

IREN

Sector: Utilities

OUTPERFORM

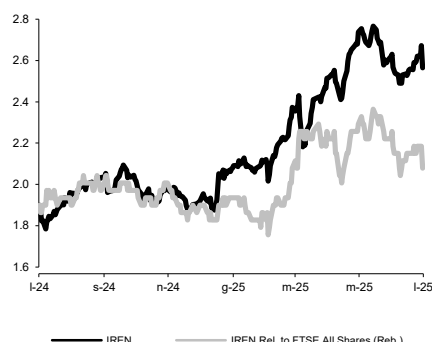
Price: Eu2.56 - Target: Eu2.95

Strong 2Q Numbers, FY Guidance Highly Visible

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 2.70 to 2.95		
	2025E	2026E	2027E
Chg in Adj EPS	0.0%	0.0%	0.0%

IREN - 12M Performance



Stock Data			
Reuters code:	IREE.MI		
Bloomberg code:	IRE IM		
Performance	1M	3M	12M
Absolute	-2.1%	2.0%	35.0%
Relative	-6.6%	-8.7%	12.7%
12M (H/L)	2.77/1.78		
3M Average Volume (th):	1,549.85		

Shareholder Data	
No. of Ord shares (mn):	1,301
Total no. of shares (mn):	1,301
Mkt Cap Ord (Eu mn):	3,336
Total Mkt Cap (Eu mn):	3,336
Mkt Float - Ord (Eu mn):	1,609
Mkt Float (in %):	48.3%
Main Shareholder:	
FSU Genoa	18.9%

Balance Sheet Data	
Book Value (Eu mn):	3,036
BVPS (Eu):	2.70
P/BV:	1.0
Net Financial Position (Eu mn):	-4,272
Enterprise Value (Eu mn):	7,873

■ **Very good 2Q25 results.** On the macro front, the average PUN was Eu102/MWh (-26% QoQ, +7% YoY), while the PSV came to Eu38.3/MWh (-21% QoQ, +15% YoY); on the generation side, thermoelectricity volumes rose slightly (+2.8% YoY), while hydroelectricity fell again (-21% YoY) after the record volumes posted in 2024. In this context, Iren reported a strong set of results that were slightly better than expected on the P&L, with EBITDA up 21% YoY (or +9% on a same scope basis and excluding one-offs) to Eu308mn (+4% vs. our estimates), and net profit up 68% to Eu48mn (+9% vs. estimates), while in terms of cash generation, net debt closed at Eu4,228mn, on the back of Eu208mn of technical investments and the payment of the annual dividend.

■ **Divisional performances.** Energy: EBITDA was up 36% YoY (+6% vs estimates), thanks to growing thermal powergen combined with a recovery in energy efficiency activity, with hydro volumes still up YoY; Market EBITDA closed at Eu48mn (+22% YoY; +11% vs expectations) helped by the contribution of EGEA (Eu5.5mn) and with profitability now largely normalised; Networks (inc. Water): EBITDA up 23% YoY (+4% vs. est.) with increased RAB only partly counteracted by the reduction of allowed returns in the energy sectors, with the Eu8mn recognition of quality premiums in Water, and with gas distribution boosted by c.Eu10mn of adjustments due to higher costs recognised for the 2020-24 period; Waste: EBITDA was up 8% YoY (-3% vs est.) thanks to the recovery of costs in Collection and the contribution from EGEA (Eu1mn).

■ **2025 guidance confirmed (but targeting the higher part of the range).** Management confirmed FY25 guidance, with EBITDA seen in the Eu1,340-1,360mn range, net profit between Eu300-310mn, NFP/EBITDA at 3.2x (implying net debt of c.Eu4.3bn including the Eu500mn hybrid bond), after total investments of Eu1.4bn (o/w Eu0.5bn for M&A). Among the reasons to confirm guidance is part of the growth expected by year-end being delivered ahead of schedule in 1H (especially hydro volumes) and the reduction of the hydro generation assumption from 1,350 to 1,300 GWh.

■ **Messages from the conference call.** Hedging of electricity generation confirmed: for 2025, 85% of expected renewable generation of 2.2TWh was hedged at Eu105/MWh, with 30% of thermal power output hedged at Eu2-3/MWh. For next year, 50% of renewable generation was hedged at Eu105-110/MWh, and just 10% for thermal generation, as spark spreads are currently unattractive and only become positive when closed to delivery.

■ **Estimates and target price.** Following results and management indications, we are confirming our estimates, while our target moves to Eu2.95 (from Eu2.70) on the back of the 50bp reduction in the ERP (to 5.5%) used by our Research Team.

■ **OUTPERFORM confirmed, target Eu2.95 (from Eu2.70).** We confirm our positive view on the stock as we believe that in 2025 Iren will continue to benefit from solid operating trends as well as a nice boost to growth from M&A. The stock is still trading at undemanding valuations compared to history (2025E EV/EBITDA of 5.8x vs. LT avg. of 6.4x) and offers an appealing return (5.4% dividend yield). The main risk to our investment case remains stickier-than-expected inflation, driving interest rates up.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	6,639	6,046	6,593	6,600	6,738
EBITDA Adj (Eu mn)	1,197	1,275	1,358	1,424	1,501
Net Profit Adj (Eu mn)	278	269	312	331	342
EPS New Adj (Eu)	0.214	0.207	0.240	0.255	0.263
EPS Old Adj (Eu)	0.214	0.207	0.240	0.255	0.263
DPS (Eu)	0.119	0.128	0.139	0.150	0.162
EV/EBITDA Adj	5.5	5.3	5.8	5.5	5.3
EV/EBIT Adj	14.1	13.1	13.5	12.7	12.2
P/E Adj	12.0	12.4	10.7	10.1	9.8
Div. Yield	4.6%	5.0%	5.4%	5.8%	6.3%
Net Debt/EBITDA Adj	3.3	3.2	3.1	3.0	2.9

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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 FTSEMIIB40 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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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 July 2025 Intermonte's Research Department covered 134 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	32.84%
OUTPERFORM:	38.06%
NEUTRAL:	29.10%
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 (79 in total) is as follows:

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

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