

# RAI WAY

Sector: Telecoms

**BUY**

Price: Eu5.58 - Target: Eu7.70

## Fundamentals Remain Strong, M&A Catalyst Still Pending

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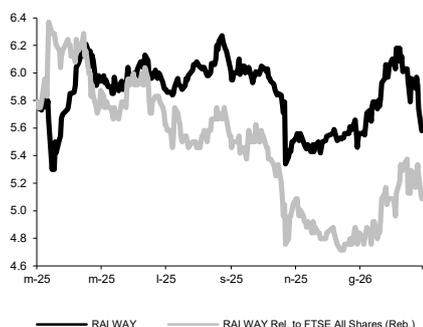
### Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2026E	2027E	2028E
Chg in Adj EPS	1.7%	0.9%	1.7%

### Next Event

1Q26 Results out 13 May 2026

### RAI WAY - 12M Performance



### Stock Data

Reuters code:	RWAY.MI		
Bloomberg code:	RWAY IM		
<b>Performance</b>	<b>1M</b>	<b>3M</b>	<b>12M</b>
Absolute	-8.5%	0.7%	-3.8%
Relative	-0.5%	4.7%	-13.8%
12M (H/L)	6.27/5.30		
3M Average Volume (th):	316.08		

### Shareholder Data

No. of Ord shares (mn):	272
Total no. of shares (mn):	272
Mkt Cap Ord (Eu mn):	1,518
Total Mkt Cap (Eu mn):	1,518
Mkt Float - Ord (Eu mn):	532
Mkt Float (in %):	35.0%
Main Shareholder:	
RAI	65.0%

### Balance Sheet Data

Book Value (Eu mn):	190
BVPS (Eu):	0.70
P/BV:	8.0
Net Financial Position (Eu mn):	-189
Enterprise Value (Eu mn):	1,707

FY25 results were broadly in line with our / consensus estimates, supported by a combination of stronger operating performance and higher non-core benefits. For FY26, as expected, the company guides for adj. EBITDA broadly stable YoY at constant energy prices, with underlying growth offset by lower contributions from non-core items. The key short-term catalyst for the stock remains the potential combination with EI Towers: the MoU between the parties is set to expire at end-March, although no material update came from the call. Despite a volatile external environment, we still see scope for a go/no-go decision, supporting our positive view on the stock (BUY).

■ **FY25 results.** RWAY posted solid top-line growth (FY: +2.4%; 9M: +2.3%), above the CPI (1.2%), at both Media Distribution (FY: +2.2%; 9M: +2.2%) and Digital Infrastructure (FY: +4.1%; 9M: +3.4%), supported by DAB roll-out for RAI and an acceleration of activity with third-party clients (underlying growth at +4.4% YoY and +10.0% in 4Q). Adj. EBITDA came to €191.8mn (our exp. €189.5mn, consensus €188.5mn) up 3.3% YoY (+€6.2mn YoY), with the margin expanding to 67.8% (+0.6pp YoY), thanks to i) better performance by the traditional business and ii) planned higher absorption from diversification initiatives more than offset by non-core benefits. EFCF reached €118mn (our exp. €117mn; 9M: €94mn) despite an €8mn temporary swing in maintenance CapEx. EFCF was fully absorbed by dividends (€89.7mn), and development CapEx (€29mn), leading to net debt rising to €137mn (YE24: €128mn), with leverage of 0.7x. DPS proposal at €0.33, in line with our exp.

■ **FY26 outlook.** Adj. EBITDA substantially flat YoY at constant energy prices, with underlying business growth offset by lower benefits from non-core items. Sensitivity: ±€0.7mn impact on adj. EBITDA for every ±10 €/MWh change in the wholesale electricity tariff. The total average energy tariff for 2025 was about €204/MWh (PUN ~€114/MWh plus ~€90/MWh of other components). Maintenance CapEx flat YoY, still including extraordinary non-recurring activities and cyclical items. Development CapEx up YoY, mainly driven by the solar project, DAB expansion, and CDN network rollout. Diversification: for the Hyperscale DC, “Conferenza dei Servizi” (authorisation from public bodies) completed and municipal concession signed; for Edge DCs, expanded service offering well received by the enterprise market.

■ **Change in estimates.** We have tweaked our estimates, resulting in limited EPS changes. For FY27, we now expect €200mn EBITDA (old tgt. €207mn) and €125mn EFCF (tgt. €130mn), with net debt at €235mn (tgt. €286mn), assuming €203mn cumulative CapEx in 2024–27 (tgt. €240mn).

■ **BUY confirmed; TP still €7.7.** We remain positive on the stock, which could benefit from greater speculative appeal on a potential merger with EI Towers and upside from strategic opportunities in adjacent sectors (e.g., the datacentre project with >10% unlevered returns). We also assume that the recent slowdown in diversification investments could regain speed through bolt-on brownfield acquisitions. The current business plan provides a clear industrial path for RAI Way, particularly in its core business, which still offers meaningful growth opportunities, while value creation from diversification is likely to emerge over the longer term.

Key Figures & Ratios	2024A	2025A	2026E	2027E	2028E
Sales (Eu mn)	276	283	289	303	310
EBITDA Adj (Eu mn)	186	192	191	200	205
Net Profit Adj (Eu mn)	92	91	88	94	94
EPS New Adj (Eu)	0.337	0.333	0.324	0.346	0.344
EPS Old Adj (Eu)	0.337	0.338	0.318	0.343	0.339
DPS (Eu)	0.334	0.330	0.324	0.346	0.344
EV/EBITDA Adj	8.2	9.0	8.9	8.8	8.6
EV/EBIT Adj	11.4	12.8	13.2	12.7	12.5
P/E Adj	16.5	16.8	17.2	16.1	16.2
Div. Yield	6.0%	5.9%	5.8%	6.2%	6.2%
Net Debt/EBITDA Adj	0.7	0.7	1.0	1.2	1.2

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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%

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

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