

IREN

Sector: Utilities

NEUTRAL

Price: Eu2.45 - Target: Eu2.75

4Q25 Results in Line, FY26 Guidance Confirmed

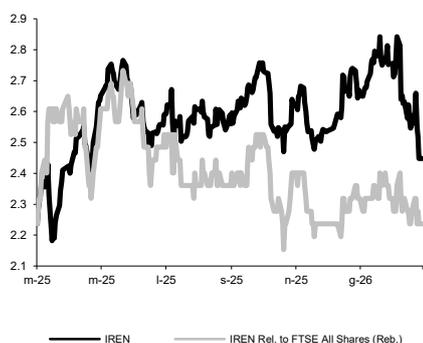
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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 2.85 to 2.75		
	2026E	2027E	2028E
Chg in Adj EPS	-2.0%	-3.0%	-3.0%

IREN - 12M Performance



Stock Data

Reuters code:	IREE.MI		
Bloomberg code:	IRE IM		
Performance	1M	3M	12M
Absolute	-11.2%	-3.5%	10.5%
Relative	-3.1%	0.5%	0.5%
12M (H/L)	2.84/2.18		
3M Average Volume (th):	1,514.39		

Shareholder Data

No. of Ord shares (mn):	1,301
Total no. of shares (mn):	1,301
Mkt Cap Ord (Eu mn):	3,185
Total Mkt Cap (Eu mn):	3,185
Mkt Float - Ord (Eu mn):	1,537
Mkt Float (in %):	48.3%
Main Shareholder:	
FSU Genoa	18.9%

Balance Sheet Data

Book Value (Eu mn):	2,937
BVPS (Eu):	2.60
P/BV:	0.9
Net Financial Position (Eu mn):	-4,325
Enterprise Value (Eu mn):	8,722

- Solid 4Q25 results.** Yesterday Iren reported a solid set of results that was broadly in line with expectations at all levels. In detail: EBITDA closed at E349mn, flat YoY; EBIT at Eu128mn; and net profit at Eu82mn, positively impacted by lower-than-expected financial charges and taxes. In terms of cash generation, net debt closed at Eu4,222mn on the back of Eu312mn of technical investments (in line). The Board has proposed a 2025 DPS of Eu0.1386, in line with the group payout policy.
- Divisional performances.** Energy: EBITDA was down 14% YoY (-6% vs estimates), negatively impacted by lower prices and volumes in hydro production; Market EBITDA closed at Eu71mn (-9% YoY; -11% vs expectations), despite the contribution of EGEA, due to lower unit profitability; Networks (inc. Water): EBITDA up 5% YoY (+7% vs. est.) with increased RAB, only partly offset by the reduction of allowed returns in the energy sectors; Waste: EBITDA closed at Eu74mn and was broadly stable YoY when adjusted for changes in reporting that affected 4Q24 results.
- 2026 guidance confirmed.** Management confirmed FY26 guidance, with EBITDA growth seen at +4% YoY for EBITDA of ca Eu1.4bn and NFP/EBITDA at 3.1x (implying net debt of c.Eu4.35bn) after total technical investments of Eu950mn. The guidance for net income will be provided later in the year.
- Messages from the conference call.** Hedging of electricity generation: for 2026, 65% of expected renewable generation of 2.05TWh has been hedged at Eu105/MWh, while for 2027, 20% of renewable generation has been hedged at Eu100-105/MWh. Regarding 2026 thermal power output, the group has hedged just 20% of production because forward prices are not showing signs of positive spreads amid the current high volatility and remain heavily affected by the gas price trend. Gas procurement: supply contracts do not include force majeure clauses, except those linked to the disruptions within the national territory, and for this reason at this stage the group does not see risks to procurement. Supply: they do not see any particular trends in 1Q in the churn rate on the supply side and a modest contraction of margins is included in the group's guidance (Eu5 per customer vs. 2025). Asset rotation in renewables: on the potential disposal of photovoltaic assets the company has not taken any decisions at present apart from those in the plan. For the purpose of optimisation, they may consider asset rotation opportunities but have no intention of exiting renewables (i.e., the group is fully committed to hydro).
- Estimates and target price.** Following results and management indications, we are trimming our 2026 numbers as we include the 2% increase in IRAP put forward with the recent Energy decree, while 2027-2028 estimates are reduced by 3% on average, also on the back of lower assumptions for PUN prices (we currently have Eu92.5/Mwh for 2027 and Eu87.5/MWh for 2028). Our target moves to Eu2.75 as the lower estimates and sector multiples are partly counterbalanced by the roll-over of the DCF.
- NEUTRAL confirmed, target Eu2.75 (from Eu2.85).** We confirm our neutral view on the stock: despite the reasonable multiples at which the stock is trading, we do not currently see enough upside to our target price.

Key Figures & Ratios	2024A	2025A	2026E	2027E	2028E
Sales (Eu mn)	6,046	6,598	6,567	6,645	6,734
EBITDA Adj (Eu mn)	1,274	1,353	1,405	1,464	1,508
Net Profit Adj (Eu mn)	269	301	315	327	347
EPS New Adj (Eu)	0.206	0.231	0.242	0.251	0.267
EPS Old Adj (Eu)	0.206	0.232	0.247	0.259	0.275
DPS (Eu)	0.128	0.139	0.150	0.162	0.171
EV/EBITDA Adj	5.7	6.4	6.2	6.0	6.0
EV/EBIT Adj	14.0	16.3	14.8	14.1	13.8
P/E Adj	11.9	10.6	10.1	9.7	9.2
Div. Yield	5.2%	5.7%	6.1%	6.6%	7.0%
Net Debt/EBITDA Adj	3.2	3.1	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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As at 24 March 2026 Intermonte's Research Department covered 132 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	32.58%
OUTPERFORM:	37.88%
NEUTRAL:	29.54%
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 (77 in total) is as follows:

BUY:	54.55%
OUTPERFORM:	27.27%
NEUTRAL:	16.88%
UNDERPERFORM:	01.30%
SELL:	00.00%

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