FNM

BUY

Sector: Utilities

Price: Eu0.47 - **Target: Eu0.70**

3Q Results Support Guidance; PV Installations to Accelerate in 2026

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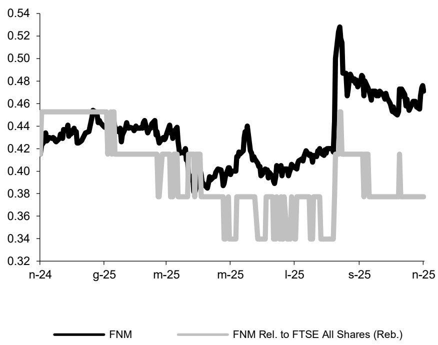
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 0.60 to 0.70
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-3.6%	1.0%	2.3%

FNM - 12M Performance



Stock Data			
Reuters code:			FNMI.MI
Bloomberg code:			FNM:IM
Performance	**1M**	**3M**	**12M**
Absolute	3.1%	12.1%	13.5%
Relative	-1.2%	9.1%	-14.1%
12M (H/L)			0.53/0.38
3M Average Volume (th):			538.75

Shareholder Data	
No. of Ord shares (mn):	435
Total no. of shares (mn):	435
Mkt Cap Ord (Eu mn):	205
Total Mkt Cap (Eu mn):	205
Mkt Float - Ord (Eu mn):	57
Mkt Float (in %):	27.7%
Main Shareholder:	
Lombardy Region	57.6%

Balance Sheet Data	
Book Value (Eu mn):	421
BVPS (Eu):	0.97
P/BV:	0.5
Net Financial Position (Eu mn):	-736
Enterprise Value (Eu mn):	820

- **3Q25 EBITDA in line with estimate.** Revenues were 2% above forecasts and up +5% YoY, supported by solid performances by Motorways (+4% YoY, traffic up +3%), Mobility (+21% thanks to train-replacement services and higher mileage), Energy (+22% with 20MW installed and stronger irradiation) and Rosco (+10%, or +4% ex Nordcom), offsetting the decline at the Railway division (-10% due to the completion of supply contracts and the absence of last year's positive one-off). Adj. EBITDA increased 4% to €69.8mn, in line with estimates. Net profit was 2% better at €19.6mn, after lower-than-expected D&A and interest costs, and despite a negative contribution from associates (with Trenord impacted by write-downs on idle rolling stock). Although CapEx was lower than expected, adj. net debt was overall in line YoY and 3% higher than our estimates after higher working capital, reflecting the progress on regionally funded railway infrastructure and rolling-stock projects.
- **2025 guidance confirmed on EBITDA, NFP; lowered on CapEx.** Management confirmed FY25 EBITDA guidance at €220–230mn (+0%/+4% YoY) and adj. net debt outlook at €700–760mn (3.0x/3.4x leverage). On the other hand, gross CapEx was reduced to € €150-190mn (vs €170-210mn previously) in light of the 9M25 trend.
- **Update on PV installation and FER X …** The CapEx outlook revision was mainly explained by lower investment in Energy (9M -22% YoY), as the FER1 and FERX auctions were delayed compared to initial expectations; however, installation of the new PV plants has only been postponed to 2026. The group has submitted bids for all initially planned FER X plants, with the process expected to close by YE25.
- **… and MISE regulatory developments.** On 22 October, the second Supplementary Act for the 2020-24 regulatory period finally took effect, de facto unlocking work on the 2025-28 plan. Meanwhile, the second ART consultation on the tariff system is expected by 26 November, with the conclusion extended to 19 December.
- **Change in estimates.** We incorporate 9M trends, with higher Mobility but lower Energy due to the postponement of new solar plant installations, now expected in 2026. We factor in lower D&A from reduced CapEx and lower net financial charges, as well as a softer performance from associates, expected to continue in 4Q (some of Trenord's write-downs may be partially offset, but the timing is uncertain). The estimate revisions lead to a 3.6% cut to adj. EPS for 2025, but improvements of 1.0/2.3% in FY26/FY27. Regarding net debt, we are factoring in lower investments, and now see the adj. NFP at €736mn at at YE25.
- **BUY confirmed; TP €0.7 from €0.6.** We appreciate FNM's low volatility business model. The secured refinancing of July confirmed the commitment to a solid financial structure and highlights market confidence in the Group's strategy. While the ART tariff system update is still pending, the entry into force of the 2020-24 EFP is a positive development, unlocking works on the 2025-28 regulatory period. We update our SOP valuation after changes to estimates and the lower risk-free rate (as per Intermonte assumption). With a target price of €0.7 and ~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	667	706	753
EBITDA Adj (Eu mn)	211	221	226	260	293
Net Profit Adj (Eu mn)	81	53	47	68	65
EPS New Adj (Eu)	0.186	0.123	0.108	0.155	0.150
EPS Old Adj (Eu)	0.186	0.121	0.112	0.154	0.146
DPS (Eu)	0.023	0.018	0.023	0.024	0.025
EV/EBITDA Adj	3.4	3.4	3.6	3.9	3.7
EV/EBIT Adj	6.8	9.8	10.4	9.7	8.3
P/E Adj	2.5	3.8	4.3	3.0	3.1
Div. Yield	4.9%	3.9%	4.9%	5.1%	5.3%
Net Debt/EBITDA Adj	3.0	3.0	3.3	3.6	3.4

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- 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
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- 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.

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

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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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OUTPERFORM:	37.40%
NEUTRAL:	29.78%
UNDERPERFORM:	00.76%
SELL:	00.00%

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OUTPERFORM:	29.87%
NEUTRAL:	18.18%
UNDERPERFORM:	01.30%
SELL:	00.00%

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