

INWIT

Sector: Telecoms

NEUTRAL

Price: Eu10.44 - Target: Eu11.50

Uneventful Quarter, Better FWA Visibility, Outlook Reiterated

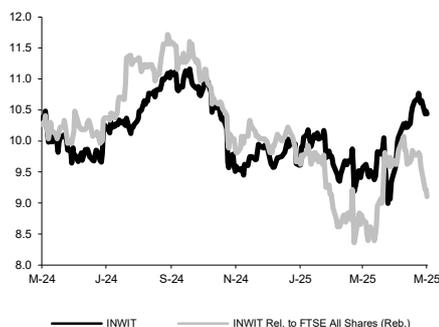
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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2025E	2026E	2027E
Chg in Adj EPS	-2.6%	-4.1%	-4.6%

Next Event

2Q25 Results out 30 July

INWIT - 12M Performance



Stock Data			
Reuters code:	INWT.MI		
Bloomberg code:	INW IM		
Performance	1M	3M	12M
Absolute	9.1%	8.5%	1.8%
Relative	-6.1%	2.3%	-12.7%
12M (H/L)	11.16/8.99		
3M Average Volume (th):	1,658.70		

Shareholder Data	
No. of Ord shares (mn):	940
Total no. of shares (mn):	903
Mkt Cap Ord (Eu mn):	9,809
Total Mkt Cap (Eu mn):	9,809
Mkt Float - Ord (Eu mn):	3,090
Mkt Float (in %):	31.5%
Main Shareholder:	
Vantage Towers	37.6%

Balance Sheet Data	
Book Value (Eu mn):	3,501
BVPS (Eu):	3.88
P/BV:	2.7
Net Financial Position (Eu mn):	-5,146
Enterprise Value (Eu mn):	14,577

The company delivered decent but in-line results amid a rapidly evolving telco landscape, marked by several major deals and the prospect of further consolidation. INWIT remains well-positioned thanks to its premium site portfolio, though the broader sector context remains challenging. In particular, uncertainty around potential MSA renegotiations and market restructuring continues to be a key risk, underpinning our NEUTRAL stance.

■ **1Q25 results.** 1Q came extremely close to consensus, while it exceeded our RFCF projections, mainly thanks to better NWC (release of €3.4mn vs. our assumption for absorption of €2mn). Bottom line worse than expected due to higher D&A linked to the investment cycle. Revenues at €266mn, up 4.6% YoY (vs. +6.8% in 4Q), broadly in line with company-compiled consensus. Growth driven by anchor MSAs (+2.3% YoY vs. +7.1% in 4Q) and New Services (+53% YoY vs. +39% in 4Q), partially offset by a 2.7% YoY decline in OLO macro sites (vs. -11% in 4Q). Adj. EBITDAaL reached €194mn, up 5.5% YoY (4Q +6.8%), 0.1% below consensus, while adj. EBITDA was €244mn, up 4.7% YoY (4Q +6.6%), 0.3% above expectations. Net income was €91mn, 1.5% below consensus, impacted by higher D&A. CapEx declined YoY to €83.5mn, amounting to 31% of revenues (down from 36% in 1Q24). RFCF was €158mn, 0.4% ahead of consensus. Leverage decreased to 4.6x (vs. 4.7x in 4Q), with net debt at €4,444mn, 0.7% above consensus. Operational KPIs showed a +150 increase in sites (vs. +270 in 4Q), a slowdown in anchor tenant additions to +290 (vs. +485), steady OLO additions of +450 (vs. +430), and small cell/DAS deployment of +0.5k (vs. +0.6k in 4Q).

■ **No groundbreaking messages from the call.** **FWA:** solid 1Q start; too early to confirm sustainable trend; overall on track with targets, no upside visibility yet. **Swisscom:** no MSA renegotiation currently underway; existing MSA protected by "all or nothing" clause. Focus on efficiency for both parties and new business opportunities. High switching costs make it virtually impossible for the customer to transfer PoPs to another TowerCo. **RAN sharing:** medium-term opportunity; intention to replicate tower-like returns with upfront investment and long-term cash flow visibility.

■ **Revised estimates.** We adjust our estimates to capture higher D&A (c. €400mn/year) and net financial expenses resulting in a mid-single-digit cut to adjusted EPS.

■ **NEUTRAL confirmed; target still €11.5.** We update our DCF model to reflect a higher equity risk premium (6% vs 5.5%), offset by the cancellation of shares linked to the €400mn buyback in 2025–26; as a result, our TP remains unchanged. Execution risk remains elevated due to past underdelivery: Inwit doubled its 2025-30E growth CapEx envelope in exchange for a modest increase in key metrics (4–5% CAGR for revenue, EBITDAaL, and RFCF), which could weigh on equity FCF and leverage. In addition, the increase in shareholder remuneration (€200mn special dividends in Nov'25 + €400mn buyback o/w €300mn in FY25) suggests a lack of compelling and sizeable alternative investment opportunities (RAN-as-Service, edge DCs, big M&A). Short-term uncertainties include rumours of MSA renegotiation and the stock's negative correlation to US bond yields. Mid-term risks involve: i) potential 4-to-3 consolidation (removing Iliad as a key source of targeted future tenancy growth); ii) increasing TowerCo competition (any attempt by Cellnex to bid aggressively for future tenancies in Italy); and iii) broader tower-sharing agreements that could limit upside from new contracts.

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	503	527	516
EPS New Adj (Eu)	0.469	0.494	0.548	0.565	0.554
EPS Old Adj (Eu)	0.469	0.494	0.563	0.590	0.581
DPS (Eu)	0.480	0.735	0.550	0.600	0.630
EV/EBITDA Adj	16.9	15.0	14.8	14.1	13.5
EV/EBIT Adj	29.3	25.4	25.2	23.3	21.5
P/E Adj	22.2	21.1	19.0	18.5	18.8
Div. Yield	4.6%	7.0%	5.3%	5.7%	6.0%
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 of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 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 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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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 March 2025 Intermonte's Research Department covered 131 companies.

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

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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