat on net income was mainly due to the €7.7mn revaluation gain on the stake in Tangenziale Esterna (TE), which was not included in our estimate. Adjusted net debt was €720mn as at 30 June, broadly flat QoQ and in line with our projections.

■ **Motorways and Energy drove growth.** EBITDA was supported by the Motorways division, up 8% YoY, with a 4% increase in traffic during the quarter. The Energy division also contributed positively, with installed capacity up 50% to 72 MW and higher average sunshine hours. At the Ro.S.Co. division, EBITDA showed a decline amid lower rolling stock lease revenues after contract renewals (as expected), partly offset by the contribution from Nordcom (consolidated from July 2024). The Railway and Mobility & Services segments remained broadly stable, excluding one-offs.

■ **2025 guidance confirmed on EBITDA, improved on net debt.** Management confirmed FY25 EBITDA guidance at €220–230mn (+0%/+4% YoY), while it improved the adjusted net debt outlook to €700–760mn (vs. €780–820mn previously), reflecting a better-than-expected start to the year. This improvement is limited to 2025, as it depends on flows of cash-ins from the Region and their timing.

■ **Outlook upgrade from Moody's after refinancing secured.** On 22 July, FNM secured a €1bn sustainability-linked loan involving three credit lines with 6-year maturities (i.e., after the MISE concession expiry in 2028) and a 1.5–1.9% margin over 6-month Euribor, backed by up to €475mn in SACE guarantees. In parallel, it finalised a €40mn loan for electric trains at Euribor 6M +1.25%. The refinancing supports funding diversification, extends debt maturity, and improves the Group's financial structure, at a lower rate than the 5.5% assumed in the plan. Moody's subsequently revised FNM's outlook from negative to stable.

■ **Change in estimates.** We confirm our Group EBITDA estimate while reflecting a different mix (higher contribution from Motorways offsetting softer-than-expected trends at Ro.S.Co. and partly at Energy), in line with the 1H performance. We include the ~€8mn revaluation of TE, although this has no impact on adj. net income. We are at the upper end of the updated guidance for the NFP. Looking ahead, we anticipate a ~3% benefit on EPS in 2027 from the refinancing of the 2026 bond, assuming a lower cost of debt supported by the new facilities secured in July.

■ **BUY confirmed; target price €0.60 unchanged.** We appreciate FNM's low volatility business model. The secured refinancing confirms the Group's commitment to a solid financial structure and highlights market confidence in its strategy. The update of the ART tariff system is still pending, with conclusion expected by September 2025, when any potential impacts can be assessed. We confirm our €0.60 TP, the result of our SoTP valuation; with ca. 50% upside on the current market price, we confirm our BUY recommendation.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	618	651	673	719	766
EBITDA Adj (Eu mn)	211	221	228	263	295
Net Profit Adj (Eu mn)	81	52	49	67	64
EPS New Adj (Eu)	0.186	0.121	0.112	0.154	0.146
EPS Old Adj (Eu)	0.186	0.136	0.112	0.153	0.142
DPS (Eu)	0.023	0.018	0.023	0.024	0.025
EV/EBITDA Adj	3.4	3.4	3.6	3.9	3.6
EV/EBIT Adj	6.8	10.0	10.6	9.6	8.2
P/E Adj	2.2	3.4	3.7	2.7	2.8
Div. Yield	5.6%	4.4%	5.6%	5.8%	6.0%
Net Debt/EBITDA Adj	3.0	3.0	3.3	3.6	3.4

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- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- 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.

Reports on all companies listed on the FTSEIMIB40 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newswell.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

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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BUY:	32.84%
OUTPERFORM:	36.57%
NEUTRAL:	30.59%
UNDERPERFORM:	00.00%
SELL:	00.00%

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OUTPERFORM:	29.11%
NEUTRAL:	17.73%
UNDERPERFORM:	00.00%
SELL:	00.00%

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