

INWIT

Sector: Telecoms

NEUTRAL

Price: Eu8.33 - Target: Eu10.00

Lower Visibility in an Evolving Market

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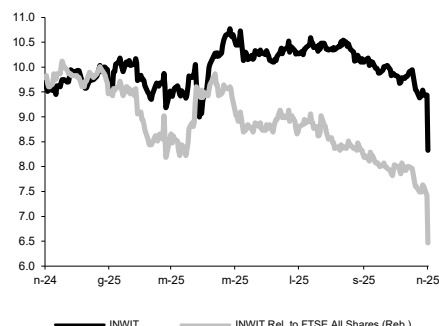
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 12.00 to 10.00		
	2025E	2026E	2027E
Chg in Adj EPS	-0.6%	-2.2%	-2.1%

Next Event

FY25 Results out 10 March 2026

INWIT - 12M Performance



Stock Data

Reuters code:	INWT.MI		
Bloomberg code:	INW IM		
Performance	1M	3M	12M
Absolute	-15.3%	-19.7%	-14.9%
Relative	-20.6%	-26.3%	-43.8%
12M (H/L)	10.77/8.33		
3M Average Volume (th):	1,420.43		

Shareholder Data

No. of Ord shares (mn):	940
Total no. of shares (mn):	903
Mkt Cap Ord (Eu mn):	7,827
Total Mkt Cap (Eu mn):	7,827
Mkt Float - Ord (Eu mn):	2,465
Mkt Float (in %):	31.5%
Main Shareholder:	
Vantage Towers	37.6%

Balance Sheet Data

Book Value (Eu mn):	3,471
BVPS (Eu):	3.84
P/BV:	2.2
Net Financial Position (Eu mn):	-5,117
Enterprise Value (Eu mn):	12,641

Despite 3Q results broadly in line and FY25 guidance confirmed, INWIT revised its FY26–30 targets to the lower end of prior ranges, mainly due to reduced discretionary CapEx by MNOs. Yesterday's call offered little reassurance. Our perception is that INWIT is currently a rather passive player in an increasingly challenging and evolving sector environment. The long-term guidance update against a backdrop of spectrum renewals, potential RAN sharing, MNO consolidation, and possible MSA renegotiations suggests low visibility and flexibility. This may be a tactical move, i.e., INWIT signalling that operators are holding back on discretionary investments so that it can point to softer growth outlook and thereby nudge its shareholders, Ardian and Vantage, into taking a more assertive stance at the negotiating table with key counterparties. We keep the NEUTRAL rating with a new TP at €10 (from €12).

■ **3Q25 results.** Trends in line on revenue and EBITDAaL but softer on the bottom line due to higher D&A and taxes. RLFCF +3% vs consensus, mainly from NWC release. Revenue growth (+4.1% in 3Q vs +4.6% in 2Q/1Q) driven by CPI-linked adjustments (2024 avg. FOI 0.8%), new PoPs on new sites and non-TLC co-locations, and indoor DAS projects. EBITDAaL margin at 73.3% (+0.2pp YoY) supported by the lease cost efficiency plan, with 360 land purchase and renegotiation deals in 3Q and land ownership up to 17% (+4pp YoY). RLFCF ~€170mn (+7% YoY, 69% cash conversion) supported by low recurring CapEx, no tax cash-out, positive NWC, and higher leases (incl. €6mn VAT impact). Growth CapEx on track for FY guidance (~€280mn). Leverage at 5.0x. 3Q KPIs in line: +670 new PoPs (260 anchors, 410 OLOs) and 180 new sites (vs 200 exp.).

■ **Guidance update.** FY25 outlook was confirmed, while FY26–30 targets have been revised to the lower end of the previous ranges to reflect: a) lower discretionary investments by MNOs, affecting growth of non-committed revenues; and b) lower average CPI estimated for 2025 (1.5% vs previous 1.7%). In terms of RLFCF, the target also accounts for the impact of ca. Eu24mn linked to higher financial charges on post-SBB debt and dividends announced in March. Dividend policy confirmed.

■ **Change in estimates.** We have adjusted our FY26–30 estimates to the new outlook, implying a ~2% EPS cut and a 4–5% reduction of RLFCF (c. €30mn p.a.).

■ **NEUTRAL confirmed; new target €10 (from €12).** We remain NEUTRAL due to ongoing external headwinds and execution risks. Sector-wise, uncertainty stems from potential MNO consolidation and a cautious approach by anchor tenants on discretionary CapEx. On the macro side, high interest rates, given their inverse correlation with the US 10-year Treasury yield, continue to weigh on valuations. Execution risks include possible MSA renegotiations with anchors, while visibility on new business opportunities remains limited — with RAN-as-a-Service constrained by MNOs' preference for RAN sharing, and edge/regional data centre projects held back by insufficient demand, limiting scalability. The lack of short-term catalysts, and now likely mid- to long-term ones as reflected in the company's revised FY26–30 outlook — driving the top-line and EBITDAaL toward the lower end of previous ranges (while maintaining the CapEx envelope) — could prompt investors to favour opportunities with a more attractive risk/reward profile.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	960	1,036	1,077	1,134	1,200
EBITDA Adj (Eu mn)	879	947	985	1,037	1,097
Net Profit Adj (Eu mn)	449	464	473	496	506
EPS New Adj (Eu)	0.469	0.494	0.515	0.533	0.543
EPS Old Adj (Eu)	0.469	0.494	0.518	0.545	0.554
DPS (Eu)	0.480	0.735	0.550	0.600	0.630
EV/EBITDA Adj	16.9	15.0	12.8	12.3	11.8
EV/EBIT Adj	29.3	25.4	21.8	20.3	18.9
P/E Adj	17.8	16.9	16.2	15.6	15.3
Div. Yield	5.8%	8.8%	6.6%	7.2%	7.6%
Net Debt/EBITDA Adj	4.8	4.8	5.2	5.1	5.0

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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 between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEMIB40 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.

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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:	32.06%
OUTPERFORM:	38.17%
NEUTRAL:	29.01%
UNDERPERFORM:	00.76%
SELL:	00.00%

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BUY:	50.65%
OUTPERFORM:	29.87%
NEUTRAL:	18.18%
UNDERPERFORM:	01.30%
SELL:	00.00%

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