Milan, 05 March 2025

Italian Equity Research – FY24 Results

INWIT

NEUTRAL

Sector: Telecoms

Price: Eu9.87 - **Target: Eu11.50**

Balancing Growth Challenges and Shareholder Returns

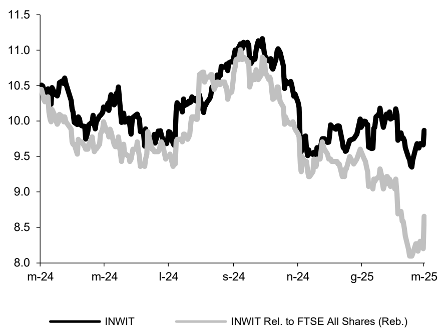
Giorgio Tavolini +39-02-77115.279
giorgio.tavolini@intermonte.it

Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-2.0%	-5.3%	-5.4%

Next Event

Capital Markets Day: Today @10am CET

INWIT - 12M Performance



Stock Data			
Reuters code:			INWT.MI
Bloomberg code:			INW IM
Performance	**1M**	**3M**	**12M**
Absolute	-1.8%	0.6%	-5.5%
Relative	-4.3%	-9.5%	-19.5%
12M (H/L)			11.16/9.35
3M Average Volume (th):			1,184.37

Shareholder Data	
No. of Ord shares (mn):	940
Total no. of shares (mn):	932
Mkt Cap Ord (Eu mn):	9,273
Total Mkt Cap (Eu mn):	9,273
Mkt Float - Ord (Eu mn):	3,236
Mkt Float (in %):	34.9%
Main Shareholder:	
Vantage Towers	34.2%

Balance Sheet Data	
Book Value (Eu mn):	3,512
BVPS (Eu):	3.77
P/BV:	2.6
Net Financial Position (Eu mn):	-5,144
Enterprise Value (Eu mn):	14,342

The updated plan came broadly in line with expectations on key metrics, with targets setting a floor for consensus estimates based on current visibility. While the boost in shareholder remuneration may be well received by the market, it likely reflects a lack of compelling and sizeable alternative investment opportunities (e.g. RAN-as-Service, edge DCs, big M&A), underscoring potential growth constraints. Moreover, between 2027-2030, the plan assumes c. €100mn per year in additional CapEx (namely an €80mn push on land buyout), despite projecting similar 4-5% CAGRs for revenue, EBITDAaL, and recurring FCF. This should inevitably absorb Equity FCF and increase leverage without generating sizeable incremental returns. Finally, uncertainties surrounding potential MSA contract renegotiations and market restructuring could present key near-term risks prompting us to keep our NEUTRAL stance.

- **New Business Plan.** Overall, FY24 results were weaker on the bottom line, but broadly at the RFCF level, remaining consistent with the lower end of company guidance. The new 2025 targets at mid-points are 1% below consensus / our expectations. As expected, the 2026 targets were revised downward, with mid-points now broadly in line with consensus estimates (-0.2% on revenues, +0.6% on RFCF). FY30 targets are consistent with our / consensus estimates and reflect the company's confidence in fully offsetting the €114mn per year loss of tax scheme benefits that supported RFCF between 2022 and 2026. The company expects RFCF in 2030 to be in the range of €680-700mn, in line with 2026 levels, recovering the tax benefit loss through ~€200mn higher top line compared to 2026. The CapEx plan stands at approximately €1.5bn for 2025-2030, with around €600mn allocated for 2025-2026. Compared to the 2024 business plan, this amounts to an additional €100mn in CapEx by 2026, driven by the startup of Solar Energy, growth in smart infrastructure, and a sharper focus on real estate. The company now aims to accelerate land buyouts, targeting over 30% land ownership, compared to 14% expected at year-end 2024.
- **Capital allocation.** The company announced a €200mn special dividend to be paid in November 2025 and a €400mn buyback (of which €300mn in FY25), leading to an ~5% yield on FY25. The target leverage remains confirmed at a structural 5x-6x, with a short-term range of 5.0x-5.5x. The dividend policy has also been extended to 2030, maintaining 7.5% DPS growth until 2026 and targeting a minimum of 5% annual DPS growth from 2027 to 2030, aligned with business growth. Additional €1bn financial flexibility by 2026 (€1.5bn by 2030) for additional investments and/or shareholder remuneration
- **Revised estimates.** We adjust our estimates to the new BP targets, with higher D&A and net financial expenses resulting in a mid-single-digit cut to adjusted EPS.
- **NEUTRAL confirmed; target still €11.5.** We believe relaunching the equity story needs a stronger focus on truly transformational initiatives (e.g. RAN-as-a-Service and edge DCs) to drive a renewed acceleration of the top line and to enhance profitability and FCF. This approach may have more of an impact than prioritising short-term shareholder returns through additional buybacks, which would reduce liquidity and allow the two main shareholders (Vantage, Ardian) to increase their stakes steadily above 30% without triggering a mandatory takeover bid. In our view, Vantage Towers will probably seek full visibility on future commitments from Fastweb as a new anchor client and aim to mitigate potential risks of downward contract renegotiations, despite the MSA currently being safeguarded by *"all-or-nothing"* clauses**.** More generally, the consensus on the lack of consolidation among TowerCos in Europe in 2025, amid high-interest rate volatility, particularly in the US, could dampen the sector's speculative appeal.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	960	1,036	1,077	1,136	1,205
EBITDA Adj (Eu mn)	879	947	984	1,038	1,101
Net Profit Adj (Eu mn)	449	464	525	549	541
EPS New Adj (Eu)	0.469	0.494	0.563	0.590	0.581
EPS Old Adj (Eu)	0.469	0.523	0.575	0.623	0.614
DPS (Eu)	0.480	0.735	0.550	0.600	0.630
EV/EBITDA Adj	16.9	15.0	14.6	14.0	13.4
EV/EBIT Adj	29.3	25.4	23.7	22.3	20.8
P/E Adj	21.0	20.0	17.5	16.7	17.0
Div. Yield	4.9%	7.4%	5.6%	6.1%	6.4%
Net Debt/EBITDA Adj	4.8	4.8	5.2	5.1	5.0

Intermonte

DISCLAIMER (for more details go to DISCLAIMER)

IMPORTANT DISCLOSURES

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.

The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on Intermonte's website www.intermonte.it under LEGAL INFORMATION. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the PERFORMANCE web page.

Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

ANALYST CERTIFICATION

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certify that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities.

Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Plural Securities LLC, 950 3rd Ave, Suite 1702, NY 10022, USA.

GUIDE TO FUNDAMENTAL RESEARCH

The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- 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)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&PMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

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.

Explanation of our ratings system:

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

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 December 2024 Intermonte's Research Department covered 132 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	31.34 %
OUTPERFORM:	43.28 %
NEUTRAL:	25.38 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 December 2024 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (71 in total) is as follows:

BUY:	50.70 %
OUTPERFORM:	29.58 %
NEUTRAL:	19.72 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

CONFLICT OF INTEREST

In order to disclose its possible conflicts of interest Intermonte SIM states that:

Intermonte acts as financial advisor to Banco BPM in the context of the offer promoted by UniCredit

Intermonte acts as ECM advisor to Banca Ifis in the offer promoted on illimity Bank

Intermonte acted as financial advisor to Retex S.p.A. – Società Benefit in relation to the voluntary public tender offer launched on Alkemy S.p.A.

Intermonte SIM has provided in the last 12 months / provides / may provide investment banking services to the following companies: AQUAFIL, BANCA IFIS, BANCO BPM, MAIRE, TINEXTA

Intermonte SIM is acting as counterparty to WIIT Fin S.r.l. in connection with call and put options having WIIT S.p.A. shares and dividends as reference underlying

Intermonte SIM is Specialist and/or Corporate Broker and/or Sponsor and/or Broker in charge of the share buy back activity of the following Companies: ABITARE IN, ALKEMY, ANIMA HOLDING, ANTARES VISION, AQUAFIL, AVIO, BANCA IFIS, BANCA SISTEMA, CIVITANAVI SYSTEMS, CYBEROO, CY4GATE, DHH, EL.EN, ELICA, EMAK, ESPRINET, FIMIT - FONDO ALPHA, FINE FOODS, FRANCHI UMBERTO MARMI, GPI, GREENTHESIS (FORMERLY AMBIENTHESIS), IEG, IGD SIIQ, INTRED, LUVE, MISITANO & STRACUZZI, MONDADORI, NOTORIOUS PICTURES, OMER, PHARMANUTRA, REPLY, REVO INSURANCE, REWAY, SAES GETTERS, SERVIZI ITALIA, SESA, SERI INDUSTRIAL, SOMEC, STAR7, SYS-DAT GROUP, TALEA, TAMBURI, TINEXTA, TESMEC, THE ITALIAN SEA GROUP, TXT, UNIDATA, WEBUILD AND WIIT

Intermonte SIM has a contractual commitment to act as liquidity provider on behalf of third parties for the following company: BANCA SISTEMA, ZEST

Intermonte SIM, through Websim, which constitute the digital division of Intermonte, acts as a Financial Content Provider and/or Specialist and/or Corporate Broker on the following companies: ALKEMY, ALLCORE, ALMAWAVE, BIFIRE S.P.A., B&C SPEAKERS, CASTA DIVA GROUP, CLEANBNB, COFLE, CROWDFUNDME, CUBE LABS, CYBEROO, DHH, DIGITOUCH, EDILIZIACROBATICA SPA, ELES, ENERGY, EVISO, FAE TECHNOLOGY, FIERA MILANO, FILA, FOPE, GM LEATHER, GREEN OLEO, HIGH QUALITY FOOD, IGD SIIQ, IKONISYS, INTERCOS, INTRED, ISCC FINTECH, LEMON SISTEMI, MAPS GROUP, MARE GROUP, MASI AGRICOLA, MISITANO & STRACUZZI, NEODECORTECH, NOTORIOUS PICTURES, OLIDATA, OSAI AUTOMATION SYSTEM, RACING FORCE GROUP, REDFISH LONG TERM CAPITAL, RETI, SCIUKER FRAMES, SG COMPANY, SIMONE, SOLID WORLD GROUP, SPINDOX, TALEA, TAMBURI, TINEXTA, TMP GROUP, TPS GROUP, ULISSE BIOMED, XENIA HÔTELLERIE SOLUTION SPA SOCIETÀ BENEFIT, WIIT, ZEST

Intermonte SIM S.p.A. operates or has operated in the last 12 months as market maker on financial instruments with underlying shares issued by A2A, AMPLIFON, AZIMUT, BANCA IFIS, BANCA MEDIOLANUM, BANCO BPM, BCA MPS, BCA POP SONDRIO, BFF BANK, Bper Banca, BREMBO, BUZZI UNICEM, CAMPARI, DANIELI & C, DIASORIN, ENEL, ENI, ERG, FERRARI, FINECOBANK, INDUSTRIE DE NORA, INTERPUMP GROUP, INTESA SANPAOLO, INWIT, IREN, ITALGAS, IVECO GROUP, LEONARDO, LOTTOMATICA GROUP, MEDIOBANCA, MFE B, MONCLER, MONDADORI EDIT., NEXI, OVS, PIRELLI & C, POSTE ITALIANE, PRYSMIAN, SAIPEM, SESA, SNAM S.p.A., STELLANTIS, STMICROELECTRONICS, TECHNOGYM, TECHNOPROBE, TELECOM ITALIA, TELECOM ITALIA R, TENARIS, TERNA, UNICREDIT, UNIPOL, WEBUILD

Intermonte Sim S.p.A. has or had in the last 12 months a marketing contract on instruments issued by BARCLAYS, BNP PARIBAS, GOLDMAN SACHS GROUP INC, LEONTEQ, MAREX FINANCIAL, MEDIOBANCA, MORGAN STANLEY, NATIXIS, SOCIETE GENERALE, UNICREDIT, VONTOBEL N, WISDOMTREE IRELAND LIMITED

Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

Emittente	%	Long/Short

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website MiFID

Further information is available