

# INWIT

Sector: Telecoms

## NEUTRAL

Price: Eu10.21 - Target: Eu11.40

## 2Q Likely Uneventful, Still Concerns on Consolidation and MSA Risks

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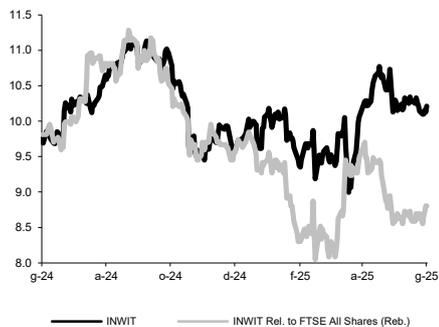
### Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 11.50 to 11.40		
	2025E	2026E	2027E
Chg in Adj EPS	-5.5%	-3.7%	0.0%

### 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	-0.7%	8.4%	4.1%
Relative	2.4%	8.0%	-11.9%
12M (H/L)	11.16/8.99		
3M Average Volume (th):	1,784.21		

### Shareholder Data

No. of Ord shares (mn):	940
Total no. of shares (mn):	903
Mkt Cap Ord (Eu mn):	9,593
Total Mkt Cap (Eu mn):	9,593
Mkt Float - Ord (Eu mn):	3,022
Mkt Float (in %):	31.5%
Main Shareholder:	
Vantage Towers	37.6%

### Balance Sheet Data

Book Value (Eu mn):	3,474
BVPS (Eu):	3.85
P/BV:	2.7
Net Financial Position (Eu mn):	-5,148
Enterprise Value (Eu mn):	14,370

*We expect a 2Q broadly in line with 1Q, with no major operational surprises. That said, market concerns persist around potential telco consolidation— particularly if fewer players mean lower future investments and weaker organic growth for tower companies. In addition, worries persist over possible MSA revisions by anchor tenants, while the broader market environment continues to weigh on TowerCo stocks, given their reverse correlation with US bond yields.*

■ **2Q25 preview.** We expect the top line to reach €268.5mn, up 4.4% YoY (vs. +4.6% in 1Q), driven by: a) anchor tenant revenues of €215.4mn, up 2.3% YoY (in line with 1Q); b) OLO revenues returning to growth (€31.1mn, +2% YoY after a -2.7% decline), despite full-year expectations of a broadly flat trend; and c) a continued increase in Smart Infra revenues (€22mn, broadly flat vs. 1Q). We estimate EBITDAaL at €196.4mn, up 5.6% YoY, with a margin of 73.2% (vs. 72.9% in 1Q). Assuming limited recurring CapEx, negligible NWC absorption, and outflows due to financial charges (€25mn), taxes (€20mn), and lease costs (€50mn), we estimate RFCF at €145mn. This should be fully absorbed by development CapEx (€50mn), share buybacks (€100mn), and dividends (€674mn), leading to an increase in net debt to €5.1bn, or 5.2x annualised EBITDA. Operational KPIs should show an increase of +200 sites (vs. +150 in 1Q and +270 in 4Q24), a moderate pick-up in anchor tenant additions to +350 (1Q: +290, 4Q: +485), stable OLO additions at +410 (1Q: +450, 4Q: +430), and small cell/DAS deployments of +0.5k, as in 1Q.

■ **Key scenarios to watch: MNO Consolidation, RAN-Sharing JV, or RAN-as-a-Service?** Market concerns mainly focus on potential MNO consolidation in the Italian telecom market—particularly a potential merger between Iliad and TIM—or, alternatively, the setting-up of an infra-JV among operators (e.g., TIM, Fastweb, Wind3) to share active infrastructure and deconsolidate CapEx. On the one hand, a potential 4-to-3 consolidation could imply lower future investments and slower organic growth for TowerCos (removing Iliad as a key source of targeted future tenancy growth), challenging INWIT's narrative that a combined entity would be financially stronger and able to increase spending. A RAN-sharing JV also remains a scenario to watch, as it would be less favourable for INWIT compared to a sales&leaseback model for RAN-as-a-Service, which would offer INWIT long-term MSAs, revenue visibility, and stable cash flows.

■ **Revised estimates.** We revise estimates mainly to capture higher financial charges and taxes resulting in a mid-single-digit cut to adjusted EPS.

■ **NEUTRAL confirmed; new target €11.4 (from €11.5).** We have slightly revised our TP from €11.5 to €11.4, implying limited upside. We remain NEUTRAL due to external headwinds and execution risks. INWIT's new BP doubles 2025–30E growth CapEx for only modest gains (4–5% CAGR in RFCF), raising concerns on EFCF and leverage. The €600mn shareholder return (incl. a €200mn special dividend and €400mn buyback) suggests a lack of scalable investment alternatives (e.g., RAN-as-a-Service, edge DCs, or M&A). Short-term uncertainties include potential MSA renegotiation and negative correlation to US yields. Mid-term risks involve: i) possible 4-to-3 market consolidation (removing Iliad as a growth driver); ii) intensifying competition from other TowerCos (e.g., Cellnex bidding for tenancies); and iii) broader sharing deals that could cap future upside.

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	476	507	516
EPS New Adj (Eu)	0.469	0.494	0.518	0.544	0.554
EPS Old Adj (Eu)	0.469	0.494	0.548	0.565	0.554
DPS (Eu)	0.480	0.735	0.550	0.600	0.630
EV/EBITDA Adj	16.9	15.0	14.6	13.9	13.3
EV/EBIT Adj	29.3	25.4	24.9	23.0	21.3
P/E Adj	21.8	20.7	19.7	18.8	18.4
Div. Yield	4.7%	7.2%	5.4%	5.9%	6.2%
Net Debt/EBITDA Adj	4.8	4.8	5.2	5.1	5.0

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- 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)

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Frequency of research: quarterly.

Reports on all companies listed on the S&PMB40 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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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:

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NEUTRAL:	17.57 %
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Emittente	%	Long/Short

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