

TIM

Sector: Telecoms

BUY

Price: Eu0.66 - Target: Eu0.75

1Q In Line, 2H to Drive FY Outlook, Tower Optionality Emerging

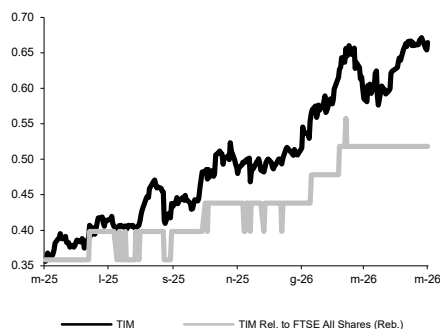
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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2026E	2027E	2028E
Chg in Adj EPS	0.0%	0.0%	0.0%

Next Event: [1Q26 results](#): conference call today @2:30pm CEST ([Webcast](#))

TIM - 12M Performance



Stock Data

Reuters code:	TLIT.MI		
Bloomberg code:	TIT IM		
Performance	1M	3M	12M
Absolute	6.4%	10.9%	85.3%
Relative	-2.5%	3.6%	57.6%
12M (H/L)	0.67/0.36		
3M Average Volume (th):	169,613.11		

Shareholder Data

No. of Ord shares (mn):	15,329
Total no. of shares (mn):	21,357
Mkt Cap Ord (Eu mn):	10,185
Total Mkt Cap (Eu mn):	14,891
Mkt Float - Ord (Eu mn):	7,338
Mkt Float (in %):	72.1%
Main Shareholder:	
Poste Italiane	27.3%

Balance Sheet Data

Book Value (Eu mn):	9,266
BVPS (Eu):	0.43
P/BV:	1.5
Net Financial Position (Eu mn):	-5,753
Enterprise Value (Eu mn):	26,353

1Q results were in line with our expectations and consensus, affected by temporary MVNO phasing already included in the plan and anticipated in the 4Q results call. All FY26 guidance metrics were confirmed. Management still expects EBITDAaL acceleration to be skewed to 2H, driven by MVNO stabilisation, the Consumer price-hike campaign, TIM Enterprise's favourable 4Q seasonality, and cost transformation delivery. Neutral 1Q results and confirmation of guidance prompt us to confirm our estimates, while we do not expect consensus to move materially at this stage.

■ Domestic trends affected by MVNO transition. Excluding MVNO, domestic revenues rose +1.5% (vs. -0.9% reported) and adj. EBITDAaL +4.5% (vs. -8.2% reported). TIM Consumer showed a resilient top line (service revenues +2.2% ex MVNO) and solid KPIs on both fixed (ARPU +5.4%, line losses stable at -49k o/w +85k FTTH) and mobile (ARPU +1.0%, net adds -107k improving both YoY and QoQ, stable churn). Upcoming launch of *TIM Premium* to target high-bandwidth segments (AI power users, gaming, streaming) to monetise structural demand growth. TIM Enterprise delivered service revenue growth of +4.2%, Cloud at 44% of mix (+14.5% YoY), backlog >€4.2bn. A CEO-led Digital Sovereignty initiative was launched, backed by ~€0.5bn of CapEx in 2026–28 to extend NSH sovereign cloud and AI infrastructure expertise to private-sector players. TIM Brasil confirmed best-in-class execution (service revenues +6.5% YoY, EBITDAaL +4.3% YoY, OpFCF +8.5% YoY) growing above CPI (4.1% LTM). Group Transformation plan on track: CapEx -9% YoY (-18% YoY Domestic), OpEx +2.7% with Domestic (+0.7%) benefiting from lower energy and network costs; energy cost hedging at ~80% for 2026 and ~50% for 2027.

■ No surprises on reported figures. Reported EBITDA was €732mn (our exp. €777mn) reflecting €232mn of one-offs (our exp. €200mn), including a €210mn personnel provision for the new early retirement plan (no EFCF impact, mostly offset at NWC). Net loss was €-292mn (our est. €-208mn). Net financial charges €124mn, well below €153mn posted in 4Q. EFCFaL €-0.4bn as expected, reported NWC €-327mn (€-485mn excl. personnel provision release). Net debt in line at €7.3bn (1.99x EBITDA).

■ Upcoming corporate action. Completion of the savings shares conversion by 21 May (total cash up to €0.7bn); 10:1 reverse stock split expected in June; €0.4bn buyback (~3.3% of capital), subject to completion of the Sparkle disposal. Full voluntary public tender and exchange offer from Poste: Board advisors appointed by TIM.

■ Tower strategy: full exit from INWIT achievable in ~10 years via 3 initiatives: (i) renting of ~8.5k existing third-party towers (<30% of the ~30k sites available on the market ex-INWIT); (ii) ~6k new towers built by third parties at ~0.5k/year rollout pace shared across 2/3 players, replicating INWIT's attractive dual-tenancy model; (iii) ~6k new sites over 12 years developed by the 50/50 JV with Fastweb. Key enablers: EM limits raised from 6 to 15 V/m (still below EU average), geographical advantage in low-density areas (out of 20k current sites, ~12k located in towns <35k inhabitants), and permitting being brought in-house by 2029. MSA termination notice served to INWIT (effective August 2030); multiyear migration plan to ensure operational continuity beyond the contract expiry to be agreed with INWIT. Meanwhile, TIM is open to discuss a comprehensive review of MSA terms.

Key Figures & Ratios	2024A	2025A	2026E	2027E	2028E
Sales (Eu mn)	14,493	13,734	14,287	14,728	15,195
EBITDA Adj (Eu mn)	4,339	4,353	4,667	4,862	5,091
Net Profit Adj (Eu mn)	-756	148	417	641	827
EPS New Adj (Eu)	-0.035	0.007	0.020	0.030	0.039
EPS Old Adj (Eu)	-0.035	0.011	0.020	0.030	0.039
DPS (Eu)	0.000	0.000	0.023	0.025	0.028
EV/EBITDA Adj	3.6	5.0	5.6	5.3	5.0
EV/EBIT Adj	10.0	13.9	17.5	14.4	12.1
P/E Adj	nm	95.7	34.0	22.1	17.2
Div. Yield	0.0%	0.0%	3.5%	3.8%	4.2%
Net Debt/EBITDA Adj	1.7	1.6	1.2	1.1	0.9

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

As at 7 May 2026 Intermonte's Research Department covered 136 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	32.35%
OUTPERFORM:	38.97%
NEUTRAL:	28.68%
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 (80 in total) is as follows:

BUY:	53.75%
OUTPERFORM:	30.00%
NEUTRAL:	15.00%
UNDERPERFORM:	01.25%
SELL:	00.00%

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