

# INWIT

Sector: Telecoms

## NEUTRAL

Price: Eu9.63 - Target: Eu11.50

## Next CMD: Slower Growth, Higher Taxes, Remuneration Focus

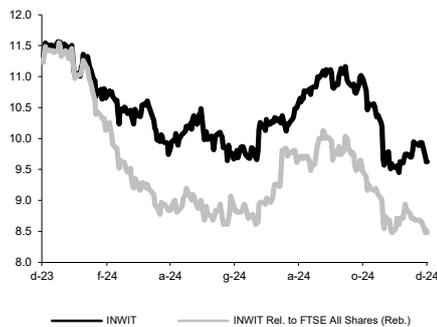
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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2024E	2025E	2026E
Chg in Adj EPS	0.0%	-1.7%	-2.6%

### Next Event

Virtual Capital Markets Day: 4<sup>th</sup> March 2025

### INWIT - 12M Performance



Stock Data			
Reuters code:	INWT.MI		
Bloomberg code:	INW IM		
Performance	1M	3M	12M
Absolute	1.0%	-13.1%	-14.5%
Relative	-1.0%	-15.4%	-27.9%
12M (H/L)	11.57/9.45		
3M Average Volume (th):	1,172.00		

Shareholder Data	
No. of Ord shares (mn):	940
Total no. of shares (mn):	932
Mkt Cap Ord (Eu mn):	9,043
Total Mkt Cap (Eu mn):	9,043
Mkt Float - Ord (Eu mn):	3,066
Mkt Float (in %):	33.9%
Main Shareholder:	
Vodafone	33.2%

Balance Sheet Data	
Book Value (Eu mn):	4,100
BVPS (Eu):	4.40
P/BV:	2.2
Net Financial Position (Eu mn):	-4,498
Enterprise Value (Eu mn):	13,468

INWIT is expected to extend its mid-term targets to FY30 along with 4Q24 results on March 4th. Slower growth in third-party tenancies may lead to a downward revision of the FY26 targets, while higher cash taxes from FY27, reflecting the termination of a tax scheme, are already incorporated into our estimates. We believe a greater focus on transformative initiatives, such as RAN-as-a-Service and edge data centers, is needed to revitalize the equity story, particularly in a context of more moderate inflation. However, the level of commitment to these initiatives by anchor tenants currently appears very low, which may shift investor attention toward capital allocation strategies (e.g., additional buybacks or dividends). After updating our forecasts, we maintain a neutral stance, primarily due to the lack of near-term catalysts.

■ **New Business Plan.** In its previous business plan, INWIT provided detailed guidance through 2026, covering revenues, EBITDA/EBITDAaL margins, RLFCF and shareholder returns. We expect an update to these targets at the full-year results, extending the outlook beyond the current MSA framework, where cash taxes are projected to rise, following the expiration of tax scheme related to goodwill amortisation (upside of €114mn/year until 2026). Since setting its 2026 targets, growth from third-party agreements outside the core MSA has been subdued (OLO revenues -3.5% in FY24), leading INWIT to lower its 2024 targets toward the low end of prior guidance. For FY25, we now expect flat OLO revenues at c.€120mn, followed by mid-single-digit growth in FY26. New Services should increase from €72mn in FY24 to €93mn in FY25 and €121mn in FY26 (target >€100mn) on the back of recent new initiatives (M4 in Milan; deal with A2A for 5G cells on lampposts; Roma 5G tender and Termini station).

■ **Revised estimates:** Our FY24 topline (€1,038mn) aligns with the low end of the range and assumes +8% growth, implying a 4Q trend (+7.3%) broadly consistent with 3Q (+7.6%). This 8% growth in FY24 is driven by 5% from CPI and 3% from volumes growth. For FY25, topline growth is expected to comprise 1% from CPI and c.3-3.5% from volumes growth. Looking ahead to FY26, assuming a CPI of around 1.5% and organic growth of 4.5%, our new estimate stand at €1,145m, 1% below the lower end of the range (€1,160-1,240mn) set in the previous plan. At the RFCF level, following moderate growth in FY25-26, we still expect a significant decline in FY27 (€602mn, -14% YoY) to reflect the loss of the annual €114mn benefit related to tax scheme. We still see room €1.2bn room for additional remuneration by YE26 assuming a releverage at 5.5x (from 4.4x expected).

■ **NEUTRAL confirmed; target still €11.5.** We keep our NEUTRAL rating, primarily due to the lack of catalysts until the new CMD. 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 in a lower CPI environment, and on land buyout to enhance profitability and FCF. This approach may have more of an impact than prioritising short-term shareholder returns through an additional buyback, 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. However, despite the weak performance in the stock price to date, we do not expect a takeover bid from Vantage/Ardian in the near term, at least until the Fastweb-Vodafone deal is completed (expected in 1Q25). 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.

Key Figures & Ratios	2023A	2024E	2025E	2026E	2027E
Sales (Eu mn)	960	1,038	1,081	1,145	1,206
EBITDA Adj (Eu mn)	879	951	992	1,053	1,110
Net Profit Adj (Eu mn)	449	491	536	580	572
EPS New Adj (Eu)	0.469	0.523	0.575	0.623	0.614
EPS Old Adj (Eu)	0.469	0.523	0.585	0.639	
DPS (Eu)	0.480	0.516	0.555	0.596	0.641
EV/EBITDA Adj	16.9	14.2	13.7	12.9	12.3
EV/EBIT Adj	29.3	23.3	21.9	20.0	18.6
P/E Adj	20.5	18.4	16.7	15.5	15.7
Div. Yield	5.0%	5.4%	5.8%	6.2%	6.7%
Net Debt/EBITDA Adj	4.8	4.7	4.6	4.4	4.2

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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: 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&PMB40 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:	28.24 %
OUTPERFORM:	48.09 %
NEUTRAL:	23.67 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (61 in total) is as follows:

BUY:	55.74 %
OUTPERFORM:	34.43 %
NEUTRAL:	09.83 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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