Intermonte

Milan, 06 November 2025

Italian Equity Research – 3Q25 Results

TIM

BUY

Sector: Telecoms

Price: Eu0.49 - **Target: Eu0.65**

Positive Drivers Unfolding, EBITDAaL Acceleration in 4Q

Giorgio Tavolini +39-02-77115.279
giorgio.tavolini@intermonte.it
Andrea Randone: +39-02-77115.364
andrea.randone@intermonte.it

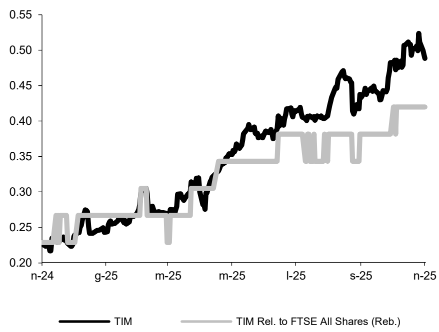
Once again, quarterly results came in broadly in line with expectations, with no major deviations in EFCFaL or net debt. The new TIM is becoming almost boringly predictable in its consistency, as the company remains on track to close its fourth consecutive year of delivering on guidance. Achieving FY targets will, however, require a further EBITDAaL rebound in 4Q (+10%) supported by price hikes at TIM Consumer, acceleration at TIM Enterprise (driven by seasonality and the Italian NHS contract), and continued execution of the cost transformation plan. At this stage, we do not expect material changes to consensus estimates, which point to around €0.5bn EFCFaL for the year, in line with company guidance. We expect synergies with Poste and potential sector consolidation in Italy (amid recent rumours of a WindTre-Iliad tie-up) to be the key topics in today's call.

- **Domestic business on track.** 3Q results were broadly in line with consensus, with FCF at €55mn (hit by temporary NWC absorption) and net debt at €7.5bn (2.1x EBITDAaL LTM). After solid figures from TIM Brasil, focus shifts to the Domestic segment: service revenues rose +1.1% YoY (Consumer –0.1%, Enterprise +4.2%), slightly below consensus, while adj. EBITDAaL grew +4.0%, 0.4% above. The Domestic Transformation Plan delivered €133mn in 9M savings (65% of the FY target), driving OpFCF 10% above consensus on lower CapEx (-11% vs. consensus). Net profit (post minorities) was positive at €23mn in 3Q (vs. our exp. €79mn), leading to a €109mn loss in 9M. All FY25 guidance was confirmed, with a strong 4Q rebound in both EBITDAaL and EFCFaL (favourable NWC seasonality). We remind that the full-year target of €0.5bn EFCFaL (confirmed) implies €566mn in 4Q, given the €66mn cash absorbed in 9M (1Q: -€198mn; 2Q: +€77mn; 3Q: +€55mn). An MoU with Poste on a Cloud JV for the enterprise segment was announced.
- **Divisions.** TIM Enterprise: solid growth (3Q: +4.2%, 2Q: +5.7%) fuelled by Cloud Services (9M: +23%) offsetting weakness in Connectivity (-3%) and other IT (-5%). TIM Consumer showed a resilient top line (3Q: -0.5%, 2Q: +0.7%) with stable churn despite price hikes (4.0mn fixed and 3.4mn mobile lines YTD) supporting ARPU stabilisation. TIM Brasil grew 4.5% YoY (2Q: +4.7%), with MSR up 5.2% (2Q: +5.6%) and EBITDAaL up 8% YoY, confirming best-in-class profitability, and a double-digit increase in OpFCF.
- **Change in estimates.** We are making minor tweaks to our estimates to factor in +5.5% growth in domestic EBITDAaL (previously +4%), in line with the mid-point of the 5–6% range, largely offset by updated ForEx in Brazil. EFCFaL remains aligned with targets (€0.5bn FY25, €0.9bn FY26, €1.1bn FY27). We still expect net debt of €6.4bn, or €7.1bn pre-Sparkle sale (consensus €7.04bn), c.1.9x EBITDAaL (FY target ex-Sparkle <1.9x).
- **BUY confirmed; TPs still €0.65 for TIM Ords and €0.73 for TIM Savs.** We confirm our €0.65 TP on TIM Ords (>30% upside), supported by several catalysts: free renewal of spectrum licences expiring in 2039 (~€0.06/share, 66% chance), the €2.9bn NetCo earn-out (~€0.03/share, 25% chance), and the €1bn 1998 licence fee cash-in (~€0.04/share, 75% chance). The latter could bring TIM SpA into the black this year and trigger the payment of accrued dividends on TIM Savs. (€0.0825/share), already included in our €0.73 TP (unchanged). At this stage our TPs do not factor in potential synergies with Poste (~€0.08/share, our ~€1.8bn NPV is currently limited to cash costs) and a possible re-rating of TIM Consumer resulting from market repair (~€0.18/share) especially in the event of in-market consolidation.

Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2025E	**2026E**	**2027E**
Chg in Adj EPS	0.0%	-0.1%	-2.0%

Next Events: Today, conference call at 11:00 CET (link)

TIM - 12M Performance



Stock Data			
Reuters code:			TLIT.MI
Bloomberg code:			TIT IM
Performance	**1M**	**3M**	**12M**
Absolute	1.3%	17.9%	113.3%
Relative	1.1%	11.6%	87.4%
12M (H/L)			0.52/0.22
3M Average Volume (th):			178,300.22

Shareholder Data	
No. of Ord shares (mn):	15,329
Total no. of shares (mn):	21,357
Mkt Cap Ord (Eu mn):	7,485
Total Mkt Cap (Eu mn):	10,775
Mkt Float - Ord (Eu mn):	5,581
Mkt Float (in %):	74.6%
Main Shareholder:	
Poste Italiane	24.8%

Balance Sheet Data	
Book Value (Eu mn):	9,247
BVPS (Eu):	0.43
P/BV:	1.1
Net Financial Position (Eu mn):	-6,363
Enterprise Value (Eu mn):	23,168

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	16,296	14,493	13,791	14,229	14,662
EBITDA Adj (Eu mn)	6,383	4,339	4,340	4,525	4,747
Net Profit Adj (Eu mn)	-437	-756	64	338	561
EPS New Adj (Eu)	-0.020	-0.035	0.003	0.016	0.026
EPS Old Adj (Eu)	-0.020	-0.035	0.003	0.016	0.027
DPS (Eu)	0.000	0.000	0.016	0.023	0.028
EV/EBITDA Adj	4.9	3.6	5.3	5.1	4.8
EV/EBIT Adj	37.2	10.0	16.6	15.1	13.3
P/E Adj	nm	nm	nm	30.9	18.6
Div. Yield	0.0%	0.0%	3.3%	4.7%	5.7%
Net Debt/EBITDA Adj	3.2	1.7	1.5	1.4	1.2

IMPORTANT DISCLOSURES

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.

The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on Intermonte's website www.intermonte.it under LEGAL NOTICES. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the web page CUSTOMER AREA.

Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

ANALYST CERTIFICATION

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certify that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities. Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Plural Securities LLC, 950 3rd Avenue, Suite 1702, NY 10022, USA.

GUIDE TO FUNDAMENTAL RESEARCH

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.

Explanation of our ratings system:

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

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

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

As at 6 November 2025 Intermonte's Research Department covered 131 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	32.06%
OUTPERFORM:	39.69%
NEUTRAL:	27.49%
UNDERPERFORM:	00.76%
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:	50.65%
OUTPERFORM:	29.87%
NEUTRAL:	18.18%
UNDERPERFORM:	01.30%
SELL:	00.00%

CONFLICT OF INTEREST

In order to disclose its possible conflicts of interest Intermonte SIM states that:

Intermonte SIM S.p.A. operates or has operated in the last 12 months as the person in charge of carrying out the share buyback plan approved by the shareholders' meeting of ABITARE IN, AZIMUT, EL.EN., ELICA, INTERCOS, INTRED, PHARMANUTRA, SESA, STAR7, SYS-DAT, TMP GROUP, UNIDATA, VALSOIA, WEBUILD

Intermonte SIM S.p.A. provides or has provided corporate brokerage services to ALLCORE, ALMAWAVE, ANTARES VISION, AQUAFIL, AVIO, CASTA DIVA GROUP, CUBE LABS, CY4GATE, CYBEROO, DOMINION HOSTING HOLDING, ELICA, ESPRINET, EVISO, EXECUS, FINE FOODS & PHARMACEUTICALS NTM, FNM, FRANCHI UMBERTO MARMI, G.M. LEATHER, GPI, GREEN OLEO, HIGH QUALITY FOOD, IGD, IKONISYS SA, INTRED, ISCC FINTECH, LEMON SISTEMI, LUVE, MAPS, MARE ENGINEERING GROUP, NEODECORTECH, NOTORIOUS PICTURES, PREATONI GROUP, REDELFI, REDFISH LONGTERM CAPITAL, REVO INSURANCE, REWAY GROUP, SERI INDUSTRIAL, SPINDOX, STAR7, TALEA GROUP, ULISSE BIOMED, XENIA HOTELLERIE SOLUTION, Zest Group SpA **in the last 12 months**

Intermonte SIM S.p.A. operates or has operated in the last 12 months as Financial Content Provider on the company ALLCORE, ALMAWAVE, B&C SPEAKERS, BANCA SISTEMA, BIFIRE, CASTA DIVA GROUP, COFLE, CROWDFUNDME, CUBE LABS, DIGITOUCH, DOMINION HOSTING HOLDING, ECOSUNTEK, EDILIZIACROBATICA, ELES, ENERGY, EVISO, EXECUS, FIERA MILANO, FILA, FOPE, G.M. LEATHER, GREEN OLEO, HIGH QUALITY FOOD, IGD, IKONISYS SA, INTERCOS, INTRED, ISCC FINTECH, LEMON SISTEMI, MAPS, MARE ENGINEERING GROUP, MASI AGRICOLA, MISITANO & STRACUZZI SPA, NEODECORTECH, NOTORIOUS PICTURES, OLIDATA, OSAI AUTOMATION SYSTEM, PREATONI GROUP, RACING FORCE, REDELFI, REDFISH LONGTERM CAPITAL, RETI, SCIUKER FRAMES, SG COMPANY, SIMONE, SPINDOX, TALEA GROUP, TAMBURI, TINEXTA, TMP GROUP, TPS, ULISSE BIOMED, XENIA HOTELLERIE SOLUTION, Zest Group SpA

Intermonte SIM S.p.A. performs or has performed in the last 12 months the role of intermediary appointed in the public purchase and/or exchange offer transaction of MARE ENGINEERING GROUP, TINEXTA

Intermonte SIM S.p.A. operates or has operated in the last 12 months as liquidity provider of BANCA SISTEMA, Zest Group SpA

Intermonte SIM has acted as counterparty to WIIT Fin S.r.l. in connection with call and put options having WIIT S.p.A. shares and dividends as reference underlying.

Intermonte SIM is acting as financial advisor to Banca CF+ in the context of the public tender offer promoted on Banca Sistema.

Intermonte SIM S.p.A. performs or has performed in the last 12 months the role of financial advisor for AQUAFIL, BANCA GENERALI, BANCA IFIS, BANCO BPM, MARE ENGINEERING GROUP, TINEXTA

Intermonte SIM S.p.A. operates or has operated in the last 12 months as market maker on financial instruments with underlying shares issued by A2A, AMPLIFON, AZIMUT, BANCA GENERALI, BANCA IFIS, BANCA MEDIOLANUM, BANCO BPM, BCA MPS, BCA POP SONDRIO, BFF BANK, Bper Banca, BREMBO, BUZZI, CAMPARI, DANIELI & C, DIASORIN, ENEL, ENI, ERG, FERRARI, FINECOBANK, INDUSTRIE DE NORA, INTERPUMP GROUP, INTESA SANPAOLO, INWIT, IREN, ITALGAS, IVECO GROUP, LEONARDO, LOTTOMATICA GROUP, MEDIOBANCA, MFE B, MONCLER, MONDADORI EDIT., NEXI, OVS, PIRELLI & C, POSTE ITALIANE, PRYSMIAN, SAIPEM, SESA, SNAM S.p.A., STELLANTIS, STMICROELECTRONICS, TECHNOGYM, TECHNOPROBE, TELECOM ITALIA, TELECOM ITALIA R, TENARIS, TERNA, UNICREDIT, UNIPOL, WEBUILD

Intermonte Sim S.p.A. has or had in the last 12 months a marketing contract on instruments issued by BARCLAYS, BNP PARIBAS, GOLDMAN SACHS GROUP INC, LEONTEQ, MAREX FINANCIAL, MEDIOBANCA, MORGAN STANLEY, NATIXIS, SOCIETE GENERALE, UNICREDIT, VONTOBEL N, WISDOMTREE IRELAND LIMITED

Intermonte SIM S.p.A. performs or has performed in the last 12 months the role of specialist on financial instruments issued by ABITARE IN, ALKEMY, BANCA IFIS, BANCA SISTEMA, COFLE, CYBEROO, DIGITOUCH, ECOSUNTEK, EL.EN., EMAK, ENERGY, GREEN OLEO, MISITANO & STRACUZZI SPA, MONDADORI EDIT., OLIDATA, OMER, PHARMANUTRA, QF ALPHA IMM, REPLY, SERVIZI ITALIA, SESA, SG COMPANY, SOMEC, SYS-DAT, TAMBURI, TESMEC, THE ITALIAN SEA GROUP, TINEXTA, TMP GROUP, TXT E-SOLUTIONS, UNIDATA, WIIT **with the obligation to disseminate studies**

Intermonte SIM S.p.A. plays or has played in the last 12 months the role of sponsor for UNIDATA S.p.A.

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website https://www.intermonte.it/it/avvertenze-legali/mifid-ii.html

Further information is available.