

INWIT

Sector: Telecoms

NEUTRAL

Price: Eu10.44 - Target: Eu12.00

Neutral Release, Future Upside Hinges on Next MNO Moves

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

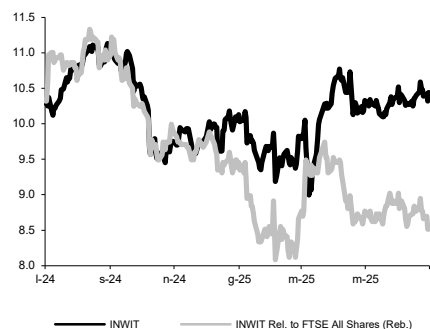
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 11.40 to 12.00		
	2025E	2026E	2027E
Chg in Adj EPS	0.0%	0.1%	0.1%

Next Event

3Q25 Results out 10 November

INWIT - 12M Performance



Stock Data

Reuters code:	INWT.MI		
Bloomberg code:	INW IM		
	1M	3M	12M
Absolute	0.6%	-0.9%	1.2%
Relative	-3.9%	-11.6%	-21.1%
12M (H/L)	11.16/8.99		
3M Average Volume (th):	1,480.27		

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):	3,474
BVPS (Eu):	3.85
P/BV:	2.7
Net Financial Position (Eu mn):	-5,132
Enterprise Value (Eu mn):	14,563

INWIT posted solid figures across the board in a challenging Italian TLC industry context with anchor operators focused on efficiency and limiting discretionary investments on 5G. Despite steady execution, no major strategic update came from the call. Future optionality is constrained by a *wait-and-see* approach from MNOs. In the near term, anchor tenants may prioritize direct RAN sharing over RAN-as-a-Service, limiting upside for INWIT. Similarly, while Edge data centres align with the long-term direction of the industry, their progress is hindered by currently modest and still-developing demand.

■ **2Q25 results.** Revenues reached €269.0mn (+4.6% YoY, as in 1Q), marginally ahead of both our estimate (€268.5mn) and consensus (€268.7mn), with strong growth in Smart Infrastructure (+37.5% YoY) offsetting more moderate trends in Tower segments. EBITDA came in at €246.0mn (+0.1% vs. consensus), with EBITDAaL of €196.4mn (+5.5% YoY), showing good lease cost discipline (margin +60bps YoY to 73.0%). Net income was €93.4mn, slightly below consensus (-1%) but +4.6% YoY. RCFE beat our expectations by 9%, mainly due to lower cash interest charges (€15mn vs. our €25mn estimate), with a solid 64% cash conversion. Growth CapEx in line with guidance (FY25E: ~€280mn). Net debt was €4,938mn, broadly in line with consensus, reflecting the €480mn dividend and ~€110mn buyback. Leverage stood at 5.0x. Operational KPIs were consistent with guidance: new sites showed a pick-up in 2Q (+210, 1Q: +150), in line with the FY25 target of ~800 new towers, while 720 new PoPs were added (equally distributed between anchor and OLO), above the average rate implied in FY guidance (~625/quarter). Tenancy ratio at 2.36x (industry leading levels).

■ **Neutral feedback from the call.** The company confirmed both its 2025 and 2030 targets as largely expected. Industry pressure limits discretionary investments for 5G expansion. Engagement with Swisscom and other customers is ongoing. Scouting opportunities in Edge Data Centers and RAN as a Service, the latter considered a natural extension for Tower companies in the medium to long term. No interest for hyperscale DC. PoP additions guidance for 2025 confirmed at 2.5k; current pace supports this target without indicating upside yet.

■ **No meaningful change in estimates.** We make slight adjustments to reduce cash interest, resulting in a modest uplift to RCFE.

■ **NEUTRAL confirmed; new target €12.0 (from €11.4).** Following a reduction in WACC—driven by a lower equity market risk premium (from 6.0% to 5.5%)—we lift our target price from €11.4 to €12.0, implying 15% upside at the current price. 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 RCFE), 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) direct RAN sharing deals among MNOs that could cap future upside for INWIT, particularly compared to the greater potential of the RAN-as-a-Service model.

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	0.545	0.554
EPS Old Adj (Eu)	0.469	0.494	0.518	0.544	0.554
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	20.1	19.2	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 between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

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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:	32.84%
OUTPERFORM:	38.06%
NEUTRAL:	29.10%
UNDERPERFORM:	00.00%
SELL:	00.00%

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BUY:	53.16%
OUTPERFORM:	29.11%
NEUTRAL:	17.73%
UNDERPERFORM:	00.00%
SELL:	00.00%

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