

# RAI WAY

Sector: Telecoms

**BUY**

Price: Eu5.79 - Target: Eu7.70

## Pacing Investments to Prioritise a Market-Driven Approach

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

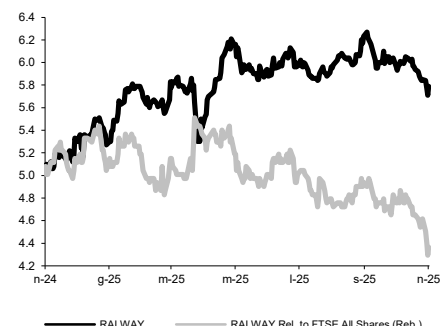
### Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 7.50 to 7.70		
	2025E	2026E	2027E
Chg in Adj EPS	3.9%	-1.7%	-2.0%

### Next Event

FY25 Results out March 2026

### RAI WAY - 12M Performance



### Stock Data

Reuters code:	RWAY.MI
Bloomberg code:	RWAY IM

Performance	1M	3M	12M
Absolute	-2.9%	-2.7%	14.0%
Relative	-8.6%	-8.6%	-18.2%
12M (H/L)		6.27/5.06	
3M Average Volume (th):		209.55	

### Shareholder Data

No. of Ord shares (mn):	272
Total no. of shares (mn):	272
Mkt Cap Ord (Eu mn):	1,575
Total Mkt Cap (Eu mn):	1,575
Mkt Float - Ord (Eu mn):	552
Mkt Float (in %):	35.0%
Main Shareholder:	
RAI	65.0%

### Balance Sheet Data

Book Value (Eu mn):	194
BVPS (Eu):	0.71
P/BV:	8.1
Net Financial Position (Eu mn):	-140
Enterprise Value (Eu mn):	1,715

A neutral release, with 9M results in line with expectations and FY guidance confirmed. The call focused on delays to diversification projects (solar and data centres), likely leading to postponed/lower CapEx and delayed or reduced revenues, prioritising a return-based and market-driven approach. Management flagged a manageable EBITDA impact (low to mid-single digit) while reaffirming 2027 EFCF guidance (this metric excludes development CapEx). Management reiterated its commitment to offsetting any gaps through internal efficiencies, bolt-on brownfield acquisitions, and disposals of non-core assets. Given the uncertainty and lack of quantitative guidance for 2026–27, we are revising our estimates on a preliminary and discretionary basis.

■ **9M25 results.** Solid top-line growth (+2.3%) above CPI (1.2%) across both Media Distribution (+3.4%) and Digital Infrastructure (+2.2%), supported by RAI's DAB network extension, strong radio tower hosting volumes, and an initial (still limited) contribution from diversification; adj. EBITDA was up +2.8% to €146mn (our/cons. exp. €145mn) with healthy core trends, tight cost control, start-up absorption of new initiatives, and higher non-core benefits; development CapEx (€11.3mn, our exp. €13mn) below 9M24 (€19.9mn) and aligned to FY guidance; EFCF at €94m (our exp. €91mn) despite maintenance CapEx above average due to seasonality of certain IP network investments. Net debt rose to €164mn (cons. €168mn, YE24: €128mn), with leverage at 0.9x.

■ **Feedback from the call.** a) FY25 outlook confirmed. b) Consolidation with EIT: The industrial analysis was completed in July; RAI still reviewing items within its remit needed for upcoming discussions. MoU extension confirms a longer timeline with limited visibility on timing and outcome. c) Development CapEx slowdown due to delays to DAB purchases, slower PV authorisations, and rescheduled edge-node construction. Rai Way is commercialising new assets (edge data centres, CDN), and the Rome hyperscale data centre has cleared the *Conferenza dei Servizi*, with final approval pending an administrative issue with the Pomezia municipality. d) Strong MSA protection: MSA with RAI includes a tacit renewal clause in 2028 and a further 7-year term, granting RWAY exclusivity on new services. RWAY is the only operator able to guarantee the 99% population coverage required for RAI's main MUX, and RAI - state-controlled entity - is both a client and shareholder and would remain a key shareholder in a combination with EIT, as per DPCM.

■ **Change in Estimates.** We are rephasing c. €50mn of cumulative development CapEx to the outer years of the plan and reducing revenues by €6-9mn in FY26–27, with a smaller impact of €4-6mn on adj. EBITDA (-2/-3%), leading to €125mn EFCF in FY27 (tgt. €130mn).

■ **BUY confirmed; TP raised to €7.7 (from €7.5) also to reflect lower WACC.** The further delay to development CapEx on diversification projects is notable. While not directly tied to the ongoing M&A with EI Towers, we believe deferring large, multi-year investments — with implications for short term leverage — until the strategic endgame is clear would be a rational move. We remain positive on the stock, which should benefit from greater speculative appeal on the potential merger with EI Towers and the upside from strategic opportunities in adjacent sectors (DC project with >10% unlevered IRR). The current BP offers a clear industrial path for RAI Way, especially in its traditional business, which continues to offer considerable growth opportunities, while value creation from diversification should emerge over the longer term.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	272	276	282	294	304
EBITDA Adj (Eu mn)	180	186	187	191	200
Net Profit Adj (Eu mn)	92	92	91	88	94
EPS New Adj (Eu)	0.337	0.337	0.336	0.323	0.346
EPS Old Adj (Eu)	0.337	0.337	0.324	0.329	0.353
DPS (Eu)	0.319	0.334	0.334	0.323	0.346
EV/EBITDA Adj	8.5	8.2	9.2	9.2	9.0
EV/EBIT Adj	11.7	11.4	12.8	13.5	13.1
P/E Adj	17.2	17.2	17.2	17.9	16.7
Div. Yield	5.5%	5.8%	5.8%	5.6%	6.0%
Net Debt/EBITDA Adj	0.6	0.7	0.7	0.9	1.1

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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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