Milan, 14 November 2025

Italian Equity Research – 3Q25 Results

IREN

NEUTRAL

Sector: Utilities

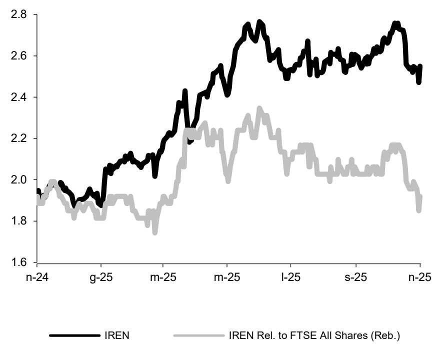
Price: Eu2.55 - **Target: Eu2.85**

2030 BP: Focus on Regulated Activities and Efficiencies

Federico Pezzetti +39-02-77115.268
federico.pezzetti@intermonte.it

Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-1.1%	0.0%	1.6%

IREN - 12M Performance



Stock Data			
Reuters code:			IREE.MI
Bloomberg code:			IRE IM
Performance	**1M**	**3M**	**12M**
Absolute	-4.2%	0.7%	32.8%
Relative	-10.0%	-5.2%	0.6%
12M (H/L)			2.77/1.87
3M Average Volume (th):			1,113.24

Shareholder Data	
No. of Ord shares (mn):	1,301
Total no. of shares (mn):	1,301
Mkt Cap Ord (Eu mn):	3,317
Total Mkt Cap (Eu mn):	3,317
Mkt Float - Ord (Eu mn):	1,601
Mkt Float (in %):	48.3%
Main Shareholder:	
FSU Genoa	18.9%

Balance Sheet Data	
Book Value (Eu mn):	3,032
BVPS (Eu):	2.69
P/BV:	0.9
Net Financial Position (Eu mn):	-4,204
Enterprise Value (Eu mn):	8,773

- **2030 business plan update: sustainable strategic vision confirmed.** Thanks to Eu6.9bn in total investments - of which Eu6.4bn relating to CapEx - Iren's growth strategy for the next 6 years is confirmed; it remains consistent with a focus on regulated activities and is oriented towards organic development, along with great attention to efficiency gains.
- **A different investment allocation, fully organic.** The new plan envisages a more selective approach on investments, especially those involving an increase in renewable capacity. Gross technical investments are seen at Eu6.4bn (Eu5.9bn net investments), corresponding to Eu1.0bn of annual investments on average, down from Eu1.04bn in the previous plan. Around 80% of cumulative investments are destined for regulated or semi-regulated sectors (no change), while external investments amount to just 7% of the total (from 6%), or Eu0.5bn, destined for EGEA (already integrated). Importantly, the Turbigo thermo generation plant will no longer be sold. More than 70% of the investments, amounting to Eu4.3bn, are directed towards projects that contribute to the achievement of sustainability targets.
- **Lower EBITDA growth but bottom-line growth broadly confirmed.** The plan envisages EBITDA at Eu1,530mn in 2028 and Eu1,600mn in 2030 (from Eu1,800mn in the previous plan). Net income is foreseen growing from Eu268mn in 2024 to Eu360mn in 2028 and c.Eu400mn in 2030 (from >Eu400mn). Iren's commitment to a balanced capital structure aimed at maintaining the current credit ratings with rating agencies is confirmed: net debt/EBITDA is expected at 3.1x by 2028 and at 3.0x in 2030, a bit higher than the 2.7x of the previous plan. The sources of financing no longer envisage the injection of equity from financial partners to foster the development of renewables.
- **Synergy plan confirmed:** management points to overall synergies of Eu120mn to offset and exceed the increase in costs, estimated at roughly Eu35mn over the plan period, due to the increase in personnel costs for contractual adjustments (beyond expected inflation). Examples of synergies and efficiencies include the integration of Egea, corporate digitalisation, call centre and billing merger, and office optimisation.
- **Dividend policy revised to become more visible.** Iren has updated its dividend policy, which now foresees the higher of: 1) a 60% payout ratio; 2) 8% DPS growth YoY until 2027 (confirmed) and 6% DPS growth YoY until 2030 (vs. a 60% pay-out previously).
- **2026 guidance:** 2026 guidance points to EBITDA growth of around 4% (i.e. Eu1.4bn), a net debt/EBITDA ratio of 3.1x, and net income increasing c.7% YoY (to c.Eu320mn), with CapEx of Eu950mn.
- **2025 guidance: EBITDA broadly confirmed, NFP/EBITDA improved slightly.** Management broadly confirmed 2025 guidance, including EBITDA of Eu1,350mn (from Eu1,340-1,360mn previously) and net profit at Eu300mn (from Eu300-310mn). Net debt /EBITDA is now seen at 3.1x (implying net debt of c.Eu4.2bn) from 3.2x previously.
- **NEUTRAL confirmed; target Eu2.85ps.** With this plan update we once again appreciate management's efforts to provide more selective capital allocation as well as to derisk EBITDA growth. Despite the reasonable multiples at which the stock is trading, we confirm our NEUTRAL view as we do not currently see enough upside to our target price.

Key Figures & Ratios	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**
Sales (Eu mn)	6,639	6,045	6,584	6,576	6,703
EBITDA Adj (Eu mn)	1,197	1,274	1,350	1,403	1,466
Net Profit Adj (Eu mn)	279	268	302	321	337
EPS New Adj (Eu)	0.214	0.206	0.232	0.247	0.259
EPS Old Adj (Eu)	0.214	0.206	0.235	0.247	0.255
DPS (Eu)	0.119	0.128	0.139	0.150	0.162
EV/EBITDA Adj	5.5	5.7	6.5	6.3	6.1
EV/EBIT Adj	14.0	14.0	15.4	14.7	14.0
P/E Adj	11.9	12.4	11.0	10.3	9.8
Div. Yield	4.7%	5.0%	5.4%	5.9%	6.3%
Net Debt/EBITDA Adj	3.3	3.2	3.1	3.1	3.1

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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:	38.93%
NEUTRAL:	28.25%
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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